ANNUAL REPORT
2016

BUILDING MOMENTUM



BRAC BANK
আস্থা অবিচল

AMAR STOCK

BUILDING MOMENTUM



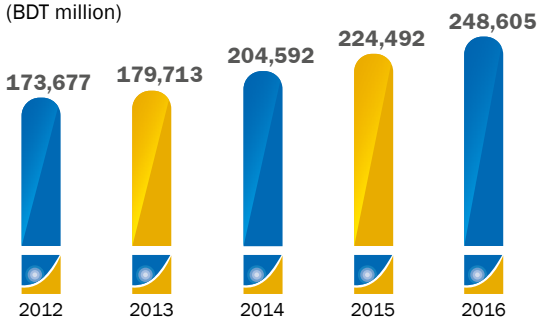
BRAC Bank Limited commenced its renewed journey in November 2015 with new leadership and zeal of its employees. The simplification of processes, talented recruits, enhanced employee benefits and training to the employees have resulted in an overwhelming business growth and improved customer services. The bank has recast its branch banking model with the introduction of Corporate Branches to provide tailor-made services to the big corporate customers. The bank has also focused on the emerging businesses and middle market customers to expand big-ticket business loans outside Dhaka and Chittagong. The bank has also opened 10 branches across the country. With a network of 181 Branches, 469 ATMs, 81 CDMs, 448 SME Unit Offices and 229 remittance delivery points, the bank has got the basic foundation in place for future growth.

With its wide network and diversity with the subsidiary operations like bKash, BRAC Bank has created the basic foundation ready to be the best bank of the country in terms of quality of service, good governance, compliance, ethics, transparency etc. In 2016, the bank built the business growth momentum to shift gears to the next level. The journey to be the best bank has just begun. The flight is on the tarmac and is about to take off and spread its wings to reach greater heights. The potential is unlimited.

CORE FINANCIAL HIGHLIGHTS 2016

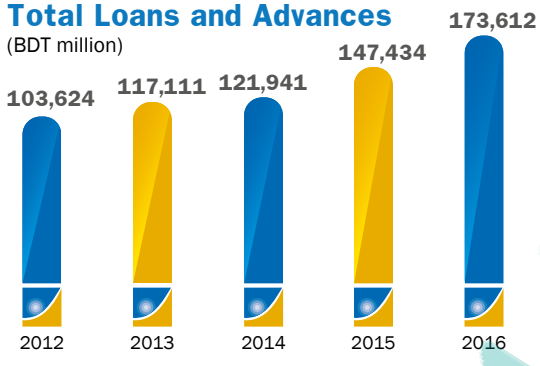
Highlights - Solo

Total Assets
(BDT million)



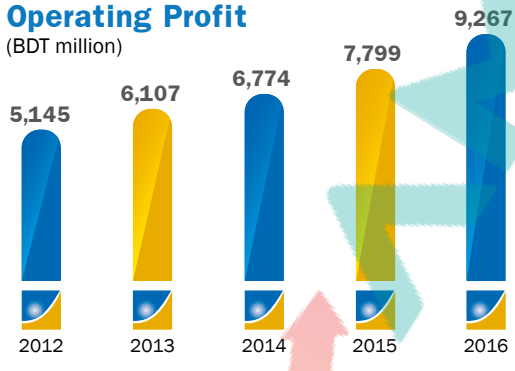
Total Assets
(BDT million)
248,605
10.74%

Total Loans and Advances
(BDT million)



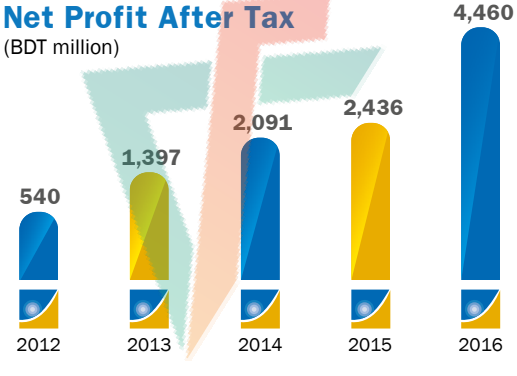
Total Loans and Advances
(BDT million)
173,612
17.76%

Operating Profit
(BDT million)



Operating Profit
(BDT million)
9,267
18.83%

Net Profit After Tax
(BDT million)



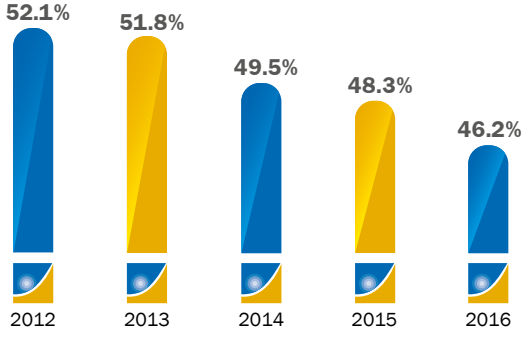
Net Profit After Tax
(BDT million)
4,460
83.14%

FT SHARE STOCK

CORE FINANCIAL HIGHLIGHTS 2016

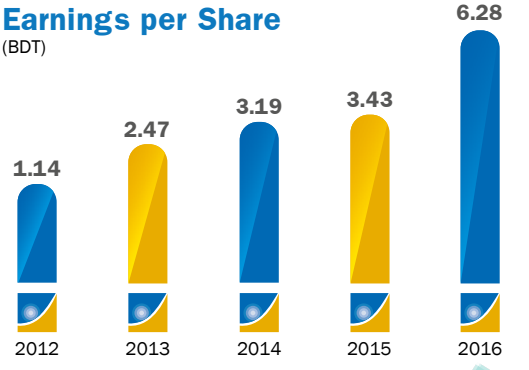
Highlights - Solo

Cost to Income Ratio



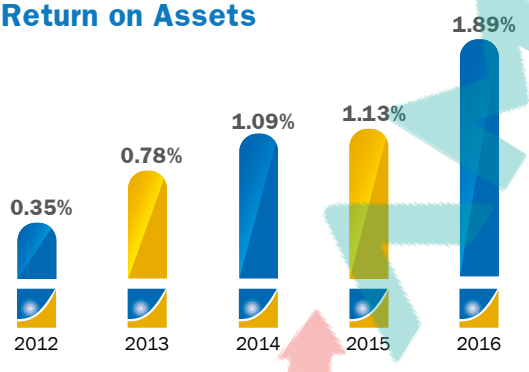
Cost to Income Ratio
46.2%

Earnings per Share
(BDT)



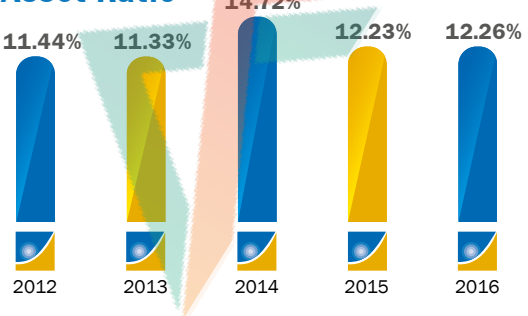
EPS (BDT)
6.28
83.09%

Return on Assets



ROA
1.89%

Total Capital to Risk-weighted Asset Ratio



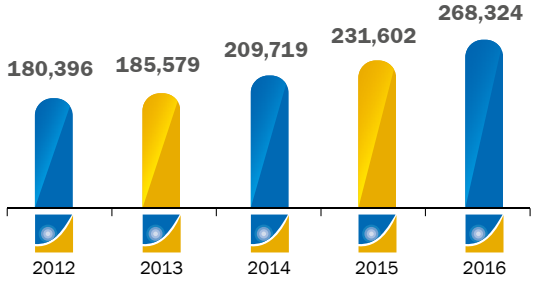
CRAR
12.26%

SHARE STOCK

CORE FINANCIAL HIGHLIGHTS 2016

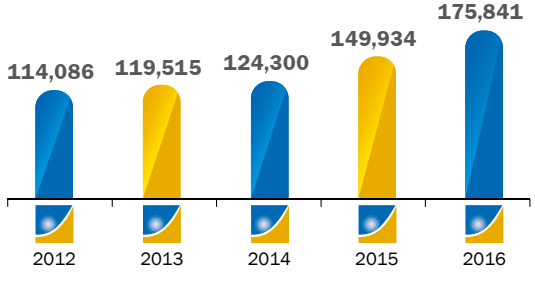
Highlights - Consolidated

Total Assets
(BDT million)



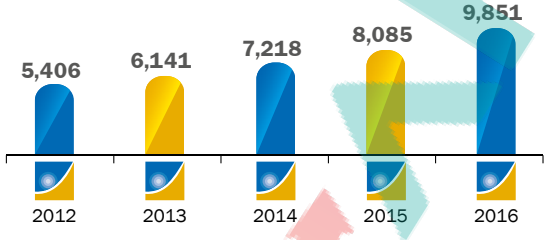
Total Assets
(BDT million)
268,324
15.86%

Total Loans and Advances
(BDT million)



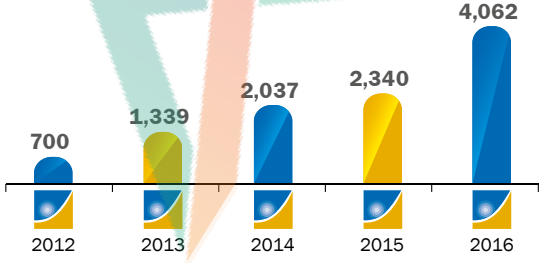
Total Loans and Advances
(BDT million)
175,841
17.28%

Operating Profit
(BDT million)



Operating Profit
(BDT million)
9,851
21.85%

Net Profit After Tax
(BDT million)



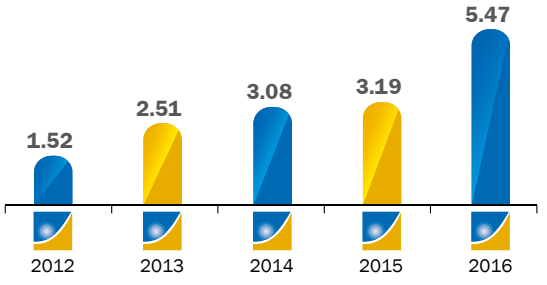
Net Profit After Tax
(BDT million)
4,062
73.60%

CORE FINANCIAL HIGHLIGHTS 2016

Highlights - Consolidated

Earnings Per Share

(BDT)

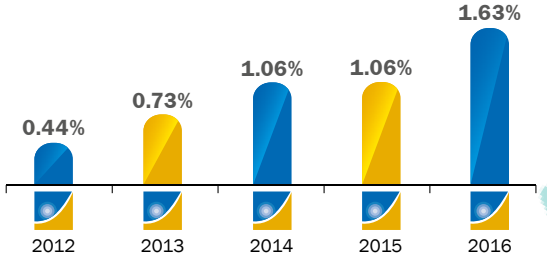


EPS (BDT)

5.47

71.70%

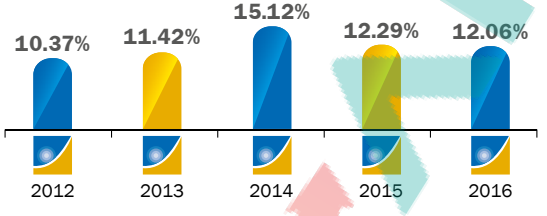
Return on Assets



ROA

1.63%

Total Capital to Risk-weighted Asset Ratio



CRAR

12.06%

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LETTER OF TRANSMITTAL

To
All Shareholders
Bangladesh Bank
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

Dear Sir(s),

Annual Report for the year ended December 31, 2016

We are pleased to enclose a copy of the Annual Report, together with the Audited Financial Statements of BRAC Bank Limited as on December 31, 2016 for your kind information and record.

Yours sincerely

Rais Uddin Ahmad
Company Secretary

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FORWARD LOOKING STATEMENT

Our public interactions frequently include spoken or written forward-looking statements. Statements of this type are based on hypothesis, ballpark figure. Statements with such considerations and future prospects are included in this document, and may be included in other filings with Securities and Exchange Commission, or in other communications. Forward-looking statements may include comments with respect to the Bank's objectives, strategies to achieve those objectives, expected financial results (including those in the area of risk management), and the outlook for the bank's businesses. Such statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "intent," "estimate," "plan," "may increase," "may fluctuate," and similar expressions of future or conditional verbs, such as "will," "should," "would" and "could."

Forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. Do not unduly rely on forward-looking statements, as a number of important factors, many of which are beyond our control, could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: volatility of Interest rate, instability of capital market, changes of CRR and SLR of the Banks, changes of lending rate, changes of corporate tax, change in national political and economic conditions, changing government policy issues; changes in the demand for BRAC Bank Limited's products; ups and downs in international prices of essentials which influence the foreign exchange market, changes in economic conditions generally or technology spending in particular; changes in the competitive markets of the country, changes in global capital markets activity, judicial and regulatory proceedings. The bank's ability to attract and retain key executives, risk management of lending portfolio often requires stresses which are based on sophisticated mathematical tools and cannot solely be dependent on existing MIS. The level of technology in banking industry is yet to acquire that sophistication.

All the terms mentioned above in the forward looking statements may be altered at any point of time. The bank won't be accountable to update the amended information in the annual report, which may be effected with a future progression.

NOTICE OF THE 18TH ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth Annual General Meeting (AGM) of BRAC Bank Limited will be held on April 27, 2017 at 10:00 a.m. at BRAC Centre for Development Management (BCDM), Khagan, Savar to transact the following business:

AGENDA

AGM-18-01-2017: To receive, consider and adopt the audited financial statements for the year ended December 31, 2016 and the Auditors' and Directors' Report;

AGM-18-02-2017: To declare dividend for the year ended December 31, 2016;

AGM-18-03-2017: To elect /re-elect Directors;

AGM-18-04-2017: To appoint auditors of the Company for the year 2017 and to fix their Remuneration;

All the shareholders of the Company are requested to make it convenient to attend the meeting.

By the order of the Board

Rais Uddin Ahmad
Company Secretary

March 28, 2017

NOTES:

a) The "Record Date" is April 10, 2017.

b) The shareholders whose names would appear in the Register of the Members of the company on the record date shall be entitled for the dividend.

c) A member eligible to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. Proxy form must be affixed with the revenue stamp of BDT 20.00 and submitted to the Registered Office of the company not later than 72 hours before the time fixed for the Annual General Meeting.

d) Shareholders and Proxies are requested to record their entry at the AGM well in time. No entry will be recorded after 10:00 a.m.

e) As per Section 54 (1) (b) (ii) of the Income Tax Ordinance 1984 (as amended in the Finance Act 2014-2015), Members are requested to update their 12 digits Taxpayer's Identification Number (e-TIN) through your member house. In default, to update 12 digits e-TIN, the tax from cash dividend will be deducted @ 15% instead of @10%.

f) No Gift /Gift Coupon/Food Box etc. to be distributed at the 18th AGM, in Compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated 24 October 2013 and Regulation 24 (2) of the Listing Regulations, 2015 of both the Stock Exchanges (DSE & CSE).

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CHAIRMAN'S MESSAGE

A MESSAGE FROM THE CHAIRMAN

We would like to put on record our appreciation to each and every customer of the bank for their unwavering trust and support. We congratulate the employees of the bank for another impressive performance in 2016. Our team members have played a critical part in this accomplishment.

Sir Fazle Hasan Abed, KCMG
Chairman

Dear Shareholders

It is my pleasure to welcome you all to the 18th Annual General Meeting of BRAC Bank Limited.

At the outset, I would like to express our gratitude to you for your continuous trust, support and patronage of BRAC Bank Limited. On behalf of the Board of Directors, it is my privilege to present to you the audited financial statements for the year ended 31 December 2016.

BRAC Bank has performed remarkably well and made its presence felt in the banking industry, posting very good results for the year 2016. The bank performed up to our expectations under its new leadership, led by its Managing Director and CEO, Mr. Selim R. F. Hussain. Considerable investments were made in restructuring and technological advancements and we are confident that, very soon, we can build on this momentum in pursuit of being recognized as the best bank in Bangladesh in terms of service, governance, compliance and profitability.

Value-Based Bank

BRAC Bank is among the 40 proud members of the Global Alliance for Banking on Values (GABV). Driven by our 3P Philosophy – People, Planet and Profit - we continue to engage in contributing to the building of a viable future for the financial industry across the nation. GABV plays a leading role in the debate about how to build a sustainable financial future by managing joint projects among members, experts and partners to help deliver this future and by advocating for change. BRAC Bank is the only GABV member in Bangladesh and is also a pioneer in adding value to build a sustainable, environment-friendly Bank.

Green Banking

Green Banking considers all social and ecological factors with the aim of protecting the environment and conserving natural resources. BRAC Bank, as an active member of the financial sector of Bangladesh, has a responsibility to safeguard the environment. BRAC Bank plays a pivotal role in conserving natural resources; it took several initiatives, such as e-statements, online

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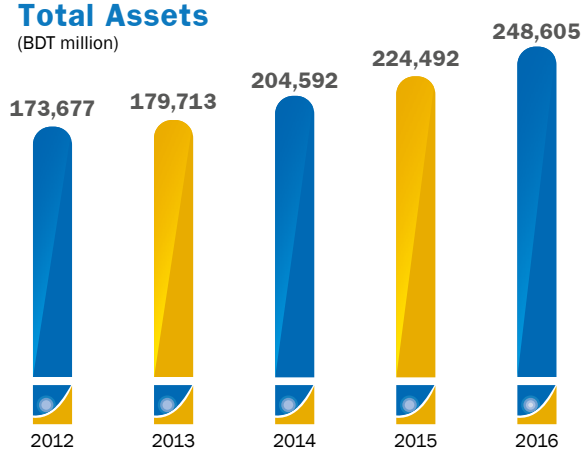
banking, online bill payments, e-business, and SMS banking, to encourage green banking for customers with satisfactory service levels.

BRAC Bank's Financial Performance

Small and Medium Enterprises (SME) are treated as the engines of Bangladesh's economic growth. The bank started in 2001 and focused extensively on SMEs in a bid to ensure the small entrepreneurs' access to finance. We feel proud to have contributed in a significant way to the growth of the SME business in Bangladesh. In 2016, BRAC Bank has disbursed around BDT 56,270 million SME loans, which was 30% higher than the previous year. We successfully acquired 38,456 new SME borrowers and reached a portfolio size of BDT 27,954 million in SME deposits during the year. To date we have served 324,788 SME borrowers and lent BDT 365,756 million. In 2016, the bank's net profit rose to BDT 4,460 million from BDT 2,435 million in 2015. Operating profit for the bank increased to BDT 9,267 million, growing by 18.8 % from BDT 7,799 million recorded in 2015. In 2016, our consolidated net profit rose to BDT 4,062 million from BDT 2,340 million.

We achieved a revenue growth of 14.2% and total asset growth of 10.7% in 2016. Revenue growth was driven primarily by an increase in the net interest income and investment income. Our total assets stood at BDT 248,605 million in the year 2016.

The bank's net interest income grew by 24.6%, the total assets increased by BDT 24,113 million, and customer



deposits increased from BDT 150,221 million to BDT 168,860 million.

The bank's SME and Retail businesses soared during the second quarter of last year. We were successful at de-risking our corporate portfolio for better return in the near future. The bank earned its highest revenue in the fourth quarter of 2016.

Earnings per Share (EPS) of the bank rose to BDT 6.28 in 2016 from BDT 3.43 in 2015. The Net Asset Value (NAV) increased to BDT 30.18 per share from BDT 26.53 in 2015. In 2016, our consolidated EPS rose to BDT 5.47 from BDT 3.19.

As per regulatory requirements, we are obliged to meet the capital requirement in order to expand the bank's business in the years to come. At present, we need to maintain a minimum capital of 10% (10.625% including buffer) of Risk-Weighted Assets (RWA). We are pleased to inform you that, at present the bank's capital adequacy ratio is comfortably higher than the regulatory minimum requirement: Tier-I capital and Tier-II capital stand at BDT 19,707 million and BDT 3,389 million, respectively. The bank has complied with the requirements of the Standardized approach for Credit Risk and the Basic Indicator approach for Operational Risk under Basel-III, as directed by Bangladesh Bank.

It is pertinent to mention here that, as per Bangladesh Bank guidelines for implementing BASEL-III, we shall have to maintain a capital adequacy ratio of 12.5% by 2019. The bank's present Capital to Risk Weighted Assets ratio remained at 12.26% on December 31, 2016.

In 2016, the stock market went through a difficult time. Many of the investors had to make provision in their profit and loss account due to the low market price of their investments. Despite the adverse market conditions, the share price of BRAC Bank Limited rose to BDT 64.10 on December 31, 2016 compared to BDT 48.70 recorded on the same date in 2015.

Brief on Subsidiaries

Mobile banking is an alternative delivery channel for providing money transfer facilities to both unbanked and banked people. In fact, in some remote areas mobile banking has become the only delivery channel for money transfer. BRAC Bank Limited formed bKash Limited in 2011, a subsidiary of BRAC Bank Limited, that began as a joint venture between BRAC Bank Limited and USA-based Money in Motion LLC. In April 2013, International Finance Corporation (IFC), a member of the World Bank Group, became an equity partner and in April 2014, Bill & Melinda Gates Foundation became the investor in the company. In 2016, bKash made BDT 387 million in profits. With 26,172,245 customers, it is the leader in the mobile banking industry in Bangladesh.

BRAC Saajan Exchange Limited, an Exchange Company incorporated in England and Wales, is a subsidiary of BRAC Bank Limited. The Company mainly provides remittance services to the large Bangladeshi communities living outside Bangladesh. Apart from remittance services, the Company also caters to the investment needs of non-resident Bangladeshis through its parent organization, BRAC Bank Limited.

BRAC IT Services Limited, biTS, is a proud member of the BRAC Bank family and is one of the largest IT-based service-providing organizations in Bangladesh. It has more than 350 talented, highly-qualified, efficient and innovative employees who are committed to helping clients achieve operational efficiency through the transformation of their existing operations using our best-valued solutions and services.

BRAC EPL Stock Brokerage Limited is one of the leading stock brokerage houses in the country. It is a member of both of the country's stock exchanges. Presently there are 7 branches of this venture. BRAC EPL Investments Limited provides a whole range of investment banking services including traditional merchant banking activities. It has already established itself as one of the top portfolio managers, serving more than 4,600 clients from seven locations around the country. It has earned considerable respect and reputation for managing public offerings efficiently. During 2016, BRAC EPL Stock Brokerage Limited delivered BDT 95 million profit against BDT 7.9 million in the previous year.

All public issues, initial and rights, managed by BRAC EPL Investments Limited have received an encouraging market response. It takes pride in jointly bringing the first public issue to the Bangladesh capital market under the newly-introduced Book Building Method.

Subsidiaries' Performance

Among the bank's five subsidiaries, four performed competently and were profitable in 2016. BRAC IT Service Limited, bKash Limited, BRAC Saajan Exchange Limited and BRAC EPL Stock Brokerage Limited have made profits of BDT 48 million, BDT 387 million, BDT 3 million and BDT 95 million respectively. However, BRAC EPL Investments Limited recorded a loss of BDT 901 million due to provision made for negative equity loan portfolio.

Summary of Business, Risks and Risk Mitigation

2016 was a year full of milestones for BRAC Bank. With the new branch banking model in place, a trained sales

force, synergy between sales and branch management, together with the shortest turnaround time for disbursement, the bank was able to achieve one of the largest Retail Banking portfolios in the industry. We have also become the market leader in loan products - Home Loan, Auto Loan and Personal Loan. The bank has developed a strong footprint in the SME sector, focusing more on productivity and performance in the face of margin pressure. The de-risking of the corporate portfolio provided the much-needed consolidation required for the long-term sustainable business. The launching of corporate-focused branches gave a new window of opportunity to reach out to untapped segments driving synergies and cross-selling.

I am proud to say that we have the required human resources, network and infrastructure to be the best bank in the country. BRAC Bank currently has 181 branches dispersed across the country. We are in the process of opening 10 more branches in order to facilitate greater access to funds. Our distribution channel consists of 448 SME Unit Offices, 469 ATMs and 81 CDMs. With our vast and diverse network, I am convinced we can achieve greater success in the years to come.

Change Management and Challenges

We live in a time of unprecedented change. In the business sector, we are experiencing an exceptional number of challenges as well as opportunities that are both unpredictable and complicated. The advantages we enjoyed yesterday are being continuously replaced by the new trends and innovations of tomorrow. There is no scope for comfort or complacency. We have to continuously evolve and improve in order to stay relevant and strong in the industry. Therefore, we have to constantly work on improving our services and processes to better serve our customers. This approach is already under way at BRAC Bank.

Quality Service and Value for Money

Competition in the financial marketplace is generally over products that are not markedly different. Service quality thus becomes a primary competitive weapon. Furthermore, banks that excel in service quality can have a distinct marketing edge in view of the fact that improved levels of service quality are related to increased cross-selling ratios, higher customer retention, higher revenues and expanded market share. You will be happy to know that we have also taken initiatives to provide excellent customer service through our entire delivery channel during 2016 and have reorganized, revamped and renamed Service Quality as the Customer Experience Division.

Corporate Social Responsibility (CSR)

BRAC Bank prioritizes its CSR programs that aid people and the planet in accordance with its 3P philosophy. As a part of the BRAC family, social work is embedded in the bank's DNA. The bank has contributed to social welfare as a part of its mission to serve the community. BRAC Bank streamlines its CSR programs to help support the people and protect the planet. Consistent with its brand promise - 'unshakable trust'- BRAC Bank supports initiatives that realize the potential of the Bangladeshi people. We are proud to be part of an initiative, 'BRAC Bank-Prothom Alo Adamya Medhabi Trust Scholarships', which assists meritorious students from underprivileged families to pursue a higher education. BRAC Bank and Dhaka University's Department of Biochemistry and Molecular Biology have been organizing a Biochemistry Olympiad annually since 2009 to inspire the young generation to pursue education in pure sciences. In addition, we support UCEP Institute of Science and Technology to facilitate technical education, Bengal Classical Music Festival to promote classical art and culture, and the BRAC Bank - Samakal Literary Awards to support and promote Bangla literature. In a unique initiative, BRAC Bank organizes Daur –the annual fundraising mini-marathon - to stand beside the less advantaged people in our communities. We are partners of The Thalassaemia Hospital, National Heart Foundation Sylhet and the Centre for the Rehabilitation of the Paralyzed. We are also the proud team kit partner of our National Cricket Team.

I am proud to say that we have the required human resources, network and infrastructure to be the best bank in the country. BRAC Bank currently has 181 branches dispersed across the country. We are in the process of opening 10 more branches in order to facilitate greater access to funds. Our distribution channel consists of 448 SME Unit Offices, 469 ATMs and 81 CDMs. With our vast and diverse network, I am convinced we can achieve greater success in the years to come.

Responsibility towards BRAC Bank Team Members

BRAC Bank has always pursued a balanced and comprehensive Human Resources policy. We are committed to building our human capital in order to attain sustainable growth. In line with this, the bank conducted training programs to develop employees' skills, knowledge and competencies. In 2016, 21,202 participants completed 256,129 training hours, indicating an average of 12 training hours per staff member.

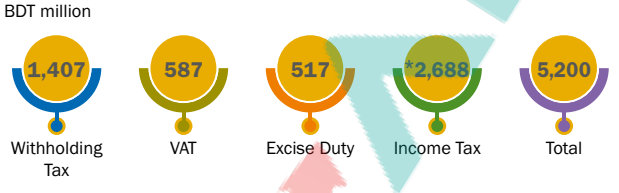
Well-being is a vital part of creating a great place to work. We offer a wide range of well-being initiatives and benefits to help maintain our employees' physical health.

Corporate Governance

BRAC bank is fully committed to adopting the best Corporate Governance practices. The objectives of Corporate Governance are to enhance the Stakeholders' value by pursuing ethical practices in business and maintaining a high standard of disclosure and transparency. The bank has adopted best practices and standards of governance which are monitored by various committees of the Board. The Board, the executives and other team members have well-defined roles in achieving the corporate goals and towards enhancing Shareholders' value.

Contribution to the National Exchequer and the Economy

BRAC Bank has always been responsible towards the duties to country laws and regulations. Our contribution to the national exchequer and the economy in 2016 are set out below.



* Advance Income Tax for the year 2016 has been paid BDT 1,302 million to Govt. Exchequer as per Income Tax Ordinance 1984.

Dividend

The bank has a dividend policy that balances the dual objectives of appropriately rewarding shareholders through dividends and retaining capital in order to maintain a healthy capital adequacy ratio and support future growth. Consistent with this policy, we are delighted to inform you that the Board of Directors recommended a 10% cash dividend and 20% stock dividend to its ordinary shareholders.

Future Outlook

As we continue our journey to become the best bank in Bangladesh, our prime focus will be on expanding business outside the metropolitan areas of Dhaka and Chittagong. Apart from SME and Retail, we will expand our trade business and explore untapped corporate territory.

Appreciation

In conclusion, I am grateful to all the regulatory agencies of the Government, in particular the Bangladesh Bank, Bangladesh Securities and Exchange Commission, the Registrar of Joint Stock Companies and Firms, Dhaka and Chittagong Stock Exchanges, Central Depository Bangladesh Ltd., for all of their continued support. I would also like to take this opportunity to thank the members of the Board of Directors for their valuable guidance and support.

We should also like to put on record our appreciation to each and every customer of the bank for their unwavering trust and support. We congratulate the employees of the bank for another impressive performance in 2016. Our team members have played a critical part in this accomplishment.

I assure you that the Board and management are focused on delivering value to our shareholders and our customers, and are extremely grateful for your patience as we cover new ground. We look forward to continuing to work together on our mission to be best bank in Bangladesh.

Sir Fazle Hasan Abed, KCMG
Chairman

Avgv‡`i cwZ AwePj Av¯v ivLvq I Ae¨vnZ mg_‡bi Rb¨ MvnK‡`i cwZ KZÁZv Rvbvw”Q| 2016 mv‡j Av‡iKevi `viæY mvdj¨ AR‡bi Rb¨ e¨vs‡Ki Kgx‡`i Awfb›`b RvbvB| Avgv‡`i KgxivB Avgv‡`i e¨vs‡Ki kw³|

wcq †kqvi‡nvìvi MY,

e¨vK e¨vsK wjwg‡U‡Wi 18Zg ewlK mvaviY mfvq (GwRGg) Awcbv‡`i ¯‹MZ Rvbv‡Z †c‡i Awg mwZ¨B Avbv›`Z| G‡Kev‡i ïiæ †_‡KB e¨vK e¨vsK‡K avivevwnK mg_b, Av¯v ¯‹vcb I Drmvn†`Iqvq Awg Awcbv‡`i cwZ KZÁZv Rvbw”Q| cwiPvjbv cl‡`i cÿ †_‡K 31 vW‡m¤i 2016 chš e¨vs‡Ki Aw_K veeiYx (wdb¨vÝqvj †÷U‡g›U) Awcbv‡`i mvg‡b Z‡j aivQ|

2016 mvj wQj e¨vK e¨vs‡Ki N‡i `vov‡bvi eQi| mwZ¨B G eQi `viæYfv‡e N‡i `wo‡q‡Q e¨vsKvU, m‡½ e¨vsKs Lv‡Z Zvi Ae¯v‡bi K_v `viæYfv‡e Rwb‡q v`‡q‡Q| e¨vs‡Ki e¨e¯‹vcbv cwiPvjK (GgvW) I cavb vbevnx KgKZv (vmBI) †mvjg Avi. Gd. †nv‡mbi Aa¨vb bZb †bZ‡Z e¨vK e¨vsK AvkvZxZ mvdj¨ †`vL‡q‡Q| Zvi †bZ‡Z e¨vK e¨vsK cwiPvjbvq Kgcwiwa cbweb¨v‡mi gva¨‡g `ÿZv I jvfRbKZv AviI GwM‡q hv‡e| Avgv‡`i Povš jÿ¨ n‡jv e¨vsK cwiPvjbvi cwZwU †ÿ‡Îi †miv nIqv; †mUv †mevi †ÿ‡Î, cwiPvjbvi †ÿ‡Î, jvfRbK nIqvmn Ab¨vb¨ †ÿ‡ÎI| hLb Avgiv Avgv‡`i e¨vsKs g‡W‡ji Pvi gj LwUi †ÿ‡Î †miv n‡Z cvie, ZLbB Avgiv GB ‡`‡ki Ô†miv e¨vsKÕ n‡Z cvie|

gj¨‡eva wfwËK e¨vsK

Avgv‡`i g‡b ivL‡Z n‡e e¨vK e¨vsK Ab¨ e¨vs‡Ki g‡Zv bq| GUv gj¨‡evawfwËK (f¨vjR †eRW e¨vsK) e¨vsK| Avgv‡`i e¨vsKs g‡W‡ji wfwË¸‡jv n‡jv m›`ifv‡e cwiPvjbv (Mf‡bÝ), wbfiZv, ^bwZKZv I Revew`wnZv| Avgiv ïa gbvdv Kiebv| Avgiv Ôw_ wcÕ `k‡b wekvm Kwi, Zv n‡jv wccj (gvbl), cv‡bU (cv_ex) I cwdU (gbvdv)| Avgiv gvbl‡K †mev †`e, cv_exi miÿv †`e Ges Zvici gbvdv Kie| A_vq‡bi †ÿ‡Î `wqZkxjZvI Avgv‡`i gj gj¨‡ev‡ai GKvU| Avgiv Ggb †Kv‡bv cK‡í A_vqb Kie bv, hvi ÿwZKi cfve cwi‡e‡ki Ici co‡e| Avgiv `xN‡gqv‡`i Rb¨ KvR Ki‡Z G‡mwQ I †UKmB mgv‡Ri Rb¨ Ae`vb ivL‡Z G‡mwQ|

meR e¨vsKs

meR e¨vsKs‡q mvgwRK I ev¯—evqbmsµvš welq¸‡jv we‡ePbvq wb‡Z nq| GUv we‡ePbvq †bIqv nq cwi‡ek miÿv I cwKvZK m¤ú` msiÿ‡Yi D‡Ï‡k¨| evsjv‡`k e¨vK e¨vsK Aw_K Lv‡Zi mvµq m`m¨, hviv cwi‡ek miÿvi `wqZ cvjb Ki‡Q| cwKvZK m¤ú` msiÿ‡Y e¨vK e¨vsK ¸iæZcY fvgKv cvjb Ki‡Q; Gi Ask wn‡m‡e e¨vK e¨vsK B-†÷U‡g›U, Abjv Bb e¨vsKs, Abjv Bb wej †c‡g›U, B-veR‡bm Ges GmGgGm e¨vsKs‡qi D‡`¨vM wb‡q‡Q| Gfv‡e meR e¨vsKs‡K GwM‡q wb‡q MvnK‡`i gvbm¤§Z †mev v`‡”Q e¨vK e¨vsK|

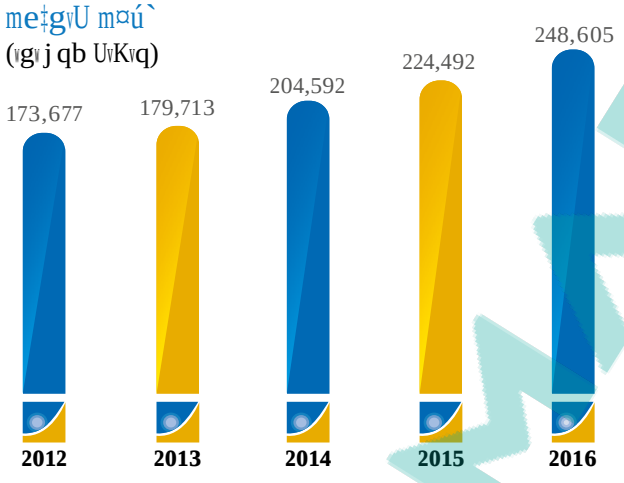
e¨vK e¨vs‡Ki cvidig¨vÝ

AZx‡Z Ae‡nvjZ ÿ` I gvSvix D‡`¨v³v (GmGgB) LvZ mv¤úwZK mg‡q cev× evov‡Z I Kgms¯—vb ev×‡Z D‡jL‡hvM¨ fvgKv †i‡L‡Q| PjvZ kZ‡Ki †Mvovi v`‡K mvaviY e¨vsK¸‡jv GB LvZ †Kv‡bv FY v`Z bv| evsjv‡`‡ki GmGgB D‡`¨v³viv hLb GB Lv‡Z †Kv‡bv e¨vsK †_‡K FY †cZ bv, ZLb e¨vK e¨vsK Zv‡`i FY †`Iqvi D‡`¨vM †bq Ges GLb chš GB Lv‡Z mg_b v`‡q

Avm‡Q| Avgiv Me Abfe Kvi, †hUv Avgiv 15 eQi Av‡M †f‡ewQ, c‡i Zv evsjv‡`‡ki Ab¨vb¨ e¨vsK K‡i‡Q Ges GmGgB e¨emvi cew×‡Z `viæY Ae`vb ivL‡Q|

GB c‡_B 2016 mv‡j e¨vK e¨vsK 5 nvRvi 627 †KwU UvKv GmGgB FY weZiY K‡i, hv Av‡Mi eQ‡ii Zjbvq 30 kZvsk †ewk| IB eQ‡i FYMnxZv wm‡m‡e h³ nb 38 nvRvi 456 Rb| me‡gvU GmGgB wW‡cwR‡Ui cvigvY `vovq 2 nvRvi 795 †KwU UvKv, hv GhverK‡ji g‡a¨ m‡ev”P| GB mgq chš Avgiv wZb jvL 24 nvRvi 788 Rb GmGgB FYMnxZv‡K FY v`‡qwQ, hvi †gvU cvigvY 36 nvRvi 575 †KwU UvKv|

Avgiv Avb‡›`i m‡½ †NvlYv KivQ, P¨v‡jvÄs cvi‡e‡ki g‡a¨I Avcbv‡`i e¨vs‡Ki mvdj¨ Ab¨vb¨ e¨vs‡Ki Zjbvq D‡jL Kivi g‡Zv| 2016 mv‡j Avcbv‡`i e¨vs‡Ki wbU gbvdv 4,460 wgwjqb UvKv| Avcbv‡`i e¨vs‡Ki cviPvjb gbvdv 926 †KwU UvKv Qwo‡q †M‡Q; Av‡Mi eQ‡ii Zjbvq †e‡o‡Q 18.8 kZvsk| 2016 mv‡j hv wQj 779 †KwU UvKv| Gi g‡b n‡jv gj Avq ev‡o‡Q|



GB eQ‡i Avgv‡`i ivR¯ cew× n‡q‡Q 14.2 kZvsk Ges me‡gvU m¤ú` cew× 10.7 kZvsk| ivR¯ cew× n‡q‡Q wbU m‡`i Avq I Ab¨vb¨ Av‡qi †ÿ‡Î| Avgv‡`i me‡gvU m¤ú‡`i cvigvY `wo‡q‡Q 24 nvRvi 860 †KwU UvKvq|

2016 mv‡j Avgv‡`i wbU m‡`i Avq †e‡o‡Q 24.6 kZvsk, †gvU v¯‹z (e¨v‡jÝ wkU) †e‡o‡Q 2 nvRvi 411 †KwU UvKv, wW‡cwRU GK jvL 50 nvRvi †KwU UvKv †_‡K †e‡o `wo‡q‡Q GK jvL 68 nvRvi †KwU UvKvq|

hw` †KvqvUvivj we‡klY we‡ePbvq †bIqv nq, Zvn‡j †`Lv hvq wØZxq †KvqvUv‡i Avgv‡`i GmGgB I vi‡UBj e¨emv †e‡o‡Q| ïa GmGgI I vi‡UBj e¨emvq bq, Ki‡cv‡iU e¨emvqI Avgiv fvel¨‡Z fv‡jv dj cvIqvi †ÿ‡Î Avgiv SvK nvm Ki‡Z †c‡ivQ| Avevi PZ_ †KvqvUv‡i Avgiv 2016 mv‡j i me‡P‡q †ewk ivR¯ ARb Ki‡Z mÿg n‡qwQ|

2016 mv‡j e¨vsK e¨vs‡Ki Awbs cvi †kqvi (BwcGm) `vovq 6.28-G| hv Av‡Mi eQi wQj 3.43| cwZ †kqv‡i e¨vs‡Ki wbU A¨v‡mU f¨vj (GbGwf) `vovq 30.18-G, hv Av‡Mi eQi wQj 26.53| cew×I nvi wQj 14%| 2016 mv‡j Avgv‡`i memvK‡j¨ BwcGm `vovq 5.47; hv Av‡Mi eQi wQj 3.19|

cviPvjbv wbqg Abhvqx e¨vsK e¨emv m¤úmvi‡Y eQi¸‡jv Avm‡Q, Avgv‡`i gj PvIqv¸‡jv †`Lv c‡qvRb| eZgv‡b Avgv‡`i 10.625% SvK m¤ú` (vi¯‹ I‡qB‡UW A¨v‡mUm) `iKvi| Avgiv Avcbv‡`i GUv Rvbv‡Z †c‡i Avbw›`Z †h, eZgv‡b Avcbv‡`i e¨vs‡Ki A¨vWK‡qvm AbcvZ Le D”P chv‡q i‡q‡Q| Avgv‡`i Uvqvi-1 gjab 1 nvRvi 970 †KwU UvKv; Uvqvi-2 gjab 338 †KwU UvKv| evsjv‡`k e¨vs‡Ki wb‡`kbv †g‡b Avgiv FY SvK I cviPvjbv SvK e¨v‡mj-3 Abhvqx †i‡LwQ|

Avgv‡`i g‡b ivL‡Z n‡e e¨vK e¨vsK Ab¨ e¨vs‡Ki g‡Zv bq| GUv gj¨‡evaxfvËK (f¨vjR †eRW e¨vsK) e¨vsK| Avgv‡`i e¨vswKs g‡W‡ji wfwË¸‡jv n‡jv mkvmb, wbqgvbewZZv, ˆbwZKZv I Revew`wnZv| Avgiv ïa gbvdv Kie bv| Avgiv Ôv_ wcÔ `k‡b wekvm Kvi, Zv n‡jv wccj (gvbl), cv‡bU (cv_ex) I cvdU (gbvdv)| Avgiv gvbl‡K †mev †`e, cv_exi miÿv †`e Ges Zvici gbvdv Kie| A_vq‡bi †ÿ‡Î `wqZkxjZvI Avgv‡`i gj gj¨‡e¨ai GKvU| Avgiv Ggb †Kv‡bv cK‡í A_vqb Kie bv, hvi ÿwZKi cfve cvi‡e‡ki Ici co‡e| Avgiv `xN‡gqv‡`i Rb¨ KvR Ki‡Z G‡mwQ I †UKmB mgv‡Ri Rb¨ Ae`vb ivL‡Z G‡mwQ|

AZv‡Z Ae‡nwjZ ÿ` I gvSvix D‡`¨v³v (GmGgB) LvZ mv¤úwZK mg‡q cew× evov‡Z I Kgms¯‹vb ew×‡Z D‡jL‡hvM¨ fvgKv †i‡L‡Q| PjvZ kZ‡Ki †Mvovi w`‡K mvaviY e¨vsK¸‡jv GB LvZ †Kv‡bv FY w`Z bv| evsjv‡`‡ki GmGgB D‡`¨v³ viv hLb GB LvZ †Kv‡bv e¨vsK †_‡K FY †cZ bv, ZLb e¨vK e¨vsK Zv‡`i FY †`Iqvi D‡`¨vM †bq Ges GLb chš GB Lv‡Z mg_b w`‡q Avm‡Q| Avgiv Me Abfe Kvi, †hUv Avgiv 15 eQi Av‡M †f‡ewQ, c‡i Zv evsjv‡`‡ki Ab¨vb¨ e¨vsK K‡i‡Q Ges GmGgB e¨emvi cew×‡Z `viæY Ae`vb ivL‡Q

GUv D‡jL Kiv cvmw½K †h, evsjv‡`k e¨vs‡Ki bvwZgvjv †g‡b e¨v‡mj-3 ev¯evq‡b Avgiv 2019 mvj chš K¨wcUvj A¨wWK‡qvm AbcvZ 12.5% ivLe| Avgv‡`i Ae¯'vb n‡jv Avgv‡`i SvK I‡qB‡UW K¨wcUvj A¨wWK‡qvm †ivkI 12.26%| 2016 mv‡j †kqvi evRvi KvVb mg‡qi ga¨ w`‡q †M‡Q| †kqv‡ii `vg Kg nIqvq A‡bK we‡b‡qvMKvix jvf-ÿvZ‡Z fvMvfwM K‡i‡Q| Ggb cwi¯'vZ m‡ËI †`‡ki Ab¨vb¨ e¨vs‡Ki Zjbvq e¨vK e¨vs‡Ki †kqv‡ii `vg fv‡jv wQj| MZ GK eQ‡i e¨vK e¨vs‡Ki †kqv‡ii `vg †e‡o‡Q 32 kZvsk| GRb¨ w¯'wZkxj e¨vemwqK mvdj¨‡K ab¨ev` RvbvB, hvi Kvi‡Y GB e¨vs‡Ki cwZ we‡b‡qvMKvix‡`i Av¯'v †e‡o‡Q| Avgiv Avb‡›`i m½ Avcbv‡`i Rvbv‡Z PvB, Avgv‡`i 40 kZvs‡kI †ewk cvewjK †kqvi we‡`k we‡b‡qvMKvix‡`i Kv‡Q i‡q‡Q| hv e¨vs‡Ki kv³kvjx vfvËi K_v Z‡j a‡i| 31 vW‡m¤i 2016-‡Z e¨vK e¨vs‡Ki †kqv‡ii `vg wQj 64.10, hv AviI evowQj|

A½cvZôvbmgn

†gvevBj e¨vsKs A_ †jb‡`‡bi veKí P¨v‡bj vn‡m‡e `vwo‡q †M‡Q, hvi gva¨‡g cZ¨š AÂ‡ji gvbl‡K e¨vsKs Kvhµ‡gi g‡a¨ Ašf³ Kiv †M‡Q| GB Ašf³ Zvq e¨vs‡Ki Ae`vb n‡jv, e¨vK e¨vsK vjvg‡UW 2011 m‡j veKvk vjvg‡WU MVb K‡i| GUv e¨vs‡Ki A½cvZôvb vn‡m‡e Pvj nq| e¨vK e¨vsK vjvg‡UW I h³ iv‡ói gvb Bb †gvkb GjGjvm R‡qvU †fÂvi vn‡m‡e veKvk KvR ïiæ K‡i| 2013 mv‡ji Gwc‡j vek e¨vsK M‡elYv m`m¨ BwUvib¨vkbvj dvBb¨vÝ Ki‡cv‡ikb (AvBGdvm) cvUbvi nq Ges 2014 mv‡j GB cvZôv‡bi we‡b‡qvMKvix nq vej A¨vÛ †gvjÛv †MUm dvD‡Ûkb| 2016 mv‡j veKvk 387 vgvjqb UvKv gbvdv K‡i| veK¨vki †mev †bq `B †KwU 61 jvL 72 nvRvi 245 Rb MvnK| evsjv‡`‡ki †gvevBj e¨vsKs Lv‡Zi k¨vl i‡q‡Q GB veKvk|

e¨vK e¨vs‡Ki A½cvZôvb n‡jv mvRb G·‡PÄ vjvg‡UW| GwU n‡jv GKvU G·‡PÄ †Kv¤úvwb hv Bsj¨vÛ I I‡qj‡m| GB cvZôvb gjZ: ve‡`‡k _vKv evsjv‡`k‡`i GKvU eo Ask‡K †ivgU¨vÝ mwfm †`q| cvkvcvwk bb †ivm‡WvÝ evsjv‡`k‡`i e¨vK e¨vs‡Ki gva¨‡g we‡b‡qv‡M mnvqZv †`q|

e¨vK AvBwU mwfm vjvg‡UW (veAvBwUGm) e¨vK e¨vsK cwiev‡ii MveZ m`m¨| evsjv‡`‡k AvBwU-vfvËK †mevi †ÿ‡Î Ab¨Zg eo cvZôvb GwU| GLv‡b mv‡o vZbkiI †ewk `ÿ, †gavex, D”Pvkvÿ Z I D™vebx ÿgZvm¤úb Kgx i‡q‡Q| hviv MvnK‡`i m‡e”P †mev w`‡Z A½xKvi e×|

e¨vK BwcGj ÷K †evKv‡iR vjvg‡WU n‡jv †`‡ki Ab¨Zg kvl¯'vbxq ÷K †evKvi| e¨vK BwcGj ÷K †evKv‡iR vjvg‡WU

Avcbv‡`i e¨vsK mgq me mgq vmGmAvi †cvMvg‡K AMwaKvi ‡`q| vmGmAv‡ii AvIZvq Ô_ vcÔ `k‡bi gvbl I cv_exi Rb¨ KvR Kvi Avgiv| enËi e¨vK cwiev‡ii Ask vn‡m‡e mgv‡Ri Rb¨ KvR Kivi welqvU e¨vs‡Ki wWGbGi m½ h³ n‡q †M‡Q| Avcbv‡`i e¨vsK mgvR †mevi wgk‡bi Ask vn‡m‡e mvgvwRK Kj¨v‡Y Ae`vb ivL‡Q| mvgvwRK †cvMv‡g Avgv‡`i wgkb n‡jv gvbl‡K Zvi wb‡Ri m¤vebv m¤ú‡K Dcjwä Ki‡Z †kLv‡bv| Avgiv mveavewÂZ wkÿv_x‡`i D”'wkÿvi m‡hvM ^Zvi Ki‡Z e¨vK e¨vsK-c_g Av‡jv A`g¨ †gavex Uv÷ ¯'jvivkc Ges e¨vK wekwe`¨vjq ¯'jvivkc w`v”Q| Avgiv XvKv wekwe`¨vj‡qi ev‡qv‡Kvgw÷ Avj¤úqvW‡K mg_b w`v”Q, hv‡Z bZb cRbx †gŠwjK weÁv‡b cov‡kvbv Ki‡Z Drmvn cvq; KwiMvi wkÿvi Rb¨ BD‡mc Bbw÷wUDU Ae mv‡qÝ Ae †UK‡bvjvR K‡ivQ; K¨vmK¨vj AvU I KvjPvi‡K GwM‡q wb‡Z †e½j K¨vmK¨vj wgDwRK †dv÷f¨vj KivQ Ges evsjv mvnZ¨‡K mg× Ki‡Z mvnZ¨ ci¯'vi ceZb K‡ivQ| Abb¨ D‡`¨vMvn‡m‡e g¨viv_b †`Šoi Av‡qvRb K‡ivQ Znwej Movi Rb¨, GUv Kivi n‡q‡Q mg‡Ri mveavewÂZ gvb‡li cv‡k `vov‡bvi Rb¨| ¯'v¯'‡mevi †ÿ‡Î Avgiv _¨vjv‡mvgqv nvmcvZvj, vm‡jU b¨vkbvj nvU dvD‡Ûkb Ges †m›Uvi di vin¨wewj‡Ukb Ae c¨vivjvBRW (vmAviwc)-Gi Askx`vi| Avgiv RvZxq vµ‡KU `‡j i MveZ Askx`vi| hviv bqvgZ †`‡ki Rb¨ †MŠie e‡q Avb‡Q|

†`‡ki `ÔvU G·‡P‡ÄiB m`m¨| eZgv‡b Gi mvZvU kvLv i‡q‡Q| e¨vK BwcGj Bb‡f÷‡gvU vjvg‡WU (veBAvBGj) ve‡b‡qv‡Mi †ÿ‡Î me ai‡bi e¨vsKs †mev †`q, cvkvcwk c_vMZ gv‡PvU e¨vsKs Kvhµg cwiPvjbv K‡i| †`‡ki mvZvU ¯'vb †_‡K †mev †`Iqv GB cwZôvbwUi †_‡K Pvi nvRvi 600 R‡bi I †ewk MvnK †mev wb‡"Q| veBAvBGj BwZg‡a¨ D‡jL‡hvM¨ m¤§vb I mbvg ARb K‡i‡Q| me cvevjK Bm¨, Bwbwkqvj I ivBUm e¨e¯'vcbvi gva¨‡g gv‡KU †_‡K Drmvne¨vÄK mvov †c‡q‡Q veBAvBGj| bZb eK wevìs †g_‡Wi AvIZvq evsjv‡`k K¨vcUvj gv‡KU c_g cvevjK Bm¨ wb‡q Av‡m veBAvBGj|

A½cwZôvb¸‡jvi cwidi‡gÝ

Avgv‡`i 5wU mn‡hvMx cwZôv‡bi g‡a¨I PviwUB gbvdv K‡i‡Q| e¨vK AvBwU mwfm vjvg‡UW, veKvk vjvg‡UW, e¨vK mvRvb Ges e¨vK BwcGj ÷K †evKv‡iR vjvg‡UW h_vµ‡g 4 †KwU 80 jvL, 38 †KwU 70 jvL, 30 jvL Ges 9 †KwU 50 jvL UvKv jvf K‡i‡Q| e¨vK BwcGj Bb‡f÷‡gvU vjvg‡UW cvq 90 †KwU UvKv †jvKmvb K‡i‡Q hvi Kvib n‡"Q †b‡MvUf BKBwU gwRb †jvb †cvU‡dwjIi Dci cwfkb ivLv|

e¨emvi mvivsk, SvK I SvK ckgb

2016 m‡j vi‡UBj e¨vsKs‡q GB wk‡íi Ab¨Zg †cvU‡dwjI ARb K‡iwQ Avgiv| GRb¨ bZb evÂ e¨vsKs g‡Wj, cwkÿZ †mjm †dvm, ‡mjm I ev¦Âi mgšq Ges Aek¨B Uvb A¨vivDÛ mgq Kvg‡q Avbvi velq¸‡jv‡K ab¨ev`| Avgiv MnFY †`Iqvi †ÿ‡Î kxl ¯'v‡b AwQ; Mwo †Kbvi FY I e¨v³MZ FY †`Iqvi †ÿ‡ÎI kxl ¯'vb ARb K‡iwQ| GmGgB bZb K‡i kv³ hvM‡q‡Q Ges e¨emv ewo‡q‡Q| K‡UR, ÿ` I gvSwi Ges BgwRs LvZ¸‡jv; GmGgB e¨vsKs me AvKv‡ii GmGgB D‡`¨v³v‡`i A_vqb K‡i‡Q| vW-vi¯'s m‡ËI 2016 m‡j Ki‡cv‡iU e¨vsKs‡q AmvaviY mvdj¨ ARb K‡i‡Q| vW-vi¯'s Ki‡cv‡iU Lv‡Z †UKmB e¨emvi velqvU‡K mmsnZ K‡i‡Q| Ki‡cv‡iU e¨vsKs‡K †dvKvm K‡i kvLv Pvji d‡j Ki‡cv‡iU ewY‡R¨i KvQvKwQ †cŠQv‡bvi m‡hvM mvó n‡q‡Q|

Awg GUv ej‡Z †c‡i MveZ †h, Avgv‡`i †h gvbem¤ú`, †bUIqvK I AeKvVv‡gv i‡q‡Q Zv †`‡ki mevi †miv e¨vsK nIqvi g‡Zv| BwZg‡a¨ mviv †`‡k Avgv‡`i 181wU kvLv i‡q‡Q| AviI `kwU kvLv †Lvjvi velqvU cvµqvab| hv‡`‡ki e¨vsKs Lv‡Z Abjv Bb †bUIqv‡Ki g‡a¨ me‡P‡q eo †bUIqv‡K cwiYZ n‡e| G Qvov Avgv‡`i GmGgB BDwbU Avdm i‡q‡Q 448wU, GwUGg e_ i‡q‡Q 469wU Ges wmwWGg i‡q‡Q 81wU| GB wekvj †bUIqvK Gi mvnv‡h¨ Awg wbwðZ e¨vsKs Lv‡Z Avgvi †h jÿ¨ ¯'i Kie †mB j‡ÿ¨B †cŠQv‡Z cvie|

cKí e¨e¯'vcbv BDwb‡Ui D‡`¨vM

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INTERVIEW OF THE MANAGING DIRECTOR & CEO

INTERVIEW OF THE MANAGING DIRECTOR & CEO

We at BRAC Bank consider values and performance as the two most important parameters in our business and operations. Ethical business practices with full regulatory compliance and proper employee behavior are our first priority. Business performance follows naturally. Governance, compliance, ethics and transparency are the four cornerstones of our banking model.

Selim R. F. Hussain
Managing Director & CEO

In a Question and Answer session with Mr. Selim R. F. Hussain, Managing Director and CEO, BRAC Bank Limited, we learnt about his vision for the Bank and how he plans to align the values and mission in accordance with the Board. He put forward his views on the impact that the macro economy has had on the overall financial industry. He also highlighted the 2016 financial performance in this session.

- **What is the strategic vision of BRAC Bank?**

  In a single line, BRAC Bank has set its sight on becoming the Best Bank in the country in terms of customer service, business volume, human capital, governance, compliance, ethics and transparency, as well as profitability. We will emphasize on values-based business with strong business ethics.

- **What is your vision regarding business portfolio?**

  The usual tendency in our banking sector is to prioritize the corporate and commercial segments as they require less investments in technology and manpower. BRAC Bank has adopted a strategy of rebalancing its portfolio as it is looking forward to increase its focus on Retail and SME banking. In 2016, for both the Retail and SME businesses, our average assets have grown about BDT 15 billion. Our growth has not been equally strong in the corporate segment and that has been a part of our deliberate strategy where we rebalanced our portfolio by moving from one type of customer to another.

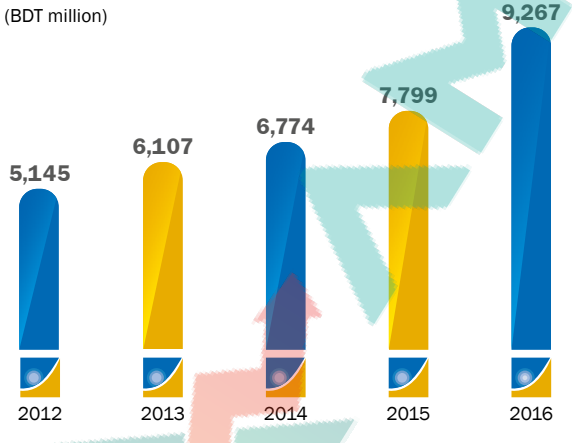
- **What sets BRAC Bank apart from its competitors in the industry?**

  We at BRAC Bank consider values and performance as the two most important parameters in our business and operations. Ethical business practices with full regulatory compliance and proper employee behavior is our first priority. Business performance follows naturally. Governance, compliance, ethics and transparency are the four cornerstones of our banking model. BRAC Bank aims to be the bank of customers' choice. We aspire to be the role model



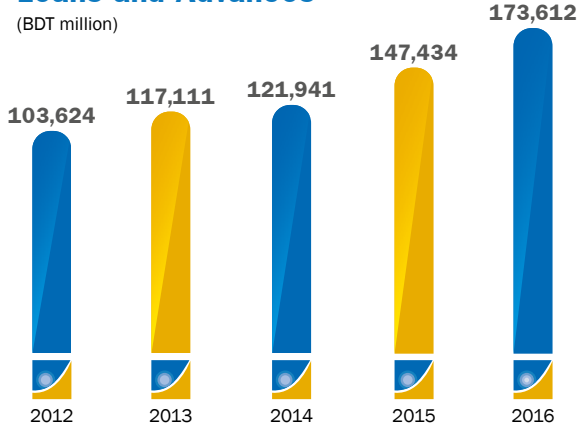
Operating Profit

(BDT million)



Loans and Advances

(BDT million)



and reference point of the regulators when it comes to compliance, customer care and service quality. We want to be the 'top-of-mind' or 'go-to' bank for all the products and services the industry has to offer. BRAC Bank further aims to become the most employee friendly bank with the best working environment and benefits that will attract the best talent in the industry. As a proud member of the Global Alliance for Banking on Values (GABV), we always conduct business keeping in mind the 3P Philosophy – People, Planet and Profit.

When we work for People and the Planet, Profit automatically follows. We believe in responsible

financing that cares about the environment. Apart from this, we have a unique Board of Directors who give full freedom to the management to run the bank in line with good corporate governance, maintaining accountability and transparency as per local and international best management practices.

• How was the Global economy and Bangladesh economy in 2016?

In 2016, the Global economy was influenced by the Brexit referendum in the United Kingdom in June and the Presidential elections in the United States of America in November. It can be assumed that the US interest rate will increase in the coming years. From the movement in demands and businesses it is clear that the emerging markets will grow in 2017.

The investment scenario in Bangladesh was not vibrant in spite of the declining interest rates in the banking industry. The entrepreneurs were wary about the investment climate. Import of capital machinery was only slightly higher than the previous year. The banking sector was sitting with excess liquidity, however, the economy was benefiting from the government's mega infrastructure projects like Padma Bridge, Payra Seaport, Dhaka-Chittagong & Dhaka-Mymensingh four lane highways and the Dhaka Metro Rail. There were pockets of scope for the private sector banks in these mega projects.

GDP increased by 0.5 percentage, from 6.55% to 7.05%. Industrial sector registered a growth of 9.6%, services 5.8% and the manufacturing sector recorded 10.3% growth compared to the previous year. Growth of credit to the private sector stood at 13.2% against a target set at 15%. Drastic fall in interest rate lead depositors to divert fund from the banking system and invest in the savings instruments making it challenging for the banks operating in Bangladesh.

• What was the key highlight of 2016 and especially any risk faced?

2016 was the initiation of restructuring, remodeling and rearranging for BRAC Bank. We launched new branch banking model with all the branches playing the role of distribution centers serving all our valued Retail, SME and Corporate customers. We clearly distinguished the role of the Branch Operations teams and the Branch Sales teams to put focus on Customer Service and Sales. This enabled our businesses to build a growth momentum that clearly helped us outshine our competitors in the industry. As part of our expansion drive across the country, we are opening Sales Centers, Trade Centers and ROCs in different cities across the nation. By empowering and refurbishing the SME Unit Offices to leverage more on the unique distribution channels we have and we will be further able to tap and capitalize on the unexplored markets of Bangladesh. We are now in a much better position to focus on our long term aspiration – to transform the bank into the number one bank for customer service, trust, and advocacy. We are already seeing the benefits of our service-led strategy in the financial performance of the core bank. We became the market leaders in Retail Loan products – Home Loan, Auto Loan and Personal Loan. Our SME businesses have also grown substantially in the credit market. In spite of de-risking the corporate portfolio, BRAC Bank was successful in optimizing the portfolio mix in order to drive quality growth that contributed to the bank's overall profitability.

We achieved a record growth of 18% in assets portfolio. All the business segments- SME and Retail and Corporate assets have contributed to this record during a year full of milestones with a revenue growth of 14%. Our Fund under management (FUM) increased from BDT 297,655 million to BDT 342,472 million in 2016. Our cost income ratio and Non-Performing Loan (NPL) ratio improved from 48% to 46% and 5.99% to 3.40% respectively in 2016.

• What is the underlining meaning of 'Building Momentum?

If there's anything that's true in business, it's change and change denotes that each component of a business is either improving or deteriorating. BRAC Bank Limited commenced its renewed journey in November 2015 with the mission to become the best bank in Bangladesh. The simplification of the processes, talented recruits, enhanced benefits, training to employees and investments in technological advancements all collectively resulted in an overwhelming business growth with improved customer services. In the third quarter of 2016, the bank recorded a staggering net profit growth of more than 80% over the same period last year. The bank recast its branch banking model with the introduction of Corporate Branches to provide tailor-made services to big corporate customers. The bank also focused on the Emerging and Middle market business to expand big-ticket business loans outside

Dhaka and Chittagong vicinity. With a network of 181 Branches, 469 ATMs, 448 SME Unit Offices and 229 remittance delivery points, we are well placed to secure greater gains in the future.

The impression that every initiative that we undertook and implemented carried along by a tailwind that increased our efficiency and propelled the bank to an excellent growth made us feel we have created a burst of energy within the organization. We have had an incredible year with all the changes that were made and that reflected on our financial performance. With the new set up we have in place, we believe that the journey to be the best bank in Bangladesh has just started. We built the momentum that we needed and are ready to spread our wings and take off towards the unlimited heights of the sky.

- **What are the bank's key Unique Selling Points (USPs)?**

With the world's largest development organization BRAC as our parent organization, BRAC Bank has the "BRAC" brand attached to its name. Whatever we do, our work has to resonate with the good that our parent organization is known for all over the world. Our ability to give back to the country in terms of the SME Financing as well as our profit being ploughed back to BRAC is another USP. Our wide distribution network and presence throughout the country is a key USP. Our flexibility in the way we operate is yet another USP that we offer. We offer products from large scale corporate loans to the smallest of personal loans while focusing heavily on the Small and Medium Enterprises. Our agility and expertise in scoping out the perfect product for our customer is something that we are proud of.

We work tirelessly to help people realize their potential - be it our customer or our co-worker. We believe in the dreams and aspirations of the people of Bangladesh, and this philosophy encourages us to work as enablers and partners. Our customers trust us.

BRAC Bank is not like any other bank out there. The future of the country and its people is important to us. We strongly understand that whatever we do today will have an impact on the future. Therefore, we act accordingly and responsibly. Majority of BRAC Bank's shares belongs to institutional investors and as a Member of the Global Alliance for Banking on Values, we operate in values based financial services and for the financial inclusion of people. All this is combined with sound corporate governance over all the activities we are involved in. BRAC Bank has already earned its name in SME financing. With its wide network and diversity with the subsidiary operations like bKash, BRAC Bank has established itself as a unique financial institution in the country.

- **What do you think about the economic outlook in 2017?**

Bangladesh economy is in a promising position in terms of the macroeconomic indicators for 2016. Low interest and low inflationary environments will boost economic growth in 2017 and the economy may break out of its 6% GDP growth trap. The Central bank is likely to continue with the stable exchange rate policy. Export is expected to show a modest growth as well. We are hoping for more political stability in 2017, while the reopening of manpower market will boost remittance income in 2017.

Things, however, may not be as bright for the banking industry. Interest rates are likely go down further. There is intense competition in the industry due to the large number of banks (56 banks) operating in Bangladesh. As a result, spread for the banks is likely to get squeezed further. NPLs still remain a major problem for the banking industry. It is unlikely that

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the asset quality situation will change anytime soon. However, an improvement in business confidence is likely to induce credit growth in 2017 and this should relieve some pressure on the banking operations.

- **What are the strategic focus in the coming years?**

2017 will be a year of great significance for BRAC Bank. Major technology investment projects – Core Banking Upgrade, ERP - will go live this year. This will be instrumental to continue our business momentum, reduce turnaround time (TAT) to improve customer service. The new branch banking model will come into fruition making all branches the distribution points to provide SME, Retail and Corporate Banking solutions. We will take leverage of branch network to generate the business of the Emerging Small and Middle Market and Trade Service. We will continue the ongoing restructuring for the simplification of the processes, reducing turnaround time (TAT) and customer service. We will continue to invest in people development and technology. All of our initiatives will accelerate the Bank's growth,quality of services, area of business, enrich our image and goodwill and help us become the Best Bank in the country.

AMAR STOCK

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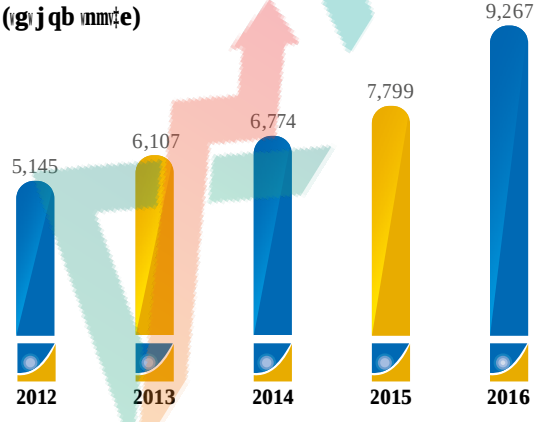
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GK jvBb hw` ej‡Z nq, MvnK †mev, e¨emvqK cwimi, gvbe gjab, mkvmb wbqgvbewZZv, ˆbwZKZv Ges ¯”QZvi w`K t_‡K e¨vK e¨vsK †`‡ki †miv e¨vsK nIqvi jÿ¨ wVK K‡i‡Q| kw³ kvjx e¨emvqK bœZi m‡½ gj¨‡eva wfwËK e¨emvi Ici Avgiv ¸i‡Zv‡ivc Kie|

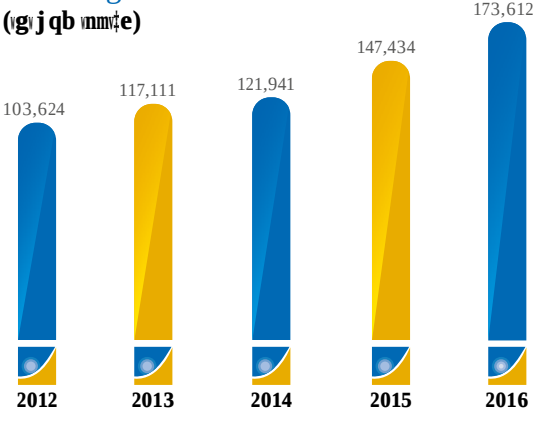
- **e¨emvqK w`K t_‡K Avcbvi cviKíbv Kx?**

Kvhµ‡g fvimvg¨ Avbvi †KŠkj wb‡q‡Q e¨vK e¨vsK, GRb¨ wi‡UBj Ges GmGgB e¨vswKs‡q Kv‡Ri cwimi AviI evov‡bvi wPšv Ki‡Q| Avgv‡`i e¨vswKsLvZ mvaviYZ Ki‡cv‡iU Avi ewYwR¨K †ÿÎ‡KB cvavb¨ †`q, †h‡nZ G †ÿ‡Î chw³ Avi †jvKe‡j Kg wewb‡qv‡Mi c‡qvRb c‡o| Gw`‡K wi‡UBj Ges GmGgB‡Z Avgv‡`i Mo m¤ú` 2016 mv‡j †e‡o cvq †`o nvRvi †KwU UvKvq `vo‡q‡Q, Ki‡cv‡iU Lv‡Z ew×i nvi GZUv kw³ kvjx bq Ges GUvB Avgv‡`i we‡ePbvaxb †KŠk‡ji Ask| GK †kYxi MvnK †_‡K Ab¨ †kYxi Mvn‡Ki w`‡K g‡bv‡hvMx n‡q Avgiv Avm‡jB Avgv‡`i Kgc×wZ‡Z fvimvg¨ AvbwQ|

KvhKi gbvdv
(vgvjqb wnm‡e)



FY I AvMg
(vgvjqb wnm‡e)



- cvZ‡hvMZvi †ÿ‡Î †Kvb welq¸‡jv e¨vK e¨vsK‡K Avjv`v K‡i‡Q?

e¨vK e¨vs‡K Avgiv e¨emv Ges Kvhµg cviPvjbvi †ÿ‡Î gj¨‡eva Avi KgÿgZv‡K ¸iæZcY `vU v¯—ZgvcK wn‡m‡e we‡ePbv Kvi| e¨emvq ˆbwZK Abkxj‡bi cvkvcwk wbqšK ms¯—vi wbqgbwZ †g‡b Pjv Ges Kg¨`i h_vh_ AvPiY‡K Avgiv c_g AMwaKvi †`B| e¨emvqK Kvhµg ¯—vfweKfv‡eB †m Abhvqx Pj‡Z _v‡K| mkvmb, wbqgvbewZZv ˆbwZKZv Ges ¯—"QZv n‡jv Avg¨`i e¨vswKs g‡W‡j Pvi wfwË| e¨vK e¨vsK Mvn‡Ki cQ›`i e¨vsK n‡Z Pvq| Avg¨`i AvKv•ÿv, cwZcvjb, MvnK‡mev Ges †mevi g¨vbi †ÿ‡Î Avgiv †ivj g‡Wj Ges wbqšK¸‡jvi †ÿ‡Î †idv‡iÝ c‡q›U cviYZ n‡ev| Avb›`gq e¨vswKs AvfÁZvi †ÿ‡Î gj¨evb Mvn‡Ki g‡b mevi Av‡M _vK‡Z PvB Avgiv| e¨vK e¨vsK me‡P‡q KgzevÜe nIqvi cvkvcwk Kv‡Ri †miv cvi‡ekUv wbwðZ Ki‡Z Pvq hv‡Z †miv †ckv`v‡iiv GLv‡b KvR Ki‡Z AvMnx n‡q I‡Vb| †Mvevj A¨vj‡qÝ di e¨vswKs Ab f¨vjm (wRGwef)-Gi MveZ m`m¨ nIqvq Avgiv¸_-vc `kb-wccj (gvbl), c¨v‡bU (cv_ex) I cvdU (gbvdv) g‡b aviY Kvi| hLb Avgiv gvbl I cv_exi Rb¨ KvR Kie, gbvdv ¯—qswµqfv‡eB Avm‡e| Avgiv `vqZcY A_vq‡b wekvm Kvi| G Qvov, Avg¨`i Ggb GKvU cviPvjbv cl` i‡q‡Q, hv ¯—vbxq I AvšRwZK ch‡qi †miv e¨e¯—vcbvi PPv Abhvqx ¯—"QZv eRvq †i‡L mô cviPvjbvi gva¨‡g e¨vsK e¨e¯—vcbvq cY ¯—avbZv †`q|

- 2016 m‡j ˆewkK A_bxZ Ges evsjv‡`‡ki A_bxZ †Kgb wQj?

2016 m‡ji Rb gv‡m ˆewkK A_bxZ‡Z h³ iv‡R¨i †ev•U (BD‡ivcxq BDwbqb †_‡K we‡”Q`) †fv‡Ui cfve c‡owQj, Avi b‡f¤i gv‡m c‡owQj gwKb ‡cvm‡W›U wbev‡Pbi cfve| Abgvb Kiv hvq, Avm‡Q mg‡q h³ ivó m‡`i nvi evov‡e| G m‡ËI A_bvZK ce× 3 `kgK 1 kZvsk AvRZ n‡q‡Q, Z‡e P‡bi ce× A_bxZve`‡`i aviYvi †P‡qI †ewk n‡q‡Q| Pwn`v Ges e¨emvi MvZvev‡a †_‡K cvi®vi, 2017 m‡j GB evRvi AviI eo n‡e|

evsjv‡`‡k wewb‡qv‡Mi wPÎ 2016 m‡j Le GKUv MvZkxj wQj bv, KviY e¨vsKs e¨e¯—vq m‡`i nvi wQj wb¤Mvgx| D‡`¨v³vivI wewb‡qv‡Mi e¨vcv‡iI mZK wQ‡jb| Av‡Mi eQ‡ii Zjbvq MZ eQi gjabx hšcwZi Avg`wb wKQUv †ewk wQj| e¨vsKs Lv‡Z Zvi‡j¨i cvigvY wQj †ewk| Z‡e A_bxZ jvfevb nv”Qj miKv‡ii †gMv cKí¸‡jv, †hgb cÙv‡mZ, cvqiv mg`v`i, XvKv-PÆMvg I XvKv-gqgbwmsn Pvi †j‡bi gnvmoK, XvKv †g‡Uv‡ij t_‡K| ‡emiKwi LvZ MvZ cv”Q| †gMv cKí¸‡jvq ‡emiKwi e¨vsK¸‡jvi m‡hvM¯—íB wQj| µgeagvb †mevLvZ t_‡KI e¨vswKsLvZ jvfevb n‡q‡Q|

†gvU †`kR Drcv`b (wRwWc) 0.5 kZvsk m‡i ev× †c‡q 6 `kgK 55 kZvsk †_‡K 7 `kgK 05 kZvsk n‡q‡Q| Av‡Mi eQ‡ii Zjbvh¨vkíLv‡Z 9 `kgK 6 kZvsk, †mevq 5 `kgK 8 kZvsk, Drcv`bLv‡Z 10 `kgK 3 kZvsk ce× AvRZ n‡q‡Q| †emiKwiLv‡Z Avgvb‡Zi cvigvY 15 kZvs‡ki jÿ¨gvÎv wQj, hv 13 `kgK 2 kZvsk AvRZ n‡q‡Q| m‡`i nv‡i e¨vcK cZ‡bi d‡j AvgvbZKvixiv e¨vsKs e¨e¯—v †_‡K UvKv mvi‡h wb‡q‡Qb Ges mÂqLv‡Z ev‡b‡qvM e¨vsK¸‡jvi Rb¨ eo P¨v‡jÄ n‡q `wo‡qwQj| G m‡ËI gvbl †gvevBj e¨vswKs‡qi v`‡K S‡K‡Q|

- 2016 m‡j gj jÿ¨Yxq welq Kx wQj, ve‡kl K‡i †Kvb SvK wK mvgvj v`‡Z n‡q‡Q?

2016 mvj wQj e¨vK e¨vs‡Ki cbMV‡bi mPbvi eQi| m¤ú„bZ MvnK‡`i wi‡UBj, GmGgB Ges Ki‡c‡iU mvjDk‡bi Rb¨ Avgiv me kvLvq bZb kvLv e¨vswKs g‡Wj Pvj K‡iwQ| MvnK‡mev I Pwn`v ci‡Y Avgiv kvLv¸‡jvi Kvhµg cviPvjbvKvix I †mjm `‡j ¯—vZš¿ G‡bwQ| GmGgB e¨vswKs Gi BgwRs veR‡bm Ges Ki‡cv‡iU e¨vswKs‡qi gW‡j g‡KU e¨vÂ †bUIqvK e¨envi K‡i bZb e¨emv G‡b‡Q| Avgvi g‡b nq, †bUIqvK‡K DcRx¨ K‡i Ges wUg¸‡jvi g‡a¨ mn‡hvMZvi †ÿÎ mvó i gva¨‡g jÿ¨ ARb Kiv `vi‡b GKUv e¨vcvi| GB `jxh c‡PóvB Avgv‡`i cvZ‡hvMZvi evRvi mvgvb GM‡q hvIqvq mnvqZv K‡i‡Q| †`kR‡o cvimi ev×i Ask wn‡m‡e, Avgiv ve‡fb kn‡i veµq‡K›`, ewYR¨‡K›` Ges AviIvm LjvQ| Avgiv GmGgB BDwbU Avdm¸‡jv ms¯—vi I kv³ ev× KivQ, hv‡Z AviI veZiY P¨v‡b‡ji gva¨‡g Kv‡Ri cvimi AviI evov‡bv hvq|

kvLv e¨vswKs‡qi bZb g‡Wj Abmv‡i 2016 m‡j Avgiv wi‡UBj Kvhµ‡gi cvimi ewo‡qvQ, veµq Kv‡R wb‡qvRZ e¨v³‡`i ckÿY v`‡qvQ Ges veµq I kvLv cviPvjbvKvix wUg¸‡jvi g‡a¨ mn‡hvMZvi †ÿÎ c¯—Z K‡iwQ Ges Aek¨B Uvb A¨vivDÛ UvBg Kvg‡q G‡bwQ| Avevmb FY, Mwo FY Ges e¨v³MZ FY †`Iqvi †ÿ‡Î Avgiv c_g mwi‡Z P‡j G‡mwQ| e¨vK e¨vsK GmGgB FY evRv‡ii eo GKUv RvqMv `Lj Ki‡Z †c‡i‡Q| Kg SvKi ceYZv m‡ËI Ki‡cv‡iU e¨vswKsI 2016 m‡j `vi‡b K‡i‡Q| IveBD KvhµgI †e‡o‡Q| Ki‡cv‡iU e¨vswKs‡qi Rb¨ kvLv e¨e¯—vcbv bZb m‡hv‡Mi Øvi L‡j v`‡q‡Q|

e¨vK e¨vsK G¨v‡mU †cvU‡dvjI‡Z Kvhµ‡g †iKW 18 kZvsk ce× ARb K‡i‡Q| GmGgB, wi‡UBj I Ki‡cv‡iU-me¸‡jvB 2016 m‡j GB †iKW AR‡b fvgKv †i‡L‡Q| Avgiv 2016 m‡j ivR¯— Av‡q 14 kZvsk ce× ARb K‡iwQ| Avgv‡`i GdBDGg 2016 m‡j 34 nvRvi 247 †KwU n‡q‡Q hv 2015 m‡j wQj 29 nvRvi 765 †KwU UvKv| Avgv‡`i Avq e¨‡qi AbcvZI 2015 m‡ji 48 kZvsk †_‡K 2016 m‡j 46 kZvs‡k DbxZ n‡q‡Q|

Avg‡`i GbwcGj 2015 m‡ji 5.99 kZvs‡ki Zjbvq 2016 m‡j 3.4 kZvs‡k DbœZ n‡q‡Q|

- ÔMvZkxjZv ^ZviÕ **(Building Momentum)** ej‡Z Avcwb Kx †evSv‡Z PvB‡Qb?

bZb †bZZ I Kg‡`i DÏxcbv wb‡q e¨vK e¨vs‡Ki behvÎvi mPbv 2015 m‡ji b‡f¤i g‡m| cwµqvi mnRxKiY, †gave‡`i wb‡qvM, mwea ev× Ges Kg‡`i cwkÿ‡Yi d‡j e¨emvq DbœZ Ges MvnK‡mevi gvb AviI DbœZ Kiv m¤e n‡q‡Q| 2016 m‡ji c_g Qq gvm Ges ZZxq cwš‘K 2015 m‡ji GKB mg‡qi Zjbvq 80 kZvs‡kiI †ewk jvf K‡i‡Q, hv GB Lv‡Z Gi Av‡M †kvbvB hvqb| eo Ki‡cv‡iU MvnK‡`i ve‡kl †mev w`‡Z e¨vK e¨vsK Ki‡cv‡iU kvLv cwZôvi cvkvcwk Zvi kvLv e¨vswKs g‡Wj‡K †X‡j mwR‡q‡Q| †mB m‡½ XvKv I PÆMv‡g evB‡i BgwRs veR‡bm Ges wgWj g‡KU MvnK‡`i e¨emvi AviI cmv‡i e¨emvqK FY †`Iqvi e¨vcv‡i g‡bwb‡ek Ki‡Q| †`kR‡o e¨vK e¨vsK AviI 10wU kvLv L‡j‡Q| 181wU kvLv, 469wU GwUGg, 448wU GmGgB BDwbU Kvhvjq Ges 229wU †ivg‡bÝ †Wvjfwi c‡qU cwZôvi gva¨‡g e¨vK e¨vsK fvel¨‡Z AviI eo nIqvi wfwË¯¿cb K‡i‡Q| enËi †bUIqvK Ges veKvk-Gi g‡Zv ‰ewPÎ¨gq m¤úiK Kvhµg cwiPvjbv K‡i e¨vK e¨vsK †mevi ¸YMZ gvb, mkvmb I wbqgvbwZZv, ^bvZKZv Ges ¯”QZv, e¨emvqK cwimi, Aw_K Ašfv³ BZ¨w`i v`K †_‡K †`‡ki †miv e¨vs‡K cwiYZ nIqvi †¶Î c¯Z K‡i †d‡j‡Q| †h‡nZ wfwË¯¿c‡bi KvRvU n‡q †M‡Q, Kv‡RB 2017 m‡j GB e¨vsK MvZkxjZv Avbvi wel‡q g‡bv‡hvMx n‡Z cvi‡e| e¨emvi cmvi NUv‡Z e¨vsKvU GLb D‡jL‡hvM¨ chv³ Lv‡Z 150 ‡KwU UvKv (cvq) wewb‡qvM Ki‡Q| GmGgB F‡Yi evRv‡i e¨vK e¨vs‡Ki Dcv¯¿Z †ek `p| 2016 m‡ji b‡f¤i g‡mB ïiagvÎ 500 †KwU UvKvi ¯§j veR‡bm FY w`‡q‡Q GB e¨vsK| Ki‡cv‡iU kvLvi gva¨‡g Ki‡cv‡iU e¨vswKs‡q bZb D‡`¨vM Ges GmGgB e¨vswKs‡q AviI †Rvi`vi c‡Póvi gva¨‡g A`i fvel¨‡Z Ki‡cv‡iU I GmGgB-Gi †¶‡Î †`‡ki †bZ¯¿bxq e¨vs‡K cwiYZ n‡Z Pvq e¨vK e¨vsK| Zvi Ici RvZxq wµ‡KU `‡ji Askx`vi n‡q‡Q e¨vK e¨vsK, hv e¨vÛ fvegvZ AviI ewo‡q ‡`‡e| MZ GK eQ‡i e¨vK e¨vs‡Ki †kqvigj¨ 32 kZvsk †e‡o‡Q, hv AvePj e¨emvqK Kvhµ‡gi Kvi‡Y m¤e n‡q‡Q, hvi Kvi‡Y¯¿bxq I AvšRwZK wewb‡qvMKvixiv AvZ‡ekvmx n‡Z †c‡i‡Qb| Avg‡`i 40 kZvs‡kiI †ewk cvewjK †kqv‡ii gwjK we‡`k wewb‡qvMKvixiv, hv k³ wfwËiB cwZdjb NUvq|

MvZkxjZv AR‡b 2016 m‡jB Avgiv hveZxq KvR †m‡i †d‡jvQ, hv‡Z 2017 m‡j hvÎv ïiæ Kiv hvq Ges †`‡ki †miv e¨vs‡K cwiYZ nIqvi j‡¶¨ GvM‡q hvIqv hvq|

- e¨vs‡Ki Abb¨ ‰ewkó ev BDGmwc ¸‡jv Kv?

we‡ki meenr Dbqb ms¯¿v e¨vK Avg‡`i AvffveK cwZôvb nIqvq Ôe¨vKÕ bvgvU GB e¨vs‡Ki b‡gi m‡½ h³ n‡q‡Q| Avgiv hv-B Kvi, wekR‡o Avg‡`i AvffveK cwZôv‡bi †h mbvg i‡q‡Q, Zv A¶b †i‡LB Ki‡Z nq| GmGgB FY A_vq‡bi gva¨‡g †`‡ki Dbq‡bi fvgKv ivLvi cvkvcwk e¨vK‡K gbvdv †`Iqv‡B Avg‡`i BDGmwc|

†`kR‡o Avg‡`i ve¯Z veZiY †bUIqvK Ges Dcv¯¿Z GKvU BDGmwc| Kvhµg cwiPvjbvq Avg‡`i bgbxqZv Av‡iKvU BDGmwc, Avgiv eog‡ci Ki‡cv‡iU FY †_‡K e¨v³ chv‡q cv‡mvbvj †jvb w`‡q _vK, GKB m‡½ ¶` I ga¨g chv‡qi D‡`¨v‡MI Avgiv e¨vcK nv‡i Av‡jvKcvZ K‡i _vK| ZrciZv Ges AvfÁZvi Av‡j‡K Mvn‡Ki Rb¨ Avgiv h_vh_ †mev wbwðZ K‡i _vK, hvi Rb¨ Avgiv MveZI|

Avgiv wbijmfv‡e gvbl‡K Zv‡`i ¶gZv m¤ú‡K m‡PZb K‡i †Zvjv †Póv KivQ, hv‡Z K‡i nq Zviv Avg‡`i MvnK n‡eb, bZev Avg‡`i mnKgx n‡eb| Avgiv evsjv‡`‡ki gvb‡li ¯¿c I AvKv•ÿvq wekvm Kvi Ges GB `kb Avg‡`i mvµKiYKvix I Askx`vi wn‡m‡e KvR Ki‡Z Drmvn †`q| Avg‡`i Mvn‡Kiv Avg‡`i wekvm K‡i|

e¨vK e¨vsK Ab¨ ewK e¨vsK¸‡jvi g‡Zv bq| †`‡ki I †`‡ki gvb‡li fvel¨r Avg‡`i Kv‡Q ¸iæZcY| Avgiv Le

e¨vK e¨vsK fvel¨‡Z AviI eo nIqvi wfwË¯¿cb K‡i‡Q| enËi †bUIqvK Ges veKvk-Gi g‡Zv ‰ewPÎ¨gq m¤úiK Kvhµg cwiPvjbv K‡i e¨vK e¨vsK †mevi ¸YMZ gvb, mkvmb, wbqgvbwZZv, ^bvZKZv Ges ¯”QZv, e¨emvqK cwimi, Aw_K Ašfv³ BZ¨w`i v`K †_‡K †`‡ki †miv e¨vs‡K cwiYZ nIqvi †¶Î c¯Z K‡i †d‡j‡Q| †h‡nZ wfwË¯¿c‡bi KvRvU n‡q ‡M‡Q, Kv‡RB 2017 m‡j GB e¨vsK MvZkxjZv Avbvi wel‡q g‡bv‡hvMx n‡Z cvi‡e| e¨emvi cmvi NUv‡Z e¨vsKvU GLb D‡jL‡hvM¨ chv³ Lv‡Z 150 ‡KwU UvKv (cvq) wewb‡qvM Ki‡Q| GmGgB F‡Yi evRv‡i e¨vK e¨vs‡Ki Dcv¯¿Z †ek `p| 2016 m‡ji b‡f¤i g‡mB ïiagvÎ 500 †KwU UvKvi ¯§j veR‡bm FY w`‡q‡Q GB e¨vsK| Ki‡cv‡iU kvLvi gva¨‡g Ki‡cv‡iU e¨vswKs‡q bZb D‡`¨vM Ges GmGgB e¨vswKs‡q AviI †Rvi`vi c‡Póvi gva¨‡g A`i fvel¨‡Z Ki‡cv‡iU I GmGgB-Gi †¶‡Î †`‡ki †bZ¯¿bxq e¨vs‡K cwiYZ n‡Z Pvq e¨vK e¨vsK|

fvtjvfvte evS, AvR Avgiv hv Kitev, fvelTZi Ici Zvi tKtbv bv tKtbv cfve cote| Avgiv tm Abmvti `vqZ cvjb Kvi| evK evstKi tkqvtii vmsnfvM cwZôvbK vevbtqvtMi Ašf³ Ges tMvevj AvjvtqÝ di evsvKs Ab fvjm-Gi m`m nIqvq Avgiv gvbvbfi Aw_K tmev Ges gvbltK Aw_K KgKvtÛ Ašf³ Kivi evcvti KvR KivQ| GmGgB A_vqtb Avgiv GiB gta mbvg ARb Ktivq| ve¯Z tbUIqvK Ges veKvtki gtZv m¤úiK Kvhµtgi ^evPtÎi Kvity evK evsK vbtRtK GiB gta tTtki Abb Aw_K cwZôvb vntmte cwZôv Ktitq|

- 2017 mtji A_bwZK Ae¯v m¤útK Avcvb Kx fvetQb?

2016 mvtji mvgvóK A_bwZi mPK¸tjvi cvitcv¶tZ ejv hvq, evsjvt`tki A_bwZ GKUv cwZkxZ Ae¯vtb itqtQ| ¯í m` Ges g`vùxZi nvi Kg_vKvq 2017 mvtj A_bwZK cevxi nvi AviI evote Ges A_bwZ nqtZv G eQi vRvWvci nvi 6 kZvsktKI Qwotq hvte| tKvtxq evsK GeviI m¤eZv¯vZkxj tjbt`b nvi bwZ atti ivLte| ißvbtZI mvevjj Avtqi nvi Aevtnz _vKte| 2017 mvtj Avgiv ivRbwZtZ AviI v¯vZkxjZv Avkv KivQ, tmB mt½ gvbekx³i evRvi AveviI Ljte, hvi dtj 2017 mvtj cevmx Avq AviI evote etj Avkvq AwQ|

Zte evsvKsLvtZ mevKQ nqtZv vVK bvI _vKtZ cvti| mt`i nvi AviI Kg ntZ cvti| evstKi msL¨v tete hvIqvq (56vU evsK) cvZthwMZv tetotQ| dtj Kvhµg m¤cmvitYi velqvU AviI msKvPZ ntq ctotQ| tLjvc FY (GbvcGj) GLtbv evsvKsvktí eo mgmv vntmte itq tMtQ| G¨vtmU tKvqvwjvUtZI `ªZ GKUv cvieZb Avmte etj gtb nq bv| Zte eemvwqK AvZvekvm evovq FY tbIqvi nvi evotZ cvti, Ges G Kvitiy evsvKs Kvhµtgi Ici tPtc emv Pvc vKQUv ntjI Ktg Avmtz cvti|

- Avmtq eQi ¸tjvq tKtkjMZ Kvhµg¸tjv Kx ntZ cvti?

2017 mvj evK evstKi Rb eo Zvrch enb Kitq| chv³Lvtz eo vevbtqvM cKí - tKvi evsvKs Avctmw, BAvivc- G eQiB Pvj nte| eemvq MvZkxjZv Avbtz GUv Avgvt`i Abm½ ntZ cvti, cvµqvKiY mgq Kvgtq Avbvq MvnKtmevi gvbI evote| me¸tjv kvLvi gvatg GmGgB, vitUBj Ges Kitcvtiu evsvKs tmev vbvðtZi gvatg bZb evsvKs kvLv gtWj djcm nte| BgvRs veRtbm vgWj gvtKU I tUW mvfm cmvtii DtÏtk Avgiv kvLv¸tjvi gtatg mgšq mvab Kie| Pjgvb cbMVtb Avgiv mijxKiY cvµqv, cvµqvKiY mgq Kvgtq Avbv (vUGvU) Ges MvnKtmev AevnZ ivLe| gvbe m¤ú` I chv³i Dbqtb Avgiv vevbtqvM AevnZ ivLe| Avgvt`i me¸tjv ctPóvB evsvKsi DbwZ, tmevi gvb, evemvi t¶Î, fvegvZ mg×KiY Ges mbvg ARtb fvgKv ivLte Ges t`tki tmiv evsvK nIqvi ctZ_ Avgvt`i AviI GMtq vbtq hvte|

- Kgt`i AbcwYZ KitZ G eQi Kx Kx c`t¶c tbIqv ntqtQ?

evK evstKi Kgt`i teZb evotbv ntqtQ, Avtmi eQi¸tjvi Zjbvq AviI tevk ctYv`bv t`Iqv ntqtQ| Zvt`i AvKó I AbcwYZ KitZ Avgiv tek KtqKvU UvDb nj ÷vtUvR tmkb, vUg vevìs, evtRU Ava tekb, kvLv evevcKt`i mt¤§jb Ges tmjm bvBtUi Avtqvrb Ktiv| bvix Kgt`i Rb Avgiv ÔZvivÕ bvtg GKvU tdvivg Pvj Ktiv| Gi Avtm evK evstKi Kgt`i cvienb mvea t`Iqv ntZv bv| 2016 mvtji tkl v`K t_tK AvbK UvIqvtii Kgt`i hvZvqvtZ evm cvienb mvea t`Iqv ntZ|

¯v¯ I vbivcËvq, D`vniY¯itc AvMKvtÛ nZvnZ nIqvi NUbv t_tK evPtZ, Avgvt`i Kgt`i Z_¨mg× BtgBj cvVvtbv ntqtQ Ges evbvi UwOtq t`Iqv ntqtQ| Gme BtgBj Ges evbvi Kgt`i kUmwKU ev Ab¨vb Av¸b msµvš mgm¨vq `NUbv Ges ¶q¶vZi nvZ t_tK evPtZ mnvqZv Kitе|

- vet`vk vevbtqvMKvixiv evK evstK jÿ¨Yxq gvÎvq vevbtqvM Kitq| evsjvt`tki tmiv ¯vbxq tKv¤úvbtZ cviYZ ntZ ZvvK fvgKv ivLte?

2-3 eQi Avtmi vet`vk vevbtqvMKvixiv gjZ eûRwZK tKv¤úvb¸tjvtZB vevbtqvM KiZ| vKštGLb `k¨cU ctivcvi cvtë tMtQ| eZgtb evK evsK Ggb GKvU tKv¤úvb, thLvtb vet`vk vevbtqvtMi cvigvY 41 `kvgK 38 kZvsk Ges thtKvtbv ¯vbxq tKv¤úvbtZ GUvB mtev”P vevbtqvM| Pjtpiv evRvi MtelYv, ve¯viZ A_bwZK I ivRbwZK vetkltYi ciB vet`vk vevbtqvM nq| Ges Gme vetkltYi vfvËtZB vevbtqvMKvixiv tKv_vq vevbtqvM KitZ nte, Zv vbaviY Kti _vtKb| Avgvt`i Ici th vevbtqvMKvitv`i Av¯v itqtQ, Zv cvRevRvti Avgvt`i AvRtKi kvl Ae¯vb t_tKB cvZdvjZ nq| Ges t`tki tmiv evsvK nIqvi t¶tÎ Zviv Avgvt`i mvdtj¨i Askx`vi ntZ Pvq|

INTEGRATED REPORT

Integrated Reporting

Integrated reporting is a reporting process where the entity communicates with its stakeholders about value creation by the entity over the period of time. BRAC Bank Annual Report 2016 has been presented as an 'Integrated Report' with the aim of articulating how BRAC Bank Limited, as an organisation, has effectively managed its business to deliver consistent value to its stakeholders. It encompasses the efforts the company has undertaken towards contributing to economic prosperity, environmental sustainability and social well-being for a brighter and more optimistic future.

Scope

BRAC Bank is considering integrated reporting for the first time. As a forward-looking enterprise, in presenting the Integrated Report, we have referred to the guidelines issued by the Institute of Chartered Accountants of Bangladesh (ICAB) in the form of 'Integrated Reporting Checklist', which is in congruence with the integrated reporting framework prototype issued by the International Integrated Reporting Council (IIRC).The detailed report is attached at the end of this book.

To explain the Company's operations and financial performance, financial information has been extracted from the Audited Financial Statements for the financial year ended 2016 with relevant comparative information. The financial statements consistently complying with the requirements of:

- Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs),
- Companies Act 1994;
- BRPD and other circulars
- Securities and Exchange Rules 1987;
- Income Tax Ordinance 1984;
- Relevant rules & regulations of Bangladesh Bank (The Central Bank);
- And other applicable laws and regulations of the land.

The disclosure of the non-financial information has been extracted from the internally-maintained records reported for the statement of financial position, unless otherwise stated that it has been extracted from a reliable source.

To report our corporate governance practices, we have drawn reference from the revised Corporate Governance Guidelines (CGG) issued by Bangladesh Securities and Exchange Commission (BSEC).

The scope of our Annual Report comprises of activities that have been carried out within the geographical boundaries of Bangladesh and places where we have got subsidiaries.

External Assurance

The company has obtained external assurance on the following reports in the reporting period under consideration:

Sl. No.	Description of Report	External Assurance
1	Audit Report on Financial Statements	A Qasem & Co., a member firm of Ernst & Young Global Limited
2	Corporate Governance Compliance Certificate	Hussain Farhad & Co., a member firm of ASNAF Group
3	Audit Report on Provident Fund	Hoda Vasi Chowdhury & Co.
4	Audit Report on Gratuity fund	Hoda Vasi Chowdhury & Co.
5	Eligibility Compliance of BRAC Bank Limited for participating in the Investment Promotion and Financing Facilities (IPFF) project	A Qasem & Co., a member firm of Ernst & Young Global Limited
6	Cyber Security Assessment	KPMG Rahman Rahman Huq and A Qasem & Co. (EY)
7	ISO 27001; 2013 Certification	TNV, UK

LANKABANGLA STOCK

Availability of the Annual Report

The hard copy of the Annual Report is sent to all the shareholders, prior to holding the Annual General Meeting, giving due period of notice. Separately, for the benefit of all stakeholders, our report has been made available in the website https://www.bracbank.com/.

Responsibility over the Integrity of the Integrated Report

I acknowledge the responsibility to ensure the integrity of the disclosure contained in the Integrated Report presented herewith which comprises the discussion and analysis, disclosures pertaining to stewardship, which should be read in conjunction with the audited financial statements. In the opinion, the integrated report, incorporated in this annual report has been prepared in accordance with the practiced integrated reporting framework and addresses the material matter pertaining to the long term sustainability of the group and present fairly the integrated performance of BRAC Bank Limited and the impacts thereof.



Selim R. F. Hussain
Managing Director & CEO

AMAR STOCK

BRAC BANK PANORAMA

In 2001, BRAC Bank began its journey unlike any other conventional bank. The visionary founder of the bank realized that the previously neglected Small and Medium Enterprises (SME) sector plays a significant role in generating growth and creating employment in the country. Over the previous decades, traditional Banks were reluctant to invest in this sector. At a time when it was almost impossible for the SME entrepreneurs to get financing from the banking sector in Bangladesh, BRAC Bank stepped forward to help these unbanked SME entrepreneurs and continues to provide financial support to them.

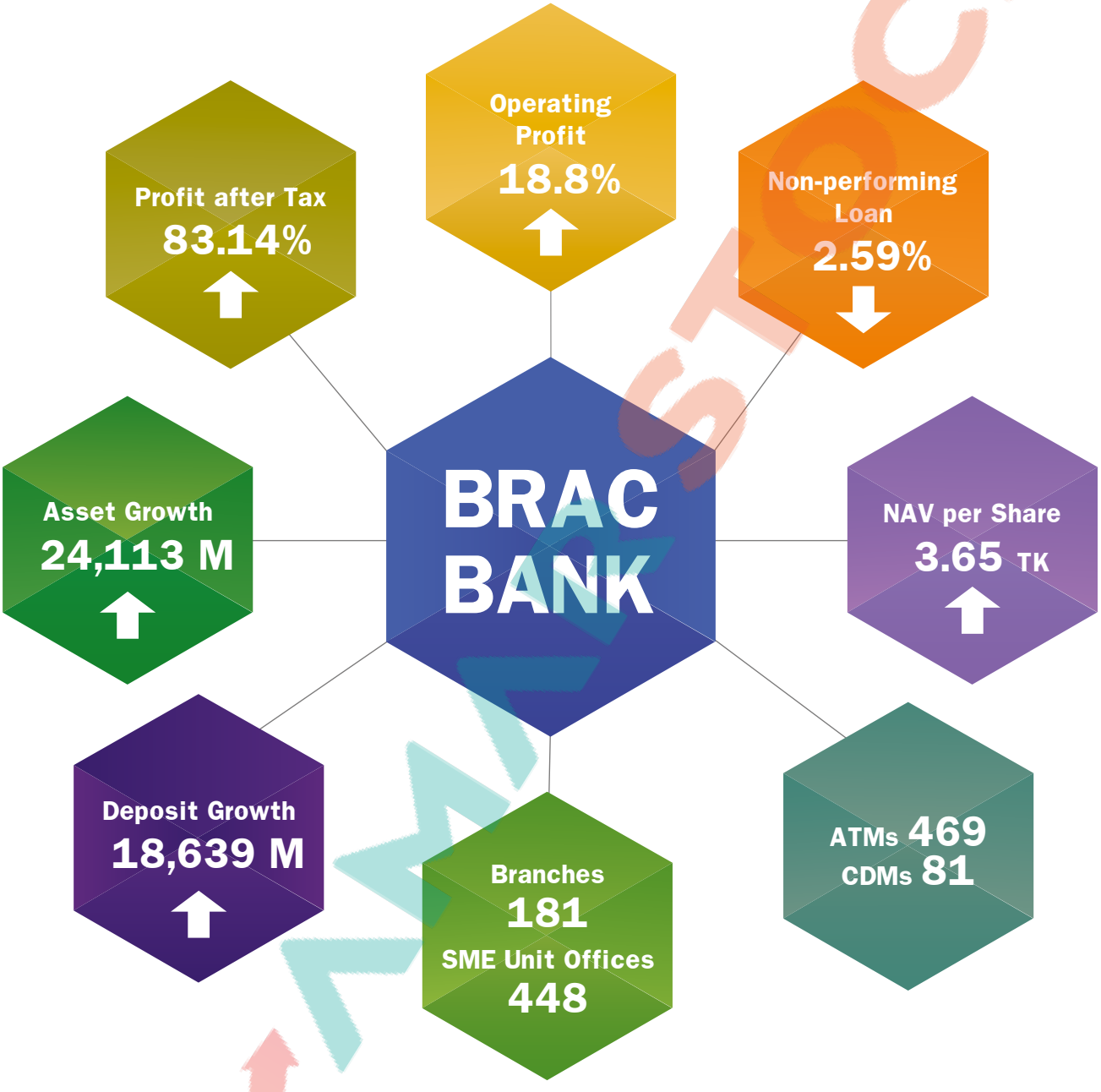


BRAC Bank is a performance driven organization, where its Values founded at the core of every activity. It is the sole member of Global Alliance for Banking on Values (GABV) from Bangladesh. The Global Alliance comprises 27 financial institutions operating in countries across Asia, Africa, Australia, Latin America, North America and Europe; serving 20 million customers; holding up to USD 100 billion of combined assets under management; and powered by a network of 30,000 co-workers.

BRAC Bank shares the 3P Philosophy – People, Planet & Profit with other partners of GABV. We believe that we have responsibility towards the people we work with and the places we operate in. As a mission-driven bank, we choose to work for the welfare of our people and society.



Today, the bank has grown into a dominant player in the industry with 181 branches, 14 Premium Banking Lounges, 469 ATMs, 81 CDMs, 448 SME Unit Offices all across the country. With a team of over 6,000 employees, BRAC Bank caters to more than 1,500,000 customers through its diversified range of SME, Retail and Wholesale Banking solutions. Following are the Solo Key Financial Performance :



Over the last decade, BRAC Bank has emerged as the market leader in SME business. However, over recent times, the focus has increased on Retail and Corporate businesses to cater to the full set of banking needs of potential markets as well as to diversify the portfolio. Having laid this strong foundation and started building the momentum relying on the trust and confidence of more than 1.5 million customers, your bank - BRAC Bank –is speeding ahead to become The Best Bank in the country in the coming years.

COMPANY PHILOSOPHY

FOCUS ON PEOPLE:

We are dedicated to the people of Bangladesh because we believe in the faith and hope of 160 million.

BRAC Bank Ltd. has long been a catalyst for the SME development in Bangladesh. Since its inception, BRAC Bank Ltd. has disbursed around BDT 365,750 Million across the country. It has played a pivotal role in the development of the SME sector by creating a unique model of collateral free SME lending, which has enabled the SME entrepreneurs (the missing middle) get easy access to finance. Furthermore, with its wide distribution network, BRAC Bank Ltd. reached greater population at the distant corners of Bangladesh.

FOCUS ON PLANET:

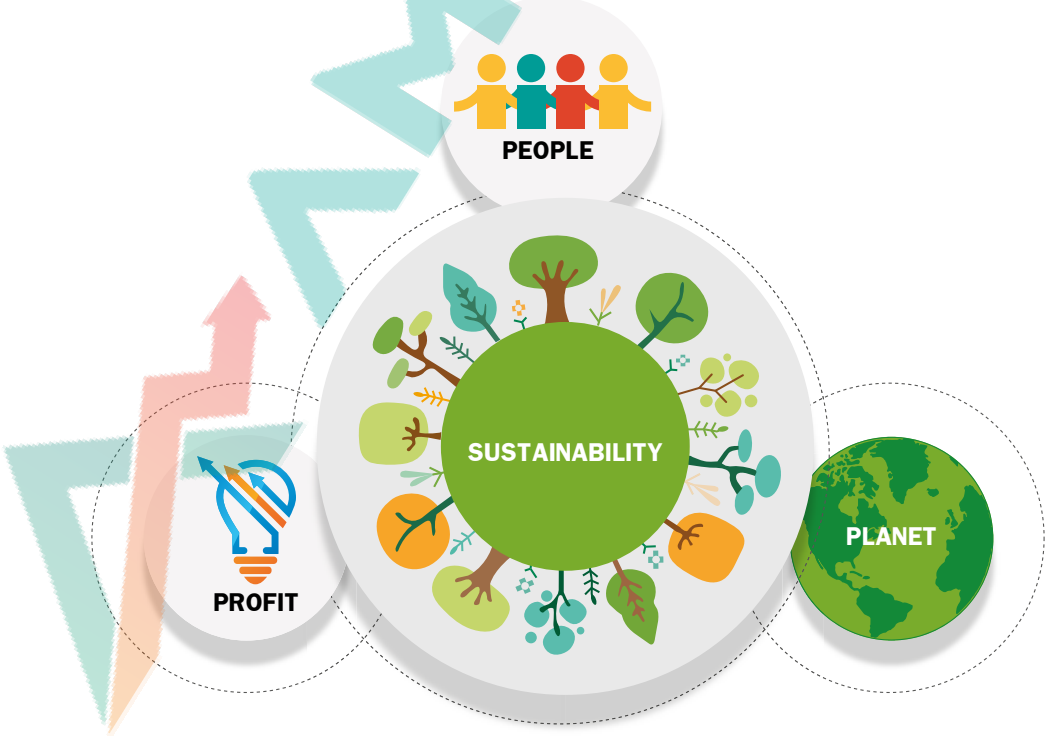
As a major player in the financial market, BRAC Bank influences communities, people and the environment – directly and indirectly through its customers, suppliers and employees.

BRAC Bank cares for the planet and as a founding member of Global Alliance for Banking on Values (GABV), it has ensures that the enterprises receiving SME loans from the bank meets common environmental standards.

BRAC Bank Limited in partnership with renowned international organizations and local banks have initiated a capacity building program for Bangladeshi bankers. The aim of the Program is to support commercial banks / bankers in Bangladesh to build their knowledge and capacities to address Environmental and Social (E&S) risks and opportunities and identify innovative and bankable green opportunities.

FOCUS ON PROFIT:

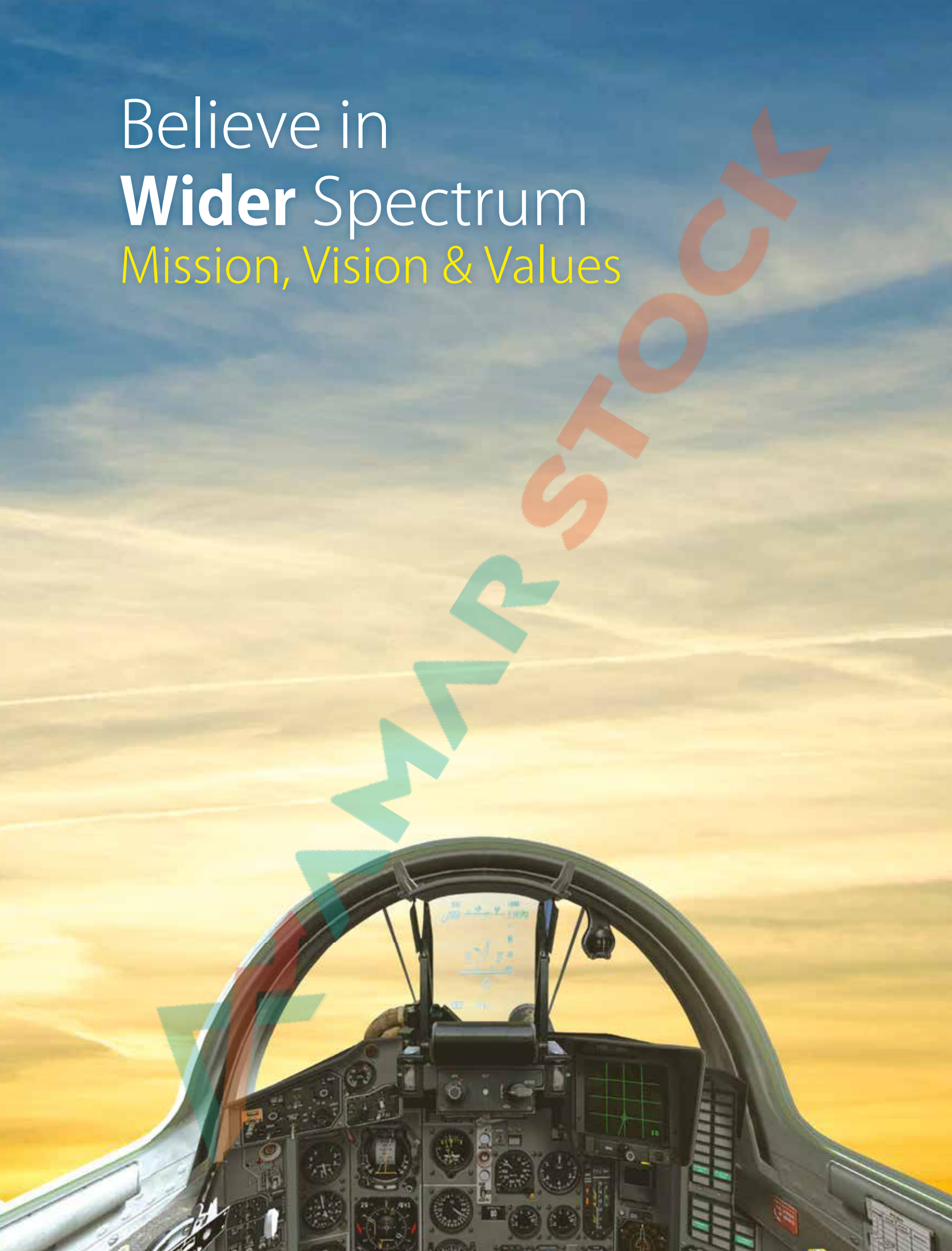
BRAC Bank believes that if banks look at the nature of the projects they support, they can become drivers of sustainable progress. As a values-based bank, our profits are generated by investing money with the intention that it serves the communities we work in.




AMAR STOCK

Believe in **Wider** Spectrum

Mission, Vision & Values



AMAR STOCK

MISSION, VISION & VALUES

Corporate Vision

Building a profitable and socially responsible financial institution focused on market and business with growth potential, thereby assisting BRAC and its stakeholders build a "just, enlightened, healthy, democratic and poverty free Bangladesh".

Corporate Mission



WARESTOCK

Core Values and Ethics



An institution's Code of Ethics must reflect the organization's policies, controls and processes. BRAC Bank's code of ethics comes from its mother concern BRAC, the largest NGO in the world. Since inception, BRAC Bank has put an enormous effort to build an ethical environment that is practiced within the organization on its 7 core values – CRYSTAL:

- C stands for being Creative that focuses on individuals coming up with innovative ideas at work
- R stands for being Reliable that emphasizes on individuals being worthy of reliance at work
- Y stands for remaining Youthful that underlines energy and vibrancy among its team members
- S stands for being Strong that highlights on the willingness to move forward and apply conscious choice, willpower, discipline and passion at work
- T stands for being Transparent that shows openness and honesty through clear and direct communication
- A stands for being Accountable that stresses the importance of individuals taking responsibility for the outcomes of their actions
- L stands for being Loyal that calls attention to being compliant and dedicated at work.

There are 3 basic elements that make ethical behavior conducive to BRAC Bank Limited:

a) Written code of conduct

b) Equality & safety at workspace

c) System of confidential reporting

Code of Conduct:

BRAC Bank Limited has a written Code of Conduct for its employees which is available in intranet of the bank. Here are the excerpts ---

HR Mission

To be the preferred employer of choice

All of our activities and decisions must be based on and guided by the CRYSTAL values.

Protection Of Assets

The bank's employees who will be dealing with cash, securities, or other valuables will be bound under a standard form as prescribed by the Board.

It is expected that each employee will keep foremost in his/her mind the need for using every precaution in handling the assets of the Bank and of its customers so that maximum protection is ensured at all times.

Every employee shall as and when required by the bank furnish information as to his/her assets disclosing liquid assets and all other properties, movable and immovable and including share certificates, insurance policies and jewelry.

Personal Responsibilities

- Be role model for ethics
- Protect and enhance the company's assets and reputation
- Understand and comply with laws, regulations and company polices that apply to your job
- Serve the bank with honesty, integrity, sincerity, diligence and with utmost dedication

Work Place Responsibilities

- Treat colleagues with respect and dignity
- Support company's commitment to diversity and equal opportunity employment
- Provide a work environment free from intimidation and harassment
- Do not hold any positions with, or accept business opportunities from, anyone who does business for or competes with the company
- Do not accept any outside employment, honorary or stipendiary, or undertake part-time work or hold any office of profit without the prior permission of the competent authority
- Not to act as agent of any insurance company or accept commission, directly or indirectly, otherwise than as an agent for and on behalf of the Bank
- Not to make any personal representation to any Director of the Board or any outside authority to intervene on his/her behalf in any matter
- Not lend activities in his/her private capacity to borrow money from or place him/herself under any pecuniary obligation to a customer, broker, money lender, employee of the bank, candidate for employment in the bank, or any firm or person having or likely to have dealings with the bank
- Comply with the company's travel and expense policy
- Not pressure employees to contribute to or support political candidates or causes
- Invest money in the business of the bank's clients
- Protect company property
- Retain key and classified corporate documents

Market-Place Responsibilities

- Safeguard the privacy, confidentiality and security of customer data
- Protect confidential information and trade secrets from others
- Protect company trademarks, copyrights and patents
- Not buy or sell company securities when you posses material non public information
- Make only factual and truthful statements about the company's products
- Not communicate directly or indirectly to press, public or to any other agencies any information or document which will come to his/her knowledge and possession either in the ordinary course of his/her official duty or other wise unless directed

AMARSTOCK

- Not participate in any activities which may undermine the prestige or image of the bank or set up/join any organization which is not permitted
- Not solicit, accept or give gifts that may influence business decisions
- Prevent the use of company services for money laundering purposes
- Protect and enhance company's assets and reputation

Diversity, Equal Employment Opportunity and Freedom from Harassment

As a Bank, we are committed to equal opportunity, unbiased treatment of all individuals based on job related qualifications and without regard to gender, age, national origin, religion, creed, marital status, disability, veteran status or any other basis not prohibited by law.

The bank's policy is to provide a work environment that is free from intimidation or harassment. Such harassment by co-workers, supervisors or outsiders is prohibited. Harassment includes behavior, whether in person or by other means, such as by e-mail, remarks of sexual nature sexist or racist comments, religious slurs and ethnic jokes, if such behaviors interfere with an employee's work performance or creates an intimidating hostile or offensive work environment.

Diversity in the workplace means having employees from a wide range of backgrounds. BRAC Bank ensures equal employment opportunity and anti-discrimination in the workplace and have employees of different ages, gender, ethnicity, physical ability, religious belief, work experience, and educational background. BRAC Bank also ensures equal opportunity for and believes it to be a useful way to promote diversity within the workplace. BRAC Bank Ltd. has developed an extensive Code of Conduct based on ethics and business processes in a written format which is approved by the Chairman of the Board.

AMAR STOCK

COMPANY PROFILE

BRAC Bank is a performance driven organization, where its values lie at the core of every activity. It is the sole member of Global Alliance for Banking on Values (GABV) from Bangladesh.

Bank's Profile:

BRAC Bank Limited began with a vision to take banking solutions to the mass, informal suburban entrepreneurial initiatives. More than half of BRAC Bank's lending is for the small and medium enterprises – popularly known as SMEs.

In 2001 BRAC Bank began its journey unlike any other conventional bank. The visionaries of the bank realized that the previously neglected Small and Medium Enterprises (SME) sector played a significant role in generating growth and creating employment in the country. Over the previous decades, traditional banks were reluctant to invest in this sector. At a time when it was almost impossible for the SME entrepreneurs to receive financing from the banking sector in Bangladesh, BRAC Bank stepped forward to help these unbanked SME entrepreneurs and continues to provide financial support to them to this day.

BRAC Bank is a performance driven organization, where its values lie at the core of every activity. It is the sole member of Global Alliance for Banking on Values (GABV) from Bangladesh. The Global Alliance comprises of 40 financial institutions operating in countries across Asia, Africa, Australia, Latin America, North America and Europe; serving 20 million customers; holding up to USD 100 billion of combined assets under management; and powered by a network of 30,000 co-workers.

BRAC Bank shares the 3P Philosophy – People, Planet and Profit with the other partners of GABV. We believe that we have a responsibility towards the people we work with and the places we operate in. As a mission-driven bank, we prefer to work for the welfare of our people and society.

Today, the bank has grown into a dominant player in the industry with 181 branches, 14 Premium Banking Lounges, 469 ATMs, 81 CDMs, 448 SME Unit Offices all across the country. BRAC Bank caters to SME, Retail and Wholesale Banking solutions.

Over the years, BRAC Bank has emerged as the market leader in SME business. Since its inception, it disbursed more than BDT 350,000 million to the SME borrowers all across the country and thus played a pivotal role in overall socio economic development. However, over recent times, the focus has increased on Retail and Corporate businesses as well to cater to the full set of the banking needs of potential markets as well as to diversify the portfolio. Having laid this strong foundation on the trust and confidence of more than 1.5 million customers, BRAC Bank is speeding ahead to become The Best Bank in the country in the coming years.

BRAC Bank Limited's subsidiary bKash has become a household name in mobile banking industry. With its presence in each and every village of the country, bKash now serves more than 25 million customers with about 100,000 agents all over the country.

BRAC bank is now ISO 27001:2013 Certified. We are the 1st local bank with this certification and a pioneer in the financial sector with this achievement having fulfilled

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

We are committed to establish the best cyber security practices in line with our organizational goals and to continuously improve to protect valuable business information asset.

Share Capital:

Share Capital	2016	2015
Authorized Capital	12,000,000,000	12,000,000,000
Issued, Subscribed and paid up capital	7,104,369,100	7,092,873,210

Credit Rating:

BRAC Bank Limited has completed its credit rating by Credit Rating Agency of Bangladesh Limited (CRAB) based on the financial statements dated 31 December 2014 and 2015. CRAB has affirmed "AA2" (pronounced Double A two) rating in the Long Term and “ST-2" rating in the Short Term.

Particulars	2015	2014
Long term	AA2	AA2
Short term	ST - 2	ST - 2

Information about the bank:

Network:

Businesses of the bank are broadly segmented into three divisions: Corporate, Retail and SME Banking.

Corporate Banking’s 3 wings in Dhaka are clustered as the Large Corporate Units 1, 2 and 3. These units cover the large corporate houses and business conglomerates. A similar unit also operates from Chittagong.

- A new wing called Local Corporate has been added within the Corporate Banking umbrella to cater to the medium segment clients. Earlier this wing was under the SME Banking Division.

- 9 Branches have been selected as Corporate Branches to source and serve clients who were outside the reach of the centralized Corporate Banking team.

- A transaction banking team has been formed in order to facilitate trade related and other transactions of customers.

- A Green Financing unit equipped with personnel with the technical know-how has been formed in line with our strategy for environmental conservation.

Retail Banking customers are served through a network of 181 branches, 14 Premium Banking Lounges, 469 ATMs and 81 CDMs. The bank has its presence in major cities/towns in the country including Dhaka, Chittagong, Sylhet, Khulna, Barisal, Rajshahi, Rangpur, Comilla, Mymensingh and in most of the districts.

SME Banking customers are served through 448 SME Unit Offices countrywide located across the country.

Corporate Office Address	Share division of the bank
BRAC Bank Limited Head Office, Anik Tower, 220/B, Tejgaon Gulshan Link Road, Tejgaon, Dhaka 1208, Bangladesh	Head Office, Anik Tower, 220/B, Tejgaon Gulshan Link Road, Tejgaon, Dhaka 1208, Bangladesh Ph: 9884292-Ext-5124,5125

Subsidiaries' Information

Inside Bangladesh	
BRAC EPL Investments Limited Concord Baksh Tower, Plot # 11/A, Road # 48, Block # CWN(A), Kemal Ataturk Avenue, Gulshan-2, Dhaka-1212, Bangladesh	**BRAC EPL Stock Brokerage Limited** WW Tower (Level 8), 68 Motijheel C/A, Dhaka 1000, Bangladesh
bKash Limited Shadhinata Tower, Bir Sreshtha Shaheed Jahangir Gate, 546 Shaheed Sharani, Dhaka 1206, Bangladesh	**BRAC IT Services Limited (biTS)** Road 5, House 115, Block B Niketan Society, Gulshan, Dhaka-1212, Bangladesh

Outside Bangladesh
BRAC Saajan Exchange Company Limited Head Office: BSE House, 160-162 Lozells Road, Birmingham, West Midlands, B19 2SX, United Kingdom

Financial Calendar

Quarterly Results	
Particulars	**Submission Date to Regulatory Bodies**
Un-audited consolidated results for the 1st Quarter ended 31 March 2016	10-May-16
Un-audited consolidated results for the 2nd Quarter and half-year ended 30 June 2016	26-Jul-16
Un-audited consolidated results for the 3rd Quarter ended 30 September 2016	25-Oct-16

Dividends	
Notice Date of 17th Annual General Meeting	09-May-16
Record Date	12-May-16
17th Annual General Meeting held on	02-Jun-16
Date of distribution of Cash Dividend	26-Jun-16

Taxation on Dividend Income

Stock dividend is tax exempted. In case of cash dividend, the following is the current deduction of tax at source on dividend income as per current fiscal act:

- If the shareholder is a company, either resident or non resident, at the rate applicable to the company i.e. 20%
- If the shareholder is a resident or non resident Bangladeshi, other than the company, at the rate of 10%
- If the shareholder is a non resident (other than Bangladeshi), other than the company, at the rate of 30%

Information Sensitive to Share Price

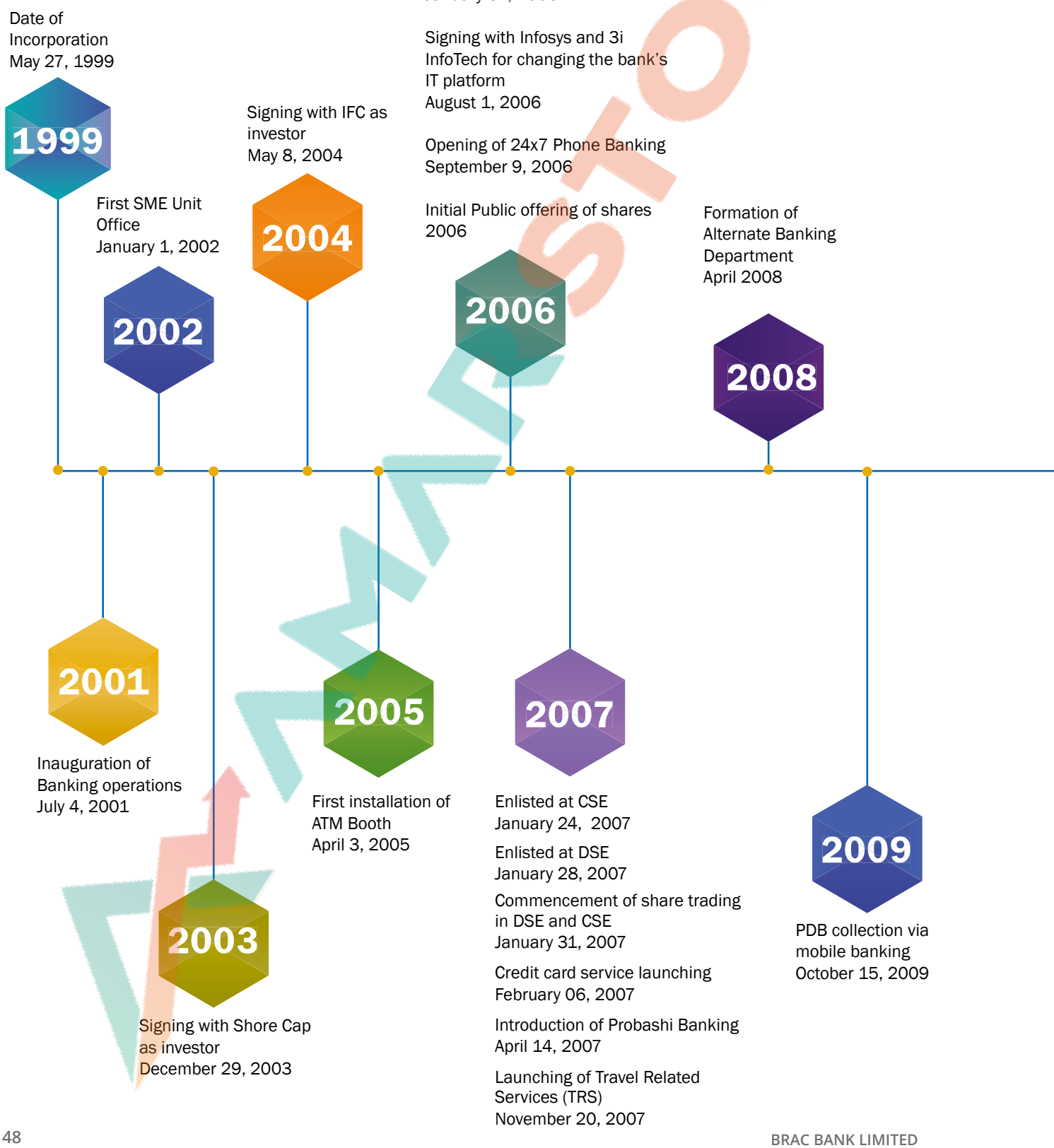
Particulars	Date of Disclosure
Corporate Disclosure for the approval of the Financial Statements 2015, Recommendation of Dividend, Record Date for Dividend entitlement of 17th AGM (02 June, 2016) of BBL	20-Apr-16
Corporate Disclosure for the First Quarterly Financial Information (Un-Audited) ended on 31 March 2016	09-May-16
Corporate Disclosure for the Half Yearly Financial Information (Un-Audited) ended on 30 June 2016	25-Jul-16
Corporate Disclosure for the 3rd Quarterly Financial Information (Un-Audited) ended on 30 September 2016	24-Oct-16

Stock Details		
Particulars	**DSE**	**CSE**
Stock Symbol	BRACBANK	BRACBANK
Company/Scrip Code	11138	22029
Listing Year	2007	2007
Market Category	A	A
Electronic Share	Yes	Yes
Market Lot (Nos)	1	1
Face Value	10	10
Total Number of Securities	**710,436,910**	

BRAC bank is now ISO 27001:2013 Certified. We are the first local bank with this certification and a pioneer in the financial sector with this achievement having fulfilled the regulatory mandate. ISO 27001 is the international standard for Information Security Management and formally specifies management system that intends to bring information security under explicit management control.

AMAR STOCK

KEY COMPANY MILESTONES



AMARSTOCK

2010

Launching of Probashi Biniyog
May 4, 2010

Off-shore banking launched
June 21, 2010

Co-branded ATM booth launching with Rupali Bank Limited
September 25, 2010

Launching of Planet Card
October 23, 2010

BRTA Online motor vehicle fees and taxes collection
November 14, 2010

e-Commerce launching for online shopping facility
December 8, 2010

2011

Inauguration of the 250th ATM
May 24, 2011

IFC GTFP Award
May 24, 2011

Probashi Card launching
May 30, 2011

10th anniversary
July 4, 2011

Launching of bKash
July 21, 2011

Launching of Day Care Service
July 31, 2011

Launching of Krishak Card
October 5, 2011

2012

Forex Booth Opening at Airport
April 18, 2012

Launching of New Retail Banking Model
May 2, 2012

Railway e-ticket launching
June 10, 2012

Launching of Internet Banking for Corporate Customers
September 17, 2012

Xpress Money Remittance Service launching
December 18, 2012

2013

BKash launches international remittance
January 3, 2013

Launching of UAE Exchange FlashRemit Service
January 23, 2013

Launching of remittance at SME Unit Offices
February 7, 2013

The Best Managed Bank Award from The Asian Banker
April 23, 2013

First ever SME Entrepreneurs Conference
May 25, 2013

JCB Cards Partnership
September 4, 2013

'Best Bank in Bangladesh Award' from Finance Asia
September 12, 2013

Launching of subsidiary biTS
November 7, 2013

2014

SME Photography Competition
March 1, 2014

2FA Agreement with OneWorld for Internet Banking
July 21, 2014

'Sustainable Marketing Excellence Award' from CMO Asia
July 31, 2014

2015

Inauguration of 175th branch at Banani
March 30, 2015

TransFast Remittance Service Launching
March 31, 2015

NID Verification Agreement with the Election Commission
August 19, 2015

2016

Launching of BRAC Bank Women Forum 'Tara'
February 12, 2016

Launching of the first ever energy efficient loan "Planet Solutions"
February 28, 2016

BRAC Bank, bKash, MasterCard and Western Union partnership for international remittance
April 17, 2016

ICMAB Awards
October 26, 2016

BRAC Bank becomes the Kit Partner of the National Cricket Team
December 7, 2016

TAMARTOK

AWARDS AND ACHIEVEMENTS

- ICMAB Best Corporate Award 2015 (3rd Position)
- 'Best Sustainable Bank' and 'Best Commercial Bank' 2013 Awards from World Finance
- Best Bank in Bangladesh 2013 from Finance Asia
- The Best Managed Bank in Bangladesh Award for the bank and Leadership Achievement Award 2011-2013 for MD & CEO from The Asian Banker
- Best Retail Banker Award 2011 from Asian Banker
- FT-IFC Sustainable Bank of the Year 2010 (Emerging Markets, Asia)
- IFC awarded BRAC Bank as the Most Active Global Trade Finance Program (GTFP) Issuing Bank in South Asia in 2010
- Member of Global Alliance for Banking on Values
- ICAB National Award 2009
- DHL–The Daily Star Bangladesh Business Awards 2008
- NBR National Award as the most compliant VAT payer for the financial year 2007-2008







BOARD OF DIRECTORS



Sir Fazle Hasan Abed, KCMG

Sir Fazle Hasan Abed is the Founder Chairman of BRAC Bank Limited and the Founder and Chairperson of BRAC, the largest NGO in the world ranked first by Geneva-based 'NGO Advisor' in 2016 in terms of innovation, impact and governance. Sir Abed rejoined the Board of BRAC Bank Limited as the Chairman in March 2013. Established in 1972, BRAC's primary objectives are alleviating poverty and empowering the poor. It operates across eleven countries in Africa and Asia.

During his work with micro-credit financing for the poor, Sir Abed became aware that there was a substantial amount of small entrepreneur class, the "missing middle",with no access to any institutional financing. This realization led him to establish a full-service commercial bank –BRAC Bank Limited – with a view to focusing attention to the financing of Small and Medium Enterprises (SME).

Sir Abed has received numerous national and international awards for his achievements in leading BRAC, including the Ramon Magsaysay Award for Community Leadership (1980), Inter Action Humanitarian Award (1998), Olof Palme Award (2001), Schwab Foundation Social Entrepreneurship Award (2003), Gleitsman Foundation International Activist Award (2003), UNDP Mahbub ul Haq Award for Outstanding Contribution in Human Development (2004), Gates Award for Global Health (2004), Palli Karma Shahayak Foundation (PKSF) Award for Lifetime Achievement in Social Development and Poverty Alleviation (2007), Henry R. Kravis Prize in Leadership (2007), Inaugural Clinton Global Citizen Award (2007), David Rockefeller Bridging Leadership Award (2008), Entrepreneur for the World Award (2009), Inaugural WISE Prize for Education (2011), CEU Open Society Prize (2013), Leo Tolstoy International Gold Medal (2014), Spanish Order of Civil Merit (2014), Trust Women Hero Award (2014), World Food Prize (2015) and Thomas Francis, Jr. Medal in Global Public Health (2016).

In 2009, he was appointed Knight Commander of the Most Distinguished Order of St. Michael and St. George by the British Crown in recognition of his services to reducing poverty in Bangladesh and internationally.

Sir Abed is recognized by Ashoka as one of the "global greats" and is a founding member of its prestigious Global Academy for Social Entrepreneurship. In 2010, Sir Fazle was appointed by UN Secretary General Ban-Ki-moon to the Eminent Persons Group for the Least Developed Countries.

Sir Abed has received many honorary degrees, including from Yale University (2007), Columbia University (2008), the University of Oxford (2009) and Princeton University (2014).

Sir Abed was born in Bangladesh in 1936. He completed his secondary education from Dhaka College, after which he left home to study Naval Architecture at the University of Glasgow. Sir Abed later joined the Chartered Institute of Management Accountants in London, completing his professional education in 1962.



Shib Narayan Kairy

Shib Narayan Kairy was re-appointed as a Nominated Director of BRAC to the Board of Directors of BRAC Bank Limited in April 2014. He is also serving as a member of the Board Audit Committee of the Bank.

Mr. Kairy is the Chief Financial Officer of BRAC and BRAC International. He is also a member of the Executive Management Committee, the organization's management decision-making committee. After joining BRAC in April 1982, he progressed through the roles of chief accountant, finance manager, head of finance, director of finance and accounts, and was appointed to his current position in May 2011.

Mr. Kairy supervises the overall financial control and management over the sources and applications of funds. His responsibilities include ensuring effective financial control, transparency and accuracy of financial data and reporting. Mr. Kairy also oversees the Monitoring, Legal, Compliance, Construction and Maintenance Department.

Besides being the Chief Financial Officer of BRAC & BRAC International, Mr. Kairy is also the Director of BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, BRAC Industries Limited, BRAC Services Limited, BRAC Karnafuli Tea Co. Ltd., BRAC Kaiyachera Tea Co. Ltd, and BRAC Kodala Tea Co. Ltd.

Mr. Shib Narayan Kairy completed his M. Com. in Accounting from the University of Dhaka.



Nihad Kabir

Nihad Kabir was elected as an Independent Director to the Board of BRAC Bank Limited in July 2007. In July 2015, she retired from the Board and joined as a Director, nominated by BRAC in November 2015. Ms. Nihad Kabir is the Senior Partner of Syed Ishtiaq Ahmad and Associates. She is the President of Metropolitan Chamber of Commerce and Industries. She is, among others, Chairman of BRAC EPL Investments Limited and BRAC EPL Stock Brokerage Limited, and Director of bKash Limited, Infrastructure Development Company Limited (IDCOL), Palli Karma-Sahayak Fundation (PKSF), and Independent Director of Square Pharmaceuticals Limited and Apex Footwear Limited.

Ms. Kabir is an advocate of the Supreme Court of Bangladesh. She has been the Vice President of the 'Metropolitan Chamber of Commerce and Industry' (MCCI), and is now a Committee Member of the Metropolitan Chamber of Commerce and Industry, Dhaka. She is a member of the Drafting Committee for the 'Labor Rules under the Labor Act 2006', and was a Member of the 'National Pay and Services Commission'. She is the Secretary General of 'Ain o Salish Kendra', and was a member of the 'National Education Policy Committee', Government of Bangladesh. She was the first legal counsel of the 'Securities and Exchange Commission' (SEC). She worked as Counsel at the Asian Development Bank. She has more than 25 years of work experience as a lawyer.

Ms. Kabir was called to the Bar from Grays Inn in England. She has a B.A. (Hons) degree in law and an LLM from the University of Cambridge, England.



Dr. Hafiz G. A. Siddiqi

Dr. Hafiz G. A. Siddiqi was re-appointed as an Independent Director of BRAC to the Board of Directors of BRAC Bank Limited in April 2015. He was also the Chairman of the Board Audit Committee and Risk Management Committee of the Bank.

He received his education in Bangladesh, United Kingdom, United States and Switzerland. Dr. Siddiqi has more than 50 years of experience as Professor, Researcher, International Consultant and Business executive. Currently, he is the Professor Emeritus, School of Business, BRAC University. Before joining BRAC University, Dr. Siddiqi voluntarily retired from North South University (NSU) after serving for about 19 years. He served as a Professor and founding Dean, School of Business, NSU, the first private university of Bangladesh. He provided leadership to North South University as its Pro-Vice Chancellor for 5 years and Vice Chancellor and Chief Executive Officer for more than 10 years. He worked for the Institute of Business Administration, University of Dhaka for 18 years in various capacities as its Professor and Director. He also taught more than 7 years at Ohio State University, Columbus, Ohio and Minnesota State University at Mankato, Minnesota as a Professor of International Business and Management.

Dr. Siddiqi obtained his Ph.D degree from Manchester Business School, University of Manchester, United Kingdom, MBA from Graduate School of Business, Indiana University, Bloomington, Indiana, USA, MPIA (Master of Public and International Affairs), from Graduate School of Public and International Affairs, University of Pittsburgh, Pennsylvania, USA, M. A (Economics) and B. A (Honours in Economics) from Dhaka University.

Dr. Siddiqi worked as an international consultant of (1) World Bank, (2) Asian Development Bank, Manila, (3) UN/ESCAP, Bangkok, and (4) International Trade Centre, GATT/UNCTAD. He advised many agencies of the government of Bangladesh on various aspects relating to management development, marketing, performance evaluation, human resource development, technology transfer, etc. He is author/ co-author of 13 books and many articles.

Besides, he serves the society by holding the following positions:

Director, BRAC EPL Investment Ltd.

Director, BRAC IT Services Ltd.

Independent Director, Asia-Pacific General Insurance Company Ltd.

Director, Micro Industries Development Assistance Services Ltd. (MIDAS)

Chairman, Risk Management Committee, BRAC Bank Ltd.

Member, Board of Trustees, Dhaka School of Economics, Dhaka



Zahida Ispahani

Zahida Ispahani was appointed as an Independent Director to the Board of BRAC Bank Limited in August 2012. She has been an Honorary Adviser at Ispahani Islamia Eye Institute & Hospital since 2015.

She started her career as an educationist. She is an Executive Committee Member of Ispahani Girls School & College. She was the Secretary at United Nations Women's Association in Bangladesh. She was also the Founder Secretary & President of the SAARC Women Association in Bangladesh. She is an organizer and member of several orphanages, social and community trusts and organizations.

Ms. Ispahani is a graduate in Economics from the University of Punjab, Pakistan.



Kazi Mahmood Sattar

Kazi Mahmood Sattar was appointed as an Independent Director to the Board of BRAC Bank Limited in October 2015. He was also appointed to the Board Audit Committee in December 2015.

Mr. Sattar has over 32 years of illustrious career in local and international Banks. He led The City Bank Limited and Eastern Bank Limited as the Managing Director & CEO in the last thirteen years. He is currently the Chairman of the Board of RSA Advisory Limited, a financial advisory firm. He is also an Independent Director at Unique Hotel & Resorts Limited (owner of The Westin Dhaka). As an Independent Director of BRAC Bank, he has been nominated as a Board Director to bKash and BRAC Saajan Exchange Limited. He is currently the Chairman of BSEL.

He started his career with ANZ Grindlays Bank as a Management Trainee in 1981. He worked overseas with ANZ Grindlays Bank in Mumbai, India and Melbourne, Australia, for nearly 20 years.

Mr. Sattar graduated in 1981 from Dhaka University with a Bachelors in Business Management (Honours) having a major in Finance. He was the Chairman of 'Association of Banker's Bangladesh'(ABB), the SWIFT User group in Bangladesh, the Board of City Brokerage Limited and City Bank Capital Resource Limited.

He was awarded The Best Leadership Award by the Asian Banker in 2010.

TRUE STOCK



Kaiser Kabir

Kaiser Kabir was appointed as a Nominated Director to the Board of BRAC Bank Limited in June 2016. He is the CEO & Managing Director of Renata Limited, Chairman of Renata Agro Industries Limited (Subsidiary of Renata), Chairman of Purnava Limited (Subsidiary of Renata), Chairman of Renata Oncology Limited, Vice Chairperson of Sajida Foundation and Member of Board of Directors of GAIN.

Previously, he served as the Managing Director of BRAC-Renata Agro Industries Limited, Executive Director of Sajida Foundation, National Macro-economist of Financial Sector Reform Project funded by USAID, Consultant of The World Bank, Resident Mission Bangladesh and Research Officer of Institute of Economics & Statistics, University of Oxford. He obtained Bachelor of Arts in Economics and International Relations from Claremont McKenna College, USA. He earned his Postgraduate Diploma in Economics with Distinction from the University of East Anglia, UK and MPhil in Economics from the University of Oxford, UK.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the governance of the Bank, and in that capacity, the Directors confirm, to the best of their knowledge that:

a. The financial statements, prepared by the Management of the Bank, present fairly its state of affairs, the result of its operations, cash flows and change in equity;

b. Proper books of account of the Bank have been maintained;

c. Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;

d. The International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;

e. The system of internal control is sound in design and has been effectively implemented and monitored;

f. There is no doubt, whatsoever, upon the Bank's ability to continue as a going concern;

g. The CEO and CFO have certified to the Board that they have reviewed the financial statements and affirm that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

h. The CEO and CFO have certified to the Board that they have reviewed the financial statements and affirm that these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards and applicable laws;

i. The CEO and CFO have further certified to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or in violation of the Bank's codes of conduct.

AMARSTOCK

SHAREHOLDING POSITION

As on 31st December, 2016

Sl. No.	Name	Status (Sponsor/ Promoter/ Director)	No. of shares held as on 31.12.2016	% of total no. of paid-up shares
1	BRAC	Sponsor	316,598,451	44.56
2	Sir Fazle Hasan Abed, KCMG (Chairman, Nominated by BRAC)	Sponsor	7,020	0.001
3	Late A. S. Mahmud	Sponsor	5,872	0.001
4	Mr. Faruq A. Choudhury	Sponsor	5,872	0.001
5	Dr. Saleh Uddin Ahmed	Sponsor	4,825	0.001
6	Mr. Shib Narayan Kairy (Nominated by BRAC)	Nominated Director	5,341	0.001
7	Ms. Nihad Kabir (Nominated by BRAC)	Nominated Director	25,872	0.004
8	Mr. Kaiser Kabir (Nominated by BRAC)	Nominated Director	50,000	0.007
9	Dr. Hafiz G.A. Siddiqi	Independent Director	Nil	Nil
10	Mr. Kazi Mahmood Sattar	Independent Director	Nil	Nil
11	Ms. Zahida Ispahani	Independent Director	Nil	Nil
12	General Public	Other than sponsor/ Director	393,733,657	55.42
Total Paid-up shares			**710,436,910**	**100**

PATTERN OF SHAREHOLDING

As per notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 the Shareholding Pattern of BRAC Bank Ltd. is given below:

Sl.	Particulars	Name of Shareholder	No. of Shares	Percentage
(i)	Directors & Sponsors	BRAC	316,598,451	44.56
		Sir Fazle Hasan Abed, KCMG (Chairman, Nominated by BRAC)	7,020	0.001
		Late A.S. Mahmud	5,872	0.001
		Mr. Faruq A. Choudhury	5,872	0.001
		Dr. Salehuddin Ahmed	4,825	0.001
		Mr. Shib Narayan Kairy (Nominated by BRAC)	5,341	0.001
		Ms. Nihad Kabir (Nominated by BRAC)	25,872	0.004
		Mr. Kaiser Kabir (Nominated by BRAC)	50,000	0.007
		Dr. Hafiz G.A. Siddiqi (Independent Director)	Nil	Nil
		Ms. Zahida Ispahani (Independent Director)	Nil	Nil
		Mr. Kazi Mahmood Sattar (Independent Director)	Nil	Nil
Total Directors & Sponsors			**316,703,253**	**44.58**
Sl.	**Particulars**	**Name of Shareholder**	**No. of Shares**	**Percentage**
(ii)	Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their spouses and minor children	Mr. Selim R. F. Hussain Managing Director & CEO	220,000	0.031
		Mr. Md. Abdul Kader Joaddar Deputy Managing Director & CFO	Nil	Nil
		Mr. Rais Uddin Ahmad Company Secretary	Nil	Nil
		Mr. Morshedul Quader Khalili Head of Internal Control & Compliance	Nil	Nil
		Spouses and minor children of above mentioned Executives	Nil	Nil
(iii)	Executives	-	Nil	Nil
Total			**220,000**	**0.031**

N.B.: Except BRAC, no one is holding 10% or more shares in the company.



Rais Uddin Ahmad
Company Secretary, Head of RA & CAMLCO

Shaheen Iqbal
Head of Treasury & Financial Institutions

Shyamol B. Das
Head of Technology

Md. Sarwar Ahmed
Head of Monitoring

Muniruzzaman Molla
Head of Operations

Nazmur Rahim
Head of Retail Banking

Zara Jabeen Mahbub
Head of Communications

Selim R. F. Hussain
Managing Director & CEO

MANAGEMENT COMMITTEE

Mahmoodun Nabi Chowdhury
Head of Corporate Banking

Shah Alam Bhuiyan
Head of Special Assets Management

A. K. Joaddar
Deputy Managing Director & CFO

Tareq Refat Ullah Khan
Chief Credit Officer



Bilquis Jahan
Head of Human Resources

Syed Abdul Momen
Acting Head of SME Banking

Brigadier General Tushar Kanti Chakma (Rtd.)
Head of GSS & Procurement

SENIOR MANAGEMENT TEAM



A.H.M. Kamrul Monem
Senior Manager, Retail Underwriting



A.K.M. Needar Hasan
Cluster & Branch Manager



Abdul Gaffar
Branch Manager



Abu Naser Mohammad Faysal Haider
Branch Manager



Abu Sadat Chowdhury
Senior Relationship Manager, Large Corporate



Ahmed Saifuddin Khaled
Cluster & Branch Manager



Anowarul Islam
Senior Manager, Loan Documentation-Corporate



Anup Kanti Das
Cluster & Branch Manager



Anwar Sadat
Regional Manager of SME Banking



B.M. Zahid-Ul Haque
Head of Information Security



Biplab Kumar Biswas
Head of Underwriting, Small Business



Debabrata Roy
Head of Central Operations

IPVR Stock



Fahim Ahmed
Head of Legal Coordination, SAM



Faisal Hussain
Head of Organizational Development



Farhana Sharmin Sumi
Head of Compensation & Rewards



Goutam Kumar Sarker
Senior Manager, ROC, Jessore



Hasnain Mohammad Abid Zaman
Head of SAM-Retail



Imrul Hassan
Head of Business Support & Projects



Indrajit Sur
Head of Emerging Business



Ismet Ali Moeen
Head of Business Intelligence & Support, SAM



Kamrul Mehedi
Head of SAM-SME



Kazi Asaduzzaman
Head of Asset Operations



Khaled Al Fesani
Branch Manager



Khalid Ibne Shihab
Senior Manager, Merchant Acquiring



Khan Mohammed Istiaque
Head of Regional Corporate, Chittagong



Makshud Ahmed
Regional Head of Branch Banking-Dhaka North



Md. Abdul Wahed
Senior Manager, Loan Operations-Retail



Md. Abu Taher Mridha
Head of Payments & Transactions, Operations



Md. Ahsan Habib
Head of General Support Services



Md. Al-Amin
Head of Local Corporate



Md. Arif Ahmed
Cluster Head, Emerging Business



Md. Hafizur Rahman
Senior Regional Manager, SAM



Md. Hasanur Rahman
Head of Enterprise Solutions & ADC



Md. Ibrahim Biswas
Regional Head of SME Banking



Md. Jabedul Alam
Head of Trade Development



Md. Khalequzzaman
Regional Head of Branch Banking-Dhaka Central



Md. Kyser Hamid
Head of Retail Business



Md. Nazrul Islam
Regional Head of SME Banking



Md. Rafiqul Islam
Cluster Head, Emerging Business



Md. Sekander E Azam
Head of Cash Management



Md. Shah Alam
Regional Head of SME Banking



Md. Shahin Lasker
Head of Cards Operations



Md. Taher Hasan Al Mamun
Cluster & Branch Manager



Md. Wasiul Alam
Head of SME Service Center and Krishi Branches



Md. Yasir Arafin
Head of Business Planning & Analysis



Mehedi Hassan Chowdhury
Cluster & Branch Manager



Mehruba Reza
Senior Product Manager, Retail Banking



Mesbah Uddin Muntassir
Head of Internal Training



Mirza Hashibul Halim
Cluster & Branch Manager



Mohammad Abdul Ohab Miah FCA
Head of Reporting



Mohammad Anamul Hoque
Head of Export Trade Operations



Mohammad Firoz Alam
Head of Underwriting, Wholesale Banking



Mohammad Lutful Haque
Deputy CAMLCO



Mohammad Mahbubur Rahman
Deputy Company Secretary



Mohammad Reza Hyder
Senior Relationship Manager, Large Corporate



Mohammad Salauddin Hazari
Cluster & Branch Manager



Mohammad Sujauddin
Senior Manager, Credit-Emerging Business



Mohammed Abdul Aziz
Acting Regional Head of SME Banking



Mohammed Abul Kashem
Regional Manager of SME Banking



Mohammed Aminul Hoque Sarwar
Head of Procurement



Mohammed Komol Hassan
Head of Application Development & ERP Support



Mohammed Monir Hossain
Branch Manager



Mohammed Morshedul Quader Khalili
Head of Internal Control & Compliance



Muhammad Ali Talukder
Branch Manager



Muhammad Anisur Rahman Bhuyan
Senior Manager, Retail Underwriting



Muhammad Ebnul Alam Palash
Cluster Head, Emerging Business



Najmul Hoque
Vice President, Project Management



Najmus Sakeb Jamil
Head of Technology Infrastructure



Nurun Nahar Begum
Head of Core Banking Application



Raees Siddiq
Senior Manager, Credit Cards Operations



Rasheed Ahmed
Head of Legal Affairs



S. M. Soeb
Senior Manager, Export, OBU & Guarantee



S.M. Alomgir Hossain
Regional Head of SME Banking



S.M. Moinul Hossain
Head of Retail Underwriting



S.M. Rasheduzzaman
Acting Regional Head of SME Banking



Sajid Rahman
Head of Large Corporate Unit-1



Salahuddin Howlader
Head of Trade Finance



Sarah Anam
Head of Products, Deposits & NFB, Retail Banking



Shah Ibnul
Head of SAM-Corporate, Mid Market & Emerging



Shah Mohammad Emdadul Haque
Branch Manager



Shahbaj Talat
Head of Large Corporate Unit-2



Shahrear Md. Zamil
Head of Global Relationships



Shamit Manzur
Regional Manager of SME Banking



Shamsul Haque Sufyani
Head of Trade & Remittance



Sheikh Mohammad Ashfaque
Head of Corporate Branches



Sheikh Nabidur Rahman
Branch Manager



Siraj Azam Siddiquey
Head of Digital Banking & E-Commerce



Sk. Md. Zulfiqer Amin
Cluster & Branch Manager



Sk. Moinul Hassan
Head of Underwriting, Emerging Business



Swapan Kumar Das
Head of Treasury & FI Operations



Syeda Mahzabeen
Cluster & Branch Manager



Tahsin Shahid
Cluster & Branch Manager



Tapati Bose
Head of Account Services



Tofazzul Hossain
Branch Manager



Yusuf Zaman Khan
Branch Manager

AMAR STOCK

Believe in **Inspirational** Paradigm

Directors' Report



DIRECTORS' REPORT

Our wide-ranging presence across the country, the people we work with and serve and our opportunities to grow as a business are all important to making BRAC Bank the number one bank in Bangladesh. Our strategy aspires to build an ethical and sustainable organization for our customers, employees, shareholders and society.

The Board of Directors of BRAC Bank Limited is pleased to present the annual Directors' Report 2016. This report comprehensively outlines the performance of the bank for the year ended December 31, 2016. The Board of Directors has reviewed the financial statements to ensure effective financial control, transparency and accuracy of financial data and financial reporting of the bank. The report will briefly summarize the global and local economic performance and then present the detailed analysis of the bank's performance for the year 2016.

GLOBAL ECONOMY

Global growth has started to pick up and expected to attain 3.1 percent in 2016. The growth projection is even stronger for 2017 and 2018 at 3.4 percent and 3.6 percent respectively. The forecast reflects a more divergent outlook for advanced economies following the June U.K. vote in favour of leaving the European Union (Brexit), the US election in November and strong recovery in the United States. These developments have put divergent monetary policy and global interest rates, as US is expected to increase interest rate while most other developed economies is now expected to remain accommodative for longer. Although the market reaction to the Brexit shock was reassuringly orderly, the ultimate impact remains very unclear, as the fate of institutional and trade arrangements between the United Kingdom and the European Union is uncertain.

Financial market sentiment toward emerging market economies has improved with expectations of lower interest rates in advanced economies, reduced concern about China's near-term prospects following policy support to growth, and some firming of commodity prices. But prospects differ sharply across countries and regions, with emerging Asia in general and India in particular showing robust growth and Sub-Saharan Africa experiencing a sharp slowdown. In advanced economies, a subdued outlook subject to sizable uncertainty and downside risks may fuel further political discontent, with an integration policy platforms gaining more traction.

Several emerging market and developing economies still face daunting policy challenges in adjusting to weaker commodity prices. These worrisome prospects make the need for a broad-based policy response to raise growth and manage vulnerabilities more urgent than ever. Conservative candidate becoming US president has put world economy into further uncertainty due to his proposed unconventional and unprecedented proposed policy.

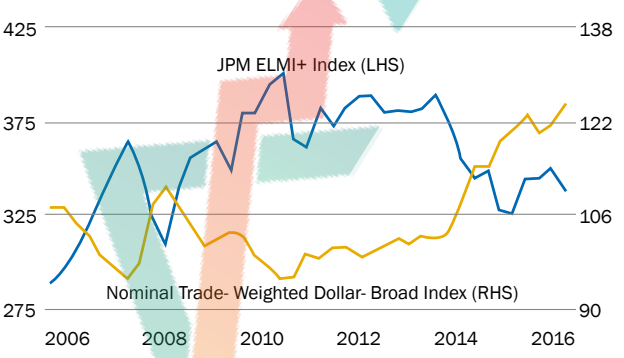
Emerging Markets

2016 proved to be a less uncertain year for most emerging economies than had seemed likely. Expectations of a U.S. tightening cycle in 2016 dissipated as the year progressed—the first rate hike was ultimately postponed until the end of the year—and the green back rally stalled. This prompted many emerging market central banks to cut interest rates, boosting disposable income. Moreover, investors went back on the hunt for higher-yielding assets, capital flowed back into emerging markets and bond issuance likely reached a record high in 2016.

Nonetheless, market participants' bigger appetite for emerging-market debt was partly due to the absence of returns in developed economies, rather than a vote of confidence for riskier assets. Emerging markets GDP growth, which has fallen in four of the past five years, stabilized in 2016 and is expected to rebound nicely into 2017. Current accounts, which hit their lowest point in 2013, have posted three consecutive years of improvement. In 2016, a bottoming of commodity prices provided crucial fundamental support to emerging markets assets, which were additionally boosted by a continued global search for yield. For emerging markets debt in particular, political and economic changes across the emerging world was an important catalyst for returns. From India and Indonesia (2014) to Argentina (2015) and Brazil, Peru, and Ghana (2016), traditionally fiscal conservative, pro-business parties have won the executive branch, prompting substantial foreign inflows of capital and boosting local business confidence.

Emerging Markets' Currencies Are More Resilient Than Before

As of 31 December 2016



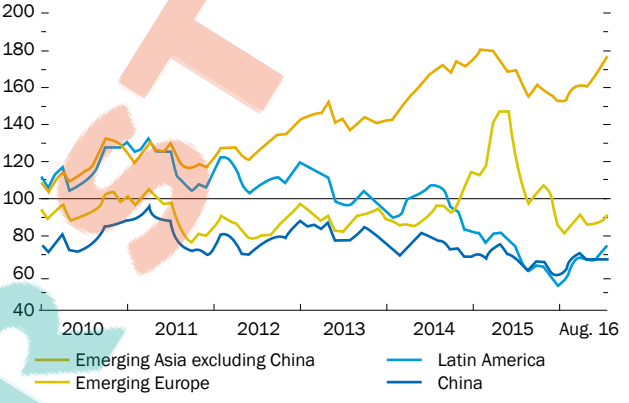
Source: IMF World Economic Outlook, October 2016

Emerging Markets' Currencies Are More Resilient Than Before

Equity prices have generally firmed up in recent months, reflecting improvements in the operating environment for corporates in emerging market economies with the pickup in commodity prices and lower borrowing costs. Vulnerabilities, however, continue to accumulate in some cases as the credit-to-GDP ratio remains on an upward path.

Equity Markets

(Index, 2007 = 100)

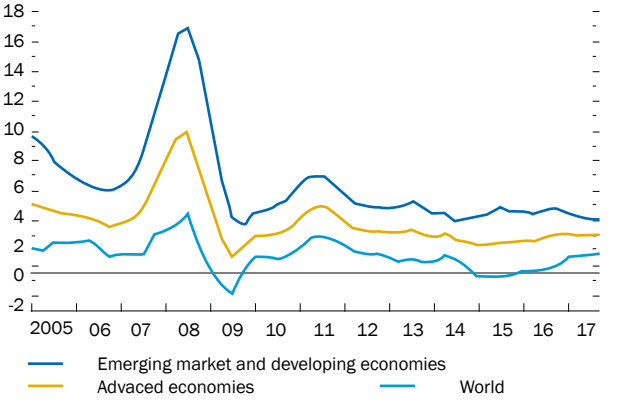


Source: IMF World Economic Outlook, October 2016

Global Inflation

Headline inflation inched up in advanced economies as the drag from lower commodity prices faded. In emerging market and developing economies, headline inflation has held steady as currencies remained broadly stable, or appreciated in some cases.

Global Aggregates: Headline Inflation



Source: IMF World Economic Outlook, October 2016

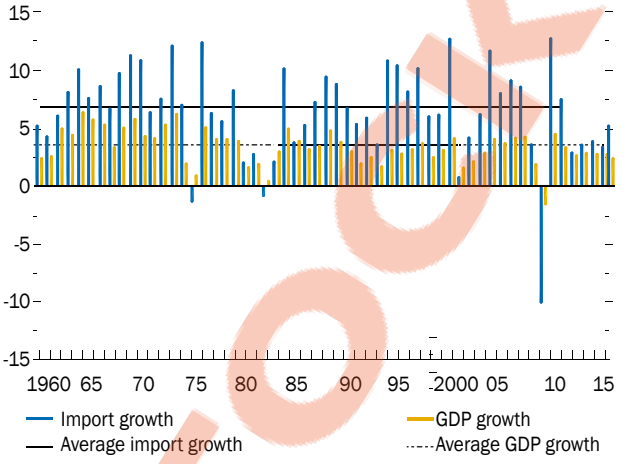
SHUTTERSTOCK

Global Trade

Global trade growth has decelerated significantly in recent years. After its sharp collapse and even sharper rebound in the aftermath of the global financial crisis, the volume of world trade in goods and services has grown by just over 3 percent a year since 2012, less than half the average rate of expansion during the previous three decades. The slowdown in trade growth is remarkable, especially when set against the historical relationship between growth in trade and global economic activity.

Between 1985 and 2007, real world trade grew on average twice as fast as global GDP, whereas over the past four years, it has barely kept pace. The decline in real trade growth since 2012 has been remarkable, especially when set against the historical relationship between growth in trade and global economic activity.

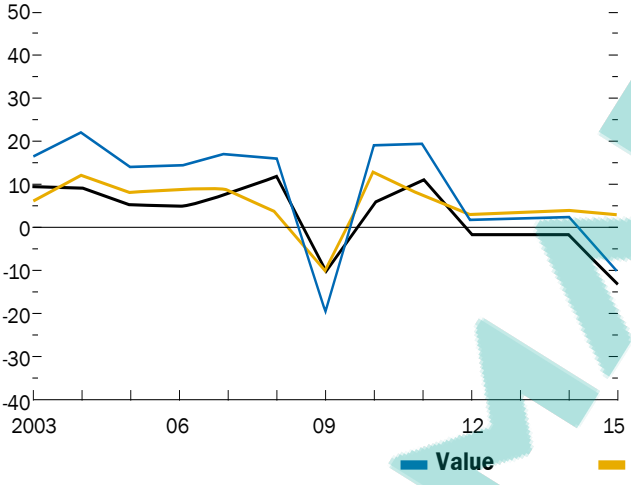
World



Source: IMF World Economic Outlook, October 2016

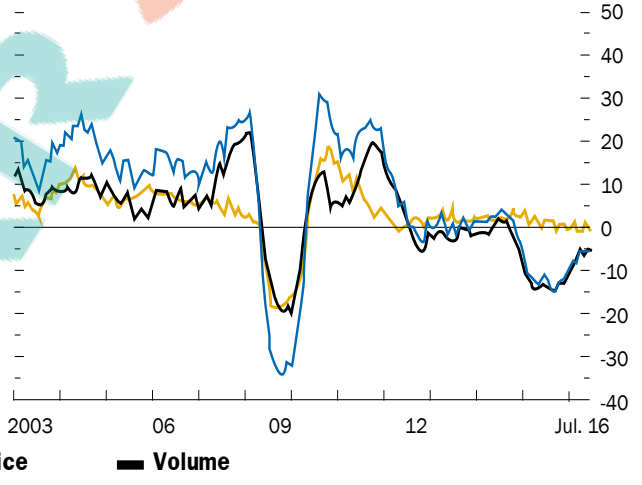
Goods and Services Import Growth

(Percent)



Goods and Services Import Growth

(Year-over-year percent change)

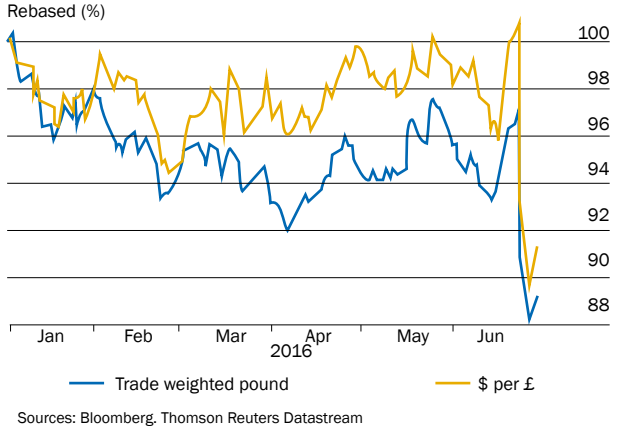


Brexit

The Brexit vote was a genuine shock for markets, given investors had been confident that the UK would stay in the EU. In the event, sterling dropped to a 31-year low, in line with a large number of forecasts. The options market continued to be heavily bearish towards sterling post-Brexit.

Sterling exchange rates

Rebased (%)



Sources: Bloomberg. Thomson Reuters Datastream

Source: Financial Times which was taken from Thomson Reuters Data Stream

US Election

Donald Trump won the US election on the 8th November 2016 and became the 45th US President. Wall Street reacted positively to the election, despite his victory sparking panic on global markets earlier in the day real trade growth is widespread, both in absolute terms and relative to GDP growth. The trade growth may further dampen due to the new policy to be taken by the newly elected US President.

- The Dow Jones up 1.4% to 18,590 points.
- The S&P 500 up 1.1% to 21,163.
- On the currency markets, the dollar hit its highest in nearly four months against the Japanese yen. It had fallen 4% in overnight trading. The Mexican peso plunged 13%, before stabilizing at 8.7% at 19.91 pesos to the dollar.
- US 10-year Treasury yield rose above 2% - the highest level since January.

Global Economic Outlook

- Economic activity is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies after a lacklustre out turn in 2016.
- As China, Brazil and India are expecting growth in future, so we can also hope to keep pace as a growing developing country.
- Specifically, global activity could accelerate more strongly if policy stimulus turns out to be larger than currently projected in the United States or China.

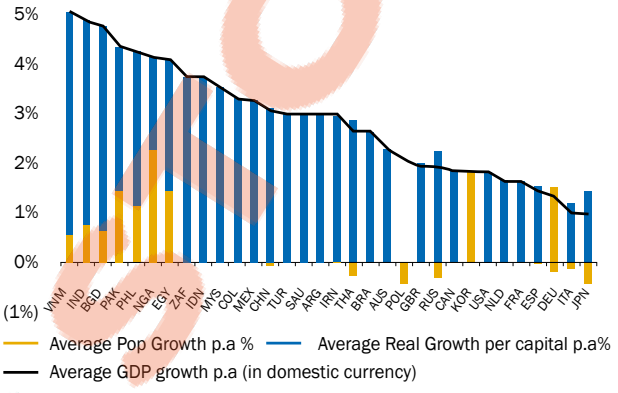
BANGLADESH ECONOMY

Bangladesh is one of the fastest growing economy right now. By 2050, we will be the third fastest growing economy and are projected to become the 23rd biggest economy in the world from its current position, 31 as per the latest research of Price water house Coopers (PwC).

As per the analysis, Bangladesh has the potential to be among the fastest growing economies in the world between 2016 and 2050 with an average annual growth of 5% approximately. We will benefit from our youthful and growing working-age populations, boosting domestic demand and output. But as the above figure shows, growth in the emerging countries like Bangladesh is driven even more by real GDP per capita growth, suggesting capital investment and technological progress to deliver real labour productivity, enhancing benefits. To realize this potential, growth needs to be supported by sustainable economic reforms, strengthening macroeconomic fundamentals, institutions and, crucially, mass education to ensure our rapidly growing working populations contribute productively to long term economic growth.

Average real GDP growth p.a.

(2016-2050)



Sources: pwc analysis

Sovereign Ratings

Bangladesh achieved Ba3 (Moody's sovereign Rating) and BB- (Fitch Long-Term Foreign- and Local-Currency Issuer Default Ratings) with stable outlook. Bangladesh's ratings balance strong foreign-currency earnings and high and stable real GDP growth against weak structural indicators, significant political risk and weak banking-sector health. Bangladesh's real GDP growth is high at a five-year average of 6.5% compared with the 'BB' category median of 3.5%. Bangladesh's external finances are supported by comfortable and gradually rising foreign-exchange reserves, amounting to USD 32.1bn in December 2016 (7.9 months of current external payments, compared with 4.4 months for peers in the 'BB' category).

GDP: SECTORAL PERFORMANCE

Agriculture Sector

According to the Directorate of Agriculture Extension (DAE), the target for total cereal food grain production for FY17 in the country has been set at 39.23 million metric tons (mmt) which remains almost same as the last year's actual production, while the target for acreage has been set at 12.28 million hectares, 0.77 percent higher than the previous year. After a year of good harvest, the target for the total rice production for FY17, which constitutes the lion's share of the total cereal crop, has been set

at 35.08 mm, among which production target for *aush*, *aman*, and *boro* are 2.48 mmt, 13.54 mmt and 19.06 mmt respectively which are almost the same as previous year's actual production. Among the non-rice cereal crops, wheat production target has been set at 1.35 mmt for FY17, slightly (0.52 percent) lower than the previous year's production, while the target for maize production has been set at 2.76 mmt.

Industry Sector

During Q1FY17, the industry sector activities seemed to register a satisfactory growth, benefited by the improvement in electricity supply, pragmatic fiscal policy and accommodative monetary policy. During July-August 2016 electricity production posted a robust growth of 24.35 percent (year-on-year) and large and medium scale manufacturing industry registered a noticeable growth of 9.53 percent during the period under review. The growth of large and medium scale manufacturing industry stemmed largely from the high growth of the production of non-metallic mineral products (23.93 percent), rubber and plastic products (16.70 percent), pharmaceuticals (13.68 percent), leather products (22.98 percent), textile (12.56 percent) and wearing apparel (8.92 percent) among others. On the other hand, at the same time, food products, basic metal and transport equipment registered negative growth.

Service Sector

A number of proxy indicators (such as trade financing, bank advances to transport and communication sector, cargo handled through Chittagong port, etc.) depicted a picture of strong growth in the service sector activities during Q1FY17. Data on bank advances shows that credit (outstanding) to trade and commerce, and transport and communication sector rose by 15.80 percent and 7.30 percent respectively during Q1FY17 compared to the level of Q1FY16. Similarly, cargo handled through Chittagong port picked up by 7.89 percent in Q1FY17 compared to the same period of the previous fiscal year.

FISCAL SECTOR

Expenditure

During Q1FY17, a preliminary estimate of total expenditure was BTD 575.2 billion (16.9 percent of annual target), which was 10.2 percent higher, in nominal terms, than that of Q1FY16. The current expenditure increased by 4.7 percent to BTD 412.3 billion whereas ADP expenditure grew substantially by 58.5 percent to BTD 107.9 billion (9.7 percent of annual ADP target) in Q1FY17 compared to that of Q1FY16.

Revenue Collection

In the first quarter of FY17, revenue collection of NBR increased by 17.1 percent to BDT 364.4 billion from BDT 311.2 billion in Q1FY16 which was 17.9 percent of the annual target for FY17. Revenue collection from income tax, value added tax (VAT), custom duties, and other source were increased by 10.2 percent, 14.8 percent, 17.5 percent, and 34.2 percent respectively in Q1FY17 compared to that of Q1FY16.

EXTERNAL SECTOR

Export

According to the Export Promotion Bureau (EPB) data, exports earnings increased by 4.1 percent to USD 8.08 billion in Q1FY17 from USD 7.76 billion in Q1FY16 (on adjusted fob basis export earnings increased by 3.5 percent to USD 7.91 billion in Q1FY17 from USD 7.64 billion in Q1FY16). Exports of RMG grew by 3.52 percent to USD 6.67 billion during the quarter under review, as export to European countries increased by 10.9 percent in Q1FY17. Among other major export items, tea increased by 20.0 percent and frozen shrimps and fish increased by 10.9 percent while earnings from export of raw jute decreased by 5.5 percent.

Import

Import payments increased by 17.3 percent to USD 11.11 billion in Q1FY17 from USD 9.47 billion in Q1FY16 (on adjusted fob basis). Import of food-grains increased from USD 176.8 million in Q1FY16 to USD 268.6 million in Q1FY17. Imports of consumer and intermediate goods increased by 6.6 percent to USD 5.78 billion during Q1FY17 from USD 5.43 billion in Q1FY16. In Q1FY17, the opening of import LCs increased by 10.16 percent to USD 10.77 billion, of which LCs for petroleum and petroleum products (3.37 percent), consumer goods (23.62 percent), intermediate goods (12.32 percent), machinery for miscellaneous industries (17.68 percent), and capital machinery (18.44 percent) increased, while LCs for industrial raw materials (- 3.63 percent) decreased.

Remittance

The inflow of workers' remittances decreased to USD 3.25 billion in Q1FY17 compared to USD 3.93 billion in Q1FY16. During Q1FY17, remittance decreased in most of the sources except Qatar, Germany and Japan. On the other hand, overseas employment for Bangladeshi workers increased in Q1FY17. A total of 173,380 Bangladeshi people migrated abroad compared with 132,238 people migrated in the corresponding period

of FY16. During Q1FY17, remittance from the Gulf region decreased by 16.9 percent to USD 1.85 billion, attributable mainly due to a large decline in remittances from Saudi Arabia (-23.1 percent), UAE (-21.2 percent) and Bahrain (- 41.3 percent) compared to Q1FY16.

Remittance from the Euro region during Q1FY17 decreased by 26.4 percent and from the Asia Pacific region decreased by 7.9 percent. Remittance from the rest of the world (including the USA) also decreased by 21 percent in Q1FY17 over Q1FY16 (Table IV.4).

Foreign Direct Investment (FDI)

Gross FDI inflow during 2016 reached USD 1,793.32 million and the size of disinvestment during the period reached 489.62 million. Net FDI inflows decreased by 23.08% compared to the same period in 2015. Total inflow's 58.93% were as Equity Capital, 27.18% as Reinvested Earnings and 13.89% as Intra Company Loans. Major portion of FDI flows came from Singapore (USD 225.96 million), United Kingdom (USD 160.94 million), USA (USD 139.87 million), South Korea (USD 128.94 million), Norway (USD 122.25 million), Hong Kong (USD 65.02 million), Netherlands (USD 53.50 million), and India (USD 52.79 million).

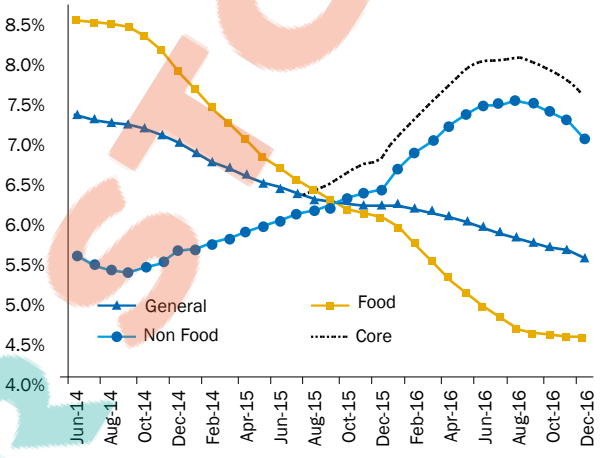
Balance Of Payment

The current account balance (CAB) recorded a deficit of USD 504 million in Q1FY17 compared with a surplus of USD 1,663 million in the same period of the preceding fiscal year. The deficit in the CAB in Q1FY17 was due to the large deficit in the trade balance and negative growth of remittance inflow. The financial account recorded a surplus of USD 2,045 million in Q1FY17 compared to a surplus of USD 377 million in Q1FY16 and the capital account also recorded a surplus of USD 60 million compared to a surplus of USD 88 million in Q1FY16. The overall balance of payments (BOP) recorded a surplus of USD 1.79 billion in Q1FY17, lower than the surplus of USD 1.97 billion recorded in Q1FY16. The foreign exchanges reserve stood at USD 31.39 billion at the end of September 2016.

Inflation Rate

CPI inflation was 5.03 percent (point-to-point) in December 2016, pulling down annual average to 5.5 percent. Inflation dynamics in Bangladesh significantly benefited from the declining food prices as the weight of food items in the CPI basket is pretty high (over 56 percent). Non-food inflation has eased to 4.5 percent (point-to-point) in December, down from 7.1 percent a year ago, reflecting favourable domestic production and global commodity prices. Average core inflation (non-food, non-fuel), a traditional measure of underlying long-term inflation, has also nosed down but remains elevated at around 7.6 percent in December, indicating inflation can pick up if buffeted by adverse shocks.

The global commodity outlook suggests some upward price pressures may emerge from higher import prices. According to the BB's latest inflation expectation survey of December 2016, the one-year-ahead inflation expectation hovers around 6 percent, implying a strong persistence in the way expectations are formed.



*Source: Bangladesh Bureau of Statistics, * Twelve Month Moving Average*

Exchange Rate

The weighted average nominal exchange rate remained same at BDT 78.40 per US dollar in September 2016 compared to June 2016, but higher than BDT 77.80 per US dollar in September 2015. The REER based exchange rate increased to BDT 113.10 per USD at the end of September 2016, compare to BDT 108.45 per USD at the end of June 2016. Bangladesh Bank continued its intervention in the domestic foreign exchange market with a net purchase of foreign currencies amounting to USD 1.51 billion during Q1FY17.

Monetary Policy

The movements of money and credit market indicators were loosely followed by the program path set in the monetary policy statement (MPS) for the first half (H1) of FY17. Broad money (M2) growth (13.40 percent) remained below the program path despite a high growth of net foreign asset (21.09 percent) and moderate growth of private sector credit (15.34 percent). Domestic credit growth (11.89 percent) fell short of program rate due to negative growth of public sector credit (-3.27 percent). On the other hand, the growth of reserve money (16.70

percent) was higher than the target path, implying that money multiplier became smaller in Q1FY17 than in Q1FY16.

Money Supply And Credit Growth

Broad money (M2) growth stood at 13.8 percent in November 2016. Private sector credit grew by 15.0 percent in November. Credit to the public sector, however, declined by 1.3 percent in November 2016. The government did not borrow from the banking system to finance the budget deficit (planned bank financing of budget at Taka 389 billion). Instead, it repaid outstanding loans to the tune of Taka 111 billion. Non-bank budget financing shifted from market-based tools (bank loans and government securities) to non-market instruments, e.g., National Savings Certificates (NSCs). During July-November, 2016, net NSC sales, at Taka 203 billion, has already exceeded the full-year target of Taka 196 billion in FY17. Such large scale recourse to non-market borrowing is creating an environment stifling development of bond market, pension funds market and so forth. In order to keep reserve money growth in line with the program path and prudently manage liquidity in money market, during the first half of FY17, Bangladesh Bank mopped up excess liquidity from the banking system through various monetary operations.

Interest Rate

During June-November 2016, the weighted average lending and deposit rates have declined by 45 and 25 basis points to 9.94% and 5.29%, respectively, leading to a narrowing of average spread by 20 basis points to 4.65 percent. The decline in interest rates reflects favourable inflation performance, ample liquidity, and an increase in competition in the banking system.

Although inflation has steadily declined in recent months, considering the fact that core inflation and inflation expectations remain elevated and inflation risks from higher commodity prices are on the upside, Bangladesh Bank's policy rates has been kept unchanged at the current level, with repo rate at 6.75 percent and reverse repo rate at 4.75 percent in the recent MPS.

Call Money Rate

The call money rate decreased to 3.64 percent at the end of September 2016 from 3.70 percent at the end of June 2016. The spread between lending and deposit rates slashed down to 4.76 percent at the end of September 2016 compared to 4.85 percent at the end of June 2016.

Bangladesh Economic Outlook

- Economic activities in 1st half of FY 2016 witnessed a strong expansion in all respects of macro economy especially infrastructural development and investment of government. It is mentionable that GDP growth reached 7% level for the first time in FY 2015-2016.
- Government of the Peoples' Republic of Bangladesh is very optimistic that Bangladesh would be able to reach 8% GDP growth in next two years focusing more concentration to less developed area. This will create huge employment, earnings and market demand which in turn expand the economy with credit demand.
- In spite of rivalry among the banks, there will be a pressure from various corners of demand side to reduce lending rate which will create more competition in money lending.
- If Government can ensure political stability, there might be chance of increasing private sector credit demand in coming years.
- The performance of capital market especially from second quarter FY 2016 demonstrated that investors are confident about their investment performance in capital market. As a result, more money will flow in capital market from money market, this may result increasing deposit rate in money market.
- At the same time, the Government's ambitious vision for 2021 sets strong development targets for Bangladesh that seeks to transform the country's socio economic landscape.

Foreign Exchange Reserve

The foreign exchanges reserve stood at USD 32.10 billion at the end of December 2016. Steady garment exports and remittances from Bangladesh is working overseas, two mainstays for the country of 160 million people, have helped build reserves in recent years.

Source:
1. Bangladesh Bank (BB) Quarterly Report (July-September 2016)
2. Bangladesh Bank Monetary Policy Statement, Jan-Jun 2017
3. Bangladesh Bank Website
4. PwC Website

We strive to create a sustainable future for our customers

Our wide-ranging presence across the country, the people we work with and serve and our opportunities to

grow as a business are all important to making BRAC Bank the number one bank in Bangladesh. Our strategy aspires to build an ethical and sustainable organization for our customers, employees, shareholders and society.

Extensive service within reach...

BRAC Bank Ltd. takes pride in providing more extensive services within reach, with the object of building a trusted and valuable brand, avoiding unnecessary risk and grow confidence among our customers.

Delivering value to customers...

BRAC Bank Ltd. is always concerned in meeting the demands of the customers and develops its products and services to expedite and enhance the overall experience for our customers across all channels.

Creating a sustainable banking unit...

BRAC Bank Ltd. has been successful in applying the sustainability lens to its mission and business designing products with sustainability features and ethical standards at their core.

STRATEGIC HIGHLIGHTS

Balance Sheet Strength

In the midst of a number of disappointing trends in the banking industry of Bangladesh, accompanied by competitive market forces, it is imperative for banks to maintain a strong balance sheet in these uncertain times. BRAC Bank has been successful in implementing the following series of actions in effect during 2016:

- Customer relationship programs have been intensified through relational intelligence and automation
- Extended our reach to include more people in mainstream financial services offering easy accessibility
- Productivity of our cross-selling efforts have been sharply raised
- Focused on providing multiple banking services

Towards Sustainable Growth

Growth has to be obtained in the right way and BRAC Bank has always prioritized to ensure sustainable growth. In order to facilitate this progress, we have:

- Concentrated on specific markets using our strong distribution channels
- Continued to harness technology to fuel growth and efficiency
- Devoted more resources to promoting sustainable growth
- Invested heavily in technology and human resources

FINANCIAL REVIEW

Bangladesh has been beleaguered with more than a few disappointing trends for some time. This has taken a toll on the banking system and resulted in huge losses for the sector. One of the perennial problems is the rise of non-performing loan (NPL). It is observed that the NPL percentage drops down towards the last quarter of each year but begins to climb up afterwards. One of the probable reasons behind this lower NPL towards the end of the year could be restructuring and rescheduling of loans in December of every year. However, due to re-emerging of political stability, the banking industry of Bangladesh benefited from the increase in advances and deposits that grew over time as the year progressed. As the banking industry of Bangladesh slowly but surely enters a new phase in its post-crisis journey, banks need to step up with their efforts and act proactively in order to maximize their profitability in the years ahead.

In an effort to become the best values-based banking in the country, BRAC Bank Ltd. took another step forward in creating a powerful channel for citizens' voices in financial inclusion, enabling people to make more active and informed decisions about their financial needs and their choices. While we continue to focus on SME Banking and maintain our leadership position, we have strived for excellence in the emerging business sector as well. Our improvement in earnings is the result of our continuous effort on prudent recovery, credit risk management initiatives and better quality financing base expansion.

Investing in our Future

With evolving customer needs and expectations from the financial system, BRAC Bank has been committed to continuously develop new solutions while upholding a strong, healthy and secure infrastructure. We devoted significant attention to upgrade our core banking system. Technology is the lifeblood of our organization and is a key differentiator in driving future growth in all of our businesses. Our strategic priorities have become more embedded into our technological advancements to assure the delivery of the secure products, platforms

and services to our customers. Data and analytics innovation delivers enhanced insights to uncover new business opportunities and do business in smarter ways to improve our competitive edge. BRAC Bank has intensely turned its attention to recruit the top talents in the industry and focused on training our next generation of leaders across the organization.

The veterans hired by the bank has made remarkable impact on our financial performance during 2016 and going forward, we will carry on strengthening our team to cover key growth sectors and adapt to the changing environment and not be content with previous achievements as we move forward to become the best bank in Bangladesh.

Rearranging the Pieces

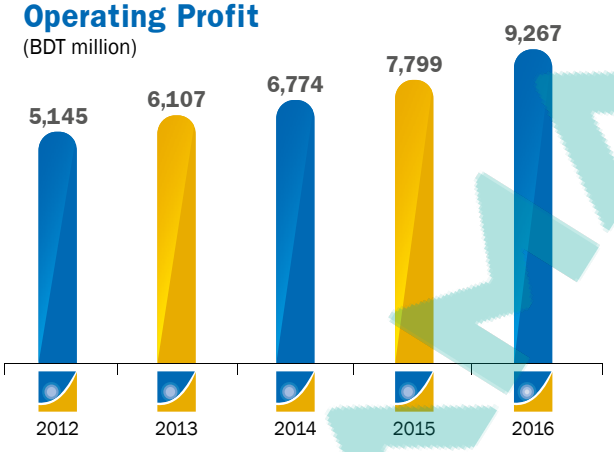
Assessing the minimum scale of change required for compliance, BRAC Bank has rearranged its existing structure to grow in a sustainable manner and achieve greater value and efficiency, gradually eliminating non-compliant and non-viable options. Structural changes had implications on our customer interactions and accelerate growth plans. Some of the initiatives that had been taken are summarized below:

- Implementation of matrix structure to efficiently use the resources through sharing of information that can speed up the decision making process
- Transformation of Branch Banking Management structure to better serve Retail and SME clients
- Outsourced various business functions to cut costs
- Staff rationalization exercise was undertaken to help the bank remain efficient and competitive;
- 'Value destroying' services/products are being identified and discontinued

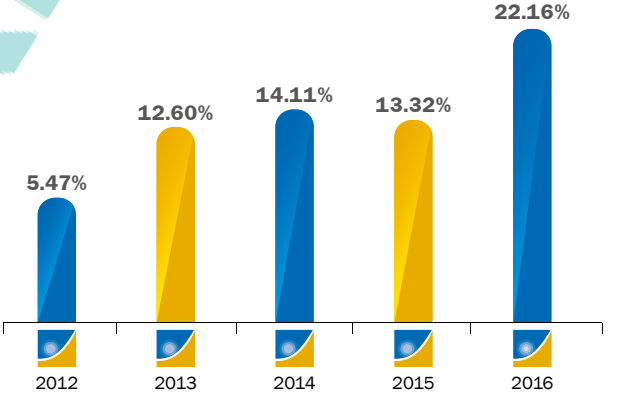
Operating Performance

High resource efficiency through motivating our employees and solid cost management equipped us with the investment capacity necessary to become the best bank in Bangladesh. Paying attention to our stakeholders' expectations has been critical to our success in recent years.

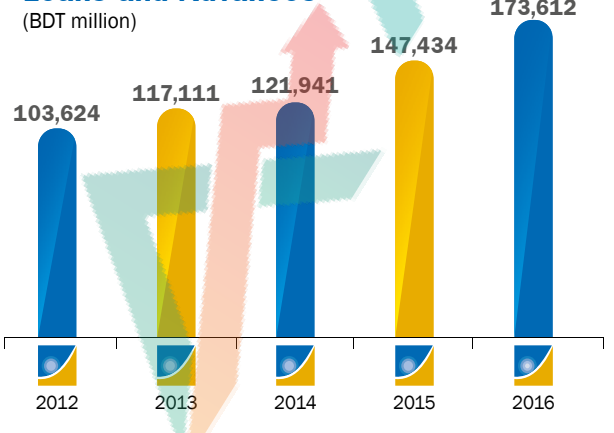
Operating Profit
(BDT million)



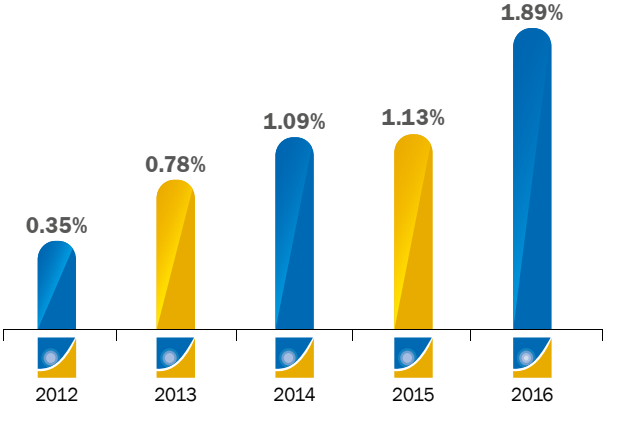
Return on Equity (ROE)

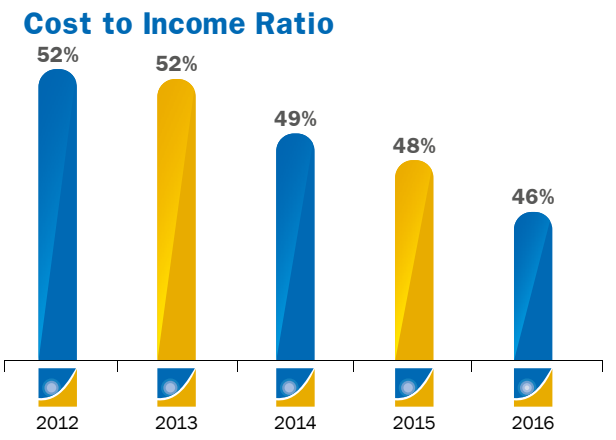


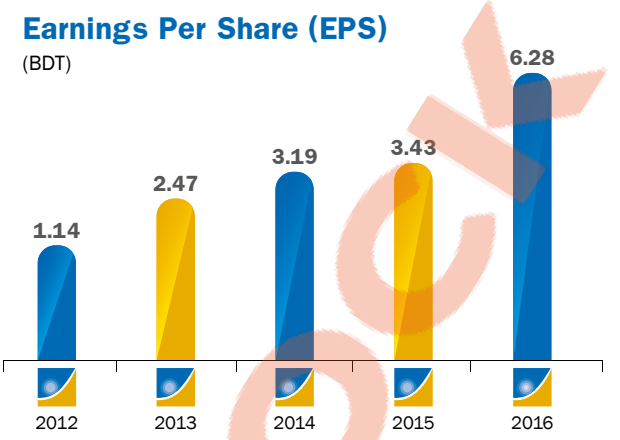
Loans and Advances
(BDT million)

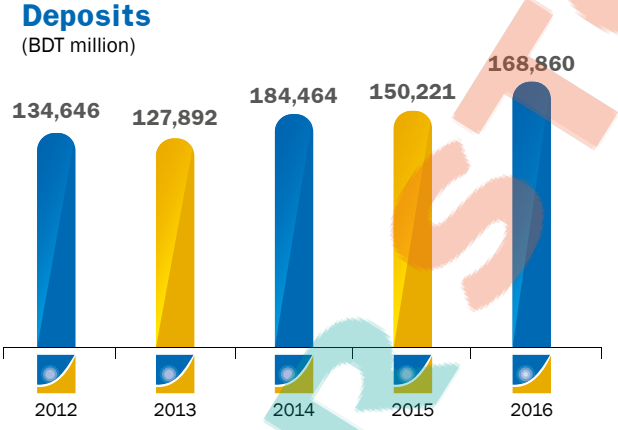


Return on Assets (ROA)









Financial Performance – Profitability

At the core of our Strategic Plan lies our shared vision of promoting the good of the people of Bangladesh by maintaining monetary and financial stability. The bank's loans and advances that grew by BDT 26,178 million over last year, generated 25% higher net interest income on solo basis and 23% on conso basis for 2016. As the loan processing fee for SME business was lifted from April 2016, the bank experienced a decline in commission and fee income.

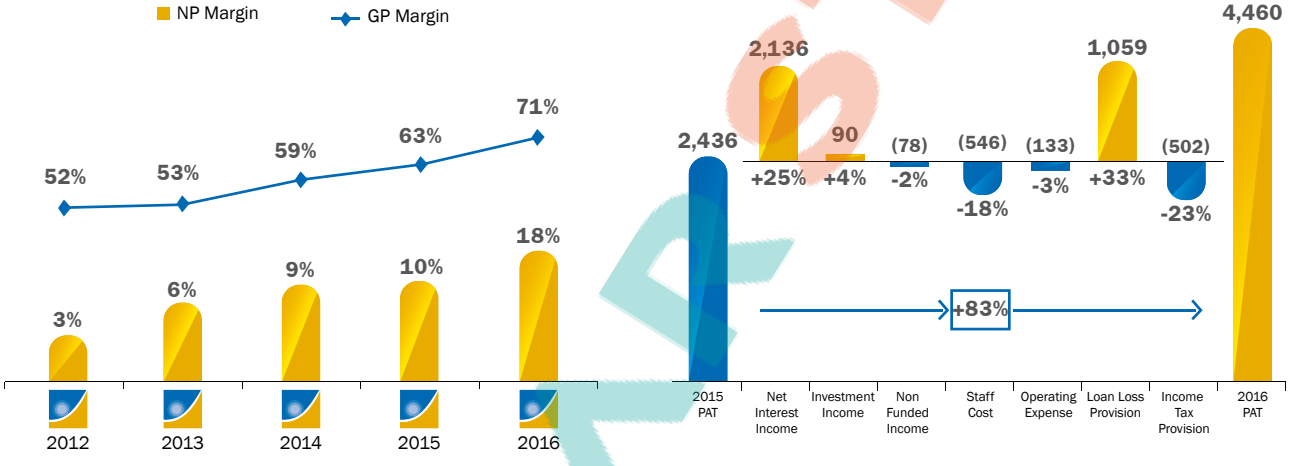
Staff costs increased by 18% during 2016 due to a one-off adjustment for the increased cost of living. BRAC Bank has made significant investments in technological advancement to modernize its infrastructure and deliver banking products and services more conveniently and effectively - thus creating new bases of competition. This prompted the operating cost to rise by 9% in 2016. Loan loss provision also decreased by 25% driven by better quality acquisitions as well as significantly improved collection efforts. After consolidation, net profit before tax increased by 48% which is 55% in solo basis.

BDT million

Particulars	SOLO			CONSOLIDATED		
	2016	2015	Δ %	2016	2015	Δ %
Net interest income	10,807	8,674	**25%**	11,721	9,504	**23%**
Investment income	2,544	2,454	**4%**	2,604	2,496	**4%**
Non Funded Income	3,879	3,957	**-2%**	7,111	6,438	**10%**
Total Income	**17,229**	**15,085**	**14%**	**21,437**	**18,438**	**16%**

Particulars	SOLO			CONSOLIDATED		
	2016	2015	Δ %	2016	2015	Δ %
Staff Cost	3,520	2,976	**18%**	4,733	4,020	**18%**
Other Operating expenses	4,442	4,310	**3%**	6,852	6,333	**8%**
Total Expense	**7,962**	**7,286**	**9%**	**11,585**	**10,353**	**12%**
Operating Profit	**9,267**	**7,799**	**19%**	**9,851**	**8,085**	**22%**
Loan Loss Provision	2,358	3,137	**-25%**	3,042	3,279	**-7%**
Capital Market Provision	(240)	40	**-700%**	(240)	40	**-700%**
Net Profit Before Taxes	**7,148**	**4,621**	**55%**	**7,049**	**4,765**	**48%**
Provision For Taxes	2,688	2,186	**23%**	2,987	2,425	**23%**
Profit After Taxes	**4,460**	**2,436**	**83%**	**4,062**	**2,340**	**74%**

BDT million



Our unique customer-focused banking model concentrates on three critical elements: breaking down product silos, understanding our customers, and enhancing customer's experience.

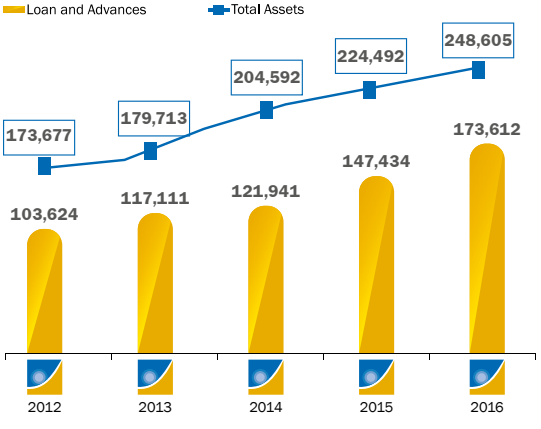
Bangladesh's banking sector has been plagued by poor asset quality, low capital adequacy ratio, and poor risk management that continue to weigh on profitability and pose threats to financial solidity over the short-to-medium term. In spite of an average year for the banking industry, BRAC Bank has been successful in not only growing its loan portfolio but has also been incredibly effective in their collection efforts for the year 2016.

As the year ahead looks promising in light of the recent political stability, improving macro environment and declining interest rates, the bank has strategically made deliberate investments in people, technology and structural changes to build on this year's momentum and ensure BRAC Bank Ltd. to become even a stronger force in the banking industry.

FINANCIAL PERFORMANCE – PORTFOLIO ANALYSIS:

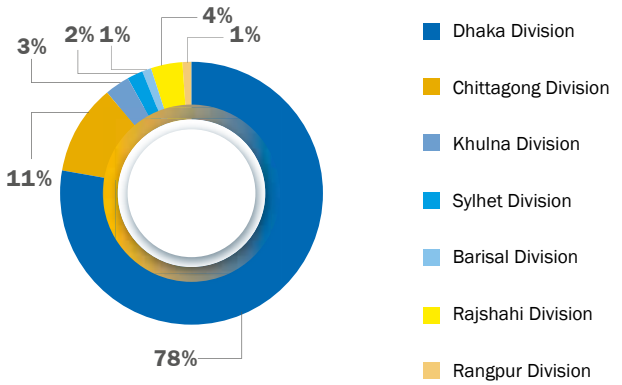
BRAC Bank Ltd. registered a 10.7% growth in their total assets from 2015. Despite a weaker credit demand, the bank was successful in reaching a 17.8% loan growth during the year.

Total Assets/Loans & Advances (BDT million)



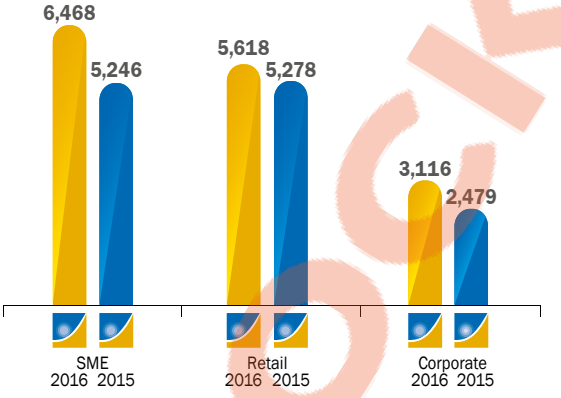
Since its inception, BRAC Bank Ltd. has been largely involved in focusing on the SME financing sector of Bangladesh as far as their loan concentration is concerned. The geographic concentration of credit portfolio is illustrated below:

Geographical Location wise portfolio

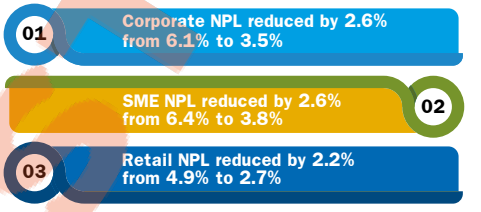


Segment-wise Performance - Total Revenue

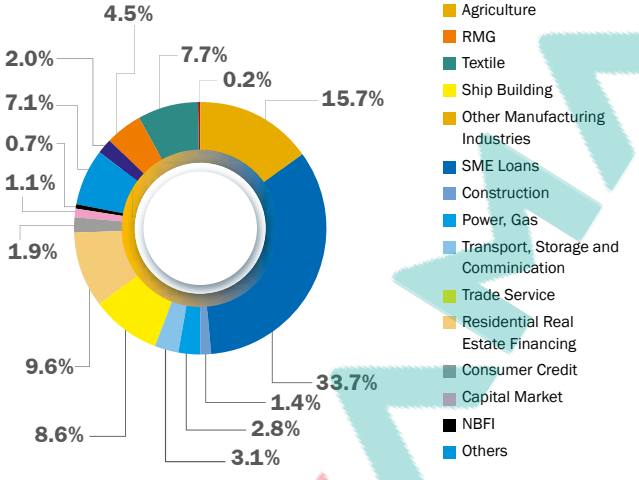
(BDT million)



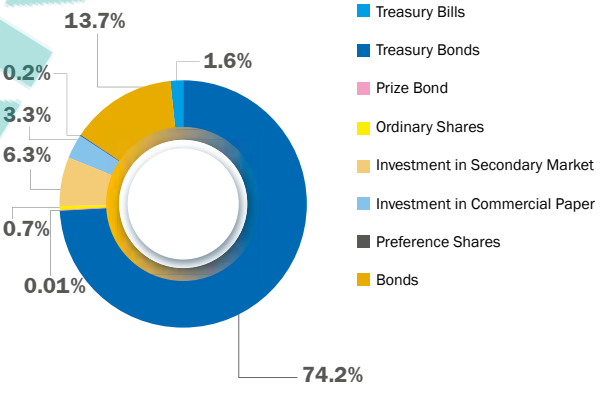
NPL Status of Segments in 2016



The chart below shows that 34% of BRAC Bank Ltd's loan portfolio is to the SME sector, whereas 16% of it is to the other manufacturing industries.



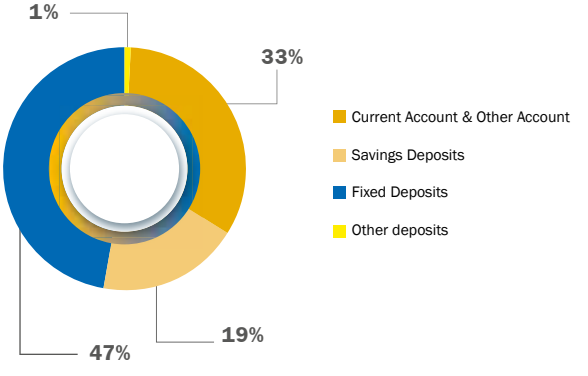
Investment Mix 2016



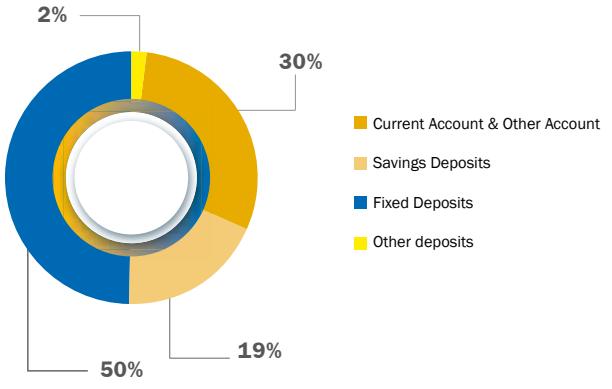
The bank's investments during the year 2016 were predominantly concentrated in Government securities.

BRAC Bank has been successful in not only growing its loan portfolio but has also been incredibly effective in their collection efforts for the year 2016.

Deposit Mix 2015



Deposit Mix 2016

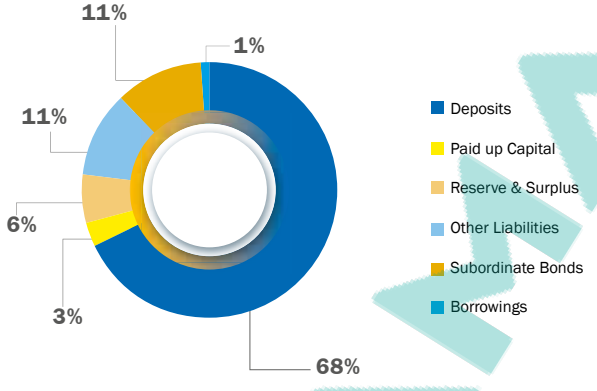


Total liabilities at December 31, 2016 amounted to BDT 227,165 million, increasing by 10% over last year.

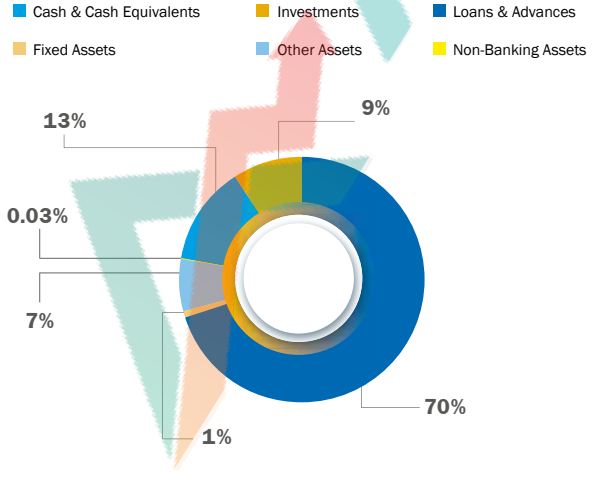
Deposits increased by 12% over last year as well. A lion's share of BRAC Bank's sources of fund comers from its customers' deposit accounts; bulk of which is utilized in loans and advances as can be distinguished from the charts below.

A portion of it is kept in the form of cash and cash equivalents to maintain CRR and SLR ratios.

Sources of Funds

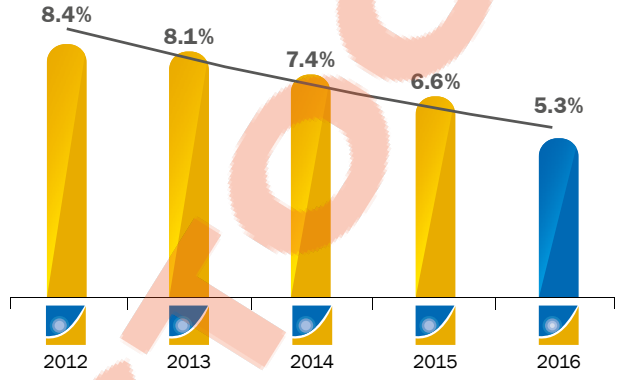


Utilization of Funds



The bank's cost of fund has declined over last year mainly driven by overall reduction in the interest rates in the market as well as efficient management of assets and liabilities.

Cost of Fund

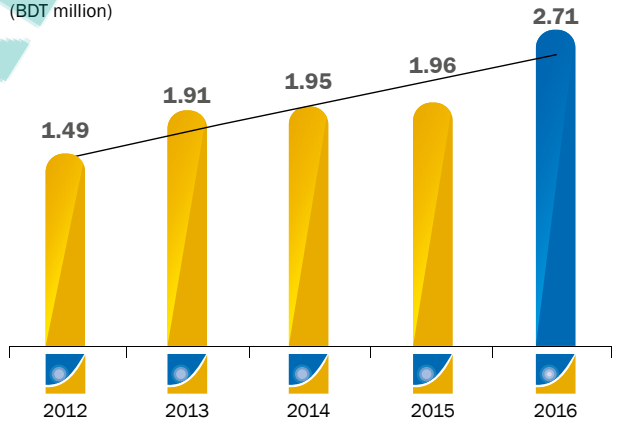


Financial Performance – Efficiency Review

The Bank's operating income per employee increased in2016 by 38.4% from last year. However, operating cost per employee escalated by 32.4% from 2015.

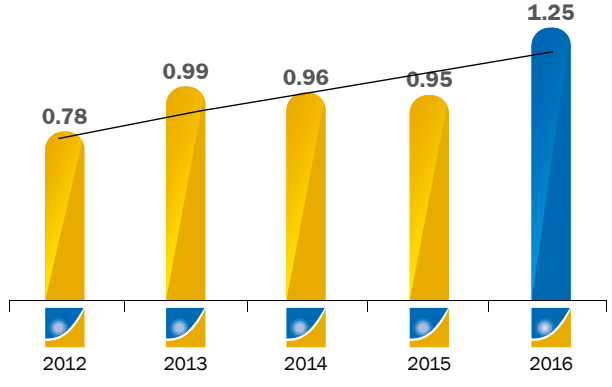
Operating Income Per Employee

(BDT million)



Operating Cost per Employee

(BDT million)



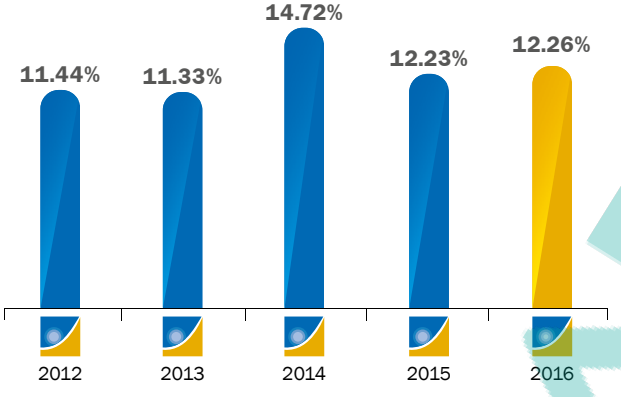
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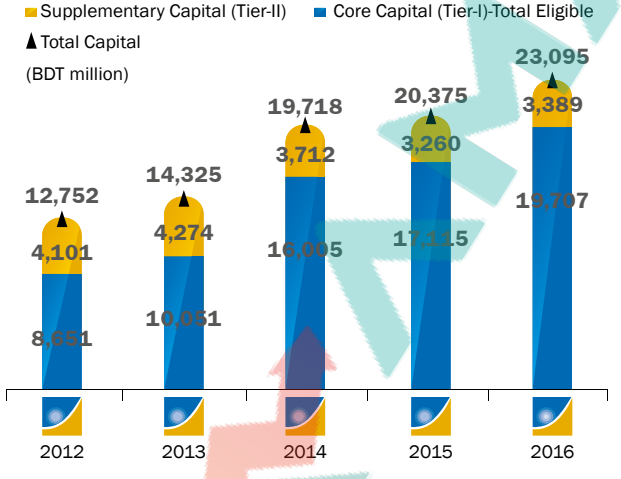
The bank maintained a total capital to Risk-weighted Asset Ratio of 12.26% as opposed to the current regulatory requirement of 10.625%. At the end of 2016, the ratio of core capital and total capital to Risk Weighted Assets (RWA) were 10.46% and 12.26% respectively.

* Core capital (Tier I) includes paid-up capital, share premium account, statutory reserve and retained earnings.

** Supplementary capital (Tier II) includes general provision (on unclassified loans and off balance sheet items), preference share, and subordinated debt and exchange equalization fund.

Total Capital to Risk-weighted Asset Ratio (CRAR)





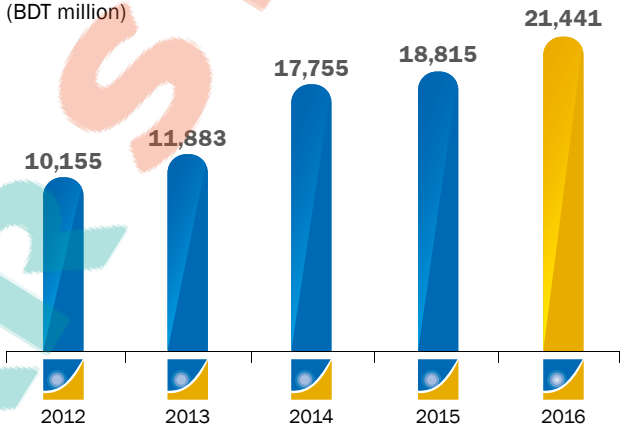
Subsidiary Performance

Our subsidiaries have also performed well during 2016. Mobile banking service provider, bKash has delivered a profit after tax of BDT 387 M, which is 63% more than the previous year, with year on year increase in revenue by 41%. BRAC EPL Stock Brokerage Limited made an operating profit of BDT 86 M, which is BDT 23 M higher than previous year. IT solutions and service provider BRAC IT Services Limited (biTS) made a Net Profit of BDT 48 M against BDT 66 M loss in 2015. BRAC EPL Investment Limited made a loss of BDT 901 M in 2016 impacted by one-off loss booking for against negative equity portfolio as well as poor stock market. Our Subsidiary and a leading foreign currency remittance company in our country, BRAC Saajan, made a net profit of BDT 3 M this year, whch is lower than 2015 due to adverse exchange rate impact.

Financial Performance – Shareholders' Value

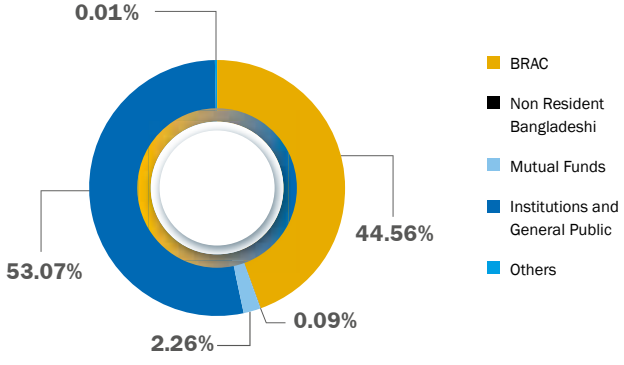
The shareholders' equity has increased by BDT 2,626 M compared to the previous year.

Shareholders' Equity



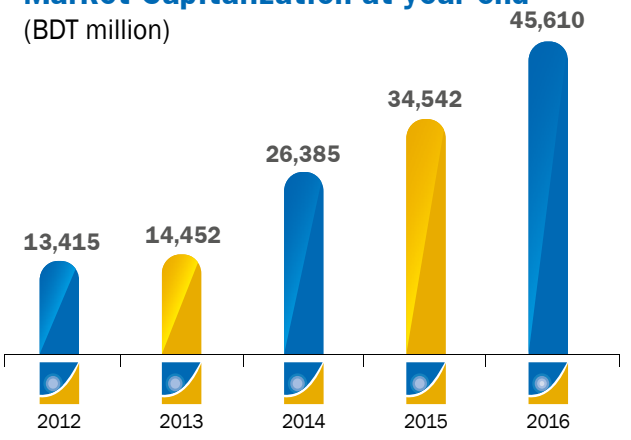
Within the sponsors, BRAC maintained its 44.56% shareholding position.

The shareholding position of the bank as of December 31, 2016 is exhibited below:



Market Capitalization at year end

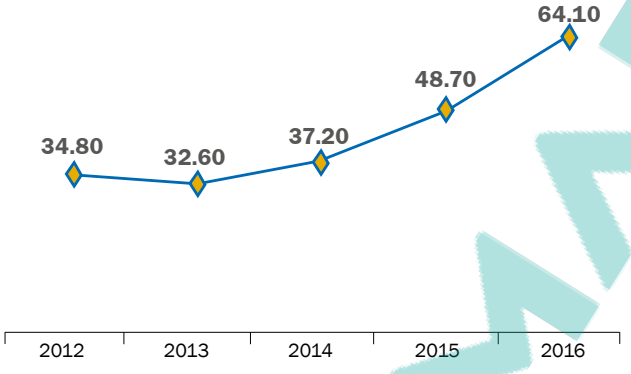
(BDT million)



With its effective board, composing of a united team of competent directors, along with quality human capital and state of the art technology, BRAC Bank is always trying to maximize its shareholders' value. The year-end share price of BRAC Bank Ltd. as of 31 December 2016 rose to BDT 64.10 reflecting a 32% year on year growth.

Share Price

(BDT)



According to the Bangladesh Bank's BRPD Circular No. 06 dated July 05, 2006 and in order to improve the risk management and corporate governance as well as to safeguard the interest of investors, depositors, creditors, Shareholders; the Bank was rated by Credit Rating Agency of Bangladesh Limited (CRAB) for the year ended 31 December 2015. We are pleased to inform that the Credit Rating Agency of Bangladesh Limited (CRAB) has affirmed "AA2" (pronounced Double A two) rating in the Long Term and "ST-2" rating in the Short Term to BRAC Bank Limited. Commercial Banks rated in this category is adjudged to be very strong banks, characterized by very good financials, healthy and sustainable franchises and a first rate-operating environment. Rating in this category is characterized with commendable position in terms of liquidity, internal fund generation and access to alternative sources of fund. The credit rating of BRAC Bank based on financial statements for the year ended 31 December, 2016 is under process and will be published in due course.

BRAC Bank Ltd. has transformed itself to be one of the strongest financial institutes operating in the Bangladesh economy. It has contributed much to the national economy in collecting Government Revenue and depositing the same to Government Exchequer according to the prescribed laws prevailing in the country. Bank authority deducts tax, VAT and excise duty at the time of making payments for goods and services. Besides these, the bank also pays income tax on its earnings.

(BDT million)

Year	WHT	VAT	Excise Duty	Income Tax	Total
2012	1,182	498	171	1,468	3,319
2013	1,316	442	206	1,102	3,066
2014	1,295	450	261	1,338	3,344
2015	1,356	514	307	1,759	3,936
2016	1,407	587	517	* 2,688	5,200
Grand Total	**6,556**	**2,491**	**1,462**	**8,355**	**18,865**

* Advance Income Tax for the year 2016 has been paid BDT 1,302 million to Govt. Exchequer as per Income Tax Ordinance 1984.

Basis for Related Party Transactions

We need to conduct transactions with our related parties in the normal course of business. The nature of the related party transactions are either loans and advances or deposits made with us at arm's length price or fair market value.

Appointment Of Directors

Pursuant to the Articles of Association and the Companies Act 1994 the following Directors will retire from the Board of BRAC Bank Limited in the 18th Annual General Meeting.

1. Dr. Hafiz G.A. Siddiqi
2. Zahida Ispahani

Both of them are eligible for re-election.

A brief detail about the above directors is given below:

1. Dr. Hafiz G. A. Siddiqi

Dr. Hafiz G. A. Siddiqi was re-appointed as an Independent Director of BRAC to the Board of Directors of BRAC Bank Limited in April 2015. He was also the Chairman of the Board Audit Committee and Risk Management Committee of the Bank. He is educated in Bangladesh, United Kingdom, United States and Switzerland. Dr. Siddiqi has more than 50 years of experiences as Professor, Researcher, International Consultant and Business executive.

Currently, he is Professor Emeritus, School of Business, BRAC University. Before joining BRAC University, Dr. Siddiqi voluntarily retired from North South University (NSU) after serving for about 19 years. He was Professor and founding Dean, School of Business, NSU, the first private university of Bangladesh. He provided leadership to North South University as its Pro-Vice Chancellor for 5 years and Vice Chancellor and Chief Executive officer for more than 10 years. He worked for the Institute of Business Administration, University of Dhaka for 18 years in various capacities including its Professor and Director. Besides, he taught more than 7 years at two US universities, namely, Ohio State University, Columbus, Ohio and Minnesota State University at Mankato, Minnesota as Professor of International Business and Management.

Dr. Hafiz Siddiqi obtained Ph.D degree from Manchester Business School, University of Manchester, United Kingdom, MBA from Graduate School of Business, Indiana University, Bloomington, Indiana, USA, MPIA (Master of Public and International Affairs), from Graduate School of Public and International Affairs, University of Pittsburgh, Pennsylvania, USA, M.A (Economics) and B.A (Honours in Economics) from Dhaka University. Dr. Siddiqi worked as international consultant of (1) World Bank, (2) Asian Development Bank, Manila, (3) UN/ESCAP, Bangkok, and (4) International Trade Centre, GATT/UNCTAD. He advised many agencies of the government of Bangladesh on various aspects relating to management development, marketing, performance evaluation, human resource development, technology transfer, etc. He is the author/ co-author of 13 books and many articles.

Besides, he serves the society by holding the following positions:

Director, BRAC EPL Investment Ltd.

Director, BRAC IT Services Ltd.

Independent Director, Asia-Pacifc General Insurance C. Ltd.

Director, Micro Industries Development Assistance Services Ltd. (MIDAS)

Chairman, Risk Management Committee, BRAC Bank Ltd.

Member, Board of Trustees, Dhaka School of Economics, Dhaka

2. Zahida Ispahani

Zahida Ispahani was elected as an Independent Director to the Board of BRAC Bank Limited in August 2012. She has been an Honorary Adviser at Ispahani Islamia Eye Institute & Hospital since 2015. She started her career as an educationist. She is an Executive Committee Member of Ispahani Girls School & College. She was Secretary at United Nations Women's Association in Bangladesh. She was also the Founder Secretary & President of the SAARC Women Association in Bangladesh. She is an organizer and member of several orphanages, social and community trusts and organizations. Zahida Ispahani is a graduate in Economics from the University of Punjab, Pakistan.

The Board of Directors of BRAC Bank Limited in its 216th meeting held on 20 March 2017, approved to appoint Mr. Asif Saleh as nominated director from BRAC and Mr. Ahsan H. Mansur as independent Director. They will be appointed subject to the approval of Regulatory bodies.

With its effective board, composing of a united team of competent directors, along with quality human capital and state of the art technology, BRAC Bank is always trying to maximize its shareholders' value.

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Board Meeting Attendance:

Sl. No.	Name of the directors	Designation	Presence of the directors in the meetings during their tenure		
			No of Meetings	Present	Absent
1	Sir Fazle Hasan Abed, KCMG	Chairman	18	15	3
2	Ms. Tamara Hasan Abed	Director	6	5	1
3	Dr. Hafiz G. A. Siddiqi	Director	18	17	1
4	Ms. Nihad Kabir	Director	18	14	4
5	Ms. Zahida Ispahani	Director	18	9	9
6	Mr. Shib Narayan Kairy	Director	18	16	2
7	Mr. Kazi Mahmood Sattar	Director	18	16	2
8	Mr. Kaiser Kabir	Director	10	7	3

Note: Ms. Tamara Hasan Abed Retired on the 17th AGM, 02 June, 2016. Mr. Kaiser Kabir Joined from the 202nd Board Meeting, July 2016.

Remuneration of the Directors

Directors, including the independent directors were paid the followings amounts in 2016 for attending the board meetings, board audit committee meetings and risk management committee meetings held during the year:

Name of Directors	Remuneration Drawing (BDT)
Sir Fazle Hasan Abed, KCMG	108,000
Ms. Tamara Hasan Abed	36,000
Dr. Hafiz G. A. Siddiqi (Independent Director)	208,800
Ms. Nihad Kabir	100,800
Ms. Zahida Ispahani (Independent Director)	64,800
Mr. Shib Narayan Kairy	201,600
Mr. Kazi Mahmood Sattar (Independent Director)	201,600
Mr. Kaiser Kabir	50,400

Risk And Concern

In our country the main risk is uncertainty which can be caused by political turmoil, terrorist attack, and global decisions by major powers, etc. If political stability is ensured in 2017 then it can be said that the economic condition of market will be better. Terrorist attacks which led to problems especially in the 3rd quarter of 2016 should not rise in 2017. If all these can be ensured then we are optimistic that we will be able to achieve our target.

To ensure internal control and compliance we have preset policies and procedures, guidelines to identify, mitigate and protect lapses of any operational risks and compliance risks. However, we have separate Internal Control and Compliance department that is responsible for monitoring all operations regularly and reporting to the Board Audit Committee bi-monthly.

Preparing The Annual Report

While preparing the annual report, true and fair presentation has been given priority. Maintaining proper books of account have been ensured. Appropriate accounting policies have been consistently applied while preparing the financial statements and the accounting estimates were based on reasonable and prudent judgment. International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in the preparation of the financial statements and any departure there-from has been adequately disclosed.

Going Concern Basis

The report has been prepared by considering our bank on a going concern basis. From our financial performance,

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business portfolio and operational strength it can be assumed that our business is on going concern.

Dividend

In order to maintain a healthy capital adequacy ratio of the Bank, the Board recommended 10% Cash dividend and 20% Stock dividend for the year ended 31 December 2016, subject to the approval of the 18th Annual General Meeting.

Appointment Of Auditor

The existing Auditors, M/S. A. Qasem & Co. Chartered Accountants, 7, Gulshan Pink City, Suites #01-03 (Level-7), Plot # 15, Road # 103, Block CEN(C), Gulshan Avenue, Dhaka-1212 completed their audit session for the year 2016. However, they are eligible for re-appointment for the year 2017 and hence they have expressed their willingness to work with the bank. The Board of Directors has recommended M/S. A. Qasem & Co. Chartered Accountants, a member Firm of Ernst & Young to appoint as auditors of the bank for the year 2017. The appointment of auditor will be confirmed at the 18th AGM.

We express our gratitude to all our shareholders, customers and business partners for their continuous support and placing their trust in us. Our management team and employees have been successful in building an exceptional organization that is one of the most trusted and respected financial institutions in Bangladesh. It has been their dedication, fortitude and perseverance that made this possible.

Thank you for giving us the opportunity to serve you.

Sir Fazle Hasan Abed, KCMG
Chairman

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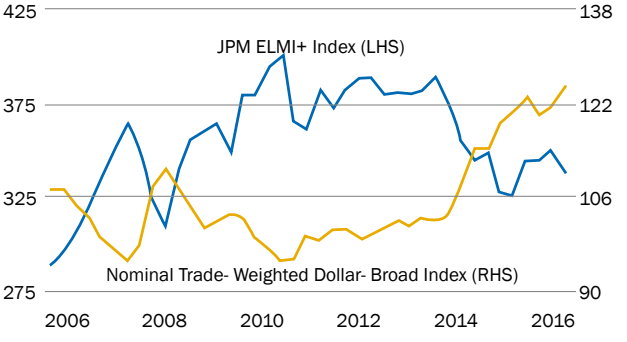
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Emerging Markets' Currencies Are More Resilient Than Before

As of 31 December 2016

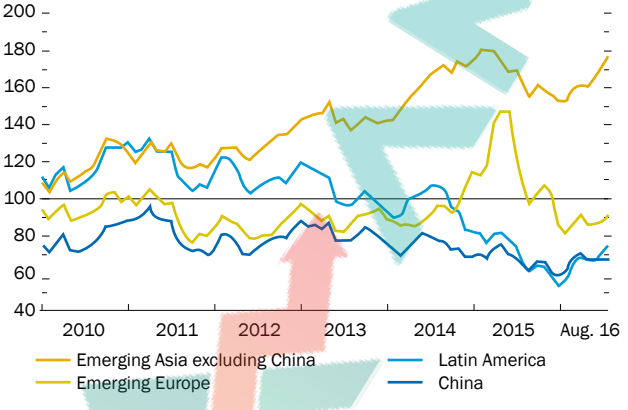


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Equity Markets

(Index, 2007 = 100)

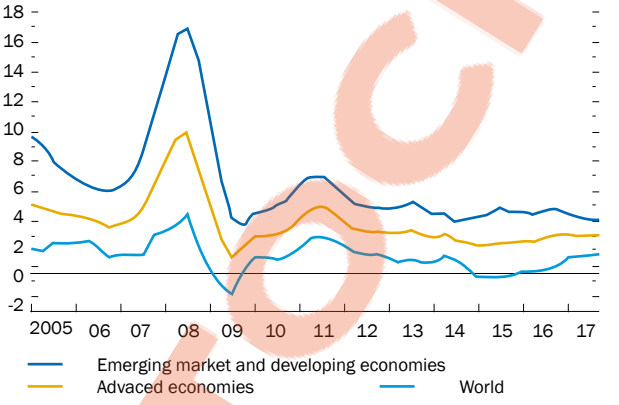


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Global Aggregates: Headline Inflation



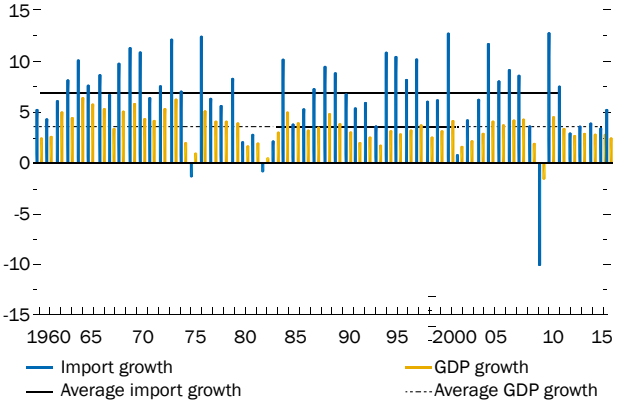
mÎ: AvBGgGd wek A_‰bwZK cevfvm, A‡±vei 2016

^ewkK ewYR¨

mv¤úwZK eQi¸‡jv‡Z ^ewkK ewY‡R¨ cev×i MvZ D‡jL‡hvM¨fv‡e nvm †c‡q‡Q| ^ewkK A_‰bwZK msK‡U Gi cej am Ges djkwZ‡Z AviI cej cwZµqvq 2012 m‡ji ci †_‡K cwZeQi cY¨ I †mevq wek ewY‡R¨i cwigvY 3 kZvs‡ki wKQUv †ewk n‡i †e‡o‡Q, hv Gi Av‡Mi wZb `k‡Ki ev×i nv‡ii M‡oi A‡a‡Ki Kg| ewYR¨ cev×i axiMvZ jÿYxq, ve‡klZ hLb ewY‡R¨ cev× I ^ewkK A_‰bwZK KgK‡Ûi g‡a¨Kvi HwZnwmK m¤ú‡Ki vei‡× ivLv nq| 1985 mvj I 2007 m‡ji g‡a¨, cKZ wek ewYR¨ ‰ewkK wRwWwci †P‡q M‡o wØ¸Y MvZ‡Z †e‡o‡Q, †hLv‡b MZ Pvi eQ‡i GB MvZ Le Kg †ÿ‡ÎB eRvq wQj|

2012 mvj †_‡K cKZ ewYR¨ cev×i nvm jÿYxq, ve‡klZ hLb ewY‡R¨ cev× I ^ewkK A_‰bwZK KgK‡Ûi g‡a¨Kvi HwZnwmK m¤ú‡Ki vei‡× ivLv nq|

World



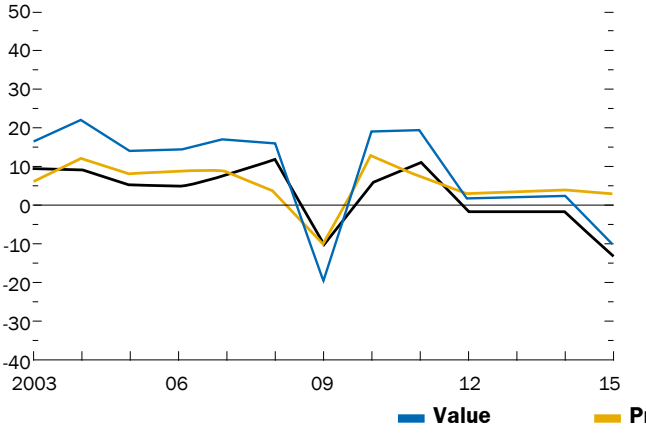
mÎ: AvBGgGd wek A_‰bwZK cevfvm, A‡±vei 2016

cKZc‡ÿ, 2011 m‡ji †kl v`K †_‡K bvggvÎ gwKb Wj‡ii bwZ‡Z †ek mvgZ n‡i wek ewY‡R¨ ev× Ae¨vnZ _v‡K, †hLv‡b

am N‡U 2014 mv‡ji wØZxq fv‡M| A_bxZ‡Z Aeva bxZ I wRWwc cevx× Dfq †ÿ‡Îi Rb¨B cKZ ewYR¨ cevxi MvZ

Goods and Services Import Growth

(Percent)

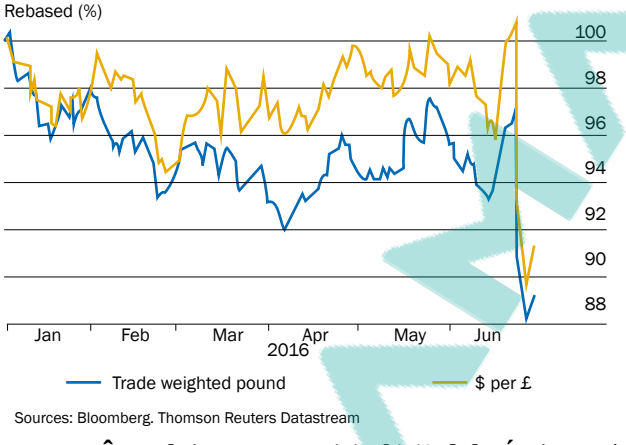


†ev·U

h³ ivR¨ BD‡ivcxq BDwbq‡bB (BBD) _vK‡e e‡j Av¯v wQj wewb‡qvMKvi‡`i, ZvB †ev·U †fvU wQj evRv‡ii Ici cKZ av°v| G NUbvq, A‡bK cevfv‡mi m‡½ msMvZ †i‡LB ÷vivjs c‡o vM‡q 31 eQ‡ii g‡a¨ mewb¤ nq| †ev·U cieZx ÷vivjs‡q wKí evRv‡i eo am Ae¨vnZ _v‡K|

Sterling exchange rates

Rebased (%)



Sources: Bloomberg. Thomson Reuters Datastream

mÎ: _gmb iqUvm WvUw÷g †_‡K wb‡q‡Q dvBb¨wÝqvj UvBgm|

h³ ivó wbevPb

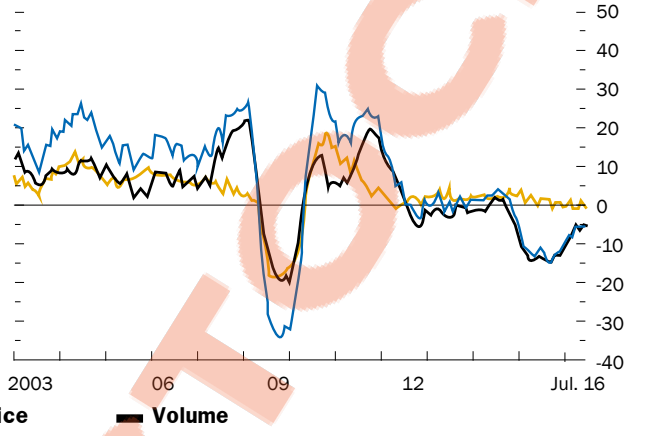
2016 mv‡ji 8 b‡f¤i AbôZ gwKb wbevP‡b Rqx n‡q h³ iv‡ói 45Zg †cvm‡WvU nb †Wvbvì Uv¤ú| Zvi R‡q IB v`b ^ewkK evRvi¸‡jv‡Z AvZ¼ Qvo‡jI Iqvj v÷U wbevP‡bi mgq BwZevPK cvZvµqv †`Lvq|

- `¨ WvD †Rvbm 1 `kgK 4 kZvsk †e‡o nq 18 nvRvi 590 c‡qvU|
- `¨ Gm A¨vÛ wc 500, 1 `kgK 1 kZvsk †e‡o `voq 21 nvRvi 163|

Kg‡e| hvIqv dj m`icmvix| bewbewPZ gwKb †cvm‡W‡›Ui m¤ve¨ bZb bxZi Kvi‡Y ewYR¨ cevx× AviI cvZKjZvi m¤§Lxb n‡Z cv‡i|

Goods and Services Import Growth

(Year-over-year percent change)



mÎ: AvBGgGd wek A_bxZK cevfvm, A‡±vei 2016

- g`v evRv‡i, Rvcwb B‡q‡bi wecix‡Z gwKb Wjvi cvq Pvi g‡mi g‡a¨ m‡ev”P nq| ivZviwZ wewbg‡qB GwU 4 kZvsk c‡o hvq| †gv·Kvb †c‡mv 13 kZvsk c‡o †M‡jI 8 `kgK 7 kZvs‡k vM‡q v¯i nq, †hLv‡b cvZ Wjv‡ii wecix‡Z vQj 19 `kgK 91 †c‡mv|
- h³ iv‡ói 10 eQ‡ii ivR¯ Avq ev‡o 2 kZvsk- hv Rvbqwii ci †_‡K vQj m‡ev”P|

^ewkK A_bxZK cevfvm

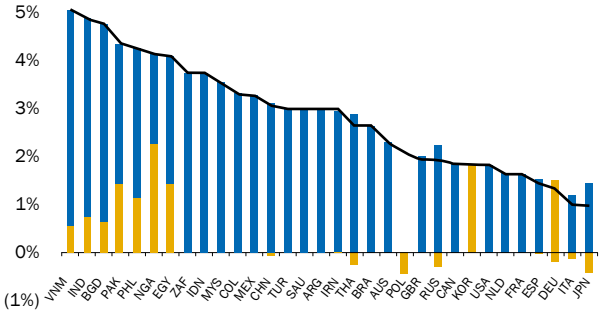
- 2017 I 2018 mv‡j A_bxZK KgKv‡Û MvZkxjZv ARb Ki‡e e‡j cZ¨vkv Kiv nq, we‡klZ 2016 mv‡j wb®úf AR‡bi ci DVvZ evRvi I Dbqbkxj A_bxZ vb‡q GB Avkv Kiv nq|
- †h‡nZ Pvb, ewRj I fviZ fvel¨‡Z cevx× AR‡bi Avkv Ki‡Q, ZvB eabiZ Dbqbkxj GKwU †`k wn‡m‡e AvgivI MvZkxjZv a‡i ivLvi cZ¨vkv Ki‡Z cwi|
- we‡klZ, h³ iv‡ó ev P‡bi bxZ DÏxcK eZgvb cviKíbvi †P‡q eo n‡j ^ewkK KgKvÐ AviI †Rvi`vif‡e MvZkxj n‡Z cv‡i|

evsjv‡`‡ki A_bxZ

eZgv‡b we‡ki Ab¨Zg `ªZ eabkxj A_bxZi †`k evsjv‡`k| cvBmIqvUvinvDmKcvi‡mi (vcWveDvm) M‡elYv Abhvqx 2050 mv‡ji g‡a¨ Avgiv eZgvb we‡ki ZZxq `ªZ eabkxj A_bxZi †`‡k cviYZ n‡q eZgvb 31Zg enr A_bxZi †`k †_‡K 23Zg ¯vb ARb Kie|

Average real GDP growth p.a.

(2016-2050)



Sources: pwc analysis

M‡elYv Abhvqx, M‡o cvZeQi 5 kZvs‡ki g‡Zv cev×‡Z 2016 †_‡K 2050 mv‡ji g‡a¨ `ªZ eabkxj A_bxZi †`k nIqvi m¤vebv Av‡Q evsjv‡`‡ki| †`‡ki Pwn`v I Drcv`b GwM‡q wb‡Z Avgiv ZiæY I `ªZ †e‡o IVv Kgÿg Rb‡Mwôi mvav cve| wKš‘DwjwLZ msL¨vi g‡Zv, evsjv‡`‡ki g‡Zv Dbqbkxj †`k,‡jvi †ÿ‡Î gv_vcQ cKZ vRvWvc cev×i gva¨‡g cev× cviPwjZ nq, †hLv‡b gjab wevb‡qvM I chv³i AMMvZ mvav evo‡bvq cKZ kg Drcv`bkxjZv ev‡o| GB m¤vebv eS‡Z n‡j, †UKmB A_‰bwZK ms¯‹vi, mvgvóK A_bxZi gjbxZ, cvZôvb †Rvi`v‡ii gva¨‡g cev×‡K mnvqZv Ki‡Z n‡e Ges ve‡klZ, `xN‡gqv` A_‰bwZK cev×‡Z Avgv‡`i `ªZ eabkxj Kgÿg Rb‡Mwôi kg Ae`vb wbwðZ Ki‡Z MYwkÿv †Rvi`vi Ki‡Z n‡e|

m‡fvib †ivUs

¯‹vZxkxjZvi m‡½ evsjv‡`k ARb K‡i‡Q ÔveG3Õ (Ba3) (gvWÔm †mvf‡ib †ivUs) I ÔveveÕ (BB) (wdÂ js-Uvg d‡ib A¨vÛ †jvKvj Kv‡iÝ Bm¨qvi wWd ë †ivUs)|

evsjv‡`‡ki †ivUs fvimv‡g¨ `ej KvVv‡gvMZ wb‡`kK, D‡jL‡hvM¨ ivR‰bwZK SvK I e¨vswKs Lv‡Zi `ej Ae¯‹vi weci¤ªZ Av‡Q kv³kvjx ˆe‡`wkK g`v Avq Ges D”P I ¯‹vZxkxj cKZ vRvWvc cev×| ÔveveÕ †kvYi ga¨gv 3 `kgK 5 kZvs‡ki Abcv‡Z evsjv‡`‡ki cKZ vRvWvc cev× †ewk, MZ cvP eQi M‡o 6 `kgK 5 kZvsk| evsjv‡`‡ki ˆe‡`wkK A_bxZ mnvqZv †c‡q‡Q ¯‹¯‹cY I a‡i a‡i ev× cvIqv ˆe‡`wkK g`v viRv‡fi, 2016 mv‡ji wW‡m¤‡i hvi cvigvY `wo‡q‡Q vZb nvRvi 210 †KwU gwKb Wjvi| (ÔveveÕ †kvYi Rb¨ 4 `kgK 4 gv‡mi ˆe‡`wkK cvIbv †gUv‡bvi viRvf _Kvi Abcv‡Z evsjv‡`‡ki Av‡Q 7 `kgK 9 gv‡mi)

vRvWvct LvZIqvi ARb

Kvl LvZ

Kvl m¤úmviY Ava`ß‡ii (vWGB) g‡Z, 2017 A_eQ‡ii Rb¨ Lv`¨k‡m¨i Drcv`‡bi jÿ¨gvÎv aiv nq vZb †KwU 92 jvL 30 nvRvi †gvUK Ub, hv ceeZx A_eQ‡ii Drcv`‡bi cvq mgvb| Z‡e jÿ¨gvÎv wbaviY Kiv n‡q‡Q GK †KwU 22 jvL 80 nvRvi †n±i Rvgi Ici, hv ceeZx eQ‡ii †P‡q `kgK 77 kZvsk †ewk| GK eQi fvj Drcv`‡bi ci, 2017 A_eQ‡i †gvU Lv`¨k‡m¨i msnfvM Pv‡ji Drcv`b jÿ¨gvÎv wbaviY Kiv nq vZb †KwU 50 jvL 80 nvRvi †gvUK Ub, hvi g‡a¨ Av‡Q AvDm 24 jvL 80 nvRvi †gvUK Ub, Avgb GK †KwU 35 jvL 40 nvRvi †gvUK Ub I †ev‡iv GK †KwU 90 jvL 60 nvRvi †gvUK Ub, hv ceeZx eQ‡ii Drcv`‡bi cvq mgvb| 2017 A_eQ‡ii Rb¨ Pv‡ji evB‡i Lv`¨k‡m¨i g‡a¨ M‡gi Drcv`b jÿ¨gvÎv wbaviY Kiv nq 13 jvL 50 nvRvi †gvUK Ub, hv ceeZx eQ‡ii Zjbvq mvgvb¨ Kg ( `kgK 52 kZvsk), Avi fÆvi Drcv`b jÿ¨gvÎv wbaviY Kiv nq 27 jvL 60 nvRvi †gvUK Ub|

vkí LvZ

2017 A_eQ‡ii c_g vZb g‡m, vkí Lv‡Zi Kvhµg m‡švlRbK cev× ARb K‡i‡Q, ve¨¯‹r mieivn e¨e¯‹vi DbœZ, ev¯‹egLx ivR¯‹ bxZ, AbKj g`vbxZ †_‡K GwU DcKZ n‡q‡Q| 2016 A_eQ‡ii RjvB-AvM‡÷ Drcv`‡b e¨vcK 24 `kgK 35 kZvsk cev× n‡q‡Q (eQi-Ici-eQi) Ges chv‡jvPbvaxb mg‡q ÿ`ª I gvSwi gv‡bi Drcv`b vk‡íI D‡jL‡hvM¨ 9 `kgK 53 kZvsk cev× AvRZ n‡q‡Q| enr I gvSwi vk‡íi ceväi A‡bKvskB G‡m‡Q AaviZ LvbR Drcv`b (23 `kgK 93 kZvsk), ivevi I cw÷K Drcv`b (16 `kgK 70 kZvsk), Ila (13 `kgK 68), PvgovRvZ cY¨ (22 `kgK 98 kZvsk), e¯‹ (12 `kgK 56 kZvsk) I †cvkvK (8 `kgK 92 kZvsk) †_‡K| Aciv‡K, GKB mg‡q, Lv`¨cY¨, †gŠjK avZ I cvienb hšcwZ Drcv`‡b †bvZevPK cev× †`Lv hvq |

†mev LvZ

A‡bK¸‡jv cv· mP‡Ki (†hgb, ewYR¨ A_vqb, cvienb I †hvMv‡hvM Lv‡Z e¨vs‡Ki GwM‡q Avmv, PÆMvg e›`‡i Kv‡Mv cviPvjbv BZ¨vw`) gva¨‡g D‡V Avmvi Rb¨ 2017 A_eQ‡ii c_g vZb g‡m †mevLv‡Z †Rvi cev× jÿ¨ Kiv †M‡Q| e¨vs‡Ki GwM‡q Avmvi Z‡_¨ †`Lv hvq, 2016 A_eQ‡ii c_g vZb g‡mi Zjbvq 2017 mv‡ji GKB mg‡q e¨emv I ewYR¨ Ges cvienb I †hvMv‡hvM Lv‡Z FY (e‡Kqv) h_vµ‡g 15 `kgK 80 Ges 7 `kgK 30 kZvsk †e‡o‡Q| GKBfv‡e, 2016 A_eQ‡ii c_g vZb g‡mi Zjbvq 2017 mv‡ji GKB mg‡q PÆMvg e›`‡i Kv‡Mv cviPvjbvI 7 `kgK 89 kZvsk †e‡o‡Q|

Aw_K LvZ

e¨q

GKwU cv_vgK vnv‡e †`Lv hvq, 2017 A_eQ‡ii c_g vZb g‡m LiP vQj 57 nvRvi 520 †KwU UvKv (ewlK Li‡Pi jÿ¨gvÎvi

16 `kvgK 9 kZvsk), hv 2016 A_eQ‡ii GKB mg‡qi Zjbvq 10 `kvgK 2 kZvsk †ewk| 2016 A_eQ‡ii c_g vZb gv‡mi Zjbvq 2017 A_eQ‡ii GKB mg‡q 4 `kvgK 7 kZvsk †e‡o eZgvb LiP n‡q‡Q 41 nvRvi 230 †KwU UvKv, †hLv‡b GwWvc LiP 58 `kvgK 5 kZvsk †e‡o n‡q‡Q 10 nvRvi 790 †KwU UvKv (GwWvc jÿ¨gvÎv 9 `kvgK 7 kZvsk)|

ivR¯ Av`vq

RvZxq ivR¯ †ev‡Wi (GbveAvi) ivR¯ Av`vq 2016 A_eQ‡ii c_g vZb gv‡mi Av`vq 31 nvRvi 120 †KwU UvKv †_‡K 17 `kvgK 1 kZvsk †e‡o 2017 A_eQ‡ii GKB mg‡q n‡q‡Q 36 nvRvi 440 †KwU UvKv, hv 2017 A_eQ‡ii ewlK ivR¯ Av`vq jÿgvÎvi 17 `kvgK 9 kZvsk| 2016 A_eQ‡ii c_g vZb gv‡mi Zjbvq 2017 A_eQ‡ii GKB mg‡q AvqKi, gj¨ ms‡hvRb Ki (f¨vU), Avg`vb-ißvb ïé I Ab¨vb¨ Drm †_‡K ivR¯ Av`vq h_vµ‡g 10 `kvgK 2 kZvsk, 14 `kvgK 8 kZvsk, 17 `kvgK 5 kZvsk I 34 `kvgK 2 kZvsk †e‡o‡Q|

ˆe‡`vkK LvZ

ißvb

evsjv‡`k ißvbx Dbqb e¨‡ivi (Bwcve) Z_¨g‡Z, ißvb Avq 2016 A_eQ‡ii c_g vZb gv‡mi Avq 776 †KwU gvKb Wjvi †_‡K 4 `kvgK 1 kZvsk †e‡o 2017 A_eQ‡ii GKB mg‡q n‡q‡Q 808 †KwU gvKb Wjvi (G¨vWRv‡÷W Gd I ve) vfvË‡Z mvgÄm¨ ißvb Avq 2016 mv‡ji c_g vZb gv‡mi Avq 764 †KwU gvKb Wjvi †_‡K 3 `kvgK 5 kZvsk †e‡o 2017 A_eQ‡ii GKB mg‡q n‡q‡Q 791 †KwU gvKb Wjvi) 2017 A_eQ‡ii c_g vZb gv‡m ˆZvi †cvkvK Lv‡Zi ißvb 3 `kvgK 52 kZvsk †e‡o n‡q‡Q 667 †KwU gvKb Wjvi, BD‡iv‡ci †`k‚‡jv‡Z ißvb †e‡o‡Q 10 `kvgK 9 kZvsk| Ab¨vb¨ ‚iæZcY ißvb c‡Y¨i g‡a¨ P‡qi ißvb †e‡o‡Q 20 kZvsk Ges wPwo I g‡Qi ißvb †e‡o‡Q 10 `kvgK 9 kZvsk, †hLv‡b KvPv cv‡Ui ißvb K‡g‡Q 5 `kvgK 5 kZvsk|

Avg`vb

Avg`vb cvi‡kva (G¨vWRv‡÷W Gd I ve mvgÄm¨ vfvË‡Z) 2016 A_eQ‡ii c_g vZb gv‡mi 947 †KwU gvKb Wjvi †_‡K 17 `kvgK 3 kZvsk †e‡o 2017 A_eQ‡ii GKB mg‡q n‡q‡Q GK nvRvi 111 †KwU gvKb Wjvi| Lv`¨km¨ Avg`vb 2016 A_eQ‡ii c_g vZb gv‡mi 17 †KwU 80 jvL gvKb Wjvi †_‡K †e‡o 2017 A_eQ‡ii GKB mg‡q n‡q‡Q 26 †KwU 86 jvL gvKb Wjvi| †fvM¨cY¨ I Am¤úY cY¨ Avg`vb 2016 A_eQ‡ii c_g vZb gv‡mi 543 †KwU gvKb Wjvi †_‡K 6 `kvgK 6 kZvsk †e‡o n‡q‡Q 578 †KwU gvKb Wjvi| 2017 A_eQ‡ii c_g vZb gv‡m, Avg`vbi Rb¨ Gjvm 10 `kvgK 16 kZvsk †e‡o n‡q‡Q GK †KwU 77 jvL gvKb Wjvi, hvi g‡a¨ †c‡Uvjqvg I †c‡UvjRvZ c‡Y¨ (3 `kvgK 37 kZvsk), †fvM¨ c‡Y¨ (23 `kvgK 62 kZvsk), Am¤úY c‡Y¨ (12 `kvgK 32 kZvsk), hš¿cwZ I wewea wk‡íi Rb¨ (17 `kvgK 68 kZvsk) Gjvm †e‡o‡Q, wKš‘wk‡íi Rb¨ KvPvg‡j Gjvm K‡g‡Q (3 `kvgK 63 kZvsk)|

†ivg‡UÝ

kvgK‡`i cvVv‡bv †ivg‡UÝ 2016 A_eQ‡ii c_g vZb gv‡mi 393 †KwUi Zjbvq 2017 A_eQ‡ii GKB mg‡q K‡g `vo‡q‡Q 325 †KwU gvKb Wjv‡i| 2017 A_eQ‡ii c_g vZb gv‡m KvZvi, Rvgvb I Rvcvb Qvov AvaKvsk Drm †_‡KB †ivg‡UÝ K‡g‡Q| Aciv`‡K we‡`‡k kvgK cvVv‡bv 2016 A_eQ‡ii c_g vZb gv‡m cvVv‡bv GK jvL 32 nvRvi 238 R‡bi Zjbvq 2017 A_eQ‡ii GKB mg‡q †e‡o `vo‡q‡Q GK jvL 73 nvRvi 380 R‡b| wKš‘2016 A_eQ‡ii c_g vZb gv‡mi Zjbvq 2017 A_eQ‡ii GKB mg‡q DcmvMixq AÂj †_‡K †ivg‡UÝ cvVv‡bv 16 `kvgK 9 kZvsk K‡g `vo‡q‡Q 185 †KwU gvKb Wjvi, cavbZ †ivg‡UÝ e¨vcKfv‡e K‡g‡Q †mv` Avie (23 `kvgK 1 kZvsk), msh³ Avie AwgivZ (21 `kvgK 2 kZvsk) I evnivBb (41 `kvgK 3 kZvsk)| 2017 A_eQ‡ii c_g vZb gv‡m BD‡ivcxq AÂj †_‡K †ivg‡UÝ cvVv‡bv K‡g‡Q 26 `kvgK 4 kZvsk Avi ckvš gnvmvMixq AÂj †_‡K †ivg‡UÝ K‡g‡Q 7 `kvgK 9 kZvsk| GQvov 2016 A_eQ‡ii c_g vZbgv‡mi Zjbvq 2017 mv‡ji GKB mg‡q we‡ki ewK AÂj‚‡jv (h³ ivómn) †_‡K †ivg‡UÝ cvVv‡bv K‡g‡Q 21 kZvsk| (†Uwej 4 Gi 4)

d‡ib WvB‡i± Bb‡f÷‡gvU (GdvWAvB)

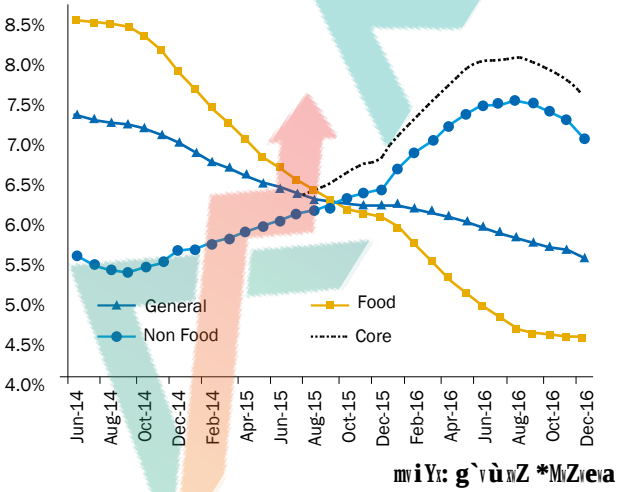
2016 mv‡j mvgvMKfv‡e ˆe‡`vkK cZ¨ÿ wewb‡qvM (GdvWAvB) 179 †KwU 33 jvL 20 nvRvi gvKb Wjv‡i †cÖQvq Ges GB mg‡q A_ vdvi‡q †bIqv nq 48 †KwU 96 jvL 20 nvRvi gvKb Wjvi| 2015 mv‡ji GKB mg‡qi Zjbvq †gvU GdvWAvB cevn K‡g ‡M‡Q 23 `kvgK 8 kZvsk| †gvU cev‡ni 58 `kvgK 93 kZvsk vQj m`g³ gjab, 27 `kvgK 18 kZvsk vQj Av‡qi cbwb‡qvM I 13 `kvgK 89 kZvsk vQj Avš-cwZôvbK FY| GdvWAvB cev‡ni eo Ask G‡mvQj vm½vci (22 †KwU 59 jvL 60 nvRvi gvKb Wjvi), h³ ivR¨ (16 †KwU 9 jvL 40 nvRvi gvKb Wjvi), h³ ivó (13 †KwU 98 jvL 70 nvRvi gvKb Wjvi), `vÿY †Kwiqv (12 †KwU 89 jvL 40 nvRvi gvKb Wjvi), biI‡q (12 †KwU 22 jvL 50 nvRvi gvKb Wjvi), nsKs (Qq †KwU 50 jvL 20 nvRvi gvKb Wjvi), †b`vi j¨vÛm (cvP †KwU 35 jvL gvKb Wjvi), fviZ (cvP †KwU 27 jvL 90 nvRvi gvKb Wjvi) †_‡K|

e¨v‡j Ý Ae †c‡gvU

Pjv Z vnmve fvimv‡g¨i (vm G ve) bv_‡Z 2016 A_eQ‡ii c_g vZb gv‡m GK nvRvi 66 †KwU 30 jvL gwKb Wjvi DØ‡Ëi Zjbvq 2017 A_eQ‡ii GKB mg‡q 50 †KwU 40 jvL gwKb Wjvi NvUvZ †`Lv hvq| ewYR¨ mgZvq e¨vcK NvUvZ I †ivg‡UÝ ce©v‡n †bvZevPK ce©×i Kvi‡Y 2017 A_eQ‡ii c_g vZb gv‡m vmGve GB NvUvZ n‡q‡Q| Aw_K vnmv‡e 2016 A_eQ‡ii c_g vZb gv‡m 37 †KwU 70 jvL gwKb Wjvi DØ‡Ëi Zjbvq 2017 A_eQ‡ii GKB mg‡q `B nvRvi Pvi †KwU 50 jvL gwKb Wjvi DØË †`Lv hvq, Ges gjab vnmv‡e 2016 A_eQ‡ii c_g vZb gv‡m AvU †KwU 80 jvL gwKb Wjvi DØ‡Ëi Zjbvq 2017 A_eQ‡ii GKB mg‡q Qq †KwU gwKb Wjvi DØË †`Lv hvq| cvi‡kva vnmv‡e (veIvc) 2017 A_eQ‡ii c_g vZb gv‡m 179 †KwU gwKb Wjvi DØË †`Lv †M‡Q, hv 2016 A_eQ‡ii GKB mg‡qi 197 †KwU gwKb Wjvi DØ‡Ëi Zjbvq Kg| 2016 mv‡ji †m‡Þ¤‡i ˆe‡`wkK g`v vebgq viRvf `wo‡qwQj vZb nvRvi 139 †KwU gwKb Wjvi|

g`vùwZi nvi

ÔKbR¨gvi cvBm Bb‡W¯Ô (vmvcAvB) g`wùvZ ewlK Mo 5 `kvgK 5 kZvsk †_‡K K‡g 2016 mv‡ji vW‡m¤‡i vQj 5 `kvgK 3 kZvsk| vmvcAvB Svo‡Z Lv`¨‡e¨i IRb †ek D”P (56 kZvs‡ki Ici) nIqvq `vg K‡g Lve¨‡ii hv †_‡K evsjv‡`k D‡jL‡hvM¨ mveav cvq| †`kxq Drcv`b I ˆewkK cY¨ g‡j¨i AbKj cvi‡e‡ki cvZdjb NvU‡q Lvevi bq Ggb c‡Y¨i g`wùvZ 2015 mv‡ji vW‡m¤‡ii 7 `kvgK 1 kZvsk †_‡K K‡g 2016 mv‡ji vW‡m¤‡i 4 `kvgK 5 kZvsk nq| `vNg‡q`vi g`wùvZi c_vMZ cvigvcK Mo gj g`wùvZ (Lvevi I Rvjvb bq Ggb cY¨) Kg‡j I vW‡m¤‡i GvU vQj 7 `kvgK 6 kZvsk, hv cvZKj av°v †bIqvi mÿgZvi I Bw½Z K‡i| ˆewkK cY¨ Ae¯v eSvq vKQ gj¨ev×i Pvc †`Lv †M‡Q D”P Avg`wb g‡j¨i Kvi‡Y| 2016 mv‡ji vW‡m¤‡i evsjv‡`k e¨vs‡Ki me‡kl g`wùvZ m¤ve¨Zvi mgvÿv Abhvqx, GK eQi ceeZx g`wùvZ m¤ve¨Zv 6 kZvs‡ki g‡Zv, Avi m¤ve¨Zv ˆZvi n‡q‡Q †h c‡_ Zv †Rvi`vi avivevwnKZvB eSvq|



mviYx: g`vùvZ *MvZvevai Mo

mÎ: evsjv‡`k cvimsL¨vb e¨‡iv, * 12 g‡mi MvZvevai Mo

vevbgq nvi

2016 mv‡ji R‡bi Zjbvq GKB eQi †m‡Þ¤‡i gwKb Wjvi cvZ evsjv‡`k 78 `kvgK 40 UvKvi GB mevb¤ vevbgq n‡ii Mo GKB vQj, vKš‘2015 mv‡ji †m‡Þ¤‡i Wjvi cvZ 77 `kvgK 80 UvKvi Zjbvq †ewk| cKZ KvhKi vevbgq nvi (AviBBAvi) 2016 mv‡ji R‡bi †k‡l Wjvi cvZ evsjv‡`k 108 `kvgK 45 UvKvi Zjbvq †e‡o GKB eQi †m‡Þ¤‡ii †k‡l `voq Wjvi cvZ 113 `kvgK 10 UvKv| 2017 mv‡ji c_g vZb gv‡m evsjv‡`k e¨vsK 151 †KwU gwKb Wjv‡ii ˆe‡`wkK g`v vK‡b †`‡ki ˆe‡`wkK g`v †jb‡`‡bi evRv‡i n¯‡ÿc Ae¨vnZ †i‡L‡Q|

g`vbwZ

2017 A_eQ‡ii c_g fv‡Mi Rb¨ g`vbwZ veeiY‡Z (GgvcGm) vbavwiZ KgmvPi c‡_ †ek Avbqvš—Zfv‡e msh³ vQj A_ I FY evRv‡ii vb‡`kK¸‡jvi MvZvev| ˆe‡`wkK †gvU m¤ú‡`i D”P ce©× (21 `kvgK 9 kZvsk) I †emiKwi Lv‡Z cvigvZ ce©× (15 `kvgK 34 kZvsk) m‡ËI †evW gvb (GgU) ce©× (13 `kvgK 40 kZvsk) KgmvPi c‡_i vb‡PB †_‡K hvq| †emiKwi Lv‡Zi FY ce©× †bvZevPK (3 `kvgK 27 kZvsk) nIqvq †`kxq FY ce©× (11 `kvgK 89 kZvsk) KgmvPi n‡ii Kg vQj| Aciv`‡K A‡_i ¸YK †QvU nIqvq 2016 A_eQ‡ii †P‡q 2017 A_eQ‡i viRvf A‡_i ce©× (16 `kvgK 70 kZvsk) n‡q‡Q j ÿ¨gvÎvi †P‡q †ewk|

A_mieivn I FY ce©×

2016 mv‡ji b‡f¤‡i eW gvbi (GgU) ce©× `wovq 13 `kvgK 8 kZvsk| b‡f¤‡i †emiKwi Lv‡Z FY †e‡o‡Q 15 kZvsk| vKš‘ 2016 mv‡ji b‡f¤‡i miKwi Lv‡Z FY K‡g‡Q 1 `kvgK 3 kZvsk| ev¦R‡Ui NvUvZi A_vq‡b e¨vsK e¨e¯v †_‡K FY †bqvb miKvi (ev¦R‡U A_vq‡bi Rb¨ 38 nvRvi 900 †KwU UvKv e¨vsK †_‡K †bIqvi cviKíbv vQj)| eis, miKvi 11 nvRvi 100 †KwU UvKv FY cvi‡kva K‡i‡Q| e¨vsK evnfZ ev¦RU A_vqb evRvi vfvËK e¨e¯v (e¨vsK FY, miKwi RvgvbZ) †_‡K mvi‡q evRv‡ii evB‡ii e¨e¯vq †bIqv n‡q‡Q, †hgb, RvZxq mÂqcÎ (GbGmwm)| 2016 mv‡ji RjvB †_‡K b‡f¤‡i, †gvU GbGmwm vev‡µ n‡q‡Q 20 nvRvi 300 †KwU UvKvi, hv GB g‡a¨ 2017 A_eQ‡ii ewlK jÿgÎv 19 nvRvi 600 †KwU Qwo‡q‡Q| evRv‡ii evB‡i †_‡K GB vecj nv‡i m¤ú` †bIqvi Kvi‡Y eÛ g‡KU I †cbkb dv‡Ûi evRvimn vevfb †ÿ‡Îi AMMvZi cvigÛj cvieZb n‡”Q| viRvf A‡_i ce©×i avivKgmvPi c‡_ a‡i ivL‡Z Ges A_ evRv‡i `i`kx e¨e¯vcbvi Rb¨ 2017 A_eQ‡i evsjv‡`k e¨vsK vevfb A_©bvZK e¨e¯vi gva¨‡g e¨vsK e¨e¯v †_‡K AvZvi³ Zvij¨ mvi‡q †bq|

m‡`i nvi

2016 mv‡ji Rb †_‡K b‡f¤‡i, Mo FY`vb I Avgvb‡Zi nvi 45 I 25 vfvË ve›` †_‡K 9 `kvgK 94 kZvsk I 5 `kvgK 29 kZvsk K‡g‡Q, †h Kvi‡Y Mo ve¯vZ msKvPZ n‡q 20 vfvË ve›` †_‡K 4 `kvgK 65 kZvsk K‡g‡Q| m‡`i nvi K‡g hvIqv AbKj g`vùvZi Ae`vb Ges h_ó Zvij¨ I e¨vsK e¨e¯vq Av‡iv cvZ‡hvMZvi cvZdjb| Z‡e, gj g`wùvZ I g`wùvZi eo Avk¼v Ges D”Pg‡j¨i c‡Y¨i †ÿ‡Î g`wùvZi SvK evovZ

_vK‡jI mv¤úwZK gvm¸‡jv‡Z g`wùvZ a‡i a‡i K‡g‡Q| Ggb Ae¯q evsjv‡`k e¨vs‡Ki bxwZ AcwieZbxq Av‡Q Ges mv¤úwZK GgwcG‡m †i‡cv‡Z m‡`i nvi 6 `kwgK 75 kZvsk Ges wifvm †i‡cv‡Z m‡`i nvi 4 `kwgK 75 kZvsk †i‡L‡Q|

Kj gwb †iU

Kj gwbi nvi 2016 m‡ji R‡bi 3 `kwgK 70 kZvsk †_‡K K‡g GKB eQ‡ii †m‡Þ¤‡i 3 `kwgK 64 kZvsk n‡q‡Q| FY †`Iqv I Avgvb‡Zi nvi 2016 m‡ji R‡bi †k‡li 4 `kwgK 85 kZvsk †_‡K GKB eQ‡ii †m‡Þ¤‡ii †k‡l 4 `kwgK 76 kZvsk n‡q‡Q|

evsjv‡`‡ki A_‰bwZK cevfvm

- 2016 A_eQ‡ii c_g Qq g‡m mvgvóK A_bxwZi mKj †ÿ‡Î we‡kl K‡i miKv‡ii AeKvVv‡gv I wewb‡qvM Lv‡Z A_‰bwZK KgKvÛ `pfv‡e m¤úmwiZ n‡q‡Q| GLv‡b D‡jL¨ †h, 2015-2016 A_eQ‡i c_gev‡ii gZ vRvWvc cev× 7 kZvsk AvZµg K‡i‡Q|
- MYcRvZš¿ evsjv‡`k miKvi Avkvev`x †h, A‡cÿvKZ AbbZ Lv‡Z ¸iæZ v`‡q AvMvgx `B eQ‡ii g‡a¨ vRvWvc cev× 8 kZvs‡k DwbZ n‡e| Gi d‡j e¨cK Kgms¯‡bi mvó n‡e, Avq I evRvi Pwn`v ev× cv‡e, hvi cvi‡cvÿ‡Z A_bxwZ m¤úmwiZ n‡e I F‡Yi Pwn`v evo‡e|
- e¨vsK¸‡jvi g‡a¨ cvZ‡hvMZv m‡ËI evRvi Pwn`vi cvi‡cvÿ‡Z F‡Yi m‡`i nvi Kgv‡bvi Ici Pvc Ae¨vnZ _vK‡e hv bZb cvZ‡hvMZvi mvó Ki‡e|
- miKvi hv` ivR‰bwZK wewkxjZv wbwðZ Ki‡Z cv‡i Zvn‡j AvMvgx eQi¸‡jv‡Z †emiKvix Lv‡Zi F‡Yi Pwn`v AviI evovi m¤vebv i‡q‡Q|
- 2016 A_eQ‡ii wØZxq cwš‡K cvRevRv‡ii KgKvÛ †`‡L cvZqgvb nq †h, evRv‡ii Ici wewb‡qvMKvix‡`i Av¯v †e‡o‡Q| Gi djkxZ‡Z gwb gv‡KU †_‡K AviI A_ cvRev‡Rv‡i cewnZ nevi m¤vebv i‡q‡Q| Gi d‡j gwb gv‡K‡U Avgvb‡Zi m‡`i nvi evo‡Z cv‡i|
- GKBmv‡_ miKv‡ii 2021 ¯cKí Abhvqx miKv‡ii enr Dbqb _jÿ¨gvÎv Av‡Q hvi gva¨‡g †`‡ki Av_-mvgwRK KgKv‡Û e¨vcK cvieZb mvPZ n‡e|

ˆe‡`wkK g`vi wiRvf

2016 m‡ji wW‡m¤‡i ˆe‡`wkK g`vi wiRvf `wo‡q‡Q vZbxwRvi 210 †KwU gwKb Wjvi| mv¤úwZK mg‡q ˆe‡`wkK g`vi wiRvf evo‡Z mnvqZv K‡i‡Q †`‡ki 16 †KwU gvb‡li `B Aej¤b avivewnK †cvkvK ißvb I we‡`‡k KgiZ evsjv‡`k‡`i cvVv‡bv †ivg‡UÝ|

mÎ:

1. evsjv‡`k e¨vs‡Ki (eve) ˆÎgwmK cvZ‡e`b (RjvB-†m‡Þ¤i 2016)
2. evsjv‡`k e¨vs‡Ki g`vbxZ veevZ, Rvbqwi- Rb 2017
3. evsjv‡`k e¨vs‡Ki I‡qemvBU
4. wcWveDwm I‡qemvBU

MvnK‡`i Rb¨ †UKmB fvel¨Z ˆZwiB Avgv‡`i c‡Póv

†`kR‡o Avgv‡`i we¯Z †bUIqvK, Avgv‡`i Kgx I Kv÷gvi Ges †`‡ki e¨emvi Acvi m¤vebv Avgv‡`i‡K evsjv‡`‡ki GK b¤i e¨vs‡K cwiYZ n‡Z mvnvh¨ Ki‡e| Avgiv MvnK, Kgxewnbx, †kqvi‡nvìvi I mgv‡Ri Rb¨ ˆbwZK I †UKmB cvZôvb n‡Z PvB|

bvMv‡ji g‡a¨B we¯Z †mev...

Ac‡qvRbxq SwK Gov‡bv Ges Avgv‡`i MvnK‡`i g‡a¨ wekvm mvói gva¨‡g wek¯ I gvbm¤úb e¨vÛ wn‡m‡e cvZôvi jÿ¨mn bvMv‡ji g‡a¨B we¯Z †mev c`v‡bi KvZZ †bq e¨vsK e¨vsK vjvg‡UW|

MvnK‡`i gj¨evb †mev c`vb...

MvnK‡`i Pwn`v ci‡Y e¨vK e¨vsK me`vB m‡PZb Ges Gi cY¨ I †mev ¯‹zi K‡i me Dcv‡q Avgv‡`i MvnK‡`i Dch³ I DbZ mvgvMK AvfÁZvi †`Iqvi †Póv K‡i|

†UKmB e¨vswKs BDwbU ˆZwi...

wb‡R‡`i j‡ÿ¨ †UKmB c×wZ c‡q¥M Ges wb‡R‡`i g‡j †UKmB ˆewkó¨ I ˆbwZK gv‡bi m‡½ e¨emv bKkvi cY¨ ˆZwi‡Z mdjZv †c‡q‡Q e¨vK e¨vsK|

D‡j L‡hvM¨ †KŠkj mgn

kv³kvjx e¨v‡jÝ vkU

cvZ‡hvMZvgjK evRvi MvZi m‡½ evsjv‡`‡ki e¨vswKs Lv‡Z †bvZevPK vKQ NUbvi g‡a¨Kvi Avbvðz mg‡q †Rvi`vi e¨v‡jÝ wmU e¨e¯v Kiv e¨vsK¸‡jvi Rb¨ eva¨ZvgjK| 2016 m‡j e¨vK e¨vsK wb¤D‡jvLZ Kvhµg¸‡jv ev¯evq‡b mdj n‡q‡Q:

- m¤ú‡Ki Z_¨ I ¯qsvµqZvi gva¨‡g MvnK m¤úK KgmvP †Rvi`vi Kiv n‡q‡Q
- mn‡RB MnY‡hvM¨ †mev c`v‡bi gva¨‡g AviI gvbl‡K gj avivq A_‰bwZK †mevq Ašf³ Ki‡Z Avgv‡`i cwiva evov‡bv n‡q‡Q
- Ôµm-†mvjsÕ c‡Póvi Drcv`bxjZv `¸Z evov‡bv n‡q‡Q
- wevfb ai‡bi e¨vswKs †mev c`v‡b g‡bv‡hvM †`Iqv n‡q‡Q

†UKmB cev×i Rb¨

cev× ARb Ki‡Z n‡e mvVK c‡_ Ges e¨vK e¨vsK memgqB †UKmB cev× wbwðZ Kiv‡K cvavb¨ w`‡q‡Q| GB AMMvZ‡K mnR Ki‡Z Avgv‡`i Av‡Q:

- Avgv‡`i kv³kvjxi Wv÷vwDkb P¨v‡bj e¨envi K‡i wbw`ó evRv‡i g‡bv‡hvM †`Iqv
- cev× I Kg`ÿZv evov‡Z chv³i e¨envi Ae¨vnZ ivLv
- †UKmB cev×i Rb¨ AviI wi‡mvm e¨envi
- †UK‡bvjvR Ges gvbe m¤ú‡` wewb‡qvM Kiv n‡q‡Q

A_©bxZK chv‡j vPbv

wKQ mg‡qi Rb¨ evsjv‡`k K‡qKwU ˆbivk¨RbK NUbvq evavM¨ n‡q‡Q| hvi d‡j GB Lv‡Zi e¨vcK ÿwZ n‡q‡Q| `xN©vqx mgm¨v¸‡jvi GKwU n‡jv †Ljvcx FY ev bb-cvidvgs †jvb (GbwcG‡j)| †`Lv †M‡Q †h cvZeQ‡ii †kl wZb g¨v‡mi GbwcG‡ji nvi K‡g hvq wKš‘c‡i Avevi ev‡o| GbwcG‡ji GB K‡g hvIqvi m¤ve¨ KviY¸‡jvi GKwU n‡jv cvZeQ‡ii wW‡m¤‡i F‡Yi cbweb¨vm I cbtZdmwjKiY| GQvov, eQi Mvo‡q hvIqvi m‡½ m‡½ ivR©bvZK v¯‹ZxjZvi cbi‡Ìv‡bi Kvi‡Y AwMg I AvgvbZ ev×‡Z evsjv‡`‡ki e¨vswKs LvZ jvfevb n‡q‡Q| evsjv‡`‡ki e¨vswKs LvZ †h‡nZ a‡i wKš‘bwðZfv‡e m¼U-cieZx hvÎvi bZb chv‡q c‡ek K‡i‡Q ZvB mvg‡bi eQi¸‡jv‡Z m‡ev”P mwevi Rb¨ e¨vsK¸‡jv‡K Zv‡`i c‡Póv I mvµq fvgKvi Rb¨ GwM‡q Avmv c‡qvRb|

†`‡ki me‡P‡q gvbwfwËK e¨vsK nIqvi GK c‡Póvq wb‡R‡`i A_©bxZK c‡qvRb I cQ‡b`i wel‡q gvbl‡K AviI mvµq I AeMZ wm×vš †bIqvq mnvqZvi gva¨‡g A_©bxZ‡Z bvMwiK‡`i gZvg‡Zi e¨e¯v Ki‡Z e¨vK e¨vsK vjvg‡UW Av‡iK avc GwM‡q‡Q| GmGgB e¨vswKs Ae¨vnZ g‡b¥hvM Ges e¨e¯vq Avgv‡`i †bZZ¯’vbxq Ae¯’vb eRvq †i‡L, Avgiv DVvZ e¨emv Lv‡ZI †kôZ a‡i ivLvi c‡Póv Pwj‡qwQ| Avgv‡`i `i`kx cbi×vi, FY SwK e¨e¯vcbvq D‡`¨vM I AvaKZi gvbm¤úb A_©qbwfwËK we¯v‡i Ae¨vnZ c‡Póvi dmj n‡jv Avgv‡`i Av‡qi DbœZ|

Avgv‡`i fvel¨‡Z wewb‡qvM

A_©bxZK e¨e¯v †_‡K mswkó MvnK‡`i c‡qvRb I cZ¨vkvi ci‡Y †Rvi`vi, mVvg I wbivc` KvVv‡gv‡Z iÿvi cwkvcwk bZb mgvavb ˆZwi Ae¨vnZ ivLvq cvZkwZe× e¨vK e¨vsK| gj e¨vswKs e¨e¯v nvjbvMv‡` Avgiv GKwbôfv‡e A_cY g‡b¥hvM v`‡qwQ| chv³ n‡jv Avgv‡`i cvZôv‡bi cvYkv³ Ges GwUB Avgv‡`i me e¨emvi fvel¨Z ce× cwiPvjbvi gj cv_K¨Kvix| Avgv‡`i MvnK‡`i Kv‡Q wbivc` cY¨, wfwË I †mev †cŠQv‡bv wbwðZ Ki‡Z Avgv‡`i KŠkjMZ AMwaKvi chv³MZ AMMwZ‡Z AviI m¤ú³ n‡q‡Q| Z_¨ I we‡kl‡Yi D™¢veb bZb e¨emvi m‡hvM D‡b¥vP¨b DbœZ Avš—vói e¨e¯v K‡i Ges Avgv‡`i cvZ‡hvMZvgjK Ae¯v‡bi AMMwZi Rb¨ AviI Avfbe c‡_ e¨emvi m‡hvM K‡i †`q|

GB Lv‡Zi †gave‡`i wb‡qv‡Mi msM‡ni Rb¨ Mfxifv‡e g‡b¥hvM v`‡q‡Q e¨vK e¨vsK Ges cvZôv‡bi cieZx cR‡b¥i vjWvi‡`i ˆZwi‡Z cwkÿ‡Yi Ici g‡bwb‡ek K‡i‡Q| AvfÁ‡`i wb‡qvM 2016 mv‡j Avgv‡`i A_©bxZK mvd‡j¨ D‡jL‡hvM¨ cfve †d‡j‡Q, evsjv‡`‡ki †miv e¨vsK n‡Z GwM‡q Pjvq gj ce×i LvZ a‡i ivL‡Z I cvZKj cvi‡e‡k Lvc LvIqv‡Z Ges ceeZx AR‡bB AvZ¥Zó bv_K‡Z Avgv‡`i vUg‡K Avgiv Av‡iv kv³kvjx Kiv Ae¨vnZ ivLe|

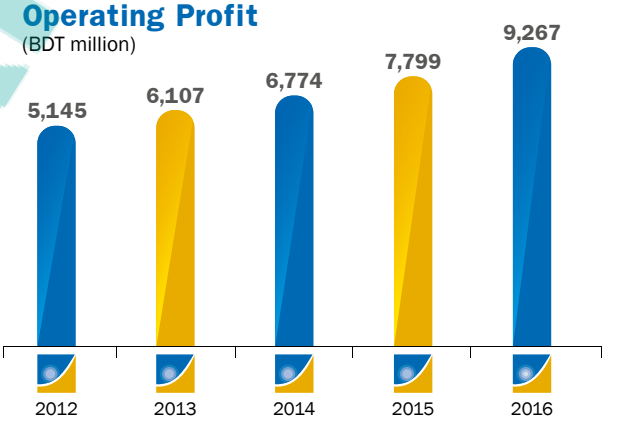
cbweb¨vm

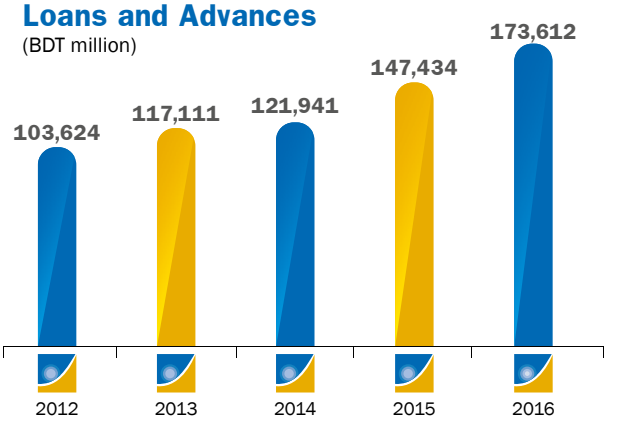
web¨v‡mi Rb¨ mewb¤ chv‡q cvieZb cvigvc K‡i †UKmB e¨e¯v ˆZwi I Av‡iv gj¨ I `ÿZv AR‡b bb-K¤úv‡qÝ I bb-fvqvej velq¸‡jv a‡i a‡i vejxß gva¨‡g e¨vK e¨vsK Gi ve`¨vgvb MV‡bi ms¯’vi K‡i‡Q| KvVv‡gvi cvieZb Avgv‡`i MvnK‡`i m‡½ vg_v©qv I cew× cwiKíbv MvZxq Kivq cfve †d‡j‡Q| MnxZ D‡`¨v‡Mi K‡qKwUi ms‡ÿ‡c wb‡P †`Iqv n‡jv:

- Z_¨ †kqv‡ii gva¨‡g m¤ú` `ÿfv‡e e¨envi Ôg¨wU·Õ MVb ev¯evqb, hv wm×vš †bIqvi cvµqv‡K Ziv‰Z K‡i
- kvLv e¨vsK e¨e¯vcbvi ms¯’vi¸‡jv I GBGgB MvnK‡`i AviI DbœZ †mev c`v‡bi Rb¨ kvLv e¨vsKs e¨e¯vcbvi KvVv‡gvi ms¯’vi
- LiP Kgv‡Z wefvfb e¨emvwqK Kv‡Ri AvDU‡mwms
- e¨vsK‡K `ÿ I cvZ‡hvMZvgjK ivLvi mnvqZvq KgPvi‡`i g‡a¨ evU‡bi gnv Kiv n‡q‡Q
- gj¨‡eva aŸsmKvix †mev/ cY¨ wPwýZ I ewZj Kiv n‡q‡Q

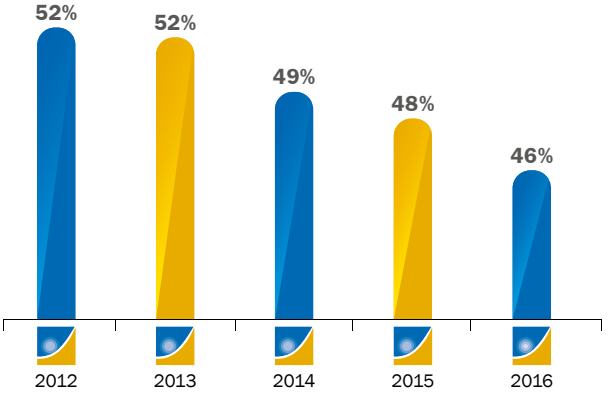
cwiPvjbv `ÿZv

Avgv‡`i Kgv‡`i DØ×Ki‡Yi gva¨‡g m¤ú‡`i D”P KvhKwiZv I `p e¨q wbqšÍ Avgv‡`i wewb‡qvM mÿgZv ewo‡q‡Q hv evsjv‡`‡k †kiv e¨vsK n‡Z c‡qvRbxq| mv¤úwZK eQi¸‡jv‡Z Avgv‡`i †kqvi‡nvìvi‡`i cZ¨vkvi cvZ g‡b¥hvM †`Iqv Avgv‡`i mvd‡j¨i Ab¨Zg KviY|

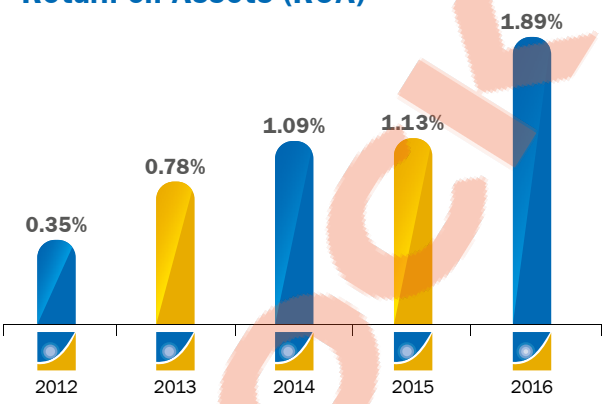




Cost to Income Ratio

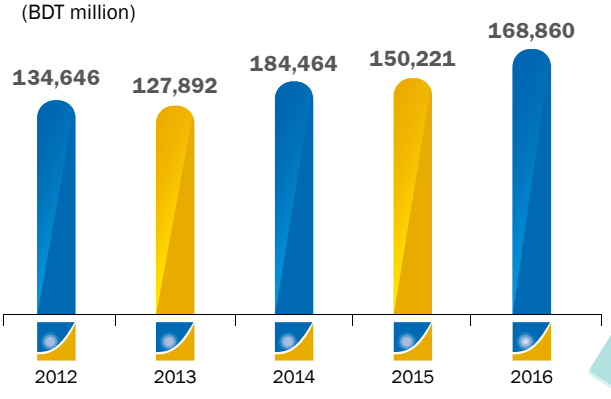


Return on Assets (ROA)



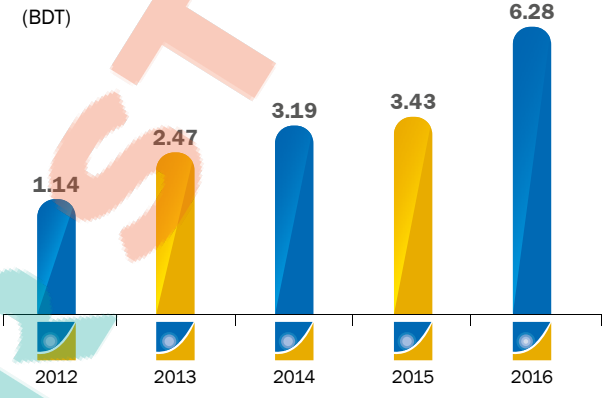
Deposits

(BDT million)

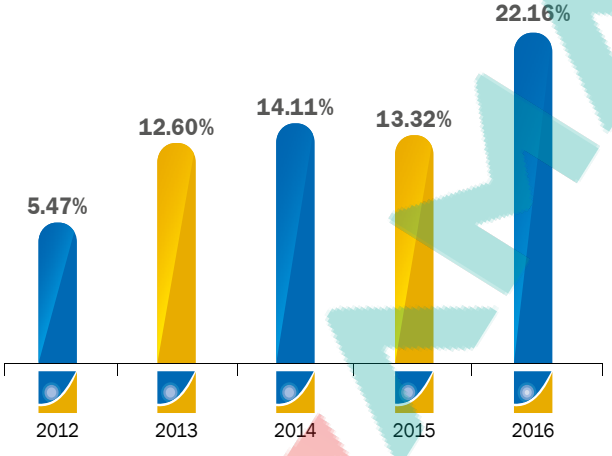


Earnings Per Share (EPS)

(BDT)



Return on Equity (ROE)



A_‰bwZK cwid‡gÝ - jvfRbKZv

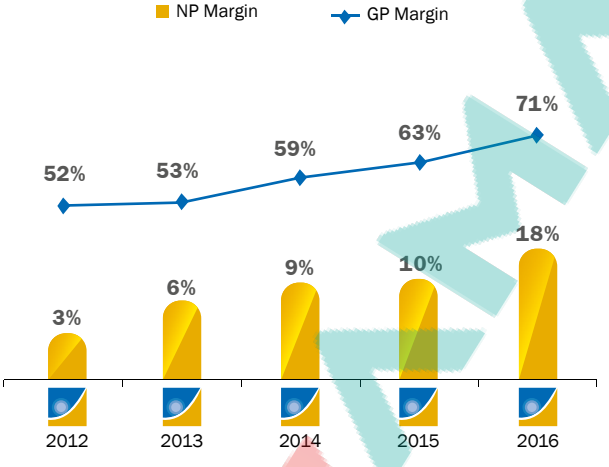
Avgv‡`i †KŠkjMZ cwiKíbvi g‡j Av‡Q Aw_K I A_‰bwZK w¯wZkxjZvi e¨e¯vi gva¨‡g evsjv‡`‡ki RbM‡Yi Kj¨vYKi KvR Kivi|

MZ eQi e¨vs‡Ki FY I AvM‡gi ce× n‡q‡Q `B nvRvi 617 †KwU UvKv, 2016 mv‡j m‡jv †ewm‡m 25 kZvsk Ges Kb‡mv †ewm‡m 23 kZvsk evovZ m‡`i Avq G‡m‡Q| 2016 mv‡j i Gwcj †_‡K GmGgB e¨emvi Rb¨ †jvb c‡mms Avq DwV‡q †bIqv vd I Kvgkb Avq K‡g hvq| Rxebhv Îvi e¨q mvgÄm¨ Kivi Rb¨ KgKZv‡`i †eZb eve` e¨q 18 kZvsk e× †c‡q‡Q| AeKvVv‡gvi AvavbKvqb I e¨vswKs cY¨ I †mev †c‡Q †`Iqv Avi I mvavRbK I KvhKi Ki‡Z e¨vK e¨vsK chv³ MZ Dbq‡b D‡jL‡hvM¨ vevb‡qvM K‡i‡Q - Gfv‡eB ^Zvi K‡i‡Q cvZ‡hvMZvi Rb¨ bZb vfvË| Gi d‡j 2016 mv‡j cwiPvjbv e¨q 9 kZvsk †e‡o‡Q| FY I AvM‡gi mvÂvZ K‡g‡Q 25%| Kb‡mvj‡Wkb Gi c‡i †bU cvdU ve‡dvi U¨v· †e‡o‡Q 48 kZvsk hv m‡jv †ewm‡m 55 kZvsk|

Avgv‡`i †KŠkjMZ cwiKíbvi g‡j Av‡Q Aw_K I A_‰bwZK w¯wZkxjZvi e¨e¯vi gva¨‡g evsjv‡`‡ki RbM‡Yi wnZKi AskMnYgjK `wófw½|

wgwjqb UvKv

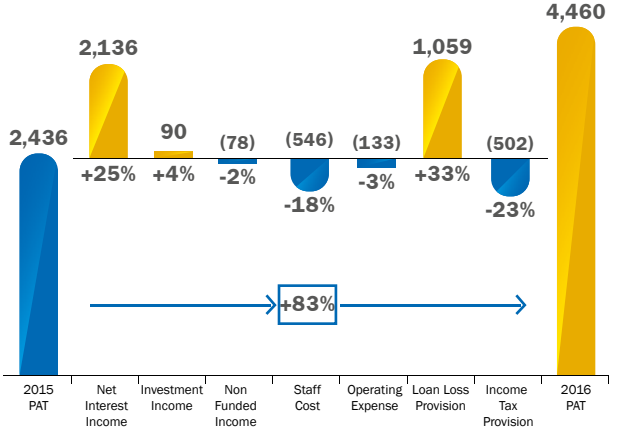
we¯wiZ	m‡jv			Kb‡mwj‡W‡UW		
	2016	2015	Δ %	2016	2015	Δ %
wbU m` Avq	**10,807**	**8,674**	25%	**11,721**	**9,504**	23%
wewb‡qvM n‡Z Avq	**2,544**	**2,454**	4%	**2,604**	**2,496**	8%
bb dv‡ÛW Avq	**3,879**	**3,957**	-2%	**7,111**	**6,438**	10%
†gvU Avq	17,229	15,085	14%	21,437	18,438	16%
**†eZb I fvZv` **	**3,520**	**2,976**	18%	**4,733**	**4,020**	18%
Ab¨vb¨ cwiPvjb e¨q	**4,442**	**4,310**	3%	**6,852**	**6,333**	8%
†gvU e¨q	7,962	7,286	9%	11,585	10,353	12%
cwiPvjb Avq	9,267	7,799	19%	9,851	8,085	22%
F‡Yi weci‡Z ivÿZ cwfkb	**2,358**	**3,137**	-25%	**3,042**	**3,279**	-7%
†kqv‡ii weci‡Z ivÿZ cwfkb	**(240)**	**40**	-700%	**(240)**	**40**	-700%
Ki ce Avq	7,148	4,621	55%	7,049	4,765	48%
Avq Ki cwfkb	**2,688**	**2,186**	23%	**2,987**	**2,425**	23%
Ki cieZx Avq	4,460	2,436	83%	4,062	2,340	74%



Avgv‡`i Ab¨vb¨ MvnK-†K›`ªK e¨vsKs g‡Wj wZbwU ¸i‡ZcY wel‡q bRi †`q: cY¨ wewfb wef‡M e›Ub, MvnK‡`i Pwn`v †evSv I MvnK‡`i Avb›` e¨vsKs AvfÁZv wbðZ Kiv|

evsjv‡`‡ki e¨vsKs LvZ ÿvZM¨ n‡q‡Q m¤ú‡`i gv‡bi `ejZv, wb¤ gja‡bi Ahvß AbcvZ I `ej e¨vsK e¨e¯vcbv i gva¨g, hv jv‡fi c‡_ evav n‡q‡Q Ges ¯í I `ªN †gqv‡` A_©bvZK `pZv‡K Sv‡K‡Z †d‡j‡Q| e¨vsKs Lv‡Zi Rb¨ MocoZv eQi n‡jI, 2016 mv‡j e¨vK e¨vsK ïa F‡Yi †ÿ‡Îi mdj bq, GQvov Zv‡`i Kv‡jKkb c‡PóvqI D‡jL‡hvM¨ fv‡e KvhKi wQj| cieZx eQi Avkve¨vÄK nIqvq mv¤úvZK ivR‰bvZK wªvZkxjZv, Dbqbkxj mwPK cwi‡ek I m‡`i nvi nv‡mi Av‡jv‡K e¨vsK †K‡k‡ji m‡½ mwPšZfv‡e gvbl I chv³ Dfq †ÿ‡Îi wewb‡qvM I eQ‡ii ïi‡Z KvVv‡gvMZ cwieZb K‡i‡Q Ges e¨vsKs Lv‡Z AviI cej kv³ nIqv wbðZ K‡i‡Q|

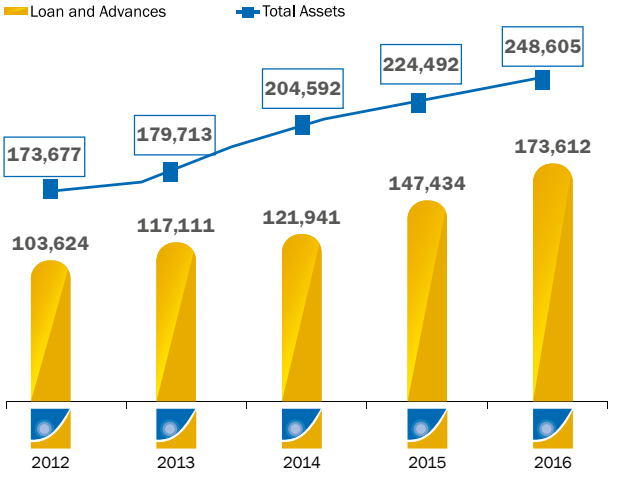
wgwjqb UvKv



A_©bwZK cwi d‡gÝ - †cvU‡dwj I we‡klY

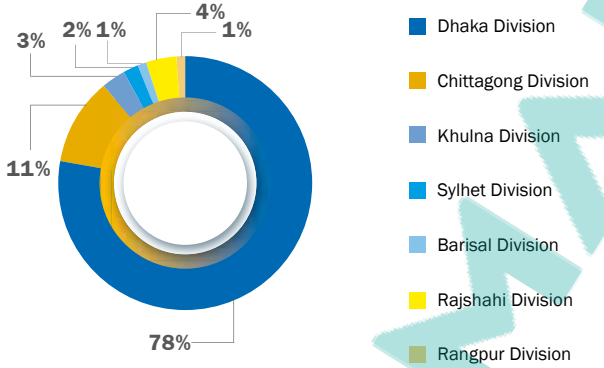
2015 mvj †_‡K 10 `kwgK 7 kZvsk cev× K‡i‡Q e¨vK e¨vsK wjwg‡UW| G eQi F‡Yi Pwn`v Kg _vKv m‡ËI e¨vK e¨vsK

wjwg‡UW 17 `kwgK 8 kZvsk FY ce× AvRb vbv ðZ K‡i‡Q| †gvU m¤ú`/ FY I AvMg (evsjv‡`k UvKv© vgvjqb)

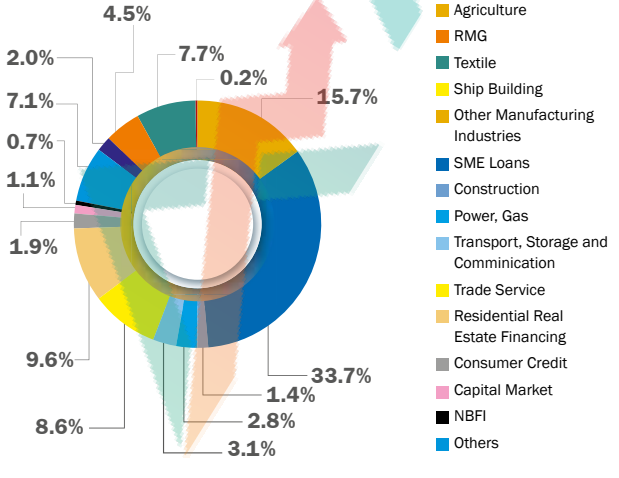


Rb¥jM †_‡KB e¨vK e¨vsK vjvg‡UW evsjv‡`k GmGgB A_vqb L‡Z ve¯Zfv‡eB m¤ú³ i‡q‡Q| F‡Yi †cvU‡dvjI vb‡P vPvÎZ n‡jv:

Geographical Location wise portfolio



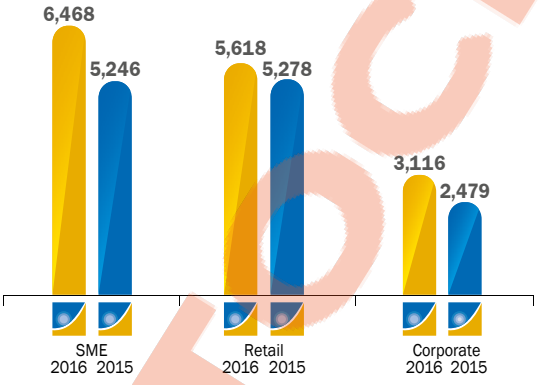
†`Lv †M‡Q, e¨vK e¨vs‡Ki 34 kZvsk FY vevb‡qvM †M‡Q GmGgB L‡Z, †hL‡b Gi 16 kZvsk †`Iqv n‡q‡Q Ab¨vb¨ Drcv`bkxj vkíL‡Z|



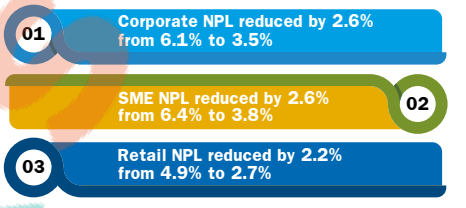
2016 m‡j e¨vs‡Ki vevb‡qvM cavbZ †K›`xfZ vQj miKvi vmvKDvivU‡R|

Segment-wise Performance - Total Revenue

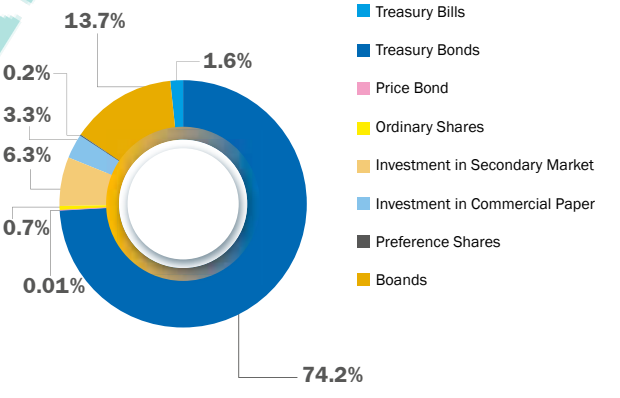
(BDT million)



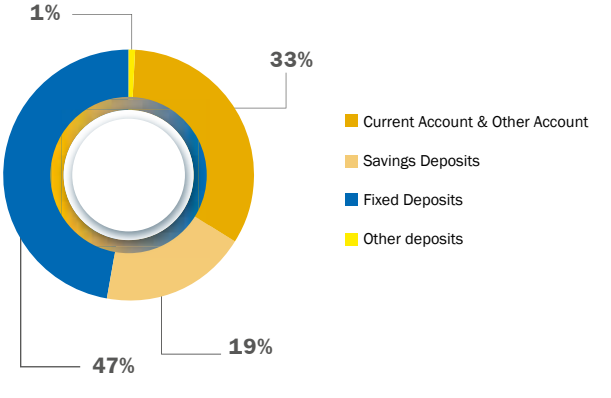
NPL Status of Segments in 2016



Investment Mix 2016

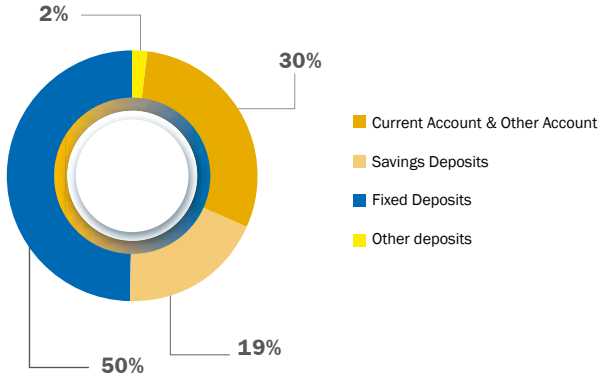


Deposit Mix 2015



SAMPLE STOCK

Deposit Mix 2016

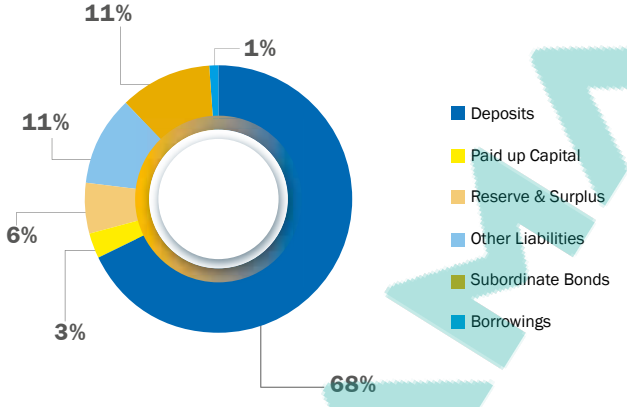


2016 m‡j i 31 wW‡m¤i †gvU jvqwevjvU wQj 22 nvRvi 716 †KwU UvKv, hv MZ eQi 10 kZvsk nv‡i †e‡o‡Q| MZ eQi AvgvbZI †e‡o‡Q 12 kZvsk|

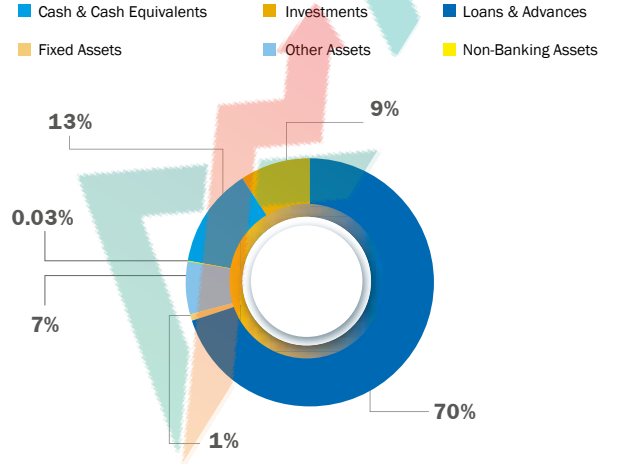
e¨vK e¨vs‡Ki gja‡bi wmsnfvM G‡m‡Q †fv³v‡`i AvgvbZ †_‡K; hvi wecj cwigvY e¨venvi n‡q‡Q FY I AvM‡g, hv wb‡Pi mviY‡Z †`Lv‡bv n‡q‡Q|

wmAviAvi I GmGjAv‡ii AbcvZ eRvq ivL‡Z Gi GKvU Ask ivLv n‡q‡Q bM` A_¨ I A_ mgZ‡j¨|

Sources of Funds

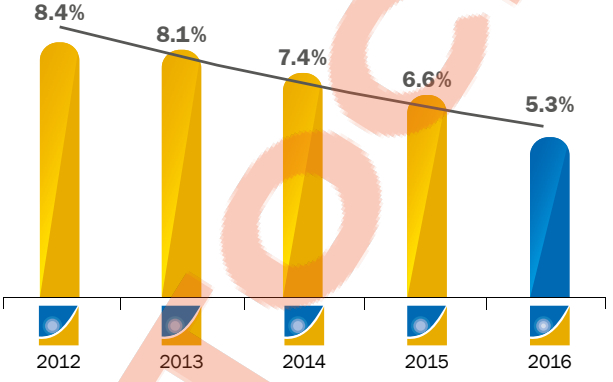


Utilization of Funds



Avgvb‡Zi `ÿ e¨e¯vcbvq MZ K‡qK eQ‡i e¨vs‡Ki K÷ Ae dvÛ K‡g‡Q|

Cost of Fund

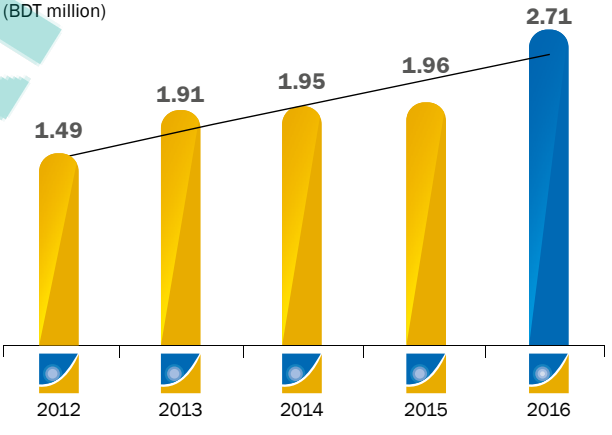


A_‰bwZK cvi d‡gÝ - Kg`ÿZv chv‡jvPbv

ceeZx eQ‡i i Zjbvq 2016 m‡j e¨vs‡Ki KgKZv cwZ Avq 38.4 kZvsk †e‡o‡Q| GQvov, KgKZv cwZ e¨vs‡Ki cwiPvjbv e¨q 2015 m‡j i †P‡q 32.4 kZvsk †e‡o‡Q|

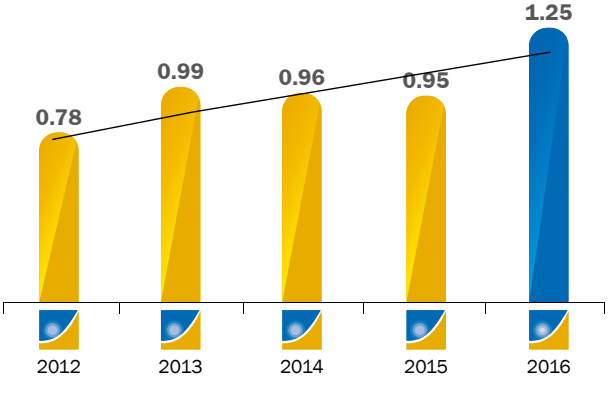
Operating Income Per Employee

(BDT million)



Operating Cost per Employee

(BDT million)

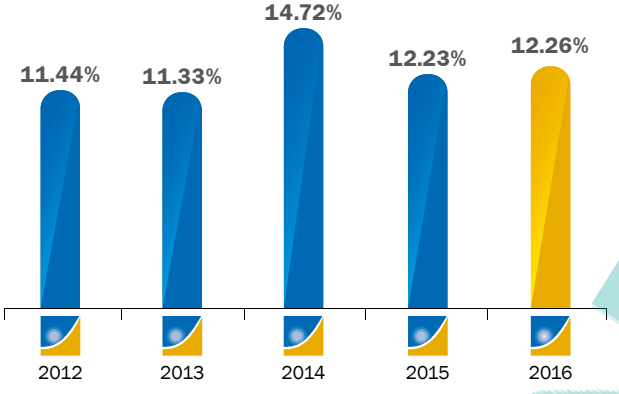


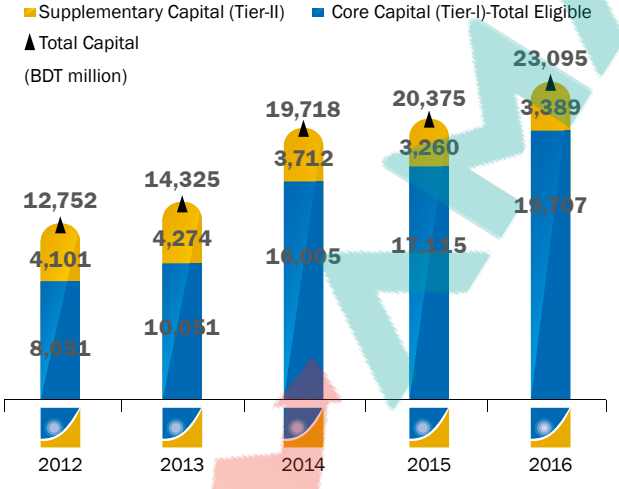
e¨vsK gjab chvßZv †i‡L‡Q 12 `kwgK 26 kZvsk †hLv‡b †i¸‡jUvi Avek¨KZv 10.625 kZvsk| 2016 m‡ji †k‡l gj gjab I vi¯‹ I‡q‡UW A¨v‡mU (AviWveDG) †gvU gja‡bi AbcvZ vQj h_vµ‡g 10 `kwgK 46 kZvsk I 12 `kwgK 26 kZvsk|

* gj gja‡bi (Uvqvi 1) g‡a¨ Av‡Q gjab, †kqvi vcwgqvg A¨vKvD›U, wewae× viRvf I AvRZ Avq|

** m¤úiK gja‡bi (Uvqvi 2) g‡a¨ Av‡Q mvaviY mieivn (A‡kvYf³ FY I e¨v‡jÝ wm‡Ui evB‡ii welq), vcdv‡iÝ †kqvi, mveAvW‡b‡UW †WU I GK‡PÄ BKqvjvB‡Rkb dvÛ|

Total Capital to Risk-weighted Asset Ratio (CRAR)





A½cvZôvb mg‡ni cvid‡gÝ

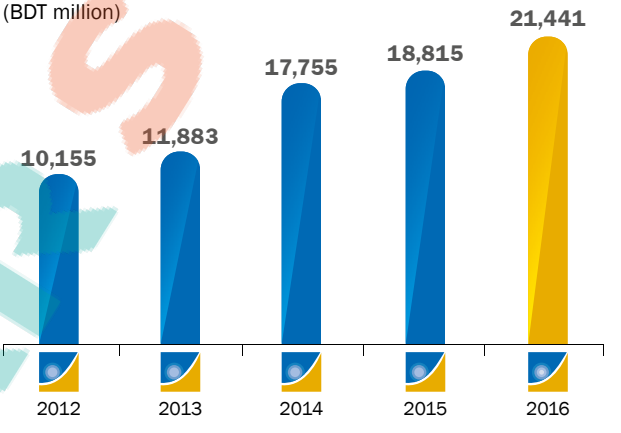
Avgv‡`i A½cvZôvbmgnI Avgv‡`i m‡½ Zvj vgvj‡q Pj‡Q| †h‡nZ 2016 m‡j A_evRvi vKQUv boe‡o vQj ZvB Zv‡`i mvd‡j¨I vKQUv IVvbvgv †`Lv hvq| †gvevBj e¨vsKs †mev`vZv cvZôvb veKvk Ki c`v‡bi ci Avq K‡i‡Q 38 †KwU 70 jvL UvKv hv Av‡Mi eQ‡ii †P‡q 63 kZvsk †ewk| Gi Avq Av‡Mi eQ‡ii †P‡q 41 kZvsk †e‡o‡Q| Avgv‡`i A½cvZôvb e¨vK BwcGj ÷K †evKv‡iR vjvg‡UW AvU †KwU 60 jvL UvKv KvhKix gbvdv K‡i‡Q, hv Av‡Mi eQ‡ii †P‡q `B †KwU 30 jvL UvKv †ewk| AvBwU mvjDkb I †mev`vZv e¨vK AvBwU mvwf‡mm vjvg‡UW, veAvBwUGm 2016 m‡j †gvU gbvdv K‡i‡Q Pvi †KwU 80 jvL UvKv hv Av‡Mi eQi 6 †KwU 60 jÿ UvKv †jvKmvb K‡iwQj| e¨vK BwcGj Bb‡fm‡gvU vjvg‡UW 2016 m‡j 90 †KwU UvKv jm K‡i‡Q| Avgv‡`i A½cvZôvb I Avgv‡`i †`‡ki kxl¯‹vbxq †ivg‡UÝ †Kv¤úvwb Ôe¨vK mvRbÕ 30 jÿ UvKv †bU cvdU AvdUvi U¨v· K‡i‡Q hv 2015 m‡j i †_‡K Kg (cvZKj vewbgq nvi Gi Kvi‡Y)|

A_‰bwZK cvid‡gÝ- †kqvi‡nvìvi‡`i f¨vj

†kqvi‡nvìvi‡`i BKBwU Av‡Mi eQ‡ii Zjbvq 262 †KwU 60 jvL UvKv †e‡o‡Q|

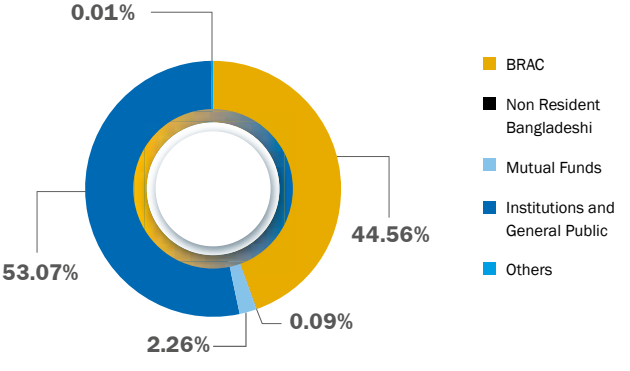
Shareholders' Equity

(BDT million)



¯úÝi‡`i g‡a¨, e¨vK 44.56 kZvsk †kqvi‡nvìvs cvRkb a‡i †i‡L‡Q|

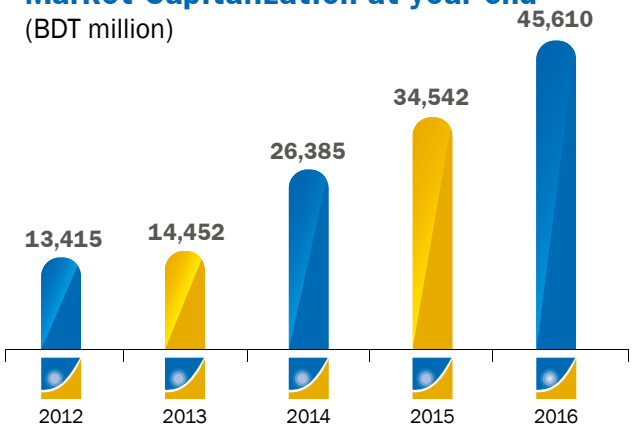
2016 m‡ji 31 vW‡m¤i e¨vs‡Ki †kqvi‡nvìvs cvRkb vPÎ b‡P †`Iqv n‡jv:



DRAFT STORY

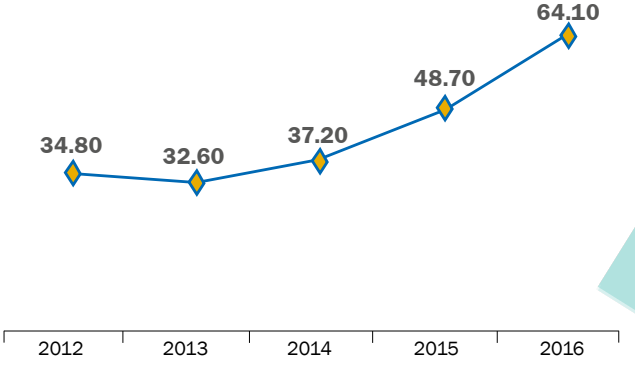
Market Capitalization at year end

(BDT million)



Share Price

(BDT)



gj¨evb gvbem¤ú`mn `ÿ cwiPvjKe‡`i H‡K¨ MVZ Gi KvhKix cl` I AvaywbKZg chv³ m‡½ vb‡q e¨vK e¨vsK †kqvi‡nvìvi‡`i f¨vj evov‡Z memgqB c‡Póv Pwj‡q hv”Q|

eQi †k‡l 2016 m‡ji 31 vW‡m¤i e¨vK e¨vs‡Ki †kq‡ii gj¨ †e‡o `wovq 64 `kwgK 1 UvKv hv c‡ei eQ‡ii Zjbvq 32 kZvsk †ewk|

evsjv‡`k e¨vs‡Ki 2006 mv‡ji 5 RjvB‡qi weAvi‡cvW cÁvcb bs-6 Abhvqx ewb‡qvMKvix, Avgvb ZKvix, FY`vZv I †kqvi‡nvìvi‡`i ¯v‡_i wbivcËvmn SwK e¨ve¯vcbv I Ki‡cv‡iU cwiPvjbvq; 2015 m‡ji 31 vW‡m¤i eQi †k‡l †µvWU †ivUs G‡RvÝ Ae evsjv‡`k vjvg‡U‡Wi (wmAviGwe) gva¨‡g e¨vsK gj¨vqZ nq| Avgiv Avb‡›`i m‡½ Rvbw”Q †h, †µvWU †ivUs G‡RvÝ Ae evsjv‡`k vjvg‡UW (wmAviGwe) e¨vsK e¨vsK‡K `xN †gqv‡` ÔGG2Õ (D”PwiZ n‡e Wej G U) Ges ¯í †gqv‡` ÔGmwU-2Õ wnmv‡e gj¨vqZ K‡i‡Q| ewYwR¨K e¨vs‡Ki Ggb †kY‡Z gj¨vqZ nIqv kv³kvjx e¨vsK wn‡m‡e mve¨¯ Kiv nq, †hLv‡b vb`kb wn‡m‡e _v‡K kv³kvjx Aw_K Ae¯v, mVvg I †UKmB dvÂvBR I c_g wn‡m‡e gj¨vqZ cwiPvjbv cvi‡ek| GB †kY‡Z gj¨vqZ nIqvi ^ewkó¨ wn‡m‡e †`Lv nq Zvij¨, Af¨šiY Znwej mvó I Znwe‡ji Rb¨ vfb Dr‡mi cvßZvq cksmbxq Ae¯vb| 2016 m‡ji 31 vW‡m¤i †kl nIqv eQ‡ii Rb¨ Aw_K veeiYxi vfvË‡Z e¨vK e¨vs‡Ki †µvWU †ivUs cvµqvaxb A‡Q Ges h_vmg‡q cKvk Kiv n‡e|

evsjv‡`‡k cwiPwjZ Aw_K cwZôvb¸‡jvi g‡a¨ Ab¨Zg kv³kvjx wn‡m‡e wb‡R¨`i cwiYZ K‡i‡Q e¨vsK e¨vsK vjvg‡UW| miKv‡ii ivR¯ Av`v‡qi †ÿ‡Î GwU RvZxq A_bxZ‡Z eo fvgKv †i‡L‡Q Ges †`‡ki ve`¨gvb AvB‡bi wb‡`kbv Abhvqx RvZxq miKwi Znwe‡j GKBfv‡e A_ Rgv v`‡q‡Q| †cvWv± I mwf‡mi Rb¨ A_ c`v‡bi mgqB e¨vsK KZcÿ Ki, gj¨ ms‡hvRb Ki (f¨vU) I AveMwi ïé †K‡U iv‡L| Gme QvovI, e¨vsK Gi Av‡qi Rb¨ AvqKiI cwi‡kva K‡i|

wgwjqb UvKv

eQi	Drm Ki	f¨vU	AveMwi ïé	AvqKi	†gvU evsjv‡`k UvKv
2012	**1,182**	**498**	**171**	**1,468**	**3,319**
2013	**1,316**	**442**	**206**	**1,102**	**3,066**
2014	**1,295**	**450**	**261**	**1,338**	**3,344**
2015	**1,356**	**514**	**307**	**1,759**	**3,936**
2016	**1,407**	**587**	**517**	*** 2,688**	**5,200**
me‡gvU	6,556	2,491	1,462	8,355	18,865

*** 1984 m‡ji Avq Ki AvBb Abhvqx AvMg AvqKi 1,302 wgwjqb UvKv miKwi Znwe‡j Rgv †`Iqv n‡q‡Q|**

msvkó c‡ÿi m‡½ ewbgq vfvË

e¨emvi mvaviY ivZ‡Z msvkó c‡ÿi m‡½ Avgv‡`i ewbg‡qi c‡qvRb nq| msvkó c‡ÿi m‡½ ewbg‡qi aib n‡jv FY I AvMg A_ev ÔAvg †jb_Õ ev¯”Q evRvi g‡j¨ Avgv‡`i m‡½ Kiv Avgvbz i

cwiPvjK‡`i vb‡qvM

AwU‡Kjm Ae G‡mwm‡qkb I †Kv¤úvbR A¨v± 1994 Abhvqx vb¤ D‡jvLZ cwiPvjKiv 18Zg ewlK mvaviY mfvq e¨vK e¨vs‡Ki cl` †_‡K Aemi vb‡eb|

1. W. nwdR vR.G. wmwÏKx
2. Rwn`v B¯úvbx

Df‡qB cb:vbewPZ nIqvi Dch³ |

DvjvLZ cviPvjK‡`i m¤ú‡K msvÿß Rxebx vb‡P †`Iqv n‡jv:

1. W. nvwdR vR.G. vmvÏKx

W. nvwdR vR.G. vmvÏK‡K 2015 mv‡ji Gvc‡j e¨v‡Ki GKRb ¯Zš cviPvjK †_‡K e¨vK e¨vsK vjvg‡U‡Wi cviPvjbv cl‡` cbvb‡qvM †`Iqv nq| vZvb AviI vQ‡jb e¨vs‡Ki cl` vbixÿv KvgvU I SvK e¨e¯vcbv Kvgv Ui †Pqvig¨vb|

W. vmvÏKx evsjv‡`k, h³ivR¨, h³ivó I mBRvij¨vÛ covïbv K‡i‡Qb| Aa¨vcbv, M‡elYv, AvšRwZK civgkK I e¨emvqK vbevnx vn‡m‡e 50 eQ‡ii AvfÁZv Zvi| eZgvb vZvb e¨vK BDwbfwmwUi e¨emv Abl‡`i Bvg‡iUvm Aa¨vcK| e¨vK vekve`¨vj‡q †hvM¨v‡bi c‡e W. vmvÏKx b_ mvD_ vekve`¨vj‡q (GbGmBD) 19 eQi wkÿKZvi ci †¯”Qvq Aem‡i vM‡qQ‡jb| vZvb vQ‡jb evsjv‡`‡ki c_g †emiKwi vekve`¨vjq GbGmBD‡qi e¨emv Abl‡`i cvZôvZv vWb I Aa¨vcK| vZvb †cv-fvBm P¨v‡Ýji vn‡m‡e cvP eQi Ges fvBm P¨v‡Ýji I cavb vbevnx KgKZv vn‡m‡e 10 eQ‡ii †ewk mgq b_ mvD_ vekve`j¨v‡qi †bZZ v`‡q‡Qb| XvKv vekve`¨vj‡qi e¨vemv ckvmb Bbv÷vUD‡U Aa¨vcbv I cvivPvjbvmn vevfb c‡` 18 eQi KvR K‡i‡Qb vZvb| GQvov, h³ivó‡oi InvBI A½iv‡R¨i Kj¤¢mi InvBI †÷U BDwbfwmwU I vg‡b‡mvUvi gvbK¨v‡Uvi vg‡b‡mvUv †÷U BDwbfwmwU‡Z mvZ eQ‡ii †ewk mgq AvšRwZK ewYR¨ I e¨e¯vcbvi Aa¨vcK vn‡m‡e cvo‡q‡Qb vZvb|

W. nvwdR vmvÏKx h³iv‡R¨i BDwbfwmwU Ae gv¨vb‡P÷v‡ii g¨vb‡P÷vi veR‡bm ¯‹j †_‡K vcGBPvW vWvM ARb K‡ib, h³iv‡ói BwÛqvbv A½iv‡R¨i evgsU‡bi BwÛqvbv BDwbfwmwUi MvR‡qU ¯‹j Ae veR‡bm †_‡K GgveG m¤úb K‡ib, h³iv‡ói †cbvmjfvbqv A½iv‡R¨i BDwbfwmwU Ae vcUmev‡Mi MvR‡qU ¯‹j Ae cvevjK A¨vÛ BwUvib¨vkbvj A¨v‡dqvm †_‡K GgvcAvBG (gv÷vm Ae cvevjK A¨vÛ BwUvib¨vkbvj A¨v‡dqvm) m¤úb K‡ib, XvKv vekve`¨vjq †_‡K m¤úb K‡ib GgG (A_bxZ) I veG (A_bxZ‡Z ¯vZK)|

W. vmvÏKx AvšRwZK civgkK vn‡m‡e (1) vek e¨vsK, (2) Gkvq Dbqb e¨vsK, g¨vbjv, (3) BDGb/BGmvmGvc, e¨vsKK I (4) BwUvib¨vkbvj †UW †mwUvi, vRGvUvU/BDGbvmvUGvW‡Z KvR K‡i‡Qb|

e¨e¯vcbv, Dbqb, vecYb, `ÿZv gj¨vqb, gvbe m¤ú` Dbqb, chv³ ¯vbvši BZ¨vw` msvkó vevfb cvi‡cvÿ‡Z evsjv‡`k miKv‡ii vevfb ms¯v‡K civgk v`‡q‡Qb vZvb| W. vmvÏKx 13vU eB I A‡bK ce‡Ûi †jLK ev mn‡jLK|

GQvov, vb¤^vjvLZ c`¸‡jv‡Z †_‡K vZvb mgv‡Ri Rb¨ KvR K‡i‡Qb:

cvivPvjK, e¨vK BwcGj Bb‡f÷‡gvU vjvg‡UW|

cvivPvjK, e¨vK AvBwU mvfmvjvg‡UW|

¯Zš cvivPvjK, Gwkqv-c¨vmvdK †Rbv‡ij Bbm¨‡iÝ K¤úvb vjvg‡UW|

cvivPvjK g¨v‡µv BÛvmvUR †Wfjc‡gvU A¨vm‡UÝ mvf‡mmvjvg‡UW| (gvBWvm)

†Pqvig¨vb, vi¯‹g¨v‡bR‡gvU Kvgv U, e¨vK e¨vsK vjvg‡UW|

†evW Ae Uw÷i m`m¨, XvKv ¯‹j Ae B‡Kvbvg·, XvKv|

2. Rvwn`v B¯úvnvbx

Rvwn`v B¯úvnvbx 2012 mv‡ji AvM‡÷ e¨vK e¨vs‡Ki †evW Ae Uw÷i ¯Zš cvivPvjK vn‡m‡e vbevPZ nb| 2015 mvj †_‡K vZvb Bmjvgqv Pÿ Bbv÷vUDU I nvmcvZv‡ji GKRb m¤§vYmPK Dc‡`óv|

Rvwn`v B¯úvnvbx GKRb vkÿve` vn‡m‡e KgRxeb ïiæ K‡ib| vZvb B¯úvnvbx Mvjm ¯‹j A¨vÛ K‡j‡Ri vbevnx KvgvUi GKRb m`m¨| evsjv‡`k RvZms‡Ni bvix ms¯vi †m‡µUvi vQ‡jb vZvb| GQvov vZvb vQ‡jb evsjv‡`‡ki mvK bvix ms¯vi cvZôvZv †m‡µUvi I †cvm‡WvU| A‡bK ‡jv GvZgLvbv, mvgvRK I mv¤ú`vqK Uv÷ I msMV‡bi msMVK I m`m¨ vZvb| Rvwn`v B¯úvnvbx cwK¯v‡bi cvÄve vekve`¨vq †_‡K A_bxZ‡Z ¯vZK m¤úb K‡ib|

cvivPvjK gÛvj 20 gvP 2017 mv‡j AbvôZ 216 bs mfvq Rbve Awnmd mv‡jn †K bvg‡b‡UW vW‡i±i (e¨vK n‡Z) Ges Rbve Avnmvb GBP. gbmi †K BbvW‡c‡ÛbU vW‡i±i vn‡m‡e g‡bvbZ K‡i‡Q| †i¸‡jUvi evWi Ab‡gv`b mv‡c‡ÿ Zv‡`i vb‡qvM Kivn‡e|

cl` mfvq Dcv¯vZ

µvgK bs.	cvivPvjK‡`i bvg	c`ex	c‡` _vKvK‡j cvivPvjK‡`i mfvq Dcv¯vZ		
			mfvi msL¨v	Dcv¯vZ	Abcv¯vZ
1	m¨vi dR‡j nvmvb Av‡e`, †KvmGgvR	†Pqvig¨vb	18	15	3
2	Zvgviv nvmvb Av‡e`	cvivPvjK	6	5	1
3	W. nvwdR vR.G. vmvÏKx	cvivPvjK	18	17	1
4	vbnv` Kexi	cvivPvjK	18	14	4
5	Rvwn`v B¯úvnvbx	cvivPvjK	18	9	9
6	vke bviqY ^Kvi	cvivPvjK	18	16	2
7	KvRx gvng` mvËvi	cvivPvjK	18	16	2
8	Kvqmvi Kvei	cvivPvjK	10	7	3

`óe¨: 2016 m‡ji 2 Rb 17Zg ewlK mvaviY mfvq Zvgiv nvmvb A‡e` Aemi †bb| 2016 m‡ji RjvB‡q 202Zg cl` mfvq Kvqmvi Kvei †hvM †`b|

cwiPvjK‡`i m¤§vbx

eQiR‡o cl` mfv, cl` wbixÿv KvgvUi mfv I SvK e¨e¯'vcbv KvgvUi mfvq AskMn‡Yi Rb¨ ¯Zš cwiPvjKmn cwiPvK‡`i 2016 m‡j wb¤wjwLZ cwigv‡Y A_© c`b Kiv nq:

cwiPvjK‡`i bvg	m¤§vbx evsjv‡`k UvKvq
m¨vi dR‡j nvmvb A‡e`, †KwmGgvR	108,000
Zvgviv nvmvb A‡e`	36,000
W. nwdR vR.G. wmwÏKx (¯Zš cwiPvjK)	208,800
wbnv` Kexi	100,800
Rwn`v B¯úvnvbx (¯Zš cwiPvjK)	64,800
wke bvixqY ˆKwi	201,600
KvRx gvng` mvËvi (¯Zš cwiPvjK)	201,600
Kvqmvi Kvei	50,400

SvK I D‡ØM

Avgv‡`i †`‡k gj SvK n‡jv AvbðqZv hv NUvi KviY n‡Z cv‡i ivR¯'vZK Av¯'iZv, mšÍvmx nvgjv I ÿgZvkxj †`k¸‡jvi ˆewkK bwZ BZ¨w`| 2017 m‡j ivR¯'vZK v¯'vZkxjZv eRvq _vK‡j ejv hvq, evRv‡ii A_©vZK Ae¯'vq fvj _vK‡e| mšÍvmx nvgjv hv 2016 m‡ji ZZxq cwš‡K we‡klZ mgm¨v mvó K‡ivQj, 2017 m‡j Ggb mgm¨v evo‡e bv e‡j Avkv Kiv nq| GB me mvðvZ Kiv †M‡j Avgiv Avkvev`x †h Avgiv Avgv‡`i jÿ¨ AR‡b mÿg ne|

Af¨švixi wbqšÿ I Kgc‡qÝ wbð‡Zi Rb¨ Ges KvhµgMZ I ÔKgc‡qÝÕ Gi m‡_ mú³ †Kv‡bv SvK wPýZKiY, ckgb I †gvKv‡ejvq Avgv‡`i Av‡Q ce wbawiZ bwZ I cwµqv I wb‡`wkKv|

GQvov Avgv‡`i Av‡Q c_K BwUwibvj K‡Uvj GÛ Kgc‡qÝ wefvM hviv me ai‡bi KvhµgwbqwgZ ch‡eÿY Ki‡Q Ges wØ-gwmKfv‡e cl` wbixÿv KvgvUi Kv‡Q cwZ‡e`b †ck Ki‡Q|

ewlK cwZ‡e`b ˆZwi

ewlK cwZ‡e`b ˆZwi‡Z mZ¨ I b¨vh¨ Dc¯'vcb‡K AMwaKvi †`Iqv n‡q‡Q| mvVK wnmve †g‡b Pjv wbðZ Kiv n‡q‡Q| Aw_K weeiYx c¯'‡Z Dch³ wnmveiÿY bwZi h_v_ c‡qvM Kiv n‡q‡Q Ges wnmveiÿ‡Yi wnmve¸‡jv n‡q‡Q hv³ m½Z I `i`kx wePv‡i| BwUwib¨vkbvj A¨vKvDwUs ÷vÛvWm (AvBGGm)/ evsjv‡`k A¨vKvDwUs ÷¨vÛvWm (weGGm)/ BwUwib¨vkbvj dvBb¨wÝqvj vi‡cwUs ÷vÛvWm (AvBGdAvivm)/ evsjv‡`k dvBb¨wÝqvj vi‡cwUs ÷vÛvWm (weGdAvivm) †h‡nZ evsjv‡`k c‡hvR¨ ZvB, Aw_K weeiYx c¯'Z Ges †mLv‡b †Kv‡bv NvUwZ _vK‡j Zv chvßfv‡e cKvk Kiv n‡q‡Q|

†Mwqs Kbmvb vfvË

Avgv‡`i e¨vs‡Ki cwi‡cvÿ‡Z Ô†Mwqs KbmvbÕ vfvË‡Z cwZ‡e`bvU ˆZwi‡Z Kiv n‡q‡Q| Avgv‡`i Aw_K mvdj¨, e¨emvqK †cvU‡dvjI I Kvhµg Pvjv‡bvi ÿgZv †_‡K ejv hvq Avgv‡`i e¨emv Pj‡Q Ô†Mwqs Kbmv‡bÕ|

j f¨vsk

e¨vs‡Ki m‡švlRbK gjab chvßZvi nvi eRvq ivL‡Z, 2016 m‡ji 31 wW‡m¤i †kl nIqv eQ‡ii Rb¨ 10 kZvsk bM` j f¨vsk Ges 20 kZvsk ÷K j f¨vsk †NvlYv K‡i‡Q cl`, hv 18Zg ewlK mvaviY mfvi Ab‡gv`b m‡c‡ÿ|

wbixÿK wb‡qvM

Gg/Gm Avej Kv‡kg A¨vÛ †Kvs, PvUvW A¨vKvDbU¨vUm, 7, ¸jkvb wcsK wmwU, mBUm # 1-3 (†j‡f j-7), cU # 15, †ivW # 103, eK wmBGb (wm), ¸jkvb GfvbD, XvKv-1212 Gi ve¨¯'gvb wbixÿKiv 2016 m‡ji Rb¨ Zv‡`i wbixÿv m¤úb K‡i‡Qb| Z`cvi, 2017 m‡ji cbvb‡qv‡Mi Rb¨ Zviv Dch³ Ges D‡jL, Zviv e¨vs‡Ki m‡½ KvR Kivi B”Qv cKvk K‡i‡Q| Avi‡b÷ A¨vÛ Bqvs cvZôv‡bi m`m¨ Gg/Gm Avej Kv‡kg A¨vÛ †Kvs, PvUvW A¨vKvDbU¨vÝ‡K 2017 m‡j wbixÿK wn‡m‡e wb‡qvM Ki‡Z cwiPvjbv cl` mcwik K‡i‡Q| 18Zg ewlK mvaviY mfvq GB wbixÿK wb‡qvM wbðZ Kiv n‡e|

Ae¨vnZ mg_b I Avgv‡`i Ici wekvm ¯'vc‡bi Rb¨ Avgv‡`i me †kqvi‡nvìvi, MvnK, e¨emvqK cvUvbvi‡`i cwZ Avgiv KZÁZv Ávcb KiwQ| Avgv‡`i g¨v‡bR‡gvU vUg I KgKZiv GKvU Abb¨ cvZôvb ˆZwi‡Z mdj n‡q‡Q hv evsjv‡`‡ki Aw_K cvZôvb¸‡jvi g‡a¨ mewaK wek¦ I gvbm¤úb cvZôv‡bi GKvU| Zv‡`i AvZ¥b‡e`b, mnòZv I Aa¨emvq _vKvi Kvi‡YB GvU m¤e n‡q‡Q|

Avcbv‡`i †mev c`v‡bi m‡hvM †`Iqvi Rb¨ ab¨ev`

m¨vi dR‡j nvmvb A‡e`, †KwmGgvR
†Pqvig¨vb

FIVE YEARS' FINANCIAL SUMMARY

BDT million unless otherwise specified

	2016	2015	2014	2013	2012
SOLO INFORMATION					
	FINANCIAL POSITION				
Cash and bank balances	31,188	38,526	41,668	26,370	28,902
Money at call and short notice	-	-	-	-	-
Investments	22,488	19,779	23,899	21,299	25,373
Loans and Advances	173,612	147,434	121,941	117,111	103,624
Fixed Asset	2,886	2,937	2,893	2,450	2,591
Other assets	18,370	15,754	14,192	12,484	13,187
Non-banking assets	62	62	-	-	-
Total Assets	**248,605**	**224,492**	**204,592**	**179,713**	**173,677**
Borrowing	25,591	20,061	9,863	13,140	4,566
Convertible Subordinate Bonds	2,951	3,000	3,000	3,000	3,000
Money at call and on short notice	1,304	3,780	1,220	2,848	1,990
Deposit and other accounts	168,860	150,221	148,464	127,892	134,646
Other liabilities	28,459	28,616	24,290	20,951	19,320
Total Shareholders' Equity	21,441	18,815	17,755	11,883	10,155
Total Liability and Shareholders Equity	**248,605**	**224,492**	**204,592**	**179,713**	**173,677**
AD ratio	83.47%	82.24%	72.13%	77.80%	74.59%
Off Balance Sheet Items	57,211	49,954	37,713	28,225	18,147
Interest Earning Assets	232,911	210,372	191,688	168,624	162,938
Non-Interest Earning Assets	15,694	14,121	12,905	11,088	10,739
	INCOME STATEMENT- PERFORMANCE AND PROFITABILITY				
Total Revenue	17,229	15,085	13,408	12,655	10,894
Interest Income	17,842	17,373	16,794	18,134	16,714
Interest Expense	7,036	8,699	9,192	11,283	10,195
Investment Income	2,544	2,454	2,501	2,672	1,531
Commission Exchange & Brokerage	2,538	2,915	2,567	2,601	2,525
Non-Interest Income	3,879	3,957	3,305	3,132	2,846
Total Operating Expenses	7,962	7,286	6,635	6,549	5,750
Total Income	24,265	23,784	22,600	23,939	21,063
Total Expenditure	14,998	15,985	15,827	17,832	15,945
Operating Profit	9,267	7,799	6,774	6,107	5,145
Profit Before Tax	7,148	4,621	4,163	3,176	1,988
Net Profit After Tax	4,460	2,436	2,091	1,397	540
	CAPITAL MEASURES				
Authorized Capital	12,000	12,000	12,000	12,000	12,000
Paid up Share Capital	7,104	7,093	7,093	4,433	3,855
Risk Weighted Assets	188,431	166,622	133,930	126,391	111,494
Core Capital (Tier-I)	20,813	18,079	17,062	11,138	9,596
Core Capital (Tier-I) -Total Eligible	19,707	17,115	16,005	10,051	8,651
Supplementary Capital (Tier-II)	3,389	3,260	3,712	4,274	4,101
Total Capital	23,095	20,375	19,718	14,325	12,752
Capital Surplus/(Deficit)	4,252	3,713	6,325	1,686	1,602
Common Equity Tier-1 (CET-1) Capital Ratio	10.46%	10.27%	11.95%	7.95%	7.76%
Total Capital to Risk-Weighted Asset Ratio (CRAR)	12.26%	12.23%	14.72%	11.33%	11.44%

Five years' financial summary

BDT million unless otherwise specified

	2016	2015	2014	2013	2012
	ASSETS QUALITY				
Total Loans and Advances	173,612	147,434	121,941	117,111	103,624
Classified Loans	5,911	8,839	6,980	7,601	7,637
Provision for Unclassified Loans (GP)	2,091	1,528	1,208	1,246	1,108
Provision for Classified Loans (SP)	4,865	6,890	5,973	5,886	5,517
Provision for off balance sheet items	490	427	358	21	-
Percentage of NPLs to Total Loans and Advances	3.40%	5.99%	5.72%	6.49%	6.83%
	FOREIGN EXCHANGE BUSINESS				
Import	72,142	57,220	45,555	41,014	39,752
Export	44,714	34,078	25,349	14,723	10,472
Remittance (Inward)	65,596	23,786	28,869	41,695	45,790
Guarantee	2,534	3,174	2,578	5,798	1,474
	OPERATING PROFIT RATIOS				
Cost of Fund	5.32%	6.64%	7.43%	8.13%	8.43%
Return on Assets	1.89%	1.13%	1.09%	0.78%	0.35%
Return on Equity	22.16%	13.32%	14.11%	12.60%	5.47%
Return on Investment	9.20%	6.13%	7.13%	5.70%	3.44%
Debt Equity Ratio (Times)	10.59	10.93	10.52	14.12	16.10
GP Margin	71%	63%	59%	53%	52%
NP Margin	18%	10%	9%	6%	3%
	MANAGEMENT EFFICIENCY RATIOS				
Operating Income per Employee	2.71	1.96	1.95	1.91	1.49
Operating Profit per Employee	1.46	1.01	0.98	0.92	0.70
PBT per employee	1.12	0.60	0.60	0.48	0.27
Cost to Income Ratio	46%	48%	49%	52%	52%
	DIVIDEND & RIGHTS ISSUE				
Cash	10%	25%	20%	10%	0%
Stock	20%	0%	0%	10%	15%
Total Dividend	30%	25%	20%	20%	15%
Rights Issue	-	-	2,217	-	-
	SHARES INFORMATION				
No. of Shares	710,436,910	709,287,321	709,287,321	443,304,576	385,482,240
Earnings Per Share (BDT)	6.28	3.43	3.19	2.47	1.14
Number of Shareholders	15,560	18,418	26,952	30,747	29,322
Market Value Per Share (Year end) in taka	64.10	48.70	37.20	32.60	34.80
Price Earnings Ratio	10.21	14.19	11.14	10.34	26.46
Net Asset Value Per Share in taka	30.18	26.53	25.03	26.81	26.72
Market Capitalization at the year end	45,610	34,542	26,385	14,452	13,415
	DISTRIBUTION NETWORK				
Number of Customer's Accounts	1,305,211	2,025,472	1,889,218	1,750,138	1,430,437
Number of Loan Accounts	236,441	205,671	187,732	200,183	147,644
Number of Deposit Accounts	1,068,770	1,819,801	1,701,486	1,549,955	1,282,793
Number of Branches	112	106	96	88	84
No. of SME SC/KB	69	69	69	69	69
Number of SME Unit Office	448	479	458	415	309
Number of ATMs	469	457	374	333	318
Number of CDM	81	70	51	33	31
Number of Employees	6,355	7,700	6,886	6,624	7,403
Number of Foreign Correspondents	456	429	433	416	393

Five years' financial summary

BDT million unless otherwise specified

	2016	2015	2014	2013	2012
CONSOLIDATED INFORMATION					
	FINANCIAL POSITION				
Cash and bank balances	46,976	41,018	42,356	28,648	24,560
Investments	22,938	20,017	24,226	21,484	25,463
Money at call and short notice	-	-	-	-	-
Loans and Advances	175,841	149,934	124,300	119,515	114,086
Fixed Asset	4,233	4,038	3,553	2,799	2,862
Other assets	16,891	15,120	13,842	11,661	11,997
Goodwill	1382	1412	1,442	1,472	1,427
Non-banking assets	62	62	-	-	-
Total Assets	**268,324**	**231,602**	**209,719**	**185,579**	**180,396**
Borrowing	25,884	22,300	11,742	16,537	9,445
Convertible Subordinate Bonds	2,951	3,000	3,000	3,000	3,000
Money at call and on short notice	1,304	3,780	1,220	2,848	1,990
Deposit and other accounts	181,479	149,548	146,366	126,679	134,245
Other liabilities	32,966	31,456	26,854	22,639	20,242
Total Shareholders' Equity	22,264	20,190	19,251	13,024	11,025
Minority Interest	1,476	1,329	1,287	853	450
Total Liability and Shareholders Equity	**268,324**	**231,602**	**209,719**	**185,579**	**180,396**
	CAPITAL MEASURES				
Risk Weighted Assets	199,137	176,714	139,299	129,990	122,760
Core Capital (Tier-I)	23,112	20,755	19,845	13,132	10,917
Supplementary Capital (Tier-II)	3,527	3,404	3,712	4,274	4,184
Total Capital	24,012	21,714	21,058	14,846	12,727
Capital Surplus/(Deficit)	4,099	4,042	7,128	1,847	452
Common Equity Tier-1 (CET-1) Capital Ratio	10.36%	10.40%	12.45%	8.13%	6.96%
Total Capital to Risk-Weighted Asset Ratio (CRAR)	12.06%	12.29%	15.12%	11.42%	10.37%
	INCOME STATEMENT- PERFORMANCE AND PROFITABILITY				
Total Revenue	21,437	18,438	15,893	14,407	11,757
Interest Income	18,310	17,700	17,254	18,716	17,528
Interest Expense	6,589	8,196	8,814	11,379	10,704
Investment Income	2,604	2,496	2,486	2,766	1,536
Commission Exchange & Brokerage	5,537	5,174	4,131	3,567	2,964
Non-Interest Income	7,111	6,438	4,967	4,304	3,396
Total Operating Expenses	11,585	10,353	8,676	8,266	6,351
Total Income	28,026	26,634	24,708	25,786	22,460
Total Expenditure	18,175	18,550	17,490	19,645	17,054
Operating Profit	9,851	8,085	7,218	6,141	5,406
Profit Before Tax	7,049	4,765	4,329	3,208	2,176
Net Profit After Tax	4,062	2,340	2,037	1,339	700

Horizontal Analysis

Statement of Financial Position

	2016		2015		2014		2013		2012	
	BDT'M	Δ %	BDT'M	Δ %	BDT'M	Δ %	BDT'M	Δ %	BDT'M	Δ %
PROPERTY AND ASSETS										
Cash	15,821	-2.38%	16,207	-5.16%	17,089	-0.42%	17,161	26.36%	13,581	13.37%
Balance with other Banks and Financial Institutions	15,367	-31.15%	22,319	-9.19%	24,579	166.93%	9,208	-39.90%	15,321	377.14%
Investments	22,488	13.69%	19,779	-17.24%	23,899	12.21%	21,299	-16.06%	25,373	78.70%
Loans and Advances	173,612	17.76%	147,434	20.91%	121,941	4.12%	117,111	13.02%	103,624	14.10%
Fixed Assets including Premises, Furniture and Fixtures	2,886	-1.75%	2,937	1.52%	2,893	18.08%	2,450	-5.44%	2,591	10.30%
Other Assets	18,370	16.60%	15,754	11.01%	14,192	13.68%	12,484	-5.33%	13,187	29.78%
Non-Banking Assets	62	0.00%	62		-		-		-	
Total Property and Assets	**248,605**	**10.74%**	**224,492**	**9.73%**	**204,593**	**13.84%**	**179,713**	**3.48%**	**173,677**	**30.39%**
LIABILITIES AND CAPITAL										
Liabilities										
Borrowings from Other Banks, Financial Institutions & Agents	18,838	21.28%	15,533	107.80%	7,475	-36.12%	11,701	29152.50%	40	-93.85%
Borrowings from Central Bank	6,753	49.14%	4,528	89.69%	2,387	65.99%	1,438	-68.24%	4,527	879.87%
Convertible Subordinate Bonds	2,951	-1.63%	3,000	0.00%	3,000	0.00%	3,000	0.00%	3,000	0.00%
Money at Call and Short Notice	1,304	-65.51%	3,780	209.84%	1,220	-57.16%	2,848	43.12%	1,990	-
Deposits and other Accounts	168,860	12.41%	150,221	1.18%	148,464	16.09%	127,892	-5.02%	134,646	29.81%
Other Liabilities	28,459	-0.55%	28,616	17.81%	24,290	15.94%	20,951	8.44%	19,320	22.58%
Total Liabilities	**227,165**	**10.45%**	**205,677**	**10.08%**	**186,836**	**11.32%**	**167,830**	**2.63%**	**163,523**	**32.30%**
Capital and Shareholders' Equity										
Total Shareholders' Equity	**21,441**	**13.95%**	**18,815**	**5.97%**	**17,756**	**49.42%**	**11,883**	**17.03%**	**10,154**	**5.75%**
Total Liabilities and Shareholders' Equity	**248,605**	**10.74%**	**224,492**	**9.73%**	**204,593**	**13.84%**	**179,713**	**3.48%**	**173,677**	**30.39%**

Horizontal Analysis

Profit & Loss Account

	BDT'M	Δ %	BDT'M	Δ %	BDT'M	Δ %	BDT'M	Δ %	BDT'M	Δ %
Interest Income	17,842	2.70%	17,373	3.45%	16,794	-7.39%	18,134	8.50%	16,714	22.81%
Interest paid on Deposits and Borrowing etc.	7,036	-19.12%	8,699	-5.36%	9,192	-18.53%	11,283	10.67%	10,195	24.88%
Net interest income	**10,807**	**24.59%**	**8,674**	**14.10%**	**7,602**	**10.96%**	**6,851**	**5.11%**	**6,518**	**19.68%**
Investment Income	2,544	3.67%	2,454	-1.94%	2,502	-6.36%	2,672	74.53%	1,531	-10.21%
Commission, Exchange and Brokerage	2,538	-12.93%	2,915	13.57%	2,567	-1.32%	2,601	3.01%	2,525	-7.24%
Other Operating Income	1,341	28.65%	1,042	41.23%	738	38.98%	531	65.94%	320	22.61%
Total Operating Income	**17,229**	**14.22%**	**15,085**	**12.50%**	**13,408**	**5.95%**	**12,655**	**16.16%**	**10,894**	**7.49%**
Salaries and Allowances	3,507	18.42%	2,962	1.47%	2,919	3.87%	2,810	11.51%	2,520	7.28%
Rent, Taxes, Insurance, Electricity etc.	1,148	19.95%	957	6.48%	899	5.16%	855	29.74%	659	16.43%

Horizontal Analysis

	2016		2015		2014		2013		2012	
	BDT'M	Δ %	BDT'M	Δ %	BDT'M	Δ %	BDT'M	Δ %	BDT'M	Δ %
Legal Expenses	61	-19.57%	75	-46.37%	141	106.62%	68	119.35%	31	40.91%
Postage, Stamps, Telecommunication etc.	242	-7.97%	262	19.66%	219	9.68%	200	18.34%	169	-8.15%
Stationery, Printing, Advertisement etc.	203	-35.05%	312	16.78%	267	-2.43%	274	23.98%	221	-32.62%
Chief Executive's Salary & Fees	13	-6.67%	14	3.46%	14	6.03%	13	8.33%	12	9.09%
Directors' Fees & Expenses	1	95.92%	1	1.47%	1	29.20%	1	1.96%	1	-45.16%
Auditors' Fee	1	28.25%	1	0.00%	1	-0.52%	1	10.34%	1	0.00%
Depreciation on and Repairs to Bank's Assets	906	1.13%	896	-13.00%	1,030	-8.60%	1,127	6.82%	1,055	33.21%
Other Expenses	1,880	4.14%	1,805	57.73%	1,144	-4.65%	1,200	11.11%	1,080	18.55%
Total Operating Expenses	**7,962**	**9.28%**	**7,286**	**9.82%**	**6,635**	**1.32%**	**6,548**	**13.92%**	**5,748**	**11.30%**
Profit/(Loss) Before Provisions	**9,267**	**18.83%**	**7,799**	**15.12%**	**6,774**	**10.92%**	**6,107**	**18.70%**	**5,145**	**3.52%**
Provision for:										
Loans and Advances	2,296	-25.15%	3,067	23.79%	2,478	-13.45%	2,863	-0.62%	2,881	90.29%
Diminution in Value of Investments	(240)	-700.00%	40	33.33%	30	-36.17%	47	-82.97%	276	-37.84%
Off Balance Sheet Items	63	-10.30%	70	-32.36%	103	390.48%	21		-	-100.00%
Total Provision	**2,118**	**-33.32%**	**3,177**	**21.68%**	**2,611**	**-10.92%**	**2,931**	**-7.16%**	**3,157**	**60.91%**
Profit/(Loss) Before Tax	**7,148**	**54.68%**	**4,621**	**11.01%**	**4,163**	**31.08%**	**3,176**	**59.76%**	**1,988**	**-33.89%**
Provision for Tax:										
Current Tax Expense	2,630	16.87%	2,250	7.30%	2,097	16.69%	1,797	17.45%	1,530	4.79%
Deferred Tax Expense/ (Income)	58	-190.86%	(64)	156.77%	(25)	31.58%	(19)	-76.83%	(82)	-47.10%
Total Provision for Tax	**2,688**	**22.97%**	**2,186**	**5.49%**	**2,072**	**16.54%**	**1,778**	**22.79%**	**1,448**	**10.96%**
Total Profit/(Loss) After Tax	**4,460**	**83.14%**	**2,436**	**16.48%**	**2,091**	**49.68%**	**1,397**	**158.70%**	**540**	**-68.27%**
Earnings Per Share (EPS)	**6.28**	**83.09%**	**3.43**	**7.52%**	**3.19**	**29.15%**	**2.47**	**87.12%**	**1.32**	**-69.23%**

Vertical Analysis

Statement of Financial Position

	2016		2015		2014		2013		2012	
	BDT'M	Composition in %	BDT'M	Composition in %	BDT'M	Composition in %	BDT'M	Composition in %	BDT'M	Composition in %
PROPERTY AND ASSETS										
Cash	15,821	6.36%	16,207	7.22%	17,089	8.35%	17,161	9.55%	13,581	7.82%
Balance with other Banks and Financial Institutions	15,367	6.18%	22,319	9.94%	24,579	12.01%	9,208	5.12%	15,321	8.82%
Investments	22,488	9.05%	19,779	8.81%	23,899	11.68%	21,299	11.85%	25,373	14.61%
Loans and Advances	173,612	69.83%	147,434	65.67%	121,941	59.60%	117,111	65.17%	103,624	59.66%
Fixed Assets including Premises, Furniture and Fixtures	2,886	1.16%	2,937	1.31%	2,893	1.41%	2,450	1.36%	2,591	1.49%
Other Assets	18,370	7.39%	15,754	7.02%	14,192	6.94%	12,484	6.95%	13,187	7.59%
Non-Banking Assets	62	0.03%	62	0.03%	-	0.00%	-	0.00%	-	0.00%
Total Property and Assets	**248,605**	**100.00%**	**224,492**	**100.00%**	**204,593**	**100.00%**	**179,713**	**100.00%**	**173,677**	**100.00%**
LIABILITIES AND CAPITAL										
Liabilities										
Borrowings from Other Banks, Financial Institutions & Agents	18,838	7.58%	15,533	6.92%	7,475	3.65%	11,701	6.51%	40	0.02%
Borrowings from Central Bank	6,753	2.72%	4,528	2.02%	2,387	1.17%	1,438	0.80%	4,527	2.61%
Convertible Subordinate Bonds	2,951	1.19%	3,000	1.34%	3,000	1.47%	3,000	1.67%	3,000	1.73%
Money at Call and Short Notice	1,304	0.52%	3,780	1.68%	1,220	0.60%	2,848	1.58%	1,990	1.15%
Deposits and other Accounts	168,860	67.92%	150,221	66.92%	148,464	72.57%	127,892	71.16%	134,646	77.53%
Other Liabilities	28,459	11.45%	28,616	12.75%	24,290	11.87%	20,951	11.66%	19,320	11.12%
Total Liabilities	**227,165**	**91.38%**	**205,677**	**91.62%**	**186,836**	**91.32%**	**167,830**	**93.39%**	**163,523**	**94.15%**
Capital and Shareholders' Equity										
Total Shareholders' Equity	**21,441**	**8.62%**	**18,815**	**8.38%**	**17,756**	**8.68%**	**11,883**	**6.61%**	**10,154**	**5.85%**
Total Liabilities and Shareholders' Equity	**248,605**	**100.00%**	**224,492**	**100.00%**	**204,593**	**100.00%**	**179,713**	**100.00%**	**173,677**	**100.00%**

Vertical Analysis

Profit & Loss Account

Interest Income	17,842	73.53%	17,373	73.05%	16,794	74.31%	18,134	75.75%	16,714	79.25%
Interest paid on Deposits and Borrowing etc.	7,036	29.00%	8,699	36.58%	9,192	40.67%	11,283	47.13%	10,195	48.34%
Net interest income	**10,807**	**44.54%**	**8,674**	**36.47%**	**7,602**	**33.64%**	**6,851**	**28.62%**	**6,518**	**30.91%**
Investment Income	2,544	10.48%	2,454	10.32%	2,501	11.07%	2,672	11.16%	1,531	7.26%
Commission, Exchange and Brokerage	2,538	10.46%	2,915	12.26%	2,567	11.36%	2,601	10.87%	2,525	11.97%
Other Operating Income	1,341	5.53%	1,042	4.38%	738	3.27%	531	2.22%	320	1.52%
Total Operating Income	**17,229**	**71.00%**	**15,085**	**63.42%**	**13,408**	**59.33%**	**12,655**	**52.87%**	**10,894**	**51.65%**

Vertical Analysis

	2016		2015		2014		2013		2012	
	BDT'M	Composition in %	BDT'M	Composition in %	BDT'M	Composition in %	BDT'M	Composition in %	BDT'M	Composition in %
Salaries and Allowances	3,507	14.45%	2,962	12.45%	2,919	12.91%	2,810	11.74%	2,520	11.95%
Rent, Taxes, Insurance, Electricity etc.	1,148	4.73%	957	4.03%	899	3.98%	855	3.57%	659	3.12%
Legal Expenses	61	0.25%	75	0.32%	141	0.62%	68	0.28%	31	0.15%
Postage, Stamps, Telecommunication etc.	242	1.00%	262	1.10%	219	0.97%	200	0.84%	169	0.80%
Stationery, Printing, Advertisement etc.	203	0.84%	312	1.31%	267	1.18%	274	1.14%	221	1.05%
Chief Executive's Salary & Fees	13	0.05%	14	0.06%	14	0.06%	13	0.05%	12	0.06%
Directors' Fees & Expenses	1	0.01%	1	0.00%	1	0.00%	1	0.00%	1	0.00%
Auditors' Fee	1	0.01%	1	0.00%	1	0.00%	1	0.00%	1	0.00%
Depreciation on and Repairs to Bank's Assets	906	3.74%	896	3.77%	1,030	4.56%	1,127	4.71%	1,055	5.00%
Other Expenses	1,880	7.75%	1,805	7.59%	1,144	5.06%	1,200	5.01%	1,080	5.12%
Total Operating Expenses	**7,962**	**32.81%**	**7,286**	**30.63%**	**6,635**	**29.36%**	**6,548**	**27.36%**	**5,749**	**27.26%**
Profit/(Loss) Before Provisions	**9,267**	**38.19%**	**7,799**	**32.79%**	**6,774**	**29.97%**	**6,107**	**25.51%**	**5,145**	**24.40%**
Provision for:										
Loans and Advances	2,296	9.46%	3,067	12.90%	2,478	10.96%	2,863	11.96%	2,881	13.66%
Diminution in Value of Investments	(240)	-0.99%	40	0.17%	30	0.13%	47	0.20%	276	1.31%
Off Balance Sheet Items	63	0.26%	70	0.29%	103	0.46%	21	0.09%	-	0.00%
Total Provision	**2,118**	**8.73%**	**3,177**	**13.36%**	**2,611**	**11.55%**	**2,931**	**12.24%**	**3,157**	**14.97%**
Profit/(Loss) Before Tax	**7,148**	**29.46%**	**4,621**	**19.43%**	**4,163**	**18.42%**	**3,176**	**13.27%**	**1,988**	**9.43%**
Provision for Tax:										
Current Tax Expense	2,630	10.84%	2,250	9.46%	2,097	9.28%	1,797	7.51%	1,530	7.25%
Deferred Tax Expense/ (Income)	58	0.24%	(64)	-0.27%	(25)	-0.11%	(19)	-0.08%	(82)	-0.39%
Total Provision for Tax	**2,688**	**11.08%**	**2,186**	**9.19%**	**2,072**	**9.17%**	**1,778**	**7.43%**	**1,448**	**6.87%**
Total Profit/(Loss) After Tax	**4,460**	**18.38%**	**2,436**	**10.24%**	**2,091**	**9.25%**	**1,397**	**5.84%**	**540**	**2.56%**
Earnings Per Share (EPS)	**6.28**	**0.03%**	**3.43**	**0.01%**	**3.19**	**0.01%**	**2.47**	**0.01%**	**1.32**	**0.01%**

Market Price Information - 2016

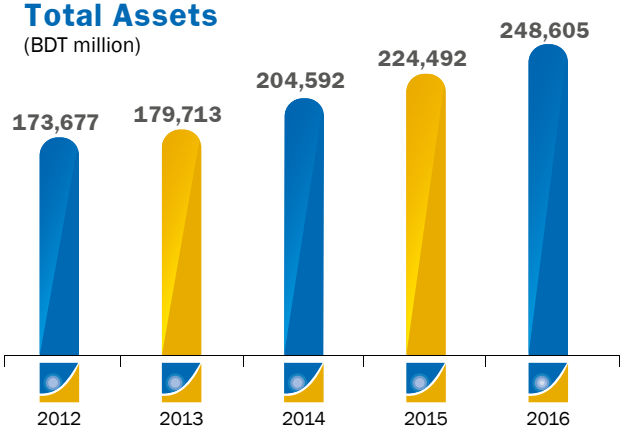
Month	Dhaka Stock Exchange Ltd. (DSE)			Chittagong Stock Exchange Ltd. (CSE)			Total Volume on DSE & CSE	Market Capitalization (at close of month) (BDT million)
	Month High	Month Low	Total Volume (Number)	Month High	Month Low	Total Volume (Number)		
Jan-16	49.80	45.50	5,605,791	48.90	45.10	114,703	5,720,494	33,604
Feb-16	48.00	42.10	5,557,170	47.40	42.00	104,244	5,661,414	30,265
Mar-16	47.00	41.00	7,206,619	45.00	42.00	125,674	7,332,293	31,401
Apr-16	44.40	41.20	4,907,181	44.30	40.00	171,635	5,078,816	29,412
May-16	48.30	41.10	9,280,406	48.00	41.00	180,887	9,461,293	32,893
Jun-16	55.30	45.90	13,304,226	54.80	45.50	262,101	13,566,327	37,653
Jul-16	64.50	52.00	19,405,186	64.40	50.50	5,417,302	24,822,488	43,692
Aug-16	64.30	58.70	22,597,006	64.90	58.90	646,744	23,243,750	42,342
Sep-16	62.40	58.30	11,403,327	64.50	59.20	1,243,207	12,646,534	42,058
Oct-16	62.90	59.30	13,084,164	62.40	59.00	117,285	13,201,449	42,768
Nov-16	68.00	60.00	25,084,732	67.80	59.80	577,660	25,662,392	45,823
Dec-16	**66.40**	**63.90**	**16,800,920**	**66.20**	**63.00**	**600,169**	**17,401,089**	**45,610**

AMARSTOCK

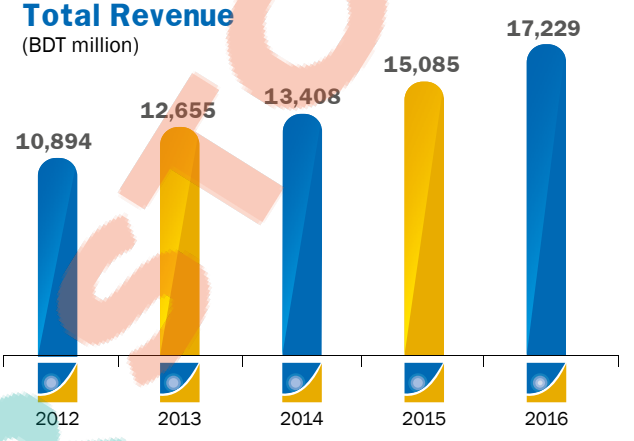
FIVE YEARS' FINANCIAL SUMMARY: GRAPHICAL PRESENTATION

BBL - Solo

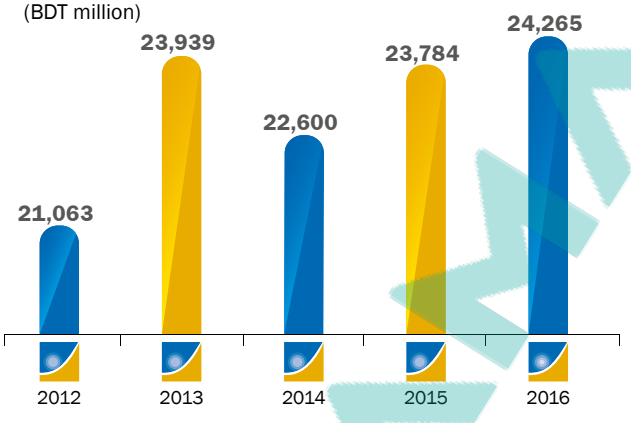
Total Assets
(BDT million)



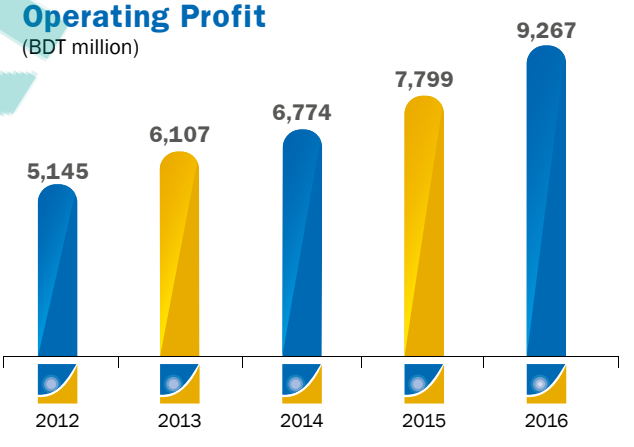
Total Revenue
(BDT million)



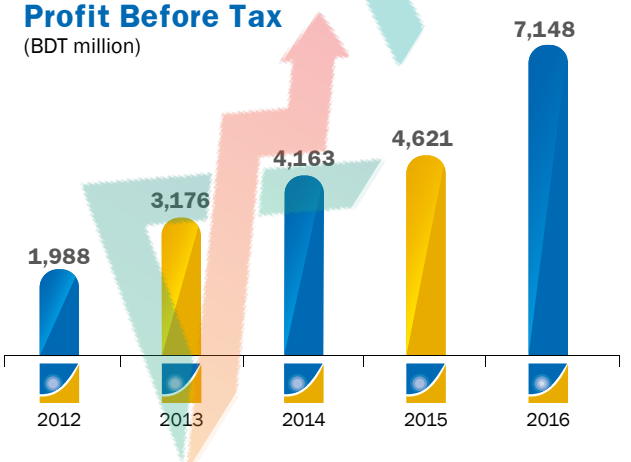
Total Income
(BDT million)



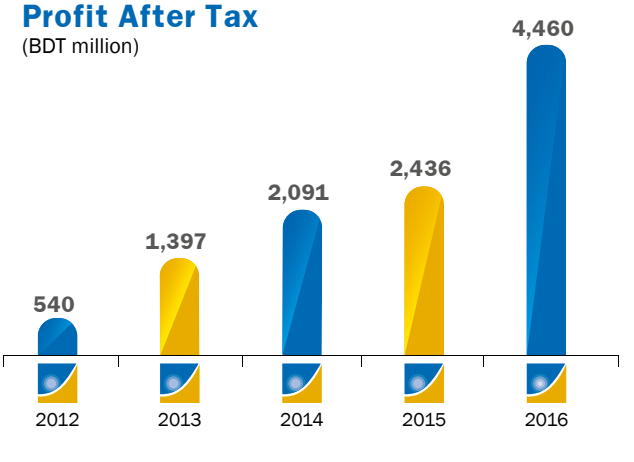
Operating Profit
(BDT million)



Profit Before Tax
(BDT million)



Profit After Tax
(BDT million)

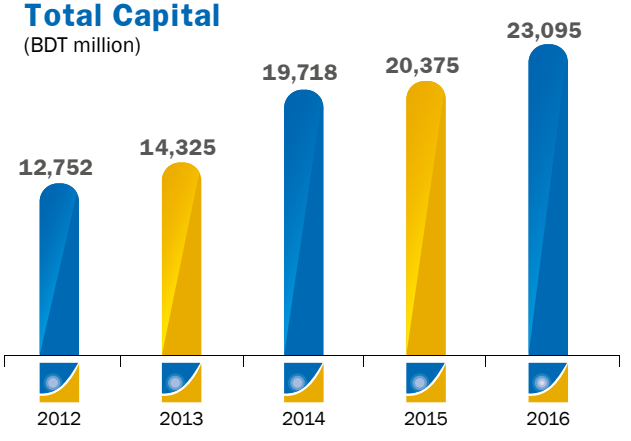


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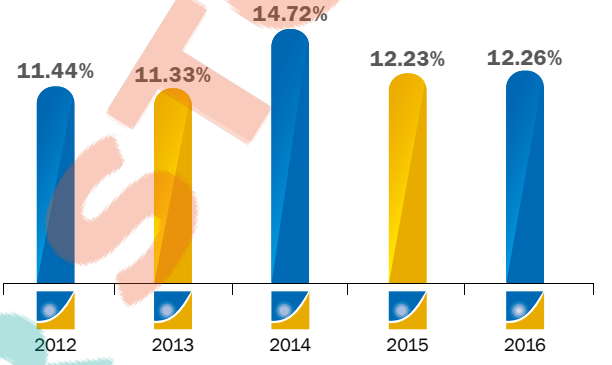
FIVE YEARS' FINANCIAL SUMMARY: GRAPHICAL PRESENTATION

BBL - Solo

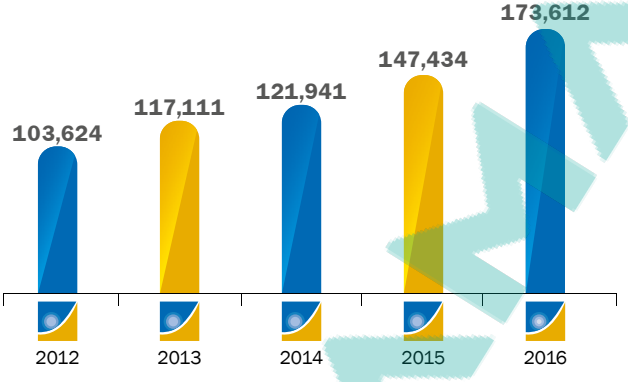
Total Capital
(BDT million)



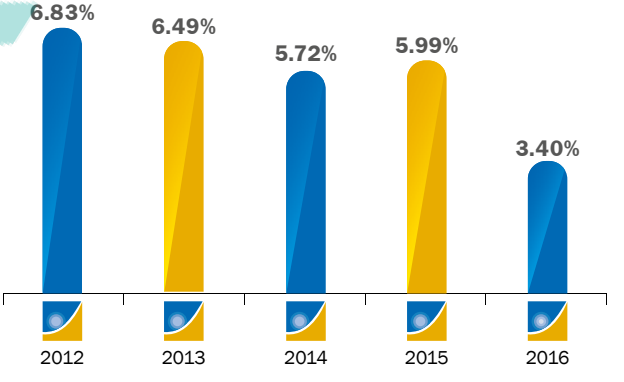
Total Capital to Risk-weighted Asset Ratio (CRAR)



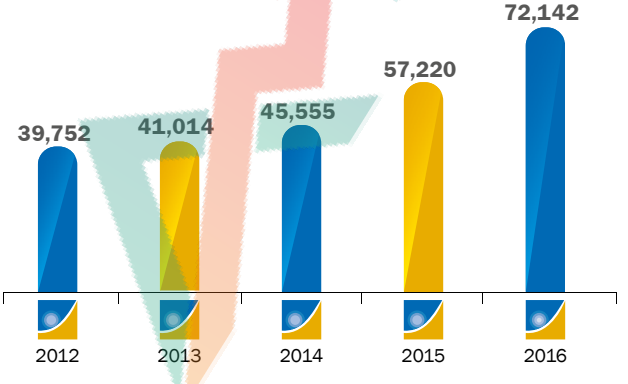
Total Loans and Advances
(BDT million)



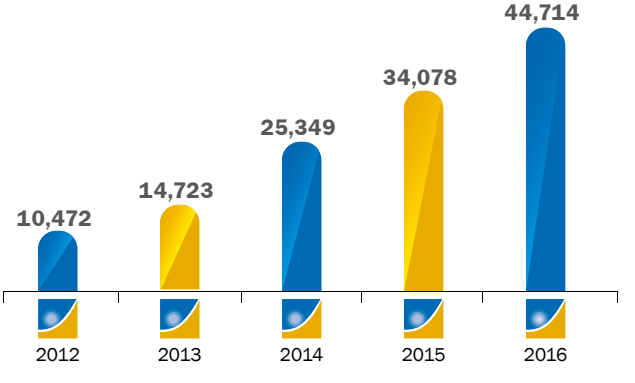
Percentage of NPLs to Total Loans and Advances



Import
(BDT million)



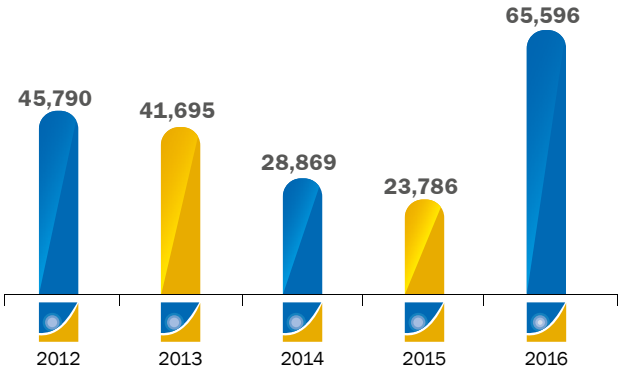
Export
(BDT million)



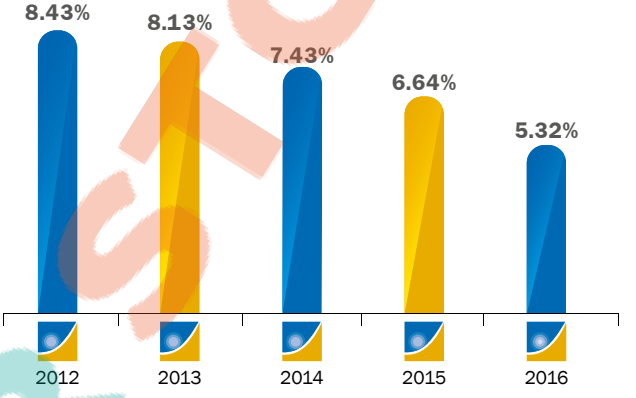
FIVE YEARS' FINANCIAL SUMMARY: GRAPHICAL PRESENTATION

BBL - Solo

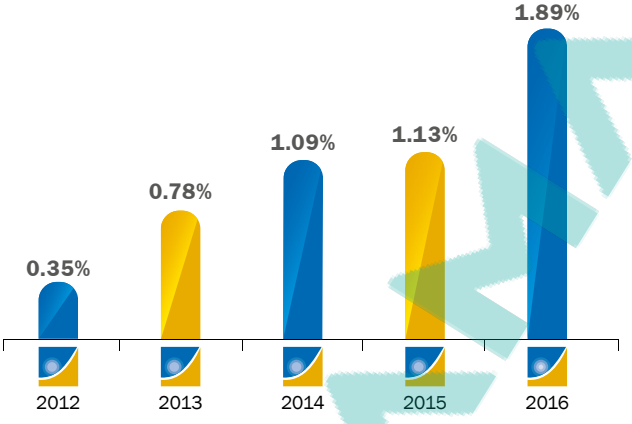
Remittance (Inward)
(BDT million)



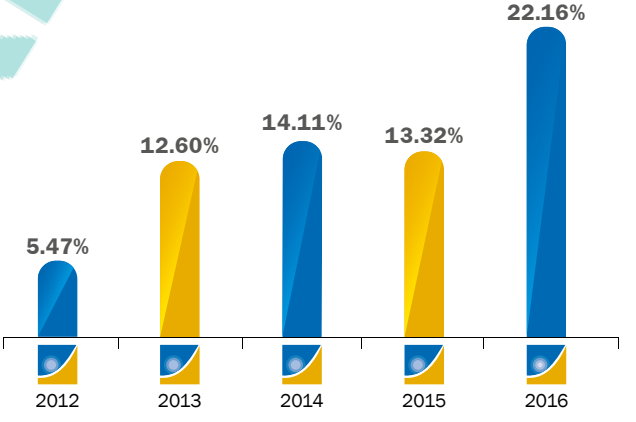
Cost of Fund



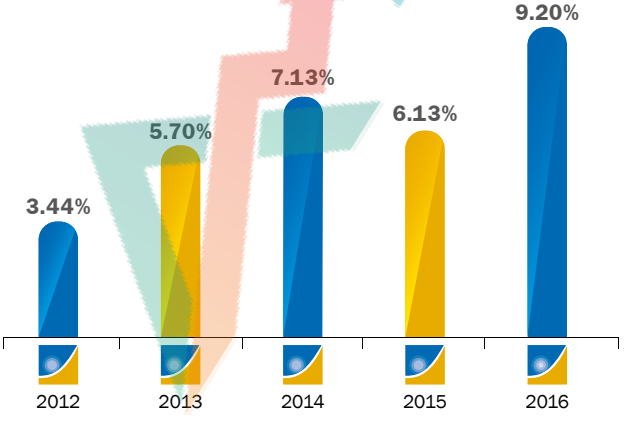
Return on Assets



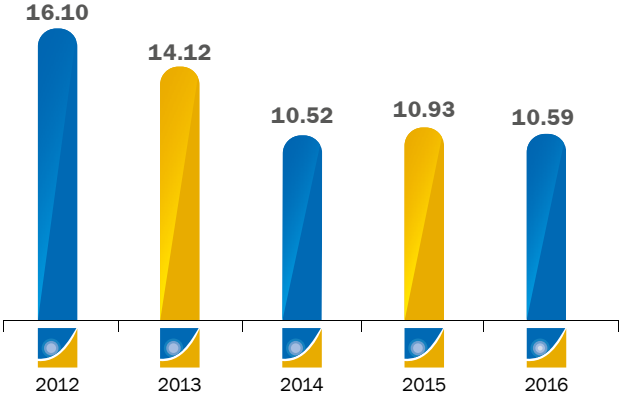
Return on Equity



Return on Investment



Debt Equity Ratio (Times)

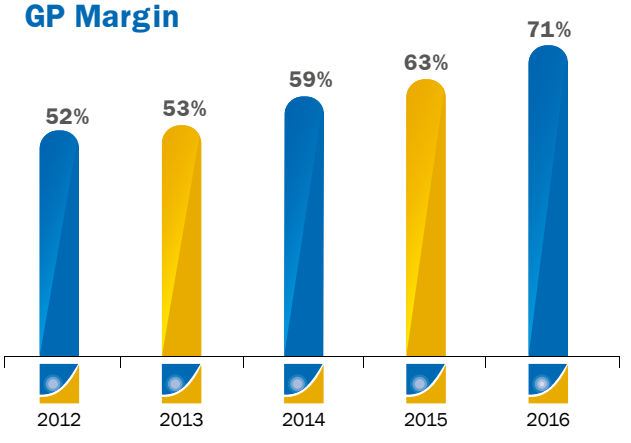


INVESTOCK

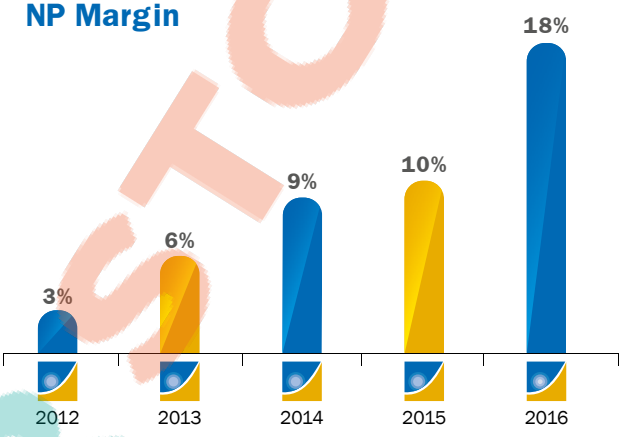
FIVE YEARS' FINANCIAL SUMMARY: GRAPHICAL PRESENTATION

BBL - Solo

GP Margin

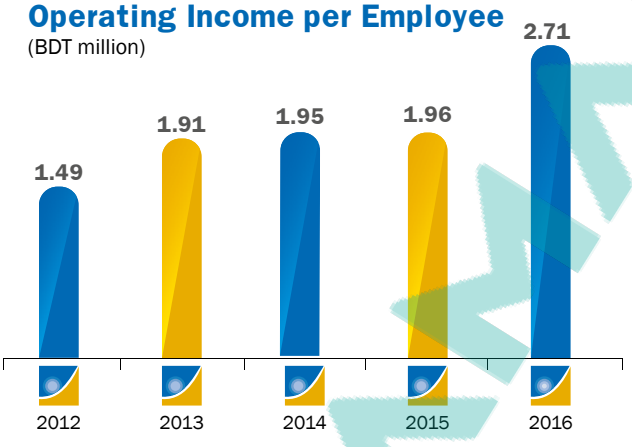


NP Margin



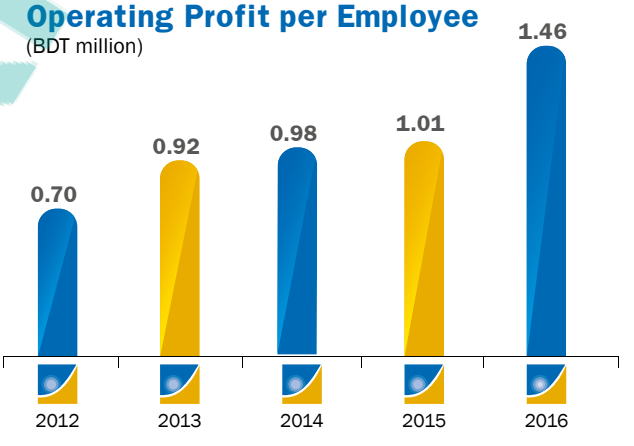
Operating Income per Employee

(BDT million)



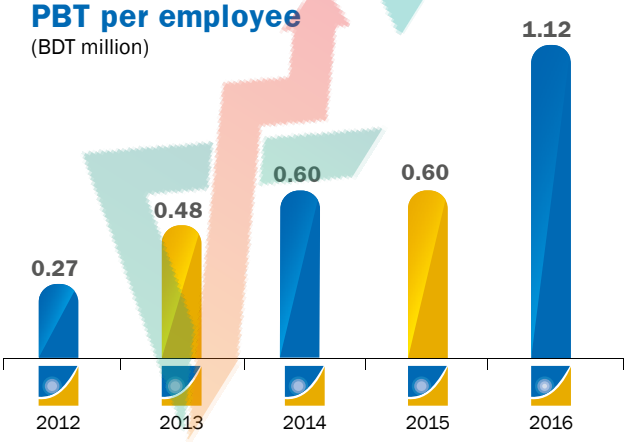
Operating Profit per Employee

(BDT million)

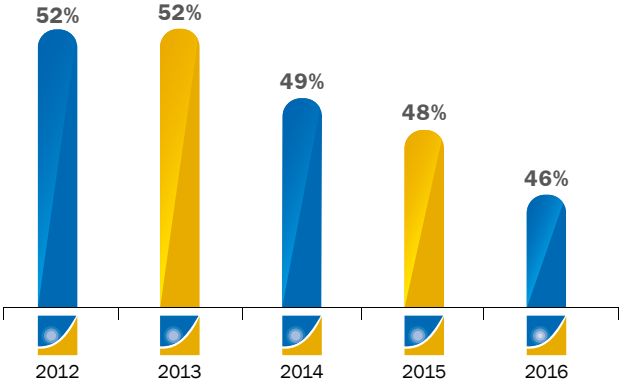


PBT per employee

(BDT million)



Cost to Income Ratio

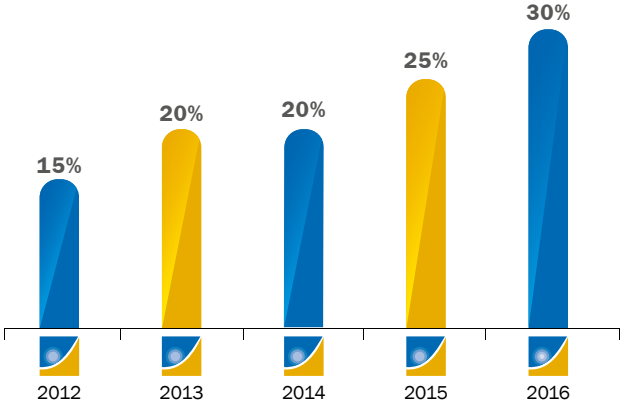


SHARESTOCK

FIVE YEARS' FINANCIAL SUMMARY: GRAPHICAL PRESENTATION

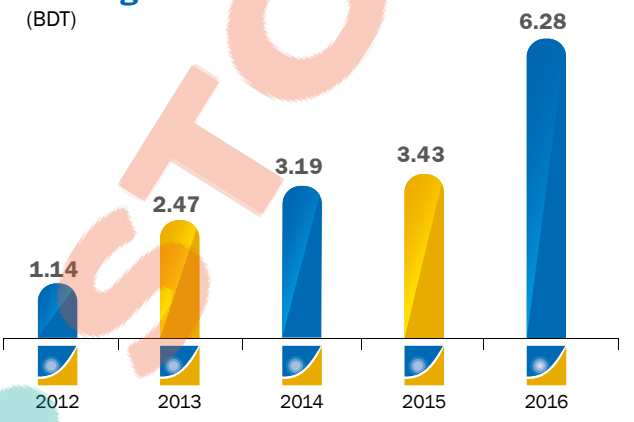
BBL - Solo

Total Dividend



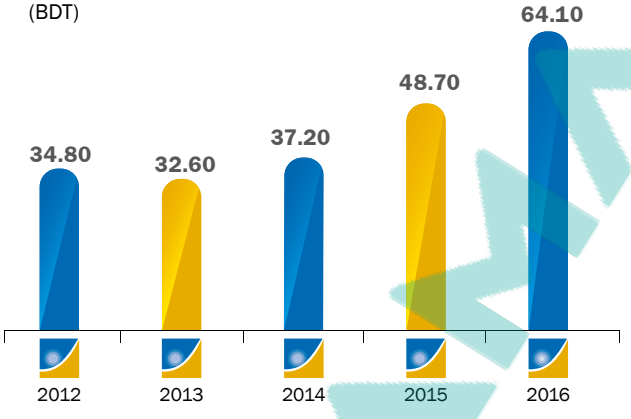
Earnings Per Share

(BDT)

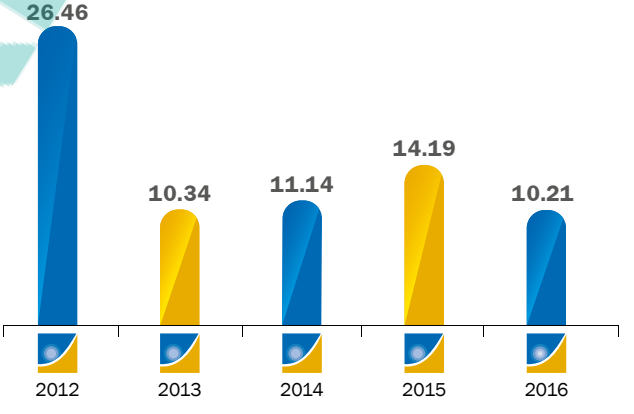


Market Value Per Share (Year end)

(BDT)

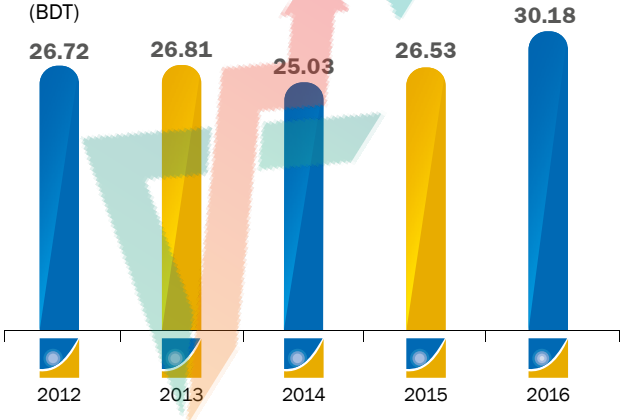


Price Earnings Ratio



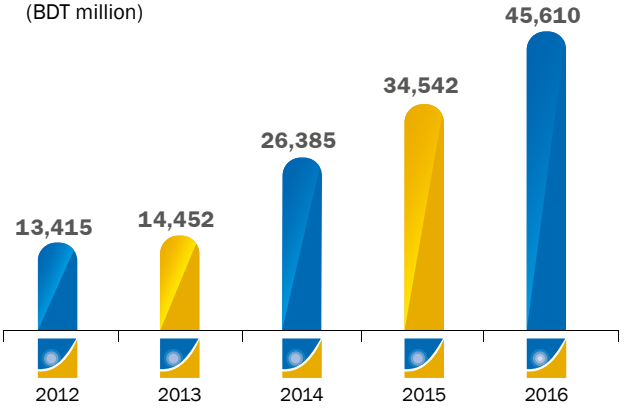
Net Asset Value Per Share

(BDT)



Market Capitalization at the year end

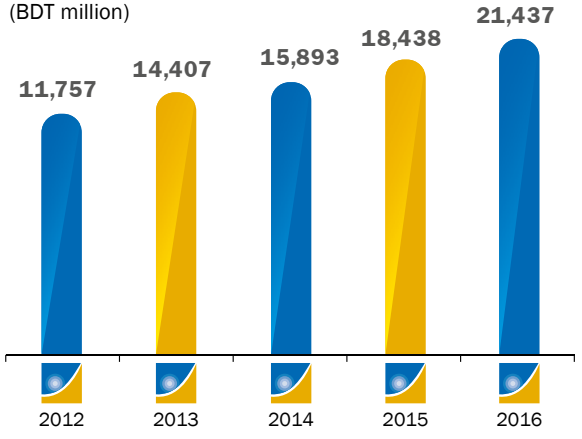
(BDT million)



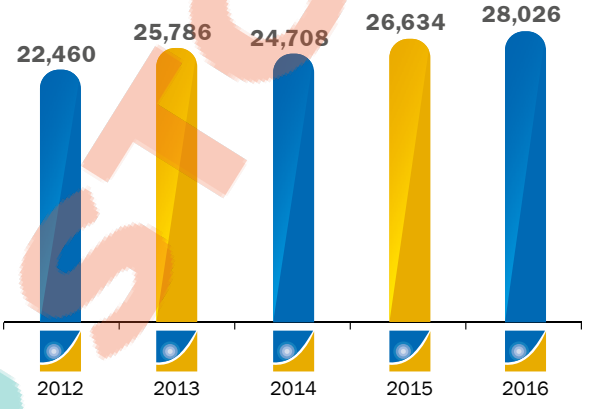
FIVE YEARS' FINANCIAL SUMMARY: GRAPHICAL PRESENTATION

BBL - Consolidated

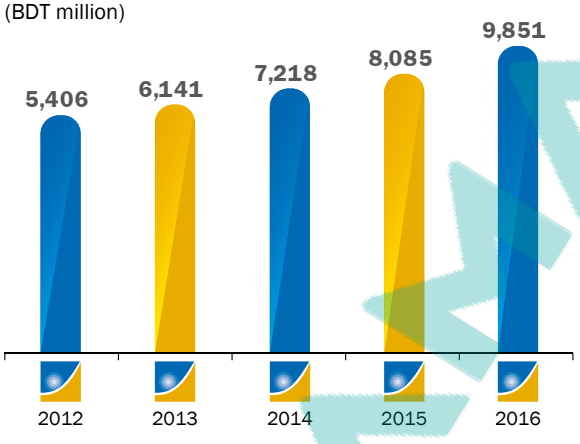
Total Revenue
(BDT million)



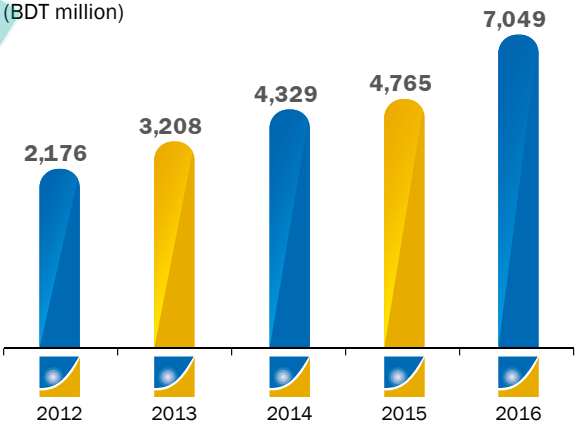
Total Income
(BDT million)



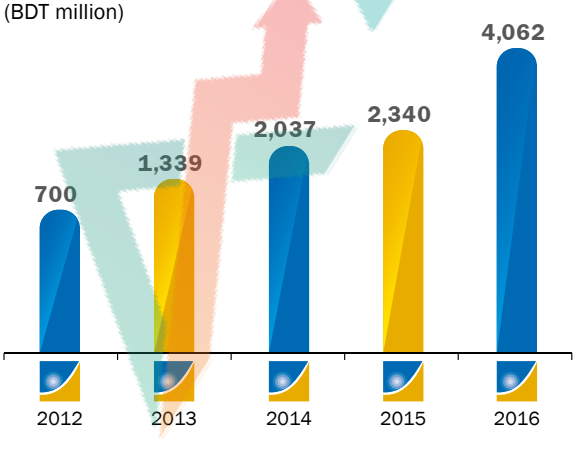
Operating Profit
(BDT million)



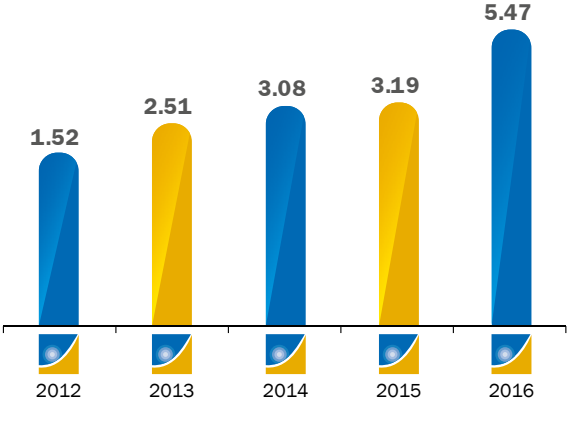
Profit Before Tax
(BDT million)



Net Profit After Tax
(BDT million)



Earnings Per Share
(BDT)

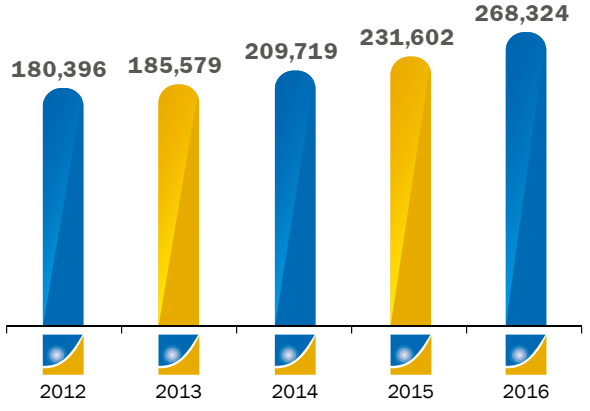


AMARSTOCK

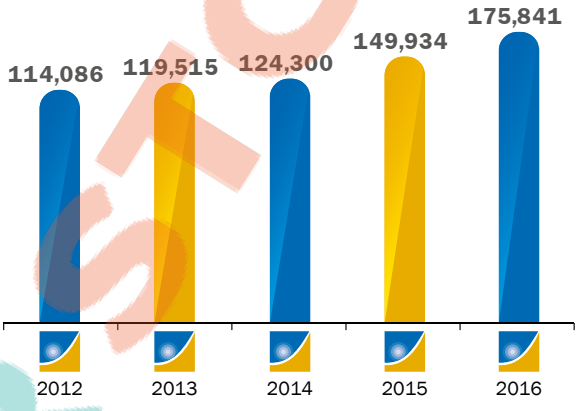
FIVE YEARS' FINANCIAL SUMMARY: GRAPHICAL PRESENTATION

BBL - Consolidated

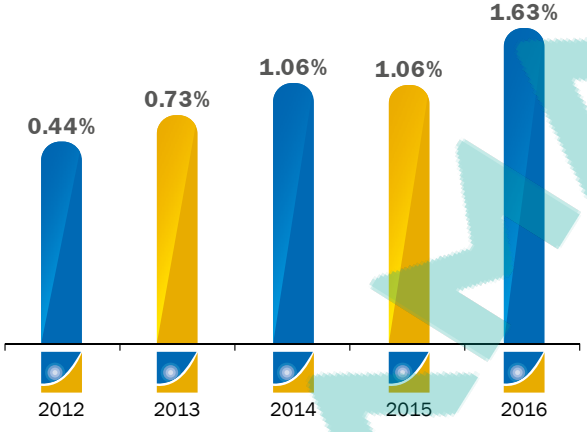
Total Assets
(BDT million)



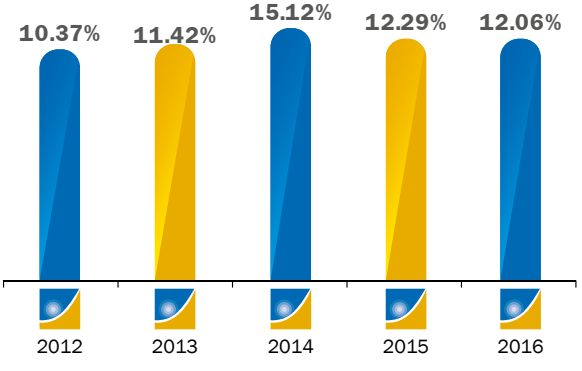
Total Loans and Advances
(BDT million)



Return on Assets



Total Capital to Risk-weighted Asset Ratio (CRAR)



CONTRIBUTION TO THE NATIONAL EXCHEQUER

From the year 2012 to 2016

Year	* Withholding Tax	VAT	Excise Duty	Income Tax	Total BDT
2012	1,182,209,641	497,955,297	171,229,760	1,467,791,564	3,319,186,262
2013	1,315,913,433	442,084,914	205,927,160	1,101,920,583	3,065,846,090
2014	1,295,106,187	449,791,749	260,522,870	1,338,429,288	3,343,850,093
2015	1,356,044,380	514,043,377	306,888,170	1,759,473,049	3,936,448,977
2016	1,406,932,034	587,303,344	517,452,700	** 2,687,848,854	5,199,536,932
Grand Total	**6,556,205,675**	**2,491,178,681**	**1,462,020,660**	**8,355,463,338**	**18,864,868,353**

* Withholding Income Tax and VAT.

** Advance Income Tax for the year 2016 has been paid BDT 1,302 million to Govt. Exchequer as per Income Tax Ordinance 1984.

VALUE ADDED STATEMENT

Value Added Statement

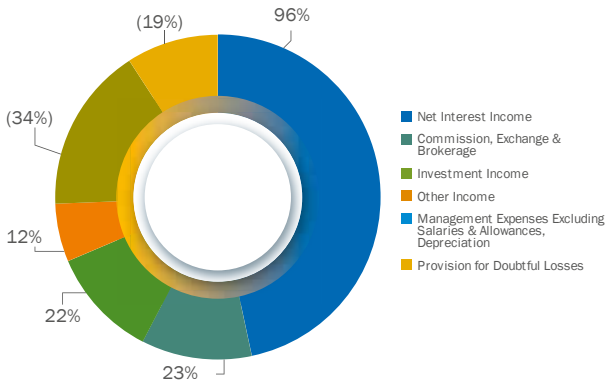
The Value Added Statement is an informative report which shows a detailed account of total value addition and the disbursement of the value created by the organization. BRAC Bank adds value by creating wealth through Wholesale, SME and Retail banking. It also contributes positively to socio economic development through the payment of salaries and allowances towards its staff, through the payment of consistent dividend towards its shareholders, through obeying regulatory rules and regulations by paying tax and VAT while ensuring sustainability and growth.

The following value added statement shows the total worth created by BRAC Bank for the year ended 31 December 2016 and how we distributed for the socio economic development.

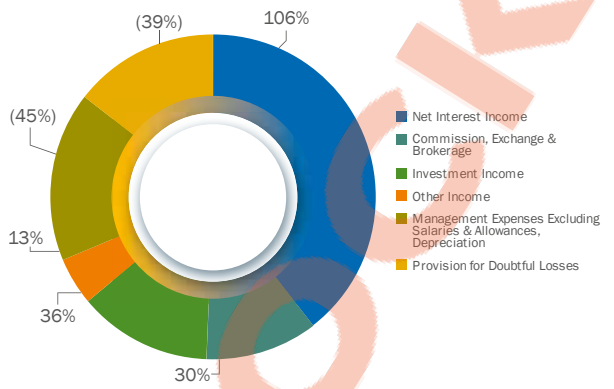
Value Added Statement				
	2016		2015	
	Amount – BDT'M	%	Amount - BDT'M	%
Value Added -				
Net Interest Income	10,807	96%	8,674	106%
Commission, Exchange & Brokerage	2,544	23%	2,454	30%
Investment Income	2,538	22%	2,915	36%
Other Income	1,341	12%	1,042	13%
Management Expenses Excluding Salaries & Allowances, Depreciation	(3,821)	(34%)	(3,708)	(45%)
Provision for Doubtful Losses	(2,118)	(19%)	(3,177)	(39%)
Total Value Added by the Company	**11,291**	**100%**	**8,199**	**100%**
Value Added Contributed to -				
Employees				
As salary and Allowance	3,520	31%	2,976	36%
Provider of Capital :				
Dividend to Shareholders	2,138	19%	1,773	22%
Government:				
Corporate Tax	2,688	24%	2,186	27%
To Expansion and Growth:				
Retained Income	2,322	21%	662	8%
Depreciation	623	6%	602	7%
Total Distribution by the Company	**11,291**	**100%**	**8,199**	**100%**

AMARSTOCK

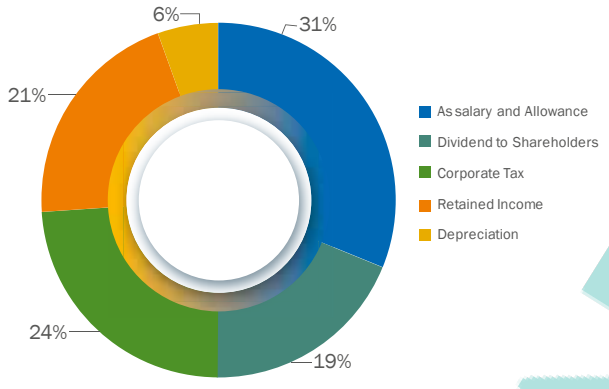
Value Added - 2016



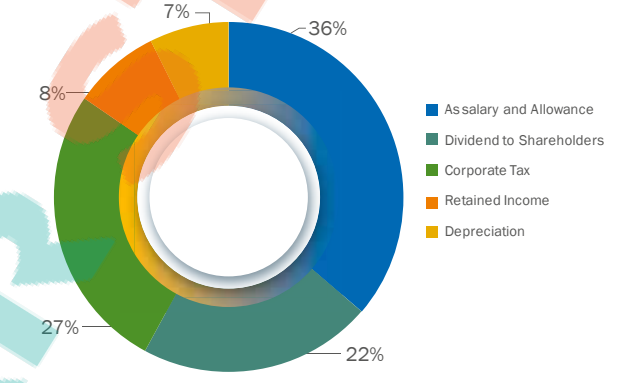
Value Added - 2015



Value Contribution - 2016



Value Contribution - 2015



Economic Value Added (EVA) Statement

The Economic Value Added Statement is a statement which shows the surplus generated by an entity after meeting the cost of total invested equity. Here cost of total invested equity means the equitable charge towards providers of capital. It is the post tax return on capital employed less the cost of capital employed. Again, here the post tax return on capital employed is adjusted for the tax shield on debt. Organizations which earn higher returns than the cost of capital add value. On the other hand, organizations which earn lower returns than cost of capital decrease its value to shareholders. That is why shareholders are always conscious about the return on capital invested. As a responsible bank, we are sincerely concerned for ensuring value to all of our equity providers.

At the same time, the EVA also shows management the success, they are responsible for. It is calculated by the following formula:

EVA = Net Operating Profit – Taxes – Cost of Capital

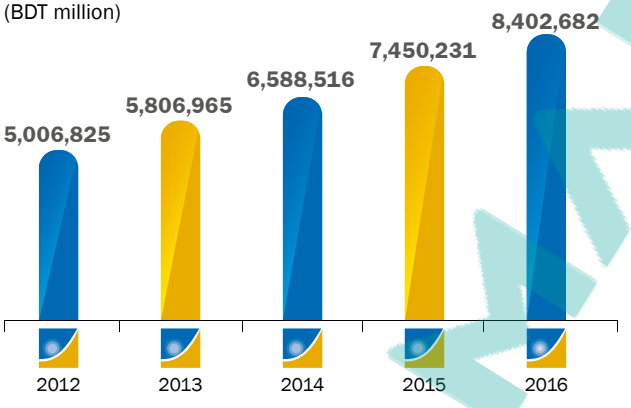
Economic Value Added (EVA) Statement [EVA= (NPAT-Cost of Average Equity)]

(BDT million)

For the year end	2012	2013	2014	2015	2016
Shareholders' Equity at the year end	10,155	11,883	17,755	18,815	21,441
Accumulated Provision against Loan & Advances and Investment	7,054	7,432	7,508	8,776	7,028
Average Shareholders' Equity	9,879	11,019	14,819	18,285	20,128
Dividend	1.5	2.0	2.0	2.5	3.0
Market Value Per Share	34.80	32.60	37.20	48.70	64.10
Growth Rate	(0.25)	0.33	-	0.25	0.20
Cost of Equity	5.85%	8.05%	9.57%	9.71%	10.62%
Net Profit after Tax (Before Provision)	3,698	4,328	4,702	5,613	6,579
Less: Cost of Equity	578	887	1,419	1,776	2,138
Total	**3,119**	**3,442**	**3,283**	**4,193**	**4,441**
Key Ratios:					
EVA/Operating Revenue (%)	14.81%	14.38%	14.53%	17.63%	18.30%
EVA/Average Shareholders' Equity (%)	31.58%	31.23%	22.15%	22.93%	22.06%
Net Profit After Tax/Operating Revenue (%)	2.57%	5.84%	9.25%	10.24%	18.38%

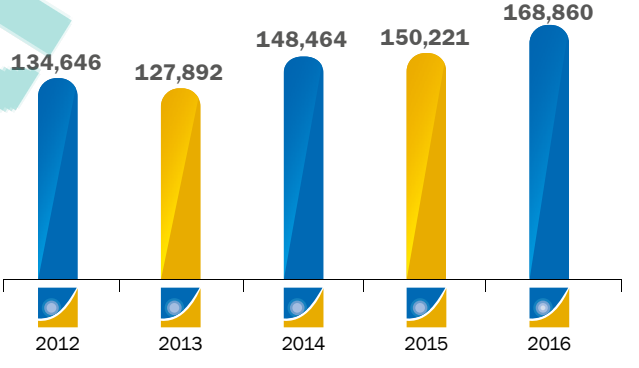
Industry - Deposit

(BDT million)



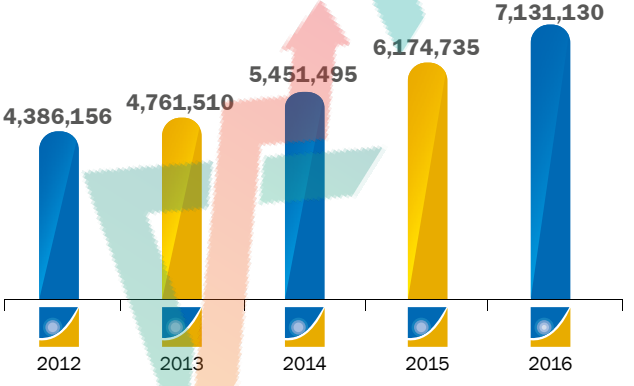
BRAC Bank - Deposit

(BDT million)



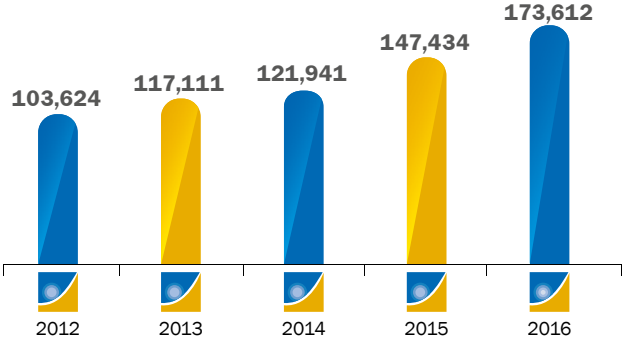
Industry - Loans and Advances

(BDT million)



BRAC Bank - Loans and Advances

(BDT million)



Market Value Added (MVA) Statement

The Market Value Added Statement is a reflection of the Company's performance evaluated by the market through the equity of the company. It is a measurement of external performance. It is a measure that shows how the market has judged the company's performance in terms of market value of shares compared to book value of shares. It is the difference between the market value of equity and the book value of equity invested in the company.

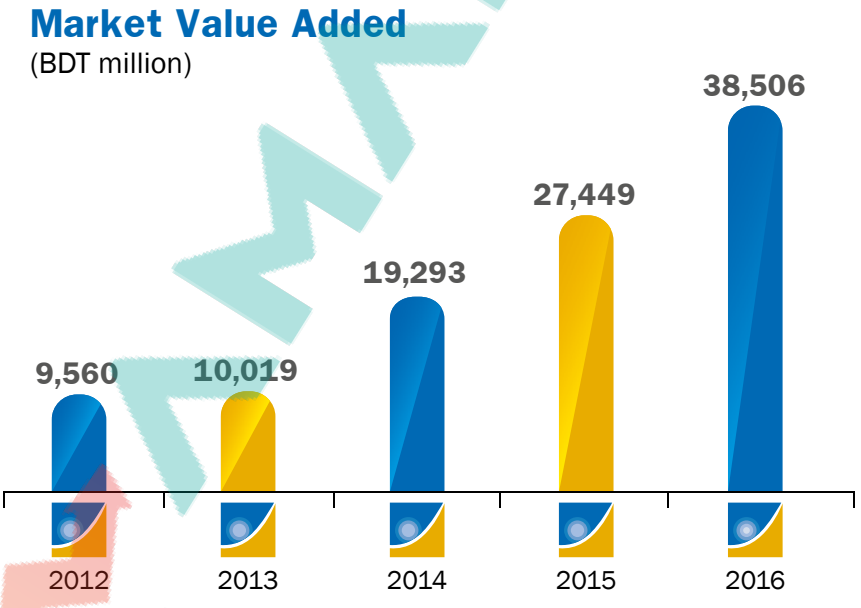
A positive MVA is a better indication of performance and it shows that the company can add value to shareholders wealth. A negative MVA is an indication that the value of management's actions and investments are less than the value of the capital contributed to the company by the capital market.

During the year 2016, we were able to make a positive Market value addition of BDT 38,506 million.

Market Value Added Statement

(BDT million)

For the year end	2012	2013	2014	2015	2016
Market Value of Shares Outstanding	13,415	14,452	26,385	34,542	45,610
Book Value of Shares Outstanding	3,855	4,433	7,093	7,093	7,104
Market Value Added	**9,560**	**10,019**	**19,293**	**27,449**	**38,506**



COMPETITIVE INTENSITY AND OUR STRATEGIC RESPONSE

Operating in the banking industry in Bangladesh is very challenging due to exposure to several risks, both internally and externally. Some of these risks are beyond control. However, with matured experience, BRAC bank has witnessed various industry cycles, economic turmoil and hence has developed and adjusted itself with a risk-identification and mitigation framework that not only protects the company from unfavourable conditions, but also helps to enhance operating viability and ensure sustainability.

We have provided a detailed analysis of the competitive intensity we deal with while operating in this dynamic and challenging banking industry and our responses to minimise the impact of these risks on our business model. To show our risk framework we have depicted it through Michael Porter's risk analysis structure as well as the SWOT analysis.

Competitive rivalry:

- Number of competitors: In Bangladesh, the banking industry faces stiff competition from 56 banks and 33 NBFIs.
- Switching cost: The switching cost is low due to a high concentration of service providers.
- Quality difference: Though BRAC bank belongs to the top quartile of banks but still it is being seen as a Retail and SME oriented bank. Other banks are also trying to provide the best services where BRAC bank has to compete.
- Customer loyalty: Traditionally, BRAC Bank customers have been loyal; however, the competition from 56 banks in the industry, along with the intense price war had led to a decline in the number of loyal customers, making the banking industry extremely competitive.

Buyer power:

- Customers possess a higher bargaining power because of a relatively low switching cost due to the number of banks in the industry.
- SMEs have generally been less rate sensitive; however, rising competition in this market segment have made it considerably more price sensitive, as a number of banks are entering into the SME sector.
- Corporate clients have also become more price sensitive compared to the past, as their access to other banks and NBFIs have turned out to be a lot easier.

Supplier power:

- Recent rate cuts in deposits, triggering from a highly competitive lending market have directly impacted the number of deposit customers.
- Source of funds, the likes of customer deposits and borrowings from other financial institutions, is largely based on the market. Therefore, their power is often considered to fluctuate between medium to high.

Threat of new entrants:

- In the past few years a number of new banks and NBFIs have entered into an already competitive market.
- 6 new banks will be commencing their operations in the near future. As a result, the threat of new entrants is reasonably high, with so many new banks entering the market.

Threat of substitute products:

- Some of the banking industry's largest threats of substitution are not from rival banks but from non-banking financial institutions. They have begun to offer specialized financial services that were traditionally only available from banks.
- Thus, the threats of the 33 existing non-banking financial institutions are moderate.

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SWOT analysis

STRENGTHS

Strengths	Strengthening further
The BRAC brand	
BRAC Bank is an experienced and currently one of the largest banks in terms of loan portfolio focused on customer satisfaction.	BBL will continue to invest in the brand to enhance customer experience to bolster its brand image even more.
Our Strength emanates from our owner – BRAC, the largest NGO in the world.	With a strong foundation, BRAC Bank will carry on its growth momentum and reach greater heights and become the best bank in Bangladesh.
BRAC Bank is a member of Global Alliance for Banking on Values (GABV).	As a member of GABV, BBL will continue to commit to bringing positive change in the banking sector to build a just, enlightened, healthy democratic and poverty free Bangladesh.
BRAC Bank is also a proud kit sponsor for the Bangladesh National Cricket Team.	Because of this sponsorship BBL will get immense popularity not only in Bangladesh but also all over the world. This will again help us to spread our banking service internationally. From youngsters to the old ones, BRAC Bank is a brand that they come across day in and day out. BBL is building huge amounts of good will and in the process is also ensuring that the youngsters know of BRAC Bank by the time they come of age to take on financial responsibility.
Network and Infrastructure	
Currently, BBL has 181 branches, 69 Unit Offices housed in SME SC/KB, 448 SME unit centres and over 469 ATMS across the country.	BBL will continue to establish more banking channels countrywide, in order to continue providing financial services through its already extensive distribution reach.
BRAC Bank provides uninterrupted service delivery.	BBL will continue to invest more to ease the processes in terms of security and technological advancements in order to provide a better customer experience.
Corporate Governance and Compliance	
BRAC Bank abides by stringent regulatory adherence.	BBL should continue to abide by the law of the land in both letter and spirit.
BRAC Bank has respectable institutional shareholding; experienced and professional Board of Directors.	Our Directors will continue to support us in our decision making and mitigation on risk.
Human resources	
BRAC Bank has competent and empowered human resources.	BRAC Bank will continue investing in people as they are the principal driving force of the company.
BRAC Bank has established a winning culture which prioritizes on addressing needs of stakeholders with transparency.	We will continue to make our staff more transparent and responsible while communication.
Customer centered	
We provide need based products and superior service standards for all kinds of customer group.	BRAC Bank will put effort in continuous innovation in product and services suite.
We have established ourselves as transparent and ethical towards our stakeholders.	We will train new recruits on our code of ethics and values.
BRAC Bank is known in the market as a bank which gives priority to customers at every step.	We are reshaping our branch banking so that the best services can be provided to customers.

Strengths	Strengthening further
BRAC Bank is also known as a leading SME focused bank.	We will continue to innovate the best possible way to serve and reach the SME market so that we can prove ourself the best in this sector.
Strong financial footing	
BRAC Bank has strong capital base.	BRAC Bank will continue to further strengthen our capital base in order to be more resilient in times of system wise stress.
We have sound and steady ROA and ROE.	We will continue to deliver superior financial results and maintain shareholder return.

WEAKNESSES

Weaknesses	Addressing our weaknesses
BRAC Bank is unable to fully leverage wide distribution channel completely, as a result we are not operating with 100% efficiency.	We are planning to move to multi-segment centric distribution model.

OPPORTUNITIES

Opportunities	Capitalising on opportunities
Providing retail products to our Corporate and SME clients is an opportunity for us.	Thus we will increase wallet share and this will in turn reduce acquiring cost.
BRAC Bank can issue bonds for others.	Revenue can be earned by issuing bonds for others.
Green financing is also a sector for BRAC Bank to venture into.	Long-term financing opportunities in projects to strengthen climate resilience should be taken.
BRAC Bank can reach far into the country.	Bring all rural people under all kinds of modern banking facilities.

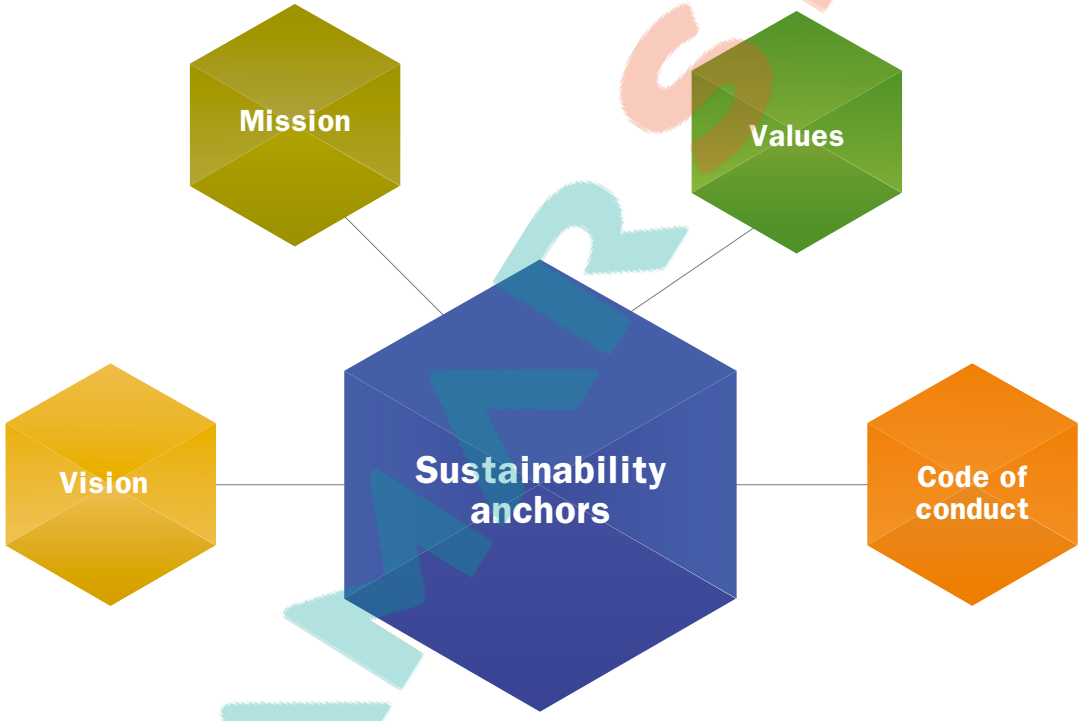
THREATS

Threats	Countering threats
Intense competition in corporate lending driving commercial banks to focus more on SME and consumer financing.	BRAC Bank will continue providing best-in-class services to all customers.
New banks and NBFIs entrants will create stringent competition.	We will innovate, automate and invest to reduce loan TAT further.

SUSTAINABLE VALUE CREATION METHOD

Creating a sustainable footprint is included in BRAC Bank's vision. We always try to uphold the highest regard to our stakeholders by being honest during our communication, reasonable to customers, open to our employees and being true to our shareholders by contributing to value creation in their hands.

BRAC Bank's sustainability value chain



Sustainability objectives

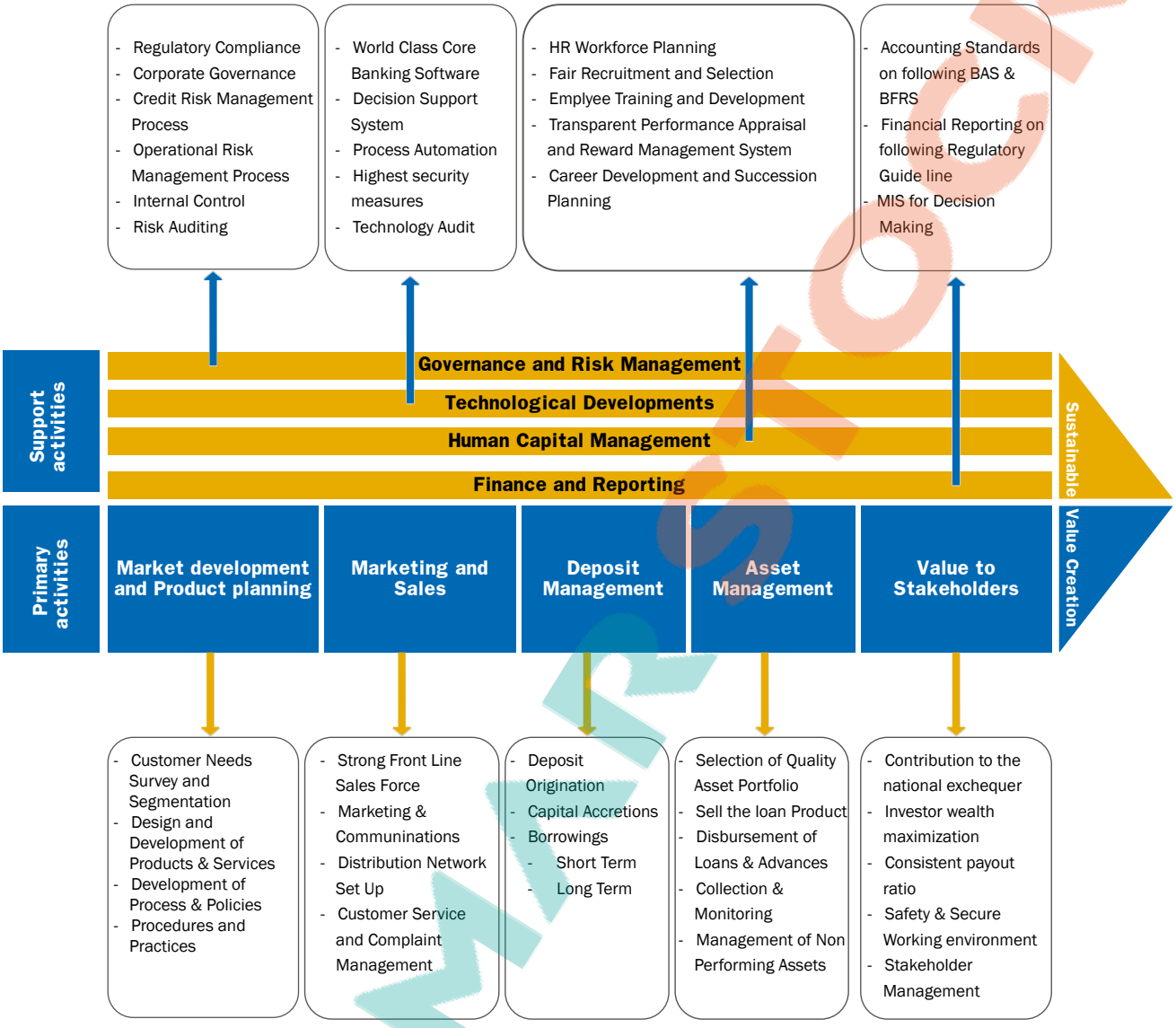
- Enhance transparency and create more space for governance
- Be open and fair during our communication
- Be fair in all dealings
- Be simple with our customers by ensuring simplicity of terms and covenants in our contracts

Sustainability outcome

- Economic value
- Social value
- Environmental value

ALAMY STOCK

Value Chain Process of BRAC Bank Limited:



PESTEL ANALYSIS

Macroeconomic factors	Impact on the industry	BRAC Bank front
P-Political		
Growing political stability since the beginning of the year after a tumultuous couple of years is a challenge for the banking sector. Terrorist attack in various places has become an issue for businesses.	Most of the businesses are coming out of the slump suffered due to political turmoil in the earlier years. It will take time for them to generate operating profit. However, terrorist attack in various places in the country has led to problem for restaurant businesses.	BRAC Bank has a well-diversified portfolio to reduce risk or volatility. Our focus will remain on quality acquisition and regularizing default accounts. NPL is also expected to improve if the political stability remains calm for the rest of the year.
E-Economic		
The GDP in Bangladesh has expanded 7.05% in 2016, the highest ever recorded. Growth in Bangladesh in the Fiscal Year 2016 (ended 30 June 2016) exceeded expectations, aided by revived exports and sustained domestic consumption. Inflation was lower than projected, while larger exports and modest imports kept the current account in a larger surplus. A rapid rate of economic growth is expected over the next five years.	Credit growth in the first 11 months of the fiscal year stood at 13.80 percent, 1 percent below the monetary policy target of 14.80 percent. Loans at larger quantum to the SMEs, mega projects floated by the government and declining cost of funds have been pushing the credit growth up due to low fund cost & supply demand interactions. High interest rates in the local market also compelled entrepreneurs resorting to take low-cost foreign currency loans. This brought down loan disbursement by local lenders. This was exorbitantly high before. The weighted average lending rate came down to 10.64 percent in March 2016 from 11.93, a year before. The deposit rate also saw a sharp fall due to excess idle liquidity with banks. The interest rate on deposit came down to a mere 5.00% in March 2016 from 7.06 percent a year before.	BRAC Bank will continue to grow strongly in the SME segment where margins are still higher. The Asian Development Bank (ADB) has signed the loan agreement with BRAC Bank under the $30 million loan facility approved by ADB's Board, which will be used to finance the construction and upgrade of ready-made garment factories in Bangladesh that have taken steps to meet globally agreed standards for structural improvements and worker rights and safety. The loan will also be used to build badly needed effluent treatment facilities in the textile and garment industry.

Macroeconomic factors	Impact on the industry	BRAC Bank front
S-Social		
Although per capita income is now $1,466, it is built up of income of the super wealthy, ultra rich and high income group. Farmers of village areas earn no more than $400 a year. If rational distribution of income and wealth is not encouraged and ensured, poverty will not diminish. Changing technology, internet and social networking have all impacted the businesses.	Social factors will fragment customer needs, tastes and preferences. Banks will need to think about their Customer Segments and offer products and services accordingly.	BRAC Bank aims to increase overall standard of living through their funding (especially SME), creating jobs, boosting economy, increasing per capita income that eventually contributes to GDP growth. BRAC Bank will continue to focus on offering products and services as per customer preferences, ensure sustainability and continue to invest in CSR and other social initiatives.
T-Technological		
Technological advancement has made customers more sophisticated and altered expectation levels.	Growing dependence on technology to meet customer demands mean further investment in technology are required to keep up with the pace in the industry.	BRAC Bank has made heavy investments in technology and is in the process of upgrading to a state of the art core banking system. Manual processes are being automated to increase efficiency and reduce TAT further.
E-Environment		
There is growing focus on green, or more broadly, sustainable finance, both in financial markets and in the international political arena.	This has led to increased regulatory focus on sustainable reporting.	BRAC Bank is committed to sustainable development through the creation of long term value in terms of our environment, stakeholders and community.
L-Legal		
Industries are faced with tighter rules and regulations and application of rules are more standardized and stringent than in the past.	Focus has to be put on the application of loan loss provisioning and capital adequacy. At the same time strict implementation of stress testing is needed.	BRAC Bank's track record of strict adherence with legal and regulatory compliance places it in a good position within the banking industry.

OUR BUSINESS MODEL

The company's business model has been structured around meeting customer needs and giving customers a better banking experience both on the lending and deposit fronts.

BRAC Bank Limited is one of the fastest-growing banks in Bangladesh with its Fund under Management (FUM) reporting an average 12% growth over the past five years. We put customer satisfaction and experience at the heart of our business model – so we can deliver better customer service and focus on our ambition to be the number one bank in the country. BRAC Bank has created a new role to reflect its ongoing commitment to create value for its entire stakeholder ecosystem. The bank recognizes the importance of it business model to be a pivotal component of integrated reporting and made great strides to make our business more thoughtful to the world around us.

Inputs

With more than 15 years of extensive experience in the banking industry, BRAC Bank witnessed numerous market cycles. During this period, it has gathered enormous amount of knowledge and expertise to develop a resilient and risk-mitigating business model that has been effective in driving its business across all the sectors in a successful manner. The intellectual capital of our employees has been collectively the most important asset for our firm. The company recruited 1,558 members during 2016 and its total workforce grew to 6,355 members at the end of the year. Workforce productivity was drastically enhanced through comprehensive training programs and workshops. BRAC Bank prides itself on being able to recruit and maintain top talent in the industry that allows it to become even stronger and better equipped to uphold its competitive edge.

As a result of its asset-liability management team of veterans, the bank was able to report 83% increase in their profit after tax with a healthy CRR that is above the limits stipulated by Bangladesh Bank. Technology is the lifeblood of our organization and we have made extensive investments in order to enhance business sustainability to support decision making process and better customer experience. We believe that by doing so will result in a strong, flourishing and stable platform to improve transparency, detect bad accounts as early as possible and enable environmental preservation through the optimized use of paper.

The bank offers a comprehensive range of products and services and operates in the SME, Corporate and Retail segments of Bangladesh. We also offer a diverse range of long, medium and short term savings products that enable us to meet the financial security and liquidity goals for a number of customers. BRAC Bank has five subsidiaries that provides various financial and capital market products and solutions.

Business activities

BRAC Bank Ltd. provides financial solutions through BRAC Bank Limited, bKash Limited and BRAC SAAJAN

SHUTTERSTOCK

Exchange Limited. It delivers capital market solutions through BRAC EPL Investments Limited and BRAC EPL Stock Brokerage Limited and offers IT solutions through BRAC IT Services Limited (biTS). BRAC Bank offers loans to its three well-structured and focused divisions:

Capital markets: BRAC EPL Investments Limited and BRAC EPL Stock Brokerage Limited are two of the BRAC Bank's subsidiaries engaged in providing brokerage, merchant banking and a wide range of capital market services.

Mobile money transfer service: BRAC Bank's subsidiary, bKash Limited, is catering to customers using mobile phones to avail money transfer services in Bangladesh.

Money exchange services: The bank is providing remittance and exchange services from UK through its subsidiary, BRAC SAAJAN Exchange Limited.

IT solutions: BRAC Bank is providing IT solutions to its customers through its subsidiary, BRAC IT Services Limited (biTS).

Innovation

BRAC Bank nurtures its spirit of innovation through its investments in human resources and new technologies as it strives to be at the forefront of the banking industry. Technology and innovation are embedded in all of our businesses in order to enhance our business operations to deliver simple, personalized customer experiences.

Outcomes

Some of the company's key financial and non-financial outcomes include the following:

- Average assets have grown 14% over the past five years. This growth is among the fastest in the banking industry in Bangladesh.
- Overall average deposits have grown at 11% over the past five years
- Most notably, Small Business PAR & NPL reduced by 3.8% and 3.3% respectively. Major reasons for this improvement are healthy growth in Small Business portfolio with proper credit mitigation techniques and monitoring the movements of PAR and NPL through strong coordination with Business team and SAM.
- Average loan turn around time remains amongst the best in the industry, ensuring high levels of customer service

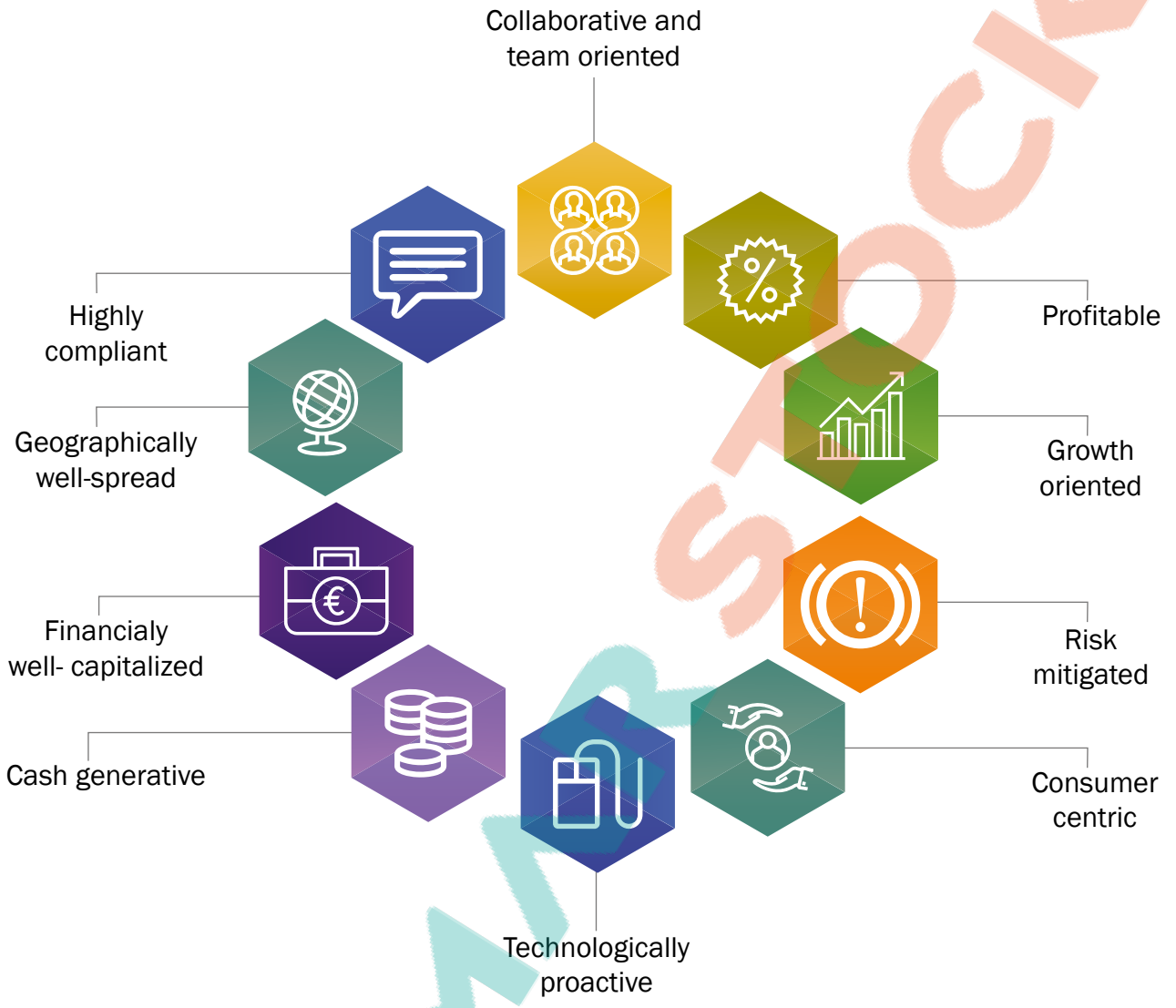
External factors

Some of the key external factors that have an effect on our business include:

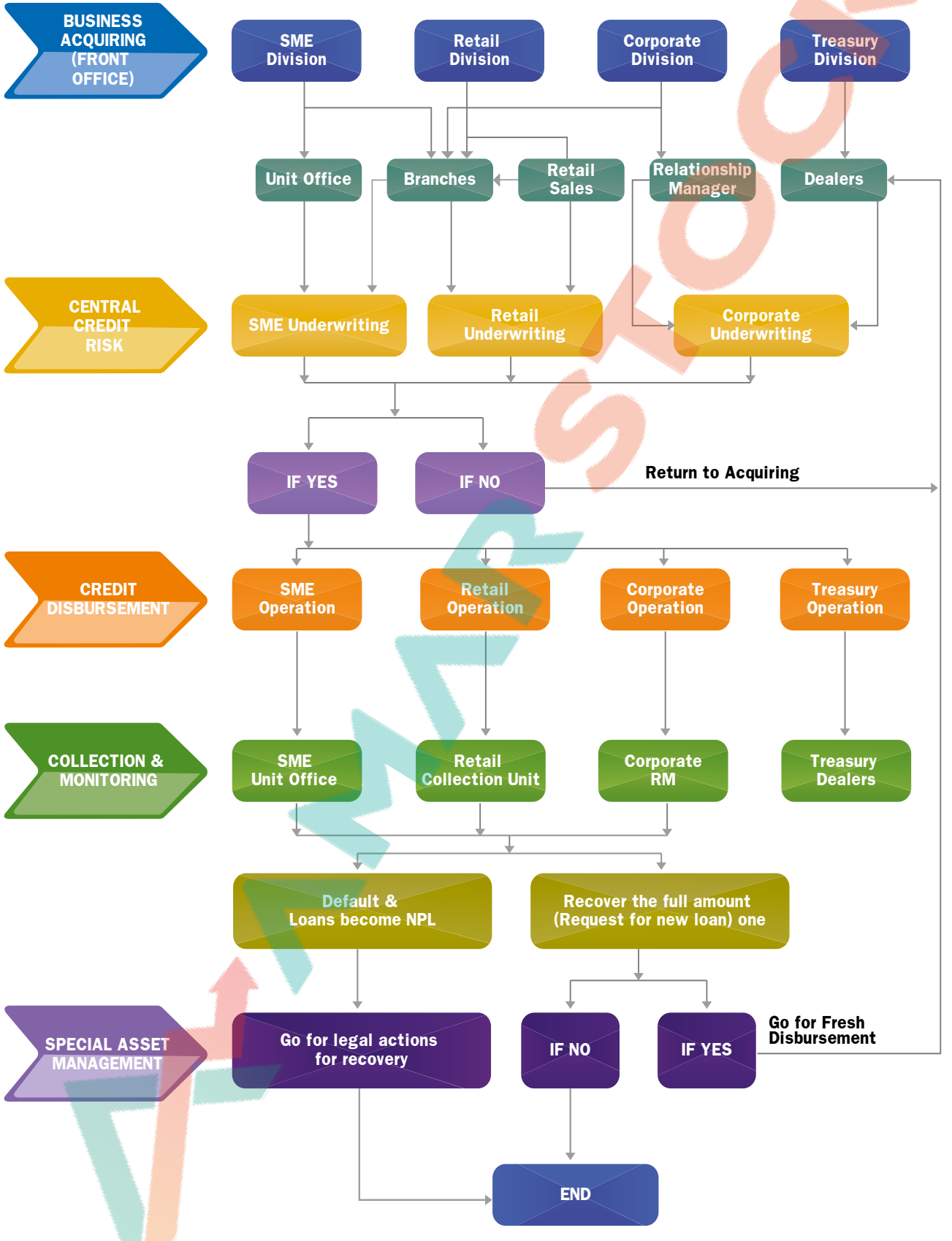
- Prevailing interest rate regime stipulated by the Bangladesh Bank
- Political turmoil impacting business
- Economic slow down disrupting the investment plans of corporates and other businesses
- A general decline in the risk-taking appetite of the country, impacting its entrepreneurial capabilities
- Attractive alternative investment opportunities affecting the market for deposit products

AMARSTOCK

BRAC Bank's operations are guided by a business model that is built on the following premises:



Work flow of BRAC Bank Limited:



STRATEGY AND RESOURCE ALLOCATION

Aligned with our focus on enhancing shareholders' communication and reporting on an ongoing basis, we detail below our strategy, resource allocation approach and our future plans in a Q&A format for lucid appraisal.

Q. How is the overall situation of the banking sector in Bangladesh?

A. Investments in corporate or commercial sector in Bangladesh has been fairly lower in recent times due to infrastructural limitations. Over the last three decades, Banks of Bangladesh have generally focused in Corporate banking. Retail and SME sector were not focused on for a long time as it was exceedingly difficult to sustain in these sectors. As local investment demand drops, a large amount of money remains idle in both public and private commercial banks. Banks are slowly but surely moving away from their traditional focus and directing towards diversifying in deploying their fund.

Q. Where does the organization intend to go and how does it expect to get there?

A. BRAC Bank aims to be the best bank in Bangladesh and with this in mind, we have revolutionized our business culture focusing on "customer centric" strategy with the intention of putting our customers first, and at the core of our business. Each and every one of BRAC Bank's employees is well informed about the significance of this approach and we are all working collectively towards this vision. We are also emphasizing on setting up proper value system at the same time, which would incorporate 'good governance, compliance, ethics and transparency' with this new approach.

The management of the bank was able to successfully optimize the bank's portfolio with the right rebalancing strategy and focus more on Retail and SME banking. The banking industry of Bangladesh is inclined towards prioritizing the corporate and commercial segments since it requires less investment in technology and manpower. BRAC Bank has rather strategically concentrated on the Retail and SME sectors for sustainable and long term growth. Our growth has not been equally strong in the corporate segment, which was done deliberately to rebalance our portfolio by moving from one type of customers to another that fits our business strategy.

The bank's strategy is to grow in all the three segments – Corporate, Retail, and SME in the long-run. Even though the banking industry was plagued with high non-performing loans (NPLs), BRAC Bank was able to reduce its NPL from 5.99 percent in December 2015 to 3.40 percent in December 2016.

Q. What are the organization's short, medium and long-term objectives?

A. Unambiguously, our short term goal is to position our Bank well enough to capture the prospects of a stable and growing economy. The FY2017 growth projection is stated at about 3.4% and 3.6% in 2018, which not only makes our country one of the fastest-growing nations of the world but this growth also opens up a lot of opportunities in the financial services space.

TRANSTOCK

Our medium-term goal is to sustain our growth in the SME and Retail sectors. We intend to do so through our unwavering focus on ALCO and quicker re-pricing of our deposit and lending products in response to market demand. We are trying to bring in more people under the banking inclusivity who are not getting any banking facility from others. We are also trying to achieve efficient synergy between the bank's branches, SME unit offices and BRAC field offices for the delivery of remittance, along with the other products and services provided by the bank. We also realize that we cannot be out-priced in this highly competitive market and hence, in addition to the attractive lending products and solutions, we will ensure that our robust customer service standards continues to remain our key differentiator.

Our long-term vision is to emerge as the best bank in Bangladesh in terms of customer experience, business volume, human capital and compliance & corporate governance. We will continue emphasizing on values based business with strong business ethics.

Q. What are the strategies that we have in place that will help us achieve these objectives?

A. At BRAC Bank, we have taken several strategic initiatives to achieve our objectives. Some of these are as follows:

Focusing on growth opportunities:

Sustainable growth has always been our universal priority. In order to facilitate this progress, we have taken steps to shift our focus on specific markets in consistent with our strong distribution network.

Investment in Technology:

As the data and analytics functions develop, meeting informational demand from regulators and other stakeholders become increasingly challenging. In order to derive greater value from data sets, we are aligning our risks and finance functions, business operations and other support functions with the help of technology to build better data management capabilities. We have initiated to upgrade our existing technology and have made substantial investment to make it successful.

Bringing structural changes:

We are moving away from a 'One Segment Branch Model' towards an 'All Segment Branch' Model. In short, this means that we want our branches to move away from the current scheme of SME or Retail focus and become BRAC Bank Branches that will service all kinds of customers and market all kinds of businesses – Retail, SME and Corporate. We need a structure that will encourage Branches to become impartial to client segments and welcome all businesses.

Investing in our staff:

As a bank, we are committed to support our staff's well being, safety, development and training. Our continued effort to invest substantially has paid dividends as far as the financial statements are concerned. The bank will continue to support its employees' in reaching their true potential by creating opportunities to develop and improve their skills. We believe this support contributes greatly to our staff engagement levels throughout the organization and trust their strengths to making BRAC Bank the top performing bank in Bangladesh. We take pride in our employees who continuously participate in various activities that contribute to our community.

Q. What is our resource allocation plan, how are we going to execute our strategy?

A. At BRAC Bank Ltd., we are continuously on the lookout to recruit the right talent that fits our long-term corporate goals and plans. We not only offer industry-leading remuneration standards and other benefits but also focus on helping them advance their careers by exposing

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them to knowledge enhancement sessions and training and workshops. Even though we believe that we are well-staffed at the moment to execute our long-term plans, we will continue to look for experts who can fill vacant positions resulting from natural attrition, creating a pipeline of talent for succession planning and leadership development.

Q. How will we measure the efficacy of our short, medium and long-term plans?

A. This is an interesting point and the outcome of our short, medium and long range plans will be the most visible in our numbers. While we are focused on growing both our deposit and lending base in the short-term, we have kept a strong eye on the quality of this growth through reduced NPLs. Our stated target is to bring our overall NPLs under 3.40% in 2017 and even lower as we go forward. During 2017, we also intend to sustain our growth in all the areas - Retail, SME and Corporate, despite operating in a falling rate regime. Our well-enunciated long-term target is to be the best bank not only in terms of business volume but also in terms of customer experience, human capital and compliance. As stated earlier, our quality of human resources has given us the confidence to carry on with this momentum and effectively make sustainable progress.

Q. What are the changes required in our business model to enable us to meet our strategies and enhance our organization's ability to adapt to these changes accordingly?

A. Since we have amassed considerable expertise in understanding the growth and risk profiles of our SME customers, we intend to focus aggressively on this space since it is not only relatively less competitive but also demands high levels of customer service that we are equipped to provide. The other change that we expect to mandate in our business model is to look for opportunities in our corporate division as far as quality is concerned since this segment is marked by high ticket loans and are more prone to delinquencies. Having said that, we are actively appraising opportunities in our emerging sector and trade services. More importantly, we will continue to tweaking our business model to not only enhance relevance in a dynamic market but also infuse improved levels of sustainability across the Bank.

Q. What are the identified risks and opportunities and the risk management framework that we have in place to absorb any contingencies?

A. By the very nature of our business, we provide growth capital to large segments of our customers that, in turn, exposes us to certain inherent risks associated with default. However, to mitigate this key risk, we have some extremely stringent credit checkpoints in place that have to be fully met by a potential customer before a loan sanctioned. Besides, we are in strong position as far as cash reserve ratio (CRR) and statutory liquidity ratio (SLR) is concerned, which is well over what has been stipulated by the regulatory authorities. We have improved significantly in our NPL ratio and would continue to do so in the long-run as well. Our SAM team is well equipped and capable of following up and recovering loans from potentially riskier clients, that has significantly contributed to the improvement of our NPLs.

Q. What differentiates our organization from others and what is our source of competitive advantage?

A. Our ear-to-the-ground approach enabled us to continuously put focus on innovating new products and services. Our nationwide 181 branches, 448 SME Unit Office and over 469 ATMS have enabled us to literally reach to the door steps of customers so that our customers find us wherever they want. BRAC Bank has embarked with a renewed policy to provide "best-in-the-class" services to its diverse range of customers spread across the country based on latest information technology. As a proud member of the Global Alliance for Banking on Values (GABV), we strive to practice what we preach and aim to come to the aid of bringing changes, turning hope into reality and fulfil ambitions.

Q. What is the role of innovation in creating and sustaining our competitive advantage and how does Technology help in doing so?

A. Innovation is at the core of everything we do at BRAC Bank. We believe the only way to sustain our competitive advantage is to do everything better today through embracing innovative thinking at all levels of the

organization. While we already talked about continuously innovating new products to address the specific needs of our customers, innovation takes a greater view at BRAC Bank and revolves around the 3P philosophy in mind. When we work for People and Planet, Profit automatically follows. It is imperative to constantly improve the way we manage our Human Resources – through innovative compensation management, performance based incentive structure and efficient training and development infrastructure. The responsibility to ensure this is entrusted with the senior line management and the Human Resources department of the Bank. Finally, process innovations are brought about with coordination among different teams like Operations, Technology, Business, Risk Management, etc.

Technology plays one of the most vital part in our pursuit for continuous improvement through innovation. In this day and age, technology is constantly changing the rules of competition, rendering many traditional business strategies and processes obsolete. BRAC Bank is a front runner in the industry in terms of utilizing technological advancement for increasing business and process efficiency. The Bank has invested further to upgrade its system to the latest version to secure its competitive advantage in the industry.

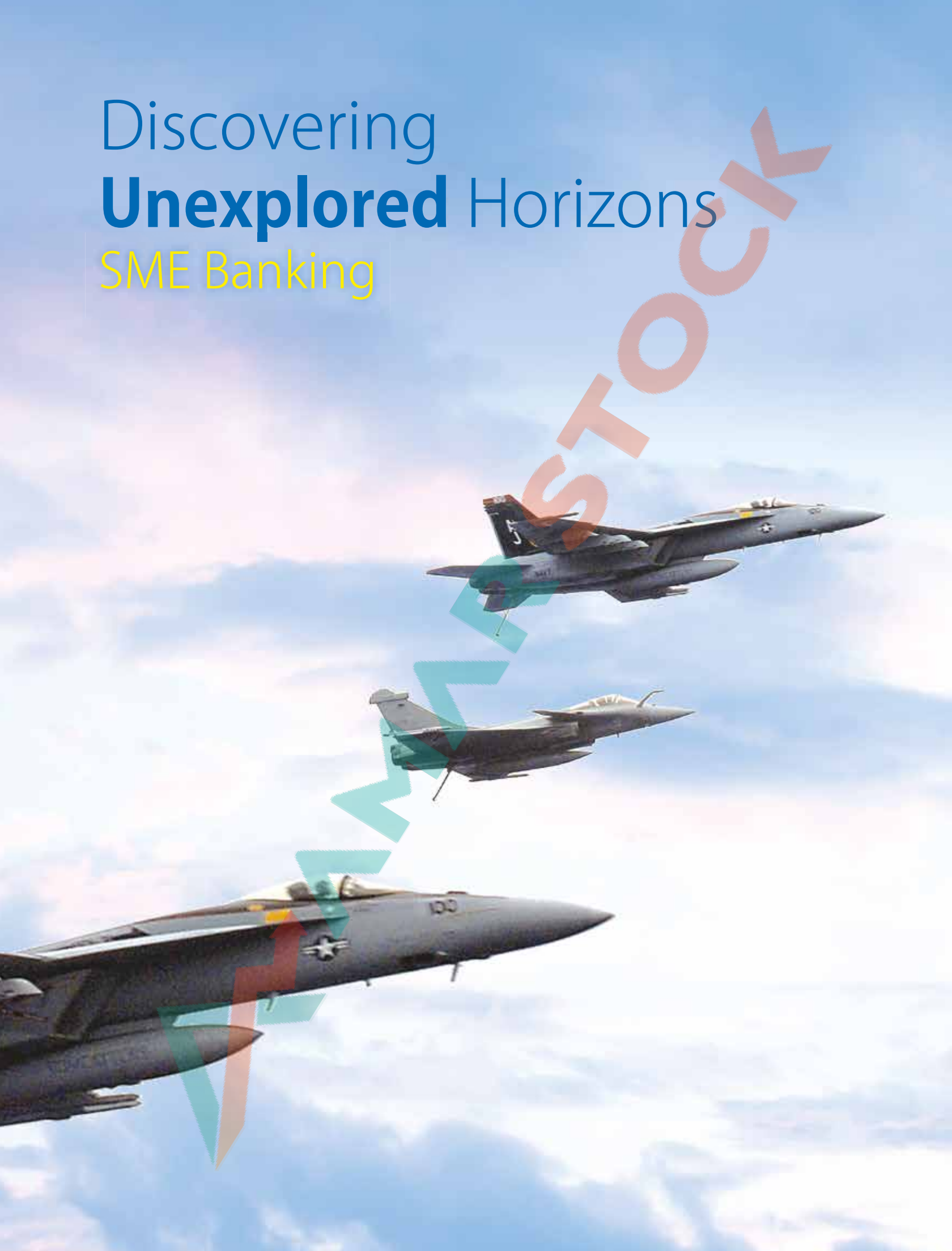
Q. Finally, how does the organization develop its intellectual capital?

A. We continue to invest in people as they are the principal driving force for the Bank. We expose our human resources to an inspiring work environment and a culture that fosters and encourages collaboration, sharing and teamwork. We maintain the highest standards of ethics and behavior at the workplace and have a 'no-compromise' stance to any deviations. We contribute to the development of our human resources by providing them with ongoing as well as specific trainings. In fact, the number of hours of training at our company has increased by 43% (256,129 man hours) in 2016, indicating our focus on sharpening our talent pool.

AMAR STOCK

Discovering **Unexplored** Horizons

SME Banking



SME BANKING DIVISION

BRAC Bank's SME Banking cuts across small, medium and emerging business segments with customized solutions. With its unique network of 448 SME Unit Offices and dedicated CROs and RMs, the bank takes financing solutions to the doorsteps of the SME entrepreneurs in rural and semi-urban Bangladesh.

Divisional Milestone:

STRONG ASSET PORTFOLIO GROWTH

BDT 17,014 M SME Asset Portfolio Growth in 2016; 33% Growth YoY.

SOUND ASSET QUALITY IMPROVEMENT

SME PAR reduced by 3.0%

Small Business PAR reduced by 3.8%

Emerging Business PAR reduced by 1.9%

SME NPL reduced by 2.6%

Small Business NPL reduced by 3.3%

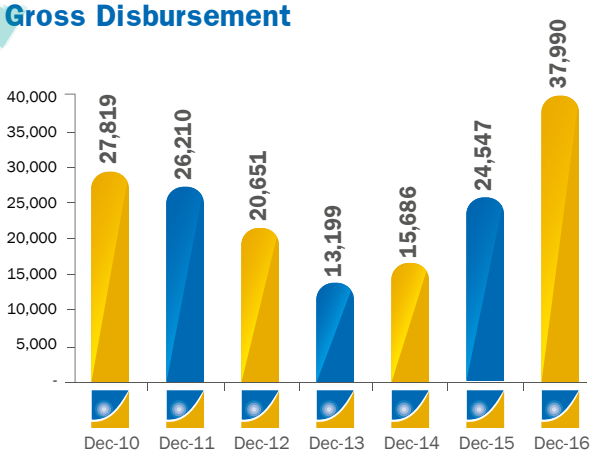
Emerging Business NPL reduced by 1.5%

NEW SME BORROWERS

38,456 new SME borrowers were brought on-board in 2016; 13 % increased.

HIGHEST SMALL BUSINESS GROSS DISBURSEMENT IN THE LAST 6 YEARS

Gross Disbursement



TOTAL NO. OF LOAN AC

110,037

TOTAL SME DEPOSIT POSITION

BDT 27,954 Million

NUMBER OF UNIT OFFICES

448 Unit Offices

AMARSTOCK

Business Highlights

BRAC Bank Ltd. and SME Foundation team up to provide collateral-free SME loan to Agar farmers & traders



BRAC Bank Limited and **SME Foundation** signed an agreement on August 18, 2016 to provide SME loan to the farmers and traders of Agar, a non-traditional export-oriented item for making scent. Under the agreement, BRAC Bank will get **Tk. 5 Crore loan** from SME Foundation which the bank will disburse among **Agar producers in Sujanagar Union under Borolekha Upazila, in Moulvibazar district.**

According to SME Foundation, Agar Atar Cluster in Moulvibazar earns Tk 60 crore in foreign currency a year, employs around 45,000 people in around 350 processing factories. The financing by BRAC Bank will play a catalytic role in boosting the export earnings and facilitate diversification of the country's export basket.

Mr. Selim R. F. Hussain, Managing Director and CEO, BRAC Bank, and **Mr. Md. Safiqul Islam, Managing Director, SME Foundation,** signed the agreement at SME Foundation Office in Dhaka on August 18, 2016. Mr. Ishtiaq Mohiuddin, Deputy Managing Director, and Mr. Syed Abdul Momen, Head of Small Business, BRAC Bank, Mr. Khairul Kabir Menon, Deputy Secretary, SME Cell, Ministry of Industries, Mr. S. M. Shaheen Anwar, General Manager, SME Foundation, Mr. Ansar Uddin, President, Bangladesh Agar Atar Producers and Exporters Association, and senior officials of the organizations were present.

The agreement will be valid for four years. The entrepreneurs can avail loan ranging from **Tk. 50,000** to **Tk 10 lac without any collateral at 9% interest rate.** Agar oil, Agar wood and Agar dust are primarily exported to the Middle East countries.



Disbursement of loans to the SME Customers of 10 taka AC Holder

BRAC Bank Rajbari Branch successfully participated in the "Refinance program under 10 taka refinance scheme at Rajbari", organized by Bangladesh Bank at Rajbari district on December 11, 2016.

Executive Director of Bangladesh Bank, Mr. Md. Mizanur Rahman Zoddar, DMD of South East Bank Limited, DGM of Sonali Bank, Rajbari high officials of Bangladesh Bank and 13 schedule banks of Rajbari district attended the program. **Chief guest E.D. of Bangladesh Bank Mr. Md. Mizanur Rahman Zoddar handed over the cheque to 10 SME borrowers of BBL accordingly.**

Mr. Shamit Manzur RM Dhaka region-2, Mr. Proshanto Kumar Saha, Senior Manager, Channel Support and Coordination and Mr. Al-amin Sheikh BM Faridpur Branch also attended the program. Mr. Shamit Manzur delivered his speech on behalf of BBL.

Products and Services of SME Business

The major products of SME divisions are

- Annono - Unsecured Term Loan
- Apurbo - Secured Term Loan, Overdraft and Demand Loan
- Shakti - Partially Secured Term Loan
- Prothoma - Women Entrepreneur
- Shombriddhi - Trade Finance

FIRST STORY

Launching of New SME Product – NIRMAN

In line with the increasing demand of the accommodation facilities for workers and jobholders around the industrial and commercial areas across the country, NIRMAN is a loan facility for construction and/or renovation of residential facility and/or commercial complex for rental purpose under Equated Monthly Installment (EMI) loan facility. This product was launched in November, 2016.

AGRICULTURE FINANCE

Agriculture is a major source of livelihood throughout the world, especially for the majority of poor people living in rural areas in developing countries like Bangladesh. Bangladesh has made commendable progress over the past 40 years in achieving food security, despite frequent natural disasters and population growth (food grain production, for example, tripled between 1972 and 2014, from 9.8 to 34.4 million tons). Bangladesh's agricultural sector has benefited from a sound and consistent policy framework backed up by substantial public investments in technology, rural infrastructure, human capital and access to finance.

In order to sustain and amplify this rate of progress, BRAC Bank Ltd. has worked hand in hand with Bangladesh Bank, top MFIs / NGOs and USAID to make finance accessible to the agricultural sector.

In 2016, BRAC Bank Ltd. has shown drastic growth in business through MFIs / NGOs as well as through its own channel, keeping its PAR and NPL at 0%. Bangladesh Bank has provided us with an appreciation letter for successfully achieving agriculture target in 2016. We had set up Agriculture Finance Help Desk in each and every one of our branches with dedicated staff, who are trained specifically to cater agriculture finance related queries. We have started providing training to MFIs for capacity building.

BBL Received the appreciation Letter from Bangladesh Bank for achieving the Agriculture and Rural Credit Target for the fiscal year 2014-15 in April, 2016.





BANGLADESH BANK
(Central Bank of Bangladesh)

Fazle Kabir
Governor

Ref:ACD(MD)/101(3)/2016-1499 Date: 12 April, 2016

Managing Director & C.E.O
BRAC Bank Limited
Head Office
Dhaka.

Letter of Appreciation

Bangladesh Bank is pleased to compliment you and your bank for achieving the disbursement target of Agricultural and Rural Credit for the FY 2014-15. It would be highly appreciated if you continue your wholehearted support and endeavour in facilitating Agricultural and Rural Credit Programme of Bangladesh Bank in future.

(Fazle Kabir)

Motijheel Commercial Area, Dhaka-1000, Bangladesh, Phone : 880-2-9530420, Fax : 880-2-9530415
www.bb.org.bd, e-mail : governor@bb.org.bd

Emerging Business – Eyeing the segment that changes the game

As a part of BRAC Bank's dynamic vision of being the "Best Bank in the industry", the "Emerging Business (EB)" wing was rejuvenated with a new management team to boost BRAC Bank's growth in the upper segment of SME market. The wing started under the name of "Emerging Small Business (ESB)" under SME division back in 2013. The business team focuses the financial needs and services required for the growing SME businesses all around the country by tapping full potential of the thrust sectors to enrich the portfolio. In 2016 after rejuvenating the business model with new processes and people the division achieved a tremendous growth of BDT 3,745 million (growth rate 36%) This wing has been able to register remarkable growth by leveraging the rising small businesses with high prospects and loyalty through best-in-class services of the bank's wide branch network.

Structural Changes:

In 2016, EB implemented some structural and process related changes which contributed to this success.

Result of these initiatives are

- The team is focused, engaged and motivated
- Stakeholders jobs are aligned and more cooperative
- Business has better forecasting power

Unlike many of peer banks who define small and medium enterprises through an identical viewpoint, EB at BRAC Bank clearly draws a line between them and offers tailored and structured financial solutions under a robust risk management framework.

Goals for 2017:

EB is supporting the bank's emphasis on diversification, differentiation and segmentation by attaining its goals and helping the bank to become the Best Bank in the country. The goals for 2017 in brief are:

- Escalate the overall SME portfolio to the next level in terms of volume and quality
- Spread the current geographical concentration and focus on the growing sectors in the context of Bangladesh
- Focus on diversified income through funded and non-funded products
- Capitalize the present customer base and maximize the limit utilization to ensure the organic growth
- Monitor the movements of PAR and NPL through strong coordination with collection and SAM
- Adoption of new technology to make processes easier and faster to provide better customer experience.

EB envisions a leading stance in the banking industry through its emphasis in growing the top segment of the SME market in the coming years, capitalize its human capital and the bank's vast branch network through the best practices in all spheres of its business model.

AMAR STOCK

Ruling The Skies
Retail Banking



RETAIL BANKING DIVISION

BRAC Bank Retail Banking team exceeded even the highest of ambitions set by the top performers in the banking industry during the year 2016

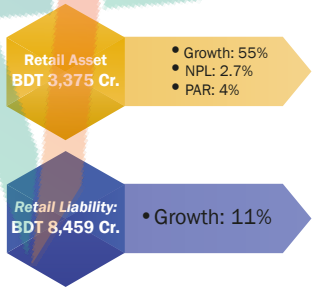
BRAC Bank Retail Banking team exceeded even the highest of ambitions set by the top performers in the banking industry during the year 2016. Retail Banking is on the threshold of change and in the midst of all the difficult challenges around, the management's engagement in the numerous business transformation initiatives not only helped the bank to break all the previous records, but also assisted to set new benchmarks in the industry.

Retail Business achieved the highest ever asset growth in 2016, with an industry record of 55%. Retail Banking assets crossed the milestone of BDT 3,000 crore in June2016 and stood at Tk 3,375 cr as of December 31, 2016, the largest retail asset portfolio in the market.

We have not only grown our asset book but also have focused on improving our portfolio quality. We have reduced our PAR and NPL figures not only in terms of percentage but also in terms of volume.

	2015 BDT crore	2016 BDT crore
PAR Volume	153	136
PAR %	7%	4%
NPL Volume	105	92
NPL%	4.80%	2.70%

Key Highlights



Behind The Success Story:

- Our Retail business has moved from "Product Centric Business" approach to "Customer Centric Business" approach. We changed our product parameters, processes and policies with differentiated propositions for different customer segments.
- Managed to minimize Turn Around Time (TAT) even at single day to meet the need of the customers
- Product marketing campaigns and team engagement events were organized throughout the year to maintain the business momentum.
- Expert resources were hired from the industry to enhance the sales capacity of the workforce.
- In order to ensure rigorous risk management and compliance standards "Contact Point Verification" teams were formed in in-house.

We have already started to reap the benefits from our restructured business and operational platforms. We believe, when these get coupled with the following ongoing initiatives, it will definitely direct us to become "The Best Retail Bank" in the country in the near future:

- We are migrating our Core Banking System which will significantly increase our capacity.
- We are introducing "Document Management System" to digitalize our document management process.
- We shall revolutionize our e-Banking (Internet and Mobile Application) system to make digital banking more convenient for customers.

STOCK IMAGE

- We are in the process of introducing Data Analytics System to enhance our analytical capacity which will help us to offer the most suitable products and offerings to our customers.

Key Initiatives:

- NID Verification Project was implemented
- To ensure the highest service quality and to reduce unproductive footfalls at branches, several account management projects were launched.
- Implementation of Automated Account Statement Generation and Charge Realization
- E-statement auto enrollment project was initiated
- Transaction Alert Services were launched for customers' safety and security
- SMS Banking enrollment from Call Center was launched
- A pilot project was launched for Automated Service Tracker System implementation
- Separate loan link accounts were created for loan disbursement. This simplified the loan link account management process and made it customer friendly.



First ever Sales Convention was organized in November 2016



BRAC Bank launched campaigns in coordination of Grameen Phone

Remittance

Business Highlights:

- The bank signed remittance agreements with four Exchange Companies in 2016-
  - √ Tranglo SDN BHD, Malaysia
  - √ Global Money Remittance Pte. Ltd, Singapore
  - √ Fast Remit Exchange House Pty Ltd, Australia
  - √ SIR Money Changer Pte. Ltd, Singapore
- The most significant remittance partnership during 2016 was the one comprising Western Union, MasterCard and bKash. By utilizing MasterCard and Western Union money Transfer system, customers can now receive money through their mobile wallet account.

Alternate Delivery Channels

- In order to prevent skimming and fraudulent incidents we implemented the latest anti-skimming technology and PIN shield in 469 ATM machines. Moreover, all the ATMs are now "Europay MasterCard and VISA (EMV)" compliant.
- Customer awareness messages have been incorporated on ATM screens in addition to the existing print media to protect customers' personal information.
- We have relocated many of our ATMs' & CDMs' to increase their efficiency level. Moreover, latest firmware versions have been installed in all the ATM machines to prevent technical fraud attempts.
- We are also bringing in the world class e-Banking (Internet and Mobile Application) system to make digital banking more convenient for customers. This system will have state of the art security features along with the most updated e-banking options.

Call Center

Our State of the Art Call Center serves the customers 24 hours a day, 7 days a week. In 2016, our call center served 1.7 million customers. In 2016, several value added services such as reward redemption service, SMS Banking enrollment and de-enrollment, super loan requests and card and PIN replacement services were introduced by our call center.

TRUE STOCK

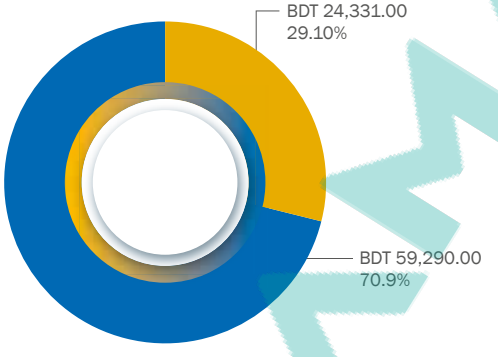
Premium Banking

The core essence of our Premium Banking promises excellence within the realm of exclusive banking experience for the top revenue generators of the bank. BRAC Bank's Premium Banking offers an exclusive and personalized wealth management service to its high net worth customer base and simplify their financial lives.

Only 10 years into Premium Banking operations, at a bank specialized in the SME sector, BRAC Bank has made its presence felt in this market segment in Bangladesh. With only two relationship managers and no service lounges at the initial stages,the team has grown to 44 in 2016 and serves from 14 state of the art lounges spread across Dhaka and Chittagong, strategically located for privileged banking. BRAC Bank's Premium Banking lounges are an oasis of comfort designed exclusively to cater to our high end customers.

The Premium Banking section has been categorical in building a sustainable deposit composition for the bank, boasting just about 30% of the total retail deposit. Seemingly quiet in the industry, BRAC Bank Premium Banking has always been impactful in terms of customer service and deposit concentration.

December 2016 Retail Liability Portfolio Mix
(million)



In 2016, Premium Banking Deposit Portfolio has seen a net growth of 2,467 Million – a commendable figure considering the low rates in the deposit market. At the end of December 2016 total Asset disbursed by the Premium Banking unit stood at BDT 993.93 million, growing by BDT 327.36 million over the last year.

Starting from free health check-ups at some of the best hospitals (Apollo and United) in the country to unbelievable lifestyle offers such as buy one get two dining deals in 5 star hotels (Westin, Le Meridien, Radisson, 4 Points by Sheraton, Amari etc), complimentary night stay offers in luxury resorts, etc. BRAC Bank's Premium Banking thrives to provide a unique sense of experience to our premium customers.

In the year 2016, we held numerous programs for our Premium Banking customers:

- A memorable 'Nokshi Katha Shondha'
- Pohela Boishakh Celebration at 23 branches
- The first ever Nazrul Mela

Employee Banking

We have transformed our Payroll Banking into Employee Banking in April, 2016. In order to improve the existing business model and to penetrate preferred customer segments, the following initiatives have been taken:

- Apart from the processing of Salary and Benefits of 750 organizations, we are providing all sorts of financial services including Home Loan, Car Loan, Personal Loan, Credit Card and Account Services
- A dedicated service team has been created to manage all the organizations under employee banking and route payroll staffs from Branches and Call Center
- Reduced incidents of cash capture and replenishment frequency
- New ATMs have been installed to serve employee banking customers.

ATMARSTOCK

Some of our newly boarded Employee Banking Partners in 2016:



Employee Banking agreement with Tamishna Group.



Employee Banking Agreement with Brummer & Partners Asset Management (Bangladesh) Limited.



Employee Banking Agreement with ADA Trading Bangladesh Co. Limited.



Employee Banking Agreement with Passion Jeans.



Employee Banking Agreement with Asmara International Limited.



Employee Banking Agreement with Sonia Group.

Maneuvering new Business Models for the long haul

Wholesale Banking



AMAR STOCK

CORPORATE BANKING DIVISION

We have adopted a hybrid model of centralized operation infused with branch based operation. This model will expand our footprint across Bangladesh and cut across various corporate client segment groups which were earlier beyond our reach.

Our Corporate Banking Division underwent a major change in the year 2016 in its operating strategy. Earlier, we were operating on a centralized platform being confined in two metropolises - Dhaka & Chittagong. In order to leverage our branch network and expand our client segment beyond large corporate and encompass middle markets and small corporate clients across Bangladesh, we have completely revamped our business model. We have adopted a hybrid model of centralized operation infused with branch based operations. This model will expand our footprint across Bangladesh and cut across various corporate client segment groups which were earlier beyond our reach. We aim to be an expansive corporate banking unit.

The following is a tour of this restructured business wing:



MY STOCK

Operating Modality

- 4 wings based in Dhaka are as the large Corporate named as Large corporate, Large Local Corporate, Local Corporate & Corporate Institutions.

- A new wing called Local Corporate has been added within the Corporate Banking umbrella to cater to the medium segment clients. Earlier this wing was under the SME Banking Division.

- 9 Branches have been selected as Corporate Branches to source and serve clients who were outside the reach of the centralized Corporate Banking team.

- A transaction banking team has been formed in order to facilitate trade related and other transactions of customers.

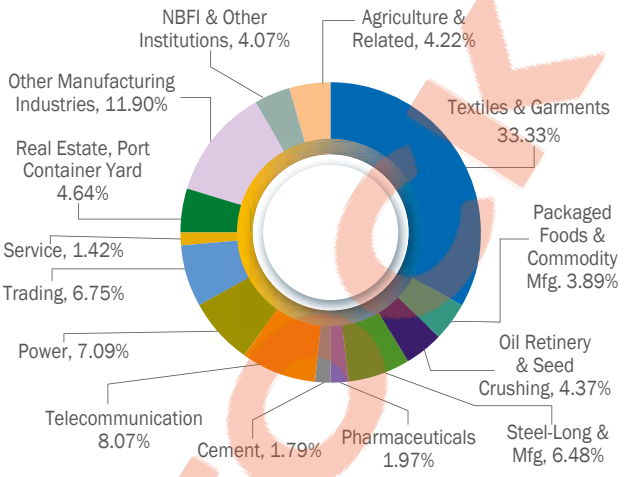
- A Green Financing unit equipped with personnel with the technical know how has been formed in line with our strategy for environmental conservation.

The relationship units and transaction banking teams are equipped with dedicated and well trained relationship managers and analysts who strive to achieve business growth by maintaining good asset quality and strict monitoring.

All of these changes will allow us to provide one stop banking services to our corporate clients ranging from working capital finance, project finance, loan syndication and trade solutions. Our branch banking system and widespread branch network will enable us to provide services at extended geographical areas. The ultimate result is that we will be able to serve our clients faster and better than ever. We intend to have faster turnaround times to process client deals and transactions seamlessly and our re-structured operating modality will provide us the edge to do so very easily.

Portfolio Composition

We have also carried out an exercise to de-risk our portfolio composition. Earlier our portfolio was concentrated on large customers. In the year 2016, we deliberately reduced our asset book by BDT 1,416 crore. At the same time we have gotten on board 62 new relationships. At the year-end we marked a net de-growth of BDT 70 crore due to our de-risking exercise.



Performance Highlights

-Non-performing loans reduced by almost 50% compared to 2015

-Trade volume increased by 38% than 2015

BROADER HORIZONS:

Large Corporate

Large Corporate's key focus is in textiles and garments, telecommunications, power and infrastructure. We cater to large business houses and business conglomerates by offering working capital finance, project finance, loan syndication, trade solutions and agency services. In 2016, this wing brought on board 28 new relationships.

Local Corporate

Earlier, this team was known as "Medium Business Unit", operating under SME Division. However, to cater to targeted customers' needs in a better way and to match product offerings with their expectation level, the Medium Business unit realigned its market positioning and got attached with the Corporate Banking Division in January 2016 by adapting the new name "Local Corporate". Since then, it has mainly focused on various manufacturing concerns as well as on trade and service oriented companies. Local Corporate unit offers the full gamut of commercial, trade and capital expenditure related financing to its customers. Unlike traditional corporate banking, where banks go after few big corporate names, the Local Corporate team of BRAC Bank aims to serve the relatively smaller corporate entities that are spread across the country and supports them to grow bigger. In 2016, this wing brought on board 21 new relationships.

FIRST COPY

Corporate Branches

BRAC Bank Limited, with its large distribution network, has enormous potential to tap those corporate clients who are not covered by the large and local corporate businesses. With this point of view, nine branches were selected as corporate branches in 2016. The objective of these distribution points was to cater to corporate clients by offering commercial, trade and capital expenditure related financing. In the year 2016, this new unit under corporate banking brought on board many new relationships. The teams at the branches are being extensively trained to equip them with the necessary skill sets to cater to corporate clients. Our branches will eventually become distribution channels for multiple businesses across different client segments.

Green Financing

In line with the philosophy of people, planet & profit, the Green financing unit of BRAC Bank took a number of initiatives to cater to clients. The very first initiative was to equip the Green financing team with technically sound personnel. This will allow us to provide clients with advisory services on green financing as well as tap the market which has immense potential. BRAC Bank, in partnership with International Finance Corporation, launched a product called Planet Solutions in order to finance energy efficiency. BRAC Bank has also arranged a workshop on energy efficiency for the financial managers of corporate clients.

Transaction Banking

The newly formed transaction banking team will be an add-on to the service offerings to our corporate clients. The primary job of this team will be to facilitate the trade and payment transactions for corporate clients. In addition to this, the team will also provide advisory services to clients regarding trade financing. We will leverage our branch network and set up trade shops in selected geographically dispersed branch locations to provide faster trade services to clients. They will not limit their offerings only to corporate clients but will also extend their services to the emerging small businesses and retail clients requiring trade support.

Higher Altitudes

Our corporate banking team has performed well in maintaining good asset growth with the portfolio de-risking exercise. Our existing relationships with our valued clients, that have been built and nurtured over the years, are our major driving force in obtaining our desired goals. We constantly realize the growing financing and advisory requirements of our clients in this competitive business environment and dedicate our resources and knowledge to deliver and meet their expectations. We cherish mutual and long term relationships with our corporate and institutional clients and we are confident that this will lead us to become the best bank in Bangladesh.

CASH MANAGEMENT & CUSTODIAL SERVICE

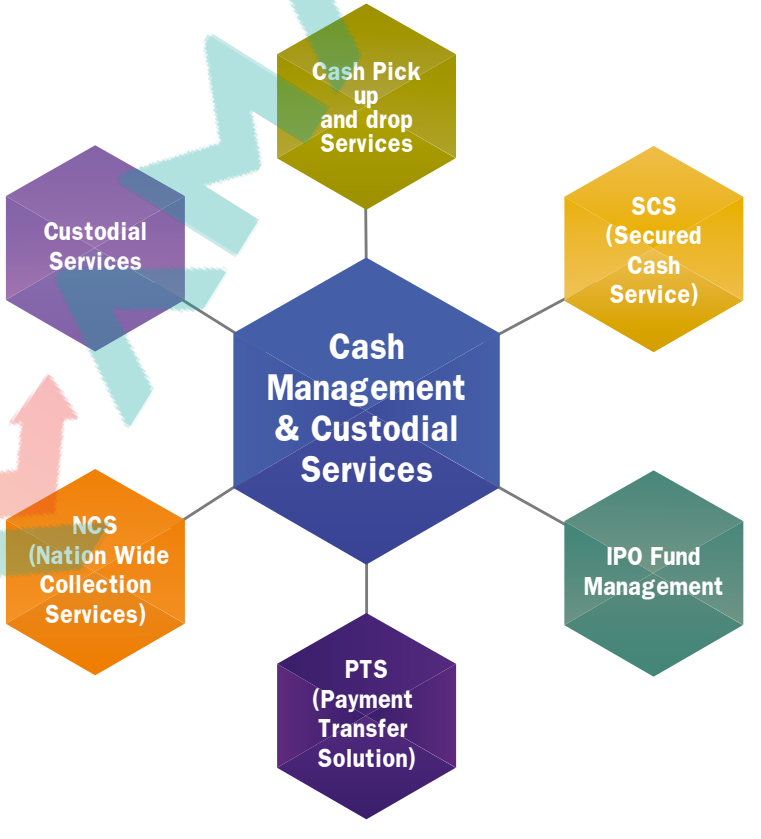
BRAC Bank provides comprehensive Direct Deposit Services through our vast branch network while offering an end to end banking solutions to our clients.

The successful and market tested Cash Management services designed by BRAC Bank Limited caters to different corporate houses. It provides fund collection services through different products for the corporate entities and help them in managing their fund. In order to improve a company's business cash cycle we provide customized solutions to optimize cash flow, resulting into significant cost savings and open up investment options.

We continuously thrive to offer custom tailored solutions from our Cash Management & Custodial Services (CMCS) team to our existing clients and reach new organizations to expand our business horizon.

Our Offered Services –

BRAC Bank Limited offers CMCS services through the following presented propositions-



Services Offered by Cash Management & Custodial Services:

Deposit Facility:

BRAC Bank provides comprehensive Direct Deposit Services through our vast branch network while offering an end to end banking solutions to our clients. We offer highly competitive deposit rates in the form of different product offerings catering to the investment requirements of the clients. We always maintain a mix of funded and non-funded deposit that allow us the privilege to offer our clients attractive rates.

NCS (Nationwide Collection Service):

Nationwide Collection Service facilitate large corporate houses to collect funds from their disperse clients through BBL's own branches and credit the same to their single collection account maintained with the Bank. The bank's wide outlet coverage all over Bangladesh has been able to facilitate large corporates in collecting funds and servicing their own clients on time and efficiently.

PTS (Payment Transfer Solution):

Payment Transfer Solution services facilitate organizations in transferring their funds to the respective locations through BBL's own branches. It enables the clients in remitting funds to their desired locations efficiently and on time.

SCS (Secured Cash Service):

Customized Mobile Banking Services are provided to corporate bodies. The Bank usually sets up desks/ counters at the specified location and deposits the collected funds in the respective account of the client.

Cash pick up service:

Cash pick up and drop service facilitates safe and secure cash pick up and drop from/to the guests' office premises. The entire process is supported by a self-sufficient logistic setup that is in line with international standards. It offers the client security, convenience and flexible pick-up and delivery times. This is another initiative to bring the bank closer to the guest's day-to-day cash transaction requirements.

Transactional Banking Services:

TBS is the core service provided by the cash management department. In order to provide distinctive service to our client base, Cash Management department has developed various current and SND accounts in line with Bangladesh Bank's policy directives.

Internet Banking:

Cash Management department provides smart and value added information management propositions to the clients through internet banking. The various services and solutions that are being offered to the clients through internet banking are:

- Real-time online transaction view for more effective cash management
- Delivered with the highest level of security
- Easy-to-use application
- Account statement
- Transaction history retrieval

IPO (Initial Public Offering) Fund Management:

BRAC Bank's IPO fund management is formulated to manage the IPO funds of the clients by participating

Cash Management department provides smart and value added information management propositions to the clients through internet banking.

as the lead banker to the issue. It also caters to other services such as the collection of right share applications, disbursement of dividends, etc. Since inception, this team has played a vital role in mobilizing funds especially at times of liquidity crisis.

Custodial Services:

BRAC Bank acts as the custodians for various mutual funds managed by the different asset management companies. Mutual funds play a critical role for the retail investors as well as the institutions in Bangladesh through facilitating them by investing their savings in diversified portfolios and earning them a substantial return on their investments. BBL also facilitates custodial services to NRBs, foreign individuals and foreign institutions living abroad, to invest in the Bangladesh Capital Market.

The team also serves as Issuing and Paying Agent Bank for Commercial Papers and bonds.

Glimpses of CMCS achievements throughout the year -



Custodial Agreement Signing Ceremony with Impress Capital Limited



Custodial Agreement Signing Ceremony with Green Delta Securities Limited



Custodial Agreement Signing Ceremony with Universal Financial Solutions Limited



Agreement signing Ceremony Agro Input Retailers' Network (AIRN) - a project of USAID



Agreement Signing Ceremony with Golden Harvest



Custodial Agreement Signing Ceremony with Delta Capital Limited

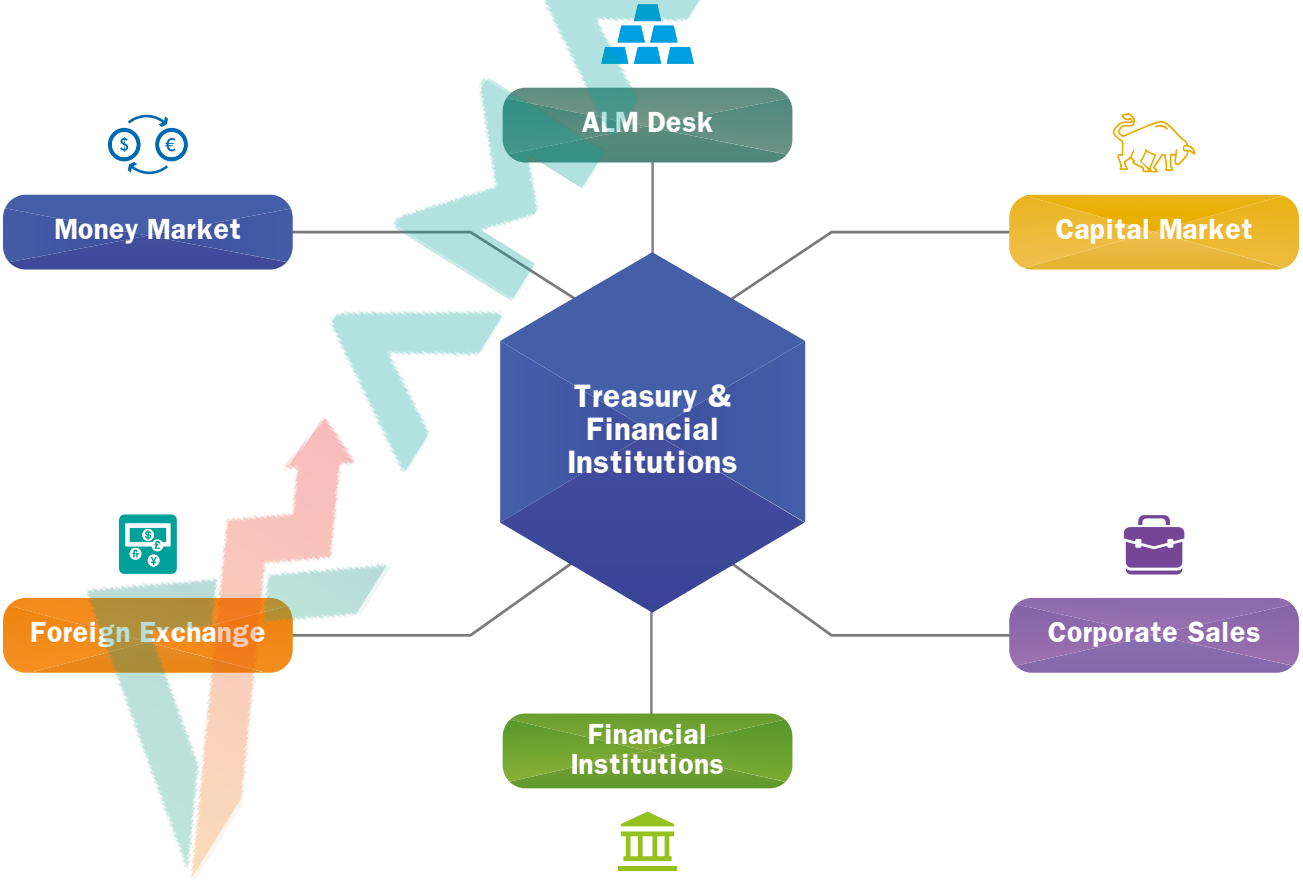
TREASURY & FINANCIAL INSTITUTIONS DIVISION

Our Treasury Traders and Relationship Managers are providing truly global treasury services by effectively and efficiently harnessing market opportunities through Real Time Treasury System.

Ahead of the Market

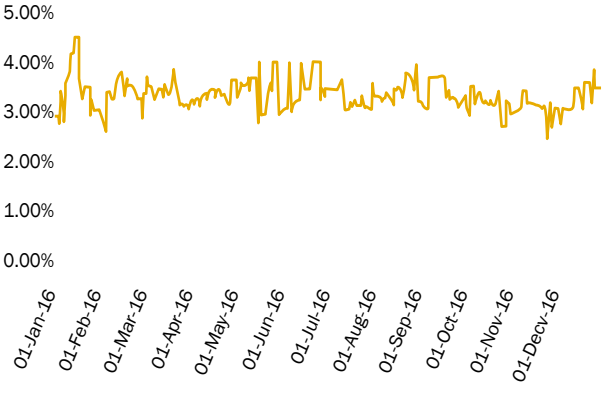
Keeping this tag line in front, the Treasury and Financial Institutions (FI) division has shown invincible performance in 2016 by serving treasury solutions to both its internal and external clients through a pool of dynamic dealers and relationship managers. Rapid growth of BRAC Bank Asset Book and the consistent growth of its portfolio – Treasury & FI division has actively managed both.

Besides managing the bank's funds, meeting regulatory requirements, managing day-to-day liquidity and acting as market maker, the team is catering to a diverse group of customers with the following dedicated desks:



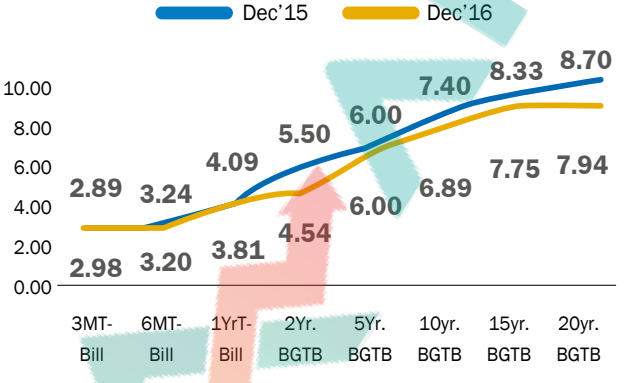
Money Market Desk: The Money market in 2016 was highly liquid and call money rate ranged from 2.5% - 5.0%. BBL treasury has been very active in interbank money market through superior forecasting of the market, managing liquidity gaps and ensuring handsome profitability for the bank.

Call Money Rate



Capital Market Desk: Our capital market desk has been heavily active in the capital market in terms of fixed income securities, stocks, mutual funds, subordinated bonds and preference shares. The Capital Market Investment Committee takes investment decisions and reviews the performance of the portfolio. BRAC EPL Research team provides research and advisory support in managing the capital market investment portfolio.

Yield Curve Comparison, in %

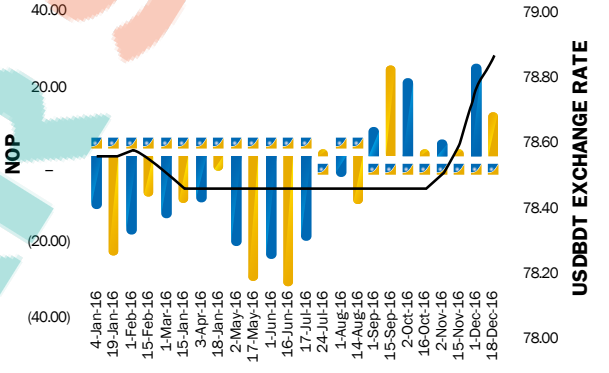


By the end of 2016, BBL treasury positioned itself as one of the most active members among the banks in the secondary trading of government securities. The team was successful in holding approximately 11.15% share of the inter-bank secondary trading of government securities which was 10.19% in the previous year.

Being a non PD (primary dealer) Bank, it has been a great achievement. Apart from that, we were able to successfully utilize new facilities provided by Bangladesh Bank for the development of secondary trading like TWS (Trader work station). BBL treasury was also active in capturing trades with corporate clients in government treasury securities.

Foreign Exchange (FX) Desk: BRAC Bank Treasury is one of the most active market makers in the cross currency trades. We have been a major liquidity provider in the inter-bank market in 2016. Through our FX desk, our dealers have explored proprietary FX trading (mainly in G3 Currencies) and provided pricing facilities to other players in the inter-bank market. Our FX desk also provided funding support to our offshore banking book.

Exchange Rate Movement and Net Open Position (in US $)



- **Actively managed liquidity gaps through superior forecasting in money market.**
- **Attained incredible market share in interbank secondary trading of government securities.**
- **Became market maker in providing pricing facilities to interbank counterparties and explored proprietary trading of G3 currencies.**
- **Enlarged market presence of the bank significantly by providing Forex - spot and derivative solutions to corporate clients across diverse industries.**
- **Offering global treasury solutions with the help of Bloomberg Terminal, Reuters and Finacle Real Time Treasury System.**

USD - BDT exchange rate remained very stable from January to October in 2016. After October 2016, volatility in the market caused around 0.65% depreciation in BDT against USD, far lesser than any other competing currencies. BBL treasury was able to successfully maintain NOP (Net open position) with the market movement accordingly, ensuring maximum profitability and keeping its position within the regulatory limit.

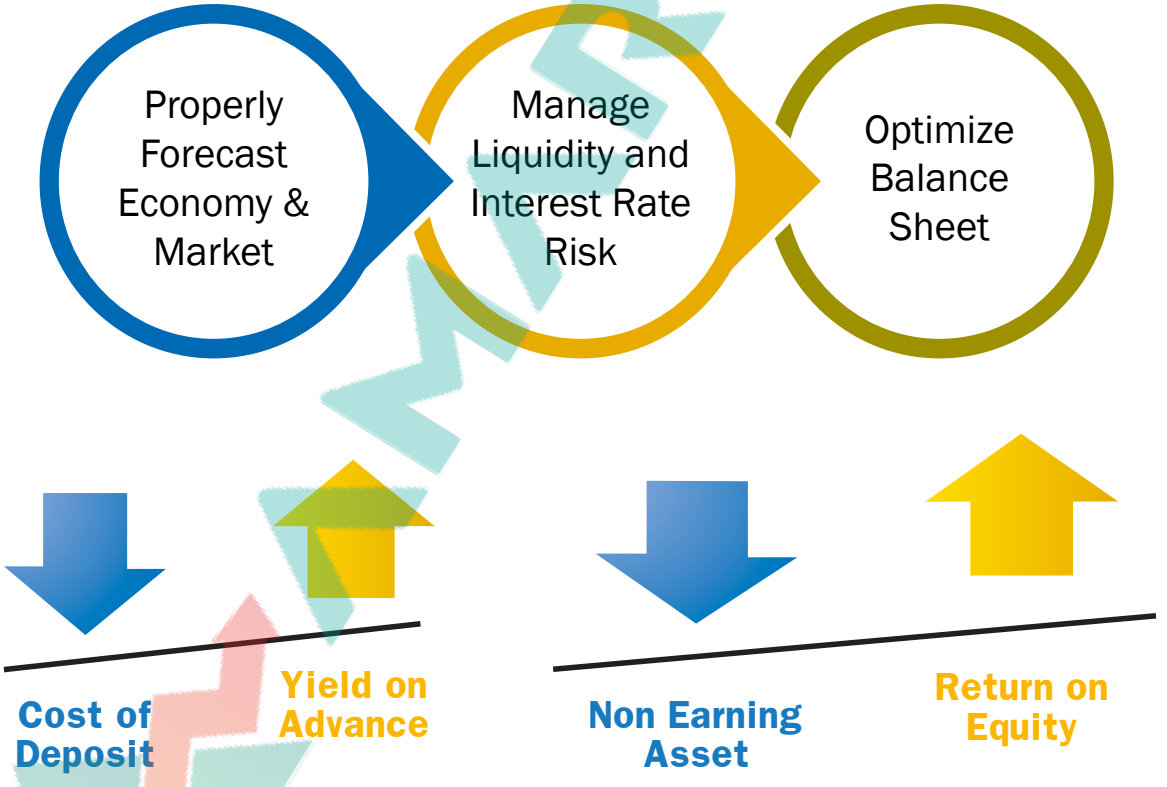
Corporate Sales Desk: Our Corporate sales desk is one of the most energetic teams in the market offering corporate counter parties a wide array of products ranging from simple spot purchase and sale to derivatives for hedging adverse exchange and interest rate movement. The team is currently dealing with over 80 active clients in numerous industries catering to their FX needs. The corporate sales desk has enabled the bank to gain exposure in FMCG, Pharmaceuticals, Cement and Construction materials, RMG, Textile Power, Petroleum and Lubricants, Food, Edible Oil and Telecommunication Industry.

In 2016, our corporate sales desk achieved 42% transaction volume growth compared to last year.

On a weekly basis, the corporate sales desk circulates updates on the currency and interest rate markets to make existing and potential clients aware of the current market scenario and advise clients individually regarding their foreign exchange and interest rate exposures.

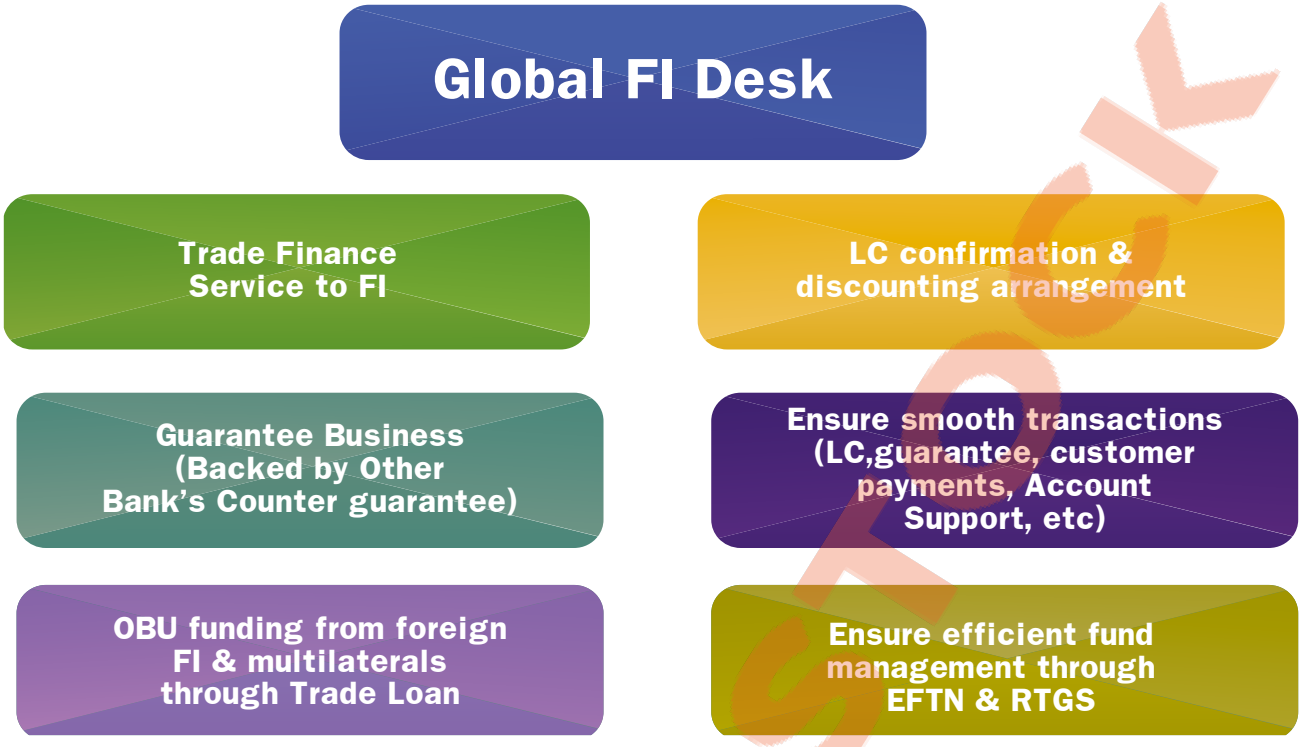
Asset Liability Management (ALM) Desk: The bank has separate ALM desk under Treasury and Financial Institutions, which supplies economic, market and bank information and analysis to Asset Liability Management Committee (ALCO) for taking strategic decision.

ALCO, which meets at least once a month, is responsible for managing balance sheet compositions, determining interest rates to increase efficiency, managing liquidity and interest rate risks and maximizing returns.



Financial Institutions (FI) Desk: Our FI desk maintains relationship with different local and major foreign banks to support our internal and external clients with efficient service and best pricing. FI is offering local guarantee facility for the overseas banks, that don't have presence in Bangladesh. BRAC Bank is an active partner of GTFP facility of IFC and TFP facility of ADB.

AMLSTOCK



Bloomberg and Reuters: Dealing Room is equipped with Reuters and Bloomberg terminals. These platforms provide the team with instant connectivity with Banks and Financial Institutions in Bangladesh and abroad. It also allows them to conduct analysis of all kinds of securities that the market players are dealing in. The platforms offer a wide array of information from numerous sources enabling the team to conduct complex analysis and forecasts to support its trading and investment decisions.

Our dynamic Treasury and FI team is one of the top teams in the market in terms of market making and transaction handling. The team aims to be the top treasury team in the market by 2017. The team can be contacted through the following avenues:

Direct Numbers: +88 02 8801259-60, +88 02 9860241, +88 02 9861694
Email: treasury@bracbank.com; fi@bracbank.com
SWIFT: BRAKBDDH, Reuters Dealing Code: BRAC, Bloomberg: BRAC

CREDIT RISK MANAGEMENT

Credit risk

The risk of suffering financial loss should any of the customers, clients or market counter parties fail to fulfill their contractual obligations to BRAC Bank Limited.

Overview

The granting of credit not only a major source of income for a bank but is also the Principal Risk and BRAC Bank Limited dedicates considerable resource for its control. The credit risk that the Bank faces arises mainly from Wholesale, SME and Retail loans and advances together.

Credit Risk Management objectives are:

- To maintain a framework of control to ensure that taking credit risk is based on sound Credit Risk Management principles set by the Regulator along with internationally accepted best practices.
- To identify, assess and measure credit risk clearly and accurately across the Bank and within each separate business, from the level of individual facilities up to the total portfolio.
- To formulate the Bank's risk appetite and ensure that the business profile and plans are consistent with it.
- To control and plan credit risk in line with External Stakeholder expectations and avoiding undesirable concentrations, to manage the risk profile to ensure specific financial deliverables remain achievable under a range of adverse business conditions, optimize risk/return decisions by taking them as closely as possible to business, while establishing strong and independent review and challenge structures.
- Monitor credit risk and adhere to agreed controls to ensure risk-reward objectives are met and ensure that business growth plans are properly supported by effective risk infrastructure.

Organization and Structure

Wholesale, SME and Retail portfolios are managed separately to reflect the differing nature of the assets; wholesale balances tend to be larger and are managed on an individual basis, while retail balances are larger in number but smaller in value and are, therefore, managed on a homogeneous portfolio basis.

Credit Risk Management responsibilities are structured so that decisions are taken as close as possible to the business, while ensuring robust review and challenge of performance, risk infrastructure and strategic plans.

Roles and responsibilities

The responsibilities of the credit risk management teams include:

- Sanctioning new credit agreements.
- Setting risk appetite.
- Monitoring risk against limits and other parameters.
- Maintaining robust processes, data gathering, quality, storage and reporting methods for effective credit risk management.
- Review and validation of credit risk measurement models.

The role of the Central Risk function is to provide Bank-wide direction, oversight and challenge of credit risk taking. Central Risk sets the Credit Risk Control Framework, which provides the structure within which credit risk is managed, together with supporting credit risk policies.

Credit Risk Mitigation

BRAC Bank Limited employs a range of techniques and strategies to actively mitigate the counterparty credit risks. These can broadly be divided into three types:

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Credit limit and Sustainable cash flow; collateral; and risk transfer.

Credit limit and Sustainable cash flow

Board-approved prudential limits to address counter-party concentration risks. These allow higher exposure to better-rated customers and lower exposure to lower-rated customers.

Borrower credit-worthiness is determined on the basis of their reliability and ability to make timely payments. Measures of reliability include credit payment history, references from current and past suppliers and qualitative character of the management/ owners. Projected cash flows are also used to demonstrate the ability of the applicant to generate enough revenue and cash flow to make payments within the prescribed terms and conditions.

Collateral

The Bank has the ability to call on collateral in the event of default of counterparty. Collateral is security in the form of an asset or third-party obligation that serves to mitigate inherent risks of credit loss which improve recoveries in the event of default. Collateral includes cash and cash equivalent instruments, properties (residential, commercial and industrial), capital funds, plant and equipment etc. Collaterals taken by the Bank are well-documented to ensure credit risk mitigation is legally effective and enforceable.

Risk transfer

A range of instruments including guarantees, credit insurance etc. can be used to transfer credit risk from one counterparty to another. These mitigate credit risk in two main ways:

- If risk is transferred to a counterparty who is more creditworthy than original counterparty, then overall risk is reduced;
- Where recourse to 1st counterparty remains, both counterparties must default before a loss materializes. This is less likely than the default of either counterparty individually so credit risk is reduced.

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BRANCH BANKING

BRAC Bank has set its sight to become "The Best Bank" in Bangladesh and to achieve this feat, our branches have already started catering customers across all segments under Matrix Management.

BRAC Bank has set its sight to become "The Best Bank" in Bangladesh and to achieve this feat, our branches have already started catering customers across all segments under Matrix Management. During the year 2016, BRAC bank has taken several initiatives to facilitate the channels to co-ordinate better with the segments and products not only to acquire new customers for the bank but also to strengthen the existing relationships with our customers thereby grow business.

Branches will now operate through two separate teams dedicated for Service and Marketing. Service team will be solely responsible for the customer service along with the compliance issues of the branch, while the marketing team will focus on new customer acquisition. Customers are also encouraged to utilize our enhanced Alternative Delivery Channels for general banking services that will simultaneously ensure better service and reduced footfalls during their visits to the branches.

With the vision to boost up the services provided to our corporate customers, management of the bank has decided to nominate 9 branches as Corporate Branches. Apart from serving SME and Retail customers, corporate branches will provide corporate banking services to their customers from different locations. This extended corporate banking network will also assist the bank to develop new corporate banking relationships.

The bank has dedicated a separate cash counter in all the branches across Bangladesh with the intention of providing faster service delivery to our Business Account holders for their daily financial transactions. SME service delivery desk has also been introduced in 10 branches to provide special services to our SME customers. It's about crafting a delightful experience which, in turn, contributes to better business.

In 2016, BRAC Bank has expanded its distribution network by inaugurating 5 new branches, strategically located across the country in order to reach out to untapped customer segments. The intention is to serve these customers with both innovative and contemporary product line and service solutions that would eventually contribute to the overall economy of the country. The branches are:

1. MITFORD BRANCH, DHAKA
2. SIDDIRGANJ BRANCH, NARAYANGANJ
3. DAULATPUR BRANCH, KHULNA
4. LAKSHAM BRANCH, COMILLA
5. CHARMATHA BRANCH, BOGRA

In 2017, apart from continuing its expansion to reach out to the unbanked population of Bangladesh, the bank has plans to relocate and renovate a significant number of branches and SME unit offices to further improve our customers' experience.

During 2016, BRAC Bank Ltd. has continued its effort to increase customer engagement by arranging several events at our branches. We have arranged colorful Borsho Boron programs and Art competition for children on "Pohela Boishakh" and "Ekushey February" respectively.

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CUSTOMER EXPERIENCE

The Bank has had a very good year in terms of financial performance. It is now time that we also renewed our focus on customer service and a powerful overall Customer Experience.

Customer experience is of paramount importance, especially in the service industries. The idea is to understand the customer's needs: speedy service, simple processes, and streamlined experience, predominantly to offer an experience rather than the services or products. BRAC Bank has had an outstanding year in terms of its financial performance, however, we still believe that there's a lot of room for us to enrich our overall customer experience to carry on this momentum and become the best bank in Bangladesh.

Reshaping the Banking Experience

BRAC Bank has re-structured its previously named 'Service Quality' department into a more customer-focused one, labeling it as "Customer Experience" Department. The CE Department co-ordinates with all the relevant departments / divisions and looks for ways to enhance the overall customer experience across the bank. CE is also driving the design of the bank's Customer Experience Strategy for 2017-19.

Listening to the Customer's Voice

Over the years, the quest of ever improving Service Excellence has been playing a vital role in the overall bank's performance, thus significantly contributing as an influential role in the overall organizational goal and expansion.

To keep up with the ever rising and changing expectations of the customers, BBL has conducted Net Promoter Scores for its Branches in 2016.

The study aimed at discovering the areas of satisfaction in terms of availing BBL services in correlation to the industry players and identification of the influencing factors of customers' decision making in terms of selecting a bank for their banking services. Customer experience at BBL has been satisfactory; and thus, was able to retain its customers and acquire new customers. The study also notably guided the bank to address the customers' feedback on the improvement areas.

Caring for the Customers

Alternate Channels

We have launched a staff performance campaign titled 'THE MUSKETEERS' for our Call Centers within the period August 2016 - July 2017.

Since its inception, our Call Center has become one of our biggest strengths in delivering 'Delightful Customer Experience'. They have been the rock-support wall for business at a considerable extent. Ranking as one of the top Call Center in the industry, this super energetic team performs at a team average of 90% of their KPIs and answers 86,000 calls through agents on average, monthly.

To elevate the team spirit between the different groups of GSE's working under our dedicated managers, Top Team and Top 5 Agents, awards are given after completion of every quarter.

To make banking convenient for our customers, we are cordially diverting our customers to the Call Center

for Cheque Book requisition, change in any Contact information, Debit/Credit Card replacement requisition, SMS Banking enrollment, Debit/Credit card activation, de-activation & re-activation, e-statement request for accounts and credit cards, Credit Shield enrollment/ de-enrollment, and all the services related to Internet Banking and Cheque Stop request. We are also working to develop processes for accepting Duplicate statement and certificate request at our 24/7 Call Center for savings and loan accounts, credit cards and tax purposes.

Branches

To be the best bank in Bangladesh, we thrive to offer the best experiences to our customers in terms of the branch service quality, the behavior of our service ambassadors, ambience and clean environment.

Our branch ambassadors will be calling up our customers for any service requests the branch has received from them and will request the customers to collect the same within the respective time frame. This is a new initiative which aims at strengthening the bank-customer relationship and make the customers feel that 'We Care for Them'.

To offer a state of the art and clean ambience at Branches – initiatives are taken to ensure the best experience. While the Branch premises will be evaluated, the well-dressed personnel will also be recognized.

Sales

To proliferate and benchmark Service Quality DNA across all the sales colleagues, a number of trainings are in the pipeline for the coming year ahead.

The Bank as a whole

One for All, All for One ! No team can perform fantastically well without the parallel support from the related departments / divisions within the bank. As such, a continuous appreciation program is being planned to acknowledge and recognize the contribution of the supportive team and its members.

Besides this, out of numerous initiatives to drive customer service excellence, continuous recognition programs such as 'Employee of the Month' and 'Team of the Month' will be held across all departments.

BRAC Bank employees are on the platform to ensure Service Excellence as per the customers' expectations which is backed by the total turnover over the last decade which shows a steady growth in today's highly competitive market.

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OPERATIONS DIVISION

Driven by the self-prescribed motto, "Ensure Proactive Service Delivery with Adequate Control", 2016 ended on a high note for the operations team.

Centralized Operations

'Centralized Operations' is a unique concept that represents an opportunity to manage risk more effectively and drive down cost. Since 2003, BRAC Bank has centralized its operations ahead of most of the competitors in the industry. However, emphasizing on customer satisfaction, similar support gradually initiated also from the Regional Operating Centers (ROC) placed in various locations across the country. The intention was to ensure quick and effective service delivery to customers in a controlled and compliant manner. BRAC Bank Operations is comprised of 7 Departments - Account Services, Loan Operations, Cards Operations, Trade Operations, Treasury and FI Operations, Payments and Transactions, and Central Operations.

Key Initiatives

2016 has been spectacular for the operations team. Some of the key initiatives taken are as follows:

- Undertaken massive re-engineering to ensure straight-through process deliveries and save TAT.
- Published a handbook on Mortgage Documentation to facilitate staff training and awareness.
- Arranged training for Sales Staffs from all business segments on land and mortgage documentation.
- Rolled-out fully functional in-house teams for legal vetting and valuation of property documents.
- Automated LC Advising through Finacle and IBP/FBP interest calculation to reduce manual task.
- Achieved clean audit observation from both regulators and internal / external auditors.
- Opened two more ROC offices and thus, a total of 9 ROCs are currently contributing to more than 60% of SME loan disbursement, the rest is done from the Head Office.

Future Drives

- Upgrade Core Banking System (CBS) as well as implement some satellite systems interfacing to CBS.
- Continue process re-engineering to embed the best practice to take up service quality to the next level.
- Expand technology driven processes and reduce manual interventions for effective control and monitoring.
- Recruit skilled resources and also undertake various training programs to improve the skill-sets of the existing staffs.
- Upgrade the Card Management System and also update a robust e-commerce system / platform.
- Gradually implement some Trade related services through few targeted branches and ROCs.
- Implement and interface local bill payments through the payment systems like RTGS, EFTN & SWIFT.
- Expand support by initiating Retail Personal Loan and Account Opening (both SME & Retail) at all ROCs.
- Initiate to launch the in-house built e-Archive software for effective archive data base management.

INFORMATION TECHNOLOGY DIVISION

The Technology team has been equipped with more skilled members to achieve excellence in providing superior services.

Technology is the one of the key enablers in equipping our bank to meet its mission to excel forward and become the best bank in Bangladesh. Improvements in technology lead to providing superior services to our valued customers. In 2016, investments in technology have been a key focus of our bank.

Positive changes in technology helped in improving the operational efficiency which in turn had made effective business decisions much easier. Adopting the latest technology and leap frogging to new innovative ideas have been some of the key areas that will eventually help cater the best services to the internal stake holders and customers in the coming years.

There has been lot of enterprise solutions planned in technology in line with business strategies & growth through heavy investments in the year 2016-17; some of these are significant upgrades on the Core Banking platform to facilitate next generation banking; a more sophisticated Card Management system, Responsive and unified E-commerce platform, RTGS Automation, Oracle Enterprise Resource Planning through Cloud, state of the art Call center to handle customer queries, AML and Fraud Solutions etc.. We are upgrading our Retails and SME business points with better networking capability and equipping the business centers with top-quality PC's and peripherals to engage employees more on meeting customers demands.

The Technology team has been equipped with more skilled members to achieve excellence in providing superior services. The system uptime has been significantly higher and legacy systems are all getting replaced. Our Data center has been upgraded with better capabilities & systems and the Disaster recovery center has been focusing on hosting more redundancy of critical and important back office solutions. Some of the innovative solutions that will be initiated in 2017, the benefits of which are to be realized in 2018/19, are Document Management System along with Customer Relations Management to address paper free office and to handle customer issues more digitally as well as Robotics and Artificial Intelligence capability in operational activity. Furthermore, we shall explore the ideas of Data warehousing, Data Analytics, Loan origination systems, Asset liability etc. as we grow.

Our vision is to differentiate ourselves as the bank that provides a customer with the best banking experience through innovative technologies.

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SUBSIDIARY OVERVIEW

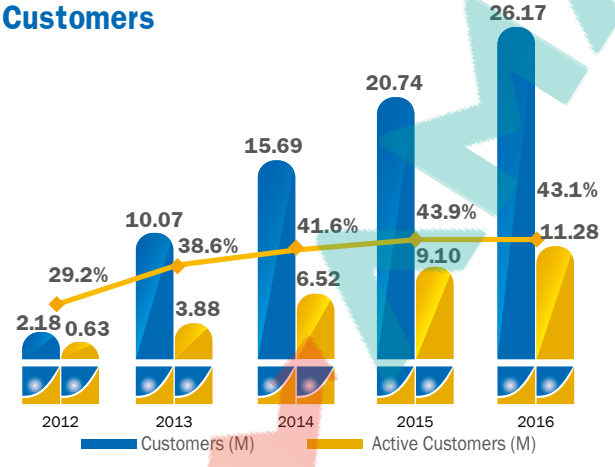
bKASH LIMITED

2016 was yet another milestone year for bKash with the business achieving some remarkable targets which will have an impact on how the mobile financial services industry will shape in the years to come.

Introduction

In the 5th year of operations, bKash continues to grow from strength to strength, reinforcing the cause for greater financial inclusion to the unbanked section in Bangladesh. 2016 was yet another milestone year for bKash with the business achieving some remarkable targets which will have an impact on how the mobile financial services industry will shape in the years to come.

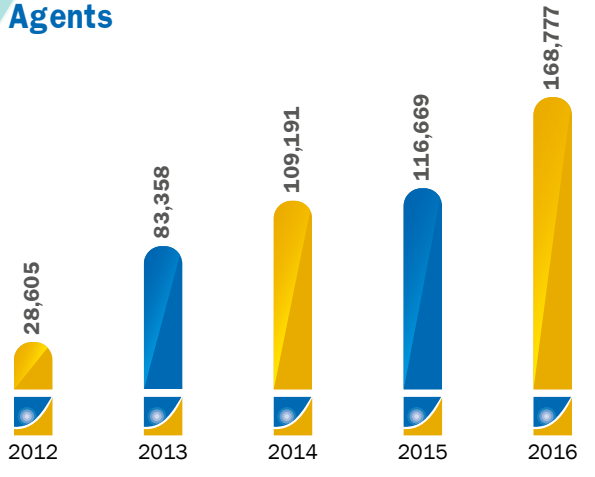
Customers



Key achievements in 2016

Over the last five years the number of registered customers has exceeded 26 million with an active customer base of more than 43% (Active customer is defined as a customer who has made at least one financial transaction in the last 90 days). The total number of customer acquisition in 2016 was 5.4 million The growth in customer registration was supported by more than 168,000 agents spread across Bangladesh. Compliance being a high priority for bKash agent, agent selection is a stringent process and the agents are regularly given training and awareness programs on AML/CFT issues, customer protection etc.

Agents

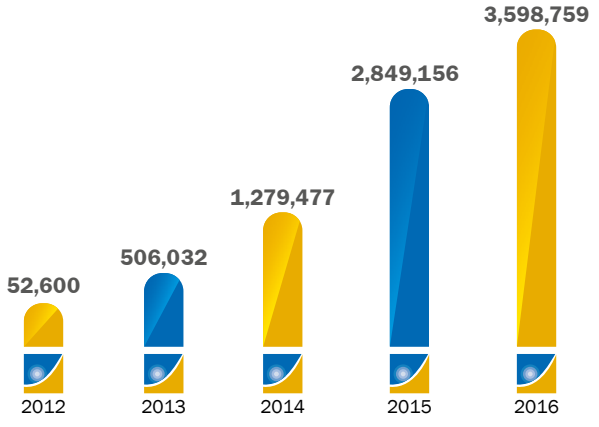


In 2016, the total volume that passed through the bKash system exceeded BDT 1800 billion with the majority of the transaction being in Cash in, Cash out, Peer to Peer & Airtime TopUp. Network connectivity has been established with all GSM operators in Bangladesh making the services available to nearly 100% of the population of Bangladesh.

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Significant investments have been made in upgrading the platform capacity in order to cater to the increasing demand. bKash has built its own state of art Data Center in 2016 and also is continually investments in enhancing the core platform.

Average Daily Transactions Count

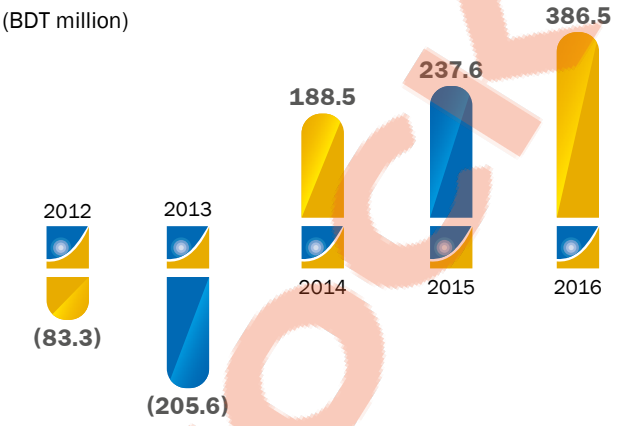


Financial Performance

Net Profit after tax was BDT 386 million which is a 63% increase of prior year.

Profit After Tax

(BDT million)



This increased profit is at the backdrop increased transactions and higher float. With new customer acquisition and higher active ratio total number of transactions increased by nearly 26% to 1.3 billion in 2016. As a result of the increased customers and agents subscription in the bKash network the float registered an increase of 58% over 2015. The total revenue (comprising of transaction revenue and float) was BDT 15 billion which was 40% higher than prior year.

Financial Highlights

Particulars	2016	2015	2014	2013	2012
Total Revenues (M)	14,972.3	10,728.1	7,242.7	3,986.9	483.2
Net Income (M)	3,446.7	2,472.5	1,621.1	693.3	78.5
Profit before tax (M)	621.1	380.0	326.0	(290.5)	(115.7)
Contribution to Exchequer (M)	3,034.1	2,107.5	1,398.8	785.5	127.0
Total Assets (M)	22,008.0	14,499.8	9,544.0	5,457.7	1,512.6
Float Balance (M)	17,288.6	10,961.3	6,822.6	3,999.6	974.0
EBITDA (M)	834.9	482.6	406.1	(253.9)	(90.9)
Earnings per share	792	562	446	(538)	(218)
Gross Profit Ratio	19.2%	18.4%	16.7%	11.1%	9.0%

Operational Highlights

Particulars	2016	2015	2014	2013	2012
Customer	26,172,245	20,741,587	15,686,947	10,073,872	2,175,489
Active Customer (90 Day Basis)	11,275,883	9,099,762	6,524,798	3,884,679	630,892
Active Ratio (90 day)	43.1%	43.9%	41.6%	38.6%	29%
Agent	168,362	116,669	109,191	83,358	28,605
Merchant Count	37,902	14,879	8,989	4,568	2,168
Average Daily Transactions Count	3,598,759	2,849,156	1,279,477	506,032	52,600
Volume of Transactions (Billions)	1,805.5	1,299.1	860.8	460.3	57.7

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BRAC EPL STOCK BROKERAGE LIMITED

BRAC EPL Stock Brokerage Limited (BESL) is the 3rd largest stock brokerage house in the country with dominant market share in the foreign portfolio investment execution segment. The company also offers brokerage services to local institutions, retail clients and non-resident Bangladeshis (NRBs) through 8 branches.

Product and Services

BRAC EPL Stock Brokerage Limited offers stock brokerage services to all Bangladeshi and International Capital Market Investors.

Public market investment execution

BESL is ranked 3rd among 250 brokers in Bangladesh as of December 2016, with a market share of ~3.6%. Currently, through 8 branches and 103 employees, the Firm serves around 26,000 local clients and 50 foreign institutional clients. In 2016, the firm had highest market shares of ~55% in executing foreign portfolio investments and ~37% of the total block market transactions. The main focus of BESL in 2017 will be to nurture the "Retail" segment. As a part of this strategy, BESL has launched "Bull Fight" campaign in collaboration with BRAC Bank Limited through which new clients will be tapped using the skilled sales force of BRAC Bank.

Investment research & advisory service

BESL pioneered the investment research industry in Bangladesh. Currently the Research Department, with 10 analysts including 2 CFA charter holders and 2 CFA charter pending members, has broader investment research and investment advisory mandates. The team has research partnership with Macquarie Securities Group –world's 8th largest sell-side equity research firm in addition to research partnership agreements with Bloomberg, Thomson Reuters, S&P Capital IQ and Fact Set. Following are some of the key achievements of the team in 2016:

1. The recommended investment composite of the team generated 19.9% return in 2016, outperforming the benchmark index by ~11.1%.

2. Initiated coverage on three new companies: IDLC, City Bank and Berger. Since publication of the equity note, these stocks have unlocked value and given significant return to investors generating 61.6%, 34.7% and 5.4% return respectively as on Feb 13, 2017

3. First time participated in bidding for an International Research work by Stewart Investors on "Financial Inclusion Project" and successfully won the bid after competing with Research Firms from other countries. The work, which includes analysing 30 companies across 16 countries, will generate USD 30,750 in advisory fees.

4. Carried out "Due Diligence" of a listed Private Commercial Bank on behalf of Islamic Corporation for the Development (ICD) for acquisition purpose, generating USD 35,000 in advisory fees.

5. In addition to the above, the team also generated USD 103,100 in Research and Advisory Fees from foreign investors and BDT 6.6 million from local institutional clients.

Capital Market Review 2016

The year 2016 has been brisk in terms of capital market activity, especially the second half of 2016. In the first six months of the year DSEX - the benchmark free float weighted market index - was down by 2.6% but the index ended the year with 8.8% gain. It crossed the benchmark 5,000 point in the process and ended the year at 5,036.05 points. Turnover has also picked up with increasing participation from retail investors. Daily average turnover value stood at BDT 4.9 billion for the full year while in the last two months (Nov'16 and Dec'16) it was BDT 7.7 billion.

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Foreign Portfolio Investments also increased in 2016. Foreign turnover as a percentage of total market turnover stood at 7.4% in 2016, compared to 7.2% in 2015 and 4.9% in 2014. Net foreign investment in 2016 was USD 172.5 million (BDT 13.4 billion). As per the latest available data of DSE, foreign funds now own 5.5% of total market capitalization while their holding is 9.5% for top 20 large cap companies.

Financial Performance

BRAC EPL Stock Brokerage has managed to maintain the 3rd position among 250 brokers. On average, BESL had 3.6% market share of DSE turnover, 0.7% of CSE turnover and 3.4% of total turnover.

Operating Results

BESL net profit after tax in 2016 was BDT 95 million; increased by 20% or 16 million. Our Foreign Institutional Investment (FII) business continued to play a major role in total turnover. FII business was 55% of total turnover in 2016 compared to 43% in 2015. We managed to reduce the operating expenses by 0.13%.

Future Outlook of industry and Company position

We expect the capital market to remain stable and retail investor participation to increase throughout 2017. We are observing record low rates in the banking sector as lending rates have now come down to single digit. As interest rates continue to remain low and government savings tool are also expected to lower the rates, alternate investment opportunity has become less attractive to investors. This will drive investor participation in the market and help it grow. Also we don't see any political disruption in the near future. We are expecting 40-45% increased turnover volume in next three years in the market and we aim to increase our market share to 5.8% and securing our leading position in both local and foreign market.

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BRAC IT SERVICES LIMITED

BRAC IT Services Limited, is the youngest proud member of the eminent BRAC Bank family and is one of the leading IT solution & service providers in Bangladesh.

BRAC IT Services Limited, is the youngest proud member of the eminent BRAC Bank family and is one of the leading IT solution & service providers in Bangladesh, specializing in End to End Process Solution & Service Management. In 1999, BRAC founded Documenta™ Ltd. as a Digital Archiving Firm which initiated its journey with a couple of overseas software development projects and executed them with great success. In April 2013, Documenta™ Ltd. and the IT Division of BRAC Bank were merged to establish BRAC IT Services Limited with the aim to provide technology based solution to local and global markets.

biTS provides End-to-End solutions for industries like Banks and Financial Institutions, Educational Institutions, FMCG and Consumer Durables, NGOs, etc. biTS is proud to provide IT assistance to several prestigious organizations of Bangladesh and outside Bangladesh as well. BRAC, BRAC International, BRAC Bank Limited, BRAC EPL (Stock Brokerage Ltd.), bKASH, BRAC Saajan, BRAC University, Save The Children, Sajeda Foundation, Notre-Dame University, Trust Bank, Rupali Bank, Mercantile Bank, The Daily Ittefaq, The Daily Star, Dhaka University, Sir John Wilson School, Singapore International School, Bangladesh International Tutorial, PRAN-RFL and many other medium and small enterprises.

biTS has been playing a very important role for the introduction of latest technology with flexibility and innovation for the tech-savvy bank, BRAC Bank, through customized solution development and integration like Internet Banking, Mobile Banking, Home Banking, Transaction SMS Alert, Digitalization of Cheque Processing (dChecker), Back Office Management (ConnectPlus), Integration with Bangladesh Bank (RTGS on VPN), ETF (eRapid) and many more. It has also been playing a significant role during enterprise project management & implementation with all related bank stakeholder. Besides, biTS has been managing BRAC

biTS also played an important role to digitalize BRAC Bank's other subsidiaries such as BRAC EPL Stock Brokerage Ltd, BRAC Saajan and bKash by providing flawless integrations, real time transactions, information security and storage, etc. with state of the art technology. It developed and is managing Remit ERP for BRAC Saajan which has made remittance service very easy, secured and has enabled BRAC Saajan to provide a better service to their customers and business partners. Hence, BRAC Saajan has been able to expand their business rapidly and currently is playing in the money market in 5 countries worldwide.

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Bank's customized software development initiative and extending Managed IT Support & Services that includes Data Center, DR, Network, ATM, Card System management since 2013.

BRAC IT Services Limited has been providing various solutions to BRAC University to automate majority of their administrative process resulting in better services to the Students. It also manages the entire IT Infrastructure & general support services for the same.

biTS' flagship product, the microfinance solution SbiCloud, is successfully running in several countries including Uganda, Sri Lanka, Afghanistan, Pakistan, South Sudan, Myanmar, Philippines, and Tanzania via BRAC International involvement and playing a vital role to improve the socioeconomic development of these countries in micro finance level.

biTS has some renowned and unique solutions in the market that can meet various customer needs. Customers can achieve operational efficiency by transforming their existing operation using biTS best valued solutions and services. biTS is committed to provide better quality of the solution and services, and ensure information security as per ISO/IEC 20000-1 ITSMS and ISO/IEC 27001 ISMS guidelines for which biTS has been recommended for certification in January 2016.

biTS is committed to imprint a positive impact in the Digitization of Bangladesh in the near future and impact effectively in the poverty alleviation movement along with its sister concerns.

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BRAC SAAJAN EXCHANGE LIMITED

The Company has also entered into business relationships with number of European Payment Institutions with large networks during the 2nd half of the year.

During 2016 BRAC Saajan looked at diversifying its market and products as well as continuing to be the largest remitter to Bangladesh with over a 25% market share of the remittances sent from the UK. New products include Pre-Paid Card, which goes live from January 2017, and remitting through the online platform, which again is going live from January 2017. The Company has also entered in to business relationships with number of European Payment Institutions with large networks during the 2nd half of the year.

BRAC Saajan's commitment has always been to its consumer and communities so not only have we been diversifying and offering new products, we also strive to achieve the most competitive exchange rates for our consumers through our relationships with our banks in our beneficiary countries, thus providing our consumers the best "Value for Money",as well as providing them with the best customer service possible.

The European Payment Institute sector is highly regulated and competitive. To retain the sustainability and grow in this sector, the Company needs to expand its network globally. While the focus remains to serve the large non-resident Bangladeshis in European countries, the Company is allocating resources to expand its services from other African, Asian, Trans-Atlantic countries to Bangladesh.

The Company is currently providing its services from 9 European countries to Bangladesh, India, Pakistan, Sri Lanka and Poland.

BRAC Saajan's commitment to Anti-Money Laundering (AML) and compliance training saw its 'On-line Learning Module' rolled out in 2016. All employees of BRAC Saajan have successfully passed the exam. The compliance team is using this successful online learning tool to ensure that all employees and agents are trained on AML compliance on an ongoing basis. During 2016 BRAC Saajan also automated its Remit ERP System with its regulators to strengthen further it's money laundering and terrorist financing policy. BRAC Saajan takes AML Compliance very seriously. It does everything to prevent itself, its staff and its agents being used to facilitate money laundering and terrorist financing under the

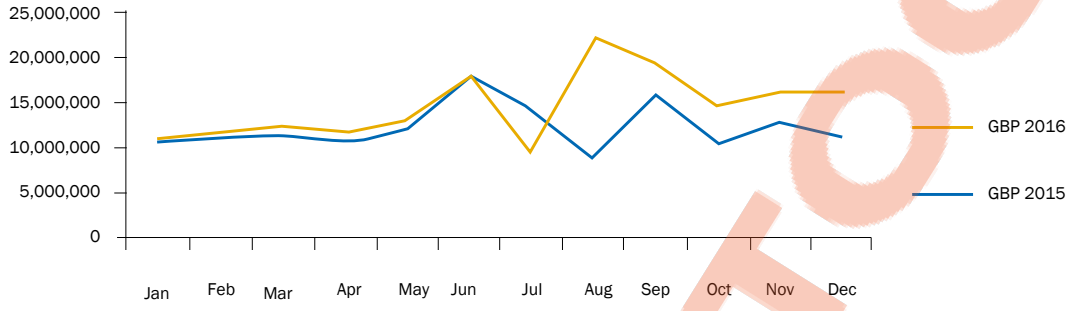


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terms of relevant Payment Services Regulations, Money Laundering Regulations, Proceeds of Crime Act, and Counter-Terrorism Act.

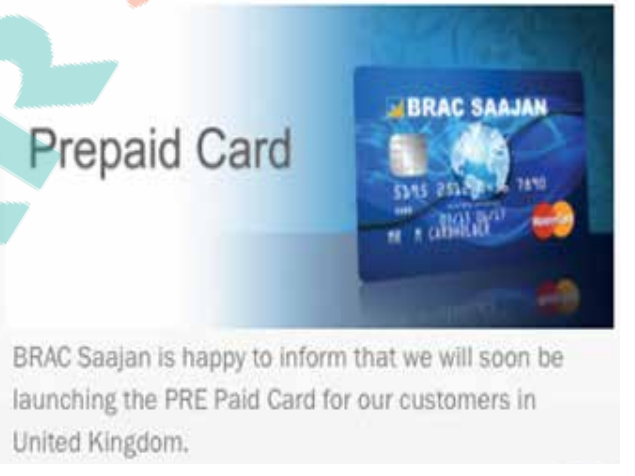
The chart below projects the increase in remittances sent by BRAC Saajan in the UK and EU in 2016 in comparison to 2015.

Remittance value by month (GBP'M)



2016 laid the foundations for an exciting 2017 for BRAC Saajan with projects such as its on-line/ mobile app, the pre-paid card, the commercial partnerships it's created and the doors it's opening to remit to new countries.





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BRAC EPL INVESTMENTS LIMITED

A Brief Highlights for Annual Report 2016

Structured Finance, Private Equity and Mergers & Acquisitions Department: Under new strategy and leadership, BRAC EPL Investments Limited (BEIL)'s advisory team successfully closed Non-Convertible Coupon Bearing Subordinated Bonds of IFIC Bank Limited with an issue size of BDT 3,500.00 million qualified as Tier-II capital. Notably, it also completed advisory on behalf of newly forged relationships with foreign institutional investors operating in Food and Allied, Software and IT, Engineering and Financial Service sectors based in Hong Kong, Vietnam and Japan. Besides, our services have provided the best complement to our parent and group organization's recurrent yet cutting edge investment advisory mandates. In this regard, our team successfully closed buy-side financial advisory for an acquisition made by BRAC and BRAC International in the digital wellness sector.

Portfolio Management Department: The Year 2016 can be termed as the year of stabilization of the capital market. Due to regulatory measures and encouraging signals from the Government, the market is expected to improve in the coming years. With the widening of the market such as listing of new companies as well as disinvestment of Government controlled shares, the liquidity in the market is expected to deepen encouraging new investors to join the market. This will propel the market to develop further in 2017 and beyond; on top of the stable platform that has been created during 2016.

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Eye on the Radar
Corporate Governance



CERTIFICATION

HFC

HUSSAIN FARHAD & CO.
Chartered Accountants

COMPLIANCE CERTIFICATE
ON
CORPORATE GOVERNANCE GUIDELINES
TO THE SHAREHOLDERS OF
BRAC BANK LIMITED

We have reviewed the compliance of conditions of the Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by BRAC Bank Limited as stipulated in clause 7(i) of the BSEC notification no. SEC/CMRRCD/2006-158/134/Admin/44, dated August 07, 2012 and subsequent amendment made thereon.

The compliance of conditions of the Corporate Governance Guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the management of the bank. Our review for the purpose of issuing this certificate was limited to the verification of procedures and implementations thereof adopted by the bank for ensuring the compliance of conditions of Corporate Governance Guidelines and proper reporting of compliance status on the attached statement on the basis of evidences obtained and representation received thereon from the management of the bank. It is neither an audit nor expression of opinion on the financial statements of the bank.

To the best of our information and according to the explanations given to us, we certify that the bank has complied with the conditions of the Corporate Governance Guidelines as stipulated in the above mentioned notification and applicable to the bank for the year ended December 31, 2016.

Place: Dhaka
Date : March 22, 2017

Hussain Farhad & Co.
Chartered Accountants

Authorised Training Employer of ICAEW Chartered Accountants
House # 15, Road # 12, Block - F, Niketon, Gulshan-1, Dhaka-1212, Bangladesh.
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Member of ASNAF

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Certificate of Due Diligence by CEO & CFO

To the Board of Directors of

BRAC Bank Limited

As part of our due diligence to the Bank and in compliance with condition no. 6 of the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012, we the undersigned, Chief Executive Officer (CEO) and Chief Financial Officer (CFO) respectively of BRAC Bank Limited, do hereby certify that we have thoroughly reviewed the Financial Statements of the Bank for the year ended 31st December 2016, and state that :

a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading,

b) these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards and applicable laws, and

c) to the best of our knowledge and belief, the Bank has not entered into any transaction during the year which are fraudulent, illegal or in violation of the Bank's codes of conduct.

Chief Executive Officer

Chief Financial Officer

Dhaka,
March 20, 2017

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CORPORATE GOVERNANCE COMPLIANCE REPORT

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is presented below:

Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
1. BOARD OF DIRECTORS				
1.1 Board's Size	The number of the Board members of the company shall not be less than 5 (five) and more than 20 (twenty).	√		The Board of BRAC Bank Ltd. (BBL) is comprised of 7 Directors
1.2 Independent Directors	(i) At least one fifth (1/5) of the total number of Directors in the company's Board shall be Independent Directors.	√		There are three Independent Directors in the BBL Board namely: Dr. Hafiz G.A Siddiqi ; Kazi Mahmood Sattar and Zahida Ispahani
	(ii) For the purpose of this clause "Independent Director" means a director-			
	a) does not hold any share or holds less than 1% share of the total paid-up capital.	√		The Independent Directors have declared their compliances
	b) who or his family members are not connected with the company's any sponsor or Director or shareholder who holds 1% or more shares.	√		Do
	c) who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	√		Do
	d) who is not a member, director or officer of any Stock Exchange.	√		Do
	e) who is not a shareholder, director or officer of any member of Stock Exchange or any intermediary of the capital market.	√		Do
	f) who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm.	√		Do
	g) who shall not be an Independent Director in more than 3 (three) listed companies.	√		Do
	h) who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI).	√		Do
	i) who has not been convicted for a criminal offence involving moral turpitude.	√		Do
	(iii) The Independent Director(s) shall be appointed by the Board of Directors and approved by the shareholders in the AGM.	√		

Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(iv) The Post of Independent Director(s) can't remain vacant for more than 90 (ninety) days.	√		
	(v) The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
	(vi) The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	√		
1.3 Qualification of Independent Directors	(i) Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		
	(ii) Independent Director should be a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The Independent Director must have at least 12 (twelve) years of corporate management/ professional experiences.	√		
	(iii) In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			Not Applicable
1.4 Chairman of the Board and Chief Executive Officer	The positions of the Chairman of the Board and CEO of the companies shall be filled by different individuals. Chairman of the Board shall be elected from among the Directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO.	√		Chairman - Sir Fazle Hasan Abed, KCMG ; CEO - Selim R. F. Hussain
1.5 The Directors' Report to Shareholders	(i) Industry outlook and possible future developments in the industry.	√		
	(ii) Segment-wise or product-wise performance.	√		
	(iii) Risks and concerns.	√		
	(iv) A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin.	√		
	(v) Discussion on continuity of any Extra-Ordinary gain or loss.			Not applicable as no extra ordinary gain or loss occurred in this financial year
	(vi) Basis for related party transactions a statement of all related party transactions should be disclosed in the annual report.	√		The Directors' report complied with the guideline
	(vii) Utilization of proceeds from public issues, rights issues and/or through any others instruments.			Not applicable as no proceeds from public issues, rights issues and/or through any others instruments
	(viii) An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.			Do

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(ix) If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.			Not applicable as no significant variance occurred between Quarterly and Annual Financial Statements
	(x) Remuneration to Directors including Independent Directors.	√		The Directors' report complied with the guideline
	(xi) The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	√		Do
	(xii) Proper books of account of the issuer company have been maintained.	√		Do
	(xiii) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	√		Do
	(xiv) International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		Do
	(xv) The system of internal control is sound in design and has been effectively implemented and monitored.	√		Do
	(xvi) There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	√		Do
	(xvii) Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	√		Do
	(xviii) Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		Do
	(xix) If the issuer company has not declared dividend(cash or stock) for the year, the reasons thereof shall be given.			Not applicable
	(xx) The number of Board meetings held during the year and attendance by each Director shall be disclosed.	√		The Directors' report complied with the guideline
	(xxi) The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by-			
	(a) Parent / Subsidiary / Associated Companies and other related parties (name wise details);	√		Do
	(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		Do
	(c) Executives;	√		Do

Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(d) Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		Do
	(xxii) In case of the appointment/re-appointment of a Director the company shall disclose the following information to the shareholders-			
	(a) a brief resume of the Director.	√		The Directors' report complied with the guideline
	(b) nature of his/her expertise in specific functional areas.	√		Do
	(c) names of companies in which the person also holds the Directorship and the membership of committees of the Board.	√		Do
2.00 CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS)				
2.1 Appointment	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	√		Deputy Managing Director & CFO - Md. Abdul Kader Joaddar; Head of Internal Audit - M. Morshedul Quader Khalili ; CS- Rais Uddin Ahmad
2.2 Requirement to attend the Board Meetings	Attendance of (CFO) and the Company Secretary in the Board meetings.	√		
3.00 AUDIT COMMITTEE				
	(i) The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		Already in place
	(ii) The Audit Committee shall assist the Board of Directors' in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		Do
	(iii) The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		Do
3.1 Constitution of Audit Committee	(i) The Audit Committee shall be composed of at least 3 (three) members.	√		The AC is consisted of three members
	(ii) The Board of Directors shall appoint members of the Audit Committee who shall be Directors of the company and shall include at least 1 (one) Independent Director.	√		The Board of Directors have appointed 03 members for Audit Committee who are Directors of the company and among them 02 are Independent Directors
	(iii) All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience: -The term Financially literate means the ability to read and understand the Financial Statement i.e Balance Sheet, Income Statement and Cash Flow Statement and a person will be considered to have Accounting or related Financial Management expertise if she/he processes professional qualification or accounting/finance graduate with at least 12 (twelve) years of corporate management / professional experiences.	√		All the members are qualified as per BSEC's Guidelines

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(iv) Casual vacancy in Audit Committee (AC) shall be filled by the Board.			Not applicable
	(v) The company secretary shall act as the secretary of the Committee.	√		Stated in the Charter of Board Audit Committee and reflected in the meeting minutes of Audit Committee
	(vi) The quorum of the Audit Committee (AC) meeting shall not constitute without at least 1 (one) Independent Director.	√		Do
3.2 Chairman of the Audit Committee	(i) The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an Independent Director.	√		Do
	(ii) Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		Do
3.3 Role of the Audit Committee	(i) Oversee the financial reporting process.	√		Do
	(ii) Monitor choice of accounting policies and principles.	√		Do
	(iii) Monitor Internal Control Risk management process.	√		Do
	(iv) Oversee hiring and performance of external auditors.	√		Do
	(v) Review along with the management, the annual financial statements before submission to the board for approval.	√		Do
	(vi) Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		Do
	(vii) Review the adequacy of internal audit function.	√		Do
	(viii) Review statement of significant related party transactions submitted by the management.	√		Do
	(ix) Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.	√		
	(x) When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/ prospectus.			Not applicable as no money is raised through IPO/RPO/rights issues in this financial year
3.4 Reporting of the Audit Committee	3.4.1. Reporting to the Board of Directors:			
	(i) The Audit Committee shall report on its activities to the Board of Directors.	√		Audit Committee informs Board periodically through its minutes which are placed at Board Meetings
	(ii) The Audit Committee shall immediately report to the Board of Directors on the following findings,if any-			

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(a) conflicts of interests.			Not Applicable as there have been no such occurrence
	(b) suspected or presumed fraud or irregularity or material defect in the internal control system.			Do
	(c) suspected infringement of laws, including securities related laws, rules and regulations.			Do
	(d) any other matter which shall be disclosed to the Board of Directors immediately.			Do
	3.4.2. Reporting to the Authorities:			
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.			Do
3.5 Reporting to the Shareholders and General Investors	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.			Do
4.00 EXTERNAL/STATUTORY AUDITORS				
	(i) Non-engagement of external/ statutory auditors in appraisal or valuation services or fairness opinions.	√		
	(ii) Non-engagement of external/ statutory auditors in financial information systems design and implementation.	√		
	(iii) Non-engagement of external/ statutory auditors in book-keeping or other services related to the accounting records or financial statements.	√		
	(iv) Non-engagement of external/ statutory auditors in broker-dealer services.	√		
	(v) Non-engagement of external/ statutory auditors in actuarial services.	√		
	(vi) Non-engagement of external/ statutory auditors in internal audit services.	√		
	(vii) Non-engagement of external/ statutory auditors in any other service that the Audit Committee determines.	√		
	(viii) No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√		
	(ix) Audit/certification services on compliance of corporate governance as required under clause (i) of condition no 7.	√		

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
5.00 SUBSIDIARY COMPANY				
	(i) Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			Not applicable as Bangladesh Bank have waived the mentioned provision as per the Gazette No. OM/OBI/BA: NI: SHA-1/1(4)/2008/177 Dated: 27 August, 2008
	(ii) At least 1 (one) Independent Director on the Board of Directors of the holding company shall be a Director on the Board of Directors of the subsidiary company.	√		In practice
	(iii) The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	√		Do
	(iv) The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	√		Do
	(v) The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		Consolidated financial statements reviewed annually by the audit committee
6.00 DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)				
	(i) The CEO and CFO will certify to the Board-			
	(a) that they have reviewed the financial statement and believe that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	√		Stated in the certificate of due diligence by CEO & CFO
	(b) that they have reviewed the financial statement and believe that these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		Do
	(ii) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	√		Do
7.00 REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE				
	(i) The company shall obtain a certificate from practicing a Professional Chartered Secretary/ Accountants (Chartered Accountant/Cost & Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		
	(ii) The Directors of the company shall state, in accordance with the Annexure attached, in the Directors' report whether the company has complied with these conditions.	√		

CORPORATE GOVERNANCE REPORT

We sincerely recognize the fact that, it is not possible to achieve and maintain loyal base of customers without providing tailored and down-to-earth financial service solutions to customers.

Corporate Governance at BRAC Bank is aimed at being the trusted brand to stakeholders by dealing with them in a transparent and accountable manner. BRAC Bank believes in sustainable business and transparency is the only way of achieving that.

BRAC Bank being a bank with widespread service network offers myriad of its banking solutions to individual and institutional customers who vary widely in their financial needs, profile, awareness level and support requirements. We sincerely recognize the fact that, it is not possible to achieve and maintain loyal base of customers without providing tailored and down-to-earth financial service solutions to customers.

Philosophy on Code of Corporate Governance

BRAC Bank believes in adopting and adhering to the best standards of corporate governance to all the stakeholders. The Bank's corporate governance is, therefore based on the following principles:

- Appropriate composition, size of the Board and commitment to adequately discharge its responsibilities and duties.
- Transparency and independence in the functions of the Board.
- Independent verification and assuring integrity of financial reporting.
- Adequate risk management and Internal Control.
- Protection of shareholders' rights and priority for investor relations.
- Timely and accurate disclosure on all matters concerning operations and performance of the Bank.

The Bank's philosophy on corporate governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealing with the shareholders, employees, the regulators and other relevant stakeholders. By doing that, the bank demonstrates its understanding and respects towards its fiduciary role and responsibility to shareholders.

Board of Directors:

BRAC Bank is always sincere in ensuring compliance of regulatory guidelines comprising of Bangladesh Bank circulars, BSEC notification, Bank Company Act and Company Act in appointing Board of Directors. In compliance with BRPD circular no. 11 dated 27th October 2013, all the appointments in board are made with prior approval from Bangladesh Bank strictly following the prescribed procedure. Eligibility of individuals are screened against section 15 of Bank Company (Amendment) Act 2013 prior to election and appointment of new directors. It is worth noting here that, number of independent director representing in the board well exceeds the minimum requirement as stipulated in the Bank Company (Amendment) Act 2013 and all of them are appointed with prior approval of BSEC.

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Board composition

The Board of Directors independently carries out its responsibilities and has a composition that facilitates effective oversight. For that purpose, the Board of BRAC Bank Limited is comprised of a sufficient number of independent directors.

The Board is comprised of individuals with a balance of skills, diversity and expertise, who collectively possess the necessary qualifications commensurate with the size, complexity and risk profile of the bank. In assessing the collective suitability of the board, the following issues are taken into account by the Bank:

- Board members have a range of knowledge and experience in relevant areas and have varied backgrounds to promote diversity of views.
- The board collectively have a reasonable understanding of local, regional and, global economic and market forces and of the legal and regulatory environment.

Authority and responsibility of board of directors:

The board provides strategic direction and bears oversight responsibility in policy formulation and implementation thereof, risk management, internal control, internal/ statutory/regulatory inspections and materialization of recommendations. Apart from that, the board regularly sits to formulate appropriate action plan to materialize the strategic plan set out at the beginning of the year and periodically review their materialization in due course. Regular review of organizational structure and necessary changes in line with operational scenario and strategic objectives is also under the purview of the board. The board has a supervisory and oversight body regularly comes with constructive recommendations to enhance efficiency and mend the operational loopholes and control weaknesses. As part of its organizational performance review program, the board makes sure to enforce alignment of remuneration and rewards with function specific strategic objectives. Key Performance Indicators (KPIs) of senior executives of the bank as endorsed by the board are periodically evaluated by it. The board guides the credit risk management across the bank through formulation and review of policies and procedures on credit evaluation, sanction, disbursement, recovery, rescheduling, write-off etc. Limit for approval of loans are delegated down the line to management of the bank and each and every member of the board consciously refrain from interfering in this regard. The board in regular periodicity, review the compliance status of core risk guidelines in line with the bank's vision to become the best compliant bank of the country.

In order to ensure integration of internal controls and compliance of standard operating procedures, the board empowers independent audit in the bank and ensure the fact that, the independent audit operates without any impact or impediment from management. The board is periodically reported on the status of human resource management in the bank particularly about adequacy of resources, proper trainings, and MIS and due diligence on part of HRD in monitoring compliance of code of ethics.

With a view of enhance values for shareholders and ensure sustainability of the bank, the board enforces strict controls in capital adequacy and financial management of the bank. Capital nature expenditure with substantial value are always subject to the feasibility study and approval by the board. To ensure dedicated focus on separate domains of the board's responsibility, the board forms specialized committees namely the executive committee, the Board Audit Committee (BAC) and a risk management committee.

Role of the chairman

The chairman of the board plays a vital role in the proper functioning of the board. The chair provides leadership to the board and is responsible for its effective overall functioning, including maintaining a relationship of trust among board members. The chairman of the Board possesses the requisite experience, competencies and personal qualities in order to fulfill these responsibilities. The chairman ensures that board decisions are taken on a sound and informed basis. The chairman encourages and promotes critical discussion and ensures that dissenting or alternative views can be freely expressed and discussed within the decision-making process.

Management:

BRAC Bank believes that it falls on management of the bank to implement course of actions to uphold corporate governance under direct oversight from the board. Accordingly, specialized committee are formed constituting of executives from responsible position to ensure compliance of internal as well as regulatory guidelines and follow-up implementation of action plan and recommendations as forwarded by board, internal audit, regulatory inspection team and statutory auditors. Here is a brief overview of the committees:

TITLE	MEMBERS IN PLACE	ROLES & RESPONSIBILITIES
Board Audit Committee	**Chairman:** Dr. Hafiz G. A. Siddiqi **Members:** 1. Mr. Shib Narayan Kairy 2. Mr. Kazi Mahmood Sattar **Secretary:** Mr. Rais Uddin Ahmad	To ensure effective Internal Control mechanism & Corporate Governance through the review of 1. Compliance Activity 2. Monitoring Activity 3. Internal Audit & Inspection Activity 4. External Audit 5. Financial Reporting 6. Fraud and Forgery Activity
Risk Management Committee	**Chairman:** Dr. Hafiz G. A. Siddiqi **Members:** 1. Mr. Shib Narayan Kairy 2. Mr. Kazi Mahmood Sattar **Secretary:** Mr. Rais Uddin Ahmad	The Risk Management Committee provides assistance to the Board of Directors in its oversight of: 1. The Company's Risk Governance Structure 2. Risk Management Policy of the Bank 3. Determining strategic direction of the Bank 4. Setting up the Risk Appetite 5. Creating an environment and structure for effective operation of risk management
Enterprise Risk Management Committee (ERMC)	**Chairman:** Chief Risk Officer (CRO) **Members:** 1 Managing Director & CEO 2 Deputy Managing Director (s) 3 Head of Retail Banking Division 4 Head of SME Banking Division 5 Head of Corporate Banking and Cash Management & Custodial Services 6 Head of Treasury and Financial Institutions 7 Head of Operations 8 Company Secretary and Head of Regulatory Affairs and CAMLCO 9 Head of Human Resources 10 Head of Internal Control and Compliance 11 Head of Special Asset Management 12 Head of Technology 13 Head of Information Security 14 Head of Communication 15 Head of Operational Risk Management Secretary: Head of Risk Management Division	This committee comprises of the Management Committee Members. Hence this works as the Management Risk Management Committee. Following are few important responsibilities: 1 Designs enterprise wide risk management framework including policy for the bank and reviews it periodically to keep it contemporary 2 Provides clear guidance on enterprise risk management. 3 Establishes internal risk policy for business/functional units. 4 Assesses business risk and review risk based internal audit system and report to understand impact of control risk on the bank. 5 Reviews risk profile of the bank regularly to ensure effectiveness of internal control system and computation of adequate capital. 6 Develops risk response processes, including contingency and business continuity policy/plans. 7. Ensures all the process and policies are aligned and reviewed on regular basis.

TITLE	MEMBERS IN PLACE	ROLES & RESPONSIBILITIES
Enterprise Risk Associate Forum (ERAF)	**Chairman:** Head of Risk Management **Members:** 1 Head of Retail Banking 2 Head of Retail Sales 3 Regional Head 4 Head of Small Business 5 Head of Emerging Business 6 Head of Agriculture Finance & Women Entrepreneur Cell 7 Head of SME Service Center and Krishi Branches 8 Senior Relationship Manager, Structured Finance 9 Senior Relationship Manager, Cash Management 10 Unit Head, Local Corporate, Middle Market 11 Senior Manager, Money Market & Forex 12 Head of Asset Operations 13 Head of Trade & Remittance 14 Head of Cards Operations 15 Head of SAM- SME & Retail 16 Head of Reporting, Finance division 17 Head of Business Planning & Analysis, Finance Division 18 Head of Country Security 19 Senior Manager, Head Office Audit 20 Senior Manager, Branch Audit 21 Head of Applications Management & Relations, Technology 22 Head of Enterprise Solutions & ADC, Technology 23 Senior Manager, Ops & Regulatory Affairs 24 Head of Organizational Development, HR 25 Head of Internal Training, HR 26 Head of Compensation & Rewards, HR 27 Senior Relationship Manager, Customer Experience 28 Senior Manager, Retail Underwriting 29 Head of Underwriting, Middle Market & Emerging 30 Senior Manager Underwriting, Emerging Business 31 Representative from Project Management 32 Head of Information Security 33 Senior Manager, Enterprise Risk Management, ORM 34 Senior Manager, Business Risk, ORM 35 Senior Manager, Support Risk, ORM 36 Senior Manager, Capital Adequacy & Stress Testing	1 Promotes risk culture 2 Works closely with risk management division to ensure risk controlled banking practices. 3 Works as an active risk manager of respective unit by identifying departmental risk issues and perform necessary analysis. 4 Escalates respective risk issues to risk management division (RMD) and suggests mitigation. 5 Assists RMD to plan and reduce operational surprises and losses 6 Implements ERMC resolutions and monitor the risk mitigation process 7 Performs necessary activity and support RMD to implement risk management policies of bank.

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TITLE	MEMBERS IN PLACE	ROLES & RESPONSIBILITIES
Enterprise Risk Governance Forum (ERGF)	**Members:** 1 Chief Risk Officer 2 Company Secretary, Head of Regulatory Affairs and CAMLCO 3 Head of Internal Control and Compliance 4 Head of GSS & Procurement 5 Head of Communications 6 Head of Legal 7 Head of Monitoring 8 Head of Information Technology	This committee formed with all the Divisional/ departmental Heads working in control, compliance, risk, governance, safety and security. 1 Act as single contact point for Immediate risk response for the BBL staffs 2 Urgent solution of risk and hazards by the senior management 3 Every query is been dealt with utmost priority by the Senior Management related to the risk, control, safety and security
Asset Liability Management Committee	**Members:** • Managing Director & CEO– Chairman of ALCO • Head of Wholesale Banking and/or Corporate Banking/Transaction Banking/ Middle Market • Head of SME Banking and/or Head of Small Business/Emerging Business/Agriculture Finance • Head of Retail Banking and/or Head of Branch Banking/Retail Sales/Products • Chief Risk Officer and/or Chief Credit Officer • Chief Financial Officer and/or Head of Business Planning & Analysis • Head of Treasury and Financial Institutions	The major roles and responsibilities of the ALCO is as follows: • Monitor and review the composition of Asset and Liabilities to ensure Balance Sheet efficiency • Review of Deposit and Lending rate structure of the bank • Ensure compliance of regulatory limits and ratios • Decide on the major aspects of balance sheet structure, such as maturity and currency mix of assets and liabilities, mix of wholesale versus retail funding, deposit mix etc. • Monitor and review the funding requirement of the bank considering business projections and take strategic decision accordingly • Periodically review the transfer pricing policy • Review contingency funding plan • Understanding the market dynamics i.e. competition, potential target market etc.
Credit Committee	**Members:** **Chairman:** 1. Managing Director & CEO **Members:** 2. Deputy Managing Director & Chief Risk Officer 3. Head of Corporate Banking Division	1 To review all new loans for Corporate Portfolio and recommend for approval of the same. 2 To review all major loans under Corporate Portfolio annually, or as required time to time and recommend for approval of the same. 3 To review all problem loans under Corporate Portfolio on monthly basis. 4 To recommend specific loan loss provisions for Corporate Portfolio. 5 To review loan grade systems for Corporate Portfolio. 6 To recommend write-off of loans under the Corporate Portfolio. 7 To review documentation status of Clients under Corporate Portfolio.

TITLE	MEMBERS IN PLACE	ROLES & RESPONSIBILITIES
Auction Committee	**Chairman:** Company Secretary, Head of Regulatory Affairs and CAMLCO **Members:** Chief Credit Officer Head of Retail Banking Head of SME Head of GSS (co-opted) Head of Special Asset Management	The Committee takes decision for sale of the collateral securities to the successful bidder through auction.
Procurement Committee	**Chairman:** Additional Managing Director **Members:** 1 Company Secretary 2 Head of Procurement 3 Head of Technology 4 Head of Operations 5 Chief Financial Officer 6 Head of Retail Banking 7 Head of GSS & Procurement 8 Unit/Section Head of Procuring Department: on Invitation	1 Ensuring all kind of capital and operating asset vetting and purchasing. 2 Ensuring objectivity and transparency of all procurement 3 Ensuring speedy delivery of products to all stakeholder
Employee Disciplinary Action Committee	**Chairman:** Managing Director & CEO **Members:** 1 Deputy Managing Director & CFO 2 Head of SME Banking 3 Head of Human Resource Division 4 Head of Risk Management Division 5 Company Secretary and Head of Regulatory Affairs 6 Concerned Division Head/s (On Invitation) 7 Investigators who conduct the investigation and submit the report (On Invitation)	1 Takes decision based on investigation report or writing complaint/s. 2 The Secretary of the committee (who is appointed by Head of HRD) organizes the meeting and prepares a summary presentation based on investigation report/s or written compliant/s for the committee members. 3 Recommends appropriate disciplinary action against the involved employee/s as per the findings of the investigation report/s or written compliant/s. 4 Recommends decisions, based on which, HR takes appropriate action against the involved employee/s and closes the case.

Governance of group structures

In operating within a group structure, the Board of Directors of BRAC Bank is aware of the material risks and issues that might affect both the bank and its subsidiaries. It exercises adequate oversight over subsidiaries while respecting the independent legal and governance responsibilities that apply to subsidiary boards. In order to fulfill its responsibilities, the board of BRAC Bank Limited:

- establish a group structure (including the legal entity and business structure) and a governance framework with clearly defined roles and responsibilities;
- define an appropriate subsidiary board and management structure to contribute to the effective oversight of businesses and subsidiaries, which takes into account the different risks to which the group, its businesses and its subsidiaries are exposed;
- assess the group's corporate governance framework which includes adequate policies, processes and controls and addresses risks across the business and legal entity structures;
- ensure the group's corporate governance framework including appropriate processes and controls to

identify and address potential intra-group conflicts of interest arising from intra-group transactions;

- have sufficient resources to monitor compliance of subsidiaries with all applicable legal, regulatory and governance requirements.

Ethics and compliance:

BRAC Bank believes in sustainable growth in a socially responsible manner driven by transparency, empowerment and innovation. They again are founded on high level of ethical standards at individual and organizational level reflected through 7 core values as endorsed by the bank. Abbreviated as CRYSTAL, the values are creative, reliable, youthful, strong, transparent, accountable, and loyal. In order to integrate this value in day to day operation and strategic decisions of the bank, orientation and refresher trainings facilitated by HRD incorporate communication and interpretation of them and this communication is augmented by senior management communications down the line from time to time reiterating the importance of dealing our stakeholders in a transparent, honest and mutually beneficial manner. In corporate programs arranged around the year in distinct business zones, senior executives remind sales people to have a strong customer focus and building up long term customer relationship based on integrity with superior and tailored services extended in a compliant manner. On top of that, the bank has vowed to become the best compliant bank of the country within the next couple of years and is constantly working towards that through trainings and awareness campaigns. The ethical practice in banking and support services at the bank is implemented in practice through three key elements:

√ A written course of conduct to be read and confirmed by each and every on-boarding staff member of the bank and to be refreshed on a periodic basis.

√ Policy level statement on Equality and Safety in workplace.

√ System of confidential reporting

According to the code of conduct, it is personal responsibility of every staff member of the bank to act as an ethical role model for all the stakeholders of the bank and this responsibility is more conspicuously reiterated for the executives in leadership position to create example of ethical behavior for their subordinates down the line.

BRAC Bank believes in sustainable growth in a socially responsible manner driven by transparency, empowerment and innovation. They again are founded on high level of ethical standards at individual and organizational level reflected through 7 core values as endorsed by the bank. Abbreviated as CRYSTAL, the values are creative, reliable, youthful, strong, transparent, accountable, and loyal. In order to integrate this value in day to day operation and strategic decisions of the bank, orientation and refresher trainings facilitated by HRD incorporate communication and interpretation of them and this communication is augmented by senior management communications down the line from time to time reiterating the importance of dealing our stakeholders in a transparent, honest and mutually beneficial manner.

A code of ethics does not mean much without articulation of specific repercussions in case of violation. Accordingly, the bank has policy on disciplinary actions detailing the type of unethical behaviors subject to punitive measures and procedures to follow in imposing disciplinary action on an employee. The policy is aimed at ensuring standard treatment of violation and giving the alleged an opportunity to defend him or herself.

The sheer importance BRAC Bank place on ethical practice is also reflected in its process of personal evaluation coordinated by HRD and conducted across the bank on periodic basis. Substantial score is allocated for bearing the values of the bank and upholding them in carrying out respective job responsibilities. As personal growth and remunerations of an employee is directly linked to the periodic evaluation, it can safely be argued that, ethical practice gets rewarded in both

professional growth and financial benefits form. Hence, the remuneration and placement system is structured in a manner to give priority to those with superior moral values and demonstrations thereof.

The independent audit function of the bank with its distinct set of criteria for classification of observations according to the gravity of issues and their impact on bank, classifies any moral hazard as a zero tolerance issue and any such observations get special highlight in the internal audit report. Hence, with internal audit having significant impact in annual performance review of branches and head office functions, ethically sound functions gets collective recognition in this manner.

Environmental and social obligations:

Credit policy of BRAC Bank impose specific prohibition on lending in business with exploitation form of forced labor or child labor, generate radioactive waste, violates any international convention and agreement, involved in speculative investment, gambling, casinos and equivalent materials and any other business which deals with product or activity deemed illegal under the law of Bangladesh. The credit approval authority of the bank also discourages lending in environmentally sensitive industry like logging, tannery, mining and business that deals with banned chemical substances. On top of that, for the last couple of years, the bank is extensively lending in bio-fuel, waste management and renewable energy companies. In line with credit risk management guidelines as issued by Bangladesh Bank, disbursement above certain threshold and in certain form of industries are subject to obtaining NOC (No Objection Certificate) and other relevant approvals from appropriate government authorities. As part of green banking initiatives, awareness campaign are frequently conducted to reduce carbon footprint on banking operations apart from there being a separate module on green banking in the orientation module.

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REPORT OF THE BOARD AUDIT COMMITTEE

The Audit Committee provides assistance to the Directors of the Bank in fulfilling their responsibilities to the shareholders relating to corporate accounting matters.

The Board of Directors of BRAC Bank Limited has established an Audit Committee in compliance with Bangladesh Bank and Bangladesh Securities and Exchange Commission guidelines with a view to systematic and continuous review, monitor and assessment of performance of the organization against regulatory requirement, established policies/ processes/ procedures, management of risk and compliance with laws.

Purpose of Audit Committee

The Audit Committee provides assistance to the Directors of the Bank in fulfilling their responsibilities to the shareholders relating to corporate accounting matters, the financial reporting practices of the Bank, and the quality and integrity of the financial reports of the Bank. The Audit Committee's purpose is to:

a. Assist the Board for oversight of:

(i) Implementation of the objectives, strategies and overall business plans set by the Board for effective functioning of the Bank.

(ii) The reliability and integrity of the Bank's accounting policies and Statutory reporting requirements and disclosure practices;

(iii) The establishment and maintenance of processes to assure compliance with all relevant laws, regulations, and Bank policy, including a process for receipt of complaints and concerns regarding management fraud and accounting, internal control or auditing matters;

(iv) The independent auditor's qualifications and independence; and

(v) The performance of the Bank's External audit function (including prudential audit requirements) and internal audit function.

b. Prepare the report of the Audit Committee to be included in the Bank's annual report.

Composition of Audit Committee

The Board Audit Committee of BRAC Bank Limited is comprised of three Members of the Board of Directors including two Independent Directors in accordance with the Notification on Corporate Governance issued by BSEC on 07 August 2012 and Bangladesh Bank BRPD Circular No. 11 dated 27 October 2013. The composition of the present Board Audit Committee is as follows:

Dr. Hafiz G.A. Siddiqi - Chairman
Shib Narayan Kairy - Member
Kazi Mahmmod Sattar - Member
Rais Uddin Ahmad - Secretary

All three of the members are non-executive directors. Dr. Hafiz G.A. Siddiqi and Kazi Mahmmod Sattar are the independent directors.

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The Company Secretary of the Bank is the Secretary of the Board Audit Committee and Head of Regulatory Affairs & CAMLCO of the Bank, concurrently reporting to the Chairman, Board Audit Committee, Board of Directors and the Managing Director.

The Head of Internal Control & Compliance of the Bank concurrently reports to the Chairman, Board Audit Committee and the Managing Director.

Participation of non-members

A representative of Internal Control & Compliance Division attends and participates in meetings of the Committee. The Managing Director and Deputy Managing Directors also attend meetings of the Committee, together with pertinent other members of Management as the Committee determines.

Access to the Committee

On any matter within the Committee's Charter, the Head of Internal Control & Compliance has direct access to the Audit Committee.

Roles & Responsibility of Audit Committee

The following functions shall be common recurring activities of the Audit Committee in carrying out its purpose. These functions should serve as a guide with the understanding that the Audit Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. In addition to any other responsibilities which may be assigned from time to time by the Board, the Audit Committee is responsible for the following matters:

a. *Internal Control and Compliance Activities:*

- Compliance with existing laws and Regulations; Prudential Regulation for Banks: Selected Issues;
- Review whether the laws and regulations framed by the regulatory authorities (central bank and other regulatory bodies) and internal regulations approved by the Board have been complied with;
- Evaluate whether Management is setting the appropriate compliance culture and has communicated the importance of internal control& compliance to ensure that all employees understand their roles and responsibilities;
- Maintain a policy in relation to auditor independence, rotation and the provision of non-audit services and monitor compliance with that policy;
- To review whether internal control strategies, processes recommended by Internal and External Auditors have been implemented by the management;
- To review the existing risk management procedures in order to ensure an effective internal check and control system;
- To review the corrective measures taken by the Management with regard to reports relating to fraud-forgery, deficiencies in internal control or other similar issues detected by Internal and External Auditors and Inspectors of the regulatory authority and inform the Board on a regular basis;
- To appraise, improve and reinforce the Bank's system risk analysis and to ensure that they work in a cost effective manner;
- To guide implementation of Corporate Governance and e-Governance in the banking organization;
- To recommend the Board on the appointment and removal of the Head of Internal Control & Compliance;
- To establish and oversee procedures for the receipt, retention and treatment of complaints on accounting;
- Review the arrangements made by the management for building a suitable Management Information System (MIS) including computerization system and its applications;
- Internal accounting controls or auditing matters, as well as for confidential, anonymous submissions by Bank's employees of concerns regarding questionable accounting or auditing matters;
- The Audit Committee shall review the performance of the External Auditors periodically and make determinations regarding the appointment or termination of the External Auditors.

i. *Compliance Activities:*

- To establish a compliance culture across the organization through effective control system;
- To establish regulatory guidelines and instructions within the organization;

- To ensure adherence to legal and regulatory requirements;
- To establish, guide and review internal process control systems & documentation;
- To establish Regulatory and External Auditors' recommendation(s) in the organization;
- To monitor effectiveness of compliance system of the organization and to guide for improvement(s);
- Review the findings of any examinations by regulatory agencies, and any auditor observations;
- Obtain regular updates from Management and Bank's Legal Affairs regarding compliance matters.

II. *Monitoring Activities:*

- To monitor effectiveness of internal control system(s) on an ongoing basis;
- To review Quarterly Operations Report and Exception Report;
- To review credit documentation discrepancy report;
- To guide monitoring team on surprise inspection(s);
- To guide management for improvement of monitoring procedure and activity.

iii. *Internal Audit & Inspection Activities:*

- To review and approve "Internal Audit Charter". Also review the activities and organizational structure of the internal audit function and ensure that no unjustified restrictions or limitations are made;
- To guide and approve "Internal Audit Plan" including the scope and resourcing;
- To guide and review "Internal Audit Process and Procedure";
- Review internal audit recommendations arising from internal audit reviews and investigations and management report responses. Review that findings and recommendations made by the Internal Auditors for removing the irregularities detected and also running the affairs of the Bank are duly considered by the Management;
- To guide Bank's Management for ensuring compliance on audit recommendation(s) and scope of development;
- To review compliance status of audit recommendation;
- Annual assessment of the performance, adequacy and independence of the internal audit function and report to the Board on the outcome of that assessment;
- To recommend audit findings to be placed to the Board of Directors.

b. *External Audit:*

- Adopt procedures for the selection and appointment of the External Auditor;
- Review the External Auditors' proposed audit scope and approach, including coordination of audit effort with internal audit;
- To review the auditing performance of the External Auditors and their financial audit report and management report;
- Review that findings and recommendations made by the External Auditors for removing the irregularities detected and also running the affairs of the Bank are duly considered by the Management;
- To guide Bank's Management for ensuring compliance with audit recommendation;
- Assist the Board regarding the appointment and removal of the External Auditors.

c. *Financial Reporting:*

- To review the annual financial statements and determine whether those are complete and consistent with the accounting standards set by the regulatory authority;
- Oversee compliance with the statutory financial reporting obligations;

- Review: (i) the Bank's disclosure controls and procedures; (ii) any significant deficiencies in the design or operation of internal controls of the Bank which could adversely affect the Bank's ability to record, process, summarize and report financial data; and (iii) any fraud, material or otherwise, that involves management or other employees who have a significant role in the Bank's internal controls;

- To meet with Management and the external auditors to review the financial statements before submission;

- To improve the financial reporting quality by ensuring significant adjustments resulting from audit and compliance with accounting standards and that the expenses are not hidden and the off-balance sheet activities do not have any material effect on the situation;

- To discuss earnings, press releases, as well as financial information provided to analysts and rating agencies;

- To discuss with Management the Bank's major financial risk exposures and the steps management has taken to monitor and control such exposures;

- To oversee compliance with the statutory financial reporting obligations of the Bank and pertinent processes and policies;

- To assist in financial planning and budgeting as per financial audit;

- To guide Bank's Management in view of optimum usage and allocation of financial resources.

- Review statement of significant related party transactions submitted by the Management.

d. Fraud and Forgery:

- To review Fraud and Forgery Report and advice Management on corrective and preventive action as applicable;

- To advise Management on potential threats of fraud and forgery activities

e. Ethical and Legal Compliance:

- Review with the code of conduct, any legal or regulatory matter that could have a significant impact on the financial statements;

- Establish procedures for the receipt, retention and treatment of complaints and concerns (including a procedure for submitting such complaints and concerns on a confidential and anonymous basis) received by the Bank regarding management fraud and accounting, internal accounting controls, or auditing or related matters.

- Ensure Management has a proper review system in place to ensure that financial statements, reports, and other financial information disseminated to governmental organizations and the public satisfy legal requirements.

- Review, at least annually, policies with respect to risk assessment .

- Establish a code of ethics for the financial personnel of the Bank in accordance with applicable law, rules and regulations.

- Exercise reasonable oversight with respect to the implementation and effectiveness of the Bank's compliance and ethics program, including being knowledgeable about the content and operation of such compliance and ethics program.

f. Others:

- Place compliance report before the board on quarterly basis regarding regularization of the errors & omissions, fraud and forgeries and other irregularities as detected by the internal and external auditors and inspectors of regulatory authorities;

- Developing clear hiring policies for employees;

- To review the adequacy of the Bank's insurance coverage;

- To monitor the systems that management has established to implement the Bank's information security and Business Continuity Programs (BCP);

- Perform other activities related to this Charter as requested by the Board of Directors.

- Institute and oversee special investigations as needed;

- Review and assess the adequacy of the Committee Charter annually, requesting Board

approval for proposed changes, and ensure appropriate disclosure as may be required by laws or regulations;

- Confirm annually that all responsibilities outlined in this Charter have been carried out;
- Evaluate the Committee's and individual members' performance on a regular basis;
- Perform other oversight functions as requested by the Board.

Audit Committee Meetings:

In general, the Board Audit Committee of the Bank sits once in every two months, but an emergency Board Audit Committee meeting can be called if required. A total of 06 (Six) Audit Committee meetings were held during the year 2016. In addition to regular concerns such as review the existing risks & mitigation techniques, compliance culture of management, monitoring internal audit function & financial statements, on time return, findings and recommendations of external & Bangladesh Bank auditors etc., the following issues were given special focus:

Meeting date	Attendance	Focus points
23/02/2016	Dr. Hafiz G.A. Siddiqi Shib Narayan Kairy Kazi Mahmood Sattar	1. Comprehensive Audit Report on 34 Branches was placed before Board Audit Committee and were discussed & noted. The Committee advised to make a presentation on the current methodology for rating of Branches in the next BAC meeting. 2. Spot Audit Reports of 21 Branches, SMEKBs & SMESCs were placed before the Board Audit committee and were discussed & noted. 3. Internal Audit Report on "IT infrastructure & Asset Management" and "Branch information system Audit on Tongi Branch, SME Unit & Ashkona Branch" were placed before the Board Audit committee and were discussed & noted. 4. Internal Audit Report on "Foreign Exchange Transaction Monitoring systems, Company Secretariat (share unit), Treasury and Financial institution operations and Spot Audit on Liability Sales (Retail) and Liability sales (SME)" were placed before the Board Audit Committee and duly noted.
11/04/2016	Dr. Hafiz G.A. Siddiqi Shib Narayan Kairy Kazi Mahmood Sattar	1. Draft Audited Annual Financial Statements for the year ended December 31, 2015 was placed before the Committee and was discussed and noted. The Committee suggested placing the Financial Statements before the Board with necessary modifications. 2. The management informed about the current status of ATM operation where 25 ATMs have already been replaced with anti skimming device, 50 ATMs will be replaced with anti skimming devices by the end of April 30, 2016 and rest of the 87 ATMs will be done by the end of July, 2016. The Committee advised to provide an update in the next BAC meeting. 3. An investigation report on Delay in Procuring New Network Switch for Anik Tower was discussed in the Board Audit Committee and they were informed that two units of distribution switches have already been installed and configuration is on-going that would be completed by April 15, 2016. The Committee advised to provide an update in the next BAC meeting. 4. Annual Health Report of BRAC Bank Limited for the year 2015 was placed before the Board Audit Committee and was duly noted. 5. Certification on the Overall Effectiveness of internal control system in BRAC Bank Limited was placed before the Board Audit Committee and was discussed and noted.

Meeting date	Attendance	Focus points
20/06/2016	Dr. Hafiz G.A. Siddiqi Shib Narayan Kairy Kazi Mahmood Sattar	1. The Committee was updated that only 10 ATMs are remaining to be replaced with anti-skimming device which would be completed by June 30, 2016.The management also informed that there are 80 ATMs with anti-skimming device but there are not EMV enabled which is a regulatory requirement. As such those ATMs also need to be replaced with written down value of BDT 9,128,315. As such, necessary measures are advised to be taken to complete the replacement process. An update in this regard needs to be provided in the next BAC. 2. Comprehensive Audit Reports on 16 Branches were placed before the Board Audit Committee and were discussed & noted. The Committee had the following observations/ recommendations: a. Audit report should include a disclosure of sample selected in such a way that the deviation in sample would substantially reflect the status of actual population. b. Audit report should be able to analyze trend of audit rating of Branches along with frequency and impact of major audit observations. c. Existing DCFCL should be reviewed and utilized to serve purpose of a comprehensive self assessment report on compliance culture to be furnished by Branch Manager and validated by the audit team subsequently. 3. Internal Audit Report on 30 SME Unit Offices was placed before the Board Audit Committee and the Committee discussed few anomalies involving unit officials. The Committee advised to take necessary action on the officials concerned and provide an update in the next BAC. 4. Internal Audit Report on "Alternate Delivery Channel", Follow up Audit on "Integration and Operation of Cash Deposit Machine (CDM) and In-House developed software" and Review on "In House Applications" was placed before the Board Audit Committee and were discussed & noted. The Committee had the following observations /recommendations: • The Committee discussed on the In House Applications currently in use and instructed management for a comprehensive review on the Applications and reduces the number of applications that are not being used or are no more required. The Committee advised to provide an update in the next BAC. • The Committee also instructed to initiate a process for developing in house applications and going forward all applications would be developed complying the process. The Committee also advised to provide an update in the next BAC.
16/08/2016	Dr. Hafiz G.A. Siddiqi Shib Narayan Kairy Kazi Mahmood Sattar	1. The committee was updated regarding the current status of replacement of ATMs with anti-skimming devices and instructed to provide an update once such replacement is completed. 2. The Committee discussed on the in House Applications currently in use and instructed management for a comprehensive review to reduce the number of applications that are not being used or are no more required. In this regard, management informed that five in house applications had already been closed. An update in this regard needs to be provided in the next BAC. 3. The management informed that the recruitment process had reviewed and they have plan to make it on line with the new ERP solution. 4. The Committee instructed to revisit the current employee dismissal procedures in practice through obtaining a legal vetting from an expert.

Meeting date	Attendance	Focus points
		5. Comprehensive Audit Reports on 10 Branches, 9 SKBs & 3 SSCs were placed before the Board Audit Committee and were discussed & noted. The Committee had the following recommendations: a. Effective Monitoring should be established to check whether branch officials arrange weekly discussion on case study shared by Head Office evidenced with a meeting minutes. This should be included in the scope of branch audit as well. b. The Committee instructed ICC to review Supervisors' visit report on Branches and submit a summary of the same to the next BAC. 6. Comprehensive Audit Report on "Trade Operations - Import, Export, Export RMG (BTB) & OBU and Bank Guarantee", Comprehensive Audit Report on "Cash Incentive Files", and Follow up audit on "Special Audit on BRAC IT Services Limited (biTS) was placed before the Board Audit Committee and was duly noted. The Committee had the following observations/ recommendations: a. The Committee advised to explore the possibility of deploying auditors in Trade Department for enhanced understanding of Trade operations to provide better audit or else deploy competent people of Trade into internal Control & Compliance.
27/10/2016	Dr. Hafiz G.A. Siddiqi Shib Narayan Kairy Kazi Mahmood Sattar	1. The management informed that Finance Division was reorganized by separating Procurement and General Support Services (GSS) department from it; a new Division Head has taken over. The management also informed that procurement process review work is ongoing; the Board Audit Committee will be notified in due course. Financials for quarter ending 30 September 2016 was presented to the board. 2. Internal Audit Report on 01 ATM Service Centers was placed before the Board Audit Committee and was discussed & noted. 3. Internal Audit Report on 30 SME Unit offices was placed before the Board Audit Committee and was duly noted. 4. Internal Audit Report on "Information Technology Security Management", Follow up audit on "Data communication and Security (Comprehensive Audit conducted in 2015)" and summary of "Branch Information System Audit on Mogbazar, Jessore and Noapara Branch" was placed before the Board Audit Committee and were discussed & noted. 5. Audit Plan of Subsidiary Companies of BRAC Bank Limited for the period from October 2016 to December 2017 was placed before the Board Audit Committee and was approved with a note that BRAC SAAJAN Exchange Ltd. be audited in 2018.
28/12/2016	Dr. Hafiz G.A. Siddiqi Shib Narayan Kairy Kazi Mahmood Sattar	1. The management informed that procurement process review work is ongoing. The committee advised to take technical vetting from in-house/ external experts before issuing Request for Proposal (RFP) & Work Order in special type of procurement where expertise of Procurement Department is not sufficient. The Committee also instructed to provide a presentation on reviewed procurement process in the next BAC. 2. The management informed that it will take up to the end of 2017 to implement the recommendations on Cyber security assessment made by 2 big 4 companies (KPMG and E&Y) and also to fulfill regulatory requirement. The Committee instructed to place the implementation plan with a presentation in the next Board and BAC.

Meeting date	Attendance	Focus points
		3. Comprehensive Internal Audit Report on 21 Branches/SKBs/SSCs was placed before Board Audit Committee and were discussed & noted. The Committee had the following recommendations: Component of Fund under Management (FUM) in audit report should be split into Loan and Deposit of the concerned branch. 4. Internal Audit Report on "Call Center Operation", Follow up audit on "IT Infrastructure & Asset Management (Comprehensive Audit conducted in 2015)" and summary of "Branch information System Audit on Barisal, Bashundhara, North Gulshan, Comilla Branch and Shantinagar SMESC" was placed before the Board Audit Committee and were discussed & noted. However, the Committee had the following observations/ recommendations: The Committee instructed to provide an update on ongoing call center operation review work in the next BAC. 5. Comprehensive Audit Report on "General Support Services (GSS)" placed before the Board Audit Committee was discussed and was duly noted. However, the Committee had the following observations/ recommendations: The Committee advised to revisit the current processes of General Support Services (GSS).

Reporting to the Board

1. The Audit Committee regularly reports its activities to the Board of Directors following each meeting.

2. The Audit Committee immediately report to the Board of Directors in case of any of the following findings are observed:

    - Report on conflict of interests;
    - Suspected or presumed fraud or irregularity or material defect in the Bank's internal control system;
    - Suspected infringement of laws, including securities related laws, rules and regulations;
    - Any other matter which shall be disclosed to Board immediately

In addition, the Committee also provides:

- Copies of its Meeting Minutes to the Board;
- A report annually to the Board/ Shareholder;
- Additional reporting as the Board may require.

In reviewing the Bank's policies and practices with respect to assessment of the various Internal Audit reports, it is evident that BRAC Bank Limited has continued to be efficient in internal control over financial reporting for the year ended December 31, 2016. The annual and interim financial statements are disclosed in the Bank's official website. Since most of the computation is system based, the possibility of manipulation is almost absent. The Committee has selected Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) as the accounting standard and accordingly the financial statements clearly state the compliance of GAAP, BSEC and Bangladesh Bank and other relevant regulatory guidelines. Therefore, Audit Committee acknowledges the splendid support of Members of the Board, Management, Finance and Internal & External Auditors from their respective work arena.

Hafiz G. A. Siddiqi

Dr. Hafiz G.A. Siddiqi
Chairman
Board Audit Committee

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COMMUNICATION TO SHAREHOLDERS AND STAKEHOLDERS

Policy on Communication with Shareholders and Other Stakeholders

The Share Unit, Company Secretariat of the Bank, plays an instrumental role in ensuring effective communication with its shareholders and other stakeholders. Shareholders and other stakeholders of the Bank may contact this unit during office hours for any information and queries. The unit performs all kinds of share related tasks, e.g. allotment of bonus shares, share transfer process, monitoring share movement through CDBL, share re-materialization & de-materialization, distribution of fractional dividend, conducting AGM, etc. In addition to that, the unit corresponds with various Regulatory and Government bodies from time to time on matters related to the shareholders.

Information available on the website:

BBL provides updated information in its website regularly for the shareholders and other stakeholders of the Bank.

Information through the newspapers:

According to DSE Listing Regulation 2015, the news about AGM should be published in One English and One Bengali newspaper. For 2016, we had complied with this rule.

Policy on Ensuring Participation of Shareholders at AGM

To ensure effective and efficient participation of shareholders in AGM, BBL publishes notice of AGM in daily newspapers with necessary details within a reasonable time-frame. The arrangement of AGM normally takes place in a well-known place and at a convenient time. Annual Reports are circulated as per the provision of DSE Listing Regulation 2015, so that the shareholders would get sufficient time to go through the report and freely provide their valuable comments and suggestions in the AGM. The Glimpses of the 17th AGM have been presented in the “Glimpse of AGM” section of this annual report.

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REDRESSAL OF INVESTORS' COMPLAINT

BRAC Bank has a customer charter to support and emphasize equal and fair treatment of the shareholders to protect the fundamental rights of the shareholders.

BRAC Bank has a customer charter to support and emphasize equal and fair treatment of the shareholders to protect the fundamental rights of the shareholders. The Company has a grievance redressal cell to ensure that the complaints received from investors are redressed at the earliest and without delay. The Company Secretary also periodically monitors the status of pending complaints and settlement status.

Rights of Shareholders and Equitable Treatments of Shareholders

1. The company provides shareholders, prior to a meeting, with information on the date, time, venue, and all agenda items with complete support data concerning issues to be decided. A notice of a meeting and support document are sent to shareholders at least 14 days in advance. The notice of shareholders meeting is posted on the company's website so that shareholders can study all the information prior to receiving the notice in documentation.

2. The company's website, where shareholders and those interested may download financial information, company profile, and meeting information is www.bracbank.com. Inquiries may be Email to enquiry@bracbank.com

3. The invitation to the Annual General Meeting contains information and guidelines for the shareholders relevant to the meeting including voting procedure. In case the company shareholders cannot personally attend the meeting, the company shareholders may be use the proxy form provided as attachment or maybe downloaded from the company website to appoint any persons to be the shareholder's proxy to attend and vote at the Annual General Meeting of Shareholders.

Way of Redress Investor Complaints

1. The company has a designated investor grievances email id enquiry@bracbank.com on which the client or investor can make a complaint.

2. An Investor / client can make a written complaint through letter also.

3. The Company maintains investor complaint register in which full detail of every written complaint is recorded.

4. Designated person monitor the investor email id on daily basis to look after the investor complaint whether new complaint has been lodged or not.

The bank continues to have regular communication with the shareholders through periodic updates of performance and at any other time when it believes it to be in the best interest of shareholders.

Investors' inquiries / Complaint

Any queries relating to shareholdings for example transfer of shares, changes of name and address, and payment of dividend should be sent to the following address:

Share Office, BRAC Bank Limited, Anik Tower, 2nd Floor, 220/B,Tejgaon I/A,Dhaka-1208. Phone: 9884292, Ext-5124,5125

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BOARD MEETING ATTENDANCE RECORD

Board Meeting 2016

Sl. No.	Name of the directors	Designation	Presence of directors in the meetings during their tenure			Remuneration/ Meeting	Remuneration Drawing
			No of Meetings	Present	Absent		
1	Sir Fazle Hasan Abed, KCMG	Chairman	18	15	3	7,200.00	108,000.00
2	Ms. Tamara Hasan Abed	Director	6	5	1	7,200.00	36,000.00
3	Dr. Hafiz G. A. Siddiqi	Director	18	17	1	7,200.00	122,400.00
4	Ms. Nihad Kabir	Director	18	14	4	7,200.00	100,800.00
5	Ms. Zahida Ispahani	Director	18	9	9	7,200.00	64,800.00
6	Mr. Shib Narayan Kairy	Director	18	16	2	7,200.00	115,200.00
7	Mr. Kazi Mahmood Sattar	Director	18	16	2	7,200.00	115,200.00
8	Mr. Kaiser Kabir	Director	10	7	3	7,200.00	50,400.00
Note: Ms. Tamara Hasan Abed Retired on 17th AGM, 02 June, 2016.							
Mr. Kaiser Kabir Joined in July 2016.							

Board Audit Committee Meeting 2016

Sl. No.	Name of the directors	Designation	Presence of directors in the meetings during their tenure			Remuneration/ Meeting	Remuneration Drawing
			No of Meetings	Present	Absent		
1	Dr. Hafiz G. A. Siddiqi	Chairman	6	6	0	7,200.00	43,200.00
2	Mr. Shib Narayan Kairy	Director	6	6	0	7,200.00	43,200.00
3	Mr. Kazi Mahmood Sattar	Director	6	6	0	7,200.00	43,200.00

Risk Management Committee Meeting 2016

Sl. No.	Name of the directors	Designation	Presence of directors in the meetings during their tenure			Remuneration/ Meeting	Remuneration Drawing
			No of Meetings	Present	Absent		
1	Dr. Hafiz G. A. Siddiqi	Chairman	6	6	0	7,200.00	43,200.00
2	Mr. Shib Narayan Kairy	Director	6	6	0	7,200.00	43,200.00
3	Mr. Kazi Mahmood Sattar	Director	6	6	0	7,200.00	43,200.00

MARSTOCK

DISCLOSURE ON CREDIT RATING

According to the Bangladesh Bank's BRPD Circular No. 06 dated July 05, 2006 and in order to improve the risk management and corporate governance as well as to safeguard the interest of investors, depositors, creditors, shareholders; the Bank was rated by Credit Rating Agency of Bangladesh Limited (CRAB) for the year ended 31 December 2015.

We are pleased to inform that Credit Rating Agency of Bangladesh Limited (CRAB) has affirmed "AA2" (pronounced Double A two) rating in the Long Term and "ST-2" rating in the Short Term to BRAC Bank Limited. Commercial Banks rated in this category is adjudged to be very strong banks, characterized by very good financials, healthy and sustainable franchises and a first rate-operating environment. Rating in this category is characterized with commendable position in terms of liquidity, internal fund generation and access to alternative sources of fund. The credit rating of BRAC Bank, based on financial statements for the year ended December 31, 2016 is under process and will be published in due course.

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OUR CREDIT RATING FROM CRAB

Credit Rating Agency of Bangladesh Limited

PRESS RELEASE

Date: 23 June 2016

Name of the Company: Brac Bank Limited (Surveillance)

Ratings	Current Ratings	Previous Ratings
Long Term	AA_2	AA_2
Short Term	ST-2	ST-2
Outlook	Stable	Stable
Ratings based on	Audited financial statement as of 31 December 2015 and other relevant quantitative as well as qualitative information up to the date of rating declaration.	Audited financial statement as of 31 December 2014 and other relevant quantitative as well as qualitative information up to the date of rating declaration.
Validity	30 June 2017	30 June 2016

Date of Rating: 23 June 2016

Meaning of the Ratings

Ratings	Meaning
AA_1, AA_2, AA_3* Double A (Very Strong Capacity & Very High Quality)	Commercial Banks rated 'AA' have very strong capacity to meet their financial commitments. They differ from the highest-rated Commercial Banks only to a small degree. AA is judged to be of very high quality and is subject to very low credit risk.
ST-2 High Grade	Commercial Banks rated in this category are considered to have strong capacity for timely repayment. Commercial Banks rated in this category are characterised with commendable position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.

***Note:** CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Conditions related to use of the Ratings

All information required for ratings is obtained by CRAB from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and CRAB, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. **Under no circumstances shall CRAB have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of CRAB or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if CRAB is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information.**

THE CREDIT RATINGS AND FINANCIAL REPORTING ANALYSIS OBSERVATIONS, IF ANY, CONSTITUTING PART OF THE INFORMATION CONTAINED HEREIN ARE, AND MUST BE CONSTRUED SOLELY AS, STATEMENTS OF OPINION AND NOT STATEMENTS OF FACT OR RECOMMENDATIONS TO PURCHASE, SELL OR HOLD ANY SECURITIES. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY CRAB IN ANY FORM OR MANNER WHATSOEVER.

Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

Signature of Analyst:

Shahtaj Noor
Assistant Vice President
.....
(Name & Signature of Lead Analyst)

FAIR STOCK

HUMAN CAPITAL AND HUMAN RESOURCE ACCOUNTING

One of the key aspects is enabling employees to develop the skills necessary to take up new roles within the organization, supporting internal, cross-divisional career mobility by identifying redeployment opportunities and offering training and development.

BRAC Bank's Human Resources Division provides personnel support and governance in connection with among other things, like recognizing and rewarding employees who demonstrate Bank's values and excel in their roles and responsibilities. We set ethical and performance related expectations and promoting employees who meet those expectations. We search for assessing and hiring staff who exemplify Bank's leadership standards, which outline expected employee behavior.

Employment type	2016
Senior Management	392
Mid Level Management	2,162
Entry Level	3,801
Total full time employees	6,355

Fig: Workforce Composition by Management Level

Three longer-term strategic priorities have been identified for HR:

- to apply its human capital expertise more assertively to support the business divisions and infrastructure functions in order to deliver results;
- to strengthen its role as a control function for the Bank for human capital risks;
- to build the capabilities of managers and staff.

Application of Human Capital Expertise:

HR with partnerships across the Bank is working on developing workforce management solutions to optimize the balance between supply and demand of capabilities, and to manage the cost and employee base more efficiently and effectively in the long term.

One of the key aspects is enabling employees to develop the skills necessary to take up new roles within the organization, supporting internal, cross-divisional career mobility by identifying redeployment opportunities and offering training and development.

At the same time, the Bank seeks to add to the skills of its workforce as part of the Bank's investment in digitalization Strategy and to position itself as an employer of choice: one that rewards sustainable performance and offers a comprehensive range of benefits.

Human Capital Risk:

As an important pillar of the Bank's Lines of Defense structure and approach, the HR function made significant progress in 2016 in defining and managing controls, creating a common understanding of its own role related to controls, and assigning risk owners. This important work, which impacts all activities, starting from talent acquisition, their development to disciplinary processes, will continue in 2017.

Setting the standards for disciplined management of human capital risk also entails developing incentive and reward structures that reinforce the Bank's culture. This means employees are paid for sustainable performance within a sound risk management and governance framework and with due consideration of market factors. Performance, behavior in line with the corporate values, and compensation have already been linked more closely than before.

Development of Capabilities:

Investment in skills and accelerating employees' professional and personal development are essential components of the Bank's people agenda.

This is reflected in the talent and development agenda, which includes a recalibrated offering that helps to develop and nurture future leaders who are accountable, who champion the Bank's values and who inspire the best in their colleagues.

Diversity is a key enabler for long-term success. Only by building teams of people with different backgrounds, education, skills and experiences management believes to be able to create sustainable value across the Bank.

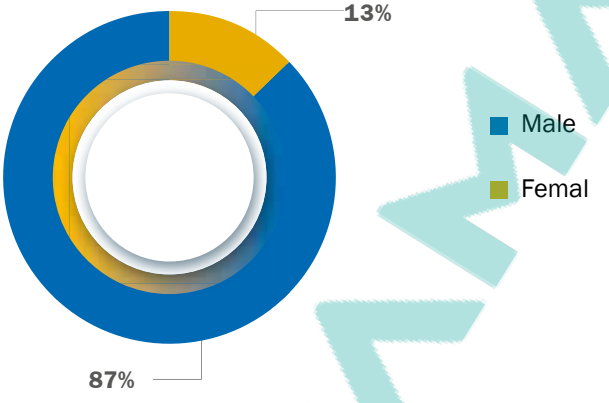


Fig: Gender Diversity (%)

Instilling Bank Values:

HR has concentrated on anchoring the values and beliefs in all people processes - from recruitment to performance management, talent development, promotions and remuneration. In 2016, recruitment & referral processes and policies were strengthened to ensure new employees fulfill the Bank's requirements on conduct and living the core values.

The Bank places increasing importance on managing and developing employee performance holistically and regularly giving feedback and taking appropriate actions. All talent development programs have a strong culture component as part of their curriculum. When employees are being considered for promotion, it is now standard for managers to assess how candidates demonstrate the values and beliefs in their daily business.

Further strengthening the control environment, the Bank's control functions have been asked to provide robust input (positive or negative) on all Material Risk Takers, which will be considered in the compensation decisions.

In 2016, BRAC Bank concluded a series of highly visible internal awareness campaigns and reminders on the values and beliefs as well as various workshops. Focus has now shifted to ensuring employees actively engage with the values and beliefs in day-to-day business.

Management believes Bank's performance relies, first and foremost, on its employees. The Bank seeks to build the capabilities of managers and staff, to help them develop both professionally and personally and to position the organization for future success. Talent and development activities are aligned to three priorities:

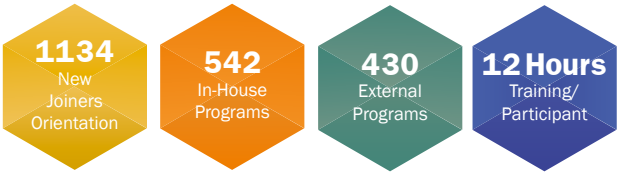
- building leadership capabilities and developing future leaders;
- fostering an environment that supports sustainable performance; and
- promoting continual professional and personal development for all employees.

Thriving Leadership Capabilities:

Bank takes a holistic approach to leadership development.

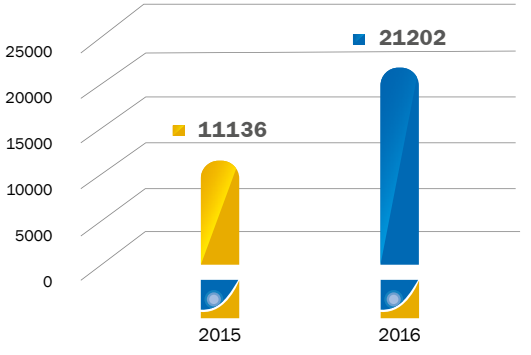
In 2017, the HR function has plan to make further strides in driving leadership assessment and succession

Training Highlights:



management, helping to deliver the talent pipeline for the Bank.

Participants in Training



Training Hour

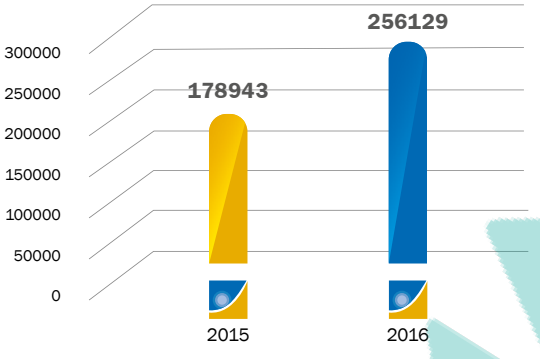


Fig: Number of Trainings

The senior management in the Bank has a dedicated leadership forum featuring bespoke diversified agenda, explicitly connected to Bank's overall strategy. HR will be also building on the successful roll-out of its leadership diagnostic work, which identified strengths and development areas for our most senior leaders.

Enabling Sustainable Performance:

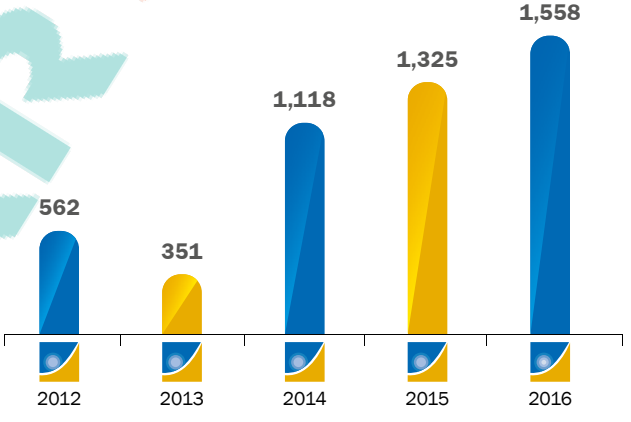
BRAC Bank is transitioning all performance management and development processes into one fully integrated approach, which aims to increase performance conversations between managers and employees, and will be launched with the objective-setting process over next two (2) years. In a first step towards implementation, talent reviews have been improved to help managers identify employees' strengths and areas for development. Continuous learning and development are seen as vital to ensuring employees have the skills, knowledge and abilities for their current roles and are prepared for new challenges.

Acknowledging a person's individual performance and development as well as their personal contribution to overall organizational success is key. The performance management process comprises objective-setting early in the year, a mid-year review and a year-end review, with employees' self-assessment playing a critical role.

Systematic Approach to Talent Acquisition:

Against the backdrop of strategic repositioning and the challenges ahead, Bank has adopted a balanced approach to talent acquisition. It relies both on leveraging the skills and experience already available within the organization, while bringing in the necessary capabilities that will help position the Bank for long-term sustainable performance.

Recruitment status of last 5 years



The current focus is on communicating and informing employees, creating greater visibility of opportunities, enabling managers and setting a suitable framework.

Reflecting Bank's cultural transformation, strategic objectives and changing demands from the employment market, it is continuously developing its employer brand. This includes positioning the organization from the perspective of ongoing digitalization in the banking industry. Furthermore, the ever-greater significance of issues such as regulation and governance has required an increase in corresponding skills.

Additionally, BRAC Bank continued to expand its presence and engagement on social media platforms to ensure it is accessing the relevant target groups through the channels they use to explore career and employment opportunities.

Focus on Governance:

In 2016, HR strengthened its governance, ensuring that consistent, structured, merit-based hiring practices for all target groups. This has included the further development and tightening of global policies on hiring and workforce referrals – in line with enhanced industry standards as well as risk management and regulatory requirements. The hiring policy covers all areas from position approval and interviews to on boarding and integration processes. The referrals policy is to ensure integrity and transparency for this important sourcing channel.

There has also been a greater focus on cost management and control related to recruitment, with the aim of increasing the efficiency and quality of HR processes both internally and externally.

Grievance Management and Counseling Process:

Management strongly believes in providing prompt and unbiased resolution to grievances that are raised by the employees regarding any dissatisfaction or discontent pertinent but not limited to disciplinary, compensation, discrimination, sexual harassment, working condition, or any other situation that might affect the employees and their wellbeing. Such complains are handled strictly and actions are taken based on the merit of the issue/s. The bank's policy is to provide a work environment that is free from intimidation or harassment. Moreover, to encourage female employees to raise their concerns, a women forum called TARA has been inaugurated in 2016 with a vision to be the most women friendly bank in Bangladesh.

Alignment of Reward Structure:

Compensation plays an integral role in the successful delivery of Bank's strategic objectives. Attracting and retaining the most capable employees across the country is aligned to the Bank's compensation strategy. The cornerstone of this is the concept of pay for performance, within a sound risk management and governance framework, and with due consideration of market factors and societal values. As the Bank seeks to align compensation to evolving external and internal expectations, reward structures are regularly reviewed and changed as needed.

The remuneration committee consisting of following position holders periodically reviews, takes decision or escalates to the Board for amendments as they see appropriate:

1. CEO & Managing Director
2. Deputy Managing Director & CFO
3. Deputy Managing Director & CRO
4. Head of Human Resources

BRAC Bank recently established a close link between employees' compensation and their performance and behavior at all levels and across all divisions of the organization. This takes into consideration a host of factors including, but not limited to, the Bank's performance, divisional performance and the employee's individual performance.

In accordance with regulatory requirements, managers of senior employees must attest that they have thoroughly reviewed and considered all of the relevant performance and risk metrics, and other guidance relevant to their specific areas of work, when making decisions on variable compensation. In addition, managers may be required to explain how the compensation parameters (both quantitative and qualitative) influenced their decision.

Encouraging Workplace Well-Being:

Bank has taken many initiatives to move towards creating a healthier workplace. Employees are offered compliant working hours so that they can ensure a balance between professional and personal interests. Management has developed and implemented processes to prevent workplace injuries & illnesses and set standards for health and safety training.

Transport Service for Employees:

To ease the transportation system for Bank employees, management has recently introduced bus services primarily within Dhaka City.

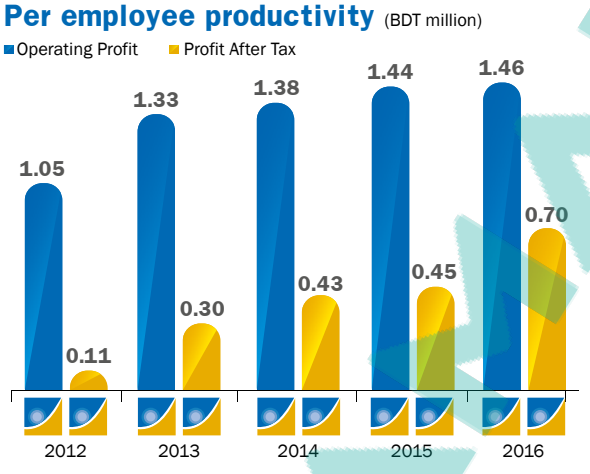
Celebrations in BRAC Bank:

Throughout the year, Bank arranges multiple events including Employee Birthday Celebrations, Family Days, Picnics, Celebrations on the Birth of Children, Iftar Parties, Pitha Utshab, Dour, Childrens' Day, Pohela Boishakh Celebration and Sporting events that help in creating stronger employee engagement. Bank also arranges various employee engagement programs including team building sessions that enhance employee alignment and sense of ownership towards the Bank objectives.

Human Resource Accounting:

Human Resource Accounting (HRA) involves accounting for the company's management and employees as "human assets" or capital that provide future benefits. Based on empirical research, BRAC Bank can be considered on higher end of making human resources disclosures due to its capitalization in capital market, profitability, financial sector in which it operates, its length of listing in capital market and its shareholding structure. In principal, following variables are considered for HRA:

1. Total Value of Human Resources
2. Number of Employees
3. Human Resources Policy
4. Training and Development
5. Management Succession Plan
6. Employee Categories
7. Employee Benefits
8. Performance Recognition



In 2016 the total number of full time employees is 6,355. If per employee productivity is considered then it can be seen that operating cost per employee has been increased by 33% whereas the operating profit per employee has been increased by 45%. Operating income, profit before tax and profit after tax per employee has also increased. As BRAC bank has a huge portfolio of SME and retail client so employee engagement is needed and the results prove that our resources are becoming more efficient as they are being motivated.

Conclusion:

In a nutshell, BRAC Bank is simplifying its business model, realigning its business divisions, reducing complexity, investing in technology and cutting costs.

Going forward, Bank's success will depend in part on its ability to retain, motivate, develop, and continue to attract employees with the skills and experience to help the Bank master challenges and make the most of opportunities.

As a control function, the role of HR has changed in recent years. More than ever, it operates in partnership with senior management and all business divisions and infrastructure functions. Key to this role has been its continued focus on bringing the Bank's values and beliefs to life through a long-term vision for the HR function, and specific commitments underpinning that vision.

STATEMENTS OF BOARD AUDIT COMMITTEE

The BAC during 2016 had 06 meetings held to review summary reports on internal audits, monitoring, investigations, surprise/spot inspections, regulatory inspections and statutory audit.

Statement on Audit Committee's oversight role in maintaining a well-integrated internal control in the bank

The Board Audit Committee (BAC) of BRAC Bank gets reasonable assurance from its independent internal audit teams that the strategic objectives as set by Board are worked upon in the form of operational efficiency, integrity in financial and non-financial information and compliance with applicable laws and regulations. Considering the establishment of compliance culture and awareness of operations level staff of their respective responsibilities as the cornerstone to achieve the objective, oversight role of BAC ranges from placing constructive recommendations in regularizing control weakness to endorsing appropriate disciplinary actions in case of deviation from policies and procedures.

The BAC during 2016 had 06 meetings held to review summary reports on internal audits, monitoring, investigations, surprise/spot inspections, regulatory inspections and statutory audit. The committee through review of those reports, took particular attention to process level lapses, deployment of appropriate resources to enforce controls, ethical breaches and absence or insufficiency of specific policies articulating directive controls. Through discussion of relevant stakeholders, the BAC came up with constructive recommendations to address the root cause and regularize the discrepancies with follow-up in subsequent meetings of the BAC.

Statement on Audit Committee's role in ensuring compliance with applicable laws and regulations

As regulatory compliance depends to a great deal on communications to and awareness of concerned officials, Board Audit Committee (BAC) of BRAC Bank assess the awareness level on compliance requirements through their periodic review of internal audit reports and recommends shuffle in placement or training of human resources as applicable. Moreover, as per direction of regulators stipulated in relevant regulatory guidelines, internal policies are reviewed by the BAC prior to their adoption or update to ensure their conformity with regulatory guidelines. The BAC is regularly briefed by Internal Control & Compliance Division (ICCD) on changes in regulatory requirements through informative memos.

Statement on Audit Committee's supervisory role in facilitation of statutory audit:

Considering the fact that integrity in financial reporting is prerequisite to earn credibility from stakeholders and ensure sustainability of BRAC Bank as a going concern, Board Audit Committee (BAC) of the bank pays special attention in facilitation of independent, objective, credible and prudent statutory audit service. As part of that, the BAC during 2016 carried out the following agenda:

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- Reviewed the expression of interests forwarded by statutory auditors, assessed capability and confirmed that the statutory auditor selected did not have any conflict of interest

- Reviewed performance of external auditor

- Reviewed the management letter forwarded by the statutory auditor along with the management response provided against them

- Met with the auditor separately to discuss issues worth confidential discussion

- Recommended appointment/re-appointment of statutory auditor(s)

Statement on Audit Committee's activity to ensure integrity in financial reporting and associated disclosures

With a view to performing the oversight role of ensuring integrity in financial reporting and disclosure process, the Board Audit Committee (BAC) of BRAC Bank plays a pivotal role of adopting appropriate financial reporting standards and to ensure consistency in application of the same in periodic financial reporting. In doing so, the BAC during 2016 carried out the following tasks:

- Reviewed the quarterly, semi-annual and annual financial statements and determined their completeness, accuracy and consistency with accounting standards set or recommended by the regulatory authority

- Reviewed issues with potential impact on the integrity of financial reporting and other non-financial disclosures. Escalated through the summary reports on internal audits, monitoring, investigations, surprise/spot inspections, regulatory inspections and statutory audit; they ranged from discussion on input, processing and output control in regard to management information to specific fraud or irregularities in recording banking operations

- Reviewed financial statements along with statutory auditors and regulatory inspection team in tripartite meeting prior to finalization

- Reviewed statement on significant related party transactions forwarded by management

- Monitored operations of the bank in line with predetermined budget through internal audit reports, discussed the root cause of deviation and made constructive recommendations to incorporate appropriate controls in place.

Apart from that, the Board Audit Committee (BAC) of the bank reviewed quarterly reports on fraud and forgery surfaced among others by internal auditor, statutory auditor and regulatory inspection team. Using its discretion, the BAC advised carrying out critical investigations, process/policy review, evaluation of operations etc. Through the aforementioned activities, the Board Audit Committee (BAC) of the bank effectively carried out its role as bestowed by the regulator during the year 2016.

On behalf of the Audit Committee,

Hafiz G. A. Siddiqi

Dr. Hafiz G. A. Siddiqi
Chairman
Audit Committee

CAPITAL PLAN

Capital planning is a dynamic and ongoing process that, in order to be effective, must be forward-looking in incorporating changes in a bank's strategic focus.

1. Regulatory standpoint:

Capital management in a bank usually refers to implementing measures aimed at maintaining adequate capital, assessing internal capital adequacy of the bank and calculating its capital adequacy ratio. It is gaining increasing importance around the world, as reflected from taking several reform initiatives and changes in the prudential requirements undertaken by banks in different countries in line with the reform measures proposed by the Basel Committee on Banking Supervision. Risk management is increasingly becoming difficult to separate from capital management. Most banking risks can be quantified as numerical indicators, and this quantification naturally leads to the principle that increased capital can be held to cover unexpected losses at a certain confidence level.

The followings indicate the relationship between risk management and capital requirement:

a) Capital management helps to ensure that the bank has sufficient capital to cover the risks associated with its activities;

b) As part of the internal capital adequacy assessment process (ICAAP), management identifies the risks that the bank is exposed to, and determines the means by which they will be mitigated

c) Capital is used to cover some of these risks, and the remainder of these risks is mitigated by means of collateral or other credit enhancements, contingency planning, additional reserves and valuation allowances, and other mechanisms.

Capital planning is a dynamic and ongoing process that, in order to be effective, must be forward-looking in incorporating changes in a bank's strategic focus, risk tolerance levels, business plans, operating environment, or other factors that materially affect capital adequacy. Capital planning assists the Bank's Board of Directors and senior management to:

a. Identify risks, improve their understanding of the Bank's overall risks and set risk tolerance levels

b. Assess strategic choices in longer-term planning

c. Identify vulnerabilities, such as concentrations and assess their impact on capital

d. Integrate business strategy, risk management, capital and liquidity planning decisions, including due diligence for a merger or acquisition and

e. Have a forward-looking assessment of the Bank's capital needs, including capital needs that may arise from rapid changes in the economic and financial environment

The most effective capital planning considers both short-term and long-term capital needs and is coordinated with a bank's overall strategy and planning cycles, usually with a forecast horizon of at least five years. Banks need to factor events that occur outside of the normal capital

planning cycle into the capital planning process; for example, a natural disaster could have a major impact on future capital needs.

The capital planning process should be tailored to the overall risk, complexity, and corporate structure of the Bank. The Bank's range of business activities, overall risks and operating environment have a significant impact on the level of detail needed in a bank's capital planning. A more complex institution with higher overall risk is expected to have a more detailed planning process than an institution with less complex operations and lower risks. While the exact content, extent, and depth of the capital planning process may vary, an effective capital planning process includes the following components:

- Identifying and evaluating risks
- Setting and assessing capital adequacy goals that relate to risk
- Maintaining a strategy to ensure capital adequacy and contingency planning
- Ensuring integrity in the internal capital planning process and capital adequacy assessments

2. BBL Philosophy:

We devised and established our own capital management mechanism strictly aligned with the regulatory requirements and as per Basel guidelines, to calculate the capital adequacy ratio and secure adequate capital to cover the risks we face from the standpoint of ensuring soundness and appropriateness of the our businesses. While doing so, the Board of Directors and Senior Management actively take part and help define the goals of capital management such that capital levels always exceed BB's requirements. We strive to ensure capital levels are aligned with the risks in the business and consistent with the strategic plan. And capital levels maintain an appropriate balance between maximizing shareholder returns and protecting the interests of depositors and other creditors.

The results of capital management are;

- A Capital Plan that meets the needs of the Bank over a five -year time horizon
- An ICAAP that determines precise levels of required capital according to the measures of balance sheet capital and regulatory capital (Tier 1 and Tier 2)
- A process to regularly compare available capital with current and projected solvency needs, and address deficiencies in a timely manner.
- Stressed scenario can be managed better.

Our approach to capital management is driven by our strategic objectives whilst ensuring that the regulatory requirements, capital targets and risk appetite are met at all times across BRAC Bank. While planning for adequate capital we consider multiple factors. Starting from business expansion till spreading of network, a thorough cost- benefit analysis is conducted on regular periodicity. As such, BRAC Bank proactively manages its capital position, capital mix and capital allocation to meet the expectations of key stakeholders such as regulators, shareholders, investors, rating agencies and analysts whilst nursing that the return on capital commensurate with risks undertaken by respective business units and subsidiaries.

3. Capital Management Framework:

The framework must ensure apt measures are taken for capital adequacy in accordance with corporate management plans and capital plans, etc. and changes in external environment, including the economic cycle are monitored properly. There should be a mechanism to conduct sufficient analysis and deliberations in order to maintain a sufficient level of capital, based on the results of monitoring of the status of the internal environment (risk profile, status of use of the risk limits, etc.) and external environment (economic cycle, market, etc.). The framework must be able to identify risks faced by the bank exhaustively on a category-by-category basis and able to specify the risks to be subjected to capital management in the ICAAP in light of the size and nature

The framework must be able to identify risks faced by the bank exhaustively on a category-by-category basis and able to specify the risks to be subjected to capital management in the ICAAP in light of the size and nature of the identified risks.

of the identified risks. And certainly the framework should be able to assess capital adequacy in a manner befitting the scale and nature of the financial institution's business and its risk profile by taking into consideration the following items:

- Suitability of the quality of capital to the internal capital adequacy assessment
- The validity of the ICAAP
- The limitations and weaknesses of the risk assessment method taken
- The conduct of internal capital adequacy assessment in light of two or more stress scenarios and based on the analysis of the level of the impact thereof on the capital
- The stress scenarios should give due consideration to all material risks that would seriously affect capital adequacy in the medium and long term
- The lack or excess of loan loss provisions against expected losses

4. Annual Capital Plan:

The Annual Capital Plan involves detailed planning of the Bank's strategic capital plan over a five-year horizon period. The plan should highlight the capital projections, capital requirements, levels of capital and capital mix to support the Bank's business plan and strategic objective. BRAC Bank places strong emphasis on the quality of its capital in order to continue meeting the minimum regulatory requirements and support business growth and risks undertaken. We hold a significant amount of its capital in the form of common equity which is permanent and has the highest loss absorption capability ongoing concern basis. In addition to common equity, we also maintain other types of capital instruments such as Subordinated Debts in order to optimize capital mix and reduce overall costs of capital. Upon giving due treatment to deferred tax asset, general provision, goodwill and other regulatory adjustments, our capital base has always been in a strong standing. Hence, the phase-in transition of Basel III can be accommodated smoothly.

	2015	2016	2017	2018	2019	2020
Minimum Common Equity Tier-1 (CET-1) Capital Ratio	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer	-	0.625%	1.25%	1.875%	2.50%	2.50%
Minimum CET-1 plus Capital Conservation Buffer	4. 50%	5.125%	5.75%	6.375%	7.00%	7.00%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.625%	11.25%	11.875%	12.50%	12.50%
Phase-in of deductions from Tier 2 Revaluation Reserve (RR)						
RR for Fixed Assets	20%	40%	60%	80%	100%	100%
RR for Securities	20%	40%	60%	80%	100%	100%
RR for Equity Securities	20%	40%	60%	80%	100%	100%

STAKEHOLDERS AND MATERIALITY

The first step of stakeholder & engagement process for BRAC Bank is to establish the three branched sustainability dimension – economic, social and environmental. The key stakeholders are hence aligned with these dimensions and the sustainable business objectives are identified by understanding correlated stakeholder expectations.

Stakeholder & Identification

Identification of stakeholders is the key to understanding the expectations from the company and as such helps pave the pathway towards delivering value and fulfilling those expectations. The stakeholder circle of BRAC bank can be divided into prime and others. While shareholders, customers, suppliers and employees are the prime stakeholders; the regulators, local community and the environmentally interested groups complete the stakeholder circle of BRAC bank.

Engagement with Stakeholders

The first step of stakeholder engagement process for BRAC Bank is to establish the three branched sustainability dimension – economic, social and environmental. The key stakeholders are hence aligned with these dimensions and the sustainable business objectives are identified by understanding correlated stakeholder expectations. By assessing these objectives, BRAC bank has formulated strategies through aligning the business model with the value creation process that targets stakeholders' expectations. This is summarized in the table below:

Sustainability Dimension	Targeted Key Stakeholders	Sustainable Business Objectives	How BRAC bank addresses this
Economic	Shareholders	• Wealth maximization by declaring sound returns annually	• Being focused, planning and identifying opportunities • Continuing to uphold sound governance practices • Managing risk effectively • Reinforcing internal control and compliance

AMAR STOCK

Sustainability Dimension	Targeted Key Stakeholders	Sustainable Business Objectives	How BRAC bank addresses this
	Customers	• Provide quality product/ service meeting their absolute needs • Managing the operations carefully and with responsibility so as to protect customer interest especially of depositors	• Reaching out to customers' door steps by opening more branches and SME centres • Moulding existing branches/ unit offices to cater to diversified customer requirements • Continuously innovating new products and operational process for the betterment of customers
	Supplier/Service providers	• Adhere to proper procurement regulations while maintaining a good business relationships with the service providers	• Following internal procurement policy and upgrading the policy regularly to ensure strong control and fair treatment to suppliers
Social	Regulators	• Ensure compliance with all regulatory guidelines and directives	• Following processes, practices and controls to ensure compliance with applicable rules and regulations imposed by local and international laws and regulations.
	Employees	• Continuously encouraging employees and working towards creating a healthy, ethical and supportive work environment • Nurturing human capital	• Engaging employees in activities and sports other than business as usual for example Dour arranged by BRAC bank
	Local Communities	• Adding value to the society • Conducting business without causing disruptions in the society	• Adding value to the society by being a good, responsible and transparent corporate citizen
Environmental	Environmentally interested groups/ non government organizations	• Conducting business without harming the environment	• implementing green banking practices and ensuring compliance through Green reporting to Bangladesh bank • Giving priority on energy consumptions to reduce wastage

In consideration of the above, BRAC bank has engaged with regulators, management and employees to identify their preferences, concerns and expectations from BRAC bank.

Stakeholders Engaged	Engagement Process	Key Issues raised by Stakeholders
Regulators	• One-on-one meetings • All local regulations • Circular issued by Bangladesh Bank on Green banking and CSR	• Relationship building • Offering support & Compliance
Management	Discussions	• Corporate governance, ethics and compliance • Anti-corruption measures implemented by the organisations • Superior customer experience through continuous improvement
Employees	Discussions	• Transport facilities • Career growth and development opportunities

SUMMARY

SUSTAINABILITY REPORT

Right since inception, BRAC Bank Limited has incorporated the ethos of Socially Responsible Banking, through which it has been mainstreaming sustainable development and aligning it with the core business strategies of the Bank.

"As a member of Global Alliance for Banking on Values (GABV), sustainability is rooted in the day-to-day operations and value system of the bank. In our journey towards becoming the Best Bank in Bangladesh, it is important to recognize that the pillar of our sustainable efforts must be our VALUES"

-Mr. Selim R. F. Hussain, Managing Director, & CEO

On the successful completion of 15 years of inclusive banking, BRAC Bank Limited is pleased to present its Summary Sustainability Report for the year 2016.

The purpose of this report is to delineate how BRAC Bank Limited, in its quest to achieving its vision of being 'the best bank of the country by 2020', is serving and supporting its customers and communities, by touching the lives of a billion people with sustainable banking.

At BRAC Bank Limited, we define 'sustainability' in the broadest possible terms. It is not just about consuming less natural resources, or planting more trees, but it is about conducting our day-to-day business the right way, while working for different social, ethical, and environmental causes at the same time.

Right since inception, BRAC Bank Limited has incorporated the ethos of Socially Responsible Banking, through which it has been mainstreaming sustainable development and aligning it with the core business strategies of the Bank. In fact, sustainability is integrated into the way we do business; into the contribution we make to local economies; into serving the communities we live in.

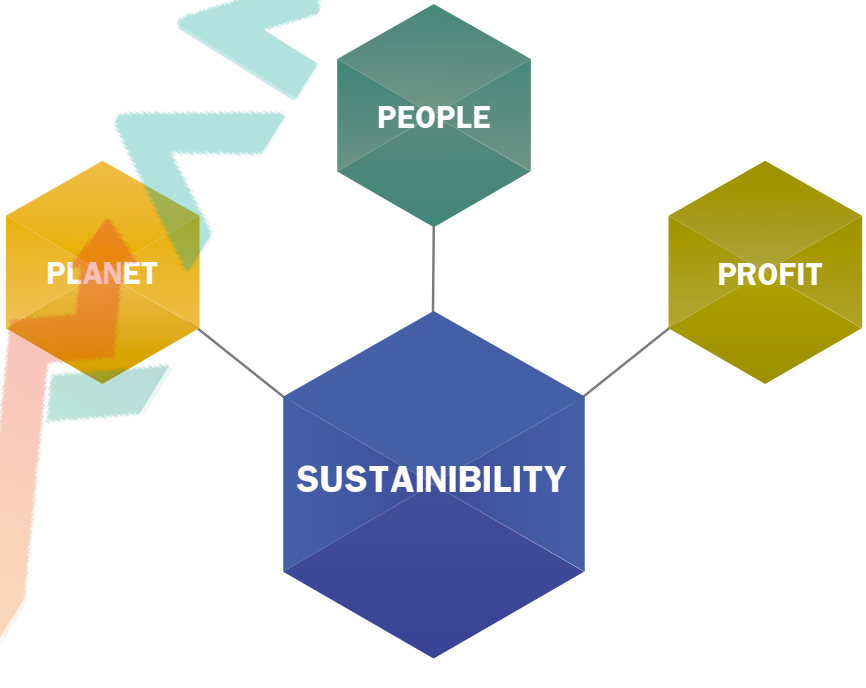
AMARSTOCK

BRAC Bank Limited at a Glance:



Triple Bottom Line Approach:

As a founding member of Global Alliance for Banking on Values (GABV), BRAC Bank Limited follows the Triple Bottom Line approach at the heart of its business model:





Our Approach to Sustainability:

Sustainable HR Development:

We believe that our employees are our most valuable asset, as their professionalism and proficiency, along with their diverse backgrounds and experience contribute significantly to our success. At BRAC Bank, we seek the most competent and cultured candidates and never discriminate with regard to their race, language, religious beliefs, gender or age. We only consider our employees' relevant skills and competencies, as those are the attributes that create sustainable values.



We, from our end, encourage our employees by providing equal opportunity and remuneration, and by guiding them towards their personal and professional goals through relevant training and skill development programs; so that they can achieve their full potential and face future challenges effectively. We provide specifically designed orientation programs to the new joiners to make them aware of the Bank's philosophy, goals, policies, procedures, rules, regulations and regular business practices and thus, to help them integrate smoothly into their roles.

SMART STOCK



The Bank has an open-door policy when it comes to addressing urgent workplace issues. We encourage employees at all levels to address any concerns regarding workplace conditions and labor practices, and to bring forward any grievances, so that future risks or disputes can be prevented.

Environmental and Social Obligation

1. Description of the company's policies and practices relating to Environmental and Social Obligation:

BRAC Bank ltd integrates environmental and social obligation into all its business activities with the belief that success is not only measured by financial results. The Bank has a strong stake in the society through investments and projects which take its banking role one step further. BRAC Bank supports its clients to be cautious about environmental issues. Serving the society as part of bank Environmental and Social obligation by giving stipends to poor students, distributing warm clothes to winter-hit people and contributing to the different relief fund. BBL is constantly working towards decreasing consumption of energy (especially electricity, water and gas) at its branches, removal of use of hazardous substances from its practices and reducing waste generation. BBL is moving forward and thinking about implementing it more through the branches, Unit office and also Head office.

We contributed in different programs with the desire to generate more social impact through our activities. It enables us to more effectively steer the building of expertise and to help people in a more systematic way. BBL focus is on sports, arts and culture, education, and entrepreneurship and on identifying the links between them. To continue these activities every year, the Bank keeps aside a substantial amount of money as a part of Corporate Social Responsibility (CSR) for development of the society. By supporting these activities, we not only contribute to a sustainable society but also help the long term sustainability of our business.

Bangladesh Bank has taken steps to inspire green banking in Bangladesh through the issuance of guidelines on green banking and Environmental Risk Management (ERM). It is always inspiring banks in lessening paper communications and fitting solar power system in branches and Unit office and giving refinance to the solar energy, bio-gas and effluent treatment plant (ETP) sectors at eased interest rates. BBL has always been committed to the environment and also been active in social activities throughout the year 2016, and will remain to do so in the future.

2. Activities related to CSR programs in the Bank:

- Promotion of health, education and cultural / recreational activities for advancement and well-being of underprivileged population segments
- Promotion of environmental friendly projects
- Adoption of energy efficient, carbon footprint reducing internal processes and practices in own offices and establishments
- Handing over sapling to students as part of environment awareness campaign
- Creation of Green Climate Risk Fund
- Warm cloth & blanket distribution to poor peoples
- Promote financial inclusion

3. Specific activities undertaken by the BBL regarding environmental and social responsibilities:

BBL has always been active regarding its activities for the environment. It is also in the process of issuing a green manual on how to make all branches and divisions more environmental friendly. Also, solar panels have been set up in some branches, and initiative has been taken to install more in the future.

BRAC Bank Limited has made a donation to the Prime Minister's Relief Fund to help the flood affected people as climate change is often attributed to causing flood.



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BRAC Bank has always been an active member of society and has tried to enhance people's lives and its employees as well.

4. CSR of the Bank in 2016:

Sl. No	Date	Event / Recipient organization / Individuals	Purpose
1	January	BRAC Bank-Prothom Alo Trust Adamya Medhabi Scholarships	Education
2	January	Thalassaemia Hospital	Health
3	April	Biodiversity conservation film contest for environmental awareness	Environment
4	May	BRAC Bank-Samakal Shahitya Puroshkar	Art & Culture
5	May	bicycle for 10 school girls in Nilphamari	Social welfare
6	July	National Heart Foundation Sylhet	Health
7	June	Awareness about Prevention of Narcotics	Social welfare
8	August	Asiatic Society of Bangladesh for "History of Bangladesh; Ancient & Medieval"	Dissemination of history and heritage of Bangladesh
9	December	BRAC University Sponsorship	Education
10	December	UCEP Institute of Science & Technology	Technical Education
11	March	The Daily Star O&A Level Award	Education
12	March	7th Biochemistry Olympiad by University of Dhaka	Education
13	March	Abhijit Chowdhury art exhibition	Art & Culture
14	March	BRAC Bank Great Gender Debates	Social welfare
15	June	Awareness initiative for prevention of formalin & chemical in fruits & food by Chittagong Metropolitan Police	Health
16	June	Upalabdhi Foundation for welfare of underprivileged children	Social welfare
17	February	CCTV donation to Dhaka Metropolitan Police and Dhaka North City Corporation	Social welfare

AMARSTOCK

5. BBL Employee Initiatives in CSR:

Marathon for Humanity: Employees of BRAC Bank runs a marathon for humanity every year to raise funds. BRAC Bank always prioritizes its CSR programs that help people and the planet in line with the 3P philosophy. As part of larger BRAC family, social work is embedded in the DNA of this Bank. BRAC Bank has contributed to social welfare as part of its mission to serve the community. BRAC Bank organizes this marathon, 'BRAC Bank Dour Kolyaner Pothochola', in which the employees of the Bank take part and raise funds for the underprivileged. The Bank matches the amount and doubles it from its CSR Fund.

6. Lifetime Support to Bir Pratik Taramon Bibi:



Taramon Bibi (born 1957) is one of the two female freedom fighters in Bangladesh obtaining the Bir Protik award.She had engaged in direct combat. She fought for the Mukti Bahini (Liberation Army) which was a guerrilla force that fought against the Pakistan military during Bangladesh War of Independence in 1971.

Bibi was born in Shankar Madhabpur village, Kurigram District to her parents Abdus Sobhan and Kulsum Bewa. She was in Sector 11 under the leadership of Sector commander Abu Taher. After the war, she was awarded Bir Protik (Symbol of Valour) by Bangladesh government. But her whereabouts were unknown and the award was never handed over to her. She herself remained unaware of this until 1995 when a researcher from Mymensingh discovered her. She was finally given her award by the Prime Minister of Bangladesh on December 19, 1995.

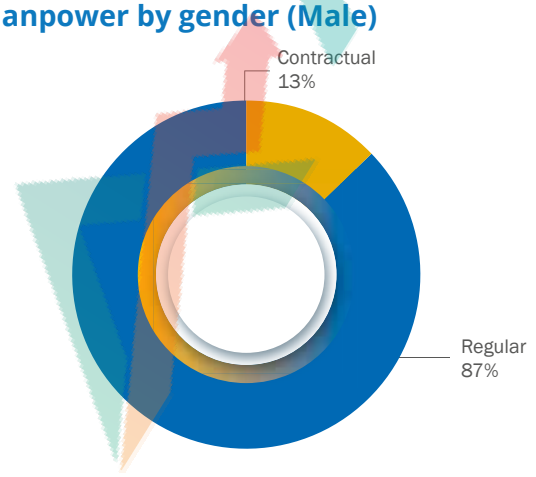
BRAC Bank is supporting valiant freedom fighter Taramon Bibi and will continue to support her throughout her lifetime.

7. Workshop on "Diversity, Gender and Sexual Harassment":

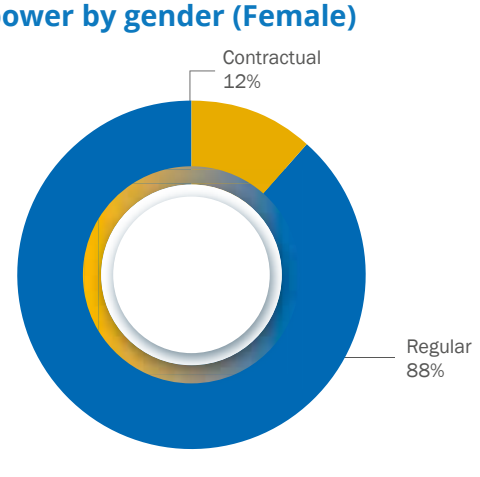
BRAC Bank has arranged the workshop on "Diversity, Gender and Sexual Harassment" at BBL Learning Centre. This program has been exclusively designed for all the colleagues of BRAC Bank. Proficient trainers from BRAC Leadership Academy conducted workshop. Around 3,500 number of employee had attended this workshop.

8. BRAC Bank Total Manpower by gender [Male & Female]

Manpower by gender (Male)



Manpower by gender (Female)



9. Winter Clothes Distribution to needy people:

BRAC Bank limited has distributed blankets among the cold – affected people in the country. Bank has successfully completed the "Winter Clothes Distribution" program from five different locations of Bangladesh. A number of our colleagues has taken their time off to personally visit those five locations over the weekend and distributed these blankets.



The programs were held in presence of the local UNO, OC, local Chairman & respective team members from BBL SME division, Branch Banking, SAM & Regional Operating Centers.



The main reason for the success of this program is the joint & collaborative effort from all our BBL employees which is the true reflection of working as "One Team".



10. BRAC Bank has inaugurated the Tube well at Dasiarchara (Chitmahal):



11. BRAC Bank Ltd arranged a blood donation program:

BRAC Bank ltd has arranged a blood donation program in affiliation with Bangladesh Thalassemia Foundation at Anik Tower on 8th December 2016 to donate blood to Thalassemia patients. The purpose of this blood donation program is to extend help to the thalassemia patients.



Thalassaemia is a genetically transmitted disease where the patient suffers from acute anaemia. Usually the patient may need blood transfusion throughout his/her entire life.

YOU MAY NOT REALIZE IT, BUT EVERY DAY HUNDREDS OF PEOPLE NEED BLOOD. THOUSANDS ARE SAVED EVERY YEAR.

This is a well-organized initiative for a just cause and like every year, BRAC Bank Limited is keen to take part in this philanthropic activity.

12. E-statement Enrolment Campaign:

BRAC Bank has a strong commitment towards environment in line with the Bank's Philosophy of People, Planet and Profit. As part of that, BBL encourages it customers to enrol for e-statement instead of hardcopy statement.

13. BRAC Bank Ladies Forum "TARA":

BBL has launched the Bank's Ladies forum at the Bashundhara Convention Centre in 2016 with Mrs. Rokia Afzal Rahman, former Advisor to the Govt, one of the first woman bankers in Bangladesh and an entrepreneur gracing the occasion as Chief Guest.

With 1,200 members, BRAC Bank's Tara is the largest private sector women bankers' network in the country. The platform is created towards facilitating career development and professional excellence through sharing of experience and networking among women bankers of the bank. At Tara, BRAC Bank's female employees share challenges and concerns that they face within or outside the bank. As a member of the BRAC Family, BRAC Bank always works for women rights, women empowerment, and ensures enabling workplace environment for the women employees.





14. Introduction of Green Banking Product:

BRAC Bank limited has launched its Energy Efficiency Loan Product, **"Planet Solutions"**. Bangladesh's First Energy Efficiency Financing Loan will assist readymade garments and textile industries to invest in energy efficiency technology.





15. Green Events:

BRAC Bank Limited donated bicycles to 10 school going students in Nilphamari. The environment friendly mode of transport will be beneficial to the nature as it does not create any pollution.



16. CSR activities related to Climate Change:



BRAC Bank Limited in partnership with The United States Agency for International Development (USAID) organized a University Film Contest on Biodiversity Conservation. The initiative was aimed at creating climate change awareness and importance of biodiversity conservation among university students who took part in the contest.

BRAC Bank Limited extended support to 6th Biochemistry Olympiad at Dhaka University. The day long science festival tried to find environment friendly ways to recycle, solid waste like plastic and finding scientific ways to minimize damage of oil leakage incident in forest.

BRAC Bank extended support to Chittagong Metropolitan Police's public awareness campaign about prevention of formalin & chemical in fruits & food.



Given the increasing importance of Environmental and Social considerations in measuring the company's performance, the Board has found that it is necessary to develop appropriate policy on environmental and social obligations. In meeting these obligations, Credit Policy prohibits lending to industries that use forced/child labor generates radioactive wastes and discourages investments in environmentally sensitive industries such as logging, mining and those that use banned chemical substances. It should be further noted that disbursement is dependent on industries obtaining a NOC (No objection certificate) from the Ministry of Environment and Forest. Currently, the Bank is in the process of diversifying its sustainable portfolio through investment in bio-fuels, waste management and renewable energy companies. In this regard, management has signed a MOU with Bangladesh Bank regarding receiving refinancing facility for investments in the renewable energy sector. In addition to this, BRAC bank has initiated some green and socially responsible initiatives internally and externally.

This world is a home to numerous living beings. Not everyone has the ability to think rationally but human beings. So, the onus to contemplate genuinely for the betterment of our generation and the generation next is solely on us. In this world of scarce resources and energy stores, we are to prioritize and ensure optimized utilization of available human made possessions. While we juggle with these invaluable resources in our daily life, we also cannot deny the eternal sources of energy we inherit from the nature. The ubiquitous rays of the sun, the kinetic force of wind, the strong tidal surge or the daunting heat from the crux of the earth, are all entrusted for us to duly harness them. They are our renewable alternatives to fossil fuels. The intermittent nature of these energy sources can only be used as a prop for our sustainable growth. Because rising greenhouse gas emissions, arising from our use of fossil fuels and our industries, lead to higher temperatures.

REPORT ON THE GOING CONCERN STATUS OF BRAC BANK LIMITED

Definition of Going Concern:

Going concern is an accounting concept that considers the preparation of financial statements under the going concern concept. It is assumed that a Company will continue in operation and that there is neither the intent nor the need to either liquidate it or to cease trading. It includes bringing together the requirements of Company law, accounting standards and Listing Rules on going concern. The management of BRAC Bank Limited has made this assessment based on the accounting period ended on or after December 31, 2016. The assessment considers appropriate inquiries including review of budgets and future outcome of inherent risks involved in the business while assessing whether we are on going concern basis.

Considering the followings, BBL's management has reached the conclusion that the financial statement for the year 2016 should be prepared on going concern basis:

Impressive financial result

The financial result which can easily be seen from the financial highlights at the front of this book shows that we are able to run in future with virtuous glory.

Financial support from lenders/depositors

BBL has a good track record in the settlement of its obligation with its lenders/depositors. That is why our total deposit has increased by 12%.

Dividends payment

BBL is paying healthy returns to its shareholders over the years. We have declared cash dividend of 10% and stock dividend of 20% for the year 2016.

Sincerity in payment of obligations

BBL is sincere in payments of its obligations to lenders. We have always being credible in the terms of loan and other agreements and have never defaulted.

Growing business portfolio

Our portfolio of good clients is increasing which shows our intensity of doing ethical business. At the same time we are de-risking our portfolio.

Human Capital

BBL has invested a lot to train its human resources. We are also hiring the best people in the industry so that a momentum can be achieved to become the best bank. In 2016 we have recruited 1,558 talented employees and have provided a total of 256,129 hours of training which is 43% more than 2015.

Corporate environment and Employee Satisfaction

Our employees are our core asset. And ensuring a healthy work life balance is our responsibility. Our office environment is also kept corporate to increase efficiency and satisfaction. This is reflected in our Human Capital section.

Changes in government policy

The management of BBL anticipates no significant changes in legislation or government policy, which may materially affect the business of the Company.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

Corporate social responsibility (CSR) is embedded in the value system of BRAC Bank Limited. For BRAC Bank, being committed to CSR means giving statement that the bank is ethically committed towards the society of this country in which it operates.

BRAC Bank's corporate social responsibility (CSR) in Bangladesh are in line with its 3P (People, Planet, Profit) philosophy which are framed by the vision that was instilled by its Founder Chairman Sir Fazle Hasan Abed, KCMG, who founded this bank with a vision of financial inclusion of the unbanked grassroots people.

The establishment of BRAC Bank's CSR strategy is a crucial component that reflects the intention for the sustainable development of our society and our stakeholders which means having policies and procedures in place that integrate social, environmental, ethical, human rights or consumer concerns into business operations and core strategy – all in close collaboration with stakeholders. For BRAC Bank, the overall aim for CSR activities is to achieve a positive impact on society as a whole, while maximizing the creation of shared value for the owners of the business, its employees, shareholders and stakeholders.

Bangladesh Bank CSR Guideline is the guiding principal in designing our CSR roadmap. BRAC Bank prioritizes on long-term programs rather than the short-term ones that have sustainable and lasting impact on the people and society of the country.

At BRAC Bank, employees work with a greater mission. They are motivated to contribute to the bank's social initiatives like annual fund raiser marathon, warm clothes distribution and blood donation. Employees' passionate involvement in CSR adds new dimensions to the bank's CSR portfolio.

Social Impact Matrix of CSR

Education	
500 Students realized dreams to pursue study	**1,000** Students inspired for science education
300 Students got opportunity for technical education	
Health	
500 Cardiac patients received medical support	**1,000** Thalassaemia patients get medical support
Social Welfare	
50,000 Cold-hit people received clothes for warmer nights	**10** Girls get cycle for school going
100 Lost girls found new hope	**4,000** Employees raise fund for humanity
Art & Culture	
150,000 People found roots in classical music	
18 Writers honored	

Education

Realizing Potential: BRAC Bank- Prothom Alo Trust Adamya Medhabi Scholarship

'BRAC Bank-Prothom Alo Trust Adamya Medhabi Scholarship' was introduced in 2010 to assist meritorious student of insolvent families fulfill their pursuit of higher education. Now a big number of financially challenged students, especially in the rural parts of the country do not face dropout. BRAC Bank stands by with the students in their entire academic life. With the scholarship, many students are now studying in engineering universities, medical colleges and other reputed institutions. A total of 500 students have so far availed the scholarship.

Each year 50 meritorious students from the disadvantaged families who achieve GPA 5 in SSC level get the scholarship for HSC study. Among them, the students who also repeat GPA 5 in HSC level, get scholarships for graduation. In line with the 3P Philosophy, BRAC Bank always works towards realizing the potential of young people. BRAC Bank is proud to be part of an initiative that helps students live a prosperous life.



Realizing Higher Education Dream: BRAC University Scholarships

BRAC Bank is providing financial support to the meritorious but financially challenged students to help them pursue higher education at the university. Each year, 10 undergrad students avail this scholarship that covers full tuition fee and living expenses. The scholarship program will continue for four years. The scholarship helps realize the dream for higher education of the students.

Making technical education affordable: UCEP Institute of Science and Technology

BRAC Bank Limited has partnered to support UCEP Institute of Science and Technology (UIST) that provides technical education at affordable cost.

The contribution will be used to establish an E-Library for the students of the polytechnic institute at Mirpur, Dhaka. UIST Dhaka is the first polytechnic institute of UCEP Bangladesh to provide quality higher technical education to the youth of the country. Started in 2015, UIST currently provides diploma degree in Mechanical, Civil and Electrical Technology.

As a valuesbased bank, BRAC Bank invests in CSR programs that have lasting and long term impact on people and society.



Inspiring the youth for research and study in science: Biochemistry Olympiad

As a part its commitment to enlighten the society, BRAC Bank Limited, in partnership with Dhaka University, has been organizing Biochemistry Olympiad since 2009. The Biochemistry Olympiad inspire the young generation to pursue higher studies in science. More than 1,000 SSC/O level and HSC/A level students from all over the country participate in the biggest festival of bioscience in the country that is held every year at Curzon Hall premises. The Olympiad is an initiative for popularizing higher science education and research among the young generation. Biochemistry Olympiad will definitely inspire the young generation to pursue higher studies in science and that is instrumental for national progress. BRAC Bank puts unshakable trust on the dreams and aspirations of the young generation and helps them realize their potential.



BRAC Bank TARA stands beside the little stars of Chittagong

BRAC Bank's women forum TARA members made a financial contribution to Upalabdhi Foundation, which runs an institute for shelter and education for the lost girls in Chittagong. The amount was raised from a fund raising 'Bake n Sale' program by Tara members at BRAC Bank Head Office on the occasion of International Women's Day. The initiative carried care and love of all Tara members who believe the little donation will facilitate the welfare of the less advantaged children.



Art & Culture

Promoting authentic music: Bengal Classical Music Festival 2015



Bengal Classical Music Festival is the largest classical musical event of the world in terms of the number of audience & performers attendance. BRAC Bank Limited has been a proud partner of Bengal Classical Music Festival since 2013. This year, more than 150,000 music lovers thronged the festival venue during this 5-day continuous program. BRAC Bank believes that, with the goal to popularize and perpetuate the practice of classical music, the festival will go a long way to take the nation to the musical roots and cultural identity.

Enriching Bangla literature: BRAC Bank-Samakal Shahitya Puroshkar:

BRAC Bank-Samakal Shahitya Puroshkar was launched in 2011 to inspire the writers' community for their creative works and to enrich Bangla literature. The literary award program has already generated interest and enthusiasm among the writers' and readers' communities. The award has emerged as a prestigious literary recognition in the cultural circle of the country. The award categories are: "Poetry and novel", "Essay, autobiography, travel story and translation" and Young Writer's Award. Young Writer's Award is dedicated in the memory of late novelist Humayun Ahmed. As a Bangladeshi Bank, BRAC Bank always comes forward in promoting art, culture and Bangla literature. BRAC Bank and Samakal will work hand in hand to make this award the most prestigious and coveted literary award in Bangladesh in the upcoming years



Reliving the history: Contribution to Asiatic Society of Bangladesh for Publishing History Book



The Bank contributed to Asiatic Society of Bangladesh to publish a comprehensive history book titled 'History of Bangladesh: Ancient and Medieval'. The book will be an authentic historical documentation and reference book for the period of Bangladesh before 1704.

Instilling Nazrulworks among the youth: The First Ever Nazrul Mela

BRAC Bank partnered with Nazrul Sangeet Shilpi Parishad to organize the first ever “BRAC Bank NazrulMela2016”. The Mela took place at Bangla Academy & was open for all. This was the largest congregation of Nazrul Sangeet singers, performers and scholars in Bangladesh. The purpose of the program was to pay a tribute to the Nazrul Singers as well as the culture they belong to. The Mela was aimed at instilling Nazrul works among the young generation and increase the practice of Nazrul literary works.



Health

Support to National Heart Foundation Hospital, Sylhet



The Bank extended support to National Heart Foundation Hospital in Sylhet, the first fully fledged specialized cardiac hospital in the Sylhet Region. The 100-bed hospital provides affordable cardiac healthcare services to the people of the region. The assistance will be facilitating to buy and install the most modern cardiac treatment and rehabilitation facilities. The assistance bears testimony to the bank’s firm commitment to give back to the society it works in by standing for the cause of humanity.

Support to Bangladesh Thalassaemia Samity & Hospital

BRAC Bank has made a financial assistance to Bangladesh Thalassaemia Samity & Hospital that works for the treatment of the thalassaemia patients and also creating awareness about the prevention of the disease. This hospital is the shelter for the poor thalassaemia patients who cannot afford quality treatment due to the high cost involved to the treatment. Thalassemia Hospital arranges these treatment facilities at subsidized costs for the poor patients. Daily, a minimum of 30 children take blood transfusion facility from this hospital. Patients come from all around Bangladesh just for the treatment and guidance. BRAC Bank's help will support them to provide better care to the patients.



Information Technology

Inspiring Brilliant Minds in Technology: ICT Awards

The Daily Star and the Bangladesh Association of Software and Information Services (BASIS), in association with BRAC Bank, honored four individuals and as many information technology firms for their contribution to the country's ICTindustry - now seen as the next big export sector after garments. Finance Minister AMA Muhith handed out the trophies to the winners of "The Daily Star ICT Awards" at Le Méridien hotel in Dhaka.

The individuals who won the inaugural awards are- an internationally acclaimed software firm; founder of IBCS-PRIMAX Software (Bangladesh) Ltd, an IT firm focused on onshore and offshore software development and systems integration; And the firms are Service Engine BPO, an outsourcing company; Information Technology Consultants Ltd, an electronic payment and transaction processing vendor; Bdjobs.com Ltd, a career management site; and Hungrynaki.com, an online food delivery service.



Sports

Proud kit partner of the Bangladesh National Cricket Team

Cricket is the most popular sport in the country. Consistent world class performance of the national cricket team has immensely boosted the country's image worldwide. BRAC bank has become a proud partner of the Bangladesh National Cricket Team for two years. BRAC Bank will be the Team Kit Partner of National Cricket Team, National Women Team and Under 19 Team for all home and away series from 2016 to 2018, except International Cricket Council (ICC)tournaments.



Employee Benefit

Transport Service for officials

According to core CSR principles, employees are the closest stakeholders of a company; therefore they are the key stakeholders as far as CSR is concerned. Keeping that in mind, BRAC Bank launched Transport services (PICK & DROP Service)for the employees of the bank. BRAC Bank is providing the service by giving subsidy for the safety & security of the female employees of the bank. This project is running on a pilot basis and the bank has the plan to provide transport for all the employees of the bank.

Employee Initiatives in CSR

Marathon for Humanity: DOUR 2016

Employees of BRAC Bank run marathon every year to raise fund for supporting human cause. The raised fund is donated to a charity. This is the first such marathon initiative by a bank in the country and is unique in serving the community. BRAC Bank has been organizing the marathon since 2011. In 2016, the employees of BRAC Bank and its subsidiaries again took part for the 6th time in "BRAC Bank DOUR– Marathon for Humanity". On the occasion, the employees raised a fund of Tk. 10 lac, and the company doubled it to Tk. 20 lac from its CSR fund. BRAC Bank donated Tk. 10 lac to Bangladesh Thalassaemia Samity & Hospital that works for the thalassaemia patients and also creating awareness about prevention of the disease.



Taking warmth to the needy people during winter:

BRAC Bank distributed blankets among the cold affected people in the four districts of the country. Senior officials of the bank in assistance with the local administration distributed 15,000 blankets in five places of Nilphamari, Kurigram, Khulna and Barguna. The blankets benefited the less advantaged people as it was distributed at the very beginning during the winter season. The initiative carries the warmth of more than 7,000 employees who raised funds to donate blankets for the less advantaged people of our country.



Vigilance at its Best

Risk Management



FROM THE DESK OF CHIEF RISK OFFICER

The banking sector witnessed a diverse performance during the year 2016. Non-performing loan continued to pile up throughout the year. On the other hand, balance sheet size of the banking sector increased during mid 2016 but Capital to Risk Weighted Asset Ratio (CRAR) declined in the same period.

No one can deny the fact that nothing is permanent but change. Thus, from cradle to grave, human being, the paragon of nature is required to learn and garner knowledge to efficiently accommodate and be adaptable to changes. For a banking financial institution like us, some of the significant changes we face are; changes in national, political and economic conditions, change in government policies, change in demand of our products and services, volatility in interest rates, volatility in capital market, changes in Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) of the bank, changes in lending and deposit rates, incomes tax rate change, change in competitive markets of the country, global political and social instabilities for remittance and last but not the least there can be fluctuations in the international prices of essentials that influence the foreign exchange market. In addition to all these probable financial instabilities, one should not forget the change in climatic conditions we are eventually heading towards and being affected with, where Bangladesh stands as one of the vulnerable countries around the globe. Albeit Bangladesh does not play any major role in producing harmful toxin for the environment yet, we are being adversely affected of its detrimental impact.

During the early stages of 2016, the country had witnessed some unexpected turmoil that knocked the growth of socio-economic development in scepticism. However, in the face of formidable challenges, the Bangladesh economy continued to show signs of resilience throughout the FY 2016 period. The economy enjoyed a number of advantages from the perspective of macroeconomic management which were sustained from the previous fiscal year (FY2015). Macroeconomic stability was maintained largely due to falling inflation, large surpluses in both current and financial accounts in the balance of payments, backed up by impressive export growth and rising foreign direct investment (FDI), and increasing foreign exchange reserves. Declining interest rate on lending has played an important role in the recovery of credit growth to the private sector. Growth was underpinned by the moderate development in agriculture and robust performance in industry, aided by a buoyant service sectors. Macro-financial system of Bangladesh demonstrated a notable resilience and stability during the outgoing calendar year 2016 (CY16). Inflation moderated with respect to the beginning of the year. Gross international reserves reached great heights at the end of the year while wage earners' remittance displayed a moderate improvement at end of 2016.

The banking sector witnessed a diverse performance during the year 2016. Non-performing loan continued to pile up throughout the year. On the other hand, balance sheet size of the banking sector increased during mid 2016 but Capital to Risk Weighted Asset Ratio (CRAR) declined in the same period. Key profitability indicators, i.e. Return on Assets (ROA) and Return on Equity (ROE) decreased in the mid period of 2016. Nevertheless, Bangladesh Bank has taken a number of initiatives during the year that had implications on the financial stability of the industry. For instance, Bangladesh Bank has amended guidelines on risk based capital adequacy for banks, issued guidelines on Commercial

PRIME STOCK

Paper for Financial Institutions, introduced 7-and 14-day Bangladesh Bank bills to make the monetary policy implementation and liquidity management more effective, revised interest rate of agricultural and rural credit, changed foreign exchange regulations, etc.

The way financial risks are emerging globally, developing models for risk awareness and mitigation has become necessary. Under such circumstances, our Board of Directors and Management have set up plans and strategies to improve and strengthen our existing risk management framework. Risk management team of BRAC Bank is one of the oldest and strongest in the banking industry. We give myriad emphasis on how to take the best by taking risks, identify and manage the same which are inherently prevailing from the genesis of banking. There is a well-defined risk identification, escalation and mitigation methodology in place with clearly articulated risk tolerance level. We leave no stone unturned in managing and mitigating risks at every level of operation. We believe continuous advancement in risk management system and adoption of new technologies will be key for BRAC bank's sustainable growth in the foreseeable future.

We strive to practice what we preach. Our efforts toward immaculate transparency in our disclosures existed and shall prevail so that our stakeholders can get unambiguous perspective of their requisites. Owing to the uncertain nature of risk, we remain aligned with the ever evolving operating environment both at the national as well as global front. Whereby, risk mitigation techniques are embedded judiciously into our policies and processes. We not only aim to remain with our philosophy of People-Planet-Profit but also keep focusing on strengthening portfolio base, increasing effort towards sustainability, development of human resources, and supervision of comprehensive risk management, identify and monitor causes of failures that are expected to affect our financial position.

The way financial risks are emerging globally, developing models for risk awareness and mitigation has become necessary. Under such circumstances, our Board of Directors and Management have set up plans and strategies to improve and strengthen our existing risk management framework. Risk management team of BRAC Bank is one of the oldest and strongest in the banking industry. We give myriad emphasis on how to take the best by taking risks, identify and manage the same which are inherently prevailing from the genesis of banking. There is a well-defined risk identification, escalation and mitigation methodology in place with clearly articulated risk tolerance level. We leave no stone unturned in managing and mitigating risks at every level of operation. We believe continuous advancement in risk management system and adoption of new technologies will be key for BRAC bank's sustainable growth in the foreseeable future.

We are the custodian of people's money and strive to address all probable threats and risks with efficacy in this dynamic environment. BRAC Bank delves into all possible sources of risk to proactively mitigate them. It is only for our unshakeable trust people come to us with their hard earned money, so it is our prime responsibility to uphold the sanctity of this trust bestowed on us. Now, every change brings with it some uncertainties and risks. And risk can be defined as the adverse impact on business from various sources of uncertainty. In short, it is anything that deviates BRAC Bank from achieving its goals and threat of losing assets. But the first step to risk management process is always to acknowledge the reality of risk. Every member of the BRAC Bank family is well aware and jointly works towards safeguarding its asset by all possible means. To manage and mitigate risks, we have a robust risk management framework that not only ensures utter regulatory compliance but also internally updates and adheres to global best practices. We are compliant with the international best practice like Basel framework for managing risk. Basel Accords are recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision. Generally speaking, these rules mean that the greater risk to which the bank is exposed, the greater the amount of capital the bank needs to hold to safeguard its solvency and overall economic stability. BRAC Bank's ever dynamic operational, reputation, credit and all other probable risks are well taken care of by Basel framework.

RISK MANAGEMENT FRAMEWORK

Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk.

1. Introduction:

Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. The objective of risk management is to secure the assets and reputation of the organization and to ensure the continued financial and organizational well-being. Good risk management practice is

- To ensure that all the risks concerning the profitability and other material risks are identified, assessed and analyzed;
- To ensure that capitalization – in the form of capital and estimated profitability of the business – is sufficient in terms of current risks inherent in business activities and existing business environment;
- To that risk bearing capacity is distributed to different business areas according to the preferred strategies and that risks are properly priced;
- To limit and mitigate fluctuations in the economic values of subsidiaries; and
- To ensure the overall efficiency, security and continuity of operations.

Risk management should be a continuous and developing process which runs throughout the organization's strategy and the implementation of that strategy, methodically addressing all risks surrounding our activities of the past, present and future.

2. Vision of Risk Management:

To be a risk managed bank and help blend a risk-awareness culture into our DNA while maximizing clients' and shareholders' assets and seizing opportunities, yet striking a healthy balance between capital-preservation and capital-optimization (risk / reward).

3. Mission Statements:

- To facilitate various individuals, units, departments and divisions of BBL to be aware of their own risks.
- To provide necessary feedback and way-out in consultation with experts & resolutions of ERMC.
- To be able to comprehend and combat future adversities and take proactive measures.
- To introduce updated policy and process to safeguard the bank's and customer's interest.
- To ensure sustainable business and operations by visible improvements in regulatory and internal compliance to manage risk
- To promote a risk conscious environment in a manner consistent with the mission and vision of the Bank.

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Risk management is a discipline at the core of every institution and encompasses all the activities that affect its risk profile. Risk management, as commonly perceived does not mean minimizing risk; rather the goal of risk management is to optimize risk-reward trade-off. This can be achieved through putting in place an effective risk management framework which can adequately capture and manage all risks an institution is exposed to. Conventionally, risk management generally encompasses the process of:

- Identifying key risks to the bank
- Assessing these risks and measuring the bank's exposures to them
- Monitoring the risk exposures and determining the corresponding capital needs
- Reporting to senior management and/or board where appropriate

Risk management is not an ephemeral action, rather it's a dynamic process that must be understood and run on in virtually every part of the organization. The goal of creating a risk management culture is to create a situation where staff and management instinctively look for risks and consider their impacts when making effective decisions. BRAC bank possesses a culture of understanding risk, recognizes the importance of risk management, and carries out responsibility and accountability for identifying and managing risks from individual level. We believe that, beyond setting the right policies and structure, risk culture plays a major role for the success of an organization in its risk management. Building a risk-aware culture requires recognition at all levels and by all members of an organization of individual responsibility and accountability in identifying and managing risks. It also requires continuous feedback and realignment of business objectives, assessment processes, and employee incentives.

Nowadays it is arguably agreed that a deep and sound risk management needs implementation of risk appetite framework, which is a structured approach to governance, management, measurement, monitoring and control of risk. At BRAC bank, we understand and consider all material risks, prevailing and impending, both at the business unit level and in aggregate. Hence, in line with its overall strategies and objectives, BRAC bank sets its risk appetite that specifies the risk tolerance limit, capacity and overall readiness to take risk.

4. Key Elements of Risk Management Framework of BBL:

- Oversight of Board and Senior Management into the risk management structure.
- Proper methods and procedures for risk identification, measurement, treatment and monitoring.
- Bottom - up approach for risk escalation which allows everyone to identify risk issues from their own areas.

5. Structure of Risk Management:

Risk management structure includes all the processes, tools and techniques to manage overall risks of the bank. BRAC bank sets its risk management structure that is parallel with national as well as global standard. Not only do we have risk management inculcated at Board and Management level, but our risk management framework encompasses the operational level too, which enables us to give all-inclusive emphasis on managing risk at every level.

a. Board Involvement:

The Board is responsible for establishing the bank's overall strategy and significant policies relating to the management of individual risk elements to which it is exposed. There is a Board Risk Management Committee that is involved with the risk management functions of the bank.

Board Risk Management Committee (RMC):

- Approves the risk management policy of the bank.
- Determines strategic direction of the bank.
- Creates an environment and structure for effective operation of risk management.
- Sets up the risk appetite and tolerance limits for the bank.

b. Management Involvement:

Senior management is responsible for the implementation of risk policies and procedures in line with the strategic direction and risk appetite specified by the board. This senior management is fully responsible for the risk management culture of the entire bank. To manage the enterprise wide risks, the bank has the Enterprise Risk Management Committee (ERMC).

Enterprise Risk Management Committee (ERMC):

Senior management is involved in solving the bank-wide risk issues through ERMC. This committee is

steered by Chief Risk Officer (CRO). Enterprise Risk Management Committee oversees all matters relating to enterprise wide risk management, especially in terms of recommending policies and guidelines for effective risk management to the Board.

c. Entire Bank's Involvement in Risk Management Process:

To make the risk management process more robust, transparent and to bring the risk issues from every corner of the bank, BBL established an Enterprise Risk Associate Forum (ERAF) consisting of the representatives from all the divisions. ERAF is chaired by the Head of Risk Management and meets as and when required, but at least once in a month. The forum specially addresses the following issues:

- Works as an initial level of risk managers for their own division.
- Identifies, escalates and reports the risk issues from every unit.
- Solves the issues together with the recommendations from all the stakeholders.
- Works on the issues till proper resolution is attained.
- Promotes risk culture and works closely with risk management division to ensure risk management initiatives are in place for risk controlled banking practices.
- Assists Risk Management Division to plan and reduce operational surprises and losses by recommending risk mitigation strategies.

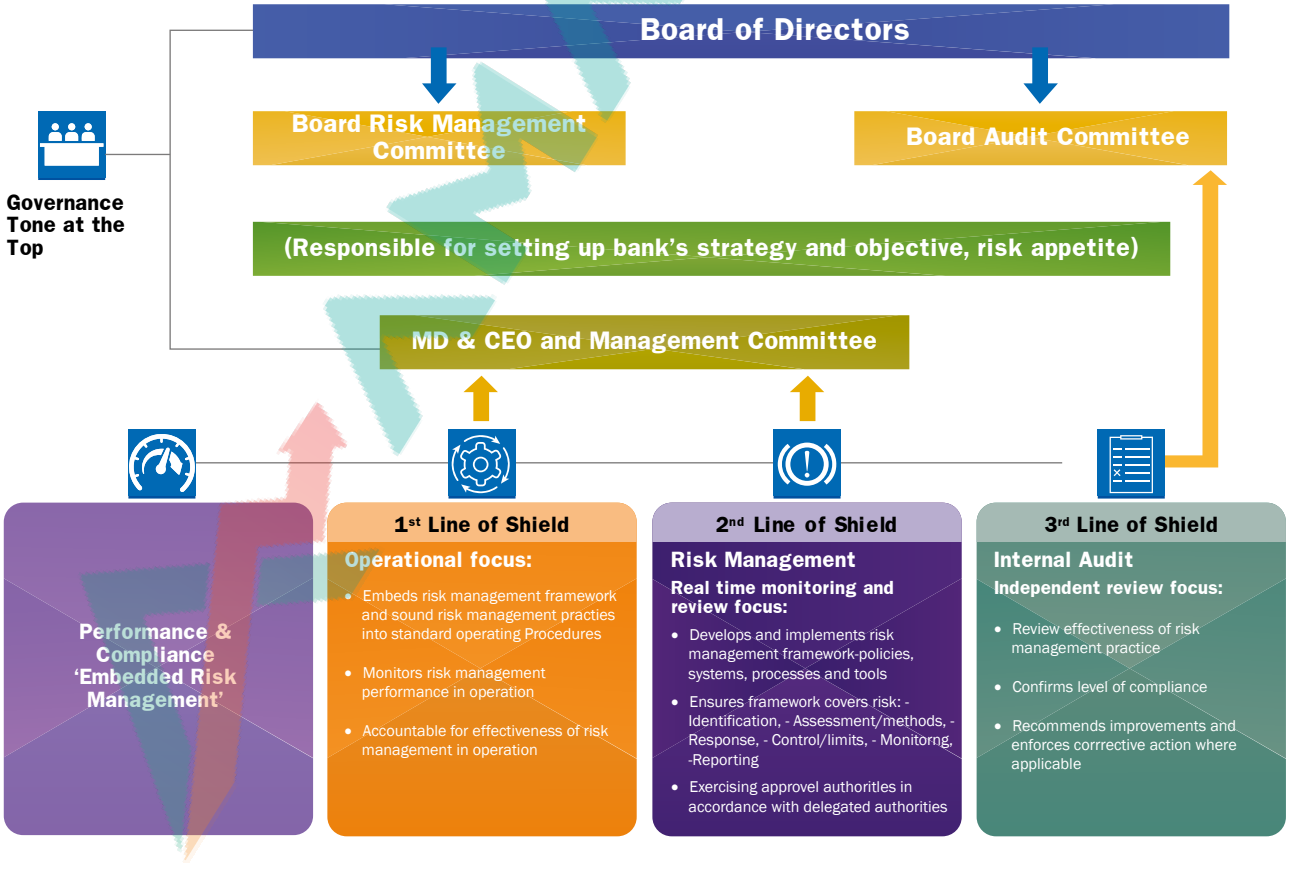
d. Single Solution Platform- Enterprise Risk Governance Forum (ERGF):

Enterprise Risk Governance Forum (ERGF) is a platform where all the staff around the corner of the bank can get access to the immediate solutions of the problems related to business operational queries as well as for risk and hazards. This forum is established and comprised of all the heads involved in Risk, Control, Compliance, Governance and Security. All the queries are met by the senior management. This forum acts as the single contact point for risk response.

At BRAC bank, risk management structure includes all the processes, tools and techniques to manage overall risks of the bank. BRAC bank sets its risk management structure that is parallel with national as well as global standard.

The framework of BRAC bank's overall risk management involves the following oversights:

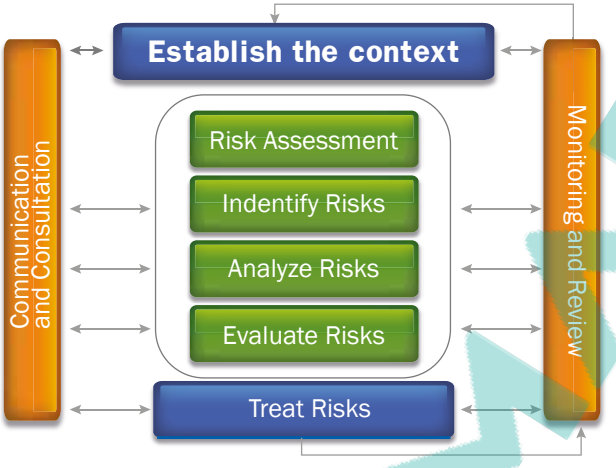
- Board and senior management supervision



- Sound capital assessment
- Comprehensive assessment of risks
- Monitoring and reporting
- Internal control review

6. Process pertaining to our Risk Management Framework:

We believe, to be sustainable and consistent in financial performance in the long run, and in order to achieve this inimitable and effective risk management is the prerequisite. Hence, effective risk management is the core element of the financial soundness of a bank. Our Risk Management Framework gives us clear understanding of how and where to start from, what measures to take and how to mitigate risks at every level. Hence, our risk management framework can be portrayed in the following manner:



7. Committees and Forums responsible for Risk Management:

Even though BRAC bank has a unique culture to treat risks in a manner where each and every layer is involved, it also has some structured entities to govern and oversee risk management function. Keeping in mind the inherent nature of risk, BRAC Bank has several committees comprising of its key personnel from Management as well as Board level, to oversee the material risks issues the bank is exposed to. Following are a few to mention;

- Board Audit Committee
- Board Risk Management Committee
- Credit Committee
- Asset Liability Management Committee
- Basel Steering Committee
- ERMC & ERGF
- ERAF



8. Roles of Board in managing risks:

In 2014, board level "Risk Management Committee" has been established following the Bangladesh bank's directive. They convene on bi-monthly basis. Our Risk Management Committee is comprised of three members from the board. This esteemed body actively monitors the overall risk management of the bank through comprehensive review including determination of risk appetite, risk policies, risk framework, etc. The Risk Management Committee, at board level, provides assistance to the Board of Directors in fulfilling its responsibility to the shareholders, prospective shareholders and investment community. The objective of Risk Management Committee is to play an effective role in mitigating impending risks arising from strategies and policies formulated by the Board and to carry out the responsibilities efficiently. After identifying and assessing several risk factors like credit risks, foreign exchange risks, ICC risks, AML risks, liquidity risks etc.; the Risk Management Committee scrutinizes whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified. The committee is responsible for assessing, and providing oversight to management relating to the identification and evaluation of major strategic, operational, and regulatory, information security and other external risks inherent in the business. It also oversees the risk management, compliance and control activities of the bank. Overseeing the integrity of the bank's operational controls in line with legal and regulatory requirements, is also within the purview of RMC.

Particulars	Roles and Responsibilities	Represented by
Board Risk Management Committee (RMC)	• The Company's Risk Governance Structure • Risk Management Policy of the Bank • Determining strategic direction of the Bank • Setting up the Risk Appetite	Members from Board of Directors
Enterprise Risk Management Committee (ERMC)	• Designs enterprise wide risk management framework including policy for the bank and reviews it periodically to keep it contemporary • Provides clear guidance on enterprise risk management. • Establishes internal risk policy for business/functional units. • Assesses business risk and review risk based internal audit system and report to understand impact of control risk on the bank.	Members from Management Committee
Basel Steering Committee	• Oversees the implementation of Basel Accords across the bank according to the guidelines of BB • Ensures proper assessment and allocation of adequate capital against the bank's own ICAAP outcome • Recommends action plan and policies for development of bank specific ICAAP document • Conducts dialogue with BB's SREP team to set up capital charge against various risks which fall under ICAAP	Members from Management Committee
Asset Liability Management Committee (ALCO)	• Assumes liquidity risk to attain bank's financial goal • Monitors Interest rate risk so that the bank retains its margin of profitability	Members from Management Committee
Credit Committee	• Monitors credit risk & sets up strategy for credit policy and procedure • Reviews the bank's credit risk appetite and exposure • Ensures compliance of credit limits approved by BODs	Members from Management Committee
Enterprise Risk Associates Forum (ERAF)	• Promotes risk culture • Works closely with risk management division to ensure risk controlled banking practices. • Works as an active risk manager of respective unit by identifying departmental risk issues and perform necessary analysis. • Escalates respective risk issues to risk management division (RMD) and suggests mitigation.	Representatives from all concerned departments
Risk Register (a tool to flag risk)	• Creates awareness about risk management at individual level • Enables individual employee to flag risk issues throughout the bank	Employees of Pan bank

9. Scope of Risk Management Division:

In BRAC Bank, Risk Management Division (RMD) has been established as per Bangladesh Bank directives. Here, risk management function is accountable for overseeing management of risks inherent in the bank's operations. Moreover, this function is responsible for ensuring that effective processes are in place for:

- Identifying current and emerging risks
- Developing risk assessment and measurement systems
- Establishing policies, practices and other control mechanisms to manage risks
- Developing risk tolerance limits for Senior Management and board approval
- Monitoring positions against approved risk tolerance limits; and
- Reporting results of risk monitoring to Senior Management and the board

However, it must not be construed that risk management is only restricted to individual(s) responsible for overall risk management function. Business lines are equally responsible for the risks they are taking. Because business line personnel, more than anyone else, understand the risks of the business.

10. Risk Management footstep in 2016:

The nation had witnessed multifarious risky events in 2016. Under such circumstances we had to take contemporary measures in order to ensure smooth operation of our day to day business. To withstand every possible adversity faced in 2016, we formed a new forum named as Enterprise Risk Governance Forum (ERGF) that brings ultimate efficacy in our overall strategies of risk management. In this committee, both management level and fundamental planners of the bank work together to orchestrate a chain of risk management. Besides that, an updated version of Enterprise Risk Management Policy is in progress to be circulated very shortly.

Moreover, through preparation of periodic Risk Management (RM) paper, key risk areas are highlighted and placed at management level regularly. Added to this, significant risk issues of our bank with full analysis are presented in front of the ERMC. Particular issues are addressed in accordance with the ERMC resolution. Our Managing Director & CEO is the chair of this committee.

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11. Coverage of Various types of Risks:

The above entire risk management framework addresses various types of risk issues to minimize the loss and maximize the shareholders' profits.



The entire risk management framework is designed in such a way so that all types of risk can pro-actively be identified and mitigated to reduce its exposure and the probability of these taking place in future. This in turn will help BRAC Bank's steady growth.

Just like one candle can light a million candles without losing its luminance, we at BRAC Bank set examples by smoothly facilitating any changes and creating enabling environment for other market players to get enlightened from our journey. Now, standing at this point in time, we wish to concentrate on the quality of our portfolio more than ever, we are committed to work for people, planet and profit. With the mindset to be a sustainable bank, we thoroughly assess every individual before boarding in as customer. Yet, in line with our visionary founder chairman's philosophy of building a world free from all forms of exploitation and discrimination, we intend to bolster the economic growth of our nation on ethical ground. In the pursuit of excellence in service quality we constantly strive to inculcate service culture into the DNA of all our employees.

RISK MITIGATION METHODOLOGY

In addition to this, for the assessment of adequate capital under Supervisory Review Process, the evaluation of Core Risk Management are conducted by the respective core risk owners of our bank. The rating decision are based on Central Bank as well as internal Audit Reports.

The first step to risk management process is always to acknowledge the reality of risk. Denial is a common tactic that substitutes deliberate ignorance for thoughtful planning. In this regard BRAC Bank stringently focuses on managing all types of risks in their processes along with implementation of Basel-III for capital adequacy as per the Bangladesh Bank road map. BRAC Bank identifies, analyses and escalates all kinds of risks (e.g. credit, market, operational, legal, compliance, reputational, strategic, etc) inclusive of six core risks based on Bangladesh Bank's Core Risk Guidelines. With the development of key risk indicators, business continuity planning, Basel II & III compliance advancement, and the re-engineering/establishment of process manuals to ensure proper accountability and operational control, we are in a process of continuous development. For risk identification and escalation to senior management – a dedicated wing is in place to forecast and identify risk based on Bangladesh Bank's core risk guidelines, analyze and suggest on risk mitigation, and report timely to senior management for strategic decisions, gear up resources to meet all requirements set by Bangladesh Bank on capital adequacy, risk supervision and disclosure.

An Enterprise Risk Management Committee (ERMC) is in place to ensure the bank's risk governance and ensure compliance with Bangladesh Bank directives on forming separate risk management cell for minimizing the bank's enterprise level risk issues. ERMC is a process supported by the Board of Directors of BRAC Bank Limited and Management Committee members, and it is applied in strategy setting across the enterprise. The ERMC is designed to identify potential events that may affect the organization and to provide reasonable assurance regarding the achievement of the bank's strategic objectives.

In addition to this, for the assessment of adequate capital under Supervisory Review Process, the evaluation of Core Risk Management are conducted by the respective core risk owners of our bank. The rating decision are based on Central Bank as well as internal Audit reports, CAMELS rating, various returns and internal MIS and also keeping in mind all the relevant risk aspects, industry position, business activities and feedback from across the bank.
For internal audit, an audit plan in different core risk departments of Head Office is prepared at the beginning of each year and approval is taken from Senior Management. Plan is usually prepared taking regulatory and internal requirement into cognizance. Prior to auditing a specific department, Terms of Reference (TOR) are finalized to conduct audit and placed for management approval. According to the approved audit plan & TOR, resources are allocated to conduct audit activities. At the end of the audit, findings are shared with concerned

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departments. To finalize those findings, a review meeting is arranged with concerned risk department's Senior Management. When all the audit findings are settled, finalized and agreed by them, summary of audit findings are submitted to Board Audit Committee (BAC) and Managing Director & CEO. BAC directives are shared with the relevant risk divisions. Compliance status of unresolved issues is monitored by a separate team (Compliance & Monitoring) under ICC. BAC meetings are generally held bi-monthly and a summary report of audit findings is placed in each meeting

Complementing this exhaustive mechanism, a model has been developed to assess each of the six core risks individually. A set of questionnaire has been developed in order to do this assessment. The responses to the questions lead to a score, which is tagged with a grade. The grading is similar to Bangladesh Bank's format where capital charge is to be calculated if it falls below "Satisfactory" level. The questions primarily cover key aspects of the six core risk guidelines of Bangladesh Bank, international best practices and keeping in mind the bank's risk appetite and profile.

1. Credit Risk:

A credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. In the first resort, the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. At BRAC bank, the core function of Credit Risk Management (CRM) Team is to optimize the risk adjusted return from the bank's loans and advances by maintaining an appropriate standard in the underwriting process. BRAC bank takes holistic approach towards credit risk management, where socioeconomic and environmental impacts of the decisions made are emphasized upon. This particular practice is the hallmark of BRAC Bank's credit risk management objective. To achieve this goal, we manage the credit risk inherent in the entire portfolio of the bank as well as the risks associated with individual credit proposals or transactions. We consider the relationships between credit risk and other risks while supporting the transactions of the bank. We believe that the effective management of credit risk is a critical component of a comprehensive approach to risk management and essential to the long-term success of any banking organization.

Bangladesh bank has issued guideline on credit risk management more than a decade ago, which was updated this year yet again. Hence, we have a clear directive from the central bank to follow, in conjunction with BRAC Bank's credit policies that is in place since 2005 for the management of credit risk. The policy is tailor made to distinctively cater to each of the three different business lines namely SME, Retail and Corporate, that is reviewed every year. Loan processing system in our bank is entirely centralized. While the Relationship Manager (RM) hunts for potential businesses keeping in mind the 5 Cs in a customer, the RM prepares credit proposals and sends them to Credit Risk Management (CRM) for analysis. Once CRM analyzes the proposal, decision is made (Approved/Declined/Query provided) and approved as per the Delegation of Authority. Finally, documentation & disbursement are being done by Operations Division. In each of the aforementioned step, very stringent and rigorous risk assessment is executed. We strive to eliminate every possibility of credit risk in BRAC Bank. In addition, there is a lending cap to a single borrower / group borrower that enables the bank to ensure compliance of the exposure limit as stipulated by the regulators.

Determination of credit risk involves review of the borrower's past credit history and its income assessment. We have established an appropriate credit risk environment, operating under a sound credit-granting process, maintaining a robust credit administration and monitoring process, and ensuring adequate controls over credit risk. We identify these risks by physically showing up at the project sites on a regular basis. Visits are made by Relationship Managers as well as by Credit Inspection Team. It provides a basic structure for corporate borrowers to improve their environmental and social performance through the establishment of environmental and social goals, implementation of a plan for achieving those goals, monitoring progress, and corrective actions. The steps involved are:

1) Develop internal awareness of environmental and social risks associated with lending.

2) Integration of environmental and social risks into credit appraisal process.

3) Monitor whether environmental and social plans and goals are being carried out effectively.

The environmental and social performance of current and potential debtors raises a variety of potential risk and opportunities for banks. Given this fact, we are very meticulous in performing due diligence prior to committing funds to a borrower. To achieve the target, we have established an open credit culture through

providing the delegation of authority among the mid-management of CRM division to support the bank's primary goal. We believe that without skilled human resources, it is difficult to maintain quality service, and as part of that we have implemented a number of on-the-job training sessions, knowledge sharing sessions, and case studies on Credit Risk Management for the employees working in this division. To support our SME borrowers' businesses which are geographically spread-out all over the country including the rural areas, we have established numerous CRM centers across the country. These centers perform an independent pre-approval visit to ensure credit-worthiness for the proposal to consider, hence covering 100% of the SME underwriting throughout the country. At BRAC Bank Ltd., we are very keen to identify, measure, monitor and control credit risk to ensure that adequate capital against these risks are maintained and that they are satisfactorily compensated against the risk of potential losses.

2. Market Risk:

Market Risk is the risk of potential losses in the on balance sheet and off balance sheet positions of a bank stemming from adverse movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads, and/or commodity prices.

3. Equity Price Risk:

Equity risk is defined as the losses incurring from the changes in the market price of equity held by the bank. To measure and identify the risk, mark to market valuations of the share investment portfolios are done. Mark to market valuation is done against a predetermined limit. Equity Risk of the bank is also monitored through analysis of own investment on shares by subsidiaries, margin loan against investment in share by subsidiaries and loan statement against shares. Equity price risk could be systematic or unsystematic. The former refers to the sensitivity of a portfolio's value to changes in overall level of equity prices, while the latter is associated with price volatility that is determined by a firm's specific characteristics.

4. Interest Rate Risk:

Interest Rate Risk is the potential impact on a bank's earnings and net asset value due to changes in the market interest rates. In simple words, interest rate risk arises when the bank is obliged to pay more interest for liabilities but cannot charge more on assets. Such risks cannot be eliminated as re-pricing period of assets and liabilities are different. Other than re-pricing issue, other sources of interest rate risk are: yield curve risk, basis risk, and embedded options. The immediate impact of a variation in interest is on the bank's net interest income, while a long term impact is on the bank's net worth since the economic value of the bank's assets, liabilities and off balance sheet exposures are affected. Re-pricing schedule used as interest rate risk measurement techniques. It begins with a maturity/re-pricing schedule that distributes interest sensitive assets, liabilities, and off- balance sheet positions into a certain number of predefined time bands according to their maturity (if fixed rate) or time remaining to their next re-pricing (if floating rate).

5. Foreign Exchange Risk Management:

Foreign Exchange Risk Management is the risk that the bank may suffer losses as a result of adverse exchange rate movements during a period in which it has an open position in an individual foreign currency. In addition, the bank is also exposed to interest rate risk and settlement risk on account of its foreign exchange business.

At BRAC bank, treasury division is vested with dealing with risks associated with foreign exchange movements. Every dealer is given a stop loss limit to restrict his/her intuition beyond an acceptable limit. Net open position of BRAC bank is strictly followed as agreed by Bangladesh Bank.

We have Foreign Exchange Risk Management Guidelines entirely customized as per our bank's need since 2004. The guidelines have been prepared as per Bangladesh Bank guidelines and appraised by our Board of Directors. Bangladesh Bank issued guideline on FX risk in 2009 that was last updated in February 2016. All financial activities are susceptible to different degree of risks. Being a financial institution, to measure, monitor and manage these risks is crucial for the survival and good health of the organization. Within the bank, treasury is vested with the responsibility to measure and minimize the risks associated with bank's assets and liabilities. Managing foreign exchange risk is one of the prime responsibilities of treasury. Various risk elements are considered while managing/dealing foreign exchange transactions. The important risk issues are credit risk, liquidity risk, interest rate risk, price risk, compliance risk etc. While segregation of responsibilities is duly maintained, strict restrictions also exist for dealers. They are restricted to do deal processing, generating

revaluation rates, regulatory reporting, setting up counterparty limits, setting up market risk limits, own account trading, etc. Similar restrictions are also present for the back office team.

Various risk elements are considered while managing/ dealing foreign exchange transactions. The following aspects are covered to combat FX risk at the bank.

a. **Limits:** Foreign exchange dealing would be done within the limits delegated by the Board of Directors to the CEO/ Head of Business, Head of Treasury. Dealing limit would be set considering the bank's own requirement, market condition, counter party, etc. CEO would delegate the limit to the Head of Treasury (HOT) and HOT would allocate the limit to individual dealers.

b. **Stop Loss Limit:** Every dealer is given a stop loss limit to restrict the intuition beyond an acceptable limit considering the organization's portfolio and risk aversion attitude. Limits are also set for individual deals and portfolio position of a dealer. Stop loss limit to the Head of Business/CEO and the Head of Treasury is set by the Board and in turn the Head of Treasury (HOT) allocates the individual limits to dealers.

c. **After-hours Dealing and Off-premise Dealing:** After-hours dealing and Off-premises dealing is strictly restricted. HOT, with the permission from the Head of Business/CEO, might do after-hours dealing and off-premises dealing for taking/ covering positions on case-to-case basis.

d. **Position Reconciliation & Nostro A/C Reconciliation:** All dealers' positions are reconciled with the positions provided by the back-office before making any deal in the next business day. All Nostro accounts are reconciled on a monthly basis. Any outstanding issues are reported to the CEO/Head of Operations for immediate reconciliation.

e. **Valuation:** Treasury back office evaluates all the outstanding positions at current market rates (mark to market) to determine the current market value of these on a daily basis. Back office gathers market rates from independent sources i.e. other than the dealers of the same organization to avoid conflict of interest and report to the line manager. This exercise provides the profitability/loss of the outstanding contracts.

f. **Internal Audit:** Bank's internal audit team conducts audit to the affairs of the treasury front office and back office, which will include checking DCFCL, adherence to various limits, compliance requirements, statutory and management requirements, etc. In addition to regular audits, surprise audits to the affairs of the front office and back-office is conducted.

Making a deal

The process of a deal would start when a dealer strikes a deal in the market. He would then maintain his own record for monitoring the exchange position and his own dealing position. Within a reasonable time, the dealer would pass the detailed information of the deal to the treasury back office. The back office arranges for the deal confirmation to the counter-party, arranges settlement, reconciles exchange position and advises treasury. Certain processes are extremely crucial to achieve efficiency, profitability and control in the treasury functions that are mentioned below:

Dealing Room: Access to the dealing room is restricted only to dealers and concerned personnel.

Taped Conversation: Dealing room is equipped with a voice recorder for recording deals taking place over phone.

Deal Recording: Deals are recorded as soon as a deal is stuck in a deal register/electronic register where a dealer and Head of Treasury/Chief Dealer puts initials.

Position Blotter: Immediately after a deal is struck, the dealer records the deal on the position blotter and updates his position. Dealer maintains the blotter with utmost importance to avoid any mismatch and adverse position.

Deal Slip: Immediately after a deal, dealer will prepare a deal slip with necessary details and pass the same to the back office for settlement and reconciliation.

Deal Delay: Deal slip would be sent to the treasury the back office within the shortest possible time and without making any abnormal delay.

Counter party Limits: A counterparty limit arises from the potential risk of the counterparty being unable to settle a deal. Both pre-settlement risk (PSR) and Settlement Risk (SR) are present here. Counterparty limits are set by the Credit Committee and monitored by Head of Treasury/Financial Analyst.

In addition to the aforementioned aspects, Trigger Levels, Appropriateness of Dealings, Rate Appropriateness, Deals Outstanding Limits, Daily Treasury Risk Report, Code of Conduct, etc. are also taken into consideration. Bangladesh Bank approved limits are present for monitoring. Daily management report portrays the real scenario to the top management. Moreover, we report FX open position limit to Bangladesh Bank on a regular basis.

6. Asset liability Management Risk:

Asset Liability Management (ALM) plays a critical role in weaving together the different business lines within a financial institution. Managing liquidity and the balance sheet are crucial to the existence of a financial institution and sustenance of its day to day operations. It is also essential for seamless growth of the balance sheet in a profitable way.

Asset Liability Management (ALM) is the core job and integral part of Bank Management.

Changes in market liquidity and in interest rate exposes Bank's business to the risk of loss, which may, in extreme cases, threaten the survival of the institution. As such, it is important that the level of the balance sheet risks is effectively managed, appropriate policies and procedures are established to control and limit these risks, and proper resources are available for evaluating and controlling these risks. When our central bank issued guideline on ALM over a decade ago and was last updated in this year, we developed our own policy in line with them. The Asset Liability Management policy was approved by the Board in August 2004. It was last updated in April, 2016. Asset Liability Management policy is prepared to monitor, measure and manage the risks associated with the balance sheet and guards the bank against any unforeseen losses/threats for survival. The policy is revised to accommodate regulatory and organizational change.

Liquidity Contingency plan and the guidelines of Bangladesh Bank in respect of CRR, SLR & Capital Adequacy are also there to guide in the proper direction. We have the Asset Liability Committee (ALCO) responsible for overall balance sheet (asset liability) risk management. Treasury would be responsible for managing the balance sheet as per recommendation of ALCO to minimize risk and maximize returns. The



committee would call on a meeting at least once in every month to set and review strategies on ALM. The ALCO process or ALCO meeting reviews the ALCO paper along with the prescribed agendas. Head of treasury puts his views on whether the interest rates need to be re-priced, whether the bank needs deposits or advances to grow, whether the growth on deposits and advances should be on short term or long term basis, what would be the transfer price of funds among the divisions, and what kind of interbank dependencies the bank have. Based on the analysis and views, the committee would take decisions to reduce balance sheet risks while maximizing profits.

BRAC Bank Limited gives adequate emphasis in order to minimize the balance sheet risks as effectively as possible. Appropriate policies and procedures have been established as per the guidelines of the Bank's Board of Directors (BOD) including relevant guidelines specified by Bangladesh Bank to control and limit these risks. Apart from that, proper resources are available for the evaluation and control of these risks. The Asset Liability Committee (ALCO) of the bank monitors Balance Sheet and liquidity risks of the bank.

7. Environmental and climate change risk:

In addition to these entire probable financial risks, one should not forget the change in climatic conditions that could pose a potential threat to our business. Albeit Bangladesh does not play any major role in producing harmful toxins for the environment, yet we are being adversely affected by its detrimental impact.

The impact is quite evident as we have been facing unwarranted devastating cyclones and floods across the country. And since BRAC Bank's portfolio is concentrated with small and medium scale entrepreneurs, natural calamities greatly hamper our business lines. Yet, just like no lock is made without a key, BRAC Bank deals every challenge proactively. We not only ensure proper mitigation strategy while extending credit facilities but also involve dedicated relationship managers zone-wise to closely monitor and council customers to help combat unforeseen situations with efficacy. Simultaneously, to safeguard our environment from further deterioration we strongly emphasize on "Green Banking" practices. We are a sustainable bank with high ethical values and also received accolade from the central bank.

Environmental and climate change risk refers to the uncertainty or probability of losses that originates from any adverse environmental or climate change events (natural or man-made) and/or the non-compliance of the prevailing national environmental regulations. Environmental and climate change risks can hamper the business stability of the borrowers as far as profitability and reputation are concerned. BRAC bank uses Environmental Risk Rating (EnvRR) while financing new projects.

8. Internal Control and Compliance:

Internal Control and Compliance risk refers to the gap of internal system to highlight a control breach either because of non-inclusion in sampling or due to failure to detect within the sample. Losses arising out of lapse of internal compliances will be considered under operational risk. Internal control is the process, guided by a company's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of the objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations, and internal policies. Internal controls are the policies and procedures established and implemented alone, or in concert with other policies or procedures, to manage and control a particular risk or business activity, or combination of risks or business activities, to which the company is exposed to or in which it is engaged. A sound internal control function plays an important role in contributing to the effectiveness of the internal control system. BRAC bank has a board approved own Internal Control and Compliance policy.

9. Establishment of a Compliance Culture

We have a very robust structure within the organization to strictly combat ICC risk. There is a vivid and clear Audit Charter formulated in order to ensure transparency, accountability and authenticity. By the virtue of this framework, the audit teams have the accessibility to any information across the bank. They are entitled to make any query deems fit during the execution of the auditing. The Board of Directors of the bank has established an Audit Committee to monitor the effectiveness of the internal control system of the Bank. The Audit Committee meets the senior management periodically to discuss the effectiveness of the internal control system of the bank and ensures that the management has taken appropriate actions as per the recommendations of the auditors and the Internal Control and Compliance Division (ICCD). As per the approved audit plan, ICCD completes the audit and inspection tasks of branches (Retail, SME) and head Office divisions/ departments in 2016. The significant deficiencies identified by Internal Control team are reported to the Audit Committee of the Board. In addition to the internal audit & inspection team, the monitoring team conducts surprise inspections at the Branches, SME unit offices.

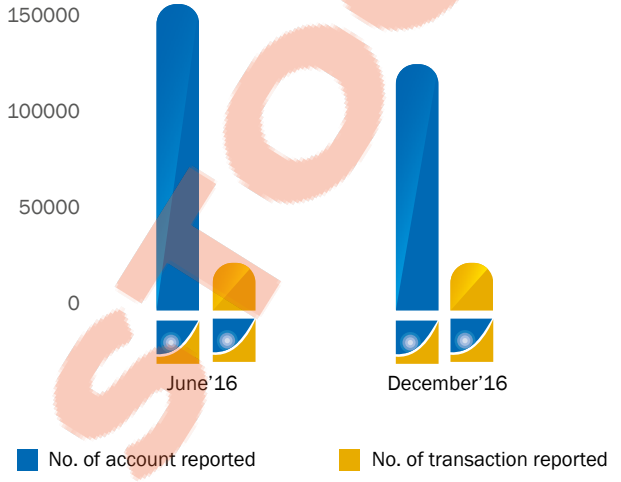
Now a day's, fraud and forgery appears in diverse form. To prevent fraud & forgery, BRAC Bank Limited established a department to deal with such kind of incidences. This wing exclusively deals with all kinds of fraud and forgery and act independently as the first contact point / information unit where internal & external fraud & forgery incidences are investigated and reviewed. To protect the bank and its stakeholders' interest, this unit performs thorough investigation to identify the perpetrator and the root cause of the reported incident. As a counteractive course of action, preventive and corrective measures are recommended to the business/functional unit to take necessary actions relating to process improvement, recovery of misappropriated amount, adjustment of the operational loss and to take appropriate action against the perpetrator. The investigation reports are also placed to the Board Audit Committee for their direction and guidance. This wing also ensures the implementation of the recommendations made in the investigation report by performing follow up audit, quarterly. Any violation and breach in compliance issues are dealt with iron hand. They unearth the root causes of every delinquent/ fraudulent activity in the face of internal and external fraudster.

10. Role of External Auditors in Evaluating Internal Control System

It is known to all that External Auditors by dint of their independence from the management of the bank can provide unbiased recommendations as far as the strengths and weaknesses are concerned relating to the internal control system of the bank, which is done on regular periodicity. They examine the records, transactions of the bank and evaluate the accounting policy, disclosure policy and methods of the financial estimations made by the Bank. This allows the board and the management to have an independent overview on the overall control system of the bank. Along with the periodic Bangladesh Bank audit, other external auditors conduct regular auditing to find out the control lapses prevalent within the system.

11. Prevention of Money Laundering:

Money Laundering is deemed as a finance-based crime that buckles down to conceal, misrepresent and disguise all the details with regard to illegal financial income taking advantage of the vulnerability of the Financial Institutions mostly in the developing countries. Due to the rapid incorporation of sophisticated technology in a globalized financial sector; money laundering has become a truly worldwide scourge that has devastating economic, security, and social consequences. Money launderers are seen to concentrate on developing countries like Bangladesh. Therefore, Bangladesh strengthens its Anti Money Laundering system time to time by introducing and updating legislations, acts such as Anti Money Laundering Act, Anti-Terrorism Act and making it compulsory for the reporting organizations to comply with the same. In addition, being the main regulatory body of the banks and financial institutions, Bangladesh Bank has guided us through guidance note, policy, circular, circular letter, instructions etc. in compliance with the laws of land from time to time.



BRAC Bank recognizes its obligation to join with governments, international organizations and other financial services organizations to close off the financial channels that money launderers and terrorist organizations use for their illicit purposes. The Board of Directors of the Bank view Money Laundering Prevention as part of Risk Management strategy and not simply as a stand-alone requirement that is being imposed by legislation but also is fully committed to condemn Money Laundering and Terrorist Financing in all its forms and manifestation.

To fulfill the commitment, BRAC Bank Limited has developed comprehensive policy on "Money Laundering Prevention", "Combating Financing of Terrorism", and "Know Your Customer" approved by the Board of Directors. We continuously strive to enhance our own policies, procedures, systems & technology on the guidance of our board and have issued multiple circulars, circular letters and instructions time to time in compliance with the updated regulations. As part of its anti - money laundering policy, every year BRAC Bank communicates a statement to all its employees through the Chief Executive Officer that clearly sets forth the way forward for the present year and shares the initiatives taken in the last year pertaining to combating Money Laundering and Terrorist Financing.

The bank has also nominated Chief Anti Money Laundering Compliance officer (CAMLCO) and Deputy CAMLCO who ensure that the bank is compliant with AML's concern. In addition, Branch Anti Money

Laundering Compliance officer (BAMLCO) at Branches, independently make the bank compliant on AML matters. The regulatory requirements are being complied with and the guidelines are being followed by the bank properly. Branch Anti Money Laundering Compliance officer (BAMLCO) at branches, reviews and verifies the transactions of accounts to make Suspicious Transactions Reports (STR), and ensures AML and CFT compliance culture throughout the bank. Training is being conducted continuously for all the officers of the bank to create awareness and develop the skill for ensuring KYC (Know your Customer) compliance and identifying suspicious activities/transactions.

12. Monitoring

Once an account is opened, we monitor relevant activities of the customer and transaction in account in the course of the relationship on an ongoing basis. Inconsistency is measured against the stated original purpose of the accounts i.e. the declared Transaction Profile (TP) of the Customer. Following reports are generated at prescribed frequency to ensure effective monitoring.

- **Excessive Cash Movement report:** On a daily basis branch generates a large value Cash Transaction Report and review the transaction pattern.
- **Exception Report/ TP Breach Report:** On a monthly basis, branch generates an Exception Report of the customers whose accounts transaction volume exceeded the transaction limit (more than 20%) mentioned in transaction profile and review the same. If, after confirming with the client, the transaction trend is to continue, the dealing officer documents the reason why the transaction profile has changed and amend the KYC profile accordingly.
- **CTR (Cash Transaction Reporting):** Cash transactions (deposit / withdrawal) that breach certain limit set by Bangladesh Bank are required to be reported to the Central Bank in softcopy. Before sending the report to BFIU, Bangladesh Bank, respective branch reviews the transactions to detect suspicious transaction. If the transaction is found to be suspicious, then it is also reported as per the regulatory procedures.

While monitoring and reviewing the above reports, if the branch staff identifies the activity of customer or any pattern of transaction suspicious, that staff is assigned to raise a Suspicious Transaction Report / Activity Report to BAMLCO. If BAMLCO finds the suspicion justified, he/she will forward the same for CAMLCO's judgment.

Apart from monitoring the customer activity and transaction, the Branch makes an overall assessment on AML/CFT activity of the branch. Self-assessment ends up with a report documenting the work performed, who performed it, how it was controlled and supervised and the resulting findings, conclusions and recommendations. A consolidated report on "self-assessment and independent procedure" is submitted to the Senior Management of the bank, an analysis on whether the internal procedures and statutory obligations of the financial institution in combating AML/CFT have been properly discharged.

We have incorporated KYC, Due Diligence and AML risks along with the mitigation plans in the Product Program Guideline (PPG) and have developed end to end operations manual for both front line and back end employees to remain constantly vigilant to prevent the use of our products and services by those who abuse them. Once the account is opened, we monitor relevant activities of the customer and transaction of the account in the course of the relationship on an ongoing basis. Inconsistency is measured against the stated original purpose of the accounts i.e. the declared Transaction Profile (TP) of the Customer. In addition to the regular return, we report suspicious activity / transaction to the Financial Intelligence Unit of Bangladesh Bank and respond to their several queries with regard to the customer activity / transaction. In such cases, where there has been a report of a suspicious activity or the Institution is aware of an ongoing investigation relating to a client or a transaction, records relating to the transaction or the client are retained until confirmation is received that the matter has been resolved.

13. Information and Communication Technology Risk:

Technology continues to be a strong pillar in the bank's idea to attract the banking experience of its customers. In line with the key trends which are shaping technology today, the bank has rolled out various initiatives leveraging mobility, digitalization and innovations in payments technology. BRAC bank strictly adhere the latest guidelines provided by Bangladesh Bank regarding ICT Security (version 3). Our information security team works as the 3rd eye for information assurance and manage ICT risks. Its vision is to become the "centre of excellence" for the information security management within the banking industry and to be the forerunner in this trend as the bank with a mission to provide proactive security analysis, develop robust security architecture and ingrain security awareness into the bank's environment. Additionally, our aim is to work in partnership with the various information resources departments, internal audit Information technology departments and with Bangladesh Bank to support the overall goals and objectives of the bank.

Bangladesh bank issued their ICT policy in 2005 and was last updated in May 2015. In order to comply with Bangladesh Bank ICT guideline and safeguard, our IT infrastructure and assets from the external and internal adversities have developed an ICT policy that has a rock-solid base. This policy has been formulated based on Bangladesh Bank ICT guideline and the vastly practiced framework and international standards such as COBIT, TIL and ISO27001. Information & Communication Technology (ICT) policy provides a framework for the best practice that can be followed by all the employees while it ensures overall data and information assurance for the organization. It outlines the responsibilities and requirements of the BRAC Bank Limited (BBL) and its employees with regard to Information Technology (IT) resources. It also helps to ensure quality, minimize risk and any security related incidents that are effectively responded to. We also formulated an Information Security Management (ISM) Policy which has been developed based on the vastly practiced international standard ISO27001. Information Security Policy provides a framework for the best practice that is followed by all the employees of the bank while ensuring overall Data and Information Security for the organization. Each section within The BBL ISM policy Document includes a high-level principle and objective. Each principle provides an overview of what needs to be done to meet the Policy requirement and the objective outlines the reason why these actions are necessary. The Policy consists of six different aspects and they are: Security Management, Critical Business Application, Computer Installations, Network, System Development and End User Environment.

Performance, suitability, reliability, cost-effectiveness and security of ICT systems need to undergo a continual review process. Technology Audit adds an extrinsic dimension to internal perception of adopted support systems by BRAC Bank Ltd. Technology Audits are never isolated projects but processes that accompany systems during their development and operational life cycle. Various mechanisms are undertaken by Technology Audit team for ICT Risk Assessment, Risk-Rating-Reporting and Remedial Course of actions.

14. Human Resource Risk:

Human Resource Risk is the risk that the bank may incur losses due to the loss of personnel, deterioration of morale, inadequate development of human resources, inappropriate working schedule, inappropriate working and safety environment, inequality or inequity in human resource management or discriminatory conduct. At BRAC Bank, all the employees are properly inducted to comply with the Code of Ethics and conform to the relevant laws and regulations. BBL HR Division makes sure that during recruitment, employees read, understand the 'Code of Ethics and Business Conduct' and acknowledge the same. As far as the human resources are concerned, we believe in continuous and sustainable development. Development of human resources is pivotal for obtaining optimum efficiency and hence, BRAC Bank's employees were given a lot of opportunities to prosper in their career and improve on their performances with numerous learning programs throughout the year 2016.

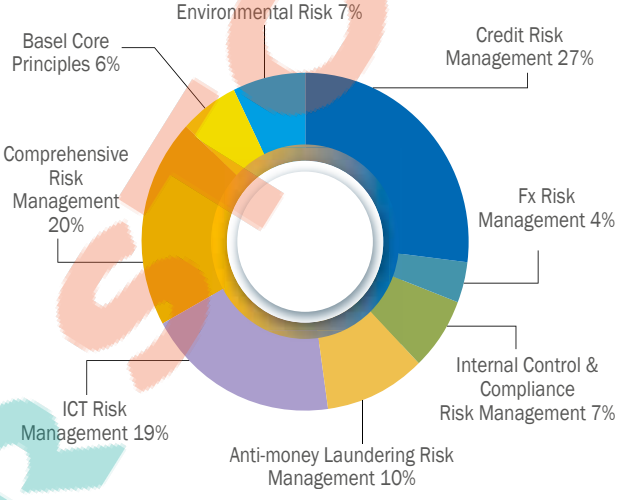


Figure: Content wise training program: 2016

15. Concentration Risk:

As defined in RBCA guideline, concentration risk arises when a bank invests its majority, or all of its assets to a single or a handful of individuals or entities or sectors or instruments. That means when a bank fails to diversify its loan and investment portfolios, concentration risk emerges. Downturn in concentrated activities and/or areas may cause huge losses to a bank as far as its capital is concerned and can threaten the bank's health or ability to maintain its core operations. In the context of Pillar-2, concentration risk can be of the following two types:

I. Credit Concentration Risk: When the credit portfolio of a bank is concentrated within a few individuals or entities or sectors, credit concentration risk arises.

II. Market Concentration Risk: When the investment portfolio of a bank is concentrated within a few instruments or any instrument of a few companies or any instrument of a small number of sectors, market concentration risk arises.

DISCLOSURE OF RISK REPORTING

Risk management reports cover disclosure requirements of Basel III, and reporting regulation under risk management guideline. Risk reporting can be defined as the process of defining and analyzing the risks associated with businesses. A risk analysis report can be either quantitative or qualitative. Basel III Accord has been adopted by the regulators around the world as a standard for risk management. Bangladesh Bank also issued guidelines that cover the basis of risk management for the banks in Bangladesh.

1. Adoption of Basel III: Basel III regime has started from January 01, 2015 and accordingly, we have initiated to execute its directives as per the guidelines. Major changes from Basel II to Basel III have been done in Minimum Capital Requirement (Pillar I of Basel III) assessment methodology, whereby, the definition and structure of the regulatory capital have undergone significant amendment. However, Pillar II and Pillar III remained essentially unchanged, with some minor inclusion to be more precise.

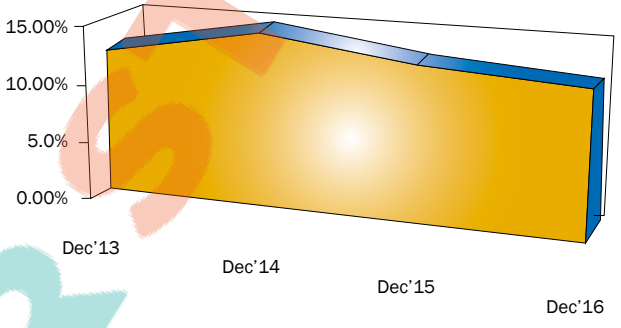


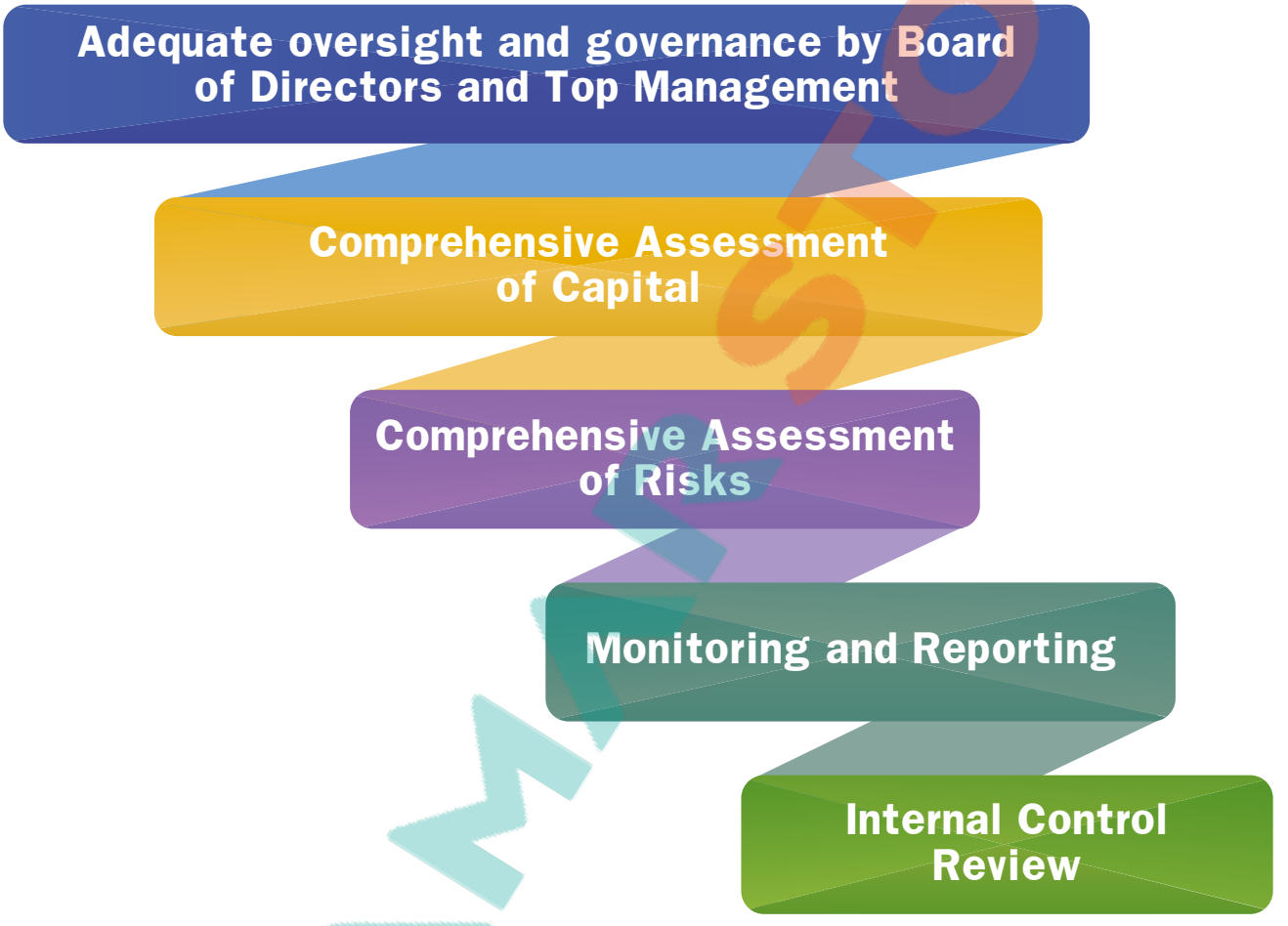
Figure: Capital to Risk-weighted Asset Ratio (CRAR) of BBL

Roadmap for Basel III:

	2015	2016	2017	2018	2019	2020
Minimum Common Equity Tier-1 (CET-1) Capital Ratio	4.50%					4.50%
Capital Conservation Buffer	-	0.625%	1.25%	1.875%	2.50%	2.50%
Minimum CET-1 plus Capital Conservation Buffer	4. 50%	5.125%	5.75%	6.375%	7.00%	7.00%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%		
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.625%	11.25%	11.875%	12.50%	12.50%

2. Internal Capital Adequacy Assessment Process (ICAAP):

ICAAP aims at revealing whether a bank has prudent risk management and sufficient capital to cover its risk profile. Supervisory Review Evaluation Process (SREP) of Bangladesh Bank includes dialogue between Bangladesh Bank and the bank's SRP team, followed by findings / evaluation of the bank's ICAAP. Supervisory Review Process (the Second Pillar of Basel- III) of Risk Based Capital Adequacy framework is intended to ensure that the banks have adequate capital to support all the risks in the business and at the same time to encourage banks to develop and use better risk management techniques in monitoring and managing their risks. The SRP team of BRAC bank Ltd. looks after the following areas:



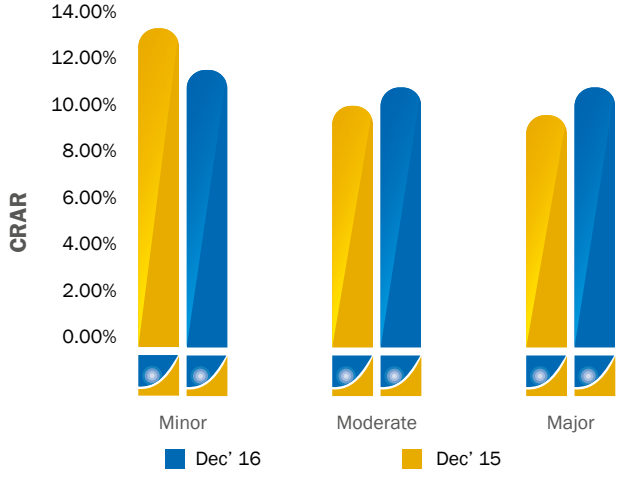
3. Stress Testing:

BRAC bank conducts Stress testing to determine sensitivity and stability of its capital base. This technique is designed to determine whether the bank has enough capital to withstand any unfavorable scenarios. Stress testing exercises are now routine practices in Bangladesh as diagnostic and supervisory tool. Stress testing helps banks to assess financial stability in terms of Capital to Risk-weighted Asset Ratio (CRAR) at three levels: a. Minor b. Moderate c. Major. The following situations are considered to assess the sensitivity of the bank's capital base with respect to each situation:

- Increase in NPLs due to default of the top large borrowers
- Increase in NPLs
- Increase in NPLs in two particular sectors
- Foreign exchange
- Negative shift in NPLs categories
- Equity shock
- Decrease in FSV in collateral
- Interest rate

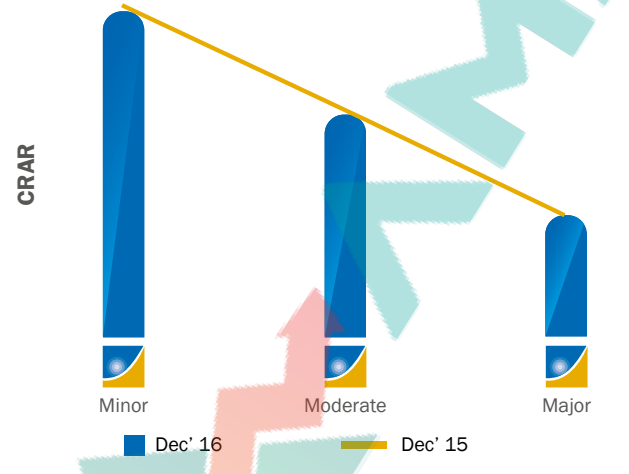
3.1 Negative shift in NPL categories:

It represents the shift of a loan from one NPL category to the next. It is based on the assumption of 5%, 10% and 15% downward shift in the NPLs categories in minor, moderate and major levels of shock, respectively.



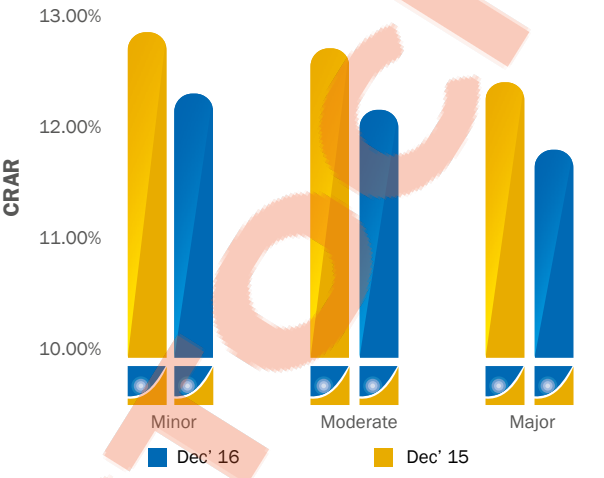
3.2. Increase in NPL:

It represents the condition of the bank when NPL increases significantly. It is based on the assumption that 3%, 9% and 15% of performing loans will be downgraded to Bad and Loss category having 100% provisioning requirement in minor, moderate and major levels of shock respectively. After shock scenario, the Capital to Risk-weighted Asset Ratio (CRAR) of BRAC bank gets adversely affected.



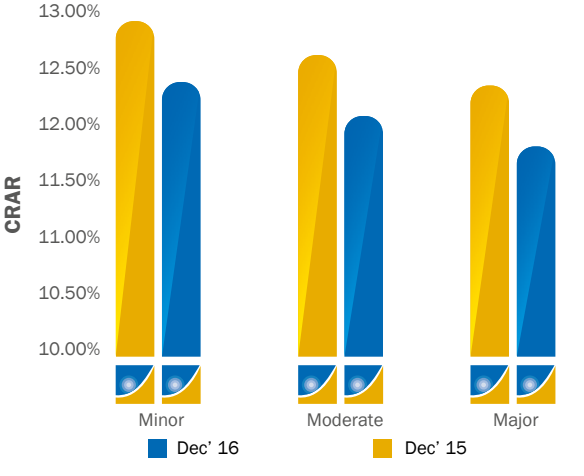
3.3 Equity Shock:

It represents the Bank's condition when market value of share falls sharply. It is based on the assumption that the share price will change by 10%, 20% and 40% in minor, moderate and major levels of shock respectively. Hence, considering the scenario, Capital to Risk-weighted Asset Ratio (CRAR) of BBL remains above the regulatory requirement after minor, moderate and major levels of shock, respectively.



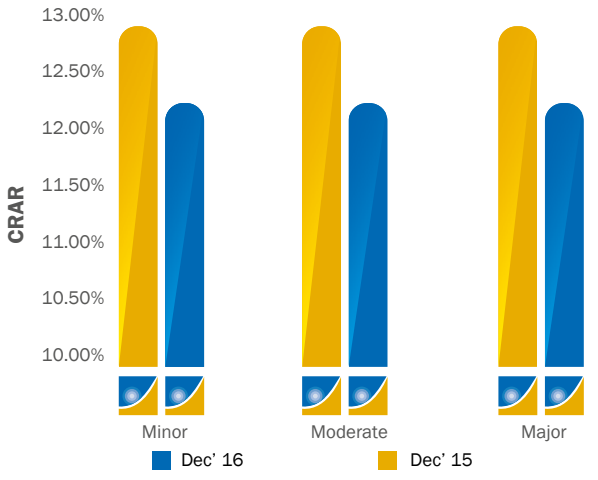
3.4 Interest rate shock:

It represents the condition of the bank when interest rate changes significantly. It is based on the assumption that interest rate will change by 1 percent, 2 percent and 3 percent in minor, moderate and major levels of shock respectively. Capital to Risk-weighted Asset Ratio (CRAR) of BRAC Bank Ltd. remains above the minimum requirement even after undergoing minor, moderate and major levels of shock, respectively.



3.5 Foreign exchange shock:

It represents the condition of the bank when the exchange rate changes significantly. It is based on the assumption that the exchange rate will change by 5%, 10% and 15% in minor, moderate and major levels of shock, respectively. Hence, considering the scenario, Capital to Risk-weighted Asset Ratio (CRAR) of BRAC Bank Ltd. remains above the regulatory requirement after minor, moderate and major levels of shock, respectively.



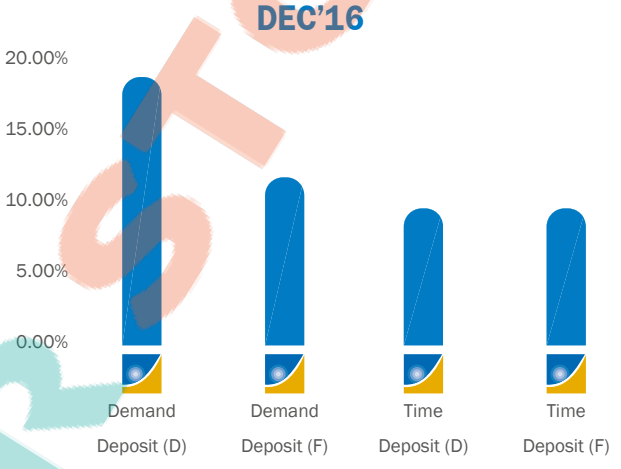
4. Risk Management Paper:

Bangladesh Bank, being the regulatory body of the banking services in Bangladesh, acts as the catalyst for all the scheduled banks by giving regular guidance and procedure to mitigate risk. To enrich risk management practice in banks, Bangladesh Bank had introduced Risk Management Paper (RMP). RMP encompasses bank's situation based on manifold parameters under various risk indicators. Risk Management Paper helps banks to keep track of the various risk indicators which in turn enables banks to predict the future business opportunities and threats. The bank submits risk management paper to Bangladesh Bank on a monthly basis as well as on a half yearly basis. The following issues are considered, each having numerous parameters, under the Risk Management Paper report:

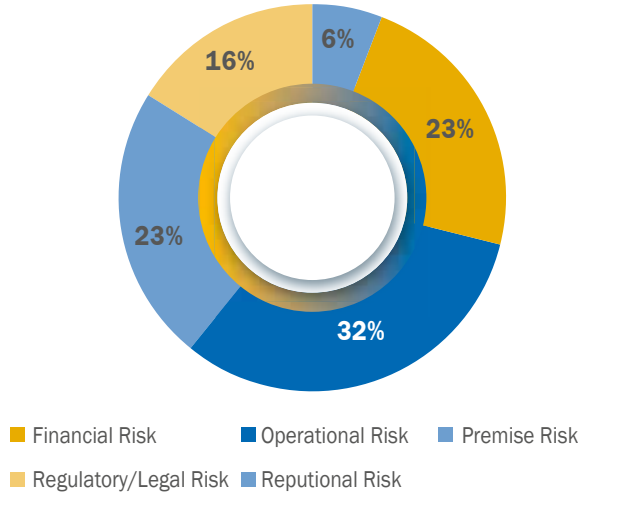
- Capital Adequacy
- Operational Risk
- Credit Risk
- Audit Compliance
- Off-shore banking operation
- Reputational Risk
- Market Risk
- Money Laundering Risk
- Information about profitability (YTD)
- Compliance of Risk Management
- Liquidity Risk
- Performance of the board of directors

4.1 Withdrawal percentage of Deposit:

Deposits are the life blood of a bank, and thus, requires prudent management throughout the year as it is tagged with liquidity position of the bank.



4.2 Types of Risks identified through risk management:



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The **Planet's** Perspective
Green Banking

DISCLOSURE ON GREEN BANKING

The Stone Age didn't end because we ran out of stones. It ended because there were better ideas about how to meet society's needs. Similarly, the end of our current "oil age" won't end because we will run out of oil.

Ecological preservation and sustainable development are recognized globally as overriding imperatives for protection of our planet from the ill-effects of global-warming and climate change. Banks and financial institutions can play a major role in global efforts to mitigate environmental risks and make this planet a better place to live. Organizations are now increasingly interested in implementing strategies which will help in addressing environmental issues and contribute towards sustainable development. One step in this direction is Green Banking. Green banking is a broad term which refers to those practices and guidelines that make banks environmentally, economically and socially responsible. It means that banking business should be conducted in such areas and in such a manner which would help in the overall reduction of external carbon-emission and internal carbon footprint.



The Stone Age didn't end because we ran out of stones. It ended because there were better ideas about how to meet society's needs. Similarly, the end of our current "oil age" won't end because we will run out of oil. It will end because we have better ways to meet our energy needs. Those better ways are proven, cost-effective and have multiple benefits to individuals and society. Bangladesh has one of the lowest levels of per capita consumption of commercial energy in South Asia, Where it has a large unsatisfied demand for energy, which is growing by 10 percent annually, the concern is our country's power generation system is almost entirely dependent on fossil-fuel. This at one side is causing fast depletion of gas reserves at the same time deteriorating the Mother Nature. We know the burning of fossil fuels produces carbon dioxide, but the concern is, it is estimated that natural processes can only absorb about half of that amount. So what happens to the remaining?! Under such circumstances the only saviour that can protect us from the detriments of environmental degradation is afforestation.

Purpose and scope:

The purpose of this disclosure is to demonstrate our banking philosophy that we adhere to in our daily operation. At the same time it is also a part of regulatory compliance. Our green banking practices are comprehensively in line with the regulatory guideline and international best practices. In the year 2016, we have explored some unchartered territories and took new strides in the field of green banking. New initiatives

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have been taken to bolster the economy of our nation in a more sustainable manner, keeping in mind the bottom line of the bank, the key stakeholders and the shareholders.

Introduction:

The most complicated issue that the world is facing today is climate-change. There have been continuous endeavors across the world to measure and mitigate the risk of climate change caused by human activities. Many countries, including Bangladesh, have made commitments necessary to do so. As socially responsible corporate citizens, Bangladeshi banks have a major role and responsibility in supplementing government efforts towards substantial reduction in carbon emission. Although banks are considered environment friendly and do not impact the environment greatly through their own "internal" operations, the "external" impact on the environment through their customers' activities is substantial. The banking sector is one of the major sources of financing industrial projects such as steel, paper, cement, chemicals, fertilizers, power, textiles, etc., which cause maximum carbon emission. Therefore, the banking sector can play an intermediary role between economic development and environmental protection, for promoting environmentally sustainable and socially responsible investment. "Green banking" refers to the banking business conducted in such areas and in such a manner that helps the overall reduction of external carbon emission and internal carbon footprint. To aid the reduction of external carbon emission, banks should finance green technology and pollution reducing projects.

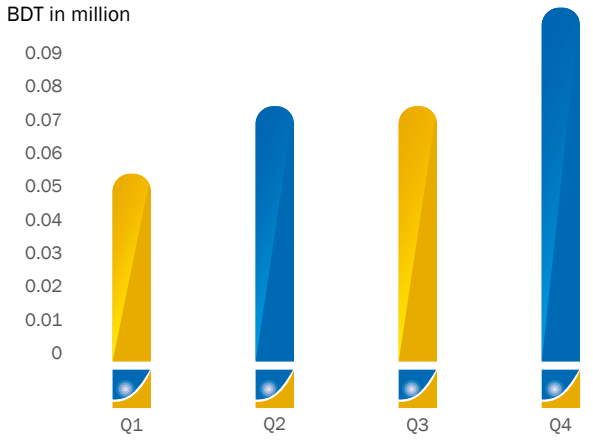
Environment Related Initiatives:

We all know that trees are the longest living organisms on the planet and one of the earth's greatest natural resources. They keep our air supply clean, reduce noise pollution, improve water quality, help prevent erosion, provide food and building materials, create shade, and help make our landscapes look beautiful. Interestingly enough, many of us might not be aware that a mature tree removes more pollution than a newly planted tree. Precisely, two mature trees can supply enough oxygen annually to support a family of four! The undisputed significance of trees is ubiquitous. Not only trees create buffers to reduce noise, its roots stabilize soil and prevent erosion. Moreover, trees lower air temperature by evaporating water in their leaves. Being a banking financial organization all we can do by functioning within the periphery of our operation, we can put sincere effort for a sustainable banking. Having started its journey last year with representatives from different divisions, our Green Banking Unit (GBU) has allotted more than BDT 5000 million under green budget for the year 2016, whereby the achievement rate is way more. It comprises green financing, climate risk fund, Marketing, Training and Capacity Building. Also worth mentioning, the number of Projects applicable for Environmental Due Diligence (EDD) and Projects being rated (i.e. Environmental Risk Rating) has been increasing appreciably over time. Environmental risk rating is an integral part of our credit appraisal process.

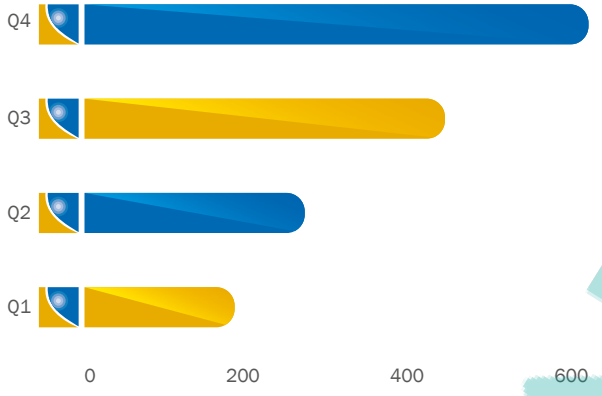
Moreover, the consumption of water, paper and energy has been optimum where we always strive to utilize these resources more efficiently. Whereby, as far as our in-house green management is concerned, we cautiously adhere to the guideline prescribed in our Green Office Guide. We have extensively gone for indirect green financing especially Projects financed, having Effluent Treatment Plant (ETP). Also part of our Corporate Social Responsibility (CSR) activities, BRAC Bank Ltd. made donation to the Prime Minister's Relief Fund to help the flood affected people as climate change is often attributed to causing flood. We extended support to Chittagong Metropolitan Police's public awareness campaign about the prevention of formalin and chemical in fruits and food. BRAC Bank Ltd., in partnership with The United States Agency for International Development (USAID), organized a University Film Contest on Biodiversity Conservation. The initiative was aimed at creating climate change awareness and importance of biodiversity conservation among university students who took part in the contest. While considering society's welfare, BRAC Bank donated bicycles to 10 school going students in Nilphamari. The environment friendly mode of transport will be beneficial to the nature as it does not create any pollution. This year we launched an Energy Efficiency Loan Product, "Planet Solutions". It is Bangladesh's first ever Energy Efficiency Financing Loan that will assist readymade garments and textile industries to invest in energy efficiency technology. BRAC Bank Ltd. also extended support to the 6th Biochemistry Olympiad at Dhaka University. The day long science festival tried to find environment friendly ways to recycle solid waste like plastic and finding scientific ways to minimize damage of oil leakage incident in forest.

We all know that trees are the longest living organisms on the planet and one of the earth's greatest natural resources. They keep our air supply clean, reduce noise pollution, improve water quality, help prevent erosion.

Capacity Development Expense



Number of Staff Covered



For continuous capacity building of our human resource, exclusive training sessions on "Green Banking" were arranged to garner best practices and enhance knowledge. All newly recruited employees have been taken under the purview of Green Banking in their Orientation Programs. This year, around 1,100 employees have been enlightened with Training Programs/Seminars exclusively conducted for Green Banking. It is also to be borne in mind that, as the development of sector specific environmental risk policies is already underway, our credit appraisal process inherently considers the environmental aspect of the borrowers. Moreover, with the constant support and guidance from our regulators, we always strive to incorporate better practices and norms in the business operation. We are a sustainable bank and we vouch to remain so as long as the glorious sun continues to endow its dazzling beam on us.

Green Finance:

"Without necessarily naming it 'green', some day in the future, all finances will be green. At the same time there are barriers to green finances which are more generally about attracting and allocating capital. So when we talk about green finance we are really talking about strengthening our core financial systems."- UNEP.

What is Green Financing?



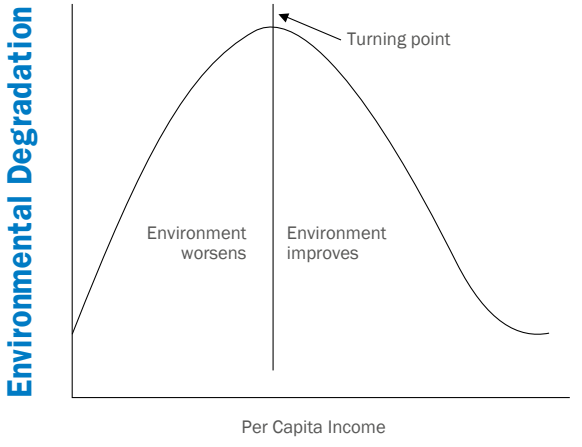
Green financing is not defined well as there are lots of arguable concepts. Simply let's start from our 3P philosophy; Planet, People and Profit. Green Financing is nothing but to ensure this 3P bottom line. Green financing is a wide-ranging term that can be referred to financial investment flowing in to sustainable development projects and initiatives, environmental products and policies that encourage the development of a more sustainable economy.

Why Green Financing:

Combating climate change and environmental pollution are, without any doubt, issues that are at the front and centre of the global policy discourse, encapsulated in the COP21 declaration in Paris in December, 2015 and consequently in COP22. The success of the international community is that they are intrinsically tied to politics, economics and other disciplines, making them not only some of the most complex subject matters, but also issues that require the highest priority. By all accounts, Bangladesh remains one of the highly vulnerable nations to be affected by climate change and environmental pollution. There are specific sectors of Bangladesh that require intervention, namely, crops and fisheries, the textile and leather industry, brick manufacturing and exploration of renewable energy.

Sustainable Bangladesh:

There is a simple co-relation between industrialization and environmental pollution. There are instances in USA, UK, Germany, China and India. Bangladesh is on the way to achieve 8.0% GDP to meet its target to be the middle income country by 2030 and developed country by 2041 by using its demographic dividend.



So, there is no other way but to strengthen the industrial sector and ensure the employment of this large population. At the same time, this development should be sustainable. So, the first focus should be given to sustainable development of our industries.

Experiments show that, industries with wet processing affect the environment badly than any other industry in terms of water pollution. Buriganga and Shitalakkha are the best examples how a river dies for the negligence of people.

According to IPCC in Bangladesh, leather and textile industry is liable for 45% of the total water pollution. Automobile, Ship breaking, chemical, power plant and fertilizer are also responsible for environmental pollution.

BRAC Bank Green Financing: BRAC Bank is always aligned with the 3Ps bottom-line. We emphasize on green financing and also try to exceed the green financing target set by the management from time to time.

It financed around BDT 700 million in the green sector. Investment areas are as follows:

- LEED certified Green Industry
- ETP Construction



- Energy Efficient Capital Machineries
- Fire Door and Fire Fighting System
- LED Bulb Manufacture
- Plastic Recycling Plant
- Hoffman Klin Auto Brick Fields.
- Bio gas plant.

In RMG and Textile Sector, BRAC Bank is trying to make its client understand the necessity of being energy efficient in the long run.

PaCt Program of IFC: World Bank is working with BRAC Bank to boost financing in this field. We have a dedicated Green Financing official to look after the following:

- Technical support to internal resources related to financing.

For continuous capacity building of our human resource, exclusive training sessions on "Green Banking" were arranged to garner best practices and enhance knowledge. All newly recruited employees have been taken under the purview of Green Banking in their Orientation Programs. This year, around 1,100 employees have been enlightened with Training Programs/Seminars exclusively conducted for Green Banking.

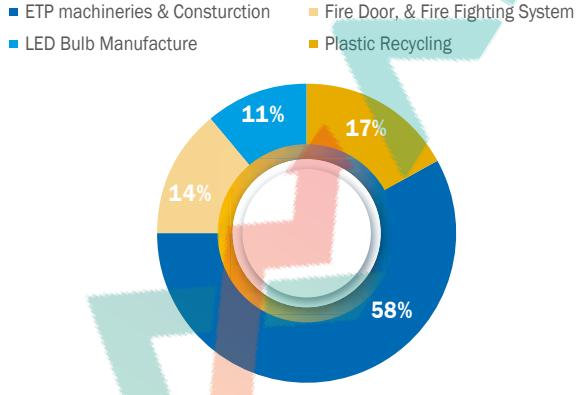
- Technical support to clients (if required)
- Perusing existing clients for Green Financing.
- Hunting new clients for Green Financing.
- Assessing the Green Project Value and Scopes.



Around BDT 700 million has been disbursed in green financing and if we analyze our financing, it is observed that almost 58% has gone into the purchase and construction of ETP machineries. Other than this, approx. 14% was used in worker safety aspects like fire-fighting equipment and fire hydrant systems. In the SME segment, green finance was used for LED light manufacturing plant, Plastic Pet Bottle Recycling Plant, Bio gas plant and so on.

We aim to flourish in this green arena more than ever before as we proceed forward with new hope and targets in the coming days.

Green Financing



Some Green Financing:



ETP



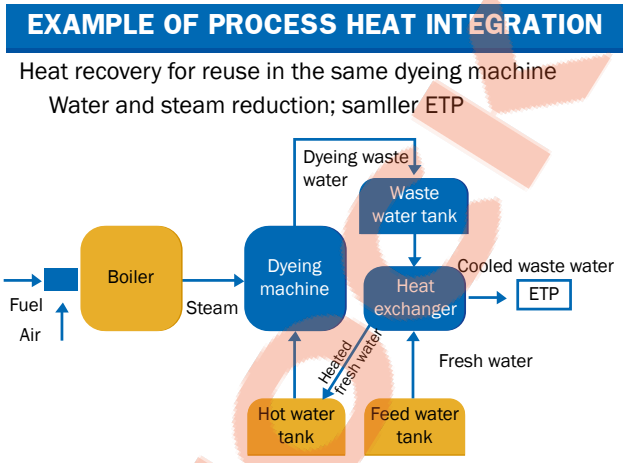
Energy Efficient Capital Machineries



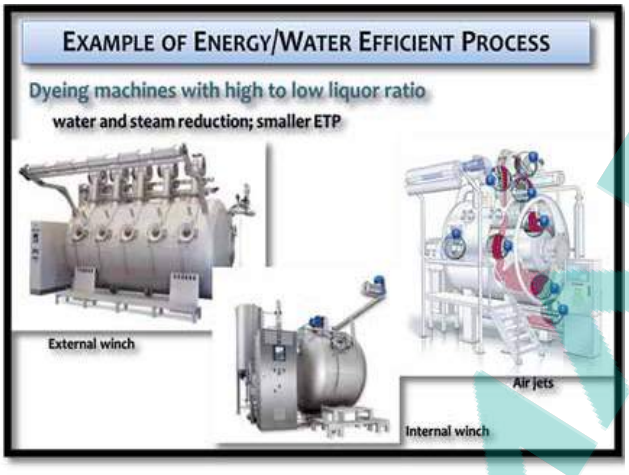
Fire Door



Auto Brick Field



Textile Industries in Bangladesh





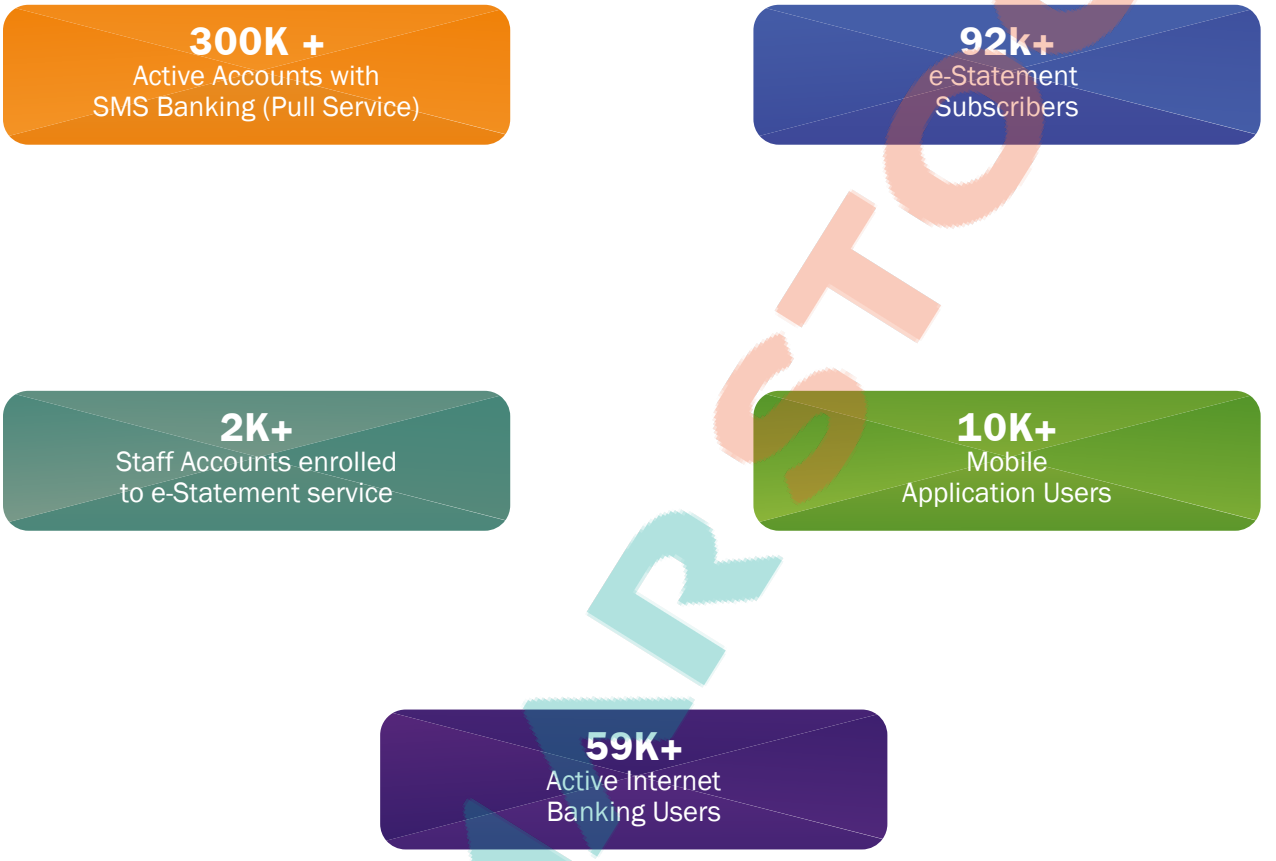
Incorporation of Environmental Risk in CRM:

Also worth mentioning, the number of Projects applicable for the Environmental Due Diligence (EDD) and the Projects being rated (i.e. Environmental Risk Rating), have been increasing appreciably over time. Environmental risk rating is an integral part of our credit appraisal process. Our prudent Credit Risk Management team has put up a magnificent end to end process for the appraisal of borrowers. Bangladesh Bank vide ERM Guideline stated, that Environmental risk rating is to be done for all the individual customers (corporate, institutional, personal, small and medium enterprise) whose aggregate facilities are above the following financing thresholds:

- For Small and Medium Enterprises (SMEs), financing > BDT 2.5 million
- For Corporate, financing > BDT 10 million, and
- For real estate financing > BDT 10 million

Alternate Banking:

As a part of our 3P (People, Planet & Profit) Philosophy, we continuously strive to provide people and planet friendly solutions for our customers. In our endeavor to promote Green Banking and to help preserve our planet's environment, we continuously take various initiatives to enroll our customers to green services.



SMS Banking:

BRAC Bank's SMS Banking is a service that allows customers to access their account information via any mobile phone. Through BRAC Bank SMS Banking, a BRAC Bank account holder can access his/her account's latest information such as account balance, the last few transactions and a range of other financial information by typing a pre-defined key letter (Like 'A' for Account Balance and 'T' for the last few Transactions).

e-Statement:

An e-Statement is an electronic version of a bank account statement which is sent to a customer's registered email address every month. E-Statements are a safer, faster and greener alternative to paper statements. BRAC Bank e-Statement service is completely Secured (Password Protected), Easier, Faster and FREE of cost. In our endeavor to promote Green Banking solutions, we have taken several initiatives to enroll our account holders to e-Statement service instead of sending paper based account statements. This initiative is expected to incur significant cost savings as well as help to improve our service quality.

Internet Banking:

BRAC Bank Internet banking enables its customers to avail various services such as Fund Transfer, Credit Card Bill Payment, Utility Bill Payment, Account Statement checking, etc. through the bank's website. Our Internet Banking platform is secured by state-of-the-art two factor authentication system.

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BRAC Bank Mobile Banking Application:

With BRAC Bank Mobile's state-of-the-art mobile banking application, customers can avail banking services from their Smart Phones anytime, anywhere. This application allows users to monitor accounts in real time, transfer funds, pay bills, make credit card payments, check transactions, etc. This application also has state-of-the-art security feature such as two factor authentication using OTP and e-Signature.

Conclusion:

Banks are responsible corporate citizens. We should believe that every small 'GREEN' step taken today would go a long way in building a greener future and that each one of us can work towards a better environment. Our proactive initiatives will assist to reduce carbon-footprint as well as in building awareness and consciousness about the environment, nation and society. Green banking or ethical banking is indeed a good way for people to be more aware about global warming and will contribute a lot to the environment and make this earth a better place to live for future generations. There is definitely a huge opportunity in clean, renewable energy technologies, emissions reduction and reduced-carbon transportation that can be slowly but surely be achieved, if we get cooperation from all the sectors of the economy; and banks being an integral part of our economy must lead from the front. Currently, in Bangladesh, the concept of green banking is catching up and banks are actively looking for ways to portray themselves as a Green Bank.

Human being is the paragon of virtue. They are to behave in such a manner that others can look up to them as an emblem of sheer perfection. So it is our responsibility to act in such a way that is rational and ethical. The human civilization has evolved from pre-historic era to utter modernization and has come a long way. We have learnt to improve and use resources with great optimization. This world has limited resources and if we want to attain sustainable growth, care should be taken before taking even one step ahead. Our actions today will have a lasting impact for our next generation. So we should make hay while the sun shines. Mother Nature cannot voice her agonies but by actions she expresses her grievances. The natural calamities are the perfect examples of her wrath and via this, we should be able to understand the warning signals. So, our actions should be measured, calculated and cautiously undertaken.

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ASSET LIABILITY MANAGEMENT COMMITTEE

The Asset Liability Management Committee (ALCO) comprises of Senior Management, which is responsible for overall Balance Sheet (Asset-Liability) management of the bank. Treasury would be responsible for managing the balance sheet as per recommendation of ALCO to minimize risk and maximize returns. Asset Liability Management desk, a unit of Treasury & Financial Institutions, analyzes the balance sheet composition and places recommendation to the ALCO through the Head of Treasury & Financial Institutions.

ALCO is comprised of the following members or their nominated representatives:

- Managing Director & CEO– Chairman of ALCO
- Head of Wholesale Banking and/or Corporate Banking/Transaction Banking/Middle Market
- Head of SME Banking and/or Head of Small Business/Emerging Business/Agriculture Finance
- Head of Retail Banking and/or Head of Branch Banking/Retail Sales/Products
- Chief Risk Officer and/or Chief Credit Officer
- Chief Financial Officer and/or Head of Business Planning & Analysis
- Head of Treasury and Financial Institutions

The ALCO sits at least once in a month and whenever required to analyze the various aspects of ALM. Based on the analysis and views, the committee takes decisions to reduce balance sheet risk while maximizing profits keeping the bank within all regulatory and internal limits. The major roles and responsibilities of the ALCO is as follows:

- Monitor and review the composition of Asset and Liabilities to ensure Balance Sheet efficiency
- Review of Deposit and Lending rate structure of the bank
- Ensure compliance of regulatory limits and ratios
- Decide on the major aspects of balance sheet structure, such as maturity and currency mix of assets and liabilities, mix of wholesale versus retail funding, deposit mix etc.
- Monitor and review the funding requirement of the bank considering business projections and take strategic decision accordingly
- Periodically review the transfer pricing policy
- Review contingency funding plan
- Understanding the market dynamics i.e. competition, potential target market etc.

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RISK MANAGEMENT COMMITTEE MEETINGS

The Risk Management Committee of the Bank convenes once in every two months, but an emergency Risk Management Committee meeting can be called if required. A total of 06 (Six) Risk Management Committee meetings were held during the year 2016

The Risk Management Committee of the Bank convenes once in every two months, but an emergency Risk Management Committee meeting can be called if required. A total of 06 (Six) Risk Management Committee meetings were held during the year 2016. The 1st meeting of the Risk Management Committee (RMC) of BRAC Bank Limited for the year 2016 was held on February 23, 2016. Board Room of BRAC Bank Limited at 1, Gulshan Avenue, Gulshan-1, Dhaka – 1212, Bangladesh.

The following issues were given special focus.:

Meeting Date	Attendance	Focus Points
23/02/2016 11th Metting	• Dr. Hafiz G.A Siddiqi • Mr. Shib Narayan Kairy • Mr. Kazi Mahmood Sattar • Mr. Selim R. F. Hussain	1. **Updates of the agenda presented on the 10th Meeting of RMC:** • Updates of the agenda presented on the 10th Meeting of Risk Management Committee was placed before the Risk Management Committee and noted. • Updates have been given by the Head of Operations regarding ATM reconciliation. The RMC panel directed to have the "Root cause analysis investigation" and a detailed audit needs to be performed on the specific issue (BBL-RBL Co-branded ATM Reconciliation) and placed to the next RMC to have the record. • Updates of AOF Return rate was presented and noted. RMC panel re-emphasized that staff can neither be the introducer of an account nor be the guarantor for any loan account. 2. ERMC Summary (93rd ERMC & 94th ERMC) was placed at the meeting and noted.

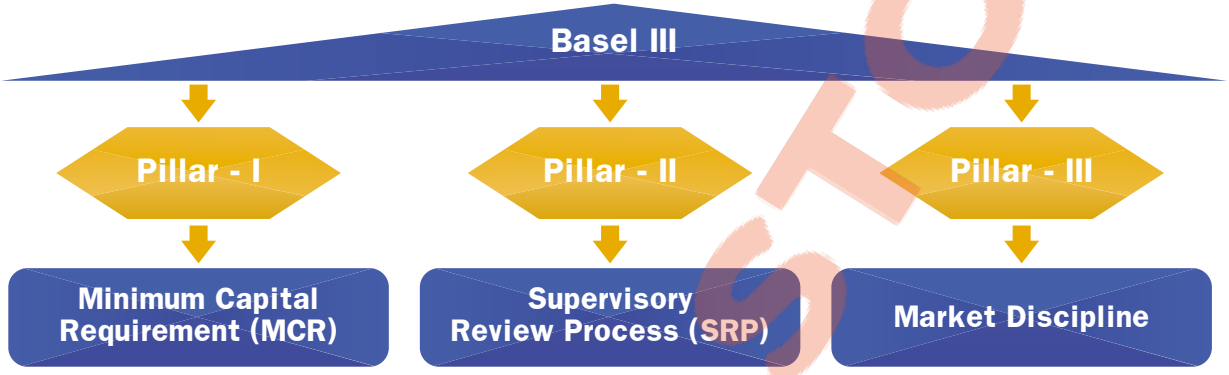
Meeting Date	Attendance	Focus Points
		3. **IT Service Interruption Report for the period of December 01, 2016 to February 14, 2016 was placed:** • Risk Management Committee has directed that IT downtime tolerance level/bench mark must be mentioned in the policy. Breaches will be flagged in RMC meeting. This tolerance level needs to be system specific. Proper monitoring of the tolerance level breaches as well as the escalation process must be in place and practice. 4. Top 50 Customers of Corporate Portfolio was placed. 5. Summary of Credit Inspection Report and Annexure was placed. 6. Synopsis of 3rd Quarter's Risk Management Paper along with Bangladesh Bank's Feedback was placed at the meeting and duly noted.
11/04/2016 12th Metting	• Dr. Hafiz G.A Siddiqi • Mr. Shib Narayan Kairy • Mr. Kazi Mahmood Sattar • Mr. Selim R. F. Hussain	1. **Updates of the agenda presented on the 11th Meeting of RMC:** • Updates of the agenda presented on the 11th Meeting of Risk Management committee was placed before the Risk Management Committee and noted. • The Committee re-emphasized on the subsidiaries' risk management and instructed to update the risk matrix of them. The committee further instructed BBL's Risk management to ensure regular reporting and monitoring and follow up strictly as per risk register. • RMC instructed to update BBL-RBL ATM reconciliation on the next RMC. 2. ERMC Summary (95th ERMC & 96th ERMC) was placed at the meeting. 3. IT Service Interruption Report for the period of February 15, 2016 to March 31, 2016: • Risk Management committee has directed to explore the business continuation of the Eldorado and omnibus, and update RMC accordingly. 4. Updates on the Previous IT issue: • Updates on the Previous IT issues on the 12th Meeting of Risk Management Committee was placed before the Risk Management Committee and noted. • MD & CEO was updated on the recent initiatives on cyber security. The committee highlighted to strengthen cyber security. 5. Top 50 Customers of Corporate portfolio: • A new CRM guideline of Bangladesh bank has been discussed and the committee directed the management to comply it. 6. Summary of Credit inspection findings and analysis was placed at the meeting and duly noted.
20/06/2016 13th Metting	• Dr. Hafiz G.A Siddiqi • Mr. Shib Narayan Kairy • Mr. Kazi Mahmood Sattar • Mr. Selim R. F. Hussain	1. **Updates of the agenda presented on the 12th Meeting of RMC:** • Updates of the agenda presented on the 12th Meeting of Risk Management Committee was placed before the Risk Management Committee and noted. • The Committee directed the Risk Management Division to present the individual subsidiary's risk issues (bullet pointed) including their respective management's comments against those risk issues on the next RMC meeting.

Meeting Date	Attendance	Focus Points
		• The Committee has gone through the updates of OMNIBUS and ELDORODO and instructed to close both the systems as soon as possible. • RMC instructed to keep provision for the full amount of BBL-RBL ATM issue. If this has already been booked, Finance division will continue to hold the Provision. 2. ERMC Summary (97th ERMC & 98th ERMC) was placed. 3. IT Service interruption, Report for the period of April 01, 2016 to May 31, 2016 was placed and duly noted. 4. Top 50 Customers of Corporate Portfolio was placed and noted. 5. Summary of Credit inspection findings and analysis was placed.
16/08/2016 14th Metting	• Dr. Hafiz G.A Siddiqi • Mr. Shib Narayan Kairy • Mr. Kazi Mahmood Sattar • Mr. Selim R. F. Hussain	1. **Updates of the agenda presented on the 13th Meeting of RMC was placed:** • The management also presented the newly established Enterprise Risk Governance Forum (ERGF) along with the risk escalation process of the Bank. The committee had the following observations / recommendations: a) The Committee appreciated the idea of establishing Enterprise Risk Governance Forum (ERGF) and that a dedicated mobile number shall remain live for 24 hours / 7 days to listen to all the risk issues and provide guidance b) The Committee inquired whether the Risk Management structure of BRAC Bank is aligned with Bangladesh Bank's guidelines and instructed to submit relevant documents to the committee. c) The committee inquired whether there is any dedicated mobile number for whistleblowers and if not, provide a dedicated mobile number to take note of any illegal, unethical act, corruption, attempted fraud and violation of the company rules and regulations related issues and address them accordingly. Also, they urged to implement a whistleblower protection guideline to promote such practice for better governance. Furthermore, the Committee suggested to maintain a log for all calls and get back to any unattended calls d) The committee was informed about the top risk issues of the subsidiaries of BRAC Bank. The committee instructed to send them through email to all the Committee members. Also, the Committee instructed to share these with internal Control & Compliance to facilitate them in preparing Terms of Reference (TOR) for Audit on Subsidiaries. 2. ERMC Summary (99th ERMC & 100th ERMC) was placed. 3. IT Service Interruption Report from June 1, 2016 to – July 31, 2016 was placed and hence discussed & noted. 4. Top 50 Customers of Corporate Portfolio was placed and noted. 5. Summary of Credit Inspection Report and Annexure was placed.
27/10/2016 15th Metting	• Dr. Hafiz G.A Siddiqi • Mr. Shib Narayan Kairy	1. **Updates of the agenda presented on the 14th Meeting of RMC was placed:** • The Committee instructed ERGF to ensure that ERGF hotline is always attended.

Meeting Date	Attendance	Focus Points
	• Mr. Kazi Mahmood Sattar • Mr. Selim R. F. Hussain	• The Committee advised to ensure that the employees need to be made aware of the concept of "Harassment". 2. ERMC Summary (101st ERMC & 102nd ERMC) was placed. 3. Top 50 Customers of Corporate Portfolio was placed and duly noted. 4. Summary of Credit inspection findings and analysis was placed.
28/12/2016 16th Metting	• Dr. Hafiz G.A Siddiqi • Mr. Shib Narayan Kairy • Mr. Kazi Mahmood Sattar • Mr. Selim R. F. Hussain	1. **Updates of the agenda presented on the 15th, Meeting of RMC:** • Updates of the agenda presented on the 15th Meeting of Risk Management Committee was placed before the Risk Management Committee and noted. • RMC Meeting minutes: The Management was advised that henceforth, RMC meeting minutes will be circulated through email to the RMC members within 7 days. 2. **ERM Policy**: • A presentation was made on the ERM policy to the Committee, Highlighting the changes that have been incorporated in the new version. • Risk Management Committee instructed the management to revisit the Risk Matrix with the following recommendations: √ Introduce X-Y axis scale Matrix approach. √ Need to specify the threshold point / risk grade where the Board / RMC involvement is needed. √ Need to explore if the amount can be removed from the Risk Matrix, since this can be varied from division to division or a separate column can be added to specify the divisional impact. • More details/simplifications are needed in the ERM policy to specify how each division will maintain their Risk Register to identify a risk issue and monitor it. 3. ERMC Summary (103rd ERMC & 104th ERMC) was placed. 4. IT Service interruption, Report for the period of 01 Oct, 2016 – 30 Nov, 2016 was placed. 5. **Top 50 Customers of Corporate Portfolio was placed:** • The Risk Management Committee advised the Management to provide "Group wise Exposure" in 'percentage terms' on Corporate Banking customers. 6 **Summary of Credit inspection findings and analysis was placed** • The Risk Management Committee advised the management to explore if there is any correlation between 'deferrals' & 'overdue' and revert back to the Committee. 7. **Formation of Sustainable Finance Unit at BRAC Bank Ltd:** • Informative memo on the formation of a sustainable finance unit at BRAC Bank Limited was placed at the Risk Management Committee and was duly noted. • The Risk Management Committee advised the management to present the same to the Board for approval.

DISCLOSURE ON RISK BASED CAPITAL UNDER BASEL III

For the Year Ended on December 31, 2016



BRAC Bank Limited

Anik Tower, 220/B, Tejgaon Gulshan Link Road, Tejgaon, Dhaka 1208.

Background of Market Discipline

The purpose of Market Discipline is to complement the minimum capital requirements and the supervisory review process. Establishing a transparent and disciplined financial market through providing accurate and timely information related to liquidity, solvency, performance and risk profile of a bank is another important objective of this disclosure.

Use of excessive leverage, gradual erosion of level and quality of capital base, insufficient liquidity buffer, Pro-cyclicality and excessive interconnectedness among systemically important institutions are identified as reasons of recent bank failures. Bank for International Settlements (BIS) came up, in response, with new set of capital and liquidity standards in the name of Basel III. In compliance with the 'Revised Guidelines on Risk Based Capital Adequacy (RBCA)' issued by Bangladesh Bank in December 2014,

Banks in Bangladesh have formally entered into Basel III regime from 1st January 2015. The new capital and liquidity standards have greater business implications for banks. BRAC Bank Limited (BBL) has also adopted Basel III framework as part of its capital management strategy in line with the revised guideline. This Market Discipline disclosure under Basel III is made following 'Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)' for banks issued by Bangladesh Bank in December 2014.

Consistency and Validation

The quantitative disclosures are made on the basis of consolidated audited financial statements of BBL and its Subsidiaries for the year ended on December 31, 2016 and prepared in accordance with the relevant International Accounting and Financial Reporting Standards and related circulars/instructions issued by Bangladesh Bank from time to time. The assets, liabilities, revenues and expenses of the subsidiaries are combined with those of the parent company (BBL), eliminating inter-company transactions. Assets of the subsidiaries were risk weighted and equities of subsidiaries were crossed out with the investment of BBL while consolidating. Therefore, information presented in the 'Quantitative Disclosures' section can easily be verified and validated with corresponding information presented in the consolidated audited financial statements 2016 of BBL and its Subsidiaries along with separate audited financial statements of the bank available on the website of the bank (www.bracbank.com). The report is prepared once a year and is available in the website.

1. Scope of the Application

Qualitative Disclosure

Qualitative Disclosure	a) The name of the top corporate entity in the group to which this guidelines applies	BRAC BANK আস্থা অবিচল
	b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group: (i) that are fully consolidated, (ii) that are given a deduction treatment; and (iii) that are neither consolidated nor deducted	BRAC Bank Limited has 5 (Five) subsidiaries, a brief description of the bank and its subsidiaries is given below: **BRAC Bank Limited:** BRAC Bank Ltd. is one of the third generation private commercial banks (PCBs) which inaugurated its banking operation on 4th July, 2001 under the banking Companies Act 1991. The bank went for public issue of its shares in 2006 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited in 2007. At present the bank has 112 Branches, 48 SME Krishi Branches and 21 SME Service Centers and 469 own ATM booths. **Subsidiaries of BRAC Bank Limited:** **Subsidiaries:** Subsidiaries are all entities over which the bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. A parent of a subsidiary should present consolidated financial statements according to BAS-27: Consolidated and Separate financial statements and BFRS 10: Consolidated Financial Statements. The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that the control effectively ceases. The Bank has five subsidiary companies namely, BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, BRAC Saajan Exchange Limited (SWMTL) incorporated in UK, b-Kash Limited, BRAC IT Services Limited. **i. BRAC EPL Investments Limited:** BRAC EPL Investments Limited (BEIL) a public limited company, formally commenced operation on October 01, 2009 following obtaining merchant bank license from the Securities and Exchange Commission. **ii. BRAC EPL Stock Brokerage Limited:** BRAC EPL Stock Brokerage Limited is one of the leading stock brokers in the country. The company offers brokerage services to international institutions, domestic institutions, retail clients and non-resident Bangladeshis (NRBs). It is also the pioneer and leader in facilitating foreign portfolio investments in Bangladesh and boasts one of the best equity research teams of the country. **iii. BRAC Saajan Exchange Limited:** BRAC Saajan Exchange Limited mainly provides remittance services to the large Bangladeshi Communities living in UK. Apart from its remittance services the company also caters to the investment needs of the NRBs through its parent organization BRAC Bank.

		iv. BRAC IT Services Limited: BRAC IT Services Ltd. (biTS) is an IT Solution and Services company and is a subsidiary jointly owned by BRAC Bank and BRAC. biTShas been formed in 2013 through the merger of a subsidiary IT company. It strives to become the most trustworthy company in Bangladesh providing technology solutions and managed IT services. **v. b-Kash Limited:** bKash Limited, a subsidiary of BRAC Bank, started as a joint venture between BRAC Bank Limited, Bangladesh and Money in Motion LLC, USA. In April 2013, International Finance Corporation (IFC), a member of the World Bank Group, became an equity partner and in April 2014, Bill & Melinda Gates Foundation became the investor of the company. The ultimate objective of bKash is to ensure access to a broader range of financial services for the people of Bangladesh.
	c) Basis of Consolidation	According to BRPD Circular-12, 24, 35 (dated March 29, 2010, August 03, 2010 & December 29, 2010 respectively) and BRPD circular letter no-08, dated July 23, 2012, investments in subsidiaries have been consolidated for the purpose of assessing capital adequacy, the ratio of which is calculated both on Consolidated and Solo basis. 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 include the financial statements of BRAC Bank Limited and its subsidiaries BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited, BRAC Saajan Exchange Limited and BRAC IT Services Limited as those of a single economic entity. The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard (BAS) 27: Consolidated and Separate financial statements and Bangladesh Financial Reporting Standard (BFRS) 10: Consolidated Financial Statements. The consolidated financial statements are prepared to a common reporting year ended 31st December 2016.

Quantitative Disclosure		
Quantitative Disclosure	a) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.	It does not hold here. The assets, liabilities, revenue and expenses of the subsidiaries are combined with the BBL's consolidated audited financial statement as of year ended December 31, 2016 which ensures the elimination of inter-company transactions, balances and intra-group gains on transactions between group companies.

2. Capital Structure

Qualitative Disclosure

Qualitative Disclosure	a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET1, Additional Tier 1 or Tier 2.	The Basel Committee raised the resilience of the banking sector by strengthening the regulatory capital framework, building on the three pillars of the Basel II framework. The reforms raised both the quality and quantity of the regulatory capital base and enhanced the risk coverage of the capital framework. To this end, the predominant form of Tier 1 capital is to be common shares and retained earnings. This standard is reinforced through a set of principles that also can be tailored to the context of non-joint stock companies to ensure they hold comparable levels of high quality Tier 1 capital. Deductions from capital and prudential filters have been harmonized and generally applied at the level of common equity or its equivalent in the case of non-joint stock companies. The remainders of the Tier 1 capital base are to be comprised of instruments that are subordinated, have fully discretionary non-cumulative dividends or coupons and have neither a maturity date nor an incentive to redeem. In addition, Tier 2 capital instruments will be harmonized and so-called Tier 3 capital instruments, which were only available to cover market risks, eliminated. The capital structure of the bank is categorized into two tiers: Tier 1 and Tier 2 Capital, as per the Risk Based Capital Adequacy Guideline of Bangladesh Bank. The components of total regulatory capital are enumerated as under: ♦ Tier 1 Capital (going concern capital) i. Common Equity Tier 1 ii. Additional Tier 1 ♦ Tier 2 Capital (gone concern capital)
		Tier 1 Capital: Going concern is the capital which can absorb losses without triggering bankruptcy of the bank. Hence, it is the core measure of a bank's financial strength from regulator's point of view. The components of Tier 1 Capital are given below: **Common Equity Tier 1 (CET1):** ◘ Paid up capital ◘ Non-repayable share premium account ◘ Statutory reserve ◘ General reserve ◘ Retained earnings ◘ Dividend equalization reserve ◘ Minority interest in subsidiaries **Additional Tier 1 (AT1):** ◘ Non-cumulative irredeemable preference share ◘ Instruments issued by banks that meet the qualifying criteria for AT1 (the instrument is perpetual i.e. no maturity date) ◘ Minority interest (AT1 issued by consolidated subsidiaries to the third parties)

		Tier 2 Capital: Gone concern capital represents other elements that fall short of some of the characteristics of core capital but contribute to the overall strength of the bank. Tier 2 capital consists of the following items: ◘ General Provision ◘ All other preference shares ◘ Subordinate debt/instruments issued by the banks that meet the qualifying criteria for Tier 2 Capital ◘ Minority interest i.e. Tier 2 capital issued by consolidated subsidiaries to the third parties) As per the guidelines of Bangladesh Bank, Tier 1 Capital of BBL consists with i. Fully paid up capital, ii. Non-Repayable share premium account, iii. Statutory reserve, iv. Retained earnings, v. Dividend equalization reserve Tier 2 Capital of BBL consists of i. General Provision, ii. Subordinated debt/ Instrument, iii. Revaluation Reserve

Quantitative Disclosure

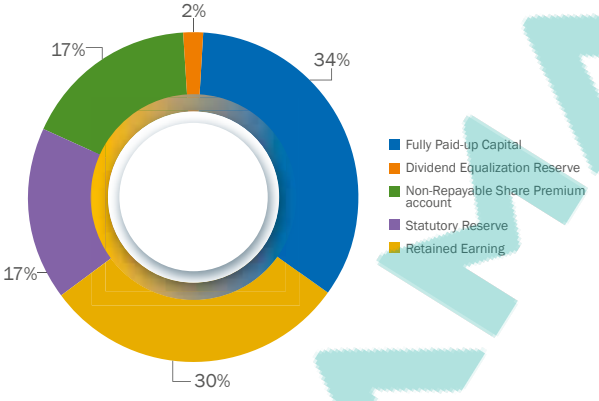
Quantitative Disclosure	Common Equity Tier-1	Solo	Consolidated
	Fully Paid -up capital/funds from Head office For the purpose of meeting The capital adequacy	7,104,369,100	7,104,369,100
	Non-Repayable Share Premium account	3,659,942,031	5,181,774,966
	Statutory Reserve	3,470,350,332	3,470,350,332
	General Reserve	-	-
	Retained Earning	6,222,874,273	5,524,376,341
	Dividend Equalization Reserve	355,218,455	355,218,455
	Minority Interests in Subsidiaries		1,475,794,375
	Actuarial gain/loss(Actuarial gain/loss kept in books in Bangladesh for foreign Banks)	-	-
	Non-repatriable interest free funds from Head Office for the purpose of Acquisition of property And held in a separate Account and have the ability to absorb Losses regardless of their losses.(Applicable for foreign Banks)	-	-
	Sub-total	**20,812,754,191**	**23,111,883,569**
	Regulatory Adjustments	-	-
	Shortfall in Provision Required Against Non-performing Loans (NPLs)	-	-
	Shortfall in Provision Required Against Investment in shares	-	-
	Remaining Deficit on Account of revolution Of investments in Securities After netting off from Any other surplus Of the securities.	-	-
	Goodwill and all other intangible Assets	119,287,955	1,501,389,885
	Deferred Tax Assets (DTA)	986,843,921	986,843,921
	Defined Benefit pension fund Assets	-	-

	Gain On Sale Related to securitization Transactions	-	-
	Investment in Own CET-1 Instruments/shares(as per Para 3.4.7 of Basel III Guidelines)	-	-
	Reciprocal Crossholdings in The CET-1 Capital of Banking, financing And insurance entities.	-	-
	Any investment Exceeding the Approved Limit under section 26(2) Of Bank company act. 1991(50% of investment)	-	-
	Investment of subsidiaries which are not Consolidated(50% of investment)	-	-
	Sub-total	**1,106,131,876**	**2,488,233,805**
	Total common equity Tier-1 capital	**19,706,622,316**	**20,623,649,764**
	Additional Tier-1 Capital		
	Non-Cumulative irredeemable Preference Shares	-	-
	Instruments issued By the Banks that meet the qualifying Criteria For AT1(As specified in Annex-4 of Basel III Guidelines)	-	-
	Minority Interest i.e. AT1 issued by Consolidated subsidiaries to third parties as specified in Annex-4 of Basel III Guidelines(For Consolidated Reporting)	-	-
	Head Office Borrowing in foreign currency by Foreign Banks operation in Bangladesh for inclusion In Additional tier-1 capital which comply with the regulatory requirements as specified in Annex-4 of Basel III Guidelines(Applicable For foreign Banks)	-	-
	Any other item especially allowed by BB from time to time for inclusion in Additional Tier-1 capital (applicable for foreign banks).	-	-
	Others(If any item Approved By Bangladesh Bank)	-	-
	Regulatory Adjustments	-	-
	Investment in own AT-1 instrument/Shares(as per para 3.4.7 of Basel III Guidelines)	-	-
	Reciprocal Crossholdings in The AT-1 Capital of Banking, financing And insurance entities.	-	-
	Others(If any)	-	-
	Total Additional Tier-1 Capital Available	-	-
	Maximum limit of Additional Tier-1 Capital(AT-1 Capital can be maximum Up to 1.5% Of the Total RWA or 33.33% of CET1, Whichever is higher)	-	-
	Excess amount over maximum Limit Of AT-1	-	-
	Sub-total	**-**	**-**
	Total Admissible Tier-1 Capital	**19,706,622,316**	**20,623,649,764**
	Tier-2 Capital		
	General Provision	2,580,614,850	2,580,614,850
	All other preference shares	-	-
	Subordinated debt/Instruments issued by the Banks that meet the qualifying criteria For tier-2 Capital	600,000,000	600,000,000
	Minority interest i.e. Tier 2 issued by Consolidated Subsidiaries to third Parties	-	-
	Head Office (HO) borrowings in foreign Currency Received that meet the Criteria Of tier 2 Debt Capital (Applicable For Foreign banks).	-	-

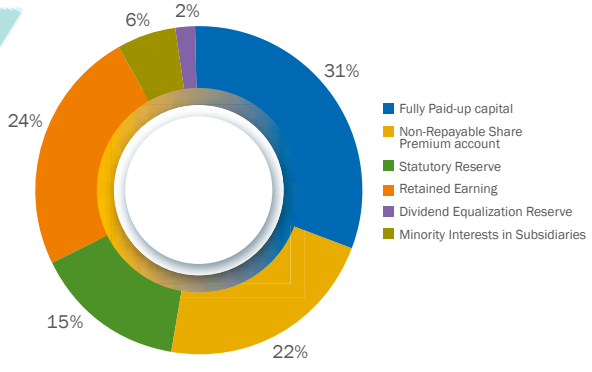
VALUE STOCK

	Revaluations Reserve as on 30th June, 2015(50% Of Fixed Assets And Securities & 10% of equities)	346,502,408	346,502,408
	Others (If Any item approved by Bangladesh bank)	-	-
	Total	**3,527,117,258**	**3,527,117,258**
	Regulatory Adjustments		
	Revaluation Reserve For Fixed Assets and Security & equity securities(Follow Phase-in deduction as per Basel (III) guidelines)	138,600,963	138,600,963
	Investment in OWN T2 Instruments/Shares(as Per para 3.4.7 of Basel III Guidelines)	-	-
	Reciprocal Crossholdings in The AT-2 Capital of Banking, financing And insurance entities.	-	-
	Any investment Exceeding the Approved Limit under section 26(2) Of Bank company act. 1991(50% of investment)	-	-
	Investment of subsidiaries which are not Consolidated(50% of investment)	-	-
	Others If Any	-	-
	Total Tier-2 Capital Available	**3,388,516,294**	**3,388,516,294**
	Maximum limit of Tier-2 Capital(Tier-2 Capital can be maximum Up to 4% Of the Total RWA or 88.89% of CET1, Whichever is higher)	17,517,216,576	18,332,362,276
	Excess amount over Maximum limit of T-2	-	-
	Total Admissible Tier-2 capital	**3,388,516,294**	**3,388,516,294**
	Total Regulatory Capital	**23,095,138,610**	**24,012,166,059**

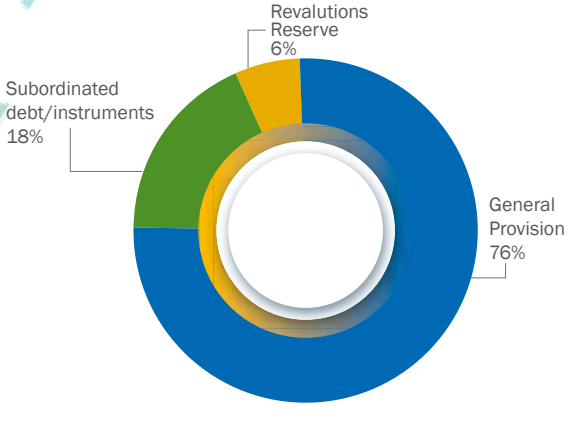
Solo-Tier 1



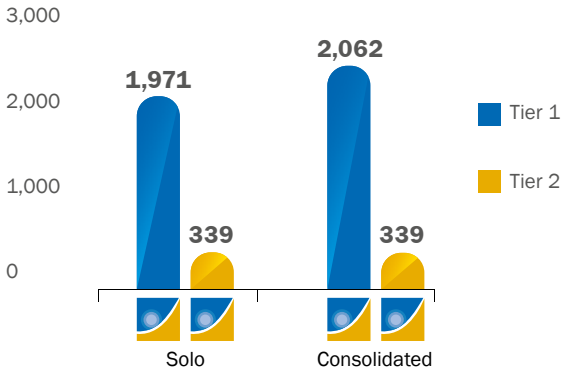
Consolidated- Tier 1



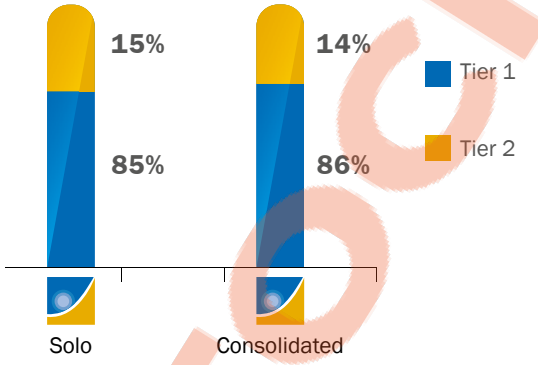
Tier 2 Capital



Composition of Capital



Composition of Capital



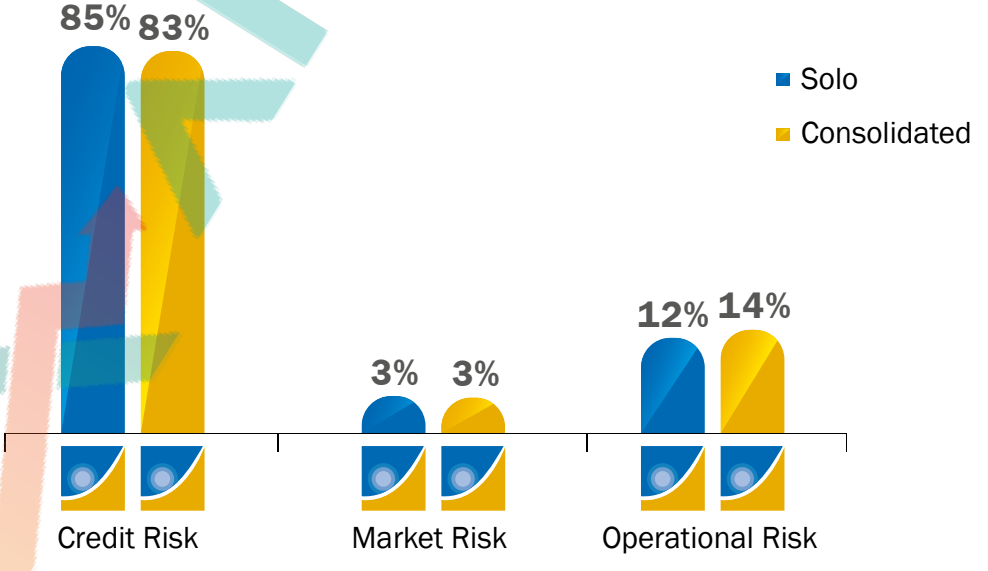
3. Capital Adequacy

Qualitative Disclosure

Qualitative Disclosure	a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	BRAC Bank Limited with its focused strategy on risk management has always been consistent in maintaining capital adequacy ratio above the regulatory requirements. BRAC Bank Limited has been successfully managing the incremental growth of the Risk Weighted Assets by ensuring diversification of the portfolio in SME, Retail and Corporate segments. However, RWA is also managed by taking collaterals against loans. We strive to ensure external credit rating is duly done by the borrowers. The bank has adopted Standardized Approach (SA) for computation of capital charge for credit risk and market risk, and Basic Indicator Approach (BIA) for operational risk. Assessment of capital adequacy is carried out in conjunction with the capital adequacy reporting to the Bangladesh Bank. The bank's policy is to manage and maintain its capital with the objective of maintaining strong capital ratio and high rating. The bank maintains capital levels that are sufficient to absorb all material risks. The bank also ensures that the capital levels comply with regulatory requirements and satisfy the external rating agencies and other stakeholders including depositors. The main objective of the capital management process in the bank is to ensure that Bank has adequate capital to meet up its all sorts of obligations any time.

Quantitative Disclosure			
Quantitative Disclosure	**Description**	**Solo**	**Consolidated**
	a) Capital requirement for Credit Risk	15,959,537,198	16,451,354,773
	b) Capital requirement for Market Risk	592,442,695	670,977,778
	c) Capital requirement for Operational Risk	2,291,127,872	2,791,324,653
	Minimum Capital Requirement	**18,843,107,764**	**19,913,657,204**
	d) Capital Ratio:		
	CET 1 Capital	19,706,622,316	20,623,649,764
	Total Tier 1 Capital	19,706,622,316	20,623,649,764
	Total Tier 2 Capital	3,388,516,294	3,388,516,294
	Total Capital	**23,095,138,610**	**24,012,166,059**
	Total Risk Weighted Assets (RWA):	**188,431,077,640**	**199,136,572,044**
	Capital to Risk Weighted Assets Ratio (CRAR)	12.26%	12.06%
	Common Equity Tier-1 to RWA	10.46%	10.36%
	Tier-1 Capital to RWA	10.46%	10.36%
	Tier-2 Capital to RWA	1.80%	1.70%
	Minimum Capital Requirement (MCR)	**18,843,107,764**	**19,913,657,204**

Capital Requirement under Pillar I



4. Credit Risk

Qualitative Disclosure

Qualitative Disclosure

a) The general qualitative disclosure requirement with respect to credit risk:

Since 2005 we have a lending policy in place for the management of credit risk in the bank. This policy is reviewed every year. Loan processing system in our bank is centralized. Where the Relationship Manager (RM) hunts for business keeping in mind the 5 Cs in a customer, then the RM prepares credit proposal and sends to Credit Risk Management (CRM) for analysis. CRM analyzes the proposal, decision is made (Approved/Declined/Query provided) and approved as per Delegation of Authority. Finally, documentation & disbursement are being done by Credit Department. In each of the aforementioned step, very stringent and rigorous risk assessment is done. Whereby, we strive to eliminate every possibility of credit risk. Moreover, there is a Lending cap to single borrower/group borrower exposure limit fully complying as stipulated by the regulators.

Before approving any facility to a borrower, we follow a very robust and rigid credit assessment process. Starting from accumulating and analyzing borrower's business information, Business prospect, present scenario, Market position, market reputation, Industry growth and Peer group comparison, we embark in any deal. At the same time Experience & skill of Sponsor Directors and Key Management in primary business, succession plan, Financial statement analysis including projected cash flow and opportunity, CIB Report check, Search Report check, Requirement of loan, proposed facility, justification of requirement & facility structuring and related such avenues are closely scrutinized. If the status of the client is deemed to be satisfactory, all documents are prepared and negotiations are undertaken. The relationship manager visits the factory (for manufacturing concerns) or retail outlets (for trading concerns) to see if the conditions are satisfactory & justifiable to support facilities. To maintain thorough knowledge of factory / warehouse a visit report is prepared in this regard. Stock Verification Report is also prepared and record is kept in customer's file. The environmental aspects are also considered while opting for any lending decision.

Other banks' liability position and status, other banks' sanction advice. Credit risk grading, External rating (for Large & Medium Enterprise customer) Information, Proposed Security analysis, Compliance of regulatory and internal policy guidelines and relevant such covenants are considered before extending any credit facility. These are all done with the sole intention to combat credit risk.

i) Definitions of past due and impaired (for accounting purposes);

Credit risk is the risk of financial losses resulting from the failure by a client or counterparty to meet its contractual obligations to the Bank. Credit risk arises from the Bank's dealings with or lending to corporate, individuals, and other banks or financial institutions.

Bank's provision for loans and advances is created based on the period of arrears by following Bangladesh Bank BRPD Circulars No. 16 of December 06, 1998, 09 of May 14, 2001, 09 and 10 of August 20, 2005, 05 of June 05, 2006, 8 of August 07, 2007, 10 of September 18, 2007, 05 of April 29, 2008, 32 of October 12, 2010, 14 of September 23, 2012, 15 of September 23, 2012, 19 of December 27, 2012 and 05 of May 29, 2013 respectively. This is also reviewed by the management as and when requisite.

Interest on loans and advances is calculated daily on product basis but charged and accounted monthly and quarterly on accrual basis. Classification and provisioning for loans and advances is created based on the period of arrears by following Bangladesh Bank BRPD circulars no. 14, of 23 September 2012, 15 of 23 September 2012, 19 of 27 December 2012 and 05 of 29 May 2013 respectively. This is also reviewed by the management. Interest on classified loans and advances is calculated as per BRPD circular No. 27, dated August 31, 2010 and recognized as income on realization as per BRPD circular no. 14 and 15, dated September 23, 2012. Large loans are defined as number of clients with amount outstanding and classification status to whom loans and advances sanctioned exceeds 10% of the total capital of the Bank.

With a view to strengthening credit discipline and bring classification and provisioning regulation in line with international standard, an apt classification and provisioning mechanism was undertaken as per Bangladesh Bank circulars issued from time to time. In this regard, all the loans and advances/investments are grouped into four categories for the purpose of classification, namely i) Continuous Loan, ii) Demand Loan, iii) Fixed Term Loan and iv) Short-term Agricultural and Micro Credit. They are classified as follow:

Type of Facility	Loan Classification		
	Sub Standard	Doubtful	Bad & Loss
	Overdue period	Overdue period	Overdue period
Continuous Loan & Demand Loan	3 months or more but less than 6 months	6 months or more but less than 9 months	9 months or more
Fixed Term Loan more than Tk. 1 million	3 months or more but less than 6 months	6 months or more but less than 9 months	9 months or more
Fixed Term Loan up to Tk. 1 million	6 months or more but less than 9 months	9 months or more but less than 12 months	12 months or more
Short Term Agricultural & Micro Credit	12 months or more but less than 36 months	36 months or more but less than 60 months	60 months or more

ii) Description of approaches followed for specific and general allowances and statistical methods;

Provision for loans and advances is created for covering the bank from possible loan losses in the future. General provision is made on the outstanding amount of loans and advances without considering the classification status following the prescribed rate of Bangladesh Bank. Classified loans and advances of the banks are categorized as Sub-Standard, Doubtful and Bad/Loss as per Bangladesh Bank circulars. For loans which are classified as sub-standard, doubtful or bad/loss, specific provision is created netting off security value and interest suspense from the amount outstanding. Provision for off balance sheet items is made as per BRPD circular no. 14 of September 2012 for covering the bank for possible losses on off balance sheet items in the future.

Classified loans and advances of the banks are categorized as sub-standard, doubtful and bad/loss as per guidelines of Bangladesh Bank. Interest accrued on Sub-Standard, Doubtful and Bad/Loss loans is transferred to interest suspense account and not considered as interest income. This interest is recognized as interest income when it is realized in cash by the bank.

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

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

The bank is required to maintain the following general and specific provision in respect of classified and unclassified loans and advances / investments on the basis of Bangladesh Bank guidelines issued from time to time:

Types of Loans & Advances		UC		SS	DF	BL
		STD	SMA			
Consumer	House building and loans for professionals	2%	2%	20%	50%	100%
	Other than house building and professionals	5%	5%	20%	50%	100%
Loans to BHs/ MBs against share etc.		2%	2%	20%	50%	100%
Small and medium enterprise		0.25%	0.25%	20%	50%	100%
Short term Agriculture/Micro credit		2.50%		5%	5%	100%
All others		1%	1%	20%	50%	100%
OBS		1%	-	-	-	-

iii) Discussion of the bank's credit risk management policy;

Method used to measure credit risk: As per Bangladesh bank's guideline, the bank follows Standardized Approach for measurement of credit risk adopting the credit rating agencies as External Credit Assessment Institutions (ECAI) for claims on banks and FIs, corporate and eligible SME customers, and Credit Risk Mitigation against the financial securities and guarantees of loan exposure.

Credit Policy: BRAC Bank Limited is managing its Credit Risk through a Board directed and approved Credit Policy in line with the Bangladesh Bank Core Risk Management Guidelines, which outlined robust processes and procedures to ensure the quality of its assets portfolio. The Credit Policy also contains the general principles to govern the implementation of detailed lending procedures and risk grading systems of the borrowers. And, as such, it specifically addresses the areas of:

- ♦ Loan Originating
- ♦ Credit Approval
- ♦ Credit Administration
- ♦ Risk Management and
- ♦ Monitoring, Collection and Recovery activities

Credit Risk Mitigation: Potential credit risks are mitigated by taking primary and collateral securities. There are other risk mitigation approaches like netting agreements and other guarantees. The legal certainty and enforceability of the mitigation approach are verified by the professionals of the respected fields. Collateral types which are eligible for risk mitigation include: cash; residential, commercial and industrial property; plant and machinery; marketable securities etc. Collaterals are physically verified by the bank officials. At the same time these are also valued by independent third party surveyor in accordance with the credit policy and procedures.

Credit Assessment and Grading: Know Your Client (KYC) is the first step to analyze any credit proposal. Banker-Customer relationship is established through opening of accounts of the customers. Proper introduction, photographs of the account holders/ signatories, passports etc., and all other required papers as per Bank's policy are obtained during account opening. Physical verification of customer address is done prior to credit appraisal. At least three Cs, i.e., Character, Capital and Capacity of the customers are confirmed. Credit Appraisals include the details of amount and type of loan(s) proposed, purpose of loan (s), result of financial analysis, loan Structure (Tenor, Covenants, Repayment Schedule, Interest), security arrangements. The above are minimum components to appraise a credit and there are other analyses depending on the credit nature. The bank follows the CRG manual of Bangladesh Bank circulated on December 11, 2005 through BRPD circular no. 18.

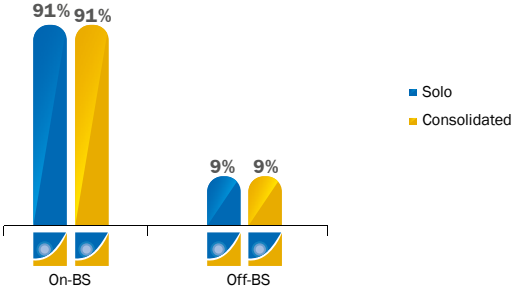
Credit Risk Management: Conventionally, the core function of a Credit Risk Management (CRM) Team is to optimize the risk adjusted return from Bank's Loans and Advances by maintaining an appropriate standard in the underwriting process. However, the scope of BRAC Bank's CRM is not just limited to this. At BBL, a more holistic approach towards risk management is taken, where socioeconomic and environmental impacts of the decisions made are emphasized upon. This particular practice is the hallmark of BRAC Bank's credit risk management objective. We believe in development rather than growth, and sustainability rather than mere financial return from a transaction. We strive to create value rather than be the consumer of the value. To achieve this goal, we manage the credit risk inherent in the entire portfolio of the bank as well as the risks associated with individual credit proposals or transactions. We believe that the effective management of credit risk is a critical component of a comprehensive approach to risk management. In the last couple of years, BRAC bank has been focusing on adopting environmental risk management programs through the assistance, guidance, and/or requirements provided by various international DFIs as well as clearly articulated regulatory guidelines. Bringing in social and environmental risk assessment into the credit approval process contributes to the well-being of the society. Moreover, as the lion share of the total revenue of BRAC Bank Limited comes particularly through SME lending, so the future prospect of the bank depends on quality of its asset portfolio. Thus efficient management of the Loans and Advances is of paramount importance for the bank.

Determination of credit risk involves review of the borrower's past credit history and its income assessment. We have established an appropriate credit risk environment, operating under a sound credit-granting process, maintaining a robust credit administration and monitoring process, and ensuring adequate controls over credit risk. There are differentiated and dedicated credit models for SME Banking, Retail Banking and Wholesales Banking to ensure the quality asset growth of the bank while implementing the risk mitigation strategies for each portfolio. There is a distributed collection model that consistently follows up with the borrowers for the timely repayments. A wing named 'Special Asset Management (SAM)' deals with non-performing assets through amicable settlement, execution of decrees and arrangements of auctions to sell the mortgaged properties. SAM is also engaged to monitor Early Alert Accounts. At BBL, we are very keen to identify, measure, monitor and control credit risk and ensure that adequate capital against these risks are maintained, at the same time they are satisfactorily compensated against the risk of potential losses. At BBL, we are very keen to identify, measure, monitor and control credit risk and ensure that adequate capital against these risks are maintained, at the same time they are satisfactorily compensated against the risk of potential losses.

Final authority and responsibility for all activities that expose the bank to credit risk rests with the Board of Directors. The Board however delegated authority to the Managing Director and CEO or other officers of the credit risk management division. The Credit Policy Manual contains the core principles for identifying, measuring, approving, and managing credit risk in the bank and designed to meet the organizational requirements that exist today as well as to provide flexibility for future. The policy covers corporate, retail, small and medium enterprise exposures. Policies and procedures has structured and standardized credit risk management process both in obligor and portfolio level and also follow central bank guide line. Credit risk management function is Independent of business origination functions to establish better internal control and to reduce conflict of interest.

RWA UNDER CREDIT RISK

Risk Weighted Assets	Solo	Consolidated
Credit Risk	**159,595,371,976**	**164,513,547,734**
On- Balance sheet	145,355,949,561	150,274,125,319
Off- Balance sheet	14,239,422,415	14,239,422,415



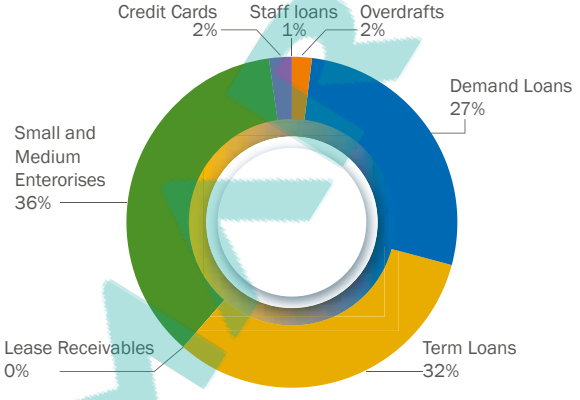
Quantitative Disclosure

Quantitative Disclosure

a) Total gross credit risk exposures broken down by major types of credit exposure:

Particulars	Amount (BDT)
Overdrafts	3,996,767,472
Demand loans	46,479,400,892
Term loans	55,506,759,203
Lease receivables	437,594,601
Small and medium enterprises	61,185,461,566
Credit Cards	3,273,392,133
Staff loans	805,145,717
Sub-total	171,684,521,584
Bills purchased and discounted	1,814,813,275
Bills purchased and discounted SME	112,706,653
Total	**173,612,041,512**

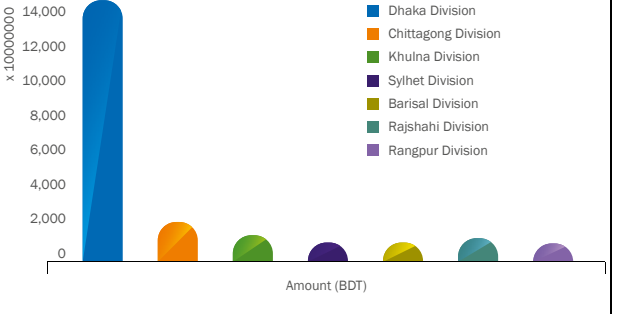
Credit risk exposure broken down by major types of credit exposure



a) Total gross credit risk exposures broken down by major types of credit exposure:

Particulars	Amount (BDT)
Dhaka Division	134,660,515,680
Chittagong Division	18,459,418,441
Khulna Division	5,564,302,120
Sylhet Division	2,613,608,175
Barisal Division	2,263,505,371
Rajshahi Division	7,496,724,550
Rangpur Division	2,553,967,175
Total	**173,612,041,512**

Geographical Distribution of Exposures

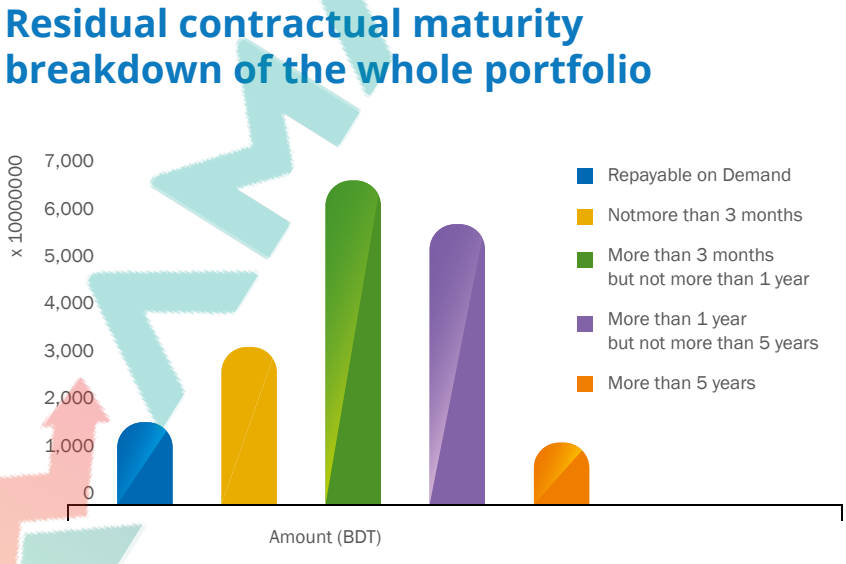


c) Industry or counterparty type distribution of exposures, Sector-wise Allocation of Loans and Advances:

Particulars	Amount (BDT)
Government:	
Private:	
Agriculture	3,422,444,806
Industry	46,805,376,154
Service Industry	10,861,419,708
Agro-based Industry	8,345,739,586
Commerce & Trade	78,656,698,339
Consumer Credit	25,520,362,919
Total	173,612,041,512

d) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure:

Particulars	Amount (BDT)
Repayable on demand	15,416,075,868
Not more than 3 months	28,951,240,236
More than 3 months but not more than 1 Year	65,219,211,775
More than 1 year but not more than 5 years	54,588,391,557
More than 5 years	9,437,122,076
Total	173,612,041,512



e) By major industry or counterparty type: Amount of impaired loans and if available, past due loans, provided separately; Specific and general provisions; and Charges for specific allowances and charge-offs during the period:

Status	Outstanding Loans and advances 2016	Base for provision	Percentage (%) of required provision	Required provision 2016
Unclassified				
All unclassified loans (Other than Small and Medium enterprise Financing, Consumer Financing, BHs/ MBs/SDs, Housing and loans for professional)	75,019,583,783	74,214,438,066	1%	742,144,381
Small and Medium enterprise financing	57,067,356,111	57,067,320,895	0.25%	142,668,302
Loans to BHs/MBs/SDs against share etc.	1,622,810,221	1,622,810,221	2%	32,456,204
Housing and loan for professional	16,109,103,180	16,109,103,180	2%	322,182,064
Loans for professionals to Set up business (LP)	204,570,511	204,570,511	2%	4,091,410
Consumer finance	16,177,211,767	16,177,211,767	5%	808,860,588
Short Term Agricultural and Micro Credit	1,500,761,427	1,500,761,427	2.50%	37,519,036
Total				**2,089,921,985**

f) Gross Non Performing Assets (NPAs):

Classified - Specific provision	Outstanding Loans and advances 2016	Base for provision	Percentage (%) of required provision	Required provision 2016
Sub-standard (Short Term Agricultural Credit)	30,216	28,304	5%	1,415
Doubtful (Short Term Agricultural Credit)	884,483	827,043	5%	41,352
Sub-standard	648,500,421	403,008,141	20%	80,601,628
Doubtful	498,709,680	336,384,033	50%	168,192,016
Bad/Loss	4,762,519,710	3,081,894,837	100%	3,133,955,813
Required provision for loans and advances				5,472,714,209
Total provision maintained				6,956,029,599
Excess/(Short) provision at 31 December 2016				**1,483,315,390**
* BHs = Brokerage Houses, MBs = Merchant Banks, SDs = Stock Dealers Against Shares				

TAMARSTOCK

5. Equities: Disclosure for banking book positions

Qualitative Disclosure

Qualitative Disclosure

a) The general qualitative disclosure requirement with respect to equity risk, including:

i) Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons:

Investment in equity securities are broadly categorized into two parts:

♦**Quoted Securities:** Common or Preference Shares & Mutual Fund) that are traded in the secondary market.

♦**Unquoted securities:** These include shares of Central Depository Bangladesh Limited (CDBL), Industrial and Infrastructure Development Finance Co. Ltd., Bangladesh Rating Agency of Bangladesh Limited., BRAC Asset Management Company Ltd., VIPB Income Fund, BRAC Impact Ventures Limited and the subsidiaries of BBL.

ii) discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices:

The primary aim is to investment in these equity securities for the purpose of capital gain by selling them in future or held for dividend income. Dividends received from these equity securities are accounted for as and when received. Both Quoted and Un-Quoted equity securities are valued at cost and necessary provisions are maintained if the prices fall below the cost price.

b) Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices;

All investment securities including acquisition charges associated with the investment are initially recognized at cost. Premiums are amortized and discount accredited, using the effective yield method and are taken to discount income.

The valuation methods of Marking to Market for investment used are:

Held to Maturity (HTM) and by definition the investments which have "Fixed or determinable" payments and fixed maturity that the group has the positive intent and ability to hold to maturity other than those that meet the definition of 'Held at amortized cost others' are classified as held to maturity. These 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 (HFT) is a method where investments are acquired principally for the purpose of selling or repurchasing or in short trading or if designated as such by the management. After initial recognition, investments are measured at present value and any change in the fair value is recognized in the statement of income for the period in which it arises. Transaction costs, if any, are not added to the value of investments at initial recognition.

Revaluation: According to DOS Circular no.-05, dated 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 revaluated if they are reclassified to HFT category with the Board's approval.

Value of Investments has been shown as under:

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

Quantitative Disclosure

Quantitative Disclosure

			Amount in Taka
Quoted Shares			
Particular	**Cost of holding**	**Market Value**	**Unrealized Gain**
Ordinary shares	1,413,196,396	1,337,198,191	(75,998,205)
Unquoted			**Cost of holding**
Industrial and Infrastructure Development Finance Co. Limited			29,683,820
Central Depository Bangladesh Limited			16,277,770
The Bangladesh Rating Agency Limited			12,497,600
BRAC EPL Investments Limited			2,752,714,494
BRAC EPL Stock Brokerage Limited			1,344,147,500
bKash Limited			168,921,800
BRAC Saajan Exchange Limited			59,388,531
BRAC IT Service Limited			31,224,000
BRAC Asset Management Company Limited			12,500,000
VIPB Income Fund			102,500,000
Preference shares			
Union Capital Preference Share			40,000,000
Total			**4,569,855,515**
Required Capital Charge on Equities			
		Solo	**Consolidated**
General Market Risk		144,389,819	183,657,360
Specific Risk		144,389,819	183,657,360
Total Capital Charge		**288,779,638**	**367,314,721**

6. Interest Rate Risk in the Banking Book (IRRBB)

Qualitative Disclosure

Qualitative Disclosure

a) The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement:

Interest rate risk affects the bank's financial condition due to adverse movements in interest rates of interest sensitive assets. Changes in interest rates have two types of impact:

i. Earnings perspective: It affects a bank's earnings by changing its net interest income and the level of other interest sensitive income and operating expenses.

ii. Economic value perspective: The economic value of future cash flows changes when interest rate changes.

In BRAC Bank Limited, the Asset & Liability Management (ALM) unit under the supervision of Asset and Liability Committee (ALCO) is responsible for managing market risk arising from BRAC Bank's banking book activities. Our interest rate risk management involves the application of four basic elements in the management of assets, liabilities, and OBS instruments. These are (a) appropriate senior management oversight; (b) adequate risk management policies and procedures, (c) appropriate risk measurement, monitoring, and control functions; and d) comprehensive internal controls.

Techniques of Addressing IRRB: Following techniques for managing the IRRB in BRAC Bank Limited are applied:

Re-pricing Schedules: It is the simplest techniques for measuring a bank's interest rate risk exposure and that is generating a maturity/re-pricing schedule that distributes interest-sensitive assets, liabilities, and OBS positions into a certain number of predefined time bands according to their maturity (if fixed-rate) or time remaining to their next re-pricing (if floating-rate). Those assets and liabilities lacking definitive re-pricing intervals (e.g. sight deposits or savings accounts) or actual maturities that could vary from contractual maturities are assigned to re-pricing time bands according to the judgment and past experience of the bank.

Gap Analysis: It helps to assess the interest rate risk of current earnings. To evaluate earnings exposure, interest rate-sensitive liabilities in each time band are subtracted from the corresponding interest rate-sensitive assets to produce a re-pricing "gap" for that time band. This gap is then multiplied by an assumed change in interest rates to yield an approximation of the change in net interest income that would result from such an interest rate movement.

i. Duration: A maturity/re-pricing schedule is also used to evaluate the effects of changing interest rates on a bank's economic value by applying sensitivity weights to each time band. Typically, such weights are based on estimates of the duration of assets and liabilities that fall into each time band.

ii. Quarterly Stress Testing: It is conducted on quarterly basis as per the directives of Bangladesh Bank to gain better insight into the vulnerable issue of IRRB.

Quantitative Disclosure

Quantitative Disclosure

Particulars			Amount (BDT)
Market Value of Assets			252,997,745,049
Market Value of Liabilities			227,600,545,398
Weighted Average of Duration of Assets (DA)			1.48
Weighted Average of Duration of Liabilities (DL)			0.26
Duration GAP (DA-DL)			1.25
Yield to Maturity (YTM -Assets)			8.95%
Yield to Maturity (YTM -Liability)			3.41%
Magnitude of Interest Rate Change	1%	2%	3%
Change in market value of equity due to an increase in interest rate	-2,898,383,981	-5,796,767,962	-8,695,151,943
Stress Testing	Minor	Moderate	Major
Regulatory capital (after shock)	20,185,297,417	17,286,913,436	14,388,529,455
RWA (after shock)	186,673,405,251	183,775,021,270	180,876,637,288
CAR (after shock)	10.81%	9.41%	7.95%

7. Market Risk

Qualitative Disclosure

Qualitative Disclosure

a) Views of BOD on trading/investment activities

Market risk arises due to changes in the market variables such as interest rates, foreign currency exchange rates, equity prices and commodity prices. The financial instruments that are held with trading intent or to hedge against various risk, are purchased to make profit from spreads between the bid and ask price are subject to market risk.

We have Foreign Exchange Risk Management Guideline entirely customized as per our bank's need since 2004. The guidelines have been prepared as per Bangladesh Bank guidelines and appraised by our Board of Directors. All financial activities are susceptible to different degree of risks. Being a financial institution, to measure, monitor and manage these risks would be crucial for the survival and good health of the organization. Within the bank, treasury would be vested with the responsibility to measure and minimize the risks associated with bank's assets and liabilities. Managing foreign exchange risk would be one of the prime responsibilities of the treasury.

Liquidity Contingency plan and the guidelines of Bangladesh Bank in respect of CRR, SLR & Capital Adequacy are also there to guide in the proper direction. We have the Asset Liability Committee (ALCO) responsible for overall balance sheet (asset liability) risk management. Treasury would be responsible for managing the balance sheet as per recommendation of ALCO to minimize risk and maximize returns. The committee would call on a meeting at least once in every month to set and review strategies on ALM. The ALCO process or ALCO meeting reviews the ALCO paper along with the prescribed agendas. Head of treasury would put his views on whether the interest rates need to re-priced whether the bank needs deposit or advance growth, whether the growth on deposits and advances would be on short term or long term, what would be the transfer price of funds among the divisions, what kind of interbank dependency the bank would have. Based on the analysis and views, the committee would take decisions to reduce balance sheet risk while maximizing profits.

At BRAC bank, the Board approves all policies related to market risk, sets limit and reviews compliance on a regular basis. The objective is to obtain the best balance of risk and return whilst meeting customers' requirements.

Qualitative Disclosure	b) Methods used to measure Market	There are several methods used to measure market risk and the bank uses those methods which deem fit for a particular scenario. For measuring interest risk from earnings perspective, the bank uses maturity gap analysis, Duration Gap analysis, Sensitivity Analysis. We use standardized (Rule Based) method for Calculating capital charge against market risks for minimum capital requirement of the bank under Basel-III.
	c) Market Risk Management system	The Treasury Division manages market risk covering liquidity, interest rate and foreign exchange risks with oversight from Asset-Liability Management Committee (ALCO) comprising senior executives of the bank. ALCO is chaired by the Managing Director.
	d) Policies and processes for mitigating market risk	**i. Asset Liability Management:** BRAC Bank Limited gives adequate emphasis so that the level of balance sheet risks is effectively managed. Appropriate policies and procedures have been established as per the guidelines of Bank's Board of Directors (BOD) including relevant circular guidelines of Bangladesh Bank to control and limit these risks and proper resources are available for the evaluation and control of these risks. The Asset Liability Committee (ALCO) of the bank monitors Balance Sheet and liquidity risk of the bank. **ii. Foreign Exchange Risk Management:** Foreign exchange risk (also known as FX risk, exchange rate risk or currency risk) is a financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency. The risk is that adverse fluctuations in exchange rates may result in a loss in earnings. We have our own board approved policy for the management of FX risk. We have developed different strategies to handle foreign exchange risk by setting different types of limits and risk parameters to measure and monitor foreign exchange risk exposure of the bank. The bank maintains various Nostro accounts in order to conduct operations in different currencies. The management of the bank sets limits for conducting Nostro account transactions. All Nostro accounts are reconciled on monthly basis and outstanding entries are reviewed by the management for its settlement/ adjustment. The position maintained by the bank at the end of the day is within the stipulated limit prescribed by the central Bank. Changes in market liquidity and/or interest rate exposes Bank's business to the risk of loss. Treasury department is vested with the responsibility to measure and minimize the risk associated with bank's assets and liabilities including Foreign Exchange Risk. All Treasury functions are clearly demarcated between Treasury Front Office and Back Office. The Front Office is involved only in dealing activities while the Back Office is responsible for related support and monitoring functions. All the Treasury Front and Back Office personnel are guided as per Bangladesh Bank Core Risk Management guidelines. And they have separate and independent reporting lines to ensure segregation of duties and accountabilities. Dealing room is equipped with Reuter's information, voice screen recorder.

Quantitative Disclosure

Quantitative Disclosure

(Amount in BDT)

The Capital Requirements for Market Risk	Solo	Consolidated
Interest Rate risk	107,992,984	107,992,984
Equity position risk	288,779,638	367,314,721
Foreign Exchange risk	195,670,073	195,670,073
Commodity risk	-	-
Total	**592,442,695**	**670,977,778**

8. Operational Risk

Qualitative Disclosure

Qualitative Disclosure	a) Views of BOD on system to reduce Operational Risk	Operation risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and system or from external events. This definition includes legal risk, but excludes strategic or reputation risk. The Board of Directors (BOD) of BRAC Bank Limited and its Management firmly believe that efficient management of operational risks always contribute to the earnings of the bank and at the same time secure the interest of its customers and shareholders. To materialize this understanding into reality, there are dedicated risk management associates across the bank that consistently work for managing the Operational Risks using effective tools and techniques implemented through polices and processes.
	b) Performance gap of executives and staffs	BBL is an equal opportunity employer. At BBL, we recognize the importance of having the right people at right places and positions to achieve organizational goal.The bank has proper mechanism in place to identify the scope of improvement of the employees and executives and work towards addressing them on time. Development of human resources is pivotal for optimum efficiency and hence, BBL's employees are given with numerous learning and capacity development programs throughout the year by best resources available within the country and abroad. To reduce knowledge gap and assist in the development of our personnel, user friendly Operations Manual have been developed and enclosed with functional processes for all employees who are the end users of these processes. This is a critical initiative for the Bank because having a mapped out process enables users to operate more efficiently, enhances knowledge amongst staff and fills in the lapses in operations. All the policies and processes address clear responsibilities and accountabilities of all employees.
	c) Potential external events	There are non-diversifiable external factors that can affect operations of the business directly or indirectly. BBL understand that business operates in an umbrella of inter connected socio-economic and political environment where macro-economic conditions, regulatory changes, change in demand, status of infrastructure have significant influence on bank's performance. The bank has separate mechanism to address such kind of events.
	d) Policies and processes for mitigating operational risk	In BRAC Bank, a dedicated department under the Risk Management Division (RMD) consistently works in Operational Risk identification, assessment and implementing appropriate risk mitigation strategies across the bank. It helps to create awareness about various types of risks in pan bank and enhances management of significant risk exposures by escalating all risk issues timely and concisely to the MANCOM and Enterprise Risk Management Committee (ERMC). The team works in collaboration with all the departments in the bank for minimizing the Operational Risk exposures by collating information from key stakeholders of processes across all functions of the bank, Incident Reports, Potential Loss Reports, Internal Audit Reports, External Audit Reports and various other sources to identify gaps, risks, compliance and control failures to ensure reporting of significant risks and corporate governance issues. Such maintenance of a bank-wide risk management framework enables every department to independently identify, assess and respond to changes in the operating environment. Moreover, Internal Control and Compliance Division has key role in identifying and mitigating operational risk. This division works relentlessly under the guidance of Board Audit committee to manage operational risk issues of the bank. The audit committee delivers policies and directions from time to time to keep the operational efficiency of the bank up to the mark.
	e) Approach for Calculating Capital Charges for Operational Risk	Basic Indicator Approach (BIA) is followed to calculate the capital charges for Operational Risk as per the guidelines of Bangladesh Bank. As per BIA, the capital charge for Operations Risk is a fixed percentage denoted by α (alpha) of average positive gross annual income of the bank over the past three years.

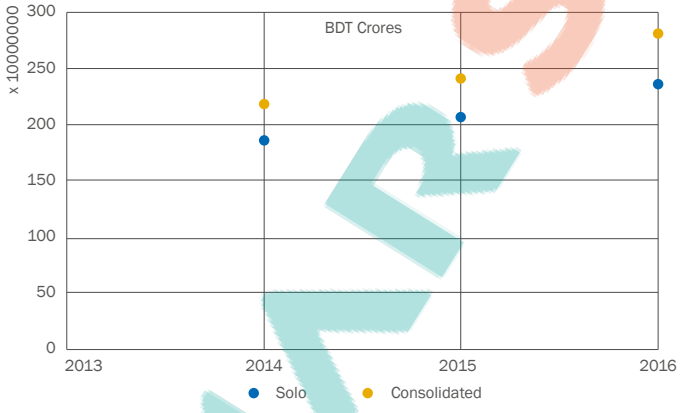
Quantitative Disclosure

Quantitative Disclosure

Amount in Taka

	Solo			Consolidated		
Year	Gross Income (GI)	Weight	15% of Average GI	Gross Income (GI)	Weight	15% of Average GI
2016	17,117,160,422	15%	2,567,574,063	21,324,553,375	15%	3,198,683,006
2015	15,193,514,964	15%	2,279,027,245	18,504,878,189	15%	2,775,731,728
2014	13,511,882,044	15%	2,026,782,307	15,997,061,501	15%	2,399,559,225
Average			2,291,127,872	Average		2,791,324,653
	Average Gross Income of three years			Average Gross Income of three years		
	45,822,557,430	15%	2,291,127,872	55,826,493,066	15%	2,791,324,653

Capital Requirement under Operational Risk



9. Liquidity Ratio

Qualitative Disclosure

Qualitative Disclosure

a) Views of BOD on system to reduce liquidity Risk	Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit) or when a bank is unable to fulfill its commitments in time when payment falls due. Thus, liquidity risk can be of two types: a) Funding liquidity risk: the risk that a firm will be unable to meet its current and future cash flow and collateral needs without affecting its daily operations or its financial condition. b) Market liquidity risk: the risk that a firm cannot easily offset or sell a position without incurring a loss because of inadequate depth in the market. BBL's Board of Directors have always been giving utmost importance to minimize the liquidity risk of the bank. In order to reduce liquidity risk strict maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Reserve (SLR) are also being emphasized on a regular basis. Apart from these as a part of Basel-III requirement Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are also maintained under the guidance and sharp insight of our honorable Board of Directors.

Qualitative Disclosure	b) Methods used to measure Liquidity risk	We follow Bangladesh Bank's Risk Based Capital Adequacy guideline in line with Basel III. We also follow DOS circular no. 1, dated 1st January, 2015, on Implementation of Basel III liquidity ratio. The calculation methodology is illustrated in detail in the guideline provided by Bangladesh Bank. **Liquidity Coverage ratio:** The liquidity coverage ratio (LCR) refers to highly liquid assets held by financial institutions in order to meet short-term obligations. The Liquidity coverage ratio is designed to ensure that financial institutions have the necessary assets on hand to ride out short-term liquidity disruptions. Banks are required to hold an amount of highly-liquid assets, such as cash or Treasury bonds, equal to or greater than their net cash over a 30 day period (having at least 100% coverage). **Net stable funding ratio (NSFR):** The NSFR presents the proportion of long term assets funded by stable funding and is calculated as the amount of Available Stable Funding (ASF) divided by the amount of Required Stable Funding (RSF) over a one-year horizon. This ratio must equal or exceed 100%.
	c) Liquidity risk management system	Liquidity is the ability of a bank to generate fund for increasing assets and meet obligations as they come due, without incurring unacceptable cost. The fundamental role of banks in the maturity transformation of short-term deposits into long-term loans makes bank inherently vulnerable to liquidity risk. Effective liquidity risk management helps ensure a bank's ability to meet cash flow obligations, which are uncertain as they are affected by external events and other agents' behavior. Liquidity risk management is of paramount importance because a liquidity shortfall at single institution can have system-wide repercussions. Responsibility of managing and controlling liquidity of BBL lies with Asset Liability Management Committee (ALCO) which meets at regular interval. Asset and Liability Management (ALM) desk closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities and they are primarily responsible for management of liquidity in the bank.
	d) Policies and processes for mitigating liquidity risk	Asset Liability Management (ALM) is the core job and integral part of Bank Management. Changes in market liquidity and in interest rate exposes Bank's business to the risk of loss, which may, in extreme cases, threaten the survival of the institution. As such, it is important that the level of balance sheet risks is effectively managed, appropriate policies and procedures are established to control and limit these risks, and proper resources are available for evaluating and controlling these risks. Asset Liability Management policy is prepared to monitor, measure and manage the risks associated with balance sheet and guards the Bank against any unforeseen loss/threat of survival. The Asset Liability Management policy was approved by the Board in August 2004. The policy is revised to accommodate regulatory and organizational change. The Board of Directors approve the LRM Policy. Asset Liability Committee (ALCO) reviews the policy at least annually or as and when required by taking into consideration of any changes in the market dynamics and appropriateness and put recommendation for changes in policy to the Board for approval. The LRM Policy is guided by international best banking practices, local banking & regulatory environment and prudent guidelines of the central bank.

Quantitative Disclosure

Quantitative Disclosure

Particular	As on December 31, 2016
Liquidity Coverage Ratio	111.79%
Net Stable Funding Ratio (NSFR)	115.44%
Stock of High quality liquid assets	32,786,482
Available amount of stable funding	191,741,573
Required amount of stable funding	166,098,053

10. Leverage Ratio

Qualitative Disclosure

Qualitative Disclosure	a) Views of BOD on system to reduce excessive leverage	In order to avoid building-up excessive on- and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. Banks have a range of financial incentives to operate with high leverage. But it creates risk when it crosses a certain point. Therefore, the board' views that sound prudential controls are needed to ensure that the organization maintains a balance between its debt and equity. The board also believes that the bank should maintain its leverage ratio on and above the regulatory requirements which will eventually increase the public confidence on the organization. BRAC Bank calculates leverage ratio on quarterly basis as per the RBCA guideline of the Bangladesh Bank and submits it to the Department of Off-site Supervision (DOS), Bangladesh Bank along with CRAR report.
	b) Policies and processes for managing excessive on and off-balance sheet leverage	To manage excessive leverage, the bank follows all regulatory requirements for capital, liquidity, commitment, Advance Deposit Ratio (ADR), Maximum Cumulative Outflow (MCO), and other standards set by Bangladesh Bank. The aim is to ensure that the high leverage inherent in banking business models is carefully and prudently managed.
	c) Approach for calculating exposure	Leverage ratio reflects the bank's tier 1 capital (the numerator) over total exposure (the denominator), which include its balance sheet exposures and certain off-balance sheet exposures. The capital measure for the leverage ratio is based on the Tier 1 capital. The exposure measure for the leverage ratio follows the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the followings are applied by the bank: 1. On balance sheet, non-derivative exposures are net of specific provisions and valuation adjustments 2. Physical or financial collateral, guarantee or credit risk mitigation purchased is not considered to reduce on-balance sheet exposure 3. Netting of loans and deposits is not considered. **Leverage Ratio:** Tier 1 Capital (after related deductions)/Total Exposure (after related deductions)

Quantitative Disclosure

Quantitative Disclosure

Particular	Solo	Consolidated
Leverage ratio	7.41%	7.26%
On balance sheet exposure	243,609,684,019	263,328,369,837
Off balance sheet exposure	23,334,249,547	23,334,249,547
Total exposure	265,837,801,690	284,174,385,578

11. Remuneration

Qualitative Disclosure

Qualitative Disclosure	**a) Information relating to the bodies that oversee remuneration:**	
	i. Name, composition and mandate of the main body overseeing remuneration	Remuneration during Joining: This is overseen by the four senior executives in Human Resources Division: 1) Head of Human Resource 2) Head of Operations 3) Head of Compensation & Rewards 4) Head of Recruitment The above four members along with the concern functional head fixes the remuneration based on fitment analysis of the incoming employee. Remuneration after Joining: Head of Human Resources along with concern Function head and Management Committee reviews the remuneration of the Bank from time to time and adjust it based on performance, Cost of Living Adjustment and market benchmark.
	ii. External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.	The Management of the Bank has appointed "Cerebrus" "consultant firm to do a full fledge Remuneration and Benefit survey for salary adjustment. The consultant firm was commissioned with the recommendation from Head of HR along with the consent of MD & CEO.
	iii. A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches	The remuneration policy of the bank covers all persons engaged in service of the bank. The Salary structure of the Bank is based on Job Grades. Job grades are decided on the basis of an analytic assessment of the position based on the size, responsibilities, decision-making authorities and the nature of the job.
	iv. A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.	We have considered high officials like Chief Executives Officer, Chief Financial Officer, Head of Retail Banking, Head of Operation, Head of HR, Head of Technology, Internal control & Compliances, Head of SME, Head of Corporate are material risk takers.

	b) Information relating to the design and structure of remuneration processes:	
	i. An overview of the key features and objectives of remuneration policy.	The Bank is committed to follow a fair, competitive and flexible remuneration policy. The Board is the final authority for approval and any amendment to this policy with upon recommendation from the Management Committee. The remuneration policy of the bank cover all persons engaged in permanent service of the bank. Bank has different Job Grades for various levels of employee. Job grade is decided on the basis of an analytic assessment of the position based on the size, responsibilities, decision-making authorities and the nature of the job.
		THE FOLLOWING ARE THE JOB GRADES OF BRAC BANK LIMITED: ● Additional Managing Director ● Deputy Managing Director ● Senior Executive Vice President ● Executive Vice President ● Senior Vice President ● Vice President ● Senior Assistant Vice President ● First Assistant Vice President ● Assistant Vice President ● Senior Principal Officer ● Principal Officer ● Senior Officer ● Management Trainee Officer ● Officer Grade II ● Officer Grade I Managing Director & CEO is not a permanent position. It is a fixed term contractual position as per Bangladesh Bank's approval. **THE MONTHLY GROSS SALARY OF AN EMPLOYEE HAVE THE FOLLOWING COMPONENTS:** ● Basic salary ● House rent ● Medical allowance ● Conveyance ● Utility ● Entertainment ● Festival Bonus ● Leave Fair Allowance Salaries are confidential between the employees concerned and the Management The salary ranges for these job grade is reviewed from time to time by the management committee. In addition to this, an employee receives 2 guaranteed festival bonuses in two festivals each equal to one basic. He also receives Leave Fair Allowance equal to one Basic salary at the time of his Annual Mandatory Leave. He may also receive performance bonus/awards/grants e.t.c. as decided by the Board/Management of the bank from time to time

	ii. Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.	N/A
	iii. A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.	The structure of the performance-based component of the Risk Manager's remuneration is referred to the Human Resources Committee for approval. Any qualitative performance metrics are based on the quality and integrity of risk and control functions.
	c) Description of the ways in which current and future risks are taken into account in the remuneration processes:	
	i. An overview of the key risks that the bank takes into account when implementing remuneration measures.	BRAC Bank has developed a risk management framework identifying the following core risks 1. Credit risk 2. Liquidity risk 3. Market risk 4. Capital Adequacy risk 5. Operational risk 6. Regulatory risk 7. Reputational risk 8. Strategic risk The Board's risk appetite for these risks significantly affects the application of the balanced scorecard methodology and performance appraisal approach to remuneration.
	ii. An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed).	A balanced scorecard approach has been adopted by the Board with the five (5) criteria being; Growth or Projects, Profitability or Cost Control, Risk Management, Compliance and Service.
	iii. A discussion of the ways in which these measures affect remuneration.	The way in which each individual contributes to or impacts on the key criteria differs depending on the area of the business in which they operate and their level of seniority. These differences are reflected in the expected outcomes and performance indicators developed for each individual employee/role and satisfactory performance against these indicators is required to qualify for change in remuneration.

	iv. A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.	All measures remain unchanged during the past year.
	d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:	
	i. An overview of main performance metrics for bank, top-level business lines and individuals.	• Based on the Bank's profit, the Board of Directors at their discretion declare a certain percentage of the pre-tax profit as Performance Bonus. • The method of distribution is based at Management discretion. • No bonus will be applicable to the employees rating with unsatisfactory performance. • Bonus is declared as per individual employee performance. The ratings and associated bonus amount is decided by the Management committee • Performance is measured as per pre-defined criteria and set targets at the beginning of the year. Assessment is divided in two categories: A) Business Objective B) Value based objective. BRAC Bank believes in Value based performance assessment which not only expects desired performance from the employee but also ensure that his/her value system towards organization and his/her job is also up to the mark. **Eligibility criteria are as follows:** • Confirmed Employees joined within 31st December of the year before the performing year. • Employees joined in the performing year but confirmed within 31st October of that year. However, bonus will be calculated on Pro Rata Basis based on confirmation date for the rest of the calendar year.
	ii. A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.	A bonus pool does not arise unless a predetermined level of profit is achieved as detailed in the Profit Performance Matrix in the Remuneration Policy.
	iii. A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.	Variable remuneration is determined by the outcome of the balanced scorecard where each of the 5 criteria is weighted according to the individual role.

	e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance:	
	i. A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.	BRAC Bank does not currently offer deferred variable remuneration
	ii. A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements	BRAC Bank does not currently offer deferred variable remuneration.
	f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms. Disclosures should include:	
	i. An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms	BRAC Bank only offers cash based remuneration.
	ii. A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that determine the mix and their relative importance.	Not applicable as BRAC Bank only offers cash based remuneration.

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Quantitative Disclosure	
Quantitative Disclosure	**a)** Number of meetings held by the main body overseeing remuneration during the financial year and the remuneration paid to its members: The Management Committee meet three (3) times during the year ended 31st December 2016. No payment is made to Committee members for their membership of the Committee.
	b)
	i. The number of persons having received a variable remuneration award during the financial year: Employee No. 2646 Total Amount : 184,824,000 (Year 2015)
	ii. Number and total amount of guaranteed bonuses awarded during the financial year: Employee No. 6060 Total Festival Bonus Tk. 2,338,41,502
	iii. Number and total amount of sign-on awards made during the financial year: Nil
	iv. Number and total amount of termination payments made during the financial year: Employee No. – 38 Termination Benefits – 9,24,130
	c)
	i. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms: Nil
	ii. Total amount of deferred remuneration paid out in the financial year: Nil
	d) Breakdown of the amount of remuneration awards for the financial year to show:
	i. Fixed and variable: Fixed (Gross +LFA+ Festival) =2,966,062,317 Variable: (Performance Bonus + Incentive)=367,632,782
	ii. Deferred and non-deferred: N/A
	iii. The different forms used (cash, shares and share-linked instruments and other forms): N/A
	e) Quantitative information about employees' exposure to implicit and explicit adjustments of deferred remuneration and retained remuneration:
	i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments: Nil
	ii. Total amount of reductions during the financial year due to ex post explicit adjustments: Nil
	iii. Total amount of reductions during the financial year due to ex post implicit adjustments: Nil

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Believe in **Progressive** Trajectory

Financial Statements



Auditors' Report
to the Shareholders of BRAC Bank Limited

We have audited the accompanying consolidated financial statements of BRAC Bank Limited and its subsidiaries (together referred to as the "Group") as well as the separate financial statements of BRAC Bank Limited (the "Bank") which comprise the consolidated and separate Balance Sheets as at 31 December 2016, consolidated and separate Profit and Loss Accounts, consolidated and separate Statements of Changes in Equity and Cash Flow Statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2016, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2.

Report on other Legal and Regulatory Requirements

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

i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

ii. to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:

(a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in the financial statements appeared to be materially adequate;

(b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;

iii. financial statements of three subsidiaries namely , BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited and BRAC IT Services Limited have been audited by us and another two subsidiaries namely, bKash Limited and BRAC SAAJAN Exchange Limited have been audited by Rahman Rahman Huq and Reddy Siddiqui & Kabani respectively and have been properly reflected in the consolidated financial statements.

iv. in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;

v. the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;

vi. the expenditures incurred was for the purpose of the Bank's business;

vii. the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;

viii. adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;

ix. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

x. the information and explanations required by us have been received and found satisfactory;

xi. we have reviewed over 80% of the risk weighted assets of the Bank and spending over 4,000 person hours; and

xii. Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Dated, Dhaka
20 March 2017

A. Qasem & Co.
Chartered Accountants

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BRAC BANK LIMITED

Consolidated Balance Sheet

As at 31 December 2016

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

AMAR STOCK

BRAC BANK LIMITED

Consolidated Balance Sheet

As at 31 December 2016

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

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

Managing Director and CEO | **Director** | **Director** | **Chairman**

Auditors' report to the shareholders
See annexed report of date

A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
20 March 2017

BRAC BANK LIMITED

Balance Sheet

As at 31 December 2016

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

AMARSTOCK

BRAC BANK LIMITED

Balance Sheet

As at 31 December 2016

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

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



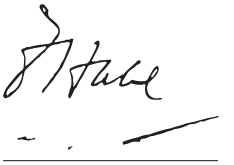
Managing Director and CEO



Director

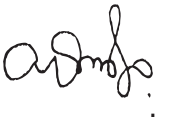


Director



Chairman

Auditors' report to the shareholders
See annexed report of date



A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
20 March 2017

BRAC BANK LIMITED

Consolidated Profit and Loss Account

For the year ended 31 December 2016

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

AMARSTOCK

BRAC BANK LIMITED

Consolidated Profit and Loss Account

For the year ended 31 December 2016

Particulars	Notes	2016 Taka	2015 Taka
Appropriations:			
Statutory reserve		-	-
General reserve		-	-
Dividend etc.		-	-
		-	-
Retained earnings		**4,062,139,715**	**2,339,886,426**
Attributable to:			
Equity holders of BRAC Bank Ltd.	**43.a**	3,887,935,362	2,260,947,804
Minority interest		174,204,353	78,938,622
		4,062,139,715	**2,339,886,426**
Earnings Per Share (EPS)	**43.a**	**5.47**	**3.19**

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

Managing Director and CEO | **Director** | **Director** | **Chairman**

Auditors' report to the shareholders
See annexed report of date

A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
20 March 2017

BRAC BANK LIMITED

Profit and Loss Account

For the year ended 31 December 2016

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

AMARSTOCK

BRAC BANK LIMITED

Profit and Loss Account

For the year ended 31 December 2016

Particulars	Notes	2016 Taka	2015 Taka
Appropriations:			
Statutory reserve		-	-
General reserve		-	-
Dividend etc.		-	-
		-	-
Retained earnings		**4,460,432,666**	**2,435,589,547**
Earnings Per Share (EPS)	**43**	**6.28**	**3.43**

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

Managing Director and CEO	Director	Director	Chairman

Auditors' report to the shareholders
See annexed report of date

A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
20 March 2017

BRAC BANK LIMITED

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

Amount in Taka

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

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BRAC BANK LIMITED

Statement of Changes in Equity

For the year ended 31 December 2016

Amount in Taka

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

AMARSTOCK

BRAC BANK LIMITED

Consolidated Cash Flow Statement

For the year ended 31 December 2016

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

AMARSTOCK

BRAC BANK LIMITED

Cash Flow Statement

For the year ended 31 December 2016

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

AMARSTOCK

BRAC BANK LIMITED

Consolidated Liquidity Statement
(Asset and Liability Maturity Analysis)

As at 31 December 2016

Amount in Taka

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

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

ANNUAL REPORT

BRAC BANK LIMITED

Liquidity Statement
(Asset and Liability Maturity Analysis)

As at 31 December 2016

Amount in Taka

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

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

AMARSTOCK

SECTION-ONE : CORPORATE PROFILE AND SIGNIFICANT ACCOUNTING POLICIES

1.1 BRAC Bank Limited

BRAC Bank Limited (the "Bank" or "BRAC Bank") is a scheduled commercial bank established under the Banking Companies Act, 1991 and incorporated as a public company limited by shares on 20 May, 1999 under the Companies Act, 1994 in Bangladesh. The primary objective of the Bank is to carry on all kinds of banking businesses. The Bank could not start its operations till 3 June, 2001 since the activity of the Bank was suspended by the honourable High Court of Bangladesh. Subsequently, the judgment of the High Court was set aside and dismissed by the Appellate Division of the Supreme Court on 4 June, 2001 and accordingly, the Bank started its operations from 04 July, 2001. At present the Bank has 112 (One hundred and twelve) branches, 69 SME service centers, 100 zonal offices and 448 unit offices of SME.

BRAC Bank Limited acquired 51% shares of Equity Partners Limited and Equity Partners Securities Limited on 31 July 2009. Equity Partners Limited was incorporated in Bangladesh on 19 April 2000 as a private limited company under the Companies Act 1994 and Equity Partners Securities Limited was incorporated in Bangladesh on 16 May 2000 as a private Limited company under the Companies Act 1994. Subsequently the management decided to rename Equity Partners Limited as BRAC EPL Investments Limited and Equity Partners Securities Limited as BRAC EPL Stock Brokerage Limited. In the year 2011, the Bank acquired further, 25% shares of EPL Investments Limited and 39% shares of EPL Stock Brokerage Limited. In the year 2016, the Bank acquired further, 18.57% shares of EPL Investments Limited shares. As a result, the Bank's control has increased to 94.57% of EPL Investment Limited and 90% shares of EPL Stock Brokerage Limited. BRAC Bank Limited acquired 51% shares of BRAC IT Services Limited, a private Limited company by shares under the Companies Act 1994 Incorporated 9 April 2013.

BRAC Bank limited formed bKash Limited, a private Limited company by shares under the Companies Act 1994 Incorporated on 1 March 2010. BRAC Bank limited sponsored 51% shares of the company and Money in motion ULC (a company listed in USA) holds 49% shares of bKash Limited. The bank has invested in 25% shares of BRAC Asset Management Company Limited that was incorporated in Bangladesh on 01 April 2010.

BRAC Bank Limited acquired 75%+1 share (249,992 shares out of the total share 333,333) of "Saajan Worldwide Money Transfer Limited" (SWMTL) in the UK. Bangladesh Bank has provided necessary approval of GBP 500,000 to acquire SWMTL and setting up two other new branches in Luton and Bradford, UK. As per the permission of Bangladesh Bank, SWMTL has already been renamed as "BRAC Saajan Exchange Ltd' (BSE). BRAC Bank Limited shall control and monitor all its operations as a holding company.

The registered address of the Bank is situated at Anik Tower , 220/B Tejgaon Gulshan Link Road, Tejgaon, Dhaka-1208.

BRAC Bank Limited is listed with Dhaka Stock Exchange and Chittagong Stock Exchange as a publicly traded company from 28 January 2007 and 24 January 2007 respectively.

As a fully operational commercial bank, BRAC Bank Limited focuses on pursuing unexplored market niches in the Small and Medium Enterprises business, which hitherto has remained largely untapped within the country. Significant percentage of BRAC Banks clients had no prior experience with formal banking. With the view to reaching clients, the Bank has established 69 SME service centers and 448 regional marketing unit offices offering services in the heart of rural and urban communities and employed about 3,049 business loan officers.

The Bank operates under a "triple bottom line" agenda where profit and social responsibility shake hands as it strives towards a poverty free, enlightened Bangladesh.

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

The principal activities of the Bank are banking and related activities such as accepting deposits, personal banking, trade financing, SME, Retail and Corporate credit, lease financing, project financing, issuing debit and credit cards, SMS banking, internet banking, phone banking, call center, remittance facilities, dealing in government securities etc. There have been no significant changes in the nature of the principal activities of the Bank during the financial year under review.

1.1.2 Off Shore Banking Unit:

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

1.1.3 Custodian Service:

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

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

1.2.1 BRAC EPL Investments Limited:

BRAC EPL Investments Limited was established to cater to the needs of the fast growing capital markets in Bangladesh. It works as a merchant bank with a full-fledged merchant banking license from the Bangladesh Securities and Exchange Commission (BSEC). The company's services comprise of lead managing Initial Public Offerings, Domestic and International Placement, Portfolio Management and Project Development and Consultancy.

1.2.2 BRAC EPL Stock Brokerage Limited:

BRAC EPL Stock Brokerage Limited was established to cater to the needs of the stock brokerage business in Bangladesh. It has corporate membership of both Dhaka Stock Exchange and Chittagong Stock Exchange.

1.2.3 bKash Limited:

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

1.2.4 BRAC SAAJAN Exchange Limited:

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

1.2.5 BRAC IT Services Limited :

BRAC IT Services Ltd. was initially founded as Documenta™ Ltd, a Digital Archiving Firm in 1999. BRAC IT Services Ltd. was then formed in April, 2013 through the merger of Documenta™ Ltd and the IT Division of BRAC Bank. It is currently performing as an IT Solution and Services company and is a subsidiary jointly owned by BRAC Bank Limited and BRAC.

2 Basis of preparation of Financial Statements:

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

2.1.1 Statement of Compliance and basis of preparation

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

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

i) The Banking Companies Act, 1991

ii) The Companies Act, 1994

iii) Rules and Regulations Issued by Bangladesh Bank.

iv) Bangladesh Securities and Exchange Rules 1987, Bangladesh Securities and Exchange ordinance 1969, Bangladesh Securities and Exchange Act 1993, Bangladesh Securities and Exchange Commission IPO Rules 2006.

v) The Income Tax ordinance, 1984

vi) The Value Added Tax Act, 1991

vii) Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange limited (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations.

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

AMAR STOCK

i) Investment in shares and securities

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

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

ii) Revaluation gain/loss on Government securities

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

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

iii) Provision on loans and advance

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

Bangladesh Bank: As per BRPD Circular no. 14 dated 23 September 2012, BRPD Circular no. 19 dated 27 December 2012, BRPD Circular no. 05 dated 29 May 2013 and BRPD Circular no. 16 dated 18 november 2014 a general provision at 0.25%-5% under different categories of unclassified (standard/SMA loans) should be maintained regardless of objective evidence of impairment. Also, specific provision for sub-standard loan, doubtful loans and losses should be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Moreover, a general provision at 1% should be provided for all off balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

iv) Other comprehensive income

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

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

v) Financial Instruments – presentations and disclosure

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

vi) REPO transactions

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

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

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

vii) Financial guarantee

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

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

viii) Cash and Cash equivalent

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

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

ix) Non banking asset

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

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

x) Cash flow statement

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

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

xi) Balance with Bangladesh Bank:

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

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

xii) Presentation of intangible asset

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

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

xiii) Off Balance Sheet items

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

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

xiv) Disclosure of appropriation of profit

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

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

xv) Loans and Advance Net of Provision

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

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

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

2.1.2 Going Concern

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

2.1.3 Functional and presentation currency

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

2.1.4 Use of estimates and judgments

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

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

Impairment losses on loans and advances:

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

2.1.5 Materiality and aggregation

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

2.1.6 Comparative information

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

2.2 Basis of Consolidation

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

The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard (BAS) 27: Consolidated and Separate financial statements and Bangladesh Financial Reporting Standard (BFRS) 10: Consolidated Financial Statements. The consolidated financial statements are prepared to a common reporting year ended 31 December 2016.

Subsidiaries

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

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

Associates

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

2.3 Foreign Currency Translations

Monetary Items:

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

Non-monetary Items:

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

Gain and Losses:

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

Commitments:

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

Foreign operations

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

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

b. income and expenses for the profit and Loss account have been translated at monthly average rate.

2.4 Accounting for Provisions, Contingent Liabilities and Contingent Assets:

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

No provision is recognized for-

a. Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

b. Any present obligation that arises from past events but is not recognized because-

   * It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
   * A reliable estimate of the amount of obligation cannot be made.

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

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

2.5 Taxation

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

2.5.1 Current Tax:

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

Provision for current income tax has been made @ 40% as prescribed in the Finance Act-2016 on the taxable income.

2.5.2 Deferred Tax:

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

Deferred tax assets, including those related to the tax effects of income tax losses and credits available to be carried forward, are 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 2016.

2.7 Significant Accounting Policies:

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

2.7.1 Assets and the basis of their valuation

2.7.1.1 Cash and cash equivalents

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

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

2.7.1.2 Investments

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

Held to Maturity

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

Held for Trading

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

Revaluation

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

Value of Investments has been shown as under:

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

Available for sales

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

Investment in quoted securities

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

Investment in unquoted securities

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

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

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

Investment in subsidiary

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

2.7.1.3 Loans and Advances

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

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

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

The classification rates are given below:

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

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

2.7.1.4 Impairment of Financial Assets

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

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

2.7.1.5 Leases

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

The Bank as Lessor

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

The Bank as Lessee

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

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

2.7.1.6 Property, plant and equipment

a) Recognition and Measurement

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

The cost of an item of property, plant and equipment is recognizes as an asset if-

It is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

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

i) its purchase price, including import duties and non refundable purchase tax, after deducting trade discount and rebates

ii) any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

iii) the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as consequence of having used the item during a particular period of purpose other than to produce during that period.

Subsequent costs

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

b) Depreciation

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

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

c) Gain or Loss on disposal of Fixed Assets:

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

d) Revaluation

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

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

The frequency of revaluation depends upon the movements in the fair value of the items of property, plant and equipment being revalued.

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

e) Impairment of Property, Plant and Equipment

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

2.7.1.7 Intangible assets

a. Goodwill

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

b. Software

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

c. License

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

2.7.1.8 Other assets

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

2.7.1.9 Inventories

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

2.7.2 Liabilities

2.7.2.1 Borrowings from other banks, financial institutions and agents

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

2.7.2.2 Deposits

Deposits include non interest-bearing current deposit redeemable at call, interest bearing on-demand and short-term deposits, savings deposit and term deposit lodged for periods from 3 months to 12 years. These items are brought to account at the gross value of the outstanding balance.

2.7.2..3 Other Liabilities

Other liabilities comprise items such as provision for loans and advances, provision for taxes, interest payable, interest suspense, accrued expenses. Other liability is recognised in the balance sheet according to the guideline of Bangladesh bank, BAS and BFRS, Income Tax ordinance-1984 and internal policies of the bank. Provisions and accrued expenses are recognized in the financial statement when the bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.7.3 Capital and Shareholders' Equity

Capital Management

The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve four major objectives: exceed regulatory thresholds and meet longer-term internal capital targets, maintain strong credit ratings, manage capital levels commensurate with the risk profile of the Bank and provide the Bank's shareholders with acceptable returns.

Capital is managed in accordance with the Board-approved Capital Management Planning from time to time. Senior management develop the capital strategy and oversee the capital management planning of the Bank. The Bank's Finance, Treasury and Risk Management department are key in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal matrix.

2.7.3.1 Capital / Shareholders equity

a. Authorized Capital

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

b. Paid up share capital

Paid up share capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

2.7.3.2 Preference Share Capital

Preference shares are those share which give their holders an entitlement to a fixed dividend but which do not usually carry voting rights.

2.7.3.3 Share Premium

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Share premium is the capital that the bank raises upon issuing shares that is in excess of the nominal value of the shares. The share premium shall be utilized in accordance with provisions of section 57 of the Companies Act, 1994 and as directed by Bangladesh Securities and Exchange Commission in this respect.

2.7.3.4 Statutory reserve

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

2.7.3.5 Revaluation reserve

Revaluation Reserve on Govt. Securities

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

Assets Revaluation Reserve

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

2.7.3.6 Minority (non-controlling) interest

Minority interest (non-controlling interest) in business is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. The magnitude of the minority interest in BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bkash Limited, BRAC Saajan Exchange Limited and BRAC IT Services Limited are 5.43%, 10%, 49%, 25% and 49% respectively.

2.8 Employee Benefits

2.8.1 Provident Fund (Defined Contribution Plan)

A "Defined Contribution Plan" is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal constructive obligation to pay further amounts. Provident fund benefits are given to the staff of the bank in accordance with the registered Provident fund rules. The commissioner of Income Tax, Large Tax Payers Unit, Dhaka has approved the Provident Fund as a recognized fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax ordinance 1984. The recognition took effect from 1st January, 2003. The fund is operated by a Board of Trustees consisting of 09 (nine) members of the bank. All confirmed employees of the bank are contributing 10% of their basic salary as subscription of the fund. The bank also contributes equal amount of the employees' contribution to the fund. Upon completion of 2 years of service length after confirmation employees are entitled to 100% of employer's contribution along with his/her own contribution. Interest earned from the investments is credited to the members' account on half yearly basis.

2.8.2 Gratuity Fund (Defined Benefit Plan)

Gratuity fund benefits are given to the staff of the bank in accordance with the approved Gratuity fund rules. National Board of Revenue has approved the Gratuity fund as a recognized Gratuity fund on 6th March 2006. The fund is operated by a Board of Trustees consisting of 8 (eight) members of the bank. Employees are entitled to Gratuity benefit after completion of minimum 05 (five) years of service in the Company. The Gratuity is calculated on the basis of last basic pay and is payable at the rate of one month's basic pay for every completed year of service. Gratuity fund is a "Defined Benefit Plan" and contribution to Gratuity Fund is measured through the result of actuarial valuation of the fund. "BRAC Bank Employee Gratuity Fund" is a funded Gratuity Fund.

2.8.3 Worker's Profit Participation Fund (WPPF)

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

2.8.4 Other Employee Benefits

Life Insurance

The objective of the scheme is to provide death or permanent disability benefits to its confirmed employees and on their families with a sum equal to 36 times (in case of normal death) and 72 times (in case of accidental death) of the last drawn basic salary to the nominee.

Welfare Fund

The objective of the Employees' Welfare Fund is to provide regular category employees from Officer grade 1 to Senior Principal Officer of the BRAC Bank incurring severe accidents during official job, extended illness (not less than 3 months), Education for Children; Marriage of Children which costs would not be affordable by the employee and which are not covered by any other means. All regular confirmed employees of the Bank shall contribute monthly to the Fund according to the designation. The sum subscribed monthly from salaries of employees shall be credited separately in an "Employee Welfare Fund" as a liability of the Bank. There shall be at least 3 (three) members of Management Committee to manage the fund. The Managing Director and CEO of the Bank will be the chairperson of this committee and other 2 (two) members are nominated from the regular category staff.

Hospitalization Insurance

The Bank has introduced a health insurance scheme to its confirmed employees and their respective dependants at rates provided in the health insurance coverage policy.

Performance bonus

BRAC bank provides performance bonus to the eligible employees in every year. This bonus amount is being distributed among the employees based on their performance and management decision. The bonus amount is paid annually, normally by the 1st quarter of the every following year and the costs are accounted for in the period to which it relates.

Annual leave

The provision for leave fare represents the current outstanding liability to employees at the balance sheet date. Leave Fare Assistance is a non-recurring benefit for all permanent employees of the Bank who are entitled to annual leave. According to Bangladesh Bank policy all permanent employees have to avail 15 consecutive days of mandatory leave and LFA will be given in this leave period.

Subsidized Scheme - Staff Loan

Personal, House building and car loan is provided to the permanent staff at a subsidized rate. Criteria and details of types wise staff loan is given below:

Personal Loan: A permanent staff can avail personal loan taking approval from department head and head of HR subject to completed service length and performance rating.

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

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

2.9 Revenue Recognition

Interest Income

In terms of provision of Bangladesh Accounting Standard (BAS -18 Revenue) on revenue and disclosures in the financial statements of the Bank, the interest receivable is recognized on an accruals basis. Interest on loans and advances ceases to be taken into income when such advances are classified, kept in interest suspense account. Interest on classified advances is accounted for on a realisation basis.

Investment Income

Income on investments is recognized on an accruals basis. Investment income includes interest on Treasury bills, treasury bonds, zero coupon, shares, debentures and fixed deposit with other banks.

Income on Bills purchased and discounted

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

Interest and fees receivable on credit cards

Interest and fees receivable on credit cards are recognized on an accruals basis. Interest and fees cease to be taken into income when the recovery of interest and fees is in arrear for over three months. Thereafter, interest and fees are accounted for on realisation basis.

Fees and Commission Income

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The Bank earn fee s and commission from a diverse range of services provided to its customers. This include fees and commission income arising on financial and other services provided by the bank including trade finance, credit cards, debit cards, passport endorsement, visa processing, student service, loan processing, loan syndication, locker facilities and SMS banking etc. Fees and commission income arises on services rendered by the Bank are recognized on a realization basis.

Dividend income on Shares

As per BAS 18 Revenue, Dividend income from investment in shares is recognized when the Banks right to receive the dividend is established. It recognised when:

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

Gain or loss on sale of property, plant and equipment

The gain or loss on the disposal of premises and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, and is recognized as an item of other income in the year in which the significant risks and rewards of ownership are transferred to the buyer.

Interest Paid and other expenses

In terms of provision of the Bangladesh Accounting Standard (BAS) -1 "Presentation of Financial Statements", interest paid and other expenses are recognized on an accruals basis.

2.10 Earnings Per Share

Earnings Per Share (EPS) has been computed by dividing the basic earning by the weighted average number of ordinary Shares outstanding as at 31 December, 2016 as per Bangladesh Accounting Standard (BAS) - 33 "Earnings Per Share".

Basic earnings

This represents earnings for the year attributable to ordinary shareholders. Net profit after tax less preference dividend has been considered as fully attributable to the ordinary shareholders.

Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighted factor. The time weighting factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year.

The basis of computation of number of shares is in line with the provisions of BAS 33 " Earnings per share". The logic behind this basis is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore , the number of shares outstanding is increased without an increase in resources generating new earnings. In contrast, other shares were issued against consideration in cash or in kind, and accordingly there is an increase in recourses generating new earnings. Therefore, the total number of shares issued in 2016 has been multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the period.

Diluted earnings per share

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

2.11 Statement of Liquidity

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

a) Balances with other bank and financial institutions, money at call and short notice etc are on the basis of their maturity tern.

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

2.12 Dividend

Dividend on ordinary shares are recognised as a liability and deducted from retained earnings when they are approved by the shareholders in the annual general meeting.

Dividend on ordinary shares for the year that are recommended by the directors after the balance sheet date for approval of the shareholders at the Annual General Meeting are disclosed in note - 48.6 to the financial statements.

2.13 Reconciliation of inter-bank/inter-branch account

Books of accounts with regard to interbank (in Bangladesh and outside Bangladesh) are reconciled on a monthly basis and there are no material differences which may affect the financial statements significantly.

Un-reconciled entries in case of inter-branch transactions as on the reporting date are not material.

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

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

Reason for departure of BAS / BFRS:

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

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

2.15 Risk Management

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

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

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

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

2.15.1 Credit Risk Management

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

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

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

2.15.2 Foreign Exchange Risk Management

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

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

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

2.15.3 Asset Liability Management

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

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

2.15.4 Prevention of Money Laundering

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

2.15.5 Internal Control and Compliance

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

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

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

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

2.15.6 Internal Audit

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

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

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

2.15.7 Fraud and Forgery

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

Now a day's fraud and forgery appears in diverse form. To prevent fraud and forgery, BRAC Bank Limited established a department namely "Investigation, Monitoring and Compliance" to deal with such kind of incidences. This wing exclusively deals with all kinds of fraud and forgery and act independently as the first contact point/ information unit where internal and external fraud and forgery incidences are escalated, investigated and reviewed. To protect the bank and its stakeholder's interest, "Investigation, Monitoring and Compliance" Unit performs thorough investigation to identify the perpetrator and the root cause of the reported incident. As a remedial course of action, preventive measures are recommended to the business/functional unit to take necessary action relating to process improvement, recovery of misappropriated amount, adjustment of the operational loss and to take appropriate action against the perpetrator. The investigation reports are also place to the Board Audit Committee for their direction and guidance. This wing also makes sure of the implementation of the recommendations as made in the investigation report by performing follow up audit quarterly. All fraud and forgery which were identified in 2016 are also duly reported to Bangladesh Bank on a quarterly basis following their prescribed format and adequate provision has been maintained in the books of accounts. Management is exerting their all-out efforts to recover the aforesaid amount.

2.15.8 Information and Communication Technology (ICT) Security

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

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

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

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

2.15.9 Enterprise Risk Management ("ERM"):

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

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

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

Key Risk Indicators (KRI):

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

Business Continuity Plan (BCP):

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

Subsidiary Risk Management:

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

2.16 Implementation of BASEL- III

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

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

Basel III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. "Basel III: A global regulatory framework for more resilient banks and banking systems" (known as Basel III capital regulations) in December 2010. Basel III reforms strengthen the bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the pro-cyclical amplification of these risks over time. These new global regulatory and supervisory standards mainly addressed the following areas:

- Raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis
- Increase the risk coverage of the capital framework
- Introduce leverage ratio to serve as a backstop to the risk-based capital measure

- Raise the standards for the supervisory review process (Pillar 2) and
- Public disclosures (Pillar 3) etc

To ensure smooth transition to Basel III, appropriate transitional arrangements have been provided for meeting the minimum Basel III capital ratios, full regulatory adjustments to the components of capital etc. Consequently, Basel III capital regulations would be fully implemented as on January 1, 2019.

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

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

2.17 Off Balance Sheet Items

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

2.18 Accounting for Changes in Accounting Estimates

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

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

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

2.19 Events after reporting period

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

2.20 Related party disclosures

Related Party A party is related to an entity if:

(i) Directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under control with, the company; has an interest in the company, that gives it significant influence over the company ; or has join control over the company;

(ii) The party is an associate (as defined in BAS 28 Investment in Associates);

(iii) The party is a joint venture in which the entity is a venturer (as per BAS 31 Interests in Joint Ventures);

(iv) The party is member of the key management of personal of the entity or its parent;

(v) The party is a close member of the family of any individual referred to in (i) or (iv);

(vi) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) The party is post-employment benefit plan for the benefit of employees of the entity. or of any entity that is related party of the entity.

2.21 Director's responsibilities on statement

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

2.22 Segment reporting

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

(i) That engages in business activities from which it may earn revenues and incur expenses (include revenues and expenses relating to transactions with other components of the same entity)

(ii) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performances, and

(iii) For which discrete financial information is available.

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

We refer to note 47 for details segment report.

2.23 General:

(a) Figures appearing in the financial statements have been rounded off to the nearest Taka.

(b) Figures of previous year have been rearranged wherever considered necessary to conform to the current year's presentation.

(c) The expenses, irrespective of capital or revenue nature, accrued / due but not paid have been provided for in the books of the accounts.

Section -Two : Notes to the Balance Sheet

	Particulars		2016 Taka	2015 Taka
3	**Cash**			
	Cash in hand (Including foreign currency)	(Note: 3.1)	5,404,296,928	5,613,959,872
	Balance with Bangladesh Bank and its agent Bank(s) (Including foreign currency)	(Note: 3.2)	10,416,488,307	10,592,881,511
			15,820,785,235	**16,206,841,383**
3.1	**Cash in hand (Including foreign currency):**			
	Local currency		5,384,527,379	5,487,799,070
	Foreign currency		19,769,549	126,160,802
			5,404,296,928	**5,613,959,872**
3.2	**Balance with Bangladesh Bank and its agent Bank(s):**			
	(Including foreign currency)			
	Local currency		9,775,185,518	9,371,605,669
	Foreign currency		71,304,416	307,145,098
			9,846,489,934	**9,678,750,767**
	Sonali Bank as agent of Bangladesh Bank (local currency)		569,998,373	914,130,744
			10,416,488,307	**10,592,881,511**
			15,820,785,235	**16,206,841,383**

The above balance represents amount as per Bank book. The difference due to reconciling items with Bangladesh Bank are subsequently adjusted.

3.3 Cash Reserve Requirement (CRR) :

As per section 33 of Bank Company Act, 1991 (amended upto 2013) and MPD circular no. 1 dated 23 June 2014 issued by Bangladesh bank with effect from 24 June 2014, BRAC Bank Ltd has maintained CRR of minimum 6% on daily basis and 6.5% on bi-weekly basis on weekly average total demand and time liabilities (ATDTL) of the base month which is two months back of reporting month (i.e. CRR of December 2016 is based on weekly average balance of October 2016). Reserves maintained by the bank as at 31 December 2016 are as follows:

Average total demand and time liabilities of October 2016	157,169,401,800	149,276,590,600
Daily basis:		
Required reserve (6% of ATDTL)	9,430,164,108	8,956,595,436
Actual reserve maintained (as per Bangladesh Bank statement)	9,840,825,766	9,501,040,973
Surplus/ (deficit)	410,661,658	544,445,537

Bi-weekly basis

SMARTSTOCK

The bank maintained excess cash reserve of Tk. 648,243,639 (Tk. 1,490,055,194 was in 2015) against minimum requirement of 6.5% (of ATDTL) on bi-weekly basis which is the summation of excess cash reserve maintained over required in the last fortnight (bi-week) of 2016.

3.4 Statutory Liquidity Ratio (SLR) :

As per section 33 of the Bank Company Act, 1991 (amended upto 2013) and MPD circular no. 2 dated 10 December 2013 issued by Bangladesh bank with effect from 1 February 2014, BRAC Bank Ltd has maintained SLR of minimum 13% based on weekly average total demand and time liabilities (ATDTL) of the base month which is two months back of the reporting month (i.e. SLR of December 2016 is based on weekly average balance of October 2016). Reserve maintained by the bank as at 31 December 2016 are as follows:

Required reserve (13% of ATDTL)	20,432,022,234	19,405,956,778
Actual reserve maintained (Note: 3.5)	22,989,330,837	21,394,848,819
Surplus/ (Deficit)	**2,557,308,603**	**1,988,892,041**

3.5 Actual reserve maintained

Cash in hand (Note: 3)	5,404,296,928	5,613,959,872
Balance with Sonali Bank as per statement	539,592,466	801,432,879
Government securities	17,045,441,443	14,979,456,068
	22,989,330,837	**21,394,848,819**

AMAR STOCK

Particulars	2016 Taka	2015 Taka
Particulars	2016 Taka	2015 Taka

3.(a) Consolidated Cash

I. Cash in hand:		
BRAC Bank Limited	5,404,296,928	5,613,959,872
BRAC EPL Investments Limited	64,954	130,843
BRAC EPL Stock Brokerage Limited	161,218	142,611
bKash Limited	6,442,809	20,036,318
BRAC Saajan Exchange Limited	168,325	233,864
BRAC IT Services Limited	137,173	53,456
	5,411,271,407	**5,634,556,964**
II. Balance with Bangladesh Bank and its agent Bank(s):		
BRAC Bank Limited	10,416,488,307	10,592,881,511
BRAC EPL Investments Limited	-	-
BRAC EPL Stock Brokerage Limited	-	-
bKash Limited	-	-
BRAC Saajan Exchange Limited	-	-
BRAC IT Services Limited	-	-
	10,416,488,307	10,592,881,511
	15,827,759,714	**16,227,438,475**

4 Balance with Other Banks and Financial Institutions

		On-shore	Off-shore	Total	
A. Inside Bangladesh	(Note: 4.1)	13,337,028,475	-	13,337,028,475	17,705,308,414
B. Outside Bangladesh	(Note: 4.2)	3,650,666,361	1,529,497,555	5,180,163,916	16,647,931,349
		16,987,694,836	**1,529,497,555**	**18,517,192,391**	**34,353,239,763**
Less: On-shore to BBL Off-shore placement				3,150,199,312	7,034,048,000
Less: BBL Off-shore to On-shore placement				-	4,999,750,365
				15,366,993,079	**22,319,441,398**

4.1 Balance with Other Banks and Financial Institutions (Inside Bangladesh)

Current Accounts		
Standard Chartered Bank	26,213,305	35,290,431
Southeast Bank Limited	45,878	46,198
Al-Arafa Bank Limited	2,357,513	(5,634,029)
Jamuna Bank Limited	1,239,169	(147,497)
Prime Bank Limited	5,023,703	20,648,936
NRB Global Bank Limited	500,000	500,000
Midland Bank Limited	1,000,000	1,000,000
Mutual Trust Bank Limited	4,041,797	2,939,073
Pubali Bank Limited	187,819,512	150,406,676
Janata Bank Limited	344,299,954	288,252,327
Bangladesh Krishi Bank Limited	129,442,789	138,521,910
The City Bank Limited	6,924,766	4,565,637
Agrani Bank Limited	229,365,943	182,324,984
Islami Bank Bangladesh Limited	12,068,720	46,219,417
United Commercial Bank Limited	425,072	3,627,121
National Bank Limited	25,380,803	20,518,919
Sonali Bank Limited	15,976,427	41,627,562
ICB Islamic Bank Limited	23,810	24,152
IFIC Bank Limited	1,258,865	-
AB Bank Limited	124,946,869	103,037,639
Rupali Bank Limited	232,291,454	173,364,070
Social Islami Bank Limited	1,082,432	(5,094,053)

Particulars	2016 Taka	2015 Taka
Particulars	2016 Taka	2015 Taka
First Security Islami Bank Limited	2,694,015	6,747,279
EXIM Bank Limited	13,054,776	12,830,352
BASIC Bank Limited	1,385,027	1,333,619
Bank Asia Limited	427,606	5,892,056
Standard Bank Limited	57,991	1,737,195
Meghna Bank Limited	5,180,279	2,228,440
Mercantile Bank Limited	2,500,000	2,500,000
	1,377,028,475	**1,235,308,414**
Fixed Deposit with Banks		
Local currency:		
AB Bank Limited	-	1,000,000,000
Midland Bank Limited	-	500,000,000
National Bank of Pakistan Limited	100,000,000	100,000,000
Standard Bank Limited	-	1,000,000,000
NRB Bank Limited	-	300,000,000
Commercial Bank of Ceylon PLC	-	400,000,000
	100,000,000	**3,300,000,000**
Foreign currency:	**-**	**-**
	100,000,000	**3,300,000,000**
Fixed Deposit with Financial Institutions		
Industrial and Infrastructure Development Finance Co. Limited	450,000,000	160,000,000
International Leasing and Financial Services Limited	-	800,000,000
Uttara Finance and Investment Limited	-	300,000,000
Fareast Finance and Investment Limited	100,000,000	100,000,000
United Finance Limited	1,000,000,000	-
GSP Finance Company (Bangladesh) Limited	-	250,000,000
IDLC Finance Limited	-	2,200,000,000
Union Capital Limited	-	400,000,000
National Housing Finance and Investment Limited	710,000,000	260,000,000
Prime Finance and Investment Limited	-	750,000,000
Premier Leasing and Finance Limited	-	350,000,000
Phoenix Finance and Investments Limited	600,000,000	400,000,000
Bangladesh Finance and Investment Co. Limited	-	250,000,000
Bangladesh Industrial Finance Company Limited	-	100,000,000
IPDC Finance Ltd	1,300,000,000	-
Investment Corporation Of Bangladesh (ICB)	4,000,000,000	3,500,000,000
Delta Brac Housing Finance Corporation Limited	2,450,000,000	1,300,000,000
Reliance Finance Limited	-	200,000,000
Peoples Leasing and Financial Services Limited	-	300,000,000
Lanka Bangla Finance Co. Limited	1,050,000,000	1,050,000,000
United Finance Limited	-	200,000,000
Bay Leasing and Investment Limited	200,000,000	200,000,000
First Finance Limited	-	100,000,000
	11,860,000,000	**13,170,000,000**
	13,337,028,475	**17,705,308,414**
4.2 Balance with other banks and financial institutions (Outside Bangladesh)		
Current Accounts		
Standard Chartered Bank-New York, USA	58,332,189	8,804,584
Standard Chartered Bank, United Kingdom	13,569,197	50,604,488
Standard Chartered Bank, Frankfurt, Germany	1,308,317	922,332
Mashreq Bank, New York, USA	5,837,742	1,148,230

TAMAR STOCK

	Particulars	2016 Taka	2015 Taka
	Bank of TOKYO MITSUBISHI - JPY	1,777,474	-
	ICICI Bank Limited, Mumbai, India	4,437,847	771,958
	Habib Bank Limited, Pakistan	35,245,123	332,932
	U.B.A.F , Japan	-	3,894,760
	Zuercher Kantonal Bank, Switzerland	1,991,654	591,103
	ING Belgium NV/SA, Belgium	58,193	10,188,147
	Unicredito Italiano SPA, Italy	-	15,086,835
	Commerz Bank AG, Germany (USD)	3,835,195	20,175,582
	Commerz Bank AG, Germany (EURO)	5,490,903	51,294,581
	United Bank of India, Kolkata, India	1,292,427	3,224,678
	Westpack Banking Corporation, Australia	(298,468)	2,266,172
	JP Morgan Chase Bank, New York, USA	328,138,337	161,241,336
	HDFC Bank Limited, India	8,233,382	11,925,037
	Deutsche Bank Trust Company Americas	7,813,150	20,609,644
	Sonali Bank Limited, United Kingdom (USD)	20,755,350	10,485,128
	Sonali Bank Limited, United Kingdom (GBP)	635,857	8,648
	AB Bank Limited, Mumbai, India	2,013,180	2,006,916
	HypoVereinsbank, Germany	-	231,301
	* Status of unreconciliation entries are given in Annexure- B and detail balances are shown in Annexure- C	**500,467,049**	**375,814,392**
	Total On Shore to Off Shore placement	3,150,199,312	11,194,813,000
		3,650,666,361	**11,570,627,392**
	Off Shore Banking Unit		
	Standard Chartered Bank, New York	80,617,539	38,944,948
	Commerz Bank, Germany	1,547,888	26,889,932
	ICICI Bank Limited, Mumbai, India	18,437,938	445,102
	Habib Bank Limited, Pakistan	(35,276,396)	11,273,610
	Standard Chartered Bank, UK	45,630,378	-
	BBL Off-shore to On-shore placement	-	4,999,750,365
	BBL Treasury OBU to Other Bank OBU placement	1,418,540,208	-
		1,529,497,555	**5,077,303,957**
		5,180,163,916	**16,647,931,349**
4.3	**Maturity grouping of balance with other banks and financial institutions**		
	Up to 1 month	4,035,886,329	4,666,251,398
	Not more than 3 months	10,308,940,797	16,037,675,000
	More than 3 months but not more than 1 Year	1,022,165,953	1,615,515,000
	More than 1 year but not more than 5 years	-	-
	More than 5 years	-	-
		15,366,993,079	**22,319,441,398**
4.(a)	**Consolidated Balance with Other Banks and Financial Institutions**		
	I. In Bangladesh		
	BRAC Bank Limited	13,337,028,475	17,705,308,414
	BRAC EPL Investments Limited	187,390,317	59,932,025
	BRAC EPL Stock Brokerage Limited	606,061,567	803,574,893
	bKash Limited	19,419,708,281	12,927,973,918
	BRAC Saajan Exchange Limited	90,808,699	157,642,631
	BRAC IT Services Limited	52,545,801	9,402,184
		33,693,543,140	**31,663,834,065**
	Less: Inter company transactions:		
	Subsidiary wise balance with BRAC Bank Limited:		
	BRAC EPL Investments Limited	27,507,846	11,901,293
	BRAC EPL Stock Brokerage Limited	15,955,154	85,804,316
	bKash Limited	4,510,825,981	11,457,913,286
	BRAC Saajan Exchange Limited	62,573,552	68,638,727

	Particulars		2016 Taka	2015 Taka
	BRAC IT Services Limited		52,545,801	9,402,184
			4,669,408,334	**11,633,659,806**
			29,024,134,806	**20,030,174,259**
	II. Outside Bangladesh			
	BRAC Bank Limited		2,029,964,604	4,614,132,984
	BRAC EPL Investments Limited		-	-
	BRAC EPL Stock Brokerage Limited		-	-
	bKash Limited		-	-
	BRAC Saajan Exchange Limited		94,043,585	146,178,685
	BRAC IT Services Limited		-	-
			2,124,008,189	**4,760,311,669**
	Less: Inter company transactions:			
	BRAC EPL Investments Limited		-	-
	BRAC EPL Stock Brokerage Limited		-	-
	bKash Limited		-	-
	BRAC Saajan Exchange Limited		-	-
	BRAC IT Services Limited		-	-
			-	-
			2,124,008,189	**4,760,311,669**
			31,148,142,995	**24,790,485,928**
5	**Money at Call and Short notice**			
	There was no investment in money at Call and Short notice at the end of the year December 31, 2016.		-	-
			-	**-**
6	**Investments**			
	Government Securities	(Note: 6.1)	17,045,441,443	14,979,456,068
	Other Investments	(Note: 6.2)	5,442,555,467	4,799,796,076
			22,487,996,910	**19,779,252,144**
	Investment in securities are classified as follows:			
	Held for trading (Treasury Bill, Bond and BB-Bill)		5,025,073,662	2,830,616,283
	Held to maturity (Treasury Bond)		12,018,561,581	12,147,063,785
	Other Investments		5,444,361,667	4,801,572,076
			22,487,996,910	**19,779,252,144**
6.1	**Government Securities**			
	Treasury Bills	(Note: 6.1.1)	349,773,900	-
	Bangladesh Bank Bills	(Note: 6.1.2)	-	2,176,290,860
	Treasury Bonds	(Note: 6.1.3)	16,693,861,343	12,801,389,208
	Prize Bond		1,806,200	1,776,000
			17,045,441,443	**14,979,456,068**
6.1.1	**Treasury Bills**			
	91 Days Treasury bills		-	-
	182 Days Treasury Bills		349,773,900	-
	364 Days Treasury Bills		-	-
			349,773,900	-
6.1.2	**Bangladesh Bank Bills**			
	30 Days Bangladesh Bank Bills		-	2,176,290,860
			-	**2,176,290,860**
6.1.3	**Treasury Bonds**			
	Treasury Bonds (2 years BGTB)		15,728,091	73,443,780
	Treasury Bonds (5 years BGTB)		3,707,784,045	1,376,565,470

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	Particulars	2016 Taka	2015 Taka
	Treasury Bonds (10 years BGTB)	5,619,189,137	5,158,620,359
	Treasury Bonds (15 years BGTB)	3,023,605,344	2,155,953,485
	Treasury Bonds (20 years BGTB)	4,036,476,446	4,036,806,114
	Reverse REPO	291,078,280	-
		16,693,861,343	**12,801,389,208**
6.2	**Other Investments**		
	Ordinary shares (Unquoted):		
	Industrial and Infrastructure Development Finance Co. Limited	29,683,820	19,683,820
	Bangladesh Rating Agency of Bangladesh Limited	12,497,600	12,497,600
	Central Depository Bangladesh Limited	16,277,770	16,277,770
		58,459,190	**48,459,190**
	Investment in non publicly traded Mutual fund		
	VIPB Income Fund	102,500,000	-
		102,500,000	-
	Investment in Secondary market	1,413,196,396	1,280,304,986
		1,413,196,396	**1,280,304,986**
	Investment in Commercial Papers		
	RFL Plastics Limited	-	250,000,000
	Anwara Mannan Textile Mills Limited	-	150,000,000
	Avant Garde Fashion Limited	-	39,252,500
	HASHEM Foods Limited - 2ND	250,000,000	-
	Green Delta Insurance Co. Ltd.	500,000,000	-
		750,000,000	**439,252,500**
	Preference Shares		
	Summit Uttaranchal Power Co Ltd	-	14,194,800
	Summit Purbanchal Power Co Ltd	-	21,584,600
	Union Capital Preference Share	40,000,000	50,000,000
		40,000,000	**85,779,400**
	(Details are shown in Annexure - D)		
	Zero Coupon Bond		
	Impress Newtex Composite Textiles Limited	158,399,881	-
		158,399,881	**-**
	Bonds		
	First Security Islami Bank Limited Mudaraba Subordinated Bond	60,000,000	80,000,000
	Trust Bank unsecured , non Convertible ,Subordinated Bond	12,000,000	18,000,000
	UCBL Variable rate Subordinated Bond	100,000,000	100,000,000
	MBL Variable rate Subordinated Bond	1,000,000,000	1,000,000,000
	AB Bank Floating Rate Subordinated Bond	100,000,000	100,000,000
	City Bank Floating Rate Subordinated Bond	548,000,000	548,000,000
	Bank Asia Floating Rate Subordinated Bond	100,000,000	100,000,000
	EBL Floating Rate Subordinated Bond	100,000,000	100,000,000
	Prime Bank Floating Rate Subordinated Bond	100,000,000	100,000,000
	EXIM Bank Mudaraba Subordinated Floating Rate Bond	250,000,000	250,000,000
	AB Bank Floating Rate Subordinated Bond II	300,000,000	300,000,000
	MTBL Floating Rate Subordinated Bond	250,000,000	250,000,000
		2,920,000,000	**2,946,000,000**
		5,442,555,467	**4,799,796,076**
6.3	**Maturity wise grouping of Investment**		
	Up to 1 month	4,997,037,558	3,458,371,846
	Not more than 3 months	643,976,348	-
	More than 3 months but not more than 1 Year	1,149,710,654	1,991,615,091
	More than 1 year but not more than 5 years	5,402,342,225	3,339,082,371
	More than 5 years	10,294,930,125	10,990,182,836

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Particulars				2016 Taka	2015 Taka
				22,487,996,910	**19,779,252,144**
6.(a)	**Consolidated Investments**				
	BRAC Bank Limited:				
	Government Securities			17,045,441,443	14,979,456,068
	Other Investments			5,442,555,467	4,799,796,076
				22,487,996,910	**19,779,252,144**
	BRAC EPL Investments Limited			114,282,993	61,762,282
	BRAC EPL Stock Brokerage Limited			335,429,914	176,477,256
	bKash Limited			-	-
	BRAC Saajan Exchange Limited			-	-
	BRAC IT Services Limited			-	-
				22,937,709,817	**20,017,491,682**

7 Loans and Advances

		On-shore	Off-shore	Total	
Overdrafts		3,883,952,947	112,814,525	3,996,767,472	4,042,663,721
Demand loans		39,803,371,490	6,676,029,402	46,479,400,892	40,525,260,123
Term loans		41,885,653,047	13,621,106,156	55,506,759,203	45,237,856,876
Lease receivables	(Note - 7.17)	437,594,601	-	437,594,601	160,906,409
Small and medium enterprises		60,965,764,320	219,697,246	61,185,461,566	52,884,165,867
Credit Cards		3,273,392,133	-	3,273,392,133	2,717,537,726
Staff loans	(Note - 7.5)	805,145,717	-	805,145,717	577,221,717
		151,054,874,255	**20,629,647,329**	**171,684,521,584**	**146,145,612,439**
Bills purchased and discounted	(Note - 7.18)	**807,766,578**	**1,007,046,697**	**1,814,813,275**	**1,287,994,847**
Bills purchased and discounted SME		112,706,653	-	112,706,653	-
		920,473,231	**1,007,046,697**	**1,927,519,928**	**1,287,994,847**
		151,975,347,486	**21,636,694,026**	**173,612,041,512**	**147,433,607,286**

7.1 Net Loans and Advances

Gross loans and advances	173,612,041,512	147,433,607,286
Less: Interest suspense	721,066,429	833,053,798
Provision for loans and advances	6,956,029,599	8,417,328,266
	7,677,096,028	**9,250,382,064**
	165,934,945,484	**138,183,225,222**

7.2 Loans and Advances under the following broad categories

	On-shore	Off-shore	Total	
Inside Bangladesh:				
Loans	137,915,578,583	21,523,879,501	159,439,458,084	133,954,833,793
Cash Credits		-	-	-
Overdrafts	14,059,768,903	112,814,525	14,172,583,428	13,478,773,493
	151,975,347,486	**21,636,694,026**	**173,612,041,512**	**147,433,607,286**
Outside Bangladesh:				
Loans	-	-	-	-
Cash credits	-	-	-	-
Overdrafts	-	-	-	-

Particulars			2016 Taka	2015 Taka
	-	-	-	-
	151,975,347,486	**21,636,694,026**	**173,612,041,512**	**147,433,607,286**

7.3 Geographical location wise Portfolio grouping

	On-shore	Off-shore	Total	
Inside Bangladesh:				
Dhaka Division	113,023,821,654	21,636,694,026	134,660,515,680	116,416,876,225
Chittagong Division	18,459,418,441	-	18,459,418,441	16,764,815,776
Khulna Division	5,564,302,120	-	5,564,302,120	4,118,496,803
Sylhet Division	2,613,608,175	-	2,613,608,175	1,794,992,730
Barisal Division	2,263,505,371	-	2,263,505,371	1,749,764,111
Rajshahi Division	7,496,724,550	-	7,496,724,550	4,760,531,045
Rangpur Division	2,553,967,175	-	2,553,967,175	1,828,130,596
	151,975,347,486	**21,636,694,026**	**173,612,041,512**	**147,433,607,286**
Outside Bangladesh:	-	-	-	-
	151,975,347,486	**21,636,694,026**	**173,612,041,512**	**147,433,607,286**

7.4 Significant concentration wise grouping

	On-shore	Off-shore	Total	
Directors and others	349,835	-	349,835	130,060
Staff:				
Managing Director and CEO	-	-	-	-
Senior Executives	664,398,971	-	664,398,971	453,798,725
Others	140,746,746	-	140,746,746	123,422,991
	805,145,717	**-**	**805,145,717**	**577,221,716**
Industries:				
Agricultural	3,422,444,806	-	3,422,444,806	3,221,204,187
Large and Medium	54,950,634,364	21,636,694,026	76,587,328,390	63,892,622,387
Small and Cottage	58,506,426,633	-	58,506,426,633	7,599,839,656
	116,879,505,803	**21,636,694,026**	**138,516,199,829**	**74,713,666,230**
Consumers	25,415,643,587	-	25,415,643,587	21,815,906,601
Trade and Commercial	8,874,702,544	-	8,874,702,544	50,326,682,679
	151,975,347,486	**21,636,694,026**	**173,612,041,512**	**147,433,607,286**

7.5 Staff Loan

Personal Loan	92,554,309	79,247,559
Car and motorcycle Loan	318,369,744	195,096,629
House building Loan	394,221,664	302,877,528
	805,145,717	**577,221,716**

7.6 Detail of Large Loan

Number of clients with amount outstanding and classification status to whom loans and advances sanctioned exceeds 10% of the total capital of the Bank. Total capital of the Bank was Taka 24,012.17 million on Consolidated basis and Taka 23,095.14 million on Solo basis as at 31 December 2016 (Taka 21,713.66 million and 20,375.18 million as at 31 December 2015 respectively). (Details are shown in Annex - E)

Number of clients	12	17
Amount of outstanding advances	40,959,065,768	46,892,108,484
Amount of classified advances	-	-

7.7 Grouping as per Classification Rules

	On-shore	Off-shore	Total	
Unclassified				
Standard including staff loan	144,104,789,410	21,636,694,026	165,741,483,436	137,214,666,829
Special Mention Account (SMA)	1,959,913,564	-	1,959,913,564	1,380,299,743
	146,064,702,974	**21,636,694,026**	**167,701,397,000**	**138,594,966,572**
Classified				
Sub standard	648,530,638	-	648,530,638	1,062,194,274
Doubtful	499,594,164	-	499,594,164	673,482,710

Particulars			2016 Taka	2015 Taka
Bad / Loss	4,762,519,710	-	4,762,519,710	7,102,963,730
	5,910,644,512	**-**	**5,910,644,512**	**8,838,640,714**
	151,975,347,486	**21,636,694,026**	**173,612,041,512**	**147,433,607,286**

7.7.1 Business segment wise concentration of classified Loans & Advances / NPL of the Bank

Corporate	2,663,030,538	4,166,033,649
Retail	922,859,784	1,063,177,302
Small and medium enterprises	2,324,754,190	3,609,429,763
	5,910,644,512	**8,838,640,714**

7.7.2 Sector wise concentration of classified Loans & Advances / NPL of the Bank

Agriculture	17,218,576	14,897,137
Communication	1,349,353,032	1,349,353,032
Consumer Credit	131,419,202	143,958,029
Construction	-	27,800,813
Other Manufacturing Industries	38,787,967	380,081,107
Power,Gas	212,337,066	-
Residential Real Estate Financing	506,906,106	457,349,902
Readymade Garments	66,010,385	85,309
Textile	-	248,691,989
Ship Building	72,820,712	-
SME Loans	2,302,887,425	3,594,532,626
Trade Service	1,099,310,433	2,169,029,565
Others	113,593,608	452,861,205
Total	**5,910,644,512**	**8,838,640,714**

7.7.3 Movements of classified Loans and Advances

Opening balance	8,838,640,714	6,980,384,870
Additions during the year	2,514,353,375	5,147,388,057
Reductions during the year	5,442,349,577	3,289,132,213
Closing balance	**5,910,644,512**	**8,838,640,714**

7.8 Loan type wise classified loan

Overdraft	661,126,191	680,136,746
Demand Loan	293,195,013	931,522,978
Term Loan	4,716,728,658	6,927,962,576
Lease Finance	108,175,448	155,060,385
Credit Cards	131,419,202	143,958,029
	5,910,644,512	**8,838,640,714**

7.9 Sector-wise Allocation of Loans and Advances

	On-shore	Off-shore	Total	
Government:	-	-	-	-
Private:				
Agriculture	3,422,444,806	-	3,422,444,806	4,018,289,145
Industry	28,856,271,744	17,949,104,410	46,805,376,154	37,256,384,803
Service Industry	9,224,968,958	1,636,450,750	10,861,419,708	13,028,458,664
Agro-based Industry	6,680,777,348	1,664,962,238	8,345,739,586	14,847,915,680
Commerce & Trade	78,270,521,711	386,176,628	78,656,698,339	58,583,631,868
Consumer Credit	25,520,362,919	-	25,520,362,919	19,698,927,126
	151,975,347,486	**21,636,694,026**	**173,612,041,512**	**147,433,607,286**
	151,975,347,486	**21,636,694,026**	**173,612,041,512**	**147,433,607,286**

7.10 Securities against loans/advances including bills purchased and discounted

	On-shore	Off-shore	Total	
Collateral of moveable/immoveable assets	35,870,063,295	-	35,870,063,295	26,077,611,564
Local banks and financial institutions guarantee	-	-	-	-
Government guarantee	-	-	-	-

Particulars			2016 Taka	2015 Taka
Foreign banks guarantee	-	-	-	-
Export documents	-	-	-	-
Fixed deposit receipts (FDR)	2,945,868,878	-	2,945,868,878	4,022,667,829
FDR of other banks	-	-	-	-
Government bonds	-	-	-	-
Personal guarantee and other securities	809,546,497	-	809,546,497	4,142,051
Other securities	112,349,868,816	21,636,694,026	133,986,562,842	117,329,185,842
	151,975,347,486	**21,636,694,026**	**173,612,041,512**	**147,433,607,286**

7.11 Particulars of required provisions for loans and advances

Status	Outstanding Loans and advances 2016	Base for provision	Percentage (%) of required provision	Required provision 2016	Required provision 2015
Unclassified					
All unclassified loans (Other than Small and Medium enterprise Financing, Consumer Financing,BHs/MBs/SDs, Housing and loans for professional)	75,019,583,783	74,214,438,066	1%	742,144,381	680,765,033
Small and Medium enterprise financing	57,067,356,111	57,067,320,895	0.25%	142,668,302	121,628,025
Loans to BHs/MBs/SDs against share etc.	1,622,810,221	1,622,810,221	2%	32,456,204	35,377,738
Housing Finance	16,109,103,180	16,109,103,180	2%	322,182,064	197,125,628
Loans for professionals to Set up business (LP)	204,570,511	204,570,511	2%	4,091,410	6,992,349
Consumer finance	16,177,211,767	16,177,211,767	5%	808,860,588	411,332,953
Short Term Agricultural and Micro Credit	1,500,761,427	1,500,761,427	2.50%	37,519,036	27,214,668
				2,089,921,985	**1,480,436,394**

Classified - Specific provision					
Sub-standard (Short Term Agricultural Credit)	30,216	28,304	5%	1,415	21,093
Doubtful (Short Term Agricultural Credit)	884,483	827,043	5%	41,352	
Sub-standard	648,500,421	403,008,141	20%	80,601,628	151,510,706
Doubtful	498,709,680	336,384,033	50%	168,192,016	218,852,797
Bad/Loss	4,762,519,710	3,081,894,837	100%	3,133,955,812	5,640,956,869
				3,382,792,224	**6,011,341,465**
Required provision for loans and advances				**5,472,714,209**	**7,491,777,859**
Total provision maintained (Note 17.1)				**6,956,029,599**	**8,417,328,266**
Excess/(Short) provision				**1,483,315,390**	**925,550,407**

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

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

Name of Exposure	Outstanding	Percentage (%) of required provision	Required provision 2016	Required provision 2015
Acceptances and endorsements	20,015,403,528	1%	200,154,035	129,676,216
Letter of guarantees	6,357,188,894	1%	63,571,889	57,650,944
Irrevocable letter of credits	20,609,044,537	1%	206,090,445	201,935,051
Bills for collection	1,815,432,730	1%	18,154,327	18,105,811
Total required provision			487,970,696	407,368,022
Total provision maintained (Note 17.2)			489,847,170	427,347,170
Excess/(Short) provision			**1,876,474**	**19,979,148**

7.13 Particulars of Loans and Advances		**On-shore**	**Off-shore**	**Total**	
i)	Loans considered good in respect of which Bank is fully secured	38,815,967,389	-	38,815,967,389	30,100,279,393
ii)	Loans considered good against which Bank holds no security other than the debtor's personal guarantee.	809,546,497	-	809,546,497	308,911,259

	Particulars			2016 Taka	2015 Taka
iii)	Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor.	112,349,833,600	21,636,694,026	133,986,527,626	117,024,416,634
iv)	Loans adversely classified; provision not maintained there against	-	-	-	-
		151,975,347,486	**21,636,694,026**	**173,612,041,512**	**147,433,607,286**
v)	Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons;	805,495,552	-	805,495,552	577,351,777
vi)	Loans due from companies or firms in which the directors of the bank have interested as directors, partners or managing agents or in case of private companies as members;	-	-	-	-
vii)	Maximum total amount of advance including temporary advance made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person;	805,495,552	-	805,495,552	577,351,777
viii)	Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in case of private companies, as members;	-	-	-	-
ix)	Due from banking companies	-	-	-	-
x)	Amount of Classified loan on which interest has not been charged should be mentioned as follows:				
	a) Increase/decrease of provision (specific)	(2,024,422,593)	-	(2,024,422,593)	916,256,095
	Amount of debts written off	3,973,208,988	-	3,973,208,988	2,099,321,390
	Amount realized against loan previously written off.	1,217,678,634	-	1,217,678,634	963,528,967
	b) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet	4,583,760,612	-	4,583,760,612	6,500,587,838
	c) Interest creditable to the Interest Suspense a/c.	721,066,429	-	721,066,429	833,053,798
xi)	Cumulative amount of the written off loan				
	Opening balance	12,091,243,547	-	12,091,243,547	9,991,922,157
	Amount written off during the year	3,973,208,988	-	3,973,208,988	2,099,321,390
		16,064,452,535	-	16,064,452,535	12,091,243,547
	The amount of written off loans for which law suits have been filed	16,002,115,864	-	16,002,115,864	12,045,099,820

7.14 Write off of Loans and advances

Balance at the beginning of the year	9,319,143,904	8,183,351,481
Add: Write off during the year	3,973,208,988	2,099,321,390
	13,292,352,892	**10,282,672,871**
Less: Recovery of Write off loans	1,217,678,634	963,528,967
Balance at the end of the year	**12,074,674,258**	**9,319,143,904**

7.15 Bill Purchased and Discounted under the following broad categories

Inside Bangladesh	1,927,519,928	1,287,994,847
Outside Bangladesh	-	-
	1,927,519,928	**1,287,994,847**

7.16 Maturity wise grouping of Loans and Advances

Repayable on demand	15,416,075,868	12,221,952,427
Not more than 3 months	28,951,240,236	18,367,331,412
More than 3 months but not more than 1 Year	65,219,211,775	44,391,158,342

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Particulars	2016 Taka	2015 Taka
More than 1 year but not more than 5 years	54,588,391,557	62,621,508,994
More than 5 years	9,437,122,076	9,831,656,111
	173,612,041,512	**147,433,607,286**
7.17 Maturity wise grouping of Lease receivables		
Receivable on demand	772,534	-
Not more than 3 months	-	-
More than 3 months but not more than 1 Year	62,663,931	-
More than 1 year but not more than 5 years	374,158,136	160,906,409
More than 5 years	-	-
	437,594,601	**160,906,409**
7.18 Maturity wise grouping of Bill Purchased and Discounted		
Payable within 1 month	496,753,204	353,636,864
Over 1 month but less than 3 months	1,066,291,100	634,042,476
Over 3 month but less than 6 months	233,743,604	56,104,304
6 months or more	130,732,020	244,211,203
	1,927,519,928	**1,287,994,847**
7.(a) Consolidated Loans and Advances		
BRAC Bank Limited	173,612,041,512	147,433,607,286
BRAC EPL Investments Limited	3,616,648,814	3,825,562,832
BRAC EPL Stock Brokerage Limited	143,985,648	118,200,928
bKash Limited	-	-
BRAC Saajan Exchange Limited	-	-
BRAC IT Services Limited	-	-
Less: Inter company transaction:		
Borrowing from BRAC Bank Limited by BRAC EPL Investments Limited	1,531,255,030	1,443,231,350
	175,841,420,944	**149,934,139,696**
8 Fixed assets including premises, furnitures and fixtures		
Cost		
Property plant and equipment:		
Land - Cost	527,275,400	527,275,400
Revaluation*	516,373,535	516,373,535
Total	**1,043,648,935**	**1,043,648,935**
Leasehold Building	4,034,334	4,034,334
Furnitures and fixtures	1,809,233,630	1,654,557,812
Office equipment	1,359,404,912	1,252,196,360
IT Hardwares	2,134,467,308	1,917,986,050
Motor vehicles	108,371,172	108,567,646
	6,459,160,291	5,980,991,137
Intangible Assets:		
License (Indefinite useful live)	50,000	50,000
IT Software (Finite useful live)	1,007,950,055	960,040,540
	1,008,000,055	960,090,540
Total Cost	**7,467,160,346**	**6,941,081,677**
Less: Accumulated depreciation	4,581,348,670	4,003,964,616
Net Book value at the end of the year	**2,885,811,676**	**2,937,117,061**
(Fixed assets schedules are shown in Annexure - F)		

*In the year 2012, BRAC Bank revalued a land measuring 96.4 Katha situated at Gazipura, in Gazipur district by a professional valuer M/s. Khan Ayub & Co. Chartered Accountants. We booked the land in our books as per the valuation report in accordance with BAS 16 Property, Plant and Equipment."

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

AMARSTOCK

Particulars		2016 Taka	2015 Taka
BRAC Bank Limited		2,885,811,676	2,937,117,061
BRAC EPL Investments Limited		8,995,518	14,819,840
BRAC EPL Stock Brokerage Limited		23,520,836	37,182,803
bKash Limited		977,790,835	739,908,919
BRAC Saajan Exchange Limited		24,060,687	14,925,617
BRAC IT Services Limited		312,972,056	294,533,275
		4,233,151,608	**4,038,487,515**

9 Other Assets

		On-shore	Off-shore	Total	
9.1 Income Generating Other Assets					
Interest receivables	(Note - 9.1.1)	1,118,223,552	212,749,100	1,330,972,652	1,419,679,764
Prepaid Interest Expenses on IFFD		54,396,059	-	54,396,059	73,540,631
Receivables against sanchayapatra		417,986,414	-	417,986,414	701,487,716
Receivables from Omnibus		334,200	-	334,200	-
Investment in subsidiary	(Note - 9.1.2)	4,356,396,325	-	4,356,396,325	2,356,397,625
Investment in associate	(Note - 9.1.3)	12,500,000	-	12,500,000	12,500,000
Balance with BRAC EPL Stock Brokerage Limited		12,262,401	-	12,262,401	6,464,224
		5,972,098,951	**212,749,100**	**6,184,848,051**	**4,570,069,960**

9.1.1 Interest Receivables

Interest Receivables consists of interest receivable on loans, tram deposit, investments, securities etc.

	On-shore	Off-shore	Total	
Receivable against Govt. securities	326,684,616	-	326,684,616	362,538,323
Receivable against other securities	88,483,692	-	88,483,692	93,212,360
Receivable against balance with other bank	124,896,288	-	124,896,288	217,671,329
Receivable against loans and advances	559,347,499	189,635,465	748,982,964	582,683,312
Receivable against term deposit	18,811,457	23,113,635	41,925,092	163,574,440
	1,118,223,552	**212,749,100**	**1,330,972,652**	**1,419,679,764**

9.1.2 Investment in subsidiaries

BRAC EPL Investments Limited	2,752,714,494	752,715,794
BRAC EPL Stock Brokerage Limited	1,344,147,500	1,344,147,500
bKash Limited	168,921,800	168,921,800
BRAC Saajan Exchange Limited	59,388,531	59,388,531
BRAC IT Services Limited	31,224,000	31,224,000
	4,356,396,325	**2,356,397,625**

9.1.3 Investment in associate

BRAC Asset Management Company Limited	12,500,000	12,500,000
	12,500,000	**12,500,000**

9.2 Non Income Generating Other Assets		On-shore	Off-shore	Total	
Stock of stamps		16,179,155	-	16,179,155	8,633,253
Other receivables	(Note - 9.2.1)	704,821,213	-	704,821,213	815,397,739
Stock of security stationery		19,714,241	-	19,714,241	21,694,150
Stock of printing stationery		12,494,939	-	12,494,939	16,991,879
Stock of furniture		1,727,749	-	1,727,749	62,843
Advance to staff		6,223,249	-	6,223,249	2,610,379
Advance to supplier		6,779,498	-	6,779,498	2,163,226
Deferred revenue expenditure		30,281,408	43,373,102	73,654,510	103,639,564
Advance payment of income tax		8,053,627,021	-	8,053,627,021	8,500,423,645
Advance Value Added Tax		4,370,000	-	4,370,000	4,370,000
Deferred tax asset	(Note - 9.2.2)	1,029,603,118	-	1,029,603,118	1,012,728,917
Advance to SME unit offices		1,310,690	-	1,310,690	1,312,690
Advance against fixed assets		70,174,834	-	70,174,834	30,883,484
Advance against office rent		644,848,581	-	644,848,581	590,262,799

LANKABANGLA STOCK

Particulars				2016 Taka	2015 Taka
Advance security deposit		11,817,093	-	11,817,093	8,171,958
Advance for software migration		157,085,078	-	157,085,078	48,635,690
Receivable from Off-Shore		623,849,790	-	623,849,790	262,317,816
Receivable settlement account-OBU/DBU		53,125,790	1,310,762,354	1,363,888,144	-
Receivable in proxy account		5,489,368	942,474	6,431,842	15,747,232
Interbranch Account	(Note-9.2.4)	-	-	-	123,785
		11,453,522,815	1,355,077,930	12,808,600,745	11,446,171,049
	(Note 9.1 + 9.2)	**17,425,621,766**	**1,567,827,030**	**18,993,448,796**	**16,016,241,009**
Less: On-shore to Off-shore				623,849,786	262,317,814
				18,369,599,010	**15,753,923,195**

* Provision on other assets have been made in Accounts as per BRPD circular no - 14, date - 25 June 2001.

9.2.1 Other Receivables

Receivable against remittance	10,758,702	20,201,817
Receivable against bills pay	2,098	10,484
Receivable against DD	23,000,000	38,000,000
Receivable against Cheques	19,725	66,860
Receivable against Cards	6,357,033	10,543,661
Receivable from Merchant	47,485,397	73,937,229
Receivable from Partners	243,291,132	269,980,543
Receivable from Co-Brand ATM	67,173,318	68,759,762
Receivable against fraud and forgery	19,523,600	20,063,116
Receivable from Member Bank - ELDORADO	3,617,134	12,287,614
Receivable from NPS	59,880,200	35,314,100
Sundry debtors	207,298,992	246,704,441
Receivable from BACH	5,000,000	5,000,000
VAT current account	7,637,083	14,528,112
REPO interest expenditure	(1,573,895)	-
Coupon interest adjustment	5,350,694	-
	704,821,213	**815,397,739**

9.2.2 Deferred Tax asset/ (Liability)

	Book Value	Tax Base	Deductible/ (Taxable) Temporary Difference	Deferred Tax Asset/ (Liability)
Balance as at 31 December 2015				
Deferred Tax Asset				1,012,728,916
Deferred Tax Liability				(55,471,770)
Net Deferred Tax Asset 2015				**957,257,146**
Balance as at 31 December 2016				
Loan loss provision (Note - 9.2.3)	6,956,029,599		2,137,959,830	855,183,930
Provision against Capital market	72,224,112	-	72,224,112	7,222,412
Fixed assets excluding Vehicle (Annex-F)	1,842,162,741	2,260,154,677	417,991,936	167,196,775
Deferred tax asset (a)				**1,029,603,117**
Interest receivable from treasury bills and bonds	326,684,616	-	(326,684,616)	(130,673,846)

Particulars		2016 Taka	2015 Taka
Deferred Tax Liability (b)		**(130,673,846)**	
Net Deferred Tax Asset 31 December 2016 (a+b)		**898,929,271**	
Increase of deferred tax asset recognized in Profit and Loss statement as Income		16,874,201	
Increase of deferred tax liability recognized in Profit and Loss statement as expense		(75,202,076)	
Net Deferred tax expense recognized in Profit and Loss statement during the year December 31, 2016		**(58,327,875)**	

9.2.3 A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Temporary difference arising from loan loss provision is recognized to the extent it is probable that taxable profit will be available in foresable future against which it can be utilized. According to the requirement of Bangladesh Bank BRPD Circular no. 11 dated 12 December 2011, Deferred tax asset can be created against "Loan Loss Provision" according to the requirement of BAS - 12 but such amount (i.e. BDT 855,183,930) should be excluded from Regulatory Capital (i.e. Tier - 1 Capital). Expected time to adjust the above loan loss provision through write off is 5 years.

9.2.4	**Interbranch Account**		
	Cost Center Account	-	123,785
		-	**123,785**
9.(a)	**Consolidated Other Assets**		
	BRAC Bank Limited	18,369,599,010	15,753,923,195
	BRAC EPL Investments Limited	803,627,967	893,818,375
	BRAC EPL Stock Brokerage Limited	630,608,527	345,494,421
	bKash Limited	1,604,105,215	811,906,971
	BRAC Saajan Exchange Limited	211,386,397	132,866,305
	BRAC IT Services Limited	31,895,353	41,083,023
		21,651,222,469	17,979,092,290
	Add: Share of profit/(loss) of equity in associate company		
	Opening Balance	(818,197)	-
	Current Year Balance	182,824	(818,197)
		(635,373)	(818,197)
	Less: Investment in subsidiaries		
	BRAC EPL Investments Limited	2,752,714,494	752,715,794
	BRAC EPL Stock Brokerage Limited	1,344,147,500	1,344,147,500
	bKash Limited	168,921,800	168,921,800
	BRAC Saajan Exchange Limited	59,388,531	59,388,531
	BRAC IT Services Limited	31,224,000	31,224,000
		4,356,396,325	2,356,397,625
	Less: Inter company transactions		
	BRAC Bank Limited	395,889,430	488,896,062
	BRAC EPL Investments Limited	209,990	2,165,292
	BRAC EPL Stock Brokerage Limited	2,777,245	4,368,917
	bKash Limited	572,894	-
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	3,290,229	6,647,895
		402,739,788	502,078,166
		16,891,450,983	**15,119,798,302**

10	**Non Banking assets**	**Possession date**		
	Haque Specialized Still Mills Ltd.	30.06.2015	62,230,075	62,230,075
			62,230,075	**62,230,075**

The Bank has been awarded ownership of the mortgaged property at Fatullah Narayanganj of the above mentioned party according to the verdict of the Honorable Court, order no. 85 dated 23/04/2015 (Artho Rin Adalat, Dhaka) in 2015 and reported it as Non Banking Assets in accordance with Bank Companies Act 1991 and BRPD circular 14 of 2003. The value of the Non-Banking Assets has been determined on the basis of valuation report of an Independent valuer.

11 Consolidated Goodwill

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Particulars			2016 Taka	2015 Taka
BRAC EPL Investments Limited			246,289,821	246,289,821
BRAC EPL Stock Brokerage Limited			1,126,273,572	1,126,273,572
bKash Limited			73,393,751	73,393,751
BRAC Saajan Exchange Limited			54,905,518	54,905,518
BRAC IT Services Limited			1,476,391	1,476,391
Less: Impairment of Goodwill			(120,187,124)	(90,140,343)
			1,382,151,929	**1,412,198,710**

12 Borrowing from other Banks, Financial Institutions and Agents:

Inside Bangladesh:	**On-shore**	**Off-shore**	**Total**	
Southeast Bank Ltd.	-	315,000,000	315,000,000	-
Prime Bank Limited	-	393,750,000	393,750,000	-
NRB Bank Limited	-	196,875,000	196,875,000	-
National Bank Limited	-	393,750,000	393,750,000	-
Bank Al Falah	-	78,750,000	78,750,000	-
The City Bank Ltd.	-	1,023,750,000	1,023,750,000	-
Uttara Bank Limited	-	393,750,000	393,750,000	392,525,000
Basic Bank Limited	-	354,375,000	354,375,000	314,020,000
Bangladesh Krishi Bank Limited	-	-	-	235,515,000
Commercial Bank of Ceylon	-	-	-	392,525,000
Dhaka Bank Limited	-	-	-	392,525,000
Dutch-Bangla Bank Limited	-	-	-	785,050,000
BBL Off Shore to On Shore	-	-	-	4,999,750,365
On Shore to BBL Off Shore	-	3,150,199,312	3,150,199,312	7,034,048,000
	-	**-**	**6,300,199,312**	**14,545,958,365**
Outside Bangladesh:				
Sonali Bank UK Ltd	-	629,324,800	629,324,800	814,576,000
Habib Bank Brussels Bel	-	-	-	392,525,000
Asian Development Bank	-	2,526,300,000	2,526,300,000	744,227,400
KBC BANK NV		629,866,895	629,866,895	-
Emirates NBD	-	877,747,500	877,747,500	-
First Gulf Bank	-	787,500,000	787,500,000	-
The National Bank of Ras Al-Khaimah	-	1,181,250,000	1,181,250,000	471,030,000
Borrowing from NORFUND	-	590,625,000	590,625,000	785,050,000
Borrowing from IFC	-	3,150,000,000	3,150,000,000	3,140,200,000
Borrowing from FMO	-	5,315,625,000	5,315,625,000	6,672,925,000
	-	**15,688,239,195**	**15,688,239,195**	**13,020,533,400**
	-	**21,988,438,507**	**21,988,438,507**	**27,566,491,765**
Less: BBL Off-shore to On-shore placement			-	4,999,750,365
Less: On-shore to BBL Off-shore placement			3,150,199,312	7,034,048,000
			18,838,239,195	**15,532,693,400**

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

Secured (Treasury bills)	-	-
Unsecured	18,838,239,195	15,532,693,400
	18,838,239,195	**15,532,693,400**

12.2 Disclosure regarding REPO

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

AMAR STOCK

Particulars	2016 Taka	2015 Taka

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

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

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

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

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

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under repo:			
i) with Bangladesh Bank	-	-	-
ii) with other banks & Fis	249,048,500	9,135,647,862	1,448,822,539
Securities purchased under reverse repo:			
i) with Bangladesh Bank	-	-	-
ii) with other banks & FIs	48,941,024	1,093,690,893	67,118,951

12.3	**Maturity wise grouping of Borrowing from Other Bank and Financial Institutions**		
	Repayable on demand	6,286,955,100	2,119,635,000
	Not more than 3 months	1,470,898,450	1,250,522,000
	More than 3 months but not more than 1 Year	6,946,010,645	5,293,348,900
	More than 1 year but not more than 5 years	4,134,375,000	6,869,187,500
	More than 5 years	-	-
		18,838,239,195	**15,532,693,400**
12.(a)	**Consolidated Borrowing from other Banks, Financial Institutions and Agents**		
	BRAC Bank Limited	18,838,239,195	15,532,693,400
	BRAC EPL Investments Limited	1,715,569,185	3,618,002,781
	BRAC EPL Stock Brokerage Limited	-	-
	bKash Limited	-	-
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	108,705,372	36,249,000
	Less: Inter company transaction:		
	Borrowing from BRAC Bank Limited by BRAC EPL Investments Limited	1,531,255,030	1,415,110,659
		19,131,258,722	**17,771,834,522**
13	**Borrowings from Central Bank**		
	Bangladesh Bank Refinance	841,013,210	828,462,829
	Bangladesh Bank EDF FUND	5,896,115,187	3,699,350,814
	Bangladesh Bank SME FOUNDATION	15,850,000	-
		6,752,978,397	**4,527,813,643**
13.1	**Maturity wise grouping of Borrowing from Central Bank**		

Particulars		2016 Taka	2015 Taka
Repayable on demand		602,831,925	851,591,598
Not more than 3 months		1,396,578,490	1,186,703,751
More than 3 months but not more than 1 Year		4,753,567,982	1,661,055,465
More than 1 year but not more than 5 years		-	828,462,829
More than 5 years		-	-
		6,752,978,397	**4,527,813,643**

13.(a) Consolidated Borrowings from Central Bank

BRAC Bank Limited		6,752,978,397	4,527,813,643
BRAC EPL Investments Limited		-	-
BRAC EPL Stock Brokerage Limited		-	-
bKash Limited		-	-
BRAC Saajan Exchange Limited		-	-
BRAC IT Services Limited		-	-
		6,752,978,397	**4,527,813,643**

14 Subordinated Convertible Bonds

Private Placement	(Note - 14.1)	2,651,375,000	2,700,000,000
Public Subscription	(Note - 14.2)	299,704,000	300,000,000
		2,951,079,000	**3,000,000,000**

Pursuant to the terms and conditions of Subordinated 25% Convertible bonds, in the year 2016 we have converted total 48,921 bonds @ Tk. 1000 and issued total 1149,589 Ordinary shares @ Tk. 42.55 as 1st Conversion considering 5% conversion of the individual holding .

14.1 Private Placement details

	No. of Unit		
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	525,000	525,000,000	525,000,000
Triodos Fair Share Fund	175,000	175,000,000	175,000,000
Triodos Microfinance Fund	175,000	175,000,000	175,000,000
Norwegian Investment Fund for Developing Countries	465,500	465,500,000	490,000,000
Agrani Bank Limited	750,000	750,000,000	750,000,000
BRAC Employee Provident Fund	458,375	458,375,000	482,500,000
Delta Life Insurance Company Limited	20,000	20,000,000	20,000,000
RACE Asset Management *	82,500	82,500,000	82,500,000
* PHP 1st Mutual Fund, Popular Life 1st Mutual Fund			
Total Private Placement		**2,651,375,000**	**2,700,000,000**

14.2 Public Subscription details

	No. of Unit		
Other than non-resident Bangladeshis	212,479	212,479,000	212,775,000
Non-resident Bangladeshis	2,285	2,285,000	2,285,000
Mutual Funds	84,940	84,940,000	84,940,000
Total Subscription received		**299,704,000**	**300,000,000**
Less: Refundable against excess subscription		-	-
		2,951,079,000	**3,000,000,000**

14.3 Maturity wise grouping of Subordinated Convertible Bonds

Up to 1 month	-	-
Not more than 3 months	-	-
More than 3 months but not more than 1 Year	-	-
More than 1 year but not more than 5 years	2,951,079,000	3,000,000,000
More than 5 years	-	-
	2,951,079,000	**3,000,000,000**

	Particulars			2016 Taka	2015 Taka
14.(a)	**Consolidated Subordinated Convertible Bonds**				
	BRAC Bank Limited			2,951,079,000	3,000,000,000
	BRAC EPL Investments Limited			-	-
	BRAC EPL Stock Brokerage Limited			-	-
	bKash Limited			-	-
	BRAC Saajan Exchange Limited			-	-
	BRAC IT Services Limited			-	-
				2,951,079,000	**3,000,000,000**
15	**Money at call and short notice**				
	Local currency:				
	Rupali Bank Limited			-	500,000,000.00
	Hong Kong Shanghai Banking Corporation, Dhaka			-	100,000,000.00
	One Bank Limited			-	350,000,000.00
	Janata Bank Limited			-	550,000,000.00
	National Bank Limited			400,000,000	500,000,000.00
	Sonali Bank Limited			-	310,000,000.00
	State Bank of India			280,000,000	370,000,000.00
	Dutch Bangla Bank Limited			-	1,100,000,000.00
	Southeast Bank Limited			230,000,000	-
				910,000,000	3,780,000,000
	Foreign currency:				
	Agrani Bank Ltd.			393,750,000	-
				393,750,000	-
				1,303,750,000	**3,780,000,000**
15.1	**Maturity wise grouping of Money at call and short notice**				
	Up to 1 month			1,303,750,000	3,780,000,000
	Not more than 3 months			-	-
	More than 3 months but not more than 1 Year			-	-
	More than 1 year but not more than 5 years			-	-
	More than 5 years			-	-
				1,303,750,000	**3,780,000,000**
15.(a)	**Consolidated Money at Call and Short notice**				
	BRAC Bank Limited			1,303,750,000	3,780,000,000
	BRAC EPL Investments Limited			-	-
	BRAC EPL Stock Brokerage Limited			-	-
	bKash Limited			-	-
	BRAC Saajan Exchange Limited			-	-
	BRAC IT Services Limited			-	
				1,303,750,000	**3,780,000,000**
16	**Deposits and Other Accounts**				
	Local Currency:		**On-shore**	**Off-shore**	**Total**	
	Current and other accounts		48,358,731,917	-	48,358,731,917	44,535,451,389
	Bills payable	(Note-16.3)	1,309,401,487	-	1,309,401,487	843,532,886
	Saving deposits		31,368,696,186	-	31,368,696,186	29,105,666,315
	Fixed deposits		83,226,753,125	-	83,226,753,125	68,581,567,704
	Other deposits	(Note-16.4)	595,249,868	-	595,249,868	543,064,404
			164,858,832,583	**-**	**164,858,832,583**	**143,609,282,698**
	Foreign Currency:					
	Current and other accounts		1,892,822,258	19,462,432	1,912,284,690	4,618,263,818
	Bills payable		-	-	-	-
	Saving deposits		-	-	-	-
	Fixed deposits		644,920,270	632,629,942	1,277,550,212	1,472,892,345
	Other deposits	(Note-16.4)	810,904,253	-	810,904,253	520,072,621
			3,348,646,781	**652,092,374**	**4,000,739,155**	**6,611,228,784**

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Particulars				2016 Taka	2015 Taka
Total Deposit and other accounts		**168,207,479,364**	**652,092,374**	**168,859,571,738**	**150,220,511,482**

16.1 Deposits details concentrating liquidity nature

		On-shore	Off-shore	Total	
i) Demand deposit					
Current deposits		39,272,258,890	-	39,272,258,890	35,900,665,383
Saving deposits (10%)		3,136,869,619	-	3,136,869,619	2,910,566,632
Foreign currency deposits		2,703,726,510	19,462,432	2,723,188,942	5,138,336,440
Sundry deposits	(Note-16.5)	586,339,363	-	586,339,363	525,829,680
Bills payable		1,309,401,487	-	1,309,401,487	843,532,886
		47,008,595,869	**19,462,432**	**47,028,058,301**	**45,318,931,021**
ii) Time deposit					
Saving deposits (90%)		28,231,826,568	-	28,231,826,568	26,195,099,683
Foreign currency deposits		644,920,270	632,629,942	1,277,550,212	1,472,892,345
Fixed deposits		75,495,760,672	-	75,495,760,672	60,512,002,645
Short term deposits		9,086,473,027	-	9,086,473,027	8,634,786,005
Deposit pension schemes		7,730,992,453	-	7,730,992,453	8,069,565,059
Security deposits		8,910,505	-	8,910,505	17,234,724
		121,198,883,495	**632,629,942**	**121,831,513,437**	**104,901,580,461**
		168,207,479,364	**652,092,374**	**168,859,571,738**	**150,220,511,482**

16.2 Deposits and Other Accounts

Deposits from Banks and financial institutions (16.2.1)	10,061,043,601	7,002,561,967
Deposits from Customers (16.2.2)	158,798,528,137	143,217,949,515
	168,859,571,738	**150,220,511,482**

16.2.1 Deposits from Banks and financial institutions

Current deposits:		
Eldorado Member Banks	16,105,904	37,939,399
Omnibus Member Banks	4,937,697	64,622,568
	21,043,601	102,561,967
Fixed deposits from Banks:		
National Bank Limited	-	2,500,000,000
Uttara Bank Limited	2,300,000,000	1,000,000,000
Prime Bank Limited	-	600,000,000
Basic Bank Limited	-	1,300,000,000
Dutch-Bangla Bank Limited	-	1,500,000,000
Bank Asaia Ltd	750,000,000	-
Commercial Bank of Ceylon	310,000,000	-
Habib Bank Ltd	190,000,000	-
Hongkong Shanghai Banking Corporation	690,000,000	-
IFIC Bank Ltd.	1,000,000,000	-
NCC Bank Limited	1,000,000,000	-
Prime Bank Limited	600,000,000	-
Pubali Bank Ltd	500,000,000	-
The Premier Bank Ltd	400,000,000	-
Trust Bank Ltd	2,000,000,000	-
	9,740,000,000	6,900,000,000
Fixed deposits from financial institutions:		
Uttara Finance & Investment Ltd	300,000,000	-
	300,000,000	-
	10,040,000,000	6,900,000,000

	Particulars	2016 Taka	2015 Taka
	Total deposits from Banks and financial institutions	**10,061,043,601**	**7,002,561,967**
16.2.2	**Deposits from Customers**		
	Current and other accounts	50,249,973,006	49,051,153,240
	Bills payable	1,309,401,487	843,532,886
	Saving deposits	31,368,696,186	29,105,666,315
	Fixed deposits	74,464,303,337	63,154,460,049
	Other deposits	1,406,154,121	1,063,137,025
		158,798,528,137	**143,217,949,515**
16.3	**Bills payable**		
	Local Drafts Issued and Payable	363,408,502	80,723,009
	Payment Order Issued	945,992,985	762,809,877
		1,309,401,487	**843,532,886**
16.4	**Other Deposits**		
	Foreign currency deposits	810,904,253	520,072,621
	Local Currency deposits:		
	Security Deposits	998,000	1,048,000
	Security Deposit from Retail Loan clients	7,912,505	16,186,724
	Lease Deposits	4,959,100	4,571,100
	Payable to NPS	72,836,460	70,142,460
	EFTN adjustments account	374,891,690	294,285,113
	Payable against customers, Loan account and others	133,652,113	156,831,007
		595,249,868	543,064,404
	Total other deposits	**1,406,154,121**	**1,063,137,025**
16.5	**Sundry deposit**		
	Lease Deposits	4,959,100	4,571,100
	Payable to NPS	72,836,460	70,142,460
	EFTN adjustments account	374,891,690	294,285,113
	Payable against customers, Loan account and others	133,652,113	156,831,007
		586,339,363	**525,829,680**
16.6	**Maturity wise grouping of Deposits**		
	Repayable on demand	2,947,232,200	2,358,755,434
	Repayable within 1 month	23,831,127,629	24,939,957,124
	Over 1 month but within 6 months	55,536,471,091	39,836,996,708
	Over 6 month but within 1 year	27,169,529,995	27,000,519,414
	Over 1 year but within 5 years	41,078,673,485	39,796,255,191
	Over 5 years but within 10 years	18,292,426,838	16,285,983,078
	Over 10 years	4,110,500	2,044,534
	Unclaimed deposits for 10 years or more	-	-
		168,859,571,738	**150,220,511,483**

Unclaimed deposit outstanding for 10 years and above BDT 7,80,939.10 (Cheque no-BR 0559742) has been deposited to Bangladesh Bank at January 10, 2017, as per section 35 of Bank companies act 1991.

16.(a)	**Consolidated Deposit and Other Accounts**		
	BRAC Bank Limited	168,859,571,738	150,220,511,482
	BRAC EPL Investments Limited	-	-
	BRAC EPL Stock Brokerage Limited	-	-
	bKash Limited	17,288,614,156	10,961,337,262
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	-	-
		186,148,185,894	**161,181,848,744**
	Less: Inter company transactions		
	BRAC EPL Investments Limited	27,507,846	11,901,292
	BRAC EPL Stock Brokerage Limited	15,955,154	85,804,316
	bKash Limited	4,510,825,981	11,457,913,286
	BRAC Saajan Exchange Limited	62,573,552	68,638,727
	BRAC IT Services Limited	52,545,801	9,402,184

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Particulars		2016 Taka	2015 Taka
		4,669,408,334	**11,633,659,805**
		181,478,777,560	**149,548,188,939**

17 Other Liabilities

		On-shore	Off-shore	Total	
Provisions for loans and advances	(Note - 17.1)	6,703,294,052	252,735,547	6,956,029,599	8,417,328,266
Provisions for Off Balance Sheet Items	(Note - 17.2)	489,847,170	-	489,847,170	427,347,170
Provision for diminution in value of Investments	(Note - 17.3)	72,224,112	-	72,224,112	358,951,693
Provisions for Others		538,731	-	538,731	538,731
Interest suspense	(Note - 17.4)	720,598,634	467,795	721,066,429	833,053,798
Withholding tax payable	(Note - 17.5)	160,460,239	-	160,460,239	232,969,342
VAT payable	(Note - 17.6)	159,063,629	-	159,063,629	157,813,453
Provision for taxation	(Note - 17.7)	11,893,704,995	67,606,624	11,961,311,619	11,779,971,279
Deferred tax liability	(Note - 9.2.2)	130,673,845	-	130,673,845	55,471,770
Interest payable		1,396,594,529	81,290,058	1,477,884,587	1,738,794,446
Accrued expenses		2,241,507,509	-	2,241,507,509	2,586,561,378
Excise duty Payable		156,602,697	-	156,602,697	85,096,907
Share subscription - IPO (refund warrant)		209,983	-	209,983	210,030
Right Share subscription		636,674	-	636,674	657,174
Payable to On-shore Banking Unit		-	623,849,786	623,849,786	262,317,814
Payable settlement account-OBU/DBU		1,262,346,286	150,303,341	1,412,649,627	-
Cheque clearing account		316,002	-	316,002	-
Margin on Letter of Credits		754,706,528	-	754,706,528	597,925,676
Margin on Letter of Guarantees		189,995,435	-	189,995,435	100,995,055
Cash Dividend payable		55,615,946	-	55,615,946	50,802,973
Unclaimed dividend		3,705,304	-	3,705,304	3,523,517
Suppliers payable		127,123,690	-	127,123,690	77,655,128
Payable against exchange houses		607,690	-	607,690	4,015,686
Payable against insurances		22,862,464	-	22,862,464	29,373,553
Payable to Omnibus		24,989,170	-	24,989,170	1,023,300
Others payable	(Note - 17.8)	1,338,408,498	30,555	1,338,439,053	1,075,901,988
		27,906,633,812	**1,176,283,706**	**29,082,917,518**	**28,878,300,127**
Less: Off-shore to On-shore				623,849,786	262,317,814
				28,459,067,732	**28,615,982,313**

17.1 Provision for Loans and Advances :

Provision for loans and advances is created for covering the bank from possible loan losses in the future. General provision is made on the outstanding amount of loans and advances without considering the classification status following the prescribed rate of Bangladesh Bank. Classified loans and advances of the banks are categorized as Sub-Standard, Doubtful and Bad/Loss as per Bangladesh Bank circulars. For loans which are classified as sub-standard, doubtful or bad/loss, specific provision is created netting off security value and interest suspense from the amount outstanding.

	On-shore	Off-shore	Total	
A. General				
Provisions held at the beginning of the year	1,266,967,354	260,676,400	1,527,643,754	1,208,316,756

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

17.2 Provisions for Off Balance Sheet Items

Provision for off balance sheet items is made as per BRPD circular no. 14 of September 2012 for covering the bank for possible losses on off balance sheet items in the future. Details movement of Provision for Off Balance Sheet items is as follows:

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

17.3 Provision for diminution in value of Investments

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

17.4 Interest suspense

Classified loans and advances of the banks are categorized as sub-standard, doubtful and bad/loss as per guidelines of Bangladesh Bank. Interest accrued on Sub-Standard, Doubtful and Bad/Loss loans is transferred to interest suspense account and not considered as interest income. This interest is recognized as interest income when it is realized in cash by the bank.

Balance at the beginning of the year	833,053,798	766,084,298
Add: Amount transferred to "Interest Suspense" Account during the year	662,473,361	1,283,554,547
	1,495,527,159	**2,049,638,845**
Less: Amount recovered in "Interest Suspense" Account during the year	105,170,602	240,190,474
Less: Amount written off during the year	212,021,675	266,466,874
Less: Interest waiver during the year	457,268,453	709,927,699
Balance at the end of the year	**721,066,429**	**833,053,798**

17.5 Withholding Tax Payable

Payable on Interest	117,636,454	182,880,812
Payable (Suppliers)	6,146,112	17,762,381
Payable (Contractors and Consultants)	595,003	152,018
Payable (Staff Salaries and Allowance)	5,837,756	4,085,051
Payable (Rent)	3,270,656	3,072,948
Payable (Export)	14,219,058	11,910,245
Payable on Commission Paid	6,723,367	8,306,768
Payable on Profession Services	1,217,751	-
Payable on Others	4,814,082	4,799,119
	160,460,239	**232,969,342**

17.6 VAT Payable

Payable on Letter of Credit Commission	7,249,715	6,243,733
Payable on Loan Processing Fees	3,705,683	10,052,609
Payable - Credit Cards	7,226,748	7,466,104
Payable - Supplier	29,688,534	18,216,735

Particulars	2016 Taka	2015 Taka
Payable - Rent	8,748,992	5,283,675
Payable - DESA and DESCO	11,251,600	11,496,538
Payable - BPDB	28,588,399	24,061,315
Payable - BTCL	135,629	-
Payable - DPDC	51,975,020	66,423,309
Payable - REB	117,736	-
Payable - Others	10,375,573	8,569,435
	159,063,629	**157,813,453**
17.7 Provision for current taxation		
Balance at the beginning of the year	11,779,971,279	9,529,948,684
Add: Provision made during the year	2,629,520,979	2,250,022,595
	14,409,492,258	11,779,971,279
Less: Adjustment of tax provision for previous years	2,448,180,639	-
Balance at the end of the year	**11,961,311,619**	**11,779,971,279**
Corporate tax position of the Bank has been shown in Annexure G.		
17.8 Other payables		
Payables related cards and others	157,384,295	95,505,945
Payables for Good Borrower rebate	257,371,322	130,000,000
Payable to merchant	46,341,020	46,881,444
Payables to co brand ATM	7,260,372	1,874,745
FX translation adjustments - contra	27,220,307	5,186,175
REPO interest income	(243,642)	-
Miscellaneous payable	843,105,379	796,453,679
	1,338,439,053	**1,075,901,988**
17.(a) Consolidated Other Liabilities		
BRAC Bank Limited	28,459,067,732	28,615,982,313
BRAC EPL Investments Limited	1,193,066,984	514,885,986
BRAC EPL Stock Brokerage Limited	1,010,608,329	846,750,147
bKash Limited	2,076,079,445	1,281,676,794
BRAC Saajan Exchange Limited	285,209,187	313,667,198
BRAC IT Services Limited	344,981,682	412,878,045
	33,369,013,359	**31,985,840,483**
Less: Inter company transactions		
BRAC Bank Limited	2,438,673	-
BRAC EPL Investment Limited	956,266	33,250,304
BRAC EPL Stock Brokerage Limited	972,834	22,084,259
bKash Limited	5,426,232	266,840
BRAC Saajan Exchange Limited	163,239,456	228,607,427
BRAC IT Services Limited	229,706,325	245,990,026
	402,739,786	530,198,856
	32,966,273,573	**31,455,641,627**

18 Share Capital

18.1 Authorized Capital

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

1,200,000,000 ordinary shares of Tk. 10 each	**12,000,000,000**	**12,000,000,000**

Particulars	2016 Taka	2015 Taka

18.2 Issued, Subscribed and Paid up Capital

The issued share capital of the bank is the total nominal value of the shares of the bank which have been issued to shareholders and which remain outstanding.

100,000,000 ordinary Share of Tk. 10/- each issued for cash	1,000,000,000	1,000,000,000
361,235,033 ordinary Share of Tk. 10/- each issued as bonus share	3,612,350,330	3,612,350,330
26,400,000 Right Share of Tk. 10/- each issued in the year 2008	264,000,000	264,000,000
221,652,288 Right Share of Tk. 10/- each issued in the year 2014	2,216,522,880	2,216,522,880
1,149,589 ordinary Share of Tk. 10/- each issued as bond converted share in the year 2016	11,495,890	-
	7,104,369,100	**7,092,873,210**

18.2.1 History of paid-up capital

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

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

18.2.2 Issued, Subscribed and Paid up Capital

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

18.3 Initial Public Offering (IPO)

According to IPO rules 2006 "Initial public offering (IPO)" means first offering of security by an issuer to the general public. Out of the total issued, subscribed, and fully paid up capital of the bank 5,000,000 ordinary shares of Tk. 100 each amounting to Taka 500,000,000 was raised through Initial public offering of shares held in 2006.

	Particulars	2016 Taka	2016 Taka	2015 Taka	2015 Taka
18.9	**Capital Adequacy Ratio - As per BASEL-II and III**	**Consolidated basis**	**SOLO basis**	**Consolidated basis**	**SOLO basis**
	Common Equity Tier-1(Going Concern Capital)				
	Fully Paid -up capital/funds from Head office for the purpose of meeting the capital adequacy	7,104,369,100	7,104,369,100	7,092,873,210	7,092,873,210
	Non-Repayable Share Premium account	5,181,774,966	3,659,942,031	4,781,671,715	3,622,522,880
	Statutory Reserve	3,470,350,332	3,470,350,332	3,470,350,332	3,470,350,332
	General reserve	-	-	-	-
	Retained Earnings	5,524,376,341	6,222,874,273	4,088,724,423	3,892,934,140
	Dividend Equalization Reserve	355,218,455	355,218,455		-
	Minority Interests in Subsidiaries	1,475,794,375	-	1,297,477,645	-
	Actuarial gain/loss (Actuarial gain/loss kept in books in Bangladesh for foreign banks)	-	-	-	-
	Non-repatriable interest free funds from Head Office for the purpose of acquisition of property and held in a separate account and have the ability to absorb Losses regardless of their losses. (Applicable for foreign banks)	-	-	-	-
	Others (If any item approved by Bangladesh Bank)	-	-	23,718,584	-
	Sub-total	**23,111,883,569**	**20,812,754,191**	**20,754,815,909**	**18,078,680,562**
	Regulatory Adjustments				
	Shortfall in Provision required against Non-performing Loans(NPLs)	-	-	-	-
	Shortfall in Provision required against Investment in shares	-	-	-	-
	Remaining deficit on account of revalution of investments in Securities after netting off from any other surplus of the securities.	-	-	-	-
	Goodwill and all other intangible assets	1,501,389,885	119,287,955	1,412,198,710	-
	Deferred Tax Assets (DTA)	986,843,921	986,843,921	963,887,229	963,887,229
	Defined benefit pension fund assets	-	-	-	-
	Gain on sale related to securitization transactions	-	-	-	-
	Investment in own CET-1 Instruments/shares(as per Para 3.4.7 of Basel III Guidelines)	-	-	-	-
	Reciprocal Crossholdings in the CET-1 Capital of Banking, financing and insurance entities.	-	-	-	-
	Any investment exceeding the approved limit under section 26(2) of the Bank Company Act, 1991(50% of investment)	-	-	-	-
	Investment of subsidiaries which are not Consolidated(50% of investment)	-	-	-	-
	Others if any	-	-	-	-
	Sub-total	**2,488,233,806**	**1,106,131,876**	**2,376,085,939**	**963,887,229**
	Total common equity Tier-1 capital	**20,623,649,764**	**19,706,622,316**	**18,378,729,970**	**17,114,793,333**
	Additional Tier-1 Capital				
	Non-Cumulative irredeemable Preference Shares	-	-	-	-
	Instruments issued by the Banks that meet the qualifying criteria for AT1(As specified in Annex-4 of Basel III Guidelines)	-	-	-	-

Particulars	2016 Taka	2016 Taka	2015 Taka	2015 Taka
	Consolidated basis	SOLO basis	Consolidated basis	SOLO basis
Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties as specified in Annex-4 of Basel III Guidelines(For consolidated reporting)	-	-	-	-
Head office borrowing in foreign currency by Foreign Banks' operation in Bangladesh for inclusion in additional tier-1 capital which comply with the regulatory requirements as specified in Annex-4 of Basel III Guidelines(Applicable for foreign banks)	-	-	-	-
Any other item especially allowed by Bangladesh Bank from time to time for inclusion in additional Tier-1 capital (applicable for foreign banks).	-	-	-	-
Others(If any item approved by Bangladesh Bank)	-	-	-	-
Subtotal	-	-	-	-
Regulatory Adjustments:				
Investment in own AT-1 instrument/shares(as per para 3.4.7 of Basel III Guidelines)	-	-	-	-
Reciprocal crossholdings in the AT-1 Capital of Banking, financing and insurance entities.	-	-	-	-
Others(If any)	-	-	-	-
Total additional Tier-1 Capital available	-	-	-	-
maximum limit of additional Tier-1 Capital(AT-1 Capital can be maximum Up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher)	-	-	-	-
Excess amount over maximum limit of AT-1	-	-	-	-
Subtotal	-	-	-	-
Total Admissible Additional Tier-1 Capital	**20,623,649,764**	**19,706,622,316**	**18,378,729,970**	**17,114,793,333**
Tier-2 Capital (Going-Concern Capital)				
General Provision (Eligible for inclusion in Tier 2 will be limited to 1 maximum 1.25 percentage points of credit risk weighted assets calculated under the standardized approach)	2,580,614,850	2,580,614,850	1,857,726,067	1,783,186,562
All other preference shares	-	-	-	-
Subordinated debt/instruments issued by the Banks that meet the qualifying criteria for tier-2 Capital (as per Annex 4 of Basel III Guidelines)	600,000,000	600,000,000	1,200,000,000	1,200,000,000
Minority interest i.e. Tier 2 issued by consolidated subsidiaries to third parties(For consolidated reporting only)	-	-	-	-
Head office(HO) borrowings in foreign currency received that meet the criteria of tier 2 debt capital (Applicable for foreign banks).	-	-	-	-
Revaluation reserve as on 31 December, 2014(50% Of fixed assets and securities and 10% of equities)	346,502,408	346,502,408	346,502,408	346,502,408
Others (If any item approved by Bangladesh Bank)	-	-	-	-
Sub-total	**3,527,117,258**	**3,527,117,258**	**3,404,228,475**	**3,329,688,970**

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Particulars	2016 Taka	2016 Taka	2015 Taka	2015 Taka
	Consolidated basis	SOLO basis	Consolidated basis	SOLO basis
Regulatory Adjustments				
Revaluation reserve for fixed assets and security and equity securities(Follow phase-in deduction as per Basel (III) guidelines)	138,600,963	138,600,963	69,300,482	69,300,482
Investment in own T2 instruments/shares(as per para 3.4.7 of Basel III Guidelines)	-	-	-	-
Reciprocal crossholdings in the AT-2 Capital of banking, financing and insurance entities.	-	-	-	-
Any investment exceeding the approved limit under section 26(2) of the Bank Company Act, 1991(50% of investment)	-	-	-	-
Investment of subsidiaries which are not consolidated(50% of investment)	-	-	-	-
Others if any	-	-	-	-
Total Tier-2 Capital Available	**3,388,516,295**	**3,388,516,295**	**3,334,927,993**	**3,260,388,488**
Maximum limit of Tier-2 Capital(Tier-2 Capital can be maximum Up to 4% of the Total RWA or 88.89% of CET1, whichever is higher)	18,332,362,276	17,517,216,576	16,041,957,396	14,717,636,047
Excess amount over maximum limit of T-2	-	-	-	-
Total Admissible Tier-2 capital	**3,388,516,295**	**3,388,516,295**	**3,334,927,993**	**3,260,388,488**
Total Capital	**24,012,166,059**	**23,095,138,611**	**21,713,657,963**	**20,375,181,821**
Total Risk Weighted Assets	199,136,572,044	188,431,077,640	176,714,095,576	166,622,161,980
Minimum Capital Requirement (MCR - 10%)	19,913,657,204	18,843,107,764	17,671,409,558	16,662,216,198
Surplus/ (Deficiency)	4,098,508,854	4,252,030,846	4,042,248,405	3,712,965,623
Capital Adequacy Ratio:				
Common Equity Tier-1 (Against standard of minimum 5.5%)	10.36%	10.46%	10.40%	10.27%
Total Capital to Risk Weighted Assets Ratio (Against standard of minimum 10% with capital conservation buffer of 0.625%)	12.06%	12.26%	12.29%	12.23%

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	Particulars	2016 Taka	2015 Taka
19	**Statutory Reserve**		
	Balance at the beginning of the year	3,470,350,332	3,470,350,332
	Add: Transferred from profit during the year	-	-
		3,470,350,332	**3,470,350,332**

Refer to the section no-24 of The Banking Companies Act 1991, there is no requisite to transfer fund from profit into the statutory reserve during the year because the sum of share premium and statutory reserve exceeded the paid up capital.

19.(a)	**Consolidated Statutory Reserve**		
	BRAC Bank Limited	3,470,350,332	3,470,350,332
	BRAC EPL Investments Limited	-	-
	BRAC EPL Stock Brokerage Limited	-	-
	bKash Limited	-	-
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	-	
		3,470,350,332	**3,470,350,332**
20	**Dividend Equalization Fund**		
	Balance at the beginning of the year	-	-
	Add: Transferred from profit during the year	355,218,455	-
		355,218,455	-

According to BRPD Circular No. 18, dated 20 October 2002, the equivalent amount of exceeding 20% cash dividend shall be kept separately under Dividend Equalization Fund which shall be treated as permanent capital. On June 02, 2016 cash dividend @ 25% (Tk. 2.5 per share of 10 each) amounting to Taka 1,776,092,275.00 was approved by the shareholders in 17th Annual General Meeting and the cash dividend was paid accordingly. Therefore the excess 5% cash dividend equivalent amounting to Taka 355,218,455.00 has been transferred to Dividend Equalization Fund.

21	**Revaluation Reserve**		
	Revaluation Reserve on Govt. Securities (Note - 21.1)	111,643,709	219,539,410
	Assets Revaluation Reserve (Note - 21.2)	516,373,535	516,373,535
		628,017,244	**735,912,945**
21.1	**Revaluation Reserve on Govt. Securities**		
	Balance at the beginning of the year	219,539,410	176,631,281
	Add: Addition during the year	515,815,204	757,748,003
	Less: Adjustment during the year	623,710,905	714,839,874
		111,643,709	**219,539,410**
21.2	**Assets Revaluation Reserve**		
	Balance at the beginning of the year	516,373,535	516,373,535
	Add: Reserve made during the year	-	-
		516,373,535	**516,373,535**
21.1.(a)	**Consolidated Revaluation Reserve on Govt. Securities**		
	BRAC Bank Limited	111,643,709	219,539,410
	BRAC EPL Investments Limited	-	-
	BRAC EPL Stock Brokerage Limited	-	-
	bKash Limited	-	-
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	-	
		111,643,709	**219,539,410**
21.2.(a)	**Consolidated Assets Revaluation Reserve**		
	BRAC Bank Limited	516,373,535	516,373,535
	BRAC EPL Investments Limited	-	-
	BRAC EPL Stock Brokerage Limited	-	-
	bKash Limited	-	-
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	-	-
		516,373,535	**516,373,535**

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	Particulars			2016 Taka	2015 Taka
22	**Surplus in Profit and Loss Account/ Retained Earnings**				
		On-shore	**off-shore**	**Total**	
	Balance at the beginning of the year	3,334,045,877	559,706,460	3,893,752,337	2,876,737,432
	Less: Dividend equalization Fund	355,218,455		355,218,455	-
	Less: Cash Dividend	1,776,092,275	-	1,776,092,275	1,418,574,642
	Add: Retained Surplus for the year	4,103,403,102	357,497,564	4,460,432,666	2,435,589,547
		5,306,138,249	**917,204,024**	**6,222,874,273**	**3,893,752,337**
22.(a)	**Consolidated Surplus in Profit and Loss Account/ Retained Earnings**				
	BRAC Bank Limited			6,222,874,273	3,893,752,337
	Less: Impairment of Goodwill			(120,187,124)	(90,140,343)
	Add: Pre-Acquisition Retained earnings adjustment			79,761,995	79,761,995
	Add: Retained Surplus from BRAC EPL Investments Limited (Opening)			(227,003,276)	28,474,789
	Add: Adjustment for shareholdings change in BRAC EPL Investments Ltd.			(55,462,276)	-
	Add: Retained Surplus from BRAC EPL Investments Limited (During the year)			(851,838,993)	(255,478,065)
	Add: Retained Surplus from BRAC EPL Stock Brokerage Limited (Opening)			164,540,487	93,232,111
	Add: Retained Surplus from BRAC EPL Stock Brokerage Limited (During the year)			85,352,954	71,308,376
	Add: Retained Surplus from bKash Limited (Opening)			41,002,271	(80,154,207)
	Add: Retained Surplus from bKash Limited (During the year)			197,136,150	121,156,478
	Add: Retained Surplus from BRAC Saajan Limited (Opening)			51,358,517	37,387,802
	Add: Retained Surplus from BRAC Saajan Limited (During the year)			2,278,141	15,151,784
	Add: Foreign currency Translation gain/ loss			(4,469,482)	3,413,670
	Less: Dividend distributed by BRAC Saajan Limited			-	(4,594,739)
	Add: Retained Surplus from BRAC IT Services Limited (Opening)			(84,770,325)	(51,274,328)
	Add: Retained Surplus from BRAC IT Services Limited (During the year)			24,438,402	(33,495,997)
	Add: Share of profit/(loss) of equity in associate company (Opening)			(818,197)	-
	Add: Share of profit/(loss) of equity in associate company (During the year)			182,824	(818,197)
				5,524,376,341	**3,827,683,467**
23	**Minority Interest (Detail in Note - 23.1)**				
	BRAC EPL Investments Limited			98,980,443	173,552,983
	BRAC EPL Stock Brokerage Limited			72,915,938	63,432,276
	bKash Limited			1,297,590,337	1,108,185,016
	BRAC Saajan Exchange Limited			33,814,627	34,545,075
	BRAC IT Services Limited			(27,506,970)	(50,987,003)
				1,475,794,375	**1,328,728,347**

23.1 Calculation of Minority Interest

	BRAC EPL Investments Limited	BRAC EPL Stock Brokerage Limited	bKash Limited	BRAC Saajan Exchange Limited	BRAC IT Services Limited
Opening balance	173,552,983	63,432,276	1,108,185,016	34,545,075	(50,987,003)
Add: Share of profit	(48,924,043)	9,483,662	189,405,321	759,380	23,480,033
Add: Adjustment for shareholdings change	(25,648,497)	-	-	-	-
Add: Foreign currency Translation gain/loss	-	-	-	(1,489,828)	-
Minority Interest as at 31 December 2016	**98,980,443**	**72,915,938**	**1,297,590,337**	**33,814,627**	**(27,506,970)**

24	**Contingent Liabilities**			
	Acceptances and endorsements		20,015,403,528	12,967,621,606
	Import Letter of Credits - Sight		11,591,685,474	9,493,957,028
	Import Letter of Credits - Usance		6,344,447,700	8,314,887,899
	Import Letter of Credits - Back to Back		2,672,911,363	2,384,660,141
	Total Letter of Credits and Acceptances and endorsements:	(Note 24.2)	40,624,448,065	33,161,126,674
	Guarantees Issued	(Note 24.3)	6,357,188,894	5,765,094,383
	Bills for collection	(Note 24.4)	1,815,432,730	1,810,581,090
	Tax Liability	(Note 24.5)	43,700,000	43,700,000
	Contingent Assets - FX deals		4,928,744,717	7,175,468,134
	Forward contract		3,436,938,282	1,993,599,324
	Stock of Travelers Cheques (TC)		4,165,875	4,152,915
			57,210,618,563	**49,953,722,520**

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	Particulars	2016 Taka	2015 Taka
24.1	**Significant concentration wise grouping**		
	i) Documentary credits and short term trade related transactions	48,797,069,689	40,736,802,147
	ii) Forward asset purchased and forward deposits placed	-	-
	iii) Undrawn formal standby facilities, credit lines and commitments to lend:	-	-
	-Under one year	-	-
	-One year and over	-	-
	iv) Spot and forward foreign exchange rate contracts	-	-
	v) Other exchange contracts	8,369,848,874	9,173,220,373
	vi) Others	43,700,000	43,700,000
		57,210,618,563	**49,953,722,520**
24.2	**Irrevocable Letter of Credit including Acceptances and endorsements**		
	Letter of Credit (Inland)	83,092,137	122,870,363
	Letter of Credit (General)	30,048,704,641	22,854,193,985
	Back to Back L/C	2,672,911,364	2,384,660,141
	Back to Back Bills	3,918,354,546	4,118,849,942
	Back to Back Bills (EDF)	3,901,385,377	3,680,552,243
		40,624,448,065	**33,161,126,674**
	Less: Margin	754,706,528	597,925,676
		39,869,741,537	**32,563,200,998**
24.3	**Letter of Guarantee**		
	Letter of Guarantee (Local)	5,196,429,125	5,627,174,341
	Letter of Guarantee (Foreign)	706,925,585	137,920,042
	Foreign counter Guarantee	453,834,184	-
		6,357,188,894	**5,765,094,383**
	Less: margin	189,995,435	100,995,055
		6,167,193,459	**5,664,099,328**
	Balance for which the Bank is contingently liable in respect of guarantee issued favoring:		
	Directors	-	-
	Government	1,760,745,327	2,110,734,256
	Bank and other financial institution	186,093,031	177,231,458
	Others	4,410,350,536	3,477,128,669
		6,357,188,894	**5,765,094,383**
	Less : Margin	189,995,435	100,995,055
		6,167,193,459	**5,664,099,328**
24.4	**Bills for collection**		
	Outward local bills for collection	1,115,002,722	1,513,429,660
	Outward foreign bills for collection	700,430,008	297,151,430
	Inward local bills for collection	-	-
	Inward foreign bills for collection	-	-
		1,815,432,730	**1,810,581,090**

24.5 Contingent Liabilities (Taxation)

Large Tax Payers (VAT) office has issued a Demand Order of BDT 2,37,00,000 against VAT audit for the Income year 2009 and BDT 2,00,00,000 against VAT audit for the Income year 2010. The Bank has filed appeal before the Honorable High Court Division against the order no. VAT-123/2013 dated 05 August 2013 and VAT-44/2014 dated 08 May 2014 respectively of the Customs, Excise and VAT Appellate Tribunal on the said demand.

24.6 Suit filed by the Bank

No law suit filed by the bank against contingent liabilities.

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	Particulars	2016 Taka	2015 Taka
24.(a)	**Consolidated Contingent liabilities**		
	BRAC Bank Limited	57,210,618,563	49,953,722,520
	BRAC EPL Investments Limited	-	-
	BRAC EPL Stock Brokerage Limited	-	-
	bKash Limited	-	-
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	-	
		57,210,618,563	**49,953,722,520**
	Section -Three: Notes to Profit and loss Account		
25	**Income statement**		
	Income:		
	Interest, discount and similar income (Note-25.1)	20,542,798,655	19,487,141,545
	Dividend income (Note-28)	56,856,237	69,355,506
	Fees, commission and brokerage (Note-25.2)	1,890,882,664	2,065,389,961
	Gains less losses arising from investment securities	25,278,925	(4,492,413)
	Gains less losses arising from dealing from foreign currencies (Note-29)	647,007,072	849,437,054
	Gain less losses arising from REPO	217,176,635	197,522,851
	Income from non-banking assets	-	-
	Other operating income (Note-30)	1,340,912,019	1,042,313,532
		24,720,912,207	**23,706,668,036**
	Expenses:		
	Interest, fees and commission (Note-27)	7,548,050,861	8,806,035,500
	Gain/ (Loss) arising from dealing securities	(56,286,445)	(185,951,788)
	Administrative expenses (Note-25.3)	5,460,671,797	4,879,324,928
	Other operating expenses (Note-40)	1,879,618,403	1,804,809,882
	Depreciation on banking assets (Note-39)	622,090,736	601,855,008
	Impairment Loss	-	2,046,717
		15,454,145,352	**15,908,120,247**
	Operating Profit	**9,266,766,855**	**7,798,547,789**
25.1	**Interest, discount and similar income**		
	Interest on loans and advances	17,191,758,603	15,411,228,659
	Interest on money at call and short notice	1,300,484	10,543,972
	Interest on balance with other banks	8,882,949	10,315,709
	Interest on treasury bills and bonds	1,761,107,053	1,658,494,190
	Interest on fixed deposits with other banks	1,152,861,459	2,047,798,838
	Interest Income on reverse REPO	13,803,589	12,759,564
	Interest on other bond	345,207,564	286,501,282
	Interest on commercial paper	67,876,954	49,499,331
		20,542,798,655	**19,487,141,545**
25.2	**Fees, commission and brokerage**		
	Fees	1,549,052,797	1,716,607,008
	Commission	341,829,867	348,782,953
		1,890,882,664	**2,065,389,961**
25.3	**Administrative expenses**		
	Salaries and allowances	3,507,163,911	2,961,642,461
	Rent, taxes, insurance, electricity etc.	1,148,406,728	957,364,997
	Legal expenses	60,611,079	75,358,034
	Postage, stamps, telecommunication etc.	241,582,356	262,499,755
	Stationery, printing, advertisement etc.	202,780,149	312,208,500
	Chief Executive's salary and fees	13,309,000	14,260,584
	Directors' fees and expenses	1,335,600	681,700
	Auditors' fee	1,224,753	955,000
	Repairs and maintenance of fixed assets	284,258,221	294,353,897
		5,460,671,797	**4,879,324,928**

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	Particulars			2016 Taka	2015 Taka
26	**Interest Income**				
	Interest on loans and advances -	**On-shore**	**Off-shore**	**Total**	
	Retail	3,122,251,349	-	3,122,251,349	2,268,496,452
	Corporate	4,112,267,544	1,243,988,084	5,356,255,628	5,079,255,559
	SME	8,017,108,964	-	8,017,108,964	7,310,906,205
	Lease Finance	109,432,191		109,432,191	188,435,062
	Credit Cards	560,371,995	-	560,371,995	541,739,891
	Staff	26,338,476	-	26,338,476	22,395,490
		15,947,770,519	**1,243,988,084**	**17,191,758,603**	**15,411,228,659**
	Interest on money at call and short notice	1,300,484	-	1,300,484	10,543,972
	Interest on balance with other banks	8,882,949	-	8,882,949	10,315,709
	Interest on fixed deposits with other banks	1,152,861,459	-	1,152,861,459	2,047,798,838
		17,110,815,411	**1,243,988,084**	**18,354,803,495**	**17,479,887,178**
	Less: Interest Income from OBU			512,469,031	97,364,596
	Less: Interest Income from BBL			-	9,630,510
				17,842,334,464	**17,372,892,072**
26.(a)	**Consolidated Interest Income**				
	BRAC Bank Limited			17,842,334,464	17,372,892,072
	BRAC EPL Investments Limited			48,633,373	324,161,399
	BRAC EPL Stock Brokerage Limited			43,825,936	54,995,375
	bKash Limited			1,123,864,591	896,509,972
	BRAC Saajan Exchange Limited			2,007,174	2,594,160
	BRAC IT Services Limited			-	-
	Less: Inter company transactions:			750,273,452	950,865,351
				18,310,392,086	**17,700,287,627**
27	**Interest Paid on Deposits and Borrowing etc.**				
	A. Interest paid on deposits:	**On-shore**	**Off-shore**	**Total**	
	Current account	644,408,956	-	644,408,956	1,371,404,350
	Short term deposit	165,190,922	3,775,657	168,966,579	389,370,192
	Savings deposit	677,366,045	-	677,366,045	741,547,616
	Term deposit	4,212,818,981	20,067,874	4,232,886,855	4,639,263,526
		5,699,784,904	23,843,531	5,723,628,435	7,141,585,684
	B. Interest paid for borrowings:				
	Interest on money at call and short notice	136,429,824	143,938	136,573,762	225,246,133
	Interest on borrowings from banks & FIs	269,807,014	896,816,663	1,166,623,677	707,327,827
	Bangladesh Bank-refinance	40,905,371	-	40,905,371	38,995,315
	Interest on Repurchase agreement (REPO)	102,848,427	-	102,848,427	253,077,909
	Interest on BBL Bond	377,471,189	-	377,471,189	439,802,632
		927,461,825	896,960,601	1,824,422,426	1,664,449,816
		6,627,246,729	**920,804,132**	**7,548,050,861**	**8,806,035,500**
	Less: Interest pay to OBU			-	9,630,510
	Less: Interest pay to BBL			512,469,031	97,364,596
				7,035,581,830	**8,699,040,394**
27.(a)	**Consolidated Interest Paid on Deposits and Borrowing etc.**				
	BRAC Bank Limited			7,035,581,830	8,699,040,394
	BRAC EPL Investments Limited			234,259,890	447,442,970
	BRAC EPL Stock Brokerage Limited			4,464,142	867,105
	bKash Limited			65,457,042	-
	BRAC Saajan Exchange Limited			-	-
	BRAC IT Services Limited			-	-
	Less: Inter company transactions			750,273,452	950,865,351
				6,589,489,452	**8,196,485,118**

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	Particulars			2016 Taka	2015 Taka
28	**Investment Income**				
		On-shore	**Off-shore**	**Total**	
	Interest on treasury bills and bonds	1,761,107,053	-	1,761,107,053	1,658,494,190
	Gain on dealing of securities - HFT Instruments	56,286,445	-	56,286,445	185,951,788
	Interest Income on reverse REPO	13,803,589		13,803,589	12,759,564
	Gain on REPO & reverse REPO	217,176,635	-	217,176,635	197,522,851
	Dividend on preference shares	8,036,729	-	8,036,729	13,786,265
	Dividend from subsidiary	-	-	-	5,251,565
	Interest on other bond	345,207,564	-	345,207,564	286,501,282
	Interest on commercial paper	67,222,222	654,732	67,876,954	49,499,331
	Gain on trading shares-MF (Realized)	25,278,925	-	25,278,925	(4,492,413)
	Dividend on ordinary shares	48,819,508	-	48,819,508	50,317,676
	Impairment Loss in associate company	-	-	-	(2,046,717)
		2,542,938,670	**654,732**	**2,543,593,402**	**2,453,545,382**
28.(a)	**Consolidated Investment Income**				
	BRAC Bank Limited			2,543,593,402	2,453,545,382
	BRAC EPL Investments Limited			13,617,456	(10,502,145)
	BRAC EPL Stock Brokerage Limited			47,023,651	53,873,668
	bKash Limited			-	-
	BRAC Saajan Exchange Limited			-	-
	BRAC IT Services Limited			-	-
	Share of profit/(loss) of equity in associate company			182,824	(818,197)
				2,604,417,333	**2,496,098,708**
29	**Commission, Exchange and Brokerage**				
		On-shore	**Off-shore**	**Total**	
	Commission from sale of sanchaya patra	19,205,095	-	19,205,095	12,284,558
	Commission from issue of payment orders, DD and TT	16,927,682	-	16,927,682	19,205,909
	Commission from issue of letter of guarantee	26,553,034	-	26,553,034	32,838,505
	Commission from issue of letters of credit (Import and Export)	263,794,900	12,641,738	276,436,638	274,902,506
	Commission on visa processing	-	-	-	6,083,961
	Commission on Travellers Cheques	1,291	-	1,291	2,726
	Other commission	2,706,127	-	2,706,127	3,464,788
	Gain or (Loss) on Foreign currency dealings	647,007,072	-	647,007,072	849,437,054
	Loan processing fees	350,517,320	-	350,517,320	562,406,097
	Account activity fees	314,857,785	-	314,857,785	284,413,891
	Import and export related fees	89,222,845	16,622,908	105,845,753	83,961,103
	Fees and Commission-Cards	371,665,358	-	371,665,358	316,593,161
	Relationship Fees	7,384,712	-	7,384,712	8,665,131
	Loan Early Settlement Fees	80,849,492	-	80,849,492	58,944,140
	Service Charges for ATM Card	225,538,297	-	225,538,297	248,862,819
	Fund Collection/ Transfer Fees	162,090	-	162,090	381,260
	Student Service Center Fees	2,201,000	-	2,201,000	2,303,087
	Cancellation fees	92,800	-	92,800	117,615
	Cheque collection fees	271,549	-	271,549	333,480
	Trade Finance Charges	2,247,264	-	2,247,264	731,236
	Custodian fees	11,084,163		11,084,163	10,524,260
	Other fees (Note : 29.1)	68,949,582	7,385,632	76,335,214	138,369,728
		2,501,239,458	**36,650,278**	**2,537,889,736**	**2,914,827,015**

	Particulars			2016 Taka	2015 Taka
29.1	**Other fees**				
		On-shore	**Off-shore**	**Total**	
	Passport Endorsement Fees	1,432,552	-	1,432,552	3,666,813
	Locker fees	5,725,940	-	5,725,940	5,890,530
	Service fees - ATM	744,725	-	744,725	472,038
	Service fees - BIT	1,233,224	-	1,233,224	796,555
	Service fees - bKash	29,657,980	-	29,657,980	131,526
	IOM Service Fees	438,294	-	438,294	1,473,020
	Annual Membership Fees-Premium Banking	100,300	-	100,300	106,200
	Membership Fees-ELDORADO	1,777,804	-	1,777,804	5,906,078
	Annual Fees-SMS Banking	24,009,417	-	24,009,417	87,416,679
	Annual Fees-Internet Banking	3,703,550	-	3,703,550	1,172,550
	Syndication Fees	-	7,385,632	7,385,632	15,793,839
	Valuation fees	3,335	-	3,335	11,935,505
	Omnibus settlement fees	122,461	-	122,461	3,608,395
		68,949,582	**7,385,632**	**76,335,214**	**138,369,728**
29.(a)	**Consolidated Commission, Exchange and Brokerage**				
	BRAC Bank Limited			2,537,889,736	2,914,827,015
	BRAC EPL Investments Limited			45,330,121	99,483,400
	BRAC EPL Stock Brokerage Limited			401,041,298	338,788,384
	bKash Limited*			2,322,831,675	1,575,861,080
	BRAC Saajan Exchange Limited			283,694,599	261,018,220
	BRAC IT Services Limited			-	-
	Less: Inter company transactions:			53,993,811	15,847,883
				5,536,793,618	**5,174,130,216**
	*** Commission income of bKash Limited**				
	Commission net off VAT			12,088,678,108	8,586,537,349
	Less: Cost of service			9,765,846,433	7,010,676,269
	Net commission income			**2,322,831,675**	**1,575,861,080**
30	**Other operating income**				
		On-shore	**Off-shore**	**Total**	
	Recovery of written off bad debts	1,217,678,634	-	1,217,678,634	963,528,967
	Profit on sale of fixed assets	3,946,669	-	3,946,669	2,472,684
	Profit share from other bank	38,326,569	-	38,326,569	27,962,761
	Loan penal interest	13,871,991	-	13,871,991	25,016,462
	Miscellaneous income	63,942,231	3,145,925	67,088,156	23,332,658
		1,337,766,094	**3,145,925**	**1,340,912,019**	**1,042,313,532**
30.(a)	**Consolidated Other operating income**				
	BRAC Bank Limited			1,340,912,019	1,042,313,532
	BRAC EPL Investments Limited			2,403,156	4,129,147
	BRAC EPL Stock Brokerage Limited			-	-
	bKash Limited			55,386,622	119,251,044
	BRAC Saajan Exchange Limited			8,692,667	10,746,717
	BRAC IT Services Limited			280,959,930	202,269,349
	Less: Inter company transactions			113,927,235	114,832,535
				1,574,427,159	**1,263,877,254**

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	Particulars			2016 Taka	2015 Taka
31	**Consolidated Salaries and allowances**				
	BRAC Bank Limited			3,507,163,911	2,961,642,461
	BRAC EPL Investments Limited			43,004,993	60,412,234
	BRAC EPL Stock Brokerage Limited			116,706,605	113,263,444
	bKash Limited			867,339,441	644,689,174
	BRAC Saajan Exchange Limited			47,379,550	59,253,891
	BRAC IT Services Limited			137,743,870	166,378,611
				4,719,338,370	**4,005,639,815**
32	**Rent, Taxes, Insurance, Electricity etc.**				
		On-shore	**Off-shore**	**Total**	
	Rent, rates and taxes	848,277,627	1,811,484	850,089,111	724,029,476
	Insurance	99,524,489	53,224	99,577,713	57,752,104
	Power and electricity	184,525,448	306,974	184,832,422	164,729,625
	WASA and Sewerage	13,891,134	16,348	13,907,482	10,853,792
		1,146,218,698	**2,188,030**	**1,148,406,728**	**957,364,997**
32.(a)	**Consolidated Rent, Taxes, Insurance, Electricity etc.**				
	BRAC Bank Limited			1,148,406,728	957,364,997
	BRAC EPL Investments Limited			20,901,805	27,497,502
	BRAC EPL Stock Brokerage Limited			26,883,334	26,339,551
	bKash Limited			30,121,518	10,585,098
	BRAC Saajan Exchange Limited			15,215,677	16,221,787
	BRAC IT Services Limited			14,003,086	17,988,738
				1,255,532,148	**1,055,997,673**
33	**Consolidated Legal expenses**				
	BRAC Bank Limited			60,611,079	75,358,034
	BRAC EPL Investments Limited			1,744,200	2,813,883
	BRAC EPL Stock Brokerage Limited			440,501	-
	bKash Limited			355,760	14,147,882
	BRAC Saajan Exchange Limited			735,579	3,216,612
	BRAC IT Services Limited			-	-
				63,887,119	**95,536,411**
34	**Postage, Stamp, Telecommunication etc.**				
		On-shore	**Off-shore**	**Total**	
	Postage and courier	41,321,601	344	41,321,945	25,037,127
	Telegram, telex, fax and Network	89,971,045	1,421	89,972,466	84,028,192
	Court fees and stamps	48,998,635	-	48,998,635	71,141,971
	Telephone	61,117,470	171,840	61,289,310	82,292,465
		241,408,751	**173,605**	**241,582,356**	**262,499,755**
34.(a)	**Consolidated Postage, Stamp, Telecommunication etc.**				
	BRAC Bank Limited			241,582,356	262,499,755
	BRAC EPL Investments Limited			-	-
	BRAC EPL Stock Brokerage Limited			2,602,348	2,664,858
	bKash Limited			32,650,603	18,975,718
	BRAC Saajan Exchange Limited			4,536,880	5,875,558
	BRAC IT Services Limited			7,629,487	12,568,674
				289,001,674	**302,584,563**
35	**Stationery, Printing, Advertisement etc.**				
		On-shore	**Off-shore**	**Total**	
	Stationery and Printing	116,723,224	1,034,392	117,757,616	133,735,602
	Security Stationery	14,535,199	78,505	14,613,704	55,346,402
	Advertisement	70,408,829	-	70,408,829	123,126,496
		201,667,252	**1,112,897**	**202,780,149**	**312,208,500**

	Particulars	2016 Taka	2015 Taka
35.(a)	**Consolidated Stationery, Printing, Advertisement etc.**		
	BRAC Bank Limited	202,780,149	312,208,500
	BRAC EPL Investments Limited	593,068	1,316,387
	BRAC EPL Stock Brokerage Limited	7,980,277	8,461,917
	bKash Limited	914,520,229	557,965,702
	BRAC Saajan Exchange Limited	1,566,905	5,416,227
	BRAC IT Services Limited	732,419	1,775,912
		1,128,173,047	**887,144,645**
36	**Chief Executive's salary and fees**		
	Basic salary	9,288,000	10,029,750
	Bonus and others (Note-36.1)	3,709,000	4,017,250
	House rent allowance	300,000	184,167
	Medical/ other allowance	12,000	29,417
		13,309,000	**14,260,584**
36.1	**Bonus and others**		
	Festival Bonus	1,548,000	1,767,000
	Performance Bonus	1,000,000	1,000,000
	Leave Fair Assistance	1,161,000	1,250,250
		3,709,000	**4,017,250**
37	**Directors' Fees and Expenses**		
	Director's fees represent fees paid for attending board meeting, board audit committee meeting @ Tk. 7,200 (After deducting Tax & VAT) from January to December 2016 per director per meeting.		
	Breakup of Directors fees and expenses are given below:		
	Directors Fees	972,000	557,400
	Others	363,600	124,300
		1,335,600	**681,700**
37.(a)	**Consolidated Director's Fees and Expenses**		
	BRAC Bank Limited	1,335,600	681,700
	BRAC EPL Investments Limited	-	-
	BRAC EPL Stock Brokerage Limited	480,000	435,000
	bKash Limited	994,705	860,539
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	225,000	238,000
		3,035,305	**2,215,239**
38	**Auditors' Fee**	1,224,753	955,000
		1,224,753	**955,000**
	Yearly auditors' fee is BDT 915,000 (excluding VAT) and out of pocket expenses are BDT 150,000.		
38.(a)	**Consolidated Auditors' fee**		
	BRAC Bank Limited	1,224,753	955,000
	BRAC EPL Investments Limited	368,000	253,000
	BRAC EPL Stock Brokerage Limited	173,938	170,903
	bKash Limited	1,191,000	655,500
	BRAC Saajan Exchange Limited	3,354,275	3,071,164
	BRAC IT Services Limited	498,750	100,000
		6,810,716	**5,205,567**

39	**Depreciation and repairs to bank's assets**				
	Depreciation of Property plant and equipment	**On-shore**	**Off-shore**	**Total**	
	Furniture and fixtures	169,135,468	62,592	169,198,060	156,590,776
	Leasehold Building	100,858	-	100,858	96,151
	Office equipment	124,906,189	40,945	124,947,134	123,193,939
	IT hardware	234,016,167	321,226	234,337,393	218,097,469
	Motor vehicles	9,553,683	367,830	9,921,513	10,141,188
	Amortization of Intangible assets				
	IT software	83,083,950	501,828	83,585,778	93,735,485
		620,796,315	**1,294,421**	**622,090,736**	**601,855,008**

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Particulars			2016 Taka	2015 Taka
Repairs and Maintenance expenses				
Transportation cost	160,561,054	2,354,870	162,915,924	126,136,992
Equipment repairing	37,058,257	33,090	37,091,347	38,670,661
Hardware and Software Maintenance	42,361,263	149,770	42,511,033	96,597,565
Premises Maintenance	41,609,634	130,283	41,739,917	32,948,679
	281,590,208	**2,668,013**	**284,258,221**	**294,353,897**
	902,386,523	**3,962,434**	**906,348,957**	**896,208,905**

39.(a) Consolidated Depreciation on and repairs to bank's assets

BRAC Bank Limited	906,348,957	896,208,905
BRAC EPL Investments Limited	5,970,222	10,437,075
BRAC EPL Stock Brokerage Limited	27,282,006	29,011,013
bKash Limited	528,446,636	278,053,104
BRAC Saajan Exchange Limited	3,103,672	2,462,461
BRAC IT Services Limited	45,415,807	43,310,626
	1,516,567,300	**1,259,483,184**

40 Other Expenses

	On-shore	Off-shore	Total	
Conveyance expense	104,935,968	135,716	105,071,684	86,350,456
Fuel expenses	19,356,209	225,844	19,582,053	96,178,863
Traveling cost	70,658,714	252,804	70,911,518	71,394,169
Professional fees	40,463,799	-	40,463,799	54,120,947
Entertainment	71,057,668	239,623	71,297,291	71,118,193
SWIFT cost	4,699,752	479,961	5,179,713	6,390,098
Business promotion and development	27,336,435	444,952	27,781,387	77,796,491
Books, news papers and periodicals	1,319,440	5,491	1,324,931	871,280
Donation and subscription	82,706,360	459,697	83,166,057	54,111,313
Government Levy, VAT and excise duty	50,001,110	8,475	50,009,585	70,975,336
Fraud forgeries and other operational loss	13,312,955	75,474	13,388,429	76,574,803
Staff training and development	62,762,158	500,764	63,262,922	52,068,796
Staff liveries	1,832,093	3,114	1,835,207	2,037,374
Staff recruitment	3,445,465	22,638	3,468,103	3,465,264
Salaries and allowance -outsourcing staff	177,482,782	164,080	177,646,862	122,788,130
Staff Sales Incentives	348,504,107	-	348,504,107	199,473,586
Bank charges	21,465,761	91,822	21,557,583	30,761,024
Crockeries	1,566,421	4,088	1,570,509	1,295,794
IPO Expenses	87,805	-	87,805	1,650,000
Documentation Charges - CIB	13,129,040	122,996	13,252,036	6,908,521
IT enabled services	287,150,688	792,505	287,943,193	355,513,149
AGM expenses	3,100,000	-	3,100,000	7,200,000
Bond issue expenses	3,254,209	-	3,254,209	4,760,081
Security guard cost	273,519,181	52,661	273,571,842	179,011,606
Commission paid- Vendor	9,918,409	-	9,918,409	6,972,660
Cash carrying charges	103,153,989	-	103,153,989	51,306,295
Spare parts expense	42,829,918	-	42,829,918	27,945,258
Corporate social responsibility	26,739,671	-	26,739,671	60,697,000
Archiving expense	4,905,922	-	4,905,922	16,755,547
Miscellaneous	4,690,344	149,325	4,839,669	8,317,847
	1,875,386,373	**4,232,030**	**1,879,618,403**	**1,804,809,882**

	Particulars	2016 Taka	2015 Taka
40.(a)	**Consolidated Other Expenses**		
	BRAC Bank Limited	1,879,618,403	1,804,809,882
	BRAC EPL Investments Limited	18,509,369	38,949,595
	BRAC EPL Stock Brokerage Limited	152,229,684	118,665,925
	bKash Limited	439,913,135	685,690,491
	BRAC Saajan Exchange Limited	210,215,273	146,429,456
	BRAC IT Services Limited	26,793,074	25,587,210
	Less: Inter company transactions:	167,921,046	124,990,970
		2,559,357,892	**2,695,141,589**

41 Provisions

	On-shore	Off-shore	Total	
For Loans and Advances:				
For classified loans and advances	1,744,238,631	(10,694,434)	1,733,544,197	2,749,110,611
For unclassified loans and advances	574,815,690	(12,374,552)	562,441,138	318,344,953
	2,319,054,321	**(23,068,986)**	**2,295,985,335**	**3,067,455,564**
For off Balance Sheet items	62,500,000	-	62,500,000	69,673,337
For diminution in value of Investments	(240,000,000)	-	(240,000,000)	40,000,000
	2,141,554,321	**(23,068,986)**	**2,118,485,335**	**3,177,128,901**

41.(a)	**Consolidated Provisions**		
	BRAC Bank Limited	2,118,485,335	3,177,128,901
	BRAC EPL Investments Limited	683,794,070	142,198,602
	BRAC EPL Stock Brokerage Limited	-	-
	bKash Limited	-	-
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	-	-
		2,802,279,405	**3,319,327,503**

42 Provision for Tax

Current Tax

Provision for Income Tax has been made according to the Income Tax Ordinance,1984. During the year, an amount of Tk. 2,629,520,979 (2015: 2,250,022,595) has been provided for current Income Tax.

Deferred Tax

Deferred tax is provided using the liability method for timing differences arising between the tax base of assets and liabilities and their carrying values for reporting purposes as per Bangladesh Accounting Standard (BAS) - 12. During the year net amount of Tk. 58,327,875 (2015 : 64,193,254) has been provided as deferred tax expense.

The charge for taxation is based upon the profit for the year comprises:		
Current tax on taxable income @ 40%	2,629,520,979	2,250,022,595
Adjustment - prior year	-	-
	2,629,520,979	2,250,022,595
Deferred tax expense/ (income) (Net)	58,327,875	(64,193,254)
Total provision for Tax	**2,687,848,854**	**2,185,829,341**

42.(a)	**Consolidated Provision for Income Tax**		
	Current Tax:		
	BRAC Bank Limited	2,629,520,979	2,250,022,595
	BRAC EPL Investments Limited	1,164,061	19,473,387
	BRAC EPL Stock Brokerage Limited	57,811,435	68,546,182
	bKash Limited	267,452,053	43,230,936
	BRAC Saajan Exchange Limited	5,249,107	6,520,114
	BRAC IT Services Limited	-	-
		2,961,197,635	**2,387,793,214**

	Particulars	2016 Taka	2015 Taka
	Deferred Tax:		
	BRAC Bank Limited	58,327,875	(64,193,254)
	BRAC EPL Investments Limited	437,465	2,632,515
	BRAC EPL Stock Brokerage Limited	-	-
	bKash Limited	(32,900,703)	99,206,232
	BRAC Saajan Exchange Limited	-	-
	BRAC IT Services Limited	-	-
		25,864,637	**37,645,493**
		2,987,062,272	**2,425,438,707**
43	**Earnings Per Share**		
	Profit after taxation	4,460,432,666	2,435,589,547
	Less: Preference dividend	-	-
	Profit attributable for distribution to ordinary shareholders	4,460,432,666	2,435,589,547
	Weighted average number of shares outstanding	710,358,171	709,287,321
	Earnings Per Share (EPS)	**6.28**	**3.43**
	Earnings Per Share (EPS) has been calculated as per BAS-33 "Earnings Per Share".		
43.(a)	**Consolidated Earnings Per Share**		
	Profit after taxation	4,062,139,715	2,339,886,426
	Less: Preference dividend	-	-
	Profit attributable to Minority	174,204,353	78,938,622
	Profit attributable for distribution to ordinary shareholders of parent	3,887,935,362	2,260,947,804
	Weighted average number of shares outstanding	710,358,171	709,287,321
	Earnings Per Share (EPS)	**5.47**	**3.19**

Earnings Per Share (EPS) has been calculated as per BAS-33 "Earnings Per Share".

As per BAS-33 "Earnings Per Share", the calculation of diluted earning per share does not assume conversion, exercise or other issue of potential ordinary shares that would have an anti dilutive effect on earning per share. There is an antidilutive effect on earning per share of BRAC Bank convertible bond. That is why we are not considering the diluted earning per share.

Section - Four : Notes to Cash Flow Statement

44	**Cash and Cash Equivalents**		
	Cash in hand (including foreign currency)	5,404,296,928	5,613,959,872
	Balance with Bangladesh Bank and its agents banks (including foreign currency)	10,416,488,307	10,592,881,511
	Balance with other banks and financial institutions	15,366,993,079	22,319,441,398
	Money at call and on short notice	-	-
	Prize Bond	1,806,200	1,776,000
		31,189,584,514	**38,528,058,781**
44.(a)	**Consolidated Cash and Cash Equivalents**		
	BRAC Bank Limited	31,189,584,514	38,528,058,781
	BRAC EPL Investments Limited	187,455,271	60,062,868
	BRAC EPL Stock Brokerage Limited	606,222,785	803,717,503
	bKash Limited	19,426,151,090	12,948,010,236
	BRAC Saajan Exchange Limited	185,020,609	304,055,180
	BRAC IT Services Limited	52,682,974	9,455,641
	Less: Inter company transactions:	4,669,408,334	11,633,659,806
		46,977,708,909	**41,019,700,403**
45	**Receipts from other operating activities**		
	Loan Penal Interest	13,871,991	25,016,462
	Miscellaneous Income	67,088,156	23,332,658
	Gain on trading shares	25,278,925	(4,492,413)
	Profit share from other banks	38,326,569	27,962,761
		144,565,641	**71,819,468**

	Particulars	2016 Taka	2015 Taka
45.(a)	**Consolidated Receipts from other operating activities**		
	BRAC Bank Limited	144,565,641	71,819,468
	BRAC EPL Investments Limited	3,774,407	(19,263,432)
	BRAC EPL Stock Brokerage Limited	85,309,918	69,268,785
	bKash Limited	126,710,202	139,599,895
	BRAC Saajan Exchange Limited	10,018,621	13,048,649
	BRAC IT Services Limited	196,228,942	242,276,841
		566,607,731	**516,750,206**
46	**Payment for other operating activities**		
	Rent, taxes, insurance, electricity etc.	1,142,350,325	929,974,454
	Audit fees	955,000	1,907,500
	Directors fees and expenses	1,335,600	681,700
	Repair and maintenance	371,149,299	199,033,554
	Other expenses	2,287,553,790	1,668,684,008
	Legal expenses	109,298,651	71,377,294
		3,912,642,665	**2,871,658,510**
46.(a)	**Consolidated Payment for other operating activities**		
	BRAC Bank Limited	3,912,642,665	2,871,658,510
	BRAC EPL Investments Limited	1,036,753	17,558,922
	BRAC EPL Stock Brokerage Limited	193,378,392	143,133,565
	bKash Limited	2,894,242	-
	BRAC Saajan Exchange Limited	241,310,489	101,568,210
	BRAC IT Services Limited	-	-
		4,351,262,541	**3,133,919,207**

47 Segment Reporting

	For the year 2016				
	SME	Retail	Corporate	Treasury	Total
Interest Income	8,019,728,555	3,707,611,835	4,630,812,846	1,484,181,228	17,842,334,464
Interest Expense	737,875,522	3,138,263,257	1,847,489,655	-	5,723,628,435
Borrowing cost	-	-	-	1,311,953,395	1,311,953,395
Inter segment income /(expenses)	(2,399,569,822)	3,844,038,325	(427,975,977)	(1,016,492,526)	-
Net Interest Income	**4,882,283,211**	**4,413,386,902**	**2,355,347,214**	**(844,264,692)**	**10,806,752,634**
Investment Income	-	-	2,723,210	2,540,870,192	2,543,593,402
Foreign Exchange Gain/(Loss)	53,809,132	25,938,890	283,603,237	283,655,813	647,007,072
Commission, Fees and Others	424,691,854	1,070,887,344	472,078,675	46,458,177	2,014,116,049
Write off Recovery	1,107,298,514	108,039,934	2,340,186	-	1,217,678,634
Total Segment Revenue	**6,468,082,712**	**5,618,253,069**	**3,116,092,521**	**2,026,719,490**	**17,229,147,791**
Staff Costs	1,917,398,401	1,335,314,693	205,390,884	62,368,932	3,520,472,911
Other Operating Costs	1,403,430,166	2,614,140,380	381,683,751	42,653,728	4,441,908,025
Total Segment Expenditure	**3,320,828,567**	**3,949,455,073**	**587,074,635**	**105,022,660**	**7,962,380,936**
Reportable Segment Operating Profit	**3,147,254,144**	**1,668,797,996**	**2,529,017,886**	**1,921,696,829**	**9,266,766,855**

	For the year 2015				
	SME	Retail	Corporate	Treasury	Total
Interest Income	7,463,412,131	2,822,129,870	5,003,766,344	2,083,583,727	17,372,892,072
Interest Expense	850,763,296	3,712,613,098	3,144,170,656	-	7,707,547,050
Borrowing cost	-	-	-	991,493,344	991,493,344
Inter segment income /(expenses)	(2,963,346,755)	5,046,011,596	(201,166,974)	(1,881,497,867)	-
Net Interest Income	**3,649,302,081**	**4,155,528,367**	**1,658,428,713**	**(789,407,483)**	**8,673,851,678**
Investment Income	-	-	9,862,312	2,443,683,070	2,453,545,382
Foreign Exchange Gain/(Loss)	47,527,229	89,075,891	288,863,380	423,970,554	849,437,054
Commission, Fees and Others	668,794,849	959,898,929	521,524,477	3,490,965	2,153,709,220
Write off Recovery	880,172,341	73,821,933	-	-	953,994,273
Total Segment Revenue	**5,245,796,499**	**5,278,325,119**	**2,478,678,883**	**2,081,737,106**	**15,084,537,607**

	For the year 2015				
	SME	Retail	Corporate	Treasury	Total
Staff Costs	1,590,997,717	1,156,330,561	171,365,710	57,209,057	2,975,903,045
Other Operating Costs	1,572,219,650	2,174,179,441	417,873,377	145,814,305	4,310,086,773
Total Segment Expenditure	**3,163,217,367**	**3,330,510,002**	**589,239,087**	**203,023,362**	**7,285,989,818**
Reportable Segment Operating Profit	**2,082,579,132**	**1,947,815,117**	**1,889,439,796**	**1,878,713,744**	**7,798,547,789**

Section -five : General Disclosures

48 General Disclosure

48.1 Audit Committee

An audit committee was constituted by the Board of Directors of BRAC Bank Limited in its 23rd meeting held on March 02, 2003. Subsequently, in the 65th Audit Committee Meeting held on February 23, 2016 reconstituted the Audit Committee as under:

Sl No	Name of Director	Status with The Bank	Status with the Committee	Educational Qualification
1	Mr. Hafiz G.A Siddiqi	Director	Chairman	PhD (Manchester Business School), UK, MBA, (Graduate School of Business, Indiana University), USA
2	Mr. Shib Narayan Kairy	Director	Member	M.Com (Accounting)
3	Mr. Kazi Mahmood Sattar	Director	Member	M.Com (Accounting), B. Com (Honours) Finance

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

Facts Discussed

- Discussed the audit report of different Head office departments, Branches and SME Sales and service centers, IT conducted by the Bank's internal audit team from time to time.
- Discussed the Enterprise Risk Management Report prepared and conducted by ERMC team
- Discussed the fraud/forgeries and operational loss report
- Discussed technology incidents
- Reviewed service quality report of the Bank.
- Reviewed the ERM policy of the Bank.

48.2 Related Party/(ies) Transactions

i) The bank carried out transactions with related parties in the normal course of business on an arms length basis. As on 31 December 2016, the bank had following transactions with the 'Related Party/(ies)' as defined in the BRPD circulars no. 14 issued by the Bangladesh Bank on 25 June 2003.

Name of the Related Parties	Relationship with BBL	Nature of Transaction	Balance at the end of year
BRAC and Its associated organization	Parent Company	Deposits made with us	6,900,652,177
BRAC EPL Investments Limited	Subsidiary	Deposits made with us	27,897,971
BRAC EPL Stock Brokerage Limited	Subsidiary	Deposits made with us	19,005,704
bKash Limited	Subsidiary	Deposits made with us	4,619,185,397
BRAC IT Services Limited (biTS)	Subsidiary	Deposits made with us	66,149,371
BRAC Saajan Exchange Limited	Subsidiary	Deposits made with us	6,328,241
BRAC Asset Management Company Limited	Associates	Deposits made with us	68,177,678
Industrial and Infrastructure Development Finance Co Limited	Sponsor Shareholder	Deposits made with us	4,082,062
Sajida Foundation	Common board member	Deposits made with us	72,146,727
Sajida Foundation	Common board member	Loans and Advances	500,000,000
BRAC EPL Investments Limited	Subsidiary	Loans and Advances	1,531,285,936
BRAC	Parent Company	Loans and Advances	2,886,764,653
BRAC EPL Stock Brokerage Limited	Subsidiary	Bank Guarantee	500,000,000

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

Sl No	Name of Director	Status with The Bank	Name of the firms/companies in which they have interest	Educational Qualification
1	Sir Fazle Hasan Abed, KCMG (Nominated Director)	Chairman	BRAC BRAC Industries Limited BRAC Kodala Tea Estate BRAC Kaiyacherra Tea Company Limited BRAC Karnafuli Tea Company Limited BRAC Foundation	FCMA, London
2	Mr. Shib Narayan Kairy (Nominated Director)	Director	Bangladesh Netting Factory Limited BRAC Services Limited BRAC EPL Investments limited BRAC EPL Stock Brokerage Limited BRAC Environmental Enterprises ltd BRAC Probashbandhu Limited BRAC Karnafuli Tea Co. Limited BRAC Kaiyacherra Tea Co.Limited BRAC Kodala Tea Estate BRAC Industries Limited	Master of Commerc in Accounting, University of Dhaka.
3	Ms. Nihad Kabir (Nominated Director)	Director	Kedarpur Tea Company Limited Shaistaganj CNG Co. Limited Sathgao Tea Estate Limited BRAC EPL Investments limited BRAC EPL Stock Brokerage Limited Infrastructure Development Company Limited (IDCOL) Palli Karmasahayak Foundation (PKSF) Apex footwear limitrd Square Pharmaceutical limited bKash limited	L.L.B., L.L.M.,(UK) (Barrister at Law) University of Cambridge, England
4	Mr. Hafiz G.A Siddiqi (Independent Director)	Director	BRAC EPL Investments Limited BRAC IT Services Limited Micro Industries Development Assistance Services Limited Asia-Pacific General Insurance Co. ltd.	PhD (Manchester Business School), UK, MBA, (Graduate School of Business Indiana University), USA
5	Ms. Zahida Ispahani (Independent Director)	Director	Ispahani Islamia Eye Institute and Hospital BRAC EPL Stock Brokerage Limited	Graduate in Economice, University of Punjab, Pakistan.
6	Mr. Kazi Mahmood Sattar (Independent Director)	Director	Unique Hotel and Resorts Limited BRAC Saajan Exchange Limited bKash Limited	M.Com (Accounting) B. Com (Honours) Finance, University of Dhaka.
7	Mr. Kaiser Kabir (Nominated Director)	Director	Renata Limited Renata Agro Industries Limited Purnava Limited Renata Oncology Limited Sajida Foundation	MPhil in Economics, University of Oxford, UK, Postgraduate Diploma in Economics with Distinction, University of East Anglia, UK, Bachelor of Arts in Economics and International Relations, Claremont McKenna College, USA
8	Mr. Selim R.F. Hussain	Managing Director & CEO	IIDFC BRAC EPL Investments Ltd. BRAC EPL Stock Brokerage Ltd. bkash limited BRAC IT Services Limited BRAC Saajan Exchange Limited	MBA (IBA)

iii) Significant contracts where bank is a party and wherein Directors have interest:	Nil
iv) Shares issued to Directors and executives without consideration or exercisable at discount	Nil
v) Lending Policies to related parties:	
Lending to related parties is effected as per requirement of section 27(1) of the Banking Companies Act ,1991.	Nil
vi) Loan and advances to Directors:	349,835
Classification Status	Unclassified
vii) Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Banking Companies Act,1991.	Nil
viii) Investment in the Securities of Directors and their related concern:	Nil

48.3 Claim not Acknowledged as Debt

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

48.4 Number of Employees

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

48.5 Apporoval of the financial statements

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

48.6 Events after the Balance Sheet Date

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

48.7 Coverage of External Audit:

The external auditor of the Bank, M/s A.Qasem & Co., Chartered Accountants worked about in excess of 4000 man hour at head office. During their audit, they audited above 80% of the Bank's riskA weighted assets as on the Balance Sheet date.

48.8 Share trading

The bank traded its ordinary shares in Central Depository Bangladesh Limited (CDBL) through Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 31 January 2007. The closing market price on 31 December 2016 was Tk. 64.10 at Dhaka Stock Exchange (DSE) and Tk. 63.60 at Chittagong Stock Exchange (CSE).

Managing Director and CEO | **Director** | **Director** | **Chairman**

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BRAC BANK LIMITED

Annexure - A

Highlights on the overall Activities

As at 31 December 2016

Amount in Taka unless otherwise specified

Particulars	2016	2015
Paid-up capital	7,104,369,100	7,092,873,210
Total capital including general provisions	23,084,138,610	20,375,181,821
Capital surplus/(deficit)	3,243,559,771	3,712,965,623
Total assets	248,605,457,497	224,492,412,542
Total deposits	168,859,571,738	150,220,511,482
Total loans & advances	173,612,041,512	147,433,607,286
Total contingent liabilities & commitments	57,210,618,563	49,953,722,520
Income from investments	2,543,593,402	2,453,545,382
Profit after tax & provisions	4,460,432,666	2,435,589,547
Amount of classified loans during the current year	5,910,644,512	8,838,640,714
Provision kept against classified loans	4,865,261,919	6,889,684,512
Provisions surplus/deficit	1,483,315,390	925,550,407
Interest earning assets	232,911,045,076	210,109,124,432
Non-Interest earning assets	15,694,412,421	14,383,288,110
Credit deposit ratio (Loans & advances/Deposits)*	83.47%	82.24%
Percentage of classified loans against total loans & advances	3.40%	5.99%
Cost of fund	5.32%	6.64%
Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]	9.20%	6.13%
Return on assets (ROA) [PAT/Average assets]	1.89%	1.13%
Return on Equity (ROE) [PAT/Average shareholders equity]	22.16%	13.32%
Weighted average earning per share	6.28	3.43
Net income per share [(PAT-Dividend on preference share/No. of Ordinary Shares)]	6.28	3.43
Price earning ratio (Market price per share/EPS)	10.21	14.19
Net Asset Value per Share (NAV) [(Shareholders equity- Preference Share)/No. of Ordinary Share]	30.18	26.53

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

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BRAC BANK LIMITED

Annexure - B

Statement of outstanding unreconciled entries

As at 31 December 2016

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

Amount in USD

SL No	Period of Unreconciliation	As per Local Book				As per Correspondents' Book			
		Debit Entries		Credit Entries		Debit Entries		Credit Entries	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
01	Up-to 3 months	16	1,156,790	12	708,956	92	10,213,491	526	19,609,711
02	More than 03 months but less than 06 months	-	-	-	-	-	-	-	-
03	More than 06 months but less than 09 months	-	-	-	-	-	-	-	-
04	More than 09 months but less than 12 months	-	-	-	-	-	-	-	-
05	More than 12 months	-	-	-	-	-	-	-	-
	Total	**16**	**1,156,790**	**12**	**708,956**	**92**	**10,213,491**	**526**	**19,609,711**

All unadjusted entries are subsequently adjusted on regular basis.

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BRAC BANK LIMITED

Annexure - C

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

As at 31 December 2016

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

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BRAC BANK LIMITED

Investment in Shares

As at 31 December 2016

Annexure - D

Sl. no	Name of the company	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 31/Dec/16	Total market value at 31/Dec/16
	Ordinary shares						
	Quoted						
1	Active Fine Chemicals Limited	10.00	1,690,000	74,722,544	44.21	43.30	73,177,000
2	Bata Shoe Company (Bangladesh) Limited	10.00	10,000	13,188,652	1,318.87	1,142.00	11,420,000
3	British American Tobacco bangladesh Company Limited	10.00	20,000	49,991,685	2,499.58	2,483.00	49,660,000
4	City Bank Ltd.	10.00	2,000,000	50,182,343	25.09	27.20	54,400,000
5	Eastern Bank Ltd.	10.00	1,030,000	29,928,257	29.06	29.00	29,870,000
6	Envoy Textiles Limited	10.00	463,500	19,942,248	43.03	38.80	17,983,800
7	GlaxoSmithKline(GSK) Bangladesh Ltd.	10.00	5,043	8,998,542	1,784.36	1,532.90	7,730,415
8	Grameenphone Ltd.	10.00	689,000	185,554,856	269.31	284.10	195,744,900
9	IDLC Finance Ltd.	10.00	150,000	9,156,566	61.04	57.00	8,550,000
10	Linde Bangladesh Limited	10.00	9,000	12,399,543	1,377.73	1,296.00	11,664,000
11	Matin Spinning Mills Ltd.	10.00	1,150,000	49,699,005	43.22	40.20	46,230,000
12	MJL Bangladesh Limited	10.00	200,000	24,296,737	121.48	119.60	23,920,000
13	Olympic Industries Ltd.	10.00	307,317	89,650,480	291.72	307.90	94,622,904
14	Square Textile Ltd.	10.00	653,933	45,512,846	69.60	69.20	45,252,164
15	Square Pharmaceuticals Ltd.	10.00	826,030	190,443,266	230.55	249.10	205,764,073
16	Trust Bank Limited	10.00	1,250,000	29,295,770	23.44	23.80	29,750,000
17	Asian Tiger Sandhani Life Growth Fund	10.00	2,000,000	21,200,000	10.60	10.60	21,200,000
18	EBL NRB Mutual Fund	10.00	500,000	3,768,451	7.54	6.90	3,450,000
19	EXIM Bank 1st Mutual Fund	10.00	1,800,000	14,578,092	8.10	7.90	14,220,000
20	First Bangladesh Fixed Income Fund	10.00	20,133,492	147,963,977	7.35	6.00	120,800,952
21	LR Global Bangladesh Mutual Fund One	10.00	29,138,090	279,379,206	9.59	7.10	206,880,439
22	MBL 1st Mutual Fund	10.00	1,149,440	8,047,898	7.00	7.20	8,275,968
23	NCCBL Mutual Fund-1	10.00	1,149,809	8,099,525	7.04	7.30	8,393,606
24	Southeast Bank 1st Mutual Fund	10.00	3,953,932	47,195,908	11.94	12.20	48,237,970
				1,413,196,396			**1,337,198,191**
	Unquoted						
1	Industrial and Infrastructure Development Finance Co. Limited	10.00	7,329,110	29,683,820			
2	Central Depository Bangladesh Limited	10.00	2,284,721	16,277,770			
3	The Bangladesh Rating Agency Limited	100.00	124,976	12,497,600			
4	BRAC EPL Investments Limited	10.00	244,459,832	2,752,714,494			
5	BRAC EPL Stock Brokerage Limited	100.00	4,063,498	1,344,147,500			
6	bKash Limited	100.00	194,800	168,921,800			
7	BRAC Saajan Exchange Limited	100.00	291,616	59,388,531			
8	BRAC IT Service Limited	1,000.00	31,224	31,224,000			
9	BRAC Asset Management Company Limited	100.00	125,000	12,500,000			
10	VIPB Income Fund	10.00	10,000,000	102,500,000			
	Preference shares						
1	Union Capital Preference Share	10,000,000.00	4	40,000,000			
				4,569,855,515			

AMI STOCK

BRAC BANK LIMITED

Annexure - E

Detail of Large Loan

As at 31 December 2016

Number of Clients	12
Amount of outstanding advances	40,959,065,768
Amount of classified advances	NIL
Measures taken for recovery	NIL

Client wise break-up is as follows:

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

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BRAC BANK LIMITED

Schedule of Fixed assets

As at 31 December 2016

Annexure - F

Particulars	COST				DEPRECIATION				Written down value as at 31.12.2016
	Opening balance as on 01.01.2016	Addition during the year	Disposals/ Adjustments during the year	Total balance as at 31.12.2016	Opening balance as on 01.01.2016	Charge during the year	Disposals/ Adjustments during the year	Total balance as at 31.12.2016	
Property, plant & equipments									
Land	1,043,648,935	-	-	1,043,648,935	-	-	-	-	1,043,648,935
Leasehold Building	4,034,334	-	-	4,034,334	318,040	100,858	-	418,898	3,615,436
Furniture & fixture	1,654,557,812	162,556,076	7,880,258	1,809,233,630	778,546,942	169,198,060	6,926,545	940,818,457	868,415,173
Office equipments	1,252,196,360	130,484,380	23,275,829	1,359,404,911	949,175,398	124,947,133	21,596,796	1,052,525,735	306,879,176
IT Hardware	1,917,986,050	229,570,267	13,089,009	2,134,467,308	1,396,009,336	234,337,394	12,683,340	1,617,663,390	516,803,918
Motor vehicles	108,567,646	3,333,526	3,530,000	108,371,172	74,788,577	9,921,513	3,500,000	81,210,090	27,161,082
Sub-total	**5,980,991,137**	**525,944,249**	**47,775,096**	**6,459,160,290**	**3,198,838,293**	**538,504,958**	**44,706,681**	**3,692,636,570**	**2,766,523,720**
Intangible assets:									
With Indefinite useful lives:									
License	50,000	-	-	50,000	-	-	-	-	50,000
With definite useful lives:									
IT Software	960,040,540	47,909,516	-	1,007,950,056	805,126,322	83,585,778	-	888,712,100	119,237,956
Sub-total	**960,090,540**	**47,909,516**	**-**	**1,008,000,056**	**805,126,322**	**83,585,778**	**-**	**888,712,100**	**119,287,956**
As at 31 December 2016	**6,941,081,677**	**573,853,765**	**47,775,096**	**7,467,160,346**	**4,003,964,615**	**622,090,736**	**44,706,681**	**4,581,348,670**	**2,885,811,676**
As at 31 December 2015	**6,324,429,089**	**656,722,683**	**40,070,095**	**6,941,081,677**	**3,431,252,613**	**602,534,650**	**29,822,648**	**4,003,964,615**	**2,937,117,061**

AMARSTOCK

BRAC BANK LIMITED

Statement of Tax position

As at 31 December 2016

Annexure - G

Accounting Year	Assessment Year	Tax Provision in Financial Statements	Tax as per assessment	(Short)/Excess provision	Advance Tax as per assessment order	Present Status
2010	**2011-2012**	1,416,240,000	1,308,180,639	108,059,361	1,228,668,951	Assessment in progress and filled appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2011	**2012-2013**	1,460,000,000	1,535,641,921	(75,641,921)	1,256,758,569	Assessment in progress and filled appeal before The Taxes Appellate Tribunal against the Order of Commissioner of Taxes Appeal
2012	**2013-2014**	1,530,000,000	1,537,477,180	(7,477,180)	1,304,653,579	Assessment in progress and filled appeal before The Taxes Appellate Tribunal against the Order of Commissioner of Taxes Appeal
2013	**2014-2015**	1,797,698,269	1,101,920,583	695,777,686	1,088,661,543	Assessment in progress and appeared hearing at DCT level
2014	**2015-2016**	2,097,475,598	1,338,429,288	759,046,310	1,250,930,480	Tax return submitted for the assessment
2015	**2016-2017**	2,250,022,595	1,759,473,049	490,549,546	1,540,453,195	Tax return submitted for the assessment
2016	**2017-2018**	2,687,848,854	-	-	-	Not yet due

TAR STOCK

Off-shore Banking Units

Annexure - H

Balance Sheet

As at 31 December 2016

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

Off-shore Banking Units

Annexure - H

Balance Sheet

As at 31 December 2016

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

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Off-shore Banking Units

Annexure - H

Profit and Loss Account

For the year ended 31 December 2016

Particulars	Note	2016		2015	
		USD	Taka	USD	Taka
Interest income	13	15,796,674	1,243,988,084	11,308,791	887,796,646
Interest paid on deposits and borrowing etc.	14	11,692,751	920,804,132	8,840,220	694,001,497
Net interest income		**4,103,923**	**323,183,952**	**2,468,571**	**193,795,149**
Investment income	15	8,314	654,732	213	16,693
Commission, exchange and brokerage	16	465,400	36,650,278	447,256	35,111,883
Other operating income	17	39,948	3,145,925	-	-
Total operating income		**4,617,585**	**363,634,887**	**2,916,040**	**228,923,725**
Salaries and allowances		222,621	17,531,421	158,809	12,467,279
Rent, taxes, insurance, electricity etc.	18	27,785	2,188,030	13,382	1,050,509
Legal expenses		75	5,891	3,674	288,457
Postage, stamps, telecommunication etc.	19	2,204	173,605	2,474	194,253
Stationery, printing, advertisement etc.	20	14,132	1,112,897	9,642	756,963
Depreciation and repairs to bank's assets	21	50,316	3,962,434	47,346	3,716,859
Other expenses	22	53,740	4,232,031	34,974	2,745,639
Total operating expenses		**370,873**	**29,206,309**	**270,301**	**21,219,959**
Profit/(loss) before provisions		**4,246,712**	**334,428,578**	**2,645,739**	**207,703,766**
Provision for:					
Loans and advances		(292,940)	(23,068,986)	1,291,576	101,395,199
Off balance sheet items		-	-	-	-
Others		-	-	-	-
Total provision	23	**(292,940)**	**(23,068,986)**	**1,291,576**	**101,395,199**
Profit/(loss) before taxes		**4,539,652**	**357,497,564**	**1,354,163**	**106,308,567**
Provision for Tax:					
Current tax expense		-	-	-	-
Deferred tax expense/ (income)		-	-	-	-
Total provision for Tax		**-**	**-**	**-**	**-**
Total profit/(loss) after taxes		**4,539,652**	**357,497,564**	**1,354,163**	**106,308,567**

Off-shore Banking Units

Annexure - H

Cash Flow Statement

For the year ended 31 December 2016

Particulars		2016		2015	
		USD	Taka	USD	Taka
A.	**Cash flows from operating activities**				
	Interest receipts in cash	15,182,202	1,195,598,431	11,023,864	865,428,468
	Interest payment	(13,025,594)	(1,025,765,529)	(8,288,949)	(650,723,972)
	Fees and commissions receipts	465,400	36,650,278	447,257	35,111,884
	Cash payments to employees	(222,621)	(17,531,422)	(158,809)	(12,467,279)
	Cash payments to suppliers	(16,337)	(1,286,502)	(12,117)	(951,216)
	Receipts from other operating activities	39,948	3,145,925	-	-
	Payment for other operating activities :	(131,916)	(10,388,385)	(99,375)	(7,801,465)
	Operating Cash flow before changes in operating assets and liabilities (i)	**2,291,082**	**180,422,795**	**2,911,871**	**228,596,420**
	Increase/decrease in operating assets and liabilities				
	Loans and advances to customers	9,066,075	713,953,398	(65,620,723)	(5,151,554,852)
	Other assets	(16,221,939)	(1,277,477,723)	510,346	40,064,743
	Deposits from other banks/borrowings	(7,343,529)	(578,302,893)	82,610,030	6,485,300,400
	Deposits from customers	(41,890,848)	(3,298,904,315)	2,263,570	177,701,549
	Other liabilities	6,512,346	512,847,249	3,356,094	263,470,130
	Cash utilized in operating assets and liabilities (ii)	(49,877,895)	(3,927,884,284)	23,119,317	1,814,981,970
	Net cash (used)/flows from operating activities (i+ii)	**(47,586,813)**	**(3,747,461,489)**	**26,031,188**	**2,043,578,390**
B.	**Cash flows from investing activities**				
	Investment in commercial paper	498,444	39,252,500	(500,000)	(39,252,500)
	Net cash used in investing activities	**498,444**	**39,252,500**	**(500,000)**	**(39,252,500)**
C.	**Cash flows from financing activities**	**-**	**-**	**-**	**-**
D.	**Net increase/decrease in cash (A+B+C)**	**(47,088,369)**	**(3,708,208,989)**	**25,531,188**	**2,004,325,890**
E.	**Cash and cash equivalents at beginning of year**	**66,718,127**	**5,237,706,543**	**41,496,159**	**3,233,380,653**
	Exchange difference	(207,567)		(309,220)	
	Cash and cash equivalents at end of year (D+E)	**19,422,191**	**1,529,497,554**	**66,718,127**	**5,237,706,543**
	Cash and cash equivalents at end of the year:				
	Cash in hand (including foreign currency)	-	-	-	-
	Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)	-	-	2,043,215	160,402,586
	Balance with other banks and financial institutions	19,422,191	1,529,497,555	64,674,912	5,077,303,957
		19,422,191	**1,529,497,555**	**66,718,127**	**5,237,706,543**

Off-shore Banking Units

Annexure - H

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2016

1.1 Status of the units

Off-shore Banking Units of BRAC Bank Limited,governed under the rules and guidelines of Bangladesh Bank. The bank commenced the operation of its Off-shore banking Unit from 2010 after obtaining necessary approval from Bangladesh Bank.

1.1.1 Principal Activities

The principal activities of the units are to provide all kinds of commercial banking services to its customers through its off-shore Banking units in Bangladesh.

2 Summary of Significant Accounting Policies and basis of preparation

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

a) Basis of accounting

The Off-shore Banking Units maintain its accounting records in USD from which accounts are prepared according to the Bank Companies Act 1991, Bangladesh Accounting Standards and other applicable directives issued by Bangladesh Bank.

b) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

c) Foreign currency transaction

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per BAS -21" The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into Taka equivalent.

Commitments for outstanding forward foreign exchange contracts disclosed in the financials are translated at contracted rates. Contingent liabilities/ commitments for letter of credit and letter of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance date.

2.2 Reporting period

These financial statements cover one calendar year from 01 January to 31 December 2016.

2.3 Cash and cash equivalents

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

As per BAS 7 Statement of Cash Flows, Cash flow statement can be prepared either in direct method or in indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry . The method selected is applied consistently. As per BRPD 14 dated 25 june 2003, cash flow should be a mixture of direct and indirect method.

2.4 Loans and Advances / investment

a) Loans and advances of Off-shore Banking Units are stated in the balance sheet on gross basis.

b) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

2.5 Provision for liabilities

A provision is recognised in the balance sheet when the unit has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the BAS 37 " Provisions, Contingent Liablities and Contingent Assets".

2.6 Revenue and Expense recognition

As per the BAS - 18 "Revenue", revenue and expenses are recognized on accrual basis.

2.7 General

a) These financial statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka and rearranged whereever necessary.

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

	Particulars	2016		2015	
		USD	Taka	USD	Taka
3	**Balance with Bangladesh Bank**	**-**	**-**	**2,043,215**	**160,402,586**
		-	-	2,043,215	160,402,586
4	**Balance with Other Banks and Financial Institutions**				
	Standard Chartered Bank New York, USA	1,023,715	80,617,539	496,082	38,944,948
	Commerz Bank Germany	19,656	1,547,888	342,525	26,889,932
	ICICI Bank Mumbai, India	234,132	18,437,938	5,670	445,102
	HABIB Bank Limited, Pakistan	(447,954)	(35,276,396)	143,604	11,273,610
	Standard Chartered Bank, UK	579,433	45,630,378	-	-
	BBL Off-shore to On-shore placement	-	-	63,687,031	4,999,750,365
	BBL Treasury OBU to other Bank OBU placement	18,013,209	1,418,540,208	-	-
		19,422,191	**1,529,497,555**	**64,674,912**	**5,077,303,957**
5	**Investments in Commercial Paper:**				
	Avant Garde Fashion Limited	-	-	500,000	39,252,500
		-	-	**500,000**	**39,252,500**
6	**Loans and Advances**				
	Overdrafts	1,432,566	112,814,525	1,869,614	146,774,079
	Demand loans	84,774,977	6,676,029,402	83,320,987	6,541,114,066
	Term loans	172,966,427	13,621,106,156	194,477,139	15,267,427,819
	Lease receivables	-	-	-	-
	Small and medium enterprises	2,789,806	219,697,246	-	-
	Credit Cards	-	-	-	-
		261,963,776	**20,629,647,329**	**279,667,740**	**21,955,315,964**
	Bills purchased and discounted	12,787,894	1,007,046,697	5,035,749	395,331,460
		274,751,670	**21,636,694,026**	**284,703,489**	**22,350,647,424**
7	**Other Assets**				
	Interest receivables	2,701,576	212,749,100	2,085,277	163,704,715
	Deferred revenue expenditure	550,770	43,373,102	980,435	76,969,045
	Receivables from On-shore	-	-	-	-
	Receivable against proxy account	11,968	942,474	8,040	631,162
	Receivable settlement account-OBU/DBU	16,644,601	1,310,762,354		
		19,908,915	**1,567,827,030**	**3,073,752**	**241,304,922**
8	**Borrowing from other Banks, Financial Institutions and Agents:**				
	Inside Bangladesh:				
	Southeast Bank Ltd.	4,000,000	315,000,000	-	-
	Prime Bank Limited	5,000,000	393,750,000	-	-
	NRB Bank Limited	2,500,000	196,875,000	-	-
	National Bank Limited	5,000,000	393,750,000	-	-
	Bank Al Falah	1,000,000	78,750,000	-	-
	The City Bank Ltd.	13,000,000	1,023,750,000	-	-
	Uttara Bank Limited	5,000,000	393,750,000	5,000,000	392,525,000
	Basic Bank Limited	4,500,000	354,375,000	4,000,000	314,020,000
	Bangladesh Krishi Bank Limited	-	-	3,000,000	235,515,000
	Commercial Bank of Ceylon	-	-	5,000,000	392,525,000
	Dhaka Bank Limited	-	-	5,000,000	392,525,000
	Dutch-Bangla Bank Limited	-	-	10,000,000	785,050,000

Particulars	2016		2015	
	USD	Taka	USD	Taka
BBL Off Shore to On Shore	-	-	-	-
On Shore to BBL Off Shore	40,002,531	3,150,199,312	89,600,000	7,034,048,000
	80,002,531	**6,300,199,312**	**121,600,000**	**9,546,208,000**
Outside Bangladesh:				
Sonali Bank UK Ltd	7,991,426	629,324,800	10,376,103	814,576,000
Habib Bank Brussels Bel	-	-	5,000,000	392,525,000
Asian Development Bank	32,080,000	2,526,300,000	9,480,000	744,227,400
KBC BANK NV	7,998,310	629,866,895	-	-
Emirates NBD	11,146,000	877,747,500	-	-
First Gulf Bank	10,000,000	787,500,000	-	-
The National Bank of Ras Al-Khaimah	15,000,000	1,181,250,000	6,000,000	471,030,000
Borrowing from NORFUND	7,500,000	590,625,000	10,000,000	785,050,000
Borrowing from IFC	40,000,000	3,150,000,000	40,000,000	3,140,200,000
Borrowing from FMO	67,500,000	5,315,625,000	85,000,000	6,672,925,000
	199,215,736	**15,688,239,195**	**165,856,103**	**13,020,533,400**
	279,218,267	**21,988,438,507**	**287,456,103**	**22,566,741,400**
9 Borrowings from Central Bank				
Borrowings from Central Bank (Bangladesh Bank)	-	-	-	-
	-	-	-	-
10 Deposit and Other Accounts				
Local Currency:				
Current and other accounts	-	-	-	-
Bills payable	-	-	-	-
Saving deposits	-	-	-	-
Fixed deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
	-	-	-	-
Foreign Currency:				
Current and other accounts	247,142	19,462,432	39,998,400	3,140,074,417
Bills payable	-	-	-	-
Saving deposits	-	-	-	-
Fixed deposits	8,033,396	632,629,942	10,329,562	810,922,272
Other deposits	-	-	-	-
	8,280,538	**652,092,374**	**50,327,962**	**3,950,996,689**
Total Deposit and other accounts	**8,280,538**	**652,092,374**	**50,327,962**	**3,950,996,689**
11 Other Liabilities				
Provisions for loans and advances	3,209,340	252,735,547	3,503,904	275,073,925
Interest payable	1,032,255	81,290,058	2,372,479	186,251,455
Provision for taxation	858,497	67,606,624	861,177	67,606,624
Interest suspense	5,940	467,795	2,764	217,022
Stamp charge realization from loan clients-OBU	388	30,555	-	-
Payable to On-shore	7,921,902	623,849,786	3,341,415	262,317,814
Payable settlement account-OBU/DBU	1,908,614	150,303,341	-	-
	14,936,936	**1,176,283,706**	**10,081,739**	**791,466,840**

Annexure - H

	Particulars	2016		2015	
		USD	Taka	USD	Taka
12	**Surplus in Profit and Loss Account/ Retained Earnings**				
	Balance at the beginning of the year	7,129,564	559,706,460	5,818,762	453,397,893
	Exchange Difference	(22,181)		(43,361)	
	Add: Retained Surplus for the year	4,539,652	357,497,564	1,354,163	106,308,567
		11,647,035	**917,204,024**	**7,129,564**	**559,706,460**
13	**Interest Income**				
	Interest on loans and advances	8,093,552	637,367,229	6,263,263	491,697,490
	Interest on bill discounted	7,703,122	606,620,855	5,045,528	396,099,156
		15,796,674	**1,243,988,084**	**11,308,791**	**887,796,646**
14	**Interest Paid on Deposits and Borrowing etc.**				
	Interest on deposits	254,830	20,067,874	32,700	2,567,142
	Interest on borrowing from banks & FIs	11,437,921	900,736,258	8,807,520	691,434,355
	Interest on Bangladesh Bank borrowing	-	-	-	-
		11,692,751	**920,804,132**	**8,840,220**	**694,001,497**
15	**Interest on commercial paper**				
	Interest Income - Commercial Paper (OBU)	8,314	654,732	213	16,693
		8,314	**654,732**	**213**	**16,693**
16	**Commission, Exchange and Brokerage**				
	Commission from letters of credit-foreign	160,530	12,641,738	87,247	6,849,304
	Import and export related fees	211,084	16,622,908	158,827	12,468,740
	Syndication fees	93,786	7,385,632	201,182	15,793,839
	Other fees	-	-	-	-
		465,400	**36,650,278**	**447,256**	**35,111,883**
17	**Other operating Income**				
	Miscellaneous Income	39,948	3,145,925	-	-
		39,948	**3,145,925**	-	-
18	**Rent, Taxes, Insurance, Electricity etc.**				
	Rent, rates and taxes	23,003	1,811,485	9,542	749,038
	Insurance	676	53,224	881	69,180
	Power and electricity	3,898	306,973	2,852	223,902
	WASA and Sewerage	208	16,348	107	8,389
		27,785	**2,188,030**	**13,382**	**1,050,509**
19	**Postage, Stamp, Telecommunication etc**				
	Postage and courier	4	344	597	46,863
	Telegram, telex, fax & Network	18	1,421	-	-
	Telephone-Office	2,182	171,840	1,877	147,390
		2,204	**173,605**	**2,474**	**194,253**
20	**Stationery, Printing, Advertisement etc.**				
	Stationery and Printing	13,135	1,034,392	9,041	709,783
	Security Stationery	997	78,505	601	47,180
		14,132	**1,112,897**	**9,642**	**756,963**

Annexure - H

	Particulars	2016		2015	
		USD	Taka	USD	Taka
21	**Depreciation on and repairs to bank's assets**				
	Depreciation of Property plant and equipments	16,437	1,294,421	14,704	1,154,369
	Repairs and Maintenance expenses	33,879	2,668,013	32,642	2,562,490
		50,316	**3,962,434**	**47,346**	**3,716,859**
22	**Other Expenses**	53,740	4,232,031	34,974	2,745,639
		53,740	**4,232,031**	**34,974**	**2,745,639**
23	**Provisions for Loans and Advances:**				
	For classified loans and advances	(135,802)	(10,694,434)	183,396	14,397,525
	For unclassified loans and advances	(157,138)	(12,374,552)	1,108,180	86,997,674
		(292,940)	**(23,068,986)**	**1,291,576**	**101,395,199**

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To whom it may concern

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

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



Dated: Dhaka
20 March 2017

A. Qasem & Co.
Chartered Accountants

AMAR STOCK

BRAC BANK LIMITED

Annexure - I

Custodian service

As at 31 December 2016

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

AMAR STOCK

SUBSIDIARY FINANCIALS

DIRECTORS' REPORT
TO THE SHAREHOLDERS OF bKash LIMITED

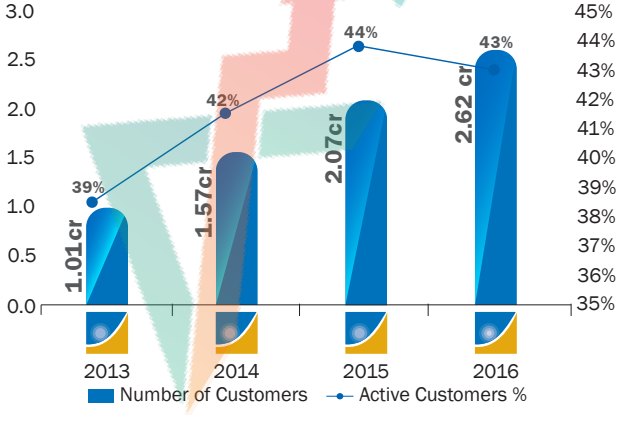
The Board of Directors of bKash Limited is pleased to present before you the Directors' Report on the operational and financial activities of bKash together with the Audited Financial Statements for the year ended 31 December 2016 for your valued consideration, approval and adoption. The Directors' Report has been prepared in compliance with Section 184 of the Companies Act, 1994 and the requirements mandated by the regulatory bodies.

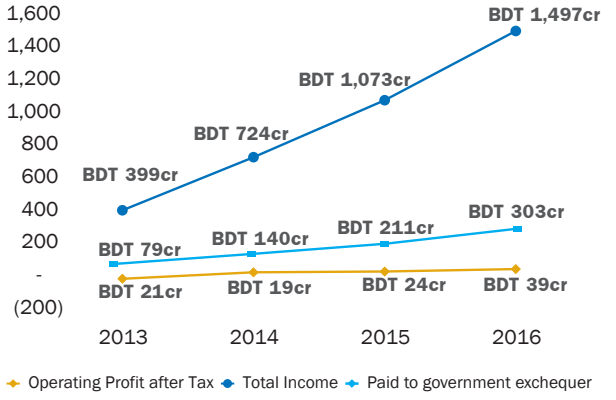
bKash, a pioneer in the Mobile Financial Services (MFS) industry of Bangladesh, has played a key role in improving access to formal financial/banking services since its inception. In a nation like Bangladesh where less than 15% of the population have access to formal banking services, bKash provided the much needed bridge to minimize the gap and expand the net of financial inclusion.

In July 2011, bKash Limited, started as a joint venture between BRAC Bank Limited, Bangladesh and Money in Motion LLC, USA. The International Finance Corporation (IFC) of The World Bank Group became an equity partner in April 2013 followed by the Bill & Melinda Gates Foundation in April 2014.

Market Leader	Diversified Services	Economic Growth	Extensive Network
Majority market share in terms of amount	Cash In, Cash Out, Send Money, Airtime Recharge, Receive Remittance, Receive Disbursements, and Pay Merchants	Provides employment opportunities - direct employees, agents, distributor house employees	Growing network of agents, customers and merchants.

With an extensive network of 2.62 crore customers and 0.36 crore average daily transactions, bKash is the first success story of its kind in Bangladesh. All customers can avail bKash services on any of the 5 major mobile networks. Over 68% of Bangladeshis who have access to a mobile phone can easily register and avail instant bKash services such as Cash In, Cash Out, Send Money, Airtime Recharge, Receive Remittance, Receive Disbursements, Interest Savings and Pay Merchants. In addition, the extensive network of more than 168,000 agents scattered throughout the country at roadside stalls and shops is available to avail services as well. In 2016, 43% of the customer base was active (on the basis of at least one transaction in the last 90 days) and a total of BDT 180,543 crore was recorded in transactions.





The convenience, affordability and reliability of bKash services are just few of the characteristics that contribute to bKash's significant market share of 75.5% in terms of amount of transactions in December 2016.

With an annual revenue growth rate of 40.7% in 2016 over 2015, bKash continues to grow and contribute to economic growth of the country. In 2016, there was an annual growth of 44.7% in number of agents and an additional 1000+ employees that bKash directly employs. In addition, there are also thousands of employees at the 198 active distributing houses scattered throughout the country. This promotes employment opportunities and economic growth especially in remote locations. In addition, bKash has paid to the government exchequer BDT 746.2 crore to the government exchequer which also feeds back into the economy.

In underserved segments of the market such as the one for merchants, bKash services are also used regularly by online and in store retailers. This has led to improved access to funds, convenience and growth in the merchant market especially those involved in e-commerce.

The financial statements have been prepared based on going concern concept and accrual basis of accounting in compliance with Bangladesh Accounting/Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh, Companies Act 1994 and other applicable laws of the land.

The Company made profit after tax of BDT 38.65 crore in 2016 whereas profit after tax was BDT 23.76 crore in 2015 and recorded 63% growth in profit after tax over the year 2015. The retained earnings of stood BDT 41.55 crore as of December 31, 2016. Considering the growth potential of the Company, the Board is not proposing any dividend for the year 2016 to its shareholders.

The Company's statutory auditor M/s. Rahman Rahman Huq, Chartered Accountants has completed their audit and they are eligible to be reappointed as auditor of the Company for the year 2017 as statutory auditor. The Board is pleased to recommend honorable shareholders to appoint M/s. Rahman Rahman Huq, Chartered Accountant as statutory auditor of the Company for the year 2017.

The Board would like to express appreciation to the entire bKash team. It would be remiss if we do not acknowledge the exceptional efforts of our employees who worked in partnership to meet many challenges in their daily work to achieve the goals of the Company. They were called upon to embrace some major challenges while at the same time maintaining the highest standards of service to our clients.

Finally, the Directors would like to thank our loyal clients and respected shareholders for their continued support to bKash. Taking this opportunity, the members of the Board would also like to all regulators and government agencies for their continuous support.

For and on behalf of the Board of Directors,

Chairman

AMARSTOCK

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF bKash LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of bKash Limited ("the Company") which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and

c) the statement of financial position and the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns.

Dated, Dhaka
15 February 2017

Rahman Rahman Huq
Chartered Accountants

bKash Limited

Statement of financial position

As at 31 December 2016

Particulars	2016 Taka	2015 Taka
Assets		
Property, plant and equipment	708,337,119	405,011,682
Intangible assets	269,453,716	334,897,236
Deferred tax assets	1,338,020	-
Non-current assets	**979,128,855**	**739,908,918**
Operational and other receivables	219,966,379	158,096,780
Advances, deposits and prepayments	218,267,016	205,642,444
Advance income tax	366,946,533	225,305,584
Airtime balance	797,587,267	222,862,163
Restricted cash & cash equivalents	17,506,568,896	11,171,575,672
Investment in Fixed deposits	1,620,000,000	1,470,000,000
Cash and cash equivalents	299,582,194	306,434,564
Current assets	**21,028,918,285**	**13,759,917,207**
Total assets	**22,008,047,140**	**14,499,826,125**
Equity		
Ordinary shares	38,194,900	38,194,900
Convertible preference shares	4,097,000	4,097,000
Share premium	2,133,618,396	2,133,618,396
Share money deposit	505,162	505,162
Retained earnings	415,549,080	80,396,610
Total equity	**2,591,964,538**	**2,256,812,068**
Liabilities		
Deferred tax liabilities	-	59,233,683
Employee benefits	118,480,000	6,873,005
Other non-current liabilities	7,145,802	7,145,802
Finance lease liabilities	18,519,200	-
Non-current liabilities	**144,145,002**	**73,252,490**
Customer deposits	11,487,721,167	7,346,784,052
Other deposits	5,800,892,990	3,614,553,210
Operational and other payables	672,970,357	606,469,285
Finance lease liabilities	6,206,558	-
Grant funds	49,464,389	27,155,154
Accrued expenses	902,986,480	490,556,258
Provision for tax	351,695,662	84,243,608
Current liabilities	**19,271,937,600**	**12,169,761,567**
Total liabilities	**19,416,082,602**	**12,243,014,057**
Total equity and liabilities	**22,008,047,140**	**14,499,826,125**

Chief Executive Officer | **Director** | **Director** | **Company Secretary**

As per our report of same date.

Auditor

Dated, Dhaka
15 February 2017

AMARSTOCK

bKash Limited

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2016

Particulars	2016 Taka	2015 Taka
Gross revenue	**13,848,451,389**	**9,831,547,171**
VAT	1,759,773,281	1,245,009,822
Net revenue	**12,088,678,108**	**8,586,537,349**
Cost of services	(9,765,846,432)	(7,010,676,269)
Gross profit	**2,322,831,676**	**1,575,861,080**
Other income	1,123,864,592	896,591,008
Donor grants	55,386,622	119,170,008
Operating and administrative expenses	(1,918,082,604)	(1,220,353,567)
Marketing and promotional expenses	(875,927,645)	(851,876,318)
Utilisation of donor grants	(55,386,622)	(119,170,008)
Foreign exchange gain/(loss)	(538,558)	(1,223,368)
Profit before contribution to WPPF	**652,147,461**	**398,998,835**
Contribution to WPPF	(31,054,641)	(18,999,945)
Profit before tax	**621,092,820**	**379,998,890**
Income tax expenses	(234,551,351)	(142,437,168)
Profit	**386,541,470**	**237,561,722**
Other comprehensive income/(expense) - net of tax	(51,389,000)	-
Total comprehensive income	**335,152,470**	**237,561,722**

Chief Executive Officer **Director** **Director** **Company Secretary**

As per our report of same date.

Auditor

Dated, Dhaka
27 February 2017

AMARSTOCK

bKash Limited

Statement of changes in equity

For the year ended 31 December 2016

Particulars	Ordinary shares	Convertible preference shares	Share premium	Share money deposit	Retained earnings	Total equity
Balance at 1 January 2016	38,194,900	4,097,000	2,133,618,396	505,162	80,396,610	2,256,812,068
Total comprehensive income						
Profit for the period	-	-	-	-	386,541,470	386,541,470
Other comprehensive income/ (expense) - net of tax	-	-	-	-	(51,389,000)	(51,389,000)
Total comprehensive income	-		-	-	335,152,470	335,152,470
Balance at 31 December 2016	**38,194,900**	**4,097,000**	**2,133,618,396**	**505,162**	**415,549,080**	**2,591,964,538**

Particulars	Ordinary shares	Convertible preference shares	Share premium	Share money deposit	Retained earnings	Total equity
Balance at 1 January 2015	38,194,900	4,097,000	2,133,618,396	505,162	(157,165,112)	2,019,250,346
Total comprehensive income						
Profit for the period	-	-	-	-	237,561,722	237,561,722
Total comprehensive income	-	-	-	-	237,561,722	237,561,722
Balance at 31 December 2015	**38,194,900**	**4,097,000**	**2,133,618,396**	**505,162**	**80,396,610**	**2,256,812,068**

AMAR STOCK

bKash Limited

Statement of cash flows

For the year ended 31 December 2016

Particulars	2016 Taka	2015 Taka
Cash flows from operating activities		
Cash receipt from customers	18,473,244,435	12,739,897,987
Cash paid to suppliers, employees and others	(12,557,858,689)	(8,978,781,897)
Cash generated from operating activities	**5,915,385,756**	**3,761,116,090**
Interest received from deposits	1,076,029,140	843,708,508
Income taxes paid	(141,640,949)	(112,615,051)
Net cash flows from operating activities	**6,849,773,947**	**4,492,209,547**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(186,104,099)	(120,043,345)
Acquisition of intangible assets	(182,634,752)	(150,486,821)
Disposal of property, planyt and equipment	-	525,999
Investment in fixed deposits	(150,000,000)	(1,070,000,000)
Net cash used in investing activities	**(518,738,851)**	**(1,340,004,167)**
Cash flows from financing activities		
Finance lease liabilities	(2,894,242)	-
Net cash used in financing activities	**(2,894,242)**	**-**
Net increase in cash and cash equivalents	6,328,140,854	3,152,205,380
Cash and cash equivalents (including restricted cash and cash equivalents) at 1 January 2016	11,478,010,236	8,325,804,856
Cash and cash equivalents including restricted cash and cash equivalents as at 31 December 2016	17,806,151,090	11,478,010,236
Less: Restricted cash and cash equivalents	17,506,568,896	11,171,575,672
Cash and cash equivalents as at 31 December 2016	**299,582,194**	**306,434,564**

AMARSTOCK

DIRECTORS' REPORT
TO THE SHAREHOLDERS OF BRAC EPL STOCK BROKERAGE LIMITED

Dear Shareholders

The Board of Directors of BRAC EPL Stock Brokerage Limited (BESL) is pleased to present before you the Directors' Report on the operational and financial activities of BESL, together with the Audited Financial Statements for the year ended 31 December 2016 for your valued consideration, approval and adoption. The Directors' Report has been prepared in compliance with Section 184 of the Companies Act, 1994 and the requirements mandated by the regulatory bodies.

Bangladesh Economy Review 2016

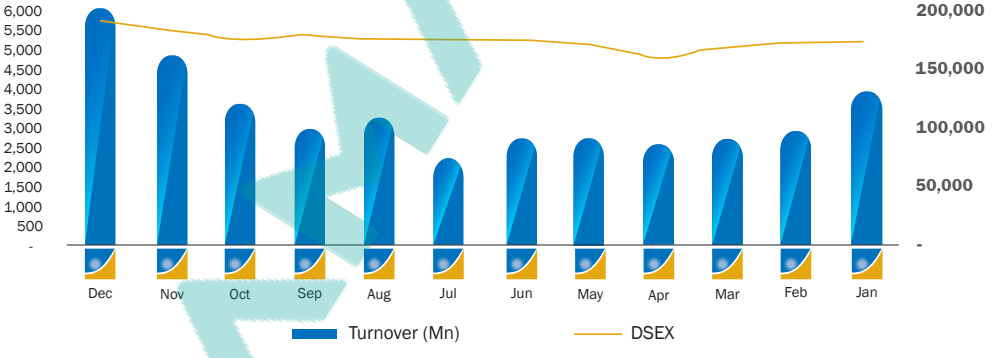
Bangladesh achieved 7.11 percent GDP growth in FY2015-16. The GDP growth was 6.55 percent and 6.06 percent in FY2014-15 and FY2013-14 respectively. This is the first time that the GDP growth has surpassed the 7 percent level. However, in FY2006-07, GDP growth crossed 7 percent mark due to the rebasing of GDP series on FY2005-06 base. Despite the global financial crisis and its aftermath, along with the adverse effect emerged from domestic front, Bangladesh has been able to achieve GDP growth at more than 6 percent on an average during the last decade.

Capital Market Review 2016

The year 2016 has been brisk in terms of capital market activity, especially the second half of 2016. In the first six months of the year DSEX - the benchmark free float weighted market index - was down by 2.6% but the index ended the year with 8.8% gain. It crossed the benchmark 5,000 point in the process and ended the year at 5,036.05 points. Turnover has also picked up with increasing participation from retail investors. Daily average turnover value stood at BDT 4.9 billion for the full year while in the last two months (Nov'16 and Dec'16) it was BDT 7.7 billion.

Foreign Portfolio Investments also increased in 2016. Foreign turnover as a percentage of total market turnover stood at 7.4% in 2016, compared to 7.2% in 2015 and 4.9% in 2014. Net foreign investment in 2016 was USD 172.5 million (BDT 13.4 billion). As per the latest available data of DSE, foreign funds now own 5.5% of total market capitalization while their holding is 9.5% for top 20 large cap companies.

INDEX AND TURN OVER MOVEMENT IN 2016



BRAC EPL Stock Brokerage Ltd. (BESL)

BRAC EPL Stock Brokerage Limited (BESL) is the 3rd largest stock brokerage house in the country with dominant market share in the foreign portfolio investment execution segment. BESL also offers brokerage services to local institutions, retail clients and non-resident Bangladeshis (NRBs) through 8 branches.

Product and Services

BRAC EPL Stock Brokerage Limited offers stock brokerage services to all Bangladeshi and International Capital Market Investors. For Local segment, BESL has introduced – Save Plus, Tax Benefit and "Aparijata" – a separate wing for women.

Local market investment execution

BESL is ranked 3rd among 250 brokers in Bangladesh as of December 2016, with a market share of ~3.6%. Currently, through 8 branches and 103 employees, the Firm serves around 26,000 local clients and 50 foreign institutional clients. In 2016, the firm

had highest market shares of ~55% in executing foreign portfolio investments and ~37% of the total block market transactions. The main focus of BESL in 2017 will be to nurture the "Retail" segment. As a part of this strategy, BESL has launched "Bull Fight" campaign in collaboration with BRAC Bank Limited through which new segments will be tapped using the skilled sales force of BRAC Bank.

Investment research & advisory service

BESL pioneered the investment research industry in Bangladesh. Currently the Research Department, with 10 analysts including 2 CFA charter holders and 2 CFA charter pending members, has broader investment research and investment advisory mandates. The team has research partnership with Macquarie Securities Group –world's 8th largest sell-side equity research firm in addition to research partnership agreements with Bloomberg, Thomson Reuters, S&P Capital IQ and Fact Set. Following are some of the key achievements of the team in 2016:

1. The recommended investment composite of the team generated 19.9% return in 2016, outperforming the benchmark index by ~11.1%.
2. Initiated coverage on three new companies: IDLC, City Bank and Berger. Since publication of the equity note, these stocks have unlocked value and given significant return to investors generating 61.6%, 34.7% and 5.4% return respectively as on Feb 13, 2017
3. First time participated in bidding for an International Research work by Stewart Investors on "Financial Inclusion Project" and successfully won the bid after competing with Research Firms from other countries. The work, which includes analysing 30 companies across 16 countries, will generate USD 30,750 in advisory fees.
4. Carried out "Due Diligence" of a listed Private Commercial Bank on behalf of Islamic Corporation for the Development (ICD) for acquisition purpose, generating USD 35,000 in advisory fees.
5. In addition to the above, the team also generated USD 103,100 in Research and Advisory Fees from foreign investors and BDT 6.6 million from local institutional clients.

Financial Performance

BRAC EPL Stock Brokerage has managed to maintain the 3rd position among 250 brokers. On average, BESL had 3.6% market share of DSE turnover, 0.7% of CSE turnover and 3.4% of total turnover.

Operating Results

BESL net profit after tax in 2016 was BDT 95 million; increased by 20% or 16 million. Our Foreign Institutional Investment (FII) business continued to play a major role in total turnover. FII business was 55% of total turnover in 2016 compared to 43% in 2015. Net Commission income from FII business also increased by 21%. We managed to reduce the operating expenses by 0.13%.

Future Outlook of industry and BESL's position

We expect the capital market to remain stable and retail investor participation to increase throughout 2017. We are observing record low rates in the banking sector as lending rates have now come down to single digit. As interest rates continue to remain low and government savings tool are also expected to lower the rates, alternate investment opportunity has become less attractive to investors. This will drive investor participation in the market and help it grow. Also we don't see any political disruption in the near future. We are expecting 40-45% increased turnover volume in next three years in the market and we aim to increase our market share to 5.8% and securing our leading position in both local and foreign market.

Strategic Outlook of BESL

In this era of globalization, the business world is continuously changing and to keep pace with the changes every organization needs to ensure continuous development to achieve better competitive advantage and superior service quality over the competitors. In 2017 the key concentration areas of our management will be:

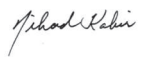
1. More focus on local business.
2. Retain market leadership.
3. Intact foreign business.
4. Product Diversification with increased sales effort.
5. Exploring new client segments.
6. Capitalizing on the brand value and group synergies.
7. Investing in Technology for Better Data Management & Improved Trade Management
8. Implementing Planned Structural Changes
9. Investing in our Staff

We believe that our team work shall play a vital role in reaching our target and achieve the corporate mission to be the market leader by increasing market share.

Appreciation

I would like to thank my Board colleagues for their continued support and on their behalf would like to express my heartiest thanks to entire BRAC EPL Stock Brokerage Limited team. It would be remiss if we do not acknowledge the exceptional efforts of our employees who worked in partnership to meet many challenges of a difficult year. They were called upon to embrace some major challenges while at the same time maintained the highest standards of service to our clients. They met the challenges and we thank each of them for their extraordinary performance.
Finally, on behalf of the Board, I would like to thank our loyal clients and honorable shareholders for their continued support to BESL. Taking this opportunity, the members of the Board also like to thank Securities and Exchange Commission, Dhaka & Chittagong Stock Exchanges, Central Depository Bangladesh Limited who were the partners in the growth of BESL.

For and on behalf of the Board of Directors,



Chairperson

AMAR STOCK

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BRAC EPL STOCK BROKERAGE LIMITED

We have audited the accompanying financial statements of BRAC EPL Stock Brokerage Limited, which comprise the statement of financial position as at 31 December 2016 and the statement of profit or loss & other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs) 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 financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, the auditor considers 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 policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BRAC EPL Stock Brokerage Limited as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

a) 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;

b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;

c) the company's financial statements dealt with by the report are in agreement with the books of account and returns; and

d) The expenditure incurred were for the purpose of the company's business.

Dated, Dhaka
27 February 2017

A. Qasem & Co.
Chartered Accountants

BRAC EPL Stock Brokerage Limited

Statement of Financial Position

As at 31 December 2016

Particulars	2016 Taka	2015 Taka
Assets		
Non-current assets		
Property, plant and equipment	23,489,138	32,679,175
Intangible assets	31,698	4,503,628
Membership at cost	11,027,750	11,027,750
Investment in associate company	14,930,160	14,754,650
Investment in zero coupon bond	-	14,574,678
Investment in DSE & CSE	46,009,744	46,009,744
Total non-current assets	**95,488,490**	**123,549,625**
Current assets		
Investment in shares	278,392,421	104,865,084
Account receivables	272,732,104	84,104,347
Inter-company receivables	10,070,727	11,651,926
Margin loan receivables	143,985,649	118,200,928
Advances, deposits and prepayments	324,646,201	226,252,622
Other receivables	8,229,333	8,730,876
Investment in FDRs	195,692,966	230,439,923
Cash and cash equivalents	410,529,819	573,277,580
Total current assets	**1,644,279,220**	**1,357,523,286**
Total assets	**1,739,767,710**	**1,481,072,911**
Equity and liabilities		
Shareholder's equity		
Share capital	451,500,000	451,500,000
Retained earnings	277,659,381	182,822,764
Total equity	**729,159,381**	**634,322,764**
Current liabilities		
Account payables	556,670,384	472,005,327
Investment suspense account	46,009,744	46,009,744
Inter-company payables	972,834	15,620,035
Liability for expenses	103,647,798	76,286,478
Provision for income tax	303,307,569	236,828,563
Total current liabilities	**1,010,608,329**	**846,750,147**
Total equity and liabilities	**1,739,767,710**	**1,481,072,911**

Chief Executive Officer | **Director** | **Chairman**

Dated, Dhaka
27 February 2017

A. Qasem & Co.
Chartered Accountants

AMAR STOCK

BRAC EPL Stock Brokerage Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

Particulars	2016 Taka	2015 Taka
Service Revenue	**433,478,927**	**373,144,638**
Direct expenses	(132,336,594)	(95,049,275)
Gross profit	**301,142,333**	**278,095,363**
Operating expenses	(215,002,837)	(215,283,256)
Operating profit	**86,139,496**	**62,812,107**
Other income	(25,484)	575,000
Finance income	72,622,671	87,582,599
Finance expenses	(6,264,142)	(2,707,105)
Impairment loss	-	(954,795)
Share of profit of equity in associate company	175,510	469,905
Profit before tax	**152,648,051**	**147,777,711**
Income tax expenses	(57,811,435)	(68,546,182)
Net profit after tax	**94,836,616**	**79,231,529**
Other comprehensive income		
Items that will never be reclassified to profit or loss	-	-
Items that are or may be reclassified to profit or loss	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive income/(loss)	**94,836,616**	**79,231,529**

Chief Executive Officer | **Director** | **Chairman**

Dated, Dhaka
27 February 2017

A. Qasem & Co.
Chartered Accountants

AMAR STOCK

BRAC EPL Stock Brokerage Limited

Statement of Changes in Equity

For the year ended 31 December 2016

Amount in Taka

Particulars	Share capital	Retained earnings	Total
Balance as at 1 January 2015	**451,500,000**	**103,591,236**	**555,091,236**
Net profit for the year ended 2015	-	79,231,529	79,231,529
Balance as at 31 December 2015	**451,500,000**	**182,822,765**	**634,322,765**
Net profit for the year ended 2016	-	94,836,616	94,836,616
Balance as at 31 December 2016	**451,500,000**	**277,659,381**	**729,159,381**

AMAR STOCK

BRAC EPL Stock Brokerage Limited

Statement of Cash Flows

For the year ended 31 December 2016

	Particulars	2016 Taka	2015 Taka
A.	**Cash flows from operating activities:**		
	Commission, interest and others received	449,776,038	347,665,199
	Payments for creditors and other expenses	(303,136,960)	(247,616,862)
	Loans and advances	(167,225,103)	44,808,167
	Cash generated from operating activities	**(20,586,025)**	**144,856,505**
	Other income	85,309,918	69,268,785
	Income tax paid	(65,314,328)	(74,074,118)
	Cash generated used in other operating activities	**19,995,590**	**(4,805,333)**
	Net cash flows from operating activities	**(590,435)**	**140,051,172**
B.	**Cash flows from investing activities:**		
	Acquisition of fixed assets	(3,327,067)	(3,955,392)
	Sale of fixed assets	122,400	575,000
	Redemption/investment in zero coupon bond	14,574,678	16,453,443
	Investment in shares	(173,527,337)	(58,719,626)
	Net cash flows (used)/from investing activities	**(162,157,326)**	**(45,646,575)**
C.	**Cash flows from financing activities:**		
	Finance cost	-	-
	Net cash used in financing activities	**-**	**-**
	Net increase in cash and cash equivalents (A+B+C)	**(162,747,761)**	**91,697,493**
	Cash and cash equivalents at the beginning of the year	573,277,580	481,580,087
	Cash and cash equivalents at the end of the year	**410,529,819**	**573,277,580**

AMAR STOCK

DIRECTOR'S REPORT
TO THE SHAREHOLDERS OF BRAC IT SERVICES LIMITED

Dear Shareholders,

I would like to present before you that we have delivered few projects in the last year, and I believe these are contributing positively in our financials. Consequently, We have earned reasonable profit after having successive losses in last 3 years.

We have also worked on the commercialization of our products namely Enterprise Management Solution, Education Management Solution and Financial Solutions. As part of the business development initiative, we have been able to extend the contract with BRAC International and BRAC while we have signed a service contract on software development with BRAC bank Limited.

In the year 2016, we did not make any major capital investment as we are focusing to stabilize our activities and services while ensuring existing project are delivered as per agreed timeline.

Furthermore in 2016, we relied on the funding mainly from revenues received from BRAC International and BRAC Bank Limited. It is to highlight that, Shareholders equity has moved upward from Negative BDT 104 Million to Negative BDT 56 Million as a result of the BDT 48 Million profit that is made in the year 2016. Total Assets of the company increased from BDT 345 Million to BDT 397 Million.

As per law, we have deducted and deposited to the national exchequer @ BDT 1.9 Million as VAT deducted at sources from Suppliers, BDT 1.7 Million as tax deducted at source from suppliers and BDT 1.7 Million as tax deducted from employee payroll in the year 2016. In total BRAC IT Services Limited has deposited BDT 5.3 Million to the Govt treasury. BRAC IT Services Limited avails tax holiday on its income as it provides IT Enabled Services. For other income BRAC IT Services Limited has to pay 35% Tax.

During the year 2016, 4 (Four) meetings of the Board of the Directors were held on 4th April, 17th April, 30 August and 17 November. One AGM were held on 4th April 2016.

The new auditor A.Qasem & Co. Chartered Accountants, Gulshan Pink City Suits # 01-3, Level: 7, Plot # 15.Road # 103, Gulshan Avenue, Dhaka-1212 has completed their audit work for the year ended 2016.

We express our sincere gratitude for keeping confidence on us. We shall overcome the hurdles and will move forward to the next level in the coming years.

Asif Saleh
Chairman

AMARSTOCK

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BRAC IT SERVICES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of BRAC IT Services Limited (bITS), which comprise the statement of financial position as at 31 December 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards 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 financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, the auditors considers 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 policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

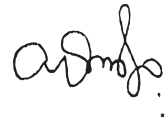
In our opinion, the financial statements present fairly, in all material respects, the financial position of BRAC IT Services Limited (bITS) as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and other applicable laws and regulations.

We also report that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books.

c) The statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account.



Dated, Dhaka
26 February 2017

A. Qasem & Co.
Chartered Accountants

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BRAC IT Services Limited

Statement of Financial Position

As at 31 December 2016

Particulars	31-Dec-16 Taka	31-Dec-15 Taka Restated	1-Jan-15 Taka Restated
Assets			
Non-current Assets			
Property, Plant and Equipment	55,098,093	62,362,973	50,160,991
Intangible Assets	257,873,963	33,653,265	6,647,210
Capital Work in progress	-	198,517,038	161,145,500
Total Non-Current Assets	**312,972,056**	**294,533,276**	**217,953,701**
Current Assets:			
Accounts Receivable	22,493,778	25,044,017	25,369,242
Advance, Deposits and Prepayments	9,079,477	14,139,891	10,668,748
Inventories	322,098	1,899,113	3,368,626
Cash and Cash Equivalents	52,682,974	9,455,641	7,872,872
Total Current Assets	**84,578,327**	**50,538,662**	**47,279,488**
Total Assets	**397,550,383**	**345,071,938**	**265,233,189**
Equity and Liabilities			
Shareholders' Equity:			
Share Capital- Paid up	61,224,000	61,224,000	61,224,000
Share Premium	937,215	937,215	937,215
Retained Earnings/(accumulated losses)	(118,297,886)	(166,216,323)	(100,537,898)
Total Shareholders' Equity	**(56,136,671)**	**(104,055,108)**	**(38,376,683)**
Non-current Liabilities:			
Loan from BRAC	108,705,372	36,249,000	36,249,000
Total Non-Current Liabilities	**108,705,372**	**36,249,000**	**36,249,000**
Current Liabilities:			
Accounts Payable	23,499,195	14,148,965	12,152,219
Provision and Other Liabilities	22,499,474	17,902,579	21,918,358
Unearned Revenue	298,983,013	380,826,502	233,290,295
Total Current Liabilities	**344,981,682**	**412,878,046**	**267,360,872**
Total Equity and Liabilities	**397,550,383**	**345,071,938**	**265,233,189**

These financial statements should be read in conjunction with annexed notes

Director | **Chairman** | **Acting CEO**

as per our report of same date

A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
26 February 2017

BRAC IT Services Limited

Statement of Comprehensive Income

For the year ended 31 December 2016

Particulars	2016 Taka	2015 Taka Restated
Revenue		
Sales & Service Charges	293,073,849	211,156,842
Less: Sales VAT	12,113,919	8,887,494
Total Income	**280,959,930**	**202,269,348**
Operating Expenses		
Staff Cost	137,743,870	166,378,611
Operating Expenses	88,193,491	101,363,433
Other Operating Expenses	56,432	205,729
Total Operating Expenses	**225,993,793**	**267,947,773**
Net Operating Profit/ (Loss)	**54,966,137**	**(65,678,425)**
Finance Expenses	**7,047,701**	**-**
Net Profit/ (Loss) before income tax	**47,918,436**	**(65,678,425)**
Income Tax expenses	-	-
Net Profit/(Loss)	**47,918,436**	**(65,678,425)**
Other Comprehensive Income	-	-
Total Comprehensive Income	**47,918,436**	**(65,678,425)**
Earning Per Share	783	(1,073)

These financial statements should be read in conjunction with annexed notes

Director | **Chairman** | **Acting CEO**

as per our report of same date

A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
26 February 2017

AMARSTOCK

BRAC IT Services Limited

Statement of Changes in Equity

For the period ended 31 December 2016

Particulars	Paid up Capital	Share Premium	Retained Earnings / (Accumulated Losses)	Total
Balance at 01 January 2015	61,224,000	937,215	(100,537,898)	(38,376,683)
Net profit for the year 2015	-	-	(65,678,425)	(65,678,425)
Balance at 31 December 2015	**61,224,000**	**937,215**	**(166,216,323)**	**(104,055,108)**

Particulars	Paid up Capital	Share Premium	Retained Earnings / (Accumulated Losses)	Total
Balance at 01 January 2016	61,224,000	937,215	(166,216,323)	(104,055,108)
Net profit for the year 2016	-	-	47,918,436	47,918,436
Balance at 31 December 2016	**61,224,000**	**937,215**	**(118,297,886)**	**(56,136,671)**

These financial statements should be read in conjunction with annexed notes

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BRAC IT Services Limited

Statement of Cash Flows

For the period ended 31 December 2016

Particulars	2016 Taka	2015 Taka
Cash flows from operating activities		
Cash payments to employees	(188,009,355)	(250,589,290)
Cash payments to suppliers	(38,541,565)	(71,069,350)
Receipts from customers	196,228,942	242,276,841
Net cash flows from/(used in) operating activities	**(30,321,979)**	**(79,381,798)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,750,410)	(25,712,884)
Disposal of Fixed Assets	89,990	275,000
Net cash used in investing activities	**(8,660,420)**	**(25,437,884)**
Cash flows from financing activities		
Advance Received from BRAC	69,770,000	52,456,372
Advanced Received from BRAC Bank Ltd	12,439,732	53,946,079
Net cash flows from financing activities	**82,209,732**	**106,402,451**
Net increase in cash and cash equivalents	**43,227,333**	**1,582,769**
Cash and cash equivalents at beginning of year	9,455,641	7,872,872
Cash and cash equivalents at end of the year	**52,682,974**	**9,455,641**

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DIRECTOR'S REPORT
TO THE SHAREHOLDERS OF BRAC SAAJAN EXCHANGE LTD.

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company continued to be that of money remittance.

Branches

The company operates through overseas branches in Italy and Spain.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Kazi Mahmood Sattar
Mr Selim Raza Farhad Hussain
Mr Abdus Salam

Results and dividends

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Future developments

The company is looking to expand it's agent and aggregator networks through out the UK, Italy, Spain and Portugal predominantly to remit funds to it's existing and growing networks in Bangladesh, Pakistan, India, Sri Lanka, Poland and Romania.

The Company's payment card business is going live from January 2017.

In order to compete in the dynamic payment services sector, the company has developed it's own online transaction platform. The platform went live in the latter end of 2016 and will be heavily marketed in 2017. In order to take the benefit of this technological era, the company is also developing a Smartphone app for sending money. The app is due to be rolled out in the first quarter of 2017.

In 2016, the company invested time exploring the possibility of remitting to other countries such as Eastern Europe, Africa and other Asian countries to reduce the risk and reliance of remitting solely to Bangladesh. The routes to Eastern Europe and other Asian countries are now open and the African corridor is still work in progress.

Auditor

The auditor, Reddy Siddiqui & Kabani, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Abdus Salam

Director

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AUDITOR'S REPORT TO THE SHAREHOLDERS OF BRAC SAAJAN EXCHANGE LTD.

We have audited the financial statements of BRAC SAAJAN EXCHANGE LTD. for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of thef inancial statements. Inaddition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certaindisclosuresofdirectors'remunerationspecifiedbylawarenotmade;or
- we have not received all the information and explanations we require for our audit.



Mr. Omar Siddiqui (Senior Statutory Auditor)
for and on behalf of Reddy Siddiqui & Kabanl

Chartered Accountants
Statutory Auditor

2/16/2017
183-189 The Vale
Acton
London
W37RW

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BRAC Saajan Exchange Limited

Balance Sheet

As at 31 December 2016

Particulars	31-Dec-16 GBP		31-Dec-16 Taka		31-Dec-15 Taka	
FIXED ASSETS						
Intengible Fixed asset		134,324		14,755,330		10,418,503
Goodwill		14,558		1,694,087		1,458,564
Tangible Fixed Assets		222,407		24,060,686		14,925,617
Investment		-		-		-
Total Fixed Assets		**371,289**		**40,510,103**		**26,802,684**
Current Assets						
Cash at Bank and in Hand	1,910,991		185,020,610		304,055,180	
Debtors	2,022,018		194,936,980		143,065,205	
Total Current Assets	**3,933,009**		**379,957,590**		**447,120,385**	
Current Liabilities						
Creditors: amounts falling due within one year		(2,945,792)		(285,209,187)		(335,742,773)
NET CURRENT ASSETS		**987,217**		**94,748,403**		**111,377,612**
TOTAL ASSETS LESS LIABILITIES		**1,358,506**		**135,258,506**		**138,180,296**
Share capital						
Called up share capital	333,333		42,889,757		42,889,757	
Share premium account	208,383		26,812,516		26,812,516	
Retained profit	645,725		62,518,713		54,401,963	
Less: Dividend Payment	-		-		(6,126,319)	
Net Profit for the year	171,065		3,037,520		20,202,379	
SHAREHOLDER'S FUNDS		**1,358,506**		**135,258,506**		**138,180,296**

Director

Mr. Omar Siddiqui (Senior Statutory Auditor)
for and on behalf of Reddy Siddiqui & Kabanl

Chartered Accountants
Statutory Auditor

2/16/2017
183-189 The Vale
Acton
London
W37RW

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BRAC Saajan Exchange Limited

Profit and Loss Account

For the year ended 31 December 2016

Particulars	31-Dec-16 GBP	31-Dec-16 Taka	31-Dec-15 Taka
Turnover	3,069,840	297,219,476	356,683,672
Cost of sales	(1,450,961)	(140,480,890)	(164,536,094)
Gross profit	**1,618,879**	**156,738,586**	**192,147,578**
Administrative expenses	(1,504,112)	(145,626,923)	(172,079,330)
Other operating income	89,782	8,692,667	10,746,717
Operating profit	**204,550**	**19,804,330**	**30,814,965**
Other interest receivable and similar income	20,731	2,007,174	2,594,160
Profit on ordinary activities before taxation	**225,281**	**21,811,504**	**33,409,125**
Tax on profit on ordinary activities	(54,216)	(5,249,107)	(6,520,114)
Profit for the period	**171,065**	**16,562,397**	**26,889,011**
Exchange Gain/Loss on Translation	-	(13,524,877)	(6,686,632)
Net profit after tax	**171,065**	**3,037,520**	**20,202,379**

Director

Mr. Omar Siddiqui (Senior Statutory Auditor)
for and on behalf of Reddy Siddiqui & Kabanl

Chartered Accountants
Statutory Auditor

2/16/2017
183-189 The Vale
Acton
London
W37RW

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BRAC Saajan Exchange Limited

Statement of Cash Flows

For the year ended 31 December 2016

Particulars		2016 Taka	2015 Taka
A.	**Cash flows from operating activities**		
	Fees & commissions receipts in cash	303,254,618	171,244,725
	Cash payments to employees	(47,379,550)	(57,955,948)
	Cash payments to suppliers	-	-
	Income tax paid	(5,249,107)	(6,377,292)
	Receipts from other operating activities (item-wise)	8,692,667	10,511,313
	Payment for other operating activities (item-wise)	(241,310,489)	(101,568,210)
	Operating profit/(loss) before changes in operating assets and liabilities (i)	18,008,139	15,854,588
	Increase/decrease in operating assets & liabilities		
	Other assets (item-wise)	(95,288,588)	5,948,543
	Other liabilities (item-wise)	24,184,640	125,108,132
	Cash utilised in operating assets & liabilities (ii)	(71,103,948)	131,056,675
	Net cash (used)/flows from operating activities (i+ii)	(53,095,809)	146,911,263
B.	**Cash flows from investing activities**		
	Investment income	1,325,954	2,537,336
	Acquisition of fixed assets	(16,186,121)	(4,084,640)
	Disposal of Fixed Assets	-	-
	Net cash used in investing activities	(14,860,167)	(1,547,304)
C.	**Cash flows from financing activities**		
	Dividend paid	-	(6,126,319)
	Net cash flows from financing activities	**-**	**(6,126,319)**
	Net increase/decrease in cash	**(67,955,976)**	**139,237,640**
	Cash and cash equivalents at beginning of year	304,055,180	171,917,816
	Effect of Exchange rate changes on cash and cash equivalent	(51,078,595)	(7,100,276)
	Cash and cash equivalents at end of period	185,020,609	**304,055,180**
	Cash and cash equivalents at end of the period:		
	Cash in hand	168,325	233,864
	Balance with other banks and financial institutions	184,852,284	303,821,316
		185,020,609	**304,055,180**

AMAR STOCK

BRAC Saajan Exchange Limited

Statement of Changes in Equity

For the year ended 31 December 2016

Amount in Taka

Particulars	Paid up share capital	Share premium	Retained Earnings	Total
Balance at January 01, 2016	42,889,757	26,812,516	68,478,023	138,180,296
Translation difference in opening balance	-	-	(5,959,310)	(5,959,310)
Net profit for the year	-	-	3,037,520	3,037,520
Balance as at 31 December 2016	**42,889,757**	**26,812,516**	**65,556,233**	**135,258,506**
Balance as at 31 December 2015	**42,889,757**	**26,812,516**	**68,478,023**	**138,180,296**

AMAR STOCK

DIRECTORS' REPORT
TO THE SHAREHOLDERS OF BRAC EPL INVESTMENTS LIMITED

The Board of Directors of BRAC EPL Investments Limited (BEIL) is pleased to present before you the Directors' Report on the operational and financial activities of BEIL together with the Audited Financial Statements for the year ended 31 December 2016 for your valued consideration, approval and adoption. The Directors' Report has been prepared in compliance with Section 184 of the Companies Act, 1994 and the requirements mandated by the regulatory bodies.

BRAC EPL Investments Limited

BEIL is a public limited company, which has established itself as a full-fledged investment bank and portfolio manager, in Bangladesh. Today, it is a reputed investment bank for corporate advisory services in the market, as is evident from the transactions it closed such as its role as the advisor to the Dhaka Stock Exchange Limited to demutualise the exchange and cross border M&A transactions. BEIL also successfully completed a transaction to raise USD300 million debt and equity for the largest ever infrastructure project in Bangladesh.

BEIL is strategically optimizing business growth and profitability for the year 2017. The focus of the strategies would be rationalizing costs, enhancing fee-based income, improving performance of negative equity portfolio and boosting performance for establishing a sustainable investment bank.

Products and services

1. Portfolio Management

BEIL provides two types of portfolio management services:

- Investor Discretionary Portfolio Management: Investor Discretionary Account very closely resembles a BO (Beneficial Owner) Account. Under this arrangement, full responsibility of buying or selling, taking margin and all other critical decisions rests on the investors. In this regard BEIL, provides two products, the Cap Edge and Cap Cash.

- Manager Discretionary Portfolio Management: Under Manager Discretionary Account, the authority to take all pertinent decisions regarding most aspects of Portfolio Management lies with the Portfolio Managers. Most Merchant Banks in Bangladesh provide only Investor Discretionary Management Services, whereas BEIL is one of the few companies currently providing both types of services.

The fundamental difference between these two lines of business is the legal discretion or power of security selection, portfolio construction, execution timing and actual execution of trades.

Our Portfolio Management Products are:

a. **Cap Edge: Non-Discretionary Portfolio Accounts:** Cap Edge is an Investor controlled account. Investors retain all the authority and power to select the items to buy and sell, and the timing of trade while the portfolio managers assist them with trade execution and continuous advice. Under this arrangement, investors pay management fee and brokerage commissions for trading.

b. **Cap Cash:** Non-Discretionary Portfolio Accounts: Cap Cash is a unique non-discretionary product of BEIL offering clients margin and non-margin services through individual BO Account. Clients can link their existing BO Accounts in BEIL with their existing accounts in other brokerage houses. Cap Cash is an Investor controlled account. Investors retain all the authority and power to select the items to buy and sell, and the timing of trade while the portfolio managers assist them with trade execution and continuous and expert advice.

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c. **Managed Cap Edge - Discretionary Portfolio Account:** Managed Cap Edge is a Portfolio Manager controlled account. Managers retain all the authority and power to select the items to buy and sell, and the timing of trade while the investors can guide the managers by providing input on their return and risk preference. Under this arrangement, investors pay management fees (which are higher than those in Cap Edge) and settlement fees for trading.

2. Structured Finance Department

2016 was a transformational year for Advisory services of BEIL. The Structured Finance and Investment Banking divisions were merged to form a singular Advisory team under the Corporate and Institutional Banking Department. Under new Management and Board representation, the Department was restructured to meet cross-border transactions with global-standard financial advisory and fund raising services to international and local organizations. BEIL successfully closed Non-Convertible Coupon Bearing Subordinated Bonds of IFIC Bank Limited with an issue size of BDT 3,500.00 million qualified as Tier-II capital. The Department also completed advisory services on behalf of newly forged relationships with foreign institutional investors operating in Food and Allied, Software and IT, Engineering and Financial Service sectors based in Hong Kong, Vietnam and Japan. BEIL closed buy-side financial advisory services for an acquisition made by BRAC and BRAC International in the digital wellness sector and conducted market research of the Commercial Real Estate sector in Bangladesh.

3. Debt Arrangement

BEIL focused on originating, structuring and distributing debt in the form of syndicated loans, corporate bonds, bridge finance, mezzanine debt, asset backed securities and other debt products for the corporate houses of Bangladesh. Our scope of work ranges from structuring the optimum financial structure to arranging the fund from the prospective lenders. Most common form of debt arrangement is syndicated loan. In general, syndicated loans help to finance large ticket size loans which are not feasible to be provided bilaterally by a lender.

4. Private Equity

In recent years, alternative investment asset classes such as private equity placement have become increasingly important pools of capital in the global financial system. With our vast network of foreign and local equity investors, we advice our clients on the optimum mode of financing requirement with alternatives to debt such as private equity and venture capital investments. Such investments provide great advantage to the clients as they get to have foreign investment banks/ institutions sit at their board, and helps build their brand image.

5. Mergers & Acquisitions

BEIL provides best in-class merger & acquisition advisory solutions for its clients in buying, selling or consolidating companies across all industries and across international borders. BEIL acts as both buyers and sellers agent. BEIL would assist in finding potential sellers/ buyers, negotiating to achieve the best possible price, valuation of the company, thorough due diligence of BEIL and all related activities in bringing the transaction to closure.

6. Corporate Advisory

BEIL provides various corporate and financial advisory on project financing, corporate restructuring, financial due-diligence, etc for its clients.

7. Distribution networks

We have eight offices that include a Corporate Head Office, a Registered Office and six branches in Motijheel and Gulshan in Dhaka, Chittagong, Sylhet, Chowmuhani and Comilla.

Capital Market Review 2016

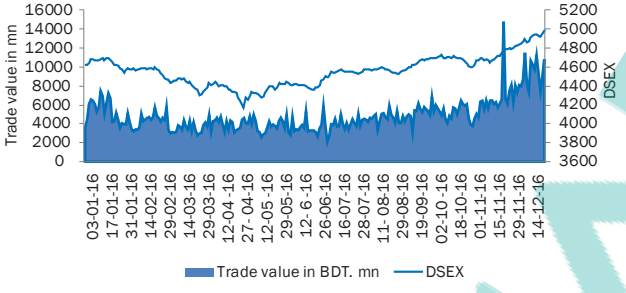
Capital market of Bangladesh has passed a mixed year in 2016. The broad market gauge DSEX lost 11 percent till May 2, 2016 then gained around 21 percent for the rest of the year. Most of the companies (63.48%) posted positive return and the rest of the companies posted negative returns in 2016. Among the sectors, Textile, Miscellaneous,

Bank and Telecommunication posted double digit return.

Particulars	2015	2016	% Change
DSEX	4,629.64	5,036.05	8.8%
Market Capitalization in BDT. Mn	2,560,184.36	3,412,441.49	33.3%
Trade value in BDT. Mn	4,343.95	10,705.87	146.5%
No. of trade	96,535	187,217	93.9%
Total volume traded in mn	97,047,649	433,409,709	346.6%
No. of IPOs in DSE (Excluding MF)	13	7	-46.2%
IPO fund taken in BDT. Mn (Excluding MF)	9,774.72	5,843.00	-42.2%

Particular	% of Total Mcap
Bank	16.99%
Pharmaceuticals & Chemicals	15.22%
Telecommunication	14.15%
Power & Energy	12.64%
Food & Allied Product	8.21%
Engineering	6.29%
NBFI	5.65%
Cement	5.51%
Textile	3.68%
Miscellaneous	3.44%
Insurance	2.97%

Particular	Sector Return %
Textile	23.0%
Miscellaneous	19.6%
Bank	17.8%
Telecommunication	12.2%
Engineering	11.5%
Power & Energy	7.8%
Cement	6.9%
NBFI	6.8%
Insurance	4.7%
Pharmaceutical & Chem.	4.6%
Food & Allied	-4.0%



From the above table, we see that among the major sectors, most of the sectors posted positive returns, whereas the other sectors lost slightly. In the advancing sectors, the internal breadth was positive as most of the companies of these sectors performed well.

Favorable macroeconomic indicators, supportive fiscal and monetary policy and relatively stable political situation will restore the confidence of the investors to inject money into the market in 2017. It is expected that 2017 will be a good year for capital market.

Financial Highlights for 2016

Financial year 2016 is an important year for BEIL as it has restructured itself through injecting capital of Tk.200.00 crore, which helped to reduce its interest burden effectively. It has also taken a number of steps to rationalize cost and effective and efficient management of its businesses:

- The operating expenses decreased by 34% to 74 million for the year ended 31 December 2016 compared to 112 million in the year 31 December 2015.
- BEIL borrowed BDT 2.67 billion in short term loans and overdrafts on an average borrowing rate of 9.23% in 2016 which was 11.29% per annum in 2015.
- We had to make a provision of BDT 683 million against bad loans in 2016 which was BDT375 million in 2015. This has been done in line with regulatory requirement.

The Board would like to express my appreciation to entire the BRAC EPL Investments Limited's team. It would be remiss if we do not acknowledge the exceptional efforts of our employees who worked in partnership to meet many challenges of a difficult year. They were called upon to embrace some major challenges while at the same time maintaining the highest standards of service to our clients. They met the challenges well.

Finally, the Directors would like to thank our loyal clients and respected shareholders for their continued support to BEIL. Taking this opportunity, the members of the Board would also like to thank the Bangladesh Securities and Exchange Commission, Dhaka & Chittagong Stock Exchanges, Central Depository Bangladesh Limited who were the partners in the growth of BEIL.

For and on behalf of the Board of Directors,

Chairman

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BRAC EPL INVESTMENTS LTD.

We have audited the accompanying financial statements of BRAC EPL Investments Limited, which comprise the statement of financial position as at 31 December 2016 and the statement of profit or loss & other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs) 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 financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, the auditor considers 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 policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BRAC EPL Investments Limited as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Companies Act 1994 and other applicable laws and regulations.

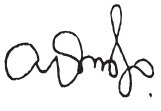
We also report that:

a) 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;

b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;

c) the company's financial statements dealt with by the report are in agreement with the books of account and returns; and

d) The expenditure incurred were for the purpose of the company's business.



A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
1 February 2017

BRAC EPL Investments Limited

Statement of Financial Position

As at 31 December 2016

Particulars	2016 Taka	2015 Taka
Assets		
Non-current assets		
Property, plant and equipment	8,995,518	14,819,841
Investment in associate company	15,369,427	15,369,427
Deferred tax assets	9,318,000	9,755,465
	33,682,945	**39,944,733**
Current assets		
Account receivables	29,559,219	86,475,934
Inter-company receivables	1,264,241	3,132,142
Other receivables	-	386,977
Investment in quoted securities	84,282,993	61,762,282
Investment in Share-IPO	30,000,000	-
Advance income tax	16,514,787	4,632,937
Loans and advances to customers	3,616,388,219	3,824,643,861
Accrued interest and management fees receivable	728,606,636	770,208,684
Advances, deposits and prepayments	3,256,251	4,775,780
Cash and cash equivalents	187,455,271	60,062,868
	4,697,327,617	**4,816,081,465**
Total assets	**4,731,010,562**	**4,856,026,198**
Equity and Liabilities		
Shareholders' equity		
Share capital	2,585,000,000	585,000,000
Share premium	436,825,951	436,825,951
Retained earnings	(1,199,451,558)	(298,688,521)
Shareholders' equity	**1,822,374,393**	**723,137,430**
Current liabilities		
Customer deposits	66,633,683	83,432,920
Bank overdrafts	936,357,568	2,320,943,428
Short term loan	779,211,617	1,047,059,353
Revolving time loan	-	250,000,000
Account payables	46,710,966	15,089,800
Other liabilities	1,078,186,161	410,965,940
Provision for taxation	624,709	1,028,410
Inter-company payable to BRAC EPL Stock Brokerage Limited	911,466	4,368,917
	2,908,636,169	**4,132,888,768**
Total equity and liabilities	**4,731,010,562**	**4,856,026,198**

Chief Executive Officer | **Director** | **Chairman**

A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
1 February 2017

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BRAC EPL Investments Limited

Statement of Profit or Loss & Other Comprehensive Income

For the year ended 31 December 2016

Particulars	2016 Taka	2015 Taka
Revenue		
Interest income from margin loan	48,633,373	324,161,399
Interest expenses	(234,259,890)	(447,442,970)
Net interest income (A)	**(185,626,517)**	**(123,281,571)**
Fee and commission income	45,330,121	99,483,400
Fee and commission expenses	(10,455,381)	(16,607,458)
Net fee and commission income (B)	**34,874,740**	**82,875,942**
(Loss)/gain from investment in securities	13,617,456	(10,991,629)
Other operating income	1,905,690	3,035,256
Net (loss)/gain from investment in securities (C)	**15,523,146**	**(7,956,373)**
Total operating income/(loss) (A+B+C)	**(135,228,632)**	**(48,362,002)**
Operating expenses	(74,170,091)	(112,789,421)
Depreciation	(5,970,222)	(10,437,075)
Operating profit/(loss) (D)	**(215,368,945)**	**(171,588,498)**
Finance income	497,466	1,093,892
Financial expenses	(497,401)	(890,927)
Net finance income (E)	**65**	**202,965**
Share of profit of equity in associate company (F)	-	489,484
Impairment loss on investment in unquoted securities (G)	-	(954,795)
Profit/(loss) before provisions (D+E+F+G)	**(215,368,880)**	**(171,850,844)**
Provision for loans and advances	(683,792,632)	(142,198,602)
Loss before tax	**(899,161,512)**	**(314,049,446)**
Tax expenses	1,601,526	22,105,902
Net loss after tax	**(900,763,037)**	**(336,155,348)**
Other comprehensive Income		-
Total loss	**(900,763,037)**	**(336,155,348)**

Chief Executive Officer

Director

Chairman

A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
1 February 2017

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BRAC EPL Investments Limited

Statement of Changes in Equity

For the year ended 31 December 2016

Amount in Taka

Particulars	Share capital	Share premium	Retained earnings	Total
Balance as on 1 January 2015	585,000,000	436,825,951	37,466,827	1,059,292,778
Total comprehensive income for the year 2015	-	-	(336,155,348)	(336,155,348)
Balance as on 31 December 2015	**585,000,000**	**436,825,951**	**(298,688,521)**	**723,137,430**
Total comprehensive income for the year 2016	-	-	(900,763,037)	(900,763,037)
Increase of share capital	2,000,000,000			2,000,000,000
Balance as on 31 December 2016	**2,585,000,000**	**436,825,951**	**(1,199,451,558)**	**1,822,374,393**

AMAR STOCK

BRAC EPL Investments Limited

Statement of Cash Flows

For the year ended 31 December 2016

Particulars	2016 Taka	2015 Taka
A. Operating activities		
Net profit before tax	(900,763,037)	(314,049,446)
Add: Items not involving in movement of cash:		
Depreciation on property, plant and equipment	5,970,222	10,437,075
Depreciation of intangible asset	-	-
Gain on disposal of property, plant and equipment	(75,000)	(651,387)
Finance charge - lease	-	2,504
Bad debt expenses	-	10,274,104
Fair value adjustments for fall in values of investment in securities	(5,866,002)	(10,173,850)
Share of profit of equity in associate company	-	(489,484)
Impairment loss on investment in unquoted securities	-	954,795
	29,220	**10,353,758**
Income tax paid	(11,881,851)	(33,845,069)
Operating (loss)/profit before changes in working capital	**(912,615,668)**	**(337,540,758)**
Changes in working capital :		
(Increase)/decrease in loan and advances to customers	208,255,642	(54,997,756)
(Increase)/decrease in accrued interest and mgt. fees receivable	41,602,048	92,838,376
(Increase)/decrease in account receivables	56,916,715	(48,892,294)
(Increase)/decrease in advance, deposits and prepayments	1,519,528	269,383
(Increase)/decrease in inter-company receivable	1,867,901	295,411
(Increase)/decrease in other receivables	386,978	30,636
Increase/(decrease) in customer deposits	(16,799,237)	24,013,941
Increase/(decrease) in account payables	31,621,165	(2,528,817)
Increase/(decrease) in inter-company payable	(3,457,451)	1,564,322
Increase/(decrease) in other liabilities	667,220,222	(15,728,522)
	989,133,511	(3,135,320)
Net cash (used)/from operating activities (A)	**76,517,843**	**(340,676,077)**
B. Cash flows from Investing activities:		
Acquisition of property, plant and equipment	(110,900)	(4,952,786)
Disposal of property, plant and equipment	75,000	1,631,500
Sale/(purchase) of investment securities	(46,655,944)	141,108,628
Net cash used in investing activities (B)	**(46,691,844)**	**137,787,342**
C. Cash flows from Financing activities		
Receipt/(repayment) of bank overdraft	(1,384,585,860)	(123,576,096)
Receipt/(repayment) of short term loans	(267,847,736)	357,059,353
Receipt/(repayment) of revolving time loan	(250,000,000)	10,000,000
Capital lease obligation paid	-	(63,040)
Share Capital Increased	2,000,000,000	-
Net cash from/(used) in financing activities (C)	**97,566,404**	**243,420,217**
Net decrease in cash and cash equivalents (A+B+C)	**127,392,404**	**40,531,482**
Cash and cash equivalents at the beginning of the year	**60,062,868**	**19,531,386**
Cash and cash equivalents at the end of the year	**187,455,271**	**60,062,868**

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OTHER INFORMATION

INTEGRATED REPORTING CHECKLIST

Sl. No.	Particulars	Chapter/ Section reference
1	**Elements of an Integrated Report**	
1.1	Organizational overview and external environment	
	An integrated report should disclose the main activities of the organization and the environment of which it operates.	Corporate Profile and Significant Accounting Policies
	An integrated report should identify the organization's mission and vision, and provides essential context by identifying matters such as:	Details provided below
	• **The organization's:**	
	culture, ethics and values	Company Philosophy, Mission, Vission, Values
	ownership and operating structure including size of the organization,location of its operations	Pattern of shareholding
	principal activities and markets	Corporate Profile and Significant Accounting Policies
	competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, the bargaining power of customers and suppliers, and the intensity of competitive rivalry)	Competitive intensity and our strategic response
	position within the value chain	Sustainable value creation process
	• **Key quantitative information**	
	The number of employees, revenue and number of countries in which the organization operates highlighting, in particular, significant changes from prior periods	Human Capital and Human Resource Accounting, Core financial highlights, Five year financial summay
	• Significant factors affecting the external environment and the organization's response	PESTEL analysis
	* The legitimate needs and interests of key stakeholders	Stakeholder and Materiality
	* Macro and micro economic conditions, such as economic stability, globalization, and industry trends	Global and Bangladesh review in Director's Report
	* Market forces, such as the relative strengths and weaknesses of competitors and customer demand	SWOT analysis
	* The speed and effect of technological change	PESTEL analysis- Technological
	* Societal issues, such as population and demographic changes, human rights, health, poverty, collective values and educational systems	PESTEL analysis- Social
	* Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached	PESTEL analysis- Environmental
	* The legislative and regulatory environment in which the organization operates	PESTEL analysis- Legal
	* The political environment in countries where the organization operates and other countries that may affect the ability of the organization to implement its strategy	PESTEL analysis- Political
1.2	**Governance**	
	An integrated report should show how does the organization's governance structure support its ability to create value in the short, medium and long term.	Corporate Governance Compliance Report, Strategy and resource allocation
	An integrated report needs to provide an insight about how such matters as the following are linked to its ability to create value:	Details provided below
	* The organization's leadership structure, including the skills and diversity	Board of Directors
	* Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues	Corporate Governance

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	* Particular actions those charged with governance have taken to influence and monitor the strategic direction of the organization and its approach to risk management	Corporate Goernance, Risk management Committee Meetings
	* How the organization's culture, ethics and values are reflected in its use of and effects on the capitals, including its relationships with key stakeholders	Corporate Governance
	* Whether the organization is implementing governance practices that exceed legal requirements/ Key Policies	Corporate Governance
	* The responsibility those charged with governance take for promoting and enabling innovation	Corporate Governance, Management Committee, Senior Management Team
	* How remuneration and incentives are linked to value creation in the short, medium and long term, including how they are linked to the organization's use of and effects on the capitals.	Strategy and resource allocation
1.3	**Stakeholder Identification/ relationships**	
	An integrated report should identify its key stakeholders and provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interest	Stakeholder and Materiality
	Capitals	Capital Plan
	An integrated report needs to provide insight about the resources and the relationships used and affected by the organization, which are referred to collectively as the capitals and how the organization interacts with the capitals to create value over the short, medium and long term	BBL's sustainable value creation process, Our Business Model
	An integrated report need to identify the various forms of capitals which are essential for the success of its business operations. Eg: financial, manufactured, intellectual, human, social and relationship, and natural,	BBL's sustainable value creation process, Our Business Model
1.4	**Business model**	
	An integrated report need to describe the business model, including key:	Our business model
	• Inputs	
	• Business activities	
	• Outputs	
	• Outcomes	
	Identification of critical stakeholder and other	Stakeholder and Materiality
	• Connection to information covered by other Content Elements, such as strategy, risks and opportunities, and performance (including KPIs and financial considerations, like cost containment and revenues)	Core Financial Highlights, A Message from Our Chairman, Interview of Managing Director & CEO, Directors' Report
	Inputs - An integrated report shows how key inputs relate to the capitals on which the organization depends, or that provide a source of differentiation for the organization, to the extent they are material to understanding the robustness and resilience of the business model.	Our business model
	Business activities	
	An integrated report describes key business activities. This can include:	
	How the organization differentiates itself in the market place	Strategy and resource allocation
	How the organization approaches the need to innovate	Our business model
	How the business model has been designed to adapt to change	Strategy and resource allocation
	Outputs - An integrated report identifies an organization's key products and services.	Our business model
	Outcomes: An integrated report describes key outcomes, including: Both internal outcomes, and external outcomes, Both positive outcomes and negative outcomes	Our business model
	When material, an integrated report discusses the contribution made to the organization's long term success by initiatives such as process improvement, employee training and relationships management.	Strategy and resource allocation
1.5	**Performance**	
	An integrated report needs to explain the extent to which the organization has achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?	Core Financial Highlights, A Message from Our Chairman, Interview of Managing Director & CEO, Directors' Report
	An integrated report should contain qualitative and quantitative information about performance that may include matters such as:	

	Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications, and the methods and assumptions used in compiling them	Competitive intensity and our strategic response
	The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests	Stakeholder and Materiality
	The linkages between past and current performance, and between current performance and the organization's outlook.	Core Financial Highlights, A Message from Our Chairman, Interview of Managing Director & CEO, Directors' Report
	KPIs that combine financial measures with other components or narrative that explains the financial implications of significant effects on other capitals and other causal relationships may be used to demonstrate the connectivity of financial performance with performance regarding other capitals. In some cases, this may also include monetizing certain effects on the capitals.	Core Financial Highlights, Capital Plan
	Include instances where regulations have a significant effect on performance (e.g., a constraint on revenues as a result of regulatory rate setting) or the organization's non- compliance with laws or regulations may significantly affect its operations.	
1.6	**Risks and opportunities**	
	An integrated report should explain what are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them?	Competitive intensity and our strategic response
	This can include identifying:	
	The specific source of risks and opportunities, which can be internal, external or, commonly, a mix of the two.	Risk Management Framework, Risk Management Methodology
	The organization's assessment of the likelihood that the risk or opportunity will come to fruition and the magnitude of its effect if it does.	Risk Management Framework, Risk Management Methodology
	The specific steps being taken to mitigate or manage key risks or to create value from key opportunities, including the identification of the associated strategic objectives, strategies, policies, targets and KPIs.	Risk Management Framework, Risk Management Methodology
	Risk management report (Which includes details about risk, root cause,etc.)	From the desk of Chief Risk Officer
	Response on the effectiveness of the internal controls and the board's responsisbility for the disclosures on internal controls to safeguard stakeholder interest.	Statement of Audit Committee
1.7	**Strategy and resource allocation**	
	An integrated report should describe it strategic direction (Where does the organ ization want to go and how does it intend to get there)	Strategy and resource allocation
	An integrated report need to identify:	
	The organization's short, medium and long term strategic objectives	Strategy and resource allocation
	The strategies it has in place, or intends to implement, to achieve those strategic objectives	Strategy and resource allocation
	How the entity has positioned in the wider market	Value Added Statement
	How the long term strategies relate to current business model	Our business model
	The resource allocation plans it has to implement its strategy	Strategy and resource allocation
	How it will measure achievements and target outcomes for the short, medium and long term. This can include describing:	Strategy and resource allocation
	The linkage between the organization's strategy and resource allocation plans, and the information covered by other Content Elements, including how its strategy and resource allocation plans:	
	- relate to the organization's business model, and what changes to that business model might be necessary to implement chosen strategies to provide an understanding of the organization's ability to adapt to change '	Strategy and resource allocation
	- are influenced by/respond to the external environment and the identified risks and opportunities affect the capitals, and the risk management arrangements related to those capitals	Strategy and resource allocation
	What differentiates the organization to give it competitive advantage and enable it to create value, such as:	Strategy and resource allocation
	• the role of innovation	Strategy and resource allocation
	• how the organization develops and exploits intellectual capital	Human capital

	• the extent to which environmental and social considerations have been embedded into th organization's strategy to give it a competitive advantage	PESTEL Analysis, Strategy and resource allocation
	• Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans.	Strategy and resource allocation
1.8	**Outlook**	
	An integrated report should explain what challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?	Core Financial Highlights, A Message from Our Chairman, Interview of Managing Director & CEO, Directors' Report
	An integrated report should highlight anticipated changes over time and provides information on:	
	• The organization's expectations about the external environment the organization is likely to face in the short, medium and long term	Our business model, SWOT Analysis, PESTEL Analysis
	• How that will affect the organization	SWOT Analysis, PESTEL Analysis
	• How the organization is currently equipped to respond to the critical challenges and uncertainties that are likely to arise.	SWOT Analysis, PESTEL Analysis
	The discussion of the potential implications, including implications for future financial performance may include:	
	• The external environment, and risks and opportunities, with an analysis of how these could affect the achievement of strategic objectives	Our business model- External factors, SWOT Analysis, PESTEL Analysis
	• The availability, quality and afford-ability of capitals the organization uses or affects including how key relationships are managed and why they are important to the organization's ability to create value over time.	BBL's sustainable value creation process
	An integrated report may also provide lead indicators, KPIs or objectives, relevant information from recognized external sources, and sensitivity analyses. If forecasts or projections are included in reporting the organization's outlook, a summary of related assumptions is useful. Comparisons of actual performance to previously identified targets further enables evaluation of the current outlook.	Directors' Report
	Disclosures about an organization's outlook in an integrated report should consider the legal or regulatory requirements to which the organization is subject.	Intergrated Report
1.9	**Basis of preparation and presentation**	
	An integrated report should answer the question: How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?	Intergrated Report
	An integrated report describes its basis of preparation and presentation, including:	
	A summary of the organization's materiality determination process	Stakeholder and Materiality
	• Brief description of the process used to identify relevant matters, evaluate their importance and narrow them down to material matters	Stakeholder and Materiality
	• Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters.	Integrated report
	A description of the reporting boundary and how it has been determined	Integrated report
	A summary of the significant frameworks and methods used to quantify or evaluate material matters	Integrated report
2	**Responsibility for an integrated report**	
	An integrated report should include a statement from those charged with governance that includes:	Directors' report
	An acknowledgment of their responsibility to ensure the integrity of the integrated report	Integrated report
	An acknowledgment that they have applied their collective mind to the preparation and presentation of the integrated report	Integrated report
	Their opinion or conclusion about whether the integrated report is presented in accordance with the Framework	Integrated report
3	**Other Qualitative Characteristics of an Integrated Report**	
	Consistency and comparability	
	The information in an integrated report should be presented:	
	On a basis that is consistent over time	Directors' report
	Using benchmark data	

	Presenting information in the form of ratios	Key operating and financial highlights
	Reporting quantitative indicators commonly used by other organizations with similar activities, particularly when standardized definitions are stipulated by an independent organization	Key operating and financial highlights
	Connectivity of information	
	An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time.	Building Momentum
	Content elements	Core financial highlights
	Past, Present & Future	Core Financial Highlights, A Message from Our Chairman, Interview of Managing Director & CEO, Directors' Report
	Finance and other information	Key operating and financial highlights
	Materiality	
	An integrated report should disclose information about matters that substantively affect	Stakeholder and Materiality
	the organization's ability to create value over the short, medium and long term	BBL's Value chain
	Assurance on the Report	
	The policy and practice relating to seeking assurance on the report	Directors' report
	the nature and scope of assurance provided for this particular report	Independent Auditor's Report To the Shareholders of BBL and it's subsidiaries
	any qualifications arising from the assurance, and the nature of the between the organization and the assurance providers	

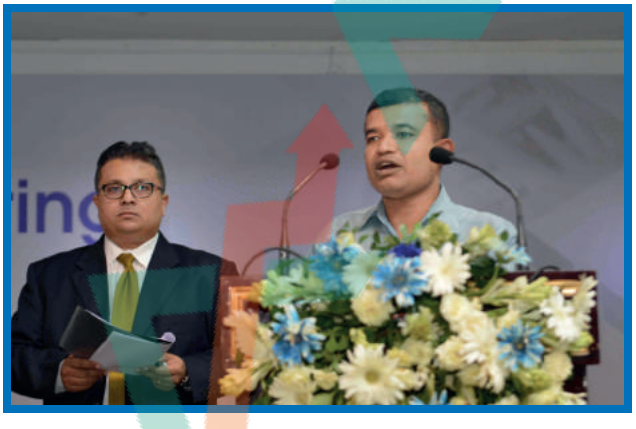
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BRAC BANK
17th Annual General Meeting
June 02, 2016


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June 02, 2016




BRAC BANK





BRANCH LIST

Branch Name	Address
GULSHAN BRANCH	House # 50 (GF), Road # 03, Gulshan 1, Dhaka-1212
BANANI BRANCH	10, Kemal Ataturk Avenue, Banani, Dhaka
BANANI 11	Plot # 5, Block-G (1st & 2nd Floor), Road-11, Banani, Dhaka-1213
NORTH GULSHAN BRANCH	Holding # 166 NE (k), Gulshan Avenue-2, Dhaka-1212
DHANMONDI BRANCH	Rupayan Khan Tower, House#500A, Road# 07, Ward# 49, Dhanmondi, Dhaka-1207.
NAWABPUR BRANCH	172, Nowabpur Road (1st Floor), Dhaka
MIDFORT BRANCH	139, Mitford Road, Dhaka
ELEPHANT ROAD BRANCH	Holding # 136 (G/F), Elephant Road, Dhaka-1205
UTTARA BRANCH	House # 01, Road # 15, Sector # 03, Uttara, Dhaka-1230
UTTARA JASHIM UDDIN AVENUE	Giant Business Tower, Holding #3, Plot # 3/A, Sector – 3, Uttara, Dhaka.
MIRPUR BRANCH	Plot # 03, Road # 03, Block # A, Section # 11, Mirpur, Dhaka
ROKEYASARANI BRANCH	Holding No. 129, Ward No. 14, Senpara Parbata, Mirpur, Dhaka.
SATMASJID ROAD BRANCH	Green Akshy Plaza, Plot# 146/G (old), 59(New) Satmosjid Road, Dhanmondi, Dhaka
MOTIJHEEL BRANCH	107, Motijheel C/A, Dhaka-1000
ESKATON BRANCH	23 New Eskaton Road, Dhaka-1000
ASAD GATE BRANCH	Plot # 01, Asad Gate, Mohammadpur, Dhaka
BASHUNDHARA BRANCH	Holding # 193, Block # B, Safwan Road, Basundhara R/A, Dhaka- 1229
BONOSREE BRANCH	Plot: 12, Block: C, Main Road, Word: 22, P.O : Rampura, Dhaka
BASHABO BRANCH	Holding # 96, (Monkha Bazar) North Manda, Dhaka
NATUN BAZAR BRANCH	"Miah Bhai Plaza", 1020 (1st Floor), Natun Bazar, Dhaka- 1212
IMAMGONJ BRANCH	01, Nanda Kumar Datta road (1st floor), Chawk Bazar, Lalbagh, Dhaka
ISLAMPUR BRANCH	Bishal Hafez Sharif ,arket, 10, Waiz ghat, Road, Islampur, DHAKA-1100
KERANIGANJ BRANCH	Haji Mollah Mansion (1st Floor), East Aganoger Mosque Road, Kerinegonj, Dhaka-1310
DAKHIN KHAN BRANCH	Majid Bahaban, Plot # 115, 10, Shahid Latif Road, Dakhinkhan, Uttara, Dhaka
MOGHBAZAR BRANCH	Arong Plaza, 211, Moghbazar, Dhaka
SHAYMOLI BRANCH	19-20, Adarsho Chayaneer, Ring road, Shymoli, Dhaka-1207
GRAPHICS BUILDING BRANCH	9G, Motijheel C/A, Dhaka-1000
GANDARIA BRANCH	City Group Building(First & Second Floor), Holding No-119/E, Ward No- 45(new),81(old) Distrilari Road, Gandaria Road, Dhaka-1204.
MUNSHIGONJ BRANCH	545, Jamidar Para, Ayub Ali Super Market, Munshiganj
SHIB CHAR BRANCH	Elias Ahmed Chowdhury Pouro Super Market, Shibchar Bazar Road, Shibchar, Madaripur
SREENAGAR BRANCH	M. Rahman Complex, Bhagyakul Road, Sreenagar Bazar, Sreenagar, Munshiganj.

Branch Name	Address
BHEDORGANJ BRANCH	Ma Plaza, Holding No: 137/1, Asian Highway Road, Ward No: 2, Bhedorganj, Shariatpur.
MOULVIBAZAR BRANCH	Julia Shopping City (1st Floor), 111, Shantibagh Central Road, Moulvi Bazar
NOBIGONJ BRANCH	Holding # 79/3, Shantipara, Khaleque Market, Hospital Road, Nabigonj, Habigonj
HOBIGONJ BRANCH	Puran Munsefi Road, Habigonj
BANIACHONG BRANCH	Hazi Harun Mansion, Holding # 151, Baniachong Boro Bazar, Baniachong, Hobiganj, Sylhet.
SYLHET BRANCH	Pallabi Trade Center, Subidbazar, Sylhet
SYLHET UPOSHAHAR BRANCH	3/3, Shahjalal Uposhahar, Main Road, Block-D, Sylhet
SUNAMGANJ BRANCH	Ahshan Mansion(First Floor), Holding No-0885-00, Ward No-04, Mejor Iqbal hossain Road Sunamganj Traffic Point, Sunamganj.
BHAIRAB BRANCH	"Jahanara Mansion", Bhairab, Kishoregonj
ZINDABAZAR BRANCH	Plot # 8170, New Golden City, East Zindabazar, Sylhet
BEANIBAZAR BRANCH	Hajee A. Sattar Market (1st Floor), Beani Bazar, Sylhet
GOALABAZAR BRANCH	Anwar Mansion, Holding 93,North Goalabazar , word-07, Osmani nagar, Sylhet
BISWANATH BRANCH	Didar Shooping Complex (1st Floor), Rampasha Road, Bishwanath, Sylhet
KASBA BRANCH	Shimanto Complex 2, Holding 561, Koti Kasba Road, Brahmanbaria
NARAYANGANJ BRANCH	147 BB Road, Narayangonj Sadar, Narayangonj.
MADHABDI BRANCH	Holdin # 236. Madhobdi
MONOHORDI BRANCH	Holding # 30, Sadar Hospital Road, Monohordi, Norshindi
SONARGAON BRANCH	Sonargaon Shopping Complex, Sonargaon, Narayangonj
SIDDIRGANJ BRANCH	Al-Hera Tower, House-227, Road-08, Hirajheel R/A, Chittagonj Road, Siddirganj, Narayangonj
RAMPURA BRANCH	khan tower 359. DIT Road, East Rampura.dhaka-1219
GANAKBARI BRANCH	Hashem Plaza, EPZ Gate, Gonak Bari, Saver, Dhaka
SAVAR BRANCH	Amin Tower, Holding A/44, Bazar Road, Ward no 01, Savar
MANIKGONJ BRANCH	Chandi Market, Holding # 194, Shahid Rafiq Sarak, Manikganj-1800
ASHKONA BRANCH	"Askona Community Center & Decorator", 567/1, Askona, Dakkhin Khan, Dhaka-1230
ASHULIA BRANCH	“ABBAS SHOPING COMPLEX” Jamgara , Ashulia, Savar –Dhaka -1341
HEMAYETPUR BRANCH	Hazi Ashraf Shopping Complex, Hemayetpur, Savar, Dhaka
JESSORE BRANCH	1 Hatkhola (M.K) Road, Jessore-7400
NOAPARA BRANCH	Rahim Tower, Station Bazar, Jessore Khulna Road, Noapara, Jessore
PORADAH BRANCH	Khan Super Market, South Katdoho, Mirpur, Kushtia
KHULNA BRANCH	"The Daily Probaho Bhaban", KDA Plot No # 03, KDA Avenue, Khulna
BARO BAZAR BRANCH	A.Hossain Plaza, 4, Sir Iqbal Road, Khulna.
SATKHIRA BRANCH	Tufan Complex, Holding # 01, Polashpole, Satkhira
DOULOTPUR, KHULNA	SS Center Shopping Mall,Holding # 1/1, ward # 6,Daulatpur, Khulna 9202.
BARISAL BRANCH	79, Sadar Road (1st Floor), F. Rahman Market, Barisal- 8200
BHOLA BRANCH	Mahbuba Market, Holding # 1331-1338, Sadar Road, Bhola.
PATUAKHALI BRANCH	Talukdar Bhaban, Holding # 140, Sadar Road, Patuakhali Sadar, Patuakhali-8600

Branch Name	Address
MYMENSINGH BRANCH	8, Shymacharan Roy Road, Notun Bazar, Mymensingh-2200
TANGAIL BRANCH	Tangail Tower, Holding# 541,542&544, Main Road, Tangail.
JAMALPUR BRANCH	Medical Road, Beauty Plaza, Jamalpur-2000
MAWNA BRANCH	"TAKBIR SUPER MARKET" Mulied, Mawna Chowrasta, Sreepur, Gazipur -1740
BOGRA BRANCH	Sheikh Mansion, 368/405, Ranapur Road, Bogora-5800
RANGPUR BRANCH	Plot # 4325 & 4328, Station Road, Rangpur
SYEDPUR BRANCH	"Sayedpur Plaza", 81, Sher-e- Bangla Road, Syedpur, Nilphamary-5310
SHERPUR BRANCH	Abdul Majid Market(Ground Floor), Holding No-1521(195), Sherpur Town Colony Dhaka- Bogra High Way,Sherpur,Bogra-5840.
NILPHAMARI BRANCH	Toyez Uddin Plaza, Hazi Mohsin Road, Nilphamari.
CHARMATHA, BOGRA	Sharif Market , Holding-3244, Dhaka-Rangpur Road.Bogra Sadar, Bogra-5800
RAJSHAHI BRANCH	House # F-695, Kumarpara, Ghoramara, Boalia, Rajshahi-6100
BELKUCHI BRANCH	"Sarker Mansion", WAPDA Road, Plot No # 551, 552, Chala, Belkuchi, Sirajgonj
ISHARDI BRANCH	Mahabub Khan Plaza, Station Road, Ishwardi, Pabna
NATORE BRANCH	Mokbul Plaza, Holding# 402, Natore.
COMILLA BRANCH	682/615, Jhaotala Road, Jhaotala, Comilla-3500
CHOWMUHUNI BRANCH	"Rupali Bhaban", Holdings # 807, Begumganj, Chowmohony, Noakhali -3821
COMPANYGANJ BRANCH	Shahed Plaza(First & Second Floor), Holding No-0006-00, Ward No-03, Zero Point,Thana Road, Bashurhat,Companyganj, Noakhali-3850.
HAJIGONJ BRANCH	7/1, Makimabad, Hajigonj, Chandpur
RAIPUR BRANCH	"Haji Ali Akbar Shopping Complex", Holding # 384, Raipur, Laxmipur
SONAGAZI BRANCH	Main Road West Bazar Islam & Sons Building (1st Floor), Sonagazi, Feni
BARURA BRANCH	Angkur Bhuiyan Complex, College Road, Barura Bazar, Ward # 3, Barura Pourashava, Comilla
CHANDINA BRANCH	Jainal Abedin Shopping Mall, Modhdho Bazar, Thana Road, Ward # 5, Chandina, Comilla
LAKSHAM , COMILLA	Laksham (Pilot) Model School Market, 1449, Laksham-Chauddagram Road, Laksham, Comilla-3570.
AGRABAD BRANCH	C&F Tower Progoti House, 1070 Seheikh Mujib Road, Agrabad, Chittagong
MOMIN ROAD BRANCH	02, Momin Road, Jamal Khan, Chittagong
KAZIR DEWRI BRANCH	BRAC TARC, 18, SS Khalid Road, Kazir Deori, Khulshi, Chittagong
MURADPUR BRANCH	Ramna Trade Center, 36/7, CDA Avenue, Muradpur, Chittagong
SITAKUNDO BRANCH	"Ali Market" (1st Floor), Holding # 511, D.T. Road, Sitakunda, Chittagong
MADAMBIBIRHAT BRANCH	T.K. Bhaban, Khadem Para, Vatiari, Sitakundo, ctg
SK MUJIB ROAD	Johra Tower, Holding No- 2525/2526/4230, SK Mujib Road , Double Mouring,Agrabad, Chittagong
CD AAVENUE BRANCH	GEC Plot # 3439, Hosna Kalam Complex (Ist floor), Nasirabad, Chittagong
CHAWKBAZAR BRANCH	Al Madina Tower, College Road Olikha Mosjid Road), Chawk Bazar, Chittagong.
JUBILEE ROAD BRANCH	1st Floor, Haji M Rahman Mansion, 184/A, Anayet Bazar, Chittagong

Branch Name	Address
COX'S BAZAR BRANCH	An Nahar Complex, 1462, Burmise Market prodhan Sarak, Cox's bazar
HALISHAHAR BRANCH	House # 1, Lane # 1, Road # 1, Block – L, Halishar Housing State, Chittagong
POTIYA BRANCH	Holding # 1358/Kha, Potia, Chittagong
TONGI BRANCH	Nasiruddin Sarker Tower, 2, Mymensingh road, Tongi, Gazipur-1700
BOARD BAZAR BRANCH	Holding # 142, Kalameshwar, Dhaka-Mymensing Road, Board Bazar, Gazipur-1704
JOYDEBPUR BRANCH	Rahmat Tower, Holding # 1034, Outpara, Gazipur
GHORASHAL BRANCH	Holding # 223 (G/F), Dakkshin Charpara, Hospital Road, Palas, Gorashal-1613, Narshingdi
KAPASIA BRANCH	Pihan Tower, Kapasia, Gazipur
DOHAR BRANCH	67, Ashraf Ali Chowdhury Plaza, Joypara, Dohar, Dhaka-1330
DONIA BRANCH	342, Donia Bisshaw Road, Jatrabari, Dhaka
NAWABGANJ BRANCH	Isamoti Plaza, Plot # 415 (Ground Floor), Dhaka-Bandura Main Road, Nababganj
ZINZIRA BRANCH	Mona Trade City (1st Floor), Dakpara, Zinjira High Way, Keraniganj, Dhaka-1310
BADDA SME SERVICE CENTER	Sand Stone, Holding# Gha 9/3, Progati Shmarani, Ward# 18, Badda, Thana # Gulshan, Dist.# Dhaka.
GAZIPUR SME / KRISHI BRANCH	Manik Bhaban, 95, Block# G, Rajbari Road, Joydevpur, Ward# 04, Gazipur.
KARWANBAZAR SME SERVICE CENTER	Ali Bhaban, Holding# 92, Kazi Nazrul Islam Avenue, Ward# 39, Thana# Tejgaon Dist.# Dhaka.
KHILGAON SME SERVICE CENTER	Plot # 926/C, Khilgaon Rehabilitation Area, Ward# 24, Thana- Khilgaon, Dist.# Dhaka
KONABARI SME / KRISHI BRANCH	Noor Mansion (Ground Floor), Mouza- Mirpur, Union- Konabari, Thana & Dist.# Gazipur.
MIRPUR SME SERVICE CENTER	B.N.S.B Bhaban, Plot# 1,2,3, Block# A, Section# 1, Ward# 12, Thana# Mirpur, Dist.# Dhaka.
MUKTAGACHA SME / KRISHI BRANCH	Holding-62, Muktagacha - Mymensing Road, Ward no# 04, Muktagacha, Mymensingh.
NETROKONA SME / KRISHI BRANCH	Hillol Market, Holding# 422, Teribazar, Ward# 06, Mouza# Satpai, Netrokona-2400.
PANTHAPATH SME SERVICE CENTER	AKHANKHA Banijya Bhaban 57/E, East Rajabazar, Thana# Tejgaon, Panthapath, Ward# 40, Dist.# Dhaka, 1st floor
SHANTINAGAR SME SERVICE CENTER	Shaan Tower (1st floor) 24/1 Chamilibagh, shantinagar. Dhaka - 1217
SHERPUR SME / KRISHI BRANCH	Bhuiyan Plaza (1st floor), 175, Munshi Bazar Road, Pourshava & P.S. - Sherpur, Dist. - Sherpur.
UTTARA SME SERVICE CENTER	Holding# 18, Sonargaon Janapath, Sector# 09, Uttara-1230.
BIJOYNAGAR SME SERVICE CENTER	TEPA Complex, Holding- Hal-169, Shahid Swaed Nazrul Islam Sharani, Ward-36, Thana- Palton, Dist.- Dhaka.
DEMRA SME / KRISHI BRANCH	Megna Plaza, Holding# 11, Ward#02, Konapara Bazar, Jatrabari, Dhaka.
DHOLAIKHAL SME SERVICE CENTER	Nahar Complex, Holding# 10/1, Ananda Mohon Basak Lan, Nayabazar, Ward# 71, Thana- Kotwali, Dist.- Dhaka.
ELEPHANT ROAD SME SERVICE CENTER	Ferdousi Plaza Bhaban, Holding# 334 Shaeed Janany Jahanara Imam Sharani, PS# Dhanmondi, Dhaka.

Branch Name	Address
FARIDPUR SME / KRISHI BRANCH	Swarnamoyee Plaza (1st floor) Holding No - 115 & 115/1, Mujib Sarak, Pourashava - Faridpur, P.S - Kotwali, Dist. - Faridpur.
GULISTAN SME SERVICE CENTER	Holding# 180, Siddique Bazar, Ward- 29, 5 no. Shahid Swaed Nazrul Islam Shmarani (North South Road), Thana- Bongshal, Dhaka- 1000
HAZARIBAG SME SERVICE CENTER	AR House, House no-55, Nobabgonj Road, Thana- Lalbag, Dhaka- 1211
JATRABARI SME SERVICE CENTER	Monsoor Complex, Holding# 249/B/2, South Jatrabari, Ward# 86, Thana# Jatrabari, Dhaka
MOHAMMADPUR SME SERVICE CENTER	Holding# 25/2, Ward# 42, Block# C, Tajmahol Road, Mohammadpur, Dhaka- 1207
RAJBARI SME / KRISHI BRANCH	Nazar Mawla Plaza (1st Floor), Holding No. - 0072-09, Main Road, Pourashava - Rajbari, PS. - Sadar, Dist - Rajbari.
SADARGHAT SME SERVICE CENTER	BRAC BANK Ltd. Rahmatullah Mansion" Holding No # 5/1/1, Simpson Road, (2nd floor) Sadarghat, Dhaka – 1100
SHYAMPUR SME / KRISHI BRANCH	16, Shampur Bazar, Faridabad, Shampur, Dhaka.
ASADGONJ SME SERVICE CENTER	M. K. Heights (1st floor), 418, Khatunganj, P.O. - Lama Bazar, P.S. - Kotwali, Dist. - Chittagong.
BAHADDARHAT SME SERVICE CENTER	4540, Mamtaz Tower (Ist Floor), Arakan Road, Bahaddarhat, Chandgaon, Chittagong
BANDARTILA SME SERVICE CENTER	Osman Plaza, 1st Floor, 800/new, MA Aziz Road, Airport road, Bondortila, Chittagong.
CHOKORIA SME / KRISHI BRANCH	Jahir Market Holding# 1136, Arakan Road, Chokoria, Cox's Bazar.
FENI SME / KRISHI BRANCH	Kazi Center (2nd Floor) 105/106, S. S. K Road, Feni - 3900.
HATHAZARI SME / KRISHI BRANCH	S.M Shopping Center & NoorNahar Plaza, Mouza- Fatika, Union- Dewan Nagar, Thana- Hathazari, Dist.- Chittagong.
KADAMTOLI SME SERVICE CENTER	Sultan Market, Holding# 1975, D.T Road, Ward- 23, Thana# Double Mooring, Dist.- Chittagong
LAXMIPUR SME / KRISHI BRANCH	F. K. Mansion (1st floor), Holding No. - 1128, Mouja - Banchanagar, Godown Road, Pourashava - Lakshimipur, P.S. - Sadar, Dist. - Lakshimipur.
LOHAGARA SME / KRISHI BRANCH	Best Chowdhury Plaza, Busstation (Amirabad), Lohagara, Chittagong.
MAIJDEE SME / KRISHI BRANCH	Mofiz Plaza (1st floor), Holding No. - 630-631, Mouja - Fakirpur, Main Road, Sadar, Pourashava - Noakhali, P.S. - Sudharam, Dist. - Noakahali.
PAHARTOLI SME SERVICE CENTER	Haji Abul Khair Bhaban, Holding# 3263/3833, South Kattoli, D.T Road, Ward# 10, Thana- Pahartoli, Dist.- Chittagong
ARAIHAZAR SME / KRISHI BRANCH	Abbas Market (1st Floor), Araihazar Bazar, Araihazar, Narayangonj.
BHULTA SME / KRISHI BRANCH	Haji Shopping Complex (1st Floor),Golakandail,Bhulta, Rupgonj, Narayangonj.
BONDOR SME SERVICE CENTER	Noor Mansion, 1458 Main Road, Laldigirpar, Ward#14, Sylhet.
BRAHMANBARIA SME / KRISHI BRANCH	Foyaz Plaza(1st floor) 1116-1117 Masjid Road, Brahmanbaria Sadar, Brahmanbaria.
CHANDPUR SME / KRISHI BRANCH	Shadana Plaza(1st floor), 514/459, Shahid Muktijoddha Sarak, Chandpur.
COMILLA SME / KRISHI BRANCH	Raj Money Super Market, Holding# 98, Ward# 02, Gorjankhola, Chalkbazar, Dist.# Comilla.
GOURIPUR SME / KRISHI BRANCH	Madona Twin Tower, Gouripur Homna Road, Daudkandi, Ward# 01, Gouripur.
KISHOREGANJ SME / KRISHI BRANCH	Azhar Bhaban, Holding# 613, Ward# 06, Borobazar, Thana & Dist.- Kishoregonj.

Branch Name	Address
NARSINGDI SME / KRISHI BRANCH	Kazi Super Market (1st floor), 3, C & B Road, Pourashava & P.S. - Narsingdi, Dist. - Narsingdi.
NITAIGONJ SME / KRISHI BRANCH	19, R.K Das Road, Netaigonj, Narayangonj-1400
SOUTH SHURMA SME/KRISHI BRANCH	1st Floor, Jaigirdar Plaza, Holding # 2999, Varthakhola, Station Road, Sylhet
BAGERHAT SME / KRISHI BRANCH	Shaikh Mansion, Holding# 226, Main road, Ward# 05, Rahater Mor, 1st floor, Pourashava & Thana# Bagerhat, Dist. Bagerhat
BENAPOLE SME/KRISHI BRANCH	Anu Bhaban, Holding# 492, Benapole, Jessore.
BHANGA SME / KRISHI BRANCH	Bhuiyan Market (1st floor), Holding No. - 414, Thana Road, Bhanga Bazar, Pourashava & P.S. - Bhanga, Dist. - Faridpur.
CHUADANGA SME / KRISHI BRANCH	Holding No. - 4276 (1st floor), Court Road, Pourashava & P.S. - Chuadanga, Dist. - Chuadanga.
GOPALGANJ SME / KRISHI BRANCH	Holding: 01, Ward: 02, Jahanara Plaza (1st Floor), Madrasha Road, Pourashava: Gopalgonj, Dist. Gopalgonj
JHALAKATHI SME / KRISHI BRANCH	Holding# 67,68, Monohori Potti Road, Jhalokathi Pourashava, Jhalokathi.
JHENAIDAH SME / KRISHI BRANCH	House No - 23 (1st floor), Agnibina Sarak, Jhenaidah.
KUSHTIA SME / KRISHI BRANCH	Tofazzel Heath Centre Bhabon (1st Floor), Holding 42/1, N.S. Road, Ward No-3, Kushtia Pouroshova, Thana-Kushtia, Dist.-Kushtia
MADARIPUR SME / KRISHI BRANCH	Kazi Abdur Rashid & Kazi Abdul Majid Plaza, Kazir Moar, Purana Bazar, Main Road, Madaripur.
MAGURA SME / KRISHI BRANCH	Alam Complex, Holding# 164, M.R Road, Ward# 09, Magura.
PIROJPUR SME / KRISHI BRANCH	"Chandni Super Market", Holding# 279, Khalifa Patty Road, Ward no# 05, Pirojpur Sadar, Pirojpur.
SWARUPKATHI SME / KRISHI BRANCH	Haque Mansion (1st Floor), Nuton Road, Miarhat, Kowrikhara, Nesarabad, Swarupkathi, Pirojpur.
CHAPAINAWABGONJ SME / KRISHI BRANCH	Asha Super Market, Holding# 15, Boro indara mor, Islampur, Ward# 15, Chapai Nawabgonj
DINAJPUR SME / KRISHI BRANCH	Holding No. - 47/46, 48/46 (1st floor), Munshipara, Pourashava & P.S. - Dinajpur, Dist. - Dinajpur.
GHATAIL SME / KRISHI BRANCH	Kajim Uddin Super Market, Holding# 752, Ward# 07, Thana# Gatail, Tangail.
GOBINDAGANJ SME / KRISHI BRANCH	Jawad Plaza (1st floor), Holding No.- 609, Thana Moar, Charmatha, Gobindaganj, Gaibandha.
JOYPURHAT SME / KRISHI BRANCH	Shahjahan Mansion (1st floor), Holding No. - 0554-00, Sadar Road, Joypurhat.
NAOGAON SME / KRISHI BRANCH	Ayen Mollah Tower (2nd Floor) Holding #3352 Main Road, Puraton Bus Stand ,Ward # 03 Naogaon Pourashova, PS # Naogaon Dis # Naogaon.
PABNA SME / KRISHI BRANCH	Brac Bank Limited, JB Complex, 1310, 1311 Thana Road, Pabna Sador, Pabna.
PANCHAGAR SME / KRISHI BRANCH	H# 644, Alochaya Super Market, 1st Floor,Alochaya Cinema Road, Panchagarh.
SHAHJADPUR SME / KRISHI BRANCH	Aziz Mansion (1st floor), Holding No.-136,137,137/1, Monirampur Bazar, Shahjadpur, Sirajganj.
SIRAJGANJ SME / KRISHI BRANCH	M.H Khan Plaza (1st Floor), Holding No. 521-522, S.S Road, Sirajgonj.
THAKURGAON SME / KRISHI BRANCH	Nurjahan Plaza, Holding# 1322, Shahid Mohammad Ali Sharak, Thakurgaon.

ABBREVIATIONS

BB	Bangladesh Bank
EPL	Equity Partners Limited
FDI	Foreign Direct Investment
NII	Net Interest Income
PBT	Profit before Tax
PAT	Profit after Tax
EPS	Earnings per Share
NAV	Net Assets Value
ROA	Return on Assets
ROI	Return on Investment
ROE	Return on Equity
NPL	Non Performing Loan
CRAR	Total Capital to Risk-weightd Asset Ratio
RWA	Risk Weighted Assets
CRAB	Credit Rating Agency of Bangladesh
EVA	Economic Value Added
MANCOM	Management Committee
ERM	Enterprise Risk Management
ERMC	Enterprise Risk Management Committee
CRR	Cash Reserve Requirement
SLR	Statutory Liquidity Ratio
OBU	Off Shore Banking Unit
FCY	Foreign Currency
FUM	Fund under Management
DTA	Deferred Tax Assets
GABV	Global Alliance on Banking for Values
GDP	Gross Domestic Products
Y/Y	Year on Year
BAC	Board Audit Committee
SAM	Special Asset Management
CSR	Corporate Social Responsibility
WHT	Withholding Tax

AMAR STOCK

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BRAC BANK
আস্থা অবিচল

Registered office: Anik Tower, 220/B, Tejgoan I/A, Dhaka-1208, Bangladesh
Company Secretariat, Share office: Anik Tower, 220/B, Tejgoan I/A,
Dhaka-1208, Bangladesh

Proxy Form

I/We.....of.....
.....being a member of BRAC Bank Limited and entitled to vote, do hereby appoint Mr./Ms..... ..... of ..... as my proxy to attend and vote for me on my/our behalf at the 18th Annual General Meeting of the company to be held on April 27, 2017 at 10:00 a.m. at BRAC Centre for Development Management (BCDM), Khagan, Savar or at any adjournment thereof.

Affix Revenue Stamp of TK.20.00

Signed this .....day of ..... (Month) 2017

Signature of proxy .....

Signature of Shareholder.....

BO ID No.....

No. of shares.....

Note: This Proxy Form, duly completed, must be deposited at least 72 (seventy two) hours before the schedule time of the meeting at the company's Share Department. Proxy shall be invalid if not signed and stamped as explained above. Signature of the shareholders should agree with the specimen signature registered with the company / Depository Participant(s)

BRAC BANK
আস্থা অবিচল

Registered office: Anik Tower, 220/B, Tejgoan I/A, Dhaka-1208, Bangladesh
Company Secretariat, Share office: Anik Tower, 220/B, Tejgoan I/A,
Dhaka-1208, Bangladesh

Attendance Slip

I hereby record my attendance at the 18th Annual General Meeting of the Company being held on April 27, 2017 at 10:00 a.m. at BRAC Centre for Development Management (BCDM), Khagan, Savar.

Name of the Member/Proxy.....

BO ID of Shareholder: .....

No of Shares: .....

Signature & Date: .....

Notes: Shareholders attending the meeting in person or by proxy are requested to complete the Attendance Slip and deposit the same at the entrance of the meeting Hall. Any friend or children accompanying with the honorable shareholders/Proxy will not be allowed to the meeting.

we.` : evsjv‡`k wmwKDwiwUR A¨vÛ G · ‡PÄ Kwgkb Gi mvKjvi bs- GmBwm/wmGgAviAviwmW/2009-193/154 Ges ZwiL 24 A‡±vei, 2013 Abhvqx Awmb ewlK mwavib mfvq †Kvb cKvi Dcnvi/Lvevi c`v‡bi e¨e¯v_vK‡e bv|

AMAR STOCK

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nymphea | www.nymphea-bd.com