

Thank you for showing us  
how meaningful one's life can be.  
We will not say "rest" in peace.

The Sir Fazle we knew  
would not rest until we build a more equal world.  
**We promise to be worthy of your legacy.**



# REMEMBERING SIR FAZLE: THE LEGACY OF A LEGEND

"I would like to think of myself as a freethinker, having strong mooring in core ethical and human values."

– Sir Fazle Hasan Abed KCMG (27 April 1936 – 20 December 2019)

Sir Fazle Hasan Abed had a grand vision to change the world for the better.

Leaving a promising international career in finance, Sir Fazle personified risk-taking when he decided to return to his beloved Bangladesh to assist in post-war relief and rehabilitation efforts. When he went to Monpura for relief work, he saw the havoc wrought by a devastating cyclone. He witnessed poverty, destitution and impoverishment first-hand, and in a moment of truth that would change his destiny forever, firmed up his will to join the war against poverty.

Having found his life's calling, Sir Fazle achieved immense success over his lifetime. He understood early how building capacity among people living in poverty could bring about lasting change. Such was his belief that he invested his own savings to establish BRAC (formerly: Bangladesh Rural Advancement Committee), with the purpose of improving the living conditions of the rural poor. His prescient clarity could not have come at a more opportune time, when his organisation played a crucial role in supporting a massive relief operation just after the liberation war.

Deepening his engagement thus, Sir Fazle offered collateral-free credit to those who would not qualify for conventional loans. In doing so, he revolutionised banking by providing financial solutions to the vast number of small and medium enterprises dotting the country, typically considered to be 'unbanked'. Yet, he could foresee the economic proposition of disbursing credit to these segments, and viewed his banking platform as an enabler of poverty alleviation and life transformation. He founded BRAC Bank to create greater financial access for the 'missing middle' – the small and medium entrepreneurs of Bangladesh who needed institutional financing to grow and prosper.

Indeed, in Sir Fazle's untiring efforts in pursuing his vision for a world free from exploitation and injustice, there is case after case of how rural populations have benefitted from starting their own microenterprises and eventually bringing lasting change to generations that followed. Remarkably, in poverty eradication, he also

gave considerable impetus to women's empowerment, gender equality, education and healthcare.

Extending his arch of impact, Sir Fazle found it timely to expand his organisation towards urban poverty alleviation. At the heart of this effort was a people-centric developmental approach, which was essential to ensure that people living in poverty become active proponents of socioeconomic change, rather than just passive recipients of support. Based on his longstanding experience in community mobilisation and in global and local best practices, his ideas were instructive in the development of tools that could effectively catalyse change.

Like many visionaries, Sir Fazle knew that the sustainability of his organisation could be further buttressed through international support. So he made a strong case to world leaders for the establishment of a Global Fund for Education, with the mandate of ensuring basic education to every child everywhere. BRAC expanded geographically too, working with more than 125mn people in 11 countries in Asia and Africa.

Sir Fazle combined exceptional entrepreneurial and management skills with lasting devotion to public service. He architected a versatile and multi-faceted manifesto for change, which incorporated credit, healthcare, education and skill development as holistic enablers of beating poverty.

There are just a handful of people who go on to change the world and impact millions of lives. Sir Fazle was one of those individuals who created pathways out of poverty for millions of people in Bangladesh and around the world. For his untiring efforts, he was honoured with numerous national and international awards, including the Yidan Prize for Education Development (2019), Dutch Royal Knighthood (2019), LEGO Prize (2018) and Laudato Si' Award (2017), among many others.

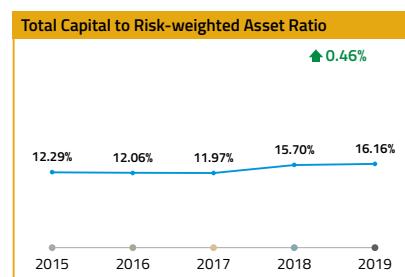
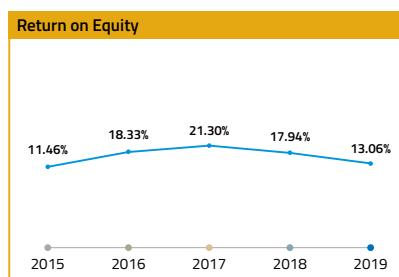
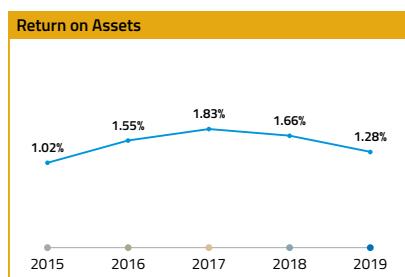
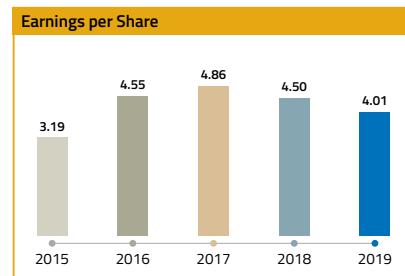
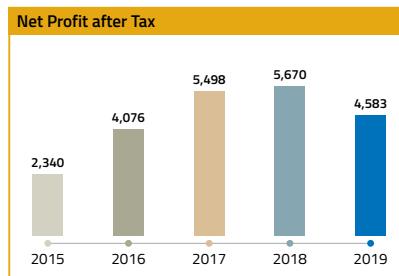
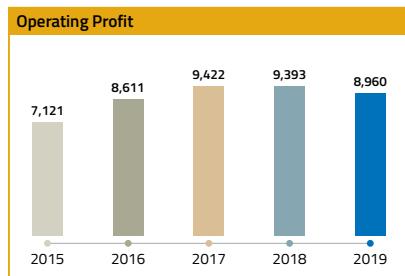
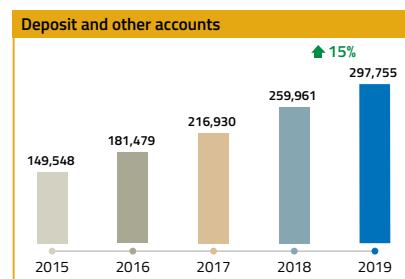
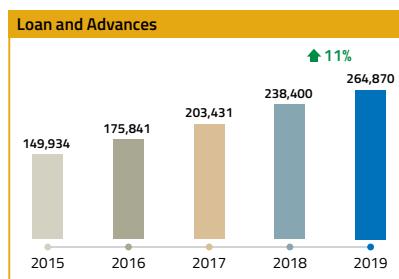
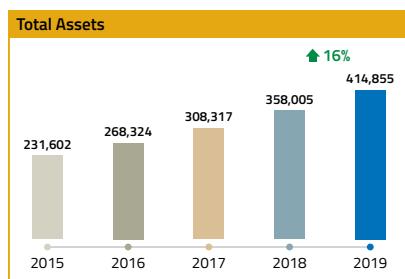
At BRAC Bank, we pledge to uphold his vision and tread on his path that prioritise the human values of integrity and inclusiveness in order to realise our vision of creating a bank that is for everyone in Bangladesh.

Thank you Sir Fazle for showing us the way!

# CORE FINANCIAL HIGHLIGHTS

## CONSOLIDATED

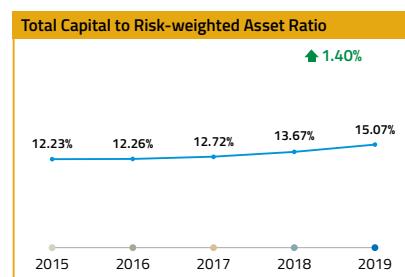
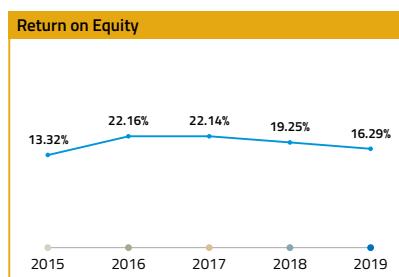
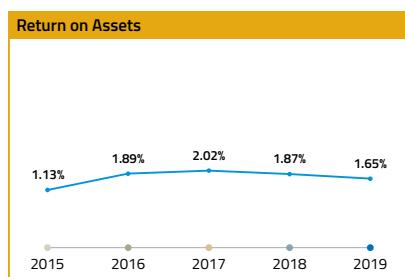
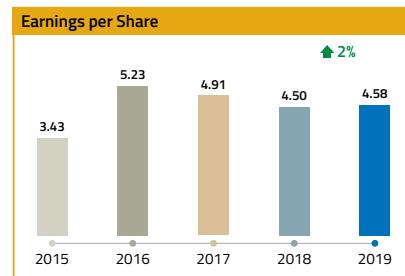
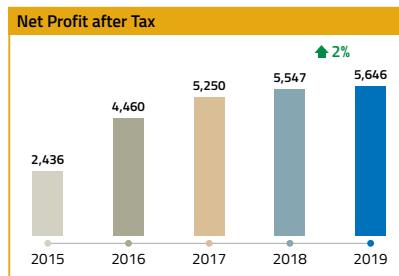
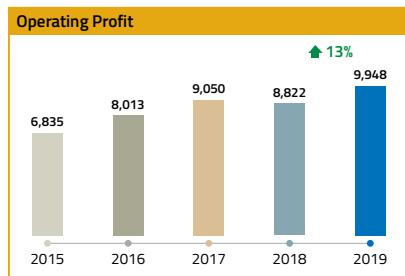
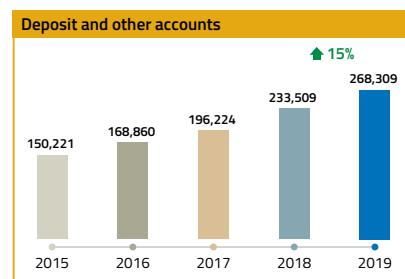
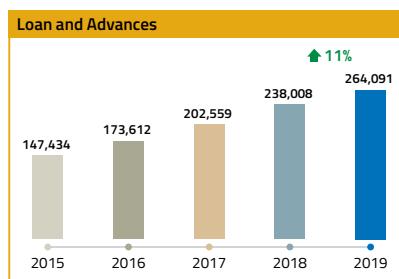
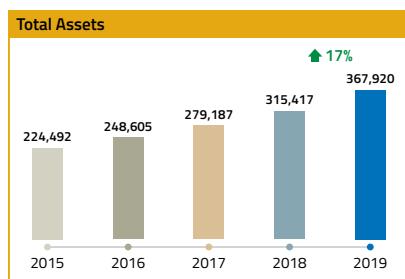
BDT in million unless otherwise specified



# CORE FINANCIAL HIGHLIGHTS

## STANDALONE

BDT in million unless otherwise specified



# NON-FINANCIAL HIGHLIGHTS

Number of Branches



Number of Customers



Number of SME Unit Offices



Number of Employees



Number of ATMs



Number of CDMs



**Participant Trained**

2019

**55,156**

2018

**17,968**

**SAFA BPA Award**

**Winner**

**3 successive years**

**Training programmes conducted**

2019

**814**

2018

**778**

**Credit Rating**

CRAB : AA1/ST-1  
CRISL : AA+/ST-1  
ECRL : AA+/ST-1  
S&P Global : B+  
Moody's : Ba3

2018

Valid till June 2020

CRAB : AA1/ST-1  
CRISL : AA+/ST-1  
ECRL : AA+/ST-1  
S&P Global : B+  
Moody's : Ba3

2017

Valid till June 2019

**CSR Investments**

2019

**BDT 59 million**

2018

**BDT 111 million**

**Agent Banking Outlets**

2019

**301**

2018

**50**

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# LETTER OF TRANSMITTAL

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

Dear sir(s),

**Re: Annual Report for the year ended December 31,  
2019**

We are pleased to enclose a copy of the Integrated Annual Report, together with the Audited Financial Statements of BRAC Bank Limited as on December 31, 2019, for your kind information and record.

Yours sincerely,



Rais Uddin Ahmad  
Company Secretary

# FORWARD-LOOKING STATEMENT

Our public interactions frequently include spoken or written forward-looking statements. Statements of this type are based on hypothesis/ballpark figures. Statements with such considerations and future prospects are included in this document and may be included in other filings with Securities and Exchange Commission (SEC) or in other communications. Forward-looking statements may also include comments with respect to the bank's objectives, strategies to achieve those objectives, expected financial results (including those in the area of risk management), and the business outlook for the bank. Such statements are typically identified by words or phrases such as 'believe', 'expect', 'anticipate', 'intend', 'estimate', 'plan', 'may increase', 'may fluctuate' and similar such expressions of future, or conditional verbs, such as 'will', 'would', 'should' and 'could'.

Forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements may not prove to be accurate. Hence, readers are cautioned to not unduly rely on forward-looking statements, as a number of important factors, many of which are beyond our control, could cause actual results to differ materially from estimates and intentions expressed in such

forward-looking statements. These factors include, but are not limited to, volatility in interest rates, capital markets instability, changes in CRR and SLR norms, changes in lending rates, changes in corporate taxation, changes in national political and socio-economic conditions, changes in government policies, changes in demand for BRAC Bank's products and services, volatility in international prices of essentials that influence the foreign exchange market, changes in economic conditions generally or technology spends in particular, changes in the competitive intensity in the country, changes in the global capital markets activities and changes in judicial and regulatory proceedings. The bank's ability to attract and retain key executives and engage in prudent risk management of the lending portfolio often requires stress-testing that is based on sophisticated material tools that cannot be solely dependent on the existing MIS. The level of technology in the banking industry is yet to acquire that sophistication.

All the terms mentioned above in the forward-looking statements may be altered at any point of time. The bank will not stand accountable to update the amended information in the Annual Report, which may be effected in the future.



# NOTICE OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-first Annual General Meeting (AGM) of BRAC Bank Limited will be held on June 25, 2020, Thursday, at 11:00 a.m. through digital platform to transact the following business:

- AGM-21-01-2020:** To receive, consider and adopt the audited financial statements for the year ended December 31, 2019 and the Auditors' and Directors' Reports;
- AGM-21-02-2020:** To declare dividend for the year ended December 31, 2019;
- AGM-21-03-2020:** To elect/re-elect Directors;
- AGM-21-04-2020:** To appoint auditors of the company for the year 2020 and to fix their remuneration;
- AGM-21-05-2020:** To appoint Corporate Governance Compliance Auditors for the year 2020 and to fix their remuneration.

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

By order of the Board,

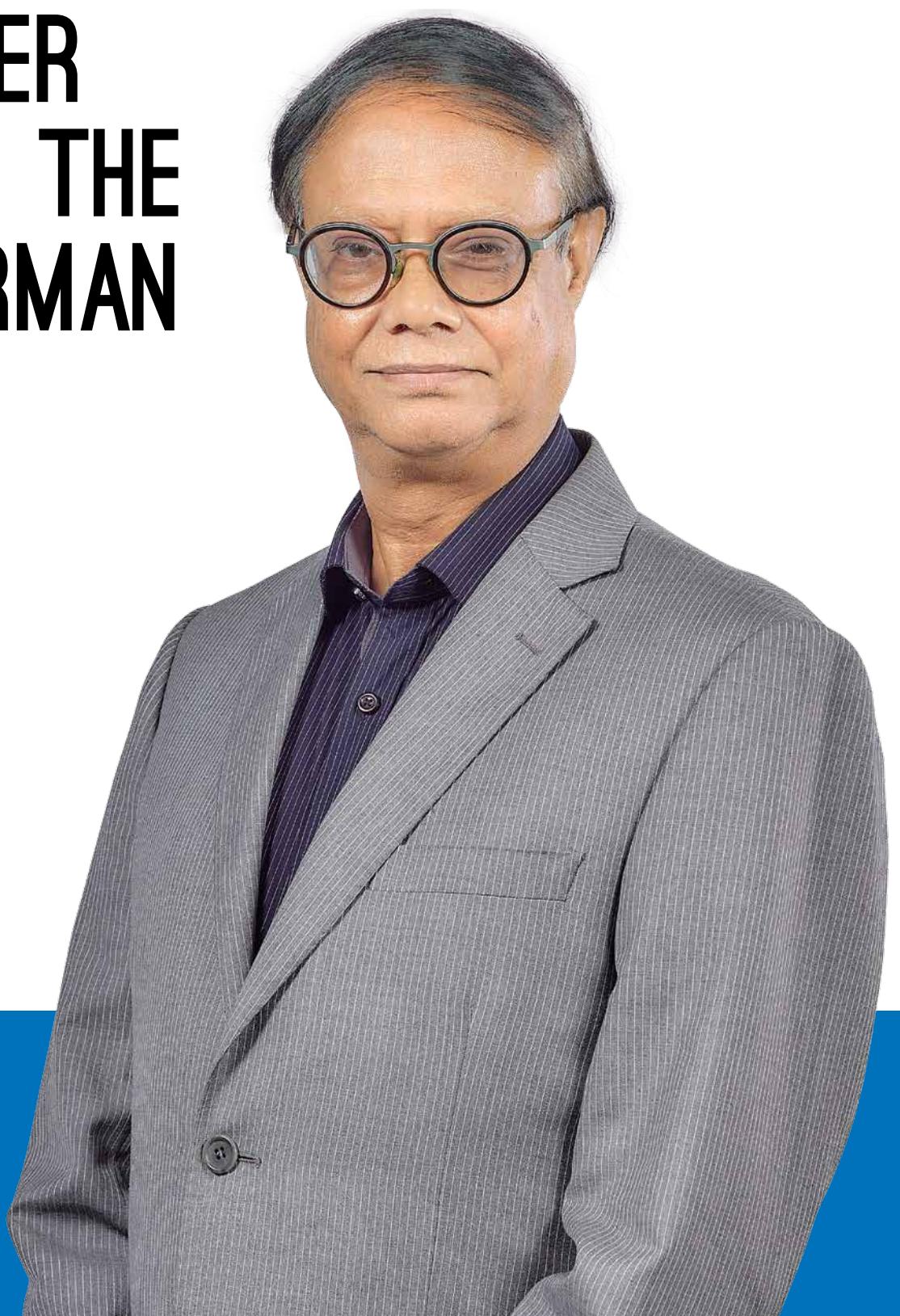
Rais Uddin Ahmad  
Company Secretary

June 07, 2020

## NOTES:

- i) The "Record Date" is **03 June 2020**. Members whose names appeared in the Members'/Depository Register on Record Date will be eligible to attend/participate and vote in the Annual General Meeting.
- ii) The Board of Directors has recommended **15% Dividend** in the form of **7.50% Cash and 7.50% Stock**.
- iii) Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/04-231/932 dated 24 March 2020, the AGM will be virtual meeting of the Members, which will be conducted via live webcast by using digital platform.
- iv) Link for joining in AGM through Digital Platform and details login process will be notified to the respective Member's email address and by SMS.
- v) Members whose email addresses have been updated/changed in the meantime, are requested to email us at [sharedept@bracbank.com](mailto:sharedept@bracbank.com) mentioning their full name, Folio/BO ID, email address and mobile number to get the digital platform meeting invitation.
- vi) Full login/participation process for the Digital Platform meeting will also be available in the Company's website: [www.bracbank.com](http://www.bracbank.com)
- vii) Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018, the soft copy of the Annual Report 2019 will be sent to the email addresses of the Members available in their Beneficial Owner (BO) accounts maintained with the Depository. The Annual Report 2019 will also be available at Company's website: [www.bracbank.com](http://www.bracbank.com)
- viii) A Member entitled to attend and vote at the AGM may appoint a Proxy to attend and vote in his/her stead. The scanned copy of "Proxy Form", duly signed and affixed with BDT 20 revenue stamp must be sent through email to BBL Share Office at [sharedept@bracbank.com](mailto:sharedept@bracbank.com) no later than 72 hours before commencement of the AGM.
- ix) Members are requested to update their 12 digit Taxpayer's Identification Number (e-TIN) through your member house. In default, to update 12 digits e-TIN, the tax from cash dividend will be deducted @ 15% instead of @10%.
- x) Merchant Banks and depository participant (DPs) are requested to email the soft copy of their margin clients list (in MS Excel format) as on 'Record Date' at [sharedept@bracbank.com](mailto:sharedept@bracbank.com) by 14 June, 2020 for facilitating payment of Cash Dividend.

# LETTER FROM THE CHAIRMAN



**DR. AHSAN H. MANSUR**  
Chairman

## **Dear stakeholders,**

As a purposeful and values-driven bank, we fulfil a meaningful role in society to safeguard depositors' money and transform national savings into productive and prolific investment opportunities, thereby facilitating employment generation, stimulating economic growth and generating long-term stakeholder value. We are committed to this responsibility – now and well into the future.

### **Overview**

Bangladesh is one of the fastest growing economy in the world with real GDP growth rate recording 8.2% in FY19. Per capita income increasing by almost five fold in dollar terms since FY02 to more than US\$2000 in FY20. The poverty rate has more than halved during the last one decade to about 21% of population. Despite the Covid-19 related pandemic the economy is still expected to register positive real growth rate in FY20 and the government remains optimistic that the economy will rebound strongly and record a growth rate of more than 8% in the FY21 budget.

The dynamic private sector of Bangladesh supported by macroeconomic stability, sound fiscal management and large investment in infrastructure development have contributed to the expansion of Bangladesh economy in a sustainable manner and made Bangladesh the leader among the expanding Asian economies. With both China and India facing an insipid growth cycle that is buffeted by widespread consumption slowdown and geo-political challenges, Bangladesh deserves a fresh look by the international investors. Clearly, Bangladesh is creating a platform for return enhancement and risk diversification among emerging markets (EMs), while many of the other EMs are experiencing uncertainty and deteriorating conditions for international trade.

"On behalf of the Board of BRAC Bank, it is an honour to present the 2019 integrated report. As an organisation, we seek to consistently position our business as the gateway to both financial inclusion and financial deepening. Despite the challenging environment we often operate in, we hold firm to this aspiration."

– Dr. Ahsan H. Mansur, Chairman

Today, Bangladesh is placed momentously in its economic journey and we must not squander this unprecedented advantage. Along with its bright prospects, Bangladesh needs to undertake reform of its financial system, tax policy and tax administration to finance its ambitious infrastructure, and realizing

the SDG targets, and rebuild its public health system on a solid footing to serve the fast growing economy and meet the growing needs of the citizens. In a free market economy, regulations should be evidence-based and supportive of the country's medium and long-term objectives like becoming a middle income country by FY31 and a high income country by FY41. The year 2020 will be extremely challenging for the whole world and Bangladesh will be no exception. The pandemic situation notwithstanding, BRAC Bank and the Bangladesh Banking sector are spearheading the implementation of the Tk. 1 trillion (US\$12 billion or 3.9% of GDP) stimulus package supported by significant liquidity injection from Bangladesh Bank and interest subsidy by the government. This is a challenging moment for the whole economy and the banking system is spearheading the recovery effort with a view to support its customer base and the society as a whole.

As the banking system has entered a new paradigm in a digital banking and mobile financial system in Bangladesh, despite the Covid-19 lockdown and slow easing of restrictions, the banking system and BRAC Bank in particular could provide all kinds of supports to their clients and helped sustain financing of international trade and domestic economic activity while maintaining social distancing and protection for the staff and clients.

### **Our award-winning purpose-led business propositions**

BRAC Bank has always been committed to sustainable value creation for all its stakeholders. In 2019, we took this agenda forward by deepening and broadening relationships with our stakeholders. For our customers,

we expanded our products and services to help them simplify their access to banking by reinforcing our digital capabilities and developing integrated digital platforms to seamlessly offer a broader range of innovative and customised solutions. We accelerated human capital enrichment by embracing sustainable

and socially-responsible business practices, stepping up investments in up skilling our large and thriving workforce. We accelerated stewardship by more closely aligning our social philosophies with needs on the ground, thus creating a wider and more meaningful impact. We enhanced our engagement with our shareholders and investors, showcasing our investment case as a direct proxy of Bangladesh's unique growth potential.

The outcome of holistic stakeholder expectations management led to closer associations, thus embedding us more firmly on the path of a purpose-led and values-driven business. This was most effectively evidenced by BRAC Bank emerging as the first in the country to be assigned the top ratings by all three top rating agencies of Bangladesh - CRAB 'AA1/ST-1', CRISL 'AA+/ ST-1' and Emerging Credit Rating 'AA+/ ST-1'. Further, two of the world's leading credit rating agencies, S&P Global Ratings and Moody's Investor Service assigned credible ratings of 'B+' and 'Ba3', respectively. Such ratings are strong external validation of our strategies that help us preserve portfolio quality and capital base stability, while pursuing our growth aspirations coupled with good governance and social development.

We were also felicitated by a number of prestigious local and international awards and certifications during the course of the year 2019:

- National Board of Revenue (NBR) award for being the fifth highest tax-payer in the banking sector category for the year 2018-19
- South Asian Federation of Accountants (SAFA) award for 'Best Presented Annual Report 2018' for the third consecutive year
- ICAB 'Best Published Annual Report 2018' award for private sector banks for the third consecutive year
- ICMAB 'Best Corporate Award 2018 - Private Sector Banks' for the third consecutive year
- 'Women's Market Champion Engagement Award 2019' from Financial Alliance for Women
- VISA Awards 2019 for credit card issuing and merchant acquiring
- 'MasterCard Excellence Award' in the POS acquiring business 2018-19 category
- 'SME Bank of the Year – Asia' and 'SME Bank of the Year for Financing Women-owned SMEs' awards from IFC's Global SME Finance Forum

These awards came on the back of successful strategic executions, productive capital allocation, effective NPL

controls, prudent cost management and excellence in governance that together represented tailwinds enabling us to deliver record earnings in 2019.

## Delivering a solid financial and operational performance in 2019

Our 2019 performance was delivered against volatile economic and currency shifts that characterised the year. Further, heightened competitiveness, especially around overbanked metropolitan regions, reflected limited space for growth, while consumer unawareness around financial services in rural pockets capped immediate scalability. Even so, BRAC Bank posted considerably better results than in the preceding year, with renewed performance registered across all our three major segments.

Our performance demonstrates the excellent results we can achieve when our strategy execution is buoyed by our ability to stimulate growth in a favourable interest rate environment. We also focused on strengthening our core by increasing our capital strength, building a strong liquidity position and balancing our credit deposit ratio, often going beyond the benchmarks established under Bangladesh Bank guidelines.

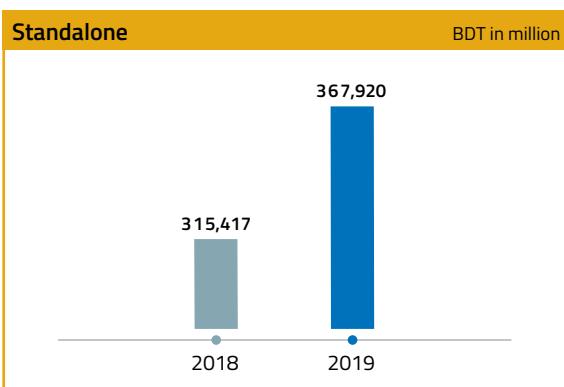
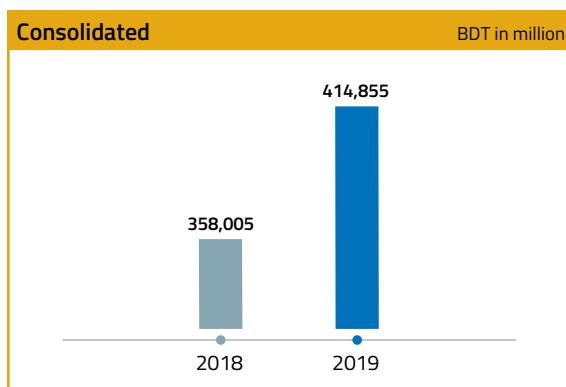
Fast consumer-oriented businesses or, more specifically, financial services – especially retail – are required to evolve quickly to changing consumer expectations and trends, and it is near impossible to defend our competitive advantages through routine fine-tuning of strategy, pricing and operations. So much so that we are constantly evaluating our business models to maintain brand differentiation and relevance to consumer and customer needs.

As this scenario played out, we embraced a proactive defensible stance to avail the opportunities, which is reflected in our three core organic financial drivers:

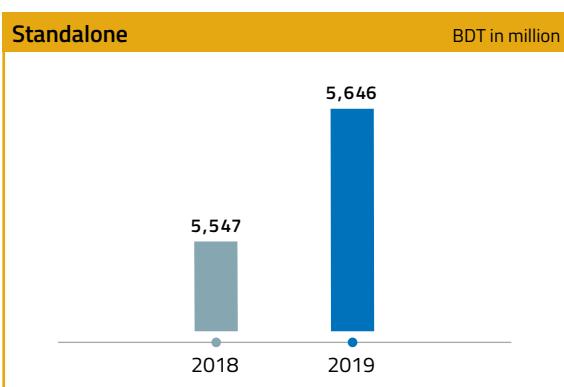
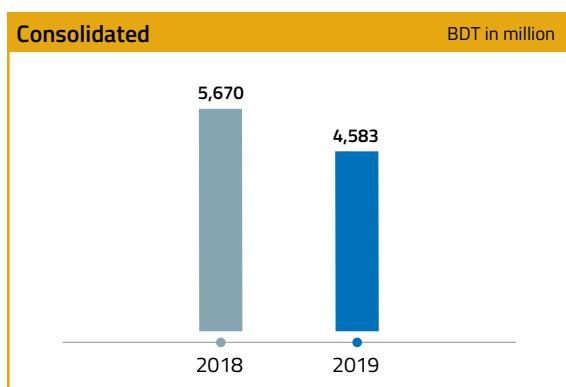
- Achieving growth against all odds
- Improving productivity and profitability
- Enhancing shareholder and stakeholder returns

Thus, BRAC Bank (Standalone) recorded significant growth in total assets, with a 17% YoY expansion to Tk. 367,920 mn in 2019. Loans and advances contributed around 72% of growth in total assets during the year, from 75% in 2018. Further, the bank's deposit portfolio rose by 15% to Tk. 268,309 mn in 2019, up from Tk. 233,509 mn in 2018. And BRAC Bank (Consolidate) recorded growth in total assets with a 16% YoY to Tk. 414,855 mn in 2019.

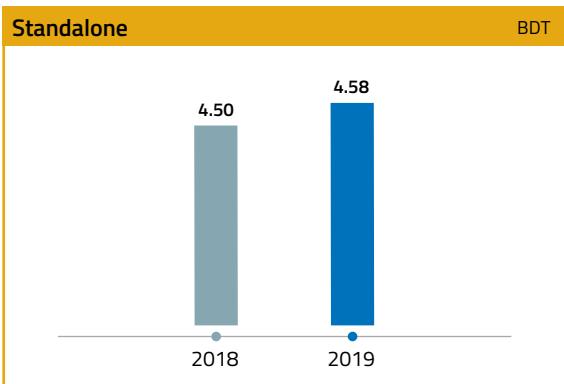
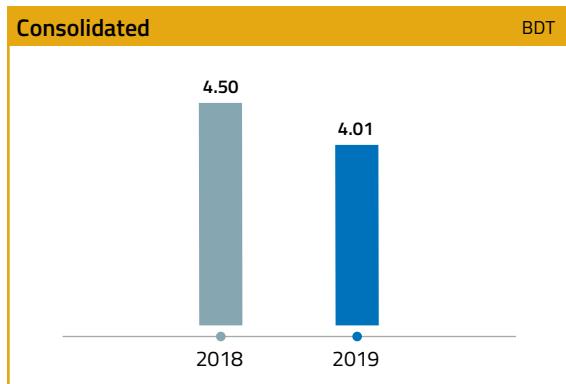
### Total assets



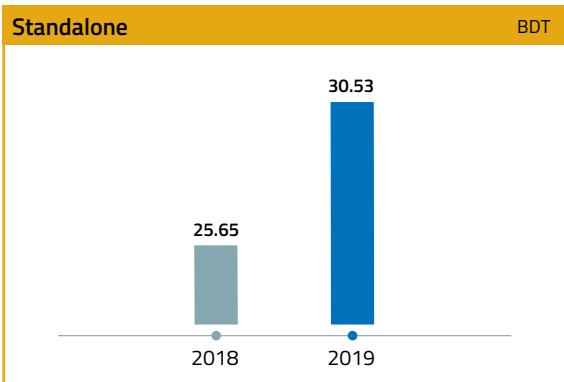
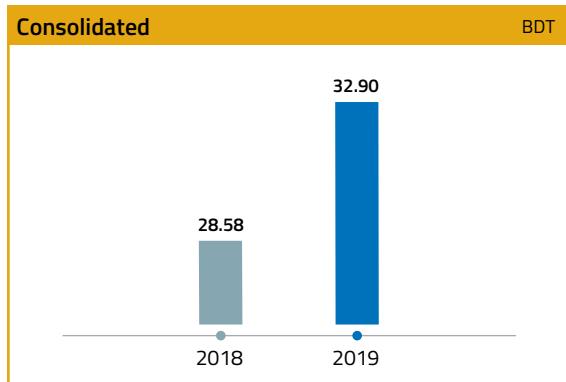
### Profit after tax



### Earnings per share



### NAV per share





Bangladesh's SMEs continue to hold intrigue – while the market is attractive from a size and growth point of view, embedded foundational competencies are crucial to sustainably tap into its potential. We have seen market participants swaying into the business and, without concerted strategies, having borne huge balance sheet impairments. To bring the right perspective into context, BRAC Bank has brought scale to a pioneering time-tested SME lending model, with the result that it has remained as a dependable growth anchor.

In 2019, the bank disbursed a shade under 32,655 fresh loans to SMEs, which corresponded to Tk. 35,021 mn in disbursals. Meanwhile, by the end of the year, the bank's portfolio scaled to a size of Tk. 114,909 mn, registering a 43% expansion over 2018. Achieving high growth rates atop a large base is a truly commendable achievement unparalleled in Bangladesh.

Our corporate loan portfolio remained largely stable and focused in 2019, achieving a size of Tk. 101,619 mn. This was principally on account of substantial growth attained in loans and advances, offshore financing and trade business. Corporate deposits surged 22% to Tk. 80,285 mn YoY.

The bank's retail portfolio increased by 12% YoY to Tk. 47,564 mn in 2019. The BRAC Bank customer deposit proposition was tested during the year but I'm happy that we came out strong with a 20% growth in the book, despite acute low-cost fund crisis in the banking industry. Our Asset Liability Committee (ALCO) and business teams must be credited for observing market trends closely and reacting accordingly to stimulate healthy deposit growth.

### Rethinking digital customer experiences

As the fourth Industrial Revolution dawns on us, bringing innovation and disruption, we will continue to originate powerful customer propositions through digital banking, which will serve several benefits, including accelerated customer acquisition, enhanced customer retention and optimised operating costs.

Encouraged by the Government's objectives under Digital Bangladesh, new players in financial services are trying to find their footing, creating a new digital world that can be described as one with virtually no boundaries. Non-traditional players are increasingly exploring new opportunities, enabling them to challenge incumbents and continually change the state of financial services. For traditional financial institutions like BRAC Bank, this landscape presents exciting opportunities that are being matched with accelerated interventions in innovation and technology. At the core, we are a bank that has a culture of innovation, and this is only being fast-tracked through our ability to mobilise investments for supporting our tech aspirations.

Our industry-leading online consumer platforms and state-of-the-art branch networks reinforce our ability to offer simple, fast and personalised banking solutions, thus facilitating stronger and inimitable relationships with our customers. We are also using the successive waves of technological innovation to secure data processing and security, thus assuring privacy and protection against any kind of online maleficence, which goes a long way in garnering customer confidence.

The digitisation of an organisation does not happen overnight – the intricate interdependencies between people, processes, technology and data must be considered thoughtfully. The scale, scope and complexity of the technological revolution are going to change the way we live, learn and work, as well as how these relate to each other. To facilitate this transition, we know that to remain relevant we cannot approach the shift in isolation. Our response must be integrated and comprehensive and this will continue to be our management's focus in the days ahead.

## Performance of our subsidiaries

BRAC Bank's four subsidiaries, bKash, BRAC Saajan Exchange, BRAC EPL Stock Brokerage and BRAC EPL Investments, enable us to widen our financial services offering to support customer convenience, and also diversify and enlarge our consolidated revenue/profitability base.

Specifically, bKash has become synonymous with mobile banking with the company continuing to make substantial investments to take its unique proposition deeper and wider into Bangladesh. With a base of 31 mn customers, bKash is easily the largest in the mobile financial services space and it will continue to build its lead on account of investments in both technology and marketing. Significantly, the much-anticipated integration between the core systems of BRAC Bank and bKash has been completed.

### Subsidiary financial performance

BDT in million

Particulars	bKash Limited	BRAC Saajan Exchange Limited	BRAC EPL Stock Brokerage Limited	BRAC EPL Investments Limited
Operating profit/(loss)	(634)	37	(21)	(359)
Profit/(loss) before tax	(634)	32	(21)	(372)
Profit/(loss) after tax	(625)	25	(85)	(368)

## Sharing prosperity anchored on social responsibility

To be sustainable over the long term, we need a clear reason for our existence, and we have articulated this in our purpose of being useful to all our stakeholders, including our extended communities and societies.

At BRAC Bank, we believe doing well is not defined by the constricted form of philanthropy, but rather in the philosophy of doing business responsibly, which manifests in doing business ethically based on trusted relationship with stakeholders. Trust is enhanced by having a sound strategy and business offering, promoted through ethics and a unified set of values, demonstrated through behaviours that in turn lead to effective and enabling governance, prudent risk management and strengthened compliance.

BRAC Bank's corporate social investment approach is anchored on our aspiration of developing high-impact social programs that together support people and the society, as well as the planet. As one of the largest financial institutions of Bangladesh, we use our resources to make a difference to the communities in which we operate, both through our institutional capabilities as well as by encouraging our employees

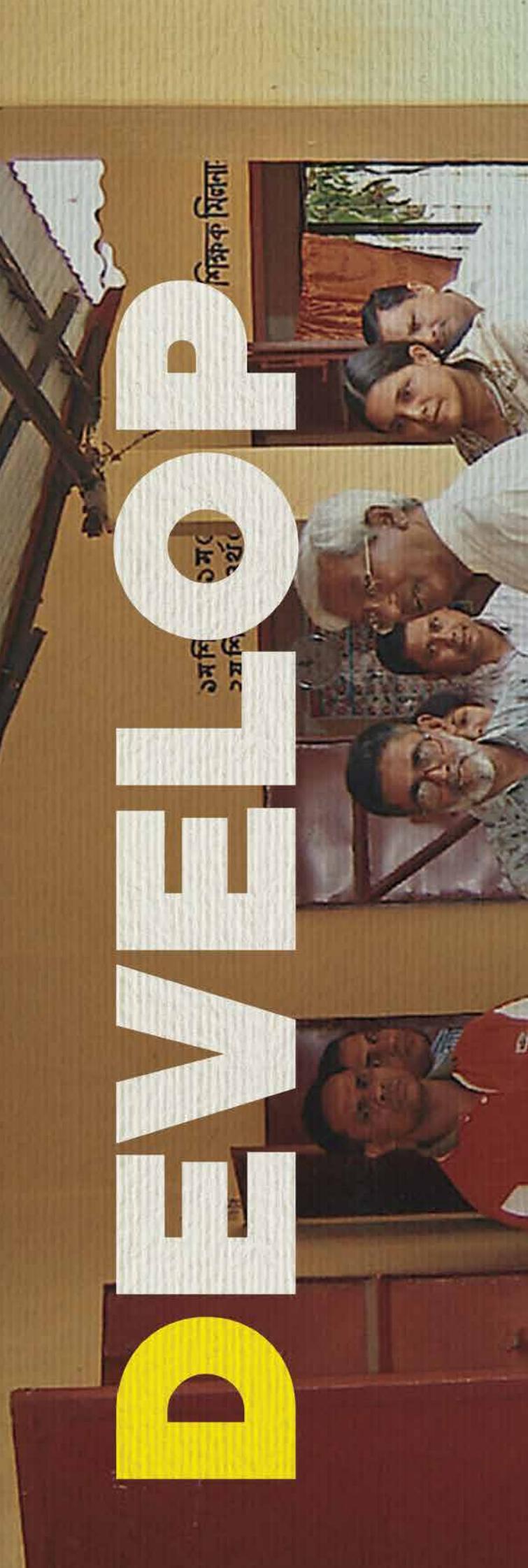
to volunteer their time, skills and efforts across the spectrum of our social service interventions.

The UN Sustainable Development Goals (UN SDGs) represent a common set of measurement criteria for doing well for improving the state of the society. I do believe that we need more 'purpose-led' organisations. We need boards to think about how they can make their organisations and related governance structures more responsive to the broader societal and environmental context, underpinned by the SDGs that expresses humanity's 17 core responsibilities.

At BRAC Bank, our social investments prioritise long-term projects aligned with the SDGs. We invest as much as 40% of our total social budget in education, and this investment ensures a multiplier impact that will be visible today and also into the future. Education is a social transformation tool and we are committed to reform Bangladeshi society through our mass-scale education initiatives.

## Upskilling and ensuring a future-ready talent base

We are the sum of our parts and our strength lies in our diversity. Without the 8,160 employees who are



committed to our 1.3 mn customers, the bank does not exist. I thank all members of the leadership and executive team for their ongoing support and commitment to delivering on our purpose of ensuring that our human and intellectual capitals continue to represent a buffer against unethical and materialistic banking.

Our human resource strategy takes foremost into consideration that our people are our fulcrum and our interventions must ensure that there is excellent stability, security and scalability supporting this major pivot. Indeed, our goal is to build an engaged and diverse workforce and create an inclusive environment where our people find deep pools of value in their association with the bank. We are committed to engage in human resource transformation through upskilling and providing career enhancement opportunities so that our youth of today can aspire to become leaders of tomorrow.

During 2019, the bank recruited 2,257 co-workers, promoted 1,409 colleagues, revised the compensation of 1,965 SME staff members, disbursed special increments to 259 personnel and placed 33 outsourced staff into permanent positions.

We thank our employees for their dedicated professionalism, expertise and enthusiasm, and for the significant contributions they make every day to our clients, each other and to the communities we serve.

### **Fostering a culture of transparency and accountability**

Governance within BRAC Bank implies far more than compliance with relevant legislations and best-practice principles. Rather, it involves a deep-seated culture of accountability, transparency, efficiency, ethical thought and action, and a values-driven approach to everything we do. The Board continues to fulfil the primary governing roles and responsibilities encapsulated in the regulations of Bangladesh Bank.

As the Chairman of a 'purpose-led' organisation, the Board and I would like to reemphasise that our governance structures are more responsive to the broader socio-economic context, as this is important if we are to truly uphold and live by our brand, which has unparalleled equity among stakeholders and the public at large.

We engage in more open and constructive dialogue with our regulators, and we work together to deliver shared objective of fulfilling on our obligations to customers, investors, employees and the society, without inhibiting their expectations regarding BRAC Bank.

To work together productively, difficult decisions will have to be made, and success is going to require that all

of us deliver on our promises – big and small – to build trust and confidence.

## Our medium-term development strategies

The bank's medium-term development strategy, execution plan and financial objectives are based on the following core principles:

- Promote corporate governance standards and deepen social responsibility impact
- Focus on further broadening and deepening engagements with the small and medium enterprises (SME), where BRAC Bank is already a global leader
- Drive growth in priority areas by cementing customer loyalty

- Leverage business opportunities through an innovation and collaboration-centric model
- Deepen the wealth management business and develop digital service channels for serving the sophisticated requirements of our wealth management customers
- Accelerate re-structuring of our business channels and expand integration into digital platforms
- Strengthen inter-divisional synergy to improve overall organisational efficiency
- Enrich our talent pool by fortifying our employee-centric propositions
- Fine-tune our capital allocation strategies to channel funds into productive and prioritised segments
- Improve our risk evaluation and credit appraisal standards



1

Earning trust, creating opportunity,  
behaving sustainably



2

Managing risk, optimising costs,  
augmenting profitability



3

Implementing strategies, meeting  
expectations, delivering value

## Thank you

Our strategy is anchored on the long-term, and we are steering our enterprise towards a course that will enable us to remain conservative, yet agile; conventional, yet entrepreneurial; cautious, yet opportunistic; diversified, yet focused. As a Board, we will continue to pursue a solid and well-balanced governance framework, ensuring that our principles with regard to our ethics and responsibilities stand the test of time even under extreme conditions.

Let me thank my fellow Board-members for their continued support, strong commitments to the principles and values outlined above, and I look forward to working with them and be guided by their demonstrated wisdom to take BRAC Bank to its next level of success.

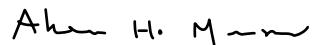
I am grateful to all regulatory bodies of Bangladesh Government, especially Bangladesh Bank, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, National Board of Revenue (NBR), Dhaka and Chittagong stock exchanges

and Central Depository Bangladesh Ltd. Your ongoing support is tremendously appreciated.

Today, as I look forward to Bangladesh blossoming into Asia's next economic powerhouse, I am positive that BRAC Bank will play a definitive, distinctive and determined role in the nation's transformational journey.

Before concluding, let me remind us that Sir Fazle Hasan Abed is no longer with us, but he has shown us the path to take the institution forward with values he had always stood for. On behalf of BRAC Bank Board, hand-picked by Sir Fazle to carry forward his lifelong mission, I express firmly our commitments to uphold the values he always promoted and further develop the bank to be globally recognized as a distinctively different one with purpose and values.

Sincerely,

A handwritten signature in blue ink.

Dr. Ahsan H. Mansur

Chairman

# চেয়ারম্যানের বার্তা

‘ব্র্যাক ব্যাংক বোর্ডের পক্ষ থেকে ২০১৯ সালের সমন্বিত প্রতিবেদন উপস্থাপন একটি সম্মানজনক ব্যাপার। প্রাতিষ্ঠানিকভাবে আমরা আমাদের ব্যবসাকে একটি ধারাবাহিকতার মধ্য দিয়ে আর্থিক অন্তর্ভুক্তি এবং আর্থিক গভীরতা - উভয়ের একটি যাত্রাপথ হিসেবে দেখতে চাই।’

- ড. আহসান এইচ. মনসুর  
চেয়ারম্যান

## শ্রিয় অংশীদারবৃন্দ,

একটি মূল্যবোধ-চালিত ব্যাংক হিসেবে আমরা আমানতকারীদের অর্থ সুরক্ষিত রাখার এবং জাতীয় সঞ্চয়কে উৎপাদনশীল ও ফলপ্রসূ বিনিয়োগ সম্ভাবনায় রূপান্তরের লক্ষ্যে সমাজে একটি অর্থবহু ভূমিকা পালন করি। ফলে আমরা কর্মসংস্থান সৃষ্টি সহজীকরণ, অর্থনৈতিক প্রবৃদ্ধি চাঙ্গা করা এবং দীর্ঘমেয়াদী অংশীদারি মূল্যবোধ তৈরিতে ভূমিকা রাখি। আমরা এই দায়িত্বের প্রতি অঙ্গীকারাবদ্ধ - বর্তমান ও আগামী দিনগুলির জন্য।

## সাধারণ পর্যালোচনা

বাংলাদেশ বিশ্বের সবচেয়ে দ্রুত বর্ধনশীল অর্থনীতিগুলোর একটি যার প্রকৃত জিডিপি প্রবৃদ্ধির রেকর্ড ২০১৯ অর্থবছরে ৮.২%। মাথাপিছু আয় ২০০২ অর্থবছর থেকে ডলারে প্রায় পাঁচ গুণ বৃদ্ধি পেয়ে ২০২০ অর্থবছরে অন্তত ২০০০ মার্কিন ডলারে পৌঁছেছে। দারিদ্র্যের হার গত এক দশকে অন্তত অর্ধেক কমে জনসংখ্যার প্রায় ২১%-এ নেমে এসেছে। কোডিড-১৯ সংক্রান্ত বৈশ্বিক বিপর্যয় সত্ত্বেও বাংলাদেশের অর্থনীতি এখনো ২০২০ অর্থবছরে ধনাত্মক বাস্তব প্রবৃদ্ধি হার ধরে রাখবে বলে আশা করা হচ্ছে এবং এই অর্থনীতি জোরালো ভাবে ঘুরে দাঁড়াবে এবং ২০২১ অর্থবছরের বাজেটে ৮%-এর বেশি প্রবৃদ্ধির রেকর্ড গড়বে বলে সরকার আশাবাদী।

বাংলাদেশের অগ্রসরমান বেসরকারি খাত বৃহদাকার অর্থনৈতিক হিতিশীলতা, সুষ্ঠু আর্থিক ব্যবস্থাপনা এবং অবকাঠামো উন্নয়নে বড় বিনিয়োগের সহায়তায় দেশের অর্থনীতির সম্প্রসারণে একটি টেকসই অবদান রেখেছে এবং এশীয় বিভিন্ন সম্প্রসারণশীল অর্থনীতির মধ্যে বাংলাদেশকে শীর্ষস্থানীয় অবস্থানে নিয়ে গেছে।

চীন এবং ভারত উভয়েই নীরস বৃদ্ধি চক্রের (ইনসিপিড গ্রোথ সাইকেল) মুখোমুখি হচ্ছে যা তাদের ওপর ভোগ্যপণ্যের ব্যবহার ব্যাপকভাবে হ্রাস এবং ভূ-রাজনৈতিক বিভিন্ন চ্যালেঞ্জের কারণে এক বড় আঘাত। এ ক্ষেত্রে বাংলাদেশ নতুন করে আন্তর্জাতিক বিনিয়োগকারীদের দৃষ্টি আকর্ষণের দাবিদার। স্পষ্টত, বাংলাদেশ লগ্নি ফেরত পাওয়ার সম্ভাবনা বৃদ্ধি এবং উঠতি বাজারগুলোর মধ্যে বুঁকি বৈচিত্রের একটি প্ল্যাটফর্ম তৈরি করে দিচ্ছে, যখন অনেক উঠতি বাজার আন্তর্জাতিক বাণিজ্যের ক্ষেত্রে অনিচ্ছয়তা ও নিম্নমুখী পরিস্থিতির মোকাবিলা করছে।

আজ, বাংলাদেশ তার অর্থনৈতিক পথযাত্রায় গুরুত্বপূর্ণ অবস্থানে রয়েছে এবং আমাদের এই অভূতপূর্ব সুযোগটিকে কোনোভাবেই উপেক্ষা করা উচিত হবে না। অমিত সম্ভাবনা কাজে লাগানোর পাশাপাশি বাংলাদেশের উচ্চতালীমী অবকাঠামোয় অর্ধায়নের জন্য, টেকসই উন্নয়ন লক্ষ্যমাত্রার (এসডিজি) উদ্দেশ্যসমূহ উপলক্ষ্মি এবং জনস্বাস্থ্য ব্যবস্থা একটি দ্রুত ভিত্তির ওপর পুনর্বিন্মানের জন্য আর্থিক ব্যবস্থা, কর নীতি এবং কর প্রশাসনে সংক্ষর উদ্যোগ প্রয়োজন যেন তারা এই দ্রুত বর্ধনশীল অর্থনীতির জন্য সহায়ক হতে পারে এবং নাগরিকদের নতুন নতুন চাহিদাগুলো পূরণ করতে পারে। মুক্তবাজার অর্থনীতিতে বিধিমালা প্রমাণিত ও দেশের মাঝারি ও দীর্ঘমেয়াদী উদ্দেশ্যগুলোর জন্য সহায়ক হওয়া উচিত। এসব উদ্দেশ্য ২০৩১ অর্থবছরের মধ্যে একটি মধ্য আয়ের দেশে এবং ২০৪১ অর্থবছরের মধ্যে একটি উচ্চ আয়ের দেশে পরিণত হওয়ার মতো হতে পারে। ২০২০ সালটি সারা বিশ্বের জন্য অত্যন্ত চ্যালেঞ্জিং হবে এবং বাংলাদেশও তার ব্যতিক্রম হবে না। বর্তমান বৈশ্বিক পরিস্থিতি সত্ত্বেও ব্র্যাক ব্যাংক এবং বাংলাদেশের ব্যাংকিং খাত ১ ট্রিলিয়ন টাকার (১২ বিলিয়ন মার্কিন ডলার বা জিডিপির ৩.৯%) প্রগতি প্রাপ্ত বাস্তবায়নে নেতৃত্ব দিচ্ছে। এই

প্যাকেজের সঙ্গে আরও আছে বাংলাদেশ ব্যাংকের তাৎপর্যপূর্ণ তারল্য সরবরাহ এবং সরকারের সুদ ভর্তুক সহায়তা। সমগ্র অর্থনৈতিক জন্য এটা এক চ্যালেঞ্জিং সময় এবং ব্যাংকিং সিস্টেম তার গ্রাহকদের এবং সামাজিকভাবে এই সমাজকে সহায়তার লক্ষ্য নিয়ে এই পুনর্গঠন প্রচেষ্টায় সামনে থেকে কাজ করছে।

যেহেতু ব্যাংকিং খাত ডিজিটাল ব্যাংকিং এবং মোবাইল আর্থিক ব্যবস্থার একটি নতুন দ্রষ্টান্তে থেবেশ করেছে, কোডিভ-১৯ অচলাবস্থা ও নিষেধাজ্ঞা প্রত্যাহারে ধীরগতি সত্ত্বেও, গোটা ব্যাংকিং সিস্টেম ও বিশেষত ব্র্যাক ব্যাংক তাদের গ্রাহকদের সব ধরনের সহায়তা দিতে এবং সামাজিক দূরত্ব বজায় রেখে এবং কর্মী ও গ্রাহকদের সুরক্ষার শর্তগুলো পূরণ করে আন্তর্জাতিক বাণিজ্য ও দেশীয় অর্থনৈতিক কর্মকাণ্ডে অর্থায়ন চালু রাখতে সাহায্য করতে পারে।

## আমাদের পুরক্ষারজয়ী লক্ষ্য-চালিত ব্যবসায়িক প্রস্তাবসমূহ

ব্র্যাক ব্যাংক সব সময় তার সব অংশীদারদের জন্য টেকসই মূল্যবোধ স্থিতি প্রতি অঙ্গীকারাবদ্ধ রয়েছে। আমাদের অংশীদারদের সঙ্গে সম্পর্কের উন্নয়ন ও দৃঢ়তা বৃদ্ধির লক্ষ্যে ২০১৯ সালে আমরা কাজ করেছি। গ্রাহকদের জন্য আমরা আমাদের পণ্য ও সেবাসমূহ সম্প্রসারিত রেখেছি যাতে তাঁদের ব্যাংকিংয়ের সেবা গ্রহণের প্রক্রিয়া সহজ হয়। এ জন্য আমাদের ডিজিটাল সামর্থ্য নতুনভাবে প্রয়োগ করেছি এবং নির্বাঙ্গিকভাবে আরও ব্যাপক পরিসরে নতুন নতুন সমস্যার সুনির্দিষ্ট সমাধান দিতে সমর্পিত ডিজিটাল প্ল্যাটফর্ম তৈরি করেছি। আমরা টেকসই ও সামাজিক দায়বদ্ধতাপূর্ণ ব্যবসায়িক চর্চা, কর্মদক্ষতা বৃদ্ধির লক্ষ্যে বিনিয়োগ বৃদ্ধির মাধ্যমে মানব সম্পদ সমৃদ্ধিকরণ ত্বরান্বিত করেছি। আমাদের সামাজিক দর্শনের সঙ্গে মাঠপর্যায়ের চাহিদাগুলোর অধিকতর সামঞ্জস্য রেখে আমরা আমাদের ওপর ন্যস্ত দায়িত্ব পালনে অধিকতর সচেষ্ট রয়েছি, যাতে করে আরও ব্যাপক ও বেশি অর্থবহ প্রভাব ফেলতে পারি। আমরা আমাদের অংশীদার ও বিনিয়োগকারীদের সঙ্গে সম্পর্কের দৃঢ়তা বাড়িয়েছি যা আমাদের বিনিয়োগের বিষয়টিকে বাংলাদেশের স্বতন্ত্র সমৃদ্ধির সম্ভাবনার প্রত্যক্ষ প্রতিফলন হিসেবে তুলে ধরে।

অংশীদারদের সার্বিক প্রত্যাশা ব্যবস্থাপনার পরিগাম আমাদের আরও ঘনিষ্ঠ সম্পর্কের দিকে নিয়ে গেছে, আর সেটা এভাবে আমাদের আরও দৃঢ়ভাবে একটি উদ্দেশ্যপূর্ণ ও মূল্যবোধ-চালিত ব্যবসায়ের পথে এক্রিয়বদ্ধ করেছে। এর সবচেয়ে কার্যকর প্রমাণ হলো ব্র্যাক ব্যাংকের দেশের প্রথম ব্যাংক হিসেবে দেশের শীর্ষ তিন রেটিং এজেন্সির সবগুলোর শীর্ষ রেটিং অর্জন করা - সিআরএবি 'এএ১/এসটি-১', সিআরআইএসএল 'এএ+ / এসটি-১' এবং এমার্জিং ক্রেডিট রেটিং 'এএ+ / এসটি-১'। এছাড়া, বিশের শীর্ষ ক্রেডিট রেটিং এজেন্সিগুলোর দুটো, এসআরআপি গোবাল রেটিংস এবং মুদিস ইনভেস্টর সার্ভিস যথাক্রমে নির্ভরযোগ্য রেটিং 'বি+' এবং 'বিএত' দিয়েছে। এ ধরনের রেটিং আমাদের কার্যপদ্ধতিকে একটি শক্তিশালী বাহ্যিক নিশ্চয়তা দিয়েছে।

যা আমাদের ব্যবসার গুণগতমান এবং মূলধনের স্থিতিশীল ভিত্তি সুরক্ষায় সহায়তা করে, একইসঙ্গে আমাদের সমৃদ্ধির প্রত্যাশাগুলো সুশাসন ও সামাজিক উন্নয়নের সঙ্গে মিলে যায়।

আমরা ২০১৯ সালে আরও বেশ কয়েকটি সম্মানজনক স্থানীয় ও আন্তর্জাতিক পুরস্কার ও সনদ অর্জন করেছি:

- ২০১৮-১৯ বছরের জন্য ব্যাংকিং খাতে পঞ্চম সর্বোচ্চ করদাতা হওয়ায় জাতীয় রাজস্ব বোর্ড (এনবিআর) পুরস্কার
- টানা তৃতীয় বছরের জন্য 'বেস্ট প্রজেক্টেড অ্যান্যাল রিপোর্ট'-এর জন্য সাউথ এশিয়ান ফেডারেশন অব অ্যাকাউন্ট্যান্টস (এসএএফএ) পুরস্কার
- টানা তৃতীয় বছরের জন্য আইসিএবি 'বেস্ট করপোরেট অ্যাওয়ার্ড ২০১৮- প্রাইভেট সেক্টর ব্যাংকস'
- টানা তৃতীয় বছরের জন্য আইসিএমএবি 'বেস্ট করপোরেট অ্যাওয়ার্ড ২০১৮- প্রাইভেট সেক্টর ব্যাংকস'
- ফিনাসিয়াল অ্যালায়েস ফর উইমেনের পক্ষ থেকে 'উইমেনস মার্কেট চ্যাম্পিয়ন এনগেজমেন্ট অ্যাওয়ার্ড ২০১৯'
- ক্রেডিট কার্ড ইস্যু ও ব্যবসায়ী অর্জনের জন্য 'ভিসা অ্যাওয়ার্ডস ২০১৯'
- পিওএস অর্জন ব্যবসা ২০১৮-১৯ বিভাগে 'মাস্টারকার্ড এক্সেলেন্স অ্যাওয়ার্ড'
- গোবাল এসএমই ফোরামের পক্ষ থেকে 'এসএমই ব্যাংক অব দ্য ইয়ার- এশিয়া' এবং 'এসএমই ব্যাংক অব দ্য ইয়ার' ফর ফিন্যান্সিং উইমেন-ওটেনড এসএমইস' পুরস্কার

এসব পুরস্কার এসেছে আমাদের সফল কৌশলগত প্রয়োগ, উৎপাদনশীল মূলধন বন্টন, কার্যকর এনপিএল নিয়ন্ত্রণ, দূরদৰ্শী ব্যয় ব্যবস্থাপনা এবং সুশাসনে উৎকর্ষিতার কারণে যা সম্মিলিতভাবে ২০১৯ সালে আমাদের অর্জনের রেকর্ড গড়তে সক্ষম হওয়ার অনুকূল পরিবেশের প্রতিফলন।

## ২০১৯ সালে একটি শক্তিশালী আর্থিক ও পরিচালন পারদর্শিতা প্রদর্শন

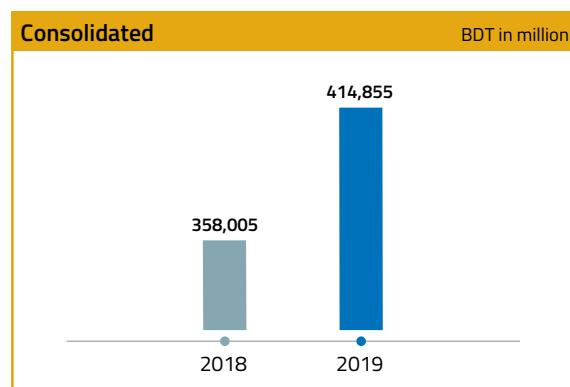
অঙ্গীকৃত এবং মুদ্রা পরিবর্তনের জন্য ২০১৯ সাল চিহ্নিত হয়ে আছে যার বিপরীতে ছিল আমাদের ২০১৯ সালের কার্যক্রম। তাছাড়া ক্রমবর্ধমান প্রতিযোগিতা, বিশেষত অতিরিক্ত সংখ্যায় ব্যাংক গড়ে উঠা মহানগর অঞ্চল, ব্যবসায়িক প্রবৃদ্ধির অপর্যাপ্ত সুযোগ, এবং ব্যাংকিং সম্পর্কে গ্রামাঞ্চলের গ্রাহকের অসেচতনতা তাৎক্ষণিক কর্মক্ষমতার বিস্তার সীমিত করে দেয়। তারপরও ব্র্যাক ব্যাংক উল্লেখযোগ্যভাবে আগের বছরের তুলনায় আরও ভালো ফল পেয়েছে যাতে আমাদের তিনটি প্রধান অংশের সবগুলোতেই নতুন নৈপুণ্য তালিকাভুক্ত হয়েছে। একটি অনুকূল

সুদের হার সংবলিত পরিবেশে আমাদের সমৃদ্ধি উদ্দীপিত করার সামর্থ্য যখন আমাদের কৌশল প্রয়োগের বিষয়টি নিয়ন্ত্রণ করে, তখন আমরা চমৎকার ফলাফল অর্জন করতে পারি। আমাদের নেপুণ্য এটাই দেখিয়েছে। মূলধনের শক্তিশূলী, একটি শক্তিশালী তারল্য অবস্থান নির্মাণ এবং অর্থ জমার অনুপাত ভারসাম্য রক্ষার (ব্যালেন্স ক্রেডিট ডিপোজিট রেসিও, যা প্রায়ই বাংলাদেশ ব্যাংক নির্দেশিকা অনুযায়ী বেঁধে দেওয়া সীমার বাইরে চলে যায়) মাধ্যমে আমরা আমাদের প্রতিষ্ঠানের কেন্দ্রস্থলকে শক্তিশালী করার প্রতিও গুরুত্ব দিয়েছি।

গতিশীল ক্রেতা-কেন্দ্রিক ব্যবসাসমূহ বা, আরও সুনির্দিষ্টভাবে বলতে গেলে রিটেইল সেবাসমূহ, ক্রেতার প্রত্যাশা এবং রোঁকের পরিবর্তনের সঙ্গে মিল রেখে দ্রুত সামঞ্জস্যপূর্ণ করতে হয়। আর কৌশল, মূল্য নির্ধারণ ও পরিচালনায় গতানুগতিক ছোটখাটো পরিবর্তনের মাধ্যমে আমাদের প্রতিযোগিতামূলক সুবিধাগুলো বজায় রাখা প্রায় অসম্ভব। তাই আমরা ব্র্যান্ড পৃথকীকরণ এবং ক্রেতা-গ্রাহকদের চাহিদার সঙ্গে সামঞ্জস্য রক্ষার জন্য নিয়মিত আমাদের ব্যবসায়িক মডেল মূল্যায়ন করছি।

এই পরিস্থিতি বদলে যাওয়ায় আমরা বিভিন্ন সুযোগ কাজে

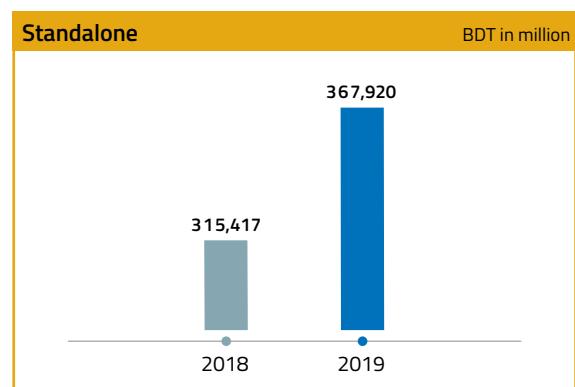
## সামগ্রিক সম্পদ



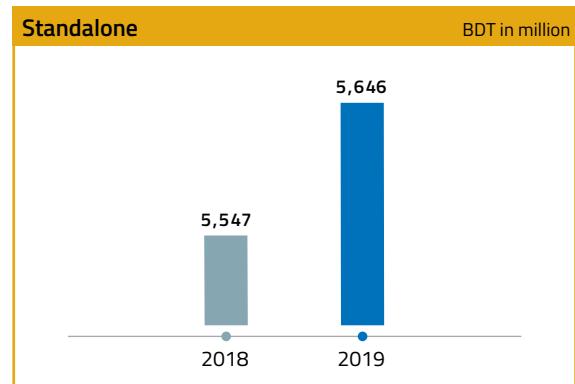
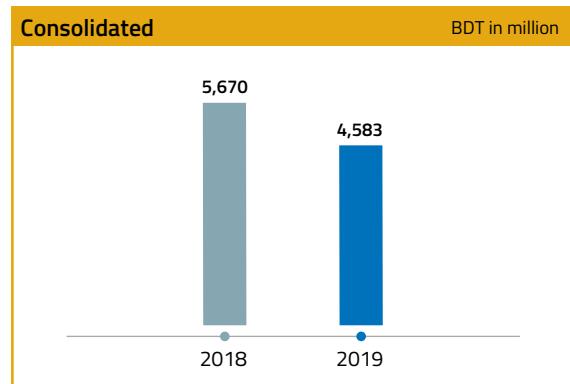
লাগানোর জন্য একটি সক্রিয় সুরক্ষামূলক অবস্থান নিয়েছি যা আমাদের তিনটি মৌলিক আর্থিক সাংগঠনিক চলকে প্রতিফলিত হয়েছে:

- সমষ্ট অঞ্চলভিত্তির বিপরীতে সমৃদ্ধি অর্জন করা
- উৎপাদনশীলতা ও লাভজনকতার উন্নতি করা
- অংশীদার ও শেয়ারহোল্ডারদের রিটার্ন বৃদ্ধি

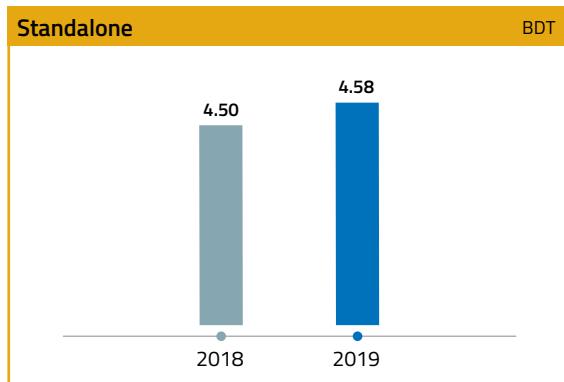
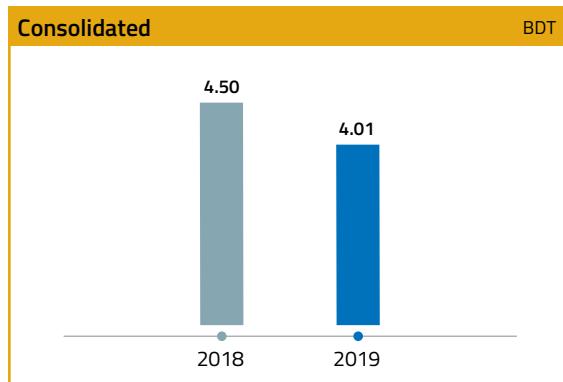
এভাবে ব্র্যাক ব্যাংক (স্বতন্ত্র) সামগ্রিক সম্পদের তাৎপর্যপূর্ণ বৃদ্ধি অর্জন করেছে, যা আগের বছরের তুলনায় ১৭% সম্প্রসারণসহ ২০১৯ সালে দাঁড়িয়েছে ৩৬৭,৯২০ মিলিয়ন টাকা। ঋণ ও অগ্রিম ঐ বছর সামগ্রিক সম্পদের প্রায় ৭২% বৃদ্ধিতে অবদান রেখেছে, যা ২০১৮ সালে ছিল ৭৫%। তাছাড়া ব্যাংকের আমানত পোর্টফোলিও ২০১৯ সালে ২৬৮,৩০৯ মিলিয়ন টাকা নিয়ে ১৫% বেড়েছে, যা ২০১৮ সালে ছিল ২৩৩,৫০৯ মিলিয়ন টাকা। আর ব্র্যাক ব্যাংক (একীভূত) ২০১৯ সালে সামগ্রিক সম্পদে আগের বছরের তুলনায় ১৬% সহযোগে বৃদ্ধি অর্জন করেছে, যার পরিমাণ ৪১৪,৮৫৫ মিলিয়ন টাকা।



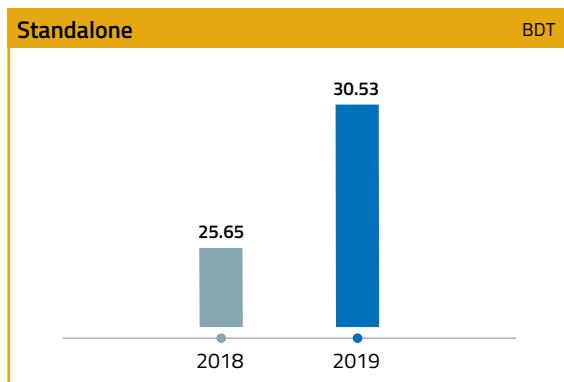
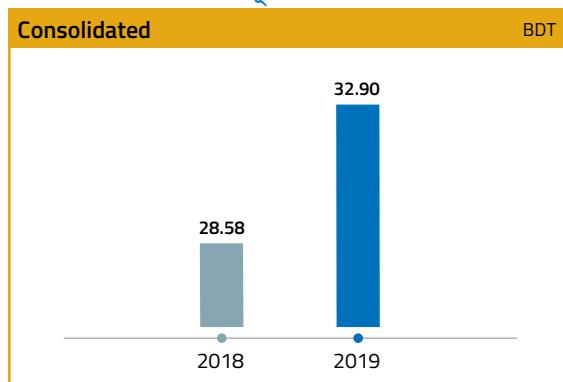
## কর প্রদানের পর মুনাফা



## শেয়ারপ্রতি আয়



## শেয়ারপ্রতি নিট সম্পদ মূল্য



বাংলাদেশের ক্ষুদ্র ও মাঝারি শিল্পসমূহ (এসএমই) বিস্ময় ধরে রেখেছে - যখন বাজারটি আকার ও সমৃদ্ধির দিক থেকে আকর্ষণীয়, তখন তার সম্ভাবনার সঙ্গে টেকসই সংযোগ স্থাপনের জন্য সংশ্লিষ্ট বুনিয়াদি দক্ষতাসমূহ গুরুত্বপূর্ণ হয়ে ওঠে। আমরা দেখেছি বাজারে যারা অংশ নিচ্ছে তাদের অনেকে সম্মিলিত কোশল ছাড়াই ব্যবসায় চুকে পড়ছে এবং জমা-খরচের ব্যালেন্স শিটে বড় লোকসানের শিকার হচ্ছে। সঠিক চিত্রাতি তুলে ধরতে ব্র্যাক ব্যাংক একটি অঞ্চলীয় সময়োপযোগী এসএমই খণ্ড মডেলের মানদণ্ড নিয়ে এসেছে। ফলে এটা একটি নির্ভরযোগ্য সমৃদ্ধির ভরসা হিসেবে রয়েছে।

২০১৯ সালে ব্যাংক একটি উদ্যোগের মাধ্যমে ৩২,৬৬৫টি নতুন এসএমই খণ্ড বিতরণ করে, যার পরিমাণ ৩৫,০২১ মিলিয়ন টাকা। ইতিমধ্যে, বছরের শেষ নাগাদ, ব্যাংকের পোর্টফোলিও হিসাবের আকার ১১৪,৯০৯ মিলিয়ন টাকায় পৌছায় যা ২০১৮ সালের চেয়ে ৪৩% বেশি। একটি বড় ভিত্তিতে থেকে এমন উচ্চ বৃদ্ধিহার অর্জন সত্যিকার অর্থে একটি প্রশংসনীয় এবং বাংলাদেশে অতুলনীয়।

আমাদের করপোরেট খণ্ড বিভাগ ২০১৯ সালে ১০১,৬১৯ মিলিয়ন টাকা অর্জনের পাশাপাশি অধিকাংশ ক্ষেত্রে স্থিতিশীল ও গুরুত্বপূর্ণ

ছিল। এটা ছিল মূলত খণ্ড ও অঞ্চলীয়, বিদেশে অর্থায়ন এবং বাণিজ্য প্রক্রিয়া বৃদ্ধি অর্জনের একটি প্রমাণ। করপোরেট আমানত ২২% বৃদ্ধি পেয়ে ৮০,২৮৫ মিলিয়ন টাকায় পৌছায় (আগের বছরের তুলনায়)।

ব্যাংকের রিটেইল পোর্টফোলিও ২০১৯ সালে ১২% বৃদ্ধি (আগের বছরের তুলনায়) পেয়ে ৮৭,৫৬৪ মিলিয়ন টাকায় পৌছায়। ব্র্যাক ব্যাংক গ্রাহক আমানত কর্মপরিকল্পনা এ বছর পরীক্ষিত ছিল। তবে আমি সন্তুষ্ট যে ব্যাংকিং খাতে তৈরি নিম্ন-ব্যয়ের তহবিল সংকট সত্ত্বেও আমরা ২০% বৃদ্ধি সহযোগে শক্তিশালীরূপে আবির্ভূত হয়েছি। বাজারের রোক পর্যবেক্ষণ এবং সেই অনুযায়ী যথাযথ পদক্ষেপ গ্রহণের মাধ্যমে জোরদার আমানত বৃদ্ধি নিশ্চিত করার জন্য আমাদের অ্যাসেট লায়াবিলিটি কমিটি (এএলসিও) এবং ব্যবসায়িক দলগুলোকে অবশ্যই কৃতিত্ব দিতে হয়।

## গ্রাহকের অভিজ্ঞতা নিয়ে পুনর্ভাবনা

চতুর্থ শিল্প বিপ্লব যখন আমাদের দোরগোড়ায়, নতুনত্ব ও পরিবর্তন নিয়ে আসছে, তখন আমরা ডিজিটাল ব্যাংকিংয়ের মাধ্যমে শক্তিশালী বিভিন্ন গ্রাহক কর্মপরিকল্পনা চালুর কাজ অব্যাহত রাখব যা আমাদের দ্রুত গ্রাহক বৃদ্ধি, গ্রাহক ধরে রাখার হার

বৃদ্ধি এবং পরিচালন ব্যয় নিয়ন্ত্রণ প্রভৃতি বেশকিছু সুবিধা এনে দেবে। ডিজিটাল বাংলাদেশ প্রকল্পের আওতায় সরকারের লক্ষ্য ও উদ্দেশ্যের অনুপ্রেরণায় আর্থিক সেবায় নতুন নতুন প্রতিষ্ঠান নিজেদের জায়গা করে নিতে চেষ্টা করছে। ফলে এক নতুন ডিজিটাল জগৎ সৃষ্টি হচ্ছে যার কোনো সীমানা নেই। চিরাচরিত ধারার বাইরের অংশগ্রহণকারীরা ক্রমশ বেশি হারে নতুন নতুন সুযোগের সন্ধান করছে, প্রতিযোগী অন্যান্য প্রতিষ্ঠানকে চ্যালেঞ্জের মুখোমুখি করছে এবং আর্থিক সেবার ধরনকে নিয়মিত বদলে দিচ্ছে। ব্র্যাক ব্যাংকের মতো একটি ঐতিহ্যবাহী আর্থিক প্রতিষ্ঠানের জন্য এই বাস্তবতা আকর্ষণীয় সুযোগ এনে দেয় যা নতুনত্ব ও প্রযুক্তির ক্ষেত্রে বেশি বেশি গুরুত্বারোপের সঙ্গে সামঞ্জস্যপূর্ণ। গভীর স্তরে আমরা নতুনত্বের সংস্কৃতি লালনকারী একটি ব্যাংক, আর এটা আমাদের প্রযুক্তিগত বিভিন্ন উচ্চাশার সহায়তায় বিনিয়োগ কাজে লাগানোর সামর্থ্য দিয়ে নিম্নে নিরপেক্ষ করা যেতে পারে।

আমাদের নেতৃত্বান্বীয় অনলাইন গ্রাহক প্ল্যাটফর্ম এবং সর্বাধুনিক প্রযুক্তির শাখা নেটওয়ার্ক বা যোগাযোগব্যবস্থা সহজ, দ্রুত ও সুনির্দিষ্ট প্রয়োজনীয় ব্যাংকিং সমাধান দেওয়ার ক্ষেত্রে আমাদের সামর্থ্যে নতুন মাত্রা এনে দিয়েছে। এভাবে আমাদের গ্রাহকদের সঙ্গে দৃঢ়তর ও অননুকরণীয় সম্পর্ক স্থাপিত হয়েছে। অনলাইনে আর্থিক কার্যক্রমে যেকোনো ধরনের অপরাধপ্রবণতা রূপালোচনা করেছি যা গ্রাহকের আঙ্গু অর্জনে আমাদের অনেকদূর এগিয়ে দিয়েছে।

একটি প্রতিষ্ঠানের ডিজিটাল রূপান্তর একটি দীর্ঘ প্রক্রিয়া -

মানবসম্পদ, বিভিন্ন প্রক্রিয়া, প্রযুক্তি এবং তথ্য-উপাত্তের (ডাটা) জটিল আন্তর্নির্ভরতার মতো বিষয়গুলো সুচিত্তি বিবেচনায় রাখতে হয়। প্রযুক্তিগত বিপ্লবের মাত্রা, সুযোগ এবং জটিলতা আমাদের জীবনধারা, শেখার ধরন ও কাজের ধারা এবং সেগুলোর পারস্পরিক সম্পর্ক বদলে দিতে যাচ্ছে। এই পরিবর্তনকে সহজ করতে আমরা জানি যে আমাদের প্রাসঙ্গিকতা বজায় রাখতে হবে। বিচ্ছিন্ন থাকলে আমরা এই পরিবর্তন মোকাবিলা করতে পারব না। আমাদের অবশ্যই সমর্পিত ও বৃদ্ধিদীপ্ত সাড়া দিতে হবে এবং আগামী দিনগুলোতে এটা আমাদের ব্যবস্থাপনার ক্ষেত্রে একটি গুরুত্বপূর্ণ বিষয় হয়ে থাকবে।

### আমাদের অধীনস্থ প্রতিষ্ঠানগুলোর কার্যকারিতা

ব্র্যাক ব্যাংকের চারটি অধীনস্থ প্রতিষ্ঠান বিকাশ, ব্র্যাক সাজন এক্সচেঞ্জ, ব্র্যাক ইপিএল স্টক ব্রোকারেজ এবং ব্র্যাক ইপিএল ইনভেস্টমেন্টস, আমাদের আর্থিক সেবা প্রদানের মাধ্যমে গ্রাহকদের সুবিধা নিশ্চিত করার ক্ষেত্রে সম্প্রসারণের সামর্থ্য দিয়েছে। পাশাপাশি এরা আমাদের সুদৃঢ় আয়/লাভজনকতার ভিত্তি পরিবর্ধন ও বহুমূর্তী করেছে।

সুনির্দিষ্টভাবে, বিকাশ মোবাইল ব্যাংকিংয়ের সমার্থক হয়ে গেছে। এই কোম্পানি বাংলাদেশে তার একক কার্যপদ্ধতি আরও গভীর ও বিস্তৃত করতে প্রচুর পরিমাণে বিনিয়োগ সৃষ্টি অব্যাহত রেখেছে। ৩১ মিলিয়ন গ্রাহকের ভিত্তি নিয়ে বিকাশ মোবাইলনির্ভর আর্থিক সেবায় অন্যান্যে বৃহত্তম স্থান করে নিয়েছে এবং এটি প্রযুক্তি ও বিপণনে বিনিয়োগের কারণে নেতৃত্বান্বীয় অবস্থান সৃষ্টি অব্যাহত রাখবে। তাৎপর্যপূর্ণভাবে, ব্র্যাক ব্যাংক ও বিকাশের কেন্দ্রীয় ব্যবস্থাগুলোর মধ্যে বহু-কান্তিক্ষত একাত্মিক সম্পূর্ণ হয়েছে।

### Subsidiary financial performance

Particulars	bKash Limited	BRAC Saajan Exchange Limited	BRAC EPL Stock Brokerage Limited	BRAC EPL Investments Limited
Operating profit/(loss)	(634)	37	(21)	(359)
Profit/(loss) before tax	(634)	32	(21)	(372)
Profit/(loss) after tax	(625)	25	(85)	(368)

### সামাজিক দায়বদ্ধতার ভিত্তিতে উন্নতির অগ্রযাত্রা

দীর্ঘমেয়াদে টেকসই হওয়ার জন্য আমাদের অন্তিমের জন্য আমাদের একটি স্পষ্ট কারণ প্রয়োজন, আর আমরা তা আমাদের উদ্দেশ্যের মধ্যে অন্তর্ভুক্ত করেছি। সেটা হলো সব অংশীদারদের

জন্য এবং সমাজের কাছে আমরা দরকারি বা উপযোগী হতে চাই।

আমরা বিশ্বাস করি ব্যবসায় ভালো করা মানে কেবল সমাজকল্যাণমূলক কাজে অর্থ প্রদান নয়, বরং সামাজিক দায়বদ্ধতা ও স্বচ্ছতার সাথে ব্যবসা পরিচালনা করার দর্শনে

বিস্তৃত, যা অংশীদারদের সঙ্গে আঙ্গুর সম্পর্কের ভিত্তিতে নেতৃত্বকার সঙ্গে ব্যবসা সম্পাদনে উদ্বৃদ্ধি করে। সুষ্ঠু কৌশল এবং ব্যবসার সুযোগ অবারিত করে দেওয়ার মাধ্যমে আঙ্গু বৃদ্ধি পায়, নেতৃত্বকার এবং সমর্পিত একগুচ্ছ মূল্যবোধের মাধ্যমে আঙ্গুর অধিকতর বিভাগ ঘটে, আচরণের মধ্য দিয়ে প্রকাশ পায় যা পরিণামে কার্যকারিতা ও সুশাসন, দূরদৃশ্যী ঝুঁকি ব্যবস্থাপনার সক্ষমতা এনে দেয়।

ব্র্যাক ব্যাংকের করপোরেট সামাজিক বিনিয়োগ উদ্যোগের মূলে রয়েছে সামগ্রিকভাবে মানবসম্পদায়, সমাজ এবং পৃষ্ঠাবীকে সহায়তার লক্ষ্যে সুদূরপ্রসারী বিভিন্ন সামাজিক প্রকল্প উন্নয়নে আমাদের উচ্চাশা। বাংলাদেশের সবচেয়ে বড় আর্থিক প্রতিষ্ঠানগুলোর একটি হিসেবে আমরা আমাদের সম্পদের ব্যবহার করি যেসব জনগোষ্ঠী নিয়ে আমরা কাজ করি তাদের জন্য একটি পার্থক্য গড়ে দেওয়ার জন্য। আর সে জন্য আমাদের বিভিন্ন সামাজিক সেবা উদ্যোগের আওতায় প্রতিষ্ঠানিক সামর্থ্য যেমন কাজে লাগাই, তেমনি কর্মীদের স্বেচ্ছায় নিজেদের সময়, দক্ষতা ও প্রচেষ্টা কাজে লাগাতে অনুপ্রাপ্তি করি।

জাতিসংঘের টেকসই উন্নয়ন লক্ষ্যমাত্রাগুলো সমাজের অবস্থা উন্নয়নের জন্য ভালো কাজের একগুচ্ছ অভিন্ন পরিমাপ নির্ণয়ক নির্দেশ করে। আমি বিশ্বাস করি যে আমাদের আরও বেশি 'লক্ষ্য-চালিত' প্রতিষ্ঠান প্রয়োজন। কীভাবে তারা তাদের প্রতিষ্ঠান এবং সংশ্লিষ্ট পরিচালন কাঠামো গড়তে পারে যা অধিকতর বিস্তৃত সামাজিক ও পরিবেশগত বিবেচনায় আরও বেশি সক্রিয় হবে, তা নিরূপণের জন্য আমাদের কিছু বোর্ড প্রয়োজন। এসডিজিতে এ বিষয়ে জোর দেওয়া হয়েছে যা মানবতার ১৭টি মৌলিক দায়বদ্ধতার প্রকাশ ঘটায়।

ব্র্যাক ব্যাংকে আমাদের সামাজিক বিনিয়োগসমূহ এসডিজির সঙ্গে সামঞ্জস্য রেখে দৈর্ঘ্য মেঝাদি প্রকল্পসমূহকে অঙ্গীকার দেয়। আমরা আমাদের সামাজিক বাজেটের অন্তত ৪০% শিক্ষায় বিনিয়োগ করি, আর এই বিনিয়োগ একটি বহুমাত্রিক প্রভাব নিশ্চিত করে যা আজ যেমন দৃশ্যমান হবে তেমনি ভবিষ্যতেও। সামাজিক কল্পনার জন্য শিক্ষা একটি গুরুত্বপূর্ণ উপকরণ এবং আমরা আমাদের গণমুখী শিক্ষা উদ্যোগসমূহের মাধ্যমে বাংলাদেশি সমাজ পুনর্গঠনে অঙ্গীকারাবদ্ধ।

## বাড়তি দক্ষতার উন্নয়ন ও ভবিষ্যতের জন্য প্রস্তুত একটি মেধাভিত্তি নিশ্চিতকরণ

আমাদের বৈচিত্র্যই আমাদের শক্তি। আমাদের ১.৩ মিলিয়ন গ্রাহকের কাছে অঙ্গীকারাবদ্ধ ৮,১৬০ জন কর্মীদের বাদ দিলে এই ব্যাংকের কোন অতিক্রম থাকেন। আমি নেতৃত্ব ও নির্বাহী দলের সকল সদস্যকে তাদের অব্যাহত সহায়তার জন্য ধন্যবাদ জানাই। পাশাপাশি আমাদের মানব সম্পদ ও বৃদ্ধিমূল্যক সম্পদ অনৈতিক ও বস্তবাদী ব্যাংকিংয়ের বিপরীতে একটি ব্যতিক্রমী অবস্থান তুলে ধরার উদ্দেশ্য বাস্তবায়নে অঙ্গীকারাবদ্ধভাবে কাজ করে যাওয়ার জন্যও তাদের ধন্যবাদ।

আমাদের মানবসম্পদই আমাদের অবলম্বন। আর এটা আমাদের মানব সম্পদ কৌশলে সর্বাঙ্গে বিবেচনায় নেওয়া হয়। আর এই গুরুত্বপূর্ণ অবলম্বনের সহায়তায় যেন আমাদের উদ্যোগসমূহ অবশ্যই চমৎকার ছিত্রশীলতা, নিরাপত্তা ও কর্মক্ষমতা নিয়ে তৎপর থাকে সেটা নিশ্চিত করা হয়। প্রকৃতপক্ষে আমাদের উদ্দেশ্য হলো একটি সমর্পিত ও বৈচিত্র্যময় শ্রমশক্তি এবং একটি অংশগ্রহণমূলক পরিবেশ সৃষ্টি যেখানে আমাদের কর্মীরা এই ব্যাংকের সঙ্গে তাদের সম্পর্কে মূল্যবোধের গভীর আশ্রয় খুঁজে পাবে। আমরা দক্ষতাবৃদ্ধি ও পেশা উন্নয়নের সুযোগ প্রদানের মাধ্যমে মানব সম্পদ কল্পনার প্রক্রিয়ায় যুক্ত হতে অঙ্গীকারাবদ্ধ, যাতে করে আমাদের আজকের তরুণ সম্প্রদায় আগামীদিনের নেতৃত্ব গ্রহণে উদ্দীপ্ত হতে পারে।

২০১৯ সালে এই ব্যাংক ২,২৫৭ জন সহকর্মী নিয়োগ করেছে, ১,৪০৯ জনকে পদোন্নতি দিয়েছে, ১,৯৬৫ জন ইএমই কর্মী সদস্যের বেতন পুনর্নির্ধারণ করেছে, ২৫৯ জন কর্মীর বিশেষ বেতনবৃদ্ধি (ইনক্রিমেন্ট) সুবিধা এবং ৩০ জন আউটসোর্স কর্মীকে স্থায়ী পদে নিয়োগ দিয়েছে।

আমরা আমাদের কর্মীদের তাদের পেশাদারিত্ব, কর্মদক্ষতা এবং উদ্বোধনমূলক অবদানের জন্য ধন্যবাদ জানাই। পাশাপাশি আমাদের গ্রাহক, কর্মী এবং কাজিক্ষণ জনগোষ্ঠীর প্রতি প্রতিদিনকার তাৎপর্যপূর্ণ অবদানের জন্যও ধন্যবাদ।

## স্বচ্ছতা ও জবাবদিহির এক সংস্কৃতি লালন

ব্র্যাক ব্যাংকের অভ্যন্তরে সুশাসনের মানে সংশ্লিষ্ট নিয়মকানুন ও সর্বাধিক চর্চিত মূলনীতিসমূহের প্রতি বশ্যতার চেয়েও বেশি কিছু। বরং এই পরিচালন পদ্ধতিতে রয়েছে জবাবদিহি, স্বচ্ছতা, দক্ষতা, নেতৃত্ব চিন্তা ও কর্ম, এবং আমাদের সমস্ত কাজে একটি মূল্যবোধ-চালিত প্রচেষ্টা। বোর্ড বাংলাদেশ ব্যাংকের নীতিমালায় উল্লিখিত প্রাথমিক পরিচালন নীতি ও দায়-দায়িত্ব পূরণ অব্যাহত রেখেছে।

'লক্ষ্য-চালিত' একটি প্রতিষ্ঠানের চেয়ারম্যান হিসেবে, বোর্ড এবং আমি আবারও জোর দিয়ে বলতে চাই আমাদের পরিচালন কাঠামোসমূহ বৃহত্তর আর্থসামাজিক পরিপ্রেক্ষিতে অধিকতর সক্রিয়, কারণ আমরা যদি সত্যিকার অর্থে আমাদের ব্র্যান্ডকে তুলে ধরতে চাই এবং তা ধারন করি, তাহলে এটা গুরুত্বপূর্ণ। আমাদের অংশীদার এবং ব্যাপক অর্থে জনসাধারণের মধ্যে এই ব্র্যান্ডের এক অতুলনীয় সাম্য বিদ্যমান রয়েছে।

আমরা আমাদের নিয়ন্ত্রকদের সঙ্গে আরও উন্নত ও গঠনমূলক সংলাপে যুক্ত হই, এবং গ্রাহক, বিনিয়োগকারী, কর্মী ও সমাজের প্রতি আমাদের বাধ্যবাধকতা পূরণের অভিন্ন উদ্দেশ্য বাস্তবায়নে একসঙ্গে কাজ করি ব্র্যাক ব্যাংক নিয়ে তাদের প্রত্যাশাসমূহের ব্যত্যয় না ঘটিয়ে।

উৎপাদনশীলভাবে একসঙ্গে কাজ করার জন্য কঠিন কঠিন সিদ্ধান্ত নিতে হয়। আর সফল্যের জন্য আমাদের সবার নিজ নিজ প্রতিজ্ঞা, বড় ও ছোট, অনুযায়ী আঙ্গ ও বিশ্বাস অর্জনে কাজ করা প্রয়োজন।

আমাদের মধ্য-মেয়াদি উন্নয়ন কৌশলসমূহ

ব্যাংকের মধ্য-মেয়াদি উন্নয়ন কৌশল, প্রয়োগ পরিকল্পনা এবং আর্থিক লক্ষ্যসমূহ নিম্নলিখিত মূলনীতিসমূহের ভিত্তিতে পরিচালিত হয়:

- করপোরেট শাসনপ্রক্রিয়ার মানোন্নয়ন এবং সামাজিক দায়বদ্ধতার প্রভাব সুদৃঢ়করণ
- বিভিন্ন ক্ষেত্র ও মাঝারি শিল্পের (এসএমই) সঙ্গে সম্পর্ক আরও জোরাদার ও গভীর করার প্রতি গুরুত্ব আরোপ, যেখানে ব্রাক ব্যাংক ইতিমধ্যে এক বৈশ্বিক পথপ্রদর্শক অর্জন
- গ্রাহকের আঙ্গ তৈরির মাধ্যমে অগ্রাধিকার খাতসমূহে সমৃদ্ধি অর্জন
- নতুনত্ব ও সময়সূচি-কেন্দ্রিক একটি মডেলের মাধ্যমে ব্যবসায়িক সুযোগ সৃষ্টি
- সম্পদ ব্যবস্থাপনা ব্যবসা সুদৃঢ়করণ এবং আমাদের সম্পদ ব্যবস্থাপনা গ্রাহকদের বিভিন্ন জটিল প্রয়োজনীয়তা অনুযায়ী ডিজিটাল সেবার বিভিন্ন মাধ্যম (চ্যানেল) সৃষ্টি
- আমাদের ব্যবসায়িক চ্যানেলগুলো পুনর্গঠনে গুরুত্বারোপ এবং ডিজিটাল প্ল্যাটফর্মে একত্রীকরণ সম্প্রসারণ
- সার্বিক প্রাতিষ্ঠানিক দক্ষতা উন্নয়নের জন্য আন্তর্বিভাগীয় সহযোগিতা শক্তিশালীকরণ
- কর্মী-কেন্দ্রিক কার্যপদ্ধতি শক্তিশালী করার মাধ্যমে আমাদের মেধা সংরিবেশ বৃদ্ধি
- উৎপাদনশীল ও অগ্রাধিকার অংশগুলোতে তহবিল পৌছাতে আমাদের মূলধন বরাদ্দ কৌশল পরিবর্তন
- আমাদের ঝুঁকি মূল্যায়ন ও জমা অর্থ মূল্যায়নের মানোন্নয়ন



1

Earning trust, creating opportunity,  
behaving sustainably



2

Managing risk, optimising costs,  
augmenting profitability



3

Implementing strategies, meeting  
expectations, delivering value



## আপনাদের ধন্যবাদ

আমাদের কার্যকৌশল দীর্ঘমেয়াদি ভিত্তির ওপর প্রতিষ্ঠিত, আর আমরা সেই লক্ষ্যে আমাদের উদ্যোগ পরিচালনা করছি যা আমাদের একইসঙ্গে রক্ষণশীল, তবু কর্মতৎপর; গতানুগতিক, তবু নতুন উদ্যোগী; সতর্ক, তবু সুযোগসন্ধানী; বৈচিত্র্যপূর্ণ, তবু সুনির্দিষ্ট দিকে মনোযোগী হতে সক্ষম করে তুলবে। সামগ্রিকভাবে আমরা একটি সুদৃঢ় ও সুন্দর-ভারসাম্যপূর্ণ পরিচালন কাঠামোর অনুসন্ধান অব্যাহত রাখব যা আমাদের নৈতিকতা ও দায়বদ্ধতার সঙ্গে সঙ্গে আমাদের মূলনীতিগুলোর সুরক্ষা নিশ্চিত করবে। ফলে আমরা সময়ের পরীক্ষায় টিকে থাকতে পারব, এমনকি চরম প্রতিকূল পরিস্থিতিতেও।

আমি বোর্ডের অন্যান্য সকল সদস্যবৃন্দকে তাঁদের অব্যাহত সহযোগিতা, উপরিউল্লিখিত মূলনীতি ও মূল্যবোধসমূহের প্রতি তাঁদের দৃঢ় অঙ্গীকারের জন্য ধন্যবাদ জানাই, এবং আমি তাঁদের সঙ্গে কাজ করার জন্য এবং তাঁদের প্রদর্শিত জ্ঞানের মাধ্যমে দিকনির্দেশনা পাওয়ার মাধ্যমে ব্র্যাক ব্যাংককে তার সাফল্যের পরবর্তী পর্যায়ে নিয়ে যাওয়ার জন্য প্রস্তুত রয়েছি।

বাংলাদেশ সরকারের সমষ্টি নিয়ন্ত্রক পরিষদ, বিশেষত বাংলাদেশ ব্যাংক, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন, রেজিস্ট্রার অব জেনেরেট স্টক কোম্পানিজ অ্যান্ড ফার্মস, জাতীয় রাজস্ব বোর্ড (এনবিআর), ঢাকা ও চট্টগ্রাম স্টক এক্সচেঞ্জ এবং সেন্ট্রাল ডিপোজিটরি বাংলাদেশ লিমিটেডের কাছে আমি কৃতজ্ঞ। আপনাদের অব্যাহত সহযোগিতা সত্যিই প্রশংসনীয়।

আজ, যেহেতু আমি বাংলাদেশকে এশিয়ার পরবর্তী অর্থনৈতিক শক্তিকেন্দ্র হিসেবে দেখতে চাই, আমি আশাবাদী যে ব্র্যাক ব্যাংক দেশের পরিবর্তনযাত্রায় একটি নির্ধারক, স্বাতন্ত্র্যসূচক এবং দৃঢ়প্রতিজ্ঞ ভূমিকা পালন করবে।

উপসংহারের আগে, আমি দ্যরণ করতে চাই যে স্যার ফজলে হাসান আবেদ আমাদের মাঝে না থাকলেও তাঁর সেই মূল্যবোধসমূহ, যা তিনি নিজের মাঝে ধারণ করতেন, সেগুলো বজায় রেখে এগিয়ে নিতে তিনি আমাদের পথ দেখিয়েছেন। স্যার ফজলে হাসান আবেদ সফতে বাছাই করা ব্র্যাক ব্যাংক বোর্ডের পক্ষ থেকে তাঁর আজীবন সাধনাকে এগিয়ে নিতে আমরা দৃঢ়ভাবে অঙ্গীকারবদ্ধ। তাঁর স্বপ্নে লালিত মূল্যবোধগুলো তুলে ধরার মাধ্যমে ব্র্যাক ব্যাংককে আরও উন্নত রূপ দিয়ে লক্ষ্য ও মূল্যবোধের সময়ে চালিত একটি ব্যতিক্রমী প্রতিষ্ঠান হিসেবে বৈশিকভাবে স্বীকৃতিপ্রাপ্ত করতে আমরা দৃঢ় প্রত্যাশী।

আপনাদের বিশ্বাস,

Ahsan H. Manna

ড. আহসান এইচ. মনসুর

চেয়ারম্যান



# MESSAGE FROM OUR MANAGING DIRECTOR & CEO

**SELIM R. F. HUSSAIN**  
Managing Director & CEO

## **Dear shareholders and stakeholders,**

I extend a very warm welcome to you to our Integrated Annual Report for the year 2019. As the Managing Director & CEO of your bank, I am delighted to engage with you, and on behalf of the bank, I take this opportunity to thank you for your continued interest and support, which is a tremendous source of strength for us.

### **Ambition 2019: A powerful driver of our strategy and performance**

I have always believed that banking has to finance change across our local environment and has to support all the right initiatives that boost the developmental profile of our country. I am delighted to share that BRAC Bank continues to serve these broader interests by doing business the right way with the right partners and with extensive engagement in the real economy.

Our diversified model has been successful across Bangladesh, leading to our conviction that it is applicable, relevant, differentiating and a positive force for good in the society. Anchored on this confidence, we set a bold ambition for 2019, measured against the key metrics of financial and societal impact, strong business outcomes achieved within the framework of our values, and how we further contributed to innovation and creativity in banking.

I am happy to inform you that the bank has achieved good progress against all these metrics: our shared-value financial services model is scalable, repeatable and highly suitable for serving the needs of developing markets like Bangladesh, where growth capital is crucial for facilitating social and economic development. Our

With an eventful 2019 now behind us, we are looking forward to 2020 during which we will further deepen and intensify our role in meeting the broader themes of credit-led empowerment, formal channelisation of savings, employment generation and, of course, financial inclusion. For this, we know that we need to support our customers better across the key moments in their lives, which means making banking safe, simple and smart. We will also have to make some tough choices in order to deliver for our shareholders and colleagues, and we are ready to take such decisions.

As we bridge the financial divide in Bangladesh, I know we will also bridge the gap between our present-day performance and our potential. To me this is an asset in our journey to deliver perpetual returns to our shareowners and sustainable value to our communities and the wider society.

### **Tribute to Sir Fazle Hasan Abed: A life of courage, fortitude and hope**

The BRAC Bank family is yet to come to terms with the demise of its Founder Chairman, Sir Fazle Hasan Abed KCMG, who entered eternal life on December 20, 2019. His spirit is carried forward by our 8,000+ co-workers and the countless number of lives he touched across his illustrious career spanning over six decades. We were blessed to learn many valuable lessons from Sir Fazle. He used to say that businesses and those in influential positions have to ensure that children born in underprivileged circumstances can become engineers, scholars and presidents. It was this sense of empathy and empowerment that he intricately weaved across the fabric of all the initiatives he sparked.

**"Our core purpose of financial inclusion has grown in relevance and applicability, and this purpose manifests in our overriding focus to develop and implement strategies that facilitate sustainable profitability, driving improved returns for our shareholders and enriched outcomes for our stakeholders."**

**- Selim R. F. Hussain, Managing Director and CEO**

pioneering and innovative initiatives in digital finance are a leap forward in financial inclusion, while also aligning with the national development manifesto framed by an expanding digital economy. Within such a backdrop, our earnings, return on equity and net interest margins are close to our targets – despite these being stretch goals.

Sir Fazle was a visionary and a man of courage, fortitude and foresight as he boldly ventured, sometimes even alone, to transform millions of lives through his social engagement initiatives and his endeavours to transform the lives of the poor. He spent most of the years of his life dedicated to creating an extraordinary social impact, combining his incredible



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entrepreneurial energy and instinctive management skills with a genuine passion for social service. It was only natural that what began as a commitment to the dispossessed of Bangladesh has today extended to the deprived around the world.

Indeed, Sir Fazle envisioned an enduring agenda for change that incorporated credit, healthcare, education and skills development to empower excluded communities through integration into mainstream economy.

Sir Fazle's pioneering vision to establish BRAC Bank as one of the most trusted and progressive banks of the country has also come to fruition, yet his relentless pursuit for excellence has been cut short by his sudden demise. With BRAC Bank, BRAC Microfinance, bKash, BRAC EPL Stock Brokerage, BRAC EPL Investments and BRAC Saajan Exchange, he founded Bangladesh's largest and most diversified financial services umbrella in terms of the sheer number of people served through inclusive finance. His life shaped the concept of financial inclusion in Bangladesh.

Today, the vision created by Sir Fazle burns brightly in each one of us at BRAC Bank, as we pledge to uphold his inspiring legacy. We commemorate this Annual Report to Sir Fazle and pledge to carry forward his legacy and fulfil his dreams of an enlightened and poverty-free Bangladesh.

## Global Economy and Bangladesh Economy

The report on global economy and Bangladesh economy is presented in detail on page 77-85 of this Annual Report.

## Risks and Concerns

The report on risks and concerns is presented in detail on page 99 of this Annual Report.

## Preparing the Annual Report

The report on preparing the annual report review is presented in detail on page 99 of this Annual Report.

## Our industry and our performance: Navigating through challenges and opportunities

The increased use of technology is a key strategic shift in our industry, challenging existing market practices and displacing established products and services. This is evidenced by the rapid growth of online ordering and door-to-door delivery services, as e-businesses thrive on consumers' need for convenience. Significantly, evolving technology has also spawned new business

models around the world, for instance, peer-to-peer lending that is digital-first, or even sachet-size insurance products that can be bought-off digital shelves.

We see dual opportunity in this unfolding scenario. One, through our own digital financial services platform across which our customers find tremendous convenience in accessing banking through clicks over visiting a branch or an outlet. While industry evidence suggests that online will overtake offline banking, our view is that a blended model of 'clicks-and-bricks' will continue to be appropriate for us, ensuring we are represented across the range of consumer preferences. Our strategy with regards to technology will be to continue to develop new skill-sets and improve our tech offering with respect to efficiency, costs and customer experience.

The second part of the opportunity comprises lending to e-businesses, as they are typically capital intensive, both in terms of the upfront capex required, as well as with respect to ongoing opex. As the digital and mobile ecosystems develop in Bangladesh, new e-commerce models will provide a good source of entry into tech businesses, especially for our SME business segment.

In my engagements with stakeholders from around the world, there is increasing demand for improved disclosure on environmental, social and governance (ESG) policies and accountability. Aligned to this trend is growing explorations around a range of issues, specifically pertaining to how we are contributing to protecting climate change and if our lending practices are selective or universal.

We are mindful of these developments and have endeavoured to report more fully in this document on our environmental and sustainability initiatives, and social and governance practices. Across our businesses we strive to ensure responsible sustainability initiatives, and one of our major strengths in this regard is that we are a founding member of Global Alliance for Banking on Values (GABV). We are also the only bank from Bangladesh to be a part of the GABV. This membership helps give us clarity around what our practices should be, and gives us a stamp of approval in our appraisal of loans applying a values-based lens.

Further, GABV values are built into the heart of our underwriting standards and it empowers us with a vision and framework around what we can do and what we shouldn't do. For example, associating this with my earlier point on supporting all the right initiatives, we refrain from lending to, say, the tobacco industry or to any business that contributes to environmental depletion. I believe cohesive endeavours such as these safeguard national long-term sustainability.

Bangladesh Bank encourages banks to adopt green banking and establish CSR desks to work towards making sustainable finance and impact investing a reality. Towards meeting this purpose, BRAC Bank has established a Sustainable Finance Unit (SFU) as part of its credit risk management, thereby meeting regulatory requirements and assuring concerted efforts in green finance. Further, to monitor the activities of SFU, we have also established a Sustainable Finance Committee (SFC) comprising membership of senior management, chaired by the Chief Risk Officer. It provides strategic guidance to the SFU, while ensuring that it adheres to the terms of reference laid out by Bangladesh Bank.

The Board Risk Management Committee (BRMC) serves as the apex authority, supervising all sustainability activities of the bank. Driven by its '3P' philosophy of people, planet and prosperity, BRAC Bank has always prioritised responsible and sustainable banking across Bangladesh's real economy. Indeed, the bank's values-based ethos and unique culture advocates sustainable banking at all levels. Central to this is our devoted SFU that works with multilateral stakeholders to take the environmental protection agenda forward. With ongoing reporting to regulators and developmental finance institutions, SFU's activities are monitored by both regulators and key stakeholders. Contributing to the Government's efforts in realising the goals expressed in the UN SDGs, we believe sustainable finance will have a multiplier effect, thus amplifying its scale, reach and impact.

Demonstrating the importance we place on E&S compliances, we have developed a Board-approved Environmental & Social Safeguard Policy to supplement all E&S issues within the bank.

## **Our vision: Aligning ourselves to being purpose-led and future-facing**

Bangladesh is a beacon of hope amidst other Asian markets. Major global economies also continue to be adversely affected by geo-political and socio-economic factors, exacerbated by the recent outbreak of Covid-19, that has constrained discretionary spends and compelled corporates to scale-back on their expansion plans. While the economic impact of Covid-19 is yet unclear, the spread of virulence to other countries is alarming.

Bangladesh has its own unique challenges though, including rising NPLs, a hypercompetitive banking environment, stringent regulatory guidelines and sluggish private sector credit growth.

Despite this context, we are pleased that BRAC Bank is able to reported a resilient operating performance in 2019. Our financial results for 2019 demonstrated the strength and momentum in our business. In line

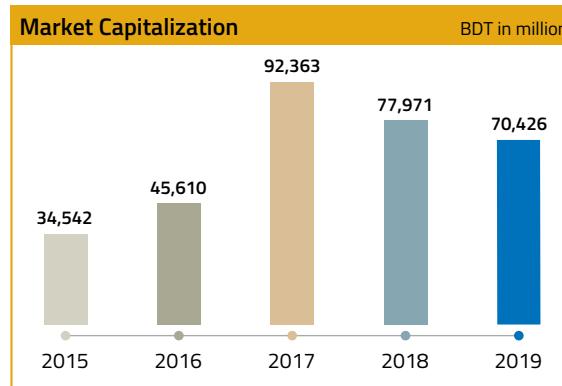
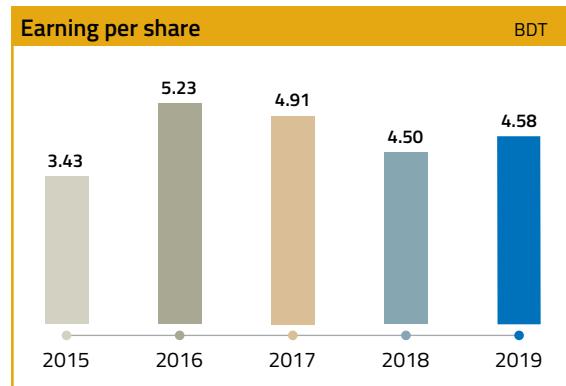
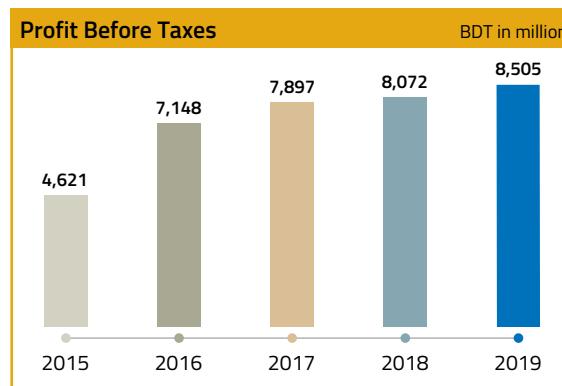
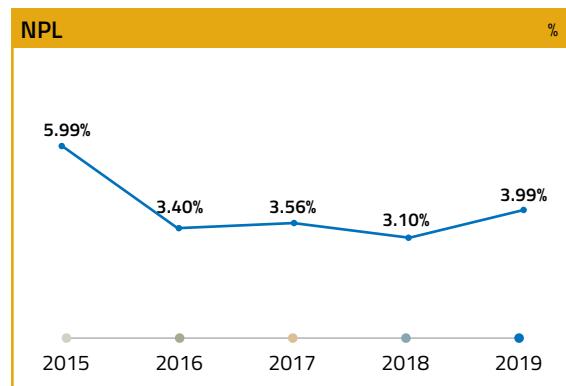
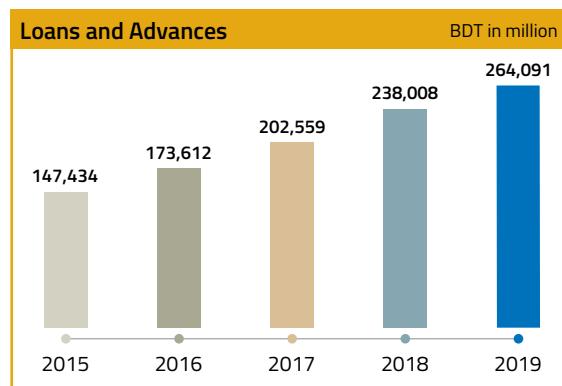
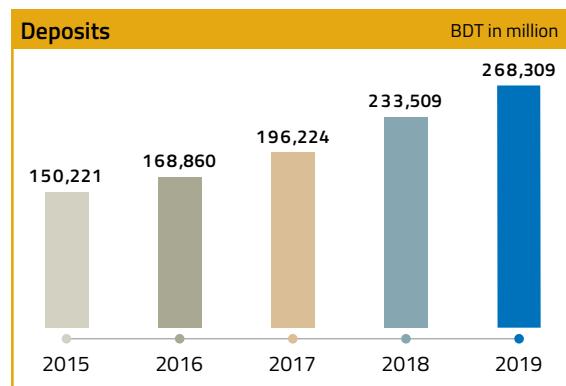
with our Balance Sheet optimisation strategy, we grew our loans and advances by 11%, mostly contributed by the SME Division whose loan book expanded by a substantial 43%. This was aligned with our long-term strategy to grow SME and Retail Client Assets while continuing to de-risk our Corporate loan portfolio and move that client segment to a transactional business model. On the liability side, our deposits rose by a sizeable 15%, mostly in low-cost CASA, as we strategically rebalanced our funding mix to optimise borrowing costs.

This strategy contributed to our resilient performance in a challenging environment, reflected in operating income growth of 12%, operating profit growth of 13%

and underlying profit before tax growth of 5%. PBT could have grown at a faster clip had it not been for more conservative loan loss provisioning and particularly unexpected stock market losses.

Against an unfavourable environment due to interest rate uncertainty, stalling of corporate investments and tightening regulations, BRAC Bank continued to perform satisfactorily and further strengthened its position as a dominant player in the industry. Having gone through tough periods to report credible performance, we are now well-positioned to build on our recent accomplishments and targets to move closer to our vision of being the best bank in Bangladesh.

## Financial performance highlights, 2019



In 2019, all three of the bank's major business segments, SME, Retail and Corporate, grew well. Each of these segments benefitted from technology upgrades, more efficient digital-led processes, and focused marketing activities that together facilitated customer acquisition and service.

On a more granular level, our SME segment has contributed a major share to the bank's revenues in recent years. This continued in 2019 as well, with SME loans and advances growing by 43% YoY and interest income growing by 24%. Within the SME business, the portfolio is diversified by small businesses and emerging corporates, thus reinforcing the business with an added layer of stability. SME NPLs remained at an industry-low of 2.85%, reflecting the spread and strength of our collections team. With digital agent banking, our SME business will receive a further boost during the current year and beyond.

Driven by our focus on consolidating our Corporate business by repositioning the local and large Corporate team and the Corporate branch model, and supported by such follow-up initiatives as establishing a dedicated trade development team, focusing on non-funded business and ensuring prudent cash management, our Corporate loans and advances portfolio stood at Tk. 101,619 mn in 2019 and interest income rose by 11%. We believe we have good scope to grow this further, going forward.

The Retail segment loans grew by 12% YoY in 2019, driven by several tech-enabled initiatives that facilitated retail credit expansion and interest income rose by 14%. We now have a robust internet banking capability system and a 110-seater call centre, which works round-the-clock and served over 1.3 mn (approx.) customers in 2019.

#### Key non-financial highlights of 2019



301 Agent Banking Outlets



Launched the country's first-ever livestock insurance scheme



Launched the first-ever SME toolkit with UNGC



Organized the country's first SME women entrepreneurship training programme by Babson College and FMO



Recognised by NBR as the fifth highest tax-payer in the banking sector for 2018-19



Obtained recognition from both VISA and MasterCard for the country's best cards business

#### Our subsidiaries: Their diversity enables us to complete our financial services offering

bKash, Bangladesh's revolutionary mobile payments system, is also the country's fastest and safest financial transactions intermediary. bKash makes users' life simple by enabling such services as sending/receiving money, bill payments, mobile recharge and many other such services in a safe, simple and convenient manner. As on end 2019, bKash operated a network of over 230,944 agents throughout urban and rural areas of the country with over 38 mn customers. In 2019, bKash's

total assets increased by a sharp 15% to Tk. 49,305 mn from Tk. 42,896 mn.

BRAC EPL Stock Brokerage is one of the leading stock brokers in Bangladesh. The company offers brokerage services to international institutions, domestic institutions, retail clients and non-resident Bangladeshis (NRBs). This subsidiary also reported a loss of Tk. 85 mn for the year 2019 due to volatility in our capital markets.

BRAC Saajan Exchange provides convenient, low-cost and secure remittance services to large Bangladeshi

communities residing outside of Bangladesh. In 2019, BRAC Saajan Exchange forged partnerships with agents in Italy, Portugal, Spain and the UK, thus covering an even larger expatriate community spread over a wider geography. The company reported a net profit after tax of Tk. 25 mn in 2019 and Tk. 54 mn in 2018.

BRAC EPL Investments delivers a wide suite of investment banking services, including traditional merchant banking activities. The company has established its reputation as a top portfolio manager with a universe of 4,500+ customers located around Bangladesh. The company reported loss of Tk. 368 mn in 2019.

### **Staying with the times: Giving a digital edge to our business**

At BRAC Bank, we believe that creativity and innovation are crucial for differentiation, especially in a crowded market that has the presence of 60 banks and 34 FIs. In order to stay ahead of the curve and provide customers with relevant, relatable and robust propositions, we relentlessly focus on embracing innovation across our products, services and tech-enabled offerings. Our unambiguous aim is to bring together the best service standards and leading technology solutions to deliver exceptional banking experiences and best outcomes for our customers. This we believe will enable us to strengthen relationships and create enduring associations. We are committed to providing exceptional services across our suite of interface with our customers, including our branch network that is the largest such networks in Bangladesh.

Aligned with our digital banking initiatives, we aspire to take BRAC Bank to the fingertips of our customers and, in doing so, create the convenience of 'anytime-anywhere' banking. With personalisation being key to provide superior digital banking experiences, we are building our data and analytics capabilities and also the platforms and channels that enable us to deliver such experiences. By the end of 2020, the bank should be able to launch a banking app, which will offer the following capabilities:

- Making banking smart, safe, secure and convenient
- Providing real-time functionality
- Offering rich data-driven insights
- Enabling personalised digital experiences
- Informing customers of unused benefits
- Ensuring highest standards of privacy for customer data
- Strengthening fraud detection capabilities through 24/7 fraud monitoring
- Ensuring 100% online security guarantee

### **Being gender-aware: BRAC Bank's women banking platform under TARA**

BRAC Bank's women's banking proposition TARA won for the third consecutive time the prestigious 'Women's Market Champions Award' from the Financial Alliance for Women (GBA), an international forum of financial institutions that is championing the cause of banking for women. The award is given to GBA members who have participated most in sharing knowledge through GBA programmes and services. This international recognition is yet another powerful step forward for the bank in its journey to become the best and the most gender-aware financial institution in Bangladesh.

In 2019, BRAC Bank also emerged as the first bank to launch an international SME entrepreneurship training programme with US-based Babson College, which curated and delivered the session to a select group of 39 women business owners from out of 135 who had applied for this training. It was designed to facilitate immersive learning experiences and useful practical techniques that participants could apply to their businesses for achieving desirable outcomes. The session also represented a platform for them to showcase their products and services to a local as well as international audience. I am also happy to note that TARA Women's Banking Segment is working with various external teams to provide support to businesswomen around the country.

### **Delivering sustainable outcomes: By addressing pressing social challenges**

Poverty levels are unacceptably high, and access to products and services are unacceptably low for a vast number of Bangladeshis.

In this regard, I am proud that BRAC Bank has always tried to improve financial inclusion for the mass market. We have designed and developed a strategy that we believe allows us to cost-effectively extend our reach into smaller markets that exist well beyond the large cities. We are encouraging our teams to reimagine the way our banking platform can serve their financial needs.

Taking vital financial products and services closer to the people will aid in reducing the cost of living for the poorest of the poor. While it is important for us to extend the reach of the Bank as a whole, we also see this as a way to generate jobs for many mass market merchants across the length and breadth of the country.

## Our blueprint for 2020



Building strong capital base



Optimise our operating expenses to achieve a strong margin profile



Increase our loans & advances and deposits, especially CASA



Reinforce our proposition as a single-stop convenience for banking



Facilitate our customers by further optimising TAT (turnaround time in loans disbursal)



Focus on green banking and strive to achieve paper-less operations



Continue to focus on employee skills transformation to remain relevant to customer requirements



Remain as an employer of choice

### End note: Pursuing inclusive, digital and diversified banking

At BRAC Bank, I am proud of how during 2019 we achieved progress on our strategy to be the best bank of Bangladesh. With clarity on who we want to eventually become, we are driven by a sense of purpose and are ready to deliver on our strategic goals and objectives of becoming a bank that is inclusive, digital and diversified, and delivers best in class shareholder value

Of course, we can only be successful when our customers, stakeholders and the wider Bangladeshi society continually grows and prospers. I am confident that the strategy we have designed will deliver sustainable long-term shareholder returns and will also

enable us to gather momentum in our journey to build the best bank in Bangladesh.

In conclusion, I wish to thank our Board of Directors for their wisdom and guidance. I would also like to acknowledge the management and staff for their dedication and commitment to the bank during what was a demanding, yet satisfying 2019 financial year.

With best wishes,

SELIM R. F. HUSSAIN

Managing Director & CEO

# ব্যবস্থাপনা পরিচালক ও সিইও-এর বার্তা

‘আর্থিক অন্তর্ভুক্তির যে মূল লক্ষ্য নিয়ে আমাদের ব্যাংক পরিচালিত হয় তা প্রাসঙ্গিক ও বাস্তবিক হিসেবে  
প্রমাণিত হয়েছে। আমাদের এই লক্ষ্য স্থায়ীত্বশীল মুনাফা, শেয়ারহোল্ডারদের উপার্জন ও আমাদের  
স্টেকহোল্ডারদের জন্য উন্নত ফলাফল এনে দেয়ার জন্য কৌশল প্রয়োজন ও বাস্তবায়ন এর উপর অধিক  
গুরুত্বারোপকে সমর্থন করে।’

মেলিম আর. এফ. হোসেন  
ব্যবস্থাপনা পরিচালক ও সিইও

## প্রিয় শেয়ারহোল্ডার ও স্টেকহোল্ডারগণ

২০১৯ সালের সমন্বিত বার্ষিক প্রতিবেদন উপস্থাপন করার  
আগে আমি আপনাদের অভ্যর্থনা জানাই। আপনাদের ব্যাংকের  
ব্যবস্থাপনা পরিচালক ও সিইও হিসেবে আপনাদের সাথে থাকতে  
পেরে আমি অত্যন্ত আনন্দিত। আপনাদের অব্যাহত সমর্থনের  
জন্য ব্যাংকের পক্ষ থেকে আমি আপনাদের ধন্যবাদ জানাই।  
আপনাদের এই সমর্থন আমাদের শক্তির সবচাইতে বড় উৎস।

২০১৯ সালে আমাদের উচ্চাকাঙ্ক্ষা: কৌশল ও কর্মসম্পাদনের  
একটি শক্তিশালী চালক

আমি সব সময় বিশ্বাস করি যে আমাদের সমাজের ইতিবাচক  
পরিবর্তনের জন্য ব্যাংককে অর্থায়ন করতে হয় এবং দেশের  
উন্নয়নের চিত্র সমৃদ্ধ করার সব সঠিক উদ্যোগে সমর্থন জানাতে  
হয়। আমি আপনাদের এটা জানাতে পেরে অত্যন্ত আনন্দিত যে  
ব্র্যাক ব্যাংক সঠিক অংশীদারের সঙ্গে সঠিক পদ্ধতিতে ব্যবসা করে  
এবং প্রকৃত অর্থনীতিতে ব্যাপকভাবে সম্পৃক্ত হওয়ার মাধ্যমে এসব  
বৃহত্তর স্বার্থের প্রতি সমর্থন অব্যাহত রেখেছে।

বাংলাদেশ জুড়ে আমাদের বৈচিত্র্যপূর্ণ কর্মপদ্ধতি সফল হয়েছে।  
এই মডেলকে প্রায়োগিক, প্রাসঙ্গিক, ব্যক্তিগতি ও সমাজের  
কল্যাণের জন্য ইতিবাচক শক্তি হিসেবে আখ্যায়িত করে আমরা  
যে বজ্রব্য দিয়েছি, সেই সাফল্য তারই প্রমাণ। এই আস্থার  
ওপর ভিত্তি করে আমরা ২০১৯ সালের দৃঢ় উচ্চাকাঙ্ক্ষা নির্ধারণ  
করেছিলাম। এক্ষেত্রে আর্থিক ও সামাজিক প্রভাবের মৌলিক তথ্য  
বা পরিসংখ্যান, আমাদের মূল্যবোধের কাঠামোর মধ্যে থেকে  
অর্জিত উচ্চ ব্যবসায়িক সাফল্য এবং কীভাবে আমরা পুনরায়  
ব্যাংক খাতের উভাবন ও স্জুনশীলতায় অবদান রাখতে পারি তা  
বিবেচনায় নেওয়া হয়েছে।

আমি আপনাদের এটা জানাতে পেরে আনন্দিত যে ব্যাংক এই  
সব ক্ষেত্রে (মেট্রিক্স) ভালো অগ্রগতি করেছে। আমাদের

অংশীদারভিত্তিক আর্থিক সেবার মডেল পরিমাপযোগ্য, পুনরায়  
ব্যবহারযোগ্য এবং বাংলাদেশের মতো উন্নয়নশীল বাজারের  
প্রয়োজন মেটাতে অত্যন্ত উপযোগী। যেখানে সামাজিক ও  
অর্থনৈতিক উন্নয়ন সহজ করতে মূলধন অত্যন্ত গুরুত্বপূর্ণ।  
ডিজিটাল আর্থিক কার্যক্রমে আমাদের পথনির্দেশনামূলক ও  
উভাবনী উদ্যোগ অর্থনৈতিক অন্তর্ভুক্তির ক্ষেত্রে এক ধাপ অগ্রগতি।  
এবং তা বিস্তৃত ডিজিটাল অর্থনৈতিক কাঠামোর জাতীয় উন্নয়ন  
কর্মকাণ্ডের সঙ্গেও সঙ্গতিপূর্ণ। এ রকম প্রেক্ষাপটে আমাদের আয়,  
ইকুইটি বা শেয়ার মূল্য বাবদ আয়, নিট সুদ আয় আমাদের বিশাল  
লক্ষ্যের প্রায় কাছাকাছি।

২০১৯ এখন অতীত, আমাদের দৃষ্টি ২০২০ সালে। যে বছর  
আমরা খণ্ডভিত্তিক ক্ষমতায়নের বৃহত্তর কার্যক্রম, সঞ্চয়ের যথাযথ  
ব্যবহার, কর্মসংস্থান সৃষ্টি এবং অবশ্যই আর্থিক অন্তর্ভুক্তির ক্ষেত্রে  
পুনরায় আমাদের ভূমিকা আরো গভীর করব। এ জন্য আমরা জানি  
যে আমাদের গ্রাহকদের জীবনের গুরুত্বপূর্ণ মুহূর্তগুলোতে অনেক  
ভালোভাবে সহযোগিতা করতে হবে। এর অর্থ হলো, তাঁদের  
নিরাপদ, সহজ ও চোকস ব্যাংকিং সেবা দিতে হবে। আমাদের  
শেয়ারহোল্ডার (অংশীদার) ও সহকর্মীদের কল্যাণের জন্যও কঠিন  
কিছু সিদ্ধান্ত নিতে হবে। এবং আমরা তা নিতে প্রস্তুত।

যেহেতু আমরা বাংলাদেশের অর্থনৈতিক বিভক্তি দূর করি, তাই  
আমি জানি আমাদের বর্তমান কর্মসম্পাদন ও সম্ভাবনার মধ্যকার  
ব্যবধানও আমাদের দূর করতে হবে। শেয়ারহোল্ডারদের মুনাফা  
প্রদান এবং আমাদের জনগণ ও বৃহত্তর সমাজের টেকসই মূল্যবোধ  
বজায় রাখার ক্ষেত্রে আমাদের পথচলায় এই সেতুবন্ধন আমাদের  
কাছে মূল্যবান সম্পদ।

**স্যার ফজলে হাসান আবেদের প্রতি শ্রদ্ধা: সাহস,  
সংযম ও আশার এক জীবন**

ব্র্যাক ব্যাংক পরিবার এখনো স্যার ফজলে হাসান আবেদের  
প্রয়ানের শোক কাটিয়ে উঠেতে পারেনি। স্যার ফজলে হাসান

আবেদ কেসিএমজি ২০১৯ সালের ২০ ডিসেম্বর আমাদের ছেড়ে চলে যান। তাঁর হয় দশকের বর্ণাট্য কর্মজীবনে তিনি অগণিত মানুষের জীবন বদলে দিয়েছেন। সে সব মানুষ ও তাঁর ৮ হাজারেরও বেশি সহকর্মী স্যার ফজলে হাসান আবেদের চেতনা বহন করে চলেছেন। স্যার ফজলের কাছ থেকে অনেক মূল্যবান শিক্ষা পেয়ে আমরা ধন্য। তিনি আমাদের বলতেন ব্যবসায়ী ও প্রভাবশালী অবস্থানে যাঁরা আছেন তাঁদের এমন পরিবেশ নিশ্চিত করতে হবে যাতে সুবিধাবাস্তিত পরিস্থিতিতে জন্ম নেওয়া শিশুরাও প্রকৌশলী, পণ্ডিত ও রাষ্ট্রপতি হতে পারে। সহমর্মিতা ও ক্ষমতায়নের এই অনুভূতি নিজের গৃহীত উল্লেখযোগ্য সব উদ্যোগের মধ্যে তিনি ছড়িয়েছেন।

স্যার ফজলে ছিলেন স্বপ্নচারী এবং সাহস, সংযম ও দূরদৃষ্টিসম্পন্ন। কখনো তিনি একাই সামাজিক সম্প্রস্তুতামূলক উদ্যোগের মাধ্যমে লাখ লাখ মানুষের জীবনে ইতিবাচক পরিবর্তন এনেছেন। তাঁর প্রচেষ্টায় দরিদ্র মানুষের জীবনমানের উন্নয়ন ঘটেছে। সামাজিক সেবার প্রকৃত অনুরাগ নিয়ে তিনি অবিশ্বাস্য উদ্যোক্তা শক্তি ও অসামান্য ব্যবস্থাপনাগত দক্ষতার সময়ে অসাধারণ সামাজিক প্রভাব সৃষ্টির জন্য জীবনের বেশির ভাগ সময় ব্যয় করেছেন। নিজের ভেতরের তাগিদে বেকায়দায় পড়া বাংলাদেশের প্রতি অঙ্গীকার হিসেবে তিনি যে উদ্যোগের সূচনা করেছিলেন আজ তার আওতায় সারা বিশ্বের বাধিত মানুষ।

প্রকৃতপক্ষে, স্যার ফজলের স্বপ্ন ছিল পিছিয়ে পড়া সম্প্রদায়কে অর্থনীতির মূলধারায় আনতে খণ্ড, স্বাস্থ্যসেবা, শিক্ষা ও দক্ষতা উন্নয়নের মতো লাগসই কর্মসূচি গ্রহণ করা।

স্যার ফজলের ব্র্যাক ব্যাংককে দেশের অন্যতম বিশ্বস্ত ও প্রগতিশীল ব্যাংকে উন্নীত করার স্বপ্ন আজ পূর্ণতার পথে। তবে তাঁর আকস্মিক প্রয়াগে তাঁর উৎকৃষ্টতা অর্জনের নিরন্তর প্রচেষ্টা থেমে যায়নি। অন্তর্ভুক্তিমূলক আর্থিক কর্মকাণ্ডের মাধ্যমে দেশের বিপুল সংখ্যক মানুষকে অর্থনৈতিক সেবা দিতে তিনি প্রতিষ্ঠা করেছিলেন ব্র্যাক ব্যাংক, ব্র্যাক মাইক্রোফাইন্যান্স, বিকাশ, ব্র্যাক ইপিএল স্টক ব্রোকারেজ, ব্র্যাক ইপিএল ইনভেস্টমেন্ট ও ব্র্যাক সজ্জন এক্সচেঞ্জের মতো বাংলাদেশের বৃহত্তম ও অত্যন্ত বৈচিত্র্যপূর্ণ আর্থিক সেবা প্রতিষ্ঠান।

স্যার ফজলের দৃষ্টিভঙ্গির আলোকে আমরা ব্র্যাক ব্যাংকের প্রত্যোকে উজ্জীবিত। আজ আমরা তাঁর প্রেরণামূলক কার্যক্রম সমুদ্ধরণ রাখার অঙ্গীকার করছি। আমরা এই বার্ষিক প্রতিবেদনকে স্যার ফজলের আমরক হিসেবে ঘোষণা করছি। একইসঙ্গে তাঁর কার্যক্রম এগিয়ে নেওয়ার এবং দারিদ্র্যমুক্ত ও আলোকিত বাংলাদেশ গড়ার স্বপ্ন পূরণ করার প্রতিশ্রুতি ব্যক্ত করছি।

## বৈশ্বিক অর্থনীতি ও বাংলাদেশের অর্থনীতি

বৈশ্বিক অর্থনীতি ও বাংলাদেশের অর্থনীতির ওপর প্রতিবেদন এই বার্ষিক প্রতিবেদনের ৭৭-৮৫ নম্বর পৃষ্ঠায় বিস্তারিত বর্ণিত হয়েছে।

## বুঁকি ও উদ্বেগ

বুঁকি ও উদ্বেগ বিষয়ে প্রতিবেদন এই বার্ষিক প্রতিবেদনের ৯৯ নম্বর পৃষ্ঠায় বিস্তারিত উপস্থাপিত হয়েছে।

## বার্ষিক প্রতিবেদন প্রস্তুতকরণ

বার্ষিক প্রতিবেদন পর্যালোচনা প্রস্তুত করা নিয়ে প্রতিবেদন এই বার্ষিক প্রতিবেদনের ৯৯ নম্বর পৃষ্ঠায় বিস্তারিত উপস্থাপিত হয়েছে।

**আমাদের শিল্প ও আমাদের কার্যসম্পাদন:** প্রতিবন্ধকতা ও সুযোগের মধ্যে দিয়ে এগিয়ে চলা

প্রযুক্তির ক্রমবর্ধমান ব্যবহার আমাদের শিল্প খাতের প্রধান কৌশলগত পরিবর্তন। এতে বিদ্যমান বাজার ব্যবস্থা চ্যালেঞ্জ বা প্রতিবন্ধকতার মুখে পড়েছে এবং প্রতিষ্ঠিত পণ্য ও সেবার ভিত্তি বদলে গেছে। এটা স্পষ্ট হয় অনলাইন অর্ডার ও ঘরে ঘরে সেবা পৌছে দেওয়ার ব্যবস্থা দ্রুত বিকশিত হওয়ার মাধ্যমে। ভোকার সুবিধার প্রয়োজনের ওপর ভিত্তি করেই ই-কমার্স সমৃদ্ধ হয়েছে। আরেকটি গুরুত্বপূর্ণ বিষয় হলো, প্রযুক্তির বিকাশে বিশ্ব জুড়ে নতুন ব্যবসার মডেলও দাঁড়িয়ে গেছে। উদাহরণস্বরূপ, ডিজিটাল ফাস্ট পিয়ার টু পিয়ার ঝণ বা ডিজিটাল মাধ্যমে ক্ষুদ্র বীমা পণ্য ক্রয়ের কথা বলা যায়।

আমরা এই চিত্রের দুটি সুবিধা দেখছি। একটি হলো, আমাদের নিজেদের ডিজিটাল আর্থিক সেবার প্ল্যাটফর্মে এসে আমাদের গ্রাহকগণ মাউসে ক্লিক করে ব্যাংকিংয়ের বিরাট সুবিধা পাচ্ছেন। ব্যাংকের নথিপত্র বলছে যে অফলাইন ব্যাংকিং কার্যক্রমকে সরিয়ে দেবে অনলাইন। এক্ষেত্রে আমাদের দৃষ্টিভঙ্গি হলো অনলাইন ও অফলাইনের একটা সমন্বিত মডেল আমাদের জন্য উপযুক্ত হিসেবে চালু থাকবে। এর মাধ্যমে আমরা ভোকার বিস্তৃত পছন্দের বিষয়গুলোর উপস্থাপন নিশ্চিত করতে পারব। প্রযুক্তির বিষয়ে আমাদের কৌশল হলো, নতুন দক্ষতার উন্নয়ন এবং কর্মদক্ষতা, ব্যয় ও গ্রাহকের অভিজ্ঞতা বিবেচনায় নিয়ে আমাদের প্রযুক্তি সুবিধার মান উন্নত করা অব্যাহত থাকবে।

সুবিধার দ্বিতীয়টি হলো, ই-কমার্সে ঝণ দেয়া। কারণ, তার বৈশিষ্ট্যই হলো, মূলধনের ব্যাপক ব্যবহার করা। দীর্ঘমেয়াদি মূলধন ব্যয় ও দৈনন্দিন কার্যক্রমের ব্যয়-উভয় প্রয়োজনে তাদের এটা করতে হয়। বাংলাদেশে ডিজিটাল ও মোবাইল প্রযুক্তি ব্যবস্থার উন্নয়ন ঘটেছে। তাই নতুন ই-কমার্স মডেল প্রযুক্তি ব্যবসায় প্রবেশের একটা ভালো উৎস হবে, বিশেষ করে আমাদের এসএমই ব্যবসার জন্য।

বিশ্বের বিভিন্ন স্থানের স্টেকহোল্ডারদের সংস্পর্শে গিয়ে আমি জানতে পেরেছি, পরিবেশগত, সামাজিক ও শাসন নীতি ও জবাবদিহিতার বিষয়ে তথ্য প্রকাশের অব্যাহত দাবি রয়েছে। এই ধারার সঙ্গে মিল রেখে আরও কিছু বিষয়ে অনুসন্ধান বাড়ছে, যেমনও আমরা পরিবেশ সংরক্ষণে কীভাবে অবদান রাখছি এবং আমাদের ঝণ প্রদানের ব্যবস্থা নির্বাচিত নাকি সর্বজনীন।

আমরা ওই সব বিষয় মাথায় রাখছি এবং আমাদের পরিবেশগত ও স্থায়িত্বশীল উদ্যোগ, সামাজিক ও শাসনগত বিষয়ে আরও বিস্তৃত প্রতিবেদন করার উদ্যোগ নিয়েছি। আমাদের ব্যবসার ক্ষেত্রে আমরা দায়িত্বশীল টেকসই উদ্যোগ গ্রহণ নিশ্চিত করতে চাই। এবং এ প্রসঙ্গে আমাদের প্রধান শক্তি হলো, আমরা গ্লোবাল অ্যালায়েন্স ফর ব্যাংকিং অন ভ্যালুস (জিএভিত) এর প্রতিষ্ঠাতা সদস্য। আমরা বাংলাদেশের একমাত্র ব্যাংক হিসেবে জিএভিতের সদস্য। এই সদস্যপদ আমাদের কার্যক্রম কী হওয়া উচিত সে ব্যাপারে স্পষ্টতা আনতে সহযোগিতা করে এবং আমাদের খণ্ড মূল্যবানের ক্ষেত্রে মূল্যবোধ বিবেচনায় রাখতে হয়।

আমাদের লিখিত আদর্শের মূলেই জিএভিতের মূল্যবোধ সমূহত। এবং এটা আমরা কী করতে পারব এবং কী করতে পারব না সে বিষয়ে আমাদের দৃষ্টিভঙ্গি ও নীতি নির্ধারণের ক্ষমতা দেয়। উদাহরণ হিসেবে, সঠিক উদ্যোগের বিষয়ে আমাদের সহযোগিতার আগের বক্তব্যের সঙ্গে মিলিয়ে বলতে চাই, আমরা তামাক শিল্প ও পরিবেশের ক্ষতি করে এমন ব্যবসায় খণ্ড দেওয়া থেকে বিরত থাকি।

স্থায়িত্বশীল অর্থনীতি নিশ্চিত করতে কাজ করার জন্য বাংলাদেশ ব্যাংক গ্রীণ ব্যাংকিং নীতি গ্রহণ ও সিএসআর ডেক্স স্থাপনে ব্যবস্থাপনার অংশ হিসেবে ব্র্যাক ব্যাংক সাস্টেইনেবল ফাইন্যান্স ইউনিট (এসএফইউ) চালু করেছে। এভাবে আমরা নিয়ন্ত্রণ শর্ত প্রৱণ করছি এবং গ্রীণ ইকোনমির সমবিত্ত প্রচেষ্টা গ্রহণের বিষয়ে আশ্চর্ষ করছি। আবার এসএফইউ কার্যক্রম তদারক করতে আমরা ব্যবস্থাপনার সিনিয়র সদস্যদের নিয়ে সাস্টেইনেবল ফাইন্যান্স কমিটি গঠন করেছি। এই কমিটির প্রধান আমাদের চিফ রিস্ক অফিসার। এই কমিটি এসএফইউকে কৌশলগত পরামর্শ দেবে এবং বাংলাদেশ ব্যাংকের শর্ত প্রৱণ নিশ্চিত করবে।

বোর্ড রিস্ক ম্যানেজমেন্ট কমিটি (বিআরএমসি) সর্বোচ্চ কর্তৃপক্ষ হিসেবে কাজ করে। এই কমিটি ব্যাংকের সব স্থায়িত্বশীল কার্যক্রমের তত্ত্বাবধান করে। ‘থ্রিপি’ দর্শন অর্থাৎ পিপল, প্ল্যানেট ও প্রস্পারিটি বিবেচনায় রেখে ব্র্যাক ব্যাংক সব সময় বাংলাদেশের প্রকৃত অর্থনীতির জন্য দায়িত্বশীল ও স্থায়িত্বশীল ব্র্যাংকিংয়ে অংশীদার দেয়। বস্তুত, ব্যাংকের মূল্যবোধভিত্তিক বৈশিষ্ট্য ও স্বতন্ত্র সংস্কৃতিই বলে দেয় যে সব স্তরের কার্যক্রমই টেকসই। এর মূলে রয়েছে আমাদের নিরবেদিত এসএফইউ, যারা বহুপক্ষীয় স্টেকহোল্ডারদের সঙ্গে কাজ করে আমাদের পরিবেশ সংরক্ষণ কর্মসূচী এগিয়ে নেয়। এসএফইউকে নিয়ন্ত্রক সংস্থা ও উন্নয়নমূলক আর্থিক প্রতিষ্ঠানের কাছে প্রতিবেদনে দাখিল করতে হয়। ফলে নিয়ন্ত্রক সংস্থা ও মূল স্টেকহোল্ডার উভয় পক্ষই এসএফইউর কাজ তদারকি করে থাকে। এভাবে আমরা ইউএন (জাতিসংঘ) এসডিজির লক্ষ্য বাস্তবায়নে সরকারের প্রচেষ্টায় সহযোগিতা করি। আমরা বিশ্বাস করি, স্থায়িত্বশীল অর্থনীতির অনেক ইতিবাচক প্রভাব হবে।

এ বিষয়ে গুরুত্ব দিয়ে আমরা পরিবেশগত ও সামাজিক (ইঅ্যান্ডএস) শর্ত মেনে চলি এবং ব্যাংকের অভ্যন্তরে ইঅ্যান্ডএস ইসুর সম্প্রসরণ হিসেবে আমরা পরিবেশগত ও সামাজিক সুরক্ষা নীতি প্রণয়ন করেছি। এ নীতি পরিচালনা পর্ষদ অনুমোদিত।

## আমাদের স্বপ্ন: আমাদের নিজেদের উদ্দেশ্যমুখী ও ভবিষ্যত্মুখী করা

২০১৯-২০ অর্থ বছরে বাংলাদেশের জিডিপি প্রবৃদ্ধি ৭.২ শতাংশ হবে বলে বিশ্বব্যাংক যে আভাস দিয়েছে তাতে এশিয়ার অন্যান্য বাজারের মধ্যে বাংলাদেশ একটি আশার আলো হিসেবে প্রকাশ পেয়েছে। বিশ্বের ভূ-রাজনৈতিক ও আর্থ-সামাজিক সূচকে বিশ্বের প্রধান অর্থনৈতিক শক্তিও বিকল্প পরিস্থিতির মধ্যে পড়েছে। এই পরিস্থিতি আরো নাজুক হয়েছে সাম্প্রতিক কোভিড-১৯ এর প্রাদুর্ভাবের কারণে। এর ফলে মর্জিমাফিক ব্যয়ের ক্ষেত্রে সংযোগ হতে হয়েছে এবং করপোরেট বা শিল্পপ্রতিষ্ঠান সম্প্রসারণ পরিকল্পনা থেকে পিছু হটে বাধ্য হয়েছে। আমাদের দেশে কোভিড-১৯ এর অর্থনৈতিক প্রভাব এখনো অস্পষ্ট হলেও অন্যান্য দেশে এর প্রভাব উদ্বেগজনক ভাবে বৃদ্ধি পেয়েছে।

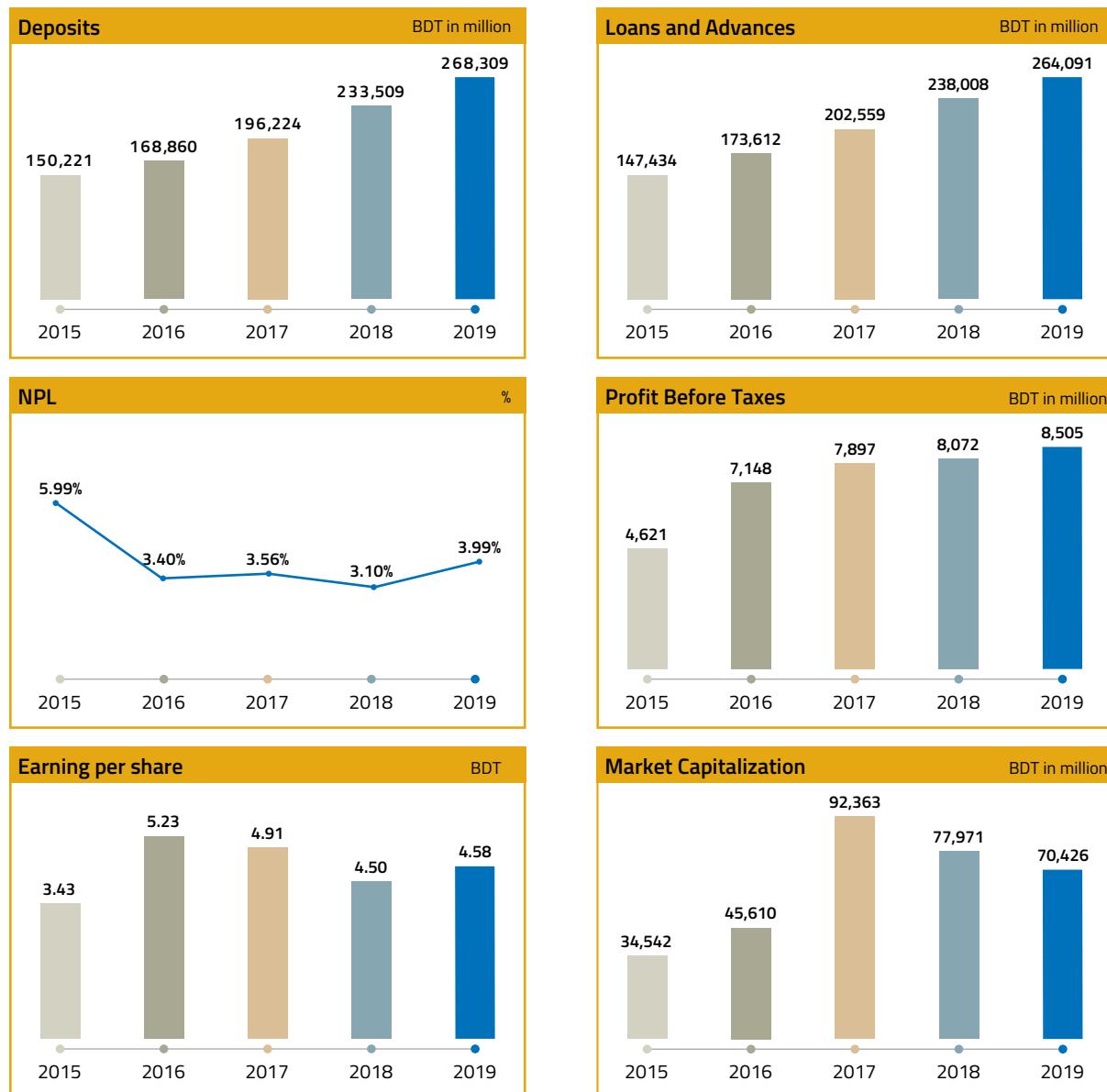
তবে বাংলাদেশেরও স্বতন্ত্র কিছু চ্যালেঞ্জ রয়েছে। এর মধ্যে রয়েছে এনপিএল (খেলাপি খণ্ড) বৃদ্ধি, অত্যন্ত প্রতিযোগিতামূলক ব্যাংকিং পরিবেশ, কঠোর নিয়ন্ত্রণমূলক নীতি ও বেসরকারি খাতের ধীরগতির খণ্ড প্রবৃদ্ধি।

এসব সত্ত্বেও ব্র্যাক ব্যাংক ২০১৯ সালে সুষ্ঠু ভাবে কার্যক্রম সম্প্রসারণ করার খবর দিতে পারছে বলে আমরা আনন্দিত। আমাদের ব্যবসার গতি ও শক্তি প্রকাশ পেয়েছে আমাদের ২০১৯ সালের আর্থিক চিত্রে। আমাদের ব্যালেন্স শিট উন্নত করার কৌশলের সঙ্গে মিল রেখে আমরা খণ্ড বাড়িয়েছি ১১ শতাংশ। এর বেশির ভাগই এসএমই ডিভিশনের অবদান। এসএমই খণ্ড ব্যাপকভাবে সম্প্রসারিত করে ৪৩ শতাংশ করা হয়েছে। এটা করা হয়েছে আমাদের এসএমই ও রিটেইল ক্লায়েন্ট অ্যাসেট বাড়ানোর দীর্ঘ মেয়াদি কৌশলের অংশ হিসেবে। আর করপোরেট খণ্ডের বুকি কমানো ও সেই গ্রাহকদের লেনদেনমূলক ব্যবসায় মডেলে নেওয়া অব্যাহত রেখেছি। দায়বদ্ধতার দিকে নজর দিলে দেখা যায়, আমাদের আমানত সংগ্রহ উল্লেখযোগ্য ভাবে বাড়ানো হয়েছে। এটা বেড়েছে ১৫ শতাংশ। এর বেশির ভাগই হয়েছে স্বল্প খরচের চলতি ও সংখ্যী আমানতের কারণে। আমাদের খণ্ডবাদ ব্যয় কমিয়ে তহবিল ব্যবস্থায় পুনৰ্ভারসাম্য আনতে কৌশলগতভাবে আমরা এটা করেছি।

এই কৌশলের কারণেই আমরা প্রতিবন্ধকতামূলক পরিবেশেও ভালোভাবে কার্যক্রম পরিচালনা করতে পেরেছি। আমাদের অপারেটিং আয় প্রবৃদ্ধি ১২ শতাংশ, অপারেটিং মুনাফা প্রবৃদ্ধি ১৩ শতাংশ ও কর-পূর্ব মুনাফা প্রবৃদ্ধি হয়েছে ৫ শতাংশ। খণ্ড লোকসান পোষাতে অধিক রক্ষণশীল হওয়া ও পুঁজি বাজারের অপ্রত্যাশিত লোকসান না হলে কর-পূর্ব মুনাফা আরও বেশি বাড়তে পারতো।

সুদ হারের অনিশ্চয়তা, করপোরেট বিরিনয়োগের স্থিরতা ও কঠোর নিয়ম-নীতির কারণে সৃষ্টি প্রতিকূল পরিবেশের মধ্যেও ব্র্যাক ব্যাংক সত্ত্বেও কার্যক্রম পরিচালিত হচ্ছে এবং ব্যাংকিং খাতে তার প্রভাবশালী অবস্থান আরও শক্তিশালী করেছে। কঠোর সময়েও ব্র্যাক ব্যাংক সুন্দরভাবে পরিচালিত হয়েছে। বাংলাদেশের শ্রেষ্ঠ ব্যাংক হওয়ার লক্ষ্যের প্রায় কাছাকাছি পৌছে আমরা এখন শক্ত অবস্থানে।

## ২০১৯ সালের আর্থিক কার্যক্রমের চিত্র



২০১৯ সালে ব্যাংকের মূল ব্যবসার শাখা এসএমই, রিটেইল ও করপোরেট এই তিনি শাখাই ভালো প্রযুক্তি করেছে। এই প্রতিটি শাখাই প্রযুক্তির উন্নয়ন, অত্যন্ত দক্ষ প্রযুক্তি ভিত্তিক কার্যক্রম ও শৃঙ্খলিত বিপণন কর্মকাণ্ডের মাধ্যমে লাভবান হয়েছে। এগুলো সম্মিলিতভাবে আমাদের গ্রাহক ও সেবা বাড়ানো সহজ করেছে।  
সাম্প্রতিক বছরগুলোতে ব্যাংকের আয়ের বড় অংশ এসেছে এসএমই কার্যক্রম থেকে। এটা ২০১৯ সালেও অব্যাহত ছিল। গেলো বছরের তুলনায় আমাদের এসএমই খণ্ড ও আগাম বরাদ্দ বেড়েছে ৪৩ শতাংশ এবং সুদ বাবদ আয় বেড়েছে ২৪ শতাংশ। এসএমই ব্যবসার চিত্র বৈচিত্র্যপূর্ণ। এখানে মুদ্রা ব্যবসা প্রতিষ্ঠানের পাশাপাশি আছে সম্ভাবনাময়ী করপোরেটও। এভাবে আরও এক ধাপ স্থিতিশীলতা অর্জনের মাধ্যমে আমাদের ব্যবসার ভিত্তি মজবুত হয়েছে। এসএমই এন্পিএল দেশের ব্যাংক খাতের সর্বনিম্ন ২ দশমিক ৮৫ শতাংশ। এতে আমাদের আদায়কারী দলের শক্তি ও দূর-দূরান্তে ছড়িয়ে পড়ার বিষয়টি স্পষ্ট হয়। চলতি বছর ও পরবর্তী বছরগুলোতে ডিজিটাল এজেন্ট ব্যাংকিংয়ের মাধ্যমে আমাদের এসএমই ব্যবসা আরও সমৃদ্ধ হবে।

করপোরেট ব্যবসা চেলে সাজানোর ওপর গুরুত্ব দিয়ে ছানীয় ও বিশাল করপোরেট টিম বা দল ও করপোরেট ব্রাঞ্চ মডেল পুনর্বিন্যাস করা হয়েছে। এ ধরনের বাড়তি উদ্যোগে তারা একটা নিবেদিত বাণিজ্য উন্নয়ন টিমে পরিণত হয়েছে। এবং তহবিলহীন ব্যবসায় গুরুত্ব দিয়েছে ও দক্ষ নগদ অর্থ ব্যবস্থাপনা নিশ্চিত করেছে। ২০১৯ সালে আমাদের করপোরেট খণ্ড ও আগাম অর্থ বরাদ্দ ১০১,৬১৯ মিলিয়ন টাকায় পৌছেছে এবং সুদ আয় বেড়েছে ১১ শতাংশ। আমাদের বিশ্বাস, এটা আরও বাড়ানোর ও এগিয়ে নেওয়ার ভালো সুযোগ আমাদের আছে।

২০১৯ সালে রিটেইল খণ্ড বেড়েছে ১২ শতাংশ। কিছু প্রযুক্তি ভিত্তিক উদ্যোগের কারণে রিটেইল খণ্ড সম্প্রসারিত হয়েছে এবং সুদ আয় বেড়েছে ১৪ শতাংশ। আমাদের আছে সমৃদ্ধ ইন্টারনেট ব্যাংকিং ব্যবস্থা ও ১১০ আসনের একটি কল সেন্টার। এই কল সেন্টার ২৪ ঘণ্টা চালু থাকে এবং তারা ২০১৯ সালে ১ দশমিক ৩ মিলিয়নেরও বেশি গ্রাহককে সেবা দিয়েছে।



৩০১টি এজেন্ট ব্যাংকিং আউটলেট



দেশে প্রথমবারের মতো প্রাণিসম্পদ বীমা  
প্রকল্প চালু



ইউএনজিসি'র সাথে প্রথমবারের মতো  
এসএমই টুলকিট চালু



ব্যবসন কলেজ ও এফএমও কর্তৃক দেশে  
প্রথমবারের মতো নারী উদ্যোগী প্রশিক্ষণ



২০১৮-১৯ সালে ব্যাংকিং খাতে পঞ্চম  
সর্বোচ্চ করদাতা হিসেবে এনবিআরের  
ঘীর্তি



দেশের সেরা কার্ড ব্যবসার জন্য ভিসা ও  
মাস্টারকার্ড কর্তৃক ঘীর্তি

## আমাদের অঙ্গপ্রতিষ্ঠান: তাঁদের বৈচিত্র্য আমাদের<sup>অ</sup>আর্থিক সেবা কার্যক্রম সম্প্লান করার সক্ষমতা দিয়েছে

বিকাশ বাংলাদেশের যুগান্তকারী মোবাইল অর্থ লেনদেনের ব্যবস্থা। এটা দেশের দ্রুততম ও নিরাপদতম আর্থিক লেনদেনের মাধ্যম। নিরাপদে, সহজে ও সুবিধাজনক পদ্ধতিতে টাকা পাঠানো ও গ্রহণ, বিল পরিশোধ, মোবাইল ফোন রিচার্জসহ আরও অনেক সেবা দিয়ে বিকাশ গ্রাহকের জীবন সহজ করেছে। ২০১৯ সালের শেষ নাগাদ বিকাশ দেশের শহর ও গ্রামে ২৩০,৯৪৪ এজেন্টের মাধ্যমে ৩৮ মিলিয়ন গ্রাহককে সেবা দিয়েছে। ২০১৯ সালে বিকাশের মোট সম্পদ ১৫ শতাংশ বেড়ে ৪২,৮৯৬ মিলিয়ন টাকা থেকে ৪৯,৩০৫ মিলিয়ন টাকা হয়েছে।

ব্র্যাক ইপিএল স্টক ব্রোকারেজ বাংলাদেশের অন্যতম সেরা স্টক ব্রোকারস। এই কোম্পানি আন্তর্জাতিক ও দেশীয় প্রতিষ্ঠান, রিটেইল গ্রাহক ও অনাবাসী বাংলাদেশিদের (এনআরবি) ব্রোকারেজ সুবিধা দেয়। পুঁজি বাজারে অস্থিরতার কারণে ২০১৯ সালে এই প্রতিষ্ঠানের ৮৫ মিলিয়ন টাকা লোকসান হয়েছে।

ব্র্যাক সাজন এক্সচেঞ্জ দেশের বাইরে বসবাসকারী বিশাল বাংলাদেশি জনগোষ্ঠীকে সুবিধাজনক ভাবে, স্বল্প ব্যয়ে ও নিরাপদে রেমিট্যাঙ্স (অর্থ) পাঠানোর সুবিধা দেয়। ২০১৯ সালে ব্র্যাক সাজন এক্সচেঞ্জ ইতালি, পর্তুগাল, স্পেন ও যুক্তরাজ্যে অংশীদারভিত্তিক এজেন্ট নিয়োগ করেছে। এভাবে বিশ্বের বিভিন্ন প্রান্তে ছড়িয়ে থাকা প্রবাসী সম্প্রদায় ব্র্যাক সাজন এক্সচেঞ্জের সেবার আওতায় এলো। এই প্রতিষ্ঠান ২০১৯ সালে কর পরবর্তী ২৫ মিলিয়ন টাকা নিট মুনাফা করেছে। ২০১৮ সালে নিট মুনাফা করেছিল ৫৪ মিলিয়ন টাকা।

ব্র্যাক ইপিএল ইনভেস্টমেন্টস প্রথাগত মার্চেন্ট ব্যাংকিং কার্যক্রমসহ বিস্তৃত বিনিয়োগ ব্যাংকিং সেবা দেয়। এই কোম্পানি শীর্ষ পোর্টফোলিও ম্যানেজার হিসেবে সুনাম কৃতিয়েছে। বাংলাদেশ জুড়ে এই প্রতিষ্ঠানের ৪,৫০০ গ্রাহক রয়েছে। ২০১৯ সালে এই প্রতিষ্ঠানের ৩৬৮ মিলিয়ন টাকা লোকসান হয়েছে।

## সময়ের সাথে চলা: আমাদের ব্যবসায় প্রযুক্তির ছোঁয়া

ব্র্যাক ব্যাংকে আমরা বিশ্বাস করি, ব্যতিক্রমী কিছু করতে হলে সৃজনশীলতা ও উভাবনী ক্ষমতা অত্যন্ত গুরুত্বপূর্ণ। বিশেষ করে যে প্রতিযোগিতামূলক বাজারে ৬০টি ব্যাংক ও ৩৪টি আর্থিক প্রতিষ্ঠান রয়েছে। পথ চলায় এগিয়ে থাকতে ও গ্রাহকদের পণ্য, সেবা ও প্রযুক্তি নির্তর সুবিধা দেওয়ার ক্ষেত্রে আমরা নিরসর ভাবে উভাবনের ওপর গুরুত্ব দিই। সেবার সর্বোচ্চকৃষ্ট মান ও অত্যাধুনিক প্রযুক্তিগত সুবিধার সমবয় ঘটিয়ে আমরা গ্রাহকদের ব্যতিক্রমী ব্যাংকিং অভিজ্ঞতা ও সর্বোচ্চ সুবিধা নিশ্চিত করি। এটাই আমাদের স্পষ্ট লক্ষ্য। এর মাধ্যমে আমরা সম্পর্ক জোরদার ও টেকসই বন্ধন সৃষ্টিতে সক্ষম হব বলে আমরা বিশ্বাস করি। গ্রাহকদের ব্রাহ্মণ নেটওয়ার্কসহ ব্যতিক্রমী সুবিধা দিতে আমরা অঙ্গীকারবদ্ধ। আমাদের এই ব্রাহ্মণ নেটওয়ার্ক ব্যাংকিং খাতে বাংলাদেশে বৃহত্তম।

ডিজিটাল ব্যাংকিং উদ্যোগের সঙ্গে সমন্বয় ঘটিয়ে আমরা ব্র্যাক ব্যাংককে গ্রাহকের হাতের মুঠোয় নিতে চাই। এবং সে জন্য 'যে কোনো সময়-যে কোনো স্থানে' ব্যাংকিং সুবিধা নিশ্চিত করতে চাই। গ্রাহককে উৎকৃষ্ট ডিজিটাল ব্যাংকিং অভিজ্ঞতা দিতে এটা তাদের জন্য উপযোগী করে তোলা গুরুত্বপূর্ণ। গ্রাহককে সে রকম অভিজ্ঞতা দিতে আমরা ডেটা ও অ্যানালাইটিকস সমর্থ্য এবং প্ল্যাটফর্ম ও চ্যানেল গড়ে তুলছি। ২০২০ সালের শেষ নাগাদ ব্যাংক একটি অ্যাপ তৈরি করবে, যেটি থেকে নিচের সুবিধাগুলো মিলবে:

- ব্যাংকিকে শার্ট, নিরাপদ, সুরক্ষিত ও সুবিধাজনক করবে
- রিয়েল টাইম কার্যকরী হবে
- সমৃদ্ধ ডেটাভিত্তিক ধারণা বা দেবে
- গ্রাহককে উপযোগী ডিজিটাল অভিজ্ঞতা দেবে
- গ্রাহককে অব্যবহৃত সুবিধা সম্পর্কে তথ্য দেবে
- গ্রাহকের ডেটা বা উপাত্তের গোপনীয়তার সর্বোচ্চ মান নিশ্চিত করবে
- সপ্তাহের ৭ দিন ২৪ ঘণ্টা প্রতারণা তদারকির মাধ্যমে প্রতারণা শনাক্তকরণ সক্ষমতা শক্তিশালী করবে
- অনলাইন নিরাপত্তার ১০০ শতাংশ গ্যারান্টি দেবে



শক্তিশালী মূলধন ভিত্তি নির্মাণ



মার্জিন বৃদ্ধির জন্য পরিচালন  
ব্যয় সংকোচন



খণ্ড ও আমানত; বিশেষ করে  
চলতি ও সঞ্চয়ী আমানত  
বৃদ্ধিকরণ



ব্যাংকিংয়ে  
সিঙ্গেল-স্টপ সুবিধা



গ্রাহকের সুবিধার্থে খণ্ড  
বিতরণের সময়সীমা কমিয়ে  
আনা



হিন ব্যাংকিংয়ে  
মনোনিবেশকরণ



গ্রাহকের প্রয়োজনিয়তার সাথে  
প্রাসঙ্গিক থাকতে কর্মীদের  
দক্ষতা উন্নয়ন



পছন্দের  
নিয়েগকর্তা

## জেডার সচেতনতা: নারীর জন্য ব্র্যাক ব্যাংকের বিশেষ প্ল্যাটফর্ম ‘তারা’

ব্র্যাক ব্যাংকের নারী ব্যাংকিং ব্যবস্থা ‘তারা’ ঢানা ত্বরীয় বারের মতো ফিন্যান্সিয়াল অ্যালায়েন্স ফর উইমেন (জিবিএ) এর সম্মানজনক উইমেন্স মার্কেট চার্চিপস অ্যাওয়ার্ড পেয়েছে। ফিন্যান্সিয়াল অ্যালায়েল ফর উইমেন (জিবিএ) নারীদের ব্যাংকিং বিষয়ে কাজ করা আর্থিক প্রতিষ্ঠানসমূহের খ্যাতিমান আন্তর্জাতিক ফোরাম। এই পুরস্কার জিবিএর সদস্যদের দেওয়া হয়; যে সদস্যরা জিবিএর কর্মসূচি ও সেবার বিষয়ে জ্ঞান বিনিয়ি করে থাকে। ব্র্যাক ব্যাংকের এই আন্তর্জাতিক স্বীকৃতি বাংলাদেশের সর্বোত্তম ও সবচেয়ে জেডার সচেতন ব্যাংক হওয়ার পথে আরেক ধাপ বড় উন্নয়ন।

২০১৯ সালে ব্র্যাক ব্যাংক প্রথম ব্যাংক হিসেবে যুক্তরাষ্ট্র ভিত্তিক ব্যবসন কলেজের সঙ্গে মিলে আন্তর্জাতিক এসএমই উদ্যোগ্তা প্রশিক্ষণ কর্মসূচির আয়োজন করে। ব্যবসন কলেজ ১৩৫ জন নারী ব্যবসায়িক উদ্যোগ্তার আবেদন যাচাই করে ৩৯ জনের একটি দলকে প্রশিক্ষণের জন্য মনোনীত করে এবং প্রশিক্ষণ পরিচালনা করে। গভীর শিক্ষণ অভিভ্যন্তা দিতে ও প্রয়োজনীয় প্রায়োগিক কৌশল শেখাতে এই প্রশিক্ষণের আয়োজন করা হয়। যাতে প্রশিক্ষণার্থীরা এসব কৌশল তাঁদের ব্যবসার ক্ষেত্রে প্রয়োগ করে কাজিক্ত ফল পেতে পারে। এ আয়োজনে প্রশিক্ষণার্থীদের পণ্য ও সেবা দেশি-বিদেশি দর্শকদের সামনে উপস্থাপনের সুযোগও দেওয়া হয়। আমি এটা জানাতে পেরে অত্যন্ত আনন্দিত যে দেশের ভিত্তি স্থানের নারী ব্যবসায়ীদের সহযোগিতা করার জন্য ‘তারা’ নারী ব্যাংকিং কার্যক্রম বাইরের কয়েকটি টিমের সঙ্গে কাজ করছে।

## সামাজিক প্রতিবন্ধকতা মোকাবিলা করে স্থায়ীত্বশীল সুবিধা নিশ্চিত করা

বাংলাদেশে দারিদ্র্যের পরিসীমা অনেক বেশি এবং একটি বিপুল জনগোষ্ঠীর পণ্য ও সেবা পাওয়ার সামর্থ্য এখনও অনেক কম।

এ প্রসঙ্গে আমি গর্বিত যে ব্র্যাক ব্যাংক বিশাল জনগোষ্ঠীর জন্য আর্থিক অভ্যর্থনার মান উন্নত করতে সব সময় চেষ্টা করে যাচ্ছে। আমরা একটা কৌশল প্রশ্নান করেছি যেটা আমাদের বড় নগরের বাইরে তৃণমূলের অতি ক্ষুদ্র বাজারে মূল্য সাশ্রয়ী ভাবে পৌছানোর সুযোগ করে দেবে বলে আমাদের বিশ্বাস। ওই বাজারের আর্থিক

প্রয়োজন আমাদের ব্যাংকিং প্ল্যাটফর্ম কীভাবে মেটাতে পারে সে ব্যাপারে পুনরায় ভাবতে আমরা আমাদের টিমকে উৎসাহিত করছি।

মৌলিক আর্থিক পণ্য ও সেবা জনগণের কাছাকাছি নিয়ে গেলে তা দরিদ্রদের মধ্যে তাদের জীবন ধারণের ব্যয় কমাতে সহায়তা করবে। ব্যাংকের কার্যক্রম দূর-দূরান্তে নিয়ে যাওয়া গুরুত্বপূর্ণ এবং এটাকে আমরা দেশের আনাচে-কানাচের গণ বাজারের ব্যবসায়ীদের জন্য কাজের সুযোগ সৃষ্টি করারও একটা উপায় হিসেবে দেখছি।

**সমাপণী বক্তব্য:** অভ্যর্থনাক, ডিজিটাল ও বৈচিত্র্যময় ব্যাংকিংয়ের খোঁজে

বাংলাদেশের সেরা ব্যাংক হওয়ার কৌশলের ওপর ভিত্তি করে যেভাবে আমরা ২০১৯ সালে অগ্রগতি অর্জন করেছি তা নিয়ে আমি গর্বিত। আমরা কী হতে চাই তা স্পষ্ট। আমরা একটা উদ্দেশ্য নিয়ে এগিয়ে যাই। অভ্যর্থনাক, ডিজিটাল ও বৈচিত্র্যময় ব্যাংক হওয়ার জন্য এবং শেয়ারহোল্ডারদের সর্বোত্তম সেবা দেয়ার জন্য আমাদের কৌশলগত লক্ষ্য ও উদ্দেশ্য নিয়ে কার্যক্রম চালাতে আমরা প্রস্তুত।

অবশ্যই আমরা কেবল তখনই সফল হই যখন আমাদের গ্রাহক, স্টেকহোল্ডার ও বৃহত্তর বাংলাদেশি জনগোষ্ঠী এগিয়ে যায় ও সমৃদ্ধিশীল হয়। আমার বিশ্বাস, আমরা যে কৌশল প্রয়োগ করেছি তা শেয়ারহোল্ডারদের দীর্ঘমেয়াদি সুবিধা দেবে এবং বাংলাদেশের সবার সেরা ব্যাংক হওয়ার পথে আমরা প্রয়োজনীয় গতি অর্জনেও সক্ষম হব।

পরিশেষে, আমি আমাদের পরিচালনা পর্ষদকে তাঁদের প্রজা ও নির্দেশনার জন্য ধন্যবাদ জানাই। আমি ব্যাংকের ব্যবস্থাপনা কমিটি ও কর্মীদের ব্যাংকের প্রতি তাঁদের একাধিতা ও অঙ্গীকারের কথা ও দৃঢ় চিঠ্ঠে স্মরণ করছি।

শুভ কামনায়



সেলিম আর. এফ. হোসেন  
ব্যবস্থাপনা পরিচালক ও সিইও

# ACCELERATING THE VALUE CREATION MOMENTUM

BRAC Bank is among the largest and most trusted financial services institution in Bangladesh, listed on the Dhaka and Chittagong stock exchanges with a market capitalisation of US\$ 830 mn (DSE, end-2019).

With a deep and wide financial services offering, the business comprises leading and rapidly growing market positions offering significant future upside, especially framed by a fast-growing macroeconomic environment.

## **Focused on value creation through financial inclusion**

We are pleased to present our Integrated Annual Report for the year 2019. This is our primary report to our shareholders and other stakeholders. This report provides information about our performance, governance, material risks and opportunities and strategy and future prospects. The report should be read together with the information available on BRAC Bank's website - [www.bracbank.com](http://www.bracbank.com).

At BRAC Bank, we focus on reinforcing the foundations of perpetual value creation by pursuing sustainable profit and meeting the larger themes of financial inclusion, gender balance, employment generation and socio-economic development. Today, our emphasis

is on building on our foundations in our quest to accelerate the value creation momentum for our shareholders and stakeholder communities. This is at the core of our operating culture and business model.

## **Scope and boundary**

BRAC Bank's Integrated Annual Report for the year ended 31 December 2019 reports consolidated information gathered from the global spread of the group's divisions, including its subsidiaries located abroad. In line with the guidelines from the IIRC's Integrated Reporting Framework, we have incorporated the relevant six capitals as a platform to inform this review, while striving for concise and relevant reporting.

The world is growing at a rapid pace. Embracing the integrated reporting framework, this report aims to provide a transparent and balanced evaluation of the material issues that faced our business during the year under review and that impacted our ongoing ability to create value. The report should be read in conjunction with the full financial statements, which form an integral part of the report.

There has been no material change in the scope and boundary of this report, compared to the prior year.

Our 2018 Annual Report was adjudged the overall winner in our category (private sector banking) across SAFA, ICAB and ICMAB, and is a strong reflection of the importance we place on strategic information disclosure.

### Enhancements to our Annual Report 2019

Aligned with our efforts to continually enhance readership and editorial value through our annual report while upholding the highest standards of information disclosure, we have effected the following improvements to our Integrated Annual Report 2019:



Enhanced use of infographics with a view to showcase succinct summarisation, especially useful for quick-read



Restructured the overall reporting format embracing conciseness and strategic brevity wherever possible



Augmented strategic interlinkages for enabling enhanced cross-referencing and interconnectedness of reporting

### Financial year

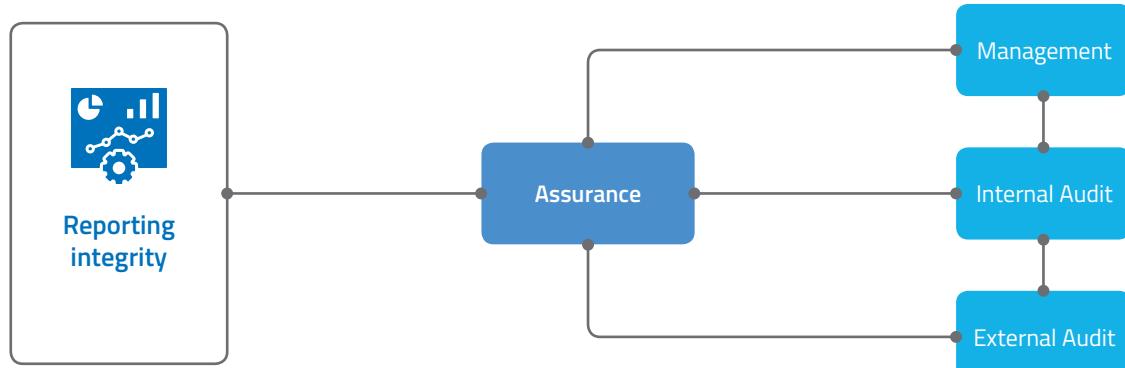
We have provided a full-set of BRAC Bank's audited 2019 annual financial statements in this report, in accordance with the recognition and measurement criteria of International Financial Reporting Standards.

focus from the Board because of the extent to which our most material risks affect our sustainability and going concern status. Given our reliance on a wide range of stakeholders to grant us our legal and social licence to operate, we place as much importance on the integrity of external reports as we place on the information used for key internal decision-making. Notably, detailed ongoing audits by both internal and external auditors provide assurance on the integrity of our operations and the sustainability of our business model.

### Assurance

We have put in place a developed combined assurance model, the effectiveness of which receives ongoing

### BRAC Bank's combined assurance framework



## **Materiality**

BRAC Bank's Board has considered the legitimate interests of all our key stakeholders in determining information that is considered to be material for inclusion in this report. We aim to demonstrate the connectivity between our strategy, business model, stakeholder interests and concerns, as well as our risks and opportunities analysis. The material issues are monitored by our management on an ongoing basis and have been reported herein.

In this report, we also seek to address issues that are most material to the formulation and execution of our strategy. In 2019, our leadership unambiguously determined that our most material issues include:

- Our commitment to financial inclusion and financial empowerment, as embodied in our vision, mission and core values
- Our focus on leveraging cutting-edge technology to provide our customers with a multifaceted, convenient, safe and secure banking experience
- Our responsibility to embrace the highest standards of ethics, transparency and governance and abide by all regulations in our bid to sustain our image as a model financial institution that is trusted and respected by all

Our leadership team's determination of materiality was informed by the reports emanating from our enterprise risk management process and extensive engagement with stakeholders, many of whose interests are today more extensively aligned with those of the bank.

## **Forward-looking statements**

Certain statements in this document constitute 'forward-looking statements', which involve known and unknown risks and opportunities, other uncertainties and important factors that could turn out to be materially different following the publication of actual results. These forward-looking statements speak only as of the date of this document. The bank undertakes no obligation to update publicly, or release any revisions, to these forward-looking statements to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events, if and when they happen.

## **Board responsibility**

The Board, together with the audit and risk committee, takes responsibility for the financial statements 2019. In the Board's opinion, this report addresses the material issues and accurately presents the integrated performance of the organization and its impact.

BRAC Bank's Board authorised the financial statements 2019 for release on 23 April 2020.



**M. Masud Rana FCA**  
Chief Financial Officer



**Selim R. F. Hussain**  
Managing Director & CEO

# Go Digital



View our Integrated  
Annual Report 2019 online

[www.bracbank.com](http://www.bracbank.com)

# BRAC BANK HIGHLIGHTS

As an institution rooted in Bangladeshi soil, BRAC Bank's fundamental premise is expressed in delivering impactful development finance solutions that spark transformative change in Bangladesh. Improving the quality of life of people in Bangladesh represents the foundational focus of our development impact. We aim to influence our crescent of stakeholders by sharing prosperity through multifaceted investments in sustainable businesses and in human capacity development.

In 2001, BRAC Bank embarked on a unique journey that would eventually become a momentous step in democratising access to institutional finance amongst small businesses. Its visionary founder, the late Sir Fazle Hasan Abed, realised that though Bangladesh's small and medium enterprise (SME) businesses were generating growth and creating employment, yet they were neglected by traditional banking as they did not fit the classical credit parameters. Identifying the immense opportunity to get banking to the unbanked and a tremendous route to serve the nation, BRAC Bank stepped forward to help SME entrepreneurs mobilise formal credit. At present, BRAC Bank's pioneering SME Finance practice is among the largest in the country, with its asset portfolio growing at a 12% CAGR over the past five years.

Today, BRAC Bank is one of the leading Bangladeshi development finance institutions, aligning with its

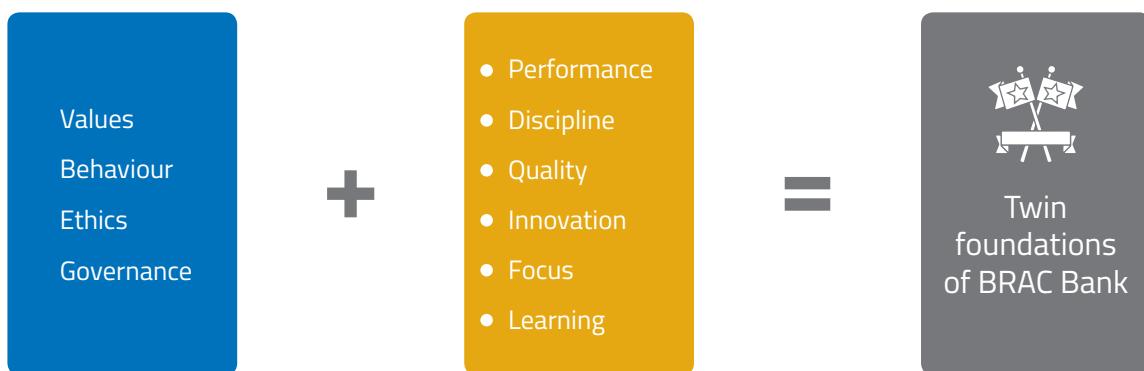
primary purpose of promoting economic development and advancing growth of regional integration through finance. Our development position and strategy are aligned with Bangladesh's developmental objectives, the United Nation's Sustainable Development Goals (SDGs) and the UN Global Compact principles. Our mandate as well as conduct are guided by our value framework that emphasises adherence to good behaviour, ethics and governance and stresses on the facets of performance, discipline, quality, innovation and focus on continual learning.

In a major global acknowledgement, BRAC Bank is also Bangladesh's sole representative in the Global Alliance for Banking on Values (GABV). GABV comprises 55 financial institutions and 12 strategic partners operating in countries across Asia, Africa, Australia, Latin America, North America and Europe. GABV collectively serves more than 50 mn customers with

US\$ 197.6 bn of combined assets under management, and supported by 67,000+ employees.

BRAC Bank, alongside other members of the GABV, adhere to the '3P' philosophy of 'people, planet and prosperity', thus appraising its impact on a holistic level. As a performance-driven bank, we believe we have a responsibility across our arch of influence – from the people we work with to the lives we touch.

With such a legacy, BRAC Bank has today grown into a dominant player in the financial services industry of Bangladesh. It has 187 branches, 16 Premium Banking lounges, 424 ATMs, 89 CDMs and 456 SME Unit Offices located across the country. With a team of 8,000+ employees, the bank caters to more than 1.3 mn customers through its diverse range of banking solutions in the SME, retail and wholesale sectors.



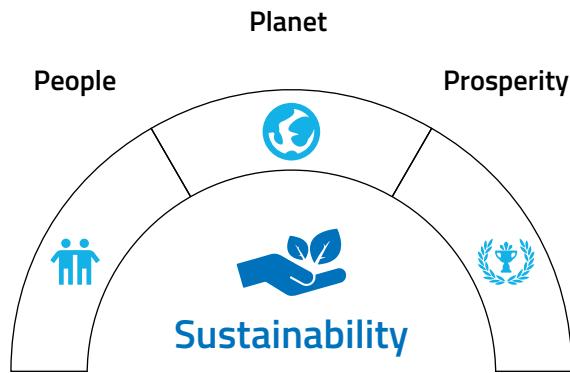
### **Financial performance snapshot, 2019 (Standalone)**

Over the last decade, BRAC Bank has emerged as Bangladesh's market leader in the SME banking space. With such a strong positioning, the bank has

now embraced robust diversification strategies to further enlarge its presence in the retail and corporate banking businesses to be able to serve a wider gamut of customer needs and requirements. With strong foundations anchored on the trust and confidence of its customers, BRAC Bank is on well on track to become the best bank of Bangladesh.

# OUR PHILOSOPHY

At BRAC Bank, our focus on sustainability is driven by our underlying emphasis on the 3P philosophy of – people, planet and prosperity. Guided by the principles of this philosophy, our conduct is anchored on creating a holistic impact that benefits all constituents of our stakeholder ecosystem.



## Focus on people

Our charter enshrines our commitment to serve the people of Bangladesh, because we believe in the faith and hope of 165 million people.

Our product solutions cater to the widest range of needs and requirements – from corporate loans to SME credit to personal loans, thereby enabling us to closely integrate with the lives of our customers.

Over the past 20 years, we have continually evolved to maximise our developmental impact, most notably as pioneers in SME loans in Bangladesh. In 2019, the bank served 128,047 SME entrepreneurs with a collateral-free SME loan portfolio of over BDT 120 bn (approx.), which is the market capitalisation of several smaller peer banks put together.

The bank has a strong financial foundation and an excellent reputation built on its exemplary record

of governance controls and oversight, which helps reinforce people trust and dependability on the bank.

## Focus on planet

As a major player in the financial services sector, BRAC Bank influences a wide arch of stakeholders, comprising people, customers, communities and the environment.

Particularly, our influence on the environment is both directly through our operations, and indirectly through our impact on our customers, suppliers and employees.

Moreover, as a founding member of Global Alliance for Banking on Values (GABV), the bank ensures that enterprises that receive SME loans meet common environmental standards.

With a view to further reinforce its focus on the planet, BRAC Bank has instituted partnerships with renowned international organisations and local banks to initiate a capacity-building programme to support domestic commercial banks to build upon their knowledge and capacity in particularly evaluating and addressing environmental and social risks and opportunities, and also in identifying innovative and bankable green opportunities.

## Focus on prosperity

As part of our focus on shared prosperity, we are advancing the developmental impact in Bangladesh by expanding access to finance and by effectively integrating and implementing sustainable development solutions to support holistic socio-economic growth.

We strongly believe that if banks understand the inherent nature of the projects they support, they can become catalysts of sustainable progress. In this realm, as a values-based bank, we believe in sharing progress through our active interventions in community welfare and societal wellbeing, among others.

# MISSION, VISION AND VALUES

## Vision

BRAC Bank's vision is to build a profitable and socially responsible financial institution focused on markets and businesses demonstrating growth potential. Ultimately, this will assist in making a just, enlightened, healthy, democratic and poverty-free Bangladesh a reality.

## Mission

- Achieve sustained growth in the SME sector
- Realise continuous low-cost deposit growth with controlled growth in retail assets
- Corporate assets to be funded through self-liability mobilisation and growth in assets. This is done through syndications and investment in fast-growing sectors
- Continuous efforts to increase non-funded income
- Debt charges to be kept at 2% to maintain steady profitable growth
- Efficient synergies to be managed among the bank's branches, SME unit offices and BRAC field offices. This contributes to the smooth delivery of remittances, among other products and services
- Various lines of business to be managed in a fully-controlled environment without compromising on service quality
- Develop a diverse team motivated towards making the bank's vision a reality

## Core values

- Value that we are a part of the BRAC family
- Create an honest, open and enabling environment
- Have a strong customer focus and build relationships based on integrity, service excellence and mutual benefit

- Strive for profitable and sound growth
- Work as a team to serve owners' best interests
- Relentlessly pursue business innovation and improvement
- Value and respect people and make decisions based on merit
- Base recognition and reward on performance
- Be responsible and law-abiding in all that we do

## Code of ethics

An institution's code of ethics must be guided by its policies, controls and processes. BRAC Bank's code of ethics is derived from BRAC, the largest NGO in the world. Since its inception, BRAC Bank has invested relentless efforts in building an ethical operating environment by embracing seven core values (collectively known as CRYSTAL):

- 'C' stands for being 'creative', focusing on individuals who generate innovative ideas at work
- 'R' stands for being 'reliable', with an emphasis on having individuals that never let the organisation down
- 'Y' stands for remaining 'youthful', underlining the need for energy and vibrancy among team members
- 'S' stands for being 'strong', referring to the willingness to advance and apply conscious choice, willpower, discipline and passion at work
- 'T' stands for being 'transparent', meaning displaying openness and honesty through clear and direct communication
- 'A' stands for being 'accountable', underlining the importance of individuals answerable to the outcomes of their actions
- 'L' stands for being 'loyal', which means being compliant and dedicated at work

There are three basic means of ensuring ethical behaviour at BRAC Bank:

- Through the written code of conduct
- Through advocating equality and safety at the workplace
- Through confidential reporting

### Code of conduct

Expected behaviours and conduct among BRAC Bank employees is enshrined in its written code of conduct, which is available on the bank's intranet. Excerpts from the code are presented below:

#### HR mission

- To be the employer of choice in Bangladesh
- All of our activities and decisions must be based on, and guided by our 'CRYSTAL' values

#### Protection of assets

- Those employees dealing with cash, securities, or other valuables are bound by a standard form prescribed by the Board
- Each employee is expected to take every precaution while handling the assets of the bank and its customers. Doing so will ensure maximum protection at all times
- Every employee shall, when required by the bank, furnish information on liquid assets and all other properties (movable and immovable). This includes share certificates, insurance policies and jewellery, among others

#### Personal responsibilities

- Be a role model in setting standards for ethical behaviour
- Protect and enhance the bank's assets and reputation
- Understand and comply with laws, regulations and polices that apply to specific job profiles
- Serve the bank with honesty, integrity, sincerity, diligence and dedication

#### Workplace responsibilities

- Treat colleagues with respect and dignity
- Support the bank's commitment to diversity and equal opportunity employment
- Provide an environment free from intimidation and harassment

- Refrain from holding any positions with or accept business opportunities from anyone who conducts business or competes with the bank
- Abstain from accepting any outside employment, honorary or stipendiary, or undertake part-time work or hold any office of profit without prior permission of the competent authority
- Comply with the company's travel and expense policy
- Not act as an agent of any insurance company or accept commission, directly or indirectly, unless acting as an agent on behalf of the bank
- Not personally represent any Director of the Board to intervene on his or her behalf in any matter whatsoever
- Not, in his or her private capacity, borrow money from or place himself or herself under any pecuniary obligation to a customer, broker, moneylender or employee of the bank, candidate for employment in the bank, or any firm or person having, or likely to have, any dealings with the bank

- Not pressurise employees to support and/or contribute to political candidates or causes
- Not invest money in businesses belonging to the bank's clients
- Protect bank property at all times
- Safely retain key and classified corporate documents

#### Marketplace responsibilities

- Safeguard the privacy, confidentiality and security of customer data
- Protect confidential information and trade secrets from competitors
- Protect company trademarks, copyrights and patents
- Not buy or sell bank securities when in possession of material non-public information
- Make only accurate statements about the company's products/services
- Not communicate directly or indirectly with the press, the public or any other agencies. This relates to any information or document(s) in his or her possession either in the ordinary course of his or her official duties, or otherwise, unless directed
- Not participate in any activities, set up or join any prohibited organisations which may undermine the prestige or image of the bank



- Not solicit, accept or give gifts that may influence business decisions
- Prevent the use of company services for money laundering
- Protect and enhance the bank's assets and reputation

**Diversity, equal opportunity employment and freedom from harassment**

- We are committed to equal opportunity. As such, we treat all individuals on merit, without bias against gender, age, nationality, religion, ethnicity, marital status, disability, veteran status or any other basis, as prohibited by law
- The bank's policy is to provide a work environment free from intimidation or harassment. Harassment includes remarks of a sexual nature, sexist or racist comments, religious slurs and ethnic jokes, etc.
- Promote diversity in the workplace and embrace the principles of equal opportunity employment and anti-discrimination

# COMPANY PROFILE

## Share capital

Share capital	2019 (BDT)	2018 (BDT)
Authorised capital	20,000,000,000	20,000,000,000
Issued, subscribed and paid-up capital	12,333,753,270	10,725,002,850

## Credit rating

BRAC Bank Limited has been assessed by several leading credit rating agencies around the world. These include Credit Rating Agency of Bangladesh (CRAB), Emerging Credit Rating Limited (ECRL), Credit Rating Information and Services Limited (CRISL), S&P Global Ratings and Moody's Investors Service. Based on financial statements dated December 31, 2018, as well as other quantitative and qualitative information, BRAC Bank's ratings are as follows:

Credit rating agency	2018		2017	
	Long-term	Short-term	Long-term	Short-term
Credit Rating Agency of Bangladesh Limited (CRAB)	AA1	ST-1	AA1	ST-1
Emerging Credit Rating Limited (ECRL)	AA+	ST-1	AA+	ST-1
Credit Rating Information and Services Limited (CRISL)	AA+	ST-1	AA+	ST-1
S&P Global Ratings	B+	B	B+	
Moody's Investors Service	Ba3	NP	Ba3	

This rating signifies:

- BRAC Bank is one of the most financially solvent banks in Bangladesh
- The bank has the capability to meet its financial commitments
- The bank's ability to meet its repayment obligations timely is noteworthy

At BRAC Bank, we are indebted to our stakeholders for entrusting us with their business and having their confidence in us throughout our journey.

## Information about the bank

### Network:

- BRAC Bank has established a widespread network of service touchpoints across various business segments
- The bank's business can be broadly structured around its three core divisions.
  - Corporate Banking
  - Retail Banking
  - SME Banking

The bank's distribution network comprises the following:

## Distribution network

Service points classification	Number
Business Regions	7
Total Branches (including SME SC/KB)	187
Premium Lounges	16
ATMs	424
CDMs	89
Regional Operation Centres	11
SME Business Regions	8
SME Business Territories	37
SME Business Zones	186
SME Unit Offices	456
Agent Banking Outlets	300

## Office addresses

Corporate office address	Share Department of the bank
BRAC Bank Limited  Head Office: Anik Tower, 220/B, Tejgaon-Gulshan Link Road, Tejgoan I/A, Dhaka-1208, Bangladesh.	BRAC Bank Limited  Head Office: Anik Tower (Ground Floor), 220/B, Tejgaon-Gulshan Link Road, Tejgoan I/A, Dhaka-1208, Bangladesh.  Phone: 09677555124, 09677555125

## Subsidiary information

Within Bangladesh		Outside Bangladesh	
BRAC EPL Investment Limited  Concord Baksh Tower, Plot #11/A, Road #48, Block #CWN (A), Kamal Ataturk Avenue, Gulshan-2, Dhaka-1212, Bangladesh	BRAC EPL Stock Brokerage Limited  DSE Annex Branch Suite 1001-3 (9th floor), 9/E Motijheel C/A, Dhaka-1000, Bangladesh	bkash Limited  Shadhinata Tower, Bir Sreshtha Shaheed Jahangir Gate, 546 Shaheed Sharani, Dhaka-1206, Bangladesh	BRAC Saajan Exchange Company Limited  Head office, 160-162 Lozells Road, Birmingham, West Midlands, B19 2SX, United Kingdom

## Financial calendar

Particulars	Submission date to regulatory bodies
<b>Quarterly results</b>	
Un-audited consolidated results for the 1st quarter ended 31 March 2019	29-Apr-19
Un-audited consolidated results for the 2nd quarter and half-year ended 30 June 2019	22-Jul-19
Un-audited consolidated results for the 3rd quarter ended 30 September 2019	24-Oct-19

Particulars	Submission date to regulatory bodies
<b>Dividend</b>	
Notice date of the 20th Annual General Meeting	08-April-19
Record date	11-Apr-19
20th Annual General Meeting held on	30-Apr-19
Date of distribution of Bonus shares	19-May-19

## Taxation on dividend income

Stock dividend is tax-exempt. In case of cash dividend, the following is the current deduction of tax at source on dividend income, as per the current Fiscal Act:

- If the shareholder is a company, either resident or non-resident, the taxation rate applicable is 20%
- If the shareholder is a resident or non-resident Bangladeshi, other than a company, the taxation rate is 10%
- If the shareholder is a non-resident (other than Bangladeshi), other than a company, the taxation rate is 30%

## Information sensitive to share price

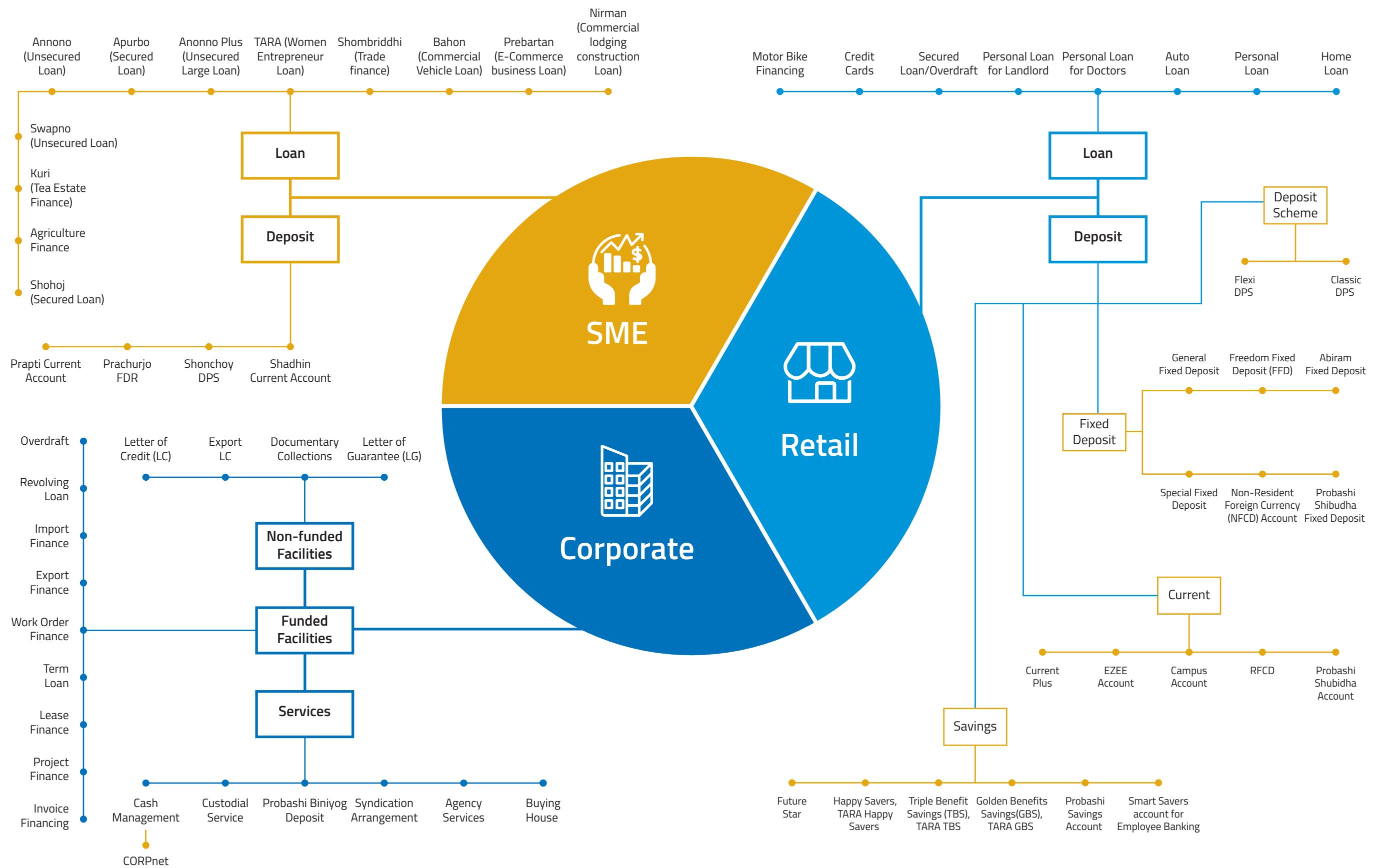
Particulars	Date of disclosure
Corporate disclosure for the approval of the Financial Statements 2018, recommendation of dividend, record date for dividend entitlement of 20th AGM (30 April 2019) of BRAC Bank Limited	21-Mar-19
Corporate disclosure for the first quarter financial information (Un-audited) ended on 31 March, 2019	29-Apr-19
Corporate disclosure for the half year financial information (Un-audited) ended on 30 June, 2019	22-Jul-19
Corporate disclosure for the 3rd quarter financial information (Un-audited) ended on 30 September, 2019	24-Oct-19

## Stock details

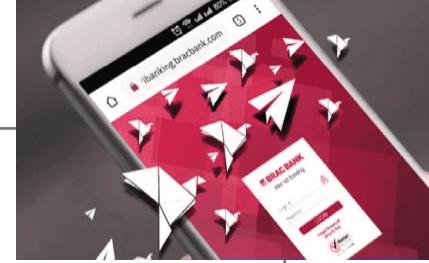
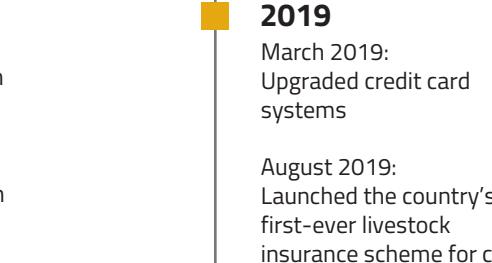
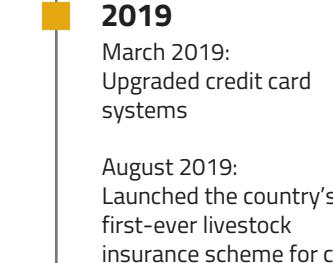
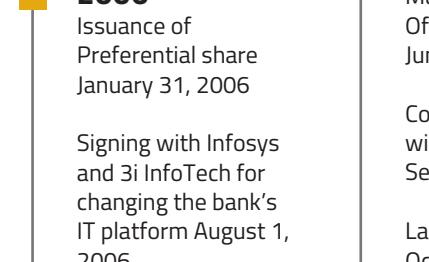
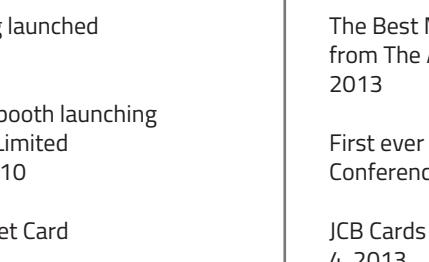
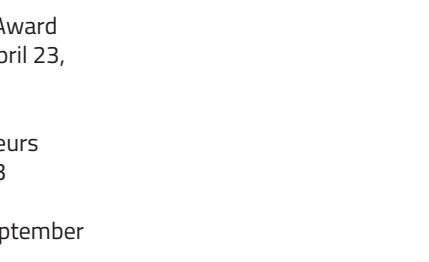
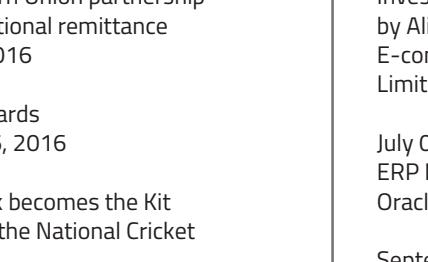
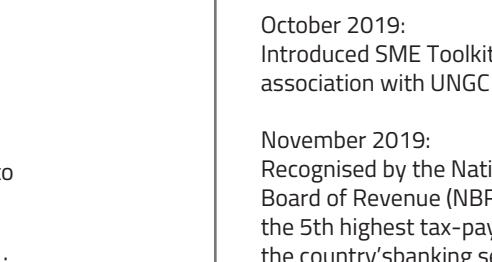
Particulars	DSE	CSE
Stock symbol	BRACBANK	BRACBANK
Company/scrip code	11138	22029
Listing year	2007	2007
Market category	A	A
Electronic share availability	Yes	Yes
Market lot (nos)	1	1
Face value (Tk.)	10	10
Total number of securities	1,233,375,327	1,233,375,327

BRAC Bank is ISO 27001:2013-certified. We are the first bank in Bangladesh to have this certification, acknowledging our pioneering efforts in the country's financial services sector, having fulfilled all regulatory mandates. It must be mentioned that ISO 27001 is an international standard for Information Security Management and formally specifies a management system that intends to bring information security under explicit management control.

# PRODUCTS AND SERVICES



# BRAC BANK STORY

<b>1999</b> Date of Incorporation May 27, 1999	<b>2007</b> Enlisted at CSE, January 24, 2007 Enlisted at DSE, January 28, 2007	<b>2011</b> Inauguration of the 250th ATM May 24, 2011 IFC GTFP Award May 24, 2011	<b>2012</b> Forex Booth Opening at Airport April 18, 2012 Probashi Card launch May 30, 2011 10th anniversary July 4, 2011 Launching of bKash July 21, 2011 Launching of Day Care Service July 31, 2011 Launching of Krishak Card October 5, 2011	<b>2014</b> SME Photography Competition, March 1, 2014 2FA Agreement with OneWorld for Internet Banking, July 21, 2014 'Sustainable Marketing Excellence Award' from CMO Asia, July 31, 2014	<b>2017</b> Country's first bank to earn ISO 27001: 2013 Certification in Information Security: March 20, 2017 Launch of the country's first comprehensive women's banking solutions "TARA": May 04, 2017 Ranked among the highest credit rating in Bangladesh: 'AA1' (CRAB), Ba3 (Moody's) and B+ (S&P): July 27, 2017 ADB's "Most Progressive Bank on Gender Strategy and Implementation 2017": September 05, 2017 Asiamoney's "Best Bank in SMEs" Award: September 26, 2017 Country's first private bank to cross USD 1 billion market capitalization: October 15, 2017 Women's Market Champion Award from the Global Banking Alliance for Women (GBA): November 15, 2017 ICAB Best Published Annual Reports 2016 - Private Sector Banks: November 25, 2017 Launch of international remittance service into bKash mobile wallet: December 05, 2017
					
<b>2001</b> Inauguration of Banking operations July 4, 2001	<b>2002</b> First SME Unit Office January 1, 2002	<b>2003</b> Signing with Shore Cap as investor December 29, 2003	<b>2004</b> Signing with IFC as investor May 8, 2004	<b>2008</b> Formation of Alternate Banking Department, April 2008	<b>2013</b> BKash launches international remittance, January 3, 2013 Launching of UAE Exchange FlashRemit Service, January 23, 2013 Launching of remittance at SME Unit Offices, February 7, 2013 The Best Managed Bank Award from The Asian Banker, April 23, 2013 First ever SME Entrepreneurs Conference, May 25, 2013 JCB Cards Partnership, September 4, 2013 'Best Bank in Bangladesh Award' from Finance Asia, September 12, 2013 Launching of subsidiary biTS, November 7, 2013
					
<b>2005</b> First installation of ATM Booth April 3, 2005	<b>2006</b> Issuance of Preferential share January 31, 2006  Signing with Infosys and Bi InfoTech for changing the bank's IT platform August 1, 2006  Opening of 24x7 Phone Banking September 9, 2006  Initial Public offering of shares 2006	<b>2009</b> PDB collection via mobile banking October 15, 2009	<b>2010</b> Launching of Probashi Biniyog May 4, 2010 Off-shore banking launched June 21, 2010  Co-branded ATM booth launching with Rupali Bank Limited September 25, 2010  Launching of Planet Card October 23, 2010  BRTA Online motor vehicle fees and taxes collection November 14, 2010  e-Commerce launching for online shopping facility December 8, 2010	<b>2016</b> Launching of BRAC Bank Women Forum 'Tara' February 12, 2016  Launching of the first ever energy efficient loan "Planet Solutions" February 28, 2016  BRAC Bank, bKash, MasterCard and Western Union partnership for international remittance April 17, 2016  ICMAB Awards October 26, 2016  BRAC Bank becomes the Kit Partner of the National Cricket Team December 7, 2016	<b>2018</b> March 26, 2018 : Hat-trick award from AsiaMoney April 10, 2018 : Core Banking System Upgrade April 26, 2018 : Investment in bKash by Alipay Singapore E-commerce Private Limited July 09, 2018 : ERP Migration - IFS to Oracle EBS (myBBL) September 11, 2018 : National Cricket Team Partnership October 30, 2018 : Agent Banking Launch
					
<b>2011</b> Inauguration of the 250th ATM May 24, 2011	<b>2012</b> Forex Booth Opening at Airport April 18, 2012 Probashi Card launch May 30, 2011 10th anniversary July 4, 2011 Launching of bKash July 21, 2011 Launching of Day Care Service July 31, 2011 Launching of Krishak Card October 5, 2011	<b>2014</b> SME Photography Competition, March 1, 2014 2FA Agreement with OneWorld for Internet Banking, July 21, 2014 'Sustainable Marketing Excellence Award' from CMO Asia, July 31, 2014	<b>2015</b> Inauguration of 175th branch at Banani, March 30, 2015 TransFast Remittance Service Launching, March 31, 2015 NID Verification Agreement with the Election Commission, August 19, 2015	<b>2017</b> Country's first bank to earn ISO 27001: 2013 Certification in Information Security: March 20, 2017 Launch of the country's first comprehensive women's banking solutions "TARA": May 04, 2017 Ranked among the highest credit rating in Bangladesh: 'AA1' (CRAB), Ba3 (Moody's) and B+ (S&P): July 27, 2017 ADB's "Most Progressive Bank on Gender Strategy and Implementation 2017": September 05, 2017 Asiamoney's "Best Bank in SMEs" Award: September 26, 2017 Country's first private bank to cross USD 1 billion market capitalization: October 15, 2017 Women's Market Champion Award from the Global Banking Alliance for Women (GBA): November 15, 2017 ICAB Best Published Annual Reports 2016 - Private Sector Banks: November 25, 2017 Launch of international remittance service into bKash mobile wallet: December 05, 2017	<b>2019</b> March 2019: Upgraded credit card systems August 2019: Launched the country's first-ever livestock insurance scheme for cattle farmers October 2019: Introduced SME Toolkit in association with UNGC November 2019: Recognised by the National Board of Revenue (NBR) as the 5th highest tax-payer in the country's banking sector for the year 2018-19 December 2019: Inaugurated the 301 <sup>th</sup> Agent Banking outlet

# KEY CORPORATE MILESTONES

BRAC Bank was able to turn in a sound performance in 2019, achieving several noteworthy milestones during the year, including the following:

- Upgraded credit card systems in March 2019
- Launched the country's first-ever livestock insurance scheme for cattle farmers in August 2019
- Introduced SME Toolkit in association with UNGC in October 2019
- Recognised by the National Board of Revenue (NBR) as the 5th highest tax-payer in the country's banking sector for the year 2018-19, in November 2019
- Inaugurated the 301<sup>th</sup> Agent Banking outlet in December 2019



BRAC Bank received award for the "Best Presented Annual Report 2018" from SAFA for the 3rd consecutive year

# AWARDS AND RECOGNITIONS

In recognition of our efforts in realising our shared vision of achieving progress in contributing to financial inclusion, holistic stakeholder engagement and governance, we have created an award-winning financial platform, reflected in a number of awards conferred upon us in 2019.

## Awards won, 2019



National Board of Revenue (NBR) award for being the 5th highest tax-payer in the banking sector category for the year 2018-19



South Asian Federation of Accountants (SAFA) award for the 'Best Presented Annual Report 2018' – for the third consecutive year



ICAB 'Best Published Annual Reports 2018' award for private sector banks – for the third consecutive year



ICMAB 'Best Corporate Award 2018' for private sector banks – for the third consecutive year



'Women's Market Champion Engagement Award 2019' from Financial Alliance for Women



'VISA Award 2019' for credit card issuing and merchant acquiring



'MasterCard Excellence Award' in POS acquiring business category for 2018-19



'SME Bank of the Year – Asia' and 'SME Bank of the Year for financing Women-owned SMEs' awards from IFC's Global SME Finance Forum

## Recognitions in 2019



Became the first Bangladeshi bank to be rated by two of the world's leading credit rating agencies - S&P Global Ratings ('B+') and Moody's Investors Service ('Ba3')



Received among the highest credit ratings in Bangladesh - 'AA1' (CRAB), 'AA+' (ECRL) and 'AA+' (CRISL)



Emerged as the first and only bank from Bangladesh to achieve the ISO 18788:2015 international certification for cyber security operations and fusion centre

# BOARD OF DIRECTORS



**DR. AHSAN H. MANSUR**

Dr. Ahsan H. Mansur was inducted as an Independent Director to the Board of BRAC Bank Limited in May 2017. Afterwards, he was elected as Chairman of BRAC Bank Limited on August 26, 2019, taking over from the Founder Chairman Late Sir Fazle Hasan Abed KCMG.

Dr. Mansur started his career as a Lecturer, Department of Economics, Dhaka University, in 1976. He left for Canada for higher studies in Economics in the same year. As a graduate student and research assistant, he was also offering regular Economics courses at the undergraduate level at the University of Western Ontario, Canada (1978-81). Dr. Mansur joined the International Monetary Fund under its Economist Programme in 1981 and thereafter completed his PhD in Economics (on general equilibrium analysis) from the University of Western Ontario in 1982.

During his long career at the IMF, Dr. Mansur worked with Middle Eastern, Asian, African and Central American countries. He worked in important functional departments (Fiscal Affairs and Policy Review and Development departments) and area departments (Middle East and Central Asia and Asian departments) of the IMF. He also served as the IMF Senior Resident Representative to Pakistan during 1998-2001 and as the Fiscal Advisor to the Minister of Finance, Government of Bangladesh (1989-91). During his assignment in Bangladesh, Dr. Mansur was primarily involved with the successful introduction of Value Added Tax in Bangladesh in 1991. Most recently, he served as the Division Chief of the Gulf Cooperation Council (GCC) Division and was the IMF Mission Chief

for Saudi Arabia, Kuwait and Oman. After taking early retirement from the IMF, with a view to establishing an institute aimed at policy analysis, in coordination with other professionals, Dr. Mansur joined the Policy Research Institute of Bangladesh as its founder Director and Executive Director.

Dr. Mansur has published extensively in various prestigious journals (including Econometrical, Journal of Economic Theory and IMF Staff Papers), edited books on special economic topics and in the IMF Occasional Paper and Working Paper series. His most recently edited book (with Fernando Delgado) is Stock Market Developments in the Countries of the Gulf Cooperation Council, published by Palgrave Macmillan in its Finance and Capital Markets Series, November 2008.

He received Ford Foundation Dissertation Fellowship in International Economics, awarded through an open world-wide competition, 1979-81; Special University Scholarship, University of Western Ontario, 1977-81; Graduate Students Award, University of Western Ontario, 1977-81; McMaster University Graduate Scholarship, 1976-77 and First Grade Merit Scholarship, University of Dhaka, 1970-75.

Dr. Mansur obtained Ph.D (University of Western Ontario, London, Canada, 1982); M.A. McMaster University, Canada, 1977) and B.A. Economics (Hons. First class with distinction in Math), University of Dhaka, Bangladesh, 1974.



**NIHAD KABIR**

Ms. Nihad Kabir is the President of Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI), where she is serving her 4th consecutive term. MCCI, established in 1904, is the oldest chamber of commerce and industry in the country, representing large industry and trade. As President of MCCI she is actively engaged in advocacy for the betterment of the economy, including for policy, process and legal reform. She is involved with entrepreneurship development in conjunction with the iDEA Fund and a2i. She participates regularly as a speaker and panelist in various fora, and has participated in various programmes of BPATC.

She is an advocate of the Supreme Court of Bangladesh and the Senior Partner of Syed Ishtiaq Ahmed and Associates, a leading law firm of the country, with many pathbreaking cases and legal solutions to her credits. She has more than 25 years of work experience as a lawyer, and has appeared internationally as an expert witness on Bangladesh law. Her expertise is in corporate and commercial law, as well as fiscal and labour laws.

Nihad provides legal advice and services to several agencies of the Government of Bangladesh, as well as many leading multi-national and local corporates and non-governmental institutions including private universities in Bangladesh. She has been the Vice President, and a Committee Member of MCCI in the past. She was a member of the Drafting Committee for the Labour Rules under the Labour Act 2006, and has assisted in drafting and reviewing many pieces

of legislation; she is a member of the Company Law Reform Committee. She is a member of the Panel of Experts for the Padma Multipurpose Bridge Project and was a Member of the National Pay and Services Commission. She was the Treasurer and Secretary General of Ain o Salish Kendro, and was a member of the National Education Policy Committee. She was the first legal counsel of the Securities and Exchange Commission, Bangladesh (SEC).

Nihad worked as Counsel at the Asian Development Bank (ADB) from 1996-2000. She worked in projects in many countries in Asia and Indo-China, including China, Mongolia, Thailand, Vietnam, Cambodia and Lao PDR. She has undertaken many technical assistance assignments for the ADB in Bangladesh.

Nihad was elected as an Independent Director on the Board of BRAC Bank Limited in July 2007. In July 2015 she retired from the Board and joined as Nominee Director in November 2015. She is, among others, Chairman of BRAC EPL Investments Limited and BRAC EPL Stock Brokerage Limited, and Director of bKash Limited, Infrastructure Development Company Limited (IDCOL), and Independent Director of Square Textiles Limited. She has been an Independent Director of Apex Footwear Limited and a Director of Palli Karma-Sahayak Foundation (PKSF). She has taught Company Law in the Department of Finance, Dhaka University.

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



### KAZI MAHMOOD SATTAR

Mr. Kazi Mahmood Sattar was appointed as an Independent Director to the Board of BRAC Bank Limited in October 2015. He was also appointed to the Board Audit Committee in December 2015.

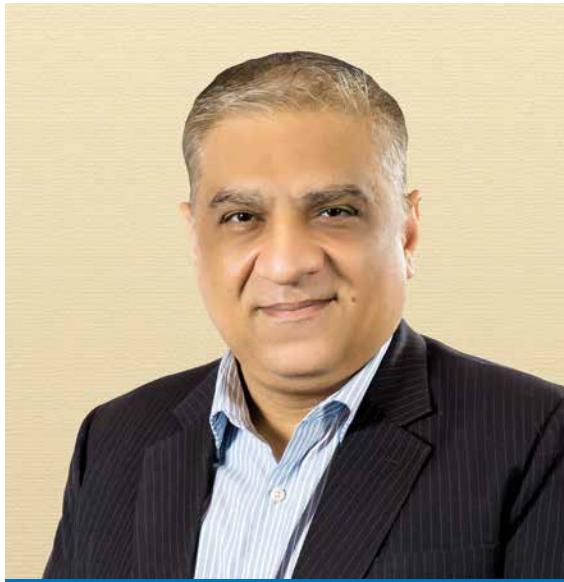
Mr. Sattar has over 32 years of experience in local and international banks. He led The City Bank Limited and Eastern Bank Limited as the Managing Director & CEO for 13 years. He is currently the Chairman of the Board of RSA Advisory Limited, a financial advisory firm. He is also an Independent Director with Unique Hotel & Resorts Limited (owner of The Westin Dhaka).

As an Independent Director of BRAC Bank, he has been nominated as a Board Director to bkash and Brac Sajaan

Exchange Limited. He started his career with ANZ Grindlays Bank as management trainee in 1981. He worked overseas with ANZ Grindlays Bank in Mumbai, India and Melbourne, Australia, for nearly 20 years.

Mr. Sattar graduated in 1981 from Dhaka University with a Bachelors in Business Management (Honours) having a major in Finance. He was the Chairman of the 'Association of Banker's Bangladesh'(ABB), the SWIFT User group in Bangladesh and of the Boards of City Brokerage Limited and City Bank Capital Resource Limited.

He was awarded The Best Leadership Award by the Asian Banker in 2010.



**KAISER KABIR**

Mr. Kaiser Kabir was appointed as a Nominated Director to the Board of BRAC Bank Limited in June 2016.

He is the CEO & Managing Director of Renata Limited, Chairman of Renata Agro Industries Limited (Subsidiary of Renata), and Chairman of Purnava Limited (Subsidiary of Renata).

Previously, he served as the Managing Director of BRAC-Renata Agro Industries Limited, Executive Director of Sajida Foundation, National Macroeconomist

of Financial Sector Reform Project funded by USAID, Consultant of The World Bank, Resident Mission Bangladesh and Research Officer of Institute of Economics & Statistics, University of Oxford.

He obtained Bachelor of Arts in Economics and International Relations from Claremont McKenna College, USA. He earned his Postgraduate Diploma in Economics with Distinction from the University of East Anglia, the UK and MPhil in Economics from the University of Oxford, the UK.



**ASIF SALEH**

Mr. Asif Saleh was appointed the executive director of BRAC Bangladesh on August 1, 2019. He brings with him a diverse multi-sectoral experience in senior leadership roles in private, public and non-government sectors with proven track record of effectively managing interfaces of development programming, operational and financial sustainability and building effective partnerships, both within and outside BRAC.

Mr. Saleh has been deeply anchored in driving the strategic direction of BRAC. He joined the organization in 2011, and took up an increasingly important role in leading advocacy for social change, information technology, communications and social innovation. He has been instrumental in BRAC's concentration on emerging development challenges in the areas of urban poverty, youth skills development, inclusive growth and migration. As the senior director of the empowerment programme cluster, he led BRAC's new programmatic areas, namely, the urban development programme, human rights and legal aid services, skills development programme and migration programme. He also led the development of BRAC's five-year strategic plan in 2016.

Prior to joining BRAC, Mr. Saleh worked as a policy specialist for the Access to Information (A2i) Programme at the Prime Minister's Office. As part of the Government's Digital Bangladesh initiative, he led the policy effort to expand affordable broadband connectivity across Bangladesh and devised the Government & m-governance strategy. He was also a key part of the Union Digital Centre team that created digital service centres in every union in Bangladesh. Since then, he has actively promoted the role of

technology and frugal innovation in the development sector. He spent 12 years in Goldman Sachs in different fin-tech roles and institutional client sales in New York and London, ending his term there as an Executive Director. He has also worked in GlaxoWellcome, IBM and Nortel.

Mr. Saleh is the founder of Drishtipat, a global organisation with chapters across the globe focusing on human and economic rights of Bangladeshis. He was recognised for his work by Asia Society's Asia 21 programme in 2008, the Bangladeshi American Foundation in 2007, and was selected as an Asia 21 Fellow in 2012. He was selected as a Young Global Leader by the World Economic Forum in 2013.

Mr. Saleh is an active member in a range of international networks and alliances, advocating inclusive achievement of the Sustainable Development Goals. He is a member of the Millions Learning International Advisory Group, Brookings Institute, which addresses the question of how to scale quality education for all children and youth. He is also a member of the South Africa-based Innovation Edge, an institution promoting early childhood development.

Mr. Saleh chairs BRAC IT Services Limited and BRAC Net and is on the Board of BRAC Bank. He is also a Board member of multiple non-profits, such as Spreeha, Institute of Informatics and Development, and Maya.

Mr. Saleh holds a Bachelor's degree in computer science and an MBA in management and marketing from the Stern School of Business, New York University.



**FARZANA AHMED**

Ms. Farzana Ahmed was appointed Independent Director of BRAC Bank Limited on January 29, 2020.

Ms. Ahmed has over 35 years working experience as a chartered accountant in the public and private sectors in the United Kingdom, Australia and the Philippines. Prior to joining BRAC Bank Limited, Ms. Ahmed worked at the Asian Development Bank (ADB), Philippines for over 20 years from where she took voluntary early retirement in October 2019. Whilst at ADB Ms. Ahmed worked in various capacities with her most recent position as Lead, Evaluation Specialist in the Independent Evaluation Department. Before that she served as a Lead Results Management Specialist (Public Sector Management) in ADB's Strategy and Policy Department where she was also the Principal Coordinator of the Asia Pacific Community of Practice on Managing for Development Results. Ms. Ahmed has also worked in ADB operations as Senior Portfolio Management Specialist, South East Asia Regional Department which she joined in 2008 following a 7 year posting to ADB's Indonesia Office. At the Resident Office she was the Senior Financial Management Specialist from where she was seconded as Advisor to the Australian Government to help coordinate Australia's support to

the reconstruction of Aceh, post the 2004 Tsunami.

Ms. Ahmed started her working career in 1982 as a trainee chartered accountant at Peat Marwick Mitchell in United Kingdom. Following a move to Australia in 1986 she joined Peat Marwick Mitchell in Sydney prior to moving to Rothmans Holdings Ltd in 1987 to start the Internal Audit Department. From there she worked in various accounting capacities at Port Waratah Services Ltd and the Australian Manganese Company Ltd and the Broken Hill Proprietary Limited. In 1996 she joined Westfield Ltd. Australia as Finance Manager - Corporate & International, which she left in 1998 to join the ADB.

Ms. Ahmed was awarded a BA (Hons) in Philosophy, Politics and Economics from Oxford University, England and this was followed by an MA (Hons) in 1991. She was admitted to the Institute of Chartered Accountants in England & Wales in 1987 and then also became a member of the Institute of Chartered Accountant in Australia in the same year. Ms. Ahmed has a keen interest in the education sector and is currently the Principal of Kids Tutorial, an English Medium school based in Shantinagar, Dhaka.



**FAHIMA CHOWDHURY**

Ms. Fahima Choudhury was appointed as an Independent Director of BRAC to the Board of Directors of BRAC Bank Limited in April 2018.

Ms. Choudhury is a leading marketing communications and advertising professional in the country. She started her career in Adcomm Limited (one of the most renowned advertising agencies in the country) rising to the position of Director, before moving on to founding her own integrating marketing communications agency called Marka.

Marka was later acquired by Ogilvy & Mather

Worldwide, and Ms. Choudhury now serves as the Managing Director (and shareholder) of Ogilvy & Mather Bangladesh. She is also a member of Ogilvy APAC regional council, as well as Assistant General Secretary in the Advertising Agencies Association of Bangladesh.

Aside from this, Ms. Choudhury also has business involvements in various other industries (namely hospitality, media and IT).

Ms. Choudhury did her B.Sc. (Hons.) Management and M.Sc. Management from the London School of Economics & Political Science in the United Kingdom.

# DIRECTORS' RESPONSIBILITY STATEMENT

BRAC Bank is a financial institution of repute in Bangladesh and across the world. Hence, it is imperative that the bank is governed with the highest quality pedigree and, towards ensuring this, its Board of Directors is entrusted with the responsibility of:

- Establishing core structural policies for the bank
- Managing and mitigating risk at all levels
- Ensuring the robustness of internal controls and compliance standards
- Implementing internal audit and fulfillment of all requirements necessary to achieve the highest level of compliance
- Engaging with human resource capacity-building and development at a spatial level

In compliance with Bangladesh Bank BRPD Circular No. 11, dated 27 October 2013, and BSEC Corporate Governance Code, dated 3 June 2018, the following directives are issued as the key responsibilities of the Board of Directors of BRAC Bank for ensuring good governance, operational sustainability and organisational viability.

## Work planning and strategic management

BRAC Bank's Board is responsible for determining the objectives and goals of the banking organisation. Towards this extent, the Board frames strategies and work plans on an annual basis to achieve expected outcomes. The Board also especially engages in:

- Aligning the bank's strategies with the targeted objectives and goals
- Implementing key changes relating to bringing forth necessary structural amendments
- Ensuring enhancement of institutional efficiencies for improved future preparedness
- Intervention across other relevant structural policy matters

Importantly, the Board also analyses and monitors the implementation of the work plans on a quarterly basis.

The Boards provides an analytical review of the operating environment and the performance of the business in the context of the operating landscape, which is incorporated in the Annual Report. It also articulates the attainment of business and other performance targets, as set forth in its annual work plans. The Board also apprises shareholders on its strategic future-facing plans and initiatives, especially from the point of view of expressing sustenance of shareholder and stakeholder value.

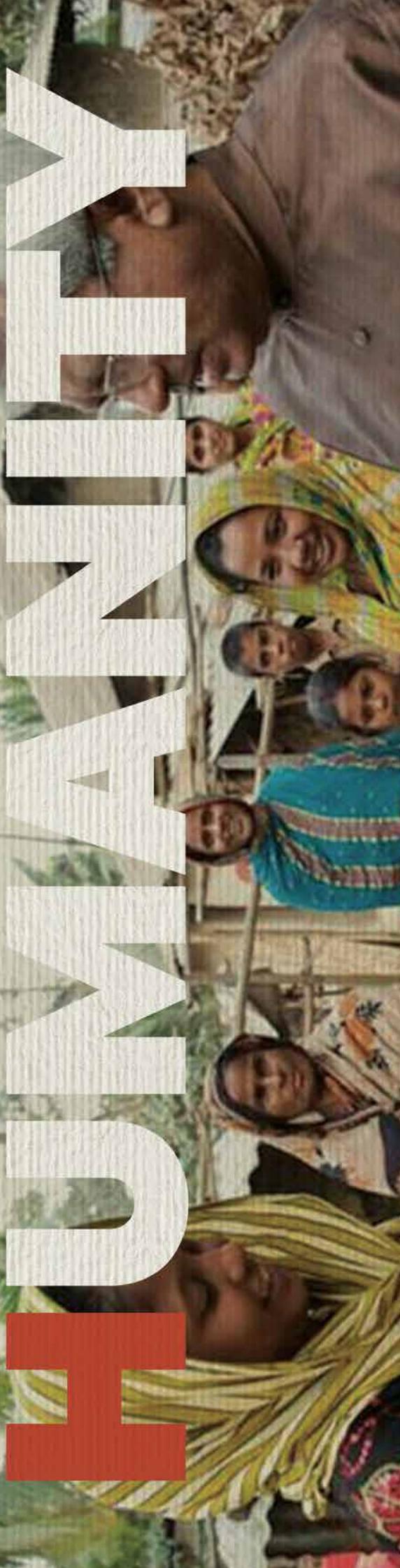
As part of its resource management/engagement responsibilities, the Board has established key performance indicators (KPIs) for the MD & CEO and other officers two tiers below the MD & CEO, and also engages in the evaluation of their performance from time-to-time.

## Credit and risk management

Risk management, especially comprising credit risk that is a key risk facing a financial institution, is a key component of BRAC Bank's Board's executive responsibilities. The policies, strategies, procedures, etc., in respect of appraisal of loan/investment proposals, sanctions, disbursements, recovery initiatives, payment rescheduling and write-offs are initiated with the Board's explicit approval under the purview of existing laws, rules and regulations.

The Board specifically allocates the power of loan/investment sanction to the MD & CEO and executives under him. Importantly, no director interferes directly or indirectly with the process of loan approval, recusing themselves in the event, if any, of any apparent or perceived conflict of interest.

The Board also frames policies for enabling effective risk management, monitoring compliance with this framework on a regular basis and also resetting this framework as per the evolving business environment. The Board also engages in the review of the risk compliance report on a quarterly basis and the discussions and findings of the Board are incorporated in the minutes of the Board meeting for future reference. The Board also monitors compliance with guidelines of Bangladesh Bank with regards to risk management.



Altogether, these interventions infuse tremendous dynamism in the bank's risk management process, enabling it to safeguard its operations at all times and securing its reputation as well.

### **Internal control management**

The Board remains vigilant on the internal control systems of the bank in order to attain and maintain satisfactory qualitative standards across its loan/investment portfolio.

Notably, the Board delivers the responsibility of establishing such an internal control system so that the internal audit process can be conducted independently by the management. It also reviews reports submitted by its Audit Committee on a quarterly basis, ensuring compliance with recommendations made in internal and external audit reports and also with Bangladesh Bank's inspection reports.

Further, human resource management and development policies relating to recruitment, promotions, transfers, disciplinary and punitive measures, training and skilling, etc., and even terms of employment, are framed and approved by the Board. The Chairman or any of the directors in no way involve or interfere with or wield influence over any administrative affairs with regards to human resources.

Further, no member of the Board is included in the selection committee/s for staff recruitment or promotion, thereby segregating the executive responsibilities of the Board with the operational responsibilities of the management. Recruitment, promotions, transfers and penal actions of officers two tiers below the MD & CEO, however, rests with the Board. Such recruitment and promotions are carried out in compliance with the bank's service rules, including policies for recruitment and promotion.

The Board embraces a participatory approach in the development of skills of the bank's staff across different business activities, specifically focusing on building human resource capacity in loans/investment proposal sanctions and in the ability of human resources to review and thus make adequate and material adjustments from information generated out of MIS (management information system) reports. The Board also directs embedding these programmes in its annual work plan, thereby ensuring a continuous focus on such activities.

Overall the Board sets the tone for the code of conduct and ethics for every tier of employees and also ensures the highest levels of compliance. This has gone a long way in ensuring that compliance becomes an integral part of the organisational culture and value system.

### **Financial management**

The annual budget and statutory financial statements are finalised with the approval of the Board. The Board

engages in a holistic quarterly review of the bank's position with respect to its income, expenditure, liquidity, non-performing assets, capital base and adequacy, maintenance of loan loss provisions and steps taken for loan recovery of default accounts, including legal measures.

The Board also frames policies and procedures for the bank's procurement activities and has developed empowered teams with decentralised responsibilities for taking decisions with regards to effecting key procurements. The maximum possible delegation of responsibility for expenditures rests with the MD & CEO and his team. Decision on matters relating to the bank's infrastructure development, including acquisition of land, buildings, vehicles, etc., for the purpose of furthering the business are adopted with the approval of the Board. Further, the Board also reviews the performance of the bank's Asset-Liability Committee (ALCO), according to Bangladesh Bank guidelines.

### **Appointment of Chief Executive Officer (CEO)**

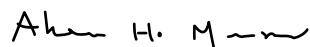
In order to strengthen the foundations of the bank and reinforce stakeholder confidence in our operational sustainability, one of the major responsibilities of the Board is to appoint an honest, efficient, experienced and suitable CEO & MD. The appointment of the CEO & MD is made with the approval of the Bangladesh Bank.

The Directors are responsible for the overall governance and administration of the bank and, in discharging this

responsibility, the Directors confirm to the best of their knowledge and belief that:

- a. The financial statements prepared by the bank's management present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- b. Proper books of account of the bank have been maintained;
- c. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgments;
- d. The international financial reporting standards, as applicable in Bangladesh, have been followed in the preparation of the financial statements, and any departure therefrom has been adequately disclosed;
- e. The system of internal control is sound in design and has been effectively implemented and monitored;
- f. There is no doubt whatsoever on the bank's ability to continue as a going concern.

On behalf of the Board of Directors,



**Dr. Ahsan H. Mansur**  
Chairman

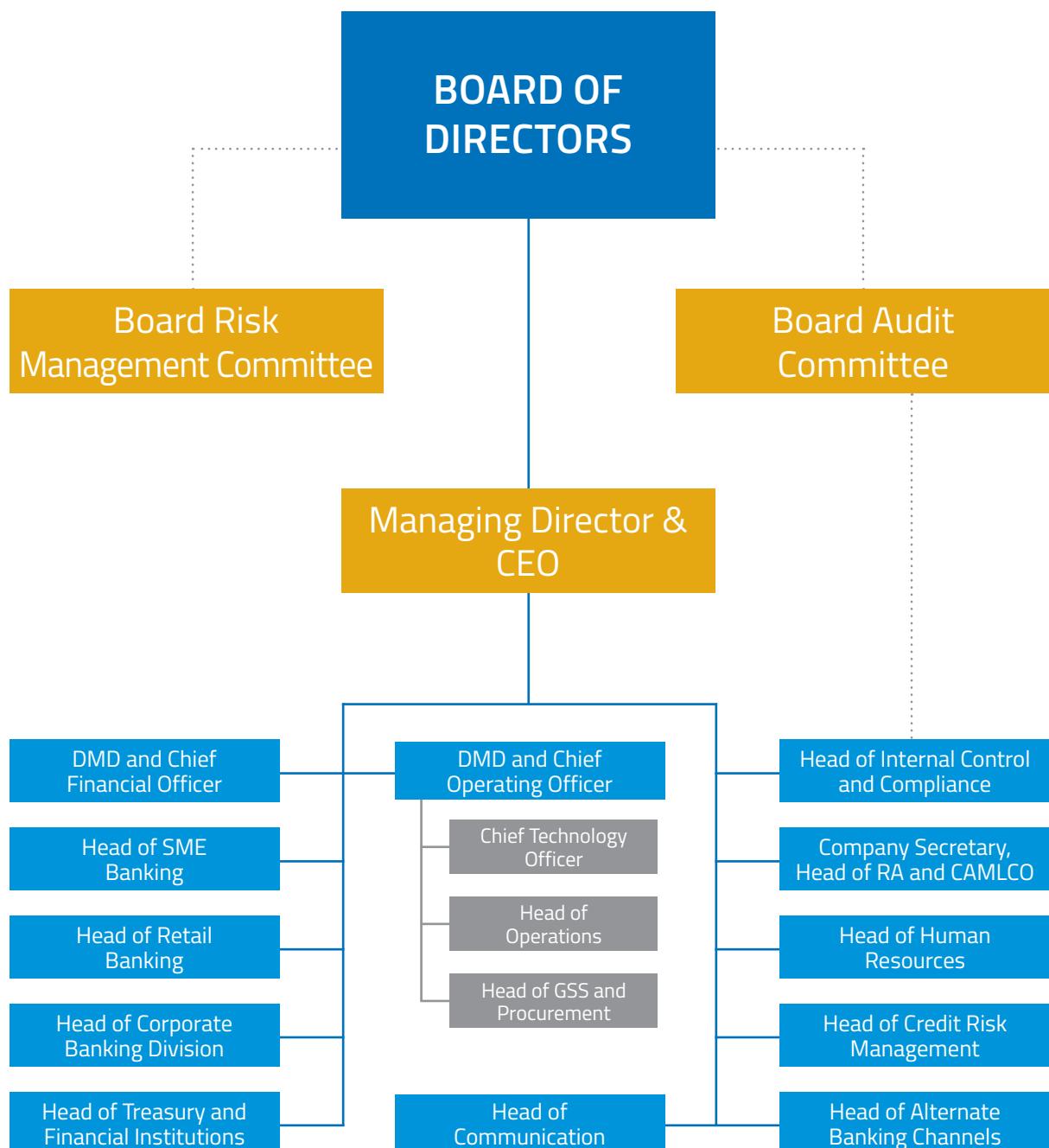
# SHAREHOLDING POSITION OF BRAC BANK LIMITED

As on 31 December, 2019

Sl. no.	Name	Status (Sponsor/ Promoter/ Director)	No. of shares held as on 31 December 2019	Percentage of total no. of paid- up shares (%)
1.	BRAC	Sponsor	546,132,327	44.279
2.	Late Sir Fazle Hasan Abed, KCMG	Sponsor	12,109	0.001
3.	Late A. S. Mahmud	Sponsor	10,128	0.001
4.	Late Faruq A. Choudhury	Sponsor	10,128	0.001
5.	Dr. Saleh Uddin Ahmed	Sponsor	8,322	0.001
6.	Dr. Ahsan H. Mansur (Chairman)	Independent Director	Nil	Nil
7.	Ms. Nihad Kabir (Nominated by BRAC)	Nominated Director	44,628	0.004
8.	Mr. Kaiser Kabir (Nominated by BRAC)	Nominated Director	Nil	Nil
9.	Mr. Asif Saleh (Nominated by BRAC)	Nominated Director	Nil	Nil
10.	Mr. Kazi Mahmood Sattar	Independent Director	Nil	Nil
11.	Ms. Fahima Choudhury	Independent Director	Nil	Nil
12.	General public	Other than Sponsor/ Director	687,157,685	55.713
<b>Total paid-up shares</b>			<b>1,233,375,327</b>	100

# CORPORATE ORGANOGRAM

At BRAC Bank, we possess a streamlined organogram, or organisational structure, with clear line of reporting. This framework enables rapid communication and direct engagement across the various levels of the bank, thereby supporting quick and quality decision-making. This represents a core competitive advantage in a rapidly changing business environment.



# MANAGEMENT COMMITTEE



**Selim R. F. Hussain**  
Managing Director and Chief Executive Officer



**M. Masud Rana FCA**  
DMD and Chief Financial Officer



**Sabbir Hossain**  
DMD and Chief Operating Officer



**Syed Abdul Momen**  
Head of SME Banking



**Tareq Refat Ullah Khan**  
Head of Corporate Banking



**Mahiul Islam**  
Head of Retail Banking



**Shaheen Iqbal**  
Head of Treasury and Financial Institutions



**Nazmур Rahim**  
Head of Alternate Banking Channels



**Rais Uddin Ahmad**  
Company Secretary, Head of Regulatory Affairs and CAMLCO



**Brigadier General Tushar Kanti Chakma (Retd.)**  
Head of General Services, Security and Procurement



**M. Sarwar Ahmed**  
Head of Internal Control and Compliance



**Bilquis Jahan**  
Head of Human Resources



**Ahmed Rashid Joy**  
Head of Credit Risk Management



**Muniruzzaman Molla**  
Head of Operations



**A. S. M. Wasi Noman**  
Chief Technology Officer



**Ekram Kabir**  
Head of Communication

# SENIOR OFFICIALS



**A. K. M. Tareq**  
Regional Head, Dhaka Central  
and Mymensingh Region



**Abdul Gaffar**  
Area Head, Dhaka North  
Region



**Abu Sadat Chowdhury**  
Head of Large Corporate  
Unit-3



**Abu Sayem Ansari**  
Head of Premium Banking



**Anup Kanti Das**  
Regional Head, Sylhet Region



**B.M. Zahid-Ul Haque**  
Head of Information Security



**Biplob Kumar Biswas**  
Head of Underwriting, Small  
Business, (North)



**Debabrata Roy**  
Head of Central Operations



**Dewan Imteaz Ahmed**  
Head of Retail Lending



**Dewan Shihab Minhaz**  
Head of Large Corporate  
Unit-4



**Faisal Hussain**  
Head of Organizational  
Development



**Farhana Sharmin Sumi**  
Head of Compensation and  
Rewards



**Hasnain Mohammad Abid  
Zaman**  
Head of SAM-Retail



**Imtiaz Ahmed**  
Head of ADC



**Indrajit Sur**  
Head of Emerging Corporate



**Ishrat Jahan**  
Head of Cards Operations



**Kaiser Chowdhury**  
Senior Manager, Human  
Resources



**Kazi A. B. M. Bashir  
Ahmed**  
Head of Trade Operations



**Kazi Asaduzzaman**  
Head of Asset and ROC  
Operations



**Khairuddin Ahmed**  
Head of Merchant Acquiring



**Khaled Al Fesani**  
Unit Head , Large Corporate  
Relationship Unit 6



**Khaled Bin Kamal**  
Head of Risk Management  
Unit



**Khalid Hossin**  
Head of Digital Lending



**Khan Mohammed Istiaque**  
Head of Unit-5, Regional  
Corporate



**Lt. Col. Mahdi Nasrullah  
Shahir (Retd.)**  
Head of SAM-SME



**Mahfuz Nawaz Khan**  
Head of Administration



**Md. Abdul Wahed**  
Senior Manager, Loan  
Operations-Retail



**Md. Abu Taher Mridha**  
Head of Payments and  
Transactions



**Md. Arif Ahmed**  
Business Head, Emerging  
Small Business-Unit 1



**Md. Borhan Uddin**  
Area Head, Cumilla and Dhaka  
South Region



**Md. Hafizur Rahman**  
Head of SAM, Small  
Business-East



**Md. Jабедул Alam**  
Head of Trade Development  
and Cash Management



**Md. Mahboob Ur Rahman**  
Head of Underwriting, WB,  
Unit-1



**Md. Nazrul Islam**  
Head of Small Business,  
West



**Md. Rafiqul Islam**  
Business Head, Emerging  
Small Business-Unit 2



**Md. Shah Alam**  
Head of Business Support and  
Women Entrepreneur Cell



**Md. Shahin Lasker**  
Head of Process Re-  
Engineering



**Md. Syedul Islam FCA**  
Head of Audit



**Md. Taher Hasan Al  
Mamun**  
Regional Head, Cumilla and  
Dhaka South Region



**Md. Yasin Arafin FCMA**  
Head of Business Planning  
and Analysis



**Mehruba Reza**  
Senior Product Manager



**Mesbah Uddin Muntassir**  
Head of Learning and  
Development



**Mirza Hashibul Halim**  
Area Head, Cumilla and Dhaka  
South Region



**Mohammad Abdul Ohab  
Miah FCA**  
Financial Controller



**Mohammad Anamul Hoque**  
Head of Export Trade  
Operations



**Mohammad Lutful Haque**  
Deputy CAMLCO



**Mohammad Mahbubur  
Rahman FCS**  
Deputy Company Secretary



**Mohammad Reza Hyder**  
Head of Large Corporate  
Unit-2



**Mohammad Salauddin  
Hazari**  
Regional Head, Chattogram and  
Feni Region



**Mr. Mohammad Syed  
Bashir Ali, FCA, FCMA (IND)**  
Head of Regulatory Reporting  
and Taxation



**Mohammad Sujauddin**  
Unit Head, Credit-Emerging  
Corporate



**Mohammed Aminul  
Hoque Sarwar**  
Head of Procurement



**Mohd. Mahabubur Rashid**  
Unit Head, Trade Development  
and Cash Management



**Monzur Ul - Mowla**  
Head of Credit Administration



**Muhammad Ali Talukder**  
Head of Branch Governance



**Muntasir Rahman**  
Head of Application  
Development and ERP Support



**Najmus Sakeb Jamil**  
Head of Technology  
Infrastructure and Systems  
Management



**Nurun Nahar Begum**  
Head of Core Banking  
Application



**Rajesh Kumar Barua**  
Head of Retail Underwriting



**Rasheed Ahmed**  
Head of Legal and Recovery



**S.M. Alomgir Hossain**  
Head of Small Business, East



**Sajid Rahman**  
Head of Large Corporate  
Unit-1



**Samina Dilshad Amin**  
Senior Manager, Organizational  
Development



**Sarah Anam**  
Head of Products, Deposits  
and NFB



**Shah Nur Quayyum**  
Head of Research



**Shah IbnuL**  
Head of SAM-Corporate,  
Mid Market and Emerging



**Shahrear Md. Zamil**  
Head of Global Relationships



**Sheikh Mohammad  
Ashfaque**  
Head of Branches



**Siraj Azam Siddiquey**  
Head of Digital Banking and  
E-Commerce



**Sk. Md. Zulfiqer Amin**  
Head of Compliance



**Sk. Moinul Hassan**  
Head of Underwriting,  
Emerging Corporate



**Swapan Kumar Das**  
Head of Treasury and FI  
Operations



**Tahsin Shahid**  
Regional Head, Dhaka North and  
Head of Branch Sales



**Taimur Ali**  
Head of Marketing



**Tapati Bose**  
Head of Account Services



**Wahid - Bin - Ahmed**  
Head of Underwriting-Small  
Business (South)



**Yusuf Zaman Khan**  
Area Head, Dhaka North  
Region



**Zahedul Matin**  
Area Head, Dhaka Central and  
Mymensingh Region

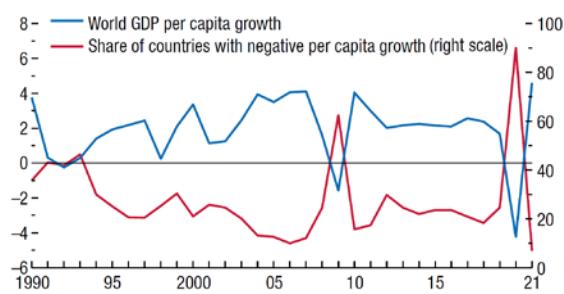
# DIRECTORS' REPORT

The Board of Directors of BRAC Bank Limited take pleasure in presenting the Directors' Report, along with the audited financial statements, for the year ended 31 December 2019. This report comprehensively outlines the performance of the bank for the year 2019. The internal control has been set up within the organization for the accuracy and proper presentation of financial information. The Board has reviewed the financial statements prepared by management to ensure accuracy of financial information and financial reports. The report aims to succinctly summarise global and domestic economic performance and outlook for the coming years and also presents a detailed analysis of the bank's financial performance for the year 2019.

## GLOBAL ECONOMY

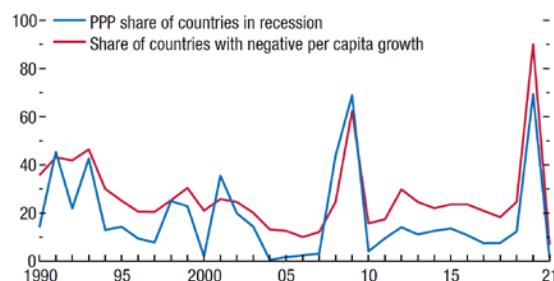
The global economy has grown by 2.9% in 2019. However, global growth is projected to contract sharply by – 3.0% in 2020 as COVID-19 pandemic is inflicting high and rising human costs worldwide requiring isolations, lockdowns, and widespread closures to slow the spread of the virus, which in turn is having a severe impact on economic activity around the globe. The IMF has attributed this outcome far worse than during the 2008 global financial crisis – requiring extraordinary downward revision of growth forecast by 6.0% in IMF's April 2020 Outlook compared to January 2020.

**Figure 1. World Growth in GDP per Capita and Recessions**



Source: IMF staff estimates.

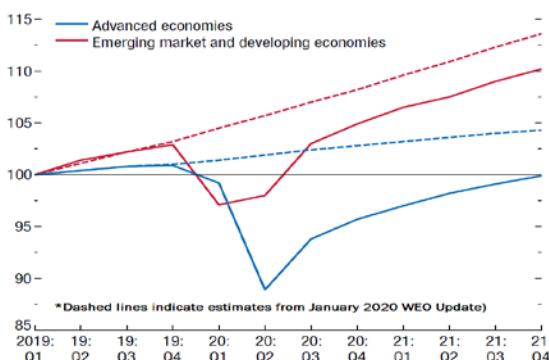
**Figure 2. Countries with Negative per Capita Growth**



Source: IMF staff estimates.

Extreme uncertainty around the global growth forecast remains as economic fallout depends on factors that interact in ways that are hard to predict, such as the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioural changes, confidence effects, and volatile commodity prices. Risks of much worse outcomes predominate in the current scenario as many countries are facing a multi-layered crisis consisting of a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals, and a collapse in commodity prices.

**Figure 3. Quarterly World GDP**



Source: IMF staff estimates.

In a baseline scenario, the global economy is projected to grow by 5.8% in 2021 as economic activity normalizes aided by policy support – with the assumption that pandemic fades in the second half of 2020 along with gradual unwinding of containment efforts, and the restoration of consumer and investor confidence. The projected recovery also assumes that policy actions undertaken are effective in preventing widespread firm bankruptcies, extended job losses, and system-wide financial strains. Nevertheless, the level of GDP at the end of 2021 in both advanced and emerging market and developing economies is expected to remain below the pre-virus baseline (Figure 3).

Despite severe downgrade to global growth forecasts, risks to the outlook are on the downside – for example, a deeper contraction in 2020 and a shallower recovery in 2021 could materialize depending on the pathway of the pandemic and the severity of the associated economic and financial consequences. A second or third wave of coronavirus infections may also emerge which may prove to be more severe as suggested by the study of past pandemics. Such adverse outcomes can test the limits of central banks to support the financial system and further increase the fiscal burden of the shock. However, if a therapy or vaccine is developed earlier than the expected timeline, then the removal of social distancing measures could lead to a quicker recovery than current projections.

## Global Liquidity & Inflation

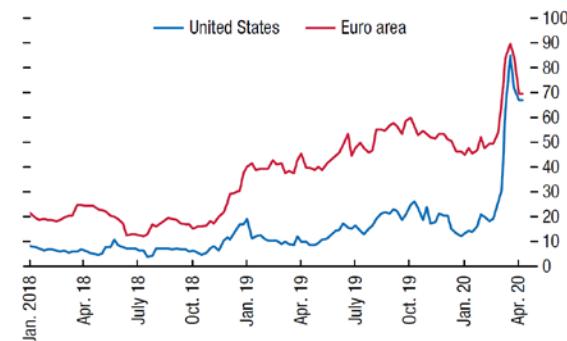
Earlier in 2020, financial markets were optimistic on the back of supportive monetary policies, reduced trade tensions, and tentative signs of stabilization in the global economy. However, as COVID-19 spread globally, the rapidly worsening risk sentiment prompted a series of central bank rate cuts, liquidity support actions, and large asset purchase programmes, including from the US Federal Reserve, European Central Bank, Bank of England, Bank of Japan, Bank of Canada, and Reserve Bank of Australia, as well as from emerging market central banks in Brazil, China, India, Malaysia, Mexico, the Philippines, Saudi Arabia, South Africa, Thailand, and Turkey—which will help partially offset the tightening in financial conditions. Several central banks have also activated bilateral swap lines to improve access to international liquidity across jurisdictions. Moreover, different governments around the world have introduced massive stimulus packages to save their economies from the impact of the coronavirus pandemic – which adds up to an unprecedented total of USD 5.77 trillion as of May 2020.

**Figure 4. Advanced Economy Government Bond Yields (%)**



Sources: Bloomberg Finance L.P.; and IMF staff calculations.

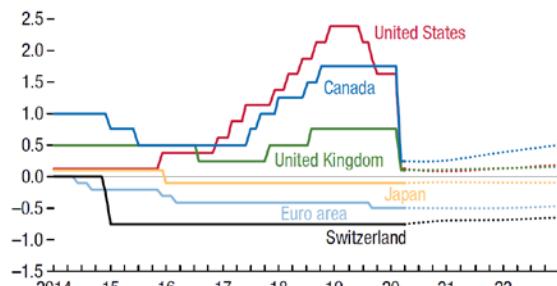
**Figure 5. Probability of Inflation Below 1% over Five-Year Period (%)**



Sources: Bloomberg Finance L.P.; and IMF staff calculations.

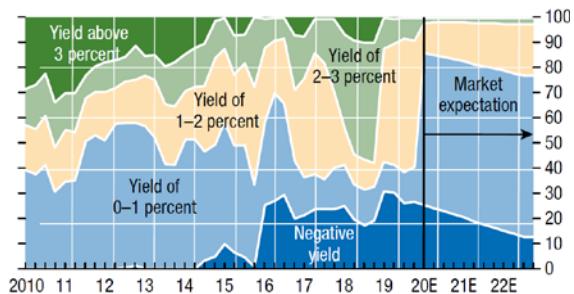
Government bond yields in Germany and the United States fell sharply, on net, reflecting both declines in term premiums and a lower expected path of monetary policy (Figure 4). The market-implied probability of inflation falling below 1% in any single year over the next five years spiked in Europe and in the United States on concerns about the economic impact of COVID-19 and the fall in oil prices (Figure 5).

**Figure 6. Actual and Expected Policy Rates (%)**



Source: IMF staff estimates.

**Figure 7. Advanced Economy Government Bonds (% of bonds outstanding, by yield)**



Source: IMF staff estimates.

As central banks responded with decisive monetary policy easing, policy rates in several advanced economies came down close to zero (Figure 6), and government bond yields are now expected to stay low for even longer. The stock of government bonds with yields of less than 1% (shown in light and dark blue in Figure 7) doubled from about 40% of bonds outstanding at the end of 2019 to about 80% in March 2020.

## Global trade

In 2019, broad-based weakening in global growth affected major advanced economies such as the US, the Euro area, and smaller Asian advanced economies, and has been more pronounced in emerging markets and developing economies, such as Brazil, China, India, Mexico and Russia, as well as few other economies that suffered from macro-economic and financial stress. As a result, global trade came to a virtual standstill in 2019 and registered a growth rate of only 0.9% for the year due to a slowdown in industrial production, reduced investment spending, reduced import growth, economic stress, the impact of heightened trade tensions on business sentiment in the manufacturing sector, and downturn in car production and sales.

After global trade growth slowed significantly in 2019, the COVID-19 pandemic is expected to further cause an unprecedented fall in world trade. As per the estimates of the World Trade Organization (WTO), the world merchandise trade could plummet between 13% and 32% in 2020 due to the pandemic, and the adverse effects of coronavirus on globalization may carry on for years similar to the 2008 financial crisis.

## Global economic outlook

Advanced economies are projected to contract by 6.1% in 2020 – where several economies have experienced widespread outbreaks and deployed containment measures. Most economies in the group are forecast to contract this year, including the United States (-5.9%), Japan (-5.2%), the United Kingdom (-6.5%), Germany

(-7.0%), France (-7.2%), Italy (-9.1%), and Spain (-8.0%). In parts of Europe, the outbreak has been as severe as in China's Hubei province. Although essential to contain the virus, lockdowns and restrictions on mobility are extracting a sizable toll on economic activity. Adverse confidence effects are likely to further weigh on economic prospects.

Among emerging market and developing economies, all countries face a health crisis and is projected to contract by -1.0% in 2020; excluding China, the growth rate for the group is expected to be -2.2%. Even in countries not experiencing widespread detected outbreaks as of the end of March 2020 (and therefore not yet deploying containment measures of the kind seen in places with outbreaks) the significant downward revision to the 2020 growth projection reflects large anticipated domestic disruptions to economic activity from COVID-19. The 2020 growth rate for the group excluding China is marked down by 5.8% from the IMF's January 2020 projection. Growth would be even lower if more stringent containment measures are necessitated by a wider spread of the virus among these countries.

Emerging Asia is projected to be the only region with a positive growth rate in 2020 (1.0%), albeit more than 5% below its average in the previous decade. In China, indicators such as industrial production, retail sales, and fixed asset investment suggest that the contraction in economic activity in the first quarter is likely about 8% year over year. Even with a sharp rebound in the remainder of the year and sizable fiscal support, the economy is projected to grow at a subdued 1.2% in 2020. Several economies in the region are forecast to grow at modest rates, including India (1.9%) and Indonesia (0.5%), and others are forecast to experience large contractions (Thailand, -6.7%).

Other regions are projected to experience severe slowdowns or outright contractions in economic activity, including Latin America (-5.2%)—with Brazil's growth forecast at -5.3% and Mexico's at -6.6%; emerging and developing Europe (-5.2%)—with Russia's economy projected to contract by -5.5%; the Middle East and Central Asia (-2.8%)—with Saudi Arabia's growth forecast at -2.3%, with non-oil GDP contracting by 4%, and most economies, including Iran, expected to contract; and sub-Saharan Africa (-1.6%)—with growth in Nigeria and South Africa expected at -3.4% and -5.8%, respectively. Following the dramatic decline in oil prices since the beginning of the year, near-term prospects for oil-exporting countries have deteriorated significantly: the growth rate for the group is projected to drop to -4.4% in 2020.

Global growth is expected to rebound to 5.8% in 2021, well above trend, reflecting the normalization of economic activity from very low levels. The advanced economy group is forecast to grow at 4.5%, while

growth for the emerging market and developing economy group is forecast at 6.6%. In comparison, in 2010 global growth rebounded to 5.4% from -0.1% in 2009. The rebound in 2021 depends critically on the pandemic fading in the second half of 2020, allowing containment efforts to be gradually scaled back and restoring consumer and investor confidence. Nonetheless, the level of GDP at the end of 2021 in both advanced and emerging market and developing economies is expected to remain below the pre-virus baseline.

### Bangladesh economy

Bangladesh has continued its strong GDP growth trajectory in FY2019, with stable inflation and domestic consumption, and is set to graduate to a developing country in 2024, from its current LDC (least developed country) status.

Today, Bangladesh has successfully diversified into a manufacturing-based economy, riding on sustained growth in the ready-made garment (RMG) sector, which accounts for 85% of the country's total export earnings. Remittance inflows further grew by 9.5% in FY2019 to USD 16.4 billion after rebounding strongly in FY2018. The sector continues to play a significant role in promoting private consumption, employment creation and external stability. Current account deficit (CAD), which was heating up in FY2018 also cooled down to USD 5.3 billion due to favourable export and remittance growth, while import growth was largely stagnant. As a result, foreign exchange reserves of the nation stood at USD 32.72 billion at the end of FY2019. Inflation declined further by 30 bps to 5.48% in FY2019, while GDP growth was recorded at a remarkable 8.15% for the first time in the history of the country. Improving balance of payments and net foreign asset (NFA) growth recovery fostered by supportive policy measures eased liquidity stress in both BDT and USD by the end of FY2019 that had spilled over from the widening CAD during the previous fiscal year. Simultaneously, the country needs to keep reinforcing

its macroeconomic policy framework and advance a range of structural measures to reshape institutional and regulatory policies of the economy to help realise the latent growth potential of the country with its already favourable demographics.

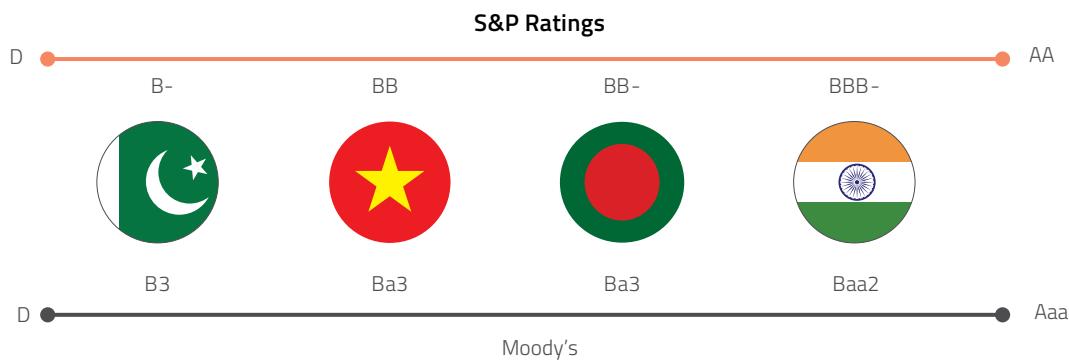
### Sovereign ratings

Bangladesh has held on to its 'stable' credit profile from three global rating agencies in 2019, following the trend from previous years. For the 10th year in a row, Moody's and Standard & Poor's (S&P) gave Bangladesh 'Ba3' and 'BB-' ratings, respectively. Fitch Ratings affirmed Bangladesh's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BB-' with a 'Stable Outlook' on November 25, 2019. Among peer economies, Bangladesh stands in a strong position ratings-wise (figure 8).

Weak economic development, as represented by per capita GDP of USD 1,900 for 2019, remains one of the major credit rating constraints for Bangladesh. This income level represents a weak and narrow revenue base, in turn limiting fiscal and monetary flexibility for dynamic response to exogenous shocks. All three rating agencies have expressed concern over this narrowing base, exacerbated by weak banking-sector health. In addition, Moody's also downgraded Bangladesh's macro profile to 'Weak-' from 'Weak' by introducing a negative one-notch adjustment to credit conditions, which will push up transactional cost for banks. The agency has also expressed reservations about the outlook of Bangladeshi banks due to its asset quality, profitability and new relaxed default loan classification policy.

On a positive note, Bangladesh's GDP growth trend continues to be one of the strongest among Fitch-rated sovereigns. Average growth of 7.0% in the five years through FY2019 is well above the 'BB' category median of 4.2%. Bangladesh received satisfactory ratings for its foreign-exchange reserves, which covers 5.6 months of current external payments in 2020, compared with a 'BB' category median of 4.4 months.

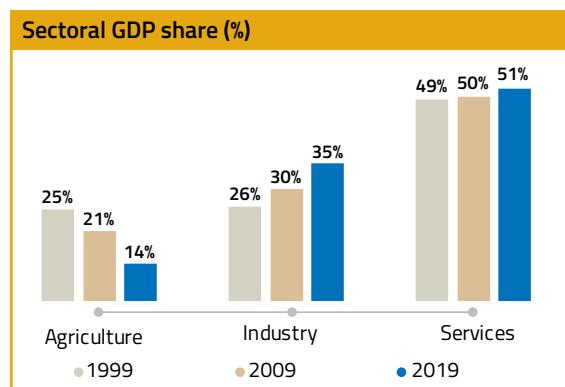
**Figure 8: Credit rating comparison - Pakistan, Vietnam, Bangladesh and India.**



## Agricultural sector

The contribution of agricultural sector to GDP in Bangladesh declined to 13.6% in FY2019 from 14.2% in FY2018, as overall sectoral productivity is less than that of the industrial sector. Growth of the sector also declined to 3.9% in FY2019 from 4.2% in FY2018. An amount of BDT 218 billion was targeted to be disbursed as agricultural credit, against which BDT 236.16 billion was disbursed, which is 10.4% higher than actual disbursement of FY2018. Subsidy in agricultural inputs, enhanced coverage and easy agricultural credit was ensured in order to scale up productivity and BDT 90 billion was allocated in the Union Budget of FY2019 to achieve these objectives. Marine (fish) production stood at 42.77 lakh MT in FY2018 from internal water and sea resources, whereas the target for FY2019 was 43.81 lakh MT.

**Figure 9: Sectoral GDP share (%)**



Source: Bangladesh Bank Annual Reports

## Industry sector

The contribution of industry to GDP in Bangladesh increased by 1.3% from 33.7% in FY2018 to 35.0% in FY2019. Growth of the industry sector also increased to 12.7% in FY2019, from 12.1% in FY2018. Growth of three industrial sub-sectors – manufacturing, mining and quarrying; electricity and gas and water supply – also increased significantly in FY2019, though the construction sector experienced a slight decline in growth during the year. Contribution of the manufacturing sub-sector-to-GDP also increased to 24.1% in FY2019 from 22.9% in FY2018. The government has been persistent in its efforts towards developing industrial sectors, such as manufacturing, fuel, agriculture and forestry, mineral extraction and processing, tourism and hospitality services, construction and ICT. For instance, the 'National Industrial Policy – 2016' was introduced with the underlying objective of ensuring sustainable and inclusive industrial growth and international market linkages. This goal is being achieved by providing loans

and other ancillary support through banks and NBFIs and also through the development of Economic Zones (EZs) which are playing a valuable role in promoting sustainable industrialisation and attracting FDI (foreign direct investment) into the country.

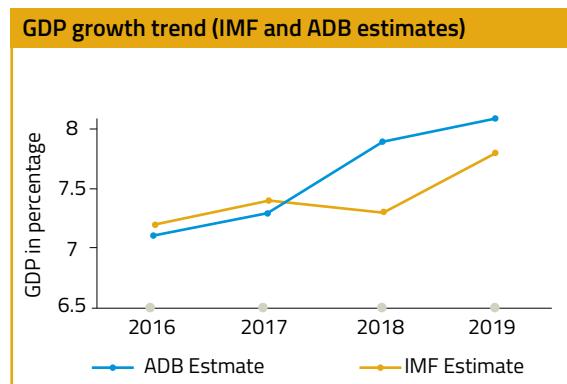
## Services sector

In FY2019, the contribution of the services sector-to-GDP declined marginally to 51.4% from 52.1% in the previous fiscal year. However, the sector witnessed growth of 6.8% in FY2019, as compared to 6.4% in FY2018. Sub-sectors such as wholesale and retail trade; hotels and restaurants; transport, storage and communication; financial intermediation; real estate and renting and business activities and health and social work performed better in FY2019.

## Growth performance

Bangladesh has been witnessing robust economic transformation, with GDP growth expanding at an average rate of 6.5% over the last decade, despite challenging external global circumstances. A persistent real GDP growth in excess of 7% recorded in the last three years also indicates rising economic prosperity. According to the Spectator Index (2019), Bangladesh recorded the highest economic growth of 188% in the last 10 years, whereas China and India grew by 177% and 117% during the same period.

**FIGURE 10:**



Source: ADB and IMF publications

According to the final estimates of BBS, GDP growth for FY2019 stood at 8.15%, as compared to 7.86% in the preceding fiscal year.

## Savings and investment

Gross domestic savings increased to 25.0% of GDP in FY2019 from 22.8% in FY2018. During the same period, national savings increased to 29.5% of GDP from 27.4% a year earlier. Similarly, investment-to-GDP ratio increased slightly to 31.6% in FY2019 from 31.2% in FY2018. Public and private investments grew by

13.8% and 14.3%, respectively, in FY2019, while total investments grew by 14.2% during the fiscal year. As a result, public sector investments as percentage of GDP increased to 8.0% from 7.97%, and private sector investment as percentage of GDP increased to 23.5% from 23.3% during the year.

### Fiscal sector

The Budget deficit was estimated at 5.0% of GDP or BDT 1,259.3 billion in the revised budget of FY2019. Of this deficit, 34.5% or BDT 434.0 billion was estimated to be financed from external sources, excluding foreign grants, and 62.5% or BDT 787.5 billion from domestic sources. Of the domestic sources, as per revised budget of FY2019, 39.2% was financed from the banking system and the remainder 60.8% from the non-bank sector. However, for FY2020, the Government has budgeted to finance 60.2% from the banking system and the remainder from the non-bank sector, as net sales of national savings certificates (NSCs) have been declining due to tightening of its sales process and hike in tax on interest.

In the revised budget of FY2019, total revenue receipts targeted at BDT 3,166.1 billion (12.5% of GDP), of which tax revenue was BDT 2,800.0 billion (11.4% of GDP), tax revenue from non-NBR sources was BDT 96.0 billion (0.4% of GDP), and non-tax revenue was BDT 270.1 billion (1.1% of GDP). The revised revenue target was 6.7% lower than the initial target, and 46.2% higher than the actual revenue receipts in FY2018. The tax revenue constituted 91.5% of the total revenue receipts, which was 49.0% higher compared to the actual tax collected in FY2018. The non-tax revenue of FY2019 was 21.5% higher than that of FY2018.

Public expenditure as a percentage of estimated GDP increased from 14.3% in FY2018 to 17.4% in the revised budget of FY2019. Annual Development Programme (ADP) expenditure witnessed growth of 39.7% in the revised budget of FY2019.

### External sector

Bangladesh registered favourable export growth of 10.1%, compared to import growth of 1.8% in FY2019. This helped ease the trade deficit, which declined from USD 1.8 billion to USD 1.5 billion YoY in FY2019. Remittance also grew favourably in FY2019 by 9.6%. Resultantly, CAD improved from USD -9.6 billion in FY2018 to USD -5.3 billion in FY2019. Balance of payment also improved from USD -857 million to USD 12 million in FY2019.

Foreign exchange reserves remained above USD 31 billion in FY2019, as export and remittance reported better performance, while year-on-year import growth was restrained within 2% during the fiscal year.

### Exports

Export earnings of Bangladesh stood at USD 40 billion in FY2019, which is 10.1% higher than the previous year. This growth was primarily achieved by the high volume of garment shipments, which grew by 11.5% year-on-year and accounted for more than 84% of the national exports. In the previous fiscal year, Bangladesh also benefitted from the US-China trade tensions, as work orders shifted from China, resulting in Bangladeshi RMG shipments growing more than 10% to its single largest export destination – the US. In addition, exports of such items as shrimp, crabs, tea, vegetables, fruit, spices, dry food, tobacco, pharmaceuticals, furniture, petroleum by-products, plastic goods, ceramics, handicrafts, cotton, cotton products, carpet, terry towels, footwear, wigs and furniture also performed better in FY2019. In contrast, leather and leather goods, jute and jute products, home textiles, building materials, ships and bicycles performed below expectations.

### Imports

Import payments of Bangladesh stood at USD 55.4 billion in FY2019, 1.8% higher than the previous year. China and India remain the biggest import partners with import volumes of 26.1% and 14.7% respectively originating from these two countries. Singapore was Bangladesh's third largest import partner with 6.0% of total imports originating from the country in FY2019.

### Remittance

Bangladesh is the ninth largest remittance receiving country in the world. Total wage earners' remittances increased from USD 15 billion in FY2018 to USD 16.4 billion in FY2019, growing by 9.6% despite overseas employment declining during the year. In order to encourage remittance through legal transfer channels, the Government has taken an initiative of 2% cash incentive for inward remittance transfers in the National Budget for the FY2020, which is expected to play a positive role in increasing remittance volumes going forward.

### Foreign direct investment (FDI)

Net foreign investment grew significantly by 50.7% from USD 2,580.44 million to USD 3,888.99 million in FY2019. Among the different components of FDI, equity capital and intra-company loans witnessed the highest growth during the fiscal year.

Component	(USD mn)		
	Net inflow in FY2018	Net inflow in FY2019	% Change
Equity capital	614.76	1,195.2	94.4%
Reinvested earnings	1,253.44	1,363.46	8.8%
Intra-company loans	712.24	1,330.33	86.8%
<b>Total</b>	<b>2,580.44</b>	<b>3,888.99</b>	<b>50.7%</b>

The UK, Norway, the UAE, the US and Hong Kong were among the top-five net FDI contributors to Bangladesh in FY2019.

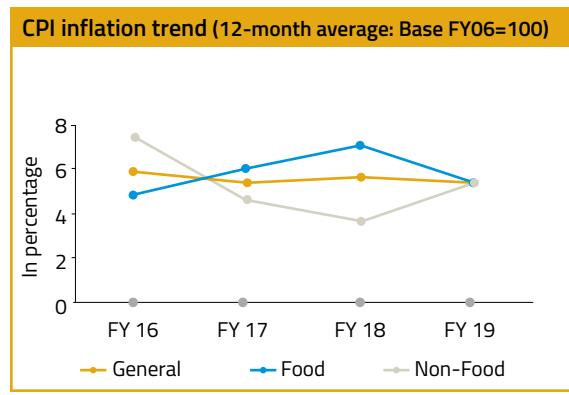
### Balance of payment

Trade deficit moderated to USD 15.5 billion in FY2019 from USD 18.2 billion in FY2018 due to higher growth of exports and remittances, as compared to imports. In addition, services account deficit declined by 11.6%, while primary income deficit increased by 10.9%. In terms of secondary income account, surplus balance increased by 9.3% in FY2019 due to higher growth in worker's remittances and investments. However, financial account surplus declined from USD 9,011 million to USD 5,628 million in FY2019. In conclusion, the overall balance of payment recorded a surplus of USD 12 million in FY2019, compared to a deficit of USD 857 million in the previous fiscal year, as CAD improved.

### Inflation

Inflation rate declined from 5.78% in FY2018 to 5.48% in FY2019, which was below the Government's targeted level of 5.60%. During the fiscal year 2019, adequate stock of rice, onion and other food items helped bring down food inflation from 7.13% in FY2018 to 5.51% in FY2019.

**FIGURE 11.**



However, as can be seen from the chart on 'CPI inflation', food and non-food CPI inflation often moves in negative correlation, and non-food component rose from 3.74% to 5.42% in FY2019.

### Exchange rate

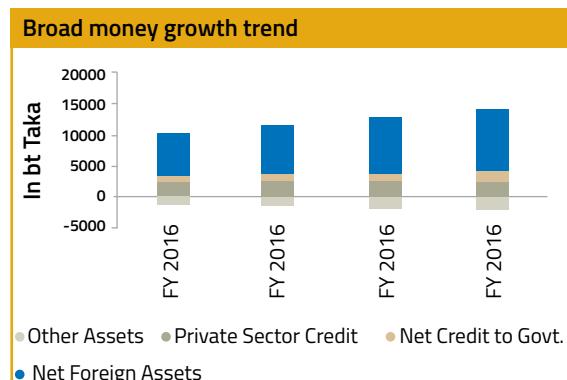
The weighted average inter-bank rate stood at Tk. 84.03 per USD in FY2019, which was Tk. 82.10 per USD in FY2018, resulting in a depreciation of 2.3%. The shift in current account dynamics from surplus in recent years to a deficit from food imports and investments pressured the greenback to depreciate. It should be noted that for the first six months of FY2020, export growth was in the negative territory. Export items were losing competitiveness due to higher depreciation of competing currencies, which is likely to create further pressure on BDT to depreciate.

### Money supply and credit growth

Broad money (M2) grew by 9.9% in FY2019, below the target growth of 12.0%, but above the 9.2% actual growth in FY2018. Improving balance of payments and NFA growth recovery brought forth by supportive policy measures eased liquidity crunch in both Taka and USD interbank markets by the end of FY2019 that spilled over from the widening CAD and attendant sharp NFA depletion, and helped restore normalcy with little to no day-to-day market intervention by Bangladesh Bank. Reserve money also increased to 5.3% in FY2019 from 4.0% in FY2018.

Domestic credit registered growth of 12.3% below the targeted ceiling of 15.9%, as private sector credit growth significantly slowed down to 11.3% in FY2019 from 16.9% in FY2018. However, public sector credit growth rose to 21.1% in FY2019 from negative 2.4% in the previous fiscal year.

**FIGURE 12.**



Private sector credit growth experienced a slowdown in FY2019, due to liquidity issues in banks on account of slower deposit growth, increased government borrowings from banks to meet budget deficits and heightened NPLs. Net domestic assets (NDA) grew by 12.06% during FY2019, compared to 12.84% in FY2018, as private sector credit growth declined significantly.

## Interest rates

The weighted average lending rate of commercial banks declined to 9.58% at the end of June 2019 from 9.95% at the end of June 2018. Similarly, weighted average deposit rates declined to 5.43% in June 2019 from 5.50% in June 2018. As a result, interest rate spread declined significantly by 30 bps year-on-year to 4.15% at the end of June 2019.

## Call money rate

Call money rates moved in the range of 3.2% to 5.0% for the most part of FY2019. During this period, Government's borrowings from the banking system spiked up call money rates. However, the central bank extended liquidity support to the market at the end of FY2018 by reducing the policy repo rate by 75 bps to 6.0%.

## Bangladesh economic outlook

The Government of Bangladesh had set a target of 8.2% GDP growth for FY2020, which is rather optimistic with regard to the current scenario of the coronavirus pandemic. IMF has forecasted a GDP growth rate of only 2% for FY2020 assuming the impact of the pandemic with a V-shaped recovery to 9.5% in FY2021. The World Bank has projected a similar GDP growth of 2-3% for FY2020 with a more conservative growth of 2.9% in FY2021. Bangladesh Bank has also made GDP forecasts for FY2020 (3.8%), FY2021 (5.7%) and FY2022 (8.0%). Nevertheless, GDP growth rate is likely to mediate somewhere among these two extremes for FY2020 with a much stronger growth in the next fiscal year. These forecasts will be affected by multiple considerations, such as:

- The government has undertaken a set of stimulus packages worth BDT 1.011 trillion (USD 11.9 billion) to offset the COVID-19 shock on various sectors of the economy, as well as to minimize the sufferings of the people hit hard by the nationwide shutdown implemented during March 26 – May 30 to contain the pandemic. The central bank has also implemented various policies such as cutting repo rate, reduction of CRR, capping lending rate to support economic activities. These initiatives can help the economy to recover quickly, though the extent of the economic fallout from the coronavirus pandemic depend on factors that are hard to forecast in the current scenario.
- The single biggest challenge for Bangladesh amid the pandemic is inward remittances, which may suffer heavily due to the economic crisis induced around the world by the COVID-19 pandemic. According to the World Bank, remittance flow to Bangladesh is projected to decline by 22% in 2020.
- As per the Bangladesh Bank projections, exports are set to decline by 17.9% and 0.8% respectively in FY2020 and FY2021 due to the slowdown in global trade activity. In addition, recession in European and US markets stand to hurt demand for the country's major export goods. Even after the severe downgrade to the country's export growth, risks to the outlook are on the downside.
- The government is exploring external aid opportunities to bankroll its budget deficit for both the current and upcoming fiscal years for offsetting the effects of the COVID-19. As per the World Bank forecast, the budget deficit for the current and next fiscal year may go up to 7.7% and 9.8% of GDP respectively. As a result, the government may borrow heavily both internally and externally in the coming years. According to The Economist, Bangladesh ranks 9th among 66 emerging economies in terms of its financial strengths to cope under the strain of COVID-19 outbreak. In fact, Bangladesh has relatively low public and foreign debt as percentage of GDP compared to its peer economies, and is in a better position to finance its deficits.
- Foreign exchange reserves are likely to come under pressure if the central bank intervenes aggressively to support the exchange rate. Moreover, both monetary and exchange rate policy needs to be in sync to avoid depleting foreign exchange reserves. Real exchange rate appreciation will also stand to hurt the country's export competitiveness. Nonetheless, Bangladesh has reserves with around 6 months of import coverage and is in a relatively comfortable position to weather through the current situation.
- The FY2020 budget is focused on reducing dependence on National Savings Certificates (NSCs) and increase reliance on bank borrowings. This can potentially crowd out bank credit of the private sector and adversely impact private investments. This risk can be minimized through the accelerated use of external concessional financing and concerted efforts in reducing NPL formation.
- Inflation may not be a big challenge given downward global commodity prices including lower oil prices and stable production in the country, if proper supply chain is ensured.
- Implementation of the new value-added tax law from July 2019 is unlikely to significantly improve the revenue ratio unless the tax policy is adjusted. Tax administration reforms must move forward to increase the tax base and close the compliance gap. Moreover, revenue mobilization is likely to

- remain limited in the near term depending on the extent of the epidemic. As a result, dependency on other financing sources and fiscal deficit may continue to rise in the upcoming fiscal years.
- Significant domestic risks exist in the financial sector. As rising NPLs have been negatively impacting financial markets, more stringent focus is necessary for portfolio selection and monitoring. This may have a negative impact on credit growth, but reduction of NPLs should be a top priority. However, given the economy is still growing, businesses will continue to improve, which will allow banks to overcome its NPL challenge gradually. In addition, majority of banks in Bangladesh maintain capital conservation buffer of 2.5% as per the Basel-III requirement which will allow the sector to withstand periods of stress.

Under these circumstances, future performance of the economy will largely depend on the country's capability to handle the epidemic induced shocks and keeping domestic demand reinvigorated. Addressing key challenges with continuous policy support to internal and external sectors of the economy will also be the key to strengthening the growth momentum of the country. This is also a vital time for the country to improve governance, transparency and efficiency to ensure regaining growth track.

### **Creating a solid base for the forthcoming years**

In our quest to become the best bank of Bangladesh, the year 2019 represented a significant period for BRAC Bank. In the course of the year, having successfully resolved major legacy issues, while also reducing drag from low return segments, we started to see pay-off in terms of bringing to the fore the true earnings potential of the bank by delivering substantial growth across most major financial and non-financial metrics.

BRAC Bank offers a diversified banking platform to its customers through its engagement in SME, Retail and Corporate businesses, providing a wide range of innovative products and services to our customers. In order to serve a larger customer base with evolving needs and requirements, we have re-organized our service channels to multi-segment businesses, focusing on unifying customer experiences across various interfaces. We continuously formulate diverse strategies considering various scenarios and business opportunities. We are focusing on both income maximization and ensuring efficiencies in all areas of our business operations, including cost control and productivity enhancement. Our customers have welcomed this transformed and more targeted business model, offering them increased flexibility,

along with high standardization of service throughout all our channels. We are placing strong emphasis on customer experiences as a means to drive longevity in our relationships, and we are also introducing digitalisation to ensure seamless service delivery to acquire a larger market share. During the year, we reinforced our customer-centricity, continuing to embedding ourselves in the customers' journeys.

### **Being a sustainable bank**

Being purpose-driven is part of our DNA as we have always kept the larger interests of good corporate citizenship in mind. Building on this time-honored tradition, we have continued to reinvent ourselves over the years with a view to creating a more sustainable bank that is relevant, applicable and trustworthy.

At BRAC Bank, we have always focused on three sustainability pillars:

- (i) Responsible banking with superior customer service
- (ii) Responsible business practices with the highest levels of compliance
- (iii) Creating a robust social and environmental impact

### **Taking a step towards progress by being digital at the core**

Being truly digital involves transformation of our bank to enable us to be quicker, faster and more responsive to market requirements. To be successful, we know that we have to re-architect our technology infrastructure to be cloud-native, enable scalability through strategic ecosystem partnerships, improve business/technology frameworks and use data analytics to provide personalised customer experiences. Despite embracing change through digital, we know that what will remain constant is our focus on delivering simplicity and convenience to our customers.

### **Transforming the bank: Creating today's bank for tomorrow**

Reimagining banking has been a priority for BRAC Bank over the past few years. With such an emphasis, today, we are well-placed to serve both present and future customer needs.

We commenced our digital transformation journey in 2018, which is early when compared to many of our peers. Today, we have one of the most comprehensive digital transformation programmes, encompassing the spirit of being digital at the core, to nurture a culture where our measurement methodologies enable quantification of impact of our digital transformation

initiatives, especially on our profitability. Taken together, we are now being seen as a leader in digital transformation in the banking industry of Bangladesh. In 2020, we expect to continue to make rapid progress on this front.

### Enhancing customer experience

BRAC Bank's Service Excellence & Quality Assurance teams take up focused initiatives under the framework of Lean and Six Sigma integrated methodologies to achieve improvement of service and process standards. The team actively engages with customers across various channels to capture feedback, which is suitably analyzed before being taken up for improvements.

Further, our complaints management team partners with respective units and conducts root-cause analysis on an ongoing basis to address repeat issues.

Our service quality infrastructure is built on the world-renowned Plan–Do–Check–Act (PDCA) model of Deming's improvement cycle. Under this, the bank's branches are visited by skilled quality professionals for a detailed review of the service delivery processes. This entails assessment, gap identification, root-cause analysis, action plans and execution. The entire process is a closed actionable loop with focus on successful closures. The bank's three-pronged structure to bolster customer service comprises customer experience, innovation and quality assurance. The Customer Experience unit captures

the Voice of the Customer (VOC) and also assessed performance across key service drivers. These initiatives were managed through the Innovation Centre, which acted as a clearing house for ideas that helped the bank to implement 'next practices' across products, services and channels. The bank undertook several strategic and tactical improvement projects during the year under report.

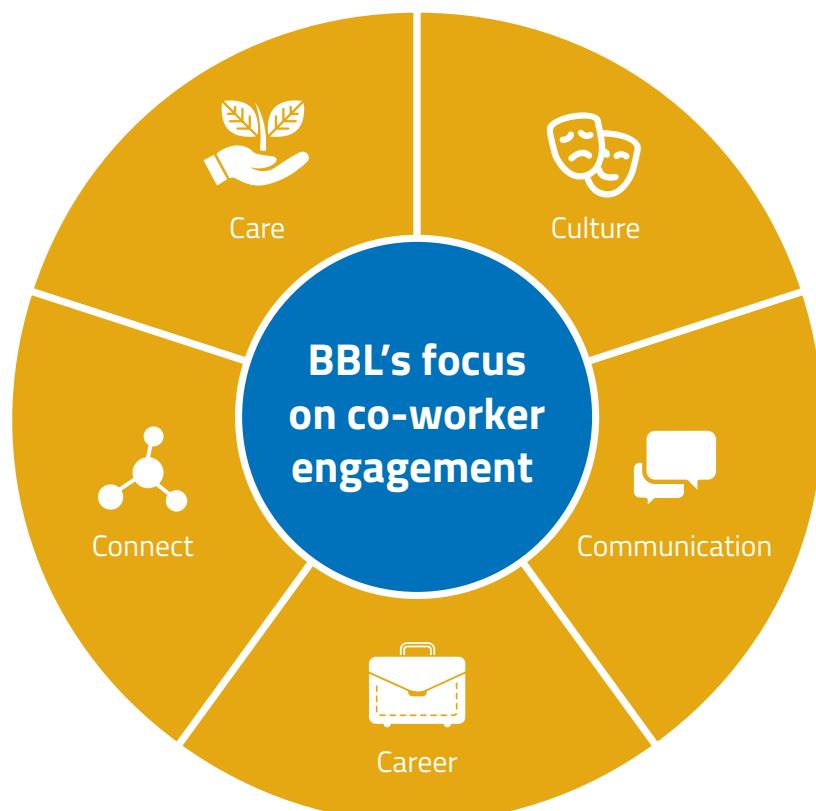
### Human capital management

BRAC Bank pursued a strong employee value proposition of 'creating and sharing value', driven by the ethos of professional entrepreneurship; a talent philosophy of owner-partner-manager and superior employee experience, together designed to encourage and reinforce a strong culture promoting meritocracy, performance and prudent risk-taking.

The bank's human capital engagement practices are targeted at enhancing the brand as a preferred employer of choice among new-age employees. It deploys a suite of best-in-class initiatives that deliver fast-paced, high-quality and predictive human capital outcomes, leveraging technology-driven digital platforms.

#### Co-worker engagement through the 5 Cs

BBL follows the 5 Cs engagement model that focuses on promoting extensive engagement amongst our growing workforce.



BRAC Bank engages and develops its human capital by coworkers with the bank's core values, by creating a unified culture of growth and cooperation, by encouraging open and honest communication, by strengthening connect and engagement with employees, by supporting holistic career development and by showing our sense of empathy and care as an organization.

Holistic and all-round well-being forms the cornerstone of our employee engagement model, disseminated digitally through targeted initiatives

under each of our facets of our co-worker engagement framework.

Investing in our people is a simple, yet high-impact strategy at BRAC Bank. As a part of this strategy, we relentlessly focus on recruiting top talent, aligning staff remuneration and performance measurement with industry standards to ensure high levels of motivation and ensuring employee loyalty for optimum performance and job satisfaction. The bank remains efficient and competitive due to its concern for employees as well as customers.

Shared value	Way of thinking (Employee)	Way of thinking (Employer)
Flexible deployment	Willingness to work across a variety of organisational roles and settings	Encourage employees develop cross-functional skills and capabilities
Customer focus	Put customer interests first and foremost	Provide information, skills and incentives to focus fully on serving customer needs
Performance focus	Focus on what we do, not where we work	Link rewards and benefits with performance and performance achieved the right way
Project-based work	Accept our responsibilities as focusing on project-based work, rather than functions-based work	Structure work around projects rather than organisational functions
Human spirit and work culture	Value work that is meaningful and helps create a positive impact across communities	Provide work that is rewarding and meaningful
Commitment	Commit to assisting the organisation in achieving positive and high-impact outcomes	Commit to assisting co-workers to achieve their professional and personal objectives
Learning and development	Commit to lifelong learning	Enter into partnerships for meeting our objectives of ensuring continual employee growth and development
Open information	Willing to show enterprise and initiative	Provide employees with access to a wide range of useful and beneficial information

## Financial review

The banking industry of Bangladesh witnessed a highly competitive environment in 2019, amidst increasing regulatory compliance enforcements and monitoring by the central bank to stabilise the banking system. In addition, the industry was also characterised by the rising incidence of non-performing loans and decline in private sector investments. Intriguingly, despite a relatively stable political atmosphere, weak supervision and mala-fide intentions of vested parties resulted in severe crisis of governance and confidence. The banking sector also suffered by an unprecedented increase in bad debts, which rose to a staggering 9.32% (approx.) by the end of the year 2019.

BRAC Bank's financial performance for the year ended 31 December 2019 remained healthy and creditable, despite the challenging external context. Total net revenues (net interest income plus other income) rose by a respectable 12% to BDT 21,388 million from BDT

19,165 million in the previous year. Revenue growth was driven by an increase in net interest income (NII), commissions, exchange and brokerage and other operating income. NII grew by 11% to BDT 15,038 million due to acceleration in loans and advances. Commission, exchange and brokerage grew by 22% to BDT 3,151 million from BDT 2,573 million and Other operating income grew by 38% to BDT 128 million from BDT 93 million.

Our focus on efficiency and all-round productivity ensured that we are able to contain cost growth to the maximum extent possible. Despite a 12% net revenue growth, our operating expenses increased by a slower 11% to BDT 11,440 million in 2019 (2018: BDT 10,343 million), further reflecting our ability to drive operating leverage as we spread higher volumes across an efficient cost base. During the year 2019, BDT 187 million of costs incurred in software and technology implementation were capitalised in the Statement of Financial Position as an asset, as we continue to

develop and enhance our tech platform as part of our initiatives in digital banking. Staff expenses expanded along a natural curve due to employee additions and annual wage revisions for the cost of living adjustment. However, despite higher infrastructure expenses, cost-to-income decreased to 53% from 54%, representing a 100bps gain.

Total loan loss provisions stood at BDT 1,442 million in 2019, as compared to BDT 750 million in 2018. Our provisioning policies remain aligned with the principles that are stringent than regulatory requirements, with a highly conservative approach to interpretations. Loan loss coverage ratio, based on specific provisions, excluding write-offs, stood at 65%. The ratio stood at 97% while including general and floating provisions. The bank kept aside general provisions of BDT 140 million during the year. Bank's non-performing loan (NPL) were at 3.99%, as against 3.10% in the preceding year.

Profit before tax grew by a fairly strong 5% to BDT 8,505 million in 2019 despite 12% revenue growth mainly because of higher debt charges under qualitative judgement and diminution in the value of investments. After providing for income tax of BDT 2,860 million, net profit after tax increased by 2% to BDT 5,646 million for

the year, against BDT 5,547 million in 2018. Earnings per share (basic) stood at BDT 4.58, up from BDT 4.50 (Standalone basis) recorded growth of 2%.

As on 31 December, 2019, the bank's total Balance Sheet size stood at BDT 367,920 million, representing an expansion of 17%, over 2018 which was BDT 315,417 million. Total deposits rose by 15% to BDT 268,309 million, up from BDT 233,509 million in the previous year. Loans and advances of BDT 264,091 million registered a growth of 11% over financial year 2018.

### Quarterly financial performance

As a part of our governance and compliance processes and practices, the Board Audit Committee and the Board itself review the quarterly financial performance of the bank, both on standalone and consolidated basis over the year. The Board Audit Committee and the Board of Directors (BOD) continuously monitor and evaluate both financial and non-financial performance of the bank and the group. During the year 2019, the Board Audit Committee reviewed the quarterly financial statements and BOD approved the same before disclosing it to stakeholders.

### Glimpses of Board reviews on our published quarterly financial statements, are as follows:

Particulars	Standalone (Tk. mn) [At the end of period]			
	Q1	Q2	Q3	Q4
Loans and advances	243,016	251,239	250,746	264,091
Deposits and other accounts	231,300	244,174	244,859	268,309
Total property and assets	325,288	339,741	342,315	367,920

Particulars	Standalone (Tk. mn)				
	Q1	Q2	Q3	Q4	Full Year 2019
Total revenue	5,476	5,029	5,277	5,606	21,388
Total operating expenses	2,737	2,849	2,892	2,962	11,440
Total provisions	638	7	481	316	1,442
PAT	1,267	1,297	1,203	1,879	5,646
EPS (Tk.)	1.18	1.05	0.98	1.37	4.58

Particulars	Consolidated (Tk. mn) [At the end of period]			
	Q1	Q2	Q3	Q4
Loans and advances	243,381	251,994	251,550	264,870
Deposits and other accounts	259,927	270,190	273,352	297,755
Total property and assets	369,683	383,190	388,612	414,855

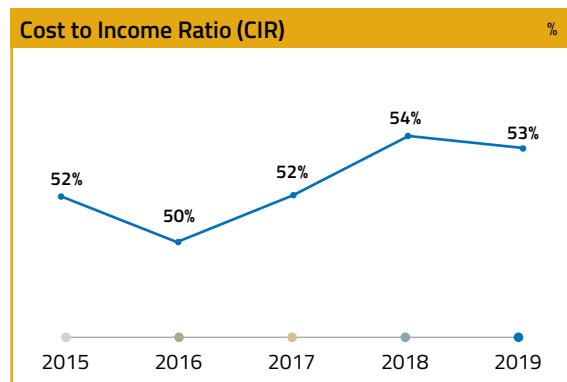
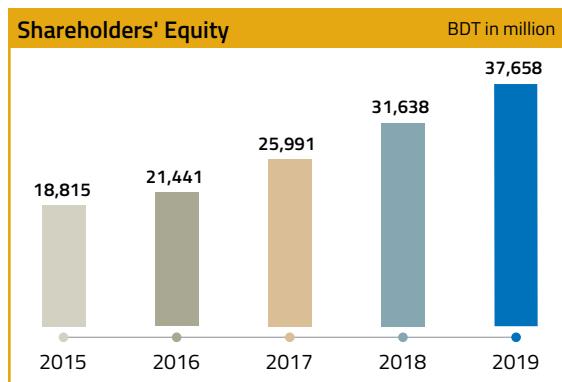
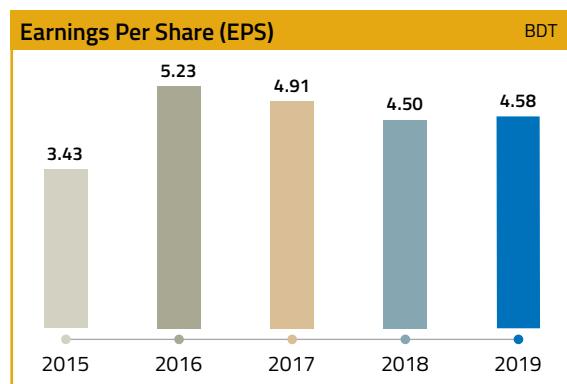
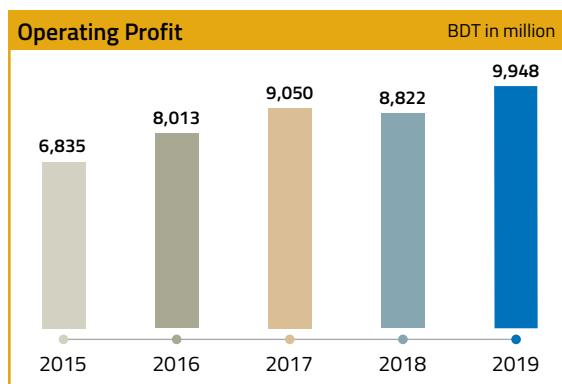
Particulars	Consolidated (Tk. mn)				
	Q1	Q2	Q3	Q4	Full Year 2019
Total revenue	7,397	7,095	7,115	6,213	27,819
Total operating expenses	4,526	4,932	5,380	4,021	18,859
Total provisions	639	8	482	332	1,461
PAT	1,320	1,206	629	1,427	4,583
EPS (Tk.)	1.22	1.00	0.70	1.10	4.01

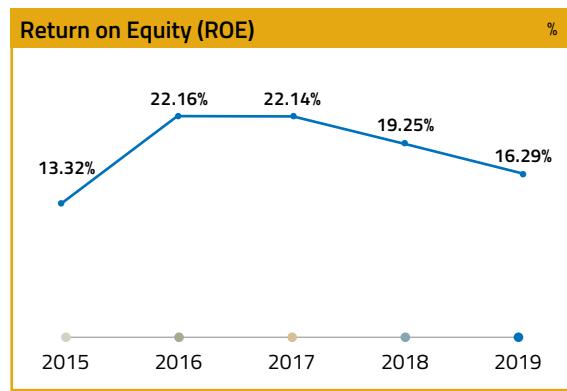
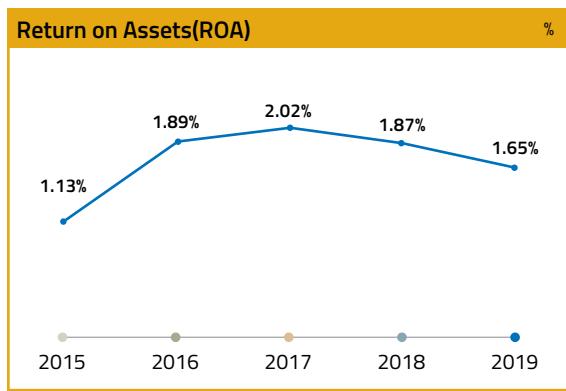
Based on the quarterly financial statements, the Board Audit Committee and BOD got detailed overviews and analysis on the reasons for the changes and deviations from the budgeted results. Also, they cross-checked whether the changes are in line with the business strategies adopted during the period. The Board also review the results in the lens of the bank's specific strategies, as well as the performance of the overall banking industry. Based on these reviews, they formulate updated policies for further improving the

position and performance of the business. During 2019, both the standalone and consolidated results showed consistent, steady and expected growth with respect to many performance parameters.

In 2019, we strengthened our focus on cost optimisation and improving operating efficiency, embracing a balanced approach that has enabled us to upscale our capabilities to respond to the dynamic market needs and prepared ourselves to become the best bank in Bangladesh.

#### Key financial performance indicators are shown below standalone basis:



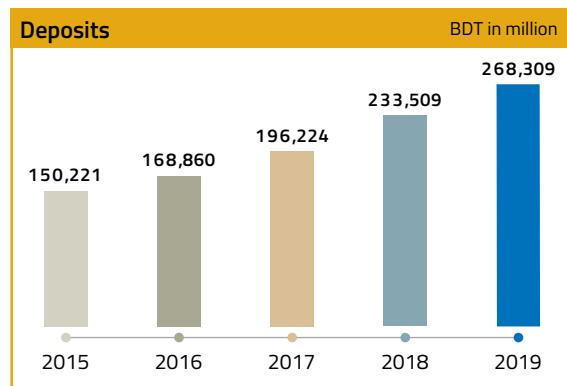
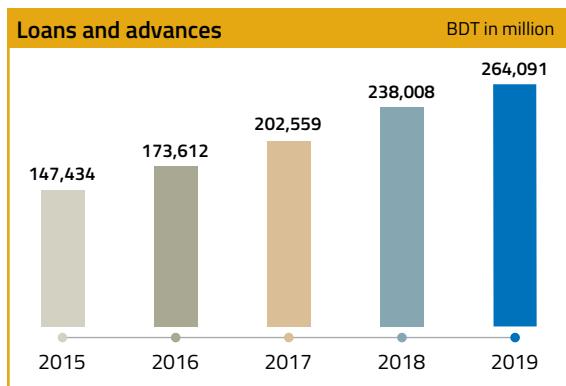


## Financial performance – Profitability

BRAC Bank has achieved steady operating profit growth over the last couple of years. In 2019, this trend continued with operating profit growth of 13% to BDT 9,948 million from BDT 8,822 million in the previous year. This increase was chiefly attributed to an 11% increase in net interest income (NII). The bank's loan

portfolio rose by 11% to BDT 264,091 million during the year, contributing to an 18% increase in interest income for the year. SME and Retail businesses made a notable contribution (+43% and +12% YoY growth, respectively, in 2019), representing the fulfilment of our strategy to create a well-diversified, high-quality and low-risk portfolio.

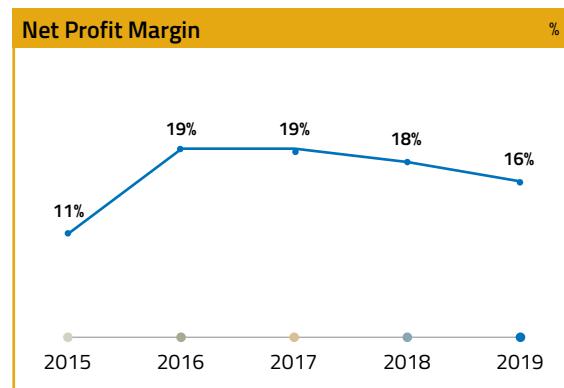
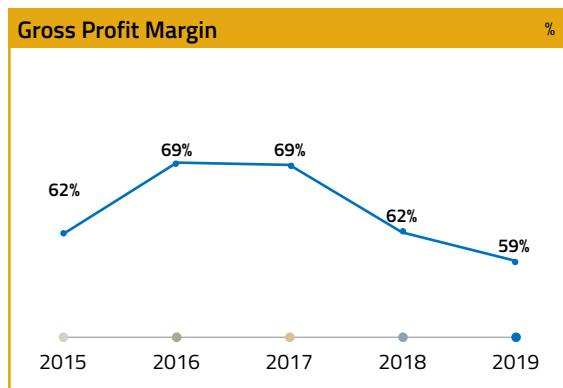
## Loans and deposit



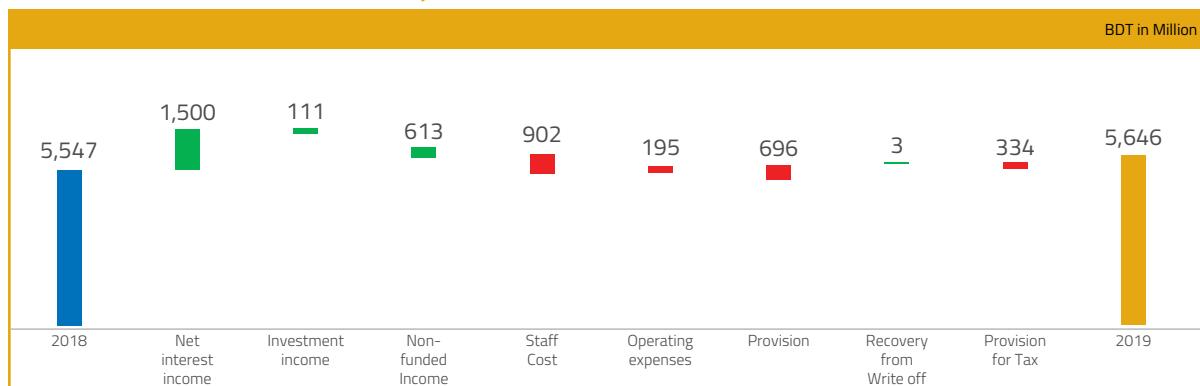
Operating expenses increased by 11% (BDT 1,098 million) in 2019 vs 2018. This was largely caused by a 19% (BDT 898 million) increase in salaries and allowances. The significant rise in salaries and allowances coincide with the introduction of measures to bring real income in the hands of our employees in line with the prevalent cost of living adjustment. There was significant reshuffle of rent expense and depreciation expense in 2019 due to implementation of IFRS 16 "Leases". Under IFRS 16, many leased assets have been reported as Right of use assets (ROU) as on-balance sheet items. So, a depreciation charges have been made on these assets whereas the rent expenses

have been reversed. Other expenses increased due to charge of finance costs on lease liabilities as per IFRS 16.

BRAC Bank's net profit after tax (PAT) rose by 2% to BDT 5,646 million, constituting an increase largely attributable to growth in operating profit by BDT 1,125 million for the year. Operating profit increased in 2019 mainly for increase in interest income by BDT 4,580 million and commission, exchange and brokerage income by BDT 578 million which is offset by increased interest expenses by BDT 3,080 million and increased operating expenses by BDT 1,098 million.



### Profit Growth in 2019 and its major contributors



### Financial results:

BDT in million unless otherwise specified

Particulars	Consolidated			Standalone		
	2019	2018	%	2019	2018	%
Interest income	32,623	27,478	19%	29,692	25,112	18%
Interest expense	14,698	11,660	26%	14,654	11,574	27%
Net interest income	17,925	15,817	13%	15,038	13,538	11%
Investment income	3,057	2,791	10%	3,072	2,961	4%
Non Funded Income	6,837	7,399	-8%	3,279	2,666	23%
Non-interest income	9,895	10,190	-3%	6,350	5,627	13%
Total income	27,819	26,008	7%	21,388	19,165	12%
Staff costs	7,888	6,451	22%	5,598	4,695	19%
Other Operating expenses	10,971	10,163	8%	5,843	5,647	3%
Total operating expenses	18,859	16,614	14%	11,440	10,343	11%
Operating Profit	8,960	9,393	-4.6%	9,948	8,822	13%
Share of profit of associates	(4)	2	-286%	-	-	
Gain/(loss) on disposal of subsidiaries/associates	5	-	-	-	-	
Profit/(loss) before provisions	8,962	9,395	-5%	9,948	8,822	13%
Provision	1,461	752	94%	1,442	750	92%
Net profit before taxes	7,501	8,643	-13%	8,505	8,072	5%
Provision for taxes	2,918	2,973	-2%	2,860	2,525	13%
Profit after taxes	4,583	5,670	-19%	5,646	5,547	2%
Earnings Per Share (Tk.) [previous year's figure restated]	4.01	4.50	-11%	4.58	4.50	2%

## **Extra-ordinary gain/loss**

There was no extra-ordinary gain/loss during the year 2019.

## **Subsidiary financial performance**

BRAC Bank has four subsidiaries: bKash Ltd., BRAC EPL Stock Brokerages Ltd., BRAC EPL Investments Ltd. and BRAC Saajan Exchange Ltd.

A brief review on each of these subsidiaries is given below:

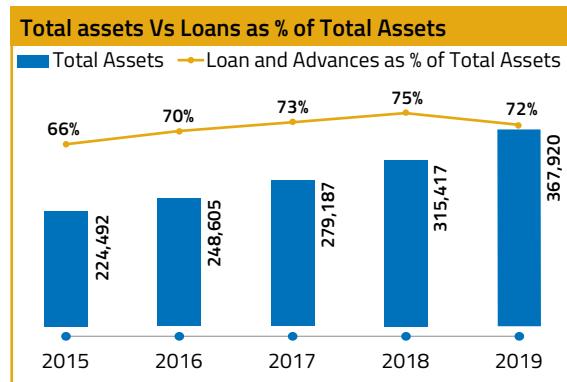
1. bKash Limited (bKash) is a mobile financial services provider in Bangladesh, operating under the license and approval of the central bank (Bangladesh Bank) as a subsidiary of BRAC Bank. bKash provides safe, convenient and easy payment and money transfer services via mobile phone to both the unbanked and the banked population of Bangladesh. At present, bKash is one of the leading mobile financial services provider in the world. In 2017, bKash was ranked as the 23rd company in the annual list of Fortune Magazine's 'Change the World in 2017'; among the top-50 companies to make financial inclusion a reality. In 2019, bKash reported a loss after tax of BDT 625 million (2018: profit of BDT 185 million) mainly for the cost of strategic investments in market development, promotion and technology.
2. BRAC EPL Stock Brokerage Limited is one of the leading stock brokerages in the country. The company offers brokerage services to international institutions, domestic institutions, retail clients and non-resident Bangladeshis (NRBs). It is also a pioneer and leader in facilitating foreign portfolio investments in Bangladesh, and boasts of one of the best equity research teams of the country. BRAC EPL Stock Brokerage reported a loss after tax of BDT 85 million, as compared to a profit of BDT 24 million achieved in the last year mainly because of mark to market loss in investment in capital market.
3. BRAC EPL Investments Limited is a public limited company where BRAC Bank holds 76% of the equity, with the rest held by a diverse group of international fund managers and both domestic and international capital market institutions. BRAC EPL Investments reported a loss of BDT 368 million in 2019. The loss mainly contributed from interest cost where did not generate income and mark to market loss in investment in capital market.

4. BRAC Saajan Exchange Limited is a financial services company incorporated in England and Wales on 10th January 2008 and a subsidiary of BRAC Bank. The Company mainly provides remittance services to the large Bangladeshi communities living outside Bangladesh. Apart from remittance services, the Company also caters to the needs of NRBs through BRAC Bank. BRAC Saajan reported a net profit after tax of BDT 25 million in 2019.

Details on disclosure on our subsidiaries is given in the separate section Subsidiary Overview (Page 223-237) & Directors report of each subsidiary (Page 512-548)

## **Portfolio analysis of BRAC Bank**

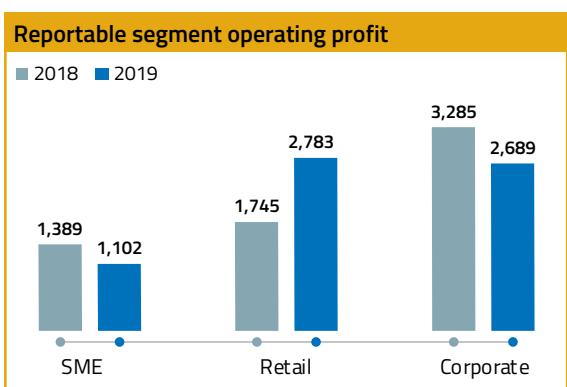
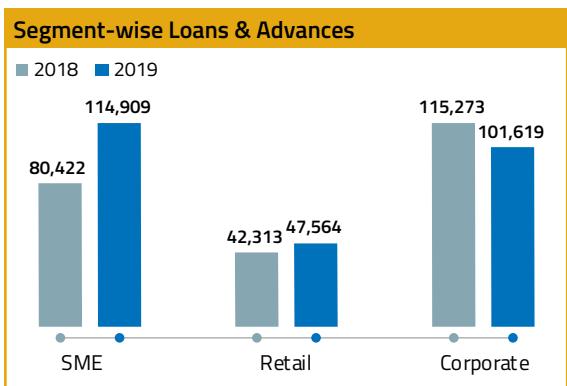
BRAC Bank registered a growth of 17% (BDT 52,504 million) in total assets - from BDT 315,417 million in 2018 to BDT 367,920 million in 2019. Growth in total assets was driven mainly by an 11% increase in loans and advances. The bank continued to focus on lending to small and medium enterprises in 2019 as well. It also continued to invest in platform development to cope with growing scale of the business, and also to ensure better and improved services to customers, which also helped to increase the bank's total assets in 2019.



## **Segment-wise financial review:**

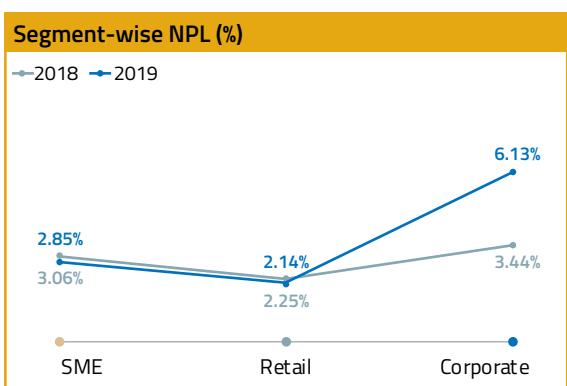
### **Segment-wise loans and advances**

The bank's loan portfolio registered a healthy growth of 11%, despite tight market conditions. Growth was mainly attributed to expansion in both the SME and Retail portfolios. SME, Retail and Corporate portfolios grew by 43%, 12% and (12%), respectively, during the year 2019 vs 2018.



#### Segment-wise NPLs

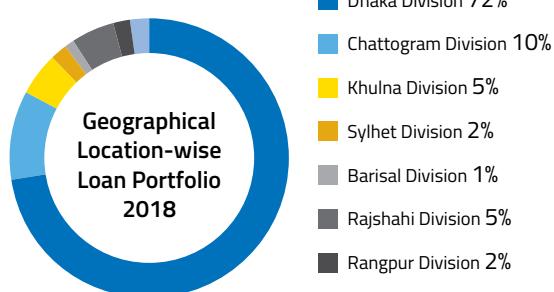
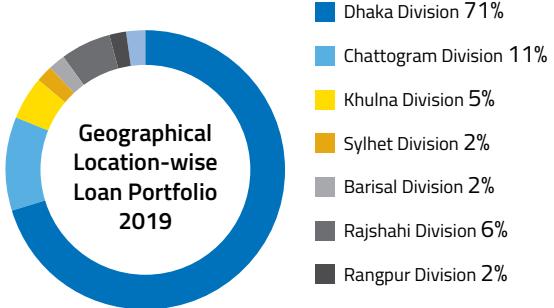
Non-performing loans (NPLs) as a percentage of the consolidated portfolio reported satisfactory level in 2019. This was possible due to continuous efforts in monitoring and collections from our business teams.



#### Geographical location-wise portfolio:

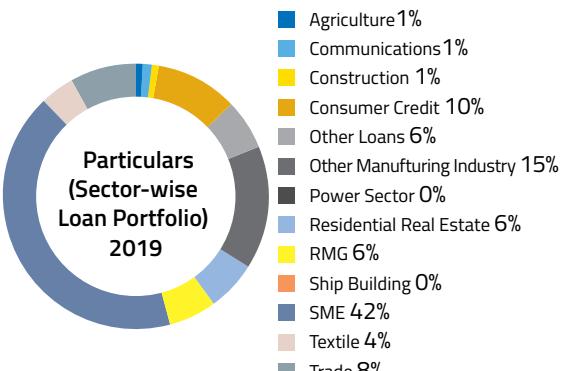
Concentration of loans reported slight a decline by 1% in the Dhaka division in 2019 over 2018. However, it is to be noted that this concentration is calculated

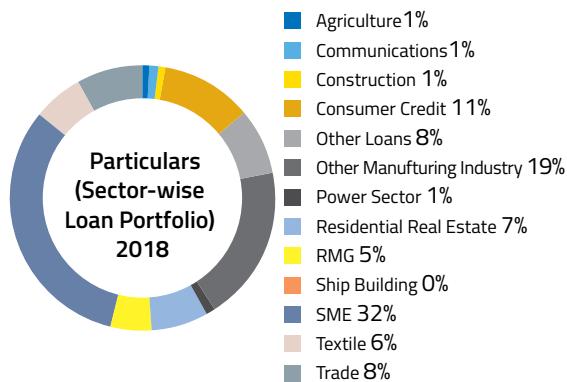
based on the location of the branches and not on the eventual destination of the funds being used. BRAC Bank ensures geographical diversity of its loans disbursal practice to ensure homogenous country-wide development by reaching out to people even in remote/ indigenous areas through our wide network of branches and SME unit offices.



#### Sector-wise loan portfolio

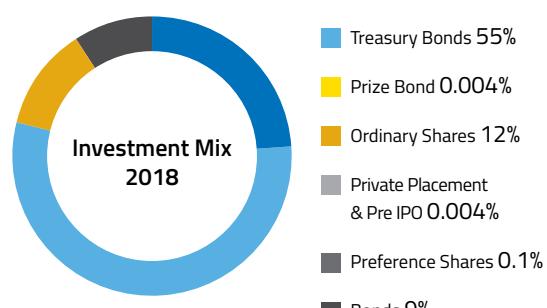
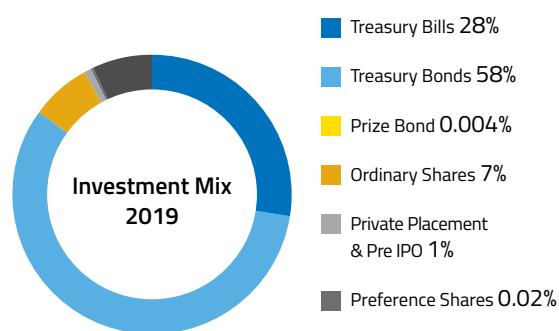
BRAC Bank strives to focus on all areas of banking, in addition to SME lending. In 2019, we placed high emphasis on SME business, other manufacturing industry (15% of our total loan portfolio) and consumer credit (10% of our total loan portfolio).





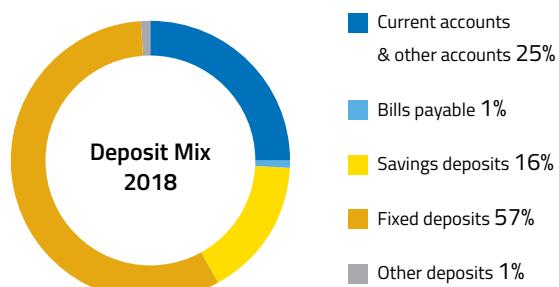
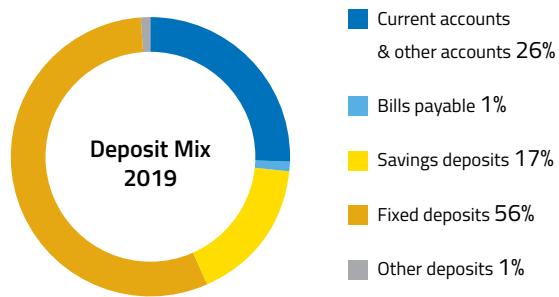
#### Investment mix

BRAC Bank invested its surpluses in treasury bills, which amounted to BDT 12,713 million by the end of the year 2019, while increasing investments in treasury bonds by BDT 26,460 million (58% of total investment in 2019). The investments were kept mostly to align with SLR norms, as stipulated by Bangladesh Bank guidelines.



#### Deposit mix

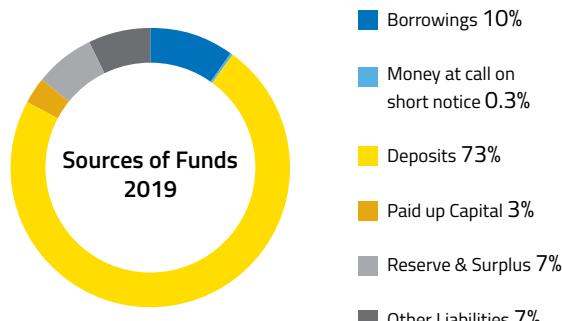
In its quest to increase its deposit base further, BRAC Bank emphasises on dispensing superior customer service and creating enduring relationships anchored on its robust brand equity. In 2019, we emphasised on enhancing our low-cost CASA deposits.

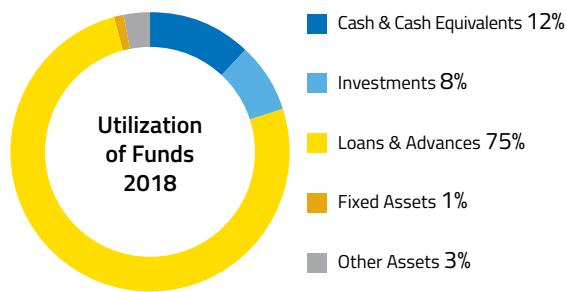
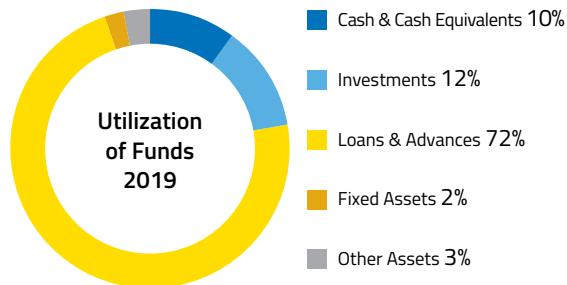
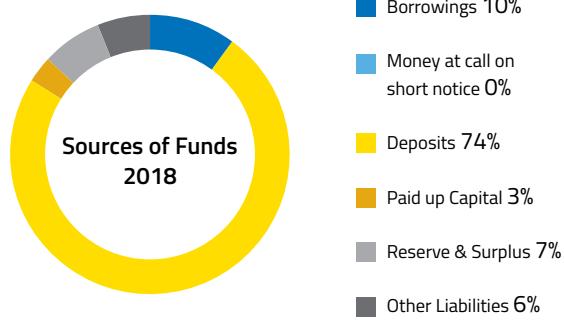


#### Source and utilisation of funds

Total liabilities as on 31 December, 2019 stood at BDT 330,262 million, representing an increase of 16% YoY. This growth was mainly attributed to the 15% increase in deposits amounting to BDT 268,309 million, which accounts for nearly 16% of the overall increase in liabilities. Our borrowings from Bangladesh Bank increased by 50% to BDT 12,488 million in 2019, as compared to the previous year.

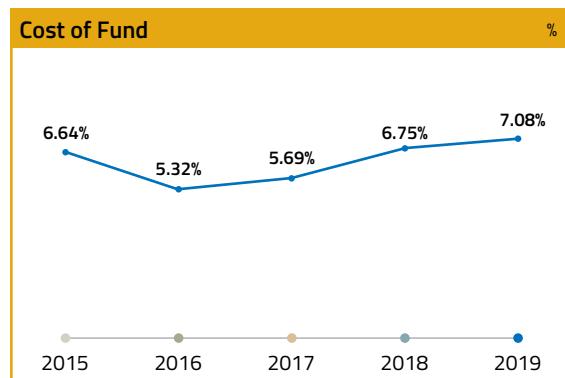
A lion's share of BRAC Bank's funds are derived from customer deposit accounts, bulk of which is utilised in loans and advances, as can be comprehended from the charts below. A slice of this fund is kept in the form of cash and cash equivalents to maintain CRR and SLR ratios, which currently stands at 6.5% and 13% of the total customers' demand and time/term liabilities of the bank, respectively.





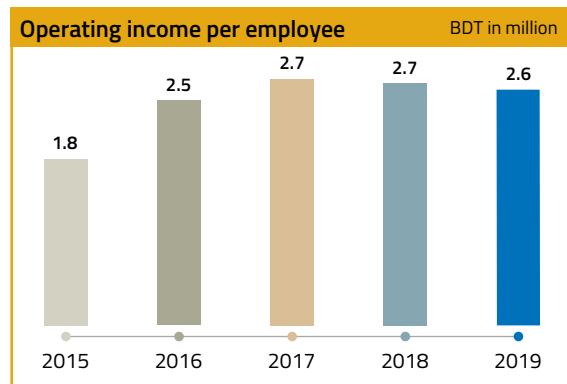
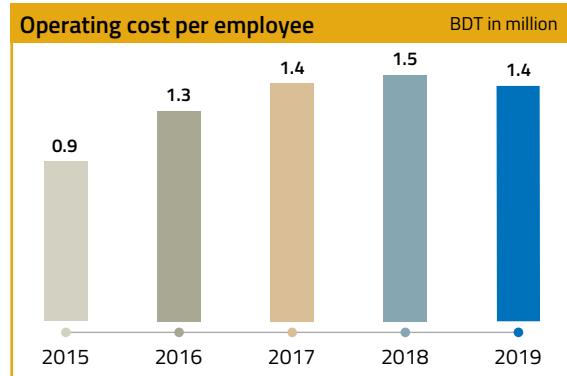
#### Cost of funds

BRAC Bank's cost of funds, which was on a downward trend till 2016 due to lower deposit rates, witnessed a slight increase in 2019, owing to the tightening liquidity situation from December 2018 till third quarter 2019.

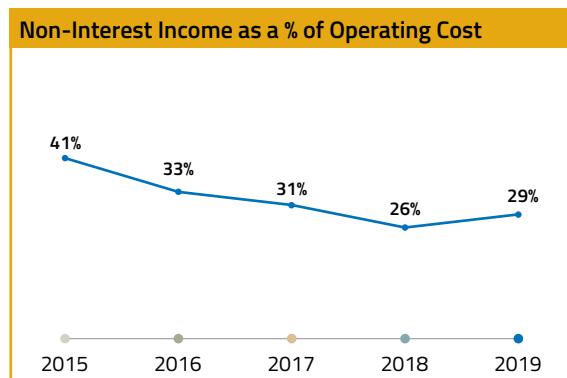


#### Efficiency review

BRAC Bank's operating income per employee moderated marginally from 2.7 to 2.6. Concurrently however, operating cost per employee also declined from 1.5 to 1.4 due to our sustained investments in technology and top talent recruitment.

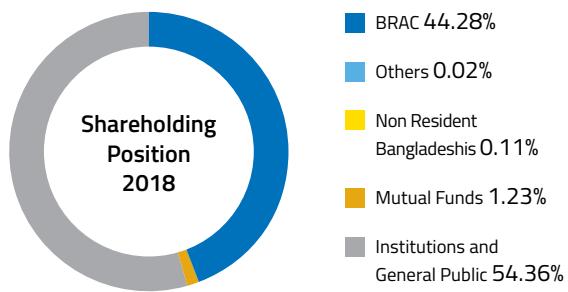
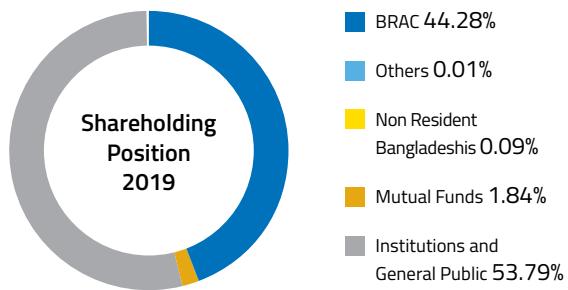
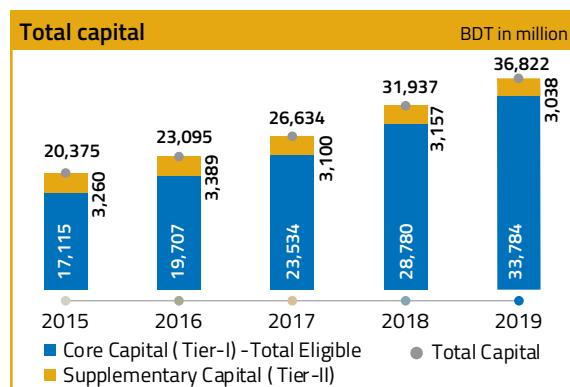


Non-interest income as a percentage of operating costs increased marginally to 29% in 2019 from 26% in 2018.

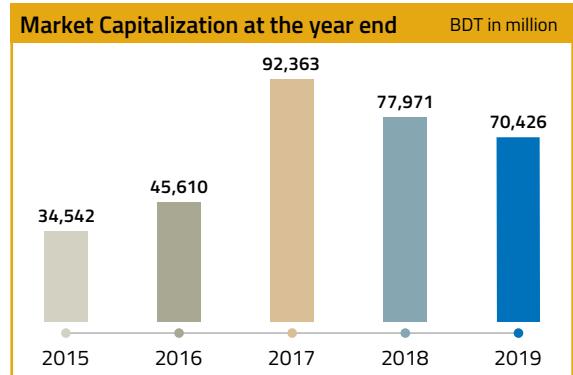
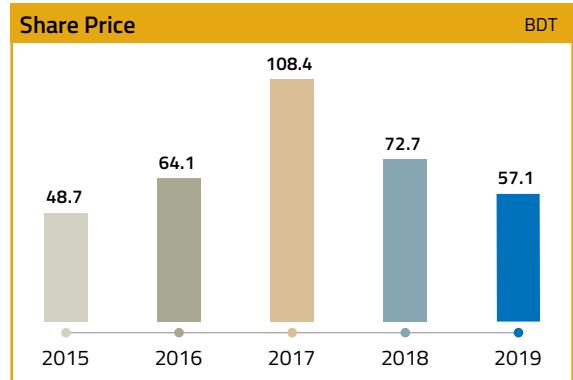
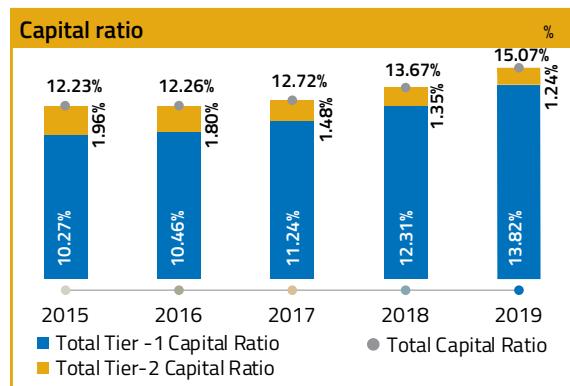


## Regulatory capital

As per regulatory requirements, BRAC Bank is obliged to maintain minimum capital requirements in order to sustain its business growth. As on 31 December 2019, the bank maintained a comfortable capital to risk weighted asset ratio (CRAR) of 15.07% on standalone basis and 16.16% on consolidated basis, against the statutory requirement of 12.50%. Tier-I capital and Tier-II capital ratio as on 31 December 2019 stood at 13.82% and 1.24% respectively on standalone basis, and 15.02% and 1.15% respectively on consolidated basis. However, to support the bank's growth plans in the coming days as well as to comply with increased requirements of maintaining CRAR of 12.50% by 2019, the bank needs to grow this regulatory capital further through retaining the existing capital as long as feasible.



Though our share price ended lower in 2019, we remain confident that our shareholders will evaluate our performance on the basis of our strategies and initiatives to create the best bank of Bangladesh. We believe that in our long-term journey to realize this objective, our share price will eventually reflect the true value of our present initiatives and the future prospects.



## Fostering shareholder value

Shareholders' equity increased by BDT 6,020 million in 2019, compared to the previous year. Within the major sponsors, BRAC holds 44.28% shareholding and institutions and the general public portions comprises a collective 53.79% in 2019.

Shareholding position of BRAC Bank as of 31 December, 2019, and 31 December, 2018 are as follows:

BRAC Bank is a leading financially-prudent and socially-responsible financial institution of Bangladesh. The bank's market price on the Dhaka Stock Exchange (DSE) was BDT 57.10 and Chittagong Stock Exchange Ltd. (CSE) was BDT 56.70 on the close of the last business day of 2019.

### Credit ratings

Details on credit rating bank are disclosed separately in the Corporate Governance section on page 281.

### Contribution to the national exchequer

The details disclosure on our journey in building a better Bangladesh is given in the Performance Analysis section on page 140-141.

### Basis for related party transactions

The bank conducts transactions with related parties in the normal course of business. The nature of related party transactions are either loans and advances or deposits made with the bank at an arm's length price or fair market value. Details of related party transactions are disclosed separately in "Annexure-K" of audited financial statements section.

### Strategic outlook

Considering the significant economic losses unleashed by Covid-19-driven shutdowns the world over, the year 2020 is expected to intensify challenges for the banking industry. Considering the existing disruptions, complexities and uncertainties, the social, economic and regulatory landscape will continue to transform rapidly, which will only exacerbate the volatility and unpredictability.

The widespread norms to contain the spread of the coronavirus, including social distancing and limiting the size of gatherings is expected to fundamentally alter consumer behaviour, especially banking customers. At BRAC Bank, our proactive stance to create safe and secure digital and alternative banking channels will hold us in good stead, as customers increasingly look to access non-physical banking modes, thereby placing us well in the new environment.

However, considering that change generates opportunity, at BRAC Bank, our unique positioning as a diversified financial institution with a robust heritage and strong reputation, together with our next-generation infrastructure, fortifies our confidence of being able to continue to remain relevant and applicable in terms of our products and services, enabling us to serve both our existing and next-generation customers in 2020 and beyond. For the year ahead, we are positive

that our business will continue to benefit from our leadership in digital banking, which will also enable us to further differentiate ourselves and facilitate us to realise our sustainable growth strategy.

The new banking norms enforced by the Government, including interest rate cap on lending and deposits will create pressures on our business operating model. However, our accelerated emphasis on cost optimisation will enable us to offset the impact of the regulations to some extent and contribute to profitability protection. Going forward, we will continue to place greater emphasis on cost savings, capex control and cash conservation, and believe that our focus on digital will enable us to meet all the three goals.

On a granular level, the liquidity crisis in the money market is growing and will only further escalate in the current year, thus unravelling increased rivalry among banks for mobilising deposits. In this scenario, as the industry moves to protect profitability, there are early signs of existing assets getting re-priced to match the additional cost of deposits. This re-pricing may have an impact on recovery and result in escalation of NPLs. Lower interest spread is forecasted in the days to come.

At BRAC Bank, our strategic focus areas that we expect to further build on include the following:

- Our pioneering leadership in SME lending, which is at the heart of BRAC Bank, will continue to remain our core focus area and top priority, underpinned by our efforts in transforming our positioning from 'lenders to bankers' in our quest to create lasting relationships.
- Assets and deposits growth may be impeded due to economic sluggishness. However, we have plans to grow our business across selective and secure pockets and we intend to mobilise regulatory capital to support our growth plans.
- We will continue to invest in strengthening our technological backbone and placing greater emphasis on people development, while also focusing on service quality to ensure that we continue to provide superior, proactive and delightful customer service.
- Our retail banking division will explore various digital banking initiatives with a view to offer world-class banking services to our customers, anchored on the broader premises of providing the convenience of a single-stop solution.
- Agent banking will be a key focus area, as we take the bank's products and services to the masses, thereby enabling us to enhance the spirit of financial inclusion.

- Local and emerging corporate customers will also comprise a focus area as we venture into untapped businesses located outside the metropolitan cities of Dhaka and Chattogram.

Overall, though we expect challenges considering the pressures of the prevalent environment, we are convinced that our differentiated strategy, diversified product suite and experienced and highly motivated team will enable us to survive the present times and lead the banking industry towards a sustainable future.

### **Appointment of Directors**

According to the Companies Act, 1994, Schedule-1, Reg-79 and clause 103 of the Articles of Association of BRAC Bank Limited, "At the ordinary general meeting in every subsequent year, one third (1/3rd) of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office."

Further, as per Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC), Independent Director/s shall not be subject to retirement by rotation, as per the Companies Act, 1994.

Accordingly, Mr. Asif Saleh, among the Nominated Directors, will retire from the Board of Directors in the ensuing Annual General Meeting, and he is eligible for re-appointment. He has given his consent for reappointment.

Brief resume of the above-mentioned Director and involvement in other businesses has been furnished separately in the Director's profile section and notes to the financial statements.

#### **Ms. Farzana Ahmed, Independent Director**

The Board of Directors of BRAC Bank, at its 259th Board meeting held on August 26, 2019, proposed the appointment of Ms. Farzana Ahmed as Independent Director, subject to approval of regulatory bodies.

We are happy to inform that Bangladesh Securities and Exchange Commission and Bangladesh Bank approved her appointment as an Independent Director on 29 January , 2020.

Brief resume of the above-mentioned Director and involvement in other businesses has been furnished in the Director's profile section and notes to the financial statements.

### **Presence of Directors in the meetings during their tenure**

Serial no.	Name of the Directors	Designation	Presence of the Directors in the meeting during their tenure		
			No. of meetings	Present	Absent
1.	Dr. Ahsan H. Mansur	Chairman	15	12	3
2.	Late Sir Fazle Hasan Abed	Ex-Chairman	10	8	2
3	Mr. Shib Narayan Kairy	Director	10	8	2
4	Ms. Nihad Kabir	Director	15	11	4
5	Mr. Kazi Mahmood Sattar	Independent Director	15	14	1
6	Mr. Kaiser Kabir	Director	15	7	8
7	Mr. Asif Saleh	Director	15	13	2
8	Ms. Fahima Choudhury	Independent Director	15	11	4

\*\* Late Sir Fazle Hasan Abed retired from the Board of Directors on 26 August 2019

\*\* Mr. Shib Narayan Kairy resigned from the Board of Directors on 26 August 2019

## Remuneration to Directors

Directors, including Independent Directors, were paid the following amounts in 2019 for attending Board meetings, Board Audit Committee meetings, Risk Management Committee meetings and Executive Committee meetings:

Serial no.	Name of the Directors	Designation	Remuneration drawn (BDT)
1.	Dr. Ahsan H. Mansur	Chairman	160,000
2.	Late Sir Fazle Hasan Abed	Ex-Chairman	64,000
3.	Mr. Shib Narayan Kairy	Director	120,000
4.	Ms. Nihad Kabir	Director	136,000
5.	Mr. Kazi Mahmood Sattar	Independent Director	200,000
6.	Mr. Kaiser Kabir	Director	88,000
7.	Mr. Asif Saleh	Director	128,000
8.	Ms. Fahima Choudhury	Independent Director	144,000

## Risks and concerns

Gone are the days when business institutions, particularly financial institutions, endeavoured to generate sustainable growth without emphasising much on effective risk management. Today, risk management has emerged as a pivotal and integral part of financial institutions for securing their long-term sustainability. Risk control has emerged as a dynamic tool for financial institutions, considering the ever-uncertain nature of risk.

BRAC Bank has widened its coverage of risk management and has been relentless to develop a robust risk management function. Hence, our bank's Risk Management Division (RMD) has been reinforced further in 2019, where the bank has aligned its RMD more closely with the regulations. Akin to the regulatory reforms, we had revised the risk management policy, and in 2019, we widened the operational boundary of our risk management division, which in turn helped us to stay abreast of best practices in risk management and to deploy these to ensure holistic risk management within the bank.

We have a broad coverage of risk management expertise that allows us to delegate responsible personnel for each core risk. Furthermore, we have a proper delegation of authority to escalate and deal with risks. Our employees identify risks and try to address and resolve these with the help of their seniors. If it is beyond their capacity or requires affiliation with other stakeholders, it is escalated to the Enterprise Risk Associates Forum (ERAF) for discussions and eventual resolution. Subsequently,

ERAF issues, which require top management's guidance and decisions, are placed at the Enterprise Risk Management Committee (ERMC). ERAF as well as ERMC convene every month to identify, address and mitigate risks. Finally, for the Board's oversight and guidance, critical risk elements are highlighted in the Board Risk Management Committee (BRMC).

## Preparing the annual report

Our primary focus is the integrity and quality of financial statements of BRAC Bank. While preparing the annual report, true and fair presentation has been given priority. Maintaining proper books of accounts have been ensured. Appropriate accounting policies have been consistently applied in the preparation of the financial statements, and that the accounting estimates are based on reasonable and prudent judgments. International accounting and financial reporting standards (IFRS), those that are applicable in Bangladesh, have been followed in the preparation of the financial statements and any departure therefrom has been adequately disclosed.

## Internal control and compliance

Details on disclosure on internal control and compliance section page 205-207.

## Protection to minority shareholders

BRAC Bank has established an appropriate and effective internal control environment through the Board of Directors, management and organisational

and independent audit mechanisms in order to ensure protection to minority shareholders interest from untoward actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and have effective means of redress.

## Corporate governance

Our governance framework is anchored on competent leadership, effective internal controls, a strong risk culture and accountability to all our shareholders, including our customers, shareholders, employees, society and our regulatory bodies. BRAC Bank has an active and well-constituted Board including Board Audit committee comprising members with the relevant expertise that plays a key role in setting our governance standards to meet stakeholders' expectations, and our leadership model ensures an appropriate balance of power, accountability and independence in decision-making across our various functions. The bank has also put in place robust mechanisms to ensure that corporate governance principles are embedded in our corporate culture. The bank has also adopted best practices in terms of disclosures, transparency and business ethics that is aimed at adding to intrinsic stakeholder value. Further, the bank's policies and practices are not only consistent with statutory requirements, but also all-encompassing to honour its commitment to take the bank to the next level.

The Board of Directors is aware of the need to continually shape governance structures and practices through their knowledge and leadership to steward the bank on a sustainable expansion path. The Board is collectively engaged in ensuring that corporate governance processes are structured to direct the bank's actions, assets and resources to achieve this purpose, while upholding the highest governance norms.

The details on the Corporate Governance disclosed in separate section of Annual Report on page 254.

## Going concern basis

The financial statements have been prepared on a going concern basis, as the Board of Directors are satisfied that BRAC Bank will have adequate resources to continue in business for the foreseeable future. In assessing the going concern status, the Board of Directors have considered the current statement of financial position, the profit & loss statement, business portfolio, operational strength, long-term business strategy and capital and liquidity plans and also plans for future capital mobilisation. Hence, it can be concluded that our business is a going concern. The Board of Directors have also considered the minimum capital requirements set by the regulatory authority and are satisfied that the bank will be able to meet

its ongoing capital obligations. The assessment also reviewed by external auditors during their audit and satisfied. The management do not see any issue with respect to going concern due to recent pandemic COVID-19.

## Dividend Details

To continue maintaining a suitable and adequate capital to risk-weighted asset ratio (CRAR) for supporting the bank's growth momentum, while also ensuring sustainable value distributed in the hands of shareholders, the Board of Directors has recommended 15% dividend (Stock dividend 7.5% and cash dividend 7.5%) for the year 2019, subject to approval at the forthcoming Annual General Meeting. While proposing the profit distribution as dividend and combination of stock and cash dividend, extra income tax for less distribution of profit and non-payment or less payment cash dividend have been considered.

The total dividend for the year 2019 is declared out of the current profit. Bonus shares are not declared from capital reserve or revaluation reserve or any unrealized gain or out of profit earned prior to incorporation of the Company or through reducing paid up capital or through doing anything so that the post- dividend retained earnings become negative or a debit balance.

## Appointment of external auditor

The existing Auditor, M/s. Rahman Rahman Huq, Chartered Accountants, have completed their consecutive second year in 2019. However, they are eligible for reappointment for the year 2020, and have expressed their intent to be appointed for 2020.

The Board of Directors has recommended M/s. Rahman Rahman Huq, Chartered Accountants, to be appointed as external auditors of the bank for the year 2020. The appointment of the auditor will be confirmed at the 21<sup>st</sup> Annual General Meeting.

## Appointment of Corporate Governance auditor

As per Corporate Governance Code of Bangladesh Securities and Exchange Commission dated 03 June, 2018, Sec 9, BRAC Bank has obtained a Compliance Certificate on Corporate Governance Code from Hussain Farhad & Co, Chartered Accountants. Certification on Corporate Governance has been published before the Corporate Governance Compliance Report of this Annual Report. The CG code Sec. 9 (2) also illustrates the auditor shall be appointed by the shareholders at the ensuing Annual General Meeting.

Hussain Farhad & Co, Chartered Accountants, have expressed their intent to be appointed as Corporate

Governance auditor for the year 2020. The Board has recommended appointing them as Corporate Governance auditor and will be confirmed at the ensuing Annual General Meeting.

## Acknowledgements

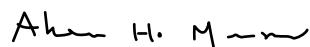
The year 2019 has been a critical year in our developmental journey. It has seen us continue to invest significantly in our propositions and implement our strategies towards delivering positive outcomes for all our stakeholders. Going into 2020 with increased levels of interest and growth aspirations from our customers, we are on track to significantly increase revenues and drive towards profitability. This will be achieved through our customer-focused scalable business model

and the alignment with our vision digitization of bank and radical transforming our products and service standards.

We express our gratitude for your confidence in us. Your relentless support contributed to the growth and development of our business. We sincerely acknowledge the employees of BRAC Bank for their commitment, devotion and hard work, and they remain core pillar to our success. We also take the opportunity to acknowledge and express our appreciation to our shareholders, clients, Bangladesh Bank, Government agencies, regulatory bodies and everyone with whom the bank is connected to in conducting its business.

We will do everything possible to uphold your faith and trust in us.

For and on behalf of the Board of Directors



**Dr. Ahsan H. Mansur**

Chairman

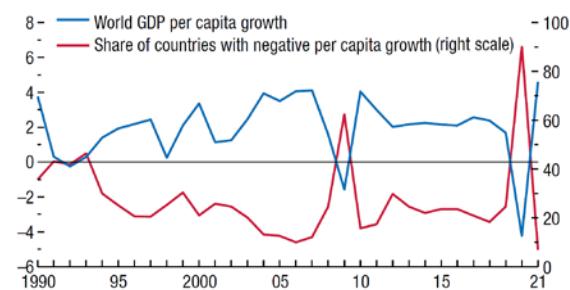
# পরিচালকবৃন্দের প্রতিবেদন

ব্যাংক ব্যাংক লিমিটেডের পরিচালনা পর্ষদ, ব্যাংকের পরিচালকদের প্রতিবেদন উপস্থাপন করতে পেরে অত্যন্ত আনন্দিত। এই প্রতিবেদনের সঙ্গে নিরাক্ষিত আর্থিক প্রতিবেদনও উপস্থাপন করা হলো। ২০১৯ সালের ৩১ ডিসেম্বর পর্যন্ত তথ্য-উপাত্তের ভিত্তিতে এই প্রতিবেদন। প্রতিবেদনে ব্যাংকের ২০১৯ সালের পারদর্শিতার রূপরেখা তুলে ধরা হয়েছে। সঠিক ও বস্ত্রনিষ্ঠ আর্থিক তথ্য উপস্থাপন নিশ্চিত করতে প্রতিষ্ঠানের অভ্যন্তরীণ নিয়ন্ত্রণ প্রতিষ্ঠা করা হয়। আর্থিক তথ্য-উপাত্তের বস্ত্রনিষ্ঠতা নিশ্চিত করতে ব্যবস্থাপনা কর্তৃপক্ষের তৈরিকৃত আর্থিক প্রতিবেদন পর্যালোচনা করে বোর্ড। এই আর্থিক প্রতিবেদনের লক্ষ্য হলো বৈশ্বিক ও দেশীয় পারদর্শিতার সুস্পষ্ট সারসংক্ষেপ ও সামনের বছরগুলোর রূপরেখা তুলে ধরা এবং একই সঙ্গে ব্যাংকের ২০১৯ সালের আর্থিক পারদর্শিতার বিস্তারিত ব্যাখ্যা উপস্থাপন করা।

## বৈশ্বিক অর্থনীতি

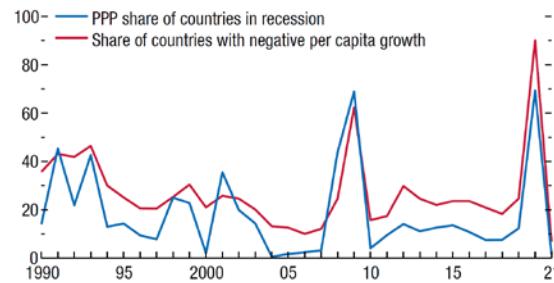
২০১৯ সালে বৈশ্বিক অর্থনীতির প্রবৃদ্ধি ছিল ২.৯ শতাংশ। ২০২০ সালে এই প্রবৃদ্ধি ও শতাংশে পৌছাবেখ-এমন প্রত্যাশা থাকলেও ইতিমধ্যে তাতে প্রভাব ফেলেছে করোনাভাইরাসের (কোভিড-১৯) মহামারি। জনগণের সুরক্ষায় আইসোলেশন, লকডাউনসহ নানান পদক্ষেপে ভাইরাস সংক্রমণ প্রতিরোধের চেষ্টা হচ্ছে; যার চরম প্রভাব পড়েছে বৈশ্বিক অর্থনীতির নামা কার্যক্রমের ওপর। আন্তর্জাতিক মুদ্রা তহবিল (আইএমএফ) ইতিমধ্যে বলেছে, বৈশ্বিক অর্থনৈতিক মন্দার চেয়েও খারাপ হতে পারে। এটা ঠিকাতে বিশেষ পদক্ষেপের কথা বলেছে আইএমএফ। একই সঙ্গে গত জানুয়ারির তুলনায় এপ্রিলে প্রবৃদ্ধির যে আভাস আইএমএফ দিয়েছিল (৬%), তা থেকে সরে এসেছে।

**Figure 1. World Growth in GDP per Capita and Recessions**



Source: IMF staff estimates.

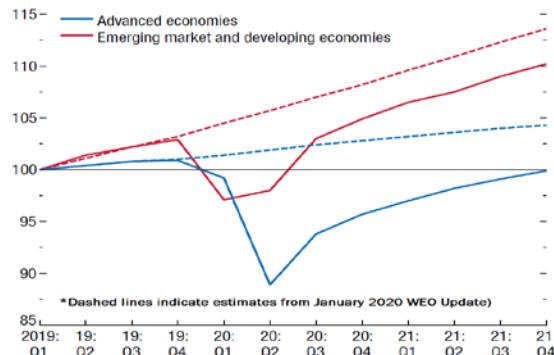
**Figure 2. Countries with Negative per Capita Growth**



Source: IMF staff estimates.

বৈশ্বিক অর্থনীতির প্রবৃদ্ধির পূর্বাভাস নিয়ে অস্থাভাবিক রকম অনিশ্চয়তা চলছে। অর্থনৈতিক মন্দ বিভিন্ন সূচকের ওপর নির্ভর করে, তাই আগাম কোনোকিছু বলা কঠিন। কারণ হলো চলমান মহামারীর অবিশ্চিত গতিপথ, তীব্রতা ও কার্যকারিতা, সরবরাহ প্রক্রিয়া প্রতিবন্ধকতা, বিশ্বব্যাপী আর্থিক বাজার নাটকীয়ভাবে ছোট হয়ে আসা, খরচের ধরণে পরিবর্তন, আচরণগত পরিবর্তন, আত্মবিশ্বাসে প্রভাব এবং নিত্যপণ্যের লাগামছাড়া দাম বৃদ্ধি। বর্তমান পরিস্থিতিতে মারাত্মক সব ঝুঁকি সামনে চলে এসেছে; অনেক দেশ বহু স্তরের সংকটের মুখোমুখি হচ্ছে। যেমন: স্বাস্থ্য, অভ্যন্তরীণ অর্থনৈতিক বিশ্বজৰূরী, হঠাৎ করে বাইরের চাহিদা করে যাওয়া, মূলধনের বিপরীত প্রবাহ এবং পণ্যমূল্যের পতন।

**Figure 3. Quarterly World GDP**



Source: IMF staff estimates.

ভিত্তিরেখার চিত্র হলো, বৈশ্বিক অর্থনীতির প্রবৃদ্ধি ২০২১ সালে ৫ দশমিক ৮ শতাংশ হবে; যদি সহায়ক নীতিমালার মাধ্যমে অর্থনৈতিক কার্যক্রম স্বাভাবিক হয়। এই কথা বলা হচ্ছে, যদি

চলতি বছরের শেষ ছয় মাসে চলমান মহামারীর প্রভাব কমে আসে সেই ধারণার ওপর ভিত্তি করে; যখন সব প্রচেষ্টা কার্যকর হবে এবং তোক্তা ও বিনিয়োগকারীর আঙ্গু আগের জায়গায় ফিরবে। শুধু তাই নয়, যেসব সহায়ক নীতিমালা নেওয়া হবে সেগুলোতে দেউলিয়া হওয়ার পথ থেকে বিভিন্ন প্রতিষ্ঠানকে রক্ষা করবে, কর্মসংস্থান সংকুচিত হওয়ার পথ বন্ধ করবে, আর্থিক চাপ বৃদ্ধির পথ রুদ্ধ করবে; এসব বিবেচনায় এ প্রবৃদ্ধির কথা বলা হচ্ছে। এরপরও ২০২১ সালের শেষে উন্নত ও উদীয়মান বাজার এবং উন্নয়নশীল অর্থনীতিতে মোট দেশজ উৎপাদন (জিডিপি) মহামারী-পূর্ব ভিত্তিক নিচেই থাকবে বলে আশঙ্কা করা হচ্ছে।

বৈশ্বিক অর্থনীতির গুরুতর পতনের আভাস থাকলেও আরও কিছু বাহ্যিক ঝুঁকি রয়েছে। উদাহরণ হিসেবে বলা যায়, ২০২০ সালে বিশ্ব অর্থনীতির গভীর সংকোচনের পর ২০২১ সালে ধীরগতির পুনরুদ্ধার পর্ব নির্ভর করবে মূলত মহামারীর গতিপথ এবং সহযোগী অর্থনৈতিক ও আর্থিক প্রভাবের মাত্রার ওপর। মহামারীর প্রথম পর্বের পর দ্বিতীয় বা তৃতীয় পর্ব আসতে পারে; অতীতের মহামারীগুলোর অভিজ্ঞতার বলা যায়, পরের পর্বগুলো আরও ভয়াবহ হয়। এসব পরিস্থিতি কেন্দ্রীয় ব্যাংকগুলোর আর্থিক ব্যবস্থাকে সহায়তা করার সীমাবদ্ধতার পরীক্ষা নিতে পারে এবং মহামারীর ধাক্কার আর্থিক বোৰা আরও বাঢ়ায়। তবে যদি কোনো টিকা প্রত্যাশিত সময়ের আগেই চলে আসে, তখন সামাজিক দূরত্বের ব্যবস্থা উঠে গেলে বর্তমান পূর্বাভাসের চেয়ে দ্রুত গতিতে পুনরুদ্ধার পর্ব এগিয়ে যাবে।

## বৈশ্বিক তারল্য ও মূল্যস্ফীতি

২০২০ সালের শুরুর দিকে আর্থিক বাজারগুলো সহায়ক মুদ্রা নীতিমালা ফিরে আসা, বাণিজ্য উন্নেজনা ত্রাস এবং বৈশ্বিক অর্থনীতির ছ্রিতিশীলতার আশাব্যঙ্গক আভাস দেখে আশাবাদী হয়ে উঠেছিল। কিন্তু কোভিড-১৯ এর বিস্তারে স্ট্রেচ ঝুঁকির কারণে ব্যাংক হার কমানো, তারল্য সহায়তা কার্যক্রম এবং বড় সম্পদ কেনা কর্মসূচি থেকে সরে আসাসহ নানা পদক্ষেপ নেয়। যুক্তরাষ্ট্রের ফেডারেল রিজার্ভ, ইউরোপিয়ান সেন্ট্রাল ব্যাংক, ব্যাংক অফ ইংল্যান্ড, ব্যাংক অফ জাপান, ব্যাংক অফ কানাডা, রিজার্ভ ব্যাংক অফ অস্ট্রেলিয়াও এ ধরনের পদক্ষেপ নেয়। এমনকি উদীয়মান বাজারের দেশ ব্রাজিল, চীন, ভারত, মালয়েশিয়া, মেক্সিকো, ফিলিপাইন, সৌদি আরব, দক্ষিণ আফ্রিকা, থাইল্যান্ড এবং তুরস্ক নানা পদক্ষেপ নেয়। যার কারণে অর্থনৈতিক পরিস্থিতি সংকুচিত হয়ে পড়ে। কিছু কেন্দ্রীয় ব্যাংক দ্বিপক্ষীয় বিনিয়োগ সক্রিয় করে আন্তর্জাতিক তারল্য ভালো রাখে আইনের আওতায় থেকেই। এ ছাড়া বিভিন্ন দেশের সরকার নানা খাতের জন্য বিপুল প্রশংসনো প্যাকেজ ঘোষণা করে নিজের অর্থনীতির ওপর করোনাভাইরাসের প্রভাব ঠেকানোর চেষ্টা করছে। ২০২০ সালের মে মাস পর্যন্ত সরকারগুলোর পক্ষ থেকে এমন প্যাকেজ ঘোষণা করা হয়েছে ৫.৭৭ ট্রিলিয়ন ডলারের, যা নজিরবিহীন।

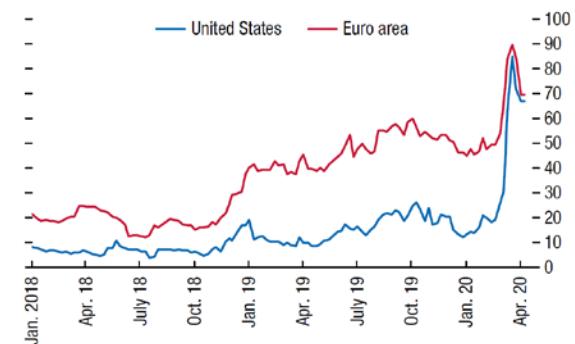
জার্মানি ও যুক্তরাষ্ট্রে সরকারি বড় উৎপাদন লক্ষ্যণীয়ভাবে কমে গেছে। প্রিমিয়ামের মেয়াদ ও মুদ্রা নীতিমালা প্রত্যাশায় তার প্রতিফলন ঘটেছে (ফিগার ৪)। বাজারনিহিত মূল্যস্ফীতির সম্ভাব্যতা ১ শতাংশের নিচে নেমে যেতে পারে আগামী পাঁচ বছরের মধ্যে যে কোনো একটি বছরে; ইউরোপ-আমেরিকায় করোনাভাইরাসের প্রভাব এবং জুলানি তেলের মূল্য হ্রাসের প্রভাবের কারণে এটা হতে পারে (ফিগার ৫)।

**Figure 4. Advanced Economy Government Bond Yields (%)**



Sources: Bloomberg Finance L.P.; and IMF staff calculations.

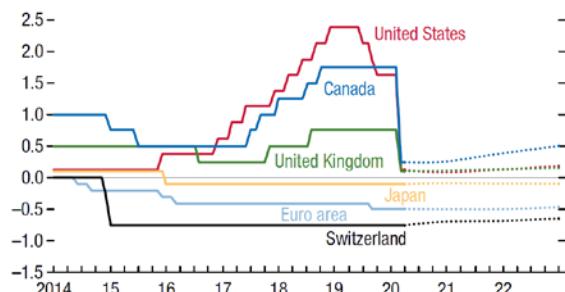
**Figure 5. Probability of Inflation Below 1% over Five-Year Period (%)**



Sources: Bloomberg Finance L.P.; and IMF staff calculations.

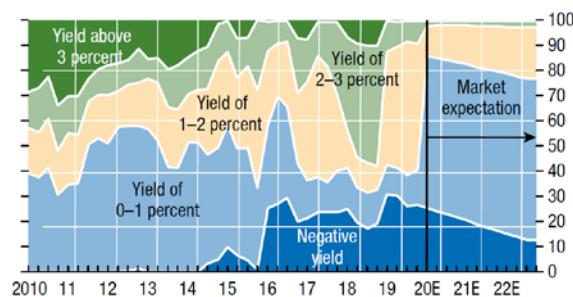
কেন্দ্রীয় ব্যাংকগুলো সাংঘাতিকভাবে মুদ্রা নীতিমালা সহজ করে দেয়, তাহলে কিছু উন্নত অর্থনীতির নীতিমালার হার শূন্যের কাছাকাছি নেমে আসবে (ফিগার ৬); এবং সরকারি বড় উৎপাদন-সরবরাহ কমার বিষয়টি দীর্ঘস্থিত হোক, সেটা প্রত্যাশিত হবে। সরকারি বন্ডের মজুত উৎপাদনসহ ১ শতাংশের কম (হালকা ও গাঢ় নীল দাগ, ফিগার ৭); যা ২০১৯ সালে শেষে আউটস্ট্র্যাডিং বন্ডগুলোর তুলনায় (৪০%) ২০২০ সালের মার্চে (৮০%) দ্বিগুণ।

**Figure 6. Actual and Expected Policy Rates (%)**



Source: IMF staff estimates.

**Figure 7. Advanced Economy Government Bonds (% of bonds outstanding, by yield)**



Source: IMF staff estimates.

## বৈশ্বিক বাণিজ্য

২০১৯ সালে বৈশ্বিক প্রযুক্তি বিস্তৃত অর্থে দুর্বল হলে তার প্রভাব পড়ে উন্নত অর্থনীতি যেমন যুক্তরাষ্ট্র, ইউরো অঞ্চল এবং এশিয়ার উন্নত অর্থনীতিতেও। এ ছাড়া উদীয়মান বাজার ও উন্নয়নশীল অর্থনীতিতেও এর প্রভাব পড়ে; যেমন ব্রাজিল, চীন, ভারত, মেক্সিকো, রাশিয়া। এবং বেশ কিছু অর্থনীতি ম্যাজ্রো-অর্থনীতি ও আর্থিক চাপে পড়ে। এর ফলে ২০১৯ সালে বৈশ্বিক বাণিজ্য ভার্চুয়াল স্থিতায় পড়ে এবং প্রযুক্তির হার শূন্য দশমিক নয় ( $0.9\%$ ) শতাংশে নির্বাচিত হয়; শিল্পোদান হ্রাস, বিনিয়োগ করে যাওয়া, আমদানির প্রযুক্তি করে যাওয়া, অর্থনৈতিক চাপ, ব্যবসার ভাবাবেগে উৎপাদন খাতে বাণিজ্যিক উভেদজনার চাপ এবং গাড়ি নির্মাণ ও বিক্রি করে আসার কারণে এই পরিস্থিতির সৃষ্টি হয়।

২০১৯ সালে বৈশ্বিক বাণিজ্যের গতি উল্লেখযোগ্যভাবে কমে যাওয়ার পর এখন করোনাভাইরাসের কারণে বৈশ্বিক বাণিজ্য নজিরবিহীনভাবে কমে যায়। বিশ্ব বাণিজ্য সংস্থার (ড্রিউটিও) হিসাবমতে, করোনাভাইরাসের মহামারীর কারণে বিশ্ব পণ্যদ্রব্যের বাণিজ্য ২০২০ সালে ১৩ শতাংশ থেকে ৩২ শতাংশের মধ্যে হতে পারে। এর নেতৃত্বাচক প্রভাবের ঘানি টানতে হবে ২০০৮ সালের অর্থনৈতিক মন্দার প্রভাবের মতো কয়েক বছর ধরে।

## বৈশ্বিক অর্থনৈতিক আউটলুক

উন্নত অর্থনীতিগুলোর প্রযুক্তি ২০২০ সালে  $6.1\%$  শতাংশ ধরা হয়েছিল; যেখানে বেশ কিছু উন্নত অর্থনীতি মহামারীর মুখে পড়ে

ইতিমধ্যে বিশেষ ব্যবস্থা গ্রহণ করেছে। এই ধরনের বেশিরভাগ অর্থনৈতিক গোষ্ঠী চলতি বছর নেতৃত্বাচক পরিস্থিতির আভাস দিয়েছে; যুক্তরাষ্ট্র ( $-5.9\%$ ), যুক্তরাজ্য ( $-6.5\%$ ), জার্মানি ( $-7.0\%$ ), ফ্রান্স ( $-7.2\%$ ), ইতালি ( $-9.1\%$ ) এবং স্পেন ( $-8.0\%$ )। ইউরোপের কিছু অংশে মহামারীর প্রকোপ ছিল করোনাভাইরাসের উৎপত্তিস্থল চীনের হুবেই প্রদেশের মতো। ভাইরাস ঠেকাতে লকডাউন ও জনসমাগম রোধ করে অর্থনৈতিক কার্যক্রম সীমিত করা হয়। এই মহামারীর কারণে আত্মবিশ্বাসের ওপর যে ধাক্কাটা এসেছে, সেটার প্রভাবও অর্থনীতির ওপর পড়তে পারে।

উদীয়মান বাজার ও উন্নয়নশীল অর্থনীতিগুলোর ক্ষেত্রে, সব দেশ স্বাস্থ্য সংকটে ভুগেছে এবং ২০২০ সালে প্রবৃদ্ধি ( $-1.0\%$ ) করার কথা বলছে। চীন অবশ্য বলছে ( $-2.2\%$ ) এর কথা। এমনকি যেসব দেশে মহামারীর তীব্রতা ২০২০ সালের মার্চ মাস পর্যন্ত (তখন পর্যন্ত করোনা সংক্রমণ প্রতিরোধের লকডাউন বা এ ধরনের উদ্যোগ নেয়া হয়নি) মারাত্মক আকার ধারণ করতে পারেনি, সেগুলোতেও অর্থনৈতিক কর্মকাণ্ডের ওপর প্রভাব পড়ায় তাদের প্রবৃদ্ধিতেও ব্যাপক প্রভাব ফেলেছে করোনাভাইরাস। ২০২০ সালের জানুয়ারিতে এই গ্রহণের দেশগুলোর (চীন বাদে) চলতি বছরের প্রবৃদ্ধি  $5.8\%$  শতাংশ হবে বলে আইএমএফ আভাস দেয়; মহামারীর ফলে সেই প্রবৃদ্ধির হার কমে যাবে। এমনকি প্রবৃদ্ধি এর চেয়ে কমও হতে পারে, যদি মহামারী ঠেকাতে এই দেশগুলোকে লকডাউন-জনসমাগম রোধের চেয়ে আরও কঠোর ব্যবস্থা গ্রহণ করতে হয়।

‘উদীয়মান এশিয়া’ হতে পারে একমাত্র অঞ্চল, যারা ২০২০ সালে ইতিবাচক প্রবৃদ্ধি ( $1.0\%$ ) অর্জন করতে পারে। সেটাও হবে গত দশকে এই অঞ্চলের গড় অর্জিত প্রবৃদ্ধির চেয়ে  $5\%$  নীচে। চীনে চলতি বছরের প্রথম চার মাসে বিভিন্ন সূচক যেমন শিল্পোদান, খুচরা বিক্রি এবং স্থায়ী সম্পদে বিনিয়োগসহ অর্থনৈতিক কার্যক্রমের যে ধারা দেখা গিয়েছিল, তাতে বছরের পর বছর  $8\%$  প্রবৃদ্ধির আভাস মিলেছিল। এমনকি চলতি বছরের যে সময়টুকু বাকি আছে তাতে অর্থনীতি প্রবৃদ্ধি  $1.2\%$  শতাংশ করতে পারে। এই অঞ্চলের অন্য অনেক অর্থনীতির প্রযুক্তি পরিমিত হারে হতে পারে ভারত ( $1.9\%$ ), ইন্দোনেশিয়া ( $0.5\%$ )। অন্যটা থাইল্যান্ড, যার বড় সংকোচন ( $-6.7\%$ ) হবে।

অন্যান্য অঞ্চলের অভিভূতা হবে চরম মন্ত্র বা সংকেচিত অর্থনৈতিক কার্যক্রমের। এতে লাতিন আমেরিকা ( $-5.2\%$ ); ব্রাজিলের ( $-5.3\%$ ) এবং মেক্সিকো ( $-6.6\%$ ); উদীয়মান ও উন্নয়নশীল ইউরোপ ( $-5.2\%$ ), রাশিয়া ( $-5.5\%$ ); মধ্যপ্রাচ্য এবং মধ্য এশিয়া ( $-2.8\%$ ), সৌদি আরব ( $-2.3\%$ ), তেল বাদে জিডিপি কমবে  $8\%$ । এবং সাব-সাহারান আফ্রিকা ( $-1.6\%$ ); নাইজেরিয়া ( $-3.8\%$ ) এবং দক্ষিণ আফ্রিকা ( $-5.8\%$ )। চলতি বছরের শুরুতে তেলের দাম নাটকীয়ভাবে কমে যাওয়ার পর তেল রপ্তানিকারক দেশগুলোর প্রবৃদ্ধির গতি উল্লেখযোগ্যভাবে কমে যায়। এই গ্রহণের দেশগুলোর প্রবৃদ্ধির হারের আভাস সম্ভাব্য হারের চেয়ে ( $-8.8\%$ ) কমে যায়।

বৈশ্বিক প্রবৃদ্ধি ২০২১ সালে ৫.৮ শতাংশে ফিরবে বলে আশা করা হয়, যদি গতিধারা ঠিক থাকে। যদি অর্থনীতির একেবারে নিম্নস্তর থেকে অর্থনৈতিক কার্যক্রম স্বাভাবিকভা ফিরে পায়। উন্নত অর্থনীতির দেশগুলোর জন্য এই প্রবৃদ্ধি ৪.৫% এবং উদীয়মান ও উন্নয়নশীল দেশগুলোর জন্য এই প্রবৃদ্ধি ৬.৬%। ২০১০ সালের বৈশ্বিক প্রবৃদ্ধি আগের বছরের -১% প্রবৃদ্ধি থেকে বেড়ে ৫.৪% হয়েছিল। ২০২১ সালে প্রবৃদ্ধি আগের জায়গায় ফেরানোর বিষয়টি নির্ভর করছে, ২০২০ সালের শেষ ছয় মাস মহামারী আরও প্রকট হবে নাকি মুছে যাবে তার ওপর। এ সময়ে ভোজ্য ও বিনিয়োগকারীদের আশ্চর্য কীভাবে কতটা ফিরে আসে এবং অর্থনৈতিক কার্যক্রম কতটা শুরু হয়, তার ওপর। ধৰণ করা হচ্ছে, ২০২১ সালের শেষে উন্নত, উদীয়মান ও উন্নয়নশীল দেশগুলোর জিডিপি ভাইরাস-পূর্ববর্তী ভিত্তিরেখার চেয়ে বৈচাই থাকবে।

### বাংলাদেশের অর্থনীতি

বাংলাদেশ তার শক্তিশালী অর্থনৈতিক প্রবৃদ্ধির ধারা ২০১৯ সালের নতুন গতিপথে বজায় রেখেছে। মুদ্রাশীকৃতি ও অভ্যন্তরীণ খরচ স্থিতিশীল রয়েছে; বর্তমানে এলডিসিভুক্স দেশের কাতার থেকে বেরিয়ে ২০২৪ সালে উন্নয়নশীল দেশের কাতারে যুক্ত হওয়ার পথে এগিয়ে যাচ্ছে।

আজ বাংলাদেশ উৎপাদনভিত্তিক অর্থনীতিতে যেতে সফল হয়েছে। তৈরি পোশাক খাতের টেকসই প্রবৃদ্ধির ওপর ভিত্তি করে এটা করতে সক্ষম হয়েছে। বাংলাদেশের রঙানি আয়ের ৮৫% আসে এই খাত থেকে। ২০১৯ অর্থবছরে রেমিট্যাস আগের বছরের তুলনায় সাড়ে ৯ শতাংশ বেড়েছে। এ খাত ব্যক্তিগত ভোজ্য, কর্মসংস্থান ও বাইরের স্থিতিশীলতায় উল্লেখযোগ্য ভূমিকা রাখে। কারেট অ্যাকাউন্ট ঘাটতি (সিএডি) ২০১৮ অর্থবছরের তুলনায় নেমে এসেছে (৫.৩ বিলিয়ন); রঙানি ও রেমিট্যাস প্রবৃদ্ধির কারণে এটা সম্ভব হয়েছে। এর সঙ্গে যোগ হয়েছে আমদানি প্রবৃদ্ধির গতি কমে আসা। এসবের মিলিত ফল হলো বৈদেশিক মুদ্রার রিজার্ভ বেড়ে দাঁড়িয়েছে ৩২.৭২ বিলিয়ন মার্কিন ডলার। এটা ২০১৯ অর্থবছরের হিসাব। এ ছাড়া মুদ্রাশীকৃতি ২০১৯ অর্থবছরের চেয়ে ৩০ ভিত্তি পয়েন্টে কমে ৫.৪৮% এ দাঁড়িয়েছে। আর জিডিপির প্রবৃদ্ধি দেশের ইতিহাসে প্রথমবারের মতো ৮.১৫% হয়েছে। ব্যালেন্স অব পেমেন্ট ও এনএফএ প্রবৃদ্ধি সম্ভব হয়েছে সহায়ক নীতিমালায় টাকা ও ডলারের তারল্যের চাপ সহজ করার জন্য;

যার ফলে আগের অর্থবছরের তুলনায় সিএডি কমানো সম্ভব হয়েছে। একই সঙ্গে দেশটির ম্যাক্রো-ইকোনমিক নীতিমালার ফ্রেমওয়ার্ক জোরদার রাখা জরুরি। এবং প্রাতিষ্ঠানিক ও অর্থনৈতিক নিয়ন্ত্রণ পলিসির পুনর্গঠনে কাঠামোগত ব্যবস্থার দিকে এগোতে হবে। যা দেশের সুপ্ত প্রবৃদ্ধি সম্ভাবনাকে উপলব্ধি করতে সহায়তা করবে।

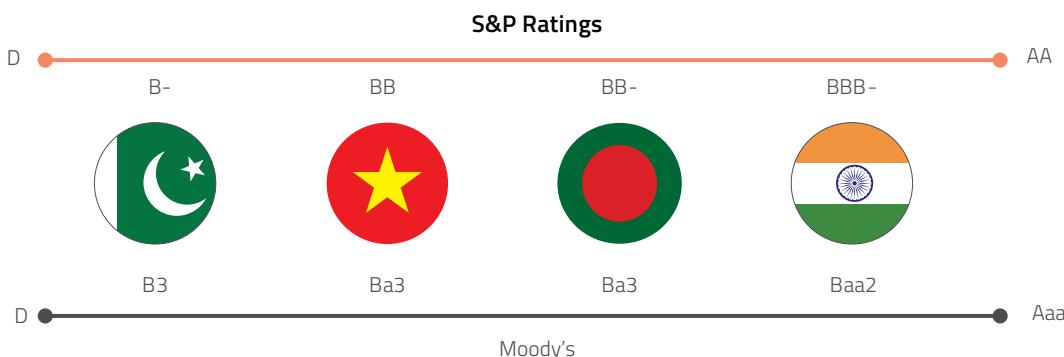
### সার্বভৌম রেটিং

বাংলাদেশ তার ‘স্থিতিশীলতার’ বিষয়ে ২০১৯ সালে তিনটি বৈশ্বিক সংস্থা থেকে রেটিং পেয়েছে, আগের বছরগুলোর প্রবণতার ধারাবাহিকভায়। টানা দশমবারের মতো মুডি'স বাংলাদেশকে 'বিবি-' রেটিং দিয়েছে। ফিচ রেটিংস বাংলাদেশকে লং টার্ম ফরেন কারেন্স ইস্যুয়ার ডিফল্ট রেটিং (আইডিআর) এ 'বিবি'; সঙ্গে স্ট্যাবল আউটলুক' হিসেবে দ্বীপৃষ্ঠি দিয়েছে ২৫ নভেম্বর, ২০১৯। সমকক্ষ অর্থনীতির দেশগুলোর মধ্যে বাংলাদেশ রেটিংয়ের ভিত্তিতে শক্তিশালী অবস্থান পেয়েছে।

২০১৯ সালে মাথাপিছু জিডিপি ১৯০০ ডলার, যা দুর্বল অর্থনৈতিক উন্নতিকে তুলে ধরে; এখনও রেটিংয়ে বাংলাদেশের সবচেয়ে বড় সীমাবদ্ধতা হিসেবে রয়ে গেছে। এই ইনকাম লেভেল দুর্বল ও সংকীর্ণ রাজস্ব ভিত্তি বলে বিবেচিত হয়। কোনো ধাক্কা সামলাতে সীমাবদ্ধতা হিসেবে বিবেচিত এটা। তিনটি রেটিং সংস্থাই এই বিষয়টি নিয়ে উদ্বেগ প্রকাশ করেছে এবং ব্যাংকিং খাত নিয়ে বিবাতি প্রকাশ করেছে। এ ছাড়া মুডি'স বাংলাদেশের ম্যাক্রো প্রোফাইল 'দুর্বল' থেকে 'দুর্বল' বলে দেখিয়েছে। যা রেটিংয়ে নেতৃত্বাক্ত প্রভাব ফেলেছে। সংস্থাটি বাংলাদেশ ব্যাংকের রিজার্ভেশনের আউটলুক নিয়েও উদ্বেগ প্রকাশ করেছে এর সম্পদের গুণাগুণ, লাভজনকতা এবং খেলাপি ঝগের নতুন শ্রেণিবিন্যাসের নমনীয় নীতিমালার কারণে।

একটি ইতিবাচক দিক হলো, বাংলাদেশের জিডিপি প্রবৃদ্ধির প্রবণতা ফিচ রেটিংয়ে অন্যতম শক্তিশালী। ২০১৯ সাল পর্যন্ত ৫ বছরের গড় প্রবৃদ্ধি ৭.০%; যা 'বিবি' ক্যাটাগরির অনেক ওপরের দিকে। এই ক্যাটাগরির মধ্যমা ৪.২%। বৈদেশিক বিনিয়োগের রিজার্ভেও বাংলাদেশের রেটিং সন্তোষজনক। যা ২০২০ সালের চলমান বৈদেশিক পেমেন্টে ৫.৬ মাস কাভার করে। 'বিবি' ক্যাটেগরিতে এর মধ্যমা হলো ৪.৪ মাস।

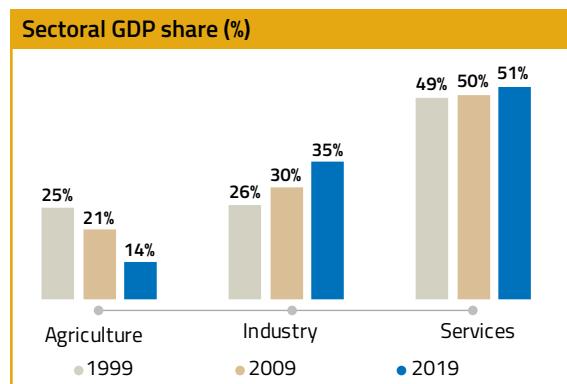
**Figure 8: Credit rating comparison - Pakistan, Vietnam, Bangladesh and India.**



## কৃষি খাত

জিডিপিতে বাংলাদেশের কৃষিখাতের অবদান ২০১৮ সালের (১৪.২%) তুলনায় ২০১৯ সালে (১৩.৬%) কমে এসেছে। সার্বিকভাবে এ খাতের উৎপাদন আরেক খাতে শিল্পোৎপাদনের চেয়ে কম। কৃষিখাতের প্রবৃদ্ধি কমেছে। ২০১৮ সালে যা ছিল ৪.২%, ২০১৯ সালে তা দাঁড়িয়েছে ৩.৯%। কৃষি খণ্ড বিতরণের লক্ষ্য ছিল ২১৮ বিলিয়ন টাকা, কিন্তু বিতরণ করতে হয়েছে ২৩৬.১৬ বিলিয়ন টাকা; যা ২০১৮ অর্থবছরের চেয়ে ১০.৪ শতাংশ বেশি। উৎপাদন বাড়াতে কৃষিতে ভর্তুক দেওয়া, আওতা বাড়ানো এবং কৃষি খণ্ড বিতরণ সহজ করার বিষয়গুলো নিশ্চিত করা হয়। এবং উদ্দেশ্যগুলো অর্জনের জন্য ২০১৯ অর্থ বছরে ইউনিয়ন বাজেটে ৯০ বিলিয়ন টাকা বরাদ্দ দেওয়া হয়। ২০১৮ অর্থবছরে মাছ উৎপাদন (অভ্যন্তরীণ ও সামুদ্রিক উৎস) হয়েছে ৪২.৭৭ লাখ মেট্রিক টন। ২০১৯ অর্থবছরে টাগেট ধরা হয়েছে ৪৩.৮১ লাখ মেট্রিক টন।

Figure 9: Sectoral GDP share (%)



Source: Bangladesh Bank Annual Reports

## শিল্প খাত

বাংলাদেশের জিডিপিতে শিল্প খাতের অবদান ২০১৮ অর্থবছরে (৩৩.৭%) চেয়ে ২০১৯ অর্থবছরে (৩৫.০%) বেড়েছে ১.৩ শতাংশ। ২০১৮ অর্থবছরের (১২.১%) চেয়ে ২০১৯ অর্থবছরে (১২.৭%) শিল্প খাতের প্রবৃদ্ধি বেশি বেড়েছে। ২০১৯ অর্থবছরে তিনটি সাব-সেক্টরে প্রবৃদ্ধি বেশি বেড়েছে, এগুলো হলো: উৎপাদন, খনি থেকে আহরণ ও খনন। এ ছাড়া বিদ্যুৎ, গ্যাস ও পানি সরবরাহ খাতে প্রবৃদ্ধি উল্লেখযোগ্য ছিল; যদিও এ বছর নির্মাণ খাতের প্রবণতা ছিল কমতির দিকে। সাব-সেক্টরে উৎপাদন খাত ২০১৮ অর্থবছরের (২২.৯%) চেয়ে ২০১৯ অর্থবছরে (২৪.১%) ভালো প্রবৃদ্ধি করেছে। সরকার শিল্প খাতের উন্নয়নের প্রচেষ্টা অটল রয়েছে। যেমন উৎপাদন, জ্বালানি, কৃষি, বনায়ন, খনিজ সম্পদ আহরণ ও প্রক্রিয়াকরণ, পর্যটন, নির্মাণ এবং তথ্য ও যোগাযোগ প্রযুক্তি। এ জন্য ‘জাতীয় শিল্প নীতি-২০১৬’ করা হয়েছে। গুরুত্ব দেওয়া হয়েছে টেকসই ও সমিতি শিল্প উৎপাদন এবং আন্তর্জাতিক বাজারের সঙ্গে সংযুক্ত নিশ্চিত করার ওপর। এই লক্ষ্য অর্জনের জন্য ব্যাংক, অন্যান্য আর্থিক প্রতিষ্ঠান থেকে খন ও আনুষঙ্গিক সহায়তার ব্যবস্থা করা হয়। একইসঙ্গে অর্থনৈতিক

অঞ্চলের (ইপিজেড) উন্নয়ন করা হয় যা টেকসই শিল্পায়ন এবং দেশে প্রত্যক্ষ বিদেশি বিনিয়োগ (এফডিআই) আকৃষ্ণ করতে গুরুত্বপূর্ণ ভূমিকা পালন করে।

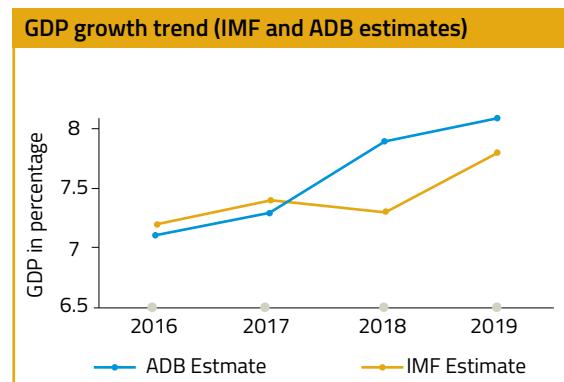
## সেবা খাত

২০১৯ অর্থবছরে জিডিপিতে সেবা খাতের অবদান আগের বছরের তুলনায় সামান্য কমে যায়। আগের বছরের ৫২.১ শতাংশ থেকে নেমে ৫১.৪ শতাংশ হয়ে যায়। কিন্তু এই খাত ২০১৮ সালের (৬.৪%) তুলনায় ২০১৯ সালে (৬.৮%) বেশি প্রবৃদ্ধি অর্জন করে। সাব-সেক্টরগুলো যেমন পাইকারি ও খুচরা বিক্রি; হোটেল ও রেস্তোরাঁ; পরিবহন, মজুদ ও যোগাযোগ; অর্থনৈতিক মধ্যস্থতা, আবাসন এবং ভাড়া ও বাণিজ্যিক কার্যক্রম; এবং স্বাস্থ্য ও সমাজ কল্যাণ ক্ষেত্রগুলো ২০১৯ সালে ভালো পারফর্ম করেছে।

## প্রবৃদ্ধি পারফরমেন্স

বাংলাদেশ বলিষ্ঠ অর্থনৈতিক রূপান্তর প্রত্যক্ষ করছে। গত এক দশক ধরে জিডিপির প্রবৃদ্ধি ছিল গড়ে সাড়ে ছয় শতাংশ। বৈশ্বিক নানা ঘটনা সত্ত্বেও এই অর্জনের ধারাবাহিকতা এগিয়ে নিয়েছে বাংলাদেশ। গত তিন বছরে ৭% প্রবৃদ্ধির ধারাবাহিকতা অর্থনৈতিক সম্মিলিত সূচক তুলে ধরে। স্পেকটেটর ইনডেক্স (২০১৯) বলছে, বাংলাদেশ গত ১০ বছরে সর্বোচ্চ অর্থনৈতিক প্রবৃদ্ধি অর্জন করেছে, যা ১৮.৮%। এই সময়ে চীন ১৭.৭% ও ভারত ১১.৭% প্রবৃদ্ধি করতে সক্ষম হয়েছে।

FIGURE 10:



Source: ADB and IMF publications

বাংলাদেশ পরিসংখ্যান ব্যরো (বিবিএস) চূড়ান্ত হিসাব মতে, ২০১৯ সালে জিডিপির প্রবৃদ্ধি দাঁড়ায় ৮.১৫ শতাংশ; যা আগের বছর অর্থাৎ ২০১৮ সালে ছিল ৭.৮৬ শতাংশ।

## সম্পদ ও বিনিয়োগ

মোট দেশজ সম্পদ ২০১৮ অর্থবছরের (২২.৮%) তুলনায় ২০১৯ অর্থবছরে (২৫.০%) বেড়েছে। একই সময়ে জাতীয় সম্পদ বেড়ে জিডিপি দাঁড়ায় ২৯.৫ শতাংশে। যা আগের বছর ছিল ২৭.৪ শতাংশ। একইভাবে বিনিয়োগ ও জিডিপির অনুপাত বেড়ে যায়

৩১.৬ শতাংশ; আগের বছর অর্থাৎ ২০১৮ সালে যা ছিল ৩১.২ শতাংশ। ২০১৯ অর্থবছরে (১৪.৩%) সরকারি ও বেসরকারি বিনিয়োগ আগের বছরের (১৩.৮%) চেয়ে বেড়েছে। এ অর্থবছরে সব মিলিয়ন আগের বছরের চেয়ে বিনিয়োগ বেড়েছে ১৪.২%। এর ফলে ২০১৯ অর্থবছরে সরকারি খাতে বিনিয়োগ বেড়ে জিডিপির ৮ শতাংশে দাঁড়ায়। আগের বছর যা ছিল ৭.৯%। একইভাই ২০১৯ সালে বেসরকারি খাতে বিনিয়োগ বেড়ে দাঁড়ায় জিডিপির ২৩.৫ শতাংশে, যা আগের বছর ছিল ২৩.৩%।

## আর্থিক খাত

২০১৯ অর্থবছরে সংশোধিত বাজেটে বাজেট ঘাটতি ছিল জিডিপির ৫% বা ১২৫৯.৩ বিলিয়ন টাকা। এই ঘাটতির ৩৪.৫% বা ৪৩৪.০ বিলিয়ন টাকা বিদেশি অনুদান বাদে বাইরের অন্যান্য উৎস থেকে আসবে বলে ধরা হয়েছিল। আর ৬২.৫% বা ৭৮৭.৫ বিলিয়ন টাকা অভ্যন্তরীণ উৎস থেকে আসবে বলে ধরা হয়েছিল। সংশোধিত বাজেটের তথ্য অনুযায়ী এসব অভ্যন্তরীণ উৎসের মধ্যে ৩৯.২% আসে ব্যাংকিং সিস্টেম থেকে এবং বাকি ৬০.৮% আসবে নন-ব্যাংকিং খাত থেকে। ২০২০ অর্থবছরেও সরকার ব্যাংকিং সিস্টেম থেকে ৬০.২% অর্থায়ন ধরেছে এবং বাকিটা নন ব্যাংকিং খাত থেকে আসবে বলে উল্লেখ করা হয়েছে। এদিকে জাতীয় সঞ্চয়পত্র (এনএসসি) বিক্রি উল্লেখযোগ্য হারে কমে গেছে সুদহার কমানো এবং কেনার প্রক্রিয়া কিছুটা কঠিন করার কারণে।

২০১৯ অর্থবছরের সংশোধিত বাজেটে সর্বমোট রাজস্ব সংগ্রহের লক্ষ্য নির্ধারণ করা হয় ৩১৬৬.১ বিলিয়ন টাকা (জিডিপির ১২.৫%), যার মধ্যে কর থেকে পাওয়া রাজস্ব ছিল ২৮০০ বিলিয়ন টাকা (জিডিপির ১১.৪%); এনবিআরের বাইরের কর থেকে রাজস্ব ধরা হয় ৯৬ বিলিয়ন টাকা (জিডিপির ০.৮%) এবং ননট্যাক্স রাজস্ব ২৭০.১ বিলিয়ন টাকা (জিডিপির ১.১%)। সংশোধিত বাজেটে রাজস্ব টার্গেট ছিল প্রথমে লক্ষ্য নির্ধারিত পরিমাণের চেয়ে ৬.৭% কম। তারপরও এটা ছিল ২০১৮ সালে অর্জিত রাজস্বের চেয়ে ৪৬.২% বেশি। সর্বমোট আদায় করা রাজস্বের ৯১.৫% রাজস্ব আসে কর থেকে; ২০১৮ সালে সংগ্রহ করার করের চেয়ে যা ৪৯.০% বেশি। ননট্যাক্স রাজস্ব আদায় ২০১৯ সালে ছিল আগের বছরের তুলনায় ২১.৫% বেশি।

২০১৯ অর্থবছরের সংশোধিত বাজেটে সরকারি ব্যয় জিডিপির ১৭.৪% ধরা হয়, যা আগের বছর ছিল ১৪.৩%। সংশোধিত বাজেটে বার্ষিক উন্নয়ন কর্মসূচি (এডিপি) ব্যয়ের প্রবৃদ্ধি ৩৯.৭% প্রত্যক্ষ করে।

## বাহ্যিক খাত

২০১৯ অর্থবছরে বাংলাদেশ আমদানি প্রবৃদ্ধির তুলনায় রপ্তানি প্রবৃদ্ধি বেশি করতে সক্ষম হয়, যা একটি গুরুত্বপূর্ণ বিষয়। এ বছর আমদানি প্রবৃদ্ধি ছিল ১.৮%, বিপরীতে রপ্তানি প্রবৃদ্ধি ছিল ১০.১%। এটা বাণিজ্য ঘাটতি কমাতে দারকনভাবে সহায়তা করেছে। এর ফলেই বাণিজ্য ঘাটতি ২০১৯ অর্থবছরে ১.৮ বিলিয়ন মার্কিন ডলার থেকে ১.৫ বিলিয়ন মার্কিন ডলারে নেমে আসে। এ

সময় প্রবাসী আয়ও ৯.৬% বৃদ্ধি পায়। সার্বিক ফলাফলে সিএডি উন্নত হয়; -৯.৬ বিলিয়ন মার্কিন ডলার থেকে নেমে আসে -৫.৩ বিলিয়ন ডলারে। ব্যালেন্স অব পেমেন্টেও অগ্রগতি হয়, -৮৫৭ মিলিয়ন ডলার থেকে হয় ১২ মিলিয়ন ডলার। বৈদেশিক মুদ্রার রিজার্ভ ২০১৯ অর্থবছরে ৩১ বিলিয়ন ডলারের ওপরে বজায় থাকে, রপ্তানি ও প্রবাসী আয় ভালো পারফরমেন্স করে; বছর থেকে বছর আমদানির প্রবৃদ্ধি ২% এর মধ্যেই থাকে এই অর্থবছরে।

## রপ্তানি

২০১৯ অর্থবছরে বাংলাদেশের রপ্তানি আয় ছিল ৪০ বিলিয়ন মার্কিন ডলার। যা আগের বছরের তুলনায় ১০.১ শতাংশ বেশি। প্রাথমিকভাবে এই প্রবৃদ্ধি অর্জন হয় তৈরি পোশাকের বড় বড় শিপমেটের কারণে, যা বছর থেকে বছরে সাড়ে ১১ শতাংশ করে বেড়েছে। জাতীয় রপ্তানির ৮৪ শতাংশেরও বেশি আসে এই খাত থেকে। আগের অর্থবছরে বাংলাদেশে লাভবান হয়েছিল চীন-ভারত বাণিজ্য সম্পর্কে উভেজনার কারণে। উভেজনার কারণে চীন থেকে কাজগুলো বাংলাদেশের তৈরি পোশাক খাতে চলে আসে; বাংলাদেশের তৈরি পোশাক শিপমেন্ট বেড়ে যায়। এই বাড়তি ছিল বাংলাদেশের একক বড় পোশাক ক্রেতা যুক্তরাষ্ট্রের চাহিদার ১০%। এ ছাড়া চিংড়ি, কাকড়া, চা, শাক-সবজি, ফলমূল, মশলা, শুকনো খাবার, তামাক, ওষুধ, আসবাবপত্র, পেট্রোলিয়াম উপজাত, প্লাস্টিক পণ্য, সিরামিক, হস্তশিল্প পণ্য, তুলাজাতীয় পণ্য, কার্পেটি, টেরি তোয়ালে, পাদুকা, পরচুলা ইত্যাদি রপ্তানি করে ভালো আয় হয়েছে। বিপরীতে চামড়া ও চামড়াজাত পণ্য, পাট ও পাটজাত পণ্য, হোম টেক্সটাইলস, নির্মাণ সামগ্রী, জাহাজ ও বাইসাইকেলের রপ্তানি প্রত্যাশা পূরণে ব্যর্থ হয়।

## আমদানি

২০১৯ আর্থিক বছরে বাংলাদেশের আমদানি পেমেন্ট দাঁড়িয়েছে ৫৫.৪ বিলিয়ন মার্কিন ডলারে, যা আগের বছরের চেয়ে ১.৮% বেশি। আমদানির বেশি হয়েছে আগের মতোই চীন (২৬.১%) ও ভারত (১৪.৭%) থেকে। ত্রুটীয় সর্বোচ্চ আমদানি হয়েছে সিঙ্গাপুর থেকে। যার পরিমাণ ৬.০%।

## বৈদেশিক মুদ্রা

বাংলাদেশ বিশ্বের নবম বৃহত্তম বৈদেশিক মুদ্রা অর্জনকারী দেশ। ২০১৮ অর্থবছরের মোট বৈদেশিক মুদ্রা আয়ের পরিমাণ ১৫ বিলিয়ন মার্কিন ডলার থেকে বেড়ে ২০১৯ অর্থবছরে ১৬.৬ বিলিয়ন ডলারে পৌঁছায়। ওই বছর বৈদেশিক কর্মসংস্থান হ্রাস সত্ত্বেও বিদেশি মুদ্রা আমদানি ৯.৬% বৃদ্ধি পায়। বৈধ বিভিন্ন মাধ্যম ব্যবহার করে বিদেশ থেকে অর্থ প্রেরণে উৎসাহিত করার লক্ষ্যে সরকার ২০২০ সালের জাতীয় বাজেটে ২% নগদ প্রগোদনার একটি উদ্যোগ নিয়েছে, যা বৈদেশিক মুদ্রা আমদানি বৃদ্ধির ধারাকে ত্বরান্বিত করতে ইতিবাচক ভূমিকা রাখবে বলে আশা করা হচ্ছে।

## প্রত্যক্ষ বিদেশি বিনিয়োগ (এফডিআই)

নিচ বিদেশি বিনিয়োগ ২০১৯ অর্থবছরে উল্লেখযোগ্যভাবে ৫০.৭% বৃদ্ধি পেয়ে ২,৫৮০.৮৮ মিলিয়ন ডলার থেকে ৩,৮৮৮.৯৯ মিলিয়ন ডলারে পৌছায়। এফডিআইয়ের বিভিন্ন উপাদানের মধ্যে সম-মূলধন এবং কোম্পানির অভ্যন্তরীণ খণ্ডের ক্ষেত্রে ওই অর্থবছরে সর্বোচ্চ বৃদ্ধি দেখা যায়।

বাংলাদেশে ২০১৯ অর্থবছরে এফডিআই খাতে অবদান রাখে যেসব দেশ তাদের মধ্যে যুক্তরাজ্য, নরওয়ে, সংযুক্ত আরব আমিরাত, যুক্তরাষ্ট্র ও হংকং শীর্ষ পাঁচে ছিল।

(USD mn)

Component	Net inflow in FY2018	Net inflow in FY2019	% Change
Equity capital	614.76	1,195.2	94.4%
Reinvested earnings	1,253.44	1,363.46	8.8%
Intra-company loans	712.24	1,330.33	86.8%
<b>Total</b>	<b>2,580.44</b>	<b>3,888.99</b>	<b>50.7%</b>

## ব্যালেন্স অব পেমেন্ট

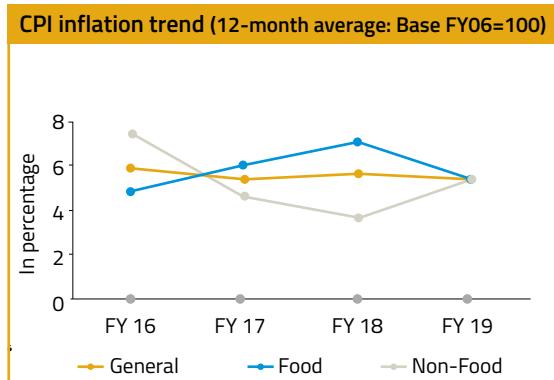
আমদানির তুলনায় রঙানি ও বৈদেশিক মুদ্রা অর্জনে উচ্চতর অঞ্চলির কারণে বাণিজ্য ঘাটতি ২০১৮ অর্থবছরের ১৮.২ বিলিয়ন মার্কিন ডলার থেকে ২০১৯ অর্থবছরে ১৫.৫ বিলিয়ন ডলারে নেমে আসে। তাছাড়া বিভিন্ন পরিষেবার হিসাব ঘাটতি ১১.৬% কমে যায়, যেখানে প্রাথমিক আয় ঘাটতি ১০.৯% বৃদ্ধি পায়। মাধ্যমিক আয়ের হিসাবে অনুযায়ী উদ্বৃত্ত জমা, প্রবাসী শ্রমিকদের অর্থ প্রেরণ ও বিনিয়োগে উচ্চতর অঞ্চলির কারণে ২০১৯ অর্থবছরে ৯.৩% বৃদ্ধি পায়। যাই হোক, আর্থিক হিসাবে উদ্বৃত্ত ৯,৬২৮ ডলারে নেমে যায়। পরিশেষে, পরিশোধের সামগ্রিক জমার ক্ষেত্রে ২০১৯ অর্থবছরে ১২ মিলিয়ন ডলার উদ্বৃত্ত থাকার রেকর্ড হয়, যেখানে আগের বছর সিএডি বৃদ্ধির ফলে ৮৫৭ মিলিয়ন ডলারের ঘাটতি হয়েছিল।

## মূল্যস্ফীতি

মূল্যস্ফীতির হার ২০১৮ অর্থবছরের ৫.৭৮% থেকে কমে ২০১৯ অর্থবছরে ৫.৪৮% হয়, যা সরকারের লক্ষ্যমাত্রা ৫.৬০%-এর চেয়ে কম। ২০১৯ অর্থবছরে চাল, পেঁয়াজ ও অন্যান্য খাদ্যসামগ্রীর পর্যাপ্ত মজুত খাদ্যের মূল্যস্ফীতি ২০১৮ অর্থবছরের ৭.১০% থেকে কমিয়ে ২০১৯ অর্থবছরে ৫.৫১%-এ সীমিত রাখতে সাহায্য করেছিল।

‘সিপিআই মূল্যস্ফীতি’ তালিকায় যেমনটা দেখা যেতে পারে, খাদ্য ও খাদ্য ব্যৱtাত অন্য সামগ্রীর সিপিআই মূল্যস্ফীতি প্রায়ই খাদ্যাতক পারম্পরারের দিকে ধাবিত হয়, আর খাদ্য ব্যৱtাত অন্য সামগ্রী ক্ষেত্রে ৩.৭৪% থেকে বেড়ে ২০১৯ অর্থবছরে ৫.৪২%-এ পৌছায়।

FIGURE 11.



Source: Bangladesh Bank

## বিনিয় হার

আন্তঃব্যাংক ওয়েইটেড অ্যাভারেজ রেট বা বিনিয় হার ২০১৯ অর্থবছরে দাঁড়ায় প্রতি মার্কিন ডলারে ৮৪.০৩ টাকা, যা ২০১৮ অর্থবছরে ছিল ৮২.১০ টাকা। এতে টাকার ২.৩% অবমূল্যায়ন হয়। খাদ্য আমদানি ও বিনিয়োগের প্রভাবে সাম্পত্তিক বছরগুলোয় উদ্বৃত্তের জায়গায় একধরনের ঘাটতি তৈরির কারণে চলতি হিসাবের গতিশীলতায় পরিবর্তন আসে যা মার্কিন ডলারকে অবমূল্যায়নের দিকে ঠেলে দেয়। উল্লেখ করা যেতে পারে, ২০২০ অর্থবছরের প্রথম ছয় মাসে রপ্তানি বৃদ্ধির হার খাদ্যাতক অবস্থানে ছিল। প্রতিদ্বন্দ্বী মুদ্রাসমূহের অবমূল্যায়নের কারণে রপ্তানি পণ্যগুলো প্রতিযোগিতার যোগ্যতা হারাচ্ছিল। এটা বাংলাদেশ টাকার ওপর অবমূল্যায়নের জন্য আরও চাপ সৃষ্টি করতে পারে।

## অর্থ সরবরাহ ও আমানত বৃদ্ধি

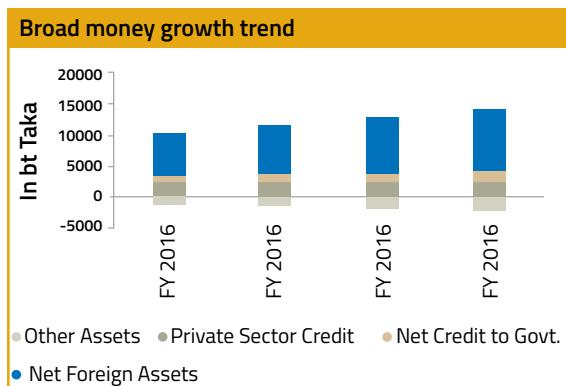
ব্যাপক মুদ্রা সরবরাহ বা ব্রড মানি (এম২) ২০১৯ অর্থবছরে ৯.৯% বৃদ্ধি পায়, যা লক্ষ্যমাত্রা ১২%-এর চেয়ে কম, তবে ২০১৮ অর্থবছরের প্রাকৃত বৃদ্ধি ৯.২%-এর তুলনায় বেশি। সহায়ক নীতিমালা গ্রহণের ফলে ব্যালেন্স অব পেমেন্টে উন্নতি এবং এনএফএ বৃদ্ধি পুনরুদ্ধার ২০১৯ অর্থবছরের শেষে আন্তঃব্যাংক বাজারে টাকা ও মার্কিন ডলার উভয় মুদ্রায় তারল্য সংকট দূর করে দেয় এবং প্রতিদিনের বাজারে বাংলাদেশ ব্যাংকের সামান্য বা কোনো হস্তক্ষেপ ছাড়াই স্বাভাবিক অবস্থা ফিরিয়ে আনতে সাহায্য করে। সিএডি বিভাগ এবং একইসঙ্গে জোরালো এনএফএর প্রভাবে ওই সংকট তৈরি হয়েছিল। ২০১৯ অর্থবছরে মুদ্রার রিজার্ভ ৫.৩% বৃদ্ধি পায়, যা ২০১৮ অর্থবছরে ছিল ৮%।

২০১৯ অর্থবছরে দেশীয় জমা বৃদ্ধি ১২.৩% নির্বাচিত হয় যা সর্বোচ্চ লক্ষ্যমাত্রা ১৫.৯%-এর চেয়ে কম ছিল। কারণ বেসরকারি খাতে অর্থ জমা উল্লেখযোগ্যভাবে কমে যায়, যা ২০১৮ অর্থবছরে ছিল ১৬.৯% এবং ২০১৯ অর্থবছরে সেটা কমে ১১.৩%-এ নেমে যায়। যাই হোক, সরকারি খাতে জমা বৃদ্ধি ২০১৯ অর্থবছরে ২১.১%-এ পৌছায়, যা আগের অর্থবছরে খাদ্যাতক ২.৪% ছিল।

বেসরকারি খাতে জমা বৃদ্ধির ক্ষেত্রে ২০১৯ অর্থবছরে একধরনের ধীরগতি নেমে আসে। ব্যাংকগুলোতে আমানত বৃদ্ধির ধীরগতি,

বাজেট ঘাটতি পূরণে বিভিন্ন ব্যাংক থেকে সরকারের ঋণ বৃদ্ধি এবং এনপিএলসমূহে তৈরি প্রভাবে তারল্য সংকটের কারণে এমন ঘটে। বেসরকারি খাতে জমা বৃদ্ধি উল্লেখযোগ্যভাবে হ্রাসের ফলে নিট দেশীয় সম্পদ (এনডিএ) বৃদ্ধি ২০১৯ অর্থবছরে ১২.০৬%-এ নেমে আসে, যা ২০১৮ অর্থবছরে ছিল ১২.৮৪%।

**FIGURE 12.**



Source: Bangladesh Bank

## সুদের হার

বাণিজ্যিক ব্যাংকগুলোতে গড় ঋণ প্রদানের হার ২০১৯ অর্থবছরের জুনের শেষে ৯.৫৮%-এ নেমে আসে যা ২০১৮ অর্থবছরের জুনের শেষ নাগাদ ছিল ৯.৯৫%। একইভাবে গড় আমানতের হার ২০১৯ অর্থবছরের জুনে ৫.৪৩%-এ নেমে আসে, যা আগের বছরের জুনে ছিল ৫.৫০%। ফলে সুদের হারের বিস্তার উল্লেখযোগ্যভাবে কমে যায় যা বছর-বছর ৩০ বিপিএস থেকে ২০১৯ অর্থবছরের জুনে ৪.১৫%-এ দাঁড়ায়।

## কল মানি রেট

২০১৯ অর্থবছরের বেশির ভাগ সময়ে কল মানি রেট ৩.২% থেকে ৫.০% সীমার মধ্যে উঠানামা করে। এই পর্যায়ে ব্যাংকিং সিস্টেম থেকে সরকারের ঋণ গ্রহণের প্রভাবে কল মানি রেট বেড়ে যায়। যাই হোক, ২০১৮ অর্থবছরের শেষের দিকে কেন্দ্রীয় ব্যাংক পলিসি রেপো রেট ৭৫ বিপিএস থেকে ৬%-এ নামিয়ে বাজারে তারল্য সহায়তা বাড়িয়ে দেয়।

## বাংলাদেশের অর্থনৈতিক দূরদৃষ্টি

বাংলাদেশ সরকার ২০২০ অর্থবছরে মোট দেশজ উৎপাদন (জিডিপি) প্রবৃদ্ধি ৮.২%-এর লক্ষ্যমাত্রা নির্ধারণ করেছে। চলমান বৈশ্বিক করোনাভাইরাস পরিস্থিতির কারণে এই লক্ষ্যমাত্রাকে বেশ আশাবাদী বলা চলে। আন্তর্জাতিক মুদ্রা তহবিল (আইএমএফ) বৈশ্বিক সংকটের আনুমানিক প্রভাব বিবেচনায় ২০২০ অর্থবছরের জন্য মাত্র ২% জিডিপি প্রবৃদ্ধির পূর্বাভাস দিয়েছে। পাশাপাশি তারা বলেছে, ভি-আকৃতির উত্তরপের মাধ্যমে ২০২১ অর্থবছরে এটা ৯.৫% পর্যন্ত যাবে। বিশ্বব্যাংক ২০২০ অর্থবছরের জন্য একইধরনের জিডিপি প্রবৃদ্ধি হার ২%-৩% দেখিয়েছে। পাশাপাশি

২০২১ অর্থবছরের জন্য আরও রক্ষণশীল প্রবৃদ্ধি হার ২.৯% ধরে নিয়েছে। বাংলাদেশ ব্যাংক ২০২০ অর্থবছরের জিডিপি পূর্বাভাস (৩.৮%), ২০২১ অর্থবছরে (৫.৭%) এবং ২০২২ অর্থবছরে (৮.০%) উল্লেখ করেছে।

তবু জিডিপি প্রবৃদ্ধি হার ২০২০ অর্থবছরের জন্য এই দুই চরম মাত্রার মধ্যবর্তী কোথাও অবস্থান করতে পারে। পরবর্তী অর্থবছরে হয়তো সেটা আরও শক্তিশালী প্রবৃদ্ধিতে পৌছাবে। এসব পূর্বাভাস বহুবিধ বিবেচনার মাধ্যমে প্রভাবিত হবে, যেমন:

- অর্থনীতির বিভিন্ন খাতে কোভিড-১৯ এর আঘাত মোকাবিলা এবং মহামারী ঠেকাতে ২৬ মার্চ-৩০ মে দেশজুড়ে আরোপিত অচলাবস্থায় ক্ষতিগ্রস্ত জনগণের দুর্ভোগ কর্মাতে সরকার একগুচ্ছ প্রগোদ্ধন প্যাকেজ হাতে নিয়েছে যার মূল্য ১.০১১ ট্রিলিয়ন টাকা (১১.৯ বিলিয়ন মার্কিন ডলার)। অর্থনৈতিক কর্মকাণ্ডে সহায়তার জন্য কেন্দ্রীয় ব্যাংকও বিভিন্ন নীতি বাস্তবায়নের উদ্যোগ নিয়েছে যেমন রেপো রেট হ্রাস, সিপিআর হ্রাস, ঋণ প্রদানে সুদের সীমা নির্ধারণ। এসব উদ্যোগ অর্থনীতি দ্রুত পুনরুদ্ধারে সহায় হতে পারে, যদিও করোনাভাইরাস মহামারীর প্রভাবে অর্থনৈতিক বিপর্যয়ের ধরন বিভিন্ন বিষয়ের ওপর নির্ভর করে যা চলমান পরিস্থিতিতে আগে থেকে বলা কঠিন।
- বৈশ্বিক করোনাভাইরাস পরিস্থিতিতে বাংলাদেশের জন্য সবচেয়ে বড় চ্যালেঞ্জটি হলো বৈদেশিক মুদ্রার আগমন, যা বিশ্বজুড়ে কোভিড-১৯ বিস্তারের প্রভাবে অর্থনৈতিক সংকটের কারণে মারাত্মক ক্ষতিগ্রস্ত হতে পারে। বিশ্বব্যাংকের মতে, বাংলাদেশে বৈদেশিক মুদ্রার প্রবাহ ২০২০ সালে ২২% কমে যেতে পারে।
- বাংলাদেশ ব্যাংকের অনুমিত হিসাব অনুযায়ী, বিশ্ববাণিজ্য ধীরগতি নেমে আসায় রঞ্চানি ২০২০ ও ২০২১ অর্থবছরে যথাক্রমে ১৭.৯% ও ০.৮% হ্রাস পাবে। তাছাড়া ইউরোপীয় এবং যুক্তরাষ্ট্রের বাজারে মদার ফলে বাংলাদেশ থেকে প্রধান প্রধান রঞ্চানি পণ্যের ফরমায়েশ ব্যাহত হবে। তবে দেশের রঞ্চানি বৃদ্ধির ক্ষেত্রে মারাত্মক ধসের পরও ভবিষ্যতের আশা দৃষ্টিকোণে বুঁকিগুলো নিম্নমুখী।
- কোভিড-১৯-এর প্রভাবগুলো মোকাবিলা করে বাজেট ঘাটতি পূরণে সরকার চলতি ও আগামী অর্থবছরের জন্য বাইরে থেকে বিভিন্ন সহায়তা প্রাপ্তির স্থাবনাগুলো যাচাই করে দেখছে। বিশ্বব্যাংকের পূর্বাভাস অনুযায়ী, চলতি বছর ও আগামী বছরে বাজেট ঘাটতি যথাক্রমে ৭.৭% ও ৯.৮% পর্যন্ত হতে পারে। ফলে সরকারকে আগামী বছরগুলোতে ভেতর ও বাহির থেকে বড় ঋণ নিতে হতে পারে। দি ইকোনোমিস্ট বলছে, কোভিড-১৯ বিস্তারের প্রভাব মোকাবিলায় অর্থনৈতিক সামর্থ্যের বিচারে বাংলাদেশ ৬৬টি উদীয়মান অর্থনীতির মধ্যে নবম স্থানে রয়েছে। সত্যিকার অর্থে, জিডিপি শতাংশের হিসাবে বাংলাদেশের সরকারি ও বৈদেশিক ঋণের পরিমাণ সমতুল্য অন্যান্য অর্থনীতির দেশগুলোর তুলনায় কম এবং নিজৰ ঘাটতিগুলো পূরণে অর্থায়নের সামর্থ্য বিবেচনায় বাংলাদেশ তুলনামূলক ভালো অবস্থানে রয়েছে।

- কেন্দ্ৰীয় ব্যাংক যদি বিনিময় হার নিয়ন্ত্ৰণে রাখতে হস্তক্ষেপ করে তাহলে বৈদেশিক মুদ্রা বিনিময়ের রিজার্ভ চাপের মুখে পড়তে পারে। তাছাড়া, বৈদেশিক মুদ্রার রিজার্ভ হ্রাস এড়াতে মুদ্রানীতি ও বিনিময় হার নীতি উভয় ক্ষেত্ৰে সমন্বয় প্ৰয়োজন। প্ৰকৃত বিনিময় হার উপলব্ধিৰ বিষয়টি দেশেৱ রঞ্জনি প্ৰতিযোগিতাৰ প্ৰতিকূলে যেতে পারে। তবু থায় হয় মাসেৱ আমদানি সামাল দেওয়াৰ মতো রিজার্ভ বাংলাদেশেৱ আছে এবং বৰ্তমান পৰিস্থিতি থেকে উত্তৰণেৱ সম্ভাবনা বিবেচনায় দেশটি তুলনামূলক সুবিধাজনক অবস্থানে আছে।
- ২০২০ অৰ্থবছৰেৱ বাজেট জাতীয় সম্পত্তি সনদে (এনএসসি) নিৰ্ভৰশীলতা হ্ৰাস এবং ব্যাংকখণেৱ ওপৱ নিৰ্ভৰতা বৃদ্ধিৰ ওপৱ গুৰুত্ব আৱৌ কৰা হয়েছে। এটা বেসৱকাৰি খাত থেকে ব্যাংকেৱ অৰ্থ বেৱ কৰে আলতে পারে এবং বেসৱকাৰি বিনিয়োগে বিৰূপ প্ৰভাৱ ফেলতে পারে। বিশ্বেৱেতি অৰ্থায়নেৱ তৃতীত প্ৰয়োগ এবং খেলাপি ঝণ বা নন-পারফৰ্মিং লোন (এনপিএল) হ্ৰাসে সমীক্ষিত প্ৰচেষ্টৱ মাধ্যমে ইই ঝুঁকি কমানো যেতে পারে।
- সঠিক সৱবৰাহব্যবস্থা নিশ্চিত কৰতে পারলে মূল্যহীনতা বড় চ্যালেঞ্জ নাও হতে পারে যেহেতু তেলেৱ দাম এবং দেশে স্থিতশীল উৎপাদনেৱ পাশাপাশি বৈশ্বিক পণ্যমূল্য নিম্নমুখী রয়েছে।
- কৰনীতি সমন্বয় না কৰলে ২০১৯ সালেৱ জুলাই থেকে নতুন মূল্য সংযোজন কৰ আইন প্ৰয়োগে রাজাখ আদায়েৱ ক্ষেত্ৰে উল্লেখযোগ্য অগ্ৰগতিৰ সম্ভাবনা কম। কৰেৱ ভিত্তি বৃদ্ধি এবং কমপ্লায়েন্স গ্যাপ দূৰীকৰণে কৰ প্ৰশাসনে সংক্ষাৱ অবশ্যই বাস্তুবায়ন কৰতে হবে। তাছাড়া রাজাখ এককৌকৰণ প্ৰক্ৰিয়া নিকট ভবিষ্যতে মহামাৰীৰ ঘাদুৰ্ভাৱেৱ ভিত্তিতে সীমিত থাকাৰ সম্ভাবনা রয়েছে। ফলে অন্যান্য আৰ্থিক উৎসৱ ওপৱ নিৰ্ভৰতা এবং আৰ্থিক ঘাটতি বৃদ্ধি আগামী অৰ্থবছৰে চলমান থাকতে পারে।
- আৰ্থিক খাতে উল্লেখযোগ্য কিছু অভ্যন্তৰীণ ঝুঁকি বহাল রয়েছে। খেলাপি ঝণ (এনপিএল) বৃদ্ধিৰ বিষয়টি আৰ্থিক বাজাৱে যেহেতু নেতৃত্বাচক প্ৰভাৱ ফেলছে, তাই দণ্ডৱ বাছাই ও তদাৱকিৰ জন্য আৱও কঠোৱ মনোযোগ প্ৰয়োজন। এটা আৰ্থিক মজুত বৃদ্ধিৰ ওপৱ নেতৃত্বাচক প্ৰভাৱ ফেলতে পারে, কিন্তু খেলাপি ঝণ (এনপিএল) হ্ৰাসেৱ বিষয়টিকে পথম অগ্ৰাধিকাৰ দেওয়া উচিত। যাইহোক, অৰ্থনীতি এখনো অগ্ৰগতিৰ দিকে থাকায় বিভিন্ন ব্যবসায় উন্নতি বহাল থাকবে যা ব্যাংকগুলোকে তাদেৱ এনপিএল সংক্ৰান্ত বাধা ধাপে ধাপে কাটিয়ে উঠতে সহায়তা কৰবে। পাশাপাশি বাংলাদেশেৱ বেশিৱ ভাগ ব্যাংক ব্যাসেল-থ্ৰি আৰশিক শৰ্ত অনুযায়ী ২.৫% অতিৰিক্ত মূলধন সংৰক্ষণ কৰে যা এই খাতকে চাপেৱ সময়গুলোতে ঢিকে থাকতে সহায়তা কৰে।

এমতাবস্থাৰ পৱিত্ৰেক্ষিতে, মহামাৰীজনিত ধাক্কা মোকাবিলা এবং অভ্যন্তৰীণ চাহিদা উজ্জীবিত রাখতে দেশটিৰ সামৰ্থ্যেৱ ওপৱ এই অৰ্থনীতিৰ ভবিষ্যৎ সাফল্যেৱ অনেকটাই নিৰ্ভৰ কৰবে। অৰ্থনীতিৰ

অভ্যন্তৰীণ ও বাহ্যিক খাতগুলোকে অব্যাহত নীতিগত সহায়তা দেয়াৰ মাধ্যমে বড় বড় চ্যালেঞ্জে গুৰুত্ব দেওয়া হলেও তা দেশেৱ প্ৰবৃদ্ধিৰ স্থিতশীলতা জোৱদার কৰতে গুৰুত্বপূৰ্ণ ভূমিকা রাখবে। প্ৰবৃদ্ধিৰ ধাৰা পুনৰুদ্ধাৱ নিশ্চিত কৰতে সুশাসন, ঘৰ্ষণতা ও দক্ষতাৰ উন্নয়নেৱ ক্ষেত্ৰে দেশেৱ জন্য এই সময়টা গুৰুত্বপূৰ্ণ।

## আগামী বছৱগুলোৰ জন্য একটি দৃঢ় ভিত্তি নিৰ্মাণ

বাংলাদেশেৱ সেৱা ব্যাংক হওয়াৰ লক্ষ্যে আমাদেৱ প্ৰচেষ্টায় ২০১৯ সালটি ব্র্যাক ব্যাংকেৱ জন্য এক তাৎপৰ্যপূৰ্ণ পৰ্যায় নিৰ্দেশ কৰে। এই বছৱজুড়ে, উত্তৰাধিকাৰ সংক্ৰান্ত বড় বড় বিষয়গুলো নিষ্পত্তিৰ মাধ্যমে, নিম্ন প্ৰাণিৰ খাতসমূহেৱ প্ৰতিবন্ধকতা হ্ৰাসেৱ পাশাপাশি, অধিকাংশ বড় বড় আৰ্থিক ও অ-আৰ্থিক ক্ষেত্ৰে প্ৰকৃত সম্ভুদ্ধিৰ জন্য সহায়তা প্ৰদানেৱ মাধ্যমে আমৱা ব্যাংকেৱ প্ৰকৃত অৰ্জন সম্ভাবনাকে সামনে রাখাৰ শৰ্তটিৰ সুফল দেখতে শুৰু কৰেছি।

ব্র্যাক ব্যাংক এসএমই, রিটেইল অ্যান্ড কৱপোরেট বিজনেসেৱ মাধ্যমে তাৰ গ্ৰাহকদেৱ একটি বৈচিত্ৰ্যপূৰ্ণ ব্যাংকিংয়েৱ ক্ষেত্ৰ তৈৰি কৰে দেয়। আমৱা গ্ৰাহকদেৱ ব্যাপক পৱিসৱে উন্নাবনীমূলক পণ্য ও বিভিন্ন সেৱা দিয়ে থাকি। নতুন নতুন চাহিদা ও প্ৰয়োজন অনুযায়ী বৃহত্তর গ্ৰাহকনিৰ্ভৰ সেৱা দিতে আমৱা আমাদেৱ সাৰ্ভিস চ্যানেলগুলোকে বহুমুখী ব্যবসাসমূহেৱ উপযোগী কৰে ঢেলে সাজিয়েছি, যাতে নানামুখী পৱিত্ৰিতে গ্ৰাহকেৱ বিভিন্ন অভিভূতাৰ সমন্বয়েৱ ওপৱ গুৰুত্ব দেওয়া হয়েছে। আমৱা আব্যাহতভাৱে বিভিন্ন পৱিত্ৰিতি এবং ব্যবসায়িক সম্ভাবনাগুলো বিবেচনায় নিয়ে বৈচিত্ৰ্যময় নানা কৌশল স্পষ্টভাৱে তুলে ধৰি। আমৱা আমাদেৱ ব্যবসায়িক কাৰ্যক্ৰমেৱ সৰ্বক্ষেত্ৰে আয় সাৰ্বোচ্চকৰণ এবং দক্ষতা নিশ্চিতকৰণেৱ ওপৱ গুৰুত্ব দিচ্ছি। এতে ব্যয় নিয়ন্ত্ৰণ ও উৎপাদনশীলতা বৃদ্ধিৰ বিষয়গুলোৰ অন্তৰ্ভুক্ত রয়েছে। আমাদেৱ গ্ৰাহকেৱা এই পৱিবৰ্তিত ও অধিকতাৰ কাজিক্ষত বিজনেস মডেলকে স্বাগত জানিয়েছেন। এটা তাঁদেৱ আৱও বেশি সাচ্ছন্দ্য দিয়েছে, পাশাপাশি আমাদেৱ দিয়েছে বিভিন্ন চ্যানেলেৱ মাধ্যমে উন্নতমানেৱ সেৱাৰ নিশ্চয়তা। আমৱা গ্ৰাহকদেৱ বিভিন্ন অভিভূতাৰ ওপৱ জোৱালো গুৰুত্ব দিচ্ছি যা আমাদেৱ সম্পর্কেৱ দীৰ্ঘস্থায়ীত্বেৱ একটি মাধ্যম, আৱ বাজাৱেৱ বৃহত্তর অংশীদাৱি অৰ্জনেৱ লক্ষ্যে নিৰ্বাঙ্গাট সেৱা নিশ্চিত কৰতে আমৱা আৱও চালু কৰেছি ডিজিটালাইজেশন। এই বছৱ আমৱা গ্ৰাহক-কেন্দ্ৰিক তৎপৰতাৰ ওপৱ পুনৰায় জোৱ দিয়েছি, গ্ৰাহকেৱ পথচালায় নিজেদেৱ সম্পৃক্ষ কৰাৰ প্ৰয়াস অব্যাহত রেখেছি।

## টেকসই ব্যাংক হওয়াৰ লক্ষ্য

লক্ষ্যচালিত হওয়া আমাদেৱ ডিএনএৰ অংশ, যে কাৱণে আমৱা উন্নত কৰপোৱেট নাগৱিকতাৰ বৃহত্তর স্বার্থগুলো সব সময় মনে রাখি। দীৰ্ঘদিনেৱ এই সম্যানজনক ঐতিহ্য নিৰ্মাণে নিজেদেৱ নতুন কৰে আবিক্ষাৱেৱ ধাৰা আমৱা বছৱেৱ পৰ বছৱ ধৰে অব্যাহত রেখেছি এই লক্ষ্যে যাতে কৰে অধিকতাৰ টেকসই, প্ৰাসঙ্গিক, সময়োপযোগী ও বিশৃঙ্খল একটি ব্যাংক গড়ে তুলতে পাৰি।

ব্রাক ব্যাংকে আমরা সব সময় তিনটি টেকসই ভিত্তির ওপর গুরুত্ব দিয়েছি:

১. দায়িত্বশীল ব্যাংকিংয়ের পাশাপাশি উন্নত গ্রাহক সেবা
২. দায়িত্বশীল ব্যবসায়িক চর্চার পাশাপাশি সর্বোচ্চ পর্যায়ের বিশ্বত্বতা
৩. বলিষ্ঠ সামাজিক ও পরিবেশগত প্রভাব সৃষ্টি

## কেন্দ্রস্থলে ডিজিটাল হওয়ার মাধ্যমে অগ্রগতির পথে

সত্যিকার অর্থে ডিজিটাল হওয়ার সঙ্গে যুক্ত রয়েছে আমাদের ব্যাংকের রূপান্তরের বিষয়টি যা আমাদের দ্রুততর, অধিকতর গতিময় এবং বাজারের প্রয়োজনীয় চাহিদার প্রতি আরও দ্রুত সাড়া দিতে সক্ষম করে তুলেছে। সফল হওয়ার জন্য, আমরা জানি যে আমাদের প্রযুক্তি অবকাঠামো পুনর্গঠন বা পুনর্স্থাপন করতে হবে। আর সেটা হবে ক্লাউড-নেটিভ, কৌশলগত বাস্তসংস্থান অংশিদারির মাধ্যমে কর্মসূচি বৃদ্ধি ও ব্যবসা/প্রযুক্তি অবকাঠামোর উন্নয়নে সক্ষম। পাশাপাশি তা গ্রাহকের ব্যক্তিগত অভিজ্ঞতা ও চাহিদা অনুযায়ী ডাটা অ্যানালাইটিকসের ব্যবহার করতে পারবে। ডিজিটাল প্রযুক্তির মাধ্যমে পরিবর্তন গ্রহণ করা সত্ত্বেও আমরা জানি যে যা দ্রাঘী হয়ে থাকবে সেটিই আমাদের গ্রাহকদের কাছে সরলতার সঙ্গে ও সুবিধাজনকভাবে পৌছে দেওয়াটা গুরুত্বপূর্ণ।

## ব্যাংকের রূপান্তর: আজকের ব্যাংককে আগামীকালের জন্য প্রস্তুত করা

ব্যাংকিংকে নতুন করে কল্পনা করার বিষয়টি গত কয়েক বছরে ব্রাক ব্যাংকের জন্য অগ্রাধিকার হিসেবে ছান করে নিয়েছে। এ ধরনের গুরুত্ব আরোপের পাশাপাশি আজ আমরা বর্তমান ও ভবিষ্যৎ উভয় সময়ের গ্রাহকের চাহিদাগুলো পূরণের জন্য সুবিধাজনক অবস্থানে রয়েছি।

ডিজিটাল রূপান্তরের যাত্রা আমরা ২০১৮ সালে শুরু করেছিলাম, যা আমাদের অনেক সহযোগী প্রতিষ্ঠানের তুলনায় বেশ আগেভাগেই শুরু করা। আজ আমাদের আছে সবচেয়ে ব্যাপক বোধশক্তিসম্পন্ন ডিজিটাল রূপান্তর প্রোগ্রামগুলোর একটি, যা কেন্দ্রস্থলে ডিজিটাল হওয়ার চেতনাকে ধারণ করে তৈরি। এটা এখন এক সংক্ষিতকে লালন করে যেখানে পরিমাপ পদ্ধতিগুলো আমাদের ডিজিটাল রূপান্তর উদ্যোগের প্রভাবের পরিসংখ্যান করে ফেলতে পারে, বিশেষত আমাদের লাভজনকতার ব্যাপারটা। সামগ্রিকভাবে আমাদের এখন বাংলাদেশের ব্যাংকিং শিল্পে ডিজিটাল রূপান্তরের ক্ষেত্রে নেতৃত্বান্বীয় পর্যায়ে দেখা হচ্ছে। ২০২০ সালে আমরা এ ক্ষেত্রে দ্রুত অগ্রগতি সাধন অব্যাহত রাখার আশা করি।

## গ্রাহকের অভিজ্ঞতা বৃদ্ধি

ব্রাক ব্যাংকের সার্ভিস এক্সেলেন্স অ্যান্ড কোয়ালিটি এস্যুরেন্স দলগুলো ‘লিন অ্যান্ড সিঙ্গেল সিগমা’ সমন্বিত পদ্ধতিগুলোর

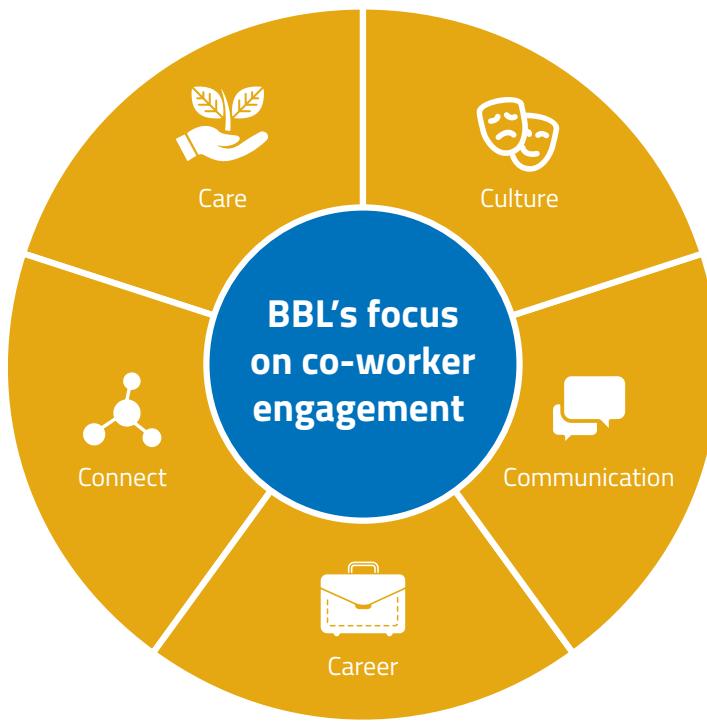
আওতায় সুনির্দিষ্ট বিষয়নির্ভর বিভিন্ন উদ্যোগ নেয়। সেবা ও প্রক্রিয়াকরণের গুণমানের উন্নতি অর্জনই তাদের লক্ষ্য। দলটি গ্রাহকদের প্রতিক্রিয়া জানার জন্য বিভিন্ন চ্যানেলের মাধ্যমে তাঁদের সঙ্গে স্ক্রিয়ভাবে যুক্ত। এসব প্রতিক্রিয়া ও অভিজ্ঞতার ভিত্তিই উন্নয়নের উদ্যোগ শুরু করার আগে সেগুলো যথাযথভাবে বিশ্বেষণ করা হয়। এছাড়া আমাদের অভিযোগ ব্যবস্থাপনা দলের অংশীদারের দায়িত্বান্ত ইউনিটগুলোর সঙ্গে মূল কারণ বিশ্বেষণ করা হয়। একইধরনের পরিস্থিতির পুনরাবৃত্তি মোকাবিলার জন্যই তারা অব্যাহতভাবে কাজটি চালিয়ে যান। আমাদের সেবা মানের অবকাঠামো ডেমিংয়ের উন্নতি চেতের বিশ্ববিখ্যাত প্ল্যান-ড্‌চেক-অ্যাক্ট (পিডিসিএ) মডেলের ভিত্তিতে তৈরি। এর আওতায় দক্ষ গুণমান পেশাজীবীরা সেবা প্রদান প্রক্রিয়ার একটি বিস্তারিত পর্যালোচনার জন্য ব্যাংকের শাখাগুলো পরিদর্শন করেন। এই প্রক্রিয়ার অংশগুলো হলো: মূল্যায়ন, বৈসাদৃশ্য শনাক্তকরণ, মূল-কারণ বিশ্বেষণ, কর্মসূচি পরিকল্পনা ও বাস্তবায়ন। পুরো প্রক্রিয়াটি একটা পরিপূর্ণ অনুসন্ধান প্রক্রিয়া যাতে কাঙ্ক্ষিক সমস্যাটা চিহ্নিতকরণে সাফল্য নিশ্চিত। ব্যাংকের তিন-অংশবিশিষ্ট কাঠামো গ্রাহক সেবা বৃদ্ধির লক্ষ্যে তৈরি যা গ্রাহকের অভিজ্ঞতা, নতুনত্ব ও গুণগতমান যাচাই করে দেখে। কাস্টোমার এক্সপিরিয়েন্স বিভাগটি ভয়েস অফ দ্য কাস্টোমার (ভিওসি) বা গ্রাহকের বক্তব্য ধারণ করে এবং গুরুত্বপূর্ণ সেবাদাতা কর্মীদের নেপুণ্য বা কাজের পারদর্শিতা মূল্যায়ন করে। এসব উদ্যোগ ইনোভেশন সেন্টারের মাধ্যমে পরিচালিত হতো, যা বিভিন্ন ধারণার জন্য একটি নিকাশ-ঘর হিসেবে কাজ করত। সেই ধারণাগুলো ব্যাংক কর্তৃপক্ষকে বিভিন্ন পণ্য, সেবা ও চ্যানেলের জন্য ‘পরবর্তী পদ্ধতিগুলো প্রয়োগে’ সাহায্য করত। ব্যাংক প্রতিবেদনে উল্লিখিত বছরে কৌশলগত ও পরিকল্পিত বিভিন্ন উন্নয়ন প্রকল্প গ্রহণ করে।

## মানব সম্পদ ব্যবস্থাপনা

ব্রাক ব্যাংক ‘মূল্যবোধ গঠন ও বিনিয়য়’ এর লক্ষ্যে একটি শক্তিশালী কর্মী মূল্যায়ন পদ্ধতি অনুসরণ করে। এটি পেশাদার শিল্পাদ্যোগের তত্ত্ব দ্বারা চালিত, মালিক-অংশিদার-ব্যবস্থাপক এবং উর্ধ্বর্তন কর্মী-অভিজ্ঞতার এক প্রতিভা দর্শন মিলিয়ে একটি শক্তিশালী সংস্কৃতিকে উৎসাহিত ও পুনর্স্থাপনের উদ্দেশ্যে তৈরি করা হয়েছে। এটি মেধাত্বন্ত, নেপুণ্য ও দূরদর্শী ঝুঁকি-গ্রহণকে গুরুত্বের সঙ্গে তুলে ধরে। নতুন যুগের কর্মীদের কাঙ্ক্ষিক চাকরিদাতা হিসেবে ব্র্যান্ডটির সুনাম বৃদ্ধি করাই এই এক ব্যাংকের মানব সম্পদ নিয়োগে পদ্ধতিগুলোর লক্ষ্য। এটি সেরা শ্রেণীর একগুচ্ছ উদ্যোগ বিস্তৃত করার মাধ্যমে দ্রুতগতির, উচ্চমানের এবং কাঙ্ক্ষিক মানব সম্পদকে এক উন্নত প্রযুক্তি চালিত ডিজিটাল প্ল্যাটফর্মে নিয়ে আসে।

## পাঁচটি সি-এর মাধ্যমে সহকর্মী নিয়োগ

ব্রাক ব্যাংক লিমিটেড পাঁচটি সি-এর নিয়োগ মডেল অনুসরণ করে যা আমাদের কর্মশক্তিতে জোরালো অঙ্গীকারের ওপর গুরুত্ব দেয়।



ব্র্যাক ব্যাংক তার মানবসম্পদ নিয়োগ ও উন্নয়নের কাজটি সহকর্মীদের মাধ্যমে সম্পাদন করে। এ ক্ষেত্রে ব্যাংকের কেন্দ্রীয় মূল্যবোধগুলোর পাশাপাশি সমৃদ্ধি ও সহযোগিতার একটি সমন্বিত সংস্কৃতি গড়ে তোলা হয়, উন্নত ও সৎ যোগাযোগ উৎসাহিতকরণের মাধ্যমে, কর্মীদের সঙ্গে সম্পর্ক ও যোগাযোগ জোরদার করার মাধ্যমে, পারস্পরিক সহযোগিতামূলক পেশাগত উন্নতির মাধ্যমে এবং একটি প্রতিষ্ঠান হিসেবে আমাদের সহানৃতি বোধ ও যত্ন প্রদর্শনের মাধ্যমে।

সামগ্রিক এবং সর্বাত্মক মঙ্গল আমাদের কর্মী নিয়োগ মডেলের ভিত্তি গড়ে দেয়। ডিজিটাল উপায়ে কাঞ্চিত উদ্যোগসমূহ আমাদের

সহকর্মী নিয়োগ কাঠামোর প্রতিটি দিকে ছড়িয়ে দেওয়া হয়।

আমাদের জনবলের ক্ষেত্রে বিনিয়োগের ব্যাপারটি সরল হলেও ব্র্যাক ব্যাংকে এটা উচ্চ-গ্রাহণ বিভাগকারী কৌশল হিসেবে বিরাজমান রয়েছে। এই কৌশলের অংশ হিসেবে, আমরা শীর্ষ মেধা নিয়োগের ব্যাপারটিকে সবসময় গুরুত্ব দিই, সংশ্লিষ্ট খাতের মান অনুযায়ী কর্মীর বেতন ও পারদর্শিতা পরিমাপে সমতা নির্ধারণ করি যাতে করে তাঁদের উচ্চমাত্রার প্রেরণা এবং সেরা নেপুণ্যের বিশ্বস্ততা ও চাকরি নিয়ে সন্তুষ্টি নিশ্চিত হয়। নিজস্ব কর্মী এবং গ্রাহকদের খেয়াল রাখে বলেই ব্যাংকটি কার্যকর এবং প্রতিযোগিতামূলক থাকে।

অভিন্ন মূল্যবোধ	চিন্তার ক্ষেত্র (কর্মী)	চিন্তার ক্ষেত্র (নিয়োগদাতা)
শিথিল নিয়োগ	বৈচিত্র্যপূর্ণ সাংগঠনিক ভূমিকা এবং অবস্থানের মধ্যে কাজ করার আগ্রহ।	একটি দল বা ক্রস ফাংশনাল কাজ করার দক্ষতা ও সামর্থ্য বাঢ়াতে উৎসাহ প্রদান।
গ্রাহক কেন্দ্রীকরণ	সবার আগে গ্রাহকের স্বার্থকে অগ্রাধিকার দেয়া।	তথ্য, দক্ষতা এবং প্রগোদ্ধনা দিয়ে গ্রাহকের চাহিদাকে পূর্ণভাবে প্রাপ্তান্য দেয়া।
পারদর্শিতা লক্ষ্য	আমরা কী করছি সেদিকে মনোযোগ দেয়া, কোথায় কাজ করছি সেদিকে নয়।	পারদর্শিতার সাথে সুযোগ-সুবিধা এবং পুরস্কারের যোগসূত্র স্থাপন এবং সঠিক পথে পারদর্শিতা অর্জনে সহায়তা।
প্রকল্পভিত্তিক কাজ	নিজের দায়িত্বকে সব সময় মনে রাখা, ফাংশন-ভিত্তিক কাজ না করে প্রকল্পভিত্তিক কাজের দিকে মনোযোগী হওয়া।	সাংগঠনিক কার্যক্রমের বদলে প্রকল্পভিত্তিক কাঠামোবদ্ধ কাজ করতে দেয়া।
মানবচেতনা ও কাজের সংস্কৃতি	মূল্যবোধভিত্তিক কাজে মন দেয়া, যা অর্থপূর্ণ এবং পুরো কামিউনিটিজুড়ে একটি ইতিবাচক প্রভাব তৈরিতে সহায়তা করে।	এমন কাজ দেয়া যা অর্থপূর্ণ এবং পুরস্কার এনে দেয়।
অঙ্গীকার	ইতিবাচক ও উচ্চ প্রভাবযুক্ত ফলাফল অর্জনে প্রতিষ্ঠানকে সহায়তা করতে অঙ্গীকারবদ্ধ থাকা।	সহকর্মীদের পেশাগত ও ব্যক্তিগত লক্ষ্য পূরণে সহায়তা করতে অঙ্গীকারবদ্ধ থাকা।
শিক্ষণ এবং উন্নয়ন	সারা জীবন শেখার জন্য অঙ্গীকারবদ্ধ থাকা।	কর্মীদের অব্যাহত অগ্রাগতি ও উন্নতি নিশ্চিত করার লক্ষ্য পুরণের জন্য অংশীদারিত্বের ভিত্তিতে কাজ করা।
মুক্ত তথ্য	উদ্যোগ ও পদক্ষেপ নিতে আগ্রহী থাকা।	দরকারি ও প্রয়োজনীয় তথ্যের বিস্তৃত ভাষারে কর্মীদের প্রবেশাধিকার দেওয়া।

## আর্থিক পর্যালোচনা

ব্যাংকিং ব্যবস্থাকে স্থিতিশীল করতে নিয়ন্ত্রণমূলক আদেশ পালনের বাধ্যবাধকতা বৃদ্ধি এবং কেন্দ্রীয় ব্যাংকের তদারকির মধ্যেও বাংলাদেশের ব্যাংকিং শিল্প ২০১৯ সালে একটি অত্যন্ত প্রতিযোগিতামূলক পরিবেশের সাফল্য হয়েছে। তাছাড়া খেলাপি খণ্ডের ঘটনা বৃদ্ধি এবং বেসরকারি খাতে বিনিয়োগ ত্রাসের মাধ্যমেও এই শিল্পকে চিহ্নিত করা হয়েছিল। প্রকৃতপক্ষে তুলনামূলক স্থিতিশীল রাজনৈতিক পরিবেশ থাকা সত্ত্বেও, দুর্বল তত্ত্বাবধান ও মহল বিশেষের অসাধু উদ্দেশ্যের কারণে সুশাসন ও আঙ্গুর ক্ষেত্রে মারাত্মক সংকট দেখা দেয়। এ সময় মন্দ খণ্ড বৃদ্ধি নজিরবিহীন পর্যায়ে গেলে ব্যাংকিং খাত দুর্ভোগ পোহায়। ২০১৯ সালের শেষ নাগাদ মন্দ খণ্ড বেড়ে বিস্ময়করভাবে ৯.২৩% (আনুমানিক)-এ পৌছায়।

ব্র্যাক ব্যাংকের আর্থিক কার্যক্রম ওই বছরের জন্য শেষ হয় ২০১৯ সালের ৩১ ডিসেম্বর। বাহ্যিক বিচারে চ্যালেঞ্জিং হলেও ব্যাংকটির কার্যক্রম স্বচ্ছ ও নির্ভরযোগ্য ছিল। মোট নিট আয় (নিট মুনাফা আয় এবং অন্যান্য আয়) বৃদ্ধি ছিল মৰ্যাদাকর ১২% যার পরিমাণ ২১,৩৮৮ মিলিয়ন টাকা। আগের বছর এর পরিমাণ ছিল ১৯,১৬৫ মিলিয়ন টাকা। নিট মুনাফা আয় (এনআইআই), কমিশন, বিনিয়ম ও কেনাবেচা এবং অন্যান্য অপারেটিং আয় বৃদ্ধির প্রভাব মোট আয়ের ওপর পড়েছে। খণ্ড এবং অগ্রিমের ক্ষেত্রে গতিবৃদ্ধির কারণে এনআইআই ১১% বেড়ে দাঁড়ায় ১৫,০৩৮ মিলিয়ন টাকা। কমিশন, বিনিয়ম এবং কেনাবেচা ২২% বৃদ্ধি পেয়ে ২,৫৭৩ মিলিয়ন টাকা থেকে ৩,১৫১ মিলিয়ন টাকায় পৌছায়। আর অন্যান্য অপারেটিং ব্যয় ৩৮% বেড়ে ৯৩ মিলিয়ন টাকা থেকে ১২৮ মিলিয়ন টাকায় পৌছায়।

দক্ষতা এবং সর্বাত্মক উৎপাদনশীলতার ওপর আমাদের গুরুত্ব আরোপের বিষয়টি নিশ্চিত করে যে আমরা ব্যয়বৃদ্ধি সম্ভাব্য সর্বোচ্চ মাত্রায় সংযত রাখতে সক্ষম। ১২% নিট আয় বৃদ্ধি সত্ত্বেও আমাদের পরিচালন ব্যয় বৃদ্ধি তুলনামূলক ধীরগতির ছিল ১১%, যার পরিমাণ ১১,৪৮০ মিলিয়ন টাকা (২০১৮: ১০,৩৪৩ মিলিয়ন টাকা)। এটাও আমাদের পরিচালন লক্ষ্যপূরণের সামর্থ্যের প্রতিফলন যেখানে আমরা একটি কার্যকর ব্যয় বৃদ্ধির ক্ষেত্রে উচ্চতর পরিমাণে বিস্তার ঘটিয়েছিলাম। ২০১৯ সালে ১৮৭ মিলিয়ন টাকা ব্যয় হয়েছে সফটওয়্যার ও প্রযুক্তির প্রয়োগে। সেটমেন্ট অব ফিনাসিয়াল পজিশনে সেগুলো মূলধনরূপে দেখানো হয়েছে, যেহেতু আমরা ডিজিটাল ব্যাংকিং উদ্যোগের অংশ হিসেবে আমাদের প্রযুক্তিগত ক্ষেত্র সম্মদ্ধ ও উন্নত করার কাজ অব্যাহত রেখেছি। কর্মী সংযুক্তি এবং জীবনযাত্রার খরচের সঙ্গে সংগতি রেখে বার্ষিক বেতন পর্যালোচনার কারণে কর্মী ব্যয় স্বাভাবিক

বক্ররেখা ধরে বেড়েছে। যাই হোক, উচ্চতর অবকাঠামো ব্যয় সত্ত্বেও আয়-অনুপাত-খরচ ৫৪% থেকে কমে ৫৩% হয়েছে, যা ১০০বিপিএস অর্জনের প্রতিফলন।

২০১৯ সালে মোট লোন লস প্রতিশন ছিল ১,৪৪২ মিলিয়ন টাকা, সেই তুলনায় ২০১৮ সালে তা ছিল ৭৫০ মিলিয়ন টাকা। নিয়ন্ত্রণমূলক শর্তের চাইতে কঠোর হও- এই নীতির সঙ্গে আমাদের প্রতিশনিং নীতিমালা সংগতিপূর্ণ, খুবই রক্ষণশীল পদ্ধতিতে ব্যাখ্যার জন্য। লোন লস কভারেজ অনুপাত, সুনির্দিষ্ট কিছু প্রতিশনের ভিত্তিতে, খণ্ড অবলোপন (রাইট-অফ) বাদে, দাঁড়ায় ৬৫%। সাধারণ ও ভাসমান প্রতিশনস যোগ করলে এই অনুপাত ৯৭%-এ দাঁড়ায়। ব্যাংক এ বছর ১৪০ মিলিয়ন টাকার সাধারণ প্রতিশন আলাদা করে রাখে। ব্যাংকের খেলাপি খণ্ড (এনপিএল) ছিল ৩.৯৯%, যা পূর্ববর্তী বছরে ছিল ৩.১০%।

কর-পূর্ব মুনাফা মোটামুটি শক্তিশালী হারে ৫% বৃদ্ধি পায় যার পরিমাণ ৮,৫০৫ মিলিয়ন টাকা। মূলত গুণগত বিচারের আওতায় উচ্চতর খণ্ড ব্যয় এবং বিনিয়োগের মূল্য ত্রাসের কারণে ২০১৯ সালে ১২% আয় বৃদ্ধি সত্ত্বেও এমন হয়েছিল। ২,৮৬০ মিলিয়ন টাকা আয়কর প্রদানের পর, কর পরবর্তী নিট মুনাফা ২% বেড়ে ওই বছর ৫,৬৪৬ মিলিয়ন টাকা পৌছায়, যা আগের বছর (২০১৮ সালে) ছিল ৫,৫৪৭ মিলিয়ন টাকা। শেয়ারপ্রতি (বেসিক) আয় দাঁড়ায় ৪.৫৮ টাকা, যা ৪.৫০ টাকার (স্বতন্ত্র ভিত্তিতে) হিসাবে ২% বেশি।

২০১৯ সালের ৩১ ডিসেম্বর ব্যাংকের মোট ব্যালেন্স শিটের আকার দাঁড়ায় ৩৬৭,৯২০ মিলিয়ন টাকা, যা আগের বছরের তুলনায় ১৭% সম্প্রসারণের প্রতিফলন। ২০১৮ সালে অংকটি ছিল ৩১৫,৪১৭ মিলিয়ন টাকা। মোট আমানত বৃদ্ধি ছিল ১৫%, যার পরিমাণ ২৬৮,৩০৯ মিলিয়ন টাকা যা আগের বছর ছিল ২৩৩,৫০৯ মিলিয়ন টাকা। খণ্ড এবং অগ্রিম ২০১৮ সালের চেয়ে ১১% বৃদ্ধি পায় যার পরিমাণ ২৬৪,০৯১ মিলিয়ন টাকা।

### ত্রৈমাসিক আর্থিক কার্যক্রম

আমাদের পরিচালন এবং সম্পত্তি এক্রিয়া ও চর্চার একাটি অংশ হিসেবে বোর্ড অডিট কমিটি এবং বোর্ড নিজে বছরজুড়ে ব্যাংকের ত্রৈমাসিক আর্থিক কার্যক্রম পর্যালোচনা করে, স্থত্ত্ব এবং সমর্পিত উভয় ভিত্তিতে। বোর্ড অডিট কমিটি এবং বোর্ড অব ডিরেক্টরস (বিওডি) ব্যাংক ও এনপিএল আর্থিক ও আর্থিক ব্যতীত অন্যান্য কার্যক্রম অব্যাহতভাবে তদারকি ও মূল্যায়ন করে। ২০১৯ সালে বোর্ড অডিট কমিটি ত্রৈমাসিক আর্থিক বিবরণী পর্যালোচনা করে এবং বিওডি সেটা অংশীদারদের কাছে প্রকাশের আগে অনুমোদন করে।

**Glimpses of Board reviews on our published quarterly financial statements, are as follows:**

Particulars	Standalone (Tk. mn) [At the end of period]			
	Q1	Q2	Q3	Q4
Loans and advances	243,016	251,239	250,746	264,091
Deposits and other accounts	231,300	244,174	244,859	268,309
Total property and assets	325,288	339,741	342,315	367,920

Particulars	Standalone (Tk. mn)				
	Q1	Q2	Q3	Q4	Full Year 2019
Total revenue	5,476	5,029	5,277	5,606	21,388
Total operating expenses	2,737	2,849	2,892	2,962	11,440
Total provisions	638	7	481	316	1,442
PAT	1,267	1,297	1,203	1,879	5,646
EPS (Tk.)	1.18	1.05	0.98	1.37	4.58

Particulars	Consolidated (Tk. mn) [At the end of period]				
	Q1	Q2	Q3	Q4	
Loans and advances	243,381	251,994	251,550	264,870	
Deposits and other accounts	259,927	270,190	273,352	297,755	
Total property and assets	369,683	383,190	388,612	414,855	

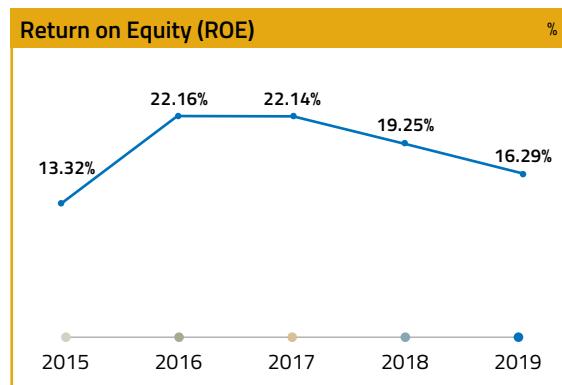
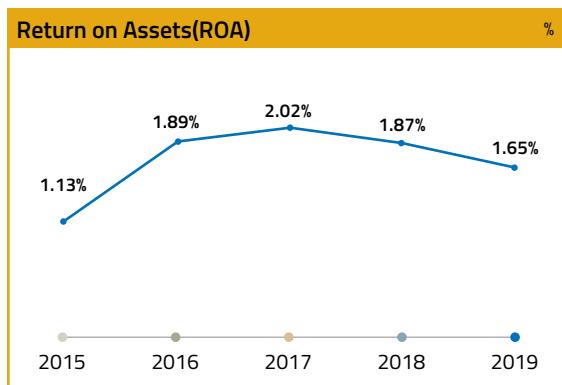
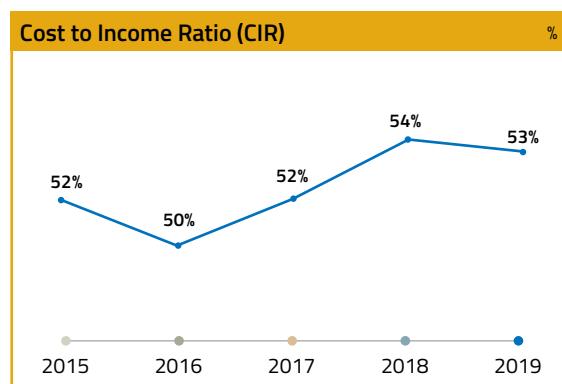
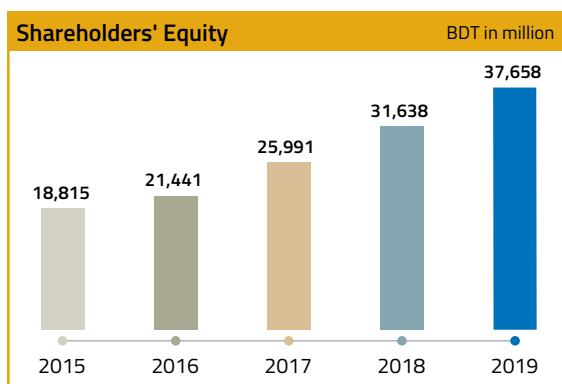
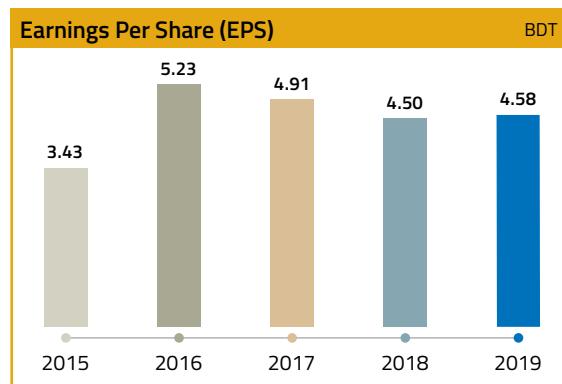
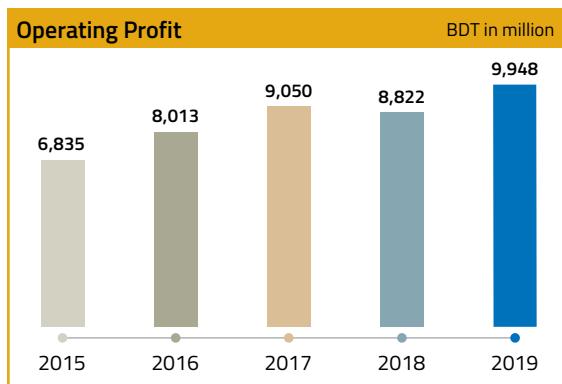
Particulars	Consolidated (Tk. mn)				
	Q1	Q2	Q3	Q4	Full Year 2019
Total revenue	7,397	7,095	7,115	6,213	27,819
Total operating expenses	4,526	4,932	5,380	4,021	18,859
Total provisions	639	8	482	332	1,461
PAT	1,320	1,206	629	1,427	4,583
EPS (Tk.)	1.22	1.00	0.70	1.10	4.01

ত্রৈমাসিক আর্থিক বিবরণীর ভিত্তিতে বোর্ড অডিট কমিটি এবং পরিচালনা পর্যবেক্ষক ফলাফল থেকে বিভিন্ন পরিবর্তন ও বিচ্যুতির কারণগুলো বিস্তারিত পর্যালোচনা ও বিশ্লেষণ করতে পেরেছেন। তাঁরা এটাও যাচাই করে দেখেন যে এসব পরিবর্তন ওই সময়ে গৃহীত ব্যবসায়িক কৌশলগুলোর সঙ্গে সামঞ্জস্যপূর্ণ কি না। বোর্ডও ফলাফলসমূহ এবং সামগ্রিক ব্যাংকিং শিল্পের কার্যক্রমের অবস্থা ব্যাংকের সুনির্দিষ্ট কোশলের আঙ্কে যাচাই বা পর্যালোচনা করে দেখে। এসব পর্যালোচনার ভিত্তিতে তাঁরা পরবর্তী সময়ে অবস্থান উন্নয়ন ও ব্যবসায়ের পারদর্শিতার উন্নতির

জন্য হালনাগাদকৃত নীতিমালা প্রণয়ন করেন। ২০১৯ সালে স্বতন্ত্র এবং সামগ্রিক উভয় ফলাফল বিভিন্ন পারদর্শিতা ছান্তিমাপ অনুযায়ী ধারাবাহিক, ছান্তিশীল এবং প্রত্যাশিত বৃদ্ধি দেখিয়েছে।

২০১৯ সালে আমরা ব্যয় নিয়ন্ত্রণ ও পরিচালন দক্ষতার উন্নতির প্রতি জোর দিই। এ ক্ষেত্রে আমরা একটি ভারসাম্যপূর্ণ পথ বেছে নিই যা গতিশীল বাজারের বিভিন্ন চাহিদার জবাবে সাড়া দিতে আমাদের সামর্থ্যের মানোন্নয়ন ঘটায় এবং আমাদের বাংলাদেশের সেরা ব্যাংকে পরিণত হওয়ার জন্য প্রস্তুত করে।

**Key financial performance indicators are shown below standalone basis:**

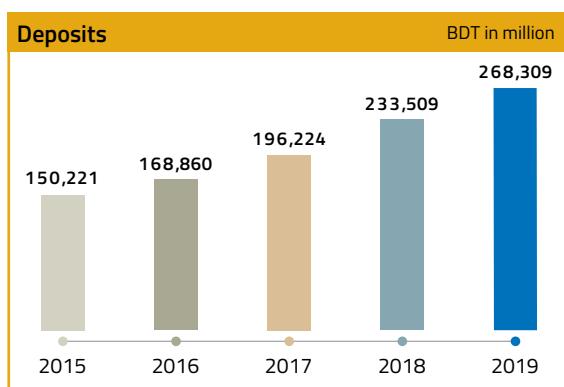
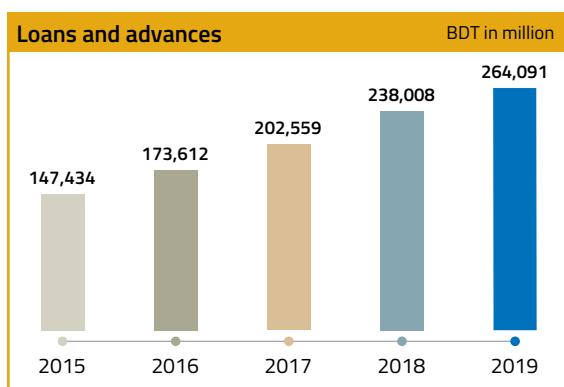


### আর্থিক দক্ষতা - লাভসূচক

বিগত কয়েক বছর ধরেই ব্রাক ব্যাংক স্থিতিশীলভাবে অপারেটিং মুনাফায় প্রবৃদ্ধি অর্জন করছে। ২০১৯ সালে অপারেটিং মুনাফা ছিল ৯,৯৪৮ মিলিয়ন টাকা, যা আগের বছরের ৮,৮২২ মিলিয়ন টাকা মুনাফা থেকে ১৩ শতাংশ বেশি। এই প্রবৃদ্ধি অর্জন সম্ভব হয়েছে মূলত মোট সুদ আয় (এনআইআই) ১১ শতাংশ বৃদ্ধি পাওয়ায়।

এ বছর ব্যাংকের খণ্ড দেওয়ার পরিসর ১১ শতাংশ বেড়ে হয়েছে ২৬ হাজার ৮০৯ কোটি ১০ লাখ টাকা (২৬৪,০৯১ মিলিয়ন টাকা), যা এ বছর সুদ আয়ে অবদান রেখেছে ১৮ শতাংশ। এসএমই ও রিটেইল ব্যবসাও উল্লেখযোগ্য অবদান রেখেছে (২০১৯ সালে যথাক্রমে +৪৩% ও +১২% প্রবৃদ্ধি)। এর মাধ্যমে এটাই প্রতীয়মান হয় যে বৈচিত্র্যপূর্ণ, উচ্চমানের ও কম বুঁকির ভাবমূর্তি তৈরি করতে আমরা যে কৌশল নিয়েছি, তা পুরোপুরি কার্যকর হয়েছে।

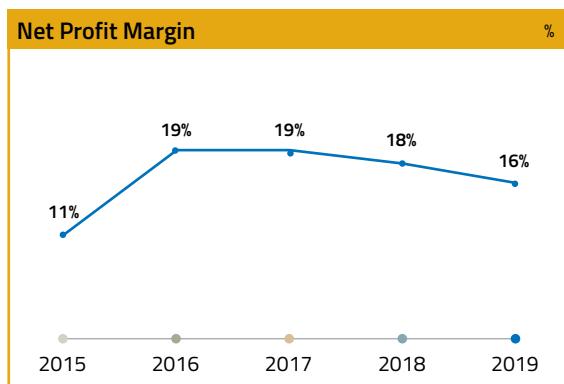
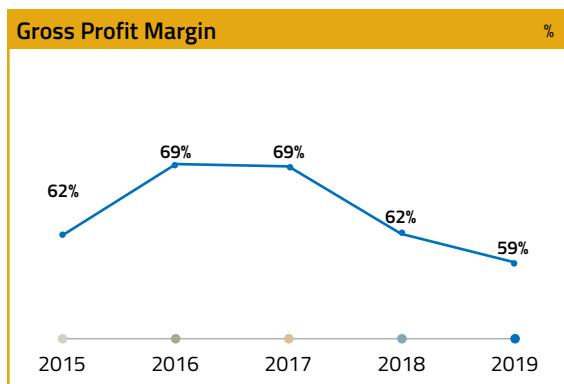
## খরচ ও আমানত



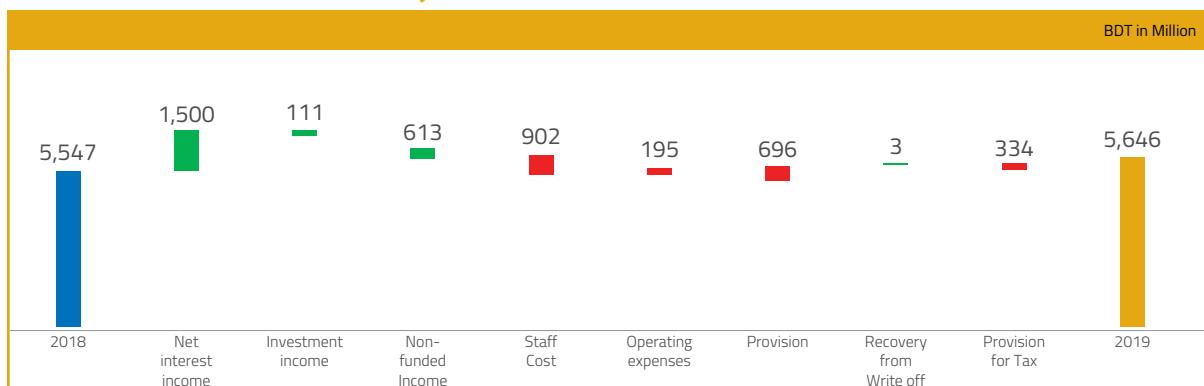
২০১৮ সালের তুলনায় ২০১৯ সালে পরিচালন ব্যয় বেড়েছে ১১% (১,০৯৮ মিলিয়ন টাকা)। এর বড় কারণ হলো বেতন-ভাতা ১৯% (৮৯৮ মিলিয়ন টাকা) বৃদ্ধি। দৈনন্দিন জীবনে ব্যয় বৃদ্ধি সমন্বয় করতে কর্মীদের হাতে প্রকৃত আয় পৌছে দিতে নেয়া পদক্ষেপের সঙ্গে যোগ হয়েছে এই উল্লেখযোগ্য বেতন-ভাতা বৃদ্ধি। আইএফআরএস ১৬ ‘লিজ’ বাস্তবায়নে ২০১৯ সালে ভাড়া ব্যয় ও অবচয় ব্যয়ে উল্লেখযোগ্য পরিবর্তন আনা হয়েছে। আইএফআরএস ১৬-এর আওতায় অনেক বন্ধবীকৃত সম্পদই ব্যালেন্স শিটে রাইট অফ ইউজ অ্যাসেটস (আরওইউ) হিসেবে উল্লেখ করা হয়েছে। কাজেই যে ক্ষেত্রে ভাড়া ব্যয় রদ করা হয়েছ, সেখানে এসব

সম্পদের ওপর অবচয় কর ধরা হয়েছে। আইএফআরএস ১৬ অনুসারে বন্ধবী সম্পদের দায়দায়িত্বের জন্য আর্থিক খরচ বাড়ায় অন্য সব ব্যয়ও বেড়েছে।

ব্র্যাক ব্যাংকের কর পরবর্তী মোট লাভ (পিএটি) ২% বেড়ে ৫,৬৪৬ মিলিয়ন টাকা বেড়েছে, যা ওই বছর অপারেটিং মুনাফা ১,১২৫ মিলিয়ন টাকা বৃদ্ধিতে বড় ভূমিকা রেখেছে। ২০১৯ সালে অপারেটিং মুনাফা বেড়েছে মূলত সুদ আয় বেড়ে ৪,৫৮০ মিলিয়ন টাকা এবং কমিশন, বিনিয়য় ও ব্রোকারেজ আয় বেড়েছে ৫৭৮ মিলিয়ন টাকা, যা ৩,০৮০ মিলিয়ন টাকা সুদ ব্যয় বৃদ্ধি এবং ১,০৯৮ মিলিয়ন টাকা পরিচালন ব্যয় বৃদ্ধি অফসেট করেছে।



## Profit Growth in 2019 and its major contributors



## Financial results:

Particulars	Consolidated			Standalone		
	2019	2018	%	2019	2018	%
Interest income	32,623	27,478	19%	29,692	25,112	18%
Interest expense	14,698	11,660	26%	14,654	11,574	27%
Net interest income	17,925	15,817	13%	15,038	13,538	11%
Investment income	3,057	2,791	10%	3,072	2,961	4%
Non Funded Income	6,837	7,399	-8%	3,279	2,666	23%
Non-interest income	9,895	10,190	-3%	6,350	5,627	13%
Total income	27,819	26,008	7%	21,388	19,165	12%
Staff costs	7,888	6,451	22%	5,598	4,695	19%
Other Operating expenses	10,971	10,163	8%	5,843	5,647	3%
Total operating expenses	18,859	16,614	14%	11,440	10,343	11%
Operating Profit	8,960	9,393	-4.6%	9,948	8,822	13%
Share of profit of associates	(4)	2	-286%	-	-	
Gain/(loss) on disposal of subsidiaries/associates	5	-	-	-	-	
Profit/(loss) before provisions	8,962	9,395	-5%	9,948	8,822	13%
Provision	1,461	752	94%	1,442	750	92%
Net profit before taxes	7,501	8,643	-13%	8,505	8,072	5%
Provision for taxes	2,918	2,973	-2%	2,860	2,525	13%
Profit after taxes	4,583	5,670	-19%	5,646	5,547	2%
Earnings Per Share (Tk.) [previous year's figure restated]	4.01	4.50	-11%	4.58	4.50	2%

## অস্থাবিক অর্জন/ ক্ষতি

২০১৯ সালে অস্থাবিক কোনো অর্জন/ক্ষতি ছিল না।

## অঙ্গ প্রতিষ্ঠানের আর্থিক দক্ষতা

ব্র্যাক ব্যাংকের চারটি সহায়ক প্রতিষ্ঠান রয়েছে: বিকাশ লিমিটেড, ব্র্যাক ইপিএল স্টক ব্রোকারেজ লিমিটেড, ব্র্যাক ইপিএল ইনভেস্টমেন্ট লিমিটেড এবং ব্র্যাক সাজন এক্সচেঞ্জ লিমিটেড।

এসব সহায়ক প্রতিষ্ঠানের সংক্ষিপ্ত পর্যালোচনা নিম্নে তুলে ধরা হলো:

- বিকাশ লিমিটেড (বিকাশ) হলো বাংলাদেশে মুঠোফোনে আর্থিক সেবাদানকারি একটি প্রতিষ্ঠান, যা ব্র্যাক ব্যাংকের সহায়ক প্রতিষ্ঠান হিসেবে কেন্দ্রীয় ব্যাংকের (বাংলাদেশ ব্যাংক) নিবন্ধন ও অনুমোদনে কাজ করছে। বাংলাদেশে ব্যাংক অ্যাকাউন্ট যাদের রয়েছে এবং যাদের নেই- উভয়ের জন্যই বিকাশ মুঠোফোনের মাধ্যমে নিরাপদ, সুবিধাজনক ও সহজ আর্থিক লেনদেনের সুবিধা দিয়ে থাকে।  
বর্তমানে বিকাশ বিশ্বের মুঠোফোনে আর্থিক সেবাদাতা প্রতিষ্ঠানগুলোর মধ্যে অন্যতম। ২০১৭ সালে ফরচুন সাময়িকীর 'চেঙ্গ দ্য ওয়ার্ল্ড' ইন ২০১৭'-এর তালিকায় আর্থিক অন্তর্ভুক্তি বাস্তব রূপ দেওয়া ৫০টি শীর্ষ কোম্পানির মধ্যে বিকাশ ২৩তম অবস্থানে ছিল। ২০১৯ সালে বিকাশের

৬২৫ মিলিয়ন টাকার লোকসান হয় (২০১৮ সালে ১৮৫ মিলিয়ন টাকা মুণ্ডা), যার প্রধান কারণ বাজার উন্নয়ন, প্রচারণা ও প্রযুক্তিখন্তে কৌশলগত বিনিয়োগ।

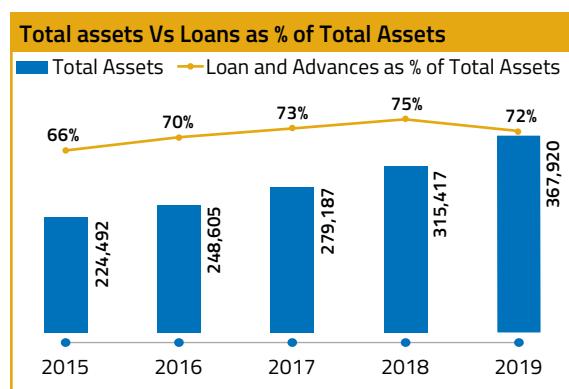
- ব্র্যাক ইপিএল স্টক ব্রোকারেজ লিমিটেড দেশের একটি শীর্ষস্থানীয় স্টক ব্রোকারেজ প্রতিষ্ঠান। এই প্রতিষ্ঠান আন্তর্জাতিক প্রতিষ্ঠান, দেশীয় প্রতিষ্ঠান, খুচরা গ্রাহক ও প্রবাসী বাংলাদেশি (এনআরবি) গ্রাহকদের ব্রোকারেজ সেবা দিয়ে থাকে। বাংলাদেশে বিদেশি বিনিয়োগ আনার ক্ষেত্রে এই প্রতিষ্ঠান অগ্রীমী ভূমিকা পালন করে এবং দেশের অন্যতম সেবা গবেষক দলকে সহযোগিতা দিয়ে থাকে। ব্র্যাক ইপিএল স্টক ব্রোকারেজ এ বছর কর পরবর্তী ৮৪ মিলিয়ন টাকা লোকসান করেছে, যার অন্যতম কারণ পুঁজিবাজারে বিনিয়োগে লোকসান। তার আগের বছর অবশ্য মুণ্ডা ছিল ২৪ মিলিয়ন টাকা।
- ব্র্যাক ইপিএল ইনভেস্টমেন্টস লিমিটেড একটি পাবলিক লিমিটেড কোম্পানি, যার ৭৬ শতাংশের মালিক ব্র্যাক ব্যাংক। বাকি অংশের মালিক বেশ কয়েকটি আন্তর্জাতিক তহবিল ব্যবস্থাপক এবং স্থানীয় ও আন্তর্জাতিক পুঁজিবাজার প্রতিষ্ঠান। ব্র্যাক ইপিএল ইনভেস্টমেন্টস ২০১৯ সালে ৩৬৮ মিলিয়ন টাকা লোকসান করেছে। এর অন্যতম কারণ সুদ ব্যয়, যেখানে কোনো আয় অর্জিত হয়নি। এ ছাড়া পুঁজিবাজারে বিনিয়োগে লোকসানও একটি বড় কারণ।

৮. ব্র্যাক সাজন এক্সচেঞ্জ লিমিটেড একটি আর্থিক সেবাদাতা প্রতিষ্ঠান, যা ২০০৮ সালের ১০ জানুয়ারি ইংল্যান্ড ও ওয়েলসে যাত্রা শুরু করে এবং এটি ব্র্যাক ব্যাংকের একটি সহায়ক প্রতিষ্ঠান। প্রতিষ্ঠানটি মূলত বাংলাদেশের বাইরে অবস্থানরত বিপুল সংখ্যক বাংলাদেশিকে রেমিটেন্স সেবা দিয়ে থাকে। এ ছাড়া এই কোম্পানি এনআরবিদের ব্র্যাক ব্যাংকের মাধ্যমে সেবাও দিয়ে থাকে। ব্র্যাক সাজন ২০১৯ সালে ২৫ মিলিয়ন টাকা মুনাফা করেছে।

সহায়ক প্রতিষ্ঠানগুলোর বিস্তারিত সহায়ক প্রতিষ্ঠান পর্যালোচনার আলাদা অধ্যায়ে (পৃষ্ঠা ২২৩-২৩২) এবং প্রতিটি সহায়ক প্রতিষ্ঠানের পরিচালকের প্রতিবেদনে (পৃষ্ঠা ৫১২-৫৪৮) উপস্থাপন করা হয়েছে।

### ব্র্যাক ব্যাংকের পোর্টফোলিও বিশ্লেষণ

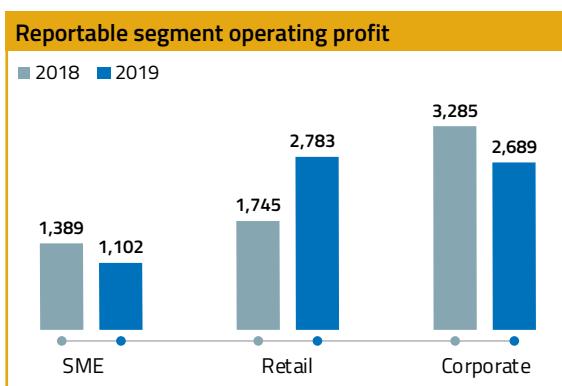
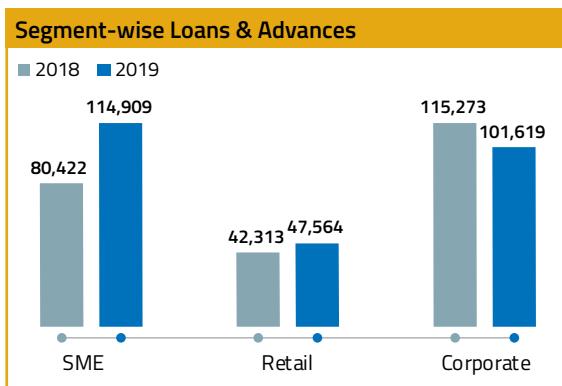
ব্র্যাক ব্যাংকের মোট সম্পদের পরিমাণ ২০১৮ সালের ৩১৫,৪১৭ মিলিয়ন টাকা থেকে ১৭% (৫২ হাজার ৫০৪ মিলিয়ন টাকা) ২০১৯ সালে হয়েছে ৩৬৭,৯২০ মিলিয়ন টাকা। মোট সম্পদের এই বৃদ্ধিতে মূল ভূমিকা রেখেছে খণ্ড ও অগ্রিম পরিশোধে ১১ শতাংশ বৃদ্ধি। ২০১৯ সালেও ব্র্যাক ব্যাংক ক্ষুদ্র ও মাঝারি উদ্যোগে খণ্ড দেওয়া অব্যাহত রেখেছে। এ ছাড়া ব্যবসার ক্রমবর্ধমান পরিসরের সঙ্গে তাল মেলাতে, প্রাহককে অপেক্ষাকৃত ভালো ও উন্নত সেবা নিশ্চিত করতে প্ল্যাটফর্ম উন্নয়নে বিনিয়োগও অব্যাহত রেখেছে এই প্রতিষ্ঠান, যা ব্যাংকের মোট সম্পদ বৃদ্ধিতে ভূমিকা রেখেছে।



### বিভাগভিত্তিক আর্থিক পর্যালোচনা:

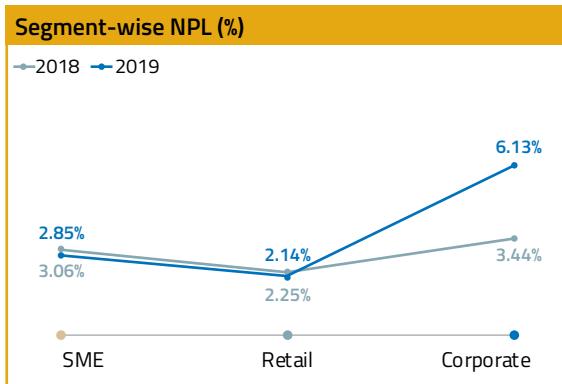
#### বিভাগভিত্তিক খণ্ড ও অগ্রিম

বাজারে কঠিন পরিস্থিতি সত্ত্বেও ব্যাংকের খণ্ড দেওয়ার পরিমাণ ১১ শতাংশ বেড়েছে। মূলত এসএমই ও রিটেইল খাতে খণ্ড দেওয়ার পরিসর বৃদ্ধির কারণেই এই প্রবৃদ্ধি অর্জিত হয়েছে। ২০১৮ সালের তুলনায় ২০১৯ সালে এসএমই, রিটেইল ও করপোরেট খাত বেড়েছে যথাক্রমে ৪৩%, ১২% এবং ১২%।



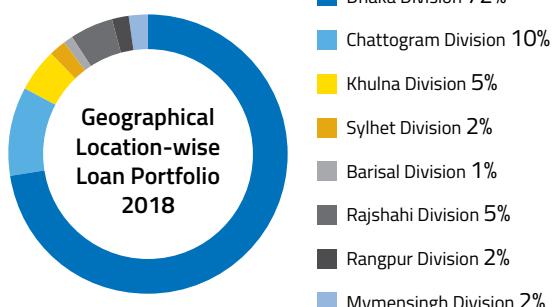
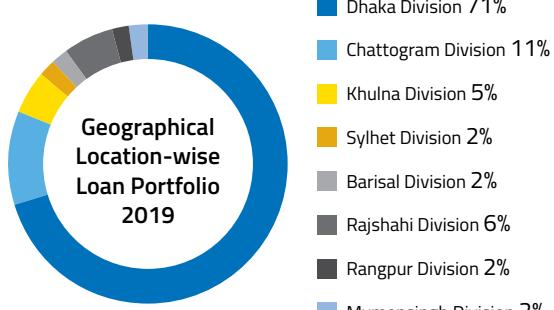
### বিভাগভিত্তিক এনপিএল

২০১৯ সালে নন-পারফর্মিং লোনের (এনপিএল) বা খণ্ডের শতাংশ হার সন্তোষজনক পর্যায়ে ছিল। এটা সম্ভব হয়েছে আমাদের বিজনেজ টিমের সাৰ্বক্ষণিক নজরদারি আৰ সংগ্রহের কারণে।



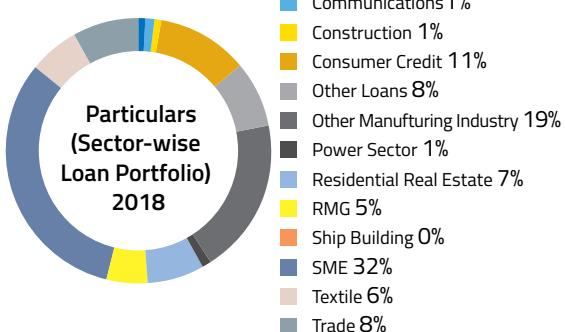
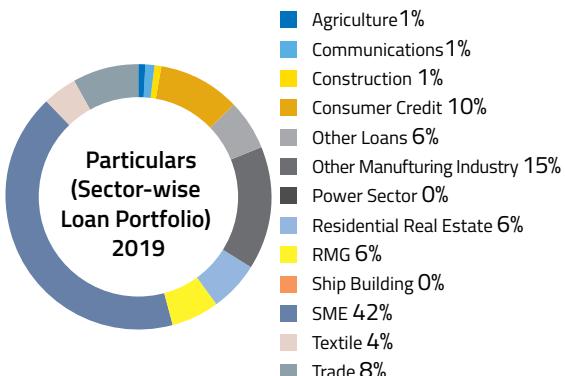
### ভৌগলিক অবস্থানজনিত চিত্র

২০১৮ সালের তুলনায় ২০১৯ সালে ঢাকা বিভাগে খণ্ডের পরিমাণ ১ শতাংশ কমেছে। এখানে উল্লেখ্য যে এই হিসাব শাখাগুলোর অবস্থানের ভিত্তিতে করা হয়েছে, তহবিল কোথায় ব্যবহার হয়েছে তার ওপর নয়। ব্র্যাক ব্যাংক খণ্ড দেওয়ার ক্ষেত্রে ভৌগলিকভাবে সামঞ্জস্য নিশ্চিত করার চেষ্টা করে, যাতে প্রত্যন্ত/ক্ষুদ্র নৃগোষ্ঠীর লোকজনেরাও আমাদের শাখা ও এসএমই ইউনিট কার্যালয়ের মাধ্যমে আমাদের পর্যন্ত পৌছাতে পারে।



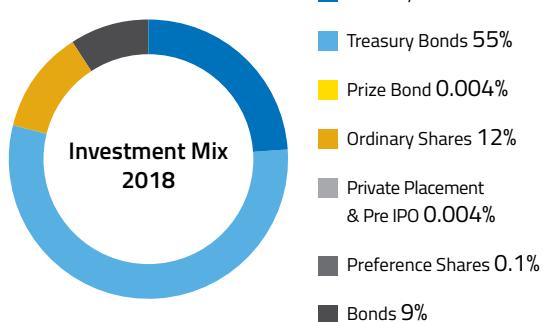
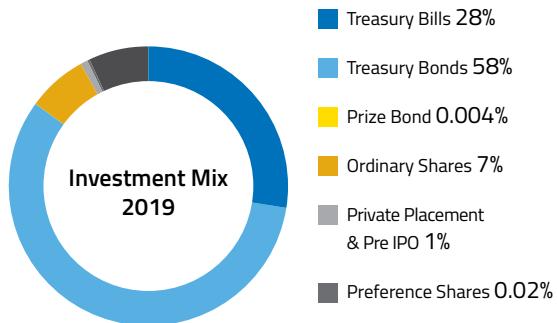
### খাতভিত্তিক খণ্ডের চিত্র

ব্রাক ব্যাংক ব্যাংকিংয়ের সব ক্ষেত্রেই কার্যক্রম পরিচালনায় মনোযোগী। এ ছাড়া এসএমই খণ্ডও রয়েছে। ২০১৯ সালে আমরা সবচেয়ে জোর দিয়েছি এসএমই ব্যবসায়, অন্য উৎপাদন শিল্পে (মোট খণ্ডের ১৫%) এবং গ্রাহক খণ্ডে (মোট খণ্ডের ১০%)।



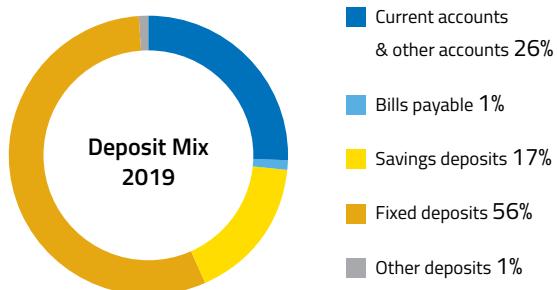
### বিনিয়োগ মিক্স

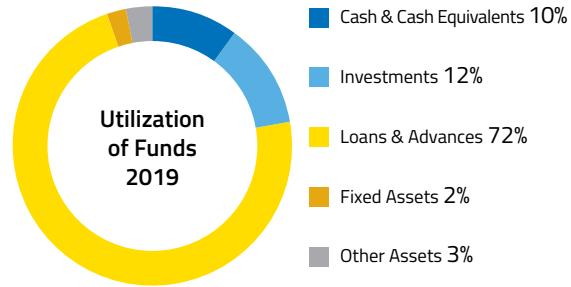
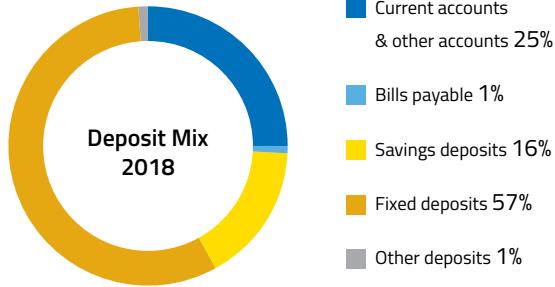
ব্রাক ব্যাংক ট্রেজারি বিলে উদ্বৃত্ত বিনিয়োগ করেছে, ২০১৯ সালের শেষ নাগাদ যার পরিমাণ দাঢ়িয়েছে ১২,৭১৩ মিলিয়ন টাকা। ট্রেজারি বডেও বিনিয়োগ বেড়ে হয়েছে ২৬,৪৬০ মিলিয়ন টাকা (২০১৯ সালের মোট বিনিয়োগের ৫৮%)। এই বিনিয়োগ বাংলাদেশ ব্যাংকের নির্দেশিকা অনুসারে এসএলআর নিয়ম মেনে করা হয়েছে।



### আমানত মিক্স

আমানত বাড়তে ব্রাক ব্যাংক গ্রাহক সেবায় জোর দিয়েছে এবং টেকসই সম্পর্ক সৃষ্টিতে কাজ করে যাচ্ছে। ২০১৯ সালে আমরা সাশ্রয়ী খরচের সিএএসএ আমানতে জোর দিয়েছি।



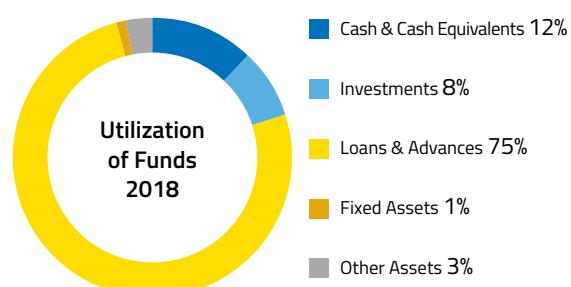
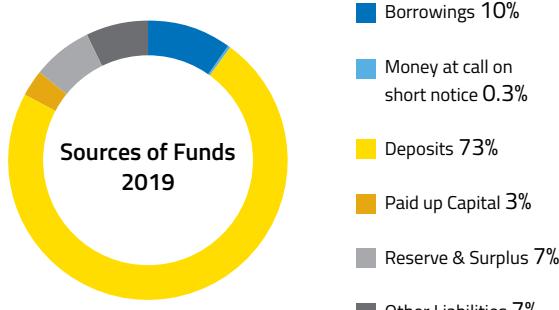


## তহবিলের উৎস ও ব্যবহার

২০১৯ সালের ৩১ ডিসেম্বর পর্যন্ত মোট দায় দাঁড়িয়েছে ৩৩০,২৬২ মিলিয়ন টাকা, যা আগের বছরের তুলনায় ১৬% বেশি। এর অন্যতম কারণ আমানত ১৫% বেড়ে ২৬৮,৩০৯ মিলিয়ন টাকা হয়েছে, যা মোট দায় বৃদ্ধির প্রায় ১৬%। ২০১৮ সালের তুলনায় ২০১৯ সালে বাংলাদেশ ব্যাংকে আমাদের খণ্ড ৫০% বেড়ে ১২,৪৮৮ মিলিয়ন টাকা হয়েছে।

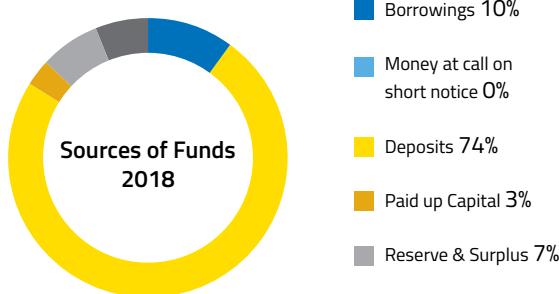
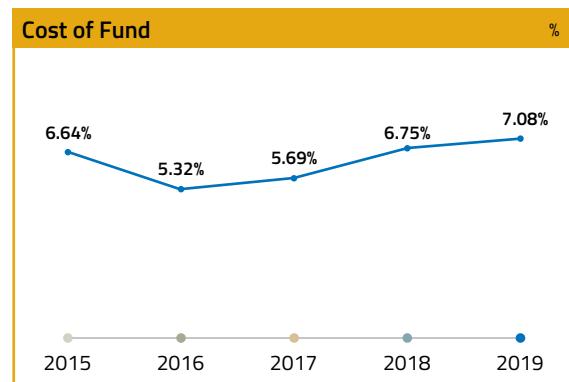
ব্র্যাক ব্যাংকের তহবিলের সিংহভাগ আসে গ্রাহকের আমানত থেকে, যার বড় অংশই খণ্ড ও অগ্রিম পরিশোধে ব্যবহার হয়েছে। নিম্নোক্ত চার্ট থেকে এ ব্যাপারের ধারণা পাওয়া যাবে। সিআরআর ও এসএলআর অনুপাত ঠিক রাখতে এই তহবিলের একটি অংশ নগদ অর্থ ও নগদ অর্থের সমমানে রাখা হয়েছে, যা মোট গ্রাহক চাহিদার এবং ব্যাংকের দায়ের যথাক্রমে ৬.৫% থেকে ১৩% শতাংশ।

## তহবিলের উৎস



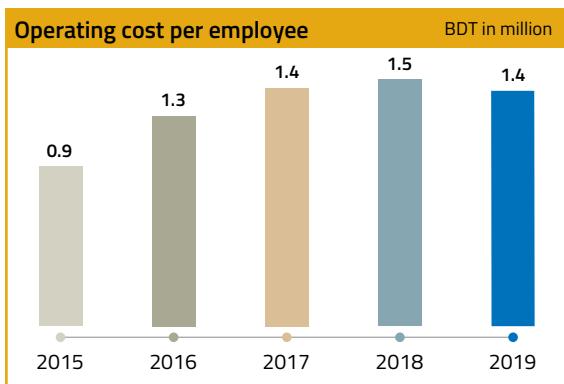
## তহবিল ব্যয়

ব্র্যাক ব্যাংকের তহবিল ব্যয় আমানতের অপেক্ষাকৃত কম হারের কারণে ২০১৬ সাল থেকেই নিম্নগামী ছিল, যা ২০১৯ সালে কিছুটা বেড়েছে। ২০১৮ সালের ডিসেম্বর থেকে ২০১৯ সালের তৃতীয় প্রাপ্তিকে কঠিন তারল্য পরিস্থিতির কারণে এমনটা হয়েছে।

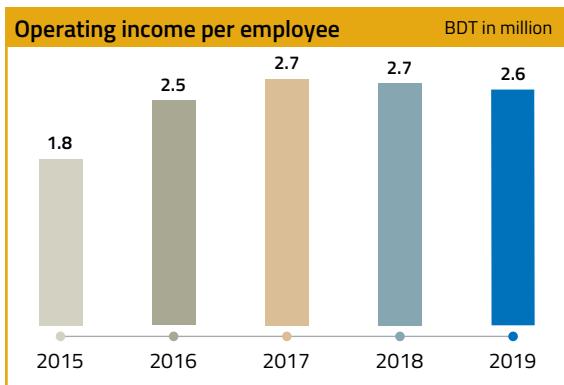
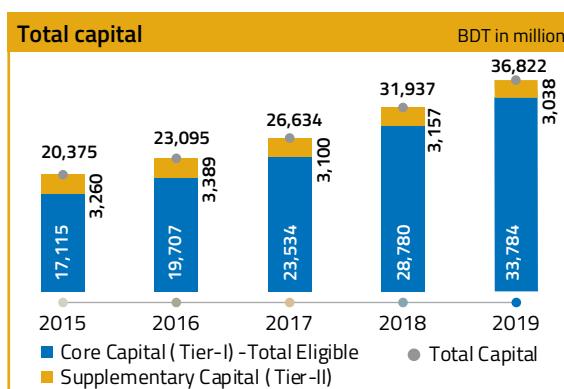


## দক্ষতা পর্যালোচনা

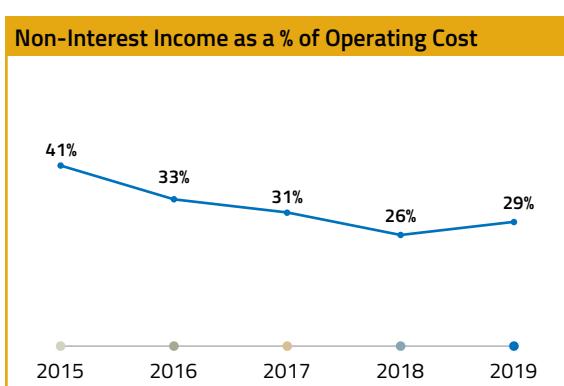
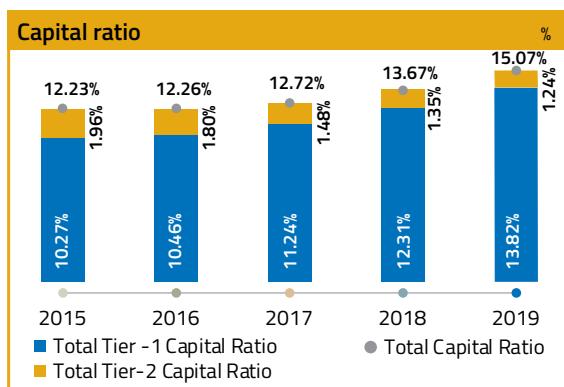
ব্র্যাক ব্যাংকের কর্মী প্রতি পরিচালন আয় ২.৭ থেকে কমে ২.৬ হয়েছে। কর্মী প্রতি পরিচালন ব্যয়ও ১.৫ থেকে কমে ১.৮ হয়েছে। প্রযুক্তি আর শীর্ষ মেধাবী কর্মী নিয়োগে আমাদের টেকসই বিনিয়োগের কারণেই এটি সম্ভব হয়েছে।



### সিআরএআর (স্বতন্ত্র)



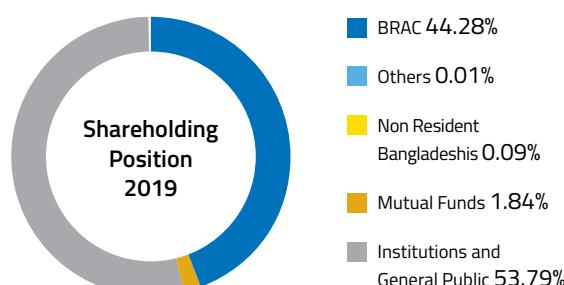
পরিচালন ব্যয়ে নন-ইন্টারেস্ট আয়ের হার ২০১৮ সালের ২৬%  
এর তুলনায় ২০১৯ সালে ২৯% বেড়েছে।



### মালিকানা বন্টন

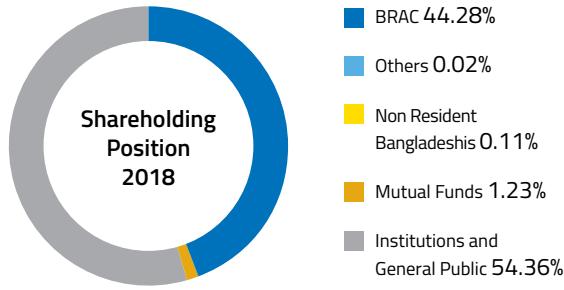
শেয়ারহোল্ডার মূল্য ২০১৯ সালে আগের বছরের তুলনায় ৬,০২০  
মিলিয়ন টাকা বেড়েছে। বড় বিনিয়োগকারীদের মধ্যে ২০১৯ সালে  
ব্র্যাকের ৪৪.২৮% শেয়ার এবং অন্যান্য প্রতিষ্ঠান ও সাধারণ মানুষ  
সামগ্রিকভাবে ৫৩.৭৩% শেয়ার ছিল।

২০১৯ সালের ৩১ ডিসেম্বর ও ২০১৮ সালের ৩১ ডিসেম্বর নাগাদ  
ব্র্যাকের শেয়ারের অবস্থা নিম্নরূপ:

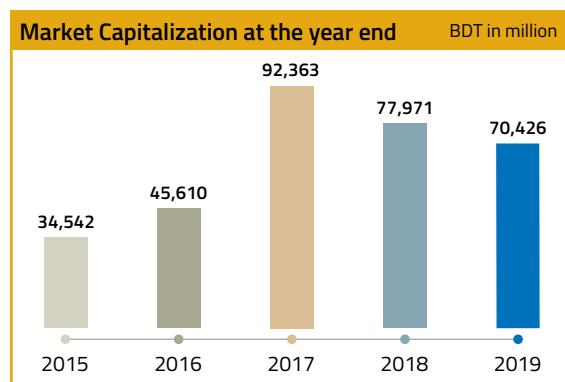
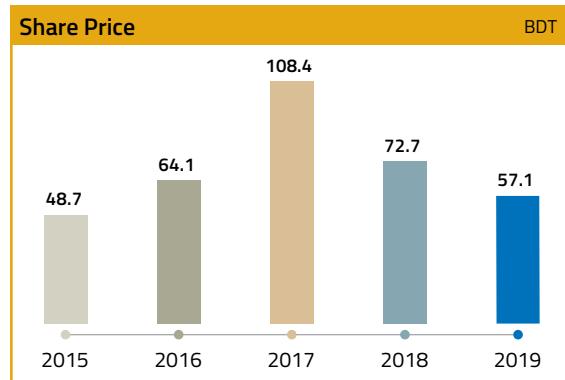


### বিধিবদ্ধ মূলধন

ব্যবসায়িক প্রবৃদ্ধি অব্যাহত রাখতে ব্র্যাক ব্যাংক ন্যূনতম পুঁজির  
বাধ্যবাধকতা মেনে চলতে বন্ধ পরিকর। ২০১৯ সালের ৩১  
ডিসেম্বর নাগাদ এই ব্যাংক ১২.৫০% পুঁজির বিধিবদ্ধ শর্তের  
বিপরীতে স্বতন্ত্রভাবে ক্যাপিটাল টু রিস্ক ওয়েটেড অ্যাসেট রেশিওর  
(সিআরএআর) ১৫.০৭% এবং মোটের ওপর ১৬.১৬% পুঁজি ধরে  
রেখেছে। ২০১৯ সালের ৩১ ডিসেম্বর নাগাদ টায়ার-১ পুঁজি ও  
টায়ার-২ পুঁজি স্বতন্ত্রভাবে যথাক্রমে ১৩.৮২% ও ১.২৮% এবং  
মোটের ওপর যথাক্রমে ১৫.০২% ও ১.১৫%। আগামী দিনগুলোয়  
ব্যাংকের প্রবৃদ্ধি পরিকল্পনা বাস্তবায়নসহ ২০১৯ সাল জুড়ে  
১২.৫০% সিআরএআর ধরে রাখতে ক্রমবর্ধমান প্রয়োজনীয়তা  
মেটাতে দরকার এই নিয়ন্ত্রক পুঁজি বর্তমান পুঁজি কার্যকর রেখে  
আরও বাঢ়াতে হবে।



২০১৯ সালে আমাদের শেয়ার মূল্য কম থাকলেও আমরা আভিশ্বাসী যে শেয়ারহোল্ডাররা বাংলাদেশের সেরা ব্যাংক হিসেবে প্রতিষ্ঠা পেতে আমাদের কৌশল ও উদ্যোগের ভিত্তিতে আমাদের দক্ষতা মূল্যায়ন করবে। আমরা বিশ্বাস করি যে এই উদ্দেশ্য অনুধাবনে আমাদের দীর্ঘ্যাত্মক এই শেয়ারমূল্য আমাদের উদ্যোগ ও অর্থনৈতিক সম্ভাবনার প্রকৃত মূল্যায়ন তুলে ধরবে।



ব্র্যাক ব্যাংক বাংলাদেশের একটি শীর্ষস্থানীয় সামাজিকভাবে দায়বদ্ধ অর্থনৈতিক প্রতিষ্ঠান। ২০১৯ সালের শেষ কর্মদিবসে ব্যাংকের বাজারমূল্য ঢাকা স্টক এক্সচেঞ্জে (ডিএসই) ছিল ৫৭.১০ টাকা এবং চট্টগ্রাম স্টক এক্সচেঞ্জে ছিল ৫৬.৭০ টাকা।

## ক্রেডিট রেটিং

ব্যাংকের ক্রেডিট রেটিংয়ের বিস্তারিত আলাদাভাবে পৃষ্ঠা ২৮১ তে করপোরেট গভর্নেন্স বিভাগে তুলে ধরা হয়েছে।

## জাতীয় রাজস্বে অবদান

জাতীয় রাজস্বে অবদানের বিস্তারিত পৃষ্ঠা ১৪০-১৪১ তে দক্ষতা বিশ্লেষণ বিভাগে তুলে ধরা হয়েছে।

## লেনদেনের ভিত্তি

ব্যাংক ব্যবসার স্বাভাবিক প্রক্রিয়ায় সংশ্লিষ্ট গোষ্ঠীগুলোর সঙ্গে লেনদেন করে থাকে। এই লেনদেনের প্রকৃতি হয় খণ্ড ও অগ্রিম পরিশোধ, নতুন ব্যাংকে জমাকৃত আমানত অথবা যথাযথ বাজারমূল্য। সংশ্লিষ্ট গোষ্ঠীর সঙ্গে লেনদেনের বিস্তারিত নিরীক্ষিত অর্থিক বিবরণী বিভাগের 'সংযুক্তি-কে'-এ তুলে ধরা হয়েছে।

## কৌশলগত মনোভাব

কেভিড-১৯ পরিস্থিতির কারণে বিশ্বজুড়ে সব কার্যক্রম বন্ধ হওয়ার ফলে যে অর্থনৈতিক ক্ষতি হচ্ছে, তাতে ২০২০ সালে ব্যাংকিং শিল্প আরও বড় চ্যালেঞ্জের মুখে পড়তে যাচ্ছে। বর্তমান বাধা, জটিলতা ও অনিশ্চয়তার কারণে সামাজিক, অর্থনৈতিক ও নিয়ন্ত্রণের চিত্রে দ্রুত পরিবর্তন অব্যাহত থাকবে, যা দ্বিধা আর অনিশ্চয়তাকেই বাড়িয়ে দেবে।

করোনাভাইরাসের সংক্রমণ মোকাবিলায় সামাজিক দূরত্ব ও জনসমাগম সীমিত করে আনাসহ যেসব নিয়ম মেনে চলতে হচ্ছে, সেগুলো ভোকার আচরণ, বিশেষত ব্যাংকখাতের গ্রাহকদের আচরণ মৌলিকভাবেই বদলে দেবে।

ব্র্যাক ব্যাংকে নিরাপদ ও সুরক্ষিত ডিজিটাল এবং বিকল্প ব্যাংকিং চ্যানেল তৈরিতে আমাদের অবস্থান আমাদেরকে এখন সুবিধাজনক অবস্থায় রাখবে। কারণ গ্রাহক ক্রেইট শারীরিকভাবে উপস্থিত না হয়ে ব্যাংকিং কার্যক্রমের দিকে ঝুঁকবে। নতুন এই প্রোক্ষাপটে আমরা সুবিধাজনক অবস্থানেই থাকব।

পরিবর্তন সুযোগ সৃষ্টি করে দেয়, এমন বিবেচনায় বৈচিত্র্যপূর্ণ ও সুস্থ্যাতিসম্পন্ন অর্থনৈতিক প্রতিষ্ঠান হিসেবে ব্র্যাক ব্যাংকে আমাদের নেয়া অনন্য পদক্ষেপ ও অত্যাধুনিক অবকাঠামো আমাদের আভিশ্বাস বাড়িয়ে দিয়েছে যে আমরা ২০২০ সাল ও তার পরবর্তী সময়েও সমসাময়িক থাকতে পারব এবং পরবর্তী প্রজন্মের গ্রাহকদেরও সেবা দিতে পারব। বছরের সামনের দিনগুলোয় আমাদের নেতৃত্বে ডিজিটাল ব্যাংকিংয়ের মাধ্যমে আমাদের ব্যবসা মুনাফা অর্জন অব্যাহত থাকবে বলে আমরা আশাবাদী, যার মাধ্যমে আমরা নিজেদের আলাদাভাবে উপস্থাপন এবং টেকসই প্রবৃদ্ধি অর্জনের কৌশল অনুধাবন করতে পারব।

সরকার খণ্ড দেওয়ার ও আমানতের ক্ষেত্রে সুদ হারসহ ব্যাংকিংয়ের নতুন যে নিয়মের প্রচলন ঘটিয়েছে, তা আমাদের ব্যবসায়িক মডেলের ওপর চাপ সৃষ্টি করবে। তবে আমাদের ব্যবসায় সংকোচনের প্রচেষ্টার কারণে কিছু ক্ষেত্রে এই প্রভাব এড়নো সম্ভব হবে এবং তা মুনাফা অর্জন অব্যাহত রাখতে সহায় হবে। আমরা ব্যয় সংকোচন, মূলধন ব্যয় নিয়ন্ত্রণ ও নগদ অর্থ সংরক্ষণের ওপর আরও জোর দেওয়া অব্যাহত রাখব এবং ডিজিটাল ব্যাংকিংয়ের জন্য আমাদের যে প্রচেষ্টা, তা এই তিন লক্ষ্যই অর্জনে সহায় হবে বলে আমাদের বিশ্বাস।

মুদ্রা বাজারে তারল্য সংকট বাঢ়ছেই এবং তা চলতি বছর আরও ঘটীভূত হবে। এতে আমানত নিয়ে ব্যাংকগুলোর মধ্যে যে প্রতিদ্বন্দ্বিতা, তা আরও স্পষ্ট হবে। এই পরিপ্রেক্ষিতে এই শিল্প যেহেতু মুনাফা অর্জন সুরক্ষিত করার দিকে ঝুঁকছে, কাজেই অতিরিক্ত আমানত ব্যয় মেটাতে প্রচলিত সম্পদের নতুন করে মূল্যায়ন হবে বলে আভাস পাওয়া যাচ্ছে। এই পৃথক্মূল্যায়ণ পুনরুদ্ধারে প্রভাব ফেলবে এবং এর ফলে এনপিএল-এ তীব্রতা বাঢ়বে। আসছে দিনগুলোয় সুদ আয় করে যাবে বলেই আভাস পাওয়া যাচ্ছে।

## ব্র্যাক ব্যাংকে আমাদের কৌশলের আওতায় যে ক্ষেত্রগুলো রয়েছে:

- এসএমই খণ্ডে আমাদের যে নেতৃত্ব, যা ব্র্যাক ব্যাংকের কেন্দ্রবিন্দুতে রয়েছে, তা আমাদের শীর্ষ অগ্রাধিকারে রাখতে চাই। দীর্ঘমেয়াদী সম্পর্ক সৃষ্টির প্রচেষ্টার অংশ হিসেবে ‘খণ্ডাতা থেকে ব্যাংকার’ পর্যন্ত আমাদের অবস্থান পরিবর্তনের চেষ্টা চলবে।
- অর্থনৈতিক মন্দার কারণে সম্পদ ও আমানত বৃদ্ধি হয়তো বাধাগ্রস্ত হতে পারে। তবে কিছু নির্বাচিত ও নিরাপদ ক্ষেত্রে ব্যবসা বাড়ানোর পরিকল্পনা আমাদের রয়েছে এবং এই প্রবৃদ্ধি পরিকল্পনা বাস্তবায়নে আমরা নিয়ন্ত্রক পুঁজি ব্যবহার করতে চাই।
- প্রযুক্তিখন্দে আমরা বিনিয়োগ এবং জনসম্পদের উন্নয়নে জোর অব্যাহত রাখব। উচ্চমানের সঙ্গেজনক গ্রাহক সেবা অব্যাহত রাখার বিষয়টি নিশ্চিত করতে আমরা সেবার মানের দিকেও মনোযোগ দেব।
- গ্রাহকদের বিশ্বমানের ব্যাংকিং সেবা দিতে, এক জায়গায় সব ধরনের সমস্যার সমাধান নিশ্চিত করতে আমাদের রিটেইল ব্যাংকিং বিভাগ বিভিন্ন ধরনের ডিজিটাল ব্যাংকিং উদ্যোগের অনুসন্ধান করার চেষ্টা চালিয়ে যাবে।
- এজেন্ট ব্যাংকিং গুরুত্বপূর্ণ একটি ক্ষেত্র হিসেবে প্রাধান্য পাবে। ব্যাংকের সেবা ও পণ্য বৃহত্তর জনগোষ্ঠী পর্যন্ত পৌছে দিতে আমাদের আর্থিক অন্তর্ভুক্তির পথে হাটতে হবে।
- স্থানীয় ও উদীয়মান করপোরেট গ্রাহকরাও আমাদের

মনোযোগের কেন্দ্রে থাকবে। কারণ আমরা ঢাকা ও চট্টগ্রাম মেট্রোপলিটন শহরের বাইরের ব্যবসাগুলোয়ও বিনিয়োগ করতে চাই।

পরিবর্তিত পরিস্থিতির কারণে সামনে চ্যালেঞ্জ ও চাপ থাকলেও সার্বিকভাবে আমরা মনে করি যে আমাদের কৌশল, বৈচিত্র্যপূর্ণ পণ্য ও অভিজ্ঞতা এবং উচ্চ দক্ষতাসম্পন্ন দল বর্তমান সময়ে টিকে থাকতে এবং টেকসই ভবিষ্যৎ ব্যাংকিং শিল্পকে নেতৃত্ব দিতে সহায় হবে।

## পরিচালক নিয়োগ

কোম্পানি আইন-১৯৯৪, শিডিউল-১, রেজি-৭৯ এবং আর্টিকেল অব অ্যাসোসিয়েশন অব ব্র্যাক ব্যাংক লিমিটেডের ধারা ১০৩ অনুসারে, ‘প্রতি বছর সাধারণ বৈঠকে পরিচালকদের এক-ত্রৈয়াৎ্বশ অথবা এই সংখ্যা যদি তিন না হয় বা তিন দিয়ে বিভাজ্য না হয়, তাহলে এক-ত্রৈয়াৎশের সবচেয়ে নিকটবর্তী সংখ্যক পরিচালক দায়িত্ব থেকে সরে দাঢ়াবেন।’

আবার, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের (বিএসইসি) ইস্যু করা করপোরেট গভর্নেন্স কোড অনুসারে স্বতন্ত্র পরিচালকদের কোম্পানি আইন-১৯৯৪ অনুসারে চক্রাকারে দায়িত্ব থেকে সরে দাঢ়ানোর প্রয়োজন নেই।

সে অনুসারে মনোনয়নপ্রাপ্ত পরিচালকদের মধ্যে আসিক সালেহ আসন্ন সাধারণ বৈঠকে পরিচালনা পর্যবেক্ষণ থেকে সরে যাবেন এবং তিনি পুনর্নিয়োগ পাওয়ার যোগ্য। তিনি পুনর্নিয়োগ পেতে সম্মতিও দিয়েছেন।

উপরোক্ত পরিচালকের সংক্ষিপ্ত জীবনবৃত্তান্ত এবং অন্যান্য ব্যবসায় তাঁর সম্পৃক্ততা পরিচালকদের পরিচিতি বিভাগে এবং আর্থিক বিবরণীর মন্তব্যে আলাদাভাবে তুলে ধরা হয়েছে।

## ফারজানা আহমেদ, স্বতন্ত্র পরিচালক

ব্র্যাক ব্যাংকের পরিচালনা পর্যবেক্ষণ ২০১৯ সালের ২৬ আগস্ট অনুষ্ঠিত ২৫৯তম বৈঠকে ফারজানা আহমেদকে স্বতন্ত্র পরিচালক হিসেবে নিয়োগ দিতে অনুমোদন দিয়েছে।

আমরা আনন্দের সঙ্গে জানাচ্ছি যে বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন এবং বাংলাদেশ ব্যাংক তাঁকে স্বতন্ত্র পরিচালক হিসেবে নিয়োগ দিতে অনুমোদন দিয়েছে।

উপরোক্ত পরিচালকের সংক্ষিপ্ত জীবনবৃত্তান্ত এবং অন্যান্য ব্যবসায় তাঁর সম্পৃক্ততা পরিচালকদের পরিচিতি বিভাগে এবং আর্থিক বিবরণীর মন্তব্যে আলাদাভাবে তুলে ধরা হয়েছে।

## নিজ নিজ মেয়াদে পরিচালকদের বৈঠকে উপস্থিতি

ক্রমিক নম্বর	পরিচালকদের নাম	পদবি	নিজ নিজ মেয়াদে বৈঠকে পরিচালকদের উপস্থিতি		
			বৈঠকের সংখ্যা	উপস্থিতি	অনুপস্থিতি
১.	ড. আহসান এইচ মনসুর	চেয়ারম্যান	১৫	১২	৩
২.	প্রয়াত স্যার ফজলে হাসান আবেদ	সাবেক চেয়ারম্যান	১০	৮	২
৩.	শিব নারায়ণ কৈরি	পরিচালক	১০	৮	২
৪.	নিহাদ কবির	পরিচালক	১৫	১১	৪
৫.	কাজী মাহমুদ সাত্তার	স্বতন্ত্র পরিচালক	১৫	১৪	১
৬.	কায়সার কবির	পরিচালক	১৫	৭	৮
৭.	আসিফ সালেহ	পরিচালক	১৫	১৩	২
৮.	ফাহিমা চৌধুরী	স্বতন্ত্র পরিচালক	১৫	১১	৪

\*\* প্রয়াত স্যার ফজলে হাসান আবেদ পরিচালনা পর্ষদ থেকে ২০১৯ সালের ২৬ আগস্ট অবসর গ্রহণ করেন।

\*\* শিব নারায়ণ কৈরি ২০১৯ সালের ২৬ আগস্ট পরিচালনা পর্ষদ থেকে পদত্যাগ করেন।

## পরিচালকদের পারিশ্রমিক

পরিচালনা পর্ষদের বৈঠক, বোর্ড অডিট কমিটির বৈঠক, ঝুঁকি ব্যবস্থাপনা কমিটির বৈঠক এবং নির্বাহী কমিটির বৈঠকের উপস্থিতির জন্য ২০১৯ সালে স্বতন্ত্র পরিচালকসহ পরিচালকদের নিম্নোক্ত সম্মানী দেওয়া হয়েছে:

ক্রমিক	পরিচালকের নাম	পদবী	সম্মানী (টাকায়)
১.	ড. আহসান এইচ মনসুর	চেয়ারম্যান	১৬০,০০০
২.	প্রয়াত স্যার ফজলে হাসান আবেদ	সাবেক চেয়ারম্যান	৬৪,০০০
৩.	শিব নারায়ণ কৈরি	পরিচালক	১২০,০০০
৪.	নিহাদ কবির	পরিচালক	১৩৬,০০০
৫.	কাজী মাহমুদ সাত্তার	স্বতন্ত্র পরিচালক	২০০,০০০
৬.	কায়সার কবির	পরিচালক	৮৮,০০০
৭.	আসিফ সালেহ	পরিচালক	১২৮,০০০
৮.	ফাহিমা চৌধুরী	স্বতন্ত্র পরিচালক	১৪৪,০০০

## বুঁকি ও উদ্বেগ

সেই দিন এখন আর নেই, যখন কার্যকরভাবে বুঁকি ব্যবস্থাপনার ওপর জোর না দিয়েই ব্যবসায়িক প্রতিষ্ঠান, বিশেষ করে আর্থিক প্রতিষ্ঠান টেকসই প্রবৃদ্ধি অর্জন অব্যাহত রাখতে পেরেছে। এখন বুঁকি ব্যবস্থাপনা দীর্ঘমেয়াদে টিকে থাকতে আর্থিক প্রতিষ্ঠানের মূল ও অবিচ্ছেদ্য অংশ হয়ে উঠেছে। বুঁকির চিরায়ত অনিশ্চিত প্রকৃতির কারণেই বুঁকি নিয়ন্ত্রণ আর্থিক প্রতিষ্ঠানের শক্তিশালী উপকরণ হয়ে উঠেছে।

ব্র্যাক ব্যাংক বুঁকি ব্যবস্থাপনার পরিসর বাড়িয়েছে এবং জোরালো বুঁকি ব্যবস্থাপনা কার্যক্রম প্রতিষ্ঠার ব্যাপারে বদ্ধপরিকর। এ কারণে আমাদের বুঁকি ব্যবস্থাপনা বিভাগকে (আরএমডি) ২০১৯ সালে শক্তিশালী করা হয়েছে, যেখানে আরএমডিকে আরও নিবিড়ভাবে ব্যাংকের বিধানের সঙ্গে সংশ্লিষ্ট করা হয়েছে। সংক্ষারের উদ্দেশ্যে আমরা বুঁকি ব্যবস্থাপনা নীতি পর্যালোচনা করেছি এবং ২০১৯ সালে আমাদের বুঁকি ব্যবস্থাপনা বিভাগের কার্যপরিসর বাড়িয়েছি, যা আমাদেরকে বুঁকি ব্যবস্থাপনায় সেরা অনুশীলনে এবং ব্যাংকে সার্বিকভাবে বুঁকি ব্যবস্থাপনায় সহায়ক হয়েছে।

আমাদের বুঁকি ব্যবস্থাপনায় বৃহত্তর পরিসরে অভিজ্ঞতা রয়েছে, যার ফলে আমরা প্রতিটা বুঁকি মোকাবিলায় দায়িত্বশীল ব্যক্তিকে নিয়োগ করতে পেরেছি। এ ছাড়া বুঁকি মোকাবিলায় আমাদের যথাযথ কর্তৃপক্ষও রয়েছে। আমাদের কর্মীরা জ্যেষ্ঠদের সহযোগিতায় বুঁকি শনাক্ত করেন এবং সেগুলো চিহ্নিত ও সমাধান করেন। বিষয়টি যদি তাঁদের সাথ্যের অতীত হয়ে যায় কিংবা সংশ্লিষ্ট অন্যদের সহযোগিতার প্রয়োজন পড়ে, তাহলে তা এন্টারপ্রাইজ রিস্ক অ্যাসোসিয়েটস ফোরামে (ইআরএএফ) আলোচনার জন্য তোলা হয়। পরে ইআরএএফে আলোচ্য বিষয়গুলো, যেগুলোয় শীর্ষ ব্যবস্থাপনার নির্দেশনা ও সিদ্ধান্তের প্রয়োজন রয়েছে, এন্টারপ্রাইজ রিস্ক ম্যানেজমেন্ট কমিটিতে (ইআরএমসি) তোলা হয়। বুঁকি শনাক্ত, চিহ্নিত ও সমাধানে ইআরএএফের মতো ইআরএমসি প্রতি মাসে বৈঠক করে। চূড়ান্ত ধাপে পর্যবেক্ষণের নজরদারি ও দিক নির্দেশনায় বুঁকি সংশ্লিষ্ট গুরুত্বপূর্ণ বিষয়গুলো বোর্ড রিস্ক ম্যানেজমেন্ট কমিটিতে (বিআরএমসি) তোলা হয়।

## বার্ষিক প্রতিবেদনের জন্য প্রস্তুতি

আমাদের মূল মনোযোগ ব্র্যাক ব্যাংকের সম্পূর্ণ ও মানসম্পন্ন আর্থিক বিবরণীতে। বার্ষিক প্রতিবেদন তৈরির সময় সঠিক ও যথাযথ উপস্থাপনায় অঘাতিকার দেওয়া হয়। সার্বিক তথ্য নিশ্চিত করা হয়। আর্থিক বিবরণী প্রস্তুতের সময় যথাযথ হিসাবরক্ষণ নীতি অনুসরণ করা হয় এবং এই হিসাব যৌক্তিক ও বিজ্ঞ পর্যালোচনার ভিত্তিতেই নির্ধারণ করা হয়। আর্থিক বিবরণী প্রস্তুতের ক্ষেত্রে আন্তর্জাতিক হিসাব ও আর্থিক প্রতিবেদনের মানদ- (আইএফআরএস), যা বাংলাদেশে প্রযোজ্য, সেগুলো অনুসরণ করা হয়, এবং এর থেকে যেকোনো প্রকার ভিন্নতা প্রকাশ করা হয়।

## অভ্যন্তরীণ নিয়ন্ত্রণ ও প্রতিপালন

পৃষ্ঠা ২০৫-২০৭ তে অভ্যন্তরীণ নিয়ন্ত্রণ ও প্রতিপালন বিষয়ে বিস্তারিত তুলে ধরা হয়েছে।

## সংখ্যালঘিষ্ঠ শেয়ারহোল্ডারদের সুরক্ষা

অপ্রত্যাশিত পদক্ষেপ, অথবা কোনো স্বার্থে শেয়ারহোল্ডারদের কার্যক্রম প্রত্যক্ষ বা পরোক্ষভাবে নিয়ন্ত্রণ থেকে সংখ্যালঘিষ্ঠ শেয়ারহোল্ডারদের স্বার্থ রক্ষায় এবং কার্যকর প্রতিকারের উদ্দেশ্যে ব্র্যাক ব্যাংক পরিচালনা পর্ষদ, ব্যবস্থাপনা এবং প্রাতিষ্ঠানিক ও স্বাধীন নিরীক্ষা ব্যবস্থার মাধ্যমে যথাযথ ও কার্যকর অভ্যন্তরীণ নিয়ন্ত্রণমূলক পরিবেশ প্রতিষ্ঠা করেছে।

## করপোরেট সুশাসন

আমাদের পরিচালনা কাঠামো গড়ে উঠেছে দক্ষ নেতৃত্ব, কার্যকর অভ্যন্তরীণ নিয়ন্ত্রণ, দৃঢ় বুঁকি সংস্কৃতি এবং আমাদের গ্রাহক, শেয়ারহোল্ডার, কর্মী, সমাজ ও নিয়ন্ত্রক পর্ষদসহ আমাদের সব শেয়ারহোল্ডারদের জৰাবদিহিত। ব্র্যাক ব্যাংকে সক্রিয় ও সুগঠিত পর্ষদ রয়েছে, যার মধ্যে বোর্ড অডিট কমিটি ও রয়েছে, যা সংশ্লিষ্ট অভিজ্ঞ সদস্যদের নিয়ে গঠিত এবং যা শেয়ারহোল্ডারদের প্রত্যাশা পূরণে পরিচালনা মানদণ্ড ধরে রাখতে গুরুত্বপূর্ণ ভূমিকা রাখে এবং আমাদের নেতৃত্ব যথাযথ ক্ষমতার ভারসাম্য, জৰাবদিহিতা ও আমাদের বিভিন্ন কার্যক্রমে স্বাধীনভাবে সিদ্ধান্ত গ্রহণ নিশ্চিত করে। আমাদের করপোরেট সংস্কৃতির মধ্যে করপোরেট পরিচালনা নীতি সমন্বয় করতে এই ব্যাংকে জোরালো ব্যবস্থা প্রতিষ্ঠা করেছে। স্টেকহোল্ডারদের স্বাক্ষীয় মূল্যায়নের ক্ষেত্রে ব্যাংক তথ্য প্রকাশ, স্বচ্ছতা ও ব্যবসায়িক নৈতিকতার সেরা অনুশীলনের পথে হেঁটেছে। এ ছাড়া শুধুমাত্র বিধিবদ্ধ প্রয়োজনীয়তার ভিত্তিতে নয়, বরং ব্যাংককে পরবর্তী পর্যায়ে নিয়ে যেতে নিজস্ব প্রতিশ্রুতি রক্ষার্থে সার্বিক প্রচেষ্টার অংশ হিসেবে ব্যাংকের নীতি আর অনুশীলনগুলো নির্ধারিত হয়েছে।

ব্যাংককে টেকসই বিস্তারের পথে নেওয়ার ক্ষেত্রে পরিচালনা পর্ষদ জানে তাদের জ্ঞান ও নেতৃত্ব দিয়ে অবিরত পরিচালনা কাঠামো ও অনুশীলনে সংস্কার আনতে হবে। এই পর্ষদ সামগ্রিকভাবে সর্বোচ্চ পরিচালনা নৈতিকতা অনুসরণের পাশাপাশি ব্যাংকের কার্যক্রম, সম্পদ ও উপকরণ ব্যবস্থাপনায় করপোরেট পরিচালনা প্রক্রিয়া গড়ে তুলতে কাজ করে যাচ্ছে।

পৃষ্ঠা ২৫৪-তে বার্ষিক প্রতিবেদনের আলাদা বিভাগে করপোরেট সুশাসনের বিস্তারিত তুলে ধরা হয়েছে।

## চলমান স্থিতি

সম্পদের পর্যাপ্ততার ভিত্তিতে আর্থিক বিবরণী তৈরি করা হয়েছে। পরিচালনা পর্ষদ সন্তুষ্ট যে ব্র্যাক ব্যাংকের অনুমেয় ভবিষ্যৎ পর্যন্ত ব্যবসা পরিচালনায় পর্যাপ্ত সম্পদ থাকবে। সম্পদের পর্যাপ্ততা

# পরিচালনা পর্ষদ বর্তমান অর্থক বিবরণী মুনাফা ও লোকসানের বিবরণী, ব্যবসায়িক অবস্থা, পরিচালন শক্তি, দীর্ঘমেয়াদে ব্যবসায়িক কৌশল এবং পুঁজি ও তারল্য পরিকল্পনা এবং ভবিষ্যত পুঁজি সংহতি পরিকল্পনা বিবেচনায় নিয়েছে। পরিচালনা পর্ষদ নিয়ন্ত্রক কর্তৃপক্ষের নির্ধারিত ন্যূনতম পুঁজির বাধ্যবাধকতার বিবেচনায় নিয়েছে এবং সতোষ প্রকাশ করেছে যে ব্যাংক চলমান পুঁজির বাধ্যবাধকতা পুরণ করতে পারবে। এই মূল্যায়ন বহিঃনিরীক্ষকেরাও নিরীক্ষণের সময় পর্যালোচনা করেছেন এবং সতোষ প্রকাশ করেছেন।

পরিমাপনের ক্ষেত্রে পরিচালনা পর্ষদ বর্তমান আর্থিক অবস্থানের বিবরণী, মুনাফা ও লোকসানের বিবরণী, ব্যবসায়িক অবস্থা, পরিচালন শক্তি, দীর্ঘমেয়াদে ব্যবসায়িক কৌশল এবং পুঁজি ও তারল্য পরিকল্পনা এবং ভবিষ্যত পুঁজি সংহতি পরিকল্পনা বিবেচনায় নিয়েছে। পরিচালনা পর্ষদ নিয়ন্ত্রক কর্তৃপক্ষের নির্ধারিত ন্যূনতম পুঁজির বাধ্যবাধকতার বিবেচনায় নিয়েছে এবং সতোষ প্রকাশ করেছে যে ব্যাংক চলমান পুঁজির বাধ্যবাধকতা পুরণ করতে পারবে। এই মূল্যায়ন বহিঃনিরীক্ষকেরাও নিরীক্ষণের সময় পর্যালোচনা করেছেন এবং সতোষ প্রকাশ করেছেন।

## ডিভিডেড বিত্তারিত

ব্যাংকের প্রতিক্রিয়া ধরে রাখতে উপযুক্ত ও পর্যাপ্ত ক্যাপিটাল ট্রু রিস্ক ওয়েটেড অ্যাসেট রেশিও (সিআরএআর) এবং শেয়ারহোল্ডারদের টেকসই মুনাফা বন্টন নিশ্চিতে পরিচালনা পর্ষদ ২০১৯ সালের জন্য ১৫% ডিভিডেড (স্টক ডিভিডেড ৭.৫% এবং নগদ অর্থ ডিভিডেড ৭.৫%) সুপারিশ করেছে, যা আসন্ন সাধারণ বৈঠকে অনুমোদন পেতে পারে। ডিভিডেড আকারে এবং স্টক ও নগদ অর্থ ডিভিডেড আকারে মুনাফা বিতরণের ক্ষেত্রে মুনাফার ন্যূনতম বন্টন ও নগদ অর্থ প্রদান বা না প্রদানের পরিপ্রেক্ষিতে অতিরিক্ত আয়কর বিবেচনায় নেওয়া হয়েছে।

বর্তমান মুনাফা থেকেই ২০১৯ সালের সব ডিভিডেন্ট ঘোষণা করা হয়েছে। শেয়ার সঞ্চিত পুঁজি থেকে অথবা সঞ্চয়ের পুনর্মূল্যায়ন অথবা কোনো অনাদায়ী অর্জন অথবা কোম্পানির কোনো কিছু আত্মকরণের ফলে হওয়া মুনাফা অথবা শেয়ারহোল্ডারদের দেওয়া অর্থ থেকে অথবা এমন কোনো কিছু থেকে বোনাস ঘোষিত হয়নি, যার ফলে ডিভিডেড পরিবর্তী আয় নেতৃত্বাচক বা ডেবিট ব্যালেন্স হয়ে যায়।

## বহিঃনিরীক্ষক নিয়োগ

বর্তমান নিরীক্ষক চার্টার্ড অ্যাকাউন্ট্যান্টস এম/এস রহমান রহমান হক পরপর দুই বছর শেষ করেছে ২০১৯ সালে। তবে তারা ২০২০ সালের জন্য নিয়োগ পাওয়ার যোগ্য এবং পুনর্নিয়োগের ব্যাপারে তারা সম্মতিও জানিয়েছে।

পরিচালনা পর্ষদ চার্টার্ড অ্যাকাউন্ট্যান্টস এম/এস রহমান রহমান হককে বহিঃনিরীক্ষক হিসেবে ২০২০ সালের জন্য নিয়োগ দিতে সুপারিশ করেছে। ২১তম সাধারণ বৈঠকে এই নিয়োগ নিশ্চিত হবে।

## করপোরেট গভর্নেন্স নিয়োগ

বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশনের ২০১৮ সালের ৩ জুন ঘোষিত করপোরেট গভর্নেন্স কোডের সেকশন-৯ অনুসারে ব্র্যাক ব্যাংক চার্টার্ড অ্যাকাউন্ট্যান্টস লসেইন ফারহাদ অ্যান্ড কোম্পানির কাছ থেকে করপোরেট গভর্নেন্স কোড মেনে চলার বিষয়ে সনদপত্র পেয়েছে। এই বার্ষিক প্রতিবেদনের করপোরেট গভর্নেন্স কমপ্লায়েন্স প্রতিবেদনের আগে

সার্টিফিকেশন অন করপোরেট গভর্নেন্স প্রকাশ হয়েছে। সিজি কোডের সেকশন ৯(২)-এও উল্লেখ আছে আসন্ন বার্ষিক বৈঠকে শেয়ারহোল্ডাররা নিরীক্ষক নিয়োগ দেবেন।

চার্টার্ড অ্যাকাউন্টেন্টস হসেইন ফারহাদ অ্যাভ কোম্পানি করপোরেট গভর্নেন্স নিরীক্ষক হিসেবে ২০২০ সালের জন্য নিয়োগ পেতে সম্মতি জানিয়েছে। পর্যদ তাদের নিয়োগ দেওয়ার ব্যাপারে সুপারিশ করেছে এবং আসন্ন বার্ষিক সাধারণ বৈঠকে বিষয়টি চূড়ান্ত হবে।

### কৃতজ্ঞতা স্বীকার

আমাদের উন্নয়নের অগ্রযাত্রায় ২০১৯ সাল অত্যন্ত গুরুত্বপূর্ণ ছিল। এ বছর আমরা অব্যাহতভাবে আমাদের প্রস্তাবনাগুলোর ওপর বিনিয়োগ করে গেছি এবং সব স্টেকহোল্ডারদের জন্য ইতিবাচক ফল পেতে কৌশলগুলো বাস্তবায়ন করে গেছি। ২০২০ সালে আমাদের গ্রাহকের আরও বেশি প্রভৃতি অর্জনের প্রত্যাশা পূরণে আমরা আয় বৃদ্ধি এবং মুনাফা অর্জনের পথেই রয়েছি। এটা আমাদের গ্রাহকবাদ্ধব ব্যবসায়িক মডেল এবং ডিজিটাল ব্যাংকিং ব্যবস্থা প্রয়োগ ও আমাদের পণ্য ও সেবার মানদণ্ড ব্যাপকভাবে পরিবর্তনের মাধ্যমেই অর্জন করা সম্ভব।

আমাদের ওপর আস্থা রাখার জন্য আপনাদের প্রতি কৃতজ্ঞতা জানাচ্ছি। আপনাদের অব্যাহত সমর্থন আমাদের ব্যবসায় প্রভৃতি ও অগ্রগতি অর্জনে সহায়ক হয়েছে। আমরা ব্র্যাক ব্যাংকের কর্মীদের প্রতি কৃতজ্ঞতা জানাই তাঁদের প্রতিশ্রূতিশীল কাজ, নিষ্ঠা, একাধিতা ও কঠোর পরিশ্রমের জন্য এবং তাঁরাই আমাদের সাফল্যের মূলস্তুপ। আমরা আমাদের শেয়ারহোল্ডার, গ্রাহক, বাংলাদেশ ব্যাংক, সরকারি সংস্থা, নিয়ন্ত্রক কর্তৃপক্ষ এবং ব্যবসা পরিচালনায় ব্যাংক যার সঙ্গেই সংশ্লিষ্ট - সবার প্রতি কৃতজ্ঞতা জানাতে চাই।

আমাদের ওপর আপনাদের বিশ্বাস ও অবিচল আস্থা আটুট রাখতে সম্ভাব্য সবকিছুই আমরা করবো।

পরিচালনা পর্বদের পক্ষে

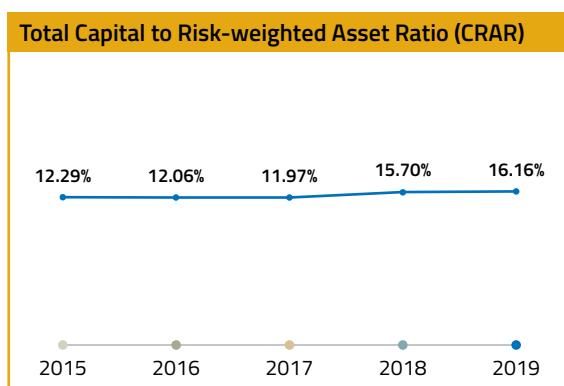
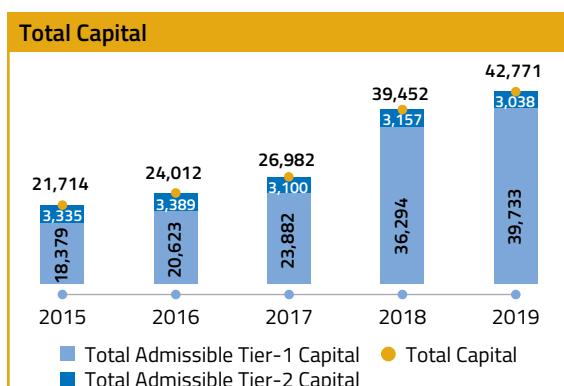
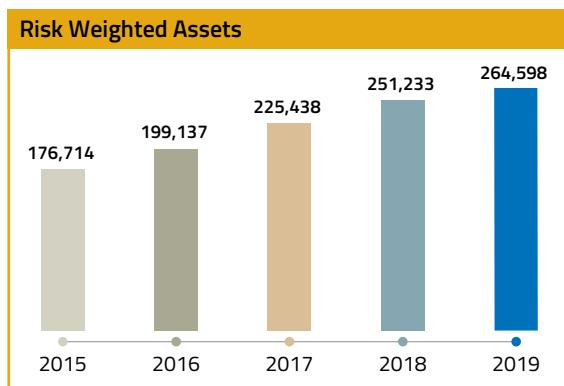
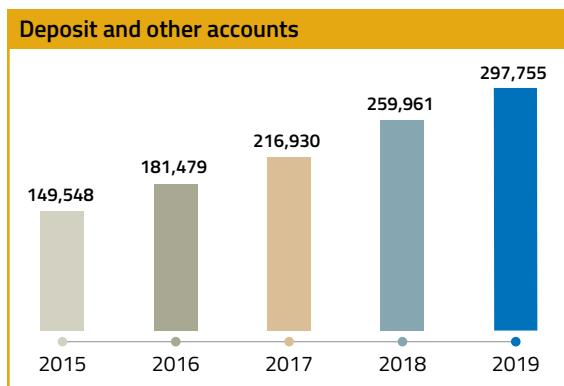
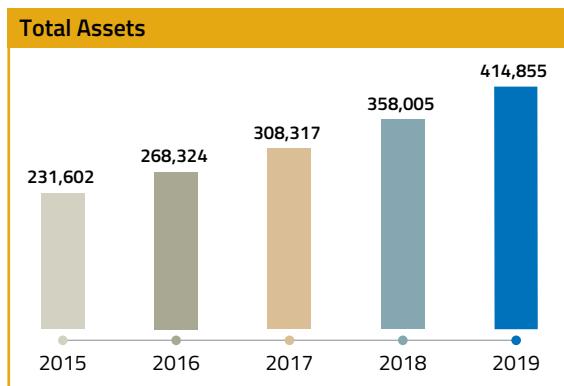
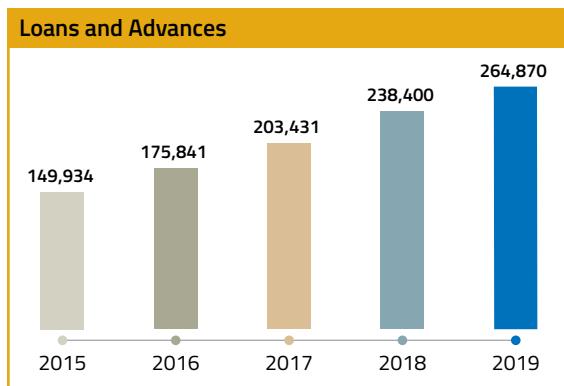
Ahsan H. Manna

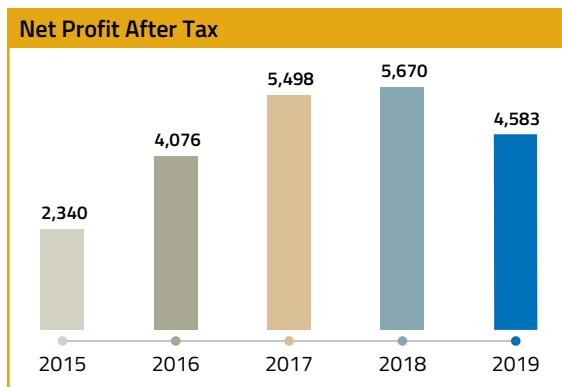
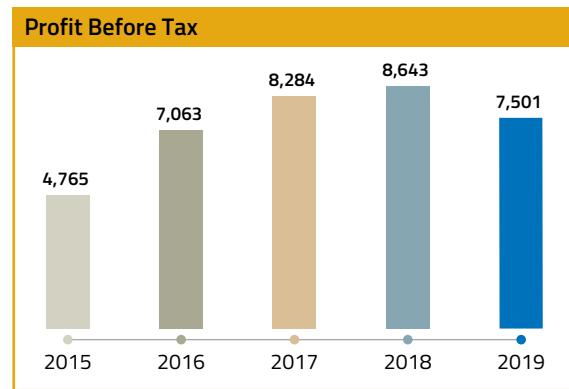
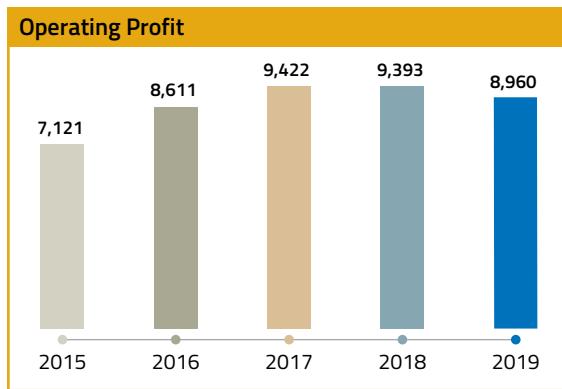
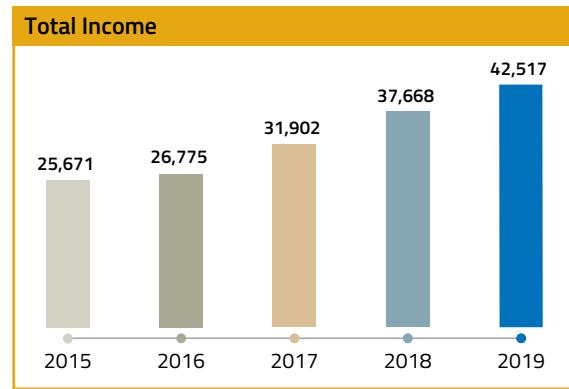
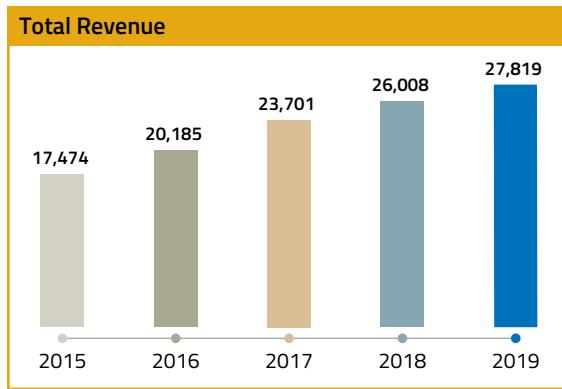
ড. আহসান এইচ মনসুর  
চেয়ারম্যান

# FIVE YEARS' FINANCIAL SUMMARY GRAPHICAL PRESENTATION

## Consolidated

BDT in million unless otherwise specified

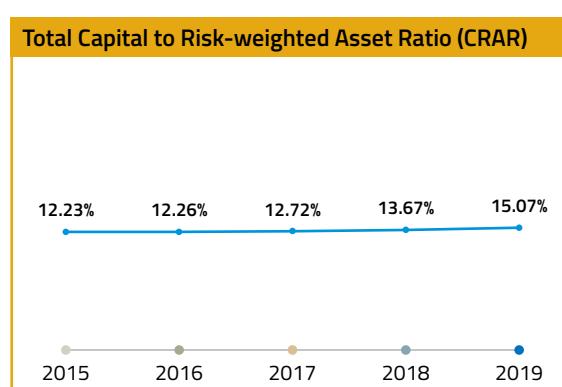
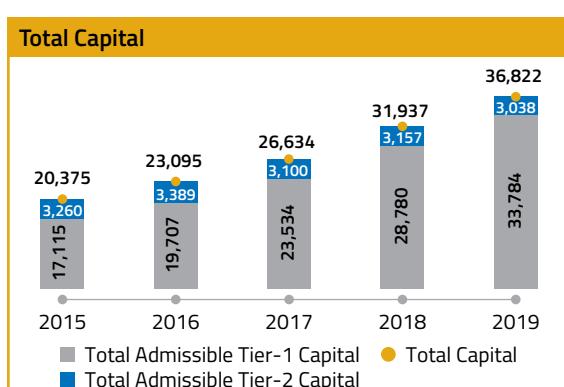
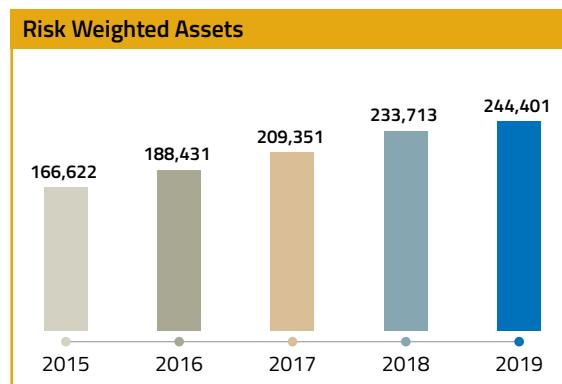
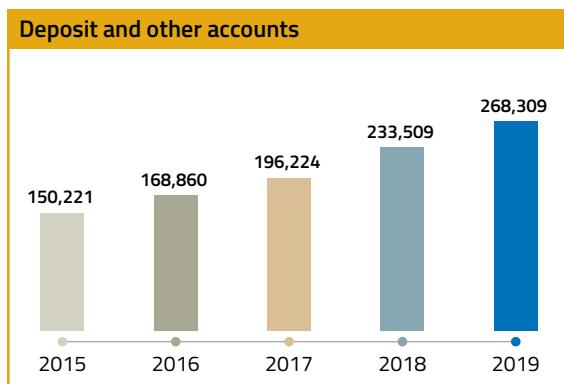
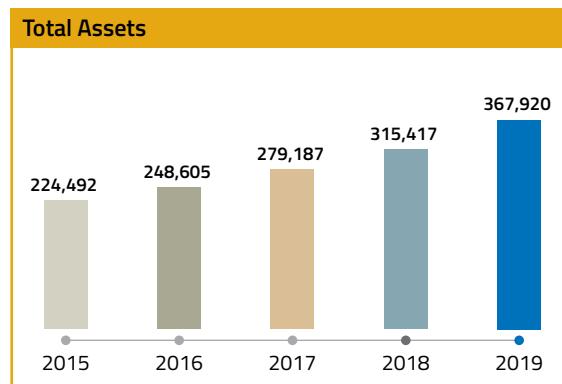
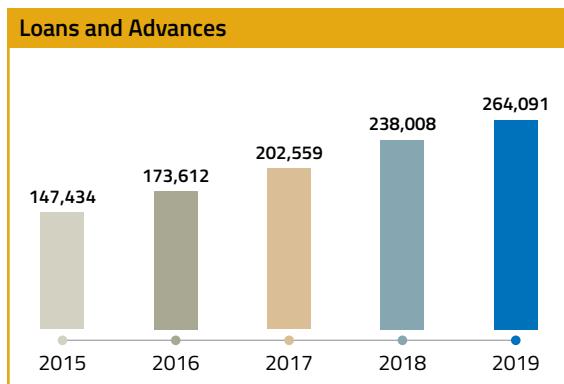


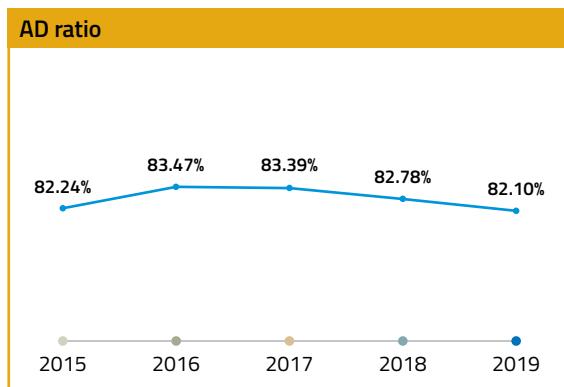
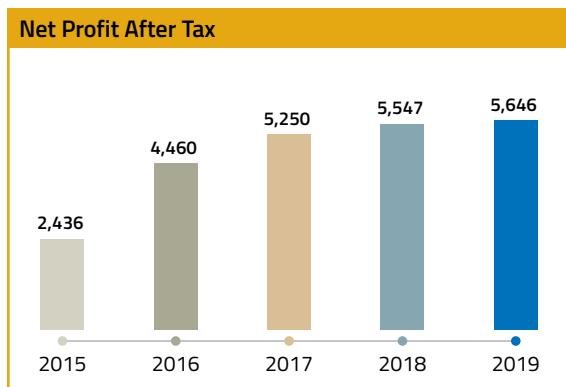
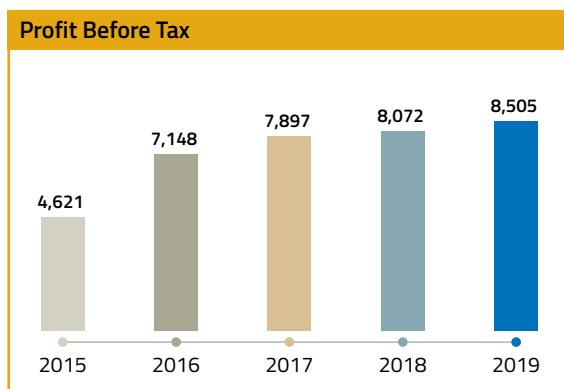
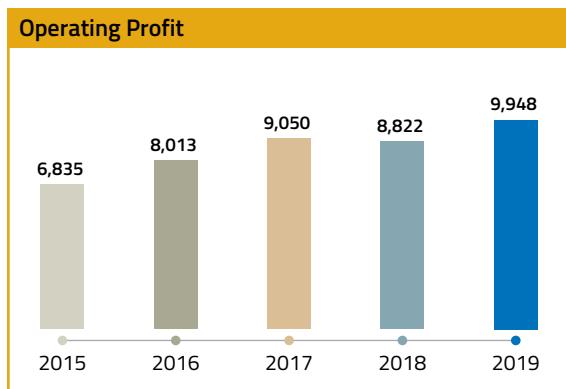
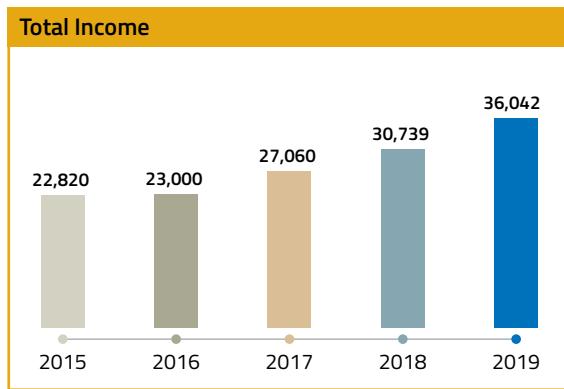
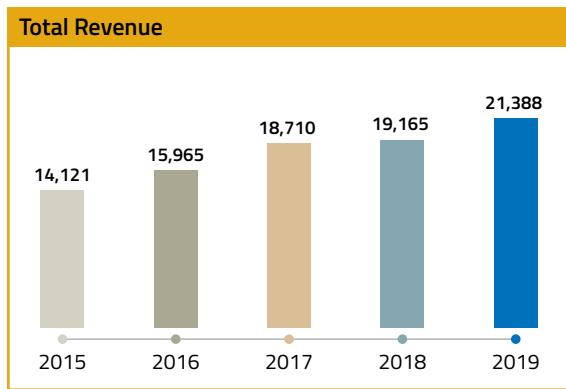
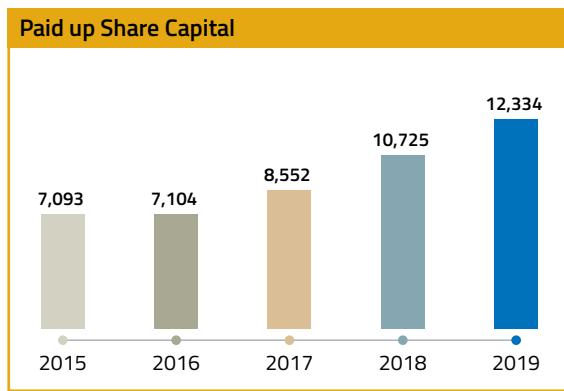
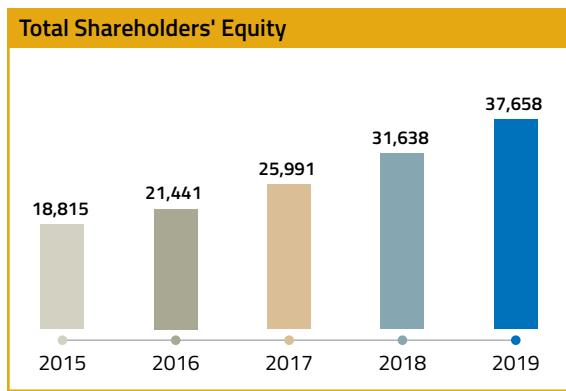


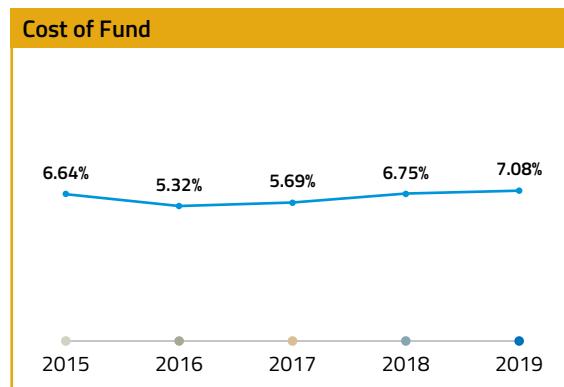
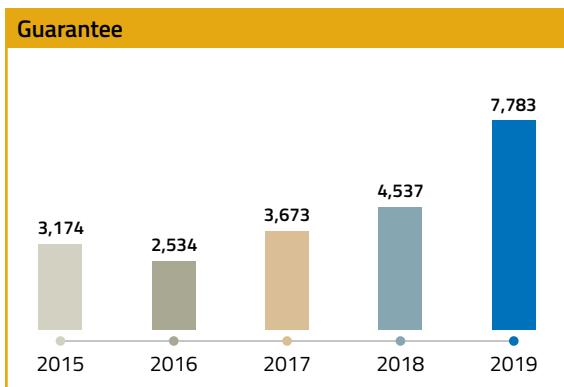
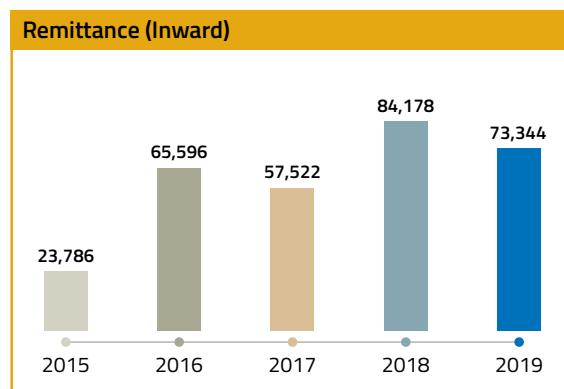
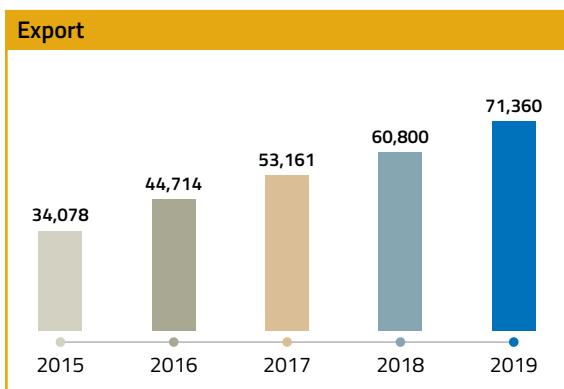
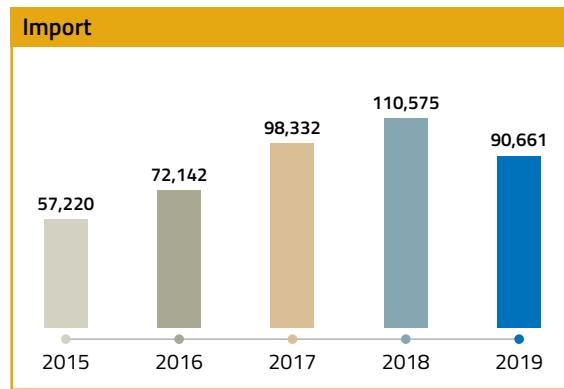
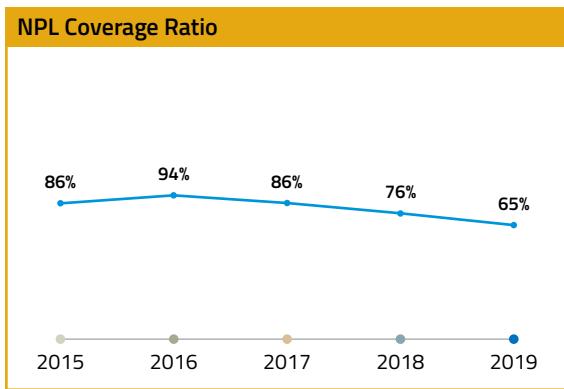
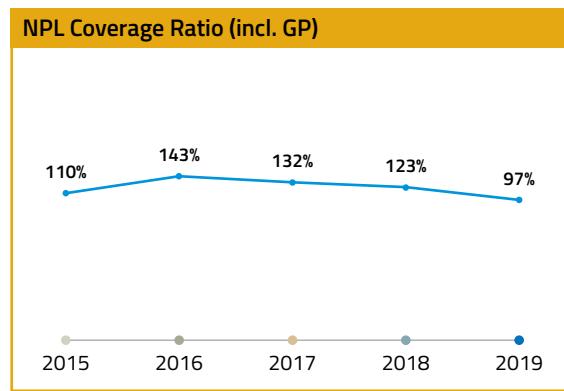
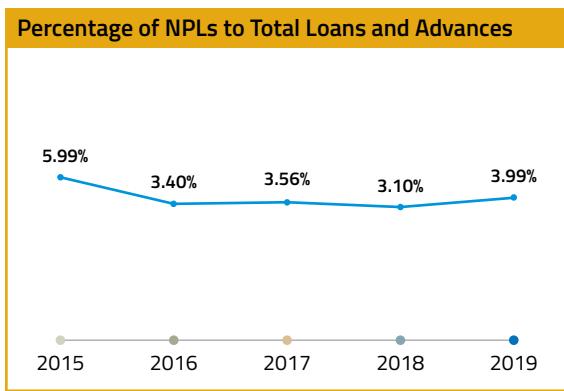
# FIVE YEARS' FINANCIAL SUMMARY GRAPHICAL PRESENTATION

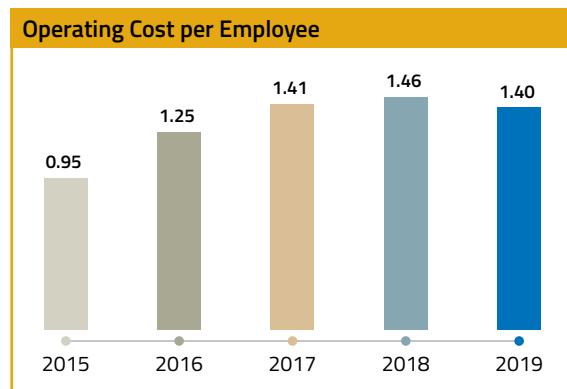
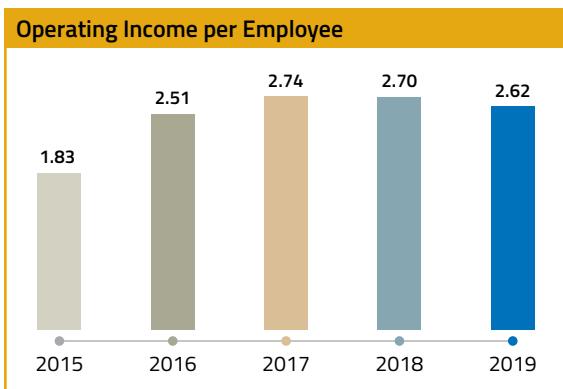
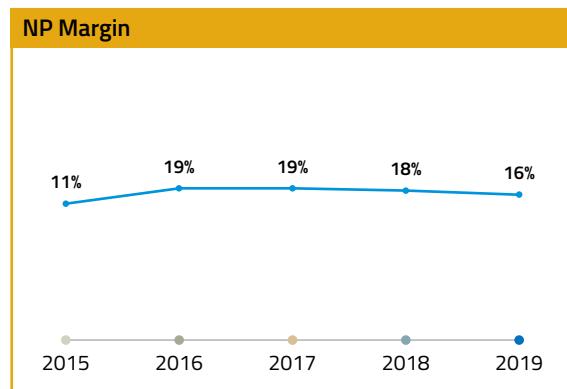
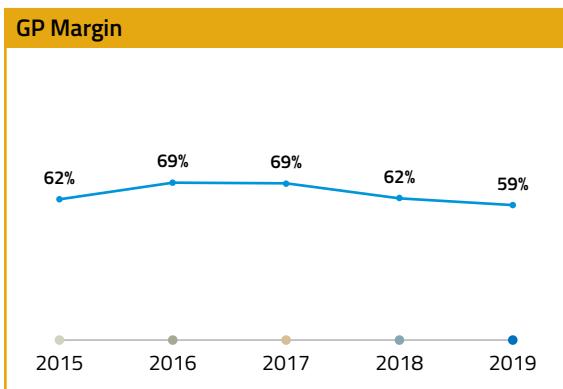
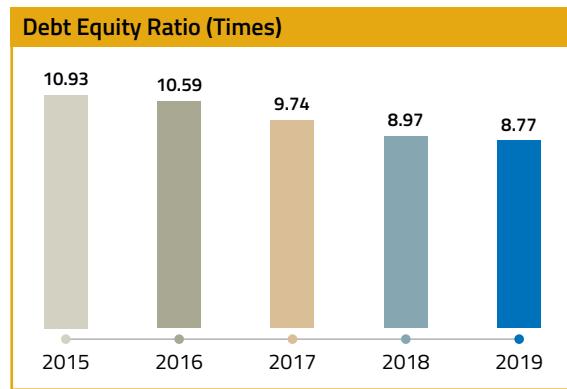
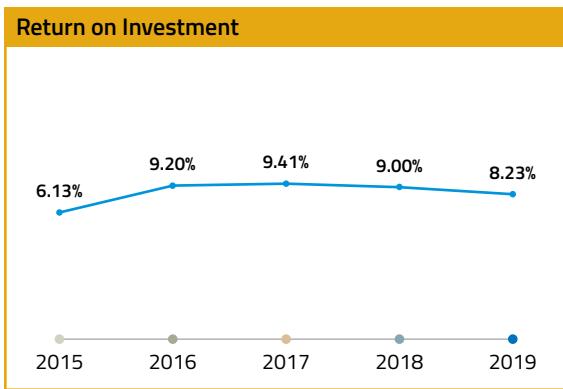
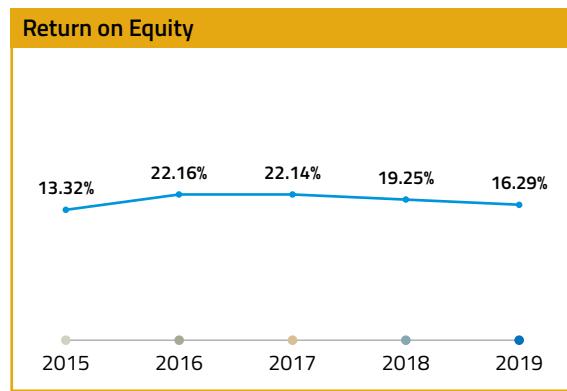
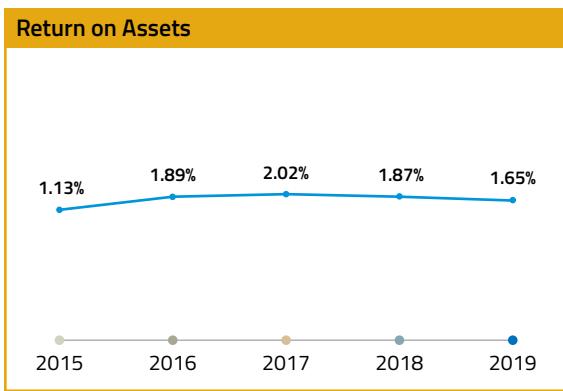
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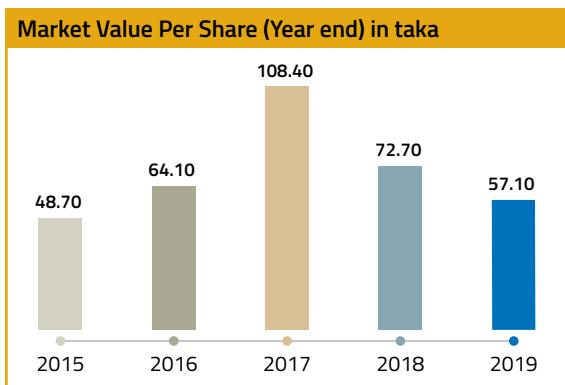
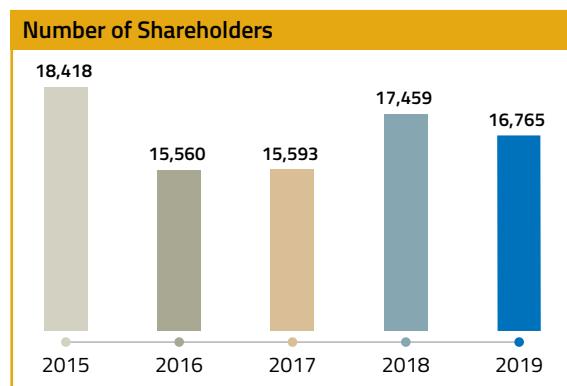
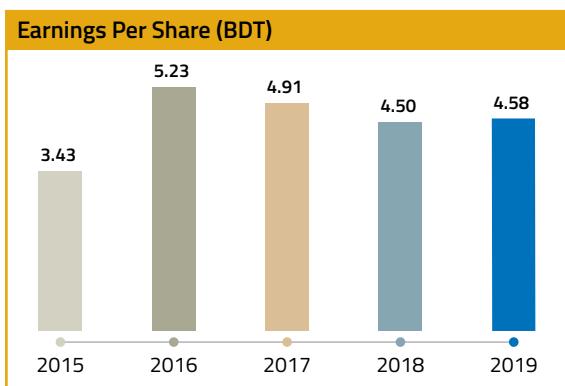
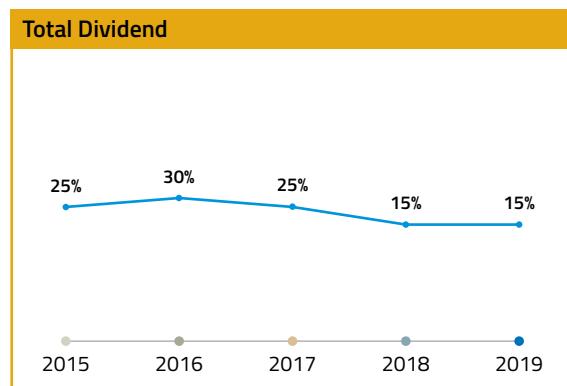
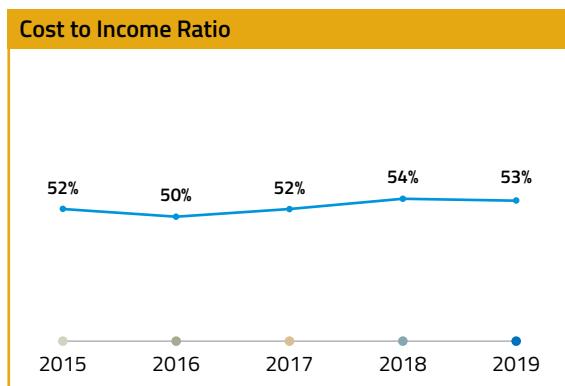
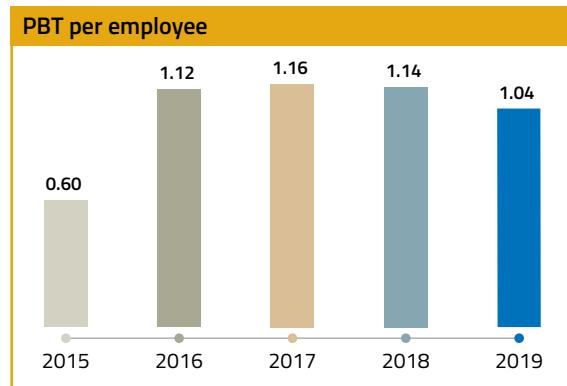
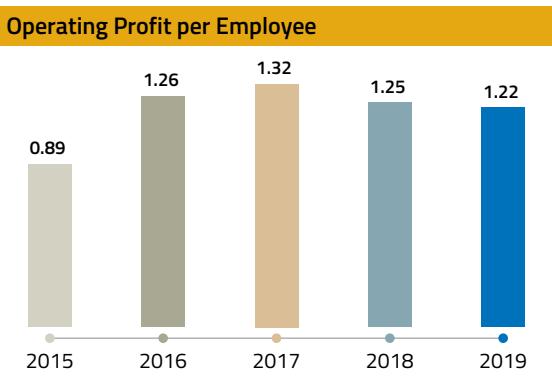
BDT in million unless otherwise specified













**Net Asset Value Per Share in Taka**



**Market Capitalization at the year end**



# FIVE YEARS' FINANCIAL SUMMARY

BDT in million unless otherwise specified

<b>CONSOLIDATED INFORMATION</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>FINANCIAL POSITION</b>					
Cash and bank balances	69,662	67,046	61,658	46,976	41,018
Investments	55,952	35,133	26,889	22,938	20,017
Money at call and short notice	-	-	-	-	-
Loans and Advances	264,870	238,400	203,431	175,841	149,934
Fixed Asset	10,873	6,265	5,610	4,460	4,038
Other assets	12,004	9,665	9,314	16,664	15,120
Goodwill	1,427	1,427	1,351	1,382	1,412
Non-banking assets	66	66	63	62	62
<b>Total Assets</b>	<b>414,855</b>	<b>358,005</b>	<b>308,317</b>	<b>268,324</b>	<b>231,602</b>
Borrowing	35,949	31,303	28,807	25,884	22,300
Convertible Subordinate Bonds	-	-	2,850	2,951	3,000
Money at call and on short notice	1,274	-	2,700	1,304	3,780
Deposit and other accounts	297,755	259,961	216,930	181,479	149,548
Other liabilities	33,214	25,040	28,600	32,966	31,456
Total Shareholders' Equity	40,582	35,250	26,600	22,153	20,190
Non controlling interest	6,081	6,450	1,830	1,587	1,329
<b>Total Liability and Shareholders Equity</b>	<b>414,855</b>	<b>358,005</b>	<b>308,317</b>	<b>268,324</b>	<b>231,602</b>
<b>CAPITAL MEASURES</b>					
Risk Weighted Assets	264,598	251,233	225,438	199,137	176,714
Common Equity Tier-1 Capital	39,733	36,294	23,882	20,623	18,379
Total Admissible Tier-1 Capital	39,733	36,294	23,882	20,623	18,379
Total Admissible Tier-2 Capital	3,038	3,157	3,100	3,389	3,335
Total Capital	42,771	39,452	26,982	24,012	21,714
Capital Surplus/(Deficit)	9,696	9,618	1,620	4,099	4,042
Common equity Tier-I (CET1) Capital Ratio	15.02%	14.45%	10.59%	10.36%	10.40%
Total Capital to Risk-weighted Asset Ratio (CRAR)	16.16%	15.70%	11.97%	12.06%	12.29%
<b>INCOME STATEMENT- PERFORMANCE AND PROFITABILITY</b>					
Total Revenue	27,819	26,008	23,701	20,185	17,474
Interest Income	32,623	27,478	21,734	18,310	17,700
Interest Expense	14,698	11,660	8,201	6,589	8,196
Investment Income	3,057	2,791	2,915	2,558	2,496
Commission Exchange & Brokerage	6,582	7,227	6,882	5,550	5,174

<b>CONSOLIDATED INFORMATION</b>		<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Non-Interest Income		6,837	7,399	7,253	5,907	5,474
Total Operating Expenses		18,859	16,614	14,279	11,575	10,353
Total Income		42,517	37,668	31,902	26,775	25,671
Total Expenditure		33,557	28,275	22,480	18,164	18,550
Operating Profit		8,960	9,393	9,422	8,611	7,121
Profit Before Tax		7,501	8,643	8,284	7,063	4,765
Net Profit After Tax		4,583	5,670	5,498	4,076	2,340
<b>STANDALONE INFORMATION</b>		<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>FINANCIAL POSITION</b>						
Cash and bank balances		38,629	37,253	37,681	31,188	38,526
Investments		45,944	25,765	24,966	22,488	19,779
Loans and Advances		264,091	238,008	202,559	173,612	147,434
Fixed Asset		8,189	4,301	4,275	3,113	2,937
Other assets		11,001	10,023	9,642	18,142	15,754
Non-banking assets		66	66	63	62	62
<b>Total Assets</b>		<b>367,920</b>	<b>315,417</b>	<b>279,187</b>	<b>248,605</b>	<b>224,492</b>
Borrowing		35,390	31,303	28,807	25,591	20,061
Convertible Subordinate Bonds		-	-	2,850	2,951	3,000
Money at call and on short notice		1,274	-	2,700	1,304	3,780
Deposit and other accounts		268,309	233,509	196,224	168,860	150,221
Other liabilities		25,290	18,966	22,615	28,459	28,616
Total Shareholders' Equity		37,658	31,638	25,991	21,441	18,815
<b>Total Liability and Shareholders Equity</b>		<b>367,920</b>	<b>315,417</b>	<b>279,187</b>	<b>248,605</b>	<b>224,492</b>
AD ratio		82.10%	82.78%	83.39%	83.47%	82.24%
Off Balance Sheet Items		100,137	79,543	68,250	57,211	49,954
Interest Earning Assets		355,147	307,272	271,282	232,911	210,372
Non-Interest Earning Assets		12,773	8,144	7,905	15,694	14,121
<b>INCOME STATEMENT- PERFORMANCE AND PROFITABILITY</b>						
Total Revenue		21,388	19,165	18,710	15,965	14,121
Interest Income		29,692	25,112	20,498	17,842	17,373
Interest Expense		14,654	11,574	8,351	7,036	8,699
Investment Income		3,072	2,961	3,581	2,497	2,454
Commission Exchange & Brokerage		3,151	2,573	2,876	2,538	2,915
Non-Interest Income		3,279	2,666	2,981	2,661	2,994
Total Operating Expenses		11,440	10,343	9,660	7,952	7,286
Total Income		36,042	30,739	27,060	23,000	22,820
Total Expenditure		26,095	21,917	18,011	14,987	15,985
Operating Profit		9,948	8,822	9,050	8,013	6,835
Profit Before Tax		8,505	8,072	7,897	7,148	4,621
Net Profit After Tax		5,646	5,547	5,250	4,460	2,436

<b>STANDALONE INFORMATION</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>CAPITAL MEASURES</b>					
Authorized Capital					
20,000	20,000	12,000	12,000	12,000	12,000
Paid up Share Capital	12,334	10,725	8,552	7,104	7,093
Risk Weighted Assets	244,401	233,713	209,351	188,431	166,622
Common Equity Tier-1 Capital	33,784	28,780	23,534	19,707	17,115
Total Admissible Tier-1 Capital	33,784	28,780	23,534	19,707	17,115
Total Admissible Tier-2 Capital	3,038	3,157	3,100	3,389	3,260
Total Capital	36,822	31,937	26,634	23,095	20,375
Capital Surplus/(Deficit)	6,272	4,184	3,082	4,252	3,713
Common equity Tier-I (CET1) Capital Ratio	13.82%	12.31%	11.24%	10.46%	10.27%
Total Capital to Risk-weighted Asset Ratio (CRAR)	15.07%	13.67%	12.72%	12.26%	12.23%
<b>ASSET QUALITY</b>					
Total Loans and Advance					
264,091	238,008	202,559	173,612	147,434	
Classified Loans	10,525	7,379	7,221	5,911	8,839
Provision for Unclassified Loans (GP)	2,646	2,504	2,341	2,091	1,528
Provision for Classified Loans (SP)	6,081	5,067	5,649	4,865	6,890
Provision for off balance sheet items	392	584	621	490	427
Percentage of NPLs to Total Loans and Advances	3.99%	3.10%	3.56%	3.40%	5.99%
NPL Coverage Ratio (incl. GP)	97%	123%	132%	143%	110%
NPL Coverage Ratio	65%	76%	86%	94%	86%
<b>FOREIGN EXCHANGE BUSINESS</b>					
Import					
90,661	110,575	98,332	72,142	57,220	
Export	71,360	60,800	53,161	44,714	34,078
Remittance (Inward)	73,344	84,178	57,522	65,596	23,786
Guarantee	7,783	4,537	3,673	2,534	3,174
<b>OPERATING PROFIT RATIOS</b>					
Cost of Fund					
7.08%	6.75%	5.69%	5.32%	6.64%	
Return on Assets	1.65%	1.87%	2.02%	1.89%	1.13%
Return on Equity	16.29%	19.25%	22.14%	22.16%	13.32%
Return on Investment	8.23%	9.00%	9.41%	9.20%	6.13%
Debt Equity Ratio (Times)	8.77	8.97	9.74	10.59	10.93
GP Margin	59%	62%	69%	69%	62%
NP Margin	16%	18%	19%	19%	11%
<b>MANAGEMENT EFFICIENCY RATIOS</b>					
Operating Income per Employee					
2.62	2.70	2.74	2.51	1.83	
Operating Cost per Employee	1.40	1.46	1.41	1.25	0.95
Operating Profit per Employee	1.22	1.25	1.32	1.26	0.89
PBT per employee	1.04	1.14	1.16	1.12	0.60
Cost to Income Ratio	53%	54%	52%	50%	52%

<b>STANDALONE INFORMATION</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>DIVIDEND PAYMENT</b>					
Cash	7.5%	0%	0%	10%	25%
Stock	7.5%	15%	25%	20%	0%
Total Dividend	15%	15%	25%	30%	25%
<b>SHARES INFORMATION</b>					
No. of Shares	1,233,375,327	1,072,500,285	855,209,694	710,436,910	709,287,321
Earnings Per Share (BDT)	4.58	4.50	4.91	5.23	3.43
Number of Shareholders	16,765	17,459	15,593	15,560	18,418
Market Value Per Share ( Year end) in taka	57.10	72.70	108.40	64.10	48.70
Price Earnings Ratio	12.47	14.05	17.65	12.26	14.19
Net Asset Value Per Share in taka	30.53	25.65	24.23	25.07	26.53
Market Capitalization at the year end	70,426	77,971	92,363	45,610	34,542
<b>DISTRIBUTION NETWORK</b>					
Number of Customer's Accounts	1,465,872	1,605,423	1,454,315	1,305,211	2,025,472
Number of Loan Accounts	204,784	210,894	198,264	236,441	205,671
Number of Deposit Accounts	1,261,088	1,394,529	1,256,051	1,068,770	1,819,801
Number of Branches	120	119	118	111	106
No. of SME SC/KB	67	67	68	69	69
Number of SME Unit Office	456	456	457	448	479
Number of ATMs	424	448	447	469	457
Number of CDM	89	97	90	81	70
Number of Employees	8,160	7,085	6,835	6,355	7,700
Number of Foreign Correspondents	379	370	396	432	429

# OUR JOURNEY IN BUILDING A BETTER BANGLADESH

## Contribution to the national exchequer

In a challenging financial services industry environment where profitability is elusive for most banks, BRAC Bank has reported a contrarian performance by delivering sustainable profitability growth through its focus on strategies and initiatives that are anchored on a long-term lens. Stable profitability has not only ensured consistent value creation in the hands of share owners and other stakeholders, but has also allowed the bank to continuously expand its capacities in terms of contributing to national development, thereby fulfilling

a humble part in meeting the developmental agendas of the Government for ensuring public welfare. The bank disbursed a cumulative sum of BDT 26,258 mn in terms of:

1. Direct Tax:
  - (a) Corporate income tax (BDT 11,950 mn)
  - (b) Withholding tax (BDT 8,428 mn)
2. Indirect Tax:
  - (a) Value Added Tax (BDT 3,448 mn)
  - (b) Excise duty (BDT 2,431 mn)

## BRAC Bank's contribution to the national exchequer over the past five years:

BDT in mn

Year	Direct Tax		Indirect Tax		Total
	Withholding Tax	Corporate Tax	VAT	Excise duty	
2015	1,356	1,759	514	307	<b>3,936</b>
2016	1,407	2,106	587	517	<b>4,618</b>
2017	1,543	2,847	824	442	<b>5,656</b>
2018	1,776	2,531	745	575	<b>5,627</b>
2019	2,346	2,707	778	590	<b>6,420</b>
<b>Grand total</b>	<b>8,428</b>	<b>11,950</b>	<b>3,448</b>	<b>2,431</b>	<b>26,258</b>

## Fostering employment generation

To support large-scale banking operations and remain as one of the largest employers of the country's financial services sector, BRAC Bank has developed an expansive and well-integrated banking network that spans the length and breadth of the country. Such a network not only closely serves our purpose of ensuring financial inclusion and reaching banking to the unbanked/underbanked, it has also ensured tremendous employment generation opportunities in both the metropolitan as well as mofussil areas of the nation, thus ensuring homogenous development in its own unique way. At the end of the year 2019, a total of 8,160 employees were directly involved across

the bank's integrated value chain, which is 15% higher than that of last year. With a rich legacy and robust brand recall, BRAC Bank is an employer of choice with a growing reputation of being socially-responsible too, thereby fulfilling the innate aspirations of employees in making a tangible difference to customer communities and societies. In addition, BRAC Bank, as a pioneer in SME loans, not only empowers grassroots entrepreneurs to realise their ambitions through extending timely credit support and even business advisory but, in doing so, also contributes to large-scale indirect employment creation. As on December 2019, the bank had 127,832 SME customers with an outstanding loan book of Tk. 120,786 mn to this segment.

## **Financial services digitalisation, financial inclusion and green banking**

As a pioneering financial services institution that not only serves today's needs, but also strives to fulfill tomorrow's requirements, BRAC Bank has emerged as among the few banks in the country to offer a wide bouquet of financial services that can be accessed digitally, thus also aligning with the Government's ambitious 'Digital Bangladesh' focus. The bank has also championed financial inclusion through bKash, which has now emerged as a widely-recognised, award-winning mobile financial services company, transforming and reshaping the very core of the industry. Through bKash, BRAC Bank's objectives of bringing the mass unbanked population pools under formal banking channels has been attained, as the company is deeply embedded into the customer's every day life, altering payment habits and behaviours, while also building faith and credibility in the platform. Such mass-scale financial inclusion through digitalisation has helped bring peripheral economic activities into the mainstream, thus contributing to the country's overall economic growth as well.

BRAC Bank, in its endeavour to further widen its financial inclusion programme and augment economic activities, introduced 'Agent Banking' services in October 2018. In its first full-year of operations in 2019, the number of agent outlets has grown to 301, thus covering almost all the major districts and consumption centres of the county, while greatly facilitating customer convenience in accessing organised banking. Notably, all transactions under Agent Banking are processed through biometric verification, which ensures the highest levels of security as well as facilitates ease of banking, thus making banking accessible and simplified, especially amongst the rural populations.

In a bid to extend digitalisation to not only cover external customers and consumers, but also internally with a view to fortify our own operations to be able to serve customers better and enrich their experiences with us, we have brought the scope of digitalisation to our employees, suppliers/business partners,

potential candidates, etc, too. To achieve this extent of digitalisation, the bank, in 2018, migrated from a dated ERP system to the world-class 'Oracle E- Business Suite' that ensures simplification of various internal processes, thus assisting us in not only fulfilling the key matrix of optimising TAT while ensuring the highest credit underwriting standards, but also in embracing green banking through lowering paper consumption, etc.

As a future-facing organisation, BRAC Bank continuously invests in modernising its IT infrastructure. This intent is best manifest in the fact that we have established a focused division dedicated to achieve our digital transformation strategies, which is entrusted with the mandate of serving our customers better through best practices in digital banking.

## **Our focus on the UN SDGs**

With a relentless emphasis to transform Bangladesh into a 'developed country' by 2041, the Government has realised that the journey towards the attainment of this overarching vision is through achieving the goals, as expressed in the United Nations' Sustainable Development Goals (UN SDGs) by 2030. BRAC Bank, by virtue of the intrinsic nature of its operations and characteristics of its business, has aligned its impact with the SDGs and today, contributes to meeting a number of goals, enshrined in its focus on reducing poverty, achieving zero hunger and prosperity through various financial inclusion initiatives, like bKash and Agent Banking, etc. The bank also fulfills the gender equality agenda, through providing equal opportunity and remaining fair and meritocratic, while encouraging the participation of women in the workplace by, among other initiatives, fostering a facilitative, supportive and non-discriminatory environment. Further, the bank aims to finance projects that promote good health and well-being, enhance access to clean water and sanitation, contribute to preservation of life on land and below water and encourage sustainable electrification through affordable and renewable clean energy, etc. Further, through its targeted and high-impact CSR activities, the bank also ensures that its social contributions and budgets are aligned with the goals of the SDGs.

# STOCK PRICE STATISTICS 2019

Month	Dhaka Stock Exchange Ltd. (DSE)			Chittagong Stock Exchange Ltd. (CSE)			Total Volume (DSE & CSE)	Market Capitalization (DSE) [BDT in Million] (at close of month)
	Month High	Month Low	Total Volume (Number)	Month High	Month Low	Total Volume (Number)		
Jan-19	85.20	73.00	40,058,632	84.90	74.00	3,544,811	43,603,443	84,191
Feb-19	83.60	78.00	16,171,757	83.20	77.80	344,169	16,515,926	87,087
Mar-19	90.40	73.00	33,992,441	90.80	74.00	2,238,371	36,230,812	83,441
Apr-19	81.90	60.00	18,298,251	81.00	60.00	957,350	19,255,601	66,173
May-19	65.00	55.00	36,204,329	64.80	55.10	652,238	36,856,567	79,676
Jun-19	67.00	62.60	15,674,400	67.00	62.00	966,789	16,641,189	81,526
Jul-19	65.90	60.50	11,560,481	66.10	59.00	1,112,794	12,673,275	77,579
Aug-19	63.20	57.70	8,619,547	63.50	58.00	971,483	9,591,030	71,412
Sep-19	62.80	55.90	13,724,679	62.50	55.00	519,139	14,243,818	75,853
Oct-19	62.00	50.00	10,194,047	62.20	50.20	320,868	10,514,915	62,409
Nov-19	61.90	50.50	16,660,842	61.00	50.00	4,539,987	21,200,829	71,536
Dec-19	60.70	56.10	9,971,544	61.40	55.90	117,578	10,089,122	70,426

## Stock Details

Particulars	DSE	CSE
Stock Symbol	BRACBANK	BRACBANK
Company/Scrip Code	11138	22029
Listing Year	2007	2007
Market Category	A	A
Electronic Share	Yes	Yes
Market Lot (Nos)	1	1
Face Value	10	10
<b>Total Number of Securities</b>	<b>1,233,375,327</b>	

# VALUE-ADDED STATEMENT

## Overview

Value-added statement is a financial statement that illustrates the value (or wealth) created by an organisation, and its allocation amongst various stakeholders, including employees, shareholders, government and creditors, along with retained earnings or the value retained in the business.

On a strategic level, value-added statement is instructive in the sense that it portrays a detailed interpretation of the total value addition and its subsequent disbursement. A higher value-added showcases the value of management efficiency in running the business, reflects the organisation's embedded competitive levers in thwarting competition, and exhibits leadership intent and outcome in creating sustainable value for all associated with the business.

## Value-added statement

Stewarded by its purpose of creating the best bank of Bangladesh, BRAC Bank has achieved tremendous progress over the years in creating a valuable national

asset in the banking and financial services sector of the country. Rooted in its focus on deep customer engagement through diverse channels with a wide complement of products and services, BRAC Bank today enjoys an entrenched presence in the SME, Retail and Wholesale banking sub-sectors of Bangladesh, with a standing premised on innovation, service, differentiation and customer-centricity.

Anchored on such a positioning, BRAC Bank has created tremendous value over the years, contributing to shareholder wealth creation (through stock/cash dividends and equity appreciation), employee wealth creation (through compensation and exemplary non-monetary benefits), national value creation (through generating both direct and indirect employment and also through exchequer contributions) and community value creation (through its high-impact social responsibility initiatives).

The following value-added statement showcases the consolidated value created by BRAC Bank for the year ended 31 December 2019, and its distribution amongst various stakeholder communities.

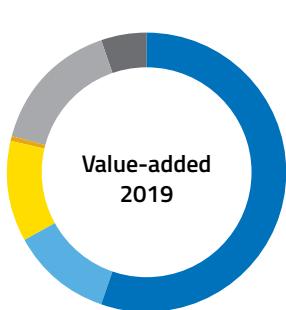
	2019		2018	
	Amount	%	Amount	%
<b>Value-Added</b>				
Net Interest Income	15,038	96%	13,538	100%
Commission, Exchange & Brokerage	3,072	20%	2,573	19%
Investment Income	3,151	20%	2,961	22%
Other Income	128	1%	93	1%
Management Expenses Excluding Salaries & Allowances, Depreciation	(4,206)	-27%	(4,868)	-36%
Provision for Doubtful Losses	(1,442)	-9%	(750)	-6%
<b>Total Value Added by the Company</b>	<b>15,739</b>	<b>100%</b>	<b>13,547</b>	<b>100%</b>

## Distribution of value addition

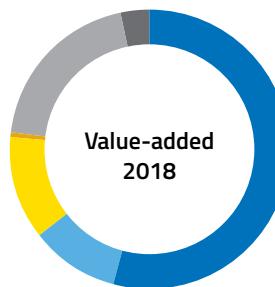
### To Employees

as salary and Allowance	5,598	36%	4,695	35%
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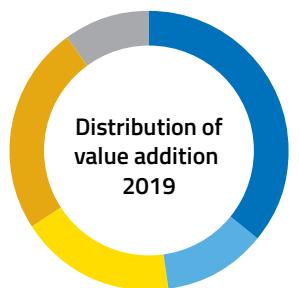
		2019		2018	
		Amount	%	Amount	%
<b>To Provider of Capital</b>					
dividend to shareholders (cash & stock)		1,850	12%	1,609	12%
<b>To Government:</b>					
as corporate tax		2,860	18%	2,525	19%
<b>To Expansion and Growth</b>					
as retained income		3,796	24%	3,939	29%
as depreciation		1,636	10%	779	6%
Total Distribution by the Company		15,739	100%	13,547	100%



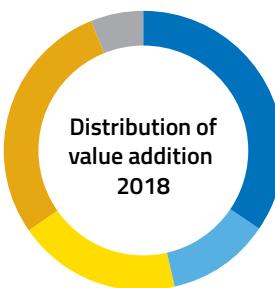
- Net Interest Income 96%
- Commission, Exchange & Brokerage 20%
- Investment Income 20%
- Other Income 1%
- Management Expenses Excluding Salaries & Allowances, Depreciation -27%
- Provision for Doubtful Losses -9%



- Net Interest Income 100%
- Commission, Exchange & Brokerage 19%
- Investment Income 22%
- Other Income 1%
- Management Expenses Excluding Salaries & Allowances, Depreciation -36%
- Provision for Doubtful Losses -6%



- To Employees**  
■ as salary and Allowance 36%
- To Provider of Capital**  
■ dividend to shareholders (cash & stock) 12%
- To Government:**  
■ as corporate tax 18%
- To Expansion and Growth**  
■ as retained income 24%
- as depreciation 10%



- To Employees**  
■ as salary and Allowance 35%
- To Provider of Capital**  
■ dividend to shareholders (cash & stock) 12%
- To Government:**  
■ as corporate tax 19%
- To Expansion and Growth**  
■ as retained income 29%
- as depreciation 6%

## Economic value-added (EVA)

Economic value-added (EVA) statement reflects the aggregated organisational surplus generated post coverage of the cost of the total invested equity.

On a granular level, the cost of the total invested equity refers to the equitable charge towards providers of capital. It represents the post-tax return on capital employed, less the cost of the capital employed. In this realm, post-tax return on the capital employed is adjusted for the tax shield on debt.

Value is created when organisations earn higher returns against the cost of capital. On the other hand, value destruction occurs when enterprises earn lower returns against the cost of capital. Hence, return on the invested capital is a significant shareholder metric and a key yardstick in governing investment decisions. As a responsible bank with a longstanding reputation, BRAC Bank relentlessly focuses on ensuring sustainable value creation for all its equity providers.

### Formula for EVA:

$$\text{EVA} = \text{Net operating profit} - \text{Taxes} - \text{Cost of capital}$$

### Economic Value-added (EVA) Statement [EVA=(NPAT-Cost of Average Equity)]

For the year end	2015	2016	2017	2018	2019
Shareholders' Equity at the year end	18,815	21,441	25,991	31,638	37,658
Accumulated Provision against Loan & Advances and Investment	8,776	7,028	7,999	7,697	9,391
Average Shareholders' Equity	18,285	20,128	23,716	28,814	34,648
Dividend	2.5	3.0	2.5	1.5	1.5
Market Value Per Share	48.70	64.10	108.4	72.7	57.1
Growth Rate	25%	20%	-17%	-40%	0%
Cost of Equity	9.71%	10.62%	9.04%	5.58%	5.34%

### Economic Value Added (EVA) Statement [EVA=(NPAT-Cost of Average Equity)]

Net Profit after Tax (Before Provision)	4,649	5,325	6,402	6,297	7,088
Less: Cost of Equity	1,776	2,138	2,145	1,609	1,850
<b>Total</b>	<b>2,873</b>	<b>3,187</b>	<b>4,257</b>	<b>4,688</b>	<b>5,238</b>

### Key Ratios:

EVA/Operating Revenue (%)	12.59%	13.86%	15.73%	15.25%	14.53%
EVA/Average Shareholders' Equity (%)	15.71%	15.83%	17.95%	16.27%	15.12%
Net Profit After Tax/Operating Revenue (%)	10.67%	19.39%	19.40%	18.05%	15.66%

### Market Value Added Statement

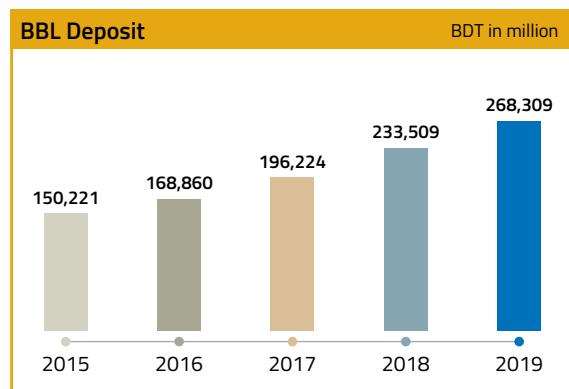
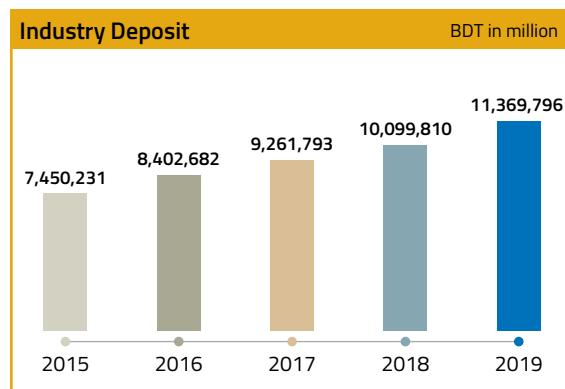
Market Value of Shares Outstanding	34,542	45,610	92,363	77,971	70,426
Book Value of Shares Outstanding	7,093	7,104	8,552	10,725	12,334
Market Value Added	27,449	38,506	83,811	67,246	58,092

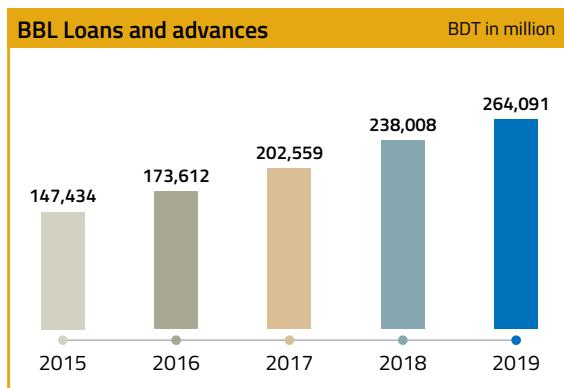
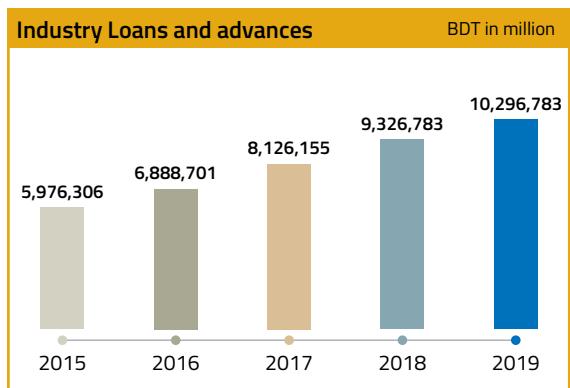
### Industry

Loans and advances	5,976,306	6,888,701	8,126,155	9,326,783	10,296,783
Deposits and other accounts	7,450,231	8,402,682	9,261,793	10,099,810	11,369,796

### BBL

Loans and advances	147,434	173,612	202,559	238,008	264,091
Deposits and other accounts	150,221	168,860	196,224	233,509	268,309

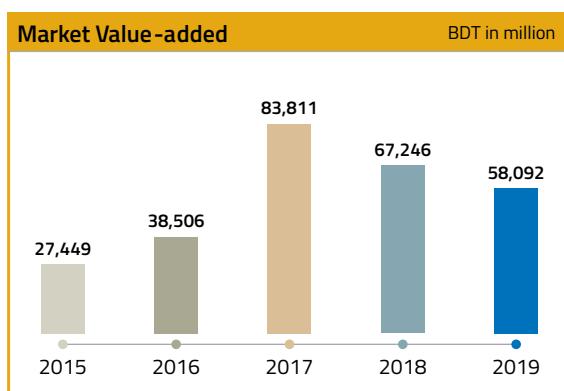




### Market value-added (MVA)

Market value-added (MVA) is a direct and credible reflection of a company's performance evaluated by the market considering its equity. It is a measure of an organisation's performance as viewed from an external perspective and quantifies how the market has judged its performance in terms of the market value of its shares, compared against the book value. It stands for the difference between the market value of equity and the book value of equity invested in the company.

A positive MVA is a sanguine indication of performance and reflects the company's success in sustainable shareholder value creation. On the contrary, a negative MVA indicates subpar performance in terms of the value of corporate actions and investments not being higher or commensurate against the value of the capital attributed to the company by the capital markets.



During the year 2019, BRAC Bank took its value creation agenda forward by reporting a positive MVA of Tk. 58,092 mn (2018: Tk. 67,246 mn).

# DUPONT ANALYSIS

## Overview

DuPont analysis is a pioneering analytical model of Return on Equity (RoE), and is an effective tool to examine and bring forth the extent of contribution of various factors of the bank on its RoE. It conclusively proves that a bank can earn a high RoE if it:

- Earns a high net profit margin
- Uses its assets effectively to generate more sales
- Has a prudent financial leverage

Fundamentally, the DuPont equation provides a broader picture of the return the bank is earning on its equity. It informs where the strengths of the bank lie and where there is scope for further improvement. Thus, it facilitates critical examination and is a journey of achieving improvement every day.

**Return on equity= Net profit margin x Asset turnover ratio x Financial leverage**

$$= (\text{Net income}/\text{Sales}) \times (\text{Sales}/\text{Total assets}) \times (\text{Total assets}/\text{Total equity})$$

## Components of DuPont

DuPont analysis is an index that reveals how much profit a company has earned in comparison with the total amount of shareholders' equity on the balance sheet.

It has 3 major components in consideration:

### Profit margin:

This is a basic profitability ratio. It is calculated by dividing the net profit by the total revenues. It resembles the profit generated after deducting all expenses. The primary factor remains to maintain healthy profit margins and derive ways to keep expanding profits by reducing expenses, enhancing product/service prices, etc., which eventually impacts the RoE.

$$\text{Net profit margin} = \text{Net profit} / \text{Total income}$$

### Total asset turnover:

This ratio is an effective depiction of the efficiency of the bank in deploying or utilising its assets. It is calculated by dividing revenues by average assets. The ratio differs across industries, but is highly useful in comparing players operating in the same industry. If the bank's asset turnover increases, this positively impacts its RoE.

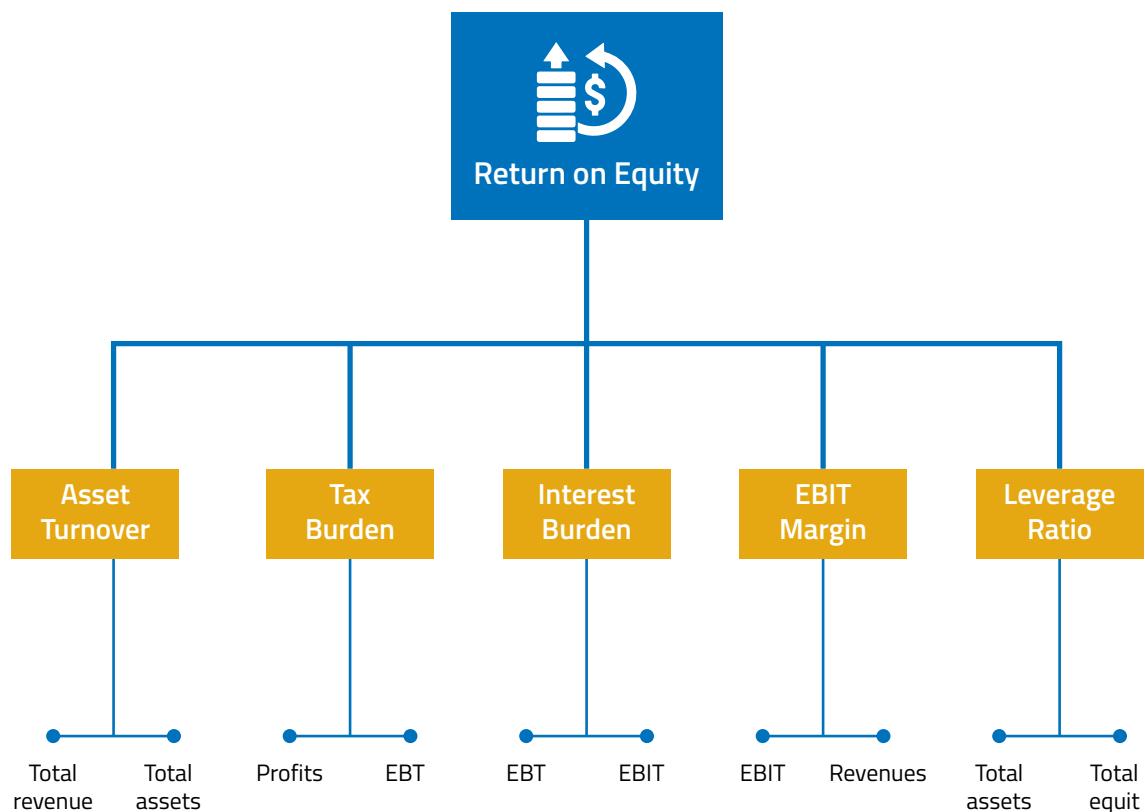
$$\text{Asset turnover} = \text{Total Income} / \text{Average assets}$$

### Financial leverage:

This refers to the debt used to finance assets and indicates how the bank has struck the right balance in utilising its debt to finance its operations and also to meet its growth aspirations. However, the bank is cognisant of the reality that the use of excess leverage to push up RoE can turn out to be detrimental to its long-term fiscal health and hence strikes the right balance between its indebtedness and growth focus.

$$\text{Financial leverage} = \text{Average assets} / \text{Average equity}$$

## BRAC Bank's DuPont analysis framework



### Benefits of DuPont analysis

- It is a reliable indicator of performance measurement of the various divisions or business segments of the bank
- It is useful in capital allocation decisions, in terms of allocation of capital to those segments that contribute most to the RoE with minimal risk
- It helps pinpoint authentic triggers that are driving the performance of the bank and whether these triggers/factors are sustainable or not

### DuPont analysis for 2019

In line with the past few years, the year 2019 was challenging as well in terms of constrained margin expansion due to enhanced competitive intensity, regulatory pressures and significant investments (expenses) in tech infrastructure reinforcements and developmental projects. We believe that these are foundational initiatives that will support the bank's long-term growth objectives and were necessary investments with the view to enhance our customer-centric propositions, especially in the realm of digital banking.

BRAC Bank's DuPont analysis summarises that despite our net profit after tax expanded by 2% in 2019, our net profit margin declined slightly by a percentage point from 18% to 16% during the year and this is because of increase in non-operating expenses. This apart, the overall change in RoE was largely contributed by the decline in equity multiplier in 2019, and the primary reason behind this was the increase in total equity base during 2019.

### BRAC Bank's DuPont analysis, 2019

Particulars	2019	2018
ROE	16.29%	19.25%
Net profit margin	16%	18%
Contribution to net profit margin:		
a) Operating profit margin	28%	29%
b) Non-operating items	-4%	(2%)
c) Tax	-8%	(8%)
Asset turnover (Times)	0.11	0.10
Equity multiplier (Times)	9.86	10.32

# HORIZONTAL ANALYSIS (STANDALONE)

## Statement of Financial Position

	2019		2018		2017		2016		2015	
	BDT'M	Δ %								
<strong>PROPERTY AND ASSETS</strong>										
Cash	22,830	2%	22,375	22%	18,284	16%	15,821	-2%	16,207	-5%
Balance with other banks and financial institutions	15,799	6%	14,879	-23%	19,396	26%	15,367	-31%	22,319	-9%
Investments	45,944	78%	25,765	3%	24,966	11%	22,488	14%	19,779	-17%
Loans and advances	264,091	11%	238,008	18%	202,559	17%	173,612	18%	147,434	21%
Fixed assets including premises, furniture and fixtures	8,189	90%	4,301	1%	4,275	37%	3,113	6%	2,937	2%
Other assets	11,001	10%	10,023	4%	9,642	-47%	18,142	15%	15,754	11%
Non-banking assets	66	0%	66	5%	63	2%	62	0%	62	
<strong>Total property and assets</strong>	<strong>367,920</strong>	<strong>17%</strong>	<strong>315,417</strong>	<strong>13%</strong>	<strong>279,187</strong>	<strong>12%</strong>	<strong>248,605</strong>	<strong>11%</strong>	<strong>224,492</strong>	<strong>10%</strong>
<strong>LIABILITIES AND CAPITAL</strong>										
<strong>Liabilities</strong>										
Borrowings from other banks, financial institutions & agents	22,902	0%	22,958	-1%	23,211	23%	18,838	21%	15,533	108%
Borrowings from Bangladesh Bank	12,488	50%	8,345	49%	5,596	-17%	6,753	49%	4,528	90%
Convertible Subordinate Bonds	-	-	-	-100%	2,850	-3%	2,951	-2%	3,000	0%
Money at call on short notice	1,274	-	-	-100%	2,700	107%	1,304	-66%	3,780	210%
Deposits and other accounts	268,309	15%	233,509	19%	196,224	16%	168,860	12%	150,221	1%
Other liabilities	25,290	33%	18,966	-16%	22,615	-21%	28,459	-1%	28,616	18%
<strong>Total Liabilities</strong>	<strong>330,262</strong>	<strong>16%</strong>	<strong>283,779</strong>	<strong>12%</strong>	<strong>253,196</strong>	<strong>11%</strong>	<strong>227,165</strong>	<strong>10%</strong>	<strong>205,677</strong>	<strong>10%</strong>
<strong>Capital and shareholders' equity</strong>										
Total shareholders' equity	37,658	19%	31,638	22%	25,991	21%	21,441	14%	18,815	6%
<strong>Total liabilities and shareholders' equity</strong>	<strong>367,920</strong>	<strong>17%</strong>	<strong>315,417</strong>	<strong>13%</strong>	<strong>279,187</strong>	<strong>12%</strong>	<strong>248,605</strong>	<strong>11%</strong>	<strong>224,492</strong>	<strong>10%</strong>

# HORIZONTAL ANALYSIS (STANDALONE)

## Profit & Loss Account

	2019		2018		2017		2016		2015	
	BDT'M	Δ %	BDT'M	Δ %	BDT'M	Δ %	BDT'M	Δ %	BDT'M	Δ %
Interest income	29,692	18%	25,112	23%	20,498	15%	17,842	3%	17,373	3%
Interest paid on deposits and borrowing etc.	14,654	27%	11,574	39%	8,351	19%	7,036	-19%	8,699	-5%
<b>Net interest income</b>	<b>15,038</b>	<b>11%</b>	<b>13,538</b>	<b>11%</b>	<b>12,148</b>	<b>12%</b>	<b>10,807</b>	<b>25%</b>	<b>8,674</b>	<b>14%</b>
Investment income	3,072	4%	2,961	-17%	3,581	43%	2,497	2%	2,454	-2%
Commission, exchange and brokerage	3,151	22%	2,573	-11%	2,876	13%	2,538	-13%	2,915	14%
Other operating income	128	38%	93	-12%	105	-15%	123	56%	79	-29%
<b>Total operating income</b>	<b>21,388</b>	<b>12%</b>	<b>19,165</b>	<b>2%</b>	<b>18,710</b>	<b>17%</b>	<b>15,965</b>	<b>13%</b>	<b>14,121</b>	<b>10%</b>
Salaries and allowances	5,579	19%	4,681	8%	4,347	31%	3,313	12%	2,962	1%
Rent, taxes, insurance, electricity etc.	701	-50%	1,409	7%	1,312	14%	1,148	20%	957	6%
Legal expenses	31	-44%	55	32%	42	-31%	61	-20%	75	-46%
Postage, stamps, telecommunication etc.	230	-15%	272	9%	250	3%	242	-8%	262	20%
Stationery, printing, advertisement etc.	269	-8%	292	-4%	304	50%	203	-35%	312	17%
Chief Executive's salary and fees	19	34%	14	5%	13	0%	13	-7%	14	3%
Directors' fees	1	-18%	1	-4%	1	2%	1	96%	1	1%
Auditors' fees	2	12%	2	12%	1	20%	1	28%	1	0%
Depreciation and repair of the bank's assets	2,050	77%	1,156	37%	844	-7%	906	1%	896	-13%
Other expenses	2,557	4%	2,460	-3%	2,546	23%	2,064	14%	1,805	58%
<b>Total operating expenses</b>	<b>11,440</b>	<b>11%</b>	<b>10,343</b>	<b>7%</b>	<b>9,660</b>	<b>21%</b>	<b>7,952</b>	<b>9%</b>	<b>7,286</b>	<b>10%</b>
<b>Profit before provisions</b>	<b>9,948</b>	<b>13%</b>	<b>8,822</b>	<b>-3%</b>	<b>9,050</b>	<b>13%</b>	<b>8,013</b>	<b>17%</b>	<b>6,835</b>	<b>11%</b>
<b>Provision for loans/Investments:</b>										
Loans and advances	1,882	28%	1,467	-28%	2,032	-11%	2,296	-25%	3,067	24%
Recovery from Write-Off	(786)	0%	(783)	-25%	(1,039)	-15%	(1,218)	26%	(964)	54%
Diminution in value of investments	534	359%	116	-261%	(72)	-75%	(287)	-817%	40	33%
Off balance sheet items	(192)	419%	(37)	-128%	131	110%	63	-10%	70	-32%
Other provisions	4	-129%	(13)	-113%	100	860%	10	-	-	-
<b>Total provision</b>	<b>1,442</b>	<b>92%</b>	<b>750</b>	<b>-35%</b>	<b>1,152</b>	<b>33%</b>	<b>865</b>	<b>-61%</b>	<b>2,214</b>	<b>12%</b>
<b>Total Profit/(loss) before taxes</b>	<b>8,505</b>	<b>5%</b>	<b>8,072</b>	<b>2%</b>	<b>7,897</b>	<b>10%</b>	<b>7,148</b>	<b>55%</b>	<b>4,621</b>	<b>11%</b>
<b>Provision for taxation:</b>										
Current tax expense	3,719	47%	2,523	-21%	3,196	22%	2,630	17%	2,250	7%
Deferred tax expense / (income)	(859)	-41606%	2	-100%	(549)	-1041%	58	-191%	(64)	157%
<b>Total provision for taxation</b>	<b>2,860</b>	<b>13%</b>	<b>2,525</b>	<b>-5%</b>	<b>2,647</b>	<b>-2%</b>	<b>2,688</b>	<b>23%</b>	<b>2,186</b>	<b>5%</b>
<b>Net profit after taxation</b>	<b>5,646</b>	<b>2%</b>	<b>5,547</b>	<b>6%</b>	<b>5,250</b>	<b>18%</b>	<b>4,460</b>	<b>83%</b>	<b>2,436</b>	<b>16%</b>

# VERTICAL ANALYSIS (STANDALONE)

## Statement of Financial Position

	2019		2018		2017		2016		2015	
	BDT'M	%								
<b>PROPERTY AND ASSETS</b>										
Cash	22,830	6%	22,375	7%	18,284	7%	15,821	6%	16,207	7%
Balance with other banks and financial institutions	15,799	4%	14,879	5%	19,396	7%	15,367	6%	22,319	10%
Investments	45,944	12%	25,765	8%	24,966	9%	22,488	9%	19,779	9%
Loans and advances	264,091	72%	238,008	75%	202,559	73%	173,612	70%	147,434	66%
Fixed assets including premises, furniture and fixtures	8,189	2%	4,301	1%	4,275	2%	3,113	1%	2,937	1%
Other assets	11,001	3%	10,023	3%	9,642	3%	18,142	7%	15,754	7%
Non-banking assets	66	0.02%	66	0.02%	63	0.02%	62	0.03%	62	0.03%
<b>Total property and assets</b>	<b>367,920</b>	<b>100%</b>	<b>315,417</b>	<b>100%</b>	<b>279,187</b>	<b>100%</b>	<b>248,605</b>	<b>100%</b>	<b>224,492</b>	<b>100%</b>
<b>LIABILITIES AND CAPITAL</b>										
<b>Liabilities</b>										
Borrowings from other banks, financial institutions & agents	22,902	6%	22,958	7%	23,211	8%	18,838	8%	15,533	7%
Borrowings from Bangladesh Bank	12,488	3%	8,345	3%	5,596	2%	6,753	3%	4,528	2%
Convertible Subordinate Bonds	-	0%	-	0%	2,850	1%	2,951	1%	3,000	1%
Money at call on short notice	1,274	0.3%	-	0%	2,700	1%	1,304	1%	3,780	2%
Deposits and other accounts	268,309	73%	233,509	74%	196,224	70%	168,860	68%	150,221	67%
Other liabilities	25,290	7%	18,966	6%	22,615	8%	28,459	11%	28,616	13%
<b>Total Liabilities</b>	<b>330,262</b>	<b>90%</b>	<b>283,779</b>	<b>90%</b>	<b>253,196</b>	<b>91%</b>	<b>227,165</b>	<b>91%</b>	<b>205,677</b>	<b>92%</b>
<b>Capital and shareholders' equity</b>										
Total shareholders' equity	37,658	10%	31,638	10%	25,991	9%	21,441	9%	18,815	8%
<b>Total liabilities and shareholders' equity</b>	<b>367,920</b>	<b>100%</b>	<b>315,417</b>	<b>100%</b>	<b>279,187</b>	<b>100%</b>	<b>248,605</b>	<b>100%</b>	<b>224,492</b>	<b>100%</b>

# VERTICAL ANALYSIS (STANDALONE)

## Profit & Loss Account

	2019		2018		2017		2016		2015	
	BDT'M	%								
Interest income	29,692	82%	25,112	82%	20,498	76%	17,842	78%	17,373	76%
Interest paid on deposits and borrowing etc.	14,654	41%	11,574	38%	8,351	31%	7,036	31%	8,699	38%
<b>Net interest income</b>	<b>15,038</b>	<b>42%</b>	<b>13,538</b>	<b>44%</b>	<b>12,148</b>	<b>45%</b>	<b>10,807</b>	<b>47%</b>	<b>8,674</b>	<b>38%</b>
Investment income	3,072	9%	2,961	10%	3,581	13%	2,497	11%	2,454	11%
Commission, exchange and brokerage	3,151	9%	2,573	8%	2,876	11%	2,538	11%	2,915	13%
Other operating income	128	0.4%	93	0.3%	105	0.4%	123	1%	79	0.3%
<b>Total operating income</b>	<b>21,388</b>	<b>59%</b>	<b>19,165</b>	<b>62%</b>	<b>18,710</b>	<b>69%</b>	<b>15,965</b>	<b>69%</b>	<b>14,121</b>	<b>62%</b>
Salaries and allowances	5,579	15%	4,681	15%	4,347	16%	3,313	14%	2,962	13%
Rent, taxes, insurance, electricity etc.	701	2%	1,409	5%	1,312	5%	1,148	5%	957	4%
Legal expenses	31	0.1%	55	0.2%	42	0.2%	61	0.3%	75	0.3%
Postage, stamps, telecommunication etc.	230	1%	272	1%	250	1%	242	1%	262	1%
Stationery, printing, advertisement etc.	269	1%	292	1%	304	1%	203	1%	312	1%
Chief Executive's salary and fees	19	0.1%	14	0.05%	13	0.05%	13	0.1%	14	0.1%
Directors' fees	1	0.003%	1	0.004%	1	0.01%	1	0.01%	1	0.003%
Auditors' fees	2	0.01%	2	0.01%	1	0.01%	1	0.01%	1	0.004%
Depreciation and repair of the bank's assets	2,050	6%	1,156	4%	844	3%	906	4%	896	4%
Other expenses	2,557	7%	2,460	8%	2,546	9%	2,064	9%	1,805	8%
<b>Total operating expenses</b>	<b>11,440</b>	<b>32%</b>	<b>10,343</b>	<b>34%</b>	<b>9,660</b>	<b>36%</b>	<b>7,952</b>	<b>35%</b>	<b>7,286</b>	<b>32%</b>
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Diminution in value of investments	534	1%	116	0.4%	(72)	-0.3%	(287)	-1%	40	0.2%
Off balance sheet items	(192)	-1%	(37)	-0.1%	131	0.5%	63	0.3%	70	0.3%
Other provisions	4	0.01%	(13)	-0.04%	100	0.4%	10	0.05%	-	0%
<b>Total provision</b>	<b>1,442</b>	<b>4%</b>	<b>750</b>	<b>2%</b>	<b>1,152</b>	<b>4%</b>	<b>865</b>	<b>4%</b>	<b>2,214</b>	<b>10%</b>
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<b>Net profit after taxation</b>	<b>5,646</b>	<b>16%</b>	<b>5,547</b>	<b>18%</b>	<b>5,250</b>	<b>19%</b>	<b>4,460</b>	<b>19%</b>	<b>2,436</b>	<b>11%</b>

# COMPETITIVE INTENSITY AND STRATEGIC RESPONSES

## Overview

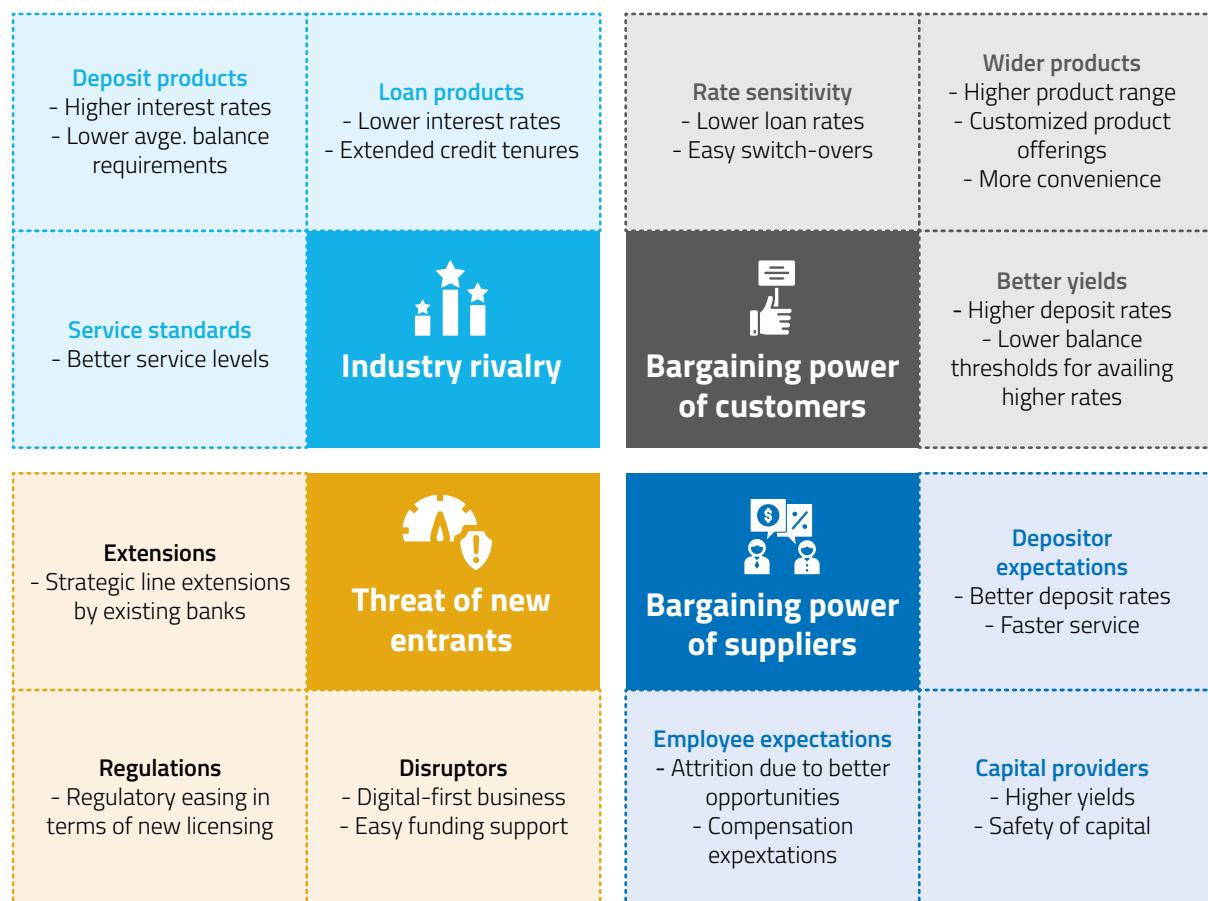
Across businesses and markets, competitive intensity has grown manifold, as a larger number of entities venture into a market, attracted by prospective gains. In this context, it is imperative for existing companies or incumbents to protect their turf, and this is where strategic responses come into play.

Such responses not only help thwart competitive pressures, but also create an extra level of competitiveness, as companies try to improve their products or services, improve their pricing, lower their costs or even engage in expanding their geographic presence.

## BRAC Bank's strategic responses

At BRAC Bank, we have reinforced our strategic competitive moat, which is not only reflected in our being among the largest banking institutions in Bangladesh, but also in terms of our vision to emerge as the best bank of the country, with our success measured by our holistic impact on our stakeholders, rather than only on the basis of our profits.

The diagram below illustrates key bundles of competitive intensity, segregated across major stakeholder groups. It is not merely important for us to meet their expectations – rather we need to anticipate their needs and then serve these needs to stay ahead of the competitive curve.



## Key competitive forces and their descriptions affecting/impacting BRAC Bank

### Industry rivalry

The banking sector in Bangladesh has attracted several companies to invest and create profitable platforms. In the country, the banking industry has 59 scheduled banks, 5 non-scheduled banks and 34 NBFIs. This makes switching relatively easy on account of the high concentration of service providers. Further, banks are also developing new products and services, thereby reinforcing their customer acquisition strategies and also eating into the share of existing service providers. Besides, there are many large local banks providing a range of both asset and liability products at competitive rates. Competition with other banks may force the industry to:

- Moderate their interest rates on loans
- Offer higher rates on deposits
- Provide more services for ensuring customer convenience

Such enforcements can create pressures on margins, while also impeding profitability levels.

At BRAC Bank, we have initiated the following measures with a view to protect our market and also grow our market share.

- **Investments in technology:** We provide innovative financial products and services through our ability to invest in state-of-the-art technologies, which builds customer trust and also adds to the overall quality of engagement with them.
- **Difference through service quality:** At BRAC Bank, we understand that while products can be commoditised and replicated, what cannot is service. Thus, we provide superlative service standards and experiences that enable our customers to naturally gravitate to us, thereby ensuring business repeatability.
- **Customer loyalty:** Historically, we have a strong and loyal base of customers. This represents a major advantage in a competitive industry, even as we strive to focus on the retention of this base, while focusing on expanding it too.
- **Marketing and brand-building expense:** At BRAC Bank, thanks to our size and scale, we are able to budget for relatively higher marketing and brand-building spends. Further, we have also embraced digital advertising that enables us to measure the impact of our advertising and even optimising it, while also reaching out to a larger potential target audience.

### Outcome

Paradoxically, though industry rivalry is high, we consider it to be moderate in our case because of our robust competitive advantages and our future-facing initiatives.

### Bargaining power of customers

It is reasonably easy for the customers to switch to other banks fully, or even avail part of their service requirements from other banks, thereby shrinking the size of the engagement. Yet however, it is fairly difficult for longstanding customers to switch because of intimacy/relationships built over the years.

Moreover, SMEs and retail businesses have historically been less rate-sensitive. However, rising competition, especially in these segments, have made it considerably more price sensitive. Besides, corporate clients have also become more price sensitive compared to the past, as they now have access to other banks/NBFIs as well.

In this scenario, as consumer expectations evolve, it is imperative for us at BRAC Bank to reinforce our customer service standards, delighting them with enjoyable, convenient and hassle-free experiences. In this context, we believe that customer experience will be the digital imperative in 2020.

Some of the measures we undertake with a view to attract and retain our customers include the following:

- Providing market-leading deposit rates
- Offering world-class service standards
- Offering the convenience of digital banking, enabling them to conduct a number of banking transactions on-the-go
- Providing value-based lending rates, with flexibility in foreclosure, processing fees, etc.

### Outcome

We believe the bargaining power of customers is relatively high, considering the competitive landscape. However, we are focusing on neutralising the impact of this through clear customer retention and acquisition strategies.

### Bargaining power of suppliers

Our suppliers comprise our deposit-holders who are our primary capital providers/suppliers. In an industry scenario with low differentiation, it is easy for this

primary deposit-holder group to switch to other banks, tempted by higher rates and perhaps even better service standards. Further, share of deposits is highly concentrated, which gives them excess bargaining power.

With a view to fund gaps in our borrowings, we also mobilise debt from other financial institutions, with rates being largely market-driven. Hence, their power is often considered to fluctuate between medium-to-high.

At BRAC Bank, we embrace the following strategies with a view to derive an edge over our supplier relationships.

- We offer our depositors relatively better rates and assure them of best-in-class service levels
- We provide a high degree of safety of capital for our investors/banking partners, with assurance of meeting our obligations and their expectations
- Our employees are our major suppliers of their time, commitment and knowledge with a view to enable us to achieve our goals and aspirations, for which we provide them adequate compensation and robust career development plans

#### **Outcome**

We focus on enhancing the quality of relationships with our suppliers, creating mutually-beneficial solutions across the engagement spectrum.

#### **Threat of new entrants**

Setting up a bank requires large amounts of capital, along with the need to clear stringent regulatory requirements.

Though new entrants feed-off the share of incumbents, barriers to entry are very high. Yet, the government faces continuous pressure from key vested interests for approvals for establishing new banks and FIs. In the past few years, a number of new banks and NBFIs have entered in an already competitive market. Few other banks have also applied for commencing commercial operations.

To counter the threats from new entrants, we are engaging in the following activities:

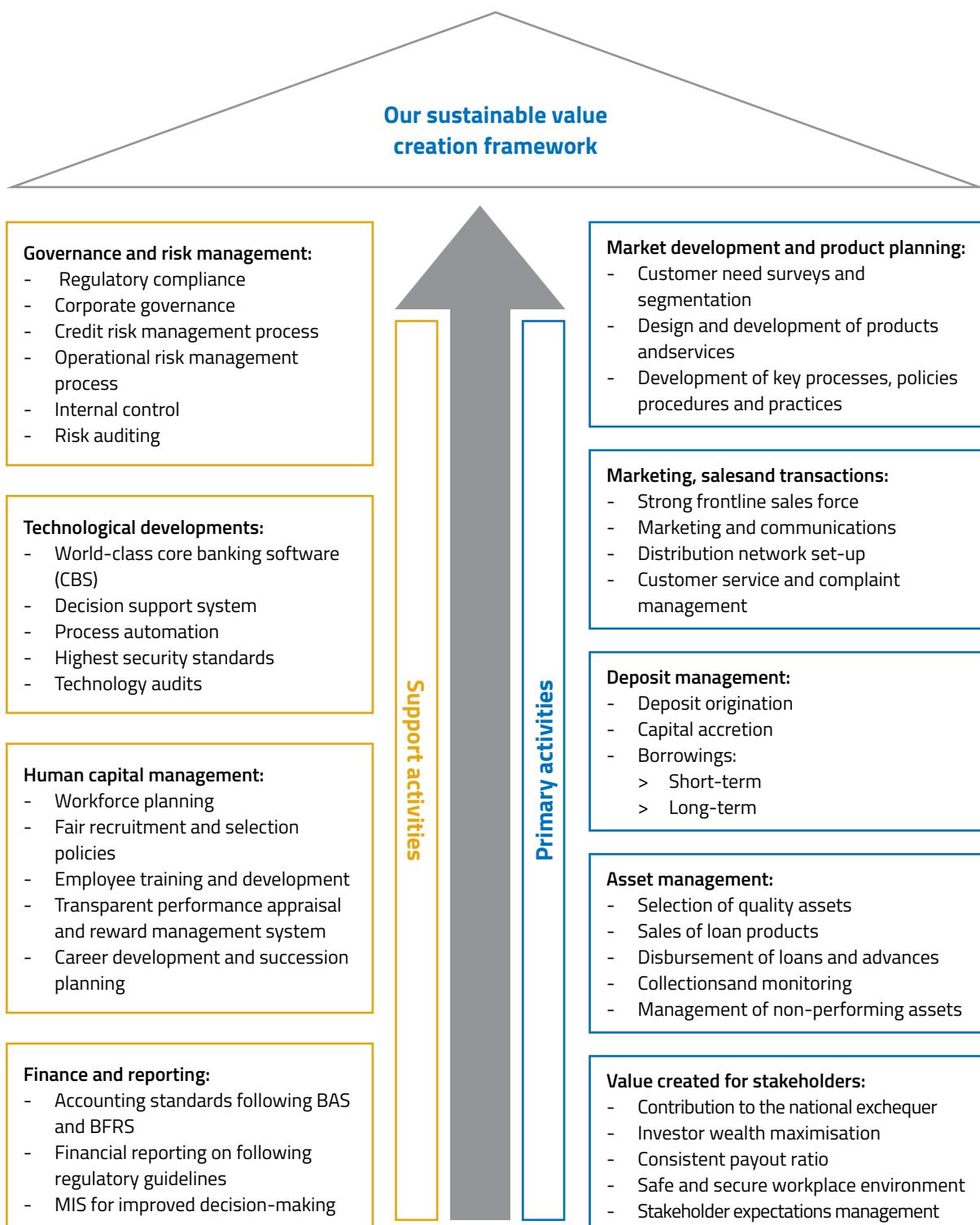
- Investing substantially in digital banking with a view to boost customer convenience and also our ability to service their growing and sophisticated requirements
- Continually launching new products and solutions that cater to diverse customer needs and requirements
- Adhering with all regulatory guidelines with a view to ensure the highest levels of compliance

#### **Outcome**

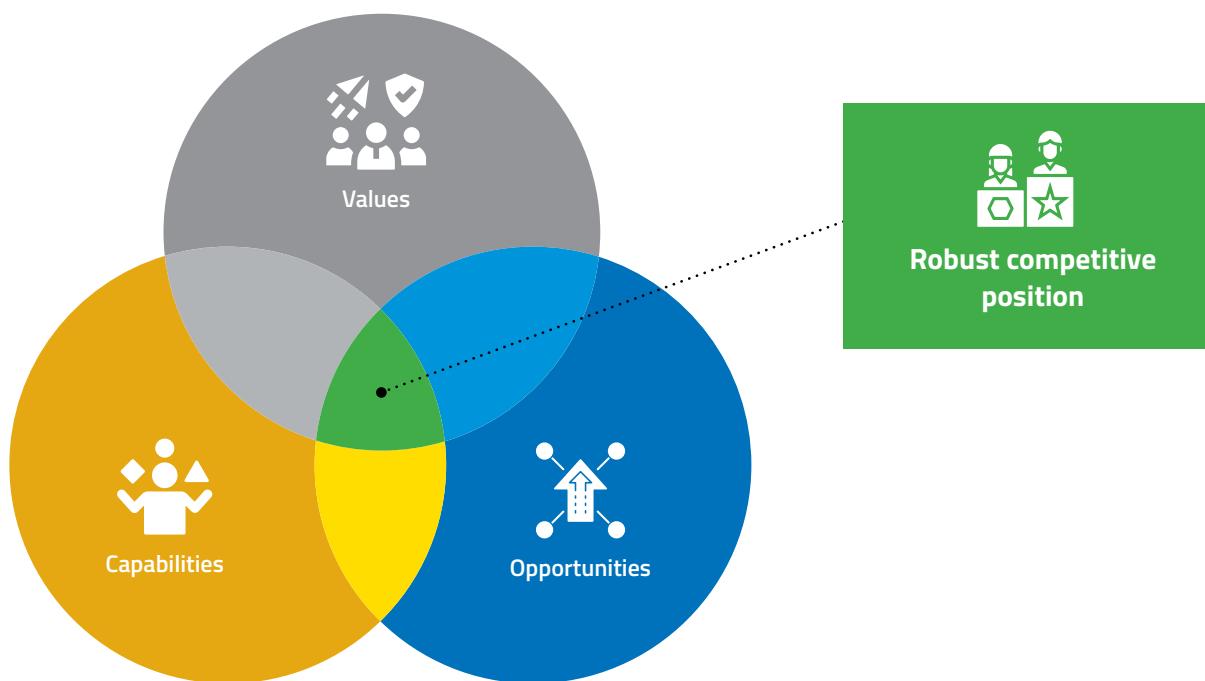
As a result, though the threat of new entrants is reasonably low when one takes into cognisance the strong competitive barriers to establishing a bank, in reality, there are many banks who have applied for licenses in Bangladesh, which may intensify competition in the future.



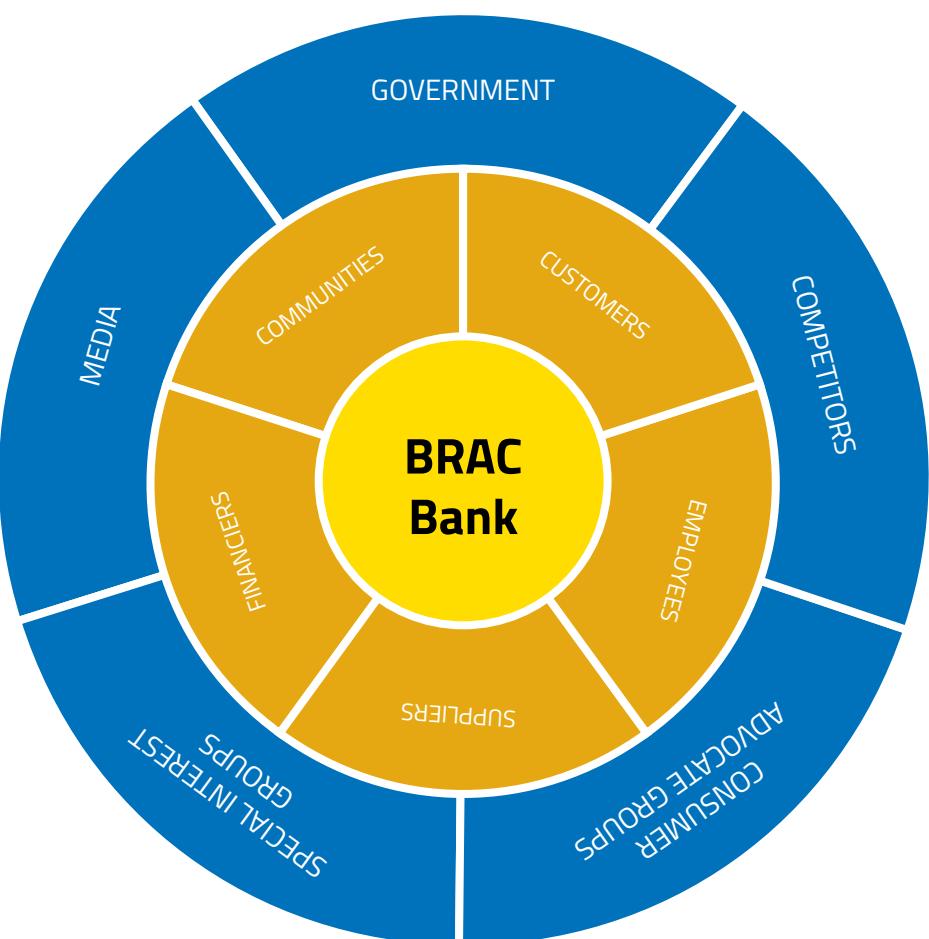
# BRAC BANK'S VALUE CHAIN



## Value creation focus



## Value creation for stakeholders





## Primary activities within our value chain

### Market development and product planning

Today, marketing plays a crucial role in the banking industry. Competitive intensity has expanded manifold with several domestic and international players. Attracting and retaining existing/new customers requires greater and more concerted focus on marketing and new product/services development.

Brand image is also an important constituent for banks. Most often, brand characteristics are influenced by service quality. Yet, marketing plays an important role in elevating brand awareness and it is the principal reason why advertising and other promotional activities are crucial. Visibility remains an important constituent for banks to extend customer outreach. At BRAC Bank, we play a positive role in communicating our brand values and reinforcing our customer value propositions. The result is that today, we have emerged as trusted and dependable financial partners in the journey of our customers.

### Marketing, sales and transactions

The banking industry is highly competitive and apart from entering new markets and acquiring new customers, it is important that banks also retain existing customers. The sales function serves an important role in value creation where it transcends beyond sales to ensure holistic customer engagement and eventual retention. Yet another important facet about this function is that it is the principal interface between the bank and its customers. The performance of this function also has an important effect on the bank's image among its customers.

Despite digital banking, the human touch still plays a key role in customer acquisition. Further, the expansion of financial services makes it imperative that our sales team articulates the full value propositions to our customers, showcasing our wide range of products and services to them. Further, we are managing our sales more efficiently by deploying technology and providing extensive training, especially to our frontline training staff.

Another primary activity in our value creation emphasis is daily transactions. Today, technology has facilitated this task. Hundreds of thousands of transactions are conducted daily, comprising both online and offline transactions conducted from ATMs to online means. To facilitate our customers, we use a variety of national and international payment clearance and settlement systems. Further, digital technology has also aided banking and payments, especially in the realm of mobile financial services.

## **Products (deposits and asset management)**

From loans to deposits, BRAC Bank provides a large and dynamic variety of products and services to its customers. From deposits and loans to credit cards and foreign exchange services, our product basket is a core component of our sustainable value creation journey. Further, we reinforce our offerings by dispensing superlative service standards to our customers, thus forging enduring relationships with them.

## **Supporting activities in our value chain**

### **Governance and risk management guidelines**

Banking is about risk-taking. Several inherent rewards in banking are born out of proper risk control and management. Hence, it is essential for us to manage our risks well, within our risk appetite and well-structured control frameworks. Risk management guidelines are therefore an important facet of our sustainable value creation focus. It helps us to manage our risks and control their impact to the extent that it enables us to pursue our growth aspirations, without exposing ourselves to any major or unnecessary downsides.

### **Technological infrastructure**

Our digital technologies are a source of competitive advantage in the industry, because it helps deliver services more efficiently. Technology has made banking easier and has also improved the bank's productivity standards. Today, a number of services can be availed online, thus circumventing branch visits. Today, we are extensively using technology within the extended arch of our operations, including in sales, marketing, customer service and other functions. Further, our website plays an important role in driving brand awareness, sales, marketing as well as customer acquisition and retention.

Infrastructure also plays a key role in our bank. Due to heightened competitive activity, the importance of IT in banking has also expanded manifold. With growing risks related to data security and privacy, we are now focusing meaningfully on sustaining a robust, safe and secure IT infrastructure. Our data centres also fulfill a

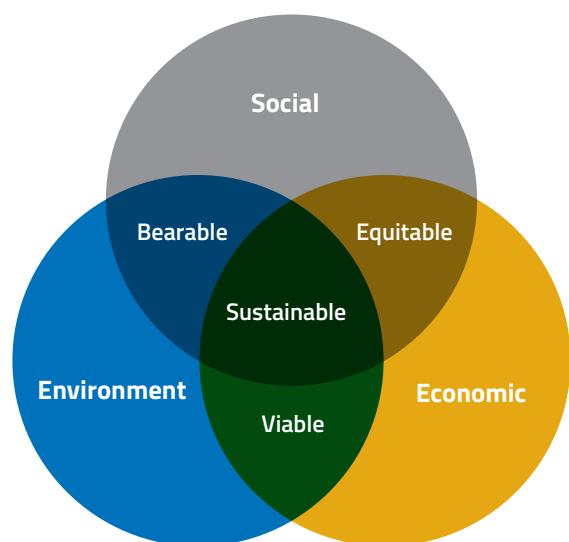
critical part of our tech infrastructure strategy, and we have multi-level security frameworks in place to protect consumer data and privacy.

### **Human resources/capital**

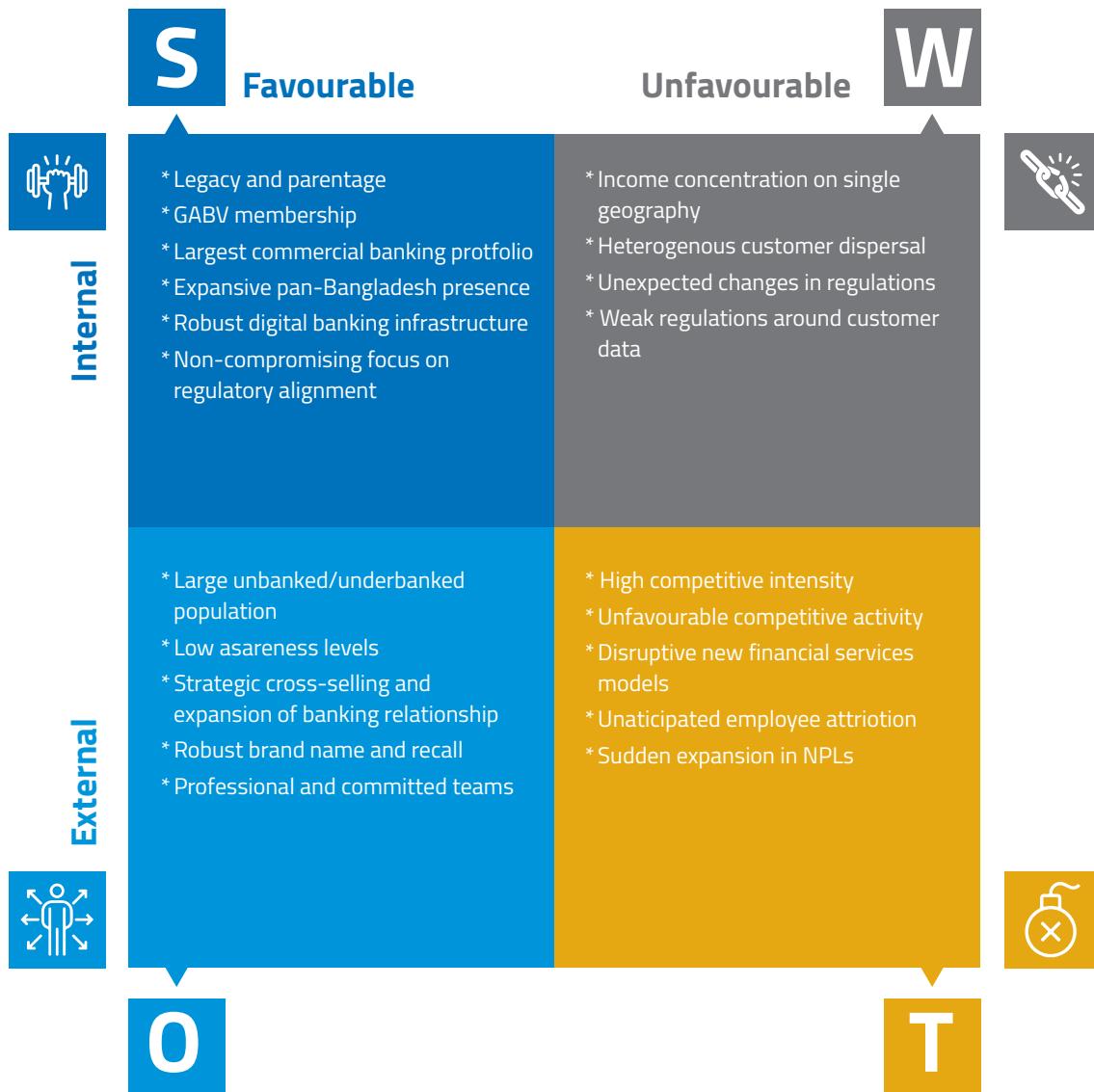
Despite the growing role of technology, human resources continue to play an important role in our value chain. We provide intensive training to our sales staff and engage in strategic management of our sales function. Further, in our quest to boost the quality of our human capital, we leverage digital tools and technologies to design and deliver effective training and skills development programmes, while also creating frameworks that enable us to measure the impact of our trainings.

### **Finance and reporting for sustainable value creation**

Reporting for our value chain (also known as social accounting, social and environmental accounting, corporate social reporting, corporate social responsibility reporting, or non-financial reporting) is considered a sub-category of financial accounting that focuses on the disclosure of non-financial information about our performance to external stakeholders, such as capital providers, creditors and other authorities. Our financial reporting represents organizational activities that have a direct impact on the society, environment and economic performance.



# BRAC BANK'S SWOT FRAMEWORK AT A GLANCE



# PESTEL ANALYSIS

## Overview

PESTEL analysis is an acronym for a tool used to identify the macro (external) forces facing an organisation. Such kind of an analysis is crucial from the point of view of shareholders or investors, as it informs them how some of the key external factors and the sub-factors within each of these core external factors can impact or influence an organisation's performance or ability to create value over the long-term.

Generally, when an organisation showcases its PESTEL analysis, it demonstrates solidity of the business model in not only enabling the organisation to focus on value capture across any situation, thus being flexible, it also illustrates the management's confidence in the long-term outlook of the business.

The letters of PESTLE stand for:

- Political
- Economic
- Social

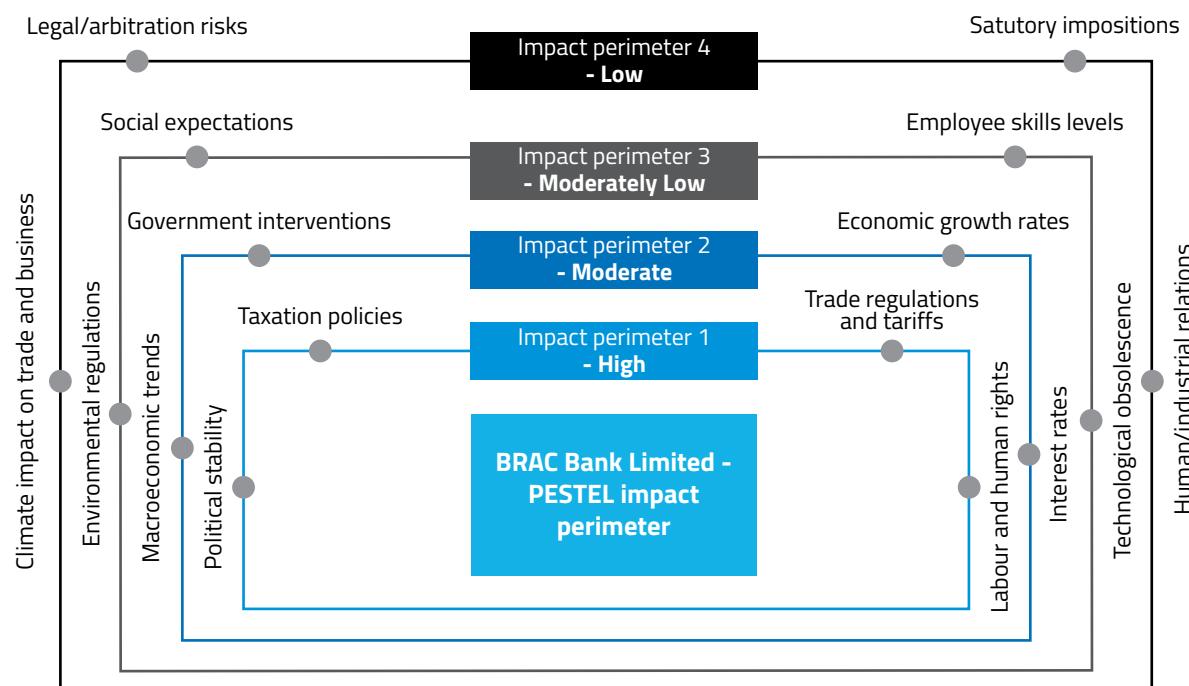
- Technological
- Environmental
- Legal

## BRAC Bank's PESTLE analysis framework

BRAC Bank's PESTEL analysis framework primarily helps initiate a fundamental situational evaluation, strengthening the bank's ability to not only focus on exploiting present-day opportunities, but also enables a near-accurate forecast of future trends to be able to proactively capitalise on opportunities, hence reinforcing long-term value generation capabilities.

At BRAC Bank, we believe that our focus on PESTEL evaluation enables us to successfully monitor and respond to changes in the macro-environment, thereby enabling us to differentiate from the competition and create a robust and unassailable competitive advantage.

BRAC Bank's PESTLE analysis through its impact perimeter is presented below.



## PESTEL analysis

### Political

- **Explanation**

Policies and legislative changes of the government can have a significant impact on the macro business landscape of a country. A government, empowered by the Constitution, possesses parliamentary rights to issue or amend or rollback laws, policies and regulations that can have a significant impact on the business.

Broadly, such changes include amendments in taxation, employment laws, tariffs, trade control, import/export restrictions, data protection, etc.

- **Impact specific to Bangladesh**

The incumbent government has fostered a stable business environment with an accommodative stance, with the overall objective to facilitate the ease of doing business. In view of supply side disruptions on account of tariff disputes between the US and China, it is hoped that the government will continue to position Bangladesh as an attractive trade and investment destination, especially among foreign investors. Further, tax-friendly rules and regulations are also expected in the forthcoming budget.

- **Political impact in the purview of our risk perimeter**

On a micro-level, banking in Bangladesh is a highly regulated industry in the realm of ensuring anti-money laundering, illicit trade and practices, including illegal funds transfer, etc. Within this ambit, we analyse such factors as:

- Political stability
- Regulatory interventions
- Legal frameworks
- Intellectual property protection
- Trade regulations and tariffs
- Taxation - tax rates and incentives
- Mandatory employee benefits
- Industrial safety regulations and rights

- **Ensuring aligning with political factors**

- Zero tolerance to regulatory misalignments

- 100 per cent compliance with all rules and regulations
- Proactive situational assessments, with strategic insights regularly shared with business divisions/departments
- Robust processes for political risk mitigation through, for example, extending due diligence for identifying PEPs and providing banking facilities to them, etc.
- Focus on SMEs to minimise major NPL shocks because of smaller loan ticket-size
- Prudence and conservatism in credit underwriting

### Economic

- **Explanation**

Economic trends and influences can have a significant bearing on a business. The scale of impact varies, with smaller organisations becoming more vulnerable to adverse economic developments, while the larger ones, on account of their scale, are able to absorb concomitant risks better. Some of the economic factors include, inflation, exchange rates, recessionary trends, demand-supply trends, etc.

- **Impact specific to Bangladesh**

Bangladesh has consistently registered high GDP growth rates at about 7% over the last few years. In fact, during fiscal 2019–20, the country is expected to grow faster even than the GDP growth of India and China that are facing internal country-specific issues.

Bangladesh's GDP growth momentum in FY19 was underpinned by strong domestic and external demand, as reflected in buoyant public and private investments and higher consumption, driven by higher exports, remittances and private credit growth. GDP growth at 8.15 per cent outperformed the target of 7.8 per cent. Bangladesh's GDP expected to grow by 8.2 per cent in 2020.

The country's economy got-off to a good start in the 2019 fiscal year, which began in July. Remittance inflows increased at a healthy clip in the October–December 2019 period, which helped to reduce external imbalances, as reflected by a significant YoY compression of the current account deficit (CAD) in the July–September 2019 period.

Further, credit expansion in the private sector is recording strong growth rates of 10.4% approx., and this trend will continue, subject to political stability and investor confidence.

- **Economic impact in the purview of our risk perimeter**

The banking sector is directly and closely linked to the economic growth of Bangladesh. However, the sector faces certain legacy issues, including high levels of NPLs, business fraud, etc. In this context, we foresee such issues as:

- Hike in interest rates on loans and deposits as being a major challenge in the coming years
- Challenges in terms of mobilisation of low-cost funds to strengthen ability to lend at low rates. Thus, banks will be forced to re-price its existing assets to match with its cost of deposits
- The BDT is projected to further depreciate due to higher demand for foreign currency for meeting the payment needs for import of capital machinery and food items
- Increased NPLs on account of deteriorating borrower credit profile, funds mismanagement and even politically-influenced impacts

- **Ensuring alignment with economic factors**

- Resilient and versatile business model ensures quick and secure opportunity capture
- Strong and deep distribution network facilitates stronger deposit mobilisation
- Greater focus on SME customers enables transformation from one-off transactions into sustainable relationships
- Expanding non-funded facilities reduces pressures on interest income
- Robust techniques, including forward contracts, matching FCY assets and deposits, etc., enhance FX risk mitigation
- Aggressive focus on lowering NPLs to enhance the quality of the asset book
- Restructuring credit undertakings under the leadership of newly recruited Chief Risk Officer (CRO), while simultaneously reinforcing risk assessment processes while onboarding customers or disbursing loans

- Highly secure credit evaluation standards
- Strong collections and monitoring teams, apart from a dedicated Special Assets Management and Recovery team

## Social

- **Explanation**

The income divide is deep and further deepening in the world. In some countries, the collective wealth of the billionaires is more than the country's budget. In Bangladesh too, the income divide is stark, as the per capita GDP is hardly reflective of the living standards of the vast swathes of the poor in the country.

- **Impact specific to Bangladesh**

Socio-cultural influences can have a deep impact on the banking industry. While it is the obligatory premise for banks to bring the poor and the deprived within the formal folds of the banking industry, staying true to the spirit of financial inclusion, banks should also remain proactive in terms of serving evolving needs, like those of the millennials for credit cards and digital banking, etc.

- **Political impact in the purview of our risk perimeter**

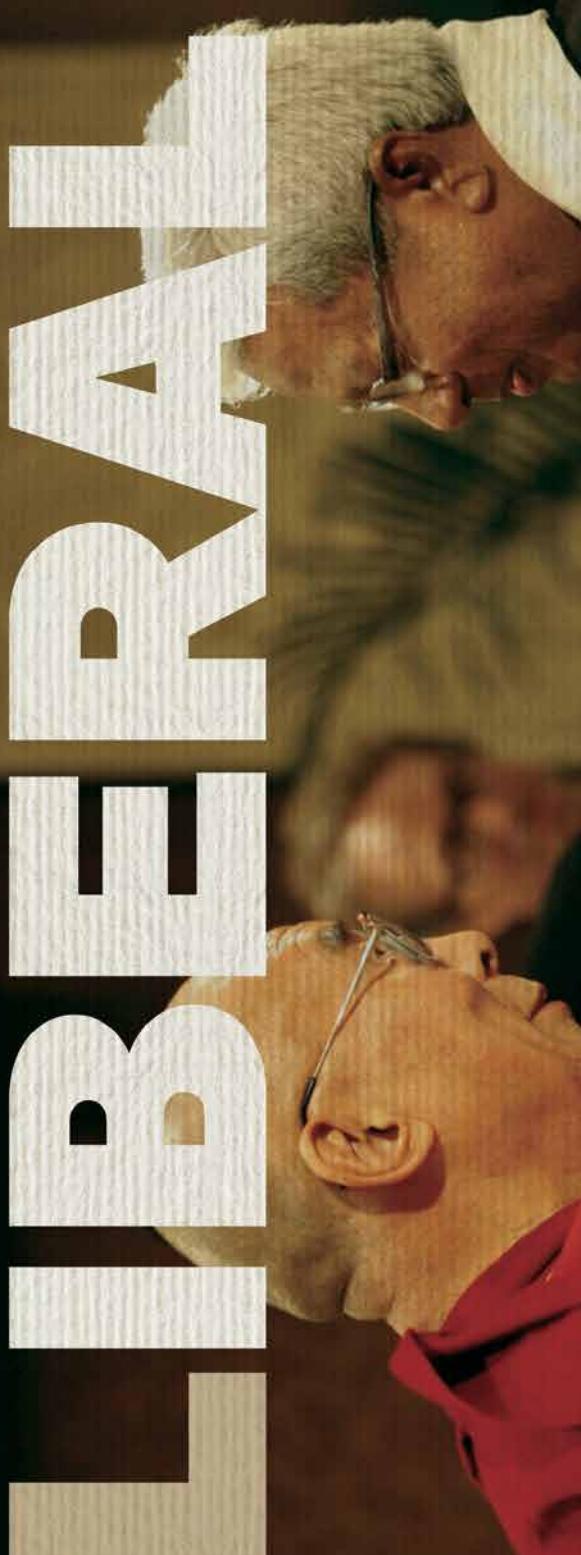
It is essential for a banking institution to articulate a shared future where everyone benefits from the association. With this purpose, we analyse the following parameters:

- Demographics and skill levels
- Education standards and levels
- Cultural contexts, including gender, social conventions and belief, etc.
- Entrepreneurial spirit and broader nature of the society
- Attitudes towards health, environment, etc.

We believe social factors will tend to further fragment customer needs, tastes and preferences. Hence, banks will need to rethink their customer segmentation strategies and offer products and services accordingly.

- **Ensuring alignment with social factors**

We will continue to focus on offering products and services as per customer preferences, ensuring sustainability, while continuing to invest in social responsibility activities and other such initiatives (like 'Dour', our annual marathon). Our purposes



is to augment the overall living standards in the country through:

- Providing access to finance, especially among SMEs and emerging businesses
- Creating jobs
- Boosting economic growth through credit
- Contributing to nation-building
- Increasing per capita income

### Technological

- **Explanation**

Technology has become pervasive today, especially for consumer- and business-facing industries and sectors, like financial services. Technology has taken centre-stage, and from customer accounts to loans and insurance, several services can be availed of online. Technology has added convenience to banking. However, some adverse outcomes have persisted, including privacy and security concerns, etc.

- **Impact specific to Bangladesh**

Technological evolution, mobile telephony, deep internet penetration and social networking have all impacted the banking sector. Indeed, tech advancement has made customers more sophisticated, altering their expectation levels. With the government specifically focusing on Digital Bangladesh, tech-enablement and tech levels are expected to rise among a number of sectors and industries, going forward.

- **Technological impact in the purview of our risk perimeter**

Growing dependence on technology to meet evolving customer requirements means that additional investments will be required in technology. Further, new and disruptive business models are also cropping up, especially those that focus on being digital-first. In this context, we believe technology analysis involves understanding the following impacts:

- IT enhancements by our competitors, including disruptors
- Technology's impact on product offerings/services
- Impact on cost structures
- Rate of technological diffusion

- **Ensuring alignment with technological factors**
  - Made significant investments in technology, even as we are in the process of upgrading to a state-of-the-art core banking system, ERP and Universal Banking Application
  - Manual processes are being automated to increase efficiency and reduce TAT, thus advancing customer service
  - We believe in digitalising all our services and operations, and are working towards achieving this objective

## **Environmental**

- **Explanation**

Sustainability and environmental responsibility are crucial to the banking sector, considering the stature, position and reach of the sector. In addition to routine green office practices, banks are also being encouraged to disburse credit to especially sectors engaged in the 'green' industry, like renewable energy, etc.

- **Impact specific to Bangladesh**

In Bangladesh, there is a growing focus on embracing 'green' finance or, more broadly speaking, sustainable finance. The country is especially vulnerable to climate-change impacts. For instance, floods are a recurrent feature that cause losses of tens of millions of dollars every year, while creating humanitarian crisis too.

- **Environmental impact in the purview of our risk perimeter**

- Focus on sustainable reporting and green financing
- Weather and climate change protection practices
- Rules and regulations against environmental pollution
- Recycling and waste management
- Attitude towards green or ecological products
- Attitude towards and support for renewable energy

- **Ensuring alignment with environmental factors**

At BRAC Bank, we always remain committed to embracing the principles of sustainable development through the creation of long-term value with respect to the environment, stakeholders and the extended community. We have a robust green finance book, and our team helps us to actively source green business that we believe is good for the environment and good for Bangladesh.

## **Legal**

- **Explanation**

The banking industry is subject to several rules and regulations, including labour laws, taxation policies, etc., with strong monitoring. Especially, with the advent of digital technologies, companies will have to align with the need for greater compliance in the face of tighter scrutiny.

- **Impact specific to Bangladesh**

In Bangladesh, a highly regulated business environment is assumed in the near future. Industries are being faced with more stringent rules and regulations, and application of rules are now more standardised and stringent than in the past.

- **Legal impact in the purview of our risk perimeter**

Bangladesh's banking industry is regulated under the Bank Companies Act 1991, as amended in 2013, Bangladesh Bank circulars and guidelines, listing regulations and securities laws. This apart, banks are also required to comply with Companies Act 1994, Income Tax Ordinance and Rules 1984, Value Added Tax Act and Rules 1991, etc.

- **Ensuring alignment with legal factors**

BRAC Bank aligns its operations based on its values and principles as a self-regulatory, morally-responsible and publicly-obliged corporate citizen in Bangladesh. We always value rules and regulations and engage in compliance with sustainability factors too. This is amply evident in the fact that we are the only banking institution in Bangladesh to be a member of GABV (Global Alliance for Banking on Values).

# OUR BUSINESS MODEL AND STRATEGY

## Objective

At BRAC Bank, our chief objective is to build a simple, safe and highly customer-focused bank.

As a financial services company with a longstanding heritage, we provide a wide range of products and services to personal, commercial, large corporate and institutional customers. Our purpose is to serve our customers to the best of our ability, being thoughtful, responsive and sensitive to their needs, and to further reinforce our unique propositions, we are building a safe, simple and highly customer-focused bank.

To achieve this, we are doing business in a way that aligns with our values, even as we consider the long-term impact of our decisions and actions. Underpinning this ambition is our blueprint for enduring success and perpetual value creation. Hence for us, we are striving to become more inclusive in our approach to not only developing innovative and highly useful products and solutions for our customers, but also inclusive with respect to deepening the value we create for the community and the society. For us, inclusivity also

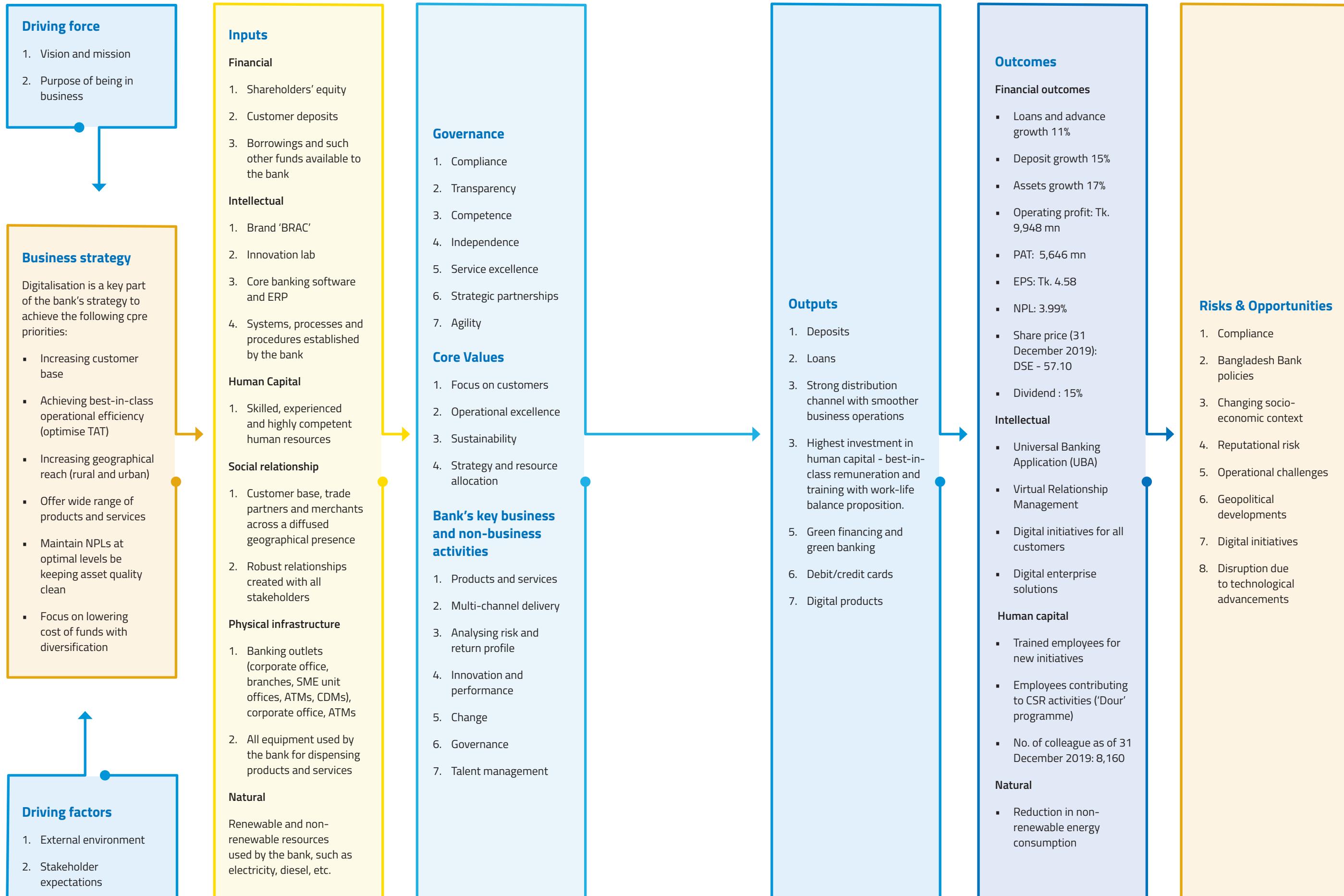
means that we diffuse value homogenously, while also endeavouring to strengthen our position as a meritocratic, fair and transparent bank that welcomes people from both genders and also from various ethnicities and religious beliefs and inclinations.

In ensuring that we embed inclusivity at the heart of our strategy, we know that we are also reinforcing our license to operate and even securing our future.

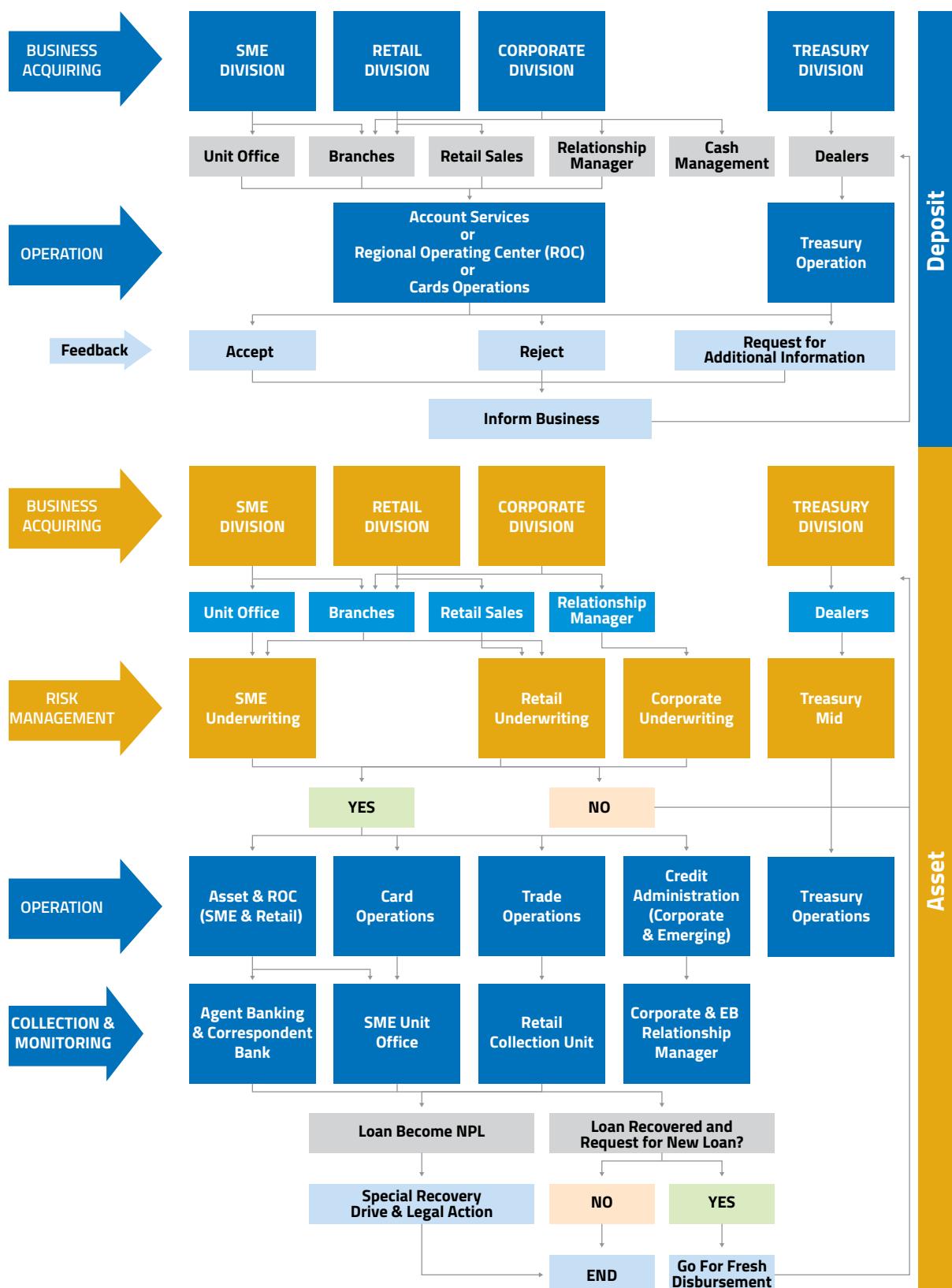
## Strategic goals

- To be the undisputed leader in financial services in Bangladesh
- To be the preferred partner to corporate, institutional and high net worth clients and their businesses
- To be a leading financial services partner valued for our expertise
- To be an organisation that commits to the three 'P's of people, planet and prosperity, while also focusing on the fourth 'P' of partnerships





# WORK FLOW OF BRAC BANK LIMITED



# STRATEGY AND RESOURCE ALLOCATION

## Overview

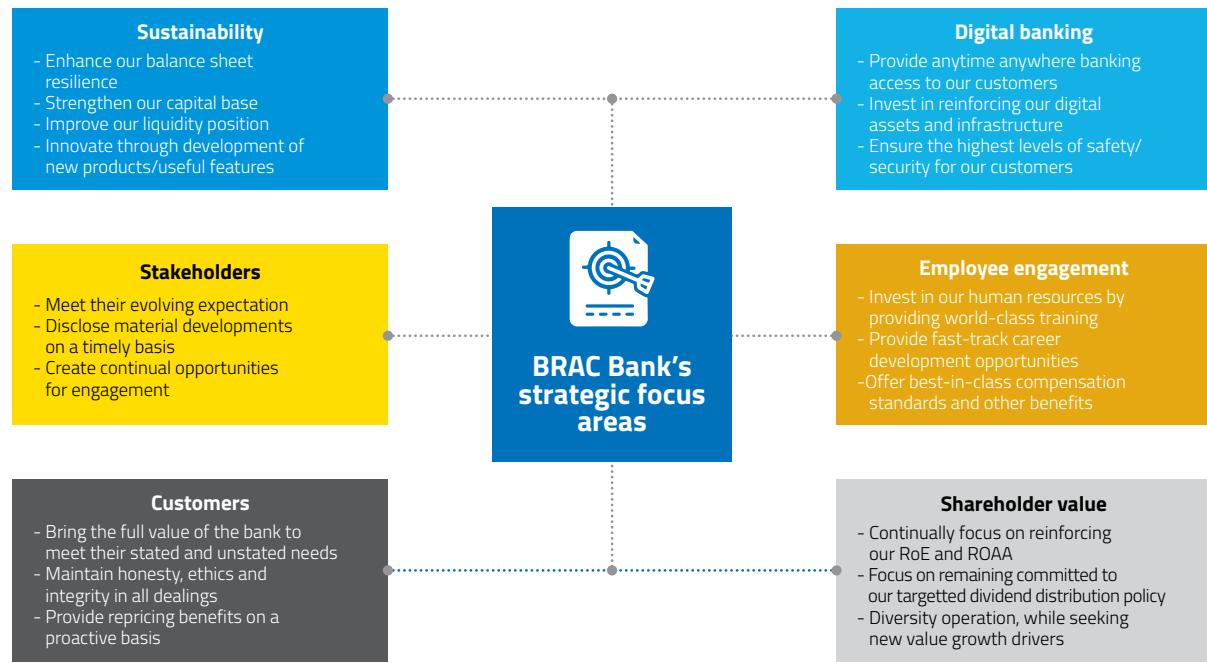
At BRAC Bank, during the year 2019, we continued to achieve steady progress in building a simpler, safer, transparent and more customer-focused bank, striving to meet the evolving expectations of our customers. The aggregated outcome was that we were able to report an operating profit of Tk. 9,948 mn during the year, thus achieving a 13 percent YoY growth, representing a respectable performance in a challenging macro environment.

We achieved profitability through delivering on our strategic plan that was established in 2015. The first part of this plan was anchored on:

- Building financial resilience by reducing risk

- Creating a more sustainable cost base

During the year 2020, we intend to meet our own aspirations of a high-tech and high-touch bank, with the key levers comprising lower costs and high-quality digital services with expert human assistance, where required. This will be underpinned by a clear commitment to our customers, shareholders and other stakeholders to be the best-in-class banking institution in Bangladesh.



## Our strategic focus areas

### Sustainability

At BRAC Bank, we remain focused on building a strong and sustainable bank positioned to create perpetual value. Towards this purpose, we have continued to improve our underlying fundamentals by augmenting

our capital base, by building robust liquidity positions and by balancing our loan-to-deposit ratio. As one of the largest commercial banking establishments of Bangladesh, we understand the importance of supporting the socio-economic aspirations of the country, which we strive to meet through our strong and resilient balance sheet that enables diversified lending. This practice is fortified by our bouquet of

sustainable banking initiatives that enable us to build loyalty among our diversified stakeholder base.

During the year 2020, we anticipate to further build on our digital banking platform, ensuring best-in-class assets, infrastructure and security levels, while creating a highly user-friendly additional point of entry, especially at the retail level, as we expand our touchpoints with our customers. Further, we will reinforce the digital banking experience for our customers by providing human assistance wherever required. Thus we expect to play an advisory role as

well as we diffuse digital banking advocacy among the public.

We believe that our long-term success is inter-linked with our ability to generate value for the society, and we do so through our focus on providing a wide range of user-driven and tech-enabled products, services and facilities that are useful for our customers and for public communities. Thus, our sustainability framework outlines our value creation model, including the way we use our resources, skills, relationships and expertise to deliver value to all our stakeholders.

## Our digital banking strategy

Our business strategy to take digitalisation to the next level is anchored on achieving the following:



Delivering superior customer experiences and greater convenience



Increasing our market share in Bangladesh by widening access to our banking and financial services



Expanding geographical reach



Sustaining strong asset quality



Focusing on achieving the UN SDGs



Maintaining low cost of services



Enhancing employer branding as a modern cutting-edge banking institution



Ensuring the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance

## Stakeholders

The fundamental reason for our existence is to serve our customers in the best possible way and to put their needs and expectations at the heart of our operational model. In serving this purpose, we use our people resources, skills and expertise to drive our customer relationships forward, while anchoring these on solidity and repeatability. In serving our customers thus, we are able to accrue profit that we use to create shareholder value and also to invest in community development and social initiatives, which sanctions our commercial and social license to operate. Our profit surplus is reinvested back into the business, enabling us to further

strengthen our banking foundations and propositions. In closing the circle thus, we are able to meet the diverse expectations of all our stakeholders, while fulfilling our obligations to national progress and development.

## Customer experience

At BRAC Bank, we are investing in our people, service capabilities and product propositions to strengthen our go-to-market strategies with our signature customer experiences dispensed through a wide variety of distribution channels. Today, the bank remains well-positioned to achieve its target of being the best bank in Bangladesh, known for its robust customer service

standards, trusted solutions and enduring relationships. We will continue to support our customers by offering products and services that meet their needs – both stated as well as unstated.

## Simplifying the bank

At our bank, we will accelerate our focus on restructuring our processes and eliminating unnecessary complexity to facilitate lowering our operating costs, while making our customer interactions more straightforward. Through embracing simplification, we will ensure that we remain agile, responsive and dynamic with a view to respond to change better and faster. Further, we believe that in an industry scenario where competition for the customer is high, our focus on simplification will enable us to bring the full-scale value of the bank to our markets, thus supporting our aspirations in business expansion.

## Employee engagement

At BRAC Bank, we believe that employee engagement is a highly effective business strategy, enabling us to not only ensure a productive and dedicated workforce, but also high levels of retention. In an industry environment where competition for talent is fierce, we believe that our focus on employee engagement through training, skills building, capacity development, best-in-class compensation and even recreation, we will continue to drive an edge in protecting attrition and the resultant loss of human and intellectual capital. We believe that engaged colleagues lead to engaged customers, and we are committed to investing in our colleagues and developing leaders who inspire and empower their teams.

At the Bank, we have leveraged several strategies that boost employee engagement. Some of these include:

- Providing a roadmap for fast-tracking career development
- Promoting transparency with a view to strengthen brand credibility among our employees
- Recognising our top performers and helping our resources discover and unlock their potential
- Establishing an open-door policy and two-way communication to enable an organisation that is constantly learning and improving
- Providing a sense of mission and purpose to our staff with respect to shared objectives and aspirations
- Being fair, meritocratic and reasonable in our expectations
- Fostering an organisational culture that encourages listening and deep thinking
- Sharing good practices and ideas between teams to strengthen the spirit of collaboration and achieve faster desirable outcomes

## Our key resources and relationships

BRAC Bank provides a whole host of financial services to individuals and businesses through its expansive, scalable and flexible distribution channel. For achieving this, we rely on our financial, human and intellectual, social and natural, and manufacturing/infrastructural capitals. We leverage these stocks of capital through our people expertise, technological backbone and robust customer service standards to be able to offer a wide range of banking products and solutions that meet the needs of our retail customers as well businesses across scale. We also deploy key resources within our various stocks of capital to drive stronger and more meaningful relationships with our stakeholders, including civil society.

Inputs	How we earn income
 <b>Financial capital:</b> <p>As a banking entity, this is the most important stock of capital as our value chain involves the inflow and outflow of funds. Our primary sources of funds include CASA deposits (current and savings accounts), interbank borrowings and other types of instruments. We deploy these funds into profitable lending avenues and channels to earn a margin on the underwritten risk. Our focus is to achieve a balance between our borrowing costs and lending rates. Our total assets stood at Tk. 367,920 mn in 2019.</p>	<ul style="list-style-type: none"> <li>● Through maximising our customer reach - both on the asset and liability products side</li> <li>● Through creating a robust banking franchise that has a strong and resilient balance sheet with sufficient liquidity and robust provisioning to absorb any shock losses</li> <li>● Through expanding our non-fund income as a strong diversification/revenue accretion measure</li> <li>● Through ensuring that we are adequately compensated for the risk we carry which, in other words, represents our focus on enhancing our net interest margins</li> </ul>
 <b>Human and intellectual capital:</b> <p>Being engaged in the financial services business, our specialty knowledge is our core differentiator. Further, the value of the BRAC brand represents a robust competitive edge, displaying such characteristics as trust, dependability and customer service. At the end of the year 2019, we had a total staff strength of 8,160 employees.</p>	<ul style="list-style-type: none"> <li>● Through exposing our people resources to high-quality training and capacity-building programmes, including deputation for international training</li> <li>● Through protection of our intellectual capital by controlling attrition as much as possible</li> </ul>
 <b>Social and natural capital:</b> <p>We invest in high-impact social responsibility initiatives, while ensuring that the impact of our programmes is not one-off but enduring. Further, our social initiatives, anchored on complementary partnerships, are also designed to address matters that are fundamental to the development of grassroots communities.</p> <p>With a view to achieve progress on our natural capital, we embrace green office guidelines, while also advancing our green financing practice.</p>	<ul style="list-style-type: none"> <li>● Through offering multiple employee engagement opportunities that help serve the purpose of building commitment and loyalty</li> <li>● Through strategic and sustained investments in social development/philanthropic programmes as per the size, scale and stature of our operations</li> <li>● Through embracing a partnerships-based approach, wherever possible, with a view to bring synergistic strengths to the table and ensure the maximum impact within the shortest possible time</li> </ul>
 <b>Manufacturing capital / infrastructure:</b> <p>Our reach represents a major strength in not only ensuring that we expand the intensity of our products across our existing customer base, but also reach out to the underbanked and unbanked population pools to offer them the safety and convenience of a formal banking platform.</p> <p>At the close of the year 2019, the bank had 187 branch offices, 456 SME unit offices, 424 own ATM booths and 89 CDMs spread across Bangladesh. Further, our digital tech infrastructure also represents our key manufacturing asset in the sense that it helps augment our reach.</p>	<ul style="list-style-type: none"> <li>● Through actively sourcing green finance business, while also promoting environmental best practices within our customer community</li> <li>● Through engaging in strategic expansion of our footprint to cover regions or pockets that display potential for business growth</li> <li>● Through creating flexible and right-sized office infrastructure that affords significant operational flexibility with respect to response to external developments</li> <li>● Through reinforcing our digital assets by widening the pool of our banking services that can be accessed digitally</li> </ul>

# SME BANKING



**134,185 mn**

Gross disbursement, 2019



**120,789 mn**

Net portfolio, 2019



**310,050**

Total customers



**3.7%**

PAR, 2019



**3.2%**

NPL, 2019



**3,149**

Total team strength, 2019



**37,916 mn**

Total deposit portfolio



**5,828 mn**

Non-funded business

## Overview

BRAC Bank pioneered the concept of SME banking in Bangladesh by conceptualising a wide range of specialised banking solutions, specifically targeting the unbanked/underbanked business entities of the country, typically represented by the 'missing middle'.

With the explicit objective to serve the nation's biggest financially-underserved market, the bank's SME Banking division is contributing to the growth of micro-economies through supporting SME businesses in their ambitions. In doing so, the bank is also serving the national objective of inclusion of SME businesses into the folds of formal finance, while also indirectly contributing to local employment generation.

With strong experience and intimate familiarisation with the operations of the SME universe, the SME Banking division offers a wide range of financial services that suit prevalent market needs, and also provides customised financial solutions based on the SME's profile and cash flow characteristics.

One of the core strengths facilitating the division to achieve its stated growth objectives is its dedicated and highly trained customer-focused sales force who understand the market and its needs, supported by a robust distribution network. This is further aided by swift decision-making capabilities that facilitate loan disbursal in the quickest possible time, thus enabling us to enhance both customer service and their experience with us.

With a view to provide focused solutions, dedicated services and timely support to the vast number of SMEs that exist in Bangladesh, the SME Banking division has been sub-grouped according to the size/nature of the business serviced. These include:

- Small business
- Emerging corporate
- Agricultural finance

## Small business

### Context and outline

SME Banking's small business unit is focused on providing formal financial solutions to small businesses, cottage and micro industries. Notably, small industries are the most important drivers of rural and semi-urban communities, and their aggregate impact on Bangladesh's socioeconomic index is substantial as they support the major part of the population.

Inspired by the efforts and success of BRAC, our parent and the world's largest NGO, BRAC Bank has introduced micro-ticket loans to small enterprises with the explicit aim of bringing grassroots entrepreneurs under small ticket loans.

### Competencies and outcomes

With small businesses located across Bangladesh, an expansive network is crucial for extending timely services to our customers. In this regard, the bank has invested in creating robust outreach through its 456 unit offices spread strategically across the nation.

This has supported the department's ability to cater to the needs of small manufacturing entities and trading and service-oriented businesses with speed, sensitivity and surety.

SME division of BRAC Bank engages in regular process improvements to ensure a superlative customer experience.

## Emerging corporate

### Context and outline

SME Banking's emerging corporate segment supports the financial needs of fast-growing, medium-sized outfits engaged in manufacturing, trading and service-oriented businesses, often with local and international linkages. These businesses constitute an integral part of Bangladesh's economy, making growing contributions to the exchequer, providing diverse employment opportunities and also

supporting other smaller businesses in their value chain.

### Competencies and outcomes

By virtue of their scale, customers in this segment require tailored loans and composite facilities, thus differentiating themselves from the small segment. At the emerging corporate segment, which was established in 2013, we are able to leverage the full value of our bank to provide a plethora of suitable financial products, including working capital loans, short-term loans, LCs, employee salary accounts, etc., thereby offering a single-stop convenience, which represents our key differentiator.

## Outlook

The outlook of this business is favourable, considering the large number of businesses capitalising on a fast-growing domestic market, while also leveraging Bangladesh's structural advantages to become globally-competitive in terms of exports. Serving the needs of the emerging corporate segment also opens up cross-selling opportunities, as their requirements become more sophisticated with scale.

## Agriculture finance

### Context and outline

Agriculture is one of Bangladesh's economic mainstays, contributing over 13% to the GDP, while also providing mass-scale employment.

Agriculture in Bangladesh still uses outmoded interventions that suppress crop yields and also expose the farm to extensive damages from any natural disasters like floods or droughts. In this backdrop, access to formal credit can be a game-changer for agri-communities to usher farm mechanisation and also build resilience against varied risks. This is essential for enhancing crop output to feed a growing population, thus also aligning with SDG#2: No hunger.

With the aim of providing priority lending services to enable the sustainable development of the agricultural industry, also complying with Bangladesh Bank's regulatory requirement of disbursing 2% of loans and advances to the agricultural sector, BRAC Bank's agriculture finance team has been working relentlessly to contribute to farm transformation.

### Competencies and outcomes

Realising that agri-financing impact requires deep grassroots presence, BRAC Bank's agricultural finance department has established an extensive network

that covers the entire country. Further, we are also capitalising on the vault of experience of BRAC to engage in high-impact outreach amongst farmers, agri-businesses and other agro-based enterprise communities.

Importantly, we are catering to the varying needs through embracing the principles of inclusive finance, chief among which is through our strong tie-ups with top-tier micro-finance institutions (MFIs) and NGOs located across the country.

## Outlook

We support the government's objectives to revolutionise the country's agricultural sector, making agri-loans available on a timely basis, while also enhanced farm sustainability through our insights and knowhow.

## Speciality units

### TARA SME Finance

Representation of women in the workforce is on the rise, with a larger number of companies and corporates welcoming women into their workforce. Further, women entrepreneurship is also on the rise, with women starting their own businesses in the trade and services and even manufacturing sectors.

With a view to achieve gender diversity in business and ensure that women are able to contribute to the mainstream economy of Bangladesh, our TARA SME Finance business represents a platform for women empowerment. Loans to TARA SME customers have a preferential interest rate of only 9%, thereby substantially benefitting our target audience. Further, we also offer strategic support, including training and capacity-building, business incubation services and support linkages from partners to boost growth of our customers' businesses.



'SME Bank of the Year – Asia' award from IFC Global and SME Finance Forum

## Unorthodox SME Finance

The business environment is ever-changing and BRAC Bank's SME division has adapted to the landscape, continually developing new products and solutions.

It has been seen that companies that are not engaged in conventional businesses have always found it difficult to access formal credit. In order to bring these unserved businesses under the umbrella of formal banking, the bank has introduced unorthodox financing solutions, i.e. financing for digital businesses, offering customised solutions etc.

While disbursing loans to such businesses is one part of the spectrum, we have also been able to monitor our outstanding loans to protect portfolio quality by evaluating the customer's operating conditions and also appraising their tie-ups/market linkages. The end goal is to help sustainably scale promising businesses, especially in sunrise sectors, through formalised access to finance, thus fostering a positive impact on the economy.

## Notable events, 2019

### Open loan distribution

An open loan distribution programme for Tk. 10 account refinance scheme was held in Cox's Bazar at BIAM Foundation on 23rd November 2019. Hon'ble Executive Director of Bangladesh Bank, Mr. A. K. M. Fazlur Rahman graced the event as the chief guest. Mr. Mahbubur Rahman, President of the Press Club of Cox's Bazar also joined the programme as a special guest, along with Syed Abdul Momen, Head of SME Banking, BRAC Bank and Mr. Salauddin Hazari, Regional Head, Chattogram Region, Distribution Network, BRAC Bank.

Under the open loan distribution programme, BRAC Bank financed Tk. 350,000 to 6 SME customers.



'SME Bank of the Year for financing Women owned SMEs' award from IFC Global and SME Finance Forum



Syed Abdul Momen, Head of SME Banking, BRAC Bank at the open loan distribution programme with other dignitaries

## F-Commerce Summit

BRAC Bank co-sponsored and participated in F-commerce Summit 2019, a day-long summit that focused on social media-driven commerce in Bangladesh, on December 28, 2019, organised by GEEKY Social Ltd. The aim of the summit was to

empower F-commerce entrepreneurs by exposing them to diverse peer group experiences and insights, while also engaging them to explore concepts of social commerce in the context of Bangladesh. The event brought together subject matter experts, digital entrepreneurs and practitioners from diverse backgrounds.



A glimpse of the f-commerce summit

## BRAC Bank TARA - Babson College women business owners' training programme

BRAC Bank TARA, in collaboration with Babson College, a renowned US-based entrepreneurship institute, conducted a 4-day training programme for leading women entrepreneurs on business modelling, upskilling and financial strategies for ensuring sustainable business

operations, at BRAC Bank premises in July 2019.

A total of 35 businesswomen participated in the training programme. Mr. Richard T. Bliss, PhD, Babson College, Professor of Finance and National Academic Director - 10,000 Small Businesses and Professor Patricia G. Greene, Academic Director, Babson College, conducted the session.

## TARA Business Owners' Fair

BRAC Bank organised a TARA Business Owners' Fair with participants of the Babson College training programme and few other loyal TARA SME customers. The fair was organised as a post-training event for participants to promote their products and services. A total of 22 women business owners put up stalls at the fair held in November 2019 at Little Steps Pre School in Dhaka. The participants could amass Tk. 7,43,200 from this two-day fair that was visited by 500+ people.



Inauguration of TARA Business Owners' Fair

## BRAC Bank Tara Awards 2019

BRAC Bank launched TARA Awards 2019, in which six TARA customers were recognised for their outstanding contribution to the development of the country's economy and the society. The winners were selected from 174 nominations through an extensive

## SME Toolkit

BRAC Bank successfully arranged a pilot project for SME Toolkit, in association with Global Compact Network Bangladesh (GCNB). The bank, along with GCNB, UN Global Compact, ILO Bangladesh, UNICEF Bangladesh and BDL Group arranged the first-ever 'SME Sustainability Day' with the goal of promoting a sustainable environment for SME businesses. As many as 60 promising Bangladeshi SME owners were given training on the SME Toolkit.



Panel at the SME Sustainability Day 2019

screening process by a panel comprising Ms. Farzana Chowdhury, Managing Director & CEO, Green Delta Insurance Company Ltd., Ms. Shwapna Bhowmick, Country Manager, Marks & Spencer PLC., and Ms. Sutapa Bhattacharjee, Associate Professor IBA, University of Dhaka.



Winners of BRAC Bank TARA Awards 2019

## What we expect to accomplish in 2020

- Build on the robust existing portfolio by onboarding quality accounts
- Develop novel products to cater to the needs of the ever-changing SME business landscape
- Reach out to a wider expanse of untapped markets and bring unorthodox businesses under

the umbrella of formal banking by leveraging our existing network and also the Agent Banking channel

- Ensure access to finance for marginal entrepreneurs, especially women entrepreneurs
- Focus on training and capacity-building amongst employees, especially our sales staff
- Launch digital SME banking services

# RETAIL BANKING

## Business at a glance



**20%**

Total Deposit  
Portfolio Growth,  
2019



**11%**

Total Asset  
Portfolio Growth,  
2019



**2.3%**

Gross NPA,  
2019

## Retail liability product and NFB

### Overview

BRAC Bank's Retail Banking division plays a meaningful role in the Bangladeshi society, contributing to the broader themes of financial inclusion and economic security. The division offers a wide range of deposit/savings products on the liability side and a number of retail loan products on the asset side that meet a wide range of consumer needs and requirements.

In the year 2019, the bank's Retail Deposit Product team continued its journey with a relentless focus on customer-centricity. This strategy was reinforced by our diverse product basket characterised by the best propositions suitable to our potential customer segments. Some of our key customer-facing initiatives comprised:

- Arrangement of several focus group discussion sessions at our branches
- Execution of a number of promotional events

- Spot campaigns, especially anchored on products for senior citizens
- Launch of Alternate Channel products

In all, around 200 customer engagement programmes were carried out from across our 187 branches in Bangladesh.

### What we achieved in 2019

- Acquired a prestigious school banking account
- Expanded the portfolio of newly-launched products to a sizeable BDT 2,073 mn by on-boarding 28,530 new accounts
- Enhanced transactional safety and security through EMV chip-based cards
- Launched paperless PIN generation facility for debit cardholders, which will redefine our customers' banking experience by making it faster, easier and hassle-free. This initiative supports our green office guidelines too

- Introduced 37 new SMS notifications for bank-initiated events to increase customer awareness
- Promoted our debit card partners extensively in coordination with VISA to encourage cashless transactions and e-commerce
- Offered various prepaid cards, including a prepaid health card, to cater to our customers with special needs
- Introduce dual currency debit card
- Introduce card less transaction
- Enhanced debit card management system which is PCI DSS complaint



### **Net outcome – Retail liability and NFB**

Concerted and focused customer-centric initiatives enabled BRAC Bank to achieve retail deposit book growth of 20% in 2019, which is among the fastest growth rates in the past few years.

### **What we expect to accomplish in 2020**

- Introduce contactless plastic cards that will take customer convenience to the next level
- Upgrade all our cards with EMV chips
- Launch universal banking application which will provide a superlative banking experience to our customers by providing them with digital access to all our services with an added layer of security, agility and convenience

### **TARA – Women banking segment**



**24,111 mn**  
Deposit portfolio,  
2019



**4,991 mn**  
Loan portfolio,  
2019



**86,814**  
New to Bank Unique  
TARA Customers for  
2019

### **Overview**

TARA has been conceived by BRAC Bank as an exclusive women's banking platform to cater to the specific needs and requirements of our female customers. TARA strives to bridge the gap between rising women participation in the mainstream economy and the lack of a comprehensive high-standard financial platform to meet their undivided needs.

Launched in May 2017, TARA Women Banking represents a holistic women banking programme for customers of Consumer and SME portfolios. The fundamental premise of this segment is to provide dedicated and supportive banking products to women homemakers, women entrepreneurs and women in diverse professions.

Since its launch, TARA has been able to create a consequential impact in encouraging women to engage with BRAC Bank for their banking transactions. Today,

TARA not only focuses on providing exclusive and personalised banking products, but has also extended forward to offer such value-adds as exposure to training, workshops and knowledge sessions. This not only helps in the overall capability enhancement of our women customers, but also facilitates deeper and more meaningful engagements with the wider network.

BRAC Bank TARA has also been able to provide women customers with a wide array of financing solutions in the SME sector, and has been instrumental in changing their lives through offering superlative banking services.

### **What we achieved in 2019**

- Organised an exclusive 4-day training programme conducted by international trainers from Babson College, USA, for women business owners, in collaboration with FMO

- Extended this training where the international trainers from Babson College engaged in training 25 in-house trainers for them to conduct onward training in the native Bengali language for regions outside of Dhaka, thus setting the platform for benefitting a wider community of women business owners under TARA
- Conducted a number of training sessions for customers outside of the Dhaka region
- Bestowed with the prestigious 'Women's Market Champions Award' under the engagement category for the third time in a row
- Honoured with the platinum award for being 'The Best Bank in Asia for Women-owned SME Business' by the Global SME Finance Forum



### **Net outcome – TARA Women Banking**

The platform achieved 200% YoY growth of customers, with as much as 23% of retail deposit customers comprising women.

#### **Capacity-building services for our women TARA members by Babson College**

Babson College is a US-based university that is rated as the top-ranked college for providing training on entrepreneurship.

In collaboration with FMO, BRAC Bank organised a 4-day entrepreneurship development workshop, conducted by Babson College faculty, Patricia G. Greene, National Academic Director, and Richard T. Bliss, Professor of Finance and National Academic Director 10,000 Small Businesses.

A total of 136 women entrepreneurs applied to participate in this training session from across the country. Eventually, 39 were selected to be part of this signature event. The intense and deeply engaging training covered four modules, anchored on grooming participants to take them to the next level in their business. On successful completion, participants were given a certificate of training completion from Babson College.

As a post-event activity, BARC Bank TARA also arranged a business owners' fair with all 39 participants showcasing their products to a wide range of potential consumers. Both the events cultivated positive outcomes, enabling solid business grooming, providing participants the opportunity to network and also enabling them to showcase their business to a wider community.

With a view to expand our bouquet of offering under TARA and reinforce customer service, we launched several new products and services in 2019, including:

- Loan facilities for women business owners from the e-commerce segment
- Savings account with insurance benefits and higher interest rates for women senior citizen customers
- Savings account with higher interest rates and attached with various offers for women students

- TARA mobile banking app to bring a plethora of services digitally to the customers' fingertips

#### **What we expect to accomplish in 2020**

- Expand the number of TARA customers
- Offer a larger expanse of value-added services, including training, skills development and knowledge-building platforms to customers in both Dhaka and outside of Dhaka
- Engage in providing segmented customer propositions to be able to suit specific needs in a better way



Participants of Student File Agency Night



Launch of TARA Mobile Banking app

## Credit cards



**81%**  
Card issuance  
growth, 2019



**37%**  
Outstanding  
portfolio growth,  
2019



**33%**  
Transactions growth,  
2019

## What we achieved in 2019

- Bestowed with the honor of being the first local bank in Bangladesh to achieve 'Excellence in Credit Cards Business' by VISA (for fiscal year 2018-19)

- Launched Visa Infinite, Visa RFCD Signature, Visa ERQ Platinum and Visa Corporate Platinum credit cards to cater to a larger community of affluent customers

- Upgraded CMS to provide improved customer service by offering a single billing account, unified statements, real-time bill payments, etc.
- Introduced card protection plan (CPP), representing a relevant value-added service
- Organized campaigns around such major festivities as Pohela Boishakh, Eid, Durga Puja and activated reward-based & cashback campaigns on international transactions to deepen customer engagement and enhance transaction volumes
- Initiated numerous E-commerce transaction related campaigns to emphasize on digital transactions

### **What we expect to accomplish in 2020**

Enhance customer convenience through upgraded digital services, and also launch various innovative projects and upgrades, such as:

- Contact-less cards:**  
Customers can simply tap their Visa card at merchant POS terminals with a contact-less symbol to make a retail payment
- PIN generation through IVR:**  
Enables customers to set their own PIN by calling 24-hour call centre
- UBA mobile app:**  
All-in-one mobile banking app
- QR scan-to-pay:**  
Enhanced customer convenience by enabling payments through QR code scan via mobile app
- Redeem with reward:**  
Enables customers to redeem their reward points against any purchase simply by calling 24-hour call centre

### **Digital Banking and E-commerce**



**41%**  
Acquiring Growth  
in E-commerce



**77%**  
Issuing Growth  
in E-commerce



**58%**  
Merchant Growth  
in E-commerce



**66%**  
Internet Banking  
Growth



**164%**  
Internet Banking  
User Growth



**6**  
Biller & Wallet  
Transfer



**3**  
Wallet  
Partners

### **Overview**

With the goal of creating exciting digital financial experience for BRAC Bank's customers and partners, the Digital Banking and E-commerce (DBE) department was introduced which comprises below three verticals.

- E-commerce
- Internet Banking and
- Payment and Partnership.

### **E-commerce**

This vertical of the department facilitates online payment acceptance for e-commerce businesses. BRAC Bank is one of the pioneers to introduce Payment Gateway (PG) in Bangladesh. E-commerce businesses can easily accept payment from any Visa or Mastercard through this PG. Currently it processes a substantial amount of transactions with a huge growth in 2019. This department also creates e-commerce propositions for BRAC Bank cardholders by partnering with premium e-commerce businesses.

## Internet Banking

This is a well established digital channel for BRAC Bank account holders for checking balance, downloading statements, fund transfer to banks and wallets, mobile recharge, bill payments, etc. The department is relentlessly working on to create customer convenience through this channel.

## Payment and Partnership

The core agenda of this function is to connect mobile and digital wallets with bank accounts to ensure greater interoperability and also facilitate easy payment of different billers. Already BRAC Bank is connected with highest number of wallets in the country. Customers can now transfer and receive money to and from these wallets. More wallets to be connected in coming years.

## Employee Banking



**43%**

Rise in deposit volumes, 2019



**92%**

Rise in credit card numbers, 2019

### Overview

BRAC Bank's Employee Banking department is primarily responsible for managing salary accounts of its corporate clients (institutions/organisations). Yet, Employee Banking comprises more than just disbursing salaries, as the division has extended its scope to now represent a value-added lifestyle proposition that reinforces customer experience by catering to their 360-degree banking needs and requirements.

### What we achieved in 2019

- Launched an online payment management solution for providing salary disbursement control directly in the hands of our customers

- Signed Employee Banking Agreement with a large number of reputed companies from all over Bangladesh, supported by multiple awareness campaigns organised throughout the year
- Signed MoU with ICMAB for providing exclusive offers to its members who are salaried individuals
- Improved overall customer experience by reducing turnaround time of products availed by payroll customers and establishing central Service Team for providing various services required by the customers on a daily basis.
- Introduced portfolio performance evaluation criteria that enabled us to systematically monitor the Employee Banking portfolio



### Net outcome – Employee Banking

Achieved 46% increase in deposit volumes, a substantial 92% rise in the number of credit cards issued and a mammoth 61% increase in asset outstanding volumes. Even amidst such momentous growth, we have maintained the lowest PAR in the entire Retail Banking division of BRAC Bank.

### What we expect to accomplish in 2020

- On-board top-notch companies, including reputed multinational and large local companies, as our Employee Banking partners through exclusive customer value proposition
- Develop strong footprint in the government employee segment through differentiated products and services

- Share payroll wallet with our subsidiary company bKash for payroll customers whom we cannot offer multiple products.
- Offer exclusive proposition to female customers that will add value to their lifestyle
- Launch differentiated credit risk policies for Employee Banking customers

## Retail Lending



# Highest growth of personal loans in 2019

## Overview

BRAC Bank's Retail Lending department spearheads the bank's focus on retail loan penetration, and provides a wide basket of loans, including home loans, car loans, personal loans and cash-secured loans.

Despite the year 2019 being a challenging one on account of tight liquidity conditions, we focused on improving customer experience and engaged in taking our retail lending propositions across a wider geography. The result was that we were able to secure our growth momentum, while creating a platform for achieving accelerated growth over the medium- to long-term.

## What we achieved in 2019

- Enabled SMS notification for improved customer service and better customer awareness on:
  - Half-yearly loan outstanding
  - Insurance renewal
  - Loan guarantor details
- Signed MoU with leading 2-wheeler brands, including Yamaha, Suzuki, Honda and Atlas Bangladesh to promote 2-wheeler financing
- Signed MoU with several real estate developers, comprising BTI, Anwar Landmark, etc., to offer home loans with attractive propositions
- Signed MoU with Radiant Business Consortium, an authorised importer and distributor of Roche medicines in Bangladesh, for introducing a 'special featured healthcare loan' for the first time in Bangladesh for select Roche medicines
- Introduced spot loans for various professional segments (IEB, IAB, BADI and Criticon)

- Improved customer experience through same-day NOC issuance, brought forth through enhanced operational efficiencies
- Automated sanction letter – from handwritten note to printed form
- Introduced preferential rates and pre-approved loans for our priority banking customers
- Introduced customised retail loans targeting the teacher and educationist segments
- Reinforced portfolio performance evaluation through introducing stringent criteria to improve quality and achieve rigorous monitoring
- Sponsored the landmark silver jubilee celebrations of BARVIDA (Bangladesh Reconditioned Vehicles Importers and Dealers Association)
- Participated in the renowned Motor Expo
- Initiated motorbike training exclusively for our TARA clients, in coordination with Yamaha's rider club

## What we expect to accomplish in 2020

- Introduce credit shield, thereby protecting customers against adverse interest rate movements
- Develop loan products particularly suited for affordable housing customers
- Initiate digital lending to improve customer service and experience
- Implement regional PPG
- Initiate a retail loan platform for government officials



### Net outcome – Retail Lending

Achieved Tk. 2,500 mn growth in net retail loans, contributed majorly by personal loans growth. Our retail NPL number belongs to the highest rank across industry, which also demonstrates a high-quality personal loan book.



*MoU signing ceremony with Bangladesh Honda Private Limited (Honda) for 2-wheeler financing*



*MoU signing ceremony with The Westin Dhaka*

## **Merchant Acquiring division**



**61%**

Business growth, 2019



**24%**

PayFlex transactions growth, 2019

### **Overview**

BRAC Bank's Merchant Acquiring business is engaged in the eventual mandate of improving our customers' ability to make retail payments across a large merchant universe. The division is thus responsible for the task of onboarding merchants on the retail banking platform. Supporting this responsibility are some of the division's core strengths that include strong multi-year merchant relationships and robust tech support teams to ensure hassle-free POS transactions and payment systems.

### **What we achieved in 2019**

- Received 'Excellence in POS Acquiring Business' award consecutively for the second time in 2018-19 from VISA
- Bestowed with the 'Excellence in MasterCard POS Acquiring Business' award for 2018-19 from MasterCard
- Onboarded a total of 700 new merchants and deployed 2,047 new POS terminals
- Opened a total of 486 new business accounts through merchant acquiring business for payment purposes
- Updated POS for initiating PayFlex transactions across 600 POS terminals
- Facilitated the commencement of POS transactions through NPSB channel
- Singed MoU with The Westin Dhaka
- Acquired the highest business sales in the 2018 Dhaka International Trade Fair

- Partnered with 1,200 outlets during Ramadan 2019 and designed discounts, cashbacks and buy-one-get-one programmes for both debit and credit cardholders
- Activated several promotional campaigns during Valentine's Day, Women's Day, Pohela Boishakh, Durga Puja and winter vacations
- Acquired 130 new PayFlex and reward partners
- Procured 5,000 POS terminals to expand business growth and market presence/visibility
- Redesigned the organogram to suitably allocate sales resources for exploring acquiring business from across the country

### **What we expect to accomplish in 2020**

- Upgrade the merchant acquiring system platform from Financial Software & Systems (P) Ltd, which will enable acquiring and handling bulk transactions for facilitating faster business growth, thus supporting our vision to become the market leader over the next five years
- Acquire QR code-based transactions
- Integrate China Union Pay card
- Introduce NFC-based POS terminals for enhancing customer convenience
- Deploy 7,000 POS terminals across the country
- Ensure automated payment reconciliation and alert support systems for merchants
- Complete automated PayFlex POS conversion

## YoY Growth



**62%**  
Business Volume



**33%**  
MSF Income

## E-Commerce

2018

63

Acquiring Business Volume

2019

89

Growth **41%**

- Total money send from BRAC Bank customer account to MFS & PSP was Tk. **91 Crore** with **308 K** transactions.
- Total money received from BRAC Bank customer account was Tk. **5.2 Crore** from **11,000** transactions.

## Retail Sales

### Overview

BRAC Bank's Retail Sales team has been a major contributor to the bank's retail portfolio over the last few years. The bank's Retail Sales team is also the largest such groups in the industry. Currently, over 650 retail sales officers are working across the length and breadth of Bangladesh.

During 2019, the Retail Sales team contributed to positive growth across both the asset and liability sides. In a crucial achievement despite a highly competitive environment, the team supported the bank's ambitions to surpass all previous year's milestones in acquisition of new credit card customers.

### What we achieved in 2019

- Ensured month-on-month positive net growth for both asset and liability products
- Capitalised on the early advantage of the newly-launched 2-wheeler loan product
- Continued to possess strong relationships with key stakeholders, including car vendors, real estate developers and other major institutions
- Arranged customer segment-centric sales campaigns to onboard quality customer accounts

- Focused on cross-selling to meet all the financial needs of consumers, thereby empowering them with the convenience of a single-stop
- Fostered robust governance practices with a performance-centric KPI for ensuring consistent productivity growth
- Conducted regular training and development programmes to build knowledge and soft skills amongst the sales team

### What we expect to accomplish in 2020

- Focus on building long-term customer relationships
- Leverage digital platforms to improve processes to provide faster services
- Increase product sales per customer
- Engage in effective cross-selling of other products of the bank, thereby contributing to overall profitability growth
- Capitalise on the Agent Banking channel to enhance geographical coverage
- Focus on sustainable growth in deposit products and acquire new credit card customers
- Ensure higher productivity of the sales team

## Remittance and Probashi Banking



**114%**

Remittance to  
BRAC Bank account  
holders



**20x**

Remittance volume  
growth in bKash  
wallet, 2019



**56**

Global institutional  
affiliations

### Overview

BRAC Bank's Probashi Banking unit is responsible for bringing foreign currency to the bank through partnerships with international banks and exchange agencies. The core responsibility of the unit is to build and retain the deposit base from wage-earners' remittance and thus maintain the bank's foreign currency inflows.

Supporting the Probashi Banking unit in these endeavours is an affiliation with 56 renowned global exchange companies/banks, representing a wide channel for enabling financial remittance throughput. Further, group companies including BRAC Saajan and bKash also comprise strong gateways for remittance transfers.

### Financial update

Performance indicator	2018	2019	YoY growth
Number of new global partnerships forged	5	12	140%
Remittance to BRAC Bank account holders (Tk. mn)	2,870	6,130	114%
YoY remittance volumes in bKash wallet	5,023	101,090	20x
Revenue (Tk. mn)	119	166	39.5%

### What we achieved in 2019

- Forged relationships with 11 new exchange companies, including an overseas bank in the UK
- Tapped niched blue ocean markets, including those of South Africa, Australia and South Korea

#### New partnerships with exchange houses in 2019



## What we expect to accomplish in 2020

- Build new relationships
- Focus on CASA growth by encouraging customers to open Probashi accounts
- Launch a useful remittance card
- Enable online account opening for strengthening customer convenience

- Focus on AML and KYC reviews and strengthen regulatory engagement
- Impart training for improving service quality
- Organise customer engagement programmes and also potential market visits
- Continue with attractive customer-facing offers and incentives
- Embrace digital marketing



Inward Remittance Signing Ceremony Hanpass, Korea



Receiving memento from MoneyGram at a city hotel

## Premium Banking

 **5,700+**  
Premium Banking  
customers

 **42,000 mn**  
Deposit balance,  
2019

 **4,600 mn**  
Net deposit balance  
growth, 2019

### Overview

BRAC Bank's Premium Banking experience comprises a symphony of exceptional banking benefits, thoughtful personalised services and exclusive lifestyle benefits that unify to harmonise all the financial needs and requirements of our Premium Banking customers. The proposition has been designed to manage the wealth of our premium customers and provide exceptional lifestyle privileges to elevate their quality of living.

With a robust deposit portfolio, a resilient team and excellent service standards, BRAC Bank's Premium Banking unit is poised to become a strong player in the priority banking segment of Bangladesh.

### Premium Banking benefits

We took many initiatives in 2019, designed to enrich and enhance the experience of our Premium Banking customers. For instance, we enhanced the customer value proposition through forging a number of new corporate alliances with different partners for extending

specialised privileges. Such partners include The Westin Dhaka, Mohammad and Sons, AMRI Hospitals (Kolkata) and Vibes.

We ended 2019 by giving an exclusively curated organic food basket as a new-year gift to all our Premium Banking customers. Through this gift, we differentiated from everyone else by keeping healthy living in mind. All the food products in the box were organically grown and chemical-free. Even the outer packaging was made from recycled eco-friendly items, representing a subtle reminder to everyone to be environmentally-conscious.

Some of the other top-notch services to members include:

- Dedicated adviser who acts as a personal guide to the bank's extensive offerings
- State-of-the-art premium banking centres and preferential service at our branches
- Online banking services for managing transactions on the go

- Carefully curated list of personalised propositions and promotions designed to meet the individual needs of our clients
- Free gifts on major events like birthdays and religious/special occasions

### **What we achieved in 2019**

- Achieved 20% growth in our Premium Banking customer base to over 5,700 members
- Recorded 13% growth in the deposit balance portfolio to around Tk. 42,000 mn representing net addition of around Tk. 4,600 mn
- Refurbished and modernised our premium banking lounges in Gulshan, North Gulshan and Dhanmondi areas of Dhaka
- Inaugurated a new lounge in Moghbazar in Dhaka and CDA Avenue in Chattogram
- Partnered with two companies in Chattogram for our premium customers, enabling us to send birthday gifts and also arrange for airport transfers in the port city
- Enhanced team strength by recruiting a number

of new RMs and Centre Managers to serve our Premium Banking members

- Strengthened our F1 service proposition by recruiting officials dedicated to provide doorstep banking solutions to our Premium Banking customers in Dhaka
- Hosted various customer engagement events, focusing on entertainment, lifestyle and health, throughout the year
- Introduced dedicated priority queue system for our customers at our call centre
- Rolled out pre-approved credit card for Premium Banking clients at the time of onboarding
- Introduced preferential discounts on loan rates for members

### **What we expect to accomplish in 2020**

- Enhance both local and overseas strategic alliances
- Roll out initiatives to increase the overall value proposition to ensure sustained customer intimacy with the bank

# CORPORATE BANKING

## Business at a glance



**11.4%**  
Avg Deposit growth,  
2019



**8.5%**  
Avg Asset growth,  
2019



**16.1%**  
Export volume  
growth, 2019



**80,285 mn**  
Total deposits,  
2019



**94,856 mn**  
Loans and  
advances, 2019



**5.96%**  
Gross NPA,  
2019



**23**  
New customers,  
2019



**345**  
Total Loan  
customers base,  
2019



**6,153**  
Total Deposit  
customers base,  
2019

## Overview

In 2019 BRAC Bank Corporate Banking Division continued on its journey to reinforce its reputation as the most prolific and preferred corporate banking partner in the country by providing a host of both routine and sophisticated financial services to customers, thus contributing to onward value creation. Particularly, through longstanding experience and insights amassed out of serving the needs of a large number of corporate customers across the spectrum of size and growth aspirations, the division has developed

a resilient operating model that thrives on the success of its customers.

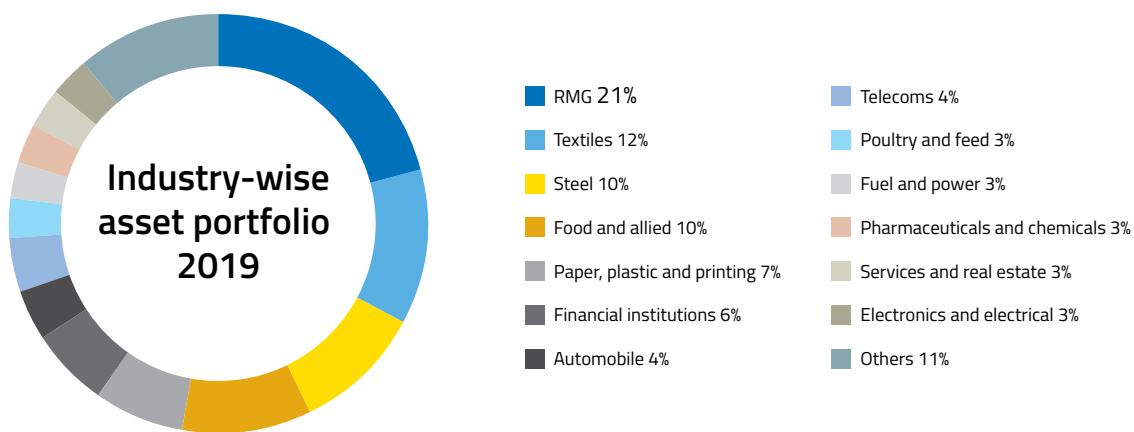
During the year 2019, the division particularly demonstrated its core capabilities to rise above the broader macro-economic challenges of tight systemic liquidity, portfolio concentration and growing competitive intensity, by embracing prudent liquidity management practices, ensuring adequate loan portfolio de-risking through diversification; and investing concerted efforts in growing export volumes.

Further, the division also engaged in developing a number of customised financial solutions that helped serve specific consumer needs, thus enabling the division to expand its customer base quite substantially during the year.

### What we achieved in 2019

Despite being a challenging year for overall financial sector, Corporate Banking division of BRAC Bank accomplished following major achievements:

- Achieved export volume growth of 16.1%, much higher than the country's export growth rate
- Recorded substantial growth in the deposit portfolio, which crossed the Tk. 80,000 mn landmark, with CASA:TD ratio at a favourable 40:60
- Extended cash management solutions to an international airlines company, representing the commencement of the first such relationship by a local bank
- Launched CORPnet, an in-house payments solution that offers customers a robust, unified and highly secure digital banking platform
- Developed and offered over 10 customized solutions to various customers for enabling streamlining of their payment and collection processes
- Integrated Agent Banking solutions within the payments collection process exclusively for our corporate customers
- Launched exciting new products to serve the invoice financing requirements of our clients
- Expanded buying house solutions to major buying house companies of the country
- Signed the longest-tenor interest rate swap deal with a major power generation company
- Expanded Employee Banking relationships to a large number of corporate customers
- Arranged a number of customer engagement and awareness programmes on market outlook and industry insights
- Through de-risking exercise, a good portion of stressed portfolio has been cleared from the book and NPL ratio maintained well below industry average



### Net outcome – Corporate Banking

Corporate Banking achieved self-sufficiency in liquidity management through offering cost effective & customized cash management solutions for its valued customers

## **Effecting changes to our organogram in 2019**

Operating in a dynamic environment, it is crucial that we continually align our model to remain relevant to external developments, thus reinforcing our operating platform to achieve sustainable growth in any industry cycle. Towards this extent, we enforced modifications and improvements in our organogram in 2019 to align better with our strategic focus areas.

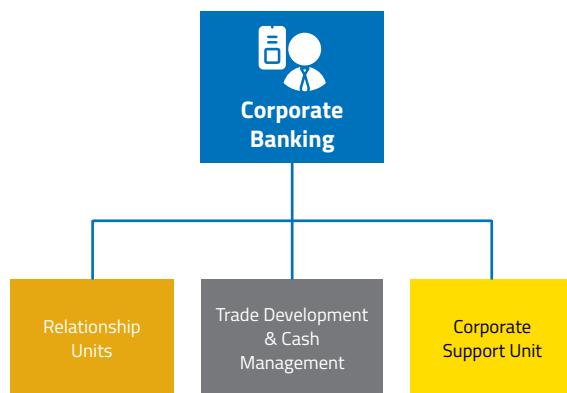
The two major changes that we effected include:

- Establishing focused team in Trade Development & Cash Management units for catering to specific customer groups, including public sector companies, private institutions, MNCs, airlines and custodial services
- Merging the operations of the local corporate unit into the centralised large corporate units

With these crucial revisions in our organogram, the business segment now comprises 7 relationship units, out of which 5 units are head office-based, and a unit each is located in Chattogram and across our Corporate Branches network. All these business units are dedicated to expand our targets in asset, deposit and trade business growth for the bank through their well-defined objectives, and within the framework of our values and ethics.

Trade Development & Cash Management is yet another major department of the Corporate Banking division, entrusted with the responsibility of achieving deposit growth, extending trade business support and engaged with the conceptualisation and subsequent development of new products and solutions for corporate customers.

Importantly, the scope of this unit has been broadened for it to now cater to various business segments and meet their specific trade and cash management requirements. This apart, a dedicated Corporate Support unit focuses on further enriching customer experience by providing such services as transaction assistance, monitoring and coordination among relationship units for ensuring efficient service.



## **Key competitive advantages**

- **Comprehensive product suite and customised solutions**  
BRAC Bank continuously expands the bouquet of its financial products and solutions to offer its clients robust value propositions to support the growth of their businesses. Encompassing financing, solutions and services, BRAC Bank aspires to provide single-stop solutions to become the most preferred banking partner for its clients.
- **Positioning as a financial supermarket**  
BRAC as the largest financial conglomerates of the country has footprint in financial services, offering banking, micro-finance, mobile banking, insurance, asset management, brokerage, lease and remittance services, among others, which frames it in a unique position to offer diverse financial solutions to its client, thus reinforcing its positioning as a financial supermarket.

- **Wide distribution network**

BRAC Bank has the most expansive and tech-enabled presence in Bangladesh's financial services space, comprising 187 branches, 456 SME unit offices, 3 corporate business offices, 35 collection booths and 300+ Agent Banking outlets, complemented by alternative digital channels that together enable the bank to provide customer services and solutions of the highest standard with speed and surety.

- **Value-based banking**

The core values of BRAC Bank are enshrined in the elements of governance, compliance, ethics, and transparency. Being the only member of GABV (Global Alliance for Banking on Values) from Bangladesh, BRAC Bank places priority on people and planet over profit into its value propositions, which represents a more holistic approach to banking.

- **Focus on trade finance**

BRAC Bank offers competitive and reliable trade business services to its customers through diverse trade products and solutions for meeting varied industry segments, including manufacturing, RMG, buying house, EPZ, OBU, etc. This product bouquet is complemented by a skilled relationship team and dedicated trade development team, supported by efficient treasury and trade operations. Further, the bank has more than 300 FI relationships, multiple credit lines and full-fledged trade operations in Dhaka and Chattogram to encompass a much wider geographic coverage through high service standards.

- **Customised cash management solutions**

BRAC Bank provides robust cash management and transactional banking facilities to clients from multiple industries, which is evidence of its versatile banking operations and propositions. From providing payment and collection facilities, to managing IPOs and custodial relationships, to offering cash pick-up and drop-off services, BRAC Bank provides the assurance of enhancing convenience for its diversified client base.

- **Skilled manpower**

BRAC Bank's Corporate Banking division has the right blend of youth and experience. Knowledgeable, diligent, passionate and skilled personnel from diverse backgrounds come together to work on processes, products, advisory and relationship that together assures the highest levels of customer satisfaction, thereby ensuring business repeatability.

- **Technological investments**

BRAC Bank invests significantly and with a high degree of commitment to establishing and upgrading its technological backbone and infrastructure to widen digital banking propositions to its clients, backed by the assurance of efficiency and security.

## What we expect to accomplish in 2020

We foresee economic growth as likely to slow down in the country amid fear of pandemic impact on the economy. Yet, Bangladesh is one of fastest growing economy in the world and expected to show its resilience in near short term future to recover from pandemic crisis.

The public sector is likely to continue with serving the employment creation agenda, with credit demand expected to remain secure as the country implements a few mega infrastructure projects, like bridges, roads and flyover, economic zones, metro rail, utilities, etc. However government borrowings from the banking sector may have a crowding-out effect for the private sector.

Hence, private sector credit growth is expected to continue to languish with liquidity constraints, rising NPLs, persistent governance issues, etc. On the positive side though, rising consumer purchasing power, growing consumption trends and shifting of manufacturing lines from China to lower-cost destinations like Bangladesh are expected to foster some buoyancy in private sector credit in the future.

Despite the challenges, the Corporate Banking division expects to reinforce its positioning in the space through embracing such initiatives as:

- Extending financial support to its clients to ease financial impact caused by pandemic
- Offering stronger value propositions to clients through leveraging its wide distribution network and robust product and solution offerings
- Continuing to engage in manpower training and skills development
- Leveraging the full-scale value of digital banking and also offering other tech-enabled solutions to enhance customer experience
- Focusing on strengthening our value propositions in cash management, financing, trade business, Employee Banking etc. to become the most preferred corporate banking partner for our customers

## Key events



"Higher Faster Stronger" – Wholesale Banking Conference 2019, organised at BCDM, Savar



'Meet the Experts,' the first such session was arranged for the Business & Risk Management team, where leading industrialist from the RMG sector shared their inspiring entrepreneurial journey and other lessons

## Cash Management & Custodial Services (CMCS)

### Overview

BRAC Bank's Cash Management offers a full range of advanced products and services to optimize our customer's cash flows, thus ensuring effective management of their business operations.

Particularly, the services enable institutional customers to efficiently process their deposits, improve their disbursement methods by making them seamless, and also eliminate idle cash balances. With a human-led approach to providing what are otherwise tedious tasks, we offer the most comprehensive range of cash management services under a single-platform, thereby maximising customer convenience and building on our core competencies.

BRAC Bank offers a wide range of collection products that are flexible and customisable in terms of serving specific requirements of corporate customers, including NCS (nationwide collection services), PTS (payment transfer solutions), IPO (initial public offerings), MBS

(mobile banking services), CORPnet facilities (corporate internet banking) and cash pick-up and drop-off services. Such an integrated approach also enables us to enhance customer intimacy and open avenues for repeat business.

Within a very short span since the inception of this department, we have been able to establish our foothold very strongly by providing cash management solutions to various government organisations, autonomous bodies, large local conglomerates, developmental organisations, MNCs, airlines, shipping companies, foreign embassies, public sector projects, etc.

### Services offered

- **Deposit facility**

BRAC Bank offers competitive deposit rates through its diverse product range, thereby catering to myriad investment requirements and fund types of clients, such as short- and

- long-term surplus funds, employees' provident fund, gratuity fund, employee welfare fund, etc. Apart from competitive pricing, our emphasis on maintaining high service standards help augment the overall value proposition too.
- **Nationwide collection service (NCS)**  
NCS facilitates large corporate houses to collect funds from their clients through BRAC Bank's own distribution network for onward credit into their single collection account maintained with the bank. Further, our expansive outlet network across Bangladesh facilitates large corporates in funds collection and in servicing their own clients on time and efficiently. o Further, our expansive outlet network across Bangladesh facilities large corporates in funds collection and in servicing their own client on time and efficiently. In addition, our NCS software supports clients with real-time transaction integration with their own systems.
  - **Secured cash service (SCS)**  
Customised and highly secure cash collection banking services are provided to corporate bodies. The bank sets up desks/counters at specified locations and deposits the collected funds in the respective client's account. We normally offer this service to clients who have a daily high volume cash collection.
  - **Payment transfer solution (PTS)**  
PTS services help organizations transfer their fund to their respective locations through the bank's own branches. It also enables clients to remit funds to their desired locations efficiently and on schedule.
  - **Cash pick-up and drop-off services**  
This service facilitates safe and secure cash pick-up and drop-off from/to the customer's office premises. The entire process is supported by a self-sufficient logistics setup that is in line with international standards. The service offers security, convenience and flexible pick-up and delivery times. This represents yet another initiative to bring the bank closer to our customers' day-to-day cash transaction requirements.
  - **Transactional banking services (TBS)**  
TBS is the core service provided by our cash management department. In order to provide distinctive services to our clients, our cash management department has developed various current and SND accounts, in line with Bangladesh Bank's policy and directives.
  - **Account Statement Dashboard**  
Our cash management department provides value-added information management of propositions to clients through our Account Statement Dashboard. Various services and solutions offered to clients through internet banking include the following:
    - Real-time online transaction view for effective cash management
    - Assurance of the highest level of security
    - Easy-to-use application
    - Account Statement Download
    - Transaction history retrieval
  - **IPO (initial public offering) fund management**  
BRAC Bank's IPO fund management practice is premised on managing client IPO funds through its participation as the lead banker to an issue. It also caters to other services, such as the collection of rights share applications, disbursement of dividends, etc. Since inception, this unit has played a pivotal role in mobilising growth capital, especially at times of liquidity stress.

## Custodial services

BRAC Bank acts as the custodian of various mutual funds managed by different asset management companies (AMCs). Mutual funds play a critical role for retail investors as well as institutions in Bangladesh, by facilitating the investment of savings/surplus funds in diversified market-linked instruments to meet their return expectations. BRAC Bank also facilitates custodial services to NRBs, foreign individuals and foreign institutions domiciled abroad, to invest in Bangladesh's capital markets. The team also serves as issuing and paying agent bank for commercial paper (CP) and bonds.

## Mobile financial services (MFS)

bKash Limited, a subsidiary of BRAC Bank, provides high-quality, secure and feature-rich mobile financial services. Through our robust nationwide collection network, we offer integrated solutions with bKash to ensure collection from even the most remote areas of the country.

## CORPnet facilities (corporate internet banking)

CORPnet is a fully-integrated end-to-end platform offering payment solutions via a single sign-on access. The platform aims to provide clients with the benefit of streamlined transaction processing, resulting in

significant operating efficiencies and cost-savings. This capability will help us to take control of our corporate client's various payment needs, which will ultimately generate a greater quantum of low-cost funds. Registered users of CORPnet use the platform to conduct different types of transactions with ease, including internal fund transfer (IFT), electronic fund transfer (EFT) and real time gross settlement (RTGS), according to their needs.

### **Relationship Management Team (RMs)**

Many large companies get the services of dedicated RMs who efficiently look after their everyday cash collection, payments, and reporting requirements. RMs act as central contact points for their banking needs. Moreover, the highly skilled RM team are capable to cater to unique client needs and offer tailored solutions to bank's larger clients.

### **Cash Deposit Machines (CDMs)**

CDMs are proving to be an effective alternate delivery channel for the bank. Many corporate clients avoid the queue of the bank by dropping an envelope on self-service basis round the clock in our conveniently located CDMs in major areas of the country.

### **Agent Banking Outlets (ABO)**

It is growing faster than any other medium and serving the untapped market areas of the bank. Our clients use the highly rising number of BRAC Bank agent banking outlets to get their remote cash collections reflected in their bank account statement in real time basis even after regular banking hours end.

### **Auto Bills Pay (ABP)**

A newly introduced feature for the whole bank, it helps the bank's account holder or credit card holders to assign the bank take over the responsibility of making periodic bill payment hassles a breeze. After setting up with a simple form, we enable our clients to pay bill in the most convenient manner. Bank's corporate clients are enabled to offer this solution to its customers to enable another medium of faster payment solution and hence generate timely cash collections for the business.

### **Continuous Development**

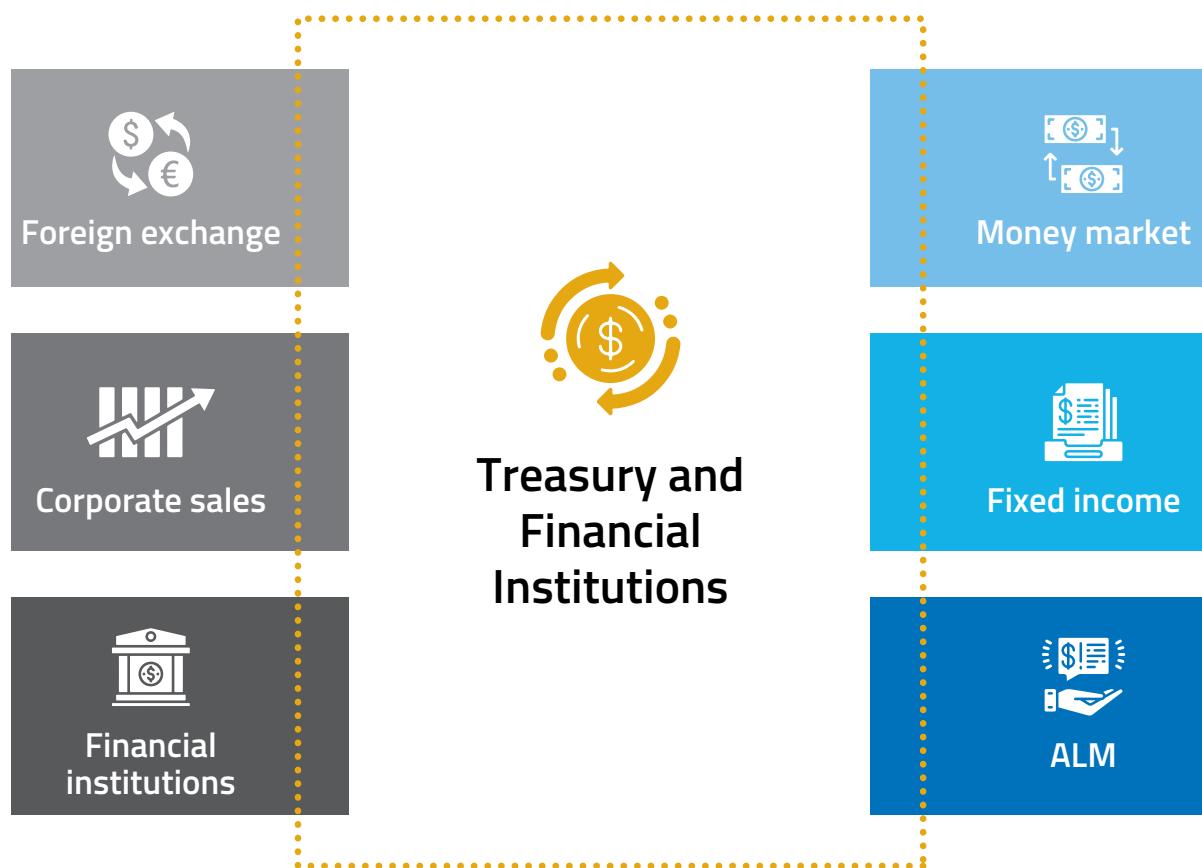
Like any part of BRAC Bank, CMCS always in the process of offering something new, innovative to our clients which enable them to bank in a more convenient, and sustainable manner. By regularly delighting our clients, we are keeping our clients happy and turn the relationships into value generating engines for the bank.

# TREASURY AND FINANCIAL INSTITUTIONS DIVISION

## Leading through knowledge, leadership and innovation

BRAC Bank's Treasury and Financial Institutions division is engaged in the pursuit of providing robust

treasury solutions to both internal as well as external clients. Alongside managing the bank's funds, meeting regulatory requirements, managing day-to-day liquidity and acting as a market-maker, we cater to a diverse customer group through a number of dedicated desks:



In 2019, the division demonstrated exceptional performance through its pool of dynamic dealers and relationship managers, contributing to the stable growth of the bank's asset book, while also ensuring superior growth of its proprietary portfolio.

### Money market

In 2019, the money market were moderately tight and call money rates varied from 3–5% for most part of

the year. Further, repo facility from the central bank supported the market during most part of the year. Our treasury operations were prolific in the interbank money market. Moreover, the desk's adherence to all regulatory guidelines and careful management of the bank's proprietary portfolio makes it one of the most efficient in the market. Importantly, the desk also facilitates diverse solutions, including call money, repo, reverse repo, term money (across different tenors), swaps, etc.

## Fixed income

The fixed income desk was able to maintain a strong position in secondary bond trading by exploiting the available opportunities, even though the bond market was less vibrant than in 2018. Despite stock market under performance in 2019, our treasury explored newer and unconventional investment areas, like government corporate bonds, etc.

## Foreign exchange (FX)

In 2019, as in the other years, our treasury was a major source of ensuring FX liquidity in the interbank market. Through our FX desk, our dealers explored proprietary FX trading (mainly in G7 currencies), while also providing pricing support to other interbank market players. Our FX desk also provided funding support to our offshore banking book.



### Establishment of the first-ever FX trading platform

BRAC Bank launched BBL Electra, the first FX trading platform by any local bank in Bangladesh. Through BBL Electra, banks and financial institutions can trade in G7 and BDT pairs with BRAC Bank. An interactive and fully-automated deal process cycle is the key feature of this platform. In a fast-paced global market, our strong focus on technological advancement represents a bold step in enabling us to realise our vision of emerging as the best bank in the country, while also achieving competitiveness of global scale.

## Corporate sales

Our vibrant corporate sales desk offers corporate counter-parties a wide range of solutions. These range from simple spot purchases and sales to derivatives for hedging exchange and interest rate movements. The desk caters to the FX needs of over 150 corporate accounts across numerous industries, including FMCG, pharmaceuticals, cement and construction materials, RMG and textiles, power, petroleum and lubricants, food, edible oil and telecoms, among others. The desk also circulates weekly updates on currency and interest rates. This raises awareness among existing and potential clients about prevailing market conditions, enabling them to take informed decisions with respect to their FX and interest rate exposures.

## Asset liability management (ALM)

The bank has a dedicated ALM desk under the Treasury and FI division. The desk offers economic, market and bank information and analysis to the Asset Liability Management Committee (ALCO) to support their strategic decision-making process.

ALCO meets at least once a month and is responsible for:

- Managing balance sheet compositions
- Determining interest rates to enhance efficiency
- Managing liquidity and market risks
- Maximising returns

In 2019, the ALM desk continued to ensure that all liquidity ratios were kept within regulatory limits with sufficient margins.

## Financial institutions (FI)

Our dedicated FI desk is responsible for local and overseas correspondent relationships. In particular, it is responsible for the facilitation of:

- SME and remittance disbursements
- FX transactions
- Foreign trade (import and export)
- Other foreign currency business and transactions

The bank has 24 overseas Nostro accounts in seven major currencies, and around 400 correspondent relationships with global banks. It also maintains around 300 Nostro accounts with local banks to serve SME and remittance clients nationwide.

The FI desk focuses on establishing new business lines to facilitate the bank's growing FX business. In addition, it also assumes responsibility for sourcing liabilities for the bank's OBU (Offshore Banking Unit) book through both trade loans and multilateral borrowings.

BRAC Bank is an active partner of the Global Trade Finance Programme of the International Finance Corporation (IFC) and also of the Asian Development Bank (ADB), along with other global correspondents.



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## Automated dealing room

Our dealing room is equipped with automated treasury systems, integrated with BRAC Bank's own trading platform 'Electra' along with Reuters terminal. These platforms provide the team with instant connectivity with banks and financial institutions based in Bangladesh and beyond. The platforms also offer information from numerous sources, enabling the team to conduct complex analyses and forecasts to support trading and investment decisions.



**The team can be contacted through the following:**

**Direct numbers:** +88 02 9860241, +88 02 9861694

**Email:** dealing.room@bracbank.com; fi@bracbank.com

**SWIFT:** BRAKBDDH

**Reuters Dealing Code:** BRAC

# CREDIT RISK MANAGEMENT

## Credit risk

Credit risk is the risk of loss from the failure of clients, customers or counterparties, including sovereigns, to honour and fulfill their contractual obligations, including the full and timely payment of principal, interest, collateral, or other receivables.

BRAC Bank manages its credit risk based on the rigorous evaluation of the risk profile of the borrower or counterparty, repayment sources, nature of the underlying collateral and other support given to prevalent events, conditions and expectations. The team manages credit risk arising from loans and advances of all the three major divisions of the bank. Other sources of credit risk include trading activities, including debt securities, settlement balances with market counterparties, etc.

## Credit Risk Management (CRM) objectives

BRAC Bank augments its underwriting and credit risk management practices, as well as credit standards, to meet the demands of a fast-changing economic environment. Further, to mitigate losses and enhance customer support in our consumer businesses, we have put in place robust collection programmes and customer assistance mechanisms. This also includes a number of actions to mitigate losses in the commercial businesses, including deepening the frequency and intensity of portfolio monitoring, as well as our practice of transferring management of deteriorating commercial exposures to independent special asset officers assigned for recovery.

BRAC Bank's credit risk management includes processes and policies with respect to problem recognition, including watch-lists, portfolio reviews, stress tests, updated risk ratings and classification triggers. Objectives of our CRM strategies include, but are not limited to, the following:

- Maintain a framework of controls to enable credit risk-taking based on sound credit risk management principles
- Identify, assess and measure credit risk clearly and accurately across the group and within each

separate business, right from the ground (or individual) level

- Facilities up to the total portfolio
- Control credit risk-taking, in line with external stakeholder expectations and avoiding undesirable concentrations
- Monitor credit risk and adherence to the agreed controls
- Enable realisation of risk-reward objectives

## Structure and responsibilities of CRM

At BRAC Bank, the CRM division's responsibilities are structured such that decisions are taken close to ground realities, while enforcing robust reviews and challenge of regulations, performance, risk framework and strategic plans. SME, Wholesale and Retail division portfolios are managed separately to reflect the diverse nature of the assets.

Independent Unit Heads for the bank's SME, Wholesale and Retail lending businesses control risk managers, who conduct the necessary appraisal, analyse related risks and develop mitigation methods. Each Unit Head reports directly to the Head of CRM.

The Head of CRM manages the bank's entire credit portfolio, under the supervision of the Chief Risk Officer, who controls the overall risk management processes of the bank, including credit risk. The Unit Heads are the focal point for most day-to-day risk decisions, such as setting risk limits and approving transactions.

In order to usher synergy in our credit function, BRAC Bank has also developed a dedicated Credit Administration department, facilitating a more stringent supervision on documentation, disbursement, monitoring, inspection and MIS, among others, thereby administering greater operational discipline and accountability.

## Credit risk appetite

BRAC Bank's risk appetite framework consists of risk capacity, risk appetite statement and key risk appetite

measures. Application of the risk appetite statement and monitoring of key risk appetite measures help to ensure that the bank stays on course within appropriate risk boundaries. The bank's credit risk appetite further defines its risk appetite with respect to lending, counterparty credit risk and other credit risks (such as investments). The risk appetite is periodically reviewed and updated for it to remain relevant with the changing times.

### Credit concentration risk

Credit concentration risk may arise from a single large exposure to counterparty or a group of connected counterparties, or from multiple exposures across the portfolio that are closely co-related. Large exposure concentration risk is managed through concentration limits set by counterparty/connected counterparties based on control and economic dependence criteria.

To manage risk concentration within the credit risk framework, we have in place a co-relation framework based on Bangladesh Bank's guidelines. Further, our risk appetite metrics are set at the portfolio-level and effectively monitored to control concentrations, wherever appropriate, by industry, specific products, tenors, collateralisation levels, top-20 concentrations and exposure to holding companies, among others.

### CRM policy

Effective management of credit risk requires the establishment of an appropriate risk culture. At BRAC Bank, we practice a culture developed under a well-established framework for managing credit risk across all our businesses. This includes well-defined risk appetite, credit limits and credit policies, both at the business-level as well as organisation-wide.

The policy covers structured and standardised CRM processes, both in obligor and at the portfolio level for corporate, retail and SME exposures. Moreover, a comprehensive credit appraisal procedure covers industry/business risk, management risk, financial risk, facility structure risk, security risk, environmental risk, reputational risk and account performance risk.

The Board of Directors, either directly or through the Board's Risk Management Committee, reviews and approves the bank's credit risk appetite annually and credit policy manual triennially.

### Credit Risk Management Committee (CRMC)

The six-member Credit Risk Management Committee has been formed under the norms of Bangladesh Bank's Core Risk Guideline on Credit for enabling overall supervision of credit risks of BRAC Bank, including review of underwriting standards, lending

practices, collection processes and delinquent loans. The committee is chaired by the MD & CEO, and other members include the Chief Risk Officer, Head of Corporate Banking, Head of Treasury, Head of Operations and Head of Recovery/SAM.

### Credit approval delegation

The Board of Directors is the bank's apex body for credit approval. However, they delegate authority to the Managing Director & CEO or other officers of the CRM division. The Board also sets credit policies to the management for setting procedures, which has together enhanced the efficiency of the bank's CRM framework.

### Credit risk mitigation measures

Under BRAC Bank's credit risk mitigation practices, we employ a range of techniques and strategies to actively mitigate counterparty credit risks. These can broadly be divided into three types:

- **Cash-flow based credit structuring:** We determine the borrower's creditworthiness on the basis of their ability to generate operational cash flows and willingness to make timely payments. We formulate the necessary credit limits for our customers, depending on their cash conversion cycle and credit payment capacity with reference to their net cash-flow position. Projected cash flows are also used to demonstrate the ability of the applicant to generate enough revenue and cash flows to make payments within the prescribed terms and conditions.
- **Collateral:** At BRAC Bank, we reserve the right to call on collateral in the event of default of counterparty. Collateral includes cash and cash equivalent instruments, properties (residential, commercial, industrial), capital funds, plant and equipment, etc. Collaterals taken by the bank are well-documented to ensure credit risk mitigation is effective and legally-enforceable.
- **Risk transfer:** We use a range of instruments, including guarantees, credit insurance, etc., to transfer credit risk from one counterparty to another.

### Integrated environment and social risk assessment

Environmental risk is recognised as a credit risk issue, and BRAC Bank has expanded its CRM policy to incorporate the principles and methodologies for managing environmental and social risk (ESR) issues in our lending practices and activities. The bank's risk assessment approach ensures that material ESR issues

are comprehensively considered for all existing and new credit applications, transactions and during periodic reviews. Under the 3P philosophy, BRAC Bank is committed to refrain from financing any project/venture that is hazardous to the 'planet'; physically, mentally or socially detrimental to 'people' and enforces 'prosperity' to regress. The bank has stringent credit denial policies for businesses related to tobacco, ship breaking/building, etc.

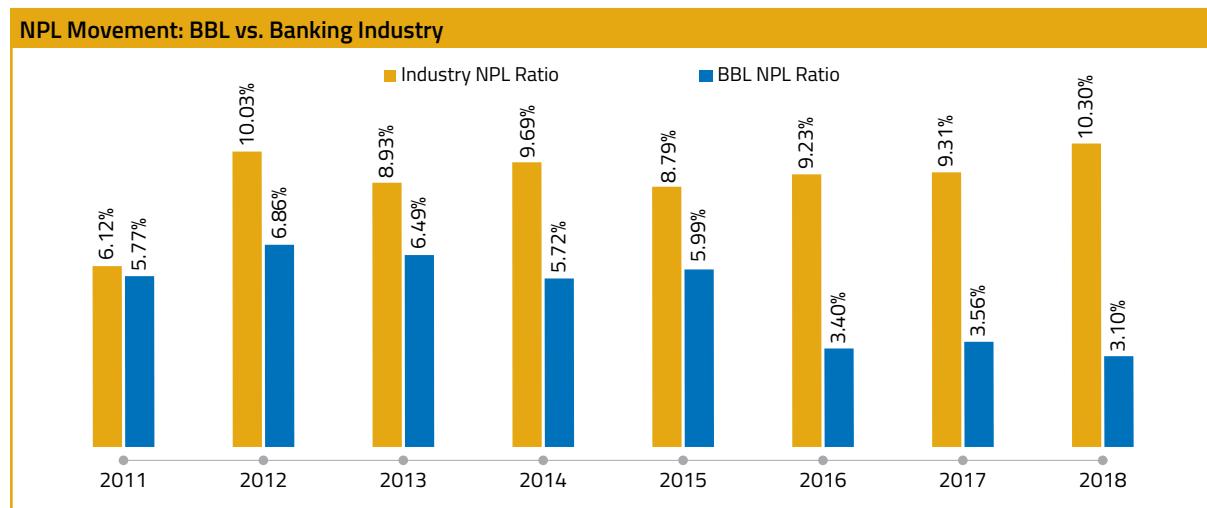
### Growth in loans and advances and asset quality management

Just as 2018, the year 2019 was challenging too for the banking industry. Increasing NPL levels, depressed export markets, fluctuating foreign currency exchange rate, market volatility with frequent interest rate adjustments, etc., have contributed to sharply moderate credit growth in private sector banking. As on November 2019, private sector credit growth dropped to 9.87 per cent, which is the lowest since at least 2008.

Under this context, BRAC Bank has performed well, recording an increase of 16% in its total loans and advances portfolio to Tk. 264,091 mn from Tk. 238,008 mn in December 2018. At the bank, our underlying focus is on asset quality with rigorous performance and risk monitoring strategies, both pre- and post-loan sanction.

The asset quality or portfolio health is measured by a metric that takes into account non-performing loans (NPLs) as a percentage of the total loans of the bank. Evidently, the lower this metric, the better is the asset quality.

Industry NPLs stood at 6.12% in the year 2011. Post-2011 however, due to commodity market volatility, inadequate infrastructure thwarting investment growth, political instability and widespread loan scams in several banks, industry NPLs soared and rose to as high by the end of 2019.



Despite the dismal asset quality scenario, BRAC Bank reported a contrarian performance and continued to maintain healthy asset portfolio during the last two years. With concerted efforts of each of the business divisions, the CRM division, SAM and the management, BRAC Bank was able to maintain an NPL of 3.99%, sharply lower than the average NPL levels of the industry.

### Way forward

In the context of the overall turmoil in the financial sector, driven by sluggish credit offtake across the country, we expect the year 2020 to continue to be

a very challenging one too from a CRM perspective. Though the country's banking industry is weighed by rising NPLs, at BRAC Bank, we expect to contain the decline in our NPLs to optimal levels, thereby protecting our profitability and sustainability.

Hence, we will lay down more emphasis on sustainable credit risk management for 2020 and ensure booking of pristine quality assets with proactive monitoring, in line with our risk appetite statement. Besides, prudent optimisation of concentration risks and effective portfolio monitoring will represent the key tools for us to continue with the best possible outcomes to reduce the impacts of risk on our bank.

# INTERNAL CONTROL AND COMPLIANCE

## Overview

Internal control is an effective mechanism to provide reasonable assurance on the attainment of organisational objectives through achieving efficiency in operations, reliability of financial reporting and compliance with applicable laws, regulations and internal policies. At BRAC Bank, the primary objective of Internal Control and Compliance is to enable the bank to perform better and add value through proper and adequate use of infrastructure and resources.

Establishing robust internal controls and ensuring an effective control environment is a priority. The bank has instituted internal control over financial reporting, and has also established strong monitoring mechanisms to ensure operational effectiveness of those controls. Through its internal control systems, the bank identifies weaknesses associated with its processes and adopts appropriate and commensurate measures to overcome the shortcomings.

The principal objectives of internal control include the following:

- **Operations objectives:** Attainment of the bank's mission and vision
- **Reporting objectives:** Timely, accurate and comprehensive reporting – both financial and non-financial and internal and external
- **Compliance objectives:** Conducting activities and taking specific actions in accordance with applicable laws and regulations

BRAC bank has established an effective internal control system whose primary aim is to ensure the overall control and mitigation of risk, while also providing reasonable assurance that the objectives set by the bank will be met. The controls have been framed to:

- Develop a high-level risk culture across the bank
- Establish an efficient and effective operating model
- Ensure reliability of internal and external information, including accounting and financial information

- Secure the bank's operations and assets, and comply with laws, regulatory requirements and internal policies

The key functions that have been established in reviewing adequacy and integrity of the system of internal controls are as follows:

- Various committees are established by the Board to assist it in ensuring the effectiveness of the bank's daily operations and that the bank's operations are in accordance with corporate objectives, strategies and annual budget, as well as policies and business directions that have been approved.
- The bank's internal audit department checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlights significant findings in respect of any non-compliance.
- Audits are conducted across various departments/units, SME Service Centres and all branches, in accordance with the annual audit plan, as approved by the Audit Committee of the Board. The frequency of audits at branches is determined by the level of risk assessed to provide an independent and an objective report. Findings of the internal audit are submitted to the Audit Committee of the Board for review during their periodic meetings.
- The Audit Committee of the Board reviews internal control issues identified by the Internal Audit Department, Bangladesh Bank, external auditors and the management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audit and the quality of internal audit. The minutes of the Audit Committee meetings are tabled at the meetings of the Board of Directors on a periodic basis.
- Self-Assessment of Anti-Fraud Internal Controls is carried out on a semi-annual basis and is sent to Bangladesh Bank, as per requirement vide DOS

Circular Letter No. 10, dated 09 May 2017, issued by Bangladesh Bank.

- In assessing the internal control systems, identified officers of the bank continued to review and update all procedures and controls that are connected with significant accounts and disclosures of the bank's financial statements. The Internal Audit department continued to verify the suitability of design and effectiveness of these procedures and controls on an ongoing basis.
- The bank's ICCD comprises mainly of four units/departments:
  - Internal Audit
  - Compliance Unit
  - Monitoring Unit
  - Concurrent Audit

### Internal audit

Internal audit is an independent objective assurance and consulting activity designed to add value and improve an organisation's credibility and operations. BRAC Bank's audit team comprises a well-represented mix of professionals, including experts in business, technology, etc. The bank's audit department is committed to meet the standards of best professional practices. The team applies risk-based internal audit methodology for conducting their audit functions. Risk-based internal audit includes, in addition to select transaction testing, an evaluation of the risk management systems, controls and procedures across the various facets of the bank's operations.

BRAC Bank has a strong internal audit team comprising three units that carry out the audit activities:

- Head office audit
- Distribution audit, which conducts audit on all branches, including:
  - AD
  - LAD
  - Corp. Branches
  - SME Krishi Branches
  - SME Service Centres
  - SME Unit Offices
- Information systems and vigilance audit

BRAC Bank has also introduced a risk-based audit

system and its audit team conducts comprehensive, on-spot and even surprise audits across various branches, SME Service Centres, SME/Krishi Branches and SME Unit Offices, and even across such functions/departments/divisions as information technology, information security, cyber security, data privacy and protection and centralised functional units at the head office and regional base functional units.

Internal audit helps the bank to accomplish its objectives by bringing forth a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

### Compliance

BRAC Bank has established a robust compliance culture by encouraging employees to comply with all policies, procedures and regulations in both letter and spirit.

With a view to establish and uphold a strong culture of compliance, the bank has a robust Compliance Department functioning under the Internal Control & Compliance Division, which is dedicated to ensuring compliance with guidelines/observations/recommendations of regulatory and internal audit/investigations. In line with regulatory requirements, three separate units are formed under the Compliance Department, including:

- Regulatory Compliance Unit
- Internal Compliance Unit
- Investigation Unit

The Regulatory Compliance Unit supports the Bangladesh Bank team in their inspection at branches/head office and ensures submission of compliance response to Bangladesh Bank appropriately and timely, while also:

- Monitoring compliance activities of branches, divisions, departments and other offices
- Verifying the internal control systems of the bank's operational activities, as per Bangladesh Bank and other regulatory guidelines

The Internal Compliance Unit works dedicatedly to ensure full and efficient implementation of Internal Auditor's observations and recommendations made by the investigation unit.

The investigation unit conducts investigation/s and submits the report onward, as per management requirements, and also analyses fraud cases to ascertain responsible parties and recommend appropriate action(s). The Compliance Department also ensures required reporting to the management, the Board Audit Committee and regulators.

## **Monitoring**

BRAC Bank has a dedicated monitoring department under the Internal Control & Compliance Division, which is dedicated to monitor the internal control systems and operational activities of the bank on an ongoing basis.

In case of any lapses/irregularities found, the monitoring unit takes appropriate corrective measures within the respective business/operational areas. If they discover any significant operational lapses, they recommend the issue to the senior management through the Head of ICC for immediate resolution. Some major tools at the disposal of this unit include the following:

- Branch/Departmental Control Function Checklist (DCFCL)
- Loan Documentation Check list (LDCL)
- Key Risk Indicator (KRI)
- Quarterly Operations Report (QOR)
- Spot checks/surprise visits across SME Unit Offices and Branches to analyse if the respective functions abide by compliance and existing policies and guidelines
- The monitoring department also submits self-assessment of the anti-fraud internal controls report and the bank's health report to Bangladesh Bank

## **Concurrent audit**

As per the directives of Bangladesh Bank, articulated in its Guidelines on Internal Control and Compliance in Banks, a concurrent audit department was established to align with the said guidelines. This team scrutinises whether the bank follows the guidelines of the internal and regulatory bodies from time to time. It also exclusively conducts spot/surprise audits of continuing

operational activities across various branches, SME Service Centres, SME Krishi Branches, ATM Service Centres, SME Unit Offices, ROC, CRM and Centralised Functional Units at the Head Office.

## **Fraud and Forgery**

Fraud and forgery have become critical issues in recent years. These have a major impact on Bangladesh's economy, impeding economic development. BRAC Bank has always been focused in controlling fraud and forgery by establishing and maintaining proper control systems. Further, to prevent fraud and forgery, the bank has established an investigation unit under the compliance department of Internal Control & Compliance Division to deal with such kinds of incidents. This wing exclusively deals with all kinds of fraud and forgery and acts independently as the first contact point/information unit where internal and external fraud and forgery incidents are escalated, investigated and reviewed.

To protect the bank and stakeholder interests, the investigation team performs thorough investigations to identify perpetrator/s and the root-cause of the reported incident. As a remedial course of action, preventive measures are recommended to the business/functional units to take necessary action relating to process improvements, recovery of misappropriated amounts, adjustments of the operational loss and appropriate actions initiated against the perpetrator/s. The investigation reports are also placed to the Board Audit Committee for their direction and guidance.

All fraud and forgery cases that were identified in 2019 were also duly reported to Bangladesh Bank on a regular basis following their prescribed format and adequate provisioning was also maintained in the books of accounts. On the other hand, the management is fully focused in their efforts and endeavours to recover the loss amount incurred due to any fraud incidents.

# DISTRIBUTION NETWORK



**187**

Total branches



**7.46 bn**

Avg. cash handled daily



**39,274**

Avg. daily cash transactions



**5,770**

Customer service requests  
handled daily

## Overview

BRAC Bank envisions becoming the best bank in Bangladesh, and one of the key levers of this vision is a relentless focus on revamping and modernising the existing branch structure under its Distribution Network. Indeed, our ambition to become our client's preferred banking platform enables us to take steps in dispensing efficient, delightful and enjoyable customer experiences.

Our Distribution Network (DN) is our primary interface with our customers. Customers are made aware of the products and services of the bank through its DN, which in turn facilitates the acquisition of new business opportunities and contributes to portfolio enhancement.

Our DN is divided into eight regions, which comprise a total of 187 branches located across Bangladesh. Each region is supervised by a Regional Head, who ensures the fulfillment of the broad mandates of compliance, customer experience and portfolio expansion. With the purpose of effectively segregating roles and improving our administrative capabilities, we have realigned regional mapping to ensure that our regions are under the direct supervision of the Head of Branches. This repositioning will ensure stronger performance of our DN, enabling it to further augment its contribution to the bank's vision and growth targets.

Further, to facilitate the expansion objectives of our DN, our Branch Governance and Customer Experience teams have been working in close collaboration to ensure compliance and superior customer experience.

Branch Governance is a facilitation wing conceived to assure compliance, service standardization and process uniformity across our branches. This team is responsible for ensuring that branch staff is updated on and compliant with any relevant regulatory changes. The team is also involved in different projects and campaigns, and acts as a bridge between the bank and its branches, ensuring efficient transmission of information and related updates.

The Customer Experience team strives to reshape our customers' banking experience by identifying their needs and meeting their evolving expectations. Customer Experience acts as a hub that ensures that our customers are provided with the same level of seamless and high-standard experience across our network. The team has been achieving this objective by responding to feedback received from customers and by organising specialised training sessions on service quality and products and services to anticipate and meet customer expectations.

## What we achieved in 2019

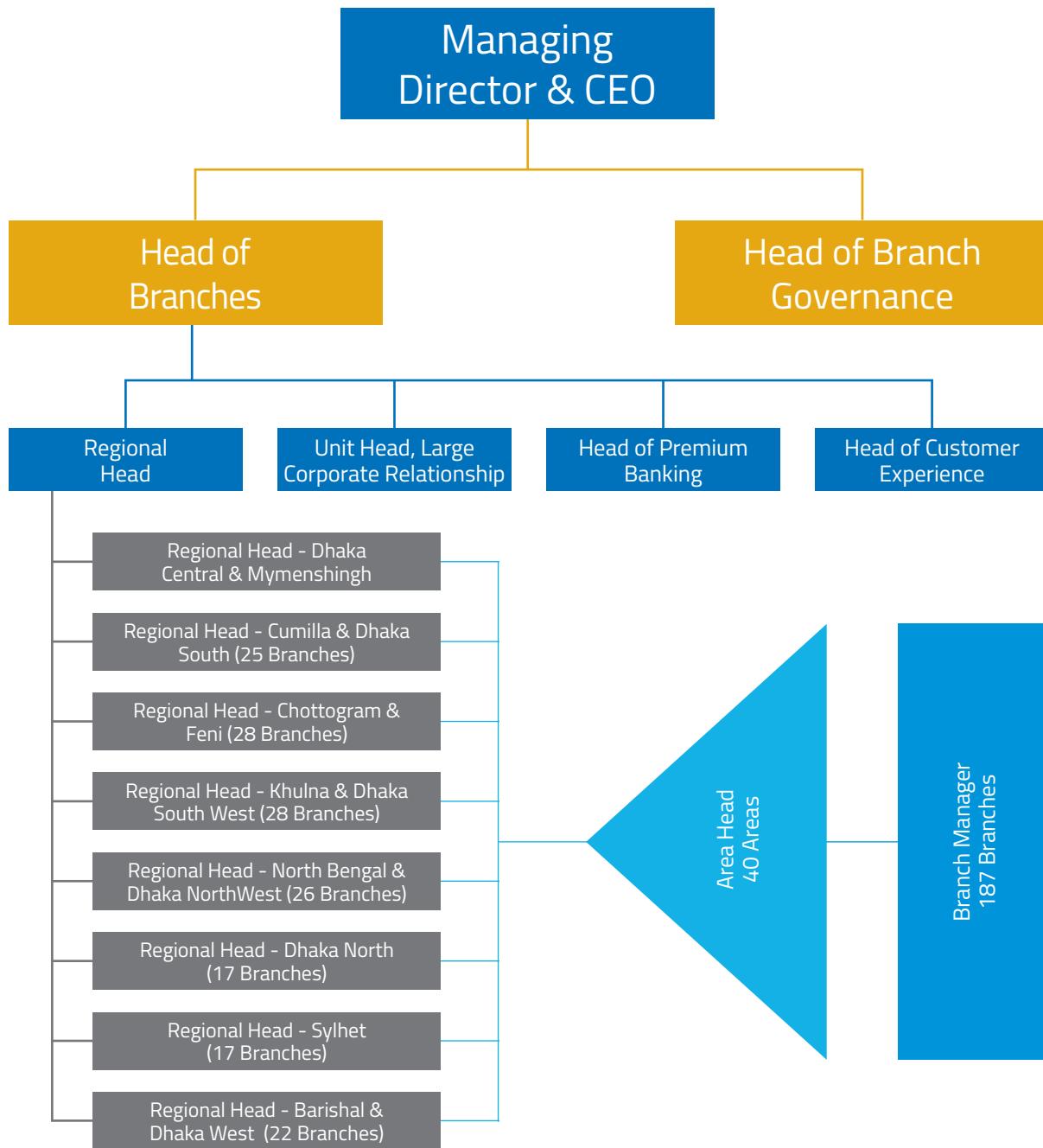
- Introduced branch learning session through structured content to inculcate the skills sets required to provide the best possible service, ensure compliance and acquire new business
- Created a central repository of branch-related information and facilities for staff to seamlessly access relevant communication and product updates and also be able to locate shortcuts to frequent services that customers require, thereby adding to their convenience

- Conducted workshops to facilitate the transformation of the product and service experience, using behavioural research and human-centric design approaches
- Organised multiple customer engagement programmes, including career and education fests, health awareness events and women entrepreneurship and empowerment trainings and workshops, towards publicising the bank's products and acquiring more retail and SME customers
- Encouraged the implementation of cost-cutting measures by substituting manual approaches with digitisation, digitalisation and automation
- Inaugurated a branch in Mirzapur in order to tap into new business opportunities and serve the needs of the catchment better and faster
- Relocated nine branches to new locations to enhance their accessibility, while also upgrading them to provide customers with several added conveniences. These branches include:
  - Dhanmondi Branch
  - North Gulshan Branch
  - Dinajpur Branch
  - Moghbazar Branch
  - Shyampur Branch
  - Pahartoli Branch
  - Uttara SME Service Centre
  - Konabari Branch
  - Banani Branch
- Completed renovation of nine branches as well to enrich customer experience through improved facilities. These include:
  - Halishahar Branch
  - Biswanath Branch
  - Feni Branch
  - Moulvibazar Branch
  - Majdee Branch
  - Shantinagar Branch
  - Gulshan Branch (Corporate Floor)
  - Rajbari Branch
  - Agrabad Branch

### **What we expect to accomplish in 2020**

- Conduct service quality assessments in both the service and cash fronts across numerous branches, which will help in benchmarking client experiences to further strengthen customer intimacy with the bank
- Expand our Agent Banking network to create a distribution network bulwark, resulting in mutually-beneficial synergies and growth potential for all stakeholders concerned
- Fast-track service automation to meet the needs of our growing customer base, improve our overall process efficiencies, reduce unwieldly operational costs and simplify access to our products and services
- Divert customers to our alternate banking channels to ensure easier access with the same level of service and also to optimise branch footfalls to provide more prioritised/speciality banking services

## Governance in Distribution Network



# OPERATIONS DIVISION

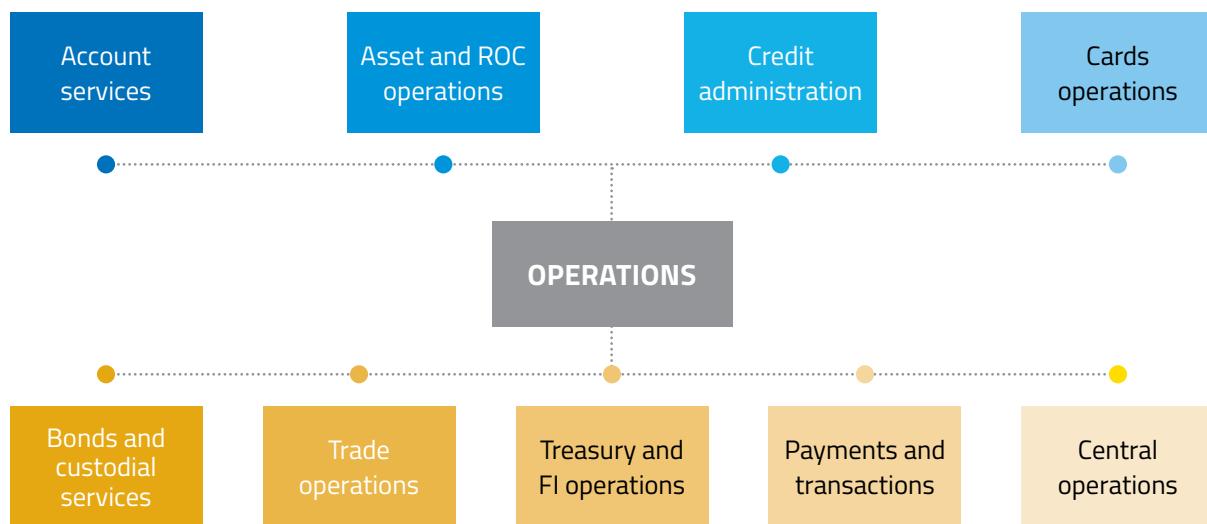
## Overview

BRAC Bank's Operations division is primarily mandated with the responsibility of ensuring smooth operations, which has a direct impact on the bank's profitability. Over the years, the bank's Operations division has remained committed to deliver a robust operational framework that facilitates:

- Dispensation of credible, predictable and high-quality customer services

- Cost optimisation that supports the bank's productivity and profitability aspirations
- Flexibility in terms of alignment with evolving customer needs
- Alignment with changing regulatory requirements
- Scalability in our banking platform that enables the bank to reach a larger consumer base faster and with more surety

## Operations division's service matrix



In 2019, the bank's Operations division embraced a digitalisation drive, with initiatives structured around meeting the objectives of reducing costs, improving processes and enhancing operational efficiencies, along with strengthening compliance standards and delivering expected operational services. During the year, the division also focused on optimising and allocating resources commensurate with the automation and digitalisation expectations with a view to fast-track implementation. Efforts were also invested in substituting existing processes through simplification and automation to reduce manual interventions as much possible. The outcome was that we were able to improve our turn-around-time (TAT), resulting in superior and delightful customer experiences.

## What we achieved in 2019

### Customer service initiatives:

- Provided instant customer notification on all trade transactions
- Implemented a trade front desk to facilitate smoother and more responsive trade services
- Established a new unit - trade customer service
- Revamped the account opening process to reduce TAT to just about 5 days and launched this service across 17 branches

- Supported the facilitation of quicker expansion of the bank's Agent Banking network to 301 points to capture the market faster and more securely
- Embraced systems modernisation to fix bugs to ensure sustainable product offerings through our core banking solution (CBS)
- Enabled issuance of sanction letters through software and foreign bonds through online system, thereby making the process faster and more secure
- Facilitated real-time escalation of 'document deficiency notification to concerned RM teams, replacing day-end dispatches
- Effectuated despatch of Sanchaya Patra acknowledgement and e-advice copy directly to the customer's address
- Launched such customer-facing initiatives as global limit with a single card account, instant and paperless PayFlex payments and advanced TQ endorsement
- Introduced SMS notifications on insurance premium dues, loan repricing, inward remittances, cash incentives etc., replacing paper-based letters. Also effectuated e-mail notifications on insurance premiums dues and external credit rating expiry
- Initiated processing of surplus earning remittances for our various airline customers
- Established a central unit for facilitating the sales team to accelerate account opening
- Constituted a 'heat team' to support sudden high volumes in any function/s

### **Projects and automation initiatives:**

- Introduced a vessel-tracking system to track movement of vessels, as well to identify any possible sanction violations by ships through which goods are imported. This web-based price verification tool assisted our Trade Operations Division as well as other support units, including CRM, FI and Corporate Branches
- Implemented a system validation process for back-to-back entitlement against master LC/contract
- Achieved automation of 26 trade transaction advice with the result that instant email notification was despatched to our customers with advice and Swift copy
- Enabled instant routing of all incoming export-related Swift messages to customer's email ID
- Facilitated instant update of all trade liability positions by automation of Trade MIS (20+ report)
- Accomplished various projects, including data cleansing, dormant/zero balance account closure, DPS closure, mobile number/security documents/codes/NID and TIN updates, enrollment for eStatements, loan reviews for CIB, etc.
- Attained successful implementation of BACH-II, inward remittance SMS alert initiation, mid-office remittance team establishment, migration from card pro to omni-card, credit card booking through robotics, web-based systems launch for Sanchaya Patra etc.
- Completed multiple automation drives, including card cheque issue through bulk uploads, bulk file uploads for RTGS transactions, live deployment of CorpNet and Click2Pay, auto interest spread maintenance for FDR and SOD, LIBOR and OBU loans etc.
- Launched 'RPS software' enhancement to auto-extract SME loan EMI data to prepare a replica bank statement and thus facilitate SME reconciliation
- Automated NOC issuance for closed loans, loan pay-off amount calculation both for current and

### **Process transformation initiatives:**

- Re-engineered UPAS bill discounting according to central bank guidelines and also export bill discounting and EDF processing
- Implemented the bank's first-ever comprehensive document archival policy for streamlining physical documents archival, retention and destruction
- Transferred classified loans (CL) reporting practice from Finance to Credit Administration Division (CAD) under Operations to ensure synergy and control, as per industry practice
- Introduced new processes for the first-time for CAD and Central Operations departments, alongside routine process reviews and transformations enabled for other departments
- Launched paperless PIN for debit cards and migration of magnetic strip debit and prepaid cards to CHIP-based cards
- Discontinued with the practice of despatch of merchant hard copy advice to support green banking



future dates, loan write-off processing, deed withdrawal charge realisation, loan EMI collection through EFT, etc.

- Implemented e-Archive software (phase-I) for archival of all physical loan account files, NPSB control point tools for reporting daily debit, revamped auto SMS, email platform initiation for Positive Pay, auto-populated data in Finacle Screen for CASA, loan and CIF modules, etc.
- Introduced automated document deferral tracking and management system

#### **What we expect to accomplish in 2020**

- Implement robotics against LC, bill and trade loan processing
- Initiate end-to-end smart trade front-end application
- Ensure summarisation of business MIS through 16 reports - Business MIS
- Activate automatic tracer to customers through email and also a document management system (DMS)
- Substitute with automation repetitive jobs in operations, data cleansing, etc.
- Facilitate auto reconciliation and settlement of Nostro/ATM/cards transactions
- Automate reporting for Visa, MasterCard and Bangladesh Bank
- Attain green PIN for credit and prepaid cards, while also launching contactless cards
- Accomplish BACH-II FCY to go live as per plans and also mRemit phase-II to go live
- Upgrade IVR and call centre facility for Positive Pay confirmation

# TECHNOLOGICAL SERVICES

## Overview

As a pioneering financial institution of Bangladesh, BRAC Bank expects to take the lead in digital banking by rolling out a strong, secure, progressive and scalable digital banking platform, enabling our customers to access our services from across the country and the world.

Towards realising this material objective, the bank embraced several initiatives with regards to digital transformation in 2019, focusing on delivering superlative experiences and forging customer intimacy and loyalty. Our intent is to deploy cutting-edge technology that helps enrich the bank's engagement with its customers on a daily basis, while also enabling the organisation to optimise costs and maximise profitability.

## What we achieved in 2019

In 2019, BRAC Bank initiated the implementation of the universal banking app (UBA) solution and mobile wallet management as a decisive step to lay the foundations for digital banking. Specifically, the UBA and mobile wallet encompass web-based banking and represent a simple, convenient and user-friendly mobile app for customers to cater to all their banking needs on-the-go. We believe that as customers become mobile in their quest to extend the geographic boundaries of their business, the banking mobile app will enable them to conduct their business and other banking transactions through the convenience of 'anytime anywhere banking'.

Further, our new cash management and supply chain management systems will help expand our corporate business and enable us to create strong distinguishing propositions from what the market offers. It will also enable us to enhance the spread and depth of our network, while facilitating the acquisition of customers with diverse real-time transaction needs. To supplement these solutions and enable a more simplified process, a document management system will be implemented in parallel, which will help us in our endeavours to achieve paper-free back-office operations and also across branches (wherever possible), while digitised data will facilitate quicker processing of basic tasks.

With digitalisation being the next big transformative change and mostly being personal device-based, we moved away from cash-intensive to cash-light/ less-cash solutions. Thus, we have also initiated the implementation of major customer-facing digital platforms and projects. Further, to provide a wider bouquet of digital services, BRAC Bank is upgrading its alternative delivery systems. The following measures highlight how our upgraded systems will extend better customer experiences, while enabling us to achieve our expectations on revenue expansion, cost controls, etc.

## Agent Banking

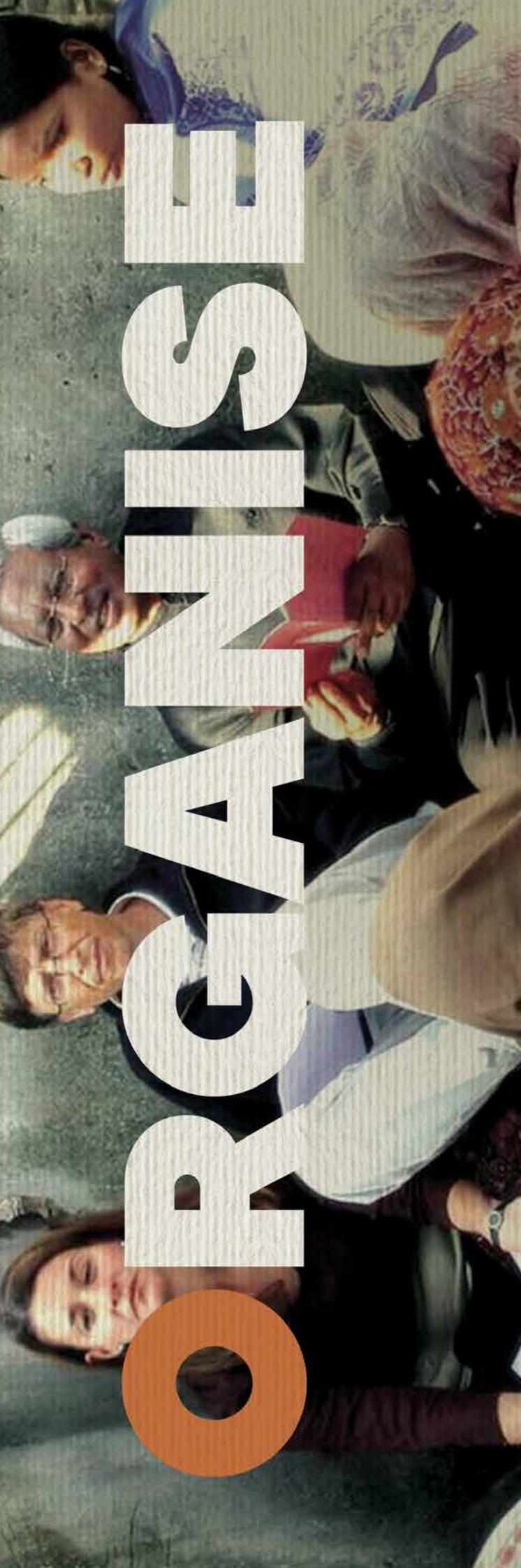
BRAC Bank focused on dispensing digital banking services to its customers located in rural areas through its Agent Banking platform. Through this platform that truly helps achieve our objective of democratising access to formal banking, we were able to offer cost-effective, secure and faster banking services, facilitated by simplified processes and automated systems. In a dynamic business environment, we are also reinforcing this platform with a plethora of world-class security features as well as scalability that will ensure that the platform is able to serve evolving business and regulatory requirements.

## MFS and payments integration

In an interconnected and mobile world, integration of banking services is not just a need, but an imperative. Towards this extent, we achieved MFS (mobile financial services) and payments integration, thus emerging as the most connected bank in Bangladesh offering enhanced digital banking experiences to our customers. We are connected with a host of service providers, including financial wallets (bKash, Rocket, OK Wallet) and PSP (iPAY), while also providing our customers with the facility of effecting utility bill payments (WASA) and also insurance premium payments (MetLife, Guardian).

## Solutions for corporate banking

BRAC Bank introduced several innovative products for its corporate customers to reinforce the propositions around single-point customer-centric financial solutions. Hence, besides traditional deposit and



advance products, corporate customers can also activate collections and disbursements through a multi-channel network, corporate product inventories and customised business letters. What makes BRAC Bank's Corporate Banking solution stand out from others is its ability to offer customised solutions at scale, thus closely suiting the unique business needs of corporate customers.

### **Employee banking solution**

Click2Pay is a payment management application developed to primarily facilitate salary disbursements. The application serves as a fast, simple and secured mode of payment based on straight-through processing of transactions. Designated users receive a unique username and password via SMS for accessing this application, after which they can initiate transactions from their company's corporate account maintained with BRAC Bank.

### **BACH-II implementation**

In the last quarter of 2019, we seamlessly and successfully implemented BACH-II (Bangladesh Automated Clearing House). Through this implementation, we have complied with Bangladesh Bank's regulatory guidelines, as BACH-II supports multi-session and FCY transactions that were not supported in the previous version. Moreover, this platform elevates transaction security over the previously used HSM technology.

### **Real-time remittance solutions**

We integrated as many as 10 new exchange houses into our customised remittance solutions. This helped to support business growth, as well as enhanced our remittance footprint. At present, through our association with 42 exchange houses, our customers can remit money to beneficiary BRAC Bank accounts, other bank accounts and even the bKash wallet instantly. Further, we implement 2% incentive within shortest possible timeline.

### **Enterprise resource planning (ERP)**

With a view to help support our digital banking aspirations, we implemented Hyperion, TALEO and PMSthat went live during the year. Further, our Oracle ERP processes also became more embedded into our operations, thereby facilitating better engagement with business users.

### **Retail and SME banking**

We ensured better and more simplified engagement with users of our Retail and SME Banking platforms through

Agent Banking integration with CBS/Finacle. During the year, the bank launched various types of products and services to meet the growing demands of all customer segments. Further, a large number of initiatives around automation were also established in the trade module to enable corporate and SME customers to seamlessly access our banking services. Also, within our upgraded CBS system, we have enriched audit functionalities to mitigate operational risks.

### Operational efficiency

We activated several automation initiatives around our services, while also introducing automated reports. This augmented operational efficiencies and reduced both TAT (turnaround time) and operational cost. Further, we have also brought forth automation in routine non-value added processes, thus freeing resource time for better engagement in value-added services.

### Payment process automation and improvement

We successfully implemented multi-dimensional payment processes and added channels. With this, BRAC Bank offers the best solutions for faster, more reliable and easy payment options to customers.

### Call centre upgradation

We successfully implemented new call centre solutions with the added features of outgoing call facilities, IVR, skills-based call routing and green PIN technology. Our new call centre solution enhances customer convenience through quicker access to desired services and also through IVR-led self-service, which has resulted in moderation of average call handling time with enriched customer experience.

### Credit card management

We successfully executed an upgradation of our credit card management system (CMS). The new CMS features elevate customer experience, secures customer transactions and increases business capabilities. The major benefit of this upgradation includes:

- Single account with unified currency statement, with the customer no longer requiring to pay USD and BDT bills separately, while also ensuring hassle-free payment of bills for primary and secondary cards
- Higher security through automatic transaction monitoring and alerts for fraud. Further, certified solutions are provided by PADSS (Payment Application Data Security Standard) authority
- Real-time bill payment with cardholder's bill

payment being updated instantly with immediate SMS notification

- Instant EMI from terminal, enabling our customers to instantly convert their transactions to convenient installments from the POS terminal. This circumvents the need for paper-based application and manual form-filling to convert a transaction into an installment

### Debit card management

Our upgraded debit card management system and switching solutions went live in the first quarter of 2020, while our new universal acquiring platform is expected to go live by the second quarter of 2020. These platforms with added features and functions will enable our employees to serve our customers better and, in turn, will empower them to engage in a superior banking experience with us.

### Credit card account opening through robotic process automation

We substituted the credit card account opening process from manual to robotic, which substantially shrunk the account opening time, reduced customer TAT, enhanced productivity by 2.5x and nullified data entry errors.

### Business continuity

Business continuity and sustainability were ensured through the facilitation of high availability of infrastructure resources with redundancies. Further, state-of-the-art hardware components were introduced, comprising modular load balancers, enterprise-class data storage and backup systems and new generation firewall systems.

### Communication facilitation

The bank has also introduced a unified communication system to seamlessly ensure external and internal communication through voice, video and data. This has helped create a platform for enabling communication through multiple modes, also substantially reducing the cost of communication.

### What we expect to accomplish in 2020

Considering our long-term business plan, while also taking into cognisance growth sustainability, BRAC Bank has decided to establish a modern captive data centre and a disaster recovery site. The designing and planning of the data centre and disaster recovery site has already been started by engaging experts in the field. The eventual goal is to build these assets with the best standards and certifications.

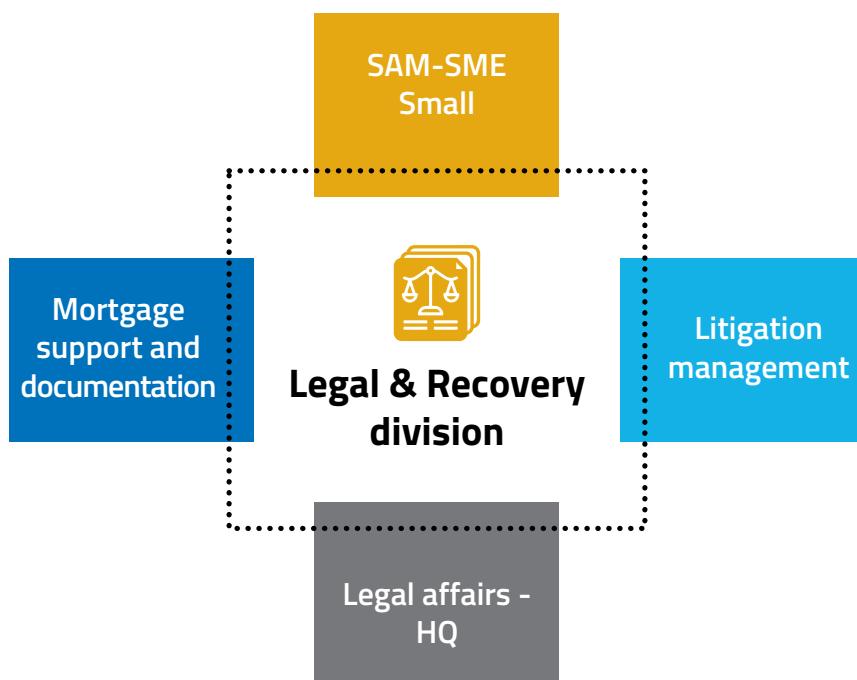
# LEGAL & RECOVERY DIVISION

BRAC Bank's Legal & Recovery division is a specialised unit, providing comprehensive business support services to the bank's SME, Retail and Corporate divisions by managing and monitoring pending cases in the different courts of Bangladesh, while also ensuring recovery of debt from SME Small default borrowers.

The Legal & Recovery division has four major functional areas, including:

- SAM-SME Small
- Litigation management
- Mortgage support and documentation
- Legal affairs - HQ

## Structure of the Legal & Recovery division



### SAM-SME Small

SAM-SME Small is actively contributing to the bank's profitability through recovery of written-off loans. It is also enabling the bank to control its NPLs at the

desired levels through bad debt recovery. In 2019, SAM-SME Small recovered a total amount of Tk. 1,440 mn (written-off amount of Tk. 640 mn and non-written-off amount of Tk. 800 mn). The objective of this unit is to maximise recovery and minimise NPLs.

### Key stats (2019)



**1,440 mn**

Total loan recovery contribution of L&R division



**640 mn**

Recovery of written-off amount



## Litigation management

The litigation management team is engaged in managing 25,905 cases in the different courts of Bangladesh. Among the total number of cases, 17,127 are active cases. All cases are initiated under the NI Act/ARA/Penal Code for recovery from default borrowers of SAM-SME Small, SAM-Retail and SAM Corporate. The litigation management team works closely in a complementary/supportive role in enabling recovery across SAM-SME, SAM-Retail and SAM-Corporate divisions.

## Mortgage support and documentation

The mortgage support and documentation team of the L&R division provides business support to SME, Retail and Corporate divisions by offering mortgage charge in the name of bank. It provides countrywide support from both head office and also from 7 ROCs in Bogura, Cumilla, Chattogram, Sylhet, Gazipur, Jashore and Narshindi.

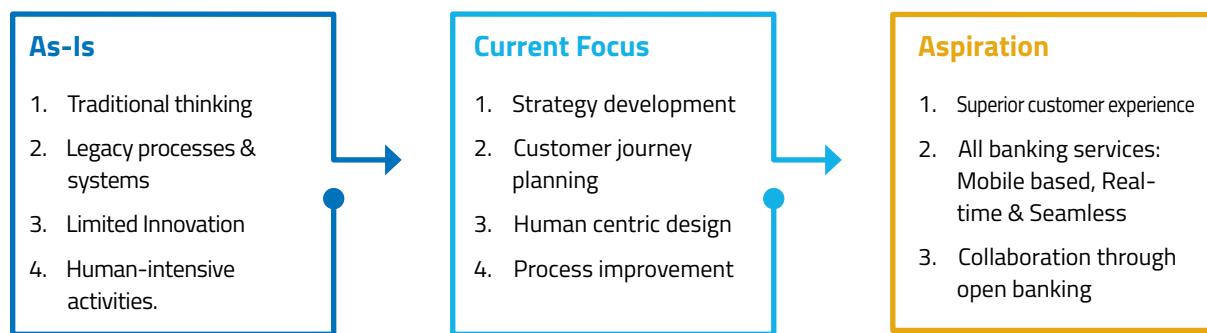
## Legal affairs – HQ

Legal affairs - HQ is a dedicated unit providing day-to-day operational support to branches for fraud and forgery-related issues, legal issues, dispute resolution mechanisms, etc. It also provides legal opinions, agreement reviews and PPG reviews, while maintaining relationship with different law enforcement agencies, including CID/PBI/SEC/DUDOK, etc. In effect, the legal affairs department takes responsibility of any legal matters, thus efficiently managing legal and reputational risks of the bank.

# DIGITAL TRANSFORMATION PIVOTING BRAC BANK TOWARDS DIGITAL BANKING

## Vision

Our vision in digital transformation is guided by our aspiration to become the best bank in offering digital financial products & services by utilising progressive digital channels with the aim of moving to 'open banking' landscape in the next few years.



## Core focus areas

Digital transformation at BRAC Bank represents digitisation and 'online migration' of all traditional banking services & activities. As a future-facing financial institution, BRAC Bank has facilitated a paradigm shift in customer preferences to digital banking through its robust and convenient online banking platform that also showcases the highest safety and security standards. The core idea powering digital transformation at BRAC Bank is to enable us to provide innovative and useful feature-rich products and services to our clients.

BRAC Bank's Digital Transformation Division was conceptualised and established in 2019 with the express intent of preparing the bank to be at the forefront of digital banking services and catalyse continuous, organisation-wide transformation, thereby also enhancing readiness against disruptive/traditional digital banking competition. Notably, all activities under our digital transformation initiatives encircle our key focus areas, including dispensing superior customer experiences, improving operational efficiencies, generating new and diversified revenue streams and also rapidly responding to changing market dynamics.

At BRAC Bank, our focus on innovation is underpinned

by our ability to bring forth continuous and, where applicable, disruptive practices that redefine traditional banking processes and practices. This emphasis is carried forward by collaborating with local and international FinTech solution providers to conceptualise and co-create innovative products and services that meet both customer expectations and aspirations.

Today's consumers prefer 'anywhere-anytime' banking, which requires us to offer innovative, robust, secure and optimised digital banking services that are ready to meet the expectations of empowered and tech-savvy customers.



*We have set up a state of the art 'Innovation Studio' to foster innovation and digital transformation.*

# ALTERNATE BANKING CHANNELS

## Agent Banking



**301**

BRAC Bank's total Agent Banking outlets, 2019



**13,203**

Total number of Agent Banking accounts, 2019



**307.2 mn**

Total account balance, 2019



**240,495**

Loan repayment frequency collection, 2019



**10.09 bn**

Total loan repayment amount, 2019



**329,767**

No. of cash transactions, 2019



**16.94 bn**

Total cash transaction amount, 2019

## Overview

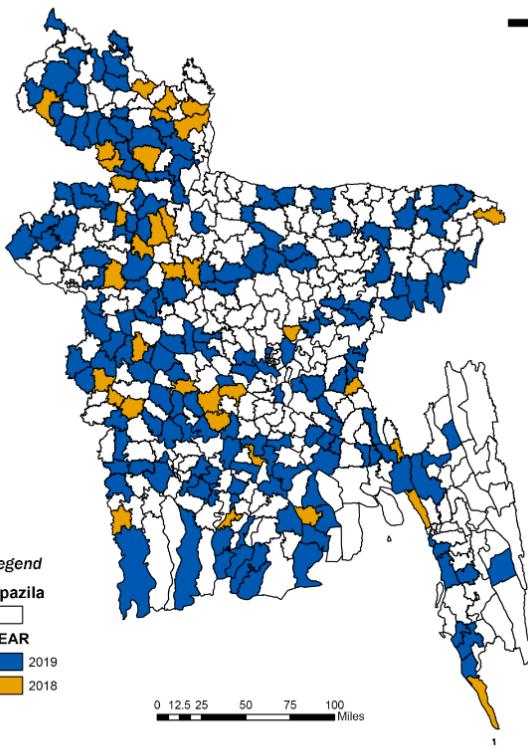
Agent banking is a fairly new concept in the banking industry of Bangladesh. Through this channel, customers who reside outside of the periphery of bank branches can easily access banking services, though on a limited scale. Agent banking is thus a crucial part of financial inclusion that fosters an alternative delivery channel that provides convenient and low-cost banking services to regions or areas where a full-fledged branch is difficult to establish or is unviable to operate.

BRAC Bank started its journey with its Agent Banking channel in 2018 with the objective of dispensing smart banking services to the large unbanked population of the nation, hence contributing to bringing the public under the formal folds of financial services. Till 31st December, 2019, BRAC Bank had an Agent Banking network of 301 outlets located across the country.

## Services through Agent Banking

Notably, BRAC Bank's Agent Banking network represents the first in Bangladesh to offer digital banking solutions capable to settle transactions on a real-time basis with biometric verification. New and innovative digital capabilities brings convenience to

Agent Banking Outlets (as of 31 December, 2019)



the masses, providing them round-the-clock banking services, while also making banking access simple and convenient for them. The bank is well-poised to leverage its robust expertise in SME banking to make Agent Banking a widely expansive and seamlessly accessible distribution channel.

BRAC Bank's Agent Banking outlets offer various services to customers, including:

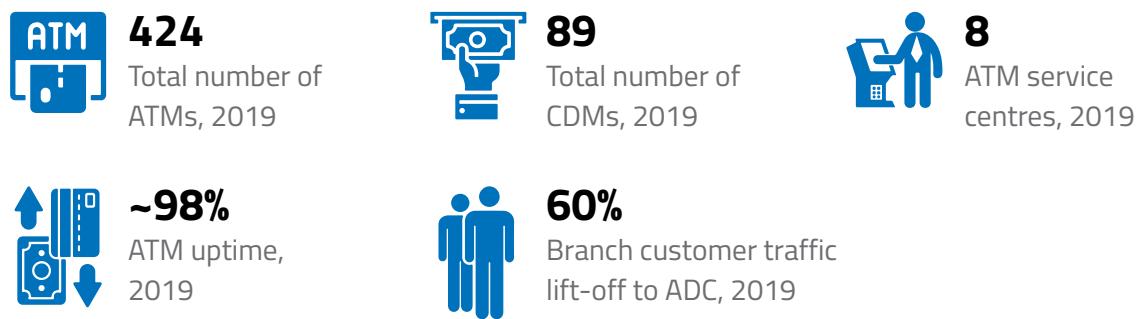
- Opening of different types of accounts, DPS, term deposits, etc., for both individual and institutional entities
- Cash deposits and withdrawals
- Fund transfers to any BRAC Bank account
- Electronic fund transfers through BEFTN and RTGS
- Inward foreign remittance pay-outs

- Loan disbursements and re-payment collections
- Balance inquiry
- Account statements
- Insurance premium collection
- Utility bill collection
- School fee collection
- Debit card and cheque book issuance
- Internet banking

### What we expect to achieve in 2020

BRAC Bank expects to substantially expand its agent banking network since it represents the most effective and relevant medium to extend banking services to the underserved living in remote regions where traditional branch banking is not a viable solution.

## Alternate Delivery Channel (ADC)



### Overview

BRAC Bank operates one of Bangladesh's largest and most expansive ATM/CDM networks, comprising 424 ATMs and 89 CDMs under its Alternative Delivery Channel (ADC).

From a strategic point of view, through the introduction of ATMs, BRAC Bank has not only made banking more convenient and accessible, it has also successfully reduced around 60% of customer footfall traffic at its branches, thus also delivering seamless and timely services at its branches. With such progress, the bank envisages to cover over 70% of transactions through ADC to further elevate the quality of customer service across its network. It expects to do so through conducting various campaigns and customer awareness and engagement programmes.

BRAC Bank has 8 ATM service centres that are dedicated to manage ATM and CDM services. These service centres ensure timely loading of cash in ATMs and deposit collection from CDMs, thus facilitating strong customer service. Further, our robust IT team dedicated to ADC assures up-to-date security compliance and also

ensures almost 98% uptime for our ATMs.

### What we achieved in 2019

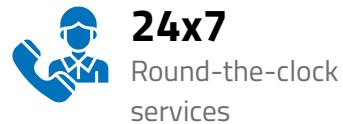
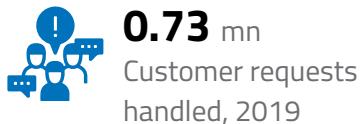
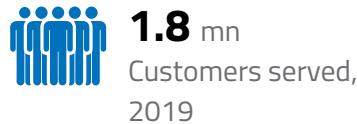
- As a measure to strengthen customer convenience, single cash withdrawal transaction limits across our ATM network was increased up to Tk. 30,000 for all our customers, while daily cash withdrawal limits were also enhanced up to Tk. 2,00,000 for general customers and Tk. 3,00,000 for premium customers
- Cash deposit limits were increased up to Tk. 75,000 through CDMs with a view to reduce pressure in our branches and enhance customer convenience
- CCTVs across all our booths were upgraded for enhanced security coverage, aligned with regulatory directives

### What we expect to achieve in 2020

- Convenience and availability: Maintain high uptime and well-planned placement of machines,

- while also incorporating value-added services and ensuring faster response in addressing grievances
- Technology and innovation: Implement the most modern technologies to infuse innovation and versatility across our vast distribution channel
- Security and compliance: Protect the interests of both customers and the bank through stringent adherence to policy and compliance, including through robust security measures

## Call Centre



## Overview

BRAC Bank's 24x7 call centre is a useful and well-liked channel, ensuring personalised customer interactions and immediate resolution of queries and updation of service requests. Responding to numerous customer requests, queries and grievances, the bank's call centre served 1.8 mn customers (2018: 1.7 mn) and handled 0.73 million customer requests (2018: 0.68 million) during the year. This centre is one of the largest call centres in Bangladesh with 120 seating capacity.

## What we achieved in 2019

With an endeavour to further enhance customer experience, we brought forth several major

enhancements across our services in 2019, including:

- PIN generation and change enabled from IVR
- Telephone identification number (TIN) generation and alteration from IVR
- Priority-based call routing
- Automated dialler for making outbound calls

## What we expect to achieve in 2020

In the current year, we aim to include few more services across our call centre that will enable us to achieve our objective of serving a larger number of customer requirements. We also aim to contribute to the bank's revenues by introducing sales-through-service through our call centre agents.

## Internet Banking



BRAC Bank's Internet Banking unit is one of the most important value-added services under its alternate banking channel. Using the internet banking facility, our customers can conduct their financial activities anytime and from anywhere. As a robust and well-established digital channel, it enables the bank's accountholders to:

- Check account balance
- Download statements
- Effect fund transfers to banks and mobile wallets.
- Enable mobile recharge, bill payments, etc.

With a continuous process to enhance the digital experience of the customer, BRAC Bank is also working on developing a mobile application. By 2020 the mobile application will also be available for our customers therefore they can meet banking needs on the go.

Meanwhile the mobile application is available the Internet banking team are also working to enhance the features of existing Internet banking application by adding several billers and mobile wallets. The main motto of the Internet Banking team is to enhance the features as much as possible so customers can perform their each financial and non-financial banking needs through the BRAC Bank Internet Banking.

# BKASH LIMITED



**2011**

Year of establishment



**999**

Workforce strength



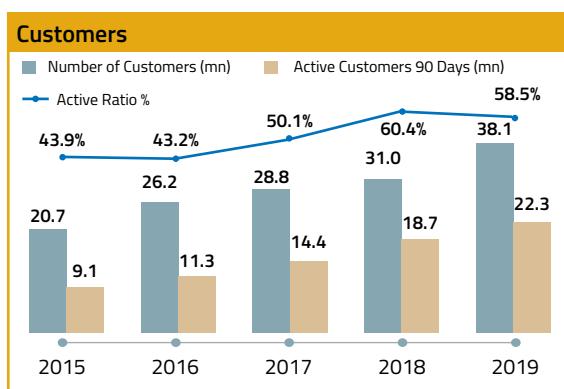
## Mobile financial services (MFS)

Business engagement

At bKash, the year 2019 was a critical period in terms of the business achieving technological breakthrough and sustained growth across key numerical metrics. Specifically, with the introduction of the new bKash customer and agent applications (apps), merchant gateways and new variabilised cost structures, bKash is expected to continue to ramp up for achieving exponential growth over the foreseeable future, with a favourable outlook on profitability.

### Overview

As a pioneering business that has become synonymous with mobile finance, the year 2019 continued to remain a strong one for bKash. The year witnessed significant milestones, including the induction of a new shareholder, the introduction of new products, technological sophistication achieved and new variable cost structures created, as mandated by regulatory bodies. The company outperformed business goals during the year and continues to thrive in a competitive environment through its versatile competencies. Thus, bKash regained much of its lost market share and is expected to continue on the path of success in the future as well.



The number of active customers (defined as those who made at least one transaction in the past 90 days) increased by a substantial 19.3% in 2019 vs. 2018.

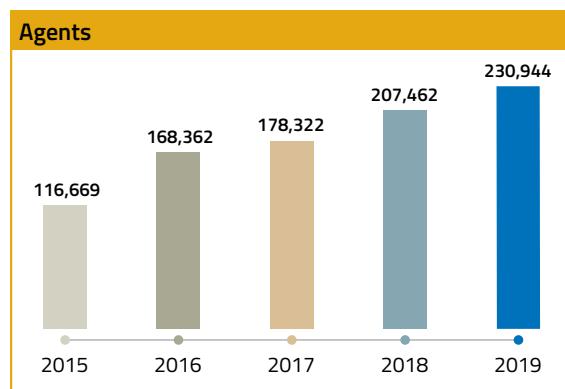
## Key achievements, 2019

bKash developed and released a new customer app on both iOS and Android operating systems, through which bKash customers could self-register, access their account information and effect transactions. A similar app for bKash agents was also released during the year. By the end of the year, more than 271 mn transactions passed through the customer app, thus showcasing increasing customer acceptance.

Further, some of the innovative financial products launched during the year include, the Card to bKash service and credit card payments through bKash.

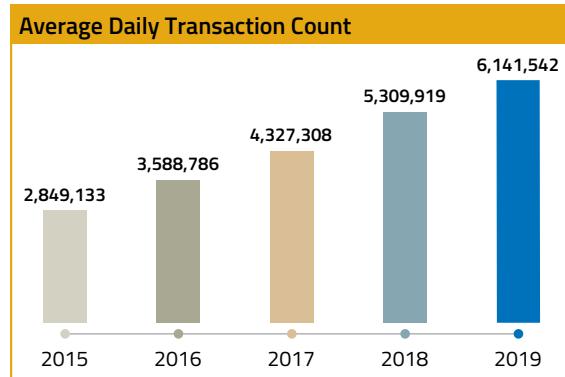
## Agents

All bKash agents were subject to rigorous compliance checks and audits and, resultantly, a number of disengagements occurred, leaving a total of 230,944 agents spread throughout the country. On average, in 2019, 92% of agents were active every month.



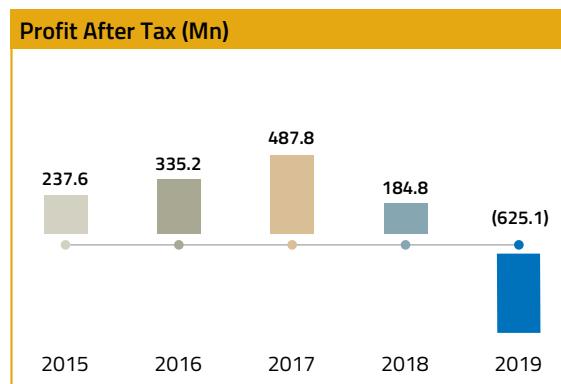
## Average daily transaction count

Average daily transaction count increased by 15.7% in 2019. The average daily transaction count stood at 6.14mn in 2019 vs. 5.30 mn in 2018.



## Financial performance

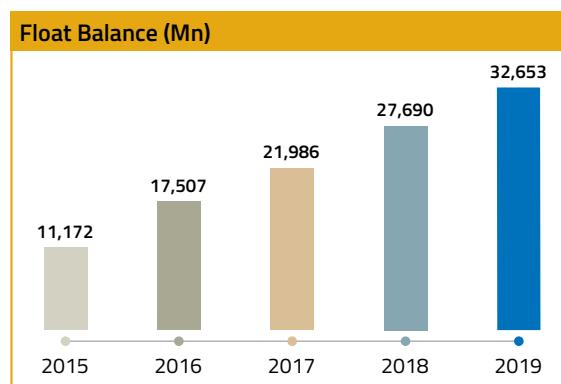
bKash reported a net loss after tax of Tk. 625 mn in 2019, as compared to a profit of Tk. 185 mn in 2018. The profitability moderation is a natural phenomenon when considering the fact that the business is in an investment stage and in the early stages of the FinTech industry. The decline can be attributed to an increase in agent and distributor commission, mobile operators' service charge and marketing and promotional expenses. However, consistent rise in active customers and ARPU (average revenue per user) due to these investments are expected to yield higher returns in the forthcoming years.



## Float balance

Float balance has consistently increased over the years to reach Tk. 32,653 mn in 2019, up 17.9% YoY.

A 23.1% increase in the customer base, coupled with a substantial 19.3% growth in active customer ratio resulted in a 15.7% rise in the total transaction count. As a result of the increased customers and agents within the bKash network, the float registered an increase of 17.9% in 2019.



## Economic outlook

The increased number of customers, transactions and volumes is a reflection of the growing economy of the country and rising acceptance of bKash as a preferred payment gateway. The number of app downloads also looks promising and underscores increasing technology

adoption across micro-economies. With higher transaction numbers and amounts sustained by a developmental economy, the MFS industry will continue to flourish over the coming years. bKash, with its new products and services, is expected to retain its position as the market leader in the coming years.

## Financial highlights (Tk. mn, except otherwise stated)

Particulars	2019	2018	2017	2016	2015
Gross revenues	24,160.8	21,791.3	17,589.5	14,843.0	10,584.0
Profit before tax (PBT)	-633.7	558.5	790.8	621.1	380.0
Profit after tax (PAT)	-625.1	184.8	487.8	335.2	237.6
Contribution to the exchequer	5,256.0	4,733.4	3,730.0	3,034.1	2,107.5
Total assets	49,305.1	42,896.1	27,885.8	22,008.0	14,499.8
Float balance	32,653.0	27,689.6	21,986.3	17,506.6	11,171.6
EBITDA	69.7	903.3	1,053.1	834.9	482.6
Diluted earnings per share (Tk.)	(1,330)	393	1,153	792	562
Earnings per share (Tk.)	(1,637)	484	1,277	877	622
Gross profit ratio	25.8%	27.1%	26.5%	24.9%	24.6%
Return on equity	(5.8%)	6.0%	18.8%	14.9%	11.8%

## Financial highlights (Tk. mn, except otherwise stated)

Particulars	2019	2018	2017	2016	2015
Customers	38,136,999	30,949,622	28,796,213	26,172,245	20,741,587
Active customers (90 days)	22,261,567	18,694,365	14,415,001	11,275,883	9,099,762
Active ratio (90 days)	58.6%	60.4%	50.1%	43.1%	43.9%
Agents	230,944	207,462	178,322	168,362	116,669
Merchant count	163,306	80,156	43,978	37,902	14,879
Average daily transactions count	6,141,542	5,309,919	4,327,308	3,588,786	2,849,133
Transaction volumes (Tk. bn)	3,332.8	2,703.1	2,173.5	1,805.4	1,299.0

# BRAC EPL STOCK BROKERAGE LIMITED (BSEL)



**2009**

Year of establishment



**117**

Workforce strength



**Stock brokerage services**

Business engagement

BRAC EPL Stock Brokerage Limited (BESL) is the second largest stock brokerage institution among 250 brokerage houses in Bangladesh, with a 4.25% market share of the DSE (Dhaka Stock Exchange) as on December 2019. BESL has a dominant market share of 60% in the foreign portfolio investment execution segment.

## Overview

BSEL offers brokerage services to 22,000 local clients, including domestic institutions, retail clients, non-resident Bangladeshis (NRBs), and 60 foreign institutional clients through our 8 branches and 117 employees.

## Key achievements, 2019

- Controlled downsides to generate 6.05% negative return in 2019, representing the recommended investment composite of the team, thus outperforming the benchmark index by 11.27%.
- Awarded as the 'Best Research House in Bangladesh' in 2019 by International Finance Publications.
- Generated USD 0.06 mn in research and advisory fees from foreign investors.

## Product and services

BSEL offers stock brokerage services to all Bangladeshi and international capital market investors.

### Public market execution

BESL has maintained the second position among 250 brokerages in the country. On average, the company occupied 4.25% market share of turnover on the DSE.

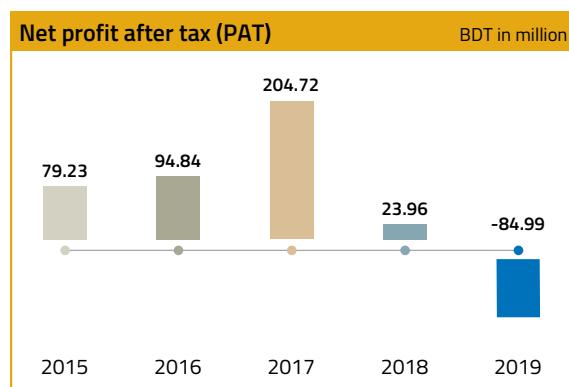
### Investment research and advisory services

BESL pioneered the investment research industry of Bangladesh through its high-quality research and rigorous analytical capabilities. The company's research department comprises 4 analysts, including 1 CFA Charter-holder, 1 CFA Level-3 candidate and 1 CFA Level-2 candidate. With such pedigree, the company has broader investment research and investment advisory mandates. The team also possesses research partnerships with Bloomberg, Thomson Reuters, S&P Capital IQ and Fact Set.

## Financial highlights (Tk. mn, except otherwise stated)

Particulars	2019	2018	2017	2016	2015
Total revenue	322.32	481.93	699.31	506.25	461.83
Profit before tax	(20.64)	101.71	294.76	152.65	147.78
Net profit after tax (PAT)	(84.99)	23.96	204.72	94.84	79.23
EBITDA	25.48	118.89	283.35	135.81	125.80
Total assets	1,986.63	2,017.12	3,101.52	1,739.77	1,481.07
Contribution to the exchequer	67.52	84.87	90.04	57.41	68.55
Gross profit margin ratio	72.4%	71.2%	75.5%	69.5%	74.5%
Earnings per share (Tk.)	(12.13)	3.42	29.21	21.00	17.55

## Financial performance



## Market outlook

The capital markets remained bearish throughout 2019. The Dhaka Stock Exchange Broad Index (DSEX Index), the benchmark free float weighted market index, lost 17.3% in 2019, following price return of negative 13.8% in 2018. Liquidity crunch, corporate governance issues, growing non-performing loans (NPLs) buttressed by a culture of wilful defaults and other negatives in the banking sector, overvalued currency and regulatory issues together had an adverse impact on the capital markets.

Resultantly, turnover also slowed down significantly, with declining participation from both retail and foreign investors. The outstanding foreign portfolio investment (FPI) declined by Tk. 35.2 bn to Tk. 192.2 bn (6.84% of DSE equity market capitalisation) in December-end 2019, from Tk. 227 bn (6.93% of DSE equity market capitalisation) in December-end 2018. Net sell position in FPI was observed during the last 12 months of 2019, as FPI position declined by 15.5% in 2019, accounting for 4.8% of quantity release and 10.7% of market price correction.

Foreign fund managers liquidated their positions further in 2019, and there was Tk. 4.88 bn net sale during the year, following a net sale of Tk. 5.93 bn in 2018. Regulatory concerns surrounding Grameenphone's VAT-tax issue comprised a major overhang for the markets during the year. Further, the Government is now implementing the 9-6% interest rate regime, effective 1st April 2020, where banks with high exposures in SME and retail loan portfolios will be severely challenged, as the cost of SME loans is far higher vis-à-vis corporate loans. Such kind of abrupt regulatory enforcements to cut the net interest margins in every loan product through a cap of 9% even on SME and retail lending can lead to a large number of challenges for the banking sector, as well as for stock market investors.

The uncertainty and the overhang on equity markets that were persistent throughout 2018 and 2019 should now be subsiding since the equity market absorbed almost all the discountable challenges in stock prices. The market faced about 28.7% correction on cumulative basis during the last two years. The Government is outlining plans to support the equity markets through enhancing capacities of banks for effecting a greater quantum of investments in the stock markets. The market outlook is also supported by the long-term fundamentals of the economy, which are highly attractive with an expected annual GDP growth of 8% north over the next five years. Further, a developmental country like Bangladesh is expected to benefit from any protracted trade war between China and the US, which has already started to reflect in readymade garments export growth in the recent quarters.

Taking a five-year view till 2025, we are positive on the prospects of Bangladesh's equity markets, as the current valuation metrics are hovering well below their 10-year average range, and we are expecting to see

a rebound in earnings growth of listed equities over the long-term. The market in 2018-19 has already witnessed a reasonable correction, while scheduled banks are now allowed to inject fresh funds through repo borrowings at 5% interest rate with relaxed regulatory reporting till 2025. Moreover, the listing of fundamentally-sound companies like Walton and Robi is in the process and this will broaden the investment scope for investors. The Dhaka Stock Exchange, in collaboration with the Central Bank, Bangladesh Securities and Exchange Commission and other stakeholders is also trying to facilitate the trading of Government-issued treasury bonds, which will open up portfolio diversification opportunities for investors.

We aim to enhance our market share to 4.5% from the current 4.0%, and secure our leading position in both local and foreign markets. To attain this objective, BESL's focus in 2020 will be to nurture the retail segment. We plan to continue with our existing sales campaigns and expect to capitalise on the distribution networks of BRAC and BRAC Bank to reach out to the wider public. Towards this extent, as a part of our

strategy, BESL has increased its focus on the corporate business wing. The focus for corporate business in 2020 will be to structure the segment and ride along its growth curve, as a majority of corporate houses currently manage their capital market investments on an ad-hoc and unstructured basis and there exists significant opportunity to cater to this market. BESL intends to grab further market share in the foreign segment as well. We intend to prioritise our client service capabilities through superior trade flow management, improved execution and further customer engagement initiatives on the back of sales calls in collaboration with our research team.

We are projecting the base case DSE market return in 2020 is to be around 10-12%. In bull case, the market return can be around 15%. However, good scripts are likely to stand out in the market and we expect them to continue to drive valuations through their persisting fundamentals and expansion in valuation multiples. We are expecting 25% increase in daily average turnover volume to Tk. 6.0 bn in 2020 in the DSE market. The daily average turnover in 2019 was Tk. 4.8 bn.

# BRAC EPL INVESTMENTS LIMITED (BEIL)



**2009**

Year of establishment



**25**

Workforce strength



## Investment banking and portfolio management

Business engagement

BRAC EPL Investments Limited (BEIL), a Bangladesh-based public limited company, is engaged in providing full-fledged investment banking and portfolio management services. Since its inception in 2009, BEIL has established a successful track record of executing and closing even the most challenging transactions, including arranging structured debt and equity facilities for leading local and foreign client companies.

### Overview

Being a part of the prominent BRAC Group and anchored on the foundations of ethics, values and integrity, BEIL possesses a robust network of local and global institutions, which enables seamless access to foreign and local capital. The company's longstanding trust and partnership-based approach with regulators and other external stakeholders, such as the stock exchanges, auditors, lawyers, consultants, etc., has enabled business sustenance despite a challenging external environment, while enabling us to steward our ambitions in providing customised and impact-driven solutions to our clients.

Today, premised on sound experience gathered over several market cycles, BEIL is strategically optimising its business performance for profitability sustenance in 2020 and beyond. The businesses' strategic focus areas continue to encompass cost rationalisation, expansion in fee-based income, complete elimination of negative

equity portfolio and boosting performance, thus journeying towards its vision of maintaining credibility as the preferred investment banking company of Bangladesh.

### Key achievements, 2019

- Acted as the lead arranger for the largest power generation company of the Bangladesh Government, raising Tk. 5,000 mn from bond issuance through private placement.
- Raised Tk. 900 mn through issuance of preference shares for the largest private power generation company of Bangladesh.
- Successfully received consent as Issue Manager from the Bangladesh Securities and Exchange Commission (BSEC) for the IPO (initial public offering) of the first-ever power sector bond to debut in the country's capital markets.

The subscription raised Tk. 1,000 mn and was completed in 2019. The bond has since commenced trading on both the stock exchanges of the country from January 2020.

## Products and services

### Portfolio Management department

BEIL provides two types of portfolio management services:

- Investor Discretionary Portfolio Management: Investor discretionary account closely resembles a BO (beneficial owner) account. In this regard, BEIL provides two products: Cap Edge and Cap Cash.
- Manager Discretionary Portfolio Management: Under manager discretionary account, BEIL offers Managed Cap Edge product, whereby the authority to take all pertinent decisions regarding most aspects of portfolio management vests with the portfolio managers.

The fundamental difference between these two lines of business comprises the legal discretion (or power of security selection), portfolio construct, execution timing and actual execution of trades. Most merchant banks in Bangladesh provide only Investor Discretionary Management Services, whereas BEIL is one of the few companies in the country to provide both types of services, thus widening the customer offering.

### Structured Finance department

The Structured Finance department (SFD) widened its scope further to include investment banking activities in 2019. Moreover, the Corporate and Institutional Banking department witnessed deeper transformation during the year, with a revamped and reenergised team. Under the able management of the top leadership and with the new team, SFD closed two power project mandates as issue manager and arranger during the year.

Further, work on the IPO of the first-ever power sector bond issue in the history of the capital markets was also

undertaken during the year, and the bond will debut in the stock exchanges of the country in January 2020. The Structured Finance Department is also pursuing even IPO/direct listing deals that are likely to be finalised by first two quarters of 2020.

BEIL provides the following services under the Structured Finance wing:

Structured Finance Services	
Initial public offering (IPO)	Arrangement of debt securities
Repeat public offering (RPO)	Arrangement of quasi-debt securities
Rights issue	Syndicated loan arrangement
Direct listing services	Private equity placement
Underwriting services	Mergers and acquisitions
Capital raising	Corporate advisory

### Distribution networks

BEIL has seven offices, including a Corporate Head Office, and six branches in Dhaka (Motijheel and Gulshan), Chattogram, Sylhet, Chowmuhani and Cumilla.

### Capital market outlook, 2020

After the bearish market trend throughout 2019, when the DSEX, or the benchmark free float weighted market index, lost 17.3% during the year, it is expected that the market will witness further pressures in 2020, especially considering the economic impact of Covid-19 driven by country-wide lockdowns. However, Government stimulus measures may help in reviving sentiment, in which case a turnaround can be anticipated only later during the year 2020. Over the long-term however, the Bangladeshi capital market outlook remains favourable, considering the structural strengths of the country, including sustained economic growth rates, vibrant entrepreneurial landscape, linkages with global supply chains, large domestic market, etc., which is expected to drive capital buoyancy over the foreseeable future.

# BRAC SAAJAN EXCHANGE LIMITED



**2008**

Year of establishment



**90**

Workforce strength



**Remittance services**

Business engagement

BRAC Saajan is one of the leading remittance providers for NRBS (non-resident Bangladeshis) residing in the UK and Europe. The company continued with its growth performance in 2019, with total remittance to all receiving countries up by £62m (or 13%) to £542m. Remittance is predominantly sent from the UK (£472m) and also from Italy (£29m), Spain (£21m), Portugal (£9m) and France (£11m).

## Overview

BRAC Saajan has emerged as an established name in remittance services across its target markets. At the company, the primary driver of remittance growth in 2019 comprised a boost in commercial aggregators' remittance volumes of £65m (41%). UK retail volumes rose by £6m (3%), although volumes in EU countries declined by £9m (11%), mainly due to challenges in the Italian economy, especially in the early part of the year.

## Key achievements, 2019

- Recorded an increase in turnover by 7% to about £7.4m, with the gross margin percentage staying broadly similar to 2018 at 59%. Gross profit grew by 8% to £4.3m (2018: £4.0m).
- Continued with the focus on maintaining and enhancing compliance standards through recruiting experienced officers and managers.
- Expanded the Risk and Internal Control function and also invested in an enterprise-wide risk and AML oversight programme within the Risk and Audit Committee (formed in 2018), with the addition of further independent expertise. This will support the company in its long-term growth aspirations and strategies.
- Invested significantly in human resources, with the total headcount going up from 80 to 90 across the UK and overseas.
- Scaled up investments in EU operations across premises and personnel to support both the growth of the EU business, where significant opportunity exists on account of growing migrant populations, and to combat any potential Brexit-related adversities.
- Applied to the Portuguese regulator for permission to act as an Authorised Payment Institution. Upon authorisation, the company will

transfer the passporting of its European business from the UK to Portugal.

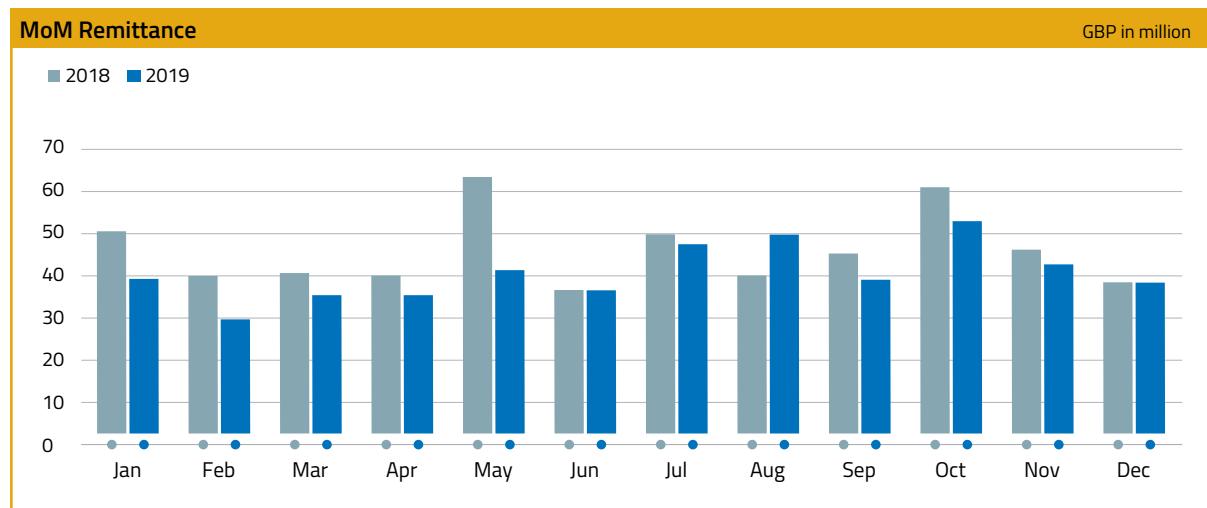
- Continued to augment IT infrastructure through various investments and system improvements. Some of the significant improvements include:
  - Online proposition – Re-launched our online proposition to include both a traditional online portal and a new mobile application.
  - Data security – Initiated multiple user access, data and information security improvements to enhance data security.

## Future outlook

- Forecast of over 26% YoY remittance growth in 2020. The business expects continued strong

demand in commercial aggregator sales and significant growth in both the UK and Italian retail agent networks.

- Roll out revamped online service across European countries.
- Spread service to more than 30 countries by 2022 as a strategic goal. To this end, the company is exploring partnership opportunities to scale up its reach into newer corridors.
- Investment in compliance and governance will continue to be a thrust area, aligned with evolving regulatory requirements and the company's own growth aspirations.
- Meet the emerging demand from customers for non-cash remittance services. This is a key initiative to reduce both risk and operating costs.



# CERTIFICATION ON CORPORATE GOVERNANCE



## Corporate Office:

House # 15, Road # 12, Block # F, Niketon  
Gulshan-1, Dhaka-1212, Bangladesh.  
+88 (02) 8836015-7 : +88 016 8112 6120  
hfc@hfc-bd.com : www.hfc-bd.com

## Report to the Shareholders of BRAC Bank Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by BRAC Bank Limited (the "Company") for the year ended on December 31, 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- d) The Governance of the company is satisfactory.

Place: Dhaka;  
Dated: June 02, 2020

For Hussain Farhad & Co., Chartered Accountants

M Farhad Hussain FCA  
Managing Partner



Chittagong Office:  
Yunusco City Center (9th Floor), 807, CDA Avenue, Nasirabad, Chittagong +88 (031) 2859282 ctg@hfc-bd.com

Member of

# CORPORATE GOVERNANCE COMPLIANCE REPORT

Status of compliance with the conditions imposed by the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is presented below:

## Report under condition no. 9.00

Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
<b>1.00 BOARD OF DIRECTORS</b>				
1.1 Board's Size	The number of the Board members of the company shall not be less than 5 (five) and more than 20 (twenty).	√		The Board of BRAC Bank Ltd. (BBL) is composed of 06 Directors as on December 31, 2019.
1.2 Independent Directors	(a) At least one fifth (1/5) of the total number of Directors in the company's Board shall be Independent Directors.	√		There are three Independent Directors in BBL Board as on December 31, 2019, namely: Dr. Ahsan H. Mansur, Ms. Fahima Choudhury and Mr. Kazi Mahmood Sattar.
	(b) For the purpose of this clause "Independent Director" means a director-			
	(i) who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	√		Independent Directors have declared their compliances
	(ii) who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family member	√		Do
	(iii) who has not been an executive of the company in immediately preceding 2 (two) financial years	√		Do

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(iv) who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies	✓		Do
	(v) who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange	✓		Do
	(vi) who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	✓		Do
	(vii) who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code	✓		Do
	(viii) who is not independent director in more than 5 (five) listed companies	✓		Do
	(ix) who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI)	✓		Do
	(x) who has not been convicted for a criminal offence involving moral turpitude	✓		Do
	(c) The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM)	✓		Do
	(d) The post of independent director(s) cannot remain vacant for more than 90 (ninety) days	✓		Do
	(e) The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only: Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]: Provided further that the independent director shall not be subject to retirement by rotation as per the Companies Act, 1994.	✓		Do

Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
<b>1.3 Qualification of Independent Directors:</b>	(a) Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business	√		
	(b) Independent director shall have following qualifications:			
	(i) Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association	√		
	(ii) Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company	√		
	(iii) Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law	√		
	(iv) University Teacher who has educational background in Economics or Commerce or Business Studies or Law	√		
	(v) Professional who is or as an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification	√		
	(c) The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	√		

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(d) In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission			Not Applicable
<b>1.4 Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>	(a) The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals	✓		Chairman- Dr. Ahsan H Mansur, CEO- Selim R. F. Hussain
	(b) The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company	✓		
	(c) The Chairperson of the Board shall be elected from among the non-executive directors of the company	✓		
	(d) The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer	✓		
	(e) In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minute	✓		
<b>1.5 The Directors' Report to Shareholders</b>	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):			
	(i) An industry outlook and possible future developments in the industry	✓		
	(ii) The segment-wise or product-wise performance	✓		
	(iii) Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any	✓		
	(iv) A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable	✓		
	(v) A discussion on continuity of any extraordinary activities and their implications (gain or loss)			Not applicable as no extraordinary gain or loss occurred in this financial year

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(vi) A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions	✓		The Director's Report complied with the guideline
	(vii) A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments			Not applicable
	(viii) An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.	✓		Do
	(ix) An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements			Not applicable as no significant variance occurred between Quarterly Financial performances and Annual Financial Statements
	(x) A statement of remuneration paid to the directors including independent directors	✓		The Director's Report complied with the guideline
	(xi) A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	✓		Do
	(xii) A statement that proper books of account of the issuer company have been maintained	✓		Do
	(xiii) A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	✓		Do
	(xiv) A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed	✓		Do

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(xv) A statement that the system of internal control is sound in design and has been effectively implemented and monitored	✓		Do
	(xvi) A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress	✓		Do
	(xvii) A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons thereof shall be disclosed	✓		Do
	(xviii) An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained	✓		Do
	(xix) A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		Do
	(xx) An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year			Not Applicable
	(xxi) Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend	✓		
	(xxii) The total number of Board meetings held during the year and attendance by each director	✓		The Director's Report complied with the guideline
	(xxiii) A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:			
	(a) Parent or Subsidiary or Associated Companies and other related parties (name-wise details)	✓		The Director's Report complied with the guideline
	(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details)	✓		Do
	(c) Executives	✓		Do

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(d) Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)	✓		Do
	(xxiv) In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:			
	(a) a brief resume of the directors	✓		The Director's Report complied with the guideline
	(b) nature of his or her expertise in specific functional areas	✓		Do
	(c) names of companies in which the person also holds the directorship and the membership of committees of the Board	✓		Do
	(xxv) A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on			
	(a) accounting policies and estimation for preparation of financial statements	✓		The Director's Report complied with the guideline
	(b) changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	✓		Do
	(c) comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		Do
	(d) compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	✓		Do
	(e) briefly explain the financial and economic scenario of the country and the globe	✓		Do
	(f) risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company	✓		Do
	(g) future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM	✓		Do

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(xxvi) Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A	✓		Do
	(xxvii) The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C	✓		Do
<b>1.6 Meetings of the Board of Directors</b>	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code	✓		
<b>1.7 Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>	(a) The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company			Not applicable as formation of NRC for BBL is under review by the Bangladesh Bank vide# BRPD(R-1) 717/2018-9490, dated December 18, 2018
	(b) The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency			Not applicable
<b>2.00 Governance of Board of Directors of Subsidiary Company</b>				
	(a) Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company			Not applicable as Bangladesh Bank have waved the mentioned provision as per the Gazette no. OM/OBI/BA: NI: SHA-1/1(4)/2008/177, dated August 27, 2008
	(b) At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company	✓		In practice

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(c) The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company	✓		Do
	(d) The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also	✓		Do
	(e) The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	✓		Do
<b>3.00 Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>				
3.1 Appointment	(a) The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)	✓		In practice
	(b) The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals	✓		Do
	(c) The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time	✓		Do
	(d) The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		Do
	(e) The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		Do
3.2 Requirement to attend Board of Directors' Meetings	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:  Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
<b>3.3 Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>	(a) The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
	(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		Stated in the certificate of due diligence by CEO & CFO
	(ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		Do
	(b) The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		Do
	(c) The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		Do
<b>4.00 Board of Directors' Committee</b>				
	For ensuring good governance in the company, the Board shall have at least following sub-committees:			
	(i) Audit Committee;	✓		
	(ii) Nomination and Remuneration Committee			Not applicable as formation of NRC for BBL is under review by the Bangladesh Bank vide# BRPD(R-1) 717/2018-9490, dated December 18, 2018
<b>5.00 Audit Committee</b>				
<b>5.1 Responsibility to the Board of Directors.</b>	(a) The company shall have an Audit Committee as a subcommittee of the Board	✓		In practice
	(b) The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	✓		Do

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(c) The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		Do
<b>5.2 Constitution of the Audit Committee</b>	(a) The Audit Committee shall be composed of at least 3 (three) members	✓		In practice
	(b) The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director	✓		Do
	(c) All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience	✓		Do
	(d) When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee			Not Applicable
	(e) The company secretary shall act as the secretary of the Committee	✓		
	(f) The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director	✓		Do
<b>5.3 Chairperson of the Audit Committee</b>	(a) The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director	✓		Do

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(b) In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	✓		Do
	(c) Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):  Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	✓		The chairperson of the Audit Committee was not present in the 20th AGM held on April 30, 2019. However, another member from the audit committee was present in the 20th AGM which is recorded in the Board minutes.
<b>5.4 Meeting of the Audit Committee</b>	(a) The Audit Committee shall conduct at least its four meetings in a financial year:  Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		In practice
	(b) The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		Do
<b>5.5 Role of Audit Committee</b>	The Audit Committee shall:			
	(a) Oversee the financial reporting process;	✓		In practice
	(b) monitor choice of accounting policies and principles	✓		Do

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(c) monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report	✓		Do
	(d) oversee hiring and performance of external auditors	✓		Do
	(e) hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		Do
	(f) review along with the management, the annual financial statements before submission to the Board for approval	✓		Do
	(g) review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		Do
	(h) review the adequacy of internal audit function;	✓		Do
	(i) review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		Do
	(j) review statement of all related party transactions submitted by the management	✓		Do
	(k) review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		Do
	(l) oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors	✓		Do

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(m) oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.			Not applicable as no proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share offer
<b>5.6 Reporting of the Audit Committee</b>	(a) Reporting to the Board of Directors			
	(i) The Audit Committee shall report on its activities to the Board.	✓		
	(ii) The Audit Committee shall immediately report to the Board on the following findings, if any:			
	(a) report on conflicts of interests;			Not applicable as there have been no such occurrence as per provided documents
	(b) suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements			Do
	(c) suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations			Do
	(d) any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			Do

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	<p>(b) Reporting to the Authorities</p> <p>If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.</p>			Not applicable
<b>5.7 Reporting to the Shareholders and General Investors</b>	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.			Not applicable
<b>6.00 Nomination and Remuneration Committee (NRC)</b>				
<b>6.1 Responsibility to the Board of Directors</b>	(a) The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board			Not applicable as formation of NRC for BBL is under review by the Bangladesh Bank vide# BRPD(R-1) 717/2018-9490, dated December 18, 2018
	(b) The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			Do
	(c) The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b)			Do
<b>6.2 Constitution of the NRC</b>	(a) The Committee shall comprise of at least three members including an independent director			Do
	(b) All members of the Committee shall be non-executive directors			Do
	(c) Members of the Committee shall be nominated and appointed by the Board			Do

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(d) The Board shall have authority to remove and appoint any member of the Committee			Do
	(e) In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			Do
	(f) The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee			Do
	(g) The company secretary shall act as the secretary of the Committee			Do
	(h) The quorum of the NRC meeting shall not constitute without attendance of at least an independent director			Do
	(i) No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company			Do
<b>6.3 Chairperson of the NRC</b>	(a) The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director			Do
	(b) In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes			Do

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(c) The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:  Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM			Do
<b>6.4 Meeting of the NRC</b>	(a) The NRC shall conduct at least one meeting in a financial year			Do
	(b) The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC			Do
	(c) The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h)			Do
	(d) The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			Do
<b>6.5 Role of the NRC</b>	(a) NRC shall be independent and responsible or accountable to the Board and to the shareholders.			Do
	(b) NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
	(i) formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
	(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			Not applicable as formation of NRC for BBL is under review by the Bangladesh Bank vide# BRPD(R-1) 717/2018-9490, dated December 18, 2018
	(b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks			Do

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals			Do
	(ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality			Do
	(iii) identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board			Do
	(iv) formulating the criteria for evaluation of performance of independent directors and the Board			Do
	(v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria			Do
	(vi) developing, recommending and reviewing annually the company's human resources and training policies			Do
	(c) The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report			Do

#### 7.00 External or Statutory Auditors

	(1) The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely			
	(i) appraisal or valuation services or fairness opinions	✓		
	(ii) financial information systems design and implementation;	✓		
	(iii) book-keeping or other services related to the accounting records or financial statements	✓		
	(iv) broker-dealer services;	✓		
	(v) actuarial services;	✓		
	(vi) internal audit services or special audit services	✓		
	(vii) any service that the Audit Committee determines	✓		

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
	(viii) audit or certification services on compliance of corporate governance as required under condition No. 9(1)	✓		
	(ix) any other service that creates conflict of interest	✓		
	(2) No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:  Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	✓		
	(3) Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
<b>8.00 Maintaining a website by the Company</b>				
	(1) The company shall have an official website linked with the website of the stock exchange	✓		
	(2) The company shall keep the website functional from the date of listing	✓		
	(3) The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s)	✓		

Condition No.	Titles	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	

### 9.00 Reporting and Compliance of Corporate Governance

	(1) The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
	(2) The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting	✓		
	(3) The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		

# CORPORATE GOVERNANCE REPORT

## Statement from the Company Secretary:

Dear shareholders,

It is our pleasure to present you the Annual Corporate Governance Report 2019 of BRAC Bank Limited. We are committed to maintaining the highest standards of Corporate Governance in BRAC Bank Limited.

The profound changes in the bank's operating environment and, specifically, those in respect of regulatory compliance, have significant implications for the process of decision-making. However, one thing remains unchanged – our steadfast commitment to operating in an ethical, responsible and accountable manner, giving fair consideration to the legitimate interests and expectations of all our stakeholders.

Sound Corporate Governance does not merely depend upon policies and procedures, but it is fundamentally linked to our culture. The theme of change, and how important it is that the bank and its subsidiaries inculcate an ability to manage it responsibly and effectively, runs throughout our integrated report for the year. Seeking continuous and rapid improvement in relation to a dynamic environment is a feature of this ability and underpins our approach to corporate governance. It is valuable therefore to reflect specifically on the milestones we have attained and the challenges we have considered in our corporate governance journey and to highlight our focus areas for the year ahead.

Good governance practices provide a solid foundation for the sustainable growth of business, promoting ethical business conduct and transparency as we strive to create value for our stakeholders. The corporate values and a comprehensive policy framework approved by the Board, serve to communicate to employees at all levels how business should be conducted. The Board of BRAC Bank Limited is committed to reviewing and revising our policies and governance structure with the objective of upholding the high standards in governance and stakeholder engagement which have been a tradition carefully natured within BRAC Bank.

The complexities of managing regulatory compliance and the associated costs are a key challenge for the Board, given the pace and scale of regulatory change. In this context, the Board has continued to ensure that there are rigorous processes and protocols in place to monitor compliance with all applicable laws and regulations. We also continuously focus on improving the robustness of our processes and work towards a culture of compliance that is embedded across the group.

We would like to take this opportunity to thank all regulatory bodies involved in overseeing the application of corporate governance across the bank and we have the highest regards for ensuring that good governance is fundamental to ensure the stability of the financial and banking sectors and therefore the overall economy.

In conclusion, we emphasize our commitment to improve the wide range of financial and banking services offered by BRAC Bank. We will pay special attention to support a culture of compliance that reflects adherence to business ethics and transparency and an unquestioned respect for law, legislations and regulations to ensure the effective contribution in the sustainable development of our country.

As a financial institution that is rooted in Bangladesh's soil, we will do everything possible to drive the growth potential of our nation and embracing the highest levels of governance is a core lever and a key priority in this aspiration.

With my best wishes,



Rais Uddin Ahmad  
Company Secretary

## **Statement of Corporate Governance**

BRAC Bank emphasizes its effective corporate governance principles, transparency in business transactions, statutory and legal compliances, protection of shareholders' interests; commitment to values and ethical conduct of business.

The Board of Directors collectively is the supreme authority in the Bank's affairs between Members' meetings. They owe a duty to the shareholders and exercise care, skill and diligence in discharging their responsibilities and in exercising the powers vested in them. The key purpose of the Board of Directors of BRAC Bank Limited is to ensure the company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate interests of its shareholders and other stakeholders. In addition to business and financial issues, the Board deals with challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics and ensures that its organization and operation are, at all times, in correct and appropriate order. The Board is, among other things, responsible for setting business objectives, strategies and business plans, formulating risk policies, confirming key aspects of the Bank's internal organization and making decisions on the establishment of branches

BRAC Bank is committed to excellence in corporate governance, transparency and accountability. This is essential for the long-term performance and sustainability of their Company, and to protect and enhance the interests of their shareholders and other stakeholders. Their governance framework plays an integral role in supporting their business. It provides the structure through which their strategy and business objectives are set, their performance is monitored, and the risks they face are managed. It includes a clear framework for decision making and accountability across their business and provides guidance on the standards of behavior they expect from their people.

As a listed Company BRAC Bank must follow with of Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Code, which require to provide disclosing the extent in the Annual Report. Especially as per Corporate Governance Code of BSEC, the status of compliance shall be certified by a practicing professional Accountant/ Chartered Secretary. The Compliance certificate with corporate governance code certified by professional accountants is enclosed on Page No. 233.

## **Scope**

At BRAC Bank, corporate governance standards are naturally pursued in a manner consistent with the applicable local laws, regulations and codes. The

organization also aligns with the recommendations of the international best practices issued by the Basel Committee on Banking Supervision, the Bank Companies (Amendment) Act, 2013, Bangladesh Securities and Exchange Commission and Bangladesh Enterprise Institute that has approved a comprehensive set of corporate governance procedures and practices.

BRAC Bank operates within the legal framework of the Bank Companies (Amendment) Act, 2013, Corporate Governance guidelines of Bangladesh Securities and Exchange Commission and the Companies Act, 1994. It has recognized that corporate governance guidelines are crucial for achieving a business that is built for the long-term.

BRAC Bank is always committed to attain the highest levels of corporate governance practices to ensure sustainable growth of the organization and to create long-term value for shareholders. Since its inception, BRAC Bank has continued with its efforts of adopting, implementing and enhancing the application of the best and most up-to-date corporate governance standards throughout the organization.

### **This report includes**

- Board of Directors
- Independent Director
- Qualification of Independent Director
- Duality of Chairperson of the Board of Directors and Managing Director & CEO
- The Director' Report to Shareholders
- Meetings of the Board of Directors
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## Board of Directors

### Size of the Board of Directors

The Board of Directors of BRAC Bank consists of 07 (seven) members, excluding the Managing Director & CEO. The Managing Director is an Executive Director (ex-Officio) and the others are Non-Executive Directors. Among the Directors, 3 (three) are nominate Directors; Nominated by BRAC and the other 04 (four) are Independent Directors.

Present Members of Board of Directors is as follows;

SL No	Name of the Directors	Position	Remarks
01	Dr. Ahsan H. Mansur	Chairman Independent Director	
02	Ms. Nihad Kabir	Nominated Director	Nominated by BRAC
03	Mr. Kazi Mahmood Sattar	Independent Director	
04	Mr. Asif Saleh	Nominated Director	Nominated by BRAC
05	Mr. Kaiser Kabir	Nominated Director	Nominated by BRAC
06	Ms. Fahima Choudhury	Independent Director	
07	Ms. Farzana Ahmed	Independent Director	

The Board of Directors sits at least once in a month on the third Monday.

**Note:** The Chairman Sir Fazle Hasan Abed KCMG retired from the Board on August 26, 2019 and Dr. Ahsan H. Mansur, Independent Director was appointed as Chairman of BRAC Bank Limited. Ms. Farzana Ahmed was also appointed as Independent Director On January 29, 2020.

Mr. Selim R.F. Husain was appointed as Managing Director & CEO for the second tenure.

### Company's policy on appointment of Directors disclosed

The Company abides by the respective laws, rules & regulations to appoint Directors as well as disclosed it. We appoint Directors pursuant to the laws of the Bank Companies Act, 1991, The Companies Act, 1994 and

Bangladesh Securities and Exchange Commission. We have also duly presented the profile of the Directors and their engagement in other organization in the Annual Report, Bank's website and intimate it to the regulatory Bodies. We also take it in the Annual general Meeting for the General Shareholders.

### **Independent Directors**

BRAC Bank complies with the Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) and the Bank Companies Act, 1991 including the BRPD Circular No. 11, dated 27 October, 2013, for appointment of Independent Directors. Out of 7 (six), there are 4 (four) Independent Directors in the Board of BRAC Bank.

#### **Independent Directors on the Board and disclosure/ affirmation of the Board.**

As per the Notification No-11 and dated 27 October, 2013, the Independent Directors declare their independency in a form of Fit and Test. Pursuant to the Notification of Bangladesh Securities and Exchange Commission, an Independent Director meets the requisite for the information to be an Independent Director.

### **Qualification of Independent Director**

#### **Dr. Ahsan H. Mansur**

Dr. Mansur started his career as a Lecturer, Department of Economics, Dhaka University, in 1976. He left for Canada for higher studies in economics in the same year. As a graduate student and research assistant, he was also teaching regular economics courses at the undergraduate level at the University of Western Ontario, Canada (1978-81). Dr. Mansur joined the International Monetary Fund under its Economist Programme in 1981 and thereafter completed his PhD in Economics (on general equilibrium analysis) from the University of Western Ontario in 1982.

#### **Mr. Kazi Mahmood Sattar**

Mr. Kazi Mahmood Sattar is a career banker. He possesses over 32 years of illustrious experience in local as well as international banks. He led The City Bank Limited and Eastern Bank Limited as the Managing Director & CEO in the last thirteen years. He is currently the Chairman of the Board of RSA Advisory Limited, a financial advisory firm. Mr. Sattar graduated in 1981 from Dhaka University with Bachelors in Business Management (Honors) degree with a major in Finance. He was the Chairman of the Association of Banker's Bangladesh (ABB), the SWIFT user group in Bangladesh, the Board of City Brokerage Limited and City Bank Capital Resource Limited.

#### **Ms. Fahima Choudhury**

Ms. Fahima Choudhury did her B.Sc. (Hons.) Management and M.Sc. Management from London School of Economics & Political Science, the United Kingdom.

Ms. Fahima Choudhury is Managing Director of the country's leading advertising company, Ogilvy & Mather Communications Pvt. Ltd.

#### **Ms. Farzana Ahmed**

Ms. Ahmed has over 35 years working experience as a chartered accountant in the public and private sectors in the United Kingdom, Australia and the Philippines. Ms. Ahmed worked at the Asian Development Bank (ADB), Philippines for over 20 years from where she took voluntary early retirement in October 2019. Ms. Ahmed also worked in ADB operations as Senior Portfolio Management Specialist, South East Asia Regional Department which she joined in 2008 following a 7 year posting to ADB's Indonesia Office. At the Resident Office, she was the Senior Financial Management Specialist from where she was seconded as Advisor to the Australian Government to help coordinate Australia's support to the reconstruction of Aceh, post the 2004 Tsunami.

Note: details of profile of the Independent Directors are presented at page 60-66.

### **Duality of Chairperson of the Board of Directors and Managing Director & CEO**

The position of the Chairman of the Board and the Managing Director & CEO are filled by different individuals. This has been in practice since inception of the Bank. The Board has clearly defined respective roles and responsibilities of the Chairperson and the Managing Director & CEO.

In the absence of the Chairperson of the Board, the remaining members of the Board elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson is being duly recorded in the minutes according to the Section 4 of the BSEC's notification on Corporate Governance Code.

### **The Directors' Report to Shareholders**

The Directors' Report to Shareholders of BRAC Bank Limited is presented on page no. 77 of this Annual Report

## Meetings of the Board of Directors

### Board meetings and attendance

As on December 31, 2019

Serial no.	Name of the Directors	Designation	Presence of the Directors in the meeting during their tenure			Remuneration
			No. of meetings	Present	Absent	
1	Dr. Ahsan H. Mansur (Newly selected, 259th board meeting)	Chairman	15	12	3	8,000
2	Sir Fazle Hasan Abed **	Ex-Chairman	10	8	2	8,000
3	Mr. Shib Narayan Kairy **	Director	10	8	2	8,000
4	Ms. Nihad Kabir	Director	15	11	4	8,000
5	Mr. Kazi Mahmood Sattar	Independent Director	15	14	1	8,000
6	Mr. Kaiser Kabir	Director	15	7	8	8,000
7	Mr. Asif Saleh	Director	15	13	2	8,000
8	Ms. Fahima Choudhury	Independent Director	15	11	4	8,000

\*\* Sir Fazle Hasan Abed retired from the Board of Directors at the 259th Board meeting, 26 August 2019

\*\*Mr. Shib Narayan Kairy resigned from the Board of Directors at the 259th Board meeting, 26 August 2019

### Code of Conduct for the Chairman, Board members and Managing Director &CEO

#### Code of Conduct for the Chairman

- a) As the Chairman of the Board of Directors or Chairman of any committee formed by the Board or personally possess the jurisdiction to apply policy-making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.
- b) The Chairman may conduct onsite inspections 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 the bank's operations 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 the 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, one peon/MLSS,

one telephone at the office, one mobile phone to use inside the country and a vehicle in the business interests of the bank, subject to the approval of the Board.

#### Code of Conduct for the Board of Directors

The Board of Directors follows a Code of Conduct which was adopted to provide guidance to directors to carry out their duties in an honest, responsible and businesslike manner and within the scope of their authority, as set forth in the laws of the country as well as in the Memorandum and Articles of Association of the Company.

#### The Code of Conduct states:

1. The Members shall act honestly, in good faith and in the best interests of the shareholders and the company.
2. The members shall not make improper use of information acquired as a director.
3. The members shall not take improper advantage of the position as a director.
4. The members will be obligated to be independent in judgment and actions and take all reasonable steps to be satisfied as to the soundness of decision taken by the board of directors.

6. Members shall make every effort to attend all Board and Committee Meetings during their tenure. They will not absent themselves without good reasons or confirming leave of absence.
8. Board members having interest of any nature in the agenda of the meeting, shall declare beforehand the nature of their interest and withdraw from the room, unless they have a dispensation to speak.
9. Training opportunities/orientation/workshops will be arranged for the members (especially for the newly inducted members) to make them acquainted with the international best practices, their fiduciary obligations, Code of Conduct etc.
10. Every Director will assure annually signing a confirmation that they have gone through, have complied with and will continue to comply with the set of codes approved by the Board of Directors.

### **Code of Conduct for the Managing Director & CEO**

1. The Managing Director & CEO shall remain accountable for the achievement of financial and other business targets approved by the Board of Directors in respect of business plans, efficient implementation thereof and prudent administrative and financial management.
2. The Managing Director & CEO shall ensure all sorts' compliance with the regulatory bodies pursuant to the Bank Company Act, 1991, the Companies Act, 1994, and Corporate Governance guidelines and other respective rules and regulations.
3. The Managing Director & CEO shall recruit and promote of all of the bank's staff, except those in the two tiers below him, shall rest on the Managing Director & CEO.
4. The Managing Director & CEO shall act in such cases in accordance with the approved service rules on the basis of the human resource policy and sanctioned strength of employees, as approved by the Board.

The authority relating to the recruitment, promotion, transfer and disciplinary action against staff, except two tiers below the Managing Director & CEO, rest on him and are in compliance with the bank's policy.

### **Governance of Board of Directors of Subsidiary Company**

As per BSEC Corporate Governance Code Sec-2, dated 3 June 2018, BRAC Bank entirely follows the governance of Board of Directors of Subsidiary Company.

- At least one independent director of BRAC Bank is a director on the Board of the subsidiary company.
- The minutes of the Board Meeting of the subsidiary company are being placed for review at the following Board meeting of BRAC Bank Limited.
- The Board of Directors reviews the affairs of the subsidiary company.
- The Audit committee of BRAC Bank Limited review the Financial Statements, in particular the investments made by the subsidiary company.

### **Managing Director & CEO, Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)**

#### **Appointment**

- The Board appoints The Managing Director & CEO, The Company Secretary, the Chief Financial Officer and the Head of Internal Audit and Compliance;
- The positions of the Managing Director & CEO, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance are filled by different individual;
- The Managing Director, The Company Secretary, the Chief Financial Officer and Head of Internal Audit and Compliance are not holding any executive position in other company;
- The Board have clearly defined respective roles, responsibilities and duties of the CFO, the HIAC and the CS;
- The Managing Director & CEO, the Company Secretary, the Chief Financial Officer and Head of Internal Audit and Compliance are not being removed from their position without approval of the Board as well as immediate dissemination to the Commission and Stock Exchanges.

#### **Requirement to attend Board of Directors' Meeting**

As per BSEC Corporate Governance Guidelines, The Managing Director & CEO, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance attend every meetings of Board of Directors.

They shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.

### **Duties of Managing Director & CEO and Chief Financial Officer**

The CEO and CFO have certified to the Board that they have reviewed the financial statements and affirm that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

The CEO and CFO have certified to the Board that they have reviewed the financial statements and affirm that these statements together present a true and fair view of the bank's affairs and are in compliance with existing accounting standards and applicable laws;

The CEO and CFO have further certified to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the bank during the year which are fraudulent, illegal or in violation of the bank's code of conduct.

The Certification of the Managing Director & CEO and CFO is disclosed in the Annual Report at Page 277.

### **Stakeholders with whom we work for**

In light of the growing interest among stakeholders, including shareholders and potential investors, we have given due attention in this report to cover governance issues that are of interest to all parties. This is to ensure the report's reliability as a reference for the assessment of corporate governance practices and to ensure the efficiency and effectiveness of administrative processes and transparency of procedures at all levels across BRAC Bank.

### **Appointment of Directors (Chairman, Board of Directors and Managing Director & CEO)**

BRAC Bank complies with the regulations stipulated by Bangladesh Bank, Bangladesh Securities and Exchange

Commission (BSEC) and the Companies Act, 1994, for the appointment of Directors. As per regulations, all Directors, except nominated, independent or alternate Directors, are required to maintain at least 2% shareholding in the bank, individually. As there is no sponsor/shareholder Directors in BRAC Bank, hence there is no requirement for Directors to hold 2% shares of the bank.

Pursuant to the Companies Act, 1994, 1/3rd of the Directors will retire and, if eligible, are placed for reappointment, which refers to the Annual General Meeting for approval of shareholders. As per the Bank Company Act, 1991 (as amended in 2013), Directors are appointed with prior approval of Bangladesh Bank, considering a term of three years, which can be extended by three terms, subject to approval of Bangladesh Bank as well as by shareholders in ensuing Annual General Meeting. As per the Corporate Governance guidelines issued by BSEC dated on June 03, 2018, the Independent director shall not be subject to the retirement by rotation of Director.

An Independent Director, pursuant to the Bangladesh Bank guidelines, is appointed with the prior approval of Bangladesh Securities and Exchange Commission and approval of Bangladesh Bank. Subsequently, it is placed in the following Annual General Meeting for the approval of shareholders.

The Managing Director & CEO is also appointed with the prior approval of Bangladesh Bank, duly meeting the fit and test criteria.

### **Shareholding composition of BRAC Bank**

#### **PATTERN OF SHAREHOLDING**

i) Ownership of the company's securities by the members of the Board of Directors.

As per notification No. SEC/CMRRCD/2006-158/134 Admin44, dated 07 August 2012, issued under section 2CC of the Securities and Exchange Ordinance, 1969, the shareholding pattern of BRAC Bank Limited is given below:

Particulars	Sponsors/Directors Name	No. of shares held on 31.12.2019	Percentage of shares held (%)
Sponsors & Directors	BRAC	546,132,327	44.279
	Late Sir Fazle Hasan Abed KCMG	12,109	0.001
	Late A. S. Mahmud	10,128	0.001
	Late Faruq A. Choudhury	10,128	0.001
	Dr. Saleh Uddin Ahmed	8,322	0.001
	Dr. Ahsan H. Mansur, Chairman (Independent Director)	Nil	Nil
	Ms. Nihad Kabir (Nominated by BRAC)	44,628	0.004
	Mr. Kaiser Kabir (Nominated by BRAC)	Nil	Nil
	Mr. Asif Saleh (Nominated by BRAC)	Nil	Nil
	Mr. Kazi Mahmood Sattar (Independent Director)	Nil	Nil
	Ms. Fahima Choudhury (Independent Director)	Nil	Nil
	Ms. Farzana Ahmed (Independent Director)	Nil	Nil
Total no. of shares of Sponsors & Directors		546,217,642	44.29%

ii) Shares held by the Managing Director, Company Secretary, Chief Financial Officer, Head of Internal Control and Compliance and their spouses and minor children:

Sl. no.	Particulars	Shareholder name	No. of shares held on 31.12.2019	Percentage of shares held (%)
Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their spouses and minor children	Mr. Selim R. F. Hussain, Managing Director & CEO	379,500	0.03	
	Mohammad Masud Rana, DMD & Chief Financial Officer	Nil	Nil	
	Mr. Rais Uddin Ahmad, Company Secretary	Nil	Nil	
	M. Sarwar Ahmed, Head of Internal Control and Compliance	6015	0.0005	
	Spouse of Mr. Selim R. F. Hussain, Managing Director & CEO, Ms. Rumesa Hussain	231,150	0.018	
Total		616,665	0.050%	

iii) Shares held by top-five salaried Executives in the regular services of the bank:

SL No.	Name	Designation	Shareholding as on 31.12.2019
1.	Mr. Md. Sabbir Hossain	Deputy Managing Director and COO	Nil
2.	Mr. Md. Mahiul Islam	Head of Retail Banking	Nil
3.	Mr. Md. Shaheen Iqbal	Head of Treasury and Financial Institutions	135,100
4.	Mr. Syed Abdul Momen	Head of SME Banking	Nil
5.	Mr. Nazmura Rahim	Head of Alternate Banking Channels	Nil

iv) List of shareholders holding 10% and above shares in the paid-up capital of the bank:

SL No.	BO	Name	Status (Sponsor/ Promoter/ Director)	No. of shares held as on 31.12.2019	% of total no. of paid-up shares
1.	1201820000147618	BRAC	Sponsor	546,132,327	44.28

### Rotation and Retirement of Directors

Pursuant to the Articles of Association and the Companies Act, 1994, Mr. Asif Saleh, Nominated Director, Nominated by BRAC will retire from the Board of BRAC Bank in the 21st Annual General Meeting. Subsequently, they are eligible for re-election or re-appointment to the Board of Directors.

The brief resume of the above Directors, in compliance of Notification No. SEC/CMRRC/2006-158/134/ Admin/44 dated 07 August, 2012 of Bangladesh Securities and Exchange Commission (BSEC), is given in the Directors' profile in the Annual Report.

### Non-Executive Directors

The Managing Director and CEO, Mr. Selim R. F. Hussain, is the ex-officio Director and all other Directors are non-Executive Directors.

### Independent Directors' independence

According to Bangladesh Securities and Exchange Commission and Bangladesh Bank's rules and regulations, Independent Directors will not be an executive of the Company in the immediate preceding two financial years, who does not have any material relationship and does not hold any shares of the company. The Independent Director will not have any significant relationship, whether pecuniary or otherwise, with the bank, its top management and the Board. The bank complies with the requirement and appoints Independent Directors who does not have any family or other relationship with its Board of Directors and its executive management. However, approval of Bangladesh Securities and Exchange Commission and approval of Bangladesh Bank are required for the appointment of Independent Director. BRAC Bank ensures compliance with Bangladesh Bank's guidelines and Bangladesh Securities and Exchange Commission's requirements relating to the appointment of Independent Directors.

### Chairman's independence

According to the Corporate Governance guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC), the position of the Chairman of the Board and the Managing Director & CEO shall be filled by different individuals. BRAC Bank has ensured this compliance. Dr. Ahsan H. Mansur, Independent Director is the Chairman of the Board of Directors of BRAC Bank

Limited and Mr. Selim R. F. Hussain is the Managing Director & CEO.

### Independence of non-Executive Directors

As part of our good governance practices at BRAC Bank, the non-Executive Directors enjoy full freedom in discharging their responsibilities. They are also sincere to attend Board meetings, Executive Committee Meetings, Audit Committee meetings and Risk Management Committee meetings. They also actively participate in discussions on the agenda.

### The key roles and responsibilities of the Chairman

The Chairman's main duties include chairing meetings of the Board of Directors are appended below;

- Provides leadership and governance of the Board so as to create the conditions for overall Board's and individual Director's effectiveness, and ensures that all key and appropriate issues are discussed by the Board in a timely manner
- Promotes effective relationships and open communication, and creates an environment that allows constructive debates and challenges, both inside and outside the boardroom, between Non-executive Directors and the management
- Ensures that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategies and policies, and that Board decisions taken are in the Group's best interests and fairly reflect Board's consensus
- Ensures that the strategies and policies agreed by the Board are effectively implemented by the Chief Executive and the management
- Sets, in consultation with the Chief Executive and Company Secretary, the Board meeting schedule and agenda to take full account of the important issues facing the Group and the concerns of all Directors, and ensures that adequate time is available for thorough discussion of critical and strategic issues

- Ensures that the Board is properly briefed on issues arising at Board meetings and receives, in a timely manner, adequate information which must be accurate, clear, complete and reliable, to fulfill its duties, such as reports on the Group's performance, the issues, challenges and opportunities facing the Group, and matters reserved for it to make decision
- Arranges informal meetings of the Directors at least annually, including meetings of the Non-executive Directors at which the Chief Executive is not present, and ensures that sufficient time and consideration is given to complex, contentious or sensitive issues
- Ensures that there is effective communication with shareholders, and that each Director develops and maintains an understanding of the stakeholders' views
- Establish good corporate governance practices and procedures and promotes the highest standards of integrity, probity and corporate governance throughout the Group and particularly at Board level
- 8. Purchase or acquisition of property for the bank
- 9. Provide welfare benefits to employees
- 10. Determining the Corporate Social Responsibility status and taking steps.
- 11. Analyze reasons for success or failure of the bank's annual budget achievement
- 12. Periodic review of the bank's operational budget achievements
- 13. Undertake risk management initiatives
- 14. Review of sufficiency and requirement for internal control efforts of the bank
- 15. Reviewing the bank's human resource (HR) policy

## The key roles and responsibilities of the Board

The main roles and responsibilities of the Board of Directors, as envisaged in the BRPD Circular No. 11 dated 27

October, 2013, include the following:

1. Lay down a code of conduct for all Board members and senior management
2. Review and set up annual performance targets of the bank for achieving targets
3. Monitoring the effectiveness of the bank's governance practices and reviewing changes as needed and identifying opportunities where corporate governance standards could be further improved
4. Determining the bank's corporate social responsibility status and taking steps for its improvement
5. Ensure stronger internal controls
6. Grant approval of policies and operational manuals to establish an effective risk management framework in core banking areas and internal control
7. Appoint Managing Director (CEO) and fixing his benefits

## Appraisal of the Board's performance

The Board of Directors is accountable to the shareholders of the bank. Once in every year, the bank holds an Annual General Meeting (AGM). The shareholders attend the Annual General Meeting and they critique and express their analysis about the performance of the bank.

BRAC Bank takes constructive suggestions from the Annual General Meeting and tries to implement it for qualitative improvement of the bank. The performance of the bank is also measured on the basis of other indicators, including financial aspects like business performance, asset growth and current NPL.

## Evaluation of the Managing Director & CEO

The Board of Directors of BRAC Bank Limited evaluates the performance of Managing Director & CEO in annual basis. The Board also set the roles and responsibilities of the Managing Director & CEO of the bank. There are some key Performance Indicators (KPI) to appraise the performance which are: meet the annual budgetary targets of the bank, which was approved by the Board, maximize shareholder value measured through desired ROA, ROE, EPS, ensure proper risk management as per the expectations of the Board, ensure sustainable growth in loans and advances, low-cost deposits, CASA mix, diversify revenue streams of the bank, ensure improvement in NPL ratio, achieve recovery of written-off loans and improve all reviews conducted by BB, including scores in CAMELS rating.

## Policy on training of Directors

BRAC Bank makes available all relative laws before the Board of Directors for their instant information, along with any single notification, so that they can discharge their responsibilities effectively.

Besides the above, most of the Directors of the bank are on the Board for many years. Some Directors are also involved in country policy-making. They have acquired enough knowledge and acumen to lead the bank well on the path of sustainable progress.

### Training on corporate governance

At BRAC Bank, our corporate governance standards represent the foundations on which we have built transparent relationships among the institution's management, Board, shareholders and other stakeholders. In line with this, BRAC Bank organizes training on corporate governance round the year for the staff. BRAC Bank offers special emphasis on training in corporate governance.

#### Objectives of corporate governance training

- i. To establish good governance, ensuring the best practices of corporate governance to understand how they improve consistency in business direction and strategies
- ii. Mitigating risks and providing the maximum opportunities for developing individual skills, tools and frameworks in line with action plans and to address challenges as well as overcome these with prudence
- iii. To help Board members develop the right strategies for change management and create advanced plans for seamless change in order to identify internal and external opportunities and challenges, manage change or implement new approaches
- iv. To drive a positive culture such as developing the Board's skills and leadership style

### Knowledge and expertise of Directors relating to finance and accounting

The Directors have rich knowledge and unparalleled expertise in the fields of accounting and finance. Most of the other Directors are successful entrepreneurs and professionals. They are well-conversant in business, economics and administration. The details of them are presented in their profile at page 60-66.

### Related party transactions

During the year 2019, the bank concluded business deals with the related organizations in which the Directors had an interest. It was determined on the basis of common Directorship and the bank's subsidiaries. We have presented in details on it at page 485 in the financial statements.

### Board of Director' committee

The Board has constituted the following 3 (three) Board Sub-Committees, which are (i) Audit Committee, (ii) Risk Management Committee and (iii) Executive Committee

#### i. Audit Committee

##### Responsibility to the Board of Directors

BRAC Bank has an Audit Committee as a sub-committee of the Board

The Audit Committee assists the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.

The Audit Committee is responsible to the Board; the duties of the Audit Committee are clearly set forth in writing.

Head of Internal Audit takes sit in the Board Audit Committee upon the invitation. ICC of BRAC Bank Limited has direct access to Audit Committee. All member of the Audit Committee is suitably qualified and all the members have expert knowledge of finance and accounting including banking activities.

The Audit Committee meets at least 06 times in a year.

The Audit Committee is run with the specific guidelines issued by the Regulatory bodies including internal best policy.

##### Constitution of the Audit Committee

The Audit Committee was formed with 3 members in compliance with the relevant provisions contained in BRPD Circular No. 11 dated 27 October, 2013 of Bangladesh Bank and Corporate Governance guidelines issued by Bangladesh Securities and Exchange Commission.

The Board appointed members of the Audit Committee who are non-executive directors of the Bank excepting Chairperson of the Board and have two Independent Directors in the Committee.

All members of the Audit Committee are financially literate.

A detailed report of the Audit Committee is included in this Annual Report.

##### The Chairman of the Audit Committee

Ms. Fahima Choudhury, Independent Director of BRAC Bank, is the Chairman of the Audit Committee. She was appointed pursuant to the Corporate Governance guidelines issued by Bangladesh Securities and

Exchange Commission. She is not involved in the day-to-day operations of the bank. She is an experienced individual and qualified to be the Chairman of the Audit Committee.

Ms. Fahima Choudhury did her B.Sc. (Hons.) Management and M.Sc. Management from London

School of Economics & Political Science, the United Kingdom.

Ms. Fahima Choudhury is Managing Director of the country's leading advertising company, Ogilvy & Mather Communications Pvt. Ltd.

#### **Meeting of the Audit Committee**

Sl. no.	Name of the Directors	Designation	Presence of the Directors in the meeting during their tenure			Remuneration/ Meeting	Remuneration drawing
			No. of meetings	Present	Absent		
1	Dr. Ahsan H. Mansur	Ex- Chairman	6	5	1	8,000	40,000
2	Mr. Shib Narayan Kairy	Ex-Member	6	5	1	8,000	40,000
3	Mr. Kazi Mahmood Sattar	Ex-Member	2	1	1	8,000	8,000
4	Ms. Fahima Choudhury	Chairman	6	6	-	8,000	48,000
5	Mr. Asif Saleh	Member	2	2	-	8,000	16,000
6	Ms. Farzana Ahmed	Member	-	-	-	Newly Appointed	

#### **NB:**

- (1) Dr. Ahsan H. Mansur resigned from the Audit Committee as he was appointed as Chairman of the Board of Directors in August 2019.
- (2) Mr. Shib Narayan Kairy retired from the Board of Directors in August 2019.
- (3) Mr. Kazi Mahmood Sattar resigned from the Audit Committee as he was appointed as Chairman of the Executive Committee.

#### **Role of Audit Committee**

According to the Corporate Governance Code, the Audit Committee of BRAC Bank Limited has the following role to the organization

- Oversee the financial reporting process
- Monitor choice of Accounting policies and principles
- Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review of the Internal Audit and Compliance Report.
- Oversee hiring and performance of external auditors
- Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption.
- Review along with the management, the audited financial statements before submission to the Board for approval.

- Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval.
- Review the adequacy of internal audit function.
- Review the Management's Discussion and Analysis before disclosing in the Annual Report.
- Review statement of all related party transaction submitted by management;
- Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.
- Oversee the determination of audit fees based on scope and magnitude level of expertise deployed and time required for effective audit and evaluate the performance of external auditors and oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the commission.

The details others role of the committee of the Bank is presented in the Annual Report page 272.

### **Reporting to the Board of Directors**

- (i) The Audit Committee report on its activities to the Board.
- (ii) The Audit Committee immediately reports to the Board on the following findings, if any:
  - (a) report on conflicts of interests;
  - (b) suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;
  - (c) suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and
  - (d) Any other matter which the Audit Committee deems necessary is disclosed to the Board immediately.

### **Reporting to the Authorities**

As per guidelines of Bangladesh Securities & Exchange Commission, the Audit Committee of BRAC Bank Ltd is obliged to report any findings that has material impact, to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.

### **Reporting to the Shareholders and General Investors**

Report on activities carried out by the Audit Committee, including report made to the Board during the year, signed by the Chairperson of the Audit Committee, have disclosed in the annual report page 271.

### **Members are suitably qualified**

All members of the Audit Committee are qualified and have years of experience in banking and financial institutions.

They have high level of expertise in the respective areas.

### **Conflict of interest**

As per good governance, BRAC Bank follows the Code of Ethics for all employees to avoid conflict with those of the bank. Employees are always advised to take particular care when they are responsible for dealing with customers, business associates and agents on behalf of the bank.

### **Access to Audit Committee of Internal Control and Compliance Division**

In the meeting of Audit Committee, the Head of Audit/ Chief Auditor has direct access and can raise his

concerns. The Head of Internal Control and Compliance, with consultation with management, can also raise any issues to Audit Committee.

### **Recommendation to appoint External Auditors**

The Audit Committee reviews the audit plans and methodology to appoint External Auditors, pursuant to Bangladesh Bank guidelines and corporate guidelines of Bangladesh Securities and Exchange Commission. The Audit Committee scrutinizes the applications of the Auditors and recommends appointment/reappointment of Auditors for the following year in the Annual General Meeting.

## **ii. Risk Management Committee**

Pursuant to Bangladesh Bank's BRPD Circular No. 11 dated 27 October, 2013, a Risk Management Committee was constituted by the Board of Directors. There are three members in the Risk Management Committee. The Board formed Risk Management Committee to play an effective role in mitigating impending risks arising out from strategies and policies. The Risk Management Committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified after identifying and assessing several risks factors. A report of the Risk Management Committee is included in this Annual Report.

### **Constitutions of the Board Risk Management Committee**

The Board Risk Management Committee was formed with 3 members in compliance with the relevant provisions

### **Qualification of the Members'**

Each Member is capable of making valuable and effective contributions in the functioning of the Committee. They have adequate understanding of the detailed responsibilities of the Committee membership as well as the bank's business, operations and its risks.

### **Roles and Responsibilities of the Risk Management Committee**

- i) Risk identification & Control policy

The Committee monitors Risk management policies & methods and amend it if necessary. The Committee reviews the risk management process to ensure effective prevention and control measures.

- ii) Construction of organizational Structure

The Committee ensures an adequate organizational structure for managing risk within the bank. The

	Committee supervises formation of separate management level committees and monitors their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.	The Committee monitors proper implementation of overall risk management policies. They monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.
iii)	Analysis and approval of Risk Management policy	
	The Committee reviews the Risk Management policies & guidelines of the bank annually and amends if necessary and sends it to the Board of Directors for their approval. Besides, they review the lending limit at once annually.	
iv)	Storage of data & Reporting system	The Risk Management Committee also reviews the risk process to ensure effective prevention and control measures.
	The Committee ensures proper use of record keeping & reporting system developed by the bank management. The Committee minutes its proposal, suggestions & summary in a specific format & informs the Board of Directors.	
v)	Monitoring the implementation of overall Risk Management Policy	A report on internal control system supervised by the Risk Management Committee is presented on page 336 of this Annual Report.

#### Attendance of Members of the Risk Management Committee

Sl. no.	Name of the Directors	Designation	Presence of the Directors in the meeting during their tenure			Remuneration/ Meeting	Remuneration drawing
			No. of meetings	Present	Absent		
1	Dr. Ahsan H. Mansur	Chairman (Ex)	3	3	-	8,000	24,000
2	Mr. Shib Narayan Kairy	Ex Member	3	2	1	8,000	16,000
3	Mr. Kazi mahmood Sattar	Ex Member	3	2	1	8,000	16,000
4	Ms. Fahima Choudhury	Chairman	1	1	-	8,000	8,000
5	Mr. Asif Saleh	Member	1	1	-	8,000	8,000
6	Ms. Farzana Ahmed	Member	-	-	-	Newly Appointed	

#### NB:

- (1) Dr. Ahsan H. Mansur resigned from the Audit Committee as he was appointed Chairman of the Board of Directors in August 2019.
- (2) Mr. Shib Narayan Kairy retired from the Board of Directors in August 2019.
- (3) Mr. Kazi Mahmood Sattar resigned from the Audit Committee as he was appointed as Chairman of Executive Committee.

A report of the Risk Management Committee is included in this Annual Report.

#### iii) Executive Committee

Pursuant to Bangladesh Bank's BRPD Circular No. 11 dated 27 October, 2013, Executive Committee was constituted by the Board of Directors. The Board nominated Mr. Kazi Mahmood Sattar, Mr. Kaiser Kabir & Ms. Nihad Kabir as members of the EC Committee at 254th Board Meeting..

## Attendance of Members of Executive Committee

Sl. no.	Name of the Directors	Designation	Presence of the Directors in the meeting during their tenure			Remuneration/ Meeting	Remuneration drawing
			No. of meetings	Present	Absent		
1	Mr. Kazi Mahmood Sattar	Chairman	8	8	0	8,000	64,000
2	Ms. Nihad Kabir	Member	8	6	2	8,000	48,000
3	Mr. Kaiser Kabir	Member	8	4	4	8,000	32,000

### Chairman of the EC Committee

Mr. Kazi Mahmood Sattar is the Chairman of Executive Committee Meeting. He possesses over 32 years of illustrious experience in local as well as international banks. He led The City Bank Limited and Eastern Bank Limited as the Managing Director & CEO in the last thirteen years. He is currently the Chairman of the Board of RSA Advisory Limited, a financial advisory firm. Mr. Sattar graduated in 1981 from Dhaka University with Bachelor's in Business Management (Honors) degree with a major in Finance. He was the Chairman of the Association of Banker's Bangladesh (ABB), the SWIFT user group in Bangladesh, the Board of City Brokerage Limited and City Bank Capital Resource Limited.

### Nomination and Remuneration Committee (NRC)

As per Corporate Governance Guidelines, the Company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board. However, as per BRPD Circular 11 of Bangladesh Bank dated October 27, 2013, the Board cannot form any other permanent or temporary subcommittee except the Executive Committee, Audit Committee and Risk Management Committee. Therefore we are waiting for a decision from Bangladesh Bank and Bangladesh Securities and Exchange Commission upon the directive.

### External Auditor

The existing Auditor, M/s. Rahman Rahman Huq, KPMG, Chartered Accountants, 9 & 5 Mohakhali C/A, Dhaka 1212 has completed their audit session for the year 2019. However, they are eligible for re-appointment for the year 2020 and hence they have expressed their willingness to work with the Bank. The Board of Directors has recommended M/s. Rahman Rahman Huq, KPMG Chartered Accountants to appoint as auditors of the bank for the year 2020. The appointment of auditor will be confirmed at 21st AGM.

### Services not provided by External Auditors

M/s. Rahman Rahman Huq, KPMG is the external Auditor of the bank. According to the Bank Companies Act, 1991, and Bangladesh Securities and Exchange Commission Notification No. SEC/CMRCCD/2006-158/134/Admin/44 dated 07 August, 2012, they are not allowed to provide any service other than financial audit.

### Maintaining a website by the Company

BRAC Bank has an official website [www.bracbank.com](http://www.bracbank.com) with the linked website of the stock exchange.

### Reporting and Compliance of Corporate Governance

Corporate Governance compliance report with best practices

The status of compliance with Corporate Governance guidelines of Bangladesh Bank and Bangladesh Securities and Exchange Commission has been given hereafter. HUSSAIN FARHAD & Co., Chartered Accountants, duly certified the bank's Compliance Status, which is presented on page 234.

### Appointment of professional for the Certification on Corporate Governance

The existing professional Accountant M/S Hussain Farhad & Co, has expressed of willingness to work as Auditor on compliance status on Corporate Governance Code and the Board of Directors has also recommended M/S Hussain Farhad & Co as compliance Auditor for the year 2020. As per Bangladesh Securities & Exchange Commission Notification on Corporate Governance Code for appointment of Professional for the certification on Corporate Governance for the year 2020 will be confirmed at the 21st AGM.

### Vision, mission and strategy approved by the Board Vision and mission of BRAC Bank Limited

The vision and mission statements and the strategy of BRAC Bank were duly approved by the Board of Directors. It is presented in this Annual Report on page 48.

### Business objectives and strategic management

The Board of Directors of BRAC Bank determines the business objectives and goals and, to this end, chalk out strategies and work plans on an annual basis. The Board specifically engages in formulating strategies

consistent with the predetermined objectives and goals and in issues relating to structural changes and reformation for the enhancement of institutional efficiency and other relevant policy matters.

### **Philosophy on code of corporate governance**

BRAC Bank believes in adopting and adhering to the best standards of corporate governance for the benefit of all its stakeholders. The bank's corporate governance standards are based on the following principles:

- Appropriate composition, size of the Board and commitment to adequately discharge its responsibilities and duties
- Transparency and independence in the functioning of the Board
- Independent verification and integrity assurance of financial reporting
- Adequate risk management and internal control
- Protection of shareholders' rights and placing priority on investor relations
- Timely and accurate disclosure on all matters concerning operations and performance of the bank

The bank's philosophy on corporate governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of

its operations and in all its dealing with shareholders, employees, regulators and other relevant stakeholders. By doing so, the bank demonstrates its understanding and respects its fiduciary roles and responsibilities to shareholders.

### **Ethics and compliance**

BRAC Bank has a Code of Conduct for the Board of Directors and ethical guidelines for the bank's employees which are an integral part of the Service Rules and Regulations for the employees of the bank. Our employees comply with the code of conduct and requirements of ethical principles.

The Board has always been deeply committed to establishing the highest levels of ethics and compliance among all employees of the bank. It has always encouraged the management to ensure that everyone maintains high ethical standards within the bank. The Board guides the management on policies that should be adopted and followed by everyone in the bank.

### **Facilities accorded to the Chairman, Directors and the Managing Director & CEO**

In accordance with the guidelines of Bangladesh Bank, the following facilities can only be given to the Directors:

<b>Chairman</b>	The Chairman has an office. He has no private secretary or office assistant from the side of Bank. However, Bank provides him a mobile phone and a car at his full-time disposal.
<b>Directors</b>	Fees and other facilities for attending each meeting of the Board or any Committee as per guidelines of Bangladesh Bank and Bangladesh Securities and Exchange Commission.
<b>Managing Director</b>	Only those benefits as agreed upon in his contractual appointment and approved by Bangladesh Bank.

### **Key policies regarding to remuneration of Directors and employees**

The Board of Directors reviews from time-to-time, the remuneration of employees based on the bank's performance and the general inflation in the economy. All employees including the senior management are paid a competitive remuneration package.

Annual General Meeting. As per Bangladesh Bank guidelines and notifications of Bangladesh Securities and Exchange Commission quarterly accounts or information are notified to the shareholders and updated on the website. The bank's Share Department also provides services to shareholders round the year. The bank also ensures that all stakeholders are informed of the bank's activities on a routine basis.

### **Human Capital**

The report on human capital is presented in detail on page 86 and 282 of this Annual Report

### **Communication to shareholders/ stakeholders for participation in Annual General Meeting**

BRAC Bank serves the notice along with the Annual Report to shareholders at least 14 days before of

### **Environmental and social obligations under CSR**

The establishment of BRAC Bank's CSR strategy is a crucial component that reflects the bank's aspiration for the sustainable development of the society and creating meaningful value for stakeholders. This means having policies and procedures in place that integrate social, environmental, ethical, human rights or consumer concerns into the business operations and the core strategy, all in close collaboration with stakeholders. BRAC Bank considers all its business initiatives under

the overarching ambit of the 3P philosophy (People, Planet and Profit).

BRAC Bank continues to expand its renewable energy portfolio through the installation of solar capacity at its newly-established SME offices, as part of its commitment to environmental sustenance. The bank has completed the installation of solar panels on SME Unit Offices since 2013. The bank is committed to bring all its SME Unit Offices under solar energy.

As part of its CSR activities, BRAC Bank-Prothom Alo Trust Adamya Medhabi Scholarship was introduced in 2010 to assist meritorious student of underprivileged families to fulfill their pursuit of higher education. Today, a large number of financially-challenged students, especially those from the rural parts of the country, do not have to face dropout. BRAC Bank has provided scholarships to meritorious students of Business Studies Faculty of Dhaka University. The bank, as part of its corporate social responsibility platform, provides scholarship to 40 students at the faculty. University of Dhaka is the oldest and highest learning seat of the country. Besides this, the bank considers the following compliances before lending to customers:

BRAC Bank proactively enhanced and tailored its services and products to support its customers during the coronavirus pandemic. BRAC Bank collaborated with Bidyanondo Foundation for providing food to the community that has been affected worst by COVID-19. In order to alleviate customer stress during the pandemic, BRAC Bank offered a three-month moratorium on loan repayment to its Retail and SME customers and waived late payment fees for the Credit Card customers for three months

### Sustainable financing

BRAC Bank has incorporated the ethos of socially-responsible banking through which it has been mainstreaming sustainable development and aligning it with the core business strategies of the bank. In fact, sustainability is integrated into the way we do business, into the contribution we make to local economies and into serving the communities we live in. The Board monitors all social and ecological factors with the aim of protecting the environment and conserving natural resources.

### Whistle blower policy

There is no regulation or guidelines in the financial services industry about encouraging and protecting whistle blowers. However, BRAC Bank always embraces excellence in governance and encourages employees to raise a flag in the event of coming across any sort of wrongdoing. This includes the senior managers and certification regime, which is aimed at improving individual accountability within the financial services industry

### Credit rating

As per Bangladesh Bank guidelines and notifications of Bangladesh Securities and Exchange Commission, BRAC Bank conducts its credit rating each year with due disclosure. Credit rating of BRAC Bank is available on page 51 in this Annual Report.

### Roles and responsibilities of the Company Secretary

The roles, responsibilities and duties of the Company Secretary of BRAC Bank are prepared in pursuant to Circular No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 of Bangladesh Securities & Exchange Commission.

The Company Secretary ensures that all regulatory procedures for the appointment of Directors have been followed. He provides detailed support and guidance to the Directors, both individually as well as collectively, for taking decisions and raises matters wherever needed to call for the attention of the Board of Directors. He also assists the Board of Directors and the management of the bank in ensuring excellence in governance. He communicates with shareholders, as appropriate, and ensures that due regard is given to their interests. He also assists to form the sub-committee of the Board of Directors, as directed by the Regulatory Bodies Act, as a mediator to the Board of Directors to resolve disputes rose to the Board, according to the laws, rules and regulations.

The Company Secretary is also mandated with providing comprehensive corporate secretarial services to the Board, Directors and committees and also ensures that compliance is complied following the respective laws, rules and regulations. He also ensures that the decisions taken by the Board of Directors are transmitted to the concerned department/s for taking the next course of action. He also updates the Board of Directors or the management about the direction, circulars, notifications, etc., which is made by the regulatory bodies and follows up on the respective steps taken.

### Sponsors and Directors Jointly Shareholding as per BSEC guideline

In accordance with the notification of Bangladesh Securities and Exchange Commission (BSEC) no. BSEC/CMRRCD/2009-193/217/Admin/90 dated 21 May, 2019, all sponsors and directors other than independent directors of a company listed with any stock exchange shall all time jointly hold minimum 30% (thirty percent) shares of the paid-up capital of the company.

We confirm that, all sponsors and directors other than independent directors of BRAC Bank shall all time jointly hold more than 30% (present holding 44.29%) shares of the paid-up capital of the company to meet up the BSEC requirement.

# REPORT OF THE BOARD AUDIT COMMITTEE

The Audit Committee of BRAC Bank Limited is the nodal point for enabling effective corporate governance, and is in the most suitable position to offer effective oversight on the performance, independence and objectivity of the auditor and the quality of the audit.

The Audit Committee is considered the core administrator of the bank for protecting and safeguarding stakeholders' interests. The process of protection is primarily executed through regular oversight functions which, among others, include reviewing financial reporting processes, systems of internal controls, audit processes, management/mitigation of financial risks and monitoring compliance with the country's prevailing laws and regulations. The Audit Committee owns the chief responsibility of engaging in systematic and continuous reviews; monitoring and evaluating organisational performance against evolving regulatory requirements; establishing comprehensive policies, processes and procedures; formulating policies for controlling and mitigating risk; and ensuring non-negotiable compliance with laws and regulations.

## Statement of purpose

BRAC Bank's Audit Committee (the 'Committee') is one of the prime sub-committees of the Board of Directors (the 'Board'). The purpose of the committee is to assist the Board in fulfilling its oversight responsibilities relating to (i) The integrity of the bank's financial statements and internal control systems (including the implementation and effectiveness of internal control over financial reporting); (ii) The performance of the internal audit services function; (iii) The annual independent audit of the bank's financial statements, engagement with independent auditors and evaluation of independent auditors' qualifications, independence and performance; (iv) The compliance by the bank with respect to legal and regulatory requirements; (v) The implementation and effectiveness of the bank's disclosure controls and procedures; (vi) The evaluation of enterprise risk issues and (vii) The fulfillment and discharge of other responsibilities set out herein.

The Audit Committee's role is one of oversight and monitoring, and in carrying out this responsibility, the committee may rely on the management, the

independent auditor and any adviser/s the committee might engage, provided its reliance is reasonable and dependable.

## Composition of the Audit Committee

The Audit Committee of BRAC Bank comprised three members of the Board of Directors, including two Independent Directors, in accordance with the notification on Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC), on 3 June 2018 (Notification No. BSEC/CMRRC/2006-158/207/Admin/80) and Bangladesh Bank BRPD Circular No. 11, dated 27 October 2013.

Sir Fazle Hasan Abed, KCMG and Mr. Shib Narayan Kairy retired from the Board of Directors on August 26, 2019 and, among the Directors, Dr. Ahsan H. Mansur was selected as Chairman of the Board of Directors. Therefore, the reshuffling of the Board Audit Committee was required. As per the Corporate Governance Code, issued by Bangladesh Securities and Exchange Commission, Dr. Ahsan H. Mansur, Chairman of the Board of Directors, cannot hold the position in the Audit Committee. Therefore, the Board Audit Committee was reconstituted in October 2019, comprising:

Ms. Fahima Choudhury	Chairperson
Mr. Asif Saleh	Member
Ms. Farzana Ahmed	Member
Mr. Rais Uddin Ahmad	Secretary

Ms. Fahima Choudhury is an Independent Director, and Mr. Asif Saleh is a Nominated Director.

On account of obtaining regulatory approvals being longer than anticipated, during the intervening period, meetings were held by two members. However, we have obtained the approval of appointment of Ms. Farzana Ahmed as an Independent Director from the regulatory bodies on January 29, 2020.

The Company Secretary of the bank is also the Secretary of the Board Audit Committee and Head of Regulatory Affairs & CAMLCO of the bank, concurrently reporting to the Chairman, Board Audit Committee, Board of Directors and the Managing Director.

The bank's Head of Internal Control & Compliance (ICC) concurrently reports to the Chairman, Board Audit Committee and the Managing Director.

The Head of ICC reports on his activities and findings to the bank's senior management. However, the Head of Audit, although being an administrative part of ICC, reports directly to the Audit Committee of the Board and is responsible to the ACB.

### Participation of non-members

A representative of Internal Control & Compliance division attends and participates in meetings of the Committee. The Managing Director and Deputy Managing Directors also attend meetings of the Committee, together with other apposite members of the management, as required by the Committee.

### Access to the Committee

On any matter within the Committee's Charter, the Head of Internal Control & Compliance has direct access to the Audit Committee.

### Roles and responsibilities of the Board Audit Committee

The following comprises the common recurring activities of the Audit Committee in discharging its responsibilities. These functions should serve as a guide, with the understanding that the Audit Committee may carry out additional functions and adopt additional policies and procedures, as may be appropriate, in light of the changing business, legislative, regulatory, legal or such other conditions. In addition to any other responsibilities which may be assigned from time-to-time by the Board, the Audit Committee is responsible for the following matters:

### Internal Control

- Evaluate whether the management is establishing an appropriate compliance culture by communicating the importance of internal controls and the prudent management of risk, and in ensuring that all employees have clear understanding of their roles and responsibilities.
- Review the management's actions in compliance with the bank's guidelines, applications and Management Information System (MIS).
- Consider whether the internal control strategies recommended by internal and external auditors have been prudently and comprehensively implemented by the management.

- Consider reports relating to fraud, forgery and deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority, and place it before the Board after reviewing whether necessary corrective and remedial measures have been embraced by the management.
- Put in place policies and procedures to identify, measure, monitor and control risk with governance and supervisory oversight from the Board of Directors.
- Review management letters/letter of internal control weaknesses issued by statutory auditors.

### Financial reporting

- The Audit Committee evaluates whether the financial statements reflect complete and accurate information, and also determine whether the statements are prepared according to the existing rules and regulations and standards enforced in the country, and as per the relevant financial reporting standards prescribed by Bangladesh Bank.
- Discuss with the management and external auditors to review the financial statements before finalisation.
- Review the quarterly and half-yearly financial statements with the management before submission to the Board for approval.
- Review statements of significant related party transactions submitted by the management.
- Review the management's discussion and analysis report before disclosing it in the annual report.
- When money is raised through initial public offer (IPO)/repeat public offer (RPO)/rights issue, the bank shall disclose to the Audit Committee about the application of funds, segregated by major categories (capital expenditure, sales and marketing expenses, working capital, etc.) on a quarterly basis, as a part of the quarterly declaration of financial results. Furthermore, on an annual basis, the bank shall prepare a statement of funds utilised for purposes other than those stated in the offer documents/prospectus.

### Internal audit

- Monitor/evaluate whether internal audit functions are truly independent.

- Review the activities and the organisational structure of the internal audit and ensure that no unjustified restrictions or limitations hinder the internal audit process.
- Review and assess the annual internal audit plan.
- Review the efficiency and effectiveness of the internal audit function.
- Review and ensure that appropriate recommendations made by internal auditors to eliminate irregularities, if any, are duly acted upon by the concerned personnel in managing the affairs of the bank.
- Meet the Head of ICC (Internal Control & Compliance) and the Head of Internal Audit at least once in a year, without the management being present, to discuss their remit and any issues arising from internal audits. Both of them shall be given the right of direct access to the Chairman of the Audit Committee.

### **External audit**

- Make recommendations to the Board to be put to shareholders for approval in the AGM, in relation to appointments, re-appointments and disassociating with the bank's external auditors. The Committee shall oversee the selection process of the new auditors and shall investigate any issue that might have led the auditors to resign.
- Oversee the relationship with the external auditors, including:
  - Approval of their remuneration, i.e. fees for audit or non-audit services.
  - Assessing annually their independence and objectivity, taking into account relevant professional and regulatory requirements.
  - Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the bank (other than in the ordinary course of business).

- Meet regularly with the external auditor, including once at the planning stage before the audit, and once after the audit is complete at the reporting stage. The Committee shall meet the external auditor at least once a year, without the management being present, to discuss their remit and any issues arising from the audit.
- Review the findings and recommendations made by external auditors for elimination of irregularities, if any, detected and duly acted upon by the management.
- Compliance with existing laws and regulations
- Review whether the laws and regulations framed by the regulatory authorities (Central Bank, BSEC and other bodies) and internal regulations approved by the Board have been duly complied with.

### **Other responsibilities**

- Submit a comprehensive compliance report to the Board on a quarterly basis on regularisation of omission, fraud and forgeries and other irregularities detected by internal and external auditors and inspectors of regulatory authorities.
- External and internal auditors may submit their related assessment report, if the committee solicits.
- Perform other oversight functions, as desired by the Board of Directors, and evaluate the committee's own performance on a regular basis.

### **Audit Committee meetings**

In general, the Board Audit Committee of BRAC Bank sits once in every two months. However, an emergency Board Audit Committee meeting can be called, if required. A total of 8 (eight) Audit Committee meetings were held during the year 2019. In addition to regular concerns, such as reviewing existing risks and mitigation measures, evaluating the management's adherence to compliance, monitoring the internal audit function and financial statements, ensuring on-time returns, assessing the findings and recommendations of external and Bangladesh Bank auditors etc., the following issues were given special emphasis.

<b>Meeting date</b>	<b>Attendance</b>	<b>Points of focus</b>
13/02/2019	Dr. Ahsan H. Mansur Mr. Shib Narayan Kairy	<ul style="list-style-type: none"> <li>* Item-wise progress/update on cyber security assessment of BRAC Bank, submitted by the consultant (only high risk items) and the review report on in-house applications.</li> <li>* Ongoing project update on call centre operations.</li> <li>* Update on the trend of capital expenditure incurred during the period from 2015 to 2018.</li> <li>* Annual Audit Plan 2019 including Budget, Audit Plan 2018 and its achievement, resource requirement for 2019.</li> <li>* Performance audit of all projects was provided by the management.</li> <li>* Fixed asset policy, along with summary of changes.</li> <li>* Summary of Bangladesh Bank's surprise inspection report on five branches on currency management.</li> <li>* Summary of internal audit report on departments and branches and information systems audit.</li> <li>* Fraud/forgery and operational loss report.</li> <li>* Summary of monitoring reports on loan documentation checklist (LDCL), quarterly operations report (QOR) and departmental control function checklist (DCFCL).</li> </ul>
21/03/2019	Dr. Ahsan H. Mansur Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	<ul style="list-style-type: none"> <li>* Discussion of the Board Audit Committee with external auditors and the management on draft audited financial statements for 2018 for recommending them to the Board.</li> <li>* Discussion for appointment of external auditors for the year 2019 and their remuneration for recommending to the Board and for further approval by shareholders in the annual general meeting.</li> <li>* Discussion for the appointment of auditors for the certification on corporate governance for the year 2019 and their remuneration.</li> </ul>
29/04/2019	Mr. Shib Narayan Kairy Ms. Fahima Choudhury	<ul style="list-style-type: none"> <li>* The unaudited quarterly financial statements for the period ended March 31, 2019.</li> </ul>
13/05/2019	Dr. Ahsan H. Mansur Mr. Shib Narayan Kairy Ms. Fahima Choudhury	<ul style="list-style-type: none"> <li>* Management updates on cyber security assessment.</li> <li>* Management updates on the trend of capital expenditure incurred in the first quarter of 2019.</li> <li>* Fixed asset policy reviewed by a third-party consultant.</li> <li>* Summary of Bangladesh Bank's surprise inspection report on three branches on currency management.</li> <li>* Summary of internal audit report on departments and branches.</li> <li>* Fraud/forgery and operational loss report.</li> <li>* Summary of monitoring reports on loan documentation checklist (LDCL), quarterly operations report (QOR) and departmental control function checklist (DCFCL).</li> </ul>

<b>Meeting date</b>	<b>Attendance</b>	<b>Points of focus</b>
18/07/2019	Dr. Ahsan H. Mansur Mr. Shib Narayan Kairy Ms. Fahima Choudhury	* Management updates on cyber security assessment.  * Management updates on call centre.  * Management report submitted by external auditors M/s. Rahman Rahman Huq, Chartered Accountants, for the year ended 31 December, 2018.  * Annual health report of BRAC Bank for the year 2018.  * Overview of international financial reporting standard (IFRS) 16: 'Leases' was placed before the Committee and was discussed.  * Summary of Bangladesh Bank's surprise inspection report of Munshigonj branch on currency management.  * Summary of internal audit reports on departments and information systems and branch audits.  * Yearly summary report on audit of branches, departments and information systems for the year 2018.  * Fraud/forgery and operational loss report.  * Summary of monitoring reports on loan documentation checklist (LDCL) and departmental control function checklist (DCFCL).
22/07/2019	Dr. Ahsan H. Mansur Ms. Fahima Choudhury	* Unaudited half-yearly financial statements for the half-year ended June 30, 2019.
24/10/2019	Ms. Fahima Choudhury Mr. Asif Saleh	* Unaudited quarterly financial statements for the quarter ended September 30, 2019.  * Updates on internal audit transformation project by PwC.
20/11/2019	Ms. Fahima Choudhury Mr. Asif Saleh	* Staff training plan 2019 and 2020 of the audit department.  * Investigation reports on fraud, forgery and other irregularities.  * Overall effectiveness of the internal control system of BRAC Bank.  * Compliance status of Bangladesh Bank's core risk inspection reports.  * Bangladesh Bank's surprise inspection report at two branches on currency management.  * Summary of internal audit report on departments, branches and information systems audit.  * Summary of review reports on loan documentation checklist (LDCL), quarterly operations report (QOR) and departmental control function checklist (DCFCL).  * Submission of Bangladesh Bank's inspection report on anti-money laundering (AML) for the year ended December 31, 2017, before the Committee members.  * Review of approvals under credit delegation of Managing Director & CEO was placed before the Committee members.

## **Reporting to the Board**

The Audit Committee regularly reports its activities to the Board of Directors following each meeting.

The Audit Committee immediately reports to the Board of Directors in case any of the following findings are observed:

- Conflict of interest.
- Suspected or presumed fraud or irregularity or material defect in the bank's internal control system.
- Suspected infringement of laws, including securities-related laws, rules and regulations.
- Any other matter which needs to be disclosed to the Board immediately.

In addition, the Committee also provides:

- Copies of its meeting minutes to the Board.
- A report annually to the Board/shareholders.
- Additional reporting, as required by the Board.

In reviewing the bank's policies and practices with respect to assessment of the various internal audit reports, it is evident that BRAC Bank has continued to maintain efficiency in its internal controls over financial reporting for the year ended December 31, 2019. The annual and interim financial statements are disclosed on the bank's website. Since most of the computation is systems-based, the possibility of manipulation is virtually non-existent. The Committee has selected international financial reporting standards (IFRS) as the reporting standard and, accordingly, the financial statements clearly express compliance with GAAP, BSEC and Bangladesh Bank guidelines and also other relevant regulatory guidelines. The Audit Committee

acknowledges the tremendous support received from members of the Board, the management, the finance team and internal and external auditors.

## **Priorities for the year ahead**

The Committee expects to continue to focus on the integrity of financial controls, risk governance and controls, robustness of the bank's cyber security infrastructure and processes, digitalisation, automation and artificial intelligence (AI), customer data security and application of true risk-based audit approach in 2020 to ensure they reflect mitigation of evolving risks, especially facing our high-growth businesses.

The committee continuously expects its internal audit standards to be more agile, robust and innovative in terms of identifying risks that may come up from time-to-time. Technological advances are rapidly changing the way companies operate and are also impacting how the internal audit function approaches risks and controls. New digital tools are also enabling the internal audit practice to function more efficiently and to reinforce future-facing capabilities. This opens the door for internal audit to engage in the mitigation of strategic risks and elevate focus to tasks that are more valuable. In light of these, an internal audit transformation project has been undertaken in 2019 to accrue benefits, ranging from reduced costs to enhanced employee motivation and retention. Out of the three phases of the internal audit transformation project, the first phase has been completed and the second phase is nearing completion.

The Committee also intends to oversee the governance function across the various ongoing business transformation projects to ensure that these are appropriately managed and scheduled, both individually as well with respect to their overall contribution to the business.



**Ms. Fahima Choudhury**  
Chairman, Board Audit Committee

# CERTIFICATE OF DUE DILIGENCE BY CEO AND CFO

Declaration on the financial statements for the year ended on 31st December 2019:

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRC/2006-158/207/Admin/80, dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we hereby declare that:

- (1) The financial statements of BRAC Bank Limited for the year ended on 31st December, 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, and any departure therefrom has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the bank's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure the above, the bank has taken proper and adequate care in installing a robust system of internal control and maintenance of accounting records;

- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the bank were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate, and there exists no material uncertainty related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on December 31, 2019, and that to the best of our knowledge and belief:
  - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) These statements collectively present a true and fair view of the bank's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of our knowledge and belief, no transactions entered into by the bank during the year which are fraudulent, illegal or in violation of the code of conduct for the bank's Board of Directors or its members.

Sincerely,



**M. Masud Rana FCA**  
Chief Financial Officer



**Selim R. F. Hussain**  
Managing Director & CEO

# COMMUNICATION TO SHAREHOLDERS AND STAKEHOLDERS

## Communication with shareholders and other stakeholders

The Share Unit, representing the Company Secretariat of the bank, plays an instrumental role in ensuring effective communication with shareholders and other stakeholders. The unit efficiently discharges all share-related tasks, including allotment of bonus shares, share transfer processes, monitoring share movements through CDBL, share re-materialisation/de-materialisations, distribution of fractional dividend entitlements, conducting AGMs, etc. In addition, the unit also engages in correspondence with various regulatory and governmental bodies from time-to-time on matters related to our shareholders. Any stakeholder of the bank may contact this unit during office hours for any information or queries.

## Information available on the website

BRAC Bank provides updated information on its website regularly for shareholders and other stakeholders of the bank.

## Information through newspapers

According to Stock Exchanges Listing Regulations, 2015, and Financial Reporting and Disclosure, 2018, news about the AGM should be published in one English and one Bengali newspaper, as well as in one online daily news site. For 2019, we complied with these rules.

## Policy on ensuring shareholder participation at the AGM

To ensure effective and efficient participation of shareholders at the AGM, BRAC Bank publishes a notice of AGM in leading newspapers with the necessary details within a reasonable timeframe prior to the AGM. The arrangement of the AGM normally takes place in a well-known venue and at a convenient time. The Annual Report is circulated as per the provisions of Stock Exchanges Listing Regulations, 2015, and Financial Reporting and Disclosure, 2018, so that shareholders can get sufficient time to go through the report and freely provide their valuable comments and suggestions during the AGM. Proceedings of the 21st AGM have been presented in the 'Glimpses of the AGM' section in this Annual Report.

# REDRESS OF INVESTOR COMPLAINTS

## Focus on shareholder rights

As an institution committed to meeting the expectations of our shareholders and investors, BRAC Bank has developed a comprehensive customer charter to support and accentuate equal and fair treatment meted out to shareholders that goes a long way in protecting their fundamental rights. The bank has a dedicated grievance redress cell to ensure that complaints received from investors are redressed at the earliest possible and without any undue delays. The Company Secretary is tasked with the responsibility of periodically monitoring the status of pending complaints, along with status on settlement as well.

## Rights of shareholders and equitable treatment

The bank provides shareholders with information on the date, time, venue and all agenda items with comprehensive support data concerning the issues to be discussed, prior to a meeting. Notice of a meeting and other support documents are dispatched to shareholders at least 14 days prior to the meeting. Such a notice is also published on the bank's website so that shareholders can evaluate the information at their convenience, prior to receiving the hard copy of the notice and other documents.

The bank's website URL from where shareholders and other interested parties can download financial information, corporate profile and meeting information is [www.bracbank.com](http://www.bracbank.com)

Inquires may be e-mailed to [enquiry@bracbank.com](mailto:enquiry@bracbank.com)

Invitation to the annual general meeting contains shareholder information and guidelines relevant to the meeting, including the voting procedure. In case shareholders cannot personally attend the meeting for any reason, they may appoint a proxy through filling out the Proxy Form provided along with the other

documents, or can even download the same from the bank's website, to appoint any person as proxy to attend and vote on their behalf at the annual general meeting.

## Investor complaints redress mechanisms

The bank has established a number of redress mechanisms by which investors can lodge their grievances/complaints:

- Through a designated e-mail ID: [enquiry@bracbank.com](mailto:enquiry@bracbank.com)
- Through a letter despatched to our designated address
- Through an investor complaints register maintained at our office in which details of every written complaint is recorded

A designated person is entrusted with the responsibility of monitoring investor grievances registered via e-mail on a daily basis.

As an effective shareholder/investor outreach initiative, the bank continues to engage in regular communication with shareholders through the issue of periodic performance updates and other communication disseminated at a time considered to be in the best interests of shareholders.

## Investor inquiries/complaints

Any queries relating to shareholding, for example transfer of shares, changes in name/address and dividend payment, etc., should be sent to the following address:

**Share office:** BRAC Bank Limited, Anik Tower, Ground floor, 220/B, Tejgaon I/A, Dhaka-1208. Phone: 09677555124, 09677555125

# BOARD MEETINGS & ATTENDANCE

Sl. no.	Name of the Directors	Designation	Presence of the Directors in the meeting during their tenure			Remuneration/ Meeting	Remuneration drawing
			No. of meetings	Present	Absent		
1	Dr. Ahsan H. Mansur	Chairman	15	12	3	8,000	96,000
2	Sir Fazle Hasan Abed *	Ex-Chairman	10	8	2	8,000	64,000
3	Mr. Shib Narayan Kairy *	Director	10	8	2	8,000	64,000
4	Ms. Nihad Kabir	Director	15	11	4	8,000	88,000
5	Mr. Kazi Mahmood Sattar	Independent Director	15	14	1	8,000	112,000
6	Mr. Kaiser Kabir	Director	15	7	8	8,000	56,000
7	Mr. Asif Saleh	Director	15	13	2	8,000	104,000
8	Ms. Fahima Choudhury	Independent Director	15	11	4	8,000	88,000

\* Sir Fazle Hasan Abed retired from the Board of Directors in its 259 Board meeting

\* Mr. Shib Narayan Kairy resigned from the Board of Directors in its 259 Board meeting

- The Board of Directors unanimously elected Independent Director Dr. Ahsan H. Mansur as Chairman of Board of Directors in its 259th Board Meeting.

# DISCLOSURE ON CREDIT RATING

According to Bangladesh Bank's BRPD circular No. 06, dated July 05, 2006, and in order to improve the risk management and corporate governance frameworks as well as to safeguard the interests of investors, depositors, creditors and shareholders, the bank was rated by Credit rating Agency of Bangladesh (CRAB), Emerging Credit Rating Limited (ECRL), Credit Rating Information and Services Limited (CRISL), S&P Global Rating & Moody's investors service for the year ended 31 December 2018.

## Rated Domestically By

Rating based on	Audited Financial Statements as of 31 December 2018	
Validity		30-Jun-20
Outlook		Stable*
Name of the Rating Agency	Long Term	Short Term
Credit Rating Agency of Bangladesh Ltd. (CRAB)	AA1	ST-1
Credit Rating Information Services Ltd. (CRISL)	AA+	ST-1
Emerging Credit Rating Ltd. (ECRL)	AA+	ST-1

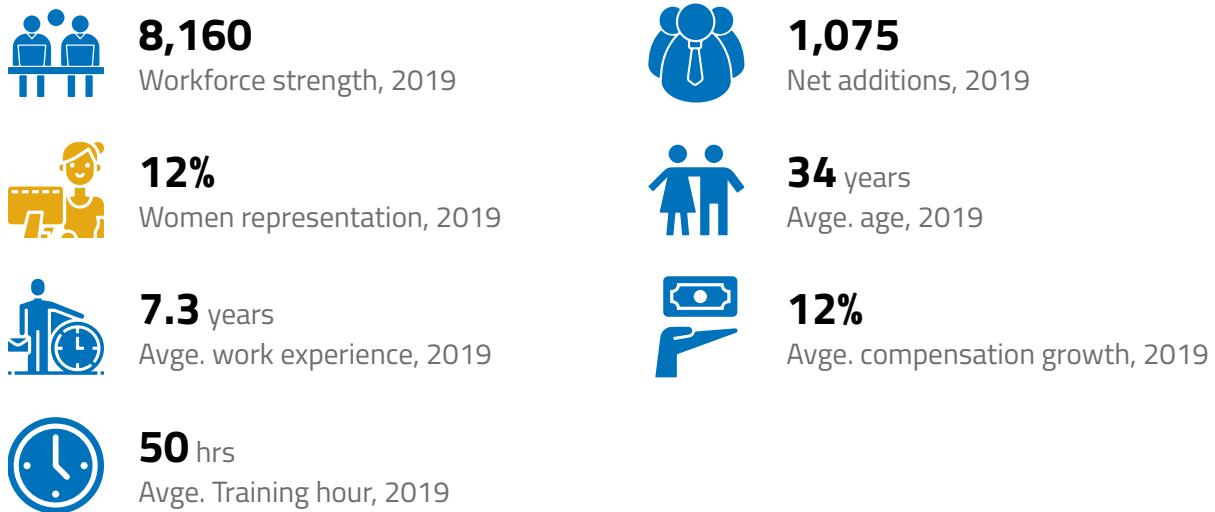
\* Stable indicates that a rating is likely to remain unchanged.

## Rated Internationally By

Rating based on	Audited Financial Statements as of 31 December 2018	
Outlook	Stable	
Name of the Rating Agency	Rating of Bangladesh	Rating of BRAC Bank
Moody's Investors Service	Ba3	Ba3
S&P Global	BB-	B+

We are pleased to announce that all above Credit Rating Company has affirmed the rating for long-term credit and short term credit of BRAC Bank Limited. Commercial banks rated under these categories are adjudged to be strong banks, characterized by robust financials, healthy and sustainable franchisees and first rate operating environment. Rating under these categories characterize commendable position in terms of liquidity, internal funds generation and access to alternative sources of fund. The credit rating of BRAC bank, based on its financial statements for the year ended December 31, 2019 is under process and will be published in due course.

# OUR HUMAN RESOURCES



"Our ambition to be Bangladesh's best bank depends on attracting the best talent from all segments of the society to be a unified part of our culture, and in meeting our shared ambitions of creating sustainable value for our country, customers and communities.

In this context, our HR department has been a true business partner for BRAC Bank, as we simplified our organisational structure over the last few years, realigned our different divisions, reduced the complexity of our processes and invested in building digital capabilities.

With this, I strongly believe that supportive of our HR practices, BRAC Bank is well-poised for the future."

– Selim R. F. Hussain  
Managing Director & CEO

## Introduction

At BRAC Bank, we consider our employees to be our most valuable assets. The high calibre of our employees is a key differentiator in the increasingly competitive banking and financial services sector. We believe that aligning our people with our bank's values is essential to create sustainable shareholder value.

### Performance highlights



Senior appointments reflect the strength of our brand in attracting top talent



Strengthened executive team through intensive leadership training



Gender diversity represented by 7% of our executive leadership comprising women



Gender balance reflected in 152 women recruited into our workforce (2019)



NII (net interest income) per employee: Tk. 1.8 mn (2018: Tk. 1.9 mn)



Staff turnover: 16% (well below the industry avge.)

## Strategic matters

At BRAC Bank, we have been investing dedicated efforts in fortifying our human resources for the last several years. Our key areas that encapsulate our focus include:

- Ensuring the recruitment of the right talent that is also fit for our culture
- Ensuring professional development through exposure to training and capacity/skills building
- Ensuring retention of key talent
- Ensuring alignment with the bank's goals and objectives through tech-enabled planning, goal-setting and transformation

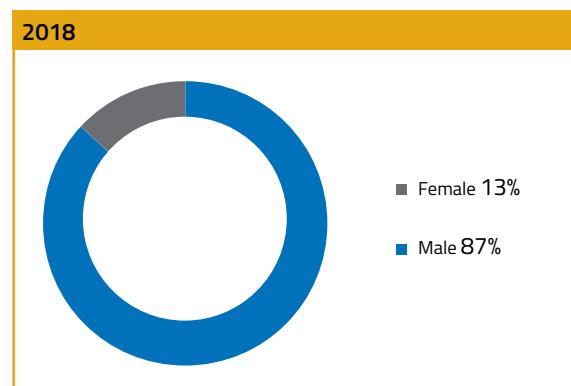
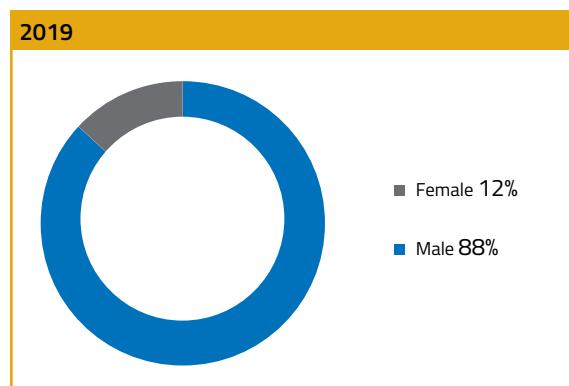
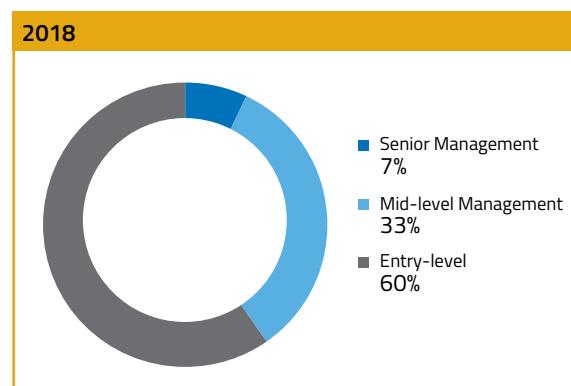
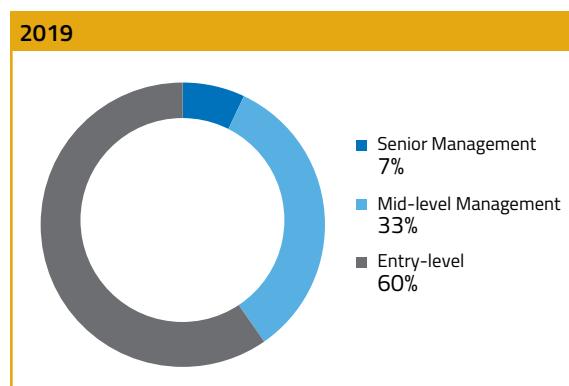
In the year 2018, we emerged as the first bank in Bangladesh to migrate to a global-standard Enterprise Resource Planning (ERP) platform with Oracle. This platform enabled the digitalisation of our entire HR engagement cycle - beginning from recruitment to retirement, as well as positively influencing the overall budgeting process through a hybrid solution called E-Business Suite on-premise and Fusion on the cloud. However, the bank's HR department accelerated forward in its digitalisation journey in 2019 to cover archiving and QMS as well.

In 2019, BRAC Bank's consolidated workforce grew sharply in comparison to the previous years, aligned with our expansion plans and goals.

A detailed employee matrix is presented below.

## Employment matrix of BRAC Bank

	2017	2018	2019
Senior management	456	501	602
Mid-level management	2,209	2,355	2,597
Entry-level	4,168	4,229	4,961
Total	6,833	7,085	8,160
<b>Gender</b>			
- Male	5,986	6,157	7,175
- Female	847	928	985
<b>Age (avge.)</b>	34	34	34
<b>Work experience (avge., years)</b>	7.3	7.5	7.3

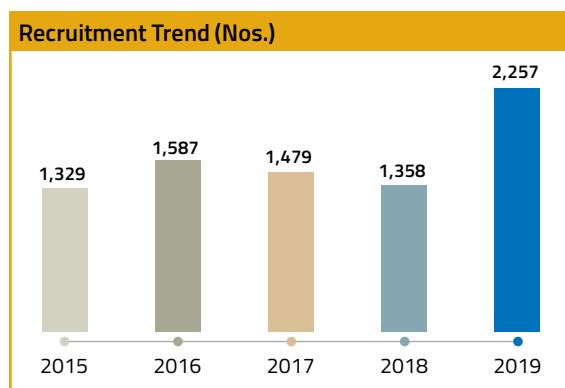


## Recruitment

Our recruitment strategy continues to remain anchored on attracting talent with the right competencies, including knowledge, skills and behaviours, to align with our culture, our operating model and our business strategy. Some of the major activities under recruitment that took place in 2019 include the following:

- Hired a large number of technically-skilled incumbents to support our digital transformation agenda
- Continued hiring in fast-track career roles, like our Management Trainee programme and Young Professional, to inject high-quality talent for creating a base for future leadership talent

- Strengthened our recruitment pipeline with a better overall recruitment profile through diversity in education, background and experience
- Established an online recruitment portal to ensure transparency and independence in the hiring process
- Focused on recruitment for specifically filling the SME sales function to augment the business portfolio
- Promoted inclusion by recruiting differently-abled candidates



## Compensation and benefits

BRAC Bank believes in a performance-oriented and meritocratic environment, where our compensation policy is solely driven by employee merit and performance. With a certain degree of maturity achieved in our compensation policies, we are now focusing on strengthening alignment of compensation with specific business goals and objectives, with the overall view to enhance organisational productivity. Specifically, the new PMS (performance management system) process launched recently was designed to suit this purpose.

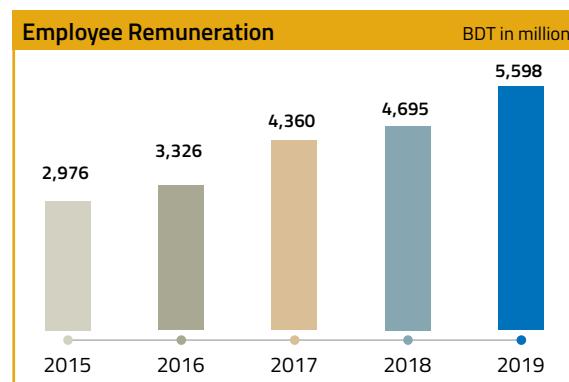
Today, we strive to develop a highly competitive workforce that consistently delivers to achieve our

aspirations, while at the same time upholds our core values. Therefore, our compensation and reward structures are periodically reviewed and adjusted, taking into cognisance our progress in our governance practices and also external market developments.

Our remuneration committee, comprising the following position-holders, periodically reviews, takes decisions and/or escalates our compensation policy to the Board for amendments, as deemed appropriate:

- CEO & Managing Director
- Deputy Managing Director & CFO
- Deputy Managing Director & CRO
- Deputy Managing Director & COO
- Head of Human Resources
- Business Heads

As a bank that is focused on adopting the highest standards of governance, in our quest for aligning with regulations, we strive to ensure that both managers and employees embrace all relevant risk metrics and guidelines relevant to their respective areas of work. We engage in thorough reviews on this key aspect during performance appraisals. Managers are also responsible for explaining to their teams how compensation parameters, both quantitative and qualitative, have influenced their decisions.



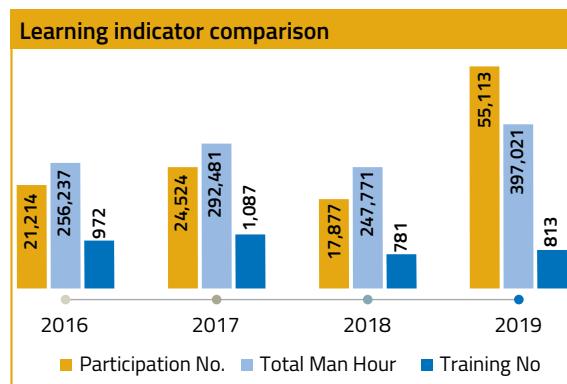
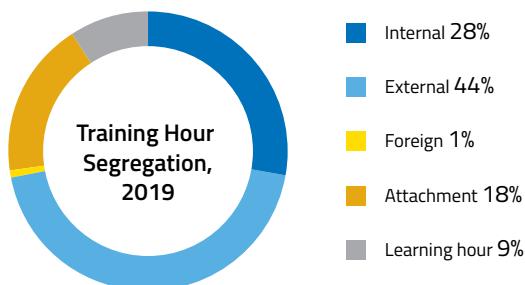
## Learning and development

People are our primary asset and we consider our people as the key enablers to our shared future. In this context, our focus on accelerating professional development among our employees has been an essential component of the bank's human resource agenda over the last few years. We believe that nurturing talent and recognising employees' valuable contributions are essential to get the best out of our resources.

In 2019, the bank invested substantially to upskill its human resources through engagement in numerous local and international training programmes, facilitated by both internal and external trainers. Further, varied orientation programmes were also put in place for new recruits for both business and support divisions to familiarise them with the bank and its heritage and legacy and its vision and ambitions.

A summary of the training initiatives of 2019 is presented below:

Training type	Participants	Number of trainings	Total person-hours
Internal	12,731	363	112,203
External	7,525	380	176,003
Foreign	41	19	1,544
Attachment	1,150	29	74,752
Learning hour	33,709	23	33,709
<b>Total</b>	<b>55,156</b>	<b>814</b>	<b>398,211</b>

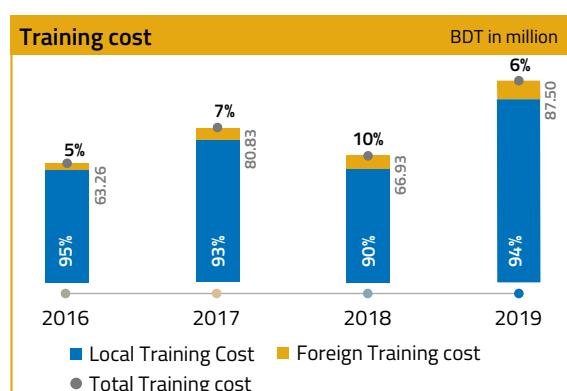


In 2019, special emphasis was centred on ensuring learning among our new recruits, comprising our Relationship Officers in Small Banking, SME division. The training model and module were redesigned entirely, taking a more holistic view into account. Their initial training now includes a hands-on attachment period in the field offices before they are placed in their formal roles. Therefore, their training hours have increased significantly in 2019, in comparison to previous years.

We have also introduced a new learning method for our Distribution Network called "Learning Hour". In this method, a structured content on a specific topic is prepared and sent to all branches through email. All supervisors of the respective branches sit with their employees to discuss and disseminate the knowledge of the content on a prescheduled time circulated by HR. The employees have to sit for an e-Learning exam later to validate their learning. This method has significantly reduced cost and made the learning process faster and efficient.

The following graph shows the comparison from 2016 to 2019 on various learning initiatives at BRAC Bank:

From 2016 onwards, we consciously shifted our focus to local training programmes to ensure that training was extended to a much larger employee base. Comparisons of cost allocation between local and foreign training programmes are provided below:



Some of the Key learning initiatives in 2019 are as follows:

- Extensive Orientation & Foundation training for Relationship Officer of SME Banking along with hands-on attachment
- Month long programme on "Branch Operations Manager Development Programme" with a view to identify potential Branch Operations Manager from in-house resources

- Joint Credit Certification programme introduced by BIBM and Moody's
  - Participated in several certification programmes by BIBM to focus on specialization in Credit, AML and Trade
  - Credit Skill Development Programme for Area Credit Managers conducted by international resources
  - Learning Hour initiatives for Branch Network covering employees of Branches with modules on various topics
  - Train the Trainer on Women Entrepreneurship, organized jointly by Babson College and BRAC Bank with the support of FMO
  - Introduce ACM Development Programme to identify potential of Area Credit Managers from in-house resources
  - Sexual Harassment Elimination (SHE) programme disseminated across the country
  - Human Centric Design, introduced by international resource person aimed to change behavioural pattern of current employees towards processes and customer experience
- A total of 814 learning events were organized during 2019, out of which 7,558 internal participants received 377,283 hours of training, averaging approximately 50 hours per employee. In addition, another 942 external stakeholders received 20,928 hours of training organized by BRAC Bank that led to a cumulative of 398,211 training hours in various modes.

### **AML and compliance-related training**

AML-CFT training is a regulatory requirement mandated by Bangladesh Bank. New joiners have to compulsorily attend AML and compliance-related classroom training during his/her orientation programme. Moreover, BRAC Bank employees also participate in AML-CFT and compliance-related programs frequently arranged by external institutes/ organisations.



*Banking Foundation Course at BIBM Campus*



*Participants in a workshop for awareness on sexual harassment*



*Introduction of ACM Development Programme to identify potential of Area Credit Managers from in-house resources*



*Credit Skill Development Programme for Area Credit Managers conducted by international resources*

## **Human resource accounting**

Human resource accounting (HRA) encompasses accounting for the company's management and employees as asset or capital that provides future benefits. Based on empirical research, BRAC Bank is considered as one of the few financial institutions making human resources disclosures on its funding in the capital market, profitability, financial sector in which it operates its length of listing in capital market and its shareholding structure.

In principal, the HRA functions on the following variables:

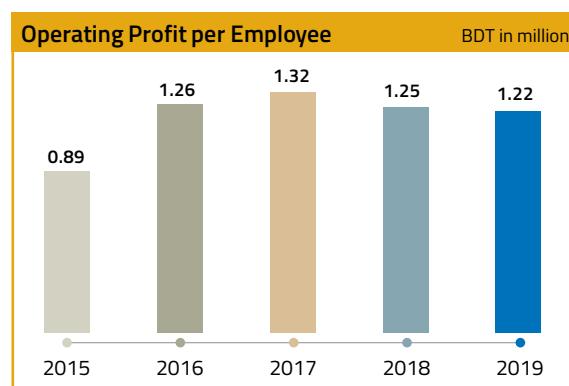
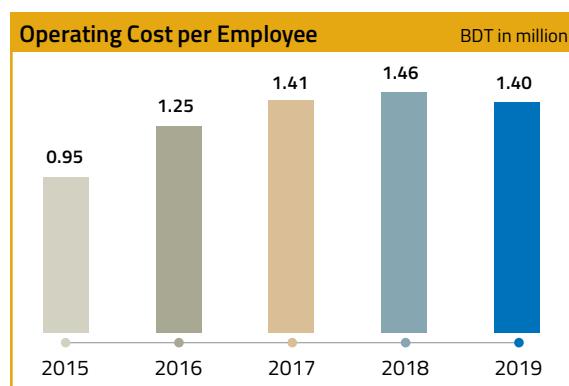
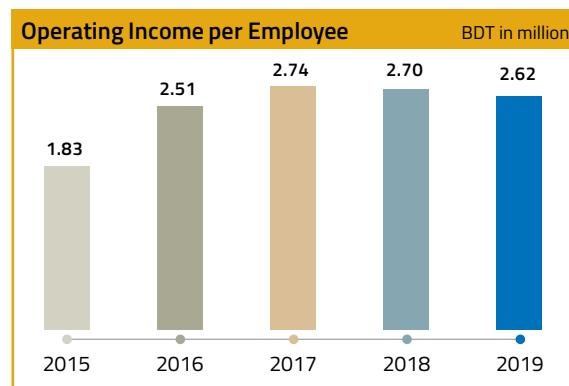
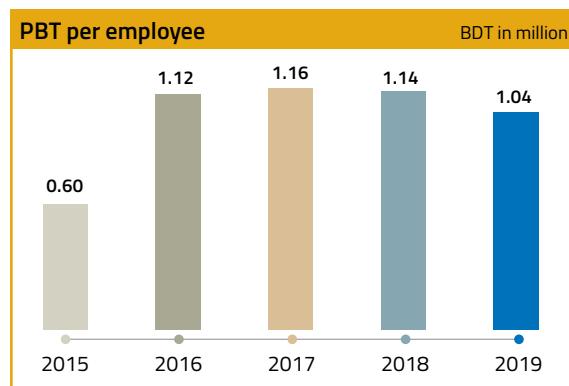
- Number of employees
- Human resource policy
- Learning and development
- Management succession planning
- Employee categories

- Employee benefits
- Performance, rewards and recognition

At BRAC Bank, the total number of full-time employees rose from 7,085 in 2018 to 8,160 in 2019, with the bulk of recruitment initiated for our SME Banking department.

The business model of BRAC Bank is different from other local banks, given its huge SME portfolio, in addition to sizeable retail and corporate clients.

Therefore, employee engagement is a significant facet of our organisation, where we strive to create a workplace environment that is anchored on collaboration, fellowship and shared ambitions.



## Our Planning for 2020 and Beyond

We see year 2020 as a year of transformation and digitization for BRAC Bank. To execute the HR transformation, we will overhaul the current processes in high impact areas, and continue to invest in HR technology. With the significant efforts underway, we will continue to support business with various tools, frameworks and analyses that will empower, enable, and engage the workforce.

Some key HR focus areas during the next few years will include:

- Driving HR excellence by creating a close partnership between business and HR

- Deploying succession planning and talent management to support the strategem of "developing our own"
- Keeping up the investment in training, leadership development and transformation of learning experience through e-Learning
- Digitization of the HR processes to enhance the employee and manager experience
- Enhancing employee experience and engagement through diversity and inclusion that will lead to employee well-being, productivity, and retention
- Ensuring a safe and secure environment including physical and mental health for all employees

# STATEMENT OF BOARD AUDIT COMMITTEE

## **Statement on Audit Committee's oversight role in maintaining integrated internal controls**

The Board Audit Committee (BAC) of BRAC Bank gets reasonable assurance from its independent internal audit teams that the strategic objectives as set by the Board are worked upon in the form of operational efficiency, integrity in financial and non-financial information and compliance with applicable laws and regulations.

Our robust culture of compliance and strong levels of awareness of responsibilities among all levels of our staff comprise the fundamental drivers enabling us to achieve our strategic objectives. Within this framework, the oversight role of BAC ranges from placing constructive recommendations in normalising control weaknesses, to endorsing appropriate disciplinary action/s in case of deviations from our well-articulated policies and procedures.

During 2019, BAC conducted 8 meetings to review summary reports on internal audits, monitoring activities, investigations, surprise/spot inspections, regulatory inspections and statutory audits. The committee, through a comprehensive review of these reports, focused particular attention to effecting process-level improvements, deployment of appropriate resources to enforce controls and plugging any ethical breaches or absence/insufficiency of specific policies encompassing directive controls. Through engaging in comprehensive discussions with relevant stakeholders, BAC came up with constructive recommendations to address the underlying root-cause behind issues, while also regularising discrepancies with extensive follow-ups in subsequent meetings.

## **Statement on Audit Committee's role in ensuring compliance with applicable laws and regulations**

As regulatory compliance extensively depends on active communication with and awareness among our concerned officials, BAC assess awareness levels on compliance requirements through undertaking periodic reviews of internal audit reports, while recommending

changes/transfers or training of human resources, as applicable. Moreover, as per regulatory directives stipulated in relevant regulatory guidelines, internal policies are reviewed by BAC prior to their adoption or update to ensure their conformity with regulatory guidelines. BAC is also regularly briefed by Internal Control & Compliance Division (ICCD) on changes in regulatory requirements.

## **Statement on Audit Committee's supervisory role in facilitation of statutory audit**

Considering the fact that integrity in financial reporting is prerequisite to our reputation and credibility, while ensuring operational sustainability and our status as a going concern, BAC lays special emphasis to the facilitation of independent reviews and also execution of credible and dependable statutory audit services. As part of this focus, BAC, during 2019, conducted the following activities:

- Reviewed the expression of interest forwarded by statutory auditors, assessed their capability and confirmed that the statutory auditor screened and selected did not have any conflict of interest.
- Reviewed performance of our external auditor.
- Reviewed the management letter forwarded by the statutory auditor, along with management responses provided against them.
- Recommended appointment/re-appointment of statutory auditor(s).

## **Statement on Audit Committee's activities to ensure integrity in financial reporting and associated disclosures**

With a view to responsibly discharging the oversight role of ensuring integrity in financial reporting and disclosure processes, BAC pivots the adoption of appropriate financial reporting standards and ensures consistency in application of the same within the bank's financial reporting practice. In doing so, BAC carried out the following tasks during 2019:

- Reviewed the quarterly, half-yearly and annual financial statements, and determined their completeness, accuracy and consistency with financial reporting standards set or recommended by the regulatory authority.
- Reviewed issues with potential impact on the integrity of financial reporting and other non-financial disclosures.
- Discussed in detail summary reports on internal audits, monitoring activities, investigations, surprise/spot inspections, regulatory inspections and statutory audits. These reinforced BAC's capabilities in the early identification of specific fraud or irregularities within our banking operations.
- Reviewed financial statements with the statutory auditor and regulatory inspection teams in tripartite meetings prior to finalisation.
- Reviewed statement on significant related-party transactions, as forwarded by the management.
- Monitored operations of the bank in line with pre-determined budgets through internal audit reports, while also reviewing the underlying root-cause behind deviations, if any, while also making constructive recommendations to put in place appropriate controls.

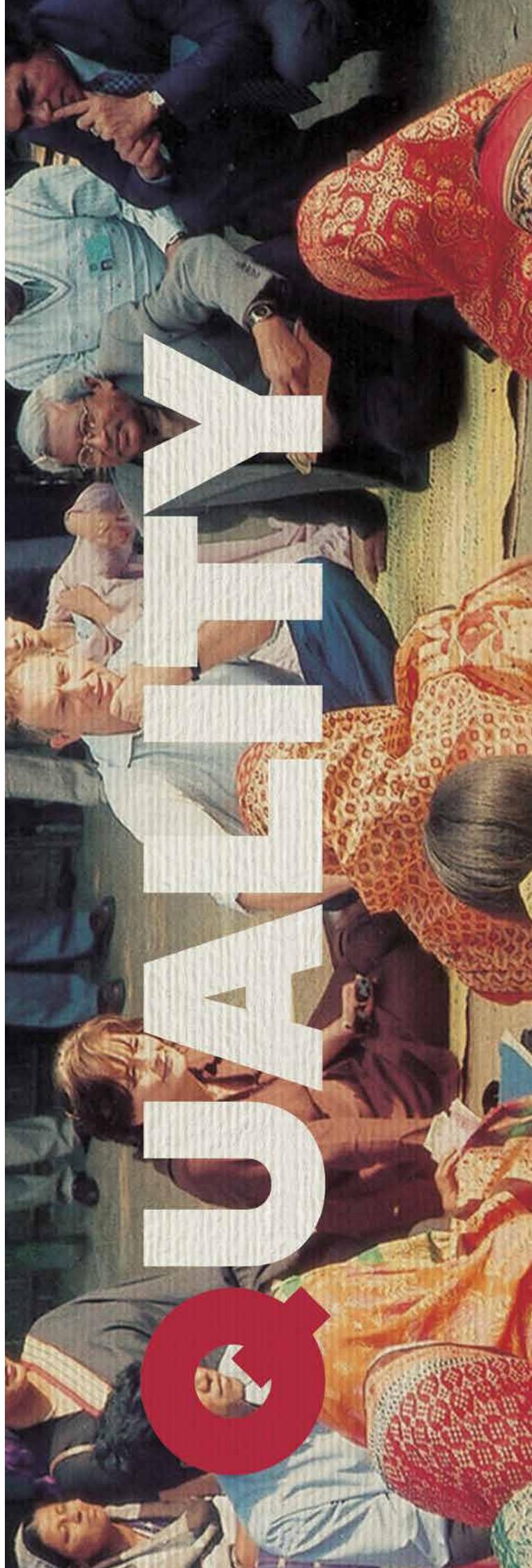
Apart from this, BAC also reviewed reports on fraud and forgery that originated out of internal audits, statutory audits and regulatory inspections. BAC also reviewed the first-phase Gap analysis report on an ongoing internal audit transformation project submitted by an external consultant (PwC). Using its discretion, BAC advised action in terms of carrying out critical investigations, process/policy reviews, evaluation of operations, etc.

Through these activities, BAC effectively fulfilled its role and responsibilities, as mandated by the regulator, during the year 2019.

On behalf of the Audit Committee,



**Ms. Fahima Choudhury**  
Chairman, Board Audit Committee



# CAPITAL PLAN

BRAC Bank is one of the most regulated banking institutions of Bangladesh with a disciplined, conservative and rigorous capital allocation and management strategy. This has resulted in the fact that the bank has been able to consistently maintain surplus capital levels over stipulated regulatory requirements. One of the key factors behind this adequate and protected capital buffer is the bank's ability to proactively and diligently engage in forecasting major business trends, risk weighted assets and capital flows. In fact, prudent capital planning is integrated into the bank's risk and governance processes, as capital remains a key consideration in the development of our strategic plans, risk appetite and risk limits. The bank has succeeded in making accurate forecasts about forthcoming capital requirements, thus succeeding in achieving business goals and also in planning judiciously to ensure the required capital positions at the right time.

At BRAC Bank, we manage our capital position such so that our capital is more than adequate to support our business activities, while also remaining in alignment with our risk framework, risk appetite and strategic planning. Additionally, we seek to maintain safety and security at all times, even under duress scenarios, which enables us to embrace opportunistic advantage in terms of leveraging any organic growth opportunities, while also ensuring that our enhanced capacities help meet obligations to creditors and counterparties. Strong capital position also helps us maintain seamless access to the financial markets, while also enabling us to serve as a credit intermediary, remain a source of strength for our subsidiaries, and satisfy current and future regulatory capital requirements.

We conduct an Internal Capital Adequacy Assessment Process (ICAAP) on a periodic basis. The ICAAP is a forward-looking assessment of our projected capital needs and resources, incorporating earnings, balance sheet and risk forecasts under baseline and adverse economic and market conditions. We utilise periodic stress tests to assess the potential impacts to our balance sheet, earnings, regulatory capital and liquidity positions under a variety of stress scenarios. Further, we also perform qualitative risk assessments to identify and assess material risks not fully captured in our forecasts or stress tests. We evaluate potential

capital impacts of proposed changes to regulatory capital requirements. The bank's top management also assesses ICAAP results and provides documented quarterly assessments of the adequacy of our capital guidelines and capital position to the Board or its committees.

Thus, capital planning is a dynamic and proactive facilitator for BRAC Bank, helping steward resilient and sustainable banking operations especially in a challenging and highly competitive business and economic environment.

## 1. Regulatory standpoint

Capital management is gaining increasing traction around the world, as reflected from the several notable reform initiatives and amendments / updates in the prudential requirements undertaken by banks in different countries in line with the reform measures proposed by the Basel Committee on Banking Supervision. Bangladesh Bank is aligned with the reform measures taken by Basel Committee to ensure that the country's banking industry can absorb even adverse shocks in crisis scenarios.

The following indicate the relationship between risk management and capital requirement:

- a) Capital management helps to ensure that the bank has sufficient capital to cover the risks associated with its activities
- b) As part of ICAAP, the management identifies the risks that the bank is exposed to, and determines the means by which they will be mitigated
- c) Capital is used to cover some of these risks, and the remainder of these are mitigated by means of collateral or other credit enhancements, contingency planning, additional reserves, valuation allowances and other mechanisms

BRAC Bank has made strong progress in forecasting upcoming capital requirements for attaining corporate goals, while also ensuring that capital is made available as and when required. Capital planning assists the bank's Board of Directors and senior management to:

- a) Identify risks and improve understanding of the bank's overall risks to set risk tolerance levels
- b) Assess strategic choices in longer-term planning
- c) Identify vulnerabilities, such as concentrations, and assess their impact on capital
- d) Integrate business strategy, risk management and capital and liquidity planning decisions, including due diligence for a merger or acquisition
- e) Have a forward-looking assessment of the bank's capital needs, including those that may arise from rapid changes in the economic and financial environment

At BRAC Bank, we have found that the most effective capital planning considers both short-term as well as long-term capital needs and is coordinated with the bank's overall strategy and planning cycles, usually with a forecast horizon of at least five years. Notably, banks need to factor events that occur outside of the normal capital planning cycle into the capital planning process. For example, a natural disaster could have a major impact on future capital needs.

BRAC Bank's capital planning process is tailored to the overall risk, complexity and corporate structure of the bank. In fact, the bank's range of business activities, overall risks and operating environment have a significant impact on the level of detail needed in capital planning. A more complex institution with higher overall risk is expected to have a more detailed planning process than an institution with less complex operations and lower risks. While the exact content, extent and depth of the capital planning process may vary, an effective capital planning process includes the following components:

- Identifying and evaluating risks
- Setting and assessing capital adequacy goals that relate to risk
- Maintaining a strategy to ensure capital adequacy and contingency planning
- Ensuring integrity in the internal capital planning process and capital adequacy assessments

## 2. BRAC Bank's philosophy

BRAC Bank devised and established its own capital management mechanism, rigorously aligned with regulatory requirements and also as per BASEL guidelines, to calculate the capital adequacy ratio (CAR) and secure adequate capital to cover the risks faced from the standpoint of ensuring soundness and appropriateness of our businesses.

While doing so, the Board and senior management actively take part and help define the goals of capital management such that capital levels always exceed the bank's requirements by at least 1%. We strive to ensure that our capital levels remain aligned with the risks prevalent in the business and are consistent with our strategic plans, while also ensuring that capital levels maintain an appropriate balance between maximising shareholder returns and protecting the interests of depositors and other creditors. Various stress scenarios are also taken into cognisance as they are reliable indicators of future adversities. While we consider capital position in determining our risk appetite, preemptive measures are also undertaken so that there are no shortfalls at any given point of time.

The results of our prudent and protected capital management strategy are:

- A capital plan that meets the needs of the bank over a five-year time horizon
- An ICAAP that determines precise levels of required capital according to the measures of balance sheet capital and regulatory capital (Tier-1 and Tier-2)
- A process to regularly compare available capital with current and projected solvency needs, and address deficiencies in a timely manner
- Stress scenarios can be managed better

At BRAC Bank, our approach to capital management is driven by our strategic objectives, whilst ensuring that regulatory requirements, capital targets and risk appetite are met at all times across the bank. While planning for adequate capital, we consider multiple factors. For example, starting from business expansion till network growth, a thorough cost-benefit analysis is conducted at regular periodicity. As such, BRAC Bank proactively manages its capital position, capital mix and allocation to meet the expectations of key stakeholders, such as regulators, shareholders, investors, rating agencies and analysts, whilst ensuring that the return on capital is commensurate with the risks undertaken by the respective business units and subsidiaries.

## 3. Capital management framework

At BRAC Bank, our capital management framework ensures that the bank takes measures for capital adequacy that are in accordance with its corporate management plans and capital plans, etc., and changes in the external environment, including the economic cycle. A durable mechanism exists to conduct sufficient analysis and deliberations in order to maintain adequate levels of capital, based on the results of monitoring of the status of the internal environment (risk profile, status of use of the risk limits, etc.), and the external

environment (economic cycle, market, etc.). The framework is able to extensively identify risks faced by the bank on a category-by-category basis, and is also able to specify risks to be subjected to capital management in the ICAAP, in light of the size and nature of the identified risks. Lastly, the framework is also able to assess capital adequacy in a manner befitting the scale and nature of our business and risk profile by taking into consideration the following:

- Suitability of the quality of capital to the internal capital adequacy assessment
- Validity of the ICAAP
- Limitations and weakness of the risk assessment method taken
- Conduct of internal capital adequacy assessment in light of two or more stress scenarios and based on the analysis of the level of the impact thereof on capital
- Stress scenarios give due consideration to all material risks that would seriously affect capital adequacy over the medium- and long-term

- Lack or excess of loan loss provisions against expected losses

#### 4. Annual capital plan

BRAC Bank's annual capital plan involves detailed planning of the bank's strategic capital over a five-year time horizon. The plan highlights capital projections, capital requirements, levels of capital and capital mix to support the bank's business plans and strategic objectives.

Notably, BRAC Bank places strong emphasis on the quality of its capital in order to continue meeting the minimum regulatory requirements and support business growth and the risks undertaken. The majority capital of the bank is in the form of Common Equity Tier-1 (CET-1) capital, which is permanent and has the highest loss absorption capacity on a going concern basis. Upon giving due treatment to deferred tax assets, general provisions, goodwill and other regulatory adjustments, our capital base has always remained on a solid footing. Hence, the phase-in transition of Basel-III has been accommodated smoothly.

Particulars	2015	2016	2017	2018	2019	2020
Minimum Common Equity Tier-1 (CET-1) Capital Ratio	4.50%	4.50%	4.50%	4.50%	4.50%	<b>4.50%</b>
Capital Conservation Buffer	0.00%	0.63%	1.25%	1.88%	2.50%	<b>2.50%</b>
Minimum CET-1 plus Capital Conservation Buffer	4.50%	5.13%	5.75%	6.38%	7.00%	<b>7.00%</b>
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%	<b>6.00%</b>
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%	<b>10.00%</b>
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.63%	11.25%	11.88%	12.50%	<b>12.50%</b>
<b>Phase-in of deductions from Tier-2 Revaluation Reserve (RR)</b>						
RR for Fixed Assets	20%	40%	60%	80%	100%	<b>100%</b>
RR for Securities	20%	40%	60%	80%	100%	<b>100%</b>
RR for Equity Securities	20%	40%	60%	80%	100%	<b>100%</b>

Traditionally, BRAC Bank has maintained a healthy capital ratio against the minimum regulatory requirement. The following table showcases our successful capital management trend over the last five years.

Particulars	2015	2016	2017	2018	2019
Common Equity Tier-1 (CET-1) Capital Ratio	10.27%	10.46%	11.24%	12.31%	13.82%
Additional Tier-1 Capital Ratio	-	-	-	-	-
Total Tier-1 Capital Ratio	10.27%	10.46%	11.24%	12.31%	13.82%
Total Tier-2 Capital Ratio	1.96%	1.80%	1.48%	1.35%	1.24%
Total Capital Ratio	12.23%	12.26%	12.72%	13.67%	15.07%

Going forward, BRAC Bank remains focused on maintaining healthy regulatory capital levels to support its business growth and hence ensure consistent shareholder and stakeholder value creation.

# STAKEHOLDERS AND MATERIALITY



## Identify Focus Areas

### Committed to making a difference

Identification of stakeholders is the key to understanding their expectations out of the bank and, as such, helps pave the way towards fulfilling those expectations and delivering consistent value. Our stakeholder ecosystem can be broadly divided into two major categories: Core stakeholder group comprising shareholders, customers, suppliers and employees, and other stakeholders, including regulators, local communities and environmentally-interested groups.



## Engage Stakeholders

### Engaging with stakeholders to set priorities

BRAC Bank's holistic stakeholder engagement framework comprises a three-pronged sustainability dimension that includes economic, social and environmental facets. In this context, key stakeholders are categorised under these three dimensions, and sustainable business objectives are identified by mapping co-related stakeholder expectations.



## Build a Materiality Matrix

### Sustainable business objectives and our interventions

BRAC Bank formulates strategies and indices through aligning the business model with the value creation process that eventually targets and fulfills stakeholder expectations.

Sustainability dimension	Key target stakeholders	Sustainable business objectives	BRAC Bank's interventions
Economic	Shareholders	Value maximisation by declaring sustainable annual dividends	<ol style="list-style-type: none"><li>1. Being focused on our core banking activities</li><li>2. Forward-planning and aggressive opportunity identification</li><li>3. Continuing to uphold sound governance practices</li><li>4. Managing and effectively controlling risk</li><li>5. Reinforcing internal controls and compliances</li></ol>

Sustainability dimension	Key target stakeholders	Sustainable business objectives	BRAC Bank's interventions
Social	Regulators	Ensure full compliance with all regulatory guidelines and directives	<ul style="list-style-type: none"> <li>1. Following processes, practices and controls to ensure compliance with all applicable rules and guidelines imposed by local and international laws and regulations</li> <li>2. Providing timely and up-to-date information to regulators in the event of any material development/s</li> </ul>
	Customers	<ul style="list-style-type: none"> <li>1. Provide relevant, applicable and high-quality products/services that accurately meet customer needs</li> <li>2. Managing operations judiciously and with conservatism, with the overarching intent of protecting customer interests, especially those of depositors</li> </ul>	<ul style="list-style-type: none"> <li>1. Reaching out to customers by widening our geographic footprint in terms of establishing a larger number of branches and SME centres</li> <li>2. Transforming existing branches/unit offices to cater to diversified customer requirements</li> <li>3. Continuously innovating new products and operational processes for reinforcing customer benefit</li> </ul>
	Suppliers/ Service providers	Adhere to the well-defined procurement regulations, while maintaining strong business relationships with service providers	Embracing the bank's internal procurement policies and consistently updating these to ensure stronger controls with fair treatment dispensed to suppliers
	Employees	<ul style="list-style-type: none"> <li>1. Continuously encouraging employees and working towards creating a healthy, ethical, supportive and collaborative work environment</li> <li>2. Nurturing our human capital for our employees to realise their full potential – both professionally and personally</li> </ul>	Engaging employees in team-building and other outdoor activities, a prime example being 'Dour', a popular marathon organised by the bank every year
	Local communities	<ul style="list-style-type: none"> <li>1. Staying true to our philosophy of adding value to the society</li> <li>2. Conducting our business in a manner in which we do not cause any disruptions to the society</li> <li>3. Investing our ideas, time and resources in community development and uplift</li> </ul>	Adding value to the society by being a responsible and transparent corporate citizen and a vivid example of a socially-aware institution in the country's banking industry
	Environmentally-interested groups/ non-government organisations	<ul style="list-style-type: none"> <li>1. Conducting our business in harmony with the environment</li> <li>2. Propagating a culture in which our stakeholders, especially our employees, are deeply aware of the importance of environmental preservation and sustenance</li> </ul>	<ul style="list-style-type: none"> <li>1. Actively implementing green banking practices and ensuring the highest levels of compliance through 'green reporting' to Bangladesh Bank</li> <li>2. Emphasising on the conservation of precious natural resources, including paper, water and energy</li> <li>3. Embracing green office guidelines</li> </ul>

As articulated above, BRAC Bank has actively engaged with regulators, shareholders, employees, clients and environmentally-interested groups to identify their expectations and concerns from BRAC Bank.

<b>Stakeholders engaged</b>	<b>Engagement process</b>	<b>Key issues raised by stakeholders</b>
Regulators	1. Compliance with regulatory guidelines 2. One-on-one meetings 3. Adhering to all local rules and regulations 4. Adhering to circulars issued by Bangladesh Bank on Green Banking and CSR	1. Relationship-building 2. Ensuring full compliance – in both letter and spirit 3. Ability to meet statutory obligations, including taxes and duties, etc.
Shareholders	Return on investment	1. Shareholder rights
Management	Ongoing discussions	1. Corporate governance, ethics and compliance 2. Anti-corruption measures implemented by the bank 3. Superior customer experience through continuous improvement
Employees	"1. Compensation and benefits 2. Welfare and well-being"	1. Transport facilities 2. Career growth and advancement opportunities
Clients	Financing/savings/investment needs	Quality of service
Environmental groups	Corporate social responsibility	1. Carbon footprint 2. Employment creation

# SUSTAINABILITY REPORT

Our sustainability vision is to protect and create shared value for BRAC Bank and our stakeholders through responsible environmental and social stewardship and principled governance practices, aligned with the Sustainable Development Goals (SDGs) of the United Nations and the principles of the UN Global Compact. To realise our vision, our sustainability approach is anchored on our core pillars that identify the areas we can create the maximum impact on to bring about a positive, consequential, profound and sustainable change.

At BRAC Bank, we view our role in the society as creating and nurturing shared value. This not only includes aligning with our ethical and legal responsibilities, but also with respect to providing opportunities to transform livelihoods and lives.

As innovations such as digital technologies and big data continue to be showcased in real-world applications, these provide excellent opportunities to shift humanity to realise path breaking solutions to resolve real-world challenges, thus taking our world towards a more sustainable pathway.

Importantly, our social, economic and environmental initiatives are anchored on

our ability to forge collaborative partnerships that strive to have an impact on our key focus areas. Essentially, our partnerships are driven by insight and unified by the underlying intent of ensuring value creation through high-impact interventions. The inherent success of our social programmes is intricately dependent on our partnerships.

Specifically, we view our sustainability initiatives as a long-term investment in people, communities and the extended society. We believe that as an institution with a longstanding heritage, we have a responsibility to the people we work with and the communities in which we operate. Towards this extent, we have streamlined and



**Sir Fazle Hasan Abed KCMG**  
1936 - 2019

# We promise

To be worthy of your legacy



aligned our CSR programmes as expressed in the SDGs of the United Nations, as we strive for greater scalability to extend the perimeter of our positive impact.

Going forward, we will continue to relentlessly conceive financial products and services that help break down social and economic barriers. Reinforcing our approach to sustainability through engaging in strategic

partnerships, I am confident that our shared values and mission of transforming lives will be a major source of continuity and renewal, uniting our efforts to lead sustainable change. Guided by the UN SDGs and UN Global Compact in transitioning to an organisation that generates greater shared value, we will continue to make a positive and substantial contribution to inclusive socio-economic growth in Bangladesh.

– Selim R. F. Hussain  
MANAGING DIRECTOR & CEO

## Our sustainability framework and focus areas

At BRAC Bank, our solid foundation of financial stability is key to realising our potential for creating a developmental impact that is defensible against poverty, deprivation and socio-environmental degradation. This position of strength sets a strong platform for our bank to address some of the enormous challenges that we face in Bangladesh.

We take pride in providing banking services to create a positive economic, social and environmental impact. Further, as a values-based bank, we believe in the holistic '3P' philosophy, encompassing people, planet and profit, articulated in our desire to measure value beyond mere financial outcomes. As a venerable banking institution, we are deeply cognisant of the responsibility we have to serve the society. This forms the fundamental premise for us to continue as a successful and sustainable bank.



### Sustainable societies

Addressing the mega themes of health care and employment.

- Community health care and education, the bedrock of the society
- Capacity-building and skills development to close the livelihood gap



### Ecological responsibility

Addressing the mega themes of sustainable industrialisation and climate change protection.

- Finance mobilisation for clean and sustainable businesses
- Decarbonising the economy
- Saving natural resources like paper, water and energy and limiting the use of plastic



### Economic value

Addressing the mega themes of financial inclusion, industrialisation and employment.

- Public inclusion into formal institutional finance
- Indirect employment creation through credit disbursal
- Institutional support to small businesses

### Our sustainability approach

Inspired by our late Founder, the respected Mr. Fazle Hasan Abed, our sustainability approach is premised on our commitment to our home country, Bangladesh. This remains strong motivation for us to create shared prosperity, benefitting our clients, our people and all our stakeholders.

To create a net positive impact and to be a responsible

financial partner to our stakeholders, it is critical for us to articulate our core attributes in terms of the qualities that define us. With the aim of being more responsive to our stakeholders' expectations, we have developed a robust framework for stakeholder engagement.

The primary objective of this framework is that it articulates our approach to sustainability and motivates us to embed the elements of holistic and inclusive growth in all that we do.

### Qualities that define who we are



Serving our customers in the true spirit of meeting their requirements



Developing our human resources



Nurturing a collaborative workplace environment



Respect meritocracy and diversity



Being responsive and proactive



Valuing our commitment to ethics at all times



Delivering consistent shareholder value

## Doing business the right way

At BRAC Bank, our ethics, values and code of conduct are in line with globally-recognised anti-corruption principles and benchmark corporate governance practices. These support us in our quest to doing business the right way and also help us to build trust of stakeholders.

Particularly, our employee training and engagement programmes place rigorous emphasis on assessing how they interface with our customers. This is in line with our ethics and values, which ultimately influences how our employees are rewarded.

### 10 tenets of our ethics and code of conduct:



Treating customers fairly, while raising awareness about our banking products and solutions



Upholding meritocracy without any bias



Providing safe and secure banking facilities to our customers



Offering career development and advancement opportunities to our employees



Rewarding innovation while placing a strong emphasis on collaborative working



Focusing on long-term outcomes for sustainable shareholder value creation



Adhering to transparency in corporate governance with timely and accurate disclosure of material events



Staying true to our belief of engaging in holistic social and societal value



Responding to unethical activities with speed and surety



Driving change to stay ahead of our competitors

## Shared value creation – social

Corporate Social Responsibility (CSR) is an integral part of BRAC Bank's core value system and culture. As an institution that has embraced a holistic approach to sustainability, we have embraced the '3P' concept of 'people, planet and profit' for realising our CSR aspirations and goals.

We have prioritised long-term programmes that have a sustainable and enduring impact. To ensure widespread participation and to raise awareness, our social programmes actively seek employee contribution that support widening the

bank's crescent of social influence. Further, the passionate engagement of our employees in our CSR programmes, such as fundraiser marathons, Rohingya refugee rehabilitation and distribution of food and warm clothes to flood victims, adds a new dimension to the bank's social commitment and responsibility.

## Shared value creation – environmental

Through the conservative use of resources and through the inherent characteristic of our business operations, we mitigate negative environmental impacts and contribute to ecological protection.

Further, guided by Bangladesh Bank, we have taken effective steps to foster green banking in Bangladesh through issuing guidelines and also through espousing the essence of environmental and social risk management (ESRM).

As part of our commitment to the environment, we refrain from financing projects considered harmful to the environment in particular and the society in general, including tobacco cultivation or manufacture, textiles and garments production facilities without waste management infrastructure, and ship-breaking. On the

other hand, we prioritise credit to solar energy, bio-gas plants and ETP projects, among others, to fast-track growth of businesses that promote a clean and green environment.

With our purpose of reducing our carbon footprint, we are also actively promoting paperless banking through digital communication and through other alternative banking channels. We are also discouraging the use of plastic within our premises and encouraging the use of renewable energy, including solar energy.

## Contributing to the UN SDGs and UN Global Compact



### What are the SDGs?

In September 2015, 193 UN member-states adopted the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs) as the primary framework to shift the world in the direction of a more prosperous, equitable and sustainable future. The SDGs are a set of cross-linked goals and a blueprint to achieve a better and more sustainable future for today and for future generations.

## Alignment with the UN SDGs and UNGC:

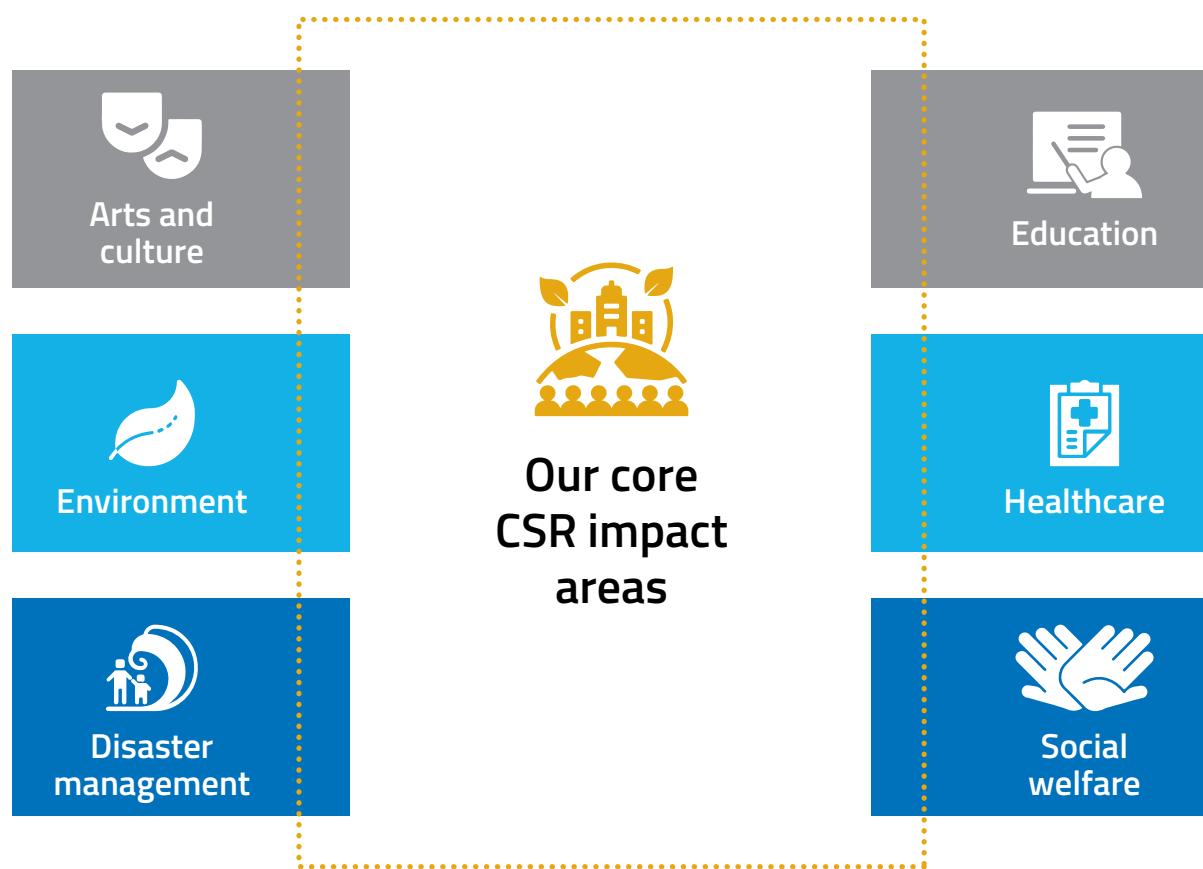
	UN SDG indicator	UN Global Compact principles	BRAC Bank's alignment
	3:Good health and well-being	8: Elimination of forced / compulsory labour 6: Elimination of discrimination with respect to employment	* Respect for human rights * Fair and meritocratic workplace environment
	4. Quality education	3: Upholding freedom of association	* Initiatives in education, especially among the underprivileged * Patronage of literary arts and culture * Prioritised emphasis on education of the girl child
	5:Gender equality	6: Elimination of discrimination with respect to employment	* Promotion of workplace inclusivity and diversity * Exclusive women-centric programmes * Women forums for open discussions
	6:Clean water and sanitation	8: Initiatives to promote greater environmental responsibility 9: Adherence to environmentally-friendly practices	* Digital banking * Green banking desk * Green office operations
	7:Affordable and clean energy	8: Initiatives to promote greater environmental responsibility 9:Fostering environment-friendly practices	* Risk response to climate change through sustainable finance for renewable energy * Green banking desk and digital banking * Solar energy electrification
	8.Decent work and economic growth	3: Upholding freedom of association 10: Working against corruption	* Open and transparent work culture * Stringent anti-bribery laws and rules
	12. Responsible consumption and production	7: Support to prevent environmental degradation 9:Promotion of greater environmental responsibility	* e-communication over paper-based correspondence * Use of plastic discouraged *Enhanced awareness creation around electricity, paper and water use
	13. Climate action	7: Support to prevent environmental degradation 8: Greater environmental responsibility	*Prioritised lending to businesses associated with clean and green energy *Credit disbursement preference to businesses establishing environmental protection assets
	17. Partnerships for the goals	3: Upholding freedom of association	*Cooperative partnerships-driven approach to social responsibility programmes *Strength of partnerships yields sustainable and sustained social value

## Our social responsibility programmes

BRAC Bank is deeply committed to achieving accelerated economic growth in Bangladesh that needs to build an inclusive and transformed economy and civil society to achieve its developmental potential and aspirations. We believe our banking operations are a key lever to stimulate economic activity, job creation and small business empowerment and raise the standards of living in marginalised communities. Indeed, the bank has long played a pivotal role in serving the developmental agenda of the country.

Our corporate social investment approach is anchored on our aspiration of developing high-impact social programmes that together support people and the society, as well as the planet. As one of the largest financial institutions of Bangladesh, we use our resources to make a difference to the communities in which we operate, both through our institutional capabilities as well as by encouraging our employees to volunteer their time, skills and services across our social service programmes.

Importantly, our social investments prioritises long-term projects that constitute an alignment with the UN SDGs.



## Quantification of impact created on the SDGs:

SDGs	Programmes	Impact analysis
#1 No poverty	Collateral-free loans to MSMEs	Tk. 40,000 mn MSME portfolio
#2 Zero hunger	Free meals for the destitute under BhaatBank	20,800 Meals served every day

SDGs	Programmes	Impact analysis
<b>#3 Good health and well-being</b>	* Sylhet Kidney Foundation * BRAC Limb & Brace Centre * Dengue support to DMCH and Shishu Hospital	<b>5,000+</b> Patients catered to
<b>#4 Quality education</b>	Scholarship for students of Dhaka University and BRAC University	<b>865</b> Student beneficiaries
<b>#5 Gender equality</b>	* Gender diversity and empowerment * Women forum under TARA * Shuttle bus service for women staff * Balance achieved in gender ratio in scholarship programmes	<b>6,835</b> Employee beneficiaries
<b>#7 Affordable and clean energy</b>	* Financing green projects * Solar energy electrification at few SME unit offices	<b>800 (BDT mn)</b> Green finance book
<b>#10 Reduced inequalities</b>	Scholarships for financially-backward students and support to underprivileged children of: ▪ Changing Diabetes in Children (CDIC) ▪ DeepShikha School ▪ Rights & Sight for Children ▪ Spreeha Foundation	<b>1,500</b> Student and children beneficiaries
<b>#13 Climate action</b>	* 10% of the CSR budget allocated to the Climate Risk Fund * Green office guidelines	<b>3.8 (BDT mn)</b> Invested in tree plantation at Bangabandhu Sheikh Mujib Shilpa Nagar
<b>#17 Partnerships for the goals</b>	Partnerships with: * CSR Centre Trust * UNGC * Bangladesh Bank * Prime Minister's Relief Fund * Access to Information (a2i)	Consolidated social investments in training, capacity building in SDGs and in development of digitally innovative devices

#### Our CSR expenditure summary:

	2019	2018	2017	2016	2015
CSR expenditure (BDT)	59 mn	111 mn	164.3 mn	31.6 mn	60.8 mn
% of net profits	1.03%	2%	3.13%	0.71%	2.50%

**Our CSR partners:**



Dhaka University



Prothom Alo Trust



BRAC University



Mama Bari Trust



Dhaka Shishu Hospital



Dhaka Medical College Hospital



BRAC Limb & Brace Centre



Sylhet Kidney Foundation



Daily Samakal



BhaatBank



Tareq Masud Memorial Trust



Changing Diabetes in Children (CDIC)



DeepShikha School



Rights & Sight for Children



Spreeha Foundation



Bangladesh Economic Zones Authority (BEZA)



Bidyanondo Foundation



Bangladesh Thalassemia Foundation

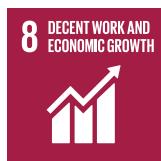


The Child and Old Age Care



PM Relief and Welfare Fund

## Giving back to the society through education



Education forms the backbone of a nation. BRAC Bank prioritises education, aligned with its vision of literacy and education-driven awareness among the masses. The bank extends its support to educational initiatives

to realise the potential of students with exceptional intellect on a meritocratic basis. It has invested over 40% of its CSR budget in the education sphere alone over the last few years.

### Unleashing student potential: BRAC Bank-Prothom Alo Trust Admaya Medhabi Scholarship



The BRAC Bank-Prothom Alo Trust Adamya Medhabi Scholarship was introduced in 2010 to assist meritorious students of financially-challenged families to fulfill their pursuit of higher education. A total of 750 students have so far received the scholarship. Every year, 50 meritorious students from disadvantaged families who achieve GPA5 at SSC-level are accepted into the programme. The scholarship is a showcase of BRAC Bank's long-term commitment to sustainable educational programmes that create a lasting impact on the society.



#### Case Study

##### From a drop-out to a doctor – The impact of BRAC Bank's educational interventions

Born in a remote village in Nilphamari, Masud Rana was passionate about his studies and had dreams of becoming a doctor. Suddenly, his aspirations came crashing down when his father was forced to ask him to drop out of school because of tight finances. Masud had no other option but to give up his studies to help earn money for his family's sustenance.

When all hope seemed lost, his school teacher referred him to the country's only scholarship programme that supports students - from college to post-graduation. BRAC Bank's BDT 3,000-a-month stipend was life-changing for Masud. Today, Dr. Masud Rana holds an MBBS degree from Rajshahi Medical College!

## Fulfilling higher education dreams of students: University of Dhaka scholarships

The University of Dhaka is the oldest and top-notch learning institute of Bangladesh. As a public educational institution, the university provides affordable and accessible higher education to students. Yet, there are a number of financially-challenged students who find it difficult to pursue education at the university.



In 2019, BRAC Bank provided scholarships to 150 students to enable them to pursue higher education at Dhaka University. Hailing from remote and often underprivileged parts of the country, these students regard the scholarship as a tremendous enabler for them to fulfill their aspirations for learning and, eventually, a better life.

## Enabling life transformation through higher education: BRAC University scholarships

BRAC Bank provides financial support to meritorious students from financially-challenged backgrounds to help them to pursue higher education at BRAC University. Each year, 10 undergrad students avail this scholarship programme that covers the full spectrum of their requirements – from tuition fees and living expenses. The programme duration comprises a period of four years.

## Mama Bari Trust



Like Jesmin, about a hundred children have found renewed hope for pursuing education at Mama Bari Trust, which has changed the course of their life and showed them the path for a brighter future with full education and meal support. BRAC Bank has partnered with the Mama Bari Trust to bring a smile on the face of many underprivileged children.



## Case Study

### The story of Jesmin: From destitution to a world of opportunity

Jesmin Akhtar's parents and two brothers live in a shanty in the Mirpur area of Dhaka. Jesmin was not destined to go to school as her father, a rickshaw-puller, could not afford her educational expenses. It was as it is a mammoth task for him to feed his family of five. To him, education was a luxury he could not afford. Education is for the rich, he would lament.

However, Jesmin's destiny was soon to change when she heard about Mama Bari Trust. She was excited that she could learn while the organisation took full responsibility for her tuition fees, her books, her meals (breakfast, lunch and evening meal) and her other expenses.

She came to the residence of Mahboob Robbani and Ayasa Robbani, who welcomed her with open arms. Today, Jesmin goes to Mirpur Girls' Ideal School and aspires to pursue a career in medicine.

### Nurturing poet Sufia Kamal's dream at DeepShikha School

BRAC Bank extended financial support to DeepShikha School, a school for the less-fortunate slum children, founded by legendary poet, Sufia Kamal.

Sufia and prominent educationist, Dr. Sultana Zaman founded DeepShikha School in 1982 with the explicit aim of wiping out illiteracy from the Gulbagh, Mailibag

and Shantibag areas of Dhaka. Since its establishment, DeepShikha has worked on reshaping the teaching-learning experience to cope with the evolving educational pedagogy to best serve the students. Today, the school has had a consequential impact on early learning, helping children to not only acquire academic knowledge, but also to cultivate social awareness and emotional intelligence and also develop communication skills.



BRAC Bank has supported the children of DeepShikha School on many occasions

## Focused on addressing pressing health care needs



Save for a few renowned medical institutions, Bangladesh is yet to develop high-quality health care infrastructure. With all the characteristic public ailments of a developing economy, citizens are exposed to increased morbidity risks and also become prone to typical lifestyle ailments, like diabetes, cancer, etc. With such a backdrop, BRAC Bank has set public health initiatives as a top bracket priority, and invests in areas that need urgent attention. Some of the key healthcare interventions of the bank include the following:

### Sylhet Kidney Foundation

BRAC Bank extended support to upgrade the health care facilities of the Kidney Foundation Hospital in Sylhet.

The hospital is the only specialised kidney care facility in Sylhet, providing affordable treatment for both acute and chronic kidney diseases. Thousands of patients visit the hospital every month, and the hospital provides free treatment and dialysis services to as many as 40 per cent of the total patients. Through BRAC Bank's financial assistance, the hospital was able to acquire six dialysis machines to serve the growing number of patient afflicted with kidney ailments.

With our humble steps such as this, we believe patients in Sylhet can avail of quality kidney treatment at affordable costs.



*Our small effort to support Kidney Foundation, Sylhet*

### Partnering with the Diabetic Association of Bangladesh

Bangladesh has a disproportionately high diabetic population, with more than 7 million adults across the country afflicted by the ailment and an equal number having undetected diabetes. With evolving lifestyles, diabetes is on the rise with the incidence of the disorder exacerbated by a large population prone to lifestyle ailments. Thus, the number of diabetics in the country is estimated to double by 2025. This may lead to other such health care complications like stroke, heart attack, chronic kidney diseases, neuropathy, visual impairment

and even amputations. Bangladesh was ranked as the 8th highest diabetic populous country in the time period of 2010–2011. Further, about 129,000 deaths were attributed to diabetes in Bangladesh in 2015, as reported by leading research organisation, ICDDR. Further, diabetes among children is a new and growing phenomenon in the country too.

Against this backdrop, the Diabetic Association of Bangladesh has launched Changing Diabetes in Children (CDIC) to ensure early diabetes identification and treatment management. This programme aims to increase access to diabetes care for children with type-1 diabetes.

Over the last five decades, CDIC has created the largest and best-quality infrastructure in diabetes care in the country, as envisioned by its founder, Dr. Mohammad Ibrahim.

CDIC provides free insulin to children enrolled in the programme. In addition, it trains doctors and other medical professionals in the diagnosis and management of child diabetes. It has also developed a comprehensive training module for healthcare professionals and also

an education programme for children and their families, which considers the special needs of those suffering from diabetes. CDIC has also established a national registry of children with diabetes, and organises a diabetes camp annually as part of its awareness drive across the country.

BRAC Bank has been a long-term partner of CDIC and has extended financial assistance to this particular cause.



Prize giving ceremony of 'Dour' 2019

### Assistance to DMCH and Shishu Hospital to fight dengue

BRAC Bank responded to the outbreak of the dengue epidemic, assisting dengue-affected patients at the Dhaka Medical College Hospital (DMCH).

Considering the severity of the dengue outbreak in 2019, the bank donated lifesaving saline and injections worth BDT 1 million to DMCH and an equal amount to the patients welfare fund of Shishu Hospital. This social welfare and health care initiative showcases our deep commitment to the communities we operate in.

### Helping people to walk again: BRAC Limb & Brace Centre

BRAC Bank extends robust ongoing support to BRAC Limb & Brace Centre (BLBC) for enabling

the organisation to provide artificial limbs to the underprivileged, free of charge.

BRAC launched BLBC in the year 2000 to support the physically-disabled with rehabilitative aid and other supportive services. Since then, BLBC has been serving the disabled by providing artificial limbs and braces and also offering recuperative physiotherapy services to accident victims who have lost their limbs and are unable to walk without the support of crutches.

Since inception, BLBC has been extending support to the poor with subsidised rates and, in some cases, by also offering free services. In addition, BLBC has also established a fund for the poor, through which around 10% of the patients are served every month.

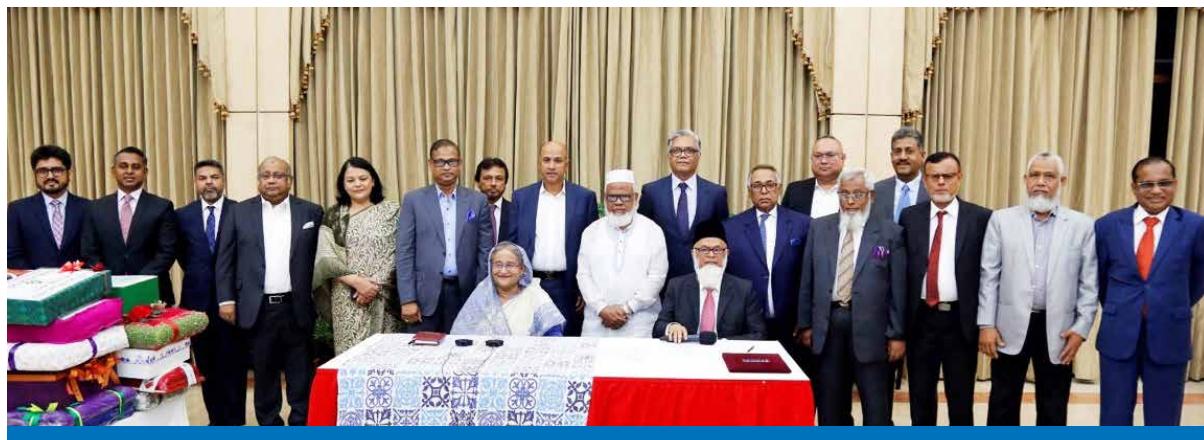
## Engagement with social welfare



As a developing country, Bangladesh is faced with a plethora of challenges, which are compounded by natural disasters such as floods, droughts, bitter cold, etc., that affects the nation from time to time. As a socially-responsible institution, BRAC Bank believes in responding to public needs and discharging its responsibilities to restore social welfare.

### Providing warmth to those affected by the cold

BRAC Bank stands with the disadvantaged members of the society during the country's intensely cold winter months. In 2019, the bank donated as many as 50,000 blankets to the Prime Minister's Relief and Welfare Fund.



*BRAC Bank is proud to contribute in the Prime Minister's Relief and Welfare Fund*

### Extending lifetime support to a freedom fighter's family

Taramon Bibi fought fearlessly during Bangladesh's 1971 Liberation War and made significant contributions to the country's fight for independence and against injustice. For her altruistic, selfless and valiant efforts, she was accorded the prestigious Bir Protik medal in recognition of her supreme bravery.

Despite such an exalted background, Taramon Bibi lived a life of ignominy, having to fight against poverty for her survival in her liberated homeland. In a remote village in Northern Bangladesh almost 350-km from Dhaka, she was gravely ill and required urgent financial support for treatment, which her family could not afford.

BRAC Bank came forward and offered to provide her with monthly support for the rest of her life. Sadly, the noble freedom fighter passed away on December 1, 2018. As per her request, BRAC Bank is continuing to support her family with monthly financial assistance, who now live peacefully with dignity and without any financial worries.



*Taramon Bibi, Bir Protik*

## **Creating public awareness on road safety**

BRAC Bank partnered with the Tareque Masud Memorial Trust to construct a prominent road safety awareness memorial near TSC at Dhaka University.

As a symbolic monument to commemorate the tragic demise of Tareque Masud and Mishuk Munier in a deadly car accident in August 2011, the memorial also preserves the memory of all victims of road accidents in Bangladesh.

The memorial, located in the heart of Dhaka University, catalyses public awareness, especially among students, about the importance of road safety, as Bangladesh's disorganised and chaotic transportation network continues to remain a major life hazard, also having an economic impact on the broader economy.

Renowned artist, Dhali Al Mamoon, and famed architect, Salauddin Ahmed, developed the memorial with the micro-bus that was involved in the accident that killed Tareque and Mishuk.



*The symbolic monument*

## **Partnering with BhaatBank for a free meal programme**

BRAC Bank has partnered with BhaatBank to provide free meals to the underprivileged and the needy. Every Friday, BhaatBank distributes 400 meals from two locations in the Mohammadpur area of Dhaka. The programme is funded by donations from individuals and food supplies from the extended locality. The organisation plans to expand the scope of the programme by organising nutritious meals for underprivileged school-going children within and outside of Dhaka. It also plans to arrange monthly food baskets and food stamps for underprivileged households in rural and remote areas in order to encourage families to send their children to school.



*Meal support to children in need*

## **Inspiring differently-abled children**

As part of our commitment to assist and support children suffering from autism, we are committed to help them realise their potential.

Autism is not a mental ailment as is generally perceived, as those with autism are not physically-disabled. However, due to the indiscernible nature of the affliction, it can be much harder to identify it, create awareness around it and even understand the conditions surrounding it. Autism typically appears during the first three years of life.

Generally, children found to have autism are immensely gifted and talented. They are not disabled, but just differently-abled.

With a view to help children with autism showcase their talent and realise their potential, BRAC Bank held a painting competition amongst children, adolescents and adults from the Society for the Welfare of Autistic Children (SWAC), an organisation that works for the welfare of autistic children.

Through this engagement, our objective was to build awareness among the wider community of the unique talents and skills that children with autism possess. The association of autism with special talent, sometimes at a supreme level, cannot be denied and gives a glimpse of one of the most tantalising mysteries of this condition.



*Realising the potential of children with special needs*

## Art and culture



Art and culture represents a country's characteristic identity and defines the society's broad intellect and creativity. As a bank rooted in the country's soil, we promote and nurture art, culture and heritage of Bangladesh. A few notable initiatives in this regard comprise the following:

### Enriching Bangla literature: BRAC Bank-Samakal Shahitya Puroshkar

BRAC Bank-Samakal Shahitya Puroshkar was launched in 2011 to inspire creativity and enrich Bangla literature. The literary award programme has already generated keen interest and enthusiasm amongst both writers and readers, and is regarded as a prestigious recognition in the country's literary circles. The award categories include:

- Poetry and novels
- Essays
- Autobiographies
- Travel stories (or travelogues)
- Translations
- Young Writer's Award

Particularly, the last category is dedicated to the memory of the late novelist, Mr. Humayun Ahmed.



Winners of BRAC Bank-Samakal Shahitya Puroshkar, 2019

#### ● Environment

BRAC Bank promotes green banking and green initiatives through its banking operations and social initiatives. In addition, the bank invests as much as 10% of its CSR budget in climate risk mitigation and

adaptation programmes. A few initiatives in this realm include:

#### Partnering with BEZA for tree plantation at Mirsarai Economic Zone

BRAC Bank partnered with Bangladesh Economic Zones Authority (BEZA) for tree plantation at the Mirsarai Economic Zone in Chattogram.



BRAC Bank and BEZA partnered for tree plantation at Mirsarai Economic Zone

The bank provided financial support for a massive forestation project in the premises of Bangabandhu Sheikh Mujib Shilpa Nagar in Mirsarai. With the zone's proximity to the Bay of Bengal, the forestation project, covering an expansive 500-acres of land, will help protect the delicate coastal belt, as well as contribute to the beautification of the landscape.

#### Green office guidelines

As an environmentally-responsible bank, we have embraced green office guidelines as a means to foster a cultural shift in our operations towards adopting eco-sensitive practices as part of our day-to-day operations.

#### Reduce, reuse, recycle

Our 8,000+ strong employee base is a force to reckon with as far as green sustainability initiatives are concerned. For instance, the judicious use of electricity, paper and water comprise the core fundamentals of our green office guidelines.

In addition, the installation of energy-saving bulbs and other light fixtures and the use of solar energy are actively encouraged. The bank has already mounted energy-efficient bulbs in all its buildings and office premises. Moreover, employees are conscious about

paper use while we have also enunciated our vision to progressively shift to a paper-free environment.

#### Solarising SME unit offices

As part of our commitment to renewable energy and the environment, we continue to expand solar power

capacity and, towards this extent, have established electrification through renewable energy at our new SME offices. While we completed the installation of solar panels in 149 SME unit offices as of 2013, we are committed to extend the scope and eventually cover all our 400 SME unit offices with solar energy.

### Employee initiatives in CSR



BRAC Bank's employees passionately contribute to our various social initiatives. These include the bank's annual fundraiser marathon, flood relief programmes, warm clothes distribution and blood donation. We consider our human resources to be agents of change and partners in our progress to realise community welfare and help achieve holistic social and societal development.

#### Fundraiser marathon for humanity

BRAC Bank employees participate in a marathon every year to raise funds to support essential causes. With a

view to augment the size of the collection, BRAC Bank matches this amount in full, thereby doubling the size of the corpus and thus encouraging increased employee participation. The funds raised are donated to charity. Having started this initiative in 2011, this is the first such marathon initiative taken up by any bank in the country.

Over the years, the size of our corpus has expanded substantially, thereby enabling meaningful contribution to key causes. One of the key features of the 2019 Dour marathon was that we also extended our contribution to multiple organisations, thereby benefitting a wider community.



*Inauguration of Dour 2019 - our fundraiser marathon for humanity*

## Dour fund raising charity

Year	Support extended to:	Organisational engagement in	Amount contributed (BDT)
2011	Diganta Memorial Cancer Foundation	Cancer treatment support for needy patients	<b>0.45 mn</b>
2012	Bangladesh Association for the Aged and Institute of Geriatric Medicine	Hospital for senior citizens	<b>0.6 mn</b>
2013	Back-Up Tide	Vocational training for intellectually-challenged children	<b>1 mn</b>
2014	Bangladesh Protibondhi Foundation	School for disabled and intellectually-challenged children	<b>1 mn</b>
2015	Subarta Trust	Welfare of senior citizens	<b>1 mn</b>
2016	Thalassaemia Samity (Proposed)	Healthcare for thalassaemia patients	<b>1 mn</b>
2017	CRP	Rehabilitation and treatment centre for the paralysed and disabled	<b>1 mn</b>
2018	CDIC and Heroes for All	Programme providing comprehensive healthcare to children with diabetes	<b>1.5 mn</b>
2019	▪Changing Diabetes in Children (CDIC) ▪DeepShikha School ▪Rights & Sight for Children ▪Spreeha Foundation	Providing treatment and care for underprivileged children	<b>4 mn</b>

## An employee-centric bank

Employees are our primary stakeholders and key assets and resources that help us realise our goals and objectives. Being a purposeful employee-centric financial institution, BRAC Bank provides a subsidised transport facilitation service (pick-up and drop-off) for its employees. This service goes a long way in ensuring the safety and security of our female employees, while also enabling our employees to circumvent the challenges of an unreliable public transportation system.

Further, the bank also provides day-care facilities, a medical centre, a canteen and prayer rooms. In addition, it has initiated a women's forum, TARA, for enabling capacity-building and career development of our women staff. The bank also organises gender diversity

training and offers its women employees with such material benefits as six-months of paid maternity leave.

## Way forward

BRAC Bank's commitment and passion to holistically embrace social initiatives go beyond the scope outlined in traditional CSR. As such, it fulfills its social responsibilities and obligations with enthusiasm and spontaneity.

BRAC Bank conducts its social responsibilities with discretion. It believes in sustainability and that its investment in social projects will bring positive results in the years to come. The bank also plays a consequential role in contributing to the achievement of the UN's SDGs in particular and the UN Global Compact principles in general.

### BRAC Bank CSR Desk

As per Bangladesh Bank guidelines, BRAC Bank has launched a Corporate Social Responsibility (CSR) Desk to further expand, expedite and consolidate its social responsibility activities. This desk helps the bank to focus on various CSR activities and to ensure transparency. Information about the bank's CSR programmes are published on our website and are accessible to the general public.

Anyone can send a CSR proposal to the BRAC Bank CSR Desk. The desk can be contacted by calling **+88 02 9884292** at the Head Office or through email: [communication@bracbank.com](mailto:communication@bracbank.com)

# REPORT ON THE GOING CONCERN STATUS OF BRAC BANK

## Going concern concept

At BRAC Bank Limited (BBL), our financial statements are prepared on a going concern basis, as the Board of Directors are satisfied that we have the resources to continue in business for the foreseeable future (which has been taken as 12 months from the date of approval of the financial statements).

Simply, it is an assumption that the company will stay in business and that the value of its assets will endure. In making this assessment, the Board of Directors have considered a wide range of information relating to present and future conditions, including the current state of the balance sheet, future projections of profitability, cash flows, capital resources and the longer-term strategy of the business. The forecasts and projections show that it will be able to operate at adequate levels of both liquidity and capital for the foreseeable future, including under a range of different scenarios. After making due enquiries, the Board of Directors believes that BBL has sufficient resources to continue its activities over the foreseeable future to continue on its expansion plans, and has sufficient capital to enable it to continue to meet its regulatory capital requirements, as set out by the Prudential Regulation Authority.

BBL's management has reached the conclusion that the financial statements for the year ended 2019 have been prepared on a going concern basis and considered at a minimum the following:

## Strong corporate governance and ethics

"Good for all"

The Board recognises that exemplary standards of corporate governance embraced throughout the organisation are essential for the delivery of BBL's strategic objectives, regulatory compliance initiatives and stakeholder value creation objectives.

Our Board continues to demonstrate its commitment to providing strong and effective oversight and governance. We will continue to strengthen our governance structure and the experience of our Board

and Management Committee, maintaining the highest standards of corporate oversight and control to protect the interests of all our stakeholders. This helps the bank to discharge its functions as a responsible corporate citizen. More details are provided in the corporate governance report on from pages 254.

## Stable financial results

We continued to deliver financial results maintaining consistency and sustainability over the years, which is evident from the financial statements (Page 395-548) and financial highlights (page 128-139). This was the primary basis of conclusion on our going concern status.

## Capital adequacy

The Board has set up a comprehensive risk appetite, driving inherently stable capital and liquidity strength and supporting sustainable profitability. As per Bangladesh Bank guidelines regarding BASEL-III implementation, banks are required to maintain a capital to risk weighted ratio (CRAR) of 11.875% (including capital conservation buffer) of total risk weighted assets (RWA) of the bank.

During the year 2019, BRAC Bank, both on standalone as well as consolidated basis, maintained CRAR well above the minimum requirements of 11.875%. Details are given in note No. 17.8 of the financial statements on page 467-471.

## Capacity to meet obligations

BBL possesses a strong track record in the settlement of its obligations with its lenders/depositors. The bank is always sincere in disbursing payments to its lenders. We have always maintained credible practices in our loans and other agreements and have never defaulted on these. All of this has contributed to achieving a credit rating that is at a much higher level than our competitors in the industry. Details about our credit rating can be found on page 281.

## **Consistent and above-average dividend declaration**

BBL possesses the track record of giving healthy returns in the hands of its shareholders over the last few years. We have declared stock dividend of 25% for the year 2019. The trend of dividend declaration over the last 5 years can be found on page 139.

## **Growing and diversified business portfolio**

At BBL, we have not only been successful to maintain our consistent overall growth rate in our business portfolio, but have also remained focused on maintaining portfolio diversity, represented by our three mainstream business divisions – SME, Retail and Corporate. Our overall growth and mix of portfolio can be found on page 175-198.

## **People and culture**

Our people are at the heart of our mission. Their talent, commitment and creativity contribute to our success, while also enabling us to deliver an innovative market-leading experience to our customers. In 2019, BBL recruited 2,257 talented employees and has provided a total of 398,221 person-hours of training during the year.

## **Our values and behaviours**

- Encouraging everybody
- Engaging in active collaboration and listening
- Looking after and respecting each other
- Driving innovation wherever we create value for our customers and our business
- Demonstrating integrity in all our systems and decisions by being transparent, honest and fair
- Being accountable to our stakeholders for delivering these values

The details of our human resources can be explored from page 282-289.

## **Risk management**

At BBL, effective risk management is of strategic importance. A robust approach to risk management enables us to identify, assess and manage our principal risks, whilst also enabling maximisation of the potential upside of our business strategies. Our Board is ultimately responsible for setting the risk appetite and strategy. Thus, the Board delegates this responsibility through different committees within our bank. The Board promotes a strong risk culture and expects every employee to adhere to these high standards to enable us to eventually achieve our vision of being the best bank in Bangladesh.

Details of our risk management practices can be explored from page 318-348.

## **Digital transformation**

"Best technologies make the most money."

Digital transformation can be instrumental in driving greater financial inclusion in the Bangladeshi economy. It can emerge as the most crucial tool for banking businesses, as it helps to gain efficiency and a deep competitive advantage. In that respect, BBL has already improved its operational model with technological improvement. Being a going concern business entity, BRAC Bank always focuses to improve its core banking software (Finacle), enterprise resources planning (ERP) system (Oracle E-Business Suite) and also the Universal Banking Application (UBA).

The four key elements of the government's vision for 'Digital Bangladesh' include the following:

- Human resource development
- People involvement
- Civil service societies
- Use of technology in businesses

Since deployment of technology in businesses is one of the key elements of achieving the 'Digital Bangladesh' vision, our Board has already substantially invested in technology, in line with the government's vision. This focus positions us well for the future.

In Bangladesh, only 47% of the population is financially-included, which means that only this population pool has access to any kind of useful and affordable financial products and services that enable them to meet their needs – transactions, payments, savings, credit and insurance, etc., delivered in responsible and sustainable ways. To bring the rest of the population under the umbrella of financial services, digitalisation in banking is crucial as it can play a vital role in achieving this vision.

## **Changes in government policy**

The management of BBL anticipates no significant changes in legislations or government policy, which may materially and adversely affect the overall industry and the company in particular.

## **Outlook**

The year 2020 will continue to be challenging for the banking and payments industries. The social, economic and regulatory landscape will continue to change, and the actual impact of interest rate (both on deposits and loans) will only add to the underlying uncertainty. However, change generates opportunity, and BBL's unique positioning, together with our next-generation systems and processes, makes us confident that the demand for our payments and Agent Banking services from both new and existing participants will continue to rise through 2020 and beyond.

# FROM THE RISK MANAGEMENT DIVISION

Dear shareholders,

Steering the risk management function of BRAC Bank is a very prestigious responsibility, and we have a clear focus on creating value for our shareholders and contributing to the good governance and stewardship of our business, thus managing our own reputation and even the reputation of our nation, as both our intricately linked together, considering the stature and positioning of BRAC Bank in Bangladesh.

## **Evolution of risk management for today's times**

Earlier, effective risk management was all about managing and mitigating uncertain outcomes while doing business, and the chief function of risk services was to ensure that the organisation remained unscathed during an economic downturn or financial crisis. Today, these concepts are outmoded, as modern-day risk management has evolved to become much more sophisticated and an integral part of an organisation's strategy, rather than just as a mere appendage.

Today, risk management has universalised to such an extent that an organisation needs to embrace risk proactively and purposefully, rather than retrospectively or passively. Risk management has elevated from a reactive response into a proactive stance, facilitating prudent opportunity capture and subsequent risk-

mitigated business growth.

Specifically in banking, this evolution has prompted organisations to take some unprecedented measures so that they can fend-off an existential threat, especially in the context of their long-term sustainability. In doing so, banking institutions are no longer relying only upon qualitative risk management notions, but rather they are emphasising on risk quantification methodologies, such as evaluating risk tolerance levels, capping risk boundaries and more clearly expressing their appetite for risk, among others. These have emerged as pivotal approaches in orchestrating a full-fledged framework for combating risk.

Yet, from the perspective of a financial institution, the conventional philosophies in risk management are also imperative to proliferate a holistic risk culture where there is clear and unambiguous articulation of principles for effective risk governance.

## Bangladesh's economic landscape in 2019

Bangladesh's economy has been strong and resilient, upholding its momentum in 2019, also reflected in the country's steady ascension in GDP. In FY19, the country's GDP soared by 8.15%, which is among the fastest in the world, even faster than the neighbouring countries of India and China. Over the coming years, supported by deep structural and institutional reforms, the country's economy is expected to become one of the strongest in the world. Indeed, according to World Economic League's table report for 2020 produced by a UK-based thinktank, Bangladesh's economy is expected to rise to its peak between 2020 and 2034. The report also illustrates Bangladesh's ascent to a rank of 41 among 193 countries in 2019, and by 2034, the country's potential rank is expected to rise to 25 on the back of its growing per capita income and demographic dividend. A glimpse of the movement in major country-specific macro-economic indicators during 2019 is depicted below:

- Point-to-point general inflation has risen to 5.75% in December 2019, from its position of 5.35% in December 2018. Both food and non-food inflation rose in December 2019, as compared to December 2018. Food inflation edged up from 5.28% in December 2018 to 5.88% in December 2019, owing to a staggering hike in onion and rice prices throughout the year.
- Geared by the government's efforts to provide cash incentives and depreciation of local currency, remittance inflows soared by nearly 18% in 2019 to US\$20 billion.
- Gross FX reserves held by Bangladesh Bank at the end of December 2019 stood at US\$32.69 billion, inching up from US\$32.01 billion at the end of December 2018. Notably, by the end of November 2019, the gross FX reserve was sufficient to pay import liability of 6.26 months.
- Bangladesh's YoY trade deficit declined markedly by almost 15% in FY19. On the other hand, exports from the RMG sector accounted for over 86% of the total earnings received from exporting goods in FY19. Although export earnings from RMG have increased YoY in FY19, the sector's global market share is under threat, owing to the emergence of such countries as Vietnam.
- Import payments of goods increased marginally by 5.90% during FY19, where major categories comprised capital machinery, iron and other metals, materials for textiles, etc.
- Local currency (BDT) depreciated by 1.19% against the US\$ in December 2019, compared to December 2018.

With Bangladesh's headline economic indicators reflecting strong developmental index and demonstrating sound economic potential, the country's banking institutions, which are closely linked with the country's economic prospects, will head into the new decade with optimism and hope of a better future.

## Financial sector outlook

Bangladesh's financial sector primarily consists of the banking industry and the capital markets. Undoubtedly, the banking sector wields a strong influence on the country's economy and has a robust weightage on the stock exchanges too.

Despite being the key driver of the financial sector, the banking industry has been in a quagmire, owing to mounting default loans, liquidity stress and muted credit demand, especially from the private sector. Further, lack of strong enforceable reforms and inadequate governance standards represent key resistance factors that are thwarting the industry to realise its full potential. According to the Global Competitiveness Report 2019, Bangladesh is ranked the lowest among South Asian countries in terms of the soundness of banks, which is a reflective conundrum when one considers the economic growth of Bangladesh amongst this group of countries.

As of September 2019, default loans stood at Tk. 116,288 crore, which is at a record high, derailing the country to achieve its developmental mandate. Moreover, credit growth to the private sector has remained stagnant, a situation that has been exacerbated by the lingering effects of the liquidity crisis of the recent past.

Meanwhile, in 2019, to spur private investments, accelerate industrialisation and facilitate job creation, a single-digit interest rate of 6% for deposit products and 9% for lending has been mandated, effective April 2020. In yet another initiative that has been taken to ensure stability in the sector is the instructive facilitation by the finance ministry to autonomous, semi-autonomous and government companies to keep aside 50% of their surplus funds at a 6% interest rate with private sector banks. However, on the flip side, this proposed lending rate cap may somewhat impede the flow of financing to small and new businesses, which are fundamental constituents of grassroots socio-economic development.

While the country's economy is on a growth path, also driven by economic digitalisation, banking institutions need to be more transparent and accountable with the enforcement of strict regulations, while also ensuring adequate and sustained credit flow to stagnating sectors of the economy to ensure their revival.

## **BRAC Bank's risk management framework**

With relentless efforts invested towards ensuring effective risk management, BRAC Bank has been able to successfully restructure and re-transform its risk management functions pursuant to the directives of the risk management guidelines promulgated by the central bank.

The risk management division (RMD) of BRAC Bank is a key command centre with professional and highly trained teams entrusted with the responsibility of owning material core risks. Moreover, risk reporting is being done meticulously within the stipulated timeframe, and adequate measures and strategies are being set forth based on the risk profile, as reflected in the bank's risk reporting practice.

Yet another ostensible part of BRAC Bank's risk management function is risk research that allows the bank to deploy modern tools and techniques on the one hand, supported by proactive, forward-looking and timely actions on the other. Further, the bank's optimum risk infrastructure is based on wide-ranging strategic governance levers and adequate operational layers that provide strong underlying reinforcement to our risk management efforts. The bank has also integrated

aspects of sustainability into its risk management function, which has turned the risk management framework as one that is stable, solid, secure and scalable.

## **Concluding note**

Since the banking sector of Bangladesh has been caught in the grip of inconsistent policies, weak reforms and an inadequate financial architecture, holistic transformation is required for ensuring the sustainability of this vital sector. This could be achieved by inclusive risk management within banking institutions, spearheaded by the strong, transparent and evidence-based policies from the government and our regulators.

Finally, it is worth mentioning that at BRAC Bank, we will ensure that our risk management practice remains top-notch and at the cutting-edge, thereby reinforcing the faith of our shareholders, investors and stakeholders. We will ensure that the bank's risk management framework continues to remain sound and highly responsive to change, thereby expanding our institutional capacities to create dependable long-term value.

# RISK MANAGEMENT FRAMEWORK

## Organisational perspectives on Risk Management

Earlier, organisational Risk Management was restricted to reactive responses. Today however, Risk Management has emerged as a multidimensional activity and an integral part of organisation's structure, ensuring stability. Risk management is specifically crucial for financial institutions, as prudent and forward-looking Risk Management practices can help in achieving the broader strategy of institutions.

Hence at BRAC Bank, we prioritise the effectiveness of managing risk and believe that the fundamental premise of Risk Management is anchored on the risk culture, structure and practices of an organisation. Risk culture implies the proper orientation of Risk Management across the organisation, while structure refers to the functional hierarchy to govern and manage controlling processes. On the other hand, practice comprises the execution of strategies and processes for embracing and treating risk. Hence, our Risk Management function embraces a bottom-up and top-down approach, which includes strategical oversight by the management, complemented by execution by functional teams.

### Vision:

The vision of our Risk Management endeavours is to be a risk-mitigated bank and enable a risk-awareness culture at all times for maximising client and shareholder assets on the one hand, while seizing relevant opportunities on the other, through striking the right balance between capital preservation and optimisation (risk/reward).

### Mission:

- To facilitate individuals, units, departments and divisions of BRAC Bank to be fully aware about risks within their roles, units/divisions
- To provide necessary feedback and resolution in consultation with ERAF, ERMC, BRMC, Board of directors and other experts

- To apprehend future adversities and instill proactive measures toward managing those adversities
- To introduce updated policies/processes to safeguard customer interest
- To ensure sustainable operations by ensuring visible improvements in regulatory and internal compliance mechanisms to manage risk
- To promote a risk-conscious culture in a manner that is consistent with the bank's vision and mission

## Our Risk Management policy

At BRAC Bank, we have an all-inclusive outline for ensuring thorough Risk Management. As a result, all activities pertaining to Risk Management are being driven by our Risk Management policy(RMP),which charts out a clear vison for our enterprise to engage in comprehensive Risk Management. While our RMP covers detailed guidelines for effective Risk Management, we pursue all best-in-class Risk Management and mitigation techniques. Our policy for Risk Management includes, but is not limited to, the following aspects:

- An outline on the dimensions of Risk Management
- An inclusive Risk Management framework
- A rigorous process for effective Risk Management
- Significance of capital management for effectiveness inmanaging risks
- Disclosure requirements of risk reporting

## Our Risk Management framework

Our Risk Management framework provides a holistic approach towards embracing an inclusive Risk Management process. BRAC Bank's Risk Management framework clearly outlines its strategy along with governance procedures, which are together crucial for setting up a vibrant risk culture across the bank.

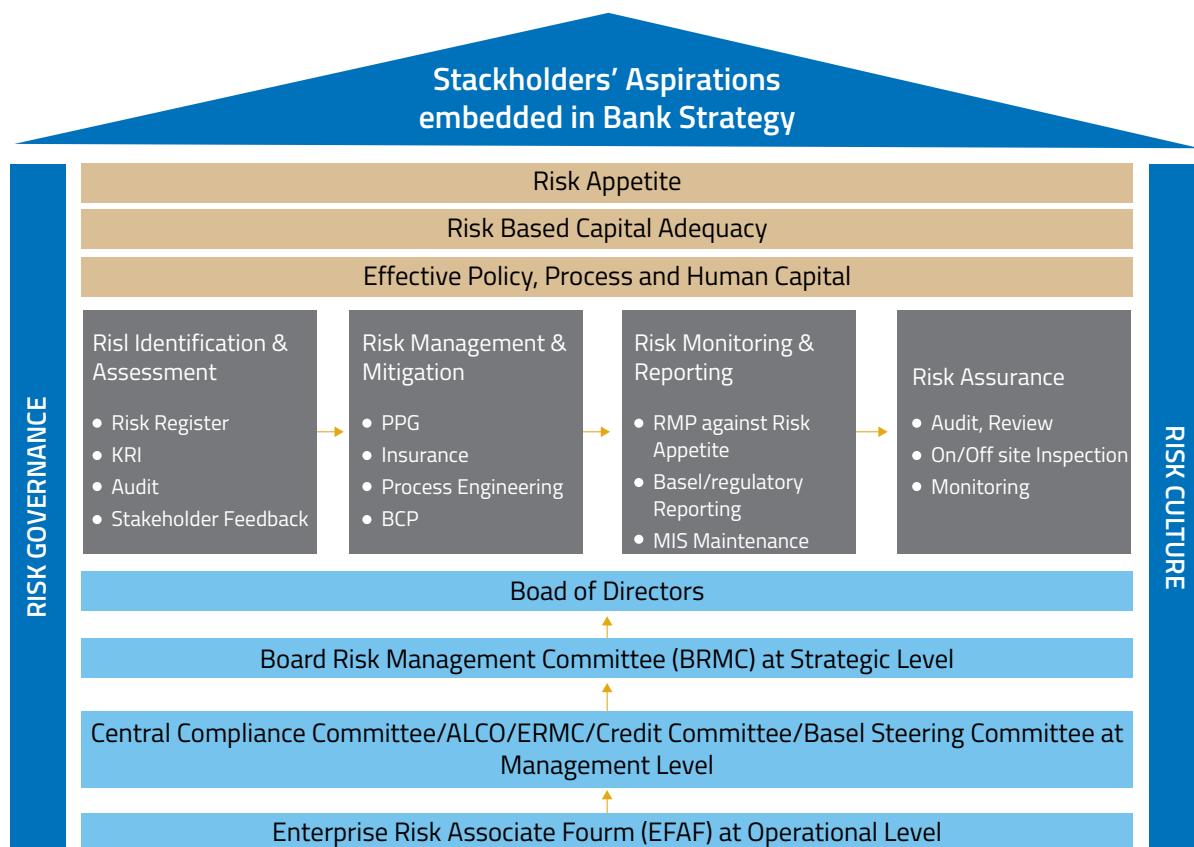


Figure: BRAC Bank's risk management framework

### **Forward-looking and holistic risk management approach**

BRAC Banks is committed to embracing the strongest possible management of risk. To cope with the ever-dynamic nature of risk and to make the bank's capital adequate enough to absorb any kind of shocks, the central bank has introduced policy guidelines, such as Basel-III accords, prudential guidelines on credit and AML, ALM, FX, ICT and ICC risks. Against this backdrop, BRAC Bank manages risks from multifaceted aspects. There is a robust and streamlined risk assessment and escalation process in place, wherein every individual is equally responsible to manage and mitigate risks within his or her own area of work. This comprehensive risk management framework enables competitive risk control and mitigation.

### **Risk assessment, escalation and mitigation process**

At BRAC Bank, all employees make every effort to identify risks within their own domains and address and resolve these the help of their supervisors. If it is beyond their purview and requires affiliation of other stakeholders, it is escalated to 'enterprise risk associates' forum (ERAF) for discussion and resolution. Subsequently, issues that require the top management's guidance and decisions are placed at the Enterprise Risk Management Committee (ERMC). ERAF as well as ERMC convene every month to identify, address and mitigate risks. For immediate and urgent risk mitigation, a high-powered committee comprising senior management, the Enterprise Risk Governance Forum (ERGF) has been instituted. Finally, for Board's oversight and guidance, critical risk elements are highlighted in the Board Risk Management Committee (BRMC).



## Policy and governance framework

A Board-approved policy is in place for each of the core risks, namely Credit, AML, ALM, FX, ICT and ICC risks. Due to the continually evolving risk culture of the bank, we are required to revisit policies in line with the changing dynamics in the economy, as well as the borrower behaviour.

## Credit risk management

For any bank, the prudent management of credit risk is central to achieving long-term sustainability and profitability. Adherence to the bank's core values is embedded within our credit function. Further, a dedicated Credit Risk Management team, under the supervision of the Chief Risk Officer, conducts stringent assessment of borrowers' creditworthiness prior to sanctioning credit. The robustness of our credit risk management function is reflected in our asset quality that is superior in comparison with the country's overall banking sector. The asset quality is measured by a metric that takes into account both absolute volumes and the percentage of non-performing loans (NPLs) against the total loans of the bank. The lower the metric, the better is the asset quality.

## FX and ALM risk management

The Treasury team manages foreign exchange and asset liability mismatch risks. While ALCO persistently strives to achieve the right balance in managing the asset-liability gaps, the business team partners with ALCO to minimise the mismatch. Further, to accommodate the regulatory changes, BRAC Bank's policies are reviewed and revised in line with the changes in the prevailing environment. Through regular stress-testing, value-at-risk and duration gap analysis, the bank has devised a forward-looking risk mitigation mechanism. With the active involvement starting from the Board to the front office dealers, every member in the value chain functions diligently and with utmost responsibility.

## Management of AML risk

Being the main regulatory body of banks and financial institutions, Bangladesh Bank provides guidance in compliance with the laws of land. BRAC Bank recognises its obligations to join governments, international organisations and other financial services organisations to close off money laundering and terrorist financing. The Board of Directors of the bank view money laundering prevention as a key part of its

risk management strategy and not just as a standalone requirement that is being imposed by legislation.

To fulfill this commitment, BRAC Bank has reviewed comprehensive guidelines on the 'Money Laundering & Terrorist Financing Risk Management Guidelines' and it is approved by the Board of Directors. Starting from the opening of customer accounts to being the recipient of remittance, every transaction goes through a stringent KYC process.

Albeit the remittance amount is small, yet prior to any cash pay-out or crediting accounts, streamlined customer verification process is followed. Further, before entering into a relationship with an individual/entity, detailed checks of whether the individual/entity belongs to any organisation banned by the law or special reference list provided by the UN sanction list, OFAC etc., are made. A search engine named "de-dupe" is used to check for duplicate accounts or existing relationships. Further, the bank's CRM verifies customer's national ID through the central NID verification system developed by the government. There is a separate 'Contact Point Verification' team which physically validates the authenticity of a customer's address and profession. Every year, the CEO communicates with all employees that clearly sets forth the way forward for the year and initiatives taken over the last year pertaining to combating money laundering and terrorist financing.

### Information security and cyber risk management

BRAC Bank has adopted information security of global standards and is the first and only bank in Bangladesh to have achieved ISO 27001:2013 international certification for information security management. The bank has undertaken multiple initiatives to strengthen its data security as well as cyber security position, including DLP (data leakage prevention), Anti-APT (anti advance persistent threat), NBA (network behaviour analysis), SIEM (security incident and event management), etc. Further, a 24/7 Security Operation Centre, the only one-of-its-kind in the local banking industry, was set up earlier in 2019. The bank has also setup a Cyber Security lab where information security personnel monitor and continuously conduct Vulnerability Assessment & Penetration Testing on the bank's infrastructure by internally certified ethical hackers.

### Management of operational, environmental and social risks

A dedicated OR (operational risk) team manages risks arising from people, processes and systems. They monitor key risk indicators, conduct risk assessment

and jointly work towards mitigating them with the help of relevant stakeholders. Moreover, the SFU (Sustainable Finance Unit) proactively monitors environmental and social risks jointly with CRM and business leads. Various measures and initiatives are taken across the bank to enhance operational sustainability. From credit appraisal to in-house management, the SFU team is actively involved in improvement of the bank's various functions. When it comes to ensuring physical security of the bank's staff, property and other assets, the General Support Services team duly performs this responsibility.

### Adoption of global best practices

Towards the end of 2008, following the western banking crisis, the Basel Committee announced a full-scale review of the banking control framework. This resulted in four major categories of change:

- Banking regulation: Rules became much more demanding and stringent
- Banking supervision: There was a global move away from banking regulations, with a reliance on rules towards more proactive and intrusive banking supervision
- Supervisory expectations: In certain aspects, the rules themselves did not change, but the interpretation and general observance became considerably more demanding
- Governance: It was generally held that weak bank governance, namely the pursuit of short-term gains at the expense of longer-term risks, lay at the heart of the crisis. Changes in governance were deemed to be essential, but the question was how?

Basel-III reforms have strengthened banks through micro prudential regulations, with the intent to enhance resilience of individual banking institutions, especially during times of stress. Besides, reforms have a macro prudential focus as well, addressing system-wide risks, which can build-up across the banking sector, as well as the pro-cyclical amplification of these risks over time. Thus, in line with this global best practice, BRAC Bank has adopted these standards with efficacy. BRAC Bank is currently operating well above the set standards and, via periodic stress-testing, the bank continually assesses and validates its position.

### Board oversight

BRAC Bank's Board is responsible for establishing the bank's overall strategy and other significant policies relating to the management of individual risk elements facing the organisation. A Board Risk



Management Committee is responsible for the bank's risk management functions.

### **Responsibilities of the Board of Directors**

Our Board possess sound expertise and knowledge in establishing organisational structures for effective enterprise risk management within the bank and ensuring that the top management as well as the staff are responsible for risk management. Some of the measures undertaken by them include:

- Assigning sufficient authority and responsibility to risk management among concerned officials
- Ensuring uninterrupted information flow to RMD for sound risk management
- Continuously monitoring the bank's performance and the overall risk profile through reviewing various reports
- Defining and reviewing the risk appetite, risk tolerance, limits, etc., in line with strategic planning
- Ensuring maintenance of adequate capital and provision to absorb losses resulting from any risk/s
- Ensuring that internal audit reviews the credit operations, foreign exchange operations and securities portfolio management functions, etc., to assess the effectiveness of internal control system
- Monitoring the function of the Board Risk Management Committee

### **Board Risk Management Committee (RMC) responsibilities**

- Ensure an adequate organisational structure for managing risk within the bank
- Formulation and implementation of appropriate strategies for risk assessment and its control. The committee reviews the risk management processes to ensure effective prevention and control measures
- Formulating and reviewing (at least annually) risk management policies and strategies for sound risk management
- Monitoring implementation of risk management policies and processes to ensure effective prevention and control
- Supervising the activities of the ERMC

- Ensuring compliance with Bangladesh Bank instructions regarding the implementation of core risk management
- Ensuring formulation and review of risk appetite and limits and recommending these to the Board for their review and approval
- Approving adequate record-keeping and reporting systems and ensuring their proper use
- Analysing all existing and probable risk issues in the meeting, taking appropriate decisions for risk mitigation, incorporating the same in the meeting minutes and ensuring follow-up of decisions for proper implementation
- Submitting proposals, suggestions and summary of BRMC meetings to the Board at least on a quarterly basis
- Complying with instructions issued from time to time by the regulatory body
- Ensuring appropriate knowledge, experience and expertise of lower-level managers and staff involved in risk management
- Ensuring sufficient and efficient staff resources for the RMD
- Establishing standards of ethics and integrity for staff and enforcing these standards
- Assessing the overall effectiveness of the risk management functions on an annual basis
- Holding meeting at least once in a month based on the findings of risk reports and taking decisions for mitigations
- Submitting proposals, suggestions and summary of ERMC meetings to the CEO and BRMC
- Implementing the decisions of BRMC and Board meetings regarding risk issues
- Assessing requirements of adequate capital in line with risk exposures
- Determining risk appetitelimits in line with strategic planning and contributing to the formulation of risk policies for business
- Following up on reviews and reports from BB and informing BRMC on issues affecting the bank's operations
- Ensuring arrangement of Annual Risk Conference

### **Single solution platform - Enterprise Risk Governance Forum (ERGF)**

ERGF is a platform under which the bank's staff can get access to solutions of issues related to operations as well as for risks and hazards. This forum comprises all the heads involved in risk, control, compliance, governance and security. All queries are met by the senior management. Effectively, this forum acts as the single-point contact for swift and prompt risk response. They meet as and when required.

### **Involvement of the bank's management**

The bank's senior management is responsible for the implementation of risk policies/procedures, in line with the Board-specified strategic direction and risk appetite. There is clear framework for the escalation of any identified risk.

### **Enterprise Risk Management Committee (ERMC):**

The bank's senior management is involved in resolving bank-wide risk issues through ERMC. This committee is headed by the Chief Risk Officer (CRO) under the supervision of the MD & CEO. ERMC oversees all matters relating to enterprise-wide risk management, especially in recommending policies/guidelines for effective risk management to the Board. The functions of ERMC include:

- Identifying, measuring and managing the bank's existing and any future-facing risks

### **Enterprise Risk Associate Forum:**

Enterprise Risk Associate Forum (ERAFF) consists of risk manager/associates from business and support functions to ensure proactive risk identification, assessment, reporting and monitoring for the bank. ERAFF is chaired by the Head of Risk Management and meet as and when required, but also at least once in a month. The forum specifically addresses the following:

- Promote risk culture and work closely with the Risk Management Division (RMD) to ensure risk management initiatives are in place for risk-controlled banking practices.
- Work as an active risk manager of respective unit by identifying departmental risks and performing necessary analysis.
- Escalate respective risks to the Risk Management Division on a monthly basis for discussion and suggest mitigation in monthly ERAFF meeting.

- Finalise enterprise-level risk issues to ERMC meeting for management evaluation and resolutions.
- Implement ERMC resolutions and monitor the risk mitigation process within the given deadline and update status to ERMC.
- Assist Risk Management Division for developing and implementing Business Continuity Plan (BCP) across the bank.
- Perform necessary activities and support the RMD to implement risk management policies of the bank.

### Risk management process:

Risk management is not static, rather it is a dynamic process that must be applied and tested across all parts of the organisation. The eventual goal of fostering a risk culture is to create a situation where the staff and the management instinctively look for risks and consider their impact during decision-making. BRAC Bank possesses a culture of risk awareness, recognises the importance of risk management and carries out the responsibility of identifying and managing risks with accountability. The bank believes that beyond setting the right policies and structures, a strong risk culture plays a far more effective role in risk management.

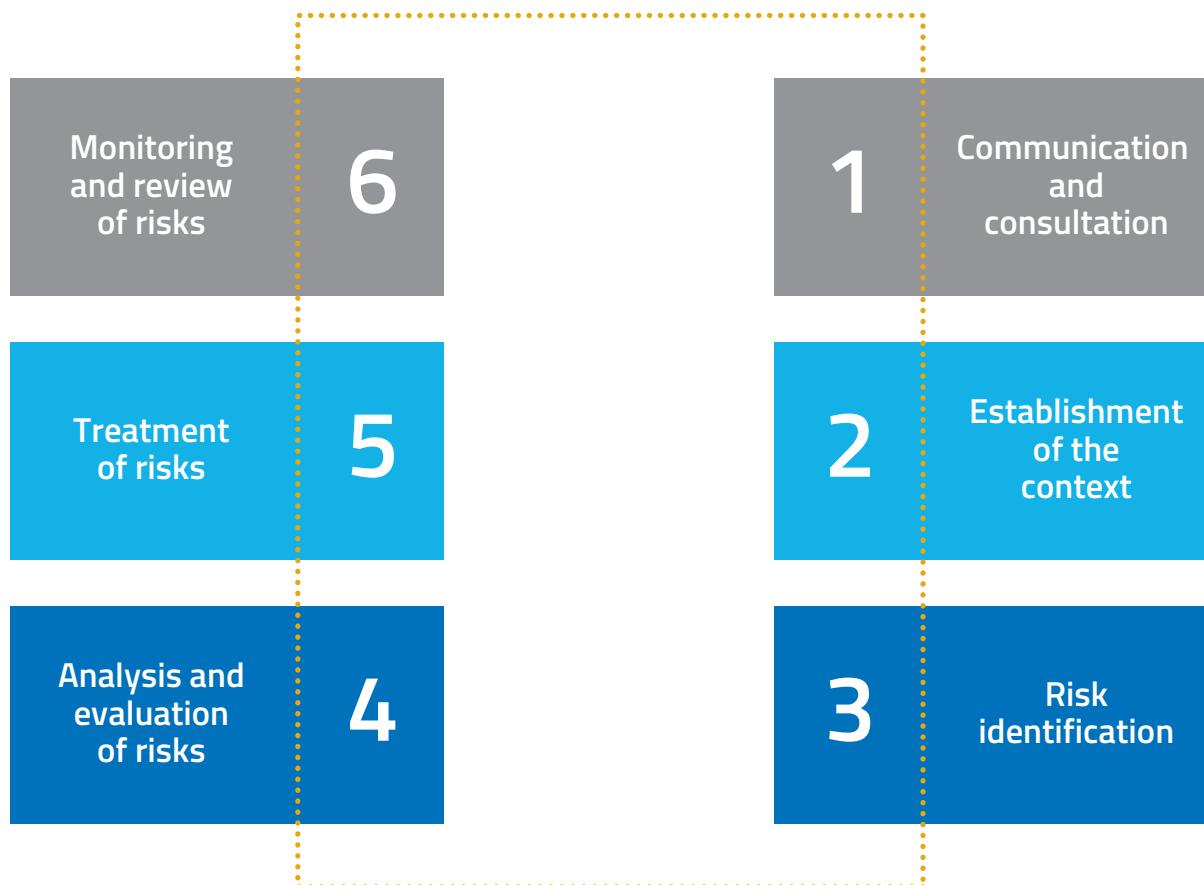


Figure: BRAC Bank's risk management process

### Risk control mechanism

Risk control mechanism expresses the way by which we evaluate potential losses and synchronise action plans for the same. It is a technique that helps us to identify and assess any event that is deemed to have catastrophic impact on our business plans. To state more precisely, this control mechanism paves the way towards the enhancing and augmenting the risk

management functionality.

- **Risk identification:** This is the first step in the risk management function. To ensure all-encompassing involvement, a risk register is maintained, which is a unique platform to flag risks at the individual level. There are other tools for risk identification too, including KRI, audit reports, complaints, etc.

- **Risk assessment:** A risk once identified is assessed as per the Risk Grading Matrix. Risk prioritisation is reflected through a 'Heat Map', which is placed before the risk committees, such as ERMC and BRMC.
- **Risk management and mitigation:** All risks, in accordance with their rating/profile, are escalated to the respective risk committee, i.e. ERAF, ERMC and BRMC, etc. Based on the analysis and forecast, a decision is made for a particular risk, whether it is an existing or an impending risk. However, the decision-making authority is delegated to various levels. High-impact risks are escalated to the top management or even to the Board and issues that are deemed to be not severe are resolved by ERAF and/or ERGF/ERMC.
- **Risk monitoring and reporting:** Another vital part of our risk management function is follow-up and monitoring that is persisted with until the successful resolution of a particular risk issue. A vital part of our monitoring process is to observe ongoing scenarios against the bank's risk appetite. The overall status of risk management is documented through risk reporting. This is effected through periodic risk management reporting, with submissions to Bangladesh Bank. Moreover, we have our own mechanisms to quantify potential losses arising out of risk-prone issues.
- **Risk assurance:** Once a risk is decided to be dropped/closed from the risk committee, the respective team/units must ensure that the risk does not resurface in the future. The RMD performs periodic ad-hoc assurance reviews to test whether any recurrences have occurred or are likely to occur.

### **Committees and forums responsible for risk management**

Even though BRAC Bank has a unique culture that seeks risk resolution in a manner where every organisational layer is involved, it has also structured entities to govern and oversee the risk management function. Keeping in mind the inherent nature of risk, BRAC Bank has several committees comprising its key personnel with direct involvement of the management as well as the Board that oversees the material risks facing the bank.

Particulars	Roles and responsibilities	Represented by
Board Risk Management Committee (BRMC)	<ul style="list-style-type: none"> <li>* Oversees the bank's risk governance structure</li> <li>* Responsible for the bank's timely risk management and risk assessment</li> <li>* Sets up the bank's risk tolerance limits and appetite</li> <li>* Supervises the bank's capital, liquidity and funding strategies</li> </ul>	Members from the Board of Directors
Enterprise Risk Management Committee (ERMC)	<ul style="list-style-type: none"> <li>* Sets out general principles for managing, measuring and monitoring risks</li> <li>* Designs the enterprise risk management framework and reviews it periodically</li> <li>* Regularly reviews the bank's risk profile to ensure effectiveness of the internal control system</li> <li>* Develops risk response processes, including contingency and business continuity policies/plans</li> </ul>	Members from the Management Committee
Basel Steering Committee	<ul style="list-style-type: none"> <li>* Oversees the implementation of Basel Accords across the bank, according to Bangladesh Bank guidelines</li> <li>* Ensures proper assessment and allocation of adequate capital against the bank's own ICAAP outcomes</li> <li>* Recommends the action plan and policies for developing bank-specific ICAAP document</li> <li>* Conducts dialogue with Bangladesh Bank's SREP team to set up capital charge against various risks which fall under ICAAP</li> </ul>	Members from the Management Committee

Particulars	Roles and responsibilities	Represented by
Asset Liability Management Committee (ALCO)	* Assumes liquidity risk to attain the bank's financial goals * Monitors Interest rate risks so that the bank retains its profitability margins and targets	Members from the Management Committee
Credit Committee	* Monitors credit risk and sets up a strategy for credit policy and procedures  * Reviews the bank's credit risk appetite and exposure  * Ensures compliance of credit limits, as approved by the Board	Members from the Management Committee
Enterprise Risk Associate Forum (ERAF)	* Connects employees from diverse locations to create a unified platform regarding risk awareness and mitigation  * Scrutinizes possible root-cause of risk vis-à-vis existing and potential issues  * Meets at regular intervals to raise risk issues  * Chalks out action plans for effective risk mitigation	Representatives from all the concerned departments
Risk Register (tool to flag risk)	* Generates awareness about risk management at the individual level  * Enables individual employees to flag risk issues throughout the bank	All employees of the bank

### Widened coverage of risk through imposing additional capital

As the nature of risk is ever evolving, BRAC Bank undertakes a number of approaches to reduce any adverse impact arising out of risk. While the risk management framework of the bank covers multifarious risk issues, there are some parts which

require a different tactical approach to minimise unforeseen losses. This is where capital management comes into effect which, unlike the conventional risk management framework, undertakes additional capital requirements for various risks. The bank encounters different types of risks on a daily basis and focuses on addressing those that occur or has probability to occur or are predicted to occur.



# RISK MITIGATION METHODOLOGY AT BRAC BANK

## Our principal risks

BRAC Bank possesses a mature risk management framework that is aligned with best-in-class standards.

Today, operating in a dynamic business environment, the bank has developed a resilient business model, thanks to an expanded approach to managing and mitigating risk, which has also allowed it to remain aligned with its vision of being the best bank of Bangladesh.

The strength and robustness of the bank's risk management framework was evident in the fact that in 2019, despite several industry headwinds, including an acute liquidity crisis, pile up of non-performing loans and more stringent regulatory requirements, BRAC Bank was able to conduct its operations smoothly, while ensuring that the bank remained cautious and judicious in its approach to pursue sustainable growth on the one hand, while protecting the business from adversity on the other.

Towards this extent, throughout the year 2019, we embraced several forward-looking initiatives to manage the evolving uncertainties with prudence and conservatism. The following measures indicate the various initiatives undertaken with a view to strengthen our risk control framework:

- Organised capacity development programmes under Risk Management Awareness Session for our branch staff, with the purpose of raising awareness on the most effective approach to risk management
- Restructured the capacity of our Risk Management Division with a view to enable improved responsiveness in the face of evolving risks
- Emphasised on enhancing the portfolio of rated clients and strived to bring the maximum number of borrowers within the fold of ratings. Further, plans are afoot to progressively bring eligible SME customers under the purview of ratings

- Revised the Credit Risk Management Policy, which is largely aligned with the evolving market scenario and progressive regulatory guidelines
- Smoothened the Contact Point Verification (CPV) process for achieving enhanced outcomes by:
  - Developing a comprehensive Fraud Risk Management Policy to capture all fraud issues under a single contact point for enabling better monitoring and more targeted actions
  - Formulating an Archiving Policy for improving the management of document archives, thus facilitating smoother access/retrieval

Further, progress was also achieved across the following measures, which are also under the active review of the risk management team:

- Revised the ICC Policy, Monitoring Policy and Audit Charter Policy
- Developed Compliance & Audit Manual Policy and ICC with the help of external consultants
- Revised Money Laundering & Terrorist Financing Risk Management guidelines
- Developed BBL Workstation Usage & Security Policy as part of the ICT risk framework
- Revised the Password Policy

In addition to the aforementioned activities, we have been involved in managing and mitigating various risk issues throughout the year, facilitated by our dedicated risk platforms(i.e. Risk Register, KRIs, Risk Paper) ERAF. Moreover, key risk issues were also escalated to the ERMC, the management-level committee, for achieving adequate resolutions. Furthermore, our Board of Directors provided valuable guidance through the RMC with a view to enable us to deal with some of the more crucial issues.

## Overview

By their very inherent nature, risks are ever-evolving. Consequently, risk mitigation strategies have to be dynamic for an organisation to successfully establish a sound risk management practice. However, there are certain types of risks that are most likely to occur and restrict the business from attaining its goals. Hence, effective and well-structured policy/action plans are needed to be put in place to ensure high levels of effectiveness in risk management.

In the context of the banking industry, risk is inherent, and risk management is a significant material factor to have an impact on the financials of a bank. To thwart risks and facilitate the industry to embrace a proactive risk management approach, the central bank of Bangladesh has identified key risks and has defined them as core to the function of the banking industry. These include:

- Credit Risk
- Foreign Exchange Risk
- Asset-liability Risk
- Money Laundering Risk
- Information and Communication Technology Risk
- Internal Control and Compliance Risk

In respect of enabling banks and other financial institutions to respond better to the occurrence of these risks, Bangladesh Bank has issued comprehensive policy guidelines for ensuring the sound management of these core risks. Accordingly, at BRAC Bank, we embrace these guidelines and also formulate our own strategies in managing the core risks facing the bank.

### BRAC Bank's major risk groups and key mitigation measures at a glance



#### Credit risk

- Credit appraisal
- Credit evaluation
- Credit approval



#### FX risk

- Limits
- Stop loss limits
- Nostro reconciliations



#### ALM risk

- Advance deposit ratio
- Liquidity ratio
- CRR/SLR



#### ICC risk

- ICCD reviews
- Farud/forgery analysis
- External audit



#### Money laundering risk

- Monitoring
- CAMLCO/BAMLCO
- AML/CFT compliance



#### ICT risk

- 24x7 SOC
- Global certification
- Certified teams

## Credit risk

### Definition

Credit risk is the risk of default on a debt that may arise from a borrower failing to meet payment obligations, either in part or in full, and also within schedule. In the first level, the chief risk ownership is with the lender and includes lost principal and interest, disruption to cash flows and increased collection costs, thereby impacting profitability margins.

### Our approach to managing the risk

At BRAC Bank, the core function of the Credit Risk Management (CRM) team is to:

- Optimise risk-adjusted returns from the bank's loans and advances portfolio by maintaining robust underwriting standards
- Expand the loan portfolio without weakening its quality and ensure timely collections

Further, BRAC Bank also embraces a holistic approach to credit risk management, focusing on evaluating the underlying socio-economic and environmental impacts of its credit disbursement activities. Also, with a view to achieve holistic control over credit risks, the bank takes into cognisance credit risks inherent within the bank's entire portfolio as well as risks associated with individual credit proposals/transactions through a more granular view. Besides, we also carefully appraise the relationship between credit risk and other risks while supporting the bank's transactions.

### Mitigation measures

Considering the multidimensional nature of credit risks, the bank has segregated responsibilities of its officers/ executives involved in credit-related activities. For ensuring operational transparency during the credit appraisal process, the following teams have been instituted:

- Credit approval
- Credit administration
- Recovery unit and special asset management

In addition, the following principles have been considered for further reinforcing our credit risk management practices:

#### Portfolio composition:

Though BRAC Bank is committed to SME financing, the bank is also concurrently exploring opportunities to expand its Corporate and Retail loan segments with a view to achieve diversification, as well as for supporting diverse customer needs. The bank's portfolio comprises a variety of products based on the risk-return trade-off. The different types of loans (industrial loans, loans for trade and commerce, home loans, auto loans, sovereign-guaranteed loans, etc.) have uneven risk-return profiles and hence opportunities are pursued to achieve stability, also depending on the prevailing market conditions, opportunity pockets and industry prospects.

#### Underwriting:

Underwriting plays a pivotal role in mitigating risks associated with lending, while also enabling alignment with regulatory standards. A standard and well-structured credit underwriting policy, time-tested credit scoring methodology and adequate collateral support together fulfill a crucial role in ensuring sound credit risk governance. Moreover, the customers' capacity to meet principal/interest obligations is also assessed, considering borrower selection based on thorough credit appraisal.

#### Credit quality:

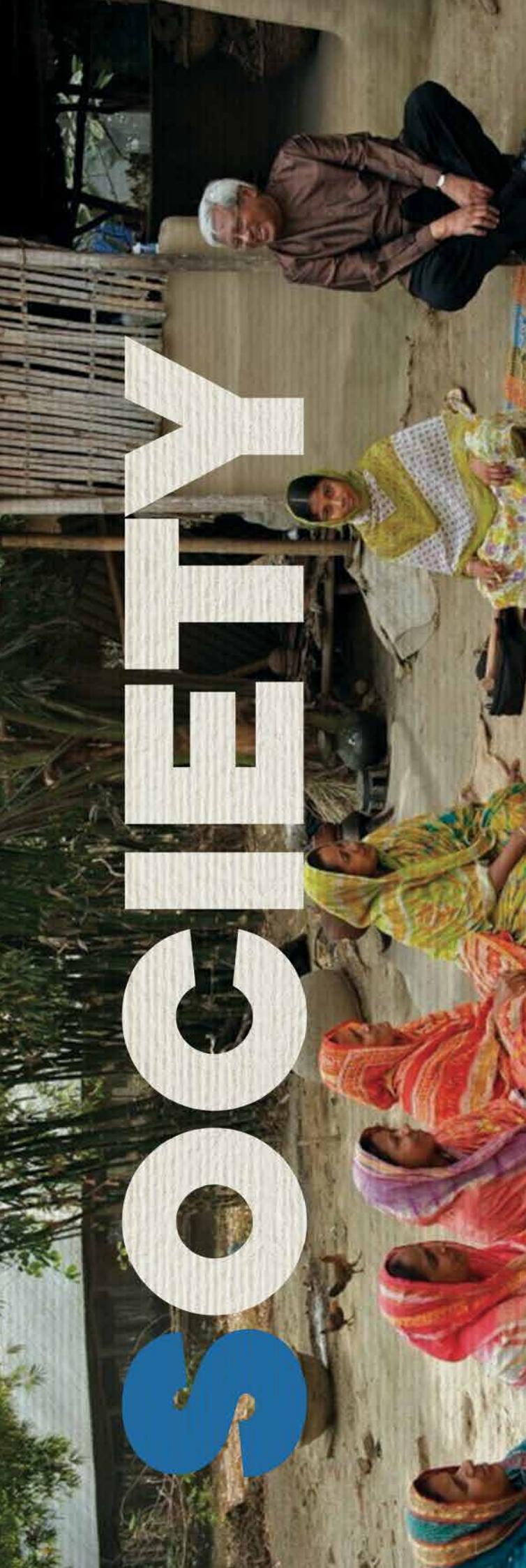
One of the key determining factors of credit risk is a comprehensive review of the borrower's credit history and also income/cash flow assessment. At BRAC Bank, we have established a robust credit disbursement process, maintaining a strong underlying administration and monitoring process and ensuring simultaneous control. We identify potential credit risks by engaging in physical visits made by our relationship managers, credit appraisers as well as by the credit inspection team across different phases of the disbursement cycle. These checks also enforce corporate borrowers to improve their financial, operational and even environmental and social performance for augmenting their credit record. Broadly, our credit quality appraisal includes:

- Thorough review of financial statements, including cash flow records
- Physical verification of inventory/stock through visits (sometimes even multiple visits)
- Developing internal awareness among borrowers about environmental and social risks
- Focusing on integrating environmental and social performance/risks into the overall credit appraisal process
- Monitoring the effective implementation of environmental and social goals

Today, ESG, or environmental-social-governance, factors have taken centre-stage, as corporate appraisal has gone beyond the evaluation of standard indices of profits and profitability, to include the wider impact of the entity on its operating context. Towards this extent, the environmental, social and governance performance of borrowers raises a variety of potential risks and opportunities for banks.

Given this, at BRAC Bank, we are meticulous in our due diligence practices prior to funding commitment, and have established an open credit culture through empowering the delegation of authority among the mid-management of the CRM division. Moreover, to support our SME borrowers' businesses, which is geographically disparate, we have established numerous CRM centres across the country. Currently, we have 36 and 22 CRM centres for small and emerging businesses, respectively, across the country. These centres have been mandated to compulsorily conduct an independent pre-approval visit to conduct credit-worthiness checks, and their strong on-ground presence enables the coverage of 100% business underwritten for SMEs throughout the country.

Further, our robust risk control capabilities facilitate



us in the measurement, monitoring and control of credit risks, thereby enabling a rigorous influence on our NPLs, as well as in ensuring that adequate capital against these potential/perceived risks is maintained with satisfactory offset through provisioning against potential losses.

### Foreign exchange risk

#### Definition

Foreign exchange risk is the risk of loss a bank may suffer from as a result of adverse exchange rate movements during a period in which it has an open position in an individual foreign currency. In addition, a bank may also be exposed to interest rate and settlement risks on account of its foreign exchange business.

#### Our approach to managing the risk

BRAC Bank's treasury division is vested with the responsibility of dealing with risks associated with foreign exchange (FX) movements.

The team considers multiple risk elements while engaging in FX transactions. Some important risk issues within the purview of FX risks comprise credit risk, liquidity risk, interest rate risk, price risk, compliance risk, etc. While segregation of responsibilities is duly maintained, strict boundaries are also outlined for dealers under which a stop-loss limit is given to restrict his/her intuition beyond an acceptable limit. Moreover, they are restricted to deal in processing and generating revaluation rates, regulatory reporting, setting up counterparty limits, setting up market risk limits, own account trading, etc. Further, similar restrictions are also imposed for the back-office team. Net open positions are strictly followed, as directed by Bangladesh Bank.

Beyond these, the operations are also controlled by FX risk management guidelines that are customised to serve our own intrinsic needs. These guidelines have been prepared as per Bangladesh Bank guidelines, and have been appraised by our Board of Directors. Bangladesh Bank issued guidelines on FX risks in 2009, which were last updated in February 2016. Further, the Banking Regulation & Policy Department of Bangladesh Bank issued BRPD Circular Letter No. 02 & 09 on 25th February 2019 and 27th May, 2019, regarding 'Policy for Offshore Banking Operations of Banks in Bangladesh'.

#### Mitigation measures

Various risk elements are considered while managing with/dealing in FX transactions. The following aspects are covered to counter FX risks:

#### **Limits:**

Foreign exchange dealings are conducted rigorously as per the limits authorised by the Board to the CEO/Head of Business and Head of Treasury. Dealing limits are set considering the bank's own requirements, market conditions, counterparty, etc. The CEO usually delegates the limits to the Head of Treasury who, in turn, allocates limits to individual dealers.

#### **Stop-loss limit:**

Every dealer is assigned a stop-loss limit to restrict intuition-driven trades beyond acceptable limits, considering the organisation's portfolio and risk appetite. Limits are also set for individual deals and dealer portfolio positions. Further, stop-loss limits to the Head of Business/CEO and the Head of Treasury is set by the Board and, in turn, the Head of Treasury allocates individual limits to dealers.

#### **After-hours and off-premises dealings:**

After-hours and off-premises dealings are strictly prohibited and enforced. The Head of Treasury, with the approval from the Head of Business/CEO, might engage in after-hours and/or off-premises dealings for taking/covering positions only on a selective case-to-case basis.

#### **Position and Nostro reconciliations:**

All dealer positions are reconciled with positions provided by the back-office before any deals are executed during the next business day. Moreover, all Nostro accounts are reconciled on a monthly basis. Outstanding issues, if any, are reported to the CEO/Head of Operations for immediate reconciliation.

#### **Valuations:**

The treasury back office evaluates all outstanding positions at current market rates (mark-to-market) to determine their market value on a daily basis. The back-office also gathers market rates from independent sources, i.e. other than dealers of the same organisation/s to avoid conflict of interest with reporting to the line manager. This provides information with regards to the profitability/loss of outstanding contracts.

#### **Internal audit:**

The bank's internal audit team conducts an audit on the affairs of the treasury, which includes checking DCFCL, adherence to various limits, compliance requirements, statutory and management requirements, etc. In addition to regular audits, surprise audits are also conducted on a periodic basis.

#### **Deal-making:**

The process commences when a dealer strikes a deal in the market. He then maintains his own record for monitoring the exchange position and his own dealing position. Within a reasonable period, the dealer passes detailed deal information to the treasury back-office. The back-office arranges for the deal confirmation to the counterparty, arranges settlement, reconciles exchange position and advises the treasury. Certain processes that are crucial to achieve efficiency, profitability and control over the treasury function include the following:

- **Dealing room:** Access to the dealing room is restricted only to dealers and other concerned personnel
- **Taped conversations:** The dealing room is equipped with a voice recorder for recording telephonic deals
- **Deal recording:** Deals are recorded as soon as they are struck in a register/electronic register, where a dealer and Head of Treasury/Chief Dealer sign their initials
- **Position blotter:** Immediately post a deal, the dealer records the deal on the position blotter and updates his position. The dealer maintains the blotter with utmost precision to avoid any mismatch and adverse position
- **Deal slip:** Immediately after a deal is struck, the dealer prepares a deal slip with the necessary details and passes the same to the back-office for onward settlement and reconciliation
- **Deal delay:** The deal slip is sent to the treasury back-office within the shortest possible time and without any abnormal delays
- **Counterparty limits:** A counterparty limit arises from the potential risk of the counterparty being unable to settle a deal with both pre-settlement and settlement risks. Counterparty limits are set by the Credit Committee and monitored by the Head of Treasury/financial analyst

In addition to these, trigger levels, appropriateness of dealings, rate appropriateness, deals outstanding limits, daily treasury risk reports, code of conduct, etc., are also taken into cognisance. Importantly, Bangladesh Bank-approved limits are considered during the monitoring process. Daily management report portrays a real-time scenario to the top management. Moreover, FX open position limits are reported to Bangladesh Bank on a regular basis.

## Asset-liability risk

### Definition

Asset-liability management (ALM) plays a critical role in unifying the various business lines into an aggregated whole within a financial institution. Besides, managing liquidity and the balance sheet are crucial components of ensuring viability of the financial institution, while prudent asset-liability practices are a direct outcome of profitability accretion.

### Our approach to managing the risk

Asset-liability management (ALM) is an integral part of the banking industry. Changes in market liquidity and interest rates exposes the bank's business to the risk of loss, which may, in extreme cases, threaten the survival of the institution. As such, it is important that balance sheet risks are effectively managed, appropriate policies and procedures are established to control and limit these risks and proper resources are made available for evaluating and controlling the occurrence of these risks.

When the central bank issued ALM guidelines over a decade ago that were last updated during 2016, we developed our own specific policy, aligned with the overall directives. Our ALM Policy was approved by the Board in August 2004 and underwent several amendments thereafter. It was last updated in October 2018. The ALM Policy is prepared to monitor, measure and manage risks associated with the balance sheet and safeguards the bank against any unforeseen losses/threats to sustainability. Further, the policy is revised to accommodate regulatory and organisational changes over time. Moreover, we have several liquidity risk indicators that are used to monitor the status of our liquidity position. These include:

- Advance-deposit ratio
- Liquidity ratio
- Wholesale borrowing limit utilisation
- Maximum cumulative outflow (MCO)
- Liquidity coverage ratio (LCR)
- Net stable funding ratio (NSFR)
- Structural liquidity gap analysis
- Liquid asset to short-term deposit
- Liquid asset to short-term liability
- Cash reserve ratio (CRR)
- Statutory liquidity ratio (SLR)

### Mitigation measures

At BRAC Bank, the Asset Liability Management Committee (ALCO) is responsible for the overall balance sheet (asset-liability) risk management. The treasury team is accountable for managing the balance sheet as per the recommendations of ALCO with the overall objective of minimising risks and maximising returns. The Committee calls a meeting at least once a month to set and review ALM strategies. The meeting reviews the ALCO position, along with the other prescribed agendas. Essentially, the Head of Treasury puts forth his views on:

- Whether interest rates need to be re-priced
- Whether the bank needs deposits or advances to grow
- Whether the growth in deposits and advances should be for the short- or long-term
- Whether the transfer price of funds among the divisions is accurate
- Whether the kind of interbank dependence the bank has is strong and dependable

Based on the aforementioned analysis, the Committee takes decisions to reduce balance sheet risks, while simultaneously focusing on maximising profitability.

Further, appropriate policies and procedures are also established as per the guidelines of the Board, including relevant guidelines specified by Bangladesh Bank, to control and limit these risks. Apart from this, proper resources are ensured for the evaluation and control of these risks.

## Internal control and compliance (ICC) risk

### Definition

ICC risk refers to the gap in our internal systems that fail to detect a breach either because of non-inclusion in sampling or due to a detection failure within the sample.

Losses arising out of lapses in internal compliance are considered under the ambit of operational risks. Guided by a company's Board, management and other personnel, internal control is a process that is designed to provide reasonable assurance regarding the attainment of objectives in the efficiency of operations, reliability of financial reporting and compliance with applicable laws, regulations and internal policies. Internal controls represent policies/procedures established and implemented alone, or in sync with other policies/procedures, to control a particular risk/business activity, or a combination of risks/business

activities, to which the company is exposed to or in which it is engaged. A sound internal control function plays a critical role in contributing to the effectiveness of the internal control system. BRAC Bank has a Board-approved ICC policy.

### **Our approach to managing the risk**

Our robust organisational structures enable the active management of ICC risk, driven by a well-formulated Audit Charter that ensures transparency, accountability and authenticity. By virtue of this robust framework, our audit teams have access to information across the bank and are entitled to raise any query deemed fit during the audit process.

### **Mitigation measures**

The bank's Board has established an Audit Committee to monitor the effectiveness of the internal control system. The Audit Committee meets the senior management periodically to discuss the effectiveness of the internal control system and to ensure that the management has taken appropriate actions as per the recommendations of the auditors and the Internal Control and Compliance Division (ICCD).

Further, as per the approved audit plan for the year 2019, ICCD completed the audit and inspection task across branches, SME Unit Offices and head office divisions/departments during the year. Significant deficiencies, if any, identified by the Internal Control team are reported directly to the Board's Audit Committee. In addition to the internal audit and inspection team, the monitoring team conducts surprise inspections at branches and SME unit offices.

With a view to prevent fraud and forgery, BRAC Bank has established a department to deal with such incidences. The investigation wing of the ICC exclusively deals with all kinds of fraud and forgery, and acts independently as the first contact point/information unit where internal/external fraud and forgery incidences are investigated and reviewed. To protect the bank and its stakeholders' interests, this unit conducts thorough investigation to identify perpetrator/s and the root-cause of the reported incident.

Further, as a counteractive course of action, preventive and corrective measures are recommended to the business/functional units to take necessary action relating to process improvements, recovery of misappropriated amount/s and adjustment of the operational loss with appropriate action against the perpetrator/s. The investigation reports are also placed before the Board Audit Committee. The Internal Compliance wing of ICC also ensures the implementation of the recommendations made in the investigation reports. Any violation/breach in

compliance issues are dealt with rigorously.

### **Role of external auditors in evaluating the internal control system**

External auditors, by virtue of their independence from the bank's management, provide unbiased recommendations on the strengths/weaknesses/ shortcomings of the bank's internal control system with regular periodicity. They examine records and transactions and evaluate accounting policies, disclosure policies and methods of financial estimations. This allows the Board and the management to have an independent view of the bank's overall control system. Along with the periodic Bangladesh Bank audits, other external auditors also conduct regular audits to ascertain control lapses within the system.

### **Money laundering risk**

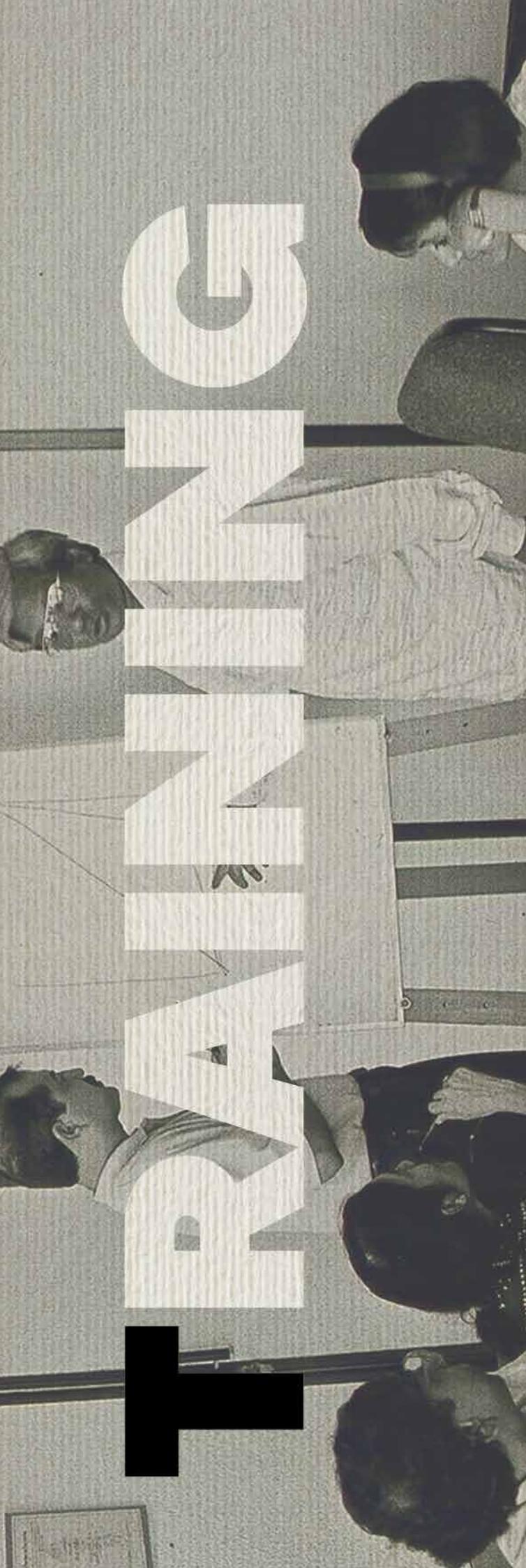
#### **Definition**

Money laundering is deemed as a financial crime that aims to conceal, misrepresent and disguise details with regard to illegal income sources, taking advantage of the vulnerability of the financial institution, mostly in developing countries.

Due to the rapid incorporation of sophisticated technology in a globalised financial sector, money laundering has truly become a worldwide scourge that has widespread economic and social consequences. Hence, Bangladesh has reinforced its anti-money laundering system by introducing and updating legislations and enactments, such as Money Laundering Prevention Act and Anti-Terrorism Act, and enforcing compliance for reporting organisation/s. In addition, being the principal regulatory body of banks/financial institutions, BFIU (Bangladesh Financial Intelligence Unit) has provided valuable supervision through guidance notes, policies, circulars, circular letters, instructions, etc., in compliance with the laws of the land.

### **Our approach to managing the risk**

BRAC Bank recognises its obligation and responsibility to join governments, international organisations and other financial services organisations to close-off financial channels that money launderers and terrorist organisations use for illicit purposes. The bank's Board views money laundering prevention as a core part of its risk management strategy, and not simply as a standalone requirement imposed by legislation. The bank is fully committed to condemn money laundering and terrorist financing.



## Mitigation measures

BRAC Bank has developed a comprehensive policy on money laundering prevention, helping combat terrorism financing and ensuring KYC (know your customer), as approved by the Board. We strive to enhance our policies, procedures, systems and technological infrastructure as per the guidance of our Board and have issued multiple circulars, circular letters and instructions from time-to-time, in compliance with the updated regulations. As part of our anti-money laundering policy, every year, BRAC Bank communicates a statement to all employees through the CEO that clearly sets forth the way forward for the year and shares initiatives taken over the last year pertaining to combating money laundering and terrorist financing.

Further, the bank has also nominated a Chief Anti-Money Laundering Compliance Officer (CAMLCO) and Deputy CAMLCO who together ensure that the bank is compliant with all AML guidelines. In addition, the Branch Anti-Money Laundering Compliance Officer (BAMLCO) is accountable for AML compliance at their respective branch. As part of his/her responsibility, BAMLCO ensures proper KYC and reviews and verifies account transactions to make suspicious transaction reports (STR) and also ensures fostering an AML- and CFT-compliant culture. Training is also conducted regularly for all officers for ensuring KYC compliance and identifying suspicious activities or malicious transactions.

### Monitoring:

Once an account is opened, relevant customer activities and transactions are monitored on an ongoing basis. Inconsistencies are measured against the stated purpose of the accounts, i.e., the customer's declared transaction profile (TP). The following reports are generated at prescribed frequencies to ensure effective monitoring:

- **Excessive Cash Movement Report:** On a daily basis, every branch generates a large value Cash Transaction Report and reviews the transaction pattern to identify any money laundering intent.
- **Exception Report/TP Breach Report:** On a monthly basis, every branch generates an Exception Report of customers whose account transaction volume exceeds the transaction limits mentioned in the TP, for further review. If, after confirming with the client, the transaction trend continues, the dealing officer documents the reason/s behind the changed TP and amends the KYC profile accordingly.
- **CTR (Cash Transaction Report):** Cash transactions (deposits/withdrawals) that breach certain limits set by BFIU are reported to this authority. Before

sending the report to BFIU, the respective branch reviews the transactions to detect any suspicious transactions.

We consider transaction monitoring as a continuous process. High risk accounts are reviewed by the concerned branches annually, while low risk accounts are reviewed based on specific incidents or at 5-year intervals. Transaction profiles are also reviewed and updated on justified grounds with proper documents, wherever applicable.

While monitoring and reviewing these reports, if the branch staff identifies any customer activity/transaction pattern suspicious, they are assigned to raise a Suspicious Transaction Report/Activity Report to BAMLCO. If BAMLCO finds the suspicion justified, he/she forwards the same for CAMLCO's judgment.

Apart from monitoring customer activity and transactions, the branch makes an overall assessment on AML/CFT activity. Self-assessment is documented in the form of a report comprising such details as its owner, its control and supervision and the resultant findings, conclusions and recommendations. A consolidated report on 'Self-assessment and independent procedure' is submitted to the bank's senior management, also indicating an analysis on whether the internal procedures/statutory obligations in combating AML/CFT were adequately discharged.

At BRAC Bank, we have incorporated KYC, due diligence and AML risks along with mitigation plans in our product programme guideline (PPG), and have also developed a comprehensive operations manual for both front line as well as backend employees to help them remain fully vigilant to prevent the abuse of our products and services.

Further, BRAC Bank also focuses on providing training to concerned officials to make them aware and prevent trade-based money laundering.

In addition to the regular reports, we also report suspicious activities/transactions to the Financial Intelligence Unit of Bangladesh Bank and respond to their queries with regards to the activities/transactions. In such cases where there has been a report of a suspicious activity or the institution is aware of an ongoing investigation relating to a client/transaction, records relating to the transaction/client are retained until confirmation is received that the matter has been resolved.

## Information and communication technology (ICT) risk

### Definition

Technology continues to be a strong pillar in the bank's emphasis on providing exceptional experiences to its customers. In line with the key technological trends, the bank has rolled-out various initiatives leveraging mobility, digitalisation and innovation in payments technology. Further, our information security team works as the third-eye for information assurance and manages ICT risks as well. Its vision is to become the centre of excellence for information security management within the banking industry, and to be a frontrunner in this area as the bank develops a robust security architecture and embeds a deep culture of security awareness.

### Our approach to managing the risk

We have an up-to-date ICT security policy that is aligned with the latest Bangladesh Bank ICT guidelines as well as a trusted framework aligned with international standards and controls (COBIT, ITIL, ISO 27001, NIST, GDPR, PCI and SANS). Our ICT policy provides a framework for best practices that are followed by all employees, while also ensuring overall data and information assurance for the organisation. It outlines the responsibilities and requirements of BRAC Bank and its employees with regards to the use of technology and such resources as well.

The bank has embraced strong initiatives to implement Enterprise Vulnerability Management System, which will eventually cover the bank's entire network. Notably, BRAC Bank is the first financial institution in Bangladesh to have adopted such an initiative.

### Mitigation measures

Emerging as the first bank in Bangladesh to have established a 24x7 Security Operations Centre (SOC), BRAC Bank has shifted from passive cyber defence initiatives to active cyber defence strategies. SOC is the dedicated site where enterprise information systems are monitored, assessed and defended.

BRAC Bank has achieved international certification, ISO 18788:2015, for assurance on the quality of its security operations, and also a Cyber Fusion Centre. BRAC Bank is the first and only financial organisation in Bangladesh to have achieved this global recognition on management system for private security operations.

BRAC Bank has already adopted the global standard ISO 27001:2013 for Information Security Management. The bank is the first in Bangladesh to have attained

ISO 27001:2013 international certification for its information security management function and fulfilled this regulatory mandate. Accredited international certification to ISO 27001 demonstrates that the bank has well-defined and focused best-practices in information security processes with an underlying emphasis on continuous improvement.

Through mirroring military 'war game' to ethical hacking, the bank's information security regularly conducts applications/systems security assessments and even vulnerability assessments and penetration testing on the bank's infrastructure/networks through internal certified ethical hackers to protect its data assets. The bank also involves global third-parties for re-validation.

BRAC Bank has also embraced various core technological improvement initiatives, including PCI-DSS compliance, version updation of multiple systems (including core banking, card management and call centre, etc.).

The bank achieved process re-engineering, facilitated by a global consultant, to implement best practices. Further, as part of our governance initiatives, the bank established ICT Security Steering Committee and ICT Steering Committee. For emergency response handling, the bank formed CERT and has also developed BCP.

To ensure high-level of quality and security of our IT systems and in order to ensure compliance with Bangladesh Bank regulations, we have a fully functional Information Security Department with trained and certified resources (e.g. CISSO, CISSP, CISA, ECSA, CCISO, CPISI, CEH, CPEH, LA-QMS, LA-ISMS, CHFI, LPM, Security+, COBIT etc.), tools and senior management support.

## Other risks impacting the business

Core risks represent risks associated with the principal functions of the bank. However, there are some other evolving risks associated with the bank's operations. BRAC Bank remains watchful of these emerging risks and has likewise chalked out strategies for their management and control. Such risks include:

### Environmental and social (E&S) risks

Environmental and social change risks refer to the uncertainty/probability of losses that may originate from any adverse environmental/climate change events (natural or manmade) and/or which are not in compliance with prevailing environmental regulations related to E&S issues. The impact of climate change is undeniable in a country like Bangladesh. Yet, BRAC Bank deals with such challenges proactively. Moreover, additional capital is allocated as per the bank's ICAAP by

considering environmental and social risks. We not only ensure proper mitigation strategies while extending credit facilities, but also involve dedicated relationship managers zone-wise to closely monitor and council customers to help combat unforeseen situations with proactive speed and efficiency. Simultaneously, to safeguard our environment from further deterioration, we strongly emphasise on sustainable banking practices.

### Human resource risk

Human resource risk is the risk that the bank may incur due to loss of valuable personnel, deterioration of morale, inadequate development of human resources and inappropriate working conditions posing a threat to safety, inequality or inequity in human resource management or discriminatory conduct.

At BRAC Bank, all employees need to comply with our code of ethics and conform with the relevant laws and regulations. The bank's HR division ensures this during recruitment, where new recruits understand the code of ethics and business conduct and acknowledge the same.

As a philosophy, we believe in the continuous development of our human resources for obtaining optimum efficiency and hence, our employees are provided with several opportunities to further their career prospects and improve their performance, while being focused on achieving the bank's goals and objectives.

### Concentration risk

As defined in RBCA guidelines, concentration risk arises when a bank invests its majority or all of its assets into a single/handful of individuals/entities/sectors/instruments. When a bank fails to diversify its credit and investment portfolios, concentration risk emerges. A downturn in such targeted sectors/businesses and/or areas may cause losses, leading to capital erosion and also threatening the bank's ability to sustain its operations. In the context of Pillar-II of Basel-III, concentration risk can be of the following two types:

- Credit concentration risk: When a bank's credit portfolio is concentrated within a few individuals/entities/sectors
- Market concentration risk: When a bank's investment portfolio is concentrated within a few instruments/any instruments of a few companies/any instrument of a small number of sectors

At BRAC Bank, we endeavour to manage our credit concentration risk by diversifying our portfolio, both

geographically as well as according to sectors. Being an SME-focused bank, inherently, our portfolio is naturally diversified among small- and medium-sized borrowers. As for Corporate clients, many of them are market leaders and have affiliation with other banks. Thereby, their appraisal and assessment have been done by several parties and is well-established too. Further, though we continue to be watchful, their size, status and reputation helps circumvent any risk concentrations.

### Interest rate risk

Interest rate risk is the potential impact on a bank's earnings or NAV due to changes in market interest rates. In other words, interest rate risk arises when the bank is obliged to pay more interest on its liabilities but cannot extend the surplus charge on its assets. Such risks cannot be eliminated, as the re-pricing period of assets and liabilities are different.

Further, beyond re-pricing, other sources of interest rate risk include:

- Yield curve risk
- Basis risk
- Embedded options

The immediate impact of a variation in interest is on

the bank's net interest income (NII), while a long-term impact is on the bank's net worth, since the economic value of the bank's assets, liabilities and off-balance sheet exposures are affected. Re-pricing schedule is used as an interest rate risk measurement technique, which begins with a maturity/re-pricing schedule that distributes interest sensitive assets, liabilities and off-balance sheet positions into a certain number of pre-defined time bands according to their maturity (fixed rate) or time remaining to their next re-pricing (floating rate).

### Equity price risk

Equity risk is defined as losses incurring from changes in the market price of equity held by a bank.

With a view to measure and identify the risk, mark-to-market valuations of the share investment portfolios are achieved. Mark-to-market valuation is done against a pre-determined limit. Equity risk is also monitored through analysis of proprietary investments on shares by subsidiaries, margin loans against investments in shares by subsidiaries and also loan statements against shares. Equity price risk could be systematic or unsystematic. The former refers to the sensitivity of a portfolio's value to changes in the overall level of equity prices, while the latter is associated with price volatility that is determined by a firm's specific characteristics.

# RISK REPORT

 **15.07%**  
CRAR,  
2019

 **7%**  
Min. CET-1 plus  
capital conservation  
buffer, 2019

 **12.50%**  
Min. Total Capital plus  
Capital Conservation  
Buffer, 2019

## Overview

Risk reporting is an integral part of the BRAC Bank's risk management framework. We aim to continually enhance our disclosures and their usefulness to our readers in the light of developing market practices and our resultant areas of focus. As a result, our disclosures go beyond the minimum required by accounting standards and other regulatory requirements. We continue to support a risk mitigation framework with the remit to broaden and deepen risk disclosures of banks in a number of areas, including credit, market

and liquidity risks. Further, our risk reporting practices help the bank to quantify its risk component to a fairly accurate degree of certainty and to proactively embrace prudent measures to mitigate, control and lessen the intensity of risks based on our risk profile.

At BRAC Bank, our risk reporting practice comprises comprehensive alignment with regulatory disclosures, while also fulfilling our internal requirements, pursuant to the guidelines on risk-based capital adequacy (RBCA) for Basel-III, risk management guidelines as provided by our regulators and other relevant guidelines, as promulgated by the central bank.



### RISK MANAGEMENT REPORT

Our risk management report provides a comprehensive overview of BRAC Bank's risk profile across all key risk dimensions.



### CAPITAL ADEQUACY REPORT

The report gauges the minimum adequacy of the bank's capital against its risk-weighted exposures, based on risk-based capital adequacy (RBCA) guidelines of Bangladesh Bank.



### ICAAP REPORT

This report covers the adequate capital requirements of the bank, considering its entire risk profile.



### STRESS TESTING REPORT

Measures the impact of assumptions on the bank's capital base in different stress-test scenarios.



### PILLAR-III DISCLOSURE

Inspires trust, credibility and transparency in the marketplace.



### INTERNAL RISK REPORTING

Enables the development of sound platforms to escalate risk through:

- Risk register
- Various risk forums

## Adoption of Basel-III standards

The Basel-III regime for banking and financial institutions came into effect on January 1, 2015. Broadly, Basel-III norms require banks to be more conservative in maintaining regulatory capital, thereby creating enough provisions/buffers in the face of any external or exigent shocks, hence ensuring the bank's operational viability and sustainability.

Since Basel-III came into effect, BRAC Bank has been committed to implementing its directives according to the expressed guidelines. Significant changes from Basel-II to Basel-III can be seen in the Minimum Capital Requirement (Pillar-1 of Basel-III) assessment methodology. These include the definition and structure of regulatory capital. In most other guidelines, Pillar-II and Pillar-III remain largely unchanged.

	2015	2016	2017	2018	2019
Minimum Common Equity Tier-1 (CET-1) Capital Ratio	4.50%	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer	-	0.625%	1.25%	1.875%	2.50%
Minimum CET-1 Plus Capital Conservation Buffer	4.50%	5.125%	5.75%	6.375%	7.00%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.625%	11.25%	11.875%	12.50%

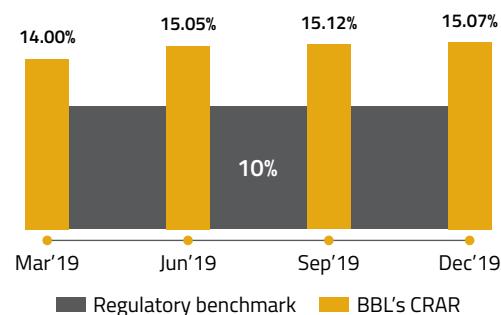
## Minimum capital requirement under Pillar-I of Basel-III

The foundations of Pillar-I of Basel-III represents the computation of minimum capital requirement. This is assessed by considering the aspects of the asset portfolio considered to be most prone to risk. These considerations comprise the following:

- Credit portfolio and market exposures
- Risks concerning the day-to-day operations of the bank
- Inherent risks within the assets themselves

As per the phase-in transition period of Basel-III, by the end of 2019 banks are required to maintain a minimum capital of 12.50% (including a capital buffer of 2.50%), against their total risk-weighted assets. In this regard,

CRAR trend of BRAC Bank



BRAC Bank was successful in maintaining its capital levels above the minimum requirement of Basel-III throughout the year 2019. Moreover, the bank's capital adequacy was better than the industry average during 2019.

Risk type	2019		2018	
	Tk. mn	%	Tk. mn	%
Credit risk	208,534	85%	199,266	85%
On-balance sheet	194,648	80%	179,317	77%
Off-balance sheet	13,886	6%	19,948	9%
Market risk	6,039	2%	7,554	3%
Operational risk	29,828	12%	26,867	11%
Total risk weighted assets	244,401	100%	233,713	100%

## **ICAAP report under Pillar-II of Basel-III**

The Supervisory Review Process (Pillar-II of Basel-III) of the risk-based capital adequacy framework aims to ensure that banks have adequate capital in place to mitigate risks. In doing so, it encourages banks to initiate material action in creating and making proper use of sophisticated risk management tools and

techniques in terms of monitoring and management of risks. Crucially, Bangladesh Bank's Supervisory Review Evaluation Process (SREP) ensures a regular dialogue with the SRP team of banks across the country. This is then followed by any disclosure of results or evaluations of the bank's ICAAP.

BRAC Bank's supervisory review process (SRP) consists of the following:



Adequate oversight and governance by the Board of Directors and the top management



Comprehensive assessment of capital



Comprehensive assessment of risk



Monitoring and reporting



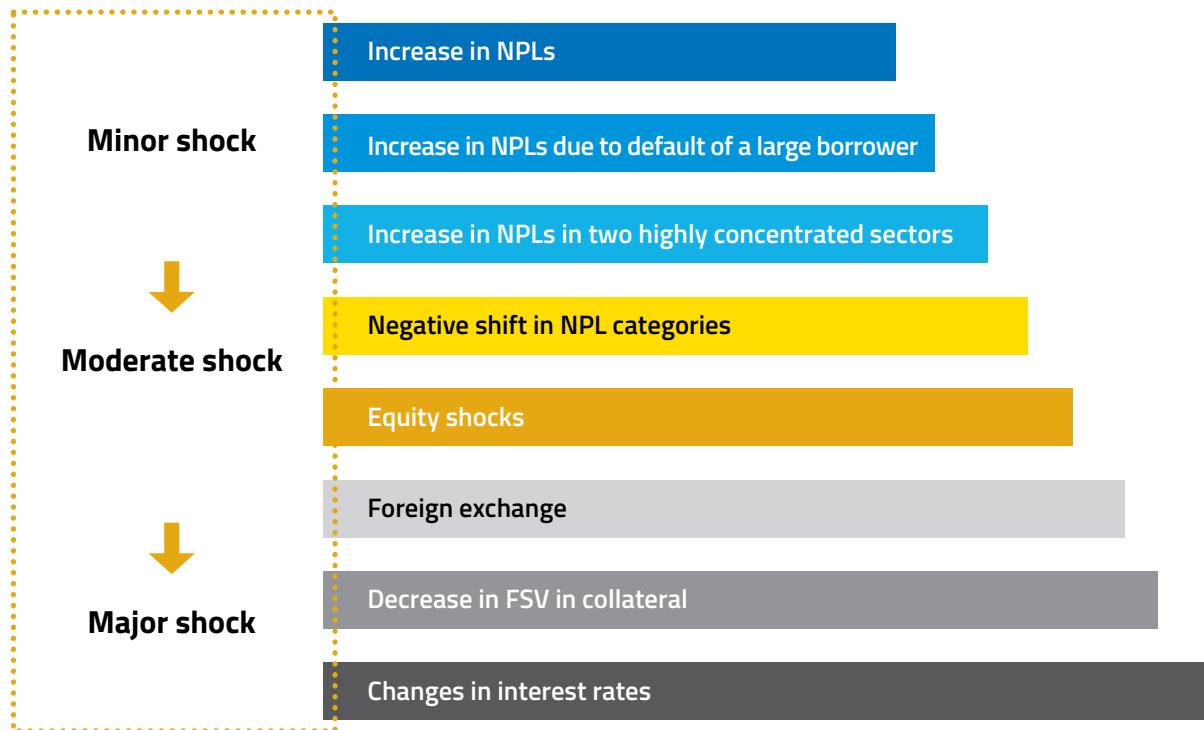
Internal control and review

## **Market disclosure: Pillar-III of Basel-III**

Market disclosure under Pillar-III of Basel-III aims to establish transparency and discipline across financial markets for stakeholders to credibly evaluate a bank's position with regard to its assets. It also facilitates them to appraise risks relating to these assets and the adequacy of commensurate capital to strengthen a bank's capacity to handle any likely losses or for ensuring recapitalisation. Thus, banks must create a set of disclosure principles. These should include information on: assets, risk exposure, risk assessment processes and capital adequacy to meet risks.

## **Stress testing**

BRAC Bank conducts stress testing on a regular basis in order to judge the sensitivity and stability of its capital base. This is done to guarantee that the bank has sufficient capital to overcome any unfavorable or unforeseen situations. These exercises are routinely practiced in Bangladesh and are seen as effective diagnostic and supervisory tools. The sensitivity of the bank's capital base is assessed by the following:



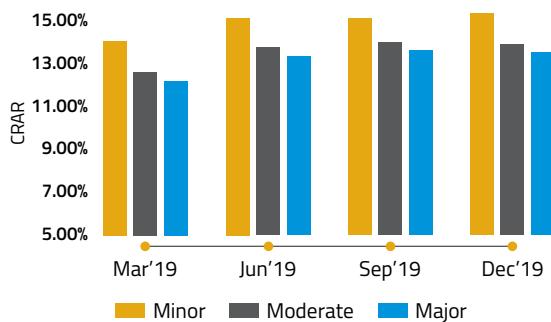
The following methods are consistently applied to measure and quantify the impact of the above factors in the context of the SRP:

- **Simple sensitivity tests:** These tests help to determine short-term sensitivity to a single risk factor
- **Scenario analyses:** These involve risk parameters (with low but positive probability), which change along a pre-defined scenario and the assessment of the impact of these parameters

### Negative shift in NPL categories

This parameter signifies the proportion of loans shifting from one NPL category to the next category. This is judged on the assumption of 5%, 10% and 15% downward shifts in the NPL categories in minor, moderate and major levels of shock, respectively. Importantly, BRAC Bank's CRAR remains well above regulatory requirements, even upon absorbing all three levels of shock, ensuring heightened levels of stability.

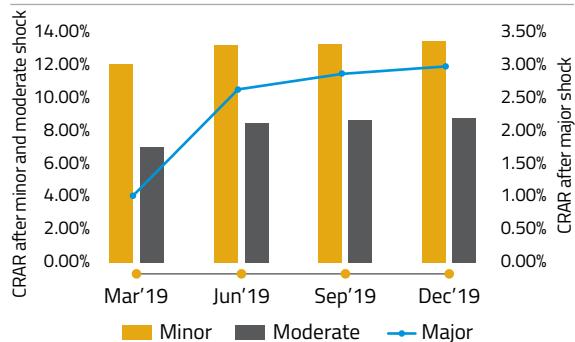
### Negative shift in NPL categories



### Increase in NPLs

This parameter signifies the bank's condition when NPLs increase significantly. It is anchored on the assumption that 3%, 9% and 15% of the performing loans will be downgraded to the bad/loss category with 100% provisioning requirement in minor, moderate and major levels of shock, respectively. After the shock scenario, BRAC Bank's CRAR is impacted negatively, although the severity of the impact has diminished in 2019. However, to overcome this issue, we relentlessly emphasise on improving our asset quality.

### Increase in NPLs



## Equity shock

This demonstrates the bank's status when the market value of its shares declines markedly. It is judged according to the proposition that the share price will change by 10%, 20% and 40% in minor, moderate, and major levels of shock, respectively. Taking these metrics into account, BRAC Bank's CRAR remains above regulatory requirements, even after the application of all three levels of shock.

## Interest rate shock

The accompanying infographic displays the bank's capital status when interest rates change sharply. It is premised on the assumption that interest rates will change by 1%, 2% and 3% in minor, moderate and major levels of shock, respectively. BRAC Bank's CRAR remains unchanged, as compared to the minimum regulatory requirements, even after taking into cognisance all the three levels of shock.

## Foreign exchange shocks

This metric demonstrates the status of the bank when exchange rates change markedly. It is anchored on the assumption that exchange rates will change by 5%, 10% and 15% in minor, moderate and major levels of shock, respectively. Thus, taking this into account, BRAC Bank's CRAR remains above the regulatory requirement, even after considering all levels of shock.

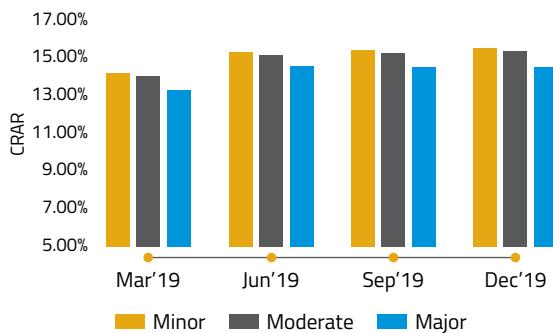
## Risk management paper

The banking and financial services industry of Bangladesh is at the vanguard of economic progress and development. The government recognises the importance of financial institutions in providing growth capital to further the commercial/industrial landscape of the country.

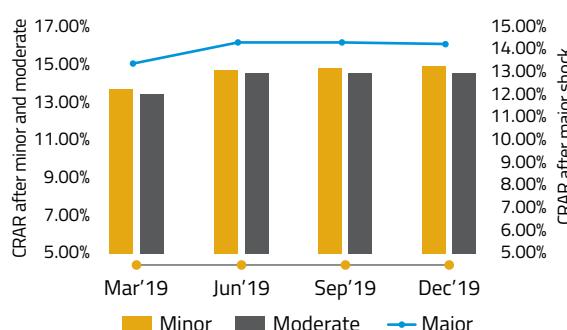
Towards this extent, as part of Bangladesh Bank's efforts to reinforce risk management across the banking industry, a risk management paper (RMP) was disseminated by the apex body, which has become a momentous approach in ensuring effective risk mitigation. The RMP underscores a bank's comprehensive risk profile, considering significant risk parameters. In addition, RMP also empowers banks to foresee opportunities and threats, while providing a substantive framework for them to take risks and adopt commensurate mitigation measures to advance their own growth prospects.

BRAC Bank submits its detailed RMP to Bangladesh Bank on a quarterly as well as bi-annual basis. Within the RMP, the following key aspects, each having their own sub-components, are considered:

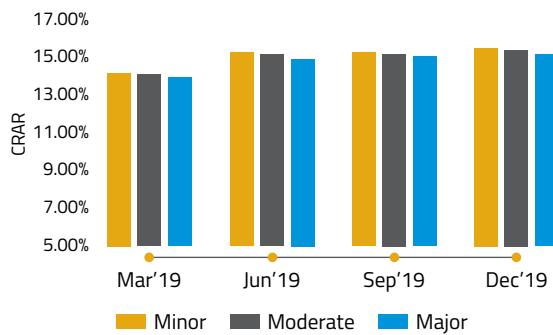
## Equity shock



## Interest rate shock



## Foreign exchange shocks



- Capital adequacy
- Credit risk
- Off-shore banking operations
- Market risk
- Information with regards to profitability (YTD)
- Liquidity risk
- Operational risk
- Audit compliance
- Reputational risk

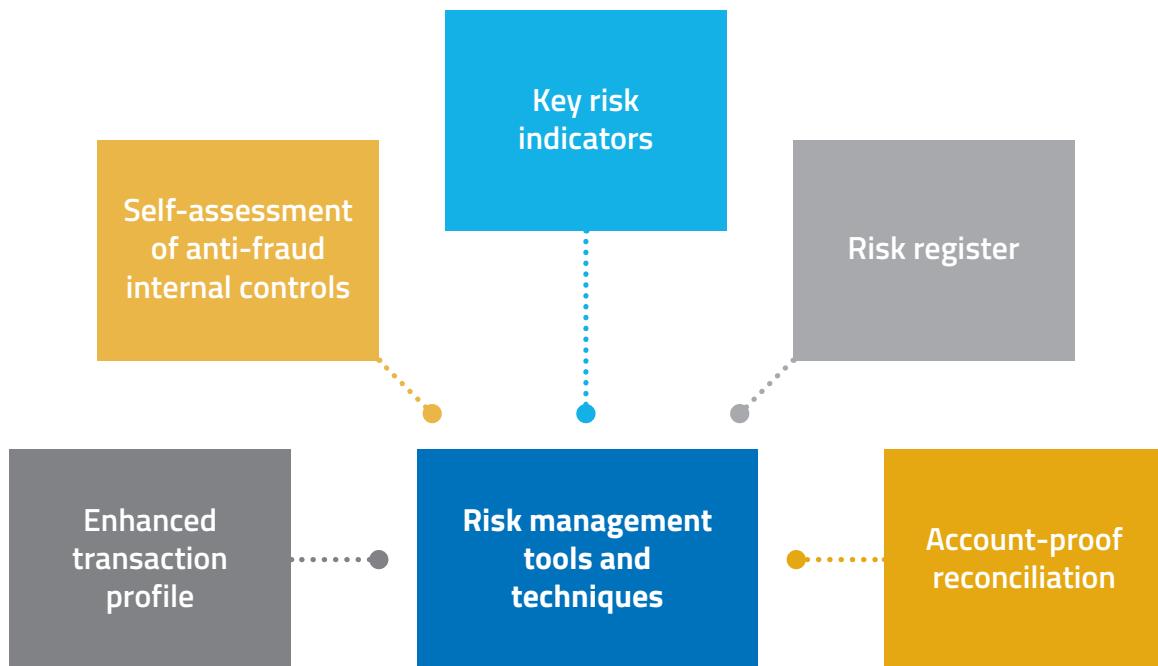
- Money laundering risk
- General compliance with risk
- Performance of the Board of Directors

### **Internal risk reporting**

BRAC Bank has put in place a dedicated team, which endeavours to ensure proper and adequate risk escalation, mitigation and circumvention. It also

monitors operational risks likely to occur across the bank's different business operations.

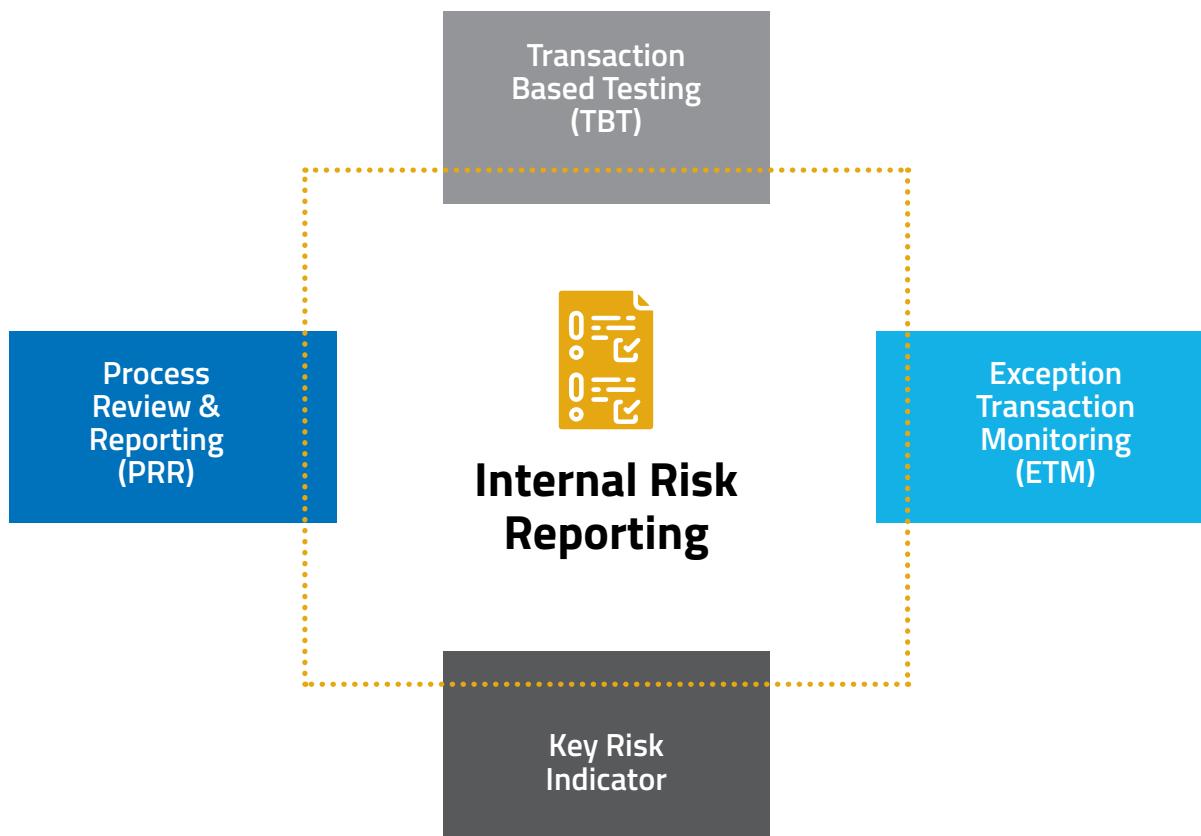
Various existing risk factors across the bank are raised onto a unified platform on a monthly basis to help in the adoption of a comprehensive evaluation process based on a top-level view. This is for enabling the leadership to bring forth their immediate attention to these risks and facilitate consequent mitigation through their guidance and supervision.



Upon proper risk resolution initiatives and ensuring that adequate mitigation measures are put in place, these risks are passed on for Board-level oversight, thereby ensuring that we blunt the impact of such risks to the maximum extent possible, while also ensuring that the organisation is future-proofed should such risks emerge again in the times ahead.

In addition to this, with a view to further buttress our risk framework, an emergency risk resolution platform has been exclusively created to oversee ad-hoc and unanticipated risk events. This helps to ensure that risks are identified, measured, mitigated and controlled on a 360-degree basis.

## Internal risk reporting coverage



### Transaction-based testing (TBT)

- Preparation of terms of reference (ToR)
- Conducting transaction-based testing as per ToR

### Exception transaction monitoring (ETM)

- Identification of exceptional/abnormal transactions
- Coordination with relevant stakeholders to verify authenticity and legitimacy

### Key risk indicators

- Detection of key risk trends and the way these impact the business
- Risk documentation and archival for future referencing

### Process review and reporting (PRR)

- Communicate with stakeholders to enable them to comprehend existing risk processes
- Identify gaps and initiate proportionate resolutions (if required)

# A NOTE ON SUSTAINABILITY BANKING

## Introduction

Climate change is a very real threat as its impact is visible around the world, especially in terms of the economic and humanitarian loss wreaked by extreme weather events that are conclusively the result of climate change.

With a view to counter the impact of climate change across the globe, relentless efforts are being made to measure and mitigate climate change risks.

Bangladesh is one of several nations to have made a commitment to controlling such threats. To supplement governmental efforts, banks in the country assume a share of the ecological responsibility to ensure substantial reduction in carbon emissions. However, it must be mentioned that by the inherent operational characteristics of a bank, its internal operations have a far less environmental impact, as compared to, say, a company operating in the industrial sector. However, decisions of banks can still impact the environment considerably, particularly in respect to environmentally-responsible lending. It is, after all, banks that primarily finance major industrial projects, some of which may contribute to unchecked carbon emissions.

Banks therefore have a major responsibility to balance sustainable economic development with environmental protection across its lending strategies. In this context, 'green banking' is pertinent. It refers to activities that assist banks in showcasing their environmental responsibility in terms of lending only to projects that demonstrate the protection of environmental depletion or contribute to enhanced ecological security. Often, green banking practices help finance clean technologies and projects that seek to mitigate pollution. Indeed, green banking is an avatar of sustainable banking that signifies funds mobilisation for socio-environmentally sound projects, thus fulfilling the needs of today without endangering tomorrow. Ecological preservation and sustainable development are widely considered to be the core proponents of thwarting the negative impacts of climate change.

The United Nations' Sustainable Development Goals (SDGs) reflect an agenda of worldwide significance. Along with most nations, Bangladesh is making determined efforts to attain these SDGs at the national level and has expressed attainment of the goals within

the year 2030. Such a public undertaking demands co-operation and collaboration between various stakeholders. Among them, banks and FIs that underpin economic expansion to a consequential extent, have to fulfill a central role. The basic tenets of sustainable banking include the following:

- Environmentally-friendly or 'green' banking
- Corporate social responsibility (CSR)

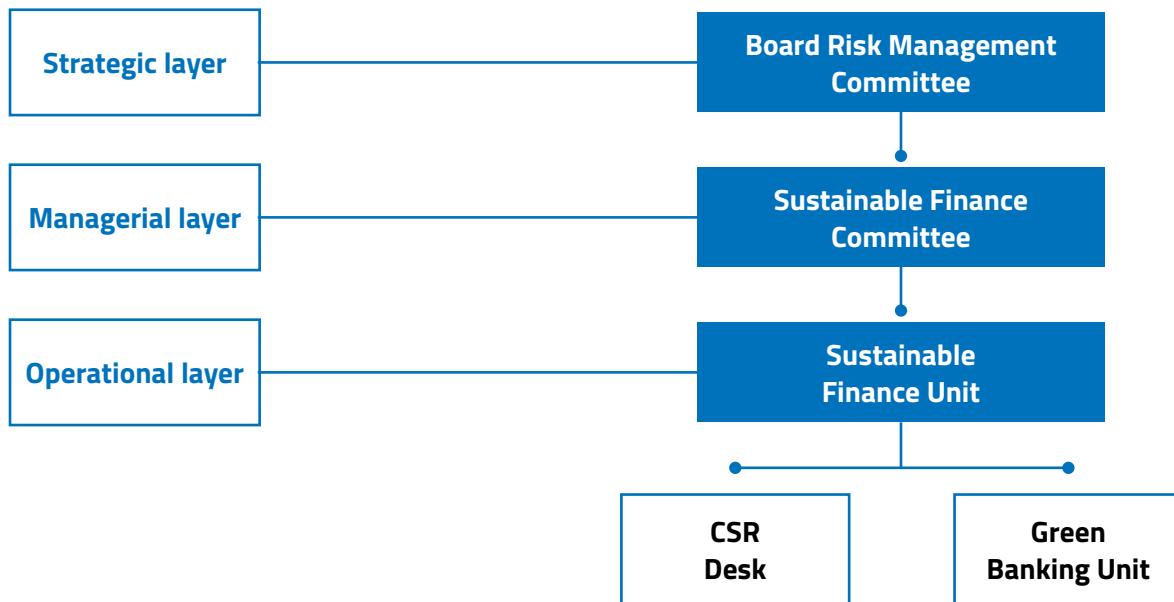
At BRAC Bank, we believe that well-meaning endeavours can safeguard long-term sustainability, without having to compromise on long-term growth aspirations. Importantly, Bangladesh Bank encourages green banking and CSR as key components of ensuring a sustainable impact. BRAC Bank has acted accordingly and has established a Sustainable Finance Unit (SFU) as part of its credit risk management practice, thereby aligning with regulatory requirements, while also opening up an exciting and highly responsible credit channel.

## Purpose and scope

This disclosure outlines the alignment of our banking philosophies with our everyday operations and showcases our contribution to enhanced regulatory compliance. Crucially, we stringently abide by regulatory guidelines and embrace international best practices within our green banking unit. In 2019, we took some bold steps in this regard. The new initiatives introduced not only cater to the expectations of our key stakeholders and shareholders, but also harnesses the economic growth potential to create a sustainable development impact on the country.

## BRAC Bank's sustainability framework

To monitor SFU's activities, BRAC Bank has established a Sustainable Finance Committee (SFC). Both the SFU and SFC were established with our Board's approval. SFC comprises top management officials, chaired by the Deputy Managing Director and CRO. It guides the activities of SFU, adhering to the terms of reference as laid out by Bangladesh Bank. The Board Risk Management Committee (BRMC) serves as the apex authority, supervising all of the bank's sustainability activities and initiatives.



BRAC Bank's BRMC is authorised to approve budgets for green/CSR activities. SFC meets on a monthly basis to guide and review all of SFU's deliverables.

Driven by its '3P' philosophy (people-planet-prosperity), BRAC Bank has prioritised responsible and sustainable banking across Bangladesh's real economy. Indeed, the bank's values-based ethos and unique culture advocates sustainable banking across all levels. Central to this is our devoted SFU which works extensively with multilateral stakeholders to help the bank achieve its green aspirations. With regulatory reporting and even reporting to our developmental finance institution partners, activities of SFU are being strictly monitored by both regulators as well as key stakeholders. Contributing significantly to Bangladesh's SDG efforts, BRAC Bank stands out from competition in terms of its vision and strategy in green and sustainable financing.

### Our galaxy of partners furthering our sustainability vision

In September 2013, Bangladesh Bank introduced transformative guidelines on green banking. BRAC Bank, as a leading financial institution of the country, is among the handful of banks to have adopted its principles – in both letter and spirit. Since the bank's inception, two special units have been dedicated to attain the following:

- Relentless pursuit of environmentally and socially responsible initiatives
- Integration of environmental and social considerations into the bank's product design, strategic planning and policies

Under the stewardship of SFC, SFU is at the core of BRAC Bank's sustainability efforts.



## Environmental and social risks and opportunities

BRAC Bank embraces its sustainability responsibilities seriously. It abides by all relevant regulations and applies the highest standards of environmental protection and social welfare. The bank adheres to Bangladesh Bank's guidelines on Environmental & Social Risk Management (ESRM) for banks and financial institutions, dated February 8, 2017. Meanwhile, the Environmental Conservation Rule, 1997, forms the bedrock and an integral element of its credit risk assessment framework. In this respect, loan proposals over a certain amount are subject to comprehensive environmental and social due diligence. Within its environmental risk assessment framework, the bank complies with the IFC Safeguard for financing project proposals. Keeping all E&S compliances and considerations in mind, we have constituted a Board-approved Environmental & Social Safeguard Policy to supplement all E&S issues within our organisation.

## Our sustainable financing scope

As part of our co-operation framework with multilateral organisations to enable the application of best global E&S practices, BRAC Bank extensively customises its financial propositions to support customers to adopt green technologies. Examples of such efforts include:

51 products under Bangladesh Bank's Green Refinancing Scheme across the following business segments:

**Renewable energy:** Solar, biogas, wind and hydro-electricity

**Energy efficiency:** Intervention based on energy audits, LED lights, etc.

**Solid waste management:** Composting, electrification, etc.

**Liquid waste management:** ETP, STP, WWTP, etc.

**Recycling:** Plastic, paper and battery recycling

**Non-fire block brick:** Compressed block bricks

**Alternative energy:** Tire pyrolysis

**Fire brick:** Conversion, HHK, tunnel

**Miscellaneous:** Palm oil, vermi-composting, etc.

A unique green product named 'Planet Solution' that offers tailored green products, meeting customers' needs to adopt green technologies.



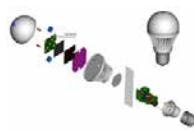
## Our green banking portfolio, 2019

BRAC Bank's green portfolio stood at BDT 10,133.09 mn as of December 31, 2019:



**BDT 6,937.9 mn**

Green industry



**BDT 58.28 mn**

LED assembly plant



**BDT 58.91 mn**

Energy-efficiency



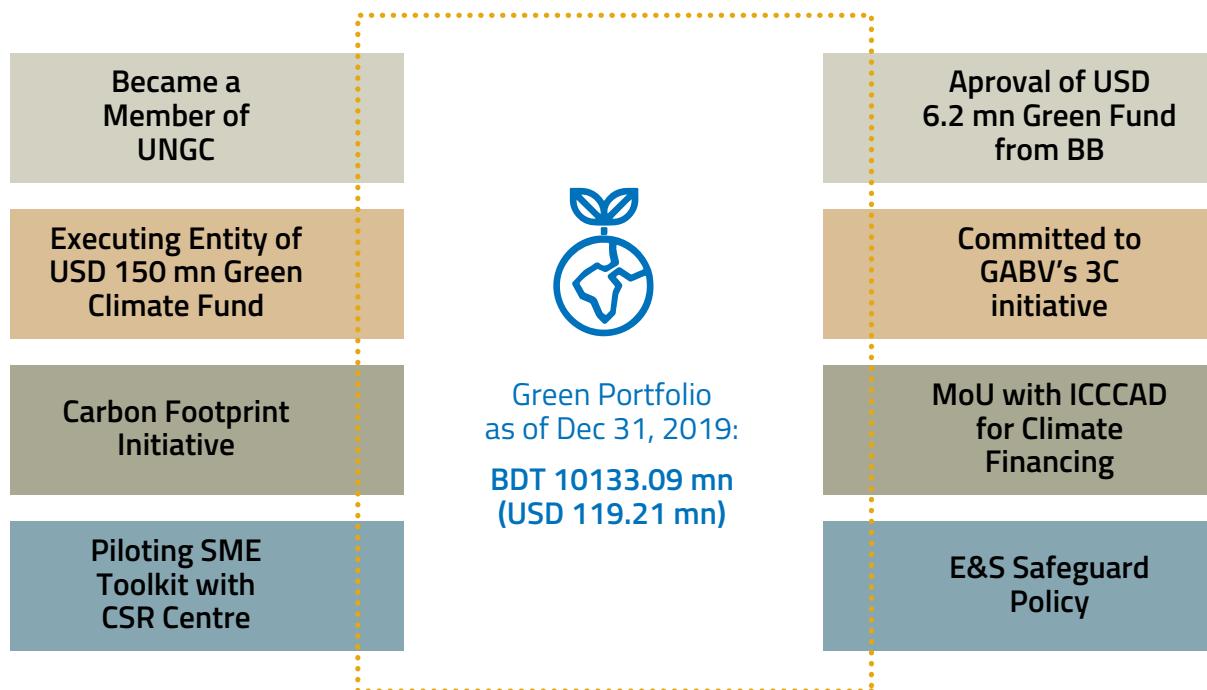
**BDT 0.30 mn**

Effluent treatment plant (ETP)

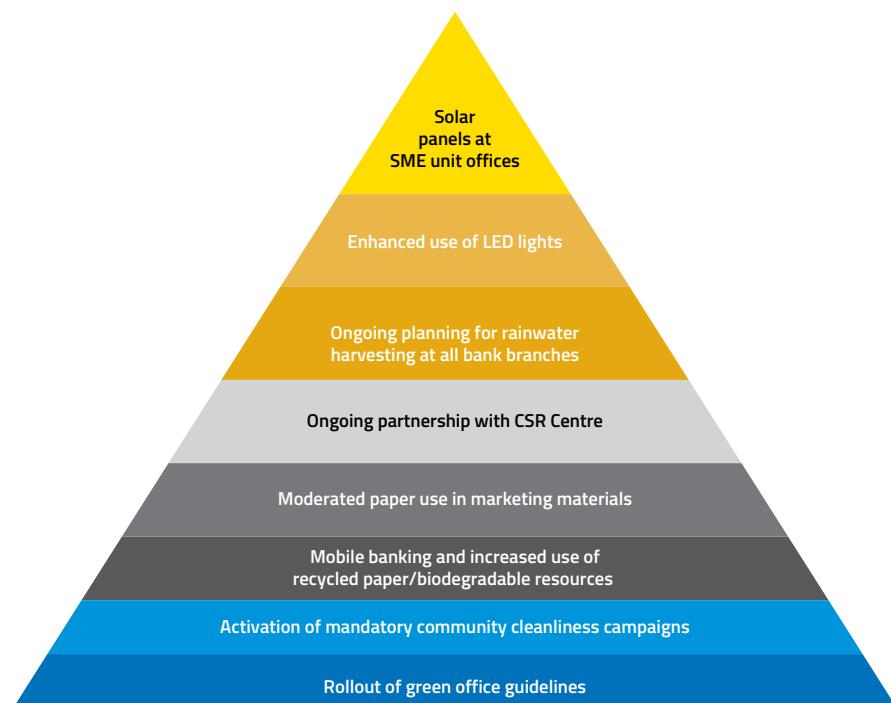
We support:



### Key milestones, in 2019



### Green initiatives embraced within the bank

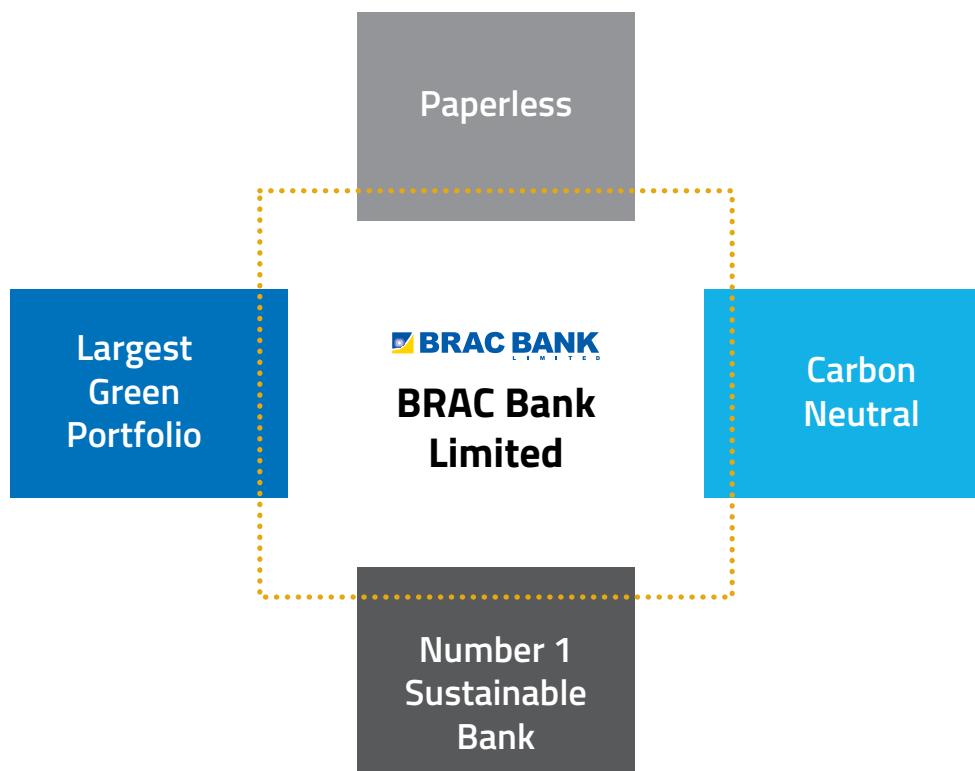


## Conclusion

Banks and financial institutions can contribute significantly to ensuring the planet's sustainability. BRAC Bank's efforts in this regard are creditable, especially in its green banking and CSR activities. The bank is of the firm view that both these elements are imperative for achieving long-term stability of the financial sector. By acting responsibly, BRAC Bank's green strategies and initiatives of today will have an indelible impact on a greener tomorrow.

Notably, our proactive measures reduce our carbon footprint and enhance environmental and ecological

awareness. Green banking encourages our customers to be more environmentally-conscious, and to contribute to making the world a cleaner and healthier place. We further believe that opportunities are abundant in renewable energy, as well as in shared carbon reduction initiatives, such as sustainable logistics and transportation. These can be fully achieved when all economic constituents unify in meeting common goals and objectives. It is here that banks will have to play a more meaningful and central role. In this context, BRAC Bank pursues pioneering initiatives in green banking that will further advance our vision of becoming the best bank of Bangladesh.



# RISK MANAGEMENT COMMITTEE MEETINGS

BRAC Bank's Risk Management Committee (RMC) reviews and monitors the overall risk management system of the bank.

## **Risk Management Committee composition**

The Board of Directors formed a three-member Risk Management Committee (RMC), and the first meeting was held on 9th June, 2014.

The objective of this Committee is to reduce probable risks arising during implementation of Board-approved policies, procedures and strategies, and the chief function is to enable continuous scrutiny and supervision of RMD to ensure appropriateness and integrity of the risk management mechanism and framework.

The Board Risk Management Committee is valid for the period January' 2019 to October' 2019:

Out of the 3 (three) members of the RMC, two of them are Independent Directors, and one is a Nominated Director. Their details are appended below:

Sl.no.	Name	Status with the bank	Status with the Committee
1.	Dr. Ahsan H. Mansoor	Independent Director	Chairman
2.	Mr. Shib Narayan Kairy	Nominated Director	Member
3.	Mr. Kazi Mahmood Sattar	Independent Director	Member

The Board Risk Management Committee is valid for the period November' 2019 to December' 2019:

Out of the 2 (two) members of the RMC, one of them is an Independent Director and one is a Nominated Director. Their specifications are appended below:

Sl.no.	Name	Status with the bank	Status with the Committee
1.	Ms. Fahima Choudhury	Independent Director	Chairman
2.	Mr. Asif Saleh	Nominated Director	Member

The Company Secretary of the bank acts as the Secretary of the Risk Management Committee, and the Head of Regulatory Affairs & CAMLCO of the bank reports to the Chairman, Risk Management Committee.

## **Participation of non-members**

Representatives of the Operational Risk Management team attended and participated in the meetings of the committee. The Managing Director and DMD & CRO, DMD & COO, DMD & CFO attend the meetings of the Committee, together with other pertinent members of the Management, as determined by the Committee.

## **Roles and responsibilities of RMC**

The roles and responsibilities of the RMC has been enclosed in line with the Risk Management Guidelines for Banks, DOS Circular No. 04, dated 08 October 2018, and other best practices. Some important roles and responsibilities are highlighted below:

- Ensure an adequate organisational structure for managing risk within the bank. The RMC will supervise the formation of separate management-level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control and compliance risk, money laundering risk and information and communication risk, including other risk-related guidelines.
- Formulation and implementation of appropriate strategies for risk assessment and its control. The Committee will review the risk management process to ensure effective prevention and control measures.
- Formulating and reviewing (at least annually) risk management policies and strategies for sound risk management;
  - The Committee (RMC) reviews the risk management policy of the bank and modifies the same as per requirements, from time to time. Any other policies related to risks, or where a review is required from the risk perspective, will be vetted by the Committee (RMC) before getting final approval from the Board of Directors.
- Supervising the activities of the Executive Risk Management Committee (ERMC);
- Ensuring compliance of BB instructions regarding implementation of core risk management;
- Ensuring formulation and review of risk appetite and limits, and recommending these to the Board of Directors for their review and approval;
- Analysing all existing and probable risk issues in the meeting, taking appropriate decisions for risk mitigation, incorporating the same in the meeting minutes and ensuring follow-up of the decisions for proper implementation;
  - The committee monitors the implementation status of the risk management policy of the bank and examines whether remedial measures have been taken to minimise the risks of the bank. This committee also keeps an eye on the summary of the activities and issues of the risk management forum which is chaired by the Chief Risk Officer, named as ERMC (Enterprise Risk Management Committee)
  - Assessing overall effectiveness of the risk management functions on a yearly basis

### **Risk Management Committee meetings during the year**

Bangladesh Bank advised RMC to hold at least 4 meetings in a year. The Risk Management Committee of our bank convenes once in every two months, but an emergency Risk Management Committee meeting can be called, if required. A total of 4 (four) Risk Management Committee meetings were held during 2019 and had detailed discussions and review sessions with the management regarding their findings, observations and recommendations on the issues related to the bank's affairs that needed improvement. The meeting dates were as follows:

Sl.no.	Meetings Serial Numbers	Dates
01.	26th RMC Meeting	13th February, 2019
02.	27th RMC Meeting	13th May, 2019
03.	28th RMC Meeting	18th July, 2019
04.	29th RMC Meeting	20th November, 2019

## Major areas focused by RMC in 2019

Date	Attendees	Focus points
13th February, 2019 26th RMC	Dr. Ahsan H. Mansoor  Mr. Shib Narayan Kairy	<p>The minutes of the 25th Meeting of the Risk Management Committee was placed and noted.</p> <p>Informative memo on updates of the agenda presented in the 25th Meeting of the Risk Management Committee was placed before the Risk Management Committee and was noted.</p> <p>A detailed analysis on lost/stolen laptop and insurance coverage was presented to the Risk Management Committee. The Committee is satisfied with the insurance claim amount received from the insurance company.</p> <p>In reference to CRM Policy and a specific amendment note upon financing to 'perishable items with shelf-less life less than 60 days' was explained to the Risk Management Committee and the same was noted duly.</p> <p>Regarding Speak Up Policy, the Risk Management Committee suggested to disseminate the policy pan-bank.</p> <p>The Management advised to formalise the SKIP LEVEL methodology during audit/monitoring at branches to know the behaviour, attire, gesture, etc., of the staff and to capture it in the report.</p> <p>Informative memo on ERMC (128th &amp; 129th ERMC) summary was placed to the Risk Management Committee. The Committee reviewed the Enterprise Risk Management Committee (ERMC) meeting discussion points and was duly noted.</p> <p>The Operational Risk Management team prepared a HEAT MAP on the top risks the and risk universe of the bank and placed it before the Committee. The Committee appreciated and was duly noted.</p> <p><b>Risk-MIS snapshot for 2018:</b></p> <p>The snapshot of Risk-MIS for 2018 was presented. The Head of Operational Risk informed the Committee that an inventory of all risks is being prepared and will be shown to the Committee.</p> <p><b>Risk Management Awareness:</b></p> <p>Update of the Risk Management Awareness programme has been presented before the Risk Management Committee. MD &amp; CEO instructed the ORM team to roll out this activity across all branches and units of the bank and complete by December 2019. The Risk Management Committee appreciated the initiative taken by the Operational Risk Management team.</p> <p>Informative memo on Bangladesh Bank ICT Guideline compliance status update was placed to the Risk Management Committee and was duly noted.</p> <p>Informative memo on BB Self-Assessment of Anti-Fraud Internal Controls Compliance status was updated and was placed before the Risk Management Committee and was duly noted.</p> <p>Also the Risk Management Committee suggested that the anticipated time should be considered while finalising the project plan.</p> <p>Informative memo on Cyber Security Assessment by Big 4's current status update was placed before the Risk Management Committee and was duly noted.</p> <p>Informative memo on Vulnerability Assessment on critical systems by IS was placed before the Committee. The Management updated the Committee on the current status.</p>

Date	Attendees	Focus points
		<p>An informative memo on Information Security Strengthening initiatives update was placed before the Risk Management Committee and was discussed and was duly noted.</p> <p>An informative memo on the top-50 customers of the Corporate portfolio was placed before the Risk Management Committee and was duly noted.</p> <p>An informative memo on summary of Credit Inspection &amp; Monitoring Report was placed before the Risk Management Committee and was duly noted.</p>
13th May, 2019 27th RMC	Dr. Ahsan H. Mansoor Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	<p>The minutes of the 26th Meeting of the Risk Management Committee was placed and was duly noted.</p> <p>An informative memo on updates of the agenda presented in the 26th Meeting of the Risk Management Committee was placed before the Risk Management Committee and was noted.</p> <p>Speak Up Policy: In reference to the Speak Up Policy, the Risk Management Committee suggested to the Head of HR to test how effectively the said policy was being followed.</p> <p>The Management updated the Risk Management Committee that an enriched version of the Speak Up Policy, named 'Safeguarding Policy' was in the pipeline for finalisation and would be rolled out by 2019.</p> <p>Central Login System: The Management updated the Committee that the Central Login Application would be implemented by the 3rd quarter, 2019, with Central Logic Password policy.</p> <p>Single Sign On (SSO): The Risk Management Committee agreed with the proposal for the implementation of Enterprise-level Single Sign On (SSO). The Committee advised the Information Security to further explore this for implementation and float RFP.</p> <p>Insurance Company: The Risk Management Committee advised to select a panel from the insurance companies (5 or 10 as appropriate), which will be applicable for the client. The Head of CAD will prepare the panel.</p> <p>Informative memo on ERMC (130th &amp; 131st ERMC) summary was placed before the Risk Management Committee. The Committee reviewed the Enterprise Risk Management Committee (ERMC) meeting discussion points and duly noted those.</p> <p>The Operational Risk Management team prepared a revised HEAT MAP of the top risks facing the bank and placed it before the Committee. The Committee appreciated and duly noted it.</p> <p>The Risk Management Committee suggested to place the Fraud Prevention, Detection &amp; Mitigation Policy to the next Board meeting for approval.</p> <p>An informative memo on quarterly update for BOD (Board of Directors) - Summary of BRMC update was placed before the Risk Management Committee and was duly noted.</p> <p>An informative memo on Bangladesh Bank ICT Guideline compliance status update was placed before the Risk Management Committee and was duly noted.</p> <p>An informative memo on Bangladesh Bank Self-Assessment of Anti-Fraud status update was placed before the Risk Management Committee and was duly noted.</p> <p>An informative memo on Cyber Security Assessment by Big 4's current status update was placed before the Committee and was duly noted.</p>

Date	Attendees	Focus points
		<p>An informative memo on Vulnerability Assessment on critical systems by IS and current status update was placed before the Risk Management Committee and was discussed and duly noted.</p> <p>An informative memo on IT Service Interruption status update was placed before the Risk Management Committee and was discussed and duly noted.</p> <p>An informative memo on the top-50 customers of the Corporate portfolio was placed before the Risk Management Committee and was duly noted.</p> <p>An informative memo on the summary of Credit Inspection &amp; Monitoring Report was placed before the Risk Management Committee and was duly noted.</p>
18th July, 2019 28th RMC	Dr. Ahsan Mansoor  Mr. Shib Narayan Kairy  Mr. Kazi Mahmood Sattar	<p>The minutes of the 27th Meeting of the Risk Management Committee was placed and duly noted.</p> <p>An informative memo on updates of the agenda presented at the 27<sup>th</sup> Meeting of the Risk Management Committee was placed before the Risk Management Committee and was duly noted.</p> <p><b>Speak Up Policy:</b> In reference to the Speak Up Policy, the Management updated that an electronic survey would be conducted to measure the understanding of employees regarding this policy.</p> <p><b>Safeguarding Policy:</b> The Risk Management Committee suggested to the Head of HR to place one mentor from BRAC, who would work with the designated staff of the bank on the Safeguard Policy.</p> <p><b>Central Login System:</b> The Management updated the Committee regarding the Central Login Application which would be implemented by the 3rd quarter, 2019, along with the Central Logic Password policy.</p> <p><b>Single Sign On (SSO):</b> The Management updated the Committee about SSO with the required details. The Head of IS briefed that a re-tender process was initiated, which could take around 3 months for evaluation.</p> <p><b>Insurance Company:</b> The Risk Management Committee suggested that insurance companies rated below '2' should be eliminated from the empanelment list of the bank.</p> <p>The Risk Management Committee also advised Head of CAD to see for how many cases the bank had taken the relevant documents evidencing 'Reinsurance' of the underlying collaterals/property. The Committee advised Head of CAD to take reinsurance-related documents, going forward.</p> <p>An informative memo on ERMC (132nd &amp; 133rd ERMC) summary was placed before the Risk Management Committee. The Committee reviewed the Enterprise Risk Management Committee's (ERMC's) meeting discussion points and duly noted those.</p> <p>Head of Operational Risk Management presented a HEAT MAP of the top risks of the bank before the Committee.</p> <p>i. Heat map for top risks: The Committee appreciated it and duly noted it.</p> <p>ii. Other risks: The Head of Operational Risk Management explained 23 other risks which are being managed by other risk committees of the bank. The Committee duly noted the update.</p>

Date	Attendees	Focus points
		<p>iii. Risk paper:</p> <p>The Head of Operational Risk Management updated the Risk Management Committee about the Risk Papers which have been prepared in line with the Risk Management Guideline issued by Bangladesh Bank.</p> <p>The Risk Management Committee suggested that product-wise risk categorisation should be done in the Credit Risk paper.</p> <p>iv. Risk Management Workshop-Half Yearly Update:</p> <p>The Head of Operational Risk Management updated the Risk Management Committee regarding half-yearly progress on Risk Management Workshop, which is an initiative to strengthen the risk culture within the organisation. The Risk Management Committee appreciated it and duly noted it.</p> <p>An informative memo on quarterly update for BOD (Board of Directors) - Summary of BRMC update was placed before the Risk Management Committee and was duly noted.</p> <p>An informative memo on Bangladesh Bank Self-Assessment of Anti-Fraud status update was placed before the Risk Management Committee and was duly noted.</p> <p>An informative memo on IT Service Interruption status update was placed before the Risk Management Committee, was discussed and was duly noted.</p> <p>An informative memo on the top-50 customers of the Corporate portfolio was placed before the Risk Management Committee and was duly noted.</p> <p>An informative memo on Summary of Credit Inspection &amp; Monitoring Report was placed before the Risk Management Committee and was duly noted.</p>
20th November, 2019 29th RMC	Ms. Fahima Choudhury  Mr. Asif Saleh	<p>The minutes of the 28th Meeting of the Board Risk Management Committee was placed and duly noted.</p> <p>An informative memo on updates of the agenda presented in the 28th Meeting of the Board Risk Management Committee was placed before the Risk Management Committee and was noted.</p> <p><b>Speak Up Policy:</b> The Chair of the Committee suggested that a hotline number or a dedicated email ID should be created for all staff of the bank so that they could send their concerns easily.</p> <p><b>Central Login System:</b> The Management updated the Committee regarding the Central Login Application which has already been implemented along with the Central Logic Password policy.</p> <p><b>Single Sign On (SSO):</b> The Management updated the Committee about SSO with the required details. The Head of Information Security briefed that a re-tendering process was initiated, where 6 vendors had applied, which may take around 3 months for evaluation. SSO implementation may take around 2 years considering the number of systems and applications to be integrated. The Head of IS updated the Committee that this project was on track.</p> <p><b>Insurance Company:</b> The Management updated the Committee regarding the 'Reinsurance' process of the bank. The Committee duly noted the update.</p> <p><b>Fire Safety &amp; Security:</b> The Management updated the Committee regarding the findings of the fire safety audit conducted by external consultant 'MIGUNS TECHNOLOGIES LIMITED' and explained the budgetary requirements.</p>

Date	Attendees	Focus points
		<p>An informative memo on ERMC (134th, 135th, 136th and 137th ERMC) summary was placed before the Committee. The Committee reviewed the Enterprise Risk Management Committee (ERMC) meeting's discussion points and duly noted those.</p> <p>The Management presented a HEAT MAP of the top risks of bank before the Committee.</p> <p>i. Heat map for top risks:</p> <p>The Committee appreciated it and duly noted it.</p> <p>ii. Other risks:</p> <p>the Head of Operational Risk Management explained 30 other risks which were being managed by the ERAF Risk Committee of the bank. The Committee duly noted the update.</p> <p>The Board Risk Management Committee suggested to place the Document Archiving Management Policy to the next Board meeting for approval.</p> <p>An informative memo on quarterly update for BoD (Board of Directors) – Summary of BRMC update was placed before the Committee and was duly noted.</p> <p>An informative memo on BB ICT Guideline compliance status update was placed before the Committee and was duly noted.</p> <p>An informative memo on Internal Cyber Security Assessment on Critical Systems by Information Security status update was placed before the Committee and was discussed and duly noted.</p> <p>An informative memo on approval of BBL ICT Security Policy (v2.0) review was placed before the Committee, was discussed and was duly noted.</p> <p>An informative memo on the top-50 customers of the Corporate portfolio was placed to the Committee and was duly noted.</p> <p>An informative memo on the Summary of Credit Inspection &amp; Monitoring Report was placed before the Committee and was duly noted.</p>

# ASSET LIABILITY MANAGEMENT COMMITTEE

BRAC Bank's Asset Liability Management Committee (ALCO) is constituted by the senior management team, which is responsible for the overall Balance Sheet (asset-liability) management of the bank. The bank's Asset Liability Management (ALM) desk, a unit of Treasury & Financial Institutions, analyses the Balance Sheet composition and places recommendations to the ALCO through the Head of Treasury & Financial Institutions.

ALCO comprises the following 10 members or their nominated representatives:

- Managing Director and CEO (Chairman of ALCO)
- Chief Financial Officer
- Chief Risk Officer
- Chief Operating Officer
- Head of Corporate Banking
- Head of SME Banking
- Head of Retail Banking
- Head of Alternate Banking Channels
- Head of Branches
- Head of Treasury & Financial Institutions (Member Secretary of ALCO)

Head of the ALM Desk is a permanent invitee in the ALCO.

ALCO meets at least once a month and also whenever required to set and review strategies on ALM. Based

on views and subsequent evaluations, the committee embraces decisions to reduce Balance Sheet risks, while maximising the potential for returns, while also ensuring that the bank remains aligned with all regulatory and internal limits.

Some of the major roles and responsibilities of the ALCO include:

- Monitoring and reviewing Balance Sheet structure and composition to ensure efficiency
- Ensuring that bank's measurement and reporting systems accurately convey the degree of tolerance against liquidity and market risks
- Assuring compliance with regulatory limits and ratios
- Comprehending market dynamics, i.e. competition, potential target markets, etc., for facilitating business expansion
- Resolving major aspects of the Balance Sheet structure, such as maturity and currency mix of assets and liabilities, mix of wholesale vs. retail funding, deposit mix, etc.
- Monitoring and analysing funding requirements (considering business projections) and implementing strategic decisions accordingly
- Reviewing contingency funding plan and its implementation, whenever required
- Evaluating deposit and lending rate structures
- Appraising and approving (periodically) the bank's fund transfer pricing policy

# DISCLOSURE ON RISK BASED CAPITAL UNDER BASEL III

For the Year Ended on December 31, 2019

## Background of the Market Discipline

Bank for International Settlements (BIS) came up with a new set of capital and liquidity standards in the name of Basel III. This standard came into existence to manage use of excessive leverage, gradual erosion of level and quality of capital base, insufficient liquidity buffer, pro-cyclicality and excessive interconnectedness among systematically important institutions. These factors are identified for reasons of bank failure. As a result, Bangladesh Bank, vide its BRPD Circular No.18 dated December 21, 2014, implemented revised regulatory capital framework for banks in line with Basel III in Bangladesh with effect from January 01, 2015. The implementation process of this framework started in January 2015 and will continue till December 2019. As part of Basel-III compliance, Pillar III- Market Discipline is formulated with a view to establish more transparent and more disciplined financial markets so that stakeholders can assess the position of a bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets. The purpose of Market Discipline is to complement the minimum capital requirements and the supervisory review process. Providing accurate and timely information related to liquidity, solvency, performance and risk profile of a bank is of paramount significance for all stakeholders.

In compliance with the 'Revised Guidelines on Risk Based Capital Adequacy (RBCA)' issued by Bangladesh Bank in December 2014, banks in Bangladesh have formally entered into Basel III regime from 1st January 2015. The new capital and liquidity standards have greater business implications for banks. BRAC Bank Limited (BBL) has also adopted Basel III framework as part of its capital management strategy, in line with the revised guidelines. Under this framework, the bank has to maintain 2.5 percent additional capital buffer with the minimum capital requirement of 10%. Besides, in order to avoid building-up excessive on- and off-balance sheet leverage, the bank is required to maintain minimum 3 percent leverage ratio. Here, Leverage Ratio expresses total tier-I capital (after related deduction specified by BB) to total exposure i.e. on-balance sheet and off-balance sheet exposure (after related deduction specified by BB), which is to be submitted to Bangladesh Bank on a quarterly basis. All these aspects are required to be well formulated and shared with the stakeholders for better transparency and accountability.

Hence, to fulfill this objective, this Market Discipline disclosure under Basel III is made following 'Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel III)' for banks issued by Bangladesh Bank in December 2014.

## Consistency and Validation

The quantitative disclosures are made on the basis of consolidated audited financial statements of BBL and its Subsidiaries for the year ended on December 31, 2019 and prepared in accordance with the relevant International Accounting and Financial Reporting Standards and related circulars/instructions issued by Bangladesh Bank from time to time. The assets, liabilities, revenues and expenses of the subsidiaries are combined with those of the parent company (BBL), eliminating inter-company transactions. The Financial Reporting Act, 2015 (FRA), was enacted in the year 2015. The Financial Reporting Council (FRC) under the FRA was constituted in 2017, but the Financial Reporting Standards (FRS) under this council is yet to be issued for public interest entities such as banks. The Bank Company Act, 1991, was amended to require banks to prepare their financial statements under such financial reporting standards.

As FRS is yet to be issued by FRC, as per the provisions of FRA (section-69), consolidated and separate financial statements of the Group and the bank, respectively, have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB), and in addition to this, the bank also complied with the requirements of the laws and regulations from various Government bodies.

Assets of the subsidiaries were risk weighted and equities of subsidiaries were crossed out with the investment of BBL while consolidating. Therefore, information presented in the 'Quantitative Disclosures' section can easily be verified and validated with corresponding information presented in the consolidated audited financial statements 2019 of BBL and its Subsidiaries along with separate audited financial statements of the bank. The report is available on the company website of the bank ([www.bracbank.com](http://www.bracbank.com)).

<b>1. Scope of the Application</b> Qualitative Disclosure	
a) The name of the top corporate entity in the group to which this guidelines applies  b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group: (i) that are fully consolidated, (ii) that are given a deduction treatment; and (iii) that are neither consolidated nor deducted	 <b>BRAC BANK</b> ବାରାକ ବାନ୍କ <p><b>Subsidiaries and Associates of the Bank</b></p> <p><b>BRAC Bank Limited:</b> BRAC Bank Ltd. is one of the third generation private commercial banks (PCBs) which inaugurated its banking operation on 4th July, 2001 under the banking Companies Act 1991. The bank went for public issue of its shares in 2006 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited in 2007. At present, the bank has 120 Branches, 67 SME Krishi Branches/Service Centres, 456 SME unit offices, and 301 agent banking outlets in 61 districts across the country. Moreover, currently the bank has 424 ATM booths and 88 CDMs are in operation.</p> <p><b>Subsidiaries:</b> Subsidiaries' are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.</p> <p>The Bank has four subsidiary companies namely, BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, BRAC Saajan Exchange Limited (SWMTL) incorporated in UK, bKash Limited.</p> <p>i. <b>BRAC EPL Investments Limited (Subsidiary):</b> BRAC Bank acquired 51% shares of Equity Partners Limited on 31 July 2009. This entity was incorporated in Bangladesh on 19 April 2000 as a private limited company, under the Companies Act, 1994, and was subsequently renamed as "BRAC EPL Investments Limited". BRAC Bank acquired an additional 25% shares in the entity in 2011 and an additional 18.57% in 2016. During 2017, the bank acquired a further 5.275% in the entity. During 2019, the bank acquired another 0.10%, thus taking the total shareholding to 99.945% at the end of the year 2019.</p> <p>BRAC EPL Investments was established to cater to the needs of the fast growing capital markets of Bangladesh. It works as a merchant bank with a full-fledged merchant banking license from Bangladesh Securities and Exchange Commission (BSEC). The company's service portfolio comprises lead managing initial public offerings, domestic and international placements, portfolio management and project development and consultancy.</p>
<b>Qualitative Disclosure</b>	

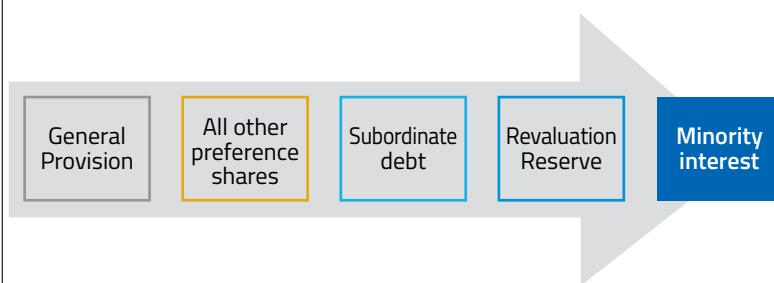
	<p><b>iii. bKash Limited (Subsidiary):</b> BRAC Bank Limited formed bKash Limited, a private company limited by shares incorporated on 1 March 2010 under the Companies Act, 1994. bKash Limited was established to introduce mobile financial services in Bangladesh. The bank has obtained a license from Bangladesh Bank for bKash Limited for rendering mobile financial services. Notable, Alipay Singapore E- Commerce Private Limited (AliPay) invested in the equity of bKash Limited in 2018. BRAC Bank currently holds 51% equity shares in the company. Out of the remaining equity shares, 29% is held by Money in Motion LLC (a company listed in the US), 9.9% is held by International Finance Corporation (IFC), and the rest 10.1% is held by Alipay Singapore.</p> <p>With the consent of all existing shareholders, in 2014, Bill &amp; Melinda Gates Foundation (B&amp;M) and in 2018, Alipay Singapore E-Commerce Private Limited ("Alipay") further invested in bKash Limited in the form of convertible preference shares. Out of the total 87,963 convertible preference shares, B&amp;M holds 32,530 shares, and Alipay holds 55,433 shares. Preference shareholders do not have any voting rights but has same rights as equity shareholders with respect to economic interest in the company. These preference shares are convertible at a 1:1 basis to ordinary shares at the option of the preference shareholders. Consolidated financial statements have been prepared considering the potential dilution, or otherwise according to economic interest on bKash.</p> <p><b>iv. BRAC SAAJAN Exchange Limited (Subsidiary):</b> BRAC Bank Limited acquired 75%+ shares (249,992 shares out of the total 333,333 shares) of "SAAJAN Worldwide Money Transfer Limited" (SWMTL) in the UK. Bangladesh Bank provided necessary approvals of GBP 500,000 to acquire SWMTL and setting up two new branches in Luton and Bradford, UK. As per permission of Bangladesh Bank, SWMTL has been renamed as "BRAC SAAJAN Exchange Ltd" (BSE). BRAC Bank has been controlling and monitoring all its operations as a holding company. BRAC SAAJAN Exchange Limited was established to offer remittance and exchange services in the UK.</p> <p><b>v. BRAC IT Services Limited (Associate):</b> BRAC IT Services Ltd. (bITS) was initially founded as Documenta™ Ltd, a digital archiving firm, in 1999. BRAC IT Services Ltd. was then formed in April 2013 through the merger of Documenta™ Ltd and the IT Division of BRAC Bank. BRAC Bank acquired 51% shares of BRAC IT Services Limited, a private company limited by shares under the Companies Act, 1994, incorporated on 9 April 2013. It currently operates as an IT services company. In the year 2017, BRAC Bank reduced its holding in BRAC IT Services Limited from 51% to 48.67% by selling 1,034 shares to BRAC. Due to this disinvestment, BRAC IT Services Limited was converted as 'Associate' of the bank at the end of the year 2017, from a 'Subsidiary' status.</p> <p><b>ii. BRAC Asset Management Company Limited (Associate):</b> BRAC Bank invested in the acquisition of 25% shares of BRAC Asset Management Company Limited that was incorporated in Bangladesh on 1 April 2010. However, the company could not commence its operations due to its license as an Asset Management Company was pending with Bangladesh Securities and Exchange Commission (BSEC). As BSEC did not accord the license, the Board decided to strike-off the company and liquidated it accordingly in early 2019.</p>
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<b>Qualitative Disclosure</b>	
	<p>c) Basis of Consolidation</p> <p>Consolidated financial statements include financial statements of BRAC Bank Limited and its subsidiaries, BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited and BRAC SAAJAN Exchange Limited, as those of a single economic entity.</p> <p>The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) 10: Consolidated Financial Statements. The consolidated financial statements are prepared to a common reporting year ended 31 December 2019.</p>

Quantitative Disclosure		
<b>Quantitative</b>	a) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.	<p>It does not hold here. The assets, liabilities, revenue and expenses of the subsidiaries are combined with the BBL's consolidated audited financial statement as of year ended December 31, 2019 which ensures the elimination of inter-company transactions, balances and intra-group gains on transactions between group companies.</p>

<b>2. Capital Structure</b> Qualitative Disclosure	
<p>a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET1, Additional Tier 1 or Tier 2.</p>	<p>The Basel Committee raised the resilience of the banking sector by strengthening the regulatory capital framework, building on the three pillars of the Basel II framework. The reforms raised both the quality and quantity of the regulatory capital base and enhanced the risk coverage of the capital framework. The regulatory capital under Basel-III is composed of (I) Tier-1 (Going-concern Capital) and (II) Tier-2 (Gone-concern Capital). From regulatory capital perspective, going-concern capital is the capital which can absorb losses without triggering bankruptcy of the Bank and gone-concern capital is the capital which will absorb losses only in a situation of liquidation of the bank.</p> <p>The capital structure of the bank is categorized into two tiers: Tier 1 and Tier 2 Capital, as per the Risk Based Capital Adequacy Guideline of Bangladesh Bank. The components of total regulatory capital are enumerated as under:</p> <ul style="list-style-type: none"> <li>● Tier 1 Capital (going concern capital)</li> <li>● Tier 2 Capital (gone concern capital)</li> </ul> <p><b>Tier 1 Capital:</b> This form of capital can absorb losses without triggering bankruptcy of the bank. Hence, it is the core measure of a bank's financial strength from regulator's point of view. The components of Tier 1 Capital are given below:</p> <p><b>Common Equity Tier 1 (CET1):</b></p>  <p><b>Additional Tier 1 (AT1):</b></p> <ul style="list-style-type: none"> <li>▪ Non-cumulative irredeemable preference share</li> <li>▪ Instruments issued by banks that meet the qualifying criteria for AT1 (the instrument is perpetual i.e. no maturity date)</li> <li>▪ Minority interest (AT1 issued by consolidated subsidiaries to the third parties)</li> </ul>

**Tier 2 Capital:** Gone concern capital represents other elements that fall short of some of the characteristics of core capital but contribute to the overall strength of the bank. Tier 2 capital consists of the following items:



### **Capital Requirement Rules**

The Bank is required to maintain the following ratios on an ongoing basis:

BB Requirements	Common Equity Tier 1 of at least 4.5% of the total RWA.
	Tier-1 capital will be at least 6.0% of the total RWA
	Minimum CRAR of 10% of the total RWA
	Additional Tier 1 capital can be admitted maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher
	Tier 2 capital can be admitted maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher
	Capital Conservation Buffer (CCB) of 2.5% of the total RWA to be maintained in the form of CET1.

The phase-in arrangements for Basel III implementation in Bangladesh will be as follows:

	2015	2016	2017	2018	2019
Minimum Common Equity Tier-1 (CET-1) Capital Ratio	4.50%	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer	-	0.625%	1.25%	1.875%	2.50%
Minimum CET-1 plus Capital Conservation Buffer	4.50%	5.125%	5.75%	6.375%	7.00%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.625%	11.25%	11.875%	12.50%

## Quantitative Disclosure

### Quantitative Disclosure

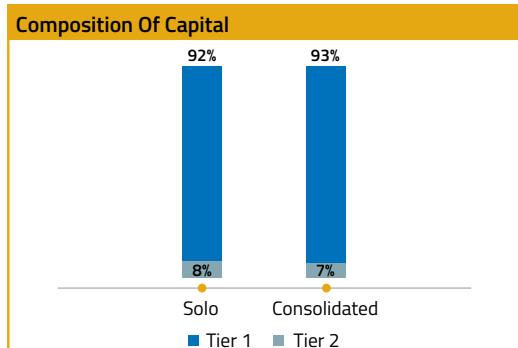
	<b>Standalone</b>	<b>Consolidated</b>
<b>Common Equity Tier-1(Going Concern Capital)</b>		
Fully Paid -up Capital	12,333,753,270	12,333,753,270
Non-Repayable Share Premium account	3,853,767,032	3,853,767,032
Statutory Reserve	8,129,149,416	8,129,149,416
General Reserve	-	-
Retained Earning	12,378,804,260	15,230,405,214
Dividend Equalization Reserve	355,218,455	355,218,455
Minority Interests in Subsidiaries		6,081,237,821
<b>Sub-total</b>	<b>37,050,692,433</b>	<b>45,983,531,208</b>
<b>Regulatory Adjustments</b>		
Shortfall in Provision Required Against Non-performing Loans(NPLs)	-	-
Shortfall in Provision Required Against Investment in shares	-	-
Remaining Deficit on Account of revolution Of investments in Securities After netting off from Any other surplus Of the securities.	-	-
Goodwill and all other intangible Assets	866,851,705	3,239,953,793
Deferred Tax Assets (DTA)	2,400,156,912	3,010,745,120
Defined Benefit pension fund Assets	-	-
Gain On Sale Related to securitization Transactions	-	-
Investment in Own CET-1 Instruments/shares	-	-
Reciprocal Crossholdings in The CET-1 Capital of Banking, financing And insurance entities.	-	-
Any investment Exceeding the Approved Limit under section 26(2) Of Bank company act. 1991(50% of investment)	-	-
Investment of subsidiaries which are not Consolidated(50% of investment)	-	-
<b>Sub-total</b>	<b>3,267,008,618</b>	<b>6,250,698,913</b>
<b>Total common equity Tier-1 capital</b>	<b>33,783,683,815</b>	<b>39,732,832,295</b>
<b>Additional Tier-1 Capital</b>		
Non-Cumulative irredeemable Preference Shares	-	-
Instruments issued By the Banks that meet the qualifying Criteria For AT1	-	-
Minority Interest i.e. AT1 issued by Consolidated subsidiaries to third parties	-	-
Head Office Borrowing in foreign currency by Foreign Banks operation in Bangladesh for inclusion In Additional tier-1 capital which comply with the regulatory requirements	-	-
Others(if any item Approved By Bangladesh Bank)	-	-
Regulatory Adjustments	-	-
Investment in own AT-1 instrument/Shares	-	-
Reciprocal Crossholdings in The AT-1 Capital of Banking, financing And insurance entities.	-	-
Total Additional Tier-1 Capital Available	-	-
Maximum limit of Additional Tier-1 Capital(AT-1 Capital can be maximum Up to 1.5% Of the Total RWA or 33.33% of CET1, Whichever is higher)	-	-
Excess amount over maximum Limit Of AT-1	-	-
<b>Total Admissible Tier-1 Capital</b>	<b>33,783,683,815</b>	<b>39,732,832,295</b>

<b>Tier-2 Capital ( Gone-Concern Capital)</b>			
General Provision		3,038,342,887	3,038,342,887
All other preference shares		-	-
Subordinated debt/Instruments issued by the Banks that meet the qualifying criteria For tier-2 Capital		-	-
Minority interest i.e. Tier 2 issued by Consolidated Subsidiaries to third Parties		-	-
Head Office (HO) borrowings in foreign Currency Received that meet the Criteria Of tier 2 Debt Capital (Applicable For Foreign banks).		-	-
Revaluations Reserve as on 31st December, 2014 (50% Of Fixed Assets And Securities & 10% of equities)	346,502,408	346,502,408	346,502,408
<b>Total</b>	<b>3,384,845,295</b>	<b>3,384,845,295</b>	
Regulatory Adjustments			
Revaluation Reserve For Fixed Assets and Security & equity securities	346,502,408	346,502,408	346,502,408
Investment in OWN T2 Instruments/Shares(as Per para 3.4.7 of Basel III Guidelines)		-	-
Reciprocal Crossholdings in The AT-2 Capital of Banking, financing And insurance entities.		-	-
Any investment Exceeding the Approved Limit under section 26(2) Of Bank company act. 1991(50% of investment)		-	-
Investment of subsidiaries which are not Consolidated(50% of investment)		-	-
Total Tier-2 Capital Available	3,038,342,887	3,038,342,887	3,038,342,887
Maximum limit of Tier-2 Capital(Tier-2 Capital can be maximum Up to 4% Of the Total RWA or 88.89% of CET1, Whichever is higher)	30,030,316,543	35,318,514,627	
Excess amount over Maximum limit of T-2			
<b>Total Admissible Tier-2 capital</b>	<b>3,038,342,887</b>	<b>3,038,342,887</b>	
<b>Total Regulatory Capital</b>	<b>36,822,026,702</b>	<b>42,771,175,182</b>	

Quantitative Disclosure



- Fully Paid -up capital 33%
- Non-Repayable Share Premium account 10%
- Statutory Reserve 22%
- Retained Earning 34%
- Dividend Equalization Reserve 1%



3. Capital Adequacy														
Qualitative Disclosure	Qualitative Disclosure													
a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	<p>BRAC Bank Limited with its focused strategy on risk management has always been consistent in maintaining capital adequacy ratio above the regulatory requirements. BRAC Bank Limited has been successfully managing the incremental growth of the Risk Weighted Assets by diversifying the portfolio in SME, Retail and Corporate segments. However, RWA is also managed by taking collaterals against loans. We strive to ensure external credit rating is duly done by the borrowers.</p> <p>The bank has adopted Standardized Approach (SA) for computation of capital charge for credit risk and market risk, and Basic Indicator Approach (BIA) for operational risk. Assessment of capital adequacy is carried out in conjunction with the capital adequacy reporting to the Bangladesh Bank. The bank's policy is to manage and maintain its capital with the objective of maintaining strong capital ratio and high rating. The bank maintains capital levels that are sufficient to absorb all material risks. The bank also ensures that the capital levels comply with regulatory requirements and satisfy the external rating agencies and other stakeholders including depositors. The main objective of the capital management process in the bank is to ensure that Bank has adequate capital to meet up its all sorts of obligations any time.</p>													
Quantitative Disclosure														
Quantitative Disclosure	Description	Standalone	Consolidated											
	a) Capital requirement for Credit Risk	20,853,398,048	21,695,507,347											
b) Capital requirement for Market Risk	603,876,079	868,134,221												
c) Capital requirement for Operational Risk	2,982,842,062	3,896,136,823												
Minimum Capital Requirement	24,440,116,190	26,459,778,392												
d) Capital Ratio:														
CET 1 Capital	33,783,683,815	39,732,832,295												
Total Tier 1 Capital	33,783,683,815	39,732,832,295												
Total Tier 2 Capital	3,038,342,887	3,038,342,887												
Total Capital	36,822,026,702	42,771,175,182												
Total Risk Weighted Assets (RWA):	244,401,161,899	264,523,446,093												
Capital to Risk Weighted Assets Ratio (CRAR)	15.07%	16.16%												
Common Equity Tier-1 to RWA	13.82%	15.02%												
Tier-1 Capital to RWA	13.82%	15.02%												
Tier-2 Capital to RWA	1.24%	1.15%												
Capital Requirement under Pillar I														
<table border="1"> <thead> <tr> <th>Risk Type</th> <th>Solo (%)</th> <th>Consolidated (%)</th> </tr> </thead> <tbody> <tr> <td>Credit Risk</td> <td>85%</td> <td>82%</td> </tr> <tr> <td>Market Risk</td> <td>2%</td> <td>3%</td> </tr> <tr> <td>Operational Risk</td> <td>12%</td> <td>15%</td> </tr> </tbody> </table>			Risk Type	Solo (%)	Consolidated (%)	Credit Risk	85%	82%	Market Risk	2%	3%	Operational Risk	12%	15%
Risk Type	Solo (%)	Consolidated (%)												
Credit Risk	85%	82%												
Market Risk	2%	3%												
Operational Risk	12%	15%												

<b>4. Credit Risk</b> Qualitative Disclosure	
<b>Qualitative Disclosure</b>	<p><b>a) The general qualitative disclosure requirement with respect to credit risk:</b></p> <p>Since 2005 we have a lending policy in place for the management of credit risk in the bank. This policy is reviewed every year. Loan processing system in our bank is centralized. Where the Relationship Manager (RM) hunts for business keeping in mind the 5 Cs in a customer, then the RM prepares credit proposal and sends to Credit Risk Management (CRM) for analysis. CRM analyzes the proposal, and decision is made (Approved/ Declined/Query provided) and approved as per Delegation of Authority. Finally, documentation &amp; disbursement are being done by Operation division. In each of the aforementioned step, very stringent and rigorous risk assessment is done. Whereby, we strive to eliminate every possibility of credit risk. Moreover, there is a Lending cap to single borrower/group borrower exposure limit fully complying as stipulated by the regulators.</p> <p>Before approving any facility to a borrower, we follow a very robust and rigid credit assessment process. We embark on any deal or project after scrutinizing that person or organization properly, that starts from accumulating and analyzing that person's or organization's business information, business prospect, present scenario, Market position, market reputation, Industry growth and Peer group comparison and ends with making up the decision whether to on-board or not to on-board that person or organization. At the same time Experience &amp; skill of Sponsor Directors and Key Management in primary business, succession plan, Financial statement analysis including projected cash flow and opportunity, CIB Report check, Search Report check, Requirement of loan, proposed facility, justification of requirement &amp; facility structuring and related such avenues are closely scrutinized. If the status of the client is deemed to be satisfactory, all documents are prepared and negotiations are undertaken. The relationship manager visits the factory (for manufacturing concerns) or retail outlets (for trading concerns) to see if the conditions are satisfactory and justifiable to support facilities. To maintain thorough knowledge of factory / warehouse a visit report is prepared in this regard. Stock Verification Report is also prepared and record is kept in customer's file. The environmental and social aspects are also considered while opting for any lending decision.</p> <p>Other banks' liability position and status, other banks' sanction advice. Credit risk grading, External rating (for Large &amp; Medium Enterprise customer) Information, Proposed Security analysis, Compliance of regulatory and internal policy guidelines and relevant such covenants are considered before extending any credit facility. These are all done with the sole intention to combat credit risk.</p> <p><b>i) Definitions of past due and impaired (for accounting purposes);</b></p> <p>Credit risk is the risk of financial losses resulting from the failure by a client or counterparty to meet its contractual obligations to the Bank. Credit risk arises from the Bank's dealings with or lending to corporate, individuals, and other banks or financial institutions.</p> <p>Interest on loans and advances is calculated daily on product basis but charged and accounted monthly and quarterly on accrual basis. Classification and provisioning for loans and advances is created based on the period of arrears by following Bangladesh BRPD Circular no. 14, dated 23 September 2012, BRPD circular no. 15, dated 23 September 2012, BRPD Circular no. 19, dated 27 December 2012, BRPD Circular no. 05, dated 29 May 2013, BRPD Circular no. 16, dated 18 November 2014, BRPD Circular no. 12, dated 20 August 2017, BRPD Circular no. 01, dated 20 February 2018, BRPD Circular no. 07, dated 21 June 2018, BRPD Circular no 13, dated 18 October 2018 and BRPD Circular no. 03, dated 21 April 2019.</p> <p>With a view to strengthening credit discipline and bring classification and provisioning regulation in line with international standard, an apt classification and provisioning mechanism was undertaken as per Bangladesh Bank circulars issued from time to time. In this regard, all the loans and advances/investments are grouped into four categories for the purpose of classification, namely i) Continuous Loan, ii) Demand Loan, iii) Fixed Term Loan and iv) Short-term Agricultural and Micro Credit. They are classified as follow:</p>

## Qualitative Disclosure

Loan Type	Criteria of Classification Months	Classification Status	Criteria for Defaulter	Defaulter Status
Continuous Loan, Demand Loan & Fixed Term loan	PAST DUE < 2	STD		
			PAST DUE < 6	NO
	2 ≥ PAST DUE < 3	SMA		
	≥ 3 PAST DUE < 9	SS		
			PAST DUE ≥ 6	YES
	≥ 9 PAST DUE < 12	DF		
	PAST DUE ≥ 12	BL	Based on Past Due Period; not on Classification Status	
Short Term Agricultural & Micro Credit (STAMC)	PAST DUE ≤ 12	STD		
			PAST DUE < 6	NO
	12 > PAST DUE ≤ 36	SS		
	36 > PAST DUE ≤ 60	DF		
			PAST DUE ≥ 6	YES
	60 > PAST DUE	BL		
<b>ii) Description of approaches followed for specific and general allowances and statistical methods;</b>				
<p>Provision for loans and advances is created for covering the bank from possible loan losses in the future. General provision is made on the outstanding amount of loans and advances without considering the classification status following the prescribed rate of Bangladesh Bank. Classified loans and advances of the banks are categorized as Sub-Standard, Doubtful and Bad/Loss as per Bangladesh Bank circulars. For loans which are classified as sub-standard, doubtful or bad/loss, specific provision is created netting off security value and interest suspense from the amount outstanding. Provision for off balance sheet items is made as per Bangladesh bank guidance. Latest BB circulars are followed diligently. Interest accrued on Sub-Standard, Doubtful and Bad/Loss loans is transferred to interest suspense account and not considered as interest income. This interest is recognized as interest income when it is realized in cash by the bank.</p> <p>Loans and advances are written-off to the extent that (i) there is no realistic prospect of recovery and (ii) against which legal cases are filed and classified as bad and loss, as per BRPD circular no. 02, dated 13 January 2003 and 13, dated 07 November 2013. These write-offs 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.</p> <p>At each balance sheet date, BRAC Bank Limited assesses whether there is objective evidence that a financial asset or a group of financial assets i.e. loans and advances, off balance sheet items and investments are impaired. A financial asset or groups of financial assets are impaired and impairment losses are incurred if there is objectives evidence of impairment as a result of a loss event that occur after the initial recognition of the asset up to the balance sheet date; the loss event had an impact on the estimated future cash flows of the financial assets or the group of financial assets; and a reliable estimate of the loss amount can be made. In the event of impairment loss, the bank reviews whether a further allowance for impairment should be provided in the profit and loss statement in addition to the provision made based on Bangladesh Bank guidelines or other regulatory requirements.</p> <p>The bank is required to maintain the following general and specific provision in respect of classified and unclassified loans and advances / investments on the basis of Bangladesh Bank guidelines issued from time to time:</p>				

Business Unit	Rates of Provision				
	Un-classified (UC)		Classified		
	Standard	Special Mention Account (SMA)	Substandard (SS)	Doubtful (DF)	Bad loan (BL)
Consumer	House building	1%	1%	20%	50%
	Loans for professionals	2%	2%	20%	50%
	Other than house building and professionals	5%	5%	20%	50%
	Loans to BHs/ MBs against share etc.	2%	2%	20%	50%
	Small and medium enterprise	0.25%	0.25%	20%	50%
	Short term Agri/Micro credit	1%	1%	5%	5%
	Credit Card	2%	2%	20%	50%
	All others	1%	1%	20%	50%
	Off Balance Sheet	1%	-	-	-
iii) Discussion of the bank's credit risk management policy;					
<p><b>Method used to measure credit risk:</b> As per Bangladesh bank's guideline, the bank follows Standardized Approach for measurement of credit risk adopting the credit rating agencies as External Credit Assessment Institutions (ECAL) for claims on banks and FIs, corporate and eligible SME customers, and Credit Risk Mitigation against the financial securities and guarantees of loan exposure.</p> <p><b>Credit Policy:</b> BRAC Bank Limited is managing its Credit Risk through a Board directed and approved Credit Policy in line with the Bangladesh Bank Core Risk Management Guidelines, which outlined robust processes and procedures to ensure the quality of its assets portfolio. The Credit Policy also contains the general principles to govern the implementation of detailed lending procedures and risk grading systems of the borrowers. And, as such, it specifically addresses the areas of:</p> <pre> graph TD     A[Monitoring, Collection and Recovery activities] --&gt; B[Credit Approval]     B --&gt; C[Credit Policy]     C --&gt; D[Risk Management]     D --&gt; E[Loan Originating]     E --&gt; F[Credit Administration]   </pre>					

**Credit Risk Mitigation:** Potential credit risks are mitigated by taking primary and collateral securities. There are other risk mitigation approaches like netting agreements and other guarantees. The legal certainty and enforceability of the mitigation approach are verified by the professionals of the respected fields. Collateral types which are eligible for risk mitigation include: cash; residential, commercial and industrial property; plant and machinery; marketable securities etc. Collaterals are physically verified by the bank officials. At the same time these are also valued by independent third-party surveyor in accordance with the credit policy and procedures.

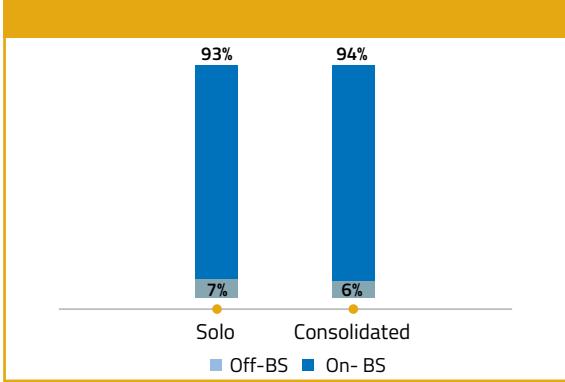
**Credit Assessment and Grading:** Know Your Client (KYC) is the first step to analyze any credit proposal. Banker-Customer relationship is established through opening of accounts of the customers. Proper introduction, photographs of the account holders/ signatories, passports etc., and all other required papers as per Bank's policy are obtained during account opening. Physical verification of customer address is done prior to credit appraisal. The entire process involves relationship teams of respective Asset Portfolio (Retail, SME and Corporate.) booking customer; the Credit Division conducting thorough assessment before placing for approval of the facility. Risk assessment includes borrower risk analysis, Industry risk analysis, financial risk analysis, security risk analysis, account performance risk analysis & environmental & social risk analysis of the Customer. Post-approval, the Credit Administration Department ensures compliance of all legal formalities, completion of documentation including security of proposed facility and finally disburses the amount. 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.

**Credit Risk Management:** Conventionally, the core function of a Credit Risk Management (CRM) Team is to optimize the risk adjusted return from Bank's Loans and Advances by maintaining an appropriate standard in the underwriting process. However, the scope of BRAC Bank's CRM is not just limited to this. At BBL, a more holistic approach towards risk management is taken, where socioeconomic and environmental impacts of the decisions made are emphasized upon. This practice is the hallmark of BRAC Bank's credit risk management objective. We believe in development rather than growth, and sustainability rather than mere financial return from a transaction. We strive to create value rather than be the consumer of the value. To achieve this goal, we manage the credit risk inherent in the entire portfolio of the bank as well as the risks associated with individual credit proposals or transactions. We believe that the effective management of credit risk is a critical component of a comprehensive approach to risk management. In the last couple of years, BRAC bank has been focusing on adopting environmental risk management programmes through the assistance, guidance, and/or requirements provided by various international DFIs as well as clearly articulated regulatory guidelines. Bringing in social and environmental risk assessment into the credit approval process contributes to the wellbeing of the society. Moreover, as the lion share of the total revenue of BRAC Bank Limited comes particularly through SME lending, so the future prospect of the bank depends on quality of its asset portfolio. Thus, efficient management of the Loans and Advances is of paramount importance for the bank.

There is a distributed collection model that consistently follows up with the borrowers for the timely repayments. A wing named 'Special Asset Management (SAM)' deals with nonperforming assets through amicable settlement, execution of decrees and arrangements of auctions to sell the mortgaged properties. SAM is also engaged to monitor Early Alert Accounts.

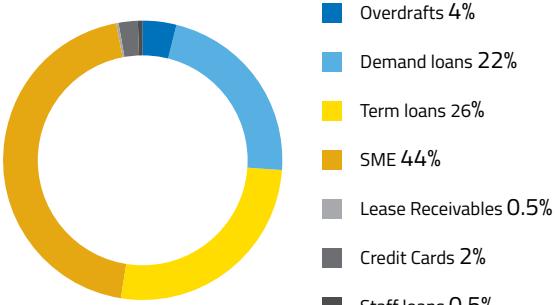
Final authority and responsibility for all activities that expose the bank to credit risk rests with the Board of Directors. The Board however delegated authority to the Managing Director and CEO or other officers of the credit risk management division. The Credit Policy Manual contains the core principles for identifying, measuring, approving, and managing credit risk in the bank and designed to meet the organizational requirements that exist today as well as to provide flexibility for future. The policy covers corporate, retail, small and medium enterprise exposures. Policies and procedures have structured and standardized credit risk management process both in obligor and portfolio level and follow central bank guide line. Credit risk management function is Independent of business origination functions to establish better internal control and to reduce conflict of interest.

	Risk Weighted Assets	Standalone	Consolidated
Credit Risk	208,533,980,483	216,955,073,471	
On- Balance sheet	194,647,674,409	203,068,767,397	
Off- Balance sheet	13,886,306,074	13,886,306,074	



The chart displays two vertical bars side-by-side. The left bar is labeled 'Solo' and has a value of 93% for Off-BS and 7% for On-BS. The right bar is labeled 'Consolidated' and has a value of 94% for Off-BS and 6% for On-BS. The legend at the bottom indicates that blue represents Off-BS and grey represents On-BS.

Quantitative Disclosure	
<b>a) Total gross credit risk exposures broken down by major types of credit exposure:</b>	
Particulars	Amount (BDT)
Overdrafts	11,041,108,274
Demand loans	58,163,426,570
Term loans	67,636,754,876
Lease Receivables	1,196,152,547
SME	114,908,783,595
Credit Cards	6,513,013,635
Staff loans	1,189,462,510
<b>Sub-total</b>	<b>260,648,702,007</b>
Bills purchased & discounted	3,377,055,483
Bills purchased & discounted SME	65,424,045
<b>Total</b>	<b>264,091,181,535</b>

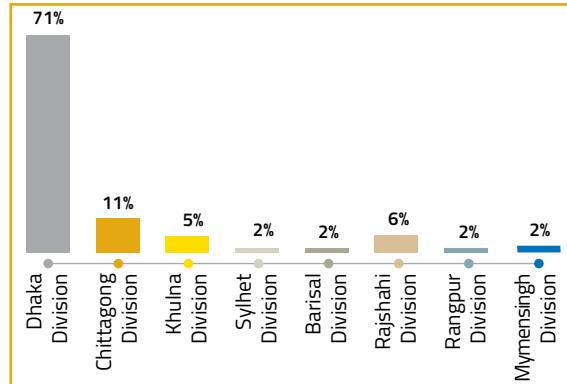


The donut chart illustrates the composition of total gross credit risk exposures. The largest segment is SME at 44%, followed by Term loans at 26%. Demand loans account for 22%, Overdrafts for 4%, and Credit Cards for 2%. Staff loans and Lease Receivables each represent 0.5% of the total.

## Quantitative Disclosure

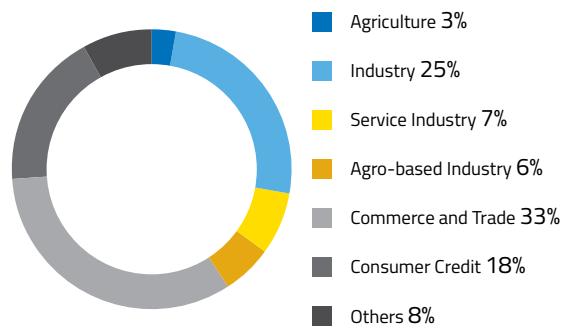
b) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure:

Particulars	Amount (BDT)
Dhaka Division	186,487,954,990
Chattogram Division	29,030,506,225
Khulna Division	14,242,680,886
Sylhet Division	5,055,738,666
Barishal Division	4,080,287,056
Rajshahi Division	14,911,823,429
Rangpur Division	4,406,771,972
Mymensingh Division	5,875,418,311
<b>Total</b>	<b>264,091,181,535</b>



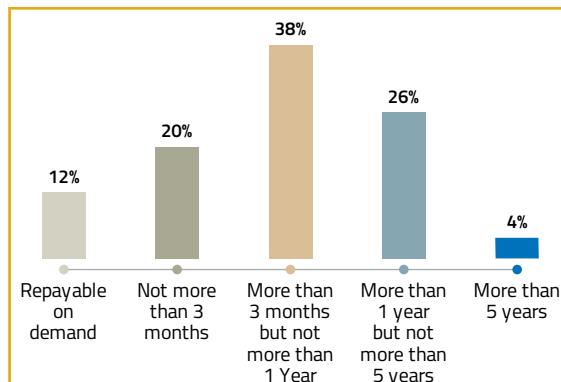
c) Industry or counterparty type distribution of exposures, Sector-wise Allocation of Loans and Advances

Particulars	Amount (BDT)
Government:	
Private:	
Agriculture	7,355,079,033
Industry	66,642,073,578
Service Industry	19,127,728,491
Agro-based Industry	16,500,944,060
Commerce & Trade	86,380,155,855
Consumer Credit	46,379,540,717
Others	21,705,659,801
<b>Total</b>	<b>264,091,181,535</b>



d) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure

Particulars	Amount (BDT)
Repayable on demand	30,978,836,660
Not more than 3 months	53,047,958,319
More than 3 months but not more than 1 Year	101,498,061,850
More than 1 year but not more than 5 years	69,178,658,776
More than 5 years	9,387,665,930
<b>Total</b>	<b>264,091,181,535</b>



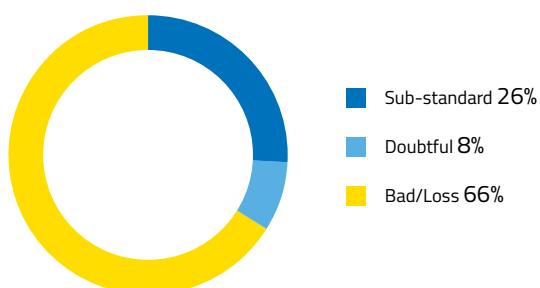
**Quantitative Disclosure**

e) By major industry or counterparty type: Amount of impaired loans and if available, past due loans, provided separately; Specific and general provisions; and Charges for specific allowances and charge-offs during the period:

Status	Outstanding Loans & Advances 2019	Base for provision	(%) of required provision	Required Provision 2019
<b>Unclassified</b>				
All unclassified loans (Other than Small and Medium enterprise Financing, Consumer Financing, BHs/MBs/SDs, Housing and loans for professional*)	94,069,549,328	93,975,807,343	1%	939,758,073
Small and Medium enterprise financing	108,980,211,237	108,980,211,237	0.25%	272,450,528
Loans to BHs/MBs/SDs against share etc.	1,116,858,607	1,116,858,607	2%	22,337,172
Housing Finance**	15,000,112,175	15,000,112,175	1%	150,001,122
Loans for professionals to Set up business (LP)	3,487,957,725	3,487,957,725	2%	69,759,155
Consumer finance	20,596,456,550	20,596,456,550	5%	1,029,822,827
Consumer finance (Credit Card)	6,276,009,410	6,276,009,410	2%	125,520,188
Short Term Agricultural and Micro Credit	2,850,000,000	2,850,000,000	1%	28,500,000
Staff Loan	1,189,462,510	-	1%	939,758,073
<b>Total</b>	<b>253,566,617,542</b>	<b>252,283,413,048</b>		<b>2,638,149,065</b>
<b>Classified - Specific provision</b>				
Doubtful (Short Term Agricultural Credit)			5%	
Sub-standard	2,694,601,434	1,870,671,446	20%	374,134,289
Doubtful	821,333,869	545,483,406	50%	272,741,703
Bad/Loss	7,008,628,690	5,208,857,863	100%	5,208,857,863
Sub Total	10,524,563,993	7,625,012,714		5,855,733,855
<b>Total</b>	<b>264,091,181,535</b>	<b>259,908,425,762</b>		
Total Required provision for loans & advances				8,493,882,920
Total provision maintained				8,727,490,175
Excess/(Short) provision				233,607,255

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

f) Gross Non Performing Assets (NPAs)



Quantitative Disclosure	Write off of Loans and advances	2019
	Balance at the beginning of the year	11,301,120,152
	Add: Write off during the year	817,090,492
		12,118,210,644
	Less: Recovery of Write off loans	786,257,664
	Less: No Claim (Interest Waiver)	120,126,897
	Balance at the end of the year	11,211,826,083
<b>5. Equities: Disclosure for banking book positions</b> Qualitative Disclosure		
Qualitative Disclosure	<p>a) The general qualitative disclosure requirement with respect to equity risk, including:</p> <p>i) Difference between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons:</p> <p>Investment in equity securities are broadly categorized into two parts:</p> <p><b>Quoted Securities:</b> These securities are bought and held primarily for the purpose of selling them in the future or holding for dividend income, which are reported at cost. Unrealized gains are not recognized in the profit and loss statement. But required provisions are kept for diminution in value of investment..</p> <p><b>Unquoted securities:</b> Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.</p> <p>ii) Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices</p> <p>The primary aim is to invest in these equity securities for the purpose of capital gain by selling them in future or held for dividend income. As per BRPD Circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet of that company respectively. Provision should be made for any loss arising from diminution in value of investments (portfolio basis), otherwise investments are recognized at cost.</p> <p>Recognition and Measurement, investments in shares and securities generally fall either under "at fair value through Profit or Loss Account" or under "available for sale" where any change in fair value at the year-end is taken to Profit or Loss Account or Revaluation Reserve Account respectively.</p> <p>The valuation methods of Marking to Market for investment used are</p> <p>i. <b>Held to Maturity (HTM):</b> By definition the Investments which have fixed or determinable payments and fixed maturity that the group has the positive intent and ability to hold to maturity, other than those that meet the definition of 'Held at amortized cost others' are classified as held to maturity. These investments 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 de-recognized or impaired.</p> <p>ii. <b>Held for Trading (HFT)</b> Investment classified in this category are acquired principally for the purpose of selling or repurchasing - in short trading or if designated as such by the management. After initial recognition, investments are measured at 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.</p>	

**iii. Revaluation:** According to DOS Circular no. 05, dated 26 May 2008, DOS Circular no. 05, dated 28 January 2009 and DOS Circular no. 02, dated 19 January 2012, HFT securities are revalued once each week using marking-to-market concept, and the HTM securities are amortized once a year according to Bangladesh Bank guidelines. HTM securities are also revaluated if they are reclassified to HFT category with the Board's approval.

#### **Value of Investments**

<b>Investment Class</b>	<b>Initial Recognition</b>	<b>Measurement after Recognition</b>	<b>Recording of changes</b>
Government Treasury Bills (HFT)	Cost	Marking to Market/fair value	Loss to profit and loss a/c, gain to revaluation reserve
Government Treasury Bills (HTM)	Cost	Amortized cost	Increased or decreased in value to equity
Government Treasury Bonds (HFT)	Cost	Marking to Market/fair value	Loss to profit and loss a/c, gain to revaluation reserve
Government Treasury Bonds (HTM)	Cost	Amortized cost	Amortized Gain/ Loss to Revaluation reserve
Zero Coupon Bond		Cost	N/A
Prize Bond and Other Bond	Cost	Cost	N/A
Debentures	Cost	Cost	Profit & Loss Account
Un-quoted Shares (ordinary)	Cost	Lower of cost or NAV of last audited account	Profit & Loss Account
Quoted shares (ordinary)	Cost	Lower of cost or market price at balance sheet date	Loss to profit and loss A/c.

#### Quantitative Disclosure

Amount in Taka			
<b>Quoted Shares</b>			
<b>Particular</b>	<b>Cost of holding</b>	<b>Market Value</b>	<b>Unrealized Gain</b>
Ordinary shares	2,477,322,459	1,790,628,155	(686,694,304)
<b>Unquoted</b>			
<b>Cost of holding</b>			
Industrial and Infrastructure Development Finance Co. Limited			29,683,820
Central Depository Bangladesh Limited			6,277,770
The Bangladesh Rating Agency Limited			12,497,600
VIPB Income Fund			86,805,000
VIPB Growth Fund			333,900,000
IDLC Balanced Fund			100,000,000
HFAML-ACME Unit Fund			20,000,000
<b>Preference shares</b>			
Union Capital Preference Share			10,000,000
<b>Total</b>			<b>599,164,190</b>

Required Capital Charge on Equities		
	Standalone	Consolidated
General Market Risk	179,062,815	311,191,887
Specific Risk	179,062,815	311,191,887
Total Capital Charge	358,125,631	622,383,773

**Required Capital Charge on Equities** BDT in thousand

Risk Type	Solo	Consolidated
Specific Risk	179,063	179,063
General Market Risk	311,192	311,192

### Quantitative Disclosure

## 6. Interest Rate Risk in the Banking Book (IRRBB)

### Qualitative Disclosure

### Qualitative Disclosure

a) The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement:

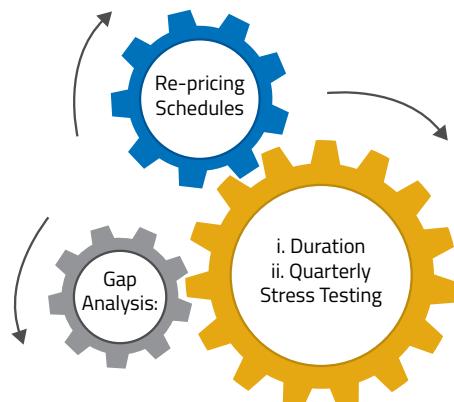
Interest rate risk affects the bank's financial condition due to adverse movements in interest rates of interest sensitive assets. Changes in interest rates have two types of impact:

- i. Earnings perspective: It affects a bank's earnings by changing its net interest income and the level of other interest sensitive income and operating expenses.
- ii. Economic value perspective: The economic value of future cash flows changes when interest rate changes.

In BRAC Bank Limited, the Asset & Liability Management (ALM) unit under the supervision of Asset and Liability Committee (ALCO) is responsible for managing market risk arising from BRAC Bank's banking book activities. Our interest rate risk management involves the application of four basic elements in the management of assets, liabilities, and OBS instruments.



**Techniques of Addressing IRRB:** Following techniques for managing the IRRB in BRAC Bank Limited are applied



## Qualitative Disclosure

**Re-pricing Schedules:** It is the simplest techniques for measuring a bank's interest rate risk exposure and that is generating a maturity/re-pricing schedule that distributes interest-sensitive assets, liabilities, and OBS positions into a certain number of predefined time bands according to their maturity (if fixed-rate) or time remaining to their next re-pricing (if floating-rate). Those assets and liabilities lacking definitive re-pricing intervals (e.g. sight deposits or savings accounts) or actual maturities that could vary from contractual maturities are assigned to re-pricing time bands according to the judgment and past experience of the bank.

**Gap Analysis:** It helps to assess the interest rate risk of current earnings. To evaluate earnings exposure, interest rate-sensitive liabilities in each time band are subtracted from the corresponding interest rate-sensitive assets to produce a re-pricing "gap" for that time band. This gap is then multiplied by an assumed change in interest rates to yield an approximation of the change in net interest income that would result from such an interest rate movement.

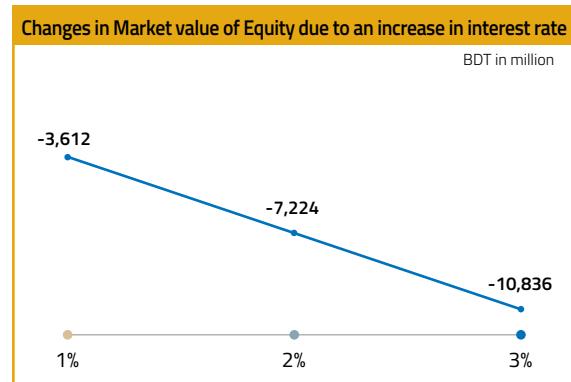
i. **Duration:** A maturity/re-pricing schedule is also used to evaluate the effects of changing interest rates on a bank's economic value by applying sensitivity weights to each time band. Typically, such weights are based on estimates of the duration of assets and liabilities that fall into each time band.

ii. **Quarterly Stress Testing:** It is conducted on quarterly basis as per the directives of Bangladesh Bank to gain better insight into the vulnerable issue of IRRB.

## Quantitative Disclosure

## Quantitative Disclosure

Particulars	Amount (BDT)		
Market Value of Assets	367,988,278,713		
Market Value of Liabilities	327,088,794,615		
Weighted Average of Duration of Assets (DA)	1.40%		
Weighted Average of Duration of Liabilities (DL)	0.36%		
Duration GAP (DA-DL)	1.08%		
Yield to Maturity (YTM -Assets)	10.05%		
Yield to Maturity (YTM -Liability)	4.64%		
Magnitude of Interest Rate Change	1%	2%	3%
Change in market value of equity due to an increase in interest rate	-3,612,045,181	-7,224,090,361	-10,836,135,542
Stress Testing			
Regulatory capital (after shock)	33,345,399,159	29,733,353,978	26,121,308,798
RWA (after shock)	237,756,085,094	234,144,039,913	230,531,994,732
CAR (after shock)	14.03%	12.70%	11.33%



This is the outcome of duration gap analysis, which is done on a quarterly basis as part of periodic Stress Testing of the bank.

Qualitative Disclosure	
7. Market Risk	
a) Views of BOD on trading/investment activities	<p>Market risk arises due to changes in the market variables such as interest rates, foreign currency exchange rates, equity prices and commodity prices. The financial instruments that are held with trading intent or to hedge against various risks, are purchased to make profit from spreads between the bid and ask price are subject to market risk.</p> <p>We have Foreign Exchange Risk Management Guideline entirely customized as per our bank's need since 2004. The guidelines have been prepared as per Bangladesh Bank guidelines and appraised by our Board of Directors. All financial activities are susceptible to different degree of risks. Being a financial institution, to measure, monitor and manage these risks would be crucial for the survival and good health of the organization. Within the bank, treasury would be vested with the responsibility to measure and minimize the risks associated with bank's assets and liabilities. Managing foreign exchange risk would be one of the prime responsibilities of the treasury.</p> <p>Liquidity Contingency plan and the guidelines of Bangladesh Bank in respect of CRR, SLR &amp; Capital Adequacy are also there to guide in the proper direction. We have the Asset Liability Committee (ALCO) responsible for overall balance sheet (asset liability) risk management. Treasury would be responsible for managing the balance sheet as per recommendation of ALCO to minimize risk and maximize returns. The committee would call on a meeting at least once in every month to set and review strategies on ALM. The ALCO process or ALCO meeting reviews the ALCO paper along with the prescribed agendas. Head of treasury would put his views on whether the interest rates need to re-priced whether the bank needs deposit or advance growth, whether the growth on deposits and advances would be on short term or long term, what would be the transfer price of funds among the divisions, what kind of interbank dependency the bank would have. Based on the analysis and views, the committee would take decisions to reduce balance sheet risk while maximizing profits.</p> <p>At BRAC bank, the Board approves all policies related to market risk, sets limit and reviews compliance on a regular basis. The objective is to obtain the best balance of risk and return whilst meeting customers' requirements.</p>
b) Methods used to measure Market	There are several methods used to measure market risk and the bank uses those methods which deem fit for a particular scenario. For measuring interest risk from earnings perspective, the bank uses maturity gap analysis, Duration Gap analysis, Sensitivity Analysis. We use standardized (Rule Based) method for Calculating capital charge against market risks for minimum capital requirement of the bank under Basel-III.
c) Market Risk Management system	The Treasury Division manages market risk covering liquidity, interest rate and foreign exchange risks with oversight from Asset-Liability Management Committee (ALCO) comprising senior executives of the bank. ALCO is chaired by the Managing Director.
d) Policies and processes for mitigating market risk	<p><b>i. Asset Liability Management:</b> BRAC Bank Limited gives adequate emphasis so that the level of balance sheet risks is effectively managed. Appropriate policies and procedures have been established as per the guidelines of Bank's Board of Directors (BOD) including relevant circular guidelines of Bangladesh Bank to control and limit these risks and proper resources are available for the evaluation and control of these risks. The Asset Liability Committee (ALCO) of the bank monitors Balance Sheet and liquidity risk of the bank.</p>

<b>Qualitative Disclosure</b>	<p>ii. Foreign Exchange Risk Management: Foreign exchange risk (also known as FX risk, exchange rate risk or currency risk) is a financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency. The risk is that adverse fluctuations in exchange rates may result in a loss in earnings. We have our own board approved policy for the management of FX risk.</p> <p>The bank maintains various Nostro accounts in order to conduct operations in different currencies. The management of the bank sets limits for conducting Nostro account transactions. All Nostro accounts are reconciled on monthly basis and outstanding entries are reviewed by the management for its settlement/adjustment. The position maintained by the bank at the end of the day is within the stipulated limit prescribed by the central Bank. Changes in market liquidity and/or interest rate exposes Bank's business to the risk of loss. Treasury department is vested with the responsibility to measure and minimize the risk associated with bank's assets and liabilities including Foreign Exchange Risk. All Treasury functions are clearly demarcated between Treasury Front Office and Back Office. The Front Office is involved only in dealing activities while the Back Office is responsible for related support and monitoring functions. All the Treasury Front and Back Office personnel are guided as per Bangladesh Bank Core Risk Management guidelines. And they have separate and independent reporting lines to ensure segregation of duties and accountabilities. Dealing room is equipped with Reuter's information, voice screen recorder.</p>
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Quantitative Disclosure			
Quantitative Disclosure	Capital Charge for Market Risk		
	Standalone	Consolidated	
Interest Rate risk	162,303,312	162,303,312	
Equity position risk	358,125,631	622,383,773	
Foreign Exchange risk	83,447,136	83,447,136	
Commodity risk	0	0	
<b>Total</b>	<b>603,876,079</b>	<b>868,134,221</b>	

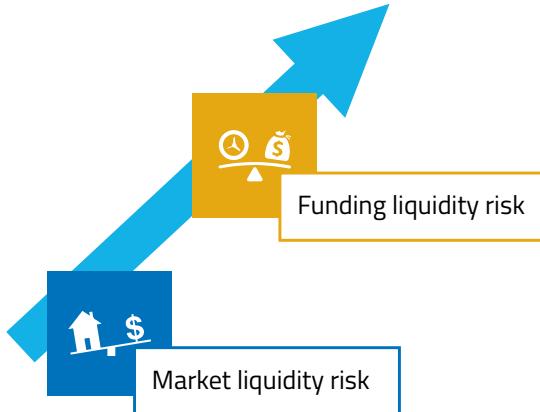
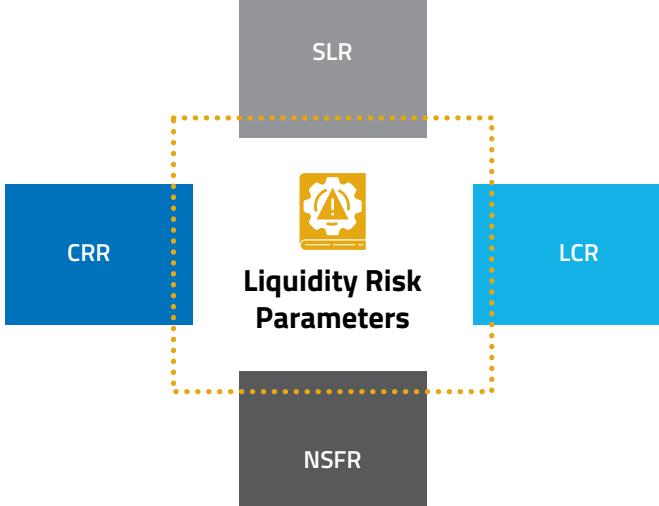
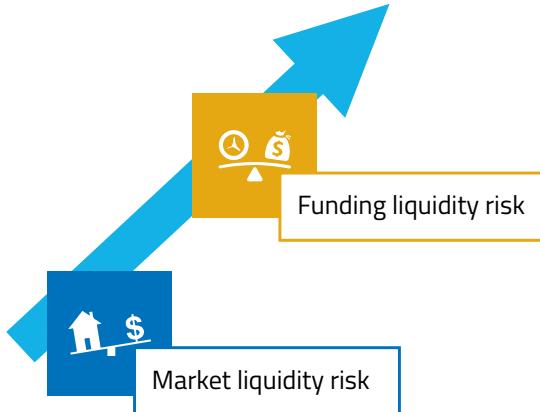
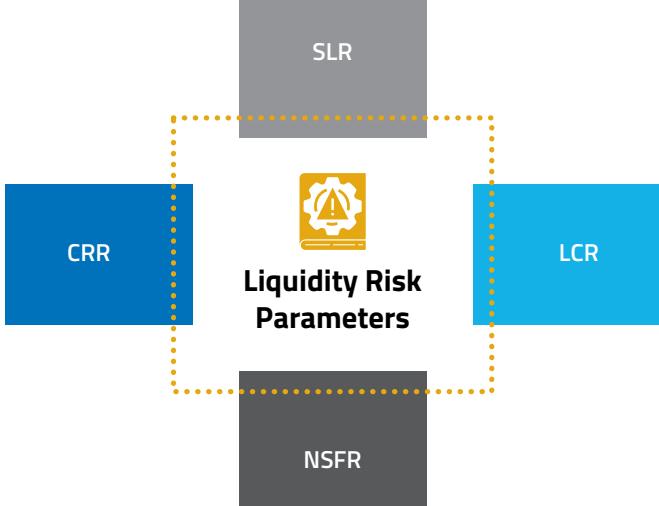
FX Risk	83	83
Equity position risk	358	622
Interest Rate risk	162	162

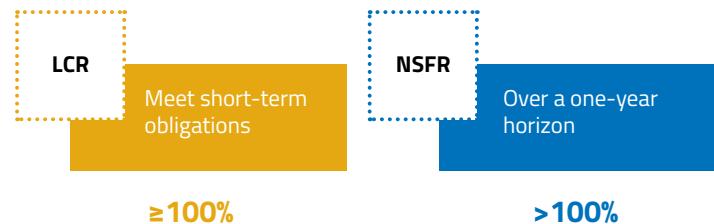
■ Solo    ■ Consolidated

Qualitative Disclosure		<b>8. Operational Risk</b>
		<b>Qualitative Disclosure</b>
<b>Qualitative Disclosure</b>	a) Views of BOD on system to reduce Operational Risk	<p>Operation risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and system or from external events. This definition includes legal risk, but excludes strategic or reputation risk.</p> <p>The Board of Directors (BOD) of BRAC Bank Limited and its Management firmly believe that efficient management of operational risks always contribute to the earnings of the bank and at the same time secure the interest of its customers and shareholders. To materialize this understanding into reality, there are dedicated risk management associates across the bank that consistently work for managing the Operational Risks using effective tools and techniques implemented through polices and processes.</p>
	b) Performance gap of executives and staffs	<p>The bank has proper mechanism in place to identify the scope of improvement of the employees and executives and work towards addressing them on time. Development of human resources is pivotal for optimum efficiency and hence, BBL's employees are given with numerous learning and capacity development programmes throughout the year by best resources available within the country and abroad. To reduce knowledge gap and assist in the development of our personnel, user friendly Operations Manual have been developed and enclosed with functional processes for all employees who are the end users of these processes. 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 lapses in operations. All the policies and processes address clear responsibilities and accountabilities of all employees.</p>
	c) Potential external events	<p>There are non-diversifiable external factors that can affect operations of the business directly or indirectly. BBL understand that business operates in an umbrella of inter connected socio-economic and political environment where macro-economic conditions, regulatory changes, change in demand, status of infrastructure have significant influence on bank's performance. The bank has separate mechanism to address such kind of events.</p>
	d) Policies and processes for mitigating operational risk	<p>In BRAC Bank, a dedicated department under the Risk Management Division (RMD) consistently works in Operational Risk identification, assessment and implementing appropriate risk mitigation strategies across the bank. It helps to create awareness about various types of risks in pan bank and enhances management of significant risk exposures by escalating all risk issues timely and concisely to the MANCOM and Enterprise Risk Management Committee (ERMC). The team works in collaboration with all the departments in the bank for minimizing the Operational Risk exposures by collating information from key stakeholders of processes across all functions of the bank, Incident Reports, Potential Loss Reports, Internal Audit Reports, External Audit Reports and various other sources to identify gaps, risks, compliance and control failures to ensure reporting of significant risks and corporate governance issues.</p> <p>Such maintenance of a bank-wide risk management framework enables every department to independently identify, assess and respond to changes in the operating environment.</p>

<b>Qualitative Disclosure</b>	<p>Moreover, Internal Control and Compliance Division has key role in identifying and mitigating operational risk. This division works relentlessly under the guidance of Board Audit committee to manage operational risk issues of the bank. The audit committee delivers policies and directions from time to time to keep the operational efficiency of the bank up to the mark.</p>
	<p><b>e) Approach for Calculating Capital Charges for Operational Risk</b></p> <p>Basic Indicator Approach (BIA) is followed to calculate the capital charges for Operational Risk as per the guidelines of Bangladesh Bank. As per BIA, the capital charge for Operations Risk is a fixed percentage denoted by <math>f_1(\alpha)</math> of average positive gross annual income of the bank over the past three years.</p> $K = [(GI_1 + GI_2 + GI_3) \times f_1] / n$ <p>Where:-</p> <p><math>K</math> = the capital charge under the Basic Indicator Approach  <math>GI</math> = only positive annual gross income over the previous three years (i.e. negative or zero gross income if any shall be excluded)  <math>f_1 = 15\%</math>  <math>n</math> = number of the previous three years for which gross income is positive.</p>

<b>Quantitative Disclosure</b>	Quantitative Disclosure						
	Standalone			Consolidated			
Year	Gross Income (GI)	Weight	15% of Average GI	Gross Income (GI)	Weight	15% of Average GI	
2019	21,774,760,168	15%	3,266,214,025	28,206,136,662	15%	4,230,920,499	Amount in Taka
2018	19,206,295,906	15%	2,880,944,386	26,049,095,186	15%	3,907,364,278	
2017	18,675,785,175	15%	2,801,367,776	23,667,504,620	15%	3,550,125,693	
<b>Average</b>			<b>2,982,842,062</b>	<b>Average</b>		<b>3,896,136,823</b>	
Average Gross Income of three years				Average Gross Income of three years			
	<b>19,885,613,750</b>	15%	<b>2,982,842,062</b>	<b>25,974,245,489</b>	15%	<b>3,896,136,823</b>	

<b>9. Liquidity Ratio</b> Qualitative Disclosure	
<p><b>a) Views of BOD on system to reduce liquidity Risk</b></p> <p>Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit) or when a bank is unable to fulfill its commitments in time when payment falls due.</p> <p><b>Types of Liquidity Risks</b></p>  <p>a) Funding liquidity risk: the risk that a firm will be unable to meet its current and future cash flow and collateral needs without affecting its daily operations or its financial condition</p> <p>b) Market liquidity risk: the risk that a firm cannot easily offset or sell a position without incurring a loss because of inadequate depth in the market.</p> <p>BBL's Board of Directors have always been giving utmost importance to minimize the liquidity risk of the bank. In order to reduce liquidity risk strict maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Reserve (SLR) are also being emphasized on a regular basis. Apart from these as a part of Basel-III requirement Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are also maintained under the guidance and sharp insight of our honorable Board of Directors.</p> 	<p><b>a) Views of BOD on system to reduce liquidity Risk</b></p> <p>Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit) or when a bank is unable to fulfill its commitments in time when payment falls due.</p> <p><b>Types of Liquidity Risks</b></p>  <p>a) Funding liquidity risk: the risk that a firm will be unable to meet its current and future cash flow and collateral needs without affecting its daily operations or its financial condition</p> <p>b) Market liquidity risk: the risk that a firm cannot easily offset or sell a position without incurring a loss because of inadequate depth in the market.</p> <p>BBL's Board of Directors have always been giving utmost importance to minimize the liquidity risk of the bank. In order to reduce liquidity risk strict maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Reserve (SLR) are also being emphasized on a regular basis. Apart from these as a part of Basel-III requirement Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are also maintained under the guidance and sharp insight of our honorable Board of Directors.</p> 

	<p><b>b) Methods used to measure Liquidity risk</b></p>	<p>We follow Bangladesh Bank's Risk Based Capital Adequacy guideline in line with Basel III. We also follow DOS circular no. 1, dated 1st January, 2015, on Implementation of Basel III liquidity ratio. The calculation methodology is illustrated in detail in the guideline provided by Bangladesh Bank.</p> <p><b>Liquidity Coverage ratio:</b> The liquidity coverage ratio (LCR) refers to highly liquid assets held by financial institutions in order to meet short-term obligations. The Liquidity coverage ratio is designed to ensure that financial institutions have the necessary assets on hand to ride out short-term liquidity disruptions. Banks are required to hold an amount of highly-liquid assets, such as cash or Treasury bonds, equal to or greater than their net cash over a 30 day period (having at least 100% coverage).</p> <p><b>Net stable funding ratio (NSFR):</b> The NSFR presents the proportion of long term assets funded by stable funding and is calculated as the amount of Available Stable Funding (ASF) divided by the amount of Required Stable Funding (RSF) over a one-year horizon. This ratio must exceed 100%.</p> 
	<p><b>c) Liquidity risk management system</b></p>	<p>Liquidity is the ability of a bank to generate fund for increasing assets and meet obligations as they come due, without incurring unacceptable cost. The fundamental role of banks in the maturity transformation of short-term deposits into long-term loans makes bank inherently vulnerable to liquidity risk. Effective liquidity risk management helps ensure a bank's ability to meet cash flow obligations, which are uncertain as they are affected by external events and other agents' behavior. Liquidity risk management is of paramount importance because a liquidity shortfall at single institution can have system-wide repercussions.</p> <p>Responsibility of managing and controlling liquidity of BBL lies with Asset Liability Management Committee (ALCO) which meets at regular interval. Asset and Liability Management (ALM) desk closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities and they are primarily responsible for management of liquidity in the bank.</p>

Qualitative Disclosure	<p><b>d) Policies and processes for mitigating liquidity risk</b></p> <p>Asset Liability Management (ALM) is the core job and integral part of Bank Management. Changes in market liquidity and in interest rate expose Bank's business to the risk of loss, which may, in extreme cases, threaten the survival of the institution. As such, it is important that the level of balance sheet risks is 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. Asset Liability Management policy is prepared to monitor, measure and manage the risks associated with balance sheet and guards the Bank against any unforeseen loss/threat of survival. The Asset Liability Management policy was approved by the Board in August 2004. The policy is revised to accommodate regulatory and organizational change.</p> <p>The Board of Directors approve the LRM Policy. Asset Liability Committee (ALCO) reviews the policy at least annually or as and when required by taking into consideration of any changes in the market dynamics and appropriateness and put recommendation for changes in policy to the Board for approval. The LRM Policy is guided by international best banking practices, local banking &amp; regulatory environment and prudent guidelines of the central bank.</p>
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#### Quantitative Disclosure

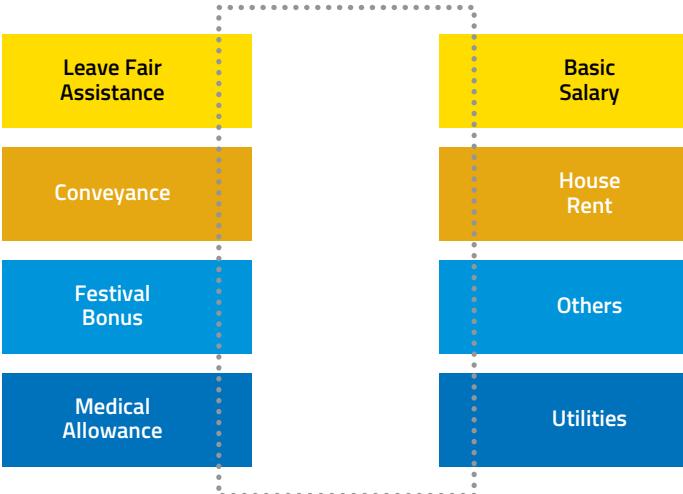
Quantitative Disclosure	<b>Particular</b>	<b>As on December 31, 2019</b>
	Liquidity Coverage Ratio	218.19%
	Net Stable Funding Ratio	110.01%
	Stock of High quality liquid assets	61,230,492,344
	Available amount of stable funding	306,095,771,864
	Required amount of stable funding	278,231,020,643

10. Leverage Ratio Qualitative Disclosure	
Qualitative Disclosure	<p><b>a) Views of BOD on system to reduce excessive leverage</b></p> <p>In order to avoid building-up excessive on - and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements.</p> <p>Banks have a range of financial incentives to operate with high leverage. But it creates risk when it crosses a certain point. Therefore, the board' views that sound prudential controls are needed to ensure that the organization maintains a balance between its debt and equity. The board also believes that the bank should maintain its leverage ratio on and above the regulatory requirements which will eventually increase the public confidence on the organization.</p>

Qualitative Disclosure	b) Policies and processes for managing excessive on and off-balance sheet leverage	BRAC Bank calculates leverage ratio on quarterly basis as per the RBCA guideline of the Bangladesh Bank and submits it to the Department of Off-site Supervision (DOS), Bangladesh Bank along with CRAR report. To manage excessive leverage, the bank follows all regulatory requirements for capital, liquidity, commitment, Advance Deposit Ratio (ADR), Maximum Cumulative Outflow (MCO), and other standards set by Bangladesh Bank. The aim is to ensure that the high leverage inherent in banking business models is carefully and prudently managed.	
	c) Approach for calculating exposure	Leverage ratio reflects the bank's tier 1 capital (the numerator) over total exposure (the denominator), which include its balance sheet exposures and certain off-balance sheet exposures. The capital measure for the leverage ratio is based on the Tier 1 capital.  The exposure measure for the leverage ratio follows the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the followings are applied by the bank:  1. On balance sheet, non-derivative exposures are net of specific provisions and valuation adjustments  2. Physical or financial collateral, guarantee or credit risk mitigation purchased is not considered to reduce on-balance sheet exposure  3. Netting of loans and deposits is not considered.  <b>Leverage Ratio:</b> Tier 1 Capital (after related deductions)/Total Exposure (after related deductions)	
Quantitative Disclosure			
Quantitative Disclosure	<b>Particular</b>	<b>Standalone</b>	<b>Consolidated</b>
	Tier-1 Capital (considering all regulatory adjustments)	33,783,683,815	39,732,700,656
	On-Balance Sheet Exposure	361,923,645,089	408,858,385,336
	Off-Balance Sheet Exposure	38,260,779,245	38,260,779,245
	Total Exposure	396,917,415,716	440,868,465,668
	Leverage Ratio	8.51%	9.01%

11. Remuneration	
Qualitative Disclosure	
<b>a) Information relating to the bodies that oversee remuneration:</b>	
Qualitative Disclosure	<p>i. Name, composition and mandate of the main body overseeing remuneration</p> <p>The remuneration issues in BRAC Bank are overseen by the Senior Management. It comprises the Managing Director &amp; CEO, the Deputy Managing Directors and the Divisional Heads.</p> <p><b>Remuneration during Joining:</b> Head of Human Resources, Head of Compensation &amp; Rewards along with concerned Functional Head fix the remuneration based on fitment analysis of the incoming employee.</p> <p><b>Remuneration after Joining:</b> Head of Human Resources along with concerned Functional head and Senior Management review the Remuneration of the Bank from time to time and adjust it based on performance, importance of the role and market benchmark.</p> <p>Cost of living adjustment is given to the eligible employees as per Bank's policy on yearly basis.</p>

	<p>ii. External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.</p> <p>iii. A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches</p> <p>iv. A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.</p>	<p>"Cerebrus" – a renowned consulting firm was appointed to conduct a full fledged Remuneration and Benefit survey.</p> <p>The consultant firm was commissioned with the recommendation from Head of HR along with the consent of MD &amp; CEO</p> <p>The remuneration policy of the bank covers all persons engaged in service of the bank. The Salary structure of the Bank is based on Job Grades. Job grades are decided on the basis of an analytic assessment of the position based on the size, responsibilities, decision-making authorities, nature and scope of the job.</p> <p>The bank has identified employees in key areas and functions whose impact on the risk profile of the bank will always be material that includes the members of the management body in its supervisory function, whose professional activities have a material impact on the institution's risk profile because of their responsibilities. In particular, all members of Senior Management, Extended Management Team and other department heads have been identified as senior managers and material risk takers.</p>
<b>b) Information relating to the design and structure of remuneration processes:</b>		
	<p>i. An overview of the key features and objectives of remuneration policy.</p>	<p>BRAC Bank is committed to maintain fair, competitive and performance-oriented remuneration policies and practices that align with long-term employee and shareholder interests. The bank believes in rewarding employees for performing in a way that creates sustainable values for the bank and its shareholders over the time. We believe that well-established and clearly communicated core remuneration values drive fairness and consistency across our bank.</p> <p>Upon recommendation from the Management, Board of Directors have the authority to approve and amend the policy.</p> <p>The remuneration policy of the Bank cover all persons engaged in permanent service of the Bank.</p>
		<p>Bank has different Job Grades for various levels of employee. Job grade is decided on the basis of an analytic assessment of the position based on the size, responsibilities, decision-making authorities, nature and scope of the job.</p> <p><b>THE FOLLOWING ARE THE JOB GRADES OF BRAC BANK LIMITED:</b></p> <ul style="list-style-type: none"> <li>▪ Deputy Managing Director</li> <li>▪ Senior Executive Vice President</li> <li>▪ Executive Vice President</li> <li>▪ Senior Vice President</li> <li>▪ Vice President</li> <li>▪ Senior Assistant Vice President</li> <li>▪ First Assistant Vice President</li> <li>▪ Assistant Vice President</li> <li>▪ Senior Principal Officer</li> <li>▪ Principal Officer</li> <li>▪ Senior Officer, Management Trainee</li> <li>▪ Officer Grade II, Young Professional, Junior Professional</li> <li>▪ Officer Grade I</li> </ul>

<b>Qualitative Disclosure</b>	<p>Managing Director &amp; CEO is not a permanent position. It is a fixed term contractual position as per Bangladesh Bank's approval.</p> <p><b>THE MONTHLY GROSS SALARY OF AN EMPLOYEE HAVE THE FOLLOWING COMPONENTS:</b></p>  <p>Salaries are confidential between the employees concerned and the Management. The salary ranges for these job grade is reviewed from time to time by the management committee and approved by the Board of Directors.</p> <p>In addition to this, an employee receives 2 guaranteed festival bonuses in two festivals each equal to one basic. He/ She also receives Leave Fair Allowance equal to one Basic salary at the time of his Annual Mandatory Leave. He/ She may also receive performance bonus/awards/grants etc. as decided by the Board of Directors/Management of the Bank from time to time.</p>
	<p>ii. Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that was made.</p>
	<p>iii. A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.</p>
<p><b>c) Description of the ways in which current and future risks are taken into account in the remuneration processes:</b></p>	
<p>i. An overview of the key risks that the bank takes into account when implementing remuneration measures.</p>	<p>BRAC Bank takes into account all current and future risks, whether on or off-balance sheet, differentiating amongst risks relevant for business units and individuals. However, for managing and determining remuneration arrangements, key risks like- Financial Risks, Operational Risks, Compliance Risks, Market Risks, Reputational Risks, and Employee Turnover Risks; etc. are usually taken into account. All of our remuneration practices are carefully managed within the risk-taking capacity of the bank.</p>

<b>Qualitative Disclosure</b>	<p>ii. An overview of the nature and type of the key measures used to take account of these risks; including risks difficult to measure (values need not be disclosed).</p>	<p>Not Applicable</p>
	<p>iii. A discussion of the ways in which these measures affect remuneration.</p>	<p>We approach all of our remuneration arrangements, especially the periodic fixed remuneration enhancements and the variable compensation arrangements through an integrated risk, finance, compensation and performance management framework.</p> <p>The way in which each individual contributes to or impacts on the key criteria differs depending on the area of the business in which they operate and their level of seniority. These differences are reflected in the expected outcomes and performance indicators developed for each individual employee/role and satisfactory performance against these indicators is required to qualify for change in remuneration</p>
	<p>iv. A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.</p>	<p>Not Applicable</p>
	<p><b>d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:</b></p>	
	<p>i. An overview of main performance metrics for bank, top-level business lines and individuals.</p>	<ul style="list-style-type: none"> <li>▪ Based on the Bank's profit, the Board of Directors at their discretion declare a certain percentage of the pre-tax profit as Performance Bonus.</li> <li>▪ The method of distribution is based at Management discretion.</li> <li>▪ No bonus will be applicable to the employees rating with needs improvement/unsatisfactory performance.</li> <li>▪ Bonus is declared as per individual employee performance. The ratings and associated bonus amount is decided by the Management committee</li> <li>▪ Performance is measured as per pre-defined criteria and set targets at the beginning of the year. Assessment is divided in two categories: A) Business Objective B) Value based objective. BRAC Bank believes in Value based performance assessment which not only expects desired performance from the employee but also ensure that his/her value system towards organization and his/her job is also up to the mark.</li> </ul> <p><b>Eligibility criteria are as follows:</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center; width: 45%;"> <span style="background-color: #0056b3; color: white; padding: 10px; border-radius: 5px;">Confirmed Employees joined within 30th June of the performing year and confirmed within 31st December of that year.</span> </div> <div style="text-align: center; width: 45%;"> <span style="background-color: #fca82e; color: white; padding: 10px; border-radius: 5px;">However, bonus will be calculated on Pro Rata Basis based on confirmation date for the rest of the calendar year.</span> </div> </div>

	ii. A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.	Though amounts of individual remuneration do not contain any direct formulaic link between business income and individual reward but in case of variable remuneration, we always consider concerned division performance while assessing the employees attached to it. Differentiating performance and value ratings at all levels enable us to target spend towards those who have made the most effective contribution to the bank's performance and unique culture to recognize and motivate performers and retention of them
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**e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance:**

<b>Qualitative Disclosure</b>	i. A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.	Currently we do not offer any variable remuneration that may be deferred or vested either in the form of cash, shares or share-linked instruments.
	ii. A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements	Not applicable.

**f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms. Disclosures should include:**

	i. An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms	Apart from fixed remuneration components, employees are also eligible for variable remuneration arrangements consisting of Performance Bonus and Incentives. Such bonuses are currently offered only in cash form.
	ii. A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees, a description of the factors that determine the mix and their relative importance.	Variable remuneration arrangements differ across groups of employees. Performance Bonus awards are discretionary and recognize annual performance of the non-sales employees over the immediate past financial year. Performance is measured and reviewed against set goals, which include financial and value metrics. On the other hand, incentive bonuses are non-discretionary and normally paid to salespeople on monthly basis who meet established business goals, generate new business, and retain current customers.

**Quantitative Disclosure**

**a) Number of meetings held by the main body overseeing remuneration during the financial year and the remuneration paid to its members:**

The Senior Management met several times during the year ended 31 December 2019. No payment is made to Committee members for their membership of the Committee.

**Quantitative Disclosure**

<b>b)</b>
i. The number of persons having received a variable remuneration award during the financial year:  Employee No. 7784  Total Amount: BDT 650,088,886
ii. Number and total amount of guaranteed bonuses awarded during the financial year:  Employee No. 8000  Total Festival Bonus: BDT 346,857,042
iii. Number and total amount of sign-on awards made during the financial year:  Not Applicable
iv. Number and total amount of termination payments made during the financial year:  Employee No. 6  Termination Payments: BDT 316,762
<b>c)</b>
i. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms:  Not Applicable
ii. Total amount of deferred remuneration paid out in the financial year:  Not Applicable
<b>d) Breakdown of the amount of remuneration awards for the financial year to show:</b>
i. Fixed and variable:  Fixed: BDT 4,635,298,503  Variable: BDT 650,088,886
ii. Deferred and non-deferred:  Not Applicable
iii. The different forms used (cash, shares and share-linked instruments and other forms):  Not Applicable
<b>e) Quantitative information about employees' exposure to implicit and explicit adjustments of deferred remuneration and retained remuneration:</b>
i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments:  Not Applicable
ii. Total amount of reductions during the financial year due to ex post explicit adjustments:  Not Applicable
iii. Total amount of reductions during the financial year due to ex post implicit adjustments:  Not Applicable



# BRAC BANK'S FINANCIAL STATEMENTS

BRAC BANK LIMITED

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BRAC Bank Limited

## Report on the Audit of the Consolidated and Separate Financial Statements

### Opinion

We have audited the consolidated financial statements of BRAC Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of BRAC Bank Limited (the "Bank"), which comprise the consolidated and separate statements of financial position as at 31 December 2019 and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2019, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.1.1.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 1. Measurement of provision for loans and advances

See notes no. 2.1.1, 7, 7.12 and 16.1 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The process of estimating provision for loans and advances associated with credit risk is judgmental and complex. While estimating such provision certain judgmental factors need to be considered including:</p> <ul style="list-style-type: none"><li>● Future business performance of the borrower;</li><li>● Key assumptions relating to further business performance of the borrower;</li><li>● Market value of the collateral;</li><li>● Ability to repossess collateral; and</li><li>● Recovery rates.</li></ul> <p>Furthermore, these provisions are processed manually using the voluminous data extracted from the IT system of the Bank and following the instructions of Bangladesh Bank (the central bank of Bangladesh) issued time to time.</p> <p>Due to high level of judgement involved and using some manual process in estimating the provision for loans and advances, we considered this to be a key audit matter.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"><li>● Credit monitoring and provisioning process;</li><li>● Identification of loss events, including early warning and default warning indicators; and</li><li>● Reviewed quarterly Classification of Loans (CL).</li></ul> <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"><li>● Reviewed the adequacy of the companies general and specific provisions;</li><li>● Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; and</li></ul>

The key audit matter	How the matter was addressed in our audit
At year end the Group and the Bank reported total gross loans and advances of BDT 264,870 million (2018: BDT 238,400 million) and BDT 264,091 million (2018: BDT 238,008 million) respectively and provision for loans and advances of BDT 9,787 million (2018: BDT 8,630 million) and BDT 8,727 million (2018: BDT 7,571 million) respectively.	<ul style="list-style-type: none"> <li>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> </ul>

## 2. Recognition of deferred tax assets ("DTA")

See note no 9.4 and 40 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Group and The Bank have recognised deferred tax assets for deductible temporary differences that it believes are recoverable. The recoverability of recognised deferred tax assets is in part dependent on the Bank's ability to generate future taxable profits sufficient to utilise deductible temporary differences.</p> <p>We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences where significant judgement is involved.</p> <p>The Group and the Bank have reported deferred tax assets BDT 3,011 million (2018: BDT 1,841 million) and BDT 2,514 million (2018: BDT 1,559 million) respectively as at 31 December 2019.</p>	<p>We obtained an understanding of the Group and the Bank's key controls over the recognition and measurement of deferred tax assets and the assumptions used in estimating the Bank's future taxable income.</p> <p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>using our own tax specialists to evaluate the tax strategies that the Bank expects successful recovery of the recognised deferred tax assets;</li> <li>assessing the accuracy of forecast future taxable profits by evaluating historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit; and</li> <li>evaluating the adequacy of the financial statement disclosures as per IAS 12 Income Tax and Bangladesh Bank guideline.</li> </ul>

## 3. Legal and regulatory matters

The key audit matter	How the matter was addressed in our audit
<p>We focused on legal and regulatory matters because the Bank and its subsidiaries operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions and other contingent liabilities.</p>	<p>We obtained an understanding of the Group and the Bank's key controls over the legal compliance.</p> <p>We inquired to management to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We inquired of the Group and the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external legal counsel.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Group and the Bank's provisions and contingent liabilities disclosure.</p>

#### 4. IT systems and controls

See note no 2.10.6 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>Our audit procedures have been focused on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and manual with automated (IT dependent) controls.</p> <p>We have focused on user access management, developer access to the production environment and changes to the IT environment. These are key to ensure that manual with automated control and automated controls are operating effectively.</p>	<p>We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). We have performed audit procedures to ensure that requests for access to systems were appropriately reviewed and authorised. We tested the Bank's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorisation. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> <p>In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>

#### 5. Recoverability of investments in subsidiaries by the Bank

See note no 6 and 9.2 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Bank has invested in equity shares of its subsidiaries namely BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited and BRAC SAAJAN Exchange Limited. As at 31 December 2019 the carrying value of these investment is BDT 4,464 million (2018: BDT 4,462 million).</p> <p>The Bank is required to perform impairment test of investment in subsidiary when impairment indication exists. The impairment testing is considered to be a key audit matter due to the complexity and judgements required in determining the assumptions to be used to estimate the recoverable amount which is higher of fair value less costs to sell and value in use.</p> <p>Management has conducted impairment assessment and calculated recoverable value of its subsidiary for BRAC EPL Investments Limited only in accordance with IAS 36 as there is no impairment indications for investment in other subsidiaries.</p>	<p>We have reviewed management's analysis of impairment assessment and recoverable value calculation of BRAC EPL Investments Limited in accordance with IAS 36 Impairment of Assets.</p> <p>We have analysed the appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p>

#### 6. Impairment of goodwill

See note no 6, 11 and 37.1 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Group has recognised goodwill BDT 1,427 million (2018: BDT 1,427 million).</p> <p>The goodwill has arisen from acquisition of BRAC EPL Stock Brokerage Limited, BRAC EPL Investments Limited and BRAC SAAJAN Exchange Limited.</p> <p>The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGUs, which is based on the higher of the value in use or fair value less costs to sell, has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of revenue, operating costs, terminal value, growth rates and the weighted-average cost of capital (discount rate).</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>● evaluating the appropriateness of the assumptions applied to key inputs such as revenue, operating costs, inflation and long-term growth rates, which included comparing these inputs with our own assessments based on our knowledge of the client and the industry;</li> <li>● performing our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on recoverable amount of CGU; and</li> <li>● evaluating the adequacy of the financial statement disclosures.</li> </ul>

## 7. Recognition of interest income from loans and advances

See note no 24 to the financial statements.

The key audit matter	How the matter was addressed in our audit
Recognition of interest income has significant and wide influence on financial statements.	We tested the design and operating effectiveness of key controls over recognition and measurement of interest on loans and advances.
Recognition and measurement of interest income has involvement of complex IT environment.	We performed test of operating effectiveness on automated control in place to measure and recognise interest income.
We identify recognition of interest income from loans and advances as a key audit matter because this is one of the key performance indicators of the Bank and therefore there is an inherent risk of fraud and error in recognition of interest by management to meet specific targets or expectations.	We have also performed substantive procedure to check whether interest income is recognised completely and accurately. We assessed the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank guidelines.

## 8. Cash in hand

See note no 3 to the financial statements.

The key audit matter	How the matter was addressed in our audit
Cash in hand is preserved at different branch of BRAC Bank Limited. Custodians of vault are responsible for security and reconciliation of cash movement at branches and Alternative Distribution Channel.  We have identified cash in hand as key audit matters due to its decentralised control which increase the likelihood of misappropriations of cash in hand.	We obtained an understanding, evaluated the design and operating effectiveness of controls over cash in hand.  We have visited the branches on a sample basis to perform substantive procedures on physical existence of cash in hand.  We assessed the appropriateness of disclosure against relevant accounting standards and Bangladesh Bank guidelines.

## 9. Loans and advances

See note no 2.1.1 and 7 to the financial statements.

The key audit matter	How the matter was addressed in our audit
Loans and advances are the main element of financial statements of the Bank. Income of the Bank is mainly dependent on the portfolio of loans and advances. Management performance is highly dependent on the target achievement of loans and advances. Loan disbursement requires robust documentation followed by approval from appropriate level of authority.  We have identified loans and advances as key audit matter because there is an inherent risk of fraud in disbursement of loans and advances by management to meet specific targets or expectations.	We tested the design and operating effectiveness of key controls focusing on credit appraisal, loan disbursement procedures and monitoring process of loans and advances.  We have performed procedure to check whether the Bank has ensured appropriate documentation as per Bangladesh Bank regulations and the Bank's policy before disbursement of loans and advances. In addition, we have performed procedure to check whether the loans and advances is recorded completely and accurately and that are existed at the reporting date.  Furthermore, we have assessed the appropriateness of disclosure against Bangladesh Bank guidelines.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated and separate financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls**

Management is responsible for the preparation of the consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with IFRSs as explained in note 2.1.1, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the management to ensure effective internal audit, internal control and risk management functions of the Group and the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, 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) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the management's responsibility for the financial statements and internal control:
  - (a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in the financial statements appeared to be materially adequate;
  - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities.
- (iii) financial statements for the year ended 31 December 2019 of two subsidiaries namely BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited and one associate namely BRAC IT Services Limited have been audited by A. Qasem & Co., Chartered Accountants and other two subsidiaries namely bKash Limited and BRAC SAAJAN Exchange Limited have been audited by us and Reddy Siddiqui & Kabani respectively and have been properly reflected in the consolidated financial statements;
- (iv) in our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred by the Bank were for the purpose of the Bank's business for the year;
- (viii) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 5,543 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

The engagement partner on the audit resulting in this independent auditor's report is M. Mehedi Hasan.

Dhaka, 27 April 2020



Rahman Rahman Huq  
Chartered Accountants  
KPMG in Bangladesh

**BRAC Bank Limited and its subsidiaries**  
**CONSOLIDATED BALANCE SHEET**

As at 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3	<b>23,064,121,754</b>	<b>22,394,474,142</b>
Cash in hand (Including foreign currency)		6,961,056,855	6,674,699,654
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)		16,103,064,899	15,719,774,488
<b>Balance with other banks and financial institutions</b>	4	<b>46,597,711,756</b>	<b>44,651,943,921</b>
Inside Bangladesh		43,826,875,635	41,918,719,170
Outside Bangladesh		2,770,836,121	2,733,224,751
<b>Money at call on short notice</b>	5	-	-
<b>Investments</b>	6	<b>55,951,591,605</b>	<b>35,133,273,327</b>
Government		47,735,405,086	27,925,905,144
Others		8,216,186,519	7,207,368,183
<b>Loans and advances</b>	7	<b>264,870,263,857</b>	<b>238,400,399,660</b>
Loans, cash credit, overdrafts etc.		146,519,000,734	154,792,422,586
Small and medium enterprises		114,908,783,595	80,422,409,963
Bills purchased and discounted		3,442,479,528	3,185,567,111
<b>Fixed assets including premises, furniture and fixtures</b>	8	<b>10,873,480,720</b>	<b>6,265,160,203</b>
<b>Other assets</b>	9	<b>12,003,986,066</b>	<b>9,665,434,144</b>
<b>Non-banking assets</b>	10	<b>66,471,775</b>	<b>66,471,775</b>
<b>Goodwill</b>	11	<b>1,427,468,911</b>	<b>1,427,468,911</b>
<b>Total property and assets</b>		<b>414,855,096,444</b>	<b>358,004,626,083</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	12	<b>23,461,531,027</b>	<b>22,958,478,616</b>
<b>Borrowings from Bangladesh Bank</b>	13	<b>12,487,885,372</b>	<b>8,344,796,525</b>
<b>Money at call on short notice</b>	14	<b>1,273,500,000</b>	-
<b>Deposits and other accounts</b>	15	<b>297,754,929,671</b>	<b>259,960,769,145</b>
Current accounts and other accounts		101,846,330,888	84,212,957,634
Bills payable		1,911,038,678	2,428,242,638
Savings deposits		44,538,393,041	38,320,761,103
Fixed deposits		147,365,718,274	133,388,177,229
Other deposits		2,093,448,790	1,610,630,541
<b>Other liabilities</b>	16	<b>33,213,605,195</b>	<b>25,040,396,495</b>
<b>Total liabilities</b>		<b>368,191,451,265</b>	<b>316,304,440,781</b>
<b>Capital and shareholders' equity</b>			
<b>Paid up capital</b>	17.2	<b>12,333,753,270</b>	<b>10,725,002,850</b>
<b>Share premium</b>	17.7	<b>3,853,767,032</b>	<b>3,853,767,032</b>
<b>Statutory reserve</b>	18	<b>8,129,149,416</b>	<b>6,428,088,086</b>
<b>Dividend equalization fund</b>	19	<b>355,218,455</b>	<b>355,218,455</b>
<b>Revaluation reserve on govt. securities</b>	20.1	<b>98,965,051</b>	<b>5,593,264</b>
<b>Assets revaluation reserve</b>	20.2	<b>478,558,600</b>	<b>478,558,600</b>
<b>Fair value reserve</b>		78,920,073	78,920,073
<b>Foreign currency translation reserve</b>		23,670,247	(17,674,822)
<b>Surplus in profit and loss account/Retained earnings</b>	21.1	<b>15,230,405,214</b>	<b>13,342,589,185</b>
<b>Total shareholders' equity</b>		<b>40,582,407,358</b>	<b>35,250,062,723</b>
<b>Non controlling interest</b>	21.2	<b>6,081,237,821</b>	<b>6,450,122,579</b>
<b>Total equity</b>		<b>46,663,645,179</b>	<b>41,700,185,302</b>
<b>Total liabilities and equity</b>		<b>414,855,096,444</b>	<b>358,004,626,083</b>

**BRAC Bank Limited and its subsidiaries**  
**CONSOLIDATED BALANCE SHEET**

As at 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
<b>Off balance sheet items</b>			
<b>Contingent liabilities</b>			
Acceptances and endorsements	22.1	27,669,571,296	31,170,526,059
Irrevocable letters of credit	22.1	12,226,956,921	16,394,979,800
Letter of guarantees	22.2	13,089,590,151	10,218,069,408
Bills for collection	22.3	20,918,191,150	5,092,871,749
Other contingent liabilities	22.4	26,232,850,181	16,666,535,551
<b>Total</b>		<b>100,137,159,699</b>	<b>79,542,982,567</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		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Total off balance sheet items including contingent liabilities</b>		<b>100,137,159,699</b>	<b>79,542,982,567</b>
<b>Net asset value (NAV) per share</b>	<b>45</b>	<b>32.90</b>	<b>28.58</b>

The annexed notes 1 to 47 form an integral part of these financial statements.

Managing Director and CEO

Director

Director

Chairman

Dhaka, 27 April 2020

As per our report of same date.

Rahman Rahman Huq  
Chartered Accountants  
KPMG in Bangladesh

**BRAC Bank Limited and its subsidiaries**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
Interest income	24	32,622,685,991	27,477,932,316
Interest paid on deposits and borrowing etc.	25	14,697,927,471	11,660,482,140
<b>Net interest income</b>		<b>17,924,758,520</b>	<b>15,817,450,176</b>
Investment income	26	3,057,465,086	2,791,093,074
Commission, exchange and brokerage	27	6,581,983,816	7,226,644,875
Other operating income	28	255,271,626	172,534,141
<b>Total operating income (a)</b>		<b>27,819,479,048</b>	<b>26,007,722,266</b>
Salaries and allowances	29	7,869,286,126	6,436,945,569
Rent, taxes, insurance, electricity etc.	30	824,047,162	1,532,970,820
Legal expenses		57,680,540	76,193,857
Postage, stamps, telecommunication etc.	31	313,422,992	321,719,919
Stationery, printing, advertisement etc.	32	2,496,364,990	2,169,679,696
Chief Executive's salary and fees	33	18,775,000	13,971,499
Directors' fees	34	3,005,897	3,009,464
Auditors' fees	35	7,624,501	6,305,738
Depreciation and repair of the bank's assets	36	3,501,473,890	2,026,717,532
Other expenses	37	3,767,683,277	4,026,750,022
<b>Total operating expenses (b)</b>		<b>18,859,364,375</b>	<b>16,614,264,116</b>
<b>Operating profit (c = a-b)</b>		<b>8,960,114,673</b>	<b>9,393,458,150</b>
Share of profit/(loss) of associates	38	(3,564,399)	1,915,700
Gain/(loss) on disposal of subsidiaries/associates		5,001,679	-
<b>Profit/(loss) before provisions (d)</b>		<b>8,961,551,953</b>	<b>9,395,373,850</b>
Provision for loans/investments:			
Loans and advances		1,096,128,805	683,745,138
Diminution in value of investments		534,400,000	116,400,000
Off balance sheet items		(192,000,000)	(37,000,000)
Other provisions		22,481,808	(10,762,161)
<b>Total provision (e)</b>	39	<b>1,461,010,613</b>	<b>752,382,977</b>
<b>Total profit/(loss) before taxes (f= d-e)</b>		<b>7,500,541,340</b>	<b>8,642,990,873</b>
Provision for taxation:			
Current tax expense		3,993,350,029	2,994,171,667
Deferred tax expense / (income)		(1,075,395,289)	(21,249,563)
<b>Total provision for taxation (g)</b>	40	<b>2,917,954,740</b>	<b>2,972,922,104</b>
<b>Net profit/(loss) after taxation (f-g)</b>		<b>4,582,586,600</b>	<b>5,670,068,769</b>

**BRAC Bank Limited and its subsidiaries**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
<b>Attributable to:</b>			
Equity holders of BRAC Bank Limited		4,951,010,844	5,546,423,706
Non controlling interest	21.2.1	(368,424,244)	123,645,063
		<b>4,582,586,600</b>	<b>5,670,068,769</b>
Retained earnings brought forward from previous year		13,342,589,185	8,606,876,878
Net profit attributable to the equity holders of the Bank		4,951,010,844	5,546,423,706
Net effect of all items directly recognised in Equity-retained earnings	21.1.1	246,616,935	2,948,770,389
Profit available for appropriation		<b>18,540,216,964</b>	<b>17,102,070,973</b>
<b>Appropriations:</b>			
Statutory reserve		1,701,061,330	1,614,481,218
General reserve		-	-
Dividend		1,608,750,420	2,145,000,570
		3,309,811,750	3,759,481,788
<b>Retained surplus</b>		<b>15,230,405,214</b>	<b>13,342,589,185</b>
Earnings Per Share (EPS) [previous year's figure restated]	41	4.01	4.50

The annexed notes 1 to 47 form an integral part of these financial statements.

Managing Director and CEO

Director

Director

Chairman

Dhaka, 27 April 2020

As per our report of same date.

Rahman Rahaman Huq  
Chartered Accountants  
KPMG in Bangladesh

**BRAC Bank Limited and its subsidiaries**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2019

Amount in Taka

Particulars	Paid up capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total
<b>Balance as at 1 January 2019</b>	<b>10,725,002,850</b>	<b>3,853,767,032</b>	<b>6,428,088,086</b>	<b>355,218,455</b>	<b>5,593,264</b>	<b>478,558,600</b>	<b>78,920,073</b>	<b>(17,674,822)</b>	<b>13,342,589,185</b>	<b>6,450,122,579</b>	<b>41,700,185,302</b>
Surplus on account of revaluation of assets	-	-	-	-	-	-	-	-	-	-	-
Recognition of deferred tax on revaluation reserve of fixed assets	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	93,371,787	-	-	-	-	-	93,371,787
Ordinary share issue against bond conversion	-	-	-	-	-	-	-	-	-	-	-
Share premium against bond conversion	-	-	-	-	-	-	-	-	-	-	-
Changes in foreign currency translation reserve	-	-	-	-	-	-	-	41,345,069	-	2,809,830	44,154,899
Fair value reserve	-	-	-	-	-	-	-	-	-	-	-
Remeasurements of defined benefits liability (assets)	-	-	-	-	-	-	-	-	248,088,649	-	248,088,649
Effect of change in preference share of bKash	-	-	-	-	-	-	-	-	-	-	-
<b>Net gains and losses not recognised in the income statement</b>	<b>10,725,002,850</b>	<b>3,853,767,032</b>	<b>6,428,088,086</b>	<b>355,218,455</b>	<b>98,965,051</b>	<b>478,558,600</b>	<b>78,920,073</b>	<b>23,670,247</b>	<b>13,590,677,834</b>	<b>6,452,932,409</b>	<b>42,085,800,637</b>
Net profit for the year	-	-	-	-	-	-	-	-	4,951,010,844	(368,424,244)	4,582,586,600
<u>Dividend for the year 2018:</u>											
Stock dividend	1,608,750,420	-	-	-	-	-	-	-	(1,608,750,420)	-	-
Cash dividend	-	-	-	-	-	-	-	-	-	(2,155,498)	(2,155,498)
Dividend equalization fund	-	-	-	-	-	-	-	-	-	-	-
Adjustment for subsidiaries holdings change	-	-	-	-	-	-	-	-	(1,471,714)	(1,114,846)	(2,586,560)
Statutory reserve	-	-	1,701,061,330	-	-	-	-	-	(1,701,061,330)	-	-
<b>Balance as at 31 December 2019</b>	<b>12,333,753,270</b>	<b>3,853,767,032</b>	<b>8,129,149,416</b>	<b>355,218,455</b>	<b>98,965,051</b>	<b>478,558,600</b>	<b>78,920,073</b>	<b>23,670,247</b>	<b>15,230,405,214</b>	<b>6,081,237,821</b>	<b>46,663,645,179</b>

**BRAC Bank Limited and its subsidiaries**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2018

Amount in Taka

Particulars	Paid up capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total
<b>Balance as at 1 January 2018</b>	<b>8,552,096,940</b>	<b>3,738,490,072</b>	<b>4,813,606,868</b>	<b>355,218,455</b>	<b>23,306,557</b>	<b>516,373,535</b>	<b>-</b>	<b>(5,825,691)</b>	<b>8,606,876,878</b>	<b>1,829,699,277</b>	<b>28,429,842,891</b>
Surplus/deficit on account of revaluation of assets	-	-	-	-	-	4,094,815	-	-	-	-	4,094,815
Recognition of deferred tax on revaluation reserve of fixed assets	-	-	-	-	-	(41,909,750)	-	-	-	-	(41,909,750)
Surplus/deficit on account of revaluation of investments	-	-	-	-	(17,713,293)	-	-	-	-	-	(17,713,293)
Ordinary share issue against bond conversion	27,905,340	-	-	-	-	-	-	-	-	-	27,905,340
Share premium against bond conversion	-	115,276,960	-	-	-	-	-	-	-	-	115,276,960
Changes in foreign currency translation reserve	-	-	-	-	-	-	(11,849,131)	-	-	(2,949,236)	(14,798,367)
Fair value reserve	-	-	-	-	-	78,920,073	-	-	-	8,768,897	87,688,970
Remeasurements of defined benefits liability (assets)	-	-	-	-	-	-	-	-	7,038,209	(11,511,495)	(4,473,286)
Effect of change in preference share of bkash	-	-	-	-	-	-	-	-	2,941,732,180	4,502,470,073	7,444,202,253
<b>Net gains and losses not recognised in the income statement</b>	<b>8,580,002,280</b>	<b>3,853,767,032</b>	<b>4,813,606,868</b>	<b>355,218,455</b>	<b>5,593,264</b>	<b>478,558,600</b>	<b>78,920,073</b>	<b>(17,674,822)</b>	<b>11,555,647,267</b>	<b>6,326,477,516</b>	<b>36,030,116,533</b>
Net profit for the year	-	-	-	-	-	-	-	-	5,546,423,706	123,645,063	5,670,068,769
<u>Dividend for the year 2017:</u>											
Stock dividend	2,145,000,570	-	-	-	-	-	-	-	(2,145,000,570)	-	-
Cash dividend	-	-	-	-	-	-	-	-	-	-	-
Dividend equalization fund	-	-	-	-	-	-	-	-	-	-	-
Statutory reserve	-	-	1,614,481,218	-	-	-	-	-	(1,614,481,218)	-	-
<b>Balance as at 31 December 2018</b>	<b>10,725,002,850</b>	<b>3,853,767,032</b>	<b>6,428,088,086</b>	<b>355,218,455</b>	<b>5,593,264</b>	<b>478,558,600</b>	<b>78,920,073</b>	<b>(17,674,822)</b>	<b>13,342,589,185</b>	<b>6,450,122,579</b>	<b>41,700,185,302</b>

The annexed notes 1 to 47 form an integral part of these financial statements.

**BRAC Bank Limited and its subsidiaries**  
**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
<b>A. Cash flows from operating activities</b>			
Interest receipts in cash		34,687,360,158	28,522,108,889
Interest payment		(13,911,791,386)	(9,444,568,536)
Dividend receipts		147,292,311	130,303,495
Fees and commission receipts in cash		27,086,387,248	23,498,969,584
Recoveries on loans previously written off		786,257,664	783,059,719
Cash payments to employees		(7,877,332,293)	(6,101,784,101)
Cash payments to suppliers		(20,906,139,145)	(18,632,476,521)
Income tax paid		(6,115,860,037)	(6,237,375,921)
Receipts from other operating activities	43	596,472,391	1,257,727,644
Payment for other operating activities	44	(4,760,977,173)	(4,852,031,161)
Operating profit before changes in operating assets and liabilities (i)		9,731,669,738	8,923,933,091
<b>Increase/(decrease) in operating assets and liabilities</b>			
Loans and advances		(26,044,651,099)	(35,188,943,781)
Other assets		(417,143,954)	(519,357,958)
Deposits from other banks/borrowings		5,316,638,248	580,819,179
Deposits from customers		36,821,447,652	37,895,555,125
Other liabilities		413,807,234	(1,382,610,506)
Cash utilised in operating assets and liabilities (ii)		16,090,098,081	1,385,462,059
<b>Net cash flows from operating activities (i+ii) (a)</b>		<b>25,821,767,819</b>	<b>10,309,395,150</b>
<b>B. Cash flows from investing activities</b>			
Treasury bills		(7,457,050,124)	(12,328,600,474)
Bangladesh Bank bills		-	2,497,936,800
Treasury bonds		(12,351,679,718)	1,096,934,546
Investment in shares		(121,097,150)	(591,052,996)
Investment in bonds		(1,131,615,340)	927,000,000
Redemption of BBL bond		-	(2,706,965,700)
Acquisition of fixed assets		(2,242,222,279)	(1,472,629,813)
Disposal of fixed assets		14,704,488	62,349,104
<b>Net cash used in investing activities (b)</b>		<b>(23,288,960,123)</b>	<b>(12,515,028,533)</b>
<b>C. Cash flows from financing activities</b>			
Proceeds from issue of convertible preference shares		-	7,495,209,445
Cash dividend paid		(2,980,595)	(347,296)
<b>Net cash flows from/(used in) financing activities ( c)</b>		<b>(2,980,595)</b>	<b>7,494,862,149</b>
<b>Net increase in cash (a+b+c)</b>		<b>2,529,827,101</b>	<b>5,289,228,766</b>
Effect of exchange rate changes on cash and cash equivalent		86,358,446	98,715,300
Cash and cash equivalents at the beginning of the year		67,047,515,663	61,659,571,597
Cash and cash equivalents at the end of the year	42	<b>69,663,701,210</b>	<b>67,047,515,663</b>
<b>Cash and cash equivalents at end of the year:</b>			
Cash in hand (including foreign currency)		6,961,056,855	6,674,699,654
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		16,103,064,899	15,719,774,488
Balance with other banks and financial institutions		46,597,711,756	44,651,943,921
Prize Bond		1,867,700	1,097,600
		<b>69,663,701,210</b>	<b>67,047,515,663</b>
<b>Net operating cash flow per share</b>	46	<b>20.94</b>	<b>8.36</b>

The annexed notes 1 to 47 form an integral part of these financial statements.

**BRAC Bank Limited and its subsidiaries**  
**CONSOLIDATED LIQUIDITY STATEMENT**  
**ASSET AND LIABILITY MATURITY ANALYSIS**

As at 31 December 2019

Amount in Taka

Particulars	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
<b>Assets</b>						
Cash in hand and Balance with Bangladesh Bank	8,632,587,554	-	-	-	14,431,534,200	23,064,121,754
Balance with other banks and financial institutions (including foreign currencies)	28,419,889,030	11,378,894,121	6,798,928,605	-	-	46,597,711,756
Money at call and short notice	-	-	-	-	-	-
Investments	5,395,266,069	210,000,000	22,056,643,097	16,473,893,351	11,815,789,088	55,951,591,605
Loans and advances	29,974,121,609	53,047,958,319	103,281,859,224	69,178,658,775	9,387,665,930	264,870,263,857
Fixed assets including premises, furniture and fixtures	-	675,988	13,518,792	7,778,391,678	3,080,894,262	10,873,480,720
Other assets	3,832,405,064	102,012,956	4,865,730,624	867,187,053	2,336,650,369	12,003,986,066
Non - banking assets	-	-	-	-	66,471,775	66,471,775
Goodwill	-	-	-	-	1,427,468,911	1,427,468,911
<b>Total Assets</b>	<b>76,254,269,326</b>	<b>64,739,541,384</b>	<b>137,016,680,342</b>	<b>94,298,130,857</b>	<b>42,546,474,535</b>	<b>414,855,096,444</b>
<b>Liabilities</b>						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	4,190,242,196	11,459,973,768	8,331,809,053	11,151,009,874	816,381,508	35,949,416,399
Money at call and short notice	1,273,500,000	-	-	-	-	1,273,500,000
Deposits and other accounts	55,367,682,545	53,335,181,665	106,752,078,193	59,980,394,326	22,319,592,942	297,754,929,671
Other liabilities	1,594,402,465	3,116,758,146	10,209,165,501	7,277,132,269	11,016,146,814	33,213,605,195
Non-controlling interest	-	-	-	-	6,081,237,821	6,081,237,821
<b>Total Liabilities</b>	<b>62,425,827,206</b>	<b>67,911,913,579</b>	<b>125,293,052,747</b>	<b>78,408,536,469</b>	<b>40,233,359,085</b>	<b>374,272,689,086</b>
<b>Net liquidity Gap</b>	<b>13,828,442,120</b>	<b>(3,172,372,195)</b>	<b>11,723,627,595</b>	<b>15,889,594,388</b>	<b>2,313,115,450</b>	<b>40,582,407,358</b>

Net result of the Liquidity Statement represents the Equity attributable to the shareholders of the Bank.

The annexed notes 1 to 47 form an integral part of these financial statements.

## BRAC Bank Limited

### BALANCE SHEET

As at 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
<b>PROPERTY AND ASSETS</b>			
Cash	3	<b>22,829,508,087</b>	<b>22,374,550,269</b>
Cash in hand (Including foreign currency)		6,726,443,188	6,654,775,781
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		16,103,064,899	15,719,774,488
Balance with other banks and financial institutions	4	<b>15,799,498,546</b>	<b>14,878,545,136</b>
Inside Bangladesh		13,203,670,424	12,484,067,930
Outside Bangladesh		2,595,828,122	2,394,477,206
Money at call on short notice	5	-	-
Investments	6	<b>45,943,571,923</b>	<b>25,765,118,241</b>
Government		39,175,469,934	20,341,016,406
Others		6,768,101,989	5,424,101,835
Loans and advances	7	<b>264,091,181,535</b>	<b>238,008,103,268</b>
Loans, cash credit, overdrafts etc.		145,739,918,412	154,400,126,194
Small and medium enterprises		114,908,783,595	80,422,409,963
Bills purchased & discounted		3,442,479,528	3,185,567,111
Fixed assets including premises, furniture and fixtures	8	<b>8,188,718,148</b>	<b>4,300,651,117</b>
Other assets	9	<b>11,001,406,183</b>	<b>10,023,235,468</b>
Non-banking assets	10	<b>66,471,775</b>	<b>66,471,775</b>
Total property and assets		<b>367,920,356,197</b>	<b>315,416,675,274</b>
<b>LIABILITIES AND CAPITAL</b>			
Liabilities			
Borrowings from other banks, financial institutions & agents	12	<b>22,901,981,186</b>	<b>22,958,478,616</b>
Borrowings from Bangladesh Bank	13	<b>12,487,885,372</b>	<b>8,344,796,525</b>
Money at call on short notice	14	<b>1,273,500,000</b>	-
Deposits and other accounts	15	<b>268,309,328,462</b>	<b>233,509,350,234</b>
Current accounts & other accounts		70,387,783,800	57,549,473,597
Bills payable		1,911,038,678	2,428,242,638
Savings deposits		44,538,393,041	38,320,761,103
Fixed deposits		149,378,664,153	133,600,242,355
Other deposits		2,093,448,790	1,610,630,541
Other liabilities	16	<b>25,289,530,935</b>	<b>18,966,098,060</b>
Total Liabilities		<b>330,262,225,955</b>	<b>283,778,723,435</b>
Capital and shareholders' equity			
Paid up capital	17.2	<b>12,333,753,270</b>	<b>10,725,002,850</b>
Share premium	17.7	<b>3,853,767,032</b>	<b>3,853,767,032</b>
Statutory reserve	18	<b>8,129,149,416</b>	<b>6,428,088,086</b>
Dividend equalization fund	19	<b>355,218,455</b>	<b>355,218,455</b>
Revaluation reserve on govt. securities	20.1	<b>98,965,051</b>	<b>5,593,264</b>
Assets revaluation reserve	20.2	<b>478,558,600</b>	<b>478,558,600</b>
Foreign currency translation reserve		29,914,158	(3,001,421)
Surplus in profit and loss account/Retained earnings	21	<b>12,378,804,260</b>	<b>9,794,724,973</b>
Total shareholders' equity		<b>37,658,130,242</b>	<b>31,637,951,839</b>
Total liabilities and shareholders' equity		<b>367,920,356,197</b>	<b>315,416,675,274</b>

**BRAC Bank Limited**

**BALANCE SHEET**

As at 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
<b>Off balance sheet items</b>			
<b>Contingent liabilities</b>			
Acceptances and endorsements	22.1	27,669,571,296	31,170,526,059
Irrevocable letters of credit	22.1	12,226,956,921	16,394,979,800
Letter of guarantees	22.2	13,089,590,151	10,218,069,408
Bills for collection	22.3	20,918,191,150	5,092,871,749
Other contingent liabilities	22.4	26,232,850,181	16,666,535,551
<b>Total</b>		<b>100,137,159,699</b>	<b>79,542,982,567</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		-	-
<b>Total</b>		<b>100,137,159,699</b>	<b>79,542,982,567</b>
<b>Total Off-Balance Sheet items including contingent liabilities</b>			
<b>Net asset value (NAV) per share</b>	<b>45</b>	<b>30.53</b>	<b>25.65</b>

The annexed notes 1 to 47 form an integral part of these financial statements.

Managing Director and CEO

Director

Director

Chairman

Dhaka, 27 April 2020

As per our report of same date.

Rahman Rahman Huq  
Chartered Accountants  
KPMG in Bangladesh

**BRAC Bank Limited**  
**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
<b>Interest income</b>	24	29,692,102,368	25,112,079,316
Interest paid on deposits and borrowing etc.	25	14,654,308,149	11,574,281,608
<b>Net interest income</b>		<b>15,037,794,219</b>	<b>13,537,797,708</b>
Investment income	26	3,071,620,681	2,961,103,311
Commission, exchange and brokerage	27	3,151,040,824	2,573,498,361
Other operating income	28	127,646,830	92,523,606
<b>Total operating income (a)</b>		<b>21,388,102,554</b>	<b>19,164,922,986</b>
Salaries and allowances	29	5,578,849,064	4,681,288,758
Rent, taxes, insurance, electricity etc.	30	701,300,962	1,408,720,244
Legal expenses		31,142,353	55,210,529
Postage, stamps, telecommunication etc.	31	230,319,874	272,339,766
Stationery, printing, advertisement etc.	32	269,486,898	292,462,722
Chief Executive's salary and fees	33	18,775,000	13,971,499
Directors' fees	34	1,066,520	1,297,200
Auditors' fees	35	1,840,000	1,644,500
Depreciation and repair of the bank's assets	36	2,050,466,915	1,155,998,577
Other expenses	37	2,557,229,126	2,459,714,775
<b>Total operating expenses (b)</b>		<b>11,440,476,712</b>	<b>10,342,648,570</b>
<b>Profit before provisions (c = a-b)</b>		<b>9,947,625,842</b>	<b>8,822,274,416</b>
Provision for loans/Investments:			
Loans and advances		1,096,128,805	683,745,138
Diminution in value of investments		534,400,000	116,400,000
Off balance sheet items		(192,000,000)	(37,000,000)
Other provisions		3,790,385	(13,276,810)
<b>Total provision (d)</b>	39	<b>1,442,319,190</b>	<b>749,868,328</b>
<b>Total Profit/(loss) before taxes (e= c-d)</b>		<b>8,505,306,652</b>	<b>8,072,406,088</b>
Provision for taxation:			
Current tax expense		3,718,904,812	2,523,031,538
Deferred tax expense / (income)		(859,400,548)	2,070,551
<b>Total provision for taxation (f)</b>	40	<b>2,859,504,264</b>	<b>2,525,102,089</b>
<b>Net profit after taxation (e-f)</b>		<b>5,645,802,388</b>	<b>5,547,303,999</b>

**BRAC Bank Limited**  
**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
Retained earnings brought forward from previous period/year		9,794,724,973	7,991,713,548
Net effect of all items directly recognised in Equity-retained earnings		248,088,649	15,189,214
Profit available for appropriation		<b>15,688,616,010</b>	<b>13,554,206,761</b>
<b>Appropriations:</b>			
Statutory reserve		1,701,061,330	1,614,481,218
General reserve		-	-
Dividend		1,608,750,420	2,145,000,570
		3,309,811,750	3,759,481,788
<b>Retained Surplus</b>		<b>12,378,804,260</b>	<b>9,794,724,973</b>
Earnings Per Share (EPS) [previous year's figure restated]	41	4.58	4.50

The annexed notes 1 to 47 form an integral part of these financial statements.

Managing Director and CEO

Director

Director

Chairman

Dhaka, 27 April 2020

As per our report of same date.

Rahman Rahman Huq  
Chartered Accountants  
KPMG in Bangladesh

**BRAC Bank Limited and its subsidiaries**
**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2019

Amount in Taka

Particulars	Paid up capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation reserve	Foreign currency translation reserve	Retained earnings	Total
<b>Balance as at 01 January 2019</b>	<b>10,725,002,850</b>	<b>3,853,767,032</b>	<b>6,428,088,086</b>	<b>355,218,455</b>	<b>5,593,264</b>	<b>478,558,600</b>	<b>(3,001,421)</b>	<b>9,794,724,973</b>	<b>31,637,951,839</b>
Surplus/deficit on account of revaluation of assets	-	-	-	-	-	-	-	-	-
Recognition of Deferred Tax on revaluation reserve of fixed assets	-	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	93,371,787	-	-	-	93,371,787
Dividend equalization fund	-	-	-	-	-	-	-	-	-
Ordinary share issue against bond conversion	-	-	-	-	-	-	-	-	-
Share premium against bond conversion	-	-	-	-	-	-	-	-	-
Remeasurements of defined benefits liability (assets)	-	-	-	-	-	-	-	248,088,649	248,088,649
Changes in foreign currency translation reserve	-	-	-	-	-	32,915,579	-	-	32,915,579
<b>Net gains and losses not recognised in the income statement</b>	<b>10,725,002,850</b>	<b>3,853,767,032</b>	<b>6,428,088,086</b>	<b>355,218,455</b>	<b>98,965,051</b>	<b>478,558,600</b>	<b>29,914,158</b>	<b>10,042,813,622</b>	<b>32,012,327,854</b>
Net profit for the period	-	-	-	-	-	-	-	5,645,802,388	5,645,802,388
<u>Dividends for the year 2018:</u>									
Stock dividend	1,608,750,420	-	-	-	-	-	-	(1,608,750,420)	-
Cash dividend	-	-	-	-	-	-	-	-	-
Statutory reserve	-	-	1,701,061,330	-	-	-	-	(1,701,061,330)	-
<b>Balance as at 31 December 2019</b>	<b>12,333,753,270</b>	<b>3,853,767,032</b>	<b>8,129,149,416</b>	<b>355,218,455</b>	<b>98,965,051</b>	<b>478,558,600</b>	<b>29,914,158</b>	<b>12,378,804,260</b>	<b>37,658,130,242</b>

**BRAC Bank Limited and its subsidiaries**

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2018

Amount in Taka

Particulars	Paid up capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation reserve	Foreign currency translation reserve	Retained earnings	Total
<b>Balance as at 01 January 2018</b>	<b>8,552,096,940</b>	<b>3,738,490,072</b>	<b>4,813,606,868</b>	<b>355,218,455</b>	<b>23,306,557</b>	<b>516,373,535</b>		<b>7,991,713,548</b>	<b>25,990,805,975</b>
Surplus/deficit on account of revaluation of assets	-	-	-	-	-	4,094,815	-	-	4,094,815
Recognition of Deferred Tax on revaluation reserve of fixed assets	-	-	-	-	-	(41,909,750)	-	-	(41,909,750)
Surplus/deficit on account of revaluation of investments	-	-	-	-	(17,713,293)	-	-	-	(17,713,293)
Dividend equalization fund	-	-	-	-	-	-	-	-	-
Ordinary share issue against bond conversion	27,905,340	-	-	-	-	-	-	-	27,905,340
Share premium against bond conversion	-	115,276,960	-	-	-	-	-	-	115,276,960
Remeasurements of defined benefits liability (assets)	-	-	-	-	-	-	-	15,189,214	15,189,214
Changes in foreign currency translation reserve	-	-	-	-	-	(3,001,421)	-	-	(3,001,421)
<b>Net gains and losses not recognised in the income statement</b>	<b>8,580,002,280</b>	<b>3,853,767,032</b>	<b>4,813,606,868</b>	<b>355,218,455</b>	<b>5,593,264</b>	<b>478,558,600</b>	<b>(3,001,421)</b>	<b>8,006,902,762</b>	<b>26,090,647,840</b>
Net profit for the period	-	-	-	-	-	-	-	5,547,303,999	5,547,303,999
<u>Dividends for the year 2017:</u>									
Stock dividend	2,145,000,570	-	-	-	-	-	-	(2,145,000,570)	-
Cash dividend	-	-	-	-	-	-	-	-	-
Statutory reserve	-	-	1,614,481,218	-	-	-	-	(1,614,481,218)	-
<b>Balance as at 31 December 2018</b>	<b>10,725,002,850</b>	<b>3,853,767,032</b>	<b>6,428,088,086</b>	<b>355,218,455</b>	<b>5,593,264</b>	<b>478,558,600</b>	<b>(3,001,421)</b>	<b>9,794,724,973</b>	<b>31,637,951,839</b>

The annexed notes 1 to 47 form an integral part of these financial statements.

**BRAC Bank Limited**  
**CASH FLOW STATEMENT**

For the year ended 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
<b>A. Cash flows from operating activities</b>			
Interest receipts in cash		31,838,943,779	26,625,922,434
Interest payment		(13,904,507,701)	(9,397,279,034)
Dividend receipts		123,760,324	116,439,566
Fees and commission receipts in cash		3,151,040,824	2,573,498,362
Recoveries on loans previously written off		786,257,664	783,059,719
Cash payments to employees		(5,650,932,696)	(4,727,144,076)
Cash payments to suppliers		(556,139,283)	(551,866,420)
Income tax paid		(2,706,854,957)	(3,336,896,324)
Receipts from other operating activities	43	642,094,138	1,207,046,620
Payment for other operating activities	44	(4,275,850,196)	(4,520,990,091)
Operating Cash flow before changes in operating assets and liabilities (i)		9,447,811,896	8,771,790,756
<b>Increase/(decrease) in operating assets and liabilities</b>			
Loans and advances to customers		(26,083,078,267)	(35,448,722,522)
Other assets		(329,557,246)	(149,709,898)
Deposits from other banks/borrowings		5,360,091,417	(203,243,800)
Deposits from customers		33,837,248,816	32,397,970,444
Other liabilities		473,789,477	(1,658,012,152)
Cash utilised in operating assets and liabilities (ii)		13,258,494,197	(5,061,717,928)
<b>Net cash flows from operating activities (i+ii) (a)</b>		22,706,306,093	3,710,072,828
<b>B. Cash flows from investing activities</b>			
Treasury bills		(6,482,003,710)	(4,743,711,736)
Bangladesh Bank Bills		-	2,497,936,800
Treasury bonds		(12,351,679,718)	1,096,934,546
Sale/ (Investment) in shares		(207,711,895)	(577,870,023)
Investment in Bonds		(1,131,615,340)	927,000,000
Redemption of BBL Bond		-	(2,706,965,700)
Acquisition of fixed assets		(1,219,205,803)	(802,330,855)
Disposal of Fixed Assets		12,760,488	56,906,904
<b>Net cash used in investing activities (b)</b>		(21,379,455,978)	(4,252,100,064)
<b>C. Cash flows from financing activities</b>			
Dividend paid		(172,484)	(347,296)
<b>Net cash used in financing activities ( c)</b>		(172,484)	(347,296)
<b>Net increase/decrease in cash (a+b+c)</b>		1,326,677,631	(542,374,532)
Effect of exchange rate changes on cash and cash equivalent		50,003,697	113,897,761
Cash and cash equivalents at the beginning of year		37,254,193,005	37,682,669,776
Cash and cash equivalents at the end of the year	42	38,630,874,333	37,254,193,005
<b>Cash and cash equivalents at the end of the year:</b>			
Cash in hand (including foreign currency)		6,726,443,188	6,654,775,781
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		16,103,064,899	15,719,774,488
Balance with other banks and financial institutions		15,799,498,546	14,878,545,136
Prize Bond		1,867,700	1,097,600
<b>Net operating cash flow per share</b>	46	38,630,874,333	37,254,193,005
		18.41	3.01

The annexed notes 1 to 47 form an integral part of these financial statements.

Note: The reconciliation of net profit with cash flows from operating activities (standalone basis) has been presented at Annexure - L.

**BRAC Bank Limited**

**LIQUIDITY STATEMENT  
ASSET AND LIABILITY MATURITY ANALYSIS**

As at 31 December 2019

Amount in Taka

Particulars	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
<b>Assets</b>						
Cash in hand and balance with Bangladesh Bank	8,397,973,887	-	-	-	14,431,534,200	22,829,508,087
Balance with other banks and financial institutions (including foreign currencies)	3,350,498,546	9,949,000,000	2,500,000,000	-	-	15,799,498,546
Money at call and short notice	-	-	-	-	-	-
Investments	4,500,099,200	210,000,000	13,040,776,879	16,376,906,756	11,815,789,088	45,943,571,923
Loans and advances	30,978,836,660	53,047,958,319	101,498,061,850	69,178,658,776	9,387,665,930	264,091,181,535
Fixed assets including premises, furniture and fixtures	-	675,988	13,518,792	5,093,629,106	3,080,894,262	8,188,718,148
Other assets	3,131,942,013	102,012,956	34,299,273	933,948,072	6,799,203,869	11,001,406,183
Non-banking assets	-	-	-	-	66,471,775	66,471,775
<b>Total Assets</b>	<b>50,359,350,306</b>	<b>63,309,647,263</b>	<b>117,086,656,794</b>	<b>91,583,142,710</b>	<b>45,581,559,124</b>	<b>367,920,356,197</b>
<b>Liabilities</b>						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	5,388,409,702	11,060,211,618	6,993,403,697	11,151,009,874	796,831,667	35,389,866,558
Money at call and short notice	1,273,500,000	-	-	-	-	1,273,500,000
Deposits and other accounts	38,409,612,246	51,736,963,456	95,862,765,492	59,980,394,326	22,319,592,942	268,309,328,462
Other liabilities	1,086,561,317	3,061,534,951	3,081,360,425	7,058,614,592	11,001,459,650	25,289,530,935
<b>Total Liabilities</b>	<b>46,158,083,265</b>	<b>65,858,710,025</b>	<b>105,937,529,614</b>	<b>78,190,018,792</b>	<b>34,117,884,259</b>	<b>330,262,225,955</b>
<b>Net liquidity Gap</b>	<b>4,201,267,041</b>	<b>(2,549,062,762)</b>	<b>11,149,127,180</b>	<b>13,393,123,918</b>	<b>11,463,674,865</b>	<b>37,658,130,242</b>

Net result of the Liquidity Statement represents the Equity attributable to the shareholders of the Bank.

The annexed notes 1 to 47 form an integral part of these financial statements.

## **BRAC Bank Limited**

# **NOTES TO THE FINANCIAL STATEMENTS**

as at and for the year ended 31 December 2019

### **SECTION - ONE : CORPORATE PROFILE AND SIGNIFICANT ACCOUNTING POLICIES**

#### **1.1 BRAC Bank Limited**

BRAC Bank Limited (the "Bank" or "BRAC Bank") is a scheduled commercial bank established under the Bank Company Act, 1991, and incorporated as a public company, limited by shares, on 20 May 1999 under the Companies Act, 1994, in Bangladesh, vide RJSC registration no. C-37782(2082)/99. The primary objective of the bank is to conduct all kinds of banking businesses. The bank could not commence its operations till 3 June 2001, since the activity of the bank was suspended by the Hon'ble High Court of Bangladesh. Subsequently, the judgment of the Hon'ble High Court was set aside and dismissed by the Appellate Division of the Hon'ble Supreme Court on 4 June 2001 and, accordingly, the bank initiated its operations from 4 July 2001. At present, the bank has 187 banking branches (2018: 186 branches), 186 zonal offices (2018: 155 zonal offices), 456 SME unit offices (2018: 456 SME unit offices), 424 ATMs (2018: 448 ATMs) and 301 agent outlets (2018: 50 agent outlets) spread across the country. The registered address of the bank is: Anik Tower, 220/B Tejgaon Gulshan Link Road, Tejgaon, Dhaka-1208. BRAC Bank has been listed on the Dhaka Stock Exchange and Chittagong Stock Exchange as a publicly traded company from 28 January 2007 and 24 January 2007, respectively. A brief description of the subsidiaries and associates of BRAC Bank is provided in note 1.2.

#### **1.1.1 Principal Activities and nature of operations of BRAC Bank Limited**

The principal activities of the Bank are banking and related activities including accepting customer deposits, lending to retail, Small Money Enterprise (SME) and corporate customers, trade financing, lease financing, project financing, issuing Letters of Credit, inter bank borrowing and lending, dealing in government securities, equity shares etc. There have been no significant changes in the nature of the principal activities of the Bank during the financial year under review.

As a fully operational commercial bank, BRAC Bank Limited focuses on pursuing unexplored market niches in the Small and Medium Enterprises (SME) business, which hitherto has remained largely untapped within the country. Significant percentage of BRAC Bank's clients had no prior experience with formal banking. With the view to reaching clients, the Bank has established a wide network of branches, zonal offices, SME unit offices and agent banking outlets offering services in the heart of rural and urban communities.

Real Economy intermediation can be considered Triple Bottom Line if it supports individuals or enterprises delivering impact in at least one of the following categories: Social Empowerment (People), Environmental Regeneration (Planet), and/or Economic Resiliency (Prosperity). As a proud member of GAVB and being the trailblazer of values-based banking in Bangladesh, BRAC bank always strives to contribute towards achieving the Sustainable Development Goals (SDGs), where financing for SMEs to generate employment in an environmentally-friendly manner remains as our top priority.

#### **1.1.2 Off Shore Banking Unit**

The Bank commenced its off-shore banking operation after obtaining permission from Bangladesh Bank in 2010. The Off-shore Banking Unit (OBU) is governed by the rules and guidelines of Bangladesh Bank. Apart from the reporting of OBU with solo financial statements, a separate financial statements of OBU is shown in **Annexure I**. The principal activities of OBU are to provide all kinds of commercial banking services to its customers in Bangladesh in foreign currency.

#### **1.1.3 Custodian Service**

The Bank obtained permission to work as a security custodian from Bangladesh Securities and Exchange Commission vide its certificate no. SC-10/2009 dated 12 November 2009 under the Securities and Exchange Commission (Securities Custodian Service) Rules 2003. Financial performance of Security Custodial Services have been separately reported in **Annexure J** along with Bank's audited financial statements in compliance with the requirement u/s 10(2) of Security Custodial Services Rules 2003. The due certificate from external auditors has been obtained on internal control and financial statements of security custodial operations of the Bank and annexed with the financial statements.

#### **1.1.4 Agent Banking**

BRAC Bank obtained permission from Bangladesh Bank on 11 March 2018, vide reference no. BRPD(P-3)745/(50)2018-1806, to commence Agent Banking services and, subsequently, started commercial operations on 11 September 2018. Till 31 December 2019, there were 301 Agent Banking Outlets in 61 districts across the country. Services that are currently being dispensed include account opening (savings), cash deposit and withdrawal (agent banking A/C), cash deposits in branch A/C, SME loan repayment collection, balance inquiry, internet and SMS banking, corporate bill/distributor fee collection, insurance premium collection, etc.

**1.2 Subsidiaries and associates of BRAC Bank Limited**

**1.2.1 BRAC EPL Investments Limited (subsidiary)**

BRAC Bank acquired 51% shares of Equity Partners Limited on 31 July 2009. This entity was incorporated in Bangladesh on 19 April 2000 as a private limited company, under the Companies Act, 1994, and was subsequently renamed as "BRAC EPL Investments Limited". BRAC Bank acquired an additional 25% shares in the entity in 2011 and an additional 18.57% in 2016. During 2017, the bank acquired a further 5.275% in the entity. During 2019, the bank acquired another 0.10%, thus taking the total shareholding to 99.945% at the end of the year 2019.

BRAC EPL Investments was established to cater to the needs of the fast growing capital markets of Bangladesh. It works as a merchant bank with a full-fledged merchant banking license from Bangladesh Securities and Exchange Commission (BSEC). The company's service portfolio comprises lead managing initial public offerings, domestic and international placements, portfolio management and project development and consultancy.

The audited financial statements is enclosed.

**1.2.2 BRAC EPL Stock Brokerage Limited (subsidiary)**

BRAC Bank Limited acquired 51% shares of Equity Partners Securities Limited on 31 July 2009. Equity Partners Securities Limited was incorporated in Bangladesh on 16 May 2000 as a private limited company under the Companies Act, 1994. Subsequently, the management decided to rename Equity Partners Securities Limited as BRAC EPL Stock Brokerage Limited. In the year 2011, the bank acquired an additional 39% shares of EPL Stock Brokerage Limited. As a result, the bank's controlling interest has risen to 90% of EPL Stock Brokerage Limited.

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

The audited financial statements is enclosed.

**1.2.3 bKash Limited (subsidiary)**

BRAC Bank Limited formed bKash Limited, a private company limited by shares incorporated on 1 March 2010 under the Companies Act, 1994. bKash Limited was established to introduce mobile financial services in Bangladesh. The bank has obtained a license from Bangladesh Bank for bKash Limited for rendering mobile financial services. Notable, Alipay Singapore E-Commerce Private Limited (AliPay) invested in the equity of bKash Limited in 2018. BRAC Bank currently holds 51% equity shares in the company. Out of the remaining equity shares, 29% is held by Money in Motion LLC (a company listed in the US), 9.9% is held by International Finance Corporation (IFC), and the rest 10.1% is held by Alipay Singapore.

With the consent of all existing shareholders, in 2014, Bill & Melinda Gates Foundation (B&M) and in 2018, Alipay Singapore E-Commerce Private Limited ("Alipay") further invested in bKash Limited in the form of convertible preference shares. Out of the total 87,963 convertible preference shares, B&M holds 32,530 shares, and Alipay holds 55,433 shares. Preference shareholders do not have any voting rights but has same rights as equity shareholders with respect to economic interest in the company. These preference shares are convertible at a 1:1 basis to ordinary shares at the option of the preference shareholders. Consolidated financial statements have been prepared considering the potential dilution, or otherwise according to economic interest on bKash.

The audited financial statements is enclosed.

**1.2.4 BRAC SAAJAN Exchange Limited (subsidiary)**

BRAC Bank Limited acquired 75%+1 shares (249,992 shares out of the total 333,333 shares) of "SAAJAN Worldwide Money Transfer Limited" (SWMTL) in the UK. Bangladesh Bank provided necessary approvals of GBP 500,000 to acquire SWMTL and setting up two new branches in Luton and Bradford, UK. As per permission of Bangladesh Bank, SWMTL has been renamed as "BRAC SAAJAN Exchange Ltd" (BSE). BRAC Bank has been controlling and monitoring all its operations as a holding company.

BRAC SAAJAN Exchange Limited was established to offer remittance and exchange services in the UK.

The audited financial statements is enclosed.

### **1.2.5 BRAC IT Services Limited (associate)**

BRAC IT Services Ltd. (bITS) was initially founded as Documenta™ Ltd, a digital archiving firm, in 1999. BRAC IT Services Ltd. was then formed in April 2013 through the merger of Documenta™ Ltd and the IT Division of BRAC Bank. BRAC Bank acquired 51% shares of BRAC IT Services Limited, a private company limited by shares under the Companies Act, 1994, incorporated on 9 April 2013. It currently operates as an IT services company. In the year 2017, BRAC Bank reduced its holding in BRAC IT Services Limited from 51% to 48.67% by selling 1,034 shares to BRAC. Due to this disinvestment, BRAC IT Services Limited was converted as 'Associate' of the bank at the end of the year 2017, from a 'Subsidiary' status.

### **1.2.6 BRAC Asset Management Company Limited (associate) (Liquidated in 2019)**

BRAC Bank invested in the acquisition of 25% shares of BRAC Asset Management Company Limited that was incorporated in Bangladesh on 1 April 2010. However, the company could not commence its operations due to its license as an Asset Management Company was pending with Bangladesh Securities and Exchange Commission (BSEC). As BSEC did not accord the license, the Board decided to strike-off the company and liquidated it accordingly in early 2019.

### **1.2.7 Summary of shareholding in subsidiaries and associates**

BRAC Bank's (BBL) shareholding position in all of its subsidiaries and associates is summarized below:

Name of subsidiaries/associates	Face value per share	Total no. of ordinary shares		No. of ordinary shares held by BBL		BBL's percentage of shareholding	
		2019	2018	2019	2018	2019	2018
BRAC EPL Investments Limited	BDT 10	258,500,000	258,500,000	258,358,734	258,100,078	99.95%	99.85%
BRAC EPL Stock Brokerage Limited	BDT 100	7,009,538	7,009,538	6,308,541	6,308,541	90.00%	90.00%
bKash Limited	BDT 100	381,949	381,949	194,800	194,800	51.00%	51.00%
BRAC SAAJAN Exchange Limited	GBP 1	333,333	333,333	249,992	249,992	75.00%	75.00%
BRAC IT Services Limited	BDT 1,000	62,024	62,024	30,190	30,190	48.67%	48.67%
BRAC Asset Management Company Limited	BDT 100	-	500,000	-	125,000	-	25.00%

## **2 Basis of preparation of financial statements**

### **2.1 Consolidated and separate financial statements**

Separate financial statements of the bank for the year ended 31 December 2019 comprise the operation of the Domestic Banking Unit (DBU) (main operations), as well as operations of the Off-shore Banking Unit (OBU), together referred to as 'the bank'. Consolidated financial statements comprise those of the bank (parent) and its subsidiaries and associates (note 1.2), together referred to as 'the Group', or individually referred to as 'Group entities/subsidiaries/associates', as the case may be. There were no significant changes in the operations of the bank/group entities. A summary of accounting principles and policies which have been applied consistently (unless otherwise stated), are set out below and in the notes of respective areas:

### **2.1.1 Statement of compliance and basis of preparation**

The Financial Reporting Act, 2015 (FRA), was enacted in the year 2015. The Financial Reporting Council (FRC) under the FRA was constituted in 2017, but the Financial Reporting Standards (FRS) under this council are yet to be issued for public interest entities such as banks. The Bank Company Act, 1991, was amended to require banks to prepare their financial statements under such financial reporting standards.

As FRS is yet to be issued by FRC, as per the provisions of FRA (section-69), consolidated and separate financial statements of the Group and the bank, respectively, have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and, in addition to this, the bank also complied with the requirements of the following laws and regulations from various Government bodies:

- i) The Bank Company Act, 1991 and amendment thereon;
- ii) The Companies Act, 1994;
- iii) Circulars, Rules and Regulations issued by Bangladesh Bank (BB) time to time;
- iv) Bangladesh Securities and Exchange Rules, 1987; Bangladesh Securities and Exchange Ordinance, 1969; Bangladesh Securities and Exchange Act, 1993 and Bangladesh Securities and Exchange Commission (Public Issue) Rules 2015 and amendments thereon;
- v) The Income Tax Ordinance, 1984, and amendments thereon;
- vi) The Value Added Tax Act, 2012, The Value Added Tax Rules, 2016 and amendments thereon;
- vii) Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations; and
- viii) Financial Reporting Act 2015.

In case any requirement of the Bank Company Act, 1991, and provisions and circulars issued by Bangladesh Bank (BB) differ with those of IFRS, the requirements of the Bank Company Act, 1991, and provisions and circulars issued by BB shall prevail. Material departures from the requirements of IFRS are as follows:

**i) Investment in equity instruments**

**IFRS:** As per requirements of IFRS 9: Classification and measurement of investment in equity instruments depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors, it would generally fall either under 'at fair value through profit and loss account' or under 'at fair value through other comprehensive income' where any change in the fair value (measured in accordance with IFRS 13) at the year-end is taken to the profit and loss account or other comprehensive income, respectively.

**Bangladesh Bank:** As per Banking Regulation and Policy Department (BRPD) circular no. 14, dated 25 June 2003, investments in quoted shares and unquoted shares are revalued at the year-end at market price and as per the book value of the last audited balance sheet, respectively. Provisions should be made for any loss arising from diminution in value of investments; otherwise investments are recognised at cost.

**ii) Subsequent measurement of Government securities**

**IFRS:** Government securities refer primarily to various debt instruments which include both bonds and bills. As per requirements of IFRS 9: Financial Instruments, bonds can be categorised as "Amortised Cost (AC)", or "Fair Value Through Profit or Loss (FVTPL)", or "Fair Value through Other Comprehensive Income (FVOCI)". Bonds designated as Amortised Cost are measured at amortised cost method, and interest income is recognised through profit and loss account. Any changes in fair value of bonds designated as FVTPL is recognised in the profit and loss account. Any changes in fair value of bonds designated as FVOCI is recognised in other reserves, as a part of equity.

As per requirements of IFRS 9, bills can be categorised either as "Fair Value Through Profit or Loss (FVTPL)" or "Fair Value through Other Comprehensive Income (FVOCI)". Any change in fair value of bills is recognised in the profit and loss account or other reserves as a part of equity, respectively.

**Bangladesh Bank:** As per DOS Circular no. 05, dated 26 May 2008, and subsequent clarification in DOS Circular no. 05, dated 28 January 2009, Government securities/bills are classified into Held for Trading (HFT) and Held to Maturity (HTM). HFT securities are revalued on the basis of mark-to-market and at year-end, any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity. Any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities, including amortisation of discount, are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at year-end, and gains or losses on amortisation are recognised in other reserves as part of equity.

**iii) Provision on loans and advances**

**IFRS:** As per IFRS 9: Financial Instruments, an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses, if the credit risk on these loans and advances has increased significantly since initial recognition, whether assessed on an individual or collective basis, considering all reasonable information (including that which is forward-looking). For those loans and advances for which credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12-month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after the reporting date.

**Bangladesh Bank:** As per BRPD Circular no. 07, dated 21 June 2018, BRPD Circular no 13, dated 18 October 2018, BRPD circular No. 15, dated 27 September 2017, BRPD circular no. 16, dated 18 November 2014, BRPD circular no. 14, dated 23 September 2012, BRPD circular no. 05, dated 29 May 2013, BRPD circular no. 1, dated 20 February 2018 and BRPD circular no. 3, dated 21 April 2019, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard and SMA loans) has to be maintained regardless of objective evidence of impairment. Also, provision for different categories of classified loans (sub-standard, doubtful and bad and loss loans) has to be provided at 20%, 50% and 100%, respectively, for loans and advances depending on time past due. Again, as per BRPD circular no. 14, dated 23 September 2012 and BRPD circular no. 07, dated 21 June 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by multilateral development bank (MDB)/international bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks, in line with Basel-III). Such provision policies are not specifically in line with those prescribed by IFRS 9.

#### **iv) Other comprehensive income**

**IFRS:** As per IAS 1 Presentation of Financial Statements, other comprehensive income is a component of financial statements or the elements of other comprehensive income are to be included in single comprehensive income statements.

**Bangladesh Bank:** Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) statement. As such, the bank does not prepare Other Comprehensive Income statement. However, elements of OCI, if any, are shown in the statement of Changes in Equity.

#### **v) Financial Instruments – presentations and disclosure**

In several cases, Bangladesh Bank guideline categories recognise, measure and present financial instruments differently from those prescribed in IFRS 9: Financial Instruments. Hence, some disclosure and presentation requirements of IFRS 7 Financial Instruments: Disclosures and IAS 32 Financial Instruments: Presentation cannot be made in the financial statements.

#### **vi) Repo and reverse repo transactions**

**IFRS:** As per IFRS 9, when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan, and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

**Bangladesh Bank:** As per DOS Circular letter no. 6, dated 15 July 2010, and subsequent clarification in DOS Circular no. 03, dated 30 January 2012 and DOS circular no. 2, dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction, and the financial assets are de-recognised in the seller's book and recognised in the buyer's book.

However, as per DMD circular letter no. 7, dated 29 July 2012, non-primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralised repo arrangements with Bangladesh Bank. Here, the selling bank accounts for the arrangement as a loan, thereby continuing to recognise the asset.

#### **vii) Financial guarantees**

**IFRS:** As per IFRS 9: Financial Instruments, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due, in accordance with the term of debt instruments. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount, and the loss allowance determined as expected credit loss under IFRS 9. Financial guarantees are prescribed to be included within other liabilities.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 25 June 2003, financial guarantees, such as Letter of Credit and Letter of Guarantee should be treated as off balance sheet items. No liability is recognised for the guarantee, except the cash margin.

#### **viii) Cash and cash equivalents**

**IFRS:** Cash and cash equivalents items should be reported as cash item as per IAS 7: Statement of Cash Flows.

**Bangladesh Bank:** Some cash and cash equivalent items, such as money at call and on short notice, treasury bills, Bangladesh Bank bills and prize bonds are not shown as cash and cash equivalents. Money at call and on short notice is shown separately in the balance sheet. Treasury bills, Bangladesh Bank bills and prize bonds are shown under investment in the balance sheet. However, in the cash flow statement, money at call and short notice and prize bonds are shown as cash and cash equivalents beside cash-in-hand, balance with Bangladesh Bank and other banks.

#### **ix) Non banking assets**

**IFRS:** There is no particular/specific guideline about non banking assets in IFRSs.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 25 June 2003, there is a separate balance sheet item titled as Non-banking asset exists in the standard format.

**x) Cash flow statement**

**IFRS:** As per IAS 7 Statement of Cash Flows, Cash flow statement can be prepared either in direct method or in indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 25 June 2003, the cash flow statement is a mixture of both the direct and the indirect methods.

**xi) Balance with Bangladesh Bank**

**IFRS:** Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7 Statement of Cash Flows.

**Bangladesh Bank:** Balance with Bangladesh Bank is treated as cash and cash equivalents.

**xii) Presentation of intangible asset**

**IFRS:** Intangible asset must be identified and recognized, and the disclosure must be given as per IAS 38: Intangible Assets.

**Bangladesh Bank:** Intangible assets are shown in fixed assets including premises, furniture and fixtures as there is no specific regulation for intangible assets in BRPD circular no. 14 dated 25 June 2003.

**xiii) Off Balance Sheet items**

**IFRS:** As per IFRS, there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 25 June 2003, off balance sheet items e.g. Letter of Credit, Letter of Guarantee, Acceptance must be disclosed separately on the face of balance sheet.

**xiv) Disclosure of appropriation of profit**

**IFRS:** There is no requirement to show appropriation of profit on the face of statement of comprehensive income.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 25 June 2003, an appropriation of profit should be disclosed on the face of profit and Loss Account.

**xv) Loans and advances/Investments net of provision**

**IFRS:** As per IFRS 9, Loans and advances/Investments should be presented net of provision.

**Bangladesh Bank:** As per BRPD circular no.14, dated 25 June 2003 provision on loans and advances/investments are presented separately as liability and cannot be netted off against loans and advances.

**xvi) Recognition of interest in suspense**

**IFRS:** Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised in profit and loss account by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified as impaired, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

**xvii) Provision on undrawn loan commitments**

**IFRS:** As per IFRS 9 bank shall recognise credit losses on undrawn loan commitments such as Letter of Credit (L/C), Letter of Guarantee (L/G) etc. as the present value of the difference between the contractual cash flow that are due by the customer if the commitment is drawn down and the cash flows that bank expects to receive.

**Bangladesh Bank:** As per BRPD Circular no. 07 dated 21 June 2018 and BRPD Circular no.14 dated 23 September 2012, the Bank is required to maintain provision at 1% rate against off-balance sheet exposures (which includes all types of undrawn loan commitments).

**xviii) Name of the financial statements**

**IFRS:** As per IAS 1, complete set of financial statements consists statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes, comprising significant accounting policies and other explanatory information.

**Bangladesh Bank:** The forms of financial statements and directives for preparation thereof of the bank companies in Bangladesh are guided by BRPD Circular no. 14, dated 25 June 2003 and subsequent amendments thereof from time to time. BRPD circular no. 14 states the statement of financial position as balance sheet and statement of profit or loss and other comprehensive income as profit and loss account.

[Also refer to (note 2.9) Compliance of International Financial Reporting Standards (IFRS)]

#### **2.1.2 Going Concern**

The accompanying financial statements have been prepared on a going concern assumption that the Bank will continue in operation over the foreseeable future. The Bank has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the bank continued to demonstrate a healthy trend for a couple of years. The rating outlook of the bank, as reported by all the rating agencies is 'Stable'. The management do not see any issue with respect to going concern due to recent pandemic COVID-19. Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the bank's ability to continue as a going concern.

#### **2.1.3 Functional and presentation currency**

The financial statements are presented in Bangladeshi Taka (BDT), which is the bank's functional currency. The functional currency of the Bank Off-shore Banking Unit (OBU) and one of the Banks subsidiaries, namely BRAC SAAJAN Exchange Limited, is in United States Dollar (USD) and Great Britain Pound (GBP), respectively. Financial statements of the above-mentioned unit and subsidiary have been translated into the presentation currency, i.e. Bangladeshi Taka (BDT), following the guidelines of IAS 21: The Effect of Changes in Foreign Exchange Rates. The functional and presentation currency of other subsidiaries and associates is in Bangladeshi Taka (BDT). Except as indicated, figures have been rounded-off to the nearest Taka.

#### **2.1.4 Use of estimates and judgments**

The preparation of financial statements requires the 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 recognised 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 guidelines of Bangladesh Bank, the Bank reviews its loans and advances portfolio on a monthly basis to assess whether a further allowance for impairment should be provided in the income statement. Judgments by the management is required in the estimation of these amounts, and such estimations are based on assumptions about a number of factors, though actual results may differ, resulting in future changes to the provisions.

##### **Other items**

Other key items where estimates or judgement were involved includes:

- a) Deferred tax (Note - 9.4)
- b) Useful life of fixed assets and right of use of assets (Note - 8)
- c) Revaluation of land (Note - 20.2 and Annexure - F)
- d) Provisions (Note - 16)
- e) Defined benefit obligation - gratuity (Note - 9.5)
- f) Remeasurement gain/(loss) of defined benefit obligation and plan assets (Note - 9.5)
- g) Impairment testing of goodwill and/or investment in subsidiary/associates (Note 6 and 37.1)
- h) Lease liabilities (Note - 2.9.1, 16)
- i) Provision for taxation (Note - 40)

#### **2.1.5 Materiality and aggregation**

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

#### **2.1.6 Comparative information**

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**

Consolidated financial statements include financial statements of BRAC Bank Limited and its subsidiaries, BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited and BRAC SAAJAN Exchange Limited, as those of a single economic entity.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) 10: Consolidated Financial Statements. The consolidated financial statements are prepared to a common reporting year ended 31 December 2019.

### **Subsidiaries**

'Subsidiaries' are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

Financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

### **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 (IAS-28: Investments in Associates and joint ventures). Significant influence is the power to participate in the financial and operating policy decisions of the investee, but there is no control over those policies. Investment in associates is accounted for in the consolidated financial statements under the 'equity method'. Under this method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognise the investor's share of profits or losses of the investee after the date of acquisition. The investor's share of the investee's profits or losses is recognised in the investor's profit and loss account. Distributions received from an investee reduce the carrying amount of the investment.

If the holding in subsidiary disposed-off in such a way that the status of the holding now comes to 'Associate' then the fair value of the holding retained in the said entity at the date of such disposal has been considered as opening balance of Investment in associate in Consolidated Financial Statements and related gains and losses have been recognised directly in Consolidated Equity. Any share of profits and losses after such change/disposal have been recognised in Consolidated Profit and Loss as per equity method.

The bank has one associate, namely BRAC IT Services Limited (biTS) at the end of year and has been accounted for under equity method in the consolidated financial statements of the Bank.

## **2.3 Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the spot exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in reserve as part of equity.

### **Foreign operations**

The results of financial statements of any foreign operation (including subsidiaries, off-shore banking unit, etc.) whose functional currency is not Bangladeshi Taka are translated into Bangladeshi Taka as follows:

- a. assets and liabilities for each statement of balance sheet have been translated at the closing rate on the date of the balance sheet.
- b. income and expenses for the profit and loss account have been translated at average rate.

Foreign currency differences are recognised in OCI and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to NCI.

## **2.4 Accounting for provisions, contingent liabilities and contingent assets**

The Bank recognises 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 recognised because-
  - i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - ii) 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 extremely rare circumstances where no reliable estimate can be made.

Contingent assets are not recognised in the financial statement since these may result in the recognition of income that may never be realised. However, due to regulations of Bangladesh Bank (Central Bank of Bangladesh) and Bank Company Act, 1991, as amended, all items of such contingent assets/liabilities are shown as off balance sheet items under balance sheet of the bank as a separate section.

## **2.5 Reporting period**

These financial statements cover one calendar year - from 1 January to 31 December 2019.

## **2.6 Basis of preparation of liquidity statement**

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

- a) Balances with other bank and financial institutions, money at call and short notice etc. are on the basis of their maturity term.
- b) Investments are on the basis of their residual maturity term.
- c) Loans and 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 and other accounts are on the basis of their maturity term and behavioural past trend of last one year.
- h) Other long term liability on the basis of their maturity term.
- i) Provisions and other liabilities are on the basis of their settlement.

## **2.7 Dividend**

Dividend on ordinary shares is recognised as a liability and deducted from retained earnings when they are approved by shareholders at the Annual General Meeting (AGM) of the Bank.

Dividend on ordinary shares for the year that is recommended by the Directors after the balance sheet date for approval of shareholders at the Annual General Meeting are disclosed in Note - 47.6 to the financial statements.

## **2.8 Reconciliation of inter-bank/inter-branch account**

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

There are no un-reconciled entries related to inter-branch transactions as on the reporting date.

## **2.9 Compliance with International Financial Reporting Standard (IFRS)**

<b>Ref.</b>	<b>Name of the standards</b>	<b>Status</b>
IFRS-1	First-time adoption of International financial Reporting Standards	Not applicable
IFRS-2	Share-based Payment	Not applicable
IFRS-3	Business Combinations	Complied
IFRS-4	Insurance Contracts	Not applicable
IFRS-5	Non-current assets Held for Sale and Discounted Operations	Not applicable
IFRS-6	Exploration for and Evaluation of Mineral Resources	Not applicable
IFRS-7	Financial Instruments: Disclosures	Complied *
IFRS-8	Operating Segments	Complied

Ref.	Name of the standards	Status
IFRS-9	Financial Instruments	Complied *
IFRS-10	Consolidated Financial Statements	Complied
IFRS-11	Joint Arrangements	Not applicable
IFRS-12	Disclosure of Interests in Other Entities	Complied
IFRS-13	Fair Value Measurement	Complied
IFRS-14	Regulatory Deferral Accounts	Not applicable
IFRS-15	Revenue from Contracts with Customers	Complied
IFRS-16	Leases	Complied
IAS-1	Presentation of Financial Statements	Complied
IAS-2	Inventories	Complied
IAS-7	Statement of Cash Flows	Complied
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
IAS-10	Events after the Reporting Period	Complied
IAS-12	Income taxes	Complied
IAS-16	Property, Plant and Equipment	Complied
IAS-19	Employee Benefits	Complied
IAS-20	Accounting for Government Grants and Disclosure of Government Assistance	Complied
IAS-21	The Effect of Changes in Foreign Exchanges Rates.	Complied
IAS-23	Borrowing Cost	Complied
IAS-24	Related Party Disclosures	Complied
IAS-26	Accounting and Reporting by Retirement Benefit Plans	Not applicable
IAS-27	Separate Financial Statements	Complied
IAS-28	Investment in Associates	Complied
IAS-29	Financial Reporting in Hyperinflationary Economies	Not applicable
IAS-32	Financial Instruments: Presentation	Complied *
IAS-33	Earnings Per Share	Complied
IAS-34	Interim Financial Reporting	Complied **
IAS-36	Impairment of Assets	Complied
IAS-37	Provisions, Contingent Liabilities and Contingent Assets	Complied
IAS-38	Intangible Assets	Complied
IAS-39	Financial Instruments: Recognition and Measurement	Complied *
IAS-40	Investment Property	Not applicable
IAS-41	Agriculture	Not applicable

\* Complied to the extent possible subject to compliance to Bangladesh Bank guidelines in this respect.

\*\* Complied in the preparation of interim financial reports of the Bank.

#### Reason for departure from IFRS

The Central Bank of Bangladesh ('Bangladesh Bank'), as regulator of the banking industry, has issued a number of circulars/ directives which are not consistent with the requirements specified in IAS/IFRS, as referred above. In such cases, the bank has followed regulatory requirements specified by Bangladesh Bank (Note - 2.1.1).

#### Standards issued but not yet effective

A number of new standards and amendments to standards are issued but not yet effective for annual periods beginning after 1 January 2019 and earlier application is permitted. However, the Bank has not adopted early the following new or amended standards in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group and the separate financial statements of the Bank when they become applicable.

i) Amendments to References to Conceptual Framework in IFRS Standards.

ii) Definition of a Business (Amendments to IFRS 3).

iii) Definition of Material (Amendments to IAS 1 and IAS 8).

iv) IFRS 17 Insurance Contracts

Insurance contracts are effective for annual periods beginning on or after 1 January 2021. Earlier adoption is permitted. This has not been applied in preparing these consolidated and separate financial statements.

## **2.9.1 Implementation of IFRS 16 and its relevant assumptions and disclosures**

**IFRS 16:** "Leases" has come into force on 1 January 2019, as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). BRAC Bank applied IFRS 16 using modified retrospective approach where the bank measured the lease liability at the present value of the remaining lease payments, discounted it using the bank's incremental borrowing rate at the date of initial application, and recognised a right-of-use asset at the date of the initial application on a lease by lease basis.

### **Right-of-use assets**

The Bank recognises right-of-use assets at the date of initial application of IFRS 16. Right-of-use assets are measured at cost, less any accumulated depreciation, and adjusted for any re-measurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented under property, plant and equipment.

### **Lease liabilities**

At the commencement date of the lease, the bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term using incremental borrowing rate at the date of initial application. Lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments, and re-measuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

### **Short-term leases and leases of low value assets**

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases, i.e. for which the lease term ends within 12 months of the date of initial application. The Bank recognises lease payments associated with these leases as an expense.

The contracts for premises with all branches, head office, regional offices, data centres and disaster recovery centres are considered for lease calculation.

## **2.10 Risk management**

Risk is an inherent part of the business activities, and risk management is pivotal for ensuring sustainability of the business. Today's era of globalisation enables consequential expansion of business activities that ultimately heightens competition levels for organisations. Financial crisis and volatility in economic growth in some developed countries set enforce the need for comprehensive risk management. Types of risk, however, vary from business to business, but preparing a comprehensive risk management plan involves a collaborative process. A comprehensive risk management plan must enumerate strategies for dealing with risks specific to any business but should not be limited to those alone.

When it comes to banking, risk management is at the heart of this business. Banks strive for embracing prudent risk management discipline to combat unpredictable/exigent situations. Today, it is evident that banking organisations need to establish systematic and vigilant approaches to monitor activities that are major influencers of the business.

The Standards of Risk Management, as taken up by the Bank for International Settlements (BIS) and, particularly, Basel Committee on Banking Supervision (BCBS), has been applied by bank regulators across the world. The Central Bank of Bangladesh, i.e. Bangladesh Bank also issued revised risk management guidelines in October 2018, which forms the basis of risk management of all scheduled banks in Bangladesh. Guidelines require that banks adopt enhanced policies and procedures of risk management. Risk management among banks broadly cover core risk areas of banking, i.e. credit risk, operational risk, liquidity risk and ICC risk, etc. Bangladesh Bank also prescribes that there should be a separate desk for each of these risk types under the risk management division.

In line with the regulatory requirement and elevating its risk management function, BRAC Bank has established comprehensive risk management guidelines, which are approved by its Board of Directors. The bank's risk management strategy is anchored on a clear understanding of various risks, disciplined risk assessment and prudent measurement procedures with continuous monitoring. The bank continues to focus on improving its risk management systems not only to ensure compliance with regulatory requirements, but also to ensure better risk-adjusted returns and optimal capital utilisation, keeping in mind the organisation's business objectives. For sound risk management, the bank manages risk across two strategic layers - managerial layer and operational layer. Assets and liabilities of BRAC Bank are managed so as to minimise (to the extent possible) the bank's exposure to risk, while at the same time attempting to provide a stable and steady 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 clear plans with control and reporting processes, the key objective of which comprises coordinated management of the bank's assets and liabilities, current banking laws and regulations, as well as prudent and generally acceptable banking practices.

#### **2.10.1 Credit risk management**

Credit risk is one of the major risks out of the six core risks of the bank. It is most simply defined as the bank's borrower or counterparty failing to meet their obligations in accordance with the agreed terms and conditions. Effective credit risk management is a critical component of a comprehensive approach to risk management and essential to the long-term success of any banking organisation. Assessment of credit risk involves evaluating both the probability of default by the borrower and exposure or financial impact on the bank in the event of default. It also considers the relationships between credit risk and other risk parameters.

Considering key elements of credit risk, the bank has segregated duties of officers/executives involved in credit-related activities. Separate divisions for Corporate, SME, Retail and Credit Cards are entrusted with the responsibility of maintaining effective relationship with customers, marketing credit products, exploring new business opportunities, etc. For transparency in operations during the entire credit process, teams for i. Credit Approval, ii. Asset Operations, iii. Recovery Unit and Special Asset Management have been set up.

The entire process involves relationship teams of respective asset portfolios (Retail, SME and Corporate) booking clients and the underwriting team conducting thorough assessment before placing the facility for approval with the authority. Risk assessment includes borrower risk analysis, industry risk analysis, financial risk analysis, security risk analysis, account performance risk analysis and environmental & social risk analysis of the customer. Post-approval, the Credit Administration Department ensures compliance with all legal formalities, completion of documentation, including security of proposed facility, and eventual disbursement. This arrangement has not only ensured segregation of duties and accountability, but also helped in minimising risk of compromise with quality of the credit portfolio.

To ensure sound practices in credit risk management, including taking calculated risk and maintaining asset portfolio quality, BRAC Bank follows well-established Credit Policy Guidelines, as approved by the Board of Directors and prepared in line with internationally-accepted risk management principles and best practices. The guidelines are also aligned with the 'Guidelines on Credit Risk Management (CRM) for Banks' (March, 2016) by Bangladesh Bank, the Bank Company Act, 1991 (Amended in 2013), Risk Management Guidelines for Banks (October, 2018) and credit-related circulars and instructions of Bangladesh Bank circulated from time to time.

#### **2.10.2 Foreign exchange risk management**

Foreign exchange risk arises from fluctuations in currency prices, influenced by various macro and micro economic factors. Contemporary financial institutions engage in activities starting from basic currency buy, sell, imports, exports and remittances to complex structured products. Within the bank, the Treasury department is vested with the responsibility to measure and minimise risk associated with bank's foreign currency position.

All treasury functions are clearly demarcated between treasury front office, mid office and back office. The front office is involved only in dealing activities, mid office is involved in monitoring of rate, different limits, e.g. counterparty limits, dealers' trading limits, stop/loss limits, etc. and calculation of Value at Risk (VaR) and reports directly to the Chief Risk Officer of the bank. Treasury back office is responsible for all related processing functions with separate reporting line to the Head of Operations. Treasury front and back office personnel operate as per Bangladesh Bank's core risk management guidelines and also according to their respective job descriptions. Any overlap is barred. The Banks treasury front office, mid office and back office has separate and independent reporting lines to ensure segregation of duties and accountability and also helps minimise the risk of compromise. The full function operates under the foreign exchange risk management policy of the bank, updated based on the latest Foreign Exchange Guidelines from the central bank.

Dealing room is well-equipped with Reuter's dealing system, Eikon, Bloomberg, a number of FX trading platforms and voice loggers, etc. State-of-the-art treasury system is in place to ensure straight through processing (STP) of all deals. Dealing room also offers an FX trading platform 'BBL Electra' to counterparty banks where all deals are auto-hedged and processed through STP without creating any position for the dealing room. The robust treasury system of the Bank also facilitates the mid office in effective monitoring and risk reporting and the back office with different reports, along with easy processing of transactions. Counterparty limit is set by the Credit Committee and monitored by the mid office. Clearly expressed dealers' trading limits, stop-loss limits and currency-wise open position limits are in place that are monitored by the mid office. Trigger levels are set for dealers, Chief Dealer and Head of Treasury. All FX transactions are carried out by well-trained, young and dynamic dealers who ensure local and global regulatory compliance.

#### **2.10.3 Asset liability management**

Changes in market liquidity and or interest rate exposes the bank's business to the risk of loss, which may, in extreme cases, threaten the survival of the institution. Thus, it is essential 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 made available for evaluating and controlling these risks. The Asset Liability Management Committee (ALCO) of the bank monitors balance sheet and liquidity risks of the bank.

ALCO also reviews the country's overall economic position, the bank's liquidity position, ALM ratios, interest rate risks, capital adequacy, deposit/advances growth, cost of deposit and yield on advances, FX gap, market interest rates, loan loss provision adequacy and deposit and lending pricing strategy.

#### **2.10.4 Prevention of money laundering**

In recognition of the fact that financial institutions are particularly vulnerable to money laundering, BRAC Bank has established an Anti Money Laundering Policy. The purpose of this policy is to provide a guideline to comply with all laws and regulations regarding money laundering, both at country and international levels, to safeguard the Bank from potential compliance, financial and reputational risks. Further, Know Your Customer (KYC) procedures have been set up with address verification. Also, as part of monitoring account transactions, the estimated transaction profile and high value transactions are reviewed electronically. Training is also given as a continuous process for creating/developing awareness among officers.

#### **2.10.5 Internal Control and Compliance (ICC)**

Internal Control is the mechanism to provide reasonable assurance regarding the attainment of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies. The primary objective of Internal Control and Compliance is to support the bank to perform better and add value through the optimal use of resources.

Establishing adequate internal control and ensuring an effective control environment is high on the management agenda. The bank has instituted internal control over financial reporting and has also established monitoring mechanisms to ensure operational effectiveness of these controls. All internal controls are specifically designed to address risks related to financial reporting, efficiency and effectiveness of operations and compliance with applicable laws and regulations. Through internal control systems, the bank identifies weaknesses associated with the process and adopts appropriate measures to overcome these deficiencies.

The main objectives of internal control are as follows:

- a) Operations objectives: Attainment of the bank's mission and vision.
- b) Reporting objectives: Timely, accurate and comprehensive reporting - financial and non-financial, internal and external.
- c) Compliance objectives: Conducting activities and taking specific actions in accordance with applicable laws and regulations.

The bank has established an effective internal control system whose primary aim is to ensure the overall management of risks and also provide reasonable assurance that the objectives set by the bank will be met. It has been designed to develop a high level of risk culture among our people, establish efficient and effective operating standards, ensure reliability of internal and external information, including accounting and financial information, secure the bank's operations and assets, and comply with laws, regulatory requirements and internal policies.

The key functions that have been established in reviewing adequacy and integrity of the system of internal controls are as follows:

- a) Various committees are established by the Board to assist it in ensuring the effectiveness of the bank's daily operations and that the bank's operations are in accordance with the corporate objectives, strategies and the annual budget, as well as approved policies and business directions.
- b) The Internal Audit Department of the Bank checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlights significant findings in respect of any non-compliance.
- c) Audits are carried out on various departments/units, SME Service Centres and all branches in accordance with the annual audit plan, approved by the Audit Committee of the Board. The frequency of audits of branches is determined by the level of risk assessed to provide an independent and objective report. Findings of the internal audit are submitted to the Audit Committee of the Board for review at their periodic meetings.
- d) The Audit Committee of the Board of the bank reviews internal control issues identified by the Internal Audit Department, Bangladesh Bank, External Auditors and the management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings of the Board are tabled at the meetings of the Board of Directors of the bank on a periodic basis.
- e) Self-assessment of anti-fraud internal controls is carried out on a semi-annual basis and is sent to Bangladesh Bank, as per requirements of DOS Circular Letter No. 10, dated 09 May 2017, issued by Bangladesh Bank.
- f) In assessing the internal control system, identified officers of the bank continued to review and update all procedures and controls that are connected with significant accounts and disclosures of the financial statements of the bank. The bank's Internal Audit Department continued to verify the suitability of design and effectiveness of these procedures and controls on an ongoing basis.

ICCD of BRAC Bank comprises mainly of four departments - Internal Audit, Compliance Unit, Monitoring Unit and Concurrent Audit.

#### **2.10.5.1 Internal audit**

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. The audit team of BRAC Bank possesses a combination of business acumen and knowledge about IT. The Audit Department is committed to meet the standards of best professional practices. The bank's audit team also applies risk-based internal audit methodology for conducting their audit functions. Risk-based internal audit includes, in addition to selective transaction testing, an evaluation of the risk management systems and control procedures prevailing across various areas of the bank's operations.

BRAC Bank has a strong internal audit team comprised of three units to carry out audit activities, namely -Head Office Audit, Distribution Audit (which conducts audits on all Branches, including AD, LAD, Corp. Branches, SME Krishi Branches, SME Service Centres and SME Unit Offices, etc.) and Information Systems and Vigilance Audit. BRAC Bank also introduced risk-based audit system and the audit team conducts comprehensive, spot and surprise audits in various Branches, SME Service Centres, SME/Krishi Branches, SME Unit Offices, information technology, information security, cyber security, data privacy and protection, various departments and divisions, centralised functional units at the Head Office and even regional functional units. Internal audit assists the organisation to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

#### **2.10.5.2 Compliance**

BRAC Bank establishes a best compliance culture throughout the organisation by encouraging employees to comply with policies, procedures and regulations.

To establish and uphold a high-quality compliance culture, BRAC Bank has a robust Compliance Department under the Internal Control & Compliance Division, which is dedicated to ensuring compliance with guidelines/observations/ recommendations of regulatory and internal audit/investigations. In line with this, three separate units are formed under the Compliance Department - Regulatory Compliance Unit, Internal Compliance Unit and Investigation Unit.

Regulatory Compliance Unit supports the Bangladesh Bank team in their inspection at branches/head office and ensures submission of compliance response to Bangladesh Bank appropriately and timely, monitor compliance activities of Branches, Divisions, Departments and other offices, verify internal control system of organisation and its operational activities, as per Bangladesh Bank and other regulatory guidelines.

Internal Compliance Unit works dedicatedly in the implementation of internal auditor's observations and also recommendations made by the Investigation Unit.

Investigation Unit conducts investigations and submits reports as per management requirements and also analyses fraud cases to ascertain responsible parties and recommend appropriate actions.

Compliance Department also ensures required reporting to the management, Board Audit Committee and regulators.

#### **2.10.5.3 Monitoring**

BRAC Bank has formed a separate monitoring department under Internal Control & Compliance Division, which is dedicated to monitor internal control systems and operational activities of the bank on an ongoing basis.

In case of any lapses/irregularities, the Monitoring Unit takes appropriate corrective measures within the respective business/operational areas. If they discover any significant operational lapses, they escalate the issue to the higher management (senior management team) through the Head of ICC for immediate resolution. Some major tools of this unit are as follows:

- a) Branch/Departmental Control Function Checklist (DCFCL);
- b) Loan Documentation Checklist (LDCL);
- c) Key Risk Indicator (KRI);
- d) Quarterly Operations Report (QOR);
- e) Spot checks/Surprise visits in SME Unit Offices and Branches to analyse if the respective functions abide by compliance and existing policies and guidelines.

#### **2.10.5.4 Concurrent audit**

As per the directives of Bangladesh Bank as 'Guidelines on Internal Control and Compliance in Banks', the Concurrent Audit Department was formed to align with the guidelines. Concurrent Audit Team scrutinises whether the Bank follows guidelines of internal and regulatory bodies issued from time to time. This unit exclusively conducts spot/surprise audits of continuing operational activities across various branches, SME Service Centres, SME Krishi Branches, ATM Service Centres, SME Unit Offices, Regional Operation Centre (ROC), Credit Risk Management unit and Centralised Functional Units in the Head Office.

#### **2.10.5.5 Fraud and forgery**

Fraud and forgery have become important issues in recent years. These have a major impact on our country's economy, impeding economic development. BRAC Bank has always been focused in controlling fraud and forgery by establishing and maintaining proper control systems. Today, fraud and forgery appear in diverse forms. To prevent fraud and forgery, BRAC Bank has formed an Investigation Unit under the Compliance Department of Internal Control & Compliance Division to deal with such kind of incidents. This wing exclusively deals with all kinds of fraud and forgery and acts independently as the first contact point/information unit where internal and external fraud and forgery incidents are escalated, investigated and reviewed.

To protect the bank and its stakeholders' interest, the investigation team performs thorough investigations to identify perpetrators and the root-cause of the reported incident. As a remedial course of action, preventive measures are recommended to the business/functional unit to take necessary action relating to process improvements, recovery of misappropriated amount, adjustment of the operational loss and appropriate action initiated against the perpetrator. Investigation reports are also placed to the Board Audit Committee for their direction and guidance. All fraud and forgery cases that were identified in 2019 were also duly reported to Bangladesh Bank on a regular basis following their prescribed format and adequate provisions have been maintained in the books of accounts. On the other hand, the management is exerting full efforts to recover the loss amount incurred due to fraud.

## **2.10.6 Information and communication technology (ICT) security**

Cyberattacks are a serious threat and concern for financial institutions. BRAC Bank is committed to high levels of service quality and banking security. Cyber security is a top priority for the Board and management of BRAC Bank.

For cyber security and ICT risk mitigation, the bank has aligned its ICT security policy, in line with the latest Bangladesh Bank ICT guidelines and well-established frameworks and international standards and controls, e.g. COBIT, ITIL, ISO 27001, NIST, GDPR, PCI and SANS.

With the establishment of a 24x7 Security Operations Centre (SOC) as the first bank in Bangladesh to do so, BRAC Bank has shifted from passive cyber defence to active cyber security. SOC is a dedicated site where enterprise information systems are monitored, assessed and defended.

BRAC Bank has achieved International certification ISO 18788:2015 – for its Security Operations and Cyber fusion centre this year. BRAC Bank is the 1st and only financial organisation in Bangladesh has achieved this global recognition on Management system for private security operations.

BRAC Bank has already adopted global-standard ISO 27001:2013 for Information Security Management. The bank is the first in Bangladesh to have achieved the ISO 27001:2013 international certification for information security management, and has thus fulfilled a key regulatory mandate. Accredited international certification to ISO 27001 demonstrates that the bank has a well-defined and focused approach to embracing best practices in information security and processes with an eye on assuring continuous improvement.

Through Mirroring Military 'war game' to Ethical Hacking, the bank's information security regularly conducts application/system security assessments and vulnerability assessment and penetration testing on own infrastructure/networks by internally-certified ethical hackers to protect data assets. The bank also involves global third parties for appropriate revalidation.

As an initiative to strengthen security to defend against 'zero day' and targeted attacks, the bank has implemented Anti-Advance Persistent Threat and Network Behaviour Monitoring technology based on behaviour base static and dynamic analysis on suspicious content with close monitoring of the network flow activity. The bank has also implemented Security Incident and Event Management technology, which is a core constituent of the Information Security Threat Management system.

The bank has also implemented Privileged Access Management technology for the protection of sensitive systems and has also complied with all regulatory requirements. The bank has also deployed automated Discovery and Auditing (DNA) tool for enabling continuous discovery.

To protect customer and the bank's data BRAC Bank has implemented a comprehensive data leakage prevention solution. The bank has also enforced disk encryption. To ease internet usage, minimise web attack vectors and enable users to safely use the web, the bank has also implemented an advanced internet secure gateway.

Further, the bank has also undertaken initiatives to implement Enterprise Vulnerability Management System, which covers entire systems and networks of BRAC Bank. The bank is the first financial institution in Bangladesh to have embraced such a forward-looking initiative. The bank has also implemented an automated solution for third party security monitoring. Moreover to ensure ethical use of technology, the bank ensures automated content scanning.

The bank has also implemented email security to protect the email system from spam-based attacks and has also incorporated advanced anti-malware protection. The bank has already implemented automated tools for security strengthening of web applications and database. Further, as part of our governance initiatives, the bank has formed ICT Security Steering Committee and ICT Steering Committee. For emergency response handling, the bank has formed CERT and has also developed BCP.

Considering awareness is key to cyber security, the bank regularly conducts face-to-face information security awareness sessions and cyber security awareness campaigns, while also organising awareness through emails/stickers/booklets/e-books/posters, etc.

The bank has activated other multiple security strengthening initiatives. It has adopted the latest technology for better manageability, high availability and redundancy, better security and future scalability. Further, it has also completed upgradation of the credit card management system and call centre, which is PADSS-complied. We are already issuing EMV chip cards to our customers.

BRAC Bank has successfully implemented core banking system (CBS) and ERP solution migration and is in the process of migrating e-commerce payment gateway and internet banking system. The bank also implemented a global standard agent banking solution with robust security and business functionalities. Finacle Treasury solutions were also implemented, thus reinforcing our treasury practice.

Comprehensive annual maintenance contracts (AMCs), along with service level agreements (SLAs) were signed with partners of global data centre equipment manufacturers to ensure 24x7 service for all active equipment of data centre and disaster recovery site. With the upgradation of the monitoring system of the data centre and disaster recovery site, the bank is now capable to proactively monitor all system parameters and accordingly take corrective measures beforehand. BRAC Bank has also adopted ITIL framework of best practice guidance for ensuring comprehensive IT service management. To ensure high levels of quality and security of IT systems and for ensuring compliance with Bangladesh Bank's regulatory requirements, BRAC Bank has a fully-functional Information Security Department with trained and certified resources (e.g. CISSO, CISSP, CISA, ECSA, CCISO, CPISI, CEH, CPEH, LA-QMS, LA-ISMS, CHFI, LPM, Security+, COBIT, etc.), various tools and senior management support.

BRAC Bank has developed a holistic cyber security roadmap and is working accordingly to be equipped with the best people, security solutions, processes and practices. BRAC Bank also engages top global external agencies to conduct assessments and reviews on its cyber security systems and future preparedness on a regular basis.

**2.11 Derivative financial instruments**

The fair value of derivatives (forward contracts, currency rate swaps, etc.) are recognised in the profit and loss account of the bank, as per IFRS 9. The value of the contract itself is shown as an item of other contingent liabilities, as per Bangladesh Bank guidelines.

**2.12 Accounting for changes in policy, accounting estimates and errors**

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, states that the effect of a change in accounting policy and correction of errors, if material, is to be applied retrospectively, and change in an accounting estimate is to be applied prospectively. The carrying amount of assets, liabilities, or equity may be changed following a change in accounting estimates in the period of the change. The bank followed the same accordingly.

**2.13 Director's responsibilities on statement**

The Board of Directors take responsibility for the preparation and presentation of these financial statements.

**2.14 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 with the current year's presentation.
- c) The expenses, irrespective of capital or revenue in nature, accrued/due but not paid have been provided for in the books of accounts.

SECTION - TWO: NOTES TO THE BALANCE SHEET

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>3 Cash</b>					
Cash in hand (Including foreign currency)	3.1	6,961,056,855	6,674,699,654	6,726,443,188	6,654,775,781
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)	3.2	16,103,064,899	15,719,774,488	16,103,064,899	15,719,774,488
		<b>23,064,121,754</b>	<b>22,394,474,142</b>	<b>22,829,508,087</b>	<b>22,374,550,269</b>
<b>3.1 Cash in hand (Including foreign currency)</b>					
Local currency		6,929,978,386	6,623,054,472	6,695,364,719	6,603,130,599
Foreign currency		31,078,469	51,645,182	31,078,469	51,645,182
		<b>6,961,056,855</b>	<b>6,674,699,654</b>	<b>6,726,443,188</b>	<b>6,654,775,781</b>
<b>3.2 Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)</b>					
Local currency		13,369,316,004	12,206,710,093	13,369,316,004	12,206,710,093
Foreign currency		1,671,530,700	2,537,371,798	1,671,530,700	2,537,371,798
		<b>15,040,846,704</b>	<b>14,744,081,891</b>	<b>15,040,846,704</b>	<b>14,744,081,891</b>
Sonali Bank as an agent of Bangladesh Bank (local currency)		1,062,218,195	975,692,597	1,062,218,195	975,692,597
		<b>16,103,064,899</b>	<b>15,719,774,488</b>	<b>16,103,064,899</b>	<b>15,719,774,488</b>

**3.a Cash Reserve Ratio (CRR) (Bank only)**

As per section 33 of Bank Company Act, 1991 (amended up to 2013) & MPD circular No. 01 dated 03 April 2018 issued by Bangladesh Bank, BRAC Bank Limited has been maintaining 5.0% CRR on daily basis and 5.5% on bi-weekly basis. CRR requirement is calculated on the basis of weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. CRR of December 2019 is maintained on the basis of weekly ATDTL of October 2019), according to DOS Circular No. 1 & 26 issued on 19 January 2014 & 19 August 2019 respectively for both DBO & OBO.

**Daily basis**

Reserves maintained by the bank as at 31 December are as follows:

Average total demand and time liabilities of October 2019 and October 2018	279,300,406,351	213,421,784,639
Required reserve (5% of ATDTL)	13,965,020,318	10,671,089,232
Actual reserve maintained as per Bangladesh Bank statement (2019: 5.19%, 2018: 6.21%)	14,483,606,019	13,244,206,653
Surplus/ (deficit)	<b>518,585,701</b>	<b>2,573,117,421</b>

**Bi-weekly basis**

The Bank maintained excess cash reserve of Tk. 169,072,012 (Tk. 12,650,764,790 was in 2018) against minimum requirement of 5.5% (of ATDTL) on bi-weekly basis which is the summation of excess cash reserve maintained over required in the last fortnight (bi-week) of 2019.

**3.b Statutory Liquidity Ratio (SLR)**

As per section 33 of the Bank Company Act 1991 (amended up to 2013) & MPD circular no. 2 dated 10 December 2013 issued by Bangladesh Bank (effective from 1 February 2014), BRAC Bank Limited has been maintaining 13% SLR on weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. SLR of December 2019 is based on weekly ATDTL of October 2019), according to DOS Circular No. 1 & 26 issued on 19 January 2014 & 19 August 2019 respectively for both DBO & OBO.

Required reserve (13% of ATDTL)	36,309,052,826	27,744,832,003
Actual reserve maintained (2019: 16.81%, 2018: 13.11%)	46,963,465,973	27,976,996,528
Surplus	<b>10,654,413,148</b>	<b>232,164,525</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>3.c Actual reserve maintained</b>					
Cash in hand				6,726,443,188	6,654,775,781
Balance with Sonali Bank as per statement				1,061,552,851	981,204,341
Un-encumbered approved securities (HFT)				20,374,658,784	7,410,949,797
Un-encumbered approved securities (HTM)				18,798,943,450	12,928,969,009
Un-encumbered approved securities (other eligible)				1,867,700	1,097,600
				<b>46,963,465,973</b>	<b>27,976,996,528</b>
<b>4 Balance with other Banks and Financial Institutions</b>					
Inside Bangladesh	4.1	43,826,875,635	41,918,719,170	13,203,670,424	12,484,067,930
Outside Bangladesh	4.2	2,770,836,121	2,733,224,751	2,595,828,122	2,394,477,206
		<b>46,597,711,756</b>	<b>44,651,943,921</b>	<b>15,799,498,546</b>	<b>14,878,545,136</b>
<b>4.1 Balance inside Bangladesh</b>					
<b>In Current Deposit Accounts with:</b>					
Banks		7,624,254,541	9,338,878,088	853,670,424	1,534,067,930
Less: Inter unit/company elimination		764,734,664	825,081,677	-	-
		<b>6,859,519,877</b>	<b>8,513,796,411</b>	<b>853,670,424</b>	<b>1,534,067,930</b>
<b>In fixed deposit accounts with:</b>					
Banks		31,930,301,637	22,666,987,885	5,300,000,000	-
Non Banking Financial Institutions (NBFIs)		7,050,000,000	10,950,000,000	7,050,000,000	10,950,000,000
		<b>38,980,301,637</b>	<b>33,616,987,885</b>	<b>12,350,000,000</b>	<b>10,950,000,000</b>
Less: Inter unit/company elimination		2,012,945,879	212,065,126	-	-
		<b>36,967,355,758</b>	<b>33,404,922,759</b>	<b>12,350,000,000</b>	<b>10,950,000,000</b>
<b>Total</b>		<b>43,826,875,635</b>	<b>41,918,719,170</b>	<b>13,203,670,424</b>	<b>12,484,067,930</b>
<b>4.1.1 Balance with other banks and financial institutions (Inside Bangladesh)</b>					
<b>Current Accounts</b>					
Standard Chartered Bank		156,786,680	378,543,734	110,936,232	84,959,156
Southeast Bank Limited		314,123,349	254,997,172	-	-
Rajshahi Krishi Unnayan Bank		3,085,293	8,280,894	3,085,293	8,280,894
Al-Arafa Islami Bank Limited		5,148,634	6,018,358	2,114,199	1,727,918
Jamuna Bank Limited		620,747,156	424,700,976	1,757,532	2,132,581
Prime Bank Limited		5,870,467	3,339,129	5,870,467	3,339,129
NRB Global Bank Limited		500,000	500,000	500,000	500,000
Midland Bank Limited		2,095,775	1,582,709	1,500,000	1,000,000
Mutual Trust Bank Limited		277,645,386	327,627,720	3,147,089	2,992,282
Pubali Bank Limited		101,566,619	175,727,921	98,991,945	158,246,437
Janata Bank Limited		155,680,793	357,153,325	150,018,489	352,740,270
Bangladesh Krishi Bank Limited		64,630,214	143,673,524	63,495,198	142,342,823
The City Bank Limited		792,391,604	1,039,730,695	714,933	9,990,882
Agrani Bank Limited		257,537,214	532,692,408	198,938,922	478,920,869
Islami Bank Bangladesh Limited		6,589,060	39,559,462	5,321,468	15,935,020
United Commercial Bank Limited		1,089,261,748	1,054,763,844	217,016	5,191,584
National Bank Limited		15,940,685	16,520,829	13,415,913	14,574,543
Sonali Bank Limited		433,352,264	280,304,477	69,687,853	9,545,998
Dutch Bangla Bank Limited		148,285	100	148,285	100
IFIC Bank Limited		1,110,285	1,539,324	1,110,285	1,539,324
Rupali Bank Limited		138,741,503	216,398,512	89,212,234	209,409,095
Social Islami Bank Limited		3,505,495	1,904,643	3,505,495	1,904,643
First Security Islami Bank Limited		4,640,585	4,640,942	3,412,877	2,807,118

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
EXIM Bank Limited		17,583,216	48,114,793	16,529,448	12,324,843
BASIC Bank Limited		297,162	1,427,673	297,162	1,427,673
Bank Asia Limited		11,217,497	23,889,877	910,166	118,071
Standard Bank Limited		8,872,945	9,409,288	5,194,248	3,674,210
Meghna Bank Limited		575,839	6,761,938	155,812	5,942,467
One Bank Limited		569,079,487	198,430,468	1,035,408	-
Mercantile Bank Limited		695,406,396	1,091,025,540	2,446,455	2,500,000
Trust Bank Limited		26,482,644	24,427,704	-	-
Eastern Bank Limited		621,300,542	533,770,831	-	-
Dhaka Bank Limited		223,983,373	1,069,432,311	-	-
NCC Bank Limited		62,974,285	102,964,226	-	-
Habib Bank Limited		104,067,242	103,393,611	-	-
NRB Commercial Bank Limited		515,189	511,992	-	-
NRB Bank Limited		747	1,667	-	-
Citibank N.A.		-	265	-	-
AB Bank Limited		852,255	1,381,070	-	-
Uttara Bank Limited		31,669,974	28,652,459	-	-
Allied Bank Limited		28,946,710	-	-	-
Shahjalal Islami Bank Limited		4,595,280	-	-	-
		<b>6,859,519,877</b>	<b>8,513,796,411</b>	<b>853,670,424</b>	<b>1,534,067,930</b>
<b>Fixed deposit with banks</b>					
Southeast Bank Limited		3,750,000,000	3,000,000,000	-	-
Mutual Trust Bank Limited		500,000,000	-	500,000,000	-
The City Bank Limited		4,650,000,000	3,200,000,000	800,000,000	-
NCC Bank Limited		3,714,200,000	3,904,200,000	-	-
Jamuna Bank Limited		2,508,641,688	2,008,192,707	2,000,000,000	-
Dhaka Bank Limited		1,120,000,000	1,500,000,000	-	-
United Commercial Bank Limited		4,510,000,000	4,510,000,000	-	-
Mercantile Bank Limited		4,440,000,003	1,840,000,003	-	-
One Bank Limited		3,580,000,000	2,250,000,000	1,500,000,000	-
Habib Bank Limited		200,000,000	200,000,000	-	-
Standard Chartered Bank		27,988,955	27,243,174	-	-
Padma Bank Limited		16,525,112	15,286,875	-	-
Standard Bank Limited		500,000,000	-	500,000,000	-
Eastern Bank Limited		300,000,000	-	-	-
Janata Bank Limited		100,000,000	-	-	-
		<b>29,917,355,758</b>	<b>22,454,922,759</b>	<b>5,300,000,000</b>	<b>-</b>
<b>Fixed deposit with financial institutions</b>					
Industrial and Infrastructure Development Finance Co. Limited		1,000,000,000	500,000,000	1,000,000,000	500,000,000
United Finance Limited		150,000,000	700,000,000	150,000,000	700,000,000
IDLC Finance Limited		1,800,000,000	2,100,000,000	1,800,000,000	2,100,000,000
National Housing Finance and Investment Limited		-	750,000,000	-	750,000,000
IPDC Finance Limited		2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Investment Corporation of Bangladesh (ICB)		1,600,000,000	1,900,000,000	1,600,000,000	1,900,000,000
Delta Brac Housing Finance Corporation Limited		500,000,000	1,500,000,000	500,000,000	1,500,000,000
Lanka Bangla Finance Co. Limited		-	1,500,000,000	-	1,500,000,000
		<b>7,050,000,000</b>	<b>10,950,000,000</b>	<b>7,050,000,000</b>	<b>10,950,000,000</b>
		<b>43,826,875,635</b>	<b>41,918,719,170</b>	<b>13,203,670,424</b>	<b>12,484,067,930</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>4.2 Balance outside Bangladesh</b>					
On shore balance	4.2.1	1,610,927,136	6,954,015,663	1,435,919,137	6,615,268,118
Off shore balance	4.2.1	2,058,518,145	869,993,979	2,058,518,145	869,993,979
		3,669,445,281	7,824,009,642	3,494,437,282	7,485,262,097
Less: On shore to BBL off-shore placement		898,609,160	5,090,784,891	898,609,160	5,090,784,891
		<b>2,770,836,121</b>	<b>2,733,224,751</b>	<b>2,595,828,122</b>	<b>2,394,477,206</b>
<b>4.2.1 Balance with other banks and financial institutions (outside Bangladesh)</b>					
<b>On Shore Balance</b>					
Standard Chartered Bank-New York, USA		34,987,078	593,071,036	34,987,078	593,071,036
Standard Chartered Bank, United Kingdom		108,027,381	151,828,247	108,027,381	151,828,247
Standard Chartered Bank, Frankfurt, Germany		(9,906,022)	(28,682,956)	(9,906,022)	(28,682,956)
Mashreq Bank, New York, USA		11,071,008	335,782,977	11,071,008	335,782,977
Bank of Tokyo Mitsubishi		7,551,178	1,792,728	7,551,178	1,792,728
ICICI Bank Limited, Mumbai, India		60,400,357	9,624,572	60,400,357	9,624,572
Zuercher Kantonal Bank, Switzerland		2,960,159	46,845,858	2,960,159	46,845,858
ING Belgium NV/SA, Belgium		-	1,031,311	-	1,031,311
Commerz Bank AG, Germany (USD)		1,602,835	17,595,361	1,602,835	17,595,361
Commerz Bank AG, Germany (EURO)		(20,349,691)	(7,265,048)	(20,349,691)	(7,265,048)
Commerz Bank, Frankfurt, Germany (GBP)		11,158	-	11,158	-
United Bank of India, Kolkata, India		80,997,906	11,093,684	80,997,906	11,093,684
JP Morgan Chase Bank, New York, USA		70,283,855	313,447,753	70,283,855	313,447,753
HDFC Bank Limited, India		61,845,493	16,578,124	61,845,493	16,578,124
Habib Metro Bank Limited		39,748,840	20,366,248	39,748,840	20,366,248
JP Morgan Chase Bank, Sydney (AUD)		87,264	6,225,590	87,264	6,225,590
AB Bank Limited, Mumbai, India		5,461,547	5,400,435	5,461,547	5,400,435
AXIS Bank limited		67,756,315	29,747,307	67,756,315	29,747,307
Abu Dhabi Commercial Bank (AED)		9,391,402	-	9,391,402	-
Kookmin Bank, Seoul, South Korea (USD)		5,381,914	-	5,381,914	-
Balance with different banks maintained by BRAC SAAJAN Exchange Limited		175,007,999	338,747,545	-	-
		712,317,976	1,863,230,772	537,309,977	1,524,483,227
Add: On shore to off shore placement		898,609,160	5,090,784,891	898,609,160	5,090,784,891
Total on shore balance		<b>1,610,927,136</b>	<b>6,954,015,663</b>	<b>1,435,919,137</b>	<b>6,615,268,118</b>
<b>Off shore balance</b>					
Standard Chartered Bank, Frankfurt, Germany		-	27,725,776	-	27,725,776
Standard Chartered Bank, New York		-	24,617,446	-	24,617,446
Commerz Bank, Germany		-	26,196,742	-	26,196,742
ICICI Bank Limited, Mumbai, India		-	325,470	-	325,470
Sonali Bank Limited, United Kingdom (GBP)		-	175,306	-	175,306
Standard Chartered Bank, UK	21	(43,630,060)	-	21	(43,630,060)
JP Morgan Chase Bank, New York		720,256,473	519,000,348	720,256,473	519,000,348
JP Morgan AG, Frankfurt, Germany		61,610,402	-	61,610,402	-
JP Morgan Chase Bank, NA, London		3,151,249	-	3,151,249	-
BBL OBU to Other Bank OBU placement		1,273,500,000	315,582,951	1,273,500,000	315,582,951
Total off shore balance		<b>2,058,518,145</b>	<b>869,993,979</b>	<b>2,058,518,145</b>	<b>869,993,979</b>
		<b>3,669,445,281</b>	<b>7,824,009,642</b>	<b>3,494,437,282</b>	<b>7,485,262,097</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Less: On shore to BBL off-shore placement		898,609,160 <u>2,770,836,121</u>	5,090,784,891 <u>2,733,224,751</u>	898,609,160 <u>2,595,828,122</u>	5,090,784,891 <u>2,394,477,206</u>

\*There are some unreconciled entries as on 31 December 2019 and status of unreconciled entries are given in Annexure-B and detail balance are shown in Annexure -C.

#### 4.a Maturity grouping of balance with other banks and financial institutions

Up to 1 months	28,419,889,030	11,422,716,156	3,350,498,546	4,116,305,254
More than 1 month but not more than 3 months	11,378,894,121	13,433,079,882	9,949,000,000	8,912,239,882
More than 3 months but not more than 1 Year	6,798,928,605	19,796,147,883	2,500,000,000	1,850,000,000
More than 1 year but not more than 5 years	-	-	-	-
More than 5 years	-	-	-	-
	<b>46,597,711,756</b>	<b>44,651,943,921</b>	<b>15,799,498,546</b>	<b>14,878,545,136</b>

#### 5 Money at call on short notice

There was no balance as money at call on short notice at the end of the year.

#### 6 Investments

##### Accounting policy

All investment securities are initially recognised at cost, including acquisition charges associated with the investment. Premiums are amortised and discount accredited, using the effective yield method, and are taken to discount income. The valuation method of marking-to-market for investments used are:

##### Held To Maturity (HTM)

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 amortised cost others' are classified as held to maturity. These investment are subsequently measured at amortised cost, less any provision for impairment in value. Amortised cost is calculated by taking into account any discount or premium in acquisition. Any gain or loss on such investments is recognised in the statement of income when the investment is de-recognised or impaired.

##### Held For Trading (HTF)

Investments classified in this category are acquired principally for the purpose of selling or repurchasing - in short trading or if designated as such by the management. After initial recognition, investments are measured at present value, and any change in the fair value is recognised 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 26 May 2008, DOS Circular no. 05, dated 28 January 2009 and DOS Circular no. 02, dated 19 January 2012, HFT securities are revalued once each week using marking-to-market concept, and the HTM securities are amortised once a year according to Bangladesh Bank guidelines. HTM securities are also reevaluated if they are reclassified to HFT category with the Board's approval.

##### Investment in quoted securities

These securities are bought and held primarily for the purpose of selling them in the future or holding for dividend income, which are reported at cost. Unrealised gains are not recognised in the profit and loss statement. But required provisions are kept for diminution in value of investment.

##### Investment in unquoted securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

As per Bangladesh Bank DOS Circular no. 04, dated 24 November 2011, provision for diminution in value of investment was made by netting off unrealised gain (loss) of shares from market price/book value less cost price.

Besides, the Bank complied with Bangladesh Bank BRPD Circular no. 14, dated 25 June 2003, as follows, "All investments in shares and securities (both dealing and investment) should be revalued at the year end. The quoted shares should be valued as per market price in the stock exchange(s) and unquoted shares as per book value of the last audited balance sheet. Provisions should be made for any loss arising from diminution in value of investment."

Summary of recognition and measurement basis 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
Government Treasury Bills (HTM)	Cost	Amortised cost	Increased or decreased in value to equity reserve
Government Treasury Bonds (HFT)	Cost	Marking to Market/ fair value	Loss to profit and loss A/C, gain to revaluation reserve
Government Treasury Bonds (HTM)	Cost	Amortised cost	Amortised gain/ loss to revaluation reserve
Zero Coupon Bond	Cost	Cost	N/A
Prize Bond and Other Bond	Cost	Cost	N/A
Debentures	Cost	Cost	Profit and Loss Account
Un-quoted Shares (ordinary)	Cost	Lower of cost or NAV of last audited account	Profit and Loss Account
Quoted shares (ordinary)	Cost	Lower of cost or market price at balance sheet date	Loss to Profit and Loss Account

#### Impairment of financial assets

At each balance sheet date, the Bank assesses whether there is objective evidence that a financial asset or a group of financial assets, i.e., loans and advances, off balance sheet items and investments are impaired. A financial asset or group of financial assets are impaired and impairment losses are incurred if there is objective evidence of impairment as a result of a loss event that occur after the initial recognition of the asset up to the balance sheet date; the loss event had an impact on the estimated future cash flows of the financial assets or the group of financial assets; and a reliable estimate of the loss amount can be made.

In the event of impairment loss, the Bank reviews whether a further allowance for impairment should be provided in the profit and loss statement, in addition to the provision made based on Bangladesh Bank guidelines or other regulatory requirements.

#### Impairment of investment in subsidiaries and associates

As per IAS 36: Impairment, investment recognised either at cost or equity method needs to review if there is any indication of impairment. If any indication of impairment exists, then impairment test is carried out considering the individual subsidiary/ associate as a "cash generating unit (CGU)" to find if the carrying value is higher than its recoverable amount. Recoverable amount is higher of fair value less cost to sell and value in use. If the fair value less cost to sell is not readily available, then value in use is calculated which is basically present value of future cash flows.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Government	6.1	47,735,405,086	27,925,905,144	39,175,469,934	20,341,016,406
Others	6.2	8,216,186,519	7,207,368,183	6,768,101,989	5,424,101,835
		<b>55,951,591,605</b>	<b>35,133,273,327</b>	<b>45,943,571,923</b>	<b>25,765,118,241</b>
<b>6.1</b> <b>Government (investment in Govt. securities)</b>					
Treasury bills	6.1.1	21,273,047,867	13,815,997,743	12,713,112,715	6,231,109,005
Treasury bonds	6.1.2	26,460,489,519	14,108,809,801	26,460,489,519	14,108,809,801
Prize bonds		1,867,700	1,097,600	1,867,700	1,097,600
		<b>47,735,405,086</b>	<b>27,925,905,144</b>	<b>39,175,469,934</b>	<b>20,341,016,406</b>
<b>6.1.1</b> <b>Treasury bills</b>					
Treasury bills (91 Days)		-	2,900,000,000	-	2,900,000,000
Treasury bills (182 Days)		14,983,446,652	8,974,746,243	6,423,511,500	1,389,857,505
Treasury bills (364 Days)		6,289,601,215	1,941,251,500	6,289,601,215	1,941,251,500
		<b>21,273,047,867</b>	<b>13,815,997,743</b>	<b>12,713,112,715</b>	<b>6,231,109,005</b>
<b>6.1.2</b> <b>Treasury Bonds</b>					
Treasury bonds (2 years BGTB)		6,397,471,866	-	6,397,471,866	-
Treasury bonds (5 years BGTB)		5,896,094,951	2,518,416,245	5,896,094,951	2,518,416,245
Treasury bonds (10 years BGTB)		4,754,474,369	2,097,808,171	4,754,474,369	2,097,808,171
Treasury bonds (15 years BGTB)		3,326,643,898	3,077,540,085	3,326,643,898	3,077,540,085

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Treasury bonds (20 years BGTB)		6,085,804,435	5,248,359,190	6,085,804,435	5,248,359,190
Reverse REPO		-	1,166,686,110	-	1,166,686,110
		<b>26,460,489,519</b>	<b>14,108,809,801</b>	<b>26,460,489,519</b>	<b>14,108,809,801</b>
<b>6.2 Others (investment in other than Govt. securities)</b>					
Zero coupon bond	6.2.1	101,615,340	163,691,225	101,615,340	163,691,225
Corporate bonds	6.2.2	3,090,000,000	2,060,000,000	3,090,000,000	2,060,000,000
Ordinary shares and Mutual Funds (MFs) - unquoted and quoted	6.2.3	4,514,571,179	4,962,596,133	3,066,486,649	3,179,329,785
Preference shares	6.2.4	10,000,000	20,000,000	10,000,000	20,000,000
Private Placement and Pre IPO	6.2.5	500,000,000	1,080,825	500,000,000	1,080,825
		<b>8,216,186,519</b>	<b>7,207,368,183</b>	<b>6,768,101,989</b>	<b>5,424,101,835</b>
<b>Investment in ordinary and preference shares are shown in Annexure - D</b>					
<b>6.2.1 Zero coupon bond</b>					
Impress Newtex Composite Textiles Limited		101,615,340	163,691,225	101,615,340	163,691,225
		<b>101,615,340</b>	<b>163,691,225</b>	<b>101,615,340</b>	<b>163,691,225</b>
<b>6.2.2 Corporate bonds</b>					
North West Power Generation Company Limited		1,500,000,000	-	1,500,000,000	-
Coupon Bearing Bond		450,000,000	450,000,000	450,000,000	450,000,000
Jamuna Bank II Floating Rate Subordinated Bond		40,000,000	70,000,000	40,000,000	70,000,000
UCBL Variable Rate Subordinated Bond		400,000,000	600,000,000	400,000,000	600,000,000
MBL Variable Rate Subordinated Bond		60,000,000	80,000,000	60,000,000	80,000,000
Bank Asia Floating Rate Subordinated Bond		60,000,000	80,000,000	60,000,000	80,000,000
EBL Floating Rate Subordinated Bond		60,000,000	80,000,000	60,000,000	80,000,000
Prime Bank Floating Rate Subordinated Bond		60,000,000	80,000,000	60,000,000	80,000,000
EXIM Bank Mudaraba Subordinated Floating Rate Bond		150,000,000	200,000,000	150,000,000	200,000,000
AB Bank Floating Rate Subordinated Bond		40,000,000	60,000,000	40,000,000	60,000,000
AB Bank Floating Rate Subordinated Bond II		180,000,000	240,000,000	180,000,000	240,000,000
MTBL Floating Rate Subordinated Bond		150,000,000	200,000,000	150,000,000	200,000,000
		<b>3,090,000,000</b>	<b>2,060,000,000</b>	<b>3,090,000,000</b>	<b>2,060,000,000</b>
<b>6.2.3 Ordinary shares and Mutual Funds (MFs) - unquoted and quoted</b>					
<b>Unquoted</b>					
Industrial and Infrastructure Development Finance Company Limited		29,683,820	29,683,820	29,683,820	29,683,820
Bangladesh Rating Agency Limited		12,497,600	12,497,600	12,497,600	12,497,600
Central Depository Bangladesh Ltd.		6,277,770	6,277,770	6,277,770	6,277,770
Investment in non publicly traded Mutual Fund		540,705,000	540,705,000	540,705,000	540,705,000
Others		96,986,595	96,986,595	-	-
<b>Quoted</b>					
Investment in secondary market		3,828,420,394	4,276,445,348	2,477,322,459	2,590,165,595
		<b>4,514,571,179</b>	<b>4,962,596,133</b>	<b>3,066,486,649</b>	<b>3,179,329,785</b>
<b>6.2.4 Preference shares</b>					
Union Capital Preference Share		10,000,000	20,000,000	10,000,000	20,000,000
		<b>10,000,000</b>	<b>20,000,000</b>	<b>10,000,000</b>	<b>20,000,000</b>
<b>6.2.5 Private placement and pre IPO</b>					
Ashuganj Power Station Company Limited Bond		500,000,000	-	500,000,000	-
Runner Automobiles Limited		-	1,080,825	-	1,080,825
		<b>500,000,000</b>	<b>1,080,825</b>	<b>500,000,000</b>	<b>1,080,825</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>6.a Maturity wise grouping of Investment</b>					
Up to 1 month		5,395,266,069	7,800,401,756	4,500,099,200	6,657,949,305
More than 1 month but not more than 3 months		210,000,000	1,500,938,330	210,000,000	1,500,938,330
More than 3 months but not more than 1 Year		22,056,643,097	6,699,551,236	13,040,776,879	2,363,279,565
More than 1 year but not more than 5 years		16,473,893,351	7,758,224,089	16,376,906,756	7,661,237,494
More than 5 years		11,815,789,088	11,374,157,916	11,815,789,088	7,581,713,547
		<b>55,951,591,605</b>	<b>35,133,273,327</b>	<b>45,943,571,923</b>	<b>25,765,118,241</b>

## 7 Loans and advances

### Accounting policy

- a) Interest on loans and advances is calculated daily on product basis but charged and accounted monthly and quarterly on accrual basis.
- b) Classification and provisioning for loans and advances are created based on the period of arrears by following Bangladesh Bank BRPD Circular no. 14, dated 23 September 2012, BRPD circular no. 15, dated 23 September 2012, BRPD Circular no. 19, dated 27 December 2012, BRPD Circular no. 05, dated 29 May 2013, BRPD Circular no. 16, dated 18 November 2014, BRPD Circular no. 08, dated 02 August 2015, BRPD Circular no. 12, dated 20 August 2017, BRPD Circular no. 15, dated 27 September 2017, BRPD Circular no. 01, dated 20 February 2018, BRPD Circular no. 07, dated 21 June 2018, BRPD Circular no 13, dated 18 October 2018 and BRPD Circular no. 03, dated 21 April 2019.

Business Unit	Stand- ard	Special Mention Account (SMA)	Substandard (SS)	Doubtful (DF)	Bad and Loss (BL)
Consumer financing - House building	1%	1%	20%	50%	100%
Consumer financing - Loans for professionals	2%	2%	20%	50%	100%
Consumer financing - Other than house building and professionals	5%	5%	20%	50%	100%
Loans to BHs/ MBs against share etc.	2%	2%	20%	50%	100%
Small and medium enterprise	0.25%	0.25%	20%	50%	100%
Short term Agriculture/Micro credit	1%	1%	5%	5%	100%
Credit Card	2%	2%	20%	50%	100%
All others	1%	1%	20%	50%	100%
Off Balance Sheet exposure	1%	N/A	N/A	N/A	N/A

c) Interest on classified loans and advances is calculated as per BRPD circular no. 27, dated 31 August 2010 and recognised as income on realisation, as per BRPD circular no. 14 and 15, dated 23 September 2012.

d) Loans and advances are written-off to the extent that (i) there is no realistic prospect of recovery and (ii) against which legal cases are filed and classified as bad and loss, as per BRPD circular no. 02, dated 13 January 2003 and 13, dated 07 November 2013. These write-offs 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.

The details of loans and advances as at reporting date are as follows:

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Loans, cash credits, overdrafts etc.	7.1	146,519,000,734	154,792,422,586	145,739,918,412	154,400,126,194
Small and medium enterprises		114,908,783,595	80,422,409,963	114,908,783,595	80,422,409,963
Bills purchased and discounted	7.2	3,442,479,528	3,185,567,111	3,442,479,528	3,185,567,111
		<b>264,870,263,857</b>	<b>238,400,399,660</b>	<b>264,091,181,535</b>	<b>238,008,103,268</b>

### 7.1 Loans, cash credits, overdrafts etc.

Overdrafts	11,041,108,274	12,099,439,558	11,041,108,274	12,099,439,558
Demand loans	58,163,426,570	68,266,606,075	58,163,426,570	68,266,606,075
Term loans	67,636,754,876	67,125,500,415	67,636,754,876	67,125,500,415

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Lease receivables		1,196,152,547	1,253,917,260	1,196,152,547	1,253,917,260
Credit Cards		6,513,013,635	4,638,049,723	6,513,013,635	4,638,049,723
Staff loans		1,189,462,510	1,016,613,163	1,189,462,510	1,016,613,163
Margin loan		1,783,797,373	1,873,912,707	-	-
		147,523,715,785	156,274,038,901	145,739,918,412	154,400,126,194
Less: Inter company elimination		1,004,715,051	1,481,616,315	-	-
		146,519,000,734	154,792,422,586	145,739,918,412	154,400,126,194
<b>7.2 Bills purchased and discounted</b>					
Bills purchased and discounted		3,377,055,483	2,883,413,415	3,377,055,483	2,883,413,415
Bills purchased and discounted SME		65,424,045	302,153,696	65,424,045	302,153,696
		3,442,479,528	3,185,567,111	3,442,479,528	3,185,567,111
<b>7.3 Net loans and advances</b>					
Gross loans and advances		264,870,263,857	238,400,399,660	264,091,181,535	238,008,103,268
Less: Interest suspense	16.6	1,115,201,138	728,543,524	1,115,201,138	728,543,524
Less: Provision for loans and advances	16.1	9,786,554,784	8,629,577,443	8,727,490,175	7,570,512,834
		253,968,507,935	229,042,278,693	254,248,490,222	229,709,046,910
<b>7.4 Loans and advances under the following broad categories</b>					
<b>Inside Bangladesh:</b>					
Loans		239,429,299,176	216,642,198,004	238,650,216,854	216,249,901,612
Cash credits		-	-	-	-
Overdrafts*		25,440,964,681	21,758,201,656	25,440,964,681	21,758,201,656
		264,870,263,857	238,400,399,660	264,091,181,535	238,008,103,268
<b>Outside Bangladesh:</b>					
Loans		-	-	-	-
Cash credits		-	-	-	-
Overdrafts		-	-	-	-
		264,870,263,857	238,400,399,660	264,091,181,535	238,008,103,268
*All loan and overdrafts are including SME.					
<b>7.5 Geographical location wise portfolio grouping</b>					
<b>Inside Bangladesh:</b>					
Dhaka Division		187,267,037,312	172,686,636,353	186,487,954,990	172,294,339,961
Chattogram Division		29,030,506,225	24,655,135,563	29,030,506,225	24,655,135,563
Khulna Division		14,242,680,886	11,089,933,616	14,242,680,886	11,089,933,616
Sylhet Division		5,055,738,666	4,390,368,381	5,055,738,666	4,390,368,381
Barishal Division		4,080,287,056	3,341,293,570	4,080,287,056	3,341,293,570
Rajshahi Division		14,911,823,429	12,830,319,180	14,911,823,429	12,830,319,180
Rangpur Division		4,406,771,972	3,721,890,260	4,406,771,972	3,721,890,260
Mymensingh Division		5,875,418,311	5,684,822,737	5,875,418,311	5,684,822,737
		264,870,263,857	238,400,399,660	264,091,181,535	238,008,103,268
<b>Outside Bangladesh</b>					
		-	-	-	-
		264,870,263,857	238,400,399,660	264,091,181,535	238,008,103,268

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>7.6 Loans and advances on the basis of significant concentration</b>					
<b>7.6.1 Loans and advances to directors, executives and others</b>					
Directors, subsidiaries and others		1,005,153,352	123,283	1,005,153,352	123,283
Staff:					
Managing Director and CEO		-	-	-	-
Senior executives		175,294,476	231,570,310	175,294,476	231,570,310
Other executives and staffs		1,014,168,034	785,042,853	1,014,168,034	785,042,853
		1,189,462,510	1,016,613,163	1,189,462,510	1,016,613,163
Industries:					
Agro-based		16,500,944,060	16,191,056,670	16,500,944,060	16,191,056,670
Large and medium		88,126,586,918	80,781,839,357	88,126,586,918	80,781,839,357
Small and cottage		13,795,036,557	8,225,056,479	13,795,036,557	8,225,056,479
Service industry		6,052,192,807	16,209,261,756	6,052,192,807	16,209,261,756
		124,474,760,342	121,407,214,262	124,474,760,342	121,407,214,262
Agricultural		5,642,447,139	2,789,736,560	5,642,447,139	2,789,736,560
Consumers		46,379,102,416	41,348,001,659	46,379,102,416	41,348,001,659
Trade and commercial		67,783,079,330	71,838,710,733	67,003,997,008	71,446,414,341
Others		18,396,258,768	-	18,396,258,768	-
		264,870,263,857	238,400,399,660	264,091,181,535	238,008,103,268
<b>7.6.2 Staff loan</b>					
Personal loan		103,522,892	84,111,699	103,522,892	84,111,699
Car and motorcycle loan		497,052,169	365,583,883	497,052,169	365,583,883
House building loan		588,887,449	566,917,581	588,887,449	566,917,581
		1,189,462,510	1,016,613,163	1,189,462,510	1,016,613,163
<b>7.7 Detail of large loan</b>					
Number of clients			15	23	
Amount of outstanding loans and advances			51,556,223,693	64,039,799,318	
Amount of classified loans and advances			-	-	
<b>7.8 Classified and unclassified loans and advances</b>					
Unclassified					
Standard (including staff loan)		251,935,871,303	227,980,092,710	252,392,066,130	228,809,021,793
Special Mention Accounts (SMA)		1,174,551,412	1,820,341,210	1,174,551,412	1,820,341,210
		253,110,422,715	229,800,433,920	253,566,617,542	230,629,363,003
Classified					
Sub-standard		2,694,601,434	872,254,570	2,694,601,434	872,254,570
Doubtful		821,333,869	702,638,718	821,333,869	702,638,718
Bad/Loss		8,243,905,839	7,025,072,452	7,008,628,690	5,803,846,977
		11,759,841,142	8,599,965,740	10,524,563,993	7,378,740,265
		264,870,263,857	238,400,399,660	264,091,181,535	238,008,103,268

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>7.8.1 Business segment-wise concentration of classified Loans and Advances/ NPL of the Bank</b>					
Corporate		6,226,274,943	3,963,200,237	6,226,274,943	3,963,200,237
Retail		2,254,282,005	2,175,014,774	1,019,004,856	953,789,299
Small and medium enterprises		3,279,284,194	2,461,750,729	3,279,284,194	2,461,750,729
		<b>11,759,841,142</b>	<b>8,599,965,740</b>	<b>10,524,563,993</b>	<b>7,378,740,265</b>
<b>7.8.2 Sector wise concentration of classified Loans and Advances / NPL of the Bank</b>					
Agriculture		57,459,915	24,741,551	57,459,915	24,741,551
Communication		-	-	-	-
Consumer Credit		467,490,436	319,894,612	467,490,436	319,894,612
Construction		-	-	-	-
Other Manufacturing Industries		1,652,550,569	1,279,450,365	1,652,550,569	1,279,450,365
Power, Gas		-	-	-	-
Residential Real Estate Financing		604,313,830	636,087,691	604,313,830	636,087,691
Readymade Garments		1,350,238,906	71,796,636	1,350,238,906	71,796,636
Textile		1,294,058,252	288,338,793	1,294,058,252	288,338,793
Ship Building		-	-	-	-
SME Loans		3,155,085,335	2,135,175,005	3,155,085,335	2,135,175,005
Trade Service		2,539,072,570	3,250,437,747	1,303,795,421	2,029,212,272
Others		639,571,329	594,043,340	639,571,329	594,043,340
		<b>11,759,841,142</b>	<b>8,599,965,740</b>	<b>10,524,563,993</b>	<b>7,378,740,265</b>
<b>7.8.3 Movements of classified Loans and Advances</b>					
Opening balance		8,599,965,740	8,434,924,403	7,378,740,265	7,220,959,891
Additions during the year		5,040,178,799	2,953,173,730	5,026,127,125	2,945,912,767
Reductions during the year		1,880,303,397	2,788,132,393	1,880,303,397	2,788,132,393
		<b>11,759,841,142</b>	<b>8,599,965,740</b>	<b>10,524,563,993</b>	<b>7,378,740,265</b>
<b>7.9 Loan type wise classified loans and Advances</b>					
Overdraft		982,559,107	624,449,495	982,559,107	624,449,495
Demand loan		3,068,774,538	1,453,230,471	3,068,774,538	1,453,230,471
Term loan		6,044,577,999	5,149,915,729	6,044,577,999	5,149,915,729
Lease finance		191,648,125	-	191,648,125	-
Credit cards		237,004,224	151,144,570	237,004,224	151,144,570
Margin loan		1,235,277,149	1,221,225,475	-	-
		<b>11,759,841,142</b>	<b>8,599,965,740</b>	<b>10,524,563,993</b>	<b>7,378,740,265</b>
<b>7.10 Sector-wise allocation of loans and advances</b>					
<b>Government</b>					
<b>Private:</b>		-	-	-	-
Agriculture		7,355,079,033	2,789,736,561	7,355,079,033	2,789,736,561
Industry		66,642,073,578	89,006,895,835	66,642,073,578	89,006,895,835
Service Industry		19,127,728,491	16,209,261,756	19,127,728,491	16,209,261,756
Agro-based Industry		16,500,944,060	16,191,056,670	16,500,944,060	16,191,056,670
Commerce and Trade		87,159,238,177	71,838,710,733	86,380,155,855	71,446,414,341
Consumer Credit		46,379,540,717	42,364,738,105	46,379,540,717	42,364,738,105
Others		21,705,659,801	-	21,705,659,801	-
		<b>264,870,263,857</b>	<b>238,400,399,660</b>	<b>264,091,181,535</b>	<b>238,008,103,268</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>7.11 Securities wise loans and advances including bills purchased and discounted</b>					
Collateral of moveable/immoveable assets		41,726,964,597	44,381,995,349	41,726,964,597	44,381,995,349
Local banks and financial institutions guarantee		-	-	-	-
Government guarantee		-	-	-	-
Foreign banks guarantee		-	-	-	-
Export documents		-	-	-	-
Fixed deposit receipts (FDR)		6,781,487,486	4,254,060,736	6,781,487,486	4,254,060,736
FDR of other banks		-	-	-	-
Government bonds		-	-	-	-
Personal guarantee and other securities		215,486,472,406	189,255,769,442	215,486,472,406	189,255,769,442
Other securities		875,339,368	508,574,133	96,257,046	116,277,741
		<b>264,870,263,857</b>	<b>238,400,399,660</b>	<b>264,091,181,535</b>	<b>238,008,103,268</b>
<b>7.12 Particulars of required provisions for loans and advances (Bank only)</b>					
Status		Outstanding loans and advances 2019	Base for provision	Percentage (%) of required provision	Required provision 2019
<b>Unclassified</b>					
All unclassified loans (Other than Small and Medium enterprise					
Financing, Consumer Financing, BHs/ MBs/SDs, Housing and loans for professional*)		94,069,549,328	93,975,807,343	1%	939,758,073
Small and Medium enterprise financing		108,980,211,237	108,980,211,237	0.25%	272,450,528
Loans to BHs/MBs/SDs against share etc.*		1,116,858,607	1,116,858,607	2%	22,337,172
Housing Finance		15,000,112,175	15,000,112,175	1%	150,001,122
Loans for professionals to Set up business (LP)		3,487,957,725	3,487,957,725	2%	69,759,155
Consumer finance		20,596,456,550	20,596,456,550	5%	1,029,822,827
Consumer finance (Credit Card)		6,276,009,410	6,276,009,410	2%	125,520,188
Short Term Agricultural and Micro Credit		2,850,000,000	2,850,000,000	1%	28,500,000
Staff Loan		1,189,462,510	-	1%	-
		<b>253,566,617,542</b>	<b>252,283,413,048</b>		<b>2,638,149,065</b>
					<b>2,497,589,779</b>
<b>Classified - Specific provision</b>					
Doubtful (Short term agricultural credit)		-	-	5%	-
Sub-standard		2,694,601,434	1,870,671,446	20%	374,134,289
Doubtful		821,333,869	545,483,406	50%	272,741,703
Bad/Loss		7,008,628,690	5,208,857,863	100%	5,208,857,863
		10,524,563,992	7,625,012,714		<b>5,855,733,855</b>
		<b>264,091,181,535</b>	<b>259,908,425,762</b>		<b>4,374,640,218</b>
Total Required provision for loans and advances					<b>8,493,882,920</b>
Total provision maintained (Note 16.1)					<b>8,727,490,175</b>
<b>Excess/(Short) provision</b>					<b>233,607,255</b>
					<b>698,282,837</b>

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

#### 7.13 Particulars of Loans and Advances

- i) Loans considered good in respect of which Bank is fully secured 59,241,151,911 48,636,056,085
- ii) Loans considered good against which Bank holds no security other than the debtor's personal guarantee. 203,660,567,114 189,255,769,442

iii)	Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor.	1,189,462,510	116,277,741
iv)	Loans adversely classified; provision not maintained there against;	-	-
		<b>264,091,181,535</b>	<b>238,008,103,268</b>
v)	Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons;	2,194,615,862	12,533,344,919
vi)	Loans due from companies or firms in which the directors of the bank have interested as directors, partners or managing agents or in case of private companies as members;	-	-
vii)	Maximum total amount of advance including temporary advance 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;	2,194,615,862	12,533,344,919
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;	-	-
ix)	Due from banking companies	-	-
x)	Amount of Classified loan on which interest has not been charged should be mentioned as follows:		
	a) Increase/decrease of provision (specific)	1,481,093,637	89,199,132
	Amount of debts written off	817,090,492	2,058,008,198
	Amount realised against loan previously written off.	786,257,664	783,059,719
	b) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet	5,208,857,863	3,977,124,969
	c) Interest creditable to the Interest Suspense a/c.	1,146,331,197	601,033,603
xi)	Cumulative amount of the written off loan	19,240,867,050	17,182,858,852
	Opening balance	817,090,492	2,058,008,198
	Amount written off during the year	20,057,957,542	19,240,867,050
	<b>The amount of written off loans for which law suits have been filed</b>	<b>19,608,038,870</b>	<b>18,790,980,613</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>7.14 Write off of loans and advances (net basis)</b>					
Balance at the beginning of the year		11,301,120,152	10,271,413,165	11,301,120,152	10,271,413,165
Add: Write off during the year		817,090,492	2,058,008,198	817,090,492	2,058,008,198
		<b>12,118,210,644</b>	<b>12,329,421,363</b>	<b>12,118,210,644</b>	<b>12,329,421,363</b>
Less: Recovery of write off loans		786,257,664	783,059,719	786,257,664	783,059,719
Less: No claim (interest waiver)		120,126,897	245,241,492	120,126,897	245,241,492
Balance at the end of the year		<b>11,211,826,083</b>	<b>11,301,120,152</b>	<b>11,211,826,083</b>	<b>11,301,120,152</b>
<b>7.15 Bill Purchased and Discounted under the following broad categories</b>					
Inside Bangladesh		3,442,479,528	3,185,567,111	3,442,479,528	3,185,567,111
Outside Bangladesh		-	-	-	-
		<b>3,442,479,528</b>	<b>3,185,567,111</b>	<b>3,442,479,528</b>	<b>3,185,567,111</b>
<b>7.16 Maturity wise grouping of Loans and Advances</b>					
Repayable on demand		29,974,121,609	26,145,611,032	30,978,836,660	959,327,841
Not more than 3 months		53,047,958,319	43,479,197,003	53,047,958,319	68,877,830,701
More than 3 months but not more than 1 Year		103,281,859,224	96,371,000,008	101,498,061,850	95,766,353,109
More than 1 year but not more than 5 years		69,178,658,775	63,507,675,527	69,178,658,776	63,507,675,527
More than 5 years		9,387,665,930	8,896,916,090	9,387,665,930	8,896,916,090
		<b>264,870,263,857</b>	<b>238,400,399,660</b>	<b>264,091,181,535</b>	<b>238,008,103,268</b>
<b>7.17 Maturity wise grouping of lease receivables</b>					
Receivable on demand		9,365	289,468	9,365	289,468
Not more than 3 months		1,930,086	1,694,714	1,930,086	1,694,714
More than 3 months but not more than 1 Year		40,165,579	54,634,185	40,165,579	54,634,185
More than 1 year but not more than 5 years		1,037,250,278	1,149,857,893	1,037,250,278	1,149,857,893
More than 5 years		116,797,238	47,441,000	116,797,238	47,441,000
		<b>1,196,152,547</b>	<b>1,253,917,260</b>	<b>1,196,152,547</b>	<b>1,253,917,260</b>
<b>7.18 Maturity wise grouping of bill purchased and discounted</b>					
Payable within 1 month		1,814,182,376	1,494,321,663	1,814,182,376	1,494,321,663
Over 1 month but less than 3 months		1,291,415,212	1,336,118,682	1,291,415,212	1,336,118,682
Over 3 month but less than 6 months		295,239,540	338,259,798	295,239,540	338,259,798
6 months or more		41,642,400	16,866,968	41,642,400	16,866,968
		<b>3,442,479,528</b>	<b>3,185,567,111</b>	<b>3,442,479,528</b>	<b>3,185,567,111</b>

## 8 Fixed assets including premises, furniture and fixtures

### Accounting policy

#### Property, plant and equipment

##### Recognition and measurement

All fixed assets except land are stated at cost less accumulated depreciation, as per IAS 16: Property, Plant and Equipment except Land. Land is initially measured at cost and then recognised at revalued amount. Right-of-use assets are measured at cost, less any accumulated depreciation, and adjusted for any re-measurement of lease liabilities (Note 2.9.1).

The cost of an item of property, plant and equipment is recognised as an asset 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.

The cost of the items of property, plant and equipment comprises:

- i) its purchase price, including import duties and non-refundable purchase tax, after deducting trade discounts and rebates
- ii) any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.
- iii) the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as consequence of having used the item during a particular period of purpose other than to produce during that period.

#### **Subsequent costs**

Subsequent costs of enhancement of existing assets are recognised as an addition to the 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 expenses are charged to the profit and loss account during the financial period in which they are incurred.

#### **Depreciation**

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

Category of assets	BRAC Bank Limited	BRAC EPL Investments Limited	BRAC EPL Stock Brokerage Limited	bKash Limited	BRAC Saajan Exchange Limited
Furniture and fixture	10%	10%-20%	12.5%	20%	10%
Building	2.5%	5%	2%	-	-
Office equipment	20%	10%-20%	20%	20%	10%
IT equipment - Hardware	20%	25%	-	20%	-
IT equipment - PC, Laptop, UPS, Printer and Scanner	33.33%	33.33%	25%	33.33%	33.33%
IT equipment - Software	10%-20%	33.33%	33.33%	20%	20%
Motor vehicles	20%	20%	20%	20%	-
Office decoration/renovation works	10%	15%	15%	20%	10%

Right-of-use assets are depreciated on a straight-line basis over the lease term (Note 2.9.1).

#### **Gain or loss on disposal 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 recognised in the profit and loss account as per provision of IAS 16 Property, Plant and Equipment.

#### **Revaluation**

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

The frequency of revaluation depends upon the movement in the fair value of the items of property, plant and equipment being revalued, usually at 3-5 years' interval.

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

#### **Impairment of property, plant and equipment**

At each balance sheet date, the bank assesses whether there is any indication that the carrying amount of the asset exceeds its recoverable amount. If any such indication exists, the Bank should estimate the recoverable amount of the asset. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and impairment loss is recognised as an expense in the profit and loss account unless the asset is carried at revalued amount in accordance with IAS 16: Property, Plant and Equipment, in which case any impairment loss of a revalued asset should be treated as revaluation decrease under the accounting standard. No impairment loss was recognised up to the reporting period in separate financial statement, as no such indication existed as on the balance sheet date.

### **Capital work-in-progress (CWIP)**

Costs incurred, but if the related asset is yet not ready or available for use as intended by management, are recognised as capital work-in-progress and disclosed as a part of fixed assets. Once the underlying asset is ready and available for use, it is transferred to fixed assets. However, no depreciation is calculated on CWIP.

### **Intangible assets**

#### **Goodwill**

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and is measured at cost less accumulated impairment losses.

#### **Software**

Software 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 the 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 to ten years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

#### **License**

Value of the license is recognised at cost less accumulated impairment losses.

### **Impairment of intangible assets**

Intangible assets with indefinite useful life, like goodwill etc., are tested for impairment at the end of each year. As per IAS 36: Impairment, any intangible assets with definite useful life are first reviewed for any indication of impairment. If any indication exists, then the impairment test is carried out.

The details of fixed assets including premises, furniture and fixtures are presented below:

<b>Particulars</b>	<b>Note</b>	<b>Consolidated</b>		<b>BRAC Bank Limited</b>	
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land - Cost		527,275,400	527,275,400	527,275,400	527,275,400
Revaluation*		520,468,350	520,468,350	520,468,350	520,468,350
Total		1,047,743,750	1,047,743,750	1,047,743,750	1,047,743,750
Office floor space		20,855,926	20,855,926	4,034,334	4,034,334
Furnitures and fixtures		2,407,819,816	2,353,095,756	2,204,586,559	2,206,895,912
Office equipment		1,603,522,551	1,752,828,550	1,493,892,852	1,600,079,746
IT hardwares		4,534,539,313	3,745,619,232	2,986,716,243	2,774,382,706
Motor vehicles		466,134,264	443,280,557	337,603,953	321,040,060
Leasehold improvements		108,727,033	101,986,954	-	-
Right of use assets (ROU) as per IFRS 16		4,913,145,979	-	4,306,897,358	-
Capital expenditure work in progress		793,870,582	844,368,352	608,506,435	222,254,800
License (Indefinite useful live)		50,000	50,000	50,000	50,000
IT Software (Finite useful live)		3,665,150,093	2,886,545,528	2,112,289,585	1,941,732,424
<b>Total cost</b>		<b>19,561,559,307</b>	<b>13,196,374,605</b>	<b>15,102,321,069</b>	<b>10,118,213,732</b>
Accumulated depreciation and amortisation		8,688,078,587	6,931,214,402	6,913,602,921	5,817,562,615
<b>Written down value at 31 December</b>		<b>10,873,480,720</b>	<b>6,265,160,203</b>	<b>8,188,718,148</b>	<b>4,300,651,117</b>

#### **(Fixed assets schedules are shown in Annex - F)**

\*In compliance with International Accounting Standard (IAS) 16: Property, plant and equipment, the Bank followed "revaluation model" for "Land" only, for measurement after initial recognition. As per "revaluation model" revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. It may be necessary to revalue the item only every three to five years. In 2018, land was revalued by professional firm "M/s. Commodity Inspection Services (BD) Ltd." and necessary accounting has been recognised in financial statements based on the valuation report.

## 9 Other assets

### Accounting policy

Other assets include mainly all other financial assets, fees and other unrealised income receivable, advance for operating expenditure and stocks of stationery and stamps etc. Any part of uncollectible other assets is subject to making provision based on their ageing as per Bangladesh Bank circular no. 14 dated 25 June 2001.

### Investment in subsidiary

Investment in subsidiary is accounted for at cost in the separate financial statement and consolidated in the consolidated financial statements considering as a single economic entity in accordance with the IAS 27 Separate Financial Statements and IFRS 10 Consolidated Financial Statements respectively.

### Investment/carrying value in associates

Investment in associate is accounted for at cost in the separate financial statement and recognised in the consolidated financial statements under equity method as per IAS 28 Investments in Associates and Joint Ventures.

Investment class	Initial recognition	Measurement after recognition	Recording of changes
Investment in subsidiary	Cost	Cost less accumulated impairment, if any, is accounted for in Separate Financial Statements and Consolidated in Consolidated Financial Statements.	Impairment loss to profit and loss account.
Investment in associate	Cost	Cost less accumulated impairment, if any, is accounted for in Separate Financial Statements and equity method less accumulated impairment, if any, in Consolidated Financial Statements	Impairment loss to profit and loss account and share of post acquisition income in consolidated profit and loss account.

### Deferred tax asset

Refer to Note 40 Provision for taxation for the relevant accounting policy

### Net plan assets -Employees' Gratuity Fund

Refer to Note 29 Salaries and allowances/Employee benefits for the relevant accounting policy

The details of other assets are as follows:

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>Income generating:</b>					
Interest receivables	9.1	1,836,705,117	1,563,099,848	1,836,705,117	1,563,099,848
Investment in subsidiary	9.2	-	-	4,464,161,845	4,461,575,285
Investment/carrying value in associates	9.3	-	15,735,639	30,190,000	42,690,000
Prepaid interest expenses on IFFD		42,358,219	37,900,375	42,358,219	37,900,375
Receivables against sanchayapatra		43,533,793	71,036,794	43,533,793	71,036,794
Balance with BRAC EPL Stock Brokerage Limited		237,844	3,085,095	237,844	3,085,095
<b>Non- Income generating:</b>					
Stock of stamps		61,939,968	94,006,019	61,939,968	94,006,019
Stock of security stationery		42,467,735	50,866,572	42,467,735	50,866,572
Stock of printing stationery		16,120,944	15,260,116	16,120,944	15,260,116
Advance to staff		6,697,210	5,285,045	6,697,210	5,285,045
Advance to supplier		30,807,000	37,485,971	17,159,075	21,962,231
Advance Value Added Tax		9,132,298	9,132,298	9,132,298	9,132,298
Advance to SME unit offices		1,310,690	1,310,690	1,310,690	1,310,690
Advance against office rent		84,579,131	650,663,044	84,579,131	638,435,196
Advance security deposit		14,788,759	13,304,874	13,485,278	12,001,393
Advance for investment in biTS		229,328,082	229,328,082	229,328,082	229,328,082
Deferred revenue expenditure		188,237,748	194,602,774	188,237,748	194,602,774
Deferred tax asset	9.4	3,010,745,120	1,840,837,214	2,514,181,471	1,558,681,068
Receivable from Off-Shore		1,956,690,038	1,174,524,977	1,956,690,038	1,174,524,977
Receivable in proxy account		2,318,814	2,962,169	2,318,814	2,962,169

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Net plan assets - Employees' Gratuity Fund	9.5	333,908,765	18,808,040	333,908,765	108,991,788
Other receivables	9.6	1,063,352,156	901,022,597	1,063,352,156	901,022,597
Less: On-shore to Off-shore		(1,956,690,038)	(1,174,524,944)	(1,956,690,038)	(1,174,524,944)
Other assets of subsidiaries	9.7	4,985,416,673	3,909,700,855	-	-
		<b>12,003,986,066</b>	<b>9,665,434,144</b>	<b>11,001,406,183</b>	<b>10,023,235,468</b>
<b>9.1 Interest receivables</b>					
Receivable against Govt. securities		557,429,038	301,162,760	557,429,038	301,162,760
Receivable against other securities		57,990,837	101,620,690	57,990,837	101,620,690
Receivable against balance with other bank		118,015,536	82,238,130	118,015,536	82,238,130
Receivable against loans and advances		1,103,269,706	1,078,078,268	1,103,269,706	1,078,078,268
		<b>1,836,705,117</b>	<b>1,563,099,848</b>	<b>1,836,705,117</b>	<b>1,563,099,848</b>
<b>9.2 Investment in subsidiaries</b>					
<b>Accounting policy</b>					
Refer to Note 6 Investments for the relevant accounting policy.					
BRAC EPL Investments Limited				2,891,704,014	2,889,117,454
BRAC EPL Stock Brokerage Limited				1,344,147,500	1,344,147,500
bKash Limited				168,921,800	168,921,800
BRAC SAAJAN Exchange Limited				59,388,531	59,388,531
				<b>4,464,161,845</b>	<b>4,461,575,285</b>
<b>9.3 Investment/ Carrying value in associates</b>					
BRAC IT Services Limited	9.3.1	-	3,564,399	30,190,000	30,190,000
BRAC Asset Management Company Limited		-	12,171,240	-	12,500,000
		-	<b>15,735,639</b>	<b>30,190,000</b>	<b>42,690,000</b>
<b>9.3.1 Carrying value of investment in associates:</b>					
BRAC IT Services Limited					
Opening balance/fair value of residual interest retained		3,564,399	1,798,063		
Share of profit/(loss) of equity in associate company		(3,564,399)	1,766,336		
		-	<b>3,564,399</b>		
BRAC Asset Management Company Limited					
Opening balance		12,171,240	12,021,876		
Share of profit/(loss) of equity in associate company		-	149,364		
Disposal of associates		(12,171,240)	-		
		-	<b>12,171,240</b>		

**9.4 Deferred Tax asset/ (Liability) (Bank only)**

Particulars	Accounting base	Tax base	Deductible/ (Taxable) Temporary Difference	Applicable tax rate	Deferred Tax Asset/ (Liability)
<b>Balance as at 31 December 2019</b>					
Loan loss provision (Note - 16.1)	6,081,309,788	-	6,081,309,788	37.5%	2,280,491,171
Provision against capital market	650,800,000	-	650,800,000	10%	65,080,000
Fixed assets	2,956,150,792	3,271,057,754	314,906,962	37.5%	118,090,111
Right of use assets (ROU) as per IFRS 16	3,572,954,310	542,541,081	(3,030,413,229)	37.5%	(1,136,404,961)
Leased Liability as per IFRS 16	3,165,133,734	-	3,165,133,734	37.5%	1,186,925,150
<b>Deferred tax asset (a)</b>					<b>2,514,181,471</b>
Deferred tax liability arises due to land revaluation surplus* (b)	1,047,743,750	-	(1,047,743,750)	4%	(41,909,750)
Deferred tax liability arises due to actuarial valuation gain* (c)	421,244,583	-	(421,244,583)	37.5%	(157,966,719)
Interest receivable from treasury bills and bonds	557,429,038	-	(557,429,038)	37.5%	(209,035,889)
<b>Deferred tax liability (d)</b>					<b>(408,912,358)</b>
<b>Net deferred tax asset at 31 December 2019 (a+d)</b>					<b>2,105,269,113</b>
<b>Increase of deferred tax asset recognised in profit and loss account as expense</b>					<b>955,500,403</b>
<b>Increase of deferred tax liability recognised in profit and loss account as Income</b>					<b>(96,099,855)</b>
<b>Net Deferred tax income recognised in profit and loss account during the year ended 31 December 2019</b>					<b>859,400,548</b>
<b>Net Deferred tax liability recognised in equity during the year ended 31 December 2019</b>					<b>(148,853,190)</b>
<b>Balance as at 31 December 2018</b>					
Loan loss provision (Note - 16.1)	5,066,669,025	-	3,597,868,341	37.5%	1,349,200,628
Provision against capital market	116,400,000	-	116,400,000	10%	11,640,000
Fixed assets	3,030,652,567	3,558,227,072	527,574,505	37.5%	197,840,440
<b>Deferred tax asset (a)</b>					<b>1,558,681,068</b>
Deferred tax liability arises due to land revaluation surplus* (b)	1,047,743,750	-	(1,047,743,750)	4%	(41,909,750)
Deferred tax liability arises due to actuarial valuation gain* (c)	24,302,743	-	(24,302,743)	37.5%	(9,113,529)
Interest receivable from treasury bills and bonds	301,162,760	-	(301,162,760)	37.5%	(112,936,034)
<b>Deferred tax liability (d)</b>					<b>(163,959,313)</b>
<b>Net deferred tax asset at 31 December 2018 (a+d)</b>					<b>1,394,721,755</b>
<b>Decrease of deferred tax asset recognised in profit and loss account as expense</b>					<b>43,870,078</b>
<b>Decrease of deferred tax liability recognised in profit and loss account as Income</b>					<b>(41,799,527)</b>
<b>Net Deferred tax expense recognised in profit and loss account during the year ended 31 December 2018</b>					<b>2,070,551</b>
<b>Net Deferred tax liability recognised in equity during the year ended 31 December 2018 (b+c)</b>					<b>(51,023,279)</b>

\*As per guidelines of accounting standard IAS 12 Income Taxes deferred tax should be recognised on non-depreciable assets (like Land) which are measured using "Revaluation Model" as per IAS 16 considering that the carrying amount of the non-depreciable asset i.e. land will be recovered through sale. As per this process the Bank recognised deferred tax on revaluation of land. Deferred tax liability arises on land revaluation surplus and actuarial valuation are recognised in changes in equity as other comprehensive income items.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>9.5 Net plan assets - Employees' Gratuity Fund</b>					
Fair value of plan assets	9.5.1	1,231,473,815	879,337,781	1,073,540,067	879,337,781
Less: Defined benefit obligation	9.5.2	897,565,050	860,529,741	739,631,302	770,345,993
		<b>333,908,765</b>	<b>18,808,040</b>	<b>333,908,765</b>	<b>108,991,788</b>
<b>9.5.1 Fair value of plan assets - gratuity fund</b>					
Fair value of plan assets as on 1 January		879,337,781	768,412,841	879,337,781	768,412,841
Interest income on plan assets		90,132,122	69,157,156	90,132,122	69,157,156
Actual employer contributions		336,134,875	123,535,548	178,201,127	123,535,548
Actual net benefits payments		(75,630,564)	(88,596,040)	(75,630,564)	(88,596,040)
Remeasurement gain/(losses) on plan assets		1,499,601	6,828,276	1,499,601	6,828,276
Fair value of plan assets as on 31 December		<b>1,231,473,815</b>	<b>879,337,781</b>	<b>1,073,540,067</b>	<b>879,337,781</b>
<b>9.5.2 Defined benefit obligation - gratuity fund</b>					
Defined benefit obligation as on 1 January		860,529,741	724,988,427	770,345,993	680,472,757
Current service cost		184,400,822	194,975,928	116,650,822	134,701,195
Past service cost due to amendment of gratuity benefits		244,746,826	-	244,746,826	-
Interest cost		78,960,464	61,242,548	78,960,464	61,242,548
Actual net benefits payments		(75,630,564)	(133,452,695)	(75,630,564)	(88,596,040)
Remeasurement (gain)/loss		(395,442,239)	12,775,533	(395,442,239)	(17,474,467)
Defined benefit obligation as on 31 December		<b>897,565,050</b>	<b>860,529,741</b>	<b>739,631,302</b>	<b>770,345,993</b>
<b>9.5.3 Remeasurements gain/(loss) of defined benefits liability/assets</b>					
<b>Opening balance</b>		(4,473,286)	-	15,189,214	-
Remeasurement gain/(losses) on plan assets		1,499,601	6,828,276	1,499,601	6,828,276
Remeasurement gain/(losses) on defined benefit obligation		395,442,239	(12,775,533)	395,442,239	17,474,467
		<b>392,468,554</b>	<b>(5,947,257)</b>	<b>412,131,054</b>	<b>24,302,743</b>
Less: Deferred tax (expense)/income		(148,853,190)	1,473,971	(148,853,190)	(9,113,529)
		<b>243,615,364</b>	<b>(4,473,286)</b>	<b>263,277,864</b>	<b>15,189,214</b>
Remeasurement gain/(loss) has been recognised as per Actuarial Valuation Report.					
<b>9.6 Other Receivables</b>					
Receivable against remittance		32,689,794	21,397,519	32,689,794	21,397,519
Receivable against bills pay		16,988	(40)	16,988	(40)
Receivable against DD		64,900,000	21,000,000	64,900,000	21,000,000
Receivable against cards		10,604,761	190,574,709	10,604,761	190,574,709
Receivable from merchant		130,976,320	113,486,375	130,976,320	113,486,375
Receivable from partners		2,596,516	3,240,130	2,596,516	3,240,130
Receivable from Co-Brand ATM		27,020,242	27,020,242	27,020,242	27,020,242
Receivable against fraud and forgery/protested bill		117,010,489	117,010,489	117,010,489	117,010,489
Receivable from NPS		54,242,000	57,070,500	54,242,000	57,070,500
Sundry debtors		576,663,746	306,135,115	576,663,746	306,135,115
Receivable from BACH		20,000,000	5,025,941	20,000,000	5,025,941
VAT rebate receivables		185,689	10,337,327	185,689	10,337,327
REPO interest expenditure		(4,909,977)	-	(4,909,977)	-
Coupon interest adjustment		-	28,724,290	-	28,724,290
Interest rate swap		31,355,588	-	31,355,588	-
		<b>1,063,352,156</b>	<b>901,022,597</b>	<b>1,063,352,156</b>	<b>901,022,597</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>9.7 Other assets of subsidiaries</b>					
BRAC EPL Investments Limited		347,019,878	392,079,640		
BRAC EPL Stock Brokerage Limited		186,941,890	177,569,066		
bKash Limited		4,086,813,134	3,053,222,871		
BRAC SAAJAN Exchange Limited		702,071,395	582,544,466		
		<b>5,322,846,297</b>	<b>4,205,416,043</b>		
Less: Inter company transactions:					
BRAC Bank Limited		195,246,433	295,003,975		
BRAC EPL Investments Limited		136,066	21,022		
BRAC EPL Stock Brokerage Limited		1,243,915	454,814		
bKash Limited		140,803,210	235,377		
		<b>337,429,624</b>	<b>295,715,188</b>		
		<b>4,985,416,673</b>	<b>3,909,700,855</b>		
<b>10 Non-banking assets</b>	Possession date				
Haque Specialized Still Mills Ltd.	30 Jun 2015	62,230,075	62,230,075	62,230,075	62,230,075
M/s Macca And Modina Store	16 Jan 2017	1,200,000	1,200,000	1,200,000	1,200,000
M/S. Akash Auto Mobile	11 Jun 2018	3,041,700	3,041,700	3,041,700	3,041,700
		<b>66,471,775</b>	<b>66,471,775</b>	<b>66,471,775</b>	<b>66,471,775</b>

The Bank has been awarded ownership of the mortgaged property Haque Specialized Still Mills Ltd. at Fatullah Narayanganj according to the verdict of the Honorable Court order no. 85 dated 23 April 2015 (Artho Rin Adalat, Dhaka) in 2015, mortgaged property M/s Macca And Modina Store at Nilphamari, verdict of the honourable Artharin Court of Nilphamari under Section 33(7) of Artharin Adalat ain-2003 and mortgaged property M/S. Akash Auto Mobile at Sherpur, verdict of the honourable Artharin Court of Sherpur under Section 33(7) of Artharin Adalat ain-2003 and reported as Non Banking Assets in accordance with Bank Companies Act 1991 and BRPD circular no. 14 of 2003. The value of the Non-Banking Assets has been determined on the basis of valuation report of an Independent valuer.

## 11 Goodwill

### Accounting policy

Refer to "Intangible assets" section of Note 8 Fixed assets including premises, furniture and fixtures for the relevant accounting policy of goodwill.

(i) BRAC EPL Investments Limited		246,289,821	246,289,821		
Less: Impairment of goodwill - EPIL		-	-		
Sub total		<b>246,289,821</b>	<b>246,289,821</b>		
(ii) bKash Limited		-	73,393,751		
Less: Reversal of wrongly recognised Goodwill *		-	(73,393,751)		
Sub total		-	-		
(iii) BRAC EPL Stock Brokerage Limited		1,126,273,572	1,126,273,572		
(iv) BRAC SAAJAN Exchange Limited		54,905,518	54,905,518		
<b>Total</b>		<b>1,427,468,911</b>	<b>1,427,468,911</b>		

## 12 Borrowings from other banks, financial institutions and agents

### Accounting policy

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 which includes accrued interest.

Borrowings inside Bangladesh	12.1	1,388,999,999	-	849,000,000	-
Borrowings outside Bangladesh	12.2	22,072,531,028	22,958,478,616	22,052,981,186	22,958,478,616
		<b>23,461,531,027</b>	<b>22,958,478,616</b>	<b>22,901,981,186</b>	<b>22,958,478,616</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>12.1 Borrowings inside Bangladesh</b>					
Southeast Bank Ltd.		424,500,000	-	424,500,000	-
Prime Bank Limited		424,500,000	-	424,500,000	-
Borrowings of subsidiaries		1,738,167,505	1,776,180,954	-	-
		<b>2,587,167,505</b>	<b>1,776,180,954</b>	<b>849,000,000</b>	<b>-</b>
Less: Inter-company elimination		1,198,167,506	1,776,180,954	-	-
		<b>1,388,999,999</b>	<b>-</b>	<b>849,000,000</b>	<b>-</b>
<b>12.2 Borrowings outside Bangladesh</b>					
Sonali Bank UK Ltd.		890,533,080	1,222,083,236	890,533,080	1,222,083,236
Bank One Limited, Mauritius		1,103,700,000	1,091,350,000	1,103,700,000	1,091,350,000
Emirates Islamic Bank, Dubai		-	486,363,486	-	486,363,486
HDFC Bank Limited, India		1,103,700,000	780,735,000	1,103,700,000	780,735,000
ICICI Bank Limited		-	839,500,000	-	839,500,000
Standard Chartered Bank, Singapore		919,025,520	671,600,000	919,025,520	671,600,000
Standard Chartered Bank, New York		-	839,500,000	-	839,500,000
Commercial Bank of Qatar		849,000,000	-	849,000,000	-
DBS Bank Singapore		849,000,000	-	849,000,000	-
Asian Development Bank		727,714,286	2,699,592,143	727,714,286	2,699,592,143
KBC Bank, NV Belgium		-	1,329,776,251	-	1,329,776,251
Bank of Montreal, Canada		730,140,000	-	730,140,000	-
The National Bank of Ras Al-Khaimah, UAE		1,675,926,000	1,888,875,000	1,675,926,000	1,888,875,000
Abu Dhabi Commercial Bank, UAE		1,714,980,000	2,084,478,500	1,714,980,000	2,084,478,500
First Abu Dhabi Bank PJSC, UAE		876,762,300	1,469,125,000	876,762,300	1,469,125,000
CDC Group Plc, United Kingdom		2,547,000,000	-	2,547,000,000	-
International Finance Corporation (IFC), USA		7,641,000,000	7,555,500,000	7,641,000,000	7,555,500,000
Maersk Trade Finance A/S, Denmark		424,500,000	-	424,500,000	-
Millennium Bank, (Portugal)		19,549,842	-	-	-
		<b>22,072,531,028</b>	<b>22,958,478,616</b>	<b>22,052,981,186</b>	<b>22,958,478,616</b>
<b>12.3 Security against borrowings from other banks, financial institutions and agents:</b>					
Secured (Treasury bills)		-	-	-	-
Unsecured		23,461,531,027	22,958,478,616	22,901,981,186	22,958,478,616
		<b>23,461,531,027</b>	<b>22,958,478,616</b>	<b>22,901,981,186</b>	<b>22,958,478,616</b>
<b>12.4 Disclosure regarding REPO</b>					
Disclosure regarding REPO transactions of the Bank are given as per Bangladesh Bank DOS Circular No. 6 dated 15 July 2010.					
<b>(a) (i) Disclosure regarding outstanding Repo as on 31 December 2019:</b>					

SI	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)	Amount (1st leg cash consideration)
i	Janata Bank Limited	December 26, 2019	January 1, 2020	957,353,000	1,398,516,000
ii	Sonali Bank Limited	December 29, 2019	January 1, 2020	2,008,512,041	Nil
iii	Standard Chartered Bank Dhaka	December 29, 2019	January 1, 2020	3,082,246,400	206,503,052
iv	Southeast Bank Limited	December 29, 2019	January 2, 2020	481,601,000	Nil
v	AB Bank Limited	December 29, 2019	January 1, 2020	977,093,000	Nil
vi	Standard Chartered Bank Dhaka	December 30, 2019	January 2, 2020	2,826,063,809	Nil
vii	IFIC Bank Limited	December 30, 2019	January 2, 2020	716,349,750	Nil
viii	The Premier Bank Limited	December 30, 2019	January 2, 2020	925,871,000	Nil
ix	Bank Asia Limited	December 30, 2019	January 2, 2020	1,003,285,998	Nil
				<b>12,978,375,998</b>	<b>1,605,019,052</b>

**(a) (ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2019:**

SI	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)	Amount (1st leg cash consideration)
i	Janata Bank Limited	N/A	N/A	Nil	1,195,301,192
				Nil	1,195,301,192

**(b) Disclosure regarding overall transaction of Repo and Reverse repo during the year 2019:**

Particulars	Minimum out-standing during the year 2019	Maximum out-standing during the year 2019	Daily average outstanding during the year 2019	Daily average outstanding during the year 2018
<b>Securities sold under repo:</b>				
i) with Bangladesh Bank	389,220,800	12,610,438,814	365,797,743	-
ii) with other banks & FIs	296,643,100	15,052,356,286	1,277,974,411	197,167,943
<b>Securities purchased under reverse repo:</b>				
i) with Bangladesh Bank	-	-	-	-
ii) with other banks & FIs	250,176,217	6,317,435,475	337,433,809	522,506,449

**12.5 Maturity wise grouping of borrowing from other Bank and Financial Institutions**

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Repayable on demand		3,072,078,067	-	4,270,245,571	-
Not more than 3 months		8,818,233,870	7,829,709,843	8,418,471,720	7,829,709,843
More than 3 months but not more than 1 Year		4,941,282,399	10,211,697,345	3,602,877,043	10,211,697,345
More than 1 year but not more than 5 years		6,610,386,851	4,917,071,428	6,610,386,852	4,917,071,428
More than 5 years		19,549,841	-	-	-
		<b>23,461,531,027</b>	<b>22,958,478,616</b>	<b>22,901,981,186</b>	<b>22,958,478,616</b>

**13 Borrowings from Bangladesh Bank**

Bangladesh Bank refinance	5,203,348,433	1,897,566,050	5,203,348,433	1,897,566,050
Bangladesh Bank EDF fund	6,043,860,168	5,409,625,128	6,043,860,168	5,409,625,128
Bangladesh Bank SME Foundation	31,987,500	24,837,500	31,987,500	24,837,500
Borrowing from Bangladesh Bank - LTFF	942,482,604	1,012,767,847	942,482,604	1,012,767,847
Borrowing from Bangladesh Bank - GTF	266,206,667	-	266,206,667	-
	<b>12,487,885,372</b>	<b>8,344,796,525</b>	<b>12,487,885,372</b>	<b>8,344,796,525</b>

**13.1 Maturity wise grouping of borrowing from Bangladesh Bank**

Repayable on demand	1,118,164,129	204,129,675	1,118,164,129	204,129,675
Not more than 3 months	2,641,739,898	3,637,846,711	2,641,739,898	3,637,846,711
More than 3 months but not more than 1 year	3,390,526,654	2,004,917,918	3,390,526,654	2,004,917,918
More than 1 year but not more than 5 years	4,540,623,023	2,008,473,721	4,540,623,023	2,008,473,721
More than 5 years	796,831,667	489,428,500	796,831,667	489,428,500
	<b>12,487,885,372</b>	<b>8,344,796,525</b>	<b>12,487,885,372</b>	<b>8,344,796,525</b>

**14 Money at call on short notice**

Bank Al-Falah Limited	254,700,000	-	254,700,000	-
Trust Bank Limited	849,000,000	-	849,000,000	-
Eastern Bank Limited	169,800,000	-	169,800,000	-
	<b>1,273,500,000</b>	<b>-</b>	<b>1,273,500,000</b>	<b>-</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>14.1 Maturity wise grouping of money at call on short notice</b>					
Up to 1 month		1,273,500,000	-	1,273,500,000	-
More than 1 month but not more than 3 months		-	-	-	-
More than 3 months but not more than 1 Year		-	-	-	-
More than 1 year but not more than 5 years		-	-	-	-
More than 5 years		-	-	-	-
		<b>1,273,500,000</b>	<b>-</b>	<b>1,273,500,000</b>	<b>-</b>
<b>15 Deposits and other accounts</b>					
<b>Accounting policy</b>					
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 which includes accrued interest.					
Current deposits and other accounts etc.	15.1	101,846,330,888	84,212,957,634	70,387,783,800	57,549,473,597
Bills payable	15.2	1,911,038,678	2,428,242,638	1,911,038,678	2,428,242,638
Savings deposits	15.3	44,538,393,041	38,320,761,103	44,538,393,041	38,320,761,103
Fixed deposits	15.4	147,365,718,274	133,388,177,229	149,378,664,153	133,600,242,355
Other deposits	15.5	2,093,448,790	1,610,630,541	2,093,448,790	1,610,630,541
		<b>297,754,929,671</b>	<b>259,960,769,145</b>	<b>268,309,328,462</b>	<b>233,509,350,234</b>
<b>15.1 Current deposits and other accounts</b>					
Local currency		101,521,010,553	83,870,662,910	69,297,728,801	56,382,097,196
Foreign currencies		1,090,054,999	1,167,376,401	1,090,054,999	1,167,376,401
		<b>102,611,065,552</b>	<b>85,038,039,311</b>	<b>70,387,783,800</b>	<b>57,549,473,597</b>
Less: Inter unit/company elimination		764,734,664	825,081,677	-	-
		<b>101,846,330,888</b>	<b>84,212,957,634</b>	<b>70,387,783,800</b>	<b>57,549,473,597</b>
<b>15.1.1 Current deposits and other accounts</b>					
Current deposits		90,051,961,185	77,533,380,571	57,828,679,433	50,044,814,857
Short term deposit		12,559,104,367	7,504,658,740	12,559,104,367	7,504,658,740
Less: Inter unit/company elimination		764,734,664	825,081,677	-	-
		<b>101,846,330,888</b>	<b>84,212,957,634</b>	<b>70,387,783,800</b>	<b>57,549,473,597</b>
<b>15.2 Bills payable</b>					
Local currency		1,181,501,339	1,516,806,722	1,181,501,339	1,516,806,722
Foreign currencies		729,537,339	911,435,916	729,537,339	911,435,916
		<b>1,911,038,678</b>	<b>2,428,242,638</b>	<b>1,911,038,678</b>	<b>2,428,242,638</b>
<b>15.3 Savings deposits</b>					
Local currency		44,538,393,041	38,320,761,103	44,538,393,041	38,320,761,103
Foreign currencies		-	-	-	-
		<b>44,538,393,041</b>	<b>38,320,761,103</b>	<b>44,538,393,041</b>	<b>38,320,761,103</b>
<b>15.4 Fixed deposits</b>					
Local currency		147,656,289,196	132,126,299,370	147,656,289,196	132,126,299,370
Foreign currencies		1,722,374,957	1,473,942,985	1,722,374,957	1,473,942,985
		<b>149,378,664,153</b>	<b>133,600,242,355</b>	<b>149,378,664,153</b>	<b>133,600,242,355</b>
Less: Inter unit/company elimination		2,012,945,879	212,065,126	-	-
		<b>147,365,718,274</b>	<b>133,388,177,229</b>	<b>149,378,664,153</b>	<b>133,600,242,355</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>15.5 Other deposits</b>					
Local currency	15.5.1	838,131,216	732,090,546	838,131,216	732,090,546
Foreign currencies	15.5.2	1,255,317,574	878,539,995	1,255,317,574	878,539,995
		2,093,448,790	1,610,630,541	2,093,448,790	1,610,630,541
Less: Inter unit/company elimination		-	-	-	-
		<b>2,093,448,790</b>	<b>1,610,630,541</b>	<b>2,093,448,790</b>	<b>1,610,630,541</b>
<b>15.5.1 Other local currency deposits</b>					
Security deposits		867,000	932,000	867,000	932,000
Security deposit from retail loan client		7,614,179	7,912,505	7,614,179	7,912,505
Sundry deposit	15.5.1.1	829,650,037	723,246,041	829,650,037	723,246,041
		<b>838,131,216</b>	<b>732,090,546</b>	<b>838,131,216</b>	<b>732,090,546</b>
<b>15.5.1.1 Sundry deposit</b>					
Lease deposits		5,311,478	6,475,322	5,311,478	6,475,322
Payable to NPS		192,641,657	149,721,678	192,641,657	149,721,678
EFTN and BACH adjustments account		606,828,476	409,653,492	606,828,476	409,653,492
Payable against customers, loan account and others		24,868,426	157,395,549	24,868,426	157,395,549
		<b>829,650,037</b>	<b>723,246,041</b>	<b>829,650,037</b>	<b>723,246,041</b>
<b>15.5.2 Other foreign currency deposits</b>					
Proceeds awaiting for remittance (BTB LC)		23,585,662	20,988,454	23,585,662	20,988,454
Remittance awaiting for disposal (RAD)		1,231,731,912	857,551,541	1,231,731,912	857,551,541
		<b>1,255,317,574</b>	<b>878,539,995</b>	<b>1,255,317,574</b>	<b>878,539,995</b>
<b>15.6 Deposits concentration</b>					
Deposits from banks-inside Bangladesh	15.6.1	2,001,154,346	11,401,156,996	2,001,154,346	11,401,156,996
Other than banks		295,753,775,325	248,559,612,149	266,308,174,116	222,108,193,238
		<b>297,754,929,671</b>	<b>259,960,769,145</b>	<b>268,309,328,462</b>	<b>233,509,350,234</b>
<b>15.6.1 Deposits from banks-inside Bangladesh</b>					
<b>Current deposits:</b>					
Eldorado Member Banks		1,154,346	1,156,996	1,154,346	1,156,996
		<b>1,154,346</b>	<b>1,156,996</b>	<b>1,154,346</b>	<b>1,156,996</b>
<b>Fixed deposits from Banks:</b>					
Agrani Bank Limited		-	4,000,000,000	-	4,000,000,000
Bangladesh Development Bank Limited		-	900,000,000	-	900,000,000
Sonali Bank Limited		2,000,000,000	-	2,000,000,000	-
Prime Bank Limited		-	1,000,000,000	-	1,000,000,000
The Premier Bank Ltd		-	5,500,000,000	-	5,500,000,000
		<b>2,000,000,000</b>	<b>11,400,000,000</b>	<b>2,000,000,000</b>	<b>11,400,000,000</b>
<b>Total deposits from banks and financial institutions</b>		<b>2,001,154,346</b>	<b>11,401,156,996</b>	<b>2,001,154,346</b>	<b>11,401,156,996</b>
<b>15.7 Payable on demand and time deposit</b>					
<b>i) Demand deposit</b>					
Current deposits		88,197,171,522	75,540,922,493	56,738,624,434	48,877,438,456
Saving deposits (9% of total saving deposits)		4,008,455,374	3,448,868,499	4,008,455,374	3,448,868,499
Foreign currency deposits		2,345,372,573	2,045,916,396	2,345,372,573	2,045,916,396
Sundry deposits		829,650,037	723,246,041	829,650,037	723,246,041
Bills payable		1,911,038,678	2,428,242,638	1,911,038,678	2,428,242,638
		<b>97,291,688,183</b>	<b>84,187,196,067</b>	<b>65,833,141,096</b>	<b>57,523,712,030</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>ii) Time deposit</b>					
Saving deposits (91% of total saving deposits)		40,529,937,667	34,871,892,604	40,529,937,667	34,871,892,604
Foreign currency deposits		1,722,374,957	1,473,942,985	1,722,374,957	1,473,942,985
Fixed deposits		132,083,517,685	120,367,355,348	134,096,463,564	120,579,420,474
Short term deposits		12,559,104,367	7,504,658,740	12,559,104,367	7,504,658,740
Deposit pension schemes		13,559,825,632	11,546,878,896	13,559,825,632	11,546,878,896
Security deposits		8,481,179	8,844,505	8,481,179	8,844,505
		<b>200,463,241,488</b>	<b>175,773,573,078</b>	<b>202,476,187,367</b>	<b>175,985,638,204</b>
		<b>297,754,929,671</b>	<b>259,960,769,145</b>	<b>268,309,328,462</b>	<b>233,509,350,234</b>
<b>15.8 Maturity wise grouping of deposits and other accounts</b>					
Repayable on demand		5,094,574,659	5,600,460,430	5,094,574,659	5,600,460,430
Repayable within 1 month		50,273,107,886	32,744,962,383	33,315,037,587	30,800,918,531
Over 1 months but within 6 months		97,876,683,493	81,113,934,323	97,876,683,493	81,325,994,175
Over 6 months but within 1 year		62,210,576,365	64,146,007,652	49,723,045,455	44,924,285,885
Over 1 year but within 5 years		59,980,394,326	57,408,816,025	59,980,394,326	51,911,102,882
Over 5 years but within 10 years		22,319,151,942	18,941,841,192	22,319,151,942	18,941,841,192
Over 10 years		441,000	4,747,140	441,000	4,747,140
Total		<b>297,754,929,671</b>	<b>259,960,769,145</b>	<b>268,309,328,462</b>	<b>233,509,350,234</b>
Unclaimed deposits for 10 years or more		<b>40,256,621</b>	<b>21,926,523</b>	<b>40,256,621</b>	<b>21,926,523</b>

As per Bank Company Act 1991, Section 35 and BB circular letter no. BRPD 10 dated 12 September 2018, if any money or valuable asset (except deposits from Government, minor or litigation) is unclaimed for ten years or above as of 31 December every year, a three months' notice will be given to depositors concerned. Based on the response from the concerned depositors by following three months, amount will be paid to them otherwise unclaimed deposit will be deposited to Bangladesh Bank by 30 April 2020. We reported BDT 40,256,621 as 10 years and above unclaimed deposit amount as on 31 December 2019 (cut off basis) to Bangladesh Bank.

## 16 Other liabilities

### Accounting policy

Other liabilities comprise items such as provision for loans and advances, provision for interest receivables, provision for taxes, interest suspense, accrued expenses. Other liability is recognised in the balance sheet according to the guideline of Bangladesh Bank, IAS and IFRS, Income Tax Ordinance-1984 and internal policies of the Bank. Provisions and accrued expenses are recognised in the financial statements 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.

### Provision for loans and advances

Provision for loans and advances is created for covering the Bank from possible loan losses in the future. General provision is made on the outstanding amount of loans and advances without considering the classification status following the prescribed rate of Bangladesh Bank. Classified loans and advances of the Banks are categorised as Sub-Standard, Doubtful and Bad/Loss as per Bangladesh Bank guidelines. For loans which are classified as sub-standard, doubtful or bad/loss, specific provision is created netting off security value and interest suspense from the amount outstanding.

### Provision for other assets

Any part of uncollectible other assets is subject to making provision based on their ageing as per Bangladesh Bank circular no. 14 dated 25 June 2001.

### Provisions for off balance sheet items

No provision is kept on items of derivatives as there is no exposure on such gross value for the Bank. Provision for other off balance sheet items made as per BRPD circular no. 14 dated 23 September 2012 and BRPD circular no. 7 dated 21 June 2018 except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by Multilateral Development Bank (MDB)/International Bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III).

### Provision for diminution in value of Investments

Refer to Note 6 Investments for the relevant accounting policy.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>Interest suspense</b>					
Classified loans and advances of the Banks are categorised as sub-standard, doubtful and bad/loss as per guidelines of Bangladesh Bank. Interest accrued on Sub-Standard, Doubtful and Bad/Loss loans is transferred to interest suspense account and not considered as interest income. This interest is recognised as interest income when it is realised in cash by the bank.					
<b>Provision for taxation net off AIT and Deferred tax liability</b>					
Refer to Note 40 Provision for taxation for the relevant accounting policy.					
<b>Leased liabilities as per IFRS 16</b>					
Refer to Note 2.9.1 Implementation of IFRS 16 and its relevant assumptions and disclosures for the relevant accounting policy.					
The details of other liabilities are given below:					
Provision for loans and advances	16.1	9,786,554,784	8,629,577,443	8,727,490,175	7,570,512,834
Provision for interest receivable from loan	16.2	12,375,062	9,648,388	12,375,062	9,648,388
Provision for other assets	16.3	188,809,064	169,053,930	167,602,992	166,539,281
Provisions for off balance sheet Items	16.4	392,162,499	584,162,499	392,162,499	584,162,499
Provision for diminution in value of Investments	16.5	650,800,000	116,400,000	650,800,000	116,400,000
Interest suspense	16.6	1,115,201,138	728,543,524	1,115,201,138	728,543,524
Withholding tax payable	16.7	282,791,571	201,353,599	278,784,650	200,352,861
VAT payable	16.8	198,330,445	163,436,907	198,330,445	163,436,907
Excise duty payable		111,414,634	95,631,302	111,414,634	95,631,302
Provision for taxation net off AIT	16.9	4,906,552,415	4,186,647,881	5,039,240,312	4,027,190,457
Deferred tax liability	9.4	408,912,358	154,959,057	408,912,358	163,959,312
Interest payable on borrowings		450,065,180	883,027,626	450,065,180	883,027,626
Accrued expenses		6,568,703,851	4,207,212,303	2,150,881,719	2,231,347,234
Share subscription - IPO (refund warrant)		226,973	224,829	226,973	224,829
Right share subscription		636,674	636,674	636,674	636,674
Payable to on-shore		1,956,690,038	1,174,524,944	1,956,690,038	1,174,524,944
Cheque clearing account		316,002	316,002	316,002	316,002
Unclaimed dividend		60,406,259	60,578,743	60,406,259	60,578,743
Suppliers payable		126,962,177	136,037,935	126,962,177	136,037,935
Leased liabilities as per IFRS 16		3,583,375,469	-	3,165,133,734	-
Payable against exchange houses		308,347	631,534	308,347	631,534
Payable against insurances		5,251,341	35,520,289	5,251,341	35,520,289
Payable to Omnibus		155,500	896,130	155,500	896,130
Payable against SWIFT charge		1,991,222	21,628,575	1,991,222	21,628,575
Other payables	16.10	2,224,871,573	1,768,875,124	2,224,871,573	1,768,875,124
Less: Off-shore to on-shore		(1,956,680,069)	(1,174,524,944)	(1,956,680,069)	(1,174,524,944)
Other liabilities of subsidiaries	16.11	2,136,420,688	2,885,396,201	-	-
		<b>33,213,605,195</b>	<b>25,040,396,495</b>	<b>25,289,530,935</b>	<b>18,966,098,060</b>

#### 16.1 Provision for loans and advances

##### A. General

Provisions held at the beginning of the year	2,503,843,810	2,340,559,156	2,503,843,810	2,340,559,156
Add: Exchange difference	2,535,672	1,350,325	2,535,672	1,350,325
Add: Net charge to Profit and Loss A/C	139,800,906	161,934,329	139,800,906	161,934,329
<b>Provisions held at the end of the year</b>	<b>2,646,180,388</b>	<b>2,503,843,810</b>	<b>2,646,180,388</b>	<b>2,503,843,810</b>

##### B. Specific

Provisions held at the beginning of the year (i)	6,125,733,633	6,708,000,639	5,066,669,024	5,648,936,030
Less: Write off during the year (ii)	(800,696,005)	(1,882,375,185)	(800,696,005)	(1,882,375,185)
Add: Recovery of written off bad debts (iii)	786,257,664	783,059,719	786,257,664	783,059,719
Add: Exchange difference (iv)	72,751,205	(4,762,349)	72,751,205	(4,762,349)

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Add: Specific provision for the year (v)		1,742,585,563	1,304,870,528	1,742,585,563	1,304,870,528
Net charge to Profit and Loss A/C (vi)=(v)-(iii)		956,327,899	521,810,809	956,327,899	521,810,809
<b>Provisions held at the end of the year (i+ii+iii+iv+vi)</b>		<b>7,140,374,396</b>	<b>6,125,733,633</b>	<b>6,081,309,787</b>	<b>5,066,669,024</b>
<b>Total provision held at the end of the year (A+B)</b>		<b>9,786,554,784</b>	<b>8,629,577,443</b>	<b>8,727,490,175</b>	<b>7,570,512,834</b>
<b>16.2 Provision for interest receivable from loan</b>					
Provisions held at the beginning of the year		9,648,388	9,648,388	9,648,388	9,648,388
Add: Net charge to Profit and Loss A/C		2,726,674	-	2,726,674	-
Provisions held at the end of the year		<b>12,375,062</b>	<b>9,648,388</b>	<b>12,375,062</b>	<b>9,648,388</b>
<b>16.3 Provision for other assets</b>					
Provisions held at the beginning of the year		169,053,930	179,816,091	166,539,281	179,816,091
Add: Net charge to Profit and Loss A/C		19,755,134	(10,762,161)	1,063,711	(13,276,810)
Provisions held at the end of the year		<b>188,809,064</b>	<b>169,053,930</b>	<b>167,602,992</b>	<b>166,539,281</b>

#### 16.3.1 Particulars of required provision for other assets (Bank only)

Other asset type	Other assets balance	Doubtful (50%)	Bad/Loss (100%)	Required provision	Actual provision
Receivable from partners	2,596,516	13,680	2,411,671	2,418,511	2,418,511
Protested bill	117,010,489	-	117,010,489	117,010,489	118,778,607
Receivables in cash shortage	1,859,850	10,550	1,244,700	1,249,975	2,285,111
Receivable from BBL-RBL ATM	5,144,030	-	5,144,030	5,144,030	5,144,030
Receivables in cash shortage-ATM	204,500	34,500	90,000	107,250	107,250
Receivable from BACH	20,000,000	-	5,000,000	5,000,000	5,000,000
Receivable in proxy account	9,369,760	56,926	6,484,560	6,513,022	6,849,241
Receivable from Co-Brand ATM	27,020,242	-	27,020,242	27,020,242	27,020,242
				<b>164,463,519</b>	<b>167,602,992</b>

#### 16.4 Provisions for off balance sheet items

Balance at the beginning of the year	584,162,499	621,162,499	584,162,499	621,162,499
Add: Provision made during the year	(192,000,000)	(37,000,000)	(192,000,000)	(37,000,000)
<b>Balance at the end of the year</b>	<b>392,162,499</b>	<b>584,162,499</b>	<b>392,162,499</b>	<b>584,162,499</b>

#### 16.4.1 Particulars of required provisions for off balance sheet items - General provision (Bank only)

Particulars	Outstanding	Percentage (%) of required provision	Required provision 2019	Required provision 2018
Acceptances and endorsements	14,971,156,270	1%	149,711,563	311,705,261
Irrevocable letters of credit	12,230,869,542	1%	122,308,695	163,949,798
Letter of guarantees	11,697,947,476	1%	116,979,475	102,180,694
Total required provision			388,999,733	577,835,753
Total provision maintained (Note 16.4)			392,162,499	584,162,499
Excess/(short) provision			3,162,766	6,326,746

#### 16.5 Provision for diminution in value of investments

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Balance at the beginning of the year		116,400,000	-	116,400,000	-
Add: Provision made (released) during the year		534,400,000	116,400,000	534,400,000	116,400,000
<b>Balance at the end of the year</b>		<b>650,800,000</b>	<b>116,400,000</b>	<b>650,800,000</b>	<b>116,400,000</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>16.6 Interest suspense</b>					
Balance at the beginning of the year		728,543,524	687,170,604	728,543,524	687,170,604
Add: Amount transferred to "Interest Suspense" account during the year		1,146,331,197	601,033,603	1,146,331,197	601,033,603
		<b>1,874,874,721</b>	<b>1,288,204,207</b>	<b>1,874,874,721</b>	<b>1,288,204,207</b>
Less: Amount recovered in "Interest Suspense" account during the year		743,279,095	384,027,670	743,279,095	384,027,670
Less: Amount written off during the year		16,394,488	175,633,013	16,394,488	175,633,013
<b>Balance at the end of the year</b>		<b>1,115,201,138</b>	<b>728,543,524</b>	<b>1,115,201,138</b>	<b>728,543,524</b>
<b>16.7 Withholding tax payable</b>					
Payable on Interest		176,497,810	139,196,198	176,497,810	139,196,198
Payable (Suppliers)		15,577,579	12,311,203	15,577,579	12,311,203
Payable (Staff Salaries and Allowance)		12,703,016	8,923,966	12,703,016	8,923,966
Payable (Rent)		4,366,485	3,947,217	4,366,485	3,947,217
Payable (Export)		11,607,729	9,450,676	11,607,729	9,450,676
Payable on commission paid		10,044,574	4,630,211	10,044,574	4,630,211
Payable on professional services		6,063,925	1,061,911	6,063,925	1,061,911
Payable on export cash subsidy		-	10,700,768	-	10,700,768
Payable on local LC		388,055	2,032,732	388,055	2,032,732
Payable on foreign buyer agent		7,862,604	-	7,862,604	-
Payable on IGW services		764,818	7,268,063	764,818	7,268,063
Payable on others		36,914,977	1,830,654	32,908,056	829,916
		<b>282,791,571</b>	<b>201,353,599</b>	<b>278,784,650</b>	<b>200,352,861</b>
<b>16.8 VAT Payable</b>					
Payable on banking service		26,571,838	21,882,581	26,571,838	21,882,581
Payable - Supplier		44,676,623	27,149,109	44,676,623	27,149,109
Payable - Rent		12,676,836	11,451,121	12,676,836	11,451,121
Payable - DESCO		14,742,689	13,986,802	14,742,689	13,986,802
Payable - BPDB		13,957,255	20,113,742	13,957,255	20,113,742
Payable - DPDC		85,601,546	68,741,619	85,601,546	68,741,619
Payable - REB		103,658	111,933	103,658	111,933
		<b>198,330,445</b>	<b>163,436,907</b>	<b>198,330,445</b>	<b>163,436,907</b>
<b>16.9 Provision for taxation net off AIT (BBL only)</b>					
<b>A. Provision for tax:</b>					
Balance at the beginning of the year			17,678,384,112	15,155,352,574	
Add: Provision made during the year			3,718,904,812	2,523,031,538	
			<b>21,397,288,924</b>	<b>17,678,384,112</b>	
Less: Adjustment of tax provision for previous years			-	-	
<b>Balance at the end of the year</b>			<b>21,397,288,924</b>	<b>17,678,384,112</b>	
<b>B. Advance income tax:</b>					
Balance at the beginning of the year			13,651,193,655	10,314,297,331	
Add: Paid during the year			2,706,854,957	3,336,896,324	
			<b>16,358,048,612</b>	<b>13,651,193,655</b>	
Less: Adjustment made during the year			-	-	
Balance at the end of the year			<b>16,358,048,612</b>	<b>13,651,193,655</b>	
<b>Provision for taxation (A-B)</b>			<b>5,039,240,312</b>	<b>4,027,190,457</b>	

Corporate tax position of the Bank has been shown in Annexure G.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>16.10 Other payables</b>					
Payables related to cards and others		420,308,750	306,563,218	420,308,750	306,563,218
Payables for good borrower rebate		216,246,220	206,646,220	216,246,220	206,646,220
Payable to merchant		6,660,679	7,456,291	6,660,679	7,456,291
Payables to co brand ATM		3,106,745	4,070,495	3,106,745	4,070,495
FX translation adjustments - contra		(11,001,639)	(8,554,674)	(11,001,639)	(8,554,674)
REPO interest income		-	(1,552,254)	-	(1,552,254)
Miscellaneous payable		1,589,550,818	1,254,245,828	1,589,550,818	1,254,245,828
		<b>2,224,871,573</b>	<b>1,768,875,124</b>	<b>2,224,871,573</b>	<b>1,768,875,124</b>
<b>16.11 Other liabilities of subsidiaries</b>					
BRAC EPL Investments Limited		105,808,093	116,282,939		
BRAC EPL Stock Brokerage Limited		414,441,489	474,246,251		
bKash Limited		1,234,358,009	1,697,967,906		
BRAC SAAJAN Exchange Limited		525,790,266	598,049,654		
		<b>2,280,397,857</b>	<b>2,886,546,750</b>		
Less: Inter company transactions:					
BRAC Bank Limited		142,047,125	385,377		
BRAC EPL Investments Limited		136,066	304,814		
BRAC EPL Stock Brokerage Limited		-	21,022		
bKash Limited		1,793,978	439,336		
BRAC SAAJAN Exchange Limited		-	-		
		<b>143,977,169</b>	<b>1,150,549</b>		
		<b>2,136,420,688</b>	<b>2,885,396,201</b>		

## 17 Share Capital

### Accounting policy

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.

### 17.1 Authorized capital

Authorized Capital is the maximum amount of share capital that the bank is authorised by its Memorandum of Association and Article of Association to issue to shareholders.

2,000,000,000 ordinary shares of Tk. 10 each	<b>20,000,000,000</b>	<b>20,000,000,000</b>
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### 17.2 Issued, Subscribed and Paid up capital

#### Accounting policy

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.

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 Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

100,000,000 Ordinary Shares of Tk. 10/- each issued for cash	1,000,000,000	1,000,000,000
879,145,081 Ordinary Shares of Tk. 10/- each issued as bonus share	8,791,450,810	7,182,700,390
26,400,000 Right Shares of Tk. 10/- each issued in 2008	264,000,000	264,000,000
221,652,288 Right Shares of Tk. 10/- each issued in 2014	2,216,522,880	2,216,522,880
1,149,589 Ordinary Shares of Tk. 10/- each issued as 1st bond converted share in 2016	11,495,890	11,495,890
2,237,835 Ordinary Shares of Tk. 10/- each issued as 2nd bond converted share in 2017	22,378,350	22,378,350
2,790,534 Ordinary Shares of Tk. 10/- each issued as 3rd bond converted share in 2018	27,905,340	27,905,340
	<b>12,333,753,270</b>	<b>10,725,002,850</b>

#### 17.2.1 History of paid-up capital

Given below the history of raising of share capital of BRAC Bank Limited:

Particulars	Allotment Year	Number of Shares Issued		Paid up shares	Amount of Shares Capital (BDT)	Total Paid up Capital (Cumulative)
		Bonus shares	Subscription			
First (Subscription to the Memorandum and Articles of Association) at the time of Incorporation	1999	-	2,000,000	2,000,000	200,000,000	200,000,000
BRAC (subscription)	2001	-	500,000	2,500,000	50,000,000	250,000,000
BRAC (subscription)	2003	-	674,500	3,174,500	67,450,000	317,450,000
ShoreCap International Ltd.	2004	-	875,700	4,050,200	87,570,000	405,020,000
International Finance Corporation	2004	-	949,800	5,000,000	94,980,000	500,000,000
IPO	2006	5,000,000	-	10,000,000	500,000,000	1,000,000,000
Bonus Share 20%	2007	2,000,000	-	12,000,000	200,000,000	1,200,000,000
Bonus Share 10%	2008	1,200,000	-	13,200,000	120,000,000	1,320,000,000
Right Share 20%	2008	-	2,640,000	15,840,000	264,000,000	1,584,000,000
Bonus Share 30%	2009	4,752,000	-	20,592,000	475,200,000	2,059,200,000
Bonus Share 30%	2010	6,177,600	-	26,769,600	617,760,000	2,676,960,000
Bonus Share 20%	2011	5,353,920	-	32,123,520	535,392,000	3,212,352,000
Denomination of face value from Tk.100 to Tk.10 per share	2011	-	-	321,235,200	-	3,212,352,000
Bonus Share 20%	2012	64,247,040	-	385,482,240	642,470,400	3,854,822,400
Bonus Share 15%	2013	57,822,336	-	443,304,576	578,223,360	4,433,045,760
Bonus Share 10%	2014	44,330,457	-	487,635,033	443,304,570	4,876,350,330
Right share 50%	2014	-	221,652,288	709,287,321	2,216,522,880	7,092,873,210
Fresh Issue against Bond, 1st Conversion of Bond	2016	-	1,149,589	710,436,910	11,495,890	7,104,369,100
Fresh Issue against Bond, 2nd Conversion of Bond	2017	-	2,237,835	712,674,745	22,378,350	7,126,747,450
Bonus Share 20%	2017	142,534,949	-	855,209,694	1,425,349,490	8,552,096,940
Fresh Issue against Bond, 3rd Conversion of Bond	2018	-	2,790,534	858,000,228	27,905,340	8,580,002,280
Bonus Share 25%	2018	214,500,057	-	1,072,500,285	2,145,000,570	10,725,002,850
Bonus Share 15%	2019	160,875,042	-	1,233,375,327	1,608,750,420	12,333,753,270
<b>Total</b>					<b>12,333,753,270</b>	

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>17.2.2 Issued, Subscribed and Paid up Capital</b>					
Balance at the beginning of the year		10,725,002,850	8,552,096,940	10,725,002,850	8,552,096,940
Add: Bond converted ordinary share issued in 2018		-	27,905,340	-	27,905,340
Add: Stock dividend of 2018 issued in 2019		1,608,750,420	2,145,000,570	1,608,750,420	2,145,000,570
<b>Closing at the end of the year</b>		<b>12,333,753,270</b>	<b>10,725,002,850</b>	<b>12,333,753,270</b>	<b>10,725,002,850</b>

### 17.3 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.

### 17.4 Cash Dividend/Bonus Issue

On 30 April 2019, Stock Dividend 15% (15 Bonus Shares for every 100 shares) were approved by the shareholders in 20th Annual General Meeting. The stock dividend was distributed on 19 May 2019 accordingly.

**17.4.a** The Bank held its 8th EGM on 3 November 2011 and charged the face value of share from Tk. 100 per share to Tk. 10 per share and market lot of shares from 50 shares to 500 shares in each lot. The maximum limit for Authorized Share capital was increased to BDT 20,000,000,000. At 11 December 2014, DSE new Trading system launched that neutralize market lot into 1 shares.

### 17.5 Ordinary Shares

Sponsor:	No. of Shares (2019)	% of sharehold- ing (2019)	2019 Taka	2018 Taka
BRAC	546,132,327	44.28%	5,461,323,270	4,748,976,760
Others	85,315	0.01%	853,150	2,196,990
<b>Non Sponsor:</b>				
Non Resident Bangladeshis	1,116,823	0.09%	11,168,230	12,226,520
Mutual Funds	22,645,842	1.84%	226,458,420	131,673,150
Institutions and General Public	663,395,020	53.79%	6,633,950,200	5,829,929,430
	<b>1,233,375,327</b>	<b>100%</b>	<b>12,333,753,270</b>	<b>10,725,002,850</b>

#### 17.5.1 Share trading

The Bank traded its ordinary shares in Central Depository Bangladesh Limited (CDBL) through Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 31 January 2007. The closing market price on 31 December 2019 was Tk. 57.10 at Dhaka Stock Exchange (DSE) and Tk. 56.70 at Chittagong Stock Exchange (CSE).

### 17.6 Classification of Shareholding

Range of Holding of Shares	No. of Shareholders (2019)	No. of Shares (2019)	Percentage of holding of shares (2019)
Less than 500	5,877	955,038	0.08%
500 to 5,000	8,031	15,440,210	1.25%
5,001 to 10,000	1,524	10,348,827	0.84%
10,001 to 20,000	585	8,223,958	0.67%
20,001 to 30,000	199	4,865,424	0.39%
30,001 to 40,000	111	3,867,643	0.31%
40,001 to 50,000	59	2,670,515	0.22%
50,001 to 100,000	122	8,468,612	0.69%
100,001 to 1,000,000	159	45,870,655	3.72%
Over 1,000,000	98	1,132,664,445	91.83%
<b>Total</b>	<b>16,765</b>	<b>1,233,375,327</b>	<b>100%</b>

#### 17.6.1 Name of the Directors and their shareholdings as at 31 December 2019:

Sl. No.	Name	Status	Opening position	Closing position	% of shares held as on 31 De- cember 2019
1	Dr. Ahsan H Mansur (Chairman)	Independent Director	NIL	NIL	-
2	Ms. Nihad Kabir (Nominated by BRAC)	Nominated Director	38,807	44,628	0.004%
3	Mr. Kaiser Kabir (Nominated by BRAC)	Nominated Director	137,500	NIL	-
4	Mr. Asif Saleh (Nominated by BRAC)	Nominated Director	NIL	NIL	-
5	Mr. Kazi Mahmood Sattar	Independent Director	NIL	NIL	-
6	Ms. Fahima Choudhury	Independent Director	NIL	NIL	-

\*\*Sir Fazle Hasan Abed and Mr. Shib Narayan Kairy retired on 26 August 2019 in its 259th Meeting of the Board of Directors of BRAC Bank Limited. As on 26 August 2019, Closing Balance of Shares of Sir Fazle Hasan Abed was 12,109 and Mr. Shib Narayan Kairy was 9,212.

## 17.7 Share Premium

### Accounting policy

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 utilised in accordance with provisions of section 57 of the Companies Act, 1994 and as directed by Bangladesh Securities and Exchange Commission in this respect.

Particulars	BRAC Bank Limited	
	2019	2018
Year of issuance		
5,000,000 ordinary shares @ Tk. 70 per share	2006	350,000,000
2,640,000 ordinary shares @ Tk. 400 per share	2008	1,056,000,000
221,652,288 ordinary shares @ Tk. 10 per share	2014	2,216,522,880
1,149,589 ordinary shares @ Tk. 32.55 per share	2016	37,419,151
2,237,835 ordinary shares @ Tk. 35.10 per share	2017	78,548,041
2,790,534 ordinary shares @ Tk. 41.31 per share	2018	115,276,960
	<b>3,853,767,032</b>	<b>3,853,767,032</b>

<b>17.7.1 Particulars of Share Premium</b>
<b>Sponsor:</b>
BRAC
Others
<b>Non Sponsor:</b>
International Finance Corporation (IFC)
ShoreCap International Limited
Non Resident Bangladeshis
Mutual Funds
General Public
<b>1,324,534,000</b>
<b>192,580</b>
<b>219,056,640</b>
<b>92,473,920</b>
<b>91,555,530</b>
<b>189,254,190</b>
<b>1,936,700,172</b>
<b>3,853,767,032</b>
<b>1,324,534,000</b>
<b>192,580</b>
<b>219,056,640</b>
<b>92,473,920</b>
<b>91,555,530</b>
<b>189,254,190</b>
<b>1,936,700,172</b>
<b>3,853,767,032</b>

## 17.8 Capital Adequacy Ratio - As per BASEL- III

To cope up with the international best practices and to make the bank's capital shock absorbent 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks'(Revised Regulatory Capital Framework in line with BASEL II) was introduced from 1 January 2009 as a parallel run with BRPD Circular No. 10, dated 25 November 2002 (BASEL I). At the end of parallel run, BASEL II regime started from 01 January 2010 and the guidelines on RBCA came fully into force with its subsequent supplements/revisions. After that Bangladesh Bank issued 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with BASEL III) vide its BRPD Circular 18 dated 21 December 2014 that BASEL III reporting start from January 2015 and full implementation started from January 2019. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital and Disclosure requirement as stated in the guidelines had to be followed by all scheduled banks for the purpose of statutory compliance. BASEL III framework has three main components referred to as pillars:

- i. Pillar I addresses minimum capital requirement;
- ii. Pillar II elaborates the process for assessing the overall capital adequacy aligned with risk profile of a bank as well as capital growth plan; and
- iii. Finally, Pillar III gives a framework of public disclosure on the position of a bank's risk profiles, capital adequacy, and risk management system.

Basel III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. "Basel III: A global regulatory framework for more resilient banks and banking systems" (known as Basel III capital regulations) in December 2010. Basel III reforms strengthen the bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the pro-cyclical amplification of these risks over time. These new global regulatory and supervisory standards mainly addressed the following areas:

- a) Raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis;
- b) Increase the risk coverage of the capital framework;
- c) Introduce leverage ratio to serve as a backstop to the risk-based capital measure;
- d) Raise the standards for the supervisory review process (Pillar 2); and
- e) Public disclosures (Pillar 3) etc.

To ensure smooth transition to Basel III, appropriate transitional arrangements have been provided for meeting the minimum Basel III capital ratios, full regulatory adjustments to the components of capital etc. In 2020, banking industry will embark on the full-fledged implementation of Basel III.

Basel - III is to be calculated both on separate financial statements (SOLO) basis and consolidated basis and both are submitted to Bangladesh Bank accordingly.

We have fully complied with all the directives provided by the Central bank from time to time, starting from Pillar I, II and III reporting requirements to periodic Stress Testing activity etc. Formation of BASEL Steering Committee chaired by the Managing Director of the bank helps us to ensure supreme governance and strict regimentation at execution level. As yet, BRAC bank has been able to successfully implement the phase in transition arrangement for Basel III, which started from the year 2015 and will be ended in 2020.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>Common Equity Tier-1 (Going Concern Capital)</b>					
Fully Paid-up Capital/Funds from Head Office for the Purpose of Meeting the Capital Adequacy		12,333,753,270	10,725,002,850	12,333,753,270	10,725,002,850
Non-repayable Share Premium Account		3,853,767,032	3,853,767,032	3,853,767,032	3,853,767,032
Statutory Reserve		8,129,149,416	6,428,088,086	8,129,149,416	6,428,088,086
General Reserve		-	-	-	-
Retained Earnings		15,230,405,214	13,342,589,184	12,378,804,260	9,794,724,973
Dividend equalization fund		355,218,455	355,218,455	355,218,455	355,218,455
Minority Interest in Subsidiaries		6,081,237,821	6,450,122,579	-	-
Actuarial gain/loss (Actuarial gain/loss kept in books in Bangladesh for Foreign Banks)		-	-	-	-
Non-repatriable interest-free funds from Head Office for the purpose of acquisition of property and held in a separate account and have the ability to absorb losses regardless of their source (Applicable for Foreign Banks)		-	-	-	-
Others (if any item approved by Bangladesh Bank)		-	-	-	-
<b>Sub-total</b>		<b>45,983,531,208</b>	<b>41,154,788,186</b>	<b>37,050,692,433</b>	<b>31,156,801,396</b>
<b>Regulatory Adjustments</b>					
Shortfall in provisions required against Non Performing Loans (NPLs)		-	-	-	-
Shortfall in provisions required against investment in shares		-	-	-	-
Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities		-	-	-	-
Goodwill and all other Intangible Assets		3,239,953,793	3,015,565,228	866,851,705	885,599,956
Deferred Tax Assets (DTA)		3,010,745,120	1,844,770,407	2,400,156,912	1,491,221,037
Defined benefit pension fund assets		-	-	-	-
Gain on sale related to securitization transactions		-	-	-	-
Investment in own CET-1 Instruments/Shares (as per Para 3.4.7 of Basel III Guidelines)		-	-	-	-
Reciprocal Crossholdings in the CET-1 Capital of Banking, Financial and Insurance Entities		-	-	-	-
Any investment exceeding the approved limit under section 26 ka(1) of Bank Company Act, 1991 (50% of Investment)		-	-	-	-
Investments in subsidiaries which are not consolidated (50% of Investment)		-	-	-	-
Others if any		-	-	-	-
<b>Sub-total</b>		<b>6,250,698,913</b>	<b>4,860,335,635</b>	<b>3,267,008,618</b>	<b>2,376,820,993</b>
<b>Total common equity Tier-1 capital</b>		<b>39,732,832,295</b>	<b>36,294,452,551</b>	<b>33,783,683,815</b>	<b>28,779,980,403</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>Additional Tier-1 Capital</b>					
Non-cumulative irredeemable preference shares		-	-	-	-
Instruments issued by the banks that meet the qualifying criteria for AT1 (as specified in Annex-4 of Basel III Guidelines)		-	-	-	-
Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties as specified in Annex-4 of Basel III Guidelines (for consolidated reporting)		-	-	-	-
Head Office borrowings in foreign currency by foreign banks operating in Bangladesh for inclusion in Additional Tier 1 capital which comply with the regulatory requirements as specified in Annex-4 of Basel III Guidelines (Applicable for Foreign Banks)		-	-	-	-
Any other item specifically allowed by BB from time to time for inclusion in Additional Tier 1 Capital (Applicable for Foreign Banks)		-	-	-	-
Others (if any item approved by Bangladesh Bank)		-	-	-	-
<b>Subtotal</b>		-	-	-	-
<b>Regulatory Adjustments:</b>					
Investment in own AT-1 Instrument/Share (as per Para 3.4.7 of Basel III Guidelines)		-	-	-	-
Reciprocal crossholdings in the AT-1 Capital of Banking, Financial and Insurance Entities		-	-	-	-
Others if any		-	-	-	-
Total Additional Tier-1 Capital Available		-	-	-	-
Maximum Limit of Additional Tier-1 Capital (AT-1 capital can be maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher)		-	-	-	-
Excess Amount over Maximum Limit of AT-1		-	-	-	-
<b>Subtotal</b>		-	-	-	-
<b>Total Admissible Additional Tier-1 Capital</b>		<b>39,732,832,295</b>	<b>36,294,452,551</b>	<b>33,783,683,815</b>	<b>28,779,980,403</b>
<b>Tier-2 Capital (Going Concern Capital)</b>					
General Provision		3,038,342,887	3,088,006,309	3,038,342,887	3,088,006,309
All Other preference shares		-	-	-	-
Subordinated debt/Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital (as per Annex 4 of Basel III Guidelines)		-	-	-	-
Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties (for consolidated reporting only)		-	-	-	-
Head Office (HO) borrowings in foreign currency received that meet the criteria of Tier 2 debt capital (Applicable for Foreign Banks)		-	-	-	-
Revaluation Reserves as on 31 December, 2014 (50% of Fixed Assets and Securities & 10% of Equities)		346,502,408	346,502,408	346,502,408	346,502,408
Others (if any item approved by Bangladesh Bank)		-	-	-	-
<b>Sub-total</b>		<b>3,384,845,295</b>	<b>3,434,508,717</b>	<b>3,384,845,295</b>	<b>3,434,508,717</b>
<b>Regulatory Adjustments</b>					
Revaluation Reserves for Fixed Assets, Securities & Equity Securities (follow Phase-in deductions as per Basel III Guidelines)		346,502,408	277,201,926	346,502,408	277,201,926
Investment in own T-2 Instruments/Shares (as per Para 3.4.7 of Basel III Guidelines)		-	-	-	-
Reciprocal crossholdings in the T-2 Capital of Banking, Financial and Insurance Entities		-	-	-	-
Any investment exceeding the approved limit under section 26 ka(1) of Bank Company Act, 1991 (50% of Investment)		-	-	-	-

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Investments in subsidiaries which are not consolidated (50% of Investment)		-	-	-	-
Others if any		-	-	-	-
Total Tier-2 Capital Available		3,038,342,887	3,157,306,791	3,038,342,887	3,157,306,791
Maximum Limit of Tier-2 Capital (Tier 2 capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)		35,318,514,627	32,262,138,873	30,030,316,543	25,582,524,581
Excess Amount over Maximum Limit of T-2		-	-	-	-
<b>Total Admissible Tier-2 capital</b>		<b>3,038,342,887</b>	<b>3,157,306,791</b>	<b>3,038,342,887</b>	<b>3,157,306,791</b>
<b>Total Capital</b>		<b>42,771,175,182</b>	<b>39,451,759,342</b>	<b>36,822,026,702</b>	<b>31,937,287,194</b>
Total Risk Weighted Assets		264,597,783,917	251,233,141,119	244,401,161,899	233,713,448,558
Minimum Capital requirement (MCR - 2019: 12.50%, 2018: 11.875%)		33,074,722,990	29,833,935,508	30,550,145,237	27,753,472,016
Surplus/(Deficiency)		9,696,452,192	9,617,823,834	6,271,881,465	4,183,815,178
<b>Capital Adequacy Ratio:</b>					
Common Equity Tier-1 (Against standard of minimum 6%)		15.02%	14.45%	13.82%	12.31%
Total Capital to Risk-weighted Asset Ratio		16.16%	15.70%	15.07%	13.67%
Minimum CRAR %		12.50%	11.875%	12.50%	11.875%
Surplus/(Deficiency) %		3.66%	3.83%	2.57%	1.79%

## 18 Statutory reserve

### Accounting policy

The Bank is required to transfer at least 20% of its profit before tax to the Statutory Reserve in accordance with provisions of section 24 of the Banking Companies Act, 1991. This is mandatory until such reserve is equal to the paid up capital together with amount in the share premium account.

Opening balance	6,428,088,086	4,813,606,868	6,428,088,086	4,813,606,868
Transferred from profit during the year	1,701,061,330	1,614,481,218	1,701,061,330	1,614,481,218
<b>Closing balance</b>	<b>8,129,149,416</b>	<b>6,428,088,086</b>	<b>8,129,149,416</b>	<b>6,428,088,086</b>
19 Dividend equalization fund				
Balance at the beginning of the year	355,218,455	355,218,455	355,218,455	355,218,455
Add: Addition during the year	-	-	-	-
	<b>355,218,455</b>	<b>355,218,455</b>	<b>355,218,455</b>	<b>355,218,455</b>

## 20 Revaluation reserve

### Accounting policy

#### Revaluation reserve on Govt. Securities

Revaluation reserve represents revaluation on Treasury bond (HFT and HTM) in accordance with the DOS circular no. 05, dated 26 May 2008.

#### Assets revaluation reserve

Other reserve comprises Investment revaluation reserve and fixed assets revaluation reserve. Where carrying amount of an item of property, plant and equipment is increased as a result of valuation, the increased amount is credited directly to equity under the heading of assets revaluation reserve as per IAS 16 Property, Plant and Equipment. If any deferred tax is applicable on such revaluation reserve then the same is deducted from revaluation reserve directly as a component of OCI (Other Comprehensive Income).

The details of revaluation reserve are as follows:

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Revaluation reserve on Govt. securities	20.1	98,965,051	5,593,264	98,965,051	5,593,264
Assets revaluation reserve	20.2	478,558,600	478,558,600	478,558,600	478,558,600
		<b>577,523,651</b>	<b>484,151,864</b>	<b>577,523,651</b>	<b>484,151,864</b>
<b>20.1 Revaluation reserve on Govt. securities</b>					
Balance at the beginning of the year		5,593,264	23,306,557	5,593,264	23,306,557
Add: Addition during the year		6,314,295,481	2,670,927,262	6,314,295,481	2,670,927,262
Less: Adjustment during the year		6,220,923,694	2,688,640,555	6,220,923,694	2,688,640,555
		<b>98,965,051</b>	<b>5,593,264</b>	<b>98,965,051</b>	<b>5,593,264</b>
<b>20.2 Assets revaluation reserve (land only)</b>					
Balance at the beginning of the year		478,558,600	516,373,535	478,558,600	516,373,535
Add: Revaluation gain on land valuation (net)		-	4,094,815	-	4,094,815
Less: Deferred tax due to revaluation		-	41,909,750	-	41,909,750
		<b>478,558,600</b>	<b>478,558,600</b>	<b>478,558,600</b>	<b>478,558,600</b>

## 21 Surplus in profit and loss account/Retained earnings (standalone)

### Accounting policy

#### Remeasurements gain/(loss) of defined benefits liability (assets)

Remeasurement gain/loss arises from the actuarial valuation report carried out by professional actuary time to time on BRAC Bank Employees' Gratuity Fund. The last actuarial valuation were carried out based on 31 December 2019 and actuarial gain/loss was recognised in equity as a component of equity net of any deferred tax impact.

Balance at the beginning of the year		9,794,724,973	7,991,713,548
Add: Remeasurements gain/(loss) of defined benefits liability (assets)	9.5.3	248,088,649	15,189,214
Add: Retained surplus for the year		5,645,802,388	5,547,303,999
Less: Transfer to statutory reserve		1,701,061,330	1,614,481,218
Less: Bonus share issued		1,608,750,420	2,145,000,570
<b>Closing balance</b>		<b>12,378,804,260</b>	<b>9,794,724,973</b>

## 21.1 Surplus in profit and loss account/Retained earnings (Consolidated)

<b>BRAC Bank Limited</b>	12,378,804,260	9,794,724,973
Less: Gain on disposal of BAMCL reported at Bank's accounts	(4,672,919)	-
<b>Sub total</b>	<b>12,374,131,341</b>	<b>9,794,724,973</b>
<b>BRAC EPL Investment Limited</b>		
Opening balance	(1,530,378,168)	(1,312,376,828)
Add: Retained Surplus/(deficit) for the year	(368,256,955)	(218,001,340)
Add: Effect of change of shareholding	(1,471,714)	-
Less: Impairment of Goodwill	-	-
<b>Sub total</b>	<b>(1,900,106,837)</b>	<b>(1,530,378,168)</b>
<b>BRAC EPL Stock Brokerage Limited</b>		
Opening balance	644,188,370	622,621,173
Add: Retained Surplus/(deficit) for the year	(76,494,122)	21,567,197
Less: Dividend distributed	-	-
Add: Reserve for stock dividend	-	-
<b>Sub total</b>	<b>567,694,248</b>	<b>644,188,370</b>
<b>bKash Limited</b>		
Opening balance	4,283,508,926	1,346,715,407
Add: Retained Surplus/(deficit) for the year	(259,151,786)	76,606,095

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Add: Effect of change in preference share of bKash		-	2,941,732,180		
Add: Remeasurements of defined benefits liability (assets)		-	(8,151,005)		
Less: Correction of wrongly recognised Goodwill		-	(73,393,751)		
<b>Sub total</b>		<b>4,024,357,140</b>	<b>4,283,508,926</b>		
<b>BRAC SAAJAN Exchange Limited</b>					
Opening balance		177,499,446	137,307,545		
Add: Retained Surplus/(deficit) for the year		18,813,452	40,191,901		
Less: Dividend distributed		(6,466,494)	-		
Add: Effect of change of shareholding		-	-		
<b>Sub total</b>		<b>189,846,404</b>	<b>177,499,446</b>		
<b>Associates</b>					
Opening balance - (biTS)		(26,625,602)	14,175,591		
Realised gain/(loss) - (biTS)		-	(42,567,529)		
Add: Share of profit/(loss) of equity in associate company - (biTS)		(3,564,399)	1,766,336		
Opening balance - (BAMCL)		(328,760)	(478,124)		
Add: Share of profit/(loss) of equity in associate company - (BAMCL)		-	149,364		
Gain/(loss) on disposal/loss of control of associates		5,001,679	-		
<b>Sub total</b>		<b>(25,517,082)</b>	<b>(26,954,362)</b>		
		<b>15,230,405,214</b>	<b>13,342,589,185</b>		
<b>21.1.1 Net effect of all items directly recognised in Equity</b>					
Effect of change of shareholding in subsidiaries		(1,471,714)	-		
Dividend distributed by BRAC SAAJAN Exchange Limited		(6,466,494)	-		
Remeasurement of defined benefits liability (assets)-Gratuity	21.1.1.a	248,088,649	7,038,209		
Effect of change in preference share of bKash	21.1.1.a	-	2,941,732,180		
		<b>240,150,441</b>	<b>2,948,770,389</b>		
<b>21.1.1.a</b>		The above adjustment arose due to issuance of preference share of bKash at a premium namely to "Alipay Singapore E-commerce Private Limited" in the year 2018 and remeasurements of defined benefits liability (assets)- Gratuity Fund in BRAC Bank Limited and bKash Limited.			
<b>21.2 Non Controlling Interest</b>					
<b>Accounting policy</b>					
Non-controlling interest (NCI) in business is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. The portion of the NCI (percentage of ordinary shares owned by non-controlling shareholders) in BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited and BRAC SAAJAN Exchange Limited are 0.05%, 10%, 49%, and 25% respectively.					
BRAC EPL Investments Limited		407,521	1,723,723		
BRAC EPL Stock Brokerage Limited		96,054,249	104,553,596		
bKash Limited		5,922,080,882	6,288,075,574		
BRAC SAAJAN Exchange Limited		62,695,169	55,769,686		
		<b>6,081,237,821</b>	<b>6,450,122,579</b>		

#### 21.2.1 Reconciliation of Non Controlling Interest

	BRAC EPL In-vestments Ltd.	BRAC EPL Stock Broker-age Ltd.	bkash Limited	BRAC SAAJAN Exchange Limited
Opening balance	1,723,723	104,553,596	6,288,075,574	55,769,686
Add: Share of profit	(201,356)	(8,499,347)	(365,994,692)	6,271,151
Add: Effect of change of shareholding	(1,114,846)	-	-	-
Add: Dividend payment	-	-	-	(2,155,498)
Add: Translation adjustment	-	-	-	2,809,830
	<b>407,521</b>	<b>96,054,249</b>	<b>5,922,080,882</b>	<b>62,695,169</b>

#### 22 Contingent liabilities

##### Accounting policy

Off Balance Sheet Items include various non-derivative financial instruments primarily letter of credit (L/C), letter of guarantee (L/G), acceptance and endorsements, bills for collection etc. and various derivative instruments like forward contracts and currency rate swaps etc.

The Bank has following exposures for contingent liabilities at reporting date:

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Acceptances and endorsements		27,669,571,296	31,170,526,059	27,669,571,296	31,170,526,059
Irrevocable letters of credit		12,226,956,921	16,394,979,800	12,226,956,921	16,394,979,800
Total Letters of credit and Acceptances and endorsements	22.1	39,896,528,217	47,565,505,859	39,896,528,217	47,565,505,859
Guarantees issued	22.2	13,089,590,151	10,218,069,408	13,089,590,151	10,218,069,408
Bills for collection	22.3	20,918,191,150	5,092,871,749	20,918,191,150	5,092,871,749
Other contingent liabilities	22.4	26,232,850,181	16,666,535,551	26,232,850,181	16,666,535,551
		<b>100,137,159,699</b>	<b>79,542,982,567</b>	<b>100,137,159,699</b>	<b>79,542,982,567</b>

##### 22.1 Irrevocable Letters of Credit including Acceptances and endorsements

Letter of credit (Inland)	74,376,474	10,904,828	74,376,474	10,904,828
Letter of credit (General)	26,867,830,468	34,789,655,142	26,867,830,468	34,789,655,142
Back to Back L/C	1,649,895,560	1,747,183,638	1,649,895,560	1,747,183,638
Back to Back bills	4,954,421,052	5,686,864,486	4,954,421,052	5,686,864,486
Back to Back bills (EDF)	6,350,004,662	5,330,897,765	6,350,004,662	5,330,897,765
	39,896,528,217	47,565,505,859	39,896,528,217	47,565,505,859
Less: Margin	622,674,986	607,438,283	622,674,986	607,438,283
	<b>39,273,853,231</b>	<b>46,958,067,576</b>	<b>39,273,853,231</b>	<b>46,958,067,576</b>

##### 22.2 Letter of Guarantee

Letter of guarantee (Local)	6,106,194,841	6,771,360,516	6,106,194,841	6,771,360,516
Letter of guarantee (Foreign)	257,165,750	1,169,468,250	257,165,750	1,169,468,250
Foreign counter guarantee	6,726,229,561	2,277,240,642	6,726,229,561	2,277,240,642
	13,089,590,151	10,218,069,408	13,089,590,151	10,218,069,408
Less: Margin	206,711,655	259,342,242	206,711,655	259,342,242
	<b>12,882,878,496</b>	<b>9,958,727,166</b>	<b>12,882,878,496</b>	<b>9,958,727,166</b>

Balance for which the Bank is contingently liable in respect of guarantee issued favouring:

Directors	-	-	-	-
Government	3,699,426,258	3,269,782,210	3,699,426,258	3,269,782,210
Bank and other financial institution	1,008,934,434	868,535,900	1,008,934,434	868,535,900
Others	8,381,229,459	6,079,751,298	8,381,229,459	6,079,751,298
	13,089,590,151	10,218,069,408	13,089,590,151	10,218,069,408
Less : Margin	206,711,655	259,342,242	206,711,655	259,342,242
	<b>12,882,878,496</b>	<b>9,958,727,166</b>	<b>12,882,878,496</b>	<b>9,958,727,166</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>22.3 Bills for collection</b>					
Outward local bills for collection		16,997,049,620	3,450,261,337	16,997,049,620	3,450,261,337
Outward foreign bills for collection		3,921,141,530	1,642,610,412	3,921,141,530	1,642,610,412
Inward local bills for collection		-	-	-	-
Inward foreign bills for collection		-	-	-	-
		<b>20,918,191,150</b>	<b>5,092,871,749</b>	<b>20,918,191,150</b>	<b>5,092,871,749</b>
<b>22.4 Other contingent liabilities</b>					
Contingent liabilities - SWAP		23,391,560,275	8,681,397,070	23,391,560,275	8,681,397,070
Contingent liabilities - FX deals		1,656,120,217	1,307,076,722	1,656,120,217	1,307,076,722
Forward contract		1,185,169,689	6,678,061,759	1,185,169,689	6,678,061,759
		<b>26,232,850,181</b>	<b>16,666,535,551</b>	<b>26,232,850,181</b>	<b>16,666,535,551</b>
<b>22.5 Significant concentration wise grouping</b>					
i) Documentary credits and short term trade related transactions		73,904,309,518	62,876,447,016	73,904,309,518	62,876,447,016
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) Spot and forward foreign exchange rate contracts		-	-	-	-
v) Other exchange contracts		2,841,289,906	7,985,138,481	2,841,289,906	7,985,138,481
vi) Others		23,391,560,275	8,681,397,070	23,391,560,275	8,681,397,070
		<b>100,137,159,699</b>	<b>79,542,982,567</b>	<b>100,137,159,699</b>	<b>79,542,982,567</b>
<b>22.6 Suit filed by the Bank</b>					
No law suit filed by the bank against contingent liabilities.					

### SECTION - THREE: NOTES TO PROFIT AND LOSS ACCOUNT

#### 23 Income statement

##### Income:

Interest, discount and similar income	23.1	35,070,248,466	29,013,570,955	32,142,681,220	26,817,728,192
Dividend income	26	114,317,656	132,160,478	120,783,955	132,160,478
Fees, commission and brokerage	23.2	5,851,605,628	6,533,273,718	2,420,662,636	1,880,127,204
Gains less losses arising from dealing securities		(134,371,259)	158,097,298	(134,371,259)	158,097,298
Gains less losses arising from investment securities/trading shares-MF		(200,493,546)	71,834,773	(195,820,627)	71,834,773
Gains less losses arising from dealing from foreign currencies	27	730,378,188	693,371,157	730,378,188	693,371,157
Gain less losses arising from repo		830,449,760	893,361,886	830,449,760	893,361,886
Income from non-banking assets		-	-	-	-
Other operating income	28	255,271,626	172,534,141	127,646,830	92,523,606
		<b>42,517,406,519</b>	<b>37,668,204,406</b>	<b>36,042,410,703</b>	<b>30,739,204,594</b>

##### Expenses:

Interest paid on deposits and borrowings etc.	25	14,697,927,471	11,660,482,140	14,654,308,149	11,574,281,608
Administrative expenses	23.3	12,684,545,799	11,441,900,748	7,246,866,776	7,103,700,343
Other operating expenses	37	3,767,683,277	4,026,750,022	2,557,229,126	2,459,714,775
Depreciation on banking assets	36	2,407,135,299	1,145,613,346	1,636,380,810	779,233,452
		<b>33,557,291,846</b>	<b>28,274,746,256</b>	<b>26,094,784,861</b>	<b>21,916,930,178</b>
<b>Operating Profit</b>		<b>8,960,114,673</b>	<b>9,393,458,150</b>	<b>9,947,625,842</b>	<b>8,822,274,416</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>23.1 Interest, discount and similar income</b>					
Interest on loans and advances		28,422,839,517	24,208,272,046	28,389,394,291	24,114,763,816
Interest on balance with other banks		633,933,296	14,806,877	30,174,085	14,693,760
Interest on fixed deposits with other banks		3,377,079,959	3,171,120,629	1,083,700,773	898,888,976
Other interest income		188,833,219	83,732,764	188,833,219	83,732,764
Interest on treasury bills and bonds		2,116,635,835	1,274,835,361	2,116,635,835	1,274,835,361
Interest Income on reverse REPO		81,211,611	111,350,842	81,211,611	111,350,842
Interest on subordinate bond		199,226,776	300,087,335	199,226,776	300,087,335
Interest on Zero Coupon Bond		15,698,088	19,375,338	15,698,088	19,375,338
Interest on Interest Rate Swap		7,674,370	-	7,674,370	-
Gain/Loss on Interest Rate Swap		30,132,172	-	30,132,172	-
Investment income/loss from subsidiaries		(3,016,377)	(170,010,237)	-	-
		<b>35,070,248,466</b>	<b>29,013,570,955</b>	<b>32,142,681,220</b>	<b>26,817,728,192</b>
<b>23.2 Fees, commission and brokerage</b>					
Fees		1,773,661,462	1,445,229,544	1,773,661,462	1,445,229,544
Commission		4,077,944,166	5,088,044,174	647,001,174	434,897,660
		<b>5,851,605,628</b>	<b>6,533,273,718</b>	<b>2,420,662,636</b>	<b>1,880,127,204</b>
<b>23.3 Administrative expenses</b>					
Salaries and allowances		7,869,286,126	6,436,945,569	5,578,849,064	4,681,288,758
Rent, taxes, insurance, electricity etc.		824,047,162	1,532,970,820	701,300,962	1,408,720,244
Legal expenses		57,680,540	76,193,857	31,142,353	55,210,529
Postage, stamps, telecommunication etc.		313,422,992	321,719,919	230,319,874	272,339,766
Stationery, printing, advertisement etc.		2,496,364,990	2,169,679,696	269,486,898	292,462,722
Chief Executive's salary and fees		18,775,000	13,971,499	18,775,000	13,971,499
Directors' fees and expenses		3,005,897	3,009,464	1,066,520	1,297,200
Auditors' fee		7,624,501	6,305,738	1,840,000	1,644,500
Repairs and maintenance of fixed assets		1,094,338,591	881,104,186	414,086,105	376,765,125
		<b>12,684,545,799</b>	<b>11,441,900,748</b>	<b>7,246,866,776</b>	<b>7,103,700,343</b>

#### 24 Interest income

##### Accounting policy

###### Interest Income

Interest income is recognised on an accruals 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 realisation basis as per Bangladesh Bank guidelines.

###### Interest and fees receivable on credit cards

Interest and fees receivable on credit cards are recognised on an accruals basis. Interest and fees cease to be taken into income when the recovery of interest and fees is in arrear for over three months. Thereafter, interest and fees are accounted for on realisation basis.

###### Income on Bills purchased and discounted

Income on Bills purchased and Discounted is recognised on accrual basis.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
SME		14,745,048,648	11,877,104,002	14,745,048,648	11,877,104,002
Retail		5,106,442,762	4,472,905,468	5,106,442,762	4,472,905,468
Corporate		8,187,540,468	7,373,536,187	8,187,540,468	7,373,536,187
Treasury		350,362,413	391,218,159	350,362,413	391,218,159
Margin loan		33,445,226	93,508,230	-	-
Interest on loans and advances		28,422,839,517	24,208,272,046	28,389,394,291	24,114,763,816
Interest on balance with other banks		633,933,296	14,806,877	30,174,085	14,693,760
Interest on fixed deposits with other banks		3,918,219,361	3,669,542,913	1,320,313,944	1,195,921,320
Other interest income		188,833,219	83,732,764	188,833,219	83,732,764
		33,163,825,393	27,976,354,600	29,928,715,539	25,409,111,660
Less: Elimination of inter unit/company transactions		541,139,402	498,422,284	236,613,171	297,032,344
		<b>32,622,685,991</b>	<b>27,477,932,316</b>	<b>29,692,102,368</b>	<b>25,112,079,316</b>

## 25 Interest paid on deposits and borrowings etc.

### Accounting policy

Interest paid and other expenses are recognised on an accrual basis.

#### A. Interest paid on deposits:

Current account	975,538,984	1,038,682,033	786,721,287	888,614,808
Short term deposit	158,691,433	219,665,905	158,691,433	219,665,906
Savings deposit	768,844,113	615,803,860	768,844,113	615,803,860
Term deposit	11,353,064,303	8,633,540,886	11,353,064,303	8,633,540,886
	<b>13,256,138,833</b>	<b>10,507,692,684</b>	<b>13,067,321,136</b>	<b>10,357,625,460</b>

#### B. Interest paid for borrowings:

Interest on money at call and short notice	135,203,032	102,466,237	135,203,032	102,466,237
Interest on borrowings from banks and FIs	1,421,468,420	1,379,660,766	1,262,140,564	1,242,137,518
Interest on funding SWAP	86,042,483	70,536,708	86,042,483	70,536,708
Bangladesh Bank-refinance	152,814,851	74,676,537	152,814,851	74,676,537
Interest on Repurchase agreement (REPO)	187,399,254	7,683,724	187,399,254	7,683,724
Interest on BBL Bond	-	16,187,768	-	16,187,768
	<b>1,982,928,040</b>	<b>1,651,211,740</b>	<b>1,823,600,184</b>	<b>1,513,688,492</b>
<b>Less: Elimination of inter unit/company transactions</b>	<b>15,239,066,873</b>	<b>12,158,904,424</b>	<b>14,890,921,320</b>	<b>11,871,313,952</b>
	<b>541,139,402</b>	<b>498,422,284</b>	<b>236,613,171</b>	<b>297,032,344</b>
	<b>14,697,927,471</b>	<b>11,660,482,140</b>	<b>14,654,308,149</b>	<b>11,574,281,608</b>

## 26 Investment income

### Accounting policy

Income on investments is recognised on an accruals basis. Investment income includes interest on treasury bills, treasury bonds, zero coupon, shares, debentures etc.

#### Dividend Income on Shares

Dividend income from investment in shares is recognised when the Banks right to receive the dividend is established. It is recognised when:

a. It is probable that the economic benefit associated with the transaction will flow to the entity; and

b. The amount of the revenue can be measured reliably.

The details of investment income are as follows:

Interest on treasury bills and bonds	2,116,635,835	1,274,835,361	2,116,635,835	1,274,835,361
Gain on dealing of securities - HFT Instruments	(134,371,259)	158,097,298	(134,371,259)	158,097,298
Reclassification gain on T-Bond	-	10,519,456	-	10,519,456
Interest Income on reverse REPO	81,211,611	111,350,842	81,211,611	111,350,842
Gain on REPO and reverse REPO	830,449,760	882,842,430	830,449,760	882,842,430
Dividend on preference shares	1,552,212	2,804,794	1,552,212	2,804,794
Dividend on ordinary shares	112,765,444	129,355,684	112,765,444	129,355,684
Dividend from subsidiary	-	-	6,466,299	-
Interest on subordinate bond	199,226,776	300,087,335	199,226,776	300,087,335

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Interest on Zero Coupon Bond		15,698,088	19,375,338	15,698,088	19,375,338
Interest on Interest Rate Swap		7,674,370	-	7,674,370	-
Gain/Loss on Interest Rate Swap		30,132,172	-	30,132,172	-
Gain/Loss on trading shares-MF (Realised)		(200,493,546)	71,834,773	(200,493,546)	71,834,773
Gain on disposal of associates		-	-	4,672,919	-
Investment income/(loss) of subsidiaries	26.1	(3,016,377)	(170,010,237)	-	-
		<b>3,057,465,086</b>	<b>2,791,093,074</b>	<b>3,071,620,681</b>	<b>2,961,103,311</b>

#### 26.1 Investment income/(loss) of subsidiaries

Dividend income	55,778,897	46,136,723
Realised gain/(loss) during the year	(116,959,058)	(31,776,596)
Fair value adjustment at reporting date	(248,567,271)	(192,772,006)
Share of profit of equity in associate company	2,758,371	292,754
Interest on treasury bills & bonds	303,972,684	8,108,888
	<b>(3,016,377)</b>	<b>(170,010,237)</b>

#### 27 Commission, exchange and brokerage

##### Accounting policy

The Bank earns fees and commission from a diverse range of services provided to its customers. These include fees and 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 and commission income arises on services rendered by the Bank are recognised on a realisation basis.

The details of commission, exchange and brokerage income are as follows:

Commission from sale of sanchaya patra	105,774,501	25,540,520	105,774,501	25,540,520
Commission from issue of payment orders, DD and TT	14,662,152	13,442,901	14,662,152	13,442,901
Commission from issue of letter of guarantee	78,816,403	66,606,792	78,816,403	66,606,792
Commission from issue of letters of credit (Import and Export)	300,375,589	326,583,209	300,375,589	326,583,209
Other commission	147,372,529	2,724,238	147,372,529	2,724,238
Gain or (Loss) on Foreign currency dealings	730,378,188	693,371,157	730,378,188	693,371,157
Loan processing fees	161,514,475	103,862,738	161,514,475	103,862,738
Account activity fees	335,157,037	283,332,335	335,157,037	283,332,335
Import and export related fees	190,445,220	114,588,559	190,445,220	114,588,559
Fees and Commission-Cards	688,826,837	566,708,508	688,826,837	566,708,508
Relationship Fees	7,367,646	7,404,295	7,367,646	7,404,295
Loan Early Settlement Fees	98,733,990	86,828,342	98,733,990	86,828,342
Service Charges for ATM Card	165,674,054	174,297,695	165,674,054	174,297,695
Fund Collection/ Transfer Fees	99,600	76,630	99,600	76,630
Student Service Centre Fees	9,344,250	3,409,500	9,344,250	3,409,500
Cancellation fees	38,515	43,200	38,515	43,200
Cheque collection fees	245,550	264,400	245,550	264,400
Custodian fees	21,974,551	16,606,736	21,974,551	16,606,736
Other fees	94,239,737	87,806,606	94,239,737	87,806,606
Commission and brokerage income of subsidiaries	3,440,178,187	4,657,615,613	-	-
	<b>6,591,219,011</b>	<b>7,231,113,974</b>	<b>3,151,040,824</b>	<b>2,573,498,361</b>
Less: Elimination of inter unit/company transactions	9,235,195	4,469,099	-	-
<b>Total Fees, commission and charges</b>	<b>6,581,983,816</b>	<b>7,226,644,875</b>	<b>3,151,040,824</b>	<b>2,573,498,361</b>

#### 27.1 Other fees

Passport Endorsement Fees	609,445	660,800	609,445	660,800
Locker fees	4,826,767	4,739,675	4,826,767	4,739,675
Service fees - ATM	583,691	602,051	583,691	602,051
Service fees - BIT	964,969	1,325,681	964,969	1,325,681

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Service fees - bKash		2,312,515	1,137,503	2,312,515	1,137,503
Annual Membership Fees-Premium Banking		119,000	88,500	119,000	88,500
Membership Fees-ELDORADO		-	258,262	-	258,262
Annual Fees-SMS Banking		39,015,062	44,118,785	39,015,062	44,118,785
Annual Fees-Internet Banking		626,500	89,000	626,500	89,000
Cash withdrawal from branch POS		400	-	400	-
Syndication Fees		30,463,978	23,774,958	30,463,978	23,774,958
E-commerce acquiring fees		14,717,410	11,011,391	14,717,410	11,011,391
		<b>94,239,737</b>	<b>87,806,606</b>	<b>94,239,737</b>	<b>87,806,606</b>

## 28 Other operating income

### Accounting policy

The profit on sale of fixed assets 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.

Profit on sale of fixed assets	11,105,165	8,770,943	11,105,165	8,770,943
Profit share from other bank	99,182,058	71,663,438	99,182,058	71,663,438
Miscellaneous income	17,359,607	12,089,225	17,359,607	12,089,225
Other operating income of subsidiaries	127,624,796	80,010,535	-	-
	<b>255,271,626</b>	<b>172,534,141</b>	<b>127,646,830</b>	<b>92,523,606</b>

## 29 Salaries and allowances/Employee benefits

### Accounting policy

#### 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 recognised 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 employees 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. Upon completion of 1 year of service length after confirmation employees are entitled to 100% of employer's contribution along with his/her own contribution. Interest earned from the investments is credited to the members' account on half yearly basis.

#### 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 recognised Gratuity fund on 6th March 2006. The fund is operated by a Board of Trustees consisting of 8 (eight) members of the Bank. Employees are entitled to Gratuity benefit after completion of minimum 05 (five) years of service in the Bank. 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, or in the case of service of 10 years or more at the rate of one and half 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.

The Bank's net obligation in respect of gratuity is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

As per IAS 19 Employee Benefits, the value of defined benefit obligation and plan assets/gratuity fund is to be recorded in the financial statements of the Bank irrespective of the funded status of the same. As such the Bank recognised the closing balance of defined benefit obligation and plan assets as per Actuarial Valuation Report for the year ended 31 December 2019 in the balance sheet of the Bank (Note - 9.5). Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Bank determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense, current service cost and other expenses related to defined benefit plans are recognised as salaries and allowances in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

#### **Worker's Profit Participation Fund (WPPF)**

Consistent with the industry practice and in accordance with the Bank Company Act, 1991, no provision has been made for WPPF.

#### **Life Insurance**

The objective of the scheme is to provide death or permanent disability benefits to its confirmed employees and on their families with a sum equal to 50 times (in case of normal death) and 100 times (in case of accidental death) of the last drawn basic salary to the nominee.

#### **Welfare Fund**

The objective of the Employees' Welfare Fund is to provide regular category employees from Officer Grade-1 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 are contributing monthly to the Fund according to the designation. The sum subscribed monthly from salaries of the employees is credited separately in an "Employee Welfare Fund" as a liability of the Bank. There are at least 3 (three) members of Management Committee to manage the fund. The Managing Director and CEO of the Bank is the Chairperson of this committee and other 2 (two) 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 dependents at rates provided in the health insurance coverage policy.

#### **Performance bonus**

BRAC Bank provides performance bonus to the eligible employees every year. This bonus amount is being distributed among the employees based on their performance and management decision. The bonus amount is paid annually, normally in the following year and the costs are accounted for in the period to which it relates.

#### **Annual leave**

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

#### **Subsidized Scheme - Staff Loan**

Personal, House building and car loans are 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 can avail personal loan taking approval from department head and Head of HR subject to completion of a specific service length and performance rating.

**House building Loan:** A permanent staff completing 5 year of service can avail house building loan taking approval from House Building Loan Committee subject to performance rating and completed service length with BRAC Bank.

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

### **30 Rent, taxes, insurance, electricity, etc.**

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Rent, rates and taxes	30.1	359,885,809	1,088,110,679	337,083,494	1,040,003,325
Insurance		213,694,842	175,042,728	156,942,237	137,030,101
Power and electricity		231,784,176	253,515,415	188,675,860	215,559,317
WASA and sewerage		18,682,335	16,301,998	18,599,371	16,127,501
		<b>824,047,162</b>	<b>1,532,970,820</b>	<b>701,300,962</b>	<b>1,408,720,244</b>
<b>30.1 Rent, taxes, insurance, electricity, etc.</b>					
Rent, taxes, insurance, electricity, etc.		1,413,366,378	1,088,110,679	1,143,800,056	1,040,003,325
Reversal of rent expenses due to depreciation and interest expenses under IFRS 16 "Leases"		1,053,480,569	-	806,716,562	-
		<b>359,885,809</b>	<b>1,088,110,679</b>	<b>337,083,494</b>	<b>1,040,003,325</b>
<b>31 Postage, stamp, telecommunication, etc.</b>					
Postage and courier		80,504,984	66,684,021	57,463,362	53,278,434
Telegram, telex, fax and network		117,972,030	135,880,651	88,361,987	99,906,085
Court fees and stamps		30,125,147	42,178,534	30,125,147	42,178,534
Telephone		84,820,831	76,976,713	54,369,378	76,976,713
		<b>313,422,992</b>	<b>321,719,919</b>	<b>230,319,874</b>	<b>272,339,766</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>32 Stationery, printing, advertisements, etc.</b>					
Stationery and Printing		164,488,336	139,738,195	147,629,830	126,860,738
Security Stationery		53,279,699	52,113,432	53,279,699	52,113,432
Advertisement		2,278,596,955	1,977,828,069	68,577,369	113,488,552
		<b>2,496,364,990</b>	<b>2,169,679,696</b>	<b>269,486,898</b>	<b>292,462,722</b>
<b>33 Chief Executive's salary and allowances</b>					
Basic salary		12,600,000	9,775,600	12,600,000	9,775,600
Bonus and others	33.1	4,675,000	3,709,000	4,675,000	3,709,000
House rent allowance		1,500,000	476,666	1,500,000	476,666
Medical allowance		-	10,233	-	10,233
		<b>18,775,000</b>	<b>13,971,499</b>	<b>18,775,000</b>	<b>13,971,499</b>
<b>33.1 Bonus and others</b>					
Festival Bonus		2,100,000	1,548,000	2,100,000	1,548,000
Performance Bonus		1,000,000	1,000,000	1,000,000	1,000,000
Leave Fair Assistance		1,575,000	1,161,000	1,575,000	1,161,000
		<b>4,675,000</b>	<b>3,709,000</b>	<b>4,675,000</b>	<b>3,709,000</b>
<b>34 Directors' fees</b>					
Directors' fees represent fees paid for attending board meeting, board audit committee meeting and risk management committee meeting @ Tk. 8,000 from January to December 2019 per director per meeting.					
<b>Breakup of Directors fees and expenses are given below:</b>					
Meeting attendance fees		3,005,897	3,009,464	1,066,520	1,297,200
		<b>3,005,897</b>	<b>3,009,464</b>	<b>1,066,520</b>	<b>1,297,200</b>
<b>35 Auditor's fees</b>					
Audit fees		7,624,501	6,305,738	1,840,000	1,644,500
		<b>7,624,501</b>	<b>6,305,738</b>	<b>1,840,000</b>	<b>1,644,500</b>
<b>36 Depreciation and repair of the bank's assets</b>					
<b>Accounting policy</b>					
Refer to Note 8 Fixed assets including premises, furniture and fixtures for the relevant accounting policy.					
<b>Depreciation of Property plant and equipment</b>					
Furniture and fixtures		197,283,837	208,899,211	178,233,349	189,561,833
Office floor space		617,701	624,406	100,858	100,858
Office equipment		135,690,778	151,461,645	120,319,690	134,961,746
IT hardware		562,961,640	426,500,918	336,055,749	280,025,879
Motor vehicles		84,862,562	77,703,919	62,007,944	58,322,532
Leasehold improvement		20,333,067	20,086,356	-	-
Right of use assets (ROU) as per IFRS 16		949,269,580	-	733,943,048	-
IT software		456,116,134	260,336,891	205,720,172	116,260,604
		<b>2,407,135,299</b>	<b>1,145,613,346</b>	<b>1,636,380,810</b>	<b>779,233,452</b>
<b>Repairs and Maintenance expenses</b>					
Transportation expenses		394,459,385	323,844,293	293,000,003	240,180,355
Equipment repairing expense		72,559,463	64,710,385	24,059,860	29,937,736
Hardware and software maintenance expense		567,779,141	436,320,581	44,535,268	55,979,119
Premises maintenance expense		59,540,602	56,228,927	52,490,974	50,667,915
		<b>1,094,338,591</b>	<b>881,104,186</b>	<b>414,086,105</b>	<b>376,765,125</b>
<b>Total</b>		<b>3,501,473,890</b>	<b>2,026,717,532</b>	<b>2,050,466,915</b>	<b>1,155,998,577</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>37 Other expenses</b>					
Conveyance expense		133,273,609	131,672,290	133,273,609	131,672,290
Fuel expenses		26,110,283	26,762,095	26,110,283	26,762,095
Traveling cost		63,358,414	81,444,848	63,358,414	81,444,848
Professional fees		32,839,358	84,025,139	32,839,358	84,025,139
Entertainment		68,298,034	80,902,083	68,298,034	80,902,083
SWIFT cost		6,043,979	8,282,768	6,043,979	8,282,768
Business promotion and development		122,191,199	135,880,724	122,191,199	135,880,724
Books, news papers and periodicals		2,067,320	2,169,946	2,067,320	2,169,946
Donation and subscription		96,620,035	140,949,071	96,620,035	140,949,071
Sponsorship		69,537,066	69,588,991	69,537,066	69,588,991
Government Levy, VAT and excise duty		7,988,929	31,525,051	7,988,929	31,525,051
Other operational loss		2,574,659	3,196,968	2,574,659	3,196,968
Staff training and development		60,576,577	66,931,177	60,576,577	66,931,177
Staff liveries		8,223,657	3,390,157	8,223,657	3,390,157
Staff recruitment		4,623,975	2,295,346	4,623,975	2,295,346
Salaries and allowance -outsourcing staff		326,231,534	312,935,563	326,231,534	312,935,563
Staff sales incentives		399,150,020	387,447,260	399,150,020	387,447,260
Bank charges		19,490,982	28,131,968	19,490,982	28,131,968
Interest expense for leased liability as per IFRS 16		252,543,973	-	208,355,804	-
Crockeries		2,057,927	1,762,818	2,057,927	1,762,818
Documentation charges - CIB		11,250,600	15,737,570	11,250,600	15,737,570
IT enabled services		393,189,702	366,124,993	393,189,702	366,124,993
AGM expenses		6,199,998	4,500,000	6,199,998	4,500,000
Bond issue expenses		-	1,550,456	-	1,550,456
Security guard cost		250,403,810	268,539,323	250,403,810	268,539,323
Commission paid to vendors		7,067,019	3,616,908	7,067,019	3,616,908
Cash carrying charges		93,609,355	103,700,912	93,609,355	103,700,912
Spare parts expense		81,802,224	63,691,614	81,802,224	63,691,614
Archiving expense		27,534,080	27,400,673	27,534,080	27,400,673
Commission paid to agents		21,520,723	1,003,568	21,520,723	1,003,568
Miscellaneous		5,038,254	4,554,495	5,038,254	4,554,495
Impairment of goodwill	37.1	-	(76,840,154)	-	-
Other expenses of subsidiaries	37.2	1,175,501,177	1,648,344,500	-	-
		<b>3,776,918,472</b>	<b>4,031,219,121</b>	<b>2,557,229,126</b>	<b>2,459,714,775</b>
Less: Elimination of inter unit/company transactions		9,235,195	4,469,099	-	-
		<b>3,767,683,277</b>	<b>4,026,750,022</b>	<b>2,557,229,126</b>	<b>2,459,714,775</b>

### 37.1 Impairment of goodwill

#### Accounting policy

Refer to the "Intangible assets" section of Note 8 Fixed assets including premises, furniture and fixtures for the relevant accounting policy.

Reversal of goodwill-bKash Limited	-	73,393,751
Impairment expense (Correction of goodwill impairment)	-	(150,233,905)
	<b>-</b>	<b>(76,840,154)</b>

### 37.2 Other expenses of subsidiaries

BRAC EPL Investments Limited	10,910,137	12,470,514
BRAC EPL Stock Brokerage Limited	150,463,384	184,192,337
bKash Limited	507,929,083	908,307,728
BRAC SAAJAN Exchange Limited	506,198,573	543,373,921
	<b>1,175,501,177</b>	<b>1,648,344,500</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
<b>38 Share of profit/(loss) of associates</b>					
BRAC IT Services Limited		(3,564,399)	1,766,336		
BRAC Asset Management Company Limited		-	149,364		
		<b>(3,564,399)</b>	<b>1,915,700</b>		
<b>39 Provisions</b>					
<b>Accounting policy</b>					
Refer to Note 16 Other liabilities for the relevant accounting policy.					
<b>Provision for loans and advances</b>					
Specific provision charged during the year		1,742,585,563	1,304,870,528	1,742,585,563	1,304,870,528
Recovery of written off bad debts		(786,257,664)	(783,059,719)	(786,257,664)	(783,059,719)
Specific provision (net off recovery) for the year*		956,327,899	521,810,809	956,327,899	521,810,809
General provision charged during the year		139,800,906	161,934,329	139,800,906	161,934,329
<b>Total provision for loans and advances</b>		<b>1,096,128,805</b>	<b>683,745,138</b>	<b>1,096,128,805</b>	<b>683,745,138</b>
Diminution in value of Investments		534,400,000	116,400,000	534,400,000	116,400,000
Off Balance Sheet items		(192,000,000)	(37,000,000)	(192,000,000)	(37,000,000)
<b>Other provisions:</b>					
Other assets		19,755,134	(10,762,161)	1,063,711	(13,276,810)
Interest receivable from loan		2,726,674	-	2,726,674	-
		<b>1,461,010,613</b>	<b>752,382,977</b>	<b>1,442,319,190</b>	<b>749,868,328</b>

#### 40 Provision for taxation

##### Accounting policy

Income tax on profit 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.

##### 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 are recognised as a liability or asset to the extent that it is unpaid or refundable.

Provision for current income tax has been made @ 37.5% on the taxable business income and @ 20% on taxable dividend income as prescribed in the Finance Act 2019.

##### Deferred Tax

The Bank accounted for deferred tax as per IAS 12 Income Taxes. Deferred tax is accounted for any 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.

As per BRPD circular no. 6 of 2011, the Bank is not allowed to net off deferred tax asset against deferred tax liability.

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

Current tax on taxable income	3,993,350,029	2,994,171,667	3,718,904,812	2,523,031,538
Deferred tax expense/ (income) (Net)	(1,075,395,289)	(21,249,563)	(859,400,548)	2,070,551
<b>Total provision for Taxation</b>	<b>2,917,954,740</b>	<b>2,972,922,104</b>	<b>2,859,504,264</b>	<b>2,525,102,089</b>

Particulars	Note	2019 (Standalone)		2018 (Standalone)	
		%	Taka	%	Taka
<b>40.1 Reconciliation of effective tax rate (Standalone)</b>					
Profit before income tax as per profit and loss account			8,505,306,652		8,072,406,088
Income tax as per applicable tax rate		37.50%	3,189,489,995	37.50%	3,027,152,283
<b>Factors affecting the tax charge for current year</b>					
Inadmissible expenses		25.81%	2,195,605,103	19.82%	1,616,265,468
Admissible expenses in the current year (i.e. write-off etc.)		-16.27%	(1,384,023,655)	-20.70%	(1,683,206,373)
Tax exempted income		-3.07%	(261,029,438)	-4.85%	(394,297,194)
Tax savings from reduced tax rates for dividend		-0.25%	(21,137,192)	-0.28%	(23,128,084)
Tax loss/(savings) from reduced tax rates for capital gain		0.00%	-	-0.24%	(19,754,563)
Effect of deferred tax		-10.10%	(859,400,548)	0.03%	2,070,551
<b>Total income tax expenses</b>		<b>33.62%</b>	<b>2,859,504,264</b>	<b>31.28%</b>	<b>2,525,102,089</b>

#### 41 Earnings Per Share

##### Accounting policy

Earnings Per Share (EPS) has been computed by dividing the basic earning by the weighted average number of ordinary shares outstanding at the end of the year as per IAS 33 Earnings 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 IAS 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 resource generating new earnings. Therefore, the total number of shares issued in 2019 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

The objective of diluted earnings per share is consistent with that of basic earnings per share; that is, to provide a measure of the interest of each ordinary share in the performance of an entity taking into account dilutive potential ordinary shares outstanding during the year.

As per IAS-33 "Earnings Per Share", the calculation of diluted earning per share does not assume conversion, exercise or other issue of potential ordinary shares that would have an anti dilutive effect on earning per share. The bank has no dilutive instruments that is why we are not considering the diluted earning per share.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Profit after taxation		4,582,586,600	5,670,068,769	5,645,802,388	5,547,303,999
Less: Profit/loss attributable to Non controlling interest		(368,424,244)	123,645,063	-	-
Profit attributable to ordinary shareholders of BRAC Bank Limited		4,951,010,844	5,546,423,706	5,645,802,388	5,547,303,999
Weighted average number of shares outstanding		1,233,375,327	1,233,168,904	1,233,375,327	1,233,168,904
<b>Earnings Per Share (EPS)</b>		<b>4.01</b>	<b>4.50</b>	<b>4.58</b>	<b>4.50</b>

## SECTION - FOUR : NOTES TO CASH FLOW STATEMENT

### 42 Cash and Cash Equivalents

#### Accounting policy

For the purpose of presentation in the cash flow statements, cash and cash equivalents includes cash in hand and cash at bank (regardless of maturity), highly liquid interest bearing investment/securities with original maturities of less than three month.

However unencumbered portion of balance with Bangladesh Bank is presented in liquidity statement with maturity more than five years but considering the requirement of BRPD 14 dated 25 June 2003, this amount is considered as cash and cash equivalents in the cash flow statement.

Cash flow statement is prepared in accordance with IAS 7 Statement of Cash Flows. However cash flows from operating activities have been presented according to the format mentioned in BRPD circular no. 14 dated 25 June 2003.

The details of cash and cash equivalents are as follows:

Particulars	Note	Consolidated		BRAC Bank Limited	
		2019	2018	2019	2018
Cash in hand (including foreign currency)	3.1	6,961,056,855	6,674,699,654	6,726,443,188	6,654,775,781
Balance with Bangladesh Bank and its agents banks (including foreign currency)	3.2	16,103,064,899	15,719,774,488	16,103,064,899	15,719,774,488
Balance with other banks and financial institutions	4	46,597,711,756	44,651,943,921	15,799,498,546	14,878,545,136
Money at call and on short notice	5	-	-	-	-
Prize Bond	6.1	1,867,700	1,097,600	1,867,700	1,097,600
		<b>69,663,701,210</b>	<b>67,047,515,663</b>	<b>38,630,874,333</b>	<b>37,254,193,005</b>
<b>43 Receipts from other operating activities</b>					
Miscellaneous Income		17,194,953	12,089,225	17,194,953	12,089,225
Gain/(loss) on trading shares		(200,493,546)	71,834,773	(200,493,546)	71,834,773
Profit share from other banks		99,182,058	71,663,438	99,182,058	71,663,438
Gain/(loss) on dealing of securities - HFT Instruments		(134,371,259)	158,097,298	(134,371,259)	158,097,298
Reclassification gain on T-Bond		-	10,519,456	-	10,519,456
Gain/Loss on Interest Rate SWAP		30,132,172	-	30,132,172	-
Gain on REPO and reverse REPO		830,449,760	882,842,430	830,449,760	882,842,430
Other receipts of subsidiaries		(45,621,747)	50,681,024	-	-
		<b>596,472,391</b>	<b>1,257,727,644</b>	<b>642,094,138</b>	<b>1,207,046,620</b>
<b>44 Payment for other operating activities</b>					
Rent, taxes, insurance, electricity etc.		1,509,520,288	1,398,195,496	1,509,520,288	1,398,195,496
Audit fees		1,664,707	1,472,000	1,664,707	1,472,000
Directors fees and expenses		1,108,520	1,297,200	1,108,520	1,297,200
Repair and maintenance		382,658,502	350,643,259	382,658,502	350,643,259
Other expenses		2,333,390,258	2,712,131,994	2,333,390,258	2,712,131,994
Legal expenses		47,507,921	57,250,142	47,507,921	57,250,142
Other payments of subsidiaries		485,126,977	331,041,070	-	-
		<b>4,760,977,173</b>	<b>4,852,031,161</b>	<b>4,275,850,196</b>	<b>4,520,990,091</b>
<b>45 Net asset value (NAV) per share</b>					
Net asset value attributable to shareholders of parent		40,582,407,358	35,250,062,723	37,658,130,242	31,637,951,839
Number of ordinary share outstanding at the end of the year		1,233,375,327	1,233,375,327	1,233,375,327	1,233,375,327
		<b>32.90</b>	<b>28.58</b>	<b>30.53</b>	<b>25.65</b>
<b>46 Net operating cash flow per share</b>					
Net operating cash flow		25,821,767,819	10,309,395,150	22,706,306,093	3,710,072,828
Number of ordinary share outstanding at the end of the year		1,233,375,327	1,233,375,327	1,233,375,327	1,233,375,327
		<b>20.94</b>	<b>8.36</b>	<b>18.41</b>	<b>3.01</b>

## SECTION - FIVE : GENERAL DISCLOSURES

### 47 General Disclosures

#### 47.1 Audit Committee

An audit committee was constituted by the Board of Directors of BRAC Bank Limited in its 23rd meeting held on 02 March 2003. Subsequently, through the Resolution by Circulation held on 18 October 2019 reconstituted the Audit Committee as under:

SI No	Name of Director	Status with the Bank	Status with the Committee	Educational Qualification
01	Ms. Fahima Choudhury	Independent Director	Chairman	M.Sc. Management
02	Mr. Asif Saleh	Nominated Director	Member	Masters of Business Administration
03	Ms. Farzana Ahmed *	Independent Director	Proposed	MA (Hons) Philosophy, Politics, Economics & Chartered Accountant

\* The Bank applied to the Regulatory Bodies for appointment of Ms. Farzana Ahmed on 06 October 2019 as Independent Director and received the approval on 29 January 2020.

During the period ended 31 December 2019, the Audit Committee of the Board conducted 08 (Eight) meeting in which among others, the following issues were discussed:

- the Fixed Asset Policy,
- the fraud/forges and operational loss report,
- technology incidents,
- overall effectiveness of Internal Control System,
- audit observations on branches, departments, SME Unit offices,
- audit observations on information systems,
- Annual Health Report of BRAC Bank Limited 2018,
- Management Report of BRAC Bank Limited for the year ended 31 December 2018.

#### 47.2 Related Party/(ies) Transactions

i) The bank carried out transactions with related parties in the normal course of business on an arms length basis. As on 31 December 2019, 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.

SI No	Name of the Related Parties	Relationship with BBL	Nature of Transaction	Balance at the end of year
1	bKash Limited	Subsidiary	Deposits	2,836,521,070
2	BRAC and Its associated organisation	Parent Company	Deposits	7,977,371,085
3	BRAC EPL Investments Limited	Subsidiary	Deposits	4,391,805
4	BRAC EPL Stock Brokerage Limited	Subsidiary	Deposits	51,501,470
5	BRAC IT Services Limited (biTS)	Associates	Deposits	47,479,384
6	BRAC Saajan Exchange Limited	Subsidiary	Deposits	22,473,887
7	Equity Partners Limited (Eschrow Account)	Common Board member	Deposits	20,667,337
8	Industrial and Infrastructure Dev. Finance Co Limited	Sponsor Shareholder	Deposits	2,775,341
9	Policy Research Institute Of Bangladesh	Common Board member	Deposits	1,065,417
10	Purnava Limited	Common Board member	Deposits	479,884
11	Renata Limited	Common Board member	Deposits	382,154,874
12	BRAC EPL Investments Limited	Subsidiary	Continuous loan	798,405,356
13	BRAC Saajan Exchange Limited	Subsidiary	Continuous loan	206,309,695
14	Dr. Ahsan. H. Mansur	Director	Credit card	-
15	Mr. Asif Saleh	Director	Credit card	43,205
16	Ms. Fahima Choudhury	Director	Credit card	3,452
17	Mr. Kaiser Kabir	Director	Credit card	112,524
18	Mr. Kazi Mahmood Sattar	Director	Credit card	41,948
19	Ms. Nihad Kabir	Director	Credit card	95,401
20	Mr. Selim R.F. Hussain	MD and CEO	Credit card	141,771
21	Key Management Personnel (Note - 7.6)	Senior Management	Loans and Advances	175,294,476
22	BRAC Bank Employees' Gratuity Fund (Post employment benefit plan)	Details of transactions with BRAC Bank Employees' Gratuity Fund can be found at note no 9.5.		

Details of transactions with related parties can be found at annexure - K

ii) Name of Directors and the entities in which they have interest as on 31 December 2019:

Sl No	Name of director	Status with the Bank	Name of the firms/companies in which they have interest	Educational qualification
1	Dr. Ahsan H. Mansur	Chairman	Policy Research Institute of Bangladesh (PRI) Walton Hi-Tech Industries Water Garden Resort and Spa	Ph.D in Economics, University of Western Ontario, Canada, M.A. Economics, McMaster University, Canada, M.A. in Economics, University of Dhaka ,Bangladesh
2	Ms. Nihad Kabir (Nominated by BRAC)	Director	Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) BRAC EPL Investments Limited BRAC EPL Stock Brokerage Ltd. bKash Limited Infrastructure Development Company Limited (IDCOL) Square Textiles Ltd. Siam City Cement (Bangladesh) Limited Kedarpur Tea Company Limited Shaistaganj CNG Co. Limited Sathgao Tea Estate Limited	L.L.B., L.L.M.,(UK), (Barrister at Law)
3	Mr. Kaiser Kabir (Nominated by BRAC)	Director	Renata Limited Renata Agro Industries Limited Purnava Limited Renata Oncology Limited	MPhil in Economics, University of Oxford, UK, Postgraduate Diploma in Economics with Distinction, University of East Anglia, UK, Bachelor of Arts in Economics and International Relations, Claremont McKenna College, USA
4	Mr. Asif Saleh (Nominated by BRAC)	Director	BRAC BRAC IT Services Limited BRAC Net Limited	Masters of Business Administration, New York University, Stern School of Management
5	Mr. Kazi Mahmood Sattar (Independent Director)	Director	RSA Advisory Ltd. RSA Solution Limited RSA Aviation Limited Blue-Wealth Assets Limited BRAC SAJJAN Exchange Limited Unique Hotel and Resorts Limited bKash Limited	M.Com (Accounting) B. Com (Honours) Finance, University of Dhaka
6	Ms. Fahima Choudhury (Independent Director )	Director	Ogilvy & Mather Communications Pvt. Ltd Adcomm Ltd. Adcomm Holdings Ltd. Aktivision Advertising Ltd Graphic People Nazimgarh Resorts Ltd Northbrook Consultants Ltd Screaming Girl Production Ltd. Software People Northern Resorts	B.Sc. (Hons.) Management and M.Sc. Management from London School of Economics and Political Science, the United Kingdom
7	Mr. Selim R.F. Hussain	Managing Director & CEO	IIDFC BRAC EPL Investments Ltd. BRAC EPL Stock Brokerage Ltd. bKash Limited BRAC IT Services Limited BRAC Sajaan	MBA (IBA) University of Dhaka

	Taka
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 Banking Companies Act,1991.	Nil
vi) Loan and advances to Directors and subsidiaries:	1,005,188,810
Classification Status	Unclassified
vii) Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Banking Companies Act,1991.	Nil
viii) Investment in the Securities of Directors and their related concern:	
* Industrial and Infrastructure Development Finance Co. Limited	
* Square Pharmaceutical Limited	

#### 47.3 Claim not acknowledged as Debt

There was no claim against the Bank not acknowledged as debt as on 31 December 2019.

#### 47.4 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 8,160 (2018: 7,085).

#### 47.5 Approval of the financial statements

The financial statements were approved by the Board of Directors on 23 April 2020.

#### 47.6 Events after the Balance Sheet Date

As per IAS - 10 "Events after the Reporting Period" events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of event can be identified:

- (a) Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and
- (b) Non adjusting events after the reporting period, are those that are indicative of conditions that arose after the reporting period.

The details about the events after reporting period are as follows:

- A. On 11 March 2020, COVID-19 has been declared a pandemic by the World Health Organisation, and Bangladesh Government has taken restrictive measures including declared general public holidays to contain its further spread affecting free movement of people and goods. As consequence, the COVID-19 outbreak has brought about additional challenges in the Bank's operating environment and has impacted the Bank's operations in Bangladesh. Essentially Bangladesh Bank is governing the operational model which is a limited scale operation supporting cash and international trade transactions at branches while on-line supports continue as usual.

The Bank is closely monitoring the impact of the developments on the Bank's businesses. As the situation is fast evolving, the effect of the outbreak is subject to significant levels of uncertainty, with the full range of possible effects unknown.

- B. The Board of Directors in its 270th Board meeting held on 23 April 2020 has proposed 15% dividend (Cash dividend: 7.5% and stock dividend: 7.5%) subject to the approval of the Shareholders at the next Annual General Meeting.

Managing Director and CEO

Director

Director

Chairman

**BRAC Bank Limited (Standalone)**  
**HIGHLIGHTS ON THE OVERALL ACTIVITIES**

As at 31 December 2019

Annexure - A

Particulars	Note	Amount in BDT unless otherwise specified	
		2019	2018
Paid-up capital	17.2	12,333,753,270	10,725,002,850
Total capital including general provisions	17.8	36,822,026,702	31,937,287,194
Capital surplus	17.8	6,271,881,465	4,183,815,178
Total assets		367,920,356,197	315,416,675,274
Total deposits	15	268,309,328,462	233,509,350,234
Total loans and advances	7	264,091,181,535	238,008,103,268
Total contingent liabilities and commitments	22	100,137,159,699	79,542,982,567
Income from investments	26	3,071,620,681	2,961,103,311
Profit after tax and provisions		5,645,802,388	5,547,303,999
Amount of classified loans during the current year	7.8	10,524,563,993	7,378,740,265
Provision kept against classified loans	16.1	6,081,309,787	5,066,669,024
Provisions surplus/deficit	7.12	233,607,255	698,282,837
Interest earning assets		355,147,418,684	307,272,176,086
Non-Interest earning assets		12,772,937,513	8,144,499,188
Credit deposit ratio (Loans and Advances/Deposits)*		82.10%	82.78%
Credit deposit ratio (Loans and Advances/Deposits) including OBU*		83.90%	N/A
Percentage of classified loans against total loans and advances		3.99%	3.10%
Cost of fund		7.08%	6.75%
Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]		8.23%	9.00%
Return on Assets (ROA) [PAT/Average assets]		1.65%	1.87%
Return on Equity (ROE) [PAT/Average shareholders equity]		16.29%	19.25%
Earnings per share [previous years figure restated]	41	4.58	4.50
Net income per share [(PAT-Dividend on preference share/No. of Ordinary Shares)] [previous years figure restated]		4.58	4.50
Price earning ratio (Market price per share/EPS)		12.47	14.05
Net Asset Value per Share (NAV) [(Shareholders equity- Preference Share)/No. of Ordinary Share] [previous years figure restated]		30.53	25.65
Net Operating Cash Flow Per Share [previous years figure restated]	46	18.41	3.01

\* Credit deposit ratio has been computed as per Bangladesh Bank guideline.

**BRAC Bank Limited****STATEMENT OF OUTSTANDING UNRECONCILED ENTRIES IN NOSTRO ACCOUNTS**

As at 31 December 2019

Annexure - B

Nostro Account represents outstanding transactions (net) originated but yet to be responded at the Balance Sheet date. However, the status of unresponded entries as at 31 December 2019 is given below:

(Amount in USD)

SL No	Period of Unreconciliation	As per Local Book				As per Correspondents' Book			
		Debit Entries		Credit Entries		Debit Entries		Credit Entries	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
01	Up-to 3 months	546	18,467,956	431	13,936,813	39	10,035,884	587	27,537,570
02	More than 03 months but less than 06 months	-	-	-	-	-	-	11	733,852
03	More than 06 months but less than 09 months	-	-	-	-	-	-	-	-
04	More than 09 months but less than 12 months	-	-	-	-	-	-	-	-
05	More than 12 months	-	-	-	-	-	-	1	5,367
	<b>Total</b>	<b>546</b>	<b>18,467,956</b>	<b>431</b>	<b>13,936,813</b>	<b>39</b>	<b>10,035,884</b>	<b>599</b>	<b>28,276,789</b>

All unadjusted entries are subsequently adjusted on regular basis.

**BRAC Bank Limited**

Annexure - C

**BALANCE WITH OTHER BANKS-OUTSIDE BANGLADESH (NOSTRO ACCOUNT)**

As at 31 December 2019

Name of Bank	Currency	A/C Type	2019			2018		
			Amount in foreign currency	Exchange Rate	Equivalent Taka	Amount in foreign currency	Exchange Rate	Equivalent Taka
<b>DBU balance:</b>								
Standard Chartered Bank-New York, USA	USD	CD	412,097.50	84.90	34,987,078	7,064,574.58	83.95	593,071,036
Standard Chartered Bank, United Kingdom	GBP	CD	970,636.53	111.30	108,027,381	1,431,442.57	106.07	151,828,246
Standard Chartered Bank, Frankfurt, Germany	EUR	CD	(104,256.75)	95.02	(9,906,023)	(299,852.78)	95.66	(28,682,957)
Mashreq Bank, New York, USA	USD	CD	130,400.56	84.90	11,071,008	3,999,797.23	83.95	335,782,977
ICICI Bank Limited, Mumbai, India	USD	CD	711,429.41	84.90	60,400,357	114,646.48	83.95	9,624,572
Habib Bank Limited, Pakistan	USD	CD	468,184.22	84.90	39,748,840	242,599.74	83.95	20,366,248
Bank of Tokyo Mitsubishi UFJ, Ltd	JPY	CD	9,707,132.00	0.78	7,551,178	2,365,077.00	0.76	1,792,728
Zuercher Kantonal Bank, Switzerland	CHF	CD	33,895.39	87.33	2,960,159	552,942.70	84.72	46,845,858
ING Belgium NV/SA, Belgium	EUR	CD	-	95.02	-	10,781.37	95.66	1,031,311
Commerz Bank AG, Germany (USD)	USD	CD	18,879.09	84.90	1,602,835	209,593.34	83.95	17,595,361
Commerz Bank AG, Germany (EURO)	EUR	CD	(214,171.65)	95.02	(20,349,691)	(75,949.11)	95.66	(7,265,049)
United Bank of India, Kolkata, India	USD	CD	954,038.94	84.90	80,997,906	132,146.33	83.95	11,093,684
Westpack Banking Corporation, Australia	AUD	CD	-	-	-	-	-	-
JP Morgan Chase Bank, New York, USA	USD	CD	827,842.82	84.90	70,283,855	3,733,743.33	83.95	313,447,753
Somali Bank Limited, United Kingdom (GBP)	GBP	CD	-	111.30	-	-	-	-
HDFC Bank Limited, India	USD	CD	728,451.04	84.90	61,845,493	197,476.17	83.95	16,578,124
AB Bank Limited, Mumbai, India	USD	CD	64,329.18	84.90	5,461,547	64,329.18	83.95	5,400,435
JP Morgan Sydney	AUD	CD	1,469.82	59.37	87,264	105,316.06	59.11	6,225,590
AXIS Bank Limited, Kolkata ACU	USD	CD	798,072.02	84.90	67,756,314	354,345.53	83.95	29,747,307
Abu Dhabi Commercial Bank (AED)	AED	CD	406,302.69	23.11	9,391,402	-	83.95	-
Kookmin Bank, USD	USD	CD	63,391.21	84.90	5,381,914	-	83.95	-
Commerz Bank, Frankfurt, Germany (GBP)	GBP	CD	100.26	111.30	11,158	-	83.95	-
					537,309,977			1,524,483,227
<b>OBU balance:</b>								
Standard Chartered Bank, Frankfurt, Germany	EUR	CD	-	-	-	290,126.20	95.56	27,725,776
Standard Chartered Bank, New York	USD	CD	-	-	-	293,239.38	83.95	24,617,446
Commerz Bank, Germany	USD	CD	-	-	-	312,051.72	83.95	26,196,742
ICICI Bank Limited, Mumbai, India	USD	CD	-	-	-	3,876.95	83.95	325,470
Sonali Bank Limited, United Kingdom	GBP	CD	-	-	-	1,649.66	106.27	175,306
Standard Chartered Bank, UK	GBP	CD	0.19	111.32	21	(410,566.09)	106.27	(43,630,060)
JP Morgan Chase Bank, New York	USD	CD	8,483,586.25	84.90	720,256,473	6,182,255.49	83.95	519,000,348
JP Morgan AG, Frankfurt, Germany	EUR	CD	648,103.96	95.06	61,610,402	-	-	-
JP Morgan Chase Bank, NA, London	GBP	CD	28,308.88	111.32	3,151,249	-	-	-
					785,018,145			554,411,028
<b>Total</b>					<b>1,322,328,122</b>			<b>2,078,894,255</b>

**BRAC Bank Limited**  
**INVESTMENT IN SHARES**

As at 31 December 2019

Annexure - D

Amount in BDT

Sl. no	Name of the company	Industry	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 31/Dec/19	Total market value at 31/Dec/19
<b>Quoted Ordinary shares</b>								
<b>1 ACME Laboratories Limited</b>								
1	ACME Laboratories Limited	Pharmaceuticals & Chemicals	10	684,709	53,846,070	78.64	60.90	41,698,778
2	Active Fine Chemicals Limited	Pharmaceuticals & Chemicals	10	2,653,761	84,178,868	31.72	14.70	39,010,287
3	Baraka Power Limited	Fuel & Power	10	357,347	11,395,381	31.89	22.70	8,111,777
4	Bata Shoe Company (Bangladesh) Limited	Tannery Industries	10	50,886	61,023,968	1,199.23	696.10	35,421,745
5	British American Tobacco Bangladesh Company Limited	Food & Allied	10	124,731	192,959,889	1,547.01	969.90	120,976,597
6	Bangladesh Steel Re-Rolling Mills Limited	Engineering	10	1,018,919	90,826,115	89.14	48.80	49,723,247
7	City Bank Limited	Bank	10	1,988,574	59,715,313	30.03	21.10	41,958,911
8	Confidence Cement Limited	Cement	10	556,687	80,752,618	145.06	106.10	59,064,491
9	Doreen Power Generations and Systems Limited	Fuel & Power	10	244,535	21,505,400	87.94	58.90	14,403,112
10	Eastern Bank Limited	Bank	10	1,552,191	58,518,466	37.70	33.20	51,532,741
11	Envoy Textiles Limited	Textile	10	291,908	11,266,811	38.60	24.90	7,268,509
12	GlaxoSmithKline(GSK) Bangladesh Limited	Pharmaceuticals & Chemicals	10	15,746	23,104,000	1,467.29	1,756.30	27,654,700
13	Grameenphone Limited	Telecommunication	10	539,236	165,719,678	307.32	285.80	154,113,649
14	IDLC Finance Limited	Financial Institution	10	1,648,148	124,704,904	75.66	45.40	74,825,919
15	IFAD Autos Limited	Engineering	10	1,689,546	187,260,597	110.83	46.20	78,057,025
16	IPDC Finance Limited	Financial Institution	10	2,566,714	81,308,986	31.68	25.60	65,707,878
17	Linde Bangladesh Limited	Fuel & Power	10	1,844	2,391,016	1,296.65	1,299.00	2,395,356
18	Marico Bangladesh Limited	Pharmaceuticals & Chemicals	10	11,607	19,339,467	1,666.19	1,673.30	19,421,993
19	Mercantile Bank Limited	Bank	10	1,999,724	31,829,452	15.92	13.20	26,396,357
20	Olympic Industries Limited	Food & Allied	10	724,500	178,669,771	246.61	165.00	119,542,500
21	Renata Limited	Pharmaceuticals & Chemicals	10	91,499	103,256,325	1,128.50	1,096.50	100,328,654
22	Runner Automobiles Limited	Engineering	10	7,566	540,450	71.43	59.50	450,177
23	Singer Bangladesh Limited	Engineering	10	285,154	54,236,941	190.20	180.40	51,441,782
24	Square Pharmaceuticals Limited	Pharmaceuticals & Chemicals	10	993,201	209,838,232	211.27	190.00	188,708,190
25	Summit Power Limited	Fuel & Power	10	350,000	13,244,779	37.84	36.30	12,705,000

Sl. no	Name of the company	Industry	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 31/Dec/19	Total market value at 31/Dec/19
26	United Finance Limited	Financial Institution	10	1,346,703	32,026,037	23.78	17.30	23,297,962
27	DBH First Mutual Fund	Mutual Fund	10	1,291,636	11,877,569	9.20	8.40	10,849,742
28	First Bangladesh Fixed Income Fund	Mutual Fund	10	5,972,125	38,475,405	6.44	3.70	22,096,863
29	Green Delta Mutual Fund	Mutual Fund	10	2,192,462	19,108,892	8.72	8.00	17,539,696
30	LR Global Bangladesh Mutual Fund One	Mutual Fund	10	29,452,904	278,457,087	9.45	6.60	194,389,166
31	MBL First Mutual Fund	Mutual Fund	10	4,958,620	41,104,565	8.29	6.10	30,247,582
32	NCCBL Mutual Fund-1	Mutual Fund	10	4,984,693	41,321,368	8.29	5.90	29,409,689
33	NLI First Mutual Fund	Mutual Fund	10	1,420,902	21,483,483	15.12	10.60	15,061,561
34	Southeast Bank 1st Mutual Fund	Mutual Fund	10	5,681,652	72,034,557	12.68	10.00	56,816,520
							<b>2,477,322,459</b>	<b>1,790,628,155</b>

**Unquoted**

1	Industrial and Infrastructure Development Finance Co. Limited	10	10,449,259	29,683,820
2	Central Depository Bangladesh Limited	10	2,284,721	6,277,770
3	The Bangladesh Rating Agency Limited	100	124,976	12,497,600
4	VIPB Income Fund	10	8,680,500	86,805,000
5	VIPB Growth Fund	10	30,000,000	333,900,000
6	IDLC Balanced Fund	10	10,000,000	100,000,000
7	HFAML-ACME Unit Fund	10	2,000,000	20,000,000
<b>Preference shares:</b>				
1	Union Capital Preference Share	10,000,000	1	10,000,000
				<b>599,164,190</b>
<b>Total investment in Ordinary and Preference shares</b>				<b>3,076,486,649</b>

**BRAC Bank Limited**  
**DETAIL OF LARGE LOAN**

As at 31 December 2019

Annexure - E

Number of Clients	15
Amount of outstanding advances	51,556,223,693
Amount of classified advances	NIL
Measures taken for recovery	NIL

Client wise break-up is as follows:

Name of Clients	Outstanding (BDT)		
	Funded	Non Funded	Total
Abul Khair Group	3,800,531,703	4,084,247,136	7,884,778,839
ACI Group	2,700,629,980	238,706,639	2,939,336,618
Akij Group	-	161,337,998	161,337,998
Ananta	1,120,862,249	2,053,925,314	3,174,787,563
BRAC	4,467,852,242	-	4,467,852,242
BSRM	1,621,126,853	888,268,807	2,509,395,659
City Group	2,679,196,722	4,182,418,848	6,861,615,570
GPH+TK+Seacom	1,328,276,801	1,198,332,243	2,526,609,045
Ha-Meem Group	764,255,973	1,010,538,178	1,774,794,152
Meghna Group	671,131,344	5,823,045,183	6,494,176,526
Mir Akhter	954,986,525	912,608,467	1,867,594,991
PRAN-RFL Group	2,911,841,426	941,345,371	3,853,186,797
Robi Axiata Limited	1,500,000,000	5,636,342	1,505,636,342
Standard Group	192,505,631	1,336,837,976	1,529,343,608
Summit Group	-	4,005,777,742	4,005,777,742
<b>GRAND TOTAL</b>	<b>24,713,197,450</b>	<b>26,843,026,243</b>	<b>51,556,223,693</b>

**BRAC Bank Limited**  
**SCHEDULE OF FIXED ASSETS**

As at 31 December 2019

Annexure - F

Particulars	Cost				Depreciation			(Amount in BDT)	
	Opening balance as on 01 January 2019	Addition/ Revaluation during the year	Disposals/ Transfer/ Adjustments during the year	Total balance as at 31 December 2019	Opening balance as on 01 January 2019	Charge during the year	Disposals/ Adjustments during the year	Total balance as at 31 December 2019	Written down value as at 31 December 2019
<b>Property, plant &amp; equipments</b>									
Land	1,047,743,750	-	-	1,047,743,750	-	-	-	-	1,047,743,750
Office floor space	4,034,334	-	-	4,034,334	620,615	100,858	-	721,473	3,312,861
Furniture & fixture	2,206,895,912	75,314,892	77,624,245	2,204,586,559	1,305,123,043	178,233,349	76,602,053	1,406,754,339	797,832,220
Office equipments	1,600,079,746	71,067,878	177,254,772	1,493,892,852	1,290,139,284	120,319,690	176,898,261	1,233,560,713	260,332,139
IT Hardware	2,774,382,706	483,035,585	270,702,048	2,986,716,243	2,059,158,590	336,055,749	270,425,430	2,124,788,910	861,927,333
Motor vehicles	321,040,060	16,563,893	-	337,603,953	106,338,615	62,007,943	-	168,346,558	169,257,395
Right of use assets (ROU)	-	4,306,897,358	-	4,306,897,358	-	733,943,048	-	733,943,048	3,572,954,310
Capital expenditure work in progress	222,254,800	598,124,466	211,872,832	608,506,435	-	-	-	-	608,506,435
<b>Sub-total</b>	<b>8,176,431,308</b>	<b>5,551,004,072</b>	<b>737,453,897</b>	<b>12,989,981,483</b>	<b>4,761,380,147</b>	<b>1,430,660,637</b>	<b>523,925,743</b>	<b>5,668,115,041</b>	<b>7,321,866,442</b>
<b>Intangible assets:</b>									
With Indefinite useful lives:									
License	50,000	-	-	50,000	-	-	-	-	50,000
With definite useful lives:									
IT Software	1,941,732,424	186,971,921	16,414,760	2,112,289,585	1,056,182,468	205,720,172	16,414,760	1,245,487,880	866,801,705
<b>Sub-total</b>	<b>1,941,782,424</b>	<b>186,971,921</b>	<b>16,414,760</b>	<b>2,112,339,585</b>	<b>1,056,182,468</b>	<b>205,720,172</b>	<b>16,414,760</b>	<b>1,245,487,880</b>	<b>866,851,705</b>
<b>As at 31 December 2019</b>	<b>10,118,213,732</b>	<b>5,737,975,993</b>	<b>753,868,657</b>	<b>15,102,321,068</b>	<b>5,817,562,615</b>	<b>1,636,380,809</b>	<b>540,340,503</b>	<b>6,913,602,920</b>	<b>8,188,718,148</b>

The amount of capital commitment of the Bank for the year 2019 was BDT 321,931,151.51 (2018: BDT 51,621,399)

**BRAC Bank Limited**  
**SCHEDULE OF FIXED ASSETS**

As at 31 December 2018

Continuation of Annexure - F

Particulars	Cost				Depreciation				(Amount in BDT) Written down value as at 31 December 2018
	Opening balance as on 01 January 2018	Addition/ Revaluation during the year	Disposals/ Transfer/ Adjustments during the year	Total balance as at 31 December 2018	Opening balance as on 01 January 2018	Charge during the year	Disposals/ Adjustments during the year	Total balance as at 31 December 2018	
<b>Property, plant &amp; equipments</b>									
Land	1,043,648,935	4,094,815	-	1,047,743,750	-	-	-	-	1,047,743,750
Leasehold Building	4,034,334	-	-	4,034,334	519,756	100,859	-	620,615	3,413,719
Furniture & fixture	2,097,265,452	115,333,751	5,703,291	2,206,895,912	1,120,935,160	189,561,833	5,373,950	1,305,123,043	901,772,869
Office equipments	1,542,362,259	60,712,507	2,995,020	1,600,079,746	1,158,101,541	134,961,746	2,924,003	1,290,139,284	309,940,462
IT Hardware	2,331,804,024	443,449,464	870,782	2,774,382,706	1,780,003,494	280,025,878	870,782	2,059,158,590	715,224,116
Motor vehicles	295,973,574	32,566,043	7,499,557	321,040,060	54,262,311	58,322,532	6,246,228	106,338,615	214,701,445
Capital expenditure work in progress	970,504,865	337,562,112	1,085,812,177	222,254,800	-	-	-	-	222,254,800
<b>Sub-total</b>	<b>8,285,593,443</b>	<b>993,718,692</b>	<b>1,102,880,827</b>	<b>8,176,431,308</b>	<b>4,113,822,262</b>	<b>662,972,848</b>	<b>15,414,963</b>	<b>4,761,380,147</b>	<b>3,415,051,161</b>
<b>Intangible assets:</b>									
With Indefinite useful lives:									
License	50,000	-	-	50,000	-	-	-	-	50,000
With definite useful lives:									
IT Software	1,043,281,544	898,450,880	-	1,941,732,424	939,921,865	116,260,603	-	1,056,182,468	885,549,956
<b>Sub-total</b>	<b>1,043,331,544</b>	<b>898,450,880</b>	<b>-</b>	<b>1,941,782,424</b>	<b>939,921,865</b>	<b>116,260,603</b>	<b>-</b>	<b>1,056,182,468</b>	<b>885,599,956</b>
<b>As at 31 December 2018</b>	<b>9,328,924,987</b>	<b>1,892,169,572</b>	<b>1,102,880,827</b>	<b>10,118,213,732</b>	<b>5,053,744,127</b>	<b>779,233,451</b>	<b>15,414,963</b>	<b>5,817,562,615</b>	<b>4,300,651,117</b>

**BRAC Bank Limited**  
**STATEMENT OF TAX POSITION**

As at 31 December 2019

Annexure - G

Amount in BDT

Accounting Year	Assessment Year	Tax Provision in Financial Statements	Tax as per assessment	(Short)/Excess provision	Advance Tax as per assessment order	Present Status
2010	2011-2012	1,416,240,000	1,316,974,555	99,265,445	1,228,668,951	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2011	2012-2013	1,460,000,000	1,535,641,921	(75,641,921)	1,256,758,569	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2012	2013-2014	1,530,000,000	1,537,477,180	(7,477,180)	1,304,653,579	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2013	2014-2015	1,797,698,269	1,536,388,741	261,309,528	1,088,661,543	Appeal in progress and to be filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2014	2015-2016	2,097,475,598	1,898,590,817	198,884,781	1,250,930,480	Appeal filed before Taxes Appellate Tribunal against the Order of Commissioner of Taxes Appeal.
2015	2016-2017	2,250,022,595	2,279,108,067	(29,085,472)	1,540,453,195	Appeal filed before Taxes Appellate Tribunal against the Order of Commissioner of Taxes Appeal.
2016	2017-2018	2,629,520,979	2,180,217,728	449,303,251	1,739,275,075	Appeal filed before Commissioner of Taxes Appeal against the Order of DCT.
2017	2018-2019	3,194,040,955	2,847,211,148	346,829,806	2,402,077,500	Tax return submitted for the assessment
2018	2019-2020	2,525,102,089	2,530,531,807	(5,429,718)	2,459,662,676	Tax return submitted for the assessment
2019	2020-2021	2,859,504,264	N/A	N/A	N/A	Not yet due to Submit Tax Return

**BRAC Bank Limited**  
**STATEMENT OF CONSOLIDATED SEGMENT REPORTING**

As at 31 December 2019

Annexure - H

**Accounting policy**

As per IFRS 8 "Operating Segments", an operating segment is a component of an entity:

- (i) That engages in business activities from which it may earn revenues and incur expenses (include revenues and expenses relating to transactions with other components of the same entity);
- (ii) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performances, and
- (iii) For which discrete financial information is available.

The Bank identifies segment based on its business segment as well as its subsidiaries. Business segment comprises SME, Retail, Corporate and Treasury under Conventional banking. The Bank reviews the segments at the end of each reporting period to identify which of its segments are reportable and disclose the related information for those reportable segments accordingly.

**A: Segmental operating profit and loss**

There are 8 (eight) operating segments including subsidiaries as on 31 December 2019. Out of 8 (eight) operating segments only 5 (five) are reportable as per latest evaluation in accordance with IFRS 8: Operating segments. Hence other non-reportable segments have been shown under 'Others'. Comparative figures have been disclosed accordingly.

Particulars	BRAC bank Limited					Consolidation				Amount in Taka
	SME	Retail	Corporate	Treasury	Total	bKash	Others	Inter company elimination	2019	
Interest income	14,747,209,239	5,115,085,124	8,212,747,357	1,617,060,648	29,692,102,368	3,186,371,138	48,738,715	(304,526,230)	32,622,685,991	
Interest paid on deposits and borrowings etc.	1,437,717,183	6,659,414,163	4,635,598,853	1,921,577,950	14,654,308,149	188,817,697	159,327,855	(304,526,230)	14,697,927,471	
Inter segment income /(expenses)	(7,460,214,817)	7,568,640,588	(574,402,061)	465,976,290	-	-	-	-	-	
<b>Net interest income</b>	<b>5,849,277,239</b>	<b>6,024,311,549</b>	<b>3,002,746,443</b>	<b>161,458,988</b>	<b>15,037,794,219</b>	<b>2,997,553,441</b>	<b>(110,589,140)</b>	<b>-</b>	<b>17,924,758,520</b>	
Investment income	-	-	-	3,071,620,681	3,071,620,681	303,972,684	(306,988,864)	(11,139,415)	3,057,465,086	
Commission, fees and others	375,827,062	1,455,810,411	1,008,995,849	310,407,502	3,151,040,824	2,234,372,934	1,205,805,253	(9,235,195)	6,581,983,816	
Other operating income	15,818,513	14,657,096	1,821,724	95,349,497	127,646,830	92,905,810	34,718,986	-	255,271,626	
<b>Total Segment Revenue</b>	<b>6,240,922,814</b>	<b>7,494,779,056</b>	<b>4,013,564,016</b>	<b>3,638,836,668</b>	<b>21,388,102,554</b>	<b>5,628,804,869</b>	<b>822,946,235</b>	<b>(20,374,610)</b>	<b>27,819,479,048</b>	
Staff costs	2,835,246,409	2,032,008,050	619,247,028	111,122,577	5,597,624,064	1,974,222,384	316,214,678	-	7,888,061,126	
Other operating costs	2,303,290,241	2,679,957,781	705,809,910	153,794,716	5,842,852,648	4,288,255,567	849,430,229	(9,235,195)	10,971,303,249	
<b>Total segment expenditure</b>	<b>5,138,536,650</b>	<b>4,711,965,831</b>	<b>1,325,056,938</b>	<b>264,917,293</b>	<b>11,440,476,712</b>	<b>6,262,477,951</b>	<b>1,165,644,907</b>	<b>(9,235,195)</b>	<b>18,859,364,375</b>	
<b>Reportable segment operating profit/(loss)</b>	<b>1,102,386,164</b>	<b>2,782,813,225</b>	<b>2,688,507,078</b>	<b>3,373,919,375</b>	<b>9,947,625,842</b>	<b>(633,673,082)</b>	<b>(342,698,672)</b>	<b>(11,139,415)</b>	<b>8,960,114,673</b>	

**BRAC Bank Limited**  
**STATEMENT OF CONSOLIDATED SEGMENT REPORTING**

As at 31 December 2018

Continuation of Annexure - H

Amount in Taka

Particulars	BRAC bank Limited					Consolidation				2018
	SME	Retail	Corporate	Treasury	Total	bKash	Others	Inter company elimination		
Interest income	11,877,104,002	4,472,905,468	7,373,536,187	1,366,459,394	25,090,005,051	2,467,242,270	108,109,559	(201,389,941)	27,463,966,939	
Interest paid on deposits and borrowings etc.	1,023,226,441	4,960,898,710	3,536,658,685	2,053,497,772	11,574,281,608	150,067,225	137,523,248	(201,389,941)	11,660,482,140	
Inter segment income /(expenses)	(5,230,212,322)	5,384,198,768	(452,551,361)	298,564,915	-	-	-	-	-	
<b>Net interest income</b>	<b>5,623,665,239</b>	<b>4,896,205,526</b>	<b>3,384,326,141</b>	<b>(388,473,463)</b>	<b>13,515,723,443</b>	<b>2,317,175,045</b>	<b>(29,413,689)</b>	-	<b>15,803,484,799</b>	
Investment income		-	-	2,961,103,311	2,961,103,311	-	(178,119,125)		2,782,984,186	
Commission, fees and others	314,141,329	1,107,131,213	817,532,876	334,692,943	2,573,498,361	3,375,067,143	1,282,548,470	(4,469,099)	7,226,644,875	
Other operating income	30,082,945	56,206,113	304,984,999	(276,676,186)	114,597,871	45,789,650	34,220,885		194,608,406	
<b>Total Segment Revenue</b>	<b>5,967,889,513</b>	<b>6,059,542,852</b>	<b>4,506,844,016</b>	<b>2,630,646,605</b>	<b>19,164,922,986</b>	<b>5,738,031,838</b>	<b>1,109,236,541</b>	<b>(4,469,099)</b>	<b>26,007,722,266</b>	
Staff costs	2,286,514,970	1,764,143,023	537,624,746	93,006,019	4,681,288,758	1,486,417,062	269,239,749		6,436,945,569	
Other operating costs	2,292,156,795	2,550,648,884	684,604,326	133,949,807	5,661,359,812	3,712,802,058	807,625,776	(4,469,099)	10,177,318,547	
<b>Total segment expenditure</b>	<b>4,578,671,765</b>	<b>4,314,791,907</b>	<b>1,222,229,072</b>	<b>226,955,826</b>	<b>10,342,648,570</b>	<b>5,199,219,120</b>	<b>1,076,865,525</b>	<b>(4,469,099)</b>	<b>16,614,264,116</b>	
<b>Reportable segment operating profit</b>	<b>1,389,217,748</b>	<b>1,744,750,945</b>	<b>3,284,614,944</b>	<b>2,403,690,779</b>	<b>8,822,274,416</b>	<b>538,812,718</b>	<b>32,371,016</b>	-	<b>9,393,458,150</b>	

**B. Segmental assets and liabilities**

The necessary information regarding assets and liabilities of operating segments (excluding subsidiaries) are not separable and individually identifiable and so the assets and liabilities of the respective segments have not been presented here.



# FINANCIAL STATEMENTS

## OFF-SHORE BANKING UNITS

## Off-shore Banking Units

### BALANCE SHEET

As at 31 December 2019

Annexure - I

Particulars	Note	2019		2018	
		USD	Taka	USD	Taka
<b>PROPERTY AND ASSETS</b>					
<b>Cash</b>		-	-	-	-
Cash in hand					
(Including foreign currency)		-	-	-	-
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		-	-	-	-
<b>Balance with other banks and financial institutions</b>	3	<b>24,246,386</b>	<b>2,058,518,161</b>	<b>10,363,240</b>	<b>869,993,979</b>
Inside Bangladesh		-	-	-	-
Outside Bangladesh		24,246,386	2,058,518,161	10,363,240	869,993,979
<b>Money at call and short notice</b>		-	-	-	-
<b>Investments</b>		-	-	-	-
Government		-	-	-	-
Others		-	-	-	-
<b>Loans and advances</b>	4	<b>295,677,659</b>	<b>25,103,033,239</b>	<b>355,443,712</b>	<b>29,839,499,636</b>
Loans, cash credit, overdrafts etc.		256,782,571	21,800,840,250	322,024,290	27,033,939,156
Small and medium enterprises		3,172,555	269,349,938	-	-
Bills purchased and discounted		35,722,533	3,032,843,051	33,419,422	2,805,560,480
<b>Fixed assets including premises, furniture and fixtures</b>					
<b>Other assets</b>	5	9,639,747	818,723,558	4,258,741	357,482,896
<b>Total Property and Assets</b>		<b>329,563,792</b>	<b>27,980,274,958</b>	<b>370,065,693</b>	<b>31,066,976,511</b>
<b>LIABILITIES AND CAPITAL</b>					
<b>Liabilities</b>					
<b>Borrowings from other banks, financial institutions and agents</b>	6	<b>280,336,753</b>	<b>23,800,590,347</b>	<b>334,123,690</b>	<b>28,049,683,766</b>
<b>Money at call and short notice</b>		-	-	-	-
<b>Deposits and other accounts</b>	7	<b>9,228,790</b>	<b>783,524,272</b>	<b>8,582,848</b>	<b>720,530,094</b>
Current accounts and other accounts		525,745	44,635,782	87,356	7,333,527
Bills payable		-	-	-	-
Savings deposits		-	-	-	-
Fixed deposits		8,408,596	713,889,820	8,408,596	705,901,654
Other deposits		294,448	24,998,670	86,896	7,294,913
<b>Other liabilities</b>	8	<b>41,988,103</b>	<b>3,562,772,305</b>	<b>23,368,705</b>	<b>1,960,054,172</b>
<b>Total Liabilities</b>		<b>331,553,647</b>	<b>28,146,886,924</b>	<b>366,075,243</b>	<b>30,730,268,032</b>
<b>Capital and Shareholders' Equity</b>					
Paid up share capital		-	-	-	-
Statutory reserve		-	-	-	-
Revaluation reserve		-	-	-	-
Foreign currency translation reserve		-	(23,803,360)	-	(3,001,421)
Surplus in profit and loss account/Retained earnings	9	(1,989,854)	(142,808,606)	3,990,450	339,709,900
<b>Total shareholders' equity</b>		<b>(1,989,854)</b>	<b>(166,611,966)</b>	<b>3,990,450</b>	<b>336,708,479</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>329,563,792</b>	<b>27,980,274,958</b>	<b>370,065,693</b>	<b>31,066,976,511</b>

## Off-shore Banking Units

### BALANCE SHEET

As at 31 December 2019

Continuation of Annexure - I

Particulars	Note	2019		2018		
		USD	Taka	USD	Taka	
<b>Off Balance Sheet Items</b>						
<b>Contingent Liabilities</b>						
Acceptances and endorsements	5,347,806	451,198,638		105,500	8,787,198	
Letter of guarantees	-	-		-	-	
Irrevocable letter of credits	4,832,270	411,183,906		3,165,624	273,188,268	
Bills for collection	46,027,633	3,858,228,819		18,921,507	1,584,093,294	
Other contingent liabilities	18,098,480	1,536,560,952		15,088,870	1,263,686,550	
<b>Total</b>	<b>74,306,189</b>	<b>6,257,172,315</b>		<b>37,281,501</b>	<b>3,129,755,310</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</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
<b>Total off balance sheet items including contingent liabilities</b>		<b>74,306,189</b>	<b>6,257,172,315</b>		<b>37,281,501</b>	
					<b>3,129,755,310</b>	

**Off-shore Banking Units**  
**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2019

Continuation of Annexure - I

Particulars	Note	2019		2018	
		USD	Taka	USD	Taka
Interest income	10	19,265,913	1,626,230,435	19,728,387	1,652,016,884
Interest paid on deposits and borrowing etc.	11	15,140,713	1,271,629,983	15,294,801	1,277,716,354
<b>Net interest income</b>		<b>4,125,200</b>	<b>354,600,452</b>	<b>4,433,586</b>	<b>374,300,530</b>
Investment income		-	-	-	-
Commission, exchange and brokerage	12	443,744	37,285,679	724,268	60,479,116
Other operating income	13	365,487	47,446,273	330,026	30,768,312
<b>Total operating income</b>		<b>4,934,431</b>	<b>439,332,404</b>	<b>5,487,880</b>	<b>465,547,958</b>
Salaries and allowances		417,365	35,206,981	382,131	32,021,039
Rent, taxes, insurance, electricity etc.	14	86,443	7,293,546	81,321	6,814,804
Legal expenses		-	-	-	-
Postage, stamps, telecommunication etc.	15	2,657	224,043	4,153	347,989
Stationery, printing, advertisement etc.	16	12,381	1,043,951	13,442	1,126,296
Depreciation and repairs to bank's assets		73,860	6,229,235	71,244	5,969,955
Other expenses		91,983	7,751,068	95,008	7,960,424
<b>Total operating expenses</b>		<b>684,689</b>	<b>57,748,824</b>	<b>647,299</b>	<b>54,240,507</b>
<b>Profit before provisions</b>		<b>4,249,742</b>	<b>381,583,581</b>	<b>4,840,581</b>	<b>411,307,451</b>
<b>Provision for:</b>					
Loans and advances		10,240,066	864,952,763	850,131	71,597,550
Off balance sheet items		-	-	-	-
Others		(10,020)	(850,677)	-	-
<b>Total provision</b>	17	<b>10,230,046</b>	<b>864,102,086</b>	<b>850,131</b>	<b>71,597,550</b>
<b>Profit/(loss) before taxes</b>		<b>(5,980,304)</b>	<b>(482,518,506)</b>	<b>3,990,450</b>	<b>339,709,900</b>
Provision for Tax:					
Current tax expense		-	-	-	-
Deferred tax expense/ (income)		-	-	-	-
<b>Total provision for Tax</b>	18	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total profit/(loss) after taxes</b>		<b>(5,980,304)</b>	<b>(482,518,506)</b>	<b>3,990,450</b>	<b>339,709,900</b>

## Off-shore Banking Units

## CASH FLOW STATEMENT

For the year ended 31 December 2019

Continuation of Annexure - I

Particulars	2019		2018	
	USD	Taka	USD	Taka
<b>A. Cash flows from operating activities</b>				
Interest receipts in cash	19,364,706	1,644,063,545	18,488,689	1,552,125,446
Interest payment	(15,850,442)	(1,345,702,499)	(14,416,264)	(1,210,245,326)
Fees and commissions receipts	439,172	37,285,679	720,418	60,479,116
Cash payments to employees	(414,688)	(35,206,981)	(381,430)	(32,021,039)
Cash payments to suppliers	(14,935)	(1,267,993)	(17,561)	(1,474,285)
Receipts from other operating activities	558,849	47,446,273	366,508	30,768,312
Payment for other operating activities :	(322,329)	(27,365,711)	(104,887)	(8,805,273)
Operating cash flow before changes in operating assets and liabilities (i)	<b>3,760,333</b>	<b>319,252,313</b>	<b>4,655,473</b>	<b>390,826,952</b>
<b>Increase/decrease in operating assets and liabilities</b>				
Loans and advances to customers	55,788,768	4,736,466,398	(74,471,737)	(6,251,902,321)
Other assets	(5,653,878)	(480,014,214)	(15,297,862)	(1,284,255,516)
Deposits from other banks/borrowings	(50,048,215)	(4,249,093,420)	38,610,013	3,241,310,592
Deposits from customers	741,981	62,994,178	1,058,553	88,865,522
Other liabilities	9,410,117	798,918,928	27,465,729	2,305,747,954
Cash utilised in operating assets and liabilities (ii)	10,238,773	869,271,870	(22,635,304)	(1,900,233,770)
<b>Net cash (used)/flows from operating activities (i+ii)</b>	<b>13,999,107</b>	<b>1,188,524,182</b>	<b>(17,979,831)</b>	<b>(1,509,406,817)</b>
<b>B. Cash flows from investing activities</b>				
Investment in commercial paper	-	-	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Cash flows from financing activities</b>				
<b>D. Net increase/(decrease) in cash (A+B+C)</b>	<b>13,999,107</b>	<b>1,188,524,182</b>	<b>(17,979,831)</b>	<b>(1,509,406,817)</b>
<b>E. Cash and cash equivalents at beginning of year</b>	<b>10,363,240</b>	<b>869,993,979</b>	<b>28,598,567</b>	<b>2,379,400,796</b>
Exchange difference	(115,961)	-	(255,496)	-
<b>Cash and cash equivalents at the end of year (D+E)</b>	<b>24,246,386</b>	<b>2,058,518,161</b>	<b>10,363,240</b>	<b>869,993,979</b>
<b>Cash and cash equivalents at end of the year:</b>				
Cash in hand (including foreign currency)	-	-	-	-
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)	-	-	-	-
Balance with other banks and financial institutions	24,246,386	2,058,518,161	10,363,240	869,993,979
	<b>24,246,386</b>	<b>2,058,518,161</b>	<b>10,363,240</b>	<b>869,993,979</b>

# **Off-shore Banking Units**

## **NOTES TO THE FINANCIAL STATEMENTS**

As at and for the year ended 31 December 2019

Continuation of Annexure - I

### **1 Status of the units**

Off-shore Banking Units of BRAC Bank Limited, governed under the rules and guidelines of Bangladesh Bank. The bank commenced the operation of its Off-shore banking Unit from 2010 after obtaining necessary approval from Bangladesh Bank.

#### **1.1 Principal Activities**

The principal activities of the units are to provide all kinds of commercial banking services to its customers through its off-shore Banking units in Bangladesh.

### **2 Summary of significant accounting policies and basis of preparation**

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

#### **a) Basis of accounting**

The Off-shore Banking Units maintain its accounting records in USD from which accounts are prepared according to the Bank Companies Act 1991, International Financial Reporting Standards and other applicable directives issued by Bangladesh Bank.

#### **b) 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. Revision of accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### **c) Foreign currency transactions and translations to presentation currency**

Foreign currency transactions are converted into equivalent functional currency i.e. USD using the exchange rates ruling on the dates of respective transactions as per IAS -21 "The Effects of Changes in Foreign Exchange Rates".

All revenue items have been translated to presentation currency i.e. BDT at average rate and all balance sheet items except retained earnings were translated to presentation currency at the closing rate. Any resulting differences have been recognised as foreign currency translation reserve.

Commitments for outstanding forward foreign exchange contracts disclosed in the financials are translated at contracted rates. Contingent liabilities/ commitments for letter of credit and letter of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance date.

#### **2.2 Reporting period**

These financial statements cover one calendar year from 1 January to 31 December 2019.

#### **2.3 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.

As per IAS 7 Statement of Cash Flows, cash flow statement can be prepared either in direct method or in indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry . The method selected is applied consistently. As per BRPD 14 dated 25 June 2003, cash flow statement should be a mixture of direct and indirect method.

#### **2.4 Loans and advances / investment**

a) Loans and advances of Off-shore Banking Units are stated in the balance sheet on gross basis.

b) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

#### **2.5 Provision for liabilities**

A provision is recognised in the balance sheet when the unit has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the IAS 37 " Provisions, Contingent Liabilities and Contingent Assets".

#### **2.6 General**

a) Figures appearing in these financial statements have been rounded off to the nearest Taka and rearranged wherever necessary.

Particulars	2019		2018	
	USD	Taka	USD	Taka
<b>3 Balance with other banks and financial institutions</b>				
Standard Chartered Bank, Frankfurt, Germany	0.2	16	330,265	27,725,776
Standard Chartered Bank, New York	-	-	293,239	24,617,446
Commerz Bank, Germany	-	-	312,052	26,196,742
ICICI Bank Limited, Mumbai, India	-	-	3,877	325,470
Sonali Bank Limited, United Kingdom (GBP)	-	-	2,088	175,306
Standard Chartered Bank, UK	0.3	21	(519,715)	(43,630,061)
JP Morgan Chase Bank, New York	8,483,586	720,256,473	6,147,101	516,049,115
JP Morgan AG, Frankfurt, Germany	725,682	61,610,402	34,824	2,923,465
JP Morgan Chase, N.A., London	37,117	3,151,249	331	27,769
BBL OBU to Other Bank OBU placement	15,000,000	1,273,500,000	3,759,178	315,582,951
	<b>24,246,386</b>	<b>2,058,518,161</b>	<b>10,363,240</b>	<b>869,993,979</b>
<b>4 Loans and advances</b>				
Loans, cash credits, overdrafts etc. (note 4.1)	256,782,571	21,800,840,250	322,024,290	27,033,939,156
Small and medium enterprises	3,172,555	269,349,938	-	-
Bills purchased and discounted (note 4.2)	35,722,533	3,032,843,051	33,419,422	2,805,560,480
	<b>295,677,659</b>	<b>25,103,033,239</b>	<b>355,443,712</b>	<b>29,839,499,636</b>
<b>4.1 Overdrafts</b>				
Demand loans	4,616,150	391,911,116	5,565,349	467,211,048
Term loans	181,915,649	15,444,638,621	226,185,113	18,988,240,269
	<b>256,782,571</b>	<b>21,800,840,250</b>	<b>322,024,290</b>	<b>27,033,939,156</b>
<b>4.2 Bills purchased and discounted</b>				
Bills purchased and discounted SME	35,722,533	3,032,843,051	30,622,163	2,577,462,985
	<b>35,722,533</b>	<b>3,032,843,051</b>	<b>2,797,259</b>	<b>228,097,495</b>
	<b>35,722,533</b>	<b>3,032,843,051</b>	<b>33,419,422</b>	<b>2,805,560,480</b>
<b>5 Other assets</b>				
Interest receivables	2,978,126	252,971,874	3,224,488	270,804,984
Deferred revenue expenditure	524,479	44,528,293	776,953	65,225,217
Receivables against collateral margin-swap	-	180,000	-	180,000
FX translation adjustments - contra	-	-	246,220	20,332,253
Receivable against proxy account	-	-	11,080	940,442
Receivable settlement account-OBU/DBU	6,137,142	521,043,391	-	-
	<b>9,639,747</b>	<b>818,723,558</b>	<b>4,258,741</b>	<b>357,482,896</b>
<b>6 Borrowings from other banks, financial institutions and agents</b>				
<b>Inside Bangladesh:</b>				
Southeast Bank Limited	5,000,000	424,500,000	-	-
Prime Bank Limited	5,000,000	424,500,000	-	-
Agrani Bank Limited	-	-	-	-
On Shore to BBL Off Shore	10,584,325	898,609,160	60,645,691	5,091,205,150
	<b>20,584,325</b>	<b>1,747,609,160</b>	<b>60,645,691</b>	<b>5,091,205,150</b>

Particulars	2019		2018	
	USD	Taka	USD	Taka
<b>Outside Bangladesh:</b>				
Sonali Bank UK Ltd	10,489,200	890,533,080	14,557,275	1,222,083,236
Bank One Limited, Mauritius	13,000,000	1,103,700,000	13,000,000	1,091,350,000
Emirates Islamic Bank, Dubai	-	-	5,793,490	486,363,486
HDFC Bank Limited, India	13,000,000	1,103,700,000	9,300,000	780,735,000
ICICI Bank Limited	-	-	10,000,000	839,500,000
Standard Chartered Bank, Singapore	10,824,800	919,025,520	8,000,000	671,600,000
Standard Chartered Bank, New York	-	-	10,000,000	839,500,000
Commercial Bank of Qatar	10,000,000	849,000,000	-	-
DBS Bank Singapore	10,000,000	849,000,000	-	-
Asian Development Bank	8,571,429	727,714,286	32,157,136	2,699,592,143
KBC Bank NV Belgium	-	-	15,840,098	1,329,776,251
Bank of Montreal, Canada	8,600,000	730,140,000	-	-
The National Bank of Ras Al-Khaimah, UAE	19,740,000	1,675,926,000	22,500,000	1,888,875,000
Abu Dhabi Commercial Bank	20,200,000	1,714,980,000	24,830,000	2,084,478,500
First Abu Dhabi Bank PJSC	10,327,000	876,762,300	17,500,000	1,469,125,000
CDC Group Plc, United Kingdom	30,000,000	2,547,000,000	-	-
Borrowing from IFC, USA	90,000,000	7,641,000,000	90,000,000	7,555,500,000
Maersk Trade Finance A/S, Denmark	5,000,000	424,500,000	-	-
	<b>259,752,429</b>	<b>22,052,981,186</b>	<b>273,477,999</b>	<b>22,958,478,616</b>
	<b>280,336,753</b>	<b>23,800,590,347</b>	<b>334,123,690</b>	<b>28,049,683,766</b>

## 7 Deposit and Other Accounts

### Local Currency:

Current and other accounts	-	-	-	-
Bills payable	-	-	-	-
Saving deposits	-	-	-	-
Fixed deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-

### Foreign Currency:

Current and other accounts	525,745	44,635,782	87,356	7,333,527
Bills payable	-	-	-	-
Saving deposits	-	-	-	-
Fixed deposits	8,408,596	713,889,820	8,408,596	705,901,654
Other deposits	294,448	24,998,670	86,896	7,294,913
	<b>9,228,790</b>	<b>783,524,272</b>	<b>8,582,848</b>	<b>720,530,094</b>
<b>Total Deposit and other accounts</b>	<b>9,228,790</b>	<b>783,524,272</b>	<b>8,582,848</b>	<b>720,530,094</b>

## 8 Other liabilities

Provisions for loans and advances	13,856,966	1,176,456,424	3,635,349	305,187,551
Provision on interest receivable	9,540	809,919	19,781	1,660,596
Interest payable on borrowings	2,860,796	242,881,548	4,044,215	339,511,841
Provision for taxation	796,309	67,606,624	805,320	67,606,624
Interest suspense	532,527	45,211,577	15,051	1,263,526
Stamp charge realization from loan clients-OBU	3,930	333,657	1,240	104,098
Payable to on-shore	23,273,349	1,956,690,038	14,022,012	1,174,524,944
Others payable	654,687	72,782,518	825,737	70,194,992
	<b>41,988,103</b>	<b>3,562,772,305</b>	<b>23,368,705</b>	<b>1,960,054,172</b>

Particulars	2019		2018	
	USD	Taka	USD	Taka
<b>9 Surplus in profit and loss account/ retained earnings</b>				
Balance at the beginning of the year	3,990,450	339,709,900	3,505,327	291,643,177
Balance transfer to DBU	-	-	(3,505,327)	(291,643,177)
Add: Retained surplus for the year	(5,980,304)	(482,518,506)	3,990,450	339,709,900
	<b>(1,989,854)</b>	<b>(142,808,606)</b>	<b>3,990,450</b>	<b>339,709,900</b>
<b>10 Interest income</b>				
Interest on loans and advances	19,232,745	1,623,441,924	19,716,468	1,651,021,478
Interest on money at call and short notice	28,356	2,382,076	11,919	995,407
Interest on Funding SWAP	4,812	406,435	-	-
	<b>19,265,913</b>	<b>1,626,230,435</b>	<b>19,728,387</b>	<b>1,652,016,884</b>
<b>11 Interest paid on deposits and borrowing etc.</b>				
Interest on deposits	265,235	22,408,280	229,732	19,249,926
Interest on borrowing from banks & FIs	14,867,732	1,248,571,189	15,055,625	1,257,676,520
Interest on money at call and short notice	7,747	650,514	9,444	789,908
	<b>15,140,713</b>	<b>1,271,629,983</b>	<b>15,294,801</b>	<b>1,277,716,354</b>
<b>12 Commission, exchange and brokerage</b>				
Commission from letters of credit-foreign	101,992	8,557,771	118,424	9,896,081
Import and export related fees	277,876	23,343,093	320,828	26,808,077
Syndication fees	63,876	5,384,814	285,016	23,774,958
Other fees	-	-	-	-
	<b>443,744</b>	<b>37,285,679</b>	<b>724,268</b>	<b>60,479,116</b>
<b>13 Other operating income</b>				
Miscellaneous Income	365,487	47,446,273	330,026	30,768,312
	<b>365,487</b>	<b>47,446,273</b>	<b>330,026</b>	<b>30,768,312</b>
<b>14 Rent, taxes, insurance, electricity etc.</b>				
Rent, rates and taxes	69,093	5,829,597	65,345	5,475,736
Insurance	1,725	145,646	1,392	116,700
Power and electricity	11,646	982,328	12,488	1,046,698
WASA and Sewerage	3,980	335,976	2,096	175,670
	<b>86,443</b>	<b>7,293,546</b>	<b>81,321</b>	<b>6,814,804</b>
<b>15 Postage, stamp, telecommunication etc.</b>				
Postage and courier	49	4,113	553	46,344
Court fees & stamps	10	817	13	1,112
Telegram, telex, fax & Network	65	5,523	-	-
Telephone-Office	2,533	213,589	3,587	300,533
	<b>2,657</b>	<b>224,043</b>	<b>4,153</b>	<b>347,989</b>
<b>16 Stationery, printing, advertisement etc.</b>				
Stationery and Printing	2,641	222,516	13,442	1,126,296
Security Stationery	-	-	-	-
Advertisement	9,740	821,435	-	-
	<b>12,381</b>	<b>1,043,951</b>	<b>13,442</b>	<b>1,126,296</b>
<b>17 Provisions for loans and advances</b>				
For classified loans and advances	10,939,821	924,490,652	48,352	4,002,655
For unclassified loans and advances	(699,755)	(59,537,889)	801,779	67,594,895
	<b>10,240,066</b>	<b>864,952,763</b>	<b>850,131</b>	<b>71,597,550</b>
<b>18 Provision for tax</b>				

Offshore Banking Unit (OBU) is an integral business unit of the Bank. The income from OBU is included in the separate financial statement of the Bank and tax has been provided on total income of the Bank including income from OBU. Hence provision for tax has not been calculated for OBU portion separately.

## TO WHOM IT MAY CONCERN

This is to certify that as detailed in the Annexure J, BRAC Bank Limited made the custodian transactions on account of custodian services provided during the year ended 31 December 2019, which have been verified with the books of account, invoices and other related documents as produced to us for our verification.

We also certify that management of the Bank prepared and fairly presented of the income and expenses in accordance with the requirement of the Securities and Exchange Commission (Securities Custodian Service) Rules 2003, and made necessary disclosures in the Bank's audited financial statements for the year ended 31 December 2019.



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Rahman Rahman Huq  
Chartered Accountants  
KPMG in Bangladesh

Dhaka, 27 April 2020

**BRAC Bank Limited****CUSTODIAN SERVICE**

For the year ended 31 December 2019

Annexure - J

Particulars	2019 Taka	2018 Taka
<b>Operating Income</b>		
Commission, exchange and brokerage	23,100,495	16,682,231
<b>Total operating income</b>	<b>23,100,495</b>	<b>16,682,231</b>
<b>Operating Expenses</b>		
Salaries and allowances	2,911,685	4,755,272
Rent, taxes, insurance, electricity etc.	840,830	840,931
Postage, stamps, telecommunication etc.	610,042	349,290
Stationery, printing, advertisement etc.	103,747	2,353,027
Depreciation on and repairs to bank's assets	880,404	566,906
Other expenses	6,450,535	1,846,589
<b>Total operating expenses</b>	<b>11,797,243</b>	<b>10,712,015</b>
<b>Operating profit</b>	<b>11,303,252</b>	<b>5,970,216</b>

## BRAC Bank Limited

### DETAILS OF TRANSACTIONS WITH RELATED PARTIES

For the year ended 31 December 2019

Annexure - K

Related Party is a party related to an entity if:

- (i) Directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under control with, the company; has an interest in the company, that gives it significant influence over the company; or has joint control over the company;
- (ii) The party is an associate (as defined in IAS 28 Investment in Associates);
- (iii) The party is a joint venture in which the entity is a venture (as per IAS 31 Interests in Joint Ventures);
- (iv) The party is member of the key management of personal of the entity or its parent;
- (v) The party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) The party is post-employment benefit plan for the benefit of employees of the entity, or of any entity that is related party of the entity.

Sl No.	Name of the related parties (Companies)	Balance type	Opening balance (9,235,195)	Deposit made/Loan disbursed	Deposit withdrawn/ Loan recovery	Interest paid on Deposit/ Interest charged on loan	Fees/ Commission charged	Closing balance on 31 December 2019
1	bKash Limited	Deposits	798,640,595	64,340,057,265	(62,370,860,186)	68,706,389	(22,994)	2,836,521,070
2	BRAC and Its associated organisation	Deposits	7,352,508,521	99,290,113,714	(98,930,413,213)	265,631,615	(469,554)	7,977,371,085
3	BRAC EPL Investments Limited	Deposits	7,976,824	1,680,060,184	(1,682,742,944)	74,534	(976,792)	4,391,805
4	BRAC EPL Stock Brokerage Limited	Deposits	67,561,870	236,796,006	(254,724,328)	1,877,988	(10,064)	51,501,470
5	BRAC IT Services Limited (biTS)	Deposits	52,816,569	404,764,830	(410,100,777)	-	(1,238)	47,479,384
6	BRAC Saajan Exchange Limited	Deposits	210,463,125	25,568,896,701	(25,756,885,340)	-	(600)	22,473,887
7	Equity Partners Limited (Eschrow Account)	Deposits	26,917,337	-	(6,250,000)	-	-	20,667,337
8	Industrial and Infrastructure Dev. Finance Co Limited	Deposits	3,968,889	11,260,792	(12,453,740)	-	(600)	2,775,341
9	Policy Research Institute Of Bangladesh	Deposits	-	1,510,537	(454,003)	9,197	(314)	1,065,417
10	Purnava Limited	Deposits	70,713	13,063,866	(12,653,895)	-	(800)	479,884
11	Renata Limited	Deposits	372,080,933	6,267,726,143	(6,268,182,251)	10,542,160	(12,110)	382,154,874
12	BRAC EPL Investments Limited	Continuous loan	1,269,265,809	187,864,128	(755,535,876)	96,811,295	-	798,405,356
13	BRAC Saajan Exchange Limited	Continuous loan	213,014,400	204,343,350	(222,590,800)	11,542,745	-	206,309,695

Sl No.	Name of the related parties (Companies)	Balance type	Opening balance on 01 January 2019	Closing balance on 31 December 2019
1	Dr. Ahsan. H. Mansur	Credit card	16,676	-
2	Mr. Asif Saleh	Credit card	2,627	43,205
3	Ms. Fahima Choudhury	Credit card	-	3,452
4	Mr. Kaiser Kabir	Credit card	8,330	112,524
5	Mr. Kazi Mahmood Sattar	Credit card	45,097	41,948
6	Ms. Nihad Kabir	Credit card	-	95,401
7	Mr. Selim R.F. Hussain	Credit card	20,490	141,771

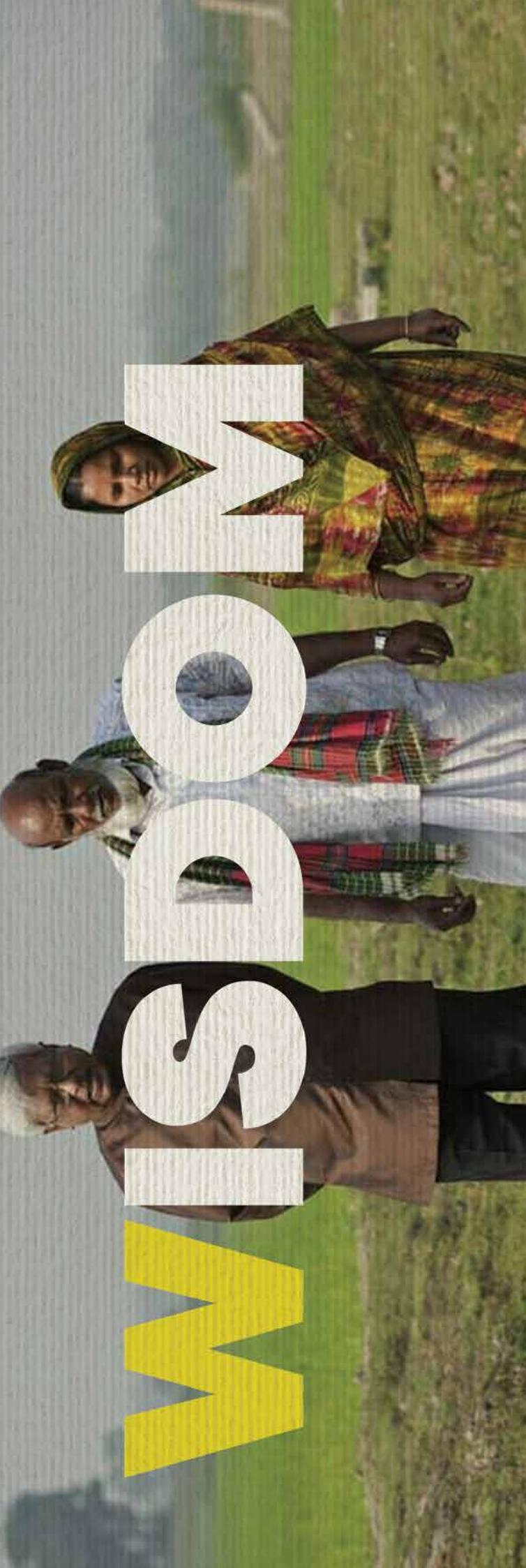
Note: As on 31 December 2019 BRAC Bank also has an exposure to BRAC Saajan for issued bank guarantee amounting USD 260,000 only. In addition, BRAC Bank has credit exposure on NGOs where its Directors are involved in the capacity of executive committee members. As on 31 December 2019, the Bank has credit exposures amounting BDT 4,467,852,242 to BRAC and BDT 2,673,316,333 to Sajida Foundation. However, as per Bangladesh Bank letter ref: BRPD (R-2)651/9(25)ka/2016-6852; such exposure shall not come under the purview of related party exposures as given to non-profit organisations.

**BRAC Bank Limited****RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES (STANDALONE BASIS)**

For the year ended 31 December 2019

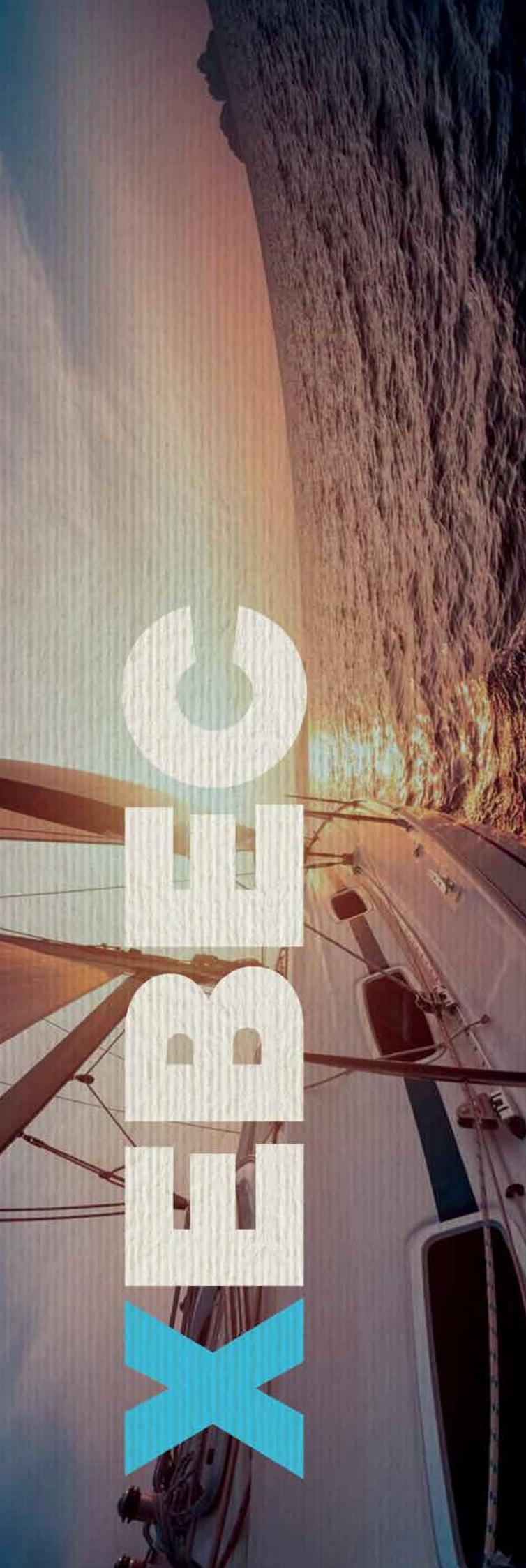
Annexure - L

Particulars	31 December 2019	31 December 2018
	Taka	Taka
<b>Profit before tax as per profit and loss account</b>	<b>8,505,306,652</b>	<b>8,072,406,088</b>
<b>Adjustment for non-cash items:</b>		
Provision for Loans and advances	1,096,128,805	683,745,138
Provision for Diminution in value of investments	534,400,000	116,400,000
Provision for Off balance sheet items	(192,000,000)	(37,000,000)
Provision for other assets	3,790,385	(13,276,810)
Depreciation of Property plant and equipment	1,636,380,810	779,233,452
Foreign exchange gain/(loss)	325,429,561	(234,391,979)
Profit on sale of fixed assets	(11,105,165)	(8,770,943)
<b>Increase/decrease in operating assets &amp; liabilities:</b>		
Loans and advances to customers	(26,083,078,267)	(35,448,722,522)
Other operating assets	(603,162,515)	(336,586,486)
Deposits from other banks/borrowings	5,360,091,417	(203,243,800)
Deposits from customers	33,837,248,816	32,397,970,444
Other operating liabilities	1,003,730,551	1,279,206,571
Income tax paid	(2,706,854,957)	(3,336,896,324)
<b>Cash flows from operating activities as per cash flow statement</b>	<b>22,706,306,093</b>	<b>3,710,072,828</b>



# SUBSIDIARIES' FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

**to the Shareholders of bKash Limited**

Dear Shareholders

The Board of Directors of bKash Limited is pleased to present before you the Directors' Report on the operational and financial activities of bKash together with the Auditors' Report and the Audited Financial Statements as of and for the year ended 31 December 2019 for your kind consideration, approval and adoption. This Directors' Report has been prepared in compliance with Section 184 of the Companies Act, 1994 and the requirements mandated by the regulatory bodies.

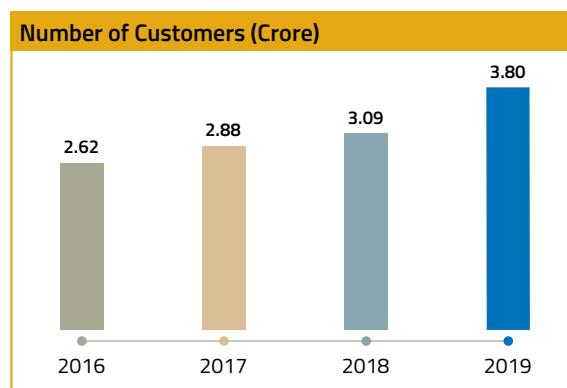
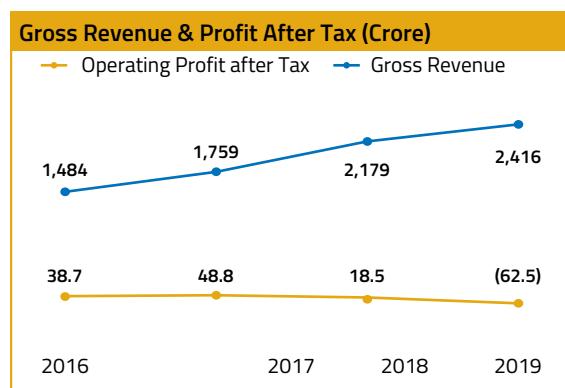
bKash Limited, the leading Mobile Financial Services (MFS) Provider in Bangladesh has continued to maintain its growth momentum with focus on financial inclusion and digitization of financial service for unbanked and under-banked communities in Bangladesh through mobile phones. The company started its journey in July 2011, as a joint venture between BRAC Bank Limited, Bangladesh and Money in Motion LLC, USA. Later on, The International Finance Corporation (IFC) of The World Bank Group and Bill & Melinda Gates Foundation joined the mission through equity partnership in April 2013 and April 2014 respectively. In April 2018, bKash also onboarded Ant Financial Services Group as a strategic partner. The partnership involves Ant Financial investing in bKash and increasing its technological capabilities, allowing it to provide greater convenience and security in mobile financial services.

During 2019, the number of customers of the company increased by 22.7% to reach a total customer base of 3.8 crore as of 31 December 2019, while total revenue of the company had a growth of 12.2% year on year. More than 58.6% of the above customers were active (with at least 1 transaction in the last 90 days), who had transacted more than BDT 333 thousand crore through electronic money. In line with the increase in volume of business, float balance at the end of the year also increased by 19.2% to reach BDT 3,265 crore. The company created employment opportunity for over 1,400 directly hired employees in addition to employment opportunities created through 226 active distribution houses, 230 thousand agents (approx.) and numerous agencies spread throughout the country. Contribution to Government Exchequer by the company in the form of taxes and levies also had a growth of 11% to reach a level of BDT 525 crore in 2019. With the

growth of the business, bKash continued to focus on social agenda like Government Stipend programme for students, disbursement of Salary of RMG workers and allowances under social security net by the Government at a significantly subsidized rate. Only in 2019, 35 lakh secondary students have received stipends in their respective bKash accounts without paying any fee/service charge to cash out the stipend amount.

To maintain the growth momentum, the company has continued to invest significant amount in creating an ecosystem for diversified use of electronic money by introducing new services, incorporating new merchant base, continuously developing tools (like bKash customer or merchant App) with enhanced capability and security as well as in popularizing bKash services through various promotional activities and incentives. In 2019, bKash introduced self-registration and digital registration, Credit Card Bill Payment, Card to

Wallet refill and bKash to Bank services for customers and added more than 83 thousand merchants to its merchant base. At the end of 2019, 4.1 million customers and 29 thousand agents were actively using apps for their day-to-day transactions. Even though we believe the consistent rise in active customers, expansion of product and merchant base with higher adoption of app are expected to yield higher return in foreseeable future, costs incurred in these connections, with few exceptions, were immediately charged off in Profit or Loss (reflected as higher revenue agent and distribution commission and higher marketing and promotional expense), in line with the requirements of accounting standard. Net profit (loss) after tax for the year 2019 was hence negative BDT 62.5 crore, compared to net profit after tax of BDT 18.5 crore in 2018. Board wishes to continue to invest in cashless payment ecosystem, and hence is not recommending any dividend this year.



The financial statements have been prepared based on going concern concept and accrual basis of accounting in compliance with International Financial Reporting Standards, as adopted by the Institute of Chartered Accountants of Bangladesh, Companies Act 1994 and other applicable laws of the land.

The Company's statutory auditor M/s. Rahman Rahman Huq, Chartered Accountants have completed their audit and are eligible to be reappointed as statutory auditors of the Company for the year 2020. The Board is pleased to recommend honorable shareholders to appoint M/s. Rahman Rahman Huq, Chartered Accountant as statutory auditor of the Company for the year 2020.

The Board would like to express appreciation to the entire bKash management. It would be remiss if we do not acknowledge the exceptional efforts of our

employees, who worked in partnership to meet, embrace and accomplish various challenges in order to achieve the goals of the company while simultaneously maintaining the highest standards of service to our clients.

Finally, the Directors would like to thank our loyal clients and respected shareholders for their continued support to bKash. Taking this opportunity, the members of the Board would also like to all regulators and government agencies for their continuous support.

For and on behalf of the Board of Directors,

Sd/-

Chairman

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of bKash Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of bKash Limited ("the Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose 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 Company so far as it appeared from our examination of those books; and
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.



**Rahman Rahman Huq**

Dhaka, 12 March 2020

**bKash Limited**  
**STATEMENT OF FINANCIAL POSITION**

In Taka	Note	31 December 2019	31 December 2018
<b>Assets</b>			
Property, plant and equipment	6	1,563,447,268	1,155,963,250
Intangible assets	7	924,533,123	684,505,279
Deferred tax assets	20	210,124,045	-
<b>Non-current assets</b>		<b>2,698,104,436</b>	<b>1,840,468,529</b>
Operational and other receivables	8	1,282,270,560	965,103,088
Advances, deposits and prepayments	9	1,626,787,191	526,366,646
Contract assets	10	824,813,671	301,787,164
Advance income tax	11	1,054,719,952	847,710,297
Airtime balance	12	420,691,712	1,259,965,976
Trust cum settlement account and investments	13	32,652,634,900	27,689,567,048
Investment in fixed deposits	14	7,214,200,000	9,204,200,000
Cash and cash equivalents	15	1,530,879,476	260,934,183
<b>Current assets</b>		<b>46,606,997,462</b>	<b>41,055,634,402</b>
<b>Total assets</b>		<b>49,305,101,898</b>	<b>42,896,102,931</b>
<b>Equity</b>			
Ordinary shares	16	38,194,900	38,194,900
Share premium - ordinary shares		1,286,205,568	1,286,205,568
<b>Ordinary share capital and premium</b>		<b>1,324,400,468</b>	<b>1,324,400,468</b>
Preference shares	17	8,796,300	8,796,300
Share premium - preference shares	18	8,286,915,782	8,286,915,782
<b>Preference share capital and premium</b>		<b>8,295,712,082</b>	<b>8,295,712,082</b>
Capital reserve		18,479,529	18,479,529
Share money deposit	19	505,162	505,162
Retained earnings		444,536,081	1,069,682,559
<b>Total equity</b>		<b>10,083,633,322</b>	<b>10,708,779,800</b>
<b>Liabilities</b>			
Deferred tax liabilities	20	-	1,587,238
Other non-current liabilities	24	7,145,802	7,145,802
Lease liabilities	25	225,707,670	33,308,961
<b>Non-current liabilities</b>		<b>232,853,472</b>	<b>42,042,001</b>
Defined benefit plan - gratuity	21	67,750,000	90,183,748
Customer and other deposits	22	32,223,281,752	27,488,565,715
Operational and other payables	23	1,271,137,938	1,182,220,350
Lease liabilities	25	133,687,775	22,297,603
Grant funds	26	4,161,769	12,872,051
Accrued expenses	27	4,373,096,554	2,364,981,679
Provision for tax	28	915,499,316	984,159,984
<b>Current liabilities</b>		<b>38,988,615,104</b>	<b>32,145,281,130</b>
<b>Total liabilities</b>		<b>39,221,468,576</b>	<b>32,187,323,131</b>
<b>Total equity and liabilities</b>		<b>49,305,101,898</b>	<b>42,896,102,931</b>

The annexed notes 1 to 42 form an integral part of these financial statements.

Chief Executive Officer

Director

Director

Company Secretary

As per our report of same date.

Auditor

Rahman Rahman Huq  
Chartered Accountants  
KPMG in Bangladesh

Dhaka, 12 March 2020

**bKash Limited**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

In Taka	Note	31 December 2019	For the year ended 31 December 2018
Gross revenue		24,160,827,270	21,791,312,387
VAT		(2,879,512,377)	(2,519,174,076)
<b>Revenue</b>	<b>29</b>	<b>21,281,314,893</b>	<b>19,272,138,311</b>
Cost of services	30	(16,612,324,493)	(14,042,389,523)
<b>Gross profit</b>		<b>4,668,990,400</b>	<b>5,229,748,788</b>
Operating and administrative expenses	31	(3,964,722,134)	(3,235,571,949)
Marketing and promotional expenses	32	(2,162,762,151)	(1,862,041,570)
<b>Operating profit</b>		<b>(1,458,493,885)</b>	<b>132,135,269</b>
Net finance income	33	824,820,803	455,733,379
<b>Profit before contribution to WPPF</b>		<b>(633,673,082)</b>	<b>587,868,648</b>
Contribution to WPPF		-	(29,393,432)
<b>Profit before tax</b>		<b>(633,673,082)</b>	<b>558,475,216</b>
Income tax (expense)/income	34	8,526,604	(354,017,425)
<b>Profit</b>		<b>(625,146,478)</b>	<b>204,457,791</b>
<b>Other comprehensive income/(expense)</b>			
<b>Item that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit plan		-	(30,250,000)
Related tax		-	10,587,500
		-	(19,662,500)
<b>Total comprehensive income</b>		<b>(625,146,478)</b>	<b>184,795,291</b>

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Executive Officer



Director



Director



Company Secretary

As per our report of same date.



Auditor

Rahman Rahman Huq  
Chartered Accountants  
KPMG in Bangladesh

Dhaka, 12 March 2020

**bKash Limited**

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2019

In Taka	Ordinary shares	Share premium - ordinary shares	Preference shares	Share premium - preference shares	Capital reserve	Share money deposit	Retained earnings	Total equity
Balance at 1 January 2019	38,194,900	1,286,205,568	8,796,300	8,286,915,782	18,479,529	505,162	1,069,682,559	10,708,779,800
<b>Total comprehensive income</b>								
Profit/(loss) for the year	-	-	-	-	-	-	(625,146,478)	(625,146,478)
<b>Total</b>							(625,146,478)	(625,146,478)
Balance at 31 December 2019	38,194,900	1,286,205,568	8,796,300	8,286,915,782	18,479,529	505,162	444,536,081	10,083,633,322

For the year ended 31 December 2018

In Taka	Ordinary shares	Share premium - ordinary shares	Preference shares	Share premium - preference shares	Capital reserve	Share money deposit	Retained earnings	Total equity
Balance at 1 January 2018	38,194,900	1,286,205,568	4,097,000	847,412,828	-	505,162	903,366,797	3,079,782,255
Transactions with owners of the Company								
Contributions and distributions								
Issue of preference share - net of issue cost	-	-	4,699,300	7,439,502,954	-	-	-	7,444,202,254
<b>Total comprehensive income</b>								
Profit for the year	-	-	-	-	-	-	184,795,291	184,795,291
Transfer to capital reserve	-	-	-	-	18,479,529	-	(18,479,529)	-
<b>Total</b>							166,315,762	7,628,997,545
Balance at 31 December 2018	38,194,900	1,286,205,568	8,796,300	8,286,915,782	18,479,529	505,162	1,069,682,559	10,708,779,800

The annexed notes 1 to 42 form an integral part of these financial statements.

**bKash Limited**  
**STATEMENT OF CASH FLOWS**

In Taka	For the year ended	
	31 December 2019	31 December 2018
<b>Cash flows from operating activities</b>		
Cash receipt from customers	29,786,434,261	27,293,111,582
Cash paid to suppliers, employees and others	(21,939,676,594)	(18,682,702,900)
<b>Cash generated from operating activities</b>	<b>7,846,757,667</b>	<b>8,610,408,682</b>
Interest received from deposits	812,323,201	255,540,508
Taxes paid to government exchequer	(3,328,328,029)	(2,797,729,772)
<b>Net cash from operating activities</b>	<b>5,330,752,839</b>	<b>6,068,219,418</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(533,368,639)	(360,169,994)
Acquisition of intangible assets	(383,554,281)	(274,073,586)
Encashment of/(investment in) fixed deposits	1,990,000,000	(7,082,400,000)
<b>Net cash from/(used in) investing activities</b>	<b>1,073,077,080</b>	<b>(7,716,643,580)</b>
<b>Cash flows from financing activities</b>		
Lease liabilities	(170,816,774)	(17,789,609)
Net proceeds from issue of preference shares	-	7,444,202,254
<b>Net cash from/(used in) financing activities</b>	<b>(170,816,774)</b>	<b>7,426,412,645</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,233,013,145</b>	<b>5,777,988,483</b>
Cash and cash equivalents including trust cum settlement account and investments as at 1 January	27,950,501,231	22,172,512,748
<b>Cash and cash equivalents including trust cum settlement account and investments as at 31 December</b>	<b>34,183,514,376</b>	<b>27,950,501,231</b>
<b>Less: Trust cum settlement account and investments</b>	<b>32,652,634,900</b>	<b>27,689,567,048</b>
<b>Cash and cash equivalents as at 31 December</b>	<b>1,530,879,476</b>	<b>260,934,183</b>

The annexed notes 1 to 42 form an integral part of these financial statements.

# DIRECTORS' REPORT

## to the Shareholders of BRAC EPL Stock Brokerage Limited (BESL)

Dear Shareholders,

The Board of Directors of BRAC EPL Stock Brokerage Limited (BESL) is pleased to present before you the Directors' Report on the operational and financial activities of your Company together with the Audited Financial Statements for the year ended 31 December 2019 for your valued consideration, approval and adoption. The Directors' Report has been prepared in compliance with Section 184 of the Companies Act, 1994 and the requirements mandated by the regulatory bodies.

### Bangladesh Economy Review 2019

Bangladesh's economy posted 8.15% GDP growth in FY 2018-19 which is more than the provisional estimate of 8.13%. The growth was respectively 7.86% and 7.28% in FY 2017-18 and FY 2016-17. As per The World Bank, Bangladesh is expected to be the 2nd fastest growing economy in South Asia in 2019-20 at a growth rate of 7.2%. ADB maintains its high growth forecast of Bangladesh at 8.0% in 2020. Growth forecast of Bangladesh in FY 2019-20 by Bangladesh govt. (8.2%), IMF (7.4%), and UN (7.8%) are within a close range. The key drivers of the expected growth are government infrastructural spending and vigorous domestic consumption driving manufacturing and services.

The average inflation rate in Bangladesh during the 12 months of 2019 slightly rose to 5.59% from 5.54% in Dec'18. The country's 12 months average inflation rate in 2017 was 5.70%.

The trade gap shrunk in 2018-19 tremendously due to ~10% growth in export and a mere ~2% growth in import. Combined with a ~10% growth in remittance in FY 2018-19, the current account balance improved from USD -9.6 billion to USD -5.3 billion. Private sector credit growth fell down to 9.8% in Dec'19 due to liquidity crunch in the banking sector and crowding out effect from high government borrowing. The central bank managed BDT depreciation by selling USD in the market and providing price direction to the banks. USD 3.9 bn net FDI inflow also provided support to our currency.

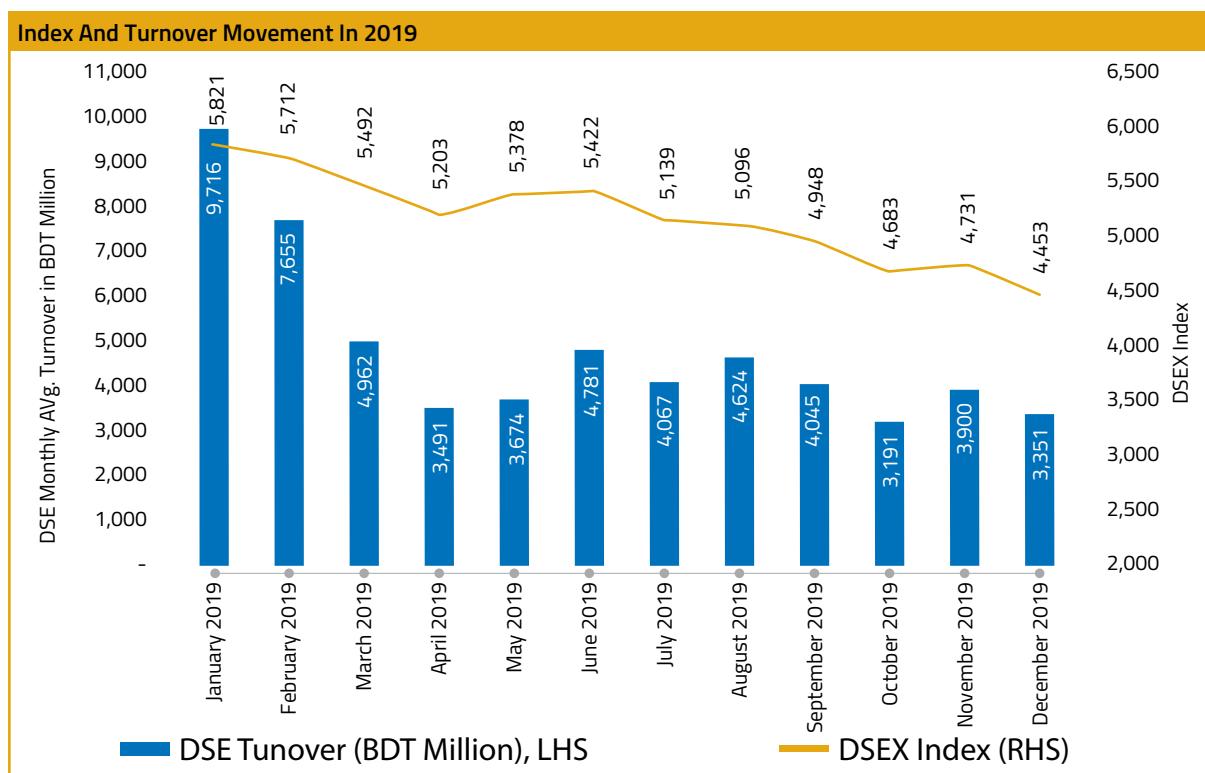
In H1 2019-20, the export and import numbers have fallen by 5.9% and 2.7% respectively due to global economic slowdown. The impact of an outbreak of Coronavirus will hamper the trade growth in the second half of FY'20. But due to introduction of cash incentives, remittance has grown by 25.5% in H1 2019-20. The country's FX reserve has been hovering around USD 32 billion for quite some time and it is not expected to change in H2 FY'20. The FX reserve covers around 7 months of import. We expect BDT to be stable due to government intervention. Bangladesh has a meager foreign debt (12% external debt to GDP) and does not depend on crude oil significantly.

### Capital Market Review 2019

DSEX lost 17.3% in 2019, following a negative price return of 13.8% in 2018. The year started on a positive note in January with expectation of positive market return after the national election. Liquidity issue worsened at the beginning of the year which brought down total turnover of the market after January. Even after improvement in the liquidity situation after the budget of 2019-20 turnover didn't improve due to poor investor confidence. The overall earnings of the market went through a slowdown because of slow export and low private sector credit growth. Investor confidence in the market was further shaken by deterioration of asset quality of the banks and regulatory restrictions on Grameenphone, the largest stock in the market. The daily average turnover of the market in 2019 was BDT 4.8 bn as opposed to BDT 5.5 bn in 2018.

Net foreign investment in DSE continued to be negative in 2019. In 2019 foreign participation stood at 6.8%, down from 7.0% in 2018, primarily due to foreign investors' exits from the capital market for uncertain macro and political scenario, banking sector asset quality concerns, and tussle between Grameenphone and BTRC. Net foreign investment stood at negative BDT 4.9 bn in 2019.

## INDEX AND TURNOVER MOVEMENT IN 2019



### BRAC EPL Stock Brokerage Ltd. (BESL)

BRAC EPL Stock Brokerage Limited (BESL) is the 2nd largest stock brokerage house among 250 brokers in the country with a 4.25% market share of DSE as of December 2019. BESL has a dominant market share of 60% in the foreign portfolio investment execution segment. The company also offers brokerage services to its 22,000 local clients which includes local institutions, retail clients, non-resident Bangladeshis (NRBs) and 60 foreign institutional clients through 8 branches and 117 employees. BRAC EPL Stock Brokerage Ltd. was awarded the Best Brokerage House in Bangladesh in 2019 by International Finance Publications.

### Product and Services

BRAC EPL Stock Brokerage Limited offers stock brokerage services to all Bangladeshi and International Capital Market Investors.

### Investment Research & Advisory Services

BESL pioneered the investment research industry in Bangladesh. Currently the Research Department, with 4 analysts including 1 CFA Charterholder, 1 CFA Level 3 candidate and 1 CFA level 2 candidate, has broader investment research and investment advisory mandates. The team has research partnership with Bloomberg, Thomson Reuters, S&P Capital IQ and Fact

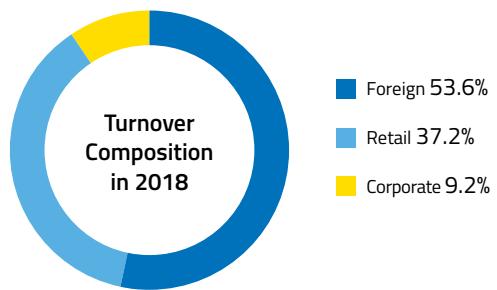
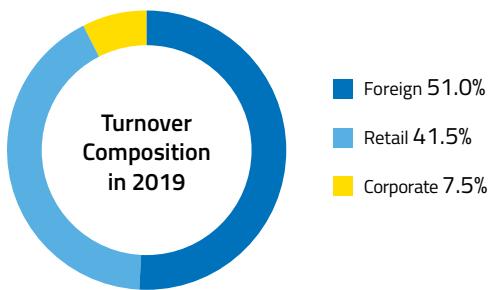
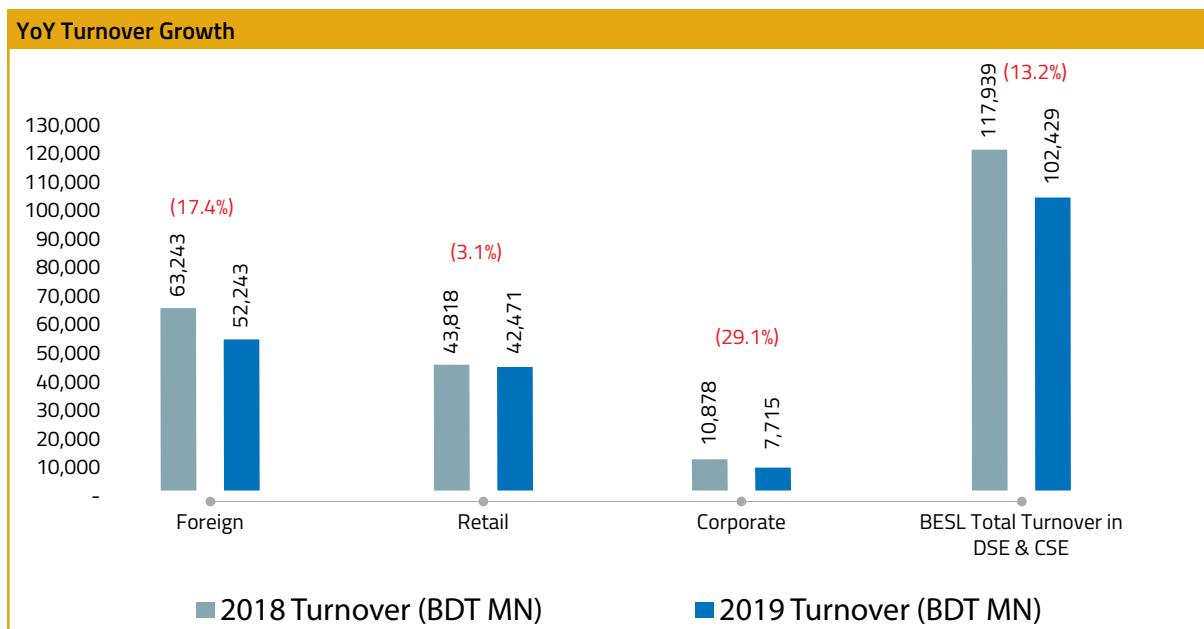
Set. Following are some of the key achievements of the team in 2019:

1. The recommended investment composite of the team generated 6.05% negative return in 2019, outperforming the benchmark index by 11.27%.
2. The team was awarded as the Best Research House in Bangladesh in 2019 by International Finance Publications.
3. In addition to the above, the team also generated USD 60,000.00 in Research and Advisory Fees from foreign investors.

### Financial Performance

BRAC EPL Stock Brokerage Limited (BESL) has gained market share in 2019 and this has helped the Company to gain the 2nd position among 250 brokers. On average, the market share in DSE trade turnover of BESL stood at 4.25% in 2019 against 4.04% in 2018. There was de-growth in market turnover of DSE by 17.3% YoY in 2019; meanwhile, the same trend was also observed for BSEL overall turnover, but the fall was 14.6% YoY.

The bottom line of BESL registered with a net loss of BDT 84.99 million in 2019 against net profit after tax (NPAT) of BDT 23.96 million in 2018. The adverse result in 2019 was mainly due to substantial loss in dealer portfolio.



Among the major three verticals of our business, foreign business played a vital role in total turnover. Contribution from Foreign business was 51.0% of total turnover in 2019 compared to 53.6% in 2018. In this particular year, DSE foreign turnover has been down by 18.1% YoY compare to last year of 2018 where the foreign turnover of BESL has been declined by 17.4% compare to that of the last year.

The Retail business is strengthening through more contribution. There was 41.5% contribution in BESL turnover pie in 2019 against 37.2% in 2018. However, there was 3.1% YoY fall in turnover growth in Retail business.

Our corporate business has also experienced negative growth of 29.1% YoY in 2019. Currently this segment of the business only contributes 7.5% of the overall revenue pie. However, with the new team and the strategies in place we expect this segment to be a sizeable portion of the company in the coming years.

## Future Outlook of Industry and Company Position

The market remained bearish throughout 2019. The Dhaka Stock Exchange Broad Index (DSEX Index), the benchmark free float weighted market index, lost 17.3% in 2019, following price return of negative 13.8% in 2018. Liquidity crunch, corporate governance issue, growing non-performing loans with willful default culture and other negative developments in the banking industry, overvalued currency and regulatory issues had an adverse impact on the capital market. Turnover also slowed down significantly with decreasing participation from both retail and foreign investors. The outstanding Foreign Portfolio Investment (FPI) declined by BDT 35.2 billion to BDT 192.2 billion (6.84% of DSE equity market capitalization) in December-end 2019 from BDT 227 billion (6.93% of DSE equity market capitalization) in December-end 2018. Net sell position in FPI was observed during last twelve-months of 2019 as the FPI position declined by 15.5% in 2019, accounted for



4.8% on quantity release and 10.7% on market price correction. Foreign fund managers liquidated their position further in 2019 and there was BDT 4.88 billion net sale in 2019, following a net sell of BDT 5.93 billion in 2018. The regulatory concerns surrounding Grameenphone's VAT-Tax issue was a major hurdle for the market in 2019. In addition to this, the government is now implementing the 9-6% interest rate effective from 1st April 2020 where banks with high exposure in SME and Retail loan portfolios are subject to drooping income as the cost for SME loan is way far above the corporate loans. Such kind of abrupt push to cut the net interest margins in every loan product through a cap of 9% even on SME and Retail lending is leading to a large amount of challenges for the banking sector as well as for stock market investors.

The uncertainty and the overhang on equity markets that were persistent throughout 2018 and 2019 should now be subsiding since the equity market absorbed almost all the discountable challenges in stock prices. The market faced about 28.7% correction on cumulative basis during last two years. The government is outlining plans to support the equity market through enhancing capacities of banks for more investment in stock market. The market outlook is also supported by the long-term fundamentals of the economy, which are highly attractive with an expected annual GDP growth of 8.0% north over the next five years. Furthermore, country like Bangladesh is expected to benefit from any protracted trade war between China and the U.S; which is already started to reflect in readymade garments export growth in recent quarters.

Taking a five-year view till 2025, we are very positive on the prospects of Bangladesh equity market as the current valuation metrics are hovering well below ten-years average range and we are expecting to see a rebound in earnings growth of listed equities. So, we believe the outlook for Bangladesh capital market is to remain positive in long-term, and we consider that the market will rebound from 2018-19's correction phase. The market in 2018-19 has already witnessed a reasonable correction, while now the scheduled banks are allowed inject fresh fund through Repo borrowing at 5% interest rate with relaxed regulatory reporting till 2025. Moreover, the listing of fundamentally sound companies like Walton, Robi in the process and this will broaden the investment base for investors. The Dhaka Stock Exchange with collaboration of the Central Bank, Bangladesh Securities and Exchange Commission and other stakeholders is also trying to facilitate the trading of Government issued Treasury Bonds, which will open for portfolio diversification opportunities for investors.

We are projecting the base case DSE market return in 2020 is to be around 10-12%. In bull case, the market return can be around 15%. However, good scripts are

likely to stand out in the market and we expect them to continue to drive valuations through their persisting fundamentals and expansion in valuation multiples. We are expecting 25% increase in daily average turnover volume to BDT 6.0 billion in 2020 in DSE market. The daily average turnover in 2019 was BDT 4.8 billion.

We aim to increase our market share to 4.5% from current 4.0% and securing our leading position in both local and foreign market. To attain the target, the focus of BESL in 2020 will be to nurture the "Retail" segment. BESL plans to continue the existing sales campaigns and want to capitalize on the distribution network of BRAC and BRAC Bank to reach the mass. Along the lines, as a part of this strategy, BESL has increased its focus in the corporate business wing. The focus for corporate business of 2020 is to structure the segment and ride along its growth, as majority of corporates houses currently manage its capital market investments on an ad-hoc and unstructured way, there is a significant scope to cater to that market. BESL intends to grab further market share in the foreign segment as well. We want to priorities further on client service though superior trade flow management, better execution and further customer engagement through sales call in collaboration with research team.

### Strategic Outlook of the Company

In this era of globalization, the business world is continuously changing and to keep pace with the changes every organization needs to ensure continuous development to achieve better competitive advantage and superior service quality over the competitors. In 2020 the key concentration areas of our management will be:

1. Retain market leadership
2. Intact foreign business
3. Focus, develop and structure the corporate business wing
4. Strengthen retail business through increase of BO Account
5. Focus more on sales from retail unit
6. Corporate Access Desk

7. Arrange road show locally & internationally
8. Exploring new client segments
9. Capitalizing on the brand value and group synergies
10. Investing in Technology for Better Data Management & Improved Trade Management
11. Innovate and Implementing Planned Structural Changes
12. Investing in our Staff

We believe that our teamwork shall play a vital role in reaching our target and achieve the corporate mission to be the market leader by increasing market share.

### Appreciation

I would like to thank my Board colleagues for their continued support and on their behalf would like to express my heartiest thanks to entire BRAC EPL Stock Brokerage Limited team. It would be remiss if we do not acknowledge the exceptional efforts of our employees who worked in partnership to meet many challenges of a difficult year. They were called upon to embrace some major challenges while at the same time maintained the highest standards of service to our clients. They met the challenges and we thank each of them for their extraordinary performance.

Finally, on behalf of the Board, I would like to thank our loyal clients and honorable shareholders for their continued support to Company. Taking this opportunity, the members of the Board also like to thank to Bangladesh Securities and Exchange Commission (BSEC), Dhaka & Chittagong Stock Exchanges, Central Depository Bangladesh Limited who were the partners in the growth of your company.

For and on behalf of the Board of Directors,



Nihad Kabir  
Chairperson

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BRAC EPL Stock Brokerage Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of BRAC EPL Stock Brokerage Limited (the Company), which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The Annual Report of its parent-BRAC Bank Limited is expected to be made available to us after the date of this auditor's report.

**Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.**

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on Other Legal and Regulatory Requirements**

We as required by the Companies Act, 1994, the Securities and Exchange Commission Act, 1993 and the Securities and Exchange Commission 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 purposes 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;
- (iii) The Company's statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- (iv) The expenditure incurred was for the purposes of the Company's business.



**A. Qasem & Co.**  
Chartered Accountants

Dated, Dhaka  
11 March 2020

# BRAC EPL Stock Brokerage Limited

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 Taka	2018 Taka
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	32,922,084	37,681,920
Intangible assets	6	579,473	922,688
Right of use asset	7	60,654,198	-
Investment in associate company	8	-	15,224,510
Investment in DSE & CSE	9	96,986,595	96,986,595
<b>Total non-current assets</b>		<b>191,142,350</b>	<b>150,815,713</b>
<b>Current assets</b>			
Investment in shares	10	455,931,066	543,827,302
Account receivables	11	174,093,546	151,190,669
Inter-company receivables	12	1,243,915	777,356
Margin loan receivables	13	90,168,705	170,693,561
Advances, deposits and prepayments	14	544,092,224	489,621,906
Other receivables	15	1,223,184	1,050,428
Investment in FDRs	16	66,101,634	62,787,880
Cash and cash equivalents	17	462,636,309	446,355,701
<b>Total current assets</b>		<b>1,795,490,583</b>	<b>1,866,304,803</b>
<b>Total assets</b>		<b>1,986,632,933</b>	<b>2,017,120,516</b>
<b>Equity and liabilities</b>			
<b>Shareholder's equity</b>			
Share capital	18	700,953,800	700,953,800
Retained earnings		171,899,728	256,893,198
Revaluation reserve for TREC license	19	87,688,970	87,688,970
<b>Total equity</b>		<b>960,542,498</b>	<b>1,045,535,968</b>
<b>Non-current liabilities</b>			
Lease liability	20	<b>31,225,469</b>	-
<b>Current liabilities</b>			
Lease liability-current portion	20	22,519,557	-
Account payables	21	382,599,735	440,068,033
Inter-company payables	22	186,656	571,612
Liability for expenses	23	54,113,639	59,854,256
Provision for income tax	24	535,445,379	471,090,647
<b>Total current liabilities</b>		<b>994,864,966</b>	<b>971,584,548</b>
<b>Total liabilities</b>		<b>1,026,090,435</b>	<b>971,584,548</b>
<b>Total equity and liabilities</b>		<b>1,986,632,933</b>	<b>2,017,120,516</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

Annexure-1 and 2 are an integral part of these financial statements.



Chief Executive Officer



Director



Chairperson

Dated, Dhaka  
11 March 2019

A. Qasem & Co.  
Chartered Accountants

**BRAC EPL Stock Brokerage Limited**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2019

	Note	2019 Taka	2018 Taka
<b>Service Revenue</b>	25	413,887,472	494,467,299
Direct expenses	26	(114,341,099)	(142,597,238)
<b>Gross profit</b>		<b>299,546,373</b>	<b>351,870,061</b>
Operating expenses	27	(221,649,887)	(230,818,822)
<b>Operating profit</b>		<b>77,896,486</b>	<b>121,051,239</b>
Investment income	28	(109,522,344)	(29,553,646)
Finance income	29	15,108,425	14,322,385
Other income	30	1,582,429	2,546,214
Finance expenses	31	(6,965,225)	(6,798,071)
Share of profit of equity in associate company	8	1,261,492	143,389
<b>Profit before tax</b>		<b>(20,638,737)</b>	<b>101,711,510</b>
Income tax expenses	32	(64,354,732)	(77,747,958)
<b>Net profit after tax</b>		<b>(84,993,469)</b>	<b>23,963,552</b>
<b>Other comprehensive income</b>			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
<b>Other comprehensive income, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss)</b>		<b>-</b>	<b>-</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

Allocation of income between Brokerage Income and Other than Brokerage Income has been shown in Annexure-2 which is also an integral part of these financial statements.

Chief Executive Officer

Director

Chairperson

Dated, Dhaka  
11 March 2019

A. Qasem & Co.  
Chartered Accountants

**BRAC EPL Stock Brokerage Limited**  
**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2019

	2019 Taka	2018 Taka
<b>A. Cash flows from operating activities:</b>		
Brokerage commission	373,329,034	452,017,963
Payments to creditors and other expenses	(248,829,958)	(379,681,860)
Loans and advances	9,036,935	306,801,752
<b>Cash generated from operating activities</b>	<b>133,536,011</b>	<b>379,137,854</b>
Bank interest income	15,108,425	14,322,385
Income from margin loan	17,638,860	19,725,457
Dividend income	25,780,414	21,895,887
Gain/(loss) on sale of shares	(25,596,615)	67,390,049
Other operating income	22,746,822	26,275,417
Income tax paid	(67,518,840)	(84,868,131)
<b>Cash generated used in other operating activities</b>	<b>(11,840,935)</b>	<b>64,741,064</b>
<b>Net cash flows from operating activities</b>	<b>121,695,076</b>	<b>443,878,918</b>
<b>B. Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(6,323,420)	(13,926,934)
Acquisition of intangible assets	(162,417)	(911,647)
Right of use asset	(88,559,501)	-
Sale of property, plant and equipment	1,920,000	2,600,000
Proceeds from liquidation of investment in associate company	16,486,002	-
Investment in shares	87,896,236	(34,122,822)
Unrealized gain/(loss) on share	(109,706,142)	(118,839,582)
<b>Net cash flows (used)/from investing activities</b>	<b>(98,449,243)</b>	<b>(165,200,985)</b>
<b>C. Cash flows from financing activities:</b>		
Finance cost	(6,965,225)	(6,798,071)
<b>Net cash used in financing activities</b>	<b>(6,965,225)</b>	<b>(6,798,071)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>16,280,608</b>	<b>271,879,862</b>
Cash and cash equivalents at the beginning of the year	446,355,701	174,475,839
<b>Cash and cash equivalents at the end of the year</b>	<b>462,636,309</b>	<b>446,355,701</b>

Chief Executive Officer

Director

Chairperson

Dated, Dhaka  
11 March 2019

A. Qasem & Co.  
Chartered Accountants

**BRAC EPL Stock Brokerage Limited**  
**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2019

Particulars	Share capital	Retained earnings	Revaluation reserve for TREC license	Amount in Taka
<b>Balance as at 1 January 2018</b>	<b>700,953,800</b>	<b>232,929,645</b>	-	<b>933,883,445</b>
Net profit for the year ended 2018	-	23,963,552	-	23,963,552
Revaluation reserve for TREC license	-	-	87,688,970	87,688,970
<b>Balance as at 31 December 2018</b>	<b>700,953,800</b>	<b>256,893,197</b>	<b>87,688,970</b>	<b>1,045,535,968</b>
Net profit for the year ended 2019	-	(84,993,469)	-	(84,993,469)
Revaluation reserve for TREC license	-	-	-	-
<b>Balance as at 31 December 2019</b>	<b>700,953,800</b>	<b>171,899,728</b>	<b>87,688,970</b>	<b>960,542,499</b>

Chief Executive Officer

Director

Chairperson

# DIRECTORS' REPORT

## to the Shareholders of BRAC EPL Investments Limited

The Board of Directors of BRAC EPL Investments Limited (BEIL) is pleased to present before you the Directors' Report on the operational and financial activities of BEIL together with the Audited Financial Statements for the year ended 31 December 2019 for your valued consideration, approval and adoption. The Directors' Report has been prepared in compliance with Section 184 of the Companies Act, 1994 and the requirements mandated by the regulatory bodies.

### BRAC EPL Investments Limited

BEIL is a public limited company, which has established itself as a full-fledged investment bank and portfolio manager in Bangladesh. Today, it is a reputed investment bank for corporate advisory services in the market, as is evident from the transactions it closed during 2019, such as its role as the Arranger for the largest power generation company of Bangladesh Government, for whom BDT 5,000 million was raised through issuance of bonds through private placement. This is also the first of any government owned power generation company to raise capital through issuance of bonds in Bangladesh. BEIL also raised BDT 900 million through issuance of preference shares for the largest private power generation company in Bangladesh.

BEIL as Issue Manager also successfully completed the process of obtaining consent from the Bangladesh Securities and Exchange Commission (BSEC) for the Initial Public Offering (IPO) of the first ever power sector bond to be listed in the country's capital market. The subscription process was successfully completed in 2019. The bond will start trading in both the stock exchanges of the country from January 2020.

BEIL is strategically optimizing business growth and profitability for the year 2020. The focus of the strategies would be rationalizing costs, enhancing fee-based income, full eradication of negative equity portfolio and boosting performance for establishing a sustainable investment bank.

### Products and services

#### 1. Portfolio Management

BEIL provides two types of portfolio management services:

- Investor Discretionary Portfolio Management: Investor Discretionary Account very closely

resembles a BO (Beneficial Owner) Account. Under this arrangement, full responsibility of buying or selling, taking margin and all other critical decisions rests on the investors. In this regard BEIL provides two products, the Cap Edge and Cap Cash.

- Manager Discretionary Portfolio Management: Under Manager Discretionary Account, the authority to take all pertinent decisions regarding most aspects of Portfolio Management lies with the Portfolio Managers. Most Merchant Banks in Bangladesh provide only Investor Discretionary Management Services, whereas BEIL is one of the few companies currently providing both types of services.

The fundamental difference between these two lines of business is the legal discretion or power of security selection, portfolio construction, execution timing and actual execution of trades.

Our Portfolio Management Products are:

- a. Cap Edge: Non-Discretionary Portfolio Accounts: Cap Edge is an Investor controlled account. Investors retain all the authority and power to select the items to buy and sell, and the timing of trade while the portfolio managers assist them with trade execution and continuous advice. Under this arrangement, investors pay management fee and brokerage commissions for trading.
- b. Cap Cash: Non-Discretionary Portfolio Accounts: Cap Cash is a unique non-discretionary product of BEIL offering clients margin and non-margin services through individual BO Account. Clients can link their existing BO Accounts in BEIL with their existing accounts in other brokerage houses. Cap Cash is an Investor controlled account. Investors retain all the authority and power to select the items to buy and sell, and the timing of trade while the portfolio managers assist them with trade execution and continuous and expert advice.
- c. Managed Cap Edge - Discretionary Portfolio Account: Managed Cap Edge is a Portfolio Manager controlled account. Managers retain all the authority and power to select the items to buy and sell, and the timing of trade while the investors can guide the managers by providing

input on their return and risk preference. Under this arrangement, investors pay management fees (which are higher than those in Cap Edge) and settlement fees for trading.

## 2. Structured Finance Department

The Structured Finance Department widened its scope further to investment banking activities in 2019. Moreover, the Corporate and Institutional Banking department saw further transformation in 2019 with revamping the team as new recruits were brought in. Under the top management of the previous year and the newly recruited team, the Structured Finance department closed two power project mandates as issue manager and arranger in 2019. Work for the IPO of the first ever power sector bond in the history of the capital market was also undertaken during the year and the bond will debut in the stock exchanges of the country in January 2020. The Structured Finance Department is also pursuing seven IPO/direct listing deals which are likely to be finalized by first quarter 2020.

## 3. Debt Arrangement

BEIL focused on originating, structuring and distributing debt in the form of syndicated loans, corporate bonds, bridge finance, mezzanine debt, asset backed securities and other debt products for the corporate houses of Bangladesh. Our scope of work ranges from structuring the optimum financial structure to arranging the fund from the prospective lenders. Most common form of debt arrangement is syndicated loan. In general, syndicated loans help to finance large ticket size loans which are not feasible to be provided bilaterally by a lender.

## 4. Private Equity

In recent years, alternative investment asset classes such as private equity placement have become

increasingly important pools of capital in the global financial system. With our vast network of foreign and local equity investors, we advise our clients on the optimum mode of financing requirement with alternatives to debt such as private equity and venture capital investments. Such investments provide great advantage to the clients as they get to have foreign investment banks/ institutions sit at their board, and helps build their brand image.

## 5. Mergers & Acquisitions

BEIL provides best in-class merger & acquisition advisory solutions for its clients in buying, selling or consolidating companies across all industries and across international borders. BEIL acts as both buyers and sellers agent. BEIL would assist in finding potential sellers/ buyers, negotiating to achieve the best possible price, valuation of the company, thorough due diligence of BEIL and all related activities in bringing the transaction to closure.

## 6. Corporate Advisory

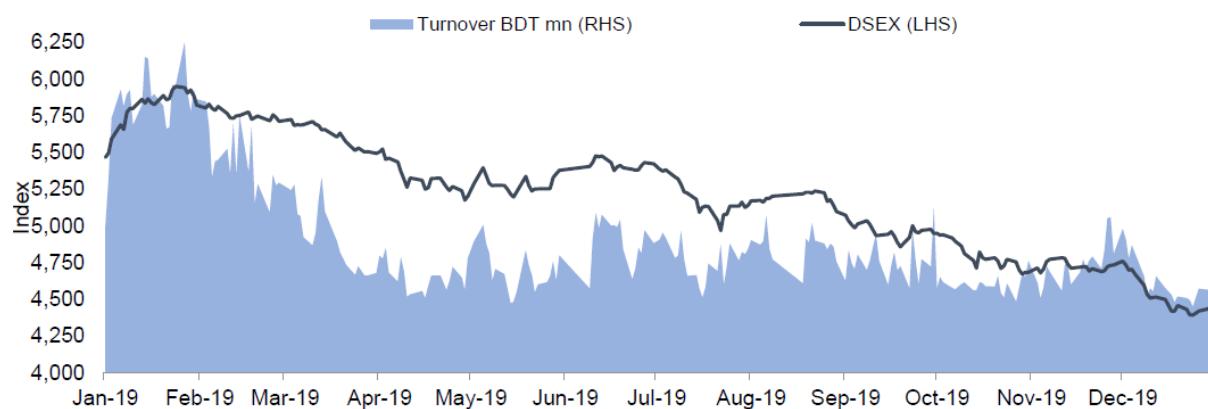
BEIL provides various corporate and financial advisory on project financing, corporate restructuring, financial due-diligence, etc for its clients.

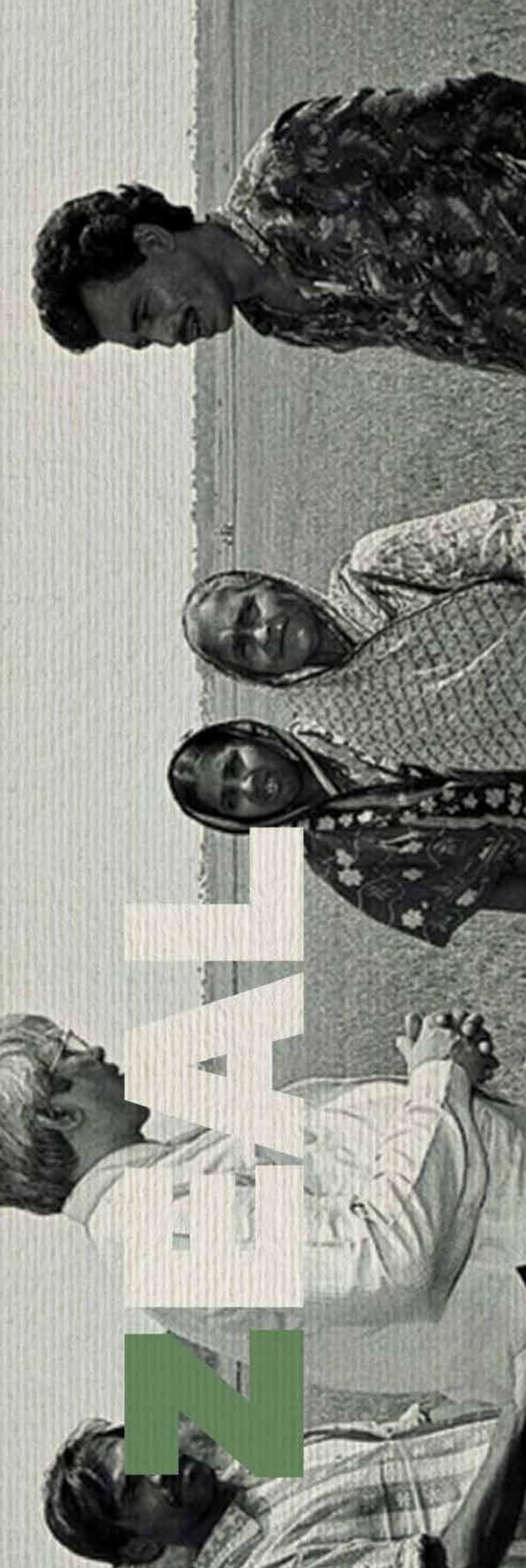
## 7. Distribution networks

We have seven offices that include a Corporate Head Office and six branches in Motijheel and Gulshan in Dhaka, Chattogram, Sylhet, Chowmuhani and Cumilla.

## Capital Market Review 2019

The market remained bearish throughout 2019. DSEX - the benchmark free float weighted market index- lost 17.3% in 2019.





	Dec-19	Dec-18
DSEX Index	4,453	5,386
Index Movement	(933)	(859)
% Change	-17%	-14%

Liquidity stress, corporate governance issues, uncertain regulatory challenges and perceived risk of currency devaluation as well as poor investor confidence had an adverse effect in the capital market. The overall earnings of the market went through a slowdown because of slow export and low private sector credit growth. Turnover also slowed down significantly with the daily average turnover dropping by 12.7% over last year due to the decreased participation from both retail, institutional and foreign investors. Overall, the Net Foreign Investment fell by BDT 4.9 billion in 2019.

Heavyweight stocks, particularly Grameen Phone, Square Pharmaceuticals, British American Tobacco and Lafarge Holcim Cement led the slump, falling by 20%. Overall, the twelve listed MNCs posted a negative 15% return in 2019.

#### Market Capitalization:

Sector	% of Total M. Cap*
Banks	19.0%
Pharmaceuticals & Chemicals	16.6%
Telecommunication	14.2%
Fuel & Power	13.3%
Food & Allied Product	7.9%
Engineering	5.2%
NBFI	5.1%
Insurance	4.0%
Textile	3.7%
Miscellaneous	3.4%
Cement	2.4%
Service & Real Estate	1.3%
Mutual Fund	1.1%
All Others Sectors	2.8%

The total market capitalization fell from BDT 391,283 crore on January 1, 2019 to BDT 339,551 crore on December 31, 2019.

#### Sector-wise Return:

Major Sectors	Sector Return %
Banks	-7.8%
NBFI	-24.5%
Pharmaceuticals & Chemicals	-8.1%
Fuel & Power	-13.2%

Major Sectors	Sector Return %
Engineering	-31.9%
Cement	-32.5%
Textiles	-31.6%
Telecommunication	-21.5%
Food & Allied	-19.1%
Mutual Funds	-12.8%
IT	-7.1%
Jute	-46.8%
Mutual Fund	1.1%
All Others Sectors	2.8%

All major sectors posted negative returns in 2019. Favorable macroeconomic indicators, supportive fiscal and monetary policy and steps taken by the Bangladesh Securities and Exchange Commission and Bangladesh Bank will restore the confidence of the investors to inject money into the market in 2020. It is expected that 2020 will be a good year for capital market.

### Financial Highlights for 2019

BRAC EPL Investments Limited has taken a number of steps to rationalize cost and effective and efficient management of its businesses.

- The operating expenses decreased by 24% to 43.09 million for the year ended 31 December

2019 compared to 56.6 million in the year 31 December 2018.

- BEIL borrowed on an average BDT 1.27 billion in short term loans and overdrafts at an average rate of 10.64% in 2019 which was 10.08% per annum in 2018.
- The operating loss for the year ended 2019 was BDT 372.26 million of which BDT 248.6 million was unrealized loss from our proprietary portfolio and BDT 136 million was interest expense from our outstanding Loan and Lease liability.

The Board would like to express my appreciation to the entire BRAC EPL Investments Limited's team. It would be remiss if we do not acknowledge the exceptional efforts of our employees who worked in partnership to meet many challenges of a difficult year. They were called upon to embrace some major challenges while at the same time maintaining the highest standards of service to our clients. They met the challenges well.

Finally, the Directors would like to thank our loyal clients and respected shareholders for their continued support to BEIL. Taking this opportunity, the members of the Board would also like to thank the Bangladesh Securities and Exchange Commission, Dhaka & Chittagong Stock Exchanges, Central Depository Bangladesh Limited who were the partners in the growth of BEIL.

For and on behalf of the Board of  
Directors,

Chairman

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BRAC EPL Investments Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of BRAC EPL Investments Limited (the Company), which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report of its parent BRAC Bank Limited is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act, 1994 and the Securities and Exchange Commission Rules, 1987, we also report the following:

- (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) 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;
- (iii) The Company's statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- (iv) The expenditure incurred was for the purposes of the Company's business.

Dated, Dhaka  
11 March 2020

  
A. Qasem & Co.  
Chartered Accountants

**BRAC EPL Investments Limited**  
**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2019

Particulars	Note	2019 Taka	2018 Taka
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	6,479,779	8,572,250
Intangible assets	6	516,232	299,779
Right of use Asset	7	4,723,270	-
Investment in associate company	8	-	15,676,040
Deferred tax assets	9	286,439,604	282,156,146
		<b>298,158,885</b>	<b>306,704,215</b>
<b>Current assets</b>			
Account receivables	10	15,674,420	27,928,847
Inter-company receivables	11	136,066	21,022
Other receivables		15,293,703	10,376,907
Investment in quoted securities	12	895,166,869	1,142,452,451
Advance income tax	13	25,114,710	18,608,816
Loans and advances to customers	14	1,693,628,668	1,703,219,146
Accrued interest and management fees receivable	15	313,879,136	332,702,889
Advances, deposits and prepayments	16	2,351,054	5,688,435
Cash and cash equivalents	17	11,015,740	14,054,573
		<b>2,972,260,366</b>	<b>3,255,053,086</b>
<b>Total assets</b>		<b>3,270,419,251</b>	<b>3,561,757,301</b>
<b>Equity and Liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	18	2,585,000,000	2,585,000,000
Share premium		436,825,951	436,825,951
Retained earnings		(2,276,111,075)	(1,907,652,764)
<b>Shareholders' equity</b>		<b>745,714,876</b>	<b>1,114,173,187</b>
<b>Non-current liabilities</b>			
Lease Liability		<b>1,709,241</b>	-
<b>Current liabilities</b>			
Customer deposits	19	84,854,573	94,838,032
Bank overdrafts	20	798,405,356	799,265,809
Short term loan	21	540,000,000	470,000,000
Account payables	22	6,787,284	9,716,578
Other liabilities	23	1,085,008,627	1,069,765,582
Provision for taxation	24	3,453,356	2,970,757
Lease Liability		3,392,023	-
Inter-company payable	25	1,093,915	1,027,356
		<b>2,522,995,134</b>	<b>2,447,584,114</b>
<b>Total equity and liabilities</b>		<b>3,270,419,251</b>	<b>3,561,757,301</b>

Footnotes:

1. Auditors' report - page 1-3
2. These financial statements should be read in conjunction with annexed notes 1 to 36.



Chief Executive Officer



Director



Chairman

Dated, Dhaka  
11 March 2020

A. Qasem & Co.  
Chartered Accountants

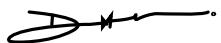
**BRAC EPL Investments Limited**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2019

	Note	2019 Taka	2018 Taka
<b>Revenue</b>			
Interest income from margin loan		15,806,366	73,782,773
Interest expenses	26	(136,604,943)	(115,227,974)
<b>Net interest income (A)</b>		<b>(120,798,577)</b>	<b>(41,445,201)</b>
Fee and commission income	27	21,117,085	39,261,163
Fee and commission expenses	28	(6,126,189)	(8,406,656)
<b>Net fee and commission income (B)</b>		<b>14,990,896</b>	<b>30,854,507</b>
(Loss)/gain from investment in securities	29	(230,223,374)	(173,099,069)
Other operating income/(loss)	30	30,022,483	27,083,036
<b>Net (loss)/gain from investment in securities (C)</b>		<b>(200,200,891)</b>	<b>(146,016,033)</b>
<b>Total operating income/(loss) (A+B+C)</b>		<b>(306,008,571)</b>	<b>(156,606,727)</b>
Operating expenses	31	(43,093,350)	(56,637,885)
Depreciation & amortization	5	(2,355,409)	(2,413,190)
Depreciation for Right of use assets	7	(9,017,503)	-
<b>Operating profit/(loss) (D)</b>		<b>(360,474,832)</b>	<b>(215,657,802)</b>
Finance income		72,997	113,116
Financial expenses	32	(482,517)	(547,790)
<b>Net finance income (E)</b>		<b>(409,520)</b>	<b>(434,674)</b>
Share of profit of equity in associate company (F)		1,496,879	149,364
<b>Profit/(loss) before provisions (D+E+F+G)</b>		<b>(359,387,472)</b>	<b>(215,943,112)</b>
Provision for loans and advances	23.1	-	-
Provision for account receivables	23.2	(12,871,697)	-
<b>Loss before tax</b>		<b>(372,259,169)</b>	<b>(215,943,112)</b>
Prior year taxes	33	-	1,006,500
Current year taxes	33	482,599	898,113
Deferred tax (income)/expense	33	(4,283,458)	491,405
Tax (income)/expenses		(3,800,859)	2,396,018
<b>Loss after tax</b>		<b>(368,458,311)</b>	<b>(218,339,130)</b>
Other comprehensive Income		-	-
<b>Total loss</b>		<b>(368,458,311)</b>	<b>(218,339,130)</b>

Footnotes:

1. Auditors' report - page 1-3
2. These financial statements should be read in conjunction with annexed notes 1 to 36.



Chief Executive Officer



Director



Chairman

Dated, Dhaka  
11 March 2020



A. Qasem & Co.  
Chartered Accountants

# BRAC EPL Investments Limited

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019 Taka	2018 Taka
<b>A. Operating activities</b>		
Net profit before tax	(372,259,169)	(215,943,112)
Add: Items not involving in movement of cash:		
Depreciation on property, plant and equipment	2,092,471	2,295,885
Amortization of intangible asset	262,938	117,305
Gain on disposal of property, plant and equipment	(24,000)	(2,842,200)
Depreciation of Right-of-use assets	9,017,503	-
Fair value adjustments for fall in values of investment in securities	248,567,074	192,772,006
Share of profit of equity in associate company	(1,496,879)	(149,364)
	<b>258,419,106</b>	<b>192,193,632</b>
Income tax paid	(6,505,894)	(4,866,806)
<b>Operating (loss)/profit before changes in working capital</b>	<b>(120,345,957)</b>	<b>(28,616,285)</b>
Changes in working capital :		
(Increase)/decrease in loan and advances to customers	9,590,478	19,167,075
(Increase)/decrease in accrued interest and mgt. fees receivable	18,823,754	(19,285,872)
(Increase)/decrease in account receivables	12,254,427	(11,400,812)
(Increase)/decrease in advance, deposits and prepayments	3,337,381	1,491,860
(Increase)/decrease in inter-company receivable	(115,044)	2,080,328
(Increase)/decrease in other receivables	(4,916,796)	(7,130,592)
Increase/(decrease) in customer deposits	(9,983,459)	(248,353,728)
Increase/(decrease) in account payables	(2,929,294)	(22,217,826)
Increase/(decrease) in inter-company payable	66,559	31,805
Increase/(decrease) in other liabilities	15,008,434	(9,281,307)
Increase/(decrease) in lease liability	5,101,264	-
	<b>46,237,704</b>	<b>(294,899,069)</b>
<b>Net cash (used)/from operating activities (A)</b>	<b>(74,108,253)</b>	<b>(323,515,354)</b>
<b>B. Cash flows from Investing activities:</b>		
Acquisition of property, plant and equipment	(244,781)	(4,081,850)
Disposal of property, plant and equipment	24,000	2,842,200
Striking off BRAC Asset Management	17,172,920	-
Sale/(purchase) of investment securities	(1,281,492)	20,939,849
Inclusion of Right of Used Asset	(13,740,773)	-
<b>Net cash used in investing activities (B)</b>	<b>1,929,873</b>	<b>19,700,199</b>
<b>C. Cash flows from Financing activities</b>		
Receipt/(repayment) of bank overdraft	(860,453)	27,147,834
Receipt/(repayment) of short term loans	70,000,000	250,000,000
<b>Net cash from/(used) in financing activities (C)</b>	<b>69,139,547</b>	<b>277,147,834</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(3,038,832)</b>	<b>(26,667,321)</b>
Cash and cash equivalents at the beginning of the year	14,054,572	40,721,893
<b>Cash and cash equivalents at the end of the year</b>	<b>11,015,740</b>	<b>14,054,572</b>



Chief Executive Officer



Director



Chairman



A. Qasem & Co.  
Chartered Accountants

Dated, Dhaka  
11 March 2020

**BRAC EPL Investments Limited**  
**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2019

Particulars	Share capital	Share premium	Retained earnings	Total	Amount in Taka
Balance as on 1st January 2018	2,585,000,000	436,825,951	(1,689,313,634)	1,332,512,317	
Total comprehensive income for the year 2018	-	-	(218,339,130)	(218,339,130)	
Balance as on 31 December 2018	2,585,000,000	436,825,951	(1,907,652,764)	1,114,173,187	
Total comprehensive income for the year 2019	-	-	(368,458,311)	(368,458,311)	
Balance as on 31 December 2019	2,585,000,000	436,825,951	(2,276,111,075)	745,714,876	



Chief Executive Officer



Director



Chairman



A. Qasem & Co.  
Chartered Accountants

Dated, Dhaka  
11 March 2020

# DIRECTORS' REPORT

## to the Shareholders of BRAC SAAJAN EXCHANGE LTD

### FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

#### Principal activities

The principal activity of the company continued to be that of money remittance.

#### Branches

The company operates through overseas branches in Italy, Portugal and Spain.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Kazi Mahmood Sattar

Mr Selim Reza Farhad Hussain

Mr Abdus Salam

#### Results and dividends

The results for the year are set out on page 12.

Ordinary dividends were paid amounting to £83,333. The directors do not recommend payment of a further dividend. This is to assist with maintaining Cash Flow and re-investing into the growing business of BRAC Saajan.

#### Future developments

The company is forecasting more than 26% YOY remittance growth in 2020. It expects continued strong demand in commercial aggregator sales, and significant growth in both the UK and Italian retail agent network.

The company has a strategic goal to spread its service to more than 30 countries by 2022. To this end the company is exploring partnership opportunities to scale up its reach into new corridors.

Investment in compliance and governance will continue, in line with regulatory requirements and the company's planned growth.

The company is working hard to meet emerging demand from its customer base for non-cash remittance services. This is a key initiative to reduce both risk and operating costs.

The strategic plan for 2020 involves rolling out its revamped online service across European countries.

#### Auditor

The auditor, Reddy Siddiqui LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the Board



Mr Abdus Salam  
Director

# INDEPENDENT AUDITOR'S REPORT

To the Members of BRAC Saajan Exchange Ltd

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of BRAC SAAJAN EXCHANGE LTD (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: auditor's report. <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work. For this report, or for the opinions we have formed.



9 April 2020

**Mr. Omar Siddiqui (Senior Statutory Auditor)**  
for and on behalf of Reddy Siddiqui LLP

183-189 The Vale  
Acton  
London  
W3 7RW

Chartered Accountants  
Statutory Auditor

**BRAC Saajan Exchange Limited**  
**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2019

	Note	2019 £	2018 £
<b>Turnover</b>	3	7,378,724	6,917,796
Cost of sales		(3,050,353)	(2,906,039)
<b>Gross profit</b>		<b>4,328,371</b>	<b>4,011,757</b>
Administrative expenses		(4,044,581)	(3,264,059)
Other operating income		94,172	54,878
<b>Operating profit</b>	5	<b>377,962</b>	<b>802,576</b>
Interest receivable and similar income	8	1,722	1,490
Interest payable and similar expenses	9	(172,088)	(145,699)
<b>Profit before taxation</b>		<b>207,596</b>	<b>658,367</b>
Tax on profit	10	(59,772)	(122,705)
<b>Profit for the financial year</b>		<b>147,824</b>	<b>535,662</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

## BRAC Saajan Exchange Limited

### BALANCE SHEET

As at 31 December 2019

	Note	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12		179,741		158,095
Tangible assets	13		633,481		558,600
Investments	14		44,765		44,765
			<u>857,987</u>		<u>761,460</u>
<b>Current assets</b>					
Debtors	16	6,379,231		5,506,510	
Investments	17	49,966		49,966	
Cash at bank and in hand		3,705,060		6,606,932	
		<u>10,134,257</u>		<u>12,163,408</u>	
<b>Creditors: amounts falling due within one year</b>	18	(8,499,612)		(10,487,865)	
Net current assets			<u>1,634,645</u>		<u>1,675,543</u>
<b>Total assets less current liabilities</b>			<b>2,492,632</b>		<b>2,437,003</b>
Creditors: amounts falling due after more than one year	19	(175,657)		(199,400)	
Provisions for liabilities	21	(61,369)		(46,488)	
<b>Net assets</b>			<b>2,255,606</b>		<b>2,191,115</b>
<b>Capital and reserves</b>					
Called up share capital	24		333,333		333,333
Share premium account	25		249,999		249,999
Profit and loss reserves	26		1,672,274		1,607,783
<b>Total equity</b>			<b>2,255,606</b>		<b>2,191,115</b>

The financial statements were approved by the board of directors and authorised for issue on 9 April 2020 and are signed on its behalf by:

Mr Abdus Salam  
Director

Company Registration No. 06469886

**BRAC Saajan Exchange Limited**  
**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2019

	Note	Share capital £	Share premium account £	Profit and loss reserve £	Total £
<b>Balance at 01 January 2018</b>		333,333	249,999	1,072,121	1,655,453
<b>Year ended 31 December 2018:</b>					
Profit and total comprehensive income for the year		-	-	535,662	535,662
<b>Balance at 31 December 2018</b>		<b>333,333</b>	<b>249,999</b>	<b>1,607,783</b>	<b>2,191,115</b>
<b>Year ended 31 December 2019:</b>					
Profit and total comprehensive income for the year		-	-	147,824	147,824
Dividends	11	-	-	(83,333)	(83,333)
<b>Balance at 31 December 2019</b>		<b>333,333</b>	<b>249,999</b>	<b>1,672,274</b>	<b>2,255,606</b>

**BRAC Saajan Exchange Limited**  
**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2019

Note	2019		2018	
	£	£	£	£
<b>Cash flows from operating activities</b>				
Cash (absorbed by)/generated from operations	32	(2,294,805)		4,525,610
Interest paid		(172,088)		(145,699)
Income taxes paid		(121,101)		(45,858)
<b>Net cash (outflow)/inflow from operating activities</b>		(2,587,994)		4,334,053
<b>Investing activities</b>				
Purchase of intangible assets		(81,473)		(48,562)
Purchase of tangible fixed assets		(126,876)		(45,784)
Proceeds on disposal of subsidiaries		-		39,196
Proceeds from other investments and loans		-		(712)
Interest received		1,722		1,490
<b>Net cash used in investing activities</b>		(206,627)		(54,372)
<b>Financing activities</b>				
Repayment of borrowings		(23,743)		(13,315)
Dividends paid		(83,333)		-
<b>Net cash used in financing activities</b>		(107,076)		(13,315)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(2,901,697)		4,266,366
Cash and cash equivalents at beginning of year		6,603,765		2,337,399
<b>Cash and cash equivalents at end of year</b>		3,702,068		6,603,765
<b>Relating to:</b>				
Cash at bank and in hand		3,705,060		6,606,932
Bank overdrafts included in creditors payable within one year		(2,992)		(3,167)

# INTEGRATED REPORTING CHECKLIST

Sl. No.	Particulars	Chapter/ Section reference	Page
<b>1</b>	<b>Elements of an Integrated Report</b>		
1.1	<b>Organizational overview and external environment</b>		
	An integrated report should disclose the main activities of the organization and the environment in which it operates.	Company Profile and Significant Accounting Policies	51, 418
	An integrated report should identify the organization's mission and vision, and provide essential context by identifying matters such as:		
	<b>The organization</b>		
	Culture, ethics and values	Our Philosophy, Mission, Vision, Values	47,48-50
	Ownership and operating structure including size of the organization location of its operations	Pattern of shareholding	260-261
	Principal activities and markets	Company Profile and Significant Accounting Policies	51, 418
	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, bargaining power of customers and suppliers and the intensity of competitive rivalry)	Competitive intensity and strategic response	153-156
	Position within the value chain	BRAC Bank's Value Chain	157-160
	<b>Key quantitative information</b>		
	The number of employees, revenue and number of countries in which the organization operates highlighting, in particular, significant changes from prior periods	Our Human Resources, Core financial highlights, Five year financial summary	282-289, 2-3, 128-139
	Significant factors affecting the external environment and the organization's response	PESTEL analysis	162-166
	* The legitimate needs and interests of key stakeholders	Stakeholders and Materiality	295-297
	* Macro and micro economic conditions, such as economic stability, globalization, and industry trends	Global and Bangladesh review in the Director's Report	77-127
	* Market forces, such as the relative strengths and weaknesses of competitors and customer demand	BRAC Bank's SWOT Framework at a Glance	161
	* The speed and effect of technological change	PESTEL analysis Technical Services	162-166 214-216
	* Societal issues, such as population and demographic changes, human rights, health, poverty, collective values and educational systems	PESTEL analysis	
	* Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached	PESTEL analysis	162-166
	* The legislative and regulatory environment in which the organization operates	PESTEL analysis	

Sl. No.	Particulars	Chapter/ Section reference	Page
	* The political environment in countries where the organization operates and other countries that may affect the ability of the organization to implement its strategy	PESTEL analysis	162-166
<b>1.2</b>	<b>Governance</b>		
	An integrated report should show how does the organization's governance structure support its ability to create value in the short, medium and long term.	Corporate Governance Compliance Report, strategy and resource allocation	234-253, 171-174
	An integrated report needs to provide an insight about how such matters as the following are linked to its ability to create value:		
	* The organization's leadership structure, including the skills and diversity	Board of Directors	60-66
	* Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues	Corporate Governance	233-253
	* Particular actions those charged with governance have taken to influence and monitor the strategic direction of the organization and its approach to risk management	Corporate governance, Risk Management Committee meetings	233-253, 354-360
	* How the organization's culture, ethics and values are reflected in its use of and effects on the capitals, including its relationships with key stakeholders	Corporate governance	233-253
	* Whether the organization is implementing governance practices that exceed legal requirements/ key policies	Corporate Governance	
	* The responsibility those charged with governance take for promoting and enabling innovation	Corporate Governance, Management Committee, Senior Officials	233-253, 72, 73-76
	* How remuneration and incentives are linked to value creation in the short, medium and long term, including how they are linked to the organization's use of and effects on the capitals	Strategy and resource allocation	171-174
<b>1.3</b>	<b>Stakeholder identification/ relationships</b>		
	An integrated report should identify its key stakeholders and provide insights into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests.	Stakeholder and Materiality	295-297
	Capitals	Capital Plan	292-294
	An integrated report needs to provide insight about the resources and the relationships used and affected by the organization, which are referred to collectively as the capitals and how the organization interacts with the capitals to create value over the short, medium and long term.	BRAC Bank's Value Chain, Our Business Model and Strategy	157-160, 167-169
	An integrated report needs to identify the various forms of capitals which are essential for the success of its business operations e.g. financial, manufactured, intellectual, human, social and relationship and natural.		

Sl. No.	Particulars	Chapter/ Section reference	Page
<b>1.4</b>	<b>Business model</b>		
	An integrated report needs to describe the business model including key:		
	Inputs	Our Business Model and Strategy	167-169
	Business activities		
	Outputs		
	Outcomes		
	Identification of critical stakeholders and others	Stakeholders and Materiality	295-297
	Connection to information covered by other Content Elements, such as strategy, risks and opportunities, and performance (including KPIs and financial considerations, like cost containment and revenues)	Core Financial Highlights, Letter from the Chairman, Message from our Managing Director & CEO, Directors' Report	2-3, 12-27, 28-41, 77-127
	Inputs - An integrated report shows how key inputs relate to the capitals on which the organization depends, or that provide a source of differentiation for the organization, to the extent they are material to understanding the robustness and resilience of the business model.	Our Business Model and Strategy	167-169
	Business activities		
	An integrated report describes key business activities. This can include:		
	How the organization differentiates itself in the market place	Strategy and resource allocation	171-174
	How the organization approaches the need to innovate	Our Business Model and Strategy	167-169
	How the business model has been designed to adapt to change	Strategy and resource allocation	171-174
	Outputs - An integrated report identifies an organization's key products and services.		
	Outcomes: An integrated report describes key outcomes, including: Both internal outcomes, and external outcomes, Both positive outcomes and negative outcomes	Our Business Model and Strategy	167-169
	When material, an integrated report discusses the contributions made to the organization's long-term success by initiatives such as process improvement, employee training and relationships management	Strategy and resource allocation	171-174
<b>1.5</b>	<b>Performance</b>		
	An integrated report needs to explain the extent to which the organization has achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals	Core Financial Highlights, Letter from the Chairman, Message from our Managing Director & CEO, Directors' Report	2-3, 12-27, 28-41, 77-127
	An integrated report should contain qualitative and quantitative information about performance that may include matters such as:		
	Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications and the methods and assumptions used in compiling them	Competitive intensity and strategic response	153-156

Sl. No.	Particulars	Chapter/ Section reference	Page
	The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests	Stakeholders and Materiality	295-297
	The linkages between past and current performance and between current performance and the organization's outlook.	Core Financial Highlights, Letter from the Chairman, Massage from our Managing Director & CEO, Directors' Report	2-3, 12- 27, 28-41, 77-127
	KPIs that combine financial measures with other components or narrative that explains the financial implications of significant effects on other capitals and other causal relationships may be used to demonstrate the connectivity of financial performance with performance relating to other capitals. In some cases, this may also include monetizing certain effects on the capitals.	Core financial highlights, Capital Plan	2-3, 292- 294
	Include instances where regulations have a significant effect on performance (e.g., a constraint on revenues as a result of regulatory rate setting) or the organization's non-compliance with laws or regulations may significantly affect its operations.	N/A	
<b>1.6</b>	<b>Risks and opportunities</b>		
	An integrated report should explain what are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long-term and how is the organization dealing with them	Competitive intensity and our strategic response	153-156
	This can include identifying:		
	The specific source of risks and opportunities, which can be internal, external or, commonly, a mix of the two		
	The organization's assessment of the likelihood that the risk or opportunity will come to fruition and the magnitude of its effect if it does	Risk management framework, Risk mitigation methodology at BRAC Bank	322-330, 331-341
	The specific steps being taken to mitigate or manage key risks or to create value from key opportunities, including the identification of the associated strategic objectives, strategies, policies, targets and KPIs		
	Risk management report (which includes details about risk, root cause,etc.)	From Risk Management Division	319-321
	Response on the effectiveness of the internal controls and the Board's responsibility for the disclosures on internal controls to safeguard stakeholder interest	Report of the Board Audit Committee	271-276
<b>1.7</b>	<b>Strategy and resource allocation</b>		
	An integrated report should describe the company's strategic direction (where does the organization want to go and how does it intend to get there)	Strategy and resource allocation	171-174
	An integrated report need to identify:		
	The organization's short, medium and long term strategic objectives	Strategy and resource allocation	171-174
	The strategies it has in place, or intends to implement, to achieve those strategic objectives		
	How is the entity positioned in the wider market	Value-added Statement	143-146

Sl. No.	Particulars	Chapter/ Section reference	Page
	How the long-term strategies relate to the current business model	Our Business Model and Strategy	167-169
	The resource allocation plans it has to implement its strategy	Strategy and resource allocation	171-174
	How it will measure achievements and target outcomes for the short, medium and long term. This can include describing:		
	The linkage between the organization's strategy and resource allocation plans and the information covered by other content elements, including how its strategy and resource allocation plans:		
	- relate to the organization's business model, and what changes to that business model might be necessary to implement chosen strategies to provide an understanding of the organization's ability to adapt to change		
	- are influenced by/respond to the external environment and the identified risks and opportunities affect the capitals and the risk management arrangements related to those capitals	Strategy and resource allocation	171-174
	What differentiates the organization to give it competitive advantage and enable it to create value, such as:		
	The role of innovation		
	How the organization develops and exploits intellectual capital	Our Human Resources	282-289
	The extent to which environmental and social considerations have been embedded into the organization's strategy to give it a competitive advantage	PESTEL analysis Strategy and resource allocation	162-166, 171-174
	Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans	Strategy and resource allocation	171-174
<b>1.8</b>	<b>Outlook</b>		
	An integrated report should explain what challenges and uncertainties the organization is likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?	Core Financial Highlights, Letter from the Chairman, Message from our Managing Director & CEO, Directors' Report	2-3, 12-27, 28-41, 77-127
	An integrated report should highlight anticipated changes over time and provides information on:		
	The organization's expectations about the external environment the organization is likely to face in the short, medium and long-term	Our Business Model and Strategy, SWOT analysis, PESTEL analysis	167-169, 161, 162-166
	How that will affect the organization	SWOT analysis, PESTEL analysis	161, 162-166
	How the organization is currently equipped to respond to the critical challenges and uncertainties that are likely to arise		
	The discussion of the potential implications, including implications for future financial performance may include:		
	The external environment and risks and opportunities, with an analysis of how these could affect the achievement of strategic objectives	Our Business Model and Strategy, SWOT analysis, PESTEL analysis	167-169, 161, 162-166

Sl. No.	Particulars	Chapter/ Section reference	Page
	The availability, quality and affordability of capitals the organization uses or affects including how key relationships are managed and why they are important to the organization's ability to create value over time	BRAC Bank's Value Chain	157-160
	An integrated report may also provide lead indicators, KPIs or objectives, relevant information from recognized external sources and sensitivity analyses. If forecasts or projections are included in reporting the organization's outlook, a summary of related assumptions is useful. Comparisons of actual performance to previously identified targets further enables evaluation of the current outlook	Directors' Report	77-127
	Disclosures about an organization's outlook in an integrated report should consider the legal or regulatory requirements to which the organization is subject	Accelerating the Value Creation Momentum	42-44
<b>1.9</b>	<b>Basis of preparation and presentation</b>		
	An integrated report should answer the question: How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?	Accelerating the Value Creation Momentum	42-44
	An integrated report describes its basis of preparation and presentation, including:		
	A summary of the organization's materiality determination process		
	Brief description of the process used to identify relevant matters, evaluate their importance and narrow them down to material matters	Stakeholders and Materiality	295-297
	Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters		
	A description of the reporting boundary and how it has been determined	Accelerating the Value Creation Momentum	42-44
	A summary of the significant frameworks and methods used to quantify or evaluate material matters		
<b>2</b>	<b>Responsibility for an integrated report</b>		
	An integrated report should include a statement from those charged with governance that includes:	Directors' Report	77-127
	An acknowledgment of their responsibility to ensure the integrity of the integrated report		
	An acknowledgment that they have applied their collective mind to the preparation and presentation of the integrated report	Accelerating the Value Creation Momentum	42-44
	Their opinion or conclusion about whether the integrated report is presented in accordance with the Framework		
<b>3</b>	<b>Other qualitative characteristics of an Integrated Report</b>		
	<b>Consistency and comparability</b>		
	The information in an integrated report should be presented:		
	On a basis that is consistent over time	Directors' Report	77-127
	<b>Using benchmark data</b>		
	Presenting information in the form of ratios	Five years' financial summary	128-139

Sl. No.	Particulars	Chapter/ Section reference	Page
	Reporting quantitative indicators commonly used by other organizations with similar activities, particularly when standardized definitions are stipulated by an independent organization	Five years' financial summary	128-139
	<b>Connectivity of information</b>		
	An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time.	Chapter 5: Corporate Strength Analysis	153-174
	<b>Content elements</b>	Core financial highlights	2-3
	Past, present & future	Core Financial Highlights, Letter from the Chairman, Message from our Managing Director & CEO, Directors' Report	2-3, 12-27, 28-41, 77-127
	<b>Finance and other information</b>	Five years' financial summary	128-139
	<b>Materiality</b>		
	An integrated report should disclose information about matters that substantively affect the organization's ability to create value over the short, medium and long-term	Stakeholders and materiality and BRAC Bank's Value Chain	295-297, 157-160
	<b>Assurance on the Report</b>		
	The policy and practice relating to seeking assurance on the report, the nature and scope of assurance provided for this particular report, any qualifications arising from the assurance, and the nature of the relationship between the organization and the assurance providers	Directors' Report Independent Auditor's Report	77-127, 396-401

# GLIMPSES OF THE 20<sup>TH</sup> AGM



# BRANCH LIST

Branch Name	Address
Agrabad Branch	C&F Tower ( 1st Floor), 1712, Sk. Mujib Road, Agrabad, Chattogram.
Araihaazar SME / Krishi Branch	Shahjalal Market (1st Floor), College Road, Araihaazar Bazar, Araihaazar,Narayangonj.
Asad Gate Branch	House No: 01, Plot No: 01, Asad Gate, Mirpur Road, Dhaka-1207.Bangladesh
Ashkona Branch	Ashkona Branch, Ashkona Community Centre & Decorator, 567/1, Ashkona, Dakhin Khan, Dhaka-1230.
Ashulia Branch	BRAC Bank Limited, "Abbas Shopping Complex" (1st Floor), Jamgara, Ashulia, Savar, Dhaka-1341
Ati Bazar Branch	Hazi Nuruddin Plaza House#13,ATI Bazar, Keranigonj ,Dhaka -1312
Badda SME Service Centre	Sand Stone Building , Holding # GA- 9/3, Progati Sharani , Shahjadpur Ward# 18, Badda, Thana # Gulshan, Dist.# Dhaka.
Bagerhat SME / Krishi Branch	Shaikh Mansion, Holding# 226, Main road, Ward# 05, Rahater Mor, 1st floor, Pourashava & Thana# Bagerhat, Dist. Bagerhat
Bahaddarhat SME Service Centre	Mamtaz Tower, 4540 Arakan Road, Bahaddarhat, Chattogram.
Banani 11 Branch	South Breeze Centre,Plot # 5, Building-G (1st & 2nd Floor), Road-11, Banani,Dhaka-1213
Banani Branch	Borak Mehnoor, Holding # 51/B, Kamal Ataturk Avenue, Banani C/A, Ward: 19; Dhaka-1213, Bangladesh
Bandartila SME Service Centre	Osman Plaza, 1st Floor, 800/new, MA Aziz Road, Airport road, Bondortila, Chattogram.
Baniachong Branch	Hazi Harun Mansion, Holding No # 5, BoroBazar, Baniachong, Habigonj.
Barishal Branch	S. Rahman Market, 1st Floor ,79 Sadar Road, Barishal-8200.
Baro Bazar Branch	"A" Hossain Plaza 4, Sir Iqbal Road, Khulna-9100, Bangladesh
Barura Branch	Angkur Bhuiyan Complex (Ground Floor),College Road, Barura, Cumilla-3560.
Basabo Branch	Doric Hakim Tower. Holding No 213, Road No19, Atish Dipankar Road, Ward No 4, Middle Bashabo, Sabujbag, Dhaka-1214.
Bashundhara Branch	Holding: 193, Block-B, Safwan Road, Bashundhara R/A, Dhaka-1229.
Beanibazar Branch	Hazi Abdus Sattar Shopping Complex( 1st Floor ),Holding No # 641, Ward No # 06,BeaniBazar, Sylhet.
Belkuchi Branch	1014, Bhuiyan Plaza, Mukunda Gati Bazar Road, Belkuchi, Sirajganj

<b>Branch Name</b>	<b>Address</b>
Benapole SME / Krishi Branch	Anu Bhaban, Holding# 492, Benapole, Jashore.
Bhairab Branch	Jahanara Mansion (1st Floor), Bangabandhu Sarani, Bhairab Bazar, Bhairab, Kishoreganj
Bhanga SME / Krishi Branch	Bhuiyan Market (1st floor), Holding No. - 414, Thana Road, Bhanga Bazar, Pourashava & P.S. - Bhanga, Dist. - Faridpur.
Bhedorgonj Branch	Maa Plaza, Holding : 137/1, Asian Highway Road Teringer More, Ps: Bhedorgonj . Dist: Shariatpur.
Bheramara Branch	Bheramara Marjina Complex 1st Floor. High Road , Bheramara Kushtia
Bhola Branch	Mahabuba Market, House No:1331-1338, Sadar Road, Bhola-8300
Bhulta SME / Krishi Branch	Haji Shopping Complex, Ward#04, Rupgonj, Narayangonj.
Bijoynagar SME Service Centre	TEPA Complex, Holding- Hal-169, Shahid Swaed Nazrul Islam Sharani, Ward-36, Thana- Palton, Dist.- Dhaka.
Biswanath Branch	Biswanath branch, Didar Shopping City (1st Floor), Rampasha Road, Biswanath, Sylhet
Board Bazar Branch	Hazi Ahammad Ali Eco Complex,Dag No 753-754,Dhaka Mymensingh Highway Road, Ward # 35, Board Bazar, Gazipur-1704
Bogra Branch	Sheikh Mansion, 368/405 Rangpur Road, Borogola, Bogra-5800
Bondor SME Service Centre	Noor Mansion, 1458 Main Road, Laldigirpar, Ward#14, Sylhet.
Bonosree Branch	Plot# 12, Block# C, Ground Floor, Bonosree Main Road, Bonosree, Rampura, Dhaka-1219
Brahmanbaria SME / Krishi Branch	Foyaz Plaza, 1116, Masjid Road, Brahmanbaria Sadar, Brahmanbaria.
CDA Avenue Branch	Hosna Kalam Complex, Plot-3439, CDA Avenue, East Nasirabad, Chattogram, Bangladesh.
Chandina Branch	Jainal Abedin Shopping Mall,Moddho Bazar Thana Road,Word No: 05.,Chandina-3510, Cumilla.
Chandpur SME / Krishi Branch	Shadana Plaza(1st floor), 514/459, Shahid Muktijoddha Sarak, Chandpur Sadar, Chandpur.
Chapainawabgonj SME / Krishi Branch	HOLDING NO#15 ,WORD NO#2, ISLAMPUR,BORO IINDIRA MOR,CHAPAINAWABGANJ.
Charmatha Branch	Sharif Market, House -3244 Dhaka- Rangpur Road, Charmatha, Bogra Sadar-5800.
Chawkbazar Branch	AL-MADINA TOWER,(1ST FLOOR), COLLEGE ROAD, OLI KHA MOSZID MORE, CHITTAGONG.
Chokoria SME / Krishi Branch	"Jahir Market" Holding# 1136, Arakan Road, Chokoria, Cox's Bazar.
Chowmuhuni Branch	Rupali Bhaban,Holding No # 807,Feni Road,Chowmuhan,Begumgonj,Noakhali,Bangladesh

<b>Branch Name</b>	<b>Address</b>
Chuadanga SME / Krishi Branch	Holding No. - 4276 (1st floor), Court Road, Pourashava & P.S. - Chuadanga, Dist. - Chuadanga.
Cumilla Branch	Holding# 682/615, Jhawtola, comilla-3500
Cumilla SME / Krishi Branch	Rajmoni Super Market, Holding# 98, Gorjankhola Road, Chawkbazar, Cumilla.
Companyganj Branch	Mim Plaza,Zero Point,Holding No-006-00 Bashurhat,Companyganj,Noakhali.
Cox's Bazar Branch	An-Nahar Complex (1st Floor) 1462 Burmise Market , Main Road , Sadar, Cox's Bazar.
Dakhin Khan Branch	Mozaffar Tower, Holding # 103, Ward # 03, Bir Mukti Joddha S.M. Mozzamel Haq Sarak , Dakhin Khan ,Dhaka
Daulatpur Branch	SS Centre Shopping Mall. Holding: 1/1, WARD#6 Jashore khulna highway Road, Daulatpur, Khulna.
Demra SME / Krishi Branch	Megna Plaza, Holding# 11, Ward#02, Konapara Bazar, Jatrabari, Dhaka.
Dhanmondi Branch	Bay Park Height, Holding Number-2 (New), Ward No-15, Mirpur Road, Dhanmondi, Dhaka
Dholaikhal SME Service Centre	Nahar Complex, Holding# 10/1, Ananda Mohon Basak Lan, Nayabazar, Ward# 71, Thana- Kotwali, Dist.- Dhaka.
Dinajpur SME / Krishi Branch	Nur Tower, Holding No-812/772, Munshipara Road, (Lilir Mor),Ward- 03, Dinajpur Pouroshova, Thana- Kotowali, District- Dinajpur
Dohar Branch	67, Asraf Ali Chowdhury Plaza (1st Floor), Joypara, Dohar, Dhaka-1330.
Donia Branch	Dhaka Shopping Tower, Holding # 852, Zia Sarani Road, Donia, Kadamtoli, Ward #03, Dhaka-1236
Elephant Road Branch	136, Ground Floor, Elephant Road, Dhaka- 1205
Elephant Road SME Service Centre	Ferdousi Plaza Bhaban, Holding# 334 Shaheed Janany Jahanara Imam Sharani, PS# Dhanmondi, Dhaka.
Faridpur SME / Krishi Branch	Swarnamoyee Plaza (1st floor) Holding No - 115 & 115/1, Mujib Sarak, Pourashava - Faridpur, P.S - Kotwali, Dist. - Faridpur.
Feni SME / Krishi Branch	Kazi Centre (2nd Floor) 105/106, S. S. K Road, Feni - 3900.
Ganakbari Branch	Neyath Solim Plaza, Bolivadra Bazar, Ganakbari, Ashulia, Savar, Dhaka-1349
Gandaria Branch	City Group Building (Ground & 1st Floor),Holding#119/E, Ward# 45(New),81(Old), Distrilari Road, Gandaria,Dhaka-1204.
Gazipur SME / Krishi Branch	Manik Bhaban, 95, Block# G, Rajbari Road, Joydevpur, Ward# 04, Gazipur.
Ghatail SME / Krishi Branch	Kajim Uddin Super Market, Holding# 752, Ward# 07, Thana# Gatail, Tangail.
Ghorashal Branch	Holding-300/1(G/F),Dakkshin Charpara, Station Road, Ghorashal, Palash, Narshingdi - 1613.
Goalabazar Branch	Anwar Mansion, 93 North Goalabazar,Osmani Nagar, Sylhet - 3124

<b>Branch Name</b>	<b>Address</b>
Gobindaganj SME / Krishi Branch	Jawad Plaza (1st floor), Holding No.- 609, Thana Moar, Charmatha, Gobindaganj, Gaibandha.
Gopalganj SME / Krishi Branch	Holding: 01, Ward: 02, Jahanara Plaza (1st Floor), Madrasha Road, Pourashava: Gopalgonj, Dist. Gopalgonj
Gouripur SME / Krishi Branch	Madona Twin Tower, Gouripur Homna Road, Daudkandi, Ward# 01, Gouripur.
Graphics Building Branch	9/G,Motijheel C/A,Dhaka-1000.
Gulistan SME Service Centre	Holding# 180, Siddique Bazar, Ward- 69, 5 no. Shahid Syed Nazrul Islam Sharani (North South Road), Thana- Kotwali, Dhaka- 1000
Gulshan Branch	House-50 (1st Floor), Road-03, Plot-02, Block- SW(H)-7, Gulshan Avenue, Gulshan-1, Dhaka-1212
Hajigonj Branch	Mokimabad, West Bazar,Hajigonj, Chandpur.
Halishahar Branch	Halishahar Branch House#1, Road#1, Lane#1, Block#L, Halishahar H/E, Halishahar, Chattogram
Hathazari SME / Krishi Branch	S.M Shopping Centre & Noor Nahar Plaza,(1 <sup>st</sup> Floor) Near to Hathazari Madrasha. Mouza- Fatika, Union- Dewan Nagar, Thana- Hathazari, Dist.- Chattogram.
Hazaribag SME Service Centre	House-55, Nowabgonj Road (1st Floor),Hazaribag, Lalbag, Dhaka-1211
Hemayetpur Branch	Hazi Ashraf Shopping Complex, (Ground Floor),Holding # 251, Jadur Char, Hemayetpur Bus Stand,Hemayetpur, Savar, Dhaka-1340.
Hobigonj Branch	Puran Muncefi Road, Habigonj-3300.
Imamgonj Branch	1, Nandakumar Datta Road,Chawk Corner (1st Floor), Chawk Bazar, Dhaka 1100.
Ishardi Branch	Brac Bank Limited, Ishwardi Branch,993, Boro Mosjid, Station Road, Ishwardi ,Pabna.
Islampur Branch	Bishal Hafej Sharif Market,10 Waizghat Road,(Beside Moon Complex),Islampur,Dhaka-
Jamalpur Branch	Beauty Plaza(1st Floor),Medical Road, Jamalpur.2000
Jatrabari SME Service Centre	39, Shahid Faruk Road (opposite of Leguna Stand) Jatrabari, Dhaka
Jashore Branch	Rawnak Chamber, M. K. Road , Jashore-7400.
Jhalakathi SME / Krishi Branch	Holding# 67,68, Monohori Potti Road, Jhalokathi Pourashava, Jhalokathi.
Jhenaidah SME / Krishi Branch	House No - 23 (1st floor), Agnibina Sarak, Jhenaidah.
Jibon Nagar Branch	Hasina Plaza(1st floor) House No. 578, Hospital Road,Jibon Nagar, Chuadanga
Joydebpur Branch	Rahamat Tower, Holding # 1034, Tangail Road, Joydebpur Chowrasta, Gazipur, Bangladesh
Joypurhat SME / Krishi Branch	Shahjahan Mansion (1st floor), Holding No. - 0554-00, Sadar Road, Joypurhat.
Jubilee Road Branch	Hazi M Rahman Mansion. 184/A Enayet Bazar, Jubilee Road, Chattogram. Bangladesh.
Kadamtoli SME Service Centre	Dewan Chand Mahal (1st & 2nd Floor), 1277, D.T Road, Dhanialapara, Kadamtoli, Chattogram

<b>Branch Name</b>	<b>Address</b>
Kapasia Branch	Prihan tower, safaiyari, Kapasia, Gazipur-1730
Karwanbazar SME Service Centre	Ali Bhaban, Holding# 92, Kazi Nazrul Islam Avenue, Ward# 39, Thana# Tejgaon Dist.# Dhaka.
Kasba Branch	Simanto complex-2, ( 1St Floor ) House No # – 561, Ward No-5,Kasba, B.Baria
Kazir Dewri Branch	Kazir Dewri Branch, BLC,18 S.S. Khaled Road Kazir Dewri, Chattogram.Bangladesh
Keraniganj Branch	Century Shopping Complex (1st Floor), Ward: 04, East Aganagar, Keraniganj, Dhaka-1310
Khatunganj SME Service Centre	M. K. Heights, Holding No#418, Khatunganj, Ward No#35, Kotwali, Chattogram.
Khilgaon SME Service Centre	Plot # 926/C, Khilgaon Rehabilitation Area, Ward# 1, (South) Thana- Khilgaon, Dist.# Dhaka-1219
Khulna Branch	"The Daily Probaho Bhaban"3, KDA Avenue, Khulna
Kishoreganj SME / Krishi Branch	Azhar Bhaban, Holding# 613, Ward# 06, Borobazar, Thana & Dist.- Kishoreganj.
Konabari SME / Krishi Branch	"Surma Food and Industry; Plot -143,144 # Dhaka-Tangail High Way Road; Konabari, Gazipur."
Kushtia SME / Krishi Branch	Tofazzel Heath Centre Bhabon (1st Floor), Holding 42/1, N.S. Road, Ward No-3, Kushtia Pouroshova, Thana-Kushtia, Dist.-Kushtia
Laksham Branch	Laksham (Pilot) Model School Market, 1449, Laksham-Chaudhogram Road,Laksham, Cumilla-3570.
Laxmipur SME / Krishi Branch	F. K. Mansion (1st floor), Holding No. - 1128, Mouja - Banchanagar, Godown Road, Pourashava - Lakshimpur, P.S. - Sadar, Dist. - Lakshimpur.
Lohagara SME / Krishi Branch	Best Chowdhury Plaza, Busstation (Amirabad), Lohagara, Chattogram.
Madambibirhat Branch	T K BHABAN(1 <sup>ST</sup> FLOOR),MADAMBIBIRHAT , BHATIARY,SITAKUNDA, CHITTAGONG
Madaripur SME / Krishi Branch	Kazi Abdur Rashid & Kazi Abdul Majid Plaza, Kazir Moar, Purana Bazar, Main Road, Madaripur.
Madhabdi Branch	236, Girls School Road, ( 1st Floor ) Madhabdi, Narsingdi
Magura SME / Krishi Branch	Alam Complex, Holding# 164, M.R Road, Ward# 09, Magura.
Majidee SME / Krishi Branch	Mofiz Plaza (1st floor), Holding No. - 630-631, Mouja - Fakirpur, Main Road, Sadar, Pourashava - Noakhali, P.S. - Sudharam, Dist. - Noakahali.
Manikgonj Branch	Jinnat Plaza, Holding No. 80/1, Ward No. 06. ,Shahid Rafique Sarak, PS: Manikganj Sadar, RS Office: Manikganj, Post Code: 1800
Mawna Branch	Takbir Super Market , Mulaid, Mawna,Sreepur,Gazipur
Mirpur Branch	House No - 13, Road - 03, Block - A, Section - 11,Mirpur, Dhaka 1216
Mirpur Section-1 Branch	B.N.S.B Bhaban, Plot# 1,2,3, Block# A, Section# 1, Ward# 12, Thana# Mirpur, Dist.# Dhaka.
Mirzapur Branch	Ashkobor Biponi Bitan, Holding No-01,Mirzapur Old Bus Stand, Ward No- 3,Pouroshoba - Mirzapur, Thana-Mirzapur, District- Tangail

<b>Branch Name</b>	<b>Address</b>
Mitford Branch	Abdul Kadir Mansion,Holding # 139,Biren Bose Street Mitford road, Dhaka
Moghazar Branch	Noor Bhandari Domino Benvento, 217& 217/A, Outer Circular Road, (1st & 2nd floor) Boro Moghbazar, Dhaka 1217
Mohadebpur Branch	DAG NO -RS - 515,516, KHATIAN NO - RS 574, MOUJA MOHADEBPUR, UNION - MOHADEBPUR, THANA MOHADEBPUR, DIST - NAOGAON
Mohammadpur SME Service Centre	Holding# 25/2, Ward# 42, Block# C, Tajmahol Road, Mohammadpur, Dhaka- 1207
Momin Road Branch	Momin Road Branch,2no Momin Road Jamal Khan, Chattogram
Monohordi Branch	30 Sadar Hospital Road, Monohordi Pourashava, Monohordi, Narsingdi
Motijheel Branch	Khan Mansion, 107 Motijheel C/A. Dhaka- 1000.
Moulvibazar Branch	Julia Shopping City (1st Floor), 111, Shantibag, Central Road, Moulvibazar.
Muktagacha SME / Krishi Branch	Holding-62, Muktagacha - Mymensingh Road, Ward no# 04, Muktagacha, Mymensingh.
Munshiganj Branch	545, Jamidar Para, Ayub Ali Super Market, 1st Floor, Munshiganj Sadar, Munshiganj.
Muradpur Branch	Ramna Trade Centre (1st Floor) 36/7,CDA Avenue, Muradpur, Chattogram.
Mymensingh Branch	4/B, Shymacharan Roy Road, Notun Bazar, Mymensingh-2200
Naogaon SME / Krishi Branch	Ayen Molla Tower (2nd Floor) , H# 3352, Sador Road, Old Bus Stand ,Naogaon
Narayanganj Branch	147, B.B Road, Narayanganj.
Narsingdi Branch	LB Plaza, Holding No: 01/2, 2 C & B Road Sadar, Narsingdi.
Natore Branch	Holding # 402, Mokbul Plaza, Kanaikhali, Dhaka Road, Natore-6400
Natun Bazar Branch	1020,MIAH BHAI PLAZA ( 1ST FLOOR ) ,NATUN BAZAR,VATARAH,GULSHAN,DHAKA-1212
Nawabganj Branch	Isamati Plaza,Plot-415,Bagmara,Nawabgonj,Dhaka
Nawabpur Branch	172, Nawabpur Road (1st Floor), Dhaka-1000.
Netrokona SME / Krishi Branch	Hillol Market (1st Floor) , Holding# 422, Teribazar, Ward# 06, Powroshova & Thana : Netrakona Sadar , District: Netrakona
New Eskaton Branch	23 New Eskaton Road, Dhaka-1000
Nilphamari Branch	Toyez Uddin Plaza, Ground Floor, Holding#535,Hazi Mohshin Road, Nilphamari Sador,Nilphamari-5300.
Nitaigonj SME / Krishi Branch	19 R.K Das Road (1st Floor), Netaigonj, Narayangonj-1400
Noapara Branch	165,Rahim Tower Station Bazar, Jashore-Khulna Road, Noapara, Abhoynagar, Jashore.
Nobigonj Branch	Khalique Manjil, 1st Floor,Shantipara,Hospital Road,Nabigonj, Habigonj - 3370
North Gulshan Branch	Navana Pristine Pavilion,Plot#128,(2ndFloor),Block#CEN (H),Ward#19,Gulshan Avenue, Gulshan-2, Dhaka-1212
Pabna SME / Krishi Branch	JB Complex, 1310, 1311 Thana Road, Pabna Sador, Pabna.

<b>Branch Name</b>	<b>Address</b>
Pahartoli SME Service Centre	Nazir Saleh Complex,Plot#512/659,Dhaka Trunk Road, D.T Road,Ward#13, Chattogram City Corporation, Pahartali, Chattogram.
Panchagar SME / Krishi Branch	1st Floor, Alocaya Super Market, H# 644, Natun Basti, Alocaya Cinema Road, Panchagarh.
Panthapath SME Service Centre	Akankha Tower,57/E, East Rajabazar, Thana# Sher-E-Bangla Nagar, Panthapath, Ward# 27, Dhaka-1215
Patuakhali Branch	Talukder Bhaban 140, Sadar road Natun Bazar, Patuakhali-8600
Pirojpur SME / Krishi Branch	"Chandni Super Market", Holding# 279, Kapuria Patty Road, Ward no# 05, Pirojpur Sadar, Pirojpur.
Poradah Branch	Khan Supper Market, Ground Floor, South Katdah, Poradah Bazar, Mirpur, Kushtia
Potiya Branch	1358/Kha, Patiya Model High School Market, Patiya , Chattogram
Raipur Branch	384,Hazi Ali Akbar Shopping Complex,Main Road,Raipur Paurashava,Laxmipur.
Rajbari SME / Krishi Branch	Nazar Mawla Plaza (1st Floor), Holding No. - 0072-09, Main Road, Pourashava - Rajbari, PS. - Sadar, Dist - Rajbari.
Rajshahi Branch	177, Kumarpara, ghoramara, Boalia, Rajshahi.
Rampura Branch	Khan Tower, 359, D. I. T Road, East Rampura,Dhaka-1219
Rangpur Branch	City Plaza,(1st Floor),Plot# 4325 & 4328,Station Road,Rangpur.
Rokeya Sharoni Branch	Holding-129, Word No-14, Senpara Parbata , Mirpur Dhaka-1216.
Sadarghat SME Service Centre	Rahmatullah Mansion" 8 storied comercial Building, Holding No # 5/1/1, Simpson Road,(2nd floor) Sadarghat, Dhaka – 1100
Satkhira Branch	Tufan Complex, Holding No#01, Polashpole,Satkhira Sador. Satkhira
Satmasjid Road Branch	Green Akshay Plaza,1st floor & 2nd floor,Plot :146/G,(Old),59 (New),Road-2/ A,Satmasjid Road ,Zigatola,Dhanmondi, Dhaka-1209.
Savar Branch	Modern Plaza Ltd (1st Floor), D-136, Thana Bus Stand, Talbag, Savar, Dhaka-1340
Shahjadpur SME / Krishi Branch	Aziz Mansion (1st floor), Holding No.-136,137,137/1, Monirampur Bazar, Shahjadpur, Sirajganj.
Shakhipur Branch	KORBAN ALI PLAZA, HOLDING NO -N,109,110, KOCHOUA ROAD, WARD NO - 3, SHAKHIPUR POURASHAVA, THANA - SHAKHIPUR, DIST - TANGAIL
Shantinagar SME Service Centre	Shaan Tower" , 24/1 Chamilibagh, shantinagar. Dhaka - 1217
Shaymoli Branch	19 - 20, Adarsho Chayaneer Housing Society Ring Road, Shaymoli, Dhaka-1207, Bangladesh
Sherpur Branch	Holding # 1521,Abdul Mazid Market ,Bogra Sherpur Highway,Sherpur, Bogra
Sherpur SME / Krishi Branch	Bhuiyan Plaza (1st floor), 175, Munshi Bazar Road, Pourshava & P.S. - Sherpur, Dist. - Sherpur.
Shib Char Branch	Ilias Ahmed Chowdhury Poura Super Market, ShibChar Bazar Road, ward # 03, Shibchar , Madaripur

<b>Branch Name</b>	<b>Address</b>
Shyampur SME / Krishi Branch	35/1 Karimullah Bagh, Shyampur, Dhaka 1204
Siddirganj Branch	Alhera Tower 1st Floor, House No: 227 Road#8, Hirajheel Main Road, SIDDIRGANJ, Narayanganj.
Sirajganj SME / Krishi Branch	M.H Khan Plaza (1st Floor), Holding No. 521-522, S.S Road, Sirajgonj.
Sitakundo Branch	ALI MARKET (1ST FLOOR), HOLDING # 511,D.T. ROAD, SITAKUNDA, CHITTAGONG
Sk Mujib Road Branch	Johra Tower, Holdig#2525/2526/4230, 1st Floor SK MUJIB ROAD, Double Mouring Agrabad, Chattogram
Sonagazi Branch	Sheikh Abul Market (1st Floor) ,Main Road, Sonagazi, Feni.
Sonargaon Branch	Sonargaon Shopping Complex (1st Floor), Mograpara, Chowrasta, Sonargaon, Narayanganj
South Shurma SME / Krishi Branch	1st Floor, Jaigirdar Plaza, Proposed Holding # 2999, Varthakhola, Station Road, Sylhet.
Sreenagar Branch	M. Rahman Complex(First Floor),Bhagyakul Road, Sreenagar Bazar, Sreenagar, Munshiganj.
Sunamganj Branch	Ahsan Mansion, Holding no: 885,Alfat Square( Traffic Point) Road, Sunamganj -3000
Swarupkathi SME / Krishi Branch	Haque Mansion (1st Floor), Nuton Road, Miarhat, Kowrikhara, Nesarabad, Swarupkathi, Pirojpur.
Syedpur Branch	81, Sher-E-Bangla Road, Sayedpur Plaza, Sayedpur, Nilphamari.
Sylhet Branch	Pallabi Trade Centre (Gr & 1st Floor), Sunamganj Road, Subid Bazar, Sylhet-3100
Sylhet Uposhahar Branch	3/3 Uposhahar Main Road, Block-D, Shahjalal Uposhahar,Sylhet (1st Floor )
Tangail Branch	Tangail Tower, Holding #541,542 & 544,Main Road, Tangail
Thakurgaon SME / Krishi Branch	Nurjahan Plaza, Holding# 1322, Shahid Mohammad Ali Sharak, Thakurgaon.
Tongi Branch	Tongi Branch,Nasir Uddin Sarker Tower,2 No Mymensingh Road,Tongi , Gazipur-1700
Uttara Branch	Mika Corner Stone (1st & 2nd Floor),Plot: 16 & 17, Road: 12, Sector: 06, Uttara, Dhaka - 1230
Uttara Jashim Uddin Avenue Branch	Uttara Jashim Uddin Avenue Corporate Branch,Giant Business Tower, Plot-3 & 3/A,Sector-3, Uttara, Dhaka-1230
Uttara SME Service Centre	Doel Centre, Holding #15, Sonargaon Janapath, Ward # 51 Sector # 13, Uttara, Dhaka.
Zindabazar Branch	Symphony Heights,Baruthkhana Point,East Zindabazar Sylhet-3100.
Zinzira Branch	Mona Trade City(1st Floor),Dakpara,Zinzira High Way,Keraniganj,Dhaka-1310

# ABBREVIATIONS

BAC	Board Audit Committee	GABV	Global Alliance on Banking for Values
BAS	Bangladesh Accounting Standards	GDP	Gross Domestic Products
BB	Bangladesh Bank	IAS	International Accounting Standards
BBL	BRAC Bank Limited	IFRS	International Financial Reporting Standards
BCP	Business Continuity Plan	KRI	Key Risk Indicator
BFRS	Bangladesh Financial Reporting Standards	MANCOM	Management Committee
biTS	BRAC IT Service	MICR	Magnetic Ink Character Recognition
BSEC	Bangladesh Securities and Exchange Commission	NAV	Net Assets Value
CDBL	Central Depository Bangladesh Limited	NBFI	Non-banking Financial Institutions
CRAB	Credit Rating Agency of Bangladesh	NCI	Non controlling interest
CRAR	Capital to Risk Weighted Assets Ratio	NII	Net Interest Income
CRM	Credit Risk Management	NPL	Non Performing Loan
CRR	Cash Reserve Requirement	OBU	Off Shore Banking Unit
CSE	Chittagong Stock Exchange	PAT	Profit after Tax
CSR	Corporate Social Responsibility	PBT	Profit before Tax
DSE	Dhaka Stock Exchange	ROA	Return on Assets
DTA	Deferred Tax Assets	ROC	Regional Operating Centre
EPL	Equity Partners Limited	ROE	Return on Equity
EPS	Earnings per Share	ROI	Return on Investment
ERM	Enterprise Risk Management	RWA	Risk Weighted Assets
ERMC	Enterprise Risk Management Committee	SAM	Special Asset Management
EVA	Economic Value Added	SLR	Statutory Liquidity Ratio
FCY	Foreign Currency	SME	Small & Medium Enterprises
FDI	Foreign Direct Investment	TAT	Turnaround Time
FI	Financial Institution	VAS	Value Added Service
FUM	Fund under Management	WHT	With Holding Tax
FY	Financial Year	YoY	Year on year



**Registered Office:** Anik Tower, 220/B, Tejgaon Gulshan link Road, Tejgaon I/A, Dhaka-1208, Bangladesh

**Share Office:** Anik Tower, (Ground floor) 220/B, Tejgaon Gulshan link Road, Tejgaon I/A, Dhaka-1208, Bangladesh

### Proxy Form

I/We ..... of .....

..... being a member of BRAC Bank Limited and entitled to vote, do hereby appoint Mr. /Ms..... of ..... of ..... as my proxy to attend and vote for me on my/our behalf at the 21st Annual General Meeting of the Company to be held on 25 June, 2020 at 11.00 a.m. via live webcast by using digital platform.

Signed this ..... day of ..... (Month) 2020

Signature of proxy .....

Signature of shareholder .....

Affix Revenue  
Stamp of TK. 20.00

BO ID of Member:

No. of shares held on Record date (03 June, 2020) .....

**Note:**

The scanned copy of "Proxy Form", duly signed and affixed with BDT 20 revenue stamp must be sent through email to BRAC Bank Share Office at [sharedept@bracbank.com](mailto:sharedept@bracbank.com) no later than 72 hours before commencement of the AGM. Signature of the shareholder/s should agree with the specimen signature registered with the Company / Depository Participant(s).

[www.bracbank.com](http://www.bracbank.com)  
[facebook.com/bracbank](https://facebook.com/bracbank)

## **BRAC Bank Limited**

Head Office: Anik Tower  
220/B, Tejgaon Gulshan Link Road  
Tejgaon I/A, Dhaka 1208, Bangladesh