

BRAC Bank Limited

**Auditors' Report and Financial Statements as at and
for the period ended 30 September 2009**



S. F. AHMED & CO.
Chartered Accountants

Associate Firm of Ernst & Young

INDEPENDENT AUDITORS' REPORT
To
The Shareholders of BRAC Bank Limited

We have audited the accompanying consolidated financial statements of BRAC Bank Limited ("the Bank") which comprise consolidated balance sheet as at 30 September 2009 and the consolidated profit and loss account, statement of changes in equity and cash flow statement for the period then ended, and also financial statements of BRAC Bank Limited ("the Bank"), which comprise the balance sheet as at September 30, 2009 and the Profit and Loss Account, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 auditor's 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 audit opinion.




Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) give a true and fair view of the consolidated financial position of BRAC Bank Limited as of September 30, 2009, and results of its financial performance and its cash flows for the period then ended and comply with the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

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. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- iii. the Bank's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditure incurred was for the purpose of the bank's business;
- v. the financial position of the Bank as at 30 September 2009 and the profit and loss account for the period then ended have been properly reflected in the financial statements and the financial statements have been prepared in accordance with generally accepted accounting principles;
- vi. the financial statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- vii. adequate provisions have been made for advances which are, in our opinion doubtful of recovery;
- viii. the financial statements conform to the prescribed standards set in accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- ix. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements; and
- x. the information and explanations required by us have been received and found satisfactory.

Dated, Dhaka
17 December 2009

S. F. Ahmed - 
S. F. Ahmed & Co.
Chartered Accountants



BRAC BANK LIMITED
Consolidated Balance Sheet
As on September 30, 2009

	Notes	Amount in Taka September-09
PROPERTY AND ASSETS		
Cash	3.a	6,383,085,769
Cash in hand		1,593,417,346
(Including foreign currency)		
Balance with Bangladesh Bank and its agent banks		4,789,668,423
(Including foreign currency)		
Balance with other banks and financial institutions	4.a	6,618,573,415
In Bangladesh		6,833,810,376
Outside Bangladesh		(215,236,961)
Money at call and short notice	5.0	650,000,000
Investments	6.a	10,763,908,040
Government		10,380,774,530
Others		383,133,510
Loans and advances	7.0	62,134,412,347
Loans, cash credit, overdrafts etc.		62,100,497,357
Bills purchased & discounted		33,914,990
Fixed Assets including Premises, Furniture & Fixtures	8.a	1,529,006,627
Other assets	9.a	4,079,655,438
Non-banking assets	10	-
Goodwill	11.a	311,888,515
Total Property and Assets		92,470,530,151
LIABILITIES AND CAPITAL		
Liabilities		
Borrowings from other banks, financial institutions & agents	12	2,050,000,000
Deposits and other accounts	13.a	73,378,748,295
Current accounts & other accounts		19,942,443,637
Bills payable		737,590,023
Savings deposits		11,178,114,904
Fixed deposits		40,965,472,288
Other deposits		555,127,443
Minority Interest	18	465,892,830
Other liabilities	14.a	8,526,541,946
Total Liabilities		84,421,183,071
Capital and Shareholders' Equity		
Paid up share capital	15.2	2,059,200,000
Preference Share Capital	15.9	500,000,000
Share Premium	15.8a	1,553,052,103
Statutory reserve	16	1,185,352,445
Revaluation reserve	17	1,866,469,212
Exchange Equalization Reserve		45,000
Capital Gain		47,940,000
Surplus in profit and loss account/Retained Earnings	19	837,288,320
Total shareholders' equity		8,049,347,080
Total Liabilities and Shareholders' Equity		92,470,530,151



BRAC BANK LIMITED
Consolidated Off Balance Sheet Items
As on September 30, 2009

	Note	Amount in Taka September-09
Contingent Liabilities		
Acceptances and endorsements		137,034,370
Letters of guarantee	20.2	741,907,497
Irrevocable letters of credit	20.3	2,091,959,288
Bills for collection	20.4	19,671,781
Tax liability	20.6	136,257,553
Other contingent liabilities		384,988,922
Total Contingent Liabilities	20.0	3,511,819,411
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		3,511,819,411

The financial statement should be read in conjunction with the annexed notes.


Managing Director & CEO



Director


Director


Chairman

Dated, Dhaka
17 December 2009




S. F. Ahmed & Co.
Chartered Accountants

BRAC BANK LIMITED

Balance Sheet

As on September 30, 2009

		Amount in Taka	
	Notes	September-09	December-08
PROPERTY AND ASSETS			
Cash	3.0	6,383,062,550	4,315,888,000
Cash in hand		1,593,394,127	908,567,282
(Including foreign currency)			
Balance with Bangladesh Bank and its agent banks		4,789,668,423	3,407,320,718
(Including foreign currency)			
Balance with other banks and financial institutions	4.0	6,073,231,667	3,194,971,109
In Bangladesh		6,288,468,628	2,925,484,027
Outside Bangladesh		(215,236,961)	269,487,082
Money at call and short notice	5.0	650,000,000	-
Investments	6.0	11,342,137,824	8,245,373,273
Government		10,380,774,530	7,880,195,243
Others		961,363,294	365,178,030
Loans and advances	7.0	62,134,412,347	52,676,716,740
Loans, cash credit, overdrafts etc.		62,100,497,357	52,665,236,558
Bills purchased & discounted		33,914,990	11,480,182
Fixed Assets including Premises, Furniture & Fixtures	8	1,509,444,143	1,472,024,279
Other assets	9	4,012,900,140	2,536,919,987
Non-banking assets	10	-	-
Total Property and Assets		<u>92,105,188,670</u>	<u>72,441,893,387</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	12	2,050,000,000	2,280,000,000
Deposits and other accounts	13	73,771,211,838	58,006,887,010
Current accounts & other accounts		20,012,645,215	7,652,002,775
Bills payable		737,590,023	424,455,761
Savings deposits		11,178,114,904	4,627,686,658
Fixed deposits		41,287,734,253	43,399,790,445
Other deposits		555,127,443	1,902,951,371
Other liabilities	14	8,434,563,837	6,717,480,731
Total Liabilities		<u>84,255,775,675</u>	<u>67,004,367,740</u>
Capital and Shareholders' Equity			
Paid up share capital	15.2	2,059,200,000	1,584,000,000
Preference Share Capital	15.9	500,000,000	500,000,000
Share Premium	15.8	1,406,000,000	1,406,000,000
Statutory reserve	16	1,185,352,445	908,762,088
Revaluation reserve	17	1,866,469,212	118,846,147
Exchange Equalization Reserve		45,000	45,000
Surplus in profit and loss account/Retained Earnings	19	832,346,337	919,872,411
Total shareholders' equity		<u>7,849,412,995</u>	<u>5,437,525,647</u>
Total Liabilities and Shareholders' Equity		<u>92,105,188,670</u>	<u>72,441,893,387</u>



BRAC BANK LIMITED

Off Balance Sheet Items

As on September 30, 2009

		Amount in Taka	
	Note	September-09	December-08
Contingent Liabilities			
Acceptances and endorsements		137,034,370	136,773,626
Letters of guarantee	20.2	741,907,497	425,080,706
Irrevocable letters of credit	20.3	2,091,959,288	1,570,706,657
Bills for collection	20.4	19,671,781	8,570,591
Tax liability	20.6	136,257,553	3,367,206
Other contingent liabilities		384,988,922	16,496,672
Total Contingent Liabilities	20.0	3,511,819,411	2,160,995,458
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		3,511,819,411	2,160,995,458

The financial statement should be read in conjunction with the annexed notes.

Managing Director & CEO

Director

Director

Chairman



Dated, Dhaka
17 December 2009

S. F. Ahmed & Co.
Chartered Accountants

BRAC BANK LIMITED
Consolidated Profit and Loss Account
For the period ended September 30, 2009

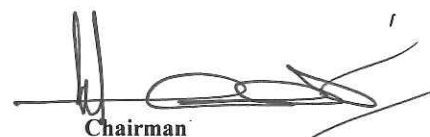
Particulars	Notes	Amount in Taka September-09
Interest income	22.a	6,775,158,846
Interest paid on deposits and borrowing etc.	23.0	4,497,045,847
Net interest income		2,278,112,999
Investment income	24.0	1,044,608,840
Commission, exchange and brokerage	25.a	1,709,425,654
Other operating income	26.0	54,658,997
Total operating income		5,086,806,490
Salaries and allowances	27.a	1,325,957,175
Rent, taxes, insurance, electricity etc.	28.a	216,349,505
Legal expenses	29.a	11,341,280
Postage, stamps, telecommunication etc.	30.a	132,357,013
Stationery, printing, advertisement etc.	31.a	224,181,689
Chief Executive's salary & fees		6,167,600
Directors' fees & expenses	32.a	670,400
Auditors' fee	33.a	656,800
Depreciation on and repairs to bank's assets	34.a	327,407,482
Other expenses	35.a	447,494,962
Total operating expenses		2,692,583,906
Profit/(loss) before provisions		2,394,222,584
Provision for:		
Loans and advances	36.0	954,000,000
Diminution in value of Investments		-
Off Balance Sheet Items		10,000,000
Others		-
Total provision		964,000,000
Profit/(loss) before taxes		1,430,222,584
Provision for Tax:		
Current		766,054,688
Deferred		(70,000,000)
Total provision for Tax	37.a	696,054,688
Total profit/(loss) after taxes		734,167,896
Appropriations:		
Statutory reserve		276,590,356
General reserve		-
Dividend etc.		-
		276,590,356
Retained earnings		457,577,540
Transferred to Minority Interest		20,195,897
Net Retained Earnings		437,381,643
Basic earnings per share	38.a	45.68

The financial statement should be read in conjunction with the annexed notes.


Managing Director & CEO


Director


Director


Chairman



Dated, Dhaka
17 December 2009


S. F. Ahmed & Co.
Chartered Accountants

BRAC BANK LIMITED
Profit and Loss Account
For the period ended September 30, 2009

		Amount in Taka	
Particulars	Notes	September-09	September-08
Interest income	22.0	6,753,221,529	5,739,062,299
Interest paid on deposits and borrowing etc.	23.0	4,497,045,847	3,356,693,580
Net interest income		2,256,175,682	2,382,368,719
Investment income	24.0	1,044,608,840	657,838,379
Commission, exchange and brokerage	25.0	1,644,491,408	1,497,479,646
Other operating income	26.0	54,658,997	13,583,917
Total operating income		4,999,934,927	4,551,270,661
Salaries and allowances		1,309,082,694	1,028,127,887
Rent, taxes, insurance, electricity etc.	28.0	213,818,842	137,937,175
Legal expenses		11,231,280	7,559,239
Postage, stamps, telecommunication etc.	30.0	131,659,458	106,471,697
Stationery, printing, advertisement etc.	31.0	223,563,912	159,584,164
Chief Executive's salary & fees		6,167,600	5,688,800
Directors' fees & expenses	32.0	340,400	582,515
Auditors' fee		585,000	544,500
Depreciation on and repairs to bank's assets	34.0	323,262,304	226,179,796
Other expenses	35.0	433,271,659	386,404,095
Total operating expenses		2,652,983,149	2,059,079,869
Profit/(loss) before provisions		2,346,951,778	2,492,190,792
Provision for:			
Loans and advances	36.0	954,000,000	976,048,420
Diminution in value of Investments		-	-
Off Balance Sheet Items		10,000,000	14,407,000
Others		-	-
Total provision		964,000,000	990,455,420
Profit/(loss) before taxes		1,382,951,778	1,501,735,372
Provision for Tax:			
Current		760,000,000	990,000,000
Deferred		(70,000,000)	(150,000,000)
Total provision for Tax		690,000,000	840,000,000
Total profit/(loss) after taxes		692,951,778	661,735,372
Appropriations:			
Statutory reserve		276,590,356	300,347,074
General reserve		-	-
Dividend etc.		-	-
		276,590,356	300,347,074
Retained earnings		416,361,422	361,388,298
Basic earnings per share	38.0	43.01	41.10

The financial statement should be read in conjunction with the annexed notes.


Managing Director & CEO



Director


Director


Chairman



Dated, Dhaka
17 December 2009


S. F. Ahmed & Co.
Chartered Accountants

BRAC BANK LIMITED
Consolidated Cash Flow Statement
For the Period ended September 30, 2009

	<u>Note</u>	<u>Amount in Taka</u> <u>September-09</u>
A. Cash flows from operating activities		
Interest receipts		7,673,884,072
Interest payment		(4,281,773,258)
Dividends received		4,000,027
Fees & commissions receipts		1,709,425,654
Cash payments to employees		(1,222,540,258)
Cash payments to suppliers		(284,263,311)
Income tax paid		(902,210,716)
Receipts from other operating activities	40.0	54,658,997
Payment for other operating activities :	41.a	(688,045,235)
Operating profit/(loss) before changes in operating assets and liabilities (i)		2,063,135,972
Increase/decrease in operating assets & liabilities		
Loans and advances		(9,457,695,606)
Other assets		(191,910,674)
Deposits from customers		15,371,861,285
Other liabilities		(741,178,195)
Cash utilised in operatin assets & liabilities (ii)		4,981,076,810
Net cash (used)/flows from operating activities (i+ii)		7,044,212,781
B. Cash flows from investing activities		
Treasury bills		-
Treasury bonds		(752,366,822)
Sale/ (Investment) in shares		(5,263,294)
Investment in debenture		-
Investment in bonds		-
Investment in zero coupon bonds		678,030
Investment in prize bond		(589,400)
Acquisition of fixed assets		(293,241,767)
Disposal of Fixed Assets		1,874,500
Net cash used in investing activities		(1,048,908,753)
C. Cash flows from financing activities		
Proceeds from issue of ordinary shares		-
Proceeds from issue of Preference shares		-
Proceeds from issue of Right shares		-
Share Premium		-
Payment of dividend on preference share		(28,687,500)
Payment for lease finance		-
Borrowings from other banks		(230,000,000)
Borrowings from Bangladesh Bank		-
Net cash flows from financing activities		(258,687,500)
Net increase/decrease in cash		5,736,616,528
Cash and cash equivalents at beginning of period		7,915,042,656
Cash and cash equivalents at end of period	39.a	13,651,659,184



BRAC BANK LIMITED
Cash Flow Statement
For the Period ended September 30, 2009

		Amount in Taka	
	Note	September-09	September-08
A. Cash flows from operating activities			
Interest receipts		7,651,946,755	6,285,288,475
Interest payment		(4,281,773,258)	(2,942,836,685)
Dividends received		4,000,027	3,400,000
Fees & commissions receipts		1,644,491,408	1,497,479,646
Cash payments to employees		(1,202,234,542)	(965,365,982)
Cash payments to suppliers		(282,947,979)	(256,883,379)
Income tax paid		(894,329,359)	(644,251,033)
Receipts from other operating activities	40.0	54,658,997	13,583,917
Payment for other operating activities :	41.0	(668,444,202)	(510,777,252)
Operating profit/(loss) before changes in operating assets and liabilities (i)		2,025,367,847	2,479,637,708
Increase/decrease in operating assets & liabilities			
Loans and advances		(9,457,695,606)	(18,462,807,394)
Other assets		(439,767,207)	(311,327,957)
Deposits from customers		15,764,324,828	18,437,352,253
Other liabilities		(402,581,271)	323,008,249
Cash utilised in operatin assets & liabilities (ii)		5,464,280,744	(13,774,848)
Net cash (used)/flows from operating activities (i+ii)		7,489,648,591	2,465,862,860
B. Cash flows from investing activities			
Treasury bills		-	848,242,240
Treasury bonds		(752,366,822)	(2,964,944,427)
Sale/ (Investment) in shares		(596,863,294)	-
Investment in debenture		-	-
Investment in bonds		-	-
Investment in zero coupon bonds		678,030	6,368,895
Investment in prize bond		(589,400)	(773,000)
Acquisition of fixed assets		(288,259,001)	(577,941,631)
Disposal of Fixed Assets		1,874,500	946,357
Net cash used in investing activities		(1,635,525,987)	(2,688,101,566)
C. Cash flows from financing activities			
Proceeds from issue of ordinary shares		-	-
Proceeds from issue of Preference shares		-	-
Proceeds from issue of Right shares		-	264,000,000
Share Premium		-	1,056,000,000
Payment of dividend on preference share		(28,687,500)	(27,000,000)
Payment for lease finance		-	(4,329,136)
Borrowings from other banks		(230,000,000)	980,000,000
Borrowings from Bangladesh Bank		-	-
Net cash flows from financing activities		(258,687,500)	2,268,670,864
Net increase/decrease in cash		5,595,435,104	2,046,432,158
Cash and cash equivalents at beginning of period		7,510,859,113	6,279,134,052
Cash and cash equivalents at end of period	39.0	13,106,294,217	8,325,566,210



BRAC BANK LIMITED

Consolidated Statement of Changes in Equity For the Period ended September 30, 2009

Particulars	Amount in Taka								
	Paid up share capital	Redeemable preference share capital	Share Premium	Statutory Reserve	Exchange Equalization Reserve	Revaluation Reserve	Capital Gain	Retained Earnings	Total
Balance at January 01, 2009	1,584,000,000	500,000,000	1,406,000,000	908,762,089	45,000	118,846,147	-	919,872,415	5,437,525,651
Currency transaction differences	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-	421,303,405	421,303,405
Statutory reserve	-	-	-	276,590,356	-	-	-	-	276,590,356
Exchange equalization reserve	-	-	-	-	-	-	-	-	-
Revaluation reserve of securities	-	-	-	-	-	1,747,623,065	-	-	1,747,623,065
Dividends (Bonus Share)	475,200,000	-	-	-	-	-	-	(475,200,000)	-
Dividend on Preference share	-	-	-	-	-	-	-	(28,687,500)	(28,687,500)
Issue of ordinary share capital of BRAC	-	-	147,052,103	-	-	-	-	-	147,052,103
EPL Investments Limited	-	-	-	-	-	-	-	-	-
Issue of preference share capital	-	-	-	-	-	-	-	-	-
Issue of right share capital	-	-	-	-	-	-	-	-	-
Capital gain	-	-	-	-	-	-	47,940,000	-	47,940,000
Share Premium	-	-	-	-	-	-	-	-	-
Balance at September 30, 2009	2,059,200,000	500,000,000	1,553,052,103	1,185,352,445	45,000	1,866,469,212	47,940,000	837,288,320	8,049,347,079
Balance at September 30, 2008	1,584,000,000	500,000,000	1,406,000,000	804,418,997	45,000	2,127,810	-	732,300,048	5,028,891,856



BRAC BANK LIMITED

Statement of Changes in Equity For the Period ended September 30, 2009

Particulars	Paid up share capital	Redeemable preference share capital	Share Premium	Statutory Reserve	Exchange Equalization Reserve	Revaluation Reserve	Retained Earnings	Amount in Taka	
								Total	
Balance at January 01, 2009	1,584,000,000	500,000,000	1,406,000,000	908,762,089	45,000	118,846,147	919,872,415	5,437,525,651	
Adjustment in respect of earlier years	-	-	-	-	-	-	-	-	
Currency transaction differences	-	-	-	-	-	-	-	-	
Net profit for the year	-	-	-	-	-	-	416,361,422	416,361,422	
Statutory reserve	-	-	-	276,590,356	-	-	-	276,590,356	
Exchange equalization reserve	-	-	-	-	-	-	-	-	
Revaluation reserve of securities	-	-	-	-	-	1,747,623,065	-	1,747,623,065	
Dividends (Bonus Share)	475,200,000	-	-	-	-	-	(475,200,000)	-	
Dividend on Preference share	-	-	-	-	-	-	(28,687,500)	(28,687,500)	
Issue of ordinary share capital	-	-	-	-	-	-	-	-	
Issue of preference share capital	-	-	-	-	-	-	-	-	
Issue of right share capital	-	-	-	-	-	-	-	-	
Share Premium	-	-	-	-	-	-	-	-	
Balance at September 30, 2009	2,059,200,000	500,000,000	1,406,000,000	1,185,352,445	45,000	1,866,469,212	832,346,337	7,849,412,994	
Balance at September 30, 2008	1,584,000,000	500,000,000	1,406,000,000	804,418,997	45,000	2,127,810	732,300,048	5,028,891,856	



BRAC BANK LIMITED

Consolidated Liquidity Statement (Assets & Liabilities Maturity Analysis) As on September 30, 2009

Amount in Taka						
	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
Assets						
Cash in hand	6,383,085,769	-	-	-	-	6,383,085,769
Balance with other bank, Other Banks and financial Institutions (Including foreign currencies)	3,198,573,415	750,000,000	2,670,000,000	-	-	6,618,573,415
Money at call and on short notice	650,000,000	-	-	-	-	650,000,000
Investments	466,800,400	14,500,000	318,633,510	151,044,950	9,812,929,180	10,763,908,040
Loans and advances	4,349,403,824	12,426,868,069	26,096,422,946	18,640,302,104	621,415,403	62,134,412,347
Fixed assets including premises, furniture & fixtures	30,198,922	60,897,947	183,888,403	877,491,980	376,529,375	1,529,006,627
Other assets	816,518,014	1,017,567,189	1,996,390,942	249,179,293	-	4,079,655,438
Non - banking assets	-	-	-	-	-	-
Goodwill	-	-	-	311,888,515	-	311,888,515
Total Assets	15,894,580,345	14,269,833,205	31,265,335,800	20,229,906,842	10,810,873,959	92,470,530,151
LIABILITIES						
Borrowings from Bangladesh bank, other banks, financial institutions and agents	1,700,000,000	350,000,000	-	-	-	2,050,000,000
Deposits & other accounts	13,158,270,506	13,083,876,003	18,124,010,939	26,751,623,321	2,260,967,526	73,378,748,295
Minority interest	-	-	-	-	465,892,830	465,892,830
Other liabilities	734,648,518	1,168,867,869	2,614,455,583	1,714,771,461	2,293,798,514	8,526,541,946
Total Liabilities	15,592,919,024	14,602,743,872	20,738,466,522	28,466,394,782	5,020,658,870	84,421,183,071
Amount of net liquidity difference	301,661,320	(332,910,667)	10,526,869,278	(8,236,487,940)	5,790,215,088	8,049,347,080

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



BRAC BANK LIMITED

Liquidity Statement (Assets & Liabilities Maturity Analysis) As on September 30, 2009

	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
Assets						
Cash in hand	6,383,062,550	-	-	-	-	6,383,062,550
Balance with other bank, Other Banks and financial Institutions (Including foreign currencies)	2,653,231,667	750,000,000	2,670,000,000	-	-	6,073,231,667
Money at call and on short notice	650,000,000	-	-	-	-	650,000,000
Investments	466,800,400	14,500,000	300,000,000	151,044,950	10,409,792,474	11,342,137,824
Loans and advances	4,349,403,824	12,426,868,069	26,096,422,946	18,640,302,104	621,415,403	62,134,412,347
Fixed assets including premises, furniture & fixtures	29,843,922	60,187,947	180,688,404	862,194,494	376,529,375	1,509,444,143
Other assets	816,518,014	1,017,567,189	1,929,635,644	249,179,293	-	4,012,900,140
Non - banking assets	-	-	-	-	-	-
Total Assets	15,348,860,378	14,269,123,205	31,176,746,993	19,902,720,841	11,407,737,253	92,105,188,670
LIABILITIES						
Borrowings from Bangladesh bank, other banks, financial institutions and agents	1,700,000,000	350,000,000	-	-	-	2,050,000,000
Deposits & other accounts	13,550,734,049	13,083,876,003	18,124,010,939	26,751,623,321	2,260,967,526	73,771,211,838
Other liabilities	734,648,518	1,168,867,869	2,522,477,474	1,714,771,461	2,293,798,514	8,434,563,837
Total Liabilities	15,985,382,567	14,602,743,872	20,646,488,414	28,466,394,782	4,554,766,040	84,255,775,675
Amount of net liquidity difference	(636,522,190)	(333,620,667)	10,530,258,580	(8,563,673,941)	6,852,971,212	7,849,412,995

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



BRAC BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the period ended September 30, 2009

SECTION -ONE : CORPORATE PROFILE & SIGNIFICANT ACCOUNTING POLICIES

1.0 Corporate Information

BRAC Bank Limited is a scheduled commercial bank established under the Bank 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 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 has started its operations from 04 July, 2001. At present the Bank has 56 (fifty six) branches, 30 SME service centers, 145 zonal offices and 429 unit offices of SME.

BRAC Bank acquired 51% shares of Equity Partners Ltd. And Equity Partners Securities Ltd. As on 31 July 2009. Equity Partners Ltd. Incorporated in Bangladesh on 19 April 2000 as a private limited company under the Companies Act 1994. Equity Partners Securities Ltd. incorporated in Bangladesh on 16 May 2000 as a private limited company under the Companies Act 1994. Subsequently the management decided to rename the Equity Partners Limited as BRAC EPL Investment Limited and Equity Partners Securities Limited as BRAC EPL Stock Brokerage Limited.

The registered address of the Bank is situated at 1 Gulshan Avenue, Gulshan-1, Dhaka-1212, Bangladesh.

BRAC bank is listed with Dhaka Stock Exchange & Chittagong Stock Exchange as a publicly traded company on 28 January 2007 and 24 January 2007 respectively for its general class of shares.

A fully operational Commercial Bank, BRAC Bank 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. The Bank has 30 SME service centers and 429 regional marketing unit offices offering services in the heart of rural and urban communities and employs about 1,821 business loan officers.

The Bank operates under a "double bottom line" agenda where profit and social responsibility shake hands as it strives towards a poverty-free, enlightened Bangladesh.

1.1 Principal Activities and Nature of operations

BRAC Bank Limited:

The principal activities of the Bank are banking and related activities such as accepting deposits, personal banking, trade financing, SME, Retail & Corporate credit, lease financing, project financing, issuing debit & 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.

BRAC EPL Investment Limited:

BRAC EPL Investment 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 Securities & Exchange Commission, the appropriate Government Regulatory agency. The company's services comprise of lead managing Initial Public Offerings, Domestic and International Placement, Portfolio Management and Project Development and Consultancy

BRAC EPL Securities Limited:

BRAC EPL Investment Limited was established to cater to the needs of the stock brokerage business in Bangladesh. It has corporate membership of Dhaka Stock Exchange and Chittagong Stock Exchange Limited.



2.0 Summary of Significant Accounting Policies & 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) Statement of Compliance & basis of preparation

The financial statements of the Bank are made up to 30 September 2009 and are prepared under the historical cost convention and in accordance with the "First Schedule (sec-38) of the Bank Companies Act, 1991 and amendment in 2007, BRPD Circular # 14 dated 25 June, 2003, other Bangladesh Bank Circulars, International Accounting Standards (IAS) and International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), Companies Act, 1994, the Securities and Exchange Ordinance 1969, the Securities and Exchange Rules 1987 and other prevailing laws and rules applicable in Bangladesh.

b) Going Concern

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

c) Functional and presentation currency

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

d) Use of estimates and judgments

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

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

e) Materiality and aggregation

Each material item as considered by management significant has been displayed separately in the financial statements. No amount 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.

f) Comparative information

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



2.2 Basis of consolidation

The consolidated financial statements include the financial statements of BRAC Bank Limited and its subsidiaries BRAC EPL Investments Limited and BRAC EPL Stock Brokerage Limited made up to the end of the reporting period.

The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard 27: Consolidated financial statements and accounting for investments in subsidiaries. The consolidated financial statements are prepared to a common reporting period ending 30 September 2009.

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 subsidiary should present consolidated financial statements according to BAS-27 "Consolidated financial statements and accounting for investments in subsidiaries". The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that the control effectively ceases.

Investment in Associates

Associates are all entities over which the bank has significant influence but not control, generally accompanying a holding of 20% or more of the voting power (directly or through subsidiaries) will indicate significant influence unless it can be clearly demonstrated otherwise as per BAS-28 "Investment in Associates". ***BRAC Bank has no associates according to the definition of associates.***

2.3 Foreign Currency Translations

(a) Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective dates of such transaction as per BAS-21 "The effect of Changes in Foreign Exchange Rates".

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

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

2.4 Accounting for Provisions, Contingent Liabilities and Contingent Assets:

As per BAS 37 "Provisions, Contingent Liabilities and Contingent assets" issued by the Institute of Chartered Accountants of Bangladesh, 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 earnings for the year comprises current and deferred tax and is based on the applicable tax law in Bangladesh. It is recognised in the income statement as tax expense.



2.5.1 Current Tax:

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

Provision for current income tax has been made @ 42.5% as prescribed in the Finance Ordinance-2009 on the taxable profit.

2.5.2 Deferred Tax:

The Bank accounted for deferred tax as per Bangladesh Accounting Standard (BAS) - 12. 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.

Details are shown in note 14.6.2.

2.6 Reporting period

These financial statements cover one calendar year from 01 January to 30 September 2009.

2.7 Assets and the basis of their valuation

2.7.1 Cash and cash equivalents

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

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

2.7.2 Investment

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

Held to Maturity

Investments which have 'fixed or determinable payments' and are intended to be '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 present value is recognized in the statement of income for the period in which it arises. Transaction costs, if any, are not added to the present value measurement at initial recognition of investments as per IAS -39 " Financial Instruments : Recognition and measurement"

Revaluation

According to DOS Circular no.-05, dated 26th May 2008, the HFT securities are revaluated 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 through profit and loss account.
Government Treasury Bills (HTM)	Cost	Amortised cost	Increased or decreased in value to equity.
Government Treasury Bonds (HTM)	Face value	None	None
Zero Coupon Bond	Face value	None	None
Prize Bond & Other Bond	Cost	None	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 but no unrealized gain recorded.

Details are shown in note - 6

2.7.3 Loans and Advances

- Interest on loans and advances is calculated on daily product basis, but charged and accounted for monthly and quarterly on accrual basis.
- Provision for loans and advances is made based on the arrear in equivalent year and reviewed by the management and instruction contained in Bangladesh Bank BRPD Circulars No. 16 of 6 December 1998, 09 of 14 May 2001, 09 and 10 of 20 August 2005, 05 of 5 June 2006, 8 of August 07, 2007, 10 of 18 September 2007 and 05 of 29th April 2008 respectively.
- Interest is calculated on classified loans and advances as per BRPD circular No. 16 of 1998, 09 of 2001 and 10 of 2005 and recognized as income on realization.

The classification rates are given below:

Consumer	Business Unit	Rate of Provision				
		Un-classified (UC)		Classified		
		Standard	Special Mention Account (SMA)	Substandard (SS)	Doubtful (DF)	Bad loan (BL)
	House building & professional	2%	5%	20%	50%	100%
	Other than house building & professional	5%	5%	20%	50%	100%
	Small and medium enterprise	1%	5%	20%	50%	100%
	All others	1%	5%	20%	50%	100%
	Off Balance Sheet	1%	-	-	-	-



- d) Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery, (ii) and against which legal cases are filed and classified as bad loss for more than five years as per guidelines of Bangladesh Bank. These write off however, will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.

2.7.4 Leases

Leases are classified as finance leases as per BAS-17 whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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 (note-7.3). Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

The Bank as Lessee

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

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

2.7.5 Property, plant & equipments

a) Recognition

Bank recognize an asset as fixed when it qualifies the criteria of CapEx and probable economic benefits will flow to the enterprise. Bank does not recognize any assets until and unless full acquisition cost has been paid out.

Fixed assets have been accounted for at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

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

b) Depreciation

Land is not depreciated. Depreciation is charged on straight-line method. 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:

Depreciation Policy of BRAC EPL Investment Limited & BRAC EPL Stock Brokerage Limited

Depreciation is charged on fixed assets from the following year of acquisition under reducing balance method at the rate varying from 10% to 25% depending on the nature of assets.

Rate of depreciation

<u>Category of assets:</u>	<u>BRAC Bank Limited</u>	<u>BRAC EPL Investment Ltd.</u>	<u>BRAC EPL Securities Ltd.</u>
Furniture & fixture	10.00%	10.00%	10.00%
Office equipments	20.00%	10.00%	10.00%
IT equipments **	20.00%	25.00%	25.00%
Motor vehicles	20.00%	20.00%	20.00%
Office Decoration	-	15.00%	15.00%
Air Cooler & Ceiling Fan	-	20.00%	20.00%



c) **Sale of Fixed Assets**

Sale price of fixed assets are determined on the basis of fair value of the assets. Gain or loss on sale of assets are recognized in profit & loss account as per provision of IAS 16 Property Plant & Equipments.

d) **Revaluation**

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

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

The frequency of revaluation depends upon the movements in the fair value of the items of property, plant & equipment being revalued.

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

e) **Impairment**

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

f) **Others**

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

As per Bangladesh Accounting Standards (BAS) - 17 "Lease", all fixed assets taken on lease has been accounted for as finance lease whereas those were being recognized as operating lease in the earlier years. **Details of leased assets have been shown in "Annex-D"** to the financial statements. Assets held under finance leases are depreciated on the basis of lease term.

2.7.6 Other assets

Other assets include all other financial assets and include interest, fees and other unrealised income receivable, Prepaid interest expenses on Interest First Fixed Deposits, advance for operating and capital expenditure, security deposits and stocks of stationery & stamps. **Details are shown in note-9.**

2.7.7 Stock

Stocks are valued at cost or net realizable value whichever is lower. Cost is determined by using weighted average method. **Details are shown in note -9.2.**

2.8 Liabilities & provisions

2.8.1 Borrowings from other banks, financial institutions & agents

Borrowings from other banks, financial institutions and agents include interest-bearing borrowings redeemable at call, on-demand and short-term deposits lodged for periods of less than 6 months. These items are brought to account at the gross value of the outstanding balance. **Details are shown in note-12.**

2.8.2 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. **Details are shown in note- 13.**

2.8.3 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 and Income Tax Ordinance-1984 and internal policy of the banks. 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. **Details are shown in note- 14.**



2.9 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.

2.9.1 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. **Details are shown in note- 15.**

2.9.2 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.

2.9.3 Share Premium

Share premium is the capital that the bank raises upon issuing shares that is in excess of the nominal value of the shares. The Share Premium shall be utilized in accordance with provisions of section 57 of the Companies Act, 1994 and as directed by the Securities and Exchange Commission in this respect.

2.9.4 Statutory reserve

The Statutory reserve has been maintained @ 20% of Profit Before Tax in accordance with provisions of section 24 of the Bank Companies Act, 1991 until such reserve equal to its paid up capital together with amount in the share premium account.

2.9.5 Other reserve

Other reserve represents revaluation reserve on Treasury bond - HFT & HTM in accordance with the DOS Circular no.- 05, dated 26th May 2008.

2.10.1 Employees Retirement Benefit

Provident Fund

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 11 (eleven) 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. Interest earned from the investments is credited to the members' account on half yearly basis. Members are eligible to get both the contributions after 03 (three) years of continuous service from the date of their membership.

Gratuity Fund

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 March 06, 2006. The fund is operated by a Board of Trustees consisting of 7 (seven) 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. So that actuarial valuation is not considered essential.



2.10.2 Employees Other Benefit

Security Fund

The objective of the fund to provide death or permanent disability benefits to its confirmed employees/his/her families with a sum equal to 36 times of the last drawn basic salary to the nominee. The Bank contributes to this fund at a predetermined rate which equals to Tk.5 for each Taka one thousand of last basic salary per staff per year. There shall be at least 7 (seven) Members Management Committee to manage the fund. The Managing Director & CEO of the Bank will be the chairperson of this committee and other 6 members are nominated from the regular category staff.

Welfare Fund

The objective of the Employees' Welfare Fund is to provide regular category employees from JO to SPO 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 7 (seven) Members Management Committee to manage the fund. The Managing Director & CEO of the Bank will be the chairperson of this committee and other 6 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 health insurance coverage policy.

Incentive bonus

BRAC bank started a incentive bonus scheme for its employees. 3% of net profit before tax is given to the employees in every year as incentive bonus. This bonus amount is being distributed among the employees based on their performance. The bonus amount is paid annually, normally 1st quarter of the every following year and the cost are accounted for the period to which it relates.

Annual leave

The provision for leave fare represents the current outstanding liability to employees at Balance Sheet date. Leave Fare Assistance is a non-recurring benefit for all permanent employees of the Bank who is entitled to annual leave. According to Bangladesh Bank policy all permanent employees have to avail 15 consecutive days of mandatory leave and LFA will 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 completing 1 year of service can avail personal loan taking approval from **department head and head of HR.**

House building Loan: A permanent staff completing 5 year of service can avail house building loan taking approval from **department head and head of HR.**

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

2.11 Revenue Recognition

Interest Income

In terms of provision of **Bangladesh Accounting Standard (BAS -18)** on revenue and disclosures in the financial statements of the Bank, the interest receivable is recognized on accrual 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 receipt basis.



Investment Income

Income on investments is recognized on accrual basis. Invest income includes interest on Treasury bills, treasury bonds, zero coupon, shares, debentures and fixed deposit with other banks.

Income on Bills purchased & Discounted

Income on Bills purchased & Discounted is recognised upon realization since there is no uncertainty as to its realization and accrual on monthly basis.

Interest & fees receivable on credit cards

Interest & fees receivable on credit cards are recognised on accrual basis. Interest and fees are ceases to be taken into income when the recovery of interest & fees is in arrear for over three months. Thereafter, interest & fees are accounted for on cash basis.

Fees & Commission Income

The bank earn fees & commission from diverse range of services provided to its customer. This include fees & 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 & commission income arises on services rendered by the Bank recognized on a realization basis.

Dividend income on Shares

Dividend income from shares is recognized when our right to receive the payment is established.

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 recognised 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 accrual basis.

2.12 Earning Per Share

Earning per Share (EPS) has been computed by dividing the basic earning by the weighted average number of Ordinary Shares outstanding as on 30th September, 2009 as per **Bangladesh Accounting Standard (BAS) - 33 "Earning Per Share"**.

Details are shown in note -38

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. (**Note - 38.0**).

The basis of computation of number of shares is in line with the provisions of BAS 33 "Earnings per share". The logic behind this basis is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources generating new earnings. In contrast, other shares were issued against consideration in cash or in kind, and accordingly there is an increase in resources generating new earnings. Therefore, the total number of shares issued in 2009 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

No diluted earning per share is required to be calculated for the year as there was no scope for dilution during the year under review.



2.13 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 & financial institutions, money at call & short notice etc. are on the basis of their maturity term.
- b) Investments are on the basis of their residual maturity term.
- c) Loans & 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 & 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 & other liabilities are on the basis of their settlement.

2.14 Segment Reporting

The bank has only one reportable business segments and the bank is operating with the geographical territory of Bangladesh. Hence segment reporting in accordance with BAS-14 "Segment Reporting" is not applicable.

2.15 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.

2.16 Reconciliation of inter-bank/inter-branch account

Books of accounts with regard to interbank (in Bangladesh and outside Bangladesh) are reconciled on 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.

(Details are shown in note-9.4.1)

2.17 Compliance with Bangladesh Accounting standard (BAS) and Bangladesh Financial Reporting Standard (BFRS)

Bangladesh Accounting Standard (BAS)	Ref.	Status
Presentation of Financial Statements	BAS-1	Applied
Inventories	BAS-2	Applied
Cash Flow Statements	BAS-7	Applied
Net profit or loss for the period, Errors and Changes in Accounting Policies	BAS-8	Applied
Events after Balance Sheet date.	BAS-10	Applied
Construction Contracts	BAS-11	Not Applicable
Income taxes	BAS-12	Applied
Segment Reporting	BAS-14	Applied
Property Plant & Equipments	BAS-16	Applied
Leases	BAS-17	Applied
Revenue	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 Rate.	BAS-21	Applied
Business combination	BAS-22	Not Applicable
Borrowing Cost	BAS-23	Applied
Related party Disclosures	BAS-24	Applied
Accounting for Investment	BAS-25	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	Applied



2.17 Compliance with Bangladesh Accounting standard (BAS) and Bangladesh Financial Reporting Standard (BFRS) Contd.

Bangladesh Accounting Standard (BAS)	Ref.	Status
Consolidated Financial Statements and Accounting for Investments in	BAS-27	Not Applicable
Accounting for Investment in Associates	BAS-28	Not Applicable
Disclosures in the Financial Statements of Banks and Similar Financial	BAS-30	Applied
Financial Reporting of Interest in Joint Ventures	BAS-31	Not Applicable
Financial Instruments: Presentation	BAS-32	Applied
Earning Per Share	BAS-33	Applied
Interim Financial Reporting	BAS-34	Applied
Impairments of Assets	BAS-36	Applied
Provision, Contingent Liabilities and Contingent Assets	BAS-37	Applied
Intangible Assets	BAS-38	Applied
Financial Instruments: Recognition & Measurement	BAS-39	Applied
Investment property	BAS-40	Applied
Agriculture	BAS-41	Not Applicable

Bangladesh Financial Reporting Standard (BFRS)	Ref.	Status
First-time adoption of International financial Reporting Standards	BFRS-1	Applied
Shares Based Payment	BFRS-2	Not applicable
Business combination	BFRS-3	Applied
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

2.18 Regulatory & Legal Compliance

The bank complied with the requirements of following regulatory & legal authority:

- The Bank Companies Act, 1991
- The Companies Act, 1994
- Rules & Regulations Issued by Bangladesh Bank.
- Securities and Exchange Rules 1987, Securities & Exchange Ordinance 1969, Securities & Exchange Act 1993, IPO Rules 1998
- The Income Tax Ordinance, 1984
- VAT Act, 1991

2.19 Risk Management

The possibility of losses, financial or otherwise is defined as risk. The assets and liabilities of BRAC Bank Ltd. 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.

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



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

In credit management process, Sales Teams of the above-mentioned business units book the customers; the Credit Division does thorough assessment before approving the credit facility. The risk assessment included borrower risk analysis, financial analysis, industry analysis, and historical performance of the customer. Asset Operations Department ensures compliance of all legal formalities, completion of all documentation security of the proposed credit facility and finally disburses the amount. The Sales Team reports to the Managing Director & CEO through their line; the Credit Division reports to the Managing Director & CEO, while the Asset Operations Department reports to the Deputy Managing Director & COO. 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.

2.19.2 Foreign Exchange Risk Management

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

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

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

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

2.19.3 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. As such emphasize has given so 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 country's over all economic position, Bank's Liquidity position, ALM Ratios, Interest Rate Risk, Capital Adequacy, Deposit Advanced Growth, Cost of Deposit & yield on Advance, F.E. Gap, Market Interest Rate, Loan loss provision adequacy and deposit and lending pricing strategy.

2.19.4 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 Anti Money Laundering Policy. The purpose of the Anti Money Laundering Policy is to provide a guide line 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 reputation risk. KYC procedure has 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.

2.19.5 Internal Control & Compliance

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

2.19.6 Information and communication technology

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

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:

- a) Password control
- b) User ID maintenance
- c) Input control
- d) Network security
- e) Data encryption
- f) Virus protection
- g) 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.

2.19.7 Enterprise Risk Management

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

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

Primary Objectives:

- ☐ Maximize earnings and return on capital within acceptable and controllable levels of the key risk areas.
- ☐ Provide for growth that is sound, profitable and balanced without sacrificing the quality of service.
- ☐ Manage and maintain a policy and procedures that are consistent with the short and long term strategic goals of the Board of Directors.



Development of ERM policy

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

The policy provides guideline & templates to the respective departments and units for providing the information, which are considered as risky and vulnerable areas for the organization. ERM scrutinize and analyze the provided information and parameterize it according to the sensitivity and vulnerability.

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

Outcome of ERM:

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

2.20 Implementation of BASEL-II

To comply with international best practices and to make the Bank's capital more risk-sensitive as well as to build the Banking industry more shock absorbent and stable, Bangladesh Bank provides revised regulatory capital framework "Risk Based Capital Adequacy for Banks" which is effective from January 2009. According to the BRPD circular no-09 dated 31st December 2008, following specific approaches are suggested for implementing BASEL-II:

- a) Standardized Approach for calculating Risk Weighted Assets (RWA) against Credit Risk;
- b) Standardized (Rule Based) Approach for calculating RWA against Market Risk ; and
- c) Basic Indicator Approach for calculating RWA against Operational Risk.

Under the Standardized Approach of the Risk Based Capital Adequacy Framework (Basel II), credit rating is to be determined on the basis of risk profile assessed by the External Credit Assessment Institutions (ECAIs) duly recognized by BB.

Along with the existing capital adequacy rules & reporting to BB (Ref. BRPD Circular no. 10, dated 25-11-2002) Banks will start quarterly reporting as per the set of reporting formats provided by Bangladesh Bank. For the purpose of statutory compliance during the period of parallel run i.e. 2009, the computation of capital adequacy requirement under existing rules will prevail.

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

BRAC Bank management has successfully implemented BASEL-II and submitted quarterly return to Bangladesh Bank on timely basis. **Details are shown in Note -15.10.3.**

2.21 Off Balance Sheet Items

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



Section -Two : Notes to the Balance Sheet

Particulars	Sep-09 Taka	Dec-08 Taka
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3.0 Cash

A. Cash in hand:

Local currency	1,546,544,171	881,268,730
Foreign currency	46,849,955	27,298,552
	<u>1,593,394,127</u>	<u>908,567,282</u>

B. Balance with Bangladesh Bank and Agents:

Local currency :		
Statutory deposit	3,605,083,868	2,952,870,014
Foreign currency	1,052,111,657	352,478,757
	<u>4,657,195,525</u>	<u>3,305,348,771</u>
Sonali Bank as agent of Bangladesh Bank (local currency)	132,472,898	101,971,947
	<u>4,789,668,423</u>	<u>3,407,320,718</u>
	<u>6,383,062,550</u>	<u>4,315,888,000</u>

- 3.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) have been calculated and maintained in accordance with section 33 of Bank Companies Act, 1991 and BRPD circular no. 11 and 12, dated August 25, 2005.

The statutory Cash Reserve Requirement on the Bank's time and demand liabilities at the rate 5% has been calculated and maintained with Bangladesh Bank in current account and 18% Statutory Liquidity Requirement, including CRR, on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including FC balance with Bangladesh Bank. Both the reserves are maintained by the Bank, as shown below:

3.1.1 Cash Reserve Requirement (CRR) :

5% of required Average Demand and Time Liabilities :

Required reserve	3,474,656,500	2,878,435,000
Actual reserve held	4,088,242,708	3,042,583,344
Surplus/ (deficit)	<u>613,586,208</u>	<u>164,148,344</u>

3.1.2 Statutory Liquidity Requirement (SLR) :

13% of required Average Demand and Time Liabilities :

Required reserve	9,034,106,900	7,483,931,000
Actual reserve held	11,974,168,656	8,788,762,525
Surplus/ (Deficit)	<u>2,940,061,756</u>	<u>1,304,831,525</u>
Total Surplus/(deficit)	(3.1.1+3.1.2)	<u>3,553,647,964</u>
		<u>1,468,979,869</u>

3.1.3 Held for Statutory Liquidity Ratio

Cash in hand	(Note: 3)	1,593,394,127	908,567,282
Balance with Bangladesh Bank and its agent bank(s) as per statement		3,908,742,708	3,042,583,344
TT in Transit		179,500,000	-
Government securities		-	-
Government bonds	(Note: 6.1)	10,380,774,530	7,880,195,243
		<u>16,062,411,364</u>	<u>11,831,345,869</u>

3.a Consolidated Cash

A. Cash in hand:

BRAC Bank Limited	1,593,394,127	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	23,219	-
	<u>1,593,417,346</u>	<u>-</u>

B. Balance with Bangladesh Bank and Agents:

BRAC Bank Limited	4,789,668,423	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
	<u>4,789,668,423</u>	<u>-</u>
	<u>6,383,085,769</u>	<u>-</u>



Particulars	Sep-09 Taka	Dec-08 Taka
4.0 Balance with Other Bank and Financial Institutions		
A. In Bangladesh (Note: 4.1)	6,288,468,628	2,925,484,027
B. Outside Bangladesh (Note: 4.2)	(215,236,961)	269,487,082
	<u>6,073,231,667</u>	<u>3,194,971,109</u>
4.1 Balance with Other Bank and Financial Institutions (In Bangladesh)		
On Demand Deposit Accounts		
Standard Chartered Bank - Current Account	19,189,892.78	3,094,209
Southeast Bank Ltd- Current Account	-	200
	<u>19,189,893</u>	<u>3,094,409</u>
On Short Term Deposit (STD) Accounts		
Southeast Bank Ltd.	127,001	173,917
ONE Bank Limited	-	982,056
Standard Chartered Bank	-	-
Jamuna Bank Limited	-	-
Prime Bank Limited	1,000	1,000
Bank Asia Limited	-	-
Pubali Bank Limited	699,051,886	528,779,578
Janata Bank Limited	365,813,842	411,275,669
Bangladesh Krishi Bank Limited	245,486,347	230,877,870
The City Bank Limited	14,449,959	22,824,468
Agrani Bank Limited	373,677,961	280,361,163
Islami Bank (BD) Ltd.	181,845,079	25,336,746
United Commercial Bank Limited	31,095,031	2,164,172
National Bank Limited	17,169,331	5,433,166
Sonali Bank Limited	300,711,976	22,062,465
ICB Islamic Bank Limited	3,897,589	89
AB Bank Limited	425	1,000
Rupali Bank Limited	110,691,712	102,411,770
Dhaka Bank Limited	-	5,677,432
First Security Bank Ltd.	1,217,744	1,027,058
EXIM Bank Limited	3,041,852	3,000,000
BASIC Bank Ltd.	1,000,000	-
Uttara Bank Limited	-	-
	<u>2,349,278,735</u>	<u>1,642,389,618</u>
On Fixed Deposit with Banks		
Jamuna Bank Limited	200,000,000	-
Janata Bank Limited	500,000,000	-
Sonali Bank Limited	500,000,000	-
	<u>1,200,000,000</u>	<u>-</u>
On Fixed Deposit with Financial Institutions		
Industrial & Infrastructure Development Finance Co. Ltd.	140,000,000	140,000,000
International Leasing & Financial Services Ltd.	300,000,000	100,000,000
Uttara Finance & Investment Limited	400,000,000	-
Far East Finance & Investment Limited	130,000,000	110,000,000
Union Capital Limited	30,000,000	60,000,000
IDLC Finance Ltd.	-	-
National Housing Finance Company Ltd.	100,000,000	-
Prime Finance & Investment Co. Ltd.	50,000,000	50,000,000
Premier Leasing & Financial Services Limited	190,000,000	190,000,000
Phoenix Finance & Investments Limited	300,000,000	100,000,000
Bangladesh Finance & Investment Co. Ltd.	150,000,000	-
Bangladesh Industrial Finance Company Ltd.	130,000,000	80,000,000
United Leasing Company Ltd.	200,000,000	300,000,000
Investment Corporation Of Bangladesh	350,000,000	-
Lanka Bangla Finance Co. Ltd.	250,000,000	150,000,000
	<u>2,720,000,000</u>	<u>1,280,000,000</u>
	<u>6,288,468,628</u>	<u>2,925,484,027</u>



Particulars	Sep-09 Taka	Dec-08 Taka
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4.2 Balance with other banks and financial institutions (Outside Bangladesh on Demand Deposit Accounts)

On Demand Deposit Accounts (Non interest bearing) with:

Standard Chartered Bank-NY (USD)	(9,854,667)	14,293,552
Mashreq Bank NY (USD)	72,305	7,028,715
The Bank of Nova Scotia- USA (USD)	-	-
The Bank of Nova Scotia- Canada (CAD)	1,270,132	5,129,724
CITI Bank NA (USD)	2,767,296	6,344,342
AB Bank Mumbai (ACU Dollar)	2,542,113	19,515,399
Crescent Comm. Bank Karachi (ACU Dollar)	-	-
ICICI Mumbai (ACU Dollar)	220,023	177,470
Standard Chartered Bank-UK (GBP)	(1,215,669)	139,102
Hypo Vereins Bank Germany (EURO)	4,209,068	26,181,105
HSBC - NY (USD)	(24,985,851)	175,344,010
HSBC - UK (GBP)	(129,096,429)	8,655,749
HSBC - AUS (AUD)	44,668	258,861
HSBC - Pakistan (ACU)	18,599	15,687
HSBC - India (ACU)	2,374	10,688
Zuercher Kantonal Bank, Zurich (CHF)	1,282,997	656,904
ING Belgium NV/SA (EURO)	233,551	835,308
Unicredito Italiano SPA (EURO)	862,758	1,612,298
Commerz Bank AG Germany	6,763	156,795
Standard Chartered Bank - UK (EURO)	(65,423,097)	-
Union DE Banques Arabes ET Francaises (JPY)	4,053,709	779,703
Westpack Banking Corporation, (AUD)	13,275	2,351,668
JP Morgan Chase Bank	(2,260,879)	-
	(215,236,961)	269,487,082

Statement of outstanding unreconciled entries of NOSTRO account as on 31st December 2008 according to FEPD(FEMO)/182007-265 dated 17th December 2007 is given in annex-G.

4.3 Maturity grouping of balance with other banks and financial institutions

Up to 1 months	2,653,231,667	1,944,971,109
More than 1 months to 3 months	750,000,000	50,000,000
More than 3 months to 1 Year	2,670,000,000	1,200,000,000
More than 1 year to 5 years	-	-
More than 5 years	-	-
	6,073,231,667	3,194,971,109

4.a Consolidated Balance with Other Banks and Financial Institutions

A. In Bangladesh

BRAC Bank Limited	6,288,468,628	-
BRAC EPL Investments Ltd.	821,570,569	-
BRAC EPL Stock Brokerage Ltd.	116,234,722	-
	7,226,273,919	-

Less: Inter Company Transaction

BRAC EPL Investments Limited	340,003,476	-
BRAC EPL Stock Brokerage Ltd.	52,460,067	-
	6,833,810,376	-

B. Outside Bangladesh

BRAC Bank Limited	(215,236,961)	-
BRAC EPL Investments Ltd.	-	-
	(215,236,961)	-
	6,618,573,415	-

5.0 Money at Call and Short Notice

Banking Company:

Non-banking financial institutions:

Bangladesh Industrial Finance Company Ltd.	70,000,000	-
Fareast Finance & Investment Ltd.	20,000,000	-
United Leasing Company Ltd.	100,000,000	-
National Housing & Finance	80,000,000	-
Bay Leasing & Investment Ltd.	80,000,000	-
Lanka Bangla Finance Co. Ltd.	150,000,000	-
International Leasing & Financial Services Ltd.	100,000,000	-
Industrial & Infrastructure Development Finance Co. Ltd.	50,000,000	-
	650,000,000	-



Particulars	Sep-09 Taka	Dec-08 Taka
6.0 Investment		
Government Securities (Note: 6.1)	10,380,774,530	7,880,195,243
Other Investments (Note: 6.2)	961,363,294	365,178,030
	<u>11,342,137,824</u>	<u>8,245,373,273</u>
Investment in securities are classified as follows:		
Held for trading (HFT)	8,098,821,897	5,579,080,747
Held for maturity (HTM)	2,280,310,933	2,300,062,195
Other Investments	963,004,994	366,230,330
	<u>11,342,137,824</u>	<u>8,245,373,273</u>
6.1 Government Securities		
Treasury Bills	-	-
Treasury Bonds (Note: 6.1.1)	10,379,132,830	7,879,142,943
Prize Bond	1,641,700	1,052,300
	<u>10,380,774,530</u>	<u>7,880,195,243</u>
6.1.1 Treasury Bonds		
Treasury Bonds (3 years TNT)	-	19,751,262
Treasury Bonds (5 years BGTB)	101,044,950	93,380,521
Treasury Bonds (10 years BGTB)	3,890,826,190	3,785,918,309
Treasury Bonds (15 years BGTB)	1,679,136,322	1,439,437,803
Treasury Bonds (20 years BGTB)	4,242,966,667	2,540,655,047
1 days Reverse REPO	465,158,700	-
6 months Reverse REPO	-	-
	<u>10,379,132,830</u>	<u>7,879,142,943</u>
6.2 Other Investments		
Ordinary Shares (Details are shown in Annexure - C)		
Industrial and Infrastructure Development Finance Co. Ltd. (100,000 ordinary shares of Tk. 100 each)	10,000,000	10,000,000
Bank Asia Limited (2,300 ordinary shares of Tk. 100 each fully paid)	230,000	230,000
Mercantile Bank Limited (2,700 ordinary shares of Tk. 100 each fully paid)	270,000	270,000
BRAC EPL Investments Ltd.	494,340,794	-
BRAC EPSL Stock Brokerage Ltd.	102,522,500	-
Central Depository Bangladesh Ltd. (40,000 ordinary shares of Tk. 100 each fully paid)	4,000,000	4,000,000
	<u>611,363,294</u>	<u>14,500,000</u>
Preference Shares (Details are shown in Annexure - C)		
STS Holdings Limited (5,000,000 preference shares of Tk. 10 each redeemable after 5 years)	50,000,000	50,000,000
	<u>50,000,000</u>	<u>50,000,000</u>
Bonds		
Grameen Phone Ltd.	300,000,000	300,000,000
	<u>300,000,000</u>	<u>300,000,000</u>
Zero Coupon Bonds		
Industrial and Infrastructure Development Finance Co. Ltd.	-	-
IDLC Finance Ltd.	-	536,975
United Leasing Company Ltd.	-	141,055
	-	678,030
	<u>961,363,294</u>	<u>365,178,030</u>



Particulars	Sep-09 Taka	Dec-08 Taka
6.3 Maturity Wise Grouping		
Up to 1 month	466,800,400	1,730,330
More than 1 month to 3 month	14,500,000	14,500,000
More than 3 month to 1 Year	300,000,000	19,751,262
More than 1 year to 5 years	151,044,950	443,380,521
More than 5 years	10,409,792,474	7,766,011,159
	<u>11,342,137,824</u>	<u>8,245,373,273</u>
6.a Consolidated Investments		
BRAC Bank Limited	10,745,274,530	-
Govt. Securities	10,380,774,530	-
Other Investment		
BRAC Bank Limited	961,363,294	-
Less: Investment in subsidiary	(596,863,294)	-
	<u>364,500,000</u>	
BRAC EPL Investments Ltd.	18,633,510	-
BRAC EPL Stock Brokerage Ltd.	-	-
Total other investment	<u>383,133,510</u>	
	<u>10,763,908,040</u>	<u>-</u>
7.0 Loans and Advances		
Overdrafts	1,821,568,811	2,187,399,583
Demand loans	7,656,322,859	3,721,756,148
Term loans	14,016,660,961	11,441,179,801
Lease receivables (Note - 7.3)	571,873,523	490,368,566
Small & medium enterprises	35,819,175,382	33,019,122,381
Credit Cards	1,796,522,998	1,519,531,846
Staff loans (Note - 7.7)	418,372,821	285,878,234
	<u>62,100,497,357</u>	<u>52,665,236,558</u>
Bills purchased & discounted (Note - 7.16)	33,914,990	11,480,182
	<u>62,134,412,347</u>	<u>52,676,716,740</u>
7.1 Net Loans and Advances		
Gross loans and advances	62,134,412,347	52,676,716,740
Less:		
Interest suspense	556,124,398	453,484,281
Provision for loans & advances	2,694,707,569	2,407,379,898
	<u>3,250,831,966</u>	<u>2,860,864,180</u>
	<u>58,883,580,380</u>	<u>49,815,852,560</u>
7.2 Maturity Wise Grouping		
Repayable on demand	4,349,403,824	5,109,641,524
More than 1 months to 3 months	12,426,868,069	9,481,809,013
More than 3 months to 1 Year	26,096,422,946	21,237,204,816
More than 1 year to 5 years	18,640,302,104	15,539,631,438
More than 5 years	621,415,403	1,308,429,949
	<u>62,134,412,347</u>	<u>52,676,716,740</u>
7.3 Lease receivables		
Lease finance on demand	-	-
Lease finance receivables More than 1 months to 3 months	57,152,701	1,583,757
Lease finance receivables More than 3 months to 1 Year	157,719,393	46,438,614
Lease finance receivables More than 1 year to 5 years	357,001,429	442,346,195
Lease finance receivables More than 5 years	-	-
Total Lease finance receivable	<u>571,873,523</u>	<u>490,368,566</u>
7.4 Loans and Advances under the following broad categories		
Inside Bangladesh:		
Loans	60,312,843,535	50,489,317,157
Cash Credits	-	-
Overdrafts	1,821,568,811	2,187,399,583
	<u>62,134,412,347</u>	<u>52,676,716,740</u>
Outside Bangladesh:		
Loans	-	-
Cash credits	-	-
Overdrafts	-	-
	<u>62,134,412,347</u>	<u>52,676,716,740</u>

Particulars	Sep-09 Taka	Dec-08 Taka
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7.5 Geographical Location Wise Portfolio Grouping

Inside Bangladesh:

Dhaka Division	38,347,205,582	32,264,176,566
Chittagong Division	11,414,402,075	9,649,861,805
Khulna Division	3,711,547,078	3,494,369,831
Sylhet Division	1,653,048,418	1,519,919,453
Barisal Division	2,427,987,022	1,534,227,358
Rajshahi Division	4,580,222,171	4,214,161,727
	<u>62,134,412,347</u>	<u>52,676,716,740</u>

Outside Bangladesh:

	<u>62,134,412,347</u>	<u>52,676,716,740</u>
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7.6 Significant Concentration wise Grouping

Directors & others

Staff:

Managing Director & CEO

Senior Executives

Others

Industries:

Agricultural

Large & Medium

Small & Cottage

Consumers

Trade & Commercial

	-	-
	79,416,374	46,461,636
	338,956,447	239,416,598
	679,267,018	1,337,548,758
	9,039,021,987	3,256,045,721
	2,535,175,379	1,288,845,454
	<u>12,253,464,384</u>	<u>5,882,439,933</u>
	10,853,590,835	9,661,482,413
	38,608,984,307	36,846,916,160
	<u>62,134,412,347</u>	<u>52,676,716,740</u>

7.7 Staff Loan

Personal Loan

Car Loan

House building Loan

	99,463,445	71,263,331
	101,547,752	72,521,784
	217,361,624	142,093,119
	<u>418,372,821</u>	<u>285,878,234</u>

7.8 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 6,835.24 million as at 30 September 2009 (Tk. 6,116.58 million in 2008). (Details are shown in Annex - E).

7.9 Grouping as per Classification Rules

Unclassified

Standard including staff loan

Special Mention Account (SMA)

	56,919,679,930	49,102,865,704
	1,835,477,712	1,100,839,246
	<u>58,755,157,641</u>	<u>50,203,704,950</u>

Classified

Sub standard

Doubtful

Bad / Loss

	1,496,127,939	1,004,430,866
	891,495,876	684,605,428
	991,630,890	783,975,496
	<u>3,379,254,705</u>	<u>2,473,011,790</u>
	<u>62,134,412,347</u>	<u>52,676,716,740</u>



Particulars	Sep-09 Taka	Dec-08 Taka
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7.10 Sector-wise Allocation of Loans and Advances

Government

Private:

Agriculture, fishing, forestry and dairy firm
 Industry (jute, textile, garments, chemicals, cements etc.)
 Working capital financing
 Export credit
 Commercial credit
 Small and cottage industries
 Miscellaneous

679,267,018	1,337,548,758
4,397,447,114	3,256,045,721
3,702,578,005	2,489,438,711
30,221,017	112,631,994
41,068,025,113	33,683,845,454
2,535,175,379	1,288,845,454
9,721,698,701	10,508,360,648
62,134,412,347	52,676,716,740
62,134,412,347	52,676,716,740

7.11 Securities against loans/advances including bills purchased and discounted

Collateral of moveable/immoveable assets	14,921,127,041	10,070,158,193
Local banks & financial institutions guarantee	-	-
Government guarantee	-	-
Foreign banks guarantee	-	-
Export documents	-	-
Fixed deposit receipts (FDR)	5,684,655,666	4,339,123,433
FDR of other banks	-	-
Government bonds	-	-
Personal guarantee	41,431,632,308	38,225,441,472
Other securities	96,997,331	41,993,642
	62,134,412,347	52,676,716,740

7.12 Particulars of required provisions for loans and advances

Status	Outstanding Loans & advances 30-09-2009	Base for provision	Percentage (%) of required provision	Required provision Sep 2009	Required provision 2008
Unclassified					
All unclassified loans (Other than small enterprises, housing finance, loans for professional, consumer financing and special mention account).	18,754,644,377	18,754,644,377	1%	187,546,444	130,517,894
Small enterprise financing	32,110,910,422	32,110,910,422	1%	321,109,104	307,365,815
Housing & loan for professional	2,798,365,242	2,798,365,242	2%	55,967,305	40,631,700
Consumer finance	3,226,700,603	3,226,700,603	5%	161,335,030	167,633,767
Special Mentioned Account (SMA)	1,835,477,712	1,778,202,844	5%	88,910,142	52,839,858
				814,868,025	698,989,033
Classified - Specific provision					
Sub-standard	1,496,127,939	1,356,930,519	20%	271,386,104	177,176,321
Doubtful	891,495,876	773,372,763	50%	386,686,382	286,685,017
Bad/Loss	991,630,890	812,345,112	100%	812,345,112	565,159,938
				1,470,417,597	1,029,021,276
Required provision for loans and advances				2,285,285,622	1,728,010,309
Total provision maintained (Note 14.1)				2,694,707,569	2,407,379,898
Excess/(Short) provision at 31 December 2008				409,421,947	679,369,589



Particulars	Sep-09 Taka	Dec-08 Taka
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7.13 Particulars of required provisions for off balance sheet items - General Provision

Name of Exposure	Outstanding	Percentage (%) of required provision	Required provision 30-09-2009	Required provision 31-12-2008
Acceptances and endorsements	137,034,370	1%	1,370,344	1,367,736
Letter of guarantees	741,907,497	1%	7,419,075	4,250,807
Irrevocable letter of credits	2,091,959,288	1%	20,919,593	15,707,067
Bills for collection	19,671,781	1%	196,718	85,706
			29,905,729	21,411,316
Total required provision			34,407,000	24,407,000
Total provision maintained (note 14.2)			4,501,271	2,995,684
Excess/(Short) provision				

7.14 Particulars of Loans and Advances

i)	Debts considered good in respect of which Bank is fully secured	20,605,782,707	14,409,281,626
ii)	Debts considered good for which Bank holds no other security than the debtor's personal security	2,000,280,916	1,590,795,177
iii)	Debts considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors.	39,528,348,723	36,676,639,937
iv)	Debts considered doubtful or bad, not provided for	62,134,412,347	52,676,716,740
v)	Debts due by directors or officers of the banking company or any of these either separately or jointly with any other persons;	418,372,821	285,878,234
vi)	Debts due by companies or firms in which the directors or officers of the bank are interested as directors, partners or managing agents or in case of private companies as members;	217,329,340	272,281,037
vii)	Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person;	418,372,821	285,878,234
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;	217,329,340	272,281,037
ix)	Due from banking companies	-	-
x)	Amount of Classified loans on which interest has not been charged should be mentioned as follows:	-	-
a)	Increase/decrease of provision (specific)	295,332,361	1,030,582,602
	amount of debts written off	1,002,621,753	61,679,683
	amount realized against loan previously written off.	36,871,970	6,573,347
b)	Amount of provision kept against loan classified as "bad/loss" on the date of	991,630,890	783,975,496
c)	Interest creditable to the Interest Suspense a/c.	556,124,398	453,484,281
xi)	Cumulative amount of the written off loan and the amount written off during the current year should be shown separately. The amount of written off loan for which lawsuit has been filed should also be mentioned.		
	- Current year	1,002,621,753	61,679,683
	- Cumulative to date	1,171,632,892	169,011,139
	The amount of written off loans for which law suit filed.	1,171,632,892	169,011,139

7.15 The directors of the Bank have not taken any loan from the Bank during the year or there is no outstanding loan balances with any director of the Bank.



Particulars	Sep-09 Taka	Dec-08 Taka
7.16 Bill Purchased & Discounted under the following broad categories		
Inside Bangladesh	33,914,990	11,480,182
Outside Bangladesh	-	-
	<u>33,914,990</u>	<u>11,480,182</u>
7.17 Maturity Wise Grouping of Bill Purchased & Discounted		
Up to 1 months	8,433,179	5,049,330
More than 1 months to 3 months	18,857,824	5,508,420
More than 3 months to 1 Year	6,623,987	922,432
More than 1 year to 5 years	-	-
More than 5 years	-	-
	<u>33,914,990</u>	<u>11,480,182</u>
7.18 Write off of Loans & advances		
Balance at the beginning of the year	153,827,170	98,720,834
Add: Write off during the year	1,002,621,753	61,679,683
	<u>1,156,448,923</u>	<u>160,400,517</u>
Less: Recovery of Write off loans	36,871,970	6,573,347
Balance at the end of the year	<u>1,119,576,953</u>	<u>153,827,170</u>
8.0 Fixed Assets including Premises, Furniture & Fixtures		
Cost		
Land	87,940,465	87,940,465
Furniture & fixture	545,608,979	474,657,411
Office equipments	451,193,007	380,473,000
IT equipments	1,036,326,418	918,779,362
Motor vehicles	63,400,664	41,300,601
Lease assets	-	99,996,639
	<u>2,184,469,532</u>	<u>2,003,147,478</u>
Less: Accumulated depreciation	675,025,389	531,123,199
Net Book value at the end of the year	<u>1,509,444,143</u>	<u>1,472,024,279</u>
(Details are shown in Annex - D)		
8.a Consolidated Fixed Assets including Premises, Furniture & Fixtures		
BRAC Bank Limited	1,509,444,143	-
BRAC EPL Investments Ltd.	12,499,308	-
BRAC EPL Stock Brokerage Ltd.	7,063,177	-
	<u>1,529,006,627</u>	<u>-</u>
9.0 Other Assets		
9.1 Income Generating Other Assets		
Interest receivables (Note - 9.3)	804,976,969	663,093,383
Prepaid Interest Expenses on Interest First Fixed Deposit (IFFD)	113,630,144	191,208,688
Receivables against sanchayapatra	27,739,950	14,221,666
Receivables from Omnibus	40,397,646	35,290,252
Receivables from ELDORADO	96,789,995	1,813,362
Receivables against travelers cheque	1,044,976	1,728,538
	<u>1,084,579,680</u>	<u>907,355,888</u>



Particulars	Sep-09 Taka	Dec-08 Taka
9.2 Non Income Generating Other Assets		
Stock of stamps	1,165,645	4,759,984
Other receivables (Note - 9.4)	115,163,165	21,345,959
Stock of security stationery	25,144,435	34,255,269
Stock of printing stationery	22,633,884	22,163,051
Advance to staff & supplier	17,087,512	7,888,499
Deferred revenue expenditure	40,284,226	21,130,996
Advance payment of income tax	1,984,012,359	1,089,682,999
Advance to staff for mobile phone purchase	-	-
Advance to staff for motor cycle purchase	98,541,264	102,365,784
Advance to SME unit offices	1,430,000	1,443,000
Advance against fixed assets	72,981,272	39,592,613
Advance against office rent	466,382,530	270,792,462
Advance security deposit	9,917,400	9,777,400
Advance against - SWIFT	-	-
Advance for Data Center Project	52,493,208	-
Advance for software migration	16,881,108	-
Advance to BRAC AFGAN Bank	-	-
Advance cash to Group-4 for ATM replenishment	-	-
Receivables against frauds, forgeries and operating loss	-	-
* Lease assets	4,078,667	4,078,667
Interbranch Account (Note-9.4.1)	123,785	287,415
	2,928,320,460	1,629,564,099
	4,012,900,140	2,536,919,987

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

9.3 Interest Receivables

Interest Receivables consists of interest receivable on loans, investments etc.

Receivable against Govt. securities	224,690,064	202,606,672
Receivable against other securities	20,724,996	7,271,046
Receivable against balance with other bank	170,248,375	97,571,954
Receivable against loans and advances	389,313,535	355,643,711
	804,976,969	663,093,383

9.4 Other Receivables

Remittance in transit	-	114,984
Receivable against remittance	17,757,766	15,204,666
Receivable against bills pay	-	-
Receivable against DD	14,500,000	-
Receivable against Cheques	-	173,441
Receivable against Cards	277,228	14,053
Account receivable-FCY(Unclaimed)	6,906	-
Receivable from Merchant	80,630,715	4,321,350
Receivable from Partners	1,940,536	1,027,465
Receivable in Cash Shortage	50,015	-
Receivable from Member Bank - Omnibus	-	490,000
Misc Suspense Account	-	-
	115,163,165	21,345,959

9.4.1 Interbranch Account

Inter Branch Account - BDT	-	-
Inter Branch Account - FCY	-	-
Cost Center Account	123,785	287,415
	123,785	287,415

9.a Consolidated Other Assets

BRAC Bank Limited	4,012,900,140	-
BRAC EPL Investments Ltd.	2,689,269	-
BRAC EPL Stock Brokerage Ltd.	64,066,029	-
	4,079,655,438	-

10.0 Non Banking Assets

No non-banking assets in under the possession of the bank which acquired as claims as at 30 September 2009.



Particulars		Sep-09 Taka	Dec-08 Taka
11.a	Consolidated Goodwill		
	BRAC Bank Limited	-	-
	BRAC EPL Investments Ltd.	257,500,382	-
	BRAC EPL Stock Brokerage Ltd.	54,388,133	-
		<u>311,888,515</u>	<u>-</u>
11.a.1	Calculation of Goodwill		
	<u>EPL</u>	<u>EPSL</u>	<u>Total</u>
	Cost of investment	494,340,794	102,522,500
	Less: Face value of share	153,000,000	25,500,000
	Share of premium	75,729,133	-
	Share of pre-acquisition	8,111,279	22,634,367
		<u>257,500,382</u>	<u>54,388,133</u>
			<u>311,888,515</u>
12.0	Borrowing from other Banks, Financial Institutions and Agents: In Bangladesh, secured and repayable on demand		
	<u>Int. Rate</u>	<u>Tenor</u>	
	Secured:		
	Refinance from Bangladesh Bank	5% - 6 %	3-5 years
		-	-
	Unsecured:		
	Money at call & short notice		
	Banking company:		
	BASIC Bank	-	150,000,000
	Citibank N.A.	270,000,000	70,000,000
	Dutch Bangla Bank Ltd.	400,000,000	50,000,000
	One Bank Ltd.	-	10,000,000
	Uttara Bank Limited	400,000,000	-
	State Bank of India	30,000,000	-
	IFIC Bank Ltd.	50,000,000	-
	Habib Bank Ltd.	-	20,000,000
	Bank Al-Falah	150,000,000	-
	Pubali Bank Ltd.	-	20,000,000
	Agrani Bank Ltd.	-	100,000,000
	Commercial Bank of Ceylon	-	60,000,000
	National Bank Ltd.	400,000,000	150,000,000
	Mutual Trust Bank Ltd.	-	100,000,000
		<u>1,700,000,000</u>	<u>730,000,000</u>
	Non-bank financial institutions:	-	-
		<u>1,700,000,000</u>	<u>730,000,000</u>
	Term Borrowing:	<u>Tenor</u>	
	Banking company:		
	Pubali Bank Limited	-	300,000,000
	BASIC Bank Limited	-	400,000,000
	Sonali Bank Limited	-	400,000,000
	ICB Islamic Bank Ltd.	-	300,000,000
	IFIC Bank Ltd.	200,000,000	-
	Standard Chartered Bank	150,000,000	150,000,000
		<u>350,000,000</u>	<u>1,550,000,000</u>
	Non-bank financial institutions:	-	-
		<u>350,000,000</u>	<u>1,550,000,000</u>
	Outside Bangladesh	-	-
		<u>2,050,000,000</u>	<u>2,280,000,000</u>
12.1	Maturity Wise Grouping		
	Up to 1 months	1,700,000,000	1,030,000,000
	More than 1 months to 3 months	350,000,000	950,000,000
	More than 3 months to 1 Year	-	300,000,000
	More than 1 year to 5 years	-	-
	More than 5 years	-	-
		<u>2,050,000,000</u>	<u>2,280,000,000</u>



Particulars	Sep-09 Taka	Dec-08 Taka
13.0 Deposit and Other Accounts		
Local Currency:		
Current & other accounts	19,862,393,462	7,559,545,979
Bills payable (Note-13.3)	737,590,023	424,455,761
Saving deposits	11,178,114,904	4,627,686,658
Fixed deposits	40,841,124,174	42,966,367,653
Other deposits (Note-13.4.1)	508,683,097	1,869,308,657
	73,127,905,660	57,447,364,708
Foreign Currency:		
Current & other accounts	150,251,753	92,456,795
Bills payable	-	-
Saving deposits	-	-
Fixed deposits	446,610,079	433,422,792
Other deposits (Note-13.4)	46,444,346	33,642,714
	643,306,178	559,522,302
Total Deposit and other accounts	73,771,211,838	58,006,887,010
13.1 Deposit details concentrating liquidity nature		
i) Demand deposit	11,578,457,462	6,116,872,537
Current deposit	9,519,078,799	5,095,542,106
Saving deposit (10%)	1,117,811,490	462,768,666
Foreign currency deposit	196,696,099	126,099,510
Sundry deposit	7,281,051	8,006,494
Bills payable	737,590,023	424,455,761
ii) Time deposit	62,192,754,375	51,890,014,473
Saving deposit (90%)	10,060,303,413	4,164,917,992
Foreign currency deposit	446,610,079	433,422,792
Fixed deposit	38,842,378,526	41,360,039,985
Short term deposit	10,343,314,663	2,464,003,873
Deposit pension scheme	1,998,745,648	1,606,327,668
Security deposit	19,515,004	31,744,274
Other Deposit	481,887,042	1,829,557,889
	73,771,211,838	58,006,887,010
13.2 Maturity Wise Grouping		
Payable on demand	3,847,305,543	2,191,059,066
Payable within 1 month	9,703,428,506	4,542,286,537
Over 1 month but within 6 months	24,581,954,821	23,325,135,799
Over 6 month but within 1 year	6,625,932,121	23,250,613,148
Over 1 year but within 5 years	26,751,623,321	2,573,764,791
Over 5 years but within 10 years	1,593,366,806	1,907,986,033
Over 10 years	667,600,720	216,041,635
	73,771,211,838	58,006,887,010
13.3 Bills payable		
Local Drafts Issued and Payable	-	-
Stamp Charges payable for Loan Clients	7,533,613	3,838,654
Insurance Premium payable for SME Loan Clients	70,929,717	72,712,454
Payment Order Issued	622,231,968	328,794,603
Sundry Creditors	1,234,409	7,930
Payment Order To Be Issued	6,750,227	7,887,479
Cards Settlement account	28,910,090	11,214,642
	737,590,023	424,455,761
13.4 Other Deposits		
Foreign currency	46,444,346	33,642,714
Local Currency:		
Sundry deposit (Note-13.4.1)	508,683,097	1,869,308,657
	555,127,443	1,902,951,371



Particulars	Sep-09 Taka	Dec-08 Taka
13.4.1 Sundry deposit		
Security Deposits	19,515,004	31,744,274
Security Deposit from SME Loan client	460,111,380	1,803,023,997
Security Deposit from Retail Loan client	21,775,662	26,533,892
Merchant POS settlement account	-	233,245
Lease Deposit	7,281,051	7,773,249
Payable against Clients loan A/c	-	-
	508,683,097	1,869,308,657

13.a Consolidated Deposit and Other Accounts

BRAC Bank Limited	73,771,211,838	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
	73,771,211,838	-
Less: Inter Company Transaction		
BRAC EPL Investments Ltd.	340,003,476	-
BRAC EPL Stock Brokerage Ltd.	52,460,067	-
	73,378,748,295	-

14.0 Other Liabilities

Provisions for loans & advances	(Note - 14.1)	2,694,707,569	2,407,379,898
Provisions for Off Balance Sheet Items	(Note - 14.2)	34,407,000	24,407,000
Provisions for Others		61,777	61,777
Interest suspense	(Note - 14.3)	556,124,398	453,484,281
Withholding tax payable	(Note - 14.4)	86,165,351	73,629,436
Provision for taxation (Including deferred tax)	(Note - 14.6)	2,497,767,245	1,807,767,245
Interest payable		1,493,897,474	1,278,624,884
Accrued expenses		659,144,895	407,782,128
Excise duty Payable		36,103,418	32,793,996
VAT payable	(Note - 14.5)	52,065,554	65,657,611
Share subscription - IPO (refund warrant)		190,288	223,073
Right Share subscription		1,100,441	3,164,500
Cheque clearing account		24,027,608	68,733,931
Margin on L/C		188,290,648	62,118,810
Margin on L/G		37,998,430	12,757,173
Others		72,511,744	18,894,987
		8,434,563,837	6,717,480,731



Particulars	Sep-09 Taka	Dec-08 Taka
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14.1 Provision for Loans and Advances :

Provision for loans and advances is created for covering the bank for possible loan losses in the future. General provision is made on outstanding loan and advance without considering the quality of loans and advances according to the prescribed rate of Bangladesh Bank. Classified loans and advances of the banks are categorised as sub-standard, doubtful and bad/loss as per guidelines of the Bangladesh Bank. Specific provision is required to be made on the shortfall in security value over the amount outstanding (net of unearned interest and interest suspense) for accounts which are classified as sub-standard, doubtful or bad/loss.

A. General

Balance at the beginning of the year	769,667,510	707,946,255
Add: Provision Made during the year	44,400,000	61,721,255
Balance at the end of the year	814,067,510	769,667,510

B. Specific

Balance at the beginning of the year	1,637,712,388	607,129,786
Add: Provision made during the year	909,600,000	1,076,827,165
Add: Transferred from Interest Suspense	-	-
	2,547,312,388	1,683,956,951
Less: Interest waiver during the year	-	5,978,586
Less: Write off during the year	666,672,329	40,265,977
Balance at the end of the year	1,880,640,059	1,637,712,388
Net actual provision at the end of year (A+B)	2,694,707,569	2,407,379,898

14.2 Provisions for Off Balance Sheet Items

Provision for off balance sheet items is made as per BRPD circular No. 8 of 7th August 2007 and 10 of September 18, 2007 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	24,407,000	12,500,000
Add: Provision made during the year	10,000,000	11,907,000
Balance at the end of the year	34,407,000	24,407,000

14.3 Interest suspense

Classified loans and advances of the banks are categorised as sub-standard, doubtful and bad/loss as per guidelines of the Bangladesh Bank. Interest accrued on SMA, sub-standard, doubtful and bad/loss loans is recorded as 'interest suspense' and not taken to income. This interest is recognized as income as and when it is realized in cash by the bank.

Balance at the beginning of the year	453,484,281	236,131,399
Add: Provision made during the year	1,185,066,173	544,027,083
	1,638,550,454	780,158,481
Less: Amount of interest suspense recovered	814,993,998	304,583,793
Less: Write off during the year	267,432,059	18,475,342
Less: Interest waiver during the year	-	3,615,065
Balance at the end of the year	556,124,398	453,484,281

14.4 Withholding Tax Payable

Payable On Interest	71,669,003	61,154,981
Payable (Suppliers)	2,919,589	2,804,233
Payable (Contractors & Consultants)	1,068,281	4,802,457
Payable (Staff Salaries & Allowance)	5,756,687	1,663,160
Payable (Rent)	1,315,707	884,688
Payable (Export)	147,215	96,378
Payable on Commission Paid	3,250,334	2,223,540
Payable on Export Cash Subsidy	-	-
Withholding Tax Payable on Profession Services	-	-
Withholding Tax Payable - Others	38,535	-
	86,165,351	73,629,436



Particulars	Sep-09 Taka	Dec-08 Taka
14.5 VAT Payable		
Payable On L/C Commission	661,881	409,645
Payable on Commission for Remittances	427,516	566,258
Payable on Loan Processing Fees	14,476,324	34,664,649
Payable - Credit Cards	3,502,512	4,723,831
Payable - Supplier	2,076,960	4,690,845
Payable - Rent	6,561,882	
Payable - DESA & DESCO	18,776,932	16,878,864
Payable - BPDB	2,652,154	-
Payable - DPDC	1,173,638	
Payable - Others	1,755,755	3,723,519
	<u>52,065,554</u>	<u>65,657,611</u>

14.6 Provision for taxation

Current tax	(Note - 14.6.1)	2,716,447,274	1,956,447,274
Deferred tax	(Note - 14.6.2)	(218,680,029)	(148,680,029)
		<u>2,497,767,245</u>	<u>1,807,767,245</u>

14.6.1 Provision for current taxation

Balance at the beginning of the year	1,956,447,274	1,122,005,918
Add: Provision made during the year	760,000,000	1,220,000,000
	<u>2,716,447,274</u>	<u>2,342,005,918</u>
Less: Adjustment of tax provision for previous years	-	385,558,644
Balance at the end of the year	<u>2,716,447,274</u>	<u>1,956,447,274</u>

Assessment up to the income year ended 31 December 2006 corresponding to the assessment year 2007-2008 has been completed.

Assessment for the year 2001 (assessment year 2002-2003) is under appeal with the High Court preferred by the bank against tax department's demand for additional tax of Tk. 3,367,206 which has been shown as contingent liability.

Assessment for the year 2007 (assessment year 2008-2009) is under appeal with the Appellate Division preferred by the bank against tax department's demand for additional tax of Tk. 124,420,624.

14.6.2 Provision for Deferred tax Liability/(Assets)

Balance at the beginning of the year	(148,680,029)	(75,917,786)
Add: Provision made during the year		
Charged/(credited) to profit & loss account	-	170,000,000
Charged/(credited) to revaluation reserve (Note 13.6.3)	-	97,237,757
	<u>(148,680,029)</u>	<u>191,319,971</u>
Less: Provision for Deferred Tax asset	70,000,000	340,000,000
Less: Adjustment of tax provision for previous years	-	-
Balance at the end of the year	<u>(218,680,029)</u>	<u>(148,680,029)</u>

Corporate tax position of the bank is shown in Annex-F

14.a Consolidated Other Liabilities

BRAC Bank Limited	8,434,563,837	-
BRAC EPL Investments Ltd.	8,204,659	-
BRAC EPL Stock Brokerage Ltd.	83,773,450	-
	<u>8,526,541,946</u>	<u>-</u>

15.0 Share Capital

15.1 Authorized Capital

Authorized Capital is the maximum amount of share capital that the bank is authorised by its Memorandum & article of association to issue to shareholders.

480,000,000 ordinary shares of Tk. 100 each	<u>4,800,000,000</u>	<u>4,800,000,000</u>
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Particulars	Sep-09 Taka	Dec-08 Taka
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15.2 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.

10,000,000 ordinary Share of Tk. 100/- each issued for cash	1,000,000,000	1,000,000,000
7,952,000 ordinary Share of Tk. 100/- each issued as bonus share	795,200,000	320,000,000
2,640,000 Right Share of Tk. 100/- each issued as right share	264,000,000	264,000,000
	2,059,200,000	1,584,000,000

15.2.1 Issued, Subscribed and Paid up Capital

Balance at the beginning of the year	1,584,000,000	1,200,000,000
Add: Bonus share issued	475,200,000	120,000,000
Add: Right share issued	-	264,000,000
Closing at the end of the year	2,059,200,000	1,584,000,000

15.3 Initial Public Offering (IPO)

According to IPO rules 2006 "Initial public offering (IPO)" means first offering of security by an issuer to the general public. Out of the total issued, subscribed, and fully paid up capital of the bank 5,000,000 ordinary shares of Tk. 100.00 each amounting to Taka 500,000,000 was raised through Initial public offering of shares held in 2006.

15.4 Rights Issue

According to Right Issue rules 2006 "rights share" means new shares offered to the existing shareholders of a public listed company in proportion to their existing holding out of total shares of the company. Out of the total issued, subscribed, and fully paid up capital of the bank 2,640,000 ordinary shares of Tk. 100.00 each amounting to Taka 264,000,000 was raised through right offering of shares held in 2008.

15.5 Ordinary Shares

<u>Sponsor</u>	<u>No. of Shares.</u>		
BRAC	6,899,985	689,998,500	530,768,100
ShoreCap International Ltd.	1,438,949	143,894,900	110,688,400
International Finance Corporation (IFC)	1,955,827	195,582,700	150,448,300
Others	1,492	149,200	114,800
Non Sponsor			
Non Resident Bangladeshis	41,701	4,170,100	3,207,800
Mutual Funds	744,851	74,485,100	57,296,300
Institutions & General Public	9,509,195	950,919,500	731,476,300
	20,592,000	2,059,200,000	1,584,000,000

15.6 Classification of Shareholding

<u>Range of Holding of Shares</u>	<u>Shareholders</u>	<u>No. of Shares</u>	<u>of Shares</u>
Less than 500	26,600	2,669,740	12.965%
500 to 5,000	1,754	1,995,444	9.690%
5,001 to 10,000	59	415,233	2.016%
10,001 to 20,000	33	498,104	2.419%
20,001 to 30,000	13	318,784	1.548%
30,001 to 40,000	6	201,469	0.978%
40,001 to 50,000	3	141,684	0.688%
50,001 to 100,000	11	716,609	3.480%
100,001 to 1,000,000	18	4,779,121	23.209%
Over 1000000	3	8,855,812	43.006%
Total	28,500	20,592,000	100.000%

15.7 Share Premium

5,000,000 ordinary shares @ Tk. 70 per share	350,000,000	350,000,000
2,640,000 ordinary shares @ Tk. 400 per share	1,056,000,000	1,056,000,000
	1,406,000,000	1,406,000,000



Particulars	Sep-09 Taka	Dec-08 Taka
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15.8 Particulars of Share Premium

Sponsor:	No. of Shares.		
BRAC	6,899,985	335,163,840	335,163,840
ShoreCap International Ltd.	1,438,949	92,473,920	92,473,920
International Finance Corporation (IFC)	1,955,827	100,298,880	100,298,880
Others	1,485	63,360	63,360
Non Sponsor:			
Non Resident Bangladeshis	341,827	87,800,000	87,800,000
Mutual Funds	1,282,479	87,800,000	87,800,000
General Public	8,671,448	702,400,000	702,400,000
	20,592,000	1,406,000,000	1,406,000,000

15.8.a Consolidated Share Premium

BRAC Bank Limited	1,406,000,000	-
BRAC EPL Investments Ltd.	147,052,103	-
BRAC EPL Stock Brokerage Ltd.	-	-
	1,553,052,103	-

15.9 Preference Shares

Preference Shares are those share which give their holders an entitlement to a fixed dividend but which do not usually carry voting rights.

5,000,000 preference shares (9%, 5 years cumulative redeemable) of Tk. 100 each.

Breakup of Shareholders are given below:

	No. of Shares.		
IDLC Finance Ltd.	500,000	50,000,000	50,000,000
United Leasing Company Ltd.	500,000	50,000,000	50,000,000
Green Delta Insurance Co. Ltd.	500,000	50,000,000	50,000,000
Trust Bank Limited	1,000,000	100,000,000	100,000,000
Prime Bank Limited	1,000,000	100,000,000	100,000,000
Bank Al-Falah Ltd.	1,000,000	100,000,000	100,000,000
Bangladesh Shilpa Bank	500,000	50,000,000	50,000,000
	5,000,000	500,000,000	500,000,000

15.10 Capital Adequacy Ratio

15.10.1 Capital Adequacy Ratio-as per BASEL-I

(Calculated as per BRPD Circular No. 10 of 24th November 2002, 01 of 19th February 2007 05 of 14th May 2007 03 of 12th March 2008 and 06 of 21st May 2008 issued by Bangladesh Bank.)

Tier - I (Core Capital)

Paid up Capital	2,059,200,000	1,584,000,000
Share Premium	1,406,000,000	1,406,000,000
Statutory Reserve	1,185,352,445	908,762,089
Retained Earnings	832,346,337	919,872,415
	5,482,898,781	4,818,634,504

Tier - II (Supplementary Capital)

General Provision	848,474,510	794,074,510
Preference Share	500,000,000	500,000,000
Exchange Equalization Fund	45,000	45,000
Revaluation reserves of HTM Securities (Upto 50% of the revaluation reserves)	3,825,837	3,825,837
	1,352,345,347	1,297,945,347
Total Capital	6,835,244,129	6,116,579,851

Total Risk Weighted Assets	56,697,753,256	47,943,151,292
Required capital based on Risk Weighted Assets (10.00%)	5,669,775,326	4,794,315,129
Surplus/ (Deficiency)	1,165,468,803	1,322,264,722

Capital Adequacy Ratio:

On core capital (against standard of minimum 5%)	9.67%	10.05%
On actual capital (against standard of minimum 10.00%)	12.06%	12.76%

The two primary capital adequacy ratios used to assess capital adequacy are Tier 1 and Total capital ratios, which are determined by dividing those capital components by risk-weighted assets. Risk-weighted assets are computed by applying the prescribed risk weights on assets and off-balance sheet exposures.

The minimum capital adequacy ratios prescribed by Bangladesh Bank are 5% for Tier 1 capital and 10% for Total capital. The Bank exceeded these minimum ratio thresholds as at September 30, 2009 with a Tier I capital ratio of 9.68% and total capital ratio of 12.06%.



15.10.2 Computation of Risk Weighted assets

Tk. in thousand

Particulars	Balance as on 30th Sep 2009	Risk weighted factor	Risk weighted Balances as on 30th Sep 2009
Cash in Hand and in Banks			
a) Cash in Hand & balance with banks (except private)	8,852,570	0%	-
b) Balances with Bangladesh Bank		0%	-
c) Balances with Sonali Bank as Agent of BB		0%	-
d) Balances with Deposit Money Banks including SB		0%	-
e) Balances with Other Financial Institutions-Public		0%	-
b) Balances with Other Financial Institutions-Private	2,720,000	20%	544,000
Money at Call & Short Notice			
a) Deposit Money Banks	-	0%	-
b) Other Financial Institutions-Public	-	0%	-
a Other Financial Institutions-Private	650,000	20%	130,000
Foreign Currency Balances Held			
a) Foreign Currency Notes in hand	46,850	0%	-
b) Balance with Banks abroad	(215,237)	0%	-
c) Foreign Currency clearing ac: balances with B.Bank	1,052,112	0%	-
d) Bilateral Trade Credits	-	50%	-
e) Wage Earners' (WES) Accounts	-	0%	-
Export and Other Foreign Bills			
a) Export Bills	-	50%	-
b) Other Foreign Bills	-	50%	-
Foreign Investment			
a) OECD countries	-	20%	-
b) Other countries	-	50%	-
Import and Inland Bills	33,915	100%	33,915
Advances			
a) Government	-	0%	-
i) Food Ministry	-	0%	-
ii) Presidency, PM's office, Parliament etc.	-	0%	-
iii) Autonomous and Semi Autonomous Bodies	-	20%	-
b) Deposit Money Banks	-	20%	-
c) Other Financial Institutions-Private	1,993,666	50%	996,833
d) Major Non-Financial Public Enterprises	-	50%	-
e) Other Non-Financial Public Enterprises	-	50%	-
f) Local Authorities	-	20%	-
g) Private Sector	48,610,641	100%	48,610,641
Investment (as per book value)			
a) Presidency, PM's office, Parliament etc.			
i) Treasury Bond	9,913,974	0%	-
ii) Bangladesh Sanchaya Patra/DSC etc.	-	0%	-
iii) Prize Bonds/Income Tax Bonds	1,642	0%	-
iv) Other Securities of Government	-	0%	-
b) Autonomous and Semi Autonomous Bodies	-	20%	-
c) Other Financial Institutions-Private	14,000	50%	7,000
d) Major Non-Financial Public Enterprises	-	50%	-
e) Other Non-Financial Public Enterprises	-	50%	-
f) Local Authorities	-	20%	-
g) Private Sector	946,863	100%	946,863
h) Deposit Money Banks	500	20%	100
i) Negotiable Certificates of Deposits	-	20%	-
j) 91 Days BB Bill	-	0%	-
Head Office and Inter Branches Adjustments	-	0%	-
Other Assets			
a) Contingent Assets as per Contra	1,321,557	50%	660,778
b) Fixed Assets	1,509,444	50%	754,722
c) Valuation Adjustments	-	50%	-
d) Expenditure Account	-	0%	-
e) Others	4,012,900	100%	4,012,900
	81,465,397		56,697,753



Particulars	Sep-09 Taka	Dec-08 Taka
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15.10.3 Capital Adequacy Ratio-as per BASEL-II

(Calculated as per BRPD Circular No. 09 of 31 December 2008 issued by Bangladesh Bank.)

Tier - I (Core Capital)

Paid up Capital	2,059,200,000	-
Share Premium	1,406,000,000	-
Statutory Reserve	1,185,352,445	-
Retained Earnings	832,346,337	-
	<u>5,482,898,781</u>	<u>-</u>

Tier - II (Supplementary Capital)

General Provision	848,474,510	-
Preference Share	500,000,000	-
Exchange Equalization Fund	45,000	-
Revaluation reserves of Securities (Upto 50% of the revaluation reserves)	933,234,606	-
	<u>2,281,754,116</u>	<u>-</u>

Total Capital	7,764,652,898	-
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Total Risk Weighted Assets	65,061,285,229	-
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Required capital based on Risk Weighted Assets (10.00%)	6,506,128,523	-
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Surplus/ (Deficiency)	1,258,524,375	-
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Capital Adequacy Ratio:

On core capital (against standard of minimum 5%)	8.43%	-
On actual capital (against standard of minimum 10.00%)	11.93%	-

16.0 Statutory Reserve

Balance at the beginning of the year	908,762,089	504,071,923
Add: Transferred from profit during the year	276,590,356	404,690,166
	<u>1,185,352,445</u>	<u>908,762,089</u>

17.0 Revaluation Reserve

	HTM	HFT	Total	
Balance at the beginning of the year	4,208,421	114,637,726	118,846,147	-
Add: net addition during the year	-	1,747,623,065	1,747,623,065	216,083,904
	4,208,421	1,862,260,791	1,866,469,212	216,083,904
Less: Deferred Tax Liability	-	-	-	97,237,757
	<u>4,208,421</u>	<u>1,862,260,791</u>	<u>1,866,469,212</u>	<u>118,846,147</u>

Revaluation reserve is made according to DOS Circular no.-05, dated 26th May 2008. Since the reserve is required from this year, so last year figure is zero.

18.0 Minority Interest

BRAC Bank Limited	-	-
BRAC EPL Investments Ltd.	415,122,119	-
BRAC EPL Stock Brokerage Ltd.	50,770,711	-
	<u>465,892,830</u>	<u>-</u>

18.1 Calculation of Minority Interest

	BRAC EPL	BRAC EPSL		
Share Capital	300,000,000	50,000,000	350,000,000	-
Share Premium	436,825,951	-	436,825,951	-
Capital Gain	94,000,000	-	94,000,000	-
Retained Earnings	16,362,047	53,613,696	69,975,743	-
Total net assets at 30 September 09	847,187,998	103,613,696	950,801,694	-
Minority Interest 49% of net asset	415,122,119.02	50,770,711.04	465,892,830	-

19.0 Consolidated Surplus in Profit and Loss Account/ Retained Earnings

Balance at the beginning of the year	919,872,415	517,911,751
Less: Issue of Bonus Share	475,200,000	120,000,000
Less: Dividend on Preference Share	28,687,500	46,800,000
Add: Retained Surplus for the year from BRAC Bank	416,361,422	568,760,660
	<u>832,346,337</u>	<u>919,872,411</u>
Retained Surplus from EPL	2,345,745	-
Less: Pre Acquisition Profit from EPL	2,112,381	-
Retained Surplus from EPSL	18,674,475	-
Less: Pre Acquisition Profit from EPSL	13,965,856	-
	<u>837,288,320</u>	<u>-</u>



Particulars	Sep-09 Taka	Dec-08 Taka
20.0 Contingent Liabilities		
Acceptances and endorsements	137,034,370	136,773,626
Import Letters Of Credit - Sight	1,770,408,030	1,452,386,639
Import Letters Of Credit - Usance	220,331,111	96,930,677
Import Letters Of Credit - Back to Back	101,220,147	21,389,341
Guarantees Issued	741,907,497	425,080,706
Tax Liability (Note - 20.6)	136,257,553	3,367,206
Bills for collection	19,671,781	8,570,591
Contingent Assets - FX deals	368,484,648	-
Stock of Travelers Cheques (TC)	3,653,274	3,645,672
Stock of Govt. Sanchaya Patra	12,851,000	12,851,000
Securities under repo with other bank	-	-
	3,511,819,411	2,160,995,458
20.1 Significant concentration wise grouping		
i) Documentary credits and short term trade related transactions:	2,990,572,936	2,141,131,580
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) Other exchange contracts	384,988,922	16,496,672
iv) Others	136,257,553	3,367,206
	3,511,819,411	2,160,995,459
20.2 Letter of Guarantee		
Letter of Guarantee (Local)	649,885,313	425,080,706
Letter of Guarantee (Foreign)	92,022,184	-
Foreign counter Guarantee	-	-
	741,907,497	425,080,706
Less margin	37,998,430	12,757,173
	703,909,067	412,323,532
Balance for which the Bank is contingently liable in respect of guarantee issued favoring:		
Directors	-	-
Government	-	-
Bank and other financial institution	35,463,000	14,186,152
Others	706,444,497	410,894,554
	741,907,497	425,080,706
Less : Margin	37,998,430	12,757,173
	703,909,067	412,323,532
20.3 Irrevocable Letter of Credit		
Letter of Credit (Inland)	41,838,395	41,838,395
Letter of Credit (General)	1,948,900,746	1,507,478,921
Back to Back L/C	101,220,147	21,389,341
Back to Back Bills	-	-
Back to Back Bills (EDF)	-	-
Bank's Liabilities - PAD (DEF)	-	-
	2,091,959,288	1,570,706,657
Less: Margin	188,290,648	62,118,810
	1,903,668,639	1,508,587,848
20.4 Bills for collection		
Outward local bills for collection	19,671,781	8,570,591
Outward foreign bills for collection	-	-
Inward local bills for collection	-	-
Inward foreign bills for collection	-	-
	19,671,781	8,570,591
Less Margin	-	-
	19,671,781	8,570,591



20.5 Suit filed by the Bank

No law suit filed by the bank against contingent liabilities.

20.6 Contingent Liabilities (Taxation)

Pre-operating expenses were shown as allowable expenses in the return for the Income year 2001 (assessment year 2002-2003). After filing of the return, the Tax Authority disallowed these expenses. BRAC Bank Ltd. Filed an appeal against order of the Tax Authority to the Additional Commissioner of Taxes (Appeal) who allowed these expenses. In response, the Tax Authority filed a further appeal against the order of the Additional Commissioner of Taxes (Appeal) to the Taxes Appellate Tribunal who again disallowed these expenses. BRAC Bank Ltd. filled an appeal to The Supreme Court of Bangladesh, High Court Division for revision in this matter and it is under process.

BRAC Bank filed appeal to the Commissioner (Appeal) for the year 2008-09 against the order of DCT on several grounds. On those ground, tax authority claimed tax for the financial year 2007 Tk. 124,420,624, which is lying with the tax authority and revised the order of the DCT is yet to received.

Particulars	Sep-09 Taka	Sep-08 Taka
Section -Three: Notes to Profit & loss Account		
21.0 Income statement		
Income:		
Interest, discount and similar income (Note-21.1)	7,792,330,342	6,392,000,678
Dividend income (Note-24)	5,500,027	4,900,000
Fees, commission and brokerage (Note-21.2)	1,338,940,839	1,375,730,236
Gains less losses arising from dealing securities	-	-
Gains less losses arising from investment securities	-	-
Gains less losses arising from dealing from foreign currency (Note-25)	305,550,569	121,749,410
Income from non-banking assets	-	-
Other operating income (Note-26)	54,658,997	13,583,917
Profit less losses on interest rate changes	-	-
Nominal value of bonus share received	-	-
	9,496,980,773	7,907,964,241
Expenses:		
Interest, fees and commission (Note-23)	4,497,045,847	3,356,693,580
Losses on loans and advances	-	-
Administrative expenses (Note-21.3)	1,971,717,831	1,510,979,986
Other operating expenses (Note-35)	433,271,659	386,085,447
Depreciation on banking assets (Note-34)	247,993,659	162,014,436
	7,150,028,996	5,415,773,449
Operating Profit	2,346,951,778	2,492,190,792
21.1 Interest, discount and similar income		
Interest on loans and advances	6,648,488,852	5,688,649,478
Interest on money at call and short notice	27,920,278	24,904,793
Interest on balance with other banks	76,812,399	25,508,028
Interest on treasury bills & bonds	783,081,234	495,156,133
Interest on debenture	-	-
Interest on fixed deposits with other banks	223,035,208	157,502,428
Interest on coupon bearing bond	32,987,500	-
Interest on zero coupon bond	4,871	279,818
	7,792,330,342	6,392,000,678
21.2 Fees, commission and brokerage		
Fees (note-25)	1,106,872,490	1,181,312,058
Commission (note-25)	232,068,349	194,418,178
	1,338,940,839	1,375,730,236
21.3 Administrative expenses		
Salaries and allowances	1,309,082,694	1,028,127,887
Rent, taxes, insurance, electricity etc.	213,818,842	142,266,311
Legal expenses	11,231,280	7,559,239
Postage, stamps, telecommunication etc.	131,659,458	106,471,697
Stationery, printing, advertisement etc.	223,563,912	159,584,164
Chief Executive's salary & fees **	6,167,600	5,688,800
Directors' fees & expenses	340,400	582,515
Auditors' fee	585,000	544,500
Repairs & maintenance of fixed assets	75,268,645	60,154,872
	1,971,717,831	1,510,979,986



Particulars	Sep-09 Taka	Sep-08 Taka
21.4 Consolidated Income statement		
Income:		
Interest, discount and similar income	7,814,267,658	6,392,000,678
Dividend income	5,500,027	4,900,000
Fees, commission and brokerage	1,403,875,085	1,375,730,236
Gains less losses arising from dealing securities	-	-
Gains less losses arising from investment securities	-	-
Gains less losses arising from dealing from foreign currencies	305,550,569	121,749,410
Income from non-banking assets	-	-
Other operating income	54,658,997	13,583,917
Profit less losses on interest rate changes	-	-
Nominal value of bonus share received	-	-
	9,583,852,336	7,907,964,241
Expenses:		
Interest, fees and commission	4,497,045,847	3,356,693,580
Losses on loans and advances	-	-
Administrative expenses	1,993,861,428	1,510,979,986
Other operating expenses	447,494,962	386,085,447
Depreciation on banking assets	251,227,517	162,014,436
	7,189,629,753	5,415,773,449
Operating Profit	2,394,222,583	2,492,190,792

22.0 Interest Income

Interest on loans and advances- Retail	1,017,975,515	531,139,567
Interest on loans and advances- Corporate	1,117,373,320	1,120,280,764
Interest on loans and advances- Lease Finance	54,347,707	51,440,264
Interest on loans and advances- SME	4,173,474,308	3,736,822,758
Interest on loans and advances- Credit Cards	272,839,242	239,875,367
Interest on loans and advances- Staff	12,478,759	9,090,758
Interest on money at call and short notice	27,920,278	24,904,793
Interest on balance with other banks	76,812,399	25,508,028
	6,753,221,529	5,739,062,299

22.a Consolidated Interest Income

BRAC Bank Limited	6,753,221,529	-
BRAC EPL Investments Ltd.	17,435,361	-
BRAC EPL Stock Brokerage Ltd.	4,501,956	-
	6,775,158,846	-

23.0 Interest Paid on Deposits and Borrowing etc.

Interest on deposits	4,394,684,059	3,193,169,190
Current	92,356,377	62,902,797
STD	317,965,526	116,868,215
Savings	113,250,592	91,751,536
Term	3,871,111,563	2,921,646,641
Interest on money at call and short notice	10,958,653	23,156,500
Interest on local bank accounts	91,388,341	133,693,416
Interest on dealing of securities	14,794	6,674,474
Interest on refinance from Bangladesh Bank	-	-
	4,497,045,847	3,356,693,580

24.0 Investment Income

Interest on treasury bills & bonds	783,081,234	495,156,133
Interest on debenture	-	-
Dividend on shares	5,500,027	4,900,000
Interest on fixed deposits with other banks	223,035,208	157,502,428
Interest on coupon bearing bond	32,987,500	-
Interest on zero coupon bond	4,871	279,818
	1,044,608,840	657,838,379



Particulars	Sep-09 Taka	Sep-08 Taka
25.0 Commission, Exchange and Brokerage		
Commission from sale of sanchaya patra	472,039	352,415
Commission from issue of payment orders, DD & TT	6,135,092	4,947,556
Commission from issue of letter of guarantee	8,941,739	3,447,966
Commission from issue of letters of credit (Import & Export)	36,690,751	27,430,353
Commission on visa processing	5,901,853	5,395,493
Commission on Travellers Cheques	2,884,602	1,377,949
Commission on remittance	167,594,335	149,926,248
Other commission	3,447,938	1,540,198
Foreign exchange earnings	305,550,569	121,749,410
Loan processing fees	617,737,200	724,852,798
Account activity fees	29,136,310	25,795,282
Import & export related fees	7,040,156	5,661,681
Fees & Commission-Cards	152,666,698	130,943,536
Relationship Fees	93,367,366	114,572,236
Loan Early Settlement Fees	68,656,703	48,386,042
Loan Penal Fees	1,875,065	1,002,348
Service Charges for ATM Card	91,618,864	104,041,536
Fund Collection/ Transfer Fees	4,964,125	5,253,413
Student Service Center Fees	6,526,500	4,219,000
Cancellation fees	269,500	182,500
Cheque collection fees	762,758	666,278
Other fees	32,251,245	15,735,408
(Note : 25.1)	<u>1,644,491,408</u>	<u>1,497,479,646</u>
25.1 Other fees		
Passport Endorsement Fees	11,982,071	2,578,459
Locker fees	2,545,453	1,846,738
Postage	405,802	341,485
DPS Penal Fees	-	-
DPS Early Settlement Fees	-	5,815
Merchant Service Fee	-	-
Service fees - BIT	808,496	834,306
IOM Service Fees	3,174,680	1,871,080
Annual Membership Fees-Premium Banking	29,500	70,800
Membership Fees-ELDORADO	6,004,922	-
Annual Fees-SMS Banking	-	-
Cash withdrawal from branch POS	16,148	-
Syndication Fees	5,380,080	5,946,987
Valuation fees	1,539,266	-
Omnibus settlement fees	364,826	2,239,739
	<u>32,251,245</u>	<u>15,735,408</u>
25.a Consolidated Commission, Exchange and Brokerage		
BRAC Bank Limited	1,644,491,408	-
BRAC EPL Investments Ltd.	2,950,325	-
BRAC EPL Stock Brokerage Ltd.	61,983,921	-
	<u>1,709,425,654</u>	<u>-</u>
26.0 Other operating income		
Recovery of written off bad debts	36,871,970	5,206,574
Profit on sale of assets	41,392	62,750
Miscellaneous Income	16,101,811	7,422,232
Rebate income from other bank	1,643,823	892,360
	<u>54,658,997</u>	<u>13,583,916</u>
27.a Consolidated Salaries and allowances		
BRAC Bank Limited	1,309,082,694	-
BRAC EPL Investments Ltd.	5,316,983	-
BRAC EPL Stock Brokerage Ltd.	11,557,499	-
	<u>1,325,957,175</u>	<u>-</u>



Particulars	Sep-09 Taka	Sep-08 Taka
28.0 Rent, Taxes, Insurance, Electricity etc.		
Rent, rates & taxes	150,277,595	91,443,658
Insurance	28,946,985	21,220,890
Power & electricity	30,870,287	22,901,829
WASA & Sewerage	3,723,975	2,370,798
	<u>213,818,842</u>	<u>137,937,175</u>
28.a Consolidated Rent, Taxes, Insurance, Electricity etc.		
BRAC Bank Limited	213,818,842	-
BRAC EPL Investments Ltd.	1,709,774	-
BRAC EPL Stock Brokerage Ltd.	820,889	-
	<u>216,349,505</u>	<u>-</u>
29.a Consolidated Legal expenses		
BRAC Bank Limited	11,231,280	-
BRAC EPL Investments Ltd.	110,000	-
BRAC EPL Stock Brokerage Ltd.	-	-
	<u>11,341,280</u>	<u>-</u>
30.0 Postage, Stamp, Telecommunication etc		
Postage & courier	24,433,738	19,761,014
Telegram, telex, fax & Network	48,470,424	34,220,648
Court fees & stamps	2,191,535	662,109
Telephone-Office	56,563,761	51,827,925
	<u>131,659,458</u>	<u>106,471,697</u>
30.a Consolidated Postage, Stamp, Telecommunication etc		
BRAC Bank Limited	131,659,458	-
BRAC EPL Investments Ltd.	160,145	-
BRAC EPL Stock Brokerage Ltd.	537,410	-
	<u>132,357,013</u>	<u>-</u>
31.0 Stationery, Printing, Advertisement etc.		
Stationery & Printing	62,085,827	78,753,528
Security Stationery	15,723,229	10,865,771
Advertisement	145,754,856	69,964,865
	<u>223,563,912</u>	<u>159,584,164</u>
31.a Consolidated Stationery, Printing, Advertisement etc.		
BRAC Bank Limited	223,563,912	-
BRAC EPL Investments Ltd.	101,095	-
BRAC EPL Stock Brokerage Ltd.	516,682	-
	<u>224,181,689</u>	<u>-</u>
32.0 Director's Fees & Expenses		
Director's fees represent fees paid for attending board meeting, board audit committee meeting, board recruitment committee meeting @ Tk. 4,000 per director per meeting and travel & accommodation expenses of foreign Director for attending the Board meeting.		
Breakup of Directors fees & expenses are given below:		
Directors Fees	204,000	144,000
Traveling & Others	136,400	438,515
	<u>340,400</u>	<u>582,515</u>
32.a Consolidated Director's Fees & Expenses		
BRAC Bank Limited	340,400	-
BRAC EPL Investments Ltd.	240,000	-
BRAC EPL Stock Brokerage Ltd.	90,000	-
	<u>670,400</u>	<u>-</u>
33.a Consolidated Auditors' fee		
BRAC Bank Limited	585,000	-
BRAC EPL Investments Ltd.	15,675	-
BRAC EPL Stock Brokerage Ltd.	56,125	-
	<u>656,800</u>	<u>-</u>



Particulars	Sep-09 Taka	Sep-08 Taka
34.0 Depreciation on and repairs to bank's assets		
Depreciation		
Furniture & fixtures	37,853,206	24,429,804
Office equipments	61,611,365	31,301,214
IT equipments	141,461,310	106,940,366
Motor vehicles	7,067,777	3,353,540
Lease assets	-	-
	<u>247,993,659</u>	<u>166,024,924</u>
Repairs & Maintenance		
Transport Maintenance expenses	29,390,952	22,081,863
Equipment Maintenance Expenses	13,994,398	6,758,511
Hardware & Software Maintenance Expenses	21,040,561	23,923,070
Premises Maintenance Expenses	10,842,734	7,391,428
	<u>75,268,645</u>	<u>60,154,872</u>
	<u>323,262,304</u>	<u>226,179,796</u>
34.a Consolidated Depreciation on and repairs to bank's assets		
BRAC Bank Limited	323,262,304	-
BRAC EPL Investments Ltd.	2,657,713	-
BRAC EPL Stock Brokerage Ltd.	1,487,465	-
	<u>327,407,482</u>	<u>-</u>
35.0 Other Expenses		
Transportation & conveyance	47,990,373	51,243,781
Fuel expenses	16,018,139	13,578,850
Traveling	21,714,160	27,084,953
Professional fees	7,633,469	12,033,340
Entertainment	2,017,939	1,202,421
Staff welfare	18,842,795	18,545,909
SWIFT	3,454,432	3,861,544
Business development	6,136,893	7,865,967
Books, news papers and periodicals	1,392,994	910,270
Donation and subscription	3,627,694	20,510,640
VAT & excise duty	596,228	2,183,795
Fraud, forgeries & operating loss	10,350,000	24,550,000
Staff training	27,659,315	14,425,364
Staff liveries	750,400	2,945,100
Staff recruitment	1,304,742	648,328
Bank charges	167,596,247	120,078,939
Finance charge on leased assets	-	318,648
Crockery's	530,768	704,443
IPO Expenses	200.00	-
Documentation Charges - CIB	1,427,749	731,300
Data Verification Charge	-	2,918,850
Credit card expenses	19,679,559	14,745,922
AGM expenses	13,680,000	15,650,000
Right issue expenses	791,500	3,101,593
Bond issue expenses	27,000,000	-
Outsource agency fees	5,857,034	3,113,127
Commission paid	1,035,908	-
Cash carrying charges	25,178,719	22,140,474
Miscellaneous	1,004,401	1,310,537
	<u>433,271,659</u>	<u>386,404,095</u>
35.a Consolidated Other Expenses		
BRAC Bank Limited	433,271,659	-
BRAC EPL Investments Ltd.	2,715,101	-
BRAC EPL Stock Brokerage Ltd.	11,508,202	-
	<u>447,494,962</u>	<u>-</u>
36.0 Provision for Loan & Advances		
For classified loans & advances	909,600,000	925,667,420
For unclassified loans & advances	44,400,000	50,381,000
	<u>954,000,000</u>	<u>976,048,420</u>



Particulars	Sep-09 Taka	Sep-08 Taka
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37.0 Income Tax

37.a Consolidated Provision for Income Tax

Current Tax:

BRAC Bank Limited	760,000,000	-
BRAC EPL Investments Ltd.	2,759,700	-
BRAC EPL Stock Brokerage Ltd.	3,294,988	-
	<u>766,054,688</u>	<u>-</u>

Deferred Tax:

BRAC Bank Limited	(70,000,000)	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
	<u>(70,000,000)</u>	<u>-</u>
	<u>696,054,688</u>	<u>-</u>

38. Weighted Average Earnings Per Share

Profit after taxation	692,951,778	661,735,372
Less: Preference dividend	<u>28,687,500</u>	<u>27,000,000</u>
Profit attributable for distribution to ordinary shareholders	<u>664,264,277</u>	<u>634,735,372</u>
Weighted average number of shares	<u>20,592,000</u>	<u>20,592,000</u>

Weighted average/ adjusted earnings per share (Taka) 32.26 30.82

Basic Earning per share (Annualize) 43.01 41.10

38.a Consolidated weighted Average Earnings Per Share

Profit after taxation	734,167,895	-
Less: Preference dividend	<u>28,687,500</u>	<u>-</u>
Profit attributable for distribution to ordinary shareholders	<u>705,480,394</u>	<u>-</u>
Weighted average number of shares	<u>20,592,000</u>	<u>-</u>

Weighted average/ adjusted earnings per share (Taka) 34.26 -

Basic Earning per share (Annualize) 45.68 -

Weighted average earnings per share (EPS) of 2008 has been restated as per BAS-33 "Earnings per Share". Since the bonus issue is an issue without consideration of cash, the issue is treated as if it had occurred prior to the beginning of 2008, the earliest period reported. Actual EPS in year 2008 was Tk. 62.30.



Section -Four : Notes to Cash Flow Statement

Particulars		Sep-09 Taka	Dec-08 Taka
39.0 Cash & Cash Equivalent			
Cash in hand (including foreign currency)	(Note-3)	1,593,394,127	908,567,282
Balance with Bangladesh Bank and its agents banks (including foreign currency)	(Note-3)	4,789,668,423	3,407,320,718
Balance with other banks and financial institutions	(Note-4)	6,073,231,667	3,194,971,109
Money at call and on short notice	(Note-5)	650,000,000	-
		<u>13,106,294,217</u>	<u>7,510,859,109</u>
39.a Consolidated Cash & Cash Equivalent			
Cash in hand (including foreign currency)		1,593,417,346	-
Balance with Bangladesh Bank and its agents banks (including foreign currency)		4,789,668,423	-
Balance with other banks and financial institutions		6,618,573,415	-
Money at call and on short notice		650,000,000	-
		<u>13,651,659,184</u>	<u>-</u>
40.0 Receipts from other operating activities			
Recovery of written off bad debts		36,871,970	6,573,347
Profit on sale of assets		41,392	75,932
Misc. Income		16,101,811	11,983,591
Rebate income from other bank		1,643,823	1,220,545
		<u>54,658,997</u>	<u>19,853,415</u>
41.0 Payment for other operating activities			
Rent, taxes, insurance, electricity etc.		202,425,873	189,517,796
Audit fees		144,500	600,000
Directors fees & expenses		340,400	729,715
Repair & maintenance		81,595,440	71,153,641
Other expenses		372,342,272	418,567,441
Legal expenses		11,595,716	9,692,560
		<u>668,444,202</u>	<u>690,261,152</u>
41.a Consolidated Payment for other operating activities			
Rent, taxes, insurance, electricity etc.		204,940,712	-
Audit fees		287,500	-
Directors fees & expenses		670,400	-
Repair & maintenance		82,506,760	-
Other expenses		387,934,147	-
Legal expenses		11,705,716	-
		<u>688,045,235</u>	<u>-</u>



Section -Five : General Disclosures

42.0 General Disclosure

42.1 Audit Committee

An audit committee was constituted by the Board of Directors of BRAC Bank in its 23rd meeting held on March 02, 2003. Subsequently, the Board of directors in its 91st meeting held on May 14, 2008 reconstituted the Audit Committee as under:

Sl. No.	Name of Director	Status with The Bank	Status with the Committee	Educational Qualification
01	Mr. Shib Narayan Kairy	Director	Chairman	M.Com (Accounting)
02	Mr. Muhammad A (Rumee) Ali	Chairman	Member	MA (Economics)
03	Ms. Nihad Kabir	Director	Member	L.L.B., L.L.M.,(UK), (Barrister at Law)

During the period September 30, 2009, the Audit Committee of the Board conducted 4 (four) meetings in which among others, the following issues were discussed:

Facts Discussed

- Discuss the Inspection report of Bangladesh Bank on Foreign trade & foreign exchange of Gulshan Branch.
- Discuss the audit report of different Head Office departments, Branches and SME Sales & service centers conducted by the Bank's internal audit team from time to time.
- Discuss the Enterprise Risk Management Report that prepared and conducted by ERM team.
- Discuss the fraud/forgeries report.
- Review the position of reconciliation with other bank and Nostro Account.
- Review the status of the SMA and Bad/Loss loan.
- Review the PPG of Corporate Product- Employee Benefit Scheme (EBS).
- Reviewing the Impaired Asset Management Policy - SME & Retail Banking.
- Reviewing the Anti money laundering policy of the Bank.

42.2 Related Party/(ies) Transactions

i) The bank carried out transactions with related parties in the normal course of business on an arm length basis. As on September 30, 2009, 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	Nature of Transaction	Balance at year end
a) BRAC & its associated organization	Director	Deposits made with us	8,279,388,363
b) Delta Brac Housing Finance Corporation Ltd.	Director	Deposits made with us	80,551,963
c) Industrial & Infrastructure Development Finance Co. Ltd.	Director	Loans & advances	217,329,340
d) BRAC EPL Investments Ltd.	Subsidiary	Deposits made with us	340,003,476
d) BRAC EPL Stock Brokerage Ltd.	Subsidiary	Deposits made with us	52,460,067



ii) Name of Directors and the entities in which they have interest as on September 30, 2009

Sl. No.	Name of Director	Status with The Bank	Name of the firms/companies in which they have interest	Educational Qualification
01	Mr. Muhammad A (Rumee) Ali	Chairman	Delta Brac Housing Finance Corporation Ltd., Brac BD Mail Network Ltd., Brac Karnaphuli Tea Co. Ltd., Brac Kayachora Tea Co. Ltd. Brac Bashkhali Tea Co. Ltd., Documenta TM Ltd., Equity Partners Ltd. and Equity Partner Securities Ltd.	MA (Economics)
02	Mr. Quazi Md. Shariful Ala, FCA	Director	Delta Brac Housing Finance Corp. Ltd. Mobil Jamuna Lubricants Limited	Graduate in Economics from LSE, UK. FCA
03	Ms. Nihad Kabir (Independent and Depositor Director)	Director	Kedarpur Tea Co. Ltd., Sathgao Tea Estate Ltd., Shaistaganj CNG Co. Ltd.	L.L.B., L.L.M.,(UK) (Barrister at Law)
04	Mr. Mark A. Coffey	Director	NIL	Masters of Business & Public Management. Brigham Young University, USA
05	Ms. Tamara Hasan Abed	Director	BRAC Dairy Food Project, SOLV IT Limited	MBA (Finance), USA
06	Mr. Shib Narayan Kairi	Director	BRAC Services Ltd. BRAC Industries Ltd. Documenta TM Ltd., BRAC Karnafuli Tea Co. Ltd. BRAC Banskhal Tea Company Ltd., BRAC Kaiyacherra Tea Company Ltd., BRAC Kodala Tea state Ltd., Bangladesh Netting Factory Ltd.	M.Com (Accounting)
07	Mr. Hafiz G.A Siddiqi (Depositor Director)	Director	North South University	Ph.D (Manchester Business School), UK, MBA, (Graduate School of Business Indiana University), USA
08	Mr. A.E.A Muhaimen	Managing	Nil	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 Bank Companies Act - 1991.

Nil

vi) Loan and advances to Directors and their related concern:

Industrial & Infrastructure Development Finance Co. Ltd.

217,329,340

Classification Status

Unclassified

vii) Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act-1991.

Nil

viii) Investment in the Securities of Directors and their related concern:

Nil



42.3 Capital Expenditure Commitments

The bank has capital expenditure amounting Tk. 18,874,755 contracted but not incurred or provided for at September 30, 2009.

42.4 Claim not Acknowledged as Debt

There was no claim against the bank not acknowledged as debt as on 30.09.2009.

42.5 Number of Employees

The number of Employees including contractual engaged for the whole year or part thereof who received a total yearly remuneration of Tk. 36,000 or above were 6,529 (2008: 6,061).

42.6 Post Balance Sheet Events:

No material non-disclosed events occurred after balance sheet date.

42.7 Coverage of External Audit:

The external auditor of the Bank, M/s S. F. Ahmed & Co. Chartered Accountants worked about 2,160 man hour at head office. During their audit, they audited above 80% of the Bank's risk weighted assets as on the Balance Sheet date.

42.8 Share trading

The bank traded its ordinary shares in CDBL through DSE and CSE on 31 January 2007. The closing market price on 30 September 2009 was Tk. 571.50 at DSE and Tk. 570.75 at CSE.

42.9 General:

- a) Figures appearing in the financial statements have been rounded off to the nearest Taka.
- b) Figures of previous year have been rearranged where ever considered necessary to conform 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.



BRAC Bank Ltd.
Highlights on the overall Activities
For the Period ended September 30, 2009

Particulars	Amount in Taka	
	30-Sep-09	31-Dec-08
Paid-up capital	2,059,200,000	1,584,000,000
Total capital including general provisions	6,835,244,129	6,114,858,220
Capital surplus/(deficit)	1,165,468,803	1,320,543,091
Total assets	92,105,188,669	72,441,893,387
Total deposits	73,771,211,838	58,006,887,010
Total loans & advances	62,134,412,347	52,676,716,740
Total contingent liabilities & commitments	3,511,819,411	2,160,995,459
Credit deposit ratio (Loans & advances/Deposits)	84.23%	90.81%
Percentage of classified loans against total loans & advances	5.44%	4.69%
Profit after tax & provisions	734,167,895	973,450,825
Amount of classified loans during the current year	3,379,254,705	2,473,011,790
Provision kept against classified loans	1,880,640,058	1,637,712,388
Provisions surplus/deficit	409,421,947	679,369,589
Cost of fund	9.04%	9.44%
Interest earning assets	87,667,424,066	69,338,491,648
Non-Interest earning assets	4,437,764,603	3,103,401,739
Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]	9.79%	12.61%
Return on assets (ROA) [PAT/Average assets]	1.19%	1.64%
Return on Equity (ROE) [PAT/Average shareholders equity]	14.52%	22.88%
Income from investments	1,044,608,840	909,126,832
Weighted average earning per share	34.26	62.30
Net income per share [(PAT-Dividend on preference share/No. of	34.26	58.50
Price earning ratio (Market price per share/EPS)	16.68	13.29
Net Asset Value per Share (NAV) [(Shareholders equity- Preference	361.63	311.71



BRAC Bank Limited
Balance with other bank and financial institutions (Outside Bangladesh on Demand Deposit Accounts)
As at September 30, 2009

Name of Bank	A/C Type	Sep-09			Dec-08		
		FC Amount	Exchange Rate	Equivalent Taka	FC Amount	Exchange Rate	Equivalent Taka
Standard Chartered Bank-NY (USD)	CD	(142,697.18)	69.0600	(9,854,667)	207,348.26	68.935	14,293,552
Mashreq Bank PSCNY (USD)	CD	1,046.99	69.0600	72,305	101,961.48	68.935	7,028,715
The Bank of Nova Scotia- USA (USD)	CD	-	69.0600	-	-	68.935	-
The Bank of Nova Scotia- Canada (CAD)	CD	19,929.27	63.7320	1,270,132	90,766.38	56.516	5,129,726
CITI Bank NA (USD)	CD	40,070.90	69.0600	2,767,296	92,033.68	68.935	6,344,342
AB Bank Mumbai (ACU Dollar)	CD	36,810.21	69.0600	2,542,113	283,098.56	68.935	19,515,399
Crescent Comm. Bank Karachi (ACU Dollar)	CD	-	69.0600	-	-	68.935	-
ICICI Mumbai (ACU Dollar)	CD	3,185.97	69.0600	220,023	2,574.45	68.935	177,470
Standard Chartered Bank-UK (GBP)	CD	(11,091.00)	109.6086	(1,215,669)	1,400.00	99.359	139,102
Hypo Vereins Bank Germany (EURO)	CD	41,801.04	100.6929	4,209,068	269,900.79	97.003	26,181,105
HSBC - NY (USD)	CD	(361,799.18)	69.0600	(24,985,851)	2,543,613.70	68.935	175,344,010
HSBC - UK (GBP)	CD	(1,177,794.71)	109.6086	(129,096,429)	87,116.25	99.359	8,655,749
HSBC - AUS (AUD)	CD	740.17	60.3481	44,668	5,430.89	47.665	258,862
Standard Chartered Bank - UK (EURO)	CD	(649,729.00)	100.6929	(65,423,097)	-	97.003	-
Union DE Banques Arabes ET Francaises (JPY)	CD	5,267,978.00	0.7695	4,053,709	1,021,356.00	0.763	779,703
Westpack Banking Corporation, (AUD)	CD	219.98	60.3481	13,275	49,337.79	47.665	2,351,671
HSBC - Pakistan (ACU Dollar)	CD	269.31	69.0600	18,599	227.56	68.935	15,687
HSBC - India (ACU Dollar)	CD	34.38	69.0600	2,374	155.05	68.935	10,688
Mashreq Bank - UK (GBP)	CD	-	109.6086	-	-	99.359	-
Mashreq Bank - UK (EURO)	CD	-	100.6929	-	-	97.003	-
Zuercher Kantonal Bank, Zurich (CHF)	CD	19,251.44	66.6442	1,282,997	10,082.50	65.153	656,904
ING Belgium NV/SA (EURO)	CD	2,319.44	100.6929	233,551	8,611.18	97.003	835,308
Commerz Bank AG Germany (EURO)	CD	67.16	100.6929	6,763	1,616.40	97.003	156,795
JP Morgan Chase Bank (USD)	CD	(32,737.89)	69.0600	(2,260,879)	-	-	-
Unicredito Italiano SPA (EURO)	CD	8,568.21	100.6929	862,758	16,621.16	97.003	1,612,297
Total				(215,236,961)			269,487,085



BRAC Bank Limited
Consolidated Investment in Shares
As at September 30, 2009

BRAC Bank Limited:

Sl. No.	Name of the company	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 30.09.2009	Total market value at 30.09.2009
Quoted							
01	Bank Asia Limited	100	6,683	230,000	34.42	300.00	2,004,900
02	Mercantile Bank Limited	100	7,591	270,000	35.57	287.25	2,180,515
Unquoted							
03	Industrial and Infrastructure Development Finance Co. Ltd.	100	227,700	10,000,000	43.92	-	-
04	Central Depository Bangladesh Ltd.	1,000,000	4	4,000,000	1,000,000	-	-
05	STS Holdings Ltd.	10	5,000,000	50,000,000	10.00	-	-
				5,241,978	64,500,000	4,185,415	

BRAC EPL Investment Limited

Name of the company	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 30.09.2009	Total market value at 30.09.2009
Unquoted						
Global Access Ltd.	10	988,351	9,883,510	10	-	-
Hindul Wali Textiles Ltd.	1000	8,750	8,750,000	1,000	-	-
			997,101	18,633,510	-	



BRAC Bank Limited
Schedule of Property, plant & equipments
As at September 30, 2009

Particulars	C O S T				Rate of Dep. %	D E P R E C I A T I O N			Written down value 30.09.2009
	Balance as on 01.01.09	Addition during the year	Adjustment during the year	Balance as on 30.09.2009		Balance as on 01.01.09	Charged during the year	Adjustment during the year	
Own assets:									
Tangible:									
Land	87,940,465	-	-	87,940,465		-	-	-	87,940,465
Furniture & fixture	474,657,411	73,881,936	2,930,368	545,608,979	10	57,765,231	37,853,205	1,037,828	94,580,608
Office equipments	380,473,000	74,050,345	3,330,338	451,193,007	20	87,239,191	61,611,365	2,393,426	146,457,130
IT equipments	918,779,362	118,226,658	679,602	1,036,326,418	20	275,846,919	141,461,310	663,576	416,644,653
Motor vehicles	41,300,601	22,100,063	-	63,400,664	20	10,275,219	7,067,779	-	17,342,998
	1,903,150,839	288,259,001	6,940,308	2,184,469,532		431,126,560	247,993,659	4,094,830	675,025,390
Leased assets:									
Tangible:									0
Furniture & fixture	-	-	-	-		-	-	-	-
Office equipments	-	-	-	-		-	-	-	-
IT equipments	-	-	-	-		-	-	-	-
Motor vehicles	-	-	-	-		-	-	-	-
	-	-	-	-		-	-	-	-
Total	1,903,150,839	288,259,001	6,940,308	2,184,469,532		431,126,560	247,993,659	4,094,830	675,025,390
Last year position	1,240,396,224	765,393,784	2,642,530	2,003,147,478		297,466,938	234,938,872	1,282,611	531,123,199
									1,472,024,279

**** Office equipment includes telephone sets which were depreciated @50% instead of 20% on other office equipment.



Annex - E

BRAC Bank Ltd.
Detail of Large Loan
As at September 30, 2009

Number of Clients	4
Amount of outstanding advances	2,554,179,021
Amount of classified advances	NIL
Measures taken for recovery	NIL

Client wise break-up is as follows:

Name of Clients	Sep-09			2008
	Outstanding (Taka)			
	Funded	Non Funded	Total	Total
Abul Khair Steel Limited	452,544,788	784,907,900	1,237,452,688	-
PHP NOF Continuous Galvanizing Mills Ltd	656,668,146	34,883,100	691,551,246	205,060,889
Grameen Phone Limited	-	278,187,740	278,187,740	829,069,321
Summit Uttaranchol & Purbanchol Power Company Limited	342,255,847	4,731,500	346,987,347	681,708,574
Total	1,451,468,781	1,102,710,240	2,554,179,021	1,715,838,784



Annex-F

BRAC Bank Ltd.
Statement of Tax position
As at September 30, 2008

Accounting Year	Assessment Year	Tax provision	Tax as per assessment	(Shortage)/Excess provision	Advance Tax as per assessment order	Present Status
2001	2002-2003	-	956,739	(956,739)	1,007,927	Appeal with Supreme Court
2002	2003-2004	-	375,000	(375,000)	1,119,440	Completed
2003	2004-2005	-	3,156,103	(3,156,103)	1,587,297	Completed
2004	2005-2006	111,000,000	82,698,385	28,301,615	78,337,409	Completed
2005	2006-2007	147,680,000	142,505,642	5,174,358	143,306,036	Reopened
2006	2007-2008	371,100,000	385,558,644	(14,458,644)	385,558,644	Completed
2007	2008-2009	766,000,000	810,256,295	(44,256,295)	685,835,670	Under Appeal
2008	2009-2010	1,220,000,000	-	-	742,800,000	File submitted



BRAC Bank Limited

Statement of outstanding unreconciled entries as of 30 September 2009

(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	12	389,860.16	629	3,233,569.37	73	1,208,245.56	208	3,971,611.64
02	More than 03 months but less than 06 months	0	-	17	57,432.71	0	-	2	13,132.38
03	More than 06 months but less than 09 months	0	-	0	-	0	-	0	-
04	More than 09 months but less than 12 months	0	-	0	-	0	-	0	-
05	More than 12 months	0	-	0	-	0	-	0	-
	Total	12	389,860.16	646	3,291,002.07	73	1,208,245.56	210	3,984,744.02



BRAC Bank Limited

Statement of outstanding unreconciled entries as of 30 September 2009

(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	12	389,860.16	629	3,233,569.37	73	1,208,245.56	208	3,971,611.64
02	More than 03 months but less than 06 months	0	-	17	57,432.71	0	-	2	13,132.38
03	More than 06 months but less than 09 months	0	-	0	-	0	-	0	-
04	More than 09 months but less than 12 months	0	-	0	-	0	-	0	-
05	More than 12 months	0	-	0	-	0	-	0	-
	Total	12	389,860.16	646	3,291,002.07	73	1,208,245.56	210	3,984,744.02

