

ANNUAL REPORT 2009



Tales of Unshakeable Trust

 **BRAC BANK**

আস্থা অবিচল

Tales of Unshakeable Trust



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Annual Report 2009



আমরা অবিলম্বে

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Dedicated to the people of Bangladesh because we believe in faith and hope cemented by our unshakeable trust on the dreams of 140 million. It is not just a place for transactions - BRAC Bank is a place where potentials are realized.



You act. We keep the faith. Together, we tell the
TALES OF UNSHAKEABLE TRUST.



Ode to the Founder

He wants to see poverty banished forever. This has been his single-minded pursuit in life.

Ever since a devastating cyclone wreaked havoc on the lives of people and property in the coastal regions of pre-independence Bangladesh in 1970, everything changed for a young chartered accountant. The young man was so moved by the death and destruction that he, along with some friends, decided to set up HELP to carry out relief and rehabilitation efforts. Later, after the independence of Bangladesh the young man sold his flat in London and decided to set up a relief and rehabilitation center in the war-ravaged Bangladesh. He never looked back.

He is Sir Fazle Hasan Abed, the founder and chairperson of BRAC, the world's largest NGO, arguably in terms of size and operation. BRAC has been working relentlessly to realize the hidden potential of mankind, especially the ones who are most deprived of opportunities. Besides Bangladesh, BRAC's stamp has been imprinted in Afghanistan, Uganda, Tanzania, Southern Sudan, Pakistan, Sierra Leone, Liberia and Sri Lanka in just three decades.

It is this same vision that motivated him to come up with a bank that could realize the untapped potentials of this country. Traditionally, banking in Bangladesh has mainly addressed the mid to large sized businesses or the professionals. When Sir Fazle Hasan Abed established BRAC Bank he did it with the goal to serve the highly motivated group of entrepreneurs who wanted to break out of the vicious cycle of poverty and take control

of their own future. We call them the "Missing Middle". His long cherished dream of availing quality financial services to these small to medium businesses finally came to reality. BRAC Bank is proud to be the pioneering and largest SME Bank in Bangladesh, discharging over 10,000 crore taka in SME Loan and helping fulfillment of more than 265,000 dreams that change hundreds and thousands of lives everyday.

The contribution that Sir Fazle Hasan Abed has made with BRAC has taught the world to think differently and innovatively to handle the curse of poverty. The world has taken note of his yeoman service and he has become the first person of Bangladeshi origin to be honoured with a knighthood by Queen Elizabeth II. He has been conferred the title Knight Commander of the Order of St. Michael and St. George (KCMG), in recognition of his outstanding contribution to poverty alleviation and empowerment of the poor in Bangladesh and abroad. It should be noted that greatness runs in the family of this pioneer. The British Crown also knighted his grand uncle, Justice Nawab Sir Syed Shamsul Huda, in 1913.

The honour that he has received is a befitting recognition of his tireless efforts to emancipate millions from utter poverty and realize the potential of the human capital. Sir Fazle Hasan Abed and his BRAC organizations continue the journey to make this world a better place to live in. And we stand proud to share this glory and dream at BRAC Bank, day in day out.

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

Subject: The Annual Report for the year ended December 31, 2009

Dear Sir(s),

We are pleased to enclose a copy of the Annual Report together with the Audited Financial Statements as on December 31, 2009 for your kind information and record.

Yours sincerely



Rais Uddin Ahmad
Company Secretary

Forward looking Statement

The Annual Report has some forward-looking statements which are based on management's expectations and projection. These statements are not pledge of future results and involve certain risks and uncertainties. Therefore the actual results and trend may differ materially from original plan, assumptions, expectations expressed or implied in forward looking statements. Some of the factors that may cause the differences from the actual trend are:

- Changes in national political and economic conditions;
- Changes in Government policy issues;
- Ups and downs in international prices of essentials which influence the foreign exchange market
- Volatility of Interest Rate
- Volatility of capital market
- Changes of CRR and SLR requirements of the Bank by Bangladesh Bank
- Changes of Lending Rate
- Changes of Corporate Tax
- Changes in the competitive markets of the country
- Changes in the demand for BRAC Bank Limited's products
- Risk management of lending portfolio often requires stresses which are based on sophisticated mathematical tools and cannot solely be dependent on existing MIS. The level of technology in banking industry is yet to acquire that sophistication.

Notice of The Eleventh Annual General Meeting

NOTICE IS HEREBY GIVEN, that the ELEVENTH Annual General Meeting (AGM) of BRAC Bank Limited will be held on Thursday, 25 March 2010 at 10.00 a.m. at Bashundhara Convention Center, Block-G, Umme Kulsum Road, Bashundhara Residential Area, Dhaka-1229 to transact the following businesses:

Ordinary Business;

- AGM-11-01-2010 : To receive, consider and adopt the Audited Financial Statements for the year ended December 31, 2009 and the Auditors' and Directors' Reports;
- AGM-11-02-2010 : To declare dividend for the year ended 31st December 2009;
- AGM-11-03-2010 : To elect/re-elect Directors;
- AGM-11-04-2010 : To appoint auditors of the Company for the year 2010 and to fix their remuneration;

Special Business:

Resolved that to support the business growth of the Bank for the year 2010 and beyond the Subordinated Convertible Bond of BDT 3.00 billion will be issued as Tier-II capital of the Bank in the following manner subject to the approval of the Shareholders & Regulatory Authorities;

1. Tenure : 84 Months
2. Interest rate : 182 days TB+6.50% Margin with a minimum 12.50%
3. Face Value : BDT 1000 each
4. Convertibility Option : Staggered Conversion of 25% in the following manner:
 - The Conversion Strike Price will be calculated at a multiple of immediately available audited book value prior to the conversion date. The multiple is pre-determined; determined by calculating the daily average market price of the immediate previous 6 months average market price of BRAC Bank shares in the Dhaka Stock Exchange, prior to signing date of the transaction and dividing it by the audited book value as of the immediately available last audited book value of BRAC Bank Limited. This provides the average market price to book value multiple of that period.
 - 5% of issue size at the 5th Year at the above mentioned pre-determined multiple of book value of the immediately available last audited book value of BRAC Bank.
 - 10% of issue size at the 6th Year at the above mentioned pre-determined multiple of book value of the immediately available last audited book value of BRAC Bank.
 - 10% of issue size at the 7th Year at the above mentioned pre-determined multiple of book value of the immediately available last audited book value of BRAC Bank.

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

By the order of the Board



Rais Uddin Ahmad
Company Secretary

March 01, 2010

Notes:

- a) The "Record Date" is 25 February 2010.
- b) The Shareholders whose name would appear in the Register of Members of the Company on the Record Date shall be entitled to the dividend and attend AGM.
- c) A member eligible to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. Proxy form must be affixed with revenue stamp of Taka 10.00 and submitted to the Registered Office of the Company not later than 72 hours before the time fixed for the Annual General Meeting.
- d) Election of Directors will be dealt in terms of Articles of Association of the Company and relevant Rules/Circular in force.
- e) Shareholders and proxies are requested to record their entry in the AGM well in the time. No entry will be recorded after 10:00 a.m.



Shipping Out Ships

As Nile for Egypt, Tigris for Mesopotamia - rivers cradled the very first human civilizations. They have been the highways that have propelled human civilization since ages.

Rivers crisscross our beloved country like a lifeline of veins. No wonder then we have been one of the master craftsmen of the world when it comes to making boats. In Bangladesh boats go by many different types and names like Dingi, Panshi, Shampan, Pinish, Bajra to name a few.

Interestingly though the Bangladeshi shipbuilding industry did not grow up as its hallowed heritage suggests. It could not for many reasons drop its anchor in the different ports of the world.

But, all that is history now. Today our shipbuilding industry is swollen proud with wind in its sail. And BRAC Bank has played a stellar role in this journey. It has facilitated a composite credit of over taka 1.5 billion to the Western Marine Shipyard Limited, one of the biggest shipbuilding units of the country.

As global demand for ships grow, the Bangladesh government believes that the shipbuilding industry could be the fast track to economic sufficiency. BRAC Bank Limited proudly shares this dream and

knows that one day ships made in Bangladesh will have significant presence in world waters.

Western Marine Shipyard Ltd. is one of the only two companies in Bangladesh who have managed to win contracts from European countries. Presently, 12 ships are under construction and will be shipped out to countries like Denmark, the Netherlands and so on.

It has been BRAC Bank's deepest convictions to partner Bangladesh's efforts to be at par with the best among the nations.



Western Marine Shipyard Limited

- Ship Manufacturer
- Major clients: Stella Shipping-Denmark, M. K. Shipping B.V.-Netherlands
- BRAC Bank supported a composite finance of over BDT 1.5 billion

Corporate Vision

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

Corporate Mission

- Sustained growth in "Small & Medium Enterprise" sector
- Continuous low-cost deposit growth with controlled growth in retail assets
- Corporate Assets to be funded through self-liability mobilization. Growth in Assets through syndications and investment in faster growing sectors
- Continuous endeavor to increase non-funded income
- Keep our debt charges at 2% to maintain a steady profitable growth
- Achieve efficient synergies between the Bank's branches, SME unit offices and BRAC field offices for delivery of remittance and Bank's other products and services
- Manage various lines of business in a fully controlled environment with no compromise on service quality
- Keep a diverse, far flung team fully motivated and driven towards materializing the bank's vision into reality

Core Values

- Value the fact that one is a member of the BRAC family
- Creating an honest, open and enabling environment
- Have a strong customer focus and build relationships based on integrity, superior service and mutual benefit
- Strive for profit & sound growth
- Work as team to serve the best interest of our owners
- Relentless in pursuit of business innovation and improvement
- Value and respect people and make decisions based on merit
- Base recognition and reward on performance
- Responsible, trustworthy and law-abiding in all that we do

Corporate Chronicle & Information

- Registered Office: 1, Gulshan Avenue, Gulshan-1, Dhaka-1212
- Company Registration Number: C-37782(2082) of 1999
- Inauguration of Banking operations: 4th July 2001
- First SME Unit Office: 1st January 2002
- Signing with ShoreCap as investor: 29th December 2003
- Signing with IFC as investor: 8th May 2004
- First ATM installed: 3rd April 2005
- Preferential share issued: 31st January 2006
- Signing with Infosys and 3i Infotech for changing Bank's IT platform: 1st August 2006
- 24x7 Phone Banking opening: 9th September 2006
- Initial public offering of shares held in 2006
- Listing with CSE: 24th January 2007
- Listing with DSE: 28th January 2007
- Commencement of share trading in DSE and CSE: 31st January 2007
- Credit card launching: February 06, 2007
- 2500 remittance deliver point Gulshan-1, Dhaka-1212
- Introduced Probashi Banking: April 14, 2007
- Launching of Travel Related Services (TRS): November 20, 2007
- Auditor
S.F Ahmed & Co
Chartered Accountants, House #25, Road# 13A,
Block# D, Banani, Dhaka-1213
- Legal Advisor
Law valley
Shajan Tower, Commercial Block
Suit-202 (First Floor),
4 Shegun Bagicha, Dhaka-1000
- Tax Advisor
Delwar Hossain & Associates
Eastern Mansion
9th Floor, Room # 9/4
67/9 Kakrail, Dhaka-1000
- 50th Branch: Bashundhara, H-193, Block B, Safwan Road, Bashundhara R/A
- 100th ATM: Alliance Franciase, 26 Mirpur Road



Chairman's Message

It is my great pleasure to welcome you all at the 11th Annual General Meeting of BRAC Bank Limited. At the very beginning, I would like to express our heartiest gratitude for your continuous support and cooperation in BRAC Bank Limited being recognized as the premier brand in the financial industry of Bangladesh.

Since the inception, BRAC Bank Limited has undertaken various steps in preserving and promoting the interests of its customers, employees, shareholders while serving the greater purpose of sustainable development. Corporate Social Responsibility is integrated in the DNA of all the activities of BRAC Bank Limited. The Bank operates under a 'Triple bottom Line' agenda where profit and social responsibility go hand in hand as it strives towards a poverty free and enlightened Bangladesh.

In Bangladesh, Small and Medium size Enterprises (SMEs) do not get the same access to banks and financial institutions as big companies do. But SMEs have a significant role in employment generation, poverty alleviation and overall economic growth, especially for a developing economy like that of Bangladesh's. BRAC Bank started its business in 2001 with a clear vision to work as a catalyst for the vibrant yet unbanked SME sector in Bangladesh.

BRAC Bank Limited has a wide distribution coverage across Bangladesh in SME business. Being the pioneer, BRAC Bank Limited still holds the 'Number One' position in SME business. In 2009 alone we distributed loans to 67,047 Small and Medium Entrepreneurs' amounting to BDT. 32,188.26 million; we also opened 29 SME Service Centers. Currently we are 59 SME Service Centers and 429 Unit Offices strong.

Your Bank is continuously expanding its business to reach the doorstep of our valued clients. Despite the worldwide economic turmoil, your Bank did well amid both favorable and unfavorable conditions. In 2009 we expanded our network across the country. During the year we opened 15 branches, 104 ATMs. Now we have 71 branches, 180 ATM booths, 30 Cash Deposit Machines, 951 POS terminals, 19 Utility Services Bill Payment Booths and also 1900 Remittance Delivery Points. The grand total of our customer touch points is 3635 serving a total of 878837 customers. This, I believe is perhaps one of the highest amongst the private sector banks, which has been achieved in a short period of less than nine years that the Bank has been in existence.

2009 was an exceptionally challenging year for the financial sector in Bangladesh. The gap between national deposit and national investment was increasing in the last three years. On one hand, low investment resulted in excess liquidity in the money market. On the other hand, the Bank was under pressure to cut its interest rate and reduce the service charges over the year. Despite the adverse situations, the performance of your Bank was remarkable.

Last year your Bank earned BDT. 1303.58 million Net profit which is 34% higher from the previous year. Our Net Assets value (NAV) stood BDT 371.55. In 2008 it was BDT 311.71. In 2009 our Earnings per Share (EPS) stood at BDT 60.98. Last year it was BDT 45.00 which means this year's EPS is 36% higher from the previous year. Our Bank's operating profit is BDT 3,717.58 million, Growth rate is 17%. Our total assets stand at BDT 94,581 million which is 31% higher

from the previous year. We trust that your Bank will scale new heights in years to come by continuously improving customer services.

Apart from commercial banking, last year your Bank entered into the equity market. We have acquired 51% Shares of Equity Partners Limited and 51% Shares of Equity Partners Securities Limited. Now these two companies are running its business under the name of BRAC EPL Investments Limited and BRAC EPL Stock Brokerage Limited respectively. We want to become a financial institution where we can offer the entire gamut of financial services to our customers. This will ensure access of the people in the lower income bracket to the country's vibrant capital market and also ensure that they do so in a prudent and profitable manner. Your Bank wants to take a strong position in the capital market through investment in this market.

We are pleased to inform you that your bank always thinks beyond the banking boundaries which contain an un-tapped potential. Accordingly, this year we are in the process to form a subsidiary company to work as a Payment System Operator (PSO) and Payment Service Provider (PSP) as per the Bangladesh Payment and Settlement System Regulations, 2009 where BRAC Bank Limited will act as the Payment Service Provider (PSP) and Payment System Operator (PSO). BRAC Bank Limited will hold 51% Share and the partner Money in Motion (MIM) will hold the remaining 49% Share. Money in Motion is a USA registered limited liability company. The president of MIM is Iqbal Quadir who is a professor at Massachusetts Institute of Technology (MIT), a visionary entrepreneur and a leading advocate for the application of mobile phones in addressing many of the challenges faced by low-income countries. MIM is in the business of developing banking services for the un-banked, utilizing new information and communication technologies, electronic platforms, including mobile phones. We believe, this joint venture company will soon become an important part of BRAC Bank's service delivery channel, thereby enabling us to tap into huge new customer base by providing them with eCommerce and Mobile Banking related services.

We have also invested in another potential company named Dun & Bradstreet Rating Agency Bangladesh Limited. The Dun & Bradstreet Corporation is headquartered in New Jersey, USA. It is a provider of credit information on businesses and corporations. The company is best known for its D-U-N-S (Data Universal Numbering System) identifiers assigned to over 150 million global companies. Dun & Bradstreet Rating Agency Bangladesh Limited is a joint venture company set up with equity participation from some of the major Banks and financial institutions of Bangladesh and Dun & Bradstreet Middle East & South Asia. The proposed company aims to provide credit rating for the small and medium enterprises of the country, thereby hoping to have a positive impact on the development of SME sector.

We informed you last year that to expand our business as well as to meet relevant capital adequacy requirements, we were going to issue Subordinated Convertible Bond as Tier-II capital. We are pleased to inform you that we have already submitted the application to the Securities and Exchange Commission for approval. The Bond Size is BDT 3.00 billion where proposed pre-placement and public offering ratio is 90:10 respectively.

BRAC Bank Limited is continuously updating its technology platform to enhance its services. Our investments in technology have enabled us to expand the market base to grass-roots level. Combining technology and skilled manpower is helping us to reach out to every section of customers. We would not confine ourselves as a traditional bank. Last year, the Bank made significant investment in a new data center. This is part of the Bank's strategy to ensure that all customers' transactions are handled efficiently in a secure environment.

Your Bank is fully committed to develop the human resources as the crucial part for Company's development. Human resources are important to gain a competitive edge over competition together with product expansion. Throughout the year we have conducted well planned training programmes with experts of the respective fields of the banking business. In the year 2009 a total of 8644 people were provided a total of 177,142 hours of training; on an average, each participant has received 57 hours of formal training. We are happy to inform you that the entire staff of your Bank is linked with the IT system, thereby enabling us to introduce e-learning modules for the members of staff to help them train themselves. HR department would continue to monitor and deliver upon training and development needs of our staff over the years. Development of skilled human resources is a core objective of the Bank.

As per Bangladesh Bank guidelines, to implement Basel -II, BRAC Bank shall have to fulfill the required Paid Up Capital and Reserved Fund of Taka 400 crore within August 11, 2011 and the Paid Up Capital will be

not be less than Taka 200 Crore and BRAC Bank shall also require to maintain a minimum Capital Adequacy Ratio (CAR) of at least 10% of Risk Weighted Assets (RWA) with Core capital (Tier-1) not less than 5% of RWA. Whereas we have 607 crore Paid Up and Reserved Fund and also maintain 12.69 % of Risk Weighted Assets (RWA). In Tier -I we have 10.26% Risk Weighted Assets and Tier-II 2.42%. As our Tier -II capital is not sufficient against our future business growth projection, we are going to issue Subordinated Convertible bond for raising fund.

From this year, your Bank has a dedicated team for developing the Service Quality. The team is dedicated to promote and implement service at a global standard on all levels. We see our customers as our guests. A service quality structure has been implemented throughout the organization. BRAC Bank Limited has taken many initiatives to reaffirm their commitment to service quality and customer satisfaction. "Joy of Banking" has been the initiative to make banking a joyful experience for both our guests and our personnel. We have promoted the same through our campaigns that reiterated our commitment to service quality. We are happy to report that 'mystery shopping surveys' carried out independently by reputed market-survey company have revealed a marked improvement in our service quality standards.

We always strive to overcome our disadvantages. The landmark journey, which began in 2001, was possible for the prudent policies of management, commitment of the employees and above all strong relationship with the customers. Our dedicated management and their endeavor will help to maintain its profitable track record and consistent return to all Shareholders.

In recognition of our outstanding contribution in the banking sector of Bangladesh, last year BRAC Bank Limited received the prestigious 9th DHL-Daily Star Best Business Award in the "Best Financial Institutions" category. We have also received "Certificate of Merit" from the Institute of Chartered Accountants of Bangladesh for the 9th ICAB National Awards for best Published Accounts and Reports 2008.

In line with our Triple-Bottom-Line approach, your Bank undertook various CSR activities last year. These activities spanned from health-care to supporting the cultural heritage of the country to supporting education-growth. As a bank committed to sustainable business, BRAC Bank has become a prestigious member of the Global Alliance for Banking on Values (GABV)-the only bank from South-Asia to be part of this international coalition. Global Alliance for Banking on Values promotes 'ethical banking'. It is part of a larger societal movement toward more social and environmental responsibility in the financial sector. This movement includes ethical investment, socially responsible investment, corporate social responsibility, and is also related to such movements as the fair trade movement, ethical consumerism, boycotting, etc. Ethical banks share a common set of principles, the most prominent being transparency and social and/or environmental aim of the projects they finance. Our annual report itself - as you can see - reinforces our care for the environment. Every small step will make this world greener by at least one more leaf: your bank seeks your continued support on this journey.

We strongly believe that 2010 will be another good year for BRAC Bank Limited. By adopting and implementing the most modern technology as well as having a dedicated & skilled management, we will be able to bring sustainable growth with improved asset quality that will maximize value for all the stakeholders.

I thank all my colleagues on the Board of Directors for their consistent guidance, support and leadership. The management and staff of BRAC Bank Limited deserve a heartfelt appreciation for their fervent dedication and hard work.

I am also grateful to all the regulatory bodies like the Bangladesh Bank, the Securities and Exchange Commission, the Registrar of Joint Stock Companies and Firms, Dhaka Stock Exchange and Chittagong Stock Exchange Limited, Central Depository Bangladesh Ltd. for all their support.

Finally, I thank you all once again for placing your trust in us. I am confident, with your support and cooperation, we will continue to strive to uphold the **আস্থা অবিচল** placed in us by all our stakeholders.



Muhammad A. (Rumee) Ali
Chairman



Managing Director & CEO's Message

It gives me immense pleasure to welcome you all to the 11th Annual General Meeting of BRAC Bank Limited. I would like to express my heartfelt thanks to all of you for your active support and cooperation during the year.

2009 was a very challenging year for the global and national economy. Last year, the business growth of the financial institutions was stalled due to lack of investment and infrastructure problems. Despite the adverse situation, in 2009 your bank maintained impressive and consistent growth in business.

You know that BRAC Bank is the market leader and pioneer in SME Banking in Bangladesh. Your Bank proved its success in global SME financing by becoming one of the four most profitable and sustainable SME banks in the world. From the inception, we are striving to serve the missing middle group of SME sector who have no property to get the financial support to expand their businesses, but have the potential to play a significant role in employment generation as well as overall economic growth of the country.

To expand the unexplored SME market, we are continuously improving efficiency standards and launching new products. We are continuing to make every effort to take banking services to larger numbers of Small and Medium Enterprises. In line with this, last year we opened 30 SME Service Centers. So far, we have 60 SME Unit Offices. Our SME division maintains a portfolio of 259,799 Small and Medium Entrepreneurs with BDT 111,917.87 million. Last year we disbursed BDT 32,188.26 million to 67,047 SME clients.

In 2009, the interest rate cut in lending, coupled with reduction of service charges of banks constrained the growth trend of the Bank. But the operating cost is increasing day by day to support the business growth as well as set up modern technology for our valued clients. As a result, the management maintained a cautionary approach during these unstable times and exercise extra prudence in all financing activities. In spite of this, our management was able to keep a consistent business growth.

In 2009 your Bank has maintained the pace and tempo of growth for the performance. Last year, we earned BDT 1303.58 million in Net Profits which is 34% higher from the previous Year. Operating profit of the Bank stood at BDT 3717.58 million which is 17% higher from the previous year. You will be happy to know that in 2009, our Earnings Per Share (EPS) improved from BDT 45.00 to BDT 60.98. Book Value Per share is BDT 371.55, last year which was BDT 311.71. We trust that our Bank will scale new heights in the year to come, through mutual cooperation and continuous improvement in our customer services.

Last year, our total deposit increased by BDT 17,212 million which is 30% higher from the previous year. Our total assets increased 94,581.30 million which is 31% higher from the previous year. It is the symbol of trust kept by all of you.

As part of our business diversification, in 2009 we acquired 51% Shares of BRAC EPL Investments Limited and BRAC EPL Stock

Brokerage Limited, another subsidiary company. We are going to form the Payment System Operator (PSO) as per Bangladesh Payment and Settlement Systems Regulations, 2009 where BRAC Bank Limited will act as the Payment Service Provider (PSP) and also PSO. We invested in Dun & Bradstreet Rating Agency Bangladesh Limited. We believe that these investments will bring more earning for BRAC Bank Limited.

According to the directives of Bangladesh Bank to implement Basel II, we are required to maintain minimum paid up capital and reserve fund of Taka 400 Crore by August 11, 2011 and Capital Adequacy Ratio (CAR) 10% of Risk Weighted Assets (RWA). I am pleased to inform you that we have 607 crore Paid Up Capital and Reserve Fund and 12.69% Risk Weighted Assets. As our Tier -II capital is 2.42% which is not sufficient to meet our business growth; we are going to issue Tk. 3.00 billion Subordinated Convertible Bond to enhance Tier-II capital for the Company. You will be happy to know that we have already submitted the application to the Securities and Exchange Commission for seeking the approval.

Technology is the key driver of any modern banking business. It not only acts as a facilitator, but also increases productivity and reduces transaction cost. In 2009 the Bank made significant investment in various fields of Information Technology. During the year BRAC Bank upgraded the version of retail Internet Banking. We have increased our network coverage. You will be happy to know that every staff of your bank is linked with IT support.


Service quality is generally viewed as the output of the service delivery system. It refers to customer's appraisals of the service. Last year the quality of service rendered at Bank was a vital issue. Bank invested resources to create customer service awareness among the staffs. A few initiatives to reaffirm our commitment to service quality and customer experience were taken last year. As a special mention, we launched a month-long 'Joy of Banking' campaign aiming at providing top quality services to our customers.

Your Bank has always been committed towards its social responsibility to the nation. BRAC Bank's vision is closely linked with social responsibility and profitability which focuses on double bottom line. We consider the environmental impact before doing our business.

Your Bank constantly focused on developing human resources through various training programs. Our success has been built on the collective skills, knowledge and quality of our human capital.

Looking into the future, your Bank pledges its commitment to be on track of its business growth by adopting and implementing state of the art technology for better customer service, offering tailor-made products and solution to our valued clients. Sometimes it may appear difficult due to changing country policy and national budget etc. Moreover, almost all the banks offer similar products. But our dedicated and skilled management are ready to overcome all obstacles to have another successful year by virtue of their endeavor and prudent innovation.

We sincerely thank our respected shareholders, stakeholders and customers for reposing their confidence in the management and employees of BRAC Bank Limited. We take this opportunity to express heartfelt thanks to the Board of Directors of BRAC Bank Limited and well wishers for their practical guidance and useful suggestions during the year.



A. E. A. Muhaimen
Managing Director & CEO

Directors' Report

Global economy

IMF in the World Economic Outlook (October 2009) stated that the global economy is expected to be escalating again, pulled up by the proficient performance of Asian economies and stabilization or modest recovery in different places. However, the velocity of upturn is slow and activity remains far below pre-crisis levels. Growth is being led by a bounce back in manufacturing and a turn in the inventory cycle and there are some signs of gradually stabilizing retail sales, returning consumer confidence and firmer housing markets. Since predictions have improved, commodity prices have staged a comeback from lows reached earlier in 2009 and world trade is beginning to pick up.

The reasons for this recovery are strong public policies across highly developed and many promising economies that have supported demand and all but get rid of fears of a global depression. These uncertainties had contributed to the steepest drop in global activity and trade since World War II. The central banks responded quickly with extraordinarily large interest rate cuts as well as unusual measures to inject liquidity and sustain credit. Governments launched major fiscal stimulus programs, while supporting banks with guarantees and capital injections. Together, these measures reduced uncertainty and increased confidence, fostering an improvement in financial conditions.

The projections in the World Economic Outlook (WEO) described an intermediate path:

there is a recovery, but it will be weak by historical standards. In accordance with these forecasts, the current rebound will be slow-moving, credit constrained, and for quite some time, jobless. Global growth is projected to reach about 3 percent in 2010, following a contraction in activity of about 1 percent in 2009. During 2010-14, global growth is forecast to average just above 4 percent, appreciably less than the 5 percent growth rates in the years just ahead of the crisis. Financial and corporate reformation will continue to put forth considerable downward force on activity and wide output gaps will help keep inflation at low levels. Demand is likely to be dampened by the need in many advanced economies to restructure savings. Downside risks to growth are moving back gradually but remain a concern.

Recent data suggest that the world economy has begun to go through improvement. Global activity is estimated to have risen by about 3 percent during the second quarter of 2009, following a 6½ percent contraction in the first quarter, and high-frequency indicators point to stronger growth in the second half of the year. On the other hand, firms are still going bankrupt at a high rate, employment continues to drop and private consumption and investment remain anemic as households struggle with income and wealth losses, firms operate with large excess capacity and lending conditions remain tight. History suggests that these forces tend to be long lasting following financial crises, entailing sluggish

recoveries after periods of sharply contracting activity. Policies have helped cushion the impact of these forces on growth, but policy stimulus will diminish in the future.

Looking forward in 2010, the global economy is projected to recover gradually by 3.1 percent growth, 0.6 percentage point higher than envisaged in the July 2009 WEO, largely reflecting carryover from a stabilization of output during the second half of 2009. Output growth forecasts have been revised upward for all the countries of advanced economies and growth forecasts have also been revised upward for most of the countries of emerging market and developing economies. Among emerging and developing countries, growth in China is expected at 9.0 percent in 2010, maintaining a strong performance given the global context. South Asian countries' growth rates are also expected to be moderate, reflecting substantial macroeconomic stimulus and a pickup in global demand. The world trade volume is projected to grow at 2.5 percent in 2010 compared with the estimated decline of growth by 11.9 percent in 2009. Despite the projected increase in oil and non-fuel commodity prices, inflation is projected to rise but remain close to 1 percent for advanced economies and decline to 4.9 percent in emerging and developing economies.

Bangladesh Economy

It was mentioned in the Annual Report of Bangladesh Bank that during FY09 (July 2008-

June 2009) Bangladesh economy has sustained growth momentum in FY09 amid current global economic downturn and financial crisis. A good domestic crop harvest together with moderate export growth and sustained high level of remittance flow helped the economy to attain a near 6% growth rate during the year. According to the provisional estimates of the Bangladesh Bureau of Statistics (BBS), real GDP grew by 5.9 percent in FY09, only 0.3 percentage points lower than the 6.2 percent growth recorded in FY08. Measured at current market prices, the GDP of Bangladesh in FY09 was estimated at Taka 6149 billion representing a nominal growth of 12.7 percent in FY09 compared with 15.5 percent recorded in FY08. In FY09, the country's per capita GDP increased by about 4.5 percent in real terms and about 11.2 percent in nominal terms.

GDP

The real GDP growth of 5.9 percent in FY09 was driven by a robust agricultural expansion and substantially increased output in industry and services sectors. The expansion was broad-based, registering positive growth by all sectors and sub-sectors of the economy. GDP growth during the year was underpinned by 6.3 percent growth in the services sector, 5.9 percent in the industry sector and 4.6 percent in the agriculture sector.

In the overall GDP growth of FY09, services sector contribution was the highest at 3.0 percentage points, followed

by industry sector at 1.7 percentage points and agriculture sector at 0.9 percentage points.

In the industry sector, which contributed 29.7 percent of GDP, growth rate slowed down from 6.8 percent of FY08 to 5.9 percent in FY09. The deceleration of growth of the sector was mainly due to slower growth in manufacturing sector caused in turn by export decline in most items other than apparels and textiles following global financial crisis. The growth in mining and quarrying sub-sector, a relatively minor activity, increased by 9.4 percent in FY09 compared to 8.9 percent in FY08. Manufacturing sub-sector registered a lower growth of 5.9 percent in FY09 compared to 7.2 percent growth in FY08. Growth was pronounced in both the large and medium, and the small scale-manufacturing sub-sectors, which grew by 5.7 percent and 6.6 percent in FY09 compared to 7.3 percent and 7.1 percent respectively in FY08.

CPI & Inflation

Inflation rate was well within the government's projected rate of 9 percent in the FY 2008-09. In October 2009 the 12 month average inflation rate came down to 5.14 per cent compared to 9.8 per cent in October 2008. Point to point inflation rate also decline from 7.26 per cent in October, 2008 to 6.71 per cent in October 2009.

Trade Balances

Trade balance recorded a deficit of US\$ 4708 million in FY2008-09; this was lower

compared to the previous year's deficit of US\$ 5330 million. In the first four months of FY2009-2010, the trade balance recorded a lower deficit of US\$1539 million during July - October, 2009 compared to the deficit of US\$2329 million during July - October, 2008. Due to larger current transfers of US\$3807 million current account balance recorded a surplus of US\$1258 million during July - October, 2009 against the surplus of US\$325 million during July - October, 2008. The overall balance showed a surplus of US\$1194 million in the said period of 2009 against a surplus of US\$227 million in the comparable period of 2008.

Remittance

In 2009, inflow of remittance has crossed the US\$ 10.0 billion mark to reach US\$ 10.72 billion. On a year-on-year (y-o-y) basis, remittance increased by 19.36 per cent in 2009 compared to 2008.

Exports

Total export receipts of Bangladesh (including exports of EPZ) during the years, 2008-2009 and 2007-2008 amounted to Tk. 97498.1 crore and Tk. 87022.2 crore or US\$ 14170.7 million and US\$ 12685.4 million respectively.

Imports

Import payments (FOB) in FY09 stood at US\$ 20291.0 million registering a growth of 4.2 percent compared to US\$ 19481.0 million in FY08. Except food grains & other food items, all other importable items indulge varying degrees of rise in the aggregate imports during FY09 over FY08.

Foreign Exchange Reserve

Foreign exchange (forex) reserve situation has improved quite significantly in recent times and reached an all time high of US\$ 10.26 billion (04 January 2010) compared to US\$ 5.82 billion on the same date in 2009.

Broad Money

Broad money growth during FY09 was 19.2 percent, which was higher than 17.6 percent growth in FY08 and 17.2 percent growth targeted under the programme for the year. The accelerated growth in broad money was mainly due to higher growth in net foreign assets (NEA). The growth in NEA stood at 27.2 percent, notably higher than the programme of 9.6 percent in FY09 and 15.2 percent growth in FY08.

Domestic Credit

Domestic credit which stood at Tk. 299545.10 crore in October 2009 experienced an increase of Tk. 33364.6 crore or by 12.53 percent from October 2008. On the other hand, domestic credit had only increased by 3.81 per cent over the period July-October 2009 compared to 7.04 per cent increase in July-October 2008. The increase in domestic credit over the period October 2008-2009 and October 2007-2008 can be mainly attributed to private sector credit which increased by 15.4 per cent and 24.7 per cent respectively over this period. Public sector credit only increased by 3.72 per cent during October 2008 and October 2009, a significant fall from the increase of 19.6 per cent it had experienced during

October 2007 and October 2008. Credit to the "other public sector" though showing an increase of 6.58 per cent over the period October 2008 and October 2009 reflects a fall from 14.06 per cent over the period October 2007 and October 2008.

Capital Market

2009 was a robust year for Dhaka Stock Exchange as the listing of the large private companies and crowding of new investors helped it defy the global recession that hit core levers of the economy.

What was projected as a year of flat growth and doom by many experts turned out to be a stellar one for the market as the DSE General Index (DGEN) the main gauge of the exchange grew an astounding 62 per cent, opening the year at 2807.61 and closing at 4535.53. The entry of GP stocks created a new benchmark, bringing depth and maturity to a market known for rumor-driven trading and manipulations.

Average daily turnover rose to Tk 6.05 billion, an increase of 114.53 per cent from Tk 2.82 billion of 2008. The DSE saw listing of 18 new companies with GP and Indian soap giant Marico being the largest gainers. The number of share accounts stood at around 2.0 million from around 1.5 million in 2008.

Total market capitalisation jumped more than 85 per cent to Tk 1.90 trillion (27 billion dollar), accounting for 31 per cent of the gross domestic product (GDP), which was 18.75 per cent on January 1.

Financial Review

The financial year 2009, banking industry faced far greater challenge than any of the previous years. Major challenge was to recover from the fall-out of global credit markets which started in the prior years. BRAC Bank Limited has been well ahead of majority of the banks. BRAC Bank Limited's remarkable performance marked its footsteps in every aspects of banking activities such as creating firm Deposits, Advances & Profit growth. The Bank remains in a strong financial position with a continued focus on delivering on its mission of building a profitable and socially responsible financial institution focused on Marketing and Business with growth, thereby assisting BRAC and stakeholders to build a "just, enlightened, healthy, potential democratic and poverty free Bangladesh".

Financial Performance

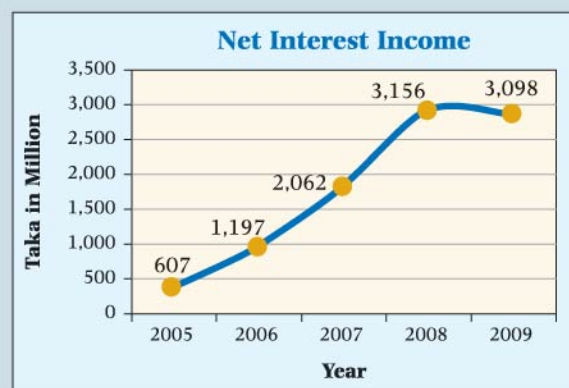
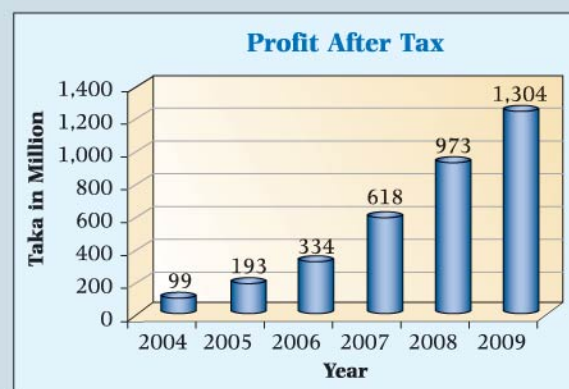
BRAC Bank has had a successful year despite the difficult market conditions. The Bank continued to expand its banking activities. The bank has strengthened its teams to provide more focused and efficient services to its clients and it has continued its efforts to improve the infrastructure. Despite the challenges, through our efficient management and continued effort of our dedicated staff, we made an Operating Profit of BDT 3,718 million.



Operating Results

BRAC Bank's net profit after tax in 2009 was BDT 1303.6 Million - an increase of 34% from last year. Return on Equity (ROE) was 19.19%, and Earnings per share were 60.98.

BDT in Million			
Particulars	2009	2008	% of Change
Net Interest Income	3,098.4	3,156.0	-2%
Income from invstment	1,923.8	909.1	109%
Other Operating Income	2,242.3	1,971.0	14%
Operating Expenses	3,546.5	2,862.3	24%
Loan Loss Provision	1,574.0	1,150.5	37%
Net Profit Before taxes	2,143.6	2,023.5	6%
Provision for Taxes	840.0	1,050.0	-20%
Profit after taxes	1,303.6	973.5	34%

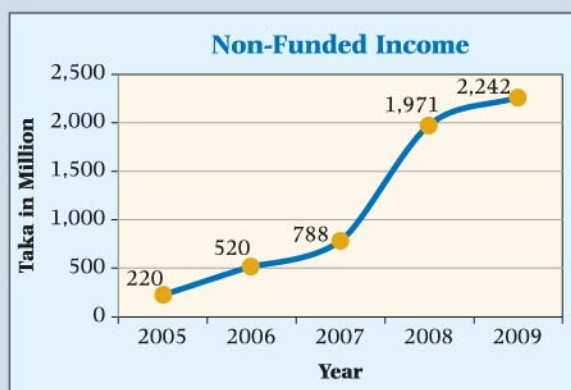


Interest income of the Bank has increased by 14% in 2009 is constant with the increase of Loans and Advances by 21%.

Interest expense has increased by 25% in 2009, as liabilities were re-priced at higher rates and the deposit mix tilted towards high cost funds and mostly for the increase of deposit volume by 30%.

Net Interest income in 2009 was BDT 3,098 million which decreased by BDT 58 million due to repricing of Corporate Loans and continuing of Deposits at higher price.

Non-Funded income grew this year by 45%. The Bank is focusing on to increase its non funded income and to reduce its burden ratio that resulted in BDT 271 million growth in 2009 over 2008 (Tk 2,242 million in 2008 against BDT 1,971 million).



Operating expenses has increased by 24% in 2009. Operating expenses were impacted by:

- Staff salary & allowances increased by 22% for supporting the increasing business volume, service outlets and the effect of inflation on general expenses. No. of staff has increased by 15% over last year, whereas the Fund Under Management (FUM) has increased by 26%.
- Further investment in strategic growth initiatives, including the Banking Business Growth Strategy;
- Increasing volume of rent, taxes & insurance expenses resulting from market rent increases, relocation of the Branches and increases of Branch by 14, Service Centers by 29, and ATM's by 52;
- Increasing volume of depreciation & repairs & maintenance expenses resulting from the higher acquisition of fixed assets;
- Other expense has increased for supporting the business growth.

The provision for loan losses has increased by 35% in 2009 due to increase of loans & advances by 22% and to cover the loss for non-performing loans & advances. Due to the prudent provisioning policy, the Bank has already achieved the general provisioning requirement and excess provision over requirement set by Bangladesh Bank. This reflects the Bank's constant emphasis on a quality credit portfolio, which has now become the primary reason for the Bank's consistent and sustainable performance. However the Bank has kept the NPL ratio at a manageable level due to the prudent risk management strategies, a committed recovery team and excellent monitoring and control systems implemented.

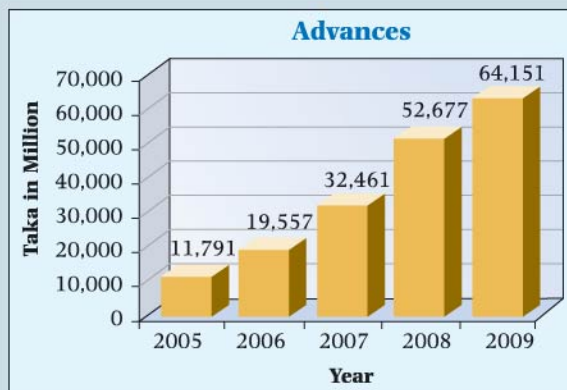
Balance Sheet Summary

Balance Sheet Summary		
BRAC BANK		
Balance Sheet		
As on December 31, 2009		
	Taka in Million	
	2009	2008
PROPERTY AND ASSETS		
Cash	6,619	4,316
Balance with other banks and financial institutions	5,593	3,195
Money at call and short notice	1,300	-
Investments	10,972	8,245
Loans and advances	64,151	52,677
Fixed assets including premises furniture and fixtures	1,638	1,472
Other assets	4,307	2,537
Non-banking assets	-	-
Total Property and Assets	94,582	72,442
LIABILITIES AND CAPITAL		
Liabilities		
Borrowings from other banks, financial institutions & agents	2,450	2,280
Borrowings from Central Bank	-	-
Deposits and other accounts	75,220	58,007
Other liabilities	8,761	6,717
Total Liabilities	86,431	67,004
Capital and Shareholders' Equity		
Total shareholders' equity	8,151	5,438
Total Liabilities and Shareholders' Equity	94,582	72,442

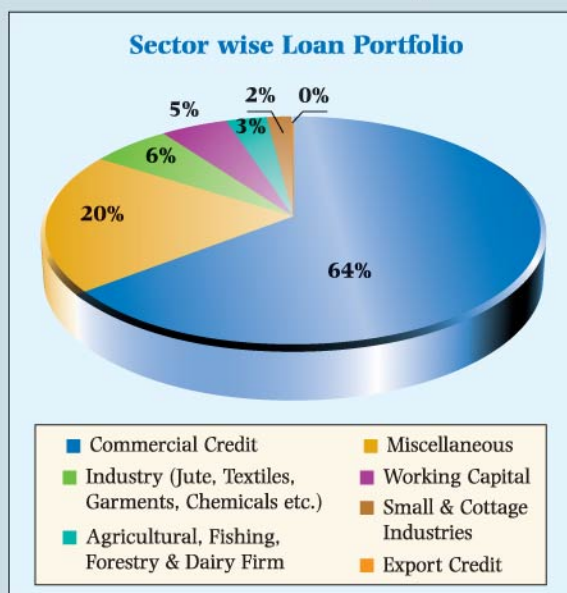
Total Assets of the Bank rose to BDT 94,582 million in 2009 from BDT 72,442 million in 2008 registering a growth of 31%. Significant increases in assets documented in loans and advances, investments, fixed assets and cash assets maintained by the Bank.



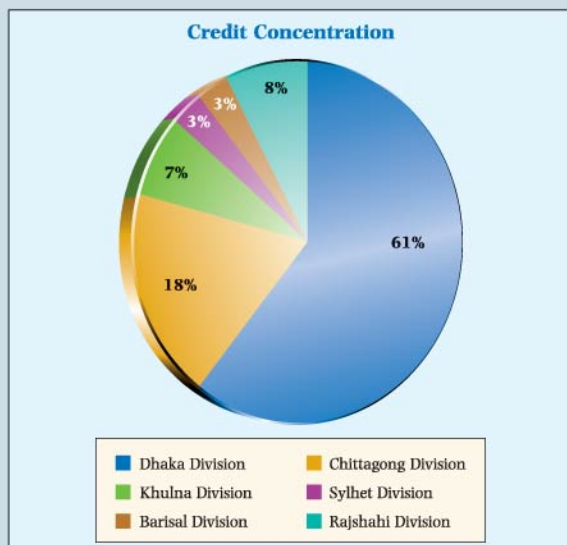
Loans and advances increased by BDT 11,474 million or 22% to BDT 64,151 million at 31 December 2009. This is a result of continued growth in lending business and solid growth in banking industry reflecting a continued focus on customers and profitable growth.



SME sector, the main concentrated area for the bank financing since its inception, comprises of 56% of the total loans and advances. Major portfolio of BRAC Bank belongs to commercial sector. Sector-wise Credit Portfolio is shown in the figure below:

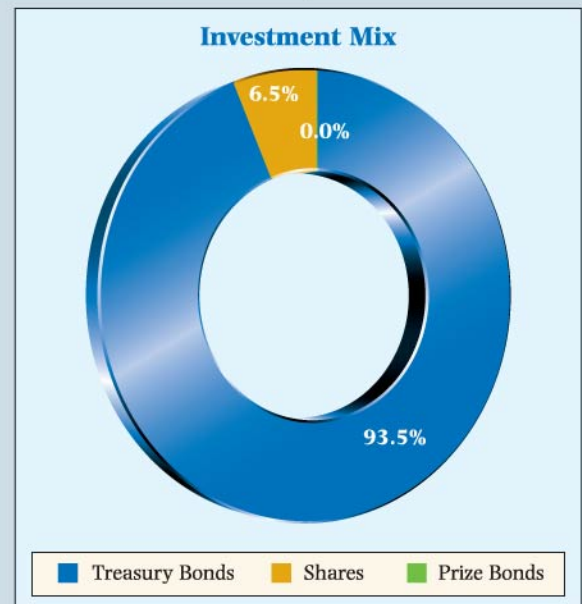


Credit Concentration is shown in the following pie-chart to elaborate the area of concentration of loans and advances. About 39% of total loan portfolio concentrated outside Dhaka.



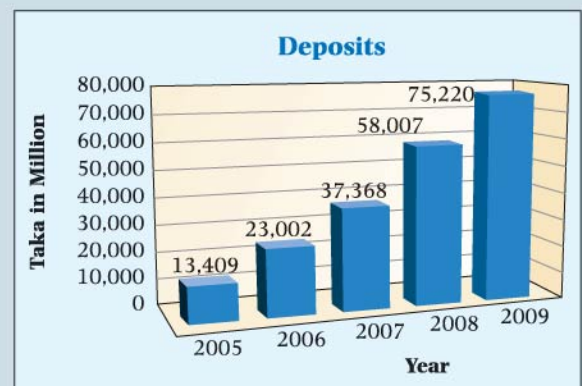
Total Cash and Cash equivalents and Due from other banks have increased by BDT 2,411 million through the Bank holding additional levels of liquidity.

The Bank's investments, during the year 2009, were made mostly in government securities which stood at BDT 10,972 million as on December 31, 2009 as against BDT 8,245 million in 2008. Out of total investment, 93% is concentrated in Government Securities to maintain CRR and SLR of the Bank comfortably and to use our surplus fund in a cost effective way.



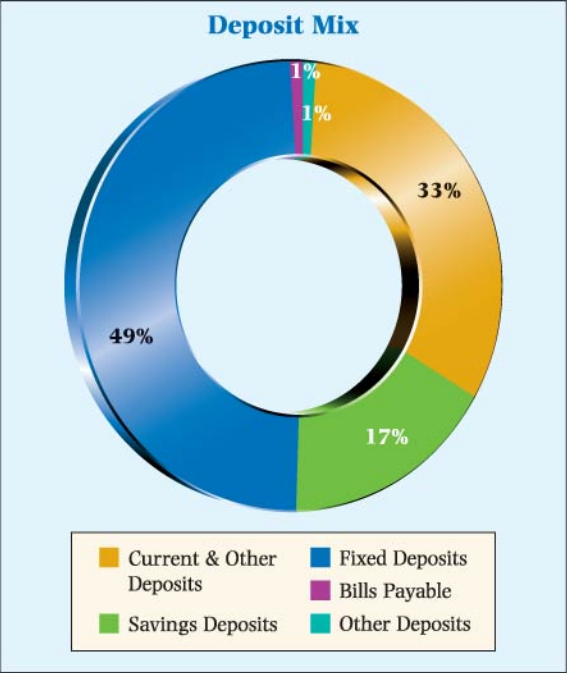
Total liabilities at 31 December 2009 increased by 29% to BDT 86,431 million from BDT 67,004 million at 31 December 2008. Significant increases in Liabilities documented in Deposits and Other Liabilities.

Customer deposits of the Bank grew by 30% in 2009. The Bank ended the year 2009 with total customer deposits of BDT 75,220 million compared to BDT 58,007 million in the year 2008.



Currently, the Bank's deposits mostly comprises of fixed deposits. Since, almost 49% of total deposits

are in the form of fixed while only 33% are in the form of current deposits.

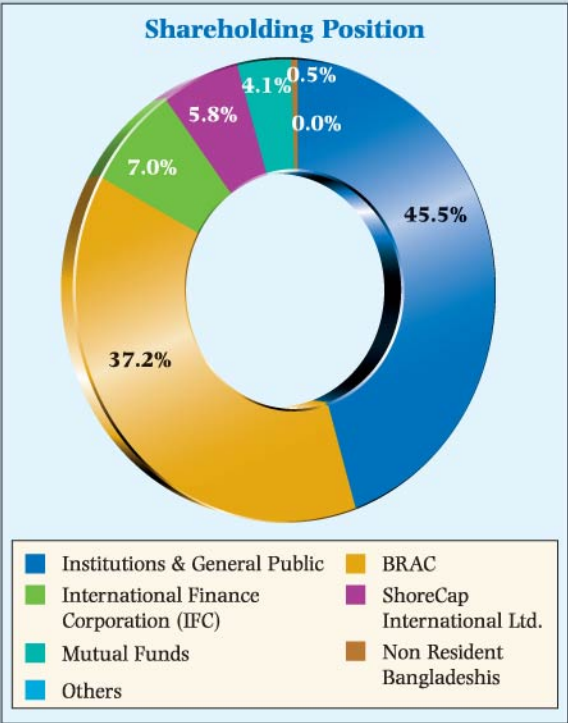


Shareholders' Equity

The Shareholders' equity has increased by 30% over previous year. Paid up capital of the Bank is being raised from BDT 1,584 to BDT 2,059 million in the year 2009 through issuance of bonus shares out of retained earnings in 2008. The statutory reserve also increased by BDT 429 million over previous year's balance of BDT 908 million. This year bank created Revaluation Reserve of BDT 1576 million according to Bangladesh Bank's guideline.



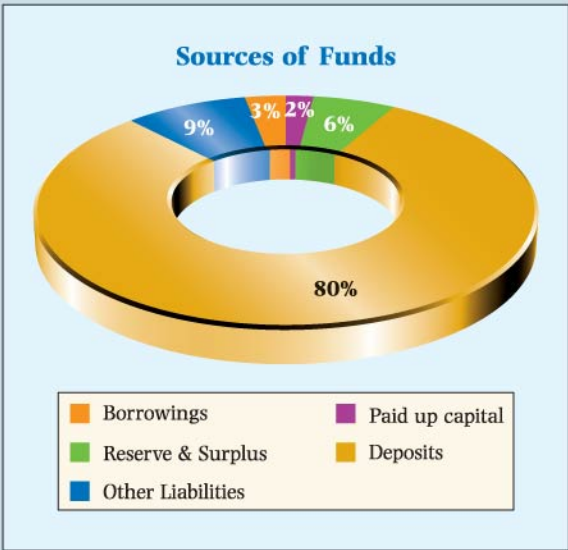
The Shareholding position as on 31st December 2009 is as follows:

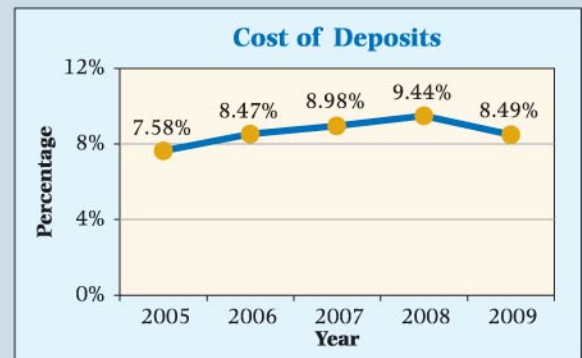
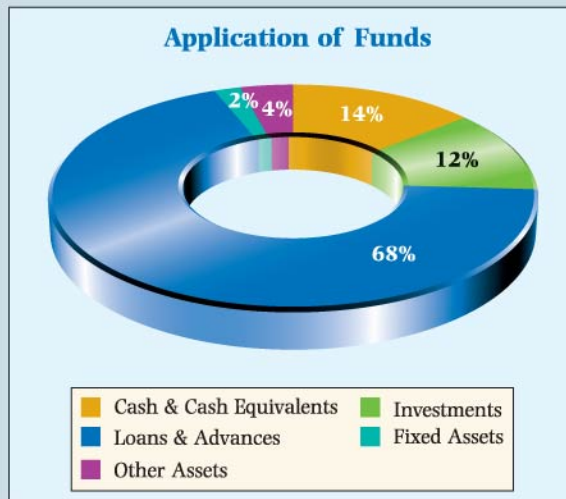


Within the sponsors, the shareholding of BRAC has increased to 37.2% due to release of shares by ShoreCap International Ltd. and International Finance Corporation (IFC). Shareholdings of others remain as usual of previous year.

Sources and application of Funds

Main source of fund is customer deposits which composed of 80% of the total fund. Bank's major funds are utilized in loans & advances and investments comprising around 68% and 12% respectively of total funds available to the Bank. A portion of fund is maintained in the form of cash and cash equivalents to maintain CRR and SLR which is 18% of total funds.





Capital Adequacy

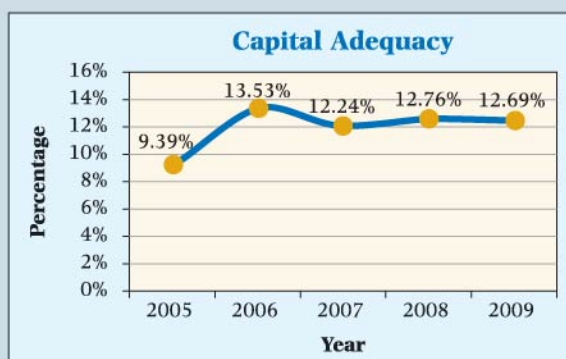
The Bank attained satisfactorily adequate capital of 12.69% compared to the current regulatory requirement of 10.00%. In 2009 the Bank's core capital and total capital base was 10.26% & 12.69% respectively.

Capital Adequacy

Capital Composition	2004	2005	2006	2007	2008	2009
Capital – Core (Tier I)*	590	783	1,967	2,572	4,819	6,075
Capital-Supplementary (Tier II)**	60	206	529	1,220	1,298	1,435
Total Capital	650	989	2,496	3,792	6,117	7,510

* Core Capital (Tier I) includes Paid-up Capital, Share Premium Account, Statutory Reserve and Retained Earnings.

** Supplementary Capital (Tier II) includes General provision (on unclassified loans), Preference Share and Exchange Equalization Fund.

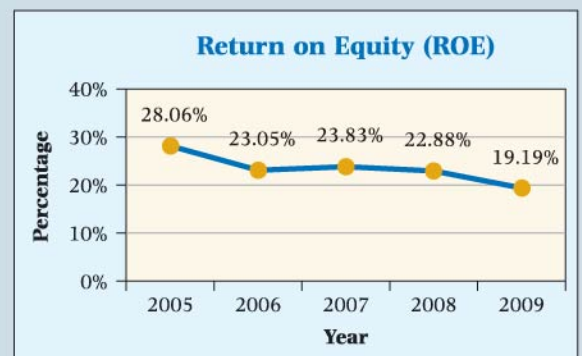
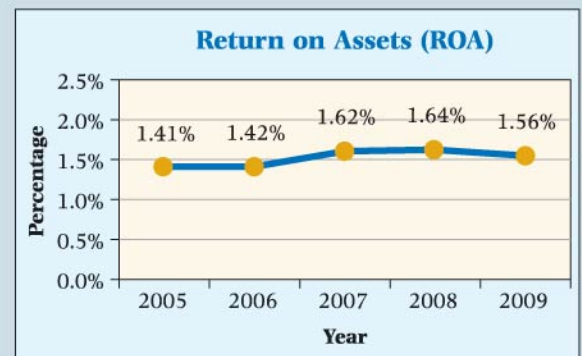


Cost of Deposit

The Bank's cost of deposits has been pretty much low over the years. Cost of deposit has decreased due to reprising of deposit rate to make appropriate spread with revised lending rates as advised by Bangladesh bank to patronize the corporate lending.

Return on Assets (ROA) & Return on Equity (ROE)

Return on Assets this year stood at 1.56%, recording a decrease from 2008 (1.64%). Return on Equity (ROE) stood at 19.19%, recording a decline over 2008 (22.88%).



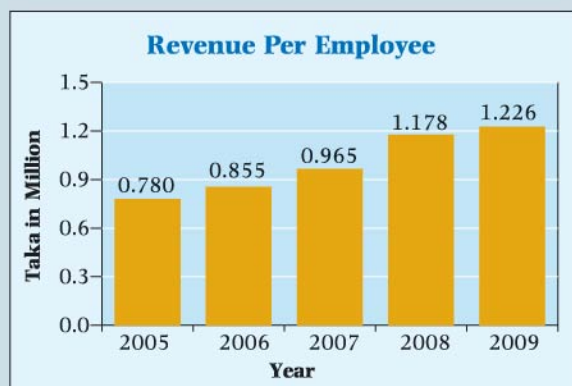
Earnings per share

Earnings per share stood at BDT 60.98 as on December 31, 2009 compared to BDT 45.00 at the end of the previous year which is restated because of issuance of bonus shares during the year.



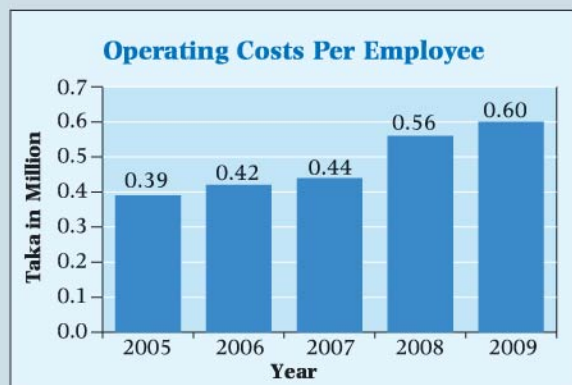
Revenue Per Employee

Trend of revenue per employee is gradually increasing over the last five years. Revenue per employee has been shown in millions of BDT.



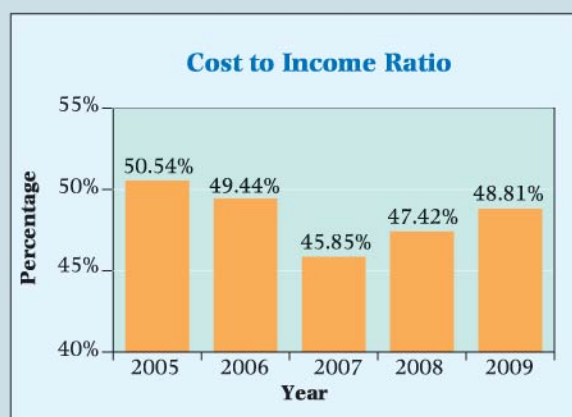
Operating Cost Per Employee

Operating cost per employee has increased in the year 2009 due to recruitment of a number of loan staff as well as launching of new branches, SME service centers, SME unit offices and ATM booths during that year.



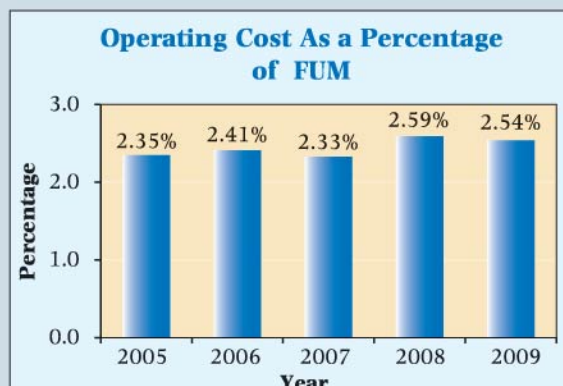
Cost to Income ratio

In the year 2009 cost to income ratio has slightly increased from 47.42% (in 2008) to 48.84% (in 2009) due to recruitment of a number of loan staff as well as launching of new branches, SME service centers, SME unit offices and ATM booths in 2009.



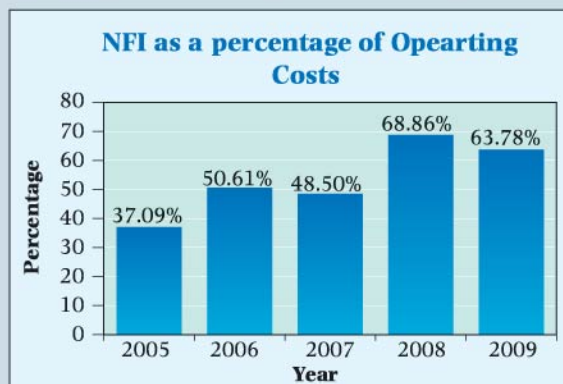
Operating Cost As a Percentage of FUM

Operating cost of the bank is consistent over last five years. It remains within a spread of 0.5% of total average outstanding loans and advances.



Non Funded Income As a Percentage of Operating Cost

Non-Funded income of the bank is gradually increasing over last five years. Due to this Non Funded income as percentage of operating costs increased over the last 5 years with slight fluctuation. In the year 2009, there is a slight decrease from 68.86% (2008) to 63.78% (2009).



Contribution to National Exchequer

BRAC Bank has contributed much to the national economy in collecting Government revenue and depositing the same to Government Exchequer according to prescribed laws prevailing in the country. Bank authority deducts tax, VAT and excise duty at the time of making payments for goods and services. Besides these, bank also pays income tax on its earnings. Bank's contribution to National Exchequer is highlighted below:

	Taka in Million	
Deposit to Government Exchequer	2009	2008
Tax paid on Bank's income	1,133	810
TAX collected at source	647	449
VAT	252	448
Excise duty	98	33
Total	2,130	1,739

Shareholders' Value and Market Price Information

With our competent and visionary Board of Directors, quality manpower and advanced technology BRAC Bank is always trying to increase the value of the shareholder. Bank management is always striving to improve the value of the shareholders as well as increase its earning base assets that will generate income in future. BRAC Bank emerged as a socially responsible bank as well as a committed bank that will create such impression in the mind of investors to be one of the leading banks. Reported market price of shares of BRAC Bank Limited in Dhaka Stock Exchange is BDT 688 on close of the business of the year 2009. The Bank's market capitalization on 31 December 2009 was BDT 14,167 million which is 0.93% of total market capitalization of DSE. (Source of information: monthly review of December, 2009)



Technical Assistance Plan (TAP) from ShoreCap Exchange, USA.

A technical service agreement was made between BRAC Bank Limited and ShoreCap Exchange, USA, a sister concern of Sponsor Shareholder ShoreCap International Limited.

As per the agreement, the ShoreCap Exchange, USA will provide some training program to the employee of BRAC Bank Limited on medium sized lending, Enterprise Risk Management, IT & System Review and Planning, Assessing new product viability and human resources strengthening where BRAC Bank Limited will pay 35% of the total cost and the rest 65% will be arranged by the ShoreCap Exchange, USA.

Accordingly, the ShoreCap Exchange, USA organized some related training programs in 2008 & 2009 and they claimed 35% cost as per the agreement. Therefore we sought permission

from Bangladesh Bank to remit the amount in favor of ShoreCap Exchange, USA and we obtained permission from Bangladesh Bank to remit the following amount in favor of ShoreCap Exchange, USA.

A detail of payment which is approved by Bangladesh Bank is as follows;

Year	Period	Amount (USD)
2008	3rd Quarter	1816.26
	4th Quarter	31,682.45
2009	1st Quarter	22,651.06
	Total	56149.77

Subordinated Convertible Bond

In the 7th AGM, the shareholders of the BRAC Bank Limited authorized the BRAC Bank Limited to issue convertible bonds to meet the requirement of Tier II capital of the BRAC Bank Limited. The conversion option of the said bond was approved with a price cap for conversion of the Bond to fully paid up shares. After discussion with the prospective investors and the arranger management it has been noticed that investors are not interested to subscribe the Bond with such price cap. Considering the position of the market it will also not be feasible to continue with such price cap. Therefore the following change has been proposed subject to the approval of the General Meeting and Regulatory bodies;

Existing Terms and Conditions	Proposed Terms and Conditions
<ol style="list-style-type: none"> 1. Tenure : 84 Months 2. Interest Rate: 182 days TB+6.50% Margin (Indicative). At current 182 days TB rate, the total interest is at 14.50% p.a. 3. Face Value : BDT 1000 4. Convertibility Option : Staggered Conversion of 25% in the following manner: <ul style="list-style-type: none"> - 5th year-5% of issue size @ a price of 3 to 3.5 times of Book Value - 6th year-10% of issue size @ a price of 3 to 3.5 times of Book Value - 7th Year-10% of issue size @ a price of 3 to 3.5 times of Book Value 	<ol style="list-style-type: none"> 1. Tenure : 84 Months 2. Interest Rate : 182 days TB+6.50% Margin with a minimum floor of 12.50% & maximum 14.50%. 3. Face Value : BDT 1000 4. Convertibility Option: Staggered Conversion of 25% in the following manner: <ul style="list-style-type: none"> • The Conversion Strike Price will be calculated at a multiple of immediately available audited Book Value prior to the conversion date. The multiple is pre-determined; determined by calculating the daily average market price of the immediate previous 6 months average market price of BRAC Bank shares in the Dhaka Stock Exchange, prior to signing date of the transaction and dividing it by the audited Book Value as of the immediately available last audited Book Value of BRAC Bank Limited. This provides the average market price to Book Value multiple of that period. • 5% of issue size on the 5th Year at the above mentioned pre determined multiple of Book Value of the immediately available last audited book value of BRAC Bank. • 10% of issue size on the 6th Year at the above mentioned pre determined multiple of book value of the immediately available last audited book value of BRAC Bank. • 10% of issue size on the 7th Year at the above mentioned pre-determined multiple of book value of the immediately available last audited book value of BRAC Bank.

Dividend

The Board of Directors perused a dividend policy that makes a continuous effort to uphold and protect the interest of the Shareholders. The Board of Directors has recommended 30% stock dividend for the year ended 31 December 2009 subject to the approval of the Annual General Meeting.

Meeting of Directors

During the year 2009, Total 13 (thirteen) Board Meetings and 06 (six) Audit Committee Meeting of BRAC Bank Limited was held.

Retirement and Re-election of Directors

According to 'The Companies Act' 1994, Schedule-1, Reg-79 and clause 103 of the Articles of Association of BRAC Bank Limited at the ordinary general meeting in every subsequent year, one third (1/3rd) of the Directors for the

time being or, if their number is not three or a multiple of three, then the number nearest to one third shall retire from office. Accordingly the respective Directors of BRAC Bank Limited will retire at the upcoming Annual General Meeting.

Appointment of Auditors

The existing Auditors M/S S. F Ahmed & Co. Chartered Accountant House # 25, road 13A, Block D, Banani, Dhaka-1213 will retire and will be eligible for re-appointment for the year 2010. Accordingly they have expressed their willingness for re-appointment and the Board of Directors has recommended re-appointing them as Auditors of the Bank for the year 2010.



Chairman



One of the ads for the
"Joy of Banking" campaign.

Joy of Banking

It was May 2009. BRAC Bank customers suddenly felt a change in the air, a change that made their mundane transactions at the bank a little fun, a little more interesting. Suddenly the trip to the bank was not a chore anymore. They were being addressed as guests, offered candy and there were balloons, dangles and posters of smiling BRAC Bank team members. There was a confident heartfelt smile on everyone's face. Each team member instantly took to resolving and answering a query or concern. The smile was contagious. The guests began to smile as well. Every guest's expectation was being fulfilled and they left our bank with a smile.

We delivered the "Joy of Banking".

Joy of Banking was the distinctive Service Quality Campaign that marked a major success in 2009. While it was a pan bank initiative, Joy of Banking was spearheaded by the Retail Division encompassing all the Branches and SME Service Centers. Being the first of its kind, this campaign was aimed to convert the everyday, routine banking into a joyful experience.

Guests were invited to come and share their personal experiences. The top management of BRAC Bank served the guests from the frontline. Thousands of "thank you" cards were exchanged and customer portraits were made. We promised to handle all

complaints within 24 hours, answer calls within 3 rings every time and deliver standardized services across all service outlets. To uphold our promise, we conducted Service Excellence training for 1300 team members.

Our aim was to create and maintain a level of service unprecedented in the banking industry. Our promise of unshakeable trust, and being the 'dependable friend in banking' will hold true for years to come. We will always deliver the 'Joy of Banking'.



Economic Impact Report

Economic system involves the production, distribution and consumption of goods and services between the entities in a particular society. The economic system is composed of people and institutions, including their relationships to productive resources, such as through the convention of property. Economic impact could be defined as any increase or decrease in productive potential of an economy. Economic impact extends beyond the boundaries of any single organization and is linked to both the environmental and social elements of sustainable development. By analyzing economic impact, we seek to understand how a company adds value to society. Economic impacts can be broadly categorized into two main areas i.e. direct and indirect. Direct impacts are the immediate economic effects of a company's financial transactions while indirect impacts are the economic effects that are created through a company's operations or provision of goods and services. Banks' direct contributions to the economy of its nation would comprise of creation of employment opportunities, collection of taxes on behalf of the government etc. Inculcating the savings habits among members of the community and improvement of socio-economic and environmental performance in client organizations through lending, could be considered as indirect contributions. Therefore, financial services sector of any country has a vital role to play in the development of an economy, principally in allocating financial capital through its lending strategies to different economic activities.

Banks do not operate in isolation. Different sectors in the society contribute in numerous ways for the smooth functioning of their operations. These different parties

when put together are identified as stakeholders of a bank. They include the shareholders who provide the much needed capital, depositors and investors who invest their money in the bank, borrowers who obtain credit facilities, employees who put their effort to serve the customers and the government that provides basic financial infrastructure by way of regulations, systems, processors and supervision.

Through the provision of financial services, banks create wealth. Therefore, it is bound to distribute the wealth so created among these stakeholders in different forms. Shareholders will accrue wealth and receive a dividend in return for the risk of the equity investment, depositors and investors receive interest for risks undertaken on their investments, borrowers obtain credit facilities at prevailing competitive rates in the industry, employees receive salaries and other benefits for the contribution made to its institutions whilst the government earns tax revenue, commensurate with the value created by the financial services industry to the economy.

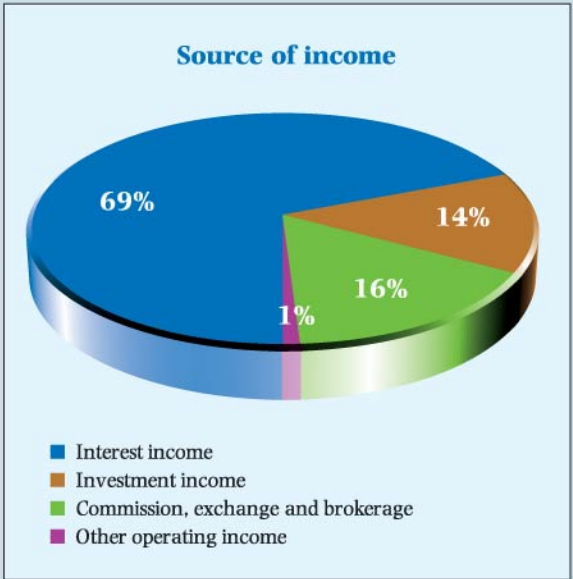
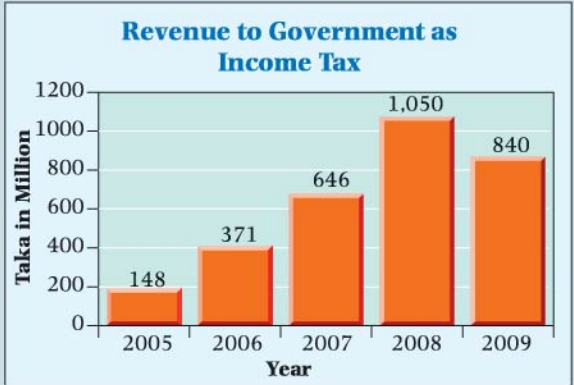
This section elaborates the creation and delivery of 'Value' to various stakeholders by the Bank.

BRAC Bank is a model corporate body. It creates value through provision of financial services in line with its mission, **"Building a profitable and socially responsible financial institution focused on Markets and Business with growth potential, thereby assisting BRAC and stakeholders to build a just, enlightened, healthy, democratic and poverty free Bangladesh"**. The Bank has its own systems, processes and procedures in place to check verify and validate the value creation

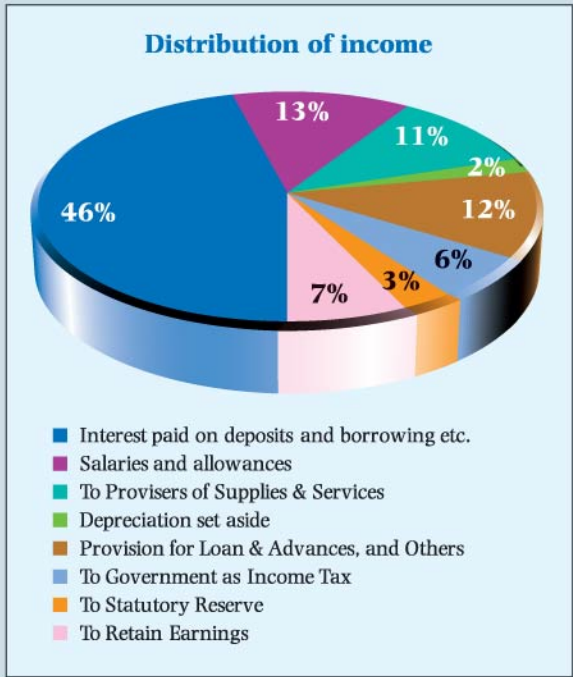
process. The Bank conducts its business in a transparent and ethical manner in line with the best industry practices while being fair to every stakeholder. It adheres to good Corporate Governance principles as set out in the Securities & Exchange Commission's notification dated 20 February 2006 and BRPD Circular No. 16 dated 24 July 2003. Though profit maximization is not the sole objective of the Bank, it is essential to earn profits to fulfill the aspirations of different stakeholders. The Bank is mindful of the need to add value on a sustainable basis to these stakeholders in this value creation process. It has not been a case of building financial value and enhancing the bottom line at any cost for the Bank, but participating in a process of creating value through fair and ethical means.

The Bank continued to receive awards and accolades

during the year 2009. Credit Rating Agency of Bangladesh Limited assigned "AA2" (pronounced double A two) rating to the Bank in the Long Term and "ST-2" rating in the Short Term, which is adjudged to be very strong for banks, characterized by very good financials, healthy and sustainable franchises and a first rate-operating environment. Rating in this category is characterized with commendable position in terms of liquidity, internal fund generation and access to alternative sources of fund. The external auditors continue to issue an unqualified audit opinion on the Financial Statements of the Bank. These awards, accolades and ratings have been presented in appreciation of the sustainable performance maintained by the Bank while conducting its business in a transparent, ethical and fair manner.



Sources & Distribution of Income			
for the year ended December 31, 2009			
BDT in Million			
Particulars	2009	2008	
Source of income	13,337	10,901	
Interest income	9,172	8,021	
Investment income	1,923	909	
Commission, exchange and brokerage	2,164	1,951	
Other operating income	78	20	
Distribution of Income	13,337	10,901	
Interest paid on deposits and borrowing etc.	6,073	4,865	
Salaries and allowances	1,744	1,444	
To Providers of Supplies & Services	1,466	1,183	
Depreciation set aside	336	235	
Provision for Loan & Advances, and Others	1,574	1,150	
To Government as Income Tax	840	1,050	
To Statutory Reserve	429	405	
To Retain Earnings	875	569	



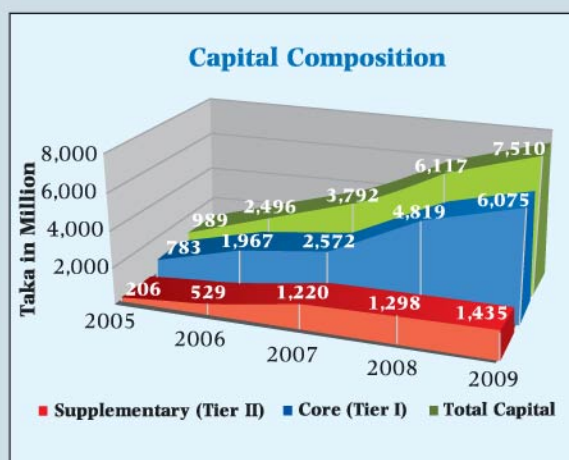
Maintaining Capital Adequacy

Capital Adequacy Ratio (CAR) is the measure of the financial strength and sustainability of a bank. Capital adequacy ratio determines the capacity of the bank in terms of meeting the time liabilities and other risk such as credit risk, market risk, etc. Bank's capital is the "cushion" for potential losses, which protects the bank's depositors or other borrowers. In this regard, Bangladesh Bank uses CAR as a mechanism to protect depositors and enhance confidence in the banking system.

Day-to-day business of a bank leads to expansion of the balance sheet with the acquisition of assets and liabilities. To supplement the growth in assets, the bank incurs liabilities to providers of capital, depositors and lending institutions. The CAR recognizes the different risk profiles attached to these assets in determining the capital required to "cushion" any potential losses as the composition of the balance sheet of a bank is different to a normal organization where a major portion of assets and liabilities comprise of advances and deposits.

Vulnerability of the banks' financial stability would affect the systemic importance of banks to the economy. Regulatory capital requirements are therefore necessary to limit operations of banks to prevent overtrading. At the same time, banks can leverage their growth to optimize the return on assets. Therefore maintaining a healthy CAR would ensure a stable and sound banking industry, which undoubtedly contribute to the growth of the economy.

The detailed Capital Adequacy Computation of the Bank as at December 31, 2009 is given on Note 16.10.1 of the audited accounts of 2009.



A More Remunerative Dividend Policy

The Bank continued to pay a substantial dividend to its shareholders while ploughing back sufficient profits to augment the funding needs and capital adequacy requirements. The Bank is careful of the need to strike a reasonable balance between these aspects in maintaining sustainable growth, commensurate with the risks undertaken by its investors.

This prudent dividend policy has contributed in building the Bank's shareholders' funds to the present level and it is considered as one of the major funding sources of the Bank's expansion. In fact, BRAC Bank has one of the highest free capital levels among the banks in the country today.

In addition to the enhanced share capital due to the bonus issues, the Board of Directors has proposed 1:3 bonus share based on the ordinary share for the year 2009, to comply with the BRPD Circular No. 11 dated August 14, 2008,

Maintaining a Satisfactory Liquid Assets Ratio

The Bank maintains liquid assets to carry out the day-to-day operations and fulfill the statutory requirements imposed by the regulator. The Asset and Liabilities Committee of the Bank (ALCO) monitors the situation carefully and provides direction to maintain an optimum trade-off between liquidity and profitability.

It is the policy of the Bank to carry a positive mismatch primarily in 1-30 days category in interest earning assets and interest bearing liabilities. The Bank maintained an optimum amount of liquidity during the year. If and when the liquidity fell below the internally set limits which are always above the statutory limit, the Bank took effective and prompt actions to ensure it is maintained above the regulatory limit. These measures have resulted in meeting the funding requirements of all its stakeholders in a timely and efficient manner.

The detailed Liquidity Statement of the Bank as at December 31, 2009 is given on the audited accounts of 2009.

Convenience to Customers

The computer system of the Bank is interconnected and the customers have the flexibility of operating from any location of their choice irrespective of the branch where the account was opened. The Bank's different delivery

points (ATM, CDM, POS etc.) provide maximum customer convenience. The stretched banking facility, large ATM & POS network, Cash Deposit Machines, SMS and Internet banking facility are extensively used to empower our customers with the latest technological advancement.

Managing Risks

An integrated Risk Management approach is in place centrally to address all risk related functions including credit, market and operational risks. The assets and liabilities of BRAC Bank Limited is managed so as to minimize, to the degree prudently possible, the Bank's exposure to risk, while at the same time attempting to provide a stable and steadily increasing flow of net interest income, an attractive rate of return on an appropriate level of capital and a level of liquidity adequate to respond to the needs of depositors and borrowers and earnings enhancement opportunities.

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

The risk management of the Bank covers 6 (six) Core risk areas of banking i.e. a. Credit Risk Management, b. Foreign Exchange Risk Management, c. Asset liability Management, d. Prevention of Money Laundering and e. Internal Control & Compliance and IT policy as per BRPD circular No. 17 of 07 October, 2003.

Optimum Utilization of Resources

In its endeavor, the Bank is mindful of mobilizing the scarce resources such as capital, deposits and borrowings at attractive terms. The Bank is vigilant in mobilizing the resources in the most cost efficient manner and is cognizant of the need for prudent investment of funds for the improvement of profitability. Hence, it carefully analyses the lending propositions and makes sure follow up action is in place before disbursement of funds.

This internal process has contributed immensely to record the lowest non-performing advances ratio among the local commercial banks in the country. In addition, the cost:income ratio reported by the Bank which is the lowest among any local commercial bank, testifies the optimum

utilization of resources.

The Bank's shareholders' equity stood at BDT 8,152 million as at December 31, 2009, mainly due to the initiatives taken, such as prudent dividend policy, tax planning and controlled capital expenditure over the years.



Value Added Statement for the year ended 31 December 2009

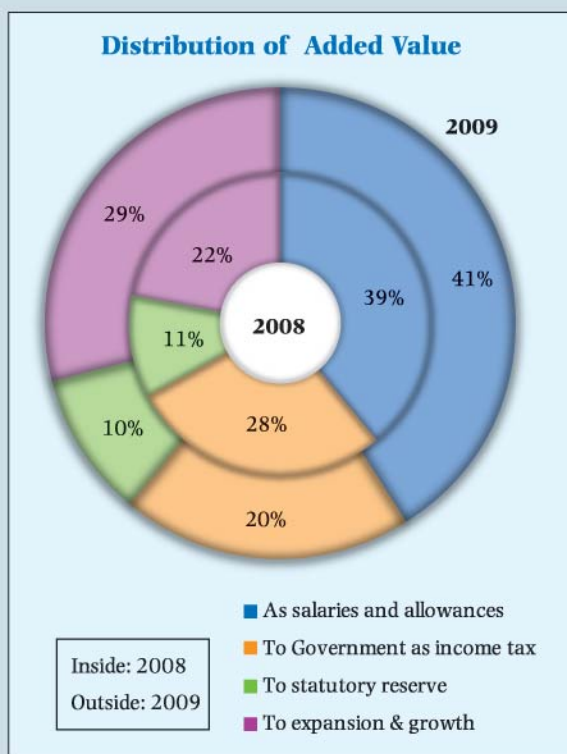
Value added is the wealth created by BRAC Bank through its different banking operations. The value added statement shows the total wealth created, how it was distributed to meet certain obligations and reward those responsible for its creation, and the portion retained for the continued operation and expansion of BRAC Bank.

The value added statement of BRAC Bank Limited shows how the value is created and distributed to the different stakeholders of the Bank.

Economic Value Addition

Economic value addition is a measure to calculate the economic value added by the enterprise to the stakeholders. In computing economic value addition, economic profit and contribution to the Govt. Exchequer is considered.

Economic Value Added Statement		
Particulars	BDT in Million	
	2009	2008
Income from banking services	13,337	10,901
Less: Cost of services and supplies	7,540	6,048
	5,798	4,853
Less: loan loss provision and other provisions	1,574	1,150
Total value added	4,224	3,702
Distribution of added value		
As salaries and allowances	1,744	1,444
To Government as income tax	840	1,050
To statutory reserve	429	405
	3,013	2,899
Retained earnings	875	569
Depreciation	336	235
To expansion & growth	1,211	804
Total Distribution of Added Value	4,224	3,702

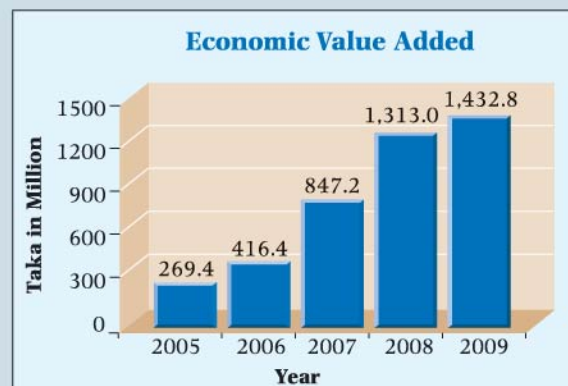


Economic Profit

Economic profit is a residual measurement which subtracts the cost of capital from the net operating profits after tax generated in the business. The Bank's internal performance measures include economic profit, a calculation which compares the return on the financial capital invested in the Bank by its immediate sponsors of the Bank with the cost of that capital. The Bank prices its cost of capital internally and the difference between that cost and post-tax profit attributable to the ordinary shareholders represents the amount of economic profit generated. Economic Profit is used by the management as one of the measures to decide where to allocate resources so that they will be most productive.

Economic Value Added Statement					
Particulars	2009	2008	2007	2006	2005
Shareholders' equity	8,151.0	5,437.5	3,072.0	2,117.2	782.9
Add: Provision for loans and Advances	3,452.6	2,407.4	1,315.1	646.4	340.0
Total	11,603.6	7,844.9	4,387.1	2,763.6	1,123.0
Average Shareholders' Equity	9,724.2	6,116.0	3,575.4	1,943.3	930.1
Earnings					
Profit after taxation	1,303.6	973.5	618.3	334.3	192.7
Add: Provision for loans and advances	1,574.0	1,150.5	681.2	371.1	239.4
Less: Written Off during the year	491.8	40.3	-	38.5	46.4
Total	2,385.8	2,083.6	1,299.5	666.9	385.7
Average Cost of Equity (based on weighted average rate of Treasury Bills plus 2% Risk Premium)	9.80%	12.60%	12.65%	12.89%	12.5%
Average Cost of Equity	953.0	770.6	452.3	250.5	116.3
Economic Value Added	1,432.8	1,313.0	847.2	416.4	269.4
Growth Over last year	9.12%	54.98%	103.48%	54.54%	77.12%

In EVA terms, we have created BDT 1,432.8 million during the year 2009 and BDT 4,278.8 million over the past 5 years.



Market Value Added (MVA)

Market Value Added (MVA) is the difference between the current market value of a company and the capital contributed by investors. The higher the MVA, the better. A high MVA indicates the company has created substantial wealth for the shareholders. A negative MVA means that the value of management's actions and investments are less than the value of the capital contributed to the company by the capital market (or that wealth and value have been destroyed).

Market Value Added

Market Value Added represents the confidence that the market places on the future stream of EVAs.

Market Value Added Statement		
Particulars	2009	2008
BDT in Million		
Market Capitalisation	14,167.3	13,115.5
Less: Total Invested capital	7,651.0	4,937.5
Market Value Added	6,516.3	8,178.0

Maturity Analysis

The Assets Liabilities Management Committee of the Bank closely monitors the maturities of assets and liabilities of the Bank. A summary of the maturity pattern of the respective assets and liabilities of the Bank as at December 31, 2009, is as follows:

BRAC BANK LIMITED						
Assets & Liabilities Maturity Analysis						
As on December 31, 2009						
	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
Assets						
Interest Earning Assets	16,182.8	13,312.8	27,859.9	18,530.7	13,851.2	89,737.5
Non-Interest Earning Assets	422.7	293.4	2,375.9	1,392.7	466.8	4,951.6
Total Assets	16,605.5	13,606.2	30,235.9	19,923.5	14,318.1	94,689.2
Liabilities						
Interest Bearing Liabilities	13,786.4	15,889.1	14,941.1	30,961.9	2,199.0	77,777.5
Non-Interest Bearing Liabilities	628.5	695.5	2,301.9	2,718.0	2,416.8	8,760.7
Total Liabilities	14,414.9	16,584.5	17,243.0	33,680.0	4,615.8	86,538.2
Maturity Gap	2,190.7	(2,978.3)	12,992.9	(13,756.5)	9,702.2	8,151.0

Our Performance

Financial Position

Particulars	2009	2008	2007	2006	2005
Cash & bank balances	12,212.94	7,510.86	6,279.13	5,107.59	2,254.00
Investments	10,972.20	8,245.37	4,996.86	3,768.01	2,163.81
Money at call and short notice	1,300.00	0.00	0.00	0.00	0.00
Loans & advances	64,150.83	52,676.71	32,461.10	19,557.17	11,791.31
Fixed assets	1,637.90	1,472.02	942.93	389.38	156.36
Other assets	4,307.43	2,536.92	1,702.57	1,189.68	510.53
Total assets	94,581.30	72,441.89	46,382.60	30,011.82	16,876.01
Borrowings	2,450.00	2,280.00	2,240.00	1,332.97	1,473.39
Total Deposits	75,219.62	58,006.89	37,368.41	23,001.92	13,409.01
Other liabilities	8,760.73	6,717.48	3,702.16	3,559.73	1,210.68
Equity	8,150.95	5,437.53	3,072.03	2,117.19	782.93
Total liability & Shareholders equity	94,581.30	72,441.89	46,382.60	30,011.82	16,876.01
Credit deposit ratio	85.28	90.81	86.87	85.02	87.94
Interest earning assets	89,629.66	69,388.49	44,445.21	28,774.45	16,278.38
Non-Interest earning assets	4,951.63	3,103.40	3,232.90	1,237.37	597.62
Net assets value per share	371.55	311.71	214.34	196.72	156.59
Total contingent liabilities & commitments	5,989.18	2,161.00	2,156.55	1,319.23	1,392.45
Profitability					
Operating Income	7,264.16	6,036.18	3,543.15	2,077.43	1,173.32
Operating Expenses	3,546.57	2,862.28	1,597.66	1,027.02	593.00
Operating Profit	3,717.59	3,173.91	1,945.49	1,050.41	580.32
Provision for loans and others	1,574.00	1,150.46	681.16	345.05	239.96
Profit before tax	2,143.59	2,023.45	1,264.34	705.36	340.36
Provision for tax	840.00	1,050.00	646.00	371.10	147.68
Profit after tax	1,303.59	973.45	618.34	334.26	192.68
Return on Investment (ROI)	12.30%	12.61%	11.64%	9.69%	8.54%
Return on Assets (ROA)	1.56%	1.64%	1.62%	1.43%	1.43%
Return on Equity (ROE)	19.19%	22.88%	23.83%	23.05%	28.06%
Cost of deposit	8.49%	9.44%	8.91%	8.47%	7.58%
Weighted average earning per share	60.98	62.30	42.29	29.38	38.54
Net income per share	60.98	58.50	49.99	32.08	38.54
Equity measures					
Authorized capital	4,800.00	4,800.00	2,000.00	2,000.00	1,000.00
Paid-up capital	1,584.00	1,584.00	1,200.00	1,000.00	500.00
Capital - Core (Tier I)	6,074.41	4,818.63	2,571.98	1,967.15	782.89
Capital - Supplementary (Tier II)	1,434.87	1,297.95	1,220.49	529.14	206.00
Total Capital	7,509.28	6,116.58	3,792.47	2,496.29	988.89
Capital surplus/ (deficit)	1,590.68	1,322.26	704.41	835.66	40.57
Share premium	1,406.00	1,406.00	350.00	350.00	0.00
Statutory reserve	1,337.48	908.76	504.07	251.20	58.40
Retained earnings	1,271.73	919.87	517.91	365.94	224.49
Capital adequacy ratio	12.69%	12.76%	12.28%	13.53%	9.39%
Asset quality					
Total loans & advances	64,150.84	52,676.72	32,461.10	19,557.17	11,791.31
Classified loans	3,877.66	2,473.01	1,444.78	594.79	265.18
Classified loans to					
total loans and advances	6.04%	4.69%	4.45%	3.04%	2.25%
Provision for Unclassified loan	866.07	769.67	707.95	379.10	205.96
Provision for Classified loan	2,586.52	1,637.71	607.13	267.33	134.06
Provision Adequacy Ratio	1.28	1.37	1.04	1.02	1.09
Share information					
Market Price per Share (DSE)	687.50	828.00	162.00	531.50	0.00
Dividend	30.00%	30.00%	10.00%	20.00%	0.00%
Bonus	30.00%	30.00%	10.00%	20.00%	0.00%
Cash	0.00	0.00	0.00	0.00	0.00
Net Asset Value per share (NAV)	371.55	311.71	214.34	196.72	156.59
Distribution network					
Number of Branches	71	56	36	23	18
Human Capital (nos)	5,907	4,192	4,428	3,047	1,650
Number of ATM	180	125	60	22	9
Number of SME service center	60	30	0	0	0
Number of Unit office	429	429	392	355	292

Board Audit Committee

The Board Audit Committee of BRAC Bank Limited was formed by the Board of Directors in accordance with the BRPD Circular Number 12 dated December 23, 2002 of Bangladesh Bank and the notifications of Securities and Exchange Commission vide SEC/CMRRCD/2006-158/admin/02-08 dated February 20, 2006.

The Board Audit Committee of BRAC Bank Limited is comprised of three members from the Board of Directors including one Independent Director. The composition of the present Board Audit Committee is as follows:

Mr. Shib Narayan Kairy	Chairman
Mr. Muhammad A. (Rume) Ali	Member
Ms. Nihad Kabir	Member
Mr. Rais Uddin Ahmad	Secretary

The Board Audit Committee is a sub committee of the Board of Directors and reports on its activities to the Board of Directors. The Audit Committee should assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.

The Company Secretary of the Bank is the Secretary of the Board Audit committee and Head of Legal, Regulatory & Internal Control, concurrently reporting to the Managing Director, Board of Directors and the Board Audit Committee.

The purpose of the Board Audit Committee is to assist the board in fulfilling its oversight responsibilities, which includes but is not limited to implementation of the objectives, strategies, risk mitigation and overall business plans set by the board for effective functioning of the bank. The committee also reviews the financial reporting process, the system of internal control and management of financial & operational risks through the Internal Control process.

The Board Audit Committee of the Bank sits once in every two months, but an emergency Board Audit Committee meeting can be called, if required. A total of 06 (six) Audit Committee meetings were held during the year 2009. The roles and responsibilities of the Audit Committee are;

1. Internal Control and Compliance Activity:

- To review whether internal control strategies, processes recommended by internal and external auditors have been implemented by the management;
- To review whether the existing risk management procedures ensure an effective internal control system;
- To review whether the corrective measures taken by the management regarding the reports related to fraud-forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and inform the Board on a regular basis;
- To appraise, improve and reinforce the Bank's risk analysis system and ensure that they work in a cost effective manner;
- Guide for the implementation of Corporate Governance and e-Governance in the Bank;
- Recommend to the Board the appointment and removal of the Head of Regulatory & Internal Control;
- Maintain lines of communication with Management and the independent auditor and internal auditor;
- To review all the decisions of Management regarding the MIS system of the Bank;

1.1. Compliance Activity:

- Establish a compliance culture across the organization through effective control system.
- Establish regulatory guidelines and instructions within the organization.
- Ensure adherence to legal and regulatory requirements.
- Establish, guide and review internal control systems & documentation.
- Implement the recommendation of Regulatory authority and external auditors of the bank.
- Monitor effectiveness of compliance system in the organization and guide for further improvement.

1.2. Monitoring Activity:

- Review Quarterly Operations Report and Exception Report.
- Review Credit Documentation Discrepancy Report and guide Management on the improvement of Monitoring Procedures.

1.3. Internal Audit & Inspection Activity:

- Review and approve Internal Audit Charter.
- Guide and approve Internal Audit Plan.
- Guide, review and approve Internal Audit process and procedure.
- Guide bank management for ensuring compliance of audit recommendations and scope of further development.
- Review compliance status of audit recommendations.
- Review annual assessment of the performance of audit and inspection activity.
- Recommend such audit findings to be placed to the Board of Directors.

2. External Audit

- Review external auditors Audit Report and Management Report.
- Guide bank management to ensure compliance with audit recommendation.
- Assist the Board regarding the appointment of the external Auditors;

3. Financial Reporting

- To review the audited financial statements and determine whether they are complete and accurate and consistent with the accounting standards set by the regulatory authority;
- To discuss with management and the external auditors before the finalization of the financial statements;
- To improve the financial reporting quality by ensuring that significant adjustments have been made resulting from audit. The committee should also ensure that there are no hidden expenses and off-balance sheet items which have any material effect on the financial statements.
- Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- Oversee compliance with the statutory financial reporting obligations of the Bank and pertinent processes and policies.

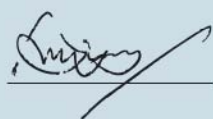
4. Fraud and Forgery:

- Review Fraud and Forgery Report and advice management on corrective and preventive action as applicable.
- Advise Management on potential threats of fraud and forgery.

5. Others

- Monitor the systems that management has established to implement the Company's information security and Business Continuity Programs (BCP).
- To report regularly to the Board of Directors on the findings of internal auditors, external auditors and inspection team of Bangladesh Bank.

From our assessment of the various internal audit reports, it appears that BRAC Bank Limited maintained effective internal control over financial reporting for the year ended December 31, 2009. Its financial reporting is fairly stated, in all material respects, based on criteria established in Generally Agreed Accounting Principle; the Internal Control Framework of the Bank is in conformity with international & Bangladesh Bank's guidelines.



Shib Narayan Kairy
Chairman, Board Audit Committee



From Thread To Shirt

Md. Mojibur Rahman, sole proprietor of Asia Garments, started his business in the year 1996 with an initial investment of BDT 12 lacs. Asia Garments is a manufacturing concern, located at Ladies Park Market, Shadarghat, Dhaka. It produces shirts, ethnic loose shirts (fatuas) and singlets (sleeveless undershirts) all the year round and sweaters for winter.

Rahman's relationship with BRAC Bank Limited began 7 years ago in 2003 when he took an SME loan to expand into outlets. He started his business with one shop. He took the first loan of BDT 8 lacs from the Bank. He remembers just one advice that our officer (Pulok Babu) said to him: "Use the loan we are giving you only in your business, it will surely bring profit to you". Now he is our 7th time repeat borrower and has availed a total of BDT 63.5 lacs loan from us. These amounts have helped him expand his business. He took two more shops in Ladies Park Market and his business is now worth above one crore. His yearly investment is BDT 60 to 70 lacs and, after repaying the loan, his business generates about BDT 15 to 20 lacs profit for him.

BRAC Bank hopes that Md. Mojibur Rahman will continue succeeding in his business. And like him, all other BRAC Bank clients believe in themselves to achieve success in their fields of business by utilizing the funds provided by the Bank.



Asia Garments

- Sole Proprietor: Md. Mojibur Rahman
- Location: Shadarghat, Dhaka.
- Initiation: 1996
- Range of production: shirts, ethnic loose shirts, singlets and sweaters.
- BRAC Bank Support: BDT 63.5 lacs in total till date

Functional Unit

Small & Medium Enterprise (SME) Division

SME Banking division of BRAC Bank Limited is now considered as a market leader in SME financing through market knowledge, customer oriented products, devoted resources, nationwide coverage, and superior service quality to its clients.

SME Banking Division maintains well aligned strategies with the bank which operates under a "double bottom line" agenda where profit and social responsibility go hand in hand as it strives towards a poverty free enlightened Bangladesh. SME Banking Division is actively working as the business partners of entrepreneurs by building awareness, providing training and arranging road shows which not only provide support to their initiatives but also develop their business prospects to eventually contribute towards the economic development of the country.

To cater to the need of a wide range of customer need SME Banking Division provides loans ranging from BDT 0.2 million to BDT 35 million. As of December 2009 the SME loan portfolio stands at BDT 35,973.59 million.

At present SME Banking Division has taken a segment-oriented approach with special products for manufacturers, traders, importers, suppliers, distributors and women entrepreneurs to meet the diverse customer segment needs. In addition to providing loans SME Banking division collects deposits and provides transactional facilities to its clients through a dedicated unit and a highly competitive deposit product. The total deposit

of SME Banking Division as of December, 2009 stands at 5,504.91 million.



The FUM position as on 31 December, 2009 has increased significantly. As on 31 Dec '09:

Advance position is BDT 36 billion and deposit position is BDT 5.5 billion.

Our Network and Reach

With a spanning network we currently have over 429 SME unit offices across the country and 60 online SME sales and service centers. Today BRAC Bank is considered as a fourth generation bank extending full range of banking facilities by providing efficient, friendly, modern and fully automated online services. This year 30 new SME sales and service centers were opened at the following locations: Gouripur, Sirajganj, Konabari, Pahartoli, Badda, Bagerhat, Bahadderhat, Swarupkathi, Bashabo, Panthapath, Dholaikhal, Gulistan, Hathazari, Hazaribag, Jatrabari, Shampur, Kadamtoli, Kawranbazar, Araihaazar, Magura, Mirpur-1, Mohammadpur, Motijheel, Naogaon, Comilla, Netrokona, Pirojpur, Purana Paltan, Bondor and Uttara.

Product & Service in Brief

At present SME Banking Division has 14 products among which 13 are loan products and one deposit product. To meet the increasing market demand and with a motto to provide the best product and services to its clients SME Banking Division has launched

some highly promising products.

Launching of PRAPTI

'PRAPTI Current Account' an interest bearing current account for any type of institution was launched to facilitate the business transactions of our clients. With our wide coverage and online banking services this product brings immense benefits to the business of our clients.



Launching of 'Business Equity Loan'

'Business Equity Loan' (BEL), a new lending product for SME borrowers, was launched this year for working capital purpose and/or fixed asset purchase against registered mortgage over existing residential/commercial property or term loan to purchase new commercial property from BDT 1 million to BDT 35 million.



Our most dominant product "Anonno" for small businesses has been revised where overdraft facilities has been included for efficient use of the finance by our clients.

INITIATIVES

Life Insurance Scheme with ALICO

As an initiative to provide support and security to the beneficiaries of our clients, an agreement with ALICO was signed where new borrowers will be provided coverage from death risk.

Centralization of Credit Risk Management

To maintain a sustainable growth of SME portfolio and providing quality loans, credit analysis was centralized.

Pilot Project

A pilot project was introduced to segregate sales and relationship with clients for more efficiency. This pilot project will also unleash cross-sell opportunity which will deepen the customer relationships.

Retail Banking

BRAC Bank Retail Banking division has already made its mark as a differentiator. This division strives to bring international quality best practices in Bangladesh by being different in the fields of Branch Banking, Retail Lending, Liability & Wealth Management, Cards and Alternate Banking. We believe every approach the Retail Banking team of BRAC Bank takes today will pave the way for all the banks tomorrow.

The agility in terms of expanding the channels, augmenting value added products, creating new categories of services, inventing alternative services to clients, increasing convenience in their lifestyles and service quality is already one step ahead compared to any bank in Bangladesh. With all these offerings, Retail Banking division is one of the most dynamic teams in BRAC Bank holding the largest retail customer base of the country.

Finally, Retail Banking division is committed to maintain strength in both earnings and balance sheet. Clients will continue to enjoy their relationship with BRAC Bank with the knowledge that their deposits are safe and the service level will improve everyday, it's a promise of unshakeable trust.



Retail Credit business requires a high level of credit and analytical skills and strong operations processes backed by technology. Our retail strategy is centered on a wide distribution network, comprising our branches, dedicated sales forces, and dealers and real estate developer relationships; a comprehensive and competitive product suite; technology-enabled back-office processes; a robust credit and analytical framework.

During fiscal 2009, we focused on risk containment in the retail credit business. We tightened our lending norms and moderated our disbursements, especially in the unsecured retail loans segment. However, we continue to believe that retail credit has robust long-term growth potential, driven by sound fundamentals, namely, rising income levels and favorable demographic profile. We are one of the larger providers of retail credit in Bangladesh with a total retail portfolio of Tk. 11.3 billion as on December 31, 2009, constituting 18% of our total loans.

During the year, we dealt with more than 7,100 new retail customers through a total disbursement of Tk. 5.8 billion. 2009 was the 2nd year of BRAC Home Loan and it has played a vital role to increase asset portfolio under Retail Lending. Home Loan has secured top position among the lending products in terms of net growth. With a gross disbursement volume of Tk. 1.3 billion of Home Loan we have established relationship with 427 new customers.

Cards Business - During fiscal 2009, we mainly focused on launching different value added services for our cardholders. Our credit card portfolio stood at Tk. 1.9 billion on December 31, 2009, with a total of over 45,500 active cards.

The major initiatives taken during the year 2009:

Transaction Alert is a service that allows cardholders to stay updated on their credit card transactions. For each transaction, an SMS alert will be generated and sent to the cardholder's mobile phone instantly.

Reward Points is a special loyalty program with free enrollment that allows cardholders to earn points every time they spend on their cards. For every Tk. 50 spent on a credit card, 1 reward point will be earned by the cardholders. The accumulated reward points can be redeemed against exciting gift items from our reward catalogue.

ICDDR,B Co-branded Card is a new variant product of our existing credit card, which is designed

to leverage the high brand value of ICDDR,B, an



international health institute for research. This card has similar functionality as BRAC Bank Credit Card with extra advantage of donating money to ICDDR,B hospital endowment fund.

PayFlex is an easy installment program for its credit cardholders. Customers can buy their favorite products from selected retail outlets in Bangladesh and pay back in easy installments at a lower interest rate, and in most cases, at 0% interest rate. We signed up with 11 renowned merchants such as Transcom, Butterfly, Citycell, Electro Mart, Computer Source, Sony Ericsson, Carbon Kraft, etc. In less than 5 months more than 800 PayFlex was availed by our cardholders.

Universal Card was launched which our credit cardholders can use both in local currency and in US dollar. This has opened a wise opportunity given to our cardholders to use BRAC Bank credit cards at 24 million+ Visa outlets worldwide.



Besides, we launched flexible limit facility, annual fee waiver subject to 18 transactions, triple benefits insurance program, balance transfer, real-time payment update, etc.

Deposits & Banking Services - During fiscal 2009, we focused on increasing the proportion of low-cost retail deposits in our funding base. Our current and savings account (CASA) deposits as a percentage of total deposits increased from 20% on

December 31, 2008 to 41% on December 31, 2009. This has been contributed by a net CASA growth of BDT 9.2 billion.

In 2009, we launched a new savings product "Triple Benefits Savings Account." We experienced a whopping Tk. 7.3 billion net growth in this single product. This product offered interest rate as high as 8% with no account related or debit card related fees. We also launched a new current account product "Current Plus," which empowered our customers to freely do their transactions without worrying about any charges.

During the year 2009, there was a significant increase in the sale of Travelers Cheque achieving a growth of 92%. Through implementation of a proper follow-up process the sale of Travelers Cheque increased from USD 3.76 million in 2008 to USD 7.23 million in 2009.

Distribution Network - We continued to expand our branch network during the year. Our branch network has now increased from 36 branches on December 31, 2007 to 86 branches & SME service centers on December 31, 2008 and 128 branches & SME service centers on December 31, 2009. Our strategy is to fully leverage the branch network for sales of the entire range of deposits and lending products and all kinds of banking services to our customers.

Our superior customer service continues to attract customers from all walks of life. We are not content to take the easy path and look for the latest banking fad to impact short-term earnings. Instead, we are building our relationship with clients the old-fashioned way - one important client at a time.

We at BRAC Bank have taken a few initiatives to reaffirm our commitment to service quality and customer experience. At the very outset, we acknowledged our 'customers' as 'guests'. We believe that every customer who steps into our bank is our guest. Meeting, even exceeding, his/her expectation is our primary focus. We believe that by strengthening the bond of mutual faith and understanding with our guests, our business objectives will also be fulfilled.

To inform our guests about our unhindered commitment to be the best banking service provider in the country, we have launched, amidst much fanfare, the 'Joy of Banking' campaign in all branches. The campaign consisted of initiatives

such as First Hand Day, Distinguished Guests' Evening, Portrait Day, etc. These initiatives were embraced by all branch officers and welcomed and appreciated by all our guests. Needless to say, 'Joy of Banking' was a grand success.

In conjunction with the expansion in branch network, we have continued to expand our electronic channels, namely ATMs, internet banking, etc., and migrate customer transaction volumes to these channels. In 2009, over 60% of all cash transactions were made through ATMs. We increased our ATM network from 125 ATMs on December 31, 2008 to 177 ATMs by December 31, 2009. We are the market leader in terms of number of volume of transactions through ATMs. Our call centre has a total seating capacity of approximately 21 service workstations. On an average we receive 100,000 guest queries in a month.

Cross-selling new products through our Tele-sales unit to our existing customers is a key focus area for the Bank. Cross-sell allows us to deepen our relationship with our existing customers and helps us reduce origination costs as well as earn fee income. The expanded branch network has given us a large footprint in the country and would serve as an integrated channel for deposit mobilization, and selected retail asset origination. We will continue to focus on cross-sell as a means to improve profitability and offer a complete suite of products to our customers.

During the year, we launched internet banking service enabling a wide range of banking transactions using the internet. Our SMS push-pull service has been very popular among our guests. With a total subscription of over 200,000 guests, every month approximately 50,000 guests are being served by SMS banking services.

OMNIBUS (a shared payment network) is offering a wide range of services including cash withdrawal, balance enquiry and utility bill payments through a standardized electronic transaction platform with a large number of access points throughout the country. With the present strength of 400+ ATMs and sizeable Point of Sales (POS) terminals OMNIBUS is poised to become the widest ATM/POS network of the country. In 2009, three other banks joined this shared network.

Customer service is a key focus area for the Bank and we have adopted a multi-pronged approach to continuously monitor and enhance customer

service levels. We conduct regular training programs for employees to improve customer handling and interaction and have incorporated customer service metrics in performance evaluation.

Probashi Banking

Probashi Banking of BRAC Bank handles the total remittance business of the Bank. The main objective of Probashi Banking is to bring inward remittances from all over the world and disbursing those among the beneficiaries in different parts of the country. In addition to this, Probashi Banking offers Non Resident Bangladeshis with wide ranging deposit and investment products to cater to their financial needs as one-stop banking solution.

There are two primary business units in PBS - International Distribution and Acquisition and Product Development. The business focus of International Distribution is to expand the business beyond the horizon of Bangladesh by making arrangements with different overseas Exchange Companies and International Banks. Acquisition and Product Development assures a steady flow of deposit through various investments thereby contributing to the overall BRAC Bank Limited Fund under Management.

In the year 2009, Probashi Banking focused on further business expansion. The year was very challenging for Probashi Banking to maintain its service reputation in line with the increased volume of business. To serve this huge customer base, remittance distribution network has also been expanded. BRAC Bank now has the largest remittance distribution network in the country with 69 Branches, 59 SME Sales & Service Centers, 1800 BDPs, 8 Eldorado Member Banks comprising 500 payout locations, 3 Western Union Sub-agents and 12 Correspondent Banks. At the same time, the bank maintains 23 NOSTRO Accounts and has arrangements with 35 overseas exchange houses.

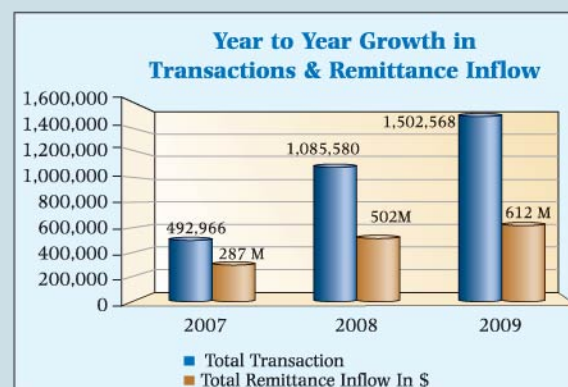


The year saw the launching of ELDORADO, a web based Remittance Processing System for Taka payments. This is the result of our continuous effort

to establish an efficient channel for inward remittance for the ultimate benefit of both remitters and beneficiaries. Currently, there are eight member banks with 500 plus touch points. More banks are expected to join soon which will increase the number of payout locations. The project was approved under the Remittance & Payment Challenge Fund (RPCF) partnered by Bangladesh Bank, DFID (UK) and BRAC Bank.

The year 2009 also remained successful in terms of new strategic alliances with a focus on pursuing unexplored and niche markets around the globe. Probashi Banking extended its footprints to Switzerland and Greece. In addition to this, the establishment of BRAC Bank's own exchange houses in Singapore, Malaysia and Italy are also in the pipeline for channeling the hard-earned remittance of expatriate Bangladeshis.

Approximately, 7% of total inward remittance to Bangladesh has been channeled through BRAC Bank Limited in 2009. The division surpassed its 2008 milestone in both remittance volume and transaction and set a new milestone with USD 612 million as remittance against more than 1.5 million transactions. This has led to a growth of 21% in terms of inward remittance volume and 38% in terms of number of transactions compared to the previous year. This achievement in bringing wage earners' remittance has earned BRAC Bank the reputation as one of the leading remittance banks in the country.



BRAC Bank also secured the largest market share of Western Union (WU) business (around 47%) in Bangladesh with over 0.82 million transactions in the last year through its efficient and effective services. This has earned BRAC Bank the reputation as the third largest WU agent in South Asia in 2009.

BRAC Bank also received the "Remittance Award" by the Dhaka International Exhibition Company for its pioneering role in remittance business in the country.

Probashi Banking Service (PBS) department

Probashi Banking Service (PBS) department of BRAC Bank handles the total remittance business of the bank. Basically, the main objective of Probashi Banking Service is bringing inward remittances from all over the world and disbursing those among the beneficiaries in different parts of the country. In addition to this, PBS offers Non Resident Bangladeshis an One Stop Banking Solution by providing them a wide range of deposit and investment products.

There are two primary business units in PBS - International Distribution and Acquisition & Product Development. The business focus of International Distribution is expanding the business beyond the horizon of Bangladesh and bringing wage-earner's remittance inflow from all over Bangladesh by making arrangements with different overseas Exchange Companies, Western Union and local and international banks. The business focus of Acquisition and Product Development is to assure a steady flow of deposit contribution in the overall BRAC Bank Limited Fund under Management (FUM) by converting regular remitter into a BRAC Bank Limited account holder.

In the year 2009, Probashi Banking Service has given focus on business expansion. The year remained very challenging for Probashi Banking Service to maintain its excellent service reputation with the increased volume of business. To serve this huge customer base remittance distribution network also has been expanded. BRAC Bank now has the privilege of having the largest remittance distribution network in the country with 69 Branches, 59 SME Sales & Service Centers, 1800 BDPs, 8 Eldorado Member Banks, 3 Western Union Sub-agents and 12 correspondent banks. At the same time, the bank maintains 23 NOSTRO Accounts and has arrangements with 35 overseas exchange houses.

On 25 July 2009 Eldorado system went live with 5 member banks under its umbrella. Eldorado is a web based Remittance Processing System for Taka payments. The project was approved under the Remittance & Payment Challenge Fund (RPCF) partnered by Bangladesh Bank, DFID (UK) and BRAC Bank. In addition to BRAC Bank, current members of this system are: Al Arafah Islami Bank Limited, Bank Asia Limited, Dhaka Bank Limited, EXIM Bank Limited, First Security Islami Bank

Limited, Social Islami Bank Limited, and Mutual Trust Bank Limited.

In a view to expand more Western Union (WU) distribution networks, Probashi Banking Service has been associated with another private bank "BASIC Bank Limited" as the 3rd Western Union Sub-agent of BRAC Bank in the country.

The year 2009 remained as a rewarding and successful one in terms of new tie-ups and partnerships with a focus on pursuing unexplored and niche markets around the globe. In continuation to this consistent effort, Probashi Banking Service has got Bangladesh Bank approval to start Remittance Drawing Arrangement with an exchange house in Switzerland. This has made BRAC Bank the pioneer for establishing remittance drawing agreement with any exchange house in Switzerland ever in the country. In addition to this, PBS has got Bangladesh Bank approval for commencing 5 new ventures in other parts of the world.

Different Deposit and Investment products have also been in offer for Non-Resident Bangladeshis who are the main source of wage earners' remittance. The most popular products are Probashi Fixed Deposit and Foreign Currency Account. The Probashi Savings also carries a significant portion of the total portfolio. The other products in offer are: Probashi Current Account, Probashi DPS, Probashi Abiram, Wage Earner's Development Bond, US Dollar Premium Bond and US Dollar Investment Bond.

BRAC Bank has the largest market share of WU business in Bangladesh (around 47%). This has honored BRAC Bank as the third largest WU agent in South Asia. BRAC Bank Limited has processed 0.82 Million WU transactions in 2009 which is approximately 8% higher than the previous year.

Approximately 6% of total inward remittance to Bangladesh was channelized through BRAC Bank Limited in 2009. The department surpassed its year 2008 milestone in both remittance volume and transaction and set a new milestone with USD 609 Million as remittance against more than 15 Lac transactions in 2009. This has contributed to achieve PBS approximately 21% growth in terms of inward remittance volume and 38% growth in terms of number of transactions compared to the previous year. This remarkable achievement in bringing wage earners' remittance has secured the bank 4th and 8th position among all the private commercial banks and all the banks in Bangladesh respectively (BB Circular: November'09).

Credit Risk Management

Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a bank's portfolio, losses stem from outright default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions.

Credit Risk Management Process

Risk Measurement

BRAC Bank Limited credit risk management discipline begins with an assessment of the risk of loss resulting from the default by an obligor or counterparty. All credit exposures are assessed; whether on or off- balance sheet. These exposures include loans and advances to Retail Credit, and loans & lending-related commitments (e.g., letters of credit, Bank Guarantee etc.) to Wholesale Credit and SME Credit.

Risk Management Processes

Risk management processes are disciplined and designed both to preserve the independence and integrity of risk assessment and to integrate effectively with business management. BRAC Bank Limited's credit risk management process is developed and guided by the policies and procedures set by Credit Risk Management (CRM) guidelines of Central Bank. At both the business unit and corporate level, disciplined processes are in place that are intended to ensure that risks are accurately assessed and properly approved and monitored. The 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.

In addition to establishing corporate-wide policies and procedures, the Chief Credit Officer has the primary responsibility for the credit risk measurement framework, allocating the cost of credit, assessing concentration risks, setting limits to provide for adequate portfolio diversification, delegating approval authorities and managing problem assets.

Within each major business unit, there is an independent credit risk management function that reports to the Chief Credit Officer. These units are responsible for the tactical credit decision making. They approve significant new transactions and product offerings, have the final authority over credit risk assessment and monitor the credit risk

profile of the business unit's portfolio.

Credit Risk Management infrastructures are implemented across the organization. These include: continuing review of credit risk policies, systems and procedures; rationalization of the credit risk functional organization; continuing review of the internal credit limit structure; adoption of updated systems and technology; centralized Management Information System (MIS); compliance with Environmental Policy; implementation of Credit Risk Rating System; and periodic review of the adequacy of loan loss reserves. There are three different credit management models within which the credit process operates- the Retail Credit Model, the SME Credit Model and the Wholesale Credit Model.

Retail Credit Model

Retail Credit Model is geared towards high volume, small transaction size businesses and is based largely on actuarial/ statistical techniques and the management of aggregate product portfolios. BRAC Bank Limited uses sophisticated portfolio modeling for Retail credit risk management which is based on Product Program Guideline (PPG) for each products, and decision support tools to project credit risks and establishes underwriting standards. Risk parameters are established in the early stages of product development, and the cost of credit risk is an integral part of the pricing and evaluation of a product's profit dynamics. Retail portfolios are monitored to identify deviations from expected performance and shifts in consumers' patterns of behavior. Retail Credit is diversified by many different products, including mortgages, credit cards and auto loans.

SME Credit Model

Alike Retail Credit model, SME credit risk management is also based on Product Program Guidelines (PPG) for each product developed from the Board approved policy. BRAC Bank Limited developed & applies in-house assessment methodologies for evaluating the creditworthiness of the SME borrowers to identify credit risks and establish underwriting standards. As the SME credit is also PPG driven, risk parameters are established in the early stages of product development, and the cost of credit risk is an integral part of the pricing and evaluation of a product's profit dynamics.

This portfolio is geographically well-spread all over the country including the rural area. There is an independent Risk Management team who conducts

pre-approval audit inspection for checking the authenticity of data for all credit proposals under SME.

Wholesale Credit Model

The Wholesale Credit Model on the other hand is relevant to lower volume, larger transaction size, customized products and relies on a judgmental process for the origination, approval and maintenance of credit exposures. Within the Wholesale Credit, credit risk management begins with the client selection process. BRAC Bank Limited's industry concentration approach helps BRAC Bank Limited to be aware of an industry's developing risk so that exposures can be reduced where risk is increasing. BRAC Bank Limited's strategy, especially in emerging markets, is to focus on the largest leading firms. The commercial and industrial portfolio consists primarily of loans made to large corporate and middle-market customers. The financial institutions portfolio includes loans to companies whose businesses primarily involve lending, financing, investing, and underwriting.

Concentration Management is critical to managing wholesale credit risk. BRAC Bank Limited manages concentrations by obligor, risk grade, industry, and product. Concentration management is also facilitated by BRAC Bank Limited's strategy of origination for diversification.

Monitoring Credit exposures on a continuing basis using the risk management tools like EAA, Portfolio review etc. and also have the procedures in place to identify at an early stage credit exposures for which there may be an increased risk of loss. Counterparties that, on the basis of the application of the risk management tools, demonstrate the likelihood of problems are identified well in advance so that can effectively manage the credit exposure and maximize the recovery. The objective of this early warning system is to address potential problems while adequate alternatives for action are still available. This early risk detection is a tenet of BRAC Bank Limited credit culture and is intended to ensure that greater attention is paid to such exposures. In instances where we have identified counterparties where problems might arise, the respective exposure is placed on a watch list.

This risk assessment not only affects the structuring of the transaction and the outcome of the credit decision, but also influences the level of decision-making authority required to extend or materially change the credit and the monitoring procedures we apply to the ongoing exposure.

COLLECTION

The Collection Department plays an important and pivotal role by ensuring the profitability and quality of the Asset Portfolio by dealing with Retail & SME Delinquent Loan Accounts of BRAC Bank Limited. The collection process starts when the customer fail to make one (01) contractual payment (installment/EMI). It therefore becomes the duty of the collection department to regularize the related Loan Account.

With this process, Bank is protected against possible Credit Loss. Collections members recover dues and identify potential loss while maintaining a high standard of service and retaining good relations with the customer.

The Collection team consists of two separate wings, Retail and SME, operating from all over Bangladesh where BRAC Bank Limited has representation. Collection members adopt different ways as collection tools namely; Calling over Phone, Physical Visit, 3rd Party Agency. Despite these tools, sometimes, customers become delinquent for more than 12 months. At this stage, these Guests are referred to Impaired Asset Management (IAM) - SME & Retail Department for further course of action.

IAM

Impaired Assets Management department's vital role is to deal with Bank's non-performing loans through legal procedure and facilitate recovery of the same to maintain Bank's portfolio at risk at a minimum level.

For focusing the legal and recovery activities, IAM is segregated into IAM-SME, IAM-Retail and IAM-Corporate units, with a support from its Monitoring and MIS unit for the SME & Retail portfolios.

IAM unit have experienced internal and external teams comprising of our officers and panel lawyers working across the country.

IAM unit protect Bank's interest by operating legal procedures timely and effectively. It also assist recovery of Bank's dues through internal forces and 3rd party agencies, amicable settlement, execution of decrees and arrangement of auction to sell the mortgaged property.

Finance Department

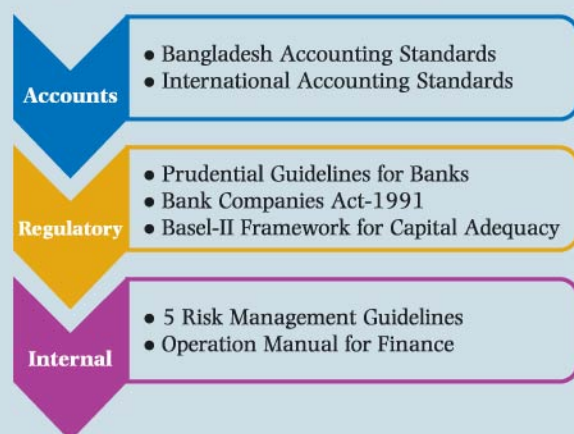
Managing financial aspects of a bank demands a set of efficient personnel and up-to-date embedded compliance framework with practical policies. Finance Department

of BRAC Bank is diligently working towards achieving the highest standards. The department is performing the key roles of controllership, budgeting, forecasting, financial analysis and business performance monitoring and decision support.

There are several functional areas of finance which are as follows:



Finance has to maintain strict regulatory and compliance framework to support the complex banking requirement. The below diagram shows the compliance framework for Finance Department.



The wide array of activities include, but is not limited to, payment processing for numerous projects and development activities, settlement of large number of invoices, payments to over 5900 personnel, settling the claims from and to related parties, accounting for assets of around BDT 1667 M, accruing expenses, ensuring insurance arrangement for assets and related properties, GL maintenance and monitoring, preparation of budget and setting up of operational targets, preparation of Cap-ex budget and monitoring of Capital expenditure, procuring assets, monitoring performance, preparing comprehensive financials & annual reports, providing support and assistance to

internal and external audit reviews to ensure appropriate internal control and compliance, ensuring capital adequacy, preparation of financial analysis for strategic decision making, ensuring expense efficiency and cost control, collaboration with technology for process automation and operational efficiency, presenting analytical information for senior management and the Board of Directors, keeping close liaison with TAX & VAT authorities, meeting all regulatory requirements from central bank & other regulatory bodies etc.

Supporting the rapid growth of BRAC Bank over the past years required utmost efficiency to handle increased volume. Relentless efforts have been made to gain efficiency while containing head-count within a sustainable level. In addition to the regular day-to-day works, Finance Team made its support available for fuelling growth of the business.

The dedication of about 80 personnel, a vital synergy has been created to support the business of the bank with 70 Branches and 60 SME Service Centers, more than 177 ATMs and 30 CDMs at different locations, 429 SME Unit Offices and almost 2000 Remittance Distribution Points. Preparing the budget for a rapidly growing bank with balance sheet size of approx BDT 190,000 million on its 10th year needs extraordinary efforts. Timely submission of 400+ returns per quarter to the Central Bank with accuracy reflect the level of attention to the details and due diligence required for regulatory reporting. Managing and processing prompt staff payments for over 5900 personnel requires meticulous attention while procuring for more than 560 outlets of the bank requires utmost sincerity.

2009 highlights for Finance include (a) initiation of several automation projects for developing MIS tools for better analytics and decision support, (b) preparation for Basel-II risk based capital adequacy framework that required significant support from Credit Risk Management and Treasury Departments, (c) major works on implementation of Enterprise Resources Planning (ERP), adopted for building a strong central module to achieve maximum utility with minimum resources.

Finance Department is always a major contributor to all the Business Solutions Initiatives. In each such development, finance works closely with Business Solutions Department. Other than BSM, Human Resources, Credit Risk Management, Treasury and Financial Institutions Departments are key partners

for Finance to work closely for different internal and external issues.

For 2010, major objectives/ challenges for Finance are:

- Complete implementation of ERP Maximum automation of regulatory and management reports
- X-REP module (a database system) to be enhanced and fully utilized for improved management information.
- Evaluate the possibility of establishing a module for implementing Basel-II supervisory framework which is a top regulatory priority for 2010.
- Process re-engineering and expense efficiency.
- Consolidate the newly established cost center/profit center module for accurate management information.
- Enhance relationship with regulatory authorities to facilitate strategic initiatives.
- Continue improving service quality

Keeping up the pace with the fast growth trend is always challenging. Building on the experience of the past, the team is more confident to deliver better in the future. In recognition of the high standards maintained by the team, it received the Merit Award from ICAB in 2009.

Human Resources Division

As a fast growing and modern bank for mass people of Bangladesh, BRAC Bank Limited is playing a vital role as financial intermediaries linking economic policies of the government with rest of the economy. The Bank is constantly serving people and the economy of the country by raising aggregate demand, production and thus creating wealth for the economy.

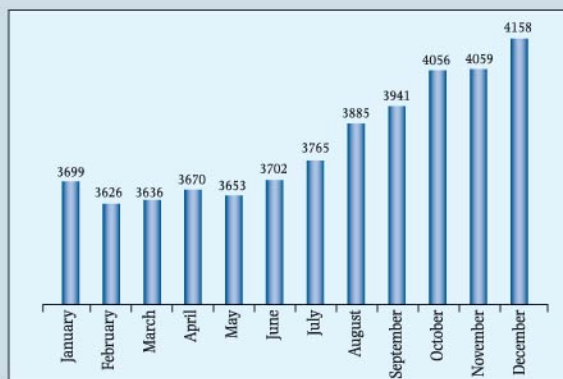


To maintain the resilience in doing growth oriented profitable and socially responsible business in the fiercely competitive banking industry of Bangladesh, Human Resources Division of BRAC Bank Limited works closely under the guidance and supervision of the management committee when it comes to people

management and strategic advancement.

Human Resources Division of BRAC Bank Limited comprises of Recruitment, Compensation & Benefits, Learning and Development, Human Capital Department and HR Administration Departments with a team of dynamic HR Relationship Managers who bridges HR support with the business need.

People have synergetic power. BRAC Bank views the employees are the most valuable capital of the organization and are endowed with unique qualities



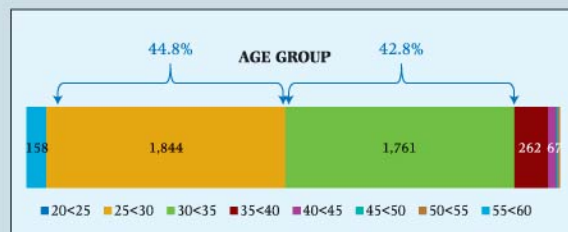
and if thoughtfully and inspiringly lead, trained, tasked with responsibility with right authority - can bring superior result with creativity. Amidst the scarce talented resource in the banking industry, BRAC Bank Limited views the endgame adding the right individual to its workforce. The Bank strongly believes that the key to maintain its winning dynamic is multiplication, not addition of talented workforce.



HR Division of BRAC Bank Limited recruits staff members of the highest caliber through a competitive selection process based on criteria determined by the needs of the Bank and the requirements of the position, paying due regard to the importance of recruiting staff on a diverse basis. It is the hiring of the "right" people that foster learning, developing, growing and striving



organization and hence, the Bank actively pursues hiring of the "best fit" according to business need and respecting organizational values through proper human resource planning, using effective assessment methodology, ensuring efficient process and establishing & maintaining a strong employer brand. The Bank offers competitive compensation package and provides equal opportunity for career development to all employees. To support the ongoing growth of the Bank and to strengthen the commitment of the management of taking the Bank to the door step of the people, in 2009 HR division has recruited 1,452 regular employees in various grades and in doing so qualitatively, HR Division interviewed some eight and a half thousand potential candidates throughout the years. At the end of 2009 including the contractual employees, the manpower strength stood at 5,990 and another 1,056 personnel from outsourced companies were brought on board. Being a young bank in the industry it also promotes employment of the young generation of the country. The picture given below shows the age group of the employees in the bank.



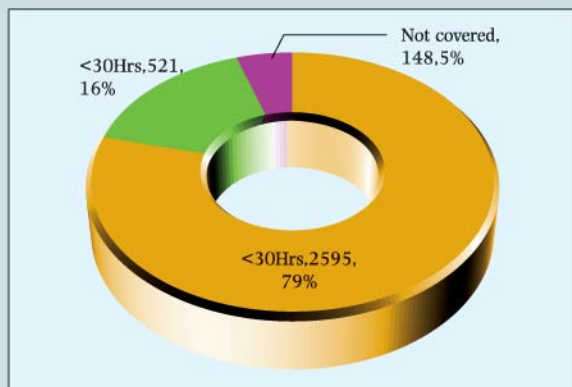
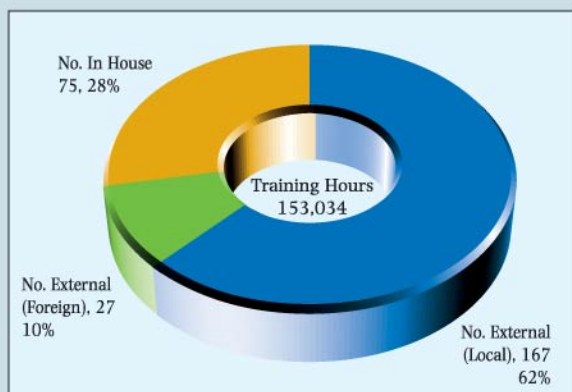
In line with the aim of founding principle of the Bank, HR Division of the bank too maintains its committed support for SME business of the Bank that is meant to reduce poverty in the rural Bangladesh by assisting the niche market of small entrepreneurs. 49% employees of the total population of the Bank dedicatedly serve for this noble cause.

Capital in recent days is used in broader term, which in addition to the physical capital also includes human capital.

Knowledge being the new engine of corporate development has become one of the great clichés of recent years. BRAC Bank Limited continually keeps pace with the modern banking concepts and innovations, by renewing the knowledge and skills of its employees systematically. The Bank fully recognizes that intellectual capital is the key resource of present time and if knowledge is really



taking hold, the place of other capital components of doing business the Bank needs to logically give this resource the standing it demands. Employee training and education are the most reliable tools the Bank uses to keep an edge over the competition as it is directly linked to its bottom line because talented employees are the key business differentiator. Accordingly, the learning and development of employees is given immense importance in BRAC Bank Limited. The picture provided below shows the employee learning and development activities in terms of hours and coverage of population.



Corporate Banking Division

Corporate Banking Division plays a vital role in BRAC Bank's operations while contributing to the economic development of the country by promoting the industrial, trade and service sectors of the economy. From its centralized operations at the head office, the Corporate Banking Division utilizes its extensive distributional network to provide the best service for its valued corporate clientele.



Last year the Division enjoyed phenomenal growth of 86.60% in Advances and 53.05% in Deposits compared to 2008.

Corporate Banking is dedicated in helping its clients fulfill their objectives by translating their ideas into reality. The division strives to provide necessary

expertise through tailored financial solutions under the following four wings:

- Structured Finance
- Corporate Institutions
- Emerging Business
- Cash & Trade

Structured Finance

The Structured Finance Unit in the Corporate Banking Division raises funds for large scale investment by arranging syndicated finance from banks/financial institutions. Syndicated financing diversifies the total risk of financing large scale projects. The Structured Finance wing of Corporate Banking Division caters to this segment of the financial industry taking the role of Lead Arranger, Co-Arranger, Participant Lender or Agent. It has successfully made its presence felt in a number of syndicated debt facilities by providing financial services, consultation and loan documentation. The Structured Finance Unit also provides:

- Corporate Advisory Service,
- Quasi Equity Instruments,
- Equity Participation,
- Project Counseling.

Corporate Institutions

As corporate clients have a significant impact on the development of the economy and thus the Corporate Institutions wing is dedicated to obliging the financing needs of corporate houses (both local and multi-national), social organizations, government organizations, trading houses and other institutions. The wide breadth of products (ranging from Term Lending to Working Capital facilities such as Trade Finance, Bank Guarantee, Post Import Finance, Local Bill Purchases, etc) is designed to cater to the diverse needs of corporate bodies and institutions.

Emerging Business

The Emerging Business wing caters to the smaller and growing segment of the corporate market that have facility requirements like large corporate bodies but in smaller volume. The unit offers versatile products tailored to the borrowers under certain parameters. In addition to providing tailor made products, the wing helps clients with their business strategy and provides guidance for long term sustenance. Range of facilities

provided include Term Lending, Lease Finance, Trade Finance and Working Capital finance through specially designed products such as Commerz Loan, Supplier Finance, MFI Receivables Finance, Light Engineering Finance and Work Order Finance. Clients generally include proprietorship concerns, private limited companies, companies providing backward integration for large businesses, educational institutions, NGOs, trading houses, etc.

Cash & Trade

Efficient cash management is pivotal for large business in order to ensure operational efficiency. The Cash & Trade wing provides a wide range of Corporate Fund management solutions as well as essential support to the bank through liability mobilization and reduced cost of fund. This Unit provides a wide range of Corporate Fund Management Solutions for the large, medium and small business enterprise. Our strategy is to provide tailored comprehensive solution to the clients of this segment. We have designed and redefined our services, which are flexible and customizable in terms of individual corporate requirement. Our services are comprised of, but not limited to:

- **NCS (Nationwide Collection Service):** Nationwide Collection Services is formulated to facilitate large corporate clients to collect their funds through our own branch network, SME Sales & Service Center network and corresponding bank branch network and credit the same to their single collection account maintained with the Bank. It facilitates the large corporate clients by providing faster funds availability in a cost-effective manner.
- **PTS (Payment Transfer Service):** BRAC Banks Payment Transfer Solution (PTS) service is formulated to facilitate organizations transfer funds to their respective locations through our own branch & SME Sales & Service center network and through corresponding branch network. It facilitates corporate clients by providing faster fund transfer solution in a cost effective manner.
- **Cash Pick-up Service:** Through our Cash Pick-up Solution, we pick-up cash directly from the client's office premises. The entire process is supported by a full logistic setup that is in line with international standards. It offers you security, convenience and flexible pick-up and delivery times. This is another initiative to bring the bank closer to customer's day-

to-day cash transaction requirements.

- **Mobile Collection Service:** We provide customized mobile banking services to corporate bodies. The Bank usually sets up collection desk / counters at the specified location and deposits the same to the respective account of the client.

Company Secretariat

The Company Secretariat is the flow-line of all information to and from the Board. It works as the bridge between policy and implementation. The Company Secretariat is a central source of guidance and advise to the Board and within the company, on matters of ethics and good governance. The department ensures proper and efficient conducting of Board meetings, committee meetings and shareholder meetings.

In a company, the Board of Directors has to perform various duties as per the laws and regulation of the land. The Board of Directors are liable to protect and maintain the assets of the Company, to lay down long term policies and short term plans to be implemented by the organization and oversee the performance of the various Company. The important role of the Company Secretariat is to advise the members of the Board as well as to ensure that the decisions of the Board of Directors are in conformity with the law of the land.

The general duties and responsibilities of the Company Secretariat are to ensure the compliance with the provisions of the respective laws and regulations. The Company Secretariat of the BRAC Bank Limited is responsible for compliance of all the provisions of;

1. The Bank Companies Act 1991
2. The Companies Act 1994
3. The Securities and Exchange Ordinance and Rules
4. The Securities and Exchange Commission Act 1993
5. DSE and CSE listing Regulations
6. Foreign Exchange Regulation Act 1947
7. Foreign Exchange Guidelines of Bangladesh Bank

The Company Secretariat performs multiple tasks to facilitate the smooth running of the company which includes ensuring the Company's statutory obligations to the regulatory bodies. There are two wings of Company Secretariat in

BRAC Bank Limited:

(a) Board Secretariat

(b) Share Division

The main tasks of the Board Secretariat are to convene and conduct meetings of Directors and Shareholders, to raise share capital through bond/share issue, meeting with the regulatory compliance etc. Besides, the department maintains a clear and distinct relation and liaison with the regulatory bodies as well as Shareholders and many others of the capital market. On the other hand, our Share department is fully engaged with the Share management of the BRAC Bank Securities and prepares reports for the management. In the last year, the significant achievements of the Company Secretariat are:

- Full compliance with the regulatory bodies requirement
- Conducted 7th Extra Ordinary General Meeting
- Conducted 10th Annual General Meeting
- Conducted 14 Board Meetings within last fiscal year
- Conducted 6 Audit Committee Meetings within last fiscal year
- Prepared Annual Report 2008
- Completed all ground jobs regarding Issue Subordinated Convertible Bond
- Assisted in the acquisition of BRAC EPL Investment Limited and BRAC EPL Stock Brokerage limited etc.

Legal, Regulatory & Internal Control Department:

Legal Affairs

Legal Affairs unit has been formed under the Department of Legal, Regulatory and Internal Control and passing just more than 1 (one) year, but it works with all departments of the Bank. In the very short period, this unit has proved itself as very worthy unit in the Bank. The department acts as a first safe guard for the Bank. This unit works as a bridge between all the departments of the bank and its panel lawyers. This unit has been especially formed to deal with important and complex cases of the bank and keep liaison with senior lawyers of the country. In addition, this unit is equipped with experienced barristers and advocate so as to pass

legal opinion and advises for cases of any legal difficulties, to guide the management to perform their day to day affairs in strict compliance with the laws of land, to take necessary and preventive course of action against fraud and forgery, to prevent oversight and malpractice, etc. This unit has archived its importance by assisting and giving prompt and rightful opinion and observations. It has been set as watch-dog for due diligence and regular monitoring of due compliance of laws, regulatory issues and also to deal with the regulatory and other concerned authorities as and when required.

With a view to manage the Banks Supervisory issues and Internal Control systems, BRAC Bank Limited from its commencement, established an Internal Control mechanism approved by its Board of Directors. With the sole purpose of establishing a Compliance Culture across the Bank, this mechanism guides the bank to:

- Manage its operations effectively and efficiently,
- Ensure compliance with applicable laws and regulation of the land,
- Ensure compliance with the Internal policies, plans and procedures,
- Identify and minimize risks associated with the operations of the bank.

Regulatory & Internal Control

Following the recommendations set out by the Central Bank, BRAC Bank Limited has adopted the Core Risk Management Policy. These core risks are associated with the daily operations of the Bank. Being a Centralized Bank identification and mitigation of any risk associated with the operation is much easier and faster. Among the six core risks defined by the Central Bank (Asset Liability Risk, Foreign Exchange Dealing Risk, Credit Management Risk, Money Laundering Risk, Internal Control & Compliance Risk and Information Communication Technology (ICT) risk), Regulatory and Internal Control Department ensures compliance of two, namely

(i) Internal Control & Compliance Risk,

(ii) Money Laundering Risk.

(i) Internal Control & Compliance Risk: BRAC Bank has implemented Internal Control & Compliance Guideline of Bangladesh Bank to ensure proper management of its Internal Control and

Compliance Risks. These risks are defined as unexpected or consequential loss derived from human error, loopholes in the operational procedure, fraud and forgeries and technological failures. These risks are inherent in all of our activities. With an objective of positioning the bank in a balanced position of Risk and Return, the Regulatory & Internal Control Department has been segregated into a number of functional units. They are (i) Compliance, (ii) Monitoring, and (iii) Audit and Inspection.

The Internal Control System of the Bank enforces checking in all possible ways to minimize risk exposure towards internal and external factors. This system ensures that all the Departmental processes and procedures are as per guidelines provided while maintaining proper ethical standards, accounting rules, and efficiency in business process and safeguarding of assets are ensured.

A Board Audit Committee is in place to ensure that the Senior Management is continuously monitoring the Internal Control Mechanism.

Compliance: Ensures that the Bank operates by the rules and regulations of the country, Regulatory Bodies and Internal Policies and procedures and also maintains liaison between the regulators and internal Departments. The Compliance function also ensures that issues relating to Regulatory Bodies are handled efficiently. This department is responsible for receiving guidelines and instruction from the Regulators and distributing them to the concerned departments. Regular follow up is conducted to ensure compliance as guided.

Monitoring: Ensures operational performance of all departments and branches. Periodic Returns, DCFCLs and miscellaneous reports are analyzed to identify risks associated with individual departments. Deviations from the actual vs. planned results relating to sensitive areas, are reported to the Management Committee and Board Audit Committee as deemed necessary. The Monitoring team also undertakes regular surprise visits across the Bank's departments and branches.

Audit: Audit function undertakes periodical and special audits. Monitoring and reviewing of adverse Audit Comments ensure that units are running efficiently with the finest operational accuracy. A risk based audit plan has been developed to handle sensitive areas with priority and extra care. Any

deficiency identified is reported to the Senior Management of the Bank and Board Audit Committee as deemed necessary. Based on the monitoring review, surprise audit checks are undertaken from time to time. Moreover all our SME loans are audited prior to disbursement. All SME loans are disbursed on the conformity of the Auditor upon verification of the validity of data provided in account and loan documentation.

(ii) Money Laundering Risk: In recognition of the fact that financial institutions are particularly vulnerable to money launderers, the Board of Directors has formulated & adopted measures to counter money laundering. As guided by Bangladesh Bank, Company Secretariat and Head of Legal, Regulatory & Internal Control has been nominated as the Chief Anti Money Laundering Compliance Officer (CAMLCO), to ensure the overall compliance with laws of the land regarding Anti Money Laundering. At the Branch-level, the Branch Manager, being a senior experienced person, is nominated to act as Branch Anti Money Laundering Compliance Officer (BAMLCO). BAMLCOs monitor all accounts and transactions by using established procedures such as Know Your Customer (KYC), viewing the Transaction Profile (TP), Cash Transaction Report (CTR), Suspicious Transaction Report (STR) and so on. The Managing Director & CEO has issued a message addressing all the officials expressing the Bank's commitment to implement the orders of the Money Laundering Prevention Act and the instructions of Bangladesh Bank. In line with our objective towards prevention of Money Laundering, all the relevant departments are instructed to be vigilant, and prevent such activities. The Bank also conducts training programs and regular workshops for developing awareness regarding Money Laundering issues.

In line with the Anti Terrorism Act 2009, the Bank has adopted a Combating Terrorist Financing Policy to counter terrorist financing. Uniform Account Opening Form & Risk Based KYC policy are also in place as guided by the Central Bank. BRAC Bank Limited is always at the front foot in the battle for preventing Money Laundering.

Prevention of Fraud & Forgery: In addition to the above, Regulatory and Internal Control Departments are also involved in investigation of fraud and forgeries, and reporting the same to the

Board Audit Committee. This department enforces preventive and corrective measures as advised by the Board Audit Committee, Board of Directors and Management of the Bank.

Operations

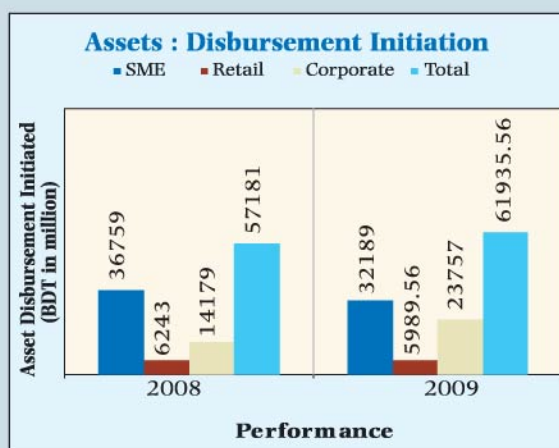
Operations provide centralized services to all business/income generating units (e.g. SME, Retail, Corporate, Probashi & Treasury) starting from May 2003. Six business centric operational units were active in 2008: SME Banking Operations, Retail Banking Operations, Wholesale Banking Operations, Probashi Banking Operations & Cards Operations. In 2009 five operational units were regrouped in four functional units to perform as a focused group ensuring speed and accuracy in service deliveries: Originations, Banking Services, Trade & Remittances and Business Relationship & Support, while Cards Operations remain unchanged.

Originations

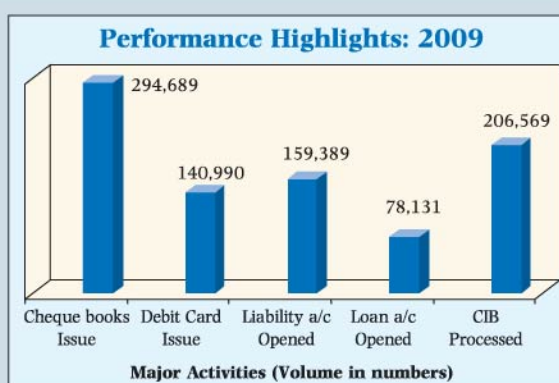
Origination is the initiator of all operational activities related to both assets and liabilities of BRAC Bank. It provides support to SME Banking, Retail Banking, Corporate Banking and Probashi Banking. It is comprised of 3 sections named- Deposit Origination, Loan Origination & CIB.

The year 2009 remains a year of structural reformation towards excellence for the Origination Department as compliance to the BRAC Bank Limited and Bangladesh Bank policies, addressing key risks of the Bank. The quality of work has increased significantly which is reflected from the positive feedback from other departments and the guests. Some of the major activities performed in Origination include data entry for new accounts, Term Deposit issue, Cheque Book production, Debit Card production, Loan Documentation check, Loan A/C creation for guest accounts and generating the CIB report from Bangladesh Bank.

In 2009, Origination initiated the disbursement of assets worth BDT 61,936 million which is 8.32% higher than the figures of BDT 57,181 million of 2008.



Below are the major activities performed by Origination in the year 2009 represented in a graph:



Banking Services

Banking Services is one of the key areas of operations which focuses on providing quality and competitive banking services to our valued guests as well as extending the best support to the business wings to increase their portfolio.

To deliver quality services to our valued guest and ensure better monitoring and control to operational process, the overall activities of Banking Services in the year 2009 are divided into six units, namely:

- **SME Banking Services:**
 - In the year 2009, 1.35 lac SME loans have been maintained by SME Banking services.
- **Retail Banking Services:**
 - Almost 114% growth in Retail Business has been supported by Retail Banking Services.
- **Corporate Banking Services:**
 - GP IPO Fund Collection: BRAC Bank Limited was awarded as "Best IPO Banking Partner" for participating in GP IPO. In this regard, Corporate Banking Services played a vital role in fund collection with our 36 branches. 78,006 funds were collected & refund of 25,128 A/Cs of BDT 35,41,16,000.00 were conducted.

- **Fulfillment & Disbursement:**

- Loan disbursed in 2009; Corporate - BDT 2,376 Crore, Retail - BDT 599 Crore, SME - BDT 3,219 Crore.

- **Treasury Operations:**

- BGTB securities trading: Volume: 642.04 Crore (Face Value) and resulting in 33.50 Crore profit.
- Capital Market Operations: Volume: 16.39 Crore and resulting in profit of 1.92 Crore.

- **Financial Institutions Services:**

- Amount recovered from correspondent bank through reconciliation, BDT 16.41 Crore
- Fund collection in 2009 through SME related Correspondent Bank Accounts: BDT 2,286 Crore

The major tasks that are carried out by the above wings of Banking Services are as follows:

- Execution of all loan related services like disbursement, repayments, rescheduling, static data changes, closing, clearances, and security releases.
- Execution of deposits related services like transaction processing, static date changes, encashment of term deposit, and closing of current, savings, and term deposit accounts.
- Treasury Operations provide services and compliance support to Treasury Business
- Financial Institutions Services deal with fund settlement and collection services related with Local Correspondent Banks.

Cards Operations

Cards Operations provides all the operational support & contributes to the rapid & noticeable growth of Cards business in the industry over a span of just three years. Such a large expansion of business certainly entails huge effort and its the four units of cards operations, which have been ensuring all the operational works related to cards to be done smoothly from behind the scene since the inception of Cards in BRAC Bank Limited. Currently, BRAC Bank Limited Credit Card is the best in the country, holding the second largest market share. The Bank aims at being the market leader by 2015 in all respects, Cards Operations will make it successful with all efforts. Up to December 31st 2009 Credit Card Portfolio is 63000 with 45000 active cards with BDT 181 Crore outstanding.

Accounts Services:

From opening the new account of cards, card production to the delivery of it to our valued clients, all these are done by this unit. It also processes card cheques, generates & dispatches monthly credit card statement, replaces credit card, enhances card's credit limit etc. Currently 800 card applications are processed monthly but they are capable of producing up to 1500 cards with the existing resources.

Transaction Processing:

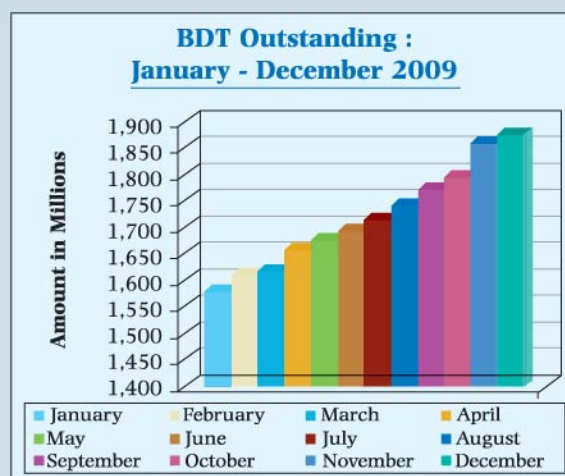
This unit processes credit card payment, PayFlex (installment payment) & Balance transfer, Payment of Insurance Premium, Reconciliation etc. Currently 30,000 payments are processed on a monthly basis.

Merchant Payment:

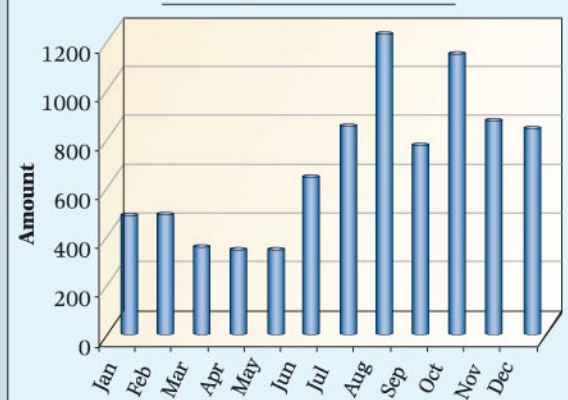
This unit is responsible for making payments to the merchants where our cardholders make the transaction. It opens new merchant accounts and sets up terminals in Card System. It pays merchants through auto credit to the merchant accounts with BRAC Bank Limited in 12 hours and issues pay orders from Dhaka and Chittagong. Reward redemption is also done by the Merchant Payment Unit. Currently 60,000 payments for BDT 100 Crore are made by the Merchant Payment Unit. We have 1200 POS merchants and 1300 terminals in the market now.

Settlement & Disputes:

This executes interchange and local settlement with local and international issuers. It also settles OMNIBUS transactions, owned by BRAC Bank. It communicates with Visa and the local and international banks to resolve different issues. It also resolves disputed transactions with local and international Visa members through Visa. It settled USD 56 Lac throughout 2009.



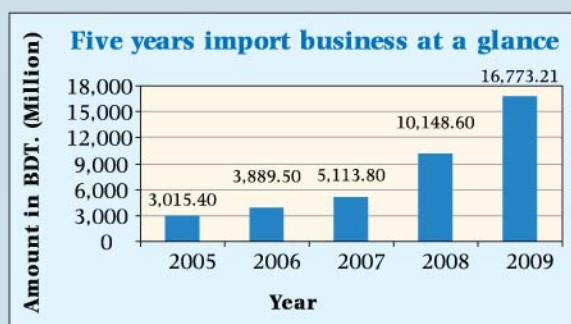
Credit Card Produced - January-December 2009



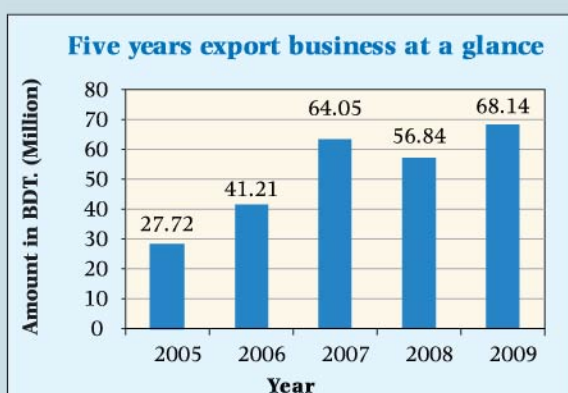
Trade And Remittances

Trade & Remittance Department is one of the centralized back-office operating departments of BRAC Bank. It provides support to the SME Banking Division, Corporate Banking Division, Retail Banking Division and Probashi Banking Services relating to foreign exchange/remittance transactions.

The Foreign Trade business of the Bank was upbeat during the year. Import business increased to BDT. 16,773.21 million from BDT. 10,148.60 million in 2008.



Export business increased to BDT. 68.14 million in 2009 from BDT. 56.84 million in 2008 and Bank Guarantee Business increased to BDT. 687.30 million in 2009 from BDT. 240.50 million in 2008.



Inward remittance (Private & Commercial) handled by the Bank increased and reached BDT. 8,349.97 million (excluding wage earners' remittance as it is already articulated by the Probashi Banking Services) in 2009 compare to BDT. 5,389.07 Million in 2008 and Outward remittance handled by the Bank increased and reached BDT.1,486.33 million in 2009 compared to BDT. 856.87 Million in 2008.

Business Relationships & Support

Business Relationships & Support is a new Operations wing created in 2009 to act as a single point of contact for all business units and ensure better customer services through the following activities:

- Improve relationship with all business units by taking prompt care and giving attention to all their service needs and thus provide quality services.
- Identify operational risk issues and suggest for risk mitigation initiatives in a focused way including system developments.
- Find scope for process re-engineering and automation in a cost-effective manner; already revised and upgraded the Operational Process Manual in June 2009 for ready reference and access by all while giving deliveries.
- Receive all files and documents and monitor document deferrals and handle relevant queries through a one stop OPS customer care desk; an automated Docs Tracker software is already initiated for this purpose.
- Provide other common services like Clearing, Inter Branch Cash Management (IBCM) and Reconciliation linked to all business units.
- Initiate and finalize scope, process, implementation and delivery of project jobs relating to Operations on time and within budget (e.g. Automated Clearing House, Credit Card Software Enhancements etc.).
- Ensure cost and turn-around-time saving as well as standard service delivery from all Regional Operating Centers (ROC) through staffs posted from CRM, Operations, GA&IS, and IT.

Operational Risk Management

Operational Risk Management is a new dimension of BRAC Bank Limited Operational Risk arises from a failure to properly control key aspects of the Bank's activities, for example documentation, processing, settlement and accounting of transactions and external hazards. These risks and hazards can be caused by internal and/or external sources relating to fraud, business interruptions and system failures, damage to physical assets, execution and service delivery, clients, products and business practices. The risks and losses can occur in all the aspects of our banking business, and support functions across all legal entities. The impact of losses can be severe at times and have a resultant impact on reputation. It is therefore important for us, as the fastest growing bank in the country, to ensure that our Operational Risk management framework is robust, well embedded and allows us to identify, manage and measure and reduce/mitigate Operational Risks in a timely manner.

Bangladesh Bank has for the first time, proposed an explicit capital charge for Operational Risk through the Risk Based Capital Adequacy Planning-Basel-II from 2008. The key objectives of Operational Risk Management and Measurement include:

Ensuring continued solvency of the bank through capital adequacy and enhanced understanding and management of significant Operational Risk exposures, making sure that customer impact is minimized through proactive and focused risk management practices, drawing senior management attention on significant Operational Risk exposure areas and mitigating risks are prioritised, ensuring that staffs receive sufficient incentives to perform their risk management roles & responsibilities diligently.

The management of BRAC Bank has replaced the previous Enterprise Risk Management (ERM) by initiating a dedicated department called **Operational Risk Management Department** in the Year-2009 which continues to identify, analyze and escalate all kinds of risks (e.g. credit, market,

operational, legal, compliance, reputation, strategic, etc.). The major activities of ORM are to develop, re-engineer & provide process manuals to ensure proper accountability and operational control, forecast & identify risk, analyze & suggest on risk mitigation, and report timely to management for strategic decisions, gear up resources to meet all requirements set by Bangladesh Bank on capital adequacy, risk supervision and disclosure.

Risk Governance

An Enterprise Risk Management Committee (ERMC) is in place to ensure Bank's risk governance and comply with Bangladesh Bank directives on forming separate Risk Management Cell for minimizing Bank's enterprise level risk issues. ERMC is a process supported by the Board of Directors of BRAC Bank Limited & Management Committee members, applied in strategy setting across the enterprise, designed to identify potential events that may affect the organization, to provide reasonable assurance regarding the achievement of Bank's strategic objectives.

Treasury & Financial Institutions

Treasury & Financial Institutions is one of the core business division of the Bank that manages Bank's fund inflow/outflow of both local and foreign currency while mitigating risk and maximizing return for Shareholders. The primary function of Treasury is to help with the management of asset and liability, control and mitigate risk exposure of the Bank related to fund/investment in both local and global market while complying with Central Bank guidelines.

Additionally, the department assumes responsibility for monitoring the institution's market risk indicated by rules set forth in Basel II as instructed by Bangladesh Bank.

Our Strength: Treasury & FI's role has developed remarkably over time, simultaneously with the growth of the bank. The department has furnished itself with the state-of-the-art-technology, competitive and diversified products and risk mitigating techniques in every possible place. The team of Treasury & FI is comprised of highly qualified and efficient employees to provide instant

response to bank and market requirements. It maintains correspondence with 12 local and 51 foreign banks enabling smoother operation related to Bank's fund movement.

Our Expertise: The department has five separate wings, namely Money Market & FX, Asset Liability Management, Corporate FX Sales, Capital Market Desk and Banking Institutions. Money Market conducts liquidity management while meeting all regulatory requirements of Central Bank. It has been able to support the Bank's funding needs while making profit out of surplus money round the year. FX monitors price movements of foreign exchange and uses various hedging techniques to manage its open position in a way that minimizes risk and maximizes return. FX facilitated Bank's performance by managing a huge pool of remittance received by the Bank. Asset Liability Management team was fully dedicated to conduct all kinds of economic and situational analysis to ensure that liquidity and interest rate risks are minimized. It put continuous effort in monitoring Bank's on and off balance sheet items while offering best competitive deposit rate in the market throughout the year. Corporate FX Sales offered competitive exchange rate to its clients. Capital Market Desk invests funds through BRAC Equity Partners Securities Limited in securities, bonds & debentures listed in the Dhaka Stock Exchange for exploiting alternative investment avenues and generating profit.

Banking institutions have played crucial roles in maintaining relationships with other local banks in the country and global banks abroad. Synchronization and smooth fund management in all service outlets of BRAC Bank Limited has been implemented with the team throughout the year. It operates 577 and 23 accounts in different local and foreign banks respectively.



Our Initiatives: BRAC Bank Limited has been proud to launch ELDORADO, a secure web based on-line Remittance Payment System for the first time in Bangladesh on June 2009 creating a standardized IT platform that enables all member banks to execute remittances electronically in the most expeditious manner to step forward in the process of automation and modern technology. The system was approved by RPCF (Remittance Payment & Challenge Fund) jointly supported by DFID and Bangladesh Bank. From the remitter/beneficiary's perspective, this would mean extremely quick turnaround times for foreign remittances and for banking intermediaries. ELDORADO will be interfaced with the Bangladesh Bank ACH (Automated Clearing House) and is running as an independent association of member banks.

Treasury & FI has currently united 8 (Eight) member banks under its umbrella with 500 outlets. The member banks are Al Arafah Islami Bank Ltd, Bank Asia Ltd, BRAC Bank Ltd, Dhaka Bank Ltd, EXIM Bank Ltd, Social Islami Bank Ltd, First Security Islami Bank Ltd and Mutual Trust Bank Ltd.

Our Achievement: Asset Liability Management team of Treasury & FI secured 1st position in a competition organized worldwide by DEG and FMO amongst 26 banks from 21 different countries.

Our Commitment: While Treasury is often seen as a specialized role, it has far reaching effects on the success of a bank and opens a wealth of opportunities which, on a personal note, will always be bettered to maximize our Shareholders' wealth.

Information Technology

Information Technology has been the cornerstone of the Bank for improving operational efficiency, Ensuring quality services for the Bank's guests & reducing costs and thus increase the value of Shareholders' returns.

The entire Information Technology has been structured in the following fashion:

A. Technology Operations

Technology Operations Unit is created to manage all IT assets of the Bank and is mainly responsible for all IT operational activities, managing countrywide technology infrastructures and

networks. Technology Operations comprise of the following five wings:

1. Data Center
2. Network Services
3. Card & Electronic Banking System
4. Systems Administration
5. Technology User Infrastructure

The combined effort of all the wings of the Technology Operations Department ensures support to the Bank's guests and its own staff on a 24/7 basis. The dynamic and extremely confident team is incessantly working to maintain its present operations with quality and compliance, guided by the Central Bank's regulations and best international practices.

BRAC Bank is already well known for product innovations and its technical capabilities. For this to be materialized, BRAC Bank has since invested heavily in infrastructures. This is the essence of BRAC Bank's technology roadmap: first solid infrastructures/back-bone and then the best of breed products and services. BRAC Bank is currently in the process of creating a new state-of-the-art, world class Data Centre that will be equipped with the best class construction, security features, network and server equipments. This new Data Centre will be fully operational by April 2010. This Data centre will be backed up by another Disaster Recovery Site with similar infrastructures, security features, network and server equipments with 100% redundancies.

B. Enterprise IT Projects (EITP)

Enterprise IT Projects (EITP), a new concept of project management in Bangladesh, was established in BRAC Bank Limited in February 2009. EITP is responsible for managing all enterprise level IT projects from the inception till the delivery of the system / application. Through a structured IT Project Management Methodology, this department ensures that requirements of our guests as provided by the businesses are properly captured and are delivered effectively and on a timely manner within budget. While implementing every project, EITP also ensures that probable risk issues are monitored, flagged or escalated appropriately and

then resolved effectively.

EITP ensured the successful delivery of ELDORADO System, a nationwide remittances platform project partially funded by DFID, in June 2009. ELDORADO is the 1st ever nationwide automated Payment Gateway in Bangladesh. EITP also completed the new Corporate Website of the Bank launched in December 2009. At present this department is managing the following major IT projects of the Bank:

- Bangladesh Automated Clearing House (BACH) system
- Enterprise Resources Planning (ERP) solution
- Collection and Recovery Management Application (CARMA)
- MasterCard (MC) solution
- eCommerce Payment Gateway (eCPG) solution
- Internet Banking (IB) application
- Mobile Banking (MB) application
- Implementation of EMV certification
- Enhancement of Cards Management System (CardPro V5)
- New Call Center solution

C. Quality & Security, IT Systems Department

Quality & Security, IT Systems is a new department formed in the year 2009 with the vision of maintaining a high level of risk management in terms of technology and its related areas such as software and application development processes. The main function of this department is to ensure overall security of the IT infrastructure and also to maintain a quality standard of the software applications development procedures. Beside these, the department also ensures that all ICT related risks are assessed and addressed.

It currently comprises of the following two wings:

1. Security, IT Systems
2. Quality, IT Systems.

Responsibility of the IT Security wing is to remain vigilant all time to ensure that all kinds of threats and vulnerabilities are addressed and control systems are placed within the ICT Infrastructure. The Quality Assurance team looks after the quality issues of the systems such as testing strategies of software developments as well as processes ensured through appropriate standards. The team consists of 10 members. The department has the goal to implement technology related standards and certifications such as CMMI v.1.2, ITIL, ISO 27001-5, Prince 2, etc. from 2010.

D. Business Systems Management Department (BSM)

Business Systems Management Department (BSM) was formed by the Bank in 2008 in response to the Bank's requirements for a dedicated software development, Quality Control and Support capacity for bank-related softwares and corporate clients. The goals of BSM are:

- Provide the Bank's guests with a personalized, consistent experience across all channels.
- Empower the Bank's guests and staff with real-time information access and online applications available, using the latest technology anywhere and anytime.
- Ensure that the Bank's technology infrastructure is robust, flexible and cost-effective.
- Provide low-risk, high efficiency and appropriate solutions.
- Maximize the automation of critical processes throughout the enterprise using in-house resources and local 3rd Party solutions as and when required.

Over the past eight years, BSM has been instrumental in delivering IT initiatives and products that were built on these foundation goals. Solutions have been developed for all the departments of the Bank, along with the capacity to further develop, maintain and support these products.

With a massive drive in business growth in mind, the major responsibilities of Business Systems Management can be defined into five broad areas, e.g.:

1. Enterprise Applications, whose main responsibility is to ensure smooth operations, administration and support for Enterprise Applications (e.g. Core Banking Systems, Treasury Solutions, Asset & Liability Management Systems, Lending Systems, Enterprise Resource Planning System etc.) and In-house applications (e.g. mRemit, HR systems, SMS delivery systems etc.).
2. Cards & Electronics Banking Solutions, which deals with Cards Solutions, Alternative Delivery and Payment Solutions.
3. Software Development, which is responsible for quality software development as well as systems Integration, customization of Enterprise Solutions.
4. Post Development & Quality Control, which is mostly responsible for the quality control of the in-house solutions.

Technology being the nerve center of BRAC Bank's rapid growth, some of the best in class platform has been introduced in the Bank to ensure faster yet smoother delivery of services to customers on a 24/7 basis. World-class Core banking, ERP, mobile banking and internet banking are just a few examples, where BSM team members contributed in the successful delivery of these solutions.

Board of Directors

Muhammad A. (Rume) Ali

Muhammad A. (Rume) Ali, joined the Board of BRAC Bank in 2007 and was elected the Chairman, in 2008, taking over from the Founder Chairman Mr. Fazle Hasan Abed. He is the Managing Director, Enterprises at BRAC and also a Director of BRAC BDMail Network Limited, Delta Brac Housing Finance Corporation Limited, BRAC Karnofuli Tea Company Ltd., BRAC Kayachora Tea Company Ltd., BRAC Bashkhali Tea Company Ltd., BRAC Kodala Tea Estate, BRAC Services Limited (BRAC Centre Inn) and Bangladesh Netting Factory Limited. He was elected the Chairman of BRAC EPL Investments Limited and BRAC EPL Stock Brokerage Limited in July 2009 after BRAC Bank Limited's acquisition of these companies.

Mr. Rume Ali served at different levels in local and international banking sectors. Prior to joining BRAC in 2007, he served as the Deputy Governor of Bangladesh Bank from 2002 to 2006 and was responsible for Supervision, Anti Money Laundering and Information Technology. During this period he was also involved in regulatory reforms, particularly in the Risk Management area. With his appointment as Country Head and General Manager of ANZ Grindlays in March 1997, Rume Ali became the first Bangladeshi to head a major international bank in Bangladesh. In July 2000, following the takeover of ANZ Grindlays by Standard Chartered Bank, Rume Ali was appointed the CEO of the Standard Chartered Group in Bangladesh, heading both Standard Chartered Bank and Standard Chartered Grindlays Bank. His banking experience includes stints in India, United Kingdom and Australia. Rume Ali was elected a Fellow of the Institute of Bankers, Bangladesh, in 2001. At present, he is the Vice Chairman of Bangladesh Association of Banks and Vice President of Bangladesh Employers Federation.

Rume Ali is a director on the boards of several organizations including The CSR Institute, International Centre for Study of Bengal Art, Sub-Committee for Taxation of the Metropolitan Chamber of Commerce & Industries, a council member of The Institute of Bankers, Bangladesh, and is a member of the Global Steering Committee of the 'Performance Based Grants Initiative' of the International Finance Corporation, Washington DC. He served as a member of the Better Business Forum and is, at present, a member of the Technical Advisory Committee of the Bangladesh Investment Climate Fund. He also served as a member of the National Advisory Committee on Small & Medium Enterprises (2005/6) and is associated with the Small & Medium Enterprises Foundation as a member of the General Body.

Rume Ali was born in Dhaka, Bangladesh, in 1951. He has a Masters in Economics from Dhaka University.





Quazi Mohammad Shariful Ala

Quazi Mohammad Shariful Ala was appointed as Director to the Board of BRAC Bank Limited in April 2005. He is presently the Managing Director and Chief Executive Officer of Delta BRAC Housing Finance Corporation Limited (DBH). Besides, he is a non-executive Director on the Boards of several prominent companies including Mobil Jamuna Lubricants Limited and Mobil Jamuna Fuels Ltd.

He has more than 29 years of varied professional work experience primarily in the financial sector both in Bangladesh and in the United Kingdom.

Quazi Mohammad Shariful Ala is a member of the Institute of Chartered Accountants in England & Wales. He graduated in Economics with first class honors from the London School of Economics (LSE), University of London.

Nihad Kabir

Nihad Kabir was elected as an Independent Director on the Board of BRAC Bank Limited in July 2007 and was also nominated as a Depositor Director by the Board of Directors. In addition, she is a member of the Board Audit Committee of the Bank. She is the Senior Partner of Syed Ishtiaq Ahmad and Associates. She is also a Director of Kedarpur Tea Company Limited, Sathgao Tea Estate and Shaistaganj CNG Company Ltd.

Nihad Kabir is an advocate of the Supreme Court of Bangladesh and the Treasurer of Ain O Salish Kendra. She is the Legal Adviser of Centre for Policy Dialogue (CPD) and Committee Member of the Metropolitan Chamber of Commerce and Industry, as well as Chair of its Commercial Legislation Sub-Committee. She is a member of the Asian Roundtable on Corporate Governance. She has been a member of the Company Law Reform Committee and the WTO Working Group on TRIPS and TBT, Government of Bangladesh. She was the first legal counsel of the Securities and Exchange Commission. She worked as Counsel at the Asian Development Bank and is currently a member of the National Education Policy Committee. She has more than 18 years of work experience as a lawyer.

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





Shib Narayan Kairy

Shib Narayan Kairy was appointed as a Director to the Board of Directors of BRAC Bank Limited in 2008. In addition, he is the Chairman of Board Audit Committee.

Besides being the Director Finance & CFO of BRAC, Shib Narayan Kairy is also Director of Documenta TM Ltd., Bangladesh Netting Factory Ltd., BRAC Industries Limited, BRAC Services Limited, BRAC Karnafuli Tea Co. Ltd., BRAC Kaiyachera Tea Co. Ltd, BRAC Banshali Tea Co. Ltd. and BRAC Kodala Tea Co. Ltd. He has altogether more than 26 years of working experience in ensuring effective financial control, transparency and accuracy of financial data & financial reporting.

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



Tamara Hasan Abed

Tamara Hasan Abed has been serving on the Board of BRAC Bank Limited since April 2008. She has been with BRAC since 2002 and heads Aarong, BRAC Dairy & Food Project (BDFP) and Ayesha Abed Foundation (AAF) as Director.

Tamara Abed started her career as an investment banker with Peregrine Capital Ltd., Bangladesh and then worked in Goldman Sachs in New York, USA. She has also worked in BRAC's Urban Development Programme and ran a small business of her own in the hospitality industry. She has more than 13 years of work experience in retail, development, finance and investment, both locally and internationally.

Tamara Abed completed her BSc. (Econ) from The London School of Economics and Political Science, London, UK and MBA in Finance from Columbia Business School, NY, USA.

Dr Hafiz G.A. Siddiqi

Dr Hafiz G.A. Siddiqi was appointed as Depositor Director to the Board of BRAC Bank Limited in 2008. Dr Siddiqi is the Vice Chancellor of North South University. He is the President of the Hyderabad based Association of Management Development Institution in South Asia (AMDISA), a SAARC affiliated association of the top business schools of South Asia. He is the member of Steering Committee, Bangladesh Commission for UNESCO, founder Chairman of Institute of Management Consultants, Bangladesh, Member and founder Chairman in the Board of Directors of MIDAS. Dr Siddiqi worked as an international consultant to many renowned organizations including the World Bank. He advised many agencies of the Government of Bangladesh on various aspects relating to management development, marketing, performance evaluation, human resources development, globalization & technology transfer. He is the author/co-author and editor of 14 books and has published many articles. His latest book is "The Readymade Garment Industry of Bangladesh" published by University Press Ltd., Dhaka in 2004. Dr Siddiqi has more than 40 years of experience as an educationist, researcher, international consultant and business executive.

Dr Siddiqi obtained his Ph.D from Manchester Business School, University of Manchester, UK, his MBA from Graduate School of Business, Indiana University, USA, his Master of Public and International Affairs (MPIA) from University of Pittsburgh, Pennsylvania, USA and his M.A. (Economics) from University of Dhaka, Bangladesh.

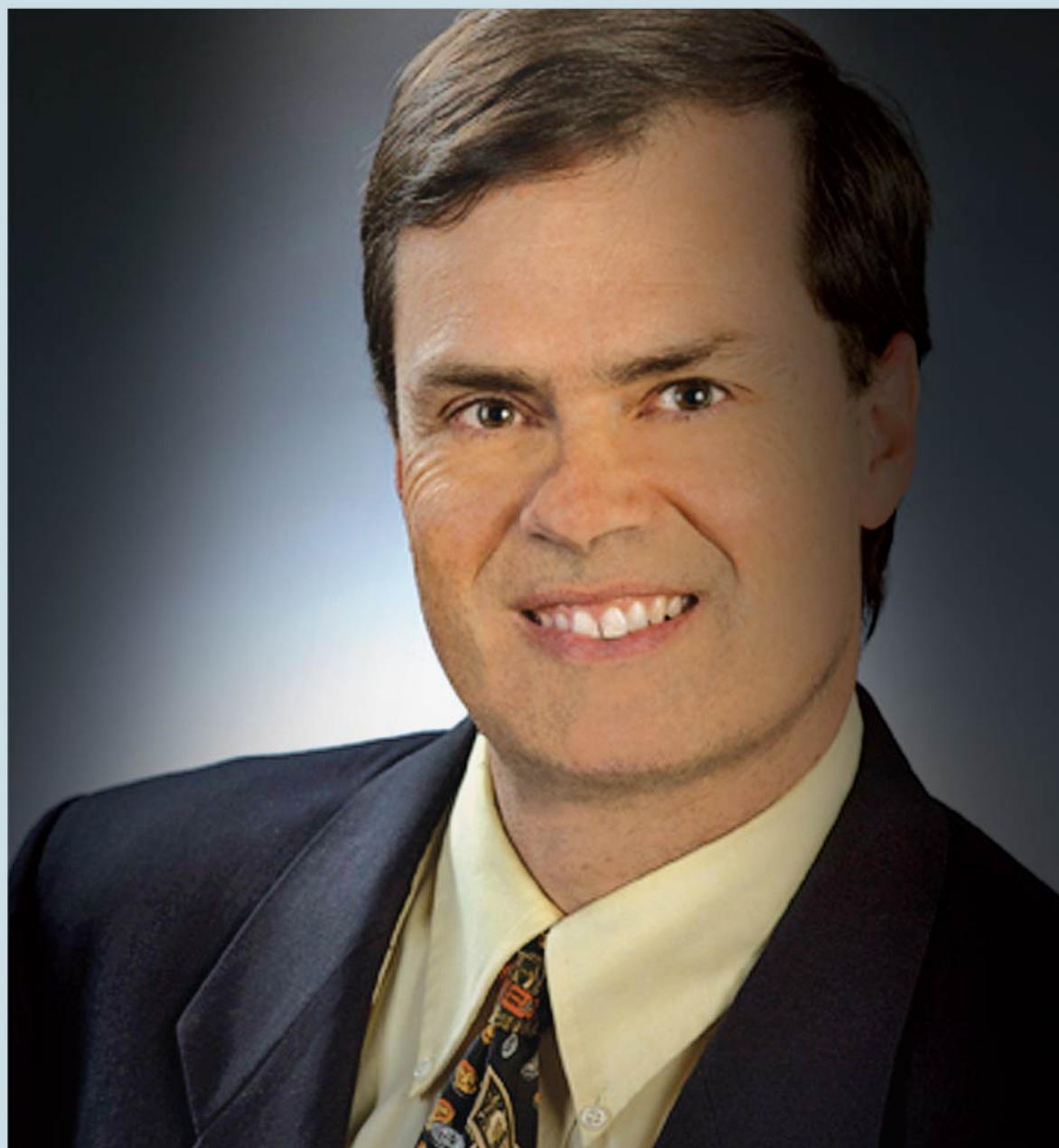


Mark A. Coffey

Mark Coffey was appointed as nominee Director to the Board of BRAC Bank Limited by ShoreCap International Limited in 2008. Mr Coffey is also the President of Shorebank Pacific, Portland.

Prior to joining Shorebank Pacific, Mark Coffey worked as Executive Vice President of Homestead Capital, Chief Financial Officer (CFO) of Bank of the Northwest. He worked as Senior Vice President of First Interstate Bank of Texas, and Vice President of Allied Bancshares, Inc. He has twenty four years of leadership experience in General Management, Strategic Planning, Finance, Investor relations, Investment in Real Estate and Treasury related functions. He also has an excellent track record of developing innovative programs and profit enhancing measures in several areas of the financial sector.

Mark Coffey has a Bachelor Degree from Brigham Young University, Provo Utah, USA and a Master of Business and Public Management from Rice University, Houston Texas, USA.



Responsibilities of the Board of Directors

The board of directors is appointed to act for and on behalf of the shareholders to oversee the day to day affairs of the business. The board is directly accountable to the shareholders and each year the company will hold an Annual General Meeting (AGM), at which the directors must provide a report to the shareholders on the performance of the company, what its future plans and strategies are and also submit themselves for re-election to the board.

The responsibility of the Board of Directors of the Bank in prepared pursuant to "The Companies Act' 1994, the guidelines of Bangladesh bank Circular no: 16, dated 24 July 2003 and notification of Securities and Exchange Commission dated 20th February 2006.

As per the provision of the Companies Act 1994, Annual General Meeting of every Company shall be held once at least in every calendar year. The report of the Company's affairs and the Audited Financial Statements duly certified by is generally to be laid down before the Annual General Meeting for discussion. In preparing the Annual Report, the Board of Directors is required to ensure that;

- The Annual Report shall contain the audited balance sheet laid before a Company in General Meeting a report by its Board of Directors, with respect to (a) the state of the company's affairs; (b) the amount, if any, which the Board proposes to, carry to any reserve in such balance sheet (c) the amount, if any, which the Board recommends should be paid by way of dividend (d) Material changes and commitments, if any, affecting the financial position of the company which has occurred between the end of the financial year of the company to which the balance sheet related and the date of the report.
- The Board's report shall, so far as is material for the appreciation of the state of Company's affairs by its members, deal with any changes which have occurred during the financial year; (a) in the nature of the company's business (b) in the Company's subsidiaries or in the nature of the business carried on by them; and (c) generally in the classes of business in which the company has an interest.
- The Board shall also be bound to give the fullest information and explanations in its report aforesaid on every reservation, qualification or adverse remark contained in the auditor's report.
- The Board report and any addendum thereto shall be signed by its Chairman if he is authorized in that behalf by the Board, and where he is not so authorized shall be signed by such

number of director as are required to sign the balance sheet and the profit and loss account or the income and expenditure account, of the company by virtue of sub-section (1) and (2) of section 189.

- The financial statement present in the Annual Report has prepared fairly its state of affairs, the result of its operations, cash flows and changes in equity
- The proper books of account have been maintained as per respective laws and regulations
- IAS which is applicable in Bangladesh have been properly followed in preparation of the Financial Statements and any departure therefore has been adequately disclosed
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The significant deviation from last year in operating results of the company should be highlighted and reasons thereof should be explained
- Key operating and financial data of at least preceding three years should be summarized
- The number of Board meetings held during the year and attendance by each director should be disclosed

In the guidelines of Bangladesh Bank the responsibilities and authorities of the Board of Directors have been specified. The Board of Directors is liable for;

- (i) Work-planning and strategic management
- (ii) Lending and risk management
- (iii) Internal Control Management
- (iv) Human Resources Management & Development
- (v) Financial Management
- (vi) Formation of Supporting Committees.

The Directors to the best of their knowledge and belief are satisfied to perform the related responsibilities of the Board of Directors guided by the Companies Act 1994, The Bank Company Act 1991, Guidelines of Bangladesh Bank and Securities and Exchange and Commission.

Management Committee



A.E.A. Muhaimen

Managing Director & CEO

Mr. A.E.A. Muhaimen, Managing Director & CEO of BRAC Bank Limited has been in this position since May 2008. Prior to joining BRAC Bank Limited, he served with the National Bank of Fujairah, Dubai, UAE as Head of Consumer Finance & Transactional Services. Before that he had served as Deputy Managing Director with The City Bank Limited. He worked with Standard Chartered Bank in UAE and Bangladesh from 2000 to 2004.

He started his career with ANZ Grindlays Bank in 1986 as a Management Trainee. He has 20 years of working experience in the banking sector in Asia, Australia and the Middle East. He has extensive experience in business and support roles in local and foreign banks.

Mr. Muhaimen has completed MBA from the Institute of Business Administration (IBA) of Dhaka University.

He attended various local and international training programs, such as Strategic Leadership Program at Monash University Australia, Training on Financial Institutions for Private Enterprise Development at Harvard Kennedy School, USA.



Syed Mahbubur Rahman

Deputy Managing Director

Mr. Syed Mahbubur Rahman has been working with BRAC Bank Limited since November 2008. Prior to joining BRAC Bank Limited, he served with Prime Bank Limited as Deputy Managing Director. He also worked with IDLC, Standard Chartered, ANZ Grindlays Bank and Citibank, NA in different capacities. He started his career in Saudi Bangladesh Agricultural and Industrial Investment Co. (SABINCO).

He has 22 years of experience in Banking & Financial Institutions. During his banking career, he attended numerous trainings, seminars and workshops on different aspects of banking held in the country and abroad. Mr. Rahman obtained MBA from the Institution of Business Administration, Dhaka University.



Mohammad Mamdudur Rashid

Deputy Managing Director

Mr. Mohammad Mamdudur Rashid joined BRAC Bank in December 2009. He has been in financial services for 19 years out of which 15 years have been in banking, a career that began in 1995 with Citibank-Bangladesh. In his banking career that covers multiple cultures across Bangladesh, India and Australia, M. M. Rashid managed a number of functional areas covering Finance, Operations, Credit Administration, Product Management, Compliance, HR and General Services and Administration. Prior to joining BRAC bank, M.M. Rashid was the Head of Planning and Analysis for Citibank-Australia and New Zealand for its institutional banking business. He held numerous other senior management positions of Citibank including that of Chief Operating Officer of Citibank-Bangladesh during 2001-2005. He completed his MBA from the Institute of Business Administration (IBA) of Dhaka University as Vice Chancellor's Gold medalist and his MA in International Economics and Finance as a Fulbright Scholar from Brandeis University of Massachusetts, USA. In his multifaceted career, M.M. Rashid has been a Lecturer of Finance in IBA, a Merchant Mariner and has won the President's Gold Medal of Marine Academy in 1985.



Tarique Amin Bhuiyan

Chief Information Officer

Mr. Tarique Amin Bhuiyan has been working with BRAC Bank Limited since October 2008. During his career, Tarique A. Bhuiyan worked with Australian, American and European based banks as well as world leading banking solution vendors and consulting companies. Prior to joining BRAC Bank Limited he served with the Financial Solutions division of the Tata Consultancy Services (TCS) in Australia and USA as Solutions Manager.

He also worked with St. George Bank and ING Direct in Sydney, Australia in various Technology roles during the period from 1999 to 2008. He has over 19 years of banking and consultancy experiences in operations and Technology. Tarique A. Bhuiyan completed Masters in Business Administration from Dhaka University in 1991 and Masters in Information System and Technology (with Distinction) from Macquarie University, Australia in 2004.



Rais Uddin Ahmad

Company Secretary and Head of Legal
Regulatory & Internal Control

Mr Rais Uddin Ahmad has been working in the banking sector since 1994. He started his career with ANZ Grindlays Bank, Bangladesh. He joined BRAC Bank Limited on March 2005 as Company Secretary and Head of Risk Management. He also worked with Standard Chartered Bank from 2002 to 2003 as Acting Head of Legal & Compliance. Concurrently he was the Integration Manager for SCB & ANZ Grindlays.

After that he served as Manager Compliance with Standard Chartered Bank in UAE. Presently Rais Uddin Ahmad is working with BRAC Bank Limited as Company secretary & Head of Legal, Regulatory & Internal Control. He attended many local and foreign training on Compliance, Internal Control and Money Laundering. He has 16 years of working experience in Business, Regulatory & Internal Control and Company Matters in the banking sector. He was involved with Bangladesh Bank's Core Risk Management Project & worked closely on AML related issues. He obtained Masters of Social Science (Public Administration) from Dhaka University.



Nabil Mustafizur Rahman

Chief Credit Officer

Mr Nabil Mustafizur Rahman joined BRAC Bank Limited in January 2009 as Chief Credit Officer. Prior to joining BRAC Bank Limited he worked with AB Bank as Head of Structured Finance.

He also served as Head of Investment with IPDC. Before that he had worked with HSBC, Credit Agricole Indosuez, ANZ Grindlays Bank and Beximco Group. He started his career with Joyful Miles Ltd. in Hong Kong. His expertise and exposure are primarily in Risk Management and Corporate Finance. He also has experience in Islamic Banking with HSBC Amanah.

He attended various training courses and participated in seminars and workshops on different aspects of banking, especially in risk management locally and abroad. He has 17 years of working experience in the banking industry and the commercial sector. He obtained an MBA from Institute of Business Administration, Dhaka University.



Syed Faridul Islam

Head of SME Banking

Mr. Syed Faridul Islam has been working with BRAC Bank since March 2009. Mr. Islam started his career at ANZ Grindlays Bank in 1984.

He has 26 years of banking experience covering Branch Management, Business Process Re-engineering, IT integration and working in senior business roles. In 2003 he became the Senior Manager Product, Portfolio & MIS, SME Banking at Standard Chartered where he successfully launched the small and medium enterprise business products.

Since 2005 until he joined Brac Bank Limited, Mr. Islam was the Head of Medium Enterprises, SME Banking for Standard Chartered Bank in Bangladesh. He obtained Bachelor of Commerce and has attended numerous trainings and workshops both in and out of the country.



Tahniyat Ahmed Karim

Head of Human Resources

Ms Tahniyat Ahmed Karim joined BRAC Bank Limited in December 2003 as Head of Human Resources. Prior to joining BRAC Bank Limited, she served with ANZ Grindlays Bank and Standard Chartered Bank for the period of 1999 to 2003. She started her career with Pan Pacific Sonargaon Hotel in 1991.

Tahniyat A. Karim has 18 years of experience in working for various reputed organizations. During her long career she attended numerous training programs and workshops at locally and internationally.

Tahniyat A. Karim completed her Masters of Business Administration from Southeast University with Vice Chancellor's Award. She is the Fellow Member of the Bangladesh Society for Human Resources Management, Lifetime Member of Institute of Personnel Management and Sub-Committee Member for Women in Development of Bangladesh Employers' Federation.



Firoz Ahmed Khan

Head of Retail Banking

Mr Firoz Ahmed Khan has been Head of Retail Banking in BRAC Bank since June 2008. Prior to his joining BRAC Bank Limited, he worked with Standard Chartered Bank as Head of Consumer Banking Finance. Before that, he worked in the same bank as Manager, Consumer Banking Finance. He also served in ANZ Grindlays Bank & Standard Chartered Bank from 2000 to 2003 in different areas.

He started his career in Ekushey Television's Program Management Department in 1999. Firoz A. Khan has 10 years of working experience in the Banking & Commercial Sector. He attended the Indian Institute of Technology (Madras) graduating with a Bachelor of Technology in Aerospace Engineering in 1996 and completed Masters of Business Administration from Institute of Business Administration, Dhaka University.



Mohammed Rahmat Pasha

Head of Treasury & Financial Institution

Mr Mohammed Rahmat Pasha joined BRAC Bank Limited in 2001 as Head of Treasury and Financial Institutions. Prior to his joining in BRAC Bank he served The City Bank Ltd. for 8 years & Dutch Bangla Bank Ltd. for 5 years and worked in diverse departments including Retail Banking, Foreign Exchange, Remittance, Finance & International Division.

He also has a long experience in treasury and financial Institutions. During his career, he attended numerous local and foreign training. He obtained Masters in Commerce in Management from University of Dhaka.



Khwaja Shahriar

Head of Cash Management
Custodial Services and Probashi Banking

Mr Khwaja Shahriar has been working with BRAC Bank Limited since 2001. He held different positions including that the Head of Corporate Banking Division. Recently, he has been appointed as Head of Cash Management, Custodial Services and Probashi Banking. He has long-time experience in Corporate Banking including Cash management and Lease Financing. Khwaja Shahriar started his career with AB Bank as a Probationary Officer.

He also served GSP Finance Company and Bangladesh Finance and Investment Company in senior management positions. Khwaja Shahriar completed his MA in English from Dhaka University and Master of Business Administration in Finance from Victoria University, Melbourne, Australia.



K. M. Adnan Masud

Head of Corporate Bank

Mr. K. M. Adnan Masud has joined BRAC Bank Limited in January 2010. Prior to joining BRAC Bank Limited he served Citibank-Kuala Lumpur, Malaysia as the Vice President and Unit Head in Global Subsidiary Group (GSG) under Global Corporate & Investment Bank. He has 13 years of working experience as a Corporate Banker. He also held other positions in Citibank, Standard Chartered Bank (SCB) and ANZ Grindlays Bank. He worked as the Vice president and Unit Head-Commercial Relationship Banking (CRB) and Industry Head for Pharmaceuticals and FMCG in Citibank, Dhaka, Bangladesh. He received CCO's Excellence Award four times, for outstanding contribution to the franchise in terms of revenue in Citibank Bangladesh. Mr. Adnan has received on-job exposure and formal training on banking and management practices, including corporate & investment banking, international trade, mergers and acquisitions, business process re-engineering at home and abroad. He also worked in SCB-Dubai and Citi-Mumbai for a short period of time. Mr. Adnan did his Masters in Finance and Banking from the University of Dhaka, Bangladesh and is also an MBA.



Shah Alam Bhuiyan

Head of Operations and Acting Head of Operational Risk Management

Mr Shah Alam Bhuiyan has been working with BRAC Bank Limited since February 2002. Prior to joining BRAC Bank Limited, he worked in Muslim Commercial Bank Limited (MCB), Incorporated in Pakistan, as Manager, Human Resources Department and Establishment. He joined BRAC Bank Limited as Head of Financial Administration. After that, he was appointed as Head of Loan Administration in 2003, Head of Assets Operations in 2005 respectively. In 2008, he also headed the Enterprise Risk Management, a new dimension of BRAC Bank Limited.

At present he is looking after risk issues for the bank as Acting Head of Operational Risk Management in addition to his current responsibilities as Head of Operations. He has about 19 years of experience in different sectors. He obtained his Bachelor of Commerce degree from Dhaka City College under Dhaka University and completed Chartered Accountancy course under the Institute of Chartered Accountancy of Bangladesh. He attended a significant number of training and workshop at home and abroad like-Financial Audit, BASEL-II, Core Banking Software Migration, International Trade, Loan classification and provisioning, Developing Strategic Leadership for Senior Management, Credit Risk Management, etc.



Md. Sarwar Ahmed

Head of IAM-SME & Retail Banking

Mr. Md. Sarwar Ahmed is working with BRAC Bank Limited since 2002. He was appointed as Branch Manager from 2003 to 2005. He also served as Head of Impaired Assets Management from 2006 to 2008.

Presently he is appointed as Head of IAM-SME & Retail Banking. He has a long experience in different areas of banking business.

He obtained Master of Arts (English) from the University of Dhaka.



Zeeshan Kingshuk Huq

Head of Corporate Affairs

Mr Zeeshan Kingshuk Huq has joined as Head of Corporate Affairs at BRAC Bank Limited on 14th May, 2009. Prior to joining BRAC Bank, Zeeshan Huq was heading the marketing department at Warid Telecom as the Senior Manager - Marketing.

An IBA graduate, he started in Creative and Strategy with Unitrend Ltd in 1998 where his turnaround portfolio included Standard Chartered Bank, Berger and DBH. In 2001, Zeeshan joined Holcim. The Swiss brand became the leader in cement industry that year in Bangladesh. He was later promoted as Regional Brand Manager for ASEAN region and was stationed in Vietnam for Holcim.

Zeeshan Huq upon returning to Bangladesh, worked at MGH Group as Group Head of Marketing & Innovation where he worked on the conglomerate's reengineering, business development and overall marketing. Radio Foorti, Nando's, regional expansion of the conglomerate and Barista are few of his diverse feats at MGH.



Remitting Smiles

Twelve kilometers up and another twelve down - that is the distance Halima Begum of Rajoir village of Madaripur has to travel on foot twice every month when her husband sends money from Malaysia. A tiring journey but not one that Halima Begum has the luxury to pass up on.

That is where ELDORADO comes in. It is a state-of-the-art, online, real-time remittance distribution system that enables recipients to withdraw money from any branch of the member banks.

BRAC Bank initiated ELDORADO to bring in banks on a common technological platform to share foreign remittances. Dr. Atiur Rahman, Honourable Governor of Bangladesh Bank was present as Chief Guest at BRAC Bank's launching ceremony of ELDORADO. This has been approved under the Remittance & Payment Challenge Fund (RPCF) partnered by Bangladesh Bank and DFID, UK. BRAC Bank entered into an agreement on November 26, 2008 under the RPCF project.

The network now has nine banks whereby foreign remittances can be withdrawn from over one thousand



branches across the country. Rupali Bank, the only bank within Halima Begum's vicinity, is the latest addition to the network. The bank is a leisurely fifteen minutes' walk from her village home.

Now, not only Halima Begum, but literally everyone can withdraw money remitted through Western Union Money Transfer - in any corner of the country, thanks to ELDORADO via BRAC.

ELDORADO

- Online real-time remittance distribution system
- Ensures foreign remittance delivery to the beneficiary within seconds on an online platform - through any branch of the member banks
- Members: 9 state-run and private banks (state bank to be integrated by June '10)
- Touch Points: 1004 branches of the 9 banks across the country by June '10
- First ever nation-wide industry initiative led by a private bank and joined by others
- Technology, support and investment by BRAC Bank

Corporate Governance Compliance Report

Status of Compliance with the conditions imposed by the Securities and Exchange Commission's Notification No SEC/CMRRCD/2006-158/admin/02-08 dated 20th February 2006 issued under section 2CC of the Securities and Exchange Commission Ordinance 1969.

Condition No.	Title	Compliance status (put ✓ in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not Complied	
1.00	Board of Directors			
1.1	Board's size: should not be less than 5 (five) and more than 20 (twenty)	✓		
1.2 (i)	Independent Director: at least 1/10 i.e. minimum one	✓		
1.2 (ii)	Appointment of Independent director by elected directors	✓		
1.3	Separate Chairman of the Board and Chief Executive and clearly defined roles and responsibilities	✓		
1.4	Directors report to Shareholders	✓		
1.4 (a)	Fairness of Financial Statements	✓		
1.4 (b)	Maintenance of proper books of account	✓		
1.4 (c)	Adoption of appropriate accounting policies and estimates	✓		
1.4 (d)	Compliance with International Accounting Standards	✓		
1.4 (e)	Soundness of Internal Control System	✓		
1.4 (f)	Ability to continue as a going concern	✓		
1.4 (g)	Significant deviations in operating results from last year			No Deviation
1.4 (h)	Presentation of at least preceding three years' financial data	✓		
1.4 (i)	Declaration of Dividend	✓		
1.4 (j)	Details of Board Meeting	✓		
1.4 (k)	Shareholding Pattern	✓		
2.00	CFO, Head of Internal Audit & Company Secretary			
2.1	Appointment of CFO, Company Secretary & Head of Internal Audit and defining their responsibilities	✓		
2.2	Attendance of CFO & Company Secretary in the Board of Directors meeting	✓		
3.00	Audit Committee:			
3.1 (i)	Constitution of Audit Committee	✓		
3.1 (ii)	Constitution of Audit Committee with Board Members including the Independent Director	✓		
3.1 (iii)	Filling of casual vacancy in the Audit Committee			No such case
3.2 (i)	Chairman of the Committee	✓		
3.2 (ii)	Professional qualification and experience of the chairman of the Committee	✓		
3.3.1 (i)	Reporting on the activities of the Audit Committee	✓		
3.3.1(ii)(a)	Reporting of conflict of interest to the Board of Directors			No such case
3.3.1 (ii)(b)	Reporting of any fraud or irregularity to the board of Directors			No such case
3.3.1 (ii)(c)	Reporting of violation of Laws to the Board of Directors			No such case
3.3.1 (ii)(d)	Reporting of any other matter to the Board of Directors	✓		
3.3.2	Reporting of Qualified Point to Commission			No such case
3.4	Reporting of activities to the Shareholders and General Investors	✓		
4.00	External/Statutory Auditors:	✓		
4.00 (i)	Non-engagement in appraisal or valuation	✓		
4.00 (ii)	Non-engaged in designing of Financial Information System	✓		
4.00 (iii)	Non-engagement in book-keeping	✓		
4.00 (iv)	Non-engagement in Actuarial Services	✓		
4.00 (v)	Non engagement in Internal Audit	✓		
4.00 (vi)	Non engagement in any other services	✓		

**Status of Compliance of Bangladesh Bank's Guidelines for Corporate Governance
(BRPD circular No 16 dated 24.07.2003)**

Sl No	Particulars	Compliance Status	
		Yes (✓)	No (X)
01	Responsibilities and authorities of the Board of Directors:		
	(a) Work-planning and strategic management:		
	(i) The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on an annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor at quarterly rests the development of implementation of the work-plans.	✓	
	(ii) The Board shall have its analytical review incorporated in the Annual Report regarding the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and other senior executives and have it evaluated at times.	✓	
	(b) Lending and risk management:		
	(i) The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedulement and write-off thereof shall be made with the Board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, directly or indirectly, into the process of loan approval.	✓	
	(ii) The Board shall frame policies for risk management and get them complied with and shall monitor at quarterly rests the compliance thereof.	✓	
	(c) Internal control management:		
	The Board shall be vigilant on the internal control system of the Bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. It shall review at quarterly rests the reports submitted by its audit committee regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.	✓	
	(d) Human resources management and development		
	1. Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the Board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment and promotion to the immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.	✓	
	2. The Board shall focus its special attention to the development of skills of Bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The Board shall get these programs incorporated in its annual work plan.	✓	
	(e) Financial management:		
	(i) The annual budget and the statutory financial statements shall finally be prepared with the approval of the board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including	✓	

**Status of Compliance of Bangladesh Bank's Guidelines for Corporate Governance
(BRPD circular No 16 dated 24.07.2003)**

Sl No	Particulars	Compliance Status	
		Yes (✓)	No (X)
	(ii) The Board shall frame the policies and procedures for Bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board	✓	
	(f) Formation of supporting committees: For decision on urgent matters an executive committee, whatever name called, may be formed with the directors. There shall be no committee or sub-committee of the board other than the executive committee and the audit committee. No alternate director shall be included in these committees.	✓	
	(g) Appointment of CEO: The Board shall appoint a competent CEO for the Bank with the approval of the Bangladesh Bank.	✓	
02	Responsibilities of the chairman of the board of directors:		
	(a) As the chairman of the board of directors (or chairman of any committee formed by the board or any director) does not personally possess the jurisdiction to apply policymaking or executive authority, he shall not participate in or interfere into the administrative or operational and routine affairs of the bank.	✓	
	(b) The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.	✓	
	(c) The chairman may be offered an office-room, a personal secretary/assistant, a telephone at the office and a vehicle in the business-interest of the bank subject to the approval of the board.	✓	
03	Responsibilities of the adviser: The adviser, whatever name called, shall advise the board of directors or the CEO on such issues only for which he is engaged in terms of the conditions of his appointment. He shall neither have access to the process of decision-making nor shall have the scope of affecting executive authority in any matters of the bank including financial, administrative or operational affairs.		No Such Case
04	Responsibilities and authorities of the CEO: The CEO of the bank, whatever name called, shall discharge the responsibilities and affect the authorities as follows:		
	(a) In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.	✓	
	(b) The CEO shall ensure compliance of the Bank Companies Act, 1991 and/or other relevant laws and regulations in discharge of routine functions of the bank	✓	
	(c) The CEO shall report to Bangladesh Bank of issues violative of the Bank Companies Act, 1991 or of other laws/regulations and, if required, may apprise the board post facto.	✓	
	(d) The recruitment and promotion of all staff of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the Board. The board or the chairman of any committee of the board or any director shall not get involved or interfere with such affairs. The authority relating to transfer of and disciplinary measures against the staff, except those at one tier below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the Board, he shall nominate officers for training, etc.	✓	

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 2009 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, 2009 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, 2009, 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 2009 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;
18 February 2010


S. F. Ahmed & Co.
Chartered Accountants

BRAC BANK LIMITED
Consolidated Balance Sheet
As on December 31, 2009

		Amount in Taka
	Notes	December-09
PROPERTY AND ASSETS		
Cash	3.a	6,619,082,263
Cash in hand		1,637,296,747
(Including foreign currency)		
Balance with Bangladesh Bank and its agent banks		4,981,785,516
(Including foreign currency)		
Balance with other banks and financial institutions	4.a	5,649,104,142
In Bangladesh		5,427,024,479
Outside Bangladesh		222,079,663
Money at call and short notice	5.a	1,300,000,000
Investments	6.a	10,383,311,907
Government		10,257,680,797
Others		125,631,110
Loans and advances	7.a	64,150,835,159
Loans, cash credit, overdrafts etc.		64,084,358,403
Bills purchased & discounted		66,476,756
Fixed assets including premises, furniture and fixtures	8.a	1,666,593,932
Other assets	9.a	4,534,525,587
Non-banking assets	10.0	-
Goodwill	11.a	311,888,515
Total Property and Assets		94,615,341,505
LIABILITIES AND CAPITAL		
Liabilities		
Borrowings from other banks, financial institutions & agents	12.a	2,450,000,000
Deposits and other accounts	13.a	74,455,677,860
Current accounts & other accounts		24,549,612,758
Bills payable		453,829,731
Savings deposits		12,973,969,209
Fixed deposits		36,037,073,117
Other deposits		441,193,045
Other Liabilities	14.a	8,878,422,500
Total Liabilities		85,784,100,360
Capital and Shareholders' Equity		
Paid up Share Capital	15.2	2,059,200,000
Preference Share Capital	15.8	500,000,000
Share Premium	15.7.a	1,553,052,103
Statutory Reserve	16.a	1,337,479,877
Revaluation Reserve	17.a	1,576,498,469
Exchange Equalization Reserve		45,000
Surplus in profit and loss account/Retained Earnings	18.a	1,331,987,555
Total BRAC Bank Limited shareholders' equity		8,358,263,004
Minority Interest	19.0	472,978,141
Total equity		8,831,241,145
Total Liabilities and Shareholders' Equity		94,615,341,505

BRAC BANK LIMITED
Consolidated Off Balance Sheet Items
As on December 31, 2009

	Notes	Amount in Taka December-09
Contingent Liabilities		
Acceptances and endorsements		137,392,734
Letter of guarantees	20.2	1,051,007,264
Irrevocable letter of credits	20.3	4,620,316,769
Bills for collection	20.4	36,164,384
Tax liability	20.6	127,787,830
Other contingent liabilities		16,514,722
Total Contingent Liabilities	20.0	<u>5,989,183,702</u>
Other Commitments		
Documentary credits and short term trade related transactions		-
Forward assets purchased and forward deposits placed		-
Undrawn note issuance and revolving underwriting facilities		-
Undrawn formal standby facilities, credit lines and other commitments-lease hold assets		-
Total Other Commitments		<u>-</u>
Total Off-Balance Sheet items including contingent liabilities		<u><u>5,989,183,702</u></u>

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



Managing Director & CEO


Director


Director


Chairman

Dated, Dhaka;
18 February 2010


S. F. Ahmed & Co.
Chartered Accountants

BRAC BANK LIMITED

Balance Sheet As on December 31, 2009

		Amount in Taka	
	Notes	December-09	December-08
PROPERTY AND ASSETS			
Cash	3.0	6,619,001,730	4,315,888,000
Cash in hand		1,637,216,214	908,567,282
(Including foreign currency)			
Balance with Bangladesh Bank and its agent banks		4,981,785,516	3,407,320,718
(Including foreign currency)			
Balance with other banks and financial institutions	4.0	5,593,933,873	3,194,971,113
In Bangladesh		5,371,854,209	2,925,484,028
Outside Bangladesh		222,079,664	269,487,085
Money at call and short notice	5.0	1,300,000,000	-
Investments	6.0	10,972,204,419	8,245,373,273
Government		10,257,680,797	7,880,195,243
Others		714,523,622	365,178,030
Loans and advances	7.0	64,150,835,159	52,676,716,740
Loans, cash credit, overdrafts etc.		64,084,358,403	52,665,236,558
Bills purchased & discounted		66,476,756	11,480,182
Fixed assets including premises, furniture and fixtures	8	1,637,898,063	1,472,024,279
Other assets	9	4,307,431,216	2,536,919,987
Non-banking assets	10	-	-
Total Property and Assets		94,581,304,460	72,441,893,391
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	12	2,450,000,000	2,280,000,000
Deposits and other accounts	13	75,219,615,155	58,006,887,011
Current accounts & other accounts		24,549,608,278	7,652,002,775
Bills payable		453,829,731	424,455,762
Savings deposits		13,043,725,795	4,627,686,658
Fixed deposits		36,731,258,306	43,399,790,445
Other deposits		441,193,045	1,902,951,371
Other Liabilities	14	8,760,734,892	6,717,480,731
Total Liabilities		86,430,350,047	67,004,367,741
Capital and Shareholders' Equity			
Paid up Share Capital	15.2	2,059,200,000	1,584,000,000
Preference Share Capital	15.8	500,000,000	500,000,000
Share Premium	15.7.1	1,406,000,000	1,406,000,000
Statutory Reserve	16	1,337,479,877	908,762,088
Revaluation Reserve	17	1,576,498,469	118,846,147
Exchange Equalization Reserve		45,000	45,000
Surplus in profit and loss account/Retained Earnings	18	1,271,731,067	919,872,415
Total Shareholders' Equity		8,150,954,413	5,437,525,647
Total Liabilities and Shareholders' Equity		94,581,304,460	72,441,893,391

BRAC BANK LIMITED

Off Balance Sheet Items As on December 31, 2009

Amount in Taka			
	Notes	December-09	December-08
Contingent Liabilities			
Acceptances and endorsements		137,392,734	136,773,626
Letter of guarantees	20.2	1,051,007,264	425,080,706
Irrevocable letter of credits	20.3	4,620,316,769	1,570,706,657
Bills for collection	20.4	36,164,384	8,570,591
Tax liability	20.6	127,787,830	3,367,206
Other contingent liabilities		16,514,722	16,496,672
Total Contingent Liabilities	20.0	<u>5,989,183,702</u>	<u>2,160,995,459</u>
Other Commitments			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments- lease hold assets		-	-
Total Other Commitments		<u>-</u>	<u>-</u>
Total Off-Balance Sheet items including contingent liabilities		<u>5,989,183,702</u>	<u>2,160,995,459</u>

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



Managing Director & CEO


Director


Director


Chairman

Dated, Dhaka;
18 February 2010


S. F. Ahmed & Co.
Chartered Accountants

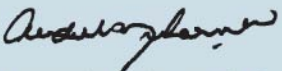
BRAC BANK LIMITED

Consolidated Profit and Loss Account For the year ended December 31, 2009

Amount in Taka

Particulars	Notes	December-09
Interest income	22.a	9,202,348,192
Interest paid on deposits and borrowing etc.	23.a	6,073,232,757
Net interest income		3,129,115,435
Investment income	24.a	1,923,835,228
Commission, exchange and brokerage	25.a	2,266,540,614
Other operating income	26.a	85,135,526
Total operating income		7,404,626,803
Salaries and allowances	27.a	1,761,345,481
Rent, taxes, insurance, electricity etc.	28.a	327,230,744
Legal expenses	29.a	17,637,440
Postage, stamps, telecommunication etc.	30.a	169,451,904
Stationery, printing, advertisement etc.	31.a	278,597,145
Chief Executive's salary & fees		8,296,400
Directors' fees & expenses	32.a	1,277,400
Auditors' fee	33.a	877,925
Depreciation on and repairs to bank's assets	34.a	452,730,307
Other expenses	35.a	586,124,784
Total operating expenses		3,603,569,530
Profit/(loss) before provisions		3,801,057,273
Provision for:		
Loans and advances	36.0	1,537,000,000
Diminution in value of Investments		-
Off Balance Sheet Items		37,000,000
Others	32.0	-
Total provision		1,574,000,000
Profit/(loss) before taxes		2,227,057,273
Provision for Tax:		
Current		1,153,692,401
Deferred		(300,000,000)
Total provision for Tax	37.a	853,692,401
Total profit/(loss) after taxes		1,373,364,872
Appropriations:		
Statutory reserve		428,717,788
General reserve		-
Dividend etc.		-
		428,717,788
Retained earnings		944,647,084
Transferred to Minority Interest		34,190,208
Net Retained Earnings		910,456,876
Basic earnings per share	38.a	64.37

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

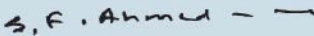

Managing Director & CEO


Director


Director


Chairman

Dated, Dhaka;
18 February 2010


S. F. Ahmed & Co.
Chartered Accountants

BRAC BANK LIMITED
Profit and Loss Account
For the year ended December 31, 2009

Particulars	Notes	Amount in Taka	
		December-09	December-08
Interest income	22.0	9,171,637,664	8,021,101,674
Interest paid on deposits and borrowing etc.	23.0	6,073,232,757	4,865,091,805
Net interest income		3,098,404,907	3,156,009,869
Investment income	24.0	1,923,835,228	909,126,833
Commission, exchange and brokerage	25.0	2,164,389,982	1,951,193,720
Other operating income	26.0	77,532,020	19,853,415
Total operating income		7,264,162,137	6,036,183,837
Salaries and allowances		1,735,809,442	1,422,467,134
Rent, taxes, insurance, electricity etc.	28.0	322,985,187	201,185,595
Legal expenses		17,222,190	6,659,649
Postage, stamps, telecommunication etc.	30.0	168,373,346	153,973,003
Stationery, printing, advertisement etc.	31.0	277,149,852	212,445,802
Chief Executive's salary & fees		8,296,400	21,606,094
Directors' fees & expenses	32.0	455,400	729,715
Auditors' fee		780,000	753,125
Depreciation on and repairs to bank's assets	34.0	448,011,862	320,428,159
Other expenses	35.0	567,489,518	522,029,311
Total operating expenses		3,546,573,197	2,862,277,587
Profit/(loss) before provisions		3,717,588,940	3,173,906,250
Provision for:			
Loans and advances	36.0	1,537,000,000	1,138,548,420
Diminution in value of Investments		-	-
Off Balance Sheet Items		37,000,000	11,907,000
Others		-	-
Total provision		1,574,000,000	1,150,455,420
Profit/(loss) before taxes		2,143,588,940	2,023,450,830
Provision for Tax:			
Current		1,140,000,000	1,220,000,000
Deferred		(300,000,000)	(170,000,000)
Total provision for Tax	37.0	840,000,000	1,050,000,000
Total profit/(loss) after taxes		1,303,588,940	973,450,830
Appropriations:			
Statutory reserve		428,717,788	404,690,166
General reserve		-	-
Dividend etc.		-	-
		428,717,788	404,690,166
Retained earnings		874,871,152	568,760,664
Basic earnings per share	38.0	60.98	45.00

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

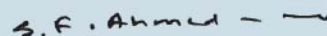

Managing Director & CEO


Director


Director


Chairman

Dated, Dhaka;
18 February 2010


S. F. Ahmed & Co.
Chartered Accountants

BRAC BANK LIMITED
Consolidated Cash Flow Statement
For the year ended December 31, 2009

	Notes	2009
A. Cash flows from operating activities		
Interest receipts		10,924,127,258
Interest payment		(6,330,714,215)
Dividends received		4,400,027
Fees & commissions receipts		2,266,540,613
Cash payments to employees		(1,695,706,633)
Cash payments to suppliers		(376,240,067)
Income tax paid		(1,168,503,044)
Receipts from other operating activities	40.a	105,179,789
Payment for other operating activities	41.a	(974,960,180)
Operating profit/(loss) before changes in operating assets and liabilities (i)		2,754,123,549
Increase/decrease in operating assets & liabilities		
Loans and advances		(11,474,118,419)
Other assets		(830,479,772)
Deposits from customers		16,448,790,851
Other liabilities		(140,232,636)
Cash utilised in operating assets & liabilities (ii)		4,003,960,023
Net cash (used)/flows from operating activities (i+ii)		6,758,083,572
B. Cash flows from investing activities		
Treasury bills		-
Treasury bonds		(919,615,233)
Sale/(Investment) in shares		(61,131,110)
Investment in debenture		-
Investment in bonds		300,000,000
Investment in zero coupon bonds		678,030
Investment in prize bond		(218,000)
Acquisition of fixed assets		(554,582,043)
Disposal of Fixed Assets		7,741,456
Net cash used in investing activities		(1,227,126,900)
C. Cash flows from financing activities		
Proceeds from issue of Ordinary shares		-
Proceeds from issue of Preference shares		-
Proceeds from issue of Right shares		-
Share Premium		-
Payment of dividend on preference share		(47,812,500)
Payment for lease finance		-
Borrowings from other banks		170,000,000
Borrowings from Bangladesh Bank		-
Net cash flows from financing activities		122,187,500
Net increase/decrease in cash		5,653,144,172
Cash and cash equivalents at beginning of year		7,915,042,234
Cash and cash equivalents at end of year	39.a	13,568,186,406

BRAC BANK LIMITED
Cash Flow Statement
For the year ended December 31, 2009

		Amount in Taka	
	Notes	December-09	December-08
A. Cash flows from operating activities			
Interest receipts		10,893,416,729	8,752,901,827
Interest payment		(6,330,714,215)	(4,308,796,588)
Dividends received		4,400,027	6,400,000
Fees & commissions receipts		2,164,389,981	1,951,193,720
Cash payments to employees		(1,674,087,461)	(1,320,858,916)
Cash payments to suppliers		(373,772,061)	(359,009,559)
Income tax paid		(1,160,612,152)	(809,274,043)
Receipts from other operating activities	40	97,576,283	19,853,415
Payment for other operating activities :	41	(946,972,046)	(690,261,152)
Operating profit/(loss) before changes in operating assets and liabilities (i)		2,673,625,086	3,242,148,704
Increase/decrease in operating assets & liabilities			
Loans and advances		(11,474,118,419)	(20,215,614,560)
Other assets		(529,524,961)	(239,704,724)
Deposits from customers		17,212,728,146	20,638,479,236
Other liabilities		(233,247,312)	294,581,854
Cash utilised in operating assets & liabilities (ii)		4,975,837,453	477,741,806
Net cash (used)/flows from operating activities (i+ii)		7,649,462,539	3,719,890,510
B. Cash flows from investing activities			
Treasury bills		-	848,242,240
Treasury bonds		(919,615,233)	(3,617,744,127)
Sale/(Investment) in shares		(650,023,622)	-
Investment in debenture		-	-
Investment in bonds		300,000,000	(270,000,000)
Investment in zero coupon bonds		678,030	7,893,235
Investment in prize bond		(218,000)	(824,000)
Acquisition of fixed assets		(508,136,179)	(765,393,785)
Disposal of fixed Assets		7,741,456	946,357
Net cash used in investing activities		(1,769,573,549)	(3,796,880,080)
C. Cash flows from financing activities			
Proceeds from issue of Ordinary shares		-	-
Proceeds from issue of Preference shares		-	-
Proceeds from issue of Right shares		-	264,000,000
Share Premium		-	1,056,000,000
Payment of dividend on preference share		(47,812,500)	(46,800,000)
Payment for lease finance		-	(4,485,369)
Borrowings from other banks		170,000,000	40,000,000
Borrowings from Bangladesh Bank		-	-
Net cash flows from financing activities		122,187,500	1,308,714,631
Net increase/decrease in cash		6,002,076,490	1,231,725,061
Cash and cash equivalents at the beginning of the year		7,510,859,113	6,279,134,052
Cash and cash equivalents at year end	39.0	13,512,935,603	7,510,859,113

BRAC BANK LIMITED

Consolidated Statement of Changes in Equity For the year ended December 31, 2009

Amount in Taka

Particulars	Paid up share capital	Redeemable preference share capital	Share Premium	Statutory Reserve	Exchange Equalization Reserve	Revaluation Reserve	Retained Earnings	Minority Interest	Total
Balance at January 01, 2009	1,584,000,000	500,000,000	1,406,000,000	908,762,089	45,000	118,846,147	919,872,415	-	5,437,525,651
Adjustment in respect to earlier years	-	-	-	-	-	-	-	-	-
Currency transaction differences	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	935,127,640	-	935,127,640
Statutory reserve	-	-	-	428,717,788	-	-	-	-	428,717,788
Exchange equalization reserve	-	-	-	-	-	-	-	-	-
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)
Issue of ordinary share capital	-	-	-	-	-	-	-	-	-
Issue of preference share capital	-	-	-	-	-	-	-	-	-
Issue of right share capital	-	-	-	-	-	-	-	-	-
Capital gain	-	-	-	-	-	-	-	-	-
Share Premium	-	-	147,052,103	-	-	-	-	-	147,052,103
Minority Interest	-	-	-	-	-	-	-	472,978,141	472,978,141
Balance at December 31, 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
Balance at December 31, 2008	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

BRAC BANK LIMITED
Statement of Changes in Equity
For the year ended December 31, 2009

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, 2009	1,584,000,000	500,000,000	1,406,000,000	908,762,089	45,000	118,846,147	919,872,415	5,437,525,651
Adjustment in respect to earlier years	-	-	-	-	-	-	-	-
Currency transaction differences	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	874,871,152	874,871,152
Statutory reserve	-	-	-	428,717,788	-	-	-	428,717,788
Exchange equalization reserve	-	-	-	-	-	-	-	-
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)
Issue of ordinary share capital	-	-	-	-	-	-	-	-
Issue of preference share capital	-	-	-	-	-	-	-	-
Issue of right share capital	-	-	-	-	-	-	-	-
Capital gain	-	-	-	-	-	-	-	-
Share Premium	-	-	-	-	-	-	-	-
Balance at December 31, 2009	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
Balance at December 31, 2008	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

BRAC BANK LIMITED
Consolidated Liquidity Statement
(Assets & Liabilities Maturity Analysis)
As on December 31, 2009

	Amount in Taka					
	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
Assets						
Cash in hand	6,619,082,263	-	-	-	-	6,619,082,263
Balance with Other Banks and financial Institutions (Including foreign currencies)	2,779,104,142	1,570,000,000	1,300,000,000	-	-	5,649,104,142
Money at call and on short notice	1,300,000,000	-	-	-	-	1,300,000,000
Investments	41,933,028	-	-	150,466,050	10,190,912,829	10,383,311,907
Loans and advances	5,074,740,450	11,128,368,170	26,496,022,255	18,380,264,358	3,071,439,927	64,150,835,159
Fixed assets including premises, furniture & fixtures	33,891,154	84,061,385	223,583,520	858,243,718	466,814,155	1,666,593,932
Other assets	715,855,435	858,543,697	2,389,590,387	570,536,068	-	4,534,525,587
Non - banking assets	-	-	-	-	-	-
Goodwill				311,888,515	-	311,888,515
Total Assets	16,564,606,472	13,640,973,252	30,409,196,162	20,271,398,709	13,729,166,911	94,615,341,505
LIABILITIES						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	950,000,000	1,500,000,000	-	-	-	2,450,000,000
Deposits & other accounts	12,658,741,810	13,694,884,051	14,941,104,850	30,961,934,791	2,199,012,359	74,455,677,860
Other liabilities	634,394,067	701,342,466	2,401,954,555	2,723,917,209	2,416,814,203	8,878,422,500
Total Liabilities	14,243,135,877	15,896,226,517	17,343,059,405	33,685,852,000	4,615,826,562	85,784,100,360
Amount of net liquidity difference	2,321,470,595	(2,255,253,265)	13,066,136,758	(13,414,453,291)	9,113,340,349	8,831,241,145

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, 2009

Amount in Taka

	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
Assets						
Cash in hand	6,619,001,730	-	-	-	-	6,619,001,730
Balance with Other Banks and financial Institutions (Including foreign currencies)	2,723,933,873	1,570,000,000	1,300,000,000	-	-	5,593,933,873
Money at call and on short notice	1,300,000,000	-	-	-	-	1,300,000,000
Investments	41,933,028	-	-	150,466,050	10,779,805,341	10,972,204,419
Loans and advances	5,074,740,450	11,128,368,170	26,496,022,255	18,380,264,358	3,071,439,927	64,150,835,159
Fixed assets including premises, furniture & fixtures	33,558,154	83,395,385	220,586,520	833,553,484	466,804,520	1,637,898,063
Other assets	704,500,717	824,479,541	2,219,269,608	559,181,350	-	4,307,431,216
Non - banking assets	-	-	-	-	-	-
Total Assets	16,497,667,952	13,606,243,096	30,235,878,383	19,923,465,241	14,318,049,788	94,581,304,460
LIABILITIES						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	950,000,000	1,500,000,000	-	-	-	2,450,000,000
Deposits & other accounts	12,728,493,916	14,389,069,240	14,941,104,850	30,961,934,791	2,199,012,359	75,219,615,155
Other liabilities	628,509,687	695,458,086	2,301,920,088	2,718,032,828	2,416,814,203	8,760,734,892
Total Liabilities	14,307,003,603	16,584,527,325	17,243,024,938	33,679,967,619	4,615,826,562	86,430,350,047
Amount of net liquidity difference	2,190,664,349	(2,978,284,229)	12,992,853,445	(13,756,502,378)	9,702,223,226	8,150,954,413

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 December 31, 2009

Section One : Corporate Profile & Significant Accounting Policies

1.0 Corporate Information

BRAC Bank Limited is a scheduled commercial bank established under the Bank Companies Act, 1991 and incorporated as a public company limited by shares on 20 May, 1999 under the Companies Act, 1994 in Bangladesh. The primary objective of the Bank is to carry on all kinds of banking businesses. The Bank could not start its operations till 3 June, 2001 since the activity of the Bank was suspended by the High Court of Bangladesh. Subsequently, the judgment of the High Court was set aside and dismissed by the Appellate Division of the Supreme Court on 4 June, 2001 and accordingly, the Bank started its operations from 04 July, 2001. At present the Bank has 69 (sixty nine) branches, 59 SME service centers, 145 zonal offices and 429 unit offices of SME.

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

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

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

A fully operational Commercial Bank, BRAC Bank focuses on pursuing unexplored market niches in the Small and Medium Enterprises Business, which hitherto has remained largely untapped within the country. Significant percentage of BRAC Bank's clients had no prior experience with formal banking. The Bank has

59 SME service centers and 429 regional marketing unit offices offering services in the heart of rural and urban communities and employs about 1,821 business loan officers.

The Bank operates under a "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.

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

b) Going Concern

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

c) Functional and presentation currency

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

d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes 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 items which involve these judgments, estimates and assumptions are discussed below:

Impairment losses on loans and advances

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

though actual results may differ, resulting in future changes to the provisions.

e) Materiality and aggregation

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

f) Comparative information

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

2.2 Basis of consolidation

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

The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard 27: Consolidated Financial Statements and accounting for investments in subsidiaries. The consolidated financial statements are prepared to a common reporting period ending 31 December 2009.

Subsidiaries

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

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

Investment in Associates

Associates are all entities over which the bank has significant influence but no control, generally accompanying a holding of 20% or more of the voting power (directly or through

subsidiaries) will indicate significant influence unless it can be clearly demonstrated otherwise as per BAS-28 "Investment in Associates". BRAC Bank has no associates according to the definition of associates.

2.3 Foreign Currency Translations

(a) Foreign currency transactions are translated into equivalent Taka (functional currency) at spot exchange rate at the date of transaction.

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

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

2.4 Accounting for Provisions, Contingent Liabilities and Contingent Assets:

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

No provision is recognized for-

a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

b) Any present obligation that arises from past events but is not recognized because-

- * It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- * A reliable estimate of the amount of obligation cannot be made.

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

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

2.5 Taxation

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

2.5.1 Current Tax:

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

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

2.5.2 Deferred Tax:

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

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

Deferred tax liabilities are recognised for all taxable temporary differences except revaluation gain on securities classified as Held For Trading (HFT). They are also recognised for taxable temporary differences arising on investments and it is probable that temporary differences will not reverse in the foreseeable future. Deferred tax assets associated with these interests are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and there will be sufficient taxable profits against which to utilise the benefits of the temporary difference.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The

measurement reflects the tax consequences that would follow from the manner in which the Bank, at the reporting date, recovers or settles the carrying amount of its assets and liabilities.

Details are shown in note 14.6.2.

2.6 Reporting period

These financial statements cover one calendar year from 01 January to 31 December 2009.

2.7 Assets and the basis of their valuation

2.7.1 Cash and cash equivalents

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

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

2.7.2 Investment

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

Held to Maturity

Investments which have "fixed or determinable payments" and fixed maturity that the group

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

Held for Trading

Investment classified in this category are acquired principally for the purpose of selling or repurchasing-in short trading or if designated as such by the management. After initial recognition, investments are measured at fair 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 loss account.
Government Treasury Bills (HTM)	Cost	Amortised cost	Increased or decreased in value to equity.
Government Treasury Bonds (HTM)	Face value	None	None
Zero Coupon Bond	Face value	None	None
Prize Bond & Other Bond	Cost	None	None
Un quoted Shares (ordinary)	Cost	Cost	-
Quoted shares (ordinary)	Cost	Lower of cost or market price at balance sheet date	Loss to profit and loss A/c but no unrealized gain recorded.

Details are shown in note - 6

2.7.3 Loans and Advances

- a) Interest on loans and advances is calculated on daily product basis, but charged and accounted for monthly and quarterly on accrual basis.
- b) Provision for loans and advances is made based on the arrear in equivalent year and reviewed by the management and instruction contained in Bangladesh Bank BRPD Circulars No. 16 of 6 December

1998, 09 of 14 May 2001, 09 and 10 of 20 August 2005, 05 of 5 June 2006, 8 of August 07, 2007, 10 of 18 September 2007 and 05 of 29th April 2008 respectively.

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

The classification rates are given below:

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

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

2.7.4 Leases

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

The Bank as Lessee

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

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

2.7.5 Property, plant & equipments

a) Recognition

The cost of an item of property, plant and equipments shall be recognised as an assets if, and only if 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.

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

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

b) Depreciation

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

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

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

Rate of depreciation

Category of assets:	BRAC Bank Limited	BRAC EPL Investments Ltd.	BRAC EPL Stock Brokerage Ltd.
Furniture & fixture	10.00%	10.00%	10.00%
Office equipments	20.00%	10.00%	10.00%
IT equipments **	20.00%	25.00%	25.00%
Motor vehicles	20.00%	20.00%	20.00%
Office Decoration	-	15.00%	15.00%
Air Cooler & Ceiling Fan	-	20.00%	20.00%

c) Sale of Fixed Assets

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

d) Revaluation

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

The fair value of items of plant &

equipment is usually their market value is determined by appraisal.

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

Increases in the carrying amount as a result of revaluation is credited to shareholders equity under the heading of revaluation surplus. Decreases in the carrying amount as a result of revaluation is recognised as an expense. However, a revaluation decrease is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of the 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 expense 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 have been accounted for as finance lease whereas those were being recognized as operating lease in the earlier years. **Details of leased assets have been shown in "Annex-D"** to the financial statements. Assets held under finance leases are depreciated on the basis of lease term.

2.7.6 Other assets

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

2.7.7 Stock

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

weighted average method. **Details are shown in note -9.2.**

2.8 Liabilities & provisions

2.8.1 Borrowings from other banks, financial institutions & agents

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

2.8.2 Deposits

Deposits include non interest-bearing current deposit redeemable at call, interest bearing on-demand and short-term deposits, savings deposit and term deposit lodged for periods from 3 months to 12 years. These items are brought to account at the gross value of the outstanding balance. **Details are shown in note-13.**

2.8.3 Other Liabilities

Other liabilities comprise items such as provision for loans and advances, provision for taxes, interest payable, interest suspense, accrued expenses. Other liability is recognised in the balance sheet according to the guideline of Bangladesh bank and Income Tax Ordinance-1984 and internal policy of the banks. Provisions and accrued expenses are recognized in the financial statement when the bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. **Details are shown in note-14.**

2.9 Capital and Shareholders' Equity

Capital Management

The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve four major objectives: exceed regulatory thresholds and meet longer-term internal capital targets, maintain strong credit ratings, manage capital levels commensurate with the risk profile of the Bank and provide the Bank's shareholders with acceptable returns.

Capital is managed in accordance with the Board-approved Capital Management Planning from time to time. Senior management develop

the capital strategy and oversee the capital management planning of the Bank. The Bank's Finance, Treasury and Risk Management department are key in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal matrix.

2.9.1 Paid up share capital

Paid up share capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation. Details are shown in note- 15.

2.9.2 Preference Share Capital

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

2.9.3 Share Premium

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

2.9.4 Statutory reserve

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

2.9.5 Other reserve

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

2.10.1 Employees Retirement Benefit

Provident Fund

Provident fund benefits are given to the staff of the bank in accordance with the registered Provident fund rules. The commissioner of Income Tax, Large Tax Payers Unit, Dhaka has approved the Provident Fund as a recognized

fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from 1st January 2003. The fund is operated by a Board of Trustees consisting of 11 (eleven) members of the bank. All confirmed employees of the bank are contributing 10% of their basic salary as subscription of the fund. The bank also contributes equal amount of the employees' contribution to the fund. Interest earned from the investments is credited to the members' account on half yearly basis. Members are eligible to get both the contributions after 03 (three) years of continuous service from the date of their membership.

Gratuity Fund

Gratuity fund benefits are given to the staff of the bank in accordance with the approved Gratuity fund rules. National Board of Revenue has approved the gratuity fund as a recognized gratuity fund on March 06, 2006. The fund is operated by a Board of Trustees consisting of 7 (seven) members of the bank. Employees are entitled to gratuity benefit after completion of minimum 05 (five) years of service in the Company. The gratuity is calculated on the basis of last basic pay and is payable at the rate of one month's basic pay for every completed year of service. So that actuarial valuation is not considered essential.

2.10.2 Employees Other Benefit

Security Fund

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

Welfare Fund

The objective of the Employees' Welfare Fund is to provide regular category employees from JO to SPO of the BRAC Bank incurring severe accidents during official job, extended illness (not less than 3 months), Education for Children; Marriage of Children which costs

would not be affordable by the employee and which are not covered by any other means. All regular confirmed employees of the bank shall contribute monthly to the Fund according to the designation. The sum subscribed monthly from salaries of employees shall be credited separately in an "Employee Welfare Fund" as a liability of the Bank. There shall be at least 7 (seven) Members Management Committee to manage the fund. The Managing Director & CEO of the Bank will be the chairperson of this committee and other 6 members are nominated from the regular category staff.

Hospitalization Insurance

The Bank has introduced a health insurance scheme to its confirmed employees and their respective dependants at rates provided in health insurance coverage policy.

Incentive bonus

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

Annual leave

The provision for leave fare represents the current outstanding liability to employees at Balance Sheet date. Leave Fare Assistance is a non-recurring benefit for all permanent employees of the Bank who is entitled to annual leave. According to Bangladesh Bank policy all permanent employees have to avail 15 consecutive days of mandatory leave and LFA will given in this leave period.

Subsidized Scheme - Staff Loan

Personal, House building and car loan is provided to the permanent staff at a subsidized rate. Criteria and details of types wise staff loan is given below:

Personal Loan: A permanent staff completing 1 year of service can avail personal loan taking approval from **department head and head of HR.**

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

Car Loan: All staff at job grade from PO can

avail staff car loan taking approval from department head **and head of Credit.**

2.11 Revenue Recognition

Interest Income

In terms of provision of **Bangladesh Accounting Standard (BAS -18)** on revenue and disclosures in the financial statements of the Bank, the interest receivable is recognized on accrual basis. Interest on loans and advances cease 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 cease 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 31 December 2009 as per **Bangladesh Accounting Standard (BAS) - 33 "Earning Per Share"** .

Details are shown in note-38

Basic earnings

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

Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighted factor. The time weighting factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year. **(Note - 38.0).**

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

Diluted earnings per share

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

2.13 Statement of Liquidity

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following basis:

- a) Balances with other bank & financial institutions, money at call & short notice etc. are on the basis of their maturity term.
- b) Investments are on the basis of their residual maturity term.
- c) Loans & advances are on the basis of their repayment/ maturity schedule.
- d) Fixed assets are on the basis of their useful life.
- e) Other assets are on the basis of their adjustment.
- f) Borrowing from other banks, financial institutions and agents as per their maturity/ repayment term
- g) Deposits & other accounts are on the basis of their maturity term and behavioral past trend.
- h) Other long term liability on the basis of their maturity term.

i) Provisions & other liabilities are on the basis of their settlement.

2.14 Operating Segment

The bank has only one reportable business segments and the bank is operating with the geographical territory of Bangladesh. Hence segment reporting in accordance with BFRS-8 "Operating Segment" is not applicable.

2.15 Dividend

Dividend on ordinary shares are recognised as a liability and deducted from retained earnings when they are approved by the shareholders in the annual general meeting.

2.16 Reconciliation of inter-bank/inter-branch account

Books of accounts with regard to interbank (in Bangladesh and outside Bangladesh) are reconciled on monthly basis and there are no material differences which may affect the financial statements significantly.

Un-reconciled entries in case of inter-branch transactions as on the reporting date are not material.

(Details are shown in note-9.2.2)

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

Bangladesh Accounting Standard (BAS)	Ref.	Status
Presentation of Financial Statements	BAS-1	Applied
Inventories	BAS-2	Applied
Cash Flow Statements	BAS-7	Applied
Net profit or loss for the period, Errors and Changes in Accounting Policies	BAS-8	Applied
Events after Balance Sheet date	BAS-10	Applied
Construction Contracts	BAS-11	Not Applicable
Income taxes	BAS-12	Applied
Property Plant & Equipments	BAS-16	Applied
Leases	BAS-17	Applied
Revenue	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	Not Applicable
The Effect of Changes in Foreign Exchanges Rate	BAS-21	Applied
Borrowing Cost	BAS-23	Applied
Related Party Disclosures	BAS-24	Applied
Accounting for Investment	BAS-25	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	Applied

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

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

Bangladesh Financial Reporting Standard (BFRS)	Ref.	Status
First-time adoption of Bangladesh Financial Reporting Standards	BFRS-1	Not Applicable
Shares Based Payment	BFRS-2	Not applicable
Business combination	BFRS-3	Not Applicable
Non-current assets Held for Sale and Discounted operations	BFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	BFRS-6	Not applicable
Financial Instruments: Disclosures	BFRS-7	Applied
Operating Segments	BFRS-8	Not Applicable

2.18 Regulatory & Legal Compliance

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

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

2.19 Risk Management

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

These objectives are accomplished by setting in place a planning, control and reporting process,

the key objective of which is the coordinated management of the Bank's assets and liabilities, current banking laws and regulations, as well as prudent and generally acceptable banking practices.

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

2.19.1 Credit Risk Management

Credit risk is most simply defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions. The goal of credit risk management is to maximize a bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters.

Considering the key elements of Credit Risk the bank has segregated duties of the officers/ executives involved in credit related activities. Separate division for Corporate, SME, Retail and Credit Cards has been formed which are entrusted with the duties of maintaining effective relationship with the customers,

marketing of credit products, exploring new business opportunities etc. For transparency in the operations during the entire credit year i. Credit Approval Team, ii. Asset Operations Department, iii. Recovery Unit, and iv. Impaired Asset Management have been set up.

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

2.19.2 Foreign Exchange Risk Management

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

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

Dealing room is equipped with Reuter's information, a voice screens recorder for recording deals taking place over phone.

Counter party limit is set by the Credit Committee and monitored by Head of treasury. Trigger levels are set for the dealers, Chief Dealer and head of Treasury. Any increase to trigger limit of the head of Treasury requires approval from the Management Committee.

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

2.19.3 Asset Liability Management

Changes in market liquidity and or interest rate exposes Bank's business to the risk of loss, which may, in extreme cases, threaten the survival of the institution. As such emphasize has given so that the level of balance sheet risks are effectively managed, appropriate policies and procedures are established to control and limit these risks and proper resources are available for evaluating and controlling these risks. The Asset Liability Committee (ALCO) of the bank monitors Balance Sheet risk and liquidity risks of the Bank.

Asset liability Committee (ALCO) reviews country's over all economic position, Bank's Liquidity position, ALM Ratios, Interest Rate Risk, Capital Adequacy, Deposit Advanced Growth, Cost of Deposit & yield on Advance, F.E. Gap, Market Interest Rate, Loan loss provision adequacy and deposit and lending pricing strategy.

2.19.4 Prevention of Money Laundering

In recognition of the fact that financial institutions are particularly vulnerable to be used by money launderers. BRAC Bank has established Anti Money Laundering Policy. The purpose of the Anti Money Laundering Policy is to provide a guide line within which to comply with the laws and regulations regarding money laundering both at country and international levels and thereby to safeguard the bank from potential compliance, financial and reputation risk. KYC procedure has been set up with address verification. As apart of monitoring account transaction-the estimated transaction profile and high value transactions are being reviewed electronically. Training has been taken as a continuous process for creating/developing awareness among the officers.

2.19.5 Internal Control & Compliance

Internal Control is the mechanism in place on a permanent basis to control the activities in an

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

2.19.6 Information and communication technology

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

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

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

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

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

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

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

2.19.7 Enterprise Risk Management

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

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

Primary Objectives:

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

Development of ERM policy

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

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

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

Outcome of ERM:

- Vulnerable areas of the Bank are being identified

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

2.20 Implementation of BASEL-II

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

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

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

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

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

BRAC Bank management has successfully implemented BASEL-II and submitted quarterly return to Bangladesh Bank on timely basis. Details are shown in Note -15.9.3.

2.21 Off Balance Sheet Items

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

SECTION -TWO : NOTES TO THE BALANCE SHEET

Particulars	2009 Taka	2008 Taka
3.0 Cash		
A. Cash in hand:		
Local currency	1,597,757,522	881,268,730
Foreign currency	39,458,692	27,298,552
	1,637,216,214	908,567,282
B. Balance with Bangladesh Bank and Agents:		
Local currency :		
Statutory deposit	4,122,216,713	2,952,870,014
Foreign currency	556,151,549	352,478,757
	4,678,368,262	3,305,348,771
Sonali Bank as agent of Bangladesh Bank (local currency)	303,417,254	101,971,947
	4,981,785,516	3,407,320,718
	6,619,001,730	4,315,888,000

Cash balance as per cash book amounted to taka 1,745,091,214 as on 30 December 2009. As of 31 December 2009, cash withdrawn by customer through ATM amounting taka 107,875,000 is adjusted with the balance of cash book. Withdrawn amount is not reflected in cash book because 31 December is a bank holiday.

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

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

Particulars	2009 Taka	2008 Taka	
3.1.1 Cash Reserve Requirement (CRR) :			
5% of required Average Demand and Time Liabilities :			
Required reserve	3,717,848,600	2,878,435,000	
Actual reserve held	4,743,653,057	3,042,583,344	
Surplus/(Deficit)	<u>1,025,804,457</u>	<u>164,148,344</u>	
3.1.2 Statutory Liquidity Requirement (SLR) :			
13% of required Average Demand and Time Liabilities :			
Required reserve	9,666,406,360	7,483,931,000	
Actual reserve held	11,894,897,011	8,788,762,525	
Surplus/(Deficit)	<u>2,228,490,651</u>	<u>1,304,831,525</u>	
Total Surplus/(deficit)	(3.1.1+3.1.2)	<u>3,362,170,108</u>	<u>1,468,979,869</u>
3.1.3 Held for Statutory Liquidity Ratio			
Cash in hand (Note: 3)	1,637,216,214	908,567,282	
Balance with Bangladesh Bank and its agent bank(s) as per statement	4,743,653,057	3,042,583,344	
TT in Transit	-	-	
Government securities	-	-	
Government bonds (Note: 6.1)	10,257,680,797	7,880,195,243	
	<u>16,638,550,068</u>	<u>11,831,345,869</u>	
3.a Consolidated Cash			
A. Cash in hand:			
BRAC Bank Limited	1,637,216,214	908,567,282	
BRAC EPL Investments Ltd.	65,010	-	
BRAC EPL Stock Brokerage Ltd.	15,523	-	
	<u>1,637,296,747</u>	<u>908,567,282</u>	
B. Balance with Bangladesh Bank and Agents:			
BRAC Bank Limited	4,981,785,516	3,407,320,718	
BRAC EPL Investments Ltd.	-	-	
BRAC EPL Stock Brokerage Ltd.	-	-	
	<u>4,981,785,516</u>	<u>3,407,320,718</u>	
	<u>6,619,082,263</u>	<u>4,315,888,000</u>	
4.0 Balance with Other Bank and Financial Institutions			
A. In Bangladesh (Note: 4.1)	5,371,854,209	2,925,484,028	
B. Outside Bangladesh (Note: 4.2)	222,079,664	269,487,085	
	<u>5,593,933,873</u>	<u>3,194,971,113</u>	
4.1 Balance with Other Bank and Financial Institutions (In Bangladesh)			
On Demand Deposit Accounts			
Standard Chartered Bank - Current Account	36,822,408	3,094,209	
Southeast Bank Ltd- Current Account	-	200	
	<u>36,822,408</u>	<u>3,094,409</u>	

Particulars	2009 Taka	2008 Taka
On Short Term Deposit (STD) Accounts		
Southeast Bank Ltd.	50,943	173,917
ONE Bank Limited	-	982,056
Standard Chartered Bank	-	-
Jamuna Bank Limited	-	-
Prime Bank Limited	1,000	1,000
Bank Asia Limited	-	-
Pubali Bank Limited	758,656,492	528,779,578
Janata Bank Limited	594,305,728	411,275,669
Bangladesh Krishi Bank Limited	220,536,919	230,877,870
The City Bank Limited	15,233,550	22,824,468
Agrani Bank Limited	392,219,182	280,361,163
Islami Bank (BD) Ltd.	11,197,577	25,336,746
United Commercial Bank Limited	15,062,401	2,164,172
National Bank Limited	25,150,513	5,433,166
Sonali Bank Limited	44,113,278	22,062,465
ICB Islamic Bank Limited	897,396	89
AB Bank Limited	-	1,000
Rupali Bank Limited	132,344,942	102,411,770
Dhaka Bank Limited	-	5,677,432
First Security Bank Ltd.	1,218,165	1,027,058
EXIM Bank Limited	3,041,915	3,000,000
BASIC Bank Ltd.	1,001,800	-
	2,215,031,801	1,642,389,619
On Fixed Deposit with Banks		
Pubali Bank Limited	50,000,000	-
Sonali Bank Limited	500,000,000	-
Mutual Trust Bank Limited	100,000,000	-
	650,000,000	-
On Fixed Deposit with Financial Institutions		
Industrial & Infrastructure Development Finance Co. Ltd.	140,000,000	140,000,000
International Leasing & Financial Services Ltd.	300,000,000	100,000,000
Uttara Finance & Investment Limited	400,000,000	
Far East Finance & Investment Limited	80,000,000	110,000,000
Union Capital Limited	30,000,000	60,000,000
National Housing Finance Company Ltd.	100,000,000	
Prime Finance & Investment Co. Ltd.	50,000,000	50,000,000
Premier Leasing & Financial Services Limited	190,000,000	190,000,000
Phoenix Finance & Investments Limited	300,000,000	100,000,000
Bangladesh Finance & Investment Co. Ltd.	150,000,000	
Bangladesh Industrial Finance Company Ltd.	130,000,000	80,000,000
United Leasing Company Ltd.	200,000,000	300,000,000
Investment Corporation Of Bangladesh	150,000,000	
Lanka Bangla Finance Co. Ltd.	250,000,000	150,000,000
	2,470,000,000	1,280,000,000
	5,371,854,209	2,925,484,028

Particulars	2009 Taka	2008 Taka
4.2 Balance with other banks and financial institutions (Outside Bangladesh on Demand Deposit Accounts)		
On Demand Deposit Accounts (Non interest bearing) with:		
Standard Chartered Bank-NY (USD)	15,999,481	14,293,552
Mashreq Bank PSCNY (USD)	803,007	7,028,715
The Bank of Nova Scotia- Canada (CAD)	3,749,107	5,129,726
CITI Bank NA (USD)	16,799,631	6,344,342
AB Bank Mumbai (ACU Dollar)	19,137,416	19,515,399
ICICI Mumbai (ACU Dollar)	436,353	177,470
Standard Chartered Bank-UK (GBP)	457,965	139,102
Hypo Vereins Bank Germany (EURO)	20,076,879	26,181,105
HSBC - NY (USD)	96,840,642	175,344,010
HSBC - UK (GBP)	16,822,387	8,655,749
HSBC - AUS (AUD)	192,647	258,862
HSBC - Pakistan (ACU Dollar) HSBC - Pakistan (ACU Dollar)	37,348	15,687
HSBC - India (ACU Dollar) HSBC - India (ACU Dollar)	458,293	10,688
Zuercher Kantonal Bank, Zurich (CHF)	541,838	656,904
ING Belgium NV/SA (EURO)	127,959	835,308
Unicredito Italiano SPA (EURO)	13,443,910	1,612,297
Commerz Bank AG Germany (EURO)	185,729	156,795
Union DE Banques Arabes ET Francaises (JPY)	3,875,888	779,703
Westpack Banking Corporation, (AUD)	2,930,712	2,351,671
JP Morgan Chase Bank (USD)	9,162,472	-
	222,079,664	269,487,085

Details are shown in Annex-B

4.3 Maturity grouping of balance with other banks and financial institutions		
Up to 1 month	2,723,933,873	1,944,971,113
More than 1 month to 3 months	1,570,000,000	50,000,000
More than 3 months to 1 Year	1,300,000,000	1,200,000,000
More than 1 year to 5 years	-	-
More than 5 years	-	-
	5,593,933,873	3,194,971,113

4.a Consolidated Balance with Other Banks and Financial Institutions

A. In Bangladesh

BRAC Bank Limited	5,371,854,209	2,925,487,028
BRAC EPL Investments Ltd.	775,033,206	-
BRAC EPL Stock Brokerage Ltd.	44,074,359	-
	6,190,961,774	2,925,487,028
Less: Inter Company Transaction with:		
BRAC EPL Investments Ltd.	763,935,760	-
BRAC EPL Stock Brokerage Ltd.	1,535	-
	5,427,024,479	2,925,487,028

B. Outside Bangladesh

BRAC Bank Limited	222,079,663	269,487,085
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
	222,079,663	269,487,085
	5,649,104,142	3,194,971,113

Particulars	2009 Taka	2008 Taka
5.0 Money at Call and Short Notice		
Banking Company:		
Uttara Bank Limited	300,000,000	-
Eastern Bank Limited	250,000,000	-
Dutch Bangla Bank Limited	200,000,000	-
One Bank Ltd.	70,000,000	-
AB Bank Limited	100,000,000	-
Standard Chartered Bank Bangladesh	300,000,000	-
	1,220,000,000	-
Non-banking financial institutions:		
Lanka Bangla Finance Co. Ltd.	30,000,000	-
National Housing Finance Co. Ltd.	50,000,000	-
	80,000,000	-
	1,300,000,000	-
5.a Consolidated Money at Call and Short Notice		
BRAC Bank Limited	1,300,000,000	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
	1,300,000,000	-
6.0 Investment		
Government Securities (Note: 6.1)	10,257,680,797	7,880,195,243
Other Investments (Note: 6.2)	714,523,622	365,178,030
	10,972,204,419	8,245,373,273
Investment in securities are classified as follows:		
Held for trading (HFT)	7,671,907,364	5,579,080,747
Held for maturity (HTM)	2,584,503,133	2,300,062,195
Other Investments	715,793,922	366,230,330
	10,972,204,419	8,245,373,273
6.1 Government Securities		
Treasury Bills	-	-
Treasury Bonds (Note: 6.1.1)	10,256,410,497	7,879,142,943
Prize Bond	1,270,300	1,052,300
	10,257,680,797	7,880,195,243
6.1.1 Treasury Bonds		
Treasury Bonds (3 years TNT)	-	19,751,262
Treasury Bonds (5 years BGTB)	100,466,050	93,380,521
Treasury Bonds (10 years BGTB)	4,346,820,985	3,785,918,309
Treasury Bonds (15 years BGTB)	1,672,539,878	1,439,437,803
Treasury Bonds (20 years BGTB)	4,136,583,584	2,540,655,047
1 day Reverse REPO	-	-
6 months Reverse REPO	-	-
	10,256,410,497	7,879,142,943
6.2 Other Investments		
Ordinary Shares (Details are shown in Annexure - C)		
Industrial and Infrastructure Development Finance Co. Ltd. (100,000 ordinary shares of Tk. 100 each)	10,000,000	10,000,000
Bank Asia Limited (2,300 ordinary shares of Tk. 100 each fully paid)	230,000	230,000
Mercantile Bank Limited (2,700 ordinary shares of Tk. 100 each fully paid)	270,000	270,000
BRAC EPL Investments Ltd.	494,340,794	-
BRAC EPL Stock Brokerage Ltd.	102,522,500	-
Dun & Bradstreet Rating Agency of Bangladesh Limited	12,497,600	-
Central Depository Bangladesh Ltd. (40,000 ordinary shares of Tk. 100 each fully paid)	4,000,000	4,000,000
	623,860,894	14,500,000

Particulars	2009 Taka	2008 Taka
Preference Shares (Details are shown in Annexure - C)		
STS Holdings Limited		
(5,000,000 preference shares of Tk. 10 each redeemable after 5 years)	50,000,000	50,000,000
	50,000,000	50,000,000
Bonds		
Grameen Phone Ltd.	-	300,000,000
	-	300,000,000
Balance with BRAC EPL Stock Brokerage Ltd.	40,662,728	-
Zero Coupon Bonds		
Industrial and Infrastructure Development Finance Co. Ltd.	-	-
IDLC Finance Ltd.	-	536,975
United Leasing Company Ltd.	-	141,055
	-	678,030
	714,523,622	365,178,030
6.3 Maturity Wise Grouping		
Up to 1 month	41,933,028	1,730,330
More than 1 month to 3 months	-	14,500,000
More than 3 months to 1 Year	-	19,751,262
More than 1 year to 5 years	150,466,050	443,380,521
More than 5 years	10,779,805,341	7,766,011,159
	10,972,204,419	8,245,373,273
6.a Consolidated Investments		
BRAC Bank Limited:		
Government Securities	10,257,680,797	7,880,195,243
Other Investments	714,523,622	365,178,030
	10,972,204,419	8,245,373,273
Less: Investment in subsidiary	596,863,294	-
Inter company transaction	40,662,728	
	10,334,678,397	8,245,373,273
BRAC EPL Investments Ltd.	18,633,510	-
BRAC EPL Stock Brokerage Ltd.	30,000,000	-
	10,383,311,907	8,245,373,273
7.0 Loans and Advances		
Overdrafts	1,760,739,705	2,187,399,583
Demand loans	8,918,280,577	3,721,756,148
Term loans	14,481,214,369	11,441,179,801
Lease receivables (Note - 7.3)	602,927,821	490,368,566
Small & medium enterprises	35,972,074,382	33,019,122,381
Credit Cards	1,901,852,351	1,519,531,846
Staff loans (Note - 7.7)	447,269,198	285,878,234
	64,084,358,403	52,665,236,558
Bills purchased & discounted (Note - 7.10)	66,476,756	11,480,182
	64,150,835,159	52,676,716,740

Particulars	2009 Taka	2008 Taka
7.1 Net Loans and Advances		
Gross loans and advances	64,150,835,159	52,676,716,740
Less:		
Interest suspense	556,464,712	453,484,281
Provision for loans & advances	3,452,591,719	2,407,379,898
	4,009,056,431	2,860,864,180
	60,141,778,728	49,815,852,560
7.2 Maturity Wise Grouping		
Repayable on demand	5,074,740,450	5,109,641,524
More than 1 month to 3 months	11,128,368,170	9,481,809,013
More than 3 months to 1 Year	26,496,022,255	21,237,204,816
More than 1 year to 5 years	18,380,264,357	15,539,631,438
More than 5 years	3,071,439,927	1,308,429,949
	64,150,835,159	52,676,716,740
7.3 Lease receivables		
Lease finance on demand	-	-
Lease finance receivables More than 1 month to 3 months	73,744,348	1,583,757
Lease finance receivables More than 3 months to 1 Year	208,734,393	46,438,614
Lease finance receivables More than 1 year to 5 years	320,449,080	442,346,195
Lease finance receivables More than 5 years	-	-
Total Lease finance receivable	602,927,821	490,368,566
7.4 Loans and Advances under the following broad categories		
Inside Bangladesh:		
Loans	62,390,095,454	50,489,317,157
Cash Credits	-	-
Overdrafts	1,760,739,705	2,187,399,583
	64,150,835,159	52,676,716,740
Outside Bangladesh:	-	-
Loans	-	-
Cash credits	-	-
Overdrafts	-	-
	64,150,835,159	52,676,716,740
7.5 Geographical Location Wise Portfolio Grouping		
Inside Bangladesh:		
Dhaka Division	38,894,955,332	32,264,176,566
Chittagong Division	12,463,827,115	9,649,861,805
Khulna Division	3,845,348,758	3,494,369,831
Sylhet Division	1,693,715,244	1,519,919,453
Barisal Division	2,401,570,252	1,534,227,358
Rajshahi Division	4,851,418,458	4,214,161,727
	64,150,835,159	52,676,716,740
Outside Bangladesh:	-	-
	64,150,835,159	52,676,716,740
7.6 Significant Concentration wise Grouping		
Directors & others	-	-
Staff:		
Managing Director & CEO	-	-
Senior Executives	83,544,172	46,461,636
Others	363,725,026	239,416,598
Industries:		
Agricultural	726,990,953	1,337,548,758
Large & Medium	11,027,217,468	3,256,045,721
Small & Cottage	740,719,670	1,288,845,454
	12,494,928,091	5,882,439,933
Consumers	11,319,789,093	9,661,482,413
Trade & Commercial	39,888,848,777	36,846,916,160
	64,150,835,159	52,676,716,740

Particulars	2009 Taka	2008 Taka
7.7 Staff Loan		
Personal Loan	112,913,703	71,263,331
Car Loan	113,606,859	72,521,784
House building Loan	220,748,636	142,093,119
	447,269,198	285,878,234
7.8 Detail of Large Loan		
Number of clients with amount outstanding and classification status to whom loans and advances sanctioned exceeds 10% of the total capital of the Bank. Total capital of the Bank was Taka 7,509.36 million as at 31 December 2009 (Tk. 6,116.58 million in 2008).		
7.9 Grouping as per Classification Rules		
Unclassified		
Standard including staff loan	57,728,435,549	49,102,865,704
Special Mention Account (SMA)	2,544,742,867	1,100,839,246
	60,273,178,416	50,203,704,950
Classified		
Sub standard	1,504,126,278	1,004,430,866
Doubtful	990,855,828	684,605,428
Bad / Loss	1,382,674,637	783,975,496
	3,877,656,743	2,473,011,790
	64,150,835,159	52,676,716,740
7.10 Loan type wise classified loan		
Overdraft	41,715,110	53,046,328
Demand Loan	170,630,533	163,249,733
Term Loan	3,310,130,901	2,123,098,856
Lease Finance	15,554,500	18,272,997
Credit Cards	355,180,198	89,561,285
	3,893,211,243	2,447,229,200
7.11 Sector-wise Allocation of Loans and Advances		
Government	-	-
Private:		
Agriculture, fishing, forestry and dairy firm	726,990,953	1,337,548,758
Industry (jute, textile, garments, chemicals, cements etc.)	11,027,217,468	3,256,045,721
Working capital financing	869,344,044	2,489,438,711
Export credit	18,355,628	112,631,994
Commercial credit	38,595,278,844	33,683,845,454
Small and cottage industries	740,719,670	1,288,845,454
Miscellaneous	12,172,928,552	10,508,360,648
	64,150,835,159	52,676,716,740
	64,150,835,159	52,676,716,740
7.12 Securities against loans/advances including bills purchased and discounted		
Collateral of moveable/immoveable assets	17,392,025,798	10,070,158,193
Local banks & financial institutions guarantee	-	-
Government guarantee	-	-
Foreign banks guarantee	-	-
Export documents	-	-
Fixed deposit receipts (FDR)	4,763,325,136	4,339,123,433
FDR of other banks	-	-
Government bonds	-	-
Personal guarantee	41,495,083,820	38,225,441,472
Other securities	500,400,405	41,993,642
	64,150,835,159	52,676,716,740

7.13 Particulars of required provisions for loans and advances

Status	Outstanding Loans & advances 2009	Base for provision	Percentage (%) of required provision	Required provision 2009	Required provision 2008
Unclassified					
All unclassified loans (Other than small enterprises, housing finance, loans for professional, consumer financing and special mention account)	20,260,532,042	20,260,532,042	1%	202,605,320	130,517,894
Small enterprise financing	31,094,762,017	31,094,762,017	1%	310,947,620	307,365,815
Housing & loan for professional	3,105,204,185	3,105,204,185	2%	62,104,084	40,631,700
Consumer finance	3,221,731,545	3,221,731,545	5%	161,086,577	167,633,767
Special Mentioned Account (SMA)	2,544,742,867	2,481,064,533	5%	124,053,227	52,839,858
				860,796,828	698,989,033
Classified - Specific provision					
Sub-standard	1,504,126,278	1,345,487,441	20%	269,097,488	177,176,321
Doubtful	990,855,828	848,090,283	50%	424,045,142	286,685,017
Bad/Loss	1,382,674,637	1,149,633,208	100%	1,149,633,208	565,159,938
				1,842,775,838	1,029,021,276
Required provision for loans and advances				2,703,572,666	1,728,010,309
Total provision maintained (Note 13.1)				3,452,591,719	2,407,379,898
Excess/(Short) provision at 31 December 2009				749,019,053	679,369,589

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

Name of Exposure	Outstanding	Percentage (%) of required provision	Required provision 2009	Required provision 2008
Acceptances and endorsements	137,392,734	1%	1,373,927	1,367,736
Letter of guarantees	1,051,007,264	1%	10,510,073	4,250,807
Irrevocable letter of credits	4,620,316,769	1%	46,203,168	15,707,067
Bills for collection	36,164,384	1%	361,644	85,706
Total required provision			58,448,812	21,411,316
Total provision maintained (note 13.2)			61,407,000	24,407,000
Excess/(Short) provision at 31 December 2008			2,958,188	2,995,684

Particulars	2009 Taka	2008 Taka
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7.15 Particulars of Loans and Advances

i) Debts considered good in respect of which Bank is fully secured	22,155,350,934	14,409,281,626
ii) Debts considered good for which Bank holds no other security than the debtor's personal security	2,014,766,054	1,590,795,177
iii) Debts considered good secured by the personal undertakings of one or more parties in addition to the	39,980,718,171	36,676,639,937
iv) Debts considered doubtful or bad, not provided for	-	-
	64,150,835,159	52,676,716,740
v) Debts due by directors or officers of the banking company or any of these either separately or jointly with any other persons;	447,269,198	285,878,234
vi) Debts due by companies or firms in which the directors or officers of the bank are interested as directors, partners or managing agents or in case of private companies as members;	192,287,384	272,281,037

Particulars	2009 Taka	2008 Taka
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;	447,269,198	285,878,234
viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in case of private companies, as members;	192,287,384	272,281,037
ix) Due from banking companies	-	-
x) Amount of Classified loans on which interest has not been charged should be mentioned as follows:	-	-
a) Increase/decrease of provision (specific)	948,811,821	1,030,582,602
amount of debts written off	1,002,621,753	61,679,683
amount realized against loan previously written off.	55,497,494	6,573,347
b) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet	1,382,674,637	783,975,496
c) Interest creditable to the Interest Suspense a/c.	556,464,712	453,484,281
xi) Cumulative amount of the written off loan and the amount written off during the current year should be shown separately. The amount of written off loan for which lawsuit has been filed should also be mentioned.		
- Current year	1,002,621,753	61,679,683
- Cumulative to date	1,171,632,892	169,011,139
The amount of written off loans for which law suit filed	1,171,632,892	169,011,139
7.16 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.		
7.17 Bill Purchased & Discounted under the following broad categories		
Inside Bangladesh	66,476,756	11,480,182
Outside Bangladesh	-	-
	66,476,756	11,480,182
7.18 Maturity Wise Grouping of Bill Purchased & Discounted		
Up to 1 month	20,984,082	5,049,330
More than 1 month to 3 months	37,689,106	5,508,420
More than 3 months to 1 Year	7,803,568	922,432
More than 1 year to 5 years	-	-
More than 5 years	-	-
	66,476,756	11,480,182
7.19 Write off of Loans & advances		
Balance at the beginning of the year	153,827,170	98,720,834
Add: Write off during the year	1,002,621,753	61,679,683
	1,156,448,923	160,400,517
Less: Recovery of Write off loans	55,497,494	6,573,347
Balance at the end of the year	1,100,951,429	153,827,170
7.a Consolidated Loans & Advances		
BRAC Bank Limited	64,150,835,159	52,676,716,740
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
	64,150,835,159	52,676,716,740

Particulars	2009 Taka	2008 Taka
8.0 Fixed assets including premises, furniture and fixtures		
Cost		
Land	87,940,465	87,940,465
Furniture & fixture	688,825,344	474,657,411
Office equipments	487,264,633	380,473,000
IT equipments	1,072,926,548	918,779,362
Motor vehicles	59,183,414	41,300,601
Lease assets	-	99,996,639
	2,396,140,404	2,003,147,478
Less: Accumulated depreciation	758,242,341	531,123,199
Net Book value at the end of the year	1,637,898,063	1,472,024,279

(Details are shown in Annex - D)

8.a Consolidated Fixed Assets including Premises, Furniture & Fixtures		
BRAC Bank Limited	1,637,898,063	1,472,024,279
BRAC EPL Investments Ltd.	17,664,413	-
BRAC EPL Stock Brokerage Ltd.	11,031,456	-
	1,666,593,932	1,472,024,279
9.0 Other Assets		
9.1 Income Generating Other Assets		
Interest receivables (Note - 9.2.1)	840,705,255	663,093,383
Prepaid Interest Expenses on Interest		
First Fixed Deposit (IFFD)	86,630,485	191,208,688
Receivables against sanchayapatra	24,753,742	14,221,666
Receivables from Omnibus	41,099,603	35,290,252
Receivables against travelers cheque	502,536	1,728,538
	993,691,621	905,542,526
9.2 Non Income Generating Other Assets		
Stock of stamps	5,703,808	4,759,984
Other receivables (Note - 9.2.2)	134,647,209	21,345,959
Stock of security stationery	24,566,366	34,255,269
Stock of printing stationery	22,811,132	22,163,051
Advance to staff & supplier	20,130,521	7,888,499
Advance for ELDORADO	63,696,306	1,813,362
Deferred revenue expenditure	32,177,692	21,130,996
Advance payment of income tax	2,153,057,394	1,089,682,999
Advance to staff for motor cycle purchase	92,099,404	102,365,784
Advance to SME unit offices	1,415,000	1,443,000
Advance against fixed assets	96,801,797	39,592,613
Advance against office rent	543,599,120	270,792,462
Advance security deposit	10,279,466	9,777,400
Advance for Data Center Project	67,672,476	-
Advance for software migration	40,923,784	-
* Lease assets	4,034,334	4,078,667
Interbranch Account (Note-9.2.3)	123,785	287,415
	3,313,739,595	1,631,377,460
	4,307,431,216	2,536,919,987

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

Particulars	2009 Taka	2008 Taka
9.2.1 Interest Receivables		
Interest Receivables consists of interest receivable on loans, investments etc.		
Receivable against Government securities	234,296,011	202,606,672
Receivable against other securities	3,699,996	7,271,046
Receivable against balance with other bank	201,645,809	97,571,954
Receivable against loans and advances	401,063,439	355,643,711
	840,705,255	663,093,383
9.2.2 Other Receivables		
Remittance in transit	-	114,984
Receivable against remittance	18,792,091	15,204,666
Receivable against bills pay	-	-
Receivable against DD	7,500,000	-
Receivable against Cheques	-	173,441
Receivable against Cards	288,154	14,053
Account receivable-FCY(Unclaimed)	6,926	-
Receivable from Merchant	77,841,078	4,321,350
Receivable from Partners	1,830,499	1,027,465
Receivable in Cash Shortage	-	-
Receivable from Member Bank - Omnibus	-	490,000
Receivable from Member Bank - ELDORADO	28,388,461	-
Misc. Suspense Account	-	-
	134,647,209	21,345,959
9.2.3 Interbranch Account		
Inter Branch Account - BDT	-	-
Inter Branch Account - FCY	-	-
Cost Center Account	123,785	287,415
	123,785	287,415
9.a Consolidated Other Assets		
BRAC Bank Limited	4,307,431,216	2,536,919,987
BRAC EPL Investments Ltd.	54,085,776	-
BRAC EPL Stock Brokerage Ltd.	173,008,595	-
	4,534,525,587	2,536,919,987

10.0 Non Banking assets

No non-banking assets is under the possession of the bank which acquired as claims. BRAC Bank limited has not acquired any such assets as on 31st December 2009.

11.a Consolidated Goodwill

BRAC Bank Limited	-	-
BRAC EPL Investments Ltd.	257,500,382	-
BRAC EPL Stock Brokerage Ltd.	54,388,133	-
	311,888,515	-

11.a.1 Calculation of Goodwill

	BRAC EPL Investments	BRAC EPL Stock Brokerage Limited	Total
Cost of investment	494,340,794	102,522,500	596,863,294
Less: Face value of share	153,000,000	25,500,000	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	284,974,779
	257,500,382	54,388,133	311,888,515

Particulars	2009 Taka	2008 Taka
12.0 Borrowing from other Banks, Financial Institutions and Agents:		
In Bangladesh, secured and repayable on demand		
Secured:		
Refinance from Bangladesh Bank	Int. Rate 5% - 6 %	Tenure 3-5 years
	-	-
Unsecured:		
Money at call & short notice		
Banking company:		
BASIC Bank	-	150,000,000
Citibank N.A.	-	70,000,000
Dutch Bangla Bank Ltd.	-	50,000,000
One Bank Ltd.	-	10,000,000
Habib Bank Ltd.	-	20,000,000
Pubali Bank Ltd.	-	20,000,000
Agrani Bank Ltd.	-	100,000,000
Commercial Bank of Ceylon	-	60,000,000
National Bank Ltd.	-	150,000,000
Mutual Trust Bank Ltd.	-	100,000,000
	-	730,000,000
Non-bank financial institutions:	-	-
	-	730,000,000
Term Borrowing:	Tenure	
Banking company:		
Trust Bank Limited	100,000,000	-
Eastern Bank Ltd.	350,000,000	-
Dhaka Bank Limited	100,000,000	-
Pubali Bank Limited	-	300,000,000
BASIC Bank Limited	400,000,000	400,000,000
Bangladesh Krishi Bank Limited	500,000,000	-
Sonali Bank Limited	-	400,000,000
ICB Islamic Bank Ltd.	500,000,000	300,000,000
Commercial Bank of Ceylon	50,000,000	-
National Bank Limited	200,000,000	-
Mutual Trust Bank Limited	100,000,000	-
Standard Chartered Bank	150,000,000	150,000,000
	2,450,000,000	1,550,000,000
Non-bank financial institutions:	-	-
	2,450,000,000	1,550,000,000
Outside Bangladesh	-	-
	2,450,000,000	2,280,000,000
12.1 Maturity Wise Grouping		
Up to 1 month	950,000,000	1,030,000,000
More than 1 month to 3 months	1,500,000,000	950,000,000
More than 3 months to 1 Year	-	300,000,000
More than 1 year to 5 years	-	-
More than 5 years	-	-
	2,450,000,000	2,280,000,000

Particulars	2009 Taka	2008 Taka
12.a Consolidated Borrowing from other Banks, Financial Institutions and Agents		
BRAC Bank Limited	2,450,000,000	2,280,000,000
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
	2,450,000,000	2,280,000,000

13.0 Deposit and Other Accounts

Local Currency:

Current & other accounts	24,434,036,657	7,559,545,979
Bills payable (Note-13.4)	453,829,731	424,455,761
Saving deposits	13,043,725,795	4,627,686,658
Fixed deposits	36,245,544,754	42,966,367,653
Other deposits (Note-13.5.1)	283,437,916	1,869,308,657
	74,460,574,853	57,447,364,708

Foreign Currency:

Current & other accounts	115,571,621	92,456,795
Bills payable	-	-
Saving deposits	-	-
Fixed deposits	485,713,552	433,422,792
Other deposits (Note-13.5)	157,755,129	33,642,714
	759,040,302	559,522,302

Total Deposit and other accounts

75,219,615,155	58,006,887,010
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Savings deposits balance as per ledger book amounted to taka 13,151,600,795 as on 30 December 2009. As of 31 December 2009, cash withdrawn by customer through ATM amounting taka 107,875,000 is adjusted with the balance of ledger book. Withdrawn amount is not reflected in ledger book as because 31 December is a bank holiday.

13.1 Deposit details concentrating liquidity nature

i) Demand deposit

	12,605,425,109	6,116,872,537
Current deposit	10,570,881,833	5,095,542,106
Saving deposit (10%)	1,304,372,580	462,768,666
Foreign currency deposit	273,326,750	126,099,510
Sundry deposit	3,014,215	8,006,494
Bills payable	453,829,731	424,455,761

ii) Time deposit

	62,614,190,046	51,890,014,473
Saving deposit (90%)	11,739,353,215	4,164,917,992
Foreign currency deposit	485,713,552	433,422,792
Fixed deposit	34,127,288,805	41,360,039,985
Short term deposit	13,863,154,824	2,464,003,873
Deposit pension scheme	2,118,255,948	1,606,327,668
Security deposit	47,068,716	31,744,274
Other Deposit	233,354,985	1,829,557,889

75,219,615,155	58,006,887,010
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13.3 Maturity Wise Grouping

Payable on demand	4,077,716,736	2,191,059,066
Payable within 1 month	8,650,777,181	4,542,286,537
Over 1 month but within 6 months	19,521,872,807	23,325,135,799
Over 6 months but within 1 year	9,808,301,282	23,250,613,148
Over 1 year but within 5 years	30,961,934,791	2,573,764,791
Over 5 years but within 10 years	1,531,411,639	1,907,986,033
Over 10 years	667,600,720	216,041,635
	75,219,615,155	58,006,887,010

Particulars	2009 Taka	2008 Taka
13.4 Bills payable		
Local Drafts Issued and Payable	-	-
Stamp Charges payable for Loan Clients	4,162,543	3,838,654
Insurance Premium payable for SME Loan Clients	53,244,905	72,712,454
Payment Order Issued	379,502,162	328,794,603
Sundry Creditors	130,994	7,930
Payment Order To Be Issued	6,338,877	7,887,479
Cards Settlement account	10,450,250	11,214,642
	453,829,731	424,455,761
13.5 Other Deposits		
Foreign currency	157,755,129	33,642,714
Local Currency:		
Sundry deposit (Note-13.5.1)	283,437,916	1,869,308,657
	441,193,045	1,902,951,371
13.5.1 Sundry deposit		
Security Deposits	47,068,716	31,744,274
Security Deposit from SME Loan client	211,594,423	1,803,023,997
Security Deposit from Retail Loan client	21,760,562	26,533,892
Merchant POS settlement account	-	233,245
Lease Deposit	3,014,215	7,773,249
	283,437,916	1,869,308,657
13.a Consolidated Deposit and Other Accounts		
BRAC Bank Limited	75,219,615,155	58,006,887,010
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
	75,219,615,155	58,006,887,010
Less: Inter Company Transaction		
BRAC EPL Investments Ltd.	763,935,760	-
BRAC EPL Stock Brokerage Ltd.	1,535	-
	74,455,677,860	58,006,887,010
14.0 Other Liabilities		
Provisions for loans & advances (Note - 14.1)	3,452,591,719	2,407,379,898
Provisions for Off Balance Sheet Items (Note - 14.2)	61,407,000	24,407,000
Provisions for Others	61,777	61,777
Interest suspense (Note - 14.3)	556,464,712	453,484,281
Withholding tax payable (Note - 14.4)	112,381,836	73,629,436
Provision for taxation (Including deferred tax) (Note - 14.6)	2,550,529,488	1,807,767,245
Interest payable	1,021,143,425	1,278,624,884
Accrued expenses	623,560,863	407,782,128
Excise duty Payable	98,129,045	32,793,996
VAT payable (Note - 14.5)	70,053,268	65,657,611
Share subscription - IPO (refund warrant)	190,554	223,073
Right Share subscription	1,092,941	3,164,500
Cheque clearing account	13,621,045	68,733,931
Margin on L/C	124,544,759	62,118,810
Margin on L/G	54,000,802	12,757,173
Others	20,961,659	18,894,987
	8,760,734,892	6,717,480,731

Particulars	2009 Taka	2008 Taka
14.1 Provision for Loans and Advances :		
Provision for loans and advances is created for covering the bank for possible loan losses in the future. General provision is made on outstanding loan and advance without considering the quality of loans and advances according to the prescribed rate of Bangladesh Bank.		
A. General		
Balance at the beginning of the year	769,667,510	707,946,255
Add: Provision made during the year	96,400,000	61,721,255
Balance at the end of the year	866,067,510	769,667,510
B. Specific		
Balance at the beginning of the year	1,637,712,388	607,129,786
Add: Provision made during the year	1,440,600,000	1,076,827,165
	3,078,312,388	1,683,956,951
Less: Interest waiver during the year	-	5,978,586
Less: Write off during the year	491,788,179	40,265,977
Balance at the end of the year	2,586,524,209	1,637,712,388
Net actual provision at the end of year (A+B)	3,452,591,719	2,407,379,898
14.2 Provisions for Off Balance Sheet Items		
Provision for off balance sheet items is made as per BRPD circular No. 8 of 7th August 2007 and 10 of September 18, 2007 for covering the bank for possible losses on off balance sheet items in the future. Details movement of Provision for Off Balance Sheet as follows:		
Balance at the beginning of the year	24,407,000	12,500,000
Add: Provision made during the year	37,000,000	11,907,000
Balance at the end of the year	61,407,000	24,407,000
14.3 Interest suspense		
Classified loans and advances of the banks are categorised as sub-standard, doubtful and bad/loss as per guidelines of the Bangladesh Bank. Interest accrued on SMA, sub-standard, doubtful and bad/loss loans is recorded as 'interest suspense' and not taken to income. This interest is recognised as income as and when it is realised in cash by the bank.		
Balance at the beginning of the year	453,484,281	236,131,399
Add: Provision made during the year	1,466,314,638	544,027,083
	1,919,798,919	780,158,481
Less: Amount of interest suspense recovered	1,095,902,148	304,583,793
Less: Write off during the year	267,432,059	18,475,342
Less: Interest waiver during the year	-	3,615,065
Balance at the end of the year	556,464,712	453,484,281
14.4 Withholding Tax Payable		
Payable On Interest	99,326,036	61,154,981
Payable (Suppliers)	5,920,112	2,804,233
Payable (Contractors & Consultants)	831,251	4,802,457
Payable (Staff Salaries & Allowance)	2,580,291	1,663,160
Payable (Rent)	1,503,807	884,688
Payable (Export)	106,367	96,378
Payable on Commission Paid	2,062,665	2,223,540
Payable on Export Cash Subsidy	-	-
Withholding Tax Payable on Profession Services	-	-
Withholding Tax Payable - Others	51,308	-
	112,381,836	73,629,436

Particulars	2009 Taka	2008 Taka
14.5 VAT Payable		
Payable On L/C Commission	868,985	409,645
Payable on Commission for Remittances	712,717	566,258
Payable on Loan Processing Fees	10,232,730	34,664,649
Payable - Credit Cards	3,357,639	4,723,831
Payable - Supplier	6,035,511	4,690,845
Payable - Rent	16,988,322	
Payable - DESA & DESCO	24,519,188	16,878,864
Payable - BPDB	2,086,295	-
Payable - DPDC	2,921,607	
Payable - Others	2,330,273	3,723,519
	70,053,268	65,657,611
14.6 Provision for taxation		
Current tax (Note - 14.6.1)	3,096,447,274	1,956,447,274
Deferred tax (Note - 14.6.2)	(545,917,786)	(148,680,029)
	2,550,529,488	1,807,767,245
14.6.1 Provision for current taxation		
Balance at the beginning of the year	1,956,447,274	1,122,005,918
Add: Provision made during the year	1,140,000,000	1,220,000,000
	3,096,447,274	2,342,005,918
Less: Adjustment of tax provision for previous years	-	385,558,644
Balance at the end of the year	3,096,447,274	1,956,447,274
Assessment up to the income year ended 31 December 2006 corresponding to the assessment year 2007-2008 has been completed.		
Assessment for the year 2001 (assessment year 2002-2003) is under appeal with the High Court preferred by the bank against tax department's demand for additional tax of Tk. 3,367,206 which has been shown as contingent liability.		
Assessment for the year 2007 (assessment year 2008-2009) is under appeal with the Appellate Division preferred by the bank against tax department's demand for additional tax of Tk. 124,420,624.		
14.6.2 Provision for Deferred tax Liability/(Assets)		
Balance at the beginning of the year	(148,680,029)	(75,917,786)
Add: Provision made during the year		
Charged/(credited) to profit & loss account	-	170,000,000
Charged/(credited) to revaluation reserve	(97,237,757)	97,237,757
	(245,917,786)	191,319,971
Less: Provision for Deferred Tax asset	300,000,000	340,000,000
Less: Adjustment of tax provision for previous years	-	-
Balance at the end of the year	(545,917,786)	(148,680,029)
Corporate tax position of the bank is shown in Annex-F		
14.a Consolidated Other Liabilities		
BRAC Bank Limited	8,760,734,892	-
BRAC EPL Investments Ltd.	24,142,686	-
BRAC EPL Stock Brokerage Ltd.	134,207,650	-
	8,919,085,228	-
Less: Inter company transaction	40,662,728	-
	8,878,422,500	-

Particulars	2009 Taka	2008 Taka
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15.0 Share Capital

15.1 Authorized Capital

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

480,000,000 ordinary shares of Tk. 100 each	<u>4,800,000,000</u>	<u>4,800,000,000</u>
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15.2 Issued, Subscribed and Paid up Capital

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

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

15.2.1 Issued, Subscribed and Paid up Capital

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

15.3 Initial Public Offering (IPO)

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

15.4 Bonus Issue

The Board of Directors in its 102nd meeting held on 15 March 2009 has recommended bonus share at the ratio of 3:10 (three bonus shares for every ten shares held) amounting to taka 475,200,000 and it was subsequently approved by the shareholder at Annual General Meeting.

15.5 Ordinary Shares

	No. of Shares.		
Sponsor			
BRAC	7,655,265	765,526,500	530,768,100
ShoreCap International Ltd.	1,438,949	143,894,900	150,448,300
International Finance Corporation (IFC)	1,200,547	120,054,700	110,688,400
Others	1,534	153,400	114,800
Non Sponsor			
Non Resident Bangladeshis	93,433	9,343,300	3,207,800
Mutual Funds	837,419	83,741,900	57,296,300
Institutions & General Public	9,364,853	936,485,300	731,476,300
	<u>20,592,000</u>	<u>2,059,200,000</u>	<u>1,584,000,000</u>

15.6 Classification of Shareholding

Range of Holding of Shares	No. of Shareholders	No. of Shares	Percentage of Holding of Shares
Less than 500	25,012	2,481,671	12.052%
500 to 5, 000	1,663	1,949,101	9.465%
5,001 to 10,000	79	553,988	2.690%
10,001 to 20,000	32	445,432	2.163%
20,001 to 30,000	16	398,242	1.934%
30,001 to 40,000	6	210,042	1.020%
40,001 to 50,000	4	170,225	0.827%
50,001 to 100,000	11	822,356	3.994%
100,001 to 1,000,000	14	3,266,182	15.861%
Over 1000000	3	10,294,761	49.994%
Total	<u>26,840</u>	<u>20,592,000</u>	<u>100.000%</u>

Particulars		2009 Taka	2008 Taka
15.7 Share Premium			
5,000,000 ordinary shares @ Tk. 70 per share		350,000,000	350,000,000
2,640,000 ordinary shares @ Tk. 400 per share		1,056,000,000	1,056,000,000
		1,406,000,000	1,056,000,000
15.7.1 Particulars of Share Premium			
	No. of Shares.		
Sponsor:			
BRAC	6,899,985	335,163,840	335,163,840
ShoreCap International Ltd.	1,438,949	92,473,920	92,473,920
International Finance Corporation (IFC)	1,955,827	100,298,880	100,298,880
Others	1,485	63,360	63,360
Non Sponsor:			
Non Resident Bangladeshis	341,827	87,800,000	87,800,000
Mutual Funds	1,282,479	87,800,000	87,800,000
General Public	8,671,448	702,400,000	702,400,000
	20,592,000	1,406,000,000	1,406,000,000
15.7.a Consolidated Share Premium			
BRAC Bank Limited		1,406,000,000	1,056,000,000
BRAC EPL Investments Ltd.		147,052,103	-
BRAC EPL Stock Brokerage Ltd.		-	-
		1,553,052,103	1,056,000,000
15.8 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
	5,000,000	500,000,000	500,000,000
15.9 Capital Adequacy Ratio			
15.9.1 Capital Adequacy Ratio - As per BASEL-I			
(Calculated as per BRPD Circular No. 10 of 24th November 2002, 01 of 19th February 2007 05 of 14th May 2007 03 of 12th March 2008 and 06 of 21st May 2008 issued by Bangladesh Bank.)			
Tier - I (Core Capital)			
Paid up Capital		2,059,200,000	1,584,000,000
Share Premium		1,406,000,000	1,406,000,000
Statutory Reserve		1,337,479,877	908,762,089
Retained Earnings		1,271,731,067	919,872,415
		6,074,410,944	4,818,634,504
Tier - II (Supplementary Capital)			
General Provision		927,474,510	794,074,510
Preference Share		500,000,000	500,000,000
Exchange Equalization Fund		45,000	45,000
Revaluation reserves of HTM Securities (Upto 50% of the revaluation reserves)		7,349,592	3,825,837
		1,434,869,102	1,297,945,347
Total Capital		7,509,280,046	6,116,579,851

Particulars	2009 Taka	2008 Taka
Total Risk Weighted Assets	59,186,040,081	47,943,151,292
Required capital based on Risk Weighted Assets (10.00%)	5,918,604,008	4,794,315,129
Surplus/ (Deficiency)	1,590,676,038	1,322,264,722
Capital Adequacy Ratio:		
On core capital (against standard of minimum 5%)	10.26%	10.05%
On actual capital (against standard of minimum 10%)	12.69%	12.76%

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

The minimum capital adequacy ratios prescribed by Bangladesh Bank are 5% for Tier 1 capital and 10% for Total capital. The Bank exceeded these minimum ratio thresholds as at December 31, 2009 with a Tier I capital ratio of 10.26% and total capital ratio of 12.69%.

15.9.2 Computation of Risk Weighted assets

Tk. in thousand

Particulars	Balance as on 31st December 2009	Risk weighted factor	Risk weighted Balances as on 31st December 2009
Cash in Hand and in Banks			
a) Cash in Hand & balance with banks (except private)	1,597,758	0%	-
b) Balances with Bangladesh Bank	4,122,217	0%	-
c) Balances with Sonali Bank as Agent of BB	303,417	0%	-
d) Balances with Deposit Money Banks including SB	2,901,854	0%	-
e) Balances with Other Financial Institutions-Public	-	0%	-
f) Balances with Other Financial Institutions-Private	2,470,000	20%	494,000
Money at Call & Short Notice			-
a) Deposit Money Banks	1,220,000	0%	-
b) Other Financial Institutions-Public	-	0%	-
c) Other Financial Institutions-Private	80,000	20%	16,000
Foreign Currency Balances Held			
a) Foreign Currency Notes in hand	39,459	0%	-
b) Balance with Banks abroad	222,080	0%	-
c) Foreign Currency clearing a/c balances with B.Bank	556,152	0%	-
d) Bilateral Trade Credits	-	50%	-
e) Wage Earners' (WES) Accounts	-	0%	-
Export and Other Foreign Bills			
a) Export Bills	-	50%	-
b) Other Foreign Bills	-	50%	-
Foreign Investment			-
a) OECD countries		20%	-
b) Other countries		50%	-
Import and Inland Bills	66,477	100%	66,477
Advances			
a) Government	-	0%	-
i) Food Ministry	-	0%	-
ii) Presidency, PM's office, Parliament etc.	-	0%	-
iii) Autonomous and Semi Autonomous Bodies	-	20%	-
b) Deposit Money Banks	-	20%	-

15.9.2 Computation of Risk Weighted assets

Tk. in thousand

Particulars	Balance as on 31st December 2009	Risk weighted factor	Risk weighted Balances as on 31st December 2009
Advances			
c) Other Financial Institutions-Private	1,958,117	50%	979,058
d) Major Non-Financial Public Enterprises	-	50%	-
e) Other Non-Financial Public Enterprises	-	50%	-
f) Local Authorities	-	20%	-
g) Private Sector	50,919,713	100%	50,919,713
Investment (as per book value)			
a) Presidency, PM's office, Parliament etc.			
i) Treasury Bond	10,256,410	0%	-
ii) Bangladesh Sanchaya Patra/DSC etc.	-	0%	-
iii) Prize Bonds/Income Tax Bonds	1,270	0%	-
iv) Other Securities of Government	-	0%	-
b) Autonomous and Semi Autonomous Bodies		20%	-
c) Other Financial Institutions-Private	14,000	50%	7,000
d) Major Non-Financial Public Enterprises	-	50%	-
e) Other Non-Financial Public Enterprises		50%	-
f) Local Authorities		20%	-
g) Private Sector	700,024	100%	700,024
h) Deposit Money Banks	500	20%	100
i) Negotiable Certificates of Deposits	-	20%	-
j) 91 Days BB Bill	-	0%	-
Head Office and Inter Branches Adjustments	-	0%	-
Other Assets			
a) Contingent Assets as per Contra	1,754,576	50%	877,288
b) Fixed Assets	1,637,898	50%	818,949
c) Valuation Adjustments	-	50%	-
d) Expenditure Account	-	0%	-
e) Others	4,307,431	100%	4,307,431
	85,129,352		59,186,040

Particulars	2009 Taka	2008 Taka
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15.9.3 Capital Adequacy Ratio - As per BASEL-II

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

Tier - I (Core Capital)

Paid up Capital	2,059,200,000	-
Share Premium	1,406,000,000	-
Statutory Reserve	1,337,479,877	-
Retained Earnings	1,271,731,067	-
	6,074,410,944	-

Tier - II (Supplementary Capital)

General Provision	927,474,510	-
Preference Share	500,000,000	-
Exchange Equalization Fund	45,000	-
Revaluation reserves of Securities (Upto 50% of the revaluation reserves)	788,249,234	-
	2,215,768,744	-
Total Capital	8,290,179,688	-

Particulars	2009 Taka	2008 Taka
Total Risk Weighted Assets	66,584,441,167	-
Required capital based on Risk Weighted Assets (10.00%)	6,658,444,117	-
Surplus/ (Deficiency)	1,631,735,571	-
Capital Adequacy Ratio:		
On core capital (against standard of minimum 5%)	9.12%	-
On actual capital (against standard of minimum 10.00%)	12.45%	-

15.10.3a Market Discipline Disclosures

A. Banking Book Assets

Cash in hand and Balance with BB (exluding FC)	6,023,391,489	-
Money at Call	1,300,000,000	-

Investment (HTM)

	8,027,463,282	-
Government	2,584,503,133	-
Qualifying (Banks etc)	7,105,940	-
Others including balance with other banks	5,435,854,209	-

Loans and Advances

	64,150,835,159	-
Classified (SMA, SS, DF & BL to be shown separately)	3,877,656,743	-
SMA	2,544,742,867	-
SS	1,504,126,278	-
DF	990,855,828	-
BL	1,382,674,637	-
Unclassified	57,728,435,549	-

Risk Weighted Assets (Credit and Off-Balance sheet)	58,350,323,466	-
Below 100% RW	31,796,678,307	-
100% RW	5,111,694,913	-
Above 100% RW	21,441,950,246	-

Rated Status(Credit and Off-Balancesheet)

Rated Assets	4,101,495,580	-
Unrated Assets	54,248,827,886	-

Other Assets (including Fixed Assest)	3,223,919,022	-
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Total Banking Book Assets	82,725,608,952	-
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FC Held in hand	39,458,692	-
FC held in BB & Nostro Account	778,231,213	-
Investment (Trading)	-	-
Govt. (part of Govt. HTM if Held above the required SLR amount)	-	-
HFT	7,671,907,364	-
AFS (if any)	-	-
Total Trading Book Assets	8,489,597,268	-

Total Assets	91,215,206,220	-
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Particulars	2009 Taka	2008 Taka
B) Total Exposures of Credit Risk		
1. Funded	77,560,924,431	-
a) Domestic	77,560,924,431	-
b) Overseas	-	-
2. Non-Funded	1,301,652,293	-
a) Domestic	1,301,652,293	-
b) Overseas	-	-
3. Distribution of risk exposure by claims		
• A. Claims on sovereigns and central banks	6,609,200,799	-
• B. Claims on other official entities	-	-
• C. Claims on banks and securities firms	5,661,498,510	-
• D. Claims on corporate	13,109,840,860	-
• E. Claims included in the retail portfolio & small enterprises (consumer loan to be shown separately)	37,779,620,766	-
Retail and SME portfolio	37,739,313,463	-
Consumer Loan	40,307,303	-
• F. Claims secured by residential property	1,609,436,119	-
• G. Claims secured by commercial real estate	-	-
• H. Other Categories:		
– Past due loans/NPL	3,877,656,743	-
– Off-balance sheet items	-	-
4. Credit Risk Mitigation		
• Claims secured by financial collateral	3,986,737,793	-
• Net exposure after the application of haircuts.	903,284,538	-
• Claims secured by eligible Guarantee	-	-
c) Market risk on Trading Book		
Quantitative Disclosure		
The capital requirements for:		
• interest rate risk;	-	-
• equity position risk;	1,420,000	-
• foreign exchange risk; and	13,528,752	-
• Commodity risk	-	-
d) Operational risk		
Quantitative Disclosure		
The capital requirements for:	840,976,691	-
• Operational Risk		
e) Maintenance of Specific Provision		
Quantitative Disclosure		
i) Gross Non Performing Assets (NPAs)	3,877,656,743	-
Non Performing Assets (NPAs) to Outstanding Loans and advances	6.0%	-
ii) Movement of Non Performing Assets (NPAs)		
1. Opening balance	2,473,011,790	-
2. Additions	1,803,964,083	-
3. Reductions	399,319,131	-
4. Closing balance	3,877,656,742	-
iii) Movement of specific provisions for NPAs		
1. Opening balance	1,637,712,388	-
2. Provisions made during the period	1,440,600,000	-
3. Write-off	491,788,179	-
4. Write-back of excess provisions	-	-
5. Closing balance	2,586,524,209	-

Particulars	2009 Taka	2008 Taka
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f) Maintenance of Regulatory Capital

Quantitative Disclosure

i) Amount of Tier-1 Capital

Fully paid-up Capital/Capital Deposited with BB	2,059,200,000	-
Statutory Reserve	1,337,479,877	-
Non-repayable Share premium account	1,406,000,000	-
General Reserve	-	-
Retained Earning	1,271,731,067	-
Minority interest in Subsidiaries	-	-
Non-Cumulative irredeemable Preferences shares	-	-
Dividend Equalization Account	-	-

ii) Amount deducted from Tier-1 Capital

• Goodwill	-	-
• Shortfall	-	-
• Others	-	-

iii) Total amount of Tier 2 capital

(net of deductions from Tier 2 capital).

General Provision (Unclassified loans+off Balance Sheet exposure) Limited to 1.25% of RWA	927,474,510	-
Assets Revaluation Reserve up to 50%	788,249,234	-
All other preference shares	500,000,000	-
Perpetual Subordinated debt up to max 50% of row 1.17	-	-
Balance of Exchange Equalization A/C	45,000	-
Sub- Total (2.1 to 2.5)		
Deductions (if any)		

iv) Total eligible capital (i-ii+iii) **8,290,179,688** **-**

g) Capital Adequacy

Quantitative Disclosure

A) Amount of Regulatory Capital to meet unforeseen loss

• Amount to meet Credit Risk	5,802,518,674	-
• Amount to meet Market Risk	14,948,752	-
• Amount to meet Operational Risk.	840,976,691	-

B) Some additional capital over MCR maintained by the banks **6,658,444,117** **-**

16.0 Statutory Reserve

Balance at the beginning of the year	908,762,089	504,071,923
Add: Transferred from profit during the year	428,717,788	404,690,166
	1,337,479,877	908,762,089

16.a Consolidated Statutory Reserve

BRAC Bank Limited	1,337,479,877	908,762,089
BRAC EPL Stock Brokerage Ltd.	-	-
	1,337,479,877	908,762,089

17.0 Revaluation Reserve

	HTM	HFT	Total	Total
Balance at the beginning of the year	4,208,421	114,637,726	118,846,147	-
Add: net addition during the year	7,047,510	1,353,367,054	1,360,414,565	216,083,904
	11,255,931	1,468,004,780	1,479,260,712	216,083,904
Add: Deferred Tax Liability	3,443,253	93,794,504	97,237,757	97,237,757
	14,699,184	1,561,799,284	1,576,498,469	118,846,147

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

Particulars	2009 Taka	2008 Taka	
17.a Consolidated Revaluation Reserve			
BRAC Bank Limited	1,576,498,469	118,846,147	
BRAC EPL Investments Ltd.	-	-	
BRAC EPL Stock Brokerage Ltd.	-	-	
	1,576,498,469	118,846,147	
18.0 Surplus in Profit and Loss Account/ Retained Earnings			
Balance at the beginning of the year	919,872,415	517,911,751	
Less: Issue of Bonus Share	475,200,000	120,000,000	
Less: Dividend on Preference Share	47,812,500	46,800,000	
Add: Retained Surplus for the year	874,871,152	568,760,660	
	1,271,731,067	919,872,411	
18.a Consolidated Surplus in Profit and Loss Account/ Retained Earnings			
BRAC Bank limited	1,271,731,067	-	
Add: Retained Surplus from BRAC EPL Investments Ltd.	6,553,872	-	
Add: Capital Gain	47,940,000	-	
Less: Provision for Tax on Capital Gain	7,191,000	-	
Less: Pre Acquisition profit from BRAC EPL Investments Ltd.	2,112,381	-	
Retained Surplus from BRAC EPL Stock Brokerage Ltd.	29,031,853	-	
Less: Pre Acquisition profit from BRAC EPL Stock Brokerage Ltd.	13,965,856	-	
	1,331,987,555	-	
19 Minority Interest			
BRAC Bank Limited	-	-	
BRAC EPL Investments Ltd.	412,256,222	-	
BRAC EPL Stock Brokerage Ltd.	60,721,919	-	
	472,978,141	-	
19.1 Calculation of Minority Interest			
	BRAC EPL Investments Ltd.	BRAC EPL Stock Brokerage Ltd.	Total
Share Capital	300,000,000	50,000,000	350,000,000
Share Premium	436,825,951	-	436,825,951
Proposed Dividend	90,000,000	50,000,000	140,000,000
Retained Earnings	14,513,277	23,922,283	38,435,560
Total net assets at 31 December 2009	841,339,228	123,922,283	965,261,511
Minority Interest 49% of Net Assets	412,256,222	60,721,919	472,978,140
20.0 Contingent Liabilities			
Acceptances and Endorsements		137,392,734	136,773,626
Import Letters Of Credit - Sight		2,688,871,977	1,452,386,639
Import Letter Of Credit - Usance		1,796,546,114	96,930,677
Import Letters Of Credit - Back to Back		134,898,678	21,389,341
Guarantees Issued		1,051,007,264	425,080,706
Tax Liability	(Note - 20.6)	127,787,830	3,367,206
Bills for collection		36,164,384	8,570,591
Contingent Assets - FX deals		-	-
Stock of Travellers Cheques (TC)		3,663,722	3,645,672
Stock of Govt. Sanchaya Patra		12,851,000	12,851,000
Securities under repo with other bank		-	-
		5,989,183,702	2,160,995,459

Particulars	2009 Taka	2008 Taka
20.1 Significant concentration wise grouping		
i) Documentary credits and short term trade related transactions:	5,844,881,150	2,141,131,580
ii) Forward asset purchased and forward deposits placed	-	-
iii) Undrawn formal standby facilities, credit lines and commitments to lend	-	-
Under one year	-	-
One year and over	-	-
iv) Other exchange contracts	16,514,722	16,496,672
iv) Others	127,787,830	3,367,206
	5,989,183,702	2,160,995,459
20.2 Letter of Guarantee		
Letter of Guarantee (Local)	722,776,524	425,080,706
Letter of Guarantee (Foreign)	328,230,740	-
Foreign counter Guarantee	-	-
	1,051,007,264	425,080,706
Less: margin	54,000,802	12,757,173
	997,006,462	412,323,532
Balance for which the Bank is contingently liable in respect of guarantee issued favoring:		
Directors	-	-
Government	12,550,628	-
Bank and other financial institution	51,221,929	14,186,152
Others	987,234,707	410,894,554
	1,051,007,264	425,080,706
Less : Margin	54,000,802	12,757,173
	997,006,462	412,323,532
20.3 Irrevocable Letter of Credit		
Letter of Credit (Inland)	41,838,395	41,838,395
Letter of Credit (General)	4,443,579,696	1,507,478,921
Back to Back L/C	134,898,678	21,389,341
Back to Back Bills	-	-
Back to Back Bills (EDF)	-	-
Bank's Liabilities - PAD (DEF)	-	-
	4,620,316,769	1,570,706,657
Less: Margin	124,544,759	62,118,810
	4,495,772,010	1,508,587,848
20.4 Bills for collection		
Outward local bills for collection	36,164,384	8,570,591
Outward foreign bills for collection	-	-
Inward local bills for collection	-	-
Inward foreign bills for collection	-	-
	36,164,384	8,570,591

20.5 Suit filed by the Bank

No lawsuit filed by the bank against contingent liabilities.

20.6 Contingent Liabilities (Taxation)

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

BRAC Bank Limited has filed an appeal to the Commissioner (Appeal) against the order of the Deputy Commissioner of Taxes for the income year 2007, assessment year 2008-2009 on several grounds. The additional tax claimed by the Deputy Commissioner of Taxes is Tk. 124,420,624 for the said assessment year. BRAC Bank management has decided to file 2nd appeal to the Appellate Tribunal against the order passed by Commissioner (Appeal) considering that sufficient lawful grounds were available.

Section Three : Notes to Profit & loss Account

Particulars	2009 Taka	2008 Taka
21.0 Income statement		
Income:		
Interest, discount and similar income (Note-21.1)	11,069,178,602	8,923,828,507
Dividend income	7,000,027	6,400,000
Fees, commission and brokerage (Note-21.2)	1,811,720,651	1,759,076,519
Gains less losses arising from dealing securities	-	-
Gains less losses arising from investment securities	-	-
Gains less losses arising from dealing from foreign currencies	371,963,594	192,117,201
Income from non-banking assets	-	-
Other operating income (Note-26)	77,532,020	19,853,415
Profit less losses on interest rate changes	-	-
Nominal value of bonus share received		
	13,337,394,894	10,901,275,642
Expenses:		
Interest, fees and commission (Note-23)	6,073,232,757	4,865,091,805
Losses on loans and advances	-	-
Administrative expenses (Note-21.3)	2,643,120,786	2,105,309,405
Other operating expenses (Note-35)	567,489,518	522,029,310
Depreciation on banking assets (Note-34)	335,962,895	234,938,872
	9,619,805,956	7,727,369,393
Operating Profit	3,717,588,938	3,173,906,249
21.1 Interest, discount and similar income		
Interest on loans and advances	9,010,802,851	7,949,341,136
Interest on money at call and short notice	36,020,903	39,150,974
Interest on balance with other banks	124,813,910	32,609,564
Interest on treasury bills & bonds	1,548,724,331	692,029,894
Interest on debenture	-	-
Interest on fixed deposits with other banks	304,199,236	204,232,081
Interest on coupon bearing bond	44,612,500	6,162,500
Interest on zero coupon bond	4,871	302,358
	11,069,178,602	8,923,828,507
21.2 Fees, commission and brokerage		
Fees	1,487,580,252	1,500,427,285
Commission	324,140,399	258,649,234
	1,811,720,651	1,759,076,519
21.3 Administrative expenses		
Salaries and allowances	1,735,809,442	1,422,467,135
Rent, taxes, insurance, electricity etc.	322,985,187	201,185,596
Legal expenses	17,222,191	6,659,649
Postage, stamps, telecommunication etc.	168,373,346	153,973,003
Stationery, printing, advertisement etc.	277,149,853	212,445,802
Chief Executive's salary & fees**	8,296,400	21,606,094
Directors' fees & expenses	455,400	729,715
Auditors' fee	780,000	753,125
Repairs & maintenance of fixed assets	112,048,967	85,489,288
	2,643,120,786	2,105,309,405

** This figure includes Tk. 14,085,472 for terminal benefit of former Managing director & CEO late Mr. Imran Rahman.

Particulars	2009 Taka	2008 Taka
22.0 Interest Income		
Interest on loans and advances- Retail	1,892,596,481	1,281,570,721
Interest on loans and advances- Corporate	1,096,411,752	1,018,721,914
Interest on loans and advances- Lease Finance	75,309,276	78,426,524
Interest on loans and advances- SME	5,571,878,378	5,217,412,505
Interest on loans and advances- Credit Cards	357,314,176	340,848,639
Interest on loans and advances- Staff	17,292,788	12,360,833
Interest on money at call and short notice	36,020,903	39,150,974
Interest on balance with other banks	124,813,910	32,609,564
	9,171,637,664	8,021,101,674
22.a Consolidated Interest Income		
BRAC Bank Limited	9,171,637,664	8,021,101,674
BRAC EPL Investments Ltd.	27,042,993	-
BRAC EPL Stock Brokerage Ltd.	3,667,535	-
	9,202,348,192	8,021,101,674
23.0 Interest Paid on Deposits and Borrowing etc.		
Interest on deposits	5,673,186,497	4,621,724,783
Current	130,754,391	90,511,882
STD	657,399,507	162,266,704
Savings	161,923,924	127,176,298
Term	4,723,108,675	4,241,769,899
Interest on money at call and short notice	16,339,362	27,398,695
Interest on local bank accounts	126,443,832	205,065,190
Interest on dealing of securities	257,263,066	10,903,138
Interest on refinance from Bangladesh Bank	-	-
	6,073,232,757	4,865,091,805
23.a Consolidated Interest Paid on Deposits and Borrowing etc.		
BRAC Bank Limited	6,073,232,757	4,865,091,805
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
	6,073,232,757	4,865,091,805
24.0 Investment Income		
Interest on treasury bills & bonds	1,548,724,331	692,029,894
Interest on debenture	-	-
Dividend on shares	7,000,027	6,400,000
Interest on fixed deposits with other banks	304,199,236	204,232,081
Interest on coupon bearing bond	43,862,500	6,162,500
Capital Gain	750,000	-
Gain on trading shares	19,294,263	-
Interest on zero coupon bond	4,871	302,358
	1,923,835,228	909,126,833
24.a Consolidated Investment Income		
BRAC Bank Limited	1,923,835,228	909,126,833
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
	1,923,835,228	909,126,833

Particulars	2009 Taka	2008 Taka
25.0 Commission, Exchange and Brokerage		
Commission from sale of sanchaya patra	953,323	302,260
Commission from issue of payment orders, DD & TT	11,382,915	7,125,203
Commission from issue of letter of guarantee	19,132,854	3,874,111
Commission from issue of letters of credit (Import & Export)	60,229,444	36,149,109
Commission on visa processing	7,960,249	6,985,066
Commission on Travellers Cheques	4,618,726	2,371,557
Commission on remittance	215,647,642	199,364,069
Other commission	4,215,246	2,477,860
Foreign exchange earnings	371,963,594	192,117,201
Loan processing fees	817,521,950	919,941,878
Account activity fees	38,884,290	34,707,761
Import & export related fees	9,708,366	3,055,800
Fees & Commission-Cards	220,094,767	175,861,021
Relationship Fees	106,811,533	136,333,458
Loan Early Settlement Fees	95,258,942	64,746,771
Loan Penal Fees	2,034,684	1,164,311
Service Charges for ATM Card	121,056,989	131,256,562
Fund Collection/ Transfer Fees	5,235,925	7,042,162
Student Service Center Fees	9,603,500	6,335,000
Cancellation fees	288,900	267,500
Cheque collection fees	760,689	741,750
Other fees (Note : 25.1)	41,025,452	18,973,310
	2,164,389,982	1,951,193,720
25.1 Other fees		
Passport Endorsement Fees	14,834,285	5,598,598
Locker fees	3,345,283	2,867,045
Postage	-	-
DPS Penal Fees	-	-
DPS Early Settlement Fees	-	6,515
Merchant Service Fee	17,995	-
Service fees - BIT	1,085,159	1,153,991
IOM Service Fees	5,867,780	2,346,680
Annual Membership Fees-Premium Banking	182,900	336,300
Membership Fees-ELDORADO	6,026,977	-
Annual Fees-SMS Banking	-	-
Cash withdrawal from branch POS	33,048	-
Syndication Fees	7,117,792	6,246,987
Valuation fees	1,980,766	151,638
Omnibus settlement fees	533,467	265,556
	41,025,452	18,973,310
25.a Consolidated Commission, Exchange and Brokerage		
BRAC Bank Limited	2,164,389,982	1,951,193,720
BRAC EPL Investments Ltd.	5,745,395	-
BRAC EPL Stock Brokerage Ltd.	96,405,237	-
	2,266,540,614	1,951,193,720
26.0 Other operating income		
Recovery of written off bad debts	55,497,494	6,573,347
Profit on sale of assets	4,560,793	75,932
Miscellaneous Income	15,200,490	11,983,591
Rebate income from other bank	2,273,243	1,220,545
	77,532,020	19,853,415

Particulars	2009 Taka	2008 Taka
26.a Consolidated Other operating income		
BRAC Bank Limited	77,532,020	19,853,415
BRAC EPL Investments Ltd.	7,603,506	-
BRAC EPL Stock Brokerage Ltd.	-	-
	85,135,526	19,853,415
27.a Consolidated Salaries and allowances		
BRAC Bank Limited	1,735,809,442	1,422,467,134
BRAC EPL Investments Ltd.	8,976,574	-
BRAC EPL Stock Brokerage Ltd.	16,559,465	-
	1,761,345,481	1,422,467,134
28.0 Rent, Taxes, Insurance, Electricity etc.		
Rent, rates & taxes	235,575,066	135,857,896
Insurance	39,897,961	27,871,858
Power & electricity	42,570,020	34,031,206
WASA & Sewerage	4,942,140	3,424,635
	322,985,187	201,185,596
28.a Consolidated Rent, Taxes, Insurance, Electricity etc.		
BRAC Bank Limited	322,985,187	201,185,596
BRAC EPL Investments Ltd.	2,641,507	-
BRAC EPL Stock Brokerage Ltd.	1,604,050	-
	327,230,744	201,185,596
29.a Consolidated Legal expenses		
BRAC Bank Limited	17,222,190	201,185,596
BRAC EPL Investments Ltd.	415,250	-
BRAC EPL Stock Brokerage Ltd.	-	-
	17,637,440	201,185,596
30.0 Postage, Stamp, Telecommunication etc		
Postage & courier	29,620,429	29,043,609
Telegram, telex, fax & Network	60,963,582	48,468,589
Court fees & stamps	2,967,618	1,011,304
Telephone-Office	74,821,717	75,449,500
Telephone-Residence	-	-
	168,373,346	153,973,003
30.a Consolidated Postage, Stamp, Telecommunication etc		
BRAC Bank Limited	168,373,346	153,973,003
BRAC EPL Investments Ltd.	226,420	-
BRAC EPL Stock Brokerage Ltd.	852,138	-
	169,451,904	153,973,003
31.0 Stationery, Printing, Advertisement etc.		
Stationery & Printing	83,230,647	104,130,563
Security Stationery	21,993,764	14,030,203
Advertisement	171,925,441	94,285,036
Billboard Rent	44,710,531	15,700,027
Printing	30,250,005	14,519,759
Publications	58,595,828	52,606,130
Campaign	38,369,077	11,459,120
	277,149,852	212,445,802
31.a Consolidated Stationery, Printing, Advertisement etc.		
BRAC Bank Limited	277,149,853	212,445,802
BRAC EPL Investments Ltd.	448,778	-
BRAC EPL Stock Brokerage Ltd.	998,514	-
	278,597,145	212,445,802

Particulars	2009 Taka	2008 Taka
32.0 Director's Fees & Expenses		
Director's fees represent fees paid for attending board meeting, board audit committee meeting, board recruitment committee meeting @ Tk. 4,000 per director per meeting and travel & accommodation expenses of foreign Director for attending the Board meeting.		
Breakup of Directors fees & expenses are given below:		
Directors Fees	204,000	232,000
Traveling & Others	251,400	497,715
	455,400	729,715
32.a Consolidated Director's Fees & Expenses		
BRAC Bank Limited	455,400	729,715
BRAC EPL Investments Ltd.	552,000	-
BRAC EPL Stock Brokerage Ltd.	270,000	-
	1,277,400	729,715
33.a Consolidated Auditors' fee		
BRAC Bank Limited	780,000	753,125
BRAC EPL Investments Ltd.	15,675	-
BRAC EPL Stock Brokerage Ltd.	82,250	-
	877,925	753,125
34.0 Depreciation on and repairs to bank's assets		
Depreciation		
Furniture & fixtures	51,728,956	34,609,771
Office equipments	83,738,941	48,223,403
Office machineries	-	-
IT equipments	190,468,050	146,852,041
Motor vehicles	10,026,948	5,253,656
Lease assets	-	-
	335,962,895	234,938,871
Repairs & Maintenance		
Transport Maintenance expenses	44,165,960	32,188,563
Equipment Maintenance Expenses	22,171,246	11,756,948
Hardware & Software Maintenance Expenses	32,600,854	30,478,924
Premises Maintenance Expenses	13,110,907	11,064,853
	112,048,967	85,489,288
	448,011,862	320,428,159
34.a Consolidated Depreciation on and repairs to bank's assets		
BRAC Bank Limited	448,011,862	320,428,159
BRAC EPL Investments Ltd.	2,948,777	-
BRAC EPL Stock Brokerage Ltd.	1,769,668	-
	452,730,307	320,428,159
35.0 Other Expenses		
Transportation & conveyance	64,582,809	70,517,096
Fuel expenses	19,667,217	20,440,278
Travelling	24,666,883	36,317,650
Professional fees	9,784,117	15,663,728
Entertainment	3,142,352	1,598,382
Staff welfare	25,464,894	24,861,718
SWIFT	4,248,066	1,082,194
Business development	6,870,441	8,805,420
Books, newspapers and periodicals	1,741,898	1,439,579
Donation and subscription	4,912,106	25,789,447
VAT & excise duty	679,918	2,199,845
Fraud, forgeries & operating loss	13,800,000	28,294,019
Staff training	33,291,011	24,471,516

Particulars	2009 Taka	2008 Taka
Staff liveries	881,400	3,112,300
Staff recruitment	1,330,177	898,328
Bank charges	224,256,282	166,543,170
Finance charge on leased assets	-	324,782
Crockeries	588,250	960,209
IPO Expenses	202,710.00	192,183
Documentation Charges - CIB	1,427,749	2,496,792
Data Verification Charge		- 3,809,106
Credit card expenses	26,381,961	20,851,669
AGM expenses	18,258,236	19,250,000
Right issue expenses	791,500	3,365,593
Bond issue expenses	35,712,500	-
Outsource agency fees	8,310,849	5,236,159
Commission paid	1,035,908	1,553,875
Cash carrying charges	34,797,360	29,444,851
Miscellaneous	662,924	2,509,422
	567,489,518	522,029,311
35.a Consolidated Other Expenses		
BRAC Bank Limited	567,489,518	522,029,311
BRAC EPL Investments Ltd.	3,605,745	-
BRAC EPL Stock Brokerage Ltd.	15,029,521	-
	586,124,784	522,029,311
36.0 Provision for Loan & Advances		
For classified loans & advances	1,440,600,000	1,076,827,165
For unclassified loans & advances	96,400,000	61,721,255
	1,537,000,000	1,138,548,420

37.0 Income Tax

37.1 Provision for Income Tax

Current Tax

Provision for Income Tax has been made according to the Income Tax Ordinance, 1984. During the year under review, an amount of Tk. 1,140,000,000 (2008 : 1,220,000,000) has been provided for current Income Tax. Assessment up to the accounting year 2006, corresponding assessment year 2007-2008 has been completed.

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 under review, net amount of taka 300,000,000 (2008:170,000,000) has been created as deferred tax asset.

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

Current tax on income @ 42.5%	1,140,000,000	1,220,000,000
Adjustment in respect of prior year	-	-
	1,140,000,000	1,220,000,000
Net deferred Tax liability/(asset) originated for temporary differences	(300,000,000)	(170,000,000)
Income Tax on Profit	840,000,000	1,050,000,000

37.a Consolidated Provision for Income Tax

Current Tax:

BRAC Bank Limited	1,140,000,000	1,220,000,000
BRAC EPL Investments Ltd.	7,710,439	-
BRAC EPL Stock Brokerage Ltd.	5,981,962	-
	1,153,692,401	1,220,000,000

Deferred Tax:

BRAC Bank Limited	(300,000,000)	(170,000,000)
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
	(300,000,000)	(170,000,000)
	853,692,401	1,050,000,000

Particulars	2009 Taka	2008 Taka
38.0 Weighted Average Earnings Per Share		
Profit after taxation	1,303,588,940	973,450,830
Less: Preference dividend	47,812,500	46,800,000
Profit attributable for distribution to ordinary shareholders	1,255,776,440	926,650,830
Weighted average number of shares	20,592,000	20,592,000
Weighted average/ adjusted earnings per share (Taka)	60.98	45.00
Weighted average earnings per share (EPS) of 2008 has been restated as per BAS-33 "Earnings per Share". Since the bonus issue is an issue without consideration of cash, the issue is treated as if it had occurred prior to the beginning of 2008, the earliest period reported, Actual EPS in year 2008 was Tk. 62.30.		
38.a Consolidated Weighted Average Earnings Per Share		
Profit after taxation	1,373,364,872	
Less: Preference dividend	47,812,500	
Profit attributable for distribution to ordinary shareholders	1,325,552,372	
Weighted average number of shares	20,592,000	
Weighted average/ adjusted earnings per share (Taka)	64.37	

Section Four : Notes to Cash Flow Statement

39.0 Cash & Cash Equivalent		
Cash in hand (including foreign currency)	1,637,216,214	908,567,282
Balance with Bangladesh Bank and its agents banks (including foreign currency)	4,981,785,516	3,047,320,718
Balance with other banks and financial institutions	5,593,933,873	3,194,971,113
Money at call and on short notice	1,300,000,000	-
	13,512,935,603	7,150,859,113
39.a Consolidated Cash & Cash Equivalent		
BRAC Bank Limited	13,512,935,603	7,150,859,113
BRAC EPL Investments Ltd.	11,162,456	-
BRAC EPL Stock Brokerage Ltd.	44,088,347	-
	13,568,186,406	7,150,859,113
40.0 Receipts from other operating activities		
Recovery of written off bad debts	55,497,494	6,573,347
Profit on sale of assets	4,560,793	75,932
Misc. Income	15,200,490	11,983,591
Capital gain on coupon bearing bond	750,000	
Gain on trading share	19,294,263	
Rebate income from other bank	2,273,243	1,220,545
	97,576,283	19,853,415
40.a Consolidated Receipts from other operating activities		
BRAC Bank Limited	97,576,283	-
BRAC EPL Investments Ltd.	7,603,506	-
BRAC EPL Stock Brokerage Ltd.	-	-
	105,179,789	-
41.0 Payment for other operating activities		
Rent, taxes, insurance, electricity etc.	301,344,842	189,517,796
Audit fees	144,500	600,000
Directors fees & expenses	455,400	729,715
Repair & maintenance	128,934,282	71,153,641
Other expenses	498,706,396	418,567,440
Legal expenses	17,386,626	9,692,560
	946,972,046	690,261,152

Particulars	2009 Taka	2008 Taka
41.a Consolidated Payment for other operating activities		
BRAC Bank Limited	946,972,046	-
BRAC EPL Investments Ltd.	9,942,611	-
BRAC EPL Stock Brokerage Ltd.	18,045,523	-
	974,960,180	-

Section Five : General Disclosures

42.0 General Disclosure

42.1 Audit Committee

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

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

During the period December 31, 2009, 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
- Review the PPG of Corporate Product- Employee Benefit Scheme (EBS)
- Reviewing the Impaired Asset Management Policy - SME & Retail Banking.
- Reviewing the Anti money laundering policy of the Bank.

42.2 Related Party/(ies) Transactions

i) The bank carried out transactions with related parties in the normal course of business on an arm length basis. As on December 31, 2009, the bank had following transactions with the 'Related Party/(ies)' as defined in the BRPD Circulars No. 14 issued by Bangladesh Bank:

Name of the Related Parties	Relationship	Nature of Transaction	Balance at year end
a) BRAC & its associated organization	Director	Deposits made with us	9,651,814,968
b) BRAC	Service taken through BDP	Service taken through BDP	
b) Delta Brac Housing Finance Corporation Ltd.	Director	Deposits made with us	79,826,089
c) Industrial & Infrastructure Development Finance Co. Ltd.	Director	Deposits made with us	51,807
d) Industrial & Infrastructure Development Finance Co. Ltd.	Director	Loans & advances	192,287,384
e) BRAC EPL Investments Ltd.	Subsidiary	Deposits made with us	763,292,919
f) BRAC EPL Stock Brokerage Ltd.	Subsidiary	Deposits made with us	26,917,337
g) BRAC EPL Stock Brokerage Ltd.	Subsidiary	Balance held in BO Account	40,662,728

ii) Name of Directors and the entities in which they have interest as on December 31, 2009

Sl. No.	Name of Director	Status with The Bank	Name of the firms/companies in which they have interest	Educational Qualification
01	Mr. Muhammad A (Rume) Ali	Chairman	BRAC BD Mail Network Limited Delta Brac Housing Finance Corp. Ltd. Square Informatics Limited. BRAC Karnafuli Tea Company BRAC Kayachora Tea Company Ltd. BRAC Bashkhali Tea Company Ltd. 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 Mobil Jamuna Fuels Ltd.	Graduate in Economics from LSE, UK. FCA
03	Ms. Nihad Kabir (Independent & Depositor Director)	Director	Kedarpur Tea Company Ltd. Sathgao Tea Estate Shaistagonj CNG Company Ltd.	L.L.B., L.L.M.,(UK)
04	Mr. Mark A. Coffey	Director	NIL	Masters of Business & Public Management Brigham Young University, USA
05	Ms. Tamara Hasan Abed	Director	BRAC Dairy Food Project SOLV IT Limited	MBA (Finance) USA
06	Mr. Shib Narayan Kairiy	Director	BRAC Services Ltd. BRAC Industries Ltd. Documenta TM Ltd., BRAC Karnafuli Tea Co. Ltd. BRAC Bashkhali Tea Company Ltd., BRAC Kaiyacherra Tea Company Ltd., BRAC Kodala Tea state Ltd., Bangladesh Netting Factory Ltd.	M.Com (Accounting)

Sl. No.	Name of Director	Status with The Bank	Name of the firms/companies in which they have interest	Educational Qualification
07	Dr. Hafiz G.A Siddiqi (Depositor Director)	Director	North South University	Ph.D (Manchester Business School), UK, MBA, (Graduate School of Business Indiana University), USA
08	Mr. A.E.A Muhaimen	Managing 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 affected 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. 192,287,384
Classification Status Unclassified
- vii) Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act-1991. Nil
- viii) Investment in the Securities of Directors and their related concern: Nil

42.3 Capital Expenditure Commitments

The bank has capital expenditure amounting to Tk. 65,817,142 contracted but not incurred or provided for at December 31, 2009.

42.4 Claim not Acknowledged as Debt

There was no claim against the bank not acknowledged as debt as on 31.12.2009.

42.5 Number of Employees

The number of Employees including contractual engaged for the whole year or part thereof who received a total yearly remuneration of Tk. 36,000 or above were 5,907 (2008: 4,192).

42.6 Post Balance Sheet Events:

The Board of Directors in its 113th meeting held on 15 February, 2010 has recommended Bonus Share at the Ratio 3:10 (three bonus shares for every ten shares held) subject to the approval of the Shareholders at the next Annual General Meeting.

42.7 Coverage of External Audit:

The external auditor of the Bank, M/s S. F. Ahmed & Co. Chartered Accountants worked about in excess of 2,850 man hour at Head Office, 20 branches, 30 SME Unit Offices and 10 SME Sales & Service Centres. During their audit, they audited above 80% of the Bank's risk weighted assets.

42.8 Share trading

The Bank traded its ordinary shares in CDBL through DSE and CSE on 31 January 2007. The closing market price on 31st December 2009 was Tk. 687.50 at DSE and Tk. 685.75 at CSE.

42.9 General:

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

BRAC BANK LIMITED
Highlights on the overall Activities
For the year ended December 31, 2009

Particulars	2009	Amount in Taka 2008
Paid-up capital	2,059,200,000	1,584,000,000
Total capital including general provisions	7,509,280,046	6,114,858,220
Capital surplus/(deficit)	1,590,676,038	1,320,543,091
Total assets	94,581,304,458	72,441,893,387
Total deposits	75,219,615,155	58,006,887,010
Total loans & advances	64,150,835,159	52,676,716,740
Total contingent liabilities & commitments	5,989,183,702	2,160,995,459
Credit deposit ratio (Loans & advances/Deposits)	85.16%	90.81%
Percentage of classified loans against total loans & advances	6.04%	4.69%
Profit after tax & provisions	1,303,588,940	973,450,825
Amount of classified loans during the current year	3,877,656,743	2,473,011,790
Provision kept against classified loans	2,586,524,209	1,637,712,388
Provisions surplus/deficit	749,019,053	679,369,589
Cost of fund	8.49%	9.44%
Interest earning assets	89,629,666,803	69,338,491,648
Non-Interest earning assets	4,951,637,657	3,103,401,739
Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]	12.30%	12.61%
Return on assets (ROA) [PAT/Average assets]	1.56%	1.64%
Return on Equity (ROE) [PAT/Average shareholders equity]	19.19%	22.88%
Income from investments	1,923,835,227	909,126,832
Weighted average earning per share	60.98	62.30
Net income per share [(PAT-Dividend on preference share/No. of Ordinary Shares)]	60.98	58.50
Price earning ratio (Market price per share/EPS)	13.58	13.29
Net Asset Value per Share (NAV) [(Shareholders equity- Preference Share)/No. of Ordinary Share]	371.55	311.71

BRAC BANK LIMITED**Balance with other banks and financial institutions
(Outside Bangladesh on Demand Deposit Accounts)****As at December 31, 2009**

Name of Bank	A/C Type	Dec-09			Dec-08		
		FC Amount	Exchange Rate	Equivalent Taka	FC Amount	Exchange Rate	Equivalent Taka
Standard Chartered Bank-NY (USD)	CD	231,006.08	69.2600	15,999,481	207,348.26	68.935	14,293,552
Mashreq Bank PSCNY (USD)	CD	11,594.09	69.2600	803,007	101,961.48	68.935	7,028,715
The Bank of Nova Scotia- USA (USD)	CD	-	69.2600	-	-	68.935	-
The Bank of Nova Scotia- Canada (CAD)	CD	57,113.52	65.6431	3,749,107	90,766.38	56.516	5,129,726
CITI Bank NA (USD)	CD	242,558.92	69.2600	16,799,631	92,033.68	68.935	6,344,342
AB Bank Mumbai (ACU Dollar)	CD	276,312.67	69.2600	19,137,416	283,098.56	68.935	19,515,399
ICICI Mumbai (ACU Dollar)	CD	6,300.22	69.2600	436,353	2,574.45	68.935	177,470
Standard Chartered Bank-UK (GBP)	CD	4,113.25	111.3389	457,965	1,400.00	99.359	139,102
Hypo Vereins Bank Germany (EURO)	CD	202,117.54	99.3327	20,076,879	269,900.79	97.003	26,181,105
HSBC - NY (USD)	CD	1,398,218.91	69.2600	96,840,642	2,543,613.70	68.935	175,344,010
HSBC - UK (GBP)	CD	151,091.71	111.3389	16,822,387	87,116.25	99.359	8,655,749
HSBC - AUS (AUD)	CD	3,111.48	61.9150	192,647	5,430.89	47.665	258,862
Union DE Banques Arabes ET Francaises (JPY)	CD	5,173,631.00	0.7492	3,875,888	1,021,356.00	0.763	779,703
Westpack Banking Corporation, (AUD)	CD	47,334.46	61.9150	2,930,712	49,337.79	47.665	2,351,671
HSBC - Pakistan (ACU Dollar)	CD	539.25	69.2600	37,348	227.56	68.935	15,687
HSBC - India (ACU Dollar)	CD	6,616.99	69.2600	458,293	155.05	68.935	10,688
Zuercher Kantonal Bank, Zurich (CHF)	CD	8,108.41	66.8243	541,838	10,082.50	65.153	656,904
ING Belgium NV/SA (EURO)	CD	1,288.19	99.3327	127,959	8,611.18	97.003	835,308
Commerz Bank AG Germany (EURO)	CD	1,869.77	99.3327	185,729	1,616.40	97.003	156,795
JP Morgan Chase Bank (USD)	CD	132,290.96	69.2600	9,162,472	-	-	-
Unicredito Italiano SPA (EURO)	CD	135,342.25	99.3327	13,443,910	16,621.16	97.003	1,612,297
Total				222,079,663			269,487,085

BRAC BANK LIMITED
Investment in Shares
As at December 31, 2009

Sl. No.	Name of the company	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 31.12.2009	Total market value at 31.12.2009
	Quoted						
01	Bank Asia Limited	100	8,220	230,000	27.98	426.75	2,851,970
02	Mercantile Bank Limited	100	9,109	270,000	29.64	395.00	2,998,445
	Unquoted						
03	Industrial and Infrastructure Development Finance Co. Ltd.	100	227,700	10,000,000	43.92	-	-
04	Central Depository Bangladesh Ltd.	1,000,000	4	4,000,000	1,000,000.00	-	-
05	STS Holdings Ltd.	10	5,000,000	50,000,000	10.00	-	-
06	BRAC EPL Investments Ltd.	10	15,300,000	494,340,794	32.31	-	-
07	BRAC EPL Stock Brokerage Ltd.	100	255,000	102,522,500	402.05	-	-
08	Dun & Bradstreet Rating Agency of Bangladesh Limited	100	124,976	12,497,600	100.00	-	-
			20,925,009	673,860,894	1,000,645.90		5,850,415

BRAC BANK LIMITED

**Schedule of Fixed assets including premises, furniture and fixtures
As at December 31, 2009**

Particulars	C O S T				Rate of Dep. %	D E P R E C I A T I O N				Written down value 31.12.2009
	Balance as on 01.01.09	Addition during the year	Adjustment during the year	Balance as on 31.12.09		Balance as on 01.01.09	Charged during the year	Adjustment during the year	Balance as on 31.12.09	
Own assets:										
Tangible:										
Land	87,940,465	-	-	87,940,465		-	-	-	-	87,940,465
Furniture & fixture	474,657,411	217,458,661	3,290,728	688,825,344	10	57,765,231	51,728,956	1,191,007	108,303,179	580,522,165
Office equipments	380,473,000	110,570,271	3,778,638	487,264,633	20	87,239,191	83,738,941	2,769,788	168,208,344	319,056,289
IT equipments	918,779,362	158,007,185	3,859,999	1,072,926,548	20	275,846,919	190,468,050	1,215,208	465,099,762	607,826,786
Motor vehicles	41,300,601	22,100,063	4,217,250	59,183,414	20	10,275,219	10,026,948	3,671,112	16,631,056	42,552,358
	1,903,150,839	508,136,180	15,146,615	2,396,140,404		431,126,560	335,962,895	8,847,115	758,242,341	1,637,898,063
Leased assets:										
Tangible:										
Furniture & fixture	-			-		-	-	-	-	-
Office equipments	-			-		-	-	-	-	-
IT equipments	-			-		-	-	-	-	-
Motor vehicles	-			-		-	-	-	-	-
	-			-		-	-	-	-	-
Total	1,903,150,839	508,136,180	15,146,615	2,396,140,404		431,126,560	335,962,895	8,847,115	758,242,341	1,637,898,063
Last year's position	1,240,396,224	765,393,784	2,642,530	2,003,147,478		297,466,938	234,938,872	1,282,611	531,123,199	1,472,024,279

*** Leased assets has been depreciated on the basis of lease term.

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

BRAC BANK LIMITED
Detail of Large Loan
As at December 31, 2009

Number of Clients	7
Amount of outstanding advances	4,791,878,818
Amount of classified advances	NIL
Measures taken for recovery	NIL

Client wise break-up is as follows:

	2009		2008	
Name of Clients	Outstanding (Taka)			
	Funded	Non Funded	Total	Total
Abul Khair Steel Limited	533,844,538	784,907,900	1,318,752,438	-
City Sugar Industries Ltd.	573,166,481	551,153,400	1,124,319,881	-
Barakat Ullah Electro Dynamics Ltd.	225,017,441	546,746,496	771,763,937	-
PHP NOF Continuous Galvanizing Mills Ltd.	614,407,882	23,936,100	638,343,982	205,060,889
Jasmir Vegetable Oil Limited	268,904,693	127,110,200	396,014,893	456,364,861
Grameen Phone Limited	-	195,696,340	195,696,340	829,069,321
Summit Uttaranchol & Purbanchol Power Company Limited	342,255,847	4,731,500	346,987,347	681,708,574
Total	2,557,596,882	2,234,281,936	4,791,878,818	2,172,203,645

BRAC BANK LIMITED**Statement of Tax position****As at December 31, 2009**

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)	1,007,927	Appeal with Supreme Court
2002	2003-2004	-	375,000	(375,000)	1,119,440	Completed
2003	2004-2005	-	3,156,103	(3,156,103)	1,587,297	Completed
2004	2005-2006	111,000,000	82,698,385	28,301,615	78,337,409	Completed
2005	2006-2007	147,680,000	142,505,642	5,174,358	143,306,036	Completed
2006	2007-2008	371,100,000	385,558,644	(14,458,644)	385,558,644	Completed
2007	2008-2009	766,000,000	810,256,295	(44,256,295)	685,835,670	Under Appeal
2008	2009-2010	1,220,000,000	-	-	742,800,000	Under Process

BRAC BANK LIMITED
Statement of outstanding unreconciled entries
as of 31 December 2009

(Amount in USD)

SL No	Period of Unreconciliation	As per Local Book				As per Correspondents' Book			
		Debit Entries		Credit Entries		Debit Entries		Credit Entries	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
01	Up-to 3 months	10	50,104.04	468	1,963,062.46	74	2,781,331.51	215	9,200,119.64
02	More than 03 months but less than 06 months	0	-	132	531,638.82	2	80.16	6	23,440.95
03	More than 06 months but less than 09 months	0	-	0	-	0	-	0	-
04	More than 09 months but less than 12 months	0	-	0	-	0	-	0	-
05	More than 12 months	0	-	0	-	0	-	0	-
Total		10	50,104.04	600	2,494,701.28	76	2,781,411.6	221	9,223,560.59

Shareholding Structure

As on 31.12.2009		
Name of Shareholder	Total Shares	% of Total Share
BRAC	76,55,265	37.18
Mr. Fazle Hasan Abed	204	0.001
Mr. Syed Humayun kabir	204	0.001
Mr. A.S Mahmud	171	0.001
Mr. Faruq A. Choudhury	171	0.001
Dr. Saleh Uddin Ahmed	204	0.001
Mr. Md. Aminul Alam	204	0.001
Ms. Tamara Hasan Abed	171	0.001
Mr. Shib Narayan Kairy	156	0.001
ShoreCap International Ltd.	14,38,949	6.99
International Finance Corporation (IFC)	12,00,547	5.83
General Shareholders	102,95,754	50.00
Total	205,92,000	100.00



An Everyday Miracle

Walking down the corridor of the Kidney Foundation Hospital, holding his daughter's pale hand, Parul's father hardly had any hope.

'This is just another futile attempt to get Parul's kidney working again, which I can't even afford,' he thought.

Things, however, turned out to be very different when his eyes fell upon the Brac Bank sign at the Kidney Foundation Hospital. When they finally walked out, Parul was back to her usual lively self, chit-chatting and leaping around - rejuvenated.

After a kidney dialysis which would have otherwise cost some 3000 Taka for Parul, her father was left with one hundred taka out of the last 1300 Taka he had in his pocket. The relieved school teacher from Sirajganj bought his daughter a new red kameez and still had enough to take the bus ride home.

The BRAC family knows the value of that smile - it's priceless. It is not only empathy - it is about action. BRAC Bank is not just a sign on the wall, it is about leaving a mark on the lives of people, like Parul and her father.

The 5 million Taka donated to the hospital is just the beginning. You can rest assured that such invaluable contributions that can bring out the smile on a father's face, is only the first of many more to come.



Kidney Foundation Hospital

- Providing affordable dialysis and transplantation facilities
- Current status: 20-bed outdoor dialysis unit at Dhanmondi
- Under-construction: A modern 200-bed hospital at Mirpur, Dhaka.
- BRAC Bank supporting the entire Emergency Ward of this first kidney hospital

Corporate Social Responsibility

Corporate Social Responsibility is the commitment of businesses towards the society to contribute to sustainable economic development by working with employees, the local community and the society on the whole to improve their lives in ways that are good for business and for development.

BRAC Bank believes in delivering Shareholders' value in a socially, ethically and environmentally responsible manner.

Firmly believing that the Bank's business and community growth are interlinked, we have always strived to achieve a balanced mix of projects, which results in sustainable long-term benefits for the society.

Since inception as a responsible corporate body, BRAC Bank Ltd. has undertaken various initiatives considering the interest of customers, employees, shareholders, communities and environment. These initiatives go beyond the statutory obligation and mandatory compliances to voluntary activities that promote sustainable development.

While most of our overall environmental impact is indirect, resulting from our financing and investment activities, we also have a direct impact on the environment through our day-to-day business operations. We are working towards reducing waste and more efficient use of resources.

As a socially responsible organization, BRAC Bank Limited believes in minimizing its carbon print on the earth. To this effect, BRAC uses recycled paper as much as possible for our corporate gifts, reports, etc. This is just the beginning. But we believe that such a proactive initiative will make a difference in keeping our planet's 'bottom-line' healthy and in the green.

The second step is reducing our indirect environmental impact by managing our investing activities. As a policy, BRAC Bank does not invest in businesses which use child labour or engage in environmentally hazardous activities.

The third step is to stand by initiatives that enrich our heritage, pride and achievement as a country. These are initiatives which otherwise would not happen in absence of any immediate financial impact. Below mentioned are a few such initiatives.

"Children and Families Speak Out Against Poverty" - Partnering with BRAC in Raising Voice Against Poverty

The observance of the International Day for the Eradication of Poverty can be traced back to 17 October, 1987. On that day, over a hundred thousand people gathered at the Trocadéro in Paris, where the Universal Declaration of Human Rights was signed in 1948, to honour the victims of extreme poverty, violence and hunger. They proclaimed that poverty is a violation of human rights and affirmed the need to come together to ensure that these rights are respected.



In keeping with the theme for this year's International Day for Eradication of Poverty, "Children and families speak out against poverty" BRAC organized, among other events, an art festival titled "Drawing a World Fit for All Children" at the Central Shahid Minar. Over 300 students from mainstream education institutions came together with children from disadvantaged backgrounds from BRAC, Streetwise, Surovi Schools as well as differently-abled children from the Beautiful Mind School to work together to draw their vision of an ideal world.



This activity was one of its kinds in Bangladesh. As part of BRAC Bank's ongoing CSR activity, BRAC Bank Limited partnered in this event by sponsoring "Portraits of Change" which was a moving photo exhibition depicting images of people from all across Bangladesh working to overcome poverty.

The display photographs taken by students at Pathshala - the South Asian Institute of

Photography - will inspire optimism in the audience and act as a call to file action against poverty. This exhibit was on display at the Shahid Minar grounds and at several other prominent locations around the city during the following week.



BRAC Bank Samakal School Program is Inaugurated

The BRAC Bank-Samakal School program was officially inaugurated with over a thousand students of Vigarunnisa Noon School taking part in it. Noted educationist Professor Sirajul Islam Chowdhury declared the year-long program open at the school premises. Golam Sarwar, Editor of Daily Shamakal, was the chief guest and Mr. A.E.A. Muhaimen, Managing Director & CEO of BRAC Bank, was the special guest.



In his address Professor Sirajul Islam Chowdhury said, "Children are the future of this country and its prosperity depends on their proper nurturing. That is why such year long initiatives are very important."

This is a year-long program whereby students from Grades 1 to 9 will be divided into three groups and they will write prose and poems on the topic of "Touch of novelty on the inside and also on the outside." The winners of the three groups will be duly awarded and the other significant contributions will also be published in Ghash Foring.



News of the program has been featured continually on Shamakal's children's page 'Ghash Foring'. This activity will run from school to school. At the end of the year, there will be a big children's festival with all the school goers."

"BRAC Bank is associated with this wonderful initiative as a part of its social responsibilities. We are trying to relay the dreams of these little ones to the people of the country. We want to associate ourselves with the building of the nation," said a jubilant Mr. A.E.A. Muhaimen, Managing Director & CEO of BRAC Bank.



The program, in its first year, would cover 12 major school in Dhaka. Based on the success of this program, BRAC Bank and Samakal would extend the program across the divisional towns gradually in years to come.

BRAC Bank supports the Children's Banglapedia of the Asiatic Society of Bangladesh

BRAC Bank, in aid of the Children's Banglapedia from the Asiatic Society of Bangladesh, generously donated Taka 25 Lacs to the organization. The Managing Director & CEO of BRAC Bank formally handed over the cheque to Professor Sirajul Islam, President of the Asiatic Society of Bangladesh during a ceremony.



This is the 1st of its kind children encyclopedia in the country in Bangla, comprising of 3 volumes - the 1st volume of which is dedicated to Bangladesh, the 2nd to the World and the 3rd to Science and Technology.

The Asiatic Society of Bangladesh is the oldest and biggest research organization in the country. Its objective is to advance the study of man and nature in Asia. The Chief Patron of the Society is the Honorable President of the Peoples' Republic of Bangladesh.

BRAC Bank's support would make possible the Children's Banglapedia that will remain as an important, nearly-comprehensive source of knowledge and references for the children of Bangladesh. In recognition of this contribution, the society has awarded life-time membership to BRAC Bank.

Suinupru Marma of Khagracchori and Kanika of Natore wins 'Nache Gane No-1'

Adolescent population is a strong force for any nation. In Bangladesh 22% of the total population consists of adolescents. But, availing equal opportunities in terms of health, education and space for recreation for this adolescent population remains a challenge at the grassroots level.



To create a wider scope for adolescents, BRAC initiated a program named Adolescent Development Programme in 1993. Since then, BRAC has been working for the betterment of adolescents with innovative approaches like organizing Adolescent Talent Hunt "Nache Gane No 1" in collaboration with BRAC Bank Limited and ETV.



At the prize giving ceremony of Nache Gane No-1 which was held at the National Museum Auditorium, the 2nd runner up, 1st runner up and winners were selected out of the four contestants from each group. BRAC Bank was extended support for the total prize money that was handed out to the winners of the competition. Tk. 100,000 each was given as prize money to the first two winners; Tk 75000 each to the two second winners; Tk 50,000 each to the two third winners and Tk 20,000 each for rest of the eight participants.

The winner of Nache No1 was Suinupru Marma, a girl belonging to the Marma tribe from Ramgar, Khagrachori. Without any professional training Suinupru has proved to be the best amongst all the participants. She claimed that her success owed to the fact that dancing is a part of tribal culture.

The winner of Gane No-1 was Kanika, a girl of class seven from Natore. Kanika came out of her village for the first time when she came to Pabna to participate at the district level competition of APON Protivar Khoje.

Mr. Muhammad A. (Rume) Ali, Managing Director of BRAC and Mr. A. E. A. Muhaimen, Managing Director & CEO of BRAC Bank Limited handed over the prizes to the participants in the ceremony.

The winners of the competition expressed their gratitude at being given this opportunity and the platform to display the talent they developed over the years, using meager resources. BRAC Bank, who was responsible for the prize money that the winners were given, was proud to be able to help the adolescents of today by its contribution and hopes to be able to do so in the near future.

Widening Borders: supporting the first ever SAARC Painting Exhibition

"Colors & Impressions" - a fund raising exhibition of Contemporary Art - was initiated by SAARC Women's Association in collaboration with BRAC Bank.

The exhibition at Radisson Water Garden Hotel showcased over 80 talented artists from the SAARC region. It started with a candle lighting program by 8 wives of the High commissioners of SAARC countries. This was the first of its kind in South-East Asia where painters, artists and delegates from all 8 SAARC Countries came together, that too in Dhaka.



The SAARC Women's Association which was founded in 1996 to foster & strengthen cultural ties between SAARC nations, has over the years used these funding efforts to provide life saving ventilators for the ICU Unit (for non paying patients) at the Shishu Hospital which currently provides treatment to 500 children per day. They used their funds to provide the beds at the Malnutrition Unit of Shishu Hospital for poor patients. Among other activities, they sponsored 50 female patients at the Islamia Eye Hospital for eye surgery, funded an orphanage for food & educational materials and provided milk for children at both the hospitals.

BRAC Bank made possible this exhibition, serving a double CSR agenda of promoting cultural heritage and of assisting child health.

Thalassemia Awareness Program by launching a book "Ballads of The Agonized Souls"

Thalassaemia is a genetic disease and people are not fully aware of the consequences and the cure it requires. The only treatment that is available is very expensive and requires prolonged treatment. "Prevention is better than cure" is the only phrase that is applicable in the case of this disease.



BRAC Bank, as part of its CSR activities has extended its hand in creating awareness through sponsoring the book "Ballads of the Agonized Souls" that has been distributed among university and college libraries so that students have access to the information, to different NGOs, foreign diplomatic missions, clubs, and local book stores to be available to the mass people.

The proceeds from selling the book has been used to help poor Thalassaemia patients. On that ground the opening & book launching ceremony was held at Zainul Gallery, Institute of Fine Arts, Dhaka University.

The Bank went beyond simple sponsorship - employees of the Bank came forward to help enrich a blood-bank for Thalassemia patients. Through a voluntary blood donation program at its Head Office, they enthusiastically donated blood for Bangladesh Thalassaemia Hospital.

The program was announced among the bank employees a week before. Employees volunteered in groups and enthusiastic donors ranged from the top management tier to the very bottom - all in the same forum, for this noble cause.

BRAC Bank sponsors Solo Painting Exhibition of Gulshan Hossain

Bengal Gallery of Fine Arts is a leading art gallery in Bangladesh which was founded by private trust "Bengal Foundation"- possibly the only organization in the country that is wholly funded by the internal resources of a local business house, the Bengal Group.



The gallery is one of the strongest platforms for presenting Bangladeshi art. Patronizing and promoting native art at the international arena is at the heart of BRAC Bank Limited's corporate social values.

Among many other supports, BRAC Bank Limited has sponsored a twelve-day solo exhibition of leading upcoming artist, Gulshan Hossain. A graduate of Fine Arts in drawing & painting from Winchester School of Art of the University of South

Hampton in UK and at present a lecturer in the Department of Painting in the University of Development Alternative, Gulshan Hossain in her paintings has also tried to narrate some incidents of the country's War of Independence. She has received numerous awards for her artwork in the country and abroad.

The Exhibition was graced by H. E. Mr. Arturo Perez Martinez, Ambassador of Spain to Bangladesh, eminent artist Qayyum Chowdhury, Prof. Rafiqun Nabi, Dean, Faculty of Fine Arts, University of Dhaka, Syed Mahbubur Rahman, Deputy Managing Director, BRAC Bank Limited and other cultural and social elites as well as students. It was widely covered by press and other media.

CSR Outlook in 2010: a member-bank of Global Alliance of Banking on Values (GABV)

BRAC Bank will continue serving its social commitment as a responsible corporate citizen. Based on our previous experience, your bank intends to focus on its CSR initiatives into the six major areas: health, education and research, art and culture, sports, community development and leadership.

This year, we plan to firm up a formal CSR Policy and Strategy in line with Bangladesh Bank's guideline. We also intend to showcase our CSR to valued shareholders and the general community in the form of an Annual CSR Report. This, we believe, would encourage more partners to join the journey of double-bottom-line.

BRAC Bank, as a socially responsible bank, has been integrated into the Global Alliance of Banking on Values, GABV in short. This alliance, first of a kind in the world's financial industry, is made up of banks who commit themselves into socially responsible financial solutions.

The GABV aims to raise \$250 million in new capital by pooling the expertise and resources of its members. "Raising this money will result in \$2 billion in new lending, at a time when credit continues to be scarce," said Peter Blom, Chair and co-founder of the GABV and CEO of Triodos Bank in the Netherlands.

BRAC Bank is the only other bank from Asia to be part of the founding members of this Global Alliance. As a matter of pride, BRAC Bank will host the second and major conference of GABV in Dhaka this year, bringing together leading international banks into Bangladesh.

Other Events



10th AGM 2008



Shareholders' Registration Booth at the 10th AGM (Left)



The 10th AGM (Right)



Concert in aid of Ahsania Mission Cancer Hospital Fund (Left)



Opening of Ghorasal Branch (Right)



Imamanj SME SSC launch 12 Aug 2009 (Left)



Opening of Kajir Deuri Branch (Right)

Other Events



In support of putting up RAB 1's new canteen



Conference on Caribbean Literature and Culture at BRAC University (Left)



The 2nd International Conference of Global Business and Management Forum, USA on World Finance Crisis and Global Business Challenges (Right)



Launching of SME Tele Collection Unit (Left)



BRAC Bank participates in the 1st Bangladesh Remittance Fair 2009 in Sylhet (Right)



Distinguished Guest Evening: Celebrity customers sharing their joy of banking with employees (Left)



Launching of Premium Banking Lounge at Gulshan (Right)



BRAC Bank completes acquiring 51% stakes in EPL and ESPL

BRAC Bank Limited, on 30 July 2009, completed its acquisition of 51% stakes in Equity Partner's Ltd. (EPL), a leading Merchant Bank and Equity Partners Securities Ltd. (EPSL), a leading brokerage house operating in both DSE and CSE. The deal was completed at a formal ceremony held at a city hotel where directors and senior officials from the 3 companies as well as leading banks and other investment houses were present.

Speaking on the occasion, Mr. A.E.A. Muhaimen, Managing Director and CEO of BRAC Bank Limited said, "As a full-scale bank cutting through all arenas of financial services, BRAC Bank had plans to enter the capital market. With acquiring controlling stakes in reputed, experienced and enduring companies like EPL and EPSL, the bank now will fulfill its commitment to enter capital market in full-bloom with immediate effect."



ELDORADO Signing Ceremony with MTB

Mr. A. E. A. Muhaimen, Managing Director & CEO of BRAC Bank and Mr. Anis A. Khan, Managing Director & CEO of Mutual Trust Bank are seen on an MoU signing. Mutual Trust Bank, through this agreement, joined ELDORADO - an automated Remittance & Payment System led by BRAC Bank. Among other senior officials of the banks, Mr. Syed Mahbubur Rahman, Deputy Managing Director of BRAC Bank and Mr. A. K. M. Shameem, Senior Executive Vice President of Mutual Trust Bank were present.

Signing with RCS

Mr. Tarique Amin Bhuiyan, Chief Information Officer, BRAC Bank and Mr. David Norton, Executive Director, RCS recently signed an MoU on behalf of their respective organizations. As per this MoU, BRAC Bank can increase effectiveness & efficiency of its collection and recovery activities. Mr. Syed Mahbubur Rahman, Acting Managing Director & CEO of BRAC Bank and other senior officials were also present in the ceremony.



ELDORADO Signing Ceremony with First Security Islami Bank Limited

Mr. Syed Mahbubur Rahman, DMD of BRAC Bank and Mr. Md. Abdul Kuddus, DMD of First Security Islami Bank (FSIB) is seen signing an agreement. FSIB, through this agreement, joined ELDORADO - an automated Remittance & Payment System led by BRAC Bank



ELDORADO Signing Ceremony with SIBL

Mr. A. E. A. Muhaimen, Managing Director & CEO of BRAC Bank and Mr. K. M. Ashaduzzaman, MD of Social Islami Bank (SIB) is seen signing an agreement. SIB, through this agreement, joined ELDORADO - an automated Remittance & Payment System led by BRAC Bank. Among other senior officials of the banks, Mr. Syed Mahbubur Rahman, DMD; Mr. Tarique Amin Bhuiyan, CIO; Mr. Mohammed Rahmat Pasha, HoT&FI of BRAC Bank and Mr. Abu Sadek Md. Sohel, AMD; Mr. A. M. M. Farhad, EVP of SIB were present.

Signing Ceremony with UITS

From now on students of University of Information Technology and Sciences (UITs) would be able to deposit tuition fees through a more systematic, improved and efficient banking system of BRAC Bank Limited.

In this connection, MoU was signed between University of Information Technology and Sciences (UITs) and BRAC Bank in the city recently. BRAC Bank Deputy Managing Director Syed Mahbubur Rahman and UITs Registrar Mohammed Anowarul Huque signed the MoU on behalf of their respective organizations in presence of PHP Group Chairman Mizanur Rahman Chowdhury. Senior officials of both the companies were also present.



Signing Ceremony with ZUELLIG Pharma

BRAC Bank will provide nationwide collection service for the effective and efficient cash management of Zuellig Pharma Bangladesh. In this connection, a MoU was signed between BRAC Bank and Zuellig Pharma Bangladesh in the city recently.

BRAC Bank Deputy Managing Director Syed Mahbubur Rahman and Zuellig Pharma Bangladesh Managing Director Shailendra Bobhate signed the MoU on behalf of their respective organizations.



Signing Ceremony between LEADS & BRAC EPL Investments Ltd.

Town Hall Meeting in
Bogra



Town Hall Meeting in
Chittagong



Town Hall Meeting in
Jessore



BRAC Bank Celebrates International Women's Day

BRAC Bank Limited celebrated International Women's Day at its Head Office with participation of the Bank's female employees and other officials. A get together and discussion featured Rokia Afzal Rahman, Former Advisor, Ferdousi Priyabhashini, Sculptor, Luva Nahid Choudhury, Architect, Kaniz Almas Khan, Entrepreneur and Fahmida Nabi, Singer. They shared experiences of their lives to inspire the female employees of BRAC Bank.

Mr. A. E. A. Muhaimen, Managing Director & CEO, BRAC Bank inaugurated the session.



Branch & Addresses

AGRABAD	C&F Tower, Progoti House, 1070 Sheikh Mujib Road, Agrabad, Chittagong.
ASADGATE	Plot No -1, Mouza Dakhin-Adabor, Asad Gate, Mohammadpur, Dhaka.
ASHKONA	Askona Community Centre & Decorator, 567/1 Askona, Dakkhinkhan, Dhaka-1230.
BANANI	10, Kemal Ataturk Avenue, Banani, Dhaka.
BARISAL	First Floor, F Rahman Market, 79, Sadar Road, Barisal- 8200
BASHUNDHARA	Holding # 193, Block B, Safwan Road, Basundhara R/A, Dhaka-1229.
BEANIBAZAR	Haji A Sattar Market (Ist floor), Beani Bazar, Sylhet.
BELKUCHI	Sarker Mansion, WAPDA Road, Plot / Dag # 551, 552, Vill & Post-Chala, Upazilla-Belkuchi, Dist-Sirajgonj.
BHAIRAB	Jahanara Mansion, Dist-Kishoregonj, Sub-Register Office, Bhairab, Mouza-Bhairab.
BISWANATH	Didar Shopping Complex, Bishwanath, Sylhet.
BOARDBAZAR	142, Kalameshwar, Board Bazar, Gazipur.
BOGRA	Sheikh Mansion, 368/405, Rangpur Road, Bogra-5800
CDA	GEC Plot no-3439, Hosna Kalam Complex, Ist floor, Nasirabad, Chittagong.
CHOWMOHUNI	Rupali Bhaban Proshava Holdings No. 807, Mouja-Hazipur, Sub Registry Office & Post Office-Chowmohony, Thana-Begumganj, Dist-Noakhali -3821.
COMILLA	682/615 Jhaotala Road, Jhaotala, Comilla-3500.
COX'S BAZAR	1462, An-Nahar Complex (1st floor), Burmese Market, Main Road, Cox's Bazar.
DAKHINKHAN	Majid Bhanhan, Holding # 10, Plot # 115, Shahid Latif Road, Sub-Registry-Gulshan, Mouza-Dakkhinkhan, Rs Khatian No. 824, Mahanagar Dp Khatian No. 4480, Cs & Sa Khatian No. 450 & 698, Cs & Sa Dag No.115, Rs Dag No. 76, Mahanagar Dp Dag No. 7620, 7621 & 7625.
DOHAR	67, Ashraf Ali Chowdhury Plaza, Joypara, Dohar, Dhaka-1330.
DONIA	342, Donia Bishwa Road, Jatrabari, Dhaka.
ELEPHANT ROAD	136, Elephant Road, Hatirpool, Dhaka.
ESKATON	Shahnaz Tower, 9 New Eskaton Road, P.S Ramna, Mouza-Bara Moghbazar, Dhaka-1000.
GANAKBARI	Hashem Plaza, EPZ Gate, Gonak Bari, Savar, Dhaka.
GHORASHAL	Ghorashal Municipality, CS-Khaitan, Holding-223, Narshindi.
GRAPHICS	Graphics Building Branch, 9G Motijheel C/A, Motijheel, Dhaka.
GULSHAN	Gulshan Avenue, House-50 (GF), Road-3 Gulshan, Dhaka-1212.
HAJIGANJ	Holding No # 7/1, Dag No#591 & 592, DpKhatian# 1788, Rs Khatian# 1274, Mouza-Makimabad, Dist.-Chandpur, Sub-Registration Office-Hajigonj.
HALISHAHAR	House-1, Lane-1, Road No-1, Block-L, Halishar Housing Estate, Chittagong.
HOBIGANJ	Rangs Toshiba Greenline Electronics Holding -3660, Commercial area, Habiganj.
ISWARDI	Mahabub Khan Plaza, Station Road, Ishwardi, Pabna.

JAMALPUR	Beauty Plaza, Medical Road, Jamalpur.
JESSORE	1 Hatkhola, (M.K) Road, Jessore-7400
JOYDEVPUR	Rahmat Tower, Holding No # 1034, Mouza-Outpara, Sub Registry Office-Gazipur
KAZIRDEWRI	BRAC TARK, 18 SS Khalid Road, Kazir Deori, BS Dag No-19, BS Khatian No-71, JL No-07, Mouza - Dhakhin Aahartoli, Khulshi, Thana-Kotoali, Chittagong
KERANIGONJ	Century Shopping Complex (1st Floor) Ward # 4, Union-Aganagar, P.O-Jinjira P.S-South Keraniganj, Dist- Dhaka
KHULNA	The Daily Probaho Bhaban, KDA Plot No #3, KDA Avenue, Mouza - Bania Khamar, Khulna.
MADHABDI	(Sabek) 134B/1(Hal), Jote No 332 Sa-217 (Sabek) Mouza- Par Kashipur, Jl No - 84, Sub Registry Office - Narsingdi, Pouroshava Holdings No 236.
MANDA	Holding # 96, (Monkha Bazar) North Manda, Ward No # 2, Union # Manda, Thana # Sabujbagh, Dhaka.
MIRPUR	Plot-3, Road-3, Block-A, Section-11, Mirpur, Dhaka.
MOGHBAZAR	Aarong Plaza, 211, Outer Circular Road, Moghbazar, Dhaka.
MOMIN ROAD	2, Momin Road, Jamal Khan, Chittagong.
MONOHORDI	Holding # 37, Sadar Hospital Road, Monohordi, Narshingdi.
MOTIJHEEL	107 Motijheel C/A Dhaka.
MOULVIBAZAR	Julia Shopping City, 1st Floor, 111 Shantibagh Central Road, Moulvi Bazar.
MYMENSINGH	8, Shymacharan Roy Road, Nuton Bazar, Mymensingh, 2200.
NABIGONJ	Plot-416, 417, Khatian No-74, Holding No-79/3, Shantipara, Khaleque Market, Hospital Road, P.O-Nabigonj, Dist-Habigonj
NARAYANGANJ	107, BB Road, Chasara, Narayanganj.
NATUNBAZAR	Miah Bhai Plaza (1st floor), Notunbazar, Badda.
NAWABGANJ	Ground Floor, Isamoti Plaza, Plot No. 415, Dhaka - Bandura Main Road, Nawabganj.
NAWABPUR	172, Nawabpur Road, 1st Floor, Dhaka.
NOAPARA	Rahim Tower Station Bazar, Jessore-Khulna Road, Noapara, Jessore, Plot/Dag No# 165, CS Dag No# 1654, Sa Khatian No# 484, Mouza- Noapara, Jl No- 57, Jessore.
PATIYA	Holding No-1358/Kha, Patiya, Chittagong.
PATUAKHALI	Talukder Bhaban, Holding-140, Sadar Road, Natun Bazar, Patuakhali.
RAIPUR	Haji Ali Akbar Shopping Complex, Holding #384, Ward-6, (Bus Stand), Raipur, Laxmipur.
RAJSHAHI	City Corporation Holding No-177, House No-F-695, Kumarpara, P.O- Ghoramara, Thana-Boalia, Rajshahi-6100.
RAMPURA	Bismillah Tower, 455/1 West Rampura, Dhaka-1219.
RANGPUR	Plot No # 4325 & 4328, Municipal Holding No# 260, 261, 262, 263, Mouza-Radha Ballav, Station Road, Rangpur.
SATMASJID	766 Satmasjid Road, Dhanmondi, Dhaka-1209.
SAVAR	Rana Plaza, Holding No# B 36, Mazidpur, Mouza: Choto Balimeher, Ward: 7, Savar, Dhaka.
SHYAMOLI	19-20, Adarsho Chayaneer Housing Society, Ring road, Shymoli, Dhaka-1207.
SITAKUNDA	Ali Market (1st floor) 511, DT Road, Amirabad, Sitakundo.
SONAGAZI	Main Road, West Bazar, Islam & Sons Building (1st Floor), Sonagazi.
SONARGAON	"Sonargaon Shopping Complex", Mouza- Habibpur, Sub-Registry Office: Bayder Bazar, Sonargaon, Narayanganj.
SYEDPUR	Sayedpur Plaza, 81 Sher-e-Bangla Road, Thana & P.O - Syedpur, Nilphamary-5310.
SYLHET	Pallabi Trade Center, Subidbazar, Sylhet
SYLHET UPOSHOHOR	34, Main Road, Block- A, Uposhahar, Sylhet.
TONGI	Nasiruddin Sarker Tower, 2 Mymensingh Road, Tongi, Gazipur-1700.
UTTARA	House-1, Road-15, Sector-3, Uttara, Dhaka-1230.
ZINDABAZAR	Plot-8170, New Golden City, East Zindabazar, Sylhet.

SME Sales & Service Centre Addresses

Araihasar	Abbas Market (1st Floor), Araihasar Bazar, Araihasar, Narayanganj.
Asadgonj	M. K. Heights (1st floor), 418 Khatunganj, P.O.-Lama Bazar, P.S.-Kotwali, Dist.- Chittagong.
Brahmanbaria	Ali Plaza (1st & 2nd floor), 1122/354, Court Road, Pourashava & P.S. - Brahmanbaria, Dist.-Brahmanbaria.
Badda	Sand Stone, Holding# 9/1, Progati Sharani, Ward# 18, Badda, Thana # Gulshan, Dist.-Dhaka.
Bagerhat	Holding# 226, Main Road, Rahater Mor, 1st floor, Bagerhat
Bahadderhat	Taj Bhaban, 4564, Shah Amanat bridge connecting road, Bahadderhat, Chittagong.
Bandertila	S. A. Plaza (1st floor), 1610 Airport Road, Ali Shah Para, Dokkhin Halishahar, Sailor's Colony, P.S.- Bandar, Dist.-Chittagong.
Bashabo	Blue Moon Chinese Restaurant, Taltola Market Road (Opposite of Warid show room), Bashabo, Dhaka.
Bhanga	Bhuiyan Market (1st floor), Holding No. - 414, Thana Road, Bhanga Bazar, Pourashava & P.S. - Bhanga, Dist. - Faridpur.
Bijoynogor	TEPA Complex, Opposite BBL Bijoynogor ATM, Bijoynogor, Dhaka.
Bondor	Gulistan Complex, Holding# 2361, Lal digir par, Sylhet.
Chandpur	514/459, Sadhona Plaza (1st floor) Shahid Muktijoddha Sarak, Chandpur.
Chokoria	Anowar Shopping Complex (1st Floor), Chokoria, Cox's Bazar.
Chuadanga	Holding No. - 4276 (1st floor), Court Road, Pourashava & P.S. - Chuadanga, Dist. - Chuadanga.
Dholaikhal	Nahar Complex, Holding 10/1, Anondo Mohon Basak Lane, Nayabazar, Ward 71, Thana: Kotwali, Dhaka.
Dinajpur	Holding No. - 47/46, 48/46 (1st floor), Munshipara, Pourashava & P.S. - Dinajpur, Dist. - Dinajpur.
Elephant Road	Ferdousi Plaza Bhaban (3rd floor), Opposite to Eastern Mollika, 334 Elephant Road, Dhaka-1205.
Faridpur	Swarnamoyee Plaza (1st floor) Holding No - 115 & 115/1, Mujib Sarak, Pourashava - Faridpur, P.S - Kotwali, Dist.-Faridpur.
Feni	Kazi Center (2nd Floor), 105/106, S. S. K Road, Feni-3900.
Gazipur	S.S. Complex (1st floor), Ourpara, Chandona Chowrasta, Union - Bashon, P.S.- Joydevpur, District - Gazipur.
Gobindogonj	Jawad Plaza (1st floor), Holding No.- 609, Thana Mor, Charmatha, Gobindaganj, Gaibandha.
Gopalganj	Sheikh Shahadat Hossain Plaza (Ground Floor), Holding No-2, Madrasa Road, Pourashava & P.S.- Gopalganj, Dist.- Gopalganj.
Gouripur	Madona Garden City, Vulir Par, Homna Road, Gouripur Bazar, Doudkandi, Comilla.
Gulistan	5 Bonshal Lane, 57 Shohid Nazrul Islam Shoroni, Gulistan.
Hathazari	Chowdhury Market, Ramgor Road, Hathazari, CTG.
Hazaribag	Holding# 73, Nilambor Shah Road, Ward# 58, Thana# Lalbag, Dhaka.
Imamganj	Chawk Corner (1st floor), 1, Nanda Kumar Datta Road, Chawkbazar, Dhaka City Corporation, P.O. - Posta, P.S.- Lalbag, Dist.- Dhaka.

Jatrabari	Monsoor Tower, 249/B/2, South Jatrabari, Dhaka.
Jhenaidah	House No - 23 (1st floor), Agnibina Sarak, Jhenaidah.
Joypurhat	Shahjahan Mansion (1st floor), Holding No. - 0554-00, Sadar Road, Joypurhat.
Kadamtoli	Sultan Market, 1st floor, 1975, DT Road, Dhaniala, P.O- Pathantuli, P.S- Doublemooring, Chittagong
Kawranbazar	Ali Bhaban, Kawran Bazar (Beside NUB Campus), Dhaka.
Kishorgonj	Achol Super Market (1st floor), 137, New Market, Pourashava & P.S-Kishoreganj, Dist-Kishoreganj.
Konabari	Noor Mansion (Ground Floor), Dhaka-Tangail Road, Konabari, Gazipur.
Kushtia	14, Quaderi Super Market (1st floor), R. A. Khan Chowdhury Road, Panch Rastar Mor, Shapla Chattar, Daag No.- 2596, Khatian No: S.A.- 773/774, Mouja - Mojompur, J.L. No.- 23, R.S.- 1318, Pourashava & P.S. - Kushtia, Dist.- Kushtia.
Laxmipur	F. K. Mansion (1st floor), Holding No. - 1128, Daag No. - 10024, Khatian No. - 5228, Mouja- Banchanagar, J.L. No.- 41, Godown Road, Pourashava- Lakshimpur, P.S.- Sadar, Dist.- Lakshimpur.
Madaripur	Anis Super Market (1st Floor), Holding No - 675, Karachi Biri Road, Puratan Bazar, Madaripur.
Magura	Alam Complex, M.R Road, Magura.
Maijdee	Mofiz Plaza (1st floor), Holding No. - 630-631, Mouja - Fakirpur, J.L. No. - 111, Main Road, Sadar, Pourashava - Noakhali, P.S. - Sudharam, Dist. - Noakahali.
Mirpur-1	B.N.S.B Bhaban, H#1.2.3 Mirpur-1, (Opposite of Sony Cinema Hall), Dhaka.
Mohammadpur	Holding 25/2, Tajmahal Rd, Block C, Ward 42, Mohammadpur, Dhaka.
Motijheel	Holding No 58, Motijheel C/A, Ward 32, Motijheel, Dhaka.
Muktagacha	Alim Super Market (1st floor), Holding No.-0209-00, Lakshimikhola, Main Road, Pourashava & P.S-Muktagachha, Dist.-Mymensingh.
Naogaon	JR Super Market, Holding# 2759/3374, Naogaon.
Narshingdi	Kazi Super Market (1st floor), 3, C & B Road, C.S. Daag No. - 971, J.L. No. - 293, Pourashava & P.S. - Narsingdi, Dist. - Narsingdi.
Netrokona	Hillol Market, Holding# 422, Teribazar, Ward# 06, Mouza# Satpai, Netrokona.
Pabna	48, Abdul Hamid Road (1st floor), Daag No. - 223, Khatian No.:C.A.-48, C.S.-37, C.S. No.-223, R.S.-103-108, 111, S.A.-223, Mouja- Gopalpur, J.L. No.- 71, Pourshava- Pabna, P.S.- Sadar, Dist.- Pabna.
Pahartoli	1615, Nobijan Vila, Moddom Rampur, P.O - Rampur, P.S-Halishahar, Chittagong.
Panthapath	AKHANKHA 57/E, East Rajabazar, Panthapath, Dhaka.
Pirojpur	Gopal Krishno Super Market(1st Floor), Holding# 39, Club Road, Pirojpur.
Rajbari	Nazar Mawla Plaza (1st Floor), Holding No.- 0072-09, Main Road, Pourashava- Rajbari, PS-Sadar, Dist-Rajbari.
Shahjadpur	Aziz Mansion (1st floor), Holding No.-136,137,137/1, Monirampur Bazar, Shahjadpur, Sirajganj.
Sherpur	Bhuiyan Plaza (1st floor), 175, Munshi Bazar Road, Pourshava & P.S-Sherpur, Dist.-Sherpur.
Shawrupkathi	Haque Mansion (1st Floor), Nuton Road, Miarhat, Kowrikhara, Nesarabad, Swarupkathi, Pirojpur.
Shyambazar	78/6, Loyel Street (1st & 2nd floor), Patuatuli Road, Dhaka City Corporation, P.S.- Kotwali, Dist.-Dhaka.
Shyampur	Holding # 16, Shyampur Bazar, Faridabad, Shyampur.
Sirajgonj	M.H Khan Plaza (1st Floor), Holding No. 521-522, S.S Road, Sirajgonj.
Tangail	Hossain Traders (2nd floor) Masjid Road, Tangail.
Uttara	Holding# 18, Sonargaon Janapath, Sector# 09, Uttara-1230.



Registered office: 1, Gulshan Avenue, Gulshan - 1
Share office: H - 115, R - 5, Block - B, Niketan, Gulshan - 1
Dhaka - 1212, Bangladesh

Proxy Form

I/We.....of.....
..... being a member of BRAC Bank Limited and entitled to vote, do
hereby appoint Mr/Ms..... of as my proxy to
attend and vote for me on my/our behalf at the 11th Annual General Meeting of the company to be held on
March 25, 2010 at 10:00 am at Bashundara Convention Center, Block-G, Umme Kulsum Road, Bashundara
R/A, Dhaka or at any adjournment thereof.

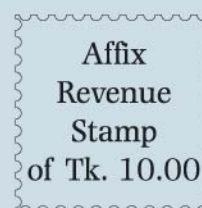
Signed thisday of(month) 2010.....

Signature of proxy

Signature of shareholder

Folio/BO ID No

No. of shares



Note: This Proxy Form, duly completed, must be deposited at least 72 (seventy two) hours before the schedule time of the meeting at the company's Share Department. Proxy shall be invalid if not signed and stamped as explained above. Signature of the shareholders should agree with the specimen signature registered with the Company/Depository Participant(s)



Registered office: 1, Gulshan Avenue, Gulshan - 1
Share office: H - 115, R - 5, Block - B, Niketan, Gulshan - 1
Dhaka - 1212, Bangladesh

Attendance Slip

I hereby record my attendance at the 11th Annual General Meeting of the Company being held on March 25, 2010 at 10:00 am at Bashundara Convention Center, Block-G, Umme Kulsum Road, Bashundara R/A, Dhaka.

Name of the Member/Proxy

Folio/BO ID No:

No. of Shares

Signature & Date

Notes: Shareholders attending the meeting in person or by proxy are requested to complete the Attendance Slip and deposit the same at the entrance of the meeting hall. Any friend or children accompanying with the honorable shareholders/Proxy will not be allowed to the meeting.

