

**ABRIDGED VERSION OF PROSPECTUS  
REPEAT PUBLIC OFFERING OF  
SUBORDINATED 25% CONVERTIBLE BOND OF BRAC BANK LIMITED**



**1, Gulshan Avenue, Gulshan 1, Dhaka 1212, Bangladesh**

Tel: +88 (02) 885 9202, +88 (02) 988 4292 Fax: +88 (02) 886 1867, Website: www.bracbank.com

**Public Offer of 300,000 Subordinated 25% Convertible Bonds of BDT 1,000 each totaling to BDT 300,000,000**

**Conversion Strike Price: 1.70 times Net Asset Value (NAV) per share based on the last audited financial statements of the issuer.**

**SUBSCRIPTION**

**For General Public**

Opening Date: December 05, 2010  
Closing Date: December 09, 2010

**For NRB Applicants**

Opening Date: December 05, 2010  
Closing Date: December 18, 2010

**CREDIT RATING AGENCY**

Credit Rating Agency of Bangladesh (CRAB)

<b>Bond Rating</b>	<b>AA<sub>3</sub></b>
<b>Bank Rating</b>	<b>AA<sub>2</sub></b>
<b>Date of Rating</b>	<b>April 12, 2009</b>

**MANAGER TO THE ISSUE**

**IDLC Finance Limited**

Bay's Galleria (1st Floor)  
57, Gulshan Avenue, Gulshan 1, Dhaka 1212

**TRUSTEE**

**The City Bank Limited**

City Bank Center, 136, Gulshan Avenue,  
Gulshan 2, Dhaka 1212

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN ISSUING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGER, UNDERWRITER AND/OR AUDITOR"

**SPECIAL NOTE**

Please read the Prospectus carefully which includes 'Risk Factors' before taking your investment decision.

"An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission."

**BRAC BANK LIMITED - COMPANY PROFILE**

BRAC Bank Limited, a scheduled commercial bank among the third generation banks in the private sector in Bangladesh, was incorporated on May 20, 1999 as a public limited company under the Companies Act, 1994 and Bank Companies Act, 1991, with a view to carry on, transacting, undertaking all kinds of banking, investment and financial businesses in Bangladesh and abroad. The Bank later inaugurated its operation on July 4, 2001. The authorized capital of the company is BDT 4,800 million and paid-up capital of the company is BDT 2,059 million as of December 31, 2009.

**CORPORATE VISION**

BRAC Bank's vision is 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

**NATURE OF BUSINESS**

BRAC Bank Limited, with institutional shareholdings by BRAC, International Finance Corporation (IFC) and Shorecap International, has been the fastest growing Bank from 2004 till date. The Bank operates under a "triple bottom line" agenda where profit and social responsibility go hand in hand as it strives towards a poverty-free and enlightened Bangladesh.

A fully operational Commercial Bank, BRAC Bank focuses on pursuing unexplored market niches in the Small and Medium Enterprise Business, which hitherto has remained largely untapped within the country. The management of the Bank believes that this sector of the economy can contribute the most to the rapid generation of employment in Bangladesh. In the years ahead, BRAC Bank expects to introduce many more services and products as well as to add a wider network of SME unit offices, Retail Branches and ATMs across the country.

Operating through a huge business network monitored by a centralized system has been a unique feature of BRAC Bank Limited from the very beginning. The business divisions serve the customers directly and focus on service quality and communication, the operations ensure a quick as well as compliant process to help out the business divisions whereas the support divisions handle all other issues to run the whole business smoothly.

BRAC Bank has had a successful year despite the difficult market conditions. The world economic crisis had no direct impact on the Bank. The Bank has strengthened its teams to provide more focused and efficient services to its clients and has continued its efforts to improve the infrastructure. Despite the challenges, through the efficient management of the Bank and continued effort of dedicated employees, BRAC Bank made an Operating profit of BDT 3,174 million in the year 2008.

The entity rating of BRAC Bank Limited has been affirmed to "AA<sub>2</sub>" (Double A Two) rating in the Long term and "ST-2" rating in the Short term. Commercial banks rated in this category are adjudged to be very strong banks, characterized by very good financials, healthy and sustainable franchises and a first rate operating environment. Rating in this category is characterized with commendable position in terms of liquidity, internal fund generation and access to alternative sources of fund.

**FEATURES OF BRAC BANK SUBORDINATED CONVERTIBLE BOND**

<b>Issuer:</b>	BRAC Bank Limited
<b>Purpose:</b>	To raise Tier 2 Capital (subject to regulatory approval) and undertake normal commercial banking activities with the proceeds as permitted by the Bangladesh Bank.
<b>Issue Size:</b>	BDT 3,000,000,000 (Bangladesh Taka Three Billion)
<b>Issue Type:</b>	Subordinated Convertible Bond Issue ("Bond") of BRAC Bank Ltd. with qualification as Tier 2 Capital
<b>Tenor:</b>	84 Months from the date of issue, bullet repayment
<b>Face Value:</b>	Each Bond will have a Face Value of BDT 1,000 (One Thousand)
<b>Market Lot:</b>	Each market lot will consist of 5 (five) bonds each with a Face Value of BDT 1,000 (One Thousand)
<b>Listing Size:</b>	Public listing of BDT 3,000,000,000 Subordinated Convertible Bond in the ratio of 90:10 for private placement and repeat public offerings, respectively in DSE and CSE
<b>Reference Rate:</b>	The Reference Rate is the latest 182-days Bangladesh Government T-Bill as published on Bangladesh Bank website or other sources of publication
<b>Interest Margin:</b>	Interest Margin is 6.50%
<b>Interest Floor:</b>	The Interest Margin plus the Reference Rate will be set at 12.50% (the Interest Floor) at all times
<b>Principal Payment and Principal Payment Date:</b>	The interest payment dates currently are determined as 15th October and 15th April during the tenor of the facility.  Full Principal Payment, minus the converted portion of the bond (if any), will be in the form of a single bullet payment at the end of maturity in the event the Investors decide not to convert into common shares for the eligible convertible portion.  The Principal Payment Date will be the date of maturity of the Bond 84 months after the date of issue of the Bond to the Investors.
<b>Conversion Option:</b>	The Investor at the pre-determined Principal Payment Dates of the Bond reserve the right and option to convert 25% of the Face Value of the Bond at a pre-determined Conversion Strike Price into the common shares of BRAC Bank Ltd. However, conversion is not mandatory.
<b>Conversion Date:</b>	The Conversion Date is the same date will be 5th, 6th & 7th anniversary of Bond issuance date
<b>CONVERSION MULTIPLE</b>	
<b>The Conversion Strike Price:</b>	<b>Conversion Strike Price = Conversion Multiple × NAV per share as per last audited financial statements of the Bank</b>

**EXAMPLE OF CONVERSION AND REDEMPTION FEATURES OF SUBORDINATED 25% CONVERTIBLE BOND OF BRAC BANK LIMITED**

Assuming an investor holds a lot, i.e. 5 (Five) Subordinated Convertible Bond (SCB) of BRAC Bank Limited:

**A. DETERMINATION OF PREDETERMINED CONVERSION MULTIPLE**

Last audited available NAV of BRAC Bank Limited as on December 31, 2009 = BDT 395.83

Last 6 months' average price (October 1, 2009 - March 31, 2010) = BDT 679.06

Pre-determined Conversion Multiple = Last 6 months' average price/Last available audited NAV  
= 679.06/395.83  
= 1.72

**B. DETERMINATION OF CONVERSION STRIKE PRICE**

Conversion Strike Price in 2015 = Conversion Multiple × Available last audited NAV of BRAC Bank Limited (e.g. on December 31, 2014)

Year	Conversion	Conversion Multiple	Projected NAV of BRAC Bank Limited	Conversion Strike Price (BDT)
2014			731	
2015	1st Conversion (5%)	1.72	766	1,257.32
2016	2nd Conversion (10%)	1.72	804.3	1,317.52
2017	3rd Conversion (10%)	1.72		1,383.40

**C. CONVERSION**

Year	Conversion	Eligible Conversion Amount (BDT) (a)	Conversion Strike Price (BDT) (b)	No. of Shares* (a)/(b)
2015	1st Conversion (5%)	250	1,257.32	0.20
2016	2nd Conversion (10%)	500	1,317.52	0.38
2017	3rd Conversion (10%)	500	1,383.40	0.37

\* If any bondholder gets fraction or odd lot number of shares, the fraction or odd lot shares will be credited to Suspense Account as per Rule and will be sold by the Issuer and the sale proceeds will be distributed to the investors.

**D. REDEMPTION**

Year	Face Value (BDT) (a)	Conversion	Eligible Conversion Amount (BDT) (b)	Redemption Value* (BDT) (a)-(b)
2017	5,000	0% Conversion	0	5,000
		5% Conversion	250	4,750
		15% Conversion	750	4,250
		20% Conversion	1,000	4,000
		25% Conversion	1,250	3,750

\* Full Principal Payment, minus the converted portion of the bond, (if any) will be in the form of a single bullet payment at the end of maturity.

**RATIONALE FOR INVESTING IN SUBORDINATED CONVERTIBLE BOND OF BRAC BANK LIMITED**

**1. Difference between Bonds and Stocks**

Bonds and stocks are both securities. But the major difference between the two is that stockholders have an equity stake in the company i.e. they are owners of the company. Ownership comes with voting rights and the right to share in any future profits. By purchasing bonds, bondholders have a creditor stake in the company. The primary advantage of being a creditor is that the investor has a higher claim on assets than shareholders do; i.e. in case of bankruptcy, a bondholder will have the first charge on assets of the company (except specific charges). Another difference is that bonds usually have a defined term, or maturity, after which the bond is redeemed, whereas stocks may be outstanding indefinitely.

**2. Convertibility Option**

The investor at the pre-determined principal payment dates of the bond reserve the right and option to convert 25% of the face value of the bond at a pre-determined conversion strike price into common shares of BRAC Bank Limited. The execution of the convertibility option will be beneficial for the investors when the stock price of BRAC Bank Limited will be higher than the conversion strike price. Due to the high potential of BRAC Bank Limited, the conversion option will be a beneficial option for the investors.

**3. Volatility of the Capital Market**

Investment in capital market involves a high degree of risk. In cases where investors cannot bear the short term volatility of the capital market, investment in the bonds are more secured and stable with guaranteed return.

**AVAILABILITY OF PROSPECTUS**

Prospectus of Subordinated 25% Convertible Bond of BRAC Bank Limited may be obtained from the following addresses:

Company	Contact Person	Contact Number
<b>BRAC Bank Limited</b> 1, Gulshan Avenue Gulshan 1, Dhaka 1212	<b>Mr. Rais Uddin Ahmad</b> Company Secretary & Head of Legal, Regulatory & Internal Control	Tel: 8859202, 9884292 Fax: 8861867 raisuddin.ahmad@bracbank.com

Manager to the Issue	Contact Person	Contact Number
<b>IDLC Finance Limited</b> Eunoo's Trade Center (Level-21), 52-53 Dilkusha C/A, Dhaka-1000	<b>Mr. Md. Moniruzzaman</b> Head of Merchant Banking Division	Tel: 9571842 Fax: 9571095 mzaman@idlc.com

Trustee to the Issue	Contact person	Contact Number
<b>The City Bank Limited</b> City Bank Center, 136, Gulshan Avenue Gulshan-2, Dhaka-1212	<b>Mr. Sohail R. K. Hossain</b> Deputy Managing Director (Business)	Tel: 8814201 Fax: 8814231 sohailhussain@thecitybank.com

Lead Arranger	Contact Person	Contact Number
<b>RSA Capital</b> City Bank Center, 136, Gulshan Avenue Gulshan-2, Dhaka-1212	<b>Mr. Sameer Ahmed</b> CEO	Tel: 8814176 Fax: 9894153 bdbanker@gmail.com

Underwriters	Contact Person	Contact Number
<b>ICB Capital Management Limited</b> Shilpa Bank Bhaban (14th Floor) 8 DIT Avenue, Dhaka 1000	<b>Mr. Md. Abdur Rouf</b> Chief Executive Officer	Tel: 7160326, 7160327 Fax: 9555707 ceocmcl@accessel.net

Prime Bank Investment Limited	Contact Person	Contact Number
<b>Prime Bank Investment Limited</b> People's Insurance Bhaban (11th Floor), 36 Dilkusha C/A, Dhaka 1000	<b>Mr. Khandokar Raihan Ali</b> First Assistant Vice President	Tel: 9555674, 9557688 Fax: 9559257 sonim@primebank.com.bd

**BRAC BANK**

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