



THE SEEDS  
OF FORTUNE

# ANNUAL REPORT 2010

As BRAC Bank steps in its 10th year of empowering the dreams of the country, we expand our focus to a greener tomorrow. As a recognized sustainable Bank, we not only focus on our people and their profits, but on our planet too; the planet that is the source of all our existence, our achievements. Wishing you all a prosperous, green year ahead.



## 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 of those 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 the 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 pioneer and the largest SME Bank in Bangladesh, discharging over 14,500 crore taka in SME Loan and helping fulfillment of more than 320,000 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. 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, 2010

Dear Sir(s)

We are pleased to enclose a copy of the Annual Report, together with the Audited Financial Statements as on December 31, 2010 for your kind information and record.

Yours sincerely,



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Rais Uddin Ahmad  
Company Secretary

## Forward-Looking Statement

Some of the information in the Annual Report contain forward-looking statements based on management's current expectations and assumptions regarding the Company's business and performance, the economy and future events, circumstances and its implication. These statements do not guarantee future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results and trends may differ materially from what is forecasted in forward-looking statements. Some of the key factors that may cause deviations from the actual trends are:

- Changes in national, political and economic conditions
- Changes in Government policy issues
- Changes in the demand for BRAC Bank Limited's products
- Fluctuations in international prices of essentials, which influence the foreign exchange market
- Volatility of interest rate
- Volatility of capital market
- Changes in CRR and SLR of the banks
- Changes in lending rate
- Changes in corporate tax
- Changes in the competitive markets of the country
- 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 the banking industry is yet to acquire that sophistication.

## Notice of the Twelfth Annual General Meeting

Notice is hereby given, that the Twelfth Annual General Meeting (AGM) of BRAC Bank Limited will be held on March 24, 2011 at 10:00 am at Bashundhara Convention Centre, Block-G, Umme Kulsum Road, Bashundhara Residential Area, Dhaka-1229, to transact the following business:

### AGENDA

- AGM-12-01-2011: To receive, consider and adopt the audited financial statements for the year ended December 31, 2010 and the Auditors' and Directors' Report;
- AGM-12-02-2011: To declare dividend for the year ended 31st December 2010;
- AGM-12-03-2011: To elect/re-elect Directors;
- AGM-12-04-2011: To appoint auditors of the Company for the year 2011 and to fix their remuneration;

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

By the order of the Board



Rais Uddin Ahmad  
Company Secretary

March 08, 2011

### NOTES:

- a) The "Record Date" is March 06, 2011.
- b) The shareholders whose name would appear in the Register of Members of the company on the Record Date shall be entitled for the dividend.
- c) A member eligible to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. Proxy form must be affixed with the revenue stamp of 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 entries at the AGM well in time. No entry will be recorded after 10:00 am.



**The tree and its fruits depend on the seeds that are planted. At BRAC Bank, our people ensure our services, our commitments, our success stories.**

## 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 we are 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 a 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
- To be 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 installation of ATM: 3rd April 2005
- Issuing of Preferential share: 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: 06th February 2007
- 2500 remittance delivery points
- Introduction of Probashi Banking: 14th April 2007
- Launching of Travel Related Services (TRS): 20th November 2007
- PDB collection via mobile banking: 15th Oct 2009
- Launching of Probashi Biniyog: 4th May 2010
- Off-Shore banking launched: 21st June 2010
- Co-branded ATM booth launching with Rupali Bank Limited: 25th Sep 2010
- Launching of Planet Card: 23rd Oct 2010
- BRTA Online motor vehicle fees and taxes collection: 14th Nov 2010
- e-Commerce launching for online shopping facility: 8th Dec 2010
- Auditor  
S.F. Ahmed & Co  
Chartered Accountants, House # 25, Road # 13A,  
Block # D, Banani, Dhaka - 1213
- 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

Dear Shareholders,

As the Chairman of your Bank, it is indeed the most important date in my calendar, the Annual General Meeting. Needless to say, I look forward to this day when the Board - elected by you and accountable to you - presents its performance over the past year for your critical appraisal. Therefore, it is my privilege to welcome you all at the 12th Annual General Meeting (AGM) of BRAC Bank Limited and I would like to begin by conveying our heartfelt gratitude for your continuous support and cooperation which in no small way assisted in the consistent satisfactory performance of your Bank.

2010 has been a significant year for the Bank and we have witnessed milestones that reinforce the mission, vision and core values of the Bank. This AGM is also exceptional in that it is being held on the tenth year of your Bank, which gives us an opportunity to celebrate our achievements since inception.

In the backdrop of a global crisis in the banking industry, 'sustainable banking' has emerged as a very important movement internationally. Regulators, academia, intellectuals and concerned civil society are demanding that banks become more sensitive to the needs of the community and environment and not concentrate solely on profit maximization. It is believed that the global financial industry contributed substantially to this crisis by their mindless pursuit of profit, causing negative impact on people and planet. As you know, your Bank, since its inception, has adopted the "Three P" agenda - People, Planet and Profit as its fundamental guiding principle, a fact that has gained global recognition for the Bank. I am indeed pleased to recall that our Bank has been awarded the prestigious Financial Times (London) & International Finance Corporation Most Sustainable Bank of the Year in Asia in 2010. The award ceremony was held in Dorchester Hotel, London in a ceremony which was attended by regulators and luminaries from the world of banking and finance, including our Governor, Dr. Atiur Rahman. It is a global recognition of your Bank's pioneering effort in creating access to finance for the Small & Medium Enterprises and ensuring all its activities are aimed at ensuring the broader interest of the community and environment while optimizing shareholder value and maintaining highest level of governance. We are also engaged in wider segments of CSR activities, particularly focusing on environment, health, education, youth leadership, culture and heritage, and community development issues.

Our people are our greatest assets and our constant source of pride. You may have noticed that even our Annual Report has highlighted our colleagues in the Bank. The members of the Bank in all departments are integral in delivering our services to you and we have made an effort to portray how their everyday tasks are essential in the entire process. We always consider our human resources an investment. Throughout the year, we have conducted numerous training programs with experts in the respective fields, both from in-house and external sources. In the year 2010, a total of 239,546 hours of training were provided; on an average, each participant received 52 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 the staff to help them train themselves. The Human Resources department actively and continuously monitors and develops need-based training programs for our staff.

The central theme of BRAC Bank's vision, mission and core values revolves around the sustainable development of the Small and Medium Enterprises (SMEs), which are often referred to as the 'missing middle in the customer pyramid'. Your Bank served over 320,000 Small and Medium Enterprises with Tk. 144,467 million as loans till 2010, of which Tk. 32,549 million has been disbursed to 26,347 SMEs in 2010. An estimated 959,595 jobs were created as a direct impact of the Bank's

SME financing program, of which 2010 alone accounts for 180,198 jobs. Deposits of the SME customers have also shown an upward trend from Tk. 590 million in 2008 to Tk. 8,967.7 million in 2010.

It is with a measure of pride that we can say that your Bank is the largest SME Bank in the country in terms of number and coverage of the SME distribution channels, amount of loan disbursement, number of SME customers, and so forth. At the year-end, we have 46 SME/Agri Branches, 22 SMESCs and 421 SME Unit Offices across the country. BRAC Bank Limited has a wide distribution channel of 79 Branches, 230 ATMs, 30 CDMs, and 1,500+ POS terminals.

Your Bank has also achieved a significant milestone in promoting inclusivity and has crossed the 1 million customers mark, which is the highest number achieved by any bank in Bangladesh in less than ten years. BRAC Bank is now one of the largest banks in the country in terms of customer numbers.

Your Bank has achieved a total profit after tax of Tk. 1,664 million this year, which is 27.7% higher than last year. We have an operating profit of Tk. 4,969 million which posted a 33.7% growth. The higher growth of profit highlights an increased efficiency of the Bank's operations. The Bank's total assets stood at Tk. 119,150 million with a 25.3% growth and total customers' deposits stood at Tk. 88,158 million with a 17.2% growth. However, cost of deposit has decreased by 2%, in effect increasing interest margin with a positive impact on the bottom line.

We are always striving to cater to the banking needs of a wider customer base and enhance our mission of promoting inclusivity. The formation of bKash, a joint venture subsidiary with Money in Motion LLC, a US based company focused on mobile financial services, was a step in this direction. The aim is to extend banking services at minimal cost to the millions who cannot afford to pay for the traditional banking products. The overall bKash value proposition is simple: a safe, convenient place to store money; a safe, easy way to make payments and money transfers. It is dedicated to provide financial services via mobile phones to both the unbanked poor people and the banked people of Bangladesh. bKash operates under the license of Payment Service Operator from Bangladesh Bank and expects to launch its services in the first quarter of 2011. While bKash is adequately funded to pursue its objectives, the Bill & Melinda Gates Foundation, recognizing the potential of bKash in bringing banking services to the unbanked poor, announced a USD 10 million grant.

In 2008, we created a platform called OMNIBUS where the member banks, led by BRAC Bank, formed a shared ATM & POS network. This year, seven more banks joined the network, bringing the total number to 12 (twelve) member banks. It is also a pleasure to tell you that in 2010, with a total of more than 10 million transactions amounting to nearly BDT 60,000 million, BRAC Bank's ATMs performed the country's highest number of transactions through ATMs among all banks.

In the first ever Public Private Partnership (PPP) in the banking sector of Bangladesh, BRAC Bank has signed a Co-branded partnership agreement with one of the largest government owned commercial banks, Rupali Bank Limited. Pursuant to this agreement, BRAC Bank is now setting up 50 co-branded ATMs in various locations across the country and will provide ATM Cards & Card Management System to Rupali Bank.

BRAC Bank Limited is consistently improving its IT backbone to expand its products and services. We have also introduced a new customer touch-point chain named "APON SHOMOY", where customers may avail banking services round-the-clock, seven days a week. Our investment in IT has enabled us to expand the market base to grassroot level with automation. Due to our continued focus on IT, we have become the first bank in Bangladesh to implement the Enterprise Resource Planning (ERP) solution to manage our HR and Finance functions. ERP is a globally reputed and recognized solution for planning and managing enterprise resources. We have tailored our requirements and have successfully executed the banking modules in this system, taking our effectiveness and ease of serving our customers to a new level.

For the first time in Bangladesh, BRAC Bank has introduced e-Commerce solution, a convenient and affordable way to buy and sell products or services online. The e-Commerce software and online shopping service enables all VISA cardholders to do business online, i.e. performing transactions right from the web. It is a fast, convenient and cost effective way for you to transact through the web. The Honorable Governor of Bangladesh Bank, Dr. Atiur Rahman, graced this festive event as the Chief Guest. He called this initiative as his "dream come true," and thanked BRAC Bank being the first bank to make it possible.

We have successfully issued Subordinated 25% Convertible Bonds in 2010, in line with Bangladesh Bank guidelines to implement Basel-II, to meet relevant capital adequacy requirement and also to expand the Bank's business. The bond has added Tk. 3 billion to our Tier-II capital. 90% of the total Issue has been offered to institutional investors including on-shore and off-shore investors and the remaining 10% to public through IPO. The bond carries a tenor of 84 months from the date of issue and market lot consists of 5 bonds each with a face value of Tk. 1,000.

This year, your Bank has established a Research and Development (R&D) wing with a view to equip the Bank with innovation in existing products, processes, service outlets, and business strategies. This wing will work to

gain valuable market insight to make prudent and informed business decisions. For this, a small team of highly skilled researchers has been appointed to pioneer the R&D Division of your Bank in becoming a one-stop center for providing all kinds of research needs of the Bank.

BRAC Bank Limited hosted the GABV conference in Bangladesh in March 2010. The conference had representatives of eleven of the world's leading sustainable banks coming together in Bangladesh to try to build a viable future for the financial industry. At its close, the organization made a pledge to touch the lives of one billion people globally by 2020. It expects the growth to come from expanding the network's membership significantly, supporting banks that are looking to adopt genuinely value-driven models, and the creation of new sustainable banks. The members of the GABV spent three days at BRAC Rajendrapur BCDM, working together to strategize growth of sustainable banking and its impact globally, focus on joint capital raising effort, and build an infrastructure to support the development of a new generation of sustainable bankers.

BRAC Bank, being one of the initiators of GABV, was entrusted with "Impact Measurement" Action Track, which calls for development of some universally acceptable indicators to evaluate Banks performance from financial, economic, environmental and social point of view - called "Impact Metrics". We have engaged an external research team comprised of internationally renowned academician and researchers to conduct a study in this regard. Your Bank has been financing the SME for long. The quest here is to see whether the financing of SME borrowers has generated any "Value" in terms of: (i) expanding markets, (ii) backward & forward linkages, (iii) employment generation, (iv) cost efficiency in order to compete globally, (v) creating new enterprises, and (vi) overall improvement of the SMEs. As part of the study, a detailed survey and in-depth interview have been conducted on all the selected enterprises. This survey was particularly targeted to collect information regarding social and environmental impacts of SMEs.

We have launched our Off-Shore Banking Unit (OBU) that allows us to accept deposits and provide loans in freely convertible foreign currencies. Biman Bangladesh Airlines received a syndicated financing of USD 114 million as pre-delivery payment financing for the purchase of the two long range Boeing 777-300ER aircrafts where BRAC Bank Limited, as one of the participating banks, provided USD 16 million in the deal. The Off-Shore Banking unit promises to gradually extend its services towards greater number of customers, as well as enhance its correspondent banking services.

In deference to the symbolism of the Liberation War of our country, the Liberation War Museum (Muktijudhdho Jadughor) has been working on treasuring time and memories from the war. The museum is now undergoing construction in its permanent premises to preserve and exhibit the war relics as part of an effort to build and sustain the history of the emergence of Bangladesh. BRAC Bank also joins in this endeavor by extending BDT 10 (ten) million in sponsorship and other support.

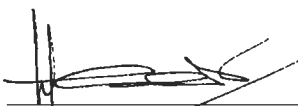
Your Bank, as a part of the overall financial system, underwent a number of challenges in 2010 which included inter alia (i) Liquidity Crisis, (ii) Increasing Pressure on Interest Spread, (iii) Investment in Capital Market, (iv) Implementing Basel II Accords by 30th June 2011, (v) Controlling NPA and rollback impaired assets, etc.

I am thankful to all the regulatory agencies of the Government, in particular, Bangladesh Bank, the Ministry of Finance, the Securities and Exchange Commission, the Registrar of Joint Stock Companies and Firms, the two Stock Exchanges, viz., Dhaka Stock Exchange and Chittagong Stock Exchange Limited and Central Depository Bangladesh Ltd. for all their continued support.

A very special word of thanks must go to our founder Chairman Sir Fazle Hasan Abed, who continues to inspire us with his wisdom and guidance. It was his vision of setting up an institution that would create access to finance for the small business, which led to the birth of this Bank. BRAC Bank was privileged to have him as the first Chairman and his leadership in its formative years. I must also thank the founder Directors of the Bank for their contribution to the Bank on the occasion of our completion of a decade in the industry.

I would like to acknowledge, on behalf of the Board, the Management and all the Shareholders of the Bank, with deep gratitude the contribution of Mr. Aminul Alam, one of the Sponsor Directors of the Bank, whose untimely death has deprived us all of a trusted friend and guide.

Finally, I thank you all once again for placing your trust and confidence in us. I am convinced, with your support, the Board elected by you will continue to strive to enhance shareholder value and maintain its commitment to abide by our broader mission of serving the community and the nation. I look forward to seeing you all next year and wish you success in all your endeavors.



Muhammad A. (Rume) Ali  
Chairman



## MANAGING DIRECTOR & CEO'S MESSAGE

Dear Shareholders,

It gives me immense pleasure in welcoming all of you to the auspicious twelfth Annual General Meeting of BRAC Bank Limited. I express my sincere thanks to you for your continued support and cooperation for the Bank's consistent satisfactory performance. I also express my gratitude to all the stakeholders of the Bank for their continuous partnership and collaboration during the last nine years on the occasion of the Tenth Year Anniversary of the Bank.

The year 2010 has been momentous and, at times, extraordinary for BRAC Bank Limited. It has been a year of change but also one of achievement as the business has positioned itself to benefit from the technological and infrastructural investments it has made.

It was the ninth successive yet challenging year in a row of record income and profits. The Bank used its strong capital and liquidity position and its increasingly powerful brand to capture market share from competitors and to deepen relationships with customers and clients. Your Bank grew income and profit despite the economic flux across the world and significant interest rate and foreign exchange challenges.

The Bank operates under a "Triple-Bottom-Line" approach where profit and social responsibility march together as it strives to achieve a poverty free and enlightened Bangladesh. We also continuously work to uphold the "Three P" agenda - Planet, People and Profit, as part of our sustainable and glorious banking journey since inception.

The Bank's vision revolves around sustainable development of the Small and Medium Enterprises (SMEs), to work as catalyst for the 'missing middle in the customer pyramid' that are mostly unbanked. Your Bank firmly believes that SMEs have a significant role in employment generation, poverty alleviation and overall economic growth of the country.

We strongly hold the Number One position as the largest SME Bank in the country, as revealed in all performance indicators in terms of number and coverage of the SME distribution channels, amount of loan disbursement, number of SME customers, etc.

The Bank disbursed Tk. 144,467 million as collateral-free loan to 320,000 SMEs since inception till 2010, of which it disbursed Tk. 32,549 million to 26,347 SMEs in 2010. A total of 959,595 jobs have already been created as a direct impact of the Bank's SME financing program, of which 2010 alone accounts for 180,198 jobs.

The deposit of the SME customers shows an upward trend from Tk. 590 million in 2008 to Tk. 8,967.7 million in 2010, an impressive deposit growth of 1419.95%.

You will be glad to learn that your Bank has crossed the one (01) million clients milestone in Bangladesh within only ten years of operation. We now serve more than 1 million individual, corporate clients and small, medium and large-sized businesses, providing a full range of financial products and services through our network of 79 Branches, 46 SME/Agri Branches, 22 SMESCs, 421 SME Unit Offices, 230 ATMs, 30 CDMs, and 1,500+ POS terminals.

The world economy continues to recover from the global financial crisis, putting behind the previous year's recession. However, just when things were looking up, huge deficit and debt figures in some developed countries plunged the Euro zone into its worst crisis since the introduction of the European single currency. The stimulus packages injected by Governments during the early stages of the crisis no doubt helped stabilize financial markets and jump-start a recovery, but are expected to be much less supportive in the near term. Many governments, particularly those in developed countries, are already shifting towards fiscal austerity. This adversely affected global economic growth in 2010.

Financially, we delivered a significant growth after the exceptionally difficult conditions of 2010; our operating performance is the testimony of our success. A total profit after tax rose to Tk. 1,664 million which is 27.7% higher than last year. Besides, we had an operating profit of Tk. 4,969 million which posted a 36% growth. Total assets stood at Tk. 119,150 million with a 25.7% growth. Total customers' deposits stood at Tk. 88,158 million with a 17.4% growth.

BRAC Bank Ltd has tied up with Money in Motion LLC, an US based company focused on mobile financial services with an objective to provide financial services via mobile phones to the unbanked poor people of Bangladesh. This unique innovative idea was branded as bKash, a subsidiary of BRAC Bank, where MiM USA is a shareholder. bKash operates under the license of Payment Service Operator from Bangladesh Bank and anticipates launching its services in the first quarter of 2011. It has recently received a \$10 million grant from the Bill & Melinda Gates Foundation in order to get the most out of its potential of becoming a highly scalable electronic payment platform in Bangladesh.

We have introduced ELDORADO, a web-based real-time electronic remittance system, a substitute of Demand Draft, Telegraphic Transfer, Mail Transfer and local and foreign remittance among and within Banks and NGOs since June 25, 2009. It works under the framework of Remittance & Payment Challenge Fund (RPCF) of DFID and partnered by Bangladesh Bank, DFID and BRAC Bank while supervised by Interbank Fund Transfer Association of Bangladesh (IFTAB). Currently 12 member banks are working together to make it a success.

This year 7 new members have joined in the shared ATM & POS network OMNIBUS resulting in 12 member collaboration under the leadership of BRAC Bank. In 2010, BRAC Bank ATMs have facilitated the country's highest number of transactions and dispensed BDT 60,000 million through ATMs, which has broken the highest record among all banks.

Another milestone has been achieved - first ever PPP in Banking Sector of Bangladesh has been signed between your Bank and Rupali Bank Limited, one of the largest government owned commercial banks. Under this Co-Branded Partnership Agreement, BRAC Bank Limited will set up 50 co-branded ATMs in various locations across the country and will provide ATM Cards & Card Management System to Rupali Bank.

BRAC Bank introduced 5 new customer touch points in the name of 'Apon Shomoy' in different strategically important locations in Dhaka City 'Apon Shomoy' is round-the-clock Customer Service Centre where clients can carry out basic banking transactions like cash deposit and withdrawal facilities, submit account and loan applications and request for cheque books. The Bank's management has futuristic plan to spread this facility across the country in the coming years.

BRAC Bank has state-of-the-art technology and operations platform which enables it to attain high productivity and detailed knowledge with an integral outlook to customers' financial needs. All the Bank's service outlets are connected to central network and operate under the same brand and core banking systems. The Bank's cumulative experience over the last years enables it to execute these integration processes quickly and efficiently, thus enabling us to expand the market base to grassroots level. Our continued focus on IT helped us to become the first bank in Bangladesh to launch ERP for our internal purpose management and introduce Online Shopping facility for our customers.

We always consider quality human resources as the key to success. The Bank has human resources policies to attract, train and retain the best talent at the topmost level, in order to support the strategy and sustainable business growth. At the end of 2010 our HR headcount stands at 8,305 while 3,163 new staffs have boosted the contingent. Throughout the year, we have conducted numerous training programmes with experts of respective fields both from in-house and external sources. This year, a total of 4,614 people were provided 239,546 hours of training; on an average, each participant has received 52 hours of formal training. All the staff have access to central IT system, this enables them to browse e-learning modules for self-development. HR department will continue its effort to monitor and deliver training and development needs of our staff in coming years for motivating them to make the customer their first priority every day.

In an uncertain banking environment, BRAC Bank has increased its capital fund and capital adequacy ratio, the main indicators of a bank's solvency, to Tk. 12,011 million and 12.01% respectively. These indicators signal sound financial footing of the Bank compared to that of other commercial banks. In our capital composition, Tier - I contributed 7.43% of Risk Weighted Assets (RWA) and Tier - II, 4.64%. To align Tier - II capital with our future business growth projection, we have issued 25% Subordinated Convertible Bond for raising capital fund. The bond would add Tk. 3 billion in our Tier - II capital. Exactly 90% of the total issue size has been offered to institutional investors including onshore and offshore investors and the remaining 10% to public through IPO. The Bond carries a tenor of 84 months from the date of issue and market lot consists of 5 bonds each with a face value of Tk. 1,000.

Being one of the initiators of GABV, a global alliance of sustainable banking, BRAC Bank was entrusted with "Impact Measurement" Action Track. In March 2010, BRAC Bank Limited hosted a 3-day long GABV conference which had representatives of 11 of the world's leading sustainable banks, coming together in Bangladesh to try to build a viable future for the financial industry. The members of the GABV are working together to bring about sustainable banking and its impact globally, focus on joint capital raising efforts, and build an infrastructure to support the development of a new generation of sustainable bankers to use it. The GABV has already announced a commitment to raise \$250 million in new capital over three years to support the expansion of \$2 billion in lending to green projects and unserved communities around the world.

Although 2010 posted significant challenges for the local financial industry and economy as a whole, the Bank, driven by its longstanding commitment to the "Three P" agenda in practice of social

responsibility, reinforced its pursuit of programs designed to contribute to the social and economic development of the country. The Bank remained strongly committed to serving local communities through initiatives that support the advancement of programs established to stimulate opportunities in higher education, focus attention on community action and nutrition, preserve the culture, heritage, and environment and nurture the young leadership.

BRAC Bank has been awarded as the Sustainable Bank of the Year 2010 at the FT Sustainable Banking Awards 2010 as recognition of profound leadership and innovation in integrating social, environmental and corporate governance considerations into their operations. The award was jointly announced by Financial Times newspaper and IFC, a member of the World Bank Group, at the award ceremony in London. BRAC Bank has been announced as the winner of the 2010 FT Sustainable Bank Award from Emerging Markets in Asia.

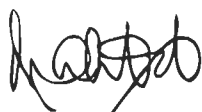
In this connection, I would like to thank the management team and our staff for their firm commitment to our goals and strategies and to the directors of BRAC Bank for their consistent guidance, support and leadership through a very challenging year.

Our gratitude also goes to our customers for the ongoing confidence in our ability to serve their needs and to all the regulatory agencies of the Government like the Bangladesh Bank, the Securities and Exchange Commission, the Registrar of Joint Stock Companies and Firms, and two stock exchanges, viz., Dhaka Stock Exchange and Chittagong Stock Exchange Limited, Central Depository Bangladesh Ltd. and Ministry of Finance for all their continued directional support.

In summary, 2010 was another successful year for the Bank. We face challenges in the global, economic and regulatory environment but we believe that BRAC Bank has the right strategy for sustainable growth as the Bank enters 2011 with resilience and momentum.

We believe that our long-term success lies in delivery of outstanding service to our customers. We invest in the skills and the future development of our uniquely diverse employee base to create for them an environment of true meritocracy.

We will strive to deliver sustainable value for our shareholders. Much in our environment may change. However, we are determined that in conforming to these changes, we will continue to commit ourselves to the communities in which we operate and right through any challenge we will extend our financial aid and technical expertise in times of need. Thank you for your support in helping us attain 'unshakable trust' from all our stakeholders.



Syed Mahbubur Rahman  
Managing Director & CEO

## Global Economy

The world economy continued to show healthy signs of growth in 2010, relegating to the past the previous year's recession, which came about due to a global financial crisis. However, just when things were looking up, huge deficit and debt figures in Greece and Ireland plunged the euro zone into its worst crisis since the birth of the European single currency. The slowdown is expected to continue in 2011 and 2012, as weaknesses in major developed economies continue to provide a drag on the global recovery and pose risks for world economic stability in the coming years. The unprecedented scale of the policy measures taken by governments during the early stage of the crisis no doubt helped stabilize financial markets and jump-start a recovery. The policy response weakened during 2010, and is expected to be much less supportive in the near term also; especially as widening fiscal deficits and rising public debt have undermined support for further fiscal incentive. Many governments, particularly those in developed countries, are already shifting towards fiscal austerity. This will adversely affect global economic growth during 2011 and 2012.

World Gross Product (WGP) is forecasted to expand by 3.1 percent in 2011 and 3.5 percent in 2012. The recovery may, however, suffer setbacks and slow down to below 2 percent, while some developed economies may slip back into recession if several of the downside risks take shape. Among the developed economies, the United States of America has been on the mend from its longest and deepest recession since the Second World War, but has nonetheless been experiencing the weakest recovery pace in history. Although the level of Gross Domestic Product (GDP) will return to its pre-crisis peak by 2011, a full recovery of employment will take at least four more years. Growth in many European countries will also remain low; drained by drastic fiscal cuts, some may continue to be in recession. Growth in Japan will also decelerate notably.

Between 2007 and the end of 2009, at least 30 million jobs were lost worldwide as a result of the global financial crisis. Despite a rebound in employment in parts of the world, especially in developing countries, the global economy will still need to create at least another 22 million new jobs in order to return to the pre-crisis level of global employment. At the current speed of the recovery, this could take at least five years.

The current rates of headline inflation have stayed at very low levels despite the massive monetary expansion. Except in some Asian economies, where increasingly strong inflationary pressures reflect a combination of supply and demand side factors, inflationary expectations are likely to remain muted in the near future owing to the stagnation in credit growth, alongside wide output gaps and elevated unemployment in most developed economies.

World trade continued to recover in 2010. But the momentum of the strong growth observed in the first half of the year has started to peter out. While the volume of exports of many emerging economies has already recovered to, or beyond, pre-crisis peaks, exports of developed economies have not yet seen a full recovery. In the outlook, world trade is expected to grow by about 6.5 percent in both 2011 and 2012, moderating from the 10.5 percent rebound in 2010.

Most commodity prices have rebounded. The world price of crude oil fluctuated around \$78 per barrel during 2010, up from an average of \$62 for 2009. However, oil prices are expected to decrease

somewhat in 2011. World prices of metals followed a similar trend in 2010 and are expected to edge up only slightly in 2011 and 2012.

Food prices declined during the first half of 2010, but rebounded in the second. While the expansion of global acreage and favorable weather patterns in key producing areas helped increase global food supplies considerably during 2009 and early 2010, adverse weather conditions in mid 2010 affected the harvests of basic staples. In addition, speculation amplified many commodity prices. Food prices will remain vulnerable to supply shocks and speculative responses in commodity derivatives markets.

Net private capital flows to developing countries have recovered strongly from their slump in 2008 and early 2009. Investors are searching for higher returns, and economic growth in emerging and other developing economies has been much stronger than in advanced economies; also, extensive monetary easing has kept interest rates very low in the latter.

Despite improvements in the debt position of many developing countries prior to the crisis, some countries, including some small middle-income countries, remain in vulnerable situations. In the wake of the crisis, other developing economies have moved into more critical debt positions. The total external debt (public and private) of developing countries as a share of GDP rose to 24.8 percent in 2009, an increase of 2.2 percentage points over the previous year, while the downward route of the debt service-to-exports ratio was reversed because of the negative impact of the crisis on the dollar value of both GDP and exports.

Key uncertainties and risks to the baseline scenario for 2011 and 2012 are slanted towards the downside:

- Fiscal austerity could risk further deceleration of the recovery
- Increased exchange-rate instability remains at risk
- The global imbalances may widen again, which in turn could feed more instability back into financial markets.

Five major policy challenges need to be addressed:

- First, continued and coordinated stimulus
- Second, redesigning fiscal stimulus
- Third, more effective monetary policy and addressing international spillover effects
- Fourth, more predictable access to development finance for achieving the MDGs
- Fifth, more concrete and enforceable targets for international policy coordination

## Domestic Economy

Despite the global economic meltdown during the last two years, the economy of Bangladesh continued to demonstrate considerable resilience during FY 2010. Amidst the risks of export earnings and the remittances inflows, the economic growth demonstrated satisfactory performance buoyed by domestic demand. Bangladesh Bank has said economic activity had gained momentum since the start of the financial year in July 2010, with exports posting 37 percent growth in the four months to October. Imports were also up 37 percent, reflecting rising domestic demand, and imports of industrial machinery grew 36 percent, indicating a major expansion in the country's manufacturing sector.

Measured at current market prices, the GDP of Bangladesh in FY 2010 stood at Taka 6923.8 billion, representing a nominal growth of 12.6 percent in the year which is same as the growth rate recorded in FY 2009. In FY 2010, the country's per capita GDP increased by about 4.5 percent in real terms and about 11.2 percent in nominal terms. Bangladesh was also placed 15th in the international ranking of potential countries for investors and businessmen in 2010 while the country was in the 28th place in 2009, according to a Japanese survey report.

## GDP

The real GDP growth of 5.8 percent in FY2010 was driven by a robust agricultural activities expansion and increased output in industry and services sectors. Economic growth rebounded due to positive growth by all sectors and sub-sectors of the economy. GDP growth during the year was underpinned by 6.4 percent growth in services sector, 6.0 percent growth in industry sector and 4.7 percent growth in the agriculture sector. In the overall GDP growth of FY 2010, services sector's contribution was the highest at 3.1 percentage points, followed by industry sector at 1.7 percentage points and agriculture sector at 1.0 percentage point in FY 2010.

The agriculture sector exhibited a robust growth of 4.7 percent in FY 2010 as against 4.1 percent growth recorded in FY 2009. The growth in this sector was expedited by the higher growth in crops and horticulture sub-sector. In the industry sector, which contributed 29.9 percent of GDP, growth rate slowed down from 6.5 percent of FY 2009 to 6.0 percent in FY 2010. The deceleration of growth of the sector was mainly due to global financial crisis that adversely affected export-oriented industries. Directives from Bangladesh Bank to promote credit financing facilities to SMEs contributed to the maintenance of satisfactory industrial growth. Manufacturing

sub-sector registered a lower growth of 5.7 percent in FY 2010 compared to 6.7 percent growth in FY 2009. Food, beverages, tobacco, leather and apparel metal products, machinery, chemicals, rubber, plastic, basic metal industries, nonmetallic products, paper, printing, and publishing etc. showed substantial growth in FY 2010. Growth in power, gas and water supply sub-sector increased to 6.9 percent in FY 2010, compared to 5.9 percent recorded in FY 2009.

The services sector contributed 49.9 percent of total GDP in FY 2010. Overall activities in the services sector registered 6.4 percent growth in FY 2010, compared to 6.3 percent in FY 2009. Wholesale and retail trade, which accounted for about 29.0 percent of the sector, grew by 6.4 percent in FY 2010, against 6.3 percent in FY 2009. Transport, storage and communication sub-sector, the second highest contributor to the services sector recorded a growth of 7.2 percent in FY 2010, compared to 8.0 percent in FY 2009. Monetary intermediation (banks) achieved lower growth of 8.4 percent in FY 2010, albeit lower than the growth of 9.0 percent in FY 2009.

## CPI & Inflation

The annual average rate of inflation (12-month annual average CPI, 1995-96 =100) remained unchanged at 8.12 percent in October 2010, as it was in September 2010. The rate of inflation on point to point basis moderated to 6.86 percent in October 2010 from 7.61 percent of September 2010.

## Domestic Credit

Domestic credit at the end of FY 2010 stood at Tk. 376273.50 crore recorded an increase of Tk. 57127.19 crore or 17.90 percent from that of 2009. The rise in domestic credit during the period under report was due to the rise of private sector credit by 24.24 percent. In the component of credit to the public sector, Net Credit to the Govt. Sector decreased by 6.52%. However, credit to the 'Other Public Sector' increased by 21.07%.

## Private Sector Credit

### Agricultural Credit

Disbursement of agricultural credit during July-November 2010 stood higher at Tk. 4,720.86 crore, as compared to Tk. 4,249.69 crore during July-November 2009. Recovery of agricultural credit during July-November 2010 also stood higher at Tk. 4,851.19 crore, as compared to Tk. 4,049.09 crore during July-November 2009. The position of overdue agricultural credit as

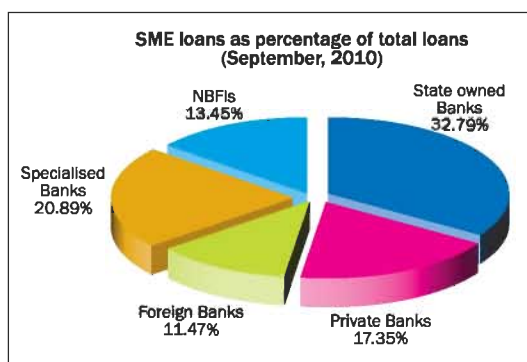
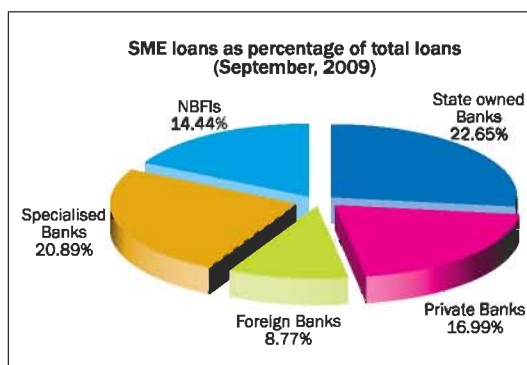
percentage of total outstanding improved, decreasing from 31.34 at the end of November 2009 to 28.71 at the end of November 2010.

### Industrial Term Loan

Disbursement of industrial term loans during July-September 2010 stood higher at Tk. 7,473.51 crore, compared to Tk. 5,403.23 crore during July-September 2009. Recovery of industrial term loans was also higher at Tk. 5,913.87 crore during July-September 2010, against Tk. 3,832.35 crore during July-September 2009. Overdue of industrial term loans at the end of September 2010 stood at Tk. 6,341.33 crore, which was 10.61 percent of the outstanding position at the end of September 2010.

### SME Loans

Total SME loans increased by Tk. 18,248.67 crore, or 42.95 percent to Tk. 60,734.44 crore at the end of September 2010, as compared to Tk. 42,485.77 crore at the end of September 2009. Institutional category-wise SME loans increased at the end of September 2010 in state owned banks (+75.66%), foreign banks (+53.49%), private banks (+31.56%), non-bank financial institutions (+24.43%) and specialised banks (+20.06%), as compared to September 2009. The percentage share of SME loans for each category of institutions in total loans at the end of September 2010 and at the end of September 2009 is shown in the following pie-diagrams.



## Public Financing

### a) Government tax revenue collections

Total tax revenue collection in July 2010 increased by Tk. 662.34 crore, or 16.12 percent, to Tk. 4,770.21 crore, against Tk. 4,770.21 crore, in July 2009. The NBR and Non-NBR tax revenue collection in July 2010 were Tk. 4,510.59 crore and Tk. 259.62 crore respectively, against Tk. 3,838.51 crore and Tk. 269.36 crore respectively in July, 2009.

NBR tax revenue collection in November 2010 stood lower by Tk. 34.11 crore, or 0.60 percent to Tk. 5,652.14 crore, against Tk. 5,686.25 crore collected in October 2010. However, this was higher by Tk. 975.53 crore, or 20.86 percent, against collection of Tk. 44,676.61 crore in November 2009. Total NBR tax revenue collection during July-November 2010 increased by Tk. 5350.58 crore, or 24.81 percent, to Tk. 26,916.41 crore, against collection of Tk. 21,565.83 crore during July-November 2009. Noteworthy to mention that, target for NBR tax revenue collection for FY 2010-11 is fixed at Tk. 72,590.00 crore.

### b) Sale and repayment of NSD certificates

Sales of NSD certificates in October, 2010 stood lower at Tk. 1,654.89 crore against Tk. 2,289.59 crore in October 2009. Repayment of NSD certificates in October 2010 also stood lower at Tk. 1,164.66 crore against Tk. 1,169.43 crore in October 2009. Net borrowing of the government through NSD certificates in October 2010 was lower at Tk. 490.23 crore against Tk. 1,120.16 crore in October 2009. Outstanding borrowing of the government through NSD certificates as of end October 2010 stood at Tk. 63,304.89 crore, recording an increase of Tk. 9,583.98 crore, or 17.84 percent, against Tk. 53,720.91 crore as of end October 2009.

### c) Budget financing

Total budget financing of the government during July-September 2010 stood slightly lower at Tk. 18.91 billion, against Tk. 18.93 billion during July-September 2009. Of this financing, total domestic financing stood higher at Tk. 9.20 billion during July-September 2010, against Tk. 4.30 billion during the same period of the previous fiscal year. On the other hand, net foreign financing stood lower at Tk. 9.71 billion during July-September 2010, against Tk. 14.63 billion during July-September 2009. Outstanding domestic debt during July-September 2010 increased by Tk. 83.70 billion, or 7.65 percent, to Tk. 1,177.44 billion, against Tk. 1,093.74 billion during July-September 2009.

## Liquidity Position

Total liquid assets of the scheduled banks stood lower at Tk. 82,164.79 crore as of end November 2010, against Tk. 87,196.61 crore as of end June 2010. Excess liquidity of the scheduled banks also stood lower at Tk. 24,756.94 crore as of end November 2010, against Tk. 34,498.73 crore as of end June, 2010.

Scheduled banks holding of liquid assets as of November, 2010 in the form of cash in tills and balances with Sonali Bank, balances with Bangladesh Bank and unencumbered approved securities are 6.61 percent, 31.13 percent and 62.26 percent respectively of total liquidity.

## Capital Market Development

The Bangladesh capital market was set to continue to rally in 2010 even though U.S and European market had to recover from recession effect. The market capitalization to GDP ratio has been increased over the year from 30% to 50%. DSE General Index (DGEN) has gained its peak at 8,918.51 point in December 5, 2010 and the lowest value was at 4,568.40 point. Over the year, DGEN increased 82.78% and reached at 8,290.41 point at the end of the year. The total market capitalization of all shares and debentures (excluding t-bills and t-bonds) of the listed securities at the end of December 2010 also stood higher at USD 49.4 billion, indicating a gain of 84 percent which was higher than USD 26.8 billion at the end of December 2009.

The total turnover has increased from USD 0.13 billion to USD 0.25 billion which indicates a 91% growth. Along with other factors, at least a portion of the upward movement of the market can be explained by the inadequate number of securities and huge fund flow in the capital market. The market was not able to uphold its bullish position from the beginning of December 2010, as historical data reveals the market would remain flat in this time. Therefore, capital market has observed both sides of the coin in 2010.

During the year 2010, the DJ Global Index experienced 12% gain, whereas Bangladesh capital market (83%) outperformed all the developed markets e.g. USA (12%), UK (9%) and leading emerging markets like India (17%), Hong Kong (5%), China (-8%). This outstanding performance (see the table below) positioned the Bangladesh capital market amongst the top three performers of the world.

## Highlights of the year 2010:

### Major Capital Market Developments:

- Removing all the paper shares from the stock exchanges
- Introducing Book Building method for the first time
- Making the submission of quarterly Financial Statements mandatory by the listed companies
- Fixing the tenure of Closed-End mutual funds.
- Allowing mutual funds to participate in the Book Building process
- Offloading of SOE's (State Owned Enterprises) shares by the Government
- Imposing ten percent Capital Gains tax on institutional investors
- Issuing the highest number of SEC directives

### Key statistics:

- Total market capitalization increased by: 84%.
- Total turnover increased by: 91% to USD 0.24 billion
- IPO: 18 companies (Total paid up capital - BDT 6.5 billion)
- New Mutual funds floated: 12 (twelve)
- Total Right share approval: USD 3.48 billion
- No. of brokerage branches increased by: 608
- Total no. of BO A/C holder: 3.3 million
- New BO A/C added during the year: 2 million

## Import Payment

Import payments in October 2010 stood higher by US\$102.60 million, or 4.22 percent, to US\$2,532.30 million, against US\$2,429.70 million in September 2010. This was also higher by US\$500.30 million, or 24.62 percent, than US\$2,032.00 million in October 2009. Import payments during July-October 2010 increased by US\$2,397.30 or 33.50 percent to US\$9,553.90 million, compared to US\$7,156.60 million during July-October 2009. Of the total import payments during July-October 2010, imports under Cash and for EPZ stood at US\$9,205.10 million, import under Loans/Grants US\$10.90 million, import under direct investment US\$45.00 million and short term loan by BPC US\$292.90 million.

## Exports

Merchandise export shipments in November 2010 stood lower by US\$134.33 million, or 7.96 percent, at US\$1,553.88 million, compared to US\$1,688.21 million in October 2010 - according to EPB data. However, this was higher than US\$1,197.52 million of October 2009. The year-on

year growth stood at 29.76 percent in November, 2010. Total export receipts during July-November 2010 increased by US\$2,181.44 million or 35.80 percent to US\$8,275.29 million, as compared to US\$6,093.85 million during July-November 2009. During July-September 2010, exports of knitwear, woven garments, frozen food, jute goods (excl. carpet), agricultural products, raw jute and leather experienced some increase compared to the same period of the previous year. On the other hand, exports of chemical products, engineering and electronic goods and tea declined during July-September 2010 compared to the same period of the previous year.

## Remittances

Remittances in November 2010 stood higher at US\$998.64 million against US\$923.85 million of October 2010. However, this was also lower by US\$51.90 million against US\$1,050.54 million of November, 2009. Total remittances receipts during July-November 2010 decreased by US\$77.91 million, or 1.67 percent, to US\$4,581.43 million against US\$4,659.34 million during July-November 2009.

## Foreign exchange holdings

The gross foreign exchange reserves of the BB stood lower at US\$10,700.17 million (with ACU liability of US\$389.97 million) as of end November 2010, against US\$11,160.34 million (with ACU liability of US\$599.80 million) by end October 2010. The gross foreign exchange reserves, without ACU liability, is equivalent to import payments of 4.73 months according to imports of US\$2,177.98 million per month, based on the previous 12 months average (November 2009-October 2010). The gross foreign exchange balances held abroad by commercial banks stood lower at US\$542.48 million by end November 2010 against US\$583.21 million by end October, 2010. This was also lower than the balance of US\$564.57 million by end November 2009.

## Remittance

The inward remittances from Bangladeshi nationals working abroad remained strong in FY 2010 even in the face of global economic slowdown and continued to play an important role in strengthening the current account. Receipts on this sector increased by 13.4 percent - from USD 9,689.3 million in FY 2009 to USD 10,987.1 million in FY 2010.

## Broad Money

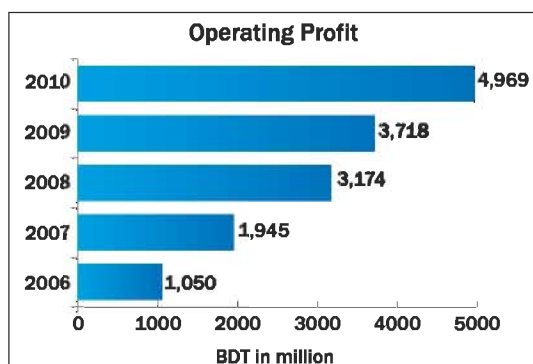
Broad money (M2) growth stood at 22.4 percent in FY 2010, which is higher than the 19.2 percent growth recorded in FY 2009 and also higher than the target under the program. The growth in broad money was mainly driven by higher growth in net foreign assets. Net foreign assets of the banking system increased notably by 41.3 percent in FY 2010 resulting from robust growth in remittance inflows with the target of 27.9 percent and previous year's increase of 27.2 percent.

## Financial Review

During the financial year 2010, the banking industry faced far greater challenges. BRAC Bank Limited has been well ahead of majority of the banks. BRAC Bank Limited's remarkable performance marked its footsteps in every aspect of banking activities such as creating firm deposits, advances and 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

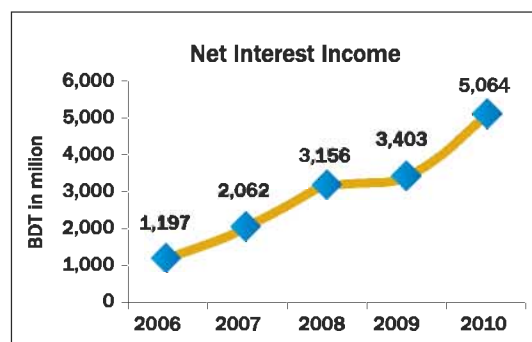
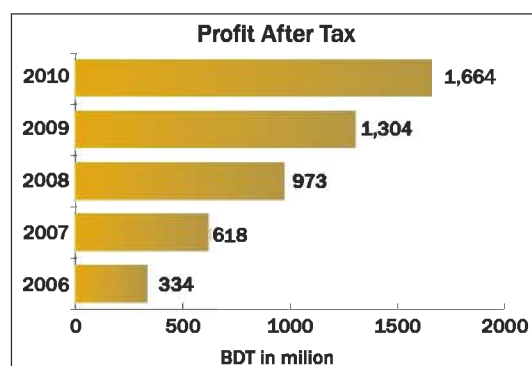
BRAC Bank has had yet another successful year despite the unreceptive market conditions. The Bank continued to expand its banking activities. It has strengthened its team to provide more focused and efficient services to its clients and has continued its efforts to improve the infrastructure. Despite the challenges, through our efficient management and continued effort of our dedicated staff, we made an operating profit of BDT 4,969 million - 34% higher than that of last year.



## Operating Results

BRAC Bank's net profit after tax in 2010 was BDT 1,664 million - an increase of 28% over last year. Return on Equity (ROE) was 18.95% and Earnings per Share was BDT 60.39.

BDT in million			
Particulars	2010	2009	% Change
Net Interest Income	5,064	3,403	49%
Income From Investment	2,145	1,620	32%
Other Operating Income	2,331	2,242	4%
Operating Expense	4,571	3,547	29%
Loan Loss Provision	2,053	1,574	30%
Net Profit Before Taxes	2,916	2,144	36%
Provision For Taxes	1,251	840	49%
Profit After Taxes	1,664	1,304	28%

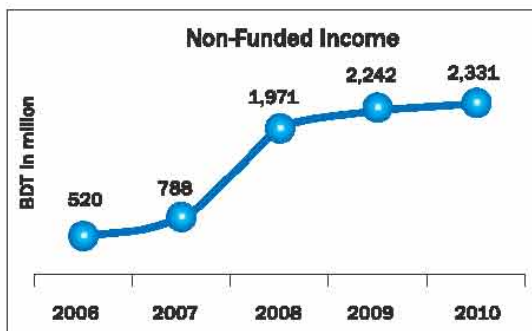


Interest income of the Bank has increased by 14% in 2010 and is consistent with the increase of loans and advances growth by 31%.

Interest expense has decreased by 5% in 2010, as liabilities were reprised at lower rates and the deposit mix tilted towards low cost funds. However, deposit portfolio increased by 17% over last year.

Net interest income in 2010 was BDT 5,094 million, which increased by BDT 1,661 million from last year, mainly due to lower cost of deposits.

Non-funded income grew this year by 4%. The Bank has successfully increased its non-funded income and reduced its burden ratio over the year.



Operating expenses have increased by 29% in 2010. Operating expenses were impacted by:

- Staff salary and allowances were increased by 26% to support the increasing business volume, service outlets and the effect of inflation on general expenses. Number of staff has increased by 21% over last year, whereas the Fund Under Management (FUM) has increased by 24%.
- Further investment in strategic growth initiatives:
  - Increasing volume of rent, taxes and insurance expenses resulting from market rent increases, relocation of branches and increasing the number of branches by eight, SME Service Centers by 8 and ATMs by 50;
  - Increasing volume of legal expense & depreciation expense due to higher acquisition of fixed assets;
  - Other expenses have also increased for supporting business growth.

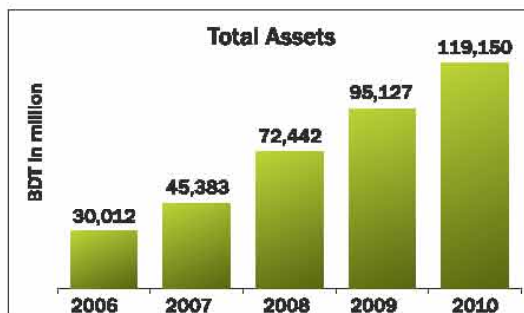
Provision for loan losses has increased by 27% in 2010 due to increase in loans and advances by 31%, and to cover the loss for non-performing loans & advances. Due to the prudent provisioning policy, the Bank has already achieved the general provisioning requirement and excess provision over requirement set by Bangladesh Bank. This reflects the Bank's constant emphasis on a quality credit portfolio, which has now become the primary reason for its 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 the implementation of excellent monitoring and control systems.

Total assets of the Bank rose to BDT 119,150

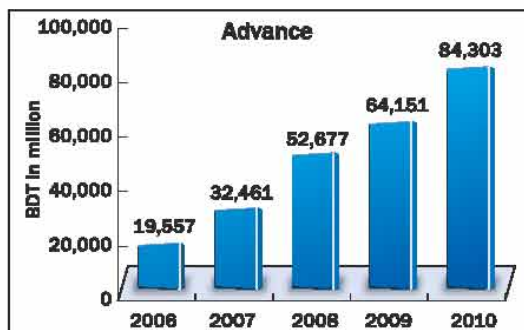
**Balance Sheet Summary**  
**BRAC BANK**  
As on December 31, 2010

	Total in Million	
	2010	2009
<b>PROPERTY AND ASSETS</b>		
Cash	9,892	6,819
Cash in hand	9,510	1,637
Balance with Bangladesh Bank and its agent Bank(s)	0,276	4,892
Balance with other Banks and Financial Institutions	9,892	6,894
Inside Bangladesh	2,781	5,872
Outside Bangladesh	951	222
Money at call and short notice	-	1,900
Investments	18,568	19,376
Government	6,968	10,268
Others	3,108	218
Loans and advances	84,303	64,581
Loans, cash, credit, overdrafts etc.	84,048	64,064
Bills purchased & discounted	254	95
Fixed assets including premises, furniture and fixtures	1,748	1,838
Other assets	6,787	5,480
Non-banking assets	-	-
<b>Total Property and Assets</b>	<b>119,150</b>	<b>95,127</b>
<b>LIABILITIES AND CAPITAL</b>		
<b>Liabilities</b>		
Borrowings from other banks, financial institutions & agents	3,700	2,480
Borrowings from Central Bank	1,939	-
Overdrafts/ Subordinate Bonds	3,000	-
Money at call and short notice	480	-
Deposits and other accounts	88,188	78,220
Current accounts & other accounts	30,232	24,890
Bills payable	1,221	454
Savings deposits	21,125	13,044
Fixed deposits	36,488	38,731
Other deposits	202	441
Other liabilities	32,602	9,897
<b>Total Liabilities</b>	<b>109,736</b>	<b>86,876</b>
<b>Capital and Shareholders' Equity</b>		
Paid up share capital	2,877	2,888
Preference share capital	800	800
Share premium	1,408	1,408
Statutory reserve	1,821	1,337
Reserve for future	1,221	1,578
Exchange acquisition reserve	-	0
Surplus in profit and loss account/Retained Earnings	1,887	1,272
<b>Total shareholders' equity</b>	<b>9,416</b>	<b>8,251</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>119,150</b>	<b>95,127</b>

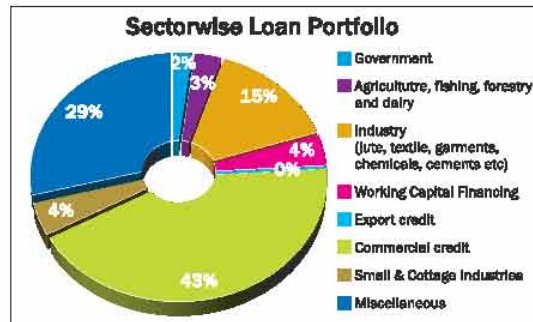
million in 2010, from BDT 95,127 million in 2009 - registering a growth of 25%. The figure below shows a significant increase in total assets documented in loans and advances, investments, fixed assets and cash assets maintained by the Bank.



Loans and Advances increased by BDT 20,152 million or 31% in the year 2010. This is a result of continued growth in the lending business and solid growth in the banking industry, reflecting the focus on customers and profitable growth.



SME sector, the main concentration area for the Bank financing since its inception, comprises of 50% of the total loans and advances. The major portfolio of BRAC Bank belongs to the commercial sector. Sector-wise credit portfolio is shown in the figure below:

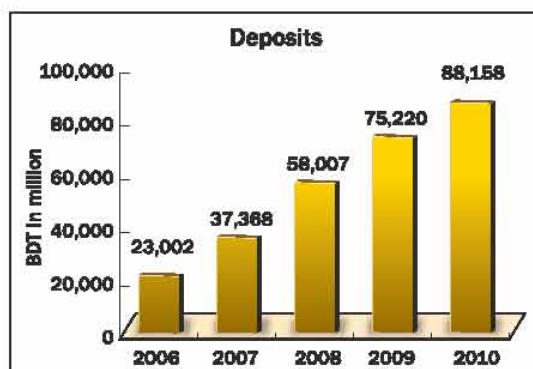


Total cash and cash equivalents and due from other banks have decreased by BDT 28 million, by the Bank's release of additional levels of liquidity.

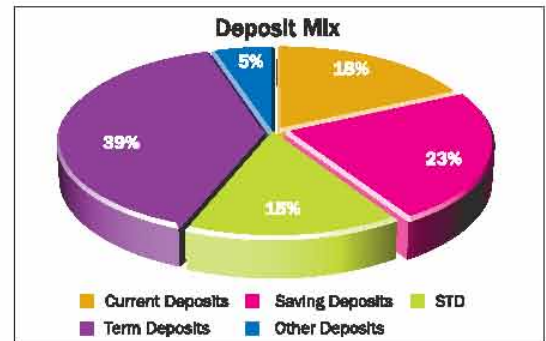
The Bank's investments during the year 2010 were mostly in Government securities, which stood at BDT 9,668 million as on December 31st, 2010 as against BDT 10,258 million at the end of the previous year. Out of total investments, 75% was concentrated in Government Securities to comfortably maintain CRR and SLR of the Bank and to use our surplus fund in a cost-effective way.

Total liabilities volume at December 31, 2010 was increased by BDT 22,762 million from last year-end's figure of BDT 86,976 million. There was a significant increase in liabilities, documented in deposits and borrowings.

Customer deposits of the Bank grew by 17% in 2010. The Bank ended the year with total customer deposits of BDT 88,158 million, compared to 75,220 million in the year 2009.



Currently, the Bank's deposits mostly comprise of term deposits. Almost 39% of the total deposits are in the form of fixed deposits, whereas only 18% and 23% are in the form of current and savings deposits respectively.

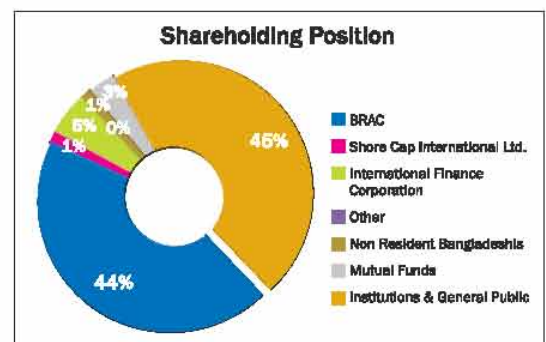


### Shareholders' Equity

The shareholders' equity has increased by 15% over the previous year. Paid-up capital of the Bank has been raised from BDT 2,059 million to BDT 2,677 million, through issuance of bonus shares out of retained earnings from 2009. The statutory reserve has also increased by BDT 583 million over the previous year's balance of BDT 1,337 million. This year, the Bank's consolidated equity is BDT 10,551 million and Bank's equity is BDT 9,412 million.



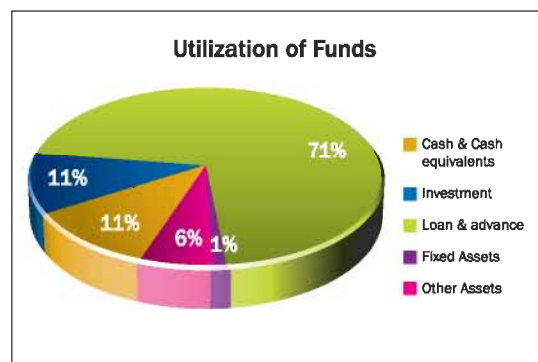
The shareholding position of the Bank as on December 31, 2010 is as follows:



Within the sponsors, the shareholding of BRAC has increased to 44% due to release of shares by ShoreCap International Ltd. Shareholding by institutions and the general public has also increased up to the level of 46%.

## Sources & Utilization of Funds

The main source of fund is customer deposits, which is composed of 74% of the total fund. The Bank's major funds are utilized in loans, advances



and investments, comprising around 71% and 11% respectively of total funds available to the Bank.

A portion of fund is maintained in the form of cash and cash equivalents to keep as CRR and SLR, which is currently required to be 19.00% of total deposits of the Bank.

## Capital Adequacy

The Bank maintained adequate capital of 12.07%, compared to the current regulatory requirement of 10.00%. In 2010, the Bank's core capital and total capital base were 7.43% and 12.07% respectively.

Capital Composition	2006	2007	2008	2009	2010
Capital - Core (Tier I)	1,967	2,572	4,819	6,074	7,392
Capital - Supplementary (Tier II)	529	1,220	1,298	2,216	4,619
<b>Total Capital</b>	<b>2,496</b>	<b>3,792</b>	<b>6,117</b>	<b>8,290</b>	<b>12,011</b>
<b>Capital adequacy ratio (%)</b>	<b>1353</b>	<b>12.28</b>	<b>12.76</b>	<b>12.45</b>	<b>12.07</b>

## ROA & ROE

Return on Assets (ROA) this year stood at 1.55%, recording a slight decrease from 2009 (1.56%). Return on Equity (ROE) stood at 18.95%, against 19.19% in the year 2009.

## Cost to Income Ratio

In the year 2010, cost to income ratio has decreased from 48.82% to 47.92% due to a

greater income growth than that of the costs. This shows the efficiency of marginal revenue generation by the Bank.

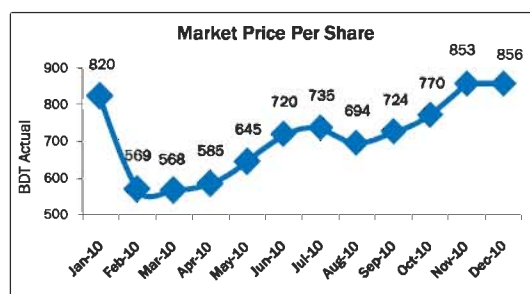
## Contribution to National Exchequer

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.

	Taka in million	
Deposit to Government Exchequer	2010	2009
Tax Paid on Bank's Income	1,255	1,133
Tax Collected at Source	129	647
Value Added Tax (VAT)	361	252
Excise Duty	117	98
<b>Total</b>	<b>1,861</b>	<b>2,130</b>

## Shareholders' Value and Market Price Information

With our competent and visionary Board of Directors, quality manpower and advanced technology, BRAC Bank consistently tries to increase the value of the shareholders. The Bank management is always striving to improve the value of the shareholders, as well as to increase its earning base assets that will generate income in future. BRAC Bank emerged as a socially responsible and committed organization - one that created a reputation in the minds of its investors of being one of the leading banks in the industry. The reported market price of shares of BRAC Bank Limited in Dhaka Stock Exchange is BDT 856.25, at close of business of the year 2010. The Bank's market capitalization on December 31, 2010 was BDT 22.92 billion.



Chairman

## Global Outlook

Global economic outlook was mixed, as emerging economies continue to grow at a good pace, while developed economies struggle to remain in growth phase - having considerable downside risk after the "Great Recession". As per World Economic Outlook (WEO) of IMF, global activity is forecasted to expand by 4.8 percent in 2010 and 4.2 percent in 2011. WEO projections are that output of emerging and developing economies will expand at rates of 7.1 and 6.4 percent, respectively, in 2010 and 2011. In advanced economies, however, growth is projected at only 2.7 and 2.2 percent respectively, with some economies slowing noticeably during the second half of 2010 and the first half of 2011. Unemployment and regaining consumer spending power are major concerns in developed economies. Inflation is projected to stay generally low in developed economies, while emerging economies are facing the challenge of inflation due to rising prices of food grain, fuel and other commodities. Risks to the growth forecasts are mainly to the downside. However, the probability of a sharp global slowdown, including stagnation or contraction in advanced economies, still appears low.

## Bangladesh Economy

Bangladesh economy did well in 2010 to get out of sluggishness and back to upward growth phase from the impact of the global recession. Real GDP grew by 5.8 percent in FY 2010 against 5.7 percent growth in FY 2009. Agriculture sector output growth is 4.7 percent, industry sector output growth is 6.0 percent and service sector output growth is 6.4 percent in FY 2010 against 4.1, 6.5 and 6.3 percent growth in these sectors respectively in FY 2009. Output growth attained in FY 2010 was largely internal demand-driven, weak external demand slowed down FY 2010 export growth to modest single digit level of 4.1 percent against 10.3 percent growth in FY 2009. Agriculture sector growth was well supported by government policy and budgetary subsidy.

With GDP growth target of 6.7 percent in FY 2011, economy is facing fresh challenges of higher inflation, due to increased demand created from inflated capital market and rising food grain and oil prices. Other challenges of the economy are slowing down remittance flow, coupled by a negative balance of payment, due to higher import and rising energy prices. Export growth rebounded strongly at 41% in Jul-Dec'10 from 4.1% in FY 2010, with access to new market and policy support. The main challenges for the economy are to face the energy and electricity crises while infrastructure development is a continuous struggle. Large investments in the electricity generation sector are going to have a positive impact on the economy by the end of 2011 and onwards. Assuming the energy problem can be resolved, economy is poised to grow at 7 percent from 2012 onwards.

## Money & Capital Market

Money market was stable during the most part of 2010 as the banking system had excess liquidity. However, market started to pick up in the latter part of 2010 due to central bank monetary tightening to curb inflationary effect and to discourage lending in the non-productive sector. Government Treasury Bills and Bonds rates also showed upward trends at the end of the year. The money market rate is expected to remain upbeat in 2011, which will largely depend on the central bank monetary policy. BDT was mostly stable against USD over the last two years, which also came under pressure at the end of 2010 due to higher import and rising of prices of import contents. BDT may continue to be under pressure against USD in 2011 due to higher import and

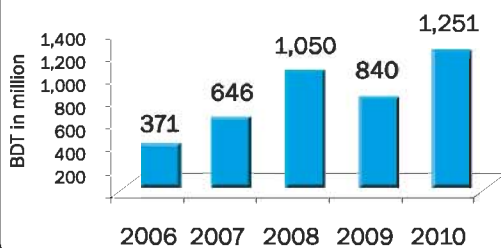
stagnancy in inward remittance.

Capital market created a bubble in the economy in 2010, when DSE General Index jumped up to 8,918 from last year's end index of 4,535, growing by 97%, which ultimately corrected to 6,913 as on 19th January 2011. Year 2011 could be the year of consolidation for the Bangladesh capital market.

### BRAC Bank Taking Part in the Game

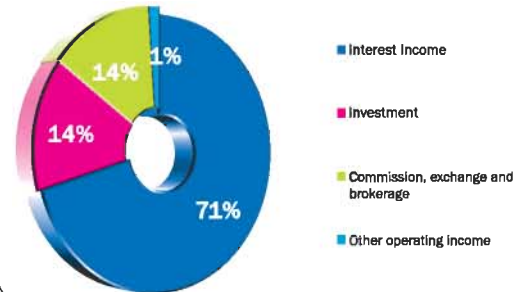
BRAC Bank is a model corporate body. It creates value through provision of financial services in line with the mission of "Building a profitable and socially responsible financial institution focused on Markets and Business with growth potential, thereby assisting BRAC and stakeholders to build a just, enlightened, healthy, democratic and poverty-free Bangladesh".

**Revenue to Government as Income Tax**

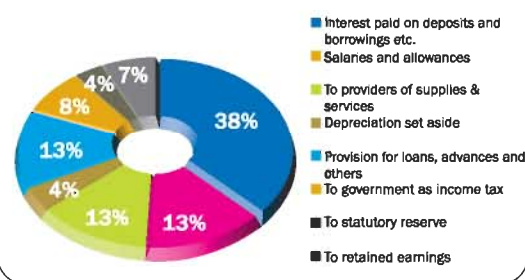


The Bank owns systems, processes and procedures in place to check verify and validate the value creation process. It conducts its business in a transparent and ethical manner, in line with the best industry practices while being fair to every stakeholder. It adheres to good corporate governance principles, as set out in the Securities & Exchange Commission's notification dated 20<sup>th</sup> February 2006 and BRPD Circular No. 16 dated 24<sup>th</sup> July 2003. Though profit maximization is not the prime 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

**Sources of Income**



**Distribution of Income**



this value creation process. Rather than building financial value and enhancing the bottom line at any cost for the Bank, it has been a matter of participating in a process of creating value through fair and ethical means.

The Bank continued to receive awards and accolades during the year 2010 as it has been doing since inception. At the prestigious FT Sustainable Banking Award Ceremony in June 2010 in London, BRAC Bank was awarded the "Sustainable Bank 2010 Award" in the category of Emerging Markets - Asia. The award - jointly given by the leading international newspaper Financial Times (FT) and IFC - reflects the success in which BRAC Bank has led the way in serving the country's SME segment and its innovation in integrating social, environmental and corporate governance considerations into its operations. The external auditors continue to issue unqualified audit opinions on the financial statements of the Bank. These awards, accolades and rankings 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**

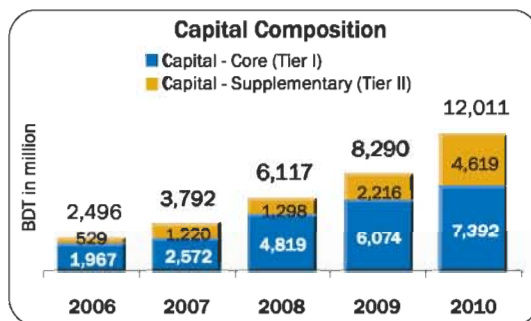
For the year ended December 31, 2010

Particulars	BDT in Million	
	2010	2009
<b>Sources of Income</b>	<b>15,317</b>	<b>13,337</b>
Interest Income	10,841	9,476
Investment	2,145	1,620
Commission, exchange and brokerage	2,126	2,164
Other operating income	205	77
<b>Distribution of Income</b>	<b>15,317</b>	<b>13,337</b>
Interest paid on deposits and borrowings etc.	5,778	6,073
Salaries and allowances	1,997	1,579
To providers of supplies & services	1,986	1,519
Depreciation set aside	588	448
Provision for loans, advances and others	2,053	1,574
To government as income tax	1,251	840
To statutory reserve	583	429
To retained earnings	1,081	875

### Maintaining Capital Adequacy

Capital Adequacy Ratio (CAR) is the measure of the financial strength and sustainability of a Bank. CAR determines the capacity in terms of meeting the time liabilities and other risks such as credit risk, market risk, etc. Bank's capital is the cushion for potential future losses that protects the bank's depositors and other lenders. 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 different risk profiles attached to these assets by determining the capital required to "cushion" any potential loss. This is because the composition of the balance sheet of a bank is different from other organizations, where a major portion of assets and liabilities comprise of advances and deposits respectively.

Vulnerability of the bank's financial stability would affect the systematic 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 would undoubtedly contribute to the growth of the economy.

### A More Rewarding Dividend Policy

The Bank has continued to pay substantial dividends to its shareholders while plowing back sufficient profit to supply the augmented need for funds and capital adequacy requirements. The Bank is mindful 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 up to the present level and is considered as one of the major funding sources of the Bank's rapid expansion.

In addition to the enlarged share capital due to the bonus issues, the Board of Directors has proposed 1:5 bonus share based on the ordinary shares, along with cash dividend of 10% for the year 2010 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 Assets & 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 the 1-30 days category in interest earning assets and liabilities. The Bank

maintained optimum amount of liquidity during the year. If and when the liquidity fell below the internally set limits, which are always above the statutory limits, the Bank took effective and prompt actions to ensure that it is augmented up to the regulatory limit. These measures have resulted in meeting the funding requirements of all its stakeholders in a timely and efficient manner.

### Convenience to Customers

The computer networking system of the Bank is connected in real time and the customers have the flexibility of operating from any location of their choices, irrespective of where the branch is located or where the account is opened. The Bank's different delivery channels (ATM, CDM, POS, etc.) provide maximum customer convenience. The stretched banking facility, large ATM and POS network, Cash Deposit Machines, SMS and internet banking facilities are extensively used to empower our customers with the latest technological advancement.

### Managing Risks

An integrated risk management approach is centrally in place to address all risk-related functions, including credit, market and operational risks. The assets and liabilities of BRAC Bank Limited are managed so as to minimize, to the degree prudently possible, the Bank's exposure to risk. At the same time, an attempt is made to provide a stable and 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 need of depositors, borrowings 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 and implementation of prudent and generally acceptable banking practices.

The risk management of the Bank covers six Core Risk areas of banking i.e. a) Credit Risk Management b) Foreign Exchange Risk Management c) Asset Liability Management d) Prevention of Money Laundering, e) Internal Control & Compliance and f) IT Policy as per BRPD Circular No. 17 of 7<sup>th</sup> 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 that the follow-up action is in place before disbursement of the funds.

The Bank's shareholders' equity stood at BDT 9,412 million as at December 31, 2010, 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 31st December 2010

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, reward those responsible for its creation and the portion retained for the continued operation and expansion of BRAC Bank.

### Economic Value Addition (EVA)

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 government exchequer is considered.

Value Added Statement As on December 31, 2010		
Particulars	2010	2009
Income from banking services	15,317	13,337
Less: Cost of services & supplies	7,764	7,592
	<b>7,553</b>	<b>5,745</b>
Less: Loan loss provision & other provision	2,053	1,574
<b>Total value added</b>	<b>5,500</b>	<b>4,171</b>
Distribution of added value		
As salaries & allowances	1,997	1,579
To government as income tax	1,251	840
To statutory reserve	583	429
	<b>3,831</b>	<b>2,848</b>
Retained earnings	1,081	875
Depreciation	588	448
To expansion & growth	<b>1,669</b>	<b>1,323</b>
<b>Total Distribution of Added Value</b>	<b>5,500</b>	<b>4,171</b>

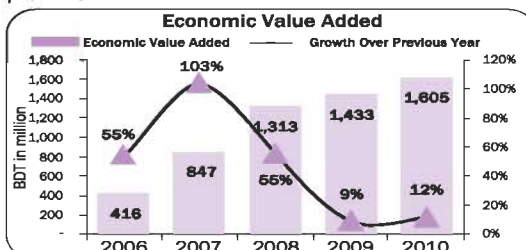
Distribution of Added Value	2010	2009
As salaries & allowance	1,997	1,579
To government as income tax	1,251	840
To statutory reserve	583	429
To expansion & growth	1,669	1,323

### Economic Profit

Economic profit is a residual measurement which subtracts the cost of capital from the net operating profit 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. The Bank prices its cost of capital internally and the difference between that cost and post-tax profit attributable to the ordinary shareholders represent the amount of economic profit generated. Economic profit is used by the management as one of the measures to decide

Economic Value Added Statement As on December 31, 2010					
Particulars	2010	2009	2008	2007	2006
Shareholders' Equity	9,412	8,151	5,438	3,072	2,117
Add: Cumulative provision for loans, advances & off-balance sheet items	4,387	3,453	2,407	1,315	646
<b>Total</b>	<b>13,799</b>	<b>11,604</b>	<b>7,845</b>	<b>4,387</b>	<b>2,764</b>
Average Shareholders' Equity	12,686	9,724	6,118	3,675	1,943
Earnings					
Profit After Taxation	1,664	1,304	974	618	334
Add: Provision for loans, advances & off-balance sheet items	2,063	1,574	1,151	681	371
Less: Write-off during the year	681	402	40	-	39
<b>Total</b>	<b>2,858</b>	<b>2,396</b>	<b>2,084</b>	<b>1,300</b>	<b>887</b>
Average Cost of Equity (Based on weighted average rate of Treasury bills plus 2% Risk Premium)	9.86%	9.80%	12.80%	12.66%	12.66%
Average Cost of Equity	1,261	963	771	452	260
<b>Economic Value Added</b>	<b>1,605</b>	<b>1,433</b>	<b>1,313</b>	<b>847</b>	<b>416</b>
Growth Over Last Year	12.03%	9.12%	84.99%	103.46%	64.84%

where to allocate resources so that they will be most productive.



In EVA terms, we have created BDT 1,605 million in 2010, with a growth of 12% over last year.

### Market Value Added (MVA)

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



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

Market Value Added Statement As on December 31, 2010				
Particulars	2010	2009	2008	2007
Market Capitalization	22,921	14,167	13,116	19,344
Less: Total Invested Capital	8,912	7,651	5,535	3,072
<b>Market Value Added</b>	<b>14,009</b>	<b>6,516</b>	<b>7,581</b>	<b>16,272</b>

### Maturity Analysis

The assets liabilities management committee closely monitors the maturities of assets and liabilities of the Bank.

BRAC Bank Limited Assets & Liabilities Maturity Analysis As on December 31, 2010						
	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
<b>Assets</b>						
Interest Earning Assets	26,603	14,740	30,002	27,718	13,119	112,182
Non-Interest Earning Assets	621	821	2,970	1,597	958	6,968
<b>Total Assets</b>	<b>27,225</b>	<b>15,561</b>	<b>32,972</b>	<b>29,315</b>	<b>14,077</b>	<b>119,150</b>
<b>Liabilities</b>						
Interest Bearing Liabilities	21,440	11,661	15,430	43,803	4,913	97,237
Non-Interest Bearing Liabilities	1,199	1,311	6,297	4,696	-	12,502
<b>Total Liabilities</b>	<b>22,638</b>	<b>12,972</b>	<b>20,726</b>	<b>48,498</b>	<b>4,913</b>	<b>109,736</b>
<b>Maturity Gap</b>	<b>4,586</b>	<b>2,599</b>	<b>12,246</b>	<b>(19,183)</b>	<b>9,163</b>	<b>9,412</b>

## OUR PERFORMANCE

### Financial Position

Particulars	Amount in BDT (million)				
	2010	2009	2008	2007	2006
Cash & bank balances	13,485	12,213	7,511	6,279	5,108
Investments	12,856	10,375	8,245	4,997	3,768
Money at call and short notice	-	1,300	-	-	-
Loans & advances	84,303	64,151	52,677	2,461	19,557
Fixed assets	1,749	1,638	1,472	943	389
Other assets	6,757	5,450	2,537	1,703	1,190
<b>Total Assets</b>	<b>119,150</b>	<b>95,127</b>	<b>72,442</b>	<b>46,383</b>	<b>30,012</b>
Borrowings	6,079	2,450	2,280	2,240	1,333
Subordinated debt	3,000	-	-	-	-
Total Deposits	88,158	75,220	58,007	37,368	23,002
Other liabilities	12,502	9,307	6,717	3,702	3,560
Equity	9,412	8,151	5,438	3,072	2,117
<b>Total Liability &amp; Shareholders Equity</b>	<b>119,150</b>	<b>95,127</b>	<b>72,442</b>	<b>46,383</b>	<b>30,012</b>
Credit deposit ratio	96%	85%	91%	87%	85%
Net assets value per share	332.91	371.55	311.71	214.34	196.72
Total contingent liabilities & commitments	23,151	5,989	2,161	2,157	1,319

### Profitability

Operating Income	9,540	7,264	6,036	3,543	2,077
Operating Expenses	4,571	3,547	2,862	1,598	1,027
Operating Profit (before provision)	4,969	3,718	3,174	1,945	1,050
Provision for loans and others	2,053	1,574	1,150	681	345
Profit before tax	2,916	2,144	2,023	1,264	705
Provision for tax	1,251	840	1,050	646	371
Profit after tax	1,664	1,304	973	618	334
Return on Investment (ROI) (%)	9.00%	12.30%	12.61%	11.64%	9.69%
Return on Assets (ROA) (%)	1.55%	1.56%	1.64%	1.62%	1.43%
Return on Equity (ROE) (%)	18.95%	19.19%	22.88%	23.83%	23.05%
Cost of deposit (%)	6.51%	8.49%	9.44%	8.91%	8.47%
Weighted average earning per share	60.39	60.98	62.30	42.29	29.38
Net income per share	60.39	60.98	58.50	49.99	32.08

\* Weighted average earning per share & Net income per share is stated in BDT actual.

### Equity Measures

Authorized capital	4,800	4,800	4,800	2,000	2,000
Paid-up capital	2,677	2,059	1,584	1,200	1,000
Capital - Core (Tier I)	7,392	6,074	4,819	2,572	1,967
Capital - Supplementary (Tier II)	4,619	2,216	1,298	1,220	529
Total Capital	12,011	8,290	6,117	3,792	2,496
Capital surplus/(deficit)	2,060	1,632	1,322	704	836
Share premium	1,406	1,406	1,406	350	350
Statutory reserve	1,921	1,337	909	504	251
Retained earnings	1,687	1,272	920	518	366
Capital adequacy ratio (%)	12.07%	12.45%	12.76%	12.28%	13.53%

### Management Efficiency

Net Revenue per Employee	1.33	1.23	1.44	0.80	0.68
Operating Profit per Employee	0.69	0.63	0.76	0.44	0.34
Cost to income ratio (%)	47.92%	48.82%	47.42%	45.09%	49.44%
Net Profit before tax per employee	0.41	0.36	0.48	0.29	0.23

### Asset Quality

Total Loans & Advances	84,303	64,151	52,677	32,461	19,557
Classified Loans	4,930	3,878	2,473	1,445	595
Classified Loans to Total Loans and Advances	5.85%	6.04%	4.69%	4.45%	3.04%
Provision for Unclassified Loan	1,361	866	770	708	379
Provision for Classified Loan	2,996	2,587	1,638	607	267
Provision Adequacy Ratio	1.12	1.28	1.37	1.04	1.02

### Share Information

Market Price per Share (DSE)	856.25	687.50	828.00	162.00	531.50
Dividend	30.00%	30.00%	30.00%	10.00%	20.00%
Bonus	20.00%	30.00%	30.00%	10.00%	20.00%
Cash	10.00%	0.00%	0.00%	0.00%	0.00%

### Distribution network

Number of Branches	79	71	56	36	23
Human Capital (nos)	7,151	5,907	4,192	4,428	3,047
Number of ATM	230	177	125	60	22
Number of SME Service Center	68	60	30	0	0
Number of Unit Office	421	429	429	392	355

## BASEL - II DISCLOSURES (PILLAR - 3)

### 1. General

The BASEL - II disclosures contained herein related to BRAC Bank Limited herein referred to as the 'Bank' for the year ended December 31, 2010. These disclosures have been made in accordance with the Bangladesh Bank BRPD Circular # 09 of 31 December 2008 as the Guidelines on 'Risk Based Capital Adequacy for Banks' in line with Basel - II.

**The Bank has three subsidiaries:**

- a. BRAC EPL Investment Limited,
- b. BRAC EPSL Stock Brokerage Limited,
- c. bKash Limited,

**And one associate company:**

- a. BRAC Asset Management Company Limited.

According to the BRPD Circular - 12, 24, 35 (dated 29 March 2010, 3rd August 2010 and 29th December 2010, respectively), investments in subsidiaries need to be consolidated for the purpose of assessing Capital Adequacy, the ratio of which is calculated both on Consolidated and Solo basis. Also, the guideline is structured around the following three aspects or pillars of Basel - II:

- i. Minimum capital requirements to be maintained by a bank against credit, market and operational risk;
- ii. Supervisory Review: Process for assessing overall capital adequacy in relation to a bank's risk profile and a strategy for maintaining its capital at an adequate level;
- iii. Market Discipline: To make public disclosure of information on the Bank's risk profiles, capital adequacy and risk management.

### 2. Capital Structure/ Regulatory capital

For the purpose of calculating regulatory capital requirement, capital is categorized into following three tiers:

**Tier 1 Capital (Core Capital):**

- I. Paid up capital of the Bank.
- II. Statutory reserves calculated @ 20% of profit as required by the Bank Companies Act. 1991.
- III. Non-repayable share premium account.
- IV. General reserve.
- V. Retained earnings.
- VI. Minority interest of subsidiaries (for Consolidated CAR).
- VII. Dividend equalization accounts.

**Tier 2 Capital (Supplementary Capital):**

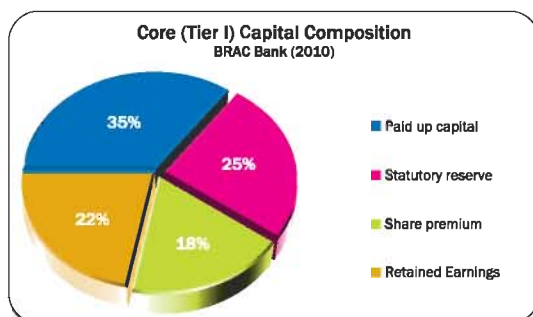
- I. General provision (Unclassified+ Off balance sheet).
- II. Asset revaluation reserve is taken up to 50%. Asset revaluation includes revaluation HFT instruments.
- III. Preference shares.
- IV. Perpetual Subordinated debt up to 30% of Tier-1 capital.
- V. Exchange equalization accounts.

**Tier 3 Capital (Additional Supplementary Capital):**

Tier-3 capital, also called "Additional Supplementary Capital", consisting of short-term subordinated debt (original/residual maturity less than or equal to five years but greater than or equal to two years), is meant solely for the purpose of meeting a proportion of the capital requirements for market risk.

### Conditions for Maintaining Regulatory Capital

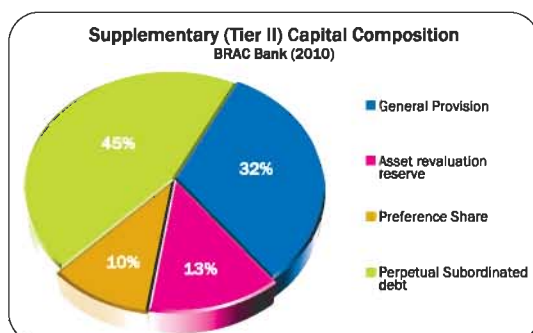
The computation of the amount of Core (Tier-1) and Supplementary (Tier-2 and Tier-3) Capitals shall be subject to the following



\*Deduction of investment in Sub. is not shown in the pie chart

conditions:

1. Eligible Tier-2 plus Tier-3 capital shall not exceed total Tier-1 capital.
2. Fifty percent (50%) of Asset Revaluation Reserves shall be eligible for Tier-2 i.e. Supplementary Capital.
3. A minimum of about 20% of market risk needs to be supported by Tier-1 capital. Supporting of Market Risk from Tier-3 capital shall be limited up to a maximum of 250% of a bank's Tier-1 capital that is available after meeting credit risk capital requirement.



\*Deduction of investment in Sub. is not shown in the pie chart

4. Up to 50% of Revaluation Reserves for Securities shall be eligible for Supplementary Capital.
5. Subordinated debt shall be limited to a maximum of 30% of the amount of Tier-1 capital and shall also include rated and listed subordinated debt instruments/bonds raised in the capital market.

### Eligible Regulatory Capital

In order to obtain the Eligible Regulatory Capital for the purpose of calculating Minimum Capital Requirements (MCR), banks are required to make following deductions from their Tier-1 capital:

1. Book value of goodwill,
2. Shortfall in provisions required against classified assets,
3. Remaining deficit on account of revaluation of investments in securities after netting off any other surplus on the securities.

Eligible Tier-2 capital will be derived after deducting components, if any, qualified for

deduction.

Total Eligible Regulatory Capital will be calculated adding the eligible Tier-1, eligible Tier-2, and Tier-3 capital, i.e.

Total Eligible Regulatory Capital = (Eligible Tier-1 Capital + Eligible Tier-2 Capital + Eligible Tier-3 Capital)

### Minimum Capital Requirement (MCR)

- a) No Scheduled Bank in Bangladesh shall commence and carry on its business unless it has a minimum Paid-up Capital/Capital deposited with BB (applicable for foreign bank branches) as fixed by BB from time to time.
- b) Banks shall also 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. CAR would be derived dividing total Eligible Regulatory Capital by RWA and multiplied by 100.

$$CAR = \frac{\text{Eligible Regulatory Capital} \times 100}{RWA}$$

### Total Risk weighted Assets (RWA)

Total Risk Weighted Assets (RWA) will be determined by multiplying capital charge for market risk and operational risk by a factor of 10 (i.e. the reciprocal of the minimum capital adequacy ratio of 10%) and adding the resulting figures to the sum of risk weighted assets for credit risk i.e.

**Total RWA = RWA for Credit Risk + 10 X (Capital Charge for Market Risk + Capital Charge for Operational Risk)**

**MCR = 10% of Total RWA**

Basel - II provides three approaches and the most basic is the standardized approach, requiring banks to use external credit ratings to determine the risk weightings applied to rated counterparties, group other counterparties into broad categories and apply standardized risk weightings to these categories. The next level, the Internal Ratings-Based (IRB) foundation approach, allows banks to calculate their credit risk capital requirements on the basis of their internal assessment of the Probability that counterparty will Default (PD), but subjects their quantified estimates of Exposure at Default (EAD) and Loss Given Default (LGD) to standard supervisory parameters. Finally, the IRB advanced approach allows banks to use their own internal assessment in both determining PD and quantifying EAD and LGD.

### Capital Charge against Credit Risk

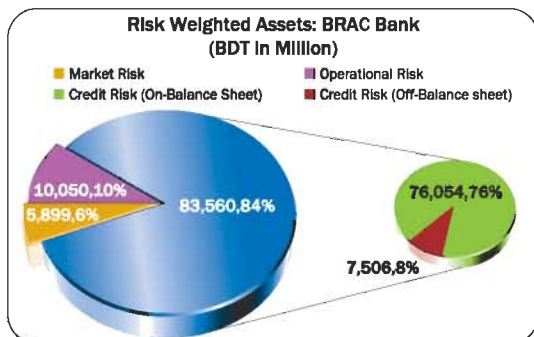
As per Bangladesh Bank's guidelines, RWA for Credit Risk includes both Balance sheet & Off-Balance Sheet exposure. The RWA is again subdivided under Banking Book and Trading Book outstanding is used. Risk mitigation techniques,

including haircut of collaterals and exposures allowed by Bangladesh Bank, were also applied for determining the capital requirement.

For credit risk, the Bank has adopted Standardized approach. Under this approach, the

Capital Adequacy Ratio	Requirement (2010)	Consolidated (2010)	BRAC Bank (2010)	BRAC Bank (2009)
On core capital	5.00%	8.21%	7.43%	9.12%
On actual capital	9.00%	13.27%	12.07%	12.45%

risk weight will be based on the risk assessment (hereinafter called credit rating) made by External Credit Assessment Institutions (ECAIs) that are duly recognized by Bangladesh Bank. Risk weights are based on external rating or a fixed weight that is broadly aligned with the likelihood of counterparty default. Bangladesh Bank has mapped its risk grading (ranging from 1 to 6, where 1 is the highest grading) with that of recognized ECAIs. Where an exposure is secured by guarantee or eligible financial collateral, it may reduce its capital charge by taking benefit of the risk mitigation described in the guidelines of Bangladesh Bank. However, in the absence of credit rating, the Risk Weight against loans and advances would be 125%.



### Capital Charge against Market Risk

Market risk is the possibility of losses of assets in balance sheet and off-balance sheet positions, arising out of volatility in market variables, i.e. interest rate, exchange rate and price.

Allocation of capital is required in respect of the exposure to risks. This is derived from changes in interest rates and equity prices in the Bank's trading book, in respect of exposure to risks stemming from changes in foreign exchange rates and commodity price in the overall banking activity. The total capital requirement for banks against their market risk shall be the sum of capital charges against:

- Interest rate risk
- Equity position risk
- Foreign exchange (including gold) position risk throughout the Bank's balance sheet.

In Standardized (rule-based) Approach, the capital requirement for various market risks (interest rate risk, price, and foreign exchange risk) is determined separately. The total capital requirement in respect of market risk is the sum of capital requirement calculated for each of these market risk sub-categories, e.g.

- Capital Charge for Interest Rate Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk,
- Capital Charge for Equity Position Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk
- Capital Charge for Foreign Exchange Risk = Capital Charge for General Market Risk
- Capital Charge for Commodity Position Risk = Capital Charge for General Market Risk

The methodology to calculate capital requirement under Standardized (rule-based) Approach for each of these market risk categories is as follows.

### Capital Charge for Interest Rate Risk

#### A. Capital Charges for Specific risk

Capital charge for specific risk against interest-related instruments is designed to protect against an adverse movement in the price of an individual security, owing to factors related to the individual issuer.

#### B. Capital Charges for General Market Risk

The capital requirement for general market risk is designed to capture the risk of loss arising from changes in market interest rates. In this regard, the capital charge will be calculated on the basis of the following considerations:

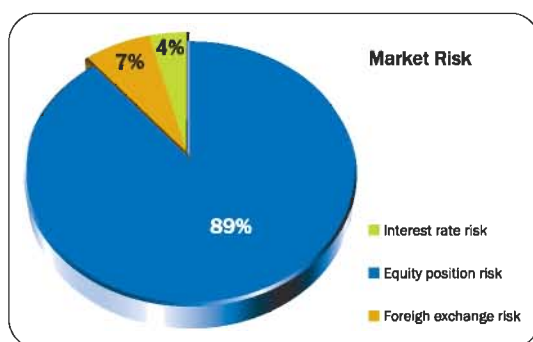
Bank's underlying trading issues may exist in long or both in long and short positions (i.e., related to interest rate derivative/hedge). Where trading issues relate to only long position, then total capital charge is to be calculated using the capital.

### Capital Charge for Equity Position Risk

- As with debt securities, the minimum capital standard for equities is expressed in terms of two separately calculated charges, the "Specific risk" and the "General market risk" for holdings.
- The capital charge, for both specific risk and the general market risk charge will be 10%.

### Capital Charge for Equity Position Risk

- The capital charge for foreign exchange risk will be 10% of bank's overall foreign exchange exposure. The Bank's net open position in each currency should be calculated by summing:
  - The net spot position (i.e. all asset items less all liability items, including accrued interest denominated in the currency in question);



- ii) The net forward position (i.e. all amounts to be received less all amounts to be paid under forward foreign exchange transactions, including currency futures and the principal on currency swaps not included in the spot position);
  - iii) Guarantees (and similar instruments) that are certain to be called and are likely to be irrecoverable;
  - iv) Net future income/expenses not yet accrued but already fully hedged (at the discretion of the reporting bank);
  - v) Any other item representing a profit or loss in foreign currencies;
- b) The overall foreign exchange exposure is measured by aggregating the sum of the net short positions or the sum of the net long positions, whichever is the greater, regardless of sign. The capital charge will be 10% of the overall net open position.

### Capital Charge Against Operational Risk

Operational Risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

Banks operating in Bangladesh shall compute the capital requirements for operational risk under the Basic Indicator Approach (BIA). Under BIA, the capital charge for operational risk is a fixed percentage, denoted by  $\alpha$  (alpha) of average positive annual gross income of the Bank over the past three years. Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average. The capital charge may be expressed as follows:

$$K = [(GI_1 + GI_2 + GI_3) \alpha] / n$$

Where:

K = the capital charge under the Basic Indicator Approach

GI = only positive annual gross income over the previous three years (i.e. negative or zero gross income, if any, shall be excluded)

$\alpha$  = 15%

n = number of the previous three years for which gross income is positive.

### Gross Income:

Gross Income (GI) is defined as "Net Interest Income" plus "Net Non-interest Income". It is intended that this measure should:

- i) Be gross of any provisions;
- ii) Be gross of operating expenses, including fees paid to outsourcing service providers;
- iii) Exclude realized profits/losses from the sale of securities held to maturity in the banking book;
- iv) Exclude extraordinary or irregular items;
- v) Exclude income derived from insurance.

Gross Income = Net profit (+) Provisions & contingencies (+) Operating expenses (-) Items (iii) to (v) above.

## 3. Capital Adequacy Ratio

Quantitative Disclosures:

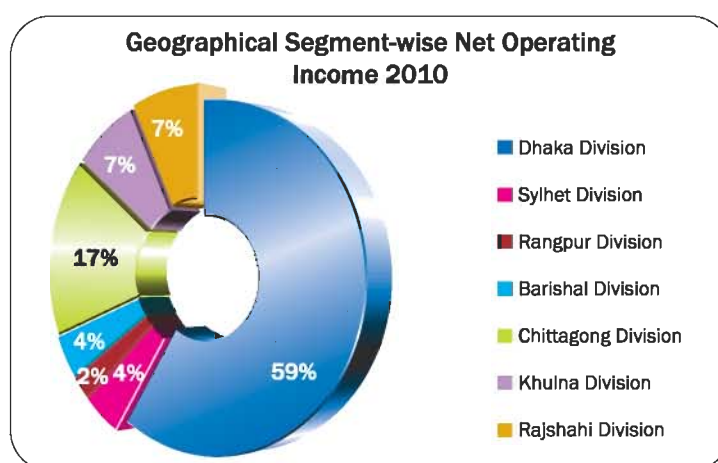
Particulars	2010 Taka	2010 Taka	2009 Taka
	Consolidated basis	SOLO basis	
<b>Tier - I (Core Capital)</b>			
Fully paid up capital/ Capital deposited with BB	2,676,960,000	2,676,960,000	2,059,200,000
Statutory reserve	1,920,598,872	1,920,598,872	1,337,479,877
Non-repayable share premium account	1,553,052,102	1,406,000,000	1,406,000,000
General reserve	-	-	-
Retained Earnings	1,956,125,243	1,687,394,554	1,271,731,067
Minority Interest in subsidiaries	698,799,975	-	-
Share money deposit	24,851,503	-	-
Non-cumulative irredeemable preference shares	-	-	-
Dividend equalization accounts	-	-	-
<b>Sub-total</b>	<b>8,830,387,694</b>	<b>7,890,953,426</b>	<b>6,074,410,944</b>
Deductible from Tier - I (Core Capital)			
Book value of Goodwill	311,888,515	-	-
Shortfall in provision required against classified assets irrespective of any relaxation allowed	-	-	-
Deficit on account of revaluation of investment in AFS category	-	-	-
Investment in subsidiary	-	299,324,147	-
Other if any	-	-	-
<b>Sub-total</b>	<b>311,888,515</b>	<b>299,324,147</b>	-
<b>Total eligible Tier - 1 Capital</b>	<b>8,518,499,179</b>	<b>7,391,629,279</b>	<b>6,074,410,944</b>
<b>Tier - II (Supplementary Capital)</b>			
General Provision	1,590,674,026	1,590,674,026	927,474,510
Asset revaluation reserve	610,466,065	610,466,065	788,249,234
Preference Share	500,000,000	500,000,000	500,000,000
Perpetual Subordinated debt	2,555,549,754	2,217,488,784	-
Exchange Equalization Fund	-	-	45,000
<b>Sub-total</b>	<b>5,256,689,845</b>	<b>4,918,628,875</b>	<b>2,215,768,744</b>
Deduction (Investment in subsidiary)	-	299,324,147	-
<b>Total eligible Tier - 2 Capital (a)</b>	<b>5,256,689,845</b>	<b>4,619,304,728</b>	<b>2,215,768,744</b>
<b>Tier-3 (eligible for market risk only)</b>			
Short term sub-ordinated debt (b)	-	-	-
<b>Total Supplementary Capital</b>	<b>5,256,689,845</b>	<b>4,619,304,728</b>	<b>2,215,768,744</b>
<b>Total Capital</b>	<b>13,775,189,024</b>	<b>12,010,934,007</b>	<b>8,290,179,688</b>
<b>Total Risk Weighted Assets</b>	<b>103,809,527,957</b>	<b>99,508,446,419</b>	<b>66,584,441,167</b>
Required capital based on Risk Weighted Assets (10.00%)	10,380,952,796	9,950,844,842	6,658,444,117
Surplus/ (Deficiency)	3,394,236,228	2,060,089,365	1,631,735,571
<b>Capital Adequacy Ratio:</b>			
On core capital (against standard of minimum 5%)	8.21%	7.43%	9.12%
On actual capital (against standard of minimum 9.00%)	13.27%	12.07%	12.45%

## SEGMENT INFORMATION

The Bank has initiated to review "Geographical Location-wise Segment Reporting". Reported business segments within the geographical territory of Bangladesh are shown below:

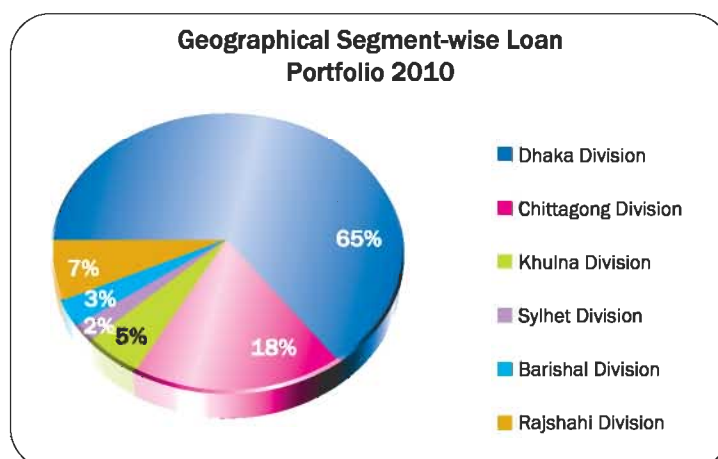
- Dhaka Division
- Sylhet Division
- Rangpur Division
- Barisal Division
- Chittagong Division
- Khulna Division
- Rajshahi Division

During the year, the Bank has made "Net Operating Profit" of BDT 4,969 M. The Segmental distribution of "Net Operating Profit" is shown in the following graph.



Loans and Advance position of the Bank was increased from BDT 64,151 M (2009) to BDT 84,303 M (2010).

The Segmental position of Loans & Advance 2010 is shown below:



The Bank has a high concentration of business in the rural areas of each Segment, which enabled the Bank to become the largest SME Bank. A detailed segment-wise income statement is disclosed in Annex - H of Audited Financial Statements, to comply with the requirement of IFRS - 8.



**Obituary:**  
**Md. Aminul Alam**  
**(1949-2010)**  
**Former Director**  
**BRAC Bank Limited**

Md. Aminul Alam was a graduate from the University of Dhaka in Physics. He first started working at BRAC as a program organizer in the field in 1975. Since then he has held numerous positions at BRAC, his last being the Executive Director of BRAC International Programs. He has been a principal architect of BRAC programs, leaving an indelible mark across all of BRAC's work. Mr. Alam had more than 35 years of experience at BRAC - with an extensive and profound understanding of the low-cost development programs in Bangladesh and in other countries. He led the expansion of BRAC's programs, revolutionizing the concept of micro-credit across Bangladesh and subsequently into ten countries in Asia, Africa and the Caribbean. His boundless energy and selfless devotion in service of the poor garnered wide admiration and respect throughout BRAC and the development community.

He was one of the Sponsor Directors of the Bank and was a member of the Board till 2008.

*Amin Bhai,  
as I knew him...*

I wonder what our country would be like if we had a few more in the mould of this man. He reminded me of the phrase I used to use in jest among friends, "God broke the mould after He created me". In my 36 years of working life, I have never come across anyone like him.

What does it take for a man to reach this level of accomplishment, and yet, remain rooted to the ground? Perhaps this question could have been answered by this person alone. Relentless in his purpose, uncompromising in his commitment, undeterred by any perceived or real obstacle, he set about his task. Not because he had to, but because he believed in it. Some people do it for money, some for popularity, some for publicity, some for eternal salvation, but very few do it for others, and even fewer, do it for those 'who do not matter'. Md. Aminul Alam was one such exception.



He was a man small in stature, but had a big heart. He had to; otherwise how could he accommodate the millions of the poor and disenfranchised in Bangladesh and around the world? It seemed that he wanted to create space for every one of these unfortunate souls. In rain, sun, hailstorm or fair weather, he was more at home by their side than in the comfort of his office or his home. I marveled at his unflagging energy and enthusiasm.

The annals of the growth of BRAC, from a small NGO to the largest in the world, is scattered with his indelible footprint across Bangladesh and around the world - wherever BRAC established its presence. His colleagues often talked about his lack of patience with anyone who did not measure up to his standards of work or commitment. Anyone who incurred his wrath was roundly berated, but always consoled by others, 'if Amin Bhai scolds someone, he can rest assured that there is good fortune in store for him'. I have heard many such anecdotes and stories about him, and BRAC staff everywhere, at home and abroad, have always had an underlying tinge of admiration and affection for this man. Just the ingredients you need to make people follow you to war-ravaged Afghanistan, Liberia, Sierra Leone or disaster zones like Haiti, places that are certainly not exactly in one's comfort zone.

He shunned publicity and very few people who are not connected to the development fraternity knew him. The stature he gained in these circles could have gained him access to countless high profile seminars and round tables, but I am convinced that he believed that these were best left to others, while he concentrated on 'just doing it'. An untiring soldier in the struggle against poverty, he chose the battlefield instead of the 'ivory tower' of 'speak fests'. And yet he was unassuming, charming and totally accessible.

Thinking back, it was a learning experience to know him and I am glad that I had the privilege of working with him. During the last few years of his life, he was not in the best of health and his constant travels around the world were a matter of concern for many of his well wishers. He brushed these aside with a smile and a meaningful silence. The quote "a ship is safe in the harbor, but that is not what ships are built for" perhaps connotes his attitude. He was well aware of the risks, but he chose to do what he was convinced was his calling.

It seemed to me that he was in a hurry, as if he knew that time was not on his side and he had so much to do. Robert Frost's famous lines resonate in my mind whenever I think of Amin Bhai's boundless energy; moving from Kabul to Freetown, from Juba to Karachi, from Port au Prince to Monrovia, from Dar Es Salam to Dhaka, from New York to Colombo:

"But I have promises to keep,  
And miles to go before I sleep,  
And miles to go before I sleep..."

*Rumee*

## 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 Sir Fazle Hasan Abed. He is the Managing Director, Enterprises of BRAC and also a Director of 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). 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. In addition to these concerns, he is also the Chairman of BRAC Afghanistan Bank, bKash Limited, Documenta Limited, BRAC Saajan Exchange Ltd.

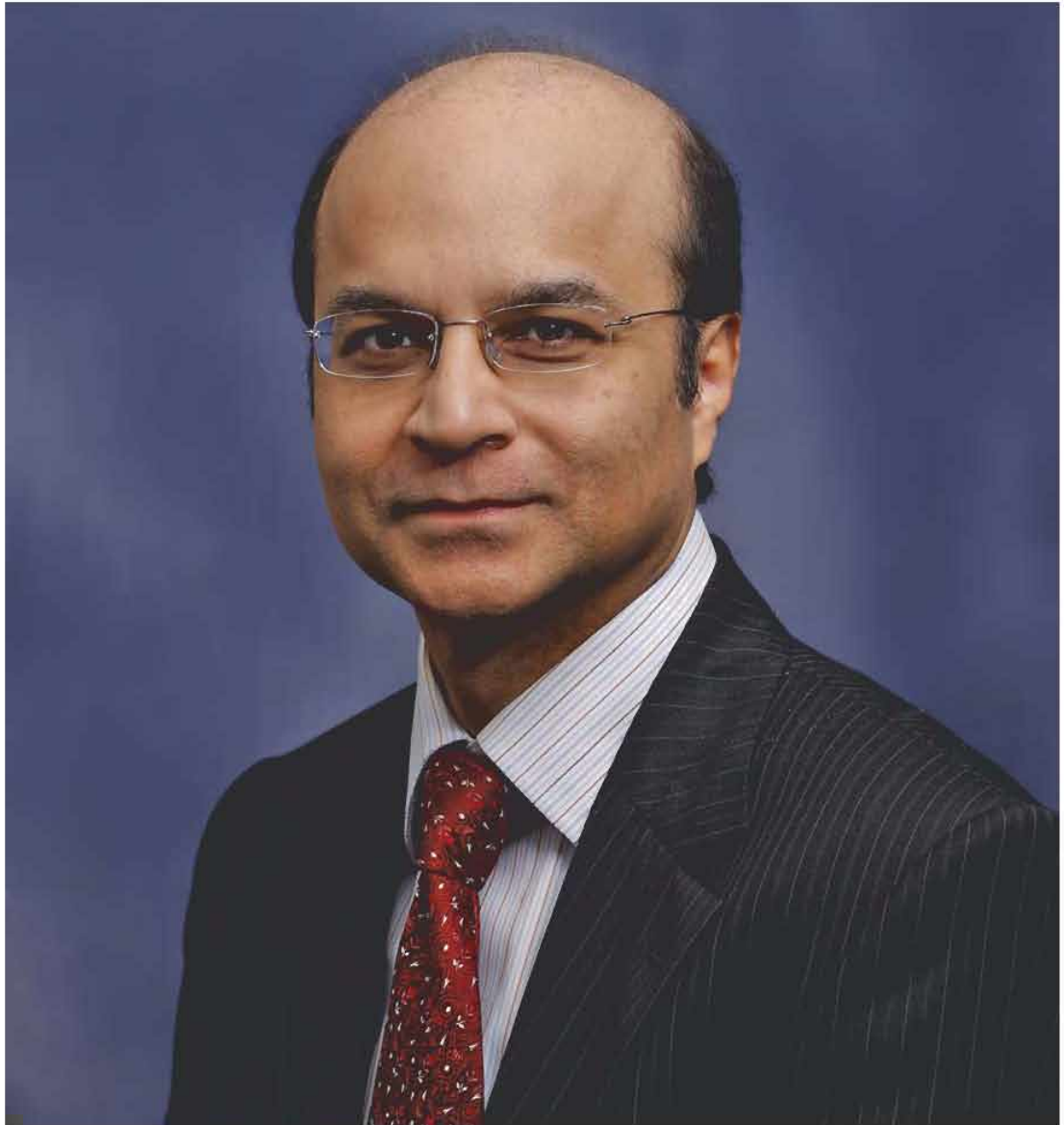
Mr. Rume Ali served at different levels in local and international banking sectors. Prior to joining BRAC in 2007, he served as the Deputy Governor of Bangladesh Bank from 2002 to 2006 and was responsible for Supervision, Anti-Money Laundering and Information Technology. During this period, he was also 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 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 Center, 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.

He received a number of awards including C. R. Das Research Council Gold Medal for 'Banker of the year 1995', Atish Dipanker Award for Banking 2000, 'CEO of the Year 2000' by Junior Chamber International, Bangladesh and Sarojini Naidu Award for Banking 2008.

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





### **Quazi Mohammad Shariful Ala**

Quazi Mohammad Shariful Ala was appointed as Director to the Board of BRAC Bank Limited in April 2005.

Mr. Ala has led the executive management team of Delta Brac Housing Finance Corporation Ltd. (DBH) as the Managing Director and CEO since July 1, 1997. DBH is the leading specialised housing finance institution of the country with an AAA rating, and funds under management currently in excess of BDT 3,300 crore.

Mr. Ala graduated with a BSc (Economics) first class honours degree from the London School of Economics (LSE) in 1981. He worked at the London office of Price Waterhouse and qualified as a member of the Institute of Chartered Accountants in England & Wales in 1984. He is also a Fellow of the Institute of Chartered Accountants of Bangladesh. He has more than 27 years of corporate management experience, primarily in the financial services sector - both in Bangladesh and in the United Kingdom.

He is also a non-executive Director on the Boards of MJL Bangladesh Limited (formerly Mobil Jamuna Lubricants Limited) and Mobil Jamuna Fuels Ltd.



## Nihad Kabir

Nihad Kabir was elected 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 Bank's Board Audit Committee. She is the Senior Partner of Syed Ishtiaq Ahmad and Associates. She is also a Director of Kedarpur Tea Company Limited, Sathgao Tea Estate, Infrastructure Development Company Limited (IDCOL), 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 Vice President of the Metropolitan Chamber of Commerce and Industry. 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 a member of the National Education Policy Committee. She has more than 20 years of work experience as a lawyer.

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



### **Tamara Hasan Abed**

Tamara Hasan Abed was appointed as Director to the Board of BRAC Bank Limited in April 2008. Tamara joined BRAC in 2002 and presently heads two of BRAC's social enterprises, namely Aarong, the largest retail chain of lifestyle stores in Bangladesh and BRAC Dairy, the second largest milk processor in the country. She is also Director of Ayesha Abed Foundation (AAF) and Member of the Board of Trustees of BRAC University.

Tamara received her MBA in Finance from Columbia University and BSc. (Econ.) from the London School of Economics and Political Science. She started her career as an investment banker in Peregrine Capital Ltd. in Dhaka and then worked in Goldman Sachs in New York in Mergers and Strategic Advisory. She also worked in BRAC's Urban Development Programme and managed a small business of her own in the hospitality industry. She has more than 14 years of work experience in retail, development, finance and investment both locally and internationally. Tamara was recently honoured by the World Economic Forum as a Young Global Leader 2010.

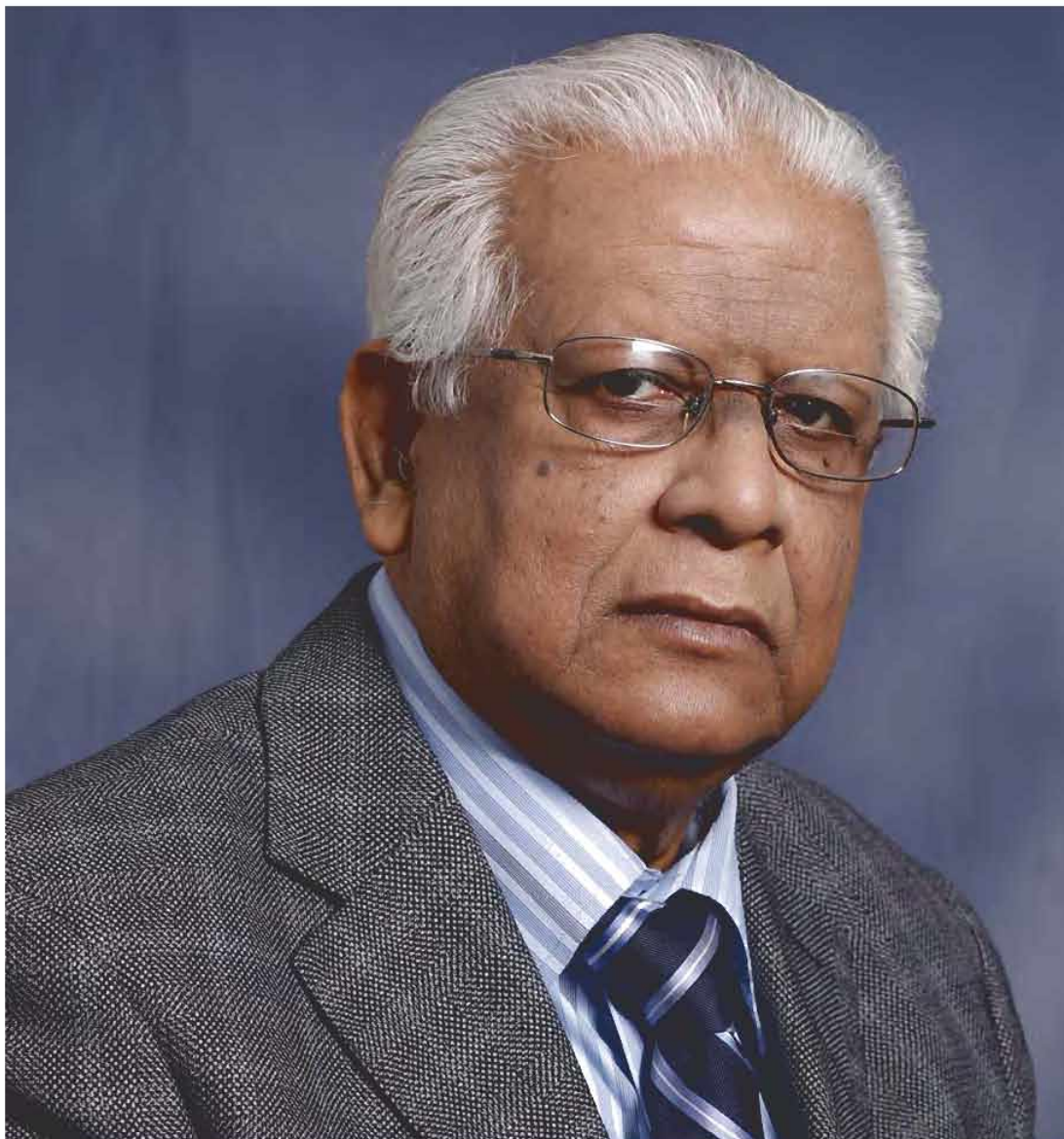


### **Shib Narayan Kairy**

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 the Board Audit Committee.

In addition to 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. In all, he has 29 years of working experience in ensuring effective financial control, transparency and accuracy of financial data and financial reporting.

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



### **Dr. Hafiz G. A. Siddiqi**

Dr. Hafiz G. A. Siddiqi was appointed as Depositor Director to the Board of BRAC Bank Limited in 2008. He 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 the 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 International Consultant to many renowned organizations, including the World Bank. He advised many agencies of the Government of Bangladesh on various aspects related to management development, marketing, performance evaluation, human resources development, globalization and technology transfer. He is the author/co-author and editor of 14 books and has published numerous 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, 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.

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The responsibility of the Board of Directors in relation to the Bank and its subsidiaries is prepared and presented pursuant to the Memorandum and Articles of Association of the Company, The Companies Act 1994, the guidelines of Bangladesh Bank and Securities & Exchange Commission.

Today's business environment is increasingly competitive. It increases the administrative duties and responsibilities of the Board of Directors and calls for them to deal with many challenges.

The Directors look after the affairs of the company. They have been placed in a position of trust. They are expected to act in good faith for the best interests of the Company and stay true to their beliefs.

As per the provision of the Companies Act 1994, every Company shall hold an Annual General Meeting at least once every calendar year. The report of the Company's affairs and the Audited Financial Statements are duly certified by the Auditors and is generally to be placed before the Annual General Meeting for discussion, as well as approval of the Shareholders.

In the guidelines of Bangladesh Bank, the responsibilities of the Board of Directors have also been specified. The Board of Directors of the Bank should comprise of competent and professionally skilled persons in order to ensure good corporate governance in the Bank management. It is also good practice to have specific demarcation of responsibilities and authorities between these controlling bodies over Bank's affairs.

The Board of Directors is liable to take reasonable steps to safeguard the assets of the Bank and detect irregularities. For this purpose, Directors institute an effective and comprehensive system of internal control comprising internal audit and internal checks. The Board also forms some committees to mitigate the risks of the Bank in line with Bangladesh Bank guidelines.

In preparing the Annual Report, the Board of Directors is required to ensure that:

- The Annual Report contains the audited balance sheet to be placed before a Company at the General Meeting, along with 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 have occurred between the end of the financial year of the company to which the balance sheets related and the date of the report.
- The Board's report is material for the appreciation of the state of Company's affairs by its members, deal with any change which has 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 fullest information and explanations in its report aforesaid on every reservation, qualification or adverse remark are contained in the auditor's report.
- The Board report and any addendum thereto is signed by its Chairman if he is authorized in that behalf by the Board, and

where he is not so authorized, it is signed by such number of Directors 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 statements in the Annual Report fairly present 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, has 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 deviations from last year in operating results of the company are highlighted and reasons thereof are explained.
- Key operating and financial data of at least preceding three years are summarized.
- The required number of Board meetings held during the year and attendance by each Director are disclosed.
- The Board determines the objectives and goals and to this end chalks out strategies and work-plans on an annual basis on lending and risk management.
- The analytical review - with regard to the success/failure in achieving the business and other targets as set out in its annual work-plan - is incorporated in the Annual Report and the shareholders are apprised of its opinions/recommendations on future plans and strategies.
- The policies, strategies, procedures etc., in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedulement and write-off thereof are made with the Board's approval under the purview of the existing laws, rules and regulations.
- The Board is vigilant on the internal control system of the Bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio.
- The policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development and service rules etc. are framed and approved by the Board.
- The annual budget and the statutory financial statements are prepared with the approval of the Board.

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 & Exchange Commission.

## MANAGEMENT COMMITTEE



### **Syed Mahbubur Rahman**

Managing Director & CEO

Syed Mahbubur Rahman, Managing Director & CEO of BRAC Bank Limited, has been in this position since May 2010. Before that he served as Deputy Managing Director of the Bank. Prior to joining BRAC Bank Limited, he was with Prime Bank Limited as Deputy Managing Director. He also worked with IDLC Finance Limited, Standard Chartered Bank, ANZ Grindlays Bank and Citibank, NA in different capacities. He started his career in Saudi Bangladesh Agricultural and Industrial Investment Co. (SABINCO). Besides being the Managing Director & CEO of BRAC Bank Limited, he is also the Director of BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, Industrial and Infrastructure Development Finance Company Limited (IIDFC) and Dun & Bradstreet Bangladesh Ltd. 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. Syed Mahbubur Rahman obtained his MBA from Institution of Business Administration, University of Dhaka.



### **Mohammad Mamdudur Rashid**

Deputy Managing Director

Mohammad Mamdudur Rashid joined BRAC Bank in December 2009. He has been in financial services for 19 years, of which 15 years have been in banking - a career that began in 1995 with Citibank Bangladesh. In a 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), University of Dhaka as Vice Chancellor's Gold medalist and his MA in International Economics and Finance as a Fulbright Scholar from Brandeis University, Massachusetts, USA. In his multifaceted career, M. M. Rashid has been a Lecturer of Finance in IBA, a Merchant Mariner and a recipient of the President's Gold Medal of Marine Academy in 1985.



### **Rais Uddin Ahmad**

Company Secretary and Head of  
Legal, Regulatory & Internal Control

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 numerous local and foreign training courses on Compliance, Internal Control and Money Laundering. He has 17 years of working experience in business, regulatory and internal control and company matters in the banking sector. He was involved with Bangladesh Bank's Core Risk Management Project and worked closely on AML related issues. He obtained Masters of Social Science (Public Administration) from University of Dhaka.



### **Nabil Mustafizur Rahman**

Chief Credit Officer

Nabil Mustafizur Rahman joined BRAC Bank Limited in January 2009 as Chief Credit Officer. He is an experienced Management Executive with a proven track record of success within Corporate, SME and Consumer Banking sectors. He is well-versed in conventional and Islamic banking models and also has a proven track record of success across multiple geographies and functions.

Prior to joining BRAC Bank Limited, he worked with AB Bank as Head of Structured Finance. He also served IPDC, HSBC, Credit Agricole Indosuez, ANZ Grindlays Bank and Beximco Group, and worked in Joyful Miles Ltd. in Hong Kong. He has developed leadership, strategic planning, execution and infrastructure planning skills, alongside his expertise and exposure on Risk Management and Corporate Finance.

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 18 years of working experience in the banking industry and the commercial sector. He obtained an MBA from Institute of Business Administration (IBA), University of Dhaka.



### **Syed Faridul Islam**

Head of SME Banking

Syed Faridul Islam has been working with BRAC Bank since March 2009. He 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 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.

From 2005 until he joined BRAC Bank Limited, Mr. Islam was the Head of Medium Enterprises, SME Banking for Standard Chartered Bank in Bangladesh. He has a Bachelor of Commerce degree and has attended numerous training courses and workshops, both locally and overseas.



### **Firoz Ahmed Khan**

**Head of Retail Banking**

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 ANZ Grindlays Bank and Standard Chartered Bank from 2000 to 2003 in different capacities.

He started his career in Ekushey Television's Program Management Department in 1999. Firoz A. Khan has ten years of working experience in the banking and commercial sector. He attended the Indian Institute of Technology (Madras), graduating with a Bachelor of Technology in Aerospace Engineering in 1996 and completed his MBA from Institute of Business Administration (IBA), University of Dhaka.



### **Khwaja Shahriar**

**Head of Cash Management,  
Custodial Services and Probashi Banking**

Khwaja Shahriar has been working with BRAC Bank since 2001. Prior to his current role, he held different positions in the Bank, including that of the Head of Corporate Banking Division. He has a longstanding experience in Corporate Banking, Cash Management and Lease Financing. Shahriar started his career with AB Bank as a Probationary Officer.

He also served GSP Finance Company and Bangladesh Finance and Investment Company in various senior management positions. Shahriar completed his MA in English from University of Dhaka. He also holds Bachelor of Business in Banking and Finance from Monash University, Melbourne and an MBA in Finance from Victoria University, Melbourne, Australia.



### **Mahmoodun Nabi Chowdhury**

Head of Corporate Banking Division

Mahmoodun Nabi Chowdhury joined BRAC Bank Limited in August 2010. Prior to this, he worked as Director, Local Corporates, Origination and Client Coverage (OCC) under Wholesale Banking, Standard Chartered Bank (SCB), Bangladesh. He held the position of Director, Local Corporates from 2006. He has 15 years of working experience in the financial sector. He started his career in 1995 as an Investment Analyst with Equity Valuation Research & Distribution. In this capacity, he was involved with IPO issuance and offering capital advisory and consultancy services. In 1997, he joined SCB as Corporate Support Officer and worked for 13 years in different roles in Corporate Banking. Prior to that, he worked as Senior Relationship Manager, Client Relationships with SCB, Chittagong Corporate where he was posted from 1998.

Besides working in the corporate business stream, he was responsible for rolling out SCB's Credit Rethink Project in Bangladesh in 2007. The Project streamlined and automated the credit initiation and approval processes through an electronic platform. He was simultaneously responsible for steering the Client Documentation project and was the Country Empowered Approver. He received the CEO's award and other business segment awards for significant revenue contribution in SCB, Chittagong and Dhaka Corporate. He received training covering People Management, Risk Management, International Trade, Structured Trade Finance, ALCO etc. in Bangladesh and abroad. He also worked in SCB, Dubai and Mumbai on attachment. Mahmoodun Nabi obtained his MBA from Institute of Business Administration (IBA), University of Dhaka.



### **Tahniyat Ahmed Karim**

Head of Human Resources

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

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

Tahniyat A. Karim completed her Masters of Business Administration from Southeast University with the 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.

She has recently completed an online certification program in Strategic Human Resources Practices from Cornell University, USA. Tahniyat has also been awarded "Annoynna Shirsho Dosh Nari" in 2009.



### **Shah Alam Bhuiyan**

**Head of Operations and Acting Head of Operational Risk Management**

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 Head of Loan Administration and Head of Assets Operations in 2003 and 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 a Chartered Accountancy course under the Institute of Chartered Accountancy of Bangladesh. He attended a significant number of training courses and workshops at home and abroad on Financial Audit, BASEL-II, Core Banking Software Migration, International Trade, Loan Classification and Provisioning, Developing Strategic Leadership for Senior Management and Credit Risk Management.



### **Mohammed Rahmat Pasha**

**Head of Treasury & Financial Institution**

Mohammed Rahmat Pasha joined BRAC Bank Limited in 2001 as Head of Treasury and Financial Institutions. Prior to this, he served The City Bank Ltd. and Dutch Bangla Bank Ltd. for eight years and five years respectively. He 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 courses. He obtained a Masters in Commerce in Management from University of Dhaka.



### **Mr. Nawed Iqbal**

Chief Technology Officer

Nawed Iqbal joined BRAC Bank Limited on October 31, 2010 as Chief Technology Officer. He brings 20 years of experience as a technology expert. He has worked with national as well as international organizations, like Cashlink Bangladesh, United Commercial Bank (UCB), Bangladesh Online, Gonophone, USAID, CARE International and Genetic Computer. Prior to joining BRAC Bank, he served Cashlink as Deputy Managing Director. He also worked as the Head of Technology in UCB before moving to Cashlink. He received a Meritorious Honor Award for his exceptional professionalism and dedication in providing superior technology service in USAID.

Nawed Iqbal received on-job exposure and formal training on IT and management practices, including IS Audit, Advance Banyan Vines Administration, Electronic Certification System, Database concept, Programming, Troubleshooting etc. in home and abroad. He completed his graduation in commerce and obtained an International Diploma in Computer Studies from Singapore.



### **M. Sarwar Ahmed**

Head of Special Assets Management (SAM)-SME & Retail Banking

M. Sarwar Ahmed joined BRAC Bank Ltd. on January 01, 2002. He worked as the Credit Manager - Retail and was subsequently appointed as Branch Manager for Motijheel and Gulshan from 2003 to 2006. He organized the Impaired Assets Management (IAM) department of the Bank in 2006. Presently, he is working as the Head of SAM-SME & Retail Banking. He started his career in 1991 with AB Bank Ltd. as a Probationary Officer and has many years of experience in different facets of the banking business. He obtained his Master's degree in English from University of Dhaka.



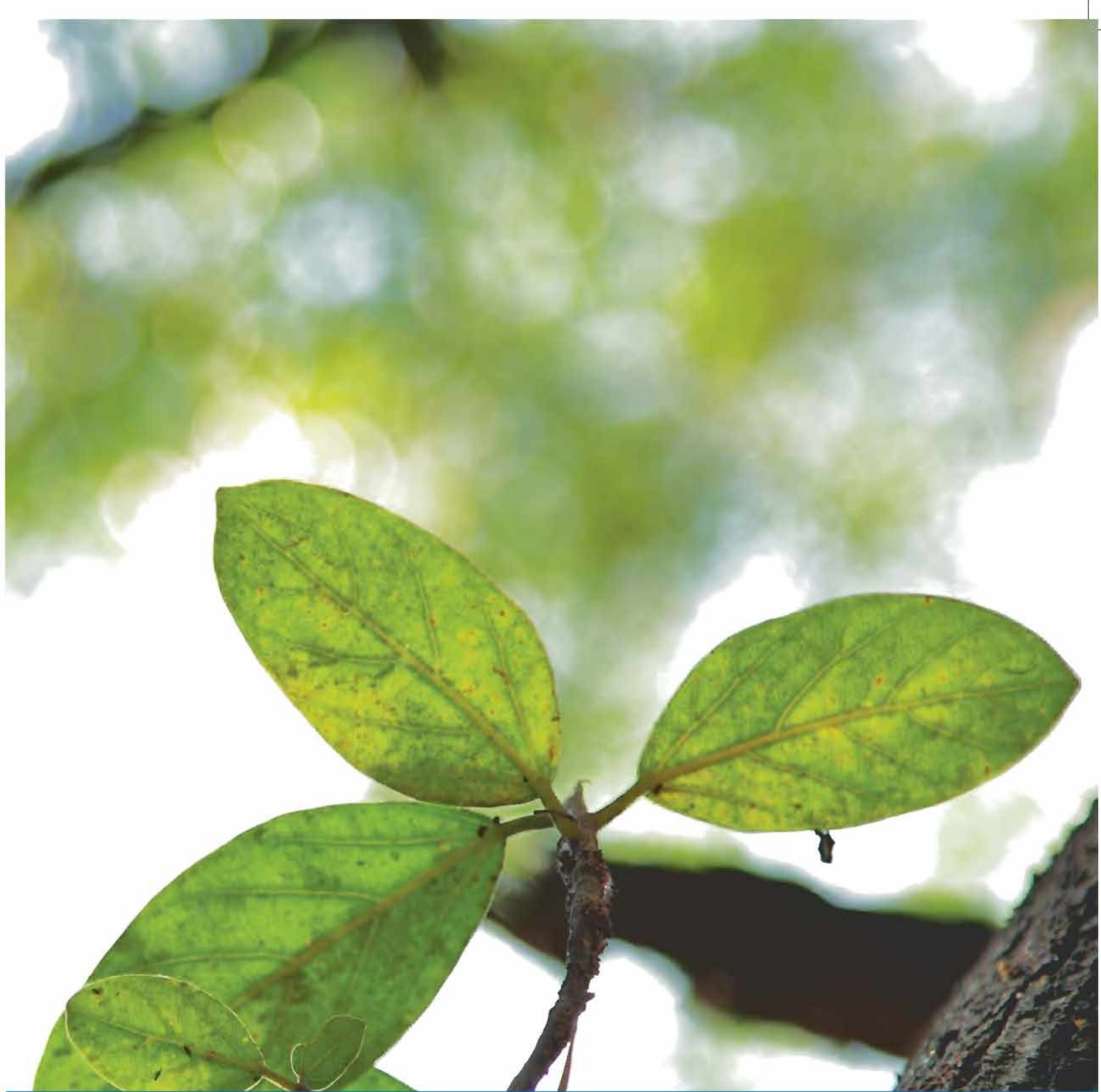
## **Zeeshan Kingshuk Huq**

Head of Corporate Affairs

Zeeshan Kingshuk Huq came on board on 14th May, 2009 as Head of Corporate Affairs. 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 & Strategy with Unitrend Ltd in 1998 where his turnaround portfolio included Standard Chartered Bank, Berger and DBH. In 2001, Zeeshan joined Holcim. That year, the Swiss brand became the leader in the cement industry in Bangladesh. He was later promoted as Regional Brand Manager for ASEAN region and was stationed in Vietnam for Holcim.

Upon returning to Bangladesh, Zeeshan Huq 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 just a few of his diverse feats at MGH.



**The appearance of the sapling brings along new hopes, new possibilities. At BRAC Bank, we thrive to work better, harder everyday to bring new solutions, new opportunities.**

## SME BANKING DIVISION

S. M. Mohsin, owner of Mohsin Nursery, has been involved in the trade for the past nine years. He needed financing for the growth of his nursery. So in 2010, he took a loan of BDT 3 lac from the SME unit office adjacent to BRAC Bank Ltd. He utilized the fund to meet his working capital and construct windmills to build up his fixed asset pool. With the help of that timely financing, his nursery has grown bigger than ever before.



# আমার ব্যাংক আমার চিন্তা বোঝে”

এস. এম. মহসিনুল ইসলাম; খিলক্ষেত, ঢাকা\*

“আমার নার্সারি থেকেই আয়-রোজগার। ৯৮-তে বন্যা পুরোটা নিয়ে গেল। নতুন করে আরেকটা বড় নার্সারি করবো; কিন্তু সেজন্য লাখ তিনেক টাকা দরকার। ঠিক তখন পাশে পেলাম ব্র্যাক ব্যাংক-কে। একটি এস.এম.ই লোন নিয়ে শুরু করলাম নার্সারির কাজ। সেই সাথে নিত্য ব্যবহারের দুকটাক জিনিসপত্র দিই তৈরি করলাম এমন পান্স যা বাতাসে চলে - দেশি উইডমিল। আর কেউ বুঝতে না পারলেও, আমার ব্র্যাক ব্যাংক বিশ্বাস রেখেছিল আমার আইডিয়ায়।”

মহসিন সাতের উদ্ভাবনী চিন্তা আর সংকল্পের মতো অসংখ্য সম্ভাবনায় বিশ্বাস রেখে চলছে ব্র্যাক ব্যাংক। এদের মানুষের স্বপ্ন আর সম্ভাবনায় আমাদের আস্থা অবিচল।





Laila Begum, mother of three children and head of a five member family, started a business of her own called "Hossain Dairy Farm" to meet the mounting family expenses and to establish her children's future. It wasn't easy at the beginning; 12 cows and determination were the only assets she had. But gradually, she prospered. As a female entrepreneur, the odds were stacked against her. But she never gave up. Within a short time, honesty, hard work and sheer force of will helped her earn clients' confidence, which allowed her business to flourish. She needed financing for the growth of her business and BRAC Bank stepped in with the solution. She took a loan of BDT 5 lac from an SME Unit office adjacent to her home. She used this money to buy cows to keep up with the rising customer demand. She never looked back from that point on. Now she has 34 cows and employs three people at the dairy farm. After successful repayment of her first loan, she took another loan of BDT 7.5 lac to purchase more cows and expand her business even further. When asked, she acknowledges that it would have been a different story altogether had BRAC Bank not come up with the financial backing.



Milon Fashion, headed by veteran garment entrepreneur Milon Mahmud, has been in the industry for five years. Prior to launching his own venture, he worked in many large garment manufacturing houses. After acquiring the requisite skills of the trade, he felt confident enough to branch out on his own. Being an industry veteran, starting out was the easy part. But to keep pace with the accelerating client demand, he needed financing. The SME division of BRAC Bank was on hand to help. He took a term loan of BDT 15 lac from his nearest SME Unit office to finance his growing working capital needs and acquired some sewing machines. Now, with a smile in his eyes, he speaks about the growth of the business. He is quite confident that BRAC Bank will be there for him when it really matters.

## Accounting Talks

- Till date, BRAC Bank has served 3,20,000 entrepreneurs, with SME loans valued at BDT 144,330 million through its 424 SME Unit Offices.
- A concerted effort from the largest business division of the country has ensured balance sheet growth alongside economic development. 2010 saw a slight decrease in PAR (Portfolio at Risk).
- BDT 37,400 million asset disbursement was supplemented by BDT 8,970 million deposits. Fit-for-purpose strategies and strong drives towards both asset and liability made these successes possible. The year came to an end with a net positive growth in both asset and liability. 10% asset growth has been made by our own liability.
- SME Banking Division has strengthened its foothold in Bangladesh more than ever before. As the core business of BRAC Bank Limited, SME Banking refined its widespread network by bringing all the unit offices under the Bank's server network, thereby enabling faster communication with the Head Office.
- The Medium Business unit was launched with a dedicated team for mid-tier customers.

## Initiatives

The pioneer of unconventional banking, SME Banking rolled out many new initiatives that helped achieve mileage in terms of accounting figures.

- With the view to minimizing both borrower and lender risk, SME Banking brought in life insurance facility for customers. MetLife Allico is the partner for this facility.
- A Memorandum of Understanding (MoU) with Metal Group and IFAD Autos Ltd. fetched an enormous amount of business for SME Banking. These initiatives also helped customers of the tractor and commercial vehicle industry to get more competitive rates.
- "Durjoy", a collateral-free loan product of BDT 25 lac, was launched this year. A "Durjoy Night" was organized to build awareness and tap into customer feedback. The "Aporbo" loan, an initiative to cater to segmented customers, was re-launched nationwide.



- For the first time in the banking industry, BRAC Bank has taken the initiative to embed Netbook-based financial software in the record-keeping process of Small & Medium Entrepreneurs. Being implemented with the technical assistance of Documenta, a software solution company, this will help them to maintain their daily transaction records and prepare financial statements with minimal hassle.
- SME also financed business startups - a nursery business and a number of handicraft suppliers.
- National Association of Small Cottage Industry of Bangladesh tied-up with us for better business opportunities and lucrative offers for women entrepreneurs. Higher officials from Bangladesh Bank were present at the signing ceremony along with BRAC Bank officials. To meet Bangladesh Bank's goal for this sector, we have implemented the Bangladesh Bank Re-Finance Scheme for Women Entrepreneurs.
- SME Banking signed a MoU with Building Technology and Ideas Ltd. (BTI), one of the leading real-estate developers in Bangladesh. Under this agreement, BTI will share business referrals with BRAC Bank SME & Retail team.
- People, Planet and Profit, the core concept of BRAC Bank, was blended in with our "Green Financing Initiative". International Finance Cooperation (IFC) has joined forces with us in the initiative to create a Green Avenue in the SME sector, the inaugural initiative of which is the Biogas Plant financing project.
- IFC has provided extensive foreign training in India and Singapore to SME Senior Managers and Territory Managers as an initiative on people development.

### How We Work

Although a large concentration of SME business is in urban areas, the majority of entrepreneurs are still located in the far-flung areas of the country. To cater to their needs, we have positioned our Customer Relations Officers at the grassroot levels. Our Human Resources Division plays a vital role in recruiting large number of Customer Relations Officers nationwide. In the year 2010, 106 CROs were recruited and put through the rigours of induction and comprehensive field training. The recruitment process takes place in several stages to ensure that the best entrants are filtered. Concurrently, our HR Department arranges regular training programs to update and strengthen skill-sets of our people.

Availing loans from BRAC Bank equips customers to meet their funding requirements. Based on 424 Unit Offices at locations nationwide, our Customer Relations Officers (CRO) approach our customers with the range of products on offer. He/she helps

our customer choose the scheme which best meets his financial requirements and fits his business size and nature. The CRO then collects all the requisite documents from the customer and consolidates the information. After ensuring that all the required documentation is in place, he prepares the Loan Application Proposal (LAP) and passes it on to his Zonal Manager (ZM), who then does a final review of the file before forwarding it to our Bank's Credit Risk Management Department.

The credit analyst in the SME Credit wing visits the business location and analyzes the loan proposal by making an assessment of the customer's ability to repay based on his business profile. The customer's proposal is matched with his credit assessment to determine whether he can be financed. Our credit officers are always proactive in identifying and managing any gap in the credit file and communicating them to the respective CROs, so that discrepancies are corrected and the required information is provided. In areas where there is no centralized credit assessment department, the Bank has a specialized audit team that visits the business location and assesses the file.



The Origination department verifies the documentation and opens the loan accounts of our customers. In addition, they help obtain the CIB of the customer, a mandatory requirement of Bangladesh Bank. The loan is then disbursed to the customer. SME Business and CRM jointly manage the collection responsibility across the country based on overdue aging. SME Repayment Unit performs the functions of loan repayment and the Closing Unit executes the loan closure. The CRO obtains the deposit slip from the customers for the monthly installments; he sends a mobile text to Head Office for realization of the installment. The slips are collected at the repayment unit for reconciliation. As the loan matures, the closing and clearing units handle the necessary paperwork and forward the clearance certificate and redemption authority of mortgage property to the respective CRO/ZM, who then hands them over to our customer.

We also offer our clients the option of taking repeat loans, where the client has the benefit of availing the loan within a shorter period of time, provided he has a good repayment history.



# “আমার ব্যাংক, আমার সুবিধায় বিশ্বাস করে”

আয়েশা রেহমান; ধানমন্ডি, ঢাকা\*

“বিয়ের দু’বছরের মাথায় আমেরিকা প্রবাসী স্বামী আমাকে নিয়ে যাবার ব্যবস্থা করলেন। সবকিছু ঠিকঠাক, কিন্তু শেষ মুহুর্তে ডিসা অফিসার চাইলেন আমার স্বামীর রেমিটেন পাঠানোর সার্টিফিকেট। হাতে সময় মাত্র একদিন। বিকেল ৩টায় ছুটে গেলাম ব্র্যাক ব্যাংকে। ব্যাংকিং-এর সময় প্রায় শেষ। কাস্টমার সার্ভিস অফিসার সাইফুল সাহেব জানানেন এই সার্টিফিকেট ইস্যু হতে সাধারণত ৩ দিন সময় লাগে। আমি আর চোখের পানি ধরে রাখতে পারলাম না। আমার প্রয়োজনের শুরুতে বুকে সাইফুল সাহেব নিজেই উঠে গেলেন – সব রেকর্ড দেখে প্রয়োজনীয় কাগজপত্র নিয়ে নিজেই চলে গেলেন হেড অফিসে। দিন শেষের আগে আমার হাতে যখন সার্টিফিকেটটি দিলেন, মনে হল অসম্ভব প্রয়োজনের মুহুর্তে দায়িত্বের উচ্চৈশ্বরে দিয়ে আর কে এতটা করে।”

আমরা জানি, মানুষের প্রয়োজনেই ব্যাংকিং। আয়েশা রেহমানের মতো আমাদের সকল গ্রাহকের প্রায় অসম্ভব প্রয়োজনের সমাধানে আমরা প্রতিদিন বিশ্বাস রেখে চলি।

কারণ, এদেশের মানুষের স্বপ্ন আর সম্ভাবনায় আমাদের আস্থা অবিচল।





Mrs. Samia Jahan, Project Manager, mother of two, looks after a fast growing service company. For her, every moment of the day counts. As her schedule grew more demanding, her work life became a delicate balancing act. Having put in years of honest hard work, she never considered giving up her professional life. 24 hours in the day never seemed enough, and all bills and financial transactions were shelved. BRAC Bank's 'Apon Shomoy' came to her rescue to mitigate her financial woes. She can now withdraw, deposit, transfer, check her account balance, submit loan

application, pay bills and do a host of banking transactions 24 hours a day, 7 days a week, 365 days a year. Thanks to Apon Shomoy and BRAC Bank's innovative service drives, Mrs. Jahan has moved one step closer to regaining that much sought after-work life balance.

Zubayer Rahman is five years old, studies in Standard 1 and is one of BRAC Bank's youngest customers. His parents, Mr. Mahmudur Rahman and Mrs. Shilpi Rahman, were keen to save their child's cash gifts, e.g. 'Eidis' and birthday blessings. However, traditional banking products required monthly installments that were not possible for the Rahmans. One day, on her way to work, Mrs. Rahman came across a billboard advertisement for the Future Star Account. After visiting the nearest branch, she was informed that this product is especially designed for minors to encourage them to save and learn the value of money from their formative years. Under his mother's guardianship, a photograph, relevant documents and thumbprint were all that were needed to open Zubayer Rahman's first ever bank account - the Future Star Account. He banks with BRAC Bank and even saves a portion of his pocket money!





Ataur Rahman and Sadequa Hassan Sejuti are owners of FBB - an online aggregator company that offers fresh fish, honey and nakahi katha. They wondered about alternate methods to display and possibly sell these products and services across the world. They never felt they could do it due to financial constraints - setting up multiple shops in different cities needed a lot of effort, money and manpower. They finally found the solution they were looking for via BRAC Bank's Commerce platform. They are now able to sell their products to customers in far reaches of the globe.

This story is just one of many for entrepreneurs like Ataur and Sejuti. When Governor of Bangladesh Bank, Dr. Ataur Rahman, referred to e-Commerce as his dream, he was speaking about grassroot suppliers and entrepreneurs. Small wonder that BRAC Bank launched the online payment gateway right afterwards; fresh organic fish from Mongla was directly sold in Dhaka. Honey extracted from the Sunderbans, nakahi katha, boneal, local handicrafts and more cottage industry items are now being sold all over

Bangladesh. BRAC Bank's e-Commerce platform is giving entrepreneurs the opportunity to sell their products or services online.

### 2010 Business Highlights

Retail Banking at BRAC Bank launched an array of customer focused products and services in 2010. While most of these products were innovative and first of its kind, some were trimmed to perfection and were re-branded to meet the needs of different customer segments. Standfast to our promise of delivering the 'Joy of Banking' - banking experience that goes beyond mere transactions and numbers - BRAC Bank's retail service outlets delivered the highest quality of service to our valued guests.

- With the conversion of 38 SME Sales & Service Centers to SME/Krishi Branches, and the launch of 18 new outlets, our Branch/SME Sales Center/SME/Krishi Branch reach increased to 147 - thus enabling us to meet our objective of reaching modern retail banking facilities all over Bangladesh. We have successfully collected 13 IPO funds and are providing Nationwide Collection Services

for companies like Bangladesh Road Transport Authority (BRTA), Registrar of Joint Stock Companies & Firms (RJSC), American Life Insurance Company (ALICO), UNILEVER, CITYCELL, JAMUNA OIL, MEGHNA LIFE and WEST ZONE POWER.

- Branch Banking booked assets of BDT 5,354 million, while Premium Banking booked BDT 950 million.
- Branch Banking department grew the net retail deposit portfolio by 3,960 million while Premium Banking increased the net retail deposit books by BDT 2,060 million.
- Retail Lending Department reached 14,622 new customers through a total disbursement of BDT 12.51 billion, 216% higher than the previous year. The total Retail Lending Portfolio outstanding stood at BDT 17,183 million, in comparison to BDT 9,397 million the year before.
- Personal Loans played a key role with a net growth of BDT 3,385 million, followed by BDT 2,529 million and BDT 2,388 million for Secured Assets and Home Loans.
- Total Gross Booking of Secured Loan Bullet Payment (SLBP) was BDT 3,750 million, contributing to 30% of the total disbursement. SLBP was also the highest Gross Booking under all the retail lending products.
- A net growth in Current and Savings Account (CASA) amounting to BDT 9.03 billion increased CASA deposits to 56%, compared to 41% the previous year.
- A significant increase in the sale of Travelers Cheques, totaling USD 12.61 million and achieving a growth of 75%.
- With over 48,000 active credit cards, the total outstanding stood at BDT 1.9 billion.
- The Cards Acquiring Unit played a major role in the year 2010 for the overall Cards business. Total number of merchants is 1,443 with a total of 1,695 OPS terminals. The total acquiring volume achieved was BDT 1961.7 million, which is 86% more compared to the previous year; thus enabling MSF earnings of BDT 35.1 million, more than 81% growth compared to the previous year.
- With more than 10 million transactions amounting to BDT 60,000 million, BRAC Bank ATMs performed highest number of transactions

and disbursed highest amount of money through ATMs among all banks in the country in 2010. With 65 new ATMs installed, the total number of BRAC Bank ATMs stood at 230.

## 2010 Initiatives

- A new dimension in Home Loans, "Apon Ghor" was launched on January 1st, 2010. Five complimentary consulting services covering Interior design, Furniture & Soft Furnishing, Home Appliances, Color & Window Treatment and Light & Floor are included in the Apon Ghor package. Apon Ghor signed MoU with 16 Real Estate Developers and Vendors and also participated in "Vision REHAB Fair 2010".
- BRAC Bank launched first ever CHIP Card (MasterCard) in 2010. This CHIP Card is the second of its kind in Bangladesh market.
- The Hajj Card is a prepaid VISA card available over the counter to both BRAC Bank and non-BRAC Bank customers. This card was specially designed to provide convenience to customers as they performed the Holy Hajj.
- The Travel Card is a Prepaid VISA Card available to both BRAC Bank and non-BRAC Bank clients over the counter at any BRAC Bank branch. It has been specifically designed to give customers convenient access during travel. This card can be used at over 850,000 VISA ATMs & over 24 million VISA merchant establishments worldwide and will remain valid for 2 years.
- The cards team has updated the internet banking platform for credit card payments, initiated discount campaigns, the 4% cashback campaign and added 9 new P@yFlex partners.
- The e-Commerce online shopping is another historic milestone achieved in 2010. BRAC Bank is the only VISA certified payment gateway for e-Commerce in Bangladesh at this time. VISA cardholders can purchase online through BRAC Bank's payment gateway.
- Seven new members joined OMNIBUS, the shared ATM & POS network lead by BRAC Bank. The total number of OMNIBUS members stands at 12.

- Alternate Banking launched Public Private Partnership with Rupali Bank co-branded ATMs, the first of its kind in Bangladesh.
- Apon Shomoy, a new concept of round the clock mini banking outlets, was also launched.
- "Future Star Account", a new savings product for minors, was launched. This account was designed to nurture the future customer base for the Bank. To foster the habit of savings among children, this product offers attractive interest rate up to 8% p.a. with no account related fees.
- A new feature "Reward Point" in the CurrentPlus Account was also introduced. This new feature offers "cashback" facility to encourage the guests for maintaining higher average balance.
- Upholding the vision to work towards the 3 Ps - People, Planet & Profit, BRAC Bank launched "Planet Card", a VISA Debit Card with enhanced features that support socially responsible initiatives to protect this world and the environment.
- In line with our responsibility towards the environment by significantly cutting down the usage of paper and to ensure optimum guest convenience, we introduced e-Statement service for retail account holders.
- Wealth Max - Portfolio Management Services: A one of a kind wealth management product which enables the Premium Banking guests to enjoy access to the Bangladesh Capital Markets with the lowest interest rate on margin facilities as well as dedicated traders and hotlines. Two separate products are available: Cap Edge (non-discretionary portfolio management) and Managed Cap Edge (discretionary portfolio management).

## How We Work

### Branch Banking

Branch Banking is the interface between the guests and the Bank. BRAC Bank serves its guests through 147 branches/SME Krishi Branches/SME Service Centers across the country. Our aim is to provide world class service to our 10 Lac customers through our efficient branch banking team members.

Cash and Client Service Officers provide money deposit and withdrawal services at the branches. In addition to responding to guests' queries and providing account-related services, Branch Sales and Service Officers offer products related to deposit accounts, savings accounts, loans, FDR, foreign currency account. The Customer Service Manager plays the lead role in cash related services of the branch and Branch Sales and Service Managers are close at hand to oversee the product needs of the guests and to ensure service quality.

The Branch Banking network is well coordinated and supported by two wings of Branch Banking - Branch Channel Development and Branch Risk Management. Branch Channel Development is actively involved in Capacity Planning & MIS maintenance, while Branch Risk Management supports the branches in monitoring and mitigating risks.

### Premium Banking

Premium Banking at BRAC Bank takes banking one step closer to our guests. It is an exclusive personalized sales and service channel for BRAC Bank Retail Banking guests who maintain an average balance of BDT 25 lac deposit. It has been designed to offer high net-worth customers, the highest level of service appropriate to their unique requirements.

BRAC Bank Premium Banking serves an exclusive bundle of benefits which are not enjoyed by others. These include dedicated Relationship Managers/Officers for each guest, exclusive Premium Banking Lounges at prime locations throughout the country, wealth management services, rewarding relationship programs, invitations to special events, financial seminars, movie previews, and selected offers from magazines and publications. Premium Banking Lounges and Centers are located in Gulshan, North Gulshan, Banani, Dhanmondi, Satmasjid Road, Motijheel, Moghbazar and Uttara in Dhaka; Agrabad, CDA Avenue and New Market in Chittagong; and Uposhohor in Sylhet.

### Alternate Banking

Since its inception, Alternate Banking has ensured that guests are provided with the most user-friendly and convenient ways of banking. A growing number of ATMs have made cash

accessible from almost any city or rural area of Bangladesh. In addition, we have also partnered with 11 other organizations through the OMNIBUS network to ensure that our guests have a wider reach of our ATM services. Cash Dispenser Machines (CDMs) are available to ensure that cash can be deposited round the clock. Guests are now able to transfer funds from one account to another or pay credit card bills from home via Internet Banking.

Guests can call our 24x7 Call Center with account-related queries or complaints. Our Call Center agents are available to cater to those needs round the clock.

Alternate Banking's latest addition is Apon Shomoy, our mini banking outlet concept. Apon Shomoy is a one stop solution to our guests' needs. Here guests can have access to ATM, CDM, Internet Banking and customer services.

## **Cards**

Carrying money in your pocket is no longer a hassle. The cards team has an array of options from which customers can choose from in accordance to their needs. Our dedicated sales team works tirelessly to ensure that our products and services reach our existing and potential cardholders. All a customer needs to do is to have the necessary documents in hand and contact one of our executives via any of our touch points. A sales executive will assist in filling up the form. After an initial check, all the documents will go to cards credit team. Cards credit verification team will verify all the documentation and information, after which the credit team approves the card limit. Finally, the item production team produces the customized card and delivers it to the customer through mail. The PIN has to be collected from branches.

A dedicated team of customer service personnel is working to provide the existing cardholders round-the-clock support. There is also a transaction team that focuses on keeping our cardholders constantly informed about new offers, promotions and handles & directs cardholders complaints to the right quarters.

A dedicated cards collection team supervises delinquencies and works towards resolving all issues.

## **Retail Lending**

Be it a new home, car or any other purpose, with the support of Retail lending from BRAC Bank, our valued customers can have their long awaited dream come true!

With Apon Ghor, BRAC Bank's home loan product, customers need not worry about building and completing their homes on their own. Devoted retail lending executives will provide lists of vendors from real estate directories to interior solutions. Customers just need to choose and avail the facilities. Vendor relationship officers will oversee any issue customers may face with partner vendors.

The loan approval process starts when a lead is generated from customer end. Executives collect all the requisite documents from the customer, consolidate the information and after ensuring that all the required documentations are in place, he or she prepares the Loan Application Proposal and passes it on to his/her manager for final check. The concerned bank official visits the land/apartment site and analyzes the loan proposal by making an assessment of the customer's ability to repay based on his/her financial profile. The customer's proposal is matched with his/her credit assessment to determine whether he can be financed. Our officers are always proactive in identifying and managing any gap in the loan file and communicating them to the respective executives. This allows correction of discrepancies so that the required information is provided at the right time. A dedicated CIB team helps to obtain the CIB of the customer a mandatory requirement of Bangladesh Bank. Once everything is found in order, the file gets approved and the loan is disbursed to the customer's account.

For Auto and Personal Loans, the identical process is applicable, with a few exceptions.

We also offer our clients the option of enjoying Top-up loans, where the client can benefit by availing the loan within a shorter period of time, provided he/she has a good repayment history.

## **Liability & Non-Funded Business**

The primary goal of Liability & Non-Funded Business (L&NFB) is to ensure sustainable growth of Retail Deposit portfolio and increase non-funded income through continuous innovation of financial products, improvement of business

processes and business excellence. This drives development of customer-centric deposit products, optimization of deposit portfolios and improvement of sales channels. Till December, 2010 retail deposit portfolio was approximately BDT 45,682 million against BDT 39,417 million in 2009. The portfolio of current accounts increased by BDT 1,806 million, Savings Accounts increased by BDT 8,033 million. Overall retail deposit growth in 2010 was 16%, compared to 2009. These deposits are primarily collected through different channels such as Branch, Premium Banking, Liability Sales, Payroll Sales, Tele Sales etc. Customers acquired by direct sales channels and Tele Sales are subsequently catered by the branches to retain the portfolio.

Liability & Non-Funded Business (L&NFB) has a wide variety of liability products. These products are carefully designed to accommodate customer needs and preferences.

### Products of Liability & Non-Funded Business (L&NFB)

Savings	Triple Benefits Savings Account, Future Star Account, Savings Classic & Aporajita Account
Current	CurrentPlus, Current Classic, Ezee Account, Campus Account & Salary Account
Fixed Deposit	Classic Fixed Deposit, Interest First Fixed Deposit, Freedom Fixed Deposit & Abiram Fixed Deposit
Scheme	Money Multiplier & Flexi DPS

### Liability Sales

The Liability Sales Team of L&NFB acquires retail deposits through 12 sales centers positioned in strategically important locations of the country. Our Liability Sales Executives identify the potential customers in a market, offers them our products & services and persuades them to avail our products.

### Payroll Services

Payroll accounts form a significant portion of L&NFB's business. BRAC Bank's payroll customers are offered financial services at preferential benefits & rates. These services are offered through our dedicated Payroll sales team. At

present 205 companies are maintaining their Salary Accounts with us. The portfolio is estimated at around BDT 30 million.

### Non-Funded Business (NFB)

Non-Funded Business (NFB) is segregated into two broad categories, viz. Travel Related Services (TRS) and Education Related Services (ERS). These services include FCY/TC sales, FCY/TC endorsement and encashment, opening of medical and student files, FDD, FTT etc. These services are offered to corporate clients, Visa Facilitation Services (VFS), International Organization for Migration (IOM), foreign consulates, travel, medical and student agents, etc. Travellers' Cheques sales in 2010 was USD 12 million compared to USD 7.23 million in 2009.

## CORPORATE BANKING DIVISION

“জ্ঞানকে ব্যাংকিং থেকে সঠিকভাবে চয়ন ও ফলাফল দেয়।”



# “আমার ব্যাংক, আমার সমৃদ্ধির কথা বলে”

মোঃ মোজিবুর রহমান; আর. এম. গার্মেন্টস্, নারায়ণগঞ্জ, ঢাকা\*

“বুকে চাপা স্বপ্ন আর অনেকখানি টেনশন নিয়ে ২০০৩ সালে গিয়েছিলাম ব্র্যাক ব্যাংক-এ। বড় ব্যায়ারকে টার্গেট করবার জন্য আমার গার্মেন্টস্-এ প্রায় তিনগুণ লাইন বসাতে হবে, কিন্তু আমাদের মতো ছোট ব্যবসায় ব্যাংক লোন দেবে তো। অফিসার পুলক বাবুর সাথে আলাপ হলো। যুব সহজেই ৮ লক্ষ টাকার ব্যবস্থা করে দিলেন তিনি। আপন মানুষের মতো সুপরামর্শও দিলেন কীভাবে ছোট লোন নিয়ে শুরু করে আন্তে আন্তে ব্যবসা আরো বড় করা যায়। তারপর আর পেছনে ফিরে তাকাতে হয়নি।”

মোজিবুর রহমানের স্বপ্ন আর সংকল্পের মতো অসংখ্য সম্ভাবনায় বিশ্বাস রেখে চলছে ব্র্যাক ব্যাংক। এদেশের মানুষের স্বপ্ন আর সম্ভাবনায় আমাদের আস্থা অবিচল।



Corporate Banking Division is a key business stream of BRAC Bank Ltd. Our key objective revolves around our relentless effort to become the core Bank to our valued clients across different business segments. Our focus is to deepen and broaden our relationships by providing our clients a broad range of customized solutions and services. Through our greater engagement with our client base, we are playing a vital role in the economic development of Bangladesh through facilitating trade and commerce for the promotion of our industrial and service sectors. Our solidarity with our valued customers is manifested below:



#### **Power Generation:**

Domestic and foreign investments in the manufacturing sector require reliable and uninterrupted power generation. Bangladesh has recently witnessed one of the worst power crises ever, with power generation shortfall impeding industry, agriculture and service sector and all walks of life across the country. The power sector crisis is threatening to slow down the pace of economic progress of Bangladesh. Against this backdrop, BRAC Bank Ltd. has extended financing support in this immensely vital sector by acting as the lead arranger for three separate power project deals, covering BDT 944 Crore syndicated financing. These projects initiated by Summit, United and Bangla Trac Group will add approximately 242 MW to the national grid once operation begins. Considering the tight timeline for rolling out these Quick Rental Power plants, BRAC Bank Ltd. has arranged to issue the large sized CAPEX L/Cs to the tune of BDT 796 Crore even before the syndicated financing closure of these deals.

#### **Renewable Energy:**

Paragon Agro Ltd., a unit of Paragon Group, is setting up three biogas (combined capacity 350 kW) based electricity generation plants, one in Mymensingh and two in Gazipur. Electricity generated from the project will be supplied to the adjacent poultry farms of Paragon Poultry Ltd. Under the project, poultry waste supplied by



Paragon Poultry Ltd. will be used as feed material in the biogas digesters for production of gas, which, after purification, will be used to run one 200 kW, one 100 kW and one 50 kW biogas generators. The slurry produced as byproduct from the biogas digesters will be transported to a proposed organic fertilizer plant located at Sripur, Gazipur for composting purposes. BRAC Bank Ltd. is proud to provide BDT 8.6 crore term loan for this green project of our valued client.

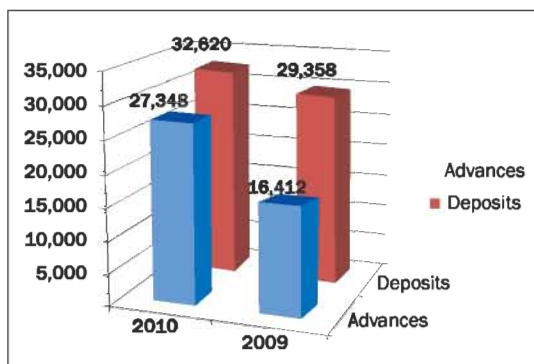
### **Business Highlights**

Corporate Banking has achieved superior financial performance across our client segments and product offerings continuing the growth trajectory that began in 2009. Our tactical approach to implement our customized strategic agenda and support mechanisms for our client base has enabled us to significantly differentiate us from our competitors and improve on our delivery capabilities. In FY 2010, Corporate Banking started its Off-shore Banking Unit (OBU) to facilitate foreign currency financing for local companies by providing term loans and working capital facilities. This enabled our clients to avail FCY denominated loans at lower interest than LCY denominated loans.

By optimizing resources and leveraging on our capabilities to maximize on opportunities, Corporate Banking performed strongly amid economic challenges, changing regulatory environment, stiff competitive landscape. Our commitment to our client base, coupled with accommodating to their business needs and providing them necessary support in a timely fashion, enabled us to deepen our relationship and widen our revenue base.

### **Corporate Banking & Cash Management**

Last year, Corporate Banking enjoyed outstanding growth of 67% in advances while Cash Management registered 11% growth in deposits due to primary focus on mobilizing CASA (Current



and Savings Accounts) and operating accounts as opposed to term deposits.

## How We Work

### Corporate Banking Business Segments

Corporate Banking is attuned towards enabling our client base in realizing their objectives through our financial solutions and advisory services. This division strives to best serve its client base by optimizing its relationship depth across the portfolio based on geographical coverage and its product offerings. Corporate Banking comprises of broadly five units detailed as follows:

- Structured Finance Unit** drives our loan syndication, corporate advisory and structured trade solutions business stream. In essence, this unit is engaged in raising funds through debt or equity instruments for large scale investment by arranging funds from financial institutions and multilateral agencies. 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 financing industry - assuming the roles of Lead Arranger, Co-Arranger, Participant Lender or Agent. Apart from arranging conventional project financing, we also arrange equity participation through investment instruments.
- Large & Network Corporates** cater to our large wallet size local and include multinational clients engaged in the business sectors - covering energy, telecom, infrastructure, commodity, trading, agriculture and diverse manufacturing base. Large NBFIs (mainly leasing, insurance and investors) and leading microfinancing units fall under the purview of this unit.
- Local Corporates** cater to our growth aspiration on existing and new to the bank names where BRAC Bank Ltd. aspires to attain significant share of mind. This unit particularly focuses on expanding our business on commodity trading entities, service providers, and manufacturing businesses engaged in

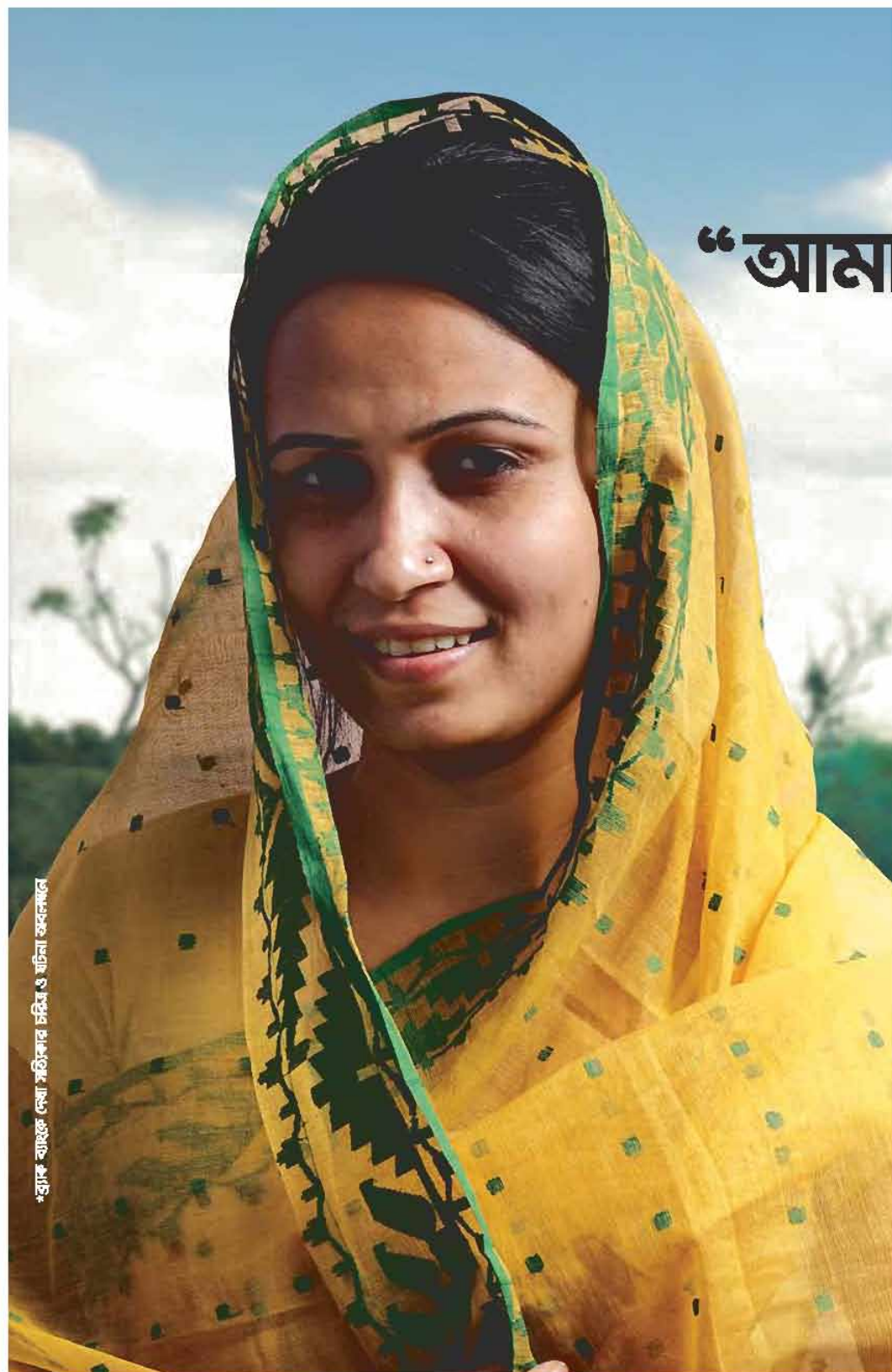
textiles & garments, construction materials, consumables, and other high growth manufacturing sectors. We have plans to expand our footprint beyond Dhaka and Chittagong Metropolis through this unit.

- Emerging Corporates** cater to middle market clients and clients transitioning from medium enterprises to the middle market segment. This unit largely focuses on building our portfolio comprising of converting non-borrowing customers and increasing relationship penetration by promoting cash, trade and FX products to these transitioning clients. This unit is largely built on the supplier and buyer base of our large & local corporate clients. This unit is entrusted to nurture middle market clients and facilitate their transition to large and local corporate segment.
- Regional Corporates Chittagong** caters to all corporate businesses located and originating in greater Chittagong area. It has the same objective as the Large and Local Corporate units. It also assists the Emerging Corporate in the Chittagong region.

**Product Offering:** Corporate Banking Division offers a variety of products which ranges from Term Lending to Working Capital Facilities such as Trade Finance, Bank Guarantees, Post Import Finance, Local Bill Purchases etc. It also offers versatile products tailored to the borrowers under certain parameters. In addition to providing tailor-made products, the wing helps clients with their business strategies and provides guidance for long term sustenance. Our range of facilities provided includes Lease Finance, Commerz Loan, Supplier Finance, MFI Receivables Finance, Light Engineering Finance and Work Order Finance.

**Product Performance:** Trade and Lending income increased substantially in 2010 on the back of volume increase. Apart from working capital related trade volume contribution, BRAC Bank Ltd. witnessed increased trade income that emanated from the establishment of CAPEX L/Cs to support our large clientele base that embarked in power generation, enhanced existing manufacturing capacities and undertook non-discretionary CAPEX outlay. Our lending assets grew significantly by 67% based on higher loan origination activities. To optimize capital deployment and distribute risk BRAC Bank Ltd. was active in rolling out 6 mandated syndication deals covering BDT 1,485 crore. We also participated in syndication projects rolled out by other commercial banks to support our clients and partner syndication banks. Client revenue magnified, given related foreign exchange income and non-funded income tagged with these landmark deals.

**PROBASHI  
BANKING  
DIVISION**



\*প্র্যাক ব্যাংকে দেখা প্রতিষ্ঠানের চরিত্র ও ঘটনা কল্পনামূলক

# ‘‘আমার ব্যাংক আমার সুবিধায় বিশ্বাস করে’’

হালিমা বেগম; রাঁজের, মাদারিপুর\*

‘‘আমার স্বামী মালয়েশিয়া থেকে প্রতি মাসে আমার নামে টাকা পাঠাতেন। সেই মাদারিপুর সদরের ব্র্যাক ব্যাংক থেকে টাকা আনতে যেতাম — বারো বারো মোটি চব্বিশ মাইল রাস্তা। কত সমস্যায় পড়তাম বর্ষায়, বড়ো। কিন্তু আমার বাড়ির কাছের ব্যাংক তো আর অত তাড়াতাড়ি টাকাও দিতে পারতো না। একদিন দেখি ব্র্যাক ব্যাংক বললো, এত কষ্ট করে আসতে হবে না; তারা নাকি ELDORADO নামে এক সুবিধা চালু করেছে — এখন ব্র্যাক ব্যাংক বিদেশ থেকে পাঠানো টাকা প্রায় সাথে সাথেই আমার শ্রমের ব্যাংকে দিয়ে দেবে। কয়টি ব্যাংক এমন করে আমাদের সুবিধার কথা ভাবে, বলেন?’’

সারা দেশের প্রত্যন্ত অঞ্চলে ছড়িয়ে থাকা এমন অনেক হালিমা বেগমের প্রয়োজনের সমাধানে আমরা প্রতিদিন বিশ্বাস রেখে চলি। কারণ, আমরা চাই তারা সবাই আমাদের ব্যাংকিং সেবাকে কাজে লাগিয়ে সমৃদ্ধির পথে এগিয়ে যাক।

এদেশের মানুষের স্বপ্ন আর সম্ভাবনায় আমাদের আস্থা অবিচল।



Bokul Hussain, a Bangladeshi worker is employed at a fish market in Oman. He has been based in Oman over the past seven years, while his family remains behind in Bangladesh. Like most Bangladeshi workers, his earnings are insufficient to support his family. One day, his wife, Panna Akhter, called to inform him that his father had been diagnosed with a heart blockage, for which he would have to undergo an urgent surgery that would cost BDT 50,000.

The news caused much concern. He tried his level best to send the money home as soon as possible, but since it was the last working day before the Eid closure, this proved to be quite difficult. Bokul then spoke about his emergency to Rezaul Alam, an employee of Mustafa Sultan Money Exchange. Rezaul, in turn, contacted BRAC Bank's Probashi Banking for a possible solution to Bokul's problem.

The staff member at Probashi Banking took the matter very seriously and thought of another way to remit the money to Bokul's wife. He discussed this issue with the manager of the branch nearest to Panna's home and requested him to deliver the money to her as the Bank's transaction hours would be over by the time the remittance was processed. The Manager, Mr. Atiqul Islam readily agreed and arranged to deliver the money to Panna's home before Eid day on 15 November 2010.

Since its inception, BRAC Bank has supported its customers with enthusiasm, commitment and dedication. Instead of focusing exclusively on 'the bottom line', the Bank takes utmost care to cater to its client's needs when it matters most.



Mrs. Monowara lives in Lalkhan Bazar, Chittagong. Her husband, Barkat Ullah, is a Non-Resident Bangladeshi, based in Ajman, UAE. They have two sons and a daughter.

One day, Mrs. Monowara's eldest son reminded her about the registration date for the SSC examinations, with only four days to go. Mrs. Monowara had already informed her husband about this and wanted to follow it up with him again. She spoke to him concerned that she would not be able to travel the long distance to collect the money and pay the registration fee on time.

Meanwhile, at the local market, Mrs. Monowara found out that she could get the remittance from the BRAC office - a stone's throw from her home. She consulted the Remittance Officer of BRAC BDP, who provided the necessary information about the Bank's remittance service. She could then guide her husband on the procedure. He was understandably very relieved and remitted the money to the BRAC BDP office.

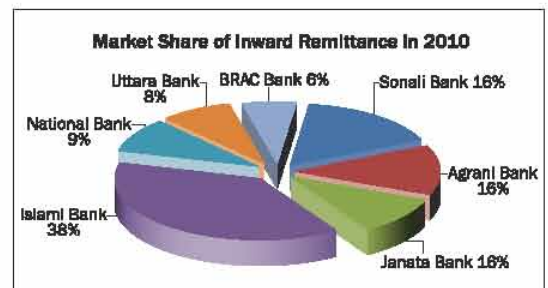
With its expanded network spreading over 2,000 payout locations, BRAC Bank serves the banking needs of the mainstream and unbanked masses.

## What do we do

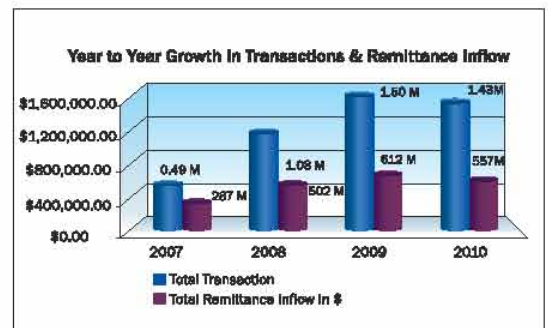
Probashi Banking of BRAC Bank plays a vital role by handling the total remittance business of the Bank, while contributing to the economic development of the country through the promotion of a secured, legal and innovative process of channelizing inward remittance. This business division also provides the NRBs with an opportunity to save and invest their hard earned money in wide ranging deposit and investment products.

## Business Highlights

- BRAC Bank received approximately 6% of total inward remittance to Bangladesh in the year 2010.
- The Bank secured 4th position among all the private commercial banks and 7th among all the banks in Bangladesh in terms of bringing Inward Remittance with the volume of USD 557 Million and over 1.5 Million transactions.



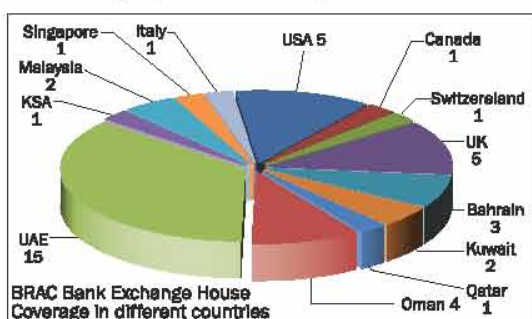
Market Share of Inward Remittance in 2010



- Acquired 75% +1 shares of Saajan Worldwide Money Transfer Limited in the United Kingdom.
- Commenced Eight (8) new Exchange House relationships:
  1. Trans Fast, USA
  2. Prabhu, USA
  3. Royal Exchange, USA
  4. Mobile Union, UK
  5. Paco, Switzerland
  6. Al Falah, UAE
  7. Emirates International Exchange and
  8. Asia Exchange, UAE



Signing with Prabhu Money Transfer, USA



The total number of our active relationship comes to 43 at the end of 2010.

- Received two permissions for establishing own Exchange Houses in Singapore and Malaysia.
- Signed agreements with four new commercial banks for channeling nationwide remittance through ELDORADO, viz., South East Bank, Rupali Bank, Eastern Bank and United Commercial Bank.
- Introduced Real Time Payment Service to disburse remittance by integrating its internal



Gono Natok, Manikgonj, Dhaka

remittance payment software "mRemit" with global companies like Xpress Money, RIA, IME and Placid.



Gono Natok, Chandina, Comilla

- Arranged 20 Gono Natoks in different places of the country to emphasize the importance of foreign remittance through legal channels.
- Along with Western Union, broadcasted advertisements in the major television channels to increase remittance inflow during peak seasons, i.e. the Holy month of Ramadan and Eid ul Azha.
- Participated in events held in sender countries, "Showcase Bangladesh" in Malaysia and a concert for Bengali New Year in UAE.



Showcase Bangladesh, Malaysia

- Actively took part in the Bangladesh Bank campaign (Teknaf to Tetulia).



Bangladesh Bank campaign (Teknaf to Tetulia)

- Installed 800 mega signboards advertising the BDP locations to ensure our brand presence in the rural parts of the country.

## CASH MANAGEMENT & CUSTODIAL SERVICES



Bangladesh Road Transport Authority (BRTA) is the regulatory body of the country responsible for overall management control and supervision of road transport. The authority has been looking for a more efficient solution to organize their collection of motor vehicles taxes & fees.

Computer Network System, a private software company, came up with a web-based solution for the collection of taxes in a decentralized manner in all districts of Bangladesh. BRAC Bank teamed up with CNS to provide BRTA with the online banking platform to collect the taxes and fees quickly and efficiently. As a first step, BRAC Bank has established five booths in BRTA Mirpur, Ekuria, Khulna, Chittagong and Rajshahi. Gradually, it started collection from its different branches located across the country. Through this financial partnership, the total collection process of BRTA has been streamlined; the Government's revenue collection has increased and the people at large are reaping the benefits of a quick and effective decentralized collection system through an online banking platform.

This highly automated and customized system has added a new dimension in Government's effort for the digitization process of its various functionaries. This also demonstrates the private-public partnership of the Government, as framed by BRAC Bank.

The Registrar of Joint Stock Companies and Firms (RJSC) is the sole authority which facilitates formation of companies, etc. and keeps track of all ownership-related issues as prescribed by the laws of Bangladesh. But excessive paperwork, long waits and several visits to the Registrar's office were common in registering a business in Bangladesh. In 2009, the Bangladesh Ministry of Commerce partnered on a project with the Bangladesh Investment Climate Fund (BICF), which is managed by International Finance Corporation (IFC) in partnership with the UK Department for International Development (DFID) and the European Union (EU). The project aimed at automating and simplifying business registration in Bangladesh. In this context, RJSC was looking for a financial channel to facilitate online payment system.

BRAC Bank, with its robust real time online banking platform, expressed an interest to be the sole banking partner of RJSC by facilitating the online payment system in December 2009 and offered its Fees Collection Services (FCS) to the RJSC. BRAC Bank's offered services were readily accepted by the RJSC and with its fully online banking facility and customized MIS solution, they were

nominated as RJSC's sole banking partner. Eventually, BRAC Bank commenced its FCS of the RJSC from 31st January 2010 through its own branch network with real time online facilities. IFC's automation project along with BRAC Bank's real time online FCS helped reduce time needed to register a business with RJSC, from 57 days in 2008 to just four hours in 2010. Since the technological and financial automation in the RJSC, some long-standing structural problems within the RJSC have been resolved, queues at the Registrar's office have reduced drastically and documents can be verified and checked properly. As a result, registering a business in Bangladesh has become easier, faster and friendlier.

The Doing Business 2011 report highlights the contribution made by an online payment system - facilitated by BRAC Bank - to the RJSC's increased revenue; it has exceeded the target collection of BDT 490 million by nearly BDT 70 million. BRAC Bank's real time online FCS has also ensured that fake stamps are no longer accepted - the accurate collection of stamp duty has also increased revenues for the RJSC.

The rise of BRAC Bank in the Primary Capital Market of Bangladesh was one of the important achievements of 2010. BRAC Bank began its journey as Lead Banker in August 2010 with Green Delta Mutual Fund IPO by extending its Lead Banker Services (LBS) to LR Global Bangladesh Asset Management Company Ltd. Since then, BRAC Bank has emerged as one of the leading banks in the primary capital market of Bangladesh by providing integrated support and faster services to the issuer, issue manager, fund manager and post issue manager.

RACE Management PCL is one of the largest mutual fund asset management companies, licensed by the SEC of Bangladesh. In 2010, BRAC Bank and RACE Management commenced their mutual business relationship with the IPOs of Popular Life 1st Mutual Fund and PHP First Mutual Fund, where BRAC Bank acted as Lead Banker. BRAC Bank was eventually able to meet RACE Management's expectations and requirements through its successful handling of the whole process in a highly efficient and competent manner.

Starting from August 2010, the mutual business relationship between RACE Management PCL and BRAC Bank has climbed to its highest level

and now BRAC Bank is the top banking partner for RACE Management. BRAC Bank is the "Custodian" of more than 80% of Mutual Funds, managed by them and the "Lead Banker" in more Mutual Funds' IPOs, managed by them, than any other bank.

## What We do

Cash Management provides wide range of corporate fund management solutions for the large, medium and small business enterprises. The strategy is to provide corporate bodies and institutions with tailored comprehensive solutions with regards to their receivables, payables and cash management. We have designed and redefined our services to be flexible and customizable to fit individual corporate requirements. The main focus of this unit is to ensure steady inflow of funds and to reduce the cost of fund of the Bank. The services of Cash Management are comprised of, but not limited to:

- **IPO (Initial Public Offerings) Fund Management:** BRAC Bank's IPO fund management is formulated to manage the IPO funds of the clients by participating as a lead banker or as banker to the issue.
- **NCS (Nationwide Collection Service):** Nationwide Collection Solution facilitates corporate bodies to collect their receivables in an efficient and cost effective manner in a single account maintained with the Bank.
- **PTS (Payment Transfer Services):** Payment Transfer Solution facilitates corporate bodies for payment of their payables in a faster and cost-effective manner.
- **MBS (Mobile Collection Services):** We provide customized Mobile Banking Services to corporate bodies. The Bank usually sets up desk/counter at the specified location and deposits the amount in the respective account of the guest.
- **Cash pick up & drop services:** Cash pick up & drop services facilitate safe and secure cash pick up and drop from/to the guest's office premises.
- **Acting as custodian and trustee for various funds.**

## Business Highlights

- In the year 2010, Cash Management signed 11 new business relationships that include Padma Oil, Banga Building Material Ltd., Kazi Firms Ltd., West Zone Power Distribution Company Ltd., Durable Plastic Ltd., Meghna Life Insurance etc.



- In 2010, BRAC Bank participated in 49.25% of the Initial Public Offerings (IPOs) as BTI, LBTI, Escrow Bank, Collateral Manager or Fund Manager with a fund inflow value of BDT 52,550 million.
- BRAC Bank acted as the sole banker and escrow bank of Khulna Power Company Limited. In addition to the above, BRAC Bank participated as lead banker of Green Delta Mutual fund, Popular Life 1st Mutual fund, PHP First Mutual fund and right issue subscription of Agni Systems Limited.

During 2010, BRAC Bank received confirmation to work as Custodian and Trustee for various funds:

- Prime Financial First Unit Fund
  - Padma Islami Life Mutual Fund
  - Shandhani Life Mutual Fund
  - VIPB Fixed Income Fund
  - National Bank Infrastructure Fund
  - Rupali Life Insurance First Mutual Fund
  - IDLC 50 Index Unit Fund
  - Uttara Finance First Mutual Fund.
- In 2010, BRAC Bank also launched 'Probashi Biniyog' under the umbrella of its custodial services. This product enables Non-Resident Bangladeshis, foreigners and foreign institutions to invest in the Capital Market of Bangladesh through a Beneficiary Owner's (BO) account to be funded by a Non-Resident Investor's Taka Account (NITA).



## HUMAN RESOURCES

Mesbah Uddin Muntassir is today an Assistant Vice President & Senior HR Relationship Manager, Retail Banking of BRAC Bank Limited, which is one of the fastest growing full-blown commercial banks in Bangladesh. With an aspiration to become a banker just like his mother, he joined BRAC Bank Limited in 2006 as MTO.

With his knack to grow as a banker & HR professional, the learning and development platform that BRAC Bank offers with wonderful work atmosphere, Mr. Muntassir has become an AVP in just four years.

While reflecting upon his growth trend, he expressed his sincere gratitude to the Human Resource Division for the support and guidance which were instrumental for him to complete the comprehensive one year long on the job training at the beginning of his professional life. He mentioned that he is indebted to the Human Resources Division for his learning and career progression in HR Division. He mentioned that the supervisors, despite their hectic schedule, always made time to help him learn things and grow.

He wished to join HR to grow as a HR professional and got very excited when he was posted in HR at the end of his one year training period. Today, understanding the model of the banking operations in BRAC Bank, he realizes how the work of support division like HR is crucial for the front line colleagues.

Mr. Muntassir takes pride being a staff member of BRAC Bank, the Bank that, unlike its competitors, work for People, Planet and Profit (3Ps) and constantly works for the Bangladeshi people - truly a Bangladeshi Bank for the Bangladeshi people. He wrapped up by saying that he feels humbled to be a part of this Bank and for being able to add value for the Bank, its customers and the economy at large.



Tania Ahmed is today a Senior Officer and Associate Relationship Manager supporting an employee base of approximately two thousand employees in SME Banking Division of the Bank in regards to HR Administration. When talking about her job profile, she takes pride in the fact that she is a member of BRAC Bank family and also for the fact that she provides support for a large employee base who serves 1.3 million customers across the country.

When she joined BRAC Bank in 2008 from Avery Dennison as an OG-II with a 3-year bond, she was hesitant as she had no prior exposure to the banking job. Reflecting on her about three years long job profile, she mentioned that people should not have any hesitation. Regarding the bond she feels that it is wrapped with wonderful work atmosphere; each employee remains actively involved with various work with necessary support from the peer and senior all the time. Ms. Ahmed has grown significantly within the Bank in a short span of time, not only in terms of career progression but also in terms of learning various HR related jobs. She is well known to all for her positive attitude. When asked what has contributed in her achievement, she quickly expressed her deep gratitude to the work atmosphere, the caring and supportive supervision that she received from the seniors and the easy access that she got from the seniors when she was in need. She mentioned the work atmosphere is surely an important component for a female staff and it is exceptionally good because of which she has developed an emotional bondage with the work. She mentioned that she considers her work as her second home where she can work wholeheartedly.

She then added that she joined in Recruitment Department at the beginning and later took up a position in HR Administration. She expressed that she never pondered taking up any new job or to accept new responsibilities cheerfully. She

mentioned that the trainings that she received during the last two and half years have been instrumental in progressing her career. She quickly referred some of the trainings that she greatly benefitted from were BIBM Foundation Training, Communication Training, and Training Labor Law.

She mentioned that she never stopped her learning. In last two and a half years, she too made mistakes. But her seniors have always been very supportive to help her out and advised on how to avoid such mistakes in future. She took such developments as an ongoing learning process and still maintains it in her daily work. In wrapping up, with a usual smile she said, she still has a lot to learn from BRAC Bank in the years to come and make more contribution for the Bank.

On 12th January, 2011, Mrs. Dilara Ahmed went out for a shopping bonanza at Dhaka International Trade Fair (DITF) in a winter morning. The shopping was going well for Mrs. Dilara with good weather

and she found all her items that she had in mind with good deal. Before wrapping her shopping spree, she stepped into the last shop on her way out. After quickly picking up her item from the last shop, she headed back to home with bag full of items for her family. After arriving at home, she found that she could not find her purse which had all her credit cards and other important documents. She frantically looked for it in her bags and home where she could have unconsciously dropped it. All her excitement and joy quickly faded away and worries and ill feelings shadowed her mood completely as she realized that the purse was lost in DITF. It was an unpleasant realization as losing the bag means going through unnecessary inconvenience. Nonetheless, she quickly contacted appropriate authorities to deactivate the cards which were in her purse. All her family members were equally upset instead of becoming joyous looking at the goods Ms. Dilara Ahmed bought from the DITF.

Next day, the weather was as wonderful as the day before except that Mrs. Dilara and her family had the disturbing feeling from the day before from losing her purse. By mid day, the phone rang. The caller identified himself as Shipu and enquired if Mrs. Dilara lost her purse. Shipu added that he found a purse with cash and credit



card. Mrs. Dilara couldn't believe what she was hearing and became speechless for a brief period of time.

Shipu continued that the last shop Mrs. Dilara visited belonged to Mr. Munir, who was a brother and working partner of one of BRAC Bank's SME Banking clients. Once Mr. Munir found the purse in his shop, he could not check it right away due to attending customer crowd at his shop. He waited for the owner of the purse to come back but no one came to claim it. He then checked the purse and found cash along with a credit card of BRAC Bank. He immediately called Mr. Shipu, who was his Relationship Officer from BRAC Bank Limited and informed him that he found a purse with credit card of BRAC Bank in it, indicating that it might belong to a BRAC Bank client. He then requested Mr. Shipu to collect the purse and find the owner of the purse to hand that over to its owner. Next day, Mr. Shipu collected the purse from Mr. Munir, communicated the matter to Branch Banking staff and collected the phone number of the owner of the card that was found in the purse. After receiving the number, he contacted Mrs. Dilara and expressed readiness to hand over the recovered purse at her residence.

Coincidentally Mrs. Dilara was the mother of Ms. Tahnyat Ahmed Karim, Head of Human Resource Division of BRAC Bank Limited of which Mr. Shipu had no clue. This is a real life story which reflects values of BRAC Bank Limited, its employees and its valued customer. Due to the contribution of its customers like Mr. Munir and contribution of the valued employees like Mr. Shipu BRAC Bank Limited reached today where it has reached. It's a cycle of deep rooted trust and responsibility - a cycle of "Astha Obichol".

### SPECTRUM OF HR FUNCTIONS

Human Resource Division of BRAC Bank Limited



Mr. Shipu, Customer Relations Officer, SME Banking, BRAC Bank Limited

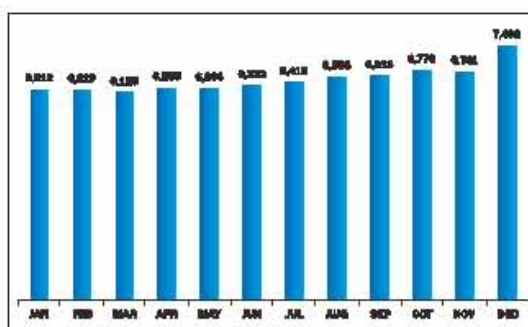


Mr. Munir, working partner of a BRAC Bank Limited SME Client

comprises of Recruitment, Compensation & Benefits, Learning and Development, Human Capital Department and HR Administration Departments with a team of dynamic HR Relationship Managers who bridge HR support with the business needs.

### SOURCING THE RIGHT FIT

Each year HR Division of BRAC Bank Limited attends sessions for the graduating students of reputed universities around the country. In 2010, HR Division has also started the regional recruitment in small scale. Scarce human resource is compounded with reluctance of potential job seekers to accept assignment beyond capital city poses difficulties for the Bank and its growth nationwide. Graduating students from reputed colleges in the district towns fall short from qualifying for the competitive job



Staff Strength - 2010 FY

market due to lack of knowledge and skill in terms of CV writing, interview preparation, grooming and exposure to corporate world which although remains minor issue, but matters crucially in the highly competitive job market. In 2011, in light with the CSR point of view and in order to enhance its presence in the communities, HR Division intends to attend session for the

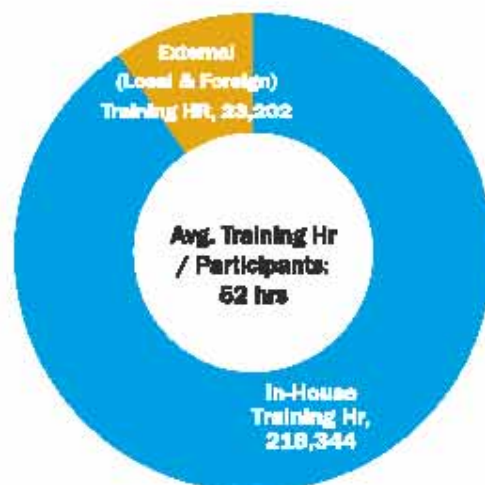
graduating students from the reputed colleges in the district towns to help them better prepare for the job world and thus intend to undertake a comprehensive regional recruitment for greater presence in the district towns. It is the hiring of the "right" people that foster learning, developing, growing and striving of an organization and hence, the Bank actively pursues hiring of the "best fit" according to business needs and respecting organizational values through proper human resource planning, using effective assessment methodology, ensuring efficient process and establishing and maintaining a strong employer brand. 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 2010 HR division has recruited 3,163 regular and contractual employees in various grades and in doing so qualitatively interviewed some fourteen thousand job applicants throughout the year. At the end of 2010 including the contractual employees, the manpower strength stood at 7,493 and another 1,163 personnel from outsourced companies were brought on board.



## LEARNING & DEVELOPMENT

The learning and development of employees is given immense importance in BRAC Bank Limited. The graph provided here shows the employee learning and development activities in terms of hours and coverage of population.

In addition to managing 239,546 hours of regular learning and development activities for BRAC Bank employees, in 2010 the Human Resource Division provided training support for the employees of Rupali Bank Ltd. on SME Banking. As part of the Bangladesh Bank Foundation Training Course the Assistant Directors of Bangladesh Bank were assigned to BRAC Bank to gain practical banking experience and their attachment program was flawlessly completed by BRAC Bank HRD at the beginning of 2010. Learning & Development Department of HR Division has taken extra effort to conduct crash program to provide AML & NI Act



Training, Service Quality Workshop at regional level. In 2010, the Mock Branch Training Initiative has begun at regional levels which continually helps the newcomers gather important skills on branch banking operations. BRAC Bank Limited maintains an e-learning portal to provide CBT (Computer Based Training) through BRAC Bank Intranet. The modules of e-learning include products & services, divisional/departamental overview, rules and regulations and some soft skills. The Human Resource Division of BRAC Bank Limited recognizes the immense importance of e-learning to provide training and refreshers for its large employee base assigned throughout the country. Every year all regular employees of the Bank are required to take part in the e-learning exam and complete a preset e-learning modules declared at the beginning of the year. Human Resource Division intends to intensify its training effort through e-learning portal during 2011.



While the Bank trains its employees to enhance their skills and abilities for better understanding of job responsibilities, it also takes planned development initiatives to ensure future requirement of managers and leaders. In 2011, Human Resource Division intends to focus on skill development and management development through various intensive internal and external trainings for the employees of the Bank.

The Bank has also started an initiative to identify potential branch managers and zonal managers within the Bank and prepare them to take the position with necessary trainings and expertise. It is noteworthy that the Bank maintains the attendance of its large employee base through "e-Attendance" and keeps everyone of the Bank aware of the policies and procedures through "E-TOS", an online portal where all policies and procedure relating to human resource management is stored. In 2011 onward, BRAC Bank Limited will also start taking International Interns.



In 2010, the Bank has established a forum, namely "Nishonkoche Bolte Chai", for female employees to voice their concerns and/or issues in confidence so that addressable issues can be tackled by management. Also this year BRAC Bank Limited has implemented ERP for Human Resource Management and HR division arranged various campaigns and events on account of international and local auspicious days and ensured employee participation to recognize and celebrate them. As part of employee engagement initiative, they arranged celebrations of "Bengali New Year" and "Women's Day", wherein, celebrities from different fields were invited, who joyfully took part in these events and spoke on various issues like Women Empowerment through Employment, Gender Equity and Work Life Balance. In the past year also employees of BRAC Bank Limited donated more than 100 bags to Bangladesh Thalassemia Society. A full-fledged medical center has been established in the Bank for the staff members and their family to get basic

medical support. Staff members from all around the country can access this medical support 24/7 to mitigate any personal or family emergency.



Celebration of Pohela Boishakh



Opening of Medical Center



## FINANCE DIVISION

Mashiyat Mahbub has worked in the Asset Management & Payment Settlement wing of Finance Division of BRAC Bank since November 2008. She gives support to all external suppliers/vendors, as well as over 8,500 employees, including outsourced staff of the Bank across the country. She helps facilitate about 800 payments per month. When she joined the Finance division of BRAC Bank, she was a fresh graduate and was looking for an opportunity to learn from her work and giving valuable service to society. Today, more than two years on, she is proficient in handling bills, preparing vouchers, getting required approvals, maintaining compliance, monitoring costs, creating provisions for future costs and handling queries of payment recipients including external suppliers regarding issues such as payment status VAT and Tax deduction information, etc.

As a place of work, Mashiyat appreciates BRAC Bank as a fair employer that gave her equal opportunities and a good work environment with challenging job expectations. In addition to her orientation training, she has received extensive training on Taxation Policy, Negotiable Instrument Act (1881), Core Banking Software (Finacle), Use of Spreadsheet (Excel), and ERP application. She enjoyed maternity leave of four months in 2010, during which she received full time salary and benefits, including medical insurance coverage. Upon her return to work, she was warmly welcomed by her colleagues and found her manager to be especially supportive, thus enabling her to get right back into the swing of things.

Whether Mashiyat is at work, out on a shopping spree enjoying a discount, or at home, she feels like an integral member of the BRAC family. She considers herself to be a valuable Finance resource of the Bank - a feeling that is, to her, second to none. And she is no different. Everyone else in the Finance division takes pride in their work. It is the collaborative effort of dedicated employees like

Mashiyat that keep the division going. So, what is this Finance division and what is Mashiyat's role within it?

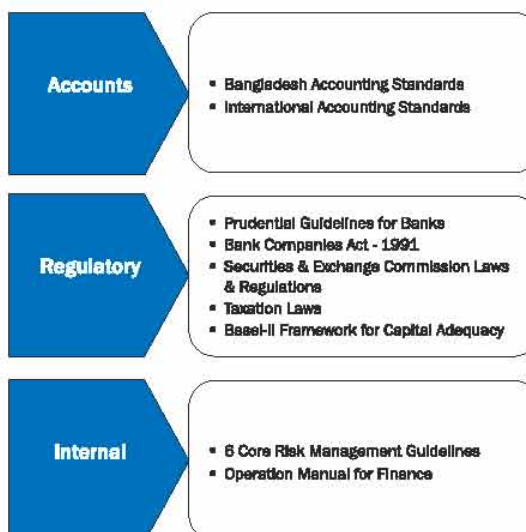
Finance is one of the major support functions of a bank. Managing financial activities of any bank demands a set of efficient personnel and up-to-date embedded compliance framework with practical policies. The Finance division of BRAC Bank diligently works towards achieving the highest standards. The division performs the key roles of controllership, budgeting, forecasting, financial analysis, business performance monitoring, decision support, procurement, and also looks into the functions of General Administration and Infrastructure Services (GA&IS).

There are several functional areas of Finance, as follows:-



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

The wide array of activities include, but are not limited to, payment processing for numerous projects and development activities, settlement of large numbers of invoices, payments to over 7,150 personnel, settling the claims from and to related parties, accounting for assets of around BDT 1,735 million, accruing expenses, ensuring insurance arrangement for assets and related properties, GL maintenance and monitoring, proofs and verifications, preparation of budget, setting up of operational targets, preparation of cap-ex budget, monitoring of capital expenditure, procuring assets, monitoring performance,



preparing comprehensive financial & 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 team for process automation and operational efficiency, presenting analytical information for senior management and the Board of Directors, maintaining relationship with tax & VAT authorities, meeting all regulatory requirements from central bank and other bodies, following up the activities of GA&IS, and so on.

Finance is about developing and maintaining a service-oriented growth culture, having a strong capacity for strategic and tactical analysis, monitoring internal and external factors, and working within the businesses to add values. To perform as such and to cope with the rapid growth of the Bank over the past years, the division required utmost efficiency to handle increased businesses and other operations. This efficiency did not come without costs, as relentless efforts have been made to gain efficiency while containing head-count within a sustainable level. In addition to the regular day-to-day duties, the Finance team continuously made its support available to shield the growth of the business.

By combining the dedication of more than 100 personnel, Finance has deployed the ultimate level of synergies needed in a growing organization like BRAC Bank. This bonding of Finance staffs supported 79 branches and 68 SME Service Centers, 230 ATMs and 30 CDMs at

different locations, 421 SME Unit Offices, and almost 2,000 Remittance Distribution Points. At the same time, preparing the budget for these distribution centers of this rapidly growing Bank with a balance sheet size of approximately BDT 120,000 million and currently in its 10th year of operation, needs extraordinary efforts. Finance passionately provided the level of support needed for the timely and accurate submission of 400+ returns per quarter to the Central Bank. This reflects the keen attention to detail and due diligence that Finance has given in response to the regulatory reporting requirements. Managing and processing prompt staff payments for over 7,150 personnel required meticulous attention, while procuring for more than 568 outlets of the Bank requires utmost sincerity.

Some of the 2010 highlights for Finance: (a) all wings of Finance cumulatively provided thousands of timely reports to both internal and external stakeholders; (b) MIS units contributed to many campaign and collection projects by analyzing and providing various reports on a need basis; (c) the Procurement department issued work orders/purchase orders amounting to BDT 661.1 million in procuring various items, while extending the arms to procure items for subsidiaries like bKash, EPL, and EPSL that amounted to BDT 3.5 million; (d) the financial reporting team completed actuarial valuation of gratuity fund to fully align with defined benefit plan; (e) the regulatory reporting team worked diligently to meet the deadlines of various reports required by the regulatory authorities, while working hard to meet the requirements and deadlines for CIB, DBI, and Basel II implementations; (f) the compliance team ensured compliance of every incoming payment order and processed 11,375 claims of vendors' amounting to BDT 2,146 million; in addition, it also processed 27,642 claims of staffs, amounting to BDT 145 million; (g) both payment compliance and settlement teams adopted new software application "ERP" within the team's working environment and significantly reduced the processing and payment time; (h) the payment settlement team completed barcode tagging of all fixed assets of all branches, SMESCs, ATMs, ROCs, Annex I, II & III, and Anik Tower to ensure smooth tracking of all assets in the ERP System; (i) GA&IS was successful in supporting the high

business growth by providing administrative and logistic support to fast growing human resources and physical distribution.

The Finance division has always made a major contribution to all the Business Solution initiatives. In each such development, finance works closely with Business Solution division (BSM). In addition to BSM, Human Resources, Credit Risk Management, Treasury and Financial Institution division are key collaborating partners for Finance on different internal and external issues.

For 2011, major objectives/challenges for Finance are:

- Ensure the system structure and information gateway for the Central Bank CIB project
- Develop an updated cost - benefit matrix for the information technology and infrastructure development projects that exceed a certain threshold
- Effectively utilize the existing financial systems for maximization of benefit
- Embed ERP tool for effectiveness of the same, for both internal and external stakeholders
- Help the IT/BSM/Operations and other divisions/departments to streamline various cost measures by reporting the financials for the greater interest of the Bank
- Continuously enhance relationship with regulatory authorities to facilitate strategic initiatives and effectiveness
- Consistently improve service quality.

Keeping up the pace with the fast growth trend is a constant challenge. Building on past experiences, the team is more confident to deliver even better results in the future. In recognition of the team's consistent maintenance of its high standards, we received the ICAB award of Certificate of Merit for the best published accounts and reports.

## Our People

We focus on understanding our employees' strengths to ensure they are in the right roles, allowing them to reach their full potential and ultimately helping their teams to win.

Whoever you are, we can offer exciting opportunities within one of our many functions, including our Credit, Collection or Special Asset Management units. Whichever the function of CRM you choose to work in, we are confident you will fit right in. We are a truly versatile department, employing around 1,400 people from a wide gamut of educational, cultural, and religious backgrounds.

### Shahana Pervin



## CREDIT RISK MANAGEMENT

**Education:** Masters in Agri-Economics, MBA (Finance Major)

**Current Role:** Manager, SME Credit. I now look after three CRM Centers, including Dhaka Urban. I visit the CRM Centers and work for their development, which involves structuring their work flow/processes, visiting the various clients to take necessary feedback, not only on their business condition of clients but also on any problem they may be facing and formulating strategies to mitigate such scenarios. My team manages credit risk and offers viable solutions to grow business. This role really allows me to leverage my past experiences in business networking, audit and other functions.

**Former Role:** Customer Relationship Officer, SME Banking. I worked for Kushtia Zone and Moghbazar unit office. The work was incredibly diverse, ranging from business survey, new client acquisition, collection and customer service.

**Credit Analyst, SME Banking.** I used to look after the approval of credit applications from six zones, including the special business units of urban areas. I was also involved in PPG and policy development.

Why did you join BRAC Bank?

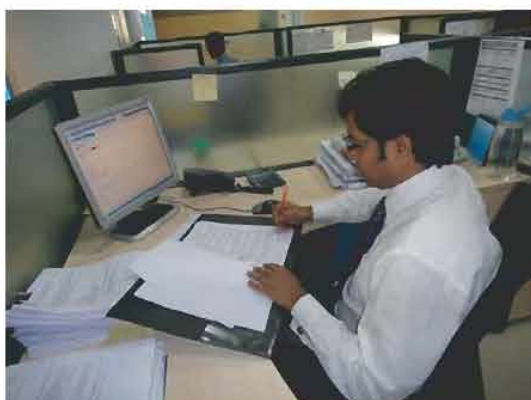
There are three factors that appealed to me. First, being able to work in the area of my interest; second, an opportunity to use my academic background; and third, the challenge presented by the largest SME Bank in the country to work in different areas of Bangladesh as a Customer Service Officer to explore the Small & Medium Enterprise business opportunity.

How is your career progressing so far?

I joined BRAC Bank back in March 2002 as a new graduate. So far, it has been a very rewarding journey. I now manage a large Risk Management team. The work environment gives me the opportunity to implement new ideas.

What do you like most about your job?

Being given a free hand to make decisions is what satisfies me the most. The very fact that the Bank is mostly focused in SME business is the motivation I need to strive hard and contribute to the Bank's goal in my own small way.



Mohammad Firoz Alam has been a member of the Wholesale Credit Team of Credit Risk Management since July 11, 2006. He is an MBA major in Finance and comes armed with eight years of banking experience. He plays a pivotal role in our Corporate Banking business. He oversees Large Corporate, Structured Finance, and Corporate Institution proposals and he served 372 corporate proposals in 2010. Along with the RMs, he visits the potential and existing clients in order to learn more about the clients.

Firoz believes in sharing his skills and knowledge with others, and is always ready to help with a warm smile. Supported by an open work environment, he is encouraged to share his expertise with the other wings of business - SME, Retail, and Treasury etc. He plays a major consulting role on regulatory issues, report preparation, documentation, exposures setting for

various departments, viz., SME Business, Finance, Loan Origination, IT, Treasury, Operational Risk Management and R&I/C. He has also made valuable contributions to Stress Testing, Capital Adequacy Report under Basel II and in the compliance of regulatory guidelines set by Bangladesh Bank and external audit teams.

Firoz feels valued and respected working in BRAC Bank as his viewpoints are always given a fair hearing. He is an ideal embodiment of the principles and values that CRM expects out of every employee.

Md. Shariful Alam, an Associate Manager, Special Asset Management team of SME is engaged in two major activities related to recovery, i.e. monitoring and legal issues. He has been with BRAC Bank since September 2003.

His day begins at court as he oversees all legal issues i.e. following up on litigation, liaising with the legal team, expediting and settling all pending legal matters, etc.

He also supervises a recovery team of five executives, where he formulates their visit plan, guides them, negotiates with the defaulted borrowers for settlement and even liaises with law enforcement authorities. Despite his dealings with 180 DPD+ clients, defaulted borrowers consider him to be persuasive, caring and always willing to go that extra mile.

### Initiatives for 2010:

During the year 2010, Credit Risk Management has taken few initiatives to achieve better quality portfolio and move the Bank forward:

- 1) To support SME credit, CRM has started to establish Regional Credit Risk Management (CRM) Centers nationwide in order to maintain quality underwriting, through which we can cover 60% of the business in terms of verification, assessment and approval of SME Loans. The remaining areas shall be covered by the first quarter of 2011.
- 2) A new wing called "Special Asset Management (SAM) & Credit Inspection - Wholesale Banking & Medium Enterprise" has been included in the fleet of Credit Risk Management. This team is well equipped to deal with non-performing assets through amicable settlement, execution of decrees and arrangement of auctions to sell mortgaged properties, etc. A group called "Credit Inspection" has been formed that will

periodically visit all Corporate and Medium clients to observe documentations, covenants status and their overall business. They are also engaged in monitoring the Early Alert Accounts to address potential problems while adequate alternatives for action are still possible. During instances when counter parties have been identified that could potentially lead to problems, the respective exposure is placed on a watch list for close monitoring to improve the situation.

- 3) To enrich the collection or monitoring, CRM has introduced software called Collection and Recovery Management Application (CARMA), which will enable us to accurately follow up on our collections in a timely manner. This system will automatically queue up the accounts on a 'days past due' basis to make collection calls effective, which will help to increase calling hour i.e. collection amounts. The system will also facilitate supervisory monitoring, along with third party collection agency. This addition will have a direct impact on collection productivity and scale up the staff performance, which will ultimately reduce the non-performing loans of the Bank.
- 4) A new SME Collection team under CRM has been launched to look after all SME portfolios of the Dhaka and Chittagong metro area, along with special business unit's portfolio of SME. This team kicked off its activities from July 2010 with a structured and focused approach to manage the portfolios of Current to 179 DPD. They perform their activities through phone calls, letters and personal visits. This collection ushered in a paradigm shift in the SME business model.
- 5) Special Asset Management (SAM), the renamed Impaired Asset Management (IAM) team, has also been restructured to strengthen the recovery activities of SME and Retail Non-Performing loan portfolio. This team will manage all 180 DPD+ portfolio of SME business and 365 DPD+ portfolio of retail business through its monitoring and legal activities. This also brought a new dimension in recovery activities of SME business.

## CRM Functions

The Credit Risk Management (CRM) is responsible for upholding the integrity of the Bank's risk/return profile. It ensures that risks are properly assessed, and that risk/return decisions

are made accurately and transparently. At the core of the CRM's people strategy is our focus on employee engagement, which is a key driver of productivity and performance. We focus on bringing out the very best from each and every employee in order to build a solid foundation of our performance culture. We believe we are aligned to external best practice standards with risk-based and robust governance structures.

As a Bank, we support customers in difficulty and provide access to credit, based on customers' ability to repay. BRAC Bank is playing a crucial role in helping society to address global challenges, such as climate change and poverty alleviation by creating financial solutions across our businesses. This includes financing different sectors, including poultry, hatchery, agricultural, manufacturing and various trading initiatives, which helps to create employment opportunities, develop social infrastructure, and ultimately supports the GDP growth of the country's economy.

## SME Credit Model

We have an easy and simple Credit Application Booklet developed with the expertise from all related parties, viz., SME banking, CRM, Operations, IT, Corporate Affairs, R&IC. In addition to our Product Program Guideline (PPG), both have been developed with the SME borrower in mind. Risk parameters have been identified during the early stages of product development and documented in the PPG, which the Credit Analyst follows during the appraisal of the loan proposal. They also ensure internal and external compliance, for instance, calculation of actual requirement, CIB check, valuation of collateral etc. Aside from personally visiting all SME borrowers to understand the nature of their business, their needs and business activities, the Credit Analyst also contacts the borrower's supplier and buyer. While extending any facility against collateral security, he also collects the surveyor report from a third party surveyor enlisted in BRAC Bank. We also arrange various training and refresher courses for CROs and ZMs in order to share the credit norms and the credit culture and product knowledge across the Bank.

## Retail Credit Model

Our retail products are also guided by PPG, where we perform a thorough verification of customers' information through our Central Verification Unit (CVU), including the contact number, their

residence address, guarantor information, office address, bank statement, trade license, etc. Credit Analyst analyses the application where he makes an assessment of the character and capacity of the borrower, by taking into consideration the documents provided by Retail Banking business and CVU's verification report. If the borrower fulfills all the criteria as mentioned in PPG, the Analyst recommends the file for a decision by the Credit Approver. An approved/declined decision is based on the merit of the individual proposal within their Credit Approval Delegation (CAD). We arrange training sessions, workshops or meetings for the Retail Sales Team and Branch staffs, in order to share knowledge and feedback that will improve the portfolio quality, establish credit culture and overcome any operational difficulties.

We also have a dedicated Fraud Control Unit in place to monitor transaction activities of all credit card customers to prevent any fraudulent attempts. We have SMS alert and call back facilities to ensure this prevention.

### Wholesale Credit Model

Our Wholesale banking is centrally operated and is now extending credit facilities in Dhaka and Chittagong areas only. For Wholesale Credit, we have separate policy guidelines which are guided by Bangladesh Bank regulations. Under Wholesale banking, the loan ticket size is larger and appraisal of the facility is different from Retail and SME credit, where we look into different aspects of the business and its impact on the society. Upon receipt of the proposal from Corporate Banking business, Wholesale Credit considers it in light of industry concentration, lending cap, financials to identify the financing need, management information, risk inherent in that specific business and their mitigates, CIB report, valuation of collateral, Risk Grading, etc. However, upon satisfactory analysis, Manager/Sr. Manager recommends the facilities for onward approval from the concerned authority, depicting loan amount, tenure and pricing with additional terms/conditions. Training sessions are also conducted for the Relationship Manager of Corporate Banking and Operations staff people to ensure that compliance issues adhere to regulatory guidelines.

### Collection, SME & Retail

A dedicated collection team is engaged to remind the borrower about repayment through phone calls. Letters and physical visits occur in case of unavailability over the telephone. All calls and visit records are preserved for future reference and onward follow-up. The collection team also helps the borrower by offering alternative payment solutions. They explain the benefits of timely repayment to the borrower. Our services are consistently focused on turning delinquent borrowers into regular ones. In addition to receiving training on basic negotiation skills, our collection staffs have a wealth of product knowledge, that help them to better serve their customers.

### Special Asset Management (SAM) - SME & Retail

Special Asset Management Team under Credit Risk Management plays a vital role in dealing with the Bank's non-performing loans through legal persuasion/procedure and facilitates external and internal recovery forces to maintain Bank's Portfolio at Risk (PAR). SAM department has been established with the finest structure in the nation's banking industry. CRM has segregated SAM-SME unit into four separate regions i.e. Central, South, North and East for better control, performance and close monitoring. SAM-Retail-Recovery wing is a composite of in-house recovery team and 3rd party recovery agencies, which are assisting in recovery through amicable settlement, execution of decrees and arrangement of auctions to sell mortgaged properties and vehicles.

### Special Asset Management (SAM) & Credit Inspection - Wholesale Banking & Medium Enterprise

A new wing named "Special Asset Management (SAM) & Credit Inspection - Wholesale Banking & Medium Enterprise" has been included in the fleet of Credit Risk Management. This team is well equipped to deal with non-performing assets through amicable settlement, execution of decrees and arrangement of auctions to sell the mortgaged properties, etc. They are also engaged to monitor Early Alert Accounts in order to ensure they are managed in terms of their irregularities. A group has been formed that will periodically visit all Corporate and Medium clients to observe documentations, covenants status and overall business of the client.



Sharmin Ferdous has been instrumental in achieving service excellence for Operations. She is primarily responsible for document checking of SME accounts, problem solving of SME loan files, CIB report checking and maintaining MIS. Sharmin's dedication and keen eye for detail have enabled customers to enjoy faster loan processing and better relationship with the Bank. She is always ready to do that little bit extra for the growth of the Bank. She has proved her mettle by providing extended services throughout the year. Her contribution was particularly noteworthy during the month of August 2010, when a record was broken in SME Loan disbursement - making history in BRAC Bank, indeed in the industry.

She received a gold medal upon completion of her BBA degree from Southeast University in 2007, and subsequently received her MBA degree from the same institution. She joined BRAC Bank in 2008 as an outsourced executive. Due to her extraordinary services and commitment to the Bank, she was appointed as an Officer Grade-I in August 2009. As a female employee, she finds her workplace free of gender discrimination - a fact which encourages her to serve the Bank with more enthusiasm. She remains satisfied with her career growth and looks forward to continuing to be a part of the winning team.

## OPERATIONS DIVISION

### OPERATIONS HIGHLIGHTS 2010

- Origination and banking services jointly initiated and assets valued at 8390 crore BDT disbursed, reflecting a 32% increase from 2009.
- Introduced registration verification of Bank-financed vehicles at BRTA and life insurance for SME borrowers.
- Worked as Lead Banker to the issuer and successfully completed IPO collection of Green Delta, Popular Life, PHP and Agni System for the first time.
- Processed 4,899 money & capital market transactions amounting to BDT 91,937 crore and 4,527 securities transactions, valued at BDT 13,453 crore - 49% and 66% higher than that of 2009 respectively.
- Earned BDT 8.88 crore as interest income and recovered BDT 16.41 crore from corresponding banks through reconciliation.
- Trade & remittances initiated to open 1,704 LCs, valued at BDT 3,325.04 crore, reflecting an increase of 12.25% in numbers and 98.06% in value from the previous year.
- Export business increased to BDT 155.02 crore and Bank Guarantee business increased to BDT 307.71 crore, which are 127% and 348% higher than that of 2009 respectively.
- Cards Operations supported introduction of new products in 2010 i.e. Travel Card, Hajj Card, Gift Card, and Platinum Card.
- Inward remittance wing (Private & Commercial) supported

BDT 1,229.37 crore and outward remittance wing supported BDT 202.48 crore, which are 47% and 36% higher than that of 2009 respectively.

- Successfully Implemented BACH (Bangladesh Automated Clearing House) and processed over 4 lac IPO refund warrants, in addition to regular cheque processing.

## PROJECTS AND AUTOMATIONS-2010



## HOW OPERATIONS WORK

Since May 2003, Operations has provided centralized services to all business units (SME, Retail, Corporate, Probashi, & Treasury) through well aligned strategies. In 2008, Operations was comprised of five business centric units i.e. SME Banking Operations, Retail Banking Operations, Wholesale Banking Operations, Probashi Banking Operations, and Cards Operations. 2009 saw its restructuring - as Origination, Banking Services, Trade Remittances, Cards Operations, and Business Relationships & Support - to perform in a focused way, ensuring accuracy in service deliveries vis-a-vis time and cost savings and risk mitigation. In 2010, Operations has formed eight Focus Teams to increase knowledge and efficiency of Operations managers, ensure improved services by giving heed to quality and meeting deadlines, encourage interaction and value additions through sharing ideas and tasks, and build up a culture and spirit of collaboration.



Armed with a dedicated staff of 600 personnel, Operations is also proud to serve BRAC Bank's over one million valued guests. Now Operations support 1 million customers.

The five departments of Operations are as follows:

Operations provide extensive support to all stakeholders through following functional activities of each department.



Our 600 Operations personnel provide support to stakeholders through the following five departments.

Origination, as the initiator of all operational procedures for both assets and liabilities portfolio of the Bank, is primarily responsible for ensuring compliance to the BRAC Bank Ltd. and Bangladesh Bank policies, addressing key operational risks, contributing to reduction of operating costs and simultaneously striving towards service excellence. It offers support to all business divisions of the Bank to serve our one million valued guests through its three wings - Deposit Origination, Loan Origination & CIB through 210 staffs. Loan Origination plays a pivotal role in documentation, account opening of liabilities and assets portfolio, including CIB compliance.

Banking Services is entrusted to serve the guests from account opening till close of relationship. It plays a vital role in providing quality services to our valued guests and extends the best support to business wings in order to increase their portfolio. Its six wings are Fulfillment and Disbursement, SME Banking Services, Retail Banking Services, Corporate Banking Services, Financial Institution Services and Treasury Operations.

Trade & Remittance is one of the centralized back-office operating departments of BRAC Bank. Its 72 staff members provide support to our various units (e.g., SME Banking Division, Corporate Banking Division, Retail Banking Division and

Probashi Banking Services) under three wings: Corporate Trade Operations, SME Trade Operations and Remittance, relating to Import, Export and Remittance business.

Cards Operations has proudly partnered in the successful issuance and delivery of the best cards in the industry. 41 dedicated staff members from four units - Account Service, Transaction Processing, Merchant Payment and Settlement and Dispute - support 50,000 cardholders.

Business Relationships & Support through its 170 personnel, this is yet another operational department that enthusiastically challenges and searches out paths for sustained growth to ensure smooth service delivery, and cost and time savings. BRS is currently providing services to operations and businesses through the following activities: Relationships, ROC Operations, Reconciliation, Automated Clearing House Operations, Inter-Branch Cash Management and Customer Care Support.

## **CHALLENGES AHEAD FOR 2011**

- Optimum utilization of resources
- Persistently boost up service quality
- Ensure zero financial and reputational loss
- Amplify operational efficiency
- Enhance relationships with business and all support units
- BACH implementation (outside Dhaka)
- Implementation of online CIB and EFT projects

## COMPANY SECRETARIAT



Md. Mustafizur Rahman Khan joined BRAC Bank Limited in 2009 as a Relationship Officer in the Company Secretariat. He has been primarily engaged in providing services to our shareholders, e.g., resolving disputes on share transactions, refund of money and settling issues related to brokerage houses and merchant banks. He performs all kinds of share-related tasks, e.g. allotment of bonus shares, share transfer process, monitoring share movement through CDBL, share re-materialization & dematerialization, distribution of fractional dividend warrant, conducting AGM, etc. In addition, he periodically corresponds with various regulatory and Government bodies on shareholder-related matters.

One of his most crucial tasks is communicating with the Board of Directors' Offices. He ensures the timely delivery of all Board-related documents to the Directors, which involves getting the by-circulation memorandums from the various departments of the Bank signed and approved by the Board. He also reports to the management on all queries related to shareholding structure, shareholding position and bond holding position, in order to meet regulatory compliance requirements.

BRAC Bank has recently issued BDT 3 billion worth of Subordinated 25% Convertible Bonds through public and private placement; Mustafiz has been indispensable in his contribution to the team. He has constantly visited and maintained correspondence with the different banks, the issue manager, the post issue manager, CDBL and all other bodies involved in the process, simultaneously ensuring the timely compliance of all the regulatory requirements in this regard. As part of a routine regulatory requirement, BRAC Bank obtains its rating from CRAB. He coordinates with other departments of the Bank to source the information required to be submitted to CRAB for this rating.

Mustafiz is also a participant in the preparation of a report on "Capital Market Analysis" (CMA) which contains abstract, methodical data and charts on the banking sector in the capital market. With an eye on career advancement and his aspirations to be a Chartered Secretary, Mustafiz has enrolled for a professional degree in the Institute of Chartered Secretaries of Bangladesh (ICSB).

The Company Secretariat occupies a key position in the management of BRAC Bank Limited. The role of Company Secretariat is extremely pivotal and is closely allied to the Company of Directors.

In the last year, the Company Secretariat has made some significant achievements:

- Issued Subordinated 25% Convertible Bond for BDT 3 billion (2.7 billion private placement & 0.3 billion public offering) to meet the Tier-II capital requirement of the Company
- Met all the regulatory compliance requirements
- Completed the 11th Annual General Meeting
- Credited Bonus shares and distributed fractional dividend warrant 2009
- Conducted 14 Board meetings in 2010
- Conducted six Audit Committee meetings in 2010
- Prepared the Annual Report 2009 & prospectus for bond
- Credit Rating

The Company Secretariat acts as an adviser to the Board of Directors on the kind of practices to be adopted in corporate governance. The Secretariat is also engaged in helping the Board implement corporate governance principles and practices to fit its needs and expectations of investors.

The Secretariat is engaged in the efficient administration of a company, particularly with regards to ensuring compliance and implementation of the decisions of the Board of Directors. He ensures that the company complies with relevant legislation and regulation, and keeps Board members informed of their legal responsibilities.

Having expertise in corporate laws, capital markets, security laws and corporate governance, the Secretariat works as a mediator between the company, its Board of Directors, stakeholders,

Government and regulatory authorities. One of its key duties is to ensure that best management practices and work ethics are followed to create wealth maximization for the company. It represents the company to internal and external stakeholders, co-ordinates the policies of the company and management function and guides on the strategic decisions for the betterment and growth of the company.

The general duties and responsibilities of the Company Secretariat are to ensure compliance with the provision of the laws, rules and regulations. In BRAC Bank Limited, the Secretariat is responsible for compliance of all the provisions of:

- The Bank Companies Act 1991
- The Companies Act 1994
- The Securities and Exchange Ordinance 1969
- The Securities and Exchange Commission Act 1993
- The Securities and Exchange Rules 1987
- Dhaka Stock Exchange Listing Regulations
- Chittagong Stock Exchange Listing Regulations
- Foreign Exchange Regulation Act 1947
- Foreign Exchange Guideline of Bangladesh Bank
- The Depository Act 1999
- The Depository Regulations 1999

There are two wings of Company Secretariat in BRAC Bank Limited:

(a) Board Secretariat and

(b) Share Division

**Board Secretariat:** The key function of Board Secretariat is to carry out Board Administration of the Company. Most of the decisions of the Company are carried out by the Board of Directors. The ability of the Board to perform its duties efficiently depends mainly on the quality of the management's report and the efficiency of the Secretariat. Its crucial role is to guide the Board to take the decisions within the legal frame of the respective rules and regulations, as well as to provide the relevant corporate information to the Directors, as and when the situation demands.

**Share Division:** The Share Division works as a bridge between the company and the shareholders. The activities of the Share Division are involved with BRAC Bank's share management, preparing report for the management and regulatory bodies and also maintaining all statutory registers related to shareholders.

### Legal Affairs

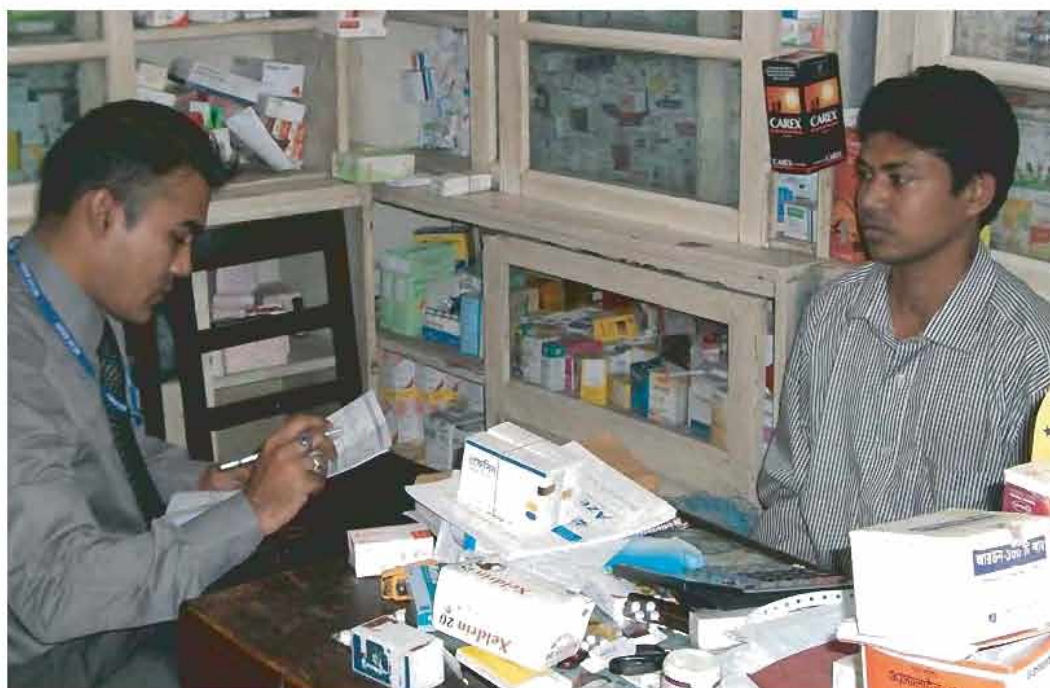
The Legal Affairs Department was set up nearly two years ago under the Division of Legal, Regulatory and Internal Control. It provides two-tier support to the Bank, i.e., it supports the internal units, including all branches nationwide in relation to legal and regulatory affairs and compliance, and also provides external litigation assistance. This unit works as a catalyst for attaining significant understanding of the legal challenges, pitfalls, and legal risks associated with various day-to-day operations of the Bank. It also identifies and devises innovative legal solutions to situations arising out of new legal complexities. This department is regularly consulted by the internal units to understand the legal issues in relation to business operation, legal and regulatory compliance of products and all other relevant areas to provide efficient and cost effective legal services. In doing so, the Legal Affairs Department provides interpretation of law, statutes, rules, government and other regulatory directives, and regulations related to the banking industry.

The consistent efforts of the Bank to have a modern, dynamic and market oriented Legal Affairs Department have led this Department to be considered a key team member by all units of the Bank. It has played a vital role in the development of bank's business in a compliant manner.

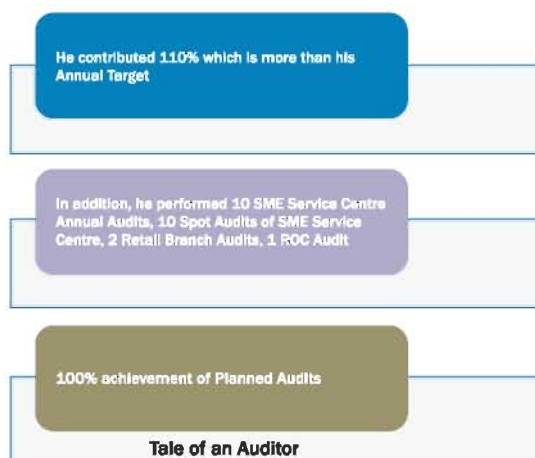
This Department also works as a bridge between all other departments of the Bank and external counsel on both local and cross border issues. Handling complex legal issues and advising on litigations before any level of the judiciary have required expertise, professionalism and industry knowledge.

The Legal Affairs Department is currently equipped with barristers and advocates having sound experience in regulatory compliance, banking law, corporate finance and law, human resources law, litigation and alternative dispute resolution.

## REGULATORY & INTERNAL CONTROL



After completion of BBA and MBA (both majors In Marketing) from University of Dhaka, Mr. Saurove Kumar Podder joined BRAC Bank on April 02, 2006 in the SME Banking Division and later switched to Regulatory & Internal Control Department as SME Auditor on August 23, 2009. He was based at the Hathazari Unit Office till 2009 and during this period, he stimulated the SME loan disbursement process by conducting pre-approval visits at Hathazari and Hill tract zone and identified several misappropriations through post-approval visits & comprehensive audit. In 2010, Mr. Podder was transferred to Chittagong and has been serving there till date. With the help of his colleagues, he has made 439 pre-approval visits, conducted 10 SME Unit Office comprehensive audits, an investigation, call report verification and land valuation during the year 2010. In pre-visits, he detected 11.61% (approx) major findings and protected the Bank from credit risk; while conducting annual comprehensive audit, he detected 73 (out of 439 pre-approval visit) irregular loan files with the support of the retail audit team. He was also involved in operational audit at ROC and has also conducted AML related branch audit at Chowmuhuni and Raipur branches. He was engaged in finding out the misappropriation amount at Nazirhat Unit Office while conducting an investigation on amount misappropriation. Mr. Podder also facilitated other wings and sub-wings of the department by assisting the Service Centre Audit team in ten comprehensive audits, three spot audits of SME Service Centre. He helped the Branch Audit team in the audit of two branches & one ROC operations and conducted AML inspection of two branches on behalf of the monitoring team. In recognition of his dedication, hard work and contribution in the establishment of compliance culture, he was promoted to Senior Officer in 2010.

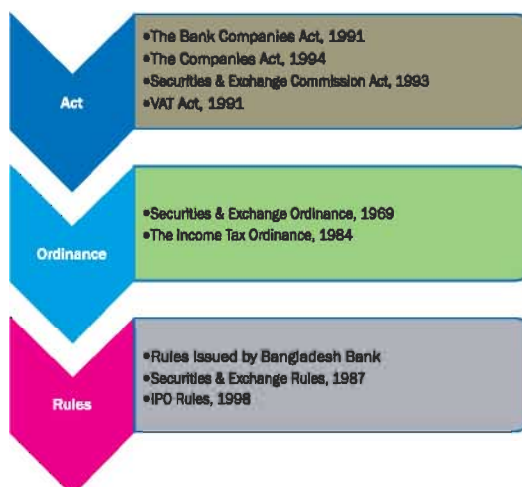


Mr. Saurove Kumar Podder has thus enriched the human capital of Regulatory & Internal Control department through his contribution of at least 110% of his set targets of audit and other relevant activities. He believes that any target can be achieved with hard work, sincerity, integrity and dedication.

## HIGHLIGHTS & ACHIEVEMENTS

The highlights and attainment of the department during the year 2010 include, but are not limited to, the following:

- **Pre Visit:** The SME Audit & Inspection team supported the SME Banking Division by conducting 57,830 Pre approval audits of Enterprises.
- **SME Unit Office Comprehensive Audit:** Successfully completed comprehensive audit on 307 unit Offices to ensure the efficiency of operational and administrative issues.
- **Introduction of Risk Based Audit in SME:** This year we have introduced risk grading in comprehensive audit of SME Unit Offices.



- **SME Service Centre Audit:** The Service Centre Audit team facilitated SME Service Centres and Krishi Branches by identifying operational lapses and suggesting ways-out through 40 comprehensive and 30 spot audits during the year 2010.
- **Process Optimization:** Some processes, policies and guidelines of the Retail Banking Division have been amended, reviewed and developed on the basis of comments and suggestions of comprehensive audit and inspections on 72 branches and three Regional Operating Centres have been conducted by Internal Audit and Inspection (branch & ROC) team.
- **Awareness Campaign at Branch:** Branch people were guided by the Internal Audit and Inspection (Branch & ROC) team on both internal and external processes and policies while conducting Spot Audits on 15 branches within three months of operations.
- **Department Audit:** The team picked out some significant gaps, loopholes and lapses of policy and procedures through 57 comprehensive & 13 special audits on various departments and presented them to the management through audit reports, based on which respective departments have taken corrective measures.
- **R & IC Investigation:** The department helped the Bank in identifying corrupt employees & fraudsters/criminals and realized the embezzled money by conducting more than 50 investigations throughout the year. Management has shown zero tolerance towards these personnel.
- **Central Bank Compliance Support:** The Bangladesh Bank Compliance team circulated the Inspection Report to concerned Departments and Branches and submitted the compliance report on comprehensive inspection of 22 branches and Head Office, comprehensive inspection on Foreign Trade & Foreign Exchange of Branch and Head Office and Special Inspection report of six departments on ALM, ICC, CRM, CF, SEF and Foreign Exchange Risk Management to ensure the regulatory compliance of the Bank. In addition, number of compliance correspondences have been made with Bangladesh Bank regarding issuance of licenses for opening ten new branches and ten SME/Krishi branches for the year 2010, commencement of operations of new

branches and SME/Krishi branches, collection of Branch code to ensure the regulatory compliance of the Bank through the regular submission of different types of statements.

- **Operational Compliance:** The Bank's Operational Compliance received approximately 195 Bangladesh Bank Circulars and circular letters. All relevant circulars had been escalated to the Board of Directors and respective departments to ensure compliance culture in the Bank. The Unit also prepared and approved Yearly Certification on Effectiveness of Control System 2009, Annual Health Report, Security Procedure and regularly updated Authorized Signature Booklet.
- **AML Drive:** To guard the Bank from money launderers, the Anti Money Laundering and Monitoring team has arranged 25 daylong training sessions on AML, three regional workshops (Comilla, Habiganj & Bogra) in collaboration with Bangladesh Bank and also created a trainer's pool on AML, NI Act and ICC.

- **Infrastructure Audit:** This year we have Introduced Infrastructure Audit In BRAC Bank, successfully completed the audit on "Anik Tower" and suggested required corrective actions, of which 99% were resolved (out of 302).
- **IT Audit & System Security:** The IT Audit & System Security team conducted Lotus and VNC audit and came up with some major findings, resulting in it being awarded with the Departmental Commitment Award at the Town Hall Meeting. The team accomplished Visa PIN Security Compliance Audit, Data Centre Audit and attended InterBlock's i-Pay e-Commerce UAT, Sunguard's Internet Banking UAT, MasterCard RAMP Assessment & Internet Banking Forgery Audit.
- **Governor's Recognition:** On behalf of BRAC Bank Ltd, HoR&IC was assigned tasks for the committee to update "Guideline on Information & Communication Technology for Scheduled Banks and Financial Institution - 2010" & completed the assigned tasks successfully as a member. Consequently, Governor of Bangladesh Bank has recognized the contribution through an appraisal letter.



- **Compliance Monitoring:** The Compliance and Monitoring team handled queries (145 cases BB: 36, NBR: 40, Tax: 60, ACC: 05, FE: 04 etc) of various cases raised by Anti Corruption, NBR/Tax dept, Bangladesh Bank, law enforcement authorities etc. and helped the country to identify wrongdoings.
- **Road Show at Tetulia:** The monitoring team co-ordinated a Road Show at Tetulia. KYC Risk Grading, Legacy Account Health Check, special Inspections on Multi-Level Marketing (MLM), Resident Foreign Currency Deposit (RFCD) Accounts and AML issues were simultaneously conducted across the branches, leading to a filing of 20 Suspicious Transaction Reports (STR) with Bangladesh Bank.

## HOW WE WORK

The Regulatory & Internal Control (R&IC) Department is attached to the Board of Directors in the Bank's organizational structure, with the Head of R&IC having responsibility for internal audit throughout the entire bank. With an objective of placing the Bank in a balanced position of risk and return, the department has been segregated into a number of functional units such as I) Compliance, II) Monitoring, III) Audit & Inspection.

The Bank complies with the requirements of different regulatory & legal authorities and the compliance unit ensures that these requirements are properly handled, maintains liaison between the regulators, shareholding bodies, credit rating agencies and BRAC Bank Internal departments and also ensures proper management and monitoring of guideline or circulars provided by Bangladesh Bank and other regulatory bodies. This unit prepares and sends a draft copy to concerned departments and uploads the circular in the local portal, ensuring access by every employee.

**Compliance Wing:** The Compliance unit of R&IC facilitates the business unit from launch to

effective operation of a service point. The unit arranges the permission to open a new branch/SSC/unit office from Bangladesh Bank, as requested by respective business divisions. On commencement of the branch/SSC/unit office, it also collects SBS code and posters from Bangladesh Bank for each of the service points. Once operation starts, different regulatory bodies, credit rating agencies and shareholding bodies do audit/investigation/queries about the running of the service point/department. As such, the Bangladesh Bank (BB) inspection team sends letters to branches/departments prior to conducting audit and the respective branches/departments forward the same to Compliance Unit, outlining the requirements of inspection team. Feedback from respective departments is collected and forwarded to Bangladesh Bank. Once the inspection is done, compliance team receives the report from Bangladesh Bank through MD and Company Secretariat, Head of R&IC; feedback from concerned departments is reviewed and forwarded to Bangladesh Bank within the deadline as per prescribed format. Regulatory queries/complaints are handled in the same way, but only after thorough investigation and discussions with the related department, Operational Risk Management and Human Resource, depending on the severity.

**Monitoring Wing:** The monitoring team ensures the overall efficiencies of operational performance by collecting and analyzing periodic returns, DCFCL and miscellaneous reports to identify risks associated with concerned departments. The team accumulates Interest Rate sheet from Treasury and financial institutions; Torn and Soiled Note Statement from branch/ SSC ; bi-monthly and quarterly return on AML from branches; Complaint Cell collects information from Service Quality department and sends the same to Bangladesh Bank at specified intervals. Another major role played by this wing is to ensure the compliance with laws of the land with regards to Prevention of Money Laundering. In ensuring the same, it collects the Cash Transaction Report (CTR) generated by BSM and forwards the same to all branches with the purpose of detecting suspicious transactions. The monitoring unit receives both the Suspicious Transaction Report (STR) and CTR from Branch Anti Money Laundering Compliance Officer (BAMLCO), investigates and analyzes the issue and, if found suspicious, the Chief Anti Money Laundering Compliance Officer (CAMLCO) sends the STR and CTR CD to BB. The team also organizes training

sessions on "Anti Money Laundering", creates awareness among officials, conducts frequent inspections and runs projects to counter money laundering, thus minimizing the vulnerability of the Bank to this risk.

**Internal Audit & Inspection:** The Internal Audit & Inspection wing comprises of wings as stated below. All the sub wings undertake periodical audits, special audits, spot audits, investigations and inspections. An Audit Charter has been compiled, in conducting audits and risk based audit system has been followed with grading criteria. Internal Audit & Inspection team prepares the annual audit plan and gets it approved from the Board Audit Committee (BAC). Seven days prior to starting the audit, the team sends Terms of References (TOR) to the respective branch/department/unit office/SSC and during audit provides the deputation letter to the same. In case of SME audit, an e-mail is sent to the respective Zonal Manager and SME Banking Division.



After completion of the audit, a discussion meeting is being held between auditor and auditee to settle the findings. Auditor prepares a draft copy of the record of findings, gets it finalized through discussion with the head of auditee departments and the summarized report is placed to the BAC on a bi-monthly basis. The team also conducts investigation as required by the management, holds meetings with the respective person/department and sends the finalized copy to MD with a copy CC to the concerned department. The SME auditors facilitate the SME Banking Division & Credit Risk Management by conducting pre-approval visits outside Dhaka & Chittagong and extend their assistance to the Loan Origination wing by operating land surveys for mortgage loans of BDT 10 to 20 lac.

This department of the Bank is being authorized to enforce preventive and corrective measures as advised by the Senior Management, Board Audit Committee and Board of Directors.

## CHALLENGES AHEAD

- Level (3)/ stage 3 process/ audit implementation through proactive audit.
- Indexing of Enterprise wide risk with uniform divisional performance assessment.
- Controlling risks to reduce the level within the risk appetite.
- Implementation of process management and minimization of process related.
- Formation of a separate "Revenue Assurance and Fraud Management Cell".
- Establishing zero tolerance compliance culture by identifying gaps to enhance more service quality and customer comfort.
- ZM, TM, BDM awareness program.
- Proactive fraud detection and thus minimizing operational loss.
- Benchmarking Internal Score Card and implementing the same.

The Regulatory & Internal Control department facilitated the business to meet their target in full compliance with Bangladesh Bank, other regulatory requirements and internal policy and guidelines, maintained different types of risk within tolerable limits and committed to continue in the same vein in the year 2011.

## OPERATIONAL RISK MANAGEMENT



Md. Asifur Rahman has worked in the Risk Reporting and Forecasting wing of the Operational Risk Management (ORM) department of BRAC Bank since May 2008. He lends support to monitor operational risks of the Bank, assesses issues from different audit comments, periodically reviews financial limits and recommends necessary changes. Asif is an active member in the development of key risk indicators of the bank. In addition to providing the necessary support for preparing risk reports and presentations for the Enterprise Risk Management Committee meetings. Asif joined ORM from a nonbanking industry, expecting to learn on the job and serve society as well. Three years later, he is proficient in multi-tasking and delivers on different tasks in a timely manner, whilst maintaining the highest quality standards.

He has received in-house and departmental training on a range of issues that helped him to enrich his understanding level as well as his banking maturity. Asif scored the highest grade in his BIBM (Bangladesh Institute of Bank Management) Banking Foundation Course and BRAC University Elpro assessment test. He considers himself lucky to be an integral cog in this BRAC Bank wheel.

### Introducing the Department

Nothing is permanent but change. Being the custodian of people's money, BRAC Bank established ORM in 2009 in order to efficiently address all probable threats and risks in this dynamic environment. It is our responsibility to make good on the unshakeable faith placed in us by our customers, who trust us with their savings. Risk may be defined as the adverse impact on business from various sources of uncertainty. In short, it is anything that could hinder BRAC Bank from achieving its goals and objectives. But the first step to the risk management process is the acknowledgement of the reality of risk. In this regard ORM, previously known as Enterprise Risk Management (ERM), exclusively focuses on management of operational risks and processes, and implementation of Basel-II for capital adequacy as per the Bangladesh Bank road map, and thereby comply with industry's best practices in risk mitigation. At present, a dynamic team of about 20 people, with further plans of expansion, works closely with key personnel of all the concerned



departments of the Bank to combat and mitigate risk at its root.

The main objectives of ORM are to oversee the operational risk across all departments in BRAC Bank including the risk of loss resulting from inadequate or failed internal processes and systems, human factors, or from external events - to safeguard the Bank's assets (people, property, reputation and financials) and ensure that Bank management can appropriately maximize its opportunities and minimize its threats. We raise awareness on various types of risks across the Bank, maintain Bank's capital adequacy and enhance management of significant risk exposures by escalating all risk issues timely and concisely to the management committee. We do so by collating information from key stakeholders of processes across all functions of the Bank to identify gaps, risks, breaches and control failures to ensure reporting of significant risks and corporate governance issues. Such maintenance of a bank-wide risk management framework enables every department to independently identify, assess and respond to changes in the operating environment.

There are three wings in ORM, viz., Risk Reporting and Forecasting, Basel II Implementation and Process Control.

### Risk Reporting and Forecasting

At Risk Reporting and Forecasting, we perform a number of critical tasks to concretely address risks across the Bank. At the heart of our activities is the facilitation of an Enterprise Risk Management Committee (ERMC) meeting, which is in place to ensure the Bank's risk governance and compliance with Bangladesh Bank directives on forming a separate risk management cell to minimize the Bank's enterprise level risk issues. ERMC is a process supported by the Board of Directors of BRAC Bank Limited and Management Committee members, applied in strategy setting across the enterprise. The ERMC is designed to



identify potential events that may affect the organization and to provide reasonable assurance regarding the achievement of the Bank's strategic objectives. We collate information from Incident Reports, Potential Loss Reports, Risk Reports, Internal Audit Reports, External Audit Reports and various other sources and analyze risk factors and subsequently cascade them to the top management. We maintain a Key Risk Indicator register for all departments of the Bank whereby we assess high and medium risk areas identified from the business or supporting functions. Key Risk Indicators are reviewed monthly and observable unfavorable trends are acted on.

2010 was a productive year for us as we proactively raised more than 150 issues related to credit, market, operational, information technology, reputational, service quality and regulatory to the ERMC. It is said that even a correct decision is incorrect when it is taken too late, so proper and timely escalation of risk means half the battle is already won. Another major achievement for us was the development of Key Risk Indicators for the Operations department, which is the heartbeat of the Bank consisting of five divisions and 30 sub-divisions that support all the products offered to our clients. It is said that it is better to find risk first before risk finds us, so this important tool will enable us to proactively assess and identify risk areas way before they turn severe.

We also successfully managed a risk archive for the Bank and periodically circulated the risk portfolio information to the risk owners. We developed Enterprise Business Continuity Policy for the Bank to safeguard the interests of its customers, employees and stakeholders in the event of a disaster or significant disruption that may affect its operations and premises. The team is focused on successfully establishing a risk awareness culture through risk reporting initiatives, covering key business and operations areas.

### Basel II Implementation

In 2010, we have strengthened the Basel II Implementation team that oversees the activities in accordance with the Basel II accord. Basel II is

the second of the Basel Accords, which are recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision. The purpose of it is to create an international standard that banking regulators can use when creating regulations about how much capital banks need to put aside to guard against the types of financial and operational risks they face. Basel II experts believe that such an international standard can help protect the international financial system from the types of problems that might arise should a major bank or a series of banks collapse. In practice, we attempt to accomplish this by setting up rigorous risk and capital management requirements designed to ensure that the Bank holds capital reserves appropriate to the risk to which it exposes itself through its lending and investment practices.



Generally speaking, these rules mean that the greater risk to which the bank is exposed, the greater the amount of capital the Bank needs to hold to safeguard its solvency and overall economic stability.

Our primary objective is to build capacity for adopting advanced approaches of the Basel II accord, which will result in a strong portfolio that our customers can always rely on. Specifically, we work closely with the Finance, Credit and Asset-Liability teams to validate the calculation of the Minimum Capital Requirements (MCR) under Pillar 1, establish the legal and regulatory framework in order to adequately and effectively assess the Pillar 2 risks, and assist in the reporting to Bangladesh Bank. We have also formed a Basel II Steering Committee, comprised of various senior management staff members who are key stakeholders of the process.

### Process Control

The Process Control unit of ORM has been instrumental in optimizing risks by developing user friendly Operational Manual for all BRAC Bank end-users. Each Operational Manual contains the seven objectives, viz., End-to-End Work Flow, Control Points, Accounting Entries, MIS, Required Documentation, Exceptional Transaction Handling (Exceptions, Deviation and Deferral) and Bangladesh Bank circulars and Internal Guidelines to be met. This is a critical

initiative for the Bank because having a mapped out process enables users to operate more efficiently, enhances knowledge amongst staff and fills in the holes in operations. Our primary focus is on developing and reviewing all PPG, policies and processes (Business, Operations, & Support) to mitigate the risks and evaluate existing process gaps, and preparing and updating all relevant process manuals to serve as standard guidelines and a user-friendly guidebook for all. We also ensure all the policies and PPGs define clear responsibilities and accountabilities of the cross functional departments and process bottlenecks are addressed to increase efficiency. Furthermore, we plan for process automation where possible to ensure a risk-free process, save time and costs, promote best practices in order to establish a high compliance culture throughout the organization, execute risk/gap analysis and ensure periodic review of departmental operational manual, minimize Turn Around Time (TAT) through compliance of process manuals, cascade business & operational process gaps to ERMC, improve service quality by clearly outlining the responsibility of each department/business wing in the process manuals and raise employees' risk awareness.

In 2010, we developed 214 processes related to branch operations, alternate banking, quality security and IT system, corporate affairs, service quality and project management. Additionally, we reviewed 347 processes for Retail Banking, Wholesale Banking, SME Banking, Probashi Banking and Treasury.

As we forge full steam ahead to achieve our 2011 goals, we should bear in mind that there is no



room for compromise when it comes to risk. The year 2011 has not only ushered in a period of hope and exciting business prospects for us, but it has also left us on the precipice of financial vulnerability. The sudden crash of the stock market, the overall decrease in capital adequacy of banks and other financial turmoil should be considered. The 2011 ORM plan primarily addresses these issues as we strive for service excellence and place the needs of our valued customers over and above all other concerns. This is our pledge.

## TREASURY & FINANCIAL INSTITUTIONS DIVISION



Fouzia Rahman joined BRAC Bank Ltd. on Sep 16, 2008 as a Management Trainee officer. She proved herself in training programs and through a rigorous selection process. Her posting in Treasury & Financial Institutions proved to be a new and exciting world of challenges which she tackled with confidence. At the moment, she works in the Treasury Dealing Room as an Associate Manager, Money Market. Her primary duties involve maintaining regulatory requirements, managing day to day liquidity position of the Bank, fulfilling all external and internal commitments of the Bank, along with managing fixed income investments.

During her normal working day, she handles Interbank money market transactions, which arise from overnight/term borrowing or lending to manage liquidity, trading of Government securities for both arbitrage and statutory requirements and investments. She also assists in Foreign Exchange and Capital Market desk in their day to day activities. It is also worth mentioning here that in addition to her assigned job, she earned some good amount of money through proprietary trading. Fouzia is also a member of the Bank's BASEL-II Implementation team. Her dynamic performance was recognized when she was awarded the Departmental Commitment Award in 2010.

She has been able to achieve that rare work-life balance here at BRAC Bank. She got married and is now expecting her first child. Aside from her daily duties, she now enjoys being fussed over by her colleagues!

Fouzia Rahman has received extensive training during her brief period at the Treasury & Financial Institution. Prior to starting work here, she successfully completed a yearlong training period as Management Trainee Officer. She received her foundation training on Bank Management at Bangladesh Institute of Bank Management and also attended the 'Basic Treasury Management' program at the National Institute of Bank Management, Pune, India. She has also

taken part in various training programs on Asset Liability Management and BASEL-II from Simarch Asia and has attended numerous in-house workshops and seminars.

## 2010 Highlights

- (a) Dealing Room has executed more than 5,000 interbank transactions in both local currency and foreign currency
- (b) Provided liquidity support of BDT 59,000.00 million to all business units of the banks
- (c) Executed foreign currency transaction of USD 2 billion for day to day, speculative and SWAP transactions
- (d) Introduced Capital Market Desk and booked sizable profit
- (e) Corporate Sales Desk has registered remarkable growth in terms of volume and profitability
- (f) Funded OffShore Banking Unit Transactions for USD 23 million for the first time
- (g) Arranged confirmation & discounting facility for more than USD 250 million

## How We Work

In this modern era, banks are highly complex organizations offering multiple services. Different interests are to be met to cover internal and external needs. In a well managed bank, all these decisions must be coordinated across the whole to ensure that they are in complete harmony. Treasury is the place where management gets the completely integrated view of their asset and liabilities. Today, bankers have learned to look at their asset and liability portfolios as an integrated whole, taking into consideration how the Bank's total portfolio contributes to its broad goals of

adequate profitability and acceptable risk. This type of coordinated and integrated bank decision making is a part of liquidity management and Asset-Liability Management. In this regard, through ALM or funds management strategy, Bank decides to manage two main risks - Liquidity Risk and Interest Rate Risk.

There are several functional areas of Treasury & Financial Institutions, which are as follows:

Treasury has to maintain strict regulatory and compliance framework - both internally and externally - to support the complex banking requirements. The diagram shows the functional framework for Treasury & Financial Institutions.

## Dealing Room

BRAC Bank's Dealing Room is equipped with state-of-the-art treasury software and modern telecommunication infrastructure facilities, which include: SWIFT, Reuters, Bloomberg, online trading platform etc., to provide the best prices and services to its customers. It is worth mentioning here that BRAC Bank Limited is the first private bank to have an automated treasury system in place. The Dealing room also enjoys online connectivity with all its branches and offices to ensure fast and efficient services.

## Money & Fx. Market

BRAC Bank is a very active player in inter-bank Money and Fx. market. It is one of the main suppliers of foreign currency in the inter-bank Fx. market. Money market maintains the portfolio of call & term positions, investment, Repo & Reverse Repo, T-Bill/T-Bond buying/selling on Bank's account and customers' accounts. Fx. dealers are well equipped to provide the best cross currency, forward, SWAP rates and other derivative products to its customers.

BRAC Bank Limited has a robust foreign exchange risk management policy approved by its Board of Directors and in compliance with the guidelines of Bangladesh Bank. Each deal in foreign currency is done within counterparty, dealer and deal size limit. BRAC Bank also strictly maintains foreign currency open position limit and currency-wise foreign currency limit.

## Corporate Fx. Sales

BRAC Bank has separate set-ups to offer and manage valued corporate customers with very



competitive Fx. rate for trade, remittances. This has enabled corporate houses to save their cost and manage Fx. in a very efficient manner.

## Front Office, Mid Office & Back Office

BRAC Bank Ltd. has clearly demarcated front office, mid office and back office, each with separate reporting lines. The front office is involved only in dealing activities, mid office monitors limits, valuation and compliance, while the back office is responsible for all related settlement & support functions.

## Asset Liability Management

BRAC Bank Ltd. has an approved Asset Liability Management (ALM) Policy, key responsibility of which lies in the hands of the Asset Liability Management Committee (ALCO). ALCO scrutinizes the overall balance sheet position; monitors liquidity and interest rate risk and makes recommendations for necessary action/change in composition of assets, liabilities and pricing of assets and liabilities. BRAC Bank is the first private bank in the country to adopt robust and international ALM software for measuring and monitoring liquidity and interest rate risk, the two most risky areas for any bank.

## Financial Institutions

BRAC Bank Limited continued its effort to reach every corner of the world through its correspondent's network. It has successfully established correspondent relationship with the world's leading banks to provide the best of services to its clients. BRAC Bank is one of the leading issuing banks in Bangladesh under IFC's GTFP facility.

BRAC Bank Ltd. also maintains about 590 accounts with different local banks to support its Small & Medium Enterprise (SME), Cash Management and Remittance businesses throughout the country.

## Capital Market

BRAC Bank started investing in the capital market through establishing the capital market desk under Treasury & Financial Institutions. The activities are governed by Board approved policies and are guided by the Capital Market Investment Committee. It subscribes market intelligence

report from BRAC EPL Investments Limited in addition to its own team.

## Challenges Ahead

For 2011, major objectives/challenges for Treasury & FI are:

- Ensure liquidity support to the Bank.
- Introduction of new Fx. derivative products for guests.
- Create intelligent arbitrage scope in Money Market and Fx.
- Manage Liquidity Risk and Interest Rate Risk using modern advanced Asset-Liability Management techniques.
- Forecast monetary policy and interest rate behavior of the market.
- Support trade guests with the best facility and attractive pricing.
- Make Treasury & FI a 100% audit compliant area.

## INFORMATION TECHNOLOGY DIVISION



Sabbir has been working at the User Access Management wing of Information Security Department under the Technology Division for more than a year. Prior to his move to the banking industry, he worked for a multinational company for two years. Since January 2009, Sabbir has been contributing to IT Infrastructure at BRAC Bank as an Analyst, Information Security. His best efforts were in daily operational activities, which relate to system access controls, Finacle system menu and user privilege modifications, etc. He has extensive knowledge and working experience in the areas of User ID Management/Access Management, end point security in terms of Finacle, ERP, BACH, Active Directory, Card pro, Card Cheque MTX-Moblie union etc. He has also done some good work in antivirus management.

Sabbir's daily efforts have been praised as he attends to support requests from head office, branches, SMEs, totalling almost hundreds of users a day. His friendly demeanour has always inspired confidence and barring occasional work pressures, he has never turned away anyone who has asked him for help. Being a security specialist, he has worked on some projects related to vulnerability and risk assessment; he has also made valuable contributions to incident reporting based on system malfunctioning.

Sabbir attended many in-house training sessions and also did a BIBM course on IT Security & Fraud Prevention in the Banking Industry.

Sabbir was recently blessed with a daughter, named Subalta. He is grateful to BRAC Bank for the Insurance facility, which expedited the reimbursement on the medical expenses. He hopes to continue with BRAC Bank and witness the Institution's growth and prosperity first-hand.

## Quality & Security, IT Systems Department

Quality & Security, IT Systems is a new department formed in the year 2009 with a vision of maintaining a high level of risk management in terms of technology and its related areas, such as software and application development, infrastructure, project management etc.

The mission of this department is to provide proactive security analysis, develop robust security architecture, ingrain security awareness into the Bank's environment and to work in partnership with various Information Resources Departments, Internal Audit, Compliance and Information Technology Departments and with Bangladesh Bank to support Bank's goals.

Its main function is to ensure overall security, maintain quality of the IT infrastructure and software applications, to observe and implement the industry standard software development & implementation procedures and post live activities. Besides these, the department also ensures that all ICT related risks are assessed and addressed.

### Q&S, IT is comprised of the following three wings:

1. IT Security & Risks, whose main responsibility is to ensure that all kinds of threats and vulnerabilities are addressed and control systems are placed within the network, infrastructure and user access control. Also, one of the initiatives of the unit is to establish state of the art security architecture for the Bank in the coming years.
2. Software Security & Risks, whose main responsibility is to remain vigilant at all times to ensure that all kinds of threats and vulnerabilities are addressed and controlled within software, applications and its operations. Also important is to ensure all software and project related risk issues are managed with the right controls. One of the key initiatives of this unit is to bring secured coding as a default practice.
3. Software Quality Assurance, which is responsible for the quality issue of the software. This involves review of Software Development Practices, Software Change

Management, Software Test Management, assessment of software and documentation before live etc. and to ensure that project management and development standards are implemented and followed, such as CMMI, ITIL, AGILE etc.

### With the combined effort this department works

- To ensure that information security related goals, policies and procedures are developed and are in place;
- To ensure information security policies and processes are consistent with business objectives and meets organization's business requirements;
- To set up security architecture and framework for the overall Bank;
- To ensure IT security standards are implemented and followed;
- To ensure proper user access control;
- To ensure that Business Continuity and Disaster Recovery Plans are in place;
- To make sure that information security policy provides clear direction at the organization;
- To account, control and protect Informational Assets;
- To ensure technology Risk Management;
- To implement information Security Awareness;
- To set up IT project risk management;
- To ensure compliance is in line with Bangladesh Bank ICT Policies;
- To ensure overall security awareness throughout the organization.

The department has the goal to implement technology related standards and certifications, such as CMMI, ITIL, ISO 27001, COBIT etc. from the year 2011.

## PROGRAM MANAGEMENT DIVISION



Faisal Waheed, a young graduate from BRAC University, came on board BRAC Bank Ltd. on January 18, 2009 as a Technical Analyst in the Project Management Department. His work requires him to contribute to the coordination of the project deliverables, that include both Information Technology (IT) and Infrastructure Development (ID) Projects. But as these two types of projects were managed separately from two different departments, this posed a huge challenge.

The Bank Management also identified this as loss in efficiency. With a view to achieving functional synergy and standardizing the project management activities across the Bank into a cohesive platform, the Program Management Division was established on October 3, 2010, combining all IT and ID projects.

Program Management has completed and delivered the following projects in 2010:

INFORMATION TECHNOLOGY (IT) PROJECTS	INFRASTRUCTURE DEVELOPMENT (ID) PROJECTS
<p>Enterprise Resource Planning (ERP)</p> <p>Collection and Recovery Management Application (CARMA)</p> <p>Bangladesh Automated Clearing House (BACH)</p> <p>MasterCard</p> <p>e-Commerce Payment Gateway</p> <p>Internet Banking (In Soft Launch)</p> <p>New Call Center</p> <p>Merchant Banking Application (mBank)</p> <p>Broker House Back Office Application (BlueChip)</p> <p>BRAC Bank Limited Corporate Website</p> <p>Card Management System (CardPro) Enhancement</p>	<p>New Head Office Project - 1 (Anik Tower)</p> <p>Head Office Renovation Projects - 8</p> <p>New Data Center</p> <p>Branches - 16</p> <p>ATM Booths - 50</p> <p>Sales Center - 7</p> <p>CRM Center - 3</p> <p>ROC &amp; CRM Center - 5</p> <p>DPDC Collection Booth - 1</p> <p>BRTA Collection Booth - 2</p> <p>Branch Relocation - 3</p>

## **SETTING TREND IN SERVICE EXCELLENCE**

We are facing a dilemma today at the core of the banking business. Though banks are increasingly dependent on services, their innovation processes remain oriented toward products. However, banks are operating in a competitive environment where products offered to the customer are more homogenous; hence the only differentiating factor is SERVICE.

The traditional ways banks deploy to look for breakthroughs in service development may produce occasional successes, but there are doubts about being able to strengthen the consistency and productivity of service development and innovation in general over time.

Being one of the fastest growing banks in the country, BRAC Bank always aims at giving our clientele the BEST guest experience. On this note, since 2005, we are conducting Bank-wide Mystery Shopping to measure the Service Quality of the Bank.

Taking into consideration economic development, change in demographic, lifestyle, growing competition among the peers and finally the Bank's continuous endeavor to be the Best Banking Service Provider, Research & Development (R&D) has conducted an extensive survey to learn about "Guest Service Experience and Their Aspiration about Service Delivery".

This all-out initiative realigned the existing Service Quality (SQ) Model by shaping it to be more role-specific in accordance with the guest's aspirations as revealed through research. We are optimistic that this whole new approach will bring dynamism in our service delivery in the near future; the trendsetter will yet set another industry benchmark in service.

## **WHY R&D?**

With the increasing degree of competition among different financial institutes, constant innovation and re-engineering in products and services is a key differentiating factor for a bank to achieve and sustain the leading market position in the industry. Taking the right business decision at the right time in the right way may result in a better competitive edge over its competitors. Thus research findings will help Management to pin point the fact and figures that will ensure the highest Degree of Correctness of the decision in the shortest possible time. R&D is considered to be an investment for the Bank, as opposed to an expense.

## A JOURNEY JUST BEGUN

Having realized the importance of R&D, the Bank has decided to launch internal R&D activities in a harmonized way, consistent with overall operations of the Bank. In this regard, a small team of research professionals has been recruited this year to initiate R&D activities in the Bank for creating a new dimension in all aspects of banking research. This move will ease the dependency on the external research agencies; which will not only reduce costs, but will also ensure quality while securing confidentiality.

## FUNCTIONAL AREAS

According to the proposed organogram, six functional wings will blend the research activities of the Bank in a seamless way in order to consolidate and create an upswing in its growth cycle.



## STRATEGIC SOLUTIONS IN 2010

Though the activities of this division only kicked off during the last quarter of 2010, the division has already undertaken some initiatives, which have assisted the Management in the decision making process. Some of the key initiatives of the Division in 2010 are as follows:



## CHALLENGES AHEAD

R&D Division is likely to face the following challenges in the approaching year 2011:

- Devise well judged strategy in order to shelter the Bank from local and global economic fluctuation;
- Design and develop different products for different customer segments, bypassing the traditional "One Product Fits All" concept;
- Identify customer dissatisfaction regarding products or services and suggest appropriate remedies to the Management. Maintain the SQ standard throughout the cycle with appropriate training to the front line officers;
- Identify newer arenas of business before our competitors. Evaluate the performance of the sectors already financed by the Bank and caution on impending difficulties. Restructure the existing business model for optimum value creation of the Bank;
- Access the Core Banking Database as and when required. Develop the ability to generate MIS as per research demand;
- Get the right skilled resources with the right attitude at the right time within the available budget;
- Build awareness on the essence of research, firstly within the Bank itself and cascade to the customers.

We are a work in progress. We are confident in our ability to deploy the right strategies to contribute to the growth of the Bank in 2011 and the years to come.

Service Quality Department (SQ) has established itself as a leader in the banking industry. It carries out many innovative efforts to elevate the service quality of BRAC Bank Ltd. (BBL) to new heights. It has a track record of implementing first-in-class initiatives throughout its history. 2010 was no exception to this trend. Some of the highlights of 2010 were:

"Winning in turns" is a winning idea: SQ's much appreciated initiative to name and highlight the best service providers across channels and functions of BRAC Bank Limited not only enhances employee morale but also increases the significance of ideal service delivery across the Bank. The highlight of this initiative is the essence of good service, which is not only customer-focused but also encompasses inter-department activities. Preserving the integrity of interdepartmental ties is as crucial and challenging as customer relationships.

Revised returned mail delivery system is in place: SQ took on the initiative to revamp the returned mail delivery process of BRAC Bank Limited. The Bank expects to drastically reduce the number of undelivered mails with this new process.

E-statement is now available: BRAC Bank Limited tries to give customers more options and more convenience. In that vein, SQ has initiated the development of e-statements for account holders of all account types.

SQ Looks at Service Delivery, firsthand: SQ has been mobile and visible all through the year. It made a large number of branch and SMESC visits in 2010. The objectives of these visits were to check that branch and SMESCs were maintaining the SQ standards, to interact with frontline service providers and to exchange views and suggestions with them. SQ also took this opportunity to converse with customers and to personally deal with issues of concern. These visits gave valuable insight for future action plans.

Mystery Shopping Survey makes the quantum leap: This is an innovative way to judge service quality of the Bank, conducted in the largest number of branches in the history of the nation's banking industry. This effort continued during the greater part of 2010 which helped the management to constantly monitor the service quality standard of the branches and take corrective actions.

Focus Group Discussion reveals customers' views: SQ takes a holistic approach to view service quality. This year, SQ employed a renowned market research firm to conduct a qualitative survey on BRAC Bank Limited service. The results proved to be very insightful to the management, and projects and initiatives are currently underway as a direct reflection of this research. Customers will start to reap the benefits in 2011.

First ever SME Customer Satisfaction Survey in Banking Industry: SME is the pillar of BRAC Bank Limited's success. In 2010, SQ conducted a ground-breaking survey of the Bank's SME customers. The survey provided key insights into the SME segment, their aspirations for the future and the inner workings of different SME businesses. By personally visiting their places of work, important information was obtained on SME clients' experiences and grievances and a platform was created to address these issues. The result was truly an eye-opener for the Bank.

Referral Survey gauges BRAC Bank Limited closeness to its customers: The ultimate seal of approval is when your customer refers you to his friends and family. SQ conducted a referral survey in 2010 to gauge exactly how close BRAC Bank is to its customers.

24/7 Facebook Connect: In the pursuit of service excellence, SQ has always listened, understood and provided feedback to our valued customers. This year SQ launched yet another avenue of feedback - Facebook. SQ currently has 1,900 members and the number is always increasing. On an average, SQ receives around five to seven wall posts daily, to which SQ responds immediately.

SQ Campaigns: Other campaign initiatives that were launched, included SMS Short Code, Customer Retention program, Customer Bill of Rights. Formal kick-off of the Customer Bill of Rights is expected to take place shortly.

Constant Input: Phone calls, e-mails and letters from branches/departments always keep us updated about the service quality of our Bank. Our dynamic front-line associates received several letters of appreciation throughout 2010 and SQ hopes this trend will continue. Grievances were sorted out immediately.

## CORPORATE AFFAIRS

This is the most happening place of the Bank. All kinds of brand and media related acts and events are taken care by this department. It also looks after the CSR activity of the Bank. The department works with two wings: one is Brand and the other is External Affairs. And to run the CSR acts in a concentrated manner, Bank also introduced a dedicated CSR Desk aligned with the External Affairs wing.

**Brand:** The brand team is looking after the brand-related activities and events to make it the most preferred financial brand in the industry. Round the year the Brand wing has worked with many initiatives. However, the most significant one was the Corporate Campaign entitled: "Amar Bank Amar Astha". The team is continuously working to get the high brand recall among the people. In the year of 2010 the team introduced most awaited corporate campaign in the industry with the true story of customers from different stratum. The campaign helps to establish our main strength in the industry and that is "AASTHA".

**External Affairs:** This wing consists of two side wings, viz., the media wing and the other is CSR and sponsorship. Media wing is dedicated to all kinds of media related activities like press advertisements, press releases, television commercials, radio commercials, and various sponsored initiatives with the print and electronic medias. The media wing is the gateway between the Bank and the media to publish news of its various activities.

The other wing is CSR & Sponsorship. BRAC Bank Limited follows the 3Ps philosophy in its activities. The Bank carries a strong emphasis on Corporate Social Responsibility - initiatives that support the People, protect the Planet while ensuring Profitability.

This year, the Bank has already created a CSR Desk to have focused, transparent CSR Activity Management. Currently, BRAC Bank focuses on the following CSR areas:

- Environment
- Education
- Health
- Young Leadership
- Culture and Heritage of Bangladesh, and
- Community Development

BRAC Bank has supported a wide range of social activities to support the nation in the year of 2010, ranging from contributing educational materials to underprivileged children to supporting the Amor Ekushay Gronthomela to Solar-powered Landscaping in Mirpur and many more.

## PRODUCTS & SERVICES

SME	
Deposit	Loan
Prapti Current Account	Anonno Rin
	Apurbo Rin
	Aroggo Rin
	Digoon Rin
	Prothoma Rin
	Durjoy
	Trade Plus
	Business Equity Loan
	Proshar Rin
	Bizness Loan
	Suppliers Finance

Retail		
Deposit		
Savings	Current	Term
Triple Benefit Savings Account	Current Classic Account	DPS
Savings Classic Account	Current Plus	Fixed Deposit General
Aporajita Account	EZee Account	Flexi DPS
Future Star Account	Salary Account	InterestFirst Fixed Deposit
	Campus Account	Freedom Fixed Deposit (FFD)
		Abiram Fixed Deposit
Loan	Cards	
	Debit Card	Credit Card
Salary Loan	VISA Planet Card	VISA Classic
Quick Loan	Hajj Card	VISA Gold
Auto Loan	Travel Card	Universal Card
Home Loan		
Secured Loan/Overdraft		

Wholesale			
Corporate Banking		Cash Management	Custodial
Loan	Trade Finance		
Overdraft	Letter of Credit	Liability Products	Probashi Biniyog
Short Term Loan	Letter of Guarantee	Securities Services	
Lease Finance			
Loan against Trust Receipt			
Work Order Finance			
Emerging Business			
Syndication			
Term Loan			
Project Finance			

Probashi	
Deposit	Investments
Probashi Current Account	Probashi Wage Earners' Bond
Probashi Savings Account	US Dollar Premium & Investment Bond
Probashi Fixed Deposit	Probashi Biniyog
Probashi Abiram	
Probashi DPS	



**The plant bears fruits with new seeds which will grow into more trees. At BRAC Bank, our financial achievements inspire us to grow more.**



## BOARD AUDIT COMMITTEE

### BOARD AUDIT COMMITTEE

The Board of Directors of BRAC Bank Limited has formulated an Audit Committee in compliance with BRPD Circular of Bangladesh Bank and the notification of Securities and Exchange Commission with a view to have assistance in systematically reviewing, monitoring and assessing performance of the organization against regulatory requirements, established policies/processes/procedures, management of risk and compliance with laws.

### PURPOSE OF AUDIT COMMITTEE

Board Audit Committee is a subcommittee of the Board and is operated by a charter. Main purpose of the Board Audit committee is to assist the Board in its oversight of:

- a) The integrity of the financial statements of the Company;
- b) The qualifications, independence and performance of the Company's independent auditor;
- c) The performance of the Company's internal audit function; and
- d) Compliance by the Company with legal and regulatory requirements;

### COMPOSITION OF AUDIT COMMITTEE

The Board Audit Committee of BRAC Bank Limited is comprised of three Members of the Board of Directors including one independent director. The composition of the present Board Audit Committee is as follows:

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

All three of the members are non-executive directors and Ms. Nihad Kabir is the independent director. The Chairman of the committee, Mr. Shib Narayun Kairy and Member, Mr. Muhammad A. (Rume) Ali have expert knowledge of Finance and Accounting, with more than 25 years of working experience in ensuring effective financial control, transparency and accuracy of financial data and financial reporting. On the other hand, the independent member, Ms. Nihad Kabir is an advocate of the Supreme Court of Bangladesh. 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.

### PARTICIPATION OF NON-MEMBERS

A representative of Internal Control & Audit attends and participates in meetings of the Committee. The Managing Director also attends meetings of the Committee, together with pertinent other members of Management as the Committee determines.

### ACCESS TO THE COMMITTEE

On any matter within the committee's charter, the Head of Legal, Regulatory & Internal Control has direct access to the Audit Committee.

## **ROLES & RESPONSIBILITIES OF AUDIT COMMITTEE**

In addition to any other responsibility which may be assigned from time to time by the Board, the Audit Committee is responsible for the following matters

### **A) INTERNAL CONTROL AND COMPLIANCE ACTIVITIES:**

- To evaluate whether management has communicated the importance of internal control, risk management to ensure that all employees understand their roles and responsibilities;
- To review whether internal control strategies, processes recommended by internal and external auditors have been implemented by the management;
- To review the existing risk management procedures in order to ensure an effective internal check and control system;
- To review the corrective measures taken by the management with regard to reports relating to fraud-forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and inform the board on a regular basis;
- To appraise, improve and reinforce the Bank's system risk analysis and to ensure that they work in a cost effective manner;
- To guide implementation of Corporate Governance and e-Governance in the organization;
- To recommend to the Board the appointment and removal of the Head of Regulatory & Internal Control.

### **COMPLIANCE ACTIVITIES:**

- To establish a compliance culture across the organization through effective control system;
- To establish regulatory guidelines and instructions within the organization;
- To ensure adherence to legal and regulatory requirements;
- To establish, guide and review internal process control systems & documentation;
- To establish Regulatory and External Auditors' recommendation(s) in the organization;
- To monitor effectiveness of compliance system of the organization and to guide for improvement(s).

### **MONITORING ACTIVITIES:**

- To monitor effectiveness of internal control system(s) on an ongoing basis;

- To review Quarterly Operations Report and Exception Report;
- To review credit documentation discrepancy report;
- To guide monitoring team on surprise inspection(s);
- To guide management for improvement of monitoring procedure and activity.

### **INTERNAL AUDIT & INSPECTION ACTIVITIES:**

- To review and approve "Internal Audit Charter";
- To guide and approve "Internal Audit Plan";
- To guide and review "Internal Audit process and procedure";
- To guide Bank Management body for ensuring compliance on audit recommendation(s) and scope of development;
- To review compliance status of audit recommendation;
- To review annual assessment of the performance of audit and inspection activity;
- To recommend audit findings to be placed to the Board of Directors.

### **B) EXTERNAL AUDIT**

- To review external auditors' management report and financial audit report;
- To guide Bank's management for ensuring compliance with audit recommendation;
- Assist the Board regarding the appointment of the external auditors.

### **C) FINANCIAL REPORTING**

- To review the annual financial statements and determine whether those are complete and consistent with the accounting standards set by the regulatory authority;
- To meet with management and the external auditors to review the financial statements before submission;
- To improve the financial reporting quality by ensuring significant adjustments resulting from audit and compliance with accounting standards and that the expenses are not hidden and the off-balance sheet activities do not have any material effect on the situation;
- To discuss earnings, press releases, as well as financial information provided to analysts and rating agencies;
- To discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;
- To oversee compliance with the statutory financial reporting obligations of the Bank and pertinent processes and policies;
- To assist in financial planning and budgeting as per financial audit;

- To guide Bank's management in view of optimum usage and allocation of financial resources.

#### D) Fraud and Forgery:

- To review Fraud and Forgery Report and advice Management on corrective and preventive action as applicable;
- To advise management on potential threats of fraud and forgery activity.

#### E) OTHERS

- To review the adequacy of the Company's insurance coverage;
- To monitor the systems that management has established to implement the Company's information security and business continuity programs (BCP).

#### AUDIT COMMITTEE MEETING

In general, the Board Audit Committee of the Bank sits once every two months, but an emergency Board Audit Committee meeting may be called if required. A total of 06 (six) Audit Committee meetings were held during the year 2010. In addition to regular concerns such as reviewing the existing risks & mitigation techniques, compliance culture of management, monitoring internal audit function & financial statements, on time return, findings and recommendations of external & Bangladesh Bank auditors, portfolio of top 50 clients, customer complaints report etc., the following issues were given special focus:

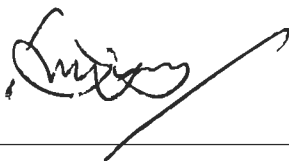
Meeting Date	Attendance	Focused Points
08-02-2010	Mr. Shib Narayan Kairy Muhammad A. (Rumee) Ali Ms. Nihad Kabir	a) Reconciliation and asset tagging project b) Identification of the personnel involved in compliance-breach and rectification of the issue raised c) Ensuring verification of at least one reference and taking clearance from previous employer
12-04-2010	Mr. Shib Narayan Kairy Muhammad A. (Rumee) Ali Ms. Nihad Kabir	a) Lodging cases against purported personnel b) Preparation "Branch Risk Review Report" including zero tolerance items c) Virtual Private Network Audit
17-06-2010	Mr. Shib Narayan Kairy Muhammad A. (Rumee) Ali Ms. Nihad Kabir	a) Enforcement/adaptation of e-learning at SME Unit Office, e-based account opening training b) Review of NOSTRO reconciliation c) Transformation plan to bring in proactive approach, towards fraud management and Internal Control
09-08-2010	Mr. Shib Narayan Kairy Muhammad A. (Rumee) Ali Ms. Nihad Kabir	a) View of fraud and forgery handling procedure b) To start SME-SMS (push-pull) Alert system service c) Transfer of Customer Relationship Officer every two years
11-10-2010	Mr. Shib Narayan Kairy Muhammad A. (Rumee) Ali Ms. Nihad Kabir	a) Development of a separate "Prevention of Fraud & Forgery" cell b) Review of Annual Health Report and Yearly Certification on Effectiveness of Control System C) Train guards on behavioral issues
13-12-2010	Mr. Shib Narayan Kairy Muhammad A. (Rumee) Ali Ms. Nihad Kabir	a) Development of road map in recovering misappropriated amount through filing cases b) Restriction implemented for Lotus Notes Server Administrator (e-mail system) c) Review of Key Performance Indicator or Service Standard d) Review of detailed security procedure

## REPORTING TO THE BOARD

The Audit committee reports to the Board following each meeting. In addition, the Committee also provides:

- Copies of its minutes to the Board
- A report annually to the Board/Shareholder
- Additional reporting as the Board may require.

In reviewing the Company's policies and practices with respect to assessment of the various Internal Audit reports, it is evident that BRAC Bank Limited has continued to be efficient in internal control over financial reporting for the year ended December 31, 2010. The annual and interim financial statements are disclosed in the Bank's official website. Since most of the computation is system based, the possibility of manipulation is almost non-existent. The committee has selected Bangladesh Standards of Auditing (BSB) and Bangladesh Financial Reporting Standards (BFRS) as the accounting standard and accordingly the financial statement clearly states the compliance of GAAP, SEC and Bangladesh Bank guideline. Therefore, Audit Committee acknowledges the splendid support of Members of the Board, Management, Finance and Internal & External Auditors from their respective work arena.



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Shib Narayan Kairy  
Chairman Board Audit Committee

## **1.0 TRANSLATING VISION, MISSION & STRATEGY INTO REALITY**

In line with its vision and from its 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. In the year 2010, special focus has been given on "People, Planet and Profit (PPP)" by generating direct and indirect employment, ensuring employee safety, stimulating green banking initiatives and escalating sustainable development.

Being the proud pioneer and the largest SME bank in Bangladesh, one of BRAC Bank's major objectives has been to build a profitable and socially responsible financial institution focused on market and business with a growth potential and to serve the highly motivated group of entrepreneurs called the "Missing Middle". Today, BRAC Bank has funded over 3,00,000 small entrepreneurs all over the country with loans averaging around BDT 480,000 per loan and over 90 percent of these loans are unsecured (collateral-free). Addition of more than 8,000 new customers every month has primed our customer base into more than one million and has helped to create more than 600,000 jobs so far. Moreover, it renders an additional service to educate the borrowing small and medium entrepreneurs about banking and to build relationships with these drivers of the economy by physically going to their doorsteps.

As part of its responsibility towards our planet, BRAC Bank has undertaken Green Banking initiatives and has restricted investments in environmentally sensitive industries as per its credit policy, thereby pursuing fulfilling our corporate mission. Right now, the Bank is in the process of diversifying its sustainable portfolio through investment in bio-fuels and renewable energy companies, facilitated by a MOU with Bangladesh Bank. In the process of amplifying the investment and profitability, the Bank has already acquired EPL, EPSL to cater to the needs of the fast growing capital market(s) and bKash (Mobile Banking) to maintain our product and technological supremacy. Introduction of "Apon Shomoy", "Future Star", "e-Commerce" have also stimulated the drive of the Bank's socialistic tech-savvy concepts. At present the management is committed to establish a compliance culture in the Bank to reach out to people below the poverty line through various schemes designed for agriculture & productive sectors. 38.71 % of the total profit goes to BRAC to finance them. All the strategies of PPP (People, Planet, and Profit) are accomplished by ensuring core risk

management through various centralized management functions and support, e.g. ALCO (Asset & Liability Committee), CRM (Credit Risk Management), ERM (Enterprise Risk Management Committee), ORM (Operational Risk Management) & through R&IC (Regulatory & Internal Control). Consequently, a global research conducted by the Council of Microfinance Equity Funds, USA, has rated BRAC Bank as one of the four most successful and sustainable SME banks in the world and most recently the Bank has been awarded the 2010 FT Sustainable Bank Award from Emerging Markets in Asia by Financial Times newspaper and IFC.

## 2.0 BOARD OF DIRECTORS

In appointing the Board of Directors, BRAC Bank strictly follows the guidelines set by the Central Bank, the provisions of the Companies' Act 1994 and the Securities & Exchange Commission. The Board has six members, which include one independent director and one depositor director. Independent directors are appointed by elected directors and the Bank has a separate chairman

and chief executive with clearly defined roles and responsibilities. Following the guidelines in the BRPD Circular No. 6 of Bangladesh Bank, the responsibilities of the Board members have been clearly presented to them. All the directors representing the Board are non-executive directors.

The Company Secretariat acts as adviser of the Board of Directors on the kind of practices to be adopted in corporate governance. The Secretariat is also engaged in helping the Board to implement corporate governance principles and practices to fit the Board's needs and expectations of investors. The Directors of the Bank issue a report every year with the best practices on Corporate Governance based on the guidelines set by Bangladesh Bank and their compliance within the Bank.

The Board conducts a minimum of one (01) Board Meeting every month. In 2010, The Board of Directors held a total of 14 meetings, with participation of the Board of Directors as follows:

Board of Directors	Designation	Attendance In No. of Meetings
Mr. Muhammad A. (Rume) Ali (nominated by BRAC)	Chairman	14
Mr. Quazi Md. Shariful Ala (nominated by BRAC)	Director	9
Ms. Nihad Kabir	Independent & Depositor Director	11
Ms. Tamara Hasan Abed	Director	10
Mr. Shib Narayan Kairy	Director	14
Dr. Hafiz G. A. Siddiqi	Depositor Director	13

The Directors' report comprehensively outlines the performance of the Bank to its shareholders. As a measure of his appraisal, the CEO receives feedback from the Board from time to time on his management of the Bank. In order to ensure effective financial control, transparency and accuracy of financial data & financial reporting, the Board consists of members having expertise in the field of financial reporting and accounting.

### 3.0 MANAGEMENT

The Bank has established Board and Management Committees to ensure the compliance of regulatory requirements. To implement directives of the Board, the Bank has six committees to bring operational efficiency & transparency. The division of responsibility between Board and these management committees is decided by the Board Charter. Committee title along with members in place and core responsibilities are stated as follows in brief:

TITLE	MEMBERS IN PLACE	ROLES & RESPONSIBILITIES
Board Audit Committee	<b>Chairman:</b> Mr. Shib Narayan Kairy  <b>Members:</b> 1. Muhammad A. (Rumeen) Ali, 2. Nihad Kabir  <b>Secretary:</b> Rais Uddin Ahmad	To ensure effective Internal Control mechanism & corporate governance through the review of: 1. Compliance Activity 2. Monitoring Activity 6. Internal Audit & Inspection Activity 4. External Audit 5. Financial Reporting 6. Fraud and Forgery Activity
Management Committee	<b>Chairman:</b> Syed Mahbubur Rahman  <b>Members:</b> 1. Mohammad Mamdudur Rashid 2. Rais Uddin Ahmad 3. Tahniyat Ahmed Karim 4. Syed Faridul Islam 5. Shah Alam Bhuiyan 6. Nabil Mustafizur Rahman 7. Firoz Ahmed Khan 8. Khwaja Shahriar 9. Md. Rahmat Pasha 10. M. Sarwar Ahmed 11. Mahmoodun Nabi Chowdhury 12. Nawed Iqbal 13. Zeeshan Kingshuk Huq	1. To be responsible for the overall management of the Bank 2. To put in place policies and procedures to identify, measure, monitor and control risks with governance & guidance from the Board of Directors and MANCOM 3. To put in place an internal control structure in the banking organization which will assign clear responsibility, authority and reporting relationship 4. To monitor the adequacy and effectiveness of the internal control system based on the Bank's established policy & procedure 5. To review on a yearly basis the overall effectiveness of the control system of the organization and provide a certification on a yearly basis to the Board of Directors on the effectiveness of Internal Control policy, practice and procedure
Management Committee (ALCO)	<b>Chairman:</b> Syed Mahbubur Rahman  <b>Members:</b> 1. Mohammad Mamdudur Rashid 2. Syed Faridul Islam 3. Nabil Mustafizur Rahman 4. Firoz Ahmed Khan 5. Khwaja Shahriar 6. Md. Rahmat Pasha 7. Md. Shaheen Iqbal	1. To receive and review reports on liquidity risk, market risk and capital management 2. To identify balance sheet management issues like balance sheet gaps, interest rate gap/profiles etc. that are leading to under-performance 3. To review deposit-pricing strategy for the local market 4. To review liquidity contingency plan for the Bank

Credit Committee	<b>Chairman:</b> Syed Mahbubur Rahman <b>Members:</b> 1. Nabil M Rahman 2. Mahmoodun Nabi Chowdhury 3. Hasan Mahmud	1. To review all new loans for corporate credit and medium business 2. To review all major loans annually, or as required or corporate credit and medium business 3. To review all problem loans monthly for corporate credit and medium business 4. To approve specific loan loss provisions for corporate credit and medium business 5. To review loan grade systems for corporate credit and medium business 6. To recommend all loan write-offs for corporate credit and medium business 7. To review documentation status for corporate credit and medium business
Enterprise Risk Management Committee	<b>Chairman:</b> Shah Alam Bhuiyan <b>Members:</b> All MANCOMs	1. To develop and implement asset/liability management processes and related procedures 2. To review the overall credit risk profile of the Bank and other risks as per leading key risk indicator (KRI) 3. To optimize monitoring and reporting systems 4. To review deposits and loan pricing 5. To submit report to the board (quarterly) 6. To oversee the maintenance of a management information system that supplies, on timely basis, the information and data necessary for the RMC to fulfill its role as asset/liability manager of the institution.
Auction Committee	<b>Chairman:</b> M. Sarwar Ahmed <b>Members:</b> 1. Nabil M Rahman 2. Firoz Ahmed Khan 3. Syed Faridul Islam 4. Shafqat Rizwan Chaudhry	1. The Committee takes decision for sale of the collateral securities to the successful bidder through auction.

To ensure proper communication, shareholders and other stakeholders are given adequate notice in two newspapers before the AGM to facilitate their attendance at the meeting.

## 4.0 EXTERNAL AUDIT

External auditor S. F. Ahmed & Co. audited Head Office, randomly selected Branches, SME Service centers, Krishi Branches and SME Unit Offices. They also audited the consolidated financial statements of BRAC Bank Limited in accordance with Bangladesh Standards of Auditing (BSA) and Bangladesh Financial Reporting Standards (BFRS). Auditors had a number of meetings with the management before, during and at the end of audit to obtain information, explanation and to share opinion. The audit report findings along with the external auditors' opinion were communicated to the audit committee of the Board where the committee advised to provide due consideration on suggestions. The report was also placed, discussed and noted in the Board of Directors' Meeting.

## 5.0 AUDITS BY BANGLADESH BANK

Central Bank of Bangladesh conducted comprehensive and special inspection on head office, branches, and service centers during the year 2010. They also conducted special inspections on Core Risk Management, Internal Control and thus audited departments that deal with core risks. The team shared their observations with our Bank's internal & external auditors. Audit reports along with responses & recommendations were reviewed by the Audit Committee.

A special board meeting was arranged to discuss findings of comprehensive inspection in the presence of Bangladesh Bank officials. The Board gave adequate importance to the suggestions of Central Bank and advised the management to take pertinent corrective actions accordingly.

## 6.0 REGULATORY & INTERNAL CONTROL

The Bank Company Act 1991 and Bangladesh Bank guidelines and circulars are the base lines for banking operations and supervision. Bangladesh Bank uses diverse mechanisms to ensure the adherence of Bank to the standards and guidelines of regulators. For BRAC Bank, the Regulatory & Internal Control department is the point of contact for regulatory inspection/queries on operation of the Bank: it serves as a connection between Regulatory authorities and the Bank. To enhance the phase of the fastest

growing bank in Bangladesh, the department has made significant framework level additions to address overall risk assurance, to bring in Corporate Governance culture within the Bank, backed by Board Audit Committee and Management of the Bank. Since its inception, the team continuously monitors all proposed new rules and modifies policies and practices to meet additional requirements. Our present policies and practices meet and exceed applicable legal and regulatory requirements. The Wings of Regulatory & Internal Control Department are:

### 6.1 Compliance & Monitoring

Compliance & Monitoring Team of BRAC Bank ensures that Bank operates as per the guidelines provided by the Regulators and Internal Management. This unit maintains liaison with the regulators at all levels and notifies the other units about the regulatory changes from time to time, using the intranet service of BRAC Bank. Moreover, Compliance Unit provides day-to-day support to all business, operation and support departments in dealing with regulatory requirements, to establish diligent process and procedure, to respond to queries received from regulators. The monitoring unit monitors operational functions of branches/departments against tools like DCFCL, Quarterly Operations Report (QOR), Instructions, Circulars, etc. As part of on-site monitoring, the team conducted AML inspection in all branches and service centers of the Bank. Moreover, training on Prevention of Money Laundering has been conducted in Comilla and Habiganj as advised by Bangladesh Bank and more than 40 training sessions have been arranged internally in head office, Sylhet and Bogra branches, etc. On the other hand, the team monitors off site through DCFCL, QOR and Cash Transaction Report and reviews the same with a view to identifying the risk areas. All monitoring and compliance reports are placed in front of the Board Audit Committee for its review. On receipt of recommendations from the committee, the team coordinates for the corrective measures and the appropriate response on a timely fashion.

### 6.2 Internal Audit & Inspection

The Internal Audit Department provides an assessment on the adequacy and effectiveness of the Bank's processes for controlling its activities

and managing its risks in the areas set forth under the mission and scope of work. In doing so, the department conducts Risk-Based audit on Branches, Head Office, SME Service Centers and SME Unit Offices and reports inherent loopholes, significant issues related to the processes for controlling the activities of the Bank and its affiliates, including improvement or risk minimization suggestions for those gaps and processes. Main sub wings of Internal Audit & Inspection are:

#### i) SME Audit

SME audit team conduct pre-visits of SME loans outside Dhaka and Chittagong. City and post visits 25% of loan disbursed in spite of auditors' adverse comments/large loans. They also conduct comprehensive audit and investigations; find out fraud-forgery; verify land valuation report; pay re-visits for any SME loans; prepare authentication report about fixed asset valuation of unit as per Management's advice. The status of SME unit offices and service centers are as follows:

#### SME Unit Office

Types of Audit	Quantity	Remarks
Pre-disbursement visit	57,830	Pre approval audit of Enterprises
Comprehensive Audit	307	Unit Offices
Investigation	43	On Customer Relations Officer (CRO)s, Client and Unit Office

#### Service Center

Types of Audit	SME Service Center & Krishi Branch Audit		Remarks
	1 <sup>st</sup> time	2 <sup>nd</sup> time	
Comprehensive Audit	40	7	10 SSCs which started service in November/December 2009 were covered under annual comprehensive Audit. Marginal rated SSCs of 2009 were audited 2nd time as per management requirement.
Spot Audit	40		Started service in November/December 2009

#### ii) Branch & ROC Audit and Head Office Audit

Both the teams conduct audit function following the procedures of Risk Based Audit and this appears to have been very successful. The Terms of Reference and checklist on the basis of risk are reviewed periodically. The status of Branch, ROC, and Department audit are as follows-

Types of Audit	Branch Audit		ROC	Department/ Wing Audit	
	1 <sup>st</sup> time	2 <sup>nd</sup> time		1 <sup>st</sup> time	2 <sup>nd</sup> time
Comprehensive Audit	69	3	3	60	2
Spot Audit	15				
Investigation	16			6	
Special Audit	6			12	

These reports are placed in the Board Audit Committee meeting on a bi-monthly basis, along with information on the status and results of the annual audit and inspection plan and the sufficiency of department resources for review and suggestion.

### iii) Infrastructure Audit:

Infrastructure audit ensures that the Bank operates its business within the limit and guidelines related to infrastructure and security issues provided by Bangladesh Bank, provisions laid down in the Bangladesh National Building Code (BNBC), infrastructure security prerequisites offered by other regulatory bodies and standards developed in house to confirm internal security requirement and infrastructure management, thereby ensuring the compliance culture.

The team undertakes Quality Compliance Audit at service points, office premises to identify emerging risks related to infrastructure services. Primary Acceptance Certificate (PAC) and Final Acceptance Certificate (FAC) for the new projects are also reviewed to safeguard BRAC Bank's assets. In addition, all the processes and policies required from project development to operational, security management are monitored and analyzed for continuous improvement.

### iv) IT Audit & System Security:

IT auditors as well as Security auditors audit information systems to ensure the integrity and effectiveness of security measures and are also responsible for auditing the organization's technology processes and security. These audits are a critical checks and balances system to ensure that company employees are adhering to, and following, safety and security guidelines as established by management as well as the Regulatory Bank (Bangladesh Bank). The team members possess technical, Bachelors and Masters degrees, along with Audit Certification, e.g., ISO 27001, ISO 2000-1 Certified Lead Auditor, ISO 18001, Six Sigma, with extensive job experience. This team assists in the planning of audit engagements and identifies potential risks regarding ICT issues, aligned with business processes that may result in a material misstatement or security weakness. As a centralized bank, data is processed and stored in a centralized way in data center, and the Business Continuity Plans (BCP) of branches are parallel to Disaster Recovery (DR) Site, which is the backup of all processed and stored data, ensuring the availability, integrity & confidentiality of data. Execution of User Acceptance Test (UAT), Friendly User Test (FUT) during the project initiation to implementation phase is an indispensable part of IT audit team to ensure security and quality of data.

**IT General Control Reviews:** This is a review of BRAC Bank's IT management to determine if a company has adequate standards in place for system development, data center operations and security, database management and security, network administration and overall information security.

**Application Control Reviews:** Application control reviews are performed by IT auditors to determine the effectiveness of controls over individual application systems, such as accounts payable, inventory, payroll or human resources. These systems are most often a group of individual computer programs that relate to a universal function.

**Information Security Assessments:** Information security assessments are a required function of an IT auditor. These assessments are conducted to ensure that information contained within an IT system is accessible by authorized personnel only. This includes security on workstations, servers and databases.

## 7.0 ETHICS & COMPLIANCE

The approach of BRAC Bank Limited regarding ethics lies in its vision which is the building of a profitable and socially responsible financial institution focused on markets and businesses with growth potential, thereby assisting BRAC and stakeholders build a "just, enlightened, healthy, democratic and poverty free Bangladesh". Therefore, from its inception, the Bank has put emphasis on creating an ethical environment at individual and organizational levels, so that we can ensure building a socially responsible organization. The Bank's premium on ethics has involved creating an honest, open and enabling environment, having a strong customer focus and building relationships based on integrity, superior service and mutual benefit, while being responsible, trustworthy and law-abiding in all that we do.

There are three basic elements that make ethical behavior conducive within BRAC Bank Limited (BBL). The three basic but most essential elements that quantify our organization's ethics are:

- a) Written code of conduct
- b) Availability for advice on ethical situations
- c) Systems for confidential reporting.

BRAC Bank Ltd. has developed an extensive Code of Conduct based on ethics and business

processes in written format, which is approved by Chairman of the Board. Every employee has to go through this Code of Conduct when he/she joins the Bank and sign it as an acknowledgement of being aware of its guidelines on ethics, values and business practices. Any new board member is also made aware of this Code of Conduct and his/her roles and responsibility as a member of the Board.

The Code of Conduct is in our intranet and it has included guidelines with role-play scenarios so that employees can help themselves learn how to act in different situations. Employees of BRAC Bank Ltd. also have to go through e-learning exam once a year so that they are always updated about our business and ethical practices.

With a view to managing the Bank's supervisory issues and Internal Control systems, it has established, from its commencement, an Internal Control mechanism and Core Risk Management Policy approved by its Board of Directors. Fraud management is a crucial issue under this mechanism, which is generally dealt by a team of representatives from Regulatory & Internal Control, Human Resource, Legal and other concerned departments. After investigation, the report and consequences of the fraud are placed before the Management and Board Audit Committee. Regulatory & Internal Control department enforces preventive and corrective measures as advised by the Board Audit Committee/Board of Director & Management of the Bank and mitigation measures of all core risk factors are adopted by the concerned department of the Bank.

The Credit Risk Management Division of BRAC Bank Limited has been operating a systems-based Fraud Control Unit since mid 2009 to protect consumers and the institution itself from credit and debit card fraudsters. "The key is to prevent consumers from being victimized by educating them about these scams at the very point where they may be at risk and by restricting probable fraudulent acts". The unit ensures such control by monitoring transactions on real time basis and detecting credible abnormalities. Accordingly, the unit blocks the card, makes required inquiry and passes it to the investigation team of Regulatory & Internal Control department and HR, depending upon the severity of the act. A legal team is also present to carry on litigation issues concerning fraudulent acts and ensures an end to end process of effective fraud management. However, establishment of a "Revenue Assurance and Fraud Management Cell"

is waiting for the Board's approval. The cell will be operated with a view to dealing with financial loss/potential loss situations (which may arise from frauds and forgeries of both internal and external in nature, negligence of internal resources, or deficiencies of internal processes) in relation to BRAC Bank in an organized and professional manner, in order to ensure, that the guilty parties are identified, prosecuted while safeguarding the Bank and its assets; and to further identify the procedural control gaps and lapses to ensure continuous improvement.

As we know, a whistleblower is a person who raises concerns about alleged wrongdoing occurring in the institution. Several methods have been put in place for whistle blowing, such as complaint box at branches, "Nishangkoche Bolte Chai" etc. Operational Risk Management has provided a format to everyone to state any probable risks or wrongdoing within the institution with the assurance of confidentiality. All employees have the right to complain both internally and externally and the HR department ensures full confidentiality of these complaints. For customers, a Complaint Handling procedure has been developed and implemented by Service Quality department in handling complaints. In addition, a 24 hour hotline number is available to lodge any irregularities at any time, which are accordingly redirected to the respective departments and HR for resolution.

## 8.0 HUMAN CAPITAL & REMUNERATION

BRAC Bank Limited's Human Resource management strategy maximizes return on investment in the organization's human capital and minimizes financial risk. Human resources seek to achieve this by aligning the supply of skilled and qualified individuals and the capabilities of the current workforce, with the organization's ongoing and future business plans and requirements to maximize return on investment and secure future survival and success. In ensuring such objectives are achieved, the human resource function or purpose in this context is to implement the organization's human resource requirements effectively but also practically, taking account of legal and ethical considerations, and as far as is practicable, in a manner that retains the support and respect of the workforce.

BRAC Bank Limited views its employees as the most valuable capital of the organization with the potential to bring superior results if inspired, led, trained and tasked with responsibility in the right way.

BRAC Bank Ltd. determines both current and future organizational requirements for both core employees and the contingent workforce in terms of their skills/technical abilities, competencies, flexibility etc. The analysis requires consideration of the internal and external factors that could affect the development, motivation and retention of employees. External factors are those largely outside the control of the organization. These include issues such as economic climate and current and future human resource market trends (e.g., skills, education level, government's role, investment into industries etc.). On the other hand, internal influences are broadly controlled by the Bank to predict, determine, and monitor the organizational culture, underpinned by management style and the approach to ethical and corporate social responsibilities.

The Human Resources Department of BRAC Bank Limited sets strategies and develops policies, standards, systems, and processes that implement these strategies in the entire gamut of human capital management. The following list describes a few:

- a) Organizational design and development
- b) Recruitment, selection, and on boarding (resourcing)
- c) Administration of personnel files and legal documents that relate to employment
- d) Leave loan and travel allowance
- e) Training and development (learning management)
- f) Human resources (workforce) analysis and workforce personnel data management
- g) Performance, conduct and behavior management
- h) Compensation, rewards and benefits management

#### **i) Retirement and resignation**

All these policies and strategies are well defined, covering grade, tenure and skill- wise benefits and communicated through the intranet of the Bank. The Board is the final authority for approval of this policy and will periodically amend and review the policy on recommendation of the Managing Director/Management Committee.

BRAC Bank Ltd. has completed a market survey regarding compensation and benefits to determine proper packages for its employees. The Bank not only considered the current market practice, but also evaluated all the jobs according to their skill, effort (physical and mental), responsibility (supervisory and fiscal), and working conditions; classified them and determined the worth of all the jobs to the organization and allocated the compensation accordingly. Along with a fair, competitive and flexible remuneration package, the Bank offers Festival Bonus, Inflation Adjustment, Phone Allowance, Leave Fair Assistance, Hospitalization Insurance, Provident Fund, Security Fund, Gratuity Fund, Welfare Fund, and Trainer's Remuneration. The compensation, benefit and reward system is reviewed yearly by MANCOM and any change suggested by the same is approved by the Board.

All organizations have people - they have human resources. Regardless of the size of an organization or the extent of its resources, the organization survives and thrives because of the capabilities and performance of its people. BRAC Bank Limited takes the responsibility of the activities to maximize those capabilities and performance in achieving the greater goal of the organization.

## **9.0 ENVIRONMENTAL AND SOCIAL OBLIGATIONS**

Given the increasing importance of environmental and social considerations in measuring company's performance, the Board has found that it is necessary to evolve appropriate policy on environmental and social obligations. In meeting these obligations, Credit Policy prohibits lending to industries that use forced/child labor, generates radioactive wastes and discourages investments in environmentally sensitive industries such as logging, mining and those that use banned chemical substances. It should be further noted that disbursement is dependent on industries obtaining a NOC (No Objection Certificate) from the Ministry of Environment and Forest. Currently, the Bank is in the process of diversifying its sustainable portfolio through investment in bio-fuels, waste management and renewable energy companies. In this regard, management has signed a MOU with Bangladesh Bank regarding receiving refinancing facility for investments in the renewable energy sector. In addition to this, BRAC

Bank has instigated some green and socially responsible initiatives internally and externally as follows:

- a) BRAC Bank SME division and ALICO have signed a MoU to facilitate insurance to all SME clients
- b) BRAC Bank has financed an unsecured loan of about 0.3 million to a nursery project
- c) Has introduced Electronic Fund Transaction that reduces the use of paper used for transactions and financial statements
- d) Has introduced Planet Card as VISA Debit Card
- e) Guest will contribute BDT 25 from the annual fee of BDT 600 to a fund named 'Green Fund' and BRAC Bank will match that fund. The fund will be utilized for social responsibility initiatives such as managing waste properly, distributing free plants and funding renewable power sources
- f) CNG Conversion facility from NAVANA CNG can be availed with BRAC Bank Credit Card and customers may enjoy up to six months interest-free easy installment facility
- g) Solar Panel has been installed at Tongi Unit Office, BRAC Bank
- h) Incandescent Bulbs have been replaced with Compact Fluorescent Lamps (CFL) when needed to be replaced
- i) Utilizing online teleconferencing for meetings with a purpose of minimizing travel & time cost
- j) Using pool car within the office premises to reduce the number of vehicles on the road
- k) Using a higher percentage of post consumer waste recycled paper
- l) Sharing electronic files and e-mails instead of paper memos in most cases
- m) Use of e-calander in LOTUS NOTES which facilitates paperless operation by allowing the user to set reminders and update appointments
- n) BRAC Bank and Pragati Life Insurance have signed an agreement on Employee Hospitalization Plan

As a Bank committed to sustainable business, BRAC Bank has become a prestigious member of the Global Alliance for Banking on Values (GABV), that promotes "ethical banking" and which is a part of a larger societal movement towards a more

social and environmental responsibility in the financial sector. The movement includes ethical investment, socially responsible investment, Corporate Social Responsibility (CSR) and also such movements as the ethical consumerism, boycotting etc.

## 10.0 CORPORATE SOCIAL RESPONSIBILITY INITIATIVES AT BRAC BANK

BRAC Bank Limited follows the 3P philosophy in its activities. Besides our core business, the Bank carries a strong emphasis on Corporate Social Responsibility - initiatives that support the People, protect the Planet while ensuring Profitability.

This year, the Bank has already created a CSR Desk to have focused, transparent CSR Activity Management. Currently, BRAC Bank focuses on the following CSR areas:

- Environment
- Education
- Health
- Young Leadership
- Culture and Heritage of Bangladesh, and
- Community Development

BRAC Bank has supported a wide range of social activities to support the nation in 2010, ranging from contributing educational materials for underprivileged children to supporting the Amor Ekushay Gronthomela to solar-powered landscaping in Mirpur, and many more. Below is a glimpse of 2010's CSR activities:

### Environment

- **Haor Utshob (Marshy Land Festival):** BRAC Bank supported a 3 day long festival in the marshy land of Sylhet district. This festival is arranged to raise awareness about the eco system free plant distribution: Being a 3P follower, BRAC Bank gave away free plants among customers and guests with a view to promoting greenery.
- **Usage of recycled paper:** BRAC Bank prefers usage of recycled paper and uses various recycled paper items in corporate gift items.
- **Solar Energy:** BRAC Bank supports National Defense College of Bangladesh Army for landscaping and installing solar energy powered lamps. But on a larger scale, the Bank has already started 'going green' in its Unit Offices. During the first phase, 100 SME Unit Offices of BRAC Bank will turn green.

## Education

- **BRAC Bank - Samakal School Activity:** A program run by the second-highest circulated daily of the country to promote creative talents at 12 schools in the capital. The program runs for three months at each school and helps augment the extracurricular activities of the school-going children. Around 2,500 students from schools have participated so far, with nine more to go in 2011.
- **Scholarship for Tetulia Pilot School:** Keeping in mind its mission to extend scholarship support to the far reaches of the country, BRAC Bank took up a program for sponsoring the educational costs for financially underprivileged female students at Tetulia Pilot School. Each academic year, five female students of this school located in the northern-most tip of the country - coming from families earning less than US\$ 100 per month - are provided with full tuition, text-books and related support.
- **BRAC Bank - Prothom Alo Adomyo Medhabi:** This is yet another unique, large program to support talents from the underprivileged strata of the society. Prothom Alo, the leading daily of the country, identifies students scoring GPA 5 (highest possible result) at Secondary School Certificate exams. The Bank supports these meritorious students by sponsoring their education till undergraduate level. 68 students - from families earning less than US\$50 per month - are currently covered in this program. We believe this support will not only financially equip them to complete their education, but will also pave the way for employment opportunities, which will improve their lives and those of some 250 family members.

## Health

- **Blood Donation by employees:** BRAC Bank employees regularly arrange blood donation drives for the Thalassemia Foundation and other organizations
- **HiCare:** BRAC Bank financially supports the monthly salaries of the teaching staff of 12 centers of HiCare. HiCare takes care of the treatment and education of hearing-impaired poor people of the society.
- **Kidney Foundation:** BRAC Bank supported the Kidney Foundation with the financial

assistance required to build its new premises and purchase modern medical equipment. The Foundation's new emergency ward has been made possible with the support of BRAC Bank.

- **Society for the Welfare of Autistic Children (SWAC):** Autism is a condition rarely discussed. Little is known about it, but what we do know is that autistic children need emotional support and understanding. BRAC Bank supports this leading school for autistic children and works to raise awareness about the condition, engaging its employees.
- **Nurture General Hospital:** In collaboration with this hospital, BRAC Bank supports orthopedic patients by sponsoring necessary treatments and artificial limb replacement surgeries.

## Young Leadership

- **CIMA Global Business Challenge:** An international competition designed to bring out the best in the young business leaders of tomorrow. The competition was held amongst 100 students from 20 leading Bangladeshi universities and helped to develop participants' business management and competitive skills. The program was aired on Channel I.
- **DCCI Summit:** BRAC Bank supported the Dhaka Chamber of Commerce & Industries (DCCI) conference, "Bangladesh 2030: Strategy for Growth". The conference united young entrepreneurial and managerial leaders of the country with policy-makers to frame a strategy paper for Bangladesh. The best minds of Bangladesh and abroad from business, government, academia, civil society participated.

## Culture and Heritage of Bangladesh

- **Donation to Liberation War Museum:** BRAC Bank was the first bank to extend a corporate partnership of Taka 1 crore to the Liberation War Museum. This support will help to archive the historical articles of Bangladesh's Liberation War.
- **Ekushey Gronthomela:** The nation's single-largest book-fair, arranged by Bangla Academy, had BRAC Bank's full support this year. The fair was 40% larger than last year, and the increased scale is largely due to the Bank's association. An estimated one million

people visited the fair during the month of February.

- **Anniversary Exhibition at Bengal Gallery:** Bengal Gallery is a leading gallery dedicated to promoting and supporting Bangladesh art. To celebrate its 10th year, the Gallery has been running a series of 10 exhibitions, each featuring 10 leading artists of the country. BRAC Bank has been a proud supporter of this event.
- **World Music day:** BRAC Bank supported Shilpokola Academy in its initiative to organize a day-long event to mark World Music Day. The celebration was attended by the Honorable Minister of Cultural Affairs and Information. The event, that took place at key locations throughout the city - included musical soirees and illustrated the importance of music in our lives and culture
- **Barsha Boron (Monsoon Festival):** The Bank supported the Monsoon Festival in Dhaka. The festival brought under one roof young artists and their works highlighting the beauty of the monsoon season. Around 30,000 enthusiastic people visited the festival
- **Hashem Khan's Painting Exhibition:** Hashem Khan, one of the most legendary artists of the country, held a solo exhibition at the National Museum. Inaugurated by the Honorable Finance Minister, the event was fully supported by BRAC Bank.

interested buyers in just two days.

- **International Migrants Day:** We supported the initiative to raise mass awareness on the usage of legal channels to receive remittances from their relatives overseas. The event was organized in 17 districts across the country.
- **Supporting Acid victims with Prothom Alo:** In association with Prothom Alo, BRAC Bank supported nearly 70 acid victims of Dinajpur district to reintegrate them into mainstream life via self employment.
- **SEID Trust:** BRAC Bank provides educational materials for around 300 underprivileged children of SEID Trust. The Trust works to ensure the rights of education for children with multiple disabilities, whose parents belong to the lower strata of e.g., rickshaw pullers, day laborers, house maids, etc.

## Community Development

- **Citizen Rights Fair:** BRAC Bank supported the Citizen Rights Fair to raise awareness amongst the masses about their rights. Over 100 NGOs and related bodies participated in this first of its kind event, attended held at Shilpokola Academy.
- **Digital Mongla (Online Merchants Fair):** In association with Future Solutions for Business (FSB), BRAC Bank held a fair at a distant village in Mongla to bring together over 300 internet providers with potential customers. The fair also helped to create websites for ten schools and colleges, government organizations. The most significant achievement was the creation of an internet based platform that will enable rural women to sell their handicrafts to any corner of the globe. Around 2,000 women joined and received around USD 30,000 in orders from

## 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 200 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 applied	
1.00	Board of Directors			
1.1	Board's size: should not be less than 5 (five) and more that 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	✓		

Condition No.	Title	Compliance status (put in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not applied	
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-engagement in designing of Financial Information System	✓		
4.00 (iii)	Non-engagement in bookkeeping	✓		
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 (✓)	
01.	<b>Responsibilities and authorities of the board of directors:</b>		
	<b>(a) Work-planning and strategic management:</b>		
	(i) The board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on 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.	✓	
	<b>(b) Lending and risk management:</b>		
	(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.	✓	
	<b>(c) Internal control management:</b> 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.	✓	
	<b>(d) Human resources management and development</b>		
	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.	✓	
	<b>(e) Financial management:</b>		
	(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 legal measures.	✓	
	(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.	✓	

SL. No.	Particulars	Compliance Status	
		Yes (✓)	No (X)
	<b>(f) Formation of supporting committees:</b> 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.	✓	
	<b>(g) Appointment of CEO:</b> The board shall appoint a competent CEO for the Bank with the approval of the Bangladesh Bank.	✓	
<b>02.</b>	<b>Responsibilities of the chairman of the board of directors:</b>		
	(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.	✓	
<b>03.</b>	<b>Responsibilities of the adviser:</b>		
	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 effecting executive authority in any matters of the Bank including financial, administrative or operational affairs.		No such Case
<b>04.</b>	<b>Responsibilities and authorities of the CEO:</b>		
	The CEO of the Bank, whatever name called, shall discharge the responsibilities and effect 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 into 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 2010 and the consolidated profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and also financial statements of BRAC Bank Limited ("the Bank"), which comprise the balance sheet as at 31 December 2010 and the Profit and Loss Account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


### Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) give a true and fair view of the consolidated financial position of BRAC Bank Limited as of 31 December 2010, and results of its financial performance and its cash flows for the year then ended and comply with the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

**We also report that:**

- i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and made due verification thereof;
- ii. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- iii. the Bank's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditure incurred was for the purpose of the Bank's business;
- v. the financial position of the Bank as at 31 December 2010 and the profit and loss account for the year then ended have been properly reflected in the financial statements and the financial statements have been prepared in accordance with generally accepted accounting principles;
- vi. the financial statements have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- vii. adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- viii. the financial statements conform to the prescribed standards set in accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- ix. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements; and
- x. the information and explanations required by us have been received and found satisfactory.

Dated, Dhaka;  
24 February 2011

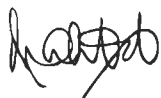
  
S. F. Ahmed & Co.  
Chartered Accountants

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

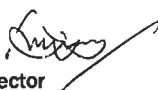
	Note	2010 Taka	2009 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	<b>3.a</b>	<b>9,853,046,264</b>	<b>6,619,082,263</b>
Cash in hand		3,578,604,502	1,637,296,747
(Including foreign currency)			
Balance with Bangladesh Bank and its agent Bank(s)		6,274,441,763	4,981,785,516
(Including foreign currency)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

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

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



Managing Director & CEO



Director




Director



Chairman

Dated, Dhaka;  
February 24, 2011

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

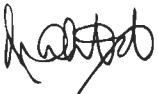
# BRAC BANK LIMITED

## Balance Sheet As on December 31, 2010

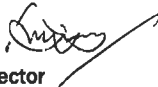
	Note	2010 Taka	2009 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	<b>3.0</b>	<b>9,852,975,642</b>	<b>6,619,001,730</b>
Cash in hand		3,578,533,880	1,637,216,214
(Including foreign currency)			
Balance with Bangladesh Bank and its agent Bank(s)		6,274,441,763	4,981,785,516
(Including foreign currency)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

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

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



Managing Director & CEO



Director



Director



Chairman

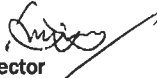
Dated, Dhaka;  
February 24, 2011

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

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

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


  
**Managing Director & CEO**

  
**Director**

  
**Director**

  
**Chairman**

Dated, Dhaka;  
February 24, 2011

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

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

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


  
**Managing Director & CEO**

  
**Director**

  
**Director**

  
**Chairman**

Dated, Dhaka;  
February 24, 2011

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

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

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

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

	Note	2010 Taka	2009 Taka
<b>A. Cash flows from operating activities</b>			
Interest receipts		12,229,073,347	10,893,416,729
Interest payment		(5,556,755,540)	(6,330,714,215)
Dividends receipts		28,705,742	4,400,027
Fees & commissions receipts		2,125,645,901	2,164,389,981
Cash payments to employees		(1,961,592,237)	(1,674,087,461)
Cash payments to suppliers		(543,547,558)	(373,772,061)
Income tax paid		(1,198,296,223)	(1,160,612,152)
Receipts from other operating activities	43.0	1,066,982,122	97,576,284
Payment for other operating activities	44.0	(1,607,541,969)	(946,972,046)
Operating profit/(loss) before changes in operating assets and liabilities (i)		<b>4,582,673,585</b>	<b>2,673,625,086</b>
<b>Increase/decrease in operating assets &amp; liabilities</b>			
Loans and advances		(20,151,954,158)	(11,474,118,419)
Other assets		(754,359,044)	(529,524,961)
Deposits from customers		12,938,293,176	17,212,728,146
Other liabilities		128,627,512	(233,247,313)
Cash utilised in operating assets & liabilities (ii)		(7,839,392,513)	4,975,837,454
<b>Net cash (used)/flows from operating activities (i+ii)</b>		<b>(3,256,718,928)</b>	<b>7,649,462,539</b>
<b>B. Cash flows from investing activities</b>			
Treasury bills		-	-
Treasury bonds		234,489,326	(919,615,233)
Sale/(Investment) in shares		(2,570,386,299)	(650,023,622)
Investment in debenture		-	-
Investment in bonds		(500,000,000)	300,000,000
Investment in zero coupon bonds		-	678,030
Investment in prize bond		(313,500)	(218,000)
Acquisition of Fixed assets		(525,804,790)	(508,136,180)
Disposal of Fixed assets		9,967,732	7,741,456
<b>Net cash used in investing activities</b>		<b>(3,352,047,530)</b>	<b>(1,769,573,549)</b>
<b>C. Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares		-	-
Proceeds from issue of preference shares		-	-
Proceeds from issue of right shares		-	-
Share Premium		-	-
Payment of dividend on preference share		(47,812,500)	(47,812,500)
Payment for lease finance		-	-
Borrowings from other banks		1,250,000,000	170,000,000
Proceeds from issue of Subordinate Debts		3,000,000,000	-
Money at call and short notice		550,000,000	-
Borrowings from Bangladesh Bank		1,828,605,004	-
<b>Net cash flows from financing activities</b>		<b>6,580,792,504</b>	<b>122,187,500</b>
<b>Net increase/decrease in cash</b>		<b>(27,973,954)</b>	<b>6,002,076,490</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>13,512,935,603</b>	<b>7,510,859,113</b>
<b>Cash and cash equivalents at end of year</b>	42	<b>13,484,961,649</b>	<b>13,512,935,603</b>

**BRAC BANK LIMITED**  
**Consolidated Statement of Changes in Equity**  
**For the year ended 31 December 2010**

Amount in Taka

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

**BRAC BANK LIMITED**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2010**

Amount in Taka

Particulars	Paid up share capital	Redeemable preference share capital	Share Premium	Statutory Reserve	Exchange Equalization Reserve	Revaluation Reserve	Retained Earnings	Total
Balance at January 01, 2010	2,059,200,000	500,000,000	1,406,000,000	1,337,479,877	45,000	1,576,498,469	1,271,731,067	8,150,954,413
Net profit for the year	-	-	-	-	-	-	1,081,235,987	1,081,235,987
Statutory reserve	-	-	-	583,118,995	-	-	-	583,118,995
Exchange equalization reserve	-	-	-	-	(45,000)	-	-	(45,000)
Revaluation reserve of securities	-	-	-	-	-	(355,566,338)	-	(355,566,338)
Dividends (Bonus share)	617,760,000	-	-	-	-	-	(617,760,000)	-
Dividend on preference share	-	-	-	-	-	-	(47,812,500)	(47,812,500)
<b>Balance as at 31 December 2010</b>	<b>2,676,960,000</b>	<b>500,000,000</b>	<b>1,406,000,000</b>	<b>1,920,598,872</b>	<b>-</b>	<b>1,220,932,131</b>	<b>1,687,394,554</b>	<b>9,411,885,556</b>
Balance at January 01, 2009	1,584,000,000	500,000,000	1,406,000,000	908,762,089	45,000	118,846,147	919,872,415	5,437,525,651
Net profit for the year	-	-	-	-	-	-	874,871,152	874,871,152
Statutory reserve	-	-	-	428,717,788	-	-	-	428,717,788
Revaluation reserve of securities	-	-	-	-	-	1,457,652,322	-	1,457,652,322
Dividends (Bonus share)	475,200,000	-	-	-	-	-	(475,200,000)	-
Dividend on preference share	-	-	-	-	-	-	(47,812,500)	(47,812,500)
<b>Balance as at 31 December 2009</b>	<b>2,059,200,000</b>	<b>500,000,000</b>	<b>1,406,000,000</b>	<b>1,337,479,877</b>	<b>45,000</b>	<b>1,576,498,469</b>	<b>1,271,731,067</b>	<b>8,150,954,413</b>

**BRAC BANK LIMITED**  
**Consolidated Liquidity Statement**  
**(Assets & Liabilities Maturity Analysis)**  
**As on December 31, 2010**

Amount in Taka

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

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

**BRAC BANK LIMITED**  
**Liquidity Statement**  
**(Assets & Liabilities Maturity Analysis)**  
**As on December 31, 2010**

Amount in Taka

	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
<b>Assets</b>						
Cash in hand	9,852,975,642	-	-	-	-	9,852,975,642
Balance with other banks and financial institutions (including foreign currencies)	2,721,986,007	600,000,000	310,000,000	-	-	3,631,986,007
Money at call and on short notice	-	-	-	-	-	-
Investments	88,703,840	1,181,410,037	343,450,546	3,079,099,621	8,163,321,216	12,855,985,261
Loans and advances	13,766,769,491	12,742,044,689	28,553,902,534	24,423,580,217	4,816,492,386	84,302,789,317
Fixed assets including premises, furniture & fixtures	34,701,224	86,753,060	274,043,513	867,540,575	485,867,135	1,748,905,507
Other assets	759,425,968	951,130,401	3,490,892,141	944,849,425	611,148,294	6,757,446,230
Non - banking assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>27,224,562,171</b>	<b>15,561,338,186</b>	<b>32,972,288,734</b>	<b>29,315,069,839</b>	<b>14,076,829,032</b>	<b>119,150,087,964</b>
<b>LIABILITIES</b>						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	3,700,000,000	-	1,828,605,004	-	-	5,528,605,004
Convertible subordinated debts	-	-	-	-	3,000,000,000	3,000,000,000
Money at call and on short notice	550,000,000	-	-	-	-	550,000,000
Deposits & other accounts	17,189,613,041	11,650,712,362	13,601,131,037	43,803,081,315	1,913,370,576	88,157,908,332
Other liabilities	1,198,780,137	1,311,154,388	5,296,543,531	4,695,211,016	-	12,501,689,071
<b>Total Liabilities</b>	<b>22,638,393,178</b>	<b>12,961,866,751</b>	<b>20,726,279,572</b>	<b>48,498,292,331</b>	<b>4,913,370,576</b>	<b>109,738,202,408</b>
<b>Amount of net liquidity difference</b>	<b>4,586,168,994</b>	<b>2,599,471,436</b>	<b>12,246,009,162</b>	<b>(19,183,222,492)</b>	<b>9,163,458,456</b>	<b>9,411,885,555</b>

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

**BRAC BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2010**

**SECTION-ONE : CORPORATE PROFILE &  
SIGNIFICANT ACCOUNTING POLICIES**

**1.0 Corporate Information**

BRAC Bank Limited is a scheduled commercial bank established under the Bank Companies Act, 1991 and incorporated as a public company limited by shares on 20 May, 1999 under the Companies Act, 1994 in Bangladesh. The primary objective of the Bank is to carry on all kinds of banking businesses. The Bank could not start its operations until 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 79 (seventy nine) branches, 68 SME service centers, 142 zonal offices and 421 unit offices of SME.

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

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

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

BRAC Bank is listed with Dhaka Stock Exchange & Chittagong Stock Exchange as a publicly traded company from 28 January 2007 and 24 January 2007, respectively.

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

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

The Bank operates under a "triple bottom line" agenda where profit and social responsibility go hand in hand 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 with Dhaka Stock Exchange and Chittagong Stock Exchange Limited.

**bKash Limited:**

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

**BRAC Asset Management Company Limited:**

BRAC Asset Management Company Limited was established to include the business of investment and asset management, portfolio management, capital market operation, financial intermediary services, management and launching of mutual

funds, fund management and sponsorship, merchant banking activities, etc.

## **2.0 Summary of Significant Accounting Policies & Basis of Preparation**

### **2.1** A summary of the principle accounting policies which have been applied consistently (unless otherwise stated), is set out below:

#### **a) Statement of compliance & basis of preparation**

The consolidated financial statements of the Bank are made up to 31 December 2010 and are prepared under the historical cost convention and in accordance with the "First Schedule (sec-38)" of the Bank Companies Act, 1991 and amendment in 2007, BRPD Circular # 14 dated 25 June, 2003, other Bangladesh Bank Circulars, International Accounting Standards (IAS) and International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), Companies Act, 1994, the Securities and Exchange Ordinance 1969, the Securities and Exchange Rules 1987 and other prevailing laws and rules applicable in Bangladesh. The consolidated financial statements were authorized for issue by the Board of Directors on 22 February 2011.

#### **b) Going Concern**

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

#### **c) Functional and presentation currency**

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

#### **d) Use of estimates and judgments**

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

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

#### **Impairment losses on loans and advances**

In addition to the provision made for loans and advances based on the guideline of Bangladesh

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

#### **e) Materiality and aggregation**

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

#### **f) Comparative information**

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

## **2.2 Basis of Consolidation**

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

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

#### **Subsidiaries**

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

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

#### **Associates**

An associate is an enterprise in which the investor has significant influence and which is

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

### 2.3 Foreign Currency Translations

(a) Foreign currency transaction are translated into equivalents Taka (Functional currency) currency at spot exchange rate at the date of transaction.

(b) Assets and liabilities in foreign currencies are translated into Taka at mid rates prevailing on the balance sheet date, except 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 and the rate has remained unchanged in the Finance Act. 2010.

### 2.5.2 Deferred Tax

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

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

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

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

## 2.6 Reporting period

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

## 2.7 Assets and the basis of their valuation

### 2.7.1 Cash and cash equivalents

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

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

### 2.7.2 Investment

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

#### Held to Maturity

Investments which have 'fixed or determinable payments' and fixed maturity that the group has the positive intent and ability to held to maturity, other than those that meet the definition of 'Held at amortized cost others' are classified as held

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

#### Held for Trading

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

#### Revaluation

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

Value of Investments has been shown as under:

Investment Class	Initial Recognition	Measurement after Recognition	Recording of changes
Government Treasury Bills (HFT)	Cost	Marking to market/ fair value	Loss to profit and loss A/c, gain to revaluation reserve through profit and 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
Unquoted Shares (ordinary)	Cost	Cost	-
Quoted shares (ordinary)	Cost	Lower of cost or market price at balance sheet date	Loss to profit and loss A/c but no unrealized gain recorded.

#### Available for sales

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

### 2.7.3 Loans and Advances

- Interest on loans and advances is calculated on daily product basis, but charged and accounted for monthly and quarterly on accrual basis.
- Provision for loans and advances is made based on the arrear in equivalent year and reviewed by the management and instruction

contained in Bangladesh Bank BRPD Circulars No. 16 of 6 December 1998, 09 of 14 May 2001, 09 and 10 of 20 August 2005, 05 of 5 June 2006, 8 of August 07, 2007, 10 of 18 September 2007, 05 of 29th April 2008 and 32 of 12 October 2010 respectively.

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%
	Loans to BHs/MBs against share etc.	2%	5%	20%	50%	100%
	Small and medium enterprise	1%	5%	20%	50%	100%
	All others	1%	5%	20%	50%	100%
	Off Balance Sheet	1%	-	-	-	-

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.

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.

## 2.7.4 Leases

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

### The Bank as Lessor

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

### The Bank as Lessee

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

## 2.7.5.1 Property, plant & equipments

### a) Recognition

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

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

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

### b) Depreciation

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

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

#### c) Sale of Fixed Assets

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

#### d) Revaluation

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

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

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

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

#### e) Impairment

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

#### f) Others

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

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

### 2.7.5.2 Intangible assets

#### a) Goodwill

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

#### b) Softwares

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

#### c) License

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

### 2.7.6 Other assets

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

### 2.7.7 Stock

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

## **2.8 Liabilities & provisions**

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

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

### **2.8.2 Deposits**

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

### **2.8.3 Other Liabilities**

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

## **2.9 Capital and Shareholders' Equity**

### **Capital Management**

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

Capital is managed in accordance with the Board-approved Capital Management Planning from time to time. Senior management develop the capital strategy and oversee the capital management planning of the Bank. The Bank's Finance, Treasury and Risk Management department are key in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal matrix.

### **2.9.1 Paid up share capital**

Paid up share capital represents total amount of

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

### **2.9.2 Preference Share Capital**

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

### **2.9.3 Share Premium**

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

### **2.9.4 Statutory reserve**

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

### **2.9.5 Other reserve**

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

### **2.10.1 Employee Benefits**

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

A "Defined Contribution Plan" is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal constructive obligation to pay further amounts. Provident fund benefits are given to the staff of the Bank in accordance with the registered Provident fund rules. The commissioner of Income Tax, Large Tax Payers Unit, Dhaka has approved the Provident Fund as a recognized fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from 1st January 2003. The fund is operated by a Board of Trustees consisting of 11 (eleven) members of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the fund. The Bank also contributes equal amount of the employees' contribution to the fund. Interest earned from the investments is credited to the members' account on half yearly basis. Members are

eligible to get both the contributions after 03 (three) years of continuous service from the date of their membership.

#### **Gratuity Fund (Defined Benefit Plan)**

Gratuity fund benefits are given to the staff of the Bank in accordance with the approved Gratuity fund rules. National Board of Revenue has approved the Gratuity fund as a recognized Gratuity fund on March 06, 2006. The fund is operated by a Board of Trustees consisting of 7 (seven) members of the Bank. Employees are entitled to Gratuity benefit after completion of minimum 05 (five) years of service in the Company. The Gratuity is calculated on the basis of last basic pay and is payable at the rate of one month's basic pay for every completed year of service. Gratuity fund is a "Defined Benefit Plan" and contribution to Gratuity Fund is measured through the result of actuarial valuation of the fund. "BRAC Bank Employee Gratuity Fund" is a funded Gratuity Fund.

### **2.10.2 Other Employee Benefits**

#### **Security Fund**

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

#### **Welfare Fund**

The objective of the Employees' Welfare Fund is to provide regular category employees from Junior Officer to Senior Principal Officer of the BRAC Bank incurring severe accidents during official job, extended illness (not less than 3 months), Education for Children; Marriage of Children which costs would not be affordable by the employee and which are not covered by any other means. All regular confirmed employees of the Bank shall contribute monthly to the Fund according to the designation. The sum subscribed monthly from salaries of employees shall be credited separately in an "Employee Welfare Fund" as a liability of the Bank. There shall be at least 7 (seven) Members Management Committee to manage the fund. The Managing Director & CEO of the Bank will be the chairperson of this committee and other 6 members are nominated from the regular category staff.

#### **Hospitalization Insurance**

The Bank has introduced a health insurance scheme to its confirmed employees and their

respective dependants at rates provided in health insurance coverage policy.

#### **Incentive bonus**

BRAC Bank started an incentive bonus scheme for its employees. 4% of net profit before tax is given to the employees in every year as incentive bonus. This bonus amount is being distributed among the employees based on their performance. The bonus amount is paid annually, normally 1st quarter of the every following year and the cost are accounted for the period to which it relates.

#### **Annual leave**

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

#### **Subsidized Scheme - Staff Loan**

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

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

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

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

### **2.11 Revenue Recognition**

#### **Interest Income**

In terms of provision of Bangladesh Accounting Standard (BAS-18) on revenue and disclosures in the financial statements of the Bank, the interest receivable is recognized on accrual basis. Interest on loans and advances ceases to be taken into income when such advances are classified, kept in interest suspense account. Interest on classified advances is accounted for on a receipt basis.

#### **Investment Income**

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

#### **Income on Bills Purchased & Discounted**

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

#### **Interest & fees receivable on credit cards**

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

#### **Fees & Commission Income**

The Bank earns fees & commission from a diverse range of services provided to its customer. This includes fees & commission income arising on financial and other services provided by the Bank including trade finance, credit cards, debit cards, passport endorsement, visa processing, student service, loan processing, loan syndication, locker facilities and SMS banking etc. Fees & commission income arises on services rendered by the Bank recognized on a realization basis.

#### **Dividend income on Shares**

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

#### **Gain or loss on sale of property, plant and equipment**

The gain or loss on the disposal of premises and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, and is recognised as an item of other income in the year in which the significant risks and rewards of ownership are transferred to the buyer.

#### **Interest Paid and other expenses**

In terms of provision of the Bangladesh Accounting Standard (BAS) -1 "Presentation of Financial Statements", interest paid and other expenses are recognized on accrual basis.

### **2.12 Earning Per Share**

Earning per Share (EPS) has been computed by dividing the basic earning by the weighted average number of Ordinary Shares outstanding as on 31st December, 2009 as per Bangladesh Accounting Standard (BAS) - 33 "Earning Per Share".

#### **Basic earnings**

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

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

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

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

#### **Diluted earnings per share**

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

### **2.13 Statement of Liquidity**

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

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

### **2.14 Operating Segment**

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

### **2.15 Dividend**

Dividend on ordinary shares are recognised as a liability and deducted from retained earnings when they are approved by the Shareholders in the Annual General Meeting.

Dividend on ordinary shares for the year that are recommended by the directors after the balance sheet date for approval of the Shareholders at

the Annual General Meeting are disclosed in note- 45.6 (b) to the Financial Statements.

#### 2.16 Reconciliation of inter-bank/inter-branch account

Books of accounts with regard to interbank (in Bangladesh and outside Bangladesh) are reconciled on monthly basis and there are no

material differences which may affect the financial statements significantly.

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

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

Bangladesh Accounting Standard (BAS)	Ref.	Status
Presentation of Financial Statements	BAS-1	Applied
Inventories	BAS-2	Applied
Cash Flow Statements	BAS-7	Applied
Net profit or loss for the period, Errors and Changes in Accounting Policies	BAS-8	Applied
Events after Balance Sheet date	BAS-10	Applied
Construction Contracts	BAS-11	Not Applicable
Income taxes	BAS-12	Applied
Segment Reporting	BAS-14	Applied
Property Plant & Equipments	BAS-16	Applied
Leases	BAS-17	Applied
Revenue	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	Not Applicable
The Effect of Changes in Foreign Exchanges Rate.	BAS-21	Applied
Borrowing Cost	BAS-23	Applied
Related party Disclosures	BAS-24	Applied
Accounting for Investment	BAS-25	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	Applied
Consolidated Financial Statements and Accounting for Investments in subsidiaries	BAS-27	Applied
Accounting for Investment in Associates	BAS-28	Applied
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	Applied
Impairments of Assets	BAS-36	Applied
Provision, Contingent Liabilities and Contingent Assets	BAS-37	Applied
Intangible Assets	BAS-38	Applied
Financial Instruments: Recognition & Measurement	BAS-39	Applied
Investment property	BAS-40	Applied
Agriculture	BAS-41	Not Applicable

Bangladesh Financial Reporting Standard (BFRS)	Ref.	Status
First-time adoption of International Financial Reporting Standards	BFRS-1	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	Applied

**Reason for Non-Compliance:**

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

**2.18 Regulatory & Legal Compliance**

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

- 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, Securities and Exchange Commission IPO Rules 2006
- e) The Income Tax Ordinance, 1984
- f) The Value Added Tax Act, 1991.

**2.19 Risk Management**

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

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

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

**2.19.1 Credit Risk Management**

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

Considering the key elements of credit risk, the Bank has segregated duties of the officers/

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

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

**2.19.2 Foreign Exchange Risk Management**

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

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

Dealing room is equipped with Reuter's information, voice screen recorders for

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

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

#### **2.19.3 Asset Liability Management**

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

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

#### **2.19.4 Prevention of Money Laundering**

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

#### **2.19.5 Internal Control & Compliance**

Internal Control is the mechanism in place on a permanent basis to control the activities in an organization, both at a central and at a departmental/divisional level. Management through Risk Management Department controls

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

#### **2.19.6 Information and communication technology**

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

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

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

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

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

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

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

#### **2.19.7 Enterprise Risk Management**

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

The Management under the guidance of the Board of Directors has developed an Enterprise

Risk Management Policy for submission of a formal report to the Board Audit Committee on a quarterly basis.

**Primary Objectives:**

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

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

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

**Development of ERM policy**

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

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

The ERM meets on the 15th of every month. The committee discusses 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 the 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 a quarterly basis.

**Outcome of ERM:**

Vulnerable areas of the Bank are identified.

Appropriate plan and initiatives are taken to mitigate and minimize the risk.

Follow up and monitoring are done on the overall position of the Bank regarding mitigation and minimization of risky areas.

Upgrading the "Leading Key Risk Indicator" and DCFCLs are developing gradually through inclusion and exclusion item.

**2.20 Implementation of BASEL-II**

To comply with international best practices and to make the Bank's capital more risk-sensitive as well as to build the banking industry more shock

absorbent and stable, Bangladesh Bank provides revised regulatory capital framework "Risk Based Capital Adequacy for Banks" which is effective from January 2009. According to the BRPD circular no-09 dated 31st December 2008 and subsequent updates on BRPD circular no-10, 12, 24, 35 dated 10th March 2010, 29th March 2010, 3rd August 2010 and 29th December 2010 following specific approaches are suggested for implementing BASEL-II:

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

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

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

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

**2.21 Off Balance Sheet Items**

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

## SECTION-TWO : NOTES TO THE BALANCE SHEET

Particulars	2010 Taka	2009 Taka
<b>3.0 Cash</b>		
<b>A. Cash in hand:</b>		
Local currency	3,529,995,570	1,597,757,522
Foreign currency	48,538,309	39,458,692
	<b>3,578,533,880</b>	<b>1,637,216,214</b>
<b>B. Balance with Bangladesh Bank and its agent bank(s):</b>		
Local currency :		
Statutory deposit	5,216,976,848	4,122,216,713
Foreign currency	497,381,612	556,151,549
	<b>5,714,358,460</b>	<b>4,678,368,262</b>
Sonali Bank as agent of Bangladesh Bank (local currency)	560,083,303	303,417,254
	<b>6,274,441,763</b>	<b>4,981,785,516</b>
	<b>9,852,975,642</b>	<b>6,619,001,730</b>
<b>3.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) have been calculated and maintained in accordance with section 33 of Bank Companies Act, 1991 and BRPD circular no. 11 and 12, dated August 25, 2005, MPD circular no. 1 and 2, dated May 4, 2010 and MDP circular no. 4 and 5, dated December 1, 2010.</b>		
The statutory Cash Reserve Requirement on the Bank's time and demand liabilities at the rate 6% has been calculated and maintained with Bangladesh Bank in current account and 19% Statutory Liquidity Requirement, including CRR, on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including FC balance with Bangladesh Bank. Both the reserves are maintained by the Bank, as shown below:		
<b>3.1.1 Cash Reserve Requirement (CRR) :</b>		
6% of Average Demand and Time Liabilities :		
Required reserve	5,054,091,375	3,717,848,600
Actual reserve held (as per Bangladesh Bank statement)	5,224,964,418	4,464,761,760
Surplus/(deficit)	<b>170,873,043</b>	<b>746,913,160</b>
<b>3.1.2 Statutory Liquidity Requirement (SLR) :</b>		
13% of Average Demand and Time Liabilities :		
Required reserve	10,950,531,313	9,666,406,360
Actual reserve held	13,806,491,541	12,173,788,308
Surplus/(Deficit)	<b>2,855,960,229</b>	<b>2,507,381,948</b>
<b>Total Surplus/(deficit) (3.1.1+3.1.2)</b>	<b>3,026,833,271</b>	<b>3,254,295,108</b>
<b>3.1.3 Held for Statutory Liquidity Ratio</b>		
Cash in hand (Note: 3)	3,578,533,880	1,637,216,214
Balance with Bangladesh Bank as per statement	5,224,964,418	4,464,761,760
Balance with Sonali Bank as per statement	560,019,028	278,891,297
TT in Transit	-	-
Government securities	-	-
Government bonds (Note: 6.1)	9,667,938,634	10,257,680,797
FC used in BDT	-	-
	<b>19,031,455,959</b>	<b>16,638,550,068</b>
<b>3.a Consolidated Cash</b>		
<b>A. Cash in hand:</b>		
BRAC Bank Limited	3,578,533,880	1,637,216,214
BRAC EPL Investments Ltd.	48,821	65,010
BRAC EPL Stock Brokerage Ltd.	16,782	15,523
bKash Ltd.	5,019	-
	<b>3,578,604,502</b>	<b>1,637,296,747</b>

Particulars	2010 Taka	2009 Taka
<b>B. Balance with Bangladesh Bank and its agent bank(s):</b>		
BRAC Bank Limited	6,274,441,763	4,981,785,516
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>6,274,441,763</b>	<b>4,981,785,516</b>
	<b>9,853,046,264</b>	<b>6,619,082,263</b>
<b>4.0 Balance with Other Banks and Financial Institutions</b>		
A. Inside Bangladesh (Note: 4.1)	2,781,347,491	5,371,854,209
B. Outside Bangladesh (Note: 4.2)	850,638,516	222,079,664
	<b>3,631,986,007</b>	<b>5,593,933,873</b>
<b>4.1 Balance with Other Banks and Financial Institutions (Inside Bangladesh)</b>		
<b>On Demand Deposit Accounts</b>		
Standard Chartered Bank - Current Account	33,884,095	36,822,408
	<b>33,884,095</b>	<b>36,822,408</b>
<b>On Short Term Deposit (STD) Accounts</b>		
Southeast Bank Ltd.	858,026	50,943
Prime Bank Limited	1,000	1,000
Pubali Bank Limited	391,296,362	758,656,492
Janata Bank Limited	435,124,509	594,305,728
Bangladesh Krishi Bank Limited	188,559,041	220,536,919
The City Bank Limited	8,204,488	15,233,550
Agrani Bank Limited	303,200,109	392,219,182
Islami Bank (BD) Ltd.	75,053,440	11,197,577
United Commercial Bank Limited	4,885,728	15,062,401
National Bank Limited	9,963,069	25,150,513
Sonali Bank Limited	160,816,054	44,113,278
ICB Islamic Bank Limited	1,311,822	897,395
Rupali Bank Limited	151,851,100	132,344,942
First Security Bank Ltd.	2,241,416	1,218,165
EXIM Bank Limited	3,054,939	3,041,915
BASIC Bank Ltd.	1,042,294	1,001,800
	<b>1,737,463,396</b>	<b>2,215,031,801</b>
<b>On Fixed Deposit with Banks</b>		
Pubali Bank Limited	-	50,000,000
Sonali Bank Limited	-	500,000,000
Mutual Trust Bank Limited	-	100,000,000
	-	<b>650,000,000</b>
<b>On Fixed Deposit with Financial Institutions</b>		
Industrial & Infrastructure Development Finance Co. Ltd.	-	140,000,000
International Leasing & Financial Services Ltd.	200,000,000	300,000,000
Uttara Finance & Investment Limited	50,000,000	400,000,000
Far East Finance & Investment Limited	60,000,000	80,000,000
Union Capital Limited	-	30,000,000
National Housing Finance Company Ltd.	50,000,000	100,000,000
Prime Finance & Investment Co. Ltd.	-	50,000,000
Premier Leasing & Financial Services Limited	-	190,000,000
Phoenix Finance & Investments Limited	200,000,000	300,000,000
Bangladesh Finance & Investment Co. Ltd.	-	150,000,000
Bangladesh Industrial Finance Company Ltd.	250,000,000	130,000,000
United Leasing Company Ltd.	-	200,000,000
Investment Corporation Of Bangladesh	-	150,000,000
Lanka Bangla Finance Co. Ltd.	200,000,000	250,000,000
	<b>1,010,000,000</b>	<b>2,470,000,000</b>
	<b>2,781,347,491</b>	<b>5,371,854,209</b>

Particulars	2010 Taka	2009 Taka
<b>4.2 Balance with Other Banks and Financial Institutions (Outside Bangladesh)</b>		
<b>On Demand Deposit Accounts (Non interest bearing) with:</b>		
Standard Chartered Bank-NY (USD)	11,192,077	15,999,481
Mashreq Bank PSCNY (USD)	433,885	803,007
The Bank of Nova Scotia- USA (USD)	-	-
The Bank of Nova Scotia- Canada (CAD)	9,687,855	3,749,107
CITI Bank NA (USD)	20,339,913	16,799,631
AB Bank Mumbai (ACU Dollar)	8,604,842	19,137,416
ICICI Mumbai (ACU Dollar)	3,039,137	436,353
Standard Chartered Bank-UK (GBP)	316,347	457,965
Hypo Vereins Bank Germany (EURO)	13,499,516	20,076,879
HSBC - NewYork (USD)	35,160,370	96,840,642
HSBC - United Kindom (GBP)	24,759,159	16,822,387
HSBC - Australia (AUD)	678,153	192,647
HSBC Pakistan (ACU Dollar)	527,649	37,348
HSBC - India (ACU Dollar)	433,300	458,293
Zuercher Kantonal Bank, Zurich (CHF)	1,278,624	541,838
ING Belgium NV/SA (EURO)	1,021,446	127,959
Unicredito Italiano SPA (EURO)	9,368,504	13,443,910
Commerz Bank AG Germany (EURO)	3,836,719	185,729
Standard Chartered Bank - Frankfurt (EURO)	700,789	-
Union DE Banques Arabes ET Francaises (JPY)	1,310,235	3,875,888
United Bank of India, Calcutta (ACU)	4,149,291	-
Westpack Banking Corporation, (AUD)	8,795,749	2,930,712
JP Morgan Chase Bank (USD)	5,177,269	9,162,472
	<b>164,310,828</b>	<b>222,079,664</b>
<b>Details are shown in Annex-B</b>		
<b>On Fixed Deposit with Off Shore Banking Unit</b>		
Off Shore Banking Unit	686,327,687	-
	<b>850,638,516</b>	<b>222,079,664</b>
<b>4.3 Maturity grouping of balance with other banks and financial institutions</b>		
Up to 1 month	2,721,986,007	2,723,933,873
More than 1 months to 3 months	600,000,000	1,570,000,000
More than 3 months to 1 Year	310,000,000	1,300,000,000
More than 1 year to 5 years	-	-
More than 5 years	-	-
	<b>3,631,986,007</b>	<b>5,593,933,873</b>
<b>4.a Consolidated Balance with Other Banks and Financial Institutions</b>		
<b>A. In Bangladesh</b>		
BRAC Bank Limited	2,781,347,491	5,371,854,209
BRAC EPL Investments Ltd.	29,960,180	775,033,206
BRAC EPL Stock Brokerage Ltd.	256,732,288	44,074,358
bKash Ltd.	33,034,618	-
	<b>3,101,074,577</b>	<b>6,190,961,774</b>
Less: Inter Company Transaction with:		
BRAC EPL Investments Ltd.	13,596,782	763,935,760
BRAC EPL Stock Brokerage Ltd.	17,826,914	1,535
bKash Ltd.	33,034,618	-
	<b>3,036,616,263</b>	<b>5,427,024,479</b>
<b>B. Outside Bangladesh</b>		
BRAC Bank Limited	850,638,516	222,079,663
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>850,638,516</b>	<b>222,079,663</b>
	<b>3,887,254,779</b>	<b>5,649,104,142</b>

Particulars	2010 Taka	2009 Taka
<b>5.0 Money at Call and Short Notice</b>		
<b>Banking Company:</b>		
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
	-	<b>1,220,000,000</b>
<b>Non-banking financial institutions:</b>		
Lanka Bangla Finance Co. Ltd.	-	30,000,000
Union Capital Limited	-	50,000,000
	-	<b>80,000,000</b>
	-	<b>1,300,000,000</b>
<b>5.a Consolidated Money at Call and Short Notice</b>		
BRAC Bank Limited	-	1,300,000,000
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	-	<b>1,300,000,000</b>
<b>6.0 Investments</b>		
Government Securities (Note: 6.1)	9,667,938,634	10,257,680,797
Other Investments (Note: 6.2)	3,188,046,627	117,660,328
	<b>12,855,985,261</b>	<b>10,375,341,126</b>
Investment in securities are classified as follows:		
Held for trading (Treasury Bond)	6,951,016,085	7,671,907,364
Held for maturity (Treasury Bond)	2,715,338,749	2,584,503,133
Other Investments	3,189,630,427	118,930,628
	<b>12,855,985,261</b>	<b>10,375,341,126</b>
<b>6.1 Government Securities</b>		
Treasury Bills	-	-
Treasury Bonds (Note: 6.1.1)	9,666,354,834	10,256,410,497
Prize Bond	1,583,800	1,270,300
	<b>9,667,938,634</b>	<b>10,257,680,797</b>
<b>6.1.1 Treasury Bonds</b>		
Treasury Bonds (3 years TNT)	-	-
Treasury Bonds (5 years BGTB)	100,421,100	100,466,050
Treasury Bonds (10 years BGTB)	4,304,464,284	4,346,820,985
Treasury Bonds (15 years BGTB)	1,612,490,015	1,672,539,878
Treasury Bonds (20 years BGTB)	3,648,979,435	4,136,583,585
1 day Reverse REPO	-	-
6 months Reverse REPO	-	-
	<b>9,666,354,834</b>	<b>10,256,410,497</b>
<b>6.2 Other Investments</b>		
(Details are shown in Annex- C)		
<b>Ordinary Shares (Available for sales):</b>		
Industrial and Infrastructure Development Finance Co. Ltd.	10,000,000	10,000,000
Bank Asia Limited	-	230,000
Mercantile Bank Limited	-	270,000
Dun & Bradstreet Rating Agency Bangladesh Limited	12,497,600	12,497,600
Central Depository Bangladesh Ltd.	4,000,000	4,000,000
	<b>26,497,600</b>	<b>26,997,600</b>
<b>Capital Market Investment (Held for Trading)</b>		
Balance with subsidiary BRAC EPSL Stock Brokerage Ltd.	71,357,846	40,662,728
Managed by BRAC Bank Ltd.	2,256,072,281	-
	<b>2,327,430,127</b>	<b>40,662,728</b>

Particulars	2010 Taka	2009 Taka
<b>Preference Shares (Available for sales)</b>		
STS Holdings Limited	30,000,000	50,000,000
Summit Uttaranchal Power Co Ltd	120,652,300	-
Summit Purbanchal Power Co Ltd	183,466,600	-
	<b>334,118,900</b>	<b>50,000,000</b>
<b>Bonds (Available for sales)</b>		
Orascom	500,000,000	-
	<b>500,000,000</b>	<b>-</b>
	<b>3,188,046,627</b>	<b>117,660,328</b>
<b>6.3 Maturity Wise Grouping</b>		
Up to 1 month	88,703,840	41,933,028
More than 1 month to 3 months	1,181,410,037	-
More than 3 months to 1 Year	343,450,546	-
More than 1 year to 5 years	3,079,099,621	150,466,050
More than 5 years	8,163,321,216	10,182,942,047
	<b>12,855,985,261</b>	<b>10,375,341,126</b>
<b>6.a Consolidated Investments</b>		
BRAC Bank Limited:		
Government Securities	9,667,938,634	10,257,680,797
Other Investments	3,188,046,627	117,660,328
	<b>12,855,985,261</b>	<b>10,375,341,126</b>
<b>Less:</b>		
Inter-company transaction		
Balance with EPSL (Capital market investment)	71,357,846	40,662,728
	<b>12,784,627,415</b>	<b>10,334,678,397</b>
<b>Add:</b>		
Investment of subsidiaries		
BRAC EPL Investments Ltd.	272,409,345	18,633,510
BRAC EPL Stock Brokerage Ltd.	68,459,046	30,000,000
bKash Ltd.	-	-
	<b>13,125,495,806</b>	<b>10,383,311,907</b>
<b>7.0 Loans and Advances</b>		
Overdrafts	1,730,900,521	1,760,739,705
Demand loans	17,169,080,223	8,918,280,577
Term loans	20,278,856,866	14,481,214,369
Lease receivables (Note-7.3)	585,324,602	602,927,821
Small & medium enterprises	41,738,916,647	35,972,074,382
Credit Cards	1,958,244,108	1,901,852,351
Staff loans (Note-7.7)	597,381,976	447,269,198
	<b>84,058,704,943</b>	<b>64,084,358,403</b>
Bills purchased & discounted (Note-7.17)	244,084,374	66,476,756
	<b>84,302,789,317</b>	<b>64,150,835,159</b>
<b>7.1 Net Loans and Advances</b>		
Gross loans and advances	84,302,789,317	64,150,835,159
<b>Less:</b>		
Interest suspense	766,411,557	556,464,712
Provision for loans & advances	4,356,503,193	3,452,591,719
	<b>5,122,914,750</b>	<b>4,009,056,431</b>
	<b>79,179,874,567</b>	<b>60,141,778,728</b>
<b>7.2 Maturitywise Grouping</b>		
Repayable on demand	13,766,769,491	5,074,740,450
More than 1 month to 3 months	12,742,044,689	11,128,368,170
More than 3 months to 1 Year	28,553,902,534	26,496,022,255
More than 1 year to 5 years	24,423,580,217	18,380,264,358
More than 5 years	4,816,492,386	3,071,439,927
	<b>84,302,789,317</b>	<b>64,150,835,159</b>

Particulars	2010 Taka	2009 Taka
<b>7.3 Lease receivables</b>		
Lease finance on demand	-	-
Lease finance receivables more than 1 month to 3 months	11,706,492	73,744,348
Lease finance receivables more than 3 months to 1 Year	40,972,722	208,734,393
Lease finance receivables more than 1 year to 5 years	438,993,452	320,449,080
Lease finance receivables more than 5 years	93,651,936	-
<b>Total Lease finance receivable</b>	<b>585,324,602</b>	<b>602,927,821</b>
<b>7.4 Loans and Advances under the following broad categories</b>		
<b>Inside Bangladesh:</b>		
Loans	82,571,888,796	62,390,095,454
Cash Credits	-	-
Overdrafts	1,730,900,521	1,760,739,705
	<b>84,302,789,317</b>	<b>64,150,835,159</b>
<b>Outside Bangladesh:</b>	-	-
Loans	-	-
Cash credits	-	-
Overdrafts	-	-
	<b>84,302,789,317</b>	<b>64,150,835,159</b>
<b>7.5 Geographical Locationwise Portfolio Grouping</b>		
<b>Inside Bangladesh:</b>		
Dhaka Division	54,590,944,733	38,894,955,332
Chittagong Division	15,285,231,632	12,463,827,115
Khulna Division	4,550,064,791	3,845,348,758
Sylhet Division	1,846,434,206	1,693,715,244
Barisal Division	2,419,399,745	2,401,570,252
Rajshahi Division	5,610,714,209	4,851,418,458
	<b>84,302,789,317</b>	<b>64,150,835,159</b>
<b>Outside Bangladesh:</b>	-	-
	<b>84,302,789,317</b>	<b>64,150,835,159</b>
<b>7.6 Significant Concentrationwise Grouping</b>		
Directors & others	-	-
Staff:		
Managing Director & CEO	7,817,344	-
Senior Executives	83,117,354	83,544,172
Others	506,447,278	363,725,026
	<b>597,381,976</b>	<b>447,269,198</b>
Industries:		
Agricultural	2,741,148,965	726,990,953
Large & Medium	12,368,784,039	11,027,217,468
Small & Cottage	2,984,039,019	740,719,670
	<b>18,093,972,023</b>	<b>12,494,928,091</b>
Consumers	23,874,009,638	11,319,789,093
Trade & Commercial	41,737,425,680	39,888,848,777
	<b>84,302,789,317</b>	<b>64,150,835,159</b>
<b>7.7 Staff Loan</b>		
Personal Loan	114,911,452	112,913,703
Car and motorcycle Loan	230,514,624	113,606,859
House building Loan	251,955,900	220,748,636
	<b>597,381,976</b>	<b>447,269,198</b>
<b>7.8 Detail of Large Loan</b>		

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 13,774.57 million on Consolidated basis and Taka 12,010.93 million on Solo basis as at 31 December 2010 (Taka 8,290.18 million as at 31 December 2009). (Details are shown in Annex - E)

Particulars	2010 Taka	2009 Taka
<b>7.9 Grouping as per Classification Rules</b>		
<b>Unclassified</b>		
Standard including staff loan	77,162,088,870	57,728,435,549
Special Mention Account (SMA)	2,211,142,271	2,544,742,867
	<b>79,373,231,141</b>	<b>60,273,178,416</b>
<b>Classified</b>		
Substandard	1,142,795,194	1,504,126,278
Doubtful	1,430,876,989	990,855,828
Bad/Loss	2,355,885,993	1,382,674,637
	<b>4,929,558,176</b>	<b>3,877,656,743</b>
	<b>84,302,789,317</b>	<b>64,150,835,159</b>
<b>7.10 Loan type wise classified loan</b>		
Overdraft	46,225,937	41,715,110
Demand Loan	167,233,737	170,630,533
Term Loan	4,573,261,828	3,294,576,401
Lease Finance	16,867,752	15,554,500
Credit Cards	125,968,922	355,180,198
	<b>4,929,558,176</b>	<b>3,877,656,743</b>
<b>7.11 Sectorwise Allocation of Loans and Advances</b>		
<b>Government</b>	<b>1,841,276,703</b>	-
<b>Private:</b>		
Agriculture, fishing, forestry and dairy farm	2,741,148,965	726,990,953
Industry (jute, textile, garments, chemicals, cements etc.)	12,368,784,039	11,027,217,468
Working capital financing	3,204,671,998	869,344,044
Export credit	283,307,004	18,355,628
Commercial credit	36,408,169,975	38,595,278,844
Small and cottage industries	2,984,039,019	740,719,670
Miscellaneous	24,471,391,614	12,172,928,552
	<b>82,461,512,614</b>	<b>64,150,835,159</b>
	<b>84,302,789,317</b>	<b>64,150,835,159</b>
<b>7.12 Securities against loans/advances including bills purchased and discounted</b>		
Collateral of moveable/immoveable assets	28,873,505,451	17,392,025,798
Local banks & financial institutions guarantee	-	-
Government guarantee	-	-
Foreign banks guarantee	-	-
Export documents	-	-
Fixed Deposit Receipts (FDR)	5,290,717,865	4,763,325,136
FDR of other banks	-	-
Government bonds	-	-
Personal guarantee & other securities	50,138,566,001	41,995,484,225
	<b>84,302,789,317</b>	<b>64,150,835,159</b>

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

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

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

Particulars	2010 Taka	2009 Taka
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### 7.14 Particulars of required provisions for off balance sheet items - General Provision

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

### 7.15 Particulars of Loans and Advances

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

Particulars	2010 Taka	2009 Taka
v) Debts due by directors or officers of the banking company or any of these either separately or jointly with any other person;	597,381,976	447,269,198
vi) Debts due by companies or firms in which the directors or officers of the bank are interested as directors, partners or managing agents or in case of private companies as members;	122,239,860	192,287,384
vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person;	597,381,976	447,269,198
viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in case of private companies, as members;	122,239,860	192,287,384
ix) Due from banking companies	-	-
x) Amount of Classified loans on which interest has not been charged should be mentioned as follows:	-	-
a) Increase/decrease of provision (specific)		
Decrease/increase in provision	409,304,958	948,811,821
Amount of debts written off	1,022,907,402	1,002,621,753
Amount realized against loan previously written off	162,449,488	55,497,494
b) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet	2,355,885,993	1,382,674,637
c) Interest creditable to the Interest Suspense A/C	766,411,557	556,464,712
xi) Cumulative amount of the written off loan and the amount written off during the current year should be shown separately. The amount of written off loan for which lawsuit has been filed should also be mentioned.		
- Current year	1,022,907,402	1,002,621,753
- Cumulative to date	2,194,540,294	1,171,632,892
The amount of written off loans for which law suit filed	2,194,540,294	1,171,632,892
<b>7.16</b> 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.		
<b>7.17 Bill Purchased &amp; Discounted under the following broad categories</b>		
Inside Bangladesh	244,084,374	66,476,756
Outside Bangladesh	-	-
	<b>244,084,374</b>	<b>66,476,756</b>
<b>7.18 Maturitywise Grouping of Bill Purchased &amp; Discounted</b>		
Up to 1 month	152,692,756	20,984,082
More than 1 month to 3 months	83,841,477	37,689,106
More than 3 months to 1 Year	7,550,141	7,803,568
More than 1 year to 5 years	-	-
More than 5 years	-	-
	<b>244,084,374</b>	<b>66,476,756</b>
<b>7.19 Write off of Loans &amp; Advances</b>		
Balance at the beginning of the year	1,100,951,429	153,827,170
Add: Write off during the year	1,022,907,402	1,002,621,753
	2,123,858,831	1,156,448,923
Less: Recovery of Write off loans	185,483,529	55,497,494
<b>Balance at the end of the year</b>	<b>1,938,375,302</b>	<b>1,100,951,429</b>
<b>7.a Consolidated Loans &amp; Advances</b>		
BRAC Bank Limited	84,302,789,317	64,150,835,159
BRAC EPL Investments Ltd.	3,070,981,586	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
Less: Inter-company transaction		
Borrowing from BRAC Bank by BRAC EPL Investments Ltd.	799,857,307	
	<b>86,573,913,596</b>	<b>64,150,835,159</b>

Particulars	2010 Taka	2009 Taka
<b>8.0 Fixed assets including premises, furniture and fixtures</b>		
<b>Cost</b>		
<b>Property plant and equipments:</b>		
Land	87,940,465	87,940,465
Furniture & fixture	855,005,485	688,825,347
Office equipments	642,337,023	487,264,633
IT Hardwares	774,431,818	611,977,039
Motor vehicles	89,109,429	59,183,414
<b>Intangible Assets:</b>		
License (indefinite useful live)	50,000	-
IT Softwares (finite useful live)	460,913,388	460,949,509
	<b>2,909,787,607</b>	<b>2,396,140,407</b>
Less: Accumulated depreciation	1,160,882,100	758,242,344
<b>Net Book value at the end of the year</b>	<b>1,748,905,507</b>	<b>1,637,898,063</b>
(Details are shown in Annex - D)		
<b>8.a Consolidated Fixed Assets including Premises, Furniture &amp; Fixtures</b>		
BRAC Bank Limited	1,748,905,507	1,637,898,063
BRAC EPL Investments Ltd.	42,457,852	17,664,413
BRAC EPL Stock Brokerage Ltd.	60,167,704	11,031,456
bKash Ltd.	2,714,131	-
	<b>1,854,245,194</b>	<b>1,666,593,932</b>
<b>9.0 Other Assets</b>		
<b>9.1 Income Generating Other Assets</b>		
Interest receivables (Note-9.1.1)	704,195,587	840,705,255
Prepaid Interest Expenses on Interest		
First Fixed Deposit (IFFD)	58,479,712	86,630,485
Receivables against Sanchayapatra	118,255,325	24,753,742
Receivables from Omnibus	44,088,979	41,099,603
Receivables against Travelers Cheque	1,701,664	502,536
Investment in subsidiary (Note-9.1.2)	598,648,294	596,863,294
Investment in associate (Note-9.1.3)	12,500,000	-
	<b>1,537,869,560</b>	<b>1,590,554,915</b>
<b>9.1.2 Investment in subsidiaries (AFS Instruments)</b>		
BRAC EPL Investments Ltd.	494,340,794	494,340,794
BRAC EPSL Stock Brokerage Ltd.	102,522,500	102,522,500
bKash Ltd.	1,785,000	-
	<b>598,648,294</b>	<b>596,863,294</b>
<b>9.1.3 Investment in associate (AFS Instruments)</b>		
BRAC Asset Management Company Ltd.	12,500,000	-
<b>9.2 Non Income Generating Other Assets</b>		
Stock of stamps	2,924,977	5,703,808
Other receivables (Note-9.2.1)	198,201,897	134,647,208
Stock of security stationery	11,124,733	24,566,366
Stock of printing stationery	17,845,902	22,811,132
Stock of furniture	388,322	-
Advance to staff & supplier	11,049,290	20,130,521
Advance for ELDORADO	66,413,583	63,696,306
Deferred revenue expenditure	17,607,598	32,177,692
Advance payment of income tax	2,842,441,954	2,153,057,394
Deferred tax asset (Note-9.2.2)	710,917,786	545,917,786
Advance to staff for motor cycle purchase	87,836,251	92,099,404
Advance to SME unit offices	1,326,550	1,415,000
Advance against fixed assets	247,455,038	96,801,797
Advance against office rent	527,100,427	543,599,120
Advance security deposit	183,609,378	10,279,466
Advance for Data Center Project	125,056,364	67,672,476
Advance for software migration	132,765,956	40,923,784
Advance for Anik Tower project	31,396,924	-
* Lease assets	3,989,956	4,034,334
Inter-branch Account (Note-9.2.4)	123,785	123,785
	<b>5,219,576,670</b>	<b>3,859,657,381</b>
	<b>6,757,446,230</b>	<b>5,450,212,295</b>

The Bank has taken lease of an office premise 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	2010 Taka	2009 Taka		
<b>9.1.1 Interest Receivables</b>				
Interest Receivables consist of interest receivable on loans, investments etc.				
Receivable against Govt. securities	223,934,826	234,296,011		
Receivable against other securities	63,750	3,699,996		
Receivable against balance with other bank	62,441,675	201,645,809		
Receivable against loans and advances	408,593,904	401,063,439		
Receivable against term deposit - OBU	9,161,432	-		
	<b>704,195,587</b>	<b>840,705,255</b>		
<b>9.2.1 Other Receivables</b>				
Remittance in transit	-	-		
Receivable against remittance	21,290,841	18,792,091		
Receivable against bills pay	-	-		
Receivable against DD	29,269,823	7,500,000		
Receivable against Cheques	545,353	-		
Receivable against Cards	4,985,934	288,154		
Account receivable - FCY (unclaimed)	7,080	6,926		
Receivable from Merchant	68,935,388	77,841,078		
Receivable from Partners	53,191,766	1,830,499		
Receivable in Cash Shortage	6,713,000	-		
Receivable from Member Bank - ELDORADO	4,456,365	28,388,461		
Sundry debtors	8,806,349	-		
Misc Suspense Account	-	-		
	<b>198,201,897</b>	<b>134,647,209</b>		
<b>9.2.2 Deferred Tax Asset/(Liability)</b>				
	Book Value	Tax Base	Deductable/ (Taxable) Temporary Difference	Deferred Tax Asset/(Liability)
<b>Balance as at 31 December 2009</b>				
Deferred Tax Asset				860,000,000
Deferred Tax Liability				(314,082,214)
<b>Net Deferred Tax Asset 2009</b>				<b>545,917,786</b>
<b>Balance as at 31 December 2010</b>				
Loan loss provision				
(Note-9.2.3)	4,356,503,193	-	2,201,426,305	935,606,180
<b>Deferred tax asset (a)</b>				<b>935,606,180</b>
Fixed assets (Annex-D)	1,660,915,042	1,356,171,296	(304,743,746)	(129,516,092)
Interest receivable from T-Bill	223,934,826	-	(223,934,826)	(95,172,302)
<b>Deferred Tax Liability (b)</b>				<b>(224,688,394)</b>
<b>Net Deferred Tax Asset 2010 (a+b)</b>				<b>710,917,786</b>
Increase of deferred tax asset recognized into P&L as income				75,606,180
Decrease of deferred tax liability recognized into P&L as income				89,393,820
<b>Total Deferred tax income recognized into P&amp;L during the year 2010</b>				<b>165,000,000</b>
<b>9.2.3</b>	A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Temporary difference arising from loan loss provision is recognized to the extent it is probable that taxable profit will be available in foreseeable future against which it can be utilized.			
<b>9.2.4 Interbranch Account</b>				
Interbranch Account - BDT			-	-
Interbranch Account - FCY			-	-
Cost Center Account			123,785	123,785
			<b>123,785</b>	<b>123,785</b>

Particulars	2010 Taka	2009 Taka		
<b>9.a Consolidated Other Assets</b>				
BRAC Bank Limited	6,757,446,230	5,450,212,295		
BRAC EPL Investments Ltd.	292,912,906	54,085,776		
BRAC EPL Stock Brokerage Ltd.	742,258,144	173,008,596		
bKash Ltd.	1,476,013	-		
<b>Less:</b>				
Investment in subsidiaries				
BRAC EPL Investments Ltd.	494,340,794	494,340,794		
BRAC EPL Stock Brokerage Ltd.	102,522,500	102,522,500		
bKash Ltd.	1,785,000	-		
	<b>598,648,294</b>	<b>596,863,294</b>		
Investment in associate				
BRAC Asset Management Company Ltd.	12,500,000	-		
Less: Inter-company transaction				
Payable to BRAC EPL Investment Ltd.	80,000	-		
Payable to bKash Ltd.	101,873	-		
Payable to BRAC EPSL Stock Brokerage Ltd. by BRAC EPL Investment Ltd.	27,742	-		
	209,615	-		
<b>Add:</b>				
Investment of associate				
BRAC Asset Management Company Ltd. (Note-9.a.1)	12,571,651	-		
	<b>7,195,307,035</b>	<b>5,080,443,373</b>		
<b>9.a.1 Investment in associate</b>				
BRAC Asset Management Company Ltd.				
Opening balance	-	-		
Investment made during the period	12,500,000	-		
Add: Share of post acquisition profit	71,651	-		
Less: Dividend receivable	-	-		
Total carrying amount of investment in associate	<b>12,571,651</b>	<b>-</b>		
<b>10.0 Non-banking assets</b>				
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 31th December 2010.				
<b>11.a Consolidated Goodwill</b>				
BRAC Bank Limited	-	-		
BRAC EPL Investments Ltd.	257,500,382	257,500,382		
BRAC EPL Stock Brokerage Ltd.	54,388,133	54,388,133		
bKash Ltd.	-	-		
Less: Impairment of Goodwill	-	-		
	<b>311,888,515</b>	<b>311,888,515</b>		
<b>11.a.1 Calculation of Goodwill</b>				
	<b>BRAC EPL Investments Ltd.</b>	<b>BRAC EPSL Stock Brokerage Ltd.</b>	<b>bKash Limited</b>	<b>Total</b>
Cost of investment	494,340,794	102,522,500	1,785,000	596,863,294
Less: Share of Share Capital	153,000,000	25,500,000	1,785,000	178,500,000
Share of Share Premium	75,729,133	-	-	75,729,133
Share of Pre-acquisition profit	8,111,279	22,634,367	-	30,745,646
	236,840,412	48,134,367	1,785,000	284,974,779
	<b>257,500,382</b>	<b>54,388,133</b>	<b>-</b>	<b>311,888,515</b>

\* The above Goodwill was calculated during September - 2009 and subsequently there was no impairment. No Goodwill arised on the acquisition of new subsidiary bKash Ltd. as cost of investment was equal to the value of investment.

Particulars	2010 Taka	2009 Taka																												
<b>12.0 Borrowing from other Banks, Financial Institutions and Agents: In Bangladesh, secured and repayable on demand</b>																														
<b>Term Borrowing:</b>	<b>Tenor</b>																													
<b>Banking company:</b>																														
One Bank Limited	500,000,000	-																												
Trust Bank Limited	-	100,000,000																												
Eastern Bank Ltd.	-	350,000,000																												
Dhaka Bank Limited	-	100,000,000																												
BASIC Bank Limited	300,000,000	400,000,000																												
Bangladesh Krishi Bank Limited	-	500,000,000																												
Sonali Bank Limited	2,500,000,000	-																												
ICB Islamic Bank Ltd.	400,000,000	500,000,000																												
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																												
	<b>3,700,000,000</b>	<b>2,450,000,000</b>																												
<b>Outside Bangladesh</b>	-	-																												
	<b>3,700,000,000</b>	<b>2,450,000,000</b>																												
<b>12.1 Maturitywise Grouping</b>																														
Up to 1 month	3,700,000,000	950,000,000																												
More than 1 month to 3 months	-	1,500,000,000																												
More than 3 months to 1 Year	-	-																												
More than 1 year to 5 years	-	-																												
More than 5 years	-	-																												
	<b>3,700,000,000</b>	<b>2,450,000,000</b>																												
<b>12.1.1 Disclosure regarding outstanding Repo as on 31 December 2010:</b>																														
<table><tr><th>Sl. no</th><th>Counter party name</th><th>Agreement Date</th><th>Reversal Date</th><th>Amount (1st leg cash consideration)</th></tr><tr><td>1</td><td>The Premier Bank Ltd.</td><td>12/30/2010</td><td>1/2/2011</td><td>378,299,517</td></tr></table>	Sl. no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)	1	The Premier Bank Ltd.	12/30/2010	1/2/2011	378,299,517																				
Sl. no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)																										
1	The Premier Bank Ltd.	12/30/2010	1/2/2011	378,299,517																										
<b>12.1.2 Disclosure regarding outstanding Reverse Repo as on 31 December 2010:</b>																														
<table><tr><th>Sl. no</th><th>Counter party name</th><th>Agreement Date</th><th>Reversal Date</th><th>Amount (1st leg cash consideration)</th></tr><tr><td colspan="5">NIL</td></tr></table>	Sl. no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)	NIL																								
Sl. no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)																										
NIL																														
<b>12.1.3 Disclosure regarding overall transaction of Repo and Reverse repo during the year 2010:</b>																														
<table><tr><th>Counter party name</th><th>Minimum outstanding during the year</th><th>Minimum outstanding during the year</th><th>Daily average outstanding during the year</th></tr><tr><td colspan="4">Securities sold under repo:</td></tr><tr><td>i) with Bangladesh Bank</td><td>300,000,000</td><td>1,000,000,000</td><td>71,726,098</td></tr><tr><td>ii) with other banks &amp; FIs</td><td>80,000,000</td><td>1,200,000,000</td><td>10,989,011</td></tr><tr><td colspan="4">Securities purchased under reverse repo:</td></tr><tr><td>i) with Bangladesh Bank</td><td>450,000,000</td><td>910,000,000</td><td>5,109,890</td></tr><tr><td>ii) with other banks &amp; FIs</td><td>100,000,000</td><td>800,000,000</td><td>26,510,989</td></tr></table>	Counter party name	Minimum outstanding during the year	Minimum outstanding during the year	Daily average outstanding during the year	Securities sold under repo:				i) with Bangladesh Bank	300,000,000	1,000,000,000	71,726,098	ii) with other banks & FIs	80,000,000	1,200,000,000	10,989,011	Securities purchased under reverse repo:				i) with Bangladesh Bank	450,000,000	910,000,000	5,109,890	ii) with other banks & FIs	100,000,000	800,000,000	26,510,989		
Counter party name	Minimum outstanding during the year	Minimum outstanding during the year	Daily average outstanding during the year																											
Securities sold under repo:																														
i) with Bangladesh Bank	300,000,000	1,000,000,000	71,726,098																											
ii) with other banks & FIs	80,000,000	1,200,000,000	10,989,011																											
Securities purchased under reverse repo:																														
i) with Bangladesh Bank	450,000,000	910,000,000	5,109,890																											
ii) with other banks & FIs	100,000,000	800,000,000	26,510,989																											
<b>12.a Consolidated Borrowing from other Banks, Financial Institutions and Agents</b>																														
BRAC Bank Limited	3,700,000,000	2,450,000,000																												
BRAC EPL Investments Ltd.	2,073,777,562	-																												
BRAC EPL Stock Brokerage Ltd.	-	-																												
bKash Ltd.	-	-																												
Less: Borrowing from BRAC Bank by BRAC EPL Investments Ltd. (Inter-Company)	799,857,307																													
	<b>4,973,920,255</b>	<b>2,450,000,000</b>																												

Particulars		2010 Taka	2009 Taka
<b>13.0 Borrowings from Central Bank</b>			
Off Shore Banking		1,828,605,004	-
		<b>1,828,605,004</b>	-
<b>13.1 Maturitywise Grouping</b>			
Up to 1 month		1,828,605,004	-
More than 1 month to 3 months		-	-
More than 3 months to 1 Year		-	-
More than 1 year to 5 years		-	-
More than 5 years		-	-
		<b>1,828,605,004</b>	-
<b>13.a Consolidated Borrowings from Central Bank</b>			
BRAC Bank Limited		1,828,605,004	-
BRAC EPL Investments Ltd.		-	-
BRAC EPL Stock Brokerage Ltd.		-	-
bKash Ltd.		-	-
		<b>1,828,605,004</b>	-
<b>14.0 Subordinated Convertible Bonds</b>			
Private Placement	(Note 14.1)	2,700,000,000	-
Public Subscription	(Note 14.2)	300,000,000	-
		<b>3,000,000,000</b>	-
<b>14.1 Private Placement details</b>			
	<b>No. of Unit</b>		
Nederlandse Financierings-Maatschappij Voor			
Ontwikkelingslanden N.V	525,000	525,000,000	-
Triodos Fair Share Fund	175,000	175,000,000	-
Triodos Microfinance Fund	175,000	175,000,000	-
Norwegian Investment Fund			
for Developing Countries	490,000	490,000,000	-
Agrani Bank Limited	750,000	750,000,000	-
BRAC Employee Providend Fund	482,500	482,500,000	-
Delta Life Insurance Company Ltd.	20,000	20,000,000	-
RACE Asset Management *	82,500	82,500,000	-
*PHP 1st Mutual Fund, Popular Life 1st Mutual Fund			
1st Janata Bank Mutual Fund			-
<b>Total Private Placement</b>		<b>2,700,000,000</b>	-
<b>14.2 Public Subscription details</b>	<b>No. of Unit</b>		
Other than Non-resident Bangladeshis	213,115	213,115,000	-
Non-resident Bangladeshis	2,310	2,310,000	-
Mutual Funds	215,000	215,000,000	-
<b>Total Subscription received</b>		<b>430,425,000</b>	-
Less: Refundable against excess subscription	(130,425)	130,425,000	-
		<b>300,000,000</b>	-
<b>14.3 Maturitywise Grouping</b>			
Up to 1 month		-	-
More than 1 month to 3 months		-	-
More than 3 months to 1 Year		-	-
More than 1 year to 5 years		-	-
More than 5 years		3,000,000,000	-
		<b>3,000,000,000</b>	-
<b>14.a Consolidated Subordinated Convertible Bonds</b>			
BRAC Bank Limited		3,000,000,000	-
BRAC EPL Investments Ltd.		-	-
BRAC EPL Stock Brokerage Ltd.		-	-
bKash Ltd.		-	-
		<b>3,000,000,000</b>	-

Particulars	2010 Taka	2009 Taka
<b>15.0 Money at call and short notice</b>		
Banking Company:		
Citibank NA	50,000,000	-
Bank Al-Falah Ltd.	150,000,000	-
Premiur Bank Ltd.	100,000,000	-
United Commercial Bank Ltd.	100,000,000	-
Dutch Bangla Bank Limited	150,000,000	-
	<b>550,000,000</b>	<b>-</b>
<b>15.1 Maturitywise Grouping</b>		
Up to 1 month	550,000,000	-
More than 1 month to 3 months	-	-
More than 3 months to 1 Year	-	-
More than 1 year to 5 years	-	-
More than 5 years	-	-
	<b>550,000,000</b>	<b>-</b>
<b>15.a Consolidated Money at Call and Short Notice</b>		
BRAC Bank Limited	550,000,000	-
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>550,000,000</b>	<b>-</b>
<b>16.0 Deposit and Other Accounts</b>		
<b>Local Currency:</b>		
Current & other accounts	30,053,221,947	24,434,036,657
Bills payable (Note-16.3)	1,021,461,002	453,829,731
Saving deposits	21,124,822,404	13,043,725,795
Fixed deposits	34,985,281,765	36,245,544,754
Other deposits (Note-16.4.1)	106,646,405	283,437,916
	<b>87,291,433,523</b>	<b>74,460,574,853</b>
<b>Foreign Currency:</b>		
Current & other accounts	208,891,177	115,571,621
Bills payable	-	-
Saving deposits	-	-
Fixed deposits	503,672,359	485,713,552
Other deposits (Note-16.4)	153,911,273	157,755,129
	<b>866,474,808</b>	<b>759,040,302</b>
<b>Total Deposit and other accounts</b>	<b>88,157,908,331</b>	<b>75,219,615,155</b>
<b>16.1 Deposit details concentrating liquidity nature</b>		
<b>i) Demand deposit</b>	<b>19,785,006,146</b>	<b>12,605,425,109</b>
Current deposit	16,241,125,502	10,570,881,833
Saving deposit (10%)	2,112,482,240	1,304,372,579
Foreign currency deposit	362,802,450	273,326,750
Sundry deposit	47,134,952	3,014,215
Bills payable	1,021,461,002	453,829,731
<b>ii) Time deposit</b>	<b>68,372,902,185</b>	<b>62,614,190,046</b>
Saving deposit (90%)	19,012,340,163	11,739,353,215
Foreign currency deposit	503,672,359	485,713,552
Fixed deposit	32,234,178,511	34,127,288,805
Short term deposit	13,812,096,444	13,863,154,824
Deposit pension scheme	2,751,103,255	2,118,255,948
Security deposit	20,749,180	47,068,716
Other Deposit	38,762,273	233,354,985
	<b>88,157,908,331</b>	<b>75,219,615,155</b>

Particulars	2010 Taka	2009 Taka
<b>16.2 Maturity Wise Grouping</b>		
Payable on demand	7,735,278,521	4,077,716,736
Payable within 1 month	9,454,334,520	8,650,777,181
Over 1 month but within 6 months	17,618,579,795	19,501,376,557
Over 6 months but within 1 year	7,633,263,605	9,828,797,532
Over 1 year but within 5 years	43,803,081,315	30,961,934,791
Over 5 years but within 10 years	1,913,370,576	1,531,411,639
Over 10 years	-	667,600,720
	<b>88,157,908,331</b>	<b>75,219,615,155</b>
<b>16.3 Bills payable</b>		
Local Drafts Issued and Payable	127,075,197	-
Stamp Charges payable for Loan Clients	5,346,058	4,162,543
Insurance Premium payable for SME Loan Clients	109,629,129	53,244,905
Payment Order Issued	709,337,834	379,502,162
Sundry Creditors	31,605,564	130,994
Payment Order To Be Issued	6,039,807	6,338,877
Cards Settlement account	32,427,413	10,450,250
	<b>1,021,461,002</b>	<b>453,829,731</b>
<b>16.4 Other Deposits</b>		
Foreign currency	153,911,273	157,755,129
Local Currency	-	-
Sundry deposit (Note-16.4.1)	106,646,405	283,437,916
	<b>260,557,678</b>	<b>441,193,045</b>
<b>16.4.1 Sundry deposit</b>		
Security Deposits	20,749,180	47,068,716
Security Deposit from SME Loan client	17,202,964	211,594,423
Security Deposit from Retail Loan client	21,559,309	21,760,562
Merchant POS settlement account	-	-
Lease Deposit	3,014,215	3,014,215
Payable against Staff, Clients Loan account and others	44,120,737	-
	<b>106,646,405</b>	<b>283,437,916</b>
<b>16.a Consolidated Deposit and Other Accounts</b>		
BRAC Bank Limited	88,157,908,331	75,219,615,155
BRAC EPL Investments Ltd.	61,417,666	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>88,219,325,997</b>	<b>75,219,615,155</b>
<b>Less: Inter Company Transaction</b>		
BRAC EPL Investments Ltd.	13,596,782	763,935,760
BRAC EPL Stock Brokerage Ltd.	17,826,914	1,535
bKash Ltd.	33,034,618	-
	<b>88,154,867,683</b>	<b>74,455,677,860</b>
<b>17.0 Other Liabilities</b>		
Provisions for loans & advances (Note-17.1)	4,356,503,193	3,452,591,719
Provisions for Off Balance Sheet Items (Note-17.2)	230,000,000	61,407,000
Provisions for Others	61,777	61,777
Interest suspense (Note-17.3)	766,411,557	556,464,712
Withholding tax payable (Note-17.4)	91,780,943	112,381,836
VAT payable (Note-17.5)	88,406,306	70,053,268
Provision for taxation (Note-17.6)	4,003,775,611	3,096,447,274
Interest payable	1,242,051,062	1,021,143,425
Accrued expenses	620,968,799	623,560,863
Provision for diminution in value of Investments	56,741,049	-
Excise duty payable	214,817,835	98,129,045
Share subscription - IPO (refund warrant)	3,896,705	190,554
Right Share subscription	1,062,405	1,092,941
Cheque clearing account	128,199,771	13,621,045
Margin on L/C	398,901,746	124,544,759
Margin on L/G	54,343,427	54,000,802
Refundable against excess subscription of BONDS	130,232,521	-
Unclaimed dividend	3,511,479	-
Others	110,022,887	20,961,659
	<b>12,501,689,071</b>	<b>9,306,652,678</b>

Particulars	2010 Taka	2009 Taka
<b>17.1 Provision for Loans and Advances :</b>		
Provision for loans and advances is created for covering the bank for possible loan losses in the future. General provision is made on outstanding loan and advance without considering the quality of loans and advances according to the prescribed rate of Bangladesh Bank. Classified loans and advances of the banks are categorised as sub-standard, doubtful and bad/loss as per guidelines of the Bangladesh Bank. Specific provision is required to be made on the shortfall in security value over the amount outstanding (net of unearned interest and interest suspense) for accounts which are classified as sub-standard, doubtful or bad/loss.		
<b>A. General</b>		
Balance at the beginning of the year	866,067,510	769,667,510
Add: Provision made during the year	494,606,516	96,400,000
<b>Balance at the end of the year</b>	<b>1,360,674,026</b>	<b>866,067,510</b>
<b>B. Specific</b>		
Balance at the beginning of the year	2,586,524,209	1,637,712,388
Add: Provision made during the year	1,333,089,473	1,440,600,000
	<b>3,919,613,681</b>	<b>3,078,312,388</b>
Less: Interest waiver during the year	62,361,108	-
Less: Write off during the year	861,423,407	491,788,179
<b>Balance at the end of the year</b>	<b>2,995,829,167</b>	<b>2,586,524,209</b>
<b>Net actual provision at the end of year (A+B)</b>	<b>4,356,503,193</b>	<b>3,452,591,719</b>
* Balance of General provision relating to Off Shore banking unit	18,413,023	
<b>17.2 Provisions for Off Balance Sheet Items</b>		
Provision for off balance sheet items is made as per BRPD circular No. 8 of 7th August 2007 and 10 of September 18, 2007 for covering the Bank for possible losses on off balance sheet items in the future. Details movement of Provision for Off Balance Sheet items is as follows:		
Balance at the beginning of the year	61,407,000	24,407,000
Add: Provision made during the year	168,593,000	37,000,000
<b>Balance at the end of the year</b>	<b>230,000,000</b>	<b>61,407,000</b>
<b>17.3 Interest suspense</b>		
Classified loans and advances of the banks are categorised as sub-standard, doubtful and bad/loss as per guidelines of the Bangladesh Bank. Interest accrued on SMA, sub-standard, doubtful and bad/loss loans is recorded as 'interest suspense' and not taken to income. This interest is recognized as income as and when it is realized in cash by the Bank.		
Balance at the beginning of the year	556,464,712	453,484,281
Add: Provision made during the year	1,500,847,812	1,466,314,638
	<b>2,057,312,525</b>	<b>1,919,798,919</b>
Less: Amount of interest suspense recovered	1,070,481,025	1,095,902,148
Less: Write off during the year	161,483,995	267,432,059
Less: Interest waiver during the year	58,935,948	-
<b>Balance at the end of the year</b>	<b>766,411,557</b>	<b>556,464,712</b>
<b>17.4 Withholding Tax Payable</b>		
Payable On Interest	69,509,312	99,326,036
Payable (Suppliers)	8,937,984	5,920,112
Payable (Contractors & Consultants)	201,779	831,251
Payable (Staff Salaries & Allowance)	9,358,662	2,580,291
Payable (Rent)	1,501,010	1,503,807
Payable (Export)	313,349	106,367
Payable on Commission Paid	1,942,893	2,062,665
Withholding Tax Payable - Others	15,954	51,308
	<b>91,780,943</b>	<b>112,381,836</b>
<b>17.5 VAT Payable</b>		
Payable On L/C Commission	1,111,160	868,985
Payable on Commission for Remittances	622,761	712,717
Payable on Loan Processing Fees	13,990,173	10,232,730
Payable - Credit Cards	6,302,795	3,357,639
Payable - Supplier	4,757,287	6,035,511
Payable - Rent	14,072,933	16,988,322
Payable - DESA & DESCO	4,330,509	24,519,188
Payable - BPDDB	7,031,065	2,086,295
Payable - DPDC	32,366,761	2,921,607
Payable - Others	3,820,863	2,330,273
	<b>88,406,306</b>	<b>70,053,268</b>

Particulars	2010 Taka	2009 Taka
<b>17.6 Provision for current taxation</b>		
Balance at the beginning of the year	3,096,447,274	1,956,447,274
Add: Provision made during the year	1,416,240,000	1,140,000,000
	4,512,687,274	3,096,447,274
Less: Adjustment of tax provision for previous years	508,911,663	-
<b>Balance at the end of the year</b>	<b>4,003,775,611</b>	<b>3,096,447,274</b>

Assessment up to the income year ended 31 December 2007 corresponding to the assessment year 2008-2009 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 2008 (assessment year 2009-2010) is under appeal with the Commissioner of Taxes (Appeals) preferred by the Bank against tax department's demand for additional tax of Tk. 121,697,538.

<b>17.a Consolidated Other Liabilities</b>		
BRAC Bank Limited	12,501,689,071	9,306,652,678
BRAC EPL Investments Ltd.	537,455,607	24,142,686
BRAC EPL Stock Brokerage Ltd.	766,879,436	134,207,650
bKash Ltd.	7,981,767	-
	<b>13,814,005,882</b>	<b>9,465,003,015</b>
Less: Inter Company Transaction		
Payable to BRAC EPL Investments Ltd.	80,000	-
Payable to bKash Ltd.	101,873	-
Payable to BRAC EPSL Stock Brokerage Ltd by BRAC EPL Investments Ltd.	27,742	-
Balance with BRAC EPL Stock Brokerage Ltd.	71,357,846	40,662,728
	71,567,461	40,662,728
	<b>13,742,438,421</b>	<b>9,424,340,286</b>

## 18.0 Share Capital

### 18.1 Authorized Capital

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

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

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

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

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

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

### 18.3 Initial Public Offering (IPO)

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

### 18.4 Bonus Issue

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

Particulars			2010 Taka	2009 Taka
<b>18.5 Ordinary Shares</b>				
	<u>No. of Shares</u>	<u>% of shareholding</u>		
<b>Sponsor</b>				
BRAC	11,717,732	43.77%	1,171,773,200	765,526,500
ShoreCap International Ltd. **	231,184	0.86%	23,118,400	120,054,700
International Finance Corporation	1,434,273	5.36%	143,427,300	143,894,900
Others	2,030	0.01%	203,000	153,400
<b>Non-Sponsor</b>				
Non Resident Bangladeshis	115,975	0.43%	11,597,500	9,343,300
Mutual Funds	860,959	3.22%	86,095,900	83,741,900
Institutions & General Public	12,407,447	46.35%	1,240,744,700	936,485,300
	<b>26,769,600</b>	<b>100%</b>	<b>2,676,960,000</b>	<b>2,059,200,000</b>

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

<b>18.6 Classification of Shareholding</b>			
<u>Range of Holding of Shares</u>	<u>No. of Shareholders</u>	<u>No. of Shares</u>	<u>Percentage of Holding of Shares</u>
Less than 500	29,953	3,218,727	12.02%
500 to 5,000	2,342	3,119,385	11.65%
5,001 to 10,000	100	705,013	2.63%
10,001 to 20,000	80	1,128,037	4.21%
20,001 to 30,000	19	475,637	1.78%
30,001 to 40,000	9	303,345	1.13%
40,001 to 50,000	9	416,869	1.56%
50,001 to 100,000	21	1,423,179	5.32%
100,001 to 1,000,000	13	2,827,403	10.56%
Over 1000000	2	13,152,005	49.13%
<b>Total</b>	<b>32,548</b>	<b>26,769,600</b>	<b>100.00%</b>

<b>18.7 Share Premium</b>		
5,000,000 ordinary shares @ Tk. 70 per share	350,000,000	350,000,000
2,640,000 ordinary shares @ Tk. 400 per share	1,056,000,000	1,056,000,000
	<b>1,406,000,000</b>	<b>1,406,000,000</b>

<b>18.8 Particulars of Share Premium</b>	<u>No. of Shares.</u>		
<b>Sponsor:</b>			
BRAC	11,717,732	335,163,840	335,163,840
ShoreCap International Ltd.	231,184	92,473,920	92,473,920
International Finance Corporation (IFC)	1,434,273	100,298,880	100,298,880
Others	2,030	63,360	63,360
<b>Non-Sponsor:</b>			
Non Resident Bangladeshis	115,975	87,800,000	87,800,000
Mutual Funds	860,959	87,800,000	87,800,000
General Public	12,407,447	702,400,000	702,400,000
	<b>26,769,600</b>	<b>1,406,000,000</b>	<b>1,406,000,000</b>

<b>18.8.a Consolidated Share Premium</b>		
BRAC Bank Limited	1,406,000,000	1,406,000,000
BRAC EPL Investments Ltd.	147,052,102	147,052,103
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>1,553,052,102</b>	<b>1,553,052,103</b>

<b>18.9 Preference Shares</b>	
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	20,496,800	50,000,000
Trust Bank Limited	1,000,000	100,000,000	100,000,000
Prime Bank Limited	1,000,000	100,000,000	100,000,000
Bank Al-Falah Ltd.	1,000,000	100,000,000	100,000,000
Bangladesh Shilpa Bank	500,000	50,000,000	50,000,000
	<b>5,000,000</b>	<b>500,000,000</b>	<b>500,000,000</b>

#### 18.10 Capital Adequacy Ratio - As per BASEL-II

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

Particulars	2010 Taka Consolidated basis	2010 Taka SOLO Basis	2009 Taka
<b>Capital Adequacy Ratio:</b>			
On core capital			
(against standard of minimum 5%)	8.21%	7.43%	9.12%
On actual capital			
(against standard of minimum 9.00%)	13.27%	12.07%	12.45%

#### 18.10.a Market Discipline Disclosures

##### A. Banking Book Assets

Cash in hand and Balance with BB

(excluding FC) 9,307,126,343 9,307,055,721 6,023,391,489

Money at Call - - 1,300,000,000

**Investment (HTM) 8,296,773,217 8,296,773,217 8,027,463,283**

Government 2,715,338,749 2,715,338,749 2,584,503,133

Qualifying (Banks etc) 2,256,072,281 2,256,072,281 7,105,940

Others including balance with other banks 3,325,362,187 3,325,362,187 5,435,854,209

**Loans and Advances 86,573,913,596 84,302,789,317 64,150,835,159**

Classified (SMA, SS, DF & BL  
to be shown separately) 4,929,558,176 4,929,558,176 3,877,656,743

SMA 2,211,142,271 2,211,142,271 2,544,742,867

SS 1,142,795,194 1,142,795,194 1,504,126,278

DF 1,430,876,989 1,430,876,989 990,855,828

BL 2,355,885,993 2,355,885,993 1,382,674,637

Unclassified 79,433,213,149 77,162,088,870 57,728,435,549

**Risk Weighted Assets (Credit and Off-Balancesheet) 87,861,271,911 83,560,190,373 58,350,323,466**

Below 100% RW 28,330,111,125 28,329,846,933 31,796,678,307

100% RW 20,022,510,761 18,974,329,865 5,111,694,913

Above 100% RW 39,508,650,025 36,256,013,575 21,441,950,246

Rated Status(Credit and Off-Balancesheet)

Rated Assets 3,718,189,452 5,088,325,280 4,101,495,580

Unrated Assets 102,841,615,590 100,784,321,231 54,248,827,886

**Other Assets (Including Fixed Asset) 4,727,510,031 4,921,217,942 3,223,919,021**

**Total Banking Book Assets 108,905,323,187 106,827,836,198 82,725,608,952**

FC Held in hand 48,538,309 48,538,309 39,458,692

FC held in BB & Nostro Account 1,348,020,127 1,348,020,127 778,231,213

Investment (Trading) - - -

Govt. (part of Govt. HTM if Held  
above the required SLR amount) 6,951,016,085 6,951,016,085 7,671,907,364

AFS (if any) 1,201,484,891 860,616,500 -

**Total Trading Book Assets 9,549,059,413 9,208,191,022 8,489,597,268**

**Total Assets 118,454,382,600 116,036,027,219 91,215,206,220**

##### B) Total Exposures of Credit Risk

**1. Funded 105,000,907,263 101,321,618,351 77,560,924,431**

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

b) Overseas - - -

**2. Non-Funded 6,286,407,809 6,286,407,809 1,301,652,293**

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

b) Overseas - - -

Particulars	2010 Taka Consolidated basis	2010 Taka SOLO basis	2009 Taka
<b>3. Distribution of risk exposure by claims</b>			
• A. Claims on sovereigns and central banks	6,274,441,763	6,274,441,763	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	23,613,652,714	21,342,528,435	13,109,840,860
• E. Claims included in the retail portfolio & small enterprises (consumer loan to be shown separately)	40,791,628,682	40,791,628,682	37,779,620,766
Retail and SME portfolio	30,738,368,001	30,738,368,001	37,739,313,463
Consumer Loan	10,053,260,681	10,053,260,681	40,307,303
• F. Claims secured by residential property	3,986,075,073	3,986,075,073	1,609,436,119
• G. Claims secured by commercial real estate	-	-	-
• H. Other Categories:			
– Past due loans/NPL	4,929,558,176	4,929,558,176	3,877,656,743
– Off-balance sheet items	-	-	-
<b>4. Credit Risk Mitigation</b>			
• Claims secured by financial collateral	3,474,270,486	3,474,270,486	3,986,737,793
• Net exposure after the application of haircuts	922,504,177	922,504,177	903,284,538
• Claims secured by eligible guarantee	-	-	-
<b>c) Market risk on Trading Book</b>			
<b>Quantitative Disclosure</b>			
The capital requirements for:			
• interest rate risk;	19,365,764	19,365,764	-
• equity position risk;	471,618,000	471,618,000	1,420,000
• foreign exchange risk; and	39,886,280	39,886,280	13,528,752
• commodity risk	-	-	-
<b>d) Operational risk</b>			
<b>Quantitative Disclosure</b>			
The capital requirements for:	904,500,000	904,500,000	840,976,691
• Operational Risk			
<b>e) Maintenance of Specific Provision</b>			
<b>Quantitative Disclosure</b>			
i) Gross Non Performing Assets (NPAs)	4,929,558,176	4,929,558,176	3,877,656,743
Non Performing Assets (NPAs) to Outstanding Loans and advances	5.69%	5.85%	6.04%
<b>ii) Movement of Non Performing Assets (NPAs)</b>			
1. Opening balance	3,877,656,742	3,877,656,742	2,473,011,790
2. Additions	1,522,000,846	1,522,000,846	1,803,964,083
3. Reductions	470,099,412	470,099,412	399,319,131
4. Closing balance	4,929,558,176	4,929,558,176	3,877,656,742
<b>iii) Movement of specific provisions for NPAs</b>			
1. Opening balance	2,586,524,209	2,586,524,209	1,637,712,388
2. Provisions made during the period	1,333,089,473	1,333,089,473	1,440,600,000
3. Write-off	861,423,407	861,423,407	491,788,179
4. Interest waiver	62,361,108	62,361,108	-
5. Write-back of excess provisions	-	-	-
6. Closing balance	2,995,829,167	2,995,829,167	2,586,524,209
<b>f) Maintenance of Regulatory Capital</b>			
<b>Quantitative Disclosure</b>			
<b>i) Amount of Tier-1 Capital</b>			
Fully paid-up Capital/Capital			
Deposited with BB	2,676,960,000	2,676,960,000	2,059,200,000
Statutory Reserve	1,920,598,872	1,920,598,872	1,337,479,877
Non-repayable Share Premium Account	1,553,052,102	1,406,000,000	1,406,000,000
General Reserve	-	-	-
Retained Earning	1,956,125,243	1,687,394,554	1,271,731,067
Minority interest in Subsidiaries	698,799,975	-	-
Share money deposits	24,851,503	-	-
Non-Cumulative irredeemable Preferences shares	-	-	-
Dividend Equalization Account	-	-	-

Particulars	2010 Taka Consolidated basis	2010 Taka SOLO Basis	2009 Taka
<b>ii) Amount deducted from Tier-1 Capital</b>			
• Good will	311,888,515	-	-
• Shortfall	-	-	-
• Others	-	299,324,147	-
<b>iii) Total amount of Tier 2 capital (net of deductions from Tier 2 capital).</b>			
General Provision (Unclassified loans+off Balance Sheet exposure)	1,590,674,026	1,590,674,026	927,474,510
Assets Revaluation Reserve up to 50%	610,466,065	610,466,065	788,249,234
All other Preference shares	500,000,000	500,000,000	500,000,000
Perpetual Subordinated debt	2,555,549,754	2,217,488,784	-
Balance of Exchange Equalization A/C	-	-	45,000
Sub-Total			
Deductions if any	-	299,324,147	-
<b>iv) Total eligible capital (i-ii+iii)</b>	<b>13,775,189,024</b>	<b>12,010,934,007</b>	<b>8,290,179,688</b>
<b>g) Capital Adequacy</b>			
<b>Quantitative Disclosure</b>			
<b>A) Amount of Regulatory Capital to meet unforeseen loss</b>			
Amount to meet Credit Risk	7,907,514,472	7,520,417,134	5,802,518,674
Amount to meet Market Risk	530,870,044	530,870,044	14,948,752
Amount to meet Operational Risk	904,500,000	904,500,000	840,976,691
<b>B) Some additional capital over MCR maintained by the banks</b>	<b>4,432,304,508</b>	<b>3,055,146,829</b>	<b>1,631,735,571</b>

#### 19.0 Statutory Reserve

Balance at the beginning of the year	1,337,479,877	908,762,089
Add: Transferred from profit during the year	583,118,995	428,717,788
	<b>1,920,598,872</b>	<b>1,337,479,877</b>

#### 19.a Consolidated Statutory Reserve

BRAC Bank Limited	1,920,598,872	1,337,479,877
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>1,920,598,872</b>	<b>1,337,479,877</b>

#### 20.0 Revaluation Reserve

	HTM	HFT	2010 Total	2009 Total
Balance at the beginning of the year	14,699,184	1,561,799,284	1,576,498,468	118,846,147
Add: Addition during the year	-	-	-	1,360,414,565
Less: Realisation during the period	2,058,800	(357,625,138)	(355,566,337)	-
	<b>16,757,984</b>	<b>1,204,174,146</b>	<b>1,220,932,131</b>	<b>1,479,260,712</b>
Add: Deferred Tax Liability	-	-	-	97,237,757
	<b>16,757,984</b>	<b>1,204,174,146</b>	<b>1,220,932,131</b>	<b>1,576,498,469</b>

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

#### 20.a Consolidated Revaluation Reserve

BRAC Bank Limited	1,220,932,131	1,576,498,469
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>1,220,932,131</b>	<b>1,576,498,469</b>

Particulars	2010 Taka Consolidated basis	2010 Taka SOLO Basis	2009 Taka	
<b>20.b Exchange equalization reserve</b>				
Bangladesh Bank has revised its earlier circular of 2003 relating to maintaining "Exchange Equilization Fund" and as per BRPD Circular no. 15 dated 26th April 2010 no such fund is required and existing fund can be taken into other income as "Extra Ordinary Gain". The Bank has changed its policy and no "Exchange equalization reserve" is maintained.				
<b>20.c Share money deposit</b>				
In accordance with the memorandum of understanding with "Money in Motion" (Minority shareholder with 49% share of bKash Ltd.) the Bank's share of "share money deposit" is disclosed.				
<b>21.0 Surplus in Profit and Loss Account/ Retained Earnings</b>				
Balance at the beginning of the year		1,271,731,067	919,872,415	
Less: Issue of Bonus Share		617,760,000	475,200,000	
Less: Dividend on Preference Share		47,812,500	47,812,500	
Add: Retained Surplus for the year		1,081,235,987	874,871,152	
		<u>1,687,394,554</u>	<u>1,271,731,067</u>	
<b>21.a Consolidated Surplus in Profit and Loss Account/ Retained Earnings</b>				
BRAC Bank Limited		1,687,394,554	1,271,731,067	
Add: Retained Surplus from BRAC EPL Investments Ltd. (opening)		45,190,492	-	
Add: Retained Surplus from BRAC EPL Investments Ltd. (during the year)		99,338,120	6,553,872	
Add: Share of Capital gain		-	47,940,000	
Less: Tax on Capital gain		-	7,191,000	
Less: Pre Acquisition profit from BRAC EPL Investments Ltd.		-	2,112,381	
Add: Retained Surplus from BRAC EPL Stock Brokerage Ltd. (opening)		15,065,998	-	
Add: Retained Surplus from BRAC EPL Stock Brokerage Ltd. (during the year)		120,784,444	29,031,854	
Less: Pre Acquisition profit from BRAC EPL Stock Brokerage Ltd.		-	13,965,856	
Add: Retained Surplus from bKash Ltd. (during the year)		(11,720,015)	-	
Add: Share of profit from investment in BRAC Asset Management Company Ltd.		71,650	-	
		<u>1,956,125,243</u>	<u>1,331,987,557</u>	
<b>22.0 Minority Interest</b>				
BRAC EPL Investments Ltd.		507,698,729	412,256,222	
BRAC EPL Stock Brokerage Ltd.		176,769,718	60,721,919	
bKash Ltd.		14,331,527	-	
		<u>698,799,975</u>	<u>472,978,141</u>	
<b>22.1 Calculation of Minority Interest</b>				
	BRAC EPL Investments Ltd.	BRAC EPL Stock Brokerage Ltd.	bKash Ltd.	Total
Share Capital	390,000,000	100,000,000	3,500,000	493,500,000
Share Premium	436,825,951	-	-	436,825,951
Share money deposit	-	-	48,728,437	48,728,437
Retained Earnings	209,293,905	260,754,527	(22,980,422)	447,068,010
<b>Total net assets as at 31 December 2010</b>	<u>1,036,119,856</u>	<u>360,754,527</u>	<u>29,248,015</u>	<u>1,426,122,398</u>
<b>Minority Interest 49% of net Assets as at 31 December 2010</b>	<u>507,698,729</u>	<u>176,769,718</u>	<u>14,331,527</u>	<u>698,799,975</u>
<b>Total net assets as at 31 December 2009</b>	<u>841,339,228</u>	<u>123,922,283</u>	<u>-</u>	<u>965,261,511</u>
<b>Minority Interest 49% of net Assets as at 31 December 2009</b>	<u>412,256,222</u>	<u>60,721,919</u>	<u>-</u>	<u>472,978,141</u>

Particulars	2010 Taka	2009 Taka
<b>23.0 Contingent Liabilities</b>		
Acceptances and endorsements	140,191,600	137,392,734
Import Letters of Credit - Sight	15,765,154,380	2,688,871,977
Import Letters of Credit - Usance	2,882,467,405	1,796,546,114
Import Letters of Credit - Back to Back	168,854,596	134,898,678
Guarantees Issued	3,818,035,880	1,051,007,264
Tax Liability (Note-23.6)	249,485,368	127,787,830
Bills for collection	110,562,929	36,164,384
Contingent Assets - FX deals	-	-
Stock of Travelers Cheques (TC)	3,745,320	3,663,722
Stock of Govt. Sanchaya Patra	12,851,000	12,851,000
	<b>23,151,348,479</b>	<b>5,989,183,702</b>
<b>23.1 Significant concentration wise grouping</b>		
i) Documentary credits and short term trade related transactions:	22,885,266,791	5,844,881,150
ii) Forward asset purchased and forward deposits placed	-	-
iii) Undrawn formal standby facilities, credit lines and commitments to lend	-	-
Under one year	-	-
One year and over	-	-
iv) Other exchange contracts	16,596,320	16,514,722
iv) Others	249,485,368	127,787,830
	<b>23,151,348,479</b>	<b>5,989,183,702</b>
<b>23.2 Letter of Guarantee</b>		
Letter of Guarantee (Local)	3,374,788,441	722,776,524
Letter of Guarantee (Foreign)	443,247,439	328,230,741
Foreign counter Guarantee	-	-
	<b>3,818,035,880</b>	<b>1,051,007,264</b>
Less margin	54,343,427	54,000,802
	<b>3,763,692,453</b>	<b>997,006,462</b>
Balance for which the Bank is contingently liable in respect of guarantee issued favoring:		
Directors	-	-
Government	1,322,446,380	12,550,628
Bank and other financial institution	761,546,800	51,221,929
Others	1,734,042,700	987,234,707
	<b>3,818,035,880</b>	<b>1,051,007,264</b>
Less : Margin	54,343,427	54,000,802
	<b>3,763,692,453</b>	<b>997,006,462</b>
<b>23.3 Irrevocable Letter of Credit</b>		
Letter of Credit (Inland)	742,588,541	41,838,395
Letter of Credit (General)	17,905,033,244	4,443,579,696
Back to Back L/C	168,854,596	134,898,678
Back to Back Bills	-	-
Back to Back Bills (EDF)	-	-
Bank's Liabilities - PAD (DEF)	-	-
	<b>18,816,476,381</b>	<b>4,620,316,769</b>
Less: Margin	398,901,746	124,544,759
	<b>18,417,574,635</b>	<b>4,495,772,010</b>
<b>23.4 Bills for collection</b>		
Outward local bills for collection	110,562,929	36,164,384
Outward foreign bills for collection	-	-
Inward local bills for collection	-	-
Inward foreign bills for collection	-	-
	<b>110,562,929</b>	<b>36,164,384</b>
<b>23.5 Suit filed by the Bank</b>		
No law suit filed by the Bank against contingent liabilities.		

Particulars	2010 Taka	2009 Taka
<b>23.6 Contingent Liabilities (Taxation)</b>		
Pre-operating expenses were shown as allowable expenses in the return for the Income year 2001 (assessment year 2002-2003). After filing of the return, the Tax Authority disallowed these expenses. BRAC Bank Ltd. filed an appeal against order of the Tax Authority to the Additional Commissioner of Taxes (Appeal) who allowed these expenses. In response, the Tax Authority filed a further appeal against the order of the Additional Commissioner of Taxes (Appeal) to the Taxes Appellate Tribunal who again disallowed these expenses. BRAC Bank Ltd. filed an appeal to The Supreme Court of Bangladesh, High Court Division for revision in this matter and it is under process.		
<b>23.a Consolidated Contingent Liabilities</b>		
BRAC Bank Limited	23,151,348,479	5,989,183,702
BRAC EPL Investments Ltd.	824,637,000	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>23,975,985,479</b>	<b>5,989,183,702</b>

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

#### 24.0 Income statement

##### Income:

Interest, discount and similar income	(Note-24.1)	11,964,003,914	10,753,274,789
Dividend income	(Note-27)	25,069,496	7,000,027
Fees, commission and brokerage	(Note-24.2)	1,826,002,566	1,792,426,388
Gains less losses arising from dealing securities		35,182,727	315,903,813
Gains less losses arising from investment securities		861,472,265	19,294,263
Gains less losses arising from dealing from foreign currencies	(Note-28)	299,643,334	371,963,594
Gain less losses arising from REPO		100,713,279	-
Income from non-banking assets		-	-
Other operating income	(Note-29)	205,509,857	77,532,020
Profit less losses on interest rate changes		-	-
Nominal value of bonus share received		-	-
		<b>15,317,597,438</b>	<b>13,337,394,894</b>

##### Expenses:

Interest, fees and commission	(Note-26)	5,777,663,177	6,073,232,757
Losses on loans and advances		-	-
Administrative expenses	(Note-24.3)	3,222,796,911	2,486,214,693
Other operating expenses	(Note-38)	939,983,756	724,395,610
Depreciation on banking assets	(Note-37)	408,528,576	335,962,895
		<b>10,348,972,419</b>	<b>9,619,805,954</b>
<b>Operating Profit</b>		<b>4,968,625,019</b>	<b>3,717,588,940</b>

#### 24.1 Interest, discount and similar income

Interest on loans and advances	10,430,611,377	9,010,802,851
Interest on money at call and short notice	67,547,209	36,020,903
Interest on balance with other banks	106,662,249	124,813,910
Interest on treasury bills & bonds	1,071,115,440	1,232,820,518
Interest on fixed deposits with other banks	236,550,139	304,199,236
Interest on coupon bearing bond	51,517,500	43,862,500
Interest on zero coupon bond	-	4,871
	<b>11,964,003,914</b>	<b>10,752,524,789</b>

#### 24.2 Fees, commission and brokerage

Fees	1,445,304,691	1,468,285,989
Commission	380,697,876	324,140,399
	<b>1,826,002,566</b>	<b>1,792,426,388</b>

Particulars	2010 Taka	2009 Taka
<b>24.3 Administrative expenses</b>		
Salaries and allowances	1,996,606,346	1,578,903,350
Rent, taxes, insurance, electricity etc.	522,526,674	322,985,187
Legal expenses	27,768,436	17,222,191
Postage, stamps, telecommunication etc.	179,428,563	168,373,346
Stationery, printing, advertisement etc.	307,601,427	277,149,853
Chief Executive's salary & fees	7,687,500	8,296,400
Directors' fees & expenses	525,350	455,400
Auditors' fee	628,200	780,000
Repairs & maintenance of fixed assets	180,024,414	112,048,967
	<b>3,222,796,911</b>	<b>2,486,214,693</b>
<b>25.0 Interest Income</b>		
<b>Interest on loans and advances</b>		
	10,430,611,377	9,010,802,851
Retail	2,003,721,068	1,892,596,481
Corporate	2,085,502,654	1,096,411,752
Lease Finance	190,499,908	75,309,276
SME	5,762,593,457	5,571,878,378
Credit Cards	367,045,039	357,314,176
Staff	21,249,250	17,292,788
Interest on money at call and short notice	67,547,209	36,020,903
Interest on balance with other banks	106,662,249	124,813,910
Interest on fixed deposits with other banks	236,550,139	304,199,236
	<b>10,841,370,974</b>	<b>9,475,836,900</b>
<b>25.a Consolidated Interest Income</b>		
BRAC Bank Limited	10,841,370,973.74	9,475,836,900.01
BRAC EPL Investments Ltd.	224,823,660	27,042,993
BRAC EPL Stock Brokerage Ltd.	-	3,667,535
bKash Ltd.	-	-
Less: Inter-company transaction:		
Interest income from BRAC EPL Investment Ltd.	37,736,078	
	<b>11,028,458,556</b>	<b>9,506,547,429</b>
<b>26.0 Interest Paid on Deposits and Borrowing etc.</b>		
Interest on deposits	5,321,061,526	5,673,186,497
Current	273,306,290	130,754,391
STD	1,539,790,782	657,399,507
Savings	211,412,782	161,923,924
Term	3,296,551,671	4,723,108,675
Interest on money at call and short notice	108,447,744	16,339,362
Interest on local bank accounts	229,978,355	126,443,832
Interest on dealing of securities - HFT Instruments	97,177,501	257,263,066
Interest on Off shore banking	20,998,050	-
	<b>5,777,663,177</b>	<b>6,073,232,757</b>
<b>26.a Consolidated Interest Paid on Deposits and Borrowing etc.</b>		
BRAC Bank Limited	5,777,663,177	6,073,232,755
BRAC EPL Investments Ltd.	146,901,247	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
Less: Inter-company transaction:		
Interest income from BRAC EPL Investment Ltd.	37,736,078	
	<b>5,886,828,346</b>	<b>6,073,232,755</b>
<b>27.0 Investment Income</b>		
Interest on treasury bills & bonds	1,071,115,440	1,232,820,518
Gain on dealing of securities - HFT Instruments	35,182,727	315,903,813
Gain on reverse REPO	100,713,279	-
Dividend on preference shares	19,813,951	7,000,027
Interest on coupon bearing bond	51,517,500	43,862,500
Capital gain on coupon bearing bond	-	750,000
Gain on trading shares (Realized)	861,472,265	19,294,263
Dividend on ordinary shares	5,255,545	
Interest on zero coupon bond	-	4,871
	<b>2,145,070,708</b>	<b>1,619,635,992</b>

Particulars	2010 Taka	2009 Taka
<b>27.a Consolidated Investment Income</b>		
BRAC Bank Limited	2,145,070,708	1,619,635,992
<b>Subsidiaries:</b>		
BRAC EPL Investments Ltd.	104,951,451	-
BRAC EPL Stock Brokerage Ltd.	9,163,452	-
bKash Ltd.	-	-
<b>Associate:</b>		
Share of profit/(loss) from associate	71,651	-
	<b>2,259,257,261</b>	<b>1,619,635,992</b>
<b>28.0 Commission, Exchange and Brokerage</b>		
Commission from sale of sanchaya patra	9,763,231	953,323
Commission from issue of payment orders, DD & TT	12,599,250	11,382,915
Commission from issue of letter of guarantee	27,099,261	19,132,854
Commission from issue of letters of credit (Import & Export)	115,752,629	60,229,444
Commission on visa processing	6,852,846	7,960,249
Commission on Travellers Cheques	8,726,343	4,618,726
Commission on remittance	195,758,675	215,647,642
Other commission	4,145,641	4,215,246
Foreign exchange earnings	299,643,334	371,963,594
Loan processing fees	798,355,866	817,521,950
Account activity fees	97,370,862	38,884,290
Import & export related fees	7,527,800	9,708,366
Fees & Commission - Cards	260,579,394	220,094,767
Relationship Fees	19,392,750	106,811,533
Loan Early Settlement Fees	55,683,929	95,258,942
Loan Penal Fees	2,975,369	2,034,684
Service Charges for ATM Card	168,067,442	121,056,989
Fund Collection/Transfer Fees	744,790	5,235,925
Student Service Center Fees	5,056,500	9,603,500
Cancellation fees	87,970	288,900
Cheque collection fees	1,947,022	760,689
Other fees (Note: 28.1)	27,514,995	41,025,452
	<b>2,125,645,901</b>	<b>2,164,389,982</b>
<b>28.1 Other fees</b>		
Passport Endorsement Fees	9,222,707	14,834,285
Locker fees	4,062,310	3,345,283
Postage	-	-
DPS Early Settlement Fees	459	-
Merchant Service Fee	230,005	17,995
Service fees - BIT	919,838	1,085,159
IOM Service Fees	2,402,600	5,867,780
Annual Membership Fees - Premium Banking	253,700	182,900
Membership Fees - ELDORADO	5,131,555	6,026,977
Annual Fees - SMS Banking	-	-
Cash withdrawal from branch POS	8,950	33,048
Syndication Fees	3,227,441	7,117,792
Valuation fees	1,888,725	1,980,766
Omnibus settlement fees	166,705	533,467
	<b>27,514,995</b>	<b>41,025,452</b>
<b>28.a Consolidated Commission, Exchange and Brokerage</b>		
BRAC Bank Limited	2,125,645,901	2,164,389,981
BRAC EPL Investments Ltd.	176,079,850	5,745,395
BRAC EPL Stock Brokerage Ltd.	469,548,137	96,405,238
bKash Ltd.	-	-
	<b>2,771,273,888</b>	<b>2,266,540,614</b>

Particulars	2010 Taka	2009 Taka
<b>29.0 Other operating income</b>		
Recovery of written off bad debts	185,483,529	55,497,494
Profit on sale of assets	3,399,269	4,560,793
Rebate income from other bank	3,193,292	2,273,243
Miscellaneous Income	13,433,767	15,200,490
	<b>205,509,857</b>	<b>77,532,020</b>
<b>29.a Consolidated Other operating income</b>		
BRAC Bank Limited	205,509,857	77,532,020
BRAC EPL Investments Ltd.	18,981,155	7,603,506.26
BRAC EPL Stock Brokerage Ltd.	2,823,631	-
bKash Ltd.	-	-
	<b>227,314,643</b>	<b>85,135,526</b>
<b>30.0 Consolidated Salaries and allowances</b>		
BRAC Bank Limited	1,996,606,346	1,578,903,350
BRAC EPL Investments Ltd.	26,899,643	8,976,573.50
BRAC EPL Stock Brokerage Ltd.	83,310,406	16,559,465
bKash Ltd.	7,456,354	-
	<b>2,114,272,749</b>	<b>1,604,439,388</b>
<b>31.0 Rent, Taxes, Insurance, Electricity etc.</b>		
Rent, rates & taxes	395,536,510	235,575,066
Insurance	62,939,583	39,897,961
Power & electricity	59,848,557	42,570,020
WASA & Sewerage	4,202,024	4,942,140
	<b>522,526,674</b>	<b>322,985,187</b>
<b>31.a Consolidated Rent, Taxes, Insurance, Electricity etc.</b>		
BRAC Bank Limited	522,526,674	322,985,187
BRAC EPL Investments Ltd.	11,282,934	2,641,507
BRAC EPL Stock Brokerage Ltd.	18,600,126	1,604,050
bKash Ltd.	1,552,500	-
	<b>553,962,234</b>	<b>327,230,744</b>
<b>32.0 Consolidated Legal expenses</b>		
BRAC Bank Limited	27,768,436	17,222,191
BRAC EPL Investments Ltd.	2,267,775	415,251
BRAC EPL Stock Brokerage Ltd.	7,818,139	-
bKash Ltd.	-	-
	<b>37,854,350</b>	<b>17,637,441</b>
<b>33.0 Postage, Stamp, Telecommunication etc.</b>		
Postage & courier	32,515,362	29,620,429
Telegram, telex, fax & Network	53,697,945	60,963,582
Court fees & stamps	5,409,784	2,967,618
Telephone - Office	87,805,472	74,821,717
Telephone - Residence	-	-
	<b>179,428,563</b>	<b>168,373,346</b>
<b>33.a Consolidated Postage, Stamp, Telecommunication etc.</b>		
BRAC Bank Limited	179,428,563	168,373,346
BRAC EPL Investments Ltd.	3,744,641	226,420
BRAC EPL Stock Brokerage Ltd.	1,151,559	852,138
bKash Ltd.	132,627	-
	<b>184,457,390</b>	<b>169,451,904</b>
<b>34.0 Stationery, Printing, Advertisement etc.</b>		
Stationery & Printing	99,351,897	83,230,647
Security Stationery	35,240,541	21,993,764
Advertisement	173,008,989	171,925,441
Billboard Rent	17,078,835	44,710,531
Printing	27,133,928	30,250,005
Publications	117,335,564	58,595,828
Campaign	11,460,662	38,369,077
	<b>307,601,427</b>	<b>277,149,853</b>

Particulars	2010 Taka	2009 Taka
<b>34.a Consolidated Stationery, Printing, Advertisement etc.</b>		
BRAC Bank Limited	307,601,427	277,149,853
BRAC EPL Investments Ltd.	5,977,802	448,778.00
BRAC EPL Stock Brokerage Ltd.	13,667,377	998,514.00
bKash Ltd.	244,310	-
	<b>327,490,915</b>	<b>278,597,145</b>
<b>35.0 Directors' Fees &amp; Expenses</b>		
Director's fees represent fees paid for attending board meeting, board audit committee meeting, board recruitment committee meeting @ Tk. 5,000 per director per meeting and travel & accommodation expenses of foreign Director for attending the Board meeting.		
Breakup of Directors fees & expenses are given below:		
Directors Fees	355,000	204,000
Traveling & Others	170,350	251,400
	<b>525,350</b>	<b>455,400</b>
<b>35.a Consolidated Director's Fees &amp; Expenses</b>		
BRAC Bank Limited	525,350	455,400
BRAC EPL Investments Ltd.	1,006,500	552,000
BRAC EPL Stock Brokerage Ltd.	690,000	270,000
bKash Ltd.	732,057	-
	<b>2,953,907</b>	<b>1,277,400</b>
<b>36.0 Auditors' Fee</b>		
Auditors' fee is BDT 650,000 (excluding VAT) and out of pocket expenses are BDT 100,000. Adequate provision is maintained and in order to adjust last years over provision, expense is recognized to the extent of BDT 628,250 during the year under review.		
<b>36.a Consolidated Auditors' fee</b>		
BRAC Bank Limited	628,200	780,000
BRAC EPL Investments Ltd.	182,950	15,675
BRAC EPL Stock Brokerage Ltd.	92,000	82,250
bKash Ltd.	40,000	-
	<b>943,150</b>	<b>877,925</b>
<b>37.0 Depreciation on and repairs to Bank's assets</b>		
<b>Depreciation of Property plant and equipments</b>		
Furniture & fixtures	76,950,956	51,728,956
Office equipments	108,651,820	83,738,941
IT hardware	121,777,411	106,695,489
Motor vehicles	14,271,409	10,026,948
<b>Amortization of Intangible assets</b>		
IT software	86,876,979	83,772,561
	<b>408,528,576</b>	<b>335,962,895</b>
<b>Repairs &amp; Maintenance expenses</b>		
Transport Maintenance	69,355,478	44,165,960
Equipment Maintenance	27,335,607	22,171,246
Hardware & Software Maintenance	69,615,722	32,600,854
Premises Maintenance	13,717,609	13,110,907
	<b>180,024,414</b>	<b>112,048,967</b>
	<b>588,552,990</b>	<b>448,011,862</b>
<b>37.a Consolidated Depreciation on and repairs to Bank's assets</b>		
BRAC Bank Limited	588,552,990	448,011,862
BRAC EPL Investments Ltd.	8,776,306	2,948,777
BRAC EPL Stock Brokerage Ltd.	8,608,677	1,769,668
bKash Ltd.	1,338,904	-
	<b>607,276,877</b>	<b>452,730,307</b>

Particulars	2010 Taka	2009 Taka
<b>38.0 Other Expenses</b>		
Transportation & conveyance	73,854,555	64,582,809
Fuel expenses	22,655,456	19,667,217
Traveling	39,041,532	24,666,883
Professional fees	18,472,656	9,784,117
Entertainment	3,175,959	3,142,352
Staff welfare	31,037,352	25,464,894
SWIFT	4,736,687	4,248,066
Business development	16,047,053	6,870,441
Books, newspapers and periodicals	1,597,555	1,741,898
Donation and subscription	10,678,311	4,912,106
VAT & excise duty	1,445,228	679,918
Fraud, forgeries & operating loss	12,500,000	13,800,000
Staff training	3,246,878	33,291,011
Staff liveries	1,266,000	881,400
Staff recruitment	762,808	1,330,177
Payment to outsourcing staff	251,328,360	156,906,092
Bank charges	296,565,309	224,256,282
Crockery's	488,772	588,250
IPO Expenses	76,725	202,710
Documentation Charges - CIB	10,000,000	1,427,749
Data Verification Charge	-	-
Credit Card expenses	41,632,638	26,381,961
AGM expenses	8,202,508	18,258,236
Right issue expenses	-	791,500
Bond issue expenses	15,729,500	35,712,500
Outsource agency fees	8,611,725	8,310,849
Commission paid	12,874,240	1,035,908
Cash carrying charges	53,757,543	34,797,360
Miscellaneous	198,407	662,925
	<b>939,983,756</b>	<b>724,395,610</b>
<b>38.a Consolidated Other Expenses</b>		
BRAC Bank Limited	939,983,756	724,395,610
BRAC EPL Investments Ltd.	51,545,972	3,605,745
BRAC EPL Stock Brokerage Ltd.	40,474,684	15,029,521
bKash Ltd.	11,479,671	-
	<b>1,043,484,084</b>	<b>743,030,877</b>
<b>39.0 Provisions</b>		
For Loans & Advances:		
For classified loans & advances	1,333,089,473	1,440,600,000
For unclassified loans & advances	494,606,516	96,400,000
	<b>1,827,695,989</b>	<b>1,537,000,000</b>
For Off Balance Sheet items	168,593,000	37,000,000
For diminution in value of Investments	56,741,049	-
	<b>2,053,030,038</b>	<b>1,574,000,000</b>
<b>39.a Consolidated Provisions</b>		
BRAC Bank Limited	2,053,030,038	1,574,000,000
BRAC EPL Investments Ltd.	-	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	<b>2,053,030,038</b>	<b>1,574,000,000</b>

Particulars	2010 Taka	2009 Taka
<b>40.0 Income Tax</b>		
<b>40.1 Provision for Income Tax</b>		
<b>Current Tax</b>		
Provision for Income Tax has been made according to the Income Tax Ordinance, 1984. During the year, an amount of Tk. 1,416,240,000 (2009 : 1,140,000,000) has been provided for current Income Tax.		
<b>Deferred Tax</b>		
Deferred tax is provided using the liability method for timing differences arising between the tax base of assets and liabilities and their carrying values for reporting purposes as per Bangladesh Accounting Standard (BAS) - 12. During the year net amount of Tk. 165,000,000 (2009 : 300,000,000) has been provided as deferred tax income.		
The charge for taxation is based upon the profit for the year comprises:		
Current tax on income @ 42.5%	1,416,240,000	1,140,000,000
Adjustment - prior year	-	-
	1,416,240,000	1,140,000,000
Net deferred tax liability/(asset) originated for temporary differences	(165,000,000)	(300,000,000)
Income Tax on Profit	<b>1,251,240,000</b>	<b>840,000,000</b>
<b>40.a Consolidated Provision for Income Tax</b>		
<b>Current Tax:</b>		
BRAC Bank Limited	1,416,240,000	1,140,000,000
BRAC EPL Investments Ltd.	72,461,474	7,710,439
BRAC EPL Stock Brokerage Ltd.	70,290,008	5,981,961.80
bKash Ltd.	4,000	-
	<b>1,558,995,482</b>	<b>1,153,692,401</b>
<b>Deferred Tax:</b>		
BRAC Bank Limited	(165,000,000)	(300,000,000)
BRAC EPL Investments Ltd.	(991,757)	-
BRAC EPL Stock Brokerage Ltd.	-	-
bKash Ltd.	-	-
	(165,991,757)	(300,000,000)
	<b>1,393,003,726</b>	<b>853,692,401</b>
<b>41.0 Weighted Average Earnings Per Share</b>		
Profit after taxation	1,664,354,981	1,303,588,940
Less: Preference dividend	47,812,500	47,812,500
Profit attributable for distribution to ordinary shareholders	1,616,542,481	1,255,776,440
Weighted average number of shares	26,769,600	26,769,600
Weighted average/adjusted earnings per share (Taka)	<b>60.39</b>	<b>46.91</b>
Weighted average earnings per share (EPS) of 2009 has been restated as per BAS-33 "Earnings per Share". Since the bonus issue is an issue without consideration of cash, the issue is treated as if it had occurred prior to the beginning of 2009, the earliest period reported. Actual EPS during 2009 was Tk. 60.98.		
<b>41.a Consolidated Weighted Average Earnings Per Share</b>		
Profit after taxation	2,073,059,083	1,373,364,871
Less:		
Preference dividend	47,812,500	47,812,500
Profit attributable to Minority	200,229,900	34,190,208
Profit attributable for distribution to ordinary shareholders	1,825,016,683	1,291,362,163
Weighted average number of shares	26,769,600	26,769,600
Weighted average/ adjusted earnings per share (Taka)	<b>68.17</b>	<b>48.24</b>
Actual EPS during 2009 was Tk. 64.37.		

## SECTION - FOUR: NOTES TO CASH FLOW STATEMENT

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

## SECTION - FIVE: GENERAL DISCLOSURES

### 45.0 General Disclosure

#### 45.1 Audit Committee

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

Sl. No.	Name of Director	Status with The Bank	Status with The Committee	Educational Qualification
01	Mr. Shib Narayan 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 year, the Audit Committee of the Board conducted 6 (six) meetings in which, among others, the following issues were discussed:

#### Facts Discussed

- Discuss the inspection report of Bangladesh Bank on Foreign Trade & Foreign Exchange of Gulshan Branch
- Discuss the audit report of different Head Office departments, Branches and SME Sales & Service Centers conducted by the Bank's internal audit team from time to time
- Discuss the Enterprise Risk Management Report that prepared and conducted by ERM team
- Discuss the fraud/forgeries & operational loss report
- Review the position of reconciliation with other bank and Nostro Account
- Review the status of the SMA and Bad/Loss loan
- Review the position of reconciliation with other bank and Nostro Account
- Reviewing the Impaired Asset Management Policy - SME & Retail Banking
- Reviewing the Anti-money laundering policy of the Bank

#### 45.2 Related Party/(ies) Transactions

i) The Bank carried out transactions with related parties in the normal course of business on an arm length basis. As on 31 December 2010, the Bank had following transactions with the 'Related Party/(ies)' as defined in the BRPD Circulars No. 14 issued by the Bangladesh Bank on 25 June 2003.

Name of the Related Parties	Relationship	Nature of Transaction	Balance at year end
BRAC & its associated organization	Director	Deposits made with us	6,804,035,511
Delta Brac Housing Finance Corporation Ltd.	Director	Deposits made with us	1,064,884
Industrial & Infrastructure Development Finance Co. Ltd.	Director	Deposits made with us	43,173
Industrial & Infrastructure Development Finance Co. Ltd.	Director	Loans & advances	122,239,860
BRAC EPL Investments Ltd.	Subsidiary	Loans & advances	807,740,718
BRAC EPL Investments Ltd.	Subsidiary	Deposits made with us	25,299,218
BRAC EPL Stock Brokerage Ltd.	Subsidiary	Deposits made with us	17,802,996
BRAC EPL Stock Brokerage Ltd.	Subsidiary	Portfolio Investments	71,357,846

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

Sl. No.	Name of Director	Status with The Bank	Name of the firms/companies in which they have interest	Educational Qualification
01	Mr. Muhammad A (Rume) Ali	Chairman	BRAC BD Mail Network Limited Delta Brac Housing Finance Corp. Ltd. BRAC Karnaphuli Tea Co. Ltd. BRAC Kayachora Tea Co. Ltd. BRAC Bashkhali Tea Co. Ltd., Square Informatics Limited BRAC Kodala Tea Estate BRAC Services Ltd. Bangladesh Netting Factory Ltd. BRAC EPL Investments Ltd. BRAC EPL Stock Brokerage Ltd.	MA (Economics)
02	Mr. Quazi Md. Shariful Ala, FCA	Director	Delta Brac Housing Finance Corp. Ltd. Mobil Jamuna Lubricants Ltd.	Graduate in Economics from LSE, UK. FCA
03	Ms. Nihad Kabir (Independent and Depositor Director)	Director	Kedarpur Tea Company Ltd. Shaistaganj CNG Co. Ltd. Sathgao Tea Estate Ltd.	L.L.B., L.L.M., (UK) (Barrister at Law)
04	Ms. Tamara Hasan Abed	Director	BRAC Dairy Food Project, Ayesha Abed Foundation (AAF)	MBA (Finance), USA
05	Mr. Shib Narayan Kairy	Director	BRAC Services Ltd. BRAC Industries Ltd. Documenta TM Ltd. BRAC Karnaphuli Tea Co. Ltd. BRAC Banshali Tea Company Ltd. BRAC Kayachora Tea Company Ltd. BRAC Kodala Tea Estate Ltd. Bangladesh Netting Factory Ltd.	M.Com (Accounting)
06	Mr. Hafiz G. A Siddiqi (Depositor Director)	Director	North South University	Ph.D (Manchester Business School), UK, MBA (Graduate School of Business Indiana University), USA
07	Mr. Syed Mahbubur Rahman	Managing Director & CEO	NIL	MBA (IBA)

iii) Significant contracts where Bank is a party and wherein Directors have interest Nil

iv) Shares issued to Directors and executives without consideration or exercisable at discount Nil

v) Lending Policies to related parties:  
Lending to related parties is effected as per requirement of section 27(1) of the Bank Companies Act -1991 Nil

vi) Loan and advances to Directors and their related concern:  
Industrial & Infrastructure Development Finance Co. Ltd. 122,239,860  
Classification Status Unclassified

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

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

#### 45.3 Capital Expenditure Commitments

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

**45.4 Claim not Acknowledged as Debt**

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

**45.5 Number of Employees**

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

**45.6 Post Balance Sheet Events:**

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

**45.7 Coverage of External Audit:**

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

**45.8 Share trading**

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

**45.9 General:**

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

**BRAC BANK LIMITED**  
**Highlights on the overall activities**  
**As on December 31, 2010**

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

**BRAC BANK LIMITED****Balance with other bank and financial institutions**  
(outside Bangladesh on Demand Deposit Accounts)**As on December 31, 2010**

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

**BRAC BANK LIMITED****Investment in Shares  
As on December 31, 2010**

Sl. No.	Name of the company	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 31 Dec 2010	Total market value at 31 Dec 2010
	<b>Quoted</b>						
	<b>Ordinary shares</b>						
1	Mercantile Bank Limited	-	-	-	-	-	-
2	8THICB	100.00	13,000	8,479,510	652.27	924.25	12,015,250
3	AB Bank Limited	100.00	10,000	12,103,433	1,210.34	1,580.50	15,805,000
4	ACI ZC BOND	100.00	135,390	104,238,015	769.91	773.50	104,724,165
5	AGRANINS	100.00	30,000	14,620,999	487.37	902.00	27,060,000
6	AL ARAFA BANK Limited	10.00	7,713,500	484,448,453	62.81	66.80	515,261,800
7	Bank Asia Limited	100.00	49,950	42,268,025	846.21	857.50	42,832,125
8	BAT BC	10.00	174,850	130,107,474	744.11	716.50	125,280,025
9	BEXIMCO	10.00	498,400	163,845,438	328.74	311.50	155,251,600
10	BSRM STEEL	100.00	160,950	351,630,149	2,184.72	2,118.50	340,972,575
11	Bx pharma	10.00	614,950	86,477,241	140.62	135.10	83,079,745
12	CITY BANK Limited	100.00	60,000	14,895,536	248.26	1,000.25	60,015,000
13	CONFIDCEM	10.00	50,000	7,259,380	145.19	293.40	14,670,000
14	Dhaka Bank Limited	10.00	2,166,900	170,871,350	78.86	76.30	165,334,470
15	EASTLAND	100.00	16,340	28,945,011	1,771.42	1,594.25	26,050,045
16	Fareastlif	10.00	50,000	6,760,437	135.21	401.70	20,085,000
17	GREEN DEL MF	100.00	1,000,000	10,060,076	10.06	13.60	13,600,000
18	HEIDELB CEM	100.00	5,000	13,406,410	2,681.28	3,659.25	18,296,250
19	IDLC	100.00	3,700	16,958,218	4,583.30	4,647.50	17,195,750
20	ILFSL	100.00	15,000	14,817,540	987.84	2,544.00	38,160,000
21	LANKA BANGLA FINANCE	10.00	19,500	9,394,243	481.76	497.90	9,709,050
22	MERCINS	100.00	17,900	28,059,177	1,567.55	1,454.25	26,031,075
23	National Bank Limited	10.00	2,008,300	178,295,776	88.78	191.60	384,790,280
24	PHP MF1	100.00	1,457,000	14,401,700	9.88	11.60	16,901,200
25	Prime Bank Limited	100.00	65,000	32,935,778	506.70	944.75	61,408,750
26	Pubali Bank Limited	10.00	622,225	69,039,835	110.96	107.40	66,826,965
27	RAK Ceramic	10.00	118	5,664	48.00	171.60	20,249
28	RELIANCE INSURANCE	100.00	7,000	5,445,725	777.96	1,738.25	12,167,750
29	SAPORTL	10.00	367,200	80,521,395	219.28	174.10	63,929,520
30	SHAHJALAL BANK Limited	10.00	50,700	3,127,488	61.69	79.30	4,020,510
31	Square Pharma	100.00	48,417	148,971,486	3,076.84	3,522.00	170,524,674
32	UTTARA FIN	10.00	21,000	3,681,320	175.30	386.60	8,118,600
				2,256,072,281			2,620,137,423
	<b>Unquoted</b>						
33	Industrial and Infrastructure Development Finance Co. Ltd.	100	318,780	10,000,000	31.37	-	-
34	Central Depository Bangladesh Ltd.	1,000,000	4	4,000,000	1,000,000	-	-
35	BRAC EPL Investments Ltd.	10	15,300,000	494,340,794	32.31	-	-
36	BRAC EPSL Stock Brokerage Ltd.	100	255,000	102,522,500	402.05	-	-
37	bKash Ltd.	100	17,850	1,785,000	-	-	-
38	BRAC Asset Management Company Ltd.	100	125,000	12,500,000	-	-	-
39	Dun & Bradstreet Rating Agency of Bangladesh Limited	100	124,976	12,497,600	100	-	-
	<b>Preference shares</b>						
1	STS Holdings Ltd.	10	3,000,000	30,000,000	10.00	-	-
2	Summit Purbanchal & Uttaranchal Power Co Ltd.	100	3,041,189	304,118,900	100	-	-
			39,635,089	3,227,837,075	1,025,869	31,896	2,620,137,423

**BRAC BANK LIMITED**

**Schedule of Fixed assets including premises, furniture and fixtures**  
**As on December 31, 2010**

Particulars	C O S T				Rate of Dep. %	D E P R E C I A T I O N				Written down value 31.12.10
	Balance as on 01.01.10	Addition during the year	Adjustment during the year	Balance as on 31.12.10		Balance as on 01.01.10	Charged during the year	Adjustment during the year	Balance as on 31.12.10	
Property, plant & equipments										
Land	87,940,465	-	-	87,940,465		-	-	-	-	87,940,465
Furniture & fixture	688,825,344	166,295,141	115,000	855,005,485	10	108,303,179	76,950,956	64,223	185,189,913	669,815,572
Office equipments	487,264,633	155,789,290	716,900	642,337,023	20	168,208,344	108,651,820	175,900	276,684,264	365,652,759
IT Hardwares	611,977,039	168,776,005	6,321,226	774,431,818	20	282,372,280	121,777,411	4,031,209	400,118,482	374,313,336
Motor vehicles	59,183,414	34,930,476	5,004,461	89,109,429	20	16,631,056	14,271,409	1,617,485	29,284,980	59,824,449
	1,935,190,894	525,790,912	12,157,587	2,448,824,219		575,514,859	321,651,597	5,888,817	891,277,638	1,557,546,581
Intangible assets										
with indefinite useful lives										
License	-	50,000	-	50,000		-	-	-	-	50,000
with definite useful lives										
IT Softwares	460,949,509	6,911,556	6,947,677	460,913,388		182,727,482	86,876,979	-	269,604,461	191,308,926
	460,949,509	6,961,556	6,947,677	460,963,388		182,727,482	86,876,979	-	269,604,461	191,358,926
Total	2,396,140,404	532,752,467	19,105,264	2,909,787,607		758,242,341	408,528,576	5,888,817	1,160,882,100	1,748,905,507
As on 31 Dec 2009	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

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

**BRAC BANK LIMITED****Detail of Large Loan  
As on December 31, 2010**

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

Clientwise break-up is as follows:

			2010	2009
Name of Clients	Outstanding (Taka)			
	Funded	Non Funded	Total	Total
Acorn Infrastructure Services Limited	1,029,084,801	3,673,398,700	4,702,483,501	-
Summit Narayanganj Power Limited	260,708,893	2,840,174,812	3,100,883,705	-
City Sugar Industries Ltd.	501,699,534	1,856,914,785	2,358,614,319	1,124,319,881
City Seed Crushing Industries Ltd.	813,555,556	1,046,803,500	1,860,359,056	-
United Edible Oils Limited	695,805,004	689,224,864	1,385,029,868	-
Akij Jute Mills Limited	1,280,341,478	-	1,280,341,478	-
Talha Fabrics Ltd.	1,093,042,348	139,435,533	1,232,477,881	-
Biman Bangladesh Airlines Ltd.	1,145,497,324	-	1,145,497,324	-
Smile Food Products Ltd.	1,000,000,000	-	1,000,000,000	-
Western Marine Shipyard Ltd.	560,603,005	381,547,124	942,150,129	-
BSRM Steels Limited	651,964,486	185,014,785	836,979,271	-
Abul Khair Steel Limited	-	-	-	1,318,752,438
Barakat Ullah Electro Dynamics Ltd.	-	-	-	771,763,937
PHP NOF Continuous Galvanizing Mills Ltd.	-	-	-	638,343,982
Jasmir Vegetable Oil Limited	-	-	-	396,014,893
Grameenphone Limited	-	-	-	195,696,340
Summit Uttaranchol & Purbanchol Power Company Limited	-	-	-	346,987,347
<b>Total</b>	<b>9,032,302,431</b>	<b>10,812,514,103</b>	<b>19,844,816,534</b>	<b>4,791,878,818</b>

**BRAC BANK LIMITED****Statement of Tax position  
As on December 31, 2010**

Accounting Year	Assessment Year	Tax provision	Tax as per assessment	(Short)/Excess provision	Advance Tax as per assessment order	Present Status
2001	2002-2003	-	956,739	(956,739)	1,107,927	Appeal with Supreme Court
2002	2003-2004	-	375,000	(375,000)	1,119,440	Completed
2003	2004-2005	-	3,156,103	(3,156,103)	1,587,297	Completed
2004	2005-2006	111,000,000	82,698,385	28,301,615	78,337,409	Completed
2005	2006-2007	147,680,000	150,074,971	(2,394,971)	143,306,036	Completed
2006	2007-2008	371,100,000	385,558,644	(14,458,644)	385,558,644	Completed
2007	2008-2009	766,000,000	799,810,239	(33,810,239)	395,000,000	Completed
2008	2009-2010	1,220,000,000	1,254,976,871	(34,976,871)	742,800,000	Under Appeal
2009	2010-2011	1,140,000,000	-	-	1,203,171,272	Tax Return is submitted
2010	2011-2012	1,156,240,000	-	-	100,000,000	Not due yet

**BRAC BANK LIMITED**

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

(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 03 months	11	96,664.54	185	1,035,963.30	33	1,488,222.72	208	4,420,029.68
02	More than 03 months but less than 06 months	0	-	0	-	0	-	0	-
03	More than 06 months but less than 09 months	0	-	0	-	0	-	0	-
04	More than 09 months but less than 12 months	0	-	0	-	0	-	0	-
05	More than 12 months	0	-	0	-	0	-	0	-
<b>Total</b>		<b>11</b>	<b>96,664.54</b>	<b>185</b>	<b>1,035,963.30</b>	<b>33</b>	<b>1,488,222.72</b>	<b>208</b>	<b>4,420,029.68</b>

**BRAC BANK LIMITED**  
**Statement of Geographical Segment Report**  
**As on December 31, 2010**

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

\* Geographical segmental report includes Inter-branch Fund Transfer Pricing (FTP) income & expense to measure Internal divisionwise profitability. Fund transfer pricing income & expense always carry zero (no) balance when all segments are consolidated as it is internal allocation of profit.

## Auditors' Report to the Shareholders of BRAC EPL Investments Limited

We have audited the accompanying financial statements of BRAC EPL Investments Limited (the Company) namely, Statement of Financial Position as at 31 December 2010, Statement of Comprehensive Income and Statement of Cash Flows and notes thereto for the year then ended as prepared and produced to us by the management of the Company for our examination in due conformance with generally accepted accounting principles and procedures and Bangladesh Accounting Standards as applicable to the Company. Preparation of these financial statements including notes thereto is the responsibility of Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards required that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the Company's affairs at 31 December 2010 and comply with the requirements of Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Regulations Act(s) 1996 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 purposes of our audit and made due verification thereof;
- (ii) our examination and checking of relevant financial records, books of account, schedules and details were sufficient to enable us to form an informed and assessed opinion on the authenticity and accuracy of the said financial statements;
- (iii) proper books of account as required by law have been kept by the management of the Company so far as it appeared from our examination of those books;
- (iv) the Company's financial statements dealt with by the report are in agreement with the books of account maintained by the Company; and
- (v) the expenditure incurred and payments made were for the purposes of the Company's business during the year.

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 06 February 2011

  
**S. F. AHMED & CO**  
Chartered Accountants

# BRAC EPL Investments Limited

## Statement of Financial Position at 31 December 2010

		Amounts in Taka	
	Notes	At 31 Dec 2010	At 31 Dec 2009
<b>Non-current Assets</b>			
Property plant and equipment	4	38,933,933	16,774,413
Intangible assets	4	3,523,919	890,000
Investment in unquoted securities	5	9,883,510	18,633,510
Investment in associate company	6	12,571,651	-
Deferred tax assets	14	991,756	-
<b>Total non-current assets</b>		<b>65,904,769</b>	<b>36,297,923</b>
<b>Current assets</b>			
Investment in quoted securities	5	262,525,835	-
Loans and advances	7	3,070,981,586	-
Accounts receivable	8	231,379,486	1,694,001
Advances and deposits	9	18,909,004	49,474,274
Advance income tax		27,676,892	2,917,501
Cash and cash equivalents	10	30,009,001	775,098,215
Other receivables	11	1,384,117	-
<b>Total Current Assets</b>		<b>3,642,865,921</b>	<b>829,183,991</b>
<b>Total assets</b>		<b>3,708,770,690</b>	<b>865,481,914</b>
<b>Equity</b>			
Share capital	12	390,000,000	300,000,000
Share premium	13	436,825,951	436,825,951
Retained earnings		209,293,905	104,513,277
<b>Shareholders' equity</b>		<b>1,036,119,856</b>	<b>841,339,228</b>
<b>Non-current Liability</b>			
Finance lease obligations - long term portion	15	955,974	-
<b>Total Non-current liability</b>		<b>955,974</b>	<b>-</b>
<b>Current Liabilities</b>			
Customer deposits	16	61,417,666	-
Loans and borrowings	17	2,072,599,718	-
Accounts payable	18	248,632,137	72,980
Other liabilities	19	216,387,625	2,259,268
Provision for taxation	20	72,435,845	21,810,438
Finance lease obligations - current portion	15	221,870	-
<b>Total current liabilities</b>		<b>2,671,694,861</b>	<b>24,142,686</b>
<b>Total liabilities</b>		<b>2,672,650,834</b>	<b>24,142,686</b>
<b>Total equity and liabilities</b>		<b>3,708,770,690</b>	<b>865,481,914</b>

See annexed notes

for BRAC EPL Investments Limited

SD- Chairman	SD- Director	SD- Managing Director & CEO
		Signed in terms of our report of even date annexed
House 25, Road 13A, Block D Banani, Dhaka 1213, Bangladesh Dated, 06 February 2011		SD- S. F. AHMED & CO Chartered Accountants

**BRAC EPL Investments Limited**  
**Statement of Comprehensive Income**  
**for the year ended 31 December 2010**

	Notes	Amounts in Taka	
		Year ended 31 Dec 2010	Year ended 31 Dec 2009
Interest income	21	224,823,660	-
Interest expense	22	(146,901,247)	-
Net interest income		77,922,413	-
Fee and commission income	23	368,370,253	4,258,835
Fee and commission expense	24	(192,290,403)	-
Net fee and commission income		176,079,850	4,258,835
Income from investment in securities	25	128,310,292	101,603,506
Fair value adjustments for fall in values of investment in securities		(23,430,492)	-
		104,879,800	101,603,506
Other operating income	26	8,663,046	1,486,560
Total operating income		367,545,109	103,090,066
Operating expenses	27	(103,112,062)	(17,531,262)
Depreciation	4	(8,572,461)	(2,187,821)
Operating profit		255,860,586	87,629,818
Finance income	28	11,457,487	27,042,993
Finance costs	28	(1,139,378)	(111,642)
Net finance income		10,318,109	26,931,351
Share of profit of equity in associate company	6	71,651	-
Profit before income tax		266,250,345	114,561,169
Income tax expense	29	(71,469,718)	(21,810,439)
Profit after tax		194,780,628	92,750,730
Other comprehensive income		-	-
Total comprehensive income for the year		194,780,628	92,750,730

See annexed notes

for BRAC EPL Investments Limited

SD- Chairman	SD- Director	SD- Managing Director & CEO
Signed in terms of our report of even date annexed		

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 06 February 2011

SD-  
**S. F. AHMED & CO**  
Chartered Accountants

# BRAC EPL Investments Limited

## Statement of Cash Flows for the 31 December 2010

	Amounts in Taka	
	Year ended 31 Dec 2010	Year ended 31 Dec 2009
<b>A Cash flows from operating activities</b>		
Net profit before tax	266,250,345	114,561,169
Adjustments for non cash items:		
Depreciation	8,572,461	2,187,821
Gains on disposal of property, plant and equipment	(70,994)	-
Loss on foreign exchange	1,800	-
Finance charge - lease	137,043	-
Impairment provision on investment in unquoted securities	2,750,000	-
Unrealised loss on investment in quoted securities	23,430,492	-
Share of profit of equity in associate company	(71,651)	-
Tax paid	(46,595,458)	(4,191,626)
	254,404,038	112,557,364
Changes in working capital components:		
Loans and advances	(3,070,981,586)	-
Accounts receivable	(229,685,485)	(1,076,452)
Advances and deposits	30,565,270	(49,248,080)
Other receivables	(1,384,117)	(25,731,567)
Customer deposits	61,417,666	(1,934,330)
Accounts payable	248,559,157	-
Other liabilities	214,128,357	(263,181)
	(2,747,380,738)	(78,253,610)
Net cash generated from/(used in) operating activities	(2,492,976,699)	34,303,754
<b>B Cash flows from investing activities</b>		
Acquisition of non-current assets	(32,342,606)	(5,283,407)
Proceeds from disposal of property, plant and equipment	403,700	-
Investment in associate company	(12,500,000)	-
Investment in quoted securities	(279,958,125)	6,000,000
Net cash generated from/(used in) investing activities	(324,397,031)	716,593
<b>C Cash flows from financing activities:</b>		
Paid up capital	-	131,062,480
Share premium	-	288,337,457
Short term loans	2,072,599,718	-
Capital lease obligation	(315,200)	-
Net cash generated from financing activities	2,072,284,518	419,399,937
<b>D Net changes in cash and cash equivalents (A+B+C)</b>	(745,089,214)	454,420,284
<b>E Opening cash and cash equivalents</b>	775,098,215	320,677,931
<b>F Closing cash and cash equivalents</b>	30,009,001	775,098,215

for BRAC EPL Investments Limited

SD- Chairman	SD- Director	SD- Managing Director & CEO
		Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 06 February 2011

SD-  
**S. F. AHMED & CO**  
Chartered Accountants

## BRAC EPL Investments Limited

### Statement of Changes in Equity as at 31 December 2010

Amounts in Taka

Particulars	Share capital	Share premium	Retained earnings	Total
Year ended 31 December 2009:				
Balance at 1 January 2009	168,937,520	148,488,495	11,762,547	329,188,562
New issue of shares	131,062,480	-	-	131,062,480
Issue of bonus shares	-	288,337,456	-	288,337,456
Net profit for the year 2009	-	-	92,750,730	92,750,730
Balance at 31 December 2009	300,000,000	436,825,951	104,513,277	841,339,228
Year ended 31 December 2010:				
Balance at 31 December 2009	300,000,000	436,825,951	104,513,277	841,339,228
Issue of bonus shares	90,000,000	-	(90,000,000)	-
Net profit for the year 2010	-	-	194,780,628	194,780,628
Balance at 31 December 2010	390,000,000	436,825,951	209,293,905	1,036,119,856

for BRAC EPL Investments Limited

SD-  
Chairman

SD-  
Director

SD-  
Managing Director & CEO

Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 06 February 2011

SD-  
**S. F. AHMED & CO**  
Chartered Accountants

**BRAC EPL Investments Limited**  
**NOTES TO FINANCIAL STATEMENTS**  
**for the year ended 31 December 2010**

**1. Reporting entity**

BRAC EPL Investments Limited (the Company or BRAC EPL), a private company limited by shares, was incorporated in Bangladesh in 2000 under the Companies Act 1994 in the name "Equity Partners Limited". On 4 October 2009, the Company changed its name from Equity Partners Limited to BRAC EPL Investments Limited. BRAC EPL Investments Limited formally commenced operation under a new management team on 1 October 2009. BRAC Bank Limited acquired 51% of its equity in August 2009. On 11 February 2010, a new merchant banker registration certificate was issued in favour of BRAC EPL Investments Limited which allows it to perform the activities of issue manager, underwriter and portfolio manager.

BRAC EPL delivers a whole range of investment banking services including traditional merchant banking activities such as issue management, underwriting and portfolio management. It also delivers value-added services such as wealth management, corporate advisory and corporate finance to many of its clients.

**2. Basis of preparation**

**2.1 Statement of compliance**

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS) and the Companies Act 1994.

These financial statements cover the period of one (1) year from 1 January 2010 to 31 December 2010 and were authorised for issue by the Board of Directors on 30 January 2010.

**2.2 Basis of measurement**

The financial statements have been prepared on historical cost basis except for investments in quoted shares which have been "marked to market" in accordance with BAS 39: Financial Instruments: Recognition and Measurement.

**2.3 Functional and presentational currency**

The financial statements are presented in Bangladesh Taka, which is the Company's functional currency.

**2.4 Use of estimates and judgments**

The preparation of financial statements in conformity with BFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimate is revised and in any future period affected.

**3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Certain comparative amounts have been reclassified to conform with the current year's presentation.

**3.1 Basis of consolidation**

**3.1.1 Investment in associates**

Investment in associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 25% to 50% of the voting power of another entity.

Investment in associates are accounted for using the equity method and are recognised initially at cost. The financial statements include the Company's share of profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

**3.2 Interest income**

Interest income is recognised in the statement of comprehensive income using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of financial asset and liability and is not revised subsequently.

Interest is accrued on a daily basis and applied to customer accounts every quarter i.e., 31 March, 30 June, 30 September and 31 December.

Interest income presented in the financial statements include interest on margin loans provided to customers.

### **3.3 Fee and commission income**

Fee and commission income is recognised when the corresponding service is provided. Fee and commission income presented in the financial statements include the following:

a) Management fee charged on the market value of customers' portfolios; b) Trading commission charged to customers' trading in the secondary capital markets; c) Settlement fee charged to customers trading in the secondary capital markets; d) Documentation fees charged to clients for opening accounts with the company; e) Corporate advisory fees; f) Issue management fees; g) Underwriting commission; h) Debt syndication fees

#### **3.3.1 Fee and commission expense**

Fee and commission expenses relate mainly to transaction and service fees which are expensed as services are received.

### **3.4 Net income from other financial instruments carried at fair value**

Net income from other financial instruments carried at fair value relates to financial assets and liabilities designated at fair value through profit or loss and includes all realised and unrealised fair value changes including interest. Dividends receivable on such instruments are shown separately.

### **3.5 Dividend income**

Dividend income is recognised when the right to receive dividend is established. Usually this is the ex-dividend date for equity securities. Dividend income is presented separately in these financial statements.

### **3.6 Finance income**

Finance income comprises of interest income on fixed deposits and savings accounts. Interest income is recognised as it accrues, using the effective interest method.

### **3.7 Lease payments made**

Payments made under operating lease are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### **3.8 Income tax expense**

Income tax expense comprises current tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years.

Provision for taxation for the year ended 31 March 2010 has been made on the basis of the provisions of the income tax laws. Currently the tax rate applicable for Company is 37.5%. The tax rate applicable for institutions on capital gains of listed securities is 10%, while dividend income from such investments is taxed @ 20%.

### **3.9 Financial assets and liabilities**

#### **Recognition**

The Company initially recognises loans; advances and deposits on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

#### **Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

### **3.10 Property, plant and equipment**

Items of property, plant and equipment, other than land, are measured at cost less accumulated depreciation and impairment losses, as per BAS 16: Property, Plant and Equipment. Cost includes expenditures that are directly attributable to the acquisition of the asset. Land is carried at cost considering its indefinite life.

#### **Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of day-to-day servicing items of property, plant and equipment are expensed when incurred.

## Depreciation

Depreciation on premises other than freehold land, and other fixed assets, is recognised in profit or loss on a straight-line basis over the expected useful economic lives of the assets based on cost, or in the case of assets which have been revalued, on the revalued amount. The estimated useful lives for the current and comparative periods are as follows:

Category of asset	Estimated useful life (years)
Buildings	20
Furniture and fittings	5-10
Motor vehicles	5
Leasehold improvement	6-7
IT equipment	4
Office equipment	5-10

Depreciation on additions to property, plant and equipment is charged from the month in which such assets are capitalised, and adjustments to accumulated depreciation for disposals/write offs are made up to the month in which the relevant assets are disposed/written off.

### 3.11 Intangible assets

Computer software:

Computer software acquired by the Company which have finite useful lives are measured at cost less accumulated amortisation.

Subsequent costs:

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss.

Amortisation of intangible assets:

Computer software are amortised @ 33.33% per annum in a straight-line method.

### 3.12 Investment securities

The Company holds investment securities which are both actively traded in a quoted market and those which are unquoted.

Fair value through profit or loss:

Investments in shares which are actively traded on a quoted market are designated at fair value through profit or loss. Gains or losses arising from a change in the fair value of such financial assets are recognised in the profit or loss.

Available for sale:

Investments in shares which are not actively traded on a quoted market are designated as available for sale assets. Since their fair values cannot be reliably measured, these are held at cost.

### 3.13 Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

Loans and advances are initially measured at fair value, and subsequently measured at amortised cost.

### 3.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank balances.

### 3.15 Short term investments

Short term investments include fixed deposits held with scheduled banks.

### 3.16 Customer deposits

Customer deposits consist of funds provided by customers which have not yet been used to invest in securities. These are initially measured at fair value and subsequently measured at amortised cost.

### 3.17 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### 3.18 Event after reporting period

The Board of Directors recommended of 50% stock dividend amounting to Taka 195,000,000 at the meeting held on 20 January 2011, which is subject to shareholders' approval at the forthcoming annual general meeting.

#### 4. Property, Plant and Equipment

Amounts in Taka

Category of asset	C O S T				Rate (%)	D E P R E C I A T I O N				Net book value at 31 Dec 2010
	Balance at 01 Jan 2010	Addition	Sale/disposals	Total at 31 Dec 2010		To 01 Jan 2010	Charge for the year	Adjustment	Total to 31 Dec 2010	
Furniture and fittings	497,773	1,645,776	131,948	2,011,602	10-20	227,019	349,306	21,991	554,333	1,457,268
Buildings	-	6,147,661	-	6,147,661	5	-	102,461	-	102,461	6,045,200
Motor vehicles	1,170,115	5,840,505	-	7,010,620	20	449,791	856,332	-	1,306,123	5,704,497
Leasehold improvement	16,335,013	8,652,829	-	24,987,842	15	2,896,305	4,097,594	-	6,993,899	17,993,943
IT equipment	1,723,200	6,892,665	297,000	8,318,865	25	988,134	1,764,840	74,250	2,678,724	5,640,141
Office equipment	2,485,253	1,083,710	-	3,568,963	10-20	875,692	600,387	1,476,079	2,092,884	
Software	890,000	3,435,460	-	4,325,460	33.33	-	801,541	-	801,541	3,523,919
<b>Total 2010</b>	<b>23,101,354</b>	<b>33,698,606</b>	<b>428,948</b>	<b>56,371,013</b>		<b>5,436,941</b>	<b>8,572,461</b>	<b>96,241</b>	<b>13,913,161</b>	<b>42,457,852</b>
<b>Total 2009</b>	<b>17,817,947</b>	<b>5,283,407</b>	<b>-</b>	<b>23,101,354</b>		<b>3,249,120</b>	<b>2,187,821</b>	<b>-</b>	<b>5,436,941</b>	<b>17,664,413</b>

##### Details of leasehold asset:

Registration no.	Lease arrangement date	No. of installments	Payment per month/ Taka
Dhaka Metro Ga 27-5521	25 March 2010	60	31,520

During the year the Company acquired "Bank" a customised merchant banking software for an amount of Taka 2,230,000 and Sage ACCPAC, a fully integrated ERP solution for an amount of Taka 2,095,460 These have been capitalised in accordance with BAS 38: Intangible Assets with an estimated useful life of three years.

##### Amounts in Taka

	At 31 Dec 2010	At 31 Dec 2009
<b>5. Investment in securities</b>		
Unquoted (note 5.1)	9,883,510	-
Quoted (note 5.2)	262,525,835	-
	<b>272,409,345</b>	<b>-</b>
<b>5.1 Unquoted investment available for sale</b>		
Global Access Limited	9,883,510	9,883,510
Hindul Wali Textiles Limited (note 5.1.1)	2,750,000	8,750,000
	<b>12,633,510</b>	<b>18,633,510</b>

The Company holds 14% stake in ordinary shares of Taka 10 each of Global Access Limited amounting to Taka 9,883,510.

It also holds 8,750 ordinary shares Taka 1,000 each of Hindul Wali Textiles Limited at 31 December 2009 which has ceased operations during the year and Taka 6,000,000 has been recovered against the investment. On assessment at the reporting date, management believes that the remaining amount to be unrecoverable and it has been written off to the profit and loss in accordance with BAS 36: Impairment of Assets.

##### 5.1.1 Impairment provision on investment in unquoted securities

Opening balance	-	-
Add: Provision made during the year	2,750,000	-
Less: Provision released during the year	-	-
Closing balance	<b>2,750,000</b>	<b>-</b>
Net investment in unquoted securities held	<b>9,883,510</b>	<b>18,633,510</b>

##### 5.2 Quoted securities

The company invested Taka 250,000,000 in quoted securities, traded on the secondary capital market in Bangladesh. Realised gains and dividend income on this investment has been regularly re-invested during the year. 70% of these funds are traded on a regular basis while approximately 30% is held as medium term investment. As per BAS 39 Financial Instruments: Recognition and Measurement, these have been classified as fair value through profit or loss where gains or losses arising from a change in the fair value of such financial assets are recognised in the profit or loss.

		Amounts in Taka	
		At 31 Dec 2010	At 31 Dec 2009
<b>6. Investment in associate company</b>			
BRAC Asset Management Company Limited		12,500,000	-
Share of profit for the year		71,651	-
		<u>12,571,651</u>	<u>-</u>
<p>In 2010, the Company, along with other BRAC entities, invested Taka 12,500,000 in the shares of BRAC Asset Management Company Limited which represents 25% of paid up capital of that company. BRAC Asset Management could not start operations during the year 2010 due to not obtaining a regulatory approval which is awaiting for receipt. However, the associate company has earned a net profit after tax of Taka 286,603 from interest on bank deposit which is accounted for in the accounts of BRAC EPL under equity method as required by BAS 28: Investment in Associates.</p>			
<b>7. Margin loans to customers</b>		<b>3,070,981,586</b>	<b>-</b>
<p>The portfolio management department extends margin loan facilities to customers trading on the secondary capital market in Bangladesh. Margin loans are extended on a ratio based on the equity invested by individual customers. The ratio varied during the year from 1:1.5 to 1:0.25 based on directives issued by the Securities and Exchange Commission.</p>			
<b>8. Accounts receivable</b>			
Portfolio Management Division (PMD):			
Receivable from brokerage for client trading	160,253,515	-	
Receivable from brokerage for own investment	58,356,176	-	
Dividend income receivable	1,473,500	-	
	<u>220,083,191</u>	<u>-</u>	
Investment banking:			
Issue management fee	10,356,965	-	
Capital markets:			
Foreign trading commission	939,330	1,694,001	
Net accounts receivable	<u>231,379,486</u>	<u>1,694,001</u>	
<b>8.1 Provision for doubtful debts</b>			
Opening balance:			
Portfolio management department's receivable	-	-	
Investment banking department's receivable	-	-	
Capital markets department's receivable	<u>-</u>	<u>-</u>	
	-	-	
Add: Provision made during the year			
Portfolio management department's receivable	-	-	
Investment banking department's receivable	-	-	
Capital markets department's receivable	<u>-</u>	<u>-</u>	
	-	-	
Less: Provision released during the year on recovered receivables			
Portfolio management department's receivable	-	-	
Investment banking department's receivable	-	-	
Capital markets department's receivable	<u>-</u>	<u>-</u>	
	-	-	
Closing balance	-	-	
Net accounts receivable	<u>231,379,486</u>	<u>1,694,001</u>	
<p>PMD's receivables consist mainly of net receivables from brokers for daily sale and buy transactions of clients. These are cleared within 3 working days. Accrued interest receivable and accrued portfolio management fee is deducted from clients' accounts on every calendar quarter and adjusted with their limit of purchase accordingly. Dividend receivable represents approved dividends declared by listed entities which have not yet been credited to the Company's account through the Central Depository Bangladesh Limited. Due to the nature of such transactions which were not accrued within past 90 days, no provision is made on these receivables.</p>			

		Amounts in Taka	
		At 31 Dec 2010	At 31 Dec 2009
<b>9. Advances, deposits and prepayments</b>			
Advances:			
Pre-IPO placement	3,608,809	-	
Staff loans	1,131,164	3,493,459	
Employee travel and accommodation	54,360	-	
	4,794,333	3,493,459	
Deposits:			
Regulators	310,000	200,000	
Others	4,500	4,500	
Against expenses	-	110,000	
Brokerage account	-	36,747,077	
	314,500	37,061,577	
Prepayments:			
Office rent	9,070,197	8,901,995	
Capital expenditure	4,693,974	-	
General supplies	36,000	17,243	
	13,800,171	8,919,238	
	18,909,004	49,474,274	
<b>10. Cash and cash equivalents</b>			
Cash in hand	48,821	65,010	
Bank balances with:			
BRAC Bank Limited	13,596,782	69,750,572	
Standard Chartered Bank	11,393,551	1,162,093	
Citibank NA	2,265,516	1,356,050	
ONE Bank Limited	1,768,994	-	
HSBC Bangladesh	398,139	8,516,163	
Commercial Bank of Ceylon PLC	199,075	-	
National Bank Limited	119,516	-	
United Commercial Bank Limited	88,805	-	
Bank Alfalah Limited	52,752	63,140	
Jamuna Bank Limited	48,905	-	
Standard Bank Limited	19,255	-	
IFIC Bank Limited	8,890	-	
Fixed deposits with BRAC Bank Limited	-	694,185,187	
	30,009,001	775,098,215	
During the year the Company encashed all its fixed deposits. The interest rates applicable on such fixed deposits varied from 3 to 8.5% during the year.			
<b>11. Other receivables</b>			
BRAC Afghanistan Bank	909,371	-	
BRAC Asset Management Company Limited	99,100	-	
BRAC	83,200	-	
BRAC Bank Limited	80,000	-	
Others	212,446	-	
	1,384,117	-	
<b>12. Share capital</b>			
Authorised :			
100,000,000 ordinary shares of Taka 10 each	1,000,000,000	1,000,000,000	
Issued, subscribed and paid up:			
39,000,000 ordinary shares of Taka 10 each	390,000,000	300,000,000	

Amounts in Taka			
	At		At
	31 Dec 2010		31 Dec 2009

The Company's shareholding position as at 31 December date was as follows:

Name of shareholder	Number of shares	% of holding	Value/Taka
BRAC Bank Limited	19,890,000	51%	198,900,000
Other individual shareholders	19,110,000	49%	191,100,000
	39,000,000	100%	390,000,000

The Board of Directors in its 4th meeting held on 26 January 2010 has recommended a 30% stock dividend (bonus issue) amounting to Taka 90,000,000 and it was subsequently approved by the shareholder in their Annual General Meeting.

### 13. Share premium

Opening balance	436,825,951	148,488,495
Issued during the year, 13,106,248 ordinary shares of Taka 22 each	-	288,337,456
Closing balance	436,825,951	436,825,951

### 14. Deferred tax assets

Deferred tax assets have been recognised and measured in accordance with the provision of BAS 12: Income Taxes. Related deferred tax expenses have been disclosed in note 29. Deferred tax assets are attributable to the following:

	Carrying amount at year end	Tax base	Taxable/(deductible) temporary difference
Leasehold improvement	17,993,943	20,344,135	(2,350,193)
Office building	6,045,200	5,532,895	512,305
IT equipment	5,640,141	5,197,510	442,631
Motor vehicles	4,597,097	4,186,703	410,394
Software	3,523,919	2,840,922	682,997
Office equipment	2,092,884	2,638,772	(545,888)
Furniture and fixtures	1,457,268	1,611,597	(154,329)
	41,350,452	42,352,535	(1,002,082)
Vehicle under finance lease	1,107,400	-	1,107,400
Impairment provision	(2,750,000)	-	(2,750,000)
Net difference			(2,644,682)
Applicable tax rate			37.5%
Deferred tax assets			(991,756)

### 15. Finance lease obligations

Obligation under finance lease has been recognised as a liability in the statement of financial position at an amount equal at the inception of the lease to the lower of fair value of leased property and present value of minimum lease payments. The interest rate implicit in the lease has been used to calculate the present value of the minimum lease payments. The total of minimum lease payments at the end of the reporting period and their present value, for each of the following periods; are as follows:

Repayment of lease obligation under finance lease:

	At 31 Dec 2010/Taka		At 31 Dec 2009/Taka	
	Future minimum lease payments	Interest	Present value of minimum lease payments	Present value of minimum lease payments
Less than one year	378,240	156,370	221,870	-
One to five years	1,197,760	241,786	955,974	-
More than five years	-	-	-	-
	1,576,000	398,156	1,177,844	-

### 16. Customer deposits

Deposits	61,417,666	-
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Customer deposits represent uninvested funds lying in the Company's account at the reporting date.

		Amounts in Taka	
		At	At
		31 Dec 2010	31 Dec 2009
<b>17. Loans and borrowings</b>			
This note provides information about the Company's interest bearing loans and borrowings which are measured at amortised cost.			
BRAC Bank Limited	799,857,307	-	
United Commercial Bank Limited	463,273,463	-	
IFIC Bank Limited	399,658,103	-	
ONE Bank Limited	209,578,833	-	
Standard Bank Limited	200,232,012	-	
	<u>2,072,599,718</u>	<u>-</u>	
Total loans and borrowings include a short term loan of Taka 694,899,410 from BRAC Bank Limited and the rest has been borrowed as overdrafts from lenders. The interest rate for the borrowings throughout the year ranged from 11% to 13% per annum and all the debts were secured by first ranking pari-passu charge on all present and future fixed and floating assets of the Company.			
<b>18. Accounts payable to/for</b>			
Broker for client trading	240,657,159	-	
Supplies	3,804,691	-	
VAT on fee income	1,878,854	-	
VAT on office rent	737,925	-	
VAT on supplies' payments	710,834	-	
Tax deducted at source from suppliers	577,849	72,980	
Tax deducted at source from salaries and allowances	234,049	-	
BRAC EPL Stock Brokerage Limited	27,742	-	
Tax deducted at source from office rent	3,034	-	
	<u>248,632,137</u>	<u>72,980</u>	
<b>19. Other liabilities</b>			
<b>19.1 Liabilities for expenses</b>			
Salaries and allowances	23,430,151	2,111,000	
IT expenses	4,320,276	-	
CDBL expenses	2,186,127	-	
Office maintenance expenses	503,247	72,488	
Printing postage and stationery expenses	284,616	-	
Advertisement	261,488	-	
Rent	242,249	-	
Audit fees	153,000	15,675	
Travelling and conveyance	120,296	-	
Security services	44,620	17,242	
Legal and professional fees	30,600	-	
Insurance costs	21,888	-	
Telephone and mobile expenses	21,099	42,863	
Repair maintenance costs	15,742	-	
Business development expenses	1,218	-	
	<u>31,636,617</u>	<u>2,259,268</u>	
<b>19.2 Provision for loans and advances</b>			
General provision against outstanding margin loans			
Opening balance	-	-	
Add: Provision charged/(released) during the year	-	-	
Less: Recovery against fully provided loans	-	-	
Closing balance	<u>-</u>	<u>-</u>	
Specific provision against outstanding margin loans			
Opening balance	-	-	
Add: Provision charged/(released) during the year	-	-	
Less: Recovery against fully provided loans	-	-	
Closing balance	<u>-</u>	<u>-</u>	
Total provision against outstanding margin loans	<u>-</u>	<u>-</u>	

Amounts in Taka		
	At 31 Dec 2010	At 31 Dec 2009
<b>19.3 Others</b>		
Sale receivable in transit	184,751,009	-
Deferred tax liabilities	-	-
	<u>184,751,009</u>	<u>-</u>
	<u>216,387,625</u>	<u>2,259,268</u>

During the year, the average outstanding margin loan ratio on the PMD portfolio stood at approximately 1:0.8 due to changes in regulations by the Securities and Exchange Commission. Therefore, management feels the value at risk is nil at reporting date.

<b>20. Provision for taxation</b>		
Opening balance	21,810,438	4,191,626
Add : Provision made during the year	72,435,845	21,810,438
Less: Paid/adjusted during the year	(21,810,438)	(4,191,626)
Closing balance	<u>72,435,845</u>	<u>21,810,438</u>
<b>21. Interest income</b>		
Margin loans	224,823,660	-
	<u>224,823,660</u>	<u>-</u>

The Company launched its portfolio management business on 17 February 2010 through which customers were leveraged at the ratios varying from 1:1 to 1:1.25 on their equity to invest in the capital market in Bangladesh. The effective rate of interest on such loans was 13.75% during the quarter.

<b>22. Interest expense</b>		
BRAC Bank Limited	37,736,078	-
United Commercial Bank Limited	34,562,493	-
IFIC Bank Limited	29,448,103	-
ONE Bank Limited	23,565,410	-
National Bank Limited	15,098,275	-
Standard Bank Limited	6,490,887	-
	<u>146,901,247</u>	<u>-</u>

The effective interest rate on borrowings from scheduled banks stood at approximately 12-13% throughout the year.

<b>23. Fee and commission income</b>		
Portfolio Management Division:		
Settlement fee	264,983,614	-
Management fee	49,511,947	-
Documentation fee	1,771,000	-
	<u>316,266,561</u>	<u>-</u>

Trading commission is earned on the total trading turnover of portfolio customers at the rate of 0.35%. Total trading turnover includes both sale and purchase of shares by individual customers.

Documentation fee is a one-off fee charged to customers at the time of account opening.

Investment banking (IB):		
Issue management fee	32,438,823	3,150,000
Debt syndication	11,883,000	-
Corporate advisory fees	1,995,949	654,772
Underwriting commission	576,480	454,063
	<u>46,894,252</u>	<u>4,258,835</u>

Corporate advising services include providing expertise in mergers and acquisition, debt restructuring, capital restructuring, and most other financial and strategic consulting services. The fee varies from client to client, and is usually paid in fixed amounts per month.

As an underwriter, the Company assumes the responsibility of taking up the unsubscribed portion of securities of a public offering. For assuming this responsibility, the Company charges a fee of 0.5% to 1% of the amount committed to be underwritten.

		Amounts in Taka	
		At 31 Dec 2010	At 31 Dec 2009
<p>Issue management fees are received for the Company's role as Issue manager in equity and debt transactions such as initial public offerings, repeat public offerings, rights issue etc. Issue manager's responsibilities include, among others valuation of the Company, preparation of the information memorandum, submission of the application to the SEC. The fee being negotiable, is typically 1% to 2% of the total fund raised, while the maximum cap is approximately 5%.</p>			
<b>Capital Markets</b>			
Foreign trading commission		5,209,440	-
		5,209,440	-
<p>Foreign clients of the Company invest in the Bangladesh capital market based on research reports provided by the Capital Markets team. The Company earns a commission on the total trade volume of such investment.</p>			
Total fee and commission income		368,370,253	4,258,835
<b>24. Fee and commission expense</b>			
Portfolio management division:			
Brokerage commission cost		189,719,803	-
		189,719,803	-
<p>All client trading in the capital market is done through designated brokerages. Currently, the Company uses one such brokerage, viz., BRAC EPL Stock Brokerage Limited, related party to the Company. The Company has to pay 0.25% of total trading turnover to the brokerage based on market rates of other similar brokerage houses.</p>			
Investment banking:			
Consultancy fees		2,570,600	-
		2,570,600	-
Total fee and commission expense		192,290,403	-
<b>25. Income from investment in securities</b>			
Investment securities at fair value through profit or loss:			
Realised gains during the year		128,310,292	7,603,506
		128,310,292	7,603,506
Investment in available for sale securities:			
Realised gains during the year		-	94,000,000
		128,310,292	101,603,506
<b>26. Other operating income</b>			
Dividend income		5,871,288	-
Management fee on pre-IPO placements		1,471,760	-
Rental income		1,155,000	1,486,560
Interest income on staff loans		164,998	-
		8,663,046	1,486,560
<b>27. Operating expenses</b>			
Salaries and allowances		26,899,643	8,753,206
Other personnel expenses		26,826,134	33,700
CDBL expenses		19,600,475	-
Rental expenses		6,802,771	2,381,340
Utilities, maintenance and running expenses		4,480,163	1,093,339
Printing and stationery		3,094,555	529,649
Investments written off		2,750,000	-
Legal and professional fees		2,267,775	683,175
Telephone, communication and IT expenses		2,212,019	226,245
Advertisement expenses		1,609,658	351,790
Business development and promotional expenses		1,279,059	123,880
Entertainment expenses		1,273,589	362,075
Travelling and conveyance		1,164,329	997,247
Meeting expenses		1,006,500	552,000
Regulatory fees		558,042	-
Bad debt		500,000	-
Training and development expenses		368,293	164,029
Vehicle maintenance expenses		203,845	29,712
Audit fees		182,950	15,675
Insurance		101,456	-

		Amounts in Taka	
		At 31 Dec 2010	At 31 Dec 2009
	Foreign exchange loss	1,800	-
	Licence and renewal fees	-	1,234,200
	(Gain) on disposal of property, plant and equipment	(70,994)	-
		<u>103,112,062</u>	<u>17,531,262</u>
<b>28.</b>	<b>Net finance costs</b>		
	Bank charges and commission	1,002,335	111,642
	Finance charge - lease	137,043	-
		<u>1,139,378</u>	<u>111,642</u>
	Finance income on fixed deposit accounts	(8,048,006)	(27,042,993)
	Finance income on STD accounts	(3,409,481)	-
		<u>(11,457,487)</u>	<u>(27,042,993)</u>
		<u>(10,318,109)</u>	<u>(26,931,351)</u>
<b>29.</b>	<b>Income tax expenses</b>		
	Current tax expense	72,461,474	21,810,438
	Deferred tax(income)/expense (notes 14)	(991,756)	-
		<u>71,469,718</u>	<u>21,810,438</u>

Deferred tax has been recognised to account for the tax consequences of transactions and other events recognised in the financial statements. Deferred tax expenses arise mainly due to difference in the carrying amount of the assets that will result in taxable amount in determining taxable profit or loss of future periods when the carrying amount of the asset would be recovered or settled.

**30. Contingent liabilities**

Outstanding underwriting commitments

At the reporting date the underwriting commitments outstanding amount to Taka 824,637,000.

**31. Number of employees**

During the period, 45 permanent employees were in the employment with the company whose earning was Tk 36,000 or more per annum.

**32. Related party transactions**

During the year, the company carried out a number of transactions with related parties. In accordance with the provisions of BAS 24: Related party disclosure, these are detailed below:

Name of party	Nature of transactions	Year ended 31 Dec 2010/Taka
BRAC Bank Limited	IT transaction costs	5,595,850
BRAC Afghanistan Bank	Reimbursable expenses	909,371
BRAC Asset Management Company Limited	Reimbursable expenses	99,100
BRAC	Transaction costs	83,200
BRAC EPL Stock Brokerage Limited	Cost sharing	27,742

**33. Others**

**33.1** These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

**33.2** Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.

**33.3** Previous year's figures have been regrouped and/or rearranged wherever considered necessary for the purpose of current period's presentation.

for BRAC EPL Investments Limited

SD- Chairman	SD- Director	SD- Managing Director & CEO
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Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 06 February 2011

SD-  
**S. F. AHMED & CO**  
Chartered Accountants

## Auditors' Report to the Shareholders (Stockholders) of BRAC EPL Stock Brokerage Limited

We have audited the accompanying financial statements of BRAC EPL Stock Brokerage Limited (the Company), namely, Statement of Financial Position (Balance Sheet) as of 31 December 2010 and the related Statement of Comprehensive Income (Income Statement), Statement of Cash Flows, Statement of Changes in Equity and notes thereto for the year then ended. Preparation of these financial statements and notes thereto, in due conformance with International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standard (BAS)/Bangladesh Financial Reporting Standard (BFRS) is the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in due conformance with generally accepted auditing standards that required to plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion that follows.

Accordingly, we report that, in our opinion, the said financial statements, exhibit a true and fair view of the state of the Company's affairs as at 31 December 2010 and of the results of its operations and its cash flows for the year ended on that date and have been drawn up in accordance with the said accounting principles.

### We also report that :

- (i) we have obtained all the documents, information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit, and made due verification thereof;
- (ii) our examination and checking of relevant financial records, books of account, schedules and details were sufficient to enable us to form an informed and assessed opinion on the authenticity and accuracy of the said financial statements;
- (iii) in our opinion, proper books of account and other requisite records were properly maintained by the Company;
- (iv) the Statement of Financial Position (Balance Sheet) and Statement of Comprehensive Income (Income Statement) are in agreement with the said books of account maintained by the Company and examined by us; and
- (v) the expenditure incurred and payments made for the year were for the purpose of the Company's business.

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 07 February 2011

  
**S. F. AHMED & CO**  
Chartered Accountants

**BRAC EPL Stock Brokerage Limited**  
**Statement of Financial Position (Balance Sheet)**  
**at 31 December 2010**

		Amounts in Taka	
	Notes	At 31 Dec 2010	At 31 Dec 2009
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	60,167,704	11,031,456
Membership fees	4	11,027,750	11,027,750
Investment in associate company	5	12,068,785	-
		83,264,239	22,059,206
<b>Current Assets</b>			
Investment in shares	6	68,459,046	30,000,000
Receivable	7	635,553,730	150,127,237
Advances, deposits and prepayments	8	83,607,879	11,853,609
Cash and cash equivalents	9	256,749,070	44,089,881
		1,044,369,725	236,070,727
<b>Total Assets</b>		<b>1,127,633,964</b>	<b>258,129,933</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	10	100,000,000	50,000,000
Retained earnings		260,754,526	73,922,283
		360,754,526	123,922,283
<b>Current Liabilities</b>			
Accounts payable	11	652,333,221	129,702,694
Liability for expenses	12	44,256,209	3,129,630
Provision for corporate income tax	13	70,290,008	1,375,326
		766,879,438	134,207,650
<b>Total Shareholders' Equity and Liabilities</b>		<b>1,127,633,964</b>	<b>258,129,933</b>

See annexed notes

for BRAC EPL Stock Brokerage Limited

SD- Managing Director	SD- Director	SD- Chairman
Signed in terms of our report of even date annexed		
House 25, Road 13A, Block D Banani, Dhaka 1213, Bangladesh Dated, 07 February 2011		SD- S. F. AHMED & CO Chartered Accountants

**BRAC EPL Stock Brokerage Limited**  
**Statement of Comprehensive Income (Income Statement)**  
**for the year ended 31 December 2010**

	Notes	Amounts in Taka	
		Year ended 31 Dec 2010	Year ended 31 Dec 2009
REVENUE			
Brokerage commission		469,548,137	94,878,237
Gains on sale of shares		8,392,285	-
Other operating income, net	14	2,823,631	-
		480,764,053	94,878,237
Less: Expenses			
Direct cost	15	36,303,529	7,148,960
Operating expenses	16	119,783,665	23,629,729
Other operating expenses	17	18,325,774	4,572,362
		174,412,968	35,351,051
Operating profit (A)		306,351,085	59,527,186
Interest income		5,250,879	3,667,535
Less : Finance cost	18	4,548,498	287,555
Net interest income (B)		702,381	3,379,980
Share of profit of equity in associate company (C)	5	68,785	-
Profit before income tax (A+B+C)		307,122,252	62,907,166
Less : Provision for corporate income tax	13	70,290,008	5,981,962
Profit after tax for the year		236,832,244	56,925,204
Add : Retained earnings, brought forward		73,922,282	83,259,682
		310,754,526	140,184,886
Less: Appropriation			
Bonus shares issued		50,000,000	38,000,000
Prior year's adjustment		-	28,262,603
		50,000,000	66,262,603
Retained earnings, carried forward		260,754,526	73,922,283

See annexed notes

for BRAC EPL Stock Brokerage Limited

SD-  
Managing Director

SD-  
Director

SD-  
Chairman

Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 07 February 2011

SD-  
**S. F. AHMED & CO**  
Chartered Accountants

**BRAC EPL Stock Brokerage Limited**  
**Statement of Cash Flows**  
**for the year ended 31 December 2010**

	Notes	Amounts in Taka	
		Year ended 31 Dec 2010	Year ended 31 Dec 2009
<b>A Cash Flows from Operating Activities</b>			
Commission receipts		492,528,978	96,405,237
Interest receipts		5,250,879	3,667,535
Gains on sale of shares		8,392,285	-
Received from associate company		68,786	-
Hawla and laga charges		(36,303,529)	-
Payments of operating expenses		(118,692,479)	(47,004,387)
Payments of finance cost		(4,548,498)	(287,555)
Payments to associate company		-	(2,531,034)
Income tax paid		(69,503,850)	(4,974,517)
Received from clients		508,143,415	(168,161,421)
Paid to clients		(201,569,477)	(48,614,828)
Received from DSE and CSE		14,354,819	(131,931)
Paid to DSE and CSE		(283,857,016)	171,249,907
Net cash from/(used in) operating activities		314,264,313	(382,994)
<b>B Cash Flows from Investing Activities</b>			
Investment in shares		(38,459,046)	(30,000,000)
Investment in associate company		(12,068,785)	-
Acquisition of property, plant and equipment		(51,077,293)	(9,032,736)
Net cash used in investing activities		(101,605,124)	(39,032,736)
<b>C Cash Flows from Financing Activities</b>		-	-
Net increase in cash and cash equivalents (A+B+C)		212,659,189	(39,415,730)
Cash and cash equivalents at beginning of the year		44,089,881	83,505,611
Cash and cash equivalents at end of the year		256,749,070	44,089,881

for BRAC EPL Stock Brokerage Limited

SD- <b>Managing Director</b>	SD- <b>Director</b>	SD- <b>Chairman</b>
Signed in terms of our report of even date annexed		
House 25, Road 13A, Block D Banani, Dhaka 1213, Bangladesh Dated, 07 February 2011		SD- <b>S. F. AHMED &amp; CO</b> Chartered Accountants

## BRAC EPL Stock Brokerage Limited

### Statement of Changes in Equity at 31 December 2010

Amounts in Taka

Particulars	Share capital	Retained earnings	Total
Balance at 1 January 2009	12,000,000	83,259,682	95,259,682
Issue of bonus shares	38,000,000	(38,000,000)	-
Net profit for the year 2009	-	56,925,204	56,925,204
Prior year's adjustment	-	(28,262,603)	(28,262,603)
Balance at 31 December 2009	50,000,000	73,922,283	123,922,283
Issue of bonus shares	50,000,000	(50,000,000)	-
Net profit for the year 2010	-	236,832,244	236,832,244
Balance at 31 December 2010	100,000,000	260,754,526	360,754,527

for BRAC EPL Stock Brokerage Limited

SD-  
Managing Director

SD-  
Director

SD-  
Chairman

Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 07 February 2011

SD-  
**S. F. AHMED & CO**  
Chartered Accountants

## BRAC EPL Stock Brokerage Limited

### NOTES TO FINANCIAL STATEMENTS for the year ended 31 December 2010

#### 1. Background and Activities

BRAC EPL Stock Brokerage Limited was incorporated in Bangladesh on 16 May 2000 as a private limited company under the Companies Act 1994 in the name of Equity Partners Securities Limited, the name of which was changed to BRAC EPL Stock Brokerage Limited on 04 October 2009.

The main objectives of the Company for which it was incorporated are to carry on the business of stock brokers/stock dealers and other related business in connection with the dealings of listed securities. Other objectives of the Company are to buy, sell, hold or otherwise acquire or invest the capital of the Company in shares, stocks and fixed income securities, etc. It has corporate membership of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

#### 2. Significant Accounting Policies

##### 2.1 Basis of accounting

The financial statements of the Company are prepared on a going concern and accrual bases under historical cost convention and in accordance with generally accepted accounting principles. Wherever appropriate, such principles are explained in the succeeding notes.

##### 2.2 Property, plant and equipment (PPE)

These are stated at cost less accumulated depreciation. Depreciation is charged on the items of property, plant and equipment using straight-line method.

Depreciation on PPE was charged using reducing balance method up to December 2009 which was thereafter changed to straight-line method, effect of which was given prospectively in accordance with BAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" since the change affects future periods.

Full month's depreciation is charged on additions irrespective of date of their acquisition and no depreciation is charged in the month of disposal. The rates of depreciation on various classes of property, plant and equipment are as under:

Asset category	Rate (%)
Building and other constructions	2
Furniture and fixtures	12.5
Office decoration	15
Computers and accessories	25
Air coolers and ceiling fans	20
Telephones, fax and mobiles	20
Electrical and office equipments	20
Cookeries and cutleries	10
Vehicles	20
Software and system	33

##### 2.3 Corporate income tax

Income tax withheld from the transactions of traded securities @ 0.025% and 0.05% is the final tax liability of the Company under section 82C of Income Tax Ordinance (ITO) 1984. Income tax provision is made on capital gains on sale of shares of listed company @ 10% as per SRO No. 269/Law/Income Tax/2010 dated 1 July 2010 whereas it is @ 37.5% on other income as per tax laws.

##### 2.4 Deferred tax

Deferred tax asset/liabilities were not determined or accounted for by the Company during the year as required by BAS 12 "Income Taxes".

##### 2.5 Revenue recognition

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue can be measured reliably. Revenue recognition policy on specific item is described as under:

- (i) Brokerage commission is recognised as income when selling or buying order is executed.
- (ii) Interest income on STD account is recognised when the interest is credited to the accounts by the respective banks.
- (iii) Capital gains on sale of shares are recognised when these are realised.

		Amounts in Taka	
		At	At
		31 Dec 2010	31 Dec 2009
<b>2.6 Statement of cash flows</b>			
Statement of cash flows is prepared principally in accordance with BAS 7 "Statement of Cash Flows" and the cash flows from operating activities have been presented under direct method.			
<b>2.7 Functional and presentational currency</b>			
The financial statements are presented in Bangladesh Taka which is the Company's functional and presentational currency.			
<b>3. Property, Plant and Equipment</b>			
Building and other constructions	10,420,431	-	
Furniture and fixtures	5,626,369	399,483	
Office decoration	18,860,291	6,513,186	
Computers and accessories	6,237,865	1,320,855	
Air coolers and ceiling fans	6,597,713	552,615	
Electrical and office equipments	6,916,764	1,224,542	
Cookeries and cutlery	-	6,775	
Vehicles	4,218,469	1,014,000	
Software and system	1,289,802	-	
	<u>60,167,704</u>	<u>11,031,456</u>	
<b>4. Membership Fees</b>			
Dhaka Stock Exchange Limited (DSE)	6,920,500	6,920,500	
Chittagong Stock Exchange Limited (CSE)	4,107,250	4,107,250	
	<u>11,027,750</u>	<u>11,027,750</u>	
The above amount represents cost of membership of DSE and CSE including fees and stamp duty relating to the said transfers.			
<b>5. Investment in Associate Company</b>			
BRAC Asset Management Company Limited	12,000,000	-	
Share of profit for the year	68,785	-	
	<u>12,068,785</u>	<u>-</u>	
In 2010, the Company, along with other BRAC entities, invested Taka 12,000,000 in the shares of BRAC Asset Management Company Limited which represents 24% of paid up capital of that company. BRAC Asset Management could not start operations during the year 2010 due to not obtaining a regulatory approval which is awaiting for receipt. However, the associate company has earned a net profit after tax of Taka 286,603 from interest on bank deposit which is accounted for in the accounts of BRAC EPL under equity method as required by BAS 28: Investment in Associates.			
<b>6. Investment in Shares</b>			
RAK Ceramic (Bangladesh) Limited	30,000,000	30,000,000	
Agni Systems Limited	2,500,000	-	
Generation Next Fashion Limited	25,000,000	-	
Other companies (dealer account)	10,959,046	-	
	<u>68,459,046</u>	<u>30,000,000</u>	
<b>7. Receivable</b>			
Receivable from			
Clients	252,650,851	51,081,374	
DSE	381,795,096	98,446,339	
CSE	1,107,783	599,524	
	<u>635,553,730</u>	<u>150,127,237</u>	
<b>8. Advances, Deposits and Prepayments</b>			
Advances against/to:			
Office rent (note 8.1)	13,207,835	8,937,595	
Income tax on bank interest	891,842	366,754	
Intome tax on brokerage commission	68,128,524	-	
Salary and other advances	189,800	52,657	
Branch Office	134,849	54,954	
Associate Company	76,800	-	
Auerbagh Garison & Co	-	1,650,927	
Total (A)	<u>82,629,650</u>	<u>11,062,887</u>	

		Amounts in Taka	
		At 31 Dec 2010	At 31 Dec 2009
<b>8.1 Advances against office rent</b>			
Office rent for -			
WW Tower		6,879,521	8,635,995
Chittagong Branch		2,963,200	253,600
Sylhet Branch		2,679,114	-
Comilla and Gulshan Branches		686,000	48,000
		<u>13,207,835</u>	<u>8,937,595</u>
Deposits			
Security deposits against/to:			
DSE-floor space		850,024	662,517
CDBL		102,500	102,500
BTCL-land phone		23,705	23,705
Mobile phone		2,000	2,000
Total (B)		<u>978,229</u>	<u>790,722</u>
Total (A+B)		<u>83,607,879</u>	<u>11,853,609</u>
<b>9. Cash and Cash Equivalents</b>			
Cash in hand		16,782	15,523
<b>Bank balances with</b>	<b>Account number</b>		
Standard Chartered Bank	01-7503024-01	603,352	873,686
Standard Chartered Bank	01-7503024-02	175,876,260	11,610,952
HSBC	002-102705-011	20,000	317,470
The City Bank Ltd	1102159661001	28,020,898	14,349,689
The Premier Bank Ltd	246-00000-843	171,866	145,830
AB Bank Ltd	4131-756441-000	4,810,908	2,419,335
The City Bank Ltd	10033004415	5,440	11,935
Citibank NA	G010000200495012	196,739	51,769
Citibank NA	G010000200495004	8,565,869	2,479,769
The City Bank Ltd	1101119587001	19,119,084	11,175,849
AB Bank Ltd	4136-765517-430	1,377,033	636,539
One Bank Ltd	120083741007	137,925	-
BRAC Bank Ltd	1513201363499001	23,518	-
BRAC Bank Ltd	1513201363499001	680,405	1,535
BRAC Bank Ltd	1513201363499002	17,122,991	-
		<u>256,749,070</u>	<u>44,089,881</u>
<b>10. Share Capital</b>			
Authorised :			
2,500,000 ordinary shares of Taka 100 each		<u>250,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid-up :			
500,000 ordinary shares of Taka 100 each		50,000,000	50,000,000
500,000 bonus shares of Taka 100 each		50,000,000	-
		<u>100,000,000</u>	<u>50,000,000</u>

The Company's shareholding position at the date of statement of financial position was as follows:

Name of shareholder	Number of shares	% of holding	Value
BRAC Bank Limited	510,000	51	5,100,000
Other individual shareholders	490,000	49	4,900,000
	<u>1,000,000</u>	<u>100</u>	<u>10,000,000</u>

The Board of Directors in its 4th meeting dated 26 January 2010 recommended 100% stock dividend (bonus shares) amounting to Taka 50,000,000 which was subsequently approved by the shareholders in the Annual General Meeting dated 25 July 2010.

		Amounts in Taka	
		At 31 Dec 2010	At 31 Dec 2009
<b>11. Accounts Payable</b>			
Payable to:			
Clients	637,978,402	129,702,694	
DSE	13,719,156	-	
CSE	635,663	-	
	<u>652,333,221</u>	<u>129,702,694</u>	
<b>12. Liability for Expenses</b>			
Performance bonus	34,124,272	1,805,866	
Withholdings tax and VAT on supplies, etc	2,004,061	-	
CDBL charge	1,776,887	731,608	
Office decoration - interior	1,364,701	-	
Office decoration - architect	1,289,125	-	
CDBL BO maintenance fee	776,400	400,000	
Software and system	615,000	-	
Training and development	583,000	-	
DSE monthly charge and software development	500,000	25,000	
Networking expenses	500,000	-	
Withholding tax on employees' salary	394,080	-	
Electricity bills	111,500	11,880	
Telephone and mobile bills	108,483	26,981	
Audit fees	92,000	26,125	
Office rent	15,200	98,650	
Utilities	1,500	3,520	
	<u>44,256,209</u>	<u>3,129,630</u>	
<b>13. Provision for Corporate Income Tax</b>			
Provision for corporate income tax was made on various sources of income following applicable tax rates on those income as per income tax laws computed as under:			
Nature of income	Income	Applicable tax rate (%)	Amount of tax
Brokerage commission (note 13.1)	469,548,137	0.025/ 0.05	68,128,524
Capital gains on sale of shares (note 13.2)	8,392,285	10	839,229
Other operating income	2,823,631	37.5	1,058,862
Net interest income	702,381	37.5	263,393
			<u>70,290,008</u>
<b>13.1</b>	The above amount represents income tax withheld from the transactions of traded securities @ 0.025%/ 0.05% which is the final tax liability of the Company under section 82C of ITO 1984.		
<b>13.2</b>	The above amount represents income tax provision on capital gains of sale of shares of listed companies as per SRO No. 269/Law/Income Tax/2010 dated 01 July 2010.		
<b>14. Other Operating Income</b>			
BO account opening fees	19,270,012	1,027,000	
BO maintenance cost	887,200	500,000	
Others	2,823,631	-	
	<u>22,980,843</u>	<u>1,527,000</u>	
Less: BO maintenance cost	20,157,212	1,527,000	
	<u>2,823,631</u>	<u>-</u>	
<b>15. Direct Cost</b>	<u>36,303,529</u>	<u>7,148,960</u>	

This represents hawla and laga charges paid to CDBL for the transactions of traded securities.

		Amounts in Taka	
		At 31 Dec 2010	At 31 Dec 2009
<b>16. Operating Cost</b>			
Salary and allowances	49,186,134	16,559,465	
Performance bonus	34,124,272	-	
CDBL charges	9,457,502	3,145,988	
Office rent and service charges	8,747,624	1,417,682	
Depreciation and amortisation	7,339,450	1,246,030	
Branch expenses	2,823,314	250,571	
Internet bills	2,787,025	385,310	
Outsourcing expenses	2,234,615	-	
Trading work station	1,690,000	120,000	
Networking optical fiber	517,800	86,854	
Insurance	480,929	6,565	
DSE, CSE and SEC charges	373,000	158,464	
Monthly recurring charges-CSE	22,000	52,000	
CDBL margin deposit charges	-	800	
Sponsorship expenses for DSE and SEC	-	200,000	
	<u>119,783,665</u>	<u>23,629,729</u>	
<b>17. Other Operating Expenses</b>			
Printing and stationery	4,084,434	599,107	
Business promotional expenses	1,999,513	528,606	
Travel and conveyance	1,623,513	503,205	
Utility expenses	1,684,126	202,763	
Training and development	1,405,377	152,500	
Repairs and maintenance	1,269,227	301,965	
Office maintenance	1,040,145	230,673	
Entertainment	919,012	363,965	
Advertisement	911,257	358,943	
Telephone and mobile bills	796,238	349,182	
Fees and subscriptions	734,618	164,200	
Board meetings' fee	690,000	270,000	
Fuel and lubricants	398,030	168,184	
Professional fee	258,125	50,600	
Postage and courier	182,921	117,646	
News paper, books and periodicals	131,734	34,127	
Audit fee	92,000	82,250	
Photocopy and photograph	40,666	40,464	
DSE charge for investors' protection fund	32,943	4,738	
Miscellaneous	31,895	49,244	
	<u>18,325,774</u>	<u>4,572,362</u>	
<b>18. Finance Cost</b>			
Interest on loan	428,533	123,472	
Bank charges and commission	4,119,965	164,083	
	<u>4,548,498</u>	<u>287,555</u>	
<b>19. Proposed Dividend</b>	<u>250,000,000</u>	<u>-</u>	

The Company in its 19th Board Meeting held on 08 February 2011 proposed a stock dividend (bonus shares) @ 250% for the year which will be placed for approval by the shareholders in their 11th Annual General Meeting.

**20. Others**

**20.1** These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

**20.2** Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.

**20.3** Previous year's figures have been rearranged wherever considered necessary in order to confirm to current year's presentation, without creating any impact on the profit and the value of assets and the liabilities as reported in the financial statements.

## Annexure - I

**BRAC EPL Stock Brokerage Limited****Details of property, plant and equipment  
and depreciation therein**

Amounts in Taka

Asset category	Cost / Restated				Rate %	D E P R E C I A T I O N				Written down at 31 December 2010
	At 01 January 2010	Addition during the year	Adjustment/ disposal during the year	Total at 31 December 2010		To 01 January 2010	Charge for the year	Adjustment during the year	Total to 31 December 2010	
Building & other constructions	-	10,472,795	-	10,472,795	2	-	52,364	-	52,364	10,420,431
Furniture & fixtures	399,483	5,689,924	50,000	6,039,407	12.5	-	463,038	50,000	413,038	5,626,369
Office decoration	6,513,186	14,485,516	150,000	20,848,702	15	-	2,138,411	150,000	1,988,411	18,860,291
Computers & accessories	1,320,855	6,319,866	500,000	7,140,721	25	-	1,402,856	500,000	902,856	6,237,865
Air coolers and ceiling fans	552,615	7,164,174	50,000	7,666,789	20	-	1,119,076	50,000	1,069,076	6,597,713
Electrical and office equipment	1,356,834	6,634,825	50,000	7,941,659	20	-	1,074,895	50,000	1,024,895	6,916,764
Crockery & cutlery	6,775	-	12,872	(6,097)	10	-	-	6,097	(6,097)	-
Vehicles	1,014,000	3,943,181	-	4,957,181	20	-	738,712	-	738,712	4,218,469
Software & system	-	1,639,900	-	1,639,900	33	-	350,098	-	350,098	1,289,802
<b>Total at 31 December '10</b>	<b>11,163,748</b>	<b>56,350,181</b>	<b>812,872</b>	<b>66,701,057</b>		<b>-</b>	<b>7,339,450</b>	<b>806,097</b>	<b>6,533,353</b>	<b>60,167,704</b>
<b>Total at 31 December '09</b>	<b>5,297,044</b>	<b>9,032,736</b>	<b>-</b>	<b>14,329,780</b>		<b>2,052,294</b>	<b>1,246,030</b>	<b>-</b>	<b>3,298,324</b>	<b>11,031,456</b>

## INDEPENDENT AUDITOR'S REPORT to The Shareholders of bKash Limited

We have audited the accompanying financial statements of bKash Limited, which comprise a Statement of Financial Position (Balance Sheet) as at 31 December 2010 and the Statement of Comprehensive Income (Income Statement), Statement of Changes in Equity and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (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 financial position of bKash Limited as at 31 December 2010, and results of its financial performance and its cash flows for the period then ended and comply with the Companies Act 1994 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 company so far as it appeared from our examination of those books; and
- iii. The company's Statement of Financial Position (Balance Sheet) and the Statement of Comprehensive Income (Income Statement) dealt with by the report are in agreement with the books of account and returns.

Dated, Dhaka;  
24 February 2011

  
S. F. Ahmed & Co.  
Chartered Accountants

**bKash Limited**  
**Statement of Financial Position (Balance Sheet)**  
**As at December 31, 2010**

	Notes	Amount in Taka December-10
<b>ASSETS</b>		
<b>Non-Current Assets</b>	<b>3</b>	
Property, plant and equipment		2,303,464
Intangible assets		410,667
<b>Total Non-current Assets</b>		<b>2,714,131</b>
 <b>Current Assets</b>		
Advances, deposits and prepayments	<b>4</b>	1,476,013
Cash and cash equivalents	<b>5</b>	33,039,637
<b>Total Current Assets</b>		<b>34,515,650</b>
 <b>Total Assets</b>		<b>37,229,781</b>
 <b>EQUITY AND LIABILITIES</b>		
<b>Capital &amp; Reserves</b>		
Share capital	<b>6</b>	3,500,000
Share money deposit	<b>7</b>	48,728,437
Retained earnings		(22,980,421)
<b>Total Equity</b>		<b>29,248,016</b>
 <b>Non-Current Liabilities</b>		
Deferred liabilities	<b>8</b>	7,145,802
 <b>Current Liabilities</b>		
Accrued expenses	<b>9</b>	831,963
Provision for income tax		4,000
<b>Total Liabilities</b>		<b>7,981,765</b>
 <b>Total Equity &amp; Liabilities</b>		<b>37,229,781</b>

The annexed notes form an integral part of this Financial Statement.

SD-  
Managing Director

SD-  
Director

SD-  
Chairman

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
13 February 2011

SD-  
**S. F. AHMED & CO**  
Chartered Accountants

**bKash Limited**  
**Statement of Comprehensive Income (Income Statement)**  
**For the period from 01 March 2010 to 31 December 2010**

	Notes	Amount in Taka December-10
Revenue from service		-
Less: Cost of service		-
<b>Gross profit/(loss)</b>		<b>-</b>
Other operating income		-
<b>Total operating income</b>		<b>-</b>
Less: Operating expenses	10	22,976,421
<b>Profit/(loss) from operations</b>		<b>(22,976,421)</b>
Less: Finance cost		-
<b>Profit/(loss) before Tax</b>		<b>(22,976,421)</b>
Less: Provision for Tax (5,000 - 1,000)		4,000
<b>Net profit/(loss) for the period</b>		<b>(22,980,421)</b>

The annexed notes form an integral part of this Financial Statement.

SD-  
Managing Director

SD-  
Director

SD-  
Chairman

Signed in terms of our separate report of even date annexed.

Dated, Dhaka;  
13 February 2011

SD-  
**S. F. AHMED & CO**  
Chartered Accountants

**bKash Limited**  
**Cash Flow Statement**  
**For the period from 01 March 2010 to 31 December 2010**

	Notes	Amount in Taka 2010
<b>A. Cash flows from operating activities</b>		
Cash receipt from customer		-
Cash paid to suppliers and employees	11	(16,218,386)
<b>Net cash (used)/flows from operating activities</b>		<b>(16,218,386)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment		(2,970,414)
Proceeds from sale of property, plant and equipment		-
<b>Net cash (used)/flows in investing activities</b>		<b>(2,970,414)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from issue of share capital		3,500,000
Proceeds from Shareholders as share money deposit		48,728,437
<b>Net cash flows from financing activities</b>		<b>52,228,437</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>33,039,637</b>
Cash and cash equivalents at beginning of period		-
<b>Cash and cash equivalents at end of period</b>		<b>33,039,637</b>

**bKash Limited****Statement of Changes in Equity  
For the period from 01 March 2010 to 31 December 2010**

Amounts in Taka

Particulars	Share capital	Share money deposit	Retained earnings	Total
Balance at March 01, 2010	-	-	-	-
Net profit/(loss) for the year	-	-	(22,980,421)	(22,980,421)
Capital issued and paid up	3,500,000	-	-	3,500,000
Share money deposits	-	48,728,437	-	48,728,437
<b>Balance at December 31, 2010</b>	<b>3,500,000</b>	<b>48,728,437</b>	<b>(22,980,421)</b>	<b>29,248,016</b>
<b>Balance at March 01, 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **bKash Limited**

### **NOTES TO FINANCIAL STATEMENTS**

**For the period from 01 March 2010 to 31 December 2010**

#### **1.0 Incorporation and Business Activities**

bKash Limited is a joint venture between BRAC Bank Ltd. and Money in Motion LLC, USA, incorporated as a private company limited by shares under the Companies Act, 1994 vide Registration # C-82849/10 dated 1 March 2010. Registered office of the company is situated at 1 Gulshan Avenue, Gulshan-1, Dhaka-1212. The primary objective of the Company is to establish, maintain, carry on, transact, undertake and conduct business and operations as a Payment System Operator in accordance with the provisions of the Bangladesh Payment and Settlement Systems Regulations 2009.

##### **Nature of Business:**

bKash will provide financial services via mobile phones to the masses under a payment systems operator license approved by the Bangladesh Bank. The bKash mobile wallet will be the customer account into which money can be deposited and out of which money can be withdrawn or used for various services.

#### **2.0 Summary of Significant Accounting Policies & basis of preparation**

- 2.1** A summary of the principle accounting policies which have been applied consistently (unless otherwise stated), is set out below:

##### **a) Statement of Compliance & basis of preparation**

The financial statements of bKash Limited are prepared under the historical cost convention and in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) respectively, Companies Act, 1994 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 company be unable to continue as a going concern.

##### **c) Functional and presentation currency**

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

#### **2.2 Accounting for Provisions**

The company 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.

#### **2.3 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.

#### **2.4 Cash and cash equivalents**

For the purpose of presentation in the Cash flow statements, cash and cash equivalents include Cash in Hand and Cash at Bank.

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".

#### **2.5 Property, plant & equipment**

##### **a) Recognition**

The cost of an item of property, plant and equipments shall be recognised as an asset 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 asset are recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the company 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

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 categorywise depreciation rates are as follows:

Category of assets:	Rate of depreciation
Furniture & fixtures	10%
Office equipment	20%
IT equipment	20%
Motor vehicles	20%

#### c) Intangible Assets

Computer software acquired by the company which have finite useful life are measured at cost less accumulated depreciation. Computer software are amortized at 20% per period in a straight line method.

### 2.6 GENERAL

Accounting policies, schedules and explanatory notes form an integral part of the financial statements.

## bKash Limited

### Schedule of Fixed Assets As of 31 December 2010

#### 3. Non-Current Assets

Particulars	C O S T				Rate (%) of Dep	D E P R E C I A T I O N				Written down value 31.12.2010
	Balance as on 01.03.10	Addition during the year	Adjustment during the year	Balance as on 31.12.10		Balance as on 01.03.10	Charged during the year	Adjustment during the year	Balance as on 31.12.10	
Property, Plant & Equipment:										
IT Equipments	-	530,414	-	530,414	20	-	26,950	-	26,950	503,464
Motor Vehicles	-	2,000,000	-	2,000,000	20	-	200,000	-	200,000	1,800,000
Sub-Total:	-	2,530,414	-	2,530,414	40	-	226,950	-	226,950	2,303,464
Intangible Assets:										
Computer Software	-	440,000	-	440,000	20	-	29,333	-	29,333	410,667
Sub-Total:	-	440,000	-	440,000	20	-	29,333	-	29,333	410,667
Total:	-	2,970,414	-	2,970,414	60	-	256,283	-	256,283	2,714,131

**2010  
Taka**

#### 4. Advances, deposits and prepayments

Advance Tax	1,000
Security Deposits	1,350,000
Prepayment	13,140
Other Advance	10,000
Advance to BRAC Bank Limited	101,873
	<b>1,476,013</b>

				2010
				Taka
5.	Cash and cash equivalents			
	Cash in hand			5,019
	Cash at bank (BRAC Bank Ltd., Gulshan Br., A/c # 1501201806446001)			33,034,618
				33,039,637
6.	Share capital			
	a) Authorized capital			500,000,000
	5,000,000 ordinary shares of Taka 100 each			
	b) Issued, subscribed, called & paid up capital			
	35,000 ordinary shares of Tk.100 each fully called and paid up in cash			3,500,000
	c) Composition of shareholding			
	Name of the shareholders	No. of shares	% of share	Face value (Taka)
	BRAC BANK Ltd.	17,850	51%	1,785,000
	Money in Motion (MIM) LLC	17,150	49%	1,715,000
		35,000	100%	3,500,000
7.	Share Money Deposit			
	Share Money Deposit is the amount received from the Money in Motion LLC, USA against its capital investment to the company and subsequently company will issue share to shareholders as per Memorandum of Understandings.			
8.	Deffered liabilities			
	Amount paid by Money in Motion (MIM) for:			
	Solution & requirements Workshop			2,514,308
	Consultant (Signal point)			4,631,494
				7,145,802
9.	Accrued expenses			
	Audit fee			40,000
	Travelling expense			270,453
	Telephone bill			16,696
	Payable for provident fund expense			400,500
	Directors fees			104,314
				831,963
10.	Operating Expenses			
	Salary & Allowances	Note 10.1		5,447,646
	Bonus			2,008,708
	Office Rent			1,552,500
	Professional & Legal Fees	Note 10.2		5,053,439
	Audit Fees			40,000
	Travelling Expenses			3,328,931
	Board Meeting Attendance Fees			732,057
	Marketing Expenses			178,380
	Entertainment			61,483
	Postage, Courier			757
	Car Maintenance, Fuel etc.			1,082,620
	Printing & Stationeries			65,930
	Conveyance			6,840
	Training & Workshop Expenses			3,003,627
	Telephone, Mobile, Internet			131,870
	Other expenses Note	10.3		19,489
	Bank Charges			5,863
	Depreciation			256,283
				22,976,421
10.1	Salary & Allowances			
	Basic salary			4,664,941
	House allowance			434,897
	Medical allowance			83,410
	P F contribution			200,250
	Salary & allowance contract			64,148
				5,447,646

<b>10.2 Professional &amp; Legal Fees</b>	
Professional & consultancy fees	4,631,494
Incorporation expense	421,945
	<u>5,053,439</u>
<b>10.3 Other expenses</b>	
Subscription	4,685
Repair & renovation	250
Miscellaneous expense	14,554
	<u>19,489</u>
<b>11. Cash paid to suppliers and employees</b>	
Operating expenses as per	22,976,421
Add: Advance, deposits and prepayments	1,476,013
	24,452,434
Less: Deferred liabilities	7,145,802
Expense creditors and accruals	831,963
Depreciation	256,283
	<u>16,218,386</u>

## Auditors' Report to the Shareholders of BRAC Asset Management Company Ltd

We have audited the accompanying financial statements of BRAC Asset Management Company Ltd. namely, Statement of Financial Position (Balance Sheet) at 31 December 2010, Statement of Comprehensive Income (Income Statement), Statement of Cash Flows and notes thereto for the period then ended as prepared and produced to us by the management of the Company for our examination in due conformance with generally accepted accounting principles and procedures and Bangladesh Accounting Standards as applicable to the Company. Preparation of these financial statements including notes thereto is the responsibility of Company's management. Our responsibility is to express an independent opinion on these financial statements based on our audit.


We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards required that we plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards, give a true and fair view of the state of the Company's affairs at 31 December 2010 and comply with requirements of Companies Act 1994 and other applicable laws and regulations.

### We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the management of the Company so far as it appeared from our examination of those books;
- c) the Company's Balance Sheet dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred and payments made were for the purposes of the Company's business during the year.

Dated, Dhaka;  
09 January 2011

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

**BRAC Asset Management Company Ltd**  
**Statement of Financial Position (Balance Sheet)**  
**as at 31 December 2010**

	<u>Notes</u>	<u>Amount in Taka</u>
<b>ASSETS</b>		
Current Asset		
Bank balance	4	49,995,000
Accrued interest receivable		940,165
Total assets		<u>50,935,165</u>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves		
Share capital	5	50,000,000
Retained earnings		286,603
		50,286,603
Current Liabilities		
Inter-company payable	6	419,100
Provision for expenses		57,500
Provision for corporate income tax		171,962
		648,562
Total Shareholders' Equity and Liabilities		<u>50,935,165</u>

See annexed notes

for BRAC Asset Management Company Ltd

SD-  
Director

SD-  
Director

Signed In terms of our report of even date annexed

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 09 January 2011

SD-  
**S. F. AHMED & CO**  
Chartered Accountants

**BRAC Asset Management Company Ltd**  
**Statement of Comprehensive Income (Income Statement)**  
**for the period from 01 April 2010 to 31 December 2010**

Amount in Taka

REVENUE	
Operating income (A)	-
Less: Operating expenses (B)	
Incorporation expenses	320,000
Legal and professional fees	89,100
Audit fees	57,500
Registration fee - Securities and Exchange Commission	10,000
Bank charge	5,000
	481,600
Operating loss (C=A-B)	(481,600)
Non-operating income (D)	
Interest income	940,165
	458,565
Profit before tax (E=C-D)	458,565
Less: Provision for corporate income tax (F)	171,962
Profit after tax (G=E-F)	286,603

See annexed notes

for BRAC Asset Management Company Ltd

SD-  
Director

SD-  
Director

Signed in terms of our report of even date annexed

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 09 January 2011

SD-  
**S. F. AHMED & CO**  
Chartered Accountants

**BRAC Asset Management Company Ltd**  
**Statement of Cash Flows**  
**for the period from 01 April 2010 to 31 December 2010**

	<u>Amount in Taka</u>
Cash Flows from operating activities	
Bank Charge	(5,000)
Net Cash from operating activities (A)	<u>(5,000)</u>
Cash Flows from investing activities	
Net Cash used in investing activities (B)	<u>-</u>
Cash Flows from financing activities	
Share Capital	50,000,000
Net cash used in financing activities (C)	<u>50,000,000</u>
Net changes in Cash and Cash Equivalents During the Period (D=A+B+C)	<u>49,995,000</u>
Opening cash and cash equivalents (E)	-
Closing cash and cash equivalents (F=D+E)	<u><u>49,995,000</u></u>

for BRAC Asset Management Company Ltd

SD-  
Director

SD-  
Director

Signed In terms of our report of even date annexed

House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 09 January 2011

SD-  
**S. F. AHMED & CO**  
Chartered Accountants

**BRAC Asset Management Company Ltd**  
**NOTES TO FINANCIAL STATEMENTS**  
for the period from 01 April 2010 to 31 December 2010

**1. Background**

BRAC Asset Management Company Ltd (the Company) was incorporated in Bangladesh on 01 April 2010 as a private company, limited by shares vide certificate of incorporation no. C-83926/10. The principal activities of the Company for which it was established include the business of investment and asset management, portfolio management, capital market operation, financial intermediary services, management and launching of mutual funds, fund management and sponsorship, merchant banking activities etc.

**2. Significant Accounting Policies**

**2.1 Basis of preparation of financial statements**

The financial statements of the Company under reporting have been prepared under historical cost convention in accordance with generally accepted accounting principles. Wherever appropriate, such principles are explained in the succeeding notes.

**Balance Sheet**

	<b>Amount (Taka)</b>
<b>4. Bank Balance with</b>	
BRAC Bank Limited, Motijheel Branch, Dhaka	49,995,000
<b>5. Share Capital</b>	
Authorised Capital:	300,000,000
3,000,000 shares of Taka 100 each	
Issued, Subscribed and Paid up Capital:	50,000,000
500,000 shares of Taka 100 each	

Paid up capital as on 30 September 2010 comprises as under:

<b>Name of Shareholder</b>	<b>Number of shares</b>	<b>Face Value per share</b>	<b>Total Value/Taka</b>
BRAC	130,000	100	13,000,000
BRAC Bank Limited	125,000	100	12,500,000
BRAC EPL Investments Limited	125,000	100	12,500,000
BRAC EPL Stock Brokerage Limited	120,000	100	12,000,000
	<u>500,000</u>		<u>50,000,000</u>

	<b>Amount (Taka)</b>
<b>6. Inter-company payable</b>	
BRAC EPL Investments Limited	179,100
Building Resources Across Communities (BRAC)	83,200
BRAC Bank Limited	80,000
BRAC EPL Stock Brokerage Limited	76,800
	<u>419,100</u>
<b>7. Other</b>	

Figures in these notes and the accompanying financial statement have been rounded off to the nearest Taka.

for BRAC Asset Management Company Ltd

SD-  
Director

SD-  
Director

Signed in terms of our report of even date annexed

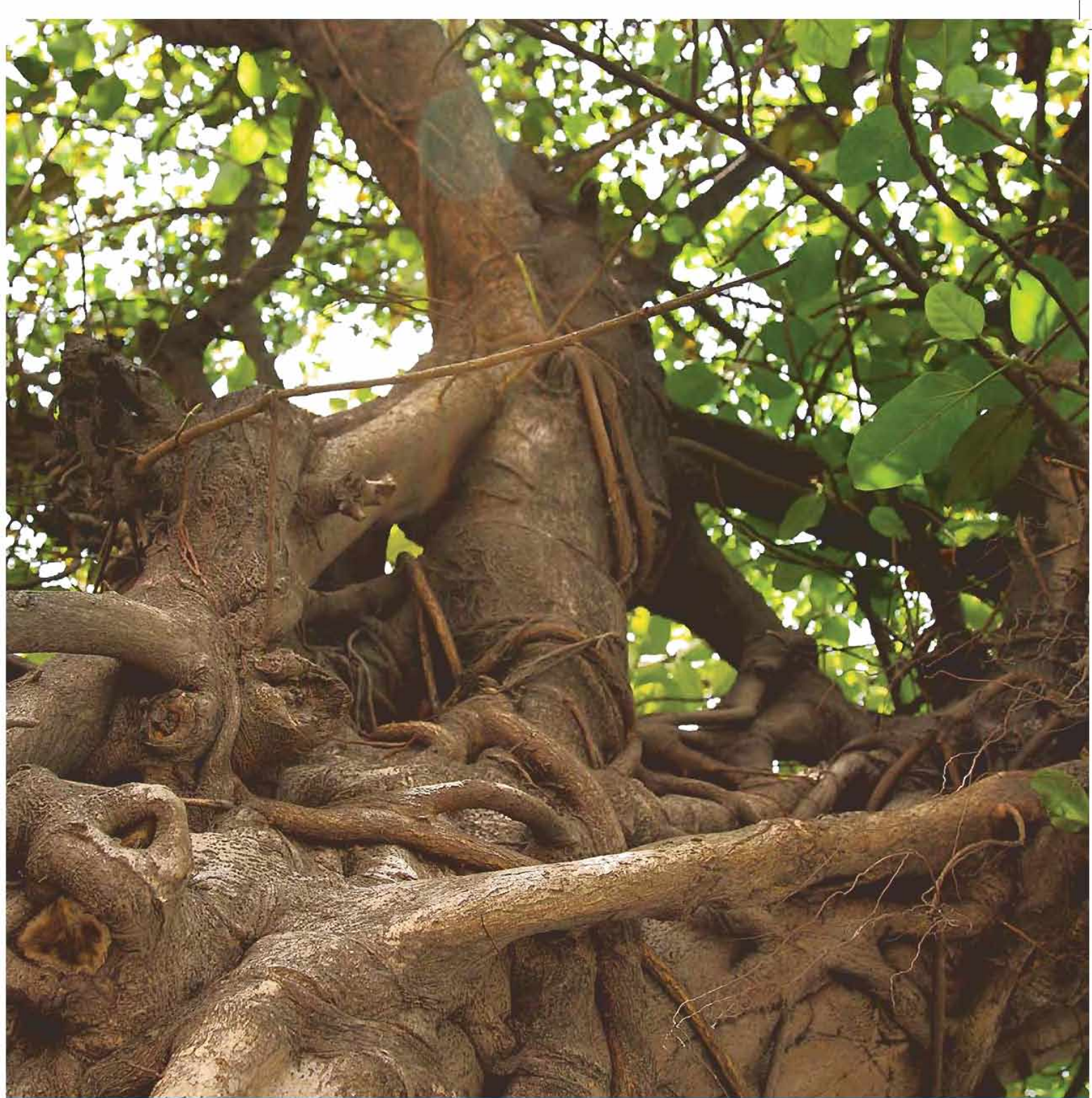
House 25, Road 13A, Block D  
Banani, Dhaka 1213, Bangladesh  
Dated, 09 January 2011

SD-  
**S. F. AHMED & CO**  
Chartered Accountants

## SHAREHOLDING STRUCTURE OF BRAC BANK LIMITED

As on 31.12.2010

Name of Shareholder	Total Shares	% of Total Share
BRAC	11,717,732	43.77
Mr. Fazle Hasan Abed	265	0.001
Mr. Syed Humayun kabir	265	0.001
Mr. A. S. Mahmud	222	0.001
Mr. Faruq A. Choudhury	222	0.001
Mr. Dr. Saleh Uddin Ahmed	266	0.001
Mr. Md. Aminul Alam	366	0.001
Ms. Tamara Hasan Abed	222	0.001
Mr. Shib Narayan Kairy	202	0.001
International Finance Corporation (IFC)	14,34,273	5.36
ShoreCap International Ltd.	231,184	0.86
General Shareholders	133,84,381	50.00
Total	267,69,600	100.00



**A tree provides with fruits and shade, fights the storms and stands strong with its head held high. At BRAC Bank, we have achieved a lot in ten years, setting new heights to reach in the future.**



## CORPORATE SOCIAL RESPONSIBILITY

### A Proud Association: Amar Ekushey Gronthomela

Amar Ekushey Gronthomela is the national book fair of Bangladesh. It takes place over the month of February each year, and is dedicated to the martyrs who died on 21 February 1952 in a demonstration calling for the establishment of Bengali as one of the state languages of former Pakistan.

Chittaranjan Saha of Muktohdara Publishing House took the initiative by starting with a modest stall in front of Bangla Academy on 21st February 1972. Later, other book publishers joined there unofficially. Gradually, it became Bangladesh's most popular book fair. Bangla Academy took over the organization of the fair in 1978. In 1984, it was named the Amar Ekushey Gronthomela. Although Ekushey Gronthomela started merely as a book fair, it has evolved into a national cultural festival, reflecting the cultural spirit of the modern Bengali nation. Bookworms of all ages and sizes rush to the fair in eager anticipation of newly published books. In addition to book sales, Bangla Academy organizes daily literary and cultural events to celebrate our history and language. Thousands of people gather with a patriotic zeal every day not only to purchase books but also to spend time in the company of authors. Entry fee is free. Publishers prepare all year long to publish a huge number of books especially during this month. Between 300 to 400 bookstalls are set up by publishers, booksellers and other organizations, including Bangla Academy and Nazrul Institute. The venue inside the book festival and all around are decorated with banners, festoons and placards in conformity with the spirit of Amar Ekushey. It is the cultural reunion of Bangladesh visited by the literary elites.

BRAC Bank is at its core a Bangladeshi Bank. Supporting the Ekushey Gronthomela, we believe, is part of our legacy as a Bank that is immensely proud of its Bangladeshi origin.

We actively participated in the Ekushey Gronthomela, 2010 to facilitate Bangla Academy in continuing with its ongoing publications and Research & Development activities. Ekushey



Gronthomela has culminated as the torchbearer of our identity, the reflection of the national creed.

"The month of February seems incomplete without a visit to the Gronthomela", said a visitor at the fair this year, reflecting the thoughts of millions of others.

At BRAC Bank, we are proud of our language, proud of the sacrifice our forefathers made in 1952 to uphold the integrity of our identity, and we are proud to be part of this unifying celebration of the nation. We want this rich heritage to be preserved and nurtured.

## Digital Mongla Project Launched

Future Solutions for Business (FSB), a UK based software development company and one of the leading e-Commerce solution providers in Bangladesh, has launched Digital Mongla Project to bring all the significant offices and institutions of Mongla Upazilla under internet connectivity. As a socially responsible company, BRAC Bank was the first gateway partner of this project.

Under this project Mongla Port, UNO office, 10 leading schools and colleges, Muktiyodhha

Porishad and some other organizations of Mongla will be connected to the world by internet. FSB will provide free software and dynamic websites for the organizations and establish two e-centers at Mithakhali and Mongla. This project hopes to create an example of how the future Digital Bangladesh will look like.



## Snapshots from CSR Activities





## EVENTFUL YEAR

### BRAC Bank Holds 11th AGM with 30% Stock Dividend for Shareholders

The 11th Annual General Meeting (AGM) of BRAC Bank Limited was held in Dhaka where 30% Stock Dividend (bonus share) was approved for the year ended 31st December, 2009.

Chairman of the Bank Mr. Muhammad A. (Rume) Ali presided over the meeting with the Directors of the Board Mr. Quazi Md. Shariful Ala, Mr. Shib Narayan Kairy, Ms. Tamara Hasan Abed, Dr. Hafiz G. A. Siddiqi and Company Secretary Mr. Rais Uddin Ahmad present in the meeting.

The Chairman informed the AGM that the Bank earned Taka 3718 million as operating profit and Taka 1304 million as Profit after Tax during the year 2009. Posting a 34% growth in profit-after-tax is yet another significant milestone of BRAC Bank Limited that has reinforced its continuous success.

Addressing the AGM, the Chairman expressed his gratitude towards the Shareholders, Stakeholders and Management of the Bank for their continuous support to the Company. A large number of the Shareholders also attended the AGM.



## BRAC Bank Night

It was a proud moment for BRAC Bank to partner with Muktijuddho Jadughor (Liberation War Museum), dedicated to the people and events related to Bangladesh's war for freedom in 1971. Established in 1996, Muktijuddho Jadughor is now constructing its own full-scale building on its 0.82 acre premise at Agargaon, Dhaka. BRAC Bank partnered with the project and donated Taka One Crore and will also host the construction account and support a fund-raising campaign for

the construction. On behalf of the Bank, Sir Fazle Hasan Abed (founder Chairperson), Muhammad A. (Rumee) Ali (Chairman) and Syed Mahbubur Rahman (Managing Director) handed over the cheque to the Museum Trustees, Dr. Sarwar Ali, Mofidul Hoque, Aly Zaker, Asaduzzaman Noor and Akku Chowdhury.

BRAC Bank's association with Muktijuddho Jadughor is a continuation of our alliance as a Bangladeshi Bank with endeavors of national pride.



## Sustainable Banking Pioneers Plan to Touch a Billion Lives by 2020

Eleven of the world's leading sustainable banks came together and formed Global Alliance for Banking on Values (GABV), with the focus on people and environment as well as profit. The global alliance wishes to touch a billion people by the year 2020 that can transform lives and impact positively on climate change.

The GABV currently represents seven million customers in 20 countries. The member banks of the alliance are:

- Alternative Bank, ABS, Switzerland, [www.abs.ch](http://www.abs.ch)
- Banca Popolare Etica, Italy, [www.bancaetica.com](http://www.bancaetica.com)
- Banex, Nicaragua, [www.banex.com.ni](http://www.banex.com.ni)
- BRAC Bank and BRAC Microfinance Programme, Bangladesh, [www.bracbank.com](http://www.bracbank.com) and [www.brac.net](http://www.brac.net)
- GLS Bank, Germany, [www.gls.de](http://www.gls.de)
- Merkur Bank, Denmark, [www.merkurbank.dk](http://www.merkurbank.dk)
- Mibanco, Banco de la Microempresa, Peru, [www.mibanco.com.pe](http://www.mibanco.com.pe)
- New Resource Bank, United States, [www.newresourcebank.com](http://www.newresourcebank.com)

- ShoreBank Corporation, United States, [www.shorebankcorp.com](http://www.shorebankcorp.com)
- Triodos Bank, The Netherlands, [www.triodos.com](http://www.triodos.com)
- XacBank, Mongolia, [www.xacbank.com](http://www.xacbank.com)

The GABV came together in Bangladesh to try to build a viable future for the financial industry. It expects growth in sustainable banking to come from expanding the network's membership significantly, adopting value-driven models, and creating new sustainable banks.

The Global Alliance for Banking on Values uses finance to build a more sustainable future for the environment, un(der)served people and sectors. It was launched in March 2009 in the presence of HRH Princess Maxima of The Netherlands, and Achim Steiner, Executive Director of UNEP. The network's members plan to promote and demonstrate the impact of business models, which focus on solutions to the world's most urgent social and environmental problems.

Speaking at the closing ceremony of the three day conference, Sir Fazle Hasan Abed, co-founder of





Sir Fazle Hasan Abed sharing his vision to media during GABV conference

the GABV, founder and Chairperson of BRAC and the meeting's host, said, "The members of the GABV have committed to touch the lives of one billion people by 2020. This is a major new pledge that could transform lives on a truly global scale, and make a substantial difference in our efforts to combat climate change."

"We believe sustainable banking, which focuses on people and the environment as well as profit, should reach one billion people by 2020 when a number of key international targets converge," said Peter Blom, Chair and co-founder of the GABV, and CEO of European sustainable bank, Triodos. "We need to raise more money and invest in the sustainable bankers of the future so we can use this finance to its full potential. This commitment is an important line in the sand. We believe value-led banking can and should make a positive difference to the lives of one in six people within ten years."

The GABV currently has a combined balance sheet of over \$14 billion. All the members of the alliance are profitable and many are growing rapidly during the financial crisis. The GABV has already announced a commitment at the 2009 Clinton Global Initiative in New York to raise \$250 million in new capital over three years to support the expansion of \$2 billion in lending to green projects and unserved communities around the world. The money will be raised by investors including existing individual customers, institutions and new investors. Extending this capital substantially in future years will help this noble cause reach the

one billion target. The conference was inaugurated by the Honourable Minister of Finance Mr. Abul Maal Abdul Muhith on 6th March, 2010. The conference was hosted by BRAC Bank, the only member Bank from the Southeast Asia region and one of the founding member banks.

## Probashi Biniyog Launched

For the first time in Bangladesh, BRAC Bank Limited is providing one-stop share investment solutions to Non-Resident Bangladeshis and foreign investors from all over the world. All share related services such as NITA, BO and stock broking accounts are now being offered under one umbrella. BRAC Bank Limited and BRAC EPL have jointly conceptualized Probashi Biniyog, a facility

that will allow potential NRB investors to invest in the Capital Market staying overseas. BRAC Bank will take care of all the banking functions and provide with custodial services required in this regard while BRAC EPL Stock Brokerage will execute all the trading instructions of the investors. Probashi Biniyog was formally launched by the Founder and Chairperson of BRAC, Sir Fazle Hasan Abed, on May 4, 2010.



## ERP Live

BRAC BANK LIMITED went 'Live' with Enterprise Resource Planning (ERP) System, one of the biggest deployments of such kind of automation of Management System in Bangladesh. It came into effect from June 1, 2010. Every HR and Finance function will be carried out on this new ERP System from now on. Also BRAC Bank is expected to go 'Live' with Employee Self Service (ESS) soon, which will be used by all the FTEs of the Bank. Mr. Mohammad Mamdudur Rashid, Deputy Managing Director and Ms. Tahniyat Ahmed Karim, Head of HR of the Bank, launched the ERP System on behalf of Finance and HR departments respectively.



### Women's Cell on Women's Day

BRAC Bank is always conscious about the security and safety issues of its female employees. In this regard, BRAC Bank launched "Nihshongkoche Bolte Chaa", a women's cell on Women's Day at the head office. Ms. Nihad Kabir, Director of the Bank, inaugurated the cell.

The Bank also awarded 6 female consumers for their achievements on this day. The recipients were, Romana Ahmed of Taranasth Homemade, Selina Meer of Procion Group, Uzma Chowdhury of PRAN, Parveen Ahmed of Aarkotha, Nilufer Karim of Shishutor and Sharmin Akter from National Institute of Design.



### Providing Loans to Environment-friendly Organizations

BRAC Bank will now provide loans to customers for environment-friendly solar energy, Bio gas and effluent treatment plants for their business and household purpose complying with Bangladesh Bank guidelines with facility refinanced by Bangladesh Bank under SMESPD. Mr. Syed Mahbubur Rahman, Managing Director & CEO of BRAC Bank and Mr. Md. Abul Quasem, ED of Bangladesh Bank recently signed an agreement in this regard.



### Treasury FI Night

Treasury & FI division recently organized a "Get Together Program" for the representatives of its correspondent banks. The night was full of fun, music, dinner and handing over of mementoes to the key contributors of the correspondent banks toward fund management/transfer across the country for SME & Remittance business.



## Public-Private Partnership in the Banking Industry

Public-Private Partnership (P.P.P) is a concept added to the Bangladesh Budget more formally in the last year. We need to take our economy to the higher trajectory of growth to take the people of this country out of the vicious cycle of poverty. What is needed to meet this objective is a paradigm shift to bring qualitative change in the investment strategy.

Recently, most of us already noticed that Rupali Bank Limited (RBL), a state owned commercial

bank signed an agreement with BRAC Bank Limited (BBL), one of the fastest growing commercial banks of the country for offering modern banking services to its clientele. It is really a pioneering achievement for the banking industry.

Under this partnership, BRAC Bank will install 50 ATMs at various Rupali Bank locations and also issue around 2 lac ATM cards without any issuance fee for Rupali Bank customers.



## Planet Card

The PLANET CARD - a first-ever in Bangladesh - was unveiled at a Press Conference in Dhaka recently by Dr. Mahabub Hossain, Executive Director of BRAC and Mr. Syed Mahbubur Rahman, Managing Director & CEO of BRAC Bank Limited.

Together, card holder and BRAC Bank will support socially responsible initiatives like free plants distribution, proper waste management and funding of renewable energy sources by using Planet Card.



### BRAC Bank's Subordinated 25% Convertible Bond Application Lottery holds

BRAC Bank Limited recently held the Lottery for its Subordinated 25% Convertible Bond Application. The total Issue Size of the Bond was BDT 300

Crore where Private Placement was BDT 270 Crore and Public Offering was BDT 30 Crore. Mr. Rais Uddin Ahmad, Company Secretary and Head of Legal, Regulatory & Internal Control of BRAC Bank other senior officials of DSE, CSE, CDBL, IDLC, BUET, SATCOM IT, BRAC Bank and applicants were also present in the lottery.



### Apon Shomoy

Banking goes beyond regular hours with BRAC Bank's 'Apon Shomoy'. BRAC Bank Limited launched Apon Shomoy, a customer-service centre dedicated to serving BRAC Bank customers twenty-four hours a day, seven days a week.

Dr. Ainun Nishat, Vice Chancellor of BRAC University launched the 'Apon Shomoy' as the chief guest of the event in presence of Mr. Syed Mahbubur Rahman, Managing Director & CEO; Mr. Mohammad Mamdudur Rashid, Deputy Managing Director of BRAC Bank Limited.



### BRAC Bank kicks off 'Online Shopping' first time in Bangladesh

BRAC Bank has developed the platform of e-Commerce Banking, which will open an opportunity for Bangladeshi Citizens to use Visa Cards for online shopping. Any cards issued by BRAC Bank – and any other card carrying a VISA logo – can be used in these transactions. Merchant list will be available in BRAC Bank website.

Dr. Atiur Rahman, Governor of Bangladesh Bank, clicked towards launching this service at a program organized by BRAC Bank. Mr. Syed Mahbubur Rahman, Managing Director & CEO and Mr. Uttam Nayak, Group Country Manager (India & South Asia) of VISA were also present along with leading merchants and clients.

## BRANCH ADDRESSES

AGRABAD BRANCH	C & F Tower, 1222 Sheikh Mujib Road (1st Floor), Agrabad, Chittagong
ASKONA BRANCH	Askona Community Center & Decorator, 567/1 Haji Camp Road, Askona, Uttara, Dhaka 1230
BANANI BRANCH	10, Kemal Ataturk Avenue, Banani, Dhaka
BARISAL BRANCH	S. Rahman Market, 204/ 177 Sadar Road, Barisal 8200
BASHUNDHARA BRANCH	Holding 193, Block B, Safwan Road, Bashundhara R/A, Dhaka 1229
BEANI BAZAR BRANCH	Haji Abdus Sattar Market, 1st Floor, Beani Bazar, Sylhet
BELKUCHI BRANCH	Sarkar Mansion, WAPDA Road, Plot 551-552, Chala, Belkuchi, Sirajgonj
BHAIRAB BRANCH	Jahanara Mansion, Kishoregonj, Bhairab
BHOLA BRANCH	Mahbuba Market, Holding 1331-1338, Sadar Road, Bhola
BISHWANATH BRANCH	Didar Shopping Complex (1st Floor), Rampasha Road, Bishwanath, Sylhet
BOARD BAZAR BRANCH	Holding 142, Dhaka-Mymensingh Main Road, Gacha, Ward 05, National University, Gazipur Sadar, Gazipur 1704
BOGRA BRANCH	Sheikh Mansion, 368/405 Rangpur Road, Borogola, Bogra 5800
CDA AVENUE, CHITTAGONG BRANCH	Hosna Kalam Complex, CDA Avenue, East Nasirabad, Chittagong
CHOWMOHONY BRANCH	Rupali Bhaban, Pouroshobha Holding 807, Hazipur, Chowmohony, Begumganj, Noakhali 3821
COMILLA BRANCH	682/615, Jhaotala, Kotwali, Comilla
COX'S BAZAR BRANCH	An-Nahar Complex, Plot 1462, Pouroshobha Holding 3(A)/523, Cox's Bazar 4700
CTG NEW MARKET BRANCH	1st Floor, Haji M Rahman Mansion, 184/A, Anayet Bazar, Chittagong
DAKHINKHAN BRANCH	Majid Bhaban, Holding 10, Plot 115, Shahid Latif Road, Within Sub-registry Gulshan, Dakhinkhan, Dhaka
ASAD GATE BRANCH	Plot No 1, Dakhin - Adab, Asad Gate, Mohammadpur
DOHAR BRANCH	67, Ashraf Ali Chowhury Plaza, Joypara, Dohar, Dhaka 1330
DONIA BRANCH	Plot No. 342, Holding No. 5455, Donia, Demra, Dhaka
ELEPHANT ROAD BRANCH	Holding 136, Elephant Road, Dhanmondi, Dhaka
ESKATON BRANCH	Shahnaz Tower, 9, New Eskaton Road, Ramna, Bara Moghbazar, Dhaka 1000

GANAKBARI BRANCH	Hashem Plaza (1st Floor), Mouza 548, Dag 719, Khatian 40, DEPZ Gate, Ganakbari, Savar
GHORASHAL BRANCH	Ground Floor, Dakshin Charpara, Holding 223, Ward 07, Ghorashal Municipality, Hospital Road, Palas, Ghorashal 1613
GRAPHICS BUILDING BRANCH	9 G Motijheel C/A, Dhaka 1000
GULSHAN BRANCH	House 50 (Ground Floor), Road 03, Plot 02, Block SW(H) 07, Gulshan 1, Dhaka 1212
HAJIGANJ BRANCH	Holding 7/1, 591 & 592, Makimabad, Chandpur, Hajigonj
HALISHAHAR BRANCH	House 1, Road 1, Block L, Halishahar Housing Estate, Chittagong
HOBIGONJ BRANCH	Holding 3660, Puran Munsefi Road, Hobigonj Municipality, Hobigonj
ISHWARDI BRANCH	Mahbub Plaza, Station Road, Holding 993, Ward 07, Ishwardi Municipality, Ishwardi, Pabna
JAIDEPUR BRANCH	Rahmat Tower, Holding 1034, Outpara, Gazipur
JAMALPUR BRANCH	Beauty Plaza, Holding 1430, Medical Road, Ward 04, Jamalpur 2000
JESSORE BRANCH	35, Rawnak Chamber, MK Road, Jessore
KAZIR DEORI BRANCH	BRAC Tark, 18 SS Khalid Road, Kazir Deori, Dakkhin Pahartoli, Khulshi, Chittagong
KERANIGONJ BRANCH	Hazi Karim Market (1st Floor), East Aga Nagar, Gudaraghat Road Keranigonj, Dhaka 1310
KHULNA BOROBAZAR BRANCH	1st Floor, A Hossain Market, 4, Sir Iqbal Road, Khulna
KHULNA BRANCH	Daily Probaha Bhaban, KDA Plot 3, KDA Avenue, Bania Khamar, Khulna
MADHABDI BRANCH	Pourashava Holding 236, Girls School Road, Madhabdi, Narsingdi 1604
MANDA BRANCH	Holding 96, Monkha Bazar, North Manda, Sabujbagh, Dhaka
MANIKGONJ BRANCH	Chandni Market, Holding 194, West Dasora, Manikgonj
MIRPUR BRANCH	House 13, Road 3, Block A, Section 11, Mirpur, Dhaka
MOGHBAZAR BRANCH	Aarong Plaza, 211 Outer Circular Road, Moghbazar, Dhaka
MOMIN ROAD BRANCH	2, Momin Road, Chittagong
MONOHORDI BRANCH	Norshingdi Sadar Hospital Road, Holding 30, Ward 7 Monohordi, Narshingdi
MOTIHEEL BRANCH	107, Motijheel C/A, Dhaka
MOULVIBAZAR BRANCH	1st Floor, Julia Shopping City, 111, Shantibagh Central Road, Moulvibazar
MUNSHIGONJ BRANCH	Ayub Ali Super Market, Holding 545, Jamidar Para, Munshigonj Sadar, Munshigonj.
MURADPUR BRANCH	Ramna Trade Center, Holding 36/7, CDA Avenue, Ward 08, Chakbazar, Pachlaish, Chittagong
MYMENSINGH BRANCH	4/B, Shyamacharan Roy Road, Mymensingh
NARAYANGONJ BRANCH	147, BB Road, Narayangonj
NATORE BRANCH	Mokbul Plaza, Holding 402, Natore
NATUN BAZAR BRANCH	1st Floor, Miah Bhai Plaza 1020, Bhatara, Ward 05, Gulshan 2, Badda, Natun Bazar, Dhaka 1212
NAWABGANJ BRANCH	Ground Floor, Isamoti Plaza, Plot 415, Dhaka-Bandura Main Road Nababganj
NAWABPUR BRANCH	172, Nawabpur Road (2nd Floor), Ward 04, Kotowali, Dhaka
NOAPARA BRANCH	Rahim Tower, Station Bazar, Jessore-Khulna Road, Noapara, Jessore
NOBIGONJ BRANCH	Khalique Manjil (1st Floor), Hospital Road, Nabigonj, Habigonj
NORTH GULSHAN BRANCH	Holding 166 N E (k) 2, Ward No 19, Gulshan Avenue, Gulshan 2 Dhaka 1212

PATUAKHALI BRANCH	Talukdar Bhaban, Holding 140, Sadar Road, Natun Bazar, Patuakhali
PATIYA BRANCH	Patiya Model High School, Arakan Road, Pouroshava Holding 1358/Kha, Patiya, Chittagong
RAIPUR BRANCH	Haji Ali Akbar Shopping Complex, Holding 384, Ward 6, Bus Stand (Main Road), Raipur, Laxmipur
RAJSHAHI BRANCH	Holding 177, House F 695, Kumarpara, Ghoramara, Boalia, Rajshahi 6100
RAMPURA BRANCH	Bismillah Tower, 455/1, West Rampura, Dhaka 1219
RANGPUR BRANCH	City Plaza, Plot 4325 & 4328, Municipal Holding 260, 261, 262, 263, Radha Ballav, Station Road, Rangpur
SATKHIRA BRANCH	Tufan Complex, Ground Floor, Holding 01, Polashpole, Satkhira
SATMASJID ROAD BRANCH	766, Satmasjid Road, Dhanmondi R/A, Dhaka
SAVAR BRANCH	Rana Plaza, Holding B36, Bazar Bus Stand, Savar, Dhaka
SAYEDPUR BRANCH	Sayedpur Plaza, 81, Sher-e-Bangla Road, Sayedpur, Nilphamari 5310
SHAMOLY BRANCH	19-20, Adarsho Chayaneer Housing Society, Ring Road, Shaymoli, Dhaka
SITAKUNDO BRANCH	Holding 511, Ali Market, DT Road, Amirabad, Sitakunda, Chittagong
SONAGAZI BRANCH	Bazar Road, Islam & Son's Building (1st Floor), Sonagazi, Feni
SONARGAON BRANCH	Sonargaon Shopping Complex, Habibpur, Bayder Bazar, Sonargaon, Narayanganj
SYLHET BRANCH	Pallabi Trade Center, Subid Bazar, Sunamgonj Road, Sylhet
SYLHET UPOSHAHAR BRANCH	Holding 3/3, Main Road, Block D, Shahjalal Upashahar, Kotwali, Sylhet
TANGAIL BRANCH	Tangail Tower, Holding 541, 542 & 544, Main Road, Tangail
TONGI BRANCH	Nasiruddin Sarkar Tower, 2 Mymensingh Road, Tongi, Gazipur 1700
UTTARA BRANCH	Plot 1, Road 15, Sector 3, Uttara, Dhaka
ZINDA BAZAR BRANCH	Plot 8170, New Golden City Complex, East Zindabazar, Sylhet
ZINJIRA BRANCH	1st Floor, Mona Trade City, Dakpara, Zinjira Highway, Keranigonj, Dhaka

## SME SALES & SERVICE CENTRE ADDRESSES

Asadgonj	M. K. Heights (1st floor), 418 Khatunganj, Lama Bazar, Kotwali, Chittagong
Badda	Sand Stone, Holding Gha 9/3, Progati Sharani, Badda, Gulshan, Dhaka
Bahadderhat	Holding 4084/4564, Chandgaon Bahadderhat, Chittagong
Bandartila	S. A. Plaza (1st floor), 1610, Airport Road, Ali Shah Para, Dokkhin Haliashahar, Sailor's Colony, Bandar, Chittagong
Basabo	926/C, Khilgaon Rehabilitation Area Khilgaon, Dhaka
Bondor	Gulistan Complex, Holding 2361 Lal Dighir Par, Sylhet
Dholaikhal	Nahar Complex, Holding 10/1, Ananda Mohon Basak Lane, Nayabazar, Kotwali, Dhaka
Elephant Road	Ferdousi Plaza Bhaban, 3rd Floor, 334 Elephant Road, Dhaka 1205
Gulistan	Holding 180, Siddique Bazar, 5 Shahid Syed Nazrul Islam Sharani (North South Road), Kotwali, Dhaka- 1000
Hazaribag	Holding 73, Nilambor Shah Road, Ward 58, Lalbag, Dhaka
Imamganj	Chawk Corner (1st floor), 1 Nanda Kumar Datta Road, Chawkbazar, Lalbag, Dhaka
Jatrabari	Monsoor Complex, Holding 249/B/2, South Jatrabari, Dhaka
Kadamtoli	Sultan Market, Holding 1975, D. T. Road, Ward 23, Double Mooring, Chittagong
Kawran Bazar	Ali Bhaban, Holding 92, Kazi Nazrul Islam Avenue, Ward 39, Tejgaon, Dhaka
Mirpur	B. N. S. B. Bhaban, Plot 1,2,3, Block A, Section 1, Ward 12, Mirpur, Dhaka
Mohammadpur	Holding 25/2, Ward 42, Block C, Tajmahal Road, Mohammadpur, Dhaka 1207
Motijheel	Holding 58, Motijheel, Block C, Motijheel C/A, Dhaka
Pahartoli	Haji Abul Khair Bhaban, Holding 3263/3833, South Kaptoli, D. T. Road, Ward 10, Pahartoli, Chittagong
Panthapath	Akankha Baniya Bhaban 57/E, East Rajabazar, Tejgaon, Panthapath, Ward 40, Dhaka
Purana Paltan	TEPA Complex, Holding Hal 169, Shahid Syed Nazrul Islam Sharani, Ward 36, Paltan, Dhaka
Uttara	Holding 18, Sonargaon Janapath, Sector 09, Uttara 1230
Shambazar	78/6, Loyel Street (1st & 2nd floor), Patuatuli Road, Kotwali, Dhaka

## SME KRISHI BRANCH ADDRESSES

Benapole Branch	Anu Bhaban, Holding 492, Benapole, Jessore
Bhulta Branch	Haji Shopping Complex, Ward 04, Rupgonj, Narayangonj
Chapai Nawabgonj Branch	Asha Super Market, Holding 15, Islampur, Ward 15, Chapai Nawabgonj
Demra Branch	Meghna Plaza, Holding 11, Ward 02, Konapara Bazar, Jatrabari, Dhaka
Netaigonj Branch	19 RKD Das Road, Netaigonj, Narayangonj 1400
Panchagarh Branch	1st Floor, Alochaya Super Market, House 644, Natun Basti, Alochaya Cinema Road, Panchagarh
Thakurgaon Branch	Nurjahan Plaza, Holding 1322, Shahid Mohammad Ali Sharak, Thakurgaon
Sylhet South Surma Branch	1st Floor, Jaigirdar Plaza, Proposed Holding 2999, Varthakhola, Station Road, Sylhet
Araihazar	Abbas Market (1st Floor), Araihazar Bazar, Araihazar, Narayangonj
Brahmanbaria	Ali Plaza (1st & 2nd floor), 1122/354, Court Road, Brahmanbaria
Bagerhat	Shaikh Mansion, Holding 226, Main Road, Ward 05 Rahater Mor, 1st floor, Bagerhat
Bhanga	Bhuiyan Market (1st floor), Holding 414, Thana Road, Bhanga Bazar, Bhanga, Faridpur
Chandpur	Shadhana Plaza (1st floor), 514/459, Shahid Muktijoddha Sarak, Chandpur
Chokoria	Anwar Shopping Complex (1st Floor), Chokoria, Cox's Bazar
Chuadanga	Holding 4276 (1st floor), Court Road, Chuadanga
Comilla	Money Super Market, Holding 98, Ward 02, Chowkbazar, Dhaka
Dinajpur	Holding 47/46, 48/46 (1st floor), Munshipara, Dinajpur
Faridpur	Swarnamoyee Plaza (1st floor), Holding 115 & 115/1, Mujib Sarak, Kotwali, Faridpur
Feni	Kazi Center (2nd Floor), 105/106 S. S. K. Road, Feni 3900
Gobindogonj	Jawad Plaza (1st floor), Holding 609, Thana Mor, Charmatha, Gobindaganj, Gaibandha
Gazipur	S. S. Complex (1st floor), Ourpara, Chandon Chowrasta, Joydevpur, Gazipur

Gopalganj	Holding 01, Ward 02, Jahanara Plaza (1st Floor), Madrasa Road, Gopalganj
Gouripur	Madonna Garden City, Pennai, Gouripur Bazar, Daudkandi, Comilla
Hathazari	S. M. Shopping Center & Noor Nahar Plaza, Fatika, Dewan Nagar, Hathazari, Chittagong
Jhenaidah	House 23 (1st floor), Agnibina Sarak, Jhenaidah
Joypurhat	Shahjahan Mansion (1st floor), Holding 0554-00, Sadar Road, Joypurhat
Kishoreganj	Achol Super Market (1st floor), 137 New Market, Kishoreganj
Konabari	Noor Mansion (ground floor), Mirpur, Konabari, Gazipur
Kushtia	14, Quaderi Super Market (1st floor), R. A. Khan Chowdhury Road, Panch Rastar Mor, Shapla Chattar, Mojompur, Kushtia
Laxmipur	F. K. Mansion (1st floor), Holding 1128, Banchanagar, Godown Road, Laxmipur Sadar, Laxmipur
Madaripur	Anis Super Market (1st Floor), Holding 675, Karachi Biri Road, Puratan Bazar, Madaripur
Magura	Alam Complex, Holding 164, M. R. Road, Ward 09, Magura
Majdee	Mofiz Plaza (1st floor), Holding 630-631, Fakirpur, Main Road, Sadar, Sudharam, Noakahali
Muktagacha	Alim Super Market (1st floor), Holding 0209-00, Lakshmikhola, Main Road, Muktagachha, Mymensingh
Naogaon	JR Super Market, Holding 2759/3374, Ward 03, Naogaon
Netrokona	Hillol Market, Holding 422, Teribazar, Ward 06, Mouza Satpai, Netrokona
Narshingdi	Kazi Super Market (1st floor), 3, C & B Road, Narshingdi
Pabna	48, Abdul Hamid Road (1st floor), Pabna Sadar, Pabna
Pirojpur	Gopal Krishno Super Market (1st Floor), Holding 39, Club Road, Pirojpur
Rajbari	Nazar Mawla Plaza (1st Floor), Holding 0072-09, Main Road, Rajbari Sadar, Rajbari
Shahjadpur	Aziz Mansion (1st floor), Holding 136, 137, 137/1, Monirampur Bazar, Shahjadpur, Sirajganj
Shampur	16, Shampur Bazar, Faridabad, Shampur, Dhaka
Sherpur	Bhuiyan Plaza (1st floor), 175, Munshi Bazar Road, Sherpur
Sirajgonj	M. H. Khan Plaza (1st Floor), Holding 521-522, S. S. Road, Sirajgonj
Swarupkathi	Haque Mansion (1st Floor), Nuton Road, Miarhat, Kowrikhara, Nesarabad, Swarupkathi, Pirojpur
Ghatail	Kajim Uddin Super Market, Holding 752, Ghatail, Tangail

## AWARDS & RECOGNITION



### BRAC Bank wins Prestigious FT IFC Emerging Markets Sustainable Bank of the Year 2010

BRAC Bank Limited has been awarded as the winner of the 2010 FT Sustainable Bank Award from Emerging Markets in Asia. The award was jointly announced by Financial Times newspaper and IFC at the award ceremony in London. The award recognizes banks and other financial institutions that have shown leadership and innovation in integrating social, environmental and corporate governance considerations into their operations.

Mr. Lars Thunell, Executive Vice President and CEO of IFC, presented the award to BRAC Bank's Chairman Mr. Muhammad A. (Rumee) Ali and CEO Mr. Syed Mahbubur Rahman at the gala award ceremony in London. Dr. Atiur Rahman, Governor of Bangladesh Bank, was also present in the program that witnessed the presence of more than 250 senior bankers and decision-makers in the area of sustainability. Dr. Mo Ibrahim, Chairman and founder, Mo Ibrahim Foundation, and Founder, Celtel International, was the keynote speaker at the dinner. The event followed a one-day Sustainable Banking Conference organized by the Financial Times and IFC.

Subsequently, a press conference was held in Bangladesh where the MANCOM members shared the proud moment with the Chairman.





### **BRAC Bank receives ICAB National Award**

BRAC Bank achieved recognition for practicing good governance in financial reporting. Mr. Mohammad Mamdudur Rashid, Deputy Managing Director of BRAC Bank is seen receiving ICAB National Award from Mr. Abul Maal Abdul Muhith, Honorable Finance Minister, Government of the People's Republic of Bangladesh. BRAC

Bank received 10th ICAB National Awards for publishing one of the Best Published Accounts & Reports 2009 recently. The Institute of Chartered Accountants of Bangladesh (ICAB) distributes the awards every year in terms of the organizations' best transparent published accounts & reports, good governance and adequate disclosure.



### **Best Published Accounts & Reports Awarded**

The Institute of Chartered Accountants (ICAB) has awarded BRAC Bank for 2009 year-end accounts and reports. Every year ICAB reviews the financial reports of all the banks and other entities and based on the quality of the presentations, they

award some selected institutions for the best Annual Reports. In 2009, BRAC Bank was included in the best Annual Report category and accordingly has received a Certificate of Merit under the category of Financial Sector - Banking.



এই ঐতিহাসিক মাইলফলক অতিক্রমে সম্মানিত সকল শ্রাহুক, স্বেচ্ছাসেবানার, রোগশল্টির  
এবং কম্পিদের জ্ঞানাই আন্তরিক কৃতজ্ঞতা ও অভিনন্দন। ত্র্যাক ব্যাংকের  
আজকের এই মাইলফলক কেবল আপনাদের জন্যই।

# ধন্যবাদ





Registered office: 1, Gulshan Avenue, Gulshan - 1  
Share office: H - 02, R - 137, 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 12<sup>th</sup> Annual General Meeting of the company to be held on March 24,  
2011 at 10:00 a.m. at Bashundhara Convention Center, Block-G, Umme Kulsum Road, Bashundhara R/A,  
Dhaka or at any adjournment thereof.

Signed this .....day of .....(month) 2011.....

Signature of proxy .....

Signature of shareholder .....

BO ID No .....

No. of shares .....



Note: This Proxy Form, duly completed, must be deposited at least 72 (seventy two) hours before the schedule time of the meeting at the company's Share Department. Proxy shall be invalid if not signed and stamped as explained above. Signature of the shareholders should agree with the specimen signature registered with the Company/Depository Participant(s)



Registered office: 1, Gulshan Avenue, Gulshan - 1  
Share office: H - 02, R - 137 Gulshan - 1  
Dhaka - 1212, Bangladesh

### Attendance Slip

I hereby record my attendance at the 12<sup>th</sup> Annual General Meeting of the Company being held on March 24, 2011 at 10:00 a.m. at Bashundhara Convention Center, Block-G, Umme Kulsum Road, Bashundhara R/A, Dhaka.

Name of the Member/Proxy .....

BO ID No. of shareholder: .....

No. of Shares .....

Signature & Date .....

Notes: Shareholders attending the meeting in person or by proxy are requested to complete the Attendance Slip and deposit the same at the entrance of the meeting hall. Any friend or children accompanying with the honorable Shareholders/Proxy will not be allowed to the meeting.