

**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 31 December 2010 and the consolidated profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and also financial statements of BRAC Bank Limited ("the Bank"), which comprise the balance sheet as at 31 December 2010 and the Profit and Loss Account, statement of changes in equity and cash flow statement for the year 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 (BSA). 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 31 December 2010, and results of its financial performance and its cash flows for the year 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 31 December 2010 and the profit and loss account for the year 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;  
24 February 2011

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



# BRAC BANK LIMITED

## Consolidated Balance Sheet As on December 31, 2010

	Note	2010 Taka	2009 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3.a	9,853,046,264	6,619,082,263
Cash in hand		3,578,604,502	1,637,296,747
(Including foreign currency)			
Balance with Bangladesh Bank and its agent Bank(s)		6,274,441,763	4,981,785,516
(Including foreign currency)			
<b>Balance with other Banks and Financial Institutions</b>	4.a	3,887,254,779	5,649,104,142
Inside Bangladesh		3,036,616,263	5,427,024,479
Outside Bangladesh		850,638,516	222,079,663
<b>Money at call and short notice</b>	5.a	-	1,300,000,000
<b>Investments</b>	6.a	13,125,495,806	10,383,311,907
Government		9,667,938,634	10,257,680,797
Others		3,457,557,172	125,631,110
<b>Loans and advances</b>	7.a	86,573,913,596	64,150,835,159
Loans, cash credit, overdrafts etc.		86,329,829,222	64,084,358,403
Bills purchased & discounted		244,084,374	66,476,756
<b>Fixed assets including premises, furniture and fixtures</b>	8.a	1,854,245,194	1,666,593,932
<b>Other assets</b>	9.a	7,195,307,035	5,080,443,373
<b>Non-banking assets</b>	10.0	-	-
<b>Goodwill</b>	11.a	311,888,515	311,888,515
<b>Total Property and Assets</b>		<u>122,801,151,189</u>	<u>95,161,259,291</u>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions &amp; agents</b>	12.a	4,973,920,255	2,450,000,000
<b>Borrowings from Central Bank</b>	13.a	1,828,605,004	-
<b>Convertible Subordinate Bonds</b>	14.a	3,000,000,000	-
<b>Money at Call and Short notice</b>	15.a	550,000,000	-
<b>Deposits and other accounts</b>	16.a	88,154,867,683	74,455,677,860
Current accounts & other accounts		30,290,472,653	24,549,612,758
Bills payable		1,021,461,002	453,829,731
Savings deposits		21,093,422,226	12,973,969,209
Fixed deposits		35,488,954,124	36,037,073,117
Other deposits		260,557,678	441,193,045
<b>Other liabilities</b>	17.a	13,742,438,421	9,424,340,286
<b>Total Liabilities</b>		<u>112,249,831,364</u>	<u>86,330,018,146</u>
<b>Capital and Shareholders' Equity</b>			
Paid up share capital	18.2	2,676,960,000	2,059,200,000
Preference share capital	18.9	500,000,000	500,000,000
Share premium	18.8.a	1,553,052,103	1,553,052,103
Statutory reserve	19.a	1,920,598,872	1,337,479,877
Revaluation reserve	20.a	1,220,932,131	1,576,498,469
Exchange equalization reserve	20.b	-	45,000
Share money deposit	20.c	24,851,503	-
Surplus in profit and loss account/Retained Earnings	21.a	1,956,125,243	1,331,987,555
<b>Total BRAC Bank Limited shareholders' equity</b>		<u>9,852,519,850</u>	<u>8,358,263,004</u>
<b>Minority Interest</b>	22.0	698,799,975	472,978,141
<b>Total equity</b>		<u>10,551,319,825</u>	<u>8,831,241,145</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>122,801,151,189</u>	<u>95,161,259,291</u>




**BRAC BANK LIMITED**  
**Consolidated Off Balance Sheet Items**  
**As on December 31, 2010**

	Note	2010 Taka	2009 Taka
<b>Contingent Liabilities</b>			
Acceptances and endorsements		140,191,600	137,392,734
Letter of guarantees	23.2	3,818,035,880	1,051,007,264
Irrevocable letter of credits	23.3	18,816,476,381	4,620,316,769
Bills for collection	23.4	110,562,929	36,164,384
Tax liability	23.6	249,485,368	127,787,830
Other contingent liabilities		16,596,320	16,514,722
<b>Total Contingent Liabilities</b>	<b>23.0</b>	<b>23,151,348,479</b>	<b>5,989,183,702</b>
<b>Other Commitments</b>			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities	23.a	824,637,000	-
Undrawn formal standby facilities, credit lines and other		-	-
Commitments- lease hold assets		-	-
<b>Total Other Commitments</b>		<b>824,637,000</b>	<b>-</b>
<b>Total Off-Balance Sheet items including contingent liabilities</b>		<b>23,975,985,479</b>	<b>5,989,183,702</b>

  
**Managing Director & CEO**


  
**Director**

  
**Director**

  
**Chairman**



Dated, Dhaka;  
February 24, 2011

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



# BRAC BANK LIMITED

Balance Sheet  
As on December 31, 2010

	Note	2010 Taka	2009 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3.0	9,852,975,642	6,619,001,730
Cash in hand		3,578,533,880	1,637,216,214
(Including foreign currency)			
Balance with Bangladesh Bank and its agent Bank(s)		6,274,441,763	4,981,785,516
(Including foreign currency)			
<b>Balance with other Banks and Financial Institutions</b>	4.0	3,631,986,007	5,593,933,873
Inside Bangladesh		2,781,347,491	5,371,854,209
Outside Bangladesh		850,638,516	222,079,664
<b>Money at call and short notice</b>	5.0	-	1,300,000,000
<b>Investments</b>	6.0	12,855,985,261	10,375,341,125
Government		9,667,938,634	10,257,680,797
Others		3,188,046,627	117,660,328
<b>Loans and advances</b>	7.0	84,302,789,317	64,150,835,159
Loans, cash credit, overdrafts etc.		84,058,704,943	64,084,358,403
Bills purchased & discounted		244,084,374	66,476,756
<b>Fixed assets including premises, furniture and fixtures</b>	8.0	1,748,905,507	1,637,898,063
<b>Other assets</b>	9.0	6,757,446,230	5,450,212,296
<b>Non-banking assets</b>	10.0	-	-
<b>Total Property and Assets</b>		<u>119,150,087,964</u>	<u>95,127,222,246</u>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions &amp; agents</b>	12.0	3,700,000,000	2,450,000,000
<b>Borrowings from Central Bank</b>	13.0	1,828,605,004	-
<b>Convertible Subordinate Bonds</b>	14.0	3,000,000,000	-
<b>Money at Call and Short notice</b>	15.0	550,000,000	-
<b>Deposits and other accounts</b>	16.0	88,157,908,331	75,219,615,155
Current accounts & other accounts		30,262,113,123	24,549,608,278
Bills payable		1,021,461,002	453,829,731
Savings deposits		21,124,822,404	13,043,725,795
Fixed deposits		35,488,954,124	36,731,258,306
Other deposits		260,557,678	441,193,045
<b>Other liabilities</b>	17.0	12,501,689,071	9,306,652,678
<b>Total Liabilities</b>		<u>109,738,202,407</u>	<u>86,976,267,833</u>
<b>Capital and Shareholders' Equity</b>			
Paid up share capital	18.2	2,676,960,000	2,059,200,000
Preference share capital	18.9	500,000,000	500,000,000
Share premium	18.7	1,406,000,000	1,406,000,000
Statutory reserve	19.0	1,920,598,872	1,337,479,877
Revaluation reserve	20.0	1,220,932,131	1,576,498,469
Exchange equalization reserve	20.b	-	45,000
Surplus in profit and loss account/Retained Earnings	21.0	1,687,394,554	1,271,731,067
<b>Total shareholders' equity</b>		<u>9,411,885,556</u>	<u>8,150,954,413</u>
<b>Total Liabilities and Shareholders' Equity</b>		<u>119,150,087,964</u>	<u>95,127,222,246</u>



# BRAC BANK LIMITED

## Off Balance Sheet Items As on December 31, 2010

	Note	2010 Taka	2009 Taka
<b>Contingent Liabilities</b>			
Acceptances and endorsements		140,191,600	137,392,734
Letter of guarantees	23.2	3,818,035,880	1,051,007,264
Irrevocable letter of credits	23.3	18,816,476,381	4,620,316,769
Bills for collection	23.4	110,562,929	36,164,384
Tax liability	23.6	249,485,368	127,787,830
Other contingent liabilities		16,596,320	16,514,722
<b>Total Contingent Liabilities</b>	<b>23.0</b>	<b>23,151,348,479</b>	<b>5,989,183,702</b>
<b>Other Commitments</b>			
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		-	-
<b>Total Other Commitments</b>		<b>-</b>	<b>-</b>
<b>Total Off-Balance Sheet items including contingent liabilities</b>		<b>23,151,348,479</b>	<b>5,989,183,702</b>

  
Managing Director & CEO


  
Director

  
Director

  
Chairman



Dated, Dhaka;  
February 24, 2011

  
S. F. Ahmed & Co.  
Chartered Accountants



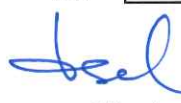
# BRAC BANK LIMITED

## Consolidated Profit and Loss Account For the year ended 31 December 2010

Particulars	Note	2010	2009
		<b>Taka</b>	
Interest income	25.a	11,028,458,556	9,506,547,429
Interest paid on deposits and borrowing etc.	26.a	5,886,828,346	6,073,232,755
<b>Net interest income</b>		<b>5,141,630,210</b>	<b>3,433,314,674</b>
Investment income	27.a	2,259,257,261	1,619,635,992
Commission, exchange and brokerage	28.a	2,771,273,888	2,266,540,614
Other operating income	29.a	227,314,643	85,135,526
<b>Total operating income</b>		<b>10,399,476,002</b>	<b>7,404,626,805</b>
Salaries and allowances	30.0	2,114,272,749	1,604,439,388
Rent, taxes, insurance, electricity etc.	31.a	553,962,234	327,230,744
Legal expenses	32.0	37,854,350	17,637,441
Postage, stamps, telecommunication etc.	33.a	184,457,390	169,451,904
Stationery, printing, advertisement etc.	34.a	327,490,915	278,597,145
Chief Executive's salary & fees		7,687,500	8,296,400
Directors' fees & expenses	35.a	2,953,907	1,277,400
Auditors' fee	36.a	943,150	877,925
Depreciation on and repairs to bank's assets	37.a	607,276,877	452,730,307
Other expenses	38.a	1,043,484,084	743,030,877
<b>Total operating expenses</b>		<b>4,880,383,156</b>	<b>3,603,569,533</b>
<b>Profit/(loss) before provisions</b>		<b>5,519,092,846</b>	<b>3,801,057,272</b>
<b>Provision for:</b>			
Loans and advances		1,827,695,989	1,537,000,000
Diminution in value of investments		56,741,049	-
Off balance sheet items		168,593,000	37,000,000
<b>Total provision</b>	39.a	<b>2,053,030,037</b>	<b>1,574,000,000</b>
<b>Profit/(loss) before taxes</b>		<b>3,466,062,808</b>	<b>2,227,057,272</b>
<b>Provision for Tax:</b>			
Current tax expense		1,558,995,482	1,153,692,401
Deferred tax expense/ (income)		(165,991,757)	(300,000,000)
<b>Total provision for Tax</b>	40.a	<b>1,393,003,726</b>	<b>853,692,401</b>
<b>Total profit/(loss) after taxes</b>		<b>2,073,059,083</b>	<b>1,373,364,871</b>
<b>Appropriations:</b>			
Statutory reserve		583,118,995	428,717,788
General reserve		-	-
Dividend etc.		-	-
		583,118,995	428,717,788
<b>Retained earnings</b>		<b>1,489,940,088</b>	<b>944,647,083</b>
<b>Attributable to:</b>			
Equity holders of BRAC Bank Ltd.		1,289,710,188	910,456,875
Minority interest		200,229,900	34,190,208
		<b>1,489,940,088</b>	<b>944,647,083</b>
<b>Basic earnings per share</b>	41.a	<b>68.17</b>	<b>48.24</b>

  
Managing Director & CEO


  
Director

  
Director

  
Chairman

Dated, Dhaka;  
February 24, 2011



  
S. F. Ahmed & Co.  
Chartered Accountants

**BRAC BANK LIMITED**  
**Profit and Loss Account**  
**For the year ended 31 December 2010**

Particulars	Note	2010 Taka	2009 Taka
Interest income	25.0	10,841,370,974	9,475,836,900
Interest paid on deposits and borrowing etc.	26.0	5,777,663,177	6,073,232,757
<b>Net interest income</b>		<b>5,063,707,797</b>	<b>3,402,604,143</b>
Investment income	27.0	2,145,070,708	1,619,635,992
Commission, exchange and brokerage	28.0	2,125,645,901	2,164,389,982
Other operating income	29.0	205,509,857	77,532,020
<b>Total operating income</b>		<b>9,539,934,262</b>	<b>7,264,162,137</b>
Salaries and allowances		1,996,606,346	1,578,903,350
Rent, taxes, insurance, electricity etc.	31.0	522,526,674	322,985,187
Legal expenses		27,768,436	17,222,190
Postage, stamps, telecommunication etc.	33.0	179,428,563	168,373,346
Stationery, printing, advertisement etc.	34.0	307,601,427	277,149,853
Chief Executive's salary & fees		7,687,500	8,296,400
Directors' fees & expenses	35.0	525,350	455,400
Auditors' fee	36.0	628,200	780,000
Depreciation on and repairs to bank's assets	37.0	588,552,990	448,011,862
Other expenses	38.0	939,983,756	724,395,610
<b>Total operating expenses</b>		<b>4,571,309,242</b>	<b>3,546,573,197</b>
<b>Profit/(loss) before provisions</b>		<b>4,968,625,019</b>	<b>3,717,588,940</b>
<b>Provision for:</b>			
Loans and advances	39.0	1,827,695,989	1,537,000,000
Diminution in value of investments		56,741,049	-
Off balance sheet items		168,593,000	37,000,000
<b>Total provision</b>		<b>2,053,030,038</b>	<b>1,574,000,000</b>
<b>Profit/(loss) before taxes</b>		<b>2,915,594,981</b>	<b>2,143,588,940</b>
<b>Provision for Tax:</b>			
Current tax expense		1,416,240,000	1,140,000,000
Deferred tax expense/ (income)		(165,000,000)	(300,000,000)
<b>Total provision for Tax</b>	40.1	<b>1,251,240,000</b>	<b>840,000,000</b>
<b>Total profit/(loss) after taxes</b>		<b>1,664,354,981</b>	<b>1,303,588,940</b>
<b>Appropriations:</b>			
Statutory reserve		583,118,995	428,717,788
General reserve		-	-
Dividend etc.		-	-
		583,118,995	428,717,788
<b>Retained earnings</b>		<b>1,081,235,987</b>	<b>874,871,152</b>
<b>Basic earnings per share</b>	41.0	<b>60.39</b>	<b>46.91</b>

Managing Director & CEO



Dated, Dhaka;  
February 24, 2011

Director

Director

Chairman

S. F. Ahmed & Co.  
Chartered Accountants



**BRAC BANK LIMITED**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 December 2010**

	Note	2010 Taka	2009 Taka
<b>A. Cash flows from operating activities</b>			
Interest receipts		12,463,132,109	10,924,127,258
Interest payment		(5,703,656,787)	(6,330,714,215)
Dividends receipts		28,705,742	4,400,027
Fees & commissions receipts		2,771,273,888	2,266,540,613
Cash payments to employees		(2,025,702,712)	(1,695,706,633)
Cash payments to suppliers		(568,394,136)	(376,240,067)
Income tax paid		(1,314,225,180)	(1,168,503,044)
Receipts from other operating activities	43.a	1,088,786,908	105,179,789
Payment for other operating activities	44.a	(1,066,303,390)	(974,960,180)
Operating profit/(loss) before changes in operating assets and liabilities (i)		<b>5,673,616,442</b>	<b>2,754,123,549</b>
<b>Increase/decrease in operating assets &amp; liabilities</b>			
Loans and advances		(22,423,078,437)	(11,474,118,419)
Other assets		(1,258,938,325)	(830,479,772)
Deposits from customers		13,699,189,823	16,448,790,851
Other liabilities		410,513,133	(140,232,636)
Cash utilised in operating assets & liabilities (ii)		(9,572,313,806)	4,003,960,024
<b>Net cash (used)/flows from operating activities (i+ii)</b>		<b>(3,898,697,363)</b>	<b>6,758,083,572</b>
<b>B. Cash flows from investing activities</b>			
Treasury bills		-	-
Treasury bonds		234,489,326	(919,615,233)
Sale/ (Investment) in shares		(2,903,283,908)	(61,131,110)
Investment in debenture		-	-
Investment in bonds		(500,000,000)	300,000,000
Investment in zero coupon bonds		-	678,030
Investment in prize bond		(313,500)	(218,000)
Acquisition of fixed assets		(624,848,899)	(554,582,043)
Disposal of fixed Assets		10,371,422	7,741,456
<b>Net cash used in investing activities</b>		<b>(3,783,585,559)</b>	<b>(1,227,126,900)</b>
<b>C. Cash flows from financing activities</b>			
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		(47,812,500)	(47,812,500)
Payment for lease finance		(315,200)	-
Borrowings from other banks		2,523,920,255	170,000,000
Proceeds from issue of Subordinate Debts		3,000,000,000	-
Money at call and short notice		550,000,000	-
Borrowings from Bangladesh Bank		1,828,605,004	-
<b>Net cash flows from financing activities</b>		<b>7,854,397,559</b>	<b>122,187,500</b>
<b>Net increase/decrease in cash</b>		<b>172,114,637</b>	<b>5,653,144,172</b>
Cash and cash equivalents at beginning of year		13,568,186,406	7,915,042,234
Cash and cash equivalents at end of year	42.a	<b>13,740,301,043</b>	<b>13,568,186,406</b>



**BRAC BANK LIMITED**  
**Cash Flow Statement**  
**For the year ended 31 December 2010**

	Note	2010 Taka	2009 Taka
<b>A. Cash flows from operating activities</b>			
Interest receipts		12,229,073,347	10,893,416,729
Interest payment		(5,556,755,540)	(6,330,714,215)
Dividends receipts		28,705,742	4,400,027
Fees & commissions receipts		2,125,645,901	2,164,389,981
Cash payments to employees		(1,961,592,237)	(1,674,087,461)
Cash payments to suppliers		(543,547,558)	(373,772,061)
Income tax paid		(1,198,296,223)	(1,160,612,152)
Receipts from other operating activities	43.0	1,066,982,122	97,576,284
Payment for other operating activities :	44.0	(1,607,541,969)	(946,972,046)
Operating profit/(loss) before changes in operating assets and liabilities (i)		<b>4,582,673,585</b>	<b>2,673,625,086</b>
<b>Increase/decrease in operating assets &amp; liabilities</b>			
Loans and advances		(20,151,954,158)	(11,474,118,419)
Other assets		(754,359,044)	(529,524,961)
Deposits from customers		12,938,293,176	17,212,728,146
Other liabilities		128,627,512	(233,247,313)
Cash utilised in operating assets & liabilities (ii)		(7,839,392,513)	4,975,837,454
<b>Net cash (used)/flows from operating activities (i+ii)</b>		<b>(3,256,718,928)</b>	<b>7,649,462,539</b>
<b>B. Cash flows from investing activities</b>			
Treasury bills		-	-
Treasury bonds		234,489,326	(919,615,233)
Sale/ (Investment) in shares		(2,570,386,299)	(650,023,622)
Investment in debenture		-	-
Investment in bonds		(500,000,000)	300,000,000
Investment in zero coupon bonds		-	678,030
Investment in prize bond		(313,500)	(218,000)
Acquisition of fixed assets		(525,804,790)	(508,136,180)
Disposal of Fixed Assets		9,967,732	7,741,456
<b>Net cash used in investing activities</b>		<b>(3,352,047,530)</b>	<b>(1,769,573,549)</b>
<b>C. Cash flows from financing activities</b>			
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		(47,812,500)	(47,812,500)
Payment for lease finance		-	-
Borrowings from other banks		1,250,000,000	170,000,000
Proceeds from issue of Subordinate Debts		3,000,000,000	-
Money at call and short notice		550,000,000	-
Borrowings from Bangladesh Bank		1,828,605,004	-
<b>Net cash flows from financing activities</b>		<b>6,580,792,504</b>	<b>122,187,500</b>
<b>Net increase/decrease in cash</b>		<b>(27,973,954)</b>	<b>6,002,076,490</b>
Cash and cash equivalents at beginning of year		13,512,935,603	7,510,859,113
Cash and cash equivalents at end of year	42.0	<b>13,484,961,649</b>	<b>13,512,935,603</b>





# BRAC BANK LIMITED

## Consolidated Statement of Changes in Equity For the year ended 31 December 2010

Amount in Taka

Particulars	Paid up share capital	Redeemable preference share capital	Share Premium	Statutory Reserve	Exchange Equalization Reserve	Revaluation Reserve	Share money deposit	Retained Earnings	Minority Interest	Total
Balance at 01 January 2010	2,059,200,000	500,000,000	1,553,052,103	1,337,479,877	45,000	1,576,498,469	-	1,331,987,555	472,978,141	8,831,241,145
Net profit for the year	-	-	-	-	-	-	-	1,289,710,187	200,229,900	1,489,940,088
Share capital of B-Kash Ltd.	-	-	-	-	-	-	-	-	1,715,000	1,715,000
Share money deposit	-	-	-	-	-	-	24,851,503	-	-	24,851,503
Share money deposit of B-Kash Ltd.	-	-	-	-	-	-	-	-	23,876,934	23,876,934
Statutory reserve	-	-	-	583,118,995	-	-	-	-	-	583,118,995
Exchange equalization reserve	-	-	-	-	(45,000)	-	-	-	-	(45,000)
Revaluation reserve of securities	-	-	-	-	-	-	-	-	-	-
Dividends (Bonus share)	-	-	-	-	-	(355,566,338)	-	-	-	(355,566,338)
Dividend on preference share	617,760,000	-	-	-	-	-	-	(617,760,000)	-	-
Balance at 31 December 2010	2,676,960,000	500,000,000	1,553,052,103	1,920,598,872	-	1,220,932,131	24,851,503	1,956,125,243	698,799,975	10,551,319,825
Balance at 01 January 2009	1,584,000,000	500,000,000	1,406,000,000	908,762,089	45,000	118,846,147	-	919,872,415	472,978,141	5,910,503,791
Net profit for the year	-	-	-	-	-	-	-	935,127,640	-	935,127,640
Statutory reserve	-	-	-	428,717,788	-	-	-	-	-	428,717,788
Revaluation reserve of securities	-	-	-	-	-	1,457,652,322	-	-	-	1,457,652,322
Dividends (Bonus share)	-	-	-	-	-	-	-	(475,200,000)	-	-
EPL Investments Limited	475,200,000	-	147,052,103	-	-	-	-	-	-	147,052,103
Dividend on preference share	-	-	-	-	-	-	-	(47,812,500)	-	(47,812,500)
Capital gain	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2009	2,059,200,000	500,000,000	1,553,052,103	1,337,479,877	45,000	1,576,498,469	-	1,331,987,555	472,978,141	8,831,241,145



# BRAC BANK LIMITED

## Statement of Changes in Equity For the year ended 31 December 2010

Amount in Taka

Particulars	Paid up share capital	Redeemable preference share capital	Share Premium	Statutory Reserve	Exchange Equalization Reserve	Revaluation Reserve	Retained Earnings	Total
Balance at January 01, 2010	2,059,200,000	500,000,000	1,406,000,000	1,337,479,877	45,000	1,576,498,469	1,271,731,067	8,150,954,413
Net profit for the year	-	-	-	-	-	-	1,081,235,987	1,081,235,987
Statutory reserve	-	-	-	583,118,995	-	-	-	583,118,995
Exchange equalization reserve	-	-	-	-	(45,000)	-	-	(45,000)
Revaluation reserve of securities	-	-	-	-	-	(355,566,338)	-	(355,566,338)
Dividends (Bonus share)	-	-	-	-	-	-	(617,760,000)	-
Dividend on preference share	617,760,000	-	-	-	-	-	(47,812,500)	(47,812,500)
<b>Balance as at 31 December 2010</b>	<b>2,676,960,000</b>	<b>500,000,000</b>	<b>1,406,000,000</b>	<b>1,920,598,872</b>	<b>-</b>	<b>1,220,932,131</b>	<b>1,687,394,554</b>	<b>9,411,885,556</b>
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
Net profit for the year	-	-	-	-	-	-	874,871,152	874,871,152
Statutory reserve	-	-	-	428,717,788	-	-	-	428,717,788
Revaluation reserve of securities	-	-	-	-	-	1,457,652,322	-	1,457,652,322
Dividends (Bonus share)	475,200,000	-	-	-	-	-	(475,200,000)	-
Dividend on preference share	-	-	-	-	-	-	(47,812,500)	(47,812,500)
<b>Balance as at 31 December 2009</b>	<b>2,059,200,000</b>	<b>500,000,000</b>	<b>1,406,000,000</b>	<b>1,337,479,877</b>	<b>45,000</b>	<b>1,576,498,469</b>	<b>1,271,731,067</b>	<b>8,150,954,413</b>





# BRAC BANK LIMITED

## Consolidated Liquidity Statement (Assets & Liabilities Maturity Analysis) As on December 31, 2010

Amount in Taka						
	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
<b>Assets</b>						
Cash in hand	9,853,046,264	-	-	-	-	9,853,046,264
Balance with other bank, Other Banks and financial Institutions (Including foreign currencies)	2,977,254,779	600,000,000	310,000,000	-	-	3,887,254,779
Money at call and on short notice	-	-	-	-	-	-
Investments	88,703,840	1,248,787,673	343,450,546	3,146,477,258	8,298,076,489	13,125,495,806
Loans and advances	14,107,438,133	13,196,269,545	29,348,796,032	24,991,361,286	4,930,048,600	86,573,913,596
Fixed assets including premises, furniture & fixtures	34,701,224	92,013,240	289,824,053	917,122,356	520,584,322	1,854,245,194
Other assets	888,832,267	988,103,629	3,657,271,668	1,049,951,177	611,148,294	7,195,307,035
Non - banking assets	-	-	-	-	-	-
Goodwill	-	-	-	311,888,515	-	311,888,515
<b>Total Assets</b>	<b>27,949,976,506</b>	<b>16,125,174,087</b>	<b>33,949,342,299</b>	<b>30,104,912,077</b>	<b>14,359,857,705</b>	<b>122,801,151,189</b>
<b>LIABILITIES</b>						
Borrowings from Bangladesh bank, other banks, financial institutions and agents	3,700,000,000	1,273,920,255	1,828,605,004	-	-	6,802,525,259
Convertible subordinated debts	-	-	-	-	3,000,000,000	3,000,000,000
Money at call and on short notice	550,000,000	-	-	-	-	550,000,000
Deposits & other accounts	17,188,700,847	11,649,648,135	13,600,066,810	43,803,081,315	1,913,370,576	88,154,867,683
Minority Interest	-	-	-	-	698,799,975	698,799,975
Other liabilities	1,609,426,557	1,428,481,937	5,824,517,499	4,880,012,429	-	13,742,438,421
<b>Total Liabilities</b>	<b>23,048,127,403</b>	<b>14,352,050,327</b>	<b>21,253,189,314</b>	<b>48,683,093,744</b>	<b>5,612,170,550</b>	<b>112,948,631,339</b>
<b>Amount of net liquidity difference</b>	<b>4,901,849,103</b>	<b>1,773,123,759</b>	<b>12,696,152,985</b>	<b>(18,578,181,667)</b>	<b>8,747,687,155</b>	<b>9,852,519,850</b>

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



# BRAC BANK LIMITED

## Liquidity Statement (Assets & Liabilities Maturity Analysis) As on December 31, 2010

Amount in Taka

	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
<b>Assets</b>						
Cash in hand	9,852,975,642	-	-	-	-	9,852,975,642
Balance with other bank, Other Banks and financial Institutions (Including foreign currencies)	2,721,986,007	600,000,000	310,000,000	-	-	3,631,986,007
Money at call and on short notice	-	-	-	-	-	-
Investments	88,703,840	1,181,410,037	343,450,546	3,079,099,621	8,163,321,216	12,855,985,261
Loans and advances	13,766,769,491	12,742,044,689	28,553,902,534	24,423,580,217	4,816,492,386	84,302,789,317
Fixed assets including premises, furniture & fixtures	34,701,224	86,753,060	274,043,513	867,540,575	485,867,135	1,748,905,507
Other assets	759,425,968	951,130,401	3,490,892,141	944,849,425	611,148,294	6,757,446,230
Non - banking assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>27,224,562,171</b>	<b>15,561,338,186</b>	<b>32,972,288,734</b>	<b>29,315,069,839</b>	<b>14,076,829,032</b>	<b>119,150,087,964</b>

## LIABILITIES

Borrowings from Bangladesh bank, other banks, financial institutions and agents	3,700,000,000	-	1,828,605,004	-	-	5,528,605,004
Convertible subordinated debts	-	-	-	-	3,000,000,000	3,000,000,000
Money at call and on short notice	550,000,000	-	-	-	-	550,000,000
Deposits & other accounts	17,189,613,041	11,650,712,362	13,601,131,037	43,803,081,315	1,913,370,576	88,157,908,332
Other liabilities	1,198,780,137	1,311,154,388	5,296,543,531	4,695,211,016	-	12,501,689,071
<b>Total Liabilities</b>	<b>22,638,393,178</b>	<b>12,961,866,751</b>	<b>20,726,279,572</b>	<b>48,498,292,331</b>	<b>4,913,370,576</b>	<b>109,738,202,408</b>
<b>Amount of net liquidity difference</b>	<b>4,586,168,994</b>	<b>2,599,471,436</b>	<b>12,246,009,162</b>	<b>(19,183,222,492)</b>	<b>9,163,458,456</b>	<b>9,411,885,555</b>

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





# BRAC BANK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2010

### 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 79 (seventy nine) branches, 68 SME service centers, 142 zonal offices and 421 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 Investments Limited and Equity Partners Securities Limited as BRAC EPL Stock Brokerage Limited.

BRAC Bank acquired 51% shares of bKash Limited a private company by shares under the Companies Act. 1994 vide Registration dated 1 March 2010. Money in motion ULC (a company listed in USA) is holding 49% shares of bKash Limited. Also, the bank has invested in 25% shares of BRAC Asset Management Company Limited that was incorporated in Bangladesh on 01 April 2010.

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 from 28 January 2007 and 24 January 2007 respectively.

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 68 SME service centers and 421 regional marketing unit offices offering services in the heart of rural and urban communities and employs about 1,545 business loan officers.

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

#### 1.1 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 Investments Limited:

BRAC EPL Investments Limited was established to cater to the needs of the fast growing capital markets in Bangladesh. It works as a merchant bank with a full-fledged merchant banking license from the 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 Stock Brokerage Limited:

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

##### bKash Limited:

bKash Limited was established to cater to introduce mobile money transfer service in Bangladesh. The Bank has obtained licence from Bangladesh Bank for rendering such service.

##### BRAC Asset Management Company Limited:

BRAC Asset Management Company Limited was established to include the business of investment and asset management, portfolio management, capital market operation, financial intermediary services, management and launching of mutual funds, fund management and sponsorship, merchant banking activities, etc.





## **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 consolidated financial statements of the Bank are made up to 31 December 2010 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. The consolidated financial statements were authorized for issue by the board of Directors on 22 February 2011.

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

### **f) Comparative information**

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

## **2.2 Basis of Consolidation**

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

The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard 27: Consolidated financial statements and accounting for investments in subsidiaries. The consolidated financial statements are prepared to a common reporting year ending 31 December 2010.





## 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.

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

## Associates

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

### 2.3 Foreign Currency Translations

- (a) Foreign currency transaction are translated into equivalents Taka (Functional currency) currency at spot exchange rate at the date of transaction.
- (b) Assets and liabilities in foreign currencies are translated into Taka at mid rates prevailing on the balance sheet date, excepts 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:

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 Act. 2010 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.

## 2.6 Reporting period

These financial statements cover one calendar year from 01 January to 31 December 2010.

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

#### Held to Maturity

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

#### Held for Trading

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

#### Revaluation

According to DOS Circular no.-05, dated 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
Government Treasury Bills (HTM)	Cost	Amortized cost	Increased or decreased in value to
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.

#### Available for sales

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

#### 2.7.3 Loans and Advances

- 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, 05 of 29th April 2008 and 32 of 12 October 2010 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)
Consumer	House building & professional	2%	5%	20%	50%	100%
	Other than house building & professional	5%	5%	20%	50%	100%
Loans to BHS/ MBs against share etc.		2%	5%	20%	50%	100%
Small and medium enterprise		1%	5%	20%	50%	100%
All others		1%	5%	20%	50%	100%
Off Balance Sheet		1%	-	-	-	-

- 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

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

### The Bank as Lessor

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

### The Bank as Lessee

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

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

## 2.7.5.1 Property, plant & equipments

### a) Recognition

The cost of an item of property, plant and equipments (Fixed assets) shall be recognized as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Property, plant and equipments have been accounted for at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs of enhancement of 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:

<u>Category of assets:</u>	<b>BRAC Bank Limited</b>	<b>BRAC EPL Investments Ltd.</b>	<b>BRAC EPL Stock Brokerage Ltd.</b>	<b>bKash Ltd.</b>
Furniture & fixture	10.00%	10.00%	10.00%	10.00%
Office equipments	20.00%	10.00%	10.00%	20.00%
IT equipments - Hardware	20.00%	25.00%	25.00%	20.00%
IT equipments - Software	20.00%			20.00%
Motor vehicles	20.00%	20.00%	20.00%	20.00%
Office Decoration		15.00%	15.00%	
Air Cooler & Ceiling Fan		20.00%	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.

**2.7.5.2 Intangible assets**

**a) Goodwill**

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

**b) Softwares**

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

**c) License**

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

**2.7.6 Other assets**

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

**2.7.7 Stock**

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



## **2.8 Liabilities & provisions**

### **2.8.1 Borrowings from other banks, financial institutions & agents**

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

### **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.

### **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.

## **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.

### **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 Employee Benefits**

### **Provident Fund (Defined Contribution Plan)**

A "Defined Contribution Plan" is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal constructive obligation to pay further amounts. Provident fund benefits are given to the staff of the bank in accordance with the registered Provident fund rules. The commissioner of Income Tax, Large Tax Payers Unit, Dhaka has approved the Provident Fund as a recognized fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from 1st January 2003. The fund is operated by a Board of Trustees consisting of 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 (Defined Benefit Plan)**

Gratuity fund benefits are given to the staff of the bank in accordance with the approved Gratuity fund rules. National Board of Revenue has approved the Gratuity fund as a recognized Gratuity fund on 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. Gratuity fund is a "Defined Benefit Plan" and contribution to Gratuity Fund is measured through the result of actuarial valuation of the fund. "BRAC Bank Employee Gratuity Fund" is a funded Gratuity Fund.

## **2.10.2 Other Employee Benefits**

### **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 Junior Officer to Senior Principal Officer of the BRAC Bank incurring severe accidents during official job, extended illness (not less than 3 months), Education for Children; Marriage of Children which costs would not be affordable by the employee and which are not covered by any other means. All regular confirmed employees of the bank shall contribute monthly to the Fund according to the designation. The sum subscribed monthly from salaries of employees shall be credited separately in an "Employee Welfare Fund" as a liability of the Bank. There shall be at least 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. 4% 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 31st December, 2009 as per Bangladesh Accounting Standard (BAS) - 33 "Earning Per Share".

### Basic earnings

This represents earnings for the year attributable to ordinary shareholders. Net profit after tax less preference dividend has been considered as fully attributable to the ordinary shareholders.

### Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighted factor. The time weighting factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year.

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

The bank has reportable business segments with in the geographical territory of Bangladesh. Dhaka, Sylhet, Rangpur, Barishal, Chittagong, Khulna, Rajshai. Detail of "Operating Segment" reporting required by BFRS-8 is shown in **Annex - H**.

### 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.

Dividend on ordinary shares for the year that are recommended by the directors after the balance sheet date for approval of the shareholders at the Annual General meeting are disclosed in note- 45.6 (b) to the Financial statements.

### 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.

### 2.17 Compliance of 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	N/A
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	N/A
The Effect of Changes in Foreign Exchanges Rate.	BAS-21	Applied
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
Consolidated Financial Statements and Accounting for Investments in subsidiaries	BAS-27	Applied
Accounting for Investment in Associates	BAS-28	Applied



<b>Bangladesh Accounting Standard (BAS)</b>	<b>Ref.</b>	<b>Status</b>
Disclosures in the Financial Statements of Banks and Similar Financial Institutions	BAS-30	Applied
Financial Reporting of Interest in Joint Ventures	BAS-31	N/A
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	N/A

<b>Bangladesh Financial Reporting Standard (BFRS)</b>	<b>Ref.</b>	<b>Status</b>
First-time adoption of International financial Reporting Standards	BFRS-1	N/A
Shares Based Payment	BFRS-2	N/A
Business combination	BFRS-3	N/A
Non-current assets Held for Sale and Discounted operations	BFRS-5	N/A
Exploration for and Evaluation of Mineral Resources	BFRS-6	N/A
Financial Instruments: Disclosures	BFRS-7	Applied
Operating Segments	BFRS-8	Applied

#### **Reason for Non-Compliance:**

The bank management has followed the principles of BAS & BFRS consistently in preparation of the financial statements to that extend as applicable to the bank. Some of these standards have not been complied which considered as not applicable to us or against which Bangladesh Bank has specific guideline.

### **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, Securities and Exchange Commission IPO Rules 2006
- The Income Tax Ordinance, 1984
- The Value Added Tax 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" and BRPD Circular No. 21 dated 20 May 2010 "Guideline on ICT Security:

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

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

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

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

- 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 and subsequent updates on BRPD circular no-10, 12, 24, 35 dated 10th March 2010, 29th March 2010, 3rd August 2010 and 29th December 2010 following specific approaches are suggested for implementing BASEL-II:

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

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

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

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

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

## 2.21 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	2010 Taka	2009 Taka
<b>3.0 Cash</b>		
<b>A. Cash in hand:</b>		
Local currency	3,529,995,570	1,597,757,522
Foreign currency	48,538,309	39,458,692
	<b>3,578,533,880</b>	<b>1,637,216,214</b>
<b>B. Balance with Bangladesh Bank and its agent Bank(s):</b>		
Local currency :		
Statutory deposit	5,216,976,848	4,122,216,713
Foreign currency	497,381,612	556,151,549
	<b>5,714,358,460</b>	<b>4,678,368,262</b>
Sonali Bank as agent of Bangladesh Bank (local currency)	560,083,303	303,417,254
	<b>6,274,441,763</b>	<b>4,981,785,516</b>
	<b>9,852,975,642</b>	<b>6,619,001,730</b>

**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, MPD circular no. 1 and 2, dated May 4, 2010 and MDP circular no. 4 and 5, dated December 1, 2010.

The statutory Cash Reserve Requirement on the Bank's time and demand liabilities at the rate 6% has been calculated and maintained with Bangladesh Bank in current account and 19% 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) :

6% of Average Demand and Time Liabilities :

Required reserve	5,054,091,375	3,717,848,600
Actual reserve held (as per Bangladesh Bank statement)	5,224,964,418	4,464,761,760
Surplus/ (deficit)	<b>170,873,043</b>	<b>746,913,160</b>

### 3.1.2 Statutory Liquidity Requirement (SLR) :

13% of Average Demand and Time Liabilities :

Required reserve	10,950,531,313	9,666,406,360
Actual reserve held	13,806,491,541	12,173,788,308
Surplus/ (Deficit)	<b>2,855,960,229</b>	<b>2,507,381,948</b>

<b>Total Surplus/(deficit)</b>	<b>(3.1.1+3.1.2)</b>	<b>3,026,833,271</b>	<b>3,254,295,108</b>
--------------------------------	----------------------	----------------------	----------------------

### 3.1.3 Held for Statutory Liquidity Ratio

Cash in hand	(Note: 3 )	3,578,533,880	1,637,216,214
Balance with Bangladesh Bank as per statement		5,224,964,418	4,464,761,760
Balance with Sonali Bank as per statement		560,019,028	278,891,297
TT in Transit		-	-
Government securities		-	-
Government bonds	(Note: 6.1 )	9,667,938,634	10,257,680,797
FC used in BDT		-	-
		<b>19,031,455,959</b>	<b>16,638,550,068</b>

### 3.a Consolidated Cash

#### A. Cash in hand:

BRAC Bank Limited	3,578,533,880	1,637,216,214
BRAC EPL Investments Ltd.	48,821	65,010
BRAC EPL Stock Brokerage Ltd.	16,782	15,523
bKash Ltd.	5,019	-
	<b>3,578,604,502</b>	<b>1,637,296,747</b>

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

BRAC Bank Limited	6,274,441,763	4,981,785,516
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>6,274,441,763</b>	<b>4,981,785,516</b>
	<b>9,853,046,264</b>	<b>6,619,082,263</b>





Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

#### 4.0 Balance with Other Banks and Financial Institutions

A. Inside Bangladesh	(Note: 4.1)	2,781,347,491	5,371,854,209
B. Outside Bangladesh	(Note: 4.2)	850,638,516	222,079,664
		<u>3,631,986,007</u>	<u>5,593,933,873</u>

#### 4.1 Balance with Other Banks and Financial Institutions ( Inside Bangladesh )

##### On Demand Deposit Accounts

Standard Chartered Bank - Current Account	33,884,095	36,822,408
	<u>33,884,095</u>	<u>36,822,408</u>

##### On Short Term Deposit (STD) Accounts

Southeast Bank Ltd.	858,026	50,943
Prime Bank Limited	1,000	1,000
Pubali Bank Limited	391,296,362	758,656,492
Janata Bank Limited	435,124,509	594,305,728
Bangladesh Krishi Bank Limited	188,559,041	220,536,919
The City Bank Limited	8,204,488	15,233,550
Agrani Bank Limited	303,200,109	392,219,182
Islami Bank (BD) Ltd.	75,053,440	11,197,577
United Commercial Bank Limited	4,885,728	15,062,401
National Bank Limited	9,963,069	25,150,513
Sonali Bank Limited	160,816,054	44,113,278
ICB Islamic Bank Limited	1,311,822	897,395
Rupali Bank Limited	151,851,100	132,344,942
First Security Bank Ltd.	2,241,416	1,218,165
EXIM Bank Limited	3,054,939	3,041,915
BASIC Bank Ltd.	1,042,294	1,001,800
	<u>1,737,463,396</u>	<u>2,215,031,801</u>

##### On Fixed Deposit with Banks

Pubali Bank Limited	-	50,000,000
Sonali Bank Limited	-	500,000,000
Mutual Trust Bank Limited	-	100,000,000
	-	<u>650,000,000</u>

##### On Fixed Deposit with Financial Institutions

Industrial & Infrastructure Development Finance Co. Ltd.	-	140,000,000
International Leasing & Financial Services Ltd.	200,000,000	300,000,000
Uttara Finance & Investment Limited	50,000,000	400,000,000
Far East Finance & Investment Limited	60,000,000	80,000,000
Union Capital Limited	-	30,000,000
National Housing Finance Company Ltd.	50,000,000	100,000,000
Prime Finance & Investment Co. Ltd.	-	50,000,000
Premier Leasing & Financial Services Limited	-	190,000,000
Phoenix Finance & Investments Limited	200,000,000	300,000,000
Bangladesh Finance & Investment Co. Ltd.	-	150,000,000
Bangladesh Industrial Finance Company Ltd.	250,000,000	130,000,000
United Leasing Company Ltd.	-	200,000,000
Investment Corporation Of Bangladesh	-	150,000,000
Lanka Bangla Finance Co. Ltd.	200,000,000	250,000,000
	<u>1,010,000,000</u>	<u>2,470,000,000</u>
	<u>2,781,347,491</u>	<u>5,371,854,209</u>



Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

#### 4.2 Balance with other banks and financial institutions ( Outside Bangladesh)

##### On Demand Deposit Accounts ( Non interest bearing) with:

Standard Chartered Bank-NY (USD)	11,192,077	15,999,481
Mashreq Bank PSCNY (USD)	433,885	803,007
The Bank of Nova Scotia- USA (USD)	-	-
The Bank of Nova Scotia- Canada (CAD)	9,687,855	3,749,107
CITI Bank NA (USD)	20,339,913	16,799,631
AB Bank Mumbai (ACU Dollar)	8,604,842	19,137,416
ICICI Mumbai (ACU Dollar)	3,039,137	436,353
Standard Chartered Bank-UK (GBP)	316,347	457,965
Hypo Vereins Bank Germany (EURO)	13,499,516	20,076,879
HSBC - NewYork (USD)	35,160,370	96,840,642
HSBC - United Kindom (GBP)	24,759,159	16,822,387
HSBC - Australia (AUD)	678,153	192,647
HSBC Pakistan (ACU Dollar)	527,649	37,348
HSBC - India (ACU Dollar)	433,300	458,293
Zuercher Kantonal Bank, Zurich (CHF)	1,278,624	541,838
ING Belgium NV/SA (EURO)	1,021,446	127,959
Unicredito Italiano SPA (EURO)	9,368,504	13,443,910
Commerz Bank AG Germany (EURO)	3,836,719	185,729
Standard Chartered Bank - Frakfut (EURO)	700,789	-
Union DE Banques Arabes ET Francaises (JPY)	1,310,235	3,875,888
United Bank of India, Calcutta (ACU)	4,149,291	-
Westpack Banking Corporation, (AUD)	8,795,749	2,930,712
JP Morgan Chase Bank (USD)	5,177,269	9,162,472
	<b>164,310,828</b>	<b>222,079,664</b>

Details are shown in Annex-B

##### On Fixed Deposit with Off Shore Banking Unit

Off Shore Banking Unit	686,327,687	-
	<b>850,638,516</b>	<b>222,079,664</b>

#### 4.3 Maturity grouping of balance with other banks and financial institutions

Up to 1 months	2,721,986,007	2,723,933,873
More than 1 months to 3 months	600,000,000	1,570,000,000
More than 3 months to 1 Year	310,000,000	1,300,000,000
More than 1 year to 5 years	-	-
More than 5 years	-	-
	<b>3,631,986,007</b>	<b>5,593,933,873</b>

#### 4.a Consolidated Balance with Other Banks and Financial Institutions

##### A. In Bangladesh

BRAC Bank Limited	2,781,347,491	5,371,854,209
BRAC EPL Investments Ltd.	29,960,180	775,033,206
BRAC EPL Stock Brokerage Ltd.	256,732,288	44,074,358
bKash Ltd.	33,034,618	-
	<b>3,101,074,577</b>	<b>6,190,961,774</b>
Less: Inter Company Transaction with:		
BRAC EPL Investments Ltd.	13,596,782	763,935,760
BRAC EPL Stock Brokerage Ltd.	17,826,914	1,535
bKash Ltd.	33,034,618	-
	<b>3,036,616,263</b>	<b>5,427,024,479</b>

##### B. Outside Bangladesh

BRAC Bank Limited	850,638,516	222,079,663
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>850,638,516</b>	<b>222,079,663</b>
	<b>3,887,254,779</b>	<b>5,649,104,142</b>





Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

## 5.0 Money at Call and Short Notice

### Banking Company:

Uttara Bank Limited  
Eastern Bank Limited  
Dutch Bangla Bank Limited  
One Bank Ltd.  
AB Bank Limited  
Standard Chartered Bank Bangladesh

-	300,000,000
-	250,000,000
-	200,000,000
-	70,000,000
-	100,000,000
-	300,000,000
-	1,220,000,000

### Non-banking financial institutions:

Lanka Bangla Finance Co. Ltd.  
Union Capital Limited

-	30,000,000
-	50,000,000
-	80,000,000
-	1,300,000,000

## 5.a Consolidated Money at Call and Short Notice

BRAC Bank Limited  
BRAC EPL Investments Ltd.  
BRAC EPL Stock Brokerage Ltd.  
bKash Ltd.

-	1,300,000,000
-	-
-	-
-	-
-	1,300,000,000

## 6.0 Investments

Government Securities  
Other Investments

(Note: 6.1 )	9,667,938,634	10,257,680,797
(Note: 6.2 )	3,188,046,627	117,660,328
	12,855,985,261	10,375,341,126

Investment in securities are classified as follows:

Held for trading (Treasury Bond)  
Held for maturity (Treasury Bond)  
Other Investments

6,951,016,085	7,671,907,364
2,715,338,749	2,584,503,133
3,189,630,427	118,930,628
12,855,985,261	10,375,341,126

## 6.1 Government Securities

Treasury Bills  
Treasury Bonds  
Prize Bond

(Note: 6.1.1)	9,666,354,834	10,256,410,497
	1,583,800	1,270,300
	9,667,938,634	10,257,680,797

### 6.1.1 Treasury Bonds

Treasury Bonds (3 years TNT)  
Treasury Bonds (5 years BGTB)  
Treasury Bonds (10 years BGTB)  
Treasury Bonds (15 years BGTB)  
Treasury Bonds (20 years BGTB)  
1 days Reverse REPO  
6 months Reverse REPO

-	-
100,421,100	100,466,050
4,304,464,284	4,346,820,985
1,612,490,015	1,672,539,878
3,648,979,435	4,136,583,585
-	-
-	-
9,666,354,834	10,256,410,497

## 6.2 Other Investments

(Details are shown in Annex - C)

### Ordinary shares (Available for sales):

Industrial and Infrastructure Development Finance Co. Ltd.  
Bank Asia Limited  
Mercantile Bank Limited  
Dun & Bradstreet Rating Agency og Bangladesh Limited  
Central Depository Bangladesh Ltd.

10,000,000	10,000,000
-	230,000
-	270,000
12,497,600	12,497,600
4,000,000	4,000,000
26,497,600	26,997,600

### Capital market investment (Held for Trading)

Balance with subsidiary BRAC EPSL Stock Brokerage Ltd.  
Managed by BRAC Bank Ltd.

71,357,846	40,662,728
2,256,072,281	-
2,327,430,127	40,662,728



Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

#### Preference Shares (Available for sales)

STS Holdings Limited	30,000,000	50,000,000
Summit Uttaranchal Power Co Ltd	120,652,300	-
Summit Purbanchal Power Co Ltd	183,466,600	-
	<b>334,118,900</b>	<b>50,000,000</b>

#### Bonds (Available for sales)

Orascom	500,000,000	-
	<b>500,000,000</b>	<b>-</b>

**3,188,046,627** **117,660,328**

#### 6.3 Maturity Wise Grouping

Up to 1 month	88,703,840	41,933,028
More than 1 month to 3 month	1,181,410,037	-
More than 3 month to 1 Year	343,450,546	-
More than 1 year to 5 years	3,079,099,621	150,466,050
More than 5 years	8,163,321,216	10,182,942,047
	<b>12,855,985,261</b>	<b>10,375,341,126</b>

#### 6.a Consolidated Investments

BRAC Bank Limited:		
Government Securities	9,667,938,634	10,257,680,797
Other Investments	3,188,046,627	117,660,328
	<b>12,855,985,261</b>	<b>10,375,341,126</b>

#### Less:

Inter-company transaction		
Balance with EPSL (Capital market investment)	71,357,846	40,662,728
	<b>12,784,627,415</b>	<b>10,334,678,397</b>

#### Add:

Investment of subsidiaries		
BRAC EPL Investments Ltd.	272,409,345	18,633,510
BRAC EPL Stock Brokerage Ltd.	68,459,046	30,000,000
bKash Ltd.	-	-
	<b>13,125,495,806</b>	<b>10,383,311,907</b>

#### 7.0 Loans and Advances

Overdrafts	1,730,900,521	1,760,739,705
Demand loans	17,169,080,223	8,918,280,577
Term loans	20,278,856,866	14,481,214,369
Lease receivables	585,324,602	602,927,821
Small & medium enterprises	41,738,916,647	35,972,074,382
Credit Cards	1,958,244,108	1,901,852,351
Staff loans	597,381,976	447,269,198
	<b>84,058,704,943</b>	<b>64,084,358,403</b>
Bills purchased & discounted	244,084,374	66,476,756
	<b>84,302,789,317</b>	<b>64,150,835,159</b>

#### 7.1 Net Loans and Advances

Gross loans and advances	84,302,789,317	64,150,835,159
Less:		
Interest suspense	766,411,557	556,464,712
Provision for loans & advances	4,356,503,193	3,452,591,719
	<b>5,122,914,750</b>	<b>4,009,056,431</b>
	<b>79,179,874,567</b>	<b>60,141,778,728</b>

#### 7.2 Maturity Wise Grouping

Repayable on demand	13,766,769,491	5,074,740,450
More than 1 months to 3 months	12,742,044,689	11,128,368,170
More than 3 months to 1 Year	28,553,902,534	26,496,022,255
More than 1 year to 5 years	24,423,580,217	18,380,264,358
More than 5 years	4,816,492,386	3,071,439,927
	<b>84,302,789,317</b>	<b>64,150,835,159</b>





Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

### 7.3 Lease receivables

Lease finance on demand	-	-
Lease finance receivables More than 1 months to 3 months	11,706,492	73,744,348
Lease finance receivables More than 3 months to 1 Year	40,972,722	208,734,393
Lease finance receivables More than 1 year to 5 years	438,993,452	320,449,080
Lease finance receivables More than 5 years	93,651,936	-
<b>Total Lease finance receivable</b>	<b>585,324,602</b>	<b>602,927,821</b>

### 7.4 Loans and Advances under the following broad categories

<b>Inside Bangladesh:</b>		
Loans	82,571,888,796	62,390,095,454
Cash Credits	-	-
Overdrafts	1,730,900,521	1,760,739,705
	<b>84,302,789,317</b>	<b>64,150,835,159</b>
<b>Outside Bangladesh:</b>		
Loans	-	-
Cash credits	-	-
Overdrafts	-	-
	<b>84,302,789,317</b>	<b>64,150,835,159</b>

### 7.5 Geographical Location Wise Portfolio Grouping

<b>Inside Bangladesh:</b>		
Dhaka Division	54,590,944,733	38,894,955,332
Chittagong Division	15,285,231,632	12,463,827,115
Khulna Division	4,550,064,791	3,845,348,758
Sylhet Division	1,846,434,206	1,693,715,244
Barisal Division	2,419,399,745	2,401,570,252
Rajshahi Division	5,610,714,209	4,851,418,458
	<b>84,302,789,317</b>	<b>64,150,835,159</b>
<b>Outside Bangladesh:</b>		
	<b>84,302,789,317</b>	<b>64,150,835,159</b>

### 7.6 Significant Concentration wise Grouping

Directors & others	-	-
Staff:		
Managing Director & CEO	7,817,344	-
Senior Executives	83,117,354	83,544,172
Others	506,447,278	363,725,026
	<b>597,381,976</b>	<b>447,269,198</b>
Industries:		
Agricultural	2,741,148,965	726,990,953
Large & Medium	12,368,784,039	11,027,217,468
Small & Cottage	2,984,039,019	740,719,670
	<b>18,093,972,023</b>	<b>12,494,928,091</b>
Consumers	23,874,009,638	11,319,789,093
Trade & Commercial	41,737,425,680	39,888,848,777
	<b>84,302,789,317</b>	<b>64,150,835,159</b>

### 7.7 Staff Loan

Personal Loan	114,911,452	112,913,703
Car and motorcycle Loan	230,514,624	113,606,859
House building Loan	251,955,900	220,748,636
	<b>597,381,976</b>	<b>447,269,198</b>

### 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 are shown in Annex - E. Total capital of the Bank was Taka 13,774.57 million on Consolidated basis and Taka 12,010.93 million on Solo basis as at 31 December 2010 (Taka 8,290.18 million as at 31 December 2009).



Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

#### 7.9 Grouping as per Classification Rules

##### Unclassified

Standard including staff loan	77,162,088,870	57,728,435,549
Special Mention Account (SMA)	2,211,142,271	2,544,742,867
	<b>79,373,231,141</b>	<b>60,273,178,416</b>

##### Classified

Sub standard	1,142,795,194	1,504,126,278
Doubtful	1,430,876,989	990,855,828
Bad / Loss	2,355,885,993	1,382,674,637
	<b>4,929,558,176</b>	<b>3,877,656,743</b>

<b>84,302,789,317</b>	<b>64,150,835,159</b>
-----------------------	-----------------------

#### 7.10 Loan type wise classified loan

Overdraft	46,225,937	41,715,110
Demand Loan	167,233,737	170,630,533
Term Loan	4,573,261,828	3,294,576,401
Lease Finance	16,867,752	15,554,500
Credit Cards	125,968,922	355,180,198
	<b>4,929,558,176</b>	<b>3,877,656,743</b>

#### 7.11 Sector-wise Allocation of Loans and Advances

##### Government

1,841,276,703

##### 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

2,741,148,965	726,990,953
12,368,784,039	11,027,217,468
3,204,671,998	869,344,044
283,307,004	18,355,628
36,408,169,975	38,595,278,844
2,984,039,019	740,719,670
24,471,391,614	12,172,928,552
<b>82,461,512,614</b>	<b>64,150,835,159</b>
<b>84,302,789,317</b>	<b>64,150,835,159</b>

#### 7.12 Securities against loans/advances including bills purchased and discounted

Collateral of moveable/immoveable assets	28,873,505,451	17,392,025,798
Local banks & financial institutions guarantee	-	-
Government guarantee	-	-
Foreign banks guarantee	-	-
Export documents	-	-
Fixed deposit receipts (FDR)	5,290,717,865	4,763,325,136
FDR of other banks	-	-
Government bonds	-	-
Personal guarantee & other securities	50,138,566,001	41,995,484,225
	<b>84,302,789,317</b>	<b>64,150,835,159</b>





### 7.13 Particulars of required provisions for loans and advances

Status	Outstanding Loans & advances 2010	Base for provision	Percentage (%) of required provision	Required provision 2010	Required provision 2009
<b>Unclassified</b>					
All unclassified loans (Other than Small & Medium enterprise Financing, Consumer Financing, BHs/MBs/SDs, Housing & loans for professional)	34,004,509,621	34,004,509,621	1%	340,045,096	202,605,320
Small & Medium enterprise financing	32,018,425,539	32,018,425,539	1%	320,184,255	310,947,620
Loans to BHs/MBs/SDs against share etc	1,082,159,029	1,082,159,029	2%	21,643,181	-
Housing & loan for professional	5,983,476,693	5,983,476,693	2%	119,669,534	62,104,084
Consumer finance	3,476,156,012	3,476,156,012	5%	173,807,801	161,086,577
Special Mentioned Account (SMA)	2,211,142,271	2,074,625,527	5%	103,731,276	124,053,227
				<b>1,079,081,143</b>	<b>860,796,828</b>
<b>Classified - Specific provision</b>					
Sub-standard	1,142,795,194	1,055,684,506	20%	211,136,901	269,097,488
Doubtful	1,430,876,989	1,262,910,617	50%	631,455,309	424,045,142
Bad/Loss	2,355,885,993	1,958,287,007	100%	1,958,287,007	1,149,633,208
				<b>2,800,879,217</b>	<b>1,842,775,838</b>
Required provision for loans and advances				<b>3,879,960,359.8</b>	<b>2,703,572,666</b>
Total provision maintained (Note 17.1)				<b>4,356,503,193</b>	<b>3,452,591,719</b>
Excess/(Short) provision at 31 December 2010				<b>476,542,833</b>	<b>749,019,053</b>

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

Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

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

Name of Exposure	Outstanding	Percentage (%) of required provision	Required provision 2010	Required provision 2009
Acceptances and endorsements	140,191,600	1%	1,401,916	1,373,927
Letter of guarantees	3,818,035,880	1%	38,180,359	10,510,073
Irrevocable letter of credits	18,816,476,381	1%	188,164,764	46,203,168
Bills for collection	110,562,929	1%	1,105,629	361,644
Total required provision			228,852,668	58,448,812
Total provision maintained (note 17.2)			230,000,000	61,407,000
Excess/(Short) provision at 31 December 2010			<b>1,147,332</b>	<b>2,958,188</b>

### 7.15 Particulars of Loans and Advances

i) Debts considered good in respect of which Bank is fully secured	34,164,223,316	22,155,350,934
ii) Debts considered good for which Bank holds no other security than the debtor's personal security	2,073,155,560	2,014,766,054
iii) Debts considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtors .	48,065,410,441	39,980,718,172
iv) Debts considered doubtful or bad, not provided for	-	-
	<b>84,302,789,317</b>	<b>64,150,835,159</b>



v) Debts due by directors or officers of the banking company or any of these either separately or jointly with any other persons;	597,381,976	447,269,198
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;	122,239,860	192,287,384
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;	597,381,976	447,269,198
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;	122,239,860	192,287,384
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)	409,304,958	948,811,821
amount of debts written off	1,022,907,402	1,002,621,753
amount realized against loan previously written off.	162,449,488	55,497,494
b) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the	2,355,885,993	1,382,674,637
c) Interest creditable to the Interest Suspense a/c.	766,411,557	556,464,712
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	1,022,907,402	1,002,621,753
- Cumulative to date	2,194,540,294	1,171,632,892
The amount of written off loans for which law suit filed	2,194,540,294	1,171,632,892

7.16 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	2010 Taka	2009 Taka
-------------	--------------	--------------

**7.17 Bill Purchased & Discounted under the following broad categories**

Inside Bangladesh	244,084,374	66,476,756
Outside Bangladesh	-	-
	<b>244,084,374</b>	<b>66,476,756</b>

**7.18 Maturity Wise Grouping of Bill Purchased & Discounted**

Up to 1 months	152,692,756	20,984,082
More than 1 months to 3 months	83,841,477	37,689,106
More than 3 months to 1 Year	7,550,141	7,803,568
More than 1 year to 5 years	-	-
More than 5 years	-	-
	<b>244,084,374</b>	<b>66,476,756</b>

**7.19 Write off of Loans & advances**

Balance at the beginning of the year	1,100,951,429	153,827,170
Add: Write off during the year	1,022,907,402	1,002,621,753
	2,123,858,831	1,156,448,923
Less: Recovery of Write off loans	185,483,529	55,497,494
Balance at the end of the year	<b>1,938,375,302</b>	<b>1,100,951,429</b>

**7.a Consolidated Loans & Advances**

BRAC Bank Limited	84,302,789,317	64,150,835,159
BRAC EPL Investments Ltd.	3,070,981,586	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
Less: Inter-company transaction	799,857,307	-
Borrowing from BRAC Bank by BRAC EPL Investments Ltd.	<b>86,573,913,596</b>	<b>64,150,835,159</b>





Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

## 8.0 Fixed assets including premises, furniture and fixtures

### Cost

#### Property plant and equipments:

Land	87,940,465	87,940,465
Furniture & fixture	855,005,485	688,825,347
Office equipments	642,337,023	487,264,633
IT Hardwares	774,431,818	611,977,039
Motor vehicles	89,109,429	59,183,414

#### Intangible Assets:

License (Indefinite useful live)	50,000	-
IT Softwares (Finite useful live)	460,913,388	460,949,509
	<u>2,909,787,607</u>	<u>2,396,140,407</u>

Less: Accumulated depreciation

Net Book value at the end of the year

(Details are shown in Annex - D)

	1,160,882,100	758,242,344
	<u>1,748,905,507</u>	<u>1,637,898,063</u>

### 8.a Consolidated Fixed Assets including Premises, Furniture & Fixtures

BRAC Bank Limited	1,748,905,507	1,637,898,063
BRAC EPL Investments Ltd.	42,457,852	17,664,413
BRAC EPL Stock Brokerage Ltd.	60,167,704	11,031,456
bKash Ltd.	2,714,131	-
	<u>1,854,245,194</u>	<u>1,666,593,932</u>

## 9.0 Other Assets

### 9.1 Income Generating Other Assets

Interest receivables	(Note - 9.1.1)	704,195,587	840,705,255
Prepaid Interest Expenses on Interest First Fixed Deposit (IFFD)		58,479,712	86,630,485
Receivables against sanchayapatra		118,255,325	24,753,742
Receivables from Omnibus		44,088,979	41,099,603
Receivables against travelers cheque		1,701,664	502,536
Investment in subsidiary	(Note - 9.1.2)	598,648,294	596,863,294
Investment in associate	(Note - 9.1.3)	12,500,000	-
		<u>1,537,869,560</u>	<u>1,590,554,915</u>

### 9.1.2 Investment in subsidiaries (AFS Instruments)

BRAC EPL Investments Ltd.	494,340,794	494,340,794
BRAC EPSL Stock Brokerage Ltd.	102,522,500	102,522,500
bKash Ltd.	1,785,000	-
	<u>598,648,294</u>	<u>596,863,294</u>

### 9.1.3 Investment in associate (AFS Instruments)

BRAC Asset Management Company Ltd.	12,500,000	-
------------------------------------	------------	---

### 9.2 Non Income Generating Other Assets

Stock of stamps	(Note - 9.2.1)	2,924,977	5,703,808
Other receivables		198,201,897	134,647,208
Stock of security stationery		11,124,733	24,566,366
Stock of printing stationery		17,845,902	22,811,132
Stock of furniture		388,322	-
Advance to staff & supplier		11,049,290	20,130,521
Advance for ELDORADO		66,413,583	63,696,306
Deferred revenue expenditure		17,607,598	32,177,692
Advance payment of income tax		2,842,441,954	2,153,057,394
Deferred tax asset	(Note - 9.2.2)	710,917,786	545,917,786
Advance to staff for motor cycle purchase		87,836,251	92,099,404
Advance to SME unit offices		1,326,550	1,415,000
Advance against fixed assets		247,455,038	96,801,797
Advance against office rent		527,100,427	543,599,120
Advance security deposit		183,609,378	10,279,466
Advance for Data Center Project		125,056,364	67,672,476
Advance for software migration		132,765,956	40,923,784
Advance for ANIK tower project		31,396,924	-
* Lease assets		3,989,956	4,034,334
Interbranch Account	(Note-9.2.4)	123,785	123,785
		<u>5,219,576,670</u>	<u>3,859,657,381</u>
		<u>6,757,446,230</u>	<u>5,450,212,295</u>

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



Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

#### 9.1.1 Interest Receivables

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

Receivable against Govt. securities	223,934,826	234,296,011
Receivable against other securities	63,750	3,699,996
Receivable against balance with other bank	62,441,675	201,645,809
Receivable against loans and advances	408,593,904	401,063,439
Receivable against term deposit - OBU	9,161,432	-
	<u>704,195,587</u>	<u>840,705,255</u>

#### 9.2.1 Other Receivables

Remittance in transit	-	-
Receivable against remittance	21,290,841	18,792,091
Receivable against bills pay	-	-
Receivable against DD	29,269,823	7,500,000
Receivable against Cheques	545,353	-
Receivable against Cards	4,985,934	288,154
Account receivable-FCY(Unclaimed)	7,080	6,926
Receivable from Merchant	68,935,388	77,841,078
Receivable from Partners	53,191,766	1,830,499
Receivable in Cash Shortage	6,713,000	-
Receivable from Member Bank - ELDORADO	4,456,365	28,388,461
Sundry debtors	8,806,349	-
Misc Suspense Account	-	-
	<u>198,201,897</u>	<u>134,647,209</u>

#### 9.2.2 Deferred Tax asset/ (Liability)

	Book Value	Tax Base	Deductable/ (Taxable) Temporary Difference	Deferred Tax Asset/ (Liability)
<b>Balance as at 31 December 2009</b>				
Deferred Tax Asset				860,000,000
Deferred Tax Liability				(314,082,214)
<b>Net Deferred Tax Asset 2009</b>				<u>545,917,786</u>
<b>Balance as at 31 December 2010</b>				
Loan loss provision (Note - 9.2.3)	4,356,503,193	-	2,201,426,305	935,606,180
<b>Deferred tax asset (a)</b>				<u>935,606,180</u>
Fixed assets (Annex-D)	1,660,915,042	1,356,171,296	(304,743,746)	(129,516,092)
Interest receivable from T-Bill	223,934,826	-	(223,934,826)	(95,172,302)
<b>Deferred Tax Liability (b)</b>				<u>(224,688,394)</u>
<b>Net Deferred Tax Asset 2010 (a+b)</b>				<u>710,917,786</u>
Increase of deferred tax asset recognized into P&L as income				75,606,180
Decrease of deferred tax liability recognized into P&L as income				89,393,820
<b>Total Deferred tax income recognized into P&amp;L during the year 2010</b>				<u>165,000,000</u>

9.2.3 A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Temporary difference arising from loan loss provision is recognized to the extent it is probable that taxable profit will be available in foreseeable future against which it can be utilized.

#### 9.2.4 Interbranch Account

Inter Branch Account - BDT	-	-
Inter Branch Account - FCY	-	-
Cost Center Account	123,785	123,785
	<u>123,785</u>	<u>123,785</u>





Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

#### 9.a Consolidated Other Assets

BRAC Bank Limited	6,757,446,230	5,450,212,295
BRAC EPL Investments Ltd.	292,912,906	54,085,776
BRAC EPL Stock Brokerage Ltd.	742,258,144	173,008,596
bKash Ltd.	1,476,013	-

#### Less:

##### Investment in subsidiaries

BRAC EPL Investments Ltd.	494,340,794	494,340,794
BRAC EPL Stock Brokerage Ltd.	102,522,500	102,522,500
bKash Ltd.	1,785,000	-
	598,648,294	596,863,294

##### Investment in associate

BRAC Asset Management Company Ltd.

12,500,000 -

#### Less: Inter-company transaction

Payable to BRAC EPL Investment Ltd.

80,000 -

Payable to bKash Ltd.

101,873 -

Payable to BRAC EPSL Stock Brokerage Ltd by BRAC EPL Investment Ltd.

27,742 -

209,615 -

#### Add:

##### Investment of associate

BRAC Asset Management Company Ltd.

(Note - 9.a.1)

12,571,651 -

**7,195,307,035** **5,080,443,373**

#### 9.a.1 Investment in associate

BRAC Asset Management Company Ltd.

Opening balance	-	-
Investment made during the period	12,500,000	-
Add: Share of post acquisition profit	71,651	-
Less: Dividend receivable	-	-
Total carrying amount of investment in associate	<b>12,571,651</b>	<b>-</b>

#### 10.0 Non Banking assets

No non-banking assets is under the possession of the bank which acquired as claims. BRAC Bank limited was not acquired any such assets as on 31th December 2010.

#### 11.a Consolidated Goodwill

BRAC Bank Limited	-	-
BRAC EPL Investments Ltd.	257,500,382	257,500,382
BRAC EPL Stock Brokerage Ltd.	54,388,133	54,388,133
bKash Ltd.	-	-
Less: Impairment of Goodwill	<b>311,888,515</b>	<b>311,888,515</b>

#### 11.a.1 Calculation of Goodwill

	<u>BRAC EPL Investments Ltd.</u>	<u>BRAC EPSL Stock Brokerage Ltd.</u>	<u>B- Kash Limited</u>	<u>Total</u>
Cost of investment	494,340,794	102,522,500	1,785,000	596,863,294
Less: Share of Share Capital	153,000,000	25,500,000	1,785,000	178,500,000
Share of Share Premium	75,729,133	-	-	75,729,133
Share of Pre-acquisition profit	8,111,279	22,634,367	-	30,745,646
	236,840,412	48,134,367	1,785,000	284,974,779
	<b>257,500,382</b>	<b>54,388,133</b>	<b>-</b>	<b>311,888,515</b>

\* The above Goodwill was calculated as on 30 September 2009 and subsequently there was no impairment. No Goodwill arose on the acquisition of the new subsidiary bKash Ltd as cost of investment was equal to the net assets.



Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

**12.0 Borrowing from other Banks, Financial Institutions and Agents:  
In Bangladesh, secured and repayable on demand**

**Term Borrowing:**

**Tenor**

**Banking company:**

One Bank Limited  
Trust Bank Limited  
Eastern Bank Ltd.  
Dhaka Bank Limited  
BASIC Bank Limited  
Bangladesh Krishi Bank Limited  
Sonali Bank Limited  
ICB Islamic Bank Ltd.  
Commercial Bank of Ceylon  
National Bank Limited  
Mutual Trust Bank Limited  
Standard Chartered Bank

500,000,000	-
-	100,000,000
-	350,000,000
-	100,000,000
300,000,000	400,000,000
-	500,000,000
2,500,000,000	-
400,000,000	500,000,000
-	50,000,000
-	200,000,000
-	100,000,000
-	150,000,000
<b>3,700,000,000</b>	<b>2,450,000,000</b>

**Outside Bangladesh**

-	-
<b>3,700,000,000</b>	<b>2,450,000,000</b>

**12.1 Maturity Wise Grouping**

Up to 1 months  
More than 1 months to 3 months  
More than 3 months to 1 Year  
More than 1 year to 5 years  
More than 5 years

3,700,000,000	950,000,000
-	1,500,000,000
-	-
-	-
-	-
<b>3,700,000,000</b>	<b>2,450,000,000</b>

**12.1.1 Disclosure regarding outstanding Repo as on 31 December 2010:**

Sl.no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
1	The Premier Bank Ltd.	12/30/2010	1/2/2011	378,299,517

**12.1.2 Disclosure regarding outstanding Reverse Repo as on 31 December 2010:**

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

**12.1.3 Disclosure regarding overall transaction of Repo and Reverse repo during the year 2010:**

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under repo:			
i) with Bangladesh Bank	300,000,000	1,000,000,000	71,726,098
ii) with other banks & FIs	80,000,000	1,200,000,000	10,989,011
Securities purchased under reverse repo:			
i) with Bangladesh Bank	450,000,000	910,000,000	5,109,890
ii) with other banks & FIs	100,000,000	800,000,000	26,510,989

**12.a Consolidated Borrowing from other Banks, Financial Institutions and Agents**

BRAC Bank Limited	3,700,000,000	2,450,000,000
BRAC EPL Investments Ltd.	2,073,777,562	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
Less: Borrowing from BRAC Bank by BRAC EPL Investments Ltd. (Inter-Company)	799,857,307	-
	<b>4,973,920,255</b>	<b>2,450,000,000</b>

**13.0 Borrowings from Central Bank**

Off Shore Banking

<b>1,828,605,004</b>	-
<b>1,828,605,004</b>	-

**13.1 Maturity Wise Grouping**

Up to 1 months  
More than 1 months to 3 months  
More than 3 months to 1 Year  
More than 1 year to 5 years  
More than 5 years

1,828,605,004	-
-	-
-	-
-	-
-	-
<b>1,828,605,004</b>	-





Particulars	2010 Taka	2009 Taka
<b>13.a Consolidated Borrowings from Central Bank</b>		
BRAC Bank Limited	1,828,605,004	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>1,828,605,004</b>	-
<b>14.0 Subordinated Convertible Bonds</b>		
Private Placement (Note 14.1)	2,700,000,000	-
Public Subscription (Note 14.2)	300,000,000	-
	<b>3,000,000,000</b>	-
<b>14.1 Private Placement details</b>		
	No. of Unit	
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	525,000	525,000,000
Triodos Fair Share Fund	175,000	175,000,000
Triodos Microfinance Fund	175,000	175,000,000
Norwegian Investment Fund for Developing Countries	490,000	490,000,000
Agrani Bank Limited	750,000	750,000,000
BRAC Employee Providend Fund	482,500	482,500,000
Delta Life Insurance Company Ltd.	20,000	20,000,000
RACE Asset Management *	82,500	82,500,000
* PHP 1st Mutual Fund, Popular Life 1st Mutual Fund		-
1st Janata Bank Mutual Fund		-
<b>Total Private Placement</b>		<b>2,700,000,000</b>
<b>14.2 Public Subscription details</b>		
	No. of Unit	
Other than Non-resident Bangladeshies	213,115	213,115,000
Non-resident Bangladeshies	2,310	2,310,000
Mutual Funds	215,000	215,000,000
<b>Total Subscription received</b>		<b>430,425,000</b>
Less: Refundable against excess subscription	(130,425)	130,425,000
		<b>300,000,000</b>
<b>14.3 Maturity Wise Grouping</b>		
Up to 1 months		-
More than 1 months to 3 months		-
More than 3 months to 1 Year		-
More than 1 year to 5 years		-
More than 5 years		-
		<b>3,000,000,000</b>
		<b>3,000,000,000</b>
<b>14.a Consolidated Subordinated Convertible Bonds</b>		
BRAC Bank Limited	3,000,000,000	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>3,000,000,000</b>	-
<b>15.0 Money at call and short notice</b>		
<b>Banking Company:</b>		
Citibank NA	50,000,000	-
Bank Al- Falah Ltd.	150,000,000	-
Premiur Bank Ltd.	100,000,000	-
United Commercial Bank Ltd.	100,000,000	-
Douch Bangla Bank Limited	150,000,000	-
	<b>550,000,000</b>	-
<b>15.1 Maturity Wise Grouping</b>		
Up to 1 months	550,000,000	-
More than 1 months to 3 months	-	-
More than 3 months to 1 Year	-	-
More than 1 year to 5 years	-	-
More than 5 years	-	-
	<b>550,000,000</b>	-
<b>15.a Consolidated Money at Call and Short Notice</b>		
BRAC Bank Limited	550,000,000	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>550,000,000</b>	-



Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

## 16.0 Deposit and Other Accounts

### Local Currency:

Current & other accounts		30,053,221,947	24,434,036,657
Bills payable	(Note-16.3)	1,021,461,002	453,829,731
Saving deposits		21,124,822,404	13,043,725,795
Fixed deposits		34,985,281,765	36,245,544,754
Other deposits	(Note-16.4.1)	106,646,405	283,437,916
		<b>87,291,433,523</b>	<b>74,460,574,853</b>

### Foreign Currency:

Current & other accounts		208,891,177	115,571,621
Bills payable		-	-
Saving deposits		-	-
Fixed deposits		503,672,359	485,713,552
Other deposits	(Note-16.4)	153,911,273	157,755,129
		<b>866,474,808</b>	<b>759,040,302</b>

### Total Deposit and other accounts

	<b>88,157,908,331</b>	<b>75,219,615,155</b>
--	-----------------------	-----------------------

## 16.1 Deposit details concentrating liquidity nature

### i) Demand deposit

Current deposit	19,785,006,146	12,605,425,109
Saving deposit (10%)	16,241,125,502	10,570,881,833
Foreign currency deposit	2,112,482,240	1,304,372,579
Sundry deposit	362,802,450	273,326,750
Bills payable	47,134,952	3,014,215
	1,021,461,002	453,829,731

### ii) Time deposit

Saving deposit (90%)	68,372,902,185	62,614,190,046
Foreign currency deposit	19,012,340,163	11,739,353,215
Fixed deposit	503,672,359	485,713,552
Short term deposit	32,234,178,511	34,127,288,805
Deposit pension scheme	13,812,096,444	13,863,154,824
Security deposit	2,751,103,255	2,118,255,948
Other Deposit	20,749,180	47,068,716
	38,762,273	233,354,985

	<b>88,157,908,331</b>	<b>75,219,615,155</b>
--	-----------------------	-----------------------

## 16.2 Maturity Wise Grouping

Payable on demand	7,735,278,521	4,077,716,736
Payable within 1 month	9,454,334,520	8,650,777,181
Over 1 month but within 6 months	17,618,579,795	19,501,376,557
Over 6 month but within 1 year	7,633,263,605	9,828,797,532
Over 1 year but within 5 years	43,803,081,315	30,961,934,791
Over 5 years but within 10 years	1,913,370,576	1,531,411,639
Over 10 years	-	667,600,720
	<b>88,157,908,331</b>	<b>75,219,615,155</b>

## 16.3 Bills payable

Local Drafts Issued and Payable	127,075,197	-
Stamp Charges payable for Loan Clients	5,346,058	4,162,543
Insurance Premium payable for SME Loan Clients	109,629,129	53,244,905
Payment Order Issued	709,337,834	379,502,162
Sundry Creditors	31,605,564	130,994
Payment Order To Be Issued	6,039,807	6,338,877
Cards Settlement account	32,427,413	10,450,250
	<b>1,021,461,002</b>	<b>453,829,731</b>

## 16.4 Other Deposits

Foreign currency	153,911,273	157,755,129
Local Currency:	-	-
Sundry deposit	106,646,405	283,437,916
	<b>260,557,678</b>	<b>441,193,045</b>

(Note-16.4.1)





Particulars	2010 Taka	2009 Taka
<b>16.4.1 Sundry deposit</b>		
Security Deposits	20,749,180	47,068,716
Security Deposit from SME Loan client	17,202,964	211,594,423
Security Deposit from Retail Loan client	21,559,309	21,760,562
Merchant POS settlement account	-	-
Lease Deposit	3,014,215	3,014,215
Payable against Staff, Clients Loan account and others	44,120,737	-
	<b>106,646,405</b>	<b>283,437,916</b>

#### 16.a Consolidated Deposit and Other Accounts

BRAC Bank Limited	88,157,908,331	75,219,615,155
BRAC EPL Investments Ltd.	61,417,666	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>88,219,325,997</b>	<b>75,219,615,155</b>
<b>Less: Inter Company Transaction</b>		
BRAC EPL Investments Ltd.	13,596,782	763,935,760
BRAC EPL Stock Brokerage Ltd.	17,826,914	1,535
bKash Ltd.	33,034,618	-
	<b>88,154,867,683</b>	<b>74,455,677,860</b>

#### 17.0 Other Liabilities

Provisions for loans & advances	(Note - 17.1)	4,356,503,193	3,452,591,719
Provisions for Off Balance Sheet Items	(Note - 17.2)	230,000,000	61,407,000
Provisions for Others		61,777	61,777
Interest suspense	(Note - 17.3)	766,411,557	556,464,712
Withholding tax payable	(Note - 17.4)	91,780,943	112,381,836
VAT payable	(Note - 17.5)	88,406,306	70,053,268
Provision for taxation	(Note - 17.6)	4,003,775,611	3,096,447,274
Interest payable		1,242,051,062	1,021,143,425
Accrued expenses		620,968,799	623,560,863
Provision for diminution in value of Investments		56,741,049	-
Excise duty Payable		214,817,835	98,129,045
Share subscription - IPO (refund warrant)		3,896,705	190,554
Right Share subscription		1,062,405	1,092,941
Cheque clearing account		128,199,771	13,621,045
Margin on L/C		398,901,746	124,544,759
Margin on L/G		54,343,427	54,000,802
Refundable against excess subscription of BONDS		130,232,521	-
Unclaimed dividend		3,511,479	-
Others		110,022,887	20,961,659
		<b>12,501,689,071</b>	<b>9,306,652,678</b>

#### 17.1 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	866,067,510	769,667,510
Add: Provision made during the year	494,606,516	96,400,000
<b>Balance at the end of the year</b>	<b>1,360,674,026</b>	<b>866,067,510</b>

##### B. Specific

Balance at the beginning of the year	2,586,524,209	1,637,712,388
Add: Provision made during the year	1,333,089,473	1,440,600,000
	<b>3,919,613,681</b>	<b>3,078,312,388</b>
Less: Interest waiver during the year	62,361,108	-
Less: Write off during the year	861,423,407	491,788,179
<b>Balance at the end of the year</b>	<b>2,995,829,167</b>	<b>2,586,524,209</b>
<b>Net actual provision at the end of year (A+B)</b>	<b>4,356,503,193</b>	<b>3,452,591,719</b>

\* Balance of General provision relating to Off shore banking unit

18,413,023



Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

## 17.2 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	61,407,000	24,407,000
Add: Provision made during the year	168,593,000	37,000,000
<b>Balance at the end of the year</b>	<b>230,000,000</b>	<b>61,407,000</b>

## 17.3 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	556,464,712	453,484,281
Add: Provision made during the year	1,500,847,812	1,466,314,638
	<b>2,057,312,525</b>	<b>1,919,798,919</b>
Less: Amount of interest suspense recovered	1,070,481,025	1,095,902,148
Less: Write off during the year	161,483,995	267,432,059
Less: Interest waiver during the year	58,935,948	-
<b>Balance at the end of the year</b>	<b>766,411,557</b>	<b>556,464,712</b>

## 17.4 Withholding Tax Payable

Payable On Interest	69,509,312	99,326,036
Payable (Suppliers)	8,937,984	5,920,112
Payable (Contractors & Consultants)	201,779	831,251
Payable (Staff Salaries & Allowance)	9,358,662	2,580,291
Payable (Rent)	1,501,010	1,503,807
Payable (Export)	313,349	106,367
Payable on Commission Paid	1,942,893	2,062,665
Withholding Tax Payable - Others	15,954	51,308
	<b>91,780,943</b>	<b>112,381,836</b>

## 17.5 VAT Payable

Payable On L/C Commission	1,111,160	868,985
Payable on Commission for Remittances	622,761	712,717
Payable on Loan Processing Fees	13,990,173	10,232,730
Payable - Credit Cards	6,302,795	3,357,639
Payable - Supplier	4,757,287	6,035,511
Payable - Rent	14,072,933	16,988,322
Payable - DESA & DESCO	4,330,509	24,519,188
Payable - BPDB	7,031,065	2,086,295
Payable - DPDC	32,366,761	2,921,607
Payable - Others	3,820,863	2,330,273
	<b>88,406,306</b>	<b>70,053,268</b>

## 17.6 Provision for current taxation

Balance at the beginning of the year	3,096,447,274	1,956,447,274
Add: Provision made during the year	1,416,240,000	1,140,000,000
	<b>4,512,687,274</b>	<b>3,096,447,274</b>
Less: Adjustment of tax provision for previous years	508,911,663	-
<b>Balance at the end of the year</b>	<b>4,003,775,611</b>	<b>3,096,447,274</b>

Assessment upto the income year ended 31 December 2007 corresponding to the assessment year 2008-2009 has been completed except income year 2001.

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 2008 (assessment year 2009-2010) is under appeal with the Commissioner of taxes (Appeals) preferred by the bank against tax department's demand for additional tax of Tk. 121,697,538.





Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

#### 17.a Consolidated Other Liabilities

BRAC Bank Limited	12,501,689,071	9,306,652,678
BRAC EPL Investments Ltd.	537,455,607	24,142,686
BRAC EPL Stock Brokerage Ltd.	766,879,436	134,207,650
	7,981,767	-
	<b>13,814,005,882</b>	<b>9,465,003,015</b>
Less: Inter Company Transaction		
Payable to BRAC EPL Investment Ltd.	80,000	-
Payable to bKash Ltd.	101,873	-
Payable to BRAC EPSL Stock Brokerage Ltd by BRAC EPL Investment Ltd.	27,742	-
Balance with BRAC EPL Stock Brokerage Ltd.	71,357,846	40,662,728
	71,567,461	40,662,728
	<b>13,742,438,421</b>	<b>9,424,340,286</b>

#### 18.0 Share Capital

##### 18.1 Authorized Capital

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

480,000,000 ordinary shares of Tk. 100 each	<b>4,800,000,000</b>	<b>4,800,000,000</b>
---	----------------------	----------------------

##### 18.2 Issued, Subscribed and Paid up Capital

The issued share capital of the bank is the total nominal value of the shares of the bank which have been issued to shareholders and which remain outstanding.

10,000,000 ordinary Share of Tk. 100/- each issued for cash	1,000,000,000	1,000,000,000
14,129,600 ordinary Share of Tk. 100/- each issued as bonus share	1,412,960,000	795,200,000
2,640,000 Right Share of Tk. 100/- each issued as right share	264,000,000	264,000,000
	<b>2,676,960,000</b>	<b>2,059,200,000</b>

##### 18.2.1 Issued, Subscribed and Paid up Capital

Balance at the beginning of the year	2,059,200,000	1,584,000,000
Add: Bonus share issued	617,760,000	475,200,000
Closing at the end of the year	<b>2,676,960,000</b>	<b>2,059,200,000</b>

##### 18.3 Initial Public Offering (IPO)

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

##### 18.4 Bonus Issue

On 25th March 2010 a bonus share at the ratio of 3:10 (three bonus shares for every ten shares held) amounting to Taka 617,760,000 was approved by the shareholders in Annual General Meeting and the shares was issued accordingly.

##### 18.5 Ordinary Shares

	<u>No. of Shares.</u>	<u>% of shareholding</u>		
<b>Sponsor</b>				
BRAC	11,717,732	43.77%	1,171,773,200	765,526,500
ShoreCap International Ltd. **	231,184	0.86%	23,118,400	120,054,700
International Finance Corporation	1,434,273	5.36%	143,427,300	143,894,900
Others	2,030	0.01%	203,000	153,400
<b>Non Sponsor</b>				
Non Resident Bangladeshis	115,975	0.43%	11,597,500	9,343,300
Mutual Funds	860,959	3.22%	86,095,900	83,741,900
Institutions & General Public	12,407,447	46.35%	1,240,744,700	936,485,300
	<b>26,769,600</b>	<b>100%</b>	<b>2,676,960,000</b>	<b>2,059,200,000</b>

\*\* Shares of ShoreCap International Limited was transferred to BRAC during the year.



## 18.6 Classification of Shareholding

Range of Holding of Shares	No. of Shareholders	No. of Shares	Shares
Less than 500	29,953	3,218,727	12.02%
500 to 5,000	2,342	3,119,385	11.65%
5,001 to 10,000	100	705,013	2.63%
10,001 to 20,000	80	1,128,037	4.21%
20,001 to 30,000	19	475,637	1.78%
30,001 to 40,000	9	303,345	1.13%
40,001 to 50,000	9	416,869	1.56%
50,001 to 100,000	21	1,423,179	5.32%
100,001 to 1,000,000	13	2,827,403	10.56%
Over 1000000	2	13,152,005	49.13%
<b>Total</b>	<b>32,548</b>	<b>26,769,600</b>	<b>100.00%</b>

Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

## 18.7 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
	<b>1,406,000,000</b>	<b>1,406,000,000</b>

## 18.8 Particulars of Share Premium

	No. of Shares.		
<b>Sponsor:</b>			
BRAC	11,717,732	335,163,840	335,163,840
ShoreCap International Ltd.	231,184	92,473,920	92,473,920
International Finance Corporation (IFC)	1,434,273	100,298,880	100,298,880
Others	2,030	63,360	63,360
<b>Non Sponsor:</b>			
Non Resident Bangladeshis	115,975	87,800,000	87,800,000
Mutual Funds	860,959	87,800,000	87,800,000
General Public	12,407,447	702,400,000	702,400,000
	<b>26,769,600</b>	<b>1,406,000,000</b>	<b>1,406,000,000</b>

## 18.8.a Consolidated Share Premium

BRAC Bank Limited	1,406,000,000	1,406,000,000
BRAC EPL Investments Ltd.	147,052,103	147,052,103
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>1,553,052,103</b>	<b>1,553,052,103</b>

## 18.9 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:

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
	<b>5,000,000</b>	<b>500,000,000</b>	<b>500,000,000</b>





# 18.10 Capital Adequacy Ratio - As per BASEL-II

Particulars	2010 Taka	2010 Taka	2009 Taka
	Consolidated basis	SOLO Basis	
<b>Tier - I (Core Capital)</b>			
Fully paid up capital/ Capital deposited with BB	2,676,960,000	2,676,960,000	2,059,200,000
Statutory reserve	1,920,598,872	1,920,598,872	1,337,479,877
Non-repayable share premium account	1,553,052,102	1,406,000,000	1,406,000,000
General reserve	-	-	-
Retained Earnings	1,956,125,243	1,687,394,554	1,271,731,067
Minority interest in subsidiaries	698,799,975	-	-
Share money deposit	24,851,503	-	-
Non-cumulative irredeemable preference shares	-	-	-
Dividend equalization accounts	-	-	-
<b>Sub-total</b>	<b>8,830,387,694</b>	<b>7,690,953,426</b>	<b>6,074,410,944</b>
<b>Deductible from Tier - I (Core Capital)</b>			
Book value of Goodwill	311,888,515	-	-
Shortfall in provision required against classified assets irrespective of any relaxation allowed	-	-	-
Deficit on account of revaluation of investment in AFS category	-	-	-
Investment in subsidiary	-	299,324,147	-
Other if any	-	-	-
<b>Sub-total</b>	<b>311,888,515</b>	<b>299,324,147</b>	<b>-</b>
<b>Total eligible Tier - 1 Capital</b>	<b>8,518,499,179</b>	<b>7,391,629,279</b>	<b>6,074,410,944</b>
<b>Tier - II (Supplementary Capital)</b>			
General Provision	1,590,674,026	1,590,674,026	927,474,510
Asset revaluation reserve	610,466,065	610,466,065	788,249,234
Preference Share	500,000,000	500,000,000	500,000,000
Perpetual Subordinated debt	2,555,549,754	2,217,488,784	-
Exchange Equalization Fund	-	-	45,000
<b>Sub-total</b>	<b>5,256,689,845</b>	<b>4,918,628,875</b>	<b>2,215,768,744</b>
Deduction (Investment in subsidiary)	-	299,324,147	-
<b>Total eligible Tier - 2 Capital (a)</b>	<b>5,256,689,845</b>	<b>4,619,304,728</b>	<b>2,215,768,744</b>
<b>Tier-3 (eligible for market risk only)</b>			
Short term sub-ordinated debt (b)	-	-	-
<b>Total Supplementary Capital</b>	<b>5,256,689,845</b>	<b>4,619,304,728</b>	<b>2,215,768,744</b>
<b>Total Capital</b>	<b>13,775,189,024</b>	<b>12,010,934,007</b>	<b>8,290,179,688</b>
Total Risk Weighted Assets	103,809,527,957	99,508,446,419	66,584,441,167
Required capital based on Risk Weighted Assets (10.00%)	10,380,952,796	9,950,844,642	6,658,444,117
Surplus/ (Deficiency)	3,394,236,228	2,060,089,365	1,631,735,571
<b>Capital Adequacy Ratio:</b>			
On core capital (against standard of minimum 5%)	8.21%	7.43%	9.12%
On actual capital (against standard of minimum 9.00%)	13.27%	12.07%	12.45%

## 18.10.a Market Discipline Disclosures

### A. Banking Book Assets

Cash in hand and Balance with BB (excluding FC)	9,307,126,343	9,307,055,721	6,023,391,489
Money at Call	-	-	1,300,000,000
<b>Investment (HTM)</b>	<b>8,296,773,217</b>	<b>8,296,773,217</b>	<b>8,027,463,283</b>
Government	2,715,338,749	2,715,338,749	2,584,503,133
Qualifying (Banks etc)	2,256,072,281	2,256,072,281	7,105,940
Others including balance with other banks	3,325,362,187	3,325,362,187	5,435,854,209
<b>Loans and Advances</b>	<b>86,573,913,596</b>	<b>84,302,789,317</b>	<b>64,150,835,159</b>
Classified (SMA, SS, DF & BL to be shown separately)	4,929,558,176	4,929,558,176	3,877,656,743
SMA	2,211,142,271	2,211,142,271	2,544,742,867
SS	1,142,795,194	1,142,795,194	1,504,126,278
DF	1,430,876,989	1,430,876,989	990,855,828
BL	2,355,885,993	2,355,885,993	1,382,674,637
Unclassified	79,433,213,149	77,162,088,870	57,728,435,549



Particulars	2010 Taka	2010 Taka	2009 Taka
	Consolidated basis	SOLO Basis	
Risk Weighted Assets(Credit and Off-Balancesheet)	87,861,271,911	83,560,190,373	58,350,323,466
Below 100% RW	28,330,111,125	28,329,846,933	31,796,678,307
100% RW	20,022,510,761	18,974,329,865	5,111,694,913
Above 100% RW	39,508,650,025	36,256,013,575	21,441,950,246
Rated Status(Credit and Off-Balancesheet)			
Rated Assets	3,718,189,452	5,088,325,280	4,101,495,580
Unrated Assets	102,841,615,590	100,784,321,231	54,248,827,886
Other Assets ( including Fixed Assest )	4,727,510,031	4,921,217,942	3,223,919,021
<b>Total Banking Book Assets</b>	<b>108,905,323,187</b>	<b>106,827,836,198</b>	<b>82,725,608,952</b>
FC Held in hand	48,538,309	48,538,309	39,458,692
FC held in BB & Nostro Account	1,348,020,127	1,348,020,127	778,231,213
Investment (Trading)	-	-	-
Govt.( part of Govt. HTM if Held above the required SLR amount)	6,951,016,085	6,951,016,085	7,671,907,364
AFS ( if any )	1,201,484,891	860,616,500	-
<b>Total Trading Book Assets</b>	<b>9,549,059,413</b>	<b>9,208,191,022</b>	<b>8,489,597,268</b>
<b>Total Assets</b>	<b>118,454,382,600</b>	<b>116,036,027,219</b>	<b>91,215,206,220</b>

#### B) Total Exposures of Credit Risk

##### 1. Funded

- a) Domestic
- b) Overseas

	105,000,907,263	101,321,618,351	77,560,924,431
a) Domestic	105,000,907,263	101,321,618,351	77,560,924,431
b) Overseas	-	-	-

##### 2. Non-Funded

- a) Domestic
- b) Overseas

	6,286,407,809	6,286,407,809	1,301,652,293
a) Domestic	6,286,407,809	6,286,407,809	1,301,652,293
b) Overseas	-	-	-

##### 3. Distribution of risk exposure by claims

- A. Claims on sovereigns and central banks
- B. Claims on other official entities
- C. Claims on banks and securities firms
- D. Claims on corporate
- E. Claims included in the retail portfolio & small enterprises (consumer loan to be shown separately)

	6,274,441,763	6,274,441,763	6,609,200,799
• A. Claims on sovereigns and central banks	-	-	-
• B. Claims on other official entities	-	-	5,661,498,510
• C. Claims on banks and securities firms	23,613,652,714	21,342,528,435	13,109,840,860
• D. Claims on corporate	-	-	-
• E. Claims included in the retail portfolio & small enterprises (consumer loan to be shown separately)	40,791,628,682	40,791,628,682	37,779,620,766

Retail and SME portfolio

Consuerm Loan

	30,738,368,001	30,738,368,001	37,739,313,463
Retail and SME portfolio	10,053,260,681	10,053,260,681	40,307,303
Consuerm Loan	-	-	-

- F. Claims secured by residential property
- G. Claims secured by commercial real estate
- H. Other Categories:
  - Past due loans/NPL
  - Off-balance sheet items

	3,986,075,073	3,986,075,073	1,609,436,119
• F. Claims secured by residential property	-	-	-
• G. Claims secured by commercial real estate	-	-	-
• H. Other Categories:	4,929,558,176	4,929,558,176	3,877,656,743
- Past due loans/NPL	-	-	-
- Off-balance sheet items	-	-	-

##### 4. Credit Risk Mitigation

- Claims secured by financial collateral
- Net exposure after the application of haircuts.
- Claims secured by eligible Guarantee

	3,474,270,486	3,474,270,486	3,986,737,793
• Claims secured by financial collateral	922,504,177	922,504,177	903,284,538
• Net exposure after the application of haircuts.	-	-	-
• Claims secured by eligible Guarantee	-	-	-

#### c) Market risk on Trading Book

##### Quantitative Disclosure

The capital requirements for:

- interest rate risk;
- equity position risk;
- foreign exchange risk; and
- Commodity risk

	19,365,764	19,365,764	-
• interest rate risk;	471,618,000	471,618,000	1,420,000
• equity position risk;	39,886,280	39,886,280	13,528,752
• foreign exchange risk; and	-	-	-
• Commodity risk	-	-	-

##### d) Operational risk

##### Quantitative Disclosure

The capital requirements for:

- Operational Risk

	904,500,000	904,500,000	840,976,691
• Operational Risk	-	-	-





Particulars	2010 Taka	2010 Taka	2009 Taka
<b>e) Maintenance of Specific Provision</b>			
<b>Quantitative Disclosure</b>			
<b>i) Gross Non Performing Assets ( NPAs)</b>	4,929,558,176	4,929,558,176	3,877,656,743
Non Performing Assets ( NPAs) to Outstanding Loans and advances	5.69%	5.85%	6.04%
<b>ii) Movement of Non Performing Assets ( NPAs)</b>			
1. Opening balance	3,877,656,742	3,877,656,742	2,473,011,790
2. Additions	1,522,000,846	1,522,000,846	1,803,964,083
3. Reductions	470,099,412	470,099,412	399,319,131
4. Closing balance	4,929,558,176	4,929,558,176	3,877,656,742
<b>iii) Movement of specific provisions for NPAs</b>			
1. Opening balance	2,586,524,209	2,586,524,209	1,637,712,388
2. Provisions made during the period	1,333,089,473	1,333,089,473	1,440,600,000
3. Write-off	861,423,407	861,423,407	491,788,179
4. Interest waiver	62,361,108	62,361,108	-
5. Write-back of excess provisions	-	-	-
6. Closing balance	2,995,829,167	2,995,829,167	2,586,524,209
<b>f) Maintenance of Regulatory Capital</b>			
<b>Quantitative Disclosure</b>			
<b>i) Amount of Tier-1 Capital</b>			
Fully paid-up Capital/Capital Deposited with BB	2,676,960,000	2,676,960,000	2,059,200,000
Statutory Reserve	1,920,598,872	1,920,598,872	1,337,479,877
Non-repayable Share premium account	1,553,052,102	1,406,000,000	1,406,000,000
General Reserve	-	-	-
Retained Earning	1,956,125,243	1,687,394,554	1,271,731,067
Minority interest in Subsidiaries	698,799,975	-	-
Share money deposits	24,851,503	-	-
Non-Cumulative irredeemable Preferences shares	-	-	-
Dividend Equalization Account	-	-	-
<b>ii) Amount deducted from Tier-1 Capital</b>			
• Good will	311,888,515	-	-
• Shortfall	-	-	-
• Others	-	299,324,147	-
<b>iii) Total amount of Tier 2 capital (net of deductions from Tier 2 capital).</b>			
General Provision (Unclassified loans+off Balance Sheet exposure)	1,590,674,026	1,590,674,026	927,474,510
Assets Revaluation Reserve up to 50%	610,466,065	610,466,065	788,249,234
All other preference shares	500,000,000	500,000,000	500,000,000
Perpetual Subordinated debt	2,555,549,754	2,217,488,784	-
Balance of Exchange Equalization A/C	-	-	45,000
Sub- Total	-	299,324,147	-
Deductions if any	-	-	-
<b>iv) Total eligible capital (i-ii+iii)</b>	<b>13,775,189,024</b>	<b>12,010,934,007</b>	<b>8,290,179,688</b>
<b>g) Capital Adequacy</b>			
<b>Quantitative Disclosure</b>			
<b>A) Amount of Regulatory Capital to meet unforeseen loss</b>			
Amount to meet Credit Risk	7,907,514,472	7,520,417,134	5,802,518,674
Amount to meet Market Risk	530,870,044	530,870,044	14,948,752
Amount to meet Operational Risk	904,500,000	904,500,000	840,976,691
<b>B) Some additional capital over MCR maintained by the banks</b>	4,432,304,508	3,055,146,829	1,631,735,571



Particulars	2010 Taka	2009 Taka		
<b>Statutory Reserve</b>				
Balance at the beginning of the year	1,337,479,877	908,762,089		
Add: Transferred from profit during the year	583,118,995	428,717,788		
	<u>1,920,598,872</u>	<u>1,337,479,877</u>		
<b>Consolidated Statutory Reserve</b>				
BRAC Bank Limited	1,920,598,872	1,337,479,877		
BRAC EPL Investments Ltd.	-	-		
BRAC EPL Stock Brokerage Ltd.	-	-		
bKash Ltd.	-	-		
	<u>1,920,598,872</u>	<u>1,337,479,877</u>		
<b>Revaluation Reserve</b>				
	<b>HTM</b>	<b>HFT</b>	<b>Total</b>	
Balance at the beginning of the year	14,699,184	1,561,799,284	1,576,498,468	118,846,147
Add: Addition during the year	-	-	-	1,360,414,565
Less: Realisation during the period	2,058,800	(357,625,138)	(355,566,337)	-
	16,757,984	1,204,174,146	1,220,932,131	1,479,260,712
Add: Deferred Tax Liability	-	-	-	97,237,757
	<u>16,757,984</u>	<u>1,204,174,146</u>	<u>1,220,932,131</u>	<u>1,576,498,469</u>
Revaluation reserve is made according to DOS Circular no.-05, dated 26th May 2008.				
<b>Consolidated Revaluation Reserve</b>				
BRAC Bank Limited		1,220,932,131		1,576,498,469
BRAC EPL Investments Ltd.		-		-
BRAC EPL Stock Brokerage Ltd.		-		-
bKash Ltd.		-		-
		<u>1,220,932,131</u>		<u>1,576,498,469</u>
<b>Exchange equalization reserve</b>				
Bangladesh Bank has revised its earlier circular of 2003 relating to maintaining "Exchange Equilization Fund" and as per BRPD Circular no. 15 dated 26th April 2010 no such fund is required and existing fund can be taken into other income as "Extra Ordinary Gain. The Bank has changed its policy and no "Exchange equalization reserve" is maintained.				
<b>Share money deposit</b>				
In accordance with the memorandum of understanding with "Money in motion" (Minority shareholder with 49% share of bKash Ltd.) the banks share of "share money deposit" is disclosed.				
<b>Surplus in Profit and Loss Account/ Retained Earnings</b>				
Balance at the beginning of the year		1,271,731,067		919,872,415
Less: Issue of Bonus Share		617,760,000		475,200,000
Less: Dividend on Preference Share		47,812,500		47,812,500
Add: Retained Surplus for the year		1,081,235,987		874,871,152
		<u>1,687,394,554</u>		<u>1,271,731,067</u>
<b>Consolidated Surplus in Profit and Loss Account/ Retained Earnings</b>				
BRAC Bank Limited		1,687,394,554		1,271,731,067
Add: Retained Surplus from BRAC EPL Investments Ltd. (Opening)		45,190,492		-
Add: Retained Surplus from BRAC EPL Investments Ltd. (During the year)		99,338,120		6,553,872
Add: Share of Capital gain		-		47,940,000
Less: Tax on Capital gain		-		7,191,000
Less: Pre Acquisition profit from BRAC EPL Investments Ltd.		-		2,112,381
Add: Retained Surplus from BRAC EPL Stock Brokerage Ltd. (Opening)		15,065,998		-
Add: Retained Surplus from BRAC EPL Stock Brokerage Ltd. (During the year)		120,784,444		29,031,854
Less: Pre Acquisition profit from BRAC EPL Stock Brokerage Ltd.		-		13,965,856
Add: Retained Surplus from bKash Ltd. (During the year)		(11,720,015)		-
Add: Share of profit from investment in BRAC Asset Management Company Ltd.		71,650		-
		<u>1,956,125,243</u>		<u>1,331,987,557</u>
<b>Minority Interest</b>				
BRAC EPL Investments Ltd.		507,698,729		412,256,222
BRAC EPL Stock Brokerage Ltd.		176,769,718		60,721,919
bKash Ltd.		14,331,527		-
		<u>698,799,975</u>		<u>472,978,141</u>





## 22.1 Calculation of Minority Interest

	<b>BRACEPL Investments Ltd.</b>	<b>BRAC EPL Stock Stock Brokerage Ltd.</b>	<b>bKash Ltd.</b>	<b>Total</b>
Share Capital	390,000,000	100,000,000	3,500,000	493,500,000
Share Premium	436,825,951	-	-	436,825,951
Share money deposit	-	-	48,728,437	48,728,437
Retained Earnings	209,293,905	260,754,527	(22,980,422)	447,068,010
<b>Total net assets as at 31 December 2010</b>	<b>1,036,119,856</b>	<b>360,754,527</b>	<b>29,248,015</b>	<b>1,426,122,398</b>
<b>Minority Interest 49% of net Assets as at 31 December 2010</b>	<b>507,698,729</b>	<b>176,769,718</b>	<b>14,331,527</b>	<b>698,799,975</b>
<b>Total net assets as at 31 December 2009</b>	<b>841,339,228</b>	<b>123,922,283</b>	<b>-</b>	<b>965,261,511</b>
<b>Minority Interest 49% of net Assets as at 31 December 2009</b>	<b>412,256,222</b>	<b>60,721,919</b>	<b>-</b>	<b>472,978,141</b>
<b>Particulars</b>			<b>2010 Taka</b>	<b>2009 Taka</b>

## 23.0 Contingent Liabilities

Acceptances and endorsements		140,191,600	137,392,734
Import Letters Of Credit - Sight		15,765,154,380	2,688,871,977
Import Letters Of Credit - Usance		2,882,467,405	1,796,546,114
Import Letters Of Credit - Back to Back		168,854,596	134,898,678
Guarantees Issued		3,818,035,880	1,051,007,264
Tax Liability	(Note - 23.6)	249,485,368	127,787,830
Bills for collection		110,562,929	36,164,384
Contingent Assets - FX deals		-	-
Stock of Travelers Cheques (TC)		3,745,320	3,663,722
Stock of Govt. Sanchaya Patra		12,851,000	12,851,000
		<b>23,151,348,479</b>	<b>5,989,183,702</b>

## 23.1 Significant concentration wise grouping

i) Documentary credits and short term trade related transactions:	22,885,266,791	5,844,881,150
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	16,596,320	16,514,722
iv) Others	249,485,368	127,787,830
	<b>23,151,348,479</b>	<b>5,989,183,702</b>

## 23.2 Letter of Guarantee

Letter of Guarantee (Local)	3,374,788,441	722,776,524
Letter of Guarantee (Foreign)	443,247,439	328,230,741
Foreign counter Guarantee	-	-
	<b>3,818,035,880</b>	<b>1,051,007,264</b>
Less margin	54,343,427	54,000,802
	<b>3,763,692,453</b>	<b>997,006,462</b>
Balance for which the Bank is contingently liable in respect of guarantee issued favoring:		
Directors	-	-
Government	1,322,446,380	12,550,628
Bank and other financial institution	761,546,800	51,221,929
Others	1,734,042,700	987,234,707
	<b>3,818,035,880</b>	<b>1,051,007,264</b>
Less : Margin	54,343,427	54,000,802
	<b>3,763,692,453</b>	<b>997,006,462</b>



Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

### 23.3 Irrevocable Letter of Credit

Letter of Credit (Inland)	742,588,541	41,838,395
Letter of Credit (General)	17,905,033,244	4,443,579,696
Back to Back L/C	168,854,596	134,898,678
Back to Back Bills	-	-
Back to Back Bills (EDF)	-	-
Bank's Liabilities - PAD (DEF)	-	-
	<u>18,816,476,381</u>	<u>4,620,316,769</u>
Less: Margin	398,901,746	124,544,759
	<u>18,417,574,635</u>	<u>4,495,772,010</u>

### 23.4 Bills for collection

Outward local bills for collection	110,562,929	36,164,384
Outward foreign bills for collection	-	-
Inward local bills for collection	-	-
Inward foreign bills for collection	-	-
	<u>110,562,929</u>	<u>36,164,384</u>

### 23.5 Suit filed by the Bank

No law suit filed by the bank against contingent liabilities.

### 23.6 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. filed an appeal to The Supreme Court of Bangladesh, High Court Division for revision in this matter and it is under process.

### 23.a Consolidated Contingent liabilities

BRAC Bank Limited	23,151,348,479	5,989,183,702
BRAC EPL Investments Ltd.	824,637,000	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<u>23,975,985,479</u>	<u>5,989,183,702</u>





### Section -Three: Notes to Profit & loss Account

Particulars	2010 Taka	2009 Taka
<b>24.0 Income statement</b>		
<b>Income:</b>		
Interest, discount and similar income (Note-24.1)	11,964,003,914	10,753,274,789
Dividend income (Note-27)	25,069,496	7,000,027
Fees, commission and brokerage (Note-24.2)	1,826,002,566	1,792,426,388
Gains less losses arising from dealing securities	35,182,727	315,903,813
Gains less losses arising from investment securities	861,472,265	19,294,263
Gains less losses arising from dealing from foreign currencies (Note-28)	299,643,334	371,963,594
Gain less losses arising from REPO	100,713,279	-
Income from non-banking assets	-	-
Other operating income (Note-29)	205,509,857	77,532,020
Profit less losses on interest rate changes	-	-
Nominal value of bonus share received	-	-
	<b>15,317,597,438</b>	<b>13,337,394,894</b>
<b>Expenses:</b>		
Interest, fees and commission (Note-26)	5,777,663,177	6,073,232,757
Losses on loans and advances	-	-
Administrative expenses (Note-24.3)	3,222,796,911	2,486,214,693
Other operating expenses (Note-38)	939,983,756	724,395,610
Depreciation on banking assets (Note-37)	408,528,576	335,962,895
	<b>10,348,972,419</b>	<b>9,619,805,954</b>
<b>Operating Profit</b>	<b>4,968,625,019</b>	<b>3,717,588,940</b>
<b>24.1 Interest, discount and similar income</b>		
Interest on loans and advances	10,430,611,377	9,010,802,851
Interest on money at call and short notice	67,547,209	36,020,903
Interest on balance with other banks	106,662,249	124,813,910
Interest on treasury bills & bonds	1,071,115,440	1,232,820,518
Interest on fixed deposits with other banks	236,550,139	304,199,236
Interest on coupon bearing bond	51,517,500	43,862,500
Interest on zero coupon bond	-	4,871
	<b>11,964,003,914</b>	<b>10,752,524,789</b>
<b>24.2 Fees, commission and brokerage</b>		
Fees	1,445,304,691	1,468,285,989
Commission	380,697,876	324,140,399
	<b>1,826,002,567</b>	<b>1,792,426,388</b>
<b>24.3 Administrative expenses</b>		
Salaries and allowances	1,996,606,346	1,578,903,350
Rent, taxes, insurance, electricity etc.	522,526,674	322,985,187
Legal expenses	27,768,436	17,222,191
Postage, stamps, telecommunication etc.	179,428,563	168,373,346
Stationery, printing, advertisement etc.	307,601,427	277,149,853
Chief Executive's salary & fees	7,687,500	8,296,400
Directors' fees & expenses	525,350	455,400
Auditors' fee	628,200	780,000
Repairs & maintenance of fixed assets	180,024,414	112,048,967
	<b>3,222,796,911</b>	<b>2,486,214,693</b>
<b>25.0 Interest Income</b>		
<b>Interest on loans and advances -</b>		
Retail	10,430,611,377	9,010,802,851
Corporate	2,003,721,068	1,892,596,481
Lease Finance	2,085,502,654	1,096,411,752
SME	190,499,908	75,309,276
Credit Cards	5,762,593,457	5,571,878,378
Staff	367,045,039	357,314,176
	21,249,250	17,292,788
Interest on money at call and short notice	67,547,209	36,020,903
Interest on balance with other banks	106,662,249	124,813,910
Interest on fixed deposits with other banks	236,550,139	304,199,236
	<b>10,841,370,974</b>	<b>9,475,836,900</b>



Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

#### 25.a Consolidated Interest Income

BRAC Bank Limited	10,841,370,973.74	9,475,836,900.01
BRAC EPL Investments Ltd.	224,823,660	27,042,993
BRAC EPL Stock Brokerage Ltd.	-	3,667,535
bKash Ltd.	-	-
Less: Inter-company transaction:		
Interest income from BRAC EPL Investment Ltd.	37,736,078	-
	<u>11,028,458,556</u>	<u>9,506,547,429</u>

#### 26.0 Interest Paid on Deposits and Borrowing etc.

Interest on deposits	5,321,061,526	5,673,186,497
Current	273,306,290	130,754,391
STD	1,539,790,782	657,399,507
Savings	211,412,782	161,923,924
Term	3,296,551,671	4,723,108,675
Interest on money at call and short notice	108,447,744	16,339,362
Interest on local bank accounts	229,978,355	126,443,832
Interest on dealing of securities - HFT Instruments	97,177,501	257,263,066
Interest on Off shore banking	20,998,050	-
	<u>5,777,663,177</u>	<u>6,073,232,757</u>

#### 26.a Consolidated Interest Paid on Deposits and Borrowing etc.

BRAC Bank Limited	5,777,663,177	6,073,232,755
BRAC EPL Investments Ltd.	146,901,247	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
Less: Inter-company transaction:		
Interest income from BRAC EPL Investment Ltd.	37,736,078	-
	<u>5,886,828,346</u>	<u>6,073,232,755</u>

#### 27.0 Investment Income

Interest on treasury bills & bonds	1,071,115,440	1,232,820,518
Gain on dealing of securities - HFT Instruments	35,182,727	315,903,813
Gain on reverse REPO	100,713,279	-
Dividend on preference shares	19,813,951	7,000,027
Interest on fixed deposits with other banks	-	-
Interest on coupon bearing bond	51,517,500	43,862,500
Capital gain on coupon bearing bond	-	750,000
Gain on trading shares (Realized)	861,472,265	19,294,263
Dividend on ordinary shares	5,255,545	-
Interest on zero coupon bond	-	4,871
	<u>2,145,070,708</u>	<u>1,619,635,992</u>

#### 27.a Consolidated Investment Income

BRAC Bank Limited	2,145,070,708	1,619,635,992
<b>Subsidiaries:</b>		
BRAC EPL Investments Ltd.	104,951,451	-
BRAC EPL Stock Brokerage Ltd.	9,163,452	-
bKash Ltd.	-	-
<b>Associate:</b>		
Share of profit/ (loss) from associate	71,651	-
	<u>2,259,257,261</u>	<u>1,619,635,992</u>





Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

## 28.0 Commission, Exchange and Brokerage

Commission from sale of sanchaya patra	9,763,231	953,323
Commission from issue of payment orders, DD & TT	12,599,250	11,382,915
Commission from issue of letter of guarantee	27,099,261	19,132,854
Commission from issue of letters of credit (Import & Export)	115,752,629	60,229,444
Commission on visa processing	6,852,846	7,960,249
Commission on Travellers Cheques	8,726,343	4,618,726
Commission on remittance	195,758,675	215,647,642
Other commission	4,145,641	4,215,246
Foreign exchange earnings	299,643,334	371,963,594
Loan processing fees	798,355,866	817,521,950
Account activity fees	97,370,862	38,884,290
Import & export related fees	7,527,800	9,708,366
Fees & Commission-Cards	260,579,394	220,094,767
Relationship Fees	19,392,750	106,811,533
Loan Early Settlement Fees	55,683,929	95,258,942
Loan Penal Fees	2,975,369	2,034,684
Service Charges for ATM Card	168,067,442	121,056,989
Fund Collection/ Transfer Fees	744,790	5,235,925
Student Service Center Fees	5,056,500	9,603,500
Cancellation fees	87,970	288,900
Cheque collection fees	1,947,022	760,689
Other fees (Note : 28.1)	27,514,995	41,025,452
	<b>2,125,645,901</b>	<b>2,164,389,982</b>

## 28.1 Other fees

Passport Endorsement Fees	9,222,707	14,834,285
Locker fees	4,062,310	3,345,283
Postage	-	-
DPS Early Settlement Fees	459	-
Merchant Service Fee	230,005	17,995
Service fees - BIT	919,838	1,085,159
IOM Service Fees	2,402,600	5,867,780
Annual Membership Fees-Premium Banking	253,700	182,900
Membership Fees-ELDORADO	5,131,555	6,026,977
Annual Fees-SMS Banking	-	-
Cash withdrawal from branch POS	8,950	33,048
Syndication Fees	3,227,441	7,117,792
Valuation fees	1,888,725	1,980,766
Omnibus settlement fees	166,705	533,467
	<b>27,514,995</b>	<b>41,025,452</b>

## 28.a Consolidated Commission, Exchange and Brokerage

BRAC Bank Limited	2,125,645,901	2,164,389,981
BRAC EPL Investments Ltd.	176,079,850	5,745,395
BRAC EPL Stock Brokerage Ltd.	469,548,137	96,405,238
bKash Ltd.	-	-
	<b>2,771,273,888</b>	<b>2,266,540,614</b>

## 29.0 Other operating income

Recovery of written off bad debts	185,483,529	55,497,494
Profit on sale of assets	3,399,269	4,560,793
Rebate income from other bank	3,193,292	2,273,243
Miscellaneous Income	13,433,767	15,200,490
	<b>205,509,857</b>	<b>77,532,020</b>

## 29.a Consolidated Other operating income

BRAC Bank Limited	205,509,857	77,532,020
BRAC EPL Investments Ltd.	18,981,155	7,603,506.26
BRAC EPL Stock Brokerage Ltd.	2,823,631	-
bKash Ltd.	-	-
	<b>227,314,643</b>	<b>85,135,526</b>



Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

### 30.0 Consolidated Salaries and allowances

BRAC Bank Limited	1,996,606,346	1,578,903,350
BRAC EPL Investments Ltd.	26,899,643	8,976,573.50
BRAC EPL Stock Brokerage Ltd.	83,310,406	16,559,465
bKash Ltd.	7,456,354	-
	<u>2,114,272,749</u>	<u>1,604,439,388</u>

### 31.0 Rent, Taxes, Insurance, Electricity etc.

Rent, rates & taxes	395,536,510	235,575,066
Insurance	62,939,583	39,897,961
Power & electricity	59,848,557	42,570,020
WASA & Sewerage	4,202,024	4,942,140
	<u>522,526,674</u>	<u>322,985,187</u>

### 31.a Consolidated Rent, Taxes, Insurance, Electricity etc.

BRAC Bank Limited	522,526,674	322,985,187
BRAC EPL Investments Ltd.	11,282,934	2,641,507
BRAC EPL Stock Brokerage Ltd.	18,600,126	1,604,050
bKash Ltd.	1,552,500	-
	<u>553,962,234</u>	<u>327,230,744</u>

### 32.0 Consolidated Legal expenses

BRAC Bank Limited	27,768,436	17,222,191
BRAC EPL Investments Ltd.	2,267,775	415,251
BRAC EPL Stock Brokerage Ltd.	7,818,139	-
bKash Ltd.	-	-
	<u>37,854,350</u>	<u>17,637,441</u>

### 33.0 Postage, Stamp, Telecommunication etc

Postage & courier	32,515,362	29,620,429
Telegram, telex, fax & Network	53,697,945	60,963,582
Court fees & stamps	5,409,784	2,967,618
Telephone-Office	87,805,472	74,821,717
Telephone-Residence	-	-
	<u>179,428,563</u>	<u>168,373,346</u>

### 33.a Consolidated Postage, Stamp, Telecommunication etc

BRAC Bank Limited	179,428,563	168,373,346
BRAC EPL Investments Ltd.	3,744,641	226,420
BRAC EPL Stock Brokerage Ltd.	1,151,559	852,138
bKash Ltd.	132,627	-
	<u>184,457,390</u>	<u>169,451,904</u>

### 34.0 Stationery, Printing, Advertisement etc.

Stationery & Printing	99,351,897	83,230,647
Security Stationery	35,240,541	21,993,764
Advertisement	173,008,989	171,925,441
Billboard Rent	17,078,835	44,710,531
Printing	27,133,928	30,250,005
Publications	117,335,564	58,595,828
Campaign	11,460,662	38,369,077
	<u>307,601,427</u>	<u>277,149,853</u>

### 34.a Consolidated Stationery, Printing, Advertisement etc.

BRAC Bank Limited	307,601,427	277,149,853
BRAC EPL Investments Ltd.	5,977,802	448,778.00
BRAC EPL Stock Brokerage Ltd.	13,667,377	998,514.00
bKash Ltd.	244,310	-
	<u>327,490,915</u>	<u>278,597,145</u>





Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

### 35.0 Director's Fees & Expenses

Director's fees represent fees paid for attending board meeting, board audit committee meeting, board recruitment committee meeting @ Tk. 5,000 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	355,000	204,000
Traveling & Others	170,350	251,400
	<u>525,350</u>	<u>455,400</u>

### 35.a Consolidated Director's Fees & Expenses

BRAC Bank Limited	525,350	455,400
BRAC EPL Investments Ltd.	1,006,500	552,000
BRAC EPL Stock Brokerage Ltd.	690,000	270,000
bKash Ltd.	732,057	-
	<u>2,953,907</u>	<u>1,277,400</u>

### 36.0 Auditors' fee

Auditors' fee is BDT 650,000 (Excluding VAT) and out of pocket expenses are BDT 100,000. Adequate provision is maintained and in order to adjust last years over provision, expense is recognized to the extent of BDT 628,250 during the year under review.

### 36.a Consolidated Auditors' fee

BRAC Bank Limited	628,200	780,000
BRAC EPL Investments Ltd.	182,950	15,675
BRAC EPL Stock Brokerage Ltd.	92,000	82,250
bKash Ltd.	40,000	-
	<u>943,150</u>	<u>877,925</u>

### 37.0 Depreciation on and repairs to bank's assets

#### Depreciation of Property plant and equipments

Furniture & fixtures	76,950,956	51,728,956
Office equipments	108,651,820	83,738,941
IT hardware	121,777,411	106,695,489
Motor vehicles	14,271,409	10,026,948

#### Amortization of Intangible assets

IT software	86,876,979	83,772,561
	<u>408,528,576</u>	<u>335,962,895</u>

#### Repairs & Maintenance expenses

Transport Maintenance	69,355,478	44,165,960
Equipment Maintenance	27,335,607	22,171,246
Hardware & Software Maintenance	69,615,722	32,600,854
Premises Maintenance	13,717,609	13,110,907
	<u>180,024,414</u>	<u>112,048,967</u>
	<u>588,552,990</u>	<u>448,011,862</u>

### 37.a Consolidated Depreciation on and repairs to bank's assets

BRAC Bank Limited	588,552,990	448,011,862
BRAC EPL Investments Ltd.	8,776,306	2,948,778
BRAC EPL Stock Brokerage Ltd.	8,608,677	1,769,668
bKash Ltd.	1,338,904	-
	<u>607,276,877</u>	<u>452,730,307</u>



Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

### 38.0 Other Expenses

Transportation & conveyance	73,854,555	64,582,809
Fuel expenses	22,655,456	19,667,217
Traveling	39,041,532	24,666,883
Professional fees	18,472,656	9,784,117
Entertainment	3,175,959	3,142,352
Staff welfare	31,037,352	25,464,894
SWIFT	4,736,687	4,248,066
Business development	16,047,053	6,870,441
Books, news papers and periodicals	1,597,555	1,741,898
Donation and subscription	10,678,311	4,912,106
VAT & excise duty	1,445,228	679,918
Fraud, forgeries & operating loss	12,500,000	13,800,000
Staff training	3,246,878	33,291,011
Staff liveries	1,266,000	881,400
Staff recruitment	762,808	1,330,177
Payment to outsourcing staff	251,328,360	156,906,092
Bank charges	296,565,309	224,256,282
Crockery's	488,772	588,250
IPO Expenses	76,725	202,710
Documentation Charges - CIB	10,000,000	1,427,749
Data Verification Charge	-	-
Credit card expenses	41,632,638	26,381,961
AGM expenses	8,202,508	18,258,236
Right issue expenses	-	791,500
Bond issue expenses	15,729,500	35,712,500
Outsource agency fees	8,611,725	8,310,849
Commission paid	12,874,240	1,035,908
Cash carrying charges	53,757,543	34,797,360
Miscellaneous	198,407	662,925
	<b>939,983,756</b>	<b>724,395,610</b>

### 38.a Consolidated Other Expenses

BRAC Bank Limited	939,983,756	724,395,610
BRAC EPL Investments Ltd.	51,545,972	3,605,745
BRAC EPL Stock Brokerage Ltd.	40,474,684	15,029,521
bKash Ltd.	11,479,671	-
	<b>1,043,484,084</b>	<b>743,030,877</b>

### 39.0 Provisions

#### For Loans & Advances:

For classified loans & advances	1,333,089,473	1,440,600,000
For unclassified loans & advances	494,606,516	96,400,000
	<b>1,827,695,989</b>	<b>1,537,000,000</b>
For Off Balance Sheet items	168,593,000	37,000,000
For diminution in value of Investments	56,741,049	-
	<b>2,053,030,038</b>	<b>1,574,000,000</b>

### 39.a Consolidated Provisions

BRAC Bank Limited	2,053,030,038	1,574,000,000
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>2,053,030,038</b>	<b>1,574,000,000</b>

### 40.0 Income Tax

#### 40.1 Provision for Income Tax

##### Current Tax

Provision for Income Tax has been made according to the Income Tax Ordinance, 1984. During the year, an amount of Tk. 1,416,240,000 (2009 : 1,140,000,000) has been provided for current Income Tax.

##### Deferred Tax

Deferred tax is provided using the liability method for timing differences arising between the tax base of assets and liabilities and their carrying values for reporting purposes as per Bangladesh Accounting Standard (BAS) - 12. During the year net amount of Tk. 165,000,000 (2009 : 300,000,000) has been provided as deferred Tax income.

The charge for taxation is based upon the profit for the year comprises:

Current tax on income @ 42.5%	1,416,240,000	1,140,000,000
Adjustment - prior year	-	-
	1,416,240,000	1,140,000,000
Net deferred Tax liability/(asset) originated for temporary differences	(165,000,000)	(300,000,000)
Income Tax on Profit	<b>1,251,240,000</b>	<b>840,000,000</b>





Particulars	2010 Taka	2009 Taka
-------------	--------------	--------------

#### 40.a Consolidated Provision for Income Tax

##### Current Tax:

BRAC Bank Limited	1,416,240,000	1,140,000,000
BRAC EPL Investments Ltd.	72,461,474	7,710,439
BRAC EPL Stock Brokerage Ltd.	70,290,008	5,981,961.80
bKash Ltd.	4,000	-
	<u>1,558,995,482</u>	<u>1,153,692,401</u>

##### Deferred Tax:

BRAC Bank Limited	(165,000,000)	(300,000,000)
BRAC EPL Investments Ltd.	(991,757)	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<u>(165,991,757)</u>	<u>(300,000,000)</u>
	<u>1,393,003,726</u>	<u>853,692,401</u>

#### 41.0 Weighted Average Earnings Per Share

Profit after taxation	1,664,354,981	1,303,588,940
Less: Preference dividend	<u>47,812,500</u>	<u>47,812,500</u>
Profit attributable for distribution to ordinary shareholders	<u>1,616,542,481</u>	<u>1,255,776,440</u>
Weighted average number of shares	26,769,600	26,769,600
Weighted average/ adjusted earnings per share (Taka)	<b>60.39</b>	<b>46.91</b>

Weighted average earnings per share (EPS) of 2009 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 2009, the earliest period reported. Actual EPS during 2009 was Tk. 60.98.

#### 41.a Consolidated Weighted Average Earnings Per Share

Profit after taxation	2,073,059,083	1,373,364,871
Less:		
Preference dividend	47,812,500	47,812,500
Profit attributable to Minority	<u>200,229,900</u>	<u>34,190,208</u>
Profit attributable for distribution to ordinary shareholders	<u>1,825,016,683</u>	<u>1,291,362,163</u>
Weighted average number of shares	26,769,600	26,769,600
Weighted average/ adjusted earnings per share (Taka)	<b>68.17</b>	<b>48.24</b>

Actual EPS during 2009 was Tk. 64.37.



# Section -Four : Notes to Cash Flow Statement

Particulars	2010 Taka	2009 Taka
<b>42.0 Cash &amp; Cash Equivalent</b>		
Cash in hand (including foreign currency)	3,578,533,880	1,637,216,214
Balance with Bangladesh Bank and its agents banks (including foreign currency)	6,274,441,763	4,981,785,516
Balance with other banks and financial institutions	3,631,986,007	5,593,933,873
Money at call and on short notice	-	1,300,000,000
	<b>13,484,961,649</b>	<b>13,512,935,603</b>
<b>42.a Consolidated Cash &amp; Cash Equivalent</b>		
BRAC Bank Limited	13,484,961,649	13,512,935,603
BRAC EPL Investments Ltd.	16,412,219	11,162,456
BRAC EPL Stock Brokerage Ltd.	238,922,156	44,088,347
bKash Ltd.	5,019	-
	<b>13,740,301,043</b>	<b>13,568,186,405</b>
<b>43.0 Receipts from other operating activities</b>		
Recovery of written off bad debts	185,483,529	55,497,494
Profit on sale of assets	3,399,269	4,560,793
Misc. Income	13,433,767	15,200,490
Capital gain on coupon bearing bond	-	750,000
Gain on trading shares	861,472,265	19,294,263
Rebate income from other bank	3,193,292	2,273,243
	<b>1,066,982,122</b>	<b>97,576,283</b>
<b>43.a Consolidated Receipts from other operating activities</b>		
BRAC Bank Limited	1,066,982,122	97,576,283
BRAC EPL Investments Ltd.	18,981,155	7,603,506.26
BRAC EPL Stock Brokerage Ltd.	2,823,631	-
bKash Ltd.	-	-
	<b>1,088,786,908</b>	<b>105,179,789</b>
<b>44.0 Payment for other operating activities</b>		
Rent, taxes, insurance, electricity etc.	524,491,305	301,344,842
Audit fees	1,169,325	144,500
Directors fees & expenses	525,350	455,400
Repair & maintenance	181,254,808	128,934,282
Other expenses	876,175,091	498,706,395
Legal expenses	23,926,090	17,386,626
	<b>1,607,541,969</b>	<b>946,972,046</b>
<b>44.a Consolidated Payment for other operating activities</b>		
BRAC Bank Limited	1,607,541,969	946,972,046
BRAC EPL Investments Ltd.	(166,979,401)	9,942,611
BRAC EPL Stock Brokerage Ltd.	(374,259,178)	18,045,523
bKash Ltd.	7,165,366	-
	<b>1,066,303,390</b>	<b>974,960,180</b>





## Section -Five : General Disclosures

### 45.0 General Disclosure

#### 45.1 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 Kairi	Director	Chairman	M.Com (Accounting)
02	Mr. Muhammad A (Rume) Ali	Chairman	Member	MA (Economics)
03	Ms. Nihad Kabir	Director	Member	L.L.B., L.L.M.,(UK), (Barrister at Law)

During the year, the Audit Committee of the Board conducted 6 (six) 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 & operational loss report
- Review the position of reconciliation with other bank and Nostro Account
- Review the status of the SMA and Bad/Loss loan
- Review the position of reconciliation with other bank and Nostro Account
- Reviewing the Impaired Asset Management Policy - SME & Retail Banking.
- Reviewing the Anti money laundering policy of the Bank.

#### 45.2 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 31 December 2010, 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
BRAC & its associated organization	Director	Deposits made with us	6,804,035,511
Delta Brac Housing Finance Corporation Ltd.	Director	Deposits made with us	1,064,884
Industrial & Infrastructure Development Finance Co. Ltd.	Director	Deposits made with us	43,173
Industrial & Infrastructure Development Finance Co. Ltd.	Director	Loans & advances	122,239,860
BRAC EPL Investments Ltd.	Subsidiary	Loans & advances	807,740,718
BRAC EPL Investments Ltd.	Subsidiary	Deposits made with us	25,299,218
BRAC EPL Stock Brokerage Ltd.	Subsidiary	Deposits made with us	17,802,996
BRAC EPL Stock Brokerage Ltd.	Subsidiary	Portfolio Investments	71,357,846

ii) Name of Directors and the entities in which they have interest as on 31 December 2010

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 (Rume) Ali	Chairman	BRAC BD Mail Network Limited Delta Brac Housing Finance Corp. Ltd. BRAC Karnaphuli Tea Co. Ltd. BRAC Kayachora Tea Co. Ltd. BRAC Bashkhali Tea Co. Ltd., Square Informatics Limited BRAC Kodala Tea Estate BRAC Services Ltd. Bangladesh Netting Factory Ltd. BRAC EPL Investments Ltd. BRAC EPL Stock Brokerage 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 & Depositor Director)	Director	Kedarpur Tea Company Ltd. Shaistaganj CNG Co. Ltd. Sathgao Tea Estate Ltd.	L.L.B., L.L.M.,(UK) (Barrister at Law)



Sl No	Name of Director	Status with The Bank	Name of the firms/companies in which they have interest	Educational Qualification
04	Ms. Tamara Hasan Abed	Director	BRAC Dairy Food Project Ayesha Abed Foundation (AAF)	MBA (Finance), USA
05	Mr. Shib Narayan Kairy	Director	BRAC Services Ltd. BRAC Industries Ltd. Documenta TM Ltd. BRAC Karnafuli Tea Co. Ltd. BRAC Banskhali Tea Company Ltd. BRAC Kaiyacherra Tea Company Ltd. BRAC Kodala Tea state Ltd. Bangladesh Netting Factory Ltd.	M.Com (Accounting)
06	Mr. Hafiz G.A Siddiqi (Depositor Director)	Director	North South University	Ph.D (Manchester Business School), UK, MBA, (Graduate School of Buisness Indiana University), USA
07	Mr. Syed Mahbubur Rahman	Managing Director & CEO	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. 122,239,860  
Classification Status Unclassified
- vii) Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act-1991. Nil
- viii) Investment in the Securities of Directors and their related concern: Nil

#### 45.3 Capital Expenditure Commitments

The bank has capital expenditure amounting Tk. 247,419,823 contracted but not incurred or provided for at December 31, 2010.

#### 45.4 Claim not Acknowledged as Debt

There was no claim against the bank not acknowledged as debt as on 31.12.2010.

#### 45.5 Number of Employees

The number of Employees including contractual engaged for the whole year or part there of who received a total yearly remuneration of Tk. 36,000 or above were 7,151 ( 2009: 5,907).

#### 45.6 Post Balance Sheet Events:

- a) BRAC Bank Limited has aquired 75%+1 shares (250,001 shares out of the total share 333,333) of "Saajan Worldwide Money Transfer Limited" (SWMTL) in UK. Bangladesh Bank has provided necessary approval of GBP 500,000 to acquire SWMTL and setting up two other new branches in Luton and Bradford, UK. As per permission of Bangladesh Bank, SWMTL has already been renamed as "BRAC Saajan Exchange Ltd" (BSE). BRAC Bank would control and monitor all its operation as the Holding Company.
- b) The Board of Directors in its 127th meeting held on 22 February, 2010 has proposed dividend of 30% (10% Cash Dividend (i.e. BDT 267,696,000) & 20% Stock Dividend (i.e. Bonus Share at Ratio 1:5)) subject to the approval of the Shareholders at the next Annual General Meeting.

#### 45.7 Coverage of External Audit:

The external auditor of the Bank, M/s S. F. Ahmed & Co. Chartered Accountants found in excess of 3220 man hour at head office, 20 Branches and 20 SME Unit Offices and 12 SME Sales and Service Centre. During their audit, they audited above 80% of the Bank's risk weighted assets as on the Balance Sheet date.

#### 45.8 Share trading

The bank traded its ordinary shares in CDBL through DSE and CSE on 31 January 2007. The closing market price on 31 December 2010 was Tk. 856.25 at DSE and Tk. 858.50 at CSE.

#### 45.9 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 Limited**  
**Highlights on the overall Activities**  
**As on December 31, 2010**

Amount in Taka

Particulars	2010	2009
Paid-up capital	2,676,960,000	2,059,200,000
Total capital including general provisions	12,010,934,007	8,290,179,688
Capital surplus/(deficit)	2,060,089,365	1,631,735,571
Total assets	119,150,087,964	95,127,222,246
Total deposits	88,157,908,331	75,219,615,155
Total loans & advances	84,302,789,317	64,150,835,159
Total contingent liabilities & commitments	23,151,348,479	5,989,183,702
Credit deposit ratio (Loans & advances/Deposits)	95.63%	85.16%
Percentage of classified loans against total loans & advances	5.85%	6.04%
Profit after tax & provisions	1,664,354,981	1,303,588,940
Amount of classified loans during the current year	4,929,558,176	3,877,656,743
Provision kept against classified loans	2,995,829,167	2,586,524,209
Provisions surplus/deficit	476,542,833	749,019,053
Cost of fund	8.54%	8.49%
Interest earning assets	112,181,605,786	89,629,666,803
Non-Interest earning assets	6,968,482,177	4,951,637,657
Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]	9.00%	12.30%
Return on assets (ROA) [PAT/Average assets]	1.55%	1.56%
Return on Equity (ROE) [PAT/Average shareholders equity]	18.95%	19.19%
Income from investments	2,145,070,708	1,619,635,992
Weighted average earning per share	60.39	60.98
Net income per share [(PAT-Dividend on preference share/No. of Ordinary Shares)]	60.39	60.98
Price earning ratio (Market price per share/EPS)	14.18	13.58
Net Asset Value per Share (NAV) [(Shareholders equity- Preference Share)/No. of Ordinary Share]	332.91	371.55



**BRAC Bank Limited**  
**Balance with other bank and financial institutions ( Outside Bangladesh on Demand Deposit Accounts )**  
**As on December 31, 2010**

Name of Bank	A/C Type	2010			2009		
		FC Amount	Exchange Rate	Equivalent Taka	FC Amount	Exchange Rate	Equivalent Taka
Standard Chartered Bank-NY (USD)	CD	158,080.18	70.8000	11,192,077	231,006.08	69.260	15,999,481
Mashreq Bank PSCNY (USD)	CD	6,128.32	70.8000	433,885	11,594.09	69.260	803,007
The Bank of Nova Scotia- USA (USD)	CD	-	70.8000	-	-	69.260	-
The Bank of Nova Scotia- Canada (CAD)	CD	136,581.01	70.9312	9,687,855	57,113.52	65.643	3,749,107
CITI Bank NA (USD)	CD	287,286.90	70.8000	20,339,913	242,558.92	69.260	16,799,631
AB Bank Mumbai (ACU Dollar)	CD	121,537.32	70.8000	8,604,842	276,312.67	69.260	19,137,416
ICICI Mumbai (ACU Dollar)	CD	42,925.66	70.8000	3,039,137	6,300.22	69.260	436,353
Standard Chartered Bank-UK (GBP)	CD	2,905.56	108.8763	316,347	4,113.25	111.339	457,965
Hypo Vereins Bank Germany (EURO)	CD	145,206.83	92.9675	13,499,516	202,117.54	99.333	20,076,879
HSBC - NY (USD)	CD	496,615.40	70.8000	35,160,370	1,398,218.91	69.260	96,840,642
HSBC - UK (GBP)	CD	227,406.67	108.8763	24,759,158	151,091.71	111.339	16,822,387
HSBC - AUS (AUD)	CD	9,454.11	71.7310	678,153	3,111.48	61.915	192,647
Union DE Banques Arabes ET Francaises (JPY)	CD	1,521,229.00	0.8613	1,310,235	5,173,631.00	0.749	3,875,888
Westpack Banking Corporation, (AUD)	CD	122,621.31	71.7310	8,795,749	47,334.46	61.915	2,930,712
HSBC - Pakistan (ACU Dollar)	CD	7,452.67	70.8000	527,649	539.25	69.260	37,348
HSBC - India (ACU Dollar)	CD	6,120.06	70.8000	433,300	6,616.99	69.260	458,293
Zuercher Kantonal Bank, Zurich (CHF)	CD	17,207.25	74.3073	1,278,624	8,108.41	66.824	541,838
ING Belgium NV/SA (EURO)	CD	10,987.13	92.9675	1,021,446	1,288.19	99.333	127,959
Commerz Bank AG Germany (EURO)	CD	41,269.46	92.9675	3,836,719	1,869.77	99.333	185,729
JP Morgan Chase Bank (USD)	CD	73,125.27	70.8000	5,177,269	132,290.96	69.260	9,162,472
Unicredit Italiano SPA (EURO)	CD	100,771.82	92.9675	9,368,504	135,342.25	99.333	13,443,910
SCB Frankfurt (EURO)	CD	7,538.00	92.9675	700,789			
United Bank of India (USD)	CD	58,605.81	70.8000	4,149,291			
<b>Total</b>				<b>164,310,828</b>			<b>222,079,663</b>





**BRAC Bank Limited**  
**Investment in Shares**  
**As on December 31, 2010**

Sl. no	Name of the company	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 31 Dec. 2010	Total market value at 31 Dec. 2010
<b>Quoted</b>							
<b>Ordinary shares</b>							
1	Mercantile Bank Limited	100.00	13,000	8,479,510	652.27	924.25	12,015,250
2	8THICB	100.00	10,000	12,103,433	1,210.34	1,580.50	15,805,000
3	AB Bank Limited	100.00	135,390	104,238,015	769.91	773.50	104,724,165
4	ACI ZC BOND	100.00	30,000	14,620,999	487.37	902.00	27,060,000
5	AGRANINS	10.00	7,713,500	484,448,453	62.81	66.80	515,261,800
6	AL ARAFA BANK Limited	100.00	49,950	42,268,025	846.21	857.50	42,832,125
7	Bank Asia Limited	10.00	174,850	130,107,474	744.11	716.50	125,280,025
8	BAT BC	10.00	498,400	163,845,438	328.74	311.50	155,251,600
9	BEXIMCO	100.00	160,950	351,630,149	2,184.72	2,118.50	340,972,575
10	BSRM STEEL	10.00	614,950	86,477,241	140.62	135.10	83,079,745
11	Bx pharma	100.00	60,000	14,895,536	248.26	1,000.25	60,015,000
12	CITY BANK Limited	10.00	50,000	7,259,380	145.19	293.40	14,670,000
13	CONFIDCEM	10.00	2,166,900	170,871,350	78.86	76.30	165,334,470
14	Dhaka Bank Limited	100.00	16,340	28,945,011	1,771.42	1,594.25	26,050,045
15	EASTLAND	10.00	50,000	6,760,437	135.21	401.70	20,085,000
16	Fareastlif	100.00	1,000,000	10,060,076	10.06	13.60	13,600,000
17	GREEN DEL MF	100.00	5,000	13,406,410	2,681.28	3,659.25	18,296,250
18	HEIDELB CEM	100.00	3,700	16,958,218	4,583.30	4,647.50	17,195,750
19	IDLC	100.00	15,000	14,817,540	987.84	2,544.00	38,160,000
20	ILFSL	10.00	19,500	9,394,243	481.76	497.90	9,709,050
21	LANKA BANGLA FINANCE	100.00	17,900	28,059,177	1,567.55	1,454.25	26,031,075
22	MERCINS						



Sl. no	Name of the company	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 31 Dec. 2010	Total market value at as on 31 Dec. 2010
23	National Bank Limited	10.00	2,008,300	178,295,776	88.78	191.60	384,790,280
24	PHP MF1	100.00	1,457,000	14,401,700	9.88	11.60	16,901,200
25	Prime Bank Limited	100.00	65,000	32,935,778	506.70	944.75	61,408,750
26	Pubali Bank Limited	10.00	622,225	69,039,835	110.96	107.40	66,826,965
27	RAK Ceramic	10.00	118	5,664	48.00	171.60	20,249
28	RELIANC INSURANCE	100.00	7,000	5,445,725	777.96	1,738.25	12,167,750
29	SAPORTL	10.00	367,200	80,521,395	219.28	174.10	63,929,520
30	SHAHJALAL BANK Limited	10.00	50,700	3,127,488	61.69	79.30	4,020,510
31	Squir Pharma	100.00	48,417	148,971,486	3,076.84	3,522.00	170,524,674
32	UTTARA FIN	10.00	21,000	3,681,320	175.30	386.60	8,118,600
				<b>2,256,072,281</b>			<b>2,620,137,423</b>
<b>Unquoted</b>							
33	Industrial and Infrastructure Development Finance Co. Ltd.	100	318,780	10,000,000	31.37	-	-
34	Central Depository Bangladesh Ltd.	1,000,000	4	4,000,000	1,000,000	-	-
35	BRAC EPL Investments Ltd.	10	15,300,000	494,340,794	32.31	-	-
36	BRAC EPSL Stock Brokerage Ltd.	100	255,000	102,522,500	402.05	-	-
37	B-Kash Ltd.	100	17,850	1,785,000	-	-	-
38	BRAC Asset Management Company Ltd.	100	125,000	12,500,000	-	-	-
39	Dun & Bradstreet Rating Agency og Bangladesh Limited	100	124,976	12,497,600	100	-	-
<b>Preference shares</b>							
1	STS Holdings Ltd.	10	3,000,000	30,000,000	10.00	-	-
2	Summit Purbanchal & Uttaranchal Power Co Ltd	100	3,041,189	304,118,900	100	-	-
			<b>39,635,089</b>	<b>3,227,837,075</b>	<b>1,025,869</b>	<b>31,896</b>	<b>2,620,137,423</b>





## BRAC Bank Limited

## Schedule of Fixed assets including premises, furniture and fixtures

As on December 31, 2010

Particulars	C O S T			Rate of Dep. %	D E P R E C I A T I O N				Written down value 31.12.10
	Balance as on 01.01.10	Addition during the year	Adjustment during the year	Balance as on 31.12.10	Balance as on 01.01.10	Charged during the year	Adjustment during the year	Balance as on 31.12.10	
<b>Property, plant &amp; equipments</b>									
Land	87,940,465	-	-	87,940,465	-	-	-	-	87,940,465
Furniture & fixture	688,825,344	166,295,141	115,000	855,005,485	108,303,179	76,950,956	64,223	185,189,913	669,815,572
Office equipments	487,264,633	155,789,290	716,900	642,337,023	168,208,344	108,651,820	175,900	276,684,264	365,652,759
IT Hardwares	611,977,039	168,776,005	6,321,226	774,431,818	282,372,280	121,777,411	4,031,209	400,118,482	374,313,336
Motor vehicles	59,183,414	34,930,476	5,004,461	89,109,429	16,631,056	14,271,409	1,617,485	29,284,980	59,824,449
	<b>1,935,190,894</b>	<b>525,790,912</b>	<b>12,157,587</b>	<b>2,448,824,219</b>	<b>575,514,859</b>	<b>321,651,597</b>	<b>5,888,817</b>	<b>891,277,638</b>	<b>1,557,546,581</b>
<b>Intangible assets</b>									
with Indefinite useful lives:									
License	-	50,000	-	50,000	-	-	-	-	50,000
with definite useful lives									
IT Softwares	460,949,509	6,911,556	6,947,677	460,913,388	182,727,482	86,876,979	-	269,604,461	191,308,926
	<b>460,949,509</b>	<b>6,961,556</b>	<b>6,947,677</b>	<b>460,963,388</b>	<b>182,727,482</b>	<b>86,876,979</b>	<b>-</b>	<b>269,604,461</b>	<b>191,358,926</b>
<b>Total</b>	<b>2,396,140,404</b>	<b>532,752,467</b>	<b>19,105,264</b>	<b>2,909,787,607</b>	<b>758,242,341</b>	<b>408,528,576</b>	<b>5,888,817</b>	<b>1,160,882,100</b>	<b>1,748,905,507</b>
<b>As at 31 Dec. 2009</b>	<b>1,903,150,839</b>	<b>508,136,180</b>	<b>15,146,615</b>	<b>2,396,140,404</b>	<b>431,126,560</b>	<b>335,962,895</b>	<b>8,847,115</b>	<b>758,242,341</b>	<b>1,637,898,063</b>

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



## BRAC Bank Limited

Detail of Large Loan  
As on December 31, 2010

Number of Clients	11
Amount of outstanding advances	19,844,816,534
Amount of classified advances	NIL
Measures taken for recovery	NIL

Client wise break-up is as follows:

Name of Clients	Outstanding (Taka)			2009
	Funded	Non Funded	Total	Total
ACORN INFRASTRUCTURE SERVICES LIMITED	1,029,084,801	3,673,398,700	4,702,483,501	-
SUMMIT NARAYANGANJ POWER LIMITED	260,708,893	2,840,174,812	3,100,883,705	-
CITY SUGAR INDUSTRIES LTD.	501,699,534	1,856,914,785	2,358,614,319	1,124,319,881
CITY SEED CRUSHING INDUSTRIES LTD.	813,555,556	1,046,803,500	1,860,359,056	-
UNITED EDIBLE OILS LIMITED	695,805,004	689,224,864	1,385,029,868	-
AKIJ JUTE MILLS LIMITED	1,280,341,478	-	1,280,341,478	-
TALHA FABRICS LTD	1,093,042,348	139,435,533	1,232,477,881	-
BIMAN BANGLADESH AIR LINES LTD.	1,145,497,324	-	1,145,497,324	-
SMILE FOOD PRODUCTS LTD.	1,000,000,000	-	1,000,000,000	-
WESTERN MARINE SHIPYARD LTD.	560,603,005	381,547,124	942,150,129	-
BSRM STEELS LIMITED	651,964,486	185,014,785	836,979,271	-
Abul Khair Steel Limited	-	-	-	1,318,752,438
Barakat Ullah Electro Dynamics Ltd.	-	-	-	771,763,937
PHP NOF Continuous Galvanizing Mills Ltd	-	-	-	638,343,982
Jasmir Vegetable Oil Limited	-	-	-	396,014,893
Grameen Phone Limited	-	-	-	195,696,340
Summit Uttaranchol & Purbanchol Power Company Limited	-	-	-	346,987,347
<b>Total</b>	<b>9,032,302,431</b>	<b>10,812,514,103</b>	<b>19,844,816,534</b>	<b>4,791,878,818</b>





**BRAC Bank Limited**  
**Statement of Tax position**  
**As on December 31, 2010**

Accounting Year	Assessment Year	Tax provision	Tax as per assessment	(Short)/Excess provision	Advance Tax as per assessment order	Present Status
2001	2002-2003	-	956,739	(956,739)	1,107,927	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	150,074,971	(2,394,971)	143,306,036	Completed
2006	2007-2008	371,100,000	385,558,644	(14,458,644)	385,558,644	Completed
2007	2008-2009	766,000,000	799,810,239	(33,810,239)	395,000,000	Completed
2008	2009-2010	1,220,000,000	1,254,976,871	(34,976,871)	742,800,000	Under Appeal
2009	2010-2011	1,140,000,000	-	-	1,203,171,272	Tax Return is submitted
2010	2011-2012	1,156,240,000	-	-	100,000,000	Not due yet



**BRAC Bank Limited**  
**Statement of outstanding unreconciled entries**  
**As on December 31, 2010**

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	11	96,664.54	185	1,035,963.30	33	1,488,222.72	208	4,420,029.68
02	More than 03 months but less than 06 months	0	-	0	-	0	-	0	-
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	-
	<b>Total</b>	<b>11</b>	<b>96,664.54</b>	<b>185</b>	<b>1,035,963.30</b>	<b>33</b>	<b>1,488,222.72</b>	<b>208</b>	<b>4,420,029.68</b>





**BRAC Bank Limited**  
**Statement of Geographical Segment Report**  
**As on December 31, 2010**

Particulars\ Segments	Dhaka Division	Sylhet Division	Rangpur Division	Barishal Division	Chittagong Division	Khulna Division	Rajshai Division	Total
Interest income (including investment & FTP)	22,359,631,026	546,969,600	181,361,871	442,667,071	2,833,805,460	764,243,550	776,488,886	27,905,167,465
Interest expense (including borrowing & FTP)	17,861,605,048	332,680,477	110,761,824	278,179,150	2,022,725,288	482,583,701	498,227,873	21,586,763,361
Other incomes	2,640,381,446	55,000,627	36,561,120	61,864,014	197,040,740	114,207,258	116,474,954	3,221,530,159
<b>Total Operating Income</b>	<b>7,138,407,423</b>	<b>269,289,750</b>	<b>107,161,167</b>	<b>226,351,935</b>	<b>1,008,120,913</b>	<b>395,867,107</b>	<b>394,735,968</b>	<b>9,539,934,262</b>
Operating expense	4,200,684,045	65,841,855	21,960,586	21,669,655	165,803,458	47,917,888	47,431,756	4,571,309,242
<b>Net Operating Income</b>	<b>2,937,723,378</b>	<b>203,447,896</b>	<b>85,200,581</b>	<b>204,682,279</b>	<b>842,317,455</b>	<b>347,949,219</b>	<b>347,304,211</b>	<b>4,968,625,020</b>
Total Provisions	1,234,297,546	50,079,541	30,898,648	78,931,973	268,204,511	192,701,736	197,916,083	2,053,030,038
<b>Profit before tax</b>	<b>1,703,425,832</b>	<b>153,368,355</b>	<b>54,301,933</b>	<b>125,750,306</b>	<b>574,112,945</b>	<b>155,247,483</b>	<b>149,388,128</b>	<b>2,915,594,982</b>

\* Geographical segmental report includes inter-branch fund transfer pricing (FTP) income & expense to measure internal Division wise profitability. Fund transfer pricing income & expense always carries zero (no) balance when all segments are consolidated as it is internal allocation of profit.

