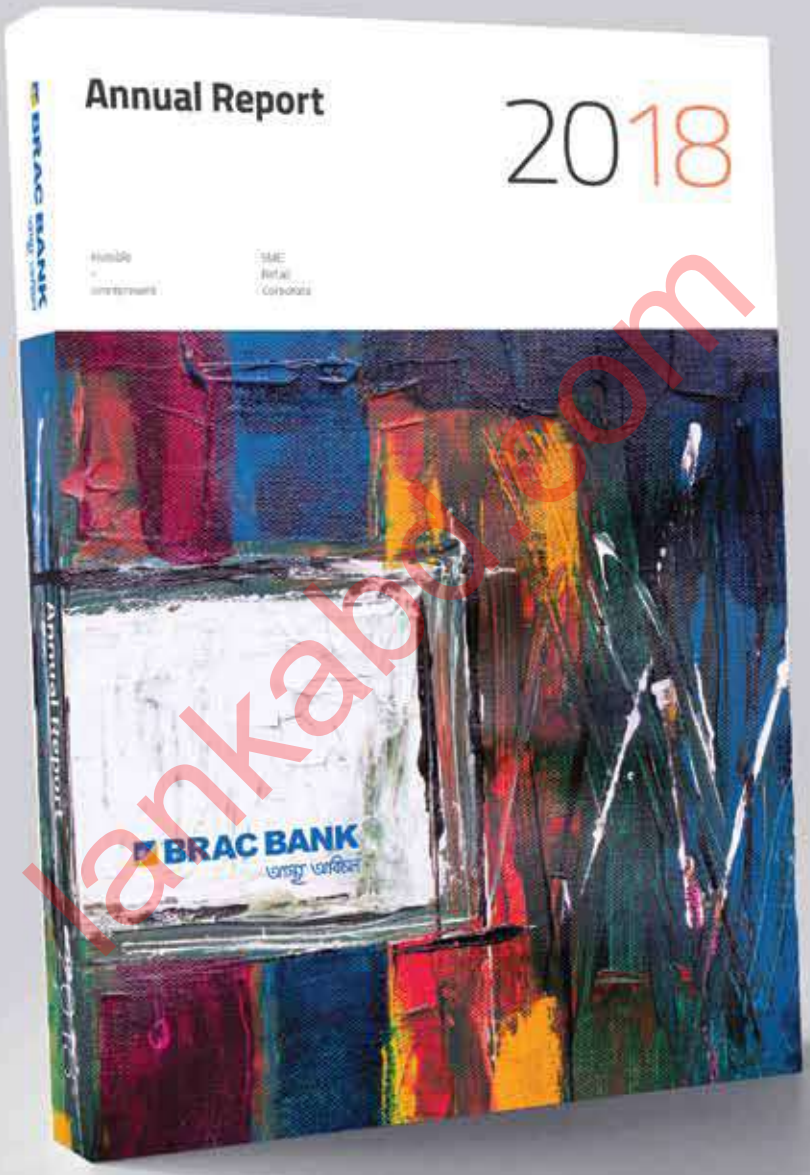

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BRAC BANK LIMITED

Annual Report 2018

Invisible
+ Omnipresent

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We live in a world today where our expectations are shaped by digital experiences that are tailored to meet our unique needs. We can reach whomever whenever wherever through a channel of our own choosing – a phone call, a video call, a text message, or a group chat on our favorite messenger app. We can elect to consume news or entertainment content from a plethora of sources, and again through a channel of our own choosing – TV, laptop, mobile phone, or paper format. We can opt to obtain a wide range of services through a few clicks or swipes just when we need that service.

Our communication, content and service needs are met by a dizzying array of choices. But we do not want these choices to clutter our lives. They are there when we need them, but not get in our way when we don't. In essence, we want these services to be always there in the background of our lives, and only appear magically just when we need them.

We want the services to be invisible and yet omnipresent. And we want them to meet our needs as if we are the only thing that matters to them.

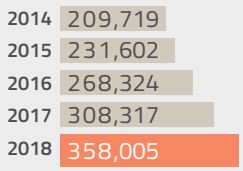
BRAC Bank recognizes that financial services are no different. Our strategy is firmly pivoted on this invisible + omnipresent mantra, and it is manifested through our unwavering commitment to customer centricity and relationship-based financial services. To execute on this strategy, BRAC Bank has embarked upon a significant transformation journey across its people, process and technology dimensions.

The BRAC Bank of tomorrow will always be beside its customers, but never obtrusively. It will anticipate customer needs and offer the most compelling choices for tailored financial services using the most appropriate channels – a mobile app, a web portal, a phone call, an SMS, an agent banking touchpoint, a bank branch, or even a visit by a banking partner to its customer's home or office. In doing so, BRAC Bank will reimagine what financial services ought to be in the future, and further strengthen its #1 market position in Bangladesh.

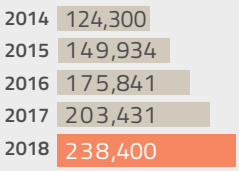
Core Financial Highlights
Consolidated

BDT in million unless otherwise specified

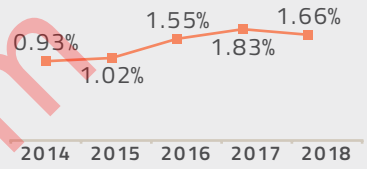
Total Assets



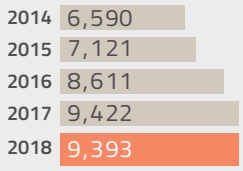
Loan and Advances



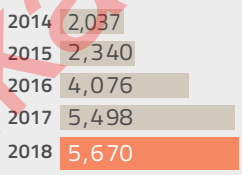
Return on Assets



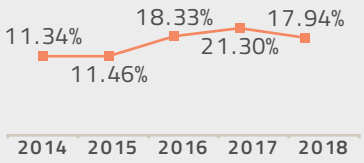
Operating Profit



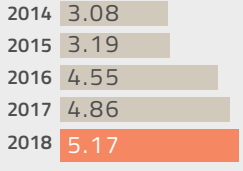
Net Profit After Tax



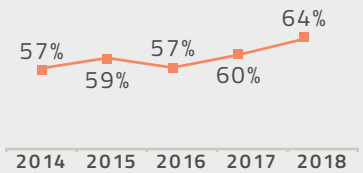
Return on Equity



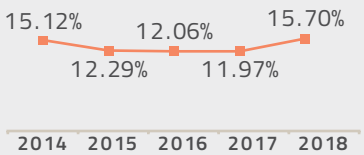
Earnings Per Share



Cost to Income Ratio



CRAR



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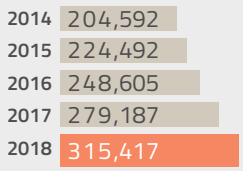
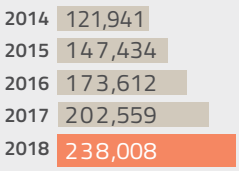
Core Financial Highlights
Standalone

BDT in million unless otherwise specified

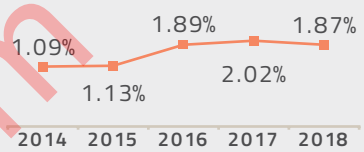
Total Assets



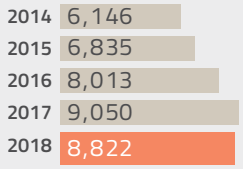
Loan and Advances



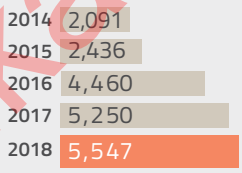
Return on Assets



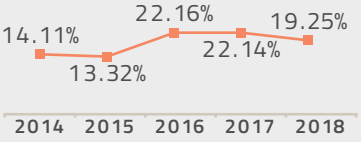
Operating Profit



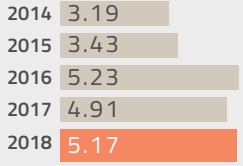
Net Profit After Tax



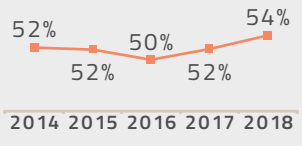
Return on Equity



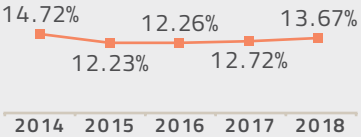
Earnings Per Share



Cost to Income Ratio



CRAR



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Non Financial
Highlights

	2018	2017
Number of Branches	186	186
Number of SME Unit Office	456	457
Number of ATMs	448	447
Number of CDM	97	90
Number of Customers	1.2 Million	1.2 Million
Human Resources	7,085	6,835
Training Participant Number	17,968	24,523

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Non Financial
Highlights

	2018	2017
No. of Training programs conducted	778	1,087
CSR Investments	111 Million	164 Million
System Upgrade - ERP	ORACLE (myBBL)	IFS
System Upgrade - Core Banking	Finacle Version 10	Finacle Version 7
SAFA BPA Award	Winner 2 successive year	
Credit Rating	CRAB : AA_1/ST-1 CRISL : AA+/ST-1 ECRL : AA+/ST-1 S&P Global : B+ Moody's : Ba3	
Agent Banking	50 Outlets in 2018	

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Get in touch online

Email us at **enquiry@bracbank.com** or follow us on social media in one of the following ways:

- facebook.com/bracbank
- instagram.com/bracbanklimited

280 SUSTAINABILITY REPORT

At BRAC Bank, our strategy is centrered on our commitment to our home country. This directs our growth toward the shared benefit of our clients, our people and all our stakeholders.

78 DIRECTORS' REPORT

BRAC Bank is one step closer to be the best bank in Bangladesh.

374 FINANCIAL STATEMENTS

BRAC Bank kept pace in its way of sustainable profitablity during 2018.

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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
Chattogram Stock Exchange Limited

Dear sir (s),

Annual Report for the year ended December 31, 2018

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, 2018 for your kind information and record.

Yours sincerely,

Rais Uddin Ahmad
Company Secretary

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Forward-Looking Statements

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 fillings with Securities and Exchange Commission 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", "intent", "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 of interest rates, capital markets instability, changes for 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 the 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 and cannot solely be 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.

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Notice of the twentieth Annual General Meeting

NOTICE IS HEREBY GIVEN that the twentieth Annual General Meeting (AGM) of BRAC Bank Limited will be held on April 30, 2019, Tuesday at 10.00 a.m. at BRAC Centre for Development Management (B-CDM), Khagan, Savar, Dhaka, to transact the following business:

AGENDA

AGM-20-01-2019: To receive, consider and adopt the audited financial statements for the year ended December 31, 2018 and the Auditors' and Directors' Reports;

AGM-20-02-2019: To declare dividend for the year ended December 31, 2018;

AGM-20-03-2019: To elect/re-elect Directors;

AGM-20-04-2019: To appoint Auditors of the Company for the year 2019 and to fix their remuneration.

AGM-20-05-2019: To appoint Professional for the certification on Corporate Governance for the year 2019 and to fix their remuneration.

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

By order of the Board,

Rais Uddin Ahmad
Company Secretary

April 08, 2019

NOTES:

a) The "Record Date" is April 11, 2019.

b) Shareholders whose name would appear in the Register of Members of the Company on the Record Date shall be entitled to attend AGM and for the dividend.

c) A member eligible to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. The duly completed Proxy Form must be affixed with a revenue stamp of Taka 20.00 and submitted to the Registered Office of the Company not later than 48 hours before the time fixed for the Annual General Meeting.

d) Shareholders and proxies are requested to record their entry at the AGM well in time. No entry will be recorded after 10:00 a.m.

e) No gift/gift coupons/food box, etc. will be distributed at the 20th AGM, in compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated 24 October 2013 and Regulation 24 (2) of the Listing Regulations, 2015, of both the stock exchanges (DSE and CSE).

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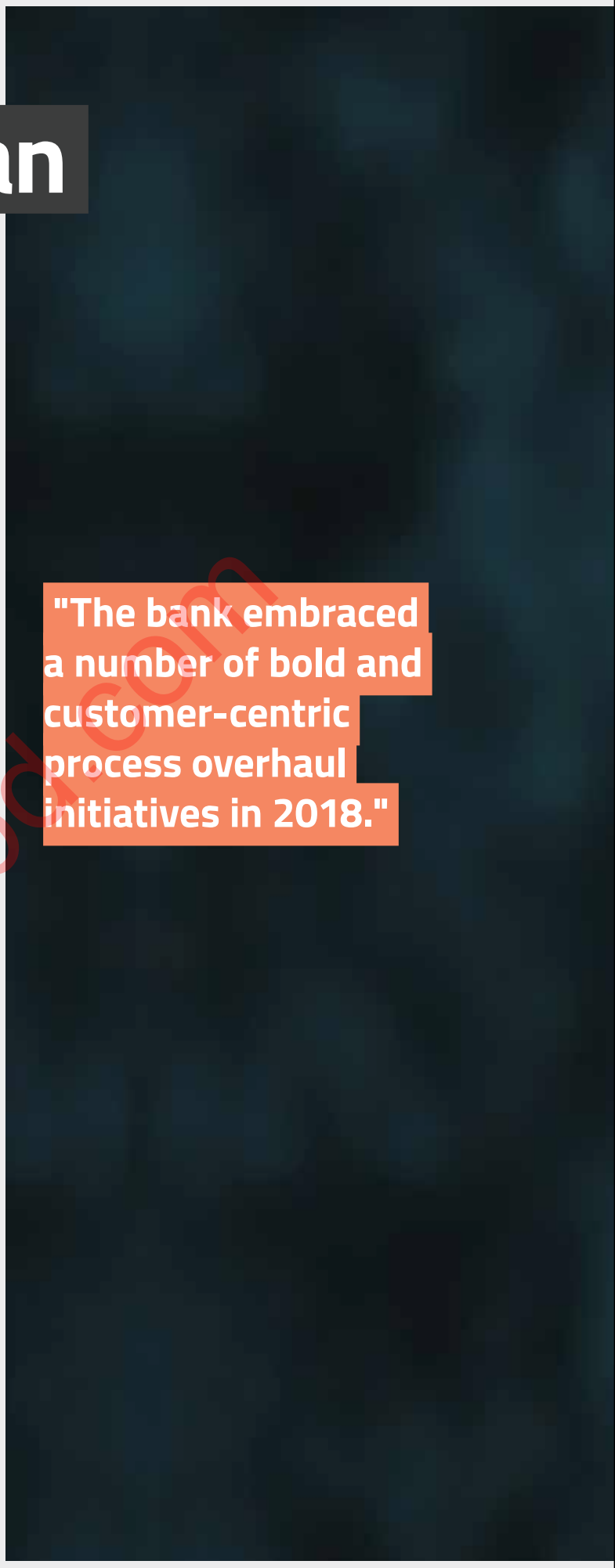
Sir Fazle Hasan Abed KCMG Chairman



"The bank embraced a number of bold and customer-centric process overhaul initiatives in 2018."

Dear Shareholders,

With a great sense of pride, I take pleasure once again in welcoming you all to the 20th Annual General Meeting. The performance of BRAC Bank has been somewhat remarkable when noting on its progress over the last few years, not only in terms of business growth – which has been excellent indeed – but also in terms of advancements made in technology, innovation, people development and risks and controls. All this taken together builds a strong foundation for the years ahead. I will present before you all our annual evaluation which outlines the steps, we have made toward achieving our overall goal of becoming Bangladesh's best and most preferred financial services brand. Finally, on behalf of the Board of Directors, it is my privilege to present to you the audited financial statements for the year ended 31 December 2018.

2018: The Stellar Journey Continues

Bangladesh's economy has now experienced over 7 percent growth for the fourth consecutive year. Nonetheless, maintaining and accelerating this has been a challenge in the midst of growing vulnerabilities and mounting uncertainties centring on the country's national elections. Banks have been guarded in expanding lending against the backdrop of a temporary slowdown in private sector growth. However, in spite of the recent rigidity found in lending and deposit interest rates, BRAC Bank demonstrated both strength and resilience to deliver value to all of its stakeholders. In 2018, we achieved admirable progress in building a simpler, safer and more customer-focused bank largely thanks to the bank's dynamic leadership that played a catalytic role in manoeuvring the bank through myriad challenges faced by the banking industry as a whole.

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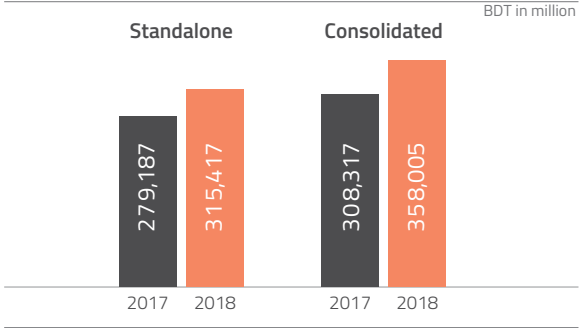
BRAC Bank will continue to become more digital and customer-centric. On the one hand, this will optimize costs and customer growth, while retaining the loyalty of its already sizable customer base on the other. These together will strengthen the foundation for more sustainable banking in the years to come.

The bank took up various confident and customer-centric process-overhaul initiatives, tech infrastructure upgrades and HR up-skilling projects. Taking into account the emergence of digital banking, upgrading our IT infrastructure and core banking systems is a key focus of the bank's continual efforts to transform and improve.

To further enrich our customer service, we embarked on a remodelling of branch distribution and our sales network to guarantee greater synergy as a one-stop bank, thus catering to the varying financial needs of our wide-ranging customer base. In addition, we focused on generating new business in trade, and the emerging corporate and local corporate segments outside the urban cities of Dhaka and Chattagram. This was done in an attempt to bridge the urban-rural divide and to ensure that Bangladesh's un-banked population also receive the profound benefits of formal banking.

BRAC Bank is proud to become the first in the country to be rated as 'The Best' by three of the top credit agencies in Bangladesh (CRAB AA1/ST-1, CRISL- AA+/ ST-1 and ECRL- AA+/ ST-1) and two of the world's leading credit rating agencies (S&P Global Ratings: B+ and Moody's Investor Service: Ba3). This all points to the bank's quality portfolio, strong capital base, stability, and steady growth trends.

Total assets



BRAC Bank's USD 1 billion market capitalization had a strong influence on its market share performance. It has the highest level of foreign investment in stock (more than 40%) among all listed companies in Bangladesh, which suggests the robust fundamentals of its shares.

BRAC Bank Limited is the proud winner of South Asia's most prestigious corporate disclosure honour. The bank has achieved The South Asian Federation of Accountants (SAFA) BPA Award for the financial statements of 2016 and 2017 consecutively. In addition, BRAC Bank secured both ICAB National Award for Best Presented Annual Report and ICMAB Best Corporate Award for the financial statements of 2016 and 2017.

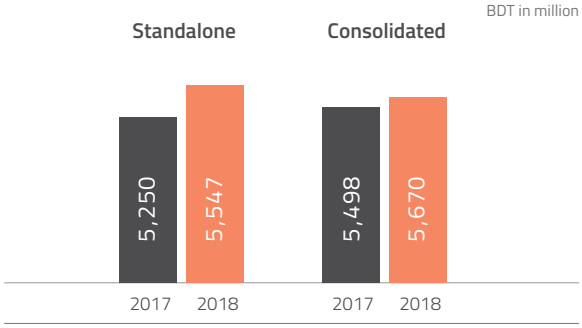
In the near future, BRAC Bank will continue to become more digital and customer-centric. On the one hand, this will optimize costs and customer growth, while retaining the loyalty of its already sizable customer base on the other. These together will strengthen the foundation for more sustainable banking in the years to come.

All-round Financial Performance

In spite of a credit crunch, a tightening Credit deposit ratio, an interest rate cap, and the uncertainties surrounding the country's national elections, BRAC Bank continued to experience growth throughout 2018. In achieving this, we focused on improving the basics by increasing our capital strength, building a strong liquidity position and balancing our credit deposit ratio (Loans and Advances/Deposits) as per Bangladesh Bank guideline.

BRAC Bank recorded significant growth in total assets with a 13% increase from 2017 (BDT 279,187 million) to BDT 315,417 million in 2018. Loans and advances alone contributed around 75% in total assets. The bank's deposit portfolio increased by 17% to BDT 228,622 million in 2018 (BDT 196,224 million in 2017).

Profit after tax



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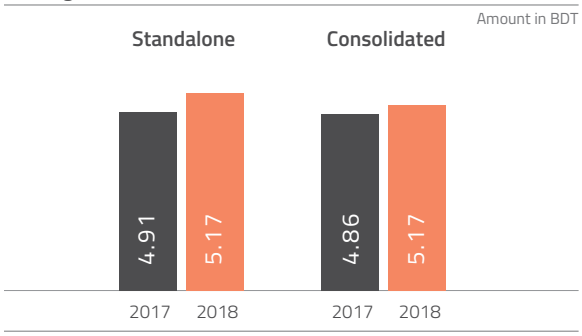
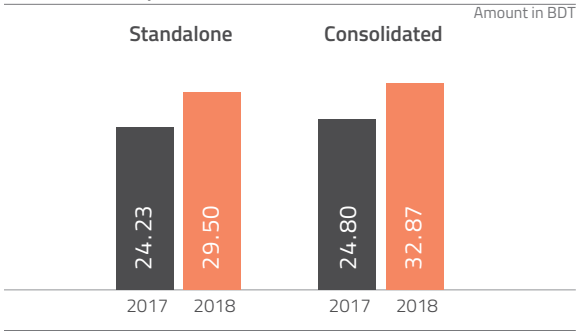
Earnings Per Share



Net asset value per share



Small and Medium Enterprises (SME) remain at the centre of our banking operations. In 2018, the bank disbursed 28,310 fresh loans to SMEs which amounted to BDT 27,810 million. Meanwhile, by the end of 2018, the bank's SME portfolio reached to BDT 81,460 million – 17% higher than in 2017.
The bank's corporate portfolio leaped to BDT 114,235 million -24% higher than in 2017. This was achieved by registering huge growth in loans and advances, offshore financing and business in trade.

The bank's retail portfolio (BDT 42,313 million) increased by 4% from the previous year. Retail has also achieved 25% growth in deposit despite the acute low-cost fund crisis in the banking industry. BRAC Bank Asset Liability Committee (ALCO) and business teams have observed market trends closely and reacted accordingly to ensure a healthy deposit growth.

Big Strides in Digital Banking Frontiers

Significant advances have been made by BRAC Bank in the digital banking domain. Substantial investments in technology have sought to give customers a rapid and personalized banking experience. Management has implemented modern systems and technology across the Board. Customers have since benefitted from greater efficiency and state-of-the-art infrastructure. In terms of digital banking, BRAC Bank stands out from the competition. With the Core Banking System already operational, other projects are imminent. These include the Credit & Debit Card Management System, the Call Center, the Cash Management System, the Document Management System, the Loan Origination System and Credit Scoring. As a component of its Digital Banking Roadmap, the bank recently released Digital Agent Banking. When this project is fully up and running, customers will be able to access banking services almost anywhere.

Our Subsidiaries: Attracting Investment & Keeping up Growth Momentum

The four subsidiaries of BRAC Bank, namely bKash Limited, BRAC Saajan Exchange Limited, BRAC EPL Stock Brokerage Limited and BRAC EPL Investments Limited, not only bring diversity to the BRAC Bank Group but they also add another revenue stream. Given bKash's mobile banking customer base of 31 million, our financial group is the largest in the country in terms of customers. Significantly, the much-anticipated integration between the core systems of BRAC Bank and bKash has been completed. bKash gleaned market recognition, both locally and internationally, courtesy of equity investment from Chinese e-commerce giant, Alipay. Such major investment reflects the bank's growing reputation and strong performance. This contributes to making Bangladesh more attractive in terms of FDI.

Financial Performance of Subsidiaries at a Glance

BRAC Bank's subsidiaries contributed a profit of 44 million in 2018. For all four subsidiaries, the net profit after tax for 2018, compared to 2017, are as follows:

BDT in million

Subsidiary	2018	2017
bKash Limited	185	488
BRAC Saajan Exchange Limited	54	30
BRAC EPL Stock Brokerage Limited	24	205
BRAC EPL Investments Limited	(218)	(490)

Managing Our Risks

For risk management, the overriding aim is to make sure that BRAC Bank accepts reasonable business risk to protect its capital, finances and sustainable

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and profitable growth. Before being taken on board, external stakeholders are carefully reviewed. Meanwhile, internal stakeholders, such as staff, complete capacity development programs to equip them to provide better analysis and management. To mitigate serious risks, a potent management structure is in operation. Given that risks are frequently shifting, the risk mitigation strategies deployed by the bank must be dynamic enough to accomplish risk management competence.

Corporate Social Responsibility (CSR): Investing in Sustainable Programs

BRAC Bank is a proud member of the Global Alliance for Banking on Values. Therefore, people and the planet are central to our activities. Indeed, the bank is founded on a philanthropic philosophy, and it takes CSR very seriously. It puts money into CSR programs with long-term effects on society, thus helping the potential of Bangladeshi people to be fulfilled. People are also empowered by social intervention programs. Significantly, the UK-based magazine, Asiamoney, acknowledged our CSR program's enduring effect on people and society.

Our Biggest Assets: Our Pool of Skilled People with Professional Mind-set

For BRAC Bank, its people provide its main competitive edge. With that in mind, we are constantly bolstering our people management. Business units have enhanced staff engagement to instil bank policies, to encourage loyalty and persistently issue reminders that meeting customers' expectations is central to all bank activity.

Since its establishment, BRAC Bank has followed a balanced approach to human resources. The bank is devoted to building up human capital to achieve sustainable growth. BRAC Bank offers an array of wellness initiatives and fringe benefits for staff motivation purposes. During 2018, the bank recruited 1,358 new staff, 1,347 colleagues promoted, 16 colleagues got increment and put 277 contractual staff to permanent positions. BRAC Bank runs sought-after programs for management trainees and young professional recruitment. These programs have helped to enrich the bank with some of the country's best talent. Meanwhile, the bank's women's employee forum, TARA, ensures an enabling work setting, better career prospects and superior engagement opportunities.

The Bedrock of Our Culture and Operating Model: Corporate Governance

The business world today is becoming increasingly unpredictable. This has an impact on the management of risk and accountability. The makeup of the Board is also influenced by this, as well as the training of directors and the processes through which decisions are made.

The bank is founded upon values. Thus, corporate governance, compliance, ethics and transparency are all vital ingredients of the business model. We are utterly devoted to following the best practices in governance, with the aim to raise stakeholder value and maintain the highest levels of disclosure and transparency. BRAC Bank's governance practices are carefully monitored by the Board. Indeed, as well as the Board, clearly-as-signed roles are given to executives and others to pursue corporate goals and increase shareholder value.

Looking Beyond Horizon

From 2019 onwards, our strategic path will place emphasis on the following:

- The deposits business relationship with SME customers, alongside loan disbursement in line with the "From Lender to Banker" strategy, will be implemented by SME Banking.
- Changes will be undertaken by Corporate Banking to finance a substantial number of corporate customers, rather than taking on just a few big portfolio customers. This will minimize concentration risk.
- Digital banking opportunities and partnerships will be eagerly pursued by Retail Banking.
- Seeking more geographical diversity, Agent Banking will aim to tap into all parts of the country.
- Opportunities in less-populated areas of the country will be pursued by Local Corporate and Emerging Corporate.
- The remittance operations of BRAC Saajan will be extended across Europe.
- Investment in technology and people development will continue for BRAC Bank, while the customer experience will be boosted by its ongoing dedication to quality service.

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Acknowledgement

In my view, the advances the bank made recently, are testament to our well-equipped Board and our staff, all of whom anticipate and embrace changes. I express my sincere gratitude to my colleagues on the Board for their learned advice which has contributed to impressive results for the bank in 2018.

Bearing this in mind, I am thankful to the regulatory bodies of the Bangladesh Government, especially Bangladesh Bank, Bangladesh Securities and Exchange Commission, the Registrar of Joint Stock Companies and Firms, National Board of Revenue (NBR), Dhaka and Chittagong Stock Exchanges and Central Depository Bangladesh Ltd. Their ongoing support is extremely valuable. I thank each and every customer of the bank for his/her unwavering trust and support. Finally, I want to applaud the bank's employees for another year of exceptional performance.

Sincerely,

Sir Fazle Hasan Abed KCMG

Chairman

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চেয়ারম্যানের বার্তা

প্রিয় শেয়ারহোল্ডার,

একটি গর্বের অনুভূতি নিয়ে, আমি ২০তম বার্ষিক সাধারণ সভায় আপনাদের স্বাগত জানাই। গত কয়েক বছরের অগ্রগতির মূল্যায়ন করে বলা যায় ব্র্যাক ব্যাংকের পারদর্শিতা অনেকটাই অসাধারণ ছিল, শুধু ব্যবসায়িক প্রবৃদ্ধির ক্ষেত্রে নয় - যা প্রকৃতপক্ষে চমৎকার হয়েছে - প্রযুক্তি, উদ্ভাবন, মানুষের উন্নয়ন এবং ঝুঁকি ও নিয়ন্ত্রণে অগ্রগতির ক্ষেত্রেও। এই সব একসঙ্গে আগামীতে এগিয়ে যাওয়ার জন্য দৃঢ় ভিত্তি প্রস্তুত করে। আমি আপনাদের সামনে সব বার্ষিক মূল্যায়ন উপস্থাপন করব, বাংলাদেশের সেরা এবং সর্বাধিক পছন্দের আর্থিক সেবা ব্র্যান্ড হওয়ার সামগ্রিক লক্ষ্য অর্জনে আমাদের প্রস্তুত করেছে। সবশেষে, পরিচালনা বোর্ডের পক্ষ থেকে, আমি ৩১ ডিসেম্বর ২০১৮ এ শেষ হওয়া বছরের জন্য অডিটকৃত আর্থিক বিবৃতি আপনাদের সামনে উপস্থাপন করবো।

২০১৮: স্বপ্নের যাত্রা অব্যাহত

বাংলাদেশের অর্থনীতি এখন টানা চতুর্থ বছরের মত ৭ শতাংশ প্রবৃদ্ধি অর্জন করেছে। যাইহোক, দেশের জাতীয় নির্বাচনকে কেন্দ্র করে ক্রমবর্ধমান ঝুঁকি এবং বেড়ে চলা অনিশ্চয়তার মধ্যে এই ধারা বজায় রাখা এবং ত্বরান্বিত করা একটি চ্যালেঞ্জ। বেসরকারি খাতের প্রবৃদ্ধিতে সাময়িক ধীরগতির কারণে ঋণ বাড়ানোর ক্ষেত্রে ব্যাংকগুলিকে সংরক্ষিত করা হয়েছে। তারপরও, ঋণ ও আমানতের সুদের হারে সাম্প্রতিক কঠোরতা সত্ত্বেও, ব্র্যাক ব্যাংক তার সব স্টেকহোল্ডারদের মূল্য প্রদানের জন্য দৃঢ়তা এবং নমনীয়তা উভয়ই প্রদর্শন করেছে। ২০১৮ সালে, আমরা একটি সহজ, নিরাপদ এবং আরও গ্রাহক-কেন্দ্রিক ব্যাংক হিসেবে গড়ে ওঠার ক্ষেত্রে প্রশংসনীয় অগ্রগতি অর্জন করেছি যার ধন্যবাদের একটি বড় অংশ প্রাপ্য মূলত ব্যাংকের গতিশীল নেতৃত্বের, যারা সার্বিকভাবে ব্যাংকিং খাতের অসংখ্য চ্যালেঞ্জ সামলে ব্যাংকের হাল ধরে সঠিক পথে পরিচালনায় প্রভাবকের ভূমিকা রেখেছেন।

ব্যাংক বিভিন্ন আত্মবিশ্বাসী এবং গ্রাহক-কেন্দ্রিক বিবেচনা থেকে বিভিন্ন প্রক্রিয়া পুরোপুরি পাল্টে ফেলার উদ্যোগ নিয়েছে, প্রযুক্তি অবকাঠামোর উন্নয়নের পদক্ষেপ নিয়েছে এবং এইচআর-এর মানোন্নয়নের প্রকল্প গ্রহণ করেছে। ডিজিটাল ব্যাংকিংয়ের উত্থান বিবেচনায় নিয়ে আমাদের আইটি অবকাঠামো এবং কোর ব্যাংকিং সিস্টেমগুলির উন্নয়ন ব্যাংকের ক্রমাগত রূপান্তরের এবং উন্নত করার প্রচেষ্টার মূল ফোকাস।

আমাদের গ্রাহক সেবা আরও সমৃদ্ধ করার জন্য, আমরা ওয়ান-স্টপ ব্যাংক হিসাবে বৃহত্তর সিনার্জির নিশ্চয়তা দিতে ব্রাঞ্চ নেটওয়ার্ক এবং আমাদের বিক্রয় নেটওয়ার্ক পুনর্বিন্যাস শুরু করেছি, আর এর মধ্যদিয়ে আমাদের বিস্তৃত গ্রাহকভিত্তির বৈচিত্র্যপূর্ণ আর্থিক চাহিদা পূরণ করবো। এছাড়াও, ঢাকা ও চট্টগ্রামের নগর এলাকার বাইরে ইমার্জিং করপোরেট ও লোকাল করপোরেট এবং ট্রেড বাণিজ্যে নতুন ব্যবসা সৃষ্টিতেও কাজ করছি আমরা। এই প্রচেষ্টা শহর-গ্রাম বিভক্তির মধ্যে সেতুবন্ধ সৃষ্টির প্রচেষ্টা এবং বাংলাদেশের যে জনগোষ্ঠী ব্যাংকিং সুবিধার বাইরে তাদের জন্য আনুষ্ঠানিক ব্যাংকিংয়ের সুবিধাগুলি নিশ্চিত করার পদক্ষেপ। দেশের প্রথম প্রতিষ্ঠান হিসেবে বাংলাদেশে শীর্ষস্থানীয় তিনটি ক্রেডিট এজেন্সি (সিআরএবি এএ ১ / এসটি -১, সিআরইএসএল- এএ+ / এসটি-১, এবং ইমার্জিং ক্রেডিট রেটিং- এএ ++ / এসটি-১) এবং আন্তর্জাতিকভাবে শীর্ষস্থানীয় দুটি ক্রেডিট রেটিং এজেন্সির (এস অ্যান্ড পি গ্লোবাল রেটিংস - বি+ এবং মুডি'স ইনভেস্টর সার্ভিস - বিএ৩) রেটিংয়ে 'সেরা' হিসাবে চিহ্নিত হওয়ায় ব্র্যাক ব্যাংক গর্বিত। এগুলি ব্যাংকের মানসম্মত পোর্টফোলিও, দৃঢ় মূলধন ভিত্তি, স্থায়িত্ব, এবং স্থায়ী প্রবৃদ্ধির প্রবণতাগুলি নির্দেশ করে।

ব্র্যাক ব্যাংকের ১ বিলিয়ন ডলারের বাজার মূলধন পুঁজিবাজারের শেয়ারের পরদর্শিতার ওপর জোরালো প্রভাব ফেলে। বাংলাদেশে তালিকাভুক্ত সব প্রতিষ্ঠানের মধ্যে এটি সর্বোচ্চ (৪০% এরও বেশি) বৈদেশিক বিনিয়োগ করেছে যা এর শেয়ারের দৃঢ় ফান্ডামেন্টালের প্রমাণ।

ব্র্যাক ব্যাংক লিমিটেড দক্ষিণ এশিয়ার সবচেয়ে মর্যাদাপূর্ণ করপোরেট ডিসক্লোজারের মর্যাদার গর্বিত বিজয়ী। আর্থিক বিবরণীর জন্য ব্যাংকটি ২০১৬ এবং ২০১৭ সালে ধারাবাহিকভাবে দক্ষিণ এশিয়ার ফেডারেশন অব অ্যাকাউন্টেন্টস (এসএএফএ) বিপিএ পুরস্কার অর্জন করেছে। উপরন্তু, ব্র্যাক ব্যাংক ২০১৬ এবং ২০১৭ সালের আর্থিক বিবরণীর জন্য সেরা উপস্থাপিত বার্ষিক প্রতিবেদনের আইসিএবি জাতীয় পুরস্কার এবং আইসিএমএবি শ্রেষ্ঠ করপোরেট পুরস্কারও অর্জন করেছে।

নিকট ভবিষ্যতে, ব্র্যাক ব্যাংক আরও বেশি ডিজিটাল এবং গ্রাহক-কেন্দ্রিক হতে থাকবে। একদিকে, এটি খরচ এবং গ্রাহকের বৃদ্ধিকে অপ্টিমাইজ করবে, অন্যদিকে এরইমধ্যে যারা গ্রহকসেবা নিচ্ছেন তাদের আনুগত্য ধরে রাখতে কাজ করবে। এগুলো একত্রে আগামী বছরগুলিতে আরো টেকসই ব্যাংকিংয়ের ভিত্তি মজবুত করবে।

অল-রাউন্ড আর্থিক পারফরম্যান্স

ঋণ সংকোচন, কঠোর ঋণ-আমানত অনুপাত, সুদের হারে সীমা বেধে দেয়া এবং দেশের জাতীয় নির্বাচন ঘিরে অনিশ্চয়তা সত্ত্বেও ব্র্যাক ব্যাংক ২০১৮ সালজুড়ে প্রবৃদ্ধি বজায় রেখেছে। এটি অর্জন করতে গিয়ে, আমরা মৌলিক বিষয়গুলিতে জোর দিয়েছি আমাদের মূলধন শক্তি বাড়িয়ে, একটি শক্তিশালী তারল্য অবস্থান তৈরি করে এবং আমাদের ঋণ-আমানত অনুপাতকে (ঋণ ও অগ্রিম / আমানত) বিন্যস্ত করে, বাংলাদেশ ব্যাংক নির্দেশিকা অনুযায়ী।

ব্র্যাক ব্যাংকের মোট সম্পদ উল্লেখযোগ্য বৃদ্ধি পেয়েছে যা ২০১৭ সালের (২৭৯,১৮৭ মিলিয়ন টাকা) চেয়ে ১৩ শতাংশ বেড়ে ২০১৮ সালে ৩১৫,৪১৭ মিলিয়ন টাকায় উন্নীত হয়েছে। মোট সম্পদের ৭৫ শতাংশের যোগান এসেছে শুধু ঋণ ও অগ্রিম থেকে। ২০১৮ সালে ব্যাংকের আমানত পোর্টফোলিও ১৭% বেড়ে ২২৮,৬২২ মিলিয়ন টাকা হয়েছে (২০১৭ সালে ছিল ১৯৬,২২৪ মিলিয়ন টাকা)।

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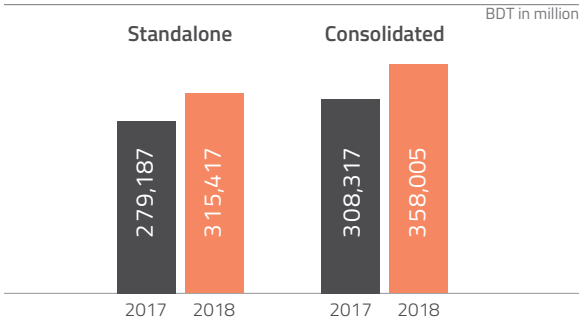
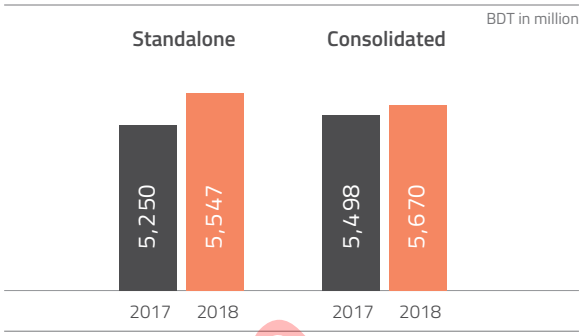
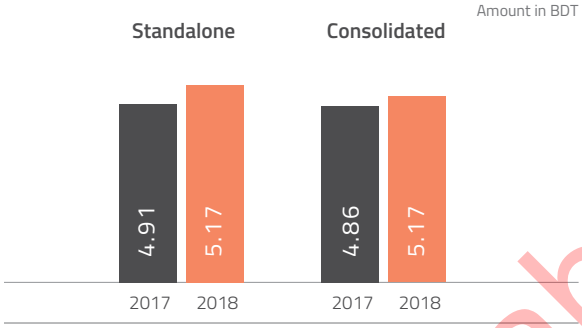
Total assets



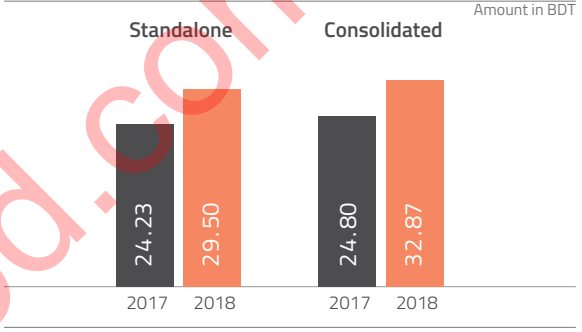
Profit after tax



Earnings Per Share



Net asset value per share



ক্ষুদ্র ও মাঝারি এন্টারপ্রাইজগুলি (এসএমই) আমাদের ব্যাংকিং অপারেশনের কেন্দ্রস্থলে থাকে। ২০১৮ সালে ব্যাংকটি এসএমই খাতে ২৮,৩১০ টিরও বেশি নতুন ঋণ প্রদান করে, যার পরিমাণ ২৭,৮১০ মিলিয়ন টাকা। এদিকে, ২০১৮ সালের শেষ পর্যন্ত ব্যাংকের এসএমই পোর্টফোলিও ৮১,৪৬০ মিলিয়ন টাকায় পৌঁছেছে - যা ২০১৭ সালের চেয়ে ১৭ শতাংশ বেশি।

ব্যাংকের করপোরেট পোর্টফোলিওর আকার ১১৪,২৩৫ মিলিয়ন টাকা, যা ২০১৭ সালের চেয়ে ২৪ শতাংশ বেশি। ঋণ এবং অগ্রিম, অফশোর ফাইন্যান্সিং এবং বাণিজ্য থেকে বিপুল এই প্রবৃদ্ধি অর্জন করা সম্ভব হয়েছে।

ব্যাংকের রিটেইল পোর্টফোলিও (৪২,৩১৩ মিলিয়ন টাকা) আগের বছরের তুলনায় ৪ শতাংশ বৃদ্ধি পেয়েছে। ব্যাংকিং খাতে কম-খরচের তহবিল সংকট সত্ত্বেও রিটেইল আমানতও ২৫ শাতংশ প্রবৃদ্ধি অর্জন করেছে। ব্র্যাক ব্যাংক অ্যাসেট লায়াবিলিটি কমিটি (অ্যালকো) এবং ব্যবসায়িক দলগুলি বাজারের প্রবণতাগুলি ঘনিষ্ঠভাবে পর্যবেক্ষণ করেছে এবং স্বাস্থ্যকর আমানত প্রবৃদ্ধি নিশ্চিত করতে সে অনুযায়ী উদ্যোগ নিয়েছে।

ডিজিটাল ব্যাংকিং খাতে বড় পদক্ষেপ

ব্র্যাক ব্যাংকের ডিজিটাল ব্যাংকিং খাতে উল্লেখযোগ্য অগ্রগতি হয়েছে। গ্রাহকদের একটি দ্রুত এবং ব্যক্তিগত চাহিদা মাফিক ব্যাংকিং অভিজ্ঞতা দিতে প্রযুক্তিতে বড় বিনিয়োগ চাওয়া হয়েছে। আধুনিক সিস্টেমস এবং প্রযুক্তি বাস্তবায়ন করেছে ব্যবস্থাপনা কর্তৃপক্ষ। গ্রাহকরা তখন থেকেই আরও দক্ষ এবং অত্যাধুনিক অবকাঠামো থেকে উপকৃত হচ্ছেন। ডিজিটাল ব্যাংকিংয়ের ক্ষেত্রে ব্র্যাক ব্যাংক প্রতিযোগিতায় সবাইকে ছাড়িয়ে গেছে। এরইমধ্যে কোর ব্যাংকিং সিস্টেম চালু হয়েছে, এবং অন্যান্য প্রকল্পও আসন্ন। এরমধ্যে আছে ক্রেডিট ও ডেবিট কার্ড ম্যানেজমেন্ট সিস্টেম, কল সেন্টার, ক্যাশ ম্যানেজমেন্ট সিস্টেম, ডকুমেন্ট ম্যানেজমেন্ট সিস্টেম, লোন অরিজিনেটিং সিস্টেম এবং ক্রেডিট স্কোরিং। ডিজিটাল ব্যাংকিং রোডম্যাপের একটি অংশ হিসাবে সম্প্রতি ব্যাংকটি ডিজিটাল এজেন্ট ব্যাংকিং চালু করেছে। এই প্রকল্পটি যখন সম্পূর্ণরূপে প্রস্তুত এবং চালু হবে, তখন গ্রাহকরা প্রায় যেকোনো জায়গা থেকে ব্যাংকিং পরিষেবায় গ্রহণের সুযোগ পাবেন।

আমাদের সাবসিডিয়ারি: বিনিয়োগ আকর্ষণ এবং প্রবৃদ্ধির গতির সঙ্গে তাল মেলানো

ব্র্যাক ব্যাংকের চার সাবসিডিয়ারি, যথা- বিকাশ লিমিটেড, ব্র্যাক সাজন এক্সচেঞ্জ লিমিটেড, ব্র্যাক ইপিএল স্টক ব্রোকারেজ লিমিটেড এবং ব্র্যাক ইপিএল ইনভেস্টমেন্টস লিমিটেড- শুধু ব্র্যাক ব্যাংক গ্রুপের বৈচিত্র্যকেই বাড়ায়নি তারা আরেকটি আয় ব্যবস্থা যুক্ত করেছে। বিকাশের মোবাইল ব্যাংকিংয়ের গ্রাহক সংখ্যা ৩১ মিলিয়ন হিসাবে নিয়ে বলা যায়, আমাদের আর্থিক গোষ্ঠীই গ্রাহক সংখার বিচারে দেশের বৃহত্তম। উল্লেখযোগ্যভাবে, ব্র্যাক ব্যাংক এবং বিকাশের মূল পদ্ধতিগুলির মধ্যে সর্বাধিক প্রত্যাশিত ইন্টিগ্রেশন সম্পন্ন হয়েছে। চীনা ই-কমার্স জায়ান্ট আলিপে-র ইক্যুইটি

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বিনিয়োগের কারণে বিকাশ স্থানীয় ও আন্তর্জাতিক পরিম-লে সুনাম অর্জন করেছে। এই ধরনের বড় বিনিয়োগ ব্যাংকের ক্রমবর্ধমান খ্যাতি এবং শক্তিশালী পারদর্শিতাকে প্রতিফলিত করে। এই বিনিয়োগ বিদেশী বিনিয়োগ খাতে বাংলাদেশকে আরো আকর্ষণীয় করতে অবদান রাখবে।

এক নজরে সাবসিডিয়ারিগুলির আর্থিক ফলাফল

২০১৮ সালে ব্র্যাক ব্যাংকের সাবসিডিয়ারিগুলি ৪৪ মিলিয়ন টাকা মুনাফা করেছে। চারটি সাবসিডিয়ারির জন্য ২০১৮ সালের কর দেয়ার পর ২০১৭ সালের সঙ্গে মুনাফার তুলনামূলক চিত্র নিম্নরূপ:

কর দেয়ার পরে নিট মুনাফা/(ক্ষতি) (মিলিয়ন টাকা)

সাবসিডিয়ারি	২০১৮	২০১৭
বিকাশ লিমিটেড	১৮৫	৪৮৮
ব্র্যাক সাজন এক্সচেঞ্জ লিমিটেড	৫৪	৩০
ব্র্যাক ইপিএল স্টক ব্রোকারেজ লিমিটেড	২৪	২০৫
ব্র্যাক ইপিএল ইনভেস্টমেন্টস লিমিটেড	(২১৮)	(৪৯০)

আমাদের ঝুঁকি ব্যবস্থাপনা

ঝুঁকি ব্যবস্থাপনার জন্য, ঊর্ধ্বমুখী লক্ষ্য হলো, ব্র্যাক ব্যাংক তার পুঁজি, অর্থ এবং টেকসই ও লাভজনক প্রবৃদ্ধির সুরক্ষার জন্য যুক্তিসঙ্গত ব্যবসায়িক ঝুঁকি গ্রহণ করে- তা নিশ্চিত করা। বোর্ডে যাওয়ার আগে বাহ্যিক স্টেকহোল্ডারদেরকে সতর্কতার সঙ্গে পর্যালোচনা করা হয়। অন্যদিকে, অভ্যন্তরীণ স্টেকহোল্ডার, যেমন কর্মীদের, সক্ষমতা উন্নয়ন প্রশিক্ষণের মাধ্যমে সজ্জিত করা হয় ভাল বিশ্লেষণ এবং ব্যবস্থাপনা প্রদানের জন্য। গুরুতর ঝুঁকি কমাতে, একটি শক্তিশালী ব্যবস্থাপনা কাঠামো কার্যক্রমে থাকে। ঝুঁকি প্রায়শই বদলে যায়- এই বিষয়টি বিবেচনায় রেখে, ব্যাংকের নিয়োজিত ঝুঁকি নিরোধক কৌশলকে অবশ্যই ঝুঁকি ব্যবস্থাপনার দক্ষতা অর্জনে যথেষ্ট গতিশীল হতে হবে।

করপোরেট সামাজিক দায়বদ্ধতা (সিএসআর): টেকসই কর্মসূচিতে বিনিয়োগ

ব্র্যাক ব্যাংক গ্লোবাল অ্যালোয়েন্স ফর ব্যাংকিং অন ভ্যালুজ এর গর্বিত সদস্য। অতএব, মানুষ এবং এই পৃথিবী আমাদের কার্যক্রমের কেন্দ্রীয় অংশে থাকে। প্রকৃতপক্ষে, ব্যাংক একটি জনহিতকর দর্শনের ওপর প্রতিষ্ঠিত হয়, এবং এটি খুব গুরুত্ব দিয়ে সিএসআর গ্রহণ করে। এটি সমাজের ওপর দীর্ঘমেয়াদি প্রভাব রাখে- এমন সিএসআর কর্মসূচিতে অর্থায়ন করে, যার ফলে বাংলাদেশি জনগণের সম্ভাবনা পরিপূর্ণতা অর্জনে সক্ষম হয়। সামাজিক হস্তক্ষেপ কর্মসূচি মাধ্যমেও জনগণের ক্ষমতায়ন করা যায়। উল্লেখযোগ্যভাবে, যুক্তরাজ্যভিত্তিক সাময়িকী, এশিয়ামানি, মানুষের এবং সমাজের ওপর আমাদের সিএসআর কার্যক্রমের স্থায়ী প্রভাবকে স্বীকৃতি দিয়েছে।

আমাদের বড় সম্পদ: পেশাদারী মনোভাবসম্পন্ন দক্ষ মানবসম্পদ

পেশাদারী মনোভাবসম্পন্ন দক্ষ মানবসম্পদই ব্র্যাক ব্যাংককে বাজার প্রতিযোগিতায় এগিয়ে থাকতে সাহায্য করে। এই বিষয়টি বিবেচনায় রেখে, আমাদের কর্মী ব্যবস্থাপনা আমরা শক্তিশালী করে চলেছি। ব্যাংকের নীতিগুলো কর্মীদের মাঝে তুলে ধরার জন্য স্টাফ এনগেইজমেন্ট বাড়ানো হয়েছে, যার লক্ষ্য হচ্ছে স্টাফ আনুগত্য উৎসাহিত করা এবং সবসময় মনে করিয়ে দেয়া যে গ্রাহকের প্রত্যাশা পূরণ করাই আমাদের সমস্ত ব্যাংকিং কার্যক্রমের মূল লক্ষ্য।

প্রতিষ্ঠার পর থেকেই ব্র্যাক ব্যাংক মানবসম্পদের ক্ষেত্রে একটি সুষম দৃষ্টিভঙ্গী অনুসরণ করেছে। টেকসই প্রবৃদ্ধি অর্জনের লক্ষ্যে ব্যাংকটি মানবসম্পদ মূলধন গড়ে তোলায় নিবেদিত। ব্র্যাক ব্যাংক কর্মীদের উৎসাহিত রাখার লক্ষ্যে বিভিন্ন ধরনের কল্যাণমূলক উদ্যোগ ও সুবিধা দিয়ে থাকে। ২০১৮ সালে ব্যাংক ১ হাজার ৩৫৮ জন নতুন কর্মী নিয়োগ করেছে, ১ হাজার ৩৪৭ জন সহকর্মীকে পদোন্নতি দিয়েছে, ১৬ জন সহকর্মীকে ইনক্রিমেন্ট প্রদান করা হয়েছে এবং ২৭৭ জন চুক্তিবদ্ধ কর্মী স্থায়ী পদে নিয়োগ পেয়েছে। ব্র্যাক ব্যাংক ম্যানেজমেন্ট ট্রেইনি এবং তরুণ পেশাদার নিয়োগের জন্য চাহিদা অনুযায়ী কর্মসূচি পরিচালনা করে। এসব কর্মসূচি দেশের সেরা প্রতিভার অন্তর্ভুক্তির মাধ্যমে ব্যাংককে সমৃদ্ধ হতে সাহায্য করেছে। এদিকে, ব্যাংক এর নারী কর্মী ফোরাম, তারা, একটি সক্রিয় কর্ম পরিবেশ, ভাল কর্মজীবনের সম্ভাবনা এবং উচ্চতর অংশগ্রহণের সুযোগ নিশ্চিত করার সক্ষমতা নিশ্চিত করে থাকে।

করপোরেট গভর্নেন্স: আমাদের সংস্কৃতি এবং অপারেটিং মডেলের ভিত্তি

বর্তমানে ব্যবসার বিশ্ব আরও বেশি অনিশ্চয়তাপূর্ণ হয়ে উঠছে। এর প্রভাব পড়েছে ঝুঁকি এবং জবাবদিহিতার ব্যবস্থাপনার ওপর। বোর্ডের গঠনও এর দ্বারা প্রভাবিত, সেইসাথে প্রভাবিত হয় পরিচালকদের প্রশিক্ষণ এবং যে প্রক্রিয়ায় নির্দেশ দেয়া হয় তাও।

ব্যাংক মূল্যবোধের ওপর প্রতিষ্ঠিত হয়। সুতরাং, করপোরেট গভর্নেন্স, কমপ্ল্যায়েন্স, নীতিশাস্ত্র এবং স্বচ্ছতা এসবই ব্যবসায়িক মডেলের অত্যাবশ্যক উপাদান। আমরা পুরোপুরি সুশাসনে সেরা অনুশীলন অনুসরণ করার জন্য নিবেদিত, সঙ্গে শেয়ারহোল্ডারদের মূল্য বাড়াতে এবং তথ্যপ্রকাশ ও স্বচ্ছতার সর্বোচ্চ স্তর বজায় রাখি। ব্র্যাক ব্যাংকের শাসন পদ্ধতি বোর্ডের মাধ্যমে সতর্কভাবে তদারক করা হয়। প্রকৃতপক্ষে, বোর্ডের পাশাপাশি, নির্বাহী এবং অন্যদের স্পষ্টভাবে নির্ধারিত ভূমিকা রয়েছে করপোরেট লক্ষ্য অনুসরণ এবং শেয়ারহোল্ডার মূল্য বৃদ্ধি করার জন্য।

ভবিষ্যতমুখি দৃষ্টিভঙ্গি

২০১৯ সাল থেকে, আমাদের কৌশলগত পথে নিম্নলিখিত বিষয়ের ওপর জোর দেওয়া হবে:

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- এসএমই ব্যাংকিংয়ের মাধ্যমে "ঋণদাতা থেকে ব্যাংকার হওয়া"র কৌশল নিয়ে ঋণ বিতরণের পাশাপাশি এসএমই গ্রাহকদের সঙ্গে আমানত ব্যবসা সম্পর্ক ।
- কয়েকটি বড় পোর্টফোলিও গ্রাহক গ্রহণ করার পরিবর্তে বেশ কিছু সংখ্যক করপোরোট গ্রাহকদের অর্থায়নের মাধ্যমে করপোরেট ব্যাংকিংয়ে পরিবর্তন আনা । এটা কনসেন্ট্রেশন ঝুঁকি হ্রাস করবে ।
- রিটেইল ব্যাংকিংয়ে আগ্রহ নিয়ে ডিজিটাল ব্যাংকিং সুযোগ এবং অংশীদারিত্বগুলি অনুসরণ করা হবে ।
- আরও ভৌগোলিক বৈচিত্র্য আনয়নের জন্য, এজেন্ট ব্যাংকিং দেশের সব অংশে ছড়িয়ে দেয়ার লক্ষ্য থাকবে ।
- দেশের কম জনবহুল এলাকায় সুযোগগুলি লোকাল করপোরেট এবং ইমার্জিং করপোরেটের মাধ্যমে অনুসরণ করা হবে ।
- ব্র্যাক সাজনের রেমিট্যান্স কার্যক্রম ইউরোপ জুড়ে প্রসারিত হবে ।
- প্রযুক্তি এবং মানসম্পদের উন্নয়নে বিনিয়োগ ব্র্যাক ব্যাংকের জন্য অব্যাহত থাকবে, যেখানে গ্রাহক অভিজ্ঞতা আরও ভালো করা হবে এর মানসম্মত সেবায় মনোযোগ ধরে রাখার মাধ্যমে ।

কৃতজ্ঞতা স্বীকার

আমার দৃষ্টিতে, সম্প্রতি ব্যাংক যে অগ্রগতি অর্জন করেছে তা আমাদের সুপ্রতিষ্ঠিত বোর্ড এবং আমাদের কর্মীদের প্রতিশ্রুতির ফলাফল, তাদের সবার কাছেই পরিবর্তনগুলি প্রত্যাশিত এবং গ্রহণযোগ্য ছিলো । আমি বোর্ডে আমার সহকর্মীদের প্রতি আমার আন্তরিক কৃতজ্ঞতা প্রকাশ করছি তাদের অভিজ্ঞ পরামর্শ ২০১৮ সালে ব্যাংকের চমৎকার ফলাফলের জন্য অবদান রেখেছে ।

অবশ্যই ভুললে চলবে না, আমি বাংলাদেশের সরকারের বিভিন্ন নিয়ন্ত্রক সংস্থা বিশেষ করে বাংলাদেশ ব্যাংক, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন, রেজিস্ট্রার অব জয়েন্ট স্টক কোম্পানিজ অ্যান্ড ফার্মস, জাতীয় রাজস্ব বোর্ড (এনবিআর), ঢাকা ও চট্টগ্রাম স্টক এক্সচেঞ্জ এবং সেন্ট্রাল ডিপোজিটরি বাংলাদেশ লিমিটেডের প্রতি কৃতজ্ঞ । তাদের চলমান সহায়তা অত্যন্ত মূল্যবান । আমি ব্যাংকের প্রতিটি গ্রাহককে ধন্যবাদ জানাই তাদের অবিচল আস্থা ও সমর্থনের জন্য । অবশেষে, আরও একটি বছরে ব্যতিক্রমী পারদর্শিতার জন্য আমি ব্যাংকের কর্মীদের ভূয়সী প্রশংসা করছি ।

বিনীত,

স্যার ফজলে হাসান আবেদ কেসিএমজি
চেয়ারম্যান

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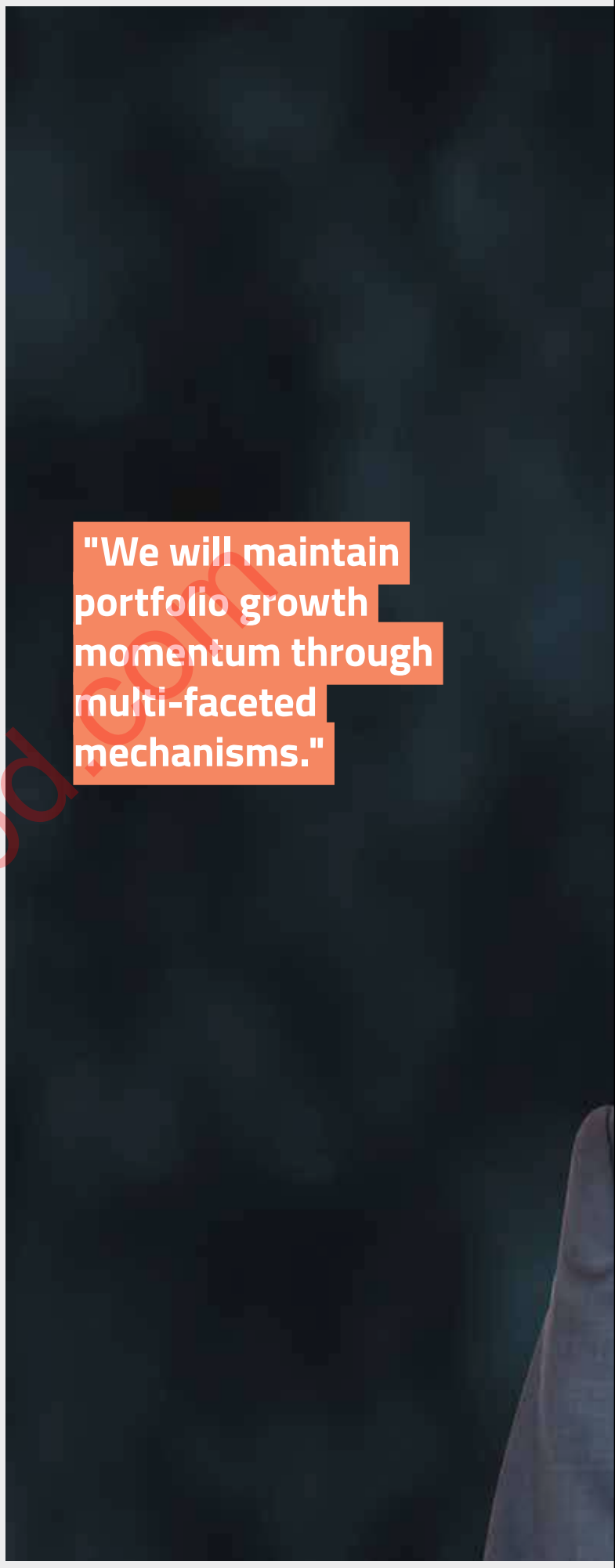
Selim R.F. Hussain
MD & CEO



Over recent years, we have reshaped our strategy in order to confront aspects regarding our identity and overall performance. To achieve this, we prepared to face the challenges that lay ahead, and to reposition each of our businesses so as to be unified as one, in the quest to become the country's number one bank. In little over three years, we have more than doubled our profits. Despite this, we are determined to make further progress and to achieve even more. Moreover, as a bank dedicated to its strong values, success cannot be determined by numbers only. Indeed, alongside profits, we strive to make sure that we continue to operate as a responsible and compliant bank for the wider benefit of our customers, society in general, and for the planet as a whole. And in 2018, we are especially proud of achieving steady growth despite the macroeconomic challenges that we faced along the way.

A Snapshot of How We Performed as an Organization

It is safe to say that 2018 was a challenging year for the financial industry in Bangladesh. Faced with rising interest rates and the unexpected move to regulate the credit deposit ratio, the country experienced a stark liquidity crisis. To counter this, we halted all retail lending and readjusted SME and corporate borrowing. Come the middle of the year, interest rates had all but doubled and robust interest rate requirements were implemented. Banks were defensive and became more and more cautious in realigning their businesses and operations accordingly. In addition, levels of doubt grew even further in the private sector as a result of the country's parliamentary elections. And despite the interest rate cap being set only on a temporary basis, it still had the effect of arousing nerves across the banking sector in general. Come the end of the third quarter, stability prevailed in a sense and the central bank along with the country's business associations

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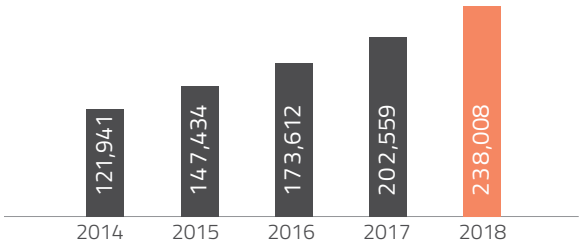
agreed to an 83.5% credit deposit ratio to be adjusted by September 2019. One positive, which may have been surprising, was that despite 2018 being an election year, the atmosphere was relatively calm, where it was possible to run business in a peaceful environment.

Against this most unfavorable backdrop including a stringent business environment and uncertainties surrounding the elections, BRAC Bank has continued to perform admirably and emerged as a dominant player in the industry. Moreover, the bank is now well positioned to build upon its recent successes and aims to become the country's number one financial organization.

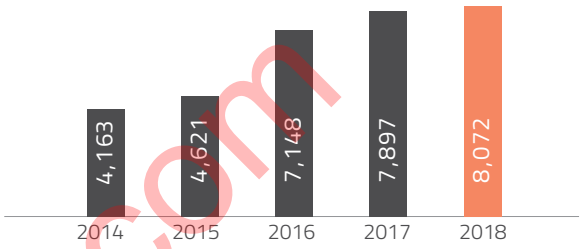
Loans and Advances

BDT in million

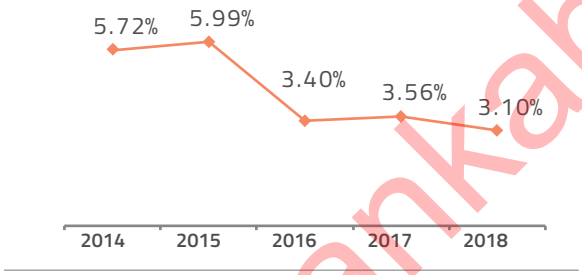


Profit Before Taxes

BDT in million

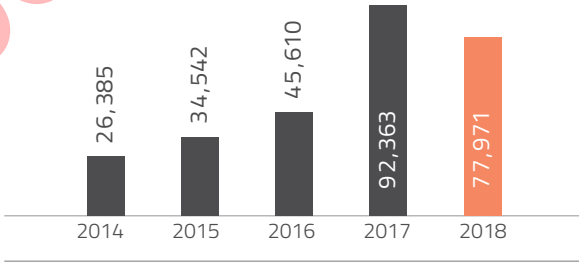


NPL



Market Capitalization

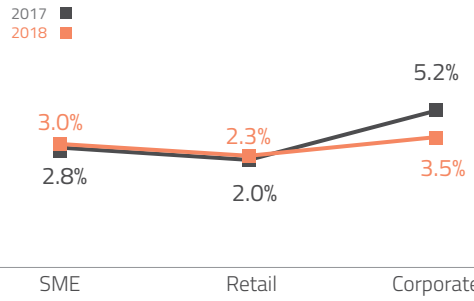
BDT in million



BRAC Bank has continued to perform well financially. This, at the same time, has allowed it to reward its loyal shareholders. All three of the bank's earning segments – SME, Retail and Corporate – lived up to their promise and potential. In addition, each segment is benefitting from technology upgrades, more efficient processes, business alignment and trained resources.

SME provided much of the bank's revenue in recent years. This continued in 2018 when SME loans and advances portfolio expanded by 17%. Meanwhile, interest income coming from SME loans grew by 23%. This growth can largely be explained by the performance of a small sub-segment with support from emerging corporate. SME NPL was kept to a low level (3.0%) due to our prudent collection team. In addition, with the advent of digital agent banking, further expansion is expected in SME.

Segment wise NPL



Aspects such as the repositioning of the local and large corporate team, the corporate branches model, a dedicated trade development team, focused non-funded business and prudent cash management all contributed to consolidating the corporate banking portfolio. In 2018, the corporate loans and advances portfolio increased by 24% YoY, while interest income increased by 49%. In addition, trade volumes grew

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by 10% from the previous year. An NPL of 3.5% is a confident indicator of the quality of the bank's corporate book.

BRAC Bank decided to develop new relationships with the likes of motorcycle distributors and property companies as a secondary driver to ensure growth in these particular spheres. And despite the cost of deposits increasing last year largely due to a combination of liquidity challenges and growing levels of uncertainty, retail experienced 25% growth. In addition, BRAC Bank has taken on several technology initiatives with a view to becoming the best bank in Bangladesh, and now can proudly boast a modern IVR system, and a 110-seater call center, which works around the clock and which served just over 1.7 million customers in 2018.

BRAC Bank remains on course to become the best bank in the country. Over the last 2-3 years, the bank has made significant investments in technology, processes, premises and, most importantly, people. These investments started giving return in the form of improving efficiency, productivity and solidifying the bank's foundations.

Our Subsidiaries

Last year also witnessed fine performances from BRAC Bank's subsidiaries. For instance, bKash, the country's leader in mobile banking services, saw an after-tax profit of BDT 185 million. Meanwhile, a strategic partnership made with AliPay, the Chinese mobile payment group owned by Alibaba, will help bKash improve upon its digital capabilities. This, in turn, will improve its services significantly, which, it is hoped, will positively impact on the lives of millions across the country.

BRAC EPL Stock Brokerage Limited achieved an after-tax profit of BDT 24 million. Meanwhile, in 2018, BRAC Saajan Exchange further strengthened and consolidated its presence across Europe after it made an after-tax profit of BDT 54 million. Interestingly, BRAC EPL Investments Limited is steadily recovering. For instance, this year's loss of BDT 218 million is 55% lower than the loss incurred in the previous year.

The achievements of BRAC Bank's subsidiaries highlight that, as a group, it is on track to become the best financial institution in the country.

Committed to Innovation and Digital Ecosystem

By 2020, BRAC Bank aims to be recognized as the best bank in Bangladesh. To achieve this, it also aims to be fully digital within a couple of years with the help of some of the leading financial technology solution providers. The intention here is to replace traditional platforms for service delivery with digital solutions. These are expected to make financial services more accessible and convenient for our customers. In 2018, we successfully completed the implementation of the bank's Core Banking Solution (CBS) upgrade, Treasury Management System and Enterprise Resource Planning (ERP). This allowed the bank to not only increase customer satisfaction and loyalty, but also to revamp its trade finance solutions. This has led to an increase in our trade finance business capabilities of more than 10%. In addition, we have taken a large step towards making internal digitalization a reality by putting our new Enterprise Resource Planning Platform on Oracle into operation. This will automate our human resources and finance-related functions. BRAC Bank wants to put banking under the fingertips of its customers – and, in doing so, create the convenience of 'anytime, anywhere' banking.

In order to better facilitate the country's unbanked segment, BRAC Bank has launched Agent Banking, a digital platform that facilitates real-time transactions as well as other banking services available at branches. BRAC Bank understands that it is not only the products and services that provide value to its customers, but also the manner in which these are delivered. In addition, we will utilize the expertise already obtained in our SME banking section to ensure that Agent Banking grows to become a vast distribution channel. An added feature of Agent Banking is that it will create new employment opportunities and offer economic stimuli to the country's rural economy. BRAC Bank intends to

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expand its Agent Banking services with gusto in the forthcoming year to help fulfill its inclusive banking model.

BRAC Bank has adopted an 'all-segment focused' bank strategy. In this way, the bank wishes to develop a culture whereby new relationships will be established from all segments while at the same time serving its long-established customers. The bank is also confident about reaching all segments across the country through its wide range of product propositions and distribution channels. We believe that greater customer acquisition will come about through closer integration with the country's two biggest mobile financial services providers: bKash and Rocket. BRAC Bank will maintain portfolio growth momentum through harnessing a healthy blend of funded and non-funded businesses and promoting the culture of cross-selling. Doing so will ensure the achievement of a balanced asset and liability mix, leveraging on the new distribution model.

Exploring an Untapped Segment: Women's Banking 'TARA'

BRAC Bank is proud to be the first in Bangladesh's banking industry to offer a comprehensive women's banking proposition, TARA. This aims to provide an array of financial services to women of all backgrounds, both demographically and professionally. TARA aims to provide not only financial but also non-financial services to all women across Bangladesh. TARA offers deposit, lending and credit card products specially tailored to the specific needs of women. In addition, TARA also provides training facilities and workshops with a focus on professional and business development and networking opportunities. BRAC Bank offers TARA clients a dedicated help line and special discounts with its numerous retail partners. As of 2018, BRAC Bank has succeeded in attracting 200,000 female customers and nearly 2,900 women SME entrepreneurs within its inclusive ecosystem.

Towards a Prosperous Sustainable Future

Corporate social responsibility is at the heart of BRAC Bank's values-based banking system. We are committed to the pursuit of business in an ethical manner and remain dedicated to customer rights and continually-improving services. For BRAC Bank, CSR is seen as a long-term investment – in people, the community and society as a whole. For instance, we strive to realize the potential of people through our myriad social intervention programs. As a corporate entity, BRAC Bank is acutely aware of its social responsibility to the people we work with and the locality in which we operate. To achieve greater scalability, we endeavor to streamline our CSR programs in line with the UN's SDGs. Looking ahead, we wholeheartedly believe that our steadfast commitment to doing business the right way and placing our stakeholders' best interests at the forefront of our activities, will ensure that we continue to make a positive and substantial contribution to supporting inclusive and holistic economic growth in Bangladesh. In addition, as a values-based organization, BRAC Bank follows, to the letter, green banking practices, thus declining to finance tobacco, ship breaking and non-ETP garments and textiles industries.

BRAC Bank is a proud member of the Global Banking Alliance for Banking on Values (GABV) – and remains its only representative from Bangladesh. In addition, it is also a member of the Global Banking Alliance for Women (GBA).

Conclusion – Staying Ahead & Ensuring Omnipresence

BRAC Bank boasts 186 branches located across Bangladesh, all of which offer various banking services to all customer segments. By 2019, two further branches are scheduled to open, while our current SME service centers are expected to be converted into fully-fledged branches as well. This is all part of BRAC Bank's expansion plan, which is now well underway. 500 Agent Banking outlets are expected by the end of 2019, which will further serve the bank's unparalleled distribution network, which already consists of 456 SME Unit Offices, 448 ATM and 97 CDM. In addition, several strategic partnerships already made with some of the leading financial technology solution providers will further aid BRAC Bank in expanding its digital banking capabilities. These steps are targeted specifically to improve the lives of Bangladeshi people from all walks of life.

BRAC Bank has been rated "The Best Bank" by two of the world's leading international credit rating agencies (S&P and Moody's) and three of the top domestic credit rating agencies (Credit Rating Agency of Bangladesh Ltd, Credit Rating Information and Services Ltd. and Emerging Credit Rating Ltd.) for the first time in Bangladesh.

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In spite of the challenging market conditions alongside regulatory changes in 2018, BRAC Bank remains on course to become the best bank in the country. Over the last 2-3 years, the bank has made significant investments in technology, processes, premises and, most importantly, people. These investments started giving return in the form of improving efficiency, productivity and solidifying the bank's foundations. The bank with its focuses to employee became the employer of choice. We will continue our march towards becoming the best bank in Bangladesh and maintain our prominence in a constantly and quickly evolving market.

SELIM R. F. HUSSAIN

Managing Director & CEO

ব্যবস্থাপনা পরিচালক ও প্রধান নির্বাহী কর্মকর্তার বার্তা

আমাদের স্বকীয়তা ও সামগ্রিক কর্মদক্ষতা সম্পর্কিত বিষয়গুলোর মুখোমুখি হওয়ার স্বার্থে সাম্প্রতিক বছরগুলোতে আমরা নিজেদের কৌশল পুনর্নির্ধারণ করেছি। এটি অর্জন করতে আমরা প্রস্তুতি নিয়েছি সামনের চ্যালেঞ্জগুলো মোকাবেলার ও আমাদের প্রতিটি ব্যবসা পুনস্থাপনের মাধ্যমে একীভূত করার, যার লক্ষ্য দেশের এক নম্বর ব্যাংক হওয়া। তিন বছরের কিছু বেশি সময়ের মধ্যেই আমরা আমাদের মুনাফা দ্বিগুণেরও বেশি করেছি। আরও অগ্রগতি ও আরও বেশি অর্জনে আমরা বদ্ধপরিকর। তাছাড়া, দৃঢ় মূল্যবোধের জন্য নিবেদিত একটি ব্যাংক হিসেবে, সাফল্য শুধুমাত্র সংখ্যার দ্বারা নির্ধারণ করা যাবে না। প্রকৃতপক্ষে, মুনাফার পাশাপাশি গ্রাহক, সাধারণভাবে সমাজ ও সর্বোপরি পৃথিবীর বৃহত্তর স্বার্থে আমরা যেন দায়িত্ববান ও নিয়মনিষ্ঠ ব্যাংক হিসেবে পরিচালিত হতে পারি, কঠোরভাবে সেটি নিশ্চিতের চেষ্টা করা হয়। ২০১৮ সালে সামষ্টিক অর্থনৈতিক চ্যালেঞ্জ মোকাবেলা করেও সুস্থির প্রবৃদ্ধি অর্জিত হওয়ায় আমরা বিশেষভাবে গর্বিত।

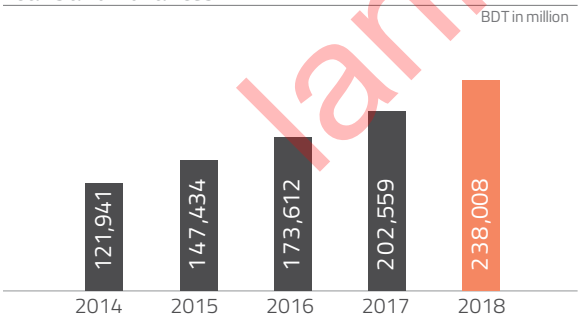
একটি প্রতিষ্ঠান হিসেবে ব্যাংকের পারফর্মেন্সের বর্ণনা

২০১৮ সাল বাংলাদেশের আর্থিক খাতের জন্য চ্যালেঞ্জিং ছিল বলা যায়। সুদের হার বেড়ে যাওয়া এবং আমানত ও ঋণ অনুপাত নিয়ন্ত্রণে অপ্রত্যাশিত পদক্ষেপের পাশাপাশি দেশকে কঠিন তারল্য সংকটের মুখে পড়তে হয়েছে। এর মোকাবেলায় আমরা সব রিটেইল ঋণ বন্ধ এবং এসএমই ও কর্পোরেট ঋণ পুনর্বিন্যাস করতে বাধ্য হয়েছি। বছরের মাঝামাঝি সময়ে, সুদের হার দ্বিগুণ হয়ে উঠলে প্রয়োজনীয় কঠোর সুদের হার বাস্তবায়ন করা হয়। ব্যাংকগুলো ছিল আত্মরক্ষামূলক অবস্থানে এবং তাদের ব্যবসা ও কার্যক্রম চালানোয় ছিল আরও সতর্কতা। এছাড়া, সংসদ নির্বাচনের ফলে বেসরকারি খাতে অনিশ্চয়তার মাত্রা আরও বেড়েছে। সুদের হারের সীমা সাময়িকভাবে অর্পিত হলেও এটি এখনো পুরো ব্যাংকিং খাতের ওপর স্নায়বিক উত্তেজনার মতো প্রভাব ফেলে যাচ্ছে। বছরের তৃতীয় চতুর্থাংশে গিয়ে এক অর্থে স্থিতিশীলতা এসেছে এবং কেন্দ্রীয় ব্যাংক দেশের ব্যবসায়িক সংগঠনগুলোকে সঙ্গে নিয়ে ২০১৯ সালের সেপ্টেম্বরে আমানত ও ঋণ অনুপাত ৮৩.৫%থেকে সমন্বয় করতে একমত হয়েছে। বিস্ময়কর হলেও একটি ইতিবাচক বিষয় হলো, ২০১৮ সাল নির্বাচনের বছর হলেও পরিস্থিতি ছিল তুলনামূলকভাবে বেশ নিয়ন্ত্রিত ও শান্ত। শান্তিপূর্ণ পরিবেশেই ব্যবসা করা সম্ভব হয়েছে।

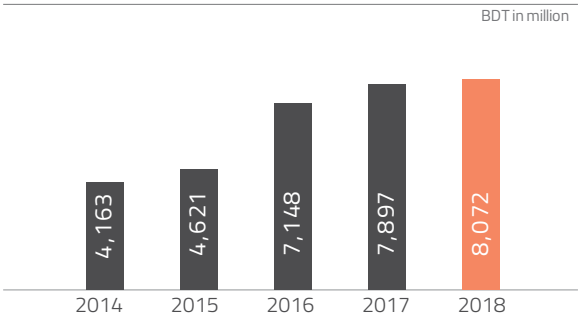
সংকটাপন্ন ব্যবসায়িক পরিবেশ ও নির্বাচন ঘিরে অনিশ্চয়তাসহ সবচেয়ে প্রতিকূল অবস্থায়ও ব্র্যাক ব্যাংক প্রশংসনীয়ভাবে কাজ চালিয়ে গেছে এবং এই শিল্পের গুরুত্বপূর্ণ একটি প্রতিষ্ঠান হিসেবেই আবির্ভূত হয়েছে। তাছাড়া, সাম্প্রতিক সাফল্যের ওপর ভিত্তি করে ব্যাংকটি এখন ভালো অবস্থানে আছে এবং দেশের এক নম্বর আর্থিক প্রতিষ্ঠান হওয়ার লক্ষ্যে এগিয়ে যাচ্ছে।

গুরুত্বপূর্ণ আর্থিক অগ্রগতি

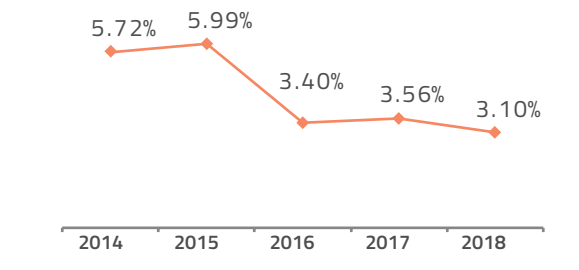
Loans and Advances



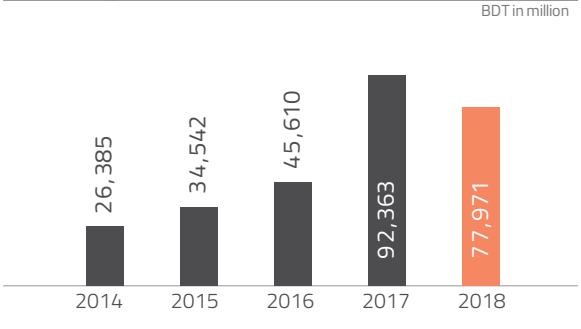
Profit Before Taxes



NPL



Market Capitalization



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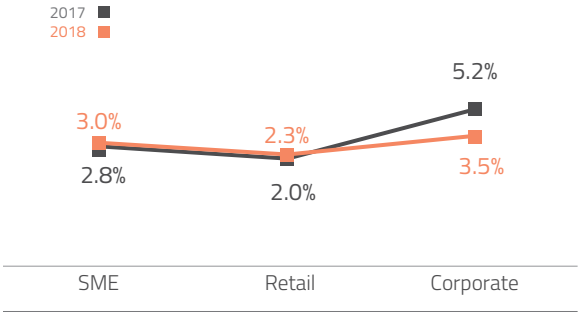
Segment wise NPL



ব্র্যাক ব্যাংক আর্থিকভাবে সফলতার সঙ্গেই কাজ চালিয়ে গেছে। এর ফলে একই সময়ে এর বিশ্বস্ত শেয়ারহোল্ডারদেরও পুরস্কৃত করা গেছে। এসএমই, রিটেইল ও কর্পোরেট-ব্যাংকের আয়ের তিনটি বিভাগই তাদের প্রতিশ্রুতি ও সম্ভাবনা নিয়ে এগিয়েছে। এছাড়া, প্রযুক্তিগত উন্নয়ন, আরও দক্ষ ব্যবস্থা, বিজনেস অ্যালাইনমেন্ট ও প্রশিক্ষিত মানবসম্পদ থেকে প্রতিটি বিভাগই উপকৃত হচ্ছে। সাম্প্রতিক বছরগুলোতে ব্যাংকের আয়ের অনেকটা এসেছে এসএমই থেকে। ২০১৮ সালেও এটি অব্যাহত ছিল। এসময় এসএমই ঋণ ও অগ্রিমের পোর্টফোলিও বেড়েছে ১৭%। একই সঙ্গে, এসএমই ঋণ থেকে সুদের আয় বেড়েছে ২৩%। ইমার্জিং কর্পোরেটের সহায়তায় একটি ছোট উপ-বিভাগের সাফল্য থেকে এই প্রবৃদ্ধির অনেকটাই ব্যাখ্যা করা যায়। আমাদের বিচক্ষণ কালেকশন টিমের কারণে এসএমই এনপিএলের হার খুবই কম রাখা গেছে (৩.০%)। এছাড়া, ডিজিটাল এজেন্ট ব্যাংকিং চলে আসায় এসএমই আরও সম্প্রসারিত হবে বলে আশা করা হচ্ছে।

লোকাল ও বৃহৎ (লার্জ) কর্পোরেট টিম পুনর্গঠন, কর্পোরেট শাখার মডেল, ব্যবসা উন্নয়নে একটি নিবেদিত দল, নন-ফান্ডেড বিজনেস এ দৃষ্টি নিবদ্ধ ও দক্ষ ক্যাশ ম্যানেজমেন্ট পরিচালনার মতো বিষয়গুলো কর্পোরেট ব্যাংকিং পোর্টফোলিওকে সুসংহত করতে অবদান রাখছে। ২০১৮ সালে কর্পোরেট ঋণ ও অগ্রিম পোর্টফোলিও ইয়ার ওভার ইয়ার ২৪% বেড়েছে, যখন সুদ আয় বেড়েছে ৪৯%। এছাড়া, আগের বছরের চেয়ে ট্রেড ভলিউম ১০% বেড়েছে। ৩.৫% এনপিএল নিশ্চিতভাবেই ব্যাংকের কর্পোরেট বুকের গুণগত মান নির্দেশ করে।

ব্র্যাক ব্যাংক বিশেষ কিছু ক্ষেত্রে সাফল্য নিশ্চিত করতে বিকল্প চালনশক্তি হিসেবে মোটরসাইকেল ডিস্ট্রিবিউটর ও প্রপার্টি কোম্পানির সঙ্গে নতুন সম্পর্ক তৈরির সিদ্ধান্ত নিয়েছে। তারল্য সংকট ও ক্রমবর্ধমান অনিশ্চয়তার কারণে গত বছর আমানতের খরচ বাড়লেও রিটেইলে প্রবৃদ্ধি দেখা গেছে ২৫%। এছাড়া বাংলাদেশের সেরা ব্যাংক হওয়ার লক্ষ্যে বেশ কিছু প্রযুক্তিগত উদ্যোগ নিয়েছে ব্র্যাক ব্যাংক। এখন ব্যাংকটি গর্ব করতে পারে আধুনিক আইভিআর ব্যবস্থা ও ১১০ সিটের কল সেন্টার নিয়ে, যা দিন-রাত ২৪ ঘন্টা কাজ করে চলেছে এবং ২০১৮ সালে সেবা দিয়েছে ১.৭ মিলিয়নের বেশি গ্রাহককে।

আমাদের সাবসিডিয়ারি

গত বছর ব্র্যাক ব্যাংকের সাবসিডিয়ারি প্রতিষ্ঠানগুলোও বেশ সাফল্য পেয়েছে। উদাহরণস্বরূপ, দেশের শীর্ষস্থানীয় মোবাইল ব্যাংকিং সেবা, বিকাশ কর পরবর্তী মুনাফা করেছে ১৮৫ মিলিয়ন টাকা। ইতিমধ্যে, আলিবাবার মালিকানাধীন চীনা মোবাইল পেমেন্ট গ্রুপ আলিপেকে কৌশলগত অংশীদার করা হয়েছে। বিকাশের ডিজিটাল সক্ষমতা বাড়াতে প্রতিষ্ঠানটি সহায়তা করবে। এর ফলে বিকাশের সেবার মান উল্লেখযোগ্যভাবে বাড়বে। দেশব্যাপী লক্ষ লক্ষ মানুষের জীবনযাপনে এর ইতিবাচক প্রভাব পড়বে বলে আশা করা হচ্ছে।

ব্র্যাক ইপিএল স্টক ব্রোকারেজ লিমিটেড কর পরবর্তী মুনাফা অর্জন করেছে ২৪ মিলিয়ন টাকা। একই সঙ্গে ২০১৮ সালে ব্র্যাক সাজন এক্সচেঞ্জ কর পরবর্তী ৫৪ মিলিয়ন টাকা মুনাফা অর্জন করেছে এবং ইউরোপব্যাপী আরও শক্তিশালী ও সুদৃঢ় অবস্থান তৈরি করেছে। উল্লেখযোগ্য বিষয় হলো, ব্র্যাক ইপিএল ইনভেস্ট লিমিটেড সুস্থিরভাবেই স্বাভাবিক অবস্থায় ফিরছে। উদাহরণস্বরূপ, এ বছরের লোকসান ২১৮ মিলিয়ন টাকা, যা আগের বছরের চেয়ে ৫৫% কম লোকসান।

ব্র্যাক ব্যাংকের সহায়ক প্রতিষ্ঠানগুলোর অর্জন এটিই নির্দেশ করে যে, একটি গ্রুপ হিসেবে দেশসেরা আর্থিক প্রতিষ্ঠান হতে এটি সঠিক পথেই আছে।

উদ্ভাবন ও ডিজিটাল ব্যবস্থায় প্রতিশ্রুতিবদ্ধ

২০২০ সালের মধ্যে বাংলাদেশের সেরা ব্যাংক হওয়াই ব্র্যাক ব্যাংকের লক্ষ্য। আর এটি অর্জনে শীর্ষস্থানীয় আর্থিক প্রযুক্তি সরবরাহকারীদের সহায়তায় আগামী কয়েক বছরের মধ্যেই পুরোপুরি ডিজিটাল হওয়ার লক্ষ্য নেওয়া হয়েছে। সেবা প্রদানের প্রথাগত ব্যবস্থার স্থলে আনতে চাওয়া হচ্ছে ডিজিটাল সমাধান। এসব বিষয় গ্রাহকদের আর্থিক সেবা প্রদান আরও সহজ ও সুবিধাজনক করবে বলে আশা করা হয়। ২০১৮ সালে আমরা ব্যাংকের কোর ব্যাংকিং সলিউশন (সিবিএস) আপগ্রেড, ট্রেজারি ম্যানেজমেন্ট সিস্টেম ও এন্টারপ্রাইজ রিসোর্স প্লানিং (ইআরপি) সফলভাবে বাস্তবায়ন করতে পেরেছি। এর ফলে ব্যাংক গ্রাহকের সন্তুষ্টি ও বিশ্বস্ততা বাড়ানোর সঙ্গে সঙ্গে পুনর্গঠন করেছে এর ট্রেড ফাইন্যান্স। এতে ট্রেড ফাইন্যান্স ব্যবসায় আমাদের সক্ষমতা বেড়েছে ১০% এর বেশি। এছাড়া, ওরাকল ভিত্তিক নতুন এন্টারপ্রাইজ রিসোর্স প্লানিং প্লাটফর্ম কার্যকরের মাধ্যমে আমরা অভ্যন্তরীণ ডিজিটালাইজেশন বাস্তবায়নে বড় পদক্ষেপ নিয়েছি। এটি আমাদের মানবসম্পদ ও অর্থ-বিষয়ক কার্যক্রম স্বয়ংক্রিয় করবে। 'যেকোনো সময়, যেকোনো স্থানে' ব্যাংকিং সেবা প্রদানের ব্যবস্থা সৃষ্টির মাধ্যমে ব্যাংকিং সেবাকে গ্রাহকদের দোরগোড়ায় আনতে চায় ব্র্যাক ব্যাংক।

দেশের ব্যাংকিং সেবাবঞ্চিত অংশকে উন্নত সেবা দেওয়ার লক্ষ্যে ব্র্যাক ব্যাংক চালু করেছে এজেন্ট ব্যাংকিং। এই ডিজিটাল ব্যবস্থায় আছে রিয়াল-টাইম লেনদেনসহ অন্যান্য সেবা, যা ব্যাংকের কোনো

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শাখায় পাওয়া যায় । ব্র্যাক ব্যাংকের উপলব্ধি হলো, শুধু পণ্য ও সেবা প্রদানই নয়, যে পদ্ধতিতে এগুলো প্রদান করা হয় তাও গ্রাহকের কাছে মূল্যায়িত হয় । এছাড়া, বিস্তৃত ডিস্ট্রিবিউশন নেটওয়ার্ক হিসেবে এজেন্ট ব্যাংকিংয়ের বেড়ে ওঠা নিশ্চিত করতে আমরা ব্যবহার করব এসএমই ব্যাংকিং সেক্টর থেকে অর্জিত দক্ষতা । এজেন্ট ব্যাংকিংয়ের একটি বাড়তি সুবিধা হলো, এটি চাকরির নতুন সুযোগ তৈরি করবে এবং চাঙা করে তুলবে গ্রামীণ অর্থনীতিকে । ব্র্যাক ব্যাংক এর সমন্বিত ব্যাংকিং মডেল বাস্তবায়নে আগামী বছর এজেন্ট ব্যাংকিং সেবা বিস্তৃত করতে চায় । আর, ব্র্যাক ব্যাংক গ্রহণ করেছে 'অল-সেগমেন্ট ফোকাস' ব্যাংক কৌশল । ব্যাংকের প্রত্যাশা, এই পদ্ধতিতে দীর্ঘমেয়াদী গ্রাহকদের সেবাদানের পাশাপাশি সব বিভাগ থেকেই নতুন সম্পর্ক গড়ে তোলার সংস্কৃতি তৈরি হবে । বিস্তৃত প্রোডাক্ট প্রপোজিশন ও ডিস্ট্রিবিউশন চ্যানেলের মাধ্যমে দেশজুড়ে সব খাতে পৌঁছানোর ব্যাপারেও ব্যাংক আশাবাদী । দেশের দুটি বৃহত্তম মোবাইল আর্থিক সেবা প্রদানকারী বিকাশ ও রকেটের সাথে পার্টনারশিপের মাধ্যমে অনেক নতুন গ্রাহক অর্জন করা যাবে বলে আমরা মনে করি । এছাড়া, ফান্ডেড ও নন- ফান্ডেড ব্যবসার সঠিক সমন্বয় এবং ক্রস- সেলিংয়ের সংস্কৃতি প্রবর্তনের মাধ্যমে ব্র্যাক ব্যাংক এর পোর্টফোলিও প্রবৃদ্ধির ধারা অব্যাহত রাখবে । এর মাধ্যমেই নতুন ডিস্ট্রিবিউশন মডেলের ব্যবহারে অ্যাসেট ও লায়াবিলিটির যথাযথ মিশ্রণ নিশ্চিত হবে ।

নতুন সেগমেন্ট: নারীদের জন্য ব্যাংকিং 'তারা'

বাংলাদেশের ব্যাংকিং খাতে প্রথম পূর্ণাঙ্গ নারী ব্যাংকিং 'তারা' প্রপোজিশন চালু করতে পেরে ব্র্যাক ব্যাংক গর্বিত । এর লক্ষ্য হলো সকল পেশার ও সকল অঞ্চলের নারীদের যথোপযুক্ত আর্থিক সেবা প্রদান । বাংলাদেশজুড়ে নারীদের শুধু আর্থিক সেবাই নয়, অর্থ বহির্ভূত সেবা প্রদানও তারার লক্ষ্য । নারীদের প্রয়োজন মেটাতে 'তারা' নিয়ে এসেছে বিশেষভাবে তাদের উপযোগী করে তৈরি আমানত, ঋণ ও ক্রেডিট কার্ড সেবা । এছাড়া, পেশাদারিত্ব ও ব্যবসার উন্নতি এবং নেটওয়ার্কিংয়ের সুযোগ করে দেওয়ার লক্ষ্যে প্রশিক্ষণ ও কর্মশালার ব্যবস্থা করছে 'তারা' । ব্র্যাক ব্যাংক তারা গ্রাহকদের দিচ্ছে ডেডিকেটেড হেল্পলাইন ও এর রিটেইল পার্টনারদের আউটলেটে বিশেষ ছাড় । ব্র্যাক ব্যাংক এর অন্তর্ভুক্তিমূলক ব্যবস্থায় ২০১৮ সালে ২০০,০০০ নারী গ্রাহক ও প্রায় ২,৯০০ নারী এসএমই উদ্যোক্তা গ্রহণে সক্ষম হয়েছে ।

সমৃদ্ধ টেকসই ভবিষ্যতের পথে

ব্র্যাক ব্যাংকের মূল্যবোধ ভিত্তিক ব্যাংকিং ব্যবস্থার কেন্দ্রে আছে কর্পোরেট সামাজিক দায়বদ্ধতা (সিএসআর) । নৈতিকতার সঙ্গে ব্যবসা ও গ্রাহকের অধিকার রক্ষায় নিবেদিত থাকা এবং সেবার মান উত্তরোত্তর বাড়াতে আমরা দায়বদ্ধ । সিএসআরকে জনগণ, সম্প্রদায় ও সামগ্রিকভাবে সমাজের ওপর দীর্ঘমেয়াদীয় বিনিয়োগ হিসেবে দেখে ব্র্যাক ব্যাংক । উদাহরণস্বরূপ, অসংখ্য সমাজ সংশ্লিষ্ট প্রকল্পের মাধ্যমে আমরা মানুষের সম্ভাবনা বোঝার চেষ্টা করি । কর্পোরেট সত্তা হিসেবে ব্র্যাক ব্যাংক, যাদের সঙ্গে কাজ করছে ও যে স্থানে কার্যক্রম চালাচ্ছে তাদের প্রতি সামাজিক দায়বদ্ধতা সম্পর্কে গভীরভাবে সচেতন । বৃহত্তর সাফল্য অর্জনের লক্ষ্যে আমরা জাতিসংঘের এসডিজির সঙ্গে আমাদের সিএসআর কর্মসূচিগুলোর সঙ্গতি রাখার চেষ্টা করি । আমরা আন্তরিকভাবে বিশ্বাস করি, সঠিক পথে ব্যবসা করায় দৃঢ় প্রতিজ্ঞ ও সব কর্মকা-ের শুরুতেই অংশীদারদের স্বার্থের কথা মাথায় রাখলে বাংলাদেশের বিস্তৃত ও সার্বিক অর্থনৈতিক প্রবৃদ্ধিতে ইতিবাচক ও উল্লেখযোগ্য অবদান নিশ্চিত করা যায় । এছাড়া, মূল্যবোধ ভিত্তিক ব্যাংক হিসেবে ব্র্যাক ব্যাংক গ্রিন ব্যাংকিং চর্চা কথাটিতে বিশ্বাস করে । আর এজন্যই তামাক, জাহাজ ভাঙ্গা ও ইটিপিবিহীন পোশাক ও টেক্সটাইল শিল্পে অর্থায়ন করা হয় না ।

ব্র্যাক ব্যাংক গ্লোবাল ব্যাংকিং অ্যালায়েন্স ফর ব্যাংকিং অন ভ্যালুসের (জিএবিভি) গর্বিত সদস্য এবং বাংলাদেশে থেকে এখনো এর একমাত্র প্রতিনিধি । এছাড়া ব্র্যাক ব্যাংক গ্লোবাল ব্যাংকিং অ্যালায়েন্স ফর ওমেনেরও (জিবিএ) সদস্য ।

পরিসমাপ্তি- এগিয়ে থাকা ও সর্বত্র উপস্থিতি নিশ্চিত করা

ব্র্যাক ব্যাংকের আছে ১৮৬ টি শাখা বাংলাদেশজুড়ে বিস্তৃত, যেখানে সব ধরনের গ্রাহককেই বিভিন্নরকম ব্যাংকিং সেবা প্রদান করা হয় । ২০১৯ সালে আরও দুটি শাখা উদ্বোধন অপেক্ষায় রয়েছে । এই সময়ে আমাদের বর্তমান এসএমই সার্ভিস সেন্টার গুলোও পরিপূর্ণ শাখার রূপ নেবে । এগুলো সবই ব্র্যাক ব্যাংকের সম্প্রসারণ পরিকল্পনার অংশ, যা এখন ভালোভাবেই চলছে । ২০১৯ সালের শেষে এজেন্ট ব্যাংকিং আউটলেট ৫০০ হবে বলে আশা করা হয়, যা ব্যাংকের বর্তমান অপ্রতিদ্বন্দ্বী ডিস্ট্রিবিউশন নেটওয়ার্কের সঙ্গে কাজ করবে । এই নেটওয়ার্কের মধ্যে ইতিমধ্যেই আছে ৪৫৬ এসএমই ইউনিট অফিস, ৪৪৮ এটিএম ও ৯৭ সিডিএম । এছাড়া, শীর্ষস্থানীয় কয়েকটি আর্থিক প্রযুক্তি সরবরাহকারী প্রতিষ্ঠানের সঙ্গে এরই মধ্যে কৌশলগত অংশীদারিত্ব গড়ে তোলা হয়েছে, যা ব্র্যাক ব্যাংকের ডিজিটাল ব্যাংকিং সক্ষমতা বাড়াতে সহায়তা দেবে । এই পদক্ষেপগুলোর বিশেষ লক্ষ্যই হলো বাংলাদেশের সব শ্রেণী-পেশার মানুষের জীবনমান উন্নয়ন ।

বিশ্বের শীর্ষস্থানীয় দুটি আন্তর্জাতিক ক্রেডিট রেটিং এজেন্সি (এস অ্যান্ড পি ও মুডি'স) এবং দেশের তিনটি শীর্ষ ক্রেডিট রেটিং এজেন্সি (ক্রেডিট রেটিং এজেন্সি অব বাংলাদেশ লিমিটেড, ক্রেডিট রেটিং ইনফরমেশন অ্যান্ড সার্ভিসেস লিমিটেড ও এমার্জিং ক্রেডিট রেটিং লিমিটেড ব্র্যাক ব্যাংককে 'দ্য বেস্ট ব্যাংক' হিসেবে মূল্যায়িত করেছে ।

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২০১৮ সালে রেগুলেটরি পরিবর্তনের পাশাপাশি প্রতিকূল বাজার পরিস্থিতি সত্ত্বেও দেশের সেরা ব্যাংক হওয়ার ধারায় ছিল ব্র্যাক ব্যাংক। গত ২-৩ বছরে, ব্যাংকটি প্রযুক্তি, প্রসেস, প্রেমিসেস ও সর্বোপরি সবচেয়ে গুরুত্ব দিয়ে মানবসম্পদ উন্নয়নে উল্লেখযোগ্য বিনিয়োগ করেছে। দক্ষতার উন্নয়ন, উৎপাদনশীলতা ও ব্যাংকের ভিত্তি মজবুত হওয়ার মধ্যে দিয়ে এই বিনিয়োগের সুফল আসতে শুরু করেছে। কর্মীদের ওপর মনোযোগ দিয়ে ব্যাংকটি হয়ে উঠেছে পছন্দের নিয়োগদাতা (এমপ্লয়ার অব চয়েস)। আমরা দেশের সেরা ব্যাংক হওয়ার পথে এগিয়ে যাওয়া অব্যাহত রাখব এবং ধরে থাকবো ক্রমাগত ও দ্রুত বিবর্তনশীল বাজারে আমাদের দৃঢ় অবস্থান।

সেলিম আর. এফ. হোসেন
ব্যবস্থাপনা পরিচালক ও প্রধান নির্বাহী কর্মকর্তা

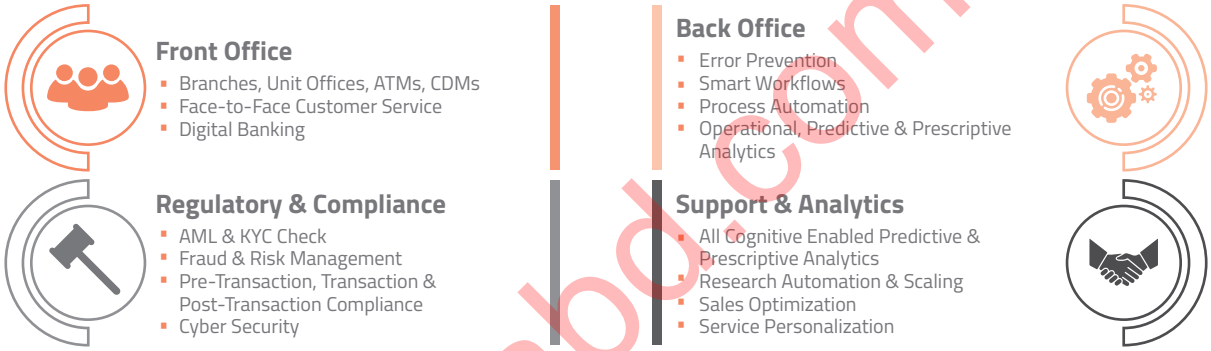
Integrated Report

Welcome to BRAC Bank Limited's Integrated Annual Report for 2018. We are one of the largest, and the fastest-growing banks in Bangladesh, and we aspire to be the country's best. This report describes the year's initiatives and performance, as well as outlines our future plans. Building on strong foundations, we strive to create value rapidly for all of our stakeholders. This focus represents the thrust of our operating culture and business model.

Our business activities are managed to embrace:

- Sustainable profit
- Social benefit

Our value creation clearly demonstrates our effectiveness. Indeed, our stakeholders all benefit from our careful deployment of resources, skills and relationships.



The integrated reporting framework allows this report to present a clear and balanced appraisal of the material issues faced by BRAC Bank throughout 2018. The report also shows how these issues affected the bank's capacity to create value. The report should be read alongside the corresponding full financial statements.

By reading this report, stakeholders will learn about all aspects of the group's performance. Financial, economic, social and environmental activities are all covered in detail. Meanwhile, value creation with regard to leveraging the bank's core business drivers, governance, sectoral opportunities, risks and future prospects are all also included. We again prioritize brevity in the printed reporting, but increase our level of disclosure at the same time.

Our annual report for 2017 won several awards in the private sector banking category across ICMAB, ICAB, and SAFA. This reflects our stringent commitment to providing detail disclosure, with qualitative and quantitative information.

Scope and Boundary of the Report

This report covers the period from 1 January 2018 to 31 December 2018 and concerns the operations of BRAC Bank Limited and its subsidiaries. Compared to the 2017 annual report, no material changes have been made to the report's scope and boundary or the relevant historical financial data.

Materiality

This report is intended to cover issues most pertinent to the establishment and execution of our strategy. Our leadership agreed that, in 2018, these issues were related to:

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

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The leadership decided on what constituted material issues. Their decisions were informed by reports on the enterprise risk management process and close interaction with stakeholders.

Our most material issues included the following:

- Fostering a culture of governance and performance
- Keeping our operations secure
- Driving sustainable profitability
- Creating social and societal value

Forward-looking Statements

This report includes 'forward-looking statements' dealing with risks and opportunities (known and unknown) and other uncertain factors that may materially change after publication. Such statements are valid only for the date of publication. The bank is not obliged to publicly revise these statements if such material changes occur following the report's publication.

Assurance

BRAC Bank has a combined assurance model and system in place. Its effectiveness is constantly reviewed by the Board as material risks deeply impact upon the bank's sustainability and going concern status. Relying on diverse stakeholders to operate legally, we hold external reports in the same high regard as information used to make internal decisions. In-depth audits, by internal and external auditors, safeguard our operational integrity and our business model's sustainability.

Board Responsibility

The Board, along with the audit and risk committee, is responsible for this report. The Board considers this report to have addressed the bank's material issues, and to have accurately presented its integrated performance and the impacts thereof. The Board has authorized the release of this report on 21 March 2019.

Mohammad Abdul Ohab Miah FCA

Chief Financial Officer (Acting)

Selim R. F. Hussain

Managing Director & CEO

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View this report online:

http://www.bracbank.com

Our online Annual Report 2018 contains all information and messages in this printed version of the report.

BRAC Bank Highlights

In 2001, BRAC Bank began a unique journey that would distinguish it from the competition. Its visionary founder realized that the previously-neglected Small and Medium Enterprises (SME) sector was playing a significant role in generating growth and creating employment in the country. As a result, BRAC Bank stepped forward to help SME entrepreneurs at a time when they were struggling to secure finance: a practice it proudly continues to this very day.

VALUES

BEHAVIOUR

ETHICS

GOVERNANCE

+

PERFORMANCE

DISCIPLINE

QUALITY

INNOVATION

FOCUS

LEARNING

=

TWIN FOUNDATIONS OF BRAC BANK

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BRAC Bank is a performance-driven organization, where its values are at the core of every one of its activities. Meanwhile, it is Bangladesh's sole representative in the Global Alliance for Banking on Values (GABV). The Alliance comprises 46 financial institutions operating across Asia, Africa, Australia, Latin America, North America and Europe, serving 41 million customers. In addition, it holds up to BDT10,634 billion/ US$127 billion of combined assets and is powered by a network of 48,000 co-workers.

BRAC Bank, alongside other members of the GABV, adheres to the 3P philosophy. As a mission-driven bank, we believe that we have a responsibility towards the people we work with and the places in which we operate.

Today, the bank has grown into a dominant player in the industry. It has 186 branches, 16 Premium Banking Lounges, 448 ATMs, 97 CDMs and 456 SME Unit Offices across the country. With a team of over 7,000 employees, BRAC Bank caters to more than 1.2 million customers through its diverse range of SME, Retail and Wholesale Banking solutions.

Financial Performances Snapshot 2018 (Standalone)

Over the last decade, BRAC Bank has emerged as Bangladesh's market leader in the SME sector. However, recently, its focus has shifted to businesses in the Retail and Corporate spheres. This is in order to meet all banking needs of potential markets as well as to diversify its portfolio. Having laid this strong foundation, and relying on the trust and confidence of more than 1.2 million customers, BRAC Bank is on track to become Bangladesh's best bank.

Profit After Tax BDT 5,547 Million

Earnings Per Share BDT 5.17

Net Asset Value Per Share BDT 29.50

Non Performing Loan 3.10%

Loans and Advances BDT 238,008 Million

Deposits BDT 228,622 Million

186 branches

16 Premium Banking Lounges

448 ATMs

97 CDMs

456 SME Unit Offices

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Company
Philosophy

Focus on People

We are dedicated to the people of Bangladesh because we believe in the faith and hope of 160 million people.

BRAC Bank has long been a pioneer for SME development in Bangladesh. Since its inception, BRAC Bank has disbursed around BDT 548,000 million across the country. Moreover, it has played a pivotal role in the development of the SME sector by creating a unique model of collateral-free SME lending. This has provided SME entrepreneurs with easier access to finance than ever before. Furthermore, BRAC Bank, with its vast distribution network spanning the entire country, can reach a large proportion of the population.

Focus on Planet

BRAC Bank – a major player in the financial service market - influences communities, people and the environment. It does so both directly and indirectly through its customers, suppliers and employees.

BRAC Bank cares for the planet. As a founding member of Global Alliance for Banking on Values (GABV), it ensures that enterprises that receive SME loans meet common environmental standards.

BRAC Bank, in partnership with renowned international organizations and local banks, has initiated a capacity-building program for Bangladeshi bankers. The aim of the program is to support commercial banks or bankers in Bangladesh to build upon their knowledge and capacity. In particular, this is to address Environmental and Social (E&S) risks and opportunities, and to identify innovative and bankable green opportunities.

Focus on Prosperity

BRAC Bank believes that if banks understand the nature of the projects they support, they can become drivers of sustainable progress. As a values-based bank, our profits are generated by investing money with the intention of serving the communities in which we work.

Sustainability

PLANET

PEOPLE

PROSPERITY

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Mission, Vision & Values

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Corporate Vision

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

Corporate Mission

- Sustained growth in the SME sector
- Continuous low-cost deposit growth with controlled growth in retail assets
- Corporate assets to be funded through self-liability mobilization and growth in assets. This is done through syndications and investment in fast-growing sectors
- Continuous endeavor 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
- A diverse team to be kept fully 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, excellent service and mutual benefit
- Strive for profit 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

An institution's code of ethics must be reflected in 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 put enormous effort into building an ethical environment by following seven core values (known collectively as CRYSTAL):

- C stands for being Creative, focusing on individuals who produce innovative ideas at work
- R stands for being Reliable, with an emphasis on having individuals that never let you 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, stressing the importance of individuals answering to the outcomes of their actions
- L stands for being Loyal, which ultimately means being compliant and dedicated at work

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

a) Written Code of Conduct
b) Equality & safety at the workplace
c) System of confidential reporting

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Code of Conduct

BRAC Bank Limited has a written Code of Conduct for its employees available on the bank's intranet. Some 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 the 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 when 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

Personal Responsibilities

- Be role models, setting standards for ethical behavior
- Protect and enhance the company's assets and reputation
- Understand and comply with laws, regulations and company polices that apply to your job
- Serve the bank with honesty, integrity, sincerity, diligence and dedication

Workplace Responsibilities

- Treat colleagues with respect and dignity
- Support the company's commitment to diversity and equal-opportunity employment
- Provide an environment free from intimidation and harassment
- Do not hold any positions with or accept business opportunities from anyone who conducts business or competes with the company. Do not accept any outside employment, honorary or stipendiary, or undertake part-time work or hold any office of profit without the prior permission of the competent authority.
- Comply with the company's travel and expense policy
- Not to 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 to personally represent any Director of the Board to intervene on his or her behalf in any matter
- Not to, in his or her private capacity, borrow money from or place himself or herself under any pecuniary obligation to a customer, broker, money lender or employee of the bank, candidate for employment in the bank, or any firm or person having, or likely to have, dealings with the bank
- Comply with the company's travel and expenses policy
- Not to pressurize employees to support and/or contribute to political candidates or causes
- To invest money in businesses belonging to the bank's clients
- Protect company property
- Safely retain key and classified corporate documents

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Diversity, Equal-Opportunity Employment and Freedom from Harassment

- We are committed to equal opportunities. As such, we treat all individuals on merit without regard for gender, age, national origin, religion, creed, 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
- To promote diversity in the workplace, and follow the principles of equal-opportunity employment and anti-discrimination

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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 to buy or sell company securities when in possession of material non-public information
- Make only accurate statements about the company's products
- Not to 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 to participate in any activities, set up or join any unpermitted organization which may undermine the prestige or image of the bank
- Not to solicit, accept or give gifts that may influence business decisions
- Prevent the use of company services for money laundering purposes
- Protect and enhance the company's assets and reputation

Company Profile

Share capital:

Share capital	2018 (BDT)	2017 (BDT)
Authorized capital	20,000,000,000	12,000,000,000
Issued, subscribed and paid-up capital	10,725,002,850	8,552,096,940

Credit rating:

BRAC Bank Limited has been assessed by several leading credit agencies around the world. These include: Credit Rating Agency of Bangladesh (CRAB), Emerging Credit Rating Limited (ECRL), Credit Rating Information and Services Limited (CRISK), S&P Global Ratings, and Moody's Investors Service. Based on financial statements dated December 31, 2017, as well as other quantitative and qualitative information, BRAC Bank's ratings are as following:

Name of Credit Rating Company	2017		2016	
	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	N/A	N/A
Credit Rating Information and Services Limited (CRISL)	AA+	ST-1	N/A	N/A
S & P Global Ratings	B+		N/A	
Moody's Investors Service	Ba3		N/A	

The ratings signify:

- BRAC Bank is one of the most financially solvent banks in the country
- It holds the capability to meet its financial commitments.
- BRAC 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 touch points across various business segments.

The bank's business can be broadly structured around its three core divisions.

- Corporate Banking
- Retail Banking
- SME Banking

The distribution network comprises the following:

Distribution network

Service point classification	Number
Business Region	8
Total Branches (Including SME SC/KB)	186
Premium Lounges	16
ATMs	448
CDMs	97
Regional Operation Centers	11
SME Business Region	6
SME Business Territory	36
SME Business Zone	178
SME Unit Office	456
Agent Banking Outlet	50

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Office addresses:

Corporate Office address	Share Department of the bank
BRAC Bank Limited Head Office: Anik Tower, 220/B, Tejgaon-Gulshan Link Road, Tejgaon I/A, Dhaka-1208, Bangladesh.	Head Office: Anik Tower (Ground Floor), 220/B, Tejgaon-Gulshan Link Road, Tejgaon I/A, Dhaka-1208. Phone: 9884292, Ext-5124, 5125

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 WW Tower (Level-8), 68 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

Quarterly results	
Particulars	**Submission date to regulatory bodies**
Un-audited consolidated results for the 1st quarter ended 31 March 2018	3-May-18
Un-audited consolidated results for the 2nd quarter and half-year ended 30 June 2018	26-Jul-18
Un-audited consolidated results for the 3rd quarter ended 30 September 2018	30-Oct-18

Dividend	
Particulars	**Submission date to regulatory bodies**
Notice date of the 19th Annual General Meeting	03-April-18
Record Date	11-Apr-18
19th Annual General Meeting	26-Apr-18
Date of Distribution of Bonus Share	10-May-18

Taxation on Dividend Income

Stock dividend is not subject to tax. For cash dividend, the current deduction rates of tax at source on dividend incomes as per the current Finance Act are as following:

- If the shareholder is a company, either resident or non-resident, the taxation rate 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%

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Information Sensitive to Share Price

Particulars	Date of disclosure
Corporate disclosure for the approval of the financial statements 2017, recommendation of dividend, record date for dividend entitlement of 19th AGM (26 April, 2018) of BRAC Bank Limited	23-Mar-18
Corporate disclosure for the first quarter financial information (Un-audited) ended on 31 March, 2018	27-April-18
Corporate disclosure for the half year financial information (Un-audited) ended on 30 June, 2018	26-Jul-18
Corporate disclosure for the 3rd quarter financial information (Un-audited) ended on 30 September, 2018	31-Oct-18

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	10	10
Total number of securities	1,072,500,285	1,072,500,285

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BRAC Bank is the first in financial sector of Bangladesh to be ISO 27001:2013-certified. This certification acknowledges our pioneering effort in fulfilling regulatory mandates.

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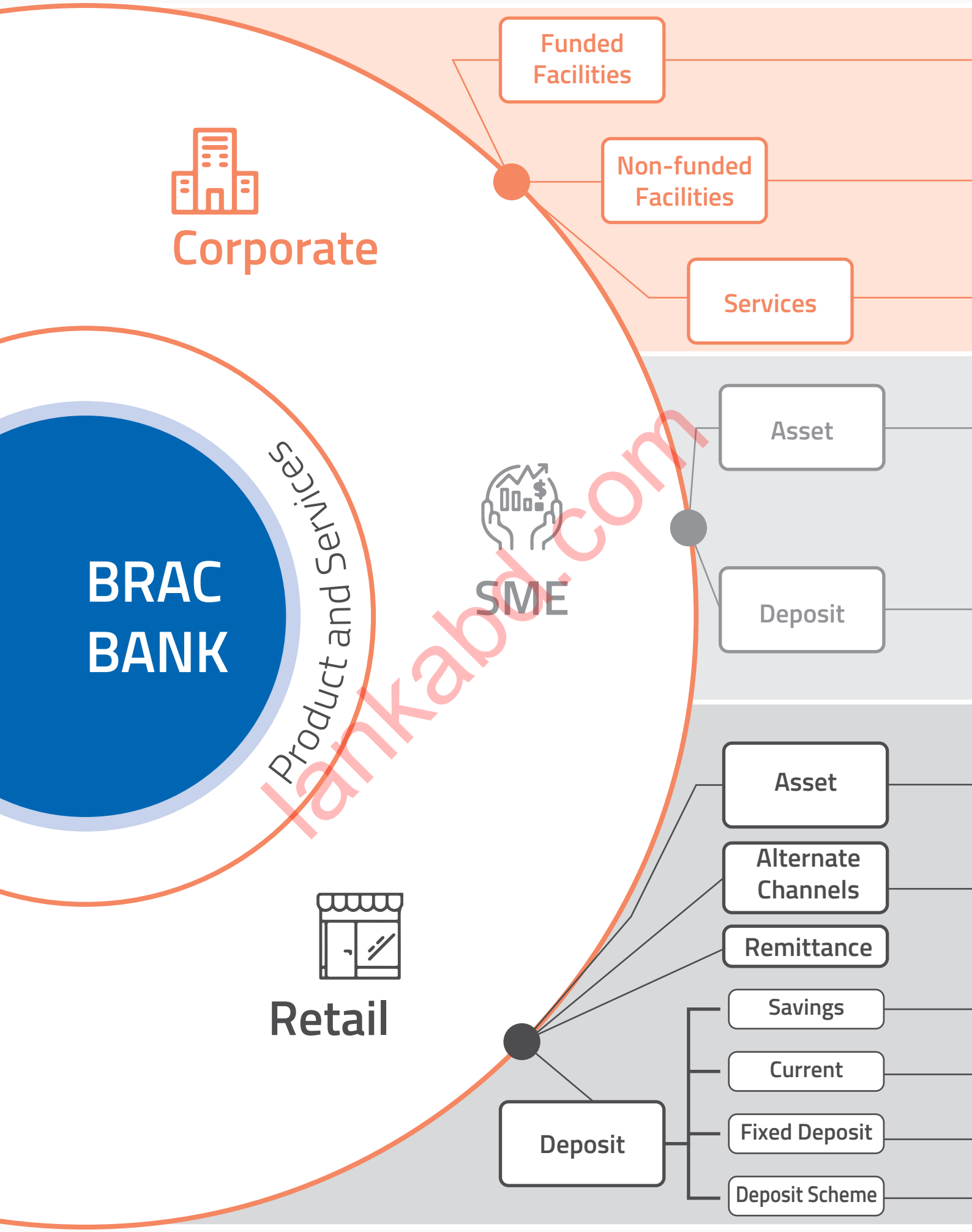
BRAC BANK
Product and Services
Corporate
Funded Facilities
Non-funded Facilities
Services
SME
Asset
Deposit
Retail
Asset
Alternate Channels
Remittance
Deposit
Savings
Current
Fixed Deposit
Deposit Scheme
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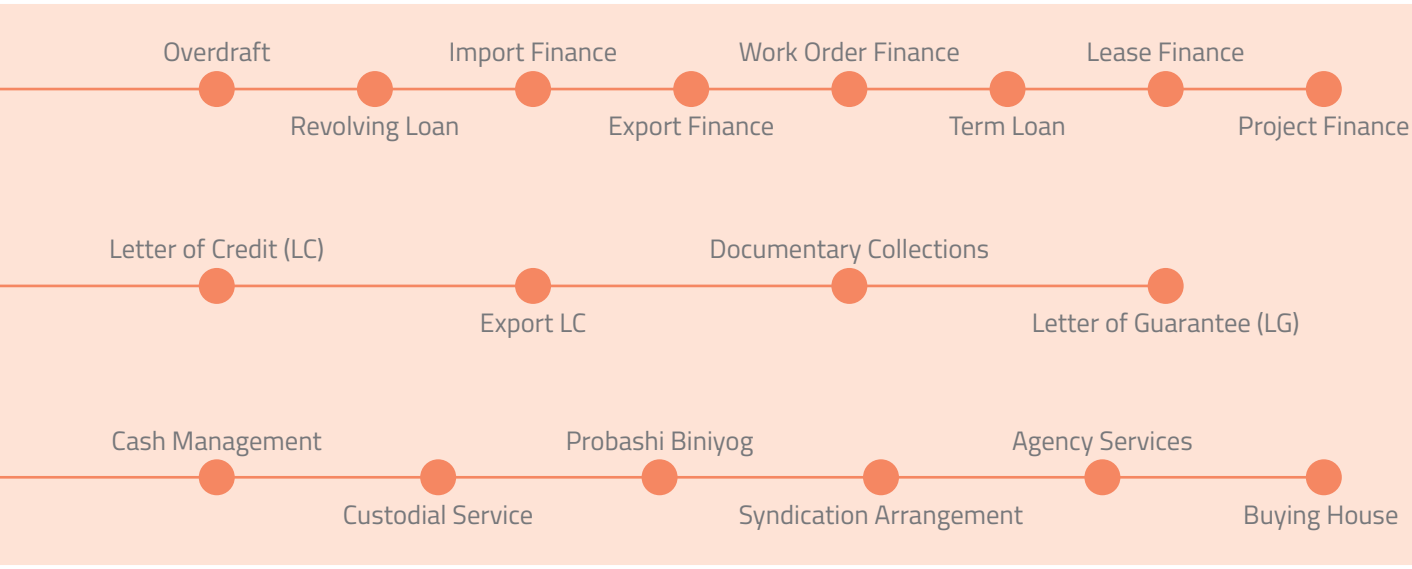
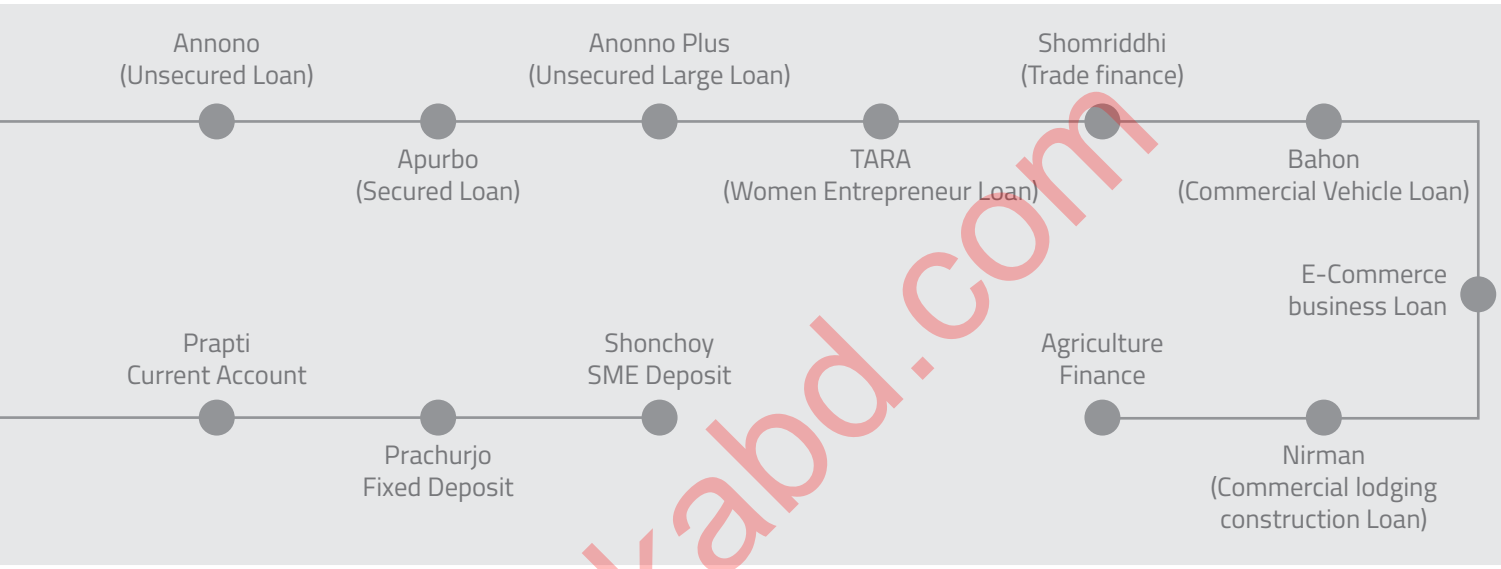

Overdraft
Revolving Loan
Import Finance
Export Finance
Work Order Finance
Term Loan
Lease Finance
Project Finance
Letter of Credit (LC)
Export LC
Documentary Collections
Letter of Guarantee (LG)
Cash Management
Custodial Service
Probashi Biniyog
Syndication Arrangement
Agency Services
Buying House


Annono
(Unsecured Loan)
Apurbo
(Secured Loan)
Anonno Plus
(Unsecured Large Loan)
TARA
(Women Entrepreneur Loan)
Shomriddhi
(Trade finance)
Bahon
(Commercial Vehicle Loan)
E-Commerce
business Loan
Prapti
Current Account
Prachurjo
Fixed Deposit
Shonchoy
SME Deposit
Agriculture
Finance
Nirman
(Commercial lodging
construction Loan)

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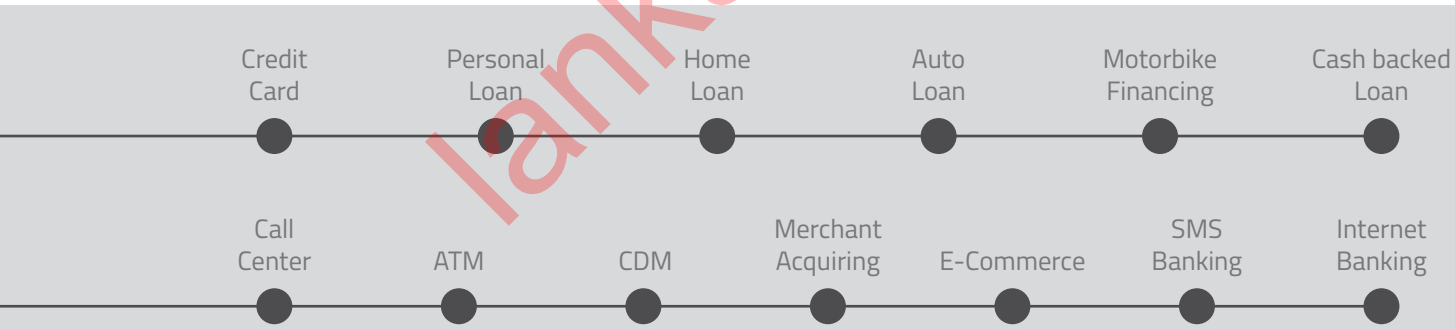
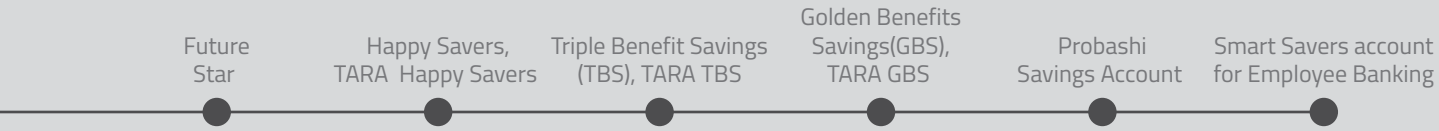
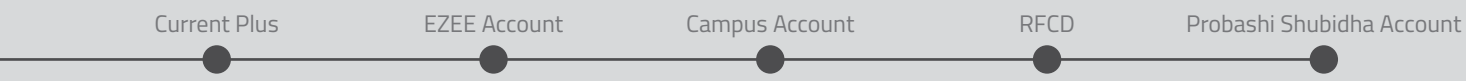
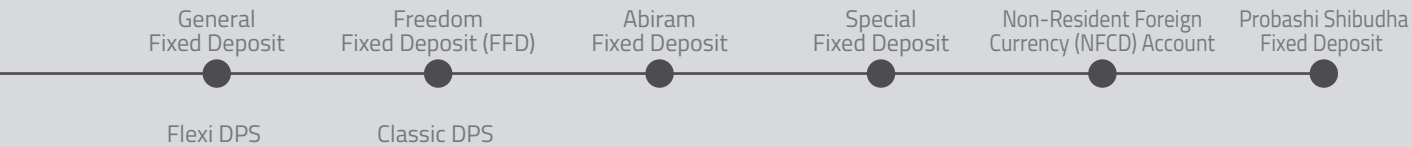
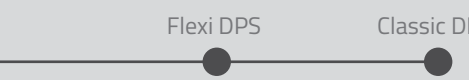

Credit
Card
Personal
Loan
Home
Loan
Auto
Loan
Motorbike
Financing
Cash backed
Loan

Call
Center
ATM
CDM
Merchant
Acquiring
E-Commerce
SMS
Banking
Internet
Banking


Future
Star
Happy Savers,
TARA Happy Savers
Triple Benefit Savings
(TBS), TARA TBS
Golden Benefits
Savings(GBS),
TARA GBS
Probashi
Savings Account
Smart Savers account
for Employee Banking


Current Plus
EZEE Account
Campus Account
RFCD
Probashi Shubidha Account


General
Fixed Deposit
Freedom
Fixed Deposit (FFD)
Abiram
Fixed Deposit
Special
Fixed Deposit
Non-Resident Foreign
Currency (NFCD) Account
Probashi Shibudha
Fixed Deposit


Flexi DPS
Classic DPS

BRAC Bank Story

1999
Date of Incorporation
May 27, 1999

2001
Inauguration of Banking operations
July 4, 2001

2002
First SME Unit Office
January 1, 2002

2003
Signing with Shore Cap as investor
December 29, 2003

2004
Signing with IFC as investor
May 8, 2004

2005
First installation of ATM Booth
April 3, 2005

2006
Issuance of Preferential share
January 31, 2006

Signing with Infosys and 3i 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

2007
Enlisted at CSE, January 24, 2007

Enlisted at DSE, January 28, 2007

Commencement of share trading in DSE and CSE, January 31, 2007

Credit card service launching, February 06, 2007

Introduction of Probashi Banking , April 14, 2007

Launching of Travel Related Services (TRS), November 20, 2007

2008
Formation of Alternate Banking Department
April 2008

2009
PDB collection via mobile banking
October 15, 2009

2010
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

2011
Inauguration of the 250th ATM
May 24, 2011

IFC GTFP Award
May 24, 2011

Probashi Card launching
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

2012
Forex Booth Opening at Airport
April 18, 2012

Launching of New Retail Banking Model
May 2, 2012

Railway e-ticket launching
June 10, 2012

Launching of Internet Banking for Corporate Customers
September 17, 2012

Xpress Money Remittance Service launching
December 18, 2012

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2013

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

2014

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

2015

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

2016

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

2017

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

2018

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

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Awards &
Achievements

South Asian Federation of Accountants (SAFA) Award for Best Presented Annual Report 2017 - for second consecutive year

ICMAB Best Corporate Awards 2017 - Private Sector Banks - for second consecutive year

AsiaMoney's "Best Domestic Bank", "Best Bank for CSR" & "Best Bank for Digital Banking"

Women's Market Champion Engagement Award from the Global Banking Alliance for Women (GBA)

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ICAB Best Published Annual Reports 2017
Awards for Private Sector Banks

Global SME Finance Awards

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BRAC Bank has become 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 Investor Service (Ba3).

Ranked among the highest credit rating in Bangladesh: 'AA1' (Credit Rating Agency Bangladesh - CRAB), AA+ (Emerging Credit Rating Limited - ECRL) and AA+ (Credit Rating Information and Services Limited - CRISL)

Board of Directors

SIR FAZLE HASAN ABED KCMG

Sir Fazle Hasan Abed KCMG is the Founder Chairman of BRAC Bank Limited. He rejoined the Board as Chairman in March 2013. He is also the Founder and Chairperson of BRAC, one of the largest NGOs in the world. Established in 1972, BRAC's primary objectives are alleviating poverty and empowering the poor. It operates across 11 countries in Africa and Asia. In 2019, for the fourth consecutive year, BRAC was ranked first among the world's top 500 NGOs by Geneva-based 'NGO Advisor' in terms of impact, innovation and sustainability.

Through his work on microfinance for the poor, Sir Abed became aware that there was a substantial small entrepreneur class, the "missing middle", with no access to institutional finance. This realization led him to establish a full-service commercial bank – BRAC Bank Limited – with a view to focusing attention on the financing Small and Medium Enterprises.

Sir Abed has received numerous national and international awards for his achievements in leading BRAC, including the Ramon Magsaysay Award for Community Leadership (1980), InterAction Humanitarian Award (1998), Olof Palme Award (2001), Schwab Foundation Social Entrepreneurship Award (2003), UNDP Mahbub ul Haq Award for Outstanding Contribution in Human Development (2004), Gates Award for Global Health (2004), Gleitsman Foundation International Activist Award (2003), Palli Karma Shahayak Foundation (PKSF) Award for Lifetime Achievement in Social Development and Poverty Alleviation (2007), Henry R. Kravis Prize in Leadership (2007), Inaugural Clinton Global Citizen Award (2007), David Rockefeller Bridging Leadership Award (2008), Entrepreneur of the World Award (2009), Inaugural WISE Prize for Education (2011), CEU Open Society Prize (2013), Leo Tolstoy International Gold Medal (2014), Spanish Order of Civil Merit (2014), Trust Women Hero Award (2014), World Food Prize (2015) and Thomas Francis Jr. Medal in Global Public Health (2016), Laudato Si' Award from the Vatican (2017), LEGO Prize (2018).

In 2009, he was appointed Knight Commander of the Most Distinguished Order of St. Michael and St. George by the British Crown in recognition of his services in reducing poverty in Bangladesh and internationally. Sir Abed is recognized by Ashoka as one of the "global greats" and is a founding member of its prestigious Global Academy for Social Entrepreneurship. In 2010, Sir Abed was appointed by UN Secretary General Ban Ki-moon to the Eminent Persons Group for the Least Developed Countries. In both 2014 and 2017, he was named in Fortune Magazine's List of the World's 50 Greatest Leaders.

Sir Abed has received many honorary degrees, including from Yale University (2007), Columbia University (2008), the University of Oxford (2009) and Princeton University (2014).

Sir Abed was born in Bangladesh in 1936. He completed his secondary education from Dhaka College, after which he studied Naval Architecture at the University of Glasgow. Sir Abed later joined the Chartered Institute of Management Accountants in London, completing his professional education in 1962. He was a visiting scholar at Harvard University in 1981.

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SHIB NARAYAN KAIRY

Mr. Shib Narayan Kairy was re-appointed as a Nominated Director of BRAC to the Board of Directors of BRAC Bank Limited in April 2014. He is also serving as a member of the Board Audit Committee of the Bank.

Mr. Kairy joined BRAC University as Treasurer on 2nd July 2017 where he oversees the university's major upcoming project – the building of a US$ 150 million state-of-the-art campus. He also ensures that the university continues to be a financially sustainable centre of excellence for higher education in Bangladesh.

Prior to joining BRAC University, Mr. Kairy served BRAC for 35 years and upon reaching 60 years of age, he retired as the Chief Financial Officer of BRAC and BRAC International. Throughout his outstanding career with BRAC, Mr. Kairy progressed from the position of Accounts Assistant to becoming the Chief Financial Officer, a role he has carried out with distinction for close to a decade. He has been an essential and integral part of BRAC, contributing directly to many of the organization's successes over the last three and a half decades. Under his leadership, BRAC has also been repeatedly recognized for the transparency of its financial reporting. BRAC received the Institute of Chartered Accountants of Bangladesh (ICAB) National Award for Best Published Accounts and Reports for the years consecutively from 2004 to 2015.

Mr. Kairy is a Director of BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, BRAC Karnafuli Tea Co. Ltd., BRAC Kaiyachera Tea Co. Ltd, BRAC Kodala Tea Co. Ltd. and Bangladesh Netting Factory Limited.

Mr. Kairy completed his M. Com in Accounting from University of Dhaka.

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NIHAD KABIR

Ms. Nihad Kabir was elected as an Independent Director to the Board of BRAC Bank Limited in July 2007. In July 2015, she retired from the Board and joined as a Director nominated by BRAC in November 2015. Nihad, the President of Metropolitan Chamber of Commerce and Industry, Dhaka is an advocate of the Supreme Court of Bangladesh. She is the Senior Partner of Syed Ishtiaq Ahmad and Associates, a leading law firm of the country. She is an independent director on the Board of the listed companies Square Pharmaceuticals Limited and Square Textiles Limited, and also a Director of financial institutions, including Brac Bank Limited, Infrastructure Development Company Limited (IDCOL), and Bkash. She chairs the Boards of Brac EPL Stock Brokerage Limited and Brac EPL Investment Limited. She was the Secretary General of Ain o Salish Kendra, a legal aid institution. She is a member of the Company Law Reform Commission, and has been a member of the National Pay and Services Commission, and the National Education Policy Committee, Government of Bangladesh. She has more than 25 years of work experience as a corporate and commercial lawyer.

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

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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.

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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), Chairman of Purnava Limited (Subsidiary of Renata), Chairman of Renata Oncology Limited, Advisor of Sajida Foundation, and Vice-President of Bangladesh Association of Pharmaceutical Industries.

Previously he served as the Managing Director of BRAC Renata Agro Industries Limited, Executive Director of Sajida Foundation, National Macro economist 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.

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DR. AHSAN H. MANSUR

Dr. Ahsan H. Mansur was elected as an Independent Director to the Board of BRAC Bank Limited in May 2017. 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 Program 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 has 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 Econometrica, 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.

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ASIF SALEH

Mr. Asif Saleh is the Senior Director of Strategy, Communications and Empowerment for BRAC and BRAC International. He oversees Advocacy, Information and Communications Technology (ICT), Communications and The Social Innovation Lab. He is currently in charge of the Empowerment Cluster, which includes Migration, Human Rights and Legal Aid Services (HRLS), Urban Development Programme (UDP) and Skills Development Programme (SDP).

Prior to joining BRAC in 2011, Mr. Saleh was the Executive Director at Goldman Sachs and also worked at GlaxoWellcome, NorTel and IBM. Upon his return to Bangladesh in 2008, he worked as a policy specialist for the UNDP-funded Access to Information Programme (A2i) at the Prime Minister's Office. He is the founder of Drishtipat, a global organization with chapters across the globe focusing on human and economic rights of Bangladeshis. Mr. Saleh was recognized 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 to be a Young Global Leader by World Economic Forum in 2013.

Mr. Saleh holds a bachelor's degree in computer science and an MBA in management from NYU Stern School of Business. He is a member of the Board of Directors for BRACNet. He also chairs BRAC IT Services Limited. He is a Board member of multiple non-profits such as 1 Degree Initiative, Spreeha and Institute of Informatics and Development.

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FAHIMA CHOUDHURY

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

Ms. 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.

She sat in the Board of Adcomm Limited, a renowned marketing communications and advertising agency in the country. She was also Founder and Managing Partner of Marka, a marketing communications and advertising agency.

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SELIM R. F. HUSSAIN

Mr. Selim R. F. Hussain joined BRAC Bank as the Managing Director & CEO in November 2015 and led the bank to extraordinary financial performance in 2016, 2017 and 2018. Mr. Hussain is a career banker and an immediate past CEO & Managing Director of IDLC Finance Limited who is widely recognized and highly acclaimed across the financial sector for being the architect of IDLC Finance's meteoric rise over the six years he was there.

Mr. Hussain currently sits in the Board of the country's largest mobile financial services company, bKash Limited, UK-based BRAC Saajan Exchange Limited, BRAC IT Services Limited, BRAC EPL Stock Brokerage Limited and BRAC EPL Investments Limited.

Mr. Hussain has an Honours degree in Accounting from Dhaka University and an MBA (Major in Finance) from the Institute of Business Administration, Dhaka University. He worked in various roles with two of the largest multi-national banks in Bangladesh, ANZ Grindlays Bank and Standard Chartered Bank, for 24 years, before moving to the IDLC Group in 2010. He has resided and worked in India and Australia for significant periods of his career and, prior to taking over the helm at IDLC Finance Limited, was the Head of Finance & Strategy for Standard Chartered Bank's Consumer Banking Division in Mumbai, India. Mr. Hussain was also the CFO for Standard Chartered Bank, Bangladesh, from 2002 to 2007. Mr. Hussain was also a Director at the Credit Rating Agency of Bangladesh (CRAB) and the Vice Chairman of the Bangladesh Leasing & Finance Co. Association (BLFCA).

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Directors' Responsibility Statement

The Board of Directors is responsible for establishing policies for the bank, for risk management, internal controls, internal audit and compliance and their implementation.

In Compliance with Bangladesh Bank BRPD Circular No.11 dated 27 October 2013 and BSEC Corporate Governance Code dated 03 June 2018, the following directives are given as responsibilities of Board of Directors of BRAC Bank Limited for ensuring good governance.

Work-Planning and Strategic Management

The Board of Directors determines the objectives and goals of the organization. The Board chalks out strategies and work-plans on annual basis. The BODs specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reformation for enhancement of institutional efficiency and other relevant policy matters. The Board analyzes and monitors the implementation of the work plans at quarterly basis.

The Boards gives analytical review incorporated in the Annual Report as regards to the success or failure in achieving the business and other targets as set out in its annual work plan and apprise the shareholders of its opinions/ recommendations on future plans and strategies.

The Board set the Key Performance Indicators (KPIs) for the CEO & officers immediate two tiers below the CEO, and evaluated them from time to time

Credit and Risk Management

The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof are made with the Board's approval under the purview of the existing laws, rules and regulations. The Board specifically distributes the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director interferes direct or indirect into the process of loan approval.
The Board frames policies for risk management and get them complied with and monitor the compliance at quarterly rests and review the concerned report of the risk management team and compile in the minutes of the Board meeting. The Board monitors the compliance of the guidelines of Bangladesh Bank regarding key risk management.

Internal Control Management

The Board remains vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The Board establishes such an internal control system so that the internal audit process can be conducted independently from the management. It reviews the reports submitted by its audit committee at quarterly rests regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

Human Resources Management and Development

Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules are framed and approved by the Board. The chairman or the directors in no way involve or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the Board of directors is included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfers & punishment of the officers' immediate two tiers below the CEO is, however, rest upon the Board. Such recruitment and promotion is carried out complying with the service rules i.e., policies for recruitment and promotion.

The Board focuses its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The Board gets these programs incorporated in its annual work plan.
The Board composes Code of Ethics for every tier and they follow it properly. The Board promotes healthy code of conducts for developing a compliance culture.

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Financial management

The annual budget and the statutory financial statements are finalized with the approval of the Board. It is at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.

The Board frames the policies and procedures for bank's purchase and procurement activities and is accordingly approved the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business are adopted with the approval of the Board.

The Board reviews the works of Asset-Liability Committee (ALCO) according to Bangladesh Bank guidelines

Appointment of Chief Executive Officer (CEO)

In order to strengthen the financial base of the bank and obtain confidence of the depositors, one of the major responsibilities of the Board of directors is to appoint an honest, efficient, experienced and suitable CEO & Managing Director.

The appointment of the CEO is made with the approval of the Bangladesh Bank.

Other responsibilities of the Board

The Directors are responsible for the governance of the bank and in that capacity, the Directors confirm, to the best of their knowledge that:

a. The financial statements, prepared by the management of the bank, present fairly its state of affairs, the result of its operations, cash flows and change in equity;

b. Proper books of account of the bank have been maintained;

c. 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;

d. The International Financial Reporting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from 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, upon the bank's ability to continue as a going concern.

On behalf of the Board of Directors,

Sir Fazle Hasan Abed KCMG

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Shareholding Position of BRAC Bank Limited

As on 31 December, 2018

Sl. No.	Name	Status (Sponsor/ Promoter/ Director/ others)	No. of shares held as on 31.12.2018	% of total no. of shares
1	BRAC	Sponsor	474,897,676	44.28
2	Sir Fazle Hasan Abed KCMG (Chairman, Nominated by BRAC)	Sponsor	10,530	0.001
3	Late A. S. Mahmud	Sponsor	8,807	0.001
4	Late Faruq A. Choudhury	Sponsor	8,807	0.001
5	Dr. Saleh Uddin Ahmed	Sponsor	7,237	0.001
6	Mr. Shib Narayan Kairy (Nominated by BRAC)	Nominated Director	8,011	0.001
7	Ms. Nihad Kabir (Nominated by BRAC)	Nominated Director	38,807	0.003
8	Mr. Kaiser Kabir (Nominated by BRAC)	Nominated Director	137,500	0.012
9	Mr. Asif Saleh (Nominated by BRAC)	Nominated Director	Nil	Nil
10	Dr. Ahsan H. Mansur	Independent Director	Nil	Nil
11	Mr. Kazi Mahmood Sattar	Independent Director	Nil	Nil
12	Ms. Fahima Choudhury	Independent Director	Nil	Nil
13	General Public	Other than sponsor/ Director	597,382,910	55.70
		Total shares	**1,072,500,285**	**100.00**

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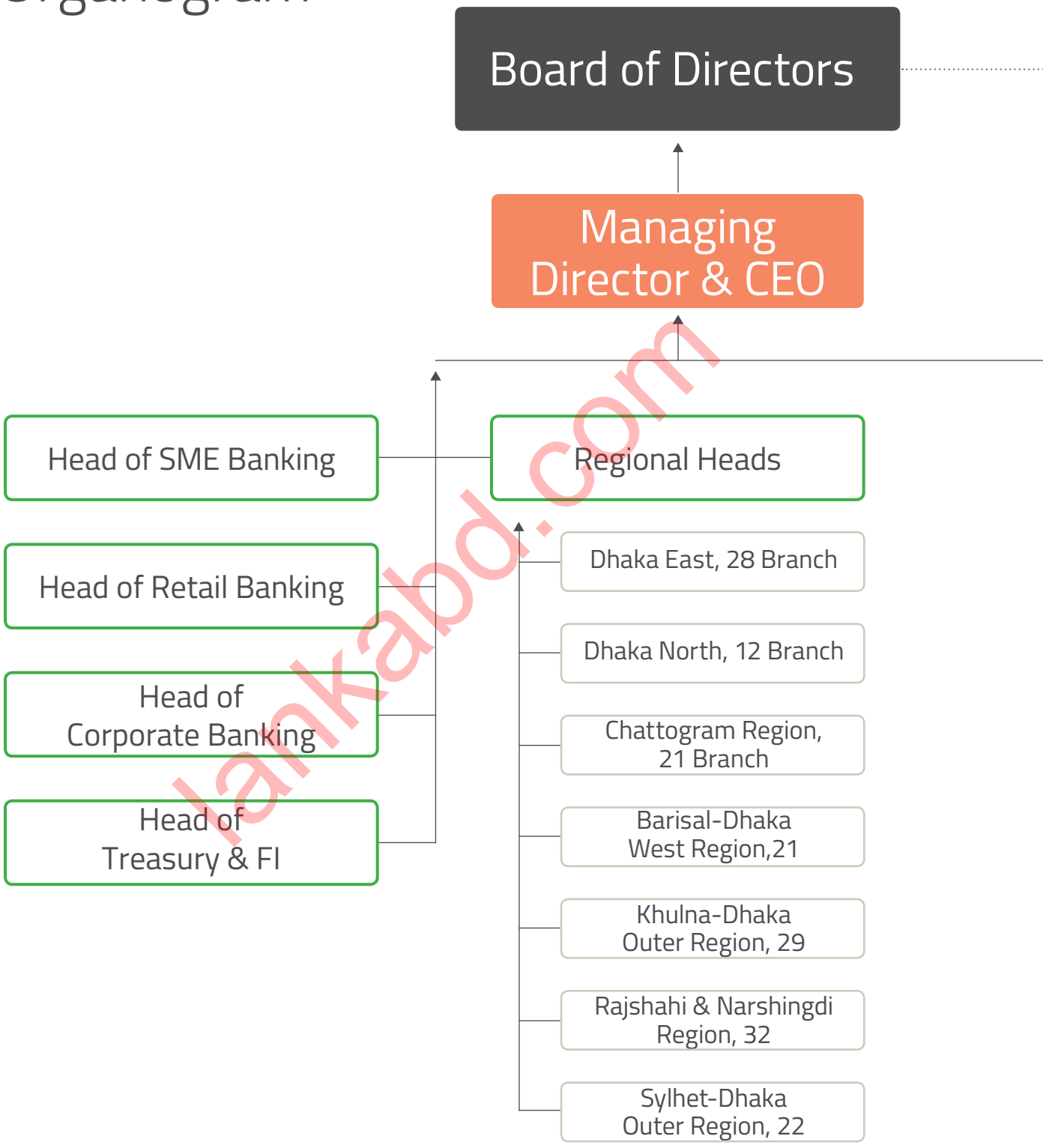
Corporate
Organogram



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Board Risk Management Committee

Board Audit Committee

- Chief Financial Officer
- Chief Risk Officer
- Head of General Services
- Head of Operations
- Head of HR
- Head of Monitoring
- Head of RA, Company Secretary & CAMLCO
- Head of ICC
- Chief Technology Officer
- Chief Digital Officer
- Head of Communications
- Head of Legal Affairs

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Senior
Management Team

Selim R. F. Hussain

Managing Director & CEO

Chowdhury Akhtar Asif

Deputy Managing Director & CRO

Tareq Refat Ullah Khan

Head of Corporate Banking

Brigadier General Tushar Kanti Chakma (Retd.)

Head of General Services

Rais Uddin Ahmad

Company Secretary, Head of RA & CAMLCO

M. Sarwar Ahmed

Head of Internal Control & Compliance

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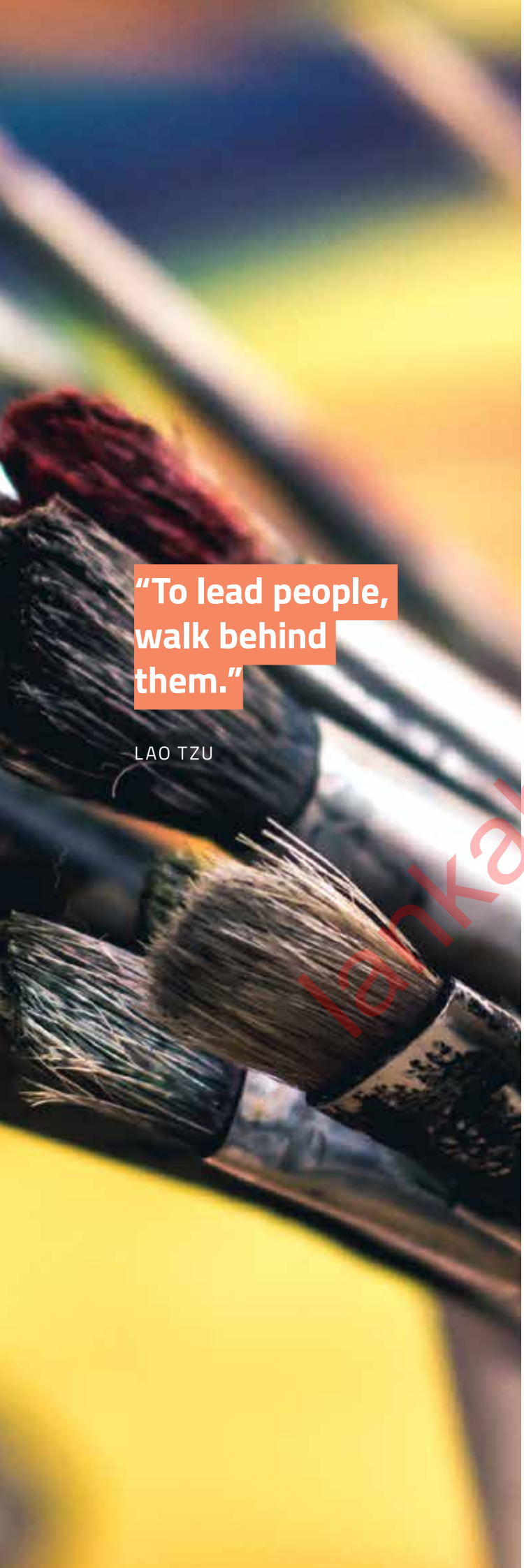

Syed Abdul Momen

Head of SME Banking

Nazmur Rahim

Head of Retail Banking

Md. Shaheen Iqbal, CFA

Head of Treasury & Financial Institutions

Muniruzzaman Molla

Head of Operations

Bilquis Jahan

Head of Human Resources

Shyamol B. Das

Chief Digital Officer

A. S. M. Wasi Noman

Chief Technology Officer

Mohammad Abdul Ohab Miah FCA

Chief Financial Officer (Acting)

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Senior Officials

A. K. M. Tareq

Regional Head, Dhaka East Region

A. T. M. Zamal Uddin

Head of Unit-1, Local Corporate

Abu Sadat Chowdhury

Head of Large Corporate Unit-3

Abu Sayem Ansari

Head of Premium Banking

Biplab Kumar Biswas

Head of Underwriting, Small Business

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

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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

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 Bin Kamal

Head of Operational Risk and Basel Implementation

Khan Mohammed Istiaque

Head of Unit-5, Regional Corporate

Lt. Col. Mahdi Nasrullah Shahir (Retd.)

Head of SAM-SME

Md. Jabedul 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. Shah Alam

Head of Business Support and Women Entrepreneur Cell

Md. Shahin Lasker

Head of Process Re-Engineering

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Md. Syedul Islam

Head of Audit

Md. Taher Hasan Al Mamun

Regional Head, Cumilla and Dhaka South Region

Md. Yasir Arafin

Head of Business Planning and Analysis

Md. Al-Amin

Head of Local Corporate

Mesbah Uddin Muntassir

Head of Learning and Development

Mirza Hashibul Halim

Regional Head, Barishal and Dhaka West Region

Mohammad Anamul Hoque

Head of Export Trade Operations

Mohammad Lutful Haque

Deputy CAMLCO

Mohammad Reza Hyder

Head of Large Corporate Unit-2

Mohammad Salauddin Hazari

Regional Head, Chattogram Region

Mohammad Sujauddin

Unit Head, Credit-Emerging Corporate

Mohammed Aminul Hoque Sarwar

Head of Procurement

Monzur Ul - Mowla

Head of Credit Administration

Muntasir Rahman

Head of Application Development and ERP Support

Najmus Sakeb Jamil

Head of Technology Infrastructure and Systems Management

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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

Sarah Anam

Head of Products, Deposits and NFB

Shah Ibnul

Head of SAM-Corporate, Mid Market and Emerging

Shahrear Md. Zamil

Head of Global Relationships

Sheikh Mohammad Ashfaque

Head of Corporate Branches, Dhaka Central Region

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 Region

Tapati Bose

Head of Account Services

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Directors' Report

It is with great pleasure that BRAC Bank Limited's Board of Directors presents the Annual Directors' Report and audited financial statements, for the year ended 31 December 2018. The bank's performance during the reporting period are outlined comprehensively in this report. At the same time, the Board has verified the financial statements in terms of their compliance and the accuracy of their data. In addition to a detailed analysis of the bank's performance, a short summary of global and domestic economic performance as well as our outlook for the near future are also provided.

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Global Economy

The global economy expanded steadily in 2018. Concerningly though, such expansion is uneven. Indeed, in some economies, growth has slowed and may have already peaked. While unemployment is lower than pre-crisis levels, many countries are still afflicted by labor shortages and tepid inflation rates. Heightened bilateral tariffs have caused global trade and investments to decelerate. Meanwhile, some emerging market economies are challenged by high capital outflows and currency depreciation.

Global growth for the 2018-2019 period is forecast to be 3.7%, while the projection for the same indicator for 2019-2020 is 3.5%. With the normalization of monetary policy, global financial conditions will be less liberal. In particular, US fiscal policy changes and the deceleration of China's growth will contribute to a global slowdown. In advanced economies, medium-term output will likely suffer from reductions in working-age population growth and productivity.

Earnings Per Share
5.17
BDT

P/E Ratio
14.05
Times

NAV Per Share
29.50
BDT

Cash Flow Per Share
3.57
BDT

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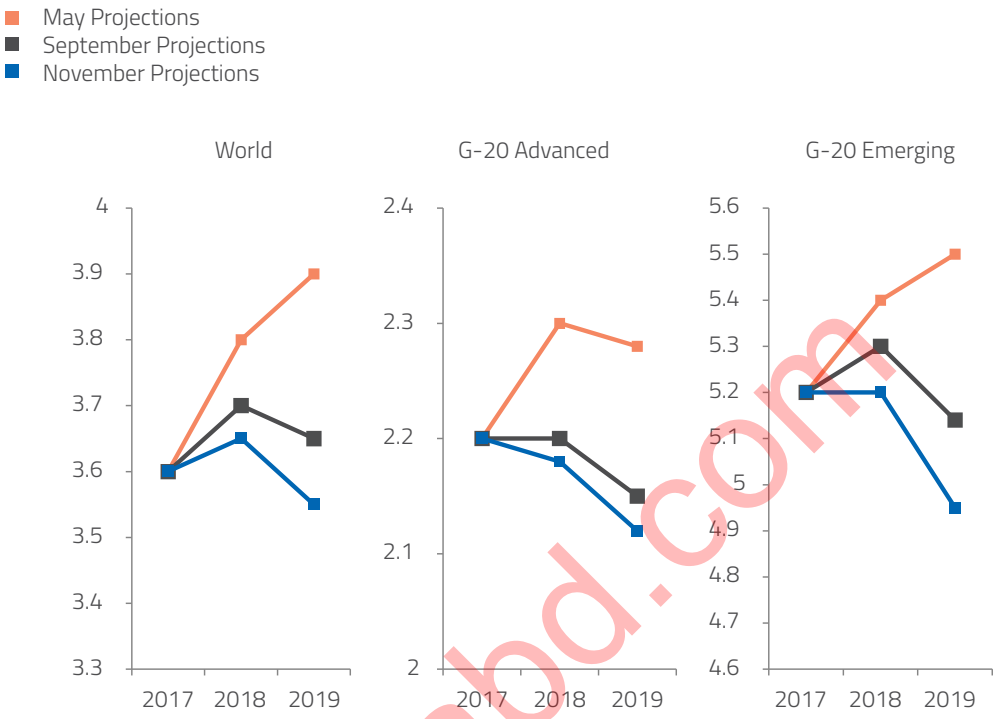
Global Economy



Source: OECD Economic Outlook database; and OECD calculations.

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Projections for emerging Asia and emerging Europe (except Turkey) are still encouraging. However, the outlook is less promising for Latin America, the Middle East and sub-Saharan Africa. For the latter three regions, the medium-term forecast for commodity exporters is lukewarm. All of them will need to diversify their economies further and make fiscal adjustments. Looking at Iran, the resumption of US sanctions significantly dampens its outlook. At the same time, Turkey has undergone a sobering revision of its growth forecasts due to market unrest, steep depreciation of its currency, heightened uncertainty and falling consumer demand. Similarly, following the recently announced trade measures, various Asian economies' growth forecasts have been decreased.

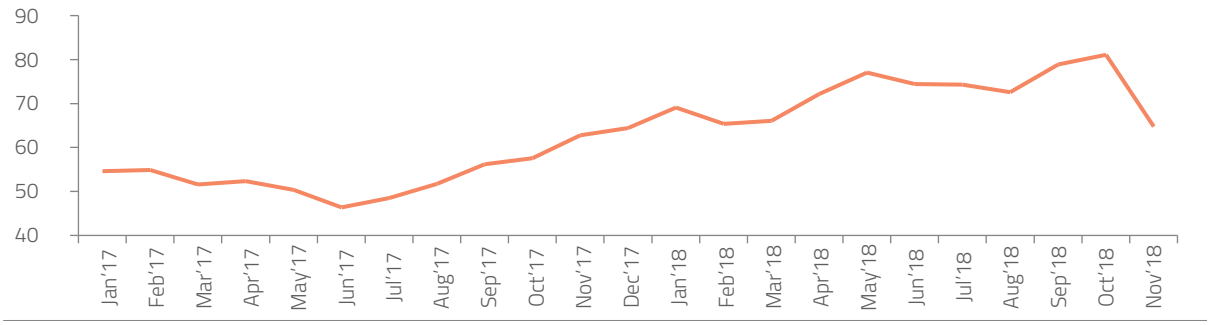
Global Oil Price

In 2018, the price of oil per barrel (bbl) averaged USD 68/bbl, representing a 30% rise compared to the previous year. Indeed, when the price soared to USD 76/bbl in June 2018, this was the highest price since November 2014. Contributing factors to this increase included Venezuela's collapsing production, unexpected outages in Canada and Libya and reducing levels of Iranian exports due to US sanctions being reinstated. The price subsequently dropped following OPEC and the non-OPEC oil exporters' (including Russia) decision to increase oil production.

Steady worldwide oil consumption was a factor in this increase. Supply factors were perhaps more pertinent though. The aforementioned issues facing Venezuela and Iran led to increasing Brent crude oil prices, peaking at USD 86/bbl in October. The following month, prices sank when the US granted temporary waivers to sanctions on Iran to eight nations. The price drop had also been facilitated by increased oil production in many countries including the US and Russia.

For 2019 and 2020, the average oil price is forecast at USD 67/bbl, albeit this cannot be certain.

Per Barrel Brent Crude Spot Price, $



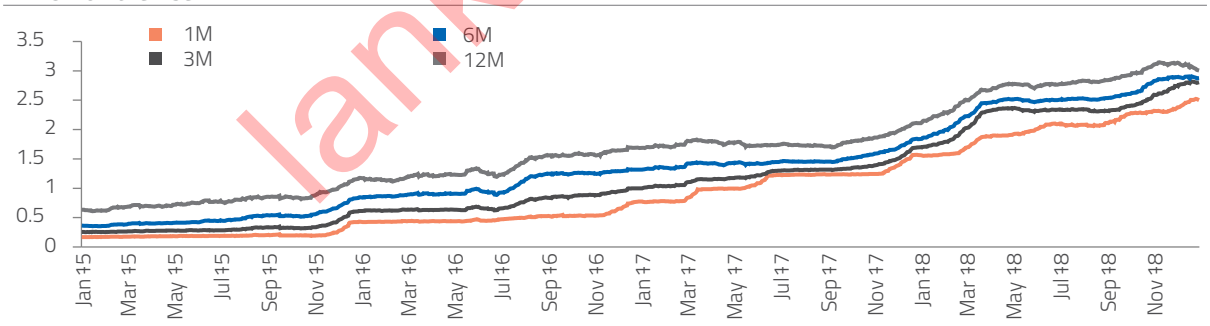
Source: US Energy Information Administration

With demand unlikely to soar, growth will continue to decelerate. Indeed, numerous nations are gradually replacing oil with other energy sources. China, in particular, is severely tightening its fuel efficiency and emissions regulations to address significant pollution issues. Electric vehicles and natural gas vehicles are becoming more common in China, and similar trends are now visible in India as well.

Global Liquidity

In the last half-year, global financial conditions have become slightly tighter. Growth is still broadly supported, but there is disparity between economies of advanced and emerging markets. The Federal Reserve upped the target range of the federal funds rate to 1.75-2% in June. As the US economy grows, boosting private sector activity in the process, the Federal Reserve signalled two further rate hikes in 2018, and another three in 2019. Meanwhile, the European Central Bank (ECB), in June, declared it would extend its asset purchase program and vowed to lower monthly purchases from €30billion to €15billion in October. The ECB also expressed a commitment to freeze current rates until the end of summer 2019.

LIBOR on the rise



Source: IMF world book, Macro Trends

Protectionism and Trade War

Trade tensions have, so far, only had a limited financial market impact on certain sectors. In particular, automobiles, aluminium and certain trade-sensitive currencies have been affected. As trade tensions increase and financial conditions tighten, equity indices have dipped. The baseline projection takes into account the effect of tariffs declared by the US in September, many of which were imposed on Chinese imports. Mounting trade unrest, and continuing revisions of huge free trade agreements (e.g. NAFTA), as well as the looming impact of Brexit, all render future costs very uncertain.

Model simulations show that global GDP is to drop by over 0.8 percent in 2020, and will stay approximately 0.4% lower than a long-term baseline that discounts trade tensions. Should currently proposed tariffs materialize, around 5% of global trade flows would be impacted. This would diminish growth in various economies. Protectionism, which is on the rise, hinders investment and would damage global value chains.

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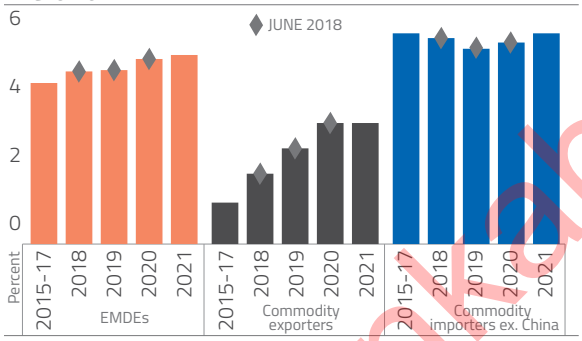
This negative picture is further darkened by political ambiguity and rising geopolitical disharmony. Reduced activity in the US and China could massively damage global prospects. Specifically, for NAFTA trading partners, GDP is predicted to drop by at least 1.6% in 2020 if tariff measures materialize.

Emerging Market and Developing Economies (EMDEs)

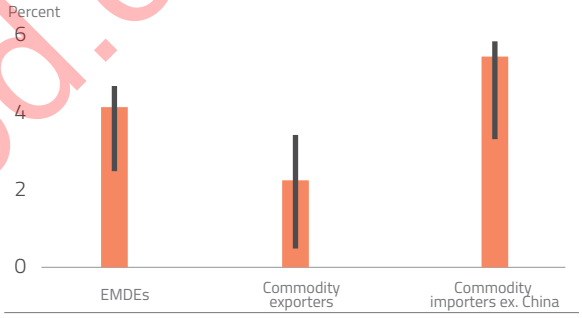
The recovery in EMDE activity has stalled. Among EMDEs, aggregate growth dropped to around 4.2 percent in 2018, caused by the bolstered US Dollar, lower capital flows, mounting trade tensions, and tightened regulation of global manufacturing and trade. Broadly, weak activity was especially visible in EMDEs under pressure from increased current account deficits and increased vulnerability to portfolio and bank inflows. Diminished momentum among these economies is further evidenced by recent high-frequency indicators.

The recovery speed among commodity exporters has drastically slowed. Indeed, activity within this group is now more heterogenous. After years of steady recovery, private consumer growth has similarly dwindled. Higher inflation and stricter lending terms are largely responsible for this. Similar issues are faced by commodity importers who are mired in increased exposure to worsening conditions and policy ambiguities. Broadly, inflation has risen, to some extent due to oil prices rising in 2018. Among EMDEs, monetary policy has tightened, on account of various factors including currency and financial market volatility.

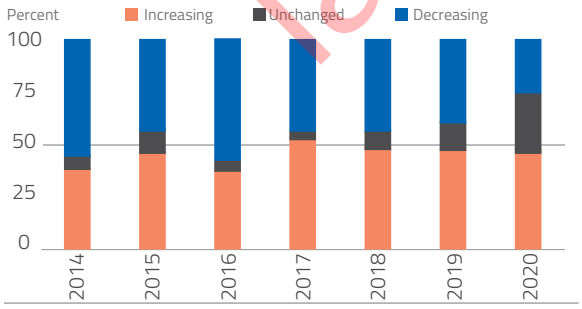
A. Growth



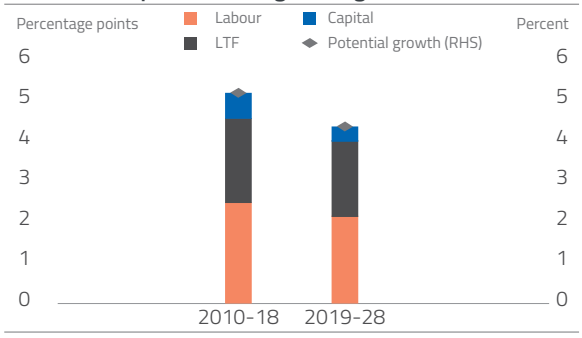
B. Projected and potential growth in 2019



C. Number of EMDEs With Increasing unchanged, or decreasing growth



D. Drivers of potential long-term growth



Source: International Monetary Fund, Organisation for Economic Co-operation and Development, World Bank.

Contrarily, activity has intensified in many oil-exporting nations in which oil production bounced back in 2018. Similar positive responses have been noted among major energy exporters who made careful changes amid the 2014-16 oil price drop. Moreover, new infrastructure projects and the attraction of FDI have bolstered activity in a number of countries.

Global Trade

Global trade decelerated in the first six months of 2018. A pertinent factor in this has been the reduced production of capital goods in Europe and developing Asia. In addition, tariffs enforced at the start of 2018 have affected 12% of US imports and 6.5% of China's.

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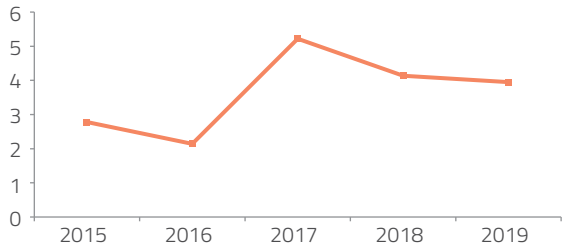
Poorer EMDEs have been especially impacted by the heightened tariff on US steel imports.

Despite temporary tariff increases finalized between the US and China at the G20, the prospect of greater restrictions is real. Consequently, firms may be less inclined to invest or partake in global value chains.

Growth in global trade volume to shrink



Source: IMF world book

Furthermore, increasing interest rates in advanced economies and China's economic rebalance are anticipated to cause a slowdown in global investment and trade.

World trade is anticipated to grow quicker than global GDP, but not as quick as earlier forecasts. Rising trade unrest and a stricter credit market environment in vital markets are to reduce growth in global merchandise trade by 0.2 percentage points in 2019, according to the WTO. As a consequence, trade policy will become uncertain and the growth chances of many EMDEs will diminish.

Global Inflation

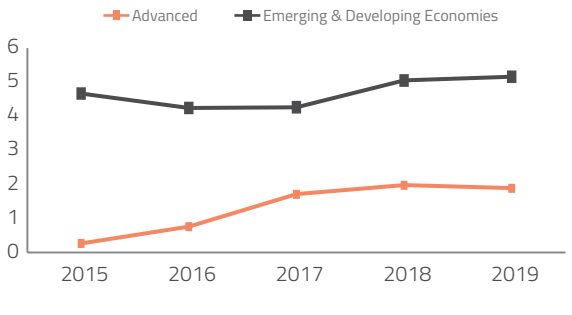
Global inflation may have dropped significantly since the 1970s; however, it has since more than doubled from 1.7% in 2017 to 3.5% in 2018, and this increasing trend may cause some alarm.

Numerous leading economies are expected to undergo an increase in inflation rates. Certain EMDEs including China, India, Brazil, Russia and Turkey are set to rise too. Contrarily, falls in inflation are forecast for Mexico, sub-Saharan Africa, Nigeria and Angola.

World trade is anticipated to grow quicker than global GDP, but not as quick as earlier forecasts. Rising trade unrest and a stricter credit market environment in vital markets are to reduce growth in global merchandise trade by 0.2 percentage points in 2019, according to the WTO.

Rising inflation has largely been attributable to increasing fuel prices. A similar rise has been seen in core inflation; however, this value is still short of central banks' targets. High unemployment and deprecation of the British Pound have led to core inflation increase for both the US and the UK. Meanwhile, core inflation has also risen among EMDEs including China due to sluggish domestic demand and India due to a narrowing output gap, among other issues. Other EMDEs have experienced falls in core inflation though, such as Brazil, Mexico and Russia.

Inflation across economies on the rise



Source: IMF world book

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Global Economic Outlook

In 2019-20, global GDP growth is forecast to drop, but only slightly (0.2 percentage points), and economies will require suitable policies to handle sustainable GDP growth.

In the near future, some of the following developments are probable in the global economy:

- Further trade tensions, impacting upon trade and GDP growth, and generating greater business uncertainty.
- Tightening of financial conditions, which could accelerate capital outflows from emerging market economies and depress demand.
- A sharp slowdown in China, hitting both emerging market economies and advanced economies if a significant decline in global equity prices and higher global risk premium is triggered by decreasing Chinese demand.

Cooperation has become especially vital since policy makers tighten regulations in the event of a sudden slowdown. Monetary policy is still fairly welcoming in some nations, and public and private debt-to-GDP ratios are at historically high levels. Quite suitably, fiscal stimulus will be eased. However, when a downturn occurs, governments need to leverage low interest rates to facilitate a fiscal stimulus. To achieve sustainable recovery worldwide, multilateral cooperation is paramount.

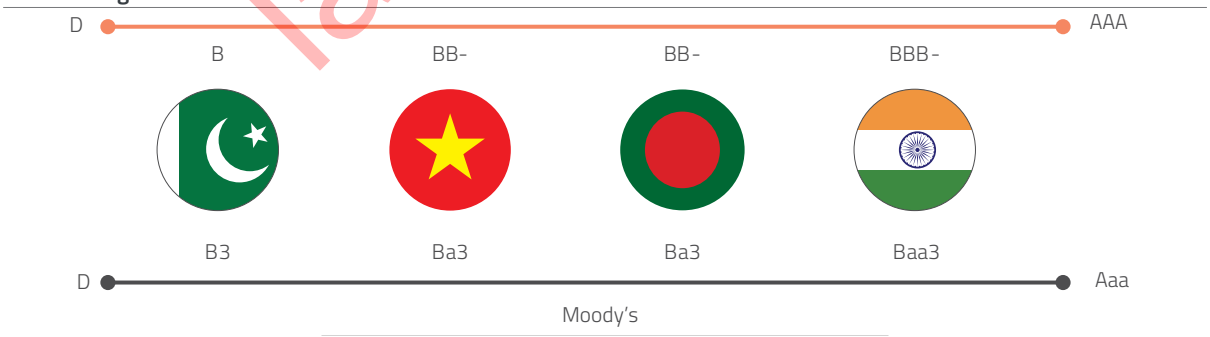
Bangladesh Economy

The year of 2018 was full of positives for Bangladesh. First, Bangladesh is on course to gaining the status of a developing country under the UN's parameters. Second, remittance inflows recovered well, recording 17.32% growth and maintaining foreign exchange reserves of over US$30 billion. Third, inflation stayed well below 6% as GDP growth reached an impressive 7.86%, motivated emphatically by the manufacturing sector. However, long-standing challenges including the Rohingya crisis and growing trade deficit hindered Bangladesh's economic recovery in 2018. Although Central Bank measures mitigated the effects of a liquidity crunch in the monetary market, rising default loans and deposit-credit growth imbalance put pressure on overall economy. Meanwhile, inflation grew in line with increased food inflation, leading to calls for a contractionary monetary policy.

Sovereign Ratings

Three global rating agencies in 2018 approved Bangladesh's stable credit profile. For the ninth year running, Moody's and Standard & Poor's (S&P) gave Bangladesh 'Ba3' and 'BB-' ratings respectively. Fitch Ratings affirmed Bangladesh's Long-Term For-eign-Currency Issuer Default Rating (IDR) at 'BB-' with a Stable Outlook on 6 December 2018. Bangladesh enjoys a good position among peer economies in this regard:

S&P Ratings



Among its ratings limitations, low economic development (per capita GDP of USD 1,620 for 2018) is still the most considerable for Bangladesh. This gives the country a poor revenue base, thereby restricting the fiscal and monetary flexibility to respond appropriately to exogenous shocks. All of the ratings agencies above have revealed worries about this narrow base, combined with a vulnerable banking sector.

Positively, GDP growth for Bangladesh is still among the strongest of Fitch ratings. In the five years up to FY19, with average growth over 7%, Bangladesh is considerably ahead of the 'BB' category (median of 4.2 percent). The country's rating was satisfactory for foreign exchange reserves (USD 32.1 billion in October 2018). This covers 5.7 months of current external payments in 2019 (well above the 'BB' category

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median of 4.4 months). Such buffers may diminish if Bangladesh Bank opts to aggressively support the exchange rate in the event of the current account deficit widening.

Agriculture Sector

The agricultural sector, as a whole, contributes 14.23% of Bangladesh's GDP, and experienced production growth in 2018. The sector recorded growth of 4.19%, which represented 1.22 percentage point increase compared to 2017. A preliminary estimate of BBS stated a 6.79% increase in food grain production for 2018 compared to the previous year.

Likewise, the total internal procurement of food grain was 16.7 lakh MT (against a target of 17.3 lakh MT). Food grain imports through the government amounted to 97.7 lakh MT (rice - 38.9 lakh MT; wheat - 58.8 lakh MT) while in the private sector a total of 83.8 lakh MT of food grain (rice -30.1 lakh MT; wheat - 53.7 lakh MT) was imported. A targeted amount of BDT 204 billion was set to be disbursed as agricultural credit, and this was surpassed comfortably with BDT 214 billion disbursed by June 2018. To scale up productivity, agricultural subsidies were increased, and enhanced coverage and increased availability of agricultural credit was thus ensured.

Industrial Sector

In Bangladesh, the industrial sector's contribution to GDP is rising. BBS estimated that the broad industrial sector's contribution to GDP was 33.66% in FY18 (compared to 32.42% in FY17). In the year under review, this sector enjoyed 12.06% growth, an increase in the 10.22% growth of FY17. Within the broad sector, mining and quarrying's contribution dropped from 8.89% in FY17, to 7% in FY18. Contrastingly, growth was recorded in the following sub-sectors: manufacturing (13.4%); electricity-gas-water supply (9.19%); and construction (9.92%). Within manufacturing, there was significant disparity between growth in large- and medium-scale (14.26% growth) and small-scale (9.25% growth). Meanwhile, electricity and gas sub-sectors recorded quicker growth compared to the water sub-sector.

Service Sector

The broad service sector grew in FY18 by 6.39%, a 0.3 percentage point drop compared to the previous year. Within this sector, wholesale and retail trade, hotel and restaurants, real estate, renting and business activities, and community, social and personal services all improved upon the previous year. However, transport, storage and communication, financial intermediation, public administration and defence, education, health and social works all recorded deceleration in growth.

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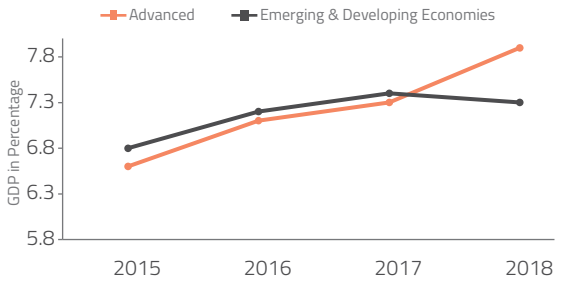
Growth Performance

Bangladesh has recorded consistent growth, which is largely attributable to impressive GDP growth, demographic dividend, and steady FDI inflows. A constant increase in the real GDP growth rate of above 6.5% for a three-year period demonstrates its improving economic standing:

CHART 1.1 GDP GROWTH TREND (IMF & ADB ESTIMATES)



Source: LightCastle Economic Update 2018

The final estimates of BBS stated that GDP growth was 7.86% for FY18: a notable rise compared to the same indicator of 7.28% in FY17.

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Savings and Investment

Domestic savings for FY18 contributed 22.83% of GDP: a drop of 2.5 percentage points compared to FY17. Meanwhile, national savings as a percent of GDP dipped to 27.42%. At the same time, there was a rise in investment in FY18 of 0.72 percentage points, reaching 31.23% of GDP. In this figure, private investment contributed 23.26% of GDP, a slight rise compared to the previous year, while public investment contributed 7.97%, slightly more than FY17 (7.41% of GDP).

Fiscal Sector

The revised budget of FY18 estimated budget deficit was at BDT 1,075 billion (4.78% of GDP). Of this, BDT 415 billion was to be financed from external sources (including foreign grants), with BDT 660 billion to be supplied by domestic sources. The preliminary data of the Integrated Budget and Accounting System (iBAS++) stated that the budget deficit was 3.96% of GDP (excluding grants) in FY18, with domestic sources contributing 3.68% and external sources contributing 0.28%.

In terms of revenue receipts, satisfactory growth was recorded in 2018. For that period, the revised target for revenue receipts was BDT 2,594 billion (11.53% of GDP), with tax revenue from NBR sources marked at BDT 2,250 billion (10% of GDP), tax revenue from non-NBR sources at BDT 75 billion (0.33% of GDP) and non-tax revenue at BDT 269 billion (1.21% of GDP). With these targets in mind, according to the provisional estimates of iBAS++, tax revenues received during the period amounted to BDT 2,015 billion (a 17.45% increase on the previous year). Non-tax revenues fell by 4.15% to BDT 223 billion during the same period. Finally, and reaching 89.35 percent of the revised target, total revenue receipts in FY18 increased by 14.38% to BDT 2,318 billion.

In the revised budget for FY18, public expenditure as a percentage of GDP rose from 14.41% (FY17) to 17.45%. Within public expenditure itself, development expenditure recorded the quickest growth.

External Sector

For the period under review (FY18), Bangladesh's export growth was favourable at 5.81%. Imports rose by a remarkable 25.23% compared to FY17, thereby worsening the trade deficit. An increasing current account deficit saw the balance of payments dip to deficit of USD 885 million in FY18. This was despite a surplus in financial and secondary income accounts.

Foreign exchange reserves stayed comfortably over USD 30 billion courtesy of a larger remittance inflow, and improved exports in 2018. Bangladesh Bank data revealed that FX reserves amounted to USD 32.02 billion (an increase of 450.86% compared to December 2008).

Export

Bangladesh's export earnings amounted to USD 36 billion in FY18 (5.81% higher than FY17). During FY18, the increase in export earnings was mainly attributable to increasing exports of agricultural products, ceramic products, handicrafts, cotton and cotton products, knitwear, home textiles, jute goods, chemical products, and woven garments. Category-wise data on export earnings for FY18 revealed that agricultural products and ceramic products increased by 38.55% and 32.70% respectively, ahead of handicrafts (15.26%) and cotton and cotton products (14.03%).

Import

Bangladesh's total import payments (c&f) reached USD 58 billion in FY18 (25.23% higher than the preceding year). Regarding value of total imported commodities, China was the biggest source of imports for Bangladesh in FY18. During FY18, 27.07% of the country's total imported commodities came from China, with India second (15.19%) and Japan third (4.11%).

Remittance

Even though the migration rate has dropped, remittances to Bangladesh remain vast. The number of Bangladeshis emigrating for work in FY18 dipped by 2.8% compared to the previous year. Nevertheless, remittance inflows grew by 17.32% in 2018, courtesy of USD-BDT exchange rate fluctuations.

Foreign Direct Investment (FDI)

There was slight growth in net foreign investment in 2018, building upon a positive base from 2017. Looking deeper into the makeup of FDI reveals a move from equity capital toward company loans:

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USD in Million

Component	Net inflow in 2017	Net inflow in 2018	% Change
Equity Capital	1006.74	614.76	-38.94%
Reinvested Earning	1253.00	1253.44	0.04%
Intra-Company Loans	195.07	712.24	265.12%
Total	**2454.81**	**2580.44**	**5.12%**

Bangladesh's largest net FDI contributor is still China, with the UK second and Hong Kong third.

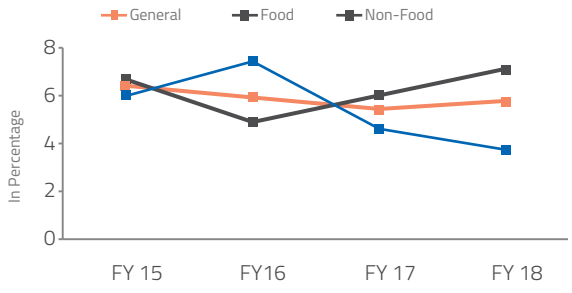
Balance of Payments

There was a notable increase in trade deficit in 2018, soaring to USD 18.25 billion from USD 9.47 billion the previous year. This was largely due to high import payments. Moreover, both service and primary income accounts also experienced significant deficit increases (by 39.11% percent and 27.91%, respectively). Contrastingly, the secondary income account's surplus increased by 16.13% in FY18 thanks in no small part to a notable rise in workers' remittances. A significant surplus was also recorded for the financial account (USD 9.07 billion, compared to USD 4.24 billion the previous year). Overall, a deficit of USD 885 million was recorded for the balance of payments in FY18, with the current account balance deficit being the most salient factor.

Inflation Rate

Year-on-year inflation has dropped since FY14. However, an increase in inflation (5.44% to 5.78%) was observed from FY17 to FY18. Factors contributing to the overall fall in inflation include a conducive national environment, low budget deficit and, low fuel and commodity prices in the international markets.

CHART 1.2 CPI INFLATION TREND
12 MONTH AVERAGE: BASE FY 06=100)



Source: Bangladesh Bureau of Statistics

Meanwhile, rising food inflation (6.02% to 7.13%) was the main cause of the slight increase in inflation from FY17 to FY18. A general surge in food prices was caused by supply shocks and flood-related difficulties. At the same time, non-food inflation for this period dropped from 4.61% to 3.74%.

Exchange Rate

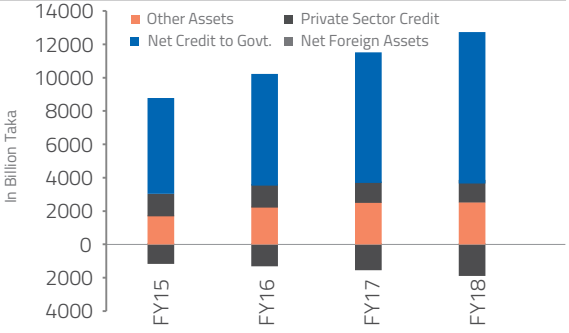
The weighted average inter-bank rate was BDT 82.10 per USD for FY18, a slight increase from the previous year's BDT 79.12 per USD. This amounted to a depreciation of 3.77%. Changing current account dynamics, specifically a move from surplus to deficit, has triggered heightened demand for USD.

Money Supply and Credit Growth

Failing to meet target growth (13.3%) or actual growth in FY17 (10.9%), broad money (M2) increased by 9.2% in FY18. Liquidity conditions at the national level were tightened on account of an unexpectedly significant decrease in overall balance of payments and negative growth in net foreign assets. A significant drop was also observed in reserve money, which dipped to 4% in June 2018.

Even though private sector credit grew more than anticipated, domestic credit growth stayed under the targeted 15.8%. Meanwhile, public sector credit dropped by 2.5% in FY18. Within this period, the Government's bank loans were settled by highly satisfying National Savings Certificates (NSCs) sales.

Chart 1.3 BROAD MONEY GROWTH TREND



Source: Bangladesh Economic Review 2018, Ministry of Finance

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During FY18, private sector credit enjoyed steady growth of 16.95%. This exceeded the 16.8% target, thanks largely to high national demand and investment activity. Encouraging growth was also recorded in net domestic assets (NDA), courtesy of increased private sector credit growth. Compared to a 9.68% increase in FY17, NDA rose by 12.84% in FY18.

Interest Rate

For commercial banks, the weighted average lending rate reached 9.95% by the end of June 2018. This was a slight increase compared to the end of June 2017 (9.56%). Likewise, the deposit rate rose over the same period (4.84% in FY17, to 5.5% in FY18) while the interest rate spread dropped marginally (4.72% in FY17, to 4.45% in FY18).

Call Money Rate

In FY18, the call money market hovered between 2.5% and 4%. There was an increase in liquidity demand due to significant credit growth in the latter half of FY18. At the same time, decreased growth of reserve and broad money applied more pressure on the call money rate. The situation was somewhat mitigated by a 1 percentage point reduction in the cash reserve ratio.

Bangladesh Economic Outlook

For 2019, the growth rate is projected to maintain at approximately 7.2% according to Bangladesh Bureau of Statistics (BBS) data. Meanwhile, the ADB predicts 7.5% growth and the WB predicts 7.1% growth. Nevertheless, numerous factors can affect this rate in 2019:

- With an increase in non-performing loans negatively affecting financial markets, portfolio selection and monitoring may become tighter. This may negatively impact on credit growth.
- Inflation risks from higher global commodity prices and exchange rate movements are rising. Consumer finance may suffer from elevated inflation expectation.
- Remittance inflows and export proceeds are expected to rise amid moderate import growth. However, reworked Chinese debt contracts might impact foreign loan inflows in 2019 and the balance of payments deficit would remain. As a result, exchange rate depreciation may continue in 2019, coupled with a strong dollar market across regions.
- Trade tensions between the US and China present both opportunities and risks. Bangladesh could benefit from trade diversion from China, and Economic Zones could prosper in terms of FDI inflow as business costs in China increase.
- Capitalization will become moderate due to weaker capital generation. This is despite earnings retention by private sector banks to meet higher capital requirements. Regardless of a robust economy, high asset risk might impose a negative outlook on the sector.
- The liquidity scenario should improve. However, monetary policy contraction may remain a priority to compensate for disappointing growth in broad money and reserve money in FY18 and to ensure better industry discipline.

The global economy landscape is always transforming. Therefore, maintaining a relatively stable business environment and consistent national economic policy are important steps to keep up growth momentum. Tackling banking sector issues with an eye on both governance and transparency would also be beneficial in this regard.

Premeditated Highlights

In each and every aspect of banking, BRAC Bank is committed to succeed. Its management revises and composes strategies regularly to accommodate emerging business opportunities. Within these strategies, maximizing revenue and ensuring operational efficiency are top priorities. The bank again progressed toward sustainable profitability in 2018. Some of the management's strategies in pursuit of its objectives (both short- and long-term) are presented below:

All for One, One for All

BRAC Bank's management follows a controlled model, delivering SME, retail and corporate services. These are provided to customers across 186 branches, 456 SME unit offices and 50 agent outlets nationwide. The bank's service channels have been refreshed to accommodate a rising customer base. We have reorganized our service channels to multi-segment business focusing on 'all for one, one for all'. This

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business model has been appreciated by customers because of its flexibility and service standardization. The emphasis on customer experience is intensifying. Digitalization, through various applications (online banking, integration with bKash & Rocket, CBS upgrade, new ERP – My BBL, Agent Banking etc.) is being introduced to broaden its market share.

Banking Everywhere, Never at a Bank

As a performance-focused bank, BRAC Bank has been forming a channel dedicated to financial inclusion. This allows customers to make better-informed decisions regarding their financial affairs. Our network has been enhanced to ensure rapid expansion across Bangladesh.

The bank's unwavering focus on maintaining quality and standardizing distribution channels has heightened customer satisfaction. We work in accordance with the i3 program (innovate, implement and impact), whereby technology is used for far greater financial inclusion.

Reducing Turnaround Time and Improving Efficiency

One of BRAC Bank's main focuses in recent years has been process improvement initiatives. In the process, efficiency has been enhanced and the customer experience at all levels has been boosted. This effort is constant, and has also brought a reduction in Turnaround Time (TAT). Costs are now also more closely monitored, as we place emphasis on innovation to become a more competitive, trusted and valued brand.

In 2018, BRAC Bank released its ERP system Oracle, known as "My BBL." This has reduced TAT, and introduced real-time reporting, i-procurement, i-expense, and self-service for employees and managers alike. Moreover, the following systems have made BRAC Bank even more customer-friendly:

- Internet Banking and Mobile Banking for BBL
- Internet Banking & Universal Banking Application (UBA)
- Finacle Up-gradation
- Network Access Control
- Log Management & Event Management
- Call Centre Up-gradation
- CardPro Up-gradation

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- IRIS Up-gradation
- BACH II
- Anti-APT and NBA Solution
- Data Loss Protection Solution
- Card Personalization with Photo Printing
- Web Proxy (Bluecoat)
- E-commerce & POS Transaction Solution
- Agent Banking
- Corporate E-Banking (Cash Management & Supply Chain Finance)
- Privilege Account Management
- Core Network Devices (Phase-II) for BRAC Bank Limited

Employer of Choice & Improving Staff Productivity

BRAC Bank adheres to a basic strategy of investing in people. Recruiting the industry's best talent, reviving staff remuneration and updating performance measurement policies are all important parts of this. These all serve to motivate employees whose job satisfaction and loyalty are strengthened as a result.

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Shared Value	Way of thinking (Employee)	Way of thinking (Employer)
Flexible Deployment	Willing to work in various organizational roles and settings	Encourage employees to work in various organizational roles
Customer Focus	Serve customers before managers	Provide information, skills and incentives to focus externally
Performance Focus	Focus on what we do, not where we work	Link rewards & benefits to performance rather than organizational dependency
Project-Based Work	Accept ourselves as project-based workers, not function-based	Structuring work around projects rather than organizational functions
Human Spirit & Work	Value work that is meaningful	Provide work (wherever possible) that is meaningful
Commitment	Commit to assisting organizational achievement of outcomes	Commit to assisting employees to achieve personal objectives
Learning & Development	Commit to lifelong learning	Enter into a partnership for employee development
Open Information	Willing to show enterprise and initiative	Provide employees with access to a wide range of information

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How Technology is Transforming Customer Experience in Our Business

Here, we showcase some ways in which technology is transforming customers' expectations and experiences:

1. In-branch revolution
2. Seamless online experiences
3. More choice is equal to More churn
4. Personalization to scale ('one size fits all' no longer applicable in banking)
5. Better banking through better communication (diversification of communication channels and real-time communication)
6. No compromises on security

The financial industry is constantly developing. We are thus staying competitive by investing in the latest technology and IT infrastructure. By upgrading our core banking system and ERP (Oracle), our operational performance and efficiency improve. Specifically, customer service, monitoring and compliance are all enhanced. Technology remains pivotal to our organization. It drives growth and distinguishes us from our rivals. Our technological advances have been driven by strategic priorities. Indeed, secure products, platforms and services are now smoothly delivered to customers. More valuable insights are gleaned from data and analytics innovation, thus revealing fresh business opportunities and enabling us to stay competitive. Ongoing technological investments allows our employees and customers alike to conduct banking activities comfortably.

BRAC Bank enjoyed another successful year in 2018, including the following highlights:

- ERP Implementation (myBBL)
- Green Data Center
- Core Banking Review & Up gradation
- Agent Banking
- BBL integration with bKash & Rocket (DBBL)
- User-friendly & Secured Internet Banking

Maintaining monetary and financial stability for Bangladesh as a whole underpins our strategic plan, which entails actively implementing the Government's vision. Doing so will also lead us to become the country's best bank.

Financial Review

Bangladesh's banking industry experienced a challenging 2018. The year involved the central bank tightening regulatory compliance and monitoring to bring about greater system stability. In the process, non-performing loans increased and private sector investments dropped. Overall, year-on-year increases were recorded in our loans (18%) and deposits (17%).

With the political climate fairly stable, the banking sector grew reckless without sufficient supervision, leading to a major governance crisis. A historic rise in bad debts also damaged the sector. Specifically, a worrying 10.30% of loans disbursed fell into this category. The sector also had to confront a liquidity shortage and prevalent fraud.

Nevertheless, Bangladesh has advanced admirably in terms of financial inclusion. Banking services have broadened as branches proliferate and as agent banking emerges. In 2018, BBL launched its own agent banking service, seeking to reach every part of the country. It also sought to complement its own SME business strategy. The service is the first of its kind in Bangladeshi digital banking, allowing transactions to be biometrically verified and settled in real time. This provides customers with a 24-hour service, and the bank now aims to apply its SME banking expertise to grow agent banking into an extensive distribution channel.

In recent years, on account of its diligence and shrewd managerial decisions, BRAC Bank has enjoyed seamless progress: it has accommodated financial requirements of clients, enhanced its credit risk management, and enabled financial inclusion of Bangladesh's hitherto unbanked population.

Quarterly Financial Performance

Meeting their governance and compliance requirements, the Board Audit Committee (BAC) and the Board of Directors (BOD) examine the bank's financial performance quarterly. This is carried out on both a standalone and consolidated basis. In 2018, this process was followed every quarter, with both approving statements before their submission to stakeholders.

Glimpses of Board reviews on quarterly financial statements are as follows:

Particulars	STANDALONE (BDT in million)				
	Q1	Q2	Q3	Q4	Full Year 2018
Total revenue	4,492	4,702	4,883	5,087	19,165
Total operating expenses	2,571	2,602	2,561	2,608	10,343
Total provisions	(23)	369	305	98	750
PAT	1,247	1,304	1,365	1,631	5,547
EPS (BDT)	1.45	1.22	1.27	1.23	5.17

Particulars	CONSOLIDATED (BDT in million)				
	Q1	Q2	Q3	Q4	Full Year 2018
Total revenue	6,082	6,472	6,636	6,818	26,008
Total operating expenses	3,881	4,234	4,489	4,011	16,614
Total provisions	(23)	369	305	100	752
PAT	1,383	1,345	1,210	1,732	5,670
EPS (BDT)	1.48	1.18	1.19	1.33	5.17

According to the quarterly financial statements, the BAC and BOD obtained comprehensive perspective and analytics. This enables them to ascertain why planned results have not been achieved. Moreover, they ensure that changes have been made in accordance with business strategies. The BOD assesses the results with the banking industry as a whole in mind. Accordingly, suitable policies are established to enhance business performance. In 2018, steady growth was revealed by both the standalone and consolidated results and there were no significant variances between the quarterly financial performances and annual financial statements.

Operating Performance

In each area of its operational performance, BRAC Bank delivered growth again in 2018. Applying a balanced approach, the bank focused heavily on optimizing costs and improving efficiency. In the process, we have responded appropriately to market demands, and strengthened our position to become Bangladesh's best bank.

We stand out in the banking industry for our insistent emphasis on meeting customers' needs and stakeholders'

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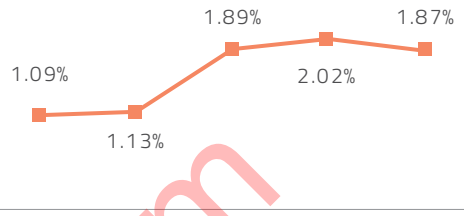
expectations. Our attention to detail has been fine-tuned through years of enduring low interest rates and slow growth. Today, the banking industry's peculiarly mixed environment motivates greater efficiency.

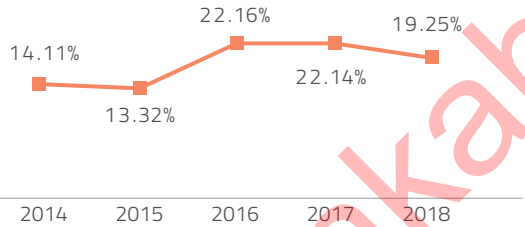
BRAC Bank, and its strategies, takes note of margins on loan operations, which have suffered greatly across the industry due to unprecedented quantities of bad loans. Customers' desires when it comes to banking products fluctuate, so we pay close attention to their favoured channels. To ensure a superior service and to limit security risks, we have invested heavily in technology. The bank must also ensure that any changes it makes are in line with national regulations.

Despite serious pressure, our efficiency measures have steered us toward impressive results: our revenue stream and asset base continue to grow, and overheads are decelerating. Our key performance indicators (KPIs) are outlined below:

Return on Assets (ROA)

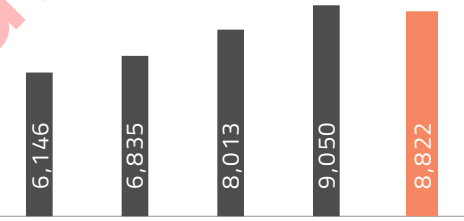


Return on Equity (ROE)



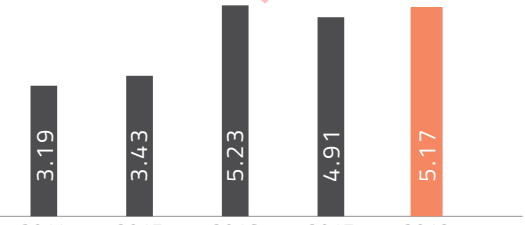
Operating Profit

BDT in million

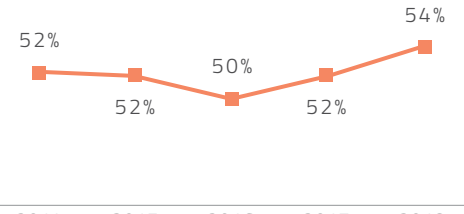


Earnings Per Share (EPS)

Amount in BDT



Cost to Income Ratio (CIR)



Financial Performance – Profitability

BRAC Bank's growth has been steady in terms of its operating profit over the last couple of years. In 2018, its operating profit decreased by 3% to BDT 8,822 million. This decrease in operating profit was mainly driven by a 7% increase in operating expenses. The bank's loan portfolio grew by 18% to BDT 238,008 million in 2018, contributing to a 22% increase in interest income in 2018. Corporate business made a notable contribution in the same year (24% YoY growth) while steady growth for SME (17%) & retail (4%) business was recorded in our loan portfolio, representing a key part of our strategy.

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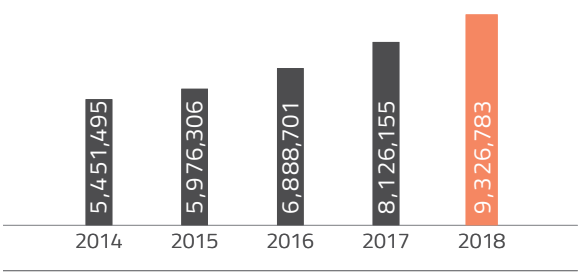
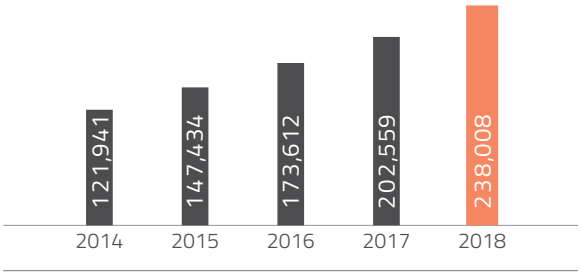
Industry Loans & Advances

BDT in million



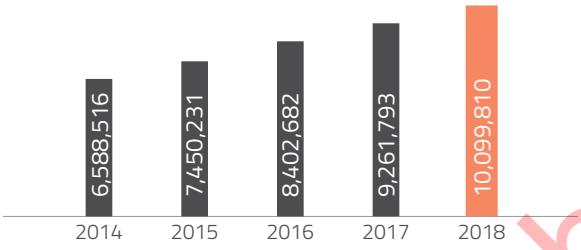
Loan & Advances

BDT in million



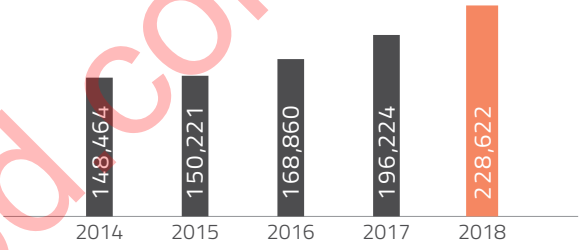
Industry Deposits

BDT in million



Deposits

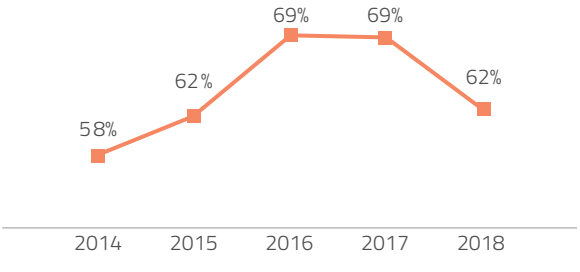
BDT in million



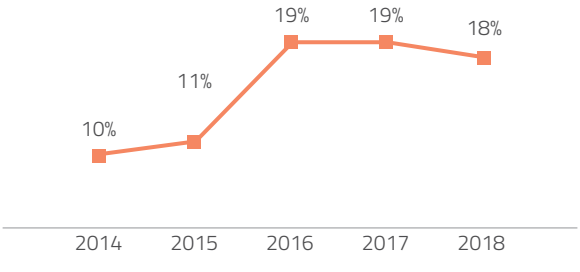
Operating expenses increased by 7% (BDT 683 million) over the last year. This was largely caused by a 8% (BDT 335 million) increase in salaries and allowances, a 7% (BDT 97 million) increase in rent and taxes, a 32% (BDT 13 million) increase in legal expenses, a 9% (BDT 23 million) increase in postage, stamps, and telecommunication expenses, and a 37% (BDT 312 million) increase in depreciation and repairs to the bank's assets. The significant rise in salaries and allowances followed the introduction of measures to bring real income in line with the cost of living.

BRAC Bank's net profit after tax (PAT) rose by 6% (BDT 297 million), an increase largely attributable to an increase in operating income of BDT 455 million and decrease in provision by BDT 402 million. The later was offset, to a large degree, by an increase in operating expense of BDT 683 million in 2018. Meanwhile, tax expenses changed very little from FY18 to FY19. The current tax expense decrease of BDT 673 million was largely offset by an increase in deferred tax expense of BDT 551 million in 2018.

Gross Profit Margin



Net Profit Margin



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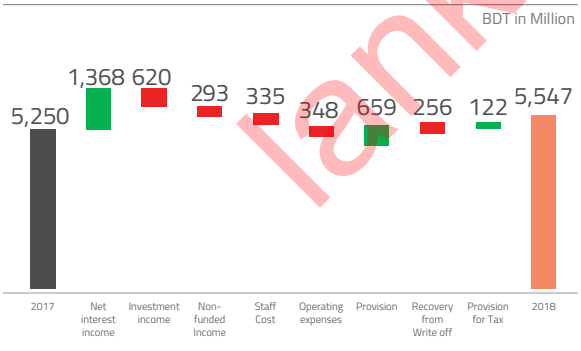
Particulars	Standalone			Consolidated		
	2018	2017	%	2018	2017	%
Interest income	25,090	20,498	22%	27,464	21,734	26%
Interest expense	11,574	8,351	39%	11,660	8,201	42%
Net interest income	13,516	12,148	11%	15,803	13,533	17%
Investment income	2,961	3,581	-17%	2,783	2,915	-5%
Non Funded Income	2,688	2,981	-10%	7,421	7,253	2%
Non-interest income	5,649	6,562	-14%	10,204	10,168	0%
Total income	19,165	18,710	2%	26,008	23,701	10%
Staff costs	4,695	4,360	8%	6,451	5,878	10%
Other Operating expenses	5,647	5,300	7%	10,163	8,400	21%
Total operating expenses	10,343	9,660	7%	16,614	14,279	16%
Operating Profit	8,822	9,050	-3%	9,393	9,422	-0.3%
Share of profit/(loss) of associates	-	-		2	14	-87%
Gain/(loss) on disposal/loss of control of subsidiaries	-	-		-	(0.02)	-100%
Profit/(loss) before provisions	8,822	9,050		9,395	9,437	-0.4%
Provision	750	1,152	-35%	752	1,152	-35%
Net profit before taxes	8,072	7,897	2%	8,643	8,284	4%
Provision For taxes	2,525	2,647	-5%	2,973	2,786	7%
Profit after taxes	5,547	5,250	6%	5,670	5,498	3%
Earnings Per Share (EPS) [previous years figure restated]	5.17	4.91	5%	5.17	4.86	7%

Profit growth in 2018 and its major contributors



Extraordinary Gain or Loss

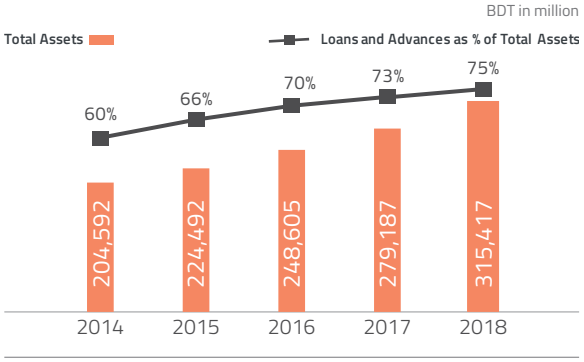
No extraordinary gain or loss was recorded during the year 2018.

Subsidiary Performance

The subsidiaries of BBL performed strongly in 2018. In particular, bKash (a mobile banking service provider) returned an after-tax profit of BDT 185 million. Elsewhere, its EPL stock brokerage recorded an after-tax profit BDT 24 million, and its EPL investments suffered a loss of BDT 218 million. Finally, BRAC Saajan, a leading company in foreign remittances, recorded a net profit after tax of BDT 54 million, representing a 77% increase compared to the previous year.

Financial Performance - Portfolio Analysis

In terms of total assets, BRAC Bank grew by 13% (BDT 36,230 million) to reach BDT 315,417 million in 2018. Such growth was in part fuelled by an 18% (BDT 35,449 million) increase in loans and advances. In 2018, the bank maintained its emphasis on its SME portfolio. It also maintained its commitment to establishing a platform to better serve customers, and this contributed to the notable total assets increase.



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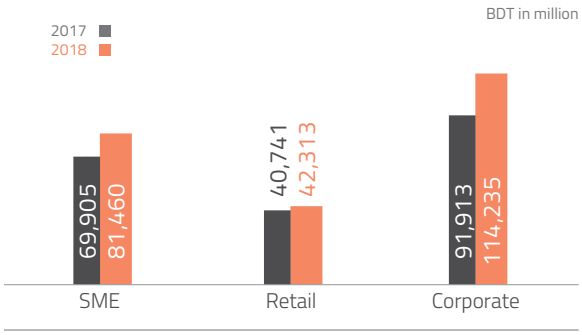
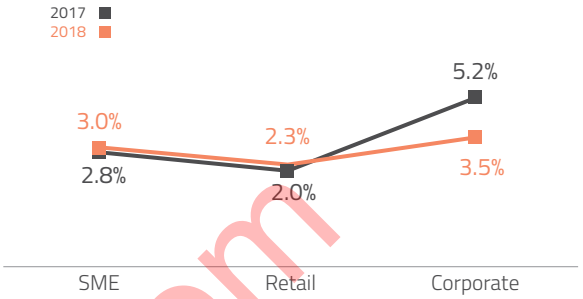
Business Division-wise Performance

Across the bank, all business segments, in term of portfolios and revenues, have grown. The bank's loan portfolio, amid testing market conditions, grew healthily (18%). The corporate segment contributed significantly (24% growth), while SME (17% YoY growth) and retail (4% YoY growth) also played notable parts in 2018.

Segment Wise Loans & Advances



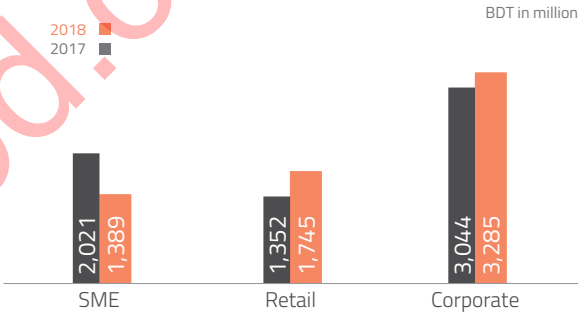
Segment Wise NPL



NPL as percentage of Total portfolio had satisfactory improvement in 2018. This was possible due to continuous collection effort from all the business team which led to decrease in NPL from 3.56% to 3.10%

Looking at figures per segment, operating profit rose by 29% in retail and by 8% in corporate. Meanwhile, the SME segment's revenue dipped marginally. Overall, the bank's revenue performance improved in 2018.

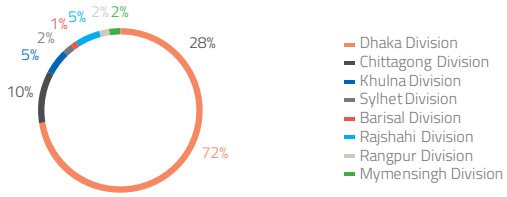
Segment Wise Operating Profit



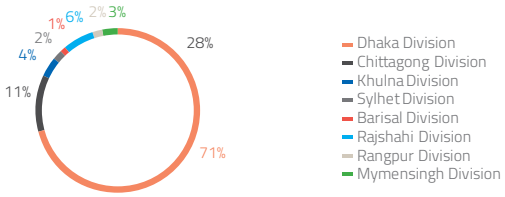
Geographical Location-wise: Portfolio

During the reporting period, BRAC Bank's concentration of loans rose by 19% in Dhaka division and 30% in Khulna division. This was measured according to where branches are located, rather than where investments were made. By reaching out to people from all across Bangladesh via its branches and SME unit offices, BRAC Bank maintains a geographically diverse loan portfolio.

Geographical Location Wise Loan Portfolio 2018



Geographical Location Wise Loan Portfolio 2017



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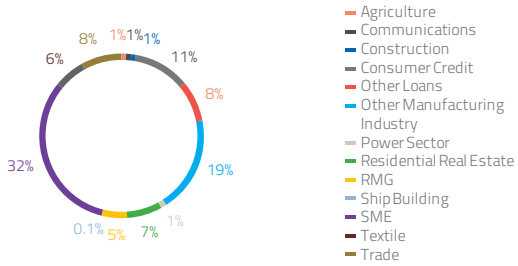
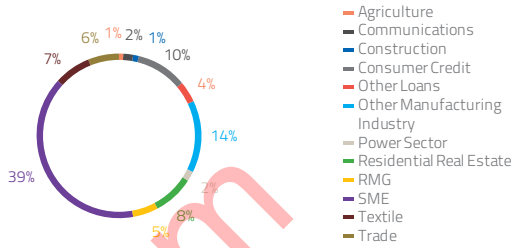
Sector-wise Loan Portfolio

As well as SME lending, BRAC Bank pays attention to all sectors. Indeed, during the year 2018, the manufacturing sector made up 19% of its total loan portfolio, with the trade sector making up 8% and Consumer Credit 11% of total loan portfolio.

Sector-wise Loan Portfolio 2018



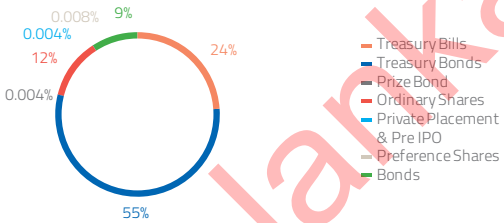
Sector-wise Loan Portfolio 2017



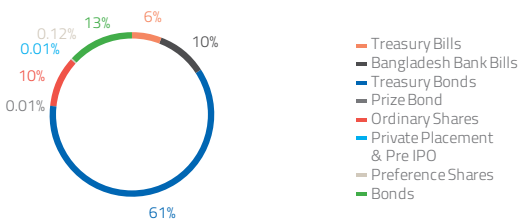
Investment Mix

Upon the close of 2018, BRAC Bank had invested BDT 6,231 million in treasury bills. Meanwhile, over the same period, it had increased its ordinary shares investment by BDT 600 million. At the same time, its investment in corporate bonds dropped by BDT 939 million. All of these activities were to some extent motivated by a need to comply with Bangladesh Bank guidelines.

Investment Mix 2018



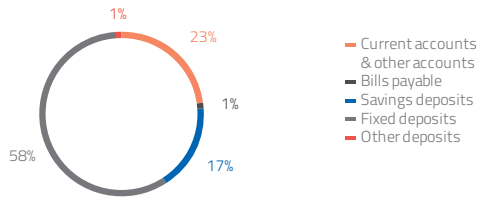
Investment Mix 2017



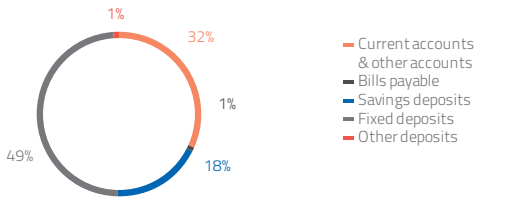
Deposit Mix

Through high-quality service and building brand loyalty, BRAC Bank seeks to expand its deposit base. Indeed, some success here was recorded in 2018, as our fixed deposits rose by 39%.

Deposit Mix 2018



Deposit Mix 2017



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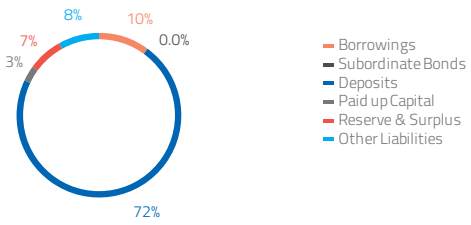
Sources & Utilization of Funds

As of 31 December 2018, total liabilities amounted to BDT 283,779 million (an increase of 12% over 2017). This increase came, largely from a 17% increase in deposits (amounting to BDT 228,622 million). Meanwhile, over the same period, the bank's borrowings from Bangladesh Bank increased by 49% (BDT 2,749 million).

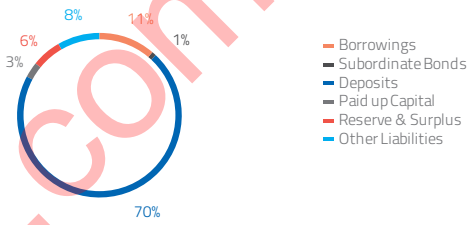
Customer deposits accounts specifically current, savings and fixed deposits are primarily the sources of BRAC Bank's funds. To maintain CRR and SLR ratios (currently 5.5% and 13% respectively), some funds are kept in cash and cash equivalents.

Sources of funds:

Sources of Funds 2018

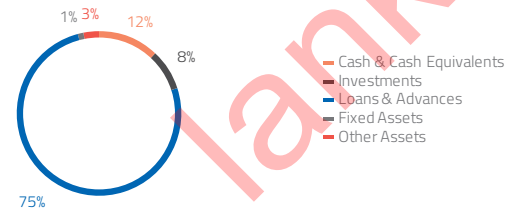


Sources of Funds 2017

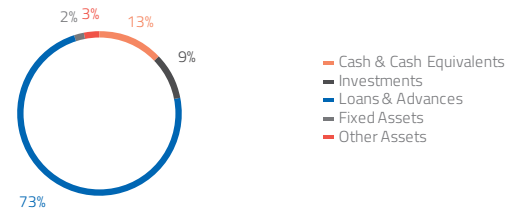


Utilization of funds:

Utilization of Funds 2018



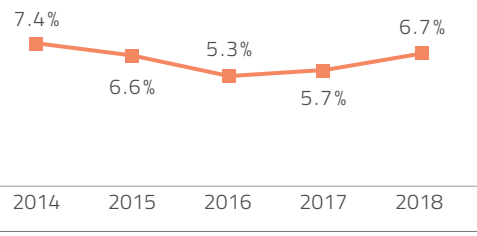
Utilization of Funds 2017



Cost of Fund

BRAC Bank's cost of funds had been declining since 2016. This was attributable to lower deposit rates. However, this cost increased in 2018 due to the market liquidity developments that took place in December.

Cost of Fund



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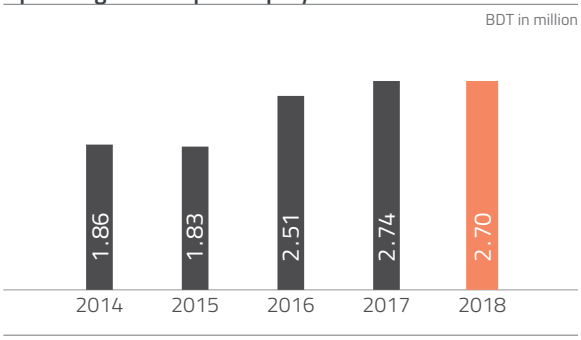
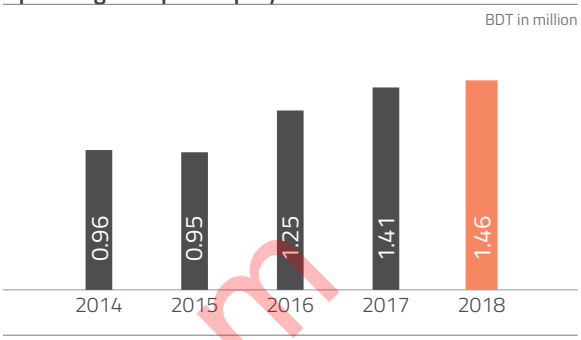
Financial Performance - Efficiency Review

There was a marginal change in BRAC Bank's operating income per employee. However, on account of technological investments and recruitment costs, the operating cost per employee rose by 3%.

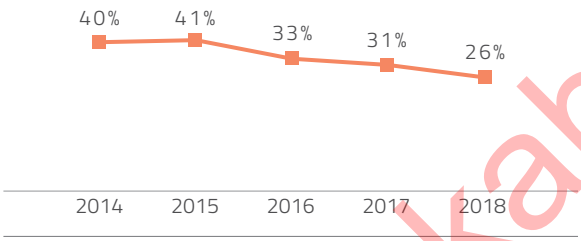
Operating income per employee



Operating cost per employee



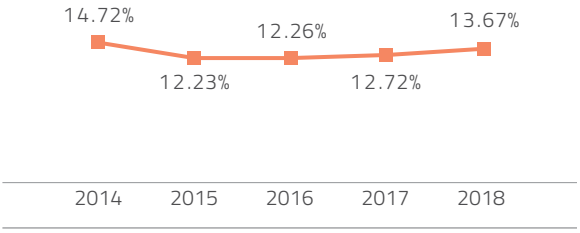
Non-Interest Income as a % of Operating Cost



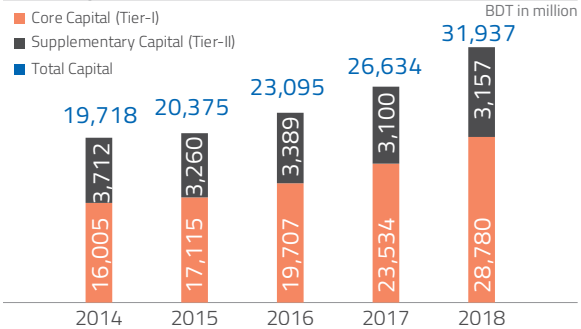
Regulatory Capital

In terms of regulatory requirements, BRAC bank is under an obligation to keep a minimum capital requirement to sustain its business. As at 31 December 2018, the bank maintained a comfortable capital to risk weighted asset ratio (CRAR) of 13.67% on a standalone basis and 15.70% on a consolidated basis (the set requirement was 11.875%). As at the same date, Tier-I capital and Tier-II capital were BDT 28,780 million and BDT 3,157 million respectively on a standalone basis, and BDT 36,294 million and BDT 3,157 million respectively on a consolidated basis. In the future, to make the bank's growth plan a reality and to maintain the necessary CRAR of 12.50% by 2019, BRAC Bank must maintain this regulatory capital by keeping existing capital, if possible, and raising further capital when needed in line with the bank's capital raising plans.

Total Capital to Risk-weighted Asset Ratio (Standalone)



Total Capital (Standalone)



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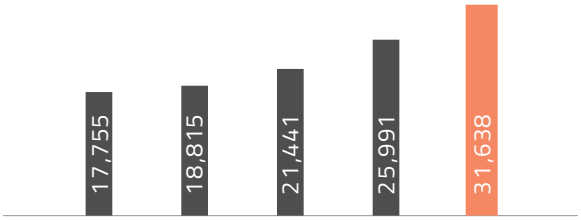
Financial Performance – Shareholder Value

Shareholders' Equity

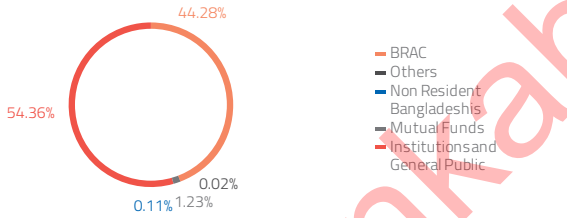
BDT in million



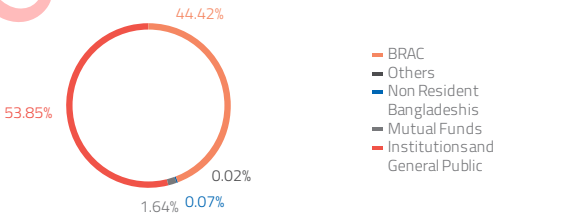
An increase in shareholders' equity of BDT 5,647 million in 2018, compared to 2017, was recorded. Breaking this down, institutions and the general public make up 54%, while BRAC holds 44%.

The shareholding positions of the bank as at 31 December 2018, and the same date in 2017 were as follows:

Shareholding Position 2018



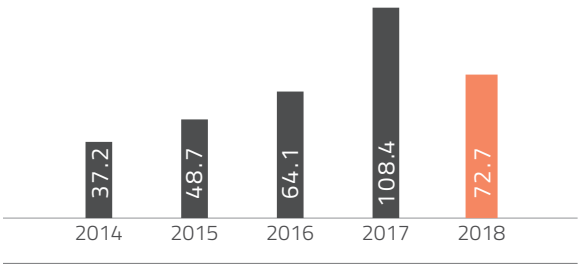
Shareholding Position 2017



BRAC Bank's share price has risen notably in recent years, suggesting mounting faith among shareholders about the bank's performance and prospects.

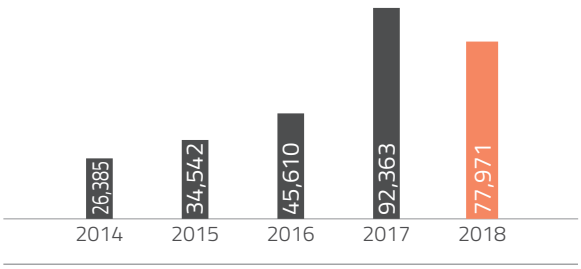
Share Price

Amount in BDT



Market Capitalization at the year end

BDT in million



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In Bangladesh, BRAC Bank has blossomed into one of the country's most socially responsible financial institutions. Looking at the bank's shares, its reported market price on the Dhaka Stock Exchange Ltd. (DSE) was BDT 72.70 and on the Chittagong Stock Exchange Ltd. (CSE) BDT 72.90 at the very end of 2018.

A total of 18 meetings of the BOD and 8 meetings of the audit committee took place in 2018.

The BOD applies consistent effort to serve the interests of every one of the bank's shareholders to maintain growth.

According to the Bangladesh Bank's BRPD circular no. 06 dated July 05, 2006 and in order to improve the risk management and corporate governance as well as to safeguard the interests of investors, depositors, creditors and shareholders, the bank was rated by three credit rating agencies for the year ended 31 December 2017.

BRAC Bank has been given encouraging ratings, specifically receiving an 'AA1' (Pronounced as Double A one) rating in the long term and an 'ST-1' rating in the short term by Credit Rating Agency of Bangladesh Limited (CRAB). Credit Rating Information and Services Limited (CRISL) assigned the Long Term rating to 'AA+' (pronounced as double A plus) and 'ST-1' rating in the Short Term to BRAC Bank Limited. Emerging Credit Rating Limited (ECRL) has assigned AA+ (Pronounced as Double A Plus) long term credit rating and ST-1 short term credit rating to BRAC Bank Limited. Moreover, BRAC Bank the first Bangladeshi bank rated by two of the world's leading credit rating agencies, specifically receiving "B+" (Pronounced as B plus) from S & P Global and "Ba3" (Pronounced as Ba three) from Moody's investors service. Such ratings reflect the strength of the bank, and imply general sustainability and an excellent operating environment. It also shows that the bank is well-placed with regard to liquidity, internal fund generation and access to other sources of funding. Ratings are still being calculated for the year ended 31 December 2018, and will be published at the appropriate time.

Contribution to the National Exchequer

Within the economy of Bangladesh, BRAC Bank now stands among the strongest financial institutions. Its contribution to Bangladesh's economy has been impressive. Particularly, this has been in the form of collecting government revenues and relaying these to the exchequer, in line with prevailing national law. BRAC Bank also collect withholding tax, value added tax (VAT) and excise duty from its customers, suppliers. Meanwhile, the bank also fulfils its income tax obligations responsibly.

Below is the last five years contribution to national exchequer from BRAC Bank:

BDT in million

Year	Withholdings Tax	VAT	Excise Duty	Corporate Tax	Total
2014	1,295	450	261	1,338	3,344
2015	1,356	514	307	1,759	3,936
2016	1,407	587	517	2,106	4,618
2017	1,543	824	442	2,847	5,656
2018	1,776	745	575	1,889	4,985
Grand Total	7,377	3,120	2,102	9,940	22,539

Other than Taxes to Government BRAC Bank also make Contribution to the our nation through

- Creation of employment opportunities
- Digitization, financial inclusion and greener banking
- Partners in achieving SDGs

The details on contribution to the nation can be found at page no. 140-141.

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Basis for Related Party Transactions

BRAC Bank undertakes transactions with related parties as part of its normal business operations. Such transactions tend to be loans and advance or deposits entered into at arm's length price or fair market value.

Strategic Outlook

Given the liquidity crisis in the money market, fierce competition among banks for deposits is inevitable. With this in mind, re-pricing existing assets in line with the extra cost of deposits is being considered. This could hinder recovery and lead to mounting non-performing loans in the banking sector. Forecasts suggest that a lower interest spread will materialize.

- It is possible that the political and economic climate may hinder growth. Plans are nevertheless in place to selectively grow our assets. For growth to be maintained, regulatory capital will be required.
- Continued investment in technology and people development, as well as heavy emphasis on service quality to give customers the best possible experience, will be central parts of BRAC Bank's approach.
- Pivotal to BRAC Bank's success is SME banking. Growing this sector will be prioritized along with loan disbursement, pursuant to our mission to transition from "lender to banker."
- With the goal to provide world-class banking services to customers, retail banking will investigate all viable digital banking avenues.
- To bring the bank's products and services to the masses, thereby increasing financial inclusion, agent banking will be equipped to play a vital role.
- Beyond Dhaka and Chittagong, Local Corporate and Emerging Corporate are positioned well to unearth new business opportunities in less-populated parts of the country.

Appointment of Directors

At the bank's 20th AGM, according to the Articles of Association and the Companies Act, 1994, the following directors will retire from BRAC Bank's Board (all are subsequently eligible for re-election of re-appointment to the BOD):

i) Mr. Shib Narayan Kairy
ii) Mr. Kaiser Kabir

Both of them are eligible for re-election.

Ms. Fahima Choudhury was appointed as an Independent Director on April 26, 2018 by 19th AGM.

i. Mr. Shib Narayan Kairy

In April 2014, Mr. Shib Narayan Kairy was re-appointed as a nominated director of BRAC Bank to the BOD. He also serves on the bank's BAC.

Mr. Kairy joined BRAC University as treasurer on 2 July 2017. In this role, he oversees a substantial project, namely the building of a US$150 million state-of-the-art campus. In addition, he ensures that the university maintains its standing as a financially sustainable centre of excellence for higher education.

Before taking up this role at BRAC University, Mr. Kairy served BRAC for 35 years. When he reached 60 years of age, he retired as the Chief Financial Officer of BRAC and BRAC International. During a remarkable career with BRAC, Mr. Kairy advanced from Accounts Assistant to Chief Financial Officer. He carried out the latter role with distinction for almost a decade. He has been an invaluable component of BRAC, making a direct contribution to many of its successes over the last three-and-a-half decades. He has steered BRAC toward being recognized for its transparent financial reporting. Every year from 2004 to 2015, BRAC received the Institute of Chartered Accountants of Bangladesh (ICAB) National Award for Best Published Accounts and Reports.

Mr. Kairy is a Director of BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, BRAC Karnafuli Tea Co. Ltd., BRAC Kaiyachera Tea Co. Ltd, BRAC Kodala Tea Co. Ltd. and Bangladesh Netting Factory Limited.

ii. Mr. Kaiser Kabir

In June 2016, Mr. Kaiser Kabir was appointed as a nominated director to the Board of BRAC Bank Limited.

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

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Oncology Limited, Advisor of Sajida Foundation, and Vice-President of Bangladesh Association of Pharmaceutical Industries.

He previously held the following positions: Managing Director of BRAC Renata Agro Industries Limited; Executive Director of Sajida Foundation; National Macro Economist of Financial Sector Reform Project funded by USAID; Consultant of the World Bank, Resident Mission Bangladesh; and Research Officer of the Institute of Economics & Statistics, University of Oxford. Mr. Kabir holds a Bachelor of Arts in Economics and International Relations from Claremont McKenna College (USA). In addition, he attained a Postgraduate Diploma in Economics with Distinction from the University of East Anglia (UK), and an MPhil in Economics from the University of Oxford.

Presence of Directors at Meetings during Their Tenure

Sl No	Director Name	Designation	No. of meetings held	Present	Absent
1	Sir Fazle Hasan Abed KCMG	Chairman	18	16	2
2	Mr. Shib Narayan Kairy	Director	18	18	0
3	Ms. Zahida Ispahani	Director	6	5	1
4	Ms. Nihad Kabir	Director	18	12	6
5	Mr. Kazi Mahmood Sattar	Director	18	18	0
6	Mr. Kaiser Kabir	Director	18	10	8
7	Dr. Ahsan H. Mansur	Director	18	10	8
8	Mr. Asif Saleh	Director	18	13	5
9	Ms. Fahima Choudhury	Director	9	9	0

Note: *Ms. Zahida Ispahani retired on 19th AGM, 26 April, 2018
*Ms. Fahima Choudhury was appointed in 19th AGM, 26 April, 2018

Remuneration to Directors

Directors, including independent directors, were paid the following amounts in 2018 for attending BOD meetings, BAC meetings and Risk Management Committee meetings:

Sl. No.	Name of Director	Designation	Remuneration Drawn (BDT)
1	Sir Fazle Hasan Abed KCMG	Chairman	128,000
2	Mr. Shib Narayan Kairy	Director	224,000
3	Ms. Zahida Ispahani	Director	40,000
4	Ms. Nihad Kabir	Director	96,000
5	Mr. Kazi Mahmood Sattar	Director	240,000
6	Mr. Kaiser Kabir	Director	80,000
7	Dr. Ahsan H. Mansur	Director	144,000
8	Mr. Asif Saleh	Director	104,000
9	Ms. Fahima Choudhury	Director	72,000

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Risks and Concerns

Given the inherent uncertainty of risk, risk management has developed as a dynamic tool for financial institutions. BRAC Bank has broadened its risk management coverage and has keenly enhanced its risk management function. BRAC Bank's Risk Management Division was transformed during 2018, in terms of strategy and operations. Similar to regulatory reforms, the bank revised its risk management approach, and we are in the process of restructuring the RMD's operational components to comply with Bangladesh Bank's guidelines. By prioritizing risk management effectiveness, new staffs were appointed to boost capacity. Looking at strategic boundaries, the bounds of our risk appetite are defined with all stakeholders in mind.

The bank's wide-ranging risk management expertise enables it to delegate responsibility regularly. Moreover, the bank can delegate authority to suitably handle all aspects of risk. Staffs work hard to identify risks at all times, and raise these with superiors as required. In particularly serious cases of risk, this can be escalated to the Enterprise Risk Associates Forum (ERAF) to be discussed and resolved. Thereafter, ERAF issues requiring top management's involvement are passed to the Enterprise Risk Management Committee (ERMC). Both the ERAF and the ERMC meet monthly to identify, handle and limit risks. To assist with oversight and guidance, the Board Risk Management Committee (BRMC) highlights critical risk factors.

Preparing the Annual Report

BRAC Bank's main emphasis is placed on the integrity and quality of its financial statements. When drafting the annual report, accurate presentation is also prioritized. Suitable accounting policies have been consistently followed for all financial statements, while the accounting estimates are founded upon reasonable and prudent assessment. International financial reporting standards (IFRSs) applicable in Bangladesh are adhered to in the preparation of financial statements, unless otherwise stated.

Internal Control & Compliance

Banking, as a business, is a diversified financial activity entailing significant risks. To provide smooth performance, banks must have in place an effective internal control system and corporate governance, and should ensure transparency and accountability. Internal Control and Compliance Division (ICCD) of the Bank is responsible for the above. ICCD is akin to a **TREE** for BRAC Bank, composed of,

- **T**ransparency
- **R**eliability
- **E**ffectiveness
- **E**thics

The process of internal control affects a company's BOD, management and other staffs. It is designed to provide assurances about achieving objectives relating to the effectiveness and efficiency of operations, as well as the trustworthiness of financial reporting and compliance with relevant laws, regulations and internal policies. Internal control encompasses policies and procedures established and implemented alone, or in concert with other policies or procedures, to control a specific risk or business activity or combination(s) thereof.

An effective internal control environment, through the BOD, management, organizational and procedural controls and an independent audit mechanism, has been put in place. This ensures that BRAC Bank is managed and controlled soundly and prudently. The bank identifies any weaknesses through its internal controls and acts accordingly to overcome these. The BOD has established an Audit Committee to monitor the internal control system's efficacy. This committee meets the senior management from time to time to review the internal control system. It also ensures that the management has acted appropriately in line with the recommendations of the Bangladesh Bank's Inspection Team, external auditors and ICCD.

The bank's management committee assesses the overall effectiveness of the internal control system annually and conveys its findings to the BOD on its effectiveness.

Corporate Governance

To reach the best possible standard of corporate governance, BRAC Bank is devoted to the responsibilities it has to all of its stakeholders. BRAC Bank applies the best possible practices to bring the optimal value to stakeholders. Its policies and practices are in line with statutory rules, and are also pursuant to the bank's goal of becoming the country's best. Enhanced corporate governance has allowed BRAC Bank to bring in efficient

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internal controls thus transforming business operations for the better, enhancing performance and ensuring transparency.

The BOD fully understands the need to have a suitable governance structure in place to steer the bank towards growth. It is engaged together to ensure that corporate governance is set up to direct the bank appropriately, and to ensure that its assets and resources are used wisely and within regulatory boundaries.

Going Concern Basis

The preparation of financial statements has been undertaken on the understanding that the bank operates on a going concern basis. Looking at the bank's financial performance, business portfolio and operational prowess, the bank can clearly be considered a going concern.

The Details of Dividend

To continue maintaining a suitable and adequate capital adequacy ratio for supporting the Bank's growth momentum, the Board advised a 15% stock dividend for the year ended 31 December 2018 that is subject to approval at the forthcoming 20th AGM.

Appointment of Auditor

The audit session for the year 2018 was completed by M/S. Rahman Rahman Huq, chartered accountants. The auditor is eligible to be re-appointed for 2019, and an eagerness to be re-appointed has been expressed. The BOD thus recommended the auditor's re-appointment, and the official appointment is to be confirmed at the 20th AGM.

We would like to convey our immense gratitude for the confidence you have shown in us. Your unwavering backing has helped the bank to grow. We thoroughly appreciate the efforts of the bank's employees, whose commitment and hard work are the cornerstones of our success. At the same time, we are dearly grateful to our shareholders, clients, Bangladesh Bank, relevant government agencies, regulatory bodies and any others doing business with us. It is our priority to consistently show that we are deserving of your trust.

Thank you for being with us.

Sir Fazle Hasan Abed, KCMG

Chairman

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পরিচালকবৃন্দের প্রতিবেদন

প্রিয় শেয়ারহোল্ডারবৃন্দ,

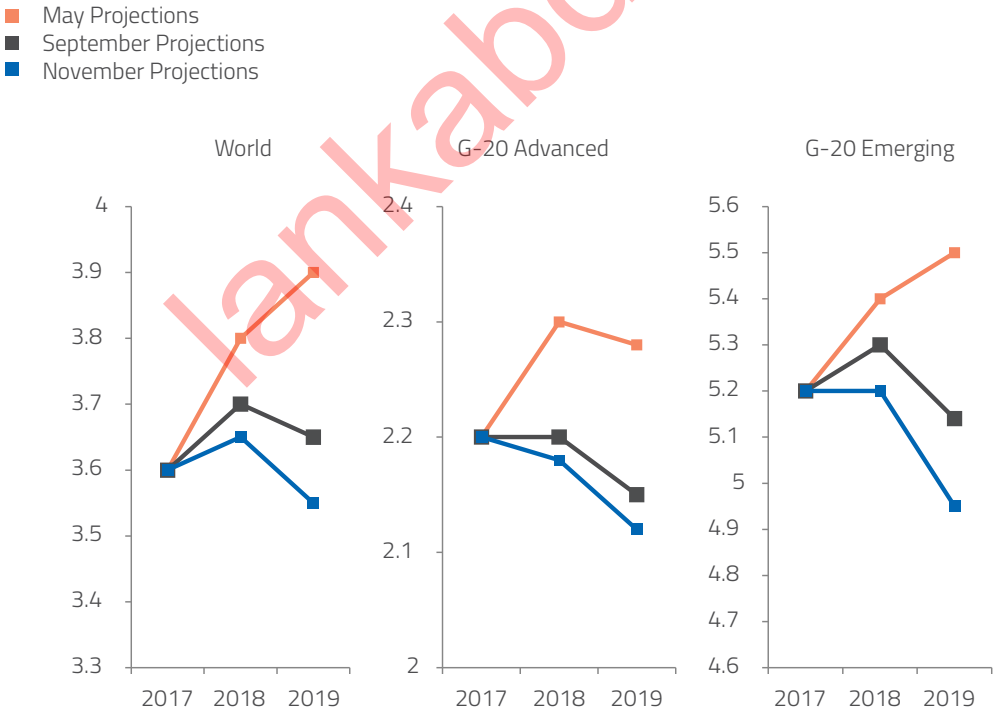
ব্র্যাক ব্যাংক লিমিটেডের পরিচালনা পর্ষদ অতীব আনন্দের সঙ্গে ৩১ ডিসেম্বর ২০১৮ তারিখে সমাপ্ত বছরের বার্ষিক পরিচালকদের প্রতিবেদন এবং নিরীক্ষিত আর্থিক বিবরণী উপস্থাপন করেছে। প্রতিবেদনের মেয়াদে ব্যাংকের পারদর্শিতা এই প্রতিবেদনে পুঙ্খানুপুঙ্খভাবে তুলে ধরা হয়েছে। একইসঙ্গে, কমপ্ল্যায়েন্স ও তথ্যের যথার্থতার নিরিখে পর্ষদ আর্থিক বিবরণীটি যাচাই করেছে। ব্যাংকের পারদর্শিতার বিস্তারিত বিশ্লেষণের পাশাপাশি, বৈশ্বিক ও অভ্যন্তরীণ আর্থিক পারদর্শিতার একটি সংক্ষিপ্ত বিবরণী এবং নিকট ভবিষ্যতে আমাদের আউটলুক নিয়ে একটি সংক্ষিপ্ত সারসংক্ষেপও তুলে ধরা হয়েছে।

বৈশ্বিক অর্থনীতি

২০১৮ সালে বৈশ্বিক অর্থনীতি উত্থান-পতন ছাড়াই সম্প্রসারিত হয়েছে। যদিও উদ্বেগের বিষয় হলো, এই সম্প্রসারণ অসম। নিশ্চয়ই, কিছু অর্থনীতিকে, প্রবৃদ্ধির গতি ধীর হয়েছে এবং এরইমধ্যে শীর্ষ অবস্থানে পৌঁছেছে। প্রাক-সংকট পর্যায়ের তুলনায় বেকারত্বের হার কম হলেও, অনেক দেশই এখনও শ্রম-স্বল্পতা ও উচ্চ মূল্যস্ফীতির হারের কারণে ভুগছে। দ্বিপক্ষীয় বাণিজ্য উচ্চ শুল্ক হার আন্তর্জাতিক বাণিজ্য ও বিনিয়োগের গতিধারাকে ব্যাহত করছে। এদিকে, কিছু উদীয়মান বাজার অর্থনীতি উচ্চ হারে মূলধন তুলে নেওয়া ও মুদ্রার বিনিময় হারের অবমূল্যায়নের কারণে সংকটে পড়েছে।

২০১৮-২০১৯ মেয়াদে বৈশ্বিক প্রবৃদ্ধির হারের পূর্বাভাস করা হয়েছে ৩ দশমিক ৭ শতাংশ, একই সূচকের জন্য ২০১৯-২০১০ মেয়াদের পূর্বাভাস হচ্ছে ৩ দশমিক ৫ শতাংশ। মুদ্রানীতির স্বাভাবিকীকরণের ফলে, বৈশ্বিক আর্থিক পরিস্থিতি কম উদার হবে। বিশেষ করে, যুক্তরাষ্ট্রের আর্থিক নীতি পরিবর্তন এবং চীনের প্রবৃদ্ধির গতি শ্লথ হওয়া একটি বৈশ্বিক শ্লোডাউন বা প্রবৃদ্ধির গতি কমায় অবদান রাখবে। উন্নত দেশের অর্থনীতিতে, মধ্য-মেয়াদের আউটপুট বা উৎপাদন কর্মক্ষম-বয়সী জনগোষ্ঠীর বৃদ্ধি ও উৎপাদন ক্ষমতা কমার কারণে ভুগতে পারে।

Global Economy



উৎস: ওইসিডি ইকনোমিক আউটলুক ডাটাবেজ; এবং ওইসিডি হিসাব

উদীয়মান এশিয়া এবং উদীয়মান ইউরোপ (তুরস্ক ছাড়া) এর পূর্বাভাস এখনও উৎসাহব্যাঞ্জক। তবে, দক্ষিণ আমেরিকা, মধ্যপ্রাচ্য ও আফ্রিকার সাহারা-প্রান্তীয় অঞ্চলের জন্য পূর্বাভাস ততোটা উৎসাহব্যাঞ্জক নয়। পরের তিনটি অঞ্চলের ক্ষেত্রে, পণ্য রপ্তানিকারকদের জন্য পূর্বাভাস আগ্রহোদ্দীপক নয়। তাদের সবার জন্যই নিজেদের অর্থনীতিকে আরও বৈচিত্র্যপূর্ণ করা দরকার এবং অর্থবছরেও সংযোজন-বিয়োজন করতে হবে। ইরানের দিকে দৃষ্টি ফেরালে, যুক্তরাষ্ট্রের অবরোধের কারণে এর পূর্বাভাসও আরো হতাশাব্যাঞ্জক। একই সময়ে, ভোক্তা চাহিদা কমায়, অস্থিতিশীলতা বাড়ায়, মুদ্রার বড় অবমূল্যায়ন এবং বাজারে অস্থিরতা থাকায় তুরস্ক এর প্রবৃদ্ধির পূর্বাভাসে বড় ধরনের পুনর্মূল্যায়ন করেছে।

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একইভাবে, সাম্প্রতিক বাণিজ্যিক পদক্ষেপ ঘোষণার পর, এশিয়ার অনেক অর্থনীতির প্রবৃদ্ধির পূর্বাভাস হ্রাস করা হয়েছে।

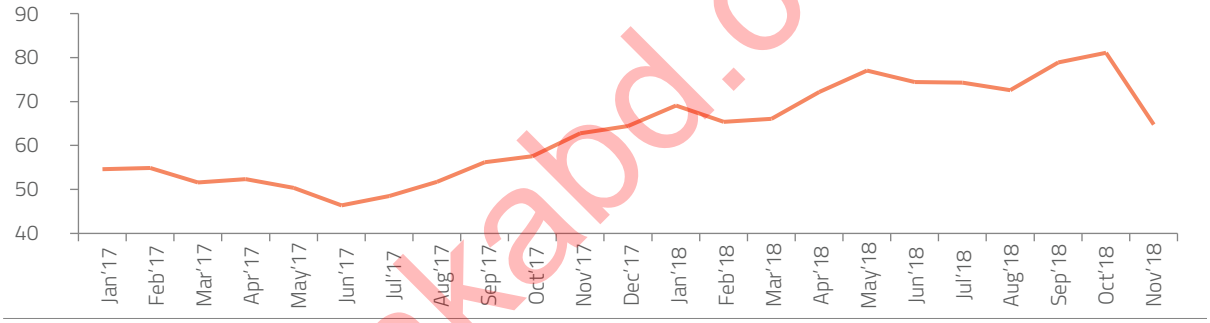
আন্তর্জাতিক তেলের দর

২০১৮ সালে, প্রতি ব্যারেল তেলের (বিবিএল) গড় দাম ছিলো ৬৮ ডলার/বিবিএল, যা আগের বছরের চেয়ে ৩০% বেশি। অবশ্যই, ২০১৮ সালের জুনে দাম বেড়ে ৭৬ ডলার/বিবিএল-এ পৌঁছে ছিলো, যা ২০১৪ সালের নভেম্বরের পর ছিলো সর্বোচ্চ। এই বৃদ্ধির পেছনে যে কারণগুলি ছিলো তার মধ্যে ছিলো ভেনেজুয়েলার উৎপাদনে ধস, কানাডা ও লিবিয়ায় অপ্রত্যাশিত বিভ্রাট এবং যুক্তরাষ্ট্রের আবার অবরোধের কারণে ইরানের রপ্তানি হ্রাস। ওপেক ও ওপেকের বাইরের (রাশিয়াসহ) তেল রপ্তানিকারকরা তেল উৎপাদন বাড়ানোর সিদ্ধান্ত নেওয়ায় দাম উল্লেখযোগ্যভাবে কমে আসে।

বিশ্বজুড়ে তেলের ব্যবহার স্থিতিশীল থাকা এই দাম বাড়ার পেছনে একটি কারণ ছিল। সরবরাহ সংশ্লিষ্ট বিষয়গুলো যদিও সম্ভবত আরও প্রাসঙ্গিক ছিলো। উপরে উল্লেখিত বিষয়গুলো যা ভেনেজুয়েলা ও ইরান মোকাবিলা করেছে সেসবের কারণে ব্রেন্ট ক্রুড তেলের দাম বেড়ে যায়, যা অক্টোবরে ৮৬ ডলার/ব্যারেল-এ গিয়ে পৌঁছায়। পরের মাসে, দাম কমে আসে যখন যুক্তরাষ্ট্র সাময়িকভাবে আটটি দেশে ইরানের তেল রপ্তানির ওপর অবরোধ শিথিল করে। যুক্তরাষ্ট্র ও রাশিয়াসহ অন্য অনেক দেশের তেলের উৎপাদন বাড়িয়ে দেয়াও দাম কমায় প্রভাব ফেলে।

২০১৯ ও ২০২০ সালে তেলের গড় দামের পূর্বাভাস করা হয়েছে ৬৭ ডলার/বিবিএল, যদিও এ বিষয়ে নিশ্চিত হওয়ার উপায় নেই।

Per Barrel Brent Crude Spot Price, $



উৎস: যুক্তরাষ্ট্র জ্বালানি তথ্য প্রশাসন

চাহিদা বাড়ার সম্ভাবনা কমায়,প্রবৃদ্ধির গতি হ্রাস অব্যাহত থাকবে। নিশ্চয়ই, অনেক দেশ ধীরে ধীরে তেলের বিকল্প হিসেবে অন্য জ্বালানি উৎস ব্যবহার শুরু করেছে। বিশেষ করে, চীন, দারুনভাবে এর জ্বালানি দক্ষতা দৃঢ় করেছে এবং নিঃসরণ নিয়ন্ত্রণ করেছে উল্লেখযোগ্যভাবে দূষণের বিষয়টি প্রতিরোধের জন্য। চীনে বিদ্যুৎ চালিত ও গ্যাস চালিত যানবাহন দিনে দিনে বেশি করে চোখে পড়ছে, এবং একই ধারা দেখা যাচ্ছে ভারতেও।

বৈশ্বিক তারল্য

গত অর্ধ বছরে, বৈশ্বিক অর্থনৈতিক পরিস্থিতি অপেক্ষাকৃত কঠিন হয়েছে। প্রবৃদ্ধি এখনও দারুনভাবে সহায়ক ভূমিকায় আছে, তবে উন্নত ও উদীয়মান বাজার অর্থনীতির মধ্যে বৈষম্য রয়েছে। যুক্তরাষ্ট্রের ফেডারেল রিজার্ভ ফেডারেল তহবিলের সুদ হারের লক্ষ্যের আওতা জুনে ১ দশমিক ৭৫ শতাংশ থেকে ২ শতাংশে উন্নীত করেছে। যুক্তরাষ্ট্রের অর্থনীতির প্রবৃদ্ধির সঙ্গে সঙ্গে, বেসরকারি খাতের কার্যক্রমও গতি পেয়েছে, এই পরিস্থিতিতে ফেডারেল রিজার্ভ ২০১৮ সালে আরও দুবার এবং ২০১৯ সালে আরও তিনবার সুদের হার বাড়ানোর ইঙ্গিত দিয়েছে। এদিকে, ইউরোপিয়ান সেন্ট্রাল ব্যাংক (ইসিবি), জুনে, ঘোষণা দিয়েছে যে তারা তাদের সম্পদ ক্রয় কার্যক্রমের আওতা বাড়াতে পারে এবং মাসিক ক্রয় অক্টোবরে ৩০ বিলিয়ন ইউরো থেকে ১৫ বিলিয়ন ইউরোতে কমিয়ে আনার প্রতিশ্রুতি দিয়েছে। ২০১৯ সালের গ্রীষ্মের শেষ পর্যন্ত বর্তমান সুদের হার স্থির রাখার বিষয়েও প্রতিশ্রুতি দিয়েছে ইসিবি।

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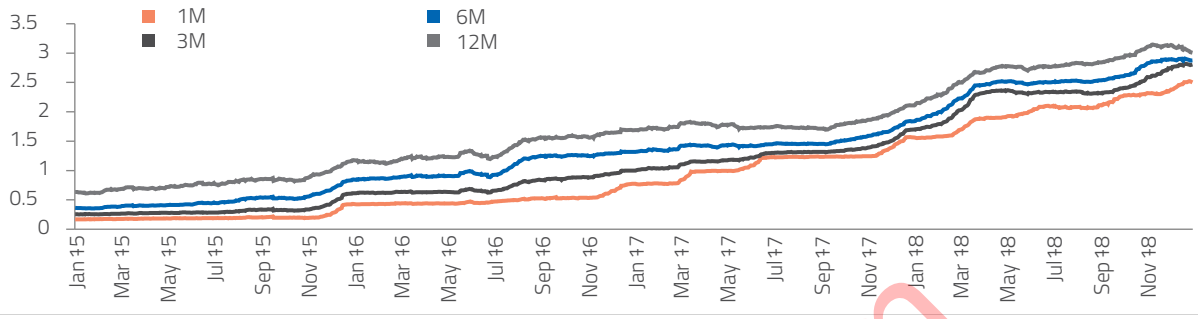
LIBOR on the rise



উৎস: আইএমএফ ওয়ার্ল্ড বুক, ম্যাক্রো ট্রেন্ডস

রক্ষণশীলতা এবং বাণিজ্য যুদ্ধ

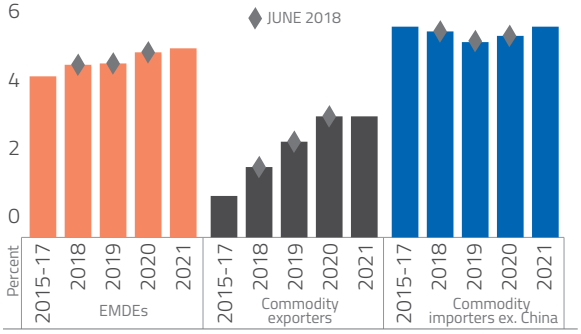
বাণিজ্য উত্তেজনা, এখন পর্যন্ত, সুনির্দিষ্ট কিছু খাতে একটি সীমিত প্রভাব ফেলেছে। বিশেষ করে, মোটরগাড়ি, অ্যালুমিনিয়াম ও বাণিজ্য-সংবেদনশীল কিছু মুদ্রায় এর প্রভাব পড়েছে। বাণিজ্য উত্তেজনা বাড়ায় এবং অর্থনৈতিক পরিস্থিতি আটোসাঁটো হওয়ায়, সম্পদের সূচক নেমে গেছে। বেজলাইন বা ভিত্তিরেখা পূর্বাভাসে যুক্তরাষ্ট্র সেপ্টেম্বরে যে শুল্ক হার ঘোষণা করেছে তার প্রভাব বিবেচনায় নেওয়া হয়েছে, যেগুলোর অনেকগুলোই চীন থেকে আমদানি করা পণ্যের ওপর আরোপিত। বাণিজ্যে বেড়ে চলা অস্থিরতা, এবং বিপুল সংখ্যক মুক্ত বাণিজ্য চুক্তি (যথা- নাফটা) অব্যাহতভাবে পুনর্মূল্যায়ন করে চলা, পাশপাশি ব্রেক্সিটের মেঘাচ্ছন্ন প্রভাব, সবই খুবই অনিশ্চিত ভবিষ্যতের জন্য খরচ যোগাচ্ছে।

মডেল সিমুলেশন থেকে দেখা গেছে যে বৈশ্বিক জিডিপি প্রবৃদ্ধির হার ২০২০ সাল নাগাদ শূন্য দশমিক ৮ ভাগেরও বেশি কমে যাবে, এবং সম্ভাব্য শূন্য দশমিক ৪ শতাংশে অবস্থান করবে যা একটি দীর্ঘ-মেয়াদী বেজলাইনের তুলনায় কম যেখানে বাণিজ্য যুদ্ধকে ছাড় দেওয়া হয়েছে। বর্তমানে প্রস্তাবিত শুল্ক হার বাস্তবায়ন করা হলে, প্রায় ৫% বৈশ্বিক বাণিজ্য প্রবাহে এর প্রভাব পড়বে। এটা অনেক অর্থনীতির প্রবৃদ্ধি নষ্ট করে দিতে পারে। রক্ষণশীলতা, যা এখন ঊর্ধ্বমুখী, বিনিয়োগ বাধাগ্রস্ত করে এবং আন্তর্জাতিক ভ্যালু চেইনকে ক্ষতিগ্রস্ত করতে পারে। এই নেতিবাচক চিত্রটি আরও অন্ধকার হয়ে ওঠে রাজনৈতিক ধোঁয়াশা ও ভূ-রাজনৈতিক অস্থিরতার ঊর্ধ্বগতির কারণে। যুক্তরাষ্ট্র ও চীনের কার্যক্রম কমে গেলে তা বৈশ্বিক সম্ভাবনাকে দারুনভাবে ক্ষতির মুখে ফেলতে পারে। বিশেষকরে, নাফটা বাণিজ্য অংশীদারদের জন্য,ধারণা করা হচ্ছে ২০২০ সাল নাগাদ জিডিপি প্রবৃদ্ধির হার কমপক্ষে ১ দশমিক ৬ শতাংশ কমে যেতে পারে যদি শুল্ক সংক্রান্ত উদ্যোগগুলি বাস্তবায়ন করা হয়।

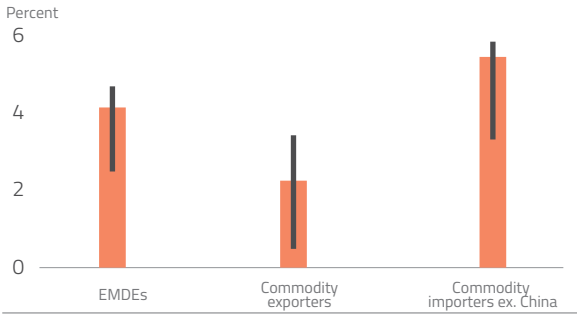
উদীয়মান বাজার ও উন্নয়নশীল অর্থনীতিগুলি (ইএমডিইস) ইএমডিইতে সামলে ওঠার কার্যক্রম স্থবির হয়ে গেছে। ইএমডিইসগুলোর মধ্যে, ২০১৮ সালে ক্রমবর্ধমান প্রবৃদ্ধির হার ৪ দশমিক ২ শতাংশ কমেছে, যার কারণ ছিলো যুক্তরাষ্ট্রের ডলার শক্তিশালী হওয়া, মূলধন প্রবাহ কমে যাওয়া, বাণিজ্য উত্তেজনা বেড়ে চলা, এবং বৈশ্বিক উৎপাদন ও বাণিজ্যে কঠোর নিয়ন্ত্রণ আরোপ। বড় পরিসরে, বিশেষ করে চলতি তহবিলে ঘাটতি এবং পোর্টফোলিও ও ব্যাংকের তারল্য সংকট থেকে অস্থিরতা বাড়ার চাপের কারণে ইএমডিইস-এ দুর্বল কার্যক্রম চোখে পড়েছে। এসব অর্থনীতির গতি থমকে যাওয়া আরও প্রকট হয়েছে সাম্প্রতিক উচ্চ-ফ্রিকোয়েন্সির সূচকগুলোর মাধ্যমে।

পণ্য রপ্তানিকারকদের সামলে ওঠার গতি দারুনভাবে ধীর হয়ে গেছে। অবশ্যই, এই গোষ্ঠীর মধ্যে এখন কার্যক্রম তুলনামূলক বেশি বৈচিত্র্যময়। কয়েক বছর স্থিতিশীলভাবে সামলে ওঠার পর, ব্যক্তিখাতের ভোক্তা প্রবৃদ্ধি একইভাবে ধীর হয়ে গেছে। উচ্চ মূল্যস্ফীতি এবং ঋণ পাওয়ার কঠোর শর্ত মূলত এজন্য দায়ী। একই ধরনের বিষয়গুলোর মুখোমুখি হতে হচ্ছে পণ্য আমদানিকারকদের যারা পরিস্থিতি প্রতিকূল হওয়া এবং নীতি নিয়ে ধোঁয়াশার মধ্যে পড়েছে। বড় পরিসরে, মূল্যস্ফীতি বাড়ার অন্যতম কারণ ২০১৮ সালে তেলের দাম বৃদ্ধি। মুদ্রা বাজার ও অর্থনৈতিক বাজারের অস্থিরতাসহ বিভিন্ন কারণে ইএমডিইগুলোর মধ্যে, মুদ্রানীতি কঠোর হয়েছে।

A. Growth



B. Projected and potential growth in 2019



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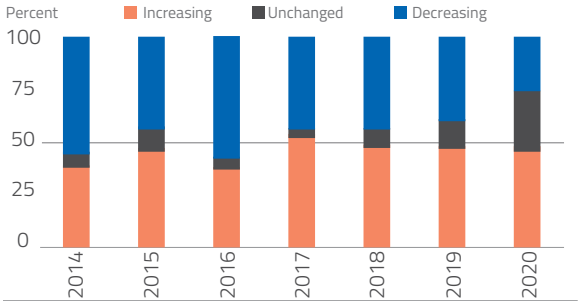
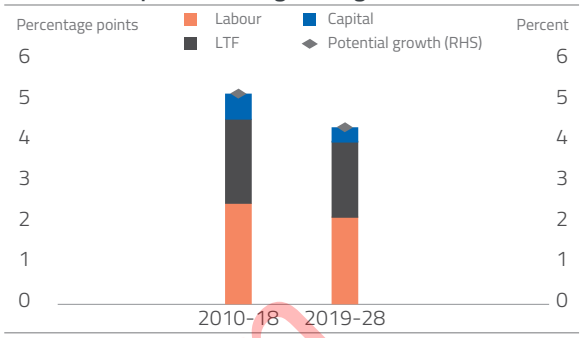
C. Number of EMDEs With Increasing unchanged, or decreasing growth



উৎস: যুক্তরাষ্ট্র জ্বালানি তথ্য প্রশাসন

D. Drivers of potential long-term growth



বিপরীত দিকে, অনেক তেল রপ্তানিকারক দেশে কার্যক্রম দৃঢ় হয়েছে যার প্রভাবে তেলের উৎপাদন ২০১৮ সালে আবার ঘুরে দাড়িয়েছে। একই ধরনের ইতিবাচক পদক্ষেপ দেখা গেছে জ্বালানি রপ্তানিকারক বড় দেশগুলোতে যারা ২০১৪-১৬ মেয়াদে তেলের দর পতনের মধ্যে সতর্কভাবে পরিবর্তন এনেছে। এছাড়া, নতুন অবকাঠামো প্রকল্প এবং সরাসরি বৈদেশিক বিনিয়োগ- এফডিআই আকর্ষণের চেষ্টায়ও কার্যক্রম শক্তিশালী হয়েছে অনেক দেশে।

আন্তর্জাতিক বাণিজ্য

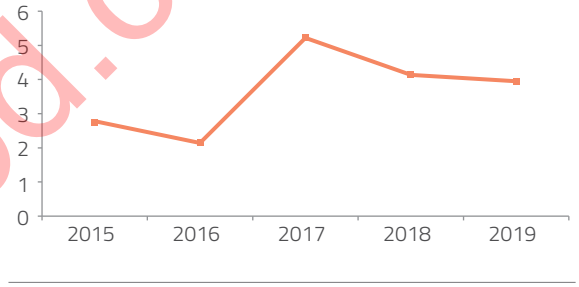
২০১৮ সালের প্রথম ছয় মাসে আন্তর্জাতিক বাণিজ্যের গতি হ্রাস পেয়েছে। এর জন্য অংশত দায়ী ইউরোপ ও উদীয়মান এশিয়ায় মূলধনী পণ্যের উৎপাদন কমে যাওয়া। এর সঙ্গে, ২০১৬ সালের শুরুতে চালু করা শুল্ক যুক্তরাষ্ট্রের ১২ শতাংশ এবং চীনের ৬ দশমিক ৫ শতাংশ আমদানিকে প্রভাবিত করেছে। দরিদ্রতর ইএমডিইস বিশেষভাবে ক্ষতির মুখে পড়েছে যুক্তরাষ্ট্রের ইস্পাত আমদানিতে শুল্ক বাড়ানোয়।

জি-২০ নিয়ে সম্মেলনে যুক্তরাষ্ট্র ও চীনের মধ্যে শুল্ক বাড়ানোর সিদ্ধান্ত সাময়িকভাবে চূড়ান্ত হলেও, আরও বড় পরিসরে কড়াকড়ি আরোপ একটি বাস্তবতা। এর ফলে, প্রতিষ্ঠানগুলি গোবাল ভ্যালু চেইনে বিনিয়োগ বা অংশ নিতে কম আগ্রহী হতে পারে।

এছাড়া, উন্নত অর্থনীতি সুদের হারের ক্রমাগত বৃদ্ধি ও চীনের অর্থনীতিতে ভারসাম্য পুনঃপ্রতিষ্ঠা আন্তর্জাতিক বাণিজ্য ও বিনিয়োগকে একটি ধীর গতির মুখে ফেলবে বলে ধারণা করা হচ্ছে।

বৈশ্বিক ডিজিপির তুলনায় আন্তর্জাতিক বাণিজ্যে দ্রুত প্রবৃদ্ধি হবে বলে আশা করা হচ্ছে, তবে ততোটা দ্রুত নয় যতোটা আগে পূর্বাভাস দেয়া হয়েছিলো। ডবিউটিওর হিসাবে বাণিজ্য অস্থিরতা বেড়ে চলায় এবং গুরুত্বপূর্ণ বাজারগুলোয় একটি কঠোর ঋণ বাজার পরিবেশের কারণে ২০১৯ সালে বৈশ্বিক মার্চেন্ডাইজ বাণিজ্যের প্রবৃদ্ধি শূন্য দশমিক ২ শতাংশ পয়েন্ট হ্রাস হবে। ফলসরূপ, বাণিজ্য নীতি অনিশ্চিত হয়ে পড়বে এবং অনেক ইএমডিইস এর প্রবৃদ্ধির সুযোগ হারিয়ে যাবে।

Growth in global trade volume to shrink



উৎস: আইএমএফ ওয়ার্ল্ড বুক

আন্তর্জাতিক মূল্যস্ফীতি

১৯৭০ এর পর আন্তর্জাতিক মূল্যস্ফীতির হার উল্লেখযোগ্যভাবে কমেছে; যদিও ২০১৭ সালের ১ দশমিক ৭ শতাংশ থেকে দ্বিগুণ বেড়ে ২০১৮ সালে তা ৩ দশমিক ৫ শতাংশ হয়েছে, এবং বৃদ্ধির এই ধারা কিছু সতর্ক সংকেত দিতে পারে।

অনেক নেতৃস্থানীয় অর্থনীতিতে মূল্যস্ফীতির হারে একটি বৃদ্ধি দেখা যাবে বলে আশা করা হচ্ছে। চীন, ভারত, ব্রাজিল, রাশিয়া ও তুরস্কসহ কিছু ইএমডিইসও বৃদ্ধির এই পরিস্থিতির মুখোমুখি হবে। বিপরীতে, মেক্সিকো, আফ্রিকার সাহারা-প্রান্তীয় অঞ্চল, নাইজেরিয়া ও অ্যাংগোলায় মূল্যস্ফীতির হার হ্রাসের পূর্বাভাস রয়েছে।

মূল্যস্ফীতি বাড়ার একটি বড় কারণ জ্বালানির দাম বৃদ্ধি। একই ধরনের বৃদ্ধির প্রবণতা দেখা যাচ্ছে মূল মূল্যস্ফীতিতে; যদিও, এই মান এখনও কেন্দ্রীয় ব্যাংকগুলোর লক্ষ্যের চেয়ে কম। বেকারত্বের উচ্চ হার এবং ব্রিটিশ পাউন্ডের অবমূল্যায়ন যুক্তরাষ্ট্র ও যুক্তরাজ্য উভয়ের জন্যই মূল মূল্যস্ফীতি বাড়ার ক্ষেত্রে ভূমিকা রাখবে। এদিকে, ভারত, চীনসহ ইএমডিইস-এ মূল মূল্যস্ফীতি বাড়বে যার অন্যতম কারণ চীনে অভ্যন্তরীণ

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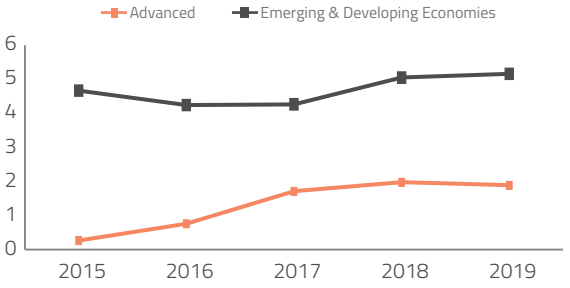
চাহিদার পড়তিভাব এবং ভারতে আউটপুট পার্থক্য কমে আসা। ব্রাজিল, মেক্সিকো ও রাশিয়াসহ অন্যান্য ইএমডিইস-এ যদিও মূল মূল্যস্ফীতির হার হ্রাস পাবে।

Inflation across economies on the rise



উৎস: আইএমএফ ওয়ার্ল্ড বুক

বৈশ্বিক অর্থনৈতিক পূর্বাভাস

২০১৯-২০ মেয়াদে, বৈশ্বিক জিডিপির প্রবৃদ্ধি হ্রাসের পূর্বাভাস দেয়া হয়েছে, তবে তা খুবই সামান্য (শূন্য দশমিক দুই শতাংশ পয়েন্ট), এবং টেকসই প্রবৃদ্ধি অর্জনের জন্য অর্থনীতিগুলোকে উপযুক্ত নীতি গ্রহণ করতে হবে।

নিকট ভবিষ্যতে, আন্তর্জাতিক অর্থনীতিতে নিম্নোক্ত বিষয়গুলি ঘটার সম্ভাবনা রয়েছে:

- আরও বাণিজ্য উত্তেজনা, বাণিজ্য ও জিডিপি প্রবৃদ্ধিকে প্রভাবিত করবে, এবং ব্যবসায় আরও বেশি অনিশ্চয়তা বাড়াবে।
- অর্থনীতির আটোসাঁটো পরিস্থিতি, যা উদীয়মান অর্থনীতি থেকে মূলধন বেরিয়ে যাওয়াকে তরান্বিত করতে পারে এবং চাহিদাকে দমিয়ে দিতে পারে।
- চীনের অর্থনীতির তড়িৎ ধীরগতি, উদীয়মান ও উন্নত উভয় অর্থনীতিকেই ক্ষতিগ্রস্ত করবে যদি বৈশ্বিক সম্পদ সূচকে দ্রুত উল্লেখযোগ্য পতন হয় এবং চীনের চাহিদা কমে যাওয়া উচ্চতরবৈশ্বিক ঝুঁকি প্রিমিয়ামকে উৎসাহিত করতে পারে।

যেহেতু একটি হঠাৎ ধীরগতি মোকাবেলায় নীতি নির্ধারকরা নিয়ন্ত্রণ ব্যবস্থায় কড়াকড়ি আরোপ করছে তাই সহযোগিতা বিশেষভাবে গুরুত্বপূর্ণ হয়ে উঠেছে। কিছু দেশে মুদ্রানীতি এখনও যথেষ্ট উদার রয়েছে, এবং সরকারি ও বেসরকারি জিডিপি-ঋণ অনুপাত ঐতিহাসিকভাবে উচ্চ পর্যায়ে পৌঁছেছে। বেশ উপযুক্তভাবে, অর্থবছরের উদ্দীপনা সহজ করা হবে। যাইহোক, যখন একটি মন্দাভাব দেখা দেয়, অর্থবছরের উদ্দীপনা যোগাতে সুদের হার কমিয়ে দেয়ার বিষয়ে সরকারের মনোযোগী হওয়া দরকার। বিশ্বজুড়ে, টেকসই ঘুরে দাঁড়ানোর বিষয়টি অর্জন করতে, বহুপাক্ষিক সহযোগিতা আবশ্যিক।

বাংলাদেশের অর্থনীতি

২০১৮ সালে বাংলাদেশের জন্য সবকিছুই ইতিবাচক ছিলো। প্রথমত, জাতিসংঘের মানদ- উন্নয়নশীল দেশের মর্যাদায় উন্নীত হওয়ার সঠিক পথেই আছে বাংলাদেশ। দ্বিতীয়ত, রেমিটেন্স বা প্রবাসী আয়ের প্রবাহ ভালোভাবেই ঘুরে দাঁড়িয়েছে, যার প্রবৃদ্ধি ১৭ দশমিক ২ শতাংশ রেকর্ড করা হয়েছে এবং বৈদেশিক মুদ্রার মজুদ ৩০ বিলিয়ন ডলারের ওপরে রয়েছে। তৃতীয়ত, মূল্যস্ফীতির হার ৬ শতাংশের অনেক নীচে অবস্থান করছে এবং উৎপাদন খাতের ওপর নিভর করে জিডিপির প্রবৃদ্ধির হার উৎসাহব্যাঞ্জকভাবে ৭ দশমিক ৮৬ শতাংশে পৌঁছেছে। তবে, রোহিঙ্গা সংকট এবং বেড়ে চলা বাণিজ্য ঘাটতির মতো দীর্ঘ-মেয়াদী সংকটগুলো ২০১৮ সালে বাংলাদেশের অর্থনীতির সামলে ওঠার গতিকে ব্যাহত করেছে। কেন্দ্রীয় ব্যাংকের নেয়া পদক্ষেপ মুদ্রাবাজারের তারল্য সংকট মোকাবেলায় ভূমিকা রাখলেও, খেলাপি ঋণের পরিমাণ বৃদ্ধি এবং আমানত-ঋণ প্রবৃদ্ধির অসামঞ্জস্য সার্বিক অর্থনীতির ওপর চাপ সৃষ্টি করেছে। এদিকে, খাদ্যপণ্যে মূল্যস্ফীতি বাড়ার সাথে সাথে সার্বিক মূল্যস্ফীতির হারও বাড়ছে, যা সংকোচনশীল মুদ্রানীতির দিকে আহ্বান জানাচ্ছে।

সার্বভৌম রেটিং

তিনটি আন্তর্জাতিক রেটিং সংস্থা ২০১৮ সালে বাংলাদেশের ক্রেডিট প্রোফাইলকে স্থিতিশীল বলে স্বীকৃতি দিয়েছে। টানা নবম বছরে, মুডি'স এবং স্ট্যান্ডার্ড অ্যান্ড পুওর'স (এসঅ্যান্ডপি) বাংলাদেশকে যথাক্রমে 'বিএ-থ্রি' এবং 'বিবি মাইনাস' রেটিং দিয়েছে। ফিচ রেটিং ২০১৮ সালের ৬ ডিসেম্বর প্রকাশিত প্রতিবেদনে একটি স্থিতিশীল পূর্বাভাস দিয়ে বাংলাদেশের লং-টার্ম ফরেন-কারেন্সি ইস্যুয়ার ডিফল্ট রেটিং (আইডিআর) এ 'বিবি মাইনাস' দিয়েছে। এই ক্ষেত্রে প্রতিবেশি অর্থনীতিগুলোর মধ্যে বাংলাদেশ একটি ভালো অবস্থানে রয়েছে:

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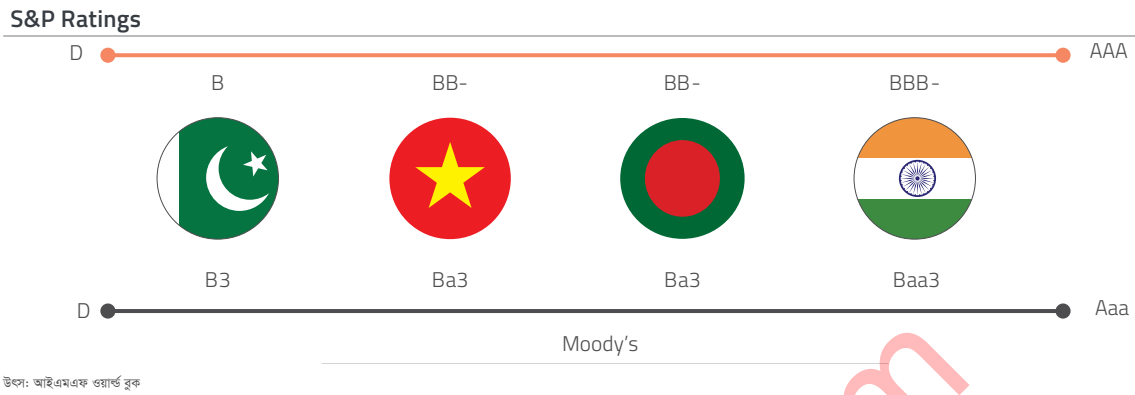

উৎস: আইএমএফ ওয়ার্ল্ড বুক

রেটিং সীমাবদ্ধতাগুলোর মধ্যে অন্যতম হলো, নিম্ন অর্থনৈতিক উন্নয়ন (২০১৮ সালে মাথাপিছু জিডিপি ১ হাজার ৬২০ ডলার) যা বাংলাদেশের জন্য এখনও সবচেয়ে বিবেচনাযোগ্য। এটা দেশকে একটি দরিদ্র রাজস্ব ভিত্তি দেয়, যার ফলে বর্হিমুখী ধাক্কাগুলো সামলানোর ক্ষেত্রে আর্থিক ও তারল্য সক্ষমতা সীমিত করে। ওপরে উল্লেখ করা সব রেটিং সংস্থা এই ক্ষুদ্র ভিত্তি নিয়ে তাদের উদ্বেগ প্রকাশ করেছে, যার সঙ্গে যুক্ত হয়েছে ঝুঁকিপূর্ণ ব্যাংকিং খাত।

ইতিবাচকভাবে,ফিচ রেটিংয়ে জিডিপি প্রবৃদ্ধির হারের মধ্যে বাংলাদেশের প্রবৃদ্ধিই সবচেয়ে শক্তিশালী যা ২০১৯ অর্থবছর পর্যন্ত গত পাঁচ বছরে ধারাবাহিকভাবে ৭ শতাংশের ওপরে প্রবৃদ্ধির হার ধরে রেখেছে, এই হিসাবে বাংলাদেশ 'বিবি' শ্রেণির (গড় ৪ দশমিক ২ শতাংশ) লক্ষ্যের অনেক উপরে অবস্থান করছে। দেশের বৈদেশিক মুদ্রার মজুদের (২০১৮ সালের অক্টোবরে ৩২ দশমিক ১ বিলিয়ন ডলার) রেটিংও সন্তোষজনক। এটা দিয়ে ২০১৯ সালে ৫ দশমিক ৭ মাসের এক্সটার্নাল পেমেন্ট বা বাইরের পাওনা পরিশোধ করা যাবে ('বিবি' শ্রেণির গড় ৪ দশমিক ৪ মাসের ওপরে)। এই সুবিধা নষ্ট হয়ে যেতে পারে যদি বাংলাদেশ ব্যাংক মুদ্রা বিনিময় হারের চলতি হিসাবের বেড়ে চলা ঘাটতি মেটাতে অগ্রাধিকার ভিত্তিক সহায়তা দিতে যায়।

কৃষি খাত

কৃষি খাতের অবদান, সামগ্রিকভাবে, বাংলাদেশের জিডিপিতে ১৪ দশমিক ২৩ শতাংশ, এবং ২০১৮ সালে এই খাতে উৎপাদন বেড়েছে। এই খাতে প্রবৃদ্ধি রেকর্ড করা হয়েছে ৪ দশমিক ১৯ শতাংশ, যা ২০১৭ সালের তুলনায় ১ দশমিক ২২ শতাংশ পয়েন্ট বেশি। বিবিএসের একটি প্রাথমিক হিসাব বলছে আগের বছরের তুলনায় ২০১৮ সালে খাদ্যশস্য উৎপাদন বেড়েছে ৬ দশমিক ৭৯ শতাংশ।

একইভাবে, মোট অভ্যন্তরীণভাবে খাদ্যশস্য ক্রয় করা হয়েছিলো ১৬ দশমিক ৭ লাখ মেট্রিক টন (১৭ দশমিক ৩ লাখ মেট্রিক টন লক্ষ্যের বিপরীতে)। সরকারি ব্যবস্থাপনায় খাদ্যশস্য আমদানি করা হয় ৯৭ দশমিক ৭ লাখ মেট্রিক টন (চাল ৩৮ দশমিক ৯ লাখ মেট্রিক টন; গম ৫৮ দশমিক ৮ লাখ মেট্রিক টন) আর বেসরকারি খাতে আমদানির পরিমাণ ছিলো ৮৩ দশমিক ৮ লাখ মেট্রিক টন (চাল ৩০ দশমিক ১ লাখ মেট্রিক টন; গম ৫৩ দশমিক ৭ লাখ মেট্রিক টন)। কৃষি খাতে ঋণ বিতরণের লক্ষ্য ঠিক করা হয়েছিলো ২০৪ বিলিয়ন টাকা যা সহজেই অর্জিত হয় ২০১৮ জুন পর্যন্ত বিতরণ করা হয় ২১৪ বিলিয়ন টাকা। উৎপাদন বাড়াতে, কৃষি খাতে ভর্তুকির পরিমাণও বাড়ানো হয়, এবং কৃষি ঋণের বর্ধিত আওতা ও প্রাপ্যতা নিশ্চিত করা হয়।

শিল্প খাত

বাংলাদেশে, জিডিপিতে শিল্প খাতের অবদান বাড়ছে। বিবিএসের হিসাব বলছে ২০১৮ অর্থবছরে জিডিপিতে শিল্প খাতের অবদান ছিলো ৩৩ দশমিক ৬৬ শতাংশ (২০১৭ অর্থবছরে যা ছিলো ৩২ দশমিক ৪২ শতাংশ)। পর্যালোচনাধীন বছরে, এই খাতে ১২ দশমিক ০৬ শতাংশ প্রবৃদ্ধি অর্জিত হয়েছে, ২০১৭ অর্থবছরে এই প্রবৃদ্ধির হার ছিলো ১০ দশমিক ২২ শতাংশ। বৃহৎ খাতের মধ্যে, খনিজ সম্পদ থেকে অবদান কমেছে যা ২০১৭ অর্থবছরে ছিলো ৮ দশমিক ৮৯ শতাংশ তা ২০১৮ অর্থবছরে ৭ শতাংশে নেমেছে। বিপরীত দিকে, নিম্নোক্ত উপ-খাতগুলোতে প্রবৃদ্ধি বেড়েছে: উৎপাদন (১৩ দশমিক ৪ শতাংশ); বিদ্যুৎ-গ্যাস-পানি সরবরাহ (৯ দশমিক ১৯ শতাংশ); এবং নির্মাণ (৯ দশমিক ১৯ শতাংশ)। উৎপাদন খাতের মধ্যে বড় ও মাঝারি আকারের শিল্পের প্রবৃদ্ধির (১৪ দশমিক ২৬ শতাংশ) সঙ্গে ক্ষুদ্র শিল্পের প্রবৃদ্ধির (৯ দশমিক ২৫ শতাংশ) উল্লেখযোগ্য পার্থক্যদেখা গেছে। এদিকে পানি সরবরাহ উপ-খাতের তুলনায় বিদ্যুৎ এবং গ্যাস উপ-খাতে দ্রুততর প্রবৃদ্ধিরেকর্ড হয়েছে।

সেবা খাত

২০১৮ অর্থবছরে বৃহৎ সেবাখাতে প্রবৃদ্ধি হয়েছে ৬ দশমিক ৩৯ শতাংশ, যা আগের বছরের তুলনায় শূন্য দশমিক ৩ শতাংশ কম। এই খাতের অধীনে, পাইকারি ও খুচরা বাণিজ্য, হোটেল ও রেস্তোরাঁ, আবাসন, ভাড়া ও ব্যবসা কার্যক্রম, এবং কমিউনিটি, সামাজিক ও ব্যক্তি সেবা

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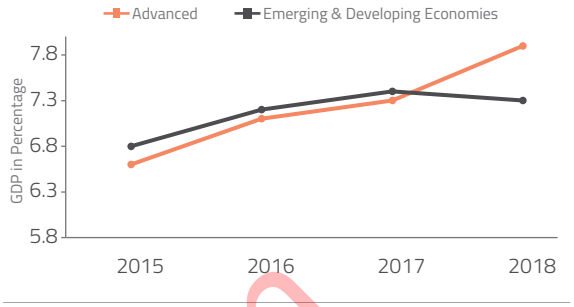
সবই আগের বছরের তুলনায় ভালো করেছে। তবে, পরিবহন, মজুদ ও যোগাযোগ, আর্থিক মধ্যস্বত্বভোগ, জনপ্রশাসন ও প্রতিরক্ষা, শিক্ষা, স্বাস্থ্য ও সামাজিক কার্যক্রম সব খাতের প্রবৃদ্ধি কমেছে।

প্রবৃদ্ধি পারদর্শিতা

বাংলাদেশ ধারাবাহিক প্রবৃদ্ধি অর্জন করছে, যা মূলত উৎসাহব্যাঞ্জক জিডিপি প্রবৃদ্ধি, জনসংখ্যাগত লভ্যাংশ, ও সরাসরি বৈদেশিক বিনিয়োগের অবদান। টানা তিন বছর ধরে বাস্তব জিডিপি প্রবৃদ্ধির হার ৬ দশমিক ৫ শতাংশের ওপরে রাখা প্রমাণ করে এর অর্থনৈতিক স্থিতিশীল উন্নতির অবস্থানকে:

CHART 1.1 GDP GROWTH TREND (IMF & ADB ESTIMATES)



উৎস: লাইটক্যাসেল ইকনোমিক আপডেট ২০১৮

বিবিএসের ২০১৮ অর্থবছরের চূড়ান্ত হিসাবে বলা হচ্ছে জিডিপির প্রবৃদ্ধির হার ৭ দশমিক ৮৬ শতাংশ: যা ২০১৭ অর্থবছরের একই সূচকের ৭ দশমিক ২৮ শতাংশের তুলনায় উল্লেখযোগ্য প্রবৃদ্ধি।

সঞ্চয় ও বিনিয়োগ

২০১৮ অর্থবছরে অভ্যন্তরীণ সঞ্চয়ের পরিমাণ ছিলো জিডিপির ২২ দশমিক ৮৩ শতাংশ: ২০১৭ অর্থবছরের তুলনায় ২ দশমিক ৫ শতাংশ পয়েন্ট কম। এছাড়া, জাতীয় সঞ্চয়ও জিডিপির শতাংশের হারের বিবেচনায় কমে ২৭ দশমিক ৪২ শতাংশ হয়েছে। একই সময়ে, ২০১৮ অর্থবছরে বিনিয়োগ শূন্য দশমিক ৭২ শতাংশ পয়েন্ট বেড়ে জিডিপির ৩১ দশমিক ২৩ শতাংশ হয়েছে। এই হিসাবের মধ্যে, বেসরকারি বিনিয়োগের অবদান জিডিপির ২৩ দশমিক ২৬ শতাংশ, যা আগের বছরের তুলনায় সামান্য বেশি, আর সরকারি বিনিয়োগের অবদান ৭ দশমিক ৯৭ শতাংশ, ২০১৭ অর্থবছরের তুলনায় (জিডিপির ৭ দশমিক ৪১ শতাংশ) সামান্য বেশি।

আর্থিক খাত

২০১৮ অর্থবছরের সংশোধিত বাজেটে বাজেট ঘাটতি ছিলো ১ হাজার ৭৫ বিলিয়ন টাকা (জিডিপির ৪ দশমিক ৭৮ শতাংশ)। এরমধ্যে, ৪১৫ বিলিয়ন টাকা বাইরের উৎস থেকে (বৈদেশিক সহায়তাসহ) অর্থায়নের কথা ছিলো, আর অভ্যন্তরীণ উৎস থেকে অর্থায়নের কথা ছিলো ৬৬০ বিলিয়ন টাকার। ইন্টিগ্রেডেড বাজেট অ্যান্ড অ্যাকাউন্টিং সিস্টেম (আইবিএএস++) এর প্রাথমিক উপাত্ত বলছে ২০১৮ অর্থবছরে ঘাটতি বাজেট ছিলো জিডিপির ৩ দশমিক ৯৬ শতাংশ (সহায়তা বাদে), যেখানে অভ্যন্তরীণ উৎসের অবদান ৩ দশমিক ৬৮ শতাংশ এবং বাইরের উৎসের অবদান শূন্য দশমিক ২৮ শতাংশ।

রাজস্ব আহরণের বিচারে, ২০১৮ সালে সন্তোষজনক প্রবৃদ্ধি অর্জিত হয়েছে। ওই সময়ের জন্য, রাজস্ব আহরণের সংশোধিত লক্ষ্য ছিলো ২ হাজার ৫৯৪ বিলিয়ন টাকা (জিডিপির ১১ দশমিক ৫৩ শতাংশ), যার মধ্যে এনবিআরের উৎস থেকে কর বাবদ রাজস্ব আদায়ের লক্ষ্য ২ হাজার ২৫০ বিলিয়ন টাকা (জিডিপির ১০ শতাংশ), আর এনবিআর-বহির্ভূত উৎস থেকে কর বাবদ রাজস্ব আদায়ের লক্ষ্য ৭৫ বিলিয়ন টাকা (জিডিপির শূন্য দশমিক ৩৩ শতাংশ) এবং কর বহির্ভূত রাজস্বের লক্ষ্য ছিলো ২৬৯ বিলিয়ন টাকা (জিডিপির ১ দশমিক ২১ শতাংশ)। এসব লক্ষ্য বিবেচনায় রেখে, আইবিএএস++ এর সাময়িক হিসাবে, ওই মেয়াদে কর বাবদ রাজস্ব আদায়ের পরিমাণ ছিলো ২ হাজার ১৫ বিলিয়ন টাকা (যা আগের বছরের তুলনায় ১৭ দশমিক ৪৫ শতাংশ বেশি। একই সময়ে কর বহির্ভূত রাজস্ব আদায় কমেছে ৪ দশমিক ১৪ শতাংশ যার পরিমাণ ছিলো ২২৩ বিলিয়ন টাকা। সবশেষে, সংশোধিত লক্ষ্যের ৮৯ দশমিক ৩৫ শতাংশ অর্জনের মাধ্যমে ২০১৮ অর্থবছরে মোট রাজস্ব আদায় বেড়েছে ১৪ দশমিক ৩৮ শতাংশ যার পরিমাণ ২ হাজার ৩১৮ বিলিয়ন টাকা।

২০১৮ অর্থবছরের সংশোধিত বাজেটে, সরকারি ব্যয় জিডিপির শতাংশের হিসাবে ১৪ দশমিক ৪১ শতাংশ (২০১৭ অর্থবছরে) থেকে বেড়ে ১৭ দশমিক ৪৫ শতাংশ হয়েছে। সরকারি ব্যয়ের মধ্যে আবার, উন্নয়ন ব্যয় সবচেয়ে দ্রুত প্রবৃদ্ধির রেকর্ড করেছে।

বাইরের খাত

পর্যালোচনায় থাকা মেয়াদে (২০১৮ অর্থবছরে), বাংলাদেশের রপ্তানি প্রবৃদ্ধির হার সন্তোষজনক ৫ দশমিক ৮১ শতাংশে ছিলো। ২০১৭ অর্থবছরের তুলনায় আমদানির কার বেড়েছে উল্লেখযোগ্যভাবে ২৫ দশমিক ২৩ শতাংশ, যার ফলে বাণিজ্য ঘাটতির চিত্র আরও নাজুক হয়েছে। চলতি হিসাবের বেড়ে চলা ঘাটতির কারণে ব্যালেন্স অব পেমেন্ট ২০১৮ অর্থবছরে ৮৮৫ মিলিয়ন ডলারে ঘাটতিতে পড়ে। পরোক্ষ আয় ও আর্থিক হিসাবে উদ্বৃত্ত থাকা স্বত্বেও এমনটি হয়েছে।

২০১৮ সালে বড় ধরনের রেমিটেন্স প্রবাহের কারণে বৈদেশিক মুদ্রার রিজার্ভ ভালোভাবেই ৩০ বিলিয়ন ডলারের ওপরে অবস্থান করেছে এবং রপ্তানির চিত্রও সন্তোষজনক ছিলো। বাংলাদেশ ব্যাংকের তথ্যে দেখা

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গেছে বৈদেশিক মুদ্রার রিজার্ভ ছিলো ৩২ দশমিক ০২ বিলিয়ন ডলার (২০০৮ সালের তুলনায় ৪৫০ দশমিক ৮৬ শতাংশ বেশি বৃদ্ধি)।

রপ্তানি

২০১৮ অর্থবছরে বাংলাদেশের রপ্তানি আয় ৩৬ বিলিয়ন ডলারে পৌঁছেছে (২০১৭ অর্থবছরের তুলনায় ৫ দশমিক ৮১ শতাংশ বেশি)। ২০১৮ অর্থবছরে, রপ্তানি আয় বাড়ার পেছনে বড় ভূমিকা রেখেছে কৃষি পণ্য, সিরামিক পণ্য, হস্তশিল্প, তুলা ও তুলাজাত পণ্য, সুতিবস্ত্র, তাঁতবস্ত্র, পাট পণ্য, রাসায়নিক পণ্য, ও উভেন গার্মেন্টস। ২০১৮ অর্থবছরের শ্রেণি-ভিত্তিক তথ্য থেকে দেখা যায় কৃষি পণ্য ও সিরামিক পণ্যে রপ্তানি আয় বেড়েছে যথাক্রমে ৩৮ দশমিক ৫৫ শতাংশ এবং ৩২ দশমিক ৭০ শতাংশ, যা হস্তশিল্প (১৫ দশমিক ২৬ শতাংশ) ও তুলা ও তুলাজাত পণ্যের (১৪ দশমিক ০৩ শতাংশ) চেয়ে বেশি।

আমদানি

২০১৮ অর্থবছরে বাংলাদেশের মোট আমদানি দায় (সিঅ্যান্ডএফ) ৫৮ বিলিয়ন ডলারে পৌঁছায় (আগের বছরের চেয়ে যা ২৫ দশমিক ২৩ শতাংশ বেশি)। মোট আমদানি পণ্যের হিসাবে ২০১৮ অর্থবছরে বাংলাদেশের আমদানি পণ্যের সবচেয়ে বড় উৎস ছিলো চীন। ২০১৮ অর্থবছরে মোট আমদানির ২৭ দশমিক ০৭ শতাংশ আসে চীন থেকে, দ্বিতীয় অবস্থানে ছিলো ভারত (১৫ দশমিক ১৯ শতাংশ) এবং তৃতীয় জাপান (৪ দশমিক ১১ শতাংশ)।

রেমিটেন্স

অভিবাসনের হার কমলেও, বাংলাদেশে রেমিটেন্সের পরিমাণ ছিলো বিপুল। ২০১৮ অর্থবছরে কাজের জন্য বাংলাদেশিদের অভিবাসী হওয়ার হার আগের বছরের তুলনায় ২ দশমিক ৮ শতাংশ কমেছে। যাইহোক, ২০১৮ সালে রেমিটেন্সের প্রবাহ বেড়েছে ১৭ দশমিক ৩২ শতাংশ, যার পেছনে ডলার-টাকা বিনিময় হারের স্ফীতিও বড় অবদান রেখেছে।

সরাসরি বৈদেশিক বিনিয়োগ (এফডিআই)

২০১৮ সালে নিট সরসরি বৈদেশিক বিনিয়োগে সামান্য প্রবৃদ্ধি হয়েছে, ২০১৭ সালের একটি ইতিবাচক ভিত্তির ওপর যা গড়ে উঠেছে। এর একটু গভীরে অনুসন্ধান করলে দেখা যাবে এফডিআই সম্পদ মূলধন থেকে কোম্পানি ঋণের দিকে সরে এসেছে:

(মিলিয়ন ডলারে)

উপাদান	২০১৭ সালে নিট ইনফ্লো	২০১৮ সালে নিট ইনফ্লো	% পরিবর্তন
ইক্যুইটি মূলধন	১০০৬.৭৪	৬১৪.৭৬	-৩৮.৯৪%
পুনর্বিনিয়োগকৃত আয়	১২৫৩.০০	১২৫৩.৪৪	০.০৪%
আন্তঃ-কোম্পানি ঋণ	১৯৫.০৭	৭১২.২৪	২৬৫.১২%
মোট	২৪৫৪.৮১	২৫৮০.৪৪	৫.১২%

বাংলাদেশে এফডিআইয়ে অবদান রাখার ক্ষেত্রে শীর্ষ স্থানে এখনও চীন, যুক্তরাজ্য দ্বিতীয় স্থানে এবং হংকং তৃতীয় অবস্থানে আছে।

দায় পরিশোধের ভারসাম্য বা ব্যালেন্স অব পেমেন্ট

২০১৮ সালে বাণিজ্য ঘাটতিতে উল্লেখযোগ্য পরিমাণ বৃদ্ধি হয়েছে, যা আগের বছরের ৯ দশমিক ৪৭ বিলিয়ন ডলার থেকে বেড়ে ১৮ দশমিক ২৫ বিলিয়ন ডলার হয়েছে। উচ্চ আমদানি ব্যয় মেটাতে গিয়েই মূলত এমনটি হয়েছে। এছাড়া, সেবা খাত ও প্রাথমিক আয়ের উৎস উভয় ক্ষেত্রেই উল্লেখযোগ্য পরিমাণ ঘটতি বেড়েছে (যথাক্রমে ৩৯ দশমিক ১১ শতাংশ ও ২৭ দশমিক ৯১ শতাংশ)। বিপরীতদিকে, ২০১৮ অর্থবছরে পরোক্ষ আয়ের উৎসে উদ্বৃত্তবেড়েছে ১৬ দশমিক ১৩ শতাংশ, যা মূলত শ্রমিকদের পাঠানো রেমিটেন্সের উল্লেখযোগ্য বৃদ্ধির সৌজন্যে। একটি উল্লেখযোগ্য উদ্বৃত্তরেকর্ড হয়েছে আর্থিক খাতেও (২০১৮ সালে এর পরিমাণ ছিলো ৯ দশমিক ০৭ বিলিয়ন ডলার, যা আগের বছরে ছিলো ৪ দশমিক ২৪ বিলিয়ন ডলার)। সার্বিকভাবে, ২০১৮ অর্থবছরে ব্যালেন্স অব পেমেন্টে ঘাটতি ছিলো ৮৮৫ মিলিয়ন ডলার, যেখানে চলতি হিসাবের ভারসাম্যই সবচেয়ে উল্লেখযোগ্য ভূমিকা রেখেছে।

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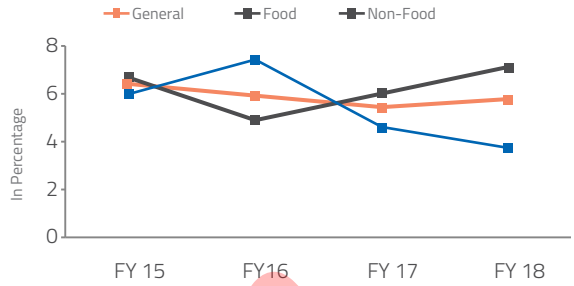
মূল্যস্ফীতির হার

বছর ভিত্তিক মূল্যস্ফীতির হার ২০১৪ অর্থবছর থেকেই কমছে। তবে ২০১৭ সালের তুলনায় ২০১৮ অর্থবছরে মূল্যস্ফীতি বেড়েছে (৫ দশমিক ৫৫ শতাংশ থেকে ৫ দশমিক ৭৮ শতাংশ)। মূল্যস্ফীতির হারের সামগ্রিক পতনের পেছনে ভূমিকা রেখেছে জাতীয় নিরাপত্তা, নিম্ন বাজেট ঘাটতি, এবং আন্তর্জাতিক বাজারে জ্বালানি ও নিত্যপণ্যের দাম কমে যাওয়া।

CHART 1.2 CPI INFLATION TREND
12 MONTH AVERAGE: BASE FY 06=100)



উৎস: বাংলাদেশ পরিসংখ্যান ব্যুরো

এদিকে, খাদ্য পণ্যের মূল্যস্ফীতি বৃদ্ধি (৬ দশমিক ০২ শতাংশ থেকে ৭ দশমিক ১৩ শতাংশ) ২০১৭ অর্থবছরের তুলনায় ২০১৮ অর্থবছরে মূল্যস্ফীতি সামান্য পরিমাণে বাড়ার মূল কারণ। সরবরাহ ব্যবস্থায় ধাক্কা এবং খাদ্য-সংশ্লিষ্ট ঝামেলাগুলোর কারণে সাধারণভাবে খাদ্যের দাম দ্রুত বেড়ে যায়। একই সময়ে, খাদ্য বহির্ভূত পণ্যের মূল্যস্ফীতি ৪ দশমিক ৬১ শতাংশ থেকে কমে ৩ দশমিক ৭৪ শতাংশ হয়েছে।

বিনিময় হার

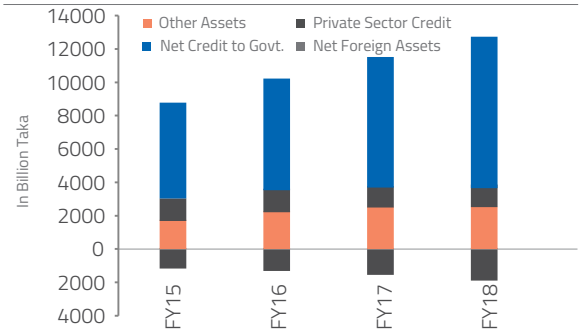
আন্তঃব্যাংক মুদ্রা বিনিময় হার ছিলো প্রতি ডলার সমান ৮২ দশমিক ১০ টাকা, যা আগের বছরের প্রতি ডলার সমান ৭৯ দশমিক ১২ টাকার চেয়ে সামান্য বেশি। এর সঙ্গে যুক্ত হয়েছে ৩ দশমিক ৭৭ শতাংশ হারে অবমূল্যায়ন। চলতি হিসাবের গতিশীলতা বদলে যাওয়ায়, বিশেষ করে উদ্বৃত্ত থেকে ভর্তুকি, ডলারের চাহিদা বাড়াতে ভূমিকা রেখেছ।

তারল্য প্রবাহ এবং ঋণ প্রবৃদ্ধি

নির্ধারিত প্রবৃদ্ধির লক্ষ্য (১৩ দশমিক ৩ শতাংশ) বা ২০১৭ অর্থবছরে (১০ দশমিক ৯ শতাংশ) অর্জনে ব্যর্থতায়, ব্রড মানি বা বড় অর্থ (এম টু) ২০১৮ অর্থবছরে ৯ দশমিক ২ শতাংশ বেড়েছে। জাতীয় পর্যায়ে তারল্য পরিস্থিতি আটোসাঁটো করা হয়েছে সার্বিক ব্যালেন্স অব পেমেন্ট অপ্রত্যাশিতভাবে উল্লেখযোগ্য পরিমাণ হ্রাস হওয়ায় এবং নিট বৈদেশিক সম্পদে ঋণাত্মক প্রবৃদ্ধির কারণে। মুদ্রার রিজার্ভেও উল্লেখযোগ্য পরিমাণ পতন দেখা গেছে, যা ২০১৮ সালের জুনে কমেছে ৪ শতাংশ।

বেসরকারি খাতে প্রত্যাশার চেয়ে ঋণ প্রবৃদ্ধি বাড়লেও, অভ্যন্তরীণ ঋণ প্রবৃদ্ধি কাঙ্ক্ষিত লক্ষ্য ১৫ দশমিক ৮ শতাংশের নীচে রয়েছে। এদিকে, ২০১৮ অর্থবছরে সরকারি খাতের ঋণ প্রবৃদ্ধি কমেছে ২ দশমিক ৫ শতাংশ হারে। এই সময়ের মধ্যে, সরকারের ব্যাংক ঋণ মীমাংসা করা হয়েছে খুবই সন্তোষজনক ন্যাশনাল সেভিংস সার্টিফিকেট (এনএসসি) বিক্রির মাধ্যমে।

Chart 1.3 BROAD MONEY GROWTH TREND



উৎস: বাংলাদেশ অর্থনৈতিক সমীক্ষা ২০১৮, অর্থ মন্ত্রণালয়

২০১৮ অর্থবছরে, বেসরকারি খাতে স্থিতিশীল ঋণ প্রবৃদ্ধি হয়েছে ১৬ দশমিক ৯৫ শতাংশ হারে। যা সহজেই ১৬ দশমিক ৮ শতাংশের লক্ষ্য পেরিয়ে যায় মূলত উচ্চ জাতীয় চাহিদা এবং বিনিয়োগ কার্যক্রমের ওপর নিভর করে। নিট অভ্যন্তরীণ সম্পদ (এনডিএ) এর ক্ষেত্রেও উৎসাহব্যঞ্জক প্রবৃদ্ধি রেকর্ড করা হয়েছে, বেসরকারি খাতের ঋণ প্রবৃদ্ধির হার বাড়ার সৌজন্যে। ২০১৭ অর্থবছরের ৯ দশমিক ৬৮ শতাংশ বৃদ্ধির তুলনায়, ২০১৮ অর্থবছরে এনডিএ বেড়েছে ১২ দশমিক ৮৪ শতাংশ।

সুদের হার

বাণিজ্যিক ব্যাংকের জন্য, ২০১৮ সালের জুনের শেষ নাগাদ ঋণ বিতরণে সুদের গড় হার ৯ দশমিক ৯৫ শতাংশে পৌঁছায়। যা ২০১৭ সালের জুনের (৯ দশমিক ৫৬ শতাংশ) তুলনায় সামান্য বেশি। একইভাবে একই সময়সীমায় আমানতের সুদের হারও বেড়েছে (২০১৭ অর্থবছরের

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৪ দশমিক ৮৪ শতাংশ থেকে বেড়ে ২০১৮ অর্থবছরে ৫ দশমিক ৫ শতাংশ) তবে সুদের হারের স্প্রেড সামান্য কমেছে (২০১৭ অর্থবছরের ৪ দশমিক ৭২ শতাংশ থেকে কমে ২০১৮ অর্থবছরে ৪ দশমিক ৪৫ শতাংশ)।

কলমানি রেট

২০১৮ অর্থবছরে, কলমানির বাজার ২ দশমিক ৫ শতাংশ থেকে ৪ শতাংশের মধ্যে ওঠানামা করেছে। ওই অর্থবছরের শেষার্ধে ঋণ প্রবৃদ্ধি উল্লেখযোগ্য হারে বাড়ায় তারল্যের চাহিদাও বাড়ে। একই সময়ে রিজার্ভ ও বড় অংকের অর্থের প্রবৃদ্ধি কমায় কলমানি রেটে চাপ বেড়ে যায়। এই পরিস্থিতি কিছুটা সামাল দেয়া হয় নগদ মজুদ আনুপাতিক হারে এক শতাংশ পয়েন্ট হ্রাস করে।

বাংলাদেশ ইকনোমিক আউটলুক

২০১৯ সালের জন্য, বাংলাদেশ পরিসংখ্যান ব্যুরো (বিবিএস) পূর্বাভাস দিয়েছে প্রবৃদ্ধির হার কমবেশি ৭.২ শতাংশ হবে। অন্যদিকে, এডিবির পূর্বাভাস বলছে ৭ দশমিক ৫ শতাংশ এবং বিশ্বব্যাংকের পূর্বাভাস ৭ দশমিক ১ শতাংশ প্রবৃদ্ধির। যইহোক, অনেকগুলো বিষয় ২০১৯ সালে এই হারকে প্রভাবিত করতে পারে:

- নন-পারফরমিং লোন বা অকার্যকর ঋণের বৃদ্ধি আর্থিক বাজারকে নেতিবাচকভাবে প্রভাবিত করছে,ফলে পোর্টফোলিও বাছাই ও তদারকি আরও কঠোর হতে পারে। এটা ঋণ প্রবৃদ্ধিতে নেতিবাচক প্রভাব ফেলতে পারে।
- আন্তর্জাতিক বাজারে পণ্যের দাম বাড়া এবং মুদ্রার বিনিময় হারের ওঠানামা বাড়া থেকে মূল্যস্ফীতি বাড়ার ঝুঁকি দেখা দেয়। উচ্চ হারের মূল্যস্ফীতির প্রত্যাশা থেতে ভোক্তা অর্থায়ন ক্ষতিগ্রস্ত হতে পারে।
- মাঝারি পর্যায়ের আমদানি প্রবৃদ্ধির মধ্যেই রেমিটেন্স প্রবাহ ও রপ্তানি আদেশ বাড়বে বলে আশা করা হচ্ছে। তবে, চীনের সঙ্গে ঋণ চুক্তি নিয়ে আবার কাজ করার বিষয়টি ২০১৯ সালের বৈদেশিক ঋণ প্রবাহে প্রভাব ফেলতে পারে এবং ব্যালেন্স অব পেমেন্ট বা মূল্য পরিশোধের ভারসাম্যের ঘাটতি বজায় থাকতে পারে। এর ফলে, ২০১৯ সালেও মুদ্রার বিনিময় হারের অবমূল্যায়ন অব্যাহত থাকতে পারে, যার সঙ্গে যুক্ত হতে পারে অঞ্চলজুড়ে বাজারে ডলারের শক্তিশালী অবস্থান।
- যুক্তরাষ্ট্র ও চীনের মধ্যে বাণিজ্য উত্তেজনা একইসঙ্গে সুযোগ ও ঝুঁকি দুটোই সৃষ্টি করছে। চীনের থেকে বাণিজ্য সরে আসার সুবিধা পেতে পারে বাংলাদেশ, এবং সরাসরি বৈদেশিক বিনিয়োগ প্রবাহের মাধ্যমে অর্থনৈতিক অঞ্চলগুলি গড়ে উঠতে পারে যেহেতু চীনে ব্যবসার খরচ বাড়ছে।
- দুর্বল মূলধন গড়ে ওঠার কারণে মূলধন গঠন মাঝারি পর্যায়ে থাকতে পারে। কারণ বেসরকারি খাত আয়ের প্রবাহ ধরে রাখা স্বত্বেও ব্যাংকগুলোকে উচ্চ মূলধন জমার শর্ত পূরণ করতে হবে। একটি গতিশীল অর্থনীতি থাকার পরও, সম্পদের উচ্চ ঝুঁকি এই খাতে নেতিবাচক দৃষ্টিভঙ্গী আরোপ করতে পারে।
- তারল্য পরিস্থিতি ভালো হওয়া উচিত। তবে সংকোচনশীল মুদ্রানীতি হয়তো অগ্রাধিকারের মধ্যেই থাকবে ২০১৮ অর্থবছরের সামষ্টিক মুদ্রা ও মজুদ মুদ্রার হতাশাজনক প্রবৃদ্ধির ক্ষতি সামলে ওঠা এবং খাতের শৃঙ্খলা ভালোভাবে বজায় রাখার জন্য।

আন্তর্জাতিক অর্থনীতির চিত্র সবসময়ই পরিবর্তিত হচ্ছে। তাই, তুলনামূলক স্থিতিশীল ব্যবসায়িক পরিবেশ ও ধারাবাহিক জাতীয় অর্থনৈতিক নীতি বজায় রাখা প্রবৃদ্ধির গতিধারাকে ধরে রাখার ক্ষেত্রে গুরুত্বপূর্ণ পদক্ষেপ। এক্ষেত্রে ব্যাংকিং খাতের বিষয়গুলো সামলানোর ক্ষেত্রে সুশাসন ও স্বচ্ছতার দিকে দৃষ্টি রাখা সুবিধাজনক হবে।

নির্ধারিত হাইলাইটস

ব্যাংকিংয়ের প্রতিটি দৃষ্টিকোণ থেকে, ব্র্যাক ব্যাংক সাফল্য অর্জনে অঙ্গীকারবদ্ধ। উদীয়মান ব্যবসায়িক সুযোগগুলি কাজে লাগানোর জন্য এর ব্যবস্থাপনা পর্ষদ কৌশলগুলো নিয়মিত পুনমূর্ল্যায়ন ও গঠন করে। এসব কৌশলের মধ্যে, আয় বাড়ানো এবং পরিচালনাগত দক্ষতা নিশ্চিত করায় সর্বোচ্চ অগ্রাধিকার দেয়া হয়। ২০১৮ সালে ব্যাংকটি আবারও টেকসই মুনাফা অর্জনের দিকে এগিয়ে গেছে। এই লক্ষ্য অর্জনের জন্য ব্যবস্থাপনা পর্ষদের কিছু কৌশল (স্বল্প-মেয়াদী ও দীর্ঘ-মেয়াদী) নীচে তুলে ধরা হলো:

একের জন্য সবাই, সবার জন্য এক

এসএমই, রিটেইল ও করপোরেট সেবা দেয়ার ক্ষেত্রে ব্র্যাক ব্যাংকের ব্যবস্থাপনা একটি নিয়ন্ত্রিত মডেল অনুসরণ করে। দেশজুড়ে ১৮৬টি শাখা, ১৫৫টি আঞ্চলিক কার্যালয়, ৪৫৭+ এসএমই ইউনিট অফিস এবং ৫০টি এজেন্ট আউটলেটের মাধ্যমে গ্রাহকদের কাছে এগুলো পৌঁছে দেয়া হয়। বেড়ে চলা গ্রাহক গোষ্ঠীর সেবা নিশ্চিত করতে ব্যাংকের সেবা চ্যানেল সদা প্রস্তুত। আমরা আমাদের সেবা চ্যানেলকে বহু-বিভক্ত ব্যবসা কেন্দ্রিক হিসেবে পুনর্বিন্যস্ত করেছি 'একের জন্য সবাই, সবার জন্য এক' মূলমন্ত্র সামনে রেখে। এই ব্যবসা মডেল গ্রাহকদের কাছে প্রসংশিত হয়েছে এর নমনীয়তা এবং মানের জন্য। গ্রাহকের অভিজ্ঞতার ওপর জোর দেয়ার বিষয়টি গুরুত্ব পাচ্ছে। বাজারে অংশগ্রহণ বাড়াতে বিভিন্ন অ্যাপ্লিকেশনের মাধ্যমে (অনলাইন ব্যাংকিং, বিকাশ এবং রকেটের সঙ্গে সমন্বয়, সিবিএস আপগ্রেড, নতুন ইআরপি- মাই বিবিএল, এজেন্ট ব্যাংকিং ইত্যাদি) ডিজিটালাইজেশন করা হয়েছে।

সবখানেই ব্যাংকিং, একটি ব্যাংকে কখনোই না

পারদর্শিতা-কেন্দ্রিক ব্যাংক হিসেবে, ব্র্যাক ব্যাংক আর্থিক অন্তর্ভুক্তির জন্য একটি নিবেদিত চ্যানেল গড়ে তুলেছে। এটা গ্রাহকদেরকে তাদের আর্থিক বিষয়াদি সম্পর্কে আরও বেশি তথ্যনিভর সিদ্ধান্ত গ্রহণের সুযোগ করে দেয়। বাংলাদেশজুড়ে বিস্তৃতভাবে দ্রুত ছড়িয়ে যাওয়ার লক্ষ্যে আমাদের নেটওয়ার্ক শক্তিশালী করা হয়েছে।

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গুণ ও মান সম্পন্ন বিতরণ চ্যানেল বজায় রাখার ক্ষেত্রে ব্যাংকের অবিচল দৃষ্টি গ্রাহকের সন্তুষ্টি বাড়িয়েছে। আমরা থ্রি-আই কর্মসূচি (ইননোভেশন বা উদ্ভাবন, ইম্প্লিমেনটেশন বা বাস্তবায়ন ও ইমপ্যাক্ট বা প্রভাব) অনুসারে কাজ করি, যেখানে বড় পরিসরে আর্থিক অন্তর্ভুক্তির জন্য প্রযুক্তির ব্যবহার হয়ে থাকে।

প্রক্রিয়া শেষ করার সময় কমানো এবং দক্ষতা বাড়ানো

সাম্প্রতিক বছরগুলিতে ব্র্যাক ব্যাংকের অন্যতম ফোকাস হচ্ছে প্রক্রিয়ার উন্নয়নে পদক্ষেপ গ্রহণ। এই প্রক্রিয়ায়, দক্ষতা বাড়ানো হয়েছে এবং সব পর্যায়ে গ্রাহক অভিজ্ঞতা সন্তোষজনক হয়েছে। এই উদ্যোগ চলমান, এবং এটি টিএটি কমিয়ে এনেছে। খরচগুলো এখন আরও নিবিড়ভাবে তদারকি করা হয়, যেহেতু আমরা আরও প্রতিযোগিতামূলক, আস্থাশীল ও মূল্যবান ব্র্যান্ড হিসেবে গড়ে ওঠার জন্য উদ্ভাবনে জোর দিয়েছি।

ব্র্যাক ব্যাংক ২০১৮ সালে, "মাই বিবিএল" নামে এর ইআরপি ব্যবস্থা ওরাকল উন্মুক্ত করে। এর মাধ্যমে টিএটি হ্রাস করা হয়, এবং রিয়েল-টাইম রিপোর্টিং, আই-প্রকিউরমেন্ট, আই-এক্সপেন্স, ও কর্মী এবং ব্যাবস্থাপকদের জন্য একই ধরনের সেলফ-সার্ভিস চালু করা হয়। এছাড়া, নিম্নোক্ত ব্যবস্থাগুলো ব্র্যাক ব্যাংককে আরও বেশি গ্রাহক-বান্ধব করে তুলেছে:

- বিবিএল-এর জন্য ইন্টারনেট ব্যাংকিং এবং মোবাইল ব্যাংকিং
- ইন্টারনেট ব্যাংকিং এবং ইউনিভার্সাল ব্যাংকিং অ্যাপ্লিকেশন (ইউবিএ)
- ফিনাক্যাল আপগ্রেডেশন
- নেটওয়ার্ক একসেস কন্ট্রোল
- লগ ম্যানেজমেন্ট অ্যান্ড ইভেন্ট ম্যানেজমেন্ট
- কল সেন্টার আপগ্রেডেশন
- কার্ডপ্রো আপগ্রেডেশন
- আইআরআইএস আপগ্রেডেশন
- ইআরপি বাস্তবায়ন
- ব্যাচ টু
- অ্যান্টি-এপিটি অ্যান্ড এনবিএ সলিউশন
- ডেটা লস প্রটেকশন সলিউশন
- কার্ড পারসোনালাইজেশন উইথ ফটো প্রিন্টিং
- ওয়েব প্রক্সি (ব্লুকোট)
- ই-কমার্স অ্যান্ড পস ট্র্যানজেকশন সলিউশন
- এজেন্ট ব্যাংকিং
- করপোরেট ই-ব্যাংকিং (ক্যাশ ম্যানেজমেন্ট অ্যান্ড সাপ্লাই চেইন ফিন্যান্স)
- প্রিভিলেজ অ্যাকাউন্ট ম্যানেজমেন্ট
- কোর নেটওয়ার্কিং ডিভাইসেস (ফেজ টু)ফর ব্র্যাক ব্যাংক লিমিটেড

পছন্দের নিয়োগকর্তা এবং কর্মীর উৎপাদনশীলতার উন্নয়ন

ব্র্যাক ব্যাংক জনগণের ওপর বিনিয়োগের মৌলিক কৌশল অনুসরণ করে। ব্যাংকিং খাতের সবচেয়ে ভালো প্রতিভাকে নিয়োগ দেয়া, কর্মীদের পরিমার্জিত বেতন এবং পারদর্শিতা পরিমাপের নীতিমালা হালনাগাদ রাখা- সবই এরই গুরুত্বপূর্ণ অংশ। এসবই কর্মীদের উদ্দীপ্ত করায় কাজ করে যার ফলে কাজের সন্তুষ্টি ও আনুগত্য শক্তিশালী হয়।

শেয়ারড ভ্যালু বা মূল্যবোধের আদান-প্রদান	ভাবনার পদ্ধতি (কর্মী)	ভাবনার পদ্ধতি (নিয়োগকর্তা)
ফ্লেক্সিবল ডেপ্লয়মেন্ট বা নমনীয়ভাবে স্থাপন	বিভিন্ন প্রাতিষ্ঠানিক ভূমিকায় ও ব্যবস্থায় কাজ করতে আগ্রহী	বিভিন্ন প্রাতিষ্ঠানিক ভূমিকায় কাজ করতে কর্মীদের উৎসাহিত করা
মনোযোগে গ্রাহক	ব্যবস্থাপকের আগে গ্রাহককে সেবা প্রদান	বাহ্যিকভাবে মনোযোগী করতে তথ্য, দক্ষতা ও উৎসাহ প্রদান
পারদর্শিতা কেন্দ্রিক	আমরা কোথায় কাজ করি, সেদিকে নয় বরং কি কাজ করি তাতে মনোযোগ দেয়া	প্রাতিষ্ঠানিক নিভ্রশীলতা নয় বরং পারদর্শিতার বিচারে পুরস্কার ও সুবিধাগুলি যুক্ত করা
প্রকল্প-ভিত্তিক কাজ	নিজেদেরকে প্রকল্প-ভিত্তিক কর্মী হিসেবে গ্রহণ করা, কার্যক্রম-ভিত্তিক নয়	প্রাতিষ্ঠানিক কার্যক্রমের চেয়ে বরং প্রকল্প ঘিরে কাজের কাঠামো বিন্যাস করা
মানবিকতাবোধ এবং কাজ	অর্থবহ কাজকে মূল্য দেয়া	(যেখানে সম্ভব) অর্থবহ কাজ প্রদান করা
প্রতিশ্রুতি	প্রাতিষ্ঠানিক অর্জন ও ফলাফল পেতে সহায়তার জন্য প্রতিশ্রুতি	কর্মীদের ব্যক্তিগত লক্ষ্য অর্জনে সহায়তার প্রতিশ্রুতি
শেখা ও উন্নয়ন	জীবনভর শেখার প্রতিশ্রুতি	কর্মীদের উন্নয়নের জন্য একটি অংশিদারিত্বের মধ্যে প্রবেশ করা
উন্মুক্ত তথ্য	উদ্যোগ গ্রহণ এবং উদ্যোগ প্রদর্শনে আগ্রহ	কর্মীদের বিস্তৃত পরিসরে তথ্যে প্রবেশগম্যতা প্রদান

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আমাদের ব্যবসায় প্রযুক্তি কীভাবে গ্রাহক অভিজ্ঞতাকে বদলে দিচ্ছে এখানে, আমরা কিছু পথ তুলে ধরেছি যেখানে প্রযুক্তি গ্রাহকদের প্রত্যাশা ও অভিজ্ঞতার রূপান্তর ঘটাচ্ছে:

১. শাখার অভ্যন্তরে পরিবর্তন

২. বাধাহীন অনলাইন ব্যবহারের অভিজ্ঞতা

৩. বেশি বেছে নেয়ার সুযোগ মানে বেশি মন্থন করার সুযোগ

৪. স্কেলের পারসোনালাইজেশন বা ব্যক্তিগতকরণ ('একই মাপ সবার জন্যই খাটে' ব্যাংকিংয়ে এই বিষয়টি আর প্রযোজ্য নয়)

৫. ভালো যোগাযোগের মাধ্যমে ভালো ব্যাংকিং (যোগাযোগ চ্যানেলগুলো বৈচিত্রময় করা এবং বাস্তব-সময়ে যোগাযোগ)

৬. নিরাপত্তায় কোনো ছাড় নয়

আর্থিক খাত ধারাবাহিকভাবে উন্নত হচ্ছে। আর আমরাও প্রতিযোগিতায় টিকে আছি সর্বাধুনিক প্রযুক্তি ও আইটি অবকাঠামোতে বিনিয়োগের মাধ্যমে। আমাদের কেন্দ্রীয় ব্যাংকিং ব্যবস্থা এবং ইআরপি (ওরাকল)এর উন্নয়নের মাধ্যমে, আমাদের পরিচালনাগত পারদর্শিতা ও দক্ষতার উন্নতি হয়েছে। বিশেষ করে, গ্রাহক সেবা, তদারকি ও কমপ্ল্যায়েন্স-সবই উন্নত হয়েছে। আমাদের প্রতিষ্ঠানে প্রযুক্তিকেন্দ্রীয় ভূমিকায় আছে। এটা প্রবৃদ্ধির চালিকা শক্তিযোগাচ্ছে এবং প্রতিদ্বন্দ্বীদের চেয়ে আমাদের আলাদা করেছে। আমাদের প্রযুক্তিগত অগ্রগতি কৌশলগত অগ্রাধিকারের মাধ্যমে পরিচালিত হয়েছে। প্রকৃতপক্ষে, নিরাপদ পণ্য, প্ল্যাটফরম ও সেবা এখন সহজেই গ্রাহকদের কাছে পৌঁছে দেয়া হয়। তথ্য এবং বিশ্লেষণ উদ্ভাবন থেকে আরও মূল্যবান অন্তর্দৃষ্টিমেলে, যা নতুন ব্যবসার সুযোগ উন্মোচন করে এবং আমাদের প্রতিযোগিতায় টিকে থাকতে সক্ষম করে। চলমান প্রযুক্তিগত বিনিয়োগ আমাদের কর্মী ও গ্রাহকদের সমানভাবে স্বাচ্ছন্দ্যে ব্যাংকিং কার্যক্রম পরিচালনার সুযোগ করে দেয়।

ব্র্যাক ব্যাংক ২০১৮ সালে আরও একটি সফল বছর অতিক্রম করেছে, যার মধ্যে নিম্নোক্ত বিষয়গুলো উল্লেখযোগ্য:

- ইআরপি বাস্তবায়ন (মাই বিবিএল)
- গ্রিন ডেটা সেন্টার
- কেন্দ্রীয় ব্যাংকিং পর্যালোচনা এবং উন্নয়ন
- এজেন্ট ব্যাংকিং
- রকেট (ডিবিবিএল)এবং বিকাশের সঙ্গে বিবিএলের সমন্বয় সাধন
- গ্রাহক-বান্ধব এবং নিরাপদ ইন্টারনেট ব্যাংকিং

বাংলাদেশের জন্য তারল্য ও আর্থিক স্থিতিশীলতা বজায় রাখা সামগ্রিকভাবে আমাদের কৌশলগত পরিকল্পনার মূল লক্ষ্য, যা সক্রিয়ভাবে সরকারের রূপকল্পে ধারণ করে। আর এমনটি করার মাধ্যমেই আমরা দেশের সেরা ব্যাংক হিসেবে গড়ে উঠবো।

আর্থিক পর্যালোচনা

২০১৮ সালে বাংলাদেশের ব্যাংকিং খাতকে অনেক প্রতিকূলতার মুখে পড়তে হয়েছে। বৃহত্তর পদ্ধতিগত স্থিতিশীলতা আনতে এ বছর কেন্দ্রীয় ব্যাংককে নিয়ন্ত্রণ নীতি ও নজরদারিতে কঠোর হতে দেখা গেছে। এ পদ্ধতিতে মন্দ ঋণ (নন পারফর্মিং লোন) বেড়েছে এবং বেসরকারি খাতে বিনিয়োগ কমেছে। সামগ্রিকভাবে, আমাদের ঋণ (১৮%) ও আমানত (১৭%) ইয়ার অন ইয়ার বৃদ্ধি পেয়েছে।

মোটামুটি স্থিতিশীল রাজনৈতিক পরিস্থিতিতেও যথাযথ তত্ত্বাবধানের অভাবে ব্যাংকিং সেক্টর নিয়ন্ত্রণহীন হয়ে পড়ে, যার ফলে সৃষ্টি হয় হয় প্রশাসনিক সংকট। মন্দ ঋণের ঐতিহাসিক বৃদ্ধিও এই খাতকে ক্ষতিগ্রস্ত করেছে। বিশেষভাবে, বিতরণ করা ঋণের ঝুঁকিপূর্ণ ১০.৩০% এই বিভাগে পড়েছে। তারল্য সংকট ও বড় জালিয়াতির মোকাবেলা করতে হয়েছে ব্যাংকিং খাতকে।

এরপরও, আর্থিক অন্তর্ভুক্তির ক্ষেত্রে বাংলাদেশ প্রশংসনীয় অগ্রগতি অর্জন করেছে। শাখার বৃদ্ধি ও এজেন্ট ব্যাংকিংয়ের আবির্ভাবে ব্যাংকিং সেবার বিস্তৃতি ঘটেছে। দেশের প্রতিটি অংশে পৌঁছাতে ২০১৮ সালে ব্র্যাক ব্যাংক লিমিটেড চালু করেছে এর নিজস্ব এজেন্ট ব্যাংকিং সেবা। এছাড়া ব্যাংকটি এর এসএমইর ব্যবসা কৌশলে পূর্ণতা আনতেও সচেষ্ট। বাংলাদেশের ডিজিটাল ব্যাংকিংয়ে এমন ধরনের সেবা এই প্রথম, যার ফলে বায়োমেট্রিকভাবে যাচাই ও প্রকৃত সময়ে লেনদেন সম্পন্ন করা সম্ভব হচ্ছে। এর মাধ্যমে গ্রাহক সেবা দেওয়া হচ্ছে ২৪ ঘণ্টা। এসএমই ব্যাংকিং থেকে অর্জিত দক্ষতা প্রয়োগ করে এজেন্ট ব্যাংকিংয়ের বিস্তৃত বিপণন ব্যবস্থা গড়ে তোলাই এখন ব্যাংকের লক্ষ্য।

সাম্প্রতিক বছরগুলোতে, ব্র্যাক ব্যাংক এর অক্লান্ত পরিশ্রম ও বিচক্ষণ ব্যবস্থাপনা সিদ্ধান্তের কারণে অনেক উন্নতি করেছে। একই সঙ্গে এর গ্রাহকদের আর্থিক চাহিদা মেটানো, ঋণ ঝুঁকি ব্যবস্থাপনা জোরদার এবং এখনো পর্যন্ত বাংলাদেশের ব্যাংকিং সেবা বঞ্চিত জনগোষ্ঠির আর্থিক অন্তর্ভুক্তিতে সক্ষম হয়েছে।

ত্রৈমাসিক আর্থিক কার্যক্রম

প্রশাসনিক ও নিয়মমাফিক আবশ্যিক বিষয়গুলো মেনে, বোর্ড অডিট কমিটি (বিসিএ) ও বোর্ড অব ডিরেক্টরস (বিওডি) প্রতি তিন মাস অন্তর ব্যাংকের আর্থিক কার্যক্রম পর্যালোচনা করে। স্বতন্ত্রভাবে ও কঠোরতার সঙ্গেই এটি সম্পন্ন করা হয়। ২০১৮ সালে প্রতি তিন মাস অন্তর এই পদ্ধতি মানা হয়েছে এবং উভয় অনুমোদন বিবৃতি সাপেক্ষে স্টেকহোল্ডারদের কাছে জমা দেওয়া হয়েছে।

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বিষয়	একক (মিলিয়ন টাকায়)				
	প্রান্তিক ১	প্রান্তিক ২	প্রান্তিক ৩	প্রান্তিক ৪	বার্ষিক (২০১৮)
মোট রাজস্ব	৪,৪৯২	৪,৭০২	৪,৮৮৩	৫,০৮৭	১৯,১৬৫
মোট পরিচালনগত ব্যয়	২,৫৭১	২,৬০২	২,৫৬১	২,৬০৮	১০,৩৪৩
মোট প্রভিশন	(২৩)	৩৬৯	৩০৫	৯৮	৭৫০
পিএটি	১,২৪৭	১,৩০৪	১,৩৬৫	১,৬৩১	৫,৫৪৭
ইপিএস (টাকায়)	১.৪৫	১.২২	১.২৭	১.২৩	৫.১৭

বিষয়	সামষ্টিক (মিলিয়ন টাকায়)				
	প্রান্তিক ১	প্রান্তিক ২	প্রান্তিক ৩	প্রান্তিক ৪	বার্ষিক (২০১৮)
মোট রাজস্ব	৬,০৮২	৬,৪৭২	৬,৬৩৬	৬,৮১৮	২৬,০০৮
মোট পরিচালনগত ব্যয়	৩,৮৮১	৪,২৩৪	৪,৪৮৯	৪,০১১	১৬,৬১৪
মোট প্রভিশন	(২৩)	৩৬৯	৩০৫	১০০	৭৫২
পিএটি	১,৩৮৩	১,৩৪৫	১,২১০	১,৭৩২	৫,৬৭০
ইপিএস (টাকায়)	১.৪৮	১.১৮	১.১৯	১.৩৩	৫.১৭

ত্রৈমাসিক আর্থিক বিবৃতি অনুযায়ী বিএসি ও বিওডি বিস্তারিত নিরীক্ষা ও বিশ্লেষণ করেছে। এর ফলে পরিকল্পিত ফলাফল লাভে ব্যর্থতা খুঁজে বের করতে সক্ষম হয়েছে তারা। এছাড়া, ব্যবসা পদ্ধতি অনুযায়ী পরিবর্তনের বিষয়টি তারা নিশ্চিত করেছে। সামগ্রিক বিষয়টি মাথায় নিয়ে ফলাফলগুলো ব্যাংকিং শিল্পের সঙ্গে তুলনা করেছে বোর্ড অব ডিরেক্টরস। ব্যবসায়িক কার্যক্রমের দক্ষতার সমন্বয় ঘটাতে এ অনুযায়ী উপযুক্ত নীতি গ্রহণ করা হয়েছে। স্বতন্ত্র ও সমন্বিত উভয়ভাবেই ২০১৮ সালে স্থিতিশীল প্রবৃদ্ধি দেখা গেছে এবং ত্রৈমাসিক আর্থিক কার্যক্রম ও বার্ষিক আর্থিক বিবৃতির মধ্যে উল্লেখ করার মতো কোনো পার্থক্য ছিলনা।

পরিচালনা কার্যক্রম

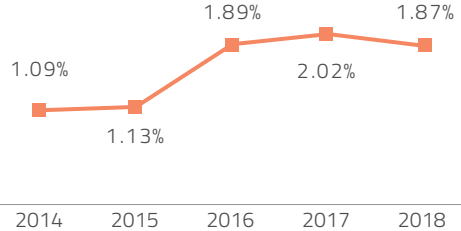
২০১৮ সালে ব্র্যাক ব্যাংক এর কার্যক্রমের প্রতিটি ক্ষেত্রে আবারও প্রবৃদ্ধি অর্জন করেছে। ভারসাম্যপূর্ণ পদ্ধতি প্রয়োগের মাধ্যমে খরচ কমানো ও দক্ষতা উন্নয়নে ব্যাংক বেশি জোর দিয়েছে। এই পদ্ধতিতে, আমরা বাজারের চাহিদা বুঝে প্রয়োজনীয় পদক্ষেপ নিয়েছি এবং বাংলাদেশের সেরা ব্যাংক হতে আমাদের অবস্থান আরও জোরদার করেছি।

গ্রাহকদের চাহিদা ও স্টেকহোল্ডারদের প্রত্যাশা পূরণকে সবসময় গুরুত্ব দিয়েই আমরা ব্যাংকিং শিল্পে প্রতিষ্ঠিত। কয়েক বছর ধরে চলা সহিষ্ণু নিম্ন সুদের হার ও ধীর প্রবৃদ্ধির সঙ্গে আমাদের সূক্ষ মনোযোগ চমৎকারভাবে মানিয়ে গেছে। বর্তমানে, ব্যাংকিং শিল্পের বিশেষ মিশ্র পরিবেশ বৃহত্তর কর্মদক্ষতায় প্রভাব ফেলছে।

ব্র্যাক ব্যাংক ও এর কলা-কৌশল ঋণ কার্যক্রমের ওপর নোট অব মার্জিন নিশ্চিত করে। বিপুল পরিমাণ মন্দ ঋণের কারণে শিল্পের এই অংশটি সবচেয়ে বেশি ক্ষতিগ্রস্ত হয়েছে। ব্যাংকের পণ্যের ব্যাপারে গ্রাহকের আগ্রহে রকমফের লক্ষণীয়। আর তাই তাদের আগ্রহের দিকে আমরা নিবিড়ভাবে লক্ষ্য রাখি। সেবার মান সবচেয়ে ভালো নিশ্চিত করা ও নিরাপত্তা ঝুঁকি নিয়ন্ত্রণে আমরা প্রযুক্তিতে ব্যাপকভাবে বিনিয়োগ করেছি। এছাড়া ব্যাংকের যেকোনো ধরনের পরিবর্তনে জাতীয় বিধিনিষেধ মেনে চলার বিষয়টি এর পক্ষ থেকে নিশ্চিত করা হয়।

প্রচ- চাপ থাকা সত্ত্বেও, আমাদের দক্ষতা ব্যবস্থাপনা আকর্ষণীয় ফলাফলের দিকেই এগিয়ে নিয়ে গেছে । আমাদের মুনাফা ও সম্পদের ভিত্তি বৃদ্ধি অব্যাহত ছিল এবং ব্যবসার খরচও ছিল হ্রাসের ধারায়। আমাদের কি পারফরমেন্স ইন্ডিকেটরস (কেপিআই'স) এর রূপরেখা:

Return on Assets (ROA)



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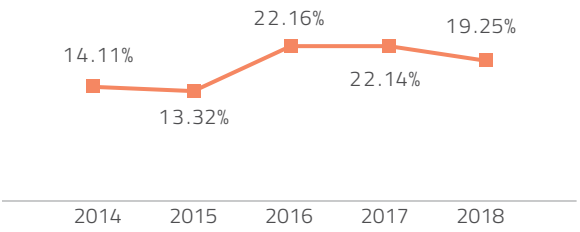
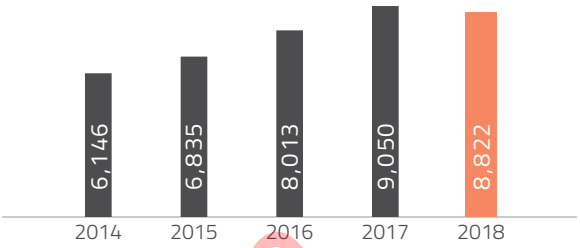
Return on Equity (ROE)



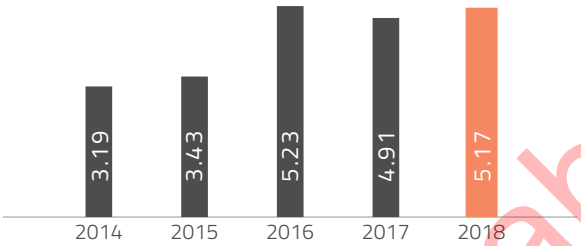
Operating Profit

BDT in million

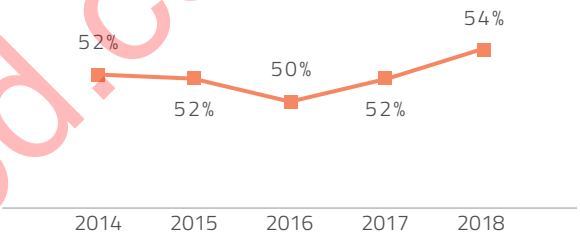


Earnings Per Share (EPS)

Amount in BDT



Cost to Income Ratio (CIR)

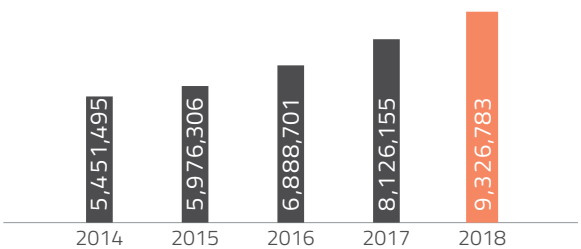


আর্থিক কার্যক্রম- মুনাফাযোগ্যতা

গত কয়েক বছরের পরিচালন মুনাফার ভিত্তিতে ব্র্যাক ব্যাংকের প্রবৃদ্ধি স্থিতিশীল। ২০১৮ সালে এর পরিচালন মুনাফা ৩% কমেছে, যা বাংলাদেশি টাকায় ৮,৮২২ মিলিয়ন। মূলত পরিচালনা ব্যয় ৭% বৃদ্ধির কারণেই এই মুনাফা কমেছে। ২০১৮ সালে ব্যাংকের ঋণ পোর্টফোলিও বেড়েছে ১৮%, যা বাংলাদেশি টাকায় ২৩৮,০০৮ মিলিয়ন। আর এই সময়ে সুদ আয় বেড়েছে ২২%। এই বছর কর্পোরেট ব্যবসাও যথেষ্ট অবদান রাখতে পেরেছে (ইয়ার ওভার ইয়ার প্রবৃদ্ধি ২৪%)। একই সময় আমাদের ঋণ পোর্টফোলিওতে এসএমই (১৭%) ও রিটেইল (৪%) ব্যবসার প্রবৃদ্ধিও স্থিতিশীল দেখা গেছে। আর এসব বিষয়ই আমাদের কৌশলের গুরুত্বপূর্ণ অংশকে সুস্পষ্ট করেছে।

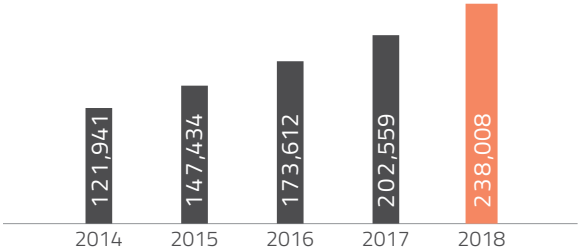
Industry Loans & Advances

BDT in million



Loan & Advances

BDT in million



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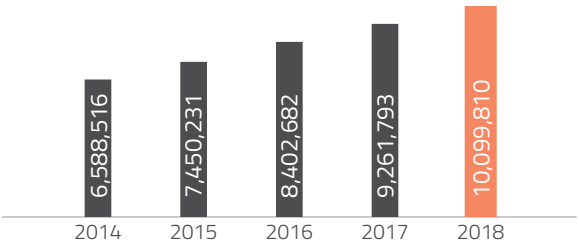
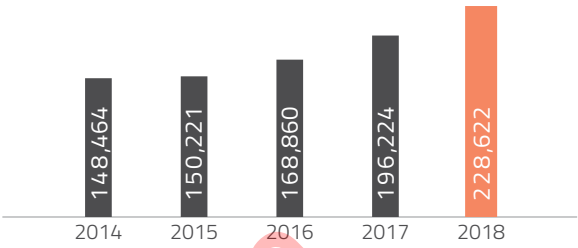
Industry Deposits

BDT in million



Deposits

BDT in million

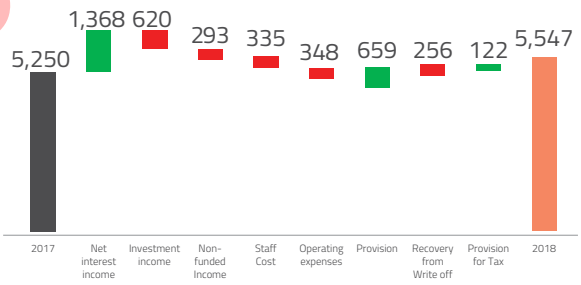


গত বছর পরিচালনা ব্যয় বেড়েছে ৭% (বাংলাদেশি টাকায় ৬৮৩ মিলিয়ন)। এমনটি ঘটেছে মূলত বেতন ও ভাতা ৮% (বাংলাদেশি টাকায় ৩৩৫ মিলিয়ন) বৃদ্ধি, ভাড়া ও কর ৭% (বাংলাদেশি টাকায় ৯৭ মিলিয়ন) বৃদ্ধি, আইনি ব্যয় বৃদ্ধি ৩২% (বাংলাদেশি টাকায় ১৩ মিলিয়ন), ডাকমাশুল, ডাকটিকিট ও টেলিযোগাযোগ ব্যয় ৯% (বাংলাদেশি টাকায় ২৩ মিলিয়ন) বৃদ্ধি এবং ব্যাংকের সম্পদের মূল্যহ্রাস ও ক্ষতিপূরণ ৩৭% (বাংলাদেশি টাকায় ৩১২ মিলিয়ন) বেড়ে যাওয়ার কারণে। জীবনযাত্রার ব্যয় বৃদ্ধির সঙ্গে মূল আয়ের সামঞ্জস্য গড়ে তোলার পদক্ষেপ হিসেবে বেতন ও ভাতা উল্লেখযোগ্যভাবে বাড়ানো হয়েছে।

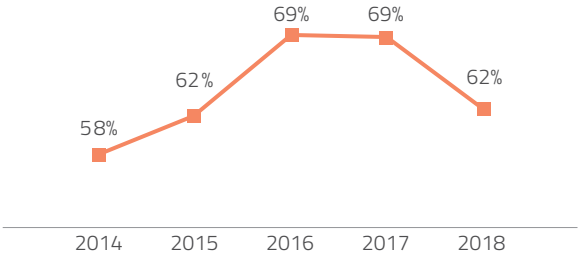
ব্র্যাক ব্যাংকের কর প্রদান পরবর্তী মোট আয় (পিএটি) ৬% (বাংলাদেশি টাকায় ২৯৭ মিলিয়ন) বেড়েছে। এর পেছনে আছে পরিচালন আয় বাংলাদেশি টাকায় ৪৫৫ মিলিয়ন বৃদ্ধি এবং সরবরাহ ব্যয় বাংলাদেশি টাকায় ৪০২ মিলিয়ন হ্রাস পাওয়া। শেষোক্ত বিষয়টি এতটা বিপুল ভাবে কমার পেছনে কাজ করেছে পরিচালনা ব্যয় বৃদ্ধি, ২০১৮ সালে যা ছিল বাংলাদেশি টাকায় ৬৮৩ মিলিয়ন। অবশ্য, ২০১৮ অর্থবছরের চেয়ে ২০১৯ অর্থবছরে করের ওপর খরচে পরিবর্তন এসেছে যৎসামান্য। বর্তমান করের খরচ বাংলাদেশি টাকায় ৬৭৩ মিলিয়ন হ্রাসের বড় অংশই ২০১৮ সালে বিভিন্ন করের ব্যয় বাংলাদেশি টাকায় ৫৫১ মিলিয়নের সঙ্গে সামঞ্জস্যে লেগেছে।

২০১৮-তে মুনাফা প্রবৃদ্ধি এবং এর অন্যতম প্রদায়ক

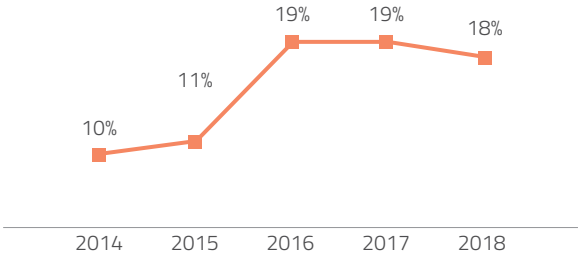
BDT in Million



Gross Profit Margin



Net Profit Margin



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বিষয়	একক			সামষ্টিক		
	২০১৮	২০১৭	%	২০১৮	২০১৭	%
সুদভিত্তিক আয়	২৫,০৯০	২০,৪৯৮	২২%	২৭,৪৬৪	২১,৭৩৪	২৬%
সুদভিত্তিক ব্যয়	১১,৫৭৪	৮,৩৫১	৩৯%	১১,৬৬০	৮,২০১	৪২%
নিট সুদভিত্তিক আয়	১৩,৫১৬	১২,১৪৮	১১%	১৫,৮০৩	১৩,৫৩৩	১৭%
বিনিয়োগের আয়	২,৯৬১	৩,৫৮১	-১৭%	২,৭৮৩	২,৯১৫	-৫%
তহবিল বহির্ভূত আয়	২,৬৮৮	২,৯৮১	-১০%	৭,৪২১	৭,২৫৩	২%
সূদ বহির্ভূত আয়	৫,৬৪৯	৬,৫৬২	-১৪%	১০,২০৪	১০,১৬৮	০%
মোট আয়	১৯,১৬৫	১৮,৭১০	২%	২৬,০০৮	২৩,৭০১	১০%
কর্মী বাবদ খরচ	৪,৬৯৫	৪,৩৬০	৮%	৬,৪৫১	৫,৮৭৮	১০%
পরিচলনগত অন্যান্য খরচ	৫,৬৪৭	৫,৩০০	৭%	১০,১৬৩	৮,৪০০	২১%
পরিচলনগত মোট খরচ	১০,৩৪৩	৯,৬৬০	৭%	১৬,৬১৪	১৪,২৭৯	১৬%
পরিচলনগত মুনাফা	৮,৮২২	৯,০৫০	-৩%	৯,৩৯৩	৯,৪২২	-০.৩%
অ্যাসোসিয়েট প্রতিষ্ঠানের লাভ/(ক্ষতি)-এর অংশ	-	-		২	১৪	-৮৭%
বিক্রয় থেতে আয়/(ক্ষতি)/ সাবসিডিয়ারিগুলোর নিয়ন্ত্রণ হ্রাস	-	-		-	(০.০২)	-১০০%
মুনাফা/ (ক্ষতি) প্রভিশনের আগে	৮,৮২২	৯,০৫০		৯,৩৯৫	৯,৪৩৭	-০.৪%
প্রভিশন	৭৫০	১,১৫২	-৩৫%	৭৫২	১,১৫২	-৩৫%
নিট মুনাফা, ট্যাক্স প্রদানের আগে	৮,০৭২	৭,৮৯৭	২%	৮,৬৪৩	৮,২৮৪	৪%
ট্যাক্সের প্রভিশন	২,৫২৫	২,৬৪৭	-৫%	২,৯৭৩	২,৭৮৬	৭%
ট্যাক্স প্রদানের পরে মুনাফা	৫,৫৪৭	৫,২৫০	৬%	৫,৬৭০	৫,৪৯৮	৩%
শেয়ার প্রতি আয় (পূর্ববর্তী বছরের সংখ্যা পুনঃনির্ধারণ)	৫.১৭	৪.৯১	৫%	৫.১৭	৪.৮৬	৭%

অসাধারণ লাভ অথবা ক্ষতি

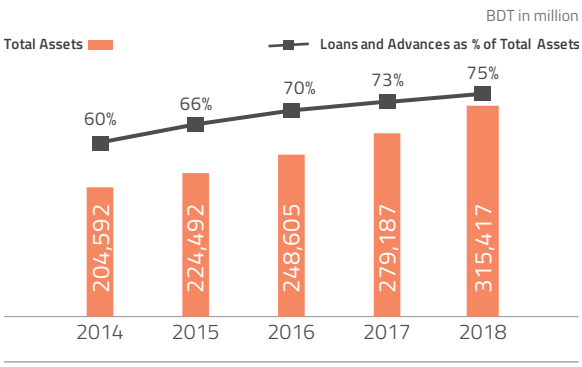
২০১৮ সালে অসাধারণ কোনো লাভ অথবা ক্ষতি হয়নি।

অঙ্গপ্রতিষ্ঠানের কার্যক্রম

২০১৮ সালে ব্র্যাক ব্যাংক লিমিটেডের অঙ্গপ্রতিষ্ঠানগুলো বেশ সাফল্য দেখিয়েছে। বিশেষ করে, বিকাশ (মোবাইল ব্যাংকিং সেবা প্রদানকারী প্রতিষ্ঠান) কর প্রদানের পর মুনাফা করেছে বাংলাদেশি টাকায় ১৮৫ মিলিয়ন। অপরদিকে এর ইপিএল স্টক ব্রোকারেজ কর প্রদানের পর মুনাফা করেছে বাংলাদেশি টাকায় ২৪ মিলিয়ন। অবশ্য এর ইপিএল ইনভেসমেন্ট লোকসান দিয়েছে বাংলাদেশি টাকায় ২১৮ মিলিয়ন। সবশেষে, বৈদেশিক রেমিটেন্স বিষয়ক শীর্ষ প্রতিষ্ঠান ব্র্যাক স্বজন কর প্রদানের পর বাংলাদেশি টাকায় ৫৪ মিলিয়ন মুনাফা করেছে, যা আগের বছরের মুনাফার চেয়ে ৭৭% বেশি।

আর্থিক কার্যক্রম- পোর্টফোলিও বিশ্লেষণ

মোট সম্পদের ক্ষেত্রে ২০১৮ সালে বাংলাদেশি টাকায় ৩১৫,৪১৭ মিলিয়নে পৌঁছায় ব্র্যাক ব্যাংকের প্রবৃদ্ধি হয়েছে ১৩% (বাংলাদেশি টাকায় ৩৬,২৩০ মিলিয়ন)। ঋণ ও অগ্রিমের ১৮% বৃদ্ধি (বাংলাদেশি টাকায় ৩৫,৪৪৯ মিলিয়ন) এই প্রবৃদ্ধির জন্য আংশিকভাবে প্রভাব রেখেছে। ২০১৮ সালে ব্যাংক এর এসএমই পোর্টফোলিওতে গুরুত্ব প্রদান অব্যাহত রেখেছে। এছাড়া গ্রাহকদের উন্নত সেবাপ্রদানের অঙ্গীকার বাস্তবায়নে ব্যাংক কাজ করে গেছে। এটিও ব্যাংকের মোট সম্পদের উল্লেখযোগ্য বৃদ্ধিতে অবদান রেখেছে।



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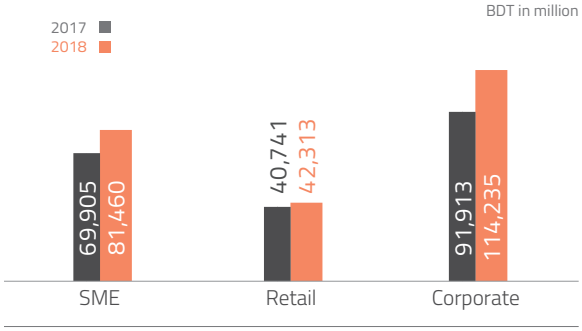
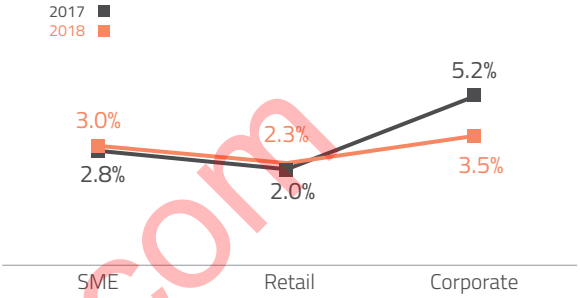
ব্যবসার বিভাগ অনুযায়ী কার্যক্রম

পোর্টফোলিও ও আয়ের ক্ষেত্রে পুরো ব্যাংকের সব ব্যবসায়ই প্রবৃদ্ধি দেখা গেছে। পরীক্ষামূলক বাজার পরিস্থিতিতেও ব্যাংকের ঋণ পোর্টফোলিওর প্রবৃদ্ধি ছিল সুস্থির। ২০১৮ সালে কর্পোরেট বিভাগ উল্লেখযোগ্য অবদান রেখেছে (২৪% প্রবৃদ্ধি)। এছাড়া গুরুত্বপূর্ণ অবদান রেখেছে এসএমই (১৭% ইয়ার ওভার ইয়ার প্রবৃদ্ধি) এবং রিটেইল (৪% ইয়ার ওভার ইয়ার প্রবৃদ্ধি) বিভাগ।

Segment Wise Loans & Advances



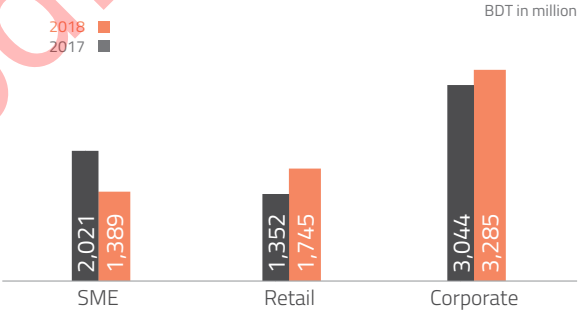
Segment Wise NPL



মোট পোর্টফোলিওর শতাংশ হিসেবে ২০১৮ সালে এনপিএল সন্তোষজনক ছিল। সব ব্যবসার টিমের অব্যাহত সংগ্রহ প্রচেষ্টায় এটি সম্ভব হয়েছিল, যার ফলে এনপিএল ৩.৫৬% থেকে ৩.১০% হয়েছে।

প্রতিটি ভাগের সংখ্যা দেখলে বোঝা যায়, রিটেইলে আয় বেড়েছে ২৯%, আর কর্পোরেটে বেড়েছে ৮%। এদিকে, এসএমইর আয় কিছু কমেছে। সর্বোপরি, ২০১৮ সালে ব্যাংকের আয় দক্ষতার উন্নতি হয়েছে।

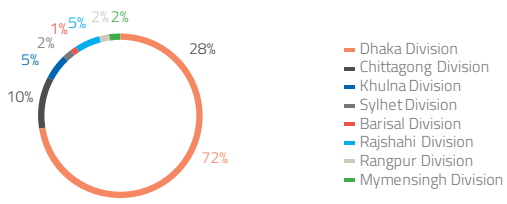
Segment Wise Operating Profit



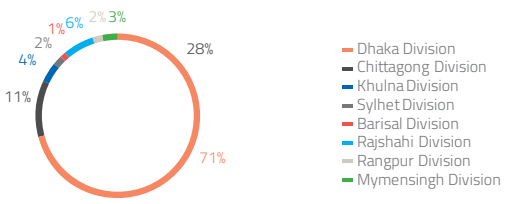
ভৌগলিক অবস্থান অনুযায়ী: পোর্টফোলিও

প্রতিবেদনকালীন সময়ে, ঢাকা বিভাগে ব্র্যাক ব্যাংকের ঋণের ঝুঁকি বেড়েছে ১৯%, যেখানে খুলনা বিভাগে এই হার ৩০%। বিনিয়োগের স্থান নয়, বরং ব্যাংকের শাখার অবস্থানের ভিত্তিতে এটি হিসেব করা হয়েছে। শাখা ও এসএমই কেন্দ্রের মাধ্যমে ব্র্যাক ব্যাংক বাংলাদেশের সব অঞ্চলের মানুষের কাছেই পৌঁছাতে পেরেছে এবং ভৌগলিকভাবে বৈচিত্র্যময় ঋণ পোর্টফোলিও ব্যবস্থাপনা করছে।

Geographical Location Wise Loan Portfolio 2018



Geographical Location Wise Loan Portfolio 2017



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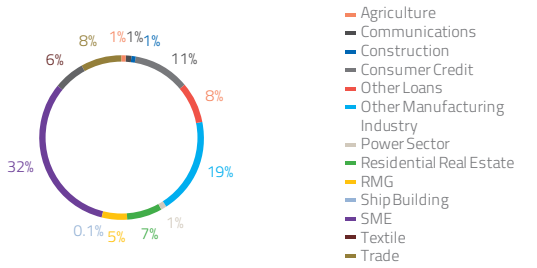
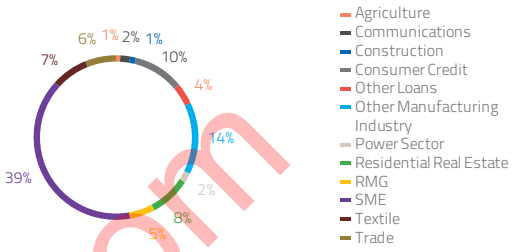
খাত-ভিত্তিক ঋণ পোর্টফোলিও

ব্র্যাক ব্যাংক এসএমই ঋণের মতো সব খাতেই গুরুত্ব দেয়। ২০১৮ সালে ব্যাংকের মোট ঋণ পোর্টফোলিওর ১৯% এসেছে উৎপাদন খাত থেকে, বাণিজ্য খাত থেকে এসেছে ৮% এবং ভোক্তা ঋণ থেকে এসেছে ১১%।

Sector-wise Loan Portfolio 2018



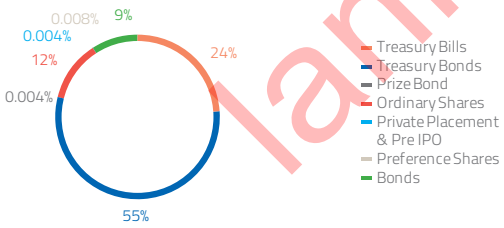
Sector-wise Loan Portfolio 2017



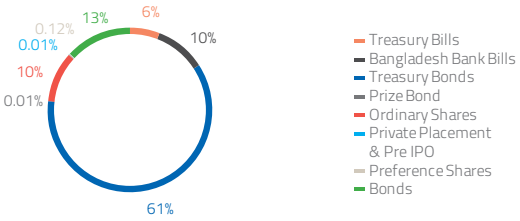
বিনিয়োগ মিশ্রণ

২০১৮ সালের শেষে এসে ব্র্যাক ব্যাংক বাংলাদেশি টাকায় ৬,২৩১ মিলিয়ন ট্রেজারি বিলে বিনিয়োগ করেছে। এছাড়া, এ সময়ে ব্যাংক এর সাধারণ শেয়ারে বিনিয়োগ বাড়িয়েছে বাংলাদেশি টাকায় ৬০০ মিলিয়ন। একই সময়ে কর্পোরেট বন্ডে ব্যাংকের বিনিয়োগ কমেছে বাংলাদেশি টাকায় ৯৩৯ মিলিয়ন। বাংলাদেশ ব্যাংকের দিকনির্দেশনা মেনে চলতে গিয়ে প্রয়োজন হয়ে ওঠায় এসব কর্মকান্ডের কিছু কিছু করা হয়েছে।

Investment Mix 2018



Investment Mix 2017



আমানত মিশ্রণ

উন্নত মানের সেবা ও ব্র্যান্ডের প্রতি বিশ্বস্ততা বাড়াতে ব্র্যাক ব্যাংক এর আমানত ভিত্তি বিস্তৃত করার পথ খোঁজে। অবশ্য, ২০১৮ সালে এক্ষেত্রে কিছু সাফল্য পাওয়া গেছে এবং আমাদের স্থায়ী আমানত ৩৯% বেড়েছে।

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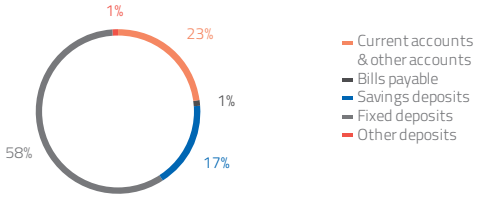
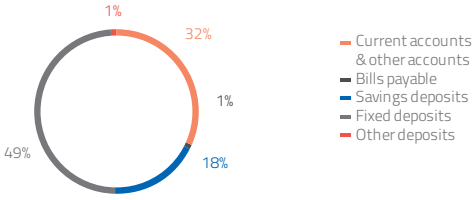
Deposit Mix 2018



Deposit Mix 2017



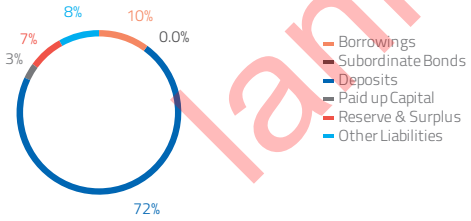
তহবিলের উৎস ও ব্যবহার

২০১৮ সালের ৩১ ডিসেম্বর মোট দায়বদ্ধতা ছিল বাংলাদেশি টাকায় ২৮৩,৭৭৯ মিলিয়ন (২০১৭ সালের চেয়ে ১২% বেড়েছে)। এই প্রবৃদ্ধি এসেছে মূলত ১৭% আমানত বৃদ্ধিতে (এর পরিমাণ দাঁড়িয়েছে বাংলাদেশি টাকায় ২২৮,৬২২ মিলিয়ন)। এছাড়া, একই সময়ে বাংলাদেশ ব্যাংক থেকে ব্যাংকের ঋণ বেড়েছে ৪৯% (বাংলাদেশি টাকায় ২,৭৪৯ মিলিয়ন)।

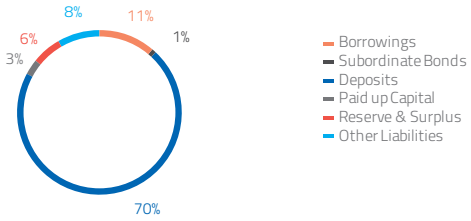
গ্রাহকের আমানত হিসাব, বিশেষ করে চলতি ও স্থায়ী আমানত হলো ব্র্যাক ব্যাংকের সিংহভাগ মূলধনের উৎস। সিআরআর ও এসএলআর অনুপাত (বর্তমানে যথাক্রমে ৫.৫% ও ১৩%) বজায় রাখতে কিছু মূলধন নগদ অর্থ বা অর্থ সমতুল্যে রাখা হয়।

মূলধনের উৎস:

Sources of Funds 2018

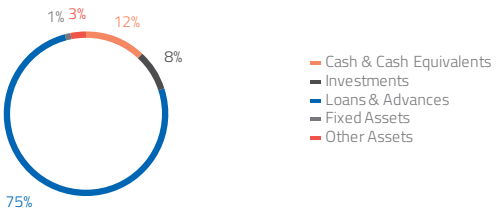


Sources of Funds 2017

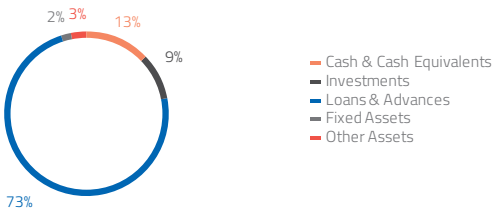


মূলধনের ব্যবহার:

Utilization of Funds 2018



Utilization of Funds 2017



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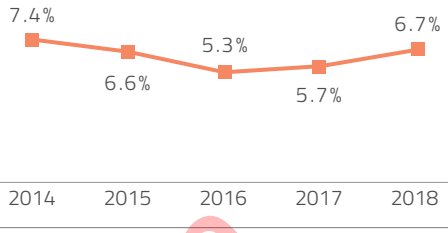
মূলধনের খরচ

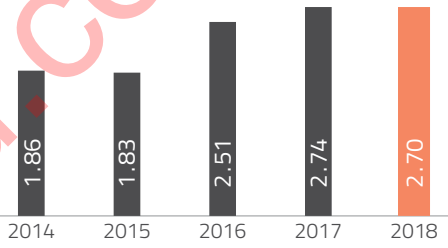
২০১৬ সালের আগে থেকেই ব্র্যাক ব্যাংকের মূলধনের খরচ কমছে। আমানতের হার কমে যাওয়া সেটিই নির্দেশ করে। তবে, গত ডিসেম্বরে বাজারে তারল্য নিয়ে উদ্ভূত পরিস্থিতির কারণে ২০১৮ সালে এই খরচ বেড়েছে।

Cost of Fund



Operating income per employee

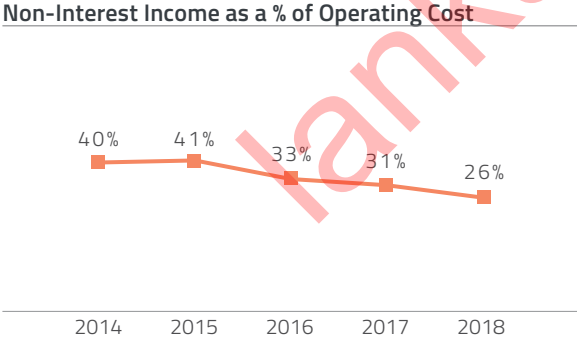
BDT in million



আর্থিক কার্যক্রম- কর্মদক্ষতা পর্যালোচনা

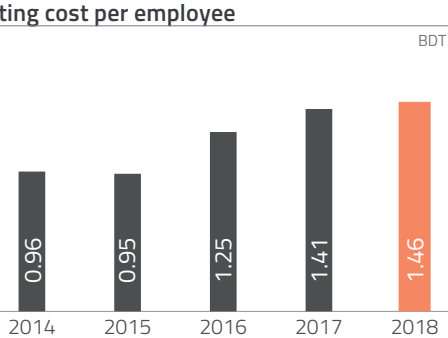
কর্মীপ্রতি ব্র্যাক ব্যাংকের পরিচালনা খরচ কিছুটা বেড়েছে। প্রযুক্তিতে বিনিয়োগ ও কর্মী নিয়োগ ব্যয়ের জন্য কর্মীপ্রতি পরিচালনা খরচ বেড়েছে ৩%।

Non-Interest Income as a % of Operating Cost



Operating cost per employee

BDT in million



নিয়ন্ত্রক মূলধন

নিয়ন্ত্রক চাহিদা অনুযায়ী টেকসই ব্যবসার জন্য ব্র্যাক ব্যাংককে নূন্যতম একটি মূলধন রাখতে হয়। ২০১৮ সালের ৩১ ডিসেম্বর ব্যাংক ঝুঁকি মোকাবেলায় সম্পদ অনুপাত (সিআরএআর) স্বতন্ত্রভাবে ১৩.৬৭% এবং সমন্বিত ক্ষেত্রে ১৫.৭০% রেখেছে (নূন্যতম ১১.৮৭৫% রাখতে হয়)। একই দিনে স্বতন্ত্রভাবে 'টিয়ের-ওয়ান' ও 'টিয়ের-টু' মূলধন ছিল যথাক্রমে বাংলাদেশি টাকায় ২৮,৭৮০ মিলিয়ন ও ৩,১৫৭ মিলিয়ন। আর সমন্বিতভাবে এর পরিমাণ ছিল যথাক্রমে বাংলাদেশি টাকায় ৩৬,২৯৪ মিলিয়ন ও ৩,১৫৭ মিলিয়ন। ভবিষ্যতে ব্যাংকের প্রবৃদ্ধি পরিকল্পনার বাস্তবায়ন এবং ২০১৯ সালে প্রয়োজনীয় ১২.৫০% সিআরএআর ব্যবস্থাপনা নিশ্চিত করতে ব্র্যাক ব্যাংককে অবশ্যই নিয়ন্ত্রক মূলধন রাখতে হবে। ব্যাংক এটি করতে পারে বর্তমান মূলধন রাখার মধ্যে দিয়ে এবং প্রয়োজনে মূলধন বৃদ্ধির পরিকল্পনা অনুযায়ী মূলধন বড়িয়ে দিতে পারে।

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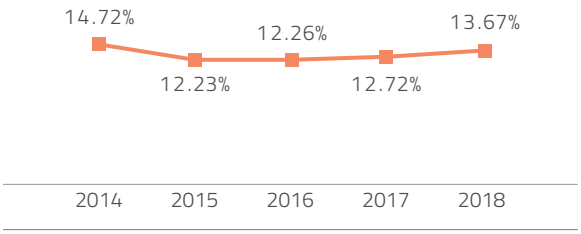
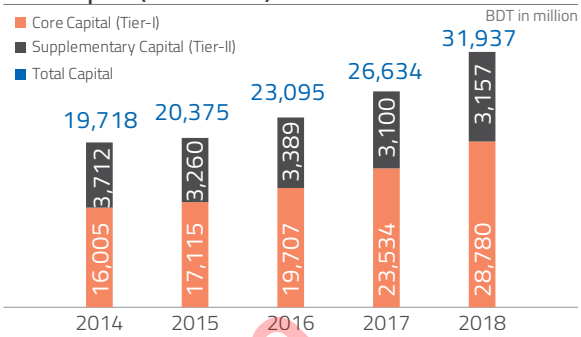
Total Capital to Risk-weighted Asset Ratio (Standalone)

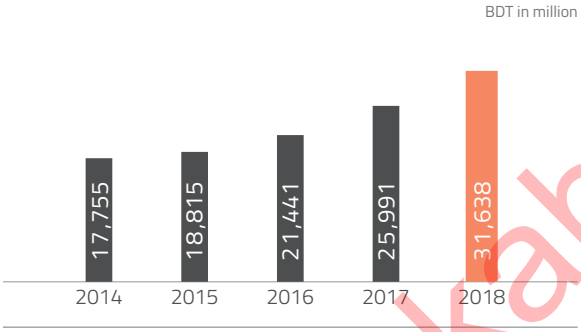


Total Capital (Standalone)



আর্থিক কার্যক্রম- শেয়ারহোল্ডারদের মূল্য

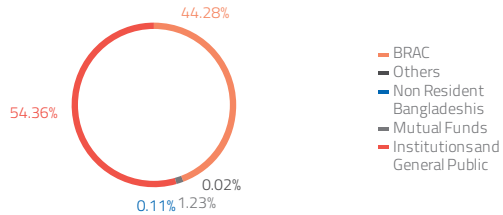
Shareholders' Equity



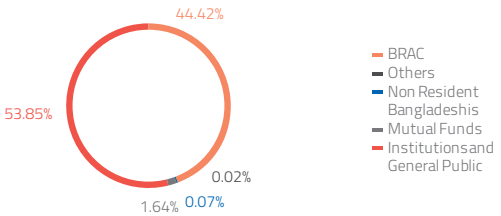
২০১৭ সালের তুলনায় ২০১৮ সালে শেয়ারহোল্ডারদের ইকুইটি বাংলাদেশি টাকায় ৫,৬৪৭ মিলিয়ন বেড়েছে। এর মধ্যে প্রতিষ্ঠান ও জনগণের ৫৪%, যেখানে ব্র্যাকের আছে ৪৪% ।

২০১৮ সালের ৩১ ডিসেম্বর এবং ২০১৭ সালের একই দিনে শেয়ারহোল্ডারের অবস্থা তুলে ধরা হলো:

Shareholding Position 2018



Shareholding Position 2017



সম্প্রতি ব্র্যাংক ব্যাংকের শেয়ারের দাম উল্লেখযোগ্যভাবে বেড়েছে। আর এটি ব্যাংকের দক্ষতা ও সম্ভাবনার প্রতি শেয়ারহোল্ডারদের আস্থাকেই নির্দেশ করে ।

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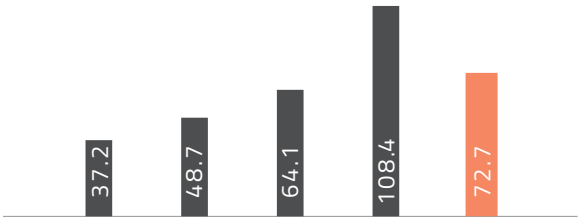
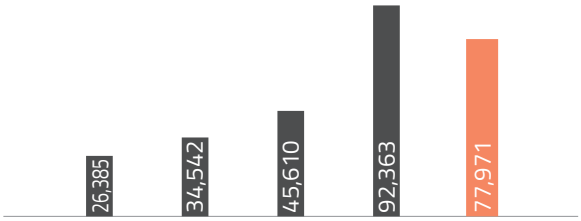
Share Price

Amount in BDT



Market Capitalization at the year end

BDT in million



ব্র্যাক ব্যাংক বাংলাদেশে সমাজের প্রতি দায়বদ্ধ শীর্ষ আর্থিক প্রতিষ্ঠান হিসেবে পূর্ণতা পেয়েছে। ব্যাংকের শেয়ারের দিকে লক্ষ্য করলে দেখা যায়, ২০১৮ সালের শেষে ঢাকা স্টক এক্সচেঞ্জে (ডিএসই) এর শেয়ারের দাম ছিল ৭২.৭০ টাকা। আর চট্টগ্রাম স্টক এক্সচেঞ্জে (সিএসই) শেয়ারের দাম ছিল ৭২.৯০ টাকা।
২০১৮ সালে বোর্ড অব ডিরেক্টরসের মোট ১৮ টি বৈঠক এবং অডিট কমিটির ৮টি বৈঠক অনুষ্ঠিত হয়েছে।

প্রবৃদ্ধি ধারা ঠিক রাখতে ব্যাংকের প্রত্যেক শেয়ারহোল্ডারের প্রত্যাশাই যেন পূরণ হয় সেই ব্যাপারে বরাবর সচেষ্ট ছিল বোর্ড অব ডিরেক্টরস।

২০০৬ সালের ০৫ জুলাই তারিখের বাংলাদেশ ব্যাংকের বিআরপিডি বিজ্ঞপ্তি নং ০৬ অনুযায়ী বিনিয়োগকারী, আমানতকারী, ঋণ গ্রহণকারী ও শেয়ারহোল্ডারদের স্বার্থ রক্ষার পাশাপাশি ঝুঁকি ব্যবস্থাপনার উন্নয়ন ও কর্পোরেট প্রশাসনের জন্য ২০১৭ সালের ৩১ ডিসেম্বর বছর শেষ পর্যন্ত তিনটি ক্রেডিট রেটিং সংস্থার মাধ্যমে ব্র্যাক ব্যাংক মূল্যায়িত হয়।

ব্র্যাক ব্যাংককে অনুপ্রেরণাদায়ী রেটিং দেওয়া হয়েছে। বিশেষ করে, ক্রেডিট রেটিং এজেন্সি অব বাংলাদেশ লিমিটেডের (সিআরএবি) কাছ থেকে দীর্ঘ মেয়াদের জন্য 'এএ১' (একে বলা হয় ডাবল এ ওয়ান) এবং স্বল্প মেয়াদে 'এসটি-১' রেটিং পাওয়া গেছে। ক্রেডিট রেটিং ইনফরমেশন অ্যান্ড সার্ভিসেস লিমিটেড (সিআরআইএসএল) ব্র্যাক ব্যাংককে দীর্ঘ মেয়াদি রেটিং দিয়েছে 'এএ+' (একে বলা হয় ডাবল এ প্লাস) এবং স্বল্প মেয়াদে দিয়েছে 'এসটি-১'। এমার্জিং ক্রেডিট রেটিং লিমিটেড (ইসিআরএল) ব্র্যাক ব্যাংকে দীর্ঘ মেয়াদি রেটিং দিয়েছে 'এএ+' (একে বলা হয় ডাবল এ প্লাস) এবং স্বল্প মেয়াদে দিয়েছে 'এসটি-১'। এছাড়া, বাংলাদেশের প্রথম ব্যাংক হিসেবে ব্র্যাক ব্যাংক বিশ্বের দুটি শীর্ষ ক্রেডিট রেটিং এজেন্সি দ্বারা মূল্যায়িত হয়েছে। বিশেষ করে, এস অ্যান্ড পি গ্লোবালের কাছ থেকে 'বি+' (বলা হয় বি প্লাস) রেটিং পেয়েছে এবং মুডি'স ইনভেস্টরস সার্ভিস থেকে পেয়েছে 'বিএ৩' (বলা হয় বিএ থ্রি) রেটিং। এমন রেটিং ব্যাংকের সক্ষমতারই প্রতিফলন এবং এটি ব্যাংকের টেকসই অবস্থান ও অসাধারণ পরিচালন ব্যবস্থাকেই নির্দেশ করে। এছাড়া, রেটিংয়ের মাধ্যমে আরও প্রকাশ পায় তারল্য, আন্তর্জাতিক মূলধন যোগানো ও মূলধনের অন্যান্য উৎস অর্জনে ব্যাংকের সুদৃঢ় অবস্থান। ২০১৮ সালের ৩১ ডিসেম্বর শেষ হওয়া বছরের রেটিং কার্যক্রম এখনো চলছে এবং যথাসময়েই এটি প্রকাশিত হবে।

জাতীয় রাজস্বে ব্যাংকের অবদান

বর্তমানে বাংলাদেশের অর্থনীতিতে সবচেয়ে শক্তিশালী আর্থিক প্রতিষ্ঠানগুলোর অন্যতম একটি ব্র্যাক ব্যাংক। বাংলাদেশের অর্থনীতিতে ব্যাংকটি বেশ প্রভাব ফেলছে। বিশেষ করে, দেশের প্রচলিত আইন অনুযায়ী ব্যাংক রাজস্ব সংগ্রহ করছে এবং তা পঠিয়ে দিচ্ছে রাষ্ট্রীয় কোষাগারে। এছাড়া, ব্র্যাক ব্যাংক এর গ্রাহক ও সরবরাহকের কাছ থেকে উইথহোল্ডিং ট্যাক্স, মূল্য সংযোজন কর (ভ্যাট) ও আরোপিত কর আদায় করে। একই সময়ে, ব্যাংক এর আয়করও দায়িত্বের সঙ্গে প্রদান করে।

গত ৫ বছরে ব্র্যাক ব্যাংক কর্তৃক রাষ্ট্রীয় কোষাগারে অবদানের সারসংক্ষেপ নিম্নরূপ :

সাল	উৎস কর	ভ্যাট	আবগারী শুল্ক	কর্পোরেট কর	মোট
২০১৪	১,২৯৫	৪৫০	২৬১	১,৩৩৮	৩,৩৪৪
২০১৫	১,৩৫৬	৫১৪	৩০৭	১,৭৫৯	৩,৯৩৬
২০১৬	১,৪০৭	৫৮৭	৫১৭	২,১০৬	৪,৬১৮
২০১৭	১,৫৪৩	৮২৪	৪৪২	২,৮৪৭	৫,৬৫৬
২০১৮	১,৭৭৬	৭৪৫	৫৭৫	১,৮৮৯	৪,৯৮৫
সর্বমোট	৭,৩৭৭	৩,১২০	২,১০২	৯,৯৪০	২২,৫৩৯

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কর প্রদানের বাইরেও ব্র্যাক ব্যাংক জাতিকে দিচ্ছে

- চাকরির সুযোগ
- ডিজিটালাইজেশন, আর্থিক সমন্বয় ও সবুজ ব্যাংকিং
- এসডিজি অর্জনের সহযোগী

দেশের জন্য ব্যাংকের অবদানের বিস্তারিত পাওয়া যাবে পৃষ্ঠা নম্বর ১৪০-১৪১ ।

রিলেটেড পার্টি লেনদেনের ভিত্তি

ব্র্যাক ব্যাংক সাধারণ ব্যবসায়িক লেনদেনের অংশ হিসেবেই রিলেটেড পার্টি লেনদেন সম্পন্ন করে । এমন লেনদেনের ক্ষেত্রে ঋণ, অগ্রিম বা আমানত গ্রহণ করা হয় উভয়ে সম্মত এমন মূল্যে অথবা বাজারে প্রচলিত ন্যায্যমূল্যে ।

কৌশলগত পূর্বাভাস

অর্থ বাজারে তারল্য সংকটের পরিপ্রেক্ষিতে আমানত নিয়ে ব্যাংকগুলোর মধ্যে প্রতিযোগিতা অনিবার্য । এই বিষয় মাথায় রেখে, বিদ্যমান সম্পদের পুনর্মূল্যায়ন মূলধনের বাড়তি খরচ হিসেবে বিবেচনা করা হয় । এটি পুনরুদ্ধার প্রক্রিয়াকে বাধাগ্রস্ত করতে পারে । আর এর ফলে ব্যাংকিং খাতে অনাদায়ী ঋণ বিপুলভাবে বেড়ে যেতে পারে । অবস্থাদৃষ্টে ধারণা করা হচ্ছে, সুদের বিস্তৃত নিম্নহার বাস্তবায়িত হতে পারে ।

- রাজনৈতিক ও অর্থনৈতিক পরিস্থিতি প্রবৃদ্ধিকে বাধাগ্রস্ত করতে পারে । এজন্য আমাদের সম্পদের সুষ্ঠু প্রবৃদ্ধি অর্জনে পরিকল্পনা থাকতে হবে । প্রবৃদ্ধির ধারা বজায় রাখতে নিয়ন্ত্রক মূলধন জরুরি হয়ে উঠবে ।
- গ্রাহকদের সম্ভাব্য সবচেয়ে ভালো সেবা দেওয়ার লক্ষ্যে ব্র্যাক ব্যাংকের ভবিষ্যত পরিকল্পনার মূলেই থাকবে সেবার মানে গুরুত্ব দেওয়ার পাশাপাশি প্রযুক্তি ও মানবসম্পদ উন্নয়নে অব্যাহত বিনিয়োগ ।
- ব্র্যাক ব্যাংকের সাফল্যের মূলে আছে এসএমই ব্যাংকিং । 'ঋণদাতা থেকে ব্যাংকার' এই পরিবর্তনই আমাদের লক্ষ্য, যা বাস্তবায়ন প্রচেষ্টায় ঋণ বিতরণের পাশাপাশি এসএমই খাত গুরুত্ব পাবে ।
- গ্রাহকদের বিশ্বমানের ব্যাংকিং সেবা দেওয়ার লক্ষ্যে রিটেইল ব্যাংকিংয়ের পক্ষ থেকে ডিজিটাল ব্যাংকিংয়ের সব ধরনের পদ্ধতি যাচাই করে দেখা হবে ।
- ব্যাংকের পণ্য ও সেবা সর্বসাধারণের কাছে পৌঁছে দিতে আর্থিক অন্তর্ভুক্তি বৃদ্ধি ও এজেন্ট ব্যাংকিংকে আরও কার্যকর করা হবে যেন এগুলো গুরুত্বপূর্ণ ভূমিকা পালন করতে পারে ।
- দেশের কম বসতিপূর্ণ এলাকায় নতুন ধরনের ব্যবসাকে তুলে আনতে ঢাকা ও চট্টগ্রামের বাইরে স্থানীয় কর্পোরেট ও উত্থানশীল কর্পোরেটকে সুষ্ঠুভাবে স্থাপন করা হবে ।

পরিচালকদের নিয়োগ

সংগঠনের ধারা ও প্রতিষ্ঠানের আইন ১৯৯৪ অনুযায়ী ব্যাংকের ২০তম এজিএমে নিচে উল্লেখিত পরিচালকরা ব্র্যাক ব্যাংকের বোর্ড থেকে অবসরে যাবেন (এরা সবাই বিওডির পরবর্তী নির্বাচন ও পুনর্নিয়োগের জন্য উপযুক্ত) ।

১. শিব নারায়ণ কৈরি
২. কায়সার কবির
উভয়েই পুনর্নির্বাচনের উপযুক্ত ।

২০১৮ সালের ২৬ এপ্রিল, ১৯তম এজিএমে ফাহিমা চৌধুরীকে নিয়োগ দেওয়া হয় ।

১. শিব নারায়ণ কৈরি

২০১৪ সালের এপ্রিলে শিব নারায়ণ কৈরি একজন মনোনীত পরিচালক হিসেবে ব্র্যাক ব্যাংকের বোর্ড অব ডিরেক্টরসে পুনর্নিয়োগ পান । ব্যাংকের বিএসিতেও তিনি কাজ করেন । ২০১৭ সালের ২ জুলাই তিনি ব্র্যাক বিশ্ববিদ্যালয়ের ট্রেজারার হিসেবে যোগদান করেছিলেন । এই দায়িত্বে শিব নারায়ণ কৈরি ১৫০ মিলিয়ন মার্কিন ডলারের স্টেট অব দ্য আর্ট ক্যাম্পাস ভবনের মতো একটি বৃহৎ প্রকল্পের তত্ত্বাবধান করেন । এছাড়া আর্থিকভাবে টেকসই উচ্চশিক্ষার মানসম্পন্ন কেন্দ্র হিসেবে বিশ্ববিদ্যালয়টির অবস্থান ধরে রাখা নিশ্চিত করেছেন তিনি ।

ব্র্যাক বিশ্ববিদ্যালয়ে এই দায়িত্ব নেওয়ার পূর্বে শিব নারায়ণ কৈরি ৩৫ বছর ব্র্যাকে কাজ করেছেন । ৬০ বছর বয়সে পৌঁছালে তিনি ব্র্যাক ও ব্র্যাক ইন্টারন্যাশনালের চিফ ফাইন্যান্সিয়াল অফিসার পদ থেকে অবসর নেন । ব্র্যাকের সঙ্গে অসাধারণ কর্মজীবনে, শিব নারায়ণ কৈরি অ্যাকাউন্টস অ্যাসিটেন্ট থেকে চিফ ফাইন্যান্সিয়াল অফিসার পর্যন্ত উন্নীত হন । সর্বশেষ পদে তিনি প্রায় এক দশক দায়িত্ব পালন করেন । গত সাড়ে তিন দশকে ব্র্যাকের অনেক সাফল্যে সরাসরি অবদান রাখার মধ্যে দিয়ে তিনি এর অমূল্য অংশে পরিণত হয়েছেন । স্বচ্ছ আর্থিক প্রতিবেদনের জন্য ব্র্যাকের স্বীকৃতি এসেছে তাঁরই নেতৃত্বে । ২০০৪ থেকে ২০১৫ সাল পর্যন্ত প্রতিবছর ইনস্টিটিউট অব চার্টার্ড অ্যাকাউন্টেন্টস অব বাংলাদেশের (আইসিএবি) বেস্ট পাবলিশড অ্যাকাউন্ট অ্যান্ড রিপোর্টের জাতীয় পদক পেয়েছে ব্র্যাক ।

শিব নারায়ণ কৈরি ব্র্যাক ইপিএল ইনভেসমেন্টস লিমিটেড, ব্র্যাক ইপিএল স্টক ব্রোকারেজ লিমিটেড, ব্র্যাক কর্ণফুলী টি কোম্পানি লিমিটেড, ব্র্যাক খৈয়াছরা টি কোম্পানি লিমিটেড, ব্র্যাক কোদালা টি কোম্পানি লিমিটেড, বাংলাদেশ নেটিং ফ্যাক্টরি লিমিটেডের একজন পরিচালক ।

২. কায়সার কবির

২০১৬ সালের জুনে কায়সার কবির একজন মনোনীত পরিচালক হিসেবে ব্র্যাক ব্যাংকের বোর্ডে নিয়োগ পান ।

কায়সার কবির রেনাটা লিমিটেডের সিইও এবং ব্যবস্থাপনা পরিচালক, রেনাটা অ্যাগ্রো ইন্ডাস্ট্রিজ লিমিটেডের (রেনাটার অঙ্গপ্রতিষ্ঠান) চেয়ারম্যান, পুর্নাভা লিমিটেডের (রেনাটার অঙ্গপ্রতিষ্ঠান) চেয়ারম্যান,

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রেনাটা অনকোলজি লিমিটেডের চেয়ারম্যান, সাজিদা ফাউন্ডেশনের উপদেষ্টা এবং বাংলাদেশ অ্যাসোসিয়েশন অব ফার্মাসিউটিক্যাল ইন্ডাস্ট্রিজের সহ-সভাপতি।

এর আগে তিনি উল্লেখ্য পদগুলোতে ছিলেন: ব্র্যাক রেনাটা অ্যাগ্রো ইন্ডাস্ট্রিজ লিমিটেডের ব্যবস্থাপনা পরিচালক, সাজিদা ফাউন্ডেশনের নির্বাহী পরিচালক, ইউএসএইডের অর্থায়নে পরিচালিত আর্থিক খাত পুনর্গঠন প্রকল্পের ন্যাশনাল ম্যাক্রো অর্থনীতিবিদ, বিশ্ব ব্যাংকের বাংলাদেশের আবাসিক মিশনের পরামর্শক এবং অক্সফোর্ড বিশ্ববিদ্যালয়ের অর্থনীতি ও পরিসংখ্যান ইনস্টিটিউটের গবেষণা কর্মকর্তা।

কায়সার কবির যুক্তরাষ্ট্রের ক্লেরমন্ট ম্যাকেনা কলেজ থেকে অর্থনীতি ও আন্তর্জাতিক সম্পর্কে ব্যাচেলর ডিগ্রি অর্জন করেন। এছাড়া তিনি যুক্তরাজ্যের ইস্ট অ্যাংলিয়া বিশ্ববিদ্যালয় থেকে পোস্টগ্রাজুয়েট ডিপ্লোমা এবং অক্সফোর্ড বিশ্ববিদ্যালয় থেকে অর্থনীতিতে এমফিল ডিগ্রি অর্জন করেন।

নিজেদের মেয়াদকালে বৈঠকে পরিচালকদের উপস্থিতি

ক্রমিক নং.	পরিচালকদের নাম	পদবী	অনুষ্ঠিত সভার সংখ্যা	উপস্থিতি	অনুপস্থিতি
১	স্যার ফজলে হাসান আবেদ কেসিএমজি	চেয়ারম্যান	১৮	১৬	২
২	শিব নারায়ণ কৈরি	পরিচালক	১৮	১৮	০
৩	জাহিদা ইস্পাহানী	পরিচালক	৬	৫	১
৪	নিহাদ কবীর	পরিচালক	১৮	১২	৬
৫	কাজী মাহমুদ সাত্তার	পরিচালক	১৮	১৮	০
৬	কায়সার কবির	পরিচালক	১৮	১০	৮
৭	ড. আহসান এইচ. মনসুর	পরিচালক	১৮	১০	৮
৮	আসিফ সালেহ	পরিচালক	১৮	১৩	৫
৯	ফাহিমা চৌধুরী	পরিচালক	৯	৯	০

বি. দ্র. * ২০১৮ সালের ২৬ এপ্রিল ১৯তম এজিএমে জাহিদা ইস্পাহানী অবসর নেন।
* ২০১৮ সালের ২৬ এপ্রিল ১৯তম এজিএমে ফাহিমা চৌধুরীকে নিয়োগ দেয়া হয়।

পরিচালকদের সম্মানী:

বিওডি বৈঠক, বিএসি বৈঠক ও ঝুঁকি ব্যবস্থাপনা কমিটির বৈঠকে অংশগ্রহণের জন্য ২০১৮ সালে স্বতন্ত্র পরিচালকসহ পরিচালকদের উল্লেখ্য পরিমাণে সম্মানী দেওয়া হয়।

ক্রমিক নং.	পরিচালকদের নাম	পদবী	প্রদত্ত সম্মানী (বাংলাদেশি টাকায়)
১	স্যার ফজলে হাসান আবেদ কেসিএমজি	চেয়ারম্যান	১২৮,০০০
২	শিব নারায়ণ কৈরি	পরিচালক	২২৪,০০০
৩	জাহিদা ইস্পাহানী	পরিচালক	৪০,০০০
৪	নিহাদ কবীর	পরিচালক	৯৬,০০০
৫	কাজী মাহমুদ সাত্তার	পরিচালক	২৪০,০০০
৬	কায়সার কবির	পরিচালক	৮০,০০০
৭	ড. আহসান এইচ. মনসুর	পরিচালক	১৪৪,০০০
৮	আসিফ সালেহ	পরিচালক	১০৪,০০০
৯	ফাহিমা চৌধুরী	পরিচালক	৭২,০০০

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ঝুঁকি ও উদ্বেগ

ঝুঁকি বয়ে আনে অনিশ্চয়তা, যে কারণে ঝুঁকি ব্যবস্থাপনা আর্থিক প্রতিষ্ঠানগুলোতে গুরুত্বপূর্ণ হাতিয়ার হিসেবে বেড়ে উঠেছে। ব্র্যাক ব্যাংক এর ঝুঁকি ব্যবস্থাপনার বিস্তৃতি ঘটিয়েছে এবং এর ঝুঁকি ব্যবস্থাপনা উন্নত করেছে গভীরভাবে। কৌশল ও কার্যক্রমের স্বার্থে ২০১৮ সালে ব্র্যাক ব্যাংকের ঝুঁকি ব্যবস্থাপনা বিভাগে পরিবর্তন আনা হয়। নিয়ন্ত্রক সংস্কারের মতোই, ব্যাংক এর ঝুঁকি ব্যবস্থাপনার পদ্ধতি পুনর্মূল্যায়ন করছে। বাংলাদেশ ব্যাংকের নির্দেশনার সঙ্গে সঙ্গতিপূর্ণ হতে আমরা আরএমডির কার্যক্রম চালানোর উপাদানগুলোর পুনর্গঠন প্রক্রিয়ার মধ্যে নিয়েছি। ঝুঁকি ব্যবস্থাপনা কার্যকরকে গুরুত্ব দিয়ে, এর সক্ষমতা বাড়াতে নতুন বিষয় যুক্ত করা হয়েছে। সব স্টেকহোল্ডারের কথা মাথায় রেখে ঝুঁকির কৌশলগত সীমারেখা নিরূপণ করেই আমাদের ঝুঁকি নেওয়ার অবস্থান ঠিক করা হয়।

ব্যাংকের বিস্তৃত ঝুঁকি ব্যবস্থাপনা দক্ষতা নিয়মিতভাবে একে দায়িত্ব পালনে সক্ষম করে তুলেছে। এছাড়া, সব ধরনের ঝুঁকির বিষয় সঠিকভাবে মোকাবেলায় ব্যাংক দায়িত্ব অর্পণ করতে পারে। ঝুঁকি চিহ্নিত করতে কর্মীরা সব সময় কঠোর পরিশ্রম করে এবং প্রয়োজনমাফিক বিষয়টি উর্ধ্বতন কর্মকর্তার কাছে তুলে ধরে। বিশেষ করে গুরুতর ঝুঁকির ক্ষেত্রে, সেটি এন্টারপ্রাইজ রিস্ক অ্যাসোসিয়েটস ফোরামে (ইআরএএফ) তুলে আলোচনা ও সমাধান করা হয়। ইআরএএফে আসা বিষয়ে ব্যবস্থাপনার সংশ্লিষ্টতা প্রয়োজন হয় এবং এরপর সেটি পাঠানো হয় এন্টারপ্রাইজ রিস্ক ম্যানেজমেন্ট কমিটির (ইআরএমসি) কাছে। ঝুঁকি চিহ্নিতকরণ, মোকাবেলা ও হ্রাস করতে ইআরএএফ ও ইআরএমসি উভয়ই প্রতিমাসে বৈঠক করে। দূরদৃষ্টি ও নির্দেশনায় সহায়তার লক্ষ্যে বোর্ড রিস্ক ম্যানেজমেন্ট কমিটি (বিআরএমসি) গুরুতর ঝুঁকির বিষয়গুলো চিহ্নিত করে।

বার্ষিক প্রতিবেদন তৈরি

ব্র্যাক ব্যাংক প্রধানত আর্থিক বিবৃতির সম্পূর্ণতা ও গুণমানের ওপর জোর দিয়েছে। বার্ষিক প্রতিবেদনের খসড়া করার সময় সঠিকভাবে উপস্থাপনের ওপরও অগ্রাধিকার দেওয়া হয়েছে। সব আর্থিক বিবৃতির জন্যই যথাযথ হিসাবরক্ষণ নীতি ধারাবাহিকভাবে অনুসরণ করা হয়েছে। আর অ্যাকাউন্টিং হিসাব করা হয়েছে যুক্তিসঙ্গত ও বিচক্ষণ মূল্যায়নের ভিত্তিতে। আর্থিক বিবৃতি তৈরিতে বাংলাদেশের জন্য প্রযোজ্য আর্থিক প্রতিবেদনের আন্তর্জাতিক সব মানদন্ড (আইআরএফএসএস) প্রয়োগ করা হয়েছে, প্রযোজ্য না হলে করা হয়েছে ভিন্নভাবে।

অভ্যন্তরীণ নিয়ন্ত্রণ ও পরিপালন

ব্যবসা হিসেবে ব্যাংকিং হলো অত্যন্ত ঝুঁকিপূর্ণ সব বৈচিত্র্যময় আর্থিক কর্মকান্ড। সুষ্ঠু কর্মদক্ষতা নিশ্চিত করতে ব্যাংককে অবশ্যই কার্যকর অভ্যন্তরীণ নিয়ন্ত্রণ ব্যবস্থা ও কর্পোরেট সুশাসন স্থাপন করতে হবে এবং নিশ্চিত করতে হবে স্বচ্ছতা ও জবাবদিহিতা।

উল্লিখিত বিষয়গুলোর দায়িত্বে রয়েছে ব্যাংকের ইন্টারনাল কন্ট্রোল অ্যান্ড কমপ্লায়েন্স ডিভিশন (আইসিসিডি)। আইসিসিডি ব্র্যাক ব্যাংকের জন্য বৃক্ষের (TREE) মতো, যা গঠিত হয়েছে:

- স্বচ্ছতা (T দিয়ে ট্রান্সপারেন্সি)
- নির্ভরতা (R দিয়ে রিলায়েবিলিটি)
- কার্যকারিতা (E দিয়ে ইফেক্টিভনেস)
- নৈতিকতা (E দিয়ে ইথিকস)

অভ্যন্তরীণ নিয়ন্ত্রণ কোনো প্রতিষ্ঠানের বিওডি, ব্যবস্থাপনা ও অন্যান্য কর্মীদের ওপর প্রভাব ফেলে। এটি এমনভাবে পরিকল্পিত যেন কর্মসম্পাদনের কার্যকারিতা ও দক্ষতা সম্পর্কিত লক্ষ্যগুলোর অর্জন নিশ্চিত করা যায় এবং একই সঙ্গে যেন নিশ্চিত হয় আর্থিক প্রতিবেদনের বিশ্বাসযোগ্যতা এবং মানা হয় সংশ্লিষ্ট আইন, বিধিনিষেধ ও আন্তর্জাতিক নিয়ম-নীতি। অভ্যন্তরীণ নিয়ন্ত্রণ নীতি ও পদ্ধতিগুলো প্রতিষ্ঠিত ও বাস্তবায়িত করে অথবা অন্য নীতি বা পদ্ধতির সঙ্গে সম্পৃক্ততা তৈরি করে, যার লক্ষ্য থাকে নির্দিষ্ট ঝুঁকি অথবা ব্যবসায়িক কর্মকান্ড অথবা সমন্বয় নিয়ন্ত্রণ।

বিওডি, ব্যবস্থাপনা, সাংগঠনিক ও নিয়মতান্ত্রিক নিয়ন্ত্রণ এবং স্বতন্ত্র নিরীক্ষা ব্যবস্থার মাধ্যমে একটি কার্যকর অভ্যন্তরীণ নিয়ন্ত্রণ পরিবেশ যথাস্থানে স্থাপন করা হয়েছে। আর, এটি নিশ্চিত করেছে, ব্র্যাক ব্যাংক যেন সুশৃঙ্খল ও বিচক্ষণতার সঙ্গে যেন পরিচালিত হয়। ব্যাংক এর অভ্যন্তরীণ নিয়ন্ত্রণের মাধ্যমে যেকোনো দুর্বলতা খুঁজে বের করে এবং সেটি দূর করতে প্রয়োজনীয় পদক্ষেপ নেয়। অভ্যন্তরীণ নিয়ন্ত্রণ ব্যবস্থার কার্যকারিতা পর্যবেক্ষণের জন্য বোর্ড অব ডিরেক্টরস একটি নিরীক্ষা কমিটি গঠন করেছে। অভ্যন্তরীণ নিয়ন্ত্রণ ব্যবস্থা পর্যালোচনার জন্য সময়ে সময়ে এই কমিটি উর্ধ্বতন ব্যবস্থাপনার সঙ্গে সাক্ষাৎ করে। এটি আরও নিশ্চিত করে বাংলাদেশ ব্যাংকের পরিদর্শন দল, বাইরের নিরীক্ষক ও আইসিসিডির সুপারিশ অনুযায়ী ব্যবস্থাপনা সঠিক পদক্ষেপ নিচ্ছে কিনা।

ব্যাংকের ব্যবস্থাপনা কমিটি প্রতিবছর অভ্যন্তরীণ নিয়ন্ত্রণ ব্যবস্থার সামগ্রিক কার্যকারিতা মূল্যায়ন করে এবং কার্যকর পদক্ষেপ নিতে এর প্রাপ্ত তথ্যাদি বোর্ড অব ডিরেক্টরসের কাছে তোলে।

কর্পোরেট পরিচালনা

সম্ভাব্য সবচেয়ে ভালো কর্পোরেট পরিচালনায় পৌঁছুতে ব্র্যাক ব্যাংক স্টেকহোল্ডারদের কাছে দায়বদ্ধতার বিষয়ে নিবেদিত। ব্র্যাক ব্যাংক এর স্টেকহোল্ডারদের সর্বোচ্চ মূল্যায়িত করতে সম্ভাব্য সর্বোত্তম কর্মপদ্ধতি প্রয়োগ করে। এর রীতি ও নীতি সংবিধিবদ্ধ নিয়মের সঙ্গে সঙ্গতিপূর্ণ এবং দেশের সেরা হতে ব্যাংকের লক্ষ্য অনুসারে। সমন্বিত কর্পোরেট পরিচালনা ব্যাংকে কার্যকর অভ্যন্তরীণ নিয়ন্ত্রণ আনতে সক্ষম করেছে। আর এর মাধ্যমে ব্যবসায়িক কার্যক্রমকে আরও উন্নত করা, দক্ষতা বৃদ্ধি ও স্বচ্ছতা নিশ্চিত করা গেছে।

ব্যাংককে প্রবৃদ্ধির পথে চালনায় উপযুক্ত পরিচালনা কাঠামোর প্রয়োজনীয়তা বিওডি পুরোপুরি বোঝে। ব্যাংককে সঠিক পথে

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পরিচালনার জন্য কর্পোরেট পরিচালনা গঠন এবং নিয়ন্ত্রণ সীমার মধ্যে এর পুঁজি ও সম্পদের বিচক্ষণ ব্যবহার নিশ্চিত করতে বোর্ড অব ডিরেক্টরস একসঙ্গে কাজ করে।

লাভজনক ভিত্তিতে

ব্যাংকের লাভজনক টেকসই ব্যবসা ভিত্তিক পরিচালিত হওয়ার বিষয়টি আমলে নিয়েই আর্থিক বিবৃতির প্রস্তুতি নেওয়া হয়েছে। ব্যাংকের আর্থিক কার্যক্রম, ব্যবসায়িক পোর্টফোলিও ও কার্যক্ষমতা থেকে পরিষ্কারভাবেই বোঝা যায় এটি লাভজনক টেকসই ব্যবসা।

লভ্যাংশের বিস্তারিত

ব্যাংকের প্রবৃদ্ধির গতিতে সহায়তায় উপযুক্ত ও পর্যাপ্ত পুঁজির যথার্থ অনুপাত বজায় রাখতে ২০১৮ সালের ৩১ ডিসেম্বর শেষ হওয়া বছরের জন্য ১৫% স্টক লভ্যাংশ প্রদানের পরামর্শ দিয়েছে বোর্ড, যা অনুমোদনের জন্য ২০ তম এজিএমে উত্থাপন হওয়ার কথা।

নিরীক্ষক নিয়োগ

২০১৮ সালের নিরীক্ষা মেসার্স রহমান রহমান হক চার্টার্ড অ্যাকাউন্টেন্টস-এর মাধ্যমে সম্পন্ন করা হয়েছে। এই নিরীক্ষক ২০১৯ সালে পুনর্নিয়োগ পাওয়ার যোগ্য এবং পুনর্নিয়োগ পেতে গভীর আগ্রহ প্রকাশ করেছে। বিওডি নিরীক্ষক পুনর্নিয়োগের পরামর্শ দিচ্ছে এবং আনুষ্ঠানিক নিয়োগ ২০তম এজিএমে নিশ্চিত হওয়ার কথা।

আমাদের ওপর আস্থা রাখার জন্য আপনাদের প্রতি আমরা অসীম কৃতজ্ঞতা প্রকাশ করছি। আপনাদের অবিচল সমর্থন ব্যাংককে প্রবৃদ্ধি অর্জনে সহায়তা করেছে। আমরা সামগ্রিকভাবে প্রশংসা করি ব্যাংকের কর্মীদের, যাদের একাগ্রতা ও কঠোর পরিশ্রমই আমাদের সাফল্যের ভিত্তি। একই সঙ্গে আমরা আমাদের শেয়ারহোল্ডার, গ্রাহক, বাংলাদেশ ব্যাংক, সংশ্লিষ্ট সরকারি সংস্থা, নিয়ন্ত্রণ কর্তৃপক্ষ এবং আমাদের সঙ্গে ব্যবসায় সম্পৃক্ত সকলের প্রতি আন্তরিকভাবে কৃতজ্ঞ। আপনাদের বিশ্বাসের যোগ্য বলে ধারাবাহিকভাবে প্রমাণ করাতেই আমরা অগ্রাধিকার দিই।

আমাদের সঙ্গে থাকার জন্য আপনাদের ধন্যবাদ।

স্যার ফজলে হাসান আবেদ কেসিএমজি
চেয়ারম্যান

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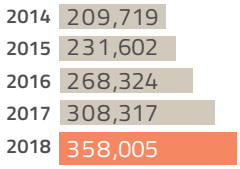
Five Years' Financial Summary
Graphical Presentation

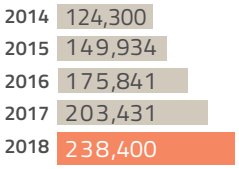
Consolidated

BDT in million unless otherwise specified

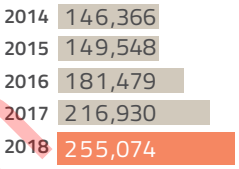
Total Assets



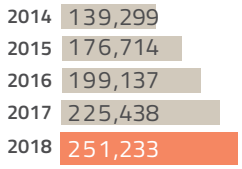
Loans and Advances



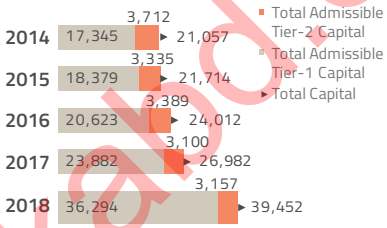
Deposits



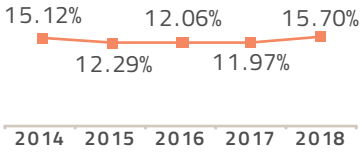
Risk Weighted Assets



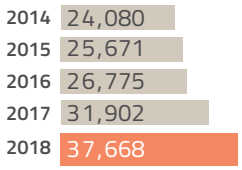
Total Capital



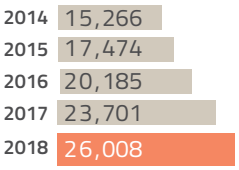
Total Capital to Risk-weighted Asset Ratio (CRAR)



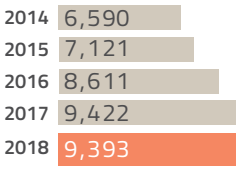
Total Income



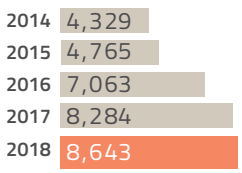
Total Revenue



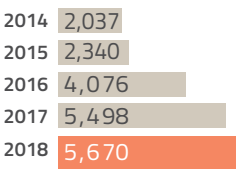
Operating Profit



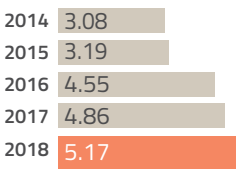
Profit Before Tax



Net Profit After Tax



Earnings Per Share (BDT)



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Five Years' Financial Summary
Graphical Presentation

Standalone

BDT in million unless otherwise specified

Total Assets

2014	204,592
2015	224,492
2016	248,605
2017	279,187
2018	315,417

Loans and Advances

2014	121,941
2015	147,434
2016	173,612
2017	202,559
2018	238,008

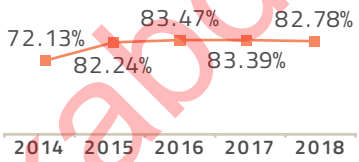
Deposits

2014	148,464
2015	150,221
2016	168,860
2017	196,224
2018	228,622

Total Shareholders' Equity

2014	17,755
2015	18,815
2016	21,441
2017	25,991
2018	31,638

AD ratio



Total Income

2014	21,973
2015	22,820
2016	23,000
2017	27,060
2018	30,739

Total Revenue

2014	12,781
2015	14,121
2016	15,965
2017	18,710
2018	19,165

Operating Profit

2014	6,146
2015	6,835
2016	8,013
2017	9,050
2018	8,822

Profit Before Tax

2014	4,163
2015	4,621
2016	7,148
2017	7,897
2018	8,072

Net Profit After Tax

2014	2,091
2015	2,436
2016	4,460
2017	5,250
2018	5,547

Paid up Share Capital

2014	7,093
2015	7,093
2016	7,104
2017	8,552
2018	10,725

Risk Weighted Assets

2014	133,930
2015	166,622
2016	188,431
2017	209,351
2018	233,713

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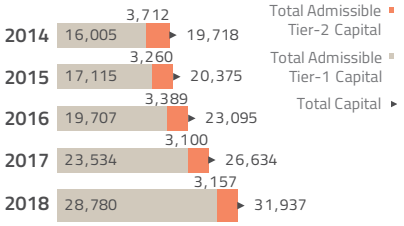
Five Years' Financial Summary
Graphical Presentation

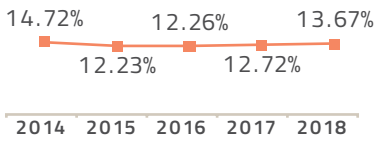
Standalone

BDT in million unless otherwise specified

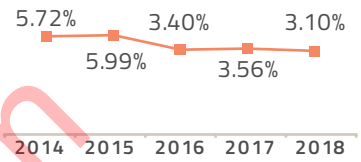
Total Capital



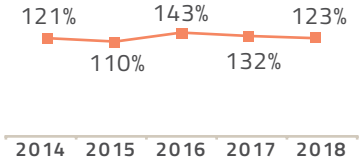
Total Capital to Risk-weighted Asset Ratio (CRAR)



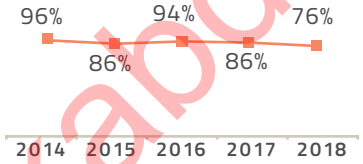
Percentage of NPLs to Total Loans and Advances



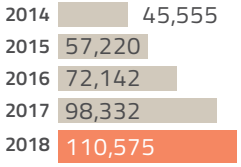
NPL Coverage Ratio (incl. GP)



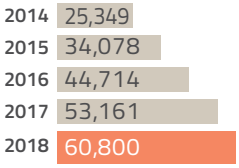
NPL Coverage Ratio



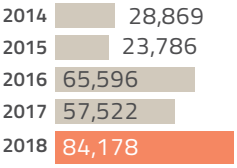
Import



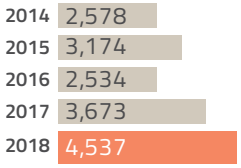
Export



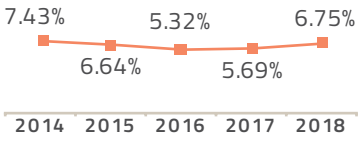
Remittance (Inward)



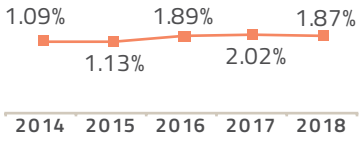
Guarantee



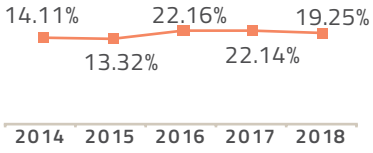
Cost of Fund



Return on Assets



Return on Equity



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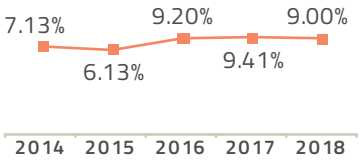
Five Years' Financial Summary
Graphical Presentation

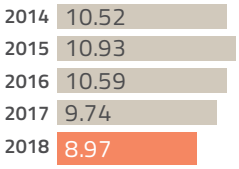
Standalone

BDT in million unless otherwise specified

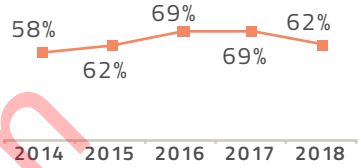
Return on Investment



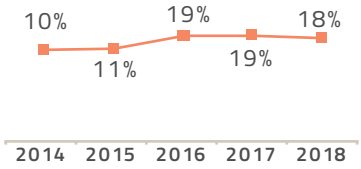
Debt Equity Ratio (Times)



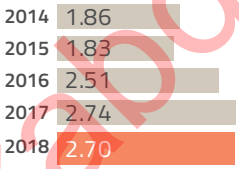
GP Margin



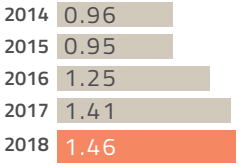
NP Margin



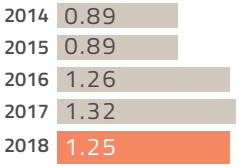
Operating Income per Employee



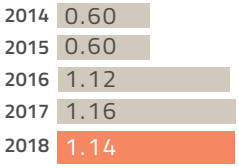
Operating Cost per Employee



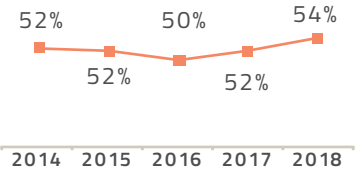
Operating Profit per Employee



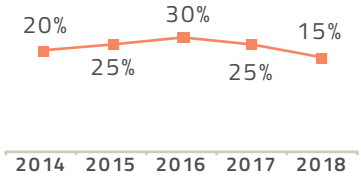
PBT per employee



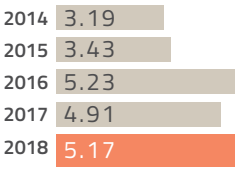
Cost to Income Ratio



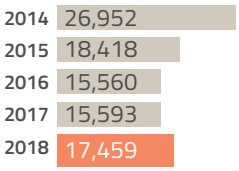
Total Dividend



Earnings Per Share (BDT)



Number of Shareholders



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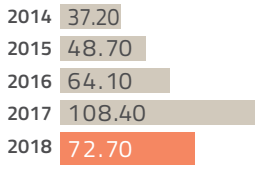
Five Years' Financial Summary
Graphical Presentation

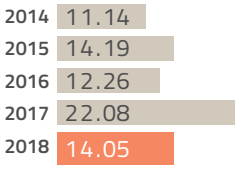
Standalone

BDT in million unless otherwise specified

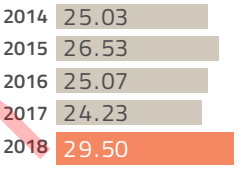
Market Value Per Share (BDT)



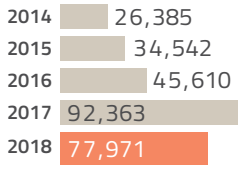
Price Earnings Ratio (Times)



Net Asset Value Per Share (BDT)



Market Capitalization at the year end



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Five Years' Financial Summary

BDT in Million unless otherwise specified

STANDALONE	2018	2017	2016	2015	2014
FINANCIAL POSITION					
Cash and bank balances	37,253	37,681	31,188	38,526	41,668
Money at call and short notice	-	-	-	-	-
Investments	25,765	24,966	22,488	19,779	23,899
Loans and Advances	238,008	202,559	173,612	147,434	121,941
Fixed Asset	4,301	4,275	3,113	2,937	2,893
Other assets	10,023	9,642	18,142	15,754	14,192
Non-banking assets	66	63	62	62	-
Total Assets	**315,417**	**279,187**	**248,605**	**224,492**	**204,592**
Borrowing	31,303	28,807	25,591	20,061	9,863
Convertible Subordinate Bonds	-	2,850	2,951	3,000	3,000
Money at call and on short notice	-	2,700	1,304	3,780	1,220
Deposit and other accounts	228,622	196,224	168,860	150,221	148,464
Other liabilities	23,853	22,615	28,459	28,616	24,290
Total Shareholders' Equity	31,638	25,991	21,441	18,815	17,755
Total Liability and Shareholders Equity	**315,417**	**279,187**	**248,605**	**224,492**	**204,592**
AD ratio	82.78%	83.39%	83.47%	82.24%	72.13%
Off Balance Sheet Items	79,543	68,250	57,211	49,954	37,713
Interest Earning Assets	307,272	271,282	232,911	210,372	191,688
Non-Interest Earning Assets	8,144	7,905	15,694	14,121	12,905
INCOME STATEMENT- PERFORMANCE AND PROFITABILITY					
Total Revenue	19,165	18,710	15,965	14,121	12,781
Interest Income	25,090	20,498	17,842	17,373	16,794
Interest Expense	11,574	8,351	7,036	8,699	9,192
Investment Income	2,961	3,581	2,497	2,454	2,501
Commission Exchange & Brokerage	2,573	2,876	2,538	2,915	2,567
Non-Interest Income	2,688	2,981	2,661	2,994	2,677
Total Operating Expenses	10,343	9,660	7,952	7,286	6,635
Total Income	30,739	27,060	23,000	22,820	21,973
Total Expenditure	21,917	18,011	14,987	15,985	15,827
Operating Profit	8,822	9,050	8,013	6,835	6,146
Profit Before Tax	8,072	7,897	7,148	4,621	4,163
Net Profit After Tax	5,547	5,250	4,460	2,436	2,091
CAPITAL MEASURES					
Authorized Capital	20,000	12,000	12,000	12,000	12,000
Paid up Share Capital	10,725	8,552	7,104	7,093	7,093
Risk Weighted Assets	233,713	209,351	188,431	166,622	133,930
Common Equity Tier-1 Capital	28,780	23,534	19,707	17,115	16,005

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BDT in Million unless otherwise specified

STANDALONE	2018	2017	2016	2015	2014
Total Admissible Tier-1 Capital	28,780	23,534	19,707	17,115	16,005
Total Admissible Tier-2 Capital	3,157	3,100	3,389	3,260	3,712
Total Capital	31,937	26,634	23,095	20,375	19,718
Capital Surplus/(Deficit)	4,184	3,082	4,252	3,713	6,325
Common equity Tier-I (CET1) Capital Ratio	12.31%	11.24%	10.46%	10.27%	11.95%
Total Capital to Risk-weighted Asset Ratio (CRAR)	13.67%	12.72%	12.26%	12.23%	14.72%
ASSETS QUALITY					
Total Loans and Advance	238,008	202,559	173,612	147,434	121,941
Classified Loans	7,379	7,221	5,911	8,839	6,980
Provision for Unclassified Loans (GP)	2,504	2,341	2,091	1,528	1,208
Provision for Classified Loans (SP)	5,067	5,649	4,865	6,890	5,973
Provision for off balance sheet items	584	621	490	427	358
Percentage of NPLs to Total Loans and Advances	3.10%	3.56%	3.40%	5.99%	5.72%
NPL Coverage Ratio (incl. GP)	123%	132%	143%	110%	121%
NPL Coverage Ratio	76%	86%	94%	86%	96%
FOREIGN EXCHANGE BUSINESS					
Import	110,575	98,332	72,142	57,220	45,555
Export	60,800	53,161	44,714	34,078	25,349
Remittance (Inward)	84,178	57,522	65,596	23,786	28,869
Guarantee	4,537	3,673	2,534	3,174	2,578
OPERATING PROFIT RATIOS					
Cost of Fund	6.75%	5.69%	5.32%	6.64%	7.43%
Return on Assets	1.87%	2.02%	1.89%	1.13%	1.09%
Return on Equity	19.25%	22.14%	22.16%	13.32%	14.11%
Return on Investment	9.00%	9.41%	9.20%	6.13%	7.13%
Debt Equity Ratio (Times)	8.97	9.74	10.59	10.93	10.52
GP Margin	62%	69%	69%	62%	58%
NP Margin	18%	19%	19%	11%	10%
MANAGEMENT EFFICIENCY RATIOS					
Operating Income per Employee	2.70	2.74	2.51	1.83	1.86
Operating Cost per Employee	1.46	1.41	1.25	0.95	0.96
Operating Profit per Employee	1.25	1.32	1.26	0.89	0.89
PBT per employee	1.14	1.16	1.12	0.60	0.60
Cost to Income Ratio	54%	52%	50%	52%	52%
DIVIDEND payment					
Cash	0%	0%	10%	25%	20.00%
Stock	15%	25%	20%	0%	0.00%
Total Dividend	15%	25%	30%	25%	20.00%

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BDT in Million unless otherwise specified

STANDALONE	2018	2017	2016	2015	2014
SHARES INFORMATION					
No. of Shares	1,072,500,285	855,209,694	710,436,910	709,287,321	709,287,321
Earnings Per Share (BDT)	5.17	4.91	5.23	3.43	3.19
Number of Shareholders	17,459	15,593	15,560	18,418	26,952
Market Value Per Share (Year end) in taka	72.70	108.40	64.10	48.70	37.20
Price Earnings Ratio	14.05	22.08	12.26	14.19	11.14
Net Asset Value Per Share in taka	29.50	24.23	25.07	26.53	25.03
Market Capitalization at the year end	77,971	92,363	45,610	34,542	26,385
DISTRIBUTION NETWORK					
Number of Customer's Accounts	1,605,423	1,454,315	1,305,211	2,025,472	1,889,218
Number of Loan Accounts	210,894	198,264	236,441	205,671	187,732
Number of Deposit Accounts	1,394,529	1,256,051	1,068,770	1,819,801	1,701,486
Number of Branches	119	118	111	106	96
No. of Unit offices Housed in SME SC/KB	67	68	69	69	69
Number of SME Unit Office	456	457	448	479	458
Number of ATMs	448	447	469	457	374
Number of CDM	97	90	81	70	51
Number of Employees	7,085	6,835	6,355	7,700	6,886
Number of Foreign Correspondents	370	396	432	429	433

CONSOLIDATED	2018	2017	2016	2015	2014
FINANCIAL POSITION					
Cash and bank balances	67,046	61,658	46,976	41,018	42,356
Investments	35,133	26,889	22,938	20,017	24,226
Money at call and short notice	-	-	-	-	-
Loans and Advances	238,400	203,431	175,841	149,934	124,300
Fixed Asset	6,265	5,610	4,460	4,038	3,553
Other assets	9,665	9,314	16,664	15,120	13,842
Goodwill	1427	1,351	1382	1412	1442
Non-banking assets	66	63	62	62	-
Total Assets	**358,005**	**308,317**	**268,324**	**231,602**	**209,719**
Borrowing	31,303	28,807	25,884	22,300	11,742
Convertible Subordinate Bonds	-	2,850	2,951	3,000	3,000
Money at call and on short notice	-	2,700	1,304	3,780	1,220
Deposit and other accounts	255,074	216,930	181,479	149,548	146,366
Other liabilities	29,927	28,600	32,966	31,456	26,854
Total Shareholders' Equity	35,250	26,600	22,153	20,190	19,251
Non controlling interest	6,450	1,830	1,587	1,329	1,287
Total Liability and Shareholders Equity	**358,005**	**308,317**	**268,324**	**231,602**	**209,719**

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BDT in Million unless otherwise specified

CONSOLIDATED	2018	2017	2016	2015	2014
CAPITAL MEASURES					
Risk Weighted Assets	251,233	225,438	199,137	176,714	139,299
Common Equity Tier-1 Capital	36,294	23,882	20,623	18,379	17,345
Total Admissible Tier-1 Capital	36,294	23,882	20,623	18,379	17,345
Total Admissible Tier-2 Capital	3,157	3,100	3,389	3,335	3,712
Total Capital	39,452	26,982	24,012	21,714	21,057
Capital Surplus/(Deficit)	9,618	1,620	4,099	4,042	7,128
Common equity Tier-I (CET1) Capital Ratio	14.45%	10.59%	10.36%	10.40%	12.45%
Total Capital to Risk-weighted Asset Ratio (CRAR)	15.70%	11.97%	12.06%	12.29%	15.12%
INCOME STATEMENT- PERFORMANCE AND PROFITABILITY					
Total Revenue	26,008	23,701	20,185	17,474	15,266
Interest Income	27,464	21,734	18,310	17,700	17,254
Interest Expense	11,660	8,201	6,589	8,196	8,814
Investment Income	2,783	2,915	2,558	2,496	2,486
Commission Exchange & Brokerage	7,227	6,882	5,550	5,174	4,131
Non-Interest Income	7,421	7,253	5,907	5,474	4,339
Total Operating Expenses	16,614	14,279	11,575	10,353	8,676
Total Income	37,668	31,902	26,775	25,671	24,080
Total Expenditure	28,275	22,480	18,164	18,550	17,490
Operating Profit	9,393	9,422	8,611	7,121	6,590
Profit Before Tax	8,643	8,284	7,063	4,765	4,329
Net Profit After Tax	5,670	5,498	4,076	2,340	2,037

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Contribution to the Nation

Taxes to Government

In this challenging banking industry where most of the banks in Bangladesh are struggling to make any profit, BRAC Bank Limited is ahead of the race to register profit with continuous and sustainable growth. This profitability is not only benefiting the bank itself, it is also contributing to the national revenue through higher tax payment. The bank paid BDT 21,889 million in terms of corporate income tax (BDT9,290 million), withholding tax (BDT7,377 million), Value Added Tax - VAT (BDT 3,120 million) and excise duty (BDT2,102 million) during last 5 years. In line with the growith in profit, the direct contribution of the bank in the national exchequer is also growing day by day over the years as shown below:

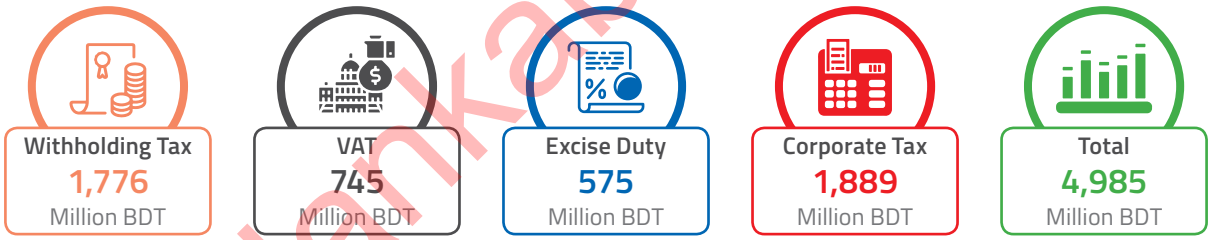
Below is the last five years contribution to national exchequer from BRAC Bank:

BDT in million

Year	Withholdings Tax	VAT	Excise Duty	Corporate Tax*	Total
2014	1,295	450	261	1,338	3,344
2015	1,356	514	307	1,759	3,936
2016	1,407	587	517	2,106	4,618
2017	1,543	824	442	2,847	5,656
2018	1,776	745	575	1,889	4,985
Grand Total	**7,377**	**3,120**	**2,102**	**9,940**	**22,539**

* Corporate tax shown here is as per income year (IY) as per tax law. For 2018-19 IY, three installments of advance tax have been paid.

Contribution to national exchequer from BRAC Bank (2018):



Creation of employment opportunities

To support massive banking operations and value addition process, the bank created meshwork type banking channels throughout the country. This has created a great employment oportunities from capital city to remote areas of the country. At the end of 2018, total 7,085 employees were directly involved in the value chain of the bank which is 4% higher than that of last year. BRAC Bank is now the employer of choice & becoming a socially responsible employer. In addition to that, BRAC Bank as a pioneer in SME Loans is leading the SME sector of Bangladesh. It provided financial strength to those entrepreneurs who were very hard working and business minded people but facing difficulty in growing up business due to funding problem. As on Dec 2018, the Bank has 281,383 SME customers in its portfolio. The Bank indirectly created massive job opportunities throughout the country by helping these customers run the business.

Digitization, financial inclusion & greener banking

"BRAC Bank is continuously striving for introducing breakthrough digital banking services to all customers in alignment of the Government's long term Vision to "Digital Bangladesh". "bKash" is now a very well known household name locally which was established by the Bank and then reshaped as a subsidiary company of the Bank. Through bKash a greater portion of unbanked population has now come under formal banking channel. This financial inclusion and digitalization helping a lot to multifold the economic activities and to achieve increasing GDP growth of the country.

The Bank in an endeavour to widen the financial inclusion program further and enhance economic activities has introduced ""Agent Banking"" services from October 2018 and by the end of the year the

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total no. of agent outlets reached 50. All transactions in agent banking are processed through biometric verification which ensures security as well as ease of banking even by any illiterate person in rural areas.

Our Bank emphasizes digitalization not only for things related to external customer services but also for its internal other customers like employees, supplies, potential candidates etc. To achieve that level of digitalizaiton the Bank recently in 2018 has migrated it's old ERP system to ""Oracle E- Business Suite"" that ensures simplification of various internal processes and helping us a lot for practicing more greener banking everywhere.

The Bank contineously investing on building various IT infrastructures, established a complete division dedicated to digital transformation and initiatives and we are expecting all these will unleash lots of new ventures in coming days.

Partners in achieving SDGs

The government of Bangladesh is targetting to make Bangladesh a "Developed Country" by 2041. On the way to becoming developed country, achievement of Sustainable Development Goals (SDGs) is one of the step to be achieved by 2030. BRAC Bank Limited from the very beginning of its journey is working to achieve many of the goals mentioned in SDGs especially in the area of reducing proverty and zero hunger through various financial inclusion initiatives lik bKash, agent banking etc. In terms of gender equality, the Bank is always a equal opportunity employer, encourges participation of women in jobs and ensures proper, non-discriminatory environment for them. The Bank always prefers to finance projects that are aimed at good health and well being, clean water and sanitation, preservation of life on land and below water, affordable and renewable clean energy, quality education, green technology etc. The Bank through its CSR (Corporate Social Responsibility) activities also ensures that the CSR contributions are truly aligned with the goals as per SDG.

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Stock Price Statistics

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-18	106.90	96.80	13,601,731	107.80	97.00	313,805	13,915,536	83,054
Feb-18	99.30	87.60	17,939,931	99.90	87.00	5,078,528	23,018,459	78,593
Mar-18	97.20	88.50	14,044,659	97.10	88.40	2,237,184	16,281,843	83,398
Apr-18	106.80	82.90	45,657,116	106.70	82.90	4,238,975	49,896,091	75,247
May-18	85.10	69.50	30,736,453	85.00	69.70	689,795	31,426,248	79,901
Jun-18	78.80	71.20	15,346,158	79.10	70.80	583,460	15,929,618	76,362
Jul-18	70.00	63.30	26,005,699	69.90	63.20	748,875	26,754,574	70,463
Aug-18	77.70	67.60	22,146,531	78.00	67.00	1,168,871	23,315,402	82,583
Sep-18	76.60	70.10	15,057,857	76.60	70.30	3,781,269	18,839,126	77,006
Oct-18	72.70	67.40	11,586,517	72.40	67.30	289,057	11,875,574	75,504
Nov-18	72.70	68.50	19,471,206	73.00	68.40	263,746	19,734,952	77,971
Dec-18	77.00	71.00	18,264,478	77.00	71.70	780,928	19,045,406	77,971

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
Total Number of Securities	1,072,500,285	

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Value Added Statement

Value added statement is an informative report which shows a detailed account of total value addition and the disbursement of the value created by the organization. BRAC Bank adds value by creating wealth through SME, Retail & Wholesale banking. Then it contributes positively to socio economic development through the payment of remuneration towards its staff, through the payment of consistent dividend (stock & cash) towards its shareholders, through obeying regulatory rules and regulations by paying tax and VAT while ensuring sustainability and growth.

The following value added statement shows the total worth created by BRAC Bank for the year ended 31 December 2018 and how we distributed for our socio economic development.

BDT in million

	2018		2017	
	Amount	%	Amount	%
Value Added				
Net Interest Income	13,516	100%	12,148	94%
Commission, Exchange & Brokerage	2,573	19%	2,876	22%
Investment Income	2,961	22%	3,581	28%
Other Income	115	1%	105	1%
Management Expenses Excluding Salaries & Allowances, Depreciation	(4,868)	-36%	(4,681)	-36%
Provision for Doubtful Losses	(750)	-6%	(1,152)	-9%
Total Value Added by the Company	**13,547**	**100%**	**12,876**	**100%**
Distribution of value addition				
To Employees				
as salary and Allowance	4,695	35%	4,360	34%
To Provider of Capital				
dividend to shareholders (cash & stock)	1,609	12%	2,145	17%
To Government:				
as corporate tax	2,525	19%	2,647	21%
To Expansion and Growth				
as retained income	3,939	29%	3,105	24%
as depreciation	779	6%	619	5%
Total Distribution by the Company	**13,547**	**100%**	**12,876**	**100%**

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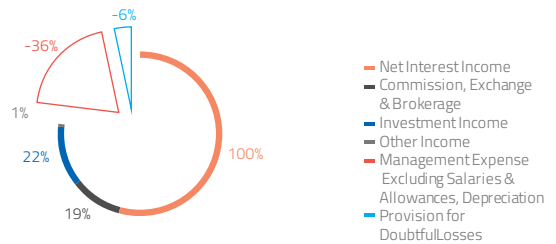
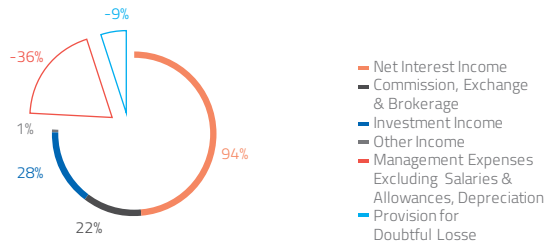
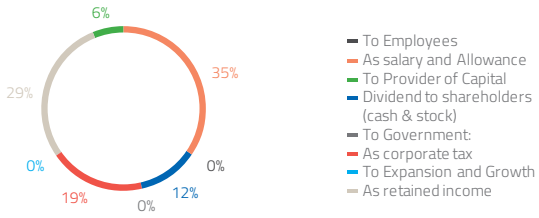
Value Added-2018



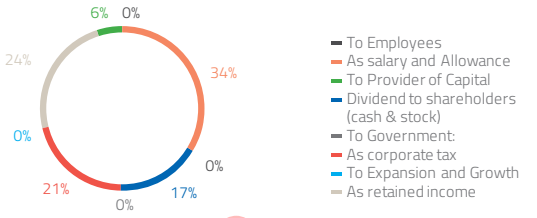
Value Added-2017



Value Added Contributed-2018



Value Added Contributed-2017



Economic Value Added (EVA) Statement

Economic value added statement is a statement which shows the surplus generated by an entity after meeting the cost of total invested equity. Here cost of total invested equity means the equitable charge towards providers of capital. It is the post tax return on capital employed less the cost of capital employed. Again here the post tax return on capital employed is adjusted for the tax shield on debt. Organizations which earn higher returns than the cost of capital are able to add value to the entity. On the other hand, organizations which earn lower returns than cost of capital decrease its value to shareholders. That is why shareholders are always conscious about the return on capital invested. As a responsible bank, we are sincerely concerned for ensuring value to all of our equity providers.

At the same time, the EVA also shows the success of management, they are responsible for.

EVA has been calculated by the following formula:

EVA = Net Operating Profit – Taxes – Cost of Capital

BDT in million unless otherwise specified

Economic Value Added (EVA) Statement [EVA=(NPAT-Cost of Average Equity)]					
For the year end	2014	2015	2016	2017	2018
Shareholders' Equity at the year end	17,755	18,815	21,441	25,991	31,638
Accumulated Provision against Loan & Advances and Investment	7,508	8,776	7,028	7,999	7,697
Average Shareholders' Equity	14,819	18,285	20,128	23,716	28,814
Dividend	2.0	2.5	3.0	2.5	1.5
Market Value Per Share	37.20	48.70	64.10	108.4	72.7
Growth Rate	0%	25%	20%	-17%	-40%
Cost of Equity	9.57%	9.71%	10.62%	9.04%	5.58%
Economic Value Added (EVA) Statement [EVA=(NPAT-Cost of Average Equity)]					
Net Profit after Tax (Before Provision)	4,074	4,649	5,325	6,402	6,297
Less: Cost of Equity	1,419	1,776	2,138	2,145	1,609
Total	**2,655**	**2,873**	**3,187**	**4,257**	**4,688**
Key Ratios:					
EVA/Operating Revenue (%)	12.09%	12.59%	13.86%	15.73%	15.25%
EVA/Average Shareholders' Equity (%)	17.92%	15.71%	15.83%	17.95%	16.27%
Net Profit After Tax/Operating Revenue (%)	9.52%	10.67%	19.39%	19.40%	18.05%
Operating Revenue	21,973	22,820	23,000	27,060	30,739
Net Profit After Tax	2,091	2,436	4,460	5,250	5,547

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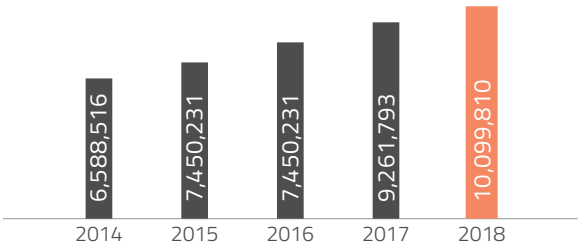
BDT in million

Market Value Added Statement					
For the year end	**2014**	**2015**	**2016**	**2017**	**2018**
Market Value of Shares Outstanding	26,385	34,542	45,610	92,363	77,971
Book Value of Shares Outstanding	7,093	7,093	7,104	8,552	10,725
Market Value Added	**19,293**	**27,449**	**38,506**	**83,811**	**67,246**

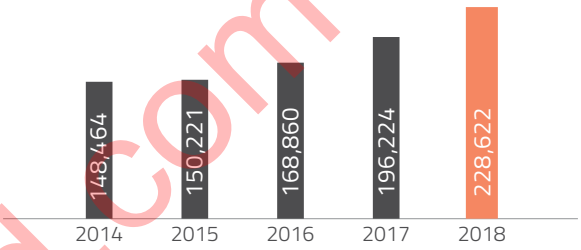
Industry Deposit

BDT in million



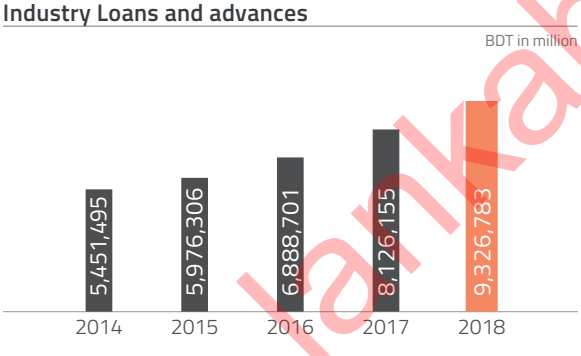
BBL Deposit

BDT in million



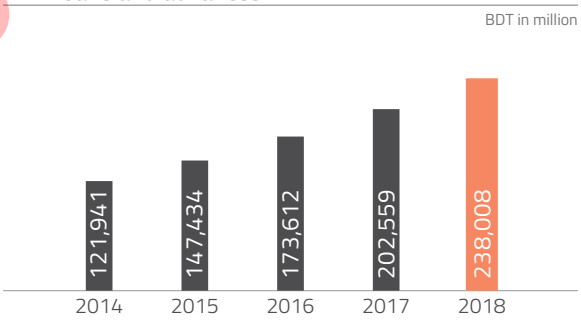
Industry Loans and advances

BDT in million



BBL Loans and advances

BDT in million



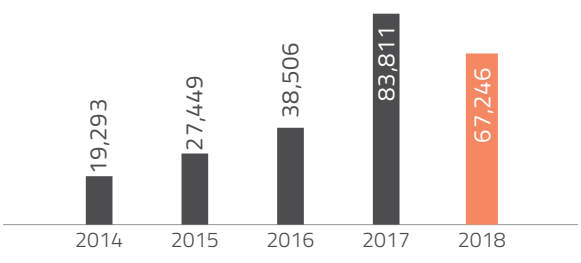
Market Value Added (MVA) Statement

Market value added statement is a reflection of the Company's performance evaluated by the market through the equity of the company. It is a measurement of external performance. It is a measure that shows how the market has judged the company's performance in terms of market value of shares compared to book value of shares. It is the difference between the market value of equity and the book value of equity invested in the company.

A positive MVA is a better indication of performance and it shows that the company can add value to shareholders wealth. A negative MVA is an indication that the value of management's actions and investments are less than the value of the capital contributed to the company by the capital market. During the year 2018, we were able to make a positive Market value addition of BDT 67,246 million.

Market Value Added

BDT in million



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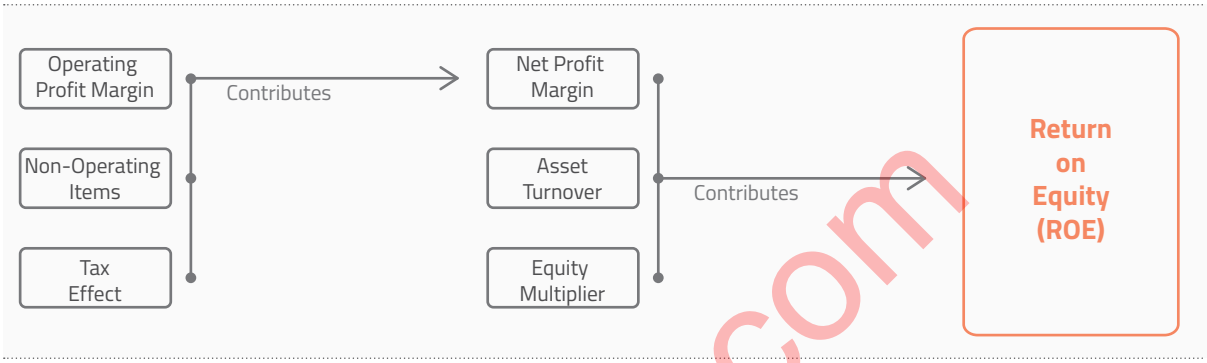
DuPont Analysis

DuPont Analysis is a technique that consists of a detailed examination of various ROE factors (e.g. net profit margin, asset turnover, equity multiplier). For the following analysis, the contribution of net profit margin consists of three components: operating profit margin, non-operating items and tax. This analysis, in turn, helps management to take various strategic and operational decisions.



Particulars	2018	2017
ROE	**19.25%**	**22.14%**
Net Profit Margin	18%	19%
Contribution on Net Profit Margin:		
a) Operating Profit Margin	29%	33%
b) Non-operating Items	-2%	-4%
c) Tax	-8%	-10%
Asset Turnover (times)	0.10	0.10
Equity Multiplier (times)	10.32	11.13

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Horizontal Analysis (Standalone)

Statement of Financial Position

	2018		2017		2016		2015		2014	
PROPERTY AND ASSETS	**BDT'M**	**Δ %**	**BDT'M**	**Δ %**	**BDT'M**	**Δ %**	**BDT'M**	**Δ %**	**BDT'M**	**Δ %**
Cash	22,375	22%	18,284	16%	15,821	-2%	16,207	-5%	17,089	0.4%
Balance with other Banks and Financial Institutions	14,879	-23%	19,396	26%	15,367	-31%	22,319	-9%	24,579	167%
Money at Call and Short Notice	-		-		-		-		-	
Investments	25,765	3%	24,966	11%	22,488	14%	19,779	-17%	23,899	12%
Loans and Advances	238,008	18%	202,559	17%	173,612	18%	147,434	21%	121,941	4%
Fixed Assets including Premises, Furniture and Fixtures	4,301	1%	4,275	37%	3,113	6%	2,937	2%	2,893	18%
Other Assets	10,023	4%	9,642	-47%	18,142	15%	15,754	11%	14,192	14%
Non-Banking Assets	66	5%	63	2%	62	0%	62		-	
Total Property and Assets	**315,417**	**13%**	**279,187**	**12%**	**248,605**	**11%**	**224,492**	**10%**	**204,593**	**14%**
LIABILITIES AND CAPITAL										
Liabilities										
Borrowings from Other Banks, Financial Institutions & Agents	22,958	-1%	23,211	23%	18,838	21%	15,533	108%	7,475	-36%
Borrowings from Central Bank	8,345	49%	5,596	-17%	6,753	49%	4,528	90%	2,387	66%
Convertible Subordinate Bonds	-	-100%	2,850	-3%	2,951	-2%	3,000	0%	3,000	0%
Money at Call and Short Notice	-	-100%	2,700	107%	1,304	-66%	3,780	210%	1,220	-57%
Deposits and other Accounts	228,622	17%	196,224	16%	168,860	12%	150,221	1%	148,464	16%
Other Liabilities	23,853	5%	22,615	-21%	28,459	-1%	28,616	18%	24,290	16%
Total Liabilities	283,779	12%	253,196	11%	227,165	10%	205,677	10%	186,836	11%
Capital and Shareholders' Equity										
Total Shareholders' Equity	**31,638**	**22%**	**25,991**	**21%**	**21,441**	**14%**	**18,815**	**6%**	**17,756**	**49%**
Total Liabilities and Shareholders' Equity	**315,417**	**13%**	**279,187**	**12%**	**248,605**	**11%**	**224,492**	**10%**	**204,593**	**14%**

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Horizontal Analysis (Standalone)

Profit & Loss Account

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	2018		2017		2016		2015		2014	
	BDT'M	Δ %	BDT'M	Δ %	BDT'M	Δ %	BDT'M	Δ %	BDT'M	Δ %
Interest Income	25,090	22%	20,498	15%	17,842	3%	17,373	3%	16,794	-7%
Interest paid on Deposits and Borrowing etc.	11,574	39%	8,351	19%	7,036	-19%	8,699	-5%	9,192	-19%
Net interest income	**13,516**	**11%**	**12,148**	**12%**	**10,807**	**25%**	**8,674**	**14%**	**7,602**	**11%**
Investment Income	2,961	-17%	3,581	43%	2,497	2%	2,454	-2%	2,501	-6%
Commission, Exchange and Brokerage	2,573	-11%	2,876	13%	2,538	-13%	2,915	14%	2,567	-1%
Other Operating Income	115	9%	105	-15%	123	56%	79	-29%	111	44%
Total Operating Income	**19,165**	**2%**	**18,710**	**17%**	**15,965**	**13%**	**14,121**	**10%**	**12,781**	**5%**
Salaries and allowances	4,681	8%	4,347	31%	3,313	12%	2,962	1%	2,919	4%
Rent, taxes, insurance, electricity etc.	1,409	7%	1,312	14%	1,148	20%	957	6%	899	5%
Legal expenses	55	32%	42	-31%	61	-20%	75	-46%	141	107%
Postage, stamps, telecommunication etc.	272	9%	250	3%	242	-8%	262	20%	219	10%
Stationery, printing, advertisement etc.	292	-4%	304	50%	203	-35%	312	17%	267	-2%
Chief Executive's salary and fees	14	5%	13	0%	13	-7%	14	3%	14	6%
Directors' fees and expenses	1	-4%	1	2%	1	96%	1	1%	1	28%
Auditors' fee	2	12%	1	20%	1	28%	1	0%	1	0%
Depreciation and repairs to bank's assets	1,156	37%	844	-7%	906	1%	896	-13%	1,030	-9%
Other expenses	2,460	-3%	2,546	23%	2,064	14%	1,805	58%	1,144	-5%
Total Operating Expenses	**10,343**	**7%**	**9,660**	**21%**	**7,952**	**9%**	**7,286**	**10%**	**6,635**	**1%**
Profit/(Loss) Before Provisions	**8,822**	**-3%**	**9,050**	**13%**	**8,013**	**17%**	**6,835**	**11%**	**6,146**	**9%**
Provision for:										
Loans and Advances	1,467	-28%	2,032	-11%	2,296	-25%	3,067	24%	2,478	-13%
Recovery from Write-Off	(783)	-25%	(1,039)	-15%	(1,218)	26%	(964)	54%	(628)	38%
Diminution in Value of Investments	116	-261%	(72)	-75%	(287)	-817%	40	33%	30	-37%
Off Balance Sheet Items	(37)	-128%	131	110%	63	-10%	70	-32%	103	112%
Others	(13)	-113%	100	860%	10	-	-	-	-	-
Total Provision	**750**	**-35%**	**1,152**	**33%**	**865**	**-61%**	**2,214**	**12%**	**1,983**	**-21%**
Profit/(Loss) Before Tax	**8,072**	**2%**	**7,897**	**10%**	**7,148**	**55%**	**4,621**	**11%**	**4,163**	**32%**
Provision for Tax:										
Current Tax Expense	2,523	-21%	3,196	22%	2,630	17%	2,250	7%	2,097	17%
Deferred Tax Expense/ (Income)	2	-100%	(549)	-1041%	58	-191%	(64)	157%	(25)	30%
Total Provision for Tax	**2,525**	**-5%**	**2,647**	**-2%**	**2,688**	**23%**	**2,186**	**5%**	**2,072**	**17%**
Total Profit/(Loss) After Tax	**5,547**	**6%**	**5,250**	**18%**	**4,460**	**83%**	**2,436**	**16%**	**2,091**	**53%**

Vertical Analysis (Standalone)

Statement of Financial Position

	2018		2017		2016		2015		2014	
PROPERTY AND ASSETS	**BDT'M**	**%**	**BDT'M**	**%**	**BDT'M**	**%**	**BDT'M**	**%**	**BDT'M**	**%**
Cash	22,375	7%	18,284	7%	15,821	6%	16,207	7%	17,089	8%
Balance with other Banks and Financial Institutions	14,879	5%	19,396	7%	15,367	6%	22,319	10%	24,579	12%
Money at Call and Short Notice	-	0%	-	0%	-	0%	-	0%	-	0%
Investments	25,765	8%	24,966	9%	22,488	9%	19,779	9%	23,899	12%
Loans and Advances	238,008	75%	202,559	73%	173,612	70%	147,434	66%	121,941	60%
Fixed Assets including Premises, Furniture and Fixtures	4,301	1%	4,275	2%	3,113	1%	2,937	1%	2,893	1%
Other Assets	10,023	3%	9,642	3%	18,142	7%	15,754	7%	14,192	7%
Non-Banking Assets	66	0.02%	63	0.02%	62	0.03%	62	0.03%	-	0%
Total Property and Assets	**315,417**	**100%**	**279,187**	**100%**	**248,605**	**100%**	**224,492**	**100%**	**204,593**	**100%**
LIABILITIES AND CAPITAL										
Liabilities										
Borrowings from Other Banks, Financial Institutions & Agents	22,958	7%	23,211	8%	18,838	8%	15,533	7%	7,475	4%
Borrowings from Central Bank	8,345	3%	5,596	2%	6,753	3%	4,528	2%	2,387	1%
Convertible Subordinate Bonds	-	0%	2,850	1%	2,951	1%	3,000	1%	3,000	1%
Money at Call and Short Notice	-	0%	2,700	1%	1,304	1%	3,780	2%	1,220	1%
Deposits and other Accounts	228,622	72%	196,224	70%	168,860	68%	150,221	67%	148,464	73%
Other Liabilities	23,853	8%	22,615	8%	28,459	11%	28,616	13%	24,290	12%
Total Liabilities	283,779	90%	253,196	91%	227,165	91%	205,677	92%	186,836	91%
Capital and Shareholders' Equity										
Total Shareholders' Equity	**31,638**	**10%**	**25,991**	**9%**	**21,441**	**9%**	**18,815**	**8%**	**17,756**	**9%**
Total Liabilities and Shareholders' Equity	**315,417**	**100%**	**279,187**	**100%**	**248,605**	**100%**	**224,492**	**100%**	**204,593**	**100%**

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Vertical Analysis (Standalone)

Profit & Loss Account

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	2018		2017		2016		2015		2014	
	BDT'M	%	BDT'M	%	BDT'M	%	BDT'M	%	BDT'M	%
Interest Income	25,090	82%	20,498	76%	17,842	78%	17,373	76%	16,794	76%
Interest paid on Deposits and Borrowing etc.	11,574	38%	8,351	31%	7,036	31%	8,699	38%	9,192	42%
Net interest income	**13,516**	**44%**	**12,148**	**45%**	**10,807**	**47%**	**8,674**	**38%**	**7,602**	**35%**
Investment Income	2,961	10%	3,581	13%	2,497	11%	2,454	11%	2,501	11%
Commission, Exchange and Brokerage	2,573	8%	2,876	11%	2,538	11%	2,915	13%	2,567	12%
Other Operating Income	115	0.4%	105	0.4%	123	1%	79	0.3%	111	1%
Total Operating Income	**19,165**	**62%**	**18,710**	**69%**	**15,965**	**69%**	**14,121**	**62%**	**12,781**	**58%**
Salaries and Allowances	4,681	15%	4,347	16%	3,313	14%	2,962	13%	2,919	13%
Rent, Taxes, Insurance, Electricity etc.	1,409	5%	1,312	5%	1,148	5%	957	4%	899	4%
Legal Expenses	55	0.2%	42	0.2%	61	0.3%	75	0.3%	141	1%
Postage, Stamps, Telecommunication etc.	272	1%	250	1%	242	1%	262	1%	219	1%
Stationery, Printing, Advertisement etc.	292	1%	304	1%	203	1%	312	1%	267	1%
Chief Executive's Salary & Fees	14	0.05%	13	0.05%	13	0.1%	14	0.1%	14	0.06%
Directors' Fees & Expenses	1	0.00%	1	0.01%	1	0.01%	1	0.003%	1	0.003%
Auditors' Fee	2	0.01%	1	0.01%	1	0.01%	1	0.004%	1	0.004%
Depreciation on and Repairs to Bank's Assets	1,156	4%	844	3%	906	4%	896	4%	1,030	5%
Other Expenses	2,460	8%	2,546	9%	2,064	9%	1,805	8%	1,144	5%
Total Operating Expenses	**10,343**	**34%**	**9,660**	**36%**	**7,952**	**35%**	**7,286**	**32%**	**6,635**	**30%**
Profit/(Loss) Before Provisions	**8,822**	**29%**	**9,050**	**33%**	**8,013**	**35%**	**6,835**	**30%**	**6,146**	**28%**
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Recovery from Write-Off	(783)	-3%	(1,039)	-4%	(1,218)	-5%	(964)	-4%	(628)	-3%
Diminution in Value of Investments	116	0.4%	(72)	-0.3%	(287)	-1%	40	0.2%	30	0.1%
Off Balance Sheet Items	(37)	-0.1%	131	0.5%	63	0.3%	70	0.3%	103	0.5%
Others	(13)	-0.04%	100	0.4%	10	0.05%	-	0%	-	0%
Total Provision	**750**	**2%**	**1,152**	**4%**	**865**	**4%**	**2,214**	**10%**	**2,611**	**12%**
Profit/(Loss) Before Tax	**8,072**	**26%**	**7,897**	**29%**	**7,148**	**31%**	**4,621**	**20%**	**4,163**	**19%**
Provision for Tax:										
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Deferred Tax Expense/ (Income)	2	0.01%	(549)	-2%	58	0.3%	(64)	-0.3%	(25)	-0.1%
Total Provision for Tax	**2,525**	**8%**	**2,647**	**10%**	**2,688**	**12%**	**2,186**	**10%**	**2,072**	**9%**
Total Profit/(Loss) After Tax	**5,547**	**18%**	**5,250**	**19%**	**4,460**	**19%**	**2,436**	**11%**	**2,091**	**10%**

Competitive Intensity and Strategic Response

The proactive identification of competitive forces and the earliest possible responses to these will ensure that the bank maintains a competitive edge. The banking industry in Bangladesh is continuously exposed to several risks, both internally and externally, for example, compliance requirements from the United Nations and other regional bodies. Some of these risks are too challenging to mitigate without the appropriate expertise and precautionary measures. By leveraging its experience in dealing with similar risks in the past, BRAC Bank has adopted a risk identification and mitigation framework. This not only protects the bank from adverse conditions but also helps to enhance its operational viability and sustainability. A detailed analysis of the competitive intensity and challenging environment within which we work has been conducted. Our responses to minimize the impact of these risks have been outlined in our business model accordingly.

We have depicted our risk framework through:

- Michael Porter's risk analysis structure
- SWOT analysis.

Competitive Rivalry

For most in the banking sector, competition can be gauged by the intensity and extent of the rivalries therein. Understanding this is, therefore, considered vital. With this in mind, the bank has been exposed to the following threats:

- A lack of adequate investment in technology: To provide innovative services, there is no alternative other than to invest in state-of-the-art technology. This includes robust security measures for the benefit of the client and the bank itself.
- Stiff competition: In Bangladesh, the banking industry is fiercely competitive and has a total of 59 scheduled banks, 5 non-scheduled banks, and 34 NBFIs.
- Switching cost: This is low due to the high concentration of service providers.
- Quality difference: Although BRAC Bank belongs to the top quartile of banks in Bangladesh, it is regarded as being retail and SME orientated. As such, it faces competition from other banks in alternative spheres of banking.
- Declining customer loyalty: The level of loyalty of BRAC Bank's customers has been steadily declining. This is due to the high number of banks operating in Bangladesh (59) and concomitant price wars.
- Advertising expenses: As a result of the fierce competition in Bangladesh's banking industry, additional costs are required in terms of advertising.

Buyer Power

Customers' bargaining power is also considered a market output. This concerns the ability of customers to pressurize banks, which also affects the former's sensitivity to price changes. The status of buyer power for the bank is as follows:

- Clients possess stronger bargaining power. This is because of the relatively low switching cost due to the high number of banks present in the industry.
- SME and retail businesses have generally been less rate-sensitive; however, rising competition in this market segment have made it considerably more price-sensitive.
- Corporate clients have also become more price-sensitive compared to the past. This is because they now have easier access to other banks and NBFIs that provide different facilities. This gives customers greater options and incentives to switch.
- The high levels of fixed costs incurred by the banking industry create extra pressure for banks to attract more customers. This also gives rise to greater levels of buyer power.

Supplier Power

Depositors are the main supplier of funds for the banking industry, whose bargaining power is strong in Bangladesh due to the following factors:

- The banking industry is facing a sudden liquidity crisis. As a result, depositors are now in a position of power as different banks approach them with high interest rates.
- Sources of funds, comprising customer deposits and borrowings from other financial institutions are largely based on the market. As a result, customer power is often considered to fluctuate between medium and high.

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- Resources are unequally distributed across the country. Thus, the lion's share of deposits is held by only a few depositors. This gives them a disproportionately large level of bargaining power.

Threat of New Entrants

New entrants eventually decrease the profitability of established banks. And unless the entry of new banks and financial institutions is made difficult or established banks maintain a competitive edge over the new entrants, then competition will only further increase. This will have an impact on banks' portfolios and profits. The threat brought by new entrants is considered very high in Bangladesh due to the following reasons:

- The government faces continuous pressure to approve new banks and financial institutions by reputed political actors. In the past few years, a number of new banks and NBFIs have entered into this already competitive market. Meanwhile, a few other banks are currently awaiting approval. As a result, the threat of new entrants is reasonably high.
- A number of foreign institutions are now providing funding facilities to local companies at lower rates of interest and with easier terms and conditions. In the future, many more foreign banks and financial institutions may also enter the market. This again would only further increase competition.
- The switching cost is also low given the incentives offered by new entrants.

Threat of Substitute Products

- Some of the banking industry's most significant threats regarding substitution stem not from local banks but from the non-banking financial sector. Many of these institutions have started to offer specialized financial services that were previously only provided by banks. Thus, the threats coming from the 34 existing non-banking financial institutions are considered moderate.

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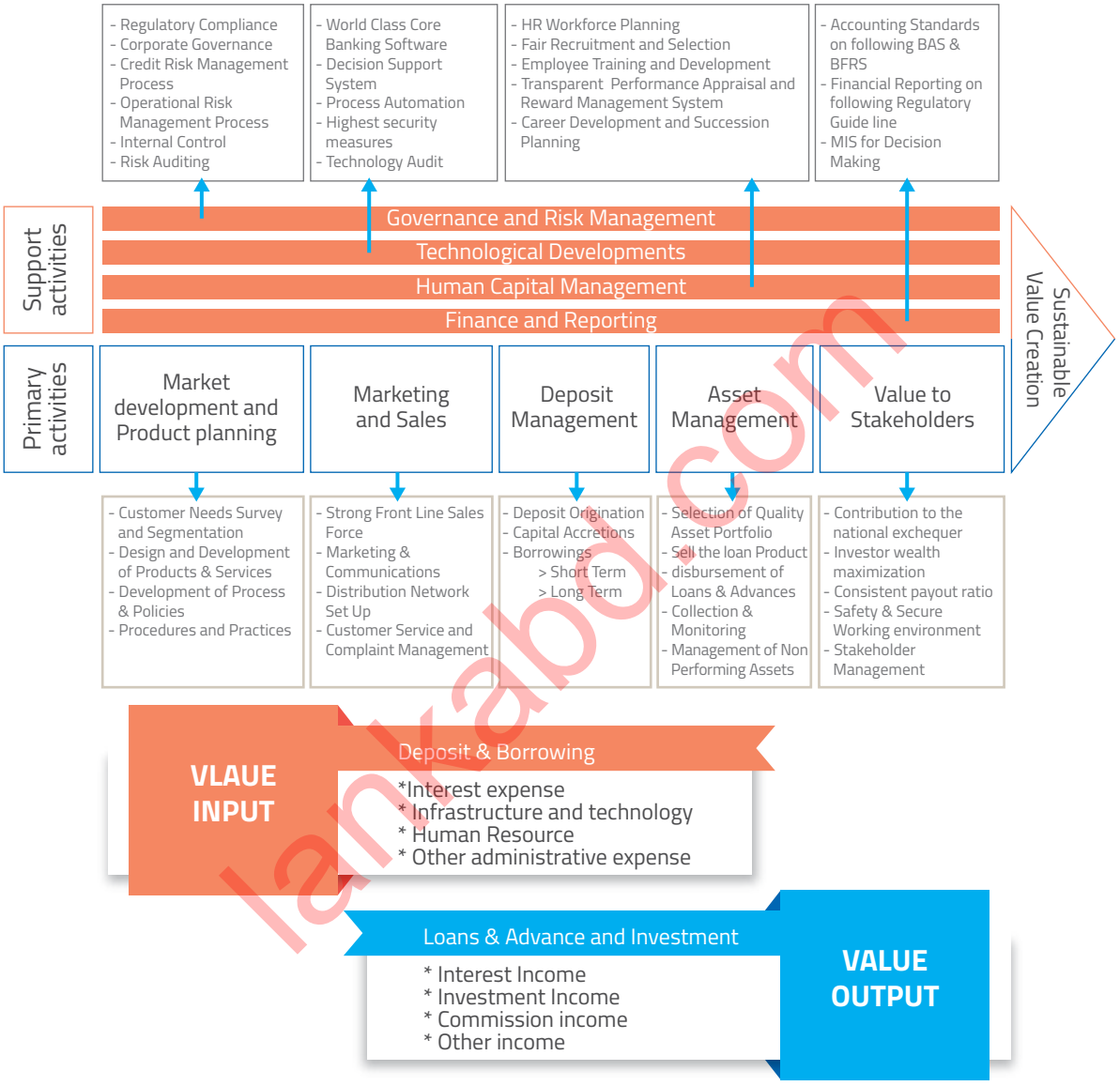
Sustainable
Value Creation Method



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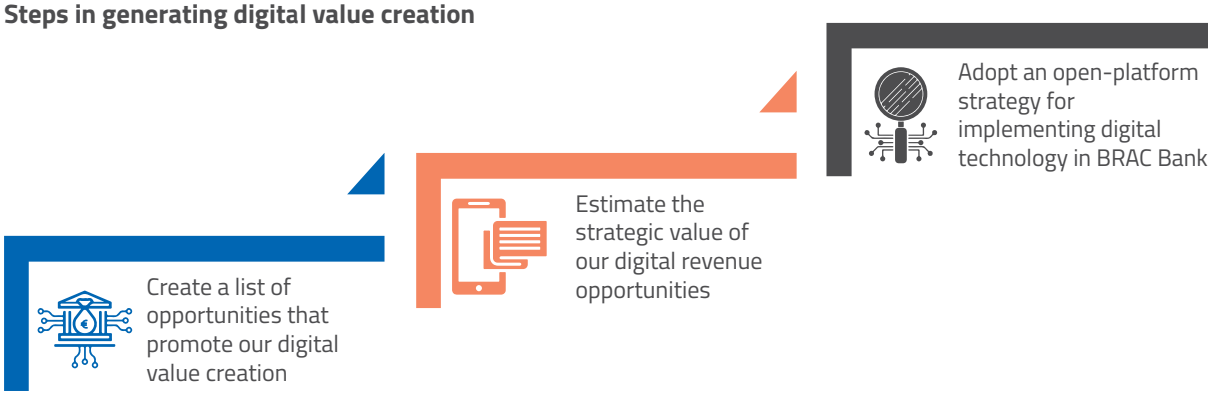
Steps in generating digital value creation



SWOT Analysis

Strength		Strengthening Further
The BRAC Brand		
BRAC Bank already has a proven reputation among its investors and clients for the high quality of its services, product innovation, productivity, sustainable financial performance, and good corporate governance.		BBL will continue to invest in enhancing its customers' experience to further bolster its brand image.
Our strength emanates from our owner - BRAC, the largest NGO in the world.		BRAC Bank will continue its march toward becoming the best bank in Bangladesh.
BRAC Bank is a member of the Global Alliance for Banking on Values (GABV).		BRAC Bank will continue its march toward becoming the best bank in Bangladesh.
BRAC Bank is also a proud kit sponsor of the Bangladesh national cricket team.		BBL will make immense gains in popularity not only in Bangladesh but all over the world. Across all age groups, BRAC Bank is a brand that people encounter daily in Bangladesh. BBL is building substantial goodwill and, in the process, is also ensuring that young people know and trust BRAC Bank before reaching the age of financial responsibility.
Network and Infrastructure		
Currently, BBL has 186 branches housed in SME SC or KB, 456 SME unit centers and over 448 ATMs across the country.		BBL will continue to establish more banking channels countrywide to maintain and potentially expand its already wide-reaching distribution of financial services.
BRAC Bank provides uninterrupted service delivery.		BBL will continue to invest in order to ease processes in terms of security-related and technological advancements. In doing so, this will provide a better overall customer experience.
Corporate Governance and Compliance		
BRAC Bank stringently adheres to all regulatory requirements.		BBL must continue to abide by the law of the land in letter, spirit and deed.
BRAC Bank has a respectable institutional shareholding as well as an experienced and professional Board of Directors.		Our Directors will continue to support us in our decision making and mitigation of risk.
Human Resources		
BRAC Bank has competent and empowered human resources.		BRAC Bank will continue to invest in people. This is because they are seen as the principal driving force of the company.

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Strength		Strengthening Further
BRAC Bank has established a winning culture in which transparently addressing the needs of stakeholders takes priority.		We will ensure that our staff continues to communicate in a transparent and responsible manner.
Customer Centred		
We provide needs-based products and superior standards of service for all customers.		BRAC Bank will ensure that its products and services are continuously innovated.
We have established ourselves as transparent and ethical for all our stakeholders.		We will ensure that all our new recruits are well aware of our code of ethics and values.
BRAC Bank is known in the market as a bank which gives priority to customers at every step.		We are reshaping our branch banking so that the best services can be provided to customers.
BRAC Bank is known in the market as a bank which prioritizes its customers at every stage.		We are reshaping our branch banking so that our customers will receive the best possible services available.
BRAC Bank is also known as a leading SME-focused bank.		We will continue to innovate in order to serve and grow within the SME market. This is so we can rightly proclaim to be the leading bank in this sector.
Strong Financial Footing		
BRAC Bank has a strong capital base.		BRAC Bank will continue to further strengthen its capital base in order to be more resilient in times of system-wise stress.
We have achieved steady ROA and ROE growth.		We will continue to deliver impressive financial results, maintaining high returns for our shareholders.
Weakness		**Addressing Our Weakness**
Board of Directors' direct approval required for each corporate loan file.		Due to this weakness loan disbursement TAT is little bit higher. To make it faster frequent Board Meeting is arranged.
Opportunity		**Capitalizing on Opportunity**
Providing retail products to our corporate and SME clients represents a good opportunity for us.		We will increase wallet share which will, in turn, reduce the acquisition cost.
BRAC Bank can issue bonds for others.		Revenue can be earned by issuing bonds for others.

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Opportunity		Capitalizing on Opportunity
BRAC Bank may wish to venture into green financing.		BRAC Bank can invest in long-term financing opportunities in projects to strengthen climate resilience.
BRAC Bank has the capacity to reach all across the country.		More rural people can be brought under BRAC bank facilities.
A massive employee base provides opportunity to easily acquire new customers.		The bank will make all banking facilities available to employees and their close relatives.
Threat		**Countering Threat**
Intense competition in corporate lending is driving commercial banks to focus more on SME and consumer financing.		BRAC Bank will continue to provide best-in-class services to all of its customers.
New banks and NBFI entrants will increase competition.		We will innovate, automate and invest to reduce loan TAT further.
Entry of foreign banks and financial institutions to the local market.		BRAC Bank will continue to provide all banking facilities at rates that are competitive with foreign banks and financial institutions.
Significant fluctuation of foreign exchange rate may cause a massive FX loss arising from foreign currency liabilities.		The bank has different FX risk management techniques including forward contracts, and balancing FCY assets and liabilities.

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PESTEL Analysis

P-Political

1(a) Macroeconomic Dimensions

- The present government has successfully stabilized the political environment, for the time being.
- The new government will try to formulate policies to appease the populace and more citizen-friendly tax rates and regulations can be expected.

1(b) Impact on the Industry

- Regulators will be more cautious in trying to prevent undisclosed money flowing into the economy. Therefore, more compliance reporting may be required in the industry as a whole. BRAC Bank can closely analyze the following factors before investing in a certain market:
  - Political stability
  - Level of corruption - especially levels of regulation in the financial sector
  - Legal framework
  - Intellectual property protection
  - Trade regulations & tariffs
  - Taxation - tax rates and incentives
  - Mandatory employee benefits
  - Industrial safety regulations in the financial sector.

1(c) BRAC Bank Front

- BRAC Bank's management continuously assesses the environment and adapts its business strategies accordingly.
- The bank operates a robust process for mitigating political risks. One example of the robust process is extended due diligence for PEPs (Politically Exposed Person).
- More focus on SME than corporate to avoid bigger shocks from NPL.
- Slower growth in assets portfolio is forecasted.

E-Economic

1(a) Macroeconomic Dimensions

- Bangladesh's GDP has shown continuous and sustainable growth in recent years. In FY2018, this was underpinned by two factors. On one hand, the growth was fueled by strong domestic and external demand, as reflected in buoyant public and private investment. On the other hand, the growth was accentuated through consumption, driven by higher exports, remittances, and private credit growth. GDP growth at 7.65% outperformed the target of 7.4%. However, the average inflation at 5.78% slightly underperformed, relative to the goal of remaining at 5.5%. This was due to weather-related shocks amid rising levels of global inflation.
  Bangladesh's GDP is expected to grow by 7.5% in 2019. Meanwhile, inflation rates are forecasted at 6.3% in 2019.

1(b) Impact on the Industry

- For the 2019 fiscal year, the economy started well. Remittance inflows increased at a healthy rate during July – October, which helped to reduce external imbalances. This was reflected by a significant year-on-year narrowing of its current account deficit in July – September. Loans and advances are increasing rapidly. Indeed, 18% (approx.) private sector loan growth was recorded. This is expected to continue subject to political stability and investors' confidence.
- Factors such as growth rate, inflation and economic indicators (i.e. industry growth rate and consumer spending) can be used to forecast the growth trajectory of the banking sector and of the organization specifically. Economic factors that the bank should consider for conducting a PESTEL analysis are –
  - The economic conditions in the operating country i.e. the type of economic system in place and its level of stability
  - Government intervention in the financial sector and the efficiency of financial markets
  - Exchange rates and the stability of the host country's currency
  - Education level and skill level of workforce
  - Economic growth rate
  - Unemployment rate
  - Inflation rate
  - Interest rates

1(c) BRAC Bank Front

- Though the bank is very conservative with respect to assets selection, it is ready to grasp worthwhile banking opportunities when presented.

2(a) Macroeconomic Dimensions

- A hike in interest rates on deposits due to a liquidity crisis would be a major challenge in the coming year. As the fund cost is increasing, the banking industry would face challenges in collecting low-cost funds and lending at low rates.

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2(b) Impact on the Industry

- The loan portfolio could become stagnant in the coming year.
- The interest would add an additional hit on consumer prices and thereby a hike in inflation.

2(c) BRAC Bank Front

- The bank has a good distribution network for the mobilization of deposits.
- The bank's SME customer base can be moved to a lender-to-banker strategy.
- Lending will continue to grow with higher rates of interest for new assets booking in alignment with costs of deposits.
- The expansion of non-funded facilities will be a good option for reducing pressure on interest income.

3(a) Macroeconomic Dimensions

- The value of BDT will further depreciate due to a higher demand for foreign currency in meeting import payments of capital machinery and other food items.

3(b) Impact on the Industry

- The industry will face difficulties in managing foreign currency operations.
- However, this can also generate good business opportunities for forward contracts. These are likely to be more in demand as a way to minimize the FX fluctuation risk.
- More export will be generated as BDT proceeds will increase from the same level of export.

3(c) BRAC Bank Front

- The bank has several FX risk mitigation techniques such as forward contract, matching FCY assets and deposits.

4(a) Macroeconomic Dimensions

An increase in non-performing loans is being observed. This is due to declining quality of borrowers, mismanagement of funds by different banks, and several political pressures.

4(b) Impact on the Industry

- The industry will face the risk of more non-performing loans in the coming year.
- Due to the national election held in December 2018, the NPL might increase. This is because those in power may be unable or unwilling to repay the borrowed funds used in the election process. This would lead to more banking vulnerability.

4(c) BRAC Bank Front

- Apart from the restructuring of credit undertakings under the leadership of the newly-recruited Chief Risk Officer (CRO), the bank conducts a robust risk assessment process.
- The bank has a separate collection and monitoring team apart from the Special Assets Management and Recovery team.
- Increasing the efforts of every staff member and unit will be crucial to improving the NPL.

S-Social

1(a) Macroeconomic Dimensions

- GDP per capita income is now approximately $1,156 USD, made up largely from the income of the ultra-rich and the high-income group. Meanwhile, village farmers earn no more than $500 USD a year. If a rational distribution of wealth is not encouraged and ensured, poverty will not diminish.
- Ever-changing technology, the internet and social networking will have impacted businesses.

1(b) Impact on the Industry

- Culture in society impact organizations. Shared beliefs and attitudes play a significant role in how marketers at BRAC Bank understand customers of a given market. Social factors that the leadership of the bank have pinpointed for PESTEL analysis are -
  - Demographics and the skill levels of the population
  - Class structure, hierarchy and power structure
  - Education levels as well as education standards in the industry
  - Culture (gender roles, social conventions, etc.)
  - Entrepreneurial spirit e.g. some societies encourage entrepreneurship while others do not
  - Attitudes (health, environmental consciousness, etc.)
  - Leisure interests
  - Social factors can fragment customer needs, tastes and preferences. Banks need to think about their customer segments and offer products and services accordingly.

1(c) BRAC Bank Front

- BRAC Bank aims to increase overall standards of living through funding (especially SME & Emerging). This is done by creating jobs, boosting the economy, and increasing per capita income that eventually

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contributes to GDP growth.
- BRAC Bank will continue to focus on offering products and services as per customer preferences, to ensure sustainability and to invest in CSR and other social initiatives.

T-Technological

1(a) Macroeconomic Dimensions

- Technological advancements have made customers more sophisticated and altered expectation levels.

1(b) Impact on the Industry

- Growing dependence on technology to meet customers' demands means further investment in technology is required.
- Technology analysis involves understanding the following impacts-
  - Recent technological developments by BRAC Bank's competitors
  - Technology's impact on product offerings
  - Impact on cost structure
  - Impact on value chain structure in the financial sector
  - Rate of technological diffusion

1(c) BRAC Bank Front

- BRAC Bank has invested heavily in technology and is in the process of upgrading to a state-of-the-art core banking system & ERP. Manual processes are being automated to increase efficiency and to further reduce TAT.
- The bank believes in digitalizing all of its services and operations and is working toward achieving that aim.

E-Environmental

1(a) Macroeconomic Dimensions

- There is growing focus on green or, more broadly, sustainable finance, both in financial markets and in the international political arena.
- Regulations for the monitoring of all spheres including social, political, geographical, ecological will be in place soon to cope with changes in the economy and expectations.

1(b) Impact on the Industry

- This has led to increased regulatory focus on sustainable reporting. Going green is also becoming a priority for new business strategies.
- Moreover, changes in the environment will force stringent regulatory compliance and reporting. BRAC Bank carefully evaluates all environmental standards required to operate in particular markets, some of which relate to -
  - Weather and climate change
  - Rules and regulations against environment pollution
  - Recycling and waste management in the financial sector
  - Attitudes toward "green" or ecological products
  - Attitudes toward and support for renewable energy

1(c) BRAC Bank Front

- BRAC Bank is committed to sustainable development through the creation of long-term value with respect to the environment, stakeholders and the community.

L-Legal

1(a) Macroeconomic Dimensions

- Industries are now faced with tighter rules and regulations. The application of these is considerably more standardized and stringent than ever before.

1(b) Impact on the Industry

- The banking industry is regulated under the Bank Companies Act 1991 as amended in 2013, BB circulars and guidelines, and the listing regulations and securities laws of the country.
- The bank is also required to comply with the Companies Act 1994, Income Tax Ordinance and Rules 1984, Value Added Tax Act and Rules 1991

1(c) BRAC Bank Front

- BRAC Bank runs it operations based on its values and principles as a self-regulatory and morally responsible corporate citizen. We always value rules and regulations, and conduct only compliant business practices.

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Business Model

Our ambition

Our ambition is to be the market leader for customer services, trust and advocacy. In doing so, we strive to meet the aspirations and needs of our retail, business, commercial, corporate and institutional customers. We are building a better bank for our customers, and one that will deliver sustainable returns for our shareholders.

Our purpose

Our purpose is to serve our customers well, and to do so, we intend to be safe, simple, and customer-focused.

Our plan

Our plan is to underpin that ambition as a blueprint for success. This intention will drive our strategic decision making and focus on delivering excellent customer service.

Our role

Our role is to create long-lasting relationships with our customers, who are crucial to generate sustainable value.

BBL continues to build a bank that is easy to do business with, and meets the continually-evolving needs of customers.

BRAC Bank Limited is one of the fastest-growing banks in Bangladesh with a 18% growth rate on loans and advances. We put customer satisfaction and experience at the heart of our business model – so we can deliver constantly-improving customer services and continue to focus on becoming the best bank in the country. BRAC Bank is committed to creating value for its entire stakeholder ecosystem. In addition, it wholly recognizes the importance of its business model in order to do so.

Inputs:

- Shareholders' equity
- Debts & term deposits
- Physical infrastructures (Branch, SME Unit office, ATMs, CDM)
- Core banking software, ERP
- Comprehensive range of products and services
- Skilled, experienced and competent human capital
- Natural resources

Business Activities

Our business model is structured around meeting customer needs and providing them a better banking experience on both lending and deposit fronts. BRAC Bank Ltd. provides financial solutions through BRAC Bank Limited, bKash Limited and BRAC SAAJAN Exchange Limited. Meanwhile, it delivers capital market solutions through BRAC EPL Investments Limited and BRAC EPL Stock Brokerage Limited. BRAC Bank offers loans to its three well-structured and focused divisions: SME, Retail, and Corporate. As and when required, BRAC Bank can change its business strategies in response to market forces and pressures. BRAC Bank management always endeavors to be the best through:

- Risk & return analysis
- Strategy & resource allocation
- Innovation & performance
- Outlook

Outcomes:

- Financial Outcome:
  - YoY loans and advance growth (18%), deposit growth (17%) and asset growth (13%).
  - YoY PAT & EPS growth 6% & 5% respectively.
- A strong distribution channel with smoother business operations (Low TAT).
- High level of investment in human capital in terms of remuneration and training alongside a balanced work life.
- Dividends paid to shareholders (2018: 15% stock)
- Green financing and green banking

External Factors

Some key external factors that have an effect on our business include:

- The prevailing interest rate regime stipulated by the Bangladesh Bank
- Political turmoil impacting business
- A general decline in the risk-taking attitude of the country, which impacts entrepreneurial capabilities
- Attractive alternative investment opportunities affecting the market with regards to deposit products

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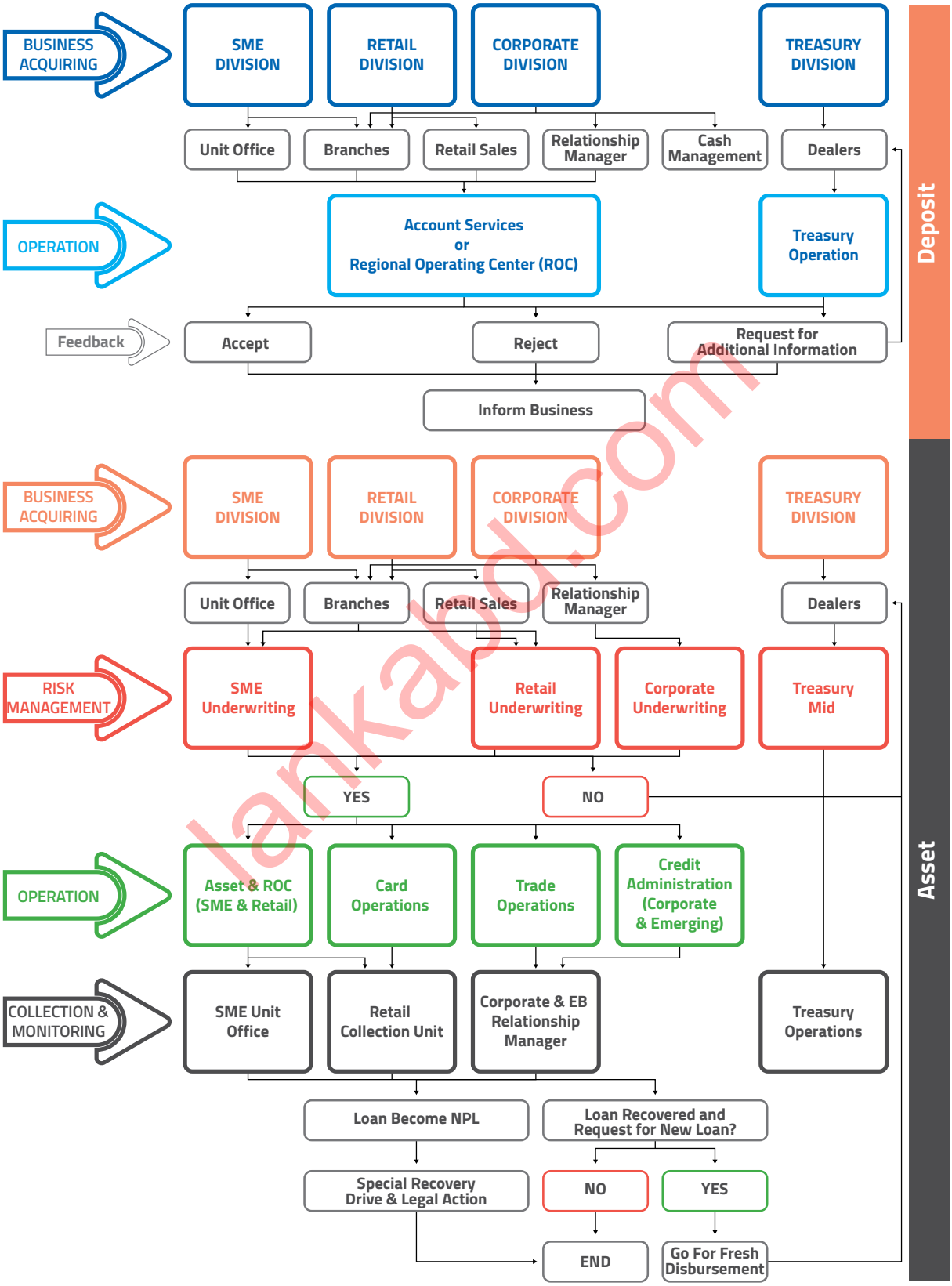
Work flow of BRAC Bank Limited



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Strategy
& Resource Allocation

In 2018, we continued to make good progress in building a simpler, safer, and more customer-focused bank. We are pleased to report to shareholders that the bank made an operating profit before tax of BDT 8,072 million in 2018 with 2% YoY growth. This was achieved through delivering on the strategic plan first set out in 2015, which focused on reducing risk and building a more sustainable cost base.

In 2020, the bank will be more high-tech and high-touch. This will result in lower-cost, high-quality digital services with human expertise available when required. This will be underpinned by a clear commitment to our customers, shareholders and other stakeholders.

Our Priorities

Strength and Sustainability

We remain focused on building a strong and stable bank. We have continued to improve the fundamentals, by increasing our capital strength, building a robust liquidity position, and balancing our loan-to-deposit ratio. Moreover, as one of the largest commercial banks in Bangladesh, we understand the importance of supporting the country's economic and social development. Through our balance sheet lending and wide range of sustainable banking initiatives, we are continually working to improve the outcomes for all our stakeholders.

Our Stakeholders

BRAC Bank exists to serve its customers. Thus, understanding who our stakeholders are and their views is vital in informing our overall strategy.

Customer Experience

We continue to invest in our people, services, and products. This is to ensure that we provide the market-leading technology and customer services through a wide variety of distribution channels (i.e. Branch, ARM, CDM, Online Banking, Mobile Banking – bKash, Agent Banking, Integration with mobile banking channels, etc.). BRAC Bank remains committed to achieving its target of being Bangladesh's best bank for customer service, trust and advocacy by 2020.

Simplifying the Bank

Streamlining processes and the removal of any unnecessary complexity lowers our operating costs, and simplifies our customer interactions.

Supporting Sustainable Growth

A strong sustainable business grows with its customers, who we support through offering products and services which meet their needs.

Employee Engagement

Engaged employees lead to engaged customers. To achieve this, we are committed to investing in our staffs and creating leaders who inspire and empower their teams.

Building a More Sustainable Bank

As indicated earlier, the BRAC Bank of the future will be far more digital and customer-centric. These two factors will lead to cost optimization on one hand, and customer growth as well as retention on the other hand. Collectively, these factors would strengthen the foundation for more sustainable banking in the future.

Our long-term success is dependent on our ability to generate value for society. We do this by providing products, services and facilities that are useful to our customers and the communities in which we operate. Our value creation model shows the way we use resources, skills and relationships to deliver value for all our stakeholders.

To meet the expectations of our shareholders, we deliver the best possible services to our customers. We also recognize our responsibility towards society as a whole. Through supporting our customers and communities to succeed, we will become a more sustainable bank.

Our Key Resources and Relationships

BRAC Bank provides financial services to individuals and businesses through its distribution channels. To do so, it relies on financial capital (see details in Capital Plan page no. 275-277 and Disclosure on Risk Based Capital under Basel III page no. 338-372), social capital (see details in Sustainability Report page no. 280-293),

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Putting the past behind us

Investing for the future

natural capital, human capital, intangible capital and tangible capital. We leverage these forms of capital through our expertise, technology and customer focus across our different products and services. This helps to improve the quality of customer service. We also seek to create sustainable value for our shareholders and other stakeholders including customers, employees, and civil society.

Inputs	How we earn income
Financial: We make use of shareholder capital and other forms of financial capital, including 228,622 million in customer deposits. **Social and Relationship:** 1.2 million customers **Infrastructure:** At present the bank has 186 Branches, 456 SME Unit Offices, 448 ATMs, 97 CDMs. **Human and Intellectual:** A capable, caring and motivated workforce of 7,085 (permanent headcount). We recruited 1,358 collegues in 2018.	**Our purpose is to serve our customers well** We earn income by providing lending and deposit services to our customers. We incur operating expenses in providing these services, and accept risk; including credit risk, liquidity risk and currency risk. Building a safe and customer-focused bank is central to our ability to create value. The main source of our income is the interest income earned from loans and advances to our personal, business and commercial customers. We also earn fees from transactions and other services provided to our customers. We pay interest to customers and other investors who have placed deposits with us. The difference between these is our net interest income. We also provide some special benefits to our society through programs such as the TARA account for females, Future Star for children, Triple Benefit Plan etc.

How We Create Value for Customers and Society

- Protecting customers' money
- Empowering customers
- Tax payments
- Developing human resources through different forms of training
- Employee-friendly workplace development
- Supporting businesses
- Supporting local communities
- Creating employment through diversification of business
- Focus on SDGs through various CSR activities

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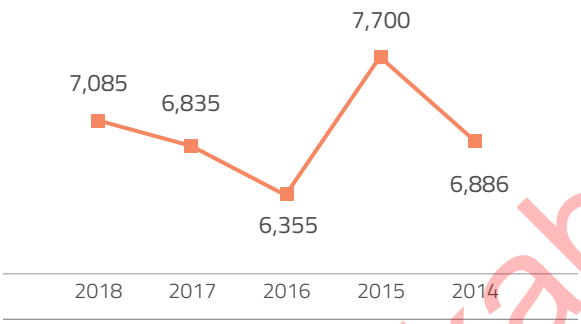
Human Capital

Composition

Human capital consists of 7,085 no. of colleagues of the Bank and 1,011 no. of colleagues of our subsidiaries. They are the core strength of our organization. BBL nurtures the health, well-being and other sources of motivation of employees and values their expertise, innovation and experience through various financial and non-financial measures and ensuring secured, open and pleasant work place environment at all level. Bank also ensures proper diversity of staff with respect to gender, religion and ethnicity and respect their values equally.

Number of Employee



How they create value

The motivated and well-secured employee of the bank work with passion, commitment and dedication in achieving organizational goals.

Core to the high quality human capital

- Respecting the employee as critical success factor
- Friendly and open working environment
- High quality resource recruitment
- Continuous professional development
- Meeting the needs of the employee through better package
- Caring the health
- Providing insurance facilities
- Providing organized and comfortable transportation system.
- Continuous training
- Improving employee Productivity

Key areas to developing improved human capital	BRAC Bank's initiatives
▪ High quality employee ▪ Upgraded and skilled employee ▪ Motivated and enthusiastic employee	▪ Acquisition of talent fresh and experienced employee through robust evaluation process. ▪ Providing continuous training on upgraded process, laws, regulations and compliance issues ▪ Providing long-term employee benefits and competitive benefit package to the employees

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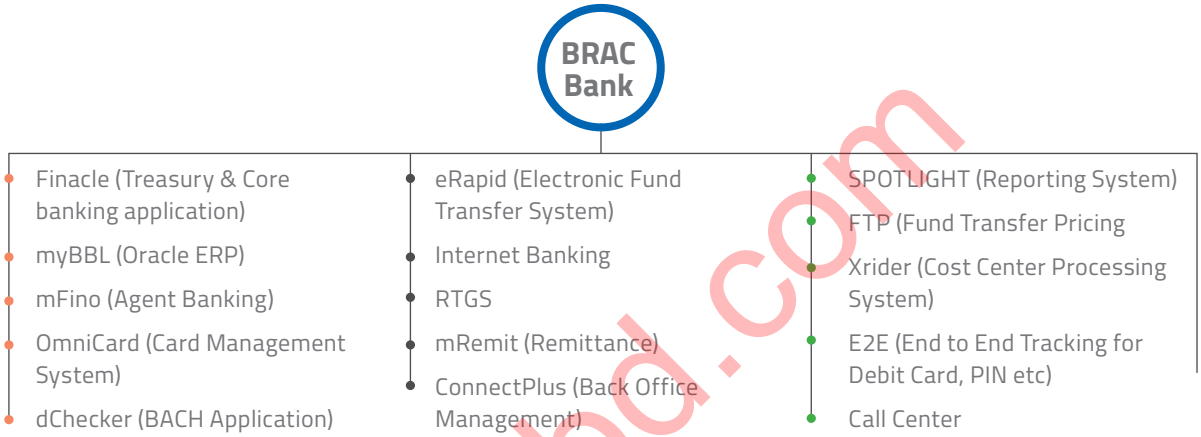
Intangible Capital

Composition

BRAC Bank throughout its way of journey of becoming the best bank in Bangladesh developed many intangible infrastructure (i.e. software, system, processes etc.) internally as well as purchased many others in suite of business and customer requirement. Apart from its major systems like core banking (Finacle), ERP systems (Oracle EBS – myBBL), treasury modules (Finacle Treasury), agent banking (mFino) it has developed more than 100 satellite applications mostly developed internally.



Value creation process

The above mentioned intellectual capital created superior customer experience and solid brand image in congruence to business goals. These properties provided customers the most comfortable financial services in the quickest manner.

Key aspects

- Quality hardware and software arrangement
- Stakeholders' awareness of using the available best channel
- Spontaneous process improvement to increase efficiency
- Technology risk management
- Information security risk identification and prevention

BRAC Bank is proactive to identify the best and upgraded intellectual capital and to make it available to customers at the soonest possible way:

Key challenges in managing intellectual capital	BRAC Bank's steps toward managing the challenges
▪ Ensuring high quality hardware and software available for users ▪ Developing organized user manual and usage policy ▪ Adaption to rapid changes in technology ▪ IT risk management ▪ Information risk management	▪ Acquisition of branded hardware and software as well as developing high quality software internally. ▪ Adhering to strict internal control & risk management procedures ▪ Dedicated research and market analysis team for instant search of viral move in technology ▪ Using high quality anti-virus, malware protection system. Conducting system check by reputed and reliable audit firm ▪ BBL always applies latest encryption and data protection system. Recently, the bank implement hardware encryption system which not only remove the risk of data loss but also protect unauthorized access to individual hard disk of every PC.

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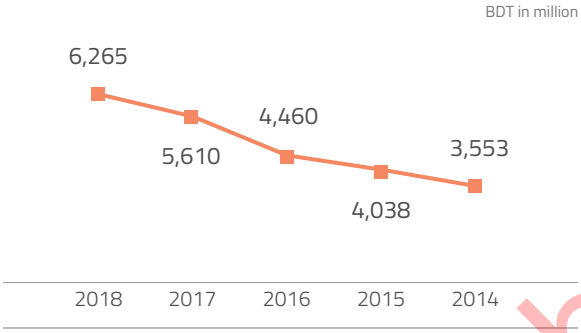
Tangible
Capital

Tangible capital refers to the resources, media and channels used in providing financial services to the customers and reporting to regulatory bodies and other users.

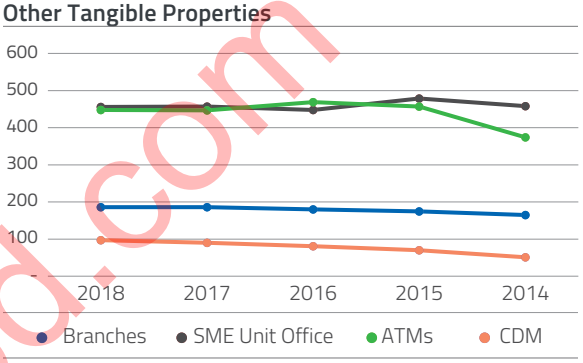
Composition

The tangible capital of BRAC Bank consists of all the physical objects ranging from our branches, to the network and IT infrastructure such as the computers, equipment and supplies that we use in providing services to the clients. BRAC Bank has 16 Premium Banking Lounge to serve premium banking customers. The bank has 11 Regional Operation Center (ROC) to make the file processing system faster.

Fixed asset



Other Tangible Properties



Value creation process

We invest our money very cautiously through in depth cost-benefit analysis of proposed infrastructure and channels. The Business Planning and Analysis (BP&A) Team and Procurement Team closely analyze and monitor the costing and probable value addition of the existing, ongoing and proposed manufactured capital. Our investments in manufactured capital creates value by increasing efficiency of our day-to-day operations, facilitating our growing business needs and maintaining optimum accessibility to clients.

Major aspects

- Accommodating tangible capital in line with the business goals
- Inclusive and better customer services
- Acceptance of customers
- Developing and maintenance of physical resources
- Resource utilization

We can summarize below the key challenges of manufactured capital and how BRAC Bank manages those challenges.

Key challenges	BRAC Bank's actions in managing the challenges
▪ Ensuring infrastructure sufficiency to support growth ambitions ▪ Balancing costs & benefits of investments ▪ Rapid changes in technology & the timing of investments	▪ Made strategic investments in network enhancements ▪ Regularly conduct proper analysis of the trade-offs by qualified personnel ▪ Ensure quality investment in technology infrastructure and stay updated with best practices

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Small and medium-sized enterprises are at the heart of the Bangladeshi economy. SMEs generate a quarter of our national output and employ three-quarters of the non-agricultural workforce as revealed in the 2013 Economic Census.

SMEs are the growth engine in the economy, driving demand and innovation in a competitive marketplace. BRAC Bank offer full-spectrum banking solutions for the SMEs with promise.

However, Bangladeshi SMEs, for a host of reasons including access to credit, can do better. In China, SMEs contribute 60% to the GDP. In South Korea, SMEs employs 88% of the people. In India, SMEs export 42% of the total. Empowering Bangladeshi SMEs happens to be the keystone to achieving Sustainable Development Goals. BRAC Bank works to mitigate the $1.84b credit gap across SMEs.

SME HIGHLIGHTS 2018

	2018	Brief Commentary
Gross Disbursement	BDT 101,470 million	Disbursement increased by BDT 17,420 milion
Portfolio	BDT 81,460 million	Portfolio increased by BDT 1,156 million
Number of Customers	121,551	No. of customers increased by 1,399
Non-Funded	BDT 3,445 million	Increased by BDT 1,063 million
PAR	3.8%	PAR decreased by 0.37%
NPL	3.0%	NPL decreased by 0.10%

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The SME division works in three segments:

1. Small Business
2. Emerging Corporate
3. Agricultural Business

Small Business

BRAC Bank's Small Business division funds aspiring entrepreneurs across rural and urban communities through its 456 SME Unit Offices across Bangladesh.

Small Business has sustained its momentum in portfolio growth, asset disbursements, employee productivity and geographical coverage. Asset quality in terms of declining NPL and PAR shows a positive trend. As of 31 December

SME Banking Division

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KEY ACHIEVEMENTS

Loan Portfolio Growth

17 % ↑

Customer Growth

1.16% ↑

2018, the division's total portfolio was valued at BDT 56,130 million, with PAR and NPL at 3.4% and 2.6%, respectively. Meanwhile, its number of loan customers amounted to 118,170. Looking ahead, the division is determined to become the first-choice among its target customers. Significantly, from the total portfolio, 86% of disbursed loans in 2018 were less than BDT 2.5 million. Following a flexible sales model, the division's team provides supreme service quality to keep pace with the ever-changing expectations of customers.

With its own Agent Banking platform, BRAC Bank can now operate in remote regions through its own channels offering a superior service quality.

Emerging Corporate

Emerging Corporate division has become the growth partner of choice for aspiring SME owners on track to achieve corporate aspirations. The Emerging Corporate Division meets the banking needs of fast-growing medium-sized businesses oriented toward manufacturing, trading and services with local and international supplier networks. Such businesses require multiple tailored and composite loan facilities.

From our experience, we find that such businesses benefit the economy through creating jobs and strengthening backward and forward linkages. Having started in 2013, this division has grown its customer base and portfolio at a staggering rate. Employee productivity has also soared courtesy of its devoted management.

In 2018, the division's portfolio stood at BDT 23,416 million (an increase of 10%), with PAR and NPL at 5% and 4.1% respectively. In 2018, the Emerging Corporate Division placed emphasis on non-funded trade business, resulting in an increase in non-funded business to the tune of BDT 1,063 million. Moreover, for the first time in SME banking, the team also concluded deals on sophisticated products such as SBLC and APG.

Agricultural Finance

As per Bangladesh Bank regulations to disburse 2% of commercial banks' consolidated loans and advances to the agricultural sector. BBL's agricultural finance team provides accessible loans to end-borrowers through an extensive Small Business network and tie-ups with micro-finance institutions (MFIs) to Bangladesh's priority sector.

The bank is now determined to optimize its relationships with top-tier MFIs and NGOs. By doing so, the bank will satisfy the currently unmet needs of agricultural borrowers. As of 31 December 2018, the total portfolio of the Agricultural Finance Division amounted to BDT 1,912 million, with PAR and NPL both nil.

AGENT BANKING

SME Banking Division also manages Agent Banking channel for the Bank where any BRAC Bank client can avail banking services.

Agent Banking service was introduced in 2018, aiming to cover all regions of Bangladesh with a state-of-the-art digital banking solution, complementing BRAC Bank's SME business strategy. BRAC Bank's Agent Banking Service is the first digital banking solution in the country capable of settling transactions in real-time via biometric verification. This is immensely convenient for customers, providing them with round-the-clock banking services. The bank will leverage its expertise in SME banking to create an expansive distribution channel via Agent Banking.

BBL's Agent Banking Service can open various accounts (Savings, Current, DPS, Term Deposit, etc.) for both individuals and institutions. The Agent Banking Outlets also facilitate numerous other transactions or arrangements including cash deposits and withdrawals, funds transfers to any BBL account, electronic funds transfer through BEFTN & RTGS, inward foreign remittance payouts, loan disbursement & re-payment collection, balance inquiry, account statements, insurance premium collection, utility bill collection, school fee collection, debit card & cheque book issuance and internet banking.

Key highlights of Agent Banking

- Number of Agent Banking Outlets: 50
- Total Number of Accounts Opened: 363
- Total Account Balance: BDT 30.71 million (CA: BDT 27.78 million; SA: BDT 2.92 million)
- Number of Loan Repayment Collections: 10,194
- Total Value of Loan Repayments: BDT 367.42 million
- Number of Cash Transactions: 10,960 (including loan repayments)
- Total Value of Cash Transactions: BDT 413.64 million (including loan repayments)

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Key Initiatives of SME Banking

SME Refinancing

BRAC Bank's SME Banking Division and Bangladesh Bank have reached several agreements on refinancing facilities to provide subsidized loans to special & value-adding businesses. These agreements are designed to allow SME businesses to excel, thereby boosting the economy as a whole.

In 2018, BRAC Bank claimed and acquired the maximum refinance from SMEDP2, WEL and 10 taka account program among all banks and NBFIs. In addition, the SME Banking Division also claimed a number of refinances from the FSPDSME and Agro Processing Refinance programs.

Financing E-Merchants and F-Merchants

In 2017, the SME Banking Division set an ambitious goal. By the end of 2018, it sought to tap a neglected but high-potential sector by financing E-Merchants and F-Merchants. BRAC Bank is the only bank in Bangladesh to finance this exponentially growing sector.

Agreement with Daraz for E-Merchant Financing

SME Cluster Financing

SME Foundation has teamed up with BRAC Bank to offer a 3 crore loan BDT to selective high-growth SME clusters across the country. The bank will finance cricket bat manufacturers at Baladia, Swarupkathi in Pirojpur and the Narandrapur Cluster in Jashore.

The SME Foundation team provides collateral-free SME loans to cricket bat manufacturing entrepreneurs in Pirojpur and Jashore:

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BRAC Bank and the SME Foundation teamed up to provide collateral-free SME loan to the entrepreneurs at Hosiery Cluster in Gobindaganj, Gaibandha.

Open loan distribution:

Through an initiative by Bangladesh Bank's Financial Inclusion Department, BRAC Bank has distributed BDT 5 million in loans to 10 Taka account holders in Jashore.

Through an initiative by Bangladesh Bank's Financial Inclusion Department, BRAC Bank has distributed BDT 5 million in loans to 10 Taka account holders in Jashore.

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Women Entrepreneur Training:

BRAC Bank's SME team has arranged numerous training sessions to develop the capacities of female entrepreneurs. The primary emphasis of these has been to empower female entrepreneurs in their everyday business activities. They are also designed to teach financial literacy to improve female entrepreneurs' money management capabilities.

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BRAC Bank boasts the country's largest Retail Banking portfolio with a network of 186 branches, 448 ATMs and 97 CDMs countrywide. Rapid growth was made possible by the transformation of the Retail Lending and deposit business from a product-centric approach to a customer-centric approach. Retail Banking products are being constantly developed and improved to meet the individual customers' needs. Emphasis is made on protecting asset portfolio quality to create the foundations for sustainable long-term growth. With a view to augmenting the home loans and auto loans businesses, the division closely works with leading real estate developers and car dealers. Industry-best TAT, development of stronger relationships with merchants with high POS (point-of-sale) visibility and re-engineering of backend processes facilitated the business growth. BRAC Bank facilitated inflow of remittance with significant increase in customer deposits, renewed focus on student files, monthly deposit schemes and term deposits. With almost 1 million active BRAC Bank Debit and Credit Cards out there, its plastics are also amongst the most popular in the industry.

BRAC Bank intends to be fully digital within a couple of years. We have signed up with some of the leading financial technology solution providers in order to build an ecosystem which will sit on top of the traditional platforms for service delivery with digital solutions and make financial services more accessible and convenient for our customers.

Putting our customer first, in simple terms, has not only been a priority but a culture at BRAC Bank. Our attention to customer value, along with their satisfaction and confidence justifies why customers prefer our retail products and services within the industry. In line with this customer first strategy we are building a customer centric approach where everything we do keeps our customer in the center. In order to achieve this a data driven customer segmentation is under process to offer our customers tailored product / service as per their need.

Women's Banking 'TARA'

Since 2001, BRAC has been serving over 200,000 female entrepreneurs as customers. In 2017, almost 40% of retail accounts belonged to female portfolio. As a result, the management decided to serve this group of customers in a more meaningful and personal manner.

TARA is BRAC Bank's comprehensive banking solution for women customers, launched in May 2017. The rationale behind TARA is to encourage women customers to choose BRAC Bank as their main banking platform. All TARA products and services are arranged in a way that can benefit any woman.

TARA focuses on making it easy for female customers to bank at branch premises. It offers them preferential interest rates and product features on retail loans and SME loans, higher interest rates on savings accounts, special monthly deposit schemes, and platinum credit cards. In addition, various training opportunities are provided for their personal and professional development under its 'Networking and Capacity Development Activities'. TARA customers get cash back on groceries purchased with their debit card every month. Furthermore, they are eligible to receive exclusive discount offers at various merchants, especially serving women's needs. Moreover, TARA loan customers receive special healthcare facilities free of charge for one year.

The TARA Women Banking platform is the first from Bangladesh to be recognized by the Global Banking Alliance for Women (GBA). GBA is a US-based network of financial institutions and nonprofits that prioritizes banks across the world and set an example in the female financial market. Since its launch, TARA has been named Women's Market Champion in 2017 and 2018 in different categories. The SME Finance Forum 2018 also highlighted TARA for its outstanding performance in the women entrepreneur market by introducing innovative loan assessment techniques.

So far, the TARA segment holds a growing portfolio with a deposit of BDT 7 billion, which includes over 4,000 TARA SME customers.

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Retail Banking Division

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OUR UNIQUE FEATURE

Our unique customer-centric banking model makes us different than the rest and sets us apart as the better choice as we continue our journey to become the best bank in Bangladesh.

Premium Banking

BRAC Bank's Premium Banking service facilitates a range of complete banking solutions tailored to high net worth customers' needs and expectations.

Our Premium Banking customers can perform banking activities at 16 state-of-the-art lounges in Dhaka and Chattogram. These contain elements of F1 and personalized services from a dedicated RM. Here, customers have access to private cash transaction facilities. Outside, complimentary travel assistance includes airport pick-up and drop-off services, assistance with luggage handling and check-in (Meet & Greet) as well as access to Balaka Executive Lounge at Hazrat Shahjalal International Airport, Dhaka.

BRAC Bank's Premium Banking thrives on providing its customers with unique experiences. These include free health check-ups at some of the best hospitals in the country (Apollo, United and Square), attractive offers such as 'buy one get one' dining deals in 5-star hotels (Westin, Radisson Dhaka & Chattogram, 4 Points by Sheraton, Amari, Rose View etc), and complimentary one-night stay offers in luxury resorts.

Our Premium Banking portfolio has grown significantly. Currently, it consists of 4000+ customers with an accumulative deposit balance of over BDT 35 billion. This affords the bank a highly competitive customer deposit ratio in the market's priority banking segment. In 2018, total deposits grew by more than BDT 2 billion year-on-year. Premium Banking has enacted several initiatives to increase service smoothness. These include the F1 service which enables customers to receive non-cash banking services at their premises more quickly. Also available are the health awareness program for premium TARA customers, musical events, the cancer awareness program with international doctors, the AARONG 40-year celebration program and the LIT Fest.

In 2019, Premium Banking will focus on strengthening its presence within strategic alliances to reach its target customer segment with greater ease. At the same time, customers will receive more worthwhile Value Added Service (VAS) in their regular lifestyles. We will enhance our concierge services with a prominent travel-related service provider. Emphasis will be placed on wealth management VAS with the cataloging of conspicuous auto-mobile sellers, real estate developers and stock brokerage houses. A vast marketing and branding presence will make customers feel privileged to bank with BRAC Bank's Premium Banking. We will come up with more digital banking solutions to make customers' banking experience quicker and more pleasant. Our motive is to ensure that all banking needs of premium customers are accommodated through our diversified products and services.

Looking ahead, the goal is to capture the highest possible market share and to drive business growth. In addition, we will continue to lead the way in terms of value proposition and customer experience.

Remittance

Overall Business Overview of 2018

BRAC Bank maintained the bank's foreign currency inflow by building relationships with overseas exchange companies and banks.

Top Strength of the Unit

Affiliation with over 50 Globally Renowned Exchange Companies or Banks.

Key Highlights of 2018

Financial Highlights:

BDT 37 billion

INFLOW OF FOREIGN REMITTANCES

35%

VOLUME GROWTH

25%

TRANSACTION GROWTH

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Business Highlights

Established new relationship with the following five new exchange companies, including one foreign bank:

1. WorldRemit Ltd, UK
2. Al-Muzaini Exchange Company K.S.C.C, Kuwait
3. NEC Money Transfer Limited, UK
4. Al Rajhi Banking & Investment Corporation, KSA
5. Safkhan International Ltd, Australia

*Note : Among the above, one of the most fruitful remittance partnerships was initiated with World Remit for BBL – bKash real-time remittance by utilizing bKash mobile wallets.

Key initiatives taken in 2018

- bKash integration with BRAC Saajan, World Remit, Al Muzaini, Tranglo SDN, Oman Exchange
- Conduct Promotional Activities with Money Gram
- Emphasis more on CASA by opening Probashi Accounts
- Production of different promotional materials for customers (brochures, leaflets, NID pouch, BBL branded pen & key ring)
- Key Relationships visit for Business Development

BRAC Bank Limited and bKash Limited have made a strategic partnership with leading digital money transfer company, WorldRemit, enabling customers to receive money directly to BRAC Bank and bKash accounts.

Retail Liability Product & NFB

The deposit product team is more customer-centric than ever before. Our products cater to all age groups and customer segments. This diversity is unparalleled in the industry. Hence, even in such a competitive segment we have managed to grow our deposits by 25%.

We launched two new deposit products in 2018: one for senior citizens and the other for those who prefer to use alternate channels of banking rather than a branch. Moreover, we have added insurance benefits for our Future Star account holders (the kids segment) and a senior citizen account holders. Both of these groups are considered relatively vulnerable. We have also introduced a more precise customer segmentation model to aid our business analytics in terms of product design. In doing so, we can tailor our deposit products based on customers' needs, strengthening our hopes of becoming more customer-centric. Furthermore, we have taken the initiative to migrate all magnetic strip cards to a more secured EMV chip-based card. This is to provide customers with a safer experience when using plastic money.

We are improving the digitization of our banking products. From automated customer services to digital marketing, we are extending our efforts to make BRAC Bank the country's best bank for digital banking.

Credit Card Products

The year 2018 saw both growth and prosperity for BRAC Bank credit cards, while the bank focused on increasing customer participation and utilization.

Key Initiatives 2018

- Campaigns: The bank-initiated campaigns focusing on events such as Valentine's Day, Women's Day, and Pohela Boishakh.
- Eid Campaign: This cashback-based campaign involved four power-brands (Aarong, Bata, KFC and Pizza Hut), and proved to be extremely successful.
- Durga Puja Campaign: The first ever campaign initiated exclusively for the Hindu segment.
- Overseas Campaign: This is a reward-based campaign designed to promote international transactions using BRAC Bank credit cards.
- Customer Acquisition Campaigns: The bank launched an organization-wide campaign in which almost every employee of the bank had the opportunity to win a dream holiday to Bangkok, Kathmandu or Cox's Bazar for their contribution to growing the retail business.

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- Discount with Agoda.com: For the first time, BRAC Bank credit card holders enjoyed additional discounts worldwide on their hotel bookings through Agoda.com.

Retail Sales

BRAC Bank's retail sales team plays a vibrant role in ensuring retail business growth that matches the bank's vision. Currently, over 650 employees are working in different geographical locations in retail sales. That represents the industry's largest retail sales force.

The first half of 2018 was very challenging in terms of both asset and liability business, but the second half of the year witnessed growth.

Our Key Success Factors

- Business model being customer segment-centric, rather than product-centric
- Quality customer services that reflect our nominal NPL %, the lowest in the industry
- Strong governance and vigorous performance management that ensure high productivity
- Rigorous training and development, which helps us to build a knowledge-based sales team
- Relationship building and working closely with relevant stakeholders

Alternate Delivery Channel

Business Overview

BRAC Bank Limited operates 448 ATMs and 97 CDMs under the Alternate Delivery Channel (ADC) all over the country.

Through the introduction of ATMs, BRAC Bank could successfully reduce customer footfall in its branches by about 60%. However, through various campaigns and awareness programs, BRAC Bank aims to cover 70% of transactions through the ADC. This will increase the quality of services by using all available channels.

Strength of the Unit

- We have 8 ATM Service Centers dedicated to managing ATM and CDM services. These centers ensure timely loading of cash in ATMs and punctual collection of deposits from CDMs.
- We have a strong and efficient IT team dedicated to the ADC, ensuring up-to-date security compliance with an uptime of almost 98% for ATMs.

Key Initiatives in 2018

- For our customers' convenience, the single transaction limit at ATMs has been increased to BDT 30,000 for regular customers, and to BDT 40,000 for Premium customers.
- A customer diversion campaign at branches encouraged customers to use CDMs, thereby reducing queues.
- A new user interface for ATMs to provide a better customer experience.
- A top-up facility through ATMs for all mobile operators.
- Upgrading CCTV systems with higher storage capacity in booths.

Strategic Approach

With superior customer experience being the ultimate goal, the ADC allows the strategic approach to focus on the following three areas:

a. Convenience and Availability - Maintaining high uptime and well-planned placement of machines, incorporation of value-added services and faster responses to disputes.

b. Technology and Innovation- Implementation of the latest technologies available in the market with a view to enabling innovative and versatile use of this vast channel.

c. Security and Compliance - Protecting the interests of both customers and the bank through strict policy and compliance, including robust security measures.

Employee Banking

BRAC Bank's Employee Banking (EB) segment is responsible for managing the salary accounts of its corporate clients employed in different organizations and fulfilling their banking needs by offer them multiple Retail products to shapes their lifestyles.Salary accounts are just one aspect of this segment, as EB is a one-stop platform that offers multiple retail products to its clients.

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Key Strengths of EB:

- Lucrative product proposition
- Competitive rates (both lending & deposit)

Key Highlights in 2018

- Launching Power Bundle – This offers a proposition for top EB clients consisting of salary accounts, personal loans and credit cards.
- Offering the first ever EB prepaid cards where salaries can be reloaded into employees' cards upon their request.
- Introducing Service & Sale on-site at top corporate houses to enhance customer engagements and to cater to their banking needs on the spot.
- Partnering with Square Hospitals for Square Health Talk, where an appointed doctor from Square Hospital holds a session on different health topics for the employees participating at the Service & Sale on-site campaigns.
- Collaborating with BRAC Bank EB – Teach for Bangladesh (TFB) for CSR activity where BRAC Bank's staff donated used books for unprivileged children.

Retail Lending

2018 was an important and challenging year for the retail banking division. This was largely due to the tightened liquidity situation and unstable interest rates. During 2018, the bank was more focused on quality and sustainable growth. To continue the sustainable growth of home loans, auto loans and personal loans, the bank has worked with different organizations, developers and car vendors. Moreover, this year the bank focused specifically on quality growth. In 2018, the growth rates of personal loans, home loans and auto loans were 5.3%, -5% and -0.4%, respectively.

Behind the Success

- Our retail business has moved from a product-centric to a customer-centric approach. We changed our product parameters, processes and policies with different propositions tailored for different customer segments.
- We minimized turn around times to meet the needs of customers.
- Product marketing campaigns and team engagement events were organized throughout the year to maintain business momentum.
- Training and management of human resources were revisited.
- Introduced new products such as "Motorbike Financing."

Call Center

Call Center is considered a fast-growing customer service channel and a more personalized means of interaction. To meet customer expectations and to ensure customer satisfaction, we increased our call center capacity in 2018.

Responding to numerous customer requests, grievances or feedback, our call center served 1.7 million customers in 2018, processing about 680,000 customer requests during the year.

Merchant Acquiring

In the Year 2018, Merchant Acquiring Unit has shown steady business growth, focused to build strong relationship with partners which motivated BBL Cardholders to spend more with BRAC Bank Cards.

Key Highlights of 2018

- New Alliance Team has been formed.
- Transform Merchant Aquiring Team.
- Acquired highest business sales volume at Dhaka International Trade Fair – 2018.
- Received "Excellence in POS Acquiring Business" award in Bangladesh (2017-2018) from VISA
- Initiated to launch EMI transactions from POS Terminal
- Initiated new project to procure and installed new Merchant Acquiring Platform from Financial Software and Systems Limited (FSS).
- Partnered with 1000 outlets during Ramadan 2018 and designed discount & cashback programs for both debit & credit card holders

Key Highlights of Alliance Team Activities:

- **Discount Campaigns:** Initiated campaigns focusing on events such as Valentine's Day, Women's Day, and Pohela Boishakh.

- **Eid Campaign:** Tie-up with 1000 outlets during Ramadan-2018 and offered discount and cashback programs for both Debit & Credit Card holders.

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Cashback campaign involved four power-brands namely Aarong, Bata, KFC and Pizza Hut.

- **Durga Puja Campaign:** First ever campaign initiated exclusively for the Hindu segment.
- **Winter Vacation Campaign:** We have launched "Winter Vacation Campaign" (Dec 2018 to Jan 2019) which was successfully completed with 55% Credit Card Transaction Growth over previous year volume.

Digital Banking

Under the Retail Digital Banking umbrella Internet Banking, SMS Banking, Digital Payments are focused on.

Internet Banking

The Internet Banking solution was launched back in 2009. It was revamped in 2018 to make it easily accessible, with number of new feature like, detailed Account Statement, P@yNow: Real-time other bank transfer, Digital Self-registration for automated enrollment.

SMS Banking

SMS notification has been overhauled to make it more customer friendly.

Digital Payments

E-commerce is in the focus under digital payments. Number of e-commerce tie-ups have been done in 2018. To name some: Sylhet City Corporation & Bangladesh Tea Board (BTB).

We are also focusing on the strategic partnership with number of financial institutions. This first of it's kind new business stream was inaugurated by signing a MoU with Dutch Bangla Bank Rocket.

Employee Banking Agreement with Radiant Pharmaceuticals Limited.

Employee Banking Agreement with WellDev.

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Employee Banking Agreement with Incepta Pharmaceuticals Limited.

Book donation campaign with Teach for Bangladesh

Employee Banking Campaign at Banglalink.

Square Health Talk Campaign at Maritime Entrepreneurs Limited

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Inauguration of the country's most modern and state-of-the art Call Center.

Inauguration of the country's most modern and state-of-the art Call Center.

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Overview

BRAC Bank's Corporate Banking division achieved remarkable growth in 2018 in various areas. This included growth in loans & advances, deposits, trade volume and profitability. Over the last five year, ending 31 December 2018, the EOP portfolio growth was recorded at 24% to BDT 114,235 million. Meanwhile, NPLs were controlled at 3.5% for the division which is one of the lowest in the country's financial sector.

+20%

AVG. LOANS & ADVANCES

+10%

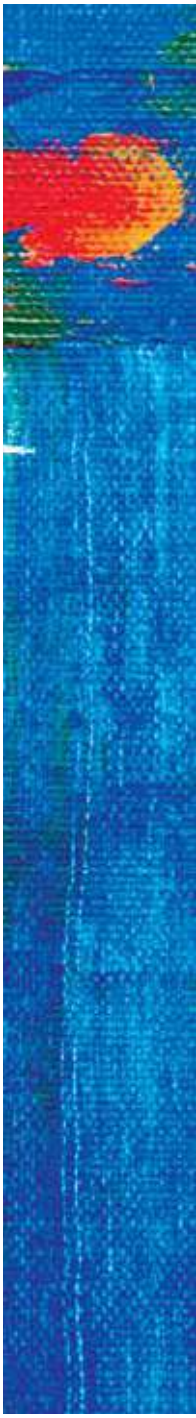
AVG. DEPOSIT

1.7%

NPL REDUCED BY

+10%

TRADE VOLUME



Organogram

The Corporate Banking division comprises of two major asset segments: large corporate and local corporate. Under the large corporate segment, there are six business units: four are based in head office; one is located in Dhaka and tagged with corporate branch network; and the other is located in Chattogram. The local corporate segment has two units looking after growing local businesses nationwide. Meanwhile, the Trade Development and Cash Management (TDCM) unit looks after cash management i.e. collection, payment, custodial services and the promotion of trade businesses. Apart from that there is a support unit looking after transactional support of the customers. All units are equipped with skilled resources to dedicatedly look after various business portfolios.

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Corporate Banking Division

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Key Strengths

BRAC Bank Corporate offers a comprehensive suite of products and customized solutions to cater specific financial requirements of the customers.

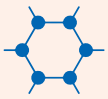
BRAC Bank has one of the largest distribution networks comprising of 186 branches. Apart from that, there are 456 SME Unit offices, 3 corporate business offices, 35 collection booths, 50 agent banking outlets throughout the country to reach customers located in various geographic locations.

The business units are comprised of highly-skilled and experienced staffs who are capable of providing delightful customer experience.

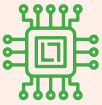
Trade business is one of key focus areas of the bank. There are two trade centers - one in Dhaka and another in Chattogram, which efficiently handle customers' complex trade requirements.

BRAC Bank Corporate is equipped with a robust cash management team to provide one stop payment & collection solutions and manage custodial & IPO relationships.

BRAC Bank has a large offshore banking business with a portfolio of over US$350 million to satisfactorily meet clients' financing requirements in US$. BBL presence in EPZ areas is continiously growing and over the years, BBL Corporate has gained necessary expertise to arrange complex and structured financial deals for its valued customers.



BRAC Bank's subsidiaries include bKash, BRAC Sajaan, BRAC EPL, and BRAC Securities Ltd. These enable the bank to provide alternative financial solutions with a strong group affiliation.



BRAC Bank has growing list of technological solutions to provide efficient customer service. Going forward the Bank aims to be the most technologically-equipped financial service provider in the country.

BRAC Bank Corporate aims to be the most preferred corporate banking partner for its valued customers through customized solutions & efficient services. We are continiously expanding our value propositions and service quality in this regards.

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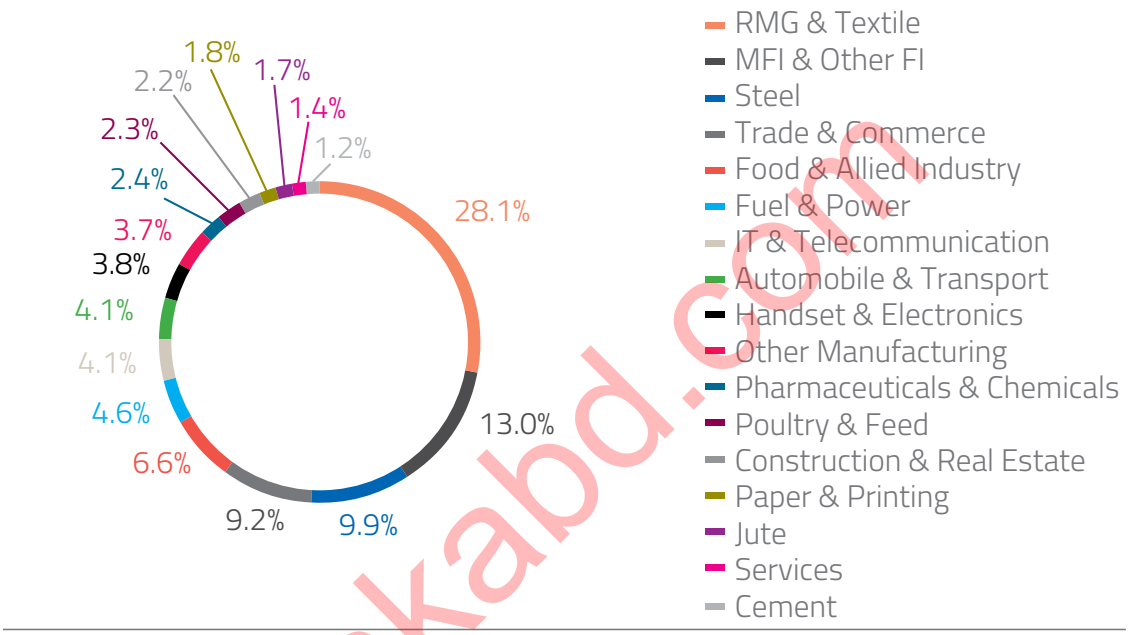
Highlights of 2018

The year 2018 was noteworthy for the Corporate Banking division as it managed to achieve a remarkable growth under a difficult market scenario. Major milestones of the year are:

Industry wise Corporate Banking Portfolio Composition 2018



- YoY Loans & Advances growth achieved at 24%
- A total number of 29 customers were on-boarded including some of the most prominent corporates in the country
- NPL reduced from 5.2% to 3.5% through continuous supervision and robust monitoring
- Trade volume achieved of US$2,050 million with balanced growth both in import and export
- More diversified portfolio on-boarded i.e. geographically and industry wise in local corporate segments
- Deposit growth 7% achieved through contribution from all business segments
- New products and services developed for Buying Houses and export based customers to cater specific business requirements

Outlook 2019

Healthy economic growth is expected for Bangladesh in 2019, with GDP to rise by over 7.5% as per the Global Economic Forum publication. Pivotal to this prediction is the expectation that Bangladesh's exports will benefit from US-China trade wars. A favorable socio-economic outlook, continuation of major public development projects, establishment of new economic zones, and increased capacity in the power sector, in combination, will contribute to the country's economic development in 2019 and beyond. Contrarily, there are potential challenges to confront such as rising gaps in the balance of payments, devaluation of the BDT against the US$, imbalance in liquidity distribution, increasing bad debts, and decreasing trend of remittance growth.

Despite having all these challenges, BRAC Bank aims to reach new heights in 2019 through leveraging its wide distribution network, skilled manpower, process re-engineering and implementing technology based solutions. BRAC Bank will focus on prudential liquidity management, growing its export business and engaging in cautious portfolio management. The bank also expects to have its own liquidity on FCY, grow fee based income and to cater diversified business opportunities through multipled business engagement.

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Major Events

Agreement with Bangladesh bank on Investment Promotion and Financing Facility II (IPFF II) Project for long term infrastructure financing.

Wholesale Banking Conference 2018.

Seminar on "Trade and Export Finance from Switzerland to Bangladesh" jointly by BRAC Bank, and Zürcher Kantonalbank, Switzerland.

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Training on International Trade & Money Laundering by Dun&Bradstreet.

Employee Banking Service Agreement with valued corporate customer, Bangla Trac.

Employee Banking Service Campaign at the office of valued corporate customer, Fareast Group.

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Cash Management
& Custodial Services

BRAC Bank's Cash Management and Custodial Services offer a full range of advanced products and services to help efficiently process deposits, to improve disbursement methods, and to eliminate idle cash balances. We cater to all Cash Management requirements 'under one roof' to optimize cash flow positions and to ensure the effective management of business operations.

BRAC Bank offers a wide range of flexible and customizable products, such as, NCS (Nationwide Collection Services), PTS (Payment Transfer Solution), IPOs (Initial Public Offerings), MBS (Mobile Banking Services) and CPDS (Cash Pick and Drop Service). In a very short space of time, we have been able to establish a strong foothold by providing cash solutions to different government organizations, autonomous bodies, large local conglomerates, development organizations, and MNCs.

Services Offered by Cash Management

Deposit Facility

BBL offers highly competitive deposit rates in the form of different products. These cater to different investment requirements and types of clients' funds such as short and long-term surplus funds, employees' provident funds, gratuity funds, and employee welfare funds. Our pricing gives us a competitive edge, and so does our high standard of service.

Nationwide Collection Service (NCS)

Nationwide Collection Service (NCS) facilitates large corporate houses to collect clients' funds through BBL's own branches and to credit the same to a single collection account maintained by the bank. The bank's outlet coverage – spanning the entire country – has enabled large corporations to be facilitated in an efficient and timely manner. NCS software also affords our clients real-time transactions.

Secured Cash Service (SCS)

Customized and secure cash collection banking services are provided to corporate bodies. The bank usually sets up desks or counters at specified locations, and deposits the collected funds in the respective client account. We usually offer this service to daily high-volume cash collection clients whom cannot be fully accommodated by our branches for deposit collection.

Payment Transfer Solution (PTS)

Payment Transfer Solution (PTS) services facilitate organizations in transferring their funds to respective locations through BBL's own branches. It enables the clients to remit funds to their desired locations efficiently and on time.

Cash Pick Up and Drop Service

Cash Pick and Drop Service (CPDS) facilitates safe and secure cash pick-up and drop-off from or to the clients' office premises. The entire process is supported by a self-sufficient logistic setup that is in line with international standards. It offers the clients security, convenience and flexible pick-up and delivery times. This is another initiative which brings the bank closer to meeting the client's day-to-day cash transaction requirements.

Transactional Banking Service

TBS is a core service provided by the Cash Management department. In order to provide distinctive services to our client base, the department has developed various current and SND (Special Notice Deposit) accounts in line with Bangladesh Bank's policy and directives.

Internet Banking

The Cash Management department provides smart and value-added information as well as management propositions to clients through internet banking. The various services and solutions that are being offered through internet banking are:

- Real-time online transaction for more effective cash management
- Delivery with the highest level of security
- Easy-to-use application
- Access to account statement
- Transaction history retrieval

IPO (Initial Public Offering) Fund Management

BRAC Bank's IPO fund management is formulated to manage clients' IPO funds by participating as a leader in this sector. It also caters to other services such as the collection of right share applications and the disbursement of dividends. Since its inception, it has played a vital role in mobilizing funds, especially during times of liquidity crisis.

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Custodial Services

BRAC Bank acts as the custodian of various mutual funds managed by different asset management companies. Mutual funds play a critical role for retail investors as well as retail institutions in Bangladesh. They facilitate such investors and institutions by investing their savings in diversified portfolios and earning them a substantial return. BBL also facilitates custodial services to NRBs, foreign individuals and foreign institutions based abroad, to invest in Bangladesh's capital market. In addition, the team serves as the issuing and paying agent bank for commercial papers and bonds.

Mobile Financial Services

bKash Limited, a subsidiary of BRAC Bank, provides Mobile Financial Services (MFS). As part of our nationwide collection, we offer an integrated solution with bKash to ensure reliable collection from rural areas and unbanked regions.

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Financial Highlights - Cash Management

Signing Ceremony of Rights Share Subscription of "IPDC Finance Limited"

Agreement Signing Ceremony between Scholastica Limited and BRAC Bank Ltd for student fee collection.

Signing Ceremony of Custodial Agreement of "HFAML – ACME Employees' Unit Fund" with HF Asset Management Limited.

Signing Ceremony of Custodial Agreement of "EDGE Bangladesh Mutual Fund" with EDGE Asset Management Limited.

Signing Ceremony of Custodial Agreement of "AAML Unit Fund" with Assurance Asset Management Limited.

Agreement Signing Ceremony between Third Wave Technologies Limited and BRAC Bank Ltd for collection.

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Treasury & Financial Institutions Division

A Step Ahead of the Market

Treasury and Financial Institutions division continued to demonstrate exceptional performance in 2018. During this period, our pool of dynamic dealers and relationship managers provided robust treasury solutions to both internal and external clients. We have successfully managed the rapid growth of BRAC Bank's asset book while ensuring consistent growth of its portfolio.

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 with the following dedicated desks:

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Money Market Desk

In 2018, money market was moderately liquid and call money rates ranged from 0.5%–4.5%. Our treasury has been prolific in the interbank money market. It has applied proficient forecasting skills, managed liquidity gaps, and ensured considerable profitability. This desk facilitates all kinds of available solutions. These include call money, repo, reverse repo, term money (across different tenors), and FX SWAP. Its adherence to regulatory requirements and the careful maintenance of its proprietary portfolio make this desk one of the most efficient in the market.

Capital Market Desk

Our Capital Market desk is one of the most dynamic teams in Bangladesh's capital market. It participates through fixed income securities, stocks, mutual funds, subordinated bonds and preference shares. Meanwhile, it forecasts market rates and takes positions accordingly to ensure profit maximization and capital loss minimization on various securities. Our treasury has also remained active in executing trades with corporate clients in government treasury securities. The Capital Market Investment Committee (CMIC) takes investment decisions and reviews portfolio performance accordingly.

1st

IN FIXED INCOME TRADING

OUR FIXED INCOME DESK WAS RANKED 1ST FOR THREE CONSECUTIVE YEARS AS PUBLISHED BY THE CENTRAL BANK

1st

FX TRADING PLATFORM

BRAC BANK LAUNCHED FX TRADING PLATFORM "BBL ELECTRA" - 1ST BY ANY LOCAL BANK IN BANGLADESH.

The aim of Treasury and Financial Institutions team is to provide a very competitive pricing and effective solutions to its clientele by efficiently harnessing market opportunities through the real-time treasury system. We are proud that our dynamic team is one of the top teams in the market in terms of market-making and transaction handling. Encouraged by a strong track record, we strive to maintain a very high standard of market making and 360 degree treasury solutions.

MR. MD. SHAHEEN IQBAL
HEAD OF TREASURY AND FI

Foreign Exchange (FX) Desk

BRAC Bank's treasury is one of the most active players in both local and cross currency transactions. As such, in 2018, it ultimately became a major source of liquidity in the interbank market. Through our FX desk, our dealers have explored proprietary FX trading (mainly in G7 currencies) and provided pricing facilities to other players in the interbank market. Our FX desk also provides funding support to our offshore banking book.

Through BBL Electra- FX trading platform, banks and financial institutions can trade G7 and BDT pairs with BRAC Bank Ltd. Interactive GUI and fully automated deal process cycle is the key feature for this platform. In this fast changing global market, technological advancement as such is a bold step towards the best bank in the country and also to achieve global competitiveness.

Notably, 2018 was a year of volatility for the USD–BDT pair. Our treasury stayed ahead of the market by maintaining NOPs (net open positions) during this volatile period by ensuring maximum profitability while also keeping within regulatory limits.

Corporate Sales Desk

Our vibrant Corporate Sales desk offers corporate counterparties a wide array of solutions. These range from simple spot purchases and sales to derivatives for hedging adverse exchange and interest rate movements.

Today, the team deals with over 100 corporate concerns across numerous industries. It caters to their FX needs while also helping the bank to gain exposure to FMCG, pharmaceuticals, cement and construction materials, RMG and textiles, power, petroleum and lubricants, food, edible oil and telecommunications industries, among others. Our Corporate Desk attained transaction volume growth of 40% in 2018.

The Corporate Sales desk circulates weekly updates on the currency and interest rate markets. This raises awareness among existing and potential clients about the prevailing market scenario and advises them regarding their FX and interest rate exposures.

Asset Liability Management (ALM) Desk

The bank has a dedicated ALM desk under the Treasury and FI division.

This provides economic, market and bank information and analysis to the Asset Liability Management Committee (ALCO) to assist in their strategic decisions.

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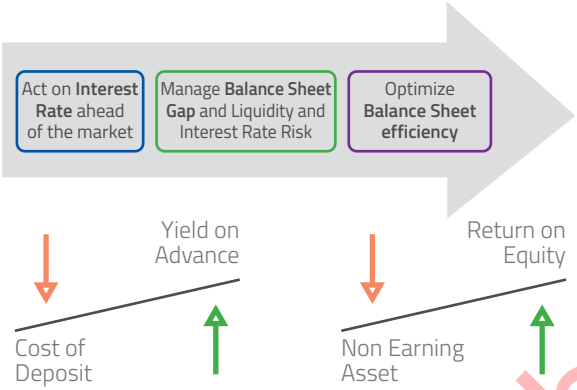
BRAC Bank is an active partner of the Global Trade Finance Program of the International Finance Corporation (IFC) and of the Asian Development Bank (ADB) along with other global correspondents.



ALCO, which meets at least once a month, is responsible for:

- Managing balance sheet compositions
- Determining interest rates to increase efficiency
- Managing liquidity and interest rate risks
- Maximizing returns

Like other years, in 2018, ALM desk has been able to keep all liquidity ratios within regulatory limit with ensuring above industry Balance Sheet Growth.

Financial Institutions (FI) Desk

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), and other foreign currency business and transactions. The bank has 22 overseas nostro accounts in seven major currencies and more than 400 correspondent relationships with global banks. It also maintains around 350 nostro accounts with local banks to serve SME and remittance clients nationwide.

The FI desk continuously works towards establishing new business lines. This is 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 trade loans and multilateral borrowings.

Global FI Desk	
Trade finance service to FI	**LC confirmation & discounting arrangement**
Guarantee business (backed by other bank's counter guarantee)	**Ensure smooth transactions (LC, guarantee, customer payments, account support, etc.)**
Fund OBU from foreign FI & multilaterals through trade loans	**Ensure efficient fund management through EFTN & RTGS**

Bloomberg and Reuters

Our dealing room is equipped with both Reuters and Bloomberg terminals. These platforms provide the team with instant connectivity with banks and financial institutions based in Bangladesh and beyond. The platforms offer an abundance of 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 8801259-60, +88 02 9860241, +88 02 9861694
Email:	dealing.room@bracbank.com; fi@bracbank.com
SWIFT:	BRAKBDDH
Reuters Dealing Code:	BRAC
Bloomberg:	BRAC

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Credit Risk Management

Credit Risk

Credit risk refers specifically to the risk of loss arising from the failure of clients, customers or counterparties to fulfill, either partially or fully, their contractual obligations to the bank. The main credit risks faced by BRAC Bank arise from SME, wholesale and retail loans and advances, as well as those arising from derivative contracts with clients.

Objectives of Credit Risk Management (CRM)

BRAC Bank manages credit risk through processes and policies relating to the pre-sanction and post-sanction stages of credit approval, and other portfolio management internal processes. The objectives of our CRM strategies include, but are not limited to, the following:

- Maintain a controlling framework to ensure that any credit risks are taken based on sound CRM principles.
- Identify, assess and measure credit risks clearly and accurately across every area of BRAC Bank.
- Ensure that business profiles and plans are consistent with risk appetite.
- Control and plan credit risk taking in line with external stakeholders' expectations.
- Monitor credit risk and adherence to agreed controls.
- Enable risk-reward objectives to be met and ensure that business growth plans are properly supported by effective risk infrastructure.

Organization and Structure of CRM Division at BBL

At BRAC Bank, CRM responsibilities are structured to allow decisions to be made in close alignment with the business, while robustly reviewing regulations, performance, risk infrastructure and strategic plans. SME, wholesale and retail portfolios are managed separately, on account of the distinctiveness of each of their assets.

Underwriting Unit Heads are in place for each SME, wholesale and retail lending business. Each of them reports directly to the Chief Risk Officer and is pivotal to most day-to-day risk decisions. To synergize our credit function, we also have a Credit Administration department, which provides stringent supervision and ensures greater accountability and discipline.

Credit Risk Appetite of BRAC Bank

BRAC Bank's risk appetite framework comprises risk capacity, the Risk Appetite Statement and key risk appetite measures. The latter two parts of the framework allow the bank to stay within appropriate risk boundaries. The bank's credit risk appetite determines its risk acceptance with respect to lending, counterparty credit risk, and other credit risks.

Credit Risk Management Policy

Effective management of credit risk demands an appropriate credit risk culture. At BRAC Bank, our culture has been developed under a well-established framework to manage all types of credit risk. This framework includes a clearly defined risk appetite, credit limits and credit policy, both at the business level and the organization-wide level.

The Credit Risk Management Policy, approved by the Board of Directors, covers structured and standardized CRM processes at both obligor and portfolio level for corporate, retail, and SME exposures. There is a comprehensive credit appraisal procedure covering eight types of risks- industry or 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 indirectly through the Risk Management Committee (of the Board), reviews the Credit Risk Management Policy and approves the bank's credit risk appetite annually.

The six-member Credit Risk Management Committee (CRMC) functions effectively, meeting the requirements of the Core Risk Guideline on Credit of Bangladesh Bank. This concerns the overall supervision of the credit risk of BRAC Bank including the review of underwriting

The Credit Risk Management division of BRAC Bank strives to adhere to the industry's best underwriting standards to maintain a quality portfolio.

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BRAC Bank is committed to investing in projects and ventures that benefit the "Planet" and its "People" while bringing "Prosperity" (known as the 3P philosophy)

standards, lending practices, collection processes and problems, loan management. The CRMC is chaired by the bank's Managing Director and CEO and is otherwise composed of the Chief Risk Officer, Head of Corporate Banking, Head of Treasury, Head of Operation, and Head of Recovery or SAM.

Credit Approving Delegation

The Board of Directors is the bank's apex body for credit approval. However, the Board delegates authority to the Managing Director and CEO and/or other officers of the CRM Division. The Board also sets credit policies to be followed by the management, which together completes the bank's CRM framework structure.

Credit Risk Mitigation Measures

As part of 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 the following three types:

1. **Cashflow-based Credit Structuring:** We determine a borrower's credit-worthiness on the basis of their capacity to make timely repayments. We opt out depending on the customer's average cash conversion cycle and their credit repayment capacity which is determined by their net cash-flow position. Projected cash flows are also used to demonstrate the ability of the applicant to generate enough money to make repayments within the prescribed terms and conditions.

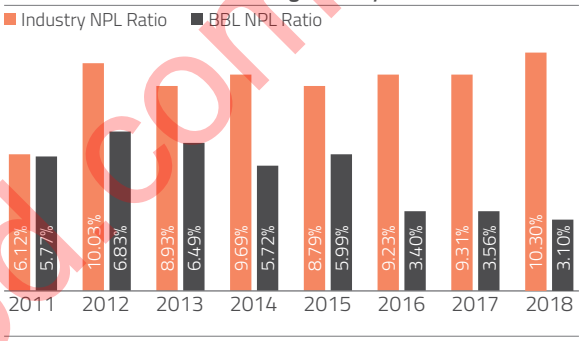
2. **Collateral:** At BRAC Bank, we reserve the right to call on collateral in the event of default of a counterparty. Collateral includes cash and cash equivalent instruments, properties (residential, commercial and industrial), capital funds, plants and equipment. Collateral taken by the bank is well-documented to ensure that credit risk mitigation is legally effective and enforceable.

3. **Risk Transfer:** A range of instruments including guarantees and credit insurance are used to transfer credit risk from one counterparty to another.

Asset Quality Management

The market was volatile in 2018 due to liquidity issues, an appreciating exchange rate, changes in rate of interest and spread, the implications of cautionary monetary policy, and upsetting of growth in the bank industry due to non-performing loans. However, BRAC Bank's credit portfolio grew by 18% despite industry growth being only 14.77%. We closed our loan book at BDT 238,008 million as of December 31, 2018.

NPL Movement: BBL vs. Banking Industry



At BRAC Bank, we focus on the quality of the assets that we book and the maintenance of their health. This is achieved through rigorous pre- and post-sanction risk management strategies. Despite a dismal asset quality scenario in the banking sector of Bangladesh, BRAC Bank has still managed to maintain a healthy asset portfolio over the last three years. With the concerted efforts of each of the business divisions, namely the CRM Division, the Special Asset Management Division and the Management, BRAC Bank maintained an NPL of 3.10%. This was substantially lower than the industry average of 10.30%.

The Way Forward for Credit Risk Management in 2019

"Ensure Asset Quality to Sustain Revenue". This is the guiding principle for BRAC Bank's credit portfolio management in 2019. Proactive management of NPL and concentration risk, on-boarding of accounts adhering to the highest underwriting standards, and prudent portfolio management will all be essential components of BRAC Bank Limited's Risk Appetite Statement this year. It is our goal to keep our NPL ratio below 2% in 2019.

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Internal Control & Compliance

Internal Control is the mechanism to provide reasonable assurance to Bank on an ongoing basis regarding the achievement 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 help the Bank perform better and add value through use of its resources. Through Internal Control system, Bank identifies its weaknesses associated with the process and adopts appropriate measures to overcome that.

The main objectives of internal control are as follows:

a) Operations Objectives: achievement of bank's basic 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 provide reasonable assurance that the objectives set by the Bank will be met. It has been designed to develop a high level risk culture among the personnel of the Bank, establish efficient and effective operating model of the Bank, 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 functionalities 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 the Board in ensuring the effectiveness of 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 the policies and business directions that have been approved.

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 highlight significant findings in respect of any non-compliance.

c) Audits are carried out on various departments/units, SME Service Centre 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 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 semi-annual basis and is sent to Bangladesh Bank as per requirement of DOS Circular Letter No. 10, dated 09 May 2017 issued by BB.

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 Internal Audit Department of the Bank continued to verify the suitability of design and effectiveness of these procedures and controls on an ongoing basis.

ICCD of BBL comprises mainly of four units/ departments- Internal Audit, Compliance Unit, Monitoring Unit and Concurrent Audit.

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Internal Audit

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Audit staff of BRAC Bank Limited has combination of business, Professional and IT knowledge based personnel. Audit Department is committed to meet the standards of best professional practices. BBL Audit is applying risk based internal audit methodology for doing 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 in various areas of the Bank's operations.

BRAC Bank Limited has a strong internal audit team comprised of three units to carry out the audit activities, namely -Head Office Audit, Distribution Audit (which carryout audit on all Branches; including: AD, LAD, Corp. Branches, SME Krishi Branch, SME Service Centres; SME Unit Office and ATM Service Centre) and Information Systems and Vigilance Audit. BRAC Bank also introduced Risk Based Audit system and audit team conducts comprehensive, spot, surprise audits in various Branches, SME Service Centers, SME/Krishi branches, ATM Service Centers, SME Unit Offices, Information technology, Information Security, Cyber Security, Data Privacy and Protection, various Departments & Division, centralized functional units in Head Office and Regional base functional Unit of BRAC Bank Limited.

Internal Audit helps the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal Audit Transformation

The committee intends internal audit to be more agile, robust and innovative in terms of surfacing risks that it may face time to time. In light of these, Internal Audit Transformation project to be undertaken in 2019 to get benefits ranging from reduced costs, increased value to employee motivation and retention.

Other benefits include:

- Improved performance by refining systems and processes
- Increased flexibility and organizational agility
- Increased motivation, growth and productivity
- Increased efficiency and effectiveness
- Using Risk-based audit methodology instead traditional audit methodology
- Meet stakeholder, regulatory and statutory expectations
- Revamping knowledge base of auditors
- Creating teams of right blend of skills
- Prioritizing works on the basis of risk
- Pursue innovations through tools and techniques
- Use of data analytics and audit management software for faster and cost effective delivery

It will have three phases and phase 1 & 2 to be completed by 2019.

Compliance

BRAC Bank Limited establishes a best compliance culture throughout the organization by encouraging employees to comply with policies, procedures and regulation.

To establish and uphold the momentum of compliance culture, BRAC Bank has strong Compliance Department under Internal Control & Compliance Division which is dedicated for ensuring compliance of guidelines/ observations/ recommendations of Regulatory and Internal Audit/Investigation. In line with that 3 (three) separate units are formed under Compliance Department, namely- Regulatory Compliance Unit, Internal Compliance Unit, & Investigation Unit.

Compliance team firmly supports 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 Branch, Division, Department and other offices, verify the internal control system of organization operational activities as per Bangladesh Bank and other Regulatory Guidelines. Investigation Unit conducts investigation and submits the report onward as per management requirement and analyze fraud cases to ascertain responsible parties and recommend appropriate action. Compliance Department also ensures required reporting to Management, BAC, & Regulators accordingly.

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Monitoring

BRAC Bank has separate monitoring department under Internal Control & Compliance Division which is dedicated to verify the internal control system & operational activities of the Bank on an ongoing basis. Monitoring department ensures maintenance of DCFCL, QOR, LDCL at Branches and Departments as a regulatory requirement and also submits Self-Assessment of Anti-Fraud Internal Controls report and Bank's Health report to Bangladesh Bank.

Concurrent Audit

As per the directives provided by Bangladesh Bank as Guidelines on Internal Control and Compliance in Banks, Concurrent Audit Department was formed to make it in line with the guidelines. Concurrent audit team scrutinize whether the bank is following the guidelines of internal & regulatory bodies time to time. This unit exclusively conducts spot / surprise audit of continuing operational activities in various branches, SME Service Centers, SME Krishi Branches, ATM Service Centers, SME Unit Offices, ROC, CRM, Centralized functional units in Head Office of BRAC Bank Limited.

Fraud and Forgery

Fraud & forgery have become very important issues in recent years. These have a major impact on our country's economy as a whole, impeding the economic development. BRAC Bank has always been very focused in controlling fraud & forgery by establishing and maintaining proper control systems. Now a day's fraud and forgery appears in diverse form. To prevent fraud and forgery, BRAC Bank Limited formed Investigation Unit under Compliance & Monitoring Department of Internal Control & Compliance Division to deal with such kind of incidences. This wing exclusively deals with all kinds of fraud and forgery and act independently as the first contact point/ information unit where internal and external fraud and forgery incidences are escalated, investigated and reviewed.

To protect the bank and its stakeholder's interest, Investigation Team performs thorough investigation to identify the perpetrator 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 improvement, recovery of misappropriated amount, adjustment of the operational loss and to take appropriate action against the perpetrator. The investigation reports are also placed to the Board Audit Committee for their direction and guidance. All fraud and forgery which were identified in 2018 were also duly reported to Bangladesh Bank on regular basis following their prescribed format and adequate provision has been maintained in the books of accounts. On the other hand management is exerting their all-out efforts to recover the loss amount incurred due to fraud.

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Distribution Network

BRAC Bank aims to become the best bank in Bangladesh. To achieve this, it has been structuring its distribution network accordingly.

BRAC Bank's distribution network is the prime touch point between it and its customers: it is the means through which the bank's products and services reach its clients. The bank's distribution network is organized into eight regions. Each has its own 'Regional Head' that oversees and offers guidance on ensuring better customer services, sustainable portfolio growth and enhanced profitability.

The distribution network currently comprises 186 branches across the country which provides banking services to all customer segments. In order to expand further, we plan to have two new locations by 2019. Moreover, we also intend to convert our existing SME service centers into fully-fledged branches by 2019.

BRAC Bank has invested considerably in the development of services in the branches currently part of its distribution network. Compliance remains a top priority while constant focus is paid to improving overall customer experience. To ensure compliance, a centralized facilitation wing has been created –branch governance. Branches are thus continually monitored and particular effort has been made so that they regularize areas such as, CDD, EDD and AML.

To better utilize the potential of some existing branches, three branches were moved to more vibrant locations in 2018. These are:

1. Dakhin Khan Branch
2. Donia Branch
3. Manikganj Branch

We also completed the renovation of eight braches (listed below) to greater enhance customer comfort:

1. Chowmuhoni Branch
2. Cumilla SME or Krishi Branch
3. Graphics Building Branch
4. Gulistan SME Service Center
5. Hobiganj Branch
6. Mirpur Section 1 Branch
7. Motijheel Branch
8. Nawabpur Branch

Furthermore, with a view to offering a full range of banking products and solutions to Narshingdi and its surrounding areas, the bank's management converted the Narshingdi SME or Krishi branch into a fully-fledged branch. In addition, a number of other branches will be renovated and relocated in 2019 to achieve the same goal.

The bank is currently adapting its distribution network to become more 'all-segment focused'. This is because clients from different segments require different types of products and services. Through this initiative, we are confident in developing a culture in which new relationships will be established alongside serving existing clients.

The bank's distribution network is working tirelessly to integrate its technological platform to provide more services to its customers through alternative channels. All 186 branches are currently under the network of BACH, BEFTN and RTGS. In addition, our ATM and CDM networks are currently being modernized. As our Agent Banking outlets continue to develop and improve, the distribution network will become even more important in reaching customers at the grass-root level.

In 2018, we participated in various activities organized by local government authorities like "Development Fair" and "School Banking Fair", where we displayed our products and services.

To improve the product knowledge of our staff and to develop smoother operations for service delivery to customers, we provide various trainings. In addition, we are currently reviewing our policies and processes in order to minimize the TAT (Turnaround time) of each service provided. We are also piloting several projects to figure out the most efficient banking service delivery model.

Our ambition is to become the country's number one bank according to clients. And BRAC Bank's distribution network will continue to play a vital role in achieving this target.

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Customer Experience

Regardless of where or how a customer engages with BRAC Bank, we believe in providing a seamless and consistent experience. This ranges from ensuring that a customer is offered the products and/or services best suited to him or her, to responding satisfactorily to feedback. Of course, such an experience is only achievable by having highly-skilled banking personnel in place.

BRAC Bank, bolstered by outstanding financial performance, has prioritized three basic expectations of its customers, namely, reshaping the banking experience, caring for customers and the bank as a whole. To reinvigorate our customer service, we have undertaken numerous initiatives, outlined below.

Reshaping the Banking Experience

Courtesy of over 40 special training programs on service quality, branch operations and credit card products and services, around 1,500 employees have been meticulously prepared to deliver the highest quality of service.

Training has also been provided on other core programs including banking foundation, credit relationships, professional selling, trade services, combating money laundering and diversity-gender-sexual harassment.

Caring for Customers

Branches and Sales

On the path to becoming Bangladesh's best bank, we are devoted to ensuring that our service providers behave impeccably and that our banking environment is both ambient and clean.

The Ideal Branch project reflects such devotion to enhancing the customer experience. In particular, service ambassadors have been introduced to strengthen the bank-customer relationship at the branches & sales centers in addition to revamping infrastructures. The centers themselves have also been refreshed and modernized.

Amid impressive infrastructural change, branch staffs competed in the 'Dress Well' campaign, where the bank's best-dressed personnel were rewarded. Furthermore, to demonstrate BRAC Bank's unity, standard uniforms will soon be worn by all branch employees.

Alternate Channels

For purposes of motivation, BRAC Bank arranged for Call Center staffs to partake in a performance campaign entitled 'THE MUSKETEERS'.

As an industry leader, the energetic Call Center team records some outstanding results. Indeed, the team answers 86,000 calls via agents per month, with a staggering 90% team average for KPIs.

To enhance customer convenience, we politely navigate customers to the call center for cheque, SMS banking and internet banking services.

In addition, transactions valuing less than BDT 50,000 are diverted to cash deposit machines to accelerate queuing at branches.

Listening to Customers' Voices

Customer expectations are always evolving. To anticipate and meet these expectations, BRAC Bank carried out Focus Group Discussions with customers throughout 2018.

The discussions served the aim of identifying factors that influence customers' banking decisions, including which bank they opted to use.

To ensure that customers' voices are deservedly heard, a comprehensive tracking system for service and feedback has been established. A unique reference number enables customers to stay fully up-to-date with the progress of their requests or feedback.

With regard to credit cards, the process and product offerings are continuously adapted to enhance customer experience.

The Bank as a Whole

Unity is imperative. Exceptional results can only be achieved through the invaluable lateral support of all departments and divisions within the bank.

At every level, BRAC Bank employees strive for excellence to meet or even surpass customers' expectations. The fruits of such an approach are visible in the bank's steady growth in a fiercely competitive market.

Nevertheless, BRAC Bank is not complacent. In fact, numerous other initiatives and projects will be launched soon to enrich the customer experience and maintain the bank's course toward becoming Bangladesh's best.

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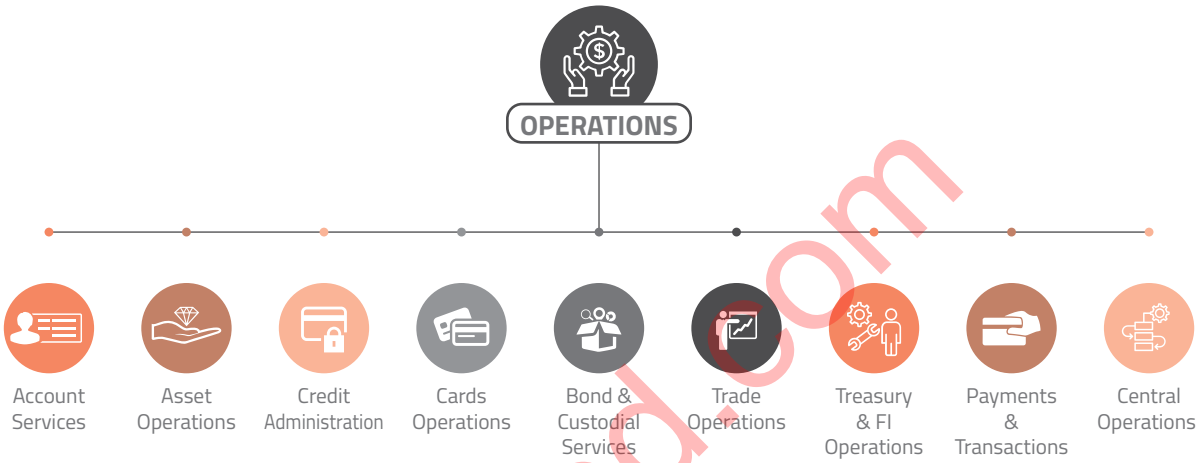
Operations
Division

Core Focus

Continue with process simplification and digitalization efforts to reduce costs and enhance efficiency in the long run.



Throughout 2018, BRAC Bank's Operations Division strived to equip its prime units with sufficient resources. It also sought to realign job roles and responsibilities, and to pursue required process developments, re-engineering and automation opportunities. All such measures have enabled the bank to serve its customers promptly in a cost-effective and compliant manner, securing more businesses in the process. Learning from this experience, we vow to bolster customer satisfaction through further process simplification and digitalization.

Key Achievements 2018

- Played a pivotal role in the successful launch and smooth transition of the bank's Core Banking System (CBS) software to new Finacle 10 in April 2018, bringing dynamism and sustainability in product offerings and improving the overall customer experience.
- Contributed to pilot implementation of Agent Banking within a short time.
- Processed the highest volume of security trading in the secondary market and helped BRAC Bank Treasury to secure the top position in the local market.
- Launched BBL Electra Trading Platform: the first-ever initiative of this kind run by a scheduled bank in Bangladesh.
- As a pilot bank, successfully implemented 'Collateral Security Management System' for timely reporting of collateral information to Bangladesh Bank.
- Successfully integrated Finacle Core Banking System and Finacle Treasury system. These have increased the Treasury team's efficiency several-fold, and ensured robust control over treasury transactions.
- Readied itself for the distribution of government allowance through BEFTN to vulnerable citizens (i.e. widows, freedom fighters, etc.).
- Ensured faster services through SharePoint for term processing
- Developed a digital calculator for ease of SL or SOD approval process, and introduced instant notification for inward remittances and arrival of trade documents.
- Introduced e-advice for trade customers.
- Simplified the process and introduced automation initiatives to increase efficiency and decrease costs:

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- Implemented a system to generate a loan documentation checklist
- Introduced automation to cater for remittance processing and regulatory reporting

Future Plans 2019

- Digitalization and atomization drives BRAC Bank Operations to increase efficiency and reduce costs through the following:
  - Implementation of the Document Management System (DMS)
  - Automation of cards settlement and ATM teller account reconciliation
  - Incorporation of automatic process for card booking
  - Enhanced automation for regulatory reporting
  - Integration of SWIFT with Finacle for faster customer service
  - Implementation of 'Liquidity Management System' and 'Corporate Internet Banking System'
  - Extended SharePoint accessibility across the bank for SDC and other products
  - Enhancement and unification of: Connect Plus software; collateral system management; Deferral Tracking System; Home Loan Tracker and giving access to business staffs; and CRM for loan file or problem tracking by businesses
  - Automation for the general ledger (GL) of Teller Account reconciliation to improve work process
  - EFT system will migrate to core banking & RTGS bulk file upload capabilities
  - Data connectivity to SME-CRM module for TAT and duplication
- Take initiatives for delightful customer experience as described here:
  - Use RTGS or NPSB channel for loan disbursement (covering SME correspondent bank customers, and vendor payments for auto and home loans) for instant fund transfer at customers' end.
  - Generate automated bank statements from our SME Repayment System (RPS) to Connect Plus Reconciliation module to save significant manual work time to reconcile SME correspondent bank accounts.
- Rethink Regional Operating Centers (ROCs) in terms of functional scope and number, thereof to provide cost-saving and faster customer services.
- Prepare bank's Archival Policy (both image & hardcopy) for documents. In addition, launch in-built e-archive software for effective archive management database for record-keeping, movement-tracking, and periodic destructions.

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Information Technology Division

As digitalization progresses, we at BRAC Bank expect 2019 to be one of the most transformative years in the bank's history. To lower costs and increase profits, meeting customers' technological expectations is paramount. As customers visit physical branches less and less, mobile banking interactions grow in importance. BRAC Bank must therefore embrace technology to allow our services to keep pace with customers' needs. Therefore, we continue to invest significantly in business automation to compete with rivals and to pursue future business goals.

BRAC Bank places emphasis on upgrading its technological infrastructure to deliver optimal best business outcomes and a first-class customer experience. Indeed, these goals are at the heart of all of the Information Technology Division's initiatives. For BRAC Bank to realize its ambition of becoming Bangladesh's best, satisfying customers through technological innovation and digital banking will be vital. The bank is establishing a prudent digital banking strategy. This will entail offering superior tailored products, solutions and experiences to customers. In this regard, we have worked with leading consulting companies and fin-techs to arrive at most suitable solutions for today's Bangladeshi banking industry.

In 2016, we started to reinforce our tech support. Three years on, and bearing in mind the bank's ambition to be the country's best in all aspects, BRAC Bank continues to invest heavily in technology.

The upgrade of our main banking platforms, including the highly successful Core Banking Solution (CBS), was completed in April 2018. The revamped CBS enhances the customer experience, and allows BRAC Bank to stay up-to-date with modern banking trends. The new platform also helps in the design of other cutting-edge banking solutions. It has allowed us to revive our trade finance solutions, boosting the bank's trade finance business capacity by over 40%. Moreover, our new enterprise resource planning platform has gone live on Oracle. This has allowed us to make a major step toward internal digitization by automating HR and finance processes, thereby increasing our overall capabilities. Additionally, BRAC Bank's SWIFT platform has been fully upgraded, delivering real-time availability and providing high-level security architecture.

Meanwhile, our main satellite systems have been revived to accommodate new features and increase capabilities. These include the m-Remit system which facilitates integration with exchange houses worldwide to accelerate the transfer of remittances. The establishment of the agent banking solution represents one of our greatest milestones. It is being offered to customers via a digital platform, available everywhere and at any time. Our rapid digital journey will continue with the introduction of the agent-based app and more click-on automation. Other critical solutions will follow in 2019, including the card management system, Call Center, and a new e-commerce platform. All of these advances will enable and empower customers who will relish their supreme banking experience.

Personal device-based digitalization is part of a massive transformation that is already underway. BRAC Bank must accordingly embrace more cash-lite or cash-less solutions. Therefore, a major customer-facing digital platform project will be initiated in 2019 via the Universal Banking App (UBA), that will encompass web-based and mobile app banking. Through this user-friendly app, customers' on-the-go needs are easily and swiftly accommodated.

Moreover, the new cash management system allows for considerable expansion of our corporate business. This will enable BRAC Bank to stand out from the competition. By meeting a variety of real-time transactional needs, the bank will inevitably expand its customer network. A document management system will also be implemented in the second half of 2019 to supplement these solutions and complement straight-through processes. This system will also severely restrict paper usage in back offices and branches.

With this in mind, we have concluded that to make all of these plans a reality, it is vital to ensure that products and processes are constantly upgraded. Thus, an innovation lab will be constructed by the first half (H1) of 2019, easing the ongoing digital journey. The lab will be used to establish data-driven practices and embrace more business intelligence and analytics. In doing so, only the most suitable products and cost-effective processes will be designed. Customers' needs can also be identified through big data analysis and the embracing of AI and robotics to automate back office and technology operational processes. The innovation

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lab is also to serve as a prominent hub for fin-techs to exchange skills and expertise, thus giving the bank much-needed and rapid solutions.

At BRAC Bank, technological infrastructure is of the highest importance. We have made key decisions to revive such infrastructure all across the network nationwide as well as for storage and remote support systems. In addition, to ensure that bank's infrastructure platform is fit for purpose, we are investigating the idea of a private cloud to decrease the expense of heavy infrastructure. This would also potentially safeguard availability of online systems. Furthermore, a forthcoming unified communication platform will enhance connectivity across the whole office network which extends to the remotest areas of Bangladesh.

A further significant step has been approved, namely the establishment of a new generation data center and disaster recovery center. These are due to be up and running by 2020. The winning designs have been selected and construction work is imminent. This represents a significant advance in infrastructure planning and affords the bank a 10-year window to accommodate technological advances and hosting systems as the business grows.

Our skilled and knowledgeable tech team continues to expand. This ensures that tech initiatives are properly executed, as we hire experts from various sectors to undertake this digital journey in the most comprehensive manner possible. HR has focused heavily on training employees to embrace BRAC Bank's ambition of becoming Bangladesh's best digital bank. We know how vital it is for banks to acknowledge and meet the needs of customers and communities alike. Through investing in technology and digital innovation to complement its business strategy, BRAC Bank will surpass, rather than merely meet, customers' expectations.

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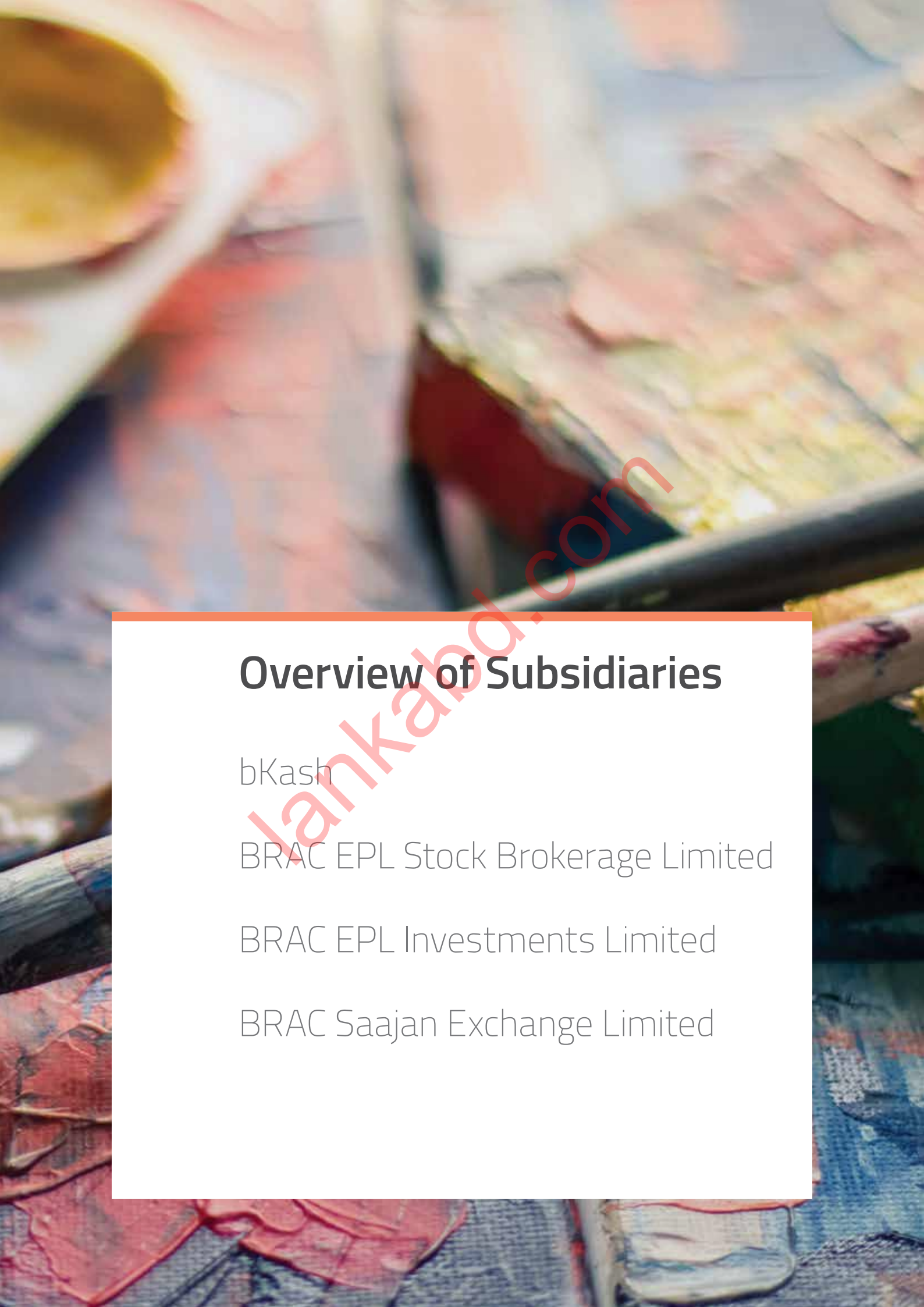

Overview of Subsidiaries

bKash

BRAC EPL Stock Brokerage Limited

BRAC EPL Investments Limited

BRAC Saajan Exchange Limited

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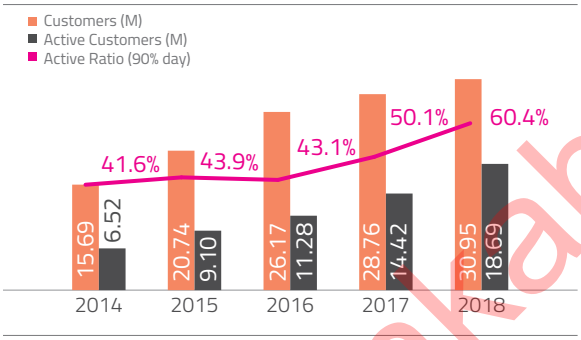
bKash Limited

Introduction

2018 marked significant milestones for bKash's growth in terms of new shareholder and products, technological progress and new cost structures as mandated by regulatory bodies. The company has outperformed business goals and continues to thrive in a competitive environment.

bKash regained much of its lost market share as a result and is expected to retain this success in the future as well.

Customers



The number of active customers (defined as those who made at least one transaction in the past 90 days) has also increased by 29.7% in 2018 compared to 2017.

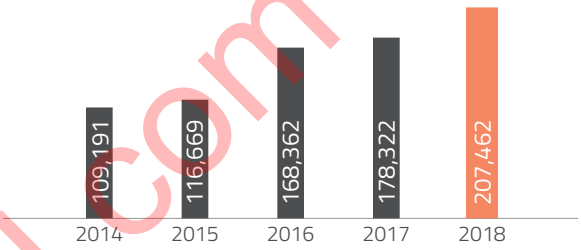
Key Achievements in 2018

bKash developed and released a customer app on both iOS and Android systems through which bKash customers can access their account information and make transactions. A similar app for the agents was released later in the year. By the end of the year, more than 9.6 crore transactions through the customer app was recorded.

New financial products launched during the year include the Bill Pay service and banking integration which have recorded more than BDT 372 crore in transaction amount.

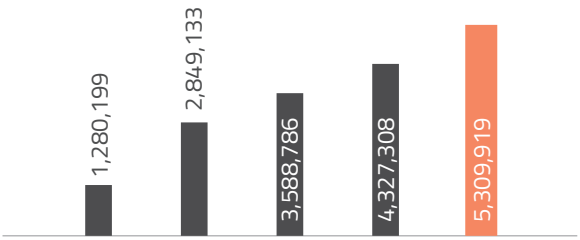
Agents

All agents were subject to rigorous compliance checks and as a result a number of them were closed, leaving a total of 207,462 agents spread throughout the country. On average, in 2018, 93% of agents were active every month.



Average Daily Transaction Count

Average daily transaction count has increased in 2018 by 22.7%. In 2018, average daily counts of transaction was 5.31 million compared to 4.33 million in 2017.



Financial Performance

The net profit after tax in 2018 was BDT 185 million compared to BDT 489 crore in 2017. This fall, explained by the increase in marketing and promotional expenses since the business is in the investment stage, is a natural phenomenon in the early stages of an industry like FinTech. However, the consistent rise in active customers and ARPU due to these investments are expected to yield higher returns in the forthcoming years.

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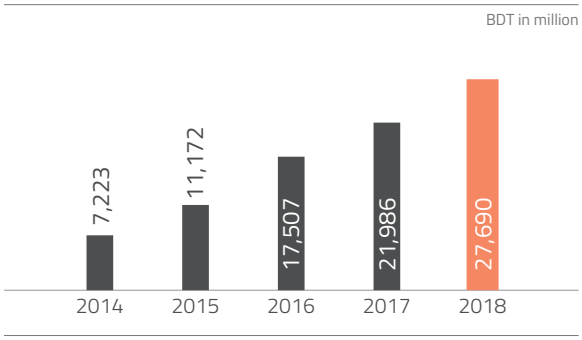
Float Balance

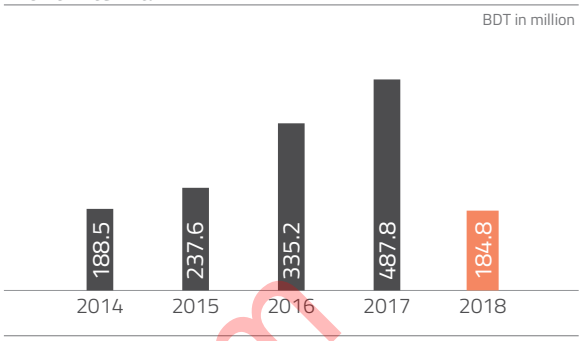
The float balance has consistently increased over the years to reach BDT 27,690 Million in 2018.



Profit After Tax

An 8% increase in customers coupled with a substantial increase of 29.7% in active customer ratio resulted in a 22.7% increase in total transaction count. As a result of the increased customers and agents in the bKash network, the float registered an increase of 25.9% over prior year.

Profit After Tax



Economic outlook

The increased number of customers, transactions & volume is a reflection of the growing economy of the country. The number of app downloads also look promising and reflect the increasing technology adoption in the local economy. With higher transaction numbers and amounts because of the booming economy, the MFS industry will continue to flourish in the coming years. bKash with its new products and services is expected to retain its position as the market leader in the coming years as well.

Financial Highlights

Particulars	Year 2018	Year 2017	Year 2016	Year 2015	Year 2014
Gross Revenues (M)	21,791.3	17,588.7	14,843.3	10,584.0	7,109.6
Profit before tax (PBT)	558.5	790.8	621.1	380.0	326.0
Profit after tax (PAT)	184.8	487.8	335.2	237.6	188.5
Contribution to Exchequer (M)	4,733.4	3,730.0	3,034.1	2,107.5	1,398.8
Total Assets (M)	42,896.1	27,885.8	22,008.0	14,499.8	9,544.0
Float Balance (M)	27,689.6	21,986.3	17,506.6	11,171.6	7,222.9
EBITDA (M)	903.3	1,053.1	834.9	482.6	406.1
Earnings per share	393	1,153	792	562	446
Gross Profit Ratio	24.0%	30.3%	27.4%	27.1%	26.0%
Return on Equity	6.0%	18.8%	14.9%	11.8%	19.3%

Operational Highlights

Particulars	Year 2018	Year 2017	Year 2016	Year 2015	Year 2014
Customer	30,949,622	28,796,213	26,172,245	20,741,587	15,686,947
Active Customer (90 Day)	18,694,365	14,415,001	11,275,883	9,099,762	6,524,798
Active Ratio (90 day)	60.4%	50.1%	43.1%	43.9%	41.6%
Agent	207,462	178,322	168,362	116,669	109,191
Merchant Count	80,156	43,978	37,902	14,879	8,989
Average Daily Transactions Count	5,309,919	4,327,308	3,598,759	2,849,156	1,279,477
Volume of Transactions (Billion BDT)	2,703.1	2,173.5	1,805.5	1,299.1	860.8

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BRAC EPL
Stock Brokerage Limited

About Us

BRAC Bank Stock Brokerage Limited (BESL) is Bangladesh's third largest stock brokerage house (from a total of 250 brokers) and enjoys a 4.04% market share of DSE (as of December 2018). In addition, BESL boasts a 53% market share in the foreign portfolio investment execution segment. The organization also provides brokerage services to its vast client pool (approximately 28,000). This includes local institutions, retail clients, non-resident Bangladeshis (NRBs), and 60 foreign institutional clients, served by eight branches and 128 employees.

Product & Services

BRAC EPL Stock Brokerage Limited provides stock brokerage services to both Bangladeshi and International Capital Market Investors.

Public Market Execution

BESL still sits in third position among 250 brokers. BESL has had, on average, a 4.04% market share of DSE turnover. Meanwhile, compared to 2017, its market share grew by 36%.

Investment Research & Advisory Services

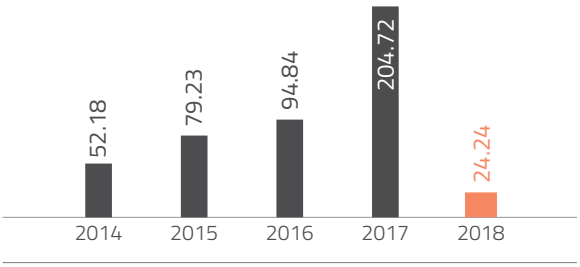
In Bangladesh, BESL has spearheaded the investment research industry. At present, its Research Department consists of six analysts: one CFA Charterholder; one charter pending candidate; two CFA Level 3 candidates; and one CFA Level 2 candidate. The team enjoys a research partnership with Macquarie Securities Group – currently the eighth biggest sell-side equity research firm in the world. In addition, it also has similar partnership agreements with Bloomberg, Thomson Reuters, S&P Capital IQ and Fact Set. The team's major achievements in 2018 are listed below:

1. The recommended investment composite of the team generated a 4.24% return in 2018. This outperformed the benchmark index by ~18.00%.
2. Initiated coverage on one new company: IFAD Autos Limited (IFADAUTOS). Since the publication of the equity note, IFAD Autos has posted a negative performance of 6.1% (as at 7 February 2019).
3. The team also generated USD 51,000.00 in research and advisory fees from foreign investors and USD 4,000.00 from local institutional clients.

Financial Performance

Net Profit After Tax (PAT)

BDT in million



Financial Highlights

Particulars	2018	2017	2016	2015	2014
Total Revenue (BDT Million)	481.93	699.31	506.25	461.83	376.10
Profit Before Tax (BDT Million)	101.71	294.76	152.65	147.78	115.15
Net Profit After Tax (PAT) (BDT Million)	24.24	204.72	94.84	79.23	52.18
EBITDA (BDT Million)	112.09	283.35	135.81	125.80	89.62
Total Assets (BDT Million)	2,017.12	3,101.52	1,739.77	1,481.07	1,587.17
Contribution to Exchequer (BDT Million)	77.48	90.04	57.41	68.55	62.97
Gross Profit Margin Ratio	71.2%	75.5%	69.5%	74.5%	86.0%
Earnings per share (EPS) (BDT)	3.46	29.21	21.00	17.55	11.56

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Economic Outlook

Bangladesh's capital market experienced a tumultuous year in 2018. This can be attributed to various factors including the pressure arising from an increase in non-performing assets in the banking sector, rising interest rates owing to the liquidity crunch, a deficit of historically high proportions in the current account balance (USD 9.8 billion deficit in FY18), import payments to finance capital machineries for mega infrastructure and power projects reaching a record high, expensive fuel oil import prices, and the need to import food grains (especially rice) due to extensive flooding in mid-to-late 2017. Many foreign investors withdrew their investments from the country's capital market though a share sale worth USD 500.0 million. This was largely brought on by a fear of currency (BDT) depreciation versus the world's largest currencies such as the US dollar. In addition to this, concerns over the country's national election, which took place at the tail end of the year, was a further factor to notably affect the Bangladeshi economy in 2018.

Looking to the future (3-5 years), we believe that the prospects of Bangladesh's equity market are bright. Current valuation metrics are still hovering around the 12-year average range. In addition, we anticipate that a rebound in earnings growth of listed equities will also take place. In 2018, the market consolidated its position due largely to the staggering return of 24.0% achieved in 2017. Investors started to inject funds which saw a reasonable correction in the market (13.8% in 2018). This could be said to have been a result, among other factors, of the election outcome and the formation of a new ministry. Moreover, the onboarding of Chinese consortium 'Shanghai Stock Exchange (SSE) and Shenzhen Stock Exchange (SZSE)' as strategic partners is anticipated to improve even further the development of Bangladesh's capital market in the years ahead. This positive forecast is inspired by the likely introduction of new technological know-how, the introduction of a new product base, and greater efficiency being brought to the surveillance and trading system.

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BRAC EPL
Investments Limited

About Us

Located in Bangladesh, BEIL is a public limited company that has developed into a fully-fledged investment bank and portfolio manager. Now, the company enjoys a positive reputation for its corporate advisory services. This can be seen through the role it has played as an advisor to the Dhaka Stock Exchange Limited in demutualizing exchange and cross-border M&A transactions. BEIL has also concluded a deal to raise USD300 million debt and equity for an infrastructure project – the largest ever in Bangladesh. In 2018, BEIL completed a landmark transaction for the Bangladeshi government concerning the country's largest power generation company through the issuing of bonds by private placement. This was also the first occasion on which any government-owned power generation company had raised capital through the issuance of bonds in Bangladesh.

In 2019, BEIL will strategically optimize business growth and profitability. Its strategies will focus on: rationalizing costs; enhancing fee-based income; improving the performance of its negative equity portfolio; and boosting overall performance to establish a sustainable investment bank.

Products and Services

Portfolio Management

BEIL provides two types of portfolio management services:

- Investor Discretionary Portfolio Management: Investor Discretionary Account bears a striking resemblance to a BO (Beneficial Owner) Account. In this way, full responsibility for buying or selling, taking margin and all other critical decisions falls on the side of the investors. Here, BEIL offers two products: Cap Edge and Cap Cash.
- Manager Discretionary Portfolio Management: Through the Manager Discretionary Account, the power to make vital decisions on the majority of aspects of Portfolio Management rests with the Portfolio Managers. The vast majority of Bangladesh's merchant banks offer only Investor Discretionary Management Services. BEIL, on the other hand, is one of very few that presently offers both types of services.

The most basic differences between these two business spheres are the legal discretion or power of security selection, portfolio construction, execution timing and actual execution of trades.

Products of Portfolio Management

Cap Edge: Non-Discretionary Portfolio Accounts

Cap Edge is an investor-controlled account. Autonomy is maintained by investors who select which items to buy and sell, and when. Meanwhile, the Portfolio Managers help to execute trades and offer information and guidance along the way. Here, investors are required to pay a management fee and brokerage commissions for trading.

Cap Cash: Non-Discretionary Portfolio Accounts

BEIL offers a unique non-discretionary product known as Cap Cash. Clients are offered margin and non-margin services through individual BO Account. They are able to link their existing BO Accounts in BEIL with other accounts in other brokerage houses. As an investor-controlled account, Cap Cash allows investors to keep their autonomy in selecting which items to buy and sell, and when. Meanwhile, the Portfolio Managers help to execute trades and offer information and guidance along the way.

Managed Cap Edge - Discretionary Portfolio Account

Managed Cap Edge is a Portfolio Manager controlled account. Autonomy is afforded to managers who select which items to buy and sell, and when. Meanwhile, investors can assist the Managers by giving their views on their preferences regarding return and risk. In this regard, investors pay management fees (which are higher than in Cap Edge) as well as settlement fees for trading.

Structured Finance Department

In 2018, the Structured Finance Department broadened its horizons to include investment banking activities. In addition, the Corporate and Institutional Banking department experienced more changes as new recruits

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Most Merchant Banks in Bangladesh provide only Investor Discretionary Management Services. BEIL, meanwhile, is one of the few companies currently providing both types of services.

were appointed. Under the top management of 2017, alongside a newly-assembled team, the Structured Finance Department was awarded two power project mandates (as issue manager and arranger) and one private equity mandate (as the corporate advisor and arranger). These mandates are expected to be fulfilled in 2019. Meanwhile, the Structured Finance Department is chasing two IPO deals, expected to be finalized in early 2019.

Debt Arrangement

The focus of BEIL is on originating, structuring and distributing debt via syndicated loans, corporate bonds, bridge finance, mezzanine debt, asset-backed securities and other debt products for Bangladesh's corporate houses. Its work varies from structuring the optimum financial arrangement to organizing funding from prospective lenders. The syndicated loan represents the most common type of debt arrangement. Generally speaking, these types of loans allow large ticket-size loans to be financed. It would not be possible for these to be provided bilaterally by a lender.

Private Equity

Recently, alternative investment asset categories such as private equity placement have grown in importance in the global financial system. We advise our clients on the optimum mode of financing with alternatives to debt such as private equity and venture capital investments. Investments of this kind offer our clients a great advantage as foreign investment banks or institutions sit on their Board, which helps project their brand image.

Mergers & Acquisitions

The best in-class merger & acquisition advisory solutions are offered by BEIL to its clients in buying, selling or consolidating companies in various nations and industries. BEIL acts as an agent for both buyers and sellers. It assists in finding potential sellers or buyers, negotiating prices, providing valuations for companies, thorough due diligence and all related activities to bring the transaction to a close.

Corporate Advisory

BEIL provides a range of corporate and financial advisory on project financing, corporate restructuring, and financial due diligence, amongst others, for its clients.

Financial Highlights for 2018

Various measures have been applied by BRAC EPL Investments Limited to ensure the cost-effectiveness and efficiency of its departments and activities.

- For the year ended 31 December 2018, operating expenses dropped to BDT 56.6 million (a reduction of 41% compared to the previous year). It should however be noted that, 2017's operating expenses were amplified by significant uncollectable debts.

Distribution Networks

At present, the bank has seven offices. These include its Corporate Head Office as well as the following branches: Dhaka (Motjiheel and Gulshan); Chottogram; Sylhet; Chowmuhani; and Comilla.

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BRAC Saajan Exchange Limited

About us

BRAC Saajan continues to be the largest remitter to Bangladesh with over 30% market share of the remittances sent from the UK.

BRAC Saajan earns revenue through a combination of transaction fees and foreign exchange margin. The company continued to grow in 2018, with total remittance to all receiving countries up by £175m (57%) in 2018 to £480m. The primary driver of this growth was a boost in commercial aggregators' remittance volumes of £114m (353%). Retail volume increased by £49m (18%) and an expansion of the EU operation contributed £13m (30%).

In line with business growth, during the year the company invested significantly in human resources, with the total headcount growing from 66 to 80 across the UK and overseas.

There has been a continued emphasis on improving compliance in the industry and the company has made additional investments in compliance, recruiting experienced officers to improve both quality and quantity, as well as expanding its internal audit function. A Risk and Audit Committee was formed in the year bringing additional independent expertise to its enterprise-wide risk and AML oversight programme.

Further investment in EU operations in both premises and personnel have been made to support both the growth of the EU business, where significant opportunity exists to support growing migrant populations, and to combat any potential Brexit-related issues which may adversely affect the EU operation, which is run on a passporting basis from the UK.

In April 2018 BRAC Saajan completed its FCA reauthorisation process, as required by the EU Payment Service Directive II. It has also applied for a license to operate as a stand-alone Authorised Payment Institution in Lisbon, Portugal. Upon authorisation, it will transfer the passporting of its European businesses from the UK to Portugal.

Throughout 2018, BRAC Saajan continued to improve its IT infrastructure through various investments and system improvements. Some of the most significant improvements include the following:

1. Risk matrix – a matrix of risk conditions has been implemented to enhance the company's defence against AML risks.
2. MI dashboard – a management information reporting dashboard was bought in to enhance oversight of a full spectrum of performance, AML and risk indicators.
3. Data security – multiple data and information security policy updates were completed in the year, and the company invested in additional hardware and software solutions to improve protection against penetration and data theft.

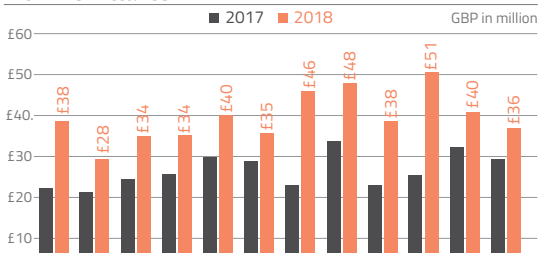
Future outlook

The company is forecasting more than 60% YOY remittance growth in 2019. It expects strong growth in aggregator sales, and in both the UK and Italian retail agent network. The company is also forecasting an increase in payments to other countries, including Pakistan, Sri Lanka, Nepal, Poland and Romania.

Investment in compliance and governance will continue, in line with regulatory requirements and the company's planned growth.

The strategic plan for 2019 involves rolling out a revamped online service, the launch of mobile applications across the European countries and further growth in aggregator volume.

MoM Remittance



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Corporate Governance

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Certification on
Corporate Governance

HUSSAIN FARHAD & CO.
CHARTERED ACCOUNTANTS

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: 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, 2018. 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: April 07, 2019

For Hussain Farhad & Co., Chartered Accountants

M Farhad Hussain FCA
Managing Partner

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES
AUTHORISED TRAINING EMPLOYER

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ASNAF

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Corporate Governance
Compliance Report

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's 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. 7.00)

Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
1. BOARD OF DIRECTORS				
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 comprosed of 08 Directors
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 namely: Dr. Ahsan H. Mansur, Mr. Kazi Mahmood Sattar and Ms. Fahima Choudhury
	(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

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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

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
1.3 Qualification of Independent Directors:	(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			Not Applicable
	(c) The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	√		
	(d) In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission			Not Applicable

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
1.4 Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer	(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- Sir Fazle Hasan Abed, KCMG; 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	√		
1.5 The Directors' Report to Shareholders	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 extra ordinary gain or loss occurred in this financial year
	(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

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(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 occured 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
	(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

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(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 there of 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
	(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

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(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
	(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

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
1.6 Meetings of the Board of Directors	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	√		
1.7 Code of Conduct for the Chairperson, other Board members and Chief Executive Officer	(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
2.00 Governance of Board of Directors of Subsidiary Company				
	(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
	(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

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(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
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)				
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.	√		

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
3.3 Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)	(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 and 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
4.00 Board of Directors' Committee				
	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
5.00 Audit Committee				
5.1 Responsibility to the Board of Directors.	(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
	(c) The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		Do

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
5.2 Constitution of the Audit Committee	(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 quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director	√		Do
5.3 Chairperson of the Audit Committee	(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	√		In practice
	(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	√		

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(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 Committtee was not present in the 19th AGM held on April 26, 2018. However, another member from the Audit Committee was present in the 19th AGM which is recorded in the Board minutes.
5.4 Meeting of the Audit Committee	(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
5.5 Role of Audit Committee	The Audit Committee shall:			
	(a) Oversee the financial reporting process;	√		In practice
	(b) monitor choice of accounting policies and principles	√		Do
	(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

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(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
	(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
5.6 Reporting of the Audit Committee	(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

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(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
	(b) Reporting to the Authorities 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.			Not applicable
5.7 Reporting to the Shareholders and General Investors	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
6.00 Nomination and Remuneration Committee (NRC)				
6.1 Responsibility to the Board of Directors	(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

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
6.2 Constitution of the NRC	(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
	(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
6.3 Chairperson of the NRC	(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

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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
6.4 Meeting of the NRC	(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
6.5 Role of the NRC	(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

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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	√		

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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.	√		
8. Maintaining a website by the Company				
	(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)	√		
9. 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.	√		

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Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(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.	√		

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Corporate Governance Report

Statement from the Company Secretary:

Dear shareholders,

It is our pleasure to present you the Annual Corporate Governance Report, 2018, 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

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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
- Code of Conduct for the Chairperson, Board Members and Managing Director & CEO
- Governance of Board of Directors of Subsidiary Company
- Managing Director & CEO, Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)
- Duties of Managing Director & CEO and Chief Financial Officer
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- Appointment of Directors (Board of Directors, Chairman and CEO)
- Shareholding composition of BRAC Bank Limited
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- Non-Executive Directors
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- Independence of non-Executive Directors
- The key roles and responsibilities of the Board
- Apprisal of the Board's performance
- Evaluation of the Managing Director & CEO
- Policy on Training of Directors
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- Maintaining website by the company
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- Human Capital
- Communication to Shareholders/ Stakeholders for participation in Annual General Meeting
- Environmental and Social Obligations under CSR
- Whistle Blower policy
- Credit Rating
- Role and Responsibilities of the Company Secretary

Board of Directors

Size of the Board of Directors

The Board of Directors of BRAC Bank consists of 9 (nine) members, including the Managing Director & CEO. The Managing Director is an Executive Director (ex-Officio). Of the 8 (eight) non-Executive Directors, 5 (five) are nominated by BRAC and 3 (three) are Independent Directors.
The Board of Directors sits twice in a month on the third and fourth Monday.

Independent Directors

BRAC Bank complies with the Corporate Governance guidelines of Bangladesh Securities and Exchange Commission (BSEC) and the Bank Company (Amendment) Act, 2013, Section 15 and BRPD Circular No. 11, dated 27 October, 2013, for appointment of Independent Directors. There are 3 (three) Independent Directors on the Board of BRAC Bank out of eight Directors.

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 Program 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

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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.

Meetings of the Board of Directors

Board meetings and attendance

Sl. No.	Name of Directors	Designation	Presence of Directors in the meetings during their tenure			Remuneration / Meeting	Remuneration Drawing
			No of Meetings	Present	Absent		
1	Sir Fazle Hasan Abed KCMG	Chairman	18	16	2	8,000	128,000
2	Mr. Shib Narayan Kairy	Director	18	18	0	8,000	144,000
3	Ms. Zahida Ispahani	Director	6	5	1	8,000	40,000
4	Ms. Nihad Kabir	Director	18	12	6	8,000	96,000
5	Mr. Kazi Mahmood Sattar	Director	18	18	0	8,000	144,000
6	Mr. Kaiser Kabir	Director	18	10	8	8,000	80,000
7	Dr. Ahsan H. Mansur	Director	18	10	8	8,000	80,000
8	Mr. Asif Saleh	Director	18	13	5	8,000	104,000
9	Ms. Fahima Choudhury	Director	9	9	0	8,000	72,000

** Ms. Zahida Ispahani retired on 19th AGM, 26 April, 2018*

** Ms. Fahima Choudhury was appointed in 19th AGM, 26 April, 2018*

Duality of Chairperson of the Board of Directors and Managing Director & CEO

The Chairman is independent of the CEO, and 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. This also complies with 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. 78 of this Annual Report.

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Code of Conduct for the Chairperson, Board members and Managing Director & CEO

Code of Conduct for the Chairperson

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.

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.

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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 Exchange.

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 do 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.

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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 two 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

The Sponsor and Directors of BRAC Bank jointly held 44.30% of the total shares whereas institutions and the general public held 55.70% of the cumulative shares as on 31 December 2018.

Composition		31-Dec-18		31-Dec-17	
		Number of shares	% of total shares	Number of shares	% of total shares
Sponsors/Directors		475,117,375	44.30	380,093,902	44.44
General Public		68,725,873	6.41	56,064,418	6.56
Institutions	Local	92,207,839	8.60	71,191,412	8.32
	Foreign	436,449,198	40.69	347,859,962	40.68
Total		1,072,500,285	100.00	855,209,694	100.00

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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 Ltd. is given below:

Sl. no.	Particulars	Shareholder name	No. of shares held	Percentage of shares held (%)
	Sponsors & Directors	BRAC	474,897,676	44.28
		Sir Fazle Hasan Abed KCMG (Chairman, Nominated by BRAC)	10,530	0.001
		Late A. S. Mahmud	8,807	0.001
		Late Faruq A. Choudhury	8,807	0.001
		Dr. Saleh Uddin Ahmed	7,237	0.001
		Mr. Shib Narayan Kairy (Nominated by BRAC)	8,011	0.001
		Ms. Nihad Kabir (Nominated by BRAC)	38,807	0.003
		Mr. Kaiser Kabir (Nominated by BRAC)	137,500	0.012
		Mr. Asif Saleh (Nominated by BRAC)	Nil	Nil
		Mr. Kazi Mahmood Sattar (Independent Director)	Nil	Nil
		Dr. Ahsan H. Mansur (Independent Director)	Nil	Nil
		Ms. Fahima Choudhury (Independent Director)	Nil	Nil
Total no. of shares of Sponsors & Directors			475,117,375	44.30%

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	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	330,000	0.03
		Mr. Rais Uddin Ahmad, Company Secretary	-	-
		M. Sarwar Ahmed, Head of Internal Control and Compliance	5,231	0.0005
		Mr. Mohammad Abdul Ohab Miah FCA Acting CFO	-	-
		Spouse of Mr. Selim R. F. Hussain, Managing Director & CEO, Ms. Rumesa Hussain	201,000	0.02
		Total	**536,231**	**0.05**

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iii) Shares held by top Executives in the regular services of the bank:

SL No.	Name	Designation	Shareholding as on 31.12.2018
1.	Mr. Chowdhury Akhtar Asif	Deputy Managing Director & CRO	6,400
2.	Mr. Shaheen Iqbal	Head of Treasury & Financial Institutions	117,000
3.	Mr. Syed Abdul Momen	Head of SME Banking	Nil
4.	Mr. Nazmur Rahim	Head of Retail Banking	Nil
5.	Mr. Tareq Refat Ullah Khan	Head of Corporate Banking	1,293
6	Mr. Md. Muniruzzaman Molla	Head of Operations	Nil
7.	Spouse of Mr. Nazmur Rahim, Head of Retail Banking, Ms. Shakila Farzana	-	600

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 31.12.2018	% of total no. of paid-up shares
1.	1201820000147618	BRAC	Sponsor	474,897,676	44.28

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Rotation and retirement of Directors

Pursuant to the Articles of Association and the Companies Act, 1994, the following Directors will retire from the Board of BRAC Bank in the 20th Annual General Meeting. Subsequently, they are eligible for re-election of re-appointment to the Board of Directors.

i) Mr. Shib Narayan Kairy
ii) Mr. Kaiser Kabir

The brief resume of the above Directors, in compliance of Notification No.SEC/CMRRCD/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. Other information about them, as required as per the aforesaid notification, is given below.

Name	Expertise	Membership	Directorship held
Mr. Shib Narayan kairy	Served BRAC for 35 years and upon reaching 60 years of age, he retired as the Chief Financial Officer of BRAC and BRAC International. Presently, he has been serving as Treasurer in BRAC University.	Board Member	BRAC EPL Investments Ltd. BRAC EPL Stock Brokerage Limited BRAC Karnafuli Tea Co. Ltd BRAC Kaiyachera Tea Co. Ltd BRAC Kodala Tea Co. Ltd Bangladesh Netting Factory Limited
Mr. Kaiser Kabir	Business person who has been at the head of 5 different companies and is Chairman of Renata Agro Industries Ltd., Chairman at Renata Oncology Ltd., Chairman at Purnava Ltd. and CEO & Managing Director at Renata Ltd.	Board Member	Renata Limited Renata Agro Industries Limited Purnava Limited Renata Oncology Limited Sajida Foundation.

Non-Executive Directors

The Managing Director and CEO, Mr. Selim R.F. Hussain, is the ex-officio Director and all 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 on 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 and CEO shall be filled by different individuals. BRAC Bank has ensured this compliance. Sir Fazle Hasan Abed KCMG is the Chairman of the Board of Directors of BRAC Bank 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, Audit Committee meetings and Risk Management Committee meetings. They also actively participate in discussions on the agenda.

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
8. Purchase or acquisition of property for the bank
9. Provide welfare benefits to employees
10. Determining the Corporate Social Responsibly 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

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Appraisal of the Board's performance

The Board of Directors is accountable to the shareholders of the bank. Once 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 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 no. 56.

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Related party transactions

During the year 2018, the bank concluded business deals with the following organizations in which the Directors had an interest. It was determined on the basis of common Directorship and the bank's subsidiaries.

SL No.	Name of the related party	Relationship with BBL	Nature of transaction
1	BRAC and Its associated organizations	Parent Company	Deposits made with us
2	BRAC EPL Investments Limited	Subsidiary	Deposits made with us
3	BRAC EPL Stock Brokerage Limited	Subsidiary	Deposits made with us
4	bKash Limited	Subsidiary	Deposits made with us
5	BRAC Saajan Exchange Limited	Subsidiary	Deposits made with us
6	BRAC IT Services Limited (biTs)	Associates	Deposits made with us
7	BRAC Asset Management Company Limited	Associates	Deposits made with us
8	Sajida Foundation	Common Board member	Deposits made with us
9	Industrial and Infrastructure Dev. Finance Co. Limited	Sponsor Shareholder	Deposits made with us
10	BRAC	Parent Company	Loans and advances
11	Sajida Foundation	Common Board member	Loans and advances
12	BRAC EPL Investment Limited	Subsidiary	Loans and advances

Board of Director' committee

The Board has constituted the following 2 (two) committees, which are (i) Audit Committee and (ii) Risk Management Committee.

BRAC Bank does not have any Executive Committee (EC).

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.

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.

A detailed report of the Audit Committee is included in this Annual Report.

The Chairman of the Audit Committee

Dr. Ahsan H. Mansur, Independent Director of BRAC Bank, is the Chairman of the Audit Committee. He was appointed pursuant to the Corporate Governance guidelines issued by Bangladesh Securities and Exchange Commission. He is not involved in the day-to-day operations of the bank. He is an experienced individual and qualified to be the Chairman of the Audit Committee.

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 Program in 1981 and thereafter completed his PhD in Economics (on general equilibrium analysis) from the University of Western Ontario in 1982.

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Meeting of the Audit Committee

Sl. No.	Name of Directors	Designation	Presence of Directors in the meetings during their tenure			Remuneration / Meeting	Remuneration Drawing
			No of Meetings	Present	Absent		
1	Dr. Ahsan H. Mansur	Chairman	8	5	3	8,000	40,000
2	Ms. Shib Narayan Kairy	Director	8	7	1	8,000	56,000
3	Mr. Kazi Mahmood Sattar	Director	8	8	0	8,000	64,000

Role of Audit Committee

The roles and responsibilities of the audit committee is in detail on page no. 257 of the Annual report.

Reporting of the Audit Committee

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 be 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 no. 263.

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. The details of the Members are presented in the Directors' profile.

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.

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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 next 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. A report of the Risk Management Committee is included in this Annual Report.

Attendance of Members of the Risk Management Committee

Sl. No.	Name of Directors	Designation	Presence of Directors in the meetings during their tenure			Remuneration / Meeting	Remuneration Drawing
			No of Meetings	Present	Absent		
2	Dr. Ahsan H. Mansur	Chairman	4	3	1	8,000	24,000
3	Mr. Shib Narayan Kairy	Director	4	3	1	8,000	24,000
4	Mr. Kazi Mahmood Sattar	Director	4	4	0	8,000	32,000

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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 an advice from the Regulatory bodies on the aforesaid issue.

Internal Control and Risk Management

Internal Control

The Board of Directors of BRAC Bank ensures an adequate organizational structure for mitigating risk within the Bank.

The Risk Management Committee also reviews the risk process to ensure effective prevention and control measures.

Review of Internal Control System

A report on internal control system supervised by the Risk Management Committee is presented on page no. 296 of this Annual Report.

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 2018. However, they are eligible for re-appointment for the year 2019 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 2019. The appointment of auditor will be confirmed at 20th 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/CMRRCD/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 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 no. 220.

Appointment of professional for the Certification on Corporate Governance

The Management of BRAC Bank has received expressional of willingness to work as Auditor on compliance status on Corporate Governance Code from M/S Hussain Farhad &Co. Chartered Accountants and the Board of Directors has recommended M/S Hussain Farhad &Co. as compliance Auditor for the year 2019. As per Bangladesh Securities & Exchange Commission Notification on Corporate Governance Code for appointment of Professional for the certification on Corporate Governance for the year 2019 will be confirmed at the 20th 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 no. 42.

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,

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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:

Chairman	The Chairman does not have any office chamber or private secretary or office assistant or a telephone in office. However, the Bank provides him a mobile phone and a car at his full- time disposal.
Directors	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.
Managing Director	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.

Human Capital

The report on human capital is presented in detail on page no. 268 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 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.

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).

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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:

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 no. 266 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. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 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.

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Report of the Board Audit Committee

The Audit Committee is considered the overseer of the companies for protecting interest of the stakeholders. The process of protection is primarily executed through regular oversight functions which among others include reviewing financial reporting process, system of internal controls, audit process, management of financial risks and monitoring compliances with the prevailing laws and regulations of the country. The Audit Committee possesses the principal responsibilities of engaging in systematic and continuous reviews, monitoring and assessment of organizational performance against evolving regulatory requirements, establish policies, processes and procedures, formulate policies for controlling and mitigating risk and ensuring uncompromised compliance with laws and regulations.

Statement of Purpose

BRAC Bank's Audit Committee (the 'Committee') is a sub-committee 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 Company'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 Company's financial statements, engagement of independent auditors and evaluation of the independent auditors' qualifications, independence and performance; (iv) the compliance by the Company with regards to legal and regulatory requirements; (v) the implementation and effectiveness of the Company's disclosure controls and procedures; (vi) the evaluation of enterprise risk issues and (vii) the fulfillment of the other responsibilities set out herein.

In discharging its responsibilities, the committee is not itself responsible for the planning or conduct of audits or for any determination that the Company's financial statements are complete and accurate or in accordance with the generally accepted accounting principles. This is the responsibility of the management and the independent auditors.

Composition of Audit Committee

The Board Audit Committee of BRAC Bank Limited is comprised of 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/CMRRCD/2006-158/207/Admin/80) and Bangladesh Bank BRPD Circular No. 11 dated 27 October 2013. The composition of the present Board Audit Committee is as follows:

Dr. Ahsan H. Mansur	Chairman
Mr. Shib Narayan Kairy	Member
Mr. Kazi Mahmood Sattar	Member
Mr. Rais Uddin Ahmad	Secretary

Dr. Ahsan H. Mansur and Kazi Mahmood Sattar are the independent directors. Mr. Shib Narayan Kairy is nominated director.

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 Head of Internal Control & Compliance of the Bank concurrently reports to the Chairman, Board Audit Committee and the Managing Director.

The Head of ICC reports of his activities and findings to the Senior Management. However, the Head of Audit, although being a part of ICC administratively, report directly to Audit Committee of Board (ACB) and will be 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 pertinent other members of Management as the Committee determines.

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.

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Roles & Responsibility of Audit Committee

The following functions shall be common recurring activities of the Audit Committee in carrying out its purpose. 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 changing business, legislative, regulatory, legal or 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

a) Internal Control

(i) Evaluate whether the management is establishing an appropriate compliance culture by communicating the importance of internal control and the prudent management of risk and ensuring that all employees have clear understanding of their roles and responsibilities;

(ii) Review the management's actions in computerization of the Bank and its applications and Management Information System (MIS).

(iii) Consider whether the internal control strategies recommended by internal and external auditors have been prudently and comprehensively implemented by the management;

(iv) 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.

(v) With governance and supervisory oversight from the Board of Directors, the Audit Committee will put in place policies and procedures to identify, measure, monitor and control risk.

(vi) Review management letters/ letter of internal control weaknesses issued by the statutory auditors.

b) Financial Reporting

(i) The Audit Committee checks whether the financial statements reflect complete and accurate information and determine whether the statements are prepared according to the existing rules and regulations and standards enforced in the country and as per the relevant accounting standards prescribed by Bangladesh Bank;

(ii) Discuss with the management and external auditors to review the financial statements before finalization.

(iii) Review the quarterly and half-yearly financial statements with the management before submission to the Board for approval.

(iv) Review statements of significant related party transactions submitted by the management.

(v) When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/ Rights Issue, the Company 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 Company shall prepare a statement of funds utilized for purposes other than those stated in the offer documents/ prospectus.

c) Internal Audit

(i) Monitor/evaluate whether internal audit functions are truly independent.

(ii) Review the activities, structure and style of conduct of internal audit functions to ensure that no unjustified restrictions or limitations are imposed.

(iii) Review and assess the annual internal audit plan.

(iv) Review the efficiency and effectiveness of internal audit function.

(v) Review and ensure that appropriate recommendations made by internal auditors to remove irregularities, if any, are duly acted upon by concerned personnel in running the affairs of the bank.

(vi) Meet the Head of ICC (Internal Control & Compliance) and the Head of Internal Audit at least once in a year, without management being present, to discuss their remit and any issues arising from internal audits carried out. Both of them shall be given the right of direct access to the Chairman of the Audit Committee.

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d) External Audit

(i) Make recommendations to the Board, to be put to shareholders for approval in the AGM, in relation to appointment, re-appointment and removal of the bank's external auditors. The Committee shall oversee the selection process of new auditors and shall investigate any issue that might have led auditors to resign.

(ii) 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).

(iii) Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present; to discuss their remit and any issues arising from the audit.

(iv) Review the findings and recommendations made by the external auditors for removal of irregularities, if any, detected are duly acted upon by the management.

e) Compliance with existing laws and regulations

Review whether the laws and regulations framed by the regulatory authorities (Central Bank, Securities Regulators and other bodies) and internal circular/ instructions/policy/regulations approved by the Board and Management have been duly complied with.

f) Other responsibilities

(i) Submit a comprehensive compliance report to the Board on a quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities;

(ii) External and internal auditors may submit their related assessment report, if the committee solicits;

(iii) Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.

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Audit Committee Meetings

In general, the Board Audit Committee of the Bank sits once in every two months, but an emergency Board Audit Committee meeting can be called if required. A total of 08 (Eight) Audit Committee meetings were held during the year 2018. In addition to regular concerns such as review the existing risks & mitigation measures, compliance culture of management, monitoring internal audit function & financial statements, on time return, findings and recommendations of external & Bangladesh Bank auditors etc., the following issues were given special focus.

Meeting date	Attendance	Focus points
22/03/2018	Dr. Ahsan H. Mansur Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	Discussion of the Board Audit Committee with the External Auditors and Management on Draft Audited Financial Statements-2017 for recommending to the Board. Discussion for appointment of External Auditors for the year 2018 and their remuneration for recommending to the Board and for further approval by shareholders in Annual General Meeting. The committee recommended M/s Rahman Rahman Huq, Chartered Accountants as the external auditors of BRAC Bank Ltd. for the year 2018.

Meeting date	Attendance	Focus points
09/04/2018	Dr. Ahsan H. Mansur Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	Current status (December, 2017-March 2018) on cyber security assessment was placed before the Committee. FINACLE Migration Project current status was placed before the committee. 2017 Audit and its achievement, resource and budget required for executing the 2018 audit plan and audit calendar for 2018 was presented before the committee members. SAM policy was placed before the Committee and was noted and discussed. Revised Internal Control Information System and Compliance Policy was placed before the Committee. Summary of Internal Audit Report on departments, branches and Information Systems were placed before Committee. Summary of Internal Audit Report on Monitoring was placed before Committee.
26/04/2018	Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	The Un Audited Quarterly Financial Statements for the period ended March 31, 2018 was placed before the Committee which was duly noted by the Committee members.
04/06/2018	Dr. Ahsan H. Mansur Mr. Kazi Mahmood Sattar	The Management provided update on cyber security assessment. Management provided ongoing project update on call center operation. Summary of Internal Audit Report on branches, departments and Information System Audit was placed before the Committee and was discussed and noted. Yearly summary report on Internal Audit findings for the year 2017 was placed before the Committee and was discussed and noted. Summary report and Departmental Control Function Checklist and Quarterly Operations Report 2018 was placed before the Committee which was duly noted by the Committee members.
25/07/2018	Dr. Ahsan H. Mansur Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	Un Audited Quarterly Financial Statement for the period ended June 30, 2018 was placed before the Committee which was duly noted by the Committee members.

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Meeting date	Attendance	Focus points
23/09/2018	Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	Update on cyber security assessment. Ongoing project update on call center operation. Committee reviewed summary of audit findings of 'various departments, Branches, SME Unit Offices Summary report and Departmental Control Function Checklist and Quarterly Operations Report 2018 was placed before the Committee which was duly noted by the Committee members.
30/10/2018	Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	Un Audited Quarterly Financial Statement for the period ended September 30, 2018 was placed before the Committee which was duly noted by the Committee members.
17/12/2018	Dr. Ahsan H. Mansur Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	Update on cyber security assessment of BBL. Ongoing project update on call center operations. Risk Based Internal Audit Plan including Audit Performance for the year 2018 and Internal Audit Calendar for the year 2019 was placed before the Committee. Concurrent Audit Plan for the year 2019 was placed before the Committee. Annual Health Report of BRAC Bank Limited for the year 2017 was placed before the Committee members. Management Report on Annual Statutory Audit of Financial statements was placed before the Committee. Bangladesh Bank Surprise Inspection Report at Rampura Branch on Currency Management was placed before the Committee members. Fraud/Forgery & Operational Loss Report Internal Audit Report on Branches and Information Systems Audit were placed before the Committee members Fixed Asset Policy was placed before the Committee members.

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Reporting to the Board

1. The Audit Committee regularly reports its activities to the Board of Directors following each meeting.
2. The Audit Committee immediately report to the Board of Directors in case of any of the following findings are observed:
   (i) Report on conflict of interests;
   (ii) Suspected or presumed fraud or irregularity or material defect in the Bank's internal control system;
   (iii) Suspected infringement of laws, including securities related laws, rules and regulations;
   (iv) Any other matter which shall be disclosed to Board immediately

In addition, the Committee also provides:

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

In reviewing the Bank's policies and practices with respect to assessment of the various Internal Audit reports, it is evident that BRAC Bank Limited has continued to be efficient in internal control over financial reporting for the year ended December 31, 2018. The annual and interim financial statements are disclosed in the Bank's official website. Since most of the computation is system based, the possibility of manipulation is almost absent. The Committee has selected Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) as the accounting standard and accordingly the financial

statements clearly state the compliance of GAAP, BSEC and Bangladesh Bank and other relevant regulatory guidelines. Therefore, Audit Committee acknowledges the splendid support of Members of the Board, Management, Finance and Internal & External Auditors from their respective work arena.

Our Priorities for the year ahead

The committee expects to continue to focus on the integrity of the financial controls, risk governance & controls, robustness of the Company's cyber security arrangements, digitalization, automation & Artificial Intelligence (AI), customer data security and application of genuine risk based audit approach in 2019, to ensure they reflect the evolving risks of our high-growth business.

The committee intends internal audit to be more agile, robust and innovative in terms of surfacing risks that it may face time to time. In light of these, Internal Audit Transformation project to be undertaken in 2019 to get benefits ranging from reduced costs, increased value to employee motivation and retention.
The committee also intends to oversee the governance function of the various ongoing business transformation projects to ensure that these are appropriately managed and sequenced, both from an individual perspective and holistically.

Dr. Ahsan H. Mansur
Chairman, Board Audit Committee

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Certificate of Due Diligence by CEO & CFO

Declaration on Financial Statements for the year ended 31st December 2018

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

(1) The Financial Statements of BRAC Bank Limited for the year ended 31st December, 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from 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 Company's state of affairs have been reasonably and fairly presented in its financial statements;

(4) To ensure above, the Company has taken proper and adequate care in installing a 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 Company 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 Company'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, 2018 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 true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

(ii) 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 of Directors or its members.

Sincerely

Selim R. F. Hussain
Managing Director & CEO

Mohammad Abdul Ohab Mia, FCA
Chief Financial Officer (Acting)

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Communication to Shareholders and Stakeholders

Communication with shareholders and other stakeholders

The Share Unit, Company Secretariat of the Bank, plays an instrumental role in ensuring effective communication with shareholders and other stakeholders. The unit performs all kinds of share related tasks, including allotment of bonus shares, share transfer process, monitoring share movements through CDBL, share re-materialization and de-materialization, distribution of fractional dividend entitlements, conducting the AGM, etc. In addition, the unit also corresponds with the various regulatory and governmental bodies from time to time on matters related to shareholders. Any stakeholders of the bank may contact this unit during office hours for any information or queries.

Information available on the website

BRAC Bank Limited provides updated information on its website regularly for shareholders and other stakeholders of the bank.

Information through newspapers

According to DSE Listing Regulations, 2015, news about the AGM should be published in one English and one Bengali newspaper. For 2018, we had complied with this rule.

Policy on ensuring participation of shareholders at the AGM

To ensure effective and efficient participation of shareholders in the AGM, BRAC Bank publishes a notice of AGM in leading newspapers with the necessary details, within a reasonable timeframe. The arrangement of the AGM normally takes place in a well-known venue and at a convenient time. Annual reports are circulated as per the provisions of DSE Listing Regulations, 2015, so that shareholders can get sufficient time to go through the report and freely provide their valuable comments and suggestions during the AGM. Glimpses of the 19th AGM have been presented in the "Glimpse of the AGM" section of this Annual Report.

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Redressal of Investors' Complaint

Redressal of Investor Complaints

BRAC Bank has a customer charter to support and emphasize equal and fair treatment to the shareholders to protect their fundamental rights. The Company has a dedicated grievance redress cell to ensure that complaints received from investors are redressed at the earliest and without any delays. The Company Secretary also periodically monitors the status of pending complaints along with the settlement status.

Rights of shareholders and equitable treatment

1. The Company provides shareholders, prior to a meeting, with information on the date, time, venue and all agenda items with comprehensive support data concerning the issues to be discussed. A notice of a meeting and other support documents are dispatched to shareholders at least 14 days prior to the meeting. The notice of the shareholders meeting is also posted on the Company's website so that shareholders can study the information prior to receiving the hard copy of the notice and other documents.
2. The Company's website, where shareholders and those interested may download financial information, corporate profile and meeting information. The website is www.bracbank.com. Inquires may be e-mailed to enquiry@bracbank.com.
3. The 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, they may appoint a proxy through filling out the Proxy Form provided along with the other documents or may download the same from the Company's website, to appoint any person as proxy to attend and vote at the Annual General Meeting.

Investor complaints redress mechanism

1. The Company has a designated e-mail ID enquiry@bracbank.com on which client/s or investor/s can lodge their grievance/complaint.
2. An investor/client can make a written complaint through a letter also.
3. The Company maintains an investor complaints register in which the full detail of every written complaint is recorded.
4. The designated person monitors the investor grievance e-mail ID on a daily basis.

The bank continues to have regular communication with shareholders through the issue of periodic performance updates and other communication disseminated at any time considered to be in the best interest of the shareholders.

Investor inquiries/complaints

Any queries relating to shareholding, for example, transfer of shares, change of name and address and payment of dividend, 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: 9884292, Ext-5124, 5125

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Board Meetings
& Attendance

Sl. No.	Name of Directors	Designation	Presence of Directors in the meetings during their tenure			Remuneration / Meeting	Remuneration Drawing
			No of Meetings	Present	Absent		
1	Sir Fazle Hasan Abed KCMG	Chairman	18	16	2	8,000	128,000
2	Mr. Shib Narayan Kairy	Director	18	18	0	8,000	144,000
3	Ms. Zahida Ispahani	Director	6	5	1	8,000	40,000
4	Ms. Nihad Kabir	Director	18	12	6	8,000	96,000
5	Mr. Kazi Mahmood Sattar	Director	18	18	0	8,000	144,000
6	Mr. Kaiser Kabir	Director	18	10	8	8,000	80,000
7	Dr. Ahsan H. Mansur	Director	18	10	8	8,000	80,000
8	Mr. Asif Saleh	Director	18	13	5	8,000	104,000
9	Ms. Fahima Choudhury	Director	9	9	0	8,000	72,000

** Ms. Zahida Ispahani retired on 19th AGM, 26 April, 2018*
** Ms. Fahima Choudhury was appointed in 19th AGM, 26 April, 2018*

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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 Ratings & Moody's Investors Service for the year ended 31 December 2017.

Rated Domestically By		
Rating based on	**Audited Financial Statements as of 31 December 2017**	
Validity	30-Jun-19	
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

Rated Internationally By		
Rating based on	**Audited Financial Statements as of 31 December 2017**	
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 a first rate operating environment. Ratings 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, 2018, is under process and will be published in due course.

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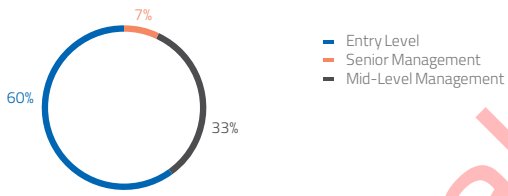
Human Capital
& Human Resource Accounting

In 2018, BRAC Bank Human Resources Division continued its focus from last year on key people area namely recruitment quality, development of existing employees and retention of key talent while adding one more important segment - digital transformation. In 2018, the Bank became the first local Bank to migrate to a global standard Enterprise Resource Planning (ERP) platform of Oracle. Entire hire to retire and budgeting process have been digitalized through a hybrid solution of E-Business Suite on premise and Fusion in cloud services. However, HR did not restrict to ERP rollout only, but also working on automation of retiral management system, question management systems and digital archiving. As a result, the division has been able to achieve HR support ratio of 1 HR person for every 360 employees in the Bank.

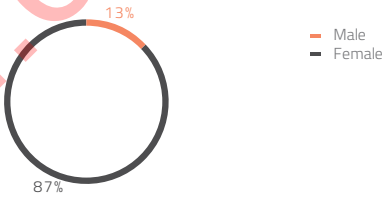
Employee nos. for different management tiers would be as follows:

Employment Type	2018
Senior Management	501
Mid-Level Management	2,355
Entry Level	4,229
Total	7,085

Employment Type



Male-Female



BRAC Bank staff ratio between Head Office and Field is 18:82. Average age remain same to 34 in comparison to 2017. However, average experience is 3.98.

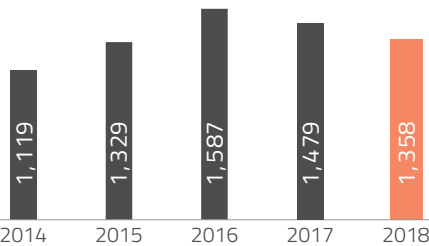
Recruitment

Our Talent Stragety aims to continue our effort to attract talents with the right skills, knowledge, behaviours and experience to meet the needs of our business strategies.

Major activities in 2018 were to:

- Restructuring and Revamping our technology division
- Continue recruiting in fast track career roles like Management Trainee program, Young Professional to inject high quality talents as a supply in leadership roles
- Introduction of Junior Professionals (JP) to improve the talent pipeline in the entry level positions
- Continue the momentum of creating the recruitment pipeline with better profiles with mix of education, background and experience
- Online recruitment portal to ensure transparency and independent ness
- Regional recruitment to increase productivity in SME division.

Recruitment Trend (Nos.)



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Compensation & Benefits

Performance-based Rewards

BRAC Bank believes in a performance-driven compensation policy and our aim is to link compensation directly to specific business goals and management objectives. For this, our target is to provide competitive pay for competitive levels of performance and pay above market for exceptional performance. This system has emerged as one of the main tools for attracting, motivating and retaining top talent that is crucial to running the organization successfully. At the Bank, we continue to adopt flexible goal management while ensuring continuous feedback with the adoption of new models of evaluation & rewards.

Though today's compensation policy reflects only "pay for results" – where performance is rewarded regardless of effort or tenure; we also recognize the continuous effort and hard work of the employees when factors beyond their control impact their performance.

Our ultimate objective is to develop a motivated, inspired and committed team that will consistently thrive and deliver to achieve our organizational goals and aspirations. For this, our compensation and reward structures are regularly reviewed and altered as needed, within a sound risk management and governance framework and with due consideration of market factors and societal values.

Employee Remuneration

The remuneration committee consisting of the following position-holders, periodically reviews, takes decision or escalates to the Board for amendments as they see appropriate:

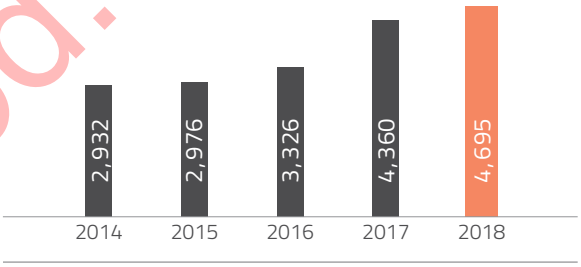
1. CEO & Managing Director
2. Deputy Managing Director & CFO
3. Deputy Managing Director & CRO
4. Head of Human Resources
5. Business Heads

Driven by performance, and the sense of meritocracy, BRAC Bank has established a close link between employee compensation and their performance and behaviour across all levels. This takes into cognizance an array of factors including, but not limited to, the Bank's overall performance, divisional performance, the employee's individual performance, and his/her efforts and contribution to uphold Bank's core values at all times.

In alignment with regulatory requirements, both managers and employees mutually agree that they have thoroughly reviewed and considered all relevant performance and risk metrics and other guidance relevant to their specific areas of work during performance appraisal. In addition, managers may be required to explain how the compensation parameters (both quantitative and qualitative) have influenced their decision.

Employee Remuneration

BDT in million



Learning and Development

Investment in skills and accelerating employees' professional and personal development are essential components of the Bank's people agenda. The bank considers its people as the key to sustainable growth. Over the last few years, the bank has invested significant resource to enhance employee skill. We believe that nurturing employee talent is the only way to get the best out of them.

We recognize the contribution of training towards enhancing efficiency and profitability. The bank's training policy applies to all employees and aims at ensuring that appropriate training is imparted to enable individuals to reach satisfactory performance levels.

In 2018, the bank has continued its focus in investing significantly to up-skill its human resources through organizing multiple internal, external as well as foreign training programs. Several types of well-articulated orientation & development programs are also in place

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for new recruits in business and support divisions, according to their job requirements.

Year	Training Number	Participant Number	Training Hour
2016	972	21,202	256,129
2017	1087	24,523	292,478
2018	778	17, 968	250,770

Table: Key Training Numbers

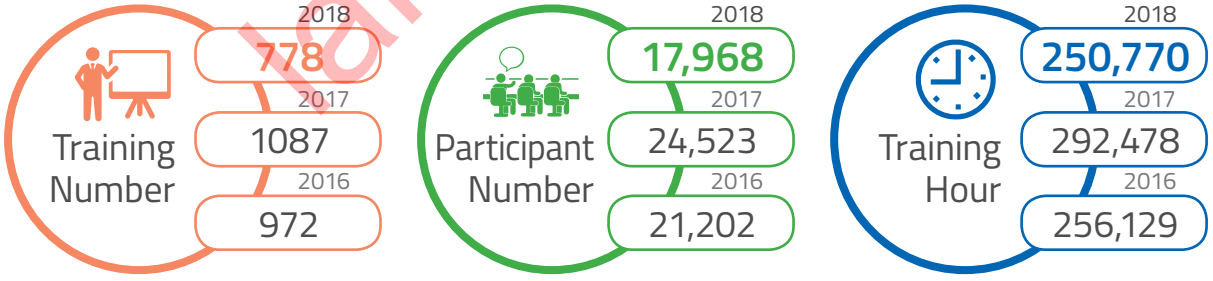
We have organized 778 programs in 2018 for 17,968 participants. These participants include our full-time employees, outsourced employees and various external stakeholders. Learning & Development took initiatives to conduct several workshops for our customers and stakeholders for strengthening relationships.

Some of the key initiatives we have taken for Learning & Development in 2018 are as follows:

- Organizing first batch of "Young Professional (YP) Development Program" consisting of class room training, on the job attachment & project work. After yearlong rigorous training, these young graduates were posted in different divisions of the Bank
- Women Leadership Program for 205 female colleagues from all across the country. The program was aimed to enhance awareness among our female colleagues to face challenges and strive for success in the corporate world
- Organizing structured program on "Branch Operations Manager (BOM) Development Program" with a view to identify potential Branch Operations Managers from internal resource pool.
- Month long structured program on "Branch Manager (BM) Development Program" with a view to identify potential Managers from internal resources.
- Several local and international certification programs were arranged for the employees on Process Management, Risk management, Trade & Credit.

In 2018, one of our core focus was to provide extensive training for the upgraded Core Banking Software and Oracle ERP. Finacle Core Banking migration was rolled out in May 2018 without any major disruption due to this extensive training among all level of employees.

Key Training Numbers



Participants in Branch Operations Manager Development Program

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Award Ceremony for Top Scorer in Banking Foundation Course

"Lean Six Sigma (Green Belt) Certification Course" was arranged for the Management Trainees

First Batch of Orientation Training on Agent Banking

Participants on Women Leadership Program

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Human Resource Accounting

Human Resource Accounting (HRA) involves accounting for the company's management and employees as "human assets" or capital that provide future benefits. Based on empirical research, BRAC Bank can be considered on higher end of making human resources disclosures due to its capitalization in capital market, profitability, financial sector in which it operates, its length of listing in capital market and its shareholding structure.

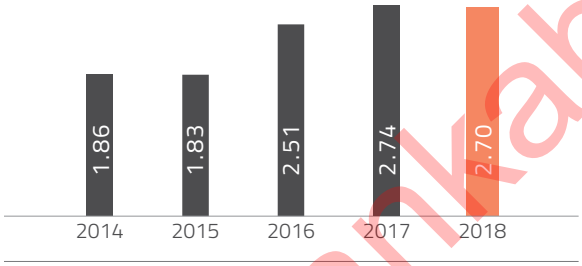
In principal, following variables are considered for HRA:

1. Total Value of Human Resources
2. Number of Employees
3. Human Resources Policy
4. Training and Development
5. Management Succession Plan
6. Employee Categories
7. Employee Benefits
8. Performance Recognition

In 2018, the total number of full time employees is 7,085. If per employee productivity is considered then it can be seen that operating cost per employee has been increased by 33% whereas the operating profit per employee has been increased by 45%. Operating income, profit before tax and profit after tax per employee has also increased. As BRAC bank has a huge portfolio of SME and retail client so employee engagement is needed and the results prove that our resources are becoming more efficient as they are being motivated.

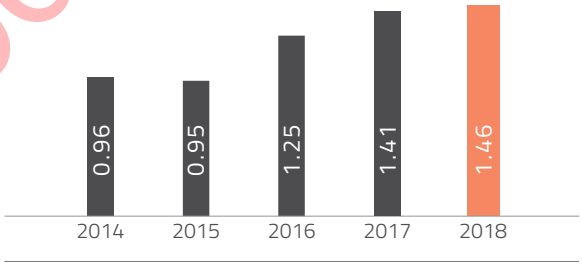
Operating Income per Employee

BDT in million



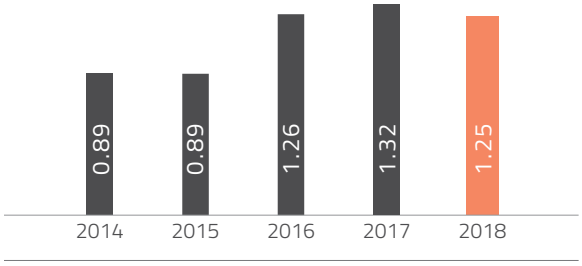
Operating Cost per Employee

BDT in million



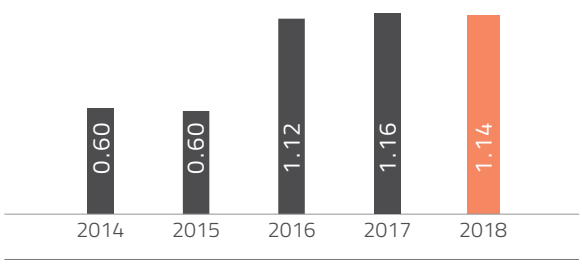
Operating Profit per Employee

BDT in million



PBT per employee

BDT in million



Conclusion:

In a nutshell, BRAC Bank is simplifying its business model, realigning its business divisions, reducing complexity, investing in technology and cutting costs.

As a control function, the role of HR has changed in recent years. More than ever, it operates in partnership with senior management and all business divisions and infrastructure functions. Key to this role has been its continued focus on bringing the Bank's values and beliefs to life through a long-term vision for the HR function, and specific commitments underpinning that vision.

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Statements of
Board Audit Committee

Statement on Audit Committee's oversight role in maintaining a well-integrated internal control in the bank

The Board Audit Committee (BAC) of BRAC Bank gets reasonable assurance from its independent internal audit teams that the strategic objectives as set by Board are worked upon in the form of operational efficiency, integrity in financial and non-financial information and compliance with applicable laws and regulations.

Considering the establishment of compliance culture and awareness of operations level staff of their respective responsibilities as the cornerstone to achieve the objective, oversight role of BAC ranges from placing constructive recommendations in regularizing control weakness to endorsing appropriate disciplinary actions in case of deviation from policies and procedures.

The BAC during 2018 had 08 meetings held to review summary reports on internal audits, monitoring, investigations, surprise/spot inspections, regulatory inspections and statutory audit. The committee through review of those reports, took particular attention to process level lapses, deployment of appropriate resources to enforce controls, ethical breaches and absence or insufficiency of specific policies articulating directive controls. Through discussion of relevant stakeholders, the BAC came up with constructive recommendations to address the root cause and regularize the discrepancies with follow-up in subsequent meetings of the BAC.

Statement on Audit Committee's role in ensuring compliance with applicable laws and regulations

As regulatory compliance depends to a great deal on communications to and awareness of concerned officials, Board Audit Committee (BAC) of BRAC Bank assess the awareness level on compliance requirements through their periodic review of internal audit reports and recommends shuffle in placement or training of human resources as applicable. Moreover, as per direction of regulators stipulated in relevant regulatory guidelines, internal policies are reviewed by the BAC prior to their adoption or update to ensure their conformity with regulatory guidelines. The BAC is 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 earn credibility from stakeholders and ensure sustainability of BRAC Bank as a going concern, Board Audit Committee (BAC) of the bank pays special attention in facilitation of independent, objective, credible and prudent statutory audit service. As part of that, the BAC during 2018 carried out the following agenda:

(i) Reviewed the expression of interests forwarded by statutory auditors, assessed capability and confirmed that the statutory auditor selected did not have any conflict of interest

(ii) Reviewed performance of external auditor

(iii) Reviewed the management letter forwarded by the statutory auditor along with the management response provided against them

(iv) Recommended appointment/re-appointment of statutory auditor(s)

Statement on Audit Committee's activity to ensure integrity in financial reporting and associated disclosures

With a view to performing the oversight role of ensuring integrity in financial reporting and disclosure process, the Board Audit Committee (BAC) of BRAC Bank plays a pivotal role of adopting appropriate financial reporting standards and to ensure consistency in application of the same in periodic financial reporting. In doing so, the BAC during 2018 carried out the following tasks:

(i) Reviewed the quarterly, semi-annual and annual financial statements and determined their completeness, accuracy and consistency with accounting standards set or recommended by the regulatory authority

(ii) Reviewed issues with potential impact on the integrity of financial reporting and other non-financial disclosures. Escalated through the summary reports on internal audits, monitoring,

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investigations, surprise/spot inspections, regulatory inspections and statutory audit; they ranged from discussion on input, processing and output control in regard to management information to specific fraud or irregularities in recording banking operations

(iii) Reviewed financial statements along with statutory auditors and regulatory inspection team in tripartite meeting prior to finalization

(iv) Reviewed statement on significant related party transactions forwarded by management

(v) Monitored operations of the bank in line with predetermined budget through internal audit reports, discussed the root cause of deviation and made constructive recommendations to incorporate appropriate controls in place.

Apart from that, the Board Audit Committee (BAC) of the bank reviewed reports on fraud and forgery surfaced among others by internal auditor, statutory auditor and regulatory inspection team. Using its discretion, the BAC advised carrying out critical investigations, process/policy review, evaluation of operations etc. Through the aforementioned activities, the Board Audit Committee(BAC) of the bank effectively carried out its role as bestowed by the regulator during the year 2018.

On behalf of the Audit Committee,

Dr. Ahsan H Mansur

Chairman
Audit Committee

The Board Audit Committee (BAC) of BRAC Bank gets reasonable assurance from its independent internal audit teams that the strategic objectives as set by Board are worked upon in the form of operational efficiency, integrity in financial and non-financial information and compliance with applicable laws and regulations.

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Capital Plan

Capital planning is a dynamic and proactive measure for a bank to have a confident, resilient and sustainable banking operations in this era of challenging and adventurous global business and economic environment. BRAC Bank always forecasts the upcoming capital requirement in achieving target business goal and to plan the triumphant roadmap to reach that capital position at the right time.

1. Regulatory Standpoint

Capital management is gaining increasing importance around the world, as reflected from taking several reform initiatives and changes 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 make the banking industry shock absorbent during any crisis.
The followings 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 the internal capital adequacy assessment process (ICAAP), 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 risks is mitigated by means of collateral or other credit enhancements, contingency planning, additional reserves and valuation allowances, and other mechanisms.

Capital planning is a dynamic and proactive measure for a bank to have a confident, resilient and sustainable banking operations in this era of challenging and adventurous global business and economic environment. BRAC Bank always forecasts the upcoming capital requirement in achieving target business goal and to plan the triumphant roadmap to reach that capital position at the right time. Capital planning assists the bank's Board of Directors and senior management to:

a) Identify risks, improve their understanding of the Bank's overall risks and 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, capital and liquidity planning decisions, including due diligence for a merger or acquisition and

e) Have a forward-looking assessment of the Bank's capital needs, including capital needs that may arise from rapid changes in the economic and financial environment

The most effective capital planning considers both short-term and long-term capital needs and is coordinated with a bank's overall strategy and planning cycles, usually with a forecast horizon of at least five years. 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.

The capital planning process should be tailored to the

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overall risk, complexity, and corporate structure of the Bank. The Bank's range of business activities, overall risks and operating environment have a significant impact on the level of detail needed in a bank's 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

We devised and established our own capital management mechanism strictly aligned with the regulatory requirements and as per BASEL guidelines, to calculate the capital adequacy ratio and secure adequate capital to cover the risks we face from the standpoint of ensuring soundness and appropriateness of the our businesses. While doing so, the Board of Directors and Senior Management actively take part and help define the goals of capital management such that capital levels always exceed BB's requirements. We strive to ensure capital levels are aligned with the risks in the business and consistent with the strategic plan. And capital levels maintain an appropriate balance between maximizing shareholder returns and protecting the interests of depositors and other creditors. The stressed scenarios also taken into account as they are indications of future adversities. While we also consider capital position in determining our risk appetite, preemptive measure are taken so that there is no short fall in any given point in time.

The results of capital management 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.
- Stressed scenario can be managed better.

Our approach to capital management is driven by our strategic objectives whilst ensuring that the regulatory requirements, capital targets and risk appetite are met at all times across BRAC Bank. While planning for adequate capital we consider multiple factors. Starting from business expansion till spreading of network, a thorough cost- benefit analysis is conducted on regular periodicity. As such, BRAC Bank proactively manages its capital position, capital mix and capital allocation to meet the expectations of key stakeholders such as regulators, shareholders, investors, rating agencies and analysts whilst nursing that the return on capital commensurate with risks undertaken by respective business units and subsidiaries.

3. Capital Management Framework

The framework must ensure apt measures are taken for capital adequacy in accordance with corporate management plans and capital plans, etc. and changes in external environment, including the economic cycle are monitored properly. There should be a mechanism to conduct sufficient analysis and deliberations in order to maintain a sufficient level 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 external environment (economic cycle, market, etc.). The framework must be able to identify risks faced by the bank exhaustively on a category by category basis and able to specify the risks to be subjected to capital management in the ICAAP in light of the size and nature of the identified risks. And certainly the framework should be able to assess capital adequacy in a manner befitting the scale and nature of the financial institution's business and its risk profile by taking into consideration the following items:

- Suitability of the quality of capital to the internal capital adequacy assessment
- The validity of the ICAAP
- The limitations and weaknesses of the risk assessment method taken
- The conduct of internal capital adequacy

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assessment in light of two or more stress scenarios and based on the analysis of the level of the impact thereof on the capital

- The stress scenarios should give due consideration to all material risks that would seriously affect capital adequacy in the medium and long term
- The lack or excess of loan loss provisions against expected losses

4. Annual Capital Plan

The Annual Capital Plan involves detailed planning of the Bank's strategic capital plan over a five-year horizon period. The plan should highlight the capital projections, capital requirements, levels of capital and capital mix to support the Bank's business plan and strategic objective. 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 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 capability ongoing concern basis. Upon giving due treatment to deferred tax asset, general provision, goodwill and other regulatory adjustments, our capital base has always been in a strong standing. Hence, the phase-in transition of Basel III has been accommodated smoothly.

	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%	4.50%
Capital Conservation Buffer	0.00%	0.63%	1.25%	1.88%	2.50%	2.50%
Minimum CET-1 plus Capital Conservation Buffer	4.50%	5.13%	5.75%	6.38%	7.00%	7.00%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	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%	12.50%
Phase-in of deductions from Tier 2 Revaluation Reserve (RR)						
RR for Fixed Assets	20%	40%	60%	80%	100%	100%
RR for Securities	20%	40%	60%	80%	100%	100%
RR for Equity Securities	20%	40%	60%	80%	100%	100%

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Stakeholders & Materiality

Stakeholder Identification

Identification of stakeholders is the key to understanding their expectations out of the Company and, as such, helps pave the way towards fulfilling those expectations and delivering consistent value. The stakeholder ecosystem of BRAC Bank can be broadly divided into two categories: the core stakeholder group comprising shareholders, customers, suppliers and employees and the other stakeholders including regulators, the local community and the environmentally-interested groups.

Engagement with Stakeholders

BRAC Bank's holistic stakeholder engagement process comprises a three-pronged sustainability dimension that includes economic, social and environmental. In this context, key stakeholders are categorised under these three dimensions and the sustainable business objectives are identified by mapping co-related stakeholder expectations. By assessing these objectives on a comprehensive basis, BRAC Bank has been able to formulate strategies through aligning the business model with the value creation process that eventually targets and fulfils stakeholder expectations. This framework is summarized below:

Sustainability dimension	Key target stakeholders	Sustainable business objectives	BRAC Bank's intervention
Economic	Shareholders	Value maximization by declaring sustainable annual dividends	1. Being focused on our core banking activities 2. Forward-planning and aggressive opportunities identification 3. Continuing to uphold sound governance practices 4. Managing and effectively controlling risk 5. Reinforcing internal controls and compliances
	Customers	1. Provide relevant and highquality products/services that accurately meet customer needs 2. Managing the operations judiciously and with conservatism with the overarching intent of protecting customer interests, especially those of depositors	1. Reaching out to customers by widening our geographic footprint in terms of establishing a larger number of branches and SME centres 2. Transforming existing branches/ unit offices to cater to diversified customer requirements 3. Continuously innovating new products and operational processes for reinforcing customer benefit
	Suppliers/ Service providers	Adhere to the well-defined procurement regulations while maintaining strong business relationships with service providers	Embracing the bank's internal procurement policy and consistently updating the policy to ensure stronger controls with fair treatment to suppliers
	Regulators	Ensure full compliance with all regulatory guidelines and directives	1. Following processes, practices and controls to ensure compliance with all the applicable rules and regulations imposed by local and international laws and regulations 2. Providing timely and up-to-date information to the regulators in the event of any material development/s

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Sustainability dimension	Key target stakeholders	Sustainable business objectives	BRAC Bank's intervention
Social	Employees	Continuously encouraging employees and working towards creating a healthy, ethical, supportive and collaborative work environment Nurturing human capital for our employees to realise their full potential – both professionally and personally	Engaging employees in team-building and other outdoor activities, a prime example being 'Dour', the wellattended marathon organised by BRAC Bank every year
	Local communities	1. Staying true to our philosophy of adding value to the society 2. Conducting our business in a manner in which we do not cause any disruptions to the society 3. Investing our ideas, time and resources in community development and uplift	Adding value to the society by being a responsible and transparent corporate citizen and an example of a socially-aware institution in the country's banking industry
Environmental	Environmentally interested groups/ nongovernment organizations	1. Conducting our business in harmony with the environment 2. Propagating a culture in which our stakeholders, especially employees, are deeply aware of the importance of environmental preservation and sustenance	1. Actively implementing green banking practices and ensuring the highest levels of compliance through 'Green Reporting' to the Bangladesh Bank 2. Emphasizing on the conservation of precious natural resources that include paper, water and energy

In consideration of the above, BRAC Bank has actively engaged with regulators, the management and employees to identify their preferences, concerns and expectations from BRAC Bank.

Stakeholders engaged	Engagement process	Key issues raised by stakeholders
Regulators	1. One-on-one meetings 2. Adhering to all local regulations 3. Adhering to circulars issued by Bangladesh Bank on Green Banking and CSR	1. Relationship-building 2. Ensuring full compliance – in both letter and spirit
Shareholders	1. Return on Investment	1. Shareholder rights
Management	Ongoing discussions	1. Corporate governance, ethics and compliance 2. Anti-corruption measures implemented by the organisation 3. Superior customer experience through continuous improvement
Employees	1. Compensation and benefits 2. Well-being	1. Transport facilities 2. Career growth and advancement opportunities
Clients	1. Financing/Savings/Investments needs	1. Quality of service
Environment	1. Corporate Social Responsibility	1. Carbon footprint 2. Creat Employment

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BRAC Bank takes pride in providing banking services to create positive economic, social and environmental impacts. In addition, as a values-based bank, it believes in the all-encompassing '3P' philosophy (people, planet and profit). This is enshrined in our desire to measure value beyond financial outcomes. As a banking institution of strong repute, we are deeply cognizant of the responsibility we have to serve society. This forms the basic premise for us to continue as a successful and sustainable bank.

Social, Economic and Environmental Framework

Social

The value created for society is measured in areas such as capacity building and the development of skills, the shared value generated for our customers and clients, and other stakeholders. This is done through deepening financial inclusion, industrialization and job creation. Moreover, investments are made in the realms of health and education that benefit communities and future generations.

Economic

Economic value is created for the bank's shareholders and for society more broadly, by driving inclusive economic growth and mainstreaming a large swathe of the population into formal banking. In addition, it is also done by developing and implementing more efficient ways of doing business through supporting economic growth and development.

Environmental

Environmental value is created by BRAC Bank through the businesses we finance, or refrain from financing, as well as the investments we make towards decarbonizing the economy and countering any other environmental degradation. In addition, this is done by helping our customers reduce and mitigate the impacts of climate change.

Notes from MD & CEO

BRAC Bank's social, economic and environmental initiatives are anchored in our collaborative partnerships that seek to have an impact on key areas. Our ecosystem of partnerships is driven by insight and a common objective of ensuring sustainable value creation through one-off interventions. The successes of these programs are dependent on these partnerships. Moreover, we value the effect these have had already on the creation of social, economic and environmental value.

We see our CSR as a long-term investment in people, communities and society in general. In addition, we believe that as a corporate entity, we have a responsibility to the people we work with and the localities in which we operate.

We have streamlined and aligned our CSR programs with the UN's SDGs, as we strive for greater scalability. Going forward, we are confident that our commitment to doing business the right way and placing our stakeholders' interests first will ensure that we continue to make a positive and substantial contribution to inclusive and economic growth in Bangladesh.

Selim R. F. Hussain

Managing Director & CEO

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Sustainability Report

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KEY ACHIEVEMENTS (GREEN FINANCING PORTFOLIO MIX)

ETP Financing	Green Building	Energy Efficiency	Renewable Energy	Recycling
43%	21%	32%	2%	2%

Primary Objective

The primary objective is driving holistic and inclusive growth in Bangladesh. At BRAC Bank, our strategy is centrered on our commitment to our home country. This directs our growth toward the shared benefit of our clients, our people and all our stakeholders.

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Doing Business the Right Way

At BRAC Bank, our values and code of ethics are in line with globally recognized anti-corruption and corporate governance principles and practices. These provide a framework for doing business the right way and also help to build stakeholders' trust in us.
Our employee training and engagement programs place rigorous emphasis on assessing behavior. This is in line with our ethics and values, which ultimately influence how our employees are rewarded..

The 10 tenets of our code of ethics --

1. Treating customers fairly while raising awareness about our banking products and solutions
2. Providing safe and secure banking facilities
3. Offering professional development and career advancement opportunities to our employees
4. Upholding meritocracy without any sort of bias
5. Focusing on long-term results for sustainable shareholder value creation
6. Adhering to transparency in corporate governance with timely and accurate disclosure of material events
7. Rewarding innovation while placing a strong emphasis on working in unity
8. Combating unethical activities with speed and surety

9. Driving change to stay ahead of our competitors
10. Staying true to our legacy of holistic societal value creation

Shared Value Creation – Social

Corporate social responsibility (CSR) is considered an integral part of BRAC Bank's core value system and culture. As an institution that has embraced a holistic approach to sustainability, it follows the '3P' concept of 'people, planet and profit' under the ambit of its CSR aspirations and goals.

BRAC Bank prioritizes long-term programs that have a sustainable and enduring impact. To ensure widespread participation and to raise greater awareness, our social programs actively seek employees that contribute to the bank's social portfolio. Moreover, the passionate involvement of our employees in our CSR programs, such as fundraiser marathons, Rohingya refugee rehabilitation and the 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

Bangladesh Bank has taken steps to foster green banking in Bangladesh through issuing guidelines on this and Environmental & Social Risk Management (ESRM).

Meanwhile, BRAC Bank refrains from financing projects considered harmful to the environment and society in general, i.e. tobacco, textiles and garments without ETP (effluent treatment plant), ship-breaking.

Concurrently, the bank is also committed to reducing its carbon footprint. In addition, we also actively promote paperless banking through e-commerce and other alternate banking channels.

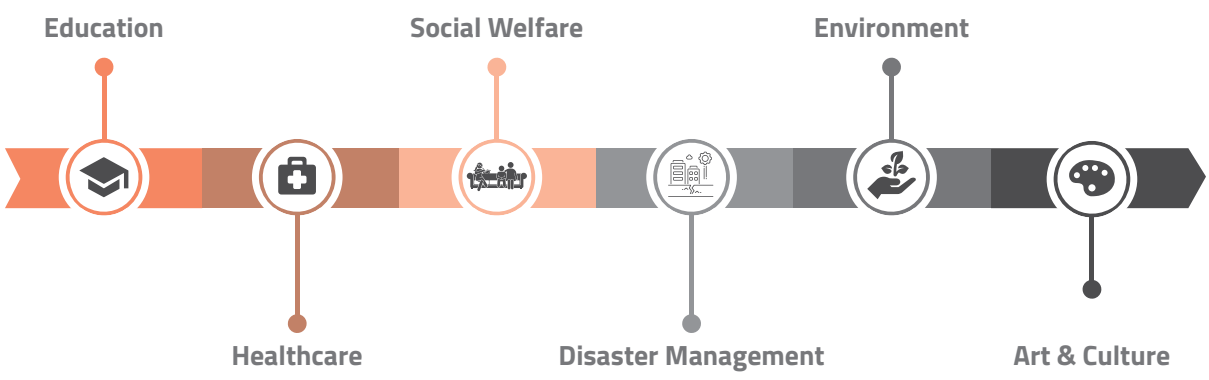
BRAC Bank prioritizes solar energy, bio-gas and ETP projects, among others, and considers itself as an environmentally-aware bank.

Key CSR Programs

Giving Back to Society

BRAC Bank puts a strong emphasis on high-impact, low-cost initiatives that together support people and society at large as well as the planet. It also prioritizes long-term rather than short-term projects with a focus on sustainable societal impacts and SDGs.

BRAC Bank allocates the majority of its CSR budget on education. For the last couple of years, the bank spent 60% of its CSR budget in education. In Bangladesh, there is a significant and growing dropout rate after primary education and college level. Although female students receive free education up to college level, many cannot reach this stage due to family pressures and childhood marriage commitments. In this reality, BRAC Bank plans to invest in education using its CSR funds, and especially in female students. Key areas of CSR are stated below –



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Our robust CSR initiatives have already had a positive impact on a number of lives, as depicted below.

EDUCATION	HEALTH	SOCIAL WELFARE	ENVIRONMENT	ART & CULTURE
650 Poor students realizing dreams to pursue higher study	**500** Diabetic children get Medical Card at BIRDEM	**56,300** Cold-hit people receive clothes for warmer nights **10** Bed Burn Unit at Ctg City Corp. Hospital	**10%** of CSR Budget in Climate Risk Fund	**18** Writers honored
1,000 Students inspired in science studies		**20,800** Gets Free Meals		
120 Students get opportunity for higher education in Dhaka University	**1,000** Patients receive medical suport at CRP	**100** Visually Impaired Children Get Inspired **10** Disabled Persons Get Solar-run Tricycle	**43%** ETP Financing of Green Financing portfolio.	
95 Students get opportunity for higher education in BRAC University		**30** Persons get artificial limb to walk again **1** Valiant Woman Freedom Fighter gets lifetime suport	**21%** Green building of Green Financing portfolio.	

Social Impact Matrix of CSR

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Our Key Partners in Social Investment:

- The Centre for the Rehabilitation of the Paralyzed (CRP)
- Diabetic Society
- BRAC University
- Dhaka University
- Asiatic Society
- Thalassaemia Hospital
- Cancer Foundation
- PM Relief and Welfare Fund
- BhaatBank
- Tareque Masud Memorial Trust
- Ain O Salish Kendra
- Economic Reporters' Forum
- Heroes for All
- BRAC Limb & Brace Center

Key impacts on SDGs through CSR are:

SDG	Programs	Impact
No Poverty	Collateral-free SME Loan	BDT 40,000 million
Zero Hunger	Support to Rohingya refugees through the Prime Minister's Relief Fund. BhaatBank free meal for the destitute	20,800 people receive a free meal each
Good Health & Wellbeing	Support to specialized hospitals. Fund from the employee fundraising run, which goes to the healthcare of children.	1,500 patients

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SDG	Programs	Impact
Quality Education	Scholarship for students of Dhaka University & BRAC University	865 students
Gender Equality	Gender diversity & empowerment training, Women Forum TARA, bus for female staff etc. Male-to-female ratio is kept in balance in the scholarship programs	6,835 employees
Affordable & Clean Energy	Financing green projects	Financing BDT 12 billion in green projects
Decent Work & Economic Growth	Ain O Shalish Kendra Drop-In Centre	200 working children
Reduced Equality	Scholarships for financially challenged students mostly from rural Bangladesh	770 students
Climate Action	10% of CSR budget is allocated to the Climate Risk Fund	BDT 4.6 million fund earmarked for climate mitigation programs
Partnership for Goals	CSR Centre Trust, UNDP, Bangladesh Bank, the Prime Minister's Relief Fund, Access to Information (a2i)	Training, capacity building in SDGs, CSR, digitally innovative devices

CSR Budget/ Year	2018	2017	2016	2015	2014	2013
CSR budget (BDT)	111 million	164.3 million	31.6 million	60.8 million	42.8 million	32.1 million
% of PAT	2%	3.13%	0.71%	2.50%	2.05%	2.30%

Below is a brief description of our key CSR programs –

Education

Education forms the backbone of a nation. BRAC Bank prioritizes education in light of its vision for a more enlightened Bangladesh – and spends more than 40% of its CSR budget in this sector alone. The bank extends its support to educational initiatives to realize the potential of students with exceptional merit and intellect.

Unleashing Student Potential to Create the Future of the Society: BRAC Bank - Prothom Alo Trust Admaya Medhabi Scholarship

Born in a remote village in Nilphamari, Masud Rana loved his studies and had dreams of becoming a doctor. Without warning, his dreams came crashing down when his father was forced to ask him to drop out of school. Rana 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 program that supports students from college to post-graduation. BRAC Bank's BDT 3,000-a-month stipend was life-changing. Today, Dr. Masud Rana holds an MBBS degree from Rajshahi Medical College.

Rana provides just one example of the bank's long-term investment in sustainable programs that have a lasting impact on society. The BRAC Bank-Prothom Alo Trust Adamya Medhabi Scholarship was introduced in 2010 to assist meritorious students of insolvent families to fulfill their pursuit of higher education. A total of 650 students have so far received the scholarship. Every year 50 new meritorious students from disadvantaged families who achieve GPA 5 at SSC level are accepted into the program.

BRAC Bank diligently works towards realizing the potential of the country's youth through applying its 3P philosophy. Today, the bank is proud to be a part of a far-reaching initiative that enables students to lead

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Annual reception program of BRAC Bank - Prothom Alo Trust Admaya Medhabi Scholarship.

more prosperous lives. As a result, more awareness is created of the importance of education throughout the country.

Fulfilling Higher Education Dreams: University of Dhaka Scholarships

The University of Dhaka is the oldest and highest learning seat in Bangladesh. As a public educational institution, the university provides affordable and accessible higher education. Despite this, there are a number of financially-challenged students who still find it difficult to pursue education at the university.

In view of this, BRAC Bank initiated a scholarship program for 40 meritorious students in the past to enter the university's Business Studies faculty. This year 80 more students were given this scholarship. Hailing from remote - and often underprivileged - parts of the country, these students regard the scholarship as a great opportunity enabling them to fulfill their aspirations for higher education and, ultimately, a better life.

This scholarship program, in alignment with the UN's SDGs, offers quality education and promotes gender equality and reduced inequity among its participants.

Formal induction ceremony of University of Dhaka Scholarships.

Realizing Higher Education Dream: BRAC University Scholarships

BRAC Bank provides financial support to meritorious yet financially-challenged students to help them pursue higher education at the university. Each year, 10 undergrad students avail this scholarship program that covers full tuition fees and living expenses. The program lasts for a period of four years.

Health

Healthcare is a crucial part of the UN's SDGs. With this in mind, BRAC Bank has set health initiatives as a top priority and invests in areas most in need. The following stories will outline some of the healthcare efforts made by the bank.

Providing a New Lease of Life to the Disabled: the Centre for the Rehabilitation of the Paralyzed (CRP)

The Centre for the Rehabilitation of the Paralyzed (CRP) has emerged as an internationally-renowned organization that serves and rehabilitates people

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with disabilities. The CRP provides medical treatment, rehabilitation and support services focusing on the physical, emotional, social, psychological and economic issues of those affected.

Moreover, it promotes the empowerment of the disabled through community-based services, advocacy and networking on disability issues and the empowerment of disabled girls and women.

Since its inception in 1979, the CRP has served more than 350,000 disabled people. BRAC Bank has donated solar run tricycles to the CRP and is proud to be a partner of this organization. BRAC bank has also financed 1,000 patients to be treated at CRP.

Partnering with the Diabetic Association of Bangladesh

Bangladesh has a disproportionately high diabetic population - more than 7 million adults across the country are afflicted by the disease. More importantly, nearly half of those either do not know that they have it or do not receive any kind of suitable treatment. Meanwhile, diabetes among children is a new and growing phenomenon.

Against this backdrop, the Diabetic Association of Bangladesh has launched Changing Diabetes in Children (CDIC). This program aims to increase access to diabetes care for children with type 1 diabetes.
Over the last five decades, the Association has created the largest infrastructure in diabetes care in the country, as envisioned by its founder, Dr. Mohammad Ibrahim.

CDIC provides free insulin for those children enrolled in the program. In addition, it trains doctors and educators in the diagnosis, management and complications of diabetes in children. It has also developed a training manual for healthcare professionals and an education program for children and their families, which considers the special needs of children in this regard. CDIC has established a national registry of children with diabetes, and organizes 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 already extended its financial assistance to this particular cause.

Partnership with BIRDEM for Changing Diabetes in Children (CDIC) Programme.

Helping People to Walk again: BRAC Limb & Brace Center

BRAC Bank stands side by side with the BRAC Limb & Brace Center (BLBC) to provide artificial limbs to the underprivileged, free of charge.
BRAC launched the BLBC in 2000 to support the physically disabled with rehabilitative aid and services. Since then, the BLBC has been serving the disabled with artificial limbs, braces and physiotherapy services.

From the very beginning, the center has been extending its services to the poor with subsidized fees and in some cases totally free services. In addition, the BLBC set up a "poor fund", through which approximately 10% of total patients are served every month.

Those who receive these services are mostly accident victims who have lost their limbs and are unable to walk without the support of crutches.

The program aims to achieve the goals set out by the UN's SDGs including Good Health and Well-being and Reduced Inequality.

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Social Welfare

BRAC Bank is a socially responsible bank, which works for the welfare of the communities and society within which it operates.

Partnership with Ain O Salish Kendra (ASK) for the Welfare of Working Children

Child labor remains a widespread and growing phenomenon across the country. Against this backdrop, Ain O Salish Kendra, a national legal aid and human rights organization, plans to set up a drop-in center in Dhaka. This will provide education, healthcare, counseling, extra-curricular activities, and a midday meal to working children.

This project provides education, skills development, training awareness, recreation, healthcare information and increased individual and community awareness about rights and participation to child laborers.

Through the project, 200 children in Dhaka will be taught reading, writing and math. In the future, it is hoped that this may lead to increasing employment opportunities and greater individual sustainability.

This project will involve not only working children but also their parents, employers and the greater community to ensure its sustainability. Meanwhile, it will contribute towards a number of the UN's SDGs such as No Poverty, Zero Hunger, Good Health & Well-being, Decent Work, Economic Growth and Reduced Inequalities.

Taking Warmth to Those Affected by the Cold

BRAC Bank stands with the less-advantaged members of society during the country's intensely cold winters. In 2018, the bank donated as many as 50,000 blankets to the Prime Minister's Relief and Welfare Fund. In addition, it donated 1,000 blankets to Muslim Shishu Pallli for distribution among those affected by the cold in the northern part of the country.

Lifetime Support to the Valiant Freedom Fighter, Taramon Bibi Bir Protik and Her 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 selfless and valiant efforts, she was accorded the prestigious 'Bir Protik' medal in recognition of her supreme bravery.

"CRP and BRAC Group share common values that is serving people and the extended community who are in need of support. We appreciate BRAC Bank's support and with our partnership, we can expand our programs and reach out to more especially-abled people and ensure holistic rehabilitation."

VALERIE A. TAILOR
FOUNDER AND COORDINATOR, CRP

Taramon Bibi Bir Protik

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Despite her background, Taramon Bibi lived a life of anonymity, 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 for herself and her family.

BRAC Bank came forward and offered to provide her with monthly support for the rest of her life. The valiant freedom fighter passed away on December 1, 2018. As per her request, BRAC Bank is continuing the monthly financial assistance to her family members, who now live peacefully with dignity and without any financial worries.

Creating Public Awareness on Road Safety

BRAC Bank partnered with the Tareque Masud Memorial Trust to construct a Road Safety Awareness Memorial near TSC at Dhaka University.

As a monument to commemorate the tragic loss of Tareque Masud and Mishuk Munier in a deadly car accident in August 2011, it is also dedicated to all victims of road accidents in Bangladesh. Ongoing injuries and losses of life due to the poor conditions of the country's transportation network continue to take a drastic toll on the quality of life, the social fabric and the economy at large. The memorial, located in the heart of Dhaka University, is expected to catalyze public awareness, especially among students, about the grave importance of road safety. Renowned artist, Dhali Al Mamoon, and famed architect, Salauddin Ahmed, developed the memorial with the very micro-bus that was involved in the accident that killed Tareque Masud and Mishuk Munier.

BRAC Bank partnered with Tareque Masud Memorial Trust for a commemorative monument at TSC, University of Dhaka for public awareness on road safety.

Partnering with BhaatBank to Provide a Free Meal Program to the Underprivileged

BRAC Bank has partnered with BhaatBank to provide free meals to those most in need. Every Friday, they distribute 400 meals from two locations in the Mohammadpur area. The program is funded by donations from individuals and food supplies from local neighbors. The organization plans to expand its free meal and humanitarian operations, and to arrange meals with high nutritional value for underprivileged school 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.

BRAC Bank provides free meal to the underprivileged people in partnership with BhaatBank.

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Every year BRAC Bank honours writers through the country's most prestigious literary award `BRAC Bank-Samakal Shahitya Puroshkar'.

The program will positively contribute to a number of the UN's SDGs, for example, Zero Hunger, Good Health and Well-being and Clean Water and Sanitation.

Art & Culture

Art and culture can represent a country's identity, and define the intellect and creativity of a particular society. As a Bangladeshi bank, we promote and nurture the art, culture and heritage of the country. A few notable initiatives in this regard is outlined below:

Enriching Bangla literature: BRAC Bank-Samakal Shahitya Puroshkar

BRAC Bank-Samakal Shahitya Puroshkar was launched in 2011 to inspire creative works and to enrich Bangla literature. The literary award program has already generated interest and enthusiasm among both communities of writers and readers, and is regarded as prestigious literary recognition throughout the country's cultural circles. The award categories are: "Poetry and novel", "Essay, autobiography, travel story and translation" and the Young Writer's Award. The latter is dedicated to the memory of the late novelist Humayun Ahmed. BRAC Bank and Samakal will work devotedly to soon make this the most coveted literary award in Bangladesh.

Environment

BRAC Bank promotes green banking and green initiatives, through its social work and banking. In addition, it invests 10% of its CSR budget in Climate Risk Mitigation & Adaptation programs. Below are some such initiatives:

Creating Customer Awareness and Reiterating Its Commitment to Green Banking

BRAC Bank Limited has marked World Environment Day which reiterates its strong commitment to green banking. Meanwhile, it currently has a green banking portfolio of BDT 12 billion.
BRAC Bank, a member of the Global Alliance for Banking on Values (GABV), believes in the 3P philosophy of people, planet and profit. In addition, it works tirelessly towards making the environment healthier and more habitable for all.

BRAC Bank observes World Environment Day with renewed commitment to green financing.

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Tuning with Green Office Guidelines

BRAC Bank is an environmentally-responsible bank. Green Office guidelines have been embraced as a means to foster a cultural shift in our operations.

Reduce, Reuse, Recycle

Today, our 6,500-strong employee base is a force to be reckoned 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 fitments 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 a vision of progressively moving towards a paper-free environment.

Solarizing SME Unit Offices

BRAC Bank continues to expand its solar power capacity and has brought renewable energy to new SME offices as part of its commitment to the environment. The bank completed the installation of solar panels in 149 SME Unit Offices as of 2013. Moreover, it is committed to eventually having all 400 SME Unit Offices running on solar energy.

Employee Initiatives in CSR

BRAC Bank's employees passionately contribute to different social initiatives. These include the bank's annual fundraiser marathon, flood relief programs, warm clothes distribution, and blood donation. Each BRAC Bank team member is regarded as an agent of change in this respect.

Fundraiser Marathon for Humanity

BRAC Bank employees participate in a marathon every year to raise funds to support important causes, which the bank matches in full. The funds raised are donated to charity. Having started in 2011, this is the first such marathon initiative taken up by any bank in the country.

Every year BRAC Bank organizes fundraiser marathon for humanity 'DOUR' to support the people and community.

DOUR Fundraising Charity

Year	Organization	Description of the Organization	Amount (BDT)
2011	Diganta Memorial Cancer Foundation	Cancer treatment support for the needy	0.45 million
2012	Bangladesh Association for the Aged and Institute of Geriatric Medicine	Hospital for senior citizens	0.6 million
2013	Back-Up Tide	Vocational training for intellectually challenged children	1 million
2014	Bangladesh Protibondhi Foundation	School for disabled & intellectually-challenged children	1 million
2015	Subarta Trust	Welfare of senior citizens	1 million
2016	Thalassaemia Samity (Proposed)	Healthcare for thalassaemia patients	1 million
2017	CRP	Rehabilitation and treatment center for the paralyzed and disabled	1 million
2018	CDIC & Heroes for All	Program to provide comprehensive healthcare to children with diabetes	1.5 million

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Blood Donation to Thalassemia Patients

In 2018, BRAC Bank employees donated blood to the Thalassemia Society of Bangladesh. The one-day camp generated as many as 100 pouches of blood. Thalassemia is a non-preventable genetically-transmitted disease through which the patient suffers from acute anemia. Usually, the patient will need blood transfusions throughout the course of their entire life. The hospital treats thalassaemia patients and helps raise awareness about the prevention of the disease. In particular, this hospital shelters those patients who cannot afford quality treatment and offers to subsidize costs. A minimum of 30 children from across the country receive blood transfusions daily at this hospital.

An Employee-Caring Bank

According to our core CSR principles, employees are our main stakeholders. With this in mind, BRAC Bank provides a subsidized transport facilitation service (pick-up and drop-off) for its employees. This service also goes a long way to ensuring the safety and security of our female employees. The bank also provides day care, a medical center, a canteen, and prayer room facilities. In addition, it has initiated a women's forum, TARA, for capacity building and career development of its female staff. BRAC Bank also runs gender diversity training. Lastly, women employees can enjoy six months of maternity leave.

BRAC Bank introduces pick and drop service for the employees of the Head Office.

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CSR Recognition

Hong Kong-based publication Asiamoney named BRAC Bank the "Best Bank for CSR" in recognition of its valued-based and sustainable CSR programs. Asiamoney noted that: "As befits a bank that springs from a charity, CSR is part of BRAC Bank's DNA". Asiamoney made a particular point about the support given to Rohingya refugees, Adamya Medhabi Scholarships, the Diabetic Hospital and help to flood victims in the greater Ganges Delta.

Way Forward

BRAC Bank's attachment and passion to social works goes beyond the scope outlined by CSR. As such, it carries out all its social duties 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 will also play a role in contributing to the achievement of the UN's SDGs.

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. The Desk helps the bank to focus on different CSR activities and to ensure transparency. Information about the bank's CSR programs will be available to the general public.

Anybody can send a CSR proposal to BRAC Bank CSR Desk. The Desk can be contacted by calling Tel: +88 02 9884292 Ext - 2009 at Head Office and through email - mabdur.rahim@bracbank.com

Report on the Going Concern Status

Going Concern Concept

The going concern concept is one of accounting's fundamental principles. It assumes that a company will fulfil its current plans, use its existing assets and meet its financial obligations during the next fiscal period. Simply put, it is the assumption that a company will prevail and that the value of its assets will endure.

BRAC Bank Limited's management has assessed the going concern status of the bank for the accounting period ending 31 December 2018. It has also decided that the bank's financial statements be prepared on a going concern basis.

The management concluded that 2018's financial statements ought to be prepared on a going concern basis with the following minimum considerations:

Extraordinary Financial Results

As both the financial statements (pages 374-521) and financial highlights (pages 4-5) attest, the bank continued to record consistent and sustainable financial results in 2018. This formed the main basis for the conclusion in its going concern status.

Sincere Compliance with Rules and Regulations

For all policies and daily affairs, BBL prioritizes compliance with all prevailing rules and regulations. To ensure such compliance, the Board as well as numerous senior and mid-level committees play a key monitoring role to allow the bank to be a responsible, law-abiding corporate citizen. Our overall corporate governance is outlined in detail on pages 218-255.

Capital Adequacy

Bangladesh Bank guidelines regarding BASEL III implementation dictate that banks are required to maintain a Capital to Risk Weighted Ratio (CRAR) of 11.875% (including Capital Conservation Buffer) of total Risk Weighted Asset (RWA). During 2018, BRAC Bank, on both a standalone and consolidated basis, maintained a CRAR well above the minimum requirements. Relevant details are provided in note No. 18.8 of the financial statements on pages 451-453.

Capacity to Meet Obligations

BBL's record of meeting its obligations to lenders/ depositors is excellent. Indeed, the bank has upheld its credibility by never defaulting on a loan or other agreements. Such performance has led BBL to have the highest credit rating in the industry, details of which can be found on pages 266.

Consistent and Above Average Dividend Declaration

In recent years, BBL has paid substantial returns to its shareholders. For 2018, we declared a stock dividend of 25%. Dividend declaration trends for the past 5 years can be found on pages 137.

Growing and Diverse Business Portfolio

In our business portfolio, maintaining consistent overall growth is not the only focus. BBL also pursues diversity, embracing the three mainstream categories of SME, Retail and Corporate. Our overall growth and portfolio composition can be found on pages 78-130.

Human Capital

Our core asset is our workforce, the training of which BBL has invested heavily in. Pursuant to the bank's aim of becoming Bangladesh's best, we hire the industry's top talent. In 2018, BBL hired 1,358 talented employees and 250,770 hours of training.

Our human capital is outlined in detail on pages 268 and 164.

Investment in IT (Fintech/ Digital Transformation)

Across all aspects of banking, from operations to regulatory control, technology is paramount. Today, it is often through IT that a bank can gain a competitive edge.

We firmly believe that the "Best technologies make the most money."

Accordingly, BBL has moved to give its operational model a technological upgrade. As a going concern, BRAC Bank attaches great importance to its core

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banking software (Finacle) and its Enterprise Resources Planning (ERP) system (ORACLE E-Business Suite). The former has been brought up-to-date to enhance the customer experience, while the latter has also been updated, allowing internal customers to benefit from faster service as well as improving analysis and reporting capacity.

Corporate Governance & Ethics

"Good for all"

Every BBL stakeholder benefits from good corporate governance. It provides assurances about the company's viability, and is central to all we do. Further details on our corporate governance are found in the corresponding report on pages 218-279.

Changes in Government Policy

BBL's management does not anticipate any major changes in legislation or government policy that could materially and adversely impact upon either the banking industry overall, or the company specifically.

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Chowdhury Akhtar Asif
DMD & CRO

"We are what we repeatedly do. Excellence, therefore, is not an act, but a habit."

ARISTOTLE

Risk management has long been identified as a crucial element of banking institutions. More recently, it is becoming increasingly dynamic and is a useful means for minimizing loss and boosting profitability. The relevant authorities update their regulations and standards constantly to protect stakeholders. Globally, the Basel III regulations similarly highlight risk management's capacity to ensure capital adequacy and protect liquidity. As technology advances, risk management must adapt accordingly. In an era of rapid digitalization, more complex information security tools and applications must be embraced.

Economic Outlook

Bangladesh's economy continues to grow well into FY 2019. The previous year, Bangladesh was promoted to the status of Developing Country by the UN, a significant milestone. It is thus important to avoid complacency and ensure that this momentum is sustained. The following are some salient macroeconomic indicators:

- GDP growth target was set at 7.80% in the FY19 budget. The continuing political stability and increased business optimism should lead to accelerated growth in domestic consumption and gross fixed investment. Infrastructure projects undertaken by the Bangladesh government will soon bear fruit, enabling the economy to embark on its next stage of growth.
- Food inflation decreased from 7.13% in December 2017 to Point to Point: 5.35% (December 2018) [Food: 5.28%; non-food: 5.45%] with Monthly Average (Twelve Month): 5.54% (December 2018). This reduction was largely due to significantly increased food grain imports along with bumper

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rice harvests, thereby mitigating food inflation after the disastrous floods of early 2017. This trend is expected to continue. However, non-food inflation faces risks in the coming year due to potential threats from a domestic fuel price hike and exchange rate depreciation.

- Foreign exchange (forex) reserves remained more or less stable in FY18 at the USD 32 billion level, equivalent to 5.9 months of import payments. However, the growth in forex reserves experienced in FY15 to FY17 has slowed down due to the balance of payments. Reserve coverage of imports decreased marginally but remains broadly adequate at around 5 months of import [MPS]
- The BDT depreciated against the US dollar.
- The trade deficit continues to mount, increasing by 92.76% in FY 2018 compared to FY 2017.
- The World Bank reports that among remittance receiving countries, Bangladesh ranks 9th in the world, and 3rd in South Asia.
- Bangladesh's export earnings rose by 5.8% in FY 2018, largely driven by the RMG sector which accounted for over 80% of total export earnings.
- Import payments of goods & services increased by 22.74% during FY 2018.

Bearing all of these indicators in mind, banking institutions must be prudent and selective as they widen their business horizons.

Financial Sector Outlook

The banking industry experienced periods of fluctuation during 2018. Almost a year ago, the industry was burdened by excess liquidity, but in 2018 this trend reversed as a liquidity crisis emerged. This liquidity uncertainty in the banking sector prompted Bangladesh Bank to lower the CRR requirement. Clemency in governance has led to a proliferation of default loans. Indeed, the number of non-performing loans in the banking sector reached a record high. Compared to December 2017, by September 2018 the amount of such loans had grown by 34%. These circumstances underline the need to bolster the recovery process to mitigate the negative impact of problematic loans.

Nevertheless, growth in the industry continues with increase in the number of bank branches and the number of scheduled banks stands at 60 with the entry of two new commercial banks. Meanwhile, regulatory reforms were strengthened in 2018.

Accordingly, Bangladesh Bank updated the "Credit Risk Grading" to accommodate new trends in the industry and to bolster credit risk management nationwide. Similarly, sustainable practices in the industry has been helped by the new Environmental and Social Risk Management guidelines in 2018. Moreover, banks have embraced new risk management guidelines. In particular, they have introduced the desk concept for all core risks. This strengthens central monitoring and mitigation for all risks via the Risk Management Division.

Basel III implementation prompts a transition period for the banking industry. These reforms stem from the Basel Committee on Banking Supervision (BCBS). Their aim is to enhance the sector's capacity to absorb financial and economic shocks, thereby protecting the real economy as a whole.

Risk Management at BRAC Bank

BRAC Bank's Risk Management Division (RMD) transformed strategically and operationally in 2018. Our risk management policy and RMD structure have been revised to reflect the latest risk management guidelines of Bangladesh Bank. To prioritize risk management effectiveness, we on-boarded new employees to increase the RMD's capacity. Meanwhile, the strategic boundaries of our risk appetite have been clearly defined with stakeholders' interests firmly in mind.

Our risk management expertise is vast, allowing for broad delegation of authority to responsible persons to handle all sorts of risks. Staff first identify risks, then address and resolve them with the help of their superiors. If necessary, an identified risk is escalated to the Enterprise Risk Associates Forum (ERAF). ERAF issues requiring further guidance are brought to the attention of the Enterprise Risk Management Committee (ERMC). The two bodies (ERAF and ERMC) meet monthly. Lastly, critical risk elements are highlighted in the Board Risk Management Committee (BRMC) to assist the Board in its oversight and

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guidance. Effective tools like Risk Register, KRI, BCP as well as DCFCL enable us for faster risk identification, analysis and resolution.

Envisaging Digitization

Digitalization is embraced in our processes wherever possible. To reflect this, our core banking system has recently been upgraded. The bank's devoted IT team endeavor to have the most modern technological infrastructure on hand. This is essential, particularly as cyber security gains prominence in digital banking. Our information security team, therefore, is meticulous in protecting each and every level of our information system. Similarly, stringent measures are taken to protect customers from cyber security breaches.

Concluding Remarks

Every financial institution has explicit measures in place for risk management. And yet, some tend to struggle while others perform well. BRAC Bank's risk management approach is founded on well-established and meticulously followed industry-standard risk identification and mitigation processes that are continuously evolved.

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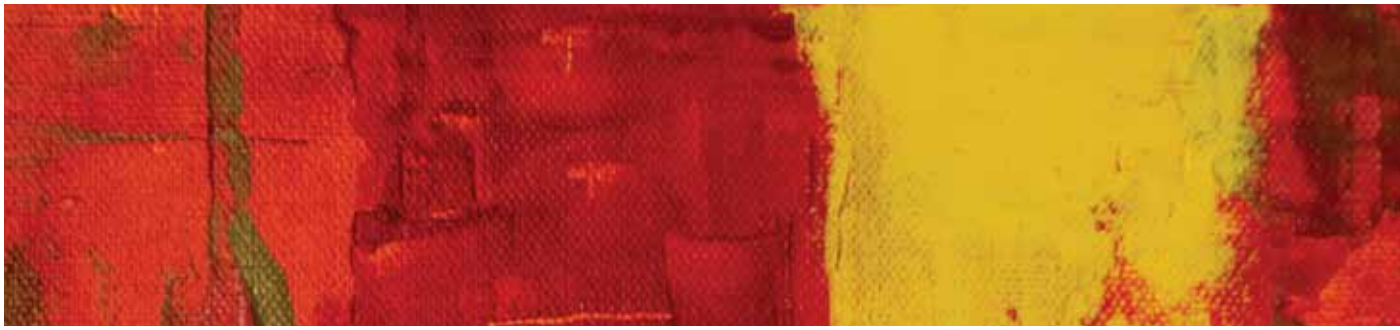

Risk Management Framework

Organizational Perspectives on Risk Management

At one time, organizations' risk management functions were considered to be mere typical means of compliance with national and global standards. However, the dimension of risk management has evolved as an integral part of the organizational structure. Indeed, it is now pivotal for the stability of organizations, especially for financial institutions in the long run. One cannot deny the role risk management has played in the broader strategies of institutions. Hence, at BRAC Bank, we prioritize the effectiveness of managing risk above all else. We also presume that the functionality of risk management fundamentally depends on the following elements: Risk "Culture", which implies the proper orientation of risk management across the organization; Risk "Structure", which means the functional hierarchy used to govern and manage the ultimate process; and Risk "Practice", which refers to the execution of strategies and processes for embracing and treating risk. Hence, our risk management function embraces bottom-up and top-down approaches, entailing strategic phenomena at management level and executional roles at desk levels.

Vision

Our risk management endeavors are pursuant to the vision of being a risk-mitigated bank. They also enable and encourage a risk-awareness culture at all times. In doing so, client and shareholder assets are maximized on the one hand, while relevant opportunities are also seized on the other hand. This is accomplished through striking a balance between capital preservation and optimization (risk or reward).

Mission

- To facilitate individuals, units, departments and divisions of BRAC Bank to be fully aware about the risks of their role, units or divisions
- To provide necessary feedback and resolution in consultation with ERAF, ERMC, BRMC, the Board of Directors and other experts
- To prevent future adversities and to instill proactive measures toward the management thereof
- To introduce updated policies/processes to safeguard customers' interests
- 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

Risk Management Policy of BRAC Bank

At BRAC Bank, we have an all-inclusive outlook on risk management. As a result, all of the activities pertinent to risk management are being driven by our risk management policy, delineating a clear vision for our entire enterprise. Our risk management policy covers detailed guidelines for effective risk management. We also adhere to the industry's best practices at the national and international level. To illustrate this, our risk management policy includes, but is not limited to, the following aspects:

- An outline of the dimensions of risk management
- An inclusive risk management framework
- A rigorous process for effective risk management
- Emphasis on capital management for effective risk management
- Application of disclosure requirements of risk reporting

BRAC Bank's Risk Management Framework

The risk management framework provides a holistic approach towards an inclusive risk management process. In this regard, BRAC Bank's framework clearly outlines its strategy and its governance procedure particularly crucial for setting up a vibrant risk culture across the bank.

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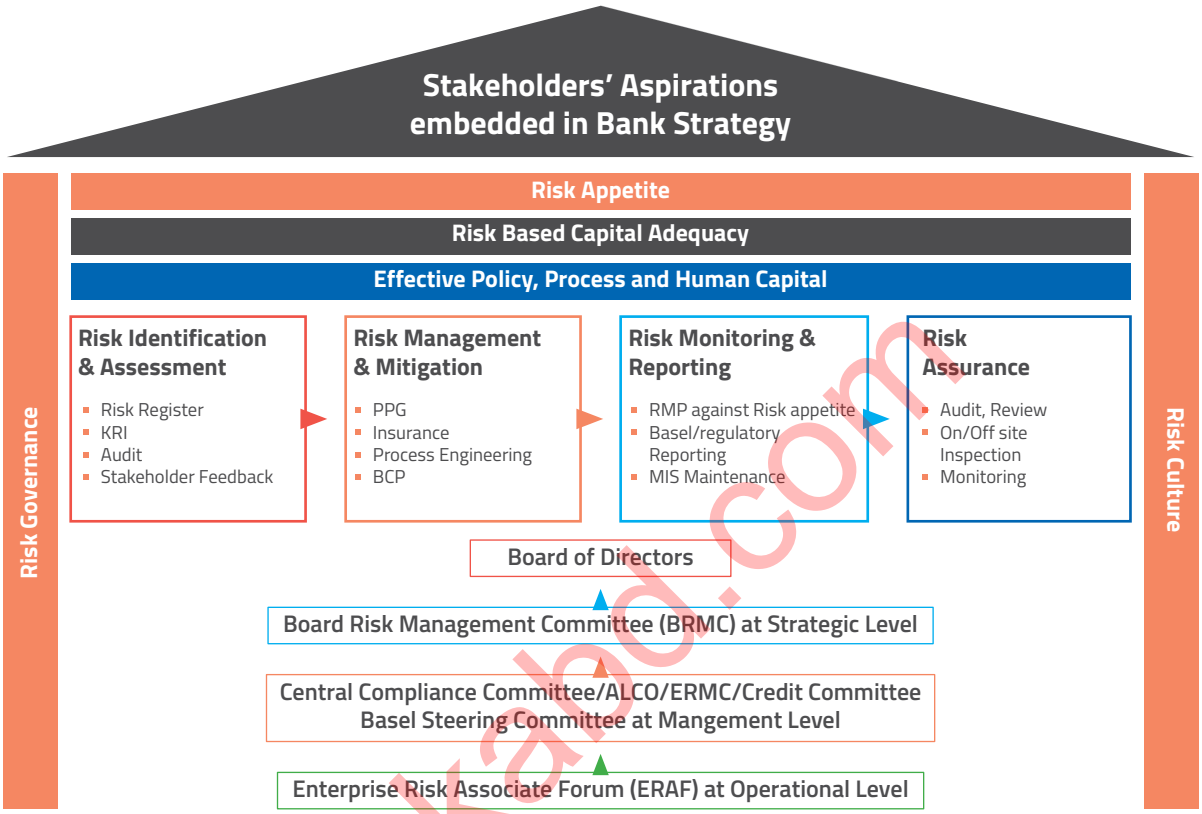

Figure: BRAC Bank Risk Management Framework.

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A Forward Looking and Holistic Risk Management Approach

BRAC Bank is committed to the most stringent possible management of risk. To cope with the dynamic nature of risk and to make the bank's capital shock absorbent, the Central Bank has introduced policy guidelines such as the Basel III Accords. Against this backdrop, BRAC Bank manages risks in a multifaceted manner. There is a robust and streamlined risk assessment and escalation process in place where every individual is equally responsible for managing and mitigating risks in his or her own area of work. The rapid incorporation of sophisticated technology in the global financial sector has brought the scourge of money laundering with it. This has become a worldwide problem with devastating economic, security-related, and social consequences. Bangladesh has strengthened its anti-money laundering system by introducing and updating legislation and acts, such as the Anti-Money Laundering Act. This act is made compulsory to comply for reporting organizations.

Risk Assessment, Escalation and Mitigation Process

At BRAC Bank, all employees work tirelessly to identify risks in their own areas. They also endeavor to address and resolve these risks with the help of their supervisors. If it is beyond their capacity and requires the involvement of other stakeholders, the incident is moved to the Enterprise Risk Associates Forum (ERAF) for discussion and resolution. Subsequently, issues that require top management's guidance and decisions are discussed by the Enterprise Risk Management Committee (ERMC). The ERAF, as well as the ERMC, convene every month to identify, address and mitigate risks. For immediate and urgent risk mitigation, a high-powered committee of senior management figures, named the Enterprise Risk Governance Forum (ERGF), has been formed. Finally, for the Board's oversight and guidance, critical risk elements are highlighted by the Board Risk Management Committee (BRMC).

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Policy and Governance Framework

A Board-approved policy addresses each of the core risks, namely Credit, AML, ALM, FX, ICT & ICC risks. Due to the continually-evolving culture of risk, policies are reviewed frequently to ensure they suitably respond to changes in the economy as well as borrower behavior.

Credit Risk Management

For any bank, the prudent management of credit risk is central to achieving sustainability and long-term profitability. The bank's core values are embedded in our credit function. A dedicated credit risk management team under the supervision of the chief risk officer conducts a strict assessment of borrowers' creditworthiness prior to sanctioning a credit facility. The robustness of our credit risk management function is reflected in our unrivalled asset quality. This is measured by a metric that takes into account both the absolute volume and the percentage of non-performing loans (NPLs) against total loans of the bank. Essentially, the lower this metric, the higher the asset quality.

FX and ALM Risk Management

The Treasury team manages foreign exchange risk and asset liability mismatch risk. While the ALCO team persistently strives toward balanced management of asset-liability gaps, the business team combines with ALCO to minimize any mismatch. It is vital to accommodate regulatory changes. Therefore, 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 active involvement from the Board to the front office dealers, every member in the value chain functions diligently.

Management of AML Risk

Being the main regulatory body of banks and financial institutions, Bangladesh Bank guides consistently in compliance with the laws of land. BRAC Bank recognizes its obligation to join forces with governments, international organizations and other financial services organizations to close financial channels used by money launderers and terrorist organizations. The Board of Directors view

money laundering prevention, not as a statutorily-imposed obligation, but as an integral part of its risk management strategy. To fulfill its commitment, BRAC Bank Limited has developed a comprehensive policy on "Money Laundering Prevention", "Combating Financing of Terrorism", and "Know Your Customer" approved by the Board of Directors. From opening customers' accounts to receiving remittances, every transaction goes through a stringent KYC process.

Even if the remittance amount is small, prior to any cash pay-out or crediting of an account, a streamlined customer verification process is followed. Before entering into a relationship with an individual or entity, detailed checks on whether the individual or entity belongs to any organization banned by the law of the land or special reference list provided by a UN sanctions list are made. A search engine named "de-dupe" is used to check for duplicate accounts or existing relationships. The bank's CRM verifies the customer's national ID through a 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 chief executive officer clearly sets out to employees the way forward for the present year as well as the initiatives taken in the previous year pertaining to money laundering and terrorism.

Information Security and Cyber risk Management

BRAC Bank adheres to global standards of information security. Indeed, it is the only bank in Bangladesh to have attained ISO 27001: 2013 international certification for its information security management function. The bank has taken multiple initiatives to strengthen its data security as well as cybersecurity. These include DLP (Data Leakage Prevention), Anti-APT (Anti Advance Persistent Threat), NBA (Network Behavior Analysis), and SIEM (Security Incident and Event Management). A 24/7 Security Operation Center, the only one of its kind in the Bangladesh banking industry, was opened earlier this year. The bank has also set up a cybersecurity lab. Here, information security personnel, in the form of internally-certified hackers, continuously conduct vulnerability assessment and penetration testing on the bank's infrastructure.

Management of Operational risk & Environmental & Social Risks

A dedicated OR (operational risk) team manages risks arising from people, processes and systems. It monitors key risk indicators and conducts risk assessment, working towards mitigating such risks with the help of relevant stakeholders. Moreover, the SFU (Sustainable Finance Unit) proactively monitors environmental and social risks jointly with CRM and business leads. Meanwhile, the general support services team ensures the physical security of the bank's staff, property and other assets.

Adaptation of Global Best Practice

In late 2008, in the wake of the global 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 were made much stricter.
- Banking Supervision: A global move away from heavy reliance on rules, towards a more proactive and intrusive form of banking supervision.
- Supervisory Expectations: in certain aspects, the rules themselves were not changed, but the interpretation and general oversight became considerably more demanding.
- Governance: It was generally accepted that weak bank governance and the pursuit of short-term gains lay at the heart of the crisis. Changes in governance were therefore deemed essential, even if the nature of these changes were undefined.

The Basel III reforms have strengthened micro-prudential regulations at the bank level, with the intention of making individual banking institutions more resilient. Moreover, the reforms also had a macro-prudential focus while addressing system-wide risks, as well as the pro-cyclical amplification of these risks over time. Thus, BRAC Bank has adopted these standards efficiently. In fact, BRAC Bank is currently operating well above the standards set and, through periodic stress testing, 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. The Board Risk Management Committee is responsible for the bank's risk management functions.

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Responsibilities of the Board of Directors

- Establishing an organizational structure for enterprise risk management within the bank and ensuring that top management and staff possess sound expertise and knowledge.
- Assigning sufficient authority and responsibility to risk management related officials
- Ensuring uninterrupted information flow to RMD for sound risk management
- Continuously monitoring the bank's performance and overall risk profile through reviewing various reports
- Defining and reviewing risk appetite, risk tolerance, and limits in line with strategic planning
- Ensuring the maintenance of adequate capital and provisions to absorb losses resulting from risk
- Internally reviewing the audit of credit operations, foreign exchange operations and securities portfolio management functions to assess the effectiveness of the internal control system
- Monitoring the function of the Board Risk Management Committee.

Board Risk Management Committee (RMC) Responsibilities

- Ensuring an adequate organizational structure is in place to manage risk within the bank.
- Formulating and implementing appropriate strategies for risk assessment and control. The committee reviews the risk management process to ensure effective prevention and control measures.
- Formulating and reviewing (at least annually) risk management policies and strategies.
- Monitoring the implementation of risk management policies and processes to ensure effective prevention and control measures.
- Supervising the activities of the Executive Risk Management Committee (ERMC).
- Ensuring the compliance of Bangladesh Bank's instructions regarding the implementation of core risk management.
- Ensuring the formulation and review of risk appetite and limits, and recommending these to the Board of Directors for their review and approval.
- Approving adequate record keeping & reporting systems and ensuring their proper use.
- Analyzing all existing and probable risk issues, taking appropriate decisions for risk mitigation, incorporating these in meeting minutes and ensuring proper implementation.
- Submitting proposals, suggestions and a summary of BRMC meetings to the Board of Directors on at least a quarterly basis.
- Complying with instructions issued 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 RMD.
- Establishing and enforcing standards of ethics and integrity for staff.
- Annually assessing the overall effectiveness of risk management functions.

Bank Management's Involvement

The bank's senior management is responsible for the implementation of risk policies or procedures, in line with the Board-specified strategic directions and risk appetite. There is a clear framework in place regarding the escalation of any identified risk.

Enterprise Risk Management Committee (ERMC)

The bank's senior management is intrinsically involved in resolving bank-wide risk issues through the ERMC. This committee is headed by the Chief Risk Officer (CRO) under the auspices of the MD and CEO. The ERMC oversees all matters relating to enterprise-wide risk management. In particular, it recommends policies/ guidelines for effective risk management to the Board.

- Identifying, measuring and managing the bank's existing and future risks
- Holding meetings on at least a monthly basis on the findings of risk reports and taking relevant mitigation decisions
- Submitting proposals, suggestions and a summary of ERMC meetings to the CEO and the BRMC
- Implementing the decisions of the BRMC and Board meetings regarding risk issues
- Assessing capital requirements in line with risk exposures
- Determining risk appetite and limits in line with strategic planning and contributing to the formulation of risk policies
- Following up on reviews and reports from the BB and

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informing the BRMC of the issues affecting the bank's operations

- Arranging the bank's Annual Risk Conference

Single solution platform - Enterprise Risk Governance Forum (ERGF)

The ERGF is a platform for bank staff to access solutions for problems related to operations as well as risks and hazards. This forum comprises all heads involved in risk, control, compliance, governance and security. All queries are handled by the senior management. Effectively, this forum acts as a single point of contact for expeditious risk response.

Enterprise Risk Associate Forum

The Enterprise Risk Associate Forum (ERAF) comprises a risk manager and associates from business and support sectors. Together, they ensure proactive risk identification, assessment, reporting and monitoring. The ERAF is chaired by the head of risk management and meets at least once a month. The forum specifically addresses the following issues:

- Promote a risk culture and cooperate 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 by identifying departmental risks and performing necessary analysis.
- Escalate respective risks to the RMD on a monthly basis for discussion and suggest mitigation in monthly ERAF meetings.
- Finalize enterprise-level risk issues at the ERMC meeting regarding management evaluation and resolutions.
- Implement ERMC resolutions and monitor the risk mitigation process within the given timeframe and issue a status update to the ERMC.
- Assist RMD for developing and implementing the Business Continuity Plan (BCP) across the bank.
- Perform the necessary activity and support the RMD to implement the bank's risk management policies.

Risk Management Process

Risk management is a dynamic process that must be applied and tested throughout the organization. The eventual goal of fostering a risk culture is for staff and management to instinctively look for risks and to consider their impact during decision-making processes. BRAC Bank fosters a culture of risk awareness. It recognizes the importance of risk management and responsibly identifies and manages risks. The bank believes that, beyond setting the right policies and structures, a strong risk culture plays a very effective role in risk management.

Figure: BRAC bank's Risk Management Process

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Risk Control Mechanism

The risk control mechanism delineates how we evaluate potential losses and orchestrate action plans accordingly. This approach helps us to identify and assess any event that may seriously hinder our business plans. This control mechanism enhances the functionality of our risk management.

Risk identification: This is the first step in the risk management function. To ensure comprehensive involvement, a risk register is maintained. This unique platform allows risks to be flagged at the individual level. Other tools used for risk identification include KR (Key Risk Indicators), audit reports, and complaints.

Risk assessment: Identified risks are assessed as per the Risk Grading Matrix. Risk prioritization is reflected through a heat map, created by risk committees such as the ERMC and the BRMC.

Risk management & mitigation: All risks are passed on to the corresponding risk committee i.e. the ERAF, the ERMC, and the BRMC. After analysis and forecasting, a decision is made on a particular risk, as to whether it is an existing/impending risk. However, the decision-making authority is delegated to various levels. High risks are escalated to the top management or even to the Board of Directors. Meanwhile, issues deemed less severe are resolved by the ERAF and/or the ERGF/ERMC.

Risk Monitoring & Reporting: Another vital part of our risk management function is follow-up and monitoring. This is conducted persistently until a particular risk issue has been successfully resolved. A crucial part of our monitoring process is the observation of ongoing scenarios in relation to the bank's risk appetite.

The overall status of risk management is documented through risk reporting. This entails periodic risk management reporting with submissions to the Bangladesh Bank. Moreover, we have our own mechanisms to quantify potential losses arising from risk-prone issues.

Risk Assurance: Once a risk has been dropped or closed by a risk committee, the corresponding team/unit must ensure that this risk does not resurface. The RMD performs periodic ad-hoc assurance reviews to check for any recurrences.

Committees and Forums Responsible for Risk Management

BRAC Bank has a unique culture that pursues risk resolution in a manner that involves every organizational layer. It also has structured entities to govern and oversee the risk management function. Keeping in mind the inherent nature of risk, BRAC Bank has several committees comprising key personnel directly involved in the management as well as the Board that oversees material risks.

Particulars	Roles and responsibilities	Represented by
Board Risk Management Committee (RMC)	▪ Oversees the bank's risk governance structure ▪ Responsible for the bank's timely risk management and risk assessment ▪ Sets up the bank's risk tolerance limit and appetite ▪ Supervises the bank's capital, liquidity and funding strategies	Members from Board of Directors
Enterprise Risk Management Committee (ERMC)	▪ Sets out the general principles for managing, measuring and monitoring risks ▪ Designs the enterprise risk management framework and reviews it periodically ▪ Regularly reviews the bank's risk profile to ensure the effectiveness of the internal control system ▪ Develops risk response processes, including contingency and business continuity policies/plans	Members from the Management Committee

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Basel Steering Committee	▪ Oversees the implementation of the Basel Accords across the bank according to Bangladesh Bank guidelines ▪ Ensures proper assessment and allocation of adequate capital against the bank's own ICAAP outcome ▪ Recommends the action plan and policies for developing bank-specific ICAAP documents ▪ Conducts dialogue with Bangladesh Bank's SREP team to set up capital charge against various risks which fall under ICAAP	Members from the Management Committee
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	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 approved by the Board	Members from the Management Committee
Enterprise Risk Associate Forum (ERAF)	▪ Connects employees from diverse locations to create a common platform regarding risk awareness and mitigation ▪ Scrutinizes the possible root causes of risk vis-à-vis existing and potential issues ▪ Congregates at regular intervals to raise risk issues ▪ Drafts action plans for effective risk mitigation	Representatives from all the concerned departments
Risk Register (tool to flag risk)	▪ Raises awareness about risk management at the individual level ▪ Enables individual employees to flag risk issues throughout the bank	All employees of the bank

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Widened Coverage of Risk through Imposing Additional Capital

As risks naturally evolve, BRAC Bank undertakes various approaches to respond accordingly. While the bank's risk management covers multifarious risk issues, there are some parts which require specific tactics to minimize unforeseen losses. This is where capital management comes into effect. Unlike conventional risk management, this entails undertaking additional capital requirements for various types of risk. The bank encounters different types of risks on a daily basis. Therefore, it focuses on addressing risks that routinely occur, or are likely to occur.

Risk Mitigation Methodology

BRAC Bank adopts a broad approach in managing and mitigating risk, allowing it to pursue its vision, irrespective of industry dynamics. Even in the outgone year, where the industry faced a liquidity crisis and increase of non-performing loan, BRAC Bank still operated smoothly. Throughout 2018, we took several initiatives to manage evolving uncertainties prudently. In particular, the following measures were taken to strengthen the bank's risk framework:

- Revised our collateral valuation policy, based on market practice
- Introduced an automated tool for Environmental & Social Due Diligence (ESDD)
- Conducted a capacity development program for branch staffs on effective methods of risk management
- Restructured the capacity of our Risk Management Division (RMD)
- Placed emphasis on rated clients with increasing portfolio and strived to bring the maximum number of borrowers who fall under the rating
- Reviewed credit policy, largely in line with the changing market scenario and regulatory reform
- Simplified the Contact Point Verification (CPV) process for enhanced outcome

In addition, we were actively involved in managing and mitigating risk issues through our dedicated risk platforms i.e. Risk Register, ERAF, etc. Moreover, key risky issues were escalated to the ERMC for resolution. Finally, our Board of Directors issued valuable guidance, through the RMC, to deal with especially crucial issues.

Overview

Risks, by their very nature, constantly evolve. Consequently, risk mitigation strategies need to be dynamic to successfully establish sound risk management practice. However, there are certain types of risks that are more likely to occur and impede business goals. Hence, effective policy or action plans need to be in place to ensure highly effective risk management.

In the banking business, risk is inherent. As a result, risk management can have a significant impact on financials. To mitigate risks, the Central Bank of Bangladesh has identified key risks that are central to the functioning of the banking industry. The risk types are as following:

1. Credit risk
2. Foreign exchange risk
3. Asset-liability risk
4. Money laundering risk
5. Information and communication technology risk
6. Internal control and compliance risk

Bangladesh Bank has issued policy guidelines for sound management of core risks. Accordingly, BRAC Bank embraces these guidelines. On top of that, the bank also formulates its own strategies to manage particular core risks.

Credit Risk

Definition

Credit risk refers to the risk of default on a debt that may arise from a borrower failing to make required payments. At the first level, the risks are borne by the lender. These include lost principal and interest, disruption to cash flows, and increased collection costs.

Our Approach to Managing Credit Risk

At BRAC Bank, the core function of the Credit Risk Management (CRM) team is to optimize risk-adjusted returns from the bank's loans and advances portfolio by maintaining robust underwriting standards. BRAC Bank also embraces a holistic approach towards credit risk management. In this regard, the socioeconomic and environmental impacts of decisions are carefully considered. To achieve holistic control of this risk, we consider closely the credit risk inherent in the bank's entire portfolio as well as those associated with individual credit proposals or transactions. We carefully oversee the relationship between credit risk and other risks while supporting the bank's transactions.

Mitigation Measure

The bank has divided the responsibilities of its officers or executives involved in credit-related activities. To ensure

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operational transparency during the credit appraisal process, the following teams have been established:

1. Credit Approval
2. Credit Administration Department
3. Recovery Unit and Special Asset Management

In addition, the following principles have been considered with regard to effective credit risk management:

- **Portfolio Composition**

BRAC Bank is exploring opportunities to grow its corporate and retail loan segments while remaining dedicated to SME financing. The bank's portfolio comprises a variety of products based on the risk-return trade-off. Different types of loans have uneven risk–return factors. Therefore, opportunities are pursued accordingly, with the prevailing market conditions and industry prospects taken into account.

- **Underwriting**

Underwriting is pivotal in mitigating risks associated with lending. In addition, it also enables greater alignment with regulatory standards. A standard underwriting policy, robust credit scoring methodology, and collateral support- all play major roles in ensuring sound credit risk management. Moreover, a customer's ability to meet principal or interest obligations is assessed based on a thorough credit appraisal.

- **Credit Quality**

Determination of credit risk involves reviewing the borrower's credit history and assessing their income or cash flow. We have established a sound credit disbursement process, maintaining a robust administration and monitoring process and ensuring simultaneous control. We identify these risks through actual visits made by our relationship managers, credit appraisers as well as by the credit inspection team, across different disbursement phases. These checks also push corporate borrowers to improve their environmental and social performance while improving their credit record. Our credit quality appraisal includes:

1) Developing internal awareness of environmental and social risks
2) Integrating environmental and social risks into the credit appraisal process
3) Monitoring the effective implementation of environmental and social goals

The environmental and social performance of borrowers carries various potential risks and opportunities for banks. Therefore, we are meticulous in our due diligence prior to making a funding commitment. In doing so, we have established an open credit culture through delegating authority throughout the CRM Division's mid-management. Moreover, to support all of our SME borrowers' businesses, we have established numerous CRM centers across the country. Presently, we have 27 CRM centers for small businesses and 9 CRM centers for emerging businesses. These centers conduct independent pre-approval visits to ensure credit-worthiness, and represent 100% of the SME underwriting conducted across the country. Our robust capabilities enable us to identify, measure, monitor and control credit risks. These taken together enable rigorous control of our NPLs, and ensure that adequate capital against these risks is maintained with satisfactory compensation for potential losses.

Foreign Exchange Risk

Definition

Foreign exchange risk refers to the risk of loss a bank may suffer 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.

Mitigation Measure of Foreign Exchange Risk

BRAC Bank's Treasury division deals with risks associated with foreign exchange (FX) movements. Various risk elements are considered when dealing with FX transactions. These include credit risk, liquidity risk, interest rate risk, price risk, and compliance risk. While the division of responsibilities is duly maintained, strict restrictions also exist for dealers under which a stop-loss limit is given to contain their intuition. Moreover, they are restricted when it comes to dealing in processing and generating revaluation rates, regulatory reporting, setting up counterparty limits, setting up market risk limits, and own account trading.

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Similar restrictions are also in place for the back-office team. Net open positions are directed by Bangladesh Bank, and strictly followed. Moreover, we possess customized FX risk management guidelines. 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.

Mitigation Strategy

Various risk elements are considered while managing or dealing in FX transactions. The following aspects are covered to mitigate FX risks:

Limits

Foreign exchange dealing is done within the limits authorized by the Board to the CEO or Head of Business and Head of Treasury. Dealing limits are set according to the bank's own requirements, market conditions, and the counterparty. The CEO usually delegates the setting of 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. This is in line with the organization's portfolio and risk appetite. Limits are also set for individual deals and dealer portfolio positions. Stop-loss limits to the Head of Business or CEO and the Head of Treasury are set by the Board and, in turn, the Head of Treasury allocates individual limits to the dealers.

After-hours and Off-premises Dealings

After-hours and off-premises dealings are strictly prohibited. The Head of Treasury, with the approval of the Head of Business or CEO, might engage in after-hours and/or off-premises dealings for taking or covering positions on a case-by-case basis.

Position and Nostro Reconciliations

All dealer positions are reconciled with the positions provided by the back-office before any deals are made during the next business day. Moreover, all nostro accounts are reconciled on a monthly basis. Any outstanding issues are reported to the CEO or Head of Operations for immediate reconciliation.

Valuation

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 the dealers of the same organization(s) to avoid any conflict of interest with reporting to the line manager. This exercise provides information regarding the profitability or loss of outstanding contracts.

Internal Audit

The bank's internal audit team conducts an audit of the affairs of the Treasury. This includes checking DCFCL (Departmental Control Function Check List), and adherence to various limits, compliance requirements, and statutory and management requirements. In addition to regular audits, surprise audits are also conducted.

Deal Making

The process commences when a dealer strikes a deal in the market. He or she then maintains a record to monitor the exchange position and his or her own dealing position. Within a reasonable period, the dealer passes detailed information about the deal to the Treasury back-office. The back-office arranges for confirmation of the deal to be issued to the counterparty. In addition, it organizes a settlement, reconciles exchange position and advises the Treasury. Certain processes crucial to achieving efficiency, profitability and control in the functioning of the Treasury are mentioned below:

- Dealing room: Access to the dealing room is restricted to dealers and other concerned personnel.
- Taped conversations: The dealing room is equipped with a voice recorder to record telephonic deals.
- Deal recording: Deals are recorded in a register or electronic register as soon as they are struck, where a dealer and Head of Treasury or Chief Dealer sign their initials.
- Position blotter: Immediately after a deal is made,

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the dealer records the deal on the position blotter and updates his or her position. Maintenance of the blotter is of the utmost importance to avoid any mismatches and/or adverse positions.

- Deal slip: Immediately after a deal is struck, the dealer prepares a deal slip with the necessary details and passes this to the back-office for settlement and reconciliation.
- Deal delay: The deal slip is sent to the Treasury back-office within the shortest possible time.
- 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 considered. Counterparty limits are set by the Credit Committee and monitored by the Head of Treasury or financial analyst.

In addition, trigger levels, appropriateness of dealings, rate appropriateness, outstanding limits of deals, daily treasury risk reports and code of conduct are also taken into consideration. Approved limits by Bangladesh Bank are considered during the monitoring process. Daily management reports portray a real-time scenario to the top management. In addition, 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 uniting the different business lines within a financial institution. Besides, managing liquidity and the balance sheet are crucial to the ongoing existence of a financial institution. It is also essential in terms of the profitable and sustainable growth of the balance sheet.

Our Approach to Managing Asset-liability Risk

Asset-liability management (ALM) is an integral part of the banking industry. Changes in market liquidity and interest rates expose the bank's business to the risk of loss, which may, in extreme cases, threaten the very survival of the institution. As such, the following elements are vital: 1) balance sheet risks are effectively managed; 2) appropriate policies and procedures are established to control and limit these risks; and 3) suitable resources are made available to evaluate and control these risks. When the central bank issued ALM guidelines over a decade ago (last updated in 2016), we developed our own policy accordingly. Our ALM policy was approved by the Board in August 2004 and underwent several amendments thereafter (last updated in October 2018). The ALM policy is prepared to monitor, measure and manage the risks associated with the balance sheet. In addition, it guards the bank against any unforeseen losses or threats to survival. The policy is revised to accommodate regulatory and organizational changes over time. Below are the liquidity risk indicators used to monitor the status of our liquidity position:

- Advance-deposit ratio
- Liquidity ratio
- Wholesale borrowing limit utilization
- 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
- CRR
- SLR

Mitigation Measure

Liquidity contingency plan along with the guidelines of Bangladesh Bank on CRR, SLR and capital adequacy act as guidance. The Asset Liability Committee (ALCO) is responsible for the overall balance sheet (asset-liability) risk management. The Treasury is accountable for managing the balance sheet as per the recommendations of the ALCO to minimize risk and maximize returns. ALCO calls a meeting at least once a month to set and review ALM strategies. The meeting reviews the ALCO paper along with the prescribed agendas. The Head of Treasury puts forth views on whether:

- Interest rates need to be re-priced
- The bank needs deposits or advances to grow
- The growth in deposits and advances should be for the short or long-term
- The transfer price of funds among the divisions needs to be increased or decreased

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- The kind of interbank dependencies the bank has are still suitable

Based on the analysis, the committee takes decisions to reduce balance sheet risks while maximizing profits.

BRAC Bank also places adequate emphasis on minimizing balance sheet risks. Appropriate policies and procedures are established as per the guidelines of the Board, including relevant guidelines specified by Bangladesh Bank, to control and limit these risks. Meanwhile, suitable 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 the internal system that fails 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 to fall under operational risk. Internal control is a process that, guided by a company's Board, management and other personnel, is designed to provide reasonable assurance on the attainment of objectives. This is done in terms of the efficiency of operations, reliability of financial reporting, and compliance with applicable laws, regulations and internal policies. Internal controls entail policies or procedures established and implemented alone, or in coordination with other policies or procedures. The purpose here is to control a particular risk or business activity, or a combination of risks or business activities, to which the company is exposed or in which it is engaged. A sound internal control function plays an important role in contributing to the effectiveness of the internal control system. BRAC Bank has a Board-approved ICC policy.

Mitigation Measure

Our robust organizational structures enable the prudent management of ICC risk. A well-formulated audit charter 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 suitable query during the audit process.

The Board 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. This is to ensure that the management has taken appropriate actions as per the recommendations of the auditors and the Internal Control and Compliance Division (ICCD). As per the approved audit plan, the ICCD completed the audit and inspection tasks of branches (retail and SME) and head office division or departments in 2018. Any significant deficiencies identified by the internal control team are reported to the Board's audit committee. In addition to the internal audit and inspection team, the monitoring team conducts surprise inspections at branches or SME unit offices.

BRAC Bank has established a dedicated department to prevent fraud and forgery. This wing acts independently as the first contact point or information unit where internal or external fraud and forgery incidences are investigated and reviewed. To protect the bank and the interests of its stakeholders, this unit performs thorough investigations to identify perpetrator(s) and the root cause(s) of reported incidents. As a counteractive course of action, preventive and corrective measures are recommended to the business or functional unit. These include process improvements, recovery of misappropriated amounts, and adjustment of operational loss with appropriate action taken against the perpetrator(s). The investigation reports are issued to the Board's Audit Committee. This department also ensures the implementation of the recommendations made in the investigation report by performing quarterly follow-up audits. Any violations or breaches in relation to compliance issues are dealt with rigorously.

External auditors regularly provide unbiased recommendations on the strengths or weaknesses of the bank's internal control system. They examine records and transactions and evaluate the accounting policy, disclosure policy and methods of financial estimation. This allows the Board and the management to independently view the bank's overall control system. Along with the periodic Bangladesh Bank audit, other external auditors conduct regular audits to ascertain control lapses within the system.

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Money Laundering Risk

Definition

Money laundering is a financial crime involving the concealing, misrepresenting and disguising of illegal income sources; it often entails taking advantage of vulnerable financial institutions, especially in developing countries. Due to the rapid incorporation of sophisticated technology in the globalized financial sector, money laundering has truly become a worldwide scourge. Its economic and social consequences can be extensive.
In response, Bangladesh has reinforced its anti-money laundering system by introducing and updating legislation, such as the Anti-Money Laundering Act and the Anti-Terrorism Act, and by enforcing compliance for reporting organization(s). In addition, Bangladesh Bank has provided valuable guidance through guidance notes, policies, circulars, circular letters, and instructions in compliance with the laws of the land.

Our Approach to Managing Money Laundering Risk

BRAC Bank recognizes its obligation to join governments, international organizations and other financial services organizations to close financial channels used by money launderers and terrorist organizations. The bank's Board views money laundering prevention as an integral part of its risk management strategy, rather than a mere legislative requirement. The bank is fully committed to preventing money laundering and the financing of terrorism.

Mitigation Measure

BRAC Bank has developed a comprehensive policy on money laundering prevention, combating terrorism financing and KYC (know your customer) features, approved by the Board. As part of our anti-money laundering policy, every year, BRAC Bank's CEO clearly outlines to employees the way forward for the year. The CEO also reports on the initiatives taken the previous year pertaining to combating these particular areas of financial crime prevention.
The bank has also nominated a Chief Anti-Money Laundering Compliance Officer (CAMLCO) and Deputy CAMLCO. Together, they 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 each branch. The BAMLCO is responsible for reviewing and verifying account transactions, as well as making suspicious transaction reports (STRs) and ensuring the fostering of an AML- and CFT-compliant culture. Training is also conducted regularly for all officers to ensure KYC compliance and to identify suspicious activities or transactions.

Monitoring

Once an account is opened, relevant customer activities and transactions are monitored on an ongoing basis. Inconsistencies are investigated 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 transaction patterns.

- **Exception Report or TP Breach Report:**
  On a monthly basis, every branch generates an exception report of customers whose account transaction volume exceeds the transaction limits (more than 20%) 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 or withdrawals) that breach certain limits set by Bangladesh Bank are reported to the Central Bank. Before sending the report to BFIU and Bangladesh Bank, the respective branch reviews the transactions to detect suspicious transactions.

We consider transaction monitoring to be a continuous process. High-risk accounts are reviewed by the concerned branches annually and low-risk accounts are checked in specific incidents. Transaction profiles are also reviewed and updated on justifiable grounds with appropriate documents, where applicable.

If a member of the branch staff identifies any customer suspicious activity or transaction pattern, they must raise a suspicious transaction report or activity report

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to the BAMLCO. If the BAMLCO finds the suspicion justified, he or she forwards it for CAMLCO's judgment.

The branch makes an overall assessment on AML or CFT activity. Self-assessment is documented in the form of a report comprising details. A consolidated report on 'Self-assessment and independent procedure' is submitted to the bank's senior management, which analyzes whether the internal procedures or statutory obligations in combating AML or CFT were adequately discharged.

At BRAC Bank, we have incorporated KYC, due diligence and AML risks along with mitigation plans in our product program guideline (PPG). In addition, we have developed a comprehensive operations manual for both front-line as well as back-end employees. This ensures constant vigilance to prevent any abuse of our products and services.

We report suspicious activities or transactions to the Financial Intelligence Unit of Bangladesh Bank and respond to their queries with regard to the activity or transaction. In such cases, where there has been a report of suspicious activity or the institution is aware of an ongoing investigation relating to a client or transaction, records relating to the transaction or client are retained until the matter has officially been resolved.

Information and Communication Technology (ICT) Risk

Definition

Technology continues to be a strong pillar in the bank's provision of superior customer service. In line with the key trends shaping technology today, the bank has rolled-out various initiatives leveraging mobility, digitalization and innovation in payments technology. BRAC Bank strictly adheres to the latest guidelines provided by Bangladesh Bank regarding ICT Security (Version 3). Our information security team works as a 'third-eye' for information assurance and manages ICT risks. It strives to become a centre of excellence for information security management within the banking industry as the bank develops a robust security architecture and embraces a culture of security awareness.

Our Approach to Managing ICT Risk

We have an up-to-date ICT security policy that is aligned with the latest Bangladesh Bank ICT guidelines as well as international standards (COBIT, ITIL and ISO 27001). Our ICT policy provides a framework for best practice followed by all employees while ensuring overall data and information assurance for the organization. It outlines the responsibilities and requirements of BRAC Bank and its employees regarding its IT resources.

Mitigation Measures

BRAC Bank has adopted a global standard of information security. BRAC Bank has also embraced various core technological improvement initiatives including:

- Core banking system version upgrade
- E-commerce system upgrade with real-time DR setup
- SMS alerts for all ADC transactions
- Version update of internet banking
- Introduction of home banking and disk-to-disk back-up solution
- SWIFT version upgrade and automated RTGS system
- NID verification and bond management system
- New treasury system with upgraded trade finance module
- Nostro reconciliation system with integration between treasury and dealing platforms
- Mobile app-based internet banking with end-to-end branch service tracking
- DC-DR multiple link connectivity establishment, Microsoft Share Point and Office 365
- Server health monitoring system, CIB automation and call center system upgrade

For cybersecurity and ICT risk mitigation, the bank has updated its ICT security policy in line with Bangladesh Bank's latest ICT guidelines and international standards e.g. COBIT, ITIL & ISO 27001.

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Other Risks Impacting the Business

Core risks refer to those 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 drafted strategies for their management and control. Such risks include:

Environmental and Social Risk

Environmental and social change risk refers to the uncertainty or probability of losses that may originate from any adverse environmental or climate change events (natural or manmade) and/or non-compliance with prevailing environmental regulations related to E&S issues. The impact of climate change is undeniable in a country like Bangladesh. Considering the environmental and social risks, additional capital is allocated as well as per the bank's ICAAP. We not only ensure a proper mitigation strategy while extending credit facilities, but also make use of dedicated relationship managers to closely monitor and counsel customers to help them to efficiently overcome unforeseen situations. Simultaneously, to safeguard our environment from further deterioration, we place strong emphasis on sustainable banking practices.

In 2018, we took multiple measures to demonstrate our commitment towards sustainability. We have a culture that promotes sustainable actions throughout all our banking operations. Indeed, we celebrated World Environment Day with our valued customers to educate them about the impact of our actions preserving the environment. Our Sustainable Finance Unit (SFU) also worked relentlessly throughout the year to ensure the highest possible E&S due diligence. Moreover, in order to incorporate ESRM into our credit risk management, we have developed an automated tool for enhanced E&S due diligence. Furthermore, we have amplified our SFU capability, while our employees have participated in basic and advanced level trainings on sustainable banking. This, in turn, has enabled us to expand our capacity for sustainable finance. Most importantly, proper monitoring from management was undertaken regarding the bank's actions in pursuit of sustainable banking. Our Sustainable Finance Committee (SFC) regularly reviewed the activities carried out by the SFU and provided necessary guidance.

Human Resource Risk

Human resource risk refers to 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. This also includes any possible threat regarding safety, inequality or inequity in human resource management, or discriminatory conduct.

At BRAC Bank, all employees must comply with the Code of Ethics and conform to the relevant laws and regulations. The bank's HR Division ensures that, during recruitment, employees acknowledge and understand the Code of Ethics and Business Conduct.

Concentration Risk

As defined in the RBCA guidelines, concentration risk arises when a bank invests the majority, or all, of its assets into a single or handful of individuals, entities, sectors or instruments. When a bank fails to diversify its loan and investment portfolios, concentration risk emerges. Downturn in concentrated activities and/or areas may cause huge losses for a bank as far as its capital is concerned. Moreover, this can threaten the bank's health or ability to maintain its core operations. In the context of Pillar-II of Basel III, concentration risk can be of the following two types:

- **Credit concentration risk:** Credit concentration risk arises when a bank's credit portfolio is concentrated within a few individuals, a few entities or a few sectors.

- **Market concentration risk:** Market concentration risk arises when a bank's investment portfolio is concentrated within a few instruments, a few companies or a few sectors.

Mitigation Measure

We try to manage our credit concentration risk by diversifying our portfolio in terms of geography as well as sector or industry. Being an SME-focused bank, our portfolio is aptly dispersed among small- and medium-sized borrowers. As for our corporate clientele, many of them are market leaders and have affiliations with other banks. Therefore, their appraisal and assessment have been conducted by several parties.

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Interest Rate Risk

Interest rate risk refers to the potential impact on a bank's earnings and NAV due to changes in market interest rates. In other words, interest rate risk arises when the bank is obliged to pay more interest for liabilities but cannot charge more on its assets. Such risks cannot be eliminated as the re-pricing periods of assets and liabilities are different. Other sources of interest rate risk include: yield curve risk, basis risk, and embedded options. The immediate impact of a variation in interest is on the bank's net interest income. Meanwhile, there is a long-term impact on the bank's net worth since the economic value of the bank's assets, liabilities and off-balance sheet exposures are affected. A re-pricing schedule is used as an interest rate risk measurement technique. This begins with a maturity or 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 the time remaining before their next re-pricing (floating rate).

Equity Price Risk

Equity risk refers to potential losses incurring from changes in the market price of equity held by a bank. To measure and identify this risk, mark-to-market (MTM) valuations of share investment portfolios are carried out. Such valuations are done against a pre-determined limit. Equity risk is also monitored through analysis of proprietary investment on shares by subsidiaries, margin loans against investments in shares by subsidiaries, and by loan statements against shares. Equity price risk can be systematic or unsystematic. The former refers to the sensitivity of a portfolio's value to changes in the overall level of equity prices. The latter is associated with price volatility determined by a firm's specific characteristics.

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Disclosure of Risk Reporting

Risk management is a crucial component of BRAC Bank – one of Bangladesh's top private sector banking institutions. There are two integral aspects in this regard: the first is risk reporting, which allows an institution to measure the level of risk and gauge future patterns to make corrective amendments accordingly; the second concerns the analysis of significant risk indicators, which plays an important role in judging the bank's overall risk appetite. As a consequence, BRAC Bank's risk reporting is built on a solid foundation alongside regulatory compliance mechanisms.

BRAC Bank's Risk Reporting Coverage

Risk reporting is simply the process of understanding and analyzing the risks concerning the organization while the analysis thereof can be either quantitative or qualitative. At BRAC Bank, risk management reports include disclosure requirements under Basel-III and reporting regulations adhering to risk management guidelines. Risk reporting aids the bank considerably by increasing the quality of the decisions made, and by ensuring the timely implementation thereof.

Risk Reporting

Particulars	Description
Risk Management Report	The Risk Management Report is prepared in accordance with the guidelines and supervision of Bangladesh Bank. The Risk Management Report provides a comprehensive overview of the bank's risk profile across all key risk dimensions.
Capital-to-Risk-Weighted Asset Ratio	This metric represents an assessment to measure the adequacy of the bank's capital against its risk exposure. This ratio is calculated and reported in accordance with the risk-based capital adequacy guidelines of Bangladesh Bank.
ICAAP Reporting	This provides a measure of the bank's capital requirement adequacy against the organization's entire risk profile.
Stress testing	Stress testing presents the effects of several assumptions applied to measure the capital base level in stressed scenarios.
Pillar-III Disclosure	This aims at ensuring transparency and bringing synergy in the marketplace.
Internal Risk Reporting	Several platforms exist within the organization through which the bank's employees can flag and report risks internally ▪ Via Risk Platforms ▪ Through Risk Register ▪ Other tools

Adoption of Basel III Standards

The Basel-III regime entered into force from January 1, 2015 and since then we have been implementing its directives according to the relevant guidelines. Significant changes from Basel-II to Basel-III can be seen in the Minimum Capital Requirement (Pillar-1 of Basel-II) assessment methodology. These include the definition and structure of regulatory capital. Otherwise, Pillar-II and Pillar-III remain largely unchanged.

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%	4.50%
Capital Conservation Buffer	-	0.625%	1.25%	1.875%	2.50%	2.50%
Minimum CET-1 Plus Capital Conservation Buffer	4. 50%	5.125%	5.75%	6.375%	7.00%	7.00%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	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%	12.50%

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Minimum Capital Requirement under Pillar-I of Basel-III

The foundation of Pillar-I of Basel-III represents the computation of the minimum capital requirement. This is calculated by taking into account, aspects of the asset portfolio adjudged to be prone to risk. These considerations include: credit portfolio and market exposures; risks concerning the day-to-day running of the organization; and inherent risks in the assets themselves. Basel-III required banks by the end of 2018 to have maintained a minimum capital of 11.875% (including a capital buffer of 1.875%). In this regard, BRAC Bank was successful in maintaining its capital levels throughout the entire year.

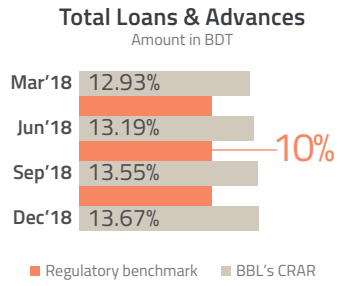

Figure 1: Trend of CRAR of BRAC bank Ltd.

Risk Type	2018		2017	
	Million BDT	%	Million BDT	%
A. Credit Risk	199,266	85%	178,363	85%
On-Balance Sheet	179,317	77%	163,402	78%
Off-Balance Sheet	19,948	9%	14,961	7%
B. Market Risk	7,554	3%	5,981	3%
C. Operational Risk	26,894	11%	25,007	12%
Total Risk Weighted Assets	233,713	100%	209,351	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 sufficient capital in place to mitigate all risks. In doing so, it encourages banks to take action in creating and making proper use of sophisticated risk management techniques in terms of monitoring and management of risks. Crucially, Bangladesh Bank's Supervisory Review Evaluation Process (SREP) makes certain that regular dialogue between itself and the bank's SRP team takes place. This is then followed up by any disclosure of results or evaluations of the bank's ICAAP. BRAC Bank's SRP is in charge of the following areas:

Adequate oversight and governance by the Board of Directors and the top management

Comprehensive assessment of capital

Comprehensive assessment of risks

Monitoring and reporting

Internal control review

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Market Disclosure: Pillar-III of Basel-III

Market discipline is said to establish transparency and discipline in the financial markets. This is so stakeholders can judge a bank's position with regard to assets held. It also allows them to take note of the risks relating to these assets and the adequacy of capital available to handle any likely losses. 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 risk.

Stress Testing:

BRAC Bank carries out 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 seen as an effective diagnostic and supervisory tool. The following assess the sensitivity of the bank's capital base with regard to the particular situation:

1. Increase in NPLs
2. Increase in NPLs due to default of a large borrower
3. Increase in NPLs in two particular sectors
4. Negative shift in NPL categories
5. Equity shocks
6. Foreign exchange
7. Decrease in FSV in collateral
8. Changes in interest rates

The following methods are applied to measure the impact of the above factors in an SRP context:

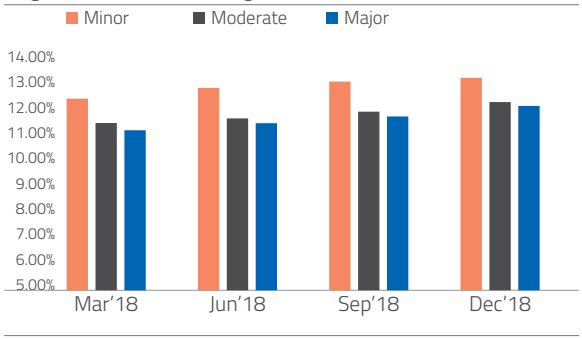
a. Simple sensitivity tests that help to determine short-term sensitivity to a single risk factor.

b. Scenario analyses that 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 moving from one NPL category to the next NPL 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. BRAC Bank's CRAR remains well above regulatory requirements upon absorbing all three levels of shock.

Negative Shift in NPL Categories



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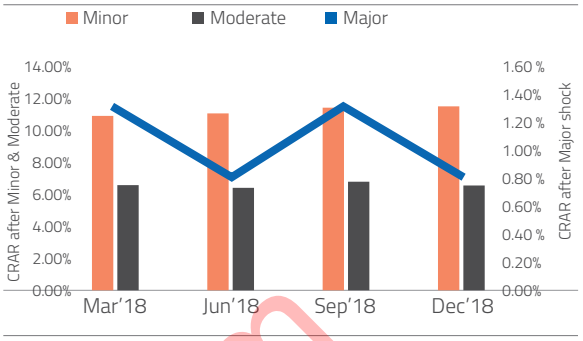
Increase in NPLs

This parameter symbolizes the bank's condition when NPLs increase significantly. It is grounded on the assumption that 3%, 9% and 15% of performing loans will be downgraded to the bad and 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 upon negatively. To overcome this issue, we continually endeavor to improve our asset quality.

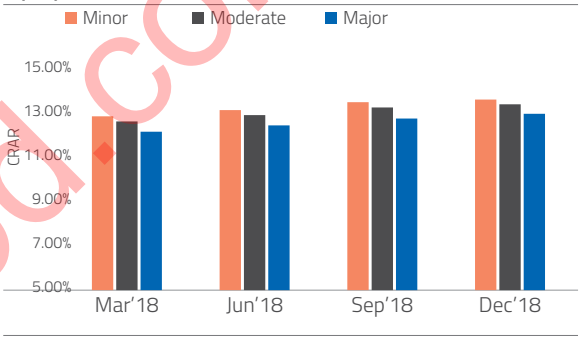
Increase in NPLs



Equity Shock

This shows 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 after all three levels of shock.

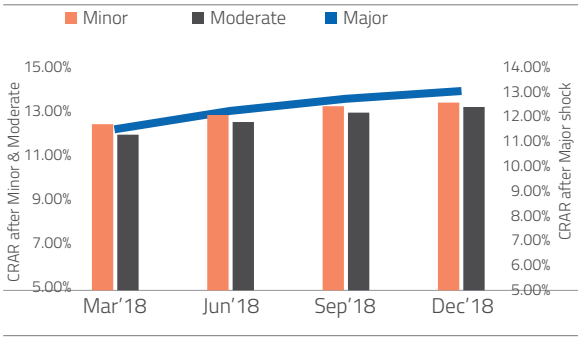
Equity Shock



Interest Rate Shocks

This graphic displays the status of the bank when interest rates change sharply. It is grounded on the assumption that interest rates will change by 1%, 2% and 3% in minor, moderate and major levels of shock, respectively. The CRAR of BBL remains above the minimum requirement even after undergoing all levels of shock.

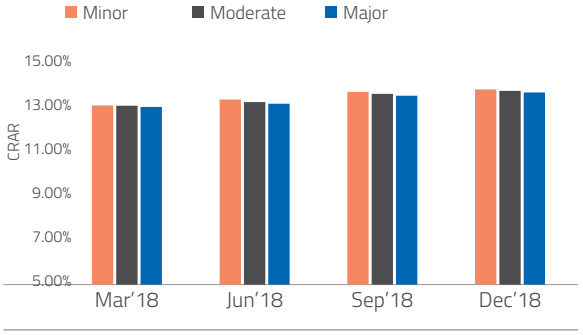
Interest Rate Shocks



Foreign Exchange Shocks

This metric shows the status of the bank when exchange rates change markedly. It is grounded 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 consideration, the CRAR of BBL remains above the regulatory requirement after all levels of shock

Foreign Exchange Shocks



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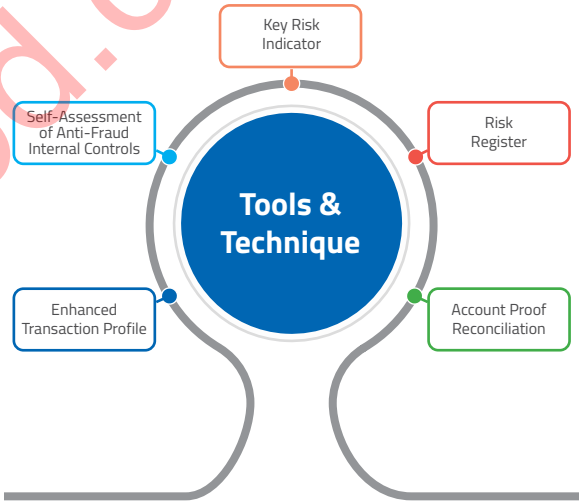
Risk Management Paper

Bangladesh Bank, as the apex regulatory body for the country's banking industry, offers regular guidance and procedures for scheduled banks to follow, in order to mitigate risk. To further improve risk management practices among banks, Bangladesh Bank has provided a Risk Management Paper (RMP). The RMP outlines a bank's position taking into account several risk indicators. In addition, the RMP also allows banks to follow their progress in relation to various risk indicators to clearly foresee opportunities and threats. BRAC Bank submits its RMP to Bangladesh Bank on a monthly as well as bi-annual basis. In the RMP, the following factors, each containing several parameters, are considered (note that this is a non-exhaustive list):

- Capital adequacy
- Credit risk
- Off-shore banking operations
- Market risk
- Information about profitability (YTD)
- Liquidity risk
- Operational risk
- Audit compliance
- Reputational risk
- Money laundering risk
- Compliance of risk management
- Performance of Board of Directors

Internal Risk Reporting

The bank has in place a dedicated team, which endeavors to ensure proper risk escalation, mitigation and circumvention. It also monitors operational risks likely to occur across various business operations. On a monthly basis, likely, as well as existing risk factors across the bank are raised onto a common platform. This is for top management's immediate attention and consequent guidance. Upon proper resolution and ensuring that adequate mitigation measures are implemented, they are again passed on for Board-level oversight. In addition, there is an emergency risk resolution platform looking after ad-hoc and unanticipated risk events. This helps to ensure that risks are identified, measured, mitigated and controlled on a holistic basis.



Our Internal Risk Reporting Coverage

A. Transaction Based Testing (TBT)

- Prepare Terms of Reference to conduct TBT
- Conducting the TXN-based testing as per TOR

B. Exception Transaction Monitoring (ETM)

- Identify Exceptional Transactions
- Coordinate with relevant stakeholder to verify authenticity and legitimacy

C. Process Review & Reporting (PRR)

- Communicate with stakeholders to understand the existing process
- Identify the GAP and resolve (if required)

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Disclosure on Green Banking

Introduction

Climate change represents the most serious phenomenon in today's world. 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, Bangladeshi banks assume a share of the ecological responsibility to ensure a substantial reduction in carbon emissions. Banks' internal operations have a limited environmental impact compared to industrial sectors. However, their decisions can still affect the environment considerably, particularly if they finance environmentally-irresponsible customers. It is, after all, often banks who finance major industrial projects, some of which produce abundant carbon emissions.

Banks, therefore, have a responsibility to balance sustainable economic development with environmental protection when it comes to making investments. Here, the term 'green banking' is pertinent. This refers to activities that assist banks in reducing carbon emissions and minimizing their carbon footprint. Green banks finance clean technologies and projects seeking to mitigate pollution. 'Green banking' is an element of 'sustainable banking,' which means using money in an environmentally, socially and culturally conscious manner, fulfilling the needs of today without endangering the generations of tomorrow. Now, ecological preservation and sustainable development are cornerstones in the fight against 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 a determined effort to attain these SDGs at the national level. This undertaking demands co-operation from various stakeholders. Among them, the banks and financial institutions that underpin the economy play a central role. The two basic tenets of sustainable banking are as follows:

- Environmentally-friendly or 'Green' banking
- Corporate social responsibility (CSR)

Cohesive endeavors from banks and financial institutions alike can safeguard long-term sustainability. Bangladesh Bank encourages banks' Green Banking Units (GBUs) and CSR desks to cooperate toward making a sustainable impact. BRAC Bank has acted accordingly and established a Sustainable Finance Unit (SFU) as part of its credit risk management, thereby meeting regulatory requirements and boosting the efficiency of streamlining processes at the same time.

Purpose and Scope

This disclosure outlines the banking philosophy to which all of our daily operations adhere. Simultaneously, it contributes toward our regulatory compliance. Crucially, we strictly abide by regulatory guidelines and follow international best practices in our green banking. In 2018, 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 they also harness the economic growth and sustainable development of Bangladesh as a whole.

BRAC Bank and its Sustainability Framework

To monitor the SFU's activities, BRAC Bank established the Sustainable Finance Committee (SFC). Both the SFU and SFC were created with the Board's approval. The SFC comprises high-ranking management officials, chaired by our Deputy Managing Director and CRO. It guides the SFU, adhering to the terms of reference laid out by Bangladesh Bank. The Board Risk Management Committee (BRMC) serves as the apex authority, supervising all of the bank's sustainability activities.

The BRMC is authorized to approve budgets for green or CSR activities. On a monthly basis, the SFC meets to guide and review all SFU deliverables.

Driven by its 3P philosophy (people, planet and prosperity), BRAC Bank has always prioritized the promotion of responsible and sustainable banking across Bangladesh's real economy. Indeed, the bank's value-based ethos and unique culture advocates sustainable banking at all levels. Central to this is our devoted SFU which works tirelessly with multilateral stakeholders to make BBL greener. Contributing significantly to Bangladesh's SDG efforts, BBL stands out from the competition in terms of its green or sustainable financing.

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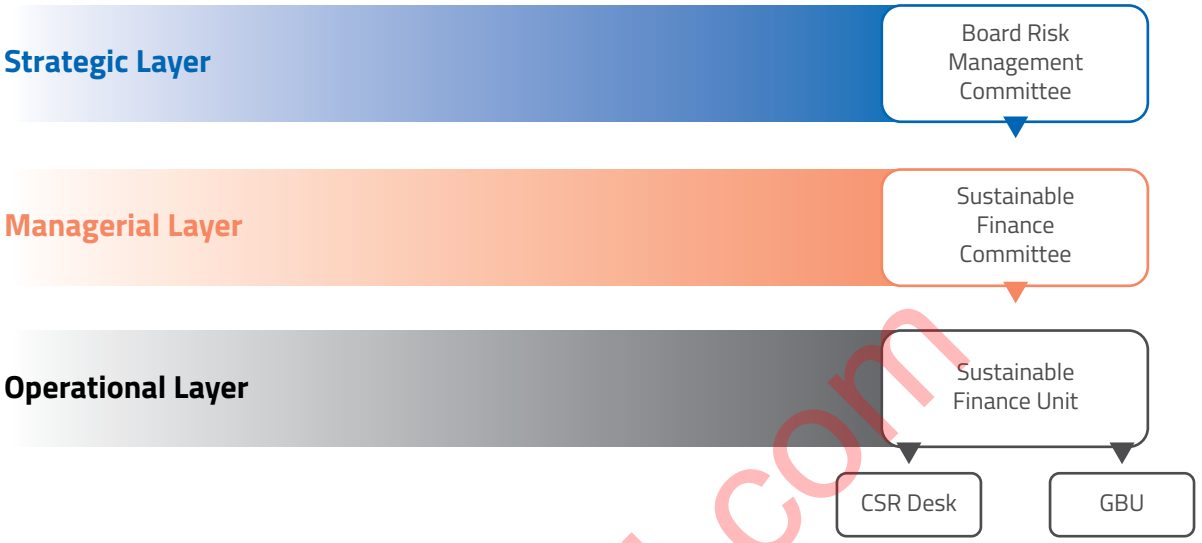

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BRAC Bank's Galaxy of Sustainability

In September 2013, Bangladesh Bank introduced revolutionary guidelines on green banking. BRAC Bank is one of only a few banks to have adopted its principles. Since the bank's inception, two special units have been dedicated to the following: the pursuit of environmentally and socially responsible initiatives; and the integration of environmental and social considerations into the bank's product design, strategic planning and policies. Under the stewardship of the SFC, the SFU represents the heartbeat of the bank's sustainability efforts. Its devoted work aims to positively affect not only BBL, but the whole banking industry.

Environmental & Social Risk and Opportunity Management

BRAC Bank takes its responsibilities seriously when it comes to the planet and sustainability. Accordingly, it abides by all relevant regulations, and applies the highest international standards of environmental protection and social welfare. BBL 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 an integral element of its credit risk assessment framework. Loan proposals over a certain amount are subject to environmental and social due diligence. Within its environmental risk assessment, BBL complies with the IFC Safeguard for financing project proposals. Finally, BBL is the only bank in Bangladesh to have voluntarily complied with the UNEP FI principles for energy-efficient financing.

Our Sustainable Financing Scope

As part of its cooperation with multilateral organizations to apply best global E&S practices, BBL offers to tailor financial modalities to help clients 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 & Hydro Electricity
- **Energy Efficiency:** Intervention based on Energy Audit, LED bulbs, etc.
- **Solid Waste Management:** Composting, Electrification
- **Liquid Waste Management:** ETP, STP, WWTP
- **Recycling:** Plastic, paper and battery recycling
- **Non-fire Block Brick:** Compressed Block Brick
- **Alternative Energy:** Tire Pyrolysis
- **Fire Brick:** Conversion, HHK, Tunnel
- **Miscellaneous:** Palm oil, Vermicomposting

A unique green product named Planet Solution that offers tailored green products, meeting customers' needs to adopt green technologies

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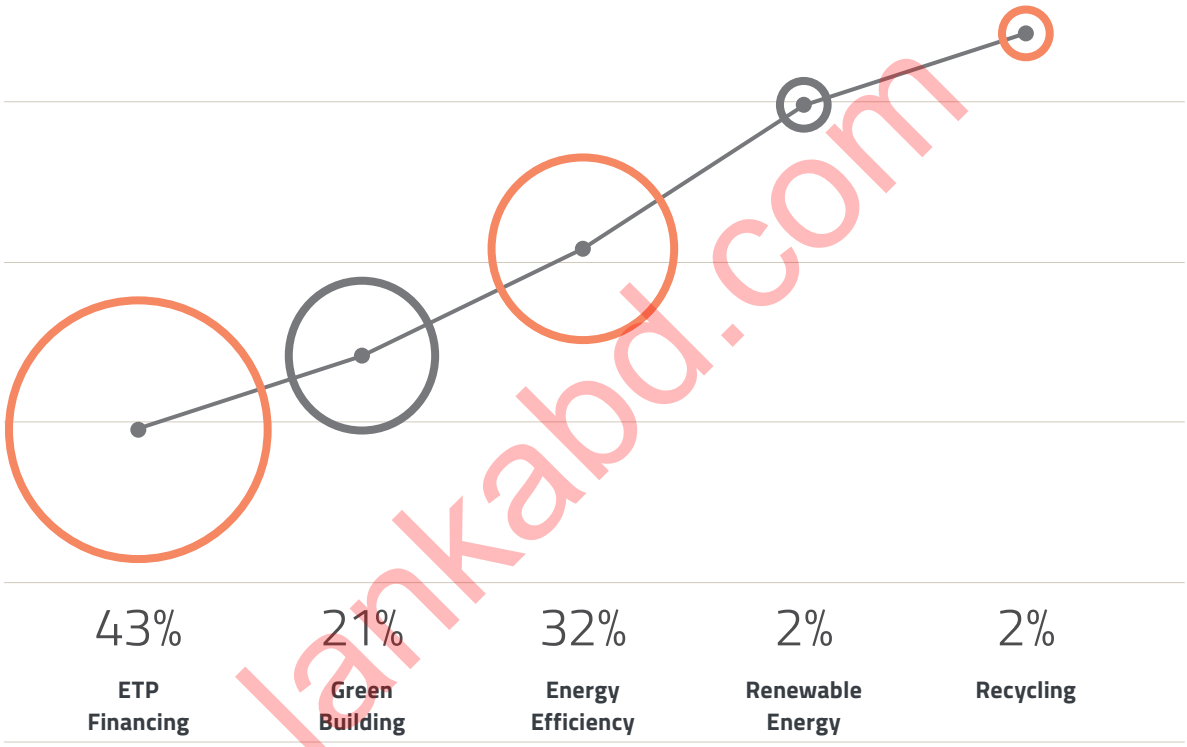
Green Banking Portfolio

Aiding the socio-economic development of Bangladesh, BRAC Bank extends its financing facility to clients whose activities reduce environmental harm, promote energy efficiency, and help communities vulnerable to climate change effects.

Portfolio Status



43%	21%	32%	2%	2%
ETP Financing	**Green Building**	**Energy Efficiency**	**Renewable Energy**	**Recycling**

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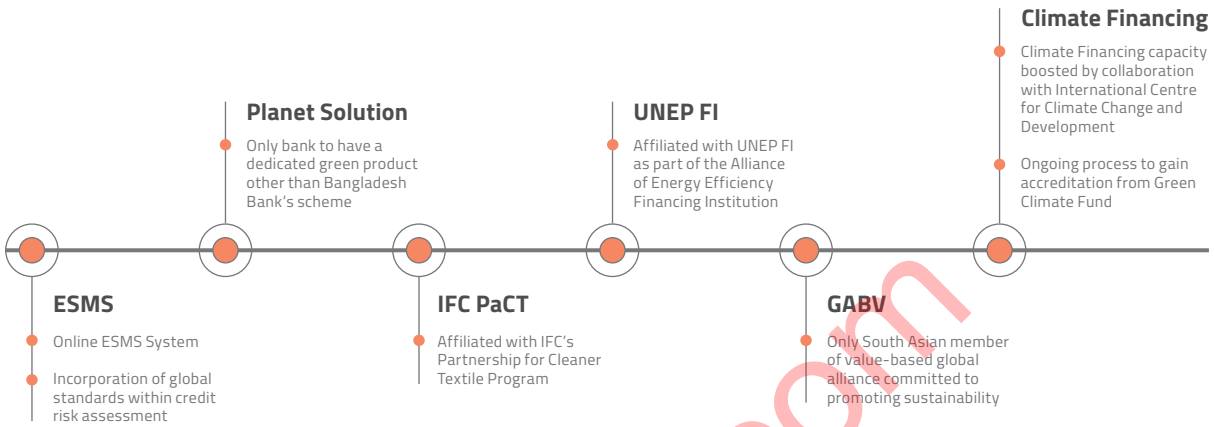
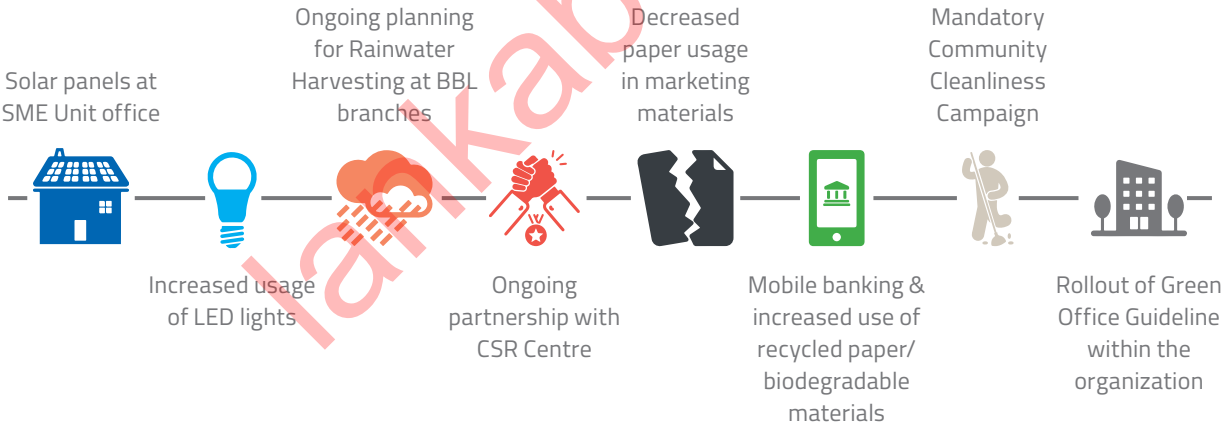
Our Support

Key Milestones So Far



In-house Green Initiative



Activity Flashback: 2018

ETP Financing

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Green Industry Financing

LED Light financing:

Fire & Safety Equipment Financing

Energy Efficiency Equipment Financing

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Safe Drinking Water for Climate Vulnerable Areas

Environmental Awareness Program for School Students

Creating Green Banking Awareness

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Conclusion

Banks and financial institutions can contribute significantly to ensuring the planet's sustainability. BRAC Bank's efforts in this regard are notable, especially in its green banking and CSR activities. BBL asserts that both of these elements are imperative for the long-term stability of the financial sector. By acting responsibly, BRAC Bank's green steps of today will make for a greener tomorrow. Our proactive measures reduce our carbon footprint and increase environmental and ecological awareness. Green banking encourages clients to be more environmentally conscious, and to contribute to making the world a safer and healthier place in which to live. Opportunities are abundant in renewable energy technology, as well as reduced carbon transportation. These can be fully grasped when all sectors of the economy pull together in the same direction. It is here that banks play a leading role. As it gains popularity in Bangladesh, BRAC Bank avidly pursues ways of becoming a national pioneer in green banking.

Structure of
Sustainable Finance Committee

Chair

Members

Member Secretary

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Risk Management Committee Meetings

The 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) & 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 & the main function is continuous scrutiny and supervision of RMD to ensure appropriateness and integrity of the risk management mechanism.

Out of the 3 (three) members of present RMC, two of them are Independent Directors and one is Nominated Director. Their specifications are appended below:

SL No.	Name	Status with the Bank	Status with the Committee
1.	Dr. Ahsan H. Mansur	Independent Director	Chairman
2.	Mr. Shib Narayan Kairy	Nominated Director	Member
3.	Mr. Kazi Mahmood Sattar	Independent Director	Member

The Company Secretary of the Bank acts as the Secretary of Risk Management Committee and the Head of Regulatory Affairs & CAMLCO of the Bank, reporting to the Chairman, Risk Management Committee.

Participation of non-members

Representatives of the Operational Risk Management team attends and participates in the meetings of the committee. The Managing Director and DMD & CRO attend 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 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:

I. Ensure an adequate organizational structure for managing risk within the bank. The RMC will supervise formation of separate management level committees and monitor 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.

II. 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.

III. Formulating and reviewing (at least annually) risk management policies and strategies for sound risk management;

IV. The committee (RMC) reviews the risk management policy of the Bank and modifies the same as per requirement from time to time. Any other policies related to risks or where a review is required from risk perspective will be vetted by the committee (RMC) before getting final approval from Board of Directors.

V. Supervising the activities of Executive Risk Management Committee (ERMC);

VI. Ensuring compliance of BB instructions regarding implementation of core risk management;

VII. Ensuring formulation and review of risk appetite, limits and recommending these to Board of Directors for their review and approval;

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VIII. Analyzing 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;

IX. The committee monitors implementation status of risk management policy of the Bank and examines whether remedial measures have been taken to minimize the risks of the Bank. This committee also keeps an eye on the summary of the activities & issues of risk management forum which is chaired by Chief Risk Officer, named as ERMC (Enterprise Risk Management Committee).

X. Assessing overall effectiveness of risk management functions on yearly basis.

Risk Management Committee Meetings in this 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. Total 4 (Four) Risk Management Committee meetings were held during 2018 and had detailed discussions and review sessions with the management regarding their findings, observations and recommendations on the issues related to Bank affairs that need improvement. Meeting dates were as follows:

SL No.	Meetings Serial Numbers	Dates
01.	22nd RMC Meeting	9th April, 2018
02.	23rd RMC Meeting	4th June, 2018
03.	24th RMC Meeting	23rd September, 2018
04.	25th RMC Meeting	17th December, 2018

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Major areas focused by RMC in 2018

Date	Attendees	Focused Points
9th April, 2018 22nd RMC	Dr. Ahsan H. Mansur Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	1. The Minutes of the 21st Meeting of Risk Management Committee & the relevant updates were placed before the Risk Management Committee & Noted.
		2. Top Risk Issue Identification Activity: The committee appreciated this activity and provided few feedbacks. The Committee advised to review the Risk Matrix: Impact table. The impact value range/scale needs to be revisited, so that the "Very High" risk issues can be reduced. For an example; the Catastrophic impact can be above BDT 10 crore. The risk grading will be changed a little bit after reviewing the matrix.
		3. RMC panel suggested placing the "Very High" risk in the Risk Management Committee meeting and the "High" risk will be discussed in the Management Risk Committee meeting.
		4. Overview on large loan portfolio was placed to Risk Management Committee and was duly noted. Chief Risk Officer discussed the full report to the risk management committee and committee appreciated and noted.
		5. ERMC Summary (116th & 117th ERMC, & 118th ERMC) was placed to Risk Management Committee and was duly noted.
		6. BBL ICT Security Policy (v2.0) to review was placed to Risk Management Committee and was duly noted and approved.
		7. The Committee advised to conduct Cyber Security Assessment by 3rd Party on regular basis. It was updated to RMC committee that last similar assessment done by two advisory companies in 2016. Chief Risk Officer updated regarding the ISO 27001 certification achievement of bank for Information Security Function. He also mentioned regarding different initiatives for data leakage prevention.
		8. Head of Credit Administration Department (CAD) presented the Credit Inspection & monitoring report in detail with gap analysis. He discussed about the software based archival, people development initiatives that they have taken etc. he also mentioned that our deferral portfolio scenario is getting better recently.

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Date	Attendees	Focused Points
4th June, 2018 23rd RMC	Dr. Ahsan H. Mansur Mr. Kazi Mahmood Sattar	1. The Minutes of the 22nd Meeting of Risk Management Committee & the relevant updates were placed before the Risk Management Committee & Noted.
		2. Financial Impact table in the Risk Matrix has been reviewed and revised as per directives of RMC. Also the Risk Matrix: Impact table revised & divided in three different categories. From now Financial, Regulatory & Qualitative impact should be calculated to measure the grade of any Risk.
		3. Risk Management Committee considered 'Targeted Cyber Attack' as one of Top risk for bank and suggested to take appropriate measure for this. The Management mentioned about few initiatives already been taken include Privileged Access Management (PAM), SIEM, SOC etc.
		4. The Risk Management Committee suggested continuing to appraise all the employee regarding severity of Malwares. They advised IT Security to circulate the caution notice again to all the employees form the desk of MD & CEO. A report should be generated and shared with MD & CEO based on phishing simulation outcome. If any staff violates the code of conduct in this regard, s/he would be punished for the consequences.
		5. Revised Collateral Valuation Methodology was placed to Risk Management Committee and was duly noted. The Management described the full report where changes have done in the Valuation Methodology and presented in front of the risk management committee and the committee acknowledged and advised to place the same before BOD.
		6. BB Self-Assessment of Anti-Fraud Internal Controls Compliance Update was placed to Risk Management Committee and was duly noted. The Committee has agreed with the WAF & PT Tool proposal from the Management.
		7. The Committee appreciated with the initiatives taken by the Information Security Team to Strengthen the Security posture of BBL. Implementation of SOC (Security Operation Center) is a good initiative.
		8. Summary of Credit Inspection & monitoring Report was placed to the Risk Management Committee, discussed and was duly noted. The Management presented the report in detail with gap analysis and also discussed about some Large & Local Corporate clients.
		9. Risk Appetite Statement of the Bank for the year 2018 was placed to the Risk Management Committee; it was discussed and duly noted. Risk Management Committee appreciated the approach pursued by the bank for the formulation of RAS 2018, where some major growth sectors were duly highlighted. RMC further suggested placing the same at the forthcoming Board for their perusal and approval.

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Date	Attendees	Focused Points
23rd September, 2018 24th RMC	Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	1. The Minutes of the 23rd Meeting of Risk Management Committee & the relevant updates were placed before the Risk Management Committee & Noted.
		2. The Committee reviewed the 'Enterprise Risk Management Committee' (ERMC) meetings (122nd 123rd 124th 125th & 126th ERMC) discussion points and duly noted.
		3. Operational Risk Management team presented the HEAT MAP & Risk Universe as a new inclusion and placed for observation in front of the Committee. The Committee appreciated & duly noted. The Risk items tailored in the HEAT MAP as per the Risk Grade which is assessed by reviewed Probability and Impact (Financial/Regulatory/Qualitative). The Risk grade of Very High/High/Moderate/Low risk issues has been described and duly noted.
		4. Risk Grade: Very High- Expired TPA Management: The Committee suggested to give more emphasize on Expired TPA. A detail analysis will be presented in the next RMC Meeting.
		5. Head of Information Security updated that AML & Transactional Behavior solutions planned to be implemented in the 1st Quarter of 2020.
		6. DC & DR related discussions were held & also Duly noted
		7. Head of Information Security informed the Committee that as per the Bangladesh Bank Core Banking Guideline, GAP has been identified of Core Banking system of BRAC Bank Ltd & steps were already taken to be complied at the earliest.
		8. Head of information Security updated the Committee that External Assessment has been initiated & RFP floated.
		9. Head of Information Security updated that Anti APT (Anti Advanced Persistent Threat) & DLP (Data Leakage Prevention) program has already been Live after last RMC period. The Committee appreciated and duly noted.
		10. Head of CAD update the Committee that a significant number of Deferral has been reduced compare to last RMC Meeting. The Committee has decided that those borrowers who have long pending in deferral completion and frequent at PAR, should be discouraged from next.

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Date	Attendees	Focused Points
17th December, 2018 25th RMC	Dr. Ahsan H. Mansur Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	1. The Minutes of the 24th Meeting of Risk Management Committee & the relevant updates were placed before the Risk Management Committee & Noted.
		2. A detail analysis on Matured TPA Management was presented in front of the Risk Management committee. The committee appreciated about the Action plans plotted by the respective stakeholders. Risk Management Committee also suggested to scrutinizing cautiously while choosing the Businessman Sector to provide Home Loan rather discouraging the said sector.
		3. The Committee reviewed the 'Enterprise Risk Management Committee' (ERMC) meetings (127th & 128th) discussion points and duly noted.
		4. Operational Risk Management team prepared the HEAT MAP & Risk Universe and placed for observation in front of the Committee. The Committee appreciated & duly noted.
		5. Reviewed Version of RM Policy & CRM Policy & presentation was presented to the Risk Management Committee and was duly noted.
		6. Risk Management Policy: The Committee advised that the Risk Appetite should be applied as per the Sector wise strategy taken by the Bank. The sector wise strategy must be approved by the Board after receiving concern from Risk Management Committee. Except that all the proposed items were duly noted by the committee.
		7. The Committee also raised a concern about the Speak Up Policy. From the date of establishing the Speak Up Policy, how many concerns have been raised.
		8. Credit Risk Management Policy: Risk Management Committee suggested reviewing the "Perishable Items having shelf-life less than 60 days." Except that all the proposed items were duly noted by the committee.
		9. BBL All Policies: The Risk Management Committee suggested that All the Policies must be approved by the Board.
		10. Head of Information Security presented the compliance status update in front of Risk Management Committee and the committee appreciated the initiatives.
		11. Head of Information Security has been advised by the committee to do a detail analysis on Lost/Stolen Laptop by the staff for last three years as per the BBL Laptop Usage & Security Policy. A detail report should be presented in the Next RMC Meeting.
		12. Cyber Security Assessment by Big 4, Vulnerability Assessment on critical systems by IS, Information Security Strengthen Initiatives current status update and IT Service Interruption Report was placed to Risk Management Committee and was duly noted.
		13. Top 50 Customers of Corporate Portfolio was placed to Risk Management Committee and duly noted.
		14. Summary of Credit Inspection & monitoring Report was placed to the Risk Management Committee and was duly noted.

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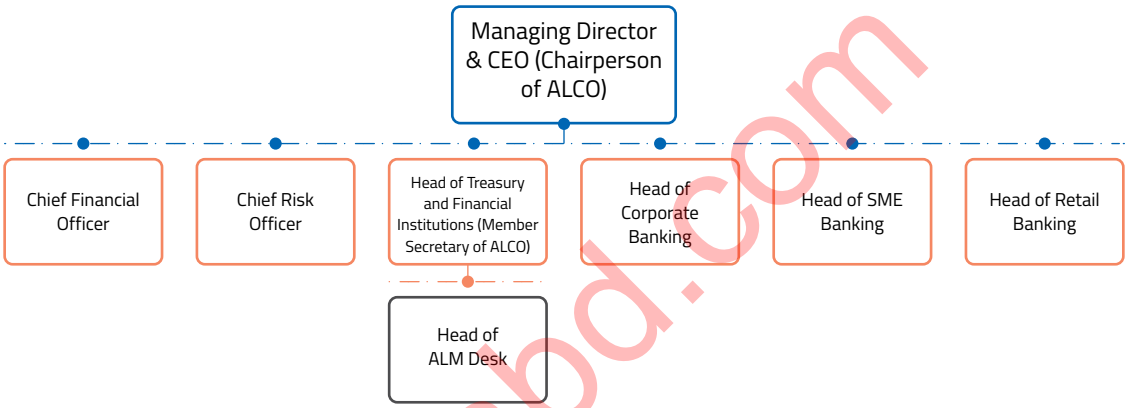
Asset Liability
Management Committee

Asset Liability Management Committee

The Asset Liability Management Committee (ALCO) comprises of Senior Management, which is responsible for overall Balance Sheet (Asset-Liability) management of the bank. Asset Liability Management desk, a unit of Treasury & Financial Institutions, analyzes the balance sheet composition and places recommendation to the ALCO through the Head of Treasury & Financial Institutions.

ALCO is comprised of the following Seven members or their nominated representatives. Head of ALM Desk shall coordinate the Meeting.



The ALCO sits at least once in a month and whenever required to set and review strategies on ALM. Based on the analysis and views, the committee takes decisions to reduce balance sheet risk while maximizing return and keep the bank within all regulatory and internal limits.

The major roles and responsibilities of the ALCO may be defined as follows:

- Monitor and review Balance sheet structure and composition to ensure efficiency.
- Ensure that bank's measurement and reporting systems accurately convey the degrees of liquidity and market risk.
- Ensure compliance of regulatory limits and ratios.
- Understanding the market dynamics i.e. competition, potential target market etc. for expansion of the bank's business.
- Decide on the major aspects of balance sheet structure, such as maturity and currency mix of assets and liabilities, mix of wholesale versus retail funding, deposit mix etc.
- Monitor and review the funding requirement of the bank considering business projections and take strategic decision accordingly.
- Review contingency funding plan and implement when required.
- Review of Deposit and Lending rate structure of the bank.
- Periodically review and approve the fund transfer pricing policy of the bank.

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Disclosure on

Risk Based Capital under Basel III

For the Year Ended on December 31, 2018

Background of 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, 2018 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 statements of the Bank have been prepared in accordance with the "First Schedule (Sec-38)" of the Banking Companies Act 1991 and amendment therein 2007 and 2013, BRPD Circular # 14 dated 25 June, 2003, other Bangladesh Bank Circulars, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), etc. The Bank complied with the requirements of 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 2018 of BBL and its Subsidiaries along with separate audited financial statements of the bank available on the website of the bank (www.bracbank.com). The report is prepared once a year and is available in the website.

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1. Scope of the Application Qualitative Disclosure		
Qualitative Disclosure	a) The name of the top corporate entity in the group to which this guidelines applies	BRAC BANK আস্থা অবিচল
	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	**Subsidiaries and Associates of the Bank** **BRAC Bank Limited:** 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 117 Branches, 48 SME Krishi Branches and 21 SME Service Centers, 456 SME unit offices and 50 agent outlets across the country. Moreover, currently the bank has 448 ATM booths and 97 CDMs. **Subsidiaries of BRAC Bank Limited** **Subsidiaries:** Subsidiaries are all entities over which the bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. A parent of a subsidiary should present consolidated financial statements according to BAS-27: Consolidated and Separate financial statements and BFRS 10: Consolidated Financial Statements. The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that the control effectively ceases. 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. **i. BRAC EPL Investments Limited (Subsidiary):** BRAC Bank Limited acquired 51% shares of Equity Partners Limited on 31 July 2009. This company 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". It was established to cater to the needs of the fast growing capital markets in Bangladesh. It works as a merchant bank with a full-fledged merchant banking license from the Bangladesh Securities and Exchange Commission (BSEC). The company's services comprise of lead managing Initial Public Offerings, Domestic and International Placement, Portfolio Management and Project Development and Consultancy. **ii. 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 further 39% shares of EPL Stock Brokerage Limited. As a result, the Bank's control has increased to 90% shares of EPL Stock Brokerage Limited. BRAC EPL Stock Brokerage Limited was established to cater to the needs of the stock brokerage business in Bangladesh. It has corporate membership of both Dhaka Stock Exchange and Chittagong Stock Exchange.

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Qualitative Disclosure		**iii. 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. BRAC Bank currently limited holds 51% equity shares in the company, 29% of the equity shares are held by Money in motion LLC (a company listed in USA) and 9.9% of equity shares are held by International Finance Corporation (IFC) with and the rest 10.1% of equity shares are held by Alipay Singapore. bKash Limited was established to introduce mobile money transfer services in Bangladesh. The Bank has obtained a license from Bangladesh Bank its subsidiary bKash for rendering the mobile financial services. In 2014 with the consent of all existing shareholders, Bill & Melinda Gates Foundation and in 2018 Alipay Singapore E-Commerce Private Limited ("Alipay") invested in bKash. The preference shareholders do not have any voting rights but has same rights as the equity share holders in the economic interest in the company. These preference shares are convertible at 1:1 basis to ordinary shares at the option of the preference shareholders. The consolidated Financial Statements have been prepared considering the potential dilution. **iv. BRAC SAAJAN Exchange Limited (Subsidiary):** BRAC Bank Limited acquired 75%+1 share (249,992 shares out of the total share 333,333) of "Saajan Worldwide Money Transfer Limited" (SWMTL) in the UK. Bangladesh Bank has provided necessary approval to acquire SWMTL and setting up two other new branches in Luton and Bradford, UK. As per the permission of Bangladesh Bank, SWMTL has already been renamed as "BRAC Saajan Exchange Ltd' (BSE). BRAC Bank Limited has been controlling and monitoring all its operations as a holding company. BRAC Saajan exchange Limited was established to cater remittance and exchange services in UK. **Associates of BRAC Bank Limited** **i. 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. (bITS) was then formed in April, 2013 through the merger of Documenta™ Ltd and the IT Division of BRAC Bank. BRAC Bank Limited acquired 51% shares of BRAC IT Services Limited, a private company Limited by shares under the Companies Act 1994 incorporated 9 April 2013. It is currently operating as an IT Solution and Services company. In the year 2017, BRAC Bank Limited has reduced its holding in BRAC IT Services Limited from 51% to 49% by selling 1,034 no. of shares to BRAC. Due to the disposal of shares BRAC IT Services Limited, it is converted as "Associate" of the Bank at the end of the year 2017 from Subsidiary status. **ii. BRAC Asset Management Company Limited (Associate):** The bank has invested in 25% shares of BRAC Asset Management Company Limited that was incorporated in Bangladesh on 01 April 2010. However the company could not commence its operation until 2018 due to license for Assets Management Company is pending with Bangladesh Securities and Exchange Commission (BSEC).

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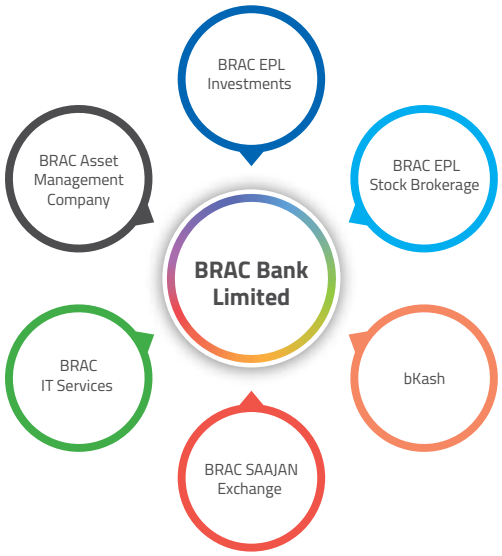
Qualitative Disclosure		
	c) Basis of Consolidation	According to BRPD Circular-12, 24, 35 (dated March 29, 2010, August 03, 2010 & December 29, 2010 respectively) and BRPD circular letter no-08, dated July 23, 2012, investments in subsidiaries have been consolidated for the purpose of assessing capital adequacy, the ratio of which is calculated both on Consolidated and Standalone basis. The consolidated financial statements include the financial statements of BRAC Bank Limited and its subsidiaries BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited and BRAC Saajan Exchange Limited as those of a single economic entity. The financial statements of BRAC IT Services Limited no longer consolidated with BRAC Bank Limited due to change in ownership and reduction of the BRAC Bank's holding to 49% from 51% during the year. However, profit and loss up to the date of disposal of shares in bITS has been consolidated in the financial statements. The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard (BAS) 27: Consolidated and Separate financial statements and Bangladesh Financial Reporting Standard (BFRS) 10: Consolidated Financial Statements. The consolidated financial statements are prepared to a common reporting year ended 31 December 2018.

Quantitative Disclosure		
Quantitative	a) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the the name(s) of such subsidiaries.	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, 2018 which ensures the elimination of inter-company transactions, balances and intra-group gains on transactions between group companies.

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2. Capital Structure Qualitative Disclosure		
Qualitative Disclosure	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.	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. 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: ▪ Tier 1 Capital (going concern capital) ▪ Tier 2 Capital (gone concern capital) **Tier 1 Capital:** 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: **Common Equity Tier 1 (CET1):** 1. Paid up capital 2. Non-repayable share premium account 3. Statutory reserve 4. General reserve 5. Retained earnings 6. Dividend equalization reserve 7. Minority interest in subsidiaries **Additional Tier 1 (AT1):** ▪ Non-cumulative irredeemable preference share ▪ Instruments issued by banks that meet the qualifying criteria for AT1 (the instrument is perpetual i.e. no maturity date) ▪ Minority interest (AT1 issued by consolidated subsidiaries to the third parties)

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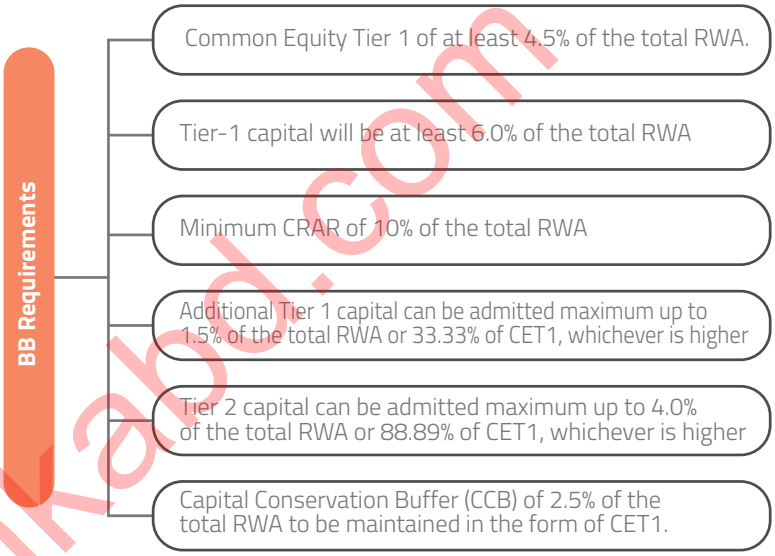
Qualitative Disclosure

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:



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%

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	Quantitative Disclosure		
		Standalone	**Consolidated**
Quantitative Disclosure	**Common Equity Tier-1(Going Concern Capital)**		
	Fully Paid -up Capital	10,725,002,850	10,725,002,850
	Non-Repayable Share Premium account	3,853,767,032	3,853,767,032
	Statutory Reserve	6,428,088,086	6,428,088,086
	General Reserve	-	-
	Retained Earning	9,794,724,973	13,342,589,184
	Dividend Equalization Reserve	355,218,455	355,218,455
	Minority Interests in Subsidiaries	-	6,450,122,579
	Sub-total	**31,156,801,396**	**41,154,788,186**
	Regulatory Adjustments		
	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	885,599,956	3,015,565,228
	Deferred Tax Assets (DTA)	1,491,221,037	1,844,770,407
	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)	-	-
	Sub-total	**2,376,820,993**	**4,860,335,635**
	Total common equity Tier-1 capital	28,779,980,403	36,294,452,551
	Additional Tier-1 Capital		
	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	-	-
	Total Admissible Tier-1 Capital	**28,779,980,403**	**36,294,452,551**

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Quantitative Disclosure

Tier-2 Capital (Gone-Concern Capital)		
General Provision	3,088,006,309	3,088,006,309
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
Total	**3,434,508,717**	**3,434,508,717**
Regulatory Adjustments		
Revaluation Reserve For Fixed Assets and Security & equity securities	277,201,926	277,201,926
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	3,157,306,791	3,157,306,791
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)	25,582,524,581	32,262,138,873
Excess amount over Maximum limit of T-2		
Total Admissible Tier-2 capital	**3,157,306,791**	**3,157,306,791**
Total Regulatory Capital	**31,937,287,194**	**39,451,759,342**

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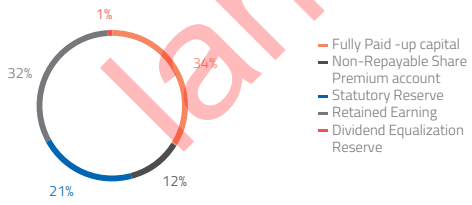
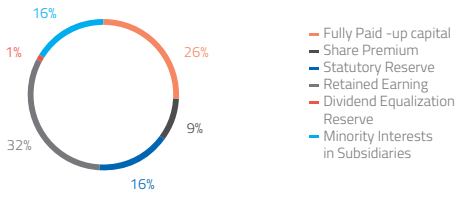
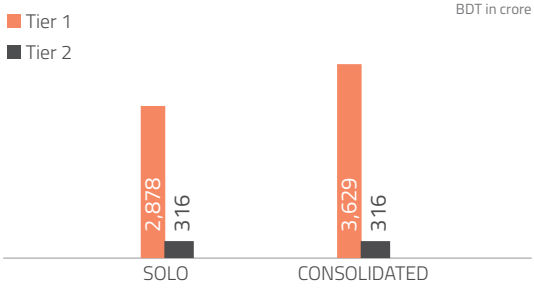
Tier 1 Components (Solo Basis)



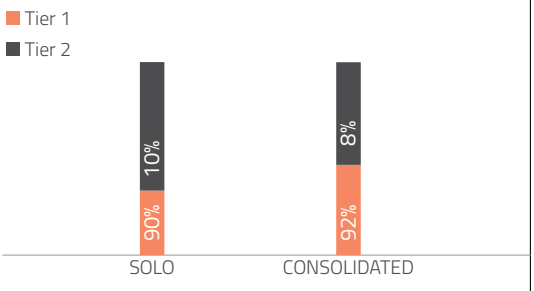
Tier 1 Components (Consolidated Basis)

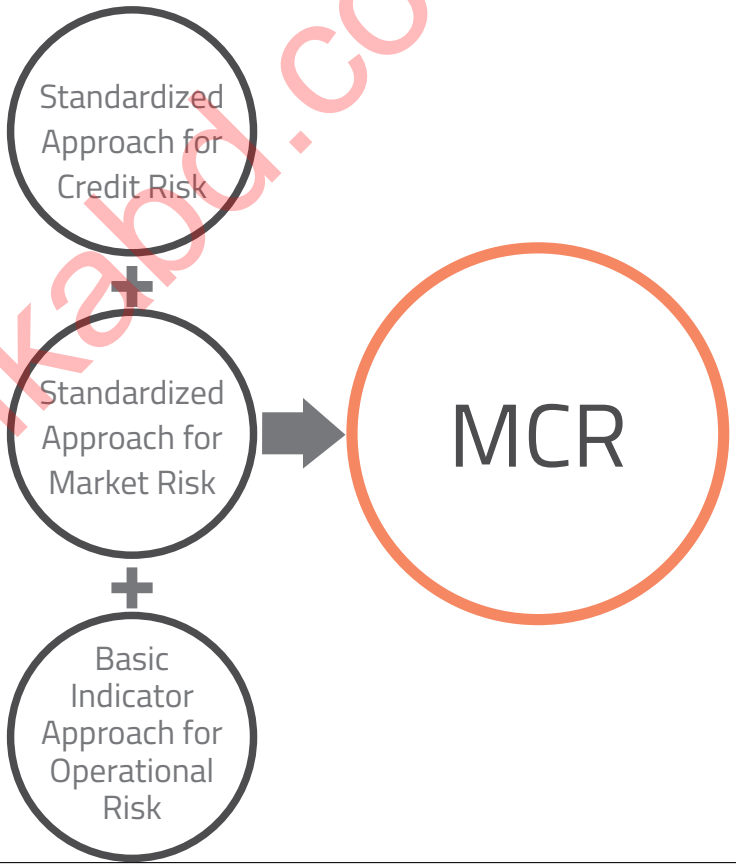


Composition of Capital



Composition of Capital



	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.	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. 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.
		

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Quantitative Disclosure

Quantitative Disclosure

Description	Standalone	Consolidated
a) Capital requirement for Credit Risk	19,926,582,849	20,535,066,015
b) Capital requirement for Market Risk	755,397,640	1,090,751,713
c) Capital requirement for Operational Risk	2,689,364,367	3,497,496,384
Minimum Capital Requirement (MCR)	23,371,344,856	25,123,314,112
d) Capital Ratio:		
CET 1 Capital	28,779,980,404	36,294,452,551
Total Tier 1 Capital	28,779,980,404	36,294,452,551
Total Tier 2 Capital	3,157,306,791	3,157,306,791
Total Capital	31,937,287,194	39,451,759,342
Total Risk Weighted Assets (RWA):	233,713,448,558	251,233,141,119
Capital to Risk Weighted Assets Ratio (CRAR)	13.67%	15.70%
Common Equity Tier-1 to RWA	12.31%	14.45%
Tier-1 Capital to RWA	12.31%	14.45%
Tier-2 Capital to RWA	1.35%	1.26%

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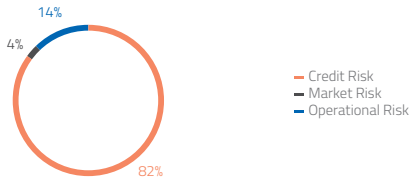
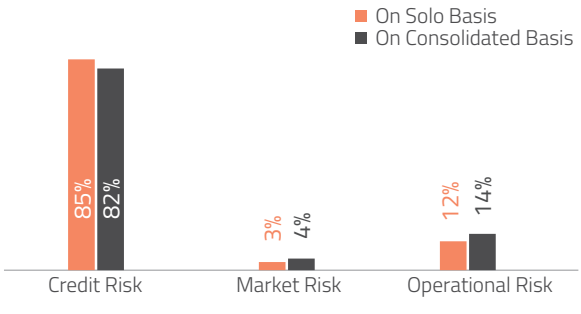
On Solo Basis

On Consolidated Basis



Capital Requirement under Pillar I



4. Credit Risk
Qualitative Disclosure

Qualitative Disclosure

a) The general qualitative disclosure requirement with respect to credit risk:

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, decision is made (Approved/Declined/Query provided) and approved as per Delegation of Authority. Finally, documentation & 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.

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 & 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 & 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.

Other banks' liability position and status, other banks' sanction advice. Credit risk grading, External rating (for Large & 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.

i) Definitions of past due and impaired (for accounting purposes);

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.

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 Bank BRPD circulars no. 14, of 23 September 2012, 15 of 23 September 2012, 19 of 27 December 2012 and 05 of 29 May 2013 respectively. This is also reviewed by the management. Interest on classified loans and advances is calculated as per BRPD circular No. 27, dated August 31, 2010 and recognized as income on realization as per BRPD circular no. 14 and 15, dated September 23, 2012. Large loans refer to total number of clients whose outstanding and classification status as per the loans and advances sanctioned, exceed 10% of bank's capital.

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:

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Qualitative Disclosure

Type of Facility	Loan Classification		
	Sub Standard	Doubtful	Bad & Loss
	Overdue period	Overdue period	Overdue period
Continuous Loan & Demand Loan	3 months or more but less than 6 months	6 months or more but less than 9 months	9 months or more
Fixed Term Loan more than Tk. 1 million	3 months or more but less than 6 months	6 months or more but less than 9 months	9 months or more
Fixed Term Loan up to Tk. 1 million	6 months or more but less than 9 months	9 months or more but less than 12 months	12 months or more
Short Term Agricultural & Micro Credit	12 months or more but less than 36 months	36 months or more but less than 60 months	60 months or more

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ii) Description of approaches followed for specific and general provision and statistical methods;

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 BRPD circular no. 14 of September 2012 for covering the bank for possible losses on off balance sheet items in the future. 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.

Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery, (ii) and against which legal cases are filed and classified as bad loss as per BRPD circular no. 02 dated 13 January 2003 and 13 dated 07 November 2013. These write off however, will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.

Qualitative Disclosure

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.

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:

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%	100%
	Loans for professionals	2%	2%	20%	50%	100%
	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 Agri/Micro credit		1%	1%	5%	5%	100%
Credit Card		2%	2%	20%	50%	100%
All others		1%	1%	20%	50%	100%
Off Balance Sheet		1%	-	-	-	-

iii) Discussion of the bank's credit risk management policy;

Method used to measure credit risk: 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 (ECAI) for claims on banks and FIs, corporate and eligible SME customers, and Credit Risk Mitigation against the financial securities and guarantees of loan exposure.

Credit Policy: 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:

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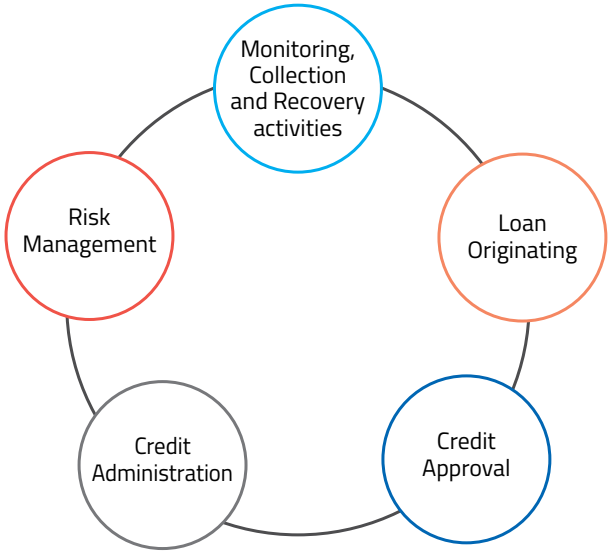
Qualitative Disclosure



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 particular 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 programs 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.

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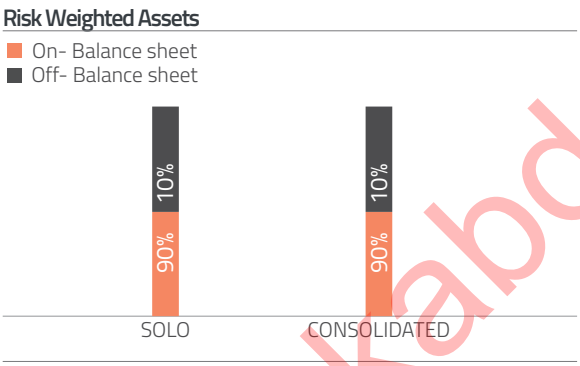
Qualitative Disclosure

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 has structured and standardized credit risk management process both in obligor and portfolio level and also 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	199,265,828,489	205,350,660,145
On- Balance sheet	179,317,335,011	185,402,166,668
Off- Balance sheet	19,948,493,478	19,948,493,478



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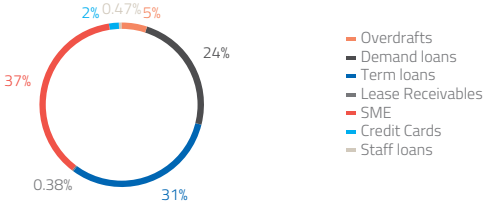
Quantitative Disclosure

a) Total gross credit risk exposures broken down by major types of credit exposure:

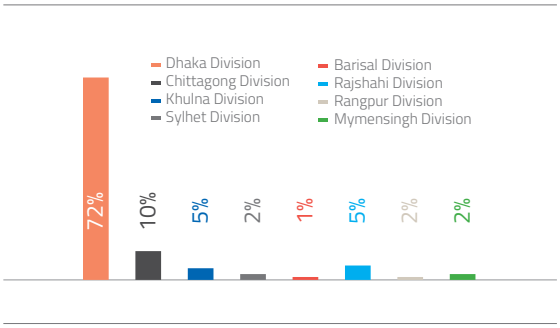
Particulars	Amount (BDT)
Overdrafts	12,099,439,558
Demand loans	53,357,801,156
Term loans	67,125,500,415
Lease Receivables	1,253,917,260
SME	80,422,409,963
Credit Cards	4,638,049,723
Staff loans	1,016,613,163
Sub-total	**219,913,731,238**
Bills purchased and discounted	17,792,218,334
Bills purchased and discounted SME	302,153,696
Total	**238,008,103,268**

Quantitative Disclosure

Quantitative Disclosure



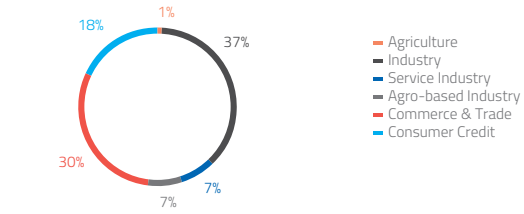
b) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure:



Particulars	Amount (BDT)
Dhaka Division	172,294,339,961
Chattagram Division	24,655,135,563
Khulna Division	11,089,933,616
Sylhet Division	4,390,368,381
Barisal Division	3,341,293,570
Rajshahi Division	12,830,319,180
Rangpur Division	3,721,890,260
Mymensingh Division	5,684,822,737
Total	**238,008,103,268**

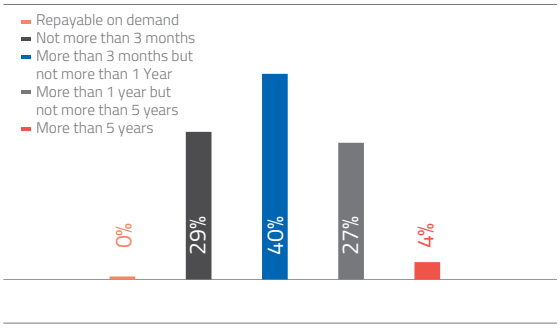
c) Industry or counterparty type distribution of exposures, Sector-wise Allocation of Loans and Advances

Particulars	Amount (BDT)
Government:	
Private:	
Agriculture	2,789,736,561
Industry	89,006,895,835
Service Industry	16,209,261,756
Agro-based Industry	16,191,056,670
Commerce & Trade	71,446,414,341
Consumer Credit	42,364,738,105
Total	238,008,103,268



d) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure

Particulars	Amount (BDT)
Repayable on demand	959,327,841
Not more than 3 months	68,877,830,701
More than 3 months but not more than 1 Year	95,766,353,109
More than 1 year but not more than 5 years	63,507,675,527
More than 5 years	8,896,916,090
Total	238,008,103,268



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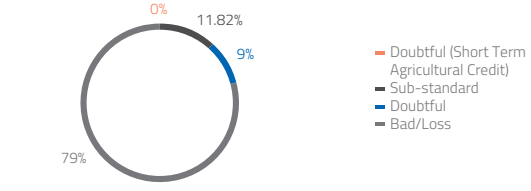
Quantitative Disclosure

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 2018	Base for provision	(%) of required provision	Required Provision 2018
Unclassified				
All unclassified loans (Other than SME Financing, Consumer Financing, BHs/MBs/SDs, Housing and loans for professional*)	108,859,014,560	108,859,014,560	1%	1,088,590,146
SME financing	76,821,432,735	76,821,432,735	0.25%	192,053,582
Loans to BHs/MBs/SDs against share etc.	1,684,897,749	1,684,897,749	2%	33,697,955
Housing Finance**	15,941,461,748	15,941,461,748	1%	159,414,617
Loans for professionals to Set up business (LP)	2,680,000,417	2,680,000,417	2%	53,600,008
Consumer finance	17,227,624,813	17,227,624,813	5%	861,381,241
Consumer finance (Credit Card)	4,486,905,153	4,486,905,153	2%	89,738,103
Staff loan	1,016,613,163	-	0%	-
Short Term Agricultural and Micro Credit	1,911,412,665	1,911,412,665	1%	19,114,127
Total	230,629,363,003	229,612,749,840		2,497,589,779
Classified - Specific provision				
Doubtful (Short Term Agricultural Credit)	35,518	24,777	5%	1,239
Sub-standard	872,254,570	649,184,174	20%	129,836,835
Doubtful	702,603,200	535,354,349	50%	267,677,175
Bad/Loss	5,803,846,977	3,977,124,969	100%	3,977,124,969
Sub Total	7,378,740,265	5,161,688,269		4,374,640,218
Total	238,008,103,268	234,774,438,109		
Required provision for loans & advances				6,872,229,997
Total provision maintained				7,570,512,834
Excess/(Short) provision				698,282,837

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

**As per BRPD circular, Banks have to maintain 1% general provision instead of 2% against all unclassified Housing Finance loans under Consumer Financing. BRAC Bank has already made general provision on all unclassified Housing Finance loans under Consumer Financing at the rate of 2% as per earlier circular hence the required provision also disclosed as 2% of such loan accordingly.



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Quantitative Disclosure

f) Gross Non Performing Assets (NPAs)

Write off of Loans and advances	
Balance at the beginning of the year	10,271,413,165
Add: Write off during the year	2,058,008,198
	12,329,421,363
Less: Recovery of Write off loans	783,059,719
Less: No Claim (Interest Waiver)	245,241,492
Balance at the end of the year	11,301,120,152

5. Equities: Disclosure for banking book positions

Qualitative Disclosure

Qualitative Disclosure

a) The general qualitative disclosure requirement with respect to equity risk, including:

i) Difference between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons:

Investment in equity securities are broadly categorized into two parts:
Quoted Securities: Common or Preference Shares & Mutual Fund) that are traded in the secondary market.
Unquoted securities: These include shares of Central Depository Bangladesh Limited (CDBL), Industrial and Infrastructure Development Finance Co. Ltd., Bangladesh Rating Agency of Bangladesh Limited., VIPB Income Fund, IDLC Balanced Fund.

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

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.

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..

The valuation methods of Marking to Market for investment used are

i. Held to Maturity (HTM) and 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. Recognition and Measurement, T-bills and T-bonds fall under the category of "held for trading (HFT)" and "held to maturity (HTM)" where any change in the fair value of held for trading is recognized in Profit or loss Account and amortized cost method is applicable for held to maturity using an effective interest rate.

ii. Held for Trading (HFT) is a method where investments are acquired principally for the purpose of selling or repurchasing or 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.

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Qualitative Disclosure

iii. Revaluation: According to DOS Circular no. 05 dated 26 May 2008 and subsequent clarification in DOS Circular 05 dated 28 January 2009, loss on revaluation of Government securities (T-bills/recorded under RT-bonds) which are categorized as held for trading should be charged through profit or loss account, but any gain on such revaluation should be recorded under Revaluation Reserve Account. However, at the revaluation loss for that particular held for trading T-bills/T-bonds. T-bills designated as held to maturity are measured at amortized cost method but interest income/gain should be recognized through other reserve as a part of equity.

Value of Investments

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	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		None	None
Prize Bond and Other Bond	Cost	None	None
Debentures	Cost	At Cost Price	Loss to profit and loss A/c.
Un quoted Shares (ordinary)	Cost	Cost	Loss to profit and loss A/c.
Quoted shares (ordinary)	Cost	Lower of cost or market price at balance sheet date	Loss to profit and loss A/c.

Quantitative Disclosure

Quantitative Disclosure

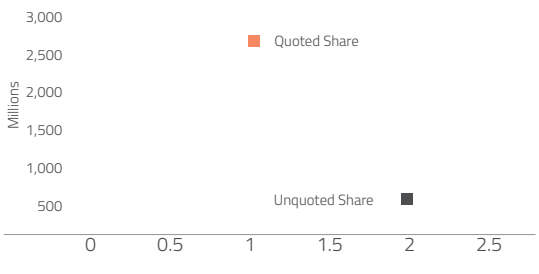
Amount in Taka

Quoted Shares

Particular	Cost of holding	Market Value	Unrealized Gain
Ordinary shares	2,590,165,595	2,398,268,546	(191,897,050)

Unquoted	Cost of holding
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	333,900,000
VIPB Growth Fund	86,805,000
IDLC Balanced Fund	100,000,000
HFAML-ACME UNIT FUND	20,000,000
Preference shares	
Union Capital Preference Share	20,000,000
Total	**609,164,190**

Changes in Market value of Equity



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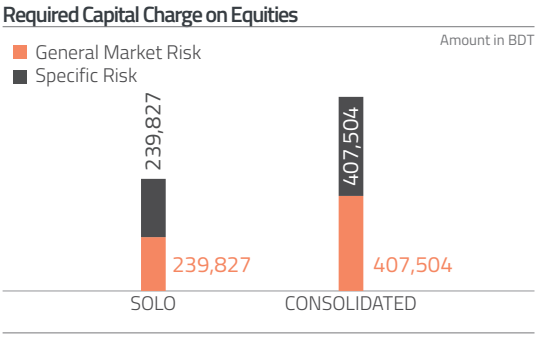
Quantitative Disclosure

Required Capital Charge on Equities

	Standalone	Consolidated
General Market Risk	239,826,855	407,503,891
Specific Risk	239,826,855	407,503,891
Total Capital Charge	479,653,709	815,007,783



6. Interest Rate Risk in the Banking Book (IRRBB)

Qualitative Disclosure

Qualitative Disclosure

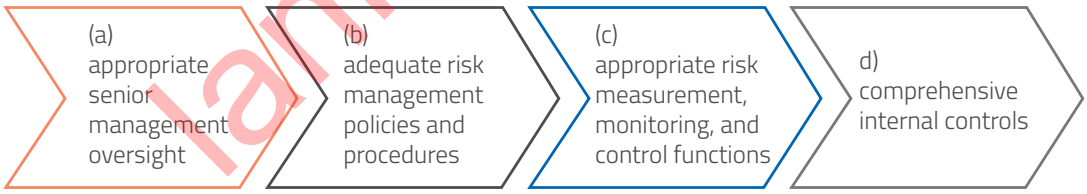
a) The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement:

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:

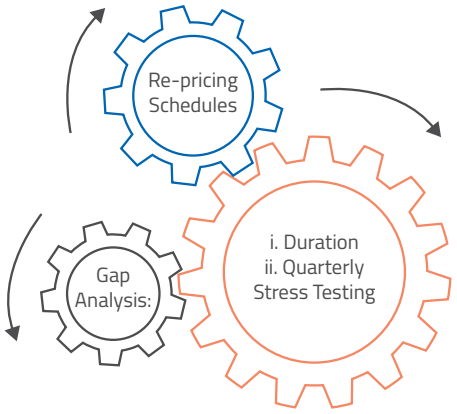
i. Earnings perspective: It affects a bank's earnings by changing its net interest income and the level of other interest sensitive income and operating expenses.

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



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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.

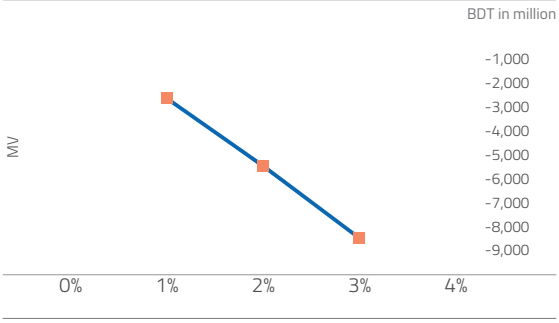
ii. Quarterly Stress Testing: It is conducted on quarterly basis as per the directives of Bangladesh Bank to gain better insight into the vulnerable issue of IRRB.

Quantitative Disclosure

Quantitative Disclosure

Particulars	Amount (BDT)		
Market Value of Assets			319,059,210,462
Market Value of Liabilities			283,991,677,224
Weighted Average of Duration of Assets (DA)			1.35%
Weighted Average of Duration of Liabilities (DL)			0.43%
Duration GAP (DA-DL)			0.97%
Yield to Maturity (YTM -Assets)			11.53%
Yield to Maturity (YTM -Liability)			4.38%
Magnitude of Interest Rate Change	1%	2%	3%
Change in market value of equity due to an increase in interest rate	-2,773,769,126	-5,547,538,253	-8,321,307,379
Stress Testing			
Regulatory capital (after shock)	29,163,518,068	26,389,748,942	23,615,979,815
RWA (after shock)	230,939,679,431	228,165,910,305	225,392,141,179
CAR (after shock)	12.63%	11.57%	10.48%

Changes in Market value of Equity



This is the outcome of duration gap analysis, which is done on quarterly basis as part of periodic Stress Testing of the bank.

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7. Market Risk Qualitative Disclosure		
Qualitative Disclosure	**a)** Views of BOD on trading/ investment activities	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 risk, are purchased to make profit from spreads between the bid and ask price are subject to market risk. 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. Liquidity Contingency plan and the guidelines of Bangladesh Bank in respect of CRR, SLR & 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. 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.
	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	**i. Asset Liability Management:** 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.

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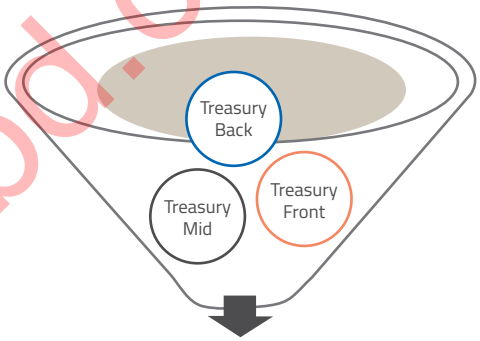
Qualitative Disclosure

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.

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.



Management of Market Risk and FX Risk

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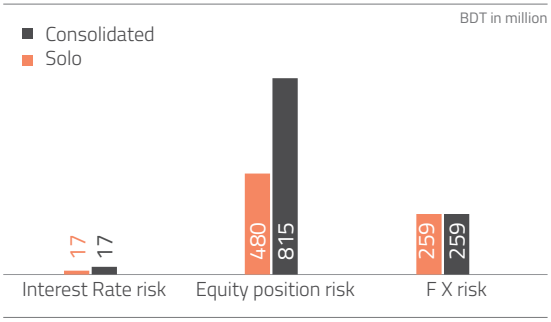
Quantitative Disclosure

Quantitative Disclosure

Capital Charge for Market Risk	Standalone	Consolidated
Interest Rate risk	16,717,744	16,717,744
Equity position risk	479,653,709	815,007,783
Foreign Exchange risk	259,026,186	259,026,186
Commodity risk	-	-
Total	**755,397,640**	**1,090,751,713**



	8. Operational Risk Qualitative Disclosure	
Qualitative Disclosure	**a)** Views of BOD on system to reduce Operational Risk	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. 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.
	b) Performance gap of executives and staffs	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 programs 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.
	c) Potential external events	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.
	d) Policies and processes for mitigating operational risk	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. Such maintenance of a bank-wide risk management framework enables every department to independently identify, assess and respond to changes in the operating environment. **Strategic Layer** ● Board Risk Management Committee **Managerial Layer** ● Enterprise Risk Management Committee **Operational Layer** ● Enterprise Risk Associates Forum

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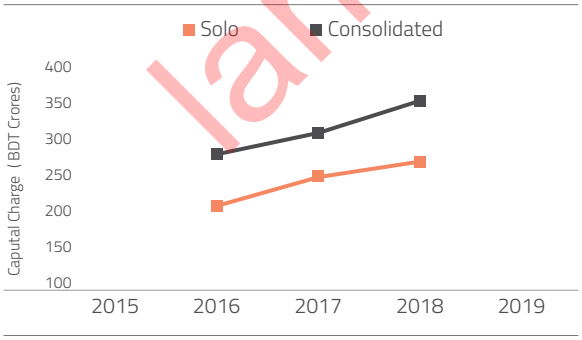
Qualitative Disclosure		Moreover, Internal Control and Compliance Division has key role in identifying and mitigating operational risk. This division works relentlessly under the guidance of Board Audit committee to manage operational risk issues of the bank. The audit committee delivers policies and directions from time to time to keep the operational efficiency of the bank up to the mark.
	e) Approach for Calculating Capital Charges for Operational Risk	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 a (alpha) of average positive gross annual income of the bank over the past three years. K = [(GI 1 + GI2 + GI3)a]/n Where:- K = the capital charge under the Basic Indicator Approach GI = only positive annual gross income over the previous three years (i.e. negative or zero gross income if any shall be excluded) a= 15% n = number of the previous three years for which gross income is positive.

Quantitative Disclosure

Quantitative Disclosure

Amount in Taka

	Standalone			Consolidated		
Year	Gross Income (GI)	Weight	15% of Average GI	Gross Income (GI)	Weight	15% of Average GI
2018	19,258,747,959	15%	2,888,812,194	26,208,931,318	15%	3,931,339,698
2017	18,675,785,175	15%	2,801,367,776	23,667,504,620	15%	3,550,125,693
2016	15,852,754,207	15%	2,377,913,131	20,073,491,741	15%	3,011,023,761
	Average		2,689,364,367	Average		2,689,364,367
Average Gross Income of three years				Average Gross Income of three years		
	53,787,287,341	15%	2,689,364,367	69,949,927,678	15%	3,497,496,384



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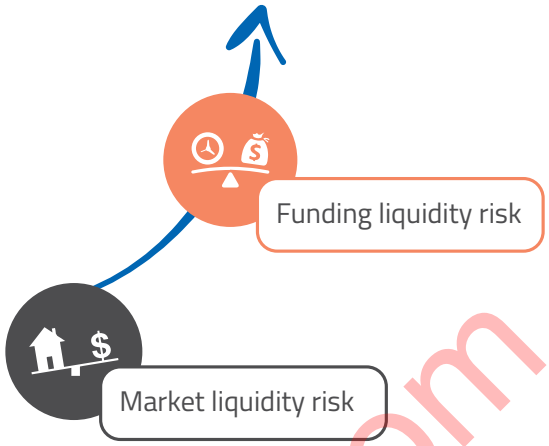
9. Liquidity Ratio
Qualitative Disclosure

Qualitative Disclosure

a) Views of BOD on system to reduce liquidity Risk

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.

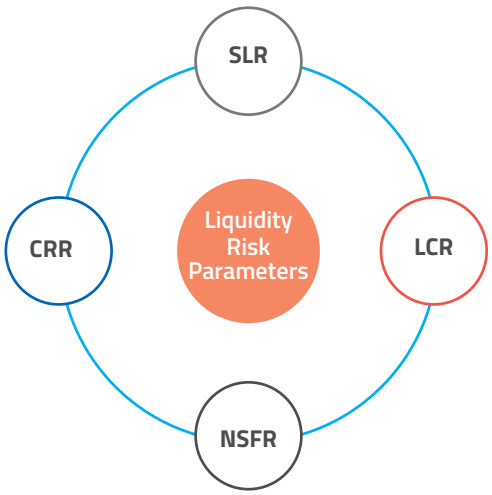
Types of Liquidity Risks



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

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.

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.



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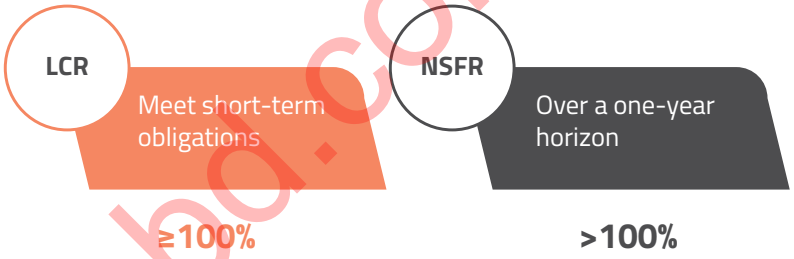
b) Methods used to measure Liquidity risk	We follow Bangladesh Bank's Risk Based Capital Adequacy guideline in line with Basel III. We also follow DOS circular no. 1, dated 1st January, 2015, on Implementation of Basel III liquidity ratio. The calculation methodology is illustrated in detail in the guideline provided by Bangladesh Bank. **Liquidity Coverage ratio:** 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). **Net stable funding ratio (NSFR):** 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 equal or exceed 100%. 
c) Liquidity risk management system	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. 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.

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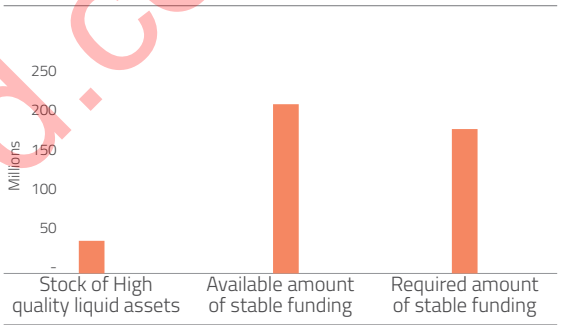
Qualitative Disclosure	**d)** Policies and processes for mitigating liquidity risk	Asset Liability Management (ALM) is the core job and integral part of Bank Management. Changes in market liquidity and in interest rate exposes Bank's business to the risk of loss, which may, in extreme cases, threaten 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. 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 & regulatory environment and prudent guidelines of the central bank.

Quantitative Disclosure

Quantitative Disclosure

Particular	As on December 31, 2018
Liquidity Coverage Ratio	143.54%
Net Stable Funding Ratio	123.54%
Stock of High quality liquid assets	41,533,384
Available amount of stable funding	265,655,254
Required amount of stable funding	215,030,899



10. Leverage Ratio

Qualitative Disclosure

Qualitative Disclosure	**a)** Views of BOD on system to reduce excessive leverage	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. 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. 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.

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b) Policies and processes for managing excessive on and off-balance sheet leverage	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. **Leverage Ratio:** Tier 1 Capital (after related deductions)/Total Exposure (after related deductions)

Quantitative Disclosure

Quantitative Disclosure

Particular	Standalone	Consolidated
Tier-1 Capital (considering all regulatory adjustments)	28,779,980,403	36,294,452,551
On-Balance Sheet Exposure	309,983,686,044	354,071,738,372
Off-Balance Sheet Exposure	40,448,552,841	40,448,552,841
Total Exposure	348,055,417,893	389,659,955,579
Leverage Ratio	8.27%	9.31%

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11. Remuneration Qualitative Disclosure		
a) Information relating to the bodies that oversee remuneration:		
Qualitative Disclosure	i. Name, composition and mandate of the main body overseeing remuneration	The remuneration issues in BRAC Bank are overseen by the Senior Management. It comprises the Managing Director & CEO, the Deputy Managing Director and the Divisional Heads. **Remuneration during Joining:** Head of Human Resources, Head of Compensation & Rewards along with concerned Functional Head fix the remuneration based on fitment analysis of the incoming employee. **Remuneration after Joining:** 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. Cost of living adjustment is given to the eligible employees as per Bank's policy on yearly basis.
	ii. External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.	
	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	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.
	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.	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.
b) Information relating to the design and structure of remuneration processes:		
	i. An overview of the key features and objectives of remuneration policy.	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. Upon recommendation from the Management, Board of Directors have the authority to approve and amend the policy. The remuneration policy of the Bank cover all persons engaged in permanent service of the Bank.

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Qualitative Disclosure

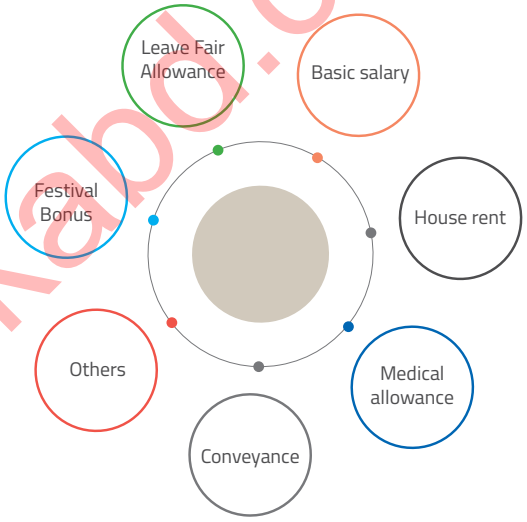
Bank has different Job Grades for various levels of employee. Job grade is decided on the basis of an analytic assessment of the position based on the size, responsibilities, decision-making authorities, nature and scope of the job.

THE FOLLOWING ARE THE JOB GRADES OF BRAC BANK LIMITED:

- Deputy Managing Director
- Senior Executive Vice President
- Executive Vice President
- Senior Vice President
- Vice President
- Senior Assistant Vice President
- First Assistant Vice President
- Assistant Vice President
- Senior Principal Officer
- Principal Officer
- Senior Officer, Management Trainee
- Officer Grade II, Young Professional, Junior Professional
- Officer Grade I

Managing Director & CEO is not a permanent position. It is a fixed term contractual position as per Bangladesh Bank's approval.

THE MONTHLY GROSS SALARY OF AN EMPLOYEE HAVE THE FOLLOWING COMPONENTS:



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.

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.

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Qualitative Disclosure	ii. Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.	N/A
	iii. A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.	Employees engaged in control functions (risk management, human resources, audit, compliance, etc.) are independent from the business units they oversee, have appropriate authority, and are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.
	c) Description of the ways in which current and future risks are taken into account in the remuneration processes:	
	i. An overview of the key risks that the bank takes into account when implementing remuneration measures.	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.
	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).	
	iii. A discussion of the ways in which these measures affect remuneration.	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. 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
	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.	All measures remain unchanged during the past year.
	d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:	

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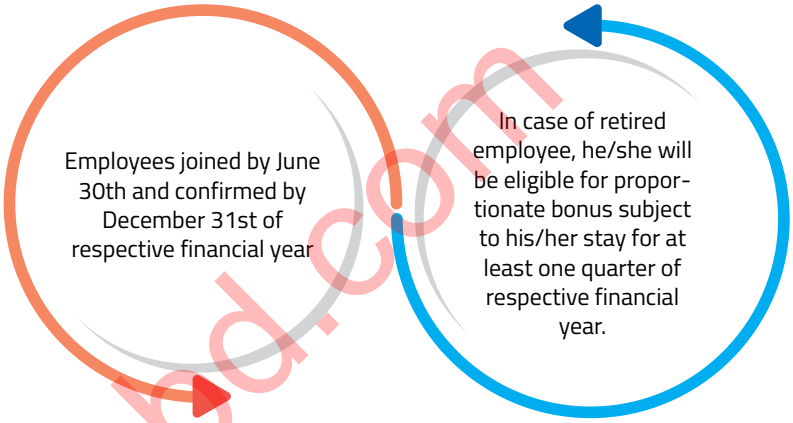
Qualitative Disclosure	i. An overview of main performance metrics for bank, top-level business lines and individuals.	▪ Based on the Bank's profit, the Board of Directors at their discretion declare a certain percentage of the pre-tax profit as Performance Bonus. ▪ The method of distribution is based at Management discretion. ▪ No bonus will be applicable to the employees rating with needs improvement/unsatisfactory performance. ▪ Bonus is declared as per individual employee performance. The ratings and associated bonus amount is decided by the Management committee ▪ 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. **Eligibility criteria are as follows:**  However, bonus will be calculated on Pro Rata Basis based on confirmation date for the rest of the calendar year.
	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.
e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance:		
Qualitative Disclosure	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.

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	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:		
Qualitative Disclosure	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 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		
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, 2018. No payment is made to Committee members for their membership of the Committee.	
	b) i. The number of persons having received a variable remuneration award during the financial year: Employee No. 7381 Total Amount: BDT 565,368,454	
	ii. Number and total amount of guaranteed bonuses awarded during the financial year: Employee No. 7081 Total Festival Bonus: BDT 306,947,997	
	iii. Number and total amount of sign-on awards made during the financial year: Nil	
	iv. Number and total amount of termination payments made during the financial year: Employee No. 34 Termination Payments: BDT 1,051,595	

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Quantitative Disclosure	**c)** i. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms: Nil
	ii. Total amount of deferred remuneration paid out in the financial year: Nil
	d) Breakdown of the amount of remuneration awards for the financial year to show:
	i. Fixed and variable: Fixed: BDT 4,127,725,646 Variable: BDT 565,368,454
	ii. Deferred and non-deferred: N/A
	iii. The different forms used (cash, shares and share-linked instruments and other forms): N/A
	e) Quantitative information about employees' exposure to implicit and explicit adjustments of deferred remuneration and retained remuneration:
	i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments: Nil
	ii. Total amount of reductions during the financial year due to ex post explicit adjustments: Nil
	iii. Total amount of reductions during the financial year due to ex post implicit adjustments: Ni

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2018 Financial Statements

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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 balance sheets as at 31 December 2018 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements 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 balance sheet of the Group and the separate balance sheet of the Bank as at 31 December 2018, and of its consolidated and separate profit and loss accounts 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.

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), 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. 2.7.1.3, 7.12 and 17.1 to the financial statements.

The key audit matter	How the matter was addressed in our audit
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: ● Future business performance of the borrower; ● Key assumptions relating to further business performance of the borrower; ● Market value of the collateral; and ● Ability to repossess collateral. 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. Due to high level of judgement involved and using some manual process in estimating the provision for loans and advance, we considered this to be a key audit matter.	We tested the design and operating effectiveness of key controls focusing on the following: ● Tested the credit monitoring and provisioning process; ● Identification of loss events, including early warning and default warning indicators; and ● Reviewed quarterly Classification of Loans (CL). Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following: ● Reviewed the adequacy of the companies general and specific provisions; ● Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; and

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The key audit matter	How the matter was addressed in our audit
At year end the Group and Bank reported total gross loans and advances of BDT 238,400 million (2017: BDT 203,431 million) and BDT 238,008 million (BDT 202,559 million) respectively and provision for loans and advances of BDT 8,639 million (2017: BDT 9,058 million) and BDT 7,580 million (2017: BDT 7,999 million) respectively.	● Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

2. Valuation of treasury bill and treasury bond

See note no 2.7.1.2; 6.1.2; 6.1.3 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The classification and measurement of treasury bill and treasury bond require significant judgment and complex estimates. In the absence of quoted price in an active market, the fair value of treasury bill and treasury bond is determined using complex valuation techniques which takes into consideration of direct or indirect unobservable market data and complex pricing models.	We tested the design and operating effectiveness of key controls focusing on the classification and measurement of treasury bill and treaury bond. We tested a sample of the valuation models and the inputs used in those models using a variety of techniques applicable in the circumstances. Finally we have assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

3. Measurement of deferred tax assets

See note no 2.5.2; 9.4 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group and the Bank have reported net deferred tax assets to totaling BDT 1,840 million (2017: BDT 1,885 million) and BDT 1,558 million (2017: BDT 1,603 million) respectively as at 31 December 2018. Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.	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 Group and Bank's future taxable income. We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTA's. Finally we assessed the appropriateness and presentation of disclosures as per IAS 12 Income Tax.

4. Legal and regulatory matters

The key audit matter	How the matter was addressed in our audit
We focused on legal and regulatory matters because the Group and the Bank operate 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. These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions and other contingent liabilities.	We obtained an understanding of the Group and the Bank's key controls over the legal provision and contingencies process. We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters. We enquired of 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 counsel. We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information. We also assessed the Bank's provisions and contingent liabilities disclosure.

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5. IT systems and controls

See note no 2.15.6 to the financial statements.

The key audit matter	How the matter was addressed in our audit
Our audit procedures have a focus 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. 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.	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 testing 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. Where deficiencies were identified, we tested compensating controls or performed alternate procedures. 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.

6. Carrying value of investments in subsidiaries by the Bank

See note no 2.7.1.2; 2.7.1.2.1 and 9.2 to the financial statements.

The key audit matter	How the matter was addressed in our audit
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 2018 the carrying value of these investment is BDT 4,462 million. 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. 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.	We have reviewed management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36 Impairment of Assets. 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.

7. Impairment testing of goodwill

See note no 2.7.1.7; 11 and 38.1 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group has recognised goodwill BDT 1,427 million (2017: BDT 1,351 million). The goodwill has arisen from BRAC EPL Stock Brokerage Limited, BRAC EPL Investments Limited and BRAC SAAJAN Exchange Limited. 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).	Our audit procedures in this area included, among others: ● 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 externally derived data as well as our own assessments based on our knowledge of the client and the industry; ● 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 ● evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.

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Other Matter

The consolidated financial statements of the Group and also separate financial statements of the Bank as at and for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 22 March 2018.

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, 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls 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 2018 of two subsidiaries namely BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited and one associate namely BRAC IT Services Limited has 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;

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(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 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;

(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 7,200 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, 21 March 2019

Rahman Rahman Huq
Chartered Accountants

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BRAC Bank Limited and it's subsidiaries

Consolidated Balance Sheet

As at 31 December 2018

Particulars	Note	2018 Taka	2017 Taka
PROPERTY AND ASSETS			
Cash	3	**22,394,474,142**	**18,301,854,032**
Cash in hand (Including foreign currency)		6,674,699,654	6,109,792,050
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		15,719,774,488	12,192,061,982
Balance with other banks and financial institutions	4	**44,651,943,921**	**43,355,772,365**
Inside Bangladesh		41,918,719,170	39,974,980,085
Outside Bangladesh		2,733,224,751	3,380,792,280
Money at call on short notice			
Investments	6	**35,133,273,327**	**26,889,161,707**
Government		27,925,905,144	19,193,023,616
Others		7,207,368,183	7,696,138,091
Loans and advances	7	**238,400,399,660**	**203,431,019,401**
Loans, cash credit, overdrafts etc.		139,883,617,667	116,620,559,298
Small and medium enterprises		80,422,409,963	81,064,166,152
Bills purchased & discounted		18,094,372,030	5,746,293,951
Fixed assets including premises, furniture and fixtures	8	**6,265,160,203**	**5,610,423,547**
Other assets	9	**9,665,434,144**	**9,314,360,181**
Non-banking assets	10	**66,471,775**	**63,430,075**
Goodwill	11	**1,427,468,911**	**1,350,628,757**
Total property and assets		**358,004,626,083**	**308,316,650,065**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	**22,958,478,616**	**23,210,933,175**
Borrowings from Bangladesh Bank	13	**8,344,796,525**	**5,595,585,766**
Convertible subordinated bonds	14	**-**	**2,850,148,000**
Money at call on short notice	15	**-**	**2,700,000,000**
Deposits and other accounts	16	255,073,828,613	216,929,919,763
Current accounts and other accounts		80,225,826,007	83,474,319,154
Bills payable		1,528,433,733	1,013,749,416
Savings deposits		38,320,761,103	35,100,923,580
Fixed deposits		133,388,177,229	95,556,881,123
Other deposits		1,610,630,541	1,784,046,490
Other liabilities	17	**29,927,337,027**	**28,600,220,470**
Total liabilities		**316,304,440,781**	**279,886,807,174**
Capital and shareholders' equity			
Paid up capital	18.2	10,725,002,850	8,552,096,940
Share premium	18.7	3,853,767,032	3,738,490,072
Statutory reserve	19	6,428,088,086	4,813,606,868
Dividend equalization fund	20	355,218,455	355,218,455
Revaluation reserve on govt. securities	21.1	5,593,264	23,306,557
Assets revaluation reserve	21.2	478,558,600	516,373,535
Fair value reserve		78,920,073	-
Translation reserve		(17,674,822)	(5,825,691)
Surplus in profit and loss account/Retained earnings	22.1	13,342,589,185	8,606,876,878
Total shareholders' equity		**35,250,062,723**	**26,600,143,614**
Non controlling interest	22.2	**6,450,122,579**	**1,829,699,277**
Total equity		**41,700,185,302**	**28,429,842,891**
Total liabilities and equity		**358,004,626,083**	**308,316,650,065**
Off Balance Sheet Items			

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BRAC Bank Limited and it's subsidiaries

Consolidated Balance Sheet

As at 31 December 2018

Particulars	Note	2018 Taka	2017 Taka
Contingent liabilities			
Acceptances and endorsements	23.1	31,170,526,059	21,855,158,644
Irrevocable letters of credit	23.1	16,394,979,800	22,568,919,488
Letter of guarantees	23.2	10,218,069,408	8,109,659,718
Bills for collection	23.3	5,092,871,749	4,015,469,603
Other contingent liabilities		16,666,535,551	11,701,210,934
Total	23	**79,542,982,567**	**68,250,418,387**
Other commitments			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		**-**	**-**
Total Off-Balance Sheet items including contingent liabilities		**79,542,982,567**	**68,250,418,387**

The annexed notes 1 to 48 form an integral part of these financial statements.

Managing Director and CEO	Director	Director	Chairman

As per our report of same date.

Rahman Rahman Huq
Chartered Accountants

Dated, Dhaka
21 March 2019

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BRAC Bank Limited and it's subsidiaries

Consolidated Profit and Loss Account

For the year ended 31 December 2018

Particulars	Note	2018 Taka	2017 Taka
Interest income	25	27,463,966,939	21,734,412,978
Interest paid on deposits and borrowing etc.	26	11,660,482,140	8,200,931,514
Net interest income		15,803,484,799	13,533,481,464
Investment income	27	2,782,984,186	2,914,699,537
Commission, exchange and brokerage	28	7,226,644,875	6,881,929,480
Other operating income	29	194,608,406	371,289,964
Total operating income (a)		**26,007,722,266**	**23,701,400,445**
Salaries and allowances	30	6,436,945,569	5,865,172,038
Rent, taxes, insurance, electricity etc.	31	1,532,970,820	1,424,790,306
Legal expenses		76,193,857	45,674,049
Postage, stamps, telecommunication etc.	32	321,719,919	300,037,460
Stationery, printing, advertisement etc.	33	2,169,679,696	1,392,850,352
Chief executive's salary and fees	34	13,971,499	13,309,000
Directors' fees and expenses	35	3,009,464	3,311,536
Auditors' fee	36	6,305,738	5,251,088
Depreciation and repairs to bank's assets	37	2,026,717,532	1,525,706,898
Other expenses	38	4,026,750,022	3,702,838,829
Total operating expenses (b)		**16,614,264,116**	**14,278,941,556**
Operating profit (c = a-b)		**9,393,458,150**	**9,422,458,889**
Share of profit/(loss) of associates	39	1,915,700	14,332,840
Gain/(loss) on disposal/loss of control of subsidiaries	1.2.5	-	(18,366)
Profit/(loss) before provisions (d)		**9,395,373,850**	**9,436,773,363**
Provision for loans/Investments:			
Loans and advances		683,745,138	992,782,725
Diminution in value of investments		116,400,000	(72,224,112)
Off balance sheet items		(37,000,000)	131,315,329
Other provisions		(10,762,161)	100,490,994
Total provision (e)	40	**752,382,977**	**1,152,364,936**
Total Profit/(loss) before taxes (f= d-e)		**8,642,990,873**	**8,284,408,427**
Provision for Taxation:			
Current tax expense		2,994,171,667	3,570,883,968
Deferred tax expense / (income)		(21,249,563)	(784,891,580)
Total provision for Taxation (g)	41	**2,972,922,104**	**2,785,992,388**
Net profit/(loss) after taxation (f-g)		**5,670,068,769**	**5,498,416,039**

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BRAC Bank Limited and it's subsidiaries

Consolidated Profit and Loss Account

For the year ended 31 December 2018

Particulars	Note	2018 Taka	2017 Taka
Attributable to:			
Equity holders of BRAC Bank Ltd.		5,546,423,706	5,192,790,974
Non controlling interest	22.2.1	123,645,063	305,625,065
		5,670,068,769	**5,498,416,039**
Retained earnings brought forward from previous year		8,606,876,878	6,934,903,963
Net profit attributable to the equity holders of the Bank		5,546,423,706	5,192,790,974
Net effect of all items directly recognized in Equity-retained earnings	22.1.1	2,948,770,389	(39,537,288)
Profit available for appropriation		**17,102,070,973**	**12,088,157,649**
Appropriations:			
Statutory reserve		1,614,481,218	1,343,256,536
General reserve		-	-
Dividend		2,145,000,570	2,138,024,235
		3,759,481,788	3,481,280,771
Retained Surplus		**13,342,589,185**	**8,606,876,878**
Earnings Per Share (EPS) [previous year's figure restated]	**42**	**5.17**	**4.86**

The annexed notes 1 to 48 form an integral part of these financial statements.

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Managing Director and CEO	Director	Director	Chairman

As per our report of same date.

Rahman Rahman Huq
Chartered Accountants

Dated, Dhaka
21 March 2019

BRAC Bank Limited and it's 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	Translation reserve	Retained earnings	Non-controlling interest	Total
Balance as at 01 January 2018	8,552,096,940	3,738,490,072	4,813,606,868	355,218,455	23,306,557	516,373,535	-	(5,825,691)	8,606,876,878	1,829,699,277	28,429,842,891
Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-
Restated balance	8,552,096,940	3,738,490,072	4,813,606,868	355,218,455	23,306,557	516,373,535	-	(5,825,691)	8,606,876,878	1,829,699,277	28,429,842,891
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 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
Net gains and losses not recognized in the income statement	8,580,002,280	3,853,767,032	4,813,606,868	355,218,455	5,593,264	478,558,600	78,920,073	(17,674,822)	11,555,647,267	6,326,477,516	36,030,116,533
Net profit for the year	-	-	-	-	-	-	-	-	5,546,423,706	123,645,063	5,670,068,769
Dividend for the year 2017:											-
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)	-	-
Balance as at 31 December 2018	10,725,002,850	3,853,767,032	6,428,088,086	355,218,455	5,593,264	478,558,600	78,920,073	(17,674,822)	13,342,589,185	6,450,122,579	41,700,185,302

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BRAC Bank Limited and it's subsidiaries

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

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	Translation reserve	Retained earnings	Non-controlling interest	Total
Balance as at 01 January 2017	7,104,369,100	3,659,942,031	3,470,350,332	355,218,455	111,643,709	516,373,535	-	(19,611,143)	6,954,515,106	1,587,099,687	23,739,900,812
Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-
Restated balance	7,104,369,100	3,659,942,031	3,470,350,332	355,218,455	111,643,709	516,373,535	-	(19,611,143)	6,954,515,106	1,587,099,687	23,739,900,812
Surplus/(deficit) on account of revaluation of assets	-	-	-	-	-		-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments					(88,337,152)						(88,337,152)
Ordinary share issue against bond conversion	22,378,350	-	-	-	-	-	-	-	-	-	22,378,350
Share premium against bond conversion	-	78,548,041	-	-	-	-	-	-	-	-	78,548,041
Changes in translation reserve	-	-	-	-	-	-	-	13,785,452	-	4,595,151	18,380,603
Effect of change of shareholding in subsidiaries									(53,688,308)	(67,620,626)	(121,308,934)
Dividend of BRAC EPL Stock Brokerage Ltd.	-	-	-	-	-	-	-	-	(224,508,300)	-	(224,508,300)
Reserve for stock dividend from BRAC EPL Stock Brokerage Ltd.	-	-	-	-	-	-	-	-	224,508,300	-	224,508,300
Net gains and losses not recognized in the income statement	7,126,747,450	3,738,490,072	3,470,350,332	355,218,455	23,306,557	516,373,535	-	(5,825,691)	6,900,826,798	1,524,074,212	23,649,561,720
Net profit for the year	-	-	-	-	-	-	-	-	5,192,790,974	305,625,065	5,498,416,039
Dividend for the year 2016:											-
Stock dividend	1,425,349,490	-	-	-	-	-	-	-	(1,425,349,490)	-	-
Cash dividend	-	-	-	-	-	-	-	-	(712,674,745)	-	(712,674,745)
Dividend equalization fund	-	-	-	-	-	-	-	-	-	-	-
Statutory reserve			1,343,256,536						(1,343,256,536)		-
Cash dividend distributed by BRAC Saajan Ltd.	-	-	-	-	-	-	-	-	(5,460,123)	-	(5,460,123)
Balance as at 31 December 2017	8,552,096,940	3,738,490,072	4,813,606,868	355,218,455	23,306,557	516,373,535	-	(5,825,691)	8,606,876,878	1,829,699,277	28,429,842,891

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

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BRAC Bank Limited and it's subsidiaries

Consolidated Cash Flow Statement

For the year ended 31 December 2018

Particulars	Note	2018 Taka	2017 Taka
A. Cash flows from operating activities			
Interest receipts		28,506,784,368	23,845,509,932
Interest payment		(9,444,568,536)	(7,843,426,431)
Dividend receipts		130,303,495	125,764,206
Fees and commission receipts		9,734,938,068	6,959,743,854
Recoveries on loans previously written off		783,059,719	1,039,185,296
Cash payments to employees		(6,442,614,761)	(5,781,431,137)
Cash payments to suppliers		(4,474,810,215)	(2,502,587,138)
Income tax paid		(6,237,375,921)	(2,525,997,559)
Receipts from other operating activities	44	1,274,506,265	1,890,333,780
Payment for other operating activities	45	(4,741,384,440)	(4,744,293,106)
Operating profit before changes in operating assets and liabilities (i)		**9,088,838,042**	**10,462,801,697**
Increase/decrease in operating assets and liabilities			
Loans and advances		(35,188,943,781)	(28,265,949,664)
Other assets		(519,357,959)	(1,490,251,550)
Deposits from other banks/borrowings		2,253,364,069	1,738,848,780
Deposits from customers		36,223,010,234	34,750,597,331
Other liabilities		(1,382,610,506)	4,178,314,409
Cash utilized in operating assets and liabilities (ii)		1,385,462,057	10,911,559,306
Net cash flows from/(used in) operating activities (i+ii) (a)		**10,474,300,099**	**21,374,361,003**
B. Cash flows from investing activities			
Treasury bills		(12,328,600,474)	(1,137,623,369)
Bangladesh Bank Bills		2,497,936,800	(2,497,936,800)
Treasury bonds		1,096,934,546	1,399,779,844
Sale/ (Investment) in shares		(591,052,996)	(1,674,766,424)
Investment in Bonds		927,000,000	(67,000,000)
Redemption of BBL Bond		(2,706,965,700)	-
Acquisition of fixed assets		(1,472,629,813)	(2,083,299,438)
Disposal of Fixed Assets		62,349,104	83,940,294
Net cash flows from/(used in) investing activities (b)		**(12,515,028,533)**	**(5,976,905,893)**
C. Cash flows from financing activities			
Proceeds from issue of convertible preference shares		7,444,202,254	-
Share Premium		-	4,614,731
Cash Dividend paid		(347,296)	(696,157,876)
Net cash flows from/(used in) financing activities (c)		**7,443,854,958**	**(691,543,145)**
Net increase/(decrease) in cash (a+b+c)		5,403,126,524	14,705,911,965
Cash and cash equivalents at the beginning of the year		61,659,571,597	46,977,708,909
Effect of Exchange rate changes on cash and cash equivalent		(15,182,458)	28,633,697
Adjustment for disposal of biTS		-	(52,682,974)
Cash and cash equivalents at the end of the year	43	**67,047,515,663**	**61,659,571,597**
Cash and cash equivalents at end of the year:			
Cash in hand (including foreign currency)		6,674,699,654	6,109,792,050
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		15,719,774,488	12,192,061,982
Balance with other banks and financial institutions		44,651,943,921	43,355,772,365
Prize Bond		1,097,600	1,945,200
		67,047,515,663	**61,659,571,597**

The annexed notes 1 to 48 form an integral part of these financial statements.

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BRAC Bank Limited and it's subsidiaries

Consolidated Liquidity Statement (Asset and Liability Maturity Analysis)

As at 31 December 2018

Amount in Taka

Particulars	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
Assets						
Cash in hand and Balance with BB	10,747,681,545	-	-	-	11,646,792,597	22,394,474,142
Balance with other banks and financial	11,422,716,156	13,433,079,882	19,796,147,883	-	-	44,651,943,921
Institutions (Including foreign currencies)						
Money at call on short notice	-	-	-	-	-	-
Investments	7,800,401,756	1,500,938,330	6,699,551,236	7,758,224,089	11,374,157,916	35,133,273,327
Loans and advances	26,145,611,032	43,479,197,003	96,371,000,008	63,507,675,527	8,896,916,090	238,400,399,660
Fixed assets including premises, furniture and fixtures	-	-	-	5,276,346,484	988,813,719	6,265,160,203
Other assets	2,984,967,360	124,197,285	1,470,527,678	873,762,859	4,211,978,962	9,665,434,144
Non - banking assets	-	-	-	66,471,775	-	66,471,775
Goodwill		-	-	-	1,427,468,911	1,427,468,911
Total Assets	**59,101,377,849**	**58,537,412,500**	**124,337,226,805**	**77,482,480,734**	**38,546,128,195**	**358,004,626,083**
Liabilities						
Borrowings from Bangladesh bank, other Banks, financial institutions and agents	1,817,328,613	9,854,357,615	12,216,615,264	6,925,545,149	489,428,500	31,303,275,141
Convertible subordinated debts	-	-	-	-	-	-
Money at call on short notice	-	-	-	-	-	-
Deposits and other accounts	36,688,058,899	44,479,570,136	99,384,875,770	56,132,933,904	18,388,389,904	255,073,828,613
Other liabilities	6,050,732,877	1,641,398,477	9,301,734,140	4,374,707,561	8,558,763,972	29,927,337,027
Non-controlling interest	-	-	-	-	6,450,122,579	6,450,122,579
Total Liabilities	**44,556,120,389**	**55,975,326,228**	**120,903,225,174**	**67,433,186,614**	**33,886,704,955**	**322,754,563,360**
Net liquidity Gap	**14,545,257,460**	**2,562,086,272**	**3,434,001,631**	**10,049,294,120**	**4,659,423,240**	**35,250,062,723**

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

The annexed notes 1 to 48 form an integral part of these financial statements.

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BRAC BANK LIMITED

Balance Sheet

As at 31 December 2018

Particulars	Note	2018 Taka	2017 Taka
PROPERTY AND ASSETS			
Cash	3	**22,374,550,269**	**18,284,483,347**
Cash in hand (Including foreign currency)		6,654,775,781	6,092,421,365
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		15,719,774,488	12,192,061,982
Balance with other banks and financial institutions	4	**14,878,545,136**	**19,396,241,229**
Inside Bangladesh		12,484,067,930	16,238,997,504
Outside Bangladesh		2,394,477,206	3,157,243,725
Money at call on short notice	5	-	-
Investments	6	**25,765,118,241**	**24,966,255,428**
Government		20,341,016,406	19,193,023,616
Others		5,424,101,835	5,773,231,812
Loans and advances	7	**238,008,103,268**	**202,559,380,746**
Loans, cash credit, overdrafts etc.		139,491,321,275	115,748,920,643
Small and medium enterprises		80,422,409,963	81,064,166,152
Bills purchased & discounted		18,094,372,030	5,746,293,951
Fixed assets including premises, furniture and fixtures	8	**4,300,651,117**	**4,275,180,860**
Other assets	9	**10,023,235,468**	**9,642,147,911**
Non-banking assets	10	**66,471,775**	**63,430,075**
Total property and assets		**315,416,675,274**	**279,187,119,596**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	12	**22,958,478,616**	**23,210,933,175**
Borrowings from Bangladesh Bank	13	**8,344,796,525**	**5,595,585,766**
Convertible Subordinate Bonds	14	-	**2,850,148,000**
Money at call on short notice	15	-	**2,700,000,000**
Deposits and other accounts	16	**228,622,409,702**	**196,224,439,257**
Current accounts & other accounts		53,562,341,970	62,304,458,807
Bills payable		1,528,433,733	1,013,749,416
Savings deposits		38,320,761,103	35,100,923,580
Fixed deposits		133,600,242,355	96,018,419,796
Other deposits		1,610,630,541	1,786,887,658
Other liabilities	17	**23,853,038,592**	**22,615,207,423**
Total Liabilities		**283,778,723,435**	**253,196,313,621**
Capital and shareholders' equity			
Paid up capital	18.2	10,725,002,850	8,552,096,940
Share premium	18.7	3,853,767,032	3,738,490,072
Statutory reserve	19	6,428,088,086	4,813,606,868
Dividend equalization fund	20	355,218,455	355,218,455
Revaluation reserve on govt. securities	21.1	5,593,264	23,306,557
Assets revaluation reserve	21.2	478,558,600	516,373,535
Translation reserve		(3,001,421)	-
Surplus in profit and loss account/Retained earnings	22	9,794,724,973	7,991,713,548
Total shareholders' equity		31,637,951,839	25,990,805,975
Total liabilities and shareholders' equity		**315,416,675,274**	**279,187,119,596**

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BRAC BANK LIMITED

Balance Sheet

As at 31 December 2018

Particulars	Note	2018 Taka	2017 Taka
Off Balance Sheet Items			
Contingent liabilities			
Acceptances and endorsements	23.1	31,170,526,059	21,855,158,644
Irrevocable letters of credit	23.1	16,394,979,800	22,568,919,488
Letter of guarantees	23.2	10,218,069,408	8,109,659,718
Bills for collection	23.3	5,092,871,749	4,015,469,603
Other contingent liabilities		16,666,535,551	11,701,210,934
Total	23	**79,542,982,567**	**68,250,418,387**
Other Commitments			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		**-**	**-**
Total Off-Balance Sheet items including contingent liabilities		**79,542,982,567**	**68,250,418,387**

The annexed notes 1 to 48 form an integral part of these financial statements.

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Managing Director and CEO	Director	Director	Chairman

As per our report of same date.

Rahman Rahman Huq
Chartered Accountants

Dated, Dhaka
21 March 2019

BRAC BANK LIMITED

Profit and Loss Account

For the year ended 31 December 2018

Particulars	Note	2018 Taka	2017 Taka
Interest income	25	25,090,005,051	20,498,331,789
Interest paid on deposits and borrowing etc.	26	11,574,281,608	8,350,693,368
Net interest income		13,515,723,443	12,147,638,421
Investment income	27	2,961,103,311	3,580,988,216
Commission, exchange and brokerage	28	2,573,498,361	2,876,025,784
Other operating income	29	114,597,871	105,028,580
Total operating income (a)		**19,164,922,986**	**18,709,681,001**
Salaries and allowances	30	4,681,288,758	4,346,525,111
Rent, taxes, insurance, electricity etc.	31	1,408,720,244	1,311,823,891
Legal expenses		55,210,529	41,762,353
Postage, stamps, telecommunication etc.	32	272,339,766	249,590,090
Stationery, printing, advertisement etc.	33	292,462,722	303,641,768
Chief Executive's salary and fees	34	13,971,499	13,309,000
Directors' fees and expenses	35	1,297,200	1,356,680
Auditors' fee	36	1,644,500	1,469,703
Depreciation and repairs to bank's assets	37	1,155,998,577	844,185,219
Other expenses	38	2,459,714,775	2,546,177,562
Total operating expenses (b)		**10,342,648,570**	**9,659,841,377**
Profit/(loss) before provisions (c = a-b)		**8,822,274,416**	**9,049,839,624**
Provision for loans/Investments:			
Loans and advances		683,745,138	992,782,725
Diminution in value of investments		116,400,000	(72,224,112)
Off balance sheet items		(37,000,000)	131,315,329
Other provisions		(13,276,810)	100,490,994
Total provision (d)	40	**749,868,328**	**1,152,364,936**
Total Profit/(loss) before taxes (e= c-d)		**8,072,406,088**	**7,897,474,688**
Provision for Taxation:			
Current tax expense		2,523,031,538	3,196,240,955
Deferred tax expense / (income)		2,070,551	(548,886,313)
Total provision for Taxation (f)	41	**2,525,102,089**	**2,647,354,642**
Net profit/(loss) after taxation (e-f)		**5,547,303,999**	**5,250,120,046**

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BRAC BANK LIMITED

Profit and Loss Account

For the year ended 31 December 2018

Particulars	Note	2018 Taka	2017 Taka
Retained earnings brought forward from previous period/year		7,991,713,548	6,222,874,273
Net effect of all items directly recognized in Equity-retained earnings		15,189,214	-
Profit available for appropriation		**13,554,206,761**	**11,472,994,319**
Appropriations:			
Statutory reserve		1,614,481,218	1,343,256,536
General reserve		-	-
Dividend		2,145,000,570	2,138,024,235
		3,759,481,788	3,481,280,771
Retained Surplus		**9,794,724,973**	**7,991,713,548**
Earnings Per Share (EPS) [previous year's figure restated]	42	**5.17**	**4.91**

The annexed notes 1 to 48 form an integral part of these financial statements.

Managing Director and CEO	Director	Director	Chairman

As per our report of same date.

Rahman Rahman Huq
Chartered Accountants

Dated, Dhaka
21 March 2019

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BRAC BANK LIMITED

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	Translation reserve	Retained earnings	Total
Balance as at 01 January 2018	**8,552,096,940**	**3,738,490,072**	**4,813,606,868**	**355,218,455**	**23,306,557**	**516,373,535**	**-**	**7,991,713,548**	**25,990,805,975**
Changes in accounting policy/adjustment	-	-	-	-	-	-	-	-	-
Restated balance	**8,552,096,940**	**3,738,490,072**	**4,813,606,868**	**355,218,455**	**23,306,557**	**516,373,535**	**-**	**7,991,713,548**	**25,990,805,975**
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) (Note - 9.5.3)								15,189,214	15,189,214
Changes in translation reserve	-	-	-	-	-	-	(3,001,421)	-	(3,001,421)
Net gains and losses not recognized in the income statement	**8,580,002,280**	**3,853,767,032**	**4,813,606,868**	**355,218,455**	**5,593,264**	**478,558,600**	**(3,001,421)**	**8,006,902,762**	**26,090,647,840**
Net profit for the period	-	-	-	-	-	-	-	5,547,303,999	5,547,303,999
Dividends for the year 2017:									
Stock dividend	2,145,000,570	-	-	-	-	-	-	(2,145,000,570)	-
Cash dividend	-	-	-	-	-	-	-	-	-
Statutory reserve	-	-	1,614,481,218	-	-	-	-	(1,614,481,218)	-
Balance as at 31 December 2018	**10,725,002,850**	**3,853,767,032**	**6,428,088,086**	**355,218,455**	**5,593,264**	**478,558,600**	**(3,001,421)**	**9,794,724,973**	**31,637,951,839**

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BRAC BANK LIMITED

Statement of Changes in Equity

For the year ended 31 December 2017

Amount in Taka

Particulars	Paid up capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation reserve	Translation reserve	Retained earnings	Total
Balance as at 01 January 2017	**7,104,369,100**	**3,659,942,031**	**3,470,350,332**	**355,218,455**	**111,643,709**	**516,373,535**	**-**	**6,222,874,273**	**21,440,771,435**
Changes in accounting policy/adjustment	-	-	-	-	-	-	-	-	-
Restated balance	**7,104,369,100**	**3,659,942,031**	**3,470,350,332**	**355,218,455**	**111,643,709**	**516,373,535**	**-**	**6,222,874,273**	**21,440,771,435**
Surplus/(deficit) on account of revaluation of assets	-	-	-	-	-		-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	(88,337,152)	-	-	-	(88,337,152)
Dividend equalization fund	-	-	-	-	-	-	-	-	-
Ordinary share issue against bond conversion	22,378,350	-	-	-	-	-	-	-	22,378,350
Share premium against bond conversion	-	78,548,041	-	-	-	-	-	-	78,548,041
Remeasurements of defined benefits liability (assets)								-	-
Changes in translation reserve	-	-	-	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	**7,126,747,450**	**3,738,490,072**	**3,470,350,332**	**355,218,455**	**23,306,557**	**516,373,535**	**-**	**6,222,874,273**	**21,453,360,674**
Net profit for the period	-	-	-	-	-	-	-	5,250,120,046	5,250,120,046
Dividends for the year 2016:									
Stock dividend	1,425,349,490	-	-	-	-	-	-	(1,425,349,490)	-
Cash dividend	-	-	-	-	-	-	-	(712,674,745)	(712,674,745)
Statutory reserve	-	-	1,343,256,536	-	-	-	-	(1,343,256,536)	-
Balance as at 31 December 2017	**8,552,096,940**	**3,738,490,072**	**4,813,606,868**	**355,218,455**	**23,306,557**	**516,373,535**	**-**	**7,991,713,548**	**25,990,805,975**

The annexed notes 1 to 48 form an integral part of these financial statements.

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BRAC BANK LIMITED

Cash Flow Statement

For the year ended 31 December 2018

Particulars	Note	2018 Taka	2017 Taka
A. Cash flows from operating activities			
Interest receipts		26,603,848,169	22,446,569,585
Interest payment		(9,397,279,034)	(8,002,201,800)
Dividend receipts		116,439,566	109,791,690
Fees and commission receipts		2,573,498,362	2,876,025,784
Recoveries on loans previously written off		783,059,719	1,039,185,296
Cash payments to employees		(4,727,144,076)	(4,330,282,194)
Cash payments to suppliers		(551,866,420)	(550,308,796)
Income tax paid		(3,336,896,324)	(2,260,670,310)
Receipts from other operating activities	44	1,229,120,886	1,554,280,737
Payment for other operating activities	45	(4,407,092,331)	(4,296,800,633)
Operating Cash flow before changes in operating assets and liabilities (i)		**8,885,688,517**	**8,585,589,358**
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(35,448,722,522)	(28,947,339,234)
Other assets		(149,709,898)	719,074,680
Deposits from other banks/borrowings		(203,243,800)	1,461,352,037
Deposits from customers		32,397,970,444	27,364,867,519
Other liabilities		(1,658,012,152)	1,926,802,394
Cash utilized in operating assets and liabilities (ii)		(5,061,717,928)	2,524,757,396
Net cash flows from/(used in) operating activities (i+ii) (a)		**3,823,970,589**	**11,110,346,754**
B. Cash flows from investing activities			
Treasury bills		(4,743,711,736)	(1,137,623,369)
Bangladesh Bank Bills		2,497,936,800	(2,497,936,800)
Treasury bonds		1,096,934,546	1,399,779,845
Sale/ (Investment) in shares		(577,870,023)	(263,676,346)
Investment in Bonds		927,000,000	(67,000,000)
Redemption of BBL Bond		(2,706,965,700)	-
Acquisition of fixed assets		(802,330,855)	(1,446,053,509)
Disposal of Fixed Assets		56,906,904	83,940,294
Net cash flows from/(used in) investing activities (b)		**(4,252,100,064)**	**(3,928,569,885)**
C. Cash flows from financing activities			
Dividend paid		(347,296)	(688,691,607)
Net cash flows from/(used in) financing activities (c)		**(347,296)**	**(688,691,607)**
Net increase/decrease in cash (a+b+c)		**(428,476,771)**	**6,493,085,262**
Cash and cash equivalents at the beginning of year		37,682,669,776	31,189,584,514
Cash and cash equivalents at the end of the year	43	**37,254,193,005**	**37,682,669,776**
Cash and cash equivalents at end of the year:			
Cash in hand (including foreign currency)		6,654,775,781	6,092,421,365
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		15,719,774,488	12,192,061,982
Balance with other banks and financial institutions		14,878,545,136	19,396,241,229
Prize Bond		1,097,600	1,945,200
		37,254,193,005	**37,682,669,776**

The annexed notes 1 to 48 form an integral part of these financial statements.

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BRAC BANK LIMITED

Liquidity Statement (Asset and Liability Maturity Analysis)

As at 31 December 2018

Amount in Taka

Particulars	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	Total
Assets						
Cash in hand and Balance with BB	10,727,757,672	-	-	-	11,646,792,597	22,374,550,269
Balance with other banks and financial	4,116,305,254	8,912,239,882	1,850,000,000	-	-	14,878,545,136
Institutions (Including foreign currencies)						
Money at call on short notice	-	-	-	-	-	-
Investments	6,657,949,305	1,500,938,330	2,363,279,565	7,661,237,494	7,581,713,547	25,765,118,241
Loans and advances	26,357,961,539	43,479,197,003	95,766,353,109	63,507,675,527	8,896,916,090	238,008,103,268
Fixed assets including premises, furniture and fixtures	-	-	-	3,311,837,398	988,813,719	4,300,651,117
Other assets	2,699,497,791	124,197,285	37,690,265	989,911,987	6,171,938,140	10,023,235,468
Non - banking assets	-	-	-	-	66,471,775	66,471,775
Total Assets	**50,559,471,561**	**54,016,572,500**	**100,017,322,939**	**75,470,662,406**	**35,352,645,868**	**315,416,675,274**
Liabilities						
Borrowings from Bangladesh bank, other Banks, financial institutions and agents	1,817,328,613	9,854,357,615	12,216,615,264	6,925,545,149	489,428,500	31,303,275,141
Convertible subordinated debts	-	-	-	-	-	-
Money at call on short notice	-	-	-	-	-	-
Deposits and other accounts	34,744,015,047	41,750,982,522	83,103,801,467	50,635,220,761	18,388,389,905	228,622,409,702
Other liabilities	5,493,026,844	1,627,950,597	3,813,085,409	4,311,004,468	8,607,971,274	23,853,038,592
Total Liabilities	**42,054,370,504**	**53,233,290,734**	**99,133,502,140**	**61,871,770,378**	**27,485,789,679**	**283,778,723,435**
Net liquidity Gap	**8,505,101,057**	**783,281,766**	**883,820,799**	**13,598,892,028**	**7,866,856,189**	**31,637,951,839**

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

The annexed notes 1 to 48 form an integral part of these financial statements.

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BRAC BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2018

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. The primary objective of the Bank is to carry on all kinds of banking businesses. The Bank could not start its operations till 3 June 2001 since the activity of the Bank was suspended by the honorable High Court of Bangladesh. Subsequently, the judgment of the High Court was set aside and dismissed by the Appellate Division of the Supreme Court on 4 June 2001 and accordingly, the Bank started its operations from 4 July 2001. At present the Bank has 186 branches (2017: 186 branches), 456 SME unit offices (2017: 457 SME unit offices) and 50 agent outlets across the country. The registered address of the Bank is situated at Anik Tower, 220/B Tejgaon Gulshan Link Road, Tejgaon, Dhaka-1208. BRAC Bank Limited is listed with 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 Limited 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, 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 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 186 branches, 456 SME unit offices and 50 agent outlets offering services in the heart of rural and urban communities.

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

1.1.2 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 Standalone 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

The Bank obtained permission from Bangladesh Bank on 11 March 2018 vide reference no BRPD(P-3)745/(50)2018-1806 to start the operation of Agent Banking and subsequenty started its commercial operation on 11 September 2018. Till 31 December 2018 there are 50 agent outlets launched around the country. The services that are currently being offered includes - Account Opening (Savings), Cash Deposit & Withdrawal (Agent Banking A/C), Cash Deposit in Branch A/C, SME Loan Repayment collection, Balance Inquiry, Internet Banking & SMS banking, Corporate Bill/Distributor Fee Collection, Insurance Premium Collection etc.

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1.2 Subsidiaries and Associates of the Bank

1.2.1 BRAC EPL Investments Limited (Subsidiary)

BRAC Bank Limited acquired 51% shares of Equity Partners Limited on 31 July 2009. This company 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 additional 25% shares in the company in 2011, additional 18.57% in 2016. During 2017, the Bank acquired another 5.275% shares in the company taking the total shareholding to 99.845% at the end of the year 2017.

BRAC EPL Investments Limited was established to cater to the needs of the fast growing capital markets in Bangladesh. It works as a merchant bank with a full-fledged merchant banking license from the Bangladesh Securities and Exchange Commission (BSEC). The company's services comprise of lead managing Initial Public Offerings, Domestic and International Placement, Portfolio Management and Project Development and Consultancy.

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 further 39% shares of EPL Stock Brokerage Limited. As a result, the Bank's control has increased to 90% shares of EPL Stock Brokerage Limited.

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

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 money transfer services in Bangladesh. The Bank has obtained a license from Bangladesh Bank for its subsidiary bKash for rendering the mobile financial services. Noteable that Alipay Singapore E- Commerce Private Limited (AliPay) invested in equity of bKash Limited in 2018. BRAC Bank Limited currently holds 51% equity shares in the company. Out of the remaining equity shares 29% (2017: 36.5%) held by Money in motion LLC (a company listed in the USA) , 9.9% (2017: 12.5%) held by International Finance Corporation (IFC) and the rest 10.1% (2017: nil) of equity shares are held by Alipay Singapore..

In 2014 with the consent of all existing shareholders, Bill & Melinda Gates Foundation (B&M) and in 2018 Alipay Singapore E-Commerce Private Limited ("Alipay") further invested in bKash in the form of convertible preference shares. Out of the total 87,963 convertible preference shares B&M holds 32,530 shares (2017: 40,970) and Alipay holds 55,433 shares (2017: Nil). The preference shareholders do not have any voting rights but has same rights as the equity shareholders with respect to economic interest in the company. These preference shares are convertible at 1:1 basis to ordinary shares at the option of the preferance shareholders. The consolidated Fianacial Statmenments have been prepared considering the potential dilution.

1.2.4 BRAC SAAJAN Exchange Limited (Subsidiary)

BRAC Bank Limited acquired 75%+1 share (249,992 shares out of the total share 333,333) of "Saajan Worldwide Money Transfer Limited" (SWMTL) in the UK. Bangladesh Bank has provided necessary approval of GBP 500,000 to acquire SWMTL and setting up two other new branches in Luton and Bradford, UK. As per the permission of Bangladesh Bank, SWMTL has already been renamed as "BRAC Saajan Exchange Ltd' (BSE). BRAC Bank Limited has been controlling and monitoring all its operations as a holding company.

BRAC Saajan exchange Limited was established to cater remmittance and exchange services in UK.

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. (bITS) was then formed in April, 2013 through the merger of Documenta™ Ltd and the IT Division of BRAC Bank. BRAC Bank Limited acquired 51% shares of BRAC IT Services Limited, a private company Limited by shares under the Companies Act 1994 incorporated 9 April 2013. It is currently operating as an IT Solution and Services company. In the year 2017, BRAC Bank Limited has reduced its holding in BRAC IT Services Limited from 51% to 49% by selling 1,034 no. of shares to BRAC. Due to the disposal of shares BRAC IT Services Limited, it is converted as "Associate" of the Bank at the end of the year 2017 from Subsidiary status.

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1.2.6 BRAC Asset Management Company Limited (Associate)

The bank has invested in 25% shares of BRAC Asset Management Company Limited that was incorporated in Bangladesh on 01 April 2010. However the company could not commence its operation till to date due to licence for Assets Management Company is pending with Bangladesh Securities and Exchange Commission (BSEC). As BSEC did not accord licence for the AMC operation, the Board has decided to strike -off the company and liqudation procedures are in progress as on 31 December 2019.

1.2.7 Summary of shareholding in subsidiary 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	
		2018	2017	2018	2017	2018	2017
BRAC EPL Investments Limited	BDT 10	258,500,000	258,500,000	258,100,078	258,100,078	99.85%	99.85%
BRAC EPL Stock Brokerage Limited	BDT 100	7,009,538	7,009,538	6,308,541	6,308,581	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	500,000	125,000	125,000	25.00%	25.00%

2 Basis of preparation of Financial Statements:

2.1 Consolidated and Separate Financial Statement

The separate financial statements of the bank for the year ended 31 December 2018 comprise the operation of Domestic Banking (main operation) as well as the operation of Off-shore Banking Unit (OBU), together referred to as "the Bank/ Company". The consolidated financial statement 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 Entiries/Subsidiaries/associates" as the case may be. There were no significant changes in the operations of the Bank/group entities. A summary of accounting principle and policies which have been applied consistently (Unless otherwise stated), are set out below:

2.1.1 Statement of Compliance and basis of preparation

The Financial Reporting Act, 2015 (FRA) was enacted in 2015. The Financial Reporting Council (FRC) under the FRA has been formed 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 the FRS is yet to be issued by FRC hence as per the provisions of the FRA (section -69), the consolidated and separate financial statements of the Group and the Bank respectively have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by The Institute of Chartered Accounants of Bangladesh (ICAB) and in addition to this the Bank complied with the requirements of 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, Bangladesh Securities and Exchange Commission (Public Issue) Rules 2015;
v) The Income Tax ordinance, 1984 and amendment thereon
vi) The Value Added Tax Act, 1991 and amendment 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 IFRSs, 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 will 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 (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

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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 book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognized at cost.

ii) Subsequent measurement of Government securities

IFRS: Government securities refer primarily 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 profit and loss account. Any changes in fair value of bonds designated as FVOCI is recognised in other reserve 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 profit and loss or other reserve 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 reserve as part of equity.

iii) Provision on loans and advances

IFRS: As per IFRS 9 Financial Instruments an entity shall recognize an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the 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 the 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 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. 19 dated 27 December 2012, BRPD circular no. 05 dated 29 May 2013 and BRPD circular no.1 dated 20 February 2018 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 & 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 the Other Comprehensive Income statement. However, elements of OCI, if any, are shown in the statement of changes in equity.

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v) Financial Instruments – presentations and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IFRS 9 Financial Instruments. As such some disclosure and presentation requirements of IFRS 7 Financial Instruments: Disclosures and IAS 32 Financial Instruments: Presentation, cannot be made in this 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 recognized 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 transactions and the financial assets are derecognized in the seller's book and recognized 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 collateralized repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognize 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 because a specified debtor fails to make payment when due in accordance with the term of debt instruments. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized 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 14, dated 25 June 2003, financial guarantees such as Letter of Credit, Letter of Guarantee should be treated as off balance items. no liability is recognized 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 bond 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 bond 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.

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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).

[Also refer to (note 2.14) Compliance of International Financial Reporting Standards (IFRSs)]

2.1.2 Going Concern

The accompanying financial statements have been prepared on a going concern assumption that the Bank will continue in operation for 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. The key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the Bank continued to show a healthy trend for couple of years. The rating outlook of the Bank as reported by all the rating agencies is "Stable". 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

These financial statements are presented in Bangladeshi Taka (BDT), which is the Bank's functional currency. The functional currency of Off-shore Banking Unit (OBU) and one of our Subsidiaries namely BRAC Saajan Exchange Limited is United States Dollar (USD) and Great Britain Pound (GBP) respectively. The financial statements of the above mentioned Unit and Subsidiary have been translated to 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 Bangladesh Taka (BDT). Except as indicated, figures have been rounded off to the nearest Taka.

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2.1.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The key item which involve these judgments, estimates and assumptions are discussed below:

Impairment losses on loans and advances

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

Other items

Other key items where estimates or judgement were involved includes:
a) Deferred tax (Note - 9.4)
b) Useful life of fixed assets (Note - 2.7.1.6, 37 & Annexure - F)
c) Revaluation of land (Note - 21.2 & Annexure - F)
d) Provisions (Note - 17.1)
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 38.1)

2.1.5 Materiality and aggregation

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

2.1.6 Comparative information

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

2.2 Basis of Consolidation

The consolidated financial statements include the financial statements of BRAC Bank Limited and its subsidiaries BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited and 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 2018.

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.

The 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 transaction 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 associate is accounted for in the consolidated financial statements under the "equity method". Under the equity method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognize the investor's share of the profits or losses of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognized in the investor's profit and loss account. Distributions received from an investee reduce the carrying amount of the investment.

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If holding in subsidiary disposed in such a way that the status of the holding now come 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 recognized directly in Consolidated Equity. Any share of profits and losses after such change/disposal have been recognized in Consolidated Profit and Loss as per equity method.

The Bank has two associates namely BRAC IT Services Limited (bITS) and BRAC Asset Management Company during the year and 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 (includes subsidiaries, associates, off-shore banking unit etc.) whose functional currency is not Bangladesh Taka are translated into Bangladesh taka as follows:

a. assets and liabilities for each statement of balance sheet have been translated at the closing rate on the date of balance sheet

b. income and expenses for the profit and Loss account have been translated at average rate.

2.4 Accounting for Provisions, Contingent Liabilities and Contingent Assets

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

No provision is recognized for-

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

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

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

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

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

Contingent assets are not recognized in the financial statement since this may result in the recognition of income that may never be realized. However due to regulations of Bangladesh Bank (Central Bank of Bangladesh) and Bank Company Act 1991 as amended, all items of such contingent assets/liabilites are shown as Off-Balance Sheet items under Balance Sheet of the Bank as a separate section.

2.5 Taxation

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

2.5.1 Current Tax

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

Provision for current income tax has been made @ 37.5% as prescribed in the Finance Act 2018 on the taxable income.

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2.5.2 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 recognized 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 utilized.

Deferred tax liabilities are recognized for all taxable temporary differences. They are also recognized 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 recognized 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 utilize 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 realized or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement reflects the tax consequences that would follow from the manner in which the bank, at the reporting date, recovers or settles the carrying amount of its assets and liabilities.

2.6 Reporting period

These financial statements cover one calendar year from 01 January to 31 December 2018.

2.7 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements except the recognition of defined benefit obligation and plan assets relating to the gratuity fund on the balance sheet of the Bank from 2018. The net effect in opening balance for such recognition have been charged in profit and loss considering the effect as immategial as per IAS - 8.

2.7.1 Assets and the basis of their valuation

2.7.1.1 Cash and cash equivalents

For the purpose of presentation in the cash flow statements, cash and cash equivalents includes cash in hand and cash at bank, highly liquid interest bearing investment/securities with original maturities of less than three month.

Cash flow statement is prepared in accordance with 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.

2.7.1.2 Investments (categorized and reported as per Bangladesh Bank)

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

Held to Maturity

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

Held for Trading

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

Revaluation

According to DOS Circular no. 05, dated 26 May 2008, DOS Circular no. 05, dated 28 January 2009, DOS Circular no. 02, dated 19 January 2012, the 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. The HTM securities are also revaluated if they are reclassified to HFT category with the Board's approval.

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Investment in quoted securities

These securities are bought and held primarily for the purpose of selling them in future or hold for dividend income which are reported at cost. Unrealized gains are not recognized in the profit and loss statement. But required provision 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 unrealized gain/loss of shares from market price/book value less cost price.

Besides, bank complied with Bangladesh Bank BRPD Circular no. 14 dated 25 June 2003 as follows, "All investment in shares and securities (both dealing and investment) should be revaluated 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 last audited balance sheet. Provision should be made for any loss arising from diminution in value of investment".

Investment in subsidiary

Investment in subsidiary is accounted 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 in associate

Investment in associate is accounted at cost in the separate financial statement and recognized in the consolidated financial statements under equity method as per IAS 28 "Investments in Associates and Joint Ventures".

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	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	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.
Investment in subsidiary	Cost	Cost less accumulated impairment, if any, 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, 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

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2.7.1.2.1 Impairment of investment in subsidiaries and associates

As per IAS 36 "Impairment", investment recognized either at cost or equity method need to review if there is any indication of impairment exists. 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.

2.7.1.3 Loans and Advances

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 is created based on the period of arrears by following Bangladesh Bank BRPD Circular no. 14 dated 23 September 2012, BRPD circular no. 15 of 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 and BRPD Circular no 13 dated 18 October 2018.

The classification rates are given below:

Business units		Rates of provision				
		Un-classified (UC)		Classified		
		Standard	Special Mention Account (SMA)	Substandard (SS)	Doubtful (DF)	Bad/loss (B/L)
Consumer Financing	House building	1%	1%	20%	50%	100%
	Loans for professionals	2%	2%	20%	50%	100%
	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 Agri/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 August 31,2010 and recognized as income on realization 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, (ii) and 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 off however, will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.

2.7.1.4 Impairment of financial assets

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 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.

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2.7.1.5 Leases

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

The Bank as Lessor

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

The Bank as Lessee

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

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

2.7.1.6 Property, plant and equipment

a. Recognition and Measurement

All fixed assets 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 recognized at revalued amount.

The cost of an item of property, plant and equipment is recognized 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 discount 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 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 recognized as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

b. Depreciation

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

Category of assets	BRAC Bank Limited	BRAC EPL Investments Limited	BRAC EPL Stock Brokerage Limited	bKash Limited	BRAC Saajan Exchange Limited
Furniture and fixture	10%	10%	12.5%	10%	10%
Building	2.5%	5%	2%	-	-
Office equipment	20%	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	20%	33.33%	33.33%	20%	20%
Motor vehicles	20%	20%	20%	20%	-
Office Decoration/renovation works	10%	15%	15%	20%	10%

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c. 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 recognized in profit and loss account as per provision of IAS 16 Property plant and equipment.

d. 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 movements 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 recognized as an expense. However, a revaluation decrease is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same assets.

e. Impairment 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 recognized 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 assets should be treated as revaluation decrease under the accounting standard. No impairment loss was recognized up to the reporting period in separate financial statement as there were no such indication existed as on balance sheet date.

f. Capital work in progress (CWIP)

Costs incurred but if the related asset is yet not ready or available to use are recognized as capital work in progress and disclosed as a part of fixed assets. Once the underlying asset is ready and available to use then it has been transferred to fixed assets. However no depreciation is calculated on CWIP.

2.7.1.7 Intangible assets

a) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and is measured at cost less accumulated impairment losses.

b) Software

Software acquired by the Bank is stated at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure on software assets is capitalized only when it increases future economic benefits embodied in specific asset to which it relates. All expenditure is expensed as incurred. Amortization is recognized 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 three to five years. Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

c) License

Value of the license is recognized at cost less accumulated impairment losses.

d) 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 impairment test is carried out.

2.7.1.8 Other assets

Other assets include mainly advance office rent, payment of advance income tax has not been closed yet and all other financial assets, fees and other unrealized 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 date 25 June 2001.

2.7.1.9 Inventories

Inventories are measured at lower of cost and net realizable value as per IAS 2 Inventories.

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2.7.2 Liabilities

2.7.2.1 Borrowings from other banks, financial institutions and agents

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

2.7.2.2 Deposits

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

2.7.2.3 Other Liabilities

Other liabilities comprise items such as provision for loans and advances, provision for interest receivables, provision for taxes, interest payable, interest suspense, accrued expenses. Other liability is recognized 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 recognized in the financial statement when the bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.7.3 Capital and Shareholders' Equity

Capital Management

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

Capital is managed in accordance with the Board-approved Capital Management Planning from time to time. Senior management develop the capital strategy and oversee the capital management planning of the Bank. The Bank's Finance, Treasury and Risk Management department are key in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal matrix.

2.7.3.1 Capital / Shareholders equity

a. Authorized Capital

Authorized capital is the maximum amount of share capital that the bank is authorized by its Memorandum and Articles of Association

b. Paid up share capital

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

2.7.3.2 Preference Share Capital

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

2.7.3.3 Share Premium

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

2.7.3.4 Statutory reserve

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.

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2.7.3.5 **Revaluation reserve**

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 in applicable on such revaluation reserve then the same is deducted from revaluation reserve directly as a component of OCI (Other Comprehensive Income).

Actuarial reserve

Actuarial reserve arises from actuarial gain/loss as per actuarial valuation report carried out by professional actuary time to time. The last actuarial valuation were carried out based on 31 December 2018 and actuarial gain/loss were recognized in equity as a componet of equity net of any deferred tax impact.

2.7.3.6 **Non-controlling interest (NCI)**

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 0.15%, 10%, 49%, and 25% respectively.

2.8 **Employee Benefits**

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

A "Defined Contribution Plan" is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal constructive obligation to pay further amounts. Provident fund benefits are given to the staff of the bank in accordance with the registered Provident fund rules. The commissioner of Income Tax, Large Tax Payers Unit, Dhaka has approved the Provident Fund as a recognized fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax ordinance 1984. The recognition took effect from 1st January, 2003. The fund is operated by a Board of Trustees consisting of 09 (nine) members of the bank. All confirmed employees of the bank are contributing 10% of their basic salary as subscription of the fund. The bank also contributes equal amount of the employees' contribution to the fund. Upon completion of 2 years 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.

2.8.2 **Gratuity Fund (Defined Benefit Plan)**

Gratuity fund benefits are given to the staff of the bank in accordance with the approved Gratuity fund rules. National Board of Revenue has approved the Gratuity fund as a recognized Gratuity fund on 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. 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.

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.

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2.8.3 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.

2.8.4 Other Employee Benefits

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 36 times (in case of normal death) and 72 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 shall contribute monthly to the Fund according to the designation. The sum subscribed monthly from salaries of employees shall be credited separately in an "Employee Welfare Fund" as a liability of the Bank. There shall be at least 3 (three) members of Management Committee to manage the fund. The Managing Director and CEO of the Bank will be 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 in 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.

2.9 Revenue Recognition

Interest Income

Interest income is recognized 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 realization basis as per Bangladesh Bank guidelines.

Investment Income

Income on investments is recognized on an accrual basis. Investment income includes interest on Treasury bills, treasury bonds, zero coupon, shares, debentures and fixed deposit with other banks.

Income on Bills purchased and discounted

Income on Bills purchased and Discounted is recognized on accrual basis.

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Interest and fees receivable on credit cards

Interest and fees receivable on credit cards are recognized 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 realization basis.

Fees and Commission Income

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 recognized on a realization basis.

Dividend income on Shares

Dividend income from investment in shares is recognized when the Banks right to receive the dividend is established. It is recognized 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.

Gain or loss on sale of property, plant and equipment

The gain or loss on the disposal of premises and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, and is recognized as an item of other income in the year in which the significant risks and rewards of ownership are transferred to the buyer.

Interest paid and other expenses

Interest paid and other expenses are recognized on an accrual basis.

2.10 Earnings Per Share

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 2018 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.

2.11 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 behavioral past trend.
h. Other long term liability on the basis of their maturity term.
i. Provisions and other liabilities are on the basis of their settlement.

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2.12 Dividend

Dividend on ordinary shares are recognized as a liability and deducted from retained earnings when they are approved by the shareholders in the Annual General Meeting (AGM) of the Bank.

Dividend on ordinary shares for the year that are recommended by the directors after the balance sheet date for approval of the shareholders at the Annual General Meeting are disclosed in note - 48.6 to the financial statements.

2.13 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.

2.14 Compliance of International Financial Reporting Standard (IFRS)

Ref.	Name of the standards	Status
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
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	Not applicable
IFRS-13	Fair Value Measurement	Complied
IFRS-14	Regulatory Deferral Accounts	Not applicable
IFRS-15	Revenue from Contracts with Customers	Complied
IAS-1	Presentation of Financial Statements	Complied
IAS-2	Inventories	Not applicable
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-17	Leases	Complied
IAS-19	Employee Benefits	Complied
IAS-20	Accounting for Government Grants and Disclosure of Government Assistance	Not applicable
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.

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Reason for departure from IFRS

The central Bank of Bangladesh (''Bangladesh Bank'') as regulator to the Banking Industry has issued a number of circulars/directives which are not consistent with the requirements specified in the IAS/IFRS as referred above. In such cases the bank has followed the regulatory requirements specified by the Bangladesh Bank (note - 2.1.1).

Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted the following new or amended standards in preparing these financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group and the Bank when will be applicable

A. IFRS 16 Leases

As per IFRS 16 Lease, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of leases by the lessee as either finance leases or operating leases. IFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases. For lessors, IFRS 16 retains most of the requirements in IAS 17. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently. The Bank is reviewing all of the Company's leasing arrangements in light of the new lease accounting rules in IFRS 16.

B. 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.

2.15 Risk Management

Risk is an inherent part of the business activities and risk management is pivotal for the sustainability of business. This era of globalisation enables hefty expansion of business activities that ultimately increases competition level for organizations drastically. Financial crisis and volatility in economic growth in some developed countries set the example of imperativeness towards comprehensive risk management. Types of risk, however, vary from business to business, but preparing a risk management plan involves a conjoint process. A comprehensive risk management plan must enumerate strategies for dealing with risks specific to any business but should not be limited to those.

When it comes to banking business, risk management is in the heart of this business. Banks are to strive for a prudent risk management discipline to combat unpredictable situation. These days, it is transparent that banking organizations are in need of setting up systematic and vigilant way to monitor the activities that are major influencers of this particular business.

The standards of Risk Management as guided 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. The guidelines require that the banks adopt enhanced policies and procedures of risk management. The risk management of banks broadly cover 4 (four) core risk areas of banking i.e. a. Credit Risk b. Operational Risk, c. Liquidity Risk & d. Market Risk. Bangladesh Bank also prescribes that there should be seperate desk for each of these risk type under risk management division.

BBL's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment & measurement procedures and continuous monitoring. BBL continues to focus on improving its risk management systems not only to ensure compliance with regulatory requirements but also to ensure better risk-adjusted return and optimal capital utilization keeping in mind the business objectives. For sound risk management, BBL manages risk in strategic layer, managerial layer, and operational layer. The assets and liabilities of BRAC Bank Limited is managed so as to minimize (to the degree prudently possible) the Bank's exposure to risk, while at the same time attempting to provide a stable and steadily increasing flow of net interest income, an attractive rate of return on an appropriate level of capital and a level of liquidity adequate to respond to the needs of depositors and borrowers and earnings enhancement opportunities. These objectives are accomplished by setting clear plan with control and reporting process, the key objective of which is the coordinated management of the Bank's assets and liabilities, current banking laws and regulations, as well as prudent and generally acceptable banking practices.

2.15.1 Credit Risk Management

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

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Considering key elements of Credit Risk, the bank has segregated duties of the officers/ executives involved in credit related activities. Separate Division for Corporate, SME, Retail and Credit Cards are entrusted with the duties 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 Portfolio (Retail, SME and Corporate) booking the clients, the underwriting team conducting thorough assessment before placing the facility for approval from the authority. 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 helped in minimizing the risk of compromise with quality of the credit portfolio.

2.15.2 Foreign Exchange Risk Management

Foreign Exchange risk arises from fluctuation in currency prices influenced by various macro and micro economic factors. Today's 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 minimize the 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, limit etc. and the back office is responsible for all related processing functions. Treasury front and back office personnel are guided as per Bangladesh Bank core risk management guideline and their respective job description. They are barred from performing each other's job. 'Treasury Front Office', 'Mid office' and 'Treasury Back Office' has separate and independent reporting lines to ensure segregation of duties and accountability but also helps minimize the risk of compromise. The full function is operated under the foreign exchange risk management policy of the bank updated based on the latest Foreign Exchange Guideline of central bank.

Dealing room is well equipped with Reuter's dealing system, Eikon, Bloomberg, a number of FX trading platforms, voice logger etc. State of the art Treasury System is in place to ensure Straight Through Processing (STP) of all deals, which also fascilitates Mid office in effective monitoring and Back office with different reports along with easy processing of transactions. Counter party limit is set by the Credit Committee and monitored by mid office. Well-articulated dealers trading limit, stop-loss limit and currency wise open position limits are in place which are being monitored by Mid office. Trigger levels are set for the dealers, Chief Dealer and Head of Treasury. The entire FX transactions are carried on by a number of well trained, young and dynamic dealers ensuring all local and global regulatory compliances.

2.15.3 Asset Liability Management

Changes in market liquidity and or interest rate exposes Bank's business to the risk of loss, which may, in extreme cases, threaten the survival of the institution. 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 available for evaluating and controlling these risks. The Asset Liability Committee (ALCO) of the bank monitors Balance Sheet risk and liquidity risks of the Bank.

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

2.15.4 Prevention of Money Laundering

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

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2.15.5 Internal Control and Compliance

Internal Control is the mechanism to provide reasonable assurance to Bank on an ongoing basis regarding the achievement 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 help the Bank perform better and add value through use of its resources. Through Internal Control system, Bank identifies its weaknesses associated with the process and adopts appropriate measures to overcome that.

The main objectives of internal control are as follows:

a) Operations Objectives: achievement of bank's basic mission and vision;

b) Reporting Objectives: timely, accurate, and comprehensive reporting, financial and non-financial, internal and external; and

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 provide reasonable assurance that the objectives set by the Bank will be met. It has been designed to develop a high level risk culture among the personnel of the Bank, establish efficient and effective operating model of the Bank, 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 functionalities 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 the Board in ensuring the effectiveness of 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 the policies and business directions that have been approved.

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 highlight significant findings in respect of any non-compliance.

c) Audits are carried out on various departments/units, SME Service Centre 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 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 semi-annual basis and is sent to Bangladesh Bank as per requirement of DOS Circular Letter No. 10, dated 09 May 2017 issued by BB.

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 Internal Audit Department of the Bank continued to verify the suitability of design and effectiveness of these procedures and controls on an ongoing basis.

ICCD of BBL comprises mainly of four units/departments- Internal Audit, Compliance Unit, Monitoring Unit and Concurrent Audit.

2.15.5.1 Internal Audit

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Audit staff of BRAC Bank Limited has combination of business, Professional and IT knowledge based personnel. Audit Department is committed to meet the standards of best professional practices. BBL Audit is applying risk based internal audit methodology for doing 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 in various areas of the Bank's operations.

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BRAC Bank Limited has a strong internal audit team comprised of three units to carry out the audit activities, namely Head Office Audit, Distribution Audit (which carryout audit on all Branches; including AD, LAD, Corporate Branches, SME Krishi Branch, SME Service Centres; SME Unit Office and ATM Service Centre and Information Systems and Vigilance Audit. BRAC Bank also introduced Risk Based Audit system and audit team conducts comprehensive, spot, surprise audits in various Branches, SME Service Centers, SME/Krishi branches, ATM Service Centers, SME Unit Offices, Information technology, Information Security, Cyber Security, Data Privacy and Protection, various Departments & Division, centralized functional units in Head Office and Regional base functional Unit of BRAC Bank Limited.

Internal Audit helps the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2.15.5.2 Compliance

BRAC Bank Limited establishes a best compliance culture throughout the organization by encouraging employees to comply with policies, procedures and regulation.

To establish and uphold the momentum of compliance culture, BRAC Bank has strong Compliance Department under Internal Control & Compliance Division which is dedicated for ensuring compliance of guidelines/observations/ recommendations of Regulatory and Internal Audit/Investigation. In line with that 3 (three) separate units are formed under Compliance Department, namely Regulatory Compliance Unit, Internal Compliance Unit, & Investigation Unit.

Compliance team firmly supports 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 Branch, Division, Department and other offices, verify the internal control system of organization operational activities as per Bangladesh Bank and other Regulatory Guidelines. Investigation Unit conducts investigation and submits the report onward as per management requirement and analyze fraud cases to ascertain responsible parties and recommend appropriate action. Compliance Department also ensures required reporting to Management, BAC & Regulators accordingly.

2.15.5.3 Monitoring

BRAC Bank has separate monitoring department under Internal Control & Compliance Division which is dedicated to verify the internal control system & operational activities of the Bank on an ongoing basis. Monitoring department ensures maintenance of DCFCL, QOR, LDCL at Branches and Departments as a regulatory requirement and also submits Self-Assessment of Anti-Fraud Internal Controls report and Bank's Health report to Bangladesh Bank.

2.15.5.4 Concurrent Audit

As per the directives provided by Bangladesh Bank as Guidelines on Internal Control and Compliance in Banks, Concurrent Audit Department was formed to make it in line with the guidelines. Concurrent audit team scrutinize whether the bank is following the guidelines of internal & regulatory bodies time to time. This unit exclusively conducts spot/ surprise audit of continuing operational activities in various branches, SME Service Centers, SME Krishi Branches, ATM Service Centers, SME Unit Offices, ROC, CRM, Centralized functional units in Head Office of BRAC Bank Limited.

2.15.5.5 Fraud and Forgery

Fraud and forgery have become very important issues in recent years. These have a major impact on our country's economy as a whole, impeding the economic development. BRAC Bank has always been very focused in controlling fraud & forgery by establishing and maintaining proper control systems. Now a day's fraud and forgery appears in diverse form. To prevent fraud and forgery, BRAC Bank Limited formed Investigation Unit under Compliance & Monitoring Department of Internal Control & Compliance Division to deal with such kind of incidences. This wing exclusively deals with all kinds of fraud and forgery and act independently as the first contact point/ information unit where internal and external fraud and forgery incidences are escalated, investigated and reviewed.

To protect the bank and its stakeholder's interest, Investigation Team performs thorough investigation to identify the perpetrator 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 improvement, recovery of misappropriated amount, adjustment of the operational loss and to take appropriate action against the perpetrator. The investigation reports are also placed to the Board Audit Committee for their direction and guidance. All fraud and forgery which were identified in 2018 were also duly reported to Bangladesh Bank on regular basis following their prescribed format and adequate provision has been maintained in the books of accounts. On the other hand management is exerting their all-out efforts to recover the loss amount incurred due to fraud.

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2.15.6 Information and Communication Technology (ICT) Security

As the role of technology increases, business risks due to underlying and unidentified system vulnerabilities also increases. Existence of these risks within the business ecosystem when exploited could lead to severe financial, regulatory and brand impacts. This makes implementation of adequate security controls mandatory. BRAC bank is committed to high levels of service quality and banking security. BRAC Bank Limited is the 1st and only Bangladeshi bank awarded with ISO 27001:2013 certification for Information Security function and has established 24x7 Security Operations Center (SOC).

Protecting the cybersecurity of our critical infrastructure is one of the top priority for the bank. In line with this, Bank has already developed cyber security framework. The Framework is used to align cybersecurity; organize security requirements originating from legislation, regulation, policy, and industry best practice; communicate cybersecurity requirements with stakeholders; measure current state and express desired state; prioritize cybersecurity resources and activities; and analyze with risk appetite.

For ICT risk mitigation, bank has established ICT security policy which is in line with latest Bangladesh Bank ICT guideline and the vastly practiced framework & international standards; e.g. COBIT, ITIL & ISO 27001. ICT policy is followed by all employees while it ensures overall data and information assurance for the organization. It outlines the responsibilities and requirements of the BRAC Bank Limited (BBL) and its employees with regard to Information Technology (IT) resources.

BRAC Bank has already adopted Information security global standard. BRAC Bank is the 1st and only bank in Bangladesh who achieved ISO 27001:2013 international certificate for information security management function and fulfilled this regulatory mandate. ISO 27001 is the international standard for Information Security Management and formally specifies management system that is intended to bring information security under explicit management control. Accredited international certification to ISO 27001 demonstrates that our bank has a defined and focus on best-practice information security processes with continuous improvement.

BRAC Bank has established 24x7 Security Operations Center (SOC) as the 1st Bangladeshi bank. SOC is a dedicated site where enterprise information systems are monitored, assessed, and defended. Now bank has planned to transform the existing SOC into Advanced Security Intelligence Center (SIC).

BRAC Bank has developed its Cyber security road map and working accordingly to bring the best security solution, processes and practices. BRAC bank does assessment on cyber security standing by top global external party on a regular basis.

BRAC Bank has setup a Cyber Security lab and its Information Security resources are monitoring and continuously doing Vulnerability Assessment & Penetration Testing on Bank Infrastructure by Internal certified ethical hacker to protect its data asset.

BRAC Bank has implemented Anti-APT (Advance Persistent Threat) and NBA (Network Behavior Analysis) solution to prevent any unwanted/unauthorized malware attack based on behavior base static and dynamic analysis on suspicious content and close monitoring on the network flow activity. With modern approaches to APT and NBA, bank can support more comprehensive compliance, help assure business integrity, and tackle security risks while simultaneously realizing the cost benefits and other advantages of improved IT reliability.

BRAC Bank has implemented Privileged Access Management (PAM) solution. The PAM platform for privileged account management, policy, reporting and threat analytics will help to Reduce Privilege Threats with Visibility and Control, Achieve integrated, end-to-end privileged access management, Gain visibility into privileged system and asset security, Understand password, user and account behavior, and comply with regulatory requirement.

BRAC Bank has implemented Data Leakage Prevention (DLP) solution, which is used to detect and prevent the unauthorized use and transmission of sensitive information. It identifies, monitors, and protects data in use (e.g., desktop, laptop), data in motion (e.g., network actions), and data at rest (e.g., databases, file shares). It detect and prevent confidential information from leaving organization's boundaries for any unauthorized use.

BRAC Bank has implemented Secure Internet Gateway. Internet is one of the most powerful tools in our daily activity and at the same time it is one of the most common attack delivery mechanisms used by hackers to infect devices and infiltrate organization network. To ease Internet usage, minimize the web attack vector and enable users to safely use the web, bank has implemented Advanced Secure Gateway.

BRAC Bank has implemented Hard Disk Encryption as data loss prevention initiative, which Protect sensitive data, wherever it is, ensuring access only to authenticated users. BRAC Bank regularly conducts content scanning to identify and remove unauthorized/unwanted contents from end-users' workstations. This helps to establish ethical usage of technology. BRAC Bank has implemented User behavior monitoring solution, this will help to reduce insider threats by detecting the inappropriate actions that can lead to malware infections or data breaches, at the same time monitoring of 3rd party activities.

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BRAC Bank has implemented email security to protect email system from spam-based attacks and advance anti-malware protection. It also helps to scan advance email content & attachment, identify & update real-time spams guard.

BRAC Bank regularly monitor and review its privileged accounts by an automated Discovery and Auditing (DNA) tool that provides the true visibility of privileged account risks, enabling them to quantify risk and take the first step towards mitigation.

BRAC Bank has already implemented automated tools for security strengthen of web applications and database. Periodic/ on demand scanning is done with this tool.

BRAC Bank has done Process re-engineering; during this process we had also involved global consultant to consider the best practices. As a part of governance initiative, Bank has formed ICT Security steering committee and ICT steering Committee. For emergency response handling Bank has formed Computer Emergency Response Team (CERT) and have developed Business Continuity Program (BCP).

BRAC To enhance Network security and meet up the compliance bank has implemented authentication, authorization and accounting for device as well as users security which is Identity service Engine. By use of it we can protect unauthorized device access to our organizational network.

BRAC Bank regularly conduct face to face information security awareness sessions, cyber security awareness campaign, awareness through email/sticker/booklet/e-book/Poster etc. We made awareness communication externally also.

Bank has taken multiple initiatives on technological transformation and up gradation of legacy systems. We have implemented Dynamic Key exchange with NPSB channel which reduce fraud risk through National Payment Switch Bangladesh (NPSB) channel. We are issuing all new card with more secure EMV chip technology. SWIFT technology up-gradation been done. We are upgrading our card management system, eCommerce System, Call Center System, Internet Banking System etc. to its latest & PADSS compliant version which will help bank to be PCI-DSS compliant. BRAC Bank has adopted ITIL framework of best practice guidance for IT Service Management.

BRAC Bank has multiple security strengthen initiatives in hand; e.g. implementation of Automated Vulnerability Management, Web application firewall (WAF), Advanced firewall etc.

To ensure high level of Quality & security of IT systems and comply with Bangladesh bank regulatory requirement, in BBL there is fully functional Information Security Department (ISD) with trained and certified resources (e.g. CISSO, CPISI, CEH, CPEH, LA-QMS, LA-ISMS, CHFI, LPM, Security+, COBIT etc.) & equipped with automated tools.

2.16 Implementation of 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 January 01, 2009 as a parallel run with BRPD Circular No. 10, dated November 25, 2002 (BASEL I). At the end of parallel run, BASEL II regime started from January 01, 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 December 21, 2014 that BASEL III reporting start from January 2015 and full implementation will start 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 spillover 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;

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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. Consequently, Basel III capital regulations would be fully implemented as on January 1, 2019.

Basel - III is to be calculated both on separate financial statements (Standalone) 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. At the end of 2018, all the variables are completely ready to cope up the full implementation of BASEL III.

2.17 Off Balance Sheet items

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.

2.17.1 Derivative financial instruments

The fair value of the derivatives (forward contracts, currency rate swaps etc.) are recognized in the profit and loss 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.

2.17.2 Provision on Off Balance Sheet exposures

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 of September 23, 2012 and BRPD circular no. 7 of June 21, 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).

2.18 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 error 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.

2.19 Events after reporting period

As per IAS - 10 "Events after the Reporting Period" events after the reporting period are those events, favorable and unfavorable, 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 can be found at note - 48.6.

2.20 Related party disclosures

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 join 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 personnel of the entity or its parent;

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(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.

2.21 Director's responsibilities on financial statement

The Board of Directors takes the responsibilities for the preparation and presentation of these financial statements.

2.22 Segment reporting

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. The details of segment reporting is provided in annexure - H.

2.23 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 to the current year's presentation.

c) The expenses, irrespective of capital or revenue nature, accrued / due but not paid have been provided for in the books of the accounts.

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SECTION - TWO: NOTES TO THE BALANCE SHEET

Amount in Taka

Particulars		Note	Consolidated		BRAC Bank Limited	
			2018	2017	2018	2017
3	**Cash**					
	Cash in hand (Including foreign currency)	3.1	6,674,699,654	6,109,792,050	6,654,775,781	6,092,421,365
	Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)	3.2	15,719,774,488	12,192,061,982	15,719,774,488	12,192,061,982
			22,394,474,142	**18,301,854,032**	**22,374,550,269**	**18,284,483,347**
3.1	**Cash in hand (Including foreign currency)**					
	Local currency		6,623,054,472	6,077,451,688	6,603,130,599	6,060,081,003
	Foreign currency		51,645,182	32,340,362	51,645,182	32,340,362
			6,674,699,654	**6,109,792,050**	**6,654,775,781**	**6,092,421,365**
3.2	**Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)**					
	Local currency		12,206,710,093	10,534,870,101	12,206,710,093	10,534,870,101
	Foreign currency		2,537,371,798	973,887,720	2,537,371,798	973,887,720
			14,744,081,891	11,508,757,821	14,744,081,891	11,508,757,821
	Sonali Bank as an agent of Bangladesh Bank (local currency)		975,692,597	683,304,161	975,692,597	683,304,161
			15,719,774,488	**12,192,061,982**	**15,719,774,488**	**12,192,061,982**

3.a Cash Reserve Ratio (CRR)

As per section 33 of Bank Company Act, 1991 (as amended) and MPD circular no. 1 dated 03 April 2018 issued by Bangladesh Bank with effective from 15 April 2018, BRAC Bank Limited has maintained CRR of minimum 5% (2017: 6%) on daily basis and 5.5% (2017: 6.5%) on bi-weekly basis on average total demand and time liabilities (ATDTL) of the base month which is two months back of reporting month (i.e. CRR of December 2018 is based on weekly average balance of October 2018).

Daily basis

Reserves maintained by the bank as at 31 December 2018 are as follows:

	BRAC Bank Limited	
	2018	2017
Average total demand and time liabilities of October 2018	213,421,784,639	186,914,617,487
Required reserve (5% of ATDTL) (2017: 6%)	10,671,089,232	11,214,877,049
Actual reserve maintained (as per Bangladesh Bank statement)	13,244,206,653	11,807,448,274
Surplus/ (deficit)	**2,573,117,421**	**592,571,225**

Bi-weekly basis

The bank maintained excess cash reserve of Tk. 12,650,764,790 (Tk. 1,113,482,251 was in 2017 at 6.5% of ATDTL) 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 2018.

3.b Statutory Liquidity Ratio (SLR)

As per section 33 of the Bank Company Act, 1991 (as amended) and MPD circular no. 2 dated 10 December 2013 issued by Bangladesh bank with effect from 1 February 2014, BRAC Bank Ltd has maintained SLR of minimum 13% based on average total demand and time liabilities (ATDTL) of the base month which is two months back of the reporting month (i.e. SLR of December 2018 is based on weekly average balance of October 2018). Reserve maintained by the bank as at 31 December 2018 are as follows:

		BRAC Bank Limited	
		2018	2017
Required reserve (13% of ATDTL)		27,744,832,003	24,298,900,273
Actual reserve maintained	3.c	27,976,996,517	25,968,087,598
Surplus/ (Deficit)		**232,164,514**	**1,669,187,325**

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Particulars		Note	Consolidated		BRAC Bank Limited	
			2018	2017	2018	2017
3.c	**Actual reserve maintained**					
	Cash in hand				6,654,775,781	6,092,421,365
	Balance with Sonali Bank as per statement				981,204,341	682,642,618
	Un-encumbered approved securities (HFT)				7,410,949,797	6,822,982,330
	Un-encumbered approved securities (HTM)				12,928,968,998	12,368,096,085
	Un-encumbered approved securities (other eligible)				1,097,600	1,945,200
					27,976,996,517	**25,968,087,598**
4	**Balance with Other Banks and Financial Institutions**					
	Inside Bangladesh	4.1	41,918,719,170	39,974,980,085	12,484,067,930	16,238,997,504
	Outside Bangladesh	4.2	2,733,224,751	3,380,792,280	2,394,477,206	3,157,243,725
			44,651,943,921	**43,355,772,365**	**14,878,545,136**	**19,396,241,229**
4.1	**Balance inside Bangladesh**					
	In Current Deposit Accounts with:					
	Banks		9,338,878,088	8,292,658,808	1,534,067,930	1,238,997,504
	Non Banking Financial Institutions (NBFIs)		-	-	-	-
			9,338,878,088	8,292,658,808	1,534,067,930	1,238,997,504
	Less: Inter unit/company elimination		825,081,677	496,918,019		
			8,513,796,411	7,795,740,789	1,534,067,930	1,238,997,504
	In Fixed Deposit Accounts with:					
	Banks		22,666,987,885	17,615,724,510	-	-
	Non Banking Financial Institutions (NBFIs)		10,950,000,000	15,025,053,460	10,950,000,000	15,000,000,000
			33,616,987,885	32,640,777,970	10,950,000,000	15,000,000,000
	Less: Inter unit/company elimination		212,065,126	461,538,674	-	
			33,404,922,759	32,179,239,296	10,950,000,000	15,000,000,000
	Total		**41,918,719,170**	**39,974,980,085**	**12,484,067,930**	**16,238,997,504**
4.1.1	**Balance with other banks and financial institutions (Inside Bangladesh)**					
	Current Accounts					
	Standard Chartered Bank		378,543,734	167,739,825	84,959,156	32,490,570
	Southeast Bank Limited		254,997,172	553,877,093	-	-
	Al-Arafa Islami Bank Limited		6,018,358	4,966,381	1,727,918	1,744,060
	Jamuna Bank Limited		424,700,976	513,675,984	2,132,581	1,711,178
	Prime Bank Limited		3,339,129	3,361,809	3,339,129	3,361,809
	NRB Global Bank Limited		500,000	500,000	500,000	500,000
	Midland Bank Limited		1,582,709	1,118,519,139	1,000,000	1,000,000
	Mutual Trust Bank Limited		327,627,720	649,916,053	2,992,282	4,237,089
	Pubali Bank Limited		175,727,921	153,470,876	158,246,437	153,266,732
	Janata Bank Limited		357,153,325	309,315,409	352,740,270	308,597,246
	Bangladesh Krishi Bank Limited		143,673,524	173,519,577	142,342,823	173,519,577
	The City Bank Limited		1,039,730,695	1,123,434,583	9,990,882	4,402,664
	Agrani Bank Limited		532,692,408	320,069,714	478,920,869	269,366,477
	Islami Bank Bangladesh Limited		39,559,462	10,471,734	15,935,020	8,901,635
	United Commercial Bank Limited		1,054,763,844	356,744,656	5,191,584	187,220
	National Bank Limited		16,520,829	18,766,141	14,574,543	18,195,883
	Sonali Bank Limited		280,304,477	256,442,839	9,545,998	47,626,918
	Dutch Bangla Bank Limited		100	-	100	-
	IFIC Bank Limited		1,539,324	1,856,305	1,539,324	1,856,305
	Rupali Bank Limited		216,398,512	181,665,439	209,409,095	180,577,899
	Social Islami Bank Limited		1,904,643	1,205,293	1,904,643	1,205,293
	First Security Islami Bank Limited		4,640,942	3,081,431	2,807,118	2,755,150

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
EXIM Bank Limited		48,114,793	12,451,904	12,324,843	12,451,904
BASIC Bank Limited		1,427,673	1,427,673	1,427,673	1,427,673
Bank Asia Limited		23,889,877	1,732,741	118,071	1,732,741
Standard Bank Limited		9,409,288	221,098	3,674,210	-
Meghna Bank Limited		6,761,938	6,186,675	5,942,467	5,381,481
Mercantile Bank Limited		1,091,025,540	10,713,009	2,500,000	2,500,000
Rajshahi Krishi Unnayan Bank		8,280,894	-	8,280,894	-
Trust Bank Limited		24,427,704	28,287,386	-	-
Eastern Bank Limited		533,770,831	639,592,553	-	-
Dhaka Bank Limited		1,069,432,311	944,037,402	-	-
NCC Bank Limited		102,964,226	177,167,435	-	-
One Bank Limited		198,430,468	29,990,122	-	-
Habib Bank Limited		103,393,611	-	-	-
NRB Commercial Bank Limited		511,992	509,053	-	-
NRB Bank Limited		1,667	603,317	-	-
Citibank, N.A.		265	610	-	-
AB Bank Limited		1,381,070	843,793	-	-
Uttara Bank Limited		28,652,459	19,369,730	-	-
HSBC		-	6,009	-	-
		8,513,796,411	**7,795,740,789**	**1,534,067,930**	**1,238,997,504**
Fixed Deposit with Banks					
Southeast Bank Limited		3,000,000,000	3,420,000,000	-	-
Mutual Trust Bank Limited		-	250,000,000	-	-
The City Bank Limited		3,200,000,000	5,200,000,000	-	-
NCC Bank Limited		3,904,200,000	3,301,800,000	-	-
Jamuna Bank Limited		2,008,192,707	1,007,702,988	-	-
Dhaka Bank Limited		1,500,000,000	-	-	-
United Commercial Bank Limited		4,510,000,000	-	-	-
Mercantile Bank Limited		1,840,000,003	1,640,000,003	-	-
One Bank Limited		2,250,000,000	2,250,000,000	-	-
Habib Bank Limited		200,000,000	-	-	-
Standard Chartered Bank		27,243,174	26,517,264	-	-
NRB Global Bank Limited		-	38,501,553		
Padma Bank Limited		15,286,875	19,664,028	-	-
		22,454,922,759	**17,154,185,836**	**-**	**-**
Fixed Deposit with Financial Institutions					
Industrial and Infrastructure Development Finance Co. Limited		500,000,000	700,000,000	500,000,000	700,000,000
Uttara Finance and Investment Limited		-	500,000,000	-	500,000,000
United Finance Limited		700,000,000	950,000,000	700,000,000	950,000,000
IDLC Finance Limited		2,100,000,000	1,600,000,000	2,100,000,000	1,600,000,000
National Housing Finance and Investment Limited		750,000,000	600,000,000	750,000,000	600,000,000
Phoenix Finance and Investments Limited		-	220,053,460	-	200,000,000
IPDC Finance Ltd		2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Investment Corporation Of Bangladesh (ICB)		1,900,000,000	3,500,000,000	1,900,000,000	3,500,000,000
Delta Brac Housing Finance Corporation Limited		1,500,000,000	2,250,000,000	1,500,000,000	2,250,000,000
Lanka Bangla Finance Co. Limited		1,500,000,000	2,500,000,000	1,500,000,000	2,500,000,000
Bay Leasing and Investment Limited		-	200,000,000	-	200,000,000
Islamic Finance and Investment Ltd.		-	5,000,000	-	-
		10,950,000,000	**15,025,053,460**	**10,950,000,000**	**15,000,000,000**
		41,918,719,170	**39,974,980,085**	**12,484,067,930**	**16,238,997,504**

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Particulars		Note	Consolidated		BRAC Bank Limited	
			2018	2017	2018	2017
4.2	**Balance outside Bangladesh**					
	On Shore Balance		6,954,015,663	2,598,831,484	6,615,268,118	2,375,282,929
	Off Shore Balance		869,993,979	2,379,400,796	869,993,979	2,379,400,796
			7,824,009,642	4,978,232,280	7,485,262,097	4,754,683,725
	Less: On shore to BBL Off-shore placement		5,090,784,891	1,597,440,000	5,090,784,891	1,597,440,000
			2,733,224,751	**3,380,792,280**	**2,394,477,206**	**3,157,243,725**
4.2.1	**Balance with other banks and financial institutions (Outside Bangladesh)**					
	On Shore Balance					
	Standard Chartered Bank-New York, USA		593,071,036	126,869,320	593,071,036	126,869,320
	Standard Chartered Bank, United Kingdom		151,828,247	38,948,377	151,828,247	38,948,377
	Standard Chartered Bank, Frankfurt, Germany		(28,682,956)	1,260,718	(28,682,956)	1,260,718
	Mashreq Bank, New York, USA		335,782,977	(756,213)	335,782,977	(756,213)
	Bank of Tokyo Mitsubishi		1,792,728	8,102,632	1,792,728	8,102,632
	ICICI Bank Limited, Mumbai, India		9,624,572	82,464,531	9,624,572	82,464,531
	Zuercher Kantonal Bank, Switzerland		46,845,858	23,912,932	46,845,858	23,912,932
	ING Belgium NV/SA, Belgium		1,031,311	88,480	1,031,311	88,480
	Commerz Bank AG, Germany (USD)		17,595,361	3,875,664	17,595,361	3,875,664
	Commerz Bank AG, Germany (EURO)		(7,265,048)	25,427,553	(7,265,048)	25,427,553
	United Bank of India, Kolkata, India		11,093,684	78,316,612	11,093,684	78,316,612
	Westpack Banking Corporation, Australia		-	7,985,968	-	7,985,968
	JP Morgan Chase Bank, New York, USA		313,447,753	331,296,868	313,447,753	331,296,868
	HDFC Bank Limited, India		16,578,124	22,162,091	16,578,124	22,162,091
	Habib Metro Bank Limited		20,366,248	-	20,366,248	-
	JP Morgan Chase Bank, Sydney (AUD)		6,225,590	-	6,225,590	-
	Sonali Bank Limited, United Kingdom (GBP)		-	184,405	-	184,405
	AB Bank Limited, Mumbai, India		5,400,435	2,126,940	5,400,435	2,126,940
	AXIS Bank limited		29,747,307	25,576,051	29,747,307	25,576,051
	Balance with different banks maintained by BRAC Saajan		338,747,545	223,548,555	-	-
			1,863,230,772	**1,001,391,484**	**1,524,483,227**	**777,842,929**
	On Shore to Off Shore placement		5,090,784,891	1,597,440,000	5,090,784,891	1,597,440,000
	Total On Shore Balance		6,954,015,663	2,598,831,484	6,615,268,118	2,375,282,929
	Off Shore Balance					
	Standard Chartered Bank, Frankfurt, Germany		27,725,776	63,831,720	27,725,776	63,831,720
	Standard Chartered Bank, New York		24,617,446	468,011,012	24,617,446	468,011,012
	Commerz Bank, Germany		26,196,742	25,962,703	26,196,742	25,962,703
	ICICI Bank Limited, Mumbai, India		325,470	322,562	325,470	322,562
	Sonali Bank Limited, United Kingdom (GBP)		175,306	-	175,306	-
	Standard Chartered Bank, UK		(43,630,060)	(29,335,371)	(43,630,060)	(29,335,371)
	JP Morgan Chase Bank, New York		519,000,348	5,594,757	519,000,348	5,594,757
	BBL OBU to Other Bank OBU placement		315,582,951	1,845,013,413	315,582,951	1,845,013,413
	Total Off Shore Balance		869,993,979	2,379,400,796	869,993,979	2,379,400,796
			7,824,009,642	4,978,232,280	7,485,262,097	4,754,683,725
	Less: On shore to BBL Off-shore placement		5,090,784,891	1,597,440,000	5,090,784,891	1,597,440,000
			2,733,224,751	**3,380,792,280**	**2,394,477,206**	**3,157,243,725**

*There are some unreconciled entries as on 31 December 2018 and status of unreconciled entries are given in Annexure-B and detail balance are shown in Annexure -C.

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Particulars		Note	Consolidated		BRAC Bank Limited	
			2018	2017	2018	2017
4.a	**Maturity grouping of balance with other banks and financial institutions**					
	Up to 1 months		11,422,716,156	10,253,202,446	4,116,305,254	3,476,370,912
	Not more than 3 months		13,433,079,882	8,320,260,306	8,912,239,882	5,238,800,000
	More than 3 months but not more than 1 Year		19,796,147,883	24,782,309,613	1,850,000,000	10,681,070,317
	More than 1 year but not more than 5 years		-	-	-	-
	More than 5 years		-	-	-	-
			44,651,943,921	**43,355,772,365**	**14,878,545,136**	**19,396,241,229**
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**					
	Government	6.1	27,925,905,144	19,193,023,616	20,341,016,406	19,193,023,616
	Others	6.2	7,207,368,183	7,696,138,091	5,424,101,835	5,773,231,812
			35,133,273,327	**26,889,161,707**	**25,765,118,241**	**24,966,255,428**
6.1	**Government (Investment in govt. securities)**					
	Bangladesh Bank Bills	6.1.1	-	2,497,936,800	-	2,497,936,800
	Treasury Bills	6.1.2	13,815,997,743	1,487,397,269	6,231,109,005	1,487,397,269
	Treasury Bonds	6.1.3	14,108,809,801	15,205,744,347	14,108,809,801	15,205,744,347
	Prize Bonds		1,097,600	1,945,200	1,097,600	1,945,200
			27,925,905,144	**19,193,023,616**	**20,341,016,406**	**19,193,023,616**
6.1.1	**Bangladesh Bank Bills**					
	14 Days Bangladesh Bank Bills		-	2,497,936,800	-	2,497,936,800
			-	**2,497,936,800**	**-**	**2,497,936,800**
6.1.2	**Treasury Bills**					
	Treasury Bills (91 Days)		2,900,000,000	135,082,206	2,900,000,000	135,082,206
	Treasury Bills (182 Days)		8,974,746,243	719,940,240	1,389,857,505	719,940,240
	Treasury Bills (364 Days)		1,941,251,500	632,374,823	1,941,251,500	632,374,823
			13,815,997,743	**1,487,397,269**	**6,231,109,005**	**1,487,397,269**
6.1.3	**Treasury Bonds**					
	Treasury Bonds (2 years BGTB)		-	1,991,482,000	-	1,991,482,000
	Treasury Bonds (5 years BGTB)		2,518,416,245	3,071,141,392	2,518,416,245	3,071,141,392
	Treasury Bonds (10 years BGTB)		2,097,808,171	2,378,395,997	2,097,808,171	2,378,395,997
	Treasury Bonds (15 years BGTB)		3,077,540,085	3,067,617,809	3,077,540,085	3,067,617,809
	Treasury Bonds (20 years BGTB)		5,248,359,190	4,697,107,149	5,248,359,190	4,697,107,149
	Reverse REPO		1,166,686,110	-	1,166,686,110	-
			14,108,809,801	**15,205,744,347**	**14,108,809,801**	**15,205,744,347**
6.2	**Others (investment in other than govt. securities)**					
	Zero Coupon Bond	6.2.1	163,691,225	175,823,886	163,691,225	175,823,886
	Corporate bonds	6.2.2	2,060,000,000	2,987,000,000	2,060,000,000	2,987,000,000
	Ordinary shares and Mutual Funds (MFs) - unquoted and quoted	6.2.3	4,962,596,133	4,497,785,635	3,179,329,785	2,579,152,566
	Preference shares	6.2.4	20,000,000	30,000,000	20,000,000	30,000,000
	Private Placement and Pre IPO	6.2.5	1,080,825	5,528,570	1,080,825	1,255,360
			7,207,368,183	**7,696,138,091**	**5,424,101,835**	**5,773,231,812**

Investment in Ordinary and Preference shares are shown in Annexure - D

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Particulars		Note	Consolidated		BRAC Bank Limited	
			2018	2017	2018	2017
6.2.1	**Zero Coupon Bond**					
	Impress Newtex Composite Textiles Limited		163,691,225	175,823,886	163,691,225	175,823,886
			163,691,225	**175,823,886**	**163,691,225**	**175,823,886**
6.2.2	**Corporate bonds**					
	First Security Islami Bank Limited Mudaraba Subordinated Bond		-	40,000,000	-	40,000,000
	Jamuna Bank II Floating Rate Subordinated Bond		450,000,000	450,000,000	450,000,000	450,000,000
	Trust Bank unsecured , non Convertible ,Subordinated Bond		-	6,000,000	-	6,000,000
	UCBL Variable rate Subordinated Bond		70,000,000	100,000,000	70,000,000	100,000,000
	MBL Variable rate Subordinated Bond		600,000,000	800,000,000	600,000,000	800,000,000
	City Bank Floating Rate Subordinated Bond		-	411,000,000	-	411,000,000
	Bank Asia Floating Rate Subordinated Bond		80,000,000	100,000,000	80,000,000	100,000,000
	EBL Floating Rate Subordinated Bond		80,000,000	100,000,000	80,000,000	100,000,000
	Prime Bank Floating Rate Subordinated Bond		80,000,000	100,000,000	80,000,000	100,000,000
	EXIM Bank Mudaraba Subordinated Floating Rate Bond		200,000,000	250,000,000	200,000,000	250,000,000
	AB Bank Floating Rate Subordinated Bond		60,000,000	80,000,000	60,000,000	80,000,000
	AB Bank Floating Rate Subordinated Bond II		240,000,000	300,000,000	240,000,000	300,000,000
	MTBL Floating Rate Subordinated Bond		200,000,000	250,000,000	200,000,000	250,000,000
			2,060,000,000	**2,987,000,000**	**2,060,000,000**	**2,987,000,000**
6.2.3	**Ordinary shares and Mutual Funds (MFs) - Unquoted and quoted**					
	Unquoted					
	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	16,277,770	6,277,770	16,277,770
	Investment in non publicly traded Mutual fund		540,705,000	433,900,000	540,705,000	433,900,000
	Others		96,986,595	57,037,494	-	-
	Quoted					
	Investment in Secondary market		4,276,445,348	3,948,388,951	2,590,165,595	2,086,793,376
	Total Ordinary Shares and MFs (unquoted and quoted) at cost		**4,962,596,133**	**4,497,785,635**	**3,179,329,785**	**2,579,152,566**
6.2.4	**Preference Shares**					
	Union Capital Preference Share		20,000,000	30,000,000	20,000,000	30,000,000
			20,000,000	**30,000,000**	**20,000,000**	**30,000,000**
6.2.5	**Private Placement and Pre IPO**					
	Runner Automobiles Limited		1,080,825	-	1,080,825	-
	Aman Cotton Fibrous Limited		-	1,255,360	-	1,255,360
	Subsidiarie's IPO investment		-	4,273,210	-	-
			1,080,825	**5,528,570**	**1,080,825**	**1,255,360**
6.a	**Maturity Wise Grouping of Investment**					
	Up to 1 month		7,800,401,756	6,662,779,927	6,657,949,305	5,306,615,616
	Not more than 3 months		1,500,938,330	859,342,692	1,500,938,330	859,342,692
	More than 3 months but not more than 1 Year		6,699,551,236	1,645,279,202	2,363,279,565	1,135,574,723
	More than 1 year but not more than 5 years		7,758,224,089	8,264,031,484	7,661,237,494	8,206,993,990
	More than 5 years		11,374,157,916	9,457,728,402	7,581,713,547	9,457,728,407
			35,133,273,327	**26,889,161,707**	**25,765,118,241**	**24,966,255,428**

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	Particulars	Note	Consolidated		BRAC Bank Limited	
			2018	2017	2018	2017
7	**Loans and Advances**					
	Loans, cash credits, overdrafts etc.	7.1	139,883,617,667	116,620,559,298	139,491,321,275	115,748,920,643
	Small and medium enterprises		80,422,409,963	81,064,166,152	80,422,409,963	81,064,166,152
	Bills purchased and discounted	7.2	18,094,372,030	5,746,293,951	18,094,372,030	5,746,293,951
			238,400,399,660	**203,431,019,401**	**238,008,103,268**	**202,559,380,746**
7.1	**Loans, cash credits, overdrafts etc.**					
	Overdrafts		12,099,439,558	4,832,391,842	12,099,439,558	4,832,391,842
	Demand loans		53,357,801,156	45,674,682,799	53,357,801,156	45,674,682,799
	Term loans		67,125,500,415	59,726,766,919	67,125,500,415	59,726,766,919
	Lease receivables		1,253,917,260	752,976,542	1,253,917,260	752,976,542
	Credit Cards		4,638,049,723	3,834,679,214	4,638,049,723	3,834,679,214
	Staff loans		1,016,613,163	927,423,327	1,016,613,163	927,423,327
	Margin loan		1,873,912,707	1,863,756,630	-	-
			141,365,233,982	117,612,677,273	139,491,321,275	115,748,920,643
	Less: Inter Company Elimination		1,481,616,315	992,117,975	-	-
			139,883,617,667	**116,620,559,298**	**139,491,321,275**	**115,748,920,643**
7.2	**Bills purchased and discounted**					
	Bills purchased and discounted		17,792,218,334	5,199,017,616	17,792,218,334	5,199,017,616
	Bills purchased and discounted SME		302,153,696	547,276,335	302,153,696	547,276,335
			18,094,372,030	**5,746,293,951**	**18,094,372,030**	**5,746,293,951**
7.3	**Net Loans and Advances**					
	Gross loans and advances		238,400,399,660	203,431,019,401	238,008,103,268	202,559,380,746
	Less: Interest suspense		728,543,524	687,170,604	728,543,524	687,170,604
	Less: Provision for loans and advances	17.1	8,629,577,443	9,048,559,795	7,570,512,834	7,989,495,186
			229,042,278,693	**193,695,289,002**	**229,709,046,910**	**193,882,714,956**
7.4	**Loans and Advances under the following broad categories**					
	Inside Bangladesh:					
	Loans		216,642,198,004	183,432,140,497	216,249,901,612	182,560,501,842
	Cash Credits		-	-	-	-
	Overdrafts*		21,758,201,656	19,998,878,904	21,758,201,656	19,998,878,904
			238,400,399,660	**203,431,019,401**	**238,008,103,268**	**202,559,380,746**
	Outside Bangladesh:					
	Loans		-	-	-	-
	Cash credits		-	-	-	-
	Overdrafts		-	-	-	-
			-	**-**	**-**	**-**
			238,400,399,660	**203,431,019,401**	**238,008,103,268**	**202,559,380,746**
	*All loan and overdrafts are including SME.					
7.5	**Geographical Location wise Portfolio grouping**					
	Inside Bangladesh:					
	Dhaka Division		172,686,636,353	145,147,650,323	172,294,339,961	144,276,011,668
	Chittagong Division		24,655,135,563	22,759,165,182	24,655,135,563	22,759,165,182
	Khulna Division		11,089,933,616	8,499,889,028	11,089,933,616	8,499,889,028

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
Sylhet Division		4,390,368,381	3,827,316,840	4,390,368,381	3,827,316,840
Barisal Division		3,341,293,570	2,953,303,277	3,341,293,570	2,953,303,277
Rajshahi Division		12,830,319,180	11,214,536,430	12,830,319,180	11,214,536,430
Rangpur Division		3,721,890,260	3,153,483,201	3,721,890,260	3,153,483,201
Mymensingh Division		5,684,822,737	5,875,675,120	5,684,822,737	5,875,675,120
		238,400,399,660	203,431,019,401	238,008,103,268	202,559,380,746
Outside Bangladesh		-	-	-	-
		238,400,399,660	**203,431,019,401**	**238,008,103,268**	**202,559,380,746**
7.6 Loans and advances on the basis of significant concentration					
7.6.1 Loans and advances to directors, executives and others					
Directors and others		114,806	403,696	114,806	403,696
Staff:					
Managing Director and CEO		-	774,915	-	774,915
Senior Executives		231,570,310	223,537,989	231,570,310	223,537,989
Other Executives and staffs		785,042,853	703,110,423	785,042,853	703,110,423
		1,016,613,163	927,423,327	1,016,613,163	927,423,327
Industries:					
Agro-based		16,191,056,670	7,998,551,158	16,191,056,670	7,998,551,158
Large and Medium		80,781,839,357	51,189,896,880	80,781,839,357	51,189,896,880
Small and Cottage		8,225,056,479	1,249,733,945	8,225,056,479	1,249,733,945
Service Industry		16,209,261,756	9,215,899,231	16,209,261,756	9,215,899,231
		121,407,214,262	69,654,081,214	121,407,214,262	69,654,081,214
Agricultural		2,789,736,560	1,954,130,689	2,789,736,560	1,954,130,689
Consumers		41,348,010,136	35,909,952,985	41,348,010,136	35,909,952,985
Trade and Commercial		71,838,710,733	94,985,027,490	71,446,414,341	94,113,388,835
		238,400,399,660	**203,431,019,401**	**238,008,103,268**	**202,559,380,746**
7.6.2 Staff Loan					
Personal Loan		84,111,699	84,116,621	84,111,699	84,116,621
Car and motorcycle Loan		365,583,883	338,435,545	365,583,883	338,435,545
House building Loan		566,917,581	504,871,161	566,917,581	504,871,161
		1,016,613,163	**927,423,327**	**1,016,613,163**	**927,423,327**
7.7 Detail of Large Loan					
Number of clients with amount outstanding (Funded and Non funded) and classification status to whom loans and advances sanctioned exceeds 10% of the total capital of the Bank. Total capital of the Bank was Taka 39,451 million on Consolidated basis and Taka 31,937 million on Standalone basis as at 31 December 2018 (Taka 26,982 million and 26,634 million as at 31 December 2017 respectively). (Details are shown in Annex - E)					
Number of clients				23	24
Amount of outstanding loans and advances				64,039,799,318	61,782,737,776
Amount of classified loans and advances				-	-
7.8 Classified and unclassified loans and advances					
Unclassified		227,980,092,710	193,778,985,743	228,809,021,793	194,121,311,600
Standard (including staff loan)		1,820,341,210	1,217,109,255	1,820,341,210	1,217,109,255
Special Mention Accounts (SMA)		229,800,433,920	194,996,094,998	230,629,363,003	195,338,420,855
Classified					
Sub-standard		872,254,570	1,289,414,776	872,254,570	1,289,414,776
Doubtful		702,638,718	1,190,620,473	702,638,718	1,190,620,473
Bad/Loss		7,025,072,452	5,954,889,154	5,803,846,977	4,740,924,642
		8,599,965,740	8,434,924,403	7,378,740,265	7,220,959,891
		238,400,399,660	**203,431,019,401**	**238,008,103,268**	**202,559,380,746**

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Particulars		Note	Consolidated		BRAC Bank Limited	
			2018	2017	2018	2017
7.8.1	**Business segment wise concentration of classified Loans and Advances / NPL of the Bank**					
	Corporate		3,936,998,546	4,450,053,613	3,936,998,546	4,450,053,613
	Retail		2,228,374,774	2,026,863,134	1,007,149,299	812,898,622
	Small and medium enterprises		2,434,592,420	1,958,007,656	2,434,592,420	1,958,007,656
			8,599,965,740	**8,434,924,403**	**7,378,740,265**	**7,220,959,891**
7.8.2	**Sector wise concentration of classified Loans and Advances / NPL of the Bank**					
	Agriculture		24,741,551	20,326,051	24,741,551	20,326,051
	Communication		-	1,349,353,032	-	1,349,353,032
	Consumer Credit		319,894,612	227,112,103	319,894,612	227,112,103
	Construction		-	-	-	-
	Other Manufacturing Industries		1,279,450,365	328,198,065	1,279,450,365	328,198,065
	Power, Gas		-	212,337,066	-	212,337,066
	Residential Real Estate Financing		636,087,691	450,397,360	636,087,691	450,397,360
	Readymade Garments		71,796,636	55,144,402	71,796,636	55,144,402
	Textile		288,338,793	153,017,081	288,338,793	153,017,081
	Ship Building		-	30,424,860	-	30,424,860
	SME Loans		2,135,175,005	2,702,829,957	2,135,175,005	2,702,829,957
	Trade Service		3,250,437,747	2,905,784,426	2,029,212,272	1,691,819,914
	Others		594,043,340	-	594,043,340	-
	Total		**8,599,965,740**	**8,434,924,403**	**7,378,740,265**	**7,220,959,891**
7.8.3	**Movements of classified Loans and Advances**					
	Opening balance		8,434,924,403	9,003,974,861	7,220,959,891	5,910,644,512
	Additions during the year		2,953,173,730	3,480,147,121	2,945,912,767	3,479,579,148
	Reductions during the year		2,788,132,393	4,049,197,579	2,788,132,393	2,169,263,769
			8,599,965,740	**8,434,924,403**	**7,378,740,265**	**7,220,959,891**
7.9	**Loan type wise classified loans and Advances**					
	Overdraft		624,449,495	598,727,256	624,449,495	598,727,256
	Demand Loan		1,453,230,471	549,645,213	1,453,230,471	549,645,213
	Term Loan		5,149,915,729	5,935,336,191	5,149,915,729	5,935,336,191
	Lease Finance		-	-	-	-
	Credit Cards		151,144,570	137,251,231	151,144,570	137,251,231
	Margin Loan		1,221,225,475	1,213,964,512	-	-
			8,599,965,740	**8,434,924,403**	**7,378,740,265**	**7,220,959,891**
7.10	**Sector-wise Allocation of Loans and Advances**					
	Government		-	-	-	-
	Private:					
	Agriculture		2,789,736,561	1,954,130,689	2,789,736,561	1,954,130,689
	Industry		89,006,895,835	52,439,630,825	89,006,895,835	52,439,630,825
	Service Industry		16,209,261,756	9,215,899,231	16,209,261,756	9,215,899,231
	Agro-based Industry		16,191,056,670	7,998,551,158	16,191,056,670	7,998,551,158
	Commerce and Trade		71,838,710,733	94,985,027,490	71,446,414,341	94,113,388,835
	Consumer Credit		42,364,738,105	36,837,780,008	42,364,738,105	36,837,780,008
			238,400,399,660	**203,431,019,401**	**238,008,103,268**	**202,559,380,746**

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
7.11 Securities against loans/advances including bills purchased and discounted					
Collateral of moveable/immoveable assets		44,381,995,349	45,399,012,797	44,381,995,349	45,399,012,797
Local banks and financial institutions guarantee		-	-	-	-
Government guarantee		-	-	-	-
Foreign banks guarantee		-	-	-	-
Export documents		-	-	-	-
Fixed deposit receipts (FDR)		4,254,060,736	3,136,337,936	4,254,060,736	3,136,337,936
FDR of other banks		-	-	-	-
Government bonds		-	-	-	-
Personal guarantee and other securities		189,255,769,442	129,216,708,414	189,255,769,442	129,216,708,414
Other securities		508,574,133	25,678,960,254	116,277,741	24,807,321,599
		238,400,399,660	**203,431,019,401**	**238,008,103,268**	**202,559,380,746**

7.12 Particulars of required provisions for loans and advances (Bank only)

Status	Outstanding Loans and advances 2018	Base for provision	Percentage (%) of required provision	Required provision 2018	Required provision 2017
Unclassified					
All unclassified loans (Other than Small and Medium enterprise Financing, Consumer Financing,BHs/ MBs/SDs, Housing and loans for professional*)	108,859,014,560	108,859,014,560	1%	1,088,590,146	755,457,269
Small and Medium enterprise financing	76,821,432,735	76,821,432,735	0.25%	192,053,582	190,889,304
Loans to BHs/MBs/SDs against share etc.	1,684,897,749	1,684,897,749	2%	33,697,955	25,722,387
Housing Finance	15,941,461,748	15,941,461,748	1%	159,414,617	334,308,313
Loans for professionals to Set up business (LP)	2,680,000,417	2,680,000,417	2%	53,600,008	48,235,510
Consumer finance	17,227,624,813	17,227,624,813	5%	861,381,241	793,310,470
Consumer finance (Credit Card)	4,486,905,153	4,486,905,153	2%	89,738,103	73,948,560
Staff loan	1,016,613,163	-	0%	-	-
Short Term Agricultural and Micro Credit	1,911,412,665	1,911,412,665	1%	19,114,127	25,325,650
	230,629,363,003	229,612,749,840		**2,497,589,779**	**2,247,197,462**
Classified - Specific provision					
Doubtful (Short Term Agricultural Credit)	35,518	24,777	5%	1,239	1,415
Sub-standard	872,254,570	649,184,174	20%	129,836,835	207,653,198
Doubtful	702,603,200	535,354,349	50%	267,677,175	499,057,171
Bad/Loss	5,803,846,977	3,977,124,969	100%	3,977,124,969	3,072,013,547
	7,378,740,265	5,161,688,269		**4,374,640,218**	**3,778,725,331**
	238,008,103,268	234,774,438,109			
Total Required provision for loans and advances				**6,872,229,997**	**6,025,922,793**
Total provision maintained (Note 17.1)				**7,570,512,834**	**7,989,495,186**
Excess/(Short) provision				**698,282,837**	**1,963,572,393**

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

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7.13 Particulars of Loans and Advances

		2018 Taka	2017 Taka
i)	Loans considered good in respect of which Bank is fully secured	48,636,056,085	48,535,350,734
ii)	Loans considered good against which Bank holds no security other than the debtor's personal guarantee.	189,255,769,442	129,216,708,413
iii)	Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor.	116,277,741	24,807,321,599
iv)	Loans adversely classified; provision not maintained there against;	-	-
		238,008,103,268	202,559,380,746
v)	Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons;	12,533,344,919	927,863,301
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;	12,533,344,919	927,863,301
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)	89,199,132	399,383,914
	Amount of debts written off	2,058,008,198	1,118,406,317
	Amount realized against loan previously written off.	783,059,719	1,039,185,296
	b) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet	3,977,124,969	3,072,013,547
	c) Interest creditable to the Interest Suspense a/c.	601,033,603	537,463,972
xi)	Cumulative amount of the written off loan		
	Opening balance	17,182,858,852	16,064,452,535
	Amount written off during the year	2,058,008,198	1,118,406,317
		19,240,867,050	17,182,858,852
	The amount of written off loans for which law suits have been filed	18,790,980,613	17,106,398,655

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Particulars		Note	Consolidated		BRAC Bank Limited	
			2018	2017	2018	2017
7.14	**Write off of Loans and advances (Net basis)**					
	Balance at the beginning of the year		10,271,413,165	10,703,594,646	10,271,413,165	10,703,594,646
	Add: Write off during the year		2,058,008,198	1,118,406,317	2,058,008,198	1,118,406,317
			12,329,421,363	**11,822,000,963**	**12,329,421,363**	**11,822,000,963**
	Less: Recovery of Write off loans		783,059,719	1,039,185,296	783,059,719	1,039,185,296
	Less: No Claim (Interest Waiver)		245,241,492	511,402,502	245,241,492	511,402,502
	Balance at the end of the year		**11,301,120,152**	**10,271,413,165**	**11,301,120,152**	**10,271,413,165**
7.15	**Bill Purchased and Discounted under the following broad categories**					
	Inside Bangladesh		18,094,372,030	5,746,293,951	18,094,372,030	5,746,293,951
	Outside Bangladesh		-	-	-	-
			18,094,372,030	**5,746,293,951**	**18,094,372,030**	**5,746,293,951**
7.16	**Maturity wise grouping of Loans and Advances**					
	Repayable on demand		26,145,611,032	21,754,882,943	959,327,841	21,754,882,943
	Not more than 3 months		43,479,197,003	34,719,822,954	68,877,830,701	35,711,940,929
	More than 3 months but not more than 1 Year		96,371,000,008	75,016,712,615	95,766,353,109	73,152,955,985
	More than 1 year but not more than 5 years		63,507,675,527	57,499,025,337	63,507,675,527	57,499,025,337
	More than 5 years		8,896,916,090	14,440,575,552	8,896,916,090	14,440,575,552
			238,400,399,660	**203,431,019,401**	**238,008,103,268**	**202,559,380,746**
7.17	**Maturity wise grouping of Lease receivables**					
	Receivable on demand		289,468	527,278	289,468	527,278
	Not more than 3 months		1,694,714	11,007,900	1,694,714	11,007,900
	More than 3 months but not more than 1 Year		54,634,185	43,859,782	54,634,185	43,859,782
	More than 1 year but not more than 5 years		1,149,857,893	697,581,582	1,149,857,893	697,581,582
	More than 5 years		47,441,000	-	47,441,000	-
			1,253,917,260	**752,976,542**	**1,253,917,260**	**752,976,542**
7.18	**Maturity wise grouping of Bill Purchased and Discounted**					
	Payable within 1 month		3,687,450,074	1,057,002,492	3,687,450,074	1,057,002,492
	Over 1 month but less than 3 months		5,748,370,755	1,618,688,903	5,748,370,755	1,618,688,903
	Over 3 month but less than 6 months		4,787,170,949	2,277,821,735	4,787,170,949	2,277,821,735
	6 months or more		3,871,380,252	792,780,821	3,871,380,252	792,780,821
			18,094,372,030	**5,746,293,951**	**18,094,372,030**	**5,746,293,951**
8	**Fixed assets including land, building, furniture and fixtures**					
	Land - Cost		527,275,400	527,275,400	527,275,400	527,275,400
	Revaluation*		520,468,350	516,373,535	520,468,350	516,373,535
	Total		1,047,743,750	1,043,648,935	1,047,743,750	1,043,648,935
	Leasehold Building		20,855,926	20,855,926	4,034,334	4,034,334
	Furnitures and fixtures		2,353,095,756	2,239,687,472	2,206,895,912	2,097,265,452
	Office equipment		1,752,828,550	1,688,923,672	1,600,079,746	1,542,362,260
	IT Hardwares		3,745,619,232	3,023,818,161	2,774,382,706	2,331,804,025
	Motor vehicles		443,280,557	405,899,477	321,040,060	295,973,574

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
Leasehold Improvements		101,986,954	100,962,080	-	-
Capital expenditure work in progress		844,368,352	1,342,672,559	222,254,800	970,504,865
License (Indefinite useful live)		50,000	50,000	50,000	50,000
IT Software (Finite useful live)		2,886,545,528	1,575,924,226	1,941,732,424	1,043,281,543
Total cost		**13,196,374,605**	**11,442,442,508**	**10,118,213,732**	**9,328,924,988**
Accumulated depreciation and amortisation		6,931,214,402	5,832,018,961	5,817,562,615	5,053,744,128
Written down value at 31 December		**6,265,160,203**	**5,610,423,547**	**4,300,651,117**	**4,275,180,860**

(Fixed assets schedules are shown in Annex - F)

*In compliance with International Accounting Standard (IAS) 16: Property, Plant and Equipment we 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 or five years. In 2018 we have revalued our land by professional firm "M/s. Commodity Inspection Services (BD) Ltd." and necessary accounting has been recognised in annual report based on the valuation report.

9 Other assets

Income generating:					
Interest receivables	9.1	1,563,099,848	1,376,223,256	1,563,099,848	1,376,223,256
Investment in subsidiary	9.2	-	-	4,461,575,285	4,461,575,285
Investment/ Carrying value in associates	9.3	15,735,639	13,819,939	42,690,000	42,690,000
Prepaid Interest Expenses on IFFD		37,900,375	40,649,837	37,900,375	40,649,837
Receivables against sanchayapatra		71,036,794	81,940,767	71,036,794	81,940,767
Balance with BRAC EPL Stock Brokerage Limited		3,085,095	8,952,614	3,085,095	8,952,614
Non- Income generating:					
Stock of stamps		94,006,019	26,920,627	94,006,019	26,920,627
Stock of security stationery		50,866,572	25,059,870	50,866,572	25,059,870
Stock of printing stationery		15,260,116	13,106,948	15,260,116	13,106,948
Stock of inventory		-	3,132,395	-	3,132,395
Advance to staff		5,285,045	9,154,509	5,285,045	9,154,509
Advance to supplier		37,485,971	43,179,123	21,962,231	33,472,974
Advance Value Added Tax		9,132,298	4,370,000	9,132,298	4,370,000
Advance to SME unit offices		1,310,690	1,310,690	1,310,690	1,310,690
Advance against office rent		650,663,044	713,842,606	638,435,196	697,573,334
Advance security deposit		13,304,874	13,904,316	12,001,393	12,600,835
Deferred revenue expenditure		194,602,774	107,072,473	194,602,774	107,072,473
Deferred tax asset	9.4	1,840,837,214	1,885,198,697	1,558,681,068	1,602,551,146
Receivable from Off-Shore		1,174,524,977	1,182,891,590	1,174,524,977	1,182,891,590
Receivable settlement account-OBU/ DBU		-	1,285,509,100	-	1,285,509,100
Receivable in proxy account		2,962,169	3,757,480	2,962,169	3,757,480
Net plan assets -Employees' Gratuity Fund		18,808,040	-	108,991,788	-
Other receivables	9.6	1,130,350,679	1,090,032,867	1,130,350,679	1,090,032,867
Less: On-shore to Off-shore		(1,174,524,944)	(2,468,400,686)	(1,174,524,944)	(2,468,400,686)
Other assets of subsidiaries	9.7	3,909,700,855	3,852,731,163	-	-
		9,665,434,144	**9,314,360,181**	**10,023,235,468**	**9,642,147,911**

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
9.1 Interest receivables					
Receivable against Govt. securities		301,162,760	386,838,906	301,162,760	386,838,906
Receivable against other securities		101,620,690	67,254,183	101,620,690	67,254,183
Receivable against balance with other bank		82,238,130	83,254,177	82,238,130	83,254,177
Receivable against loans and advances		1,078,078,268	838,875,990	1,078,078,268	838,875,990
		1,563,099,848	**1,376,223,256**	**1,563,099,848**	**1,376,223,256**
9.2 Investment in subsidiaries					
BRAC EPL Investments Limited				2,889,117,454	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
				4,461,575,285	**4,461,575,285**
9.3 Investment/ Carrying value in associates					
BRAC IT Services Limited		3,564,399	1,798,063	30,190,000	30,190,000
BRAC Asset Management Company Limited		12,171,240	12,021,876	12,500,000	12,500,000
		15,735,639	**13,819,939**	**42,690,000**	**42,690,000**
9.3.1 Carrying value of investment in associates:					
BRAC IT Services Limited					
Opening balance/Fair Value of residual interest retained		1,798,063	(12,377,528)		
Share of profit/(loss) of equity in associate company		1,766,336	14,175,591		
		3,564,399	**1,798,063**		
BRAC Asset Management Company Limited					
Opening balance		12,021,876	11,864,627		
Share of profit/(loss) of equity in associate company		149,364	157,249		
		12,171,240	**12,021,876**		

9.4 Deferred Tax asset/ (Liability) (Bank only)

Particulars	Accounting base	Tax base	Deductible/ (Taxable) Temporary Difference	Applicable tax rate	Deferred Tax Asset/ (Liability)
Balance as at 31 December, 2017					
Deferred Tax Asset					1,602,551,146
Deferred Tax Liability					(154,735,562)
Net Deferred Tax Asset as at 31 December, 2017					**1,447,815,584**
Balance as at 31 December, 2018					
Loan loss provision (Note - 17.1)	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
Deferred tax asset (a)					**1,558,681,068**
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%	(112,936,035)
Deferred Tax Liability (d)					**(163,959,314)**
Net Deferred Tax Asset at 31 December 2018 (a+d)					**1,394,721,754**
Decrease of deferred tax asset recognized in Profit and Loss statement as expense					43,870,078
Decrease of deferred tax liability recognized in Profit and Loss statement as Income					(41,799,527)
Net Deferred tax expense recognized in Profit and Loss statement during the year end December 31, 2018					**2,070,551**
Net Deferred tax liability recognized in equity during the year end December 31, 2018 (b+c)					**(51,023,279)**

*As per guidelines of accounting standard "IAS 12 Income Taxes" deferred tax should be recognized 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 we recognize 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.

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Particulars		Note	Consolidated		BRAC Bank Limited	
			2018	2017	2018	2017
9.5	**Employees' Gratuity Fund**					
	Fair value of Plan Assets	9.5.1	879,337,781	-	879,337,781	-
	Defined benefit obligation	9.5.2	860,529,741	-	770,345,993	-
			18,808,040	**-**	**108,991,788**	**-**

The Bank has a funded gratuity scheme recognized by National Board of Revenue (NBR). Contributions to the fund by the Bank were recognized in profit and loss of the Bank but the value of plan assets and present value of defined benefit obligation were not in the financial statement of the Bank till 2017. The fair value of plan assets and present value of defined benefit obligation was first recognized in the financial statements of the Bank starting from 2018 as per IAS 19 "Employee Benefits". The amounts were recognised as per Actuarial Valuation Report carried out by professional actuary for the year ended 2018. The net effect of such recognition in the opening balance has been taken directly in profit and loss under salary and allowances (note - 30).

9.5.1	**Fair value of Plan Assets - Gratuity Fund**					
	Fair value of Plan Assets as on 01 January		768,412,841	-	768,412,841	-
	Interest income on plan assets		69,157,156	-	69,157,156	-
	Actual employer contributions		123,535,548	-	123,535,548	-
	Actual net benefits payments		(88,596,040)	-	(88,596,040)	-
	Remeasurement gain/(losses) on plan assets		6,828,276	-	6,828,276	-
	Fair value of Plan Assets as on 31 December		**879,337,781**	**-**	**879,337,781**	**-**
9.5.2	**Defined benefit obligation - Gratuity Fund**					
	Defined benefit obligation as on 01 January		724,988,427	-	680,472,757	-
	Current service cost		194,975,928	-	134,701,195	-
	Interest cost		61,242,548	-	61,242,548	-
	Actual net benefits payments		(133,452,695)	-	(88,596,040)	-
	Remeasurement (gain)/loss		12,775,533	-	(17,474,467)	-
	Defined benefit obligation as on 31 December		**860,529,741**	**-**	**770,345,993**	**-**
9.5.3	**Remeasurements gain/(loss) of defined benefits liability/assets**					
	Opening balance		-	-	-	-
	Remeasurement gain/(losses) on plan assets		6,828,276	-	6,828,276	-
	Remeasurement gain/(losses) on defined benefit obligation		(12,775,533)	-	17,474,467	-
			(5,947,257)	-	24,302,743	-
	Less: Deferred tax (expense)/income		1,473,971	-	(9,113,529)	-
			(4,473,286)	**-**	**15,189,214**	**-**

Remeasurement gain/(loss) has been recognised as per Actuarial Valuation Report.

9.6	**Other Receivables**					
	Receivable against remittance		21,397,519	18,774,911	21,397,519	18,774,911
	Receivable against bills pay		(40)	100	(40)	100
	Receivable against DD		21,000,000	41,000,000	21,000,000	41,000,000
	Receivable against Cheques		-	19,725	-	19,725
	Receivable against Cards		190,574,709	13,486,899	190,574,709	13,486,899
	Receivable from Merchant		113,486,375	144,762,125	113,486,375	144,762,125
	Receivable from Partners		232,568,212	234,198,514	232,568,212	234,198,514
	Receivable from Co-Brand ATM		27,020,242	40,535,943	27,020,242	40,535,943
	Receivable against fraud and forgery/ Protested bill		117,010,489	116,490,109	117,010,489	116,490,109
	Receivable from NPS		57,070,500	118,243,000	57,070,500	118,243,000
	Sundry debtors		306,135,115	268,004,728	306,135,115	268,004,728
	Receivable from BACH		5,025,941	5,000,005	5,025,941	5,000,005

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Particulars		Note	Consolidated		BRAC Bank Limited	
			2018	2017	2018	2017
	VAT current account		10,337,327	878,348	10,337,327	878,348
	REPO interest expenditure		-	(851,174)	-	(851,174)
	Coupon interest adjustment		28,724,290	-	28,724,290	-
	Unrealized Gain/Loss FX Contra		-	89,489,634	-	89,489,634
			1,130,350,679	**1,090,032,867**	**1,130,350,679**	**1,090,032,867**
9.7	**Other assets of subsidiaries**					
	BRAC EPL Investments Limited		392,079,640	357,656,765		
	BRAC EPL Stock Brokerage Limited		177,569,066	1,662,128,211		
	bKash Limited		3,053,222,871	1,822,433,146		
	BRAC Saajan Exchange Limited		582,544,466	224,371,137		
			4,205,416,043	4,066,589,259		
	Less: Inter company transactions:					
	BRAC Bank Limited		295,003,975	197,805,465		
	BRAC EPL Investments Limited		21,022	34,500		
	BRAC EPL Stock Brokerage Limited		454,814	15,404,922		
	bKash Limited		235,377	613,209		
			295,715,188	213,858,096		
			3,909,700,855	3,852,731,163		
10	**Non-banking assets**	Possession date				
	Haque Specialized Still Mills Ltd.	30.06.2015	62,230,075	62,230,075	62,230,075	62,230,075
	M/s Macca And Modina Store	16.01.2017	1,200,000	1,200,000	1,200,000	1,200,000
	M/S. Akash Auto Mobile	11.06.2018	3,041,700	-	3,041,700	-
			66,471,775	**63,430,075**	**66,471,775**	**63,430,075**

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 23/04/2015 (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 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**			
	(i) BRAC EPL Investments Limited	246,289,821	246,289,821	
	Less: Impairment of Goodwill - EPIL	-	(150,233,905)	
	Sub Total	246,289,821	96,055,916	
	(ii) bKash Limited	73,393,751	73,393,751	
	Less: Reversal of wrongly recognised Goodwill *	(73,393,751)	-	
	Sub Total	-	73,393,751	
	(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	
	Total	**1,427,468,911**	**1,350,628,757**	

*Goodwill recognised for bKash Limited was incorrect as BRAC Bank invested in bKash through subscription in the issued share capital and never purchased from any third party. Due to this reason the goodwill recognized in prior year relating to bKash was incorrect/wrong. The management of the Bank believes that the impact of this error is immaterial and hence charged prospectively in the profit and loss of current year.

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
12 Borrowings from other banks, financial institutions and agents					
Borrowings inside Bangladesh	12.1	-	2,412,800,000	-	2,412,800,000
Borrowings outside Bangladesh	12.2	22,958,478,616	20,798,133,175	22,958,478,616	20,798,133,175
		22,958,478,616	**23,210,933,175**	**22,958,478,616**	**23,210,933,175**
12.1 Borrowings inside Bangladesh					
Southeast Bank Ltd.		-	332,800,000	-	332,800,000
Dhaka Bank Limited		-	416,000,000	-	416,000,000
Agrani Bank Limited		-	1,664,000,000	-	1,664,000,000
On Shore to BBL Off Shore		5,091,205,150	1,597,440,000	5,091,205,150	1,597,440,000
Borrowings of subsidiaries		1,776,180,954	992,117,975	-	-
		6,867,386,104	**5,002,357,975**	**5,091,205,150**	**4,010,240,000**
Less: On-shore to BBL Off-shore placement/Inter Company elimination		6,867,386,104	2,589,557,975	5,091,205,150	1,597,440,000
		-	**2,412,800,000**	**-**	**2,412,800,000**
12.2 Borrowing from Outside Bangladesh					
Sonali Bank UK Ltd		1,222,083,236	1,285,509,100	1,222,083,236	1,285,509,100
BANK ONE Mauritius		1,091,350,000	1,081,600,000	1,091,350,000	1,081,600,000
Emirates Islamic Bank Dubai		486,363,486	832,000,000	486,363,486	832,000,000
HDFC Bank Limited		780,735,000	416,000,000	780,735,000	416,000,000
ICICI Bank Limited		839,500,000	832,000,000	839,500,000	832,000,000
Standard Chartered Bank, Singapore		671,600,000	3,078,400,000	671,600,000	3,078,400,000
Standard Chartered Bank, New York		839,500,000	-	839,500,000	-
UBL Dubai		-	981,760,000	-	981,760,000
Asian Development Bank		2,699,592,143	2,481,107,200	2,699,592,143	2,481,107,200
KBC Bank NV Belgium		1,329,776,251	832,476,876	1,329,776,251	832,476,876
First Gulf Bank		-	1,248,000,000	-	1,248,000,000
The National Bank of Ras Al-Khaimah		1,888,875,000	2,113,280,000	1,888,875,000	2,113,280,000
Abu Dhabi Commercial Bank		2,084,478,500	-	2,084,478,500	-
First Abu Dhabi Bank PJSC		1,469,125,000	-	1,469,125,000	-
Borrowing from NORFUND		-	208,000,000	-	208,000,000
Borrowing from IFC		7,555,500,000	4,160,000,000	7,555,500,000	4,160,000,000
Borrowing from FMO		-	1,247,999,999	-	1,247,999,999
		22,958,478,616	**20,798,133,175**	**22,958,478,616**	**20,798,133,175**
		22,958,478,616	**23,210,933,175**	**22,958,478,616**	**23,210,933,175**
12.3 Security against borrowings from other banks, financial institutions and agents:					
Secured (Treasury bills)		-	-	-	-
Unsecured		22,958,478,616	23,210,933,175	22,958,478,616	23,210,933,175
		22,958,478,616	**23,210,933,175**	**22,958,478,616**	**23,210,933,175**

12.4 Disclosure regarding REPO

Disclosure regarding REPO transactions of the bank are given as per Bangladesh Bank, DOS Circular No. 6 dated July 15, 2010.

(a) (i) Disclosure regarding outstanding Repo as on 31 December 2018:

Sl.no	Counter party name	Agreement Data	Reversal Date	Amount (1st leg cash consideration)	Amount (1st leg cash consideration)
i	Standard Chartered Bank	N/A	N/A	NIL	206,503,052
iii	Janata Bank Ltd	N/A	N/A	NIL	1,398,516,000
					1,605,019,052

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(a) (ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2018:

Sl.no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)	Amount (1st leg cash consideration)
i	AB Bank Limited	26-12-2018	02-01-2019	1,195,301,192	NIL
				1,195,301,192	**-**

(b) Disclosure regarding overall transaction of Repo and Reverse repo during the year 31 December 2018:

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year 2018	Daily average outstanding during the year 2017
Securities sold under repo:				
i) with Bangladesh Bank	-	-	-	-
ii) with other banks & Fis	99,841,000	2,932,683,250	197,167,943	791,977,750
Securities purchased under reverse repo:				
i) with Bangladesh Bank	-	-	-	-
ii) with other banks & FIs	167,095,059	6,116,357,310	522,506,449	64,799,691

Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
12.5 Maturity wise grouping of Borrowing from Other Bank and Financial Institutions					
Repayable on demand		-	5,338,736,186	-	5,338,736,186
Not more than 3 months		7,829,709,843	6,095,250,806	7,829,709,843	6,095,250,806
More than 3 months but not more than 1 Year		10,211,697,345	6,725,517,613	10,211,697,345	6,725,517,613
More than 1 year but not more than 5 years		4,917,071,428	5,051,428,570	4,917,071,428	5,051,428,570
More than 5 years		-	-	-	-
		22,958,478,616	**23,210,933,175**	**22,958,478,616**	**23,210,933,175**
13 Borrowings from Bangladesh Bank					
Bangladesh Bank Refinance		1,897,566,050	938,487,908	1,897,566,050	938,487,908
Bangladesh Bank EDF fund		5,409,625,128	4,214,064,523	5,409,625,128	4,214,064,523
Bangladesh Bank REPO		-	-	-	-
Bangladesh Bank SME Foundation		24,837,500	27,767,500	24,837,500	27,767,500
Borrowing from Bangladesh Bank - LTFF		1,012,767,847	415,265,835	1,012,767,847	415,265,835
		8,344,796,525	**5,595,585,766**	**8,344,796,525**	**5,595,585,766**
13.1 Maturity wise grouping of Borrowing from Central Bank					
Repayable on demand		204,129,675	928,073,307	204,129,675	928,073,307
not more than 3 months		3,637,846,711	2,718,641,427	3,637,846,711	2,718,641,427
More than 3 months but not more than 1 Year		2,004,917,918	1,533,605,197	2,004,917,918	1,533,605,197
More than 1 year but not more than 5 years		2,008,473,721	415,265,835	2,008,473,721	415,265,835
More than 5 years		489,428,500	-	489,428,500	-
		8,344,796,525	**5,595,585,766**	**8,344,796,525**	**5,595,585,766**
14 Subordinated Convertible Bonds					
Private Placement	14.1	-	2,528,987,000	-	2,528,987,000
Public Subscription	14.2	-	321,161,000	-	321,161,000
		-	**2,850,148,000**	**-**	**2,850,148,000**

Pursuant to the Terms and Conditions of Subordinated 25% Convertible Bonds of BRAC Bank Limited, it was redeemed and delisted from the Stock Exchanges in January 2018.

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Particulars		Note	Consolidated		BRAC Bank Limited	
			2018	2017	2018	2017
14.1	**Private Placement details**	**No. of Unit**				
	Nederlandse Financierings - Maatschappij Voor Ontwikkelingslanden N.V	525,000	-	525,000,000	-	525,000,000
	Triodos Fair Share Fund	175,000	-	175,000,000	-	175,000,000
	Triodos Microfinance Fund	175,000	-	175,000,000	-	175,000,000
	Norwegian Investment Fund for Developing Countries	418,950	-	418,950,000	-	418,950,000
	Agrani Bank Limited	750,000	-	750,000,000	-	750,000,000
	BRAC Employee Provident Fund	412,537	-	412,537,000	-	412,537,000
	Delta Life Insurance Company Limited	20,000	-	20,000,000	-	20,000,000
	RACE Asset Management *	52,500	-	52,500,000	-	52,500,000
			-	**2,528,987,000**	**-**	**2,528,987,000**
	* PHP 1st Mutual Fund, Popular Life 1st Mutual Fund					
14.2	**Public Subscription details**	**No. of unit**				
	Other than non-resident Bangladeshis	263,547	-	263,547,000	-	263,547,000
	Non-resident Bangladeshis	807	-	807,000	-	807,000
	Mutual Funds	56,807	-	56,807,000	-	56,807,000
			-	**321,161,000**	**-**	**321,161,000**
	Total Subscription received		**-**	**2,850,148,000**	**-**	**2,850,148,000**
	Less: Refundable against excess subscription		**-**	**-**	**-**	**-**
			-	**2,850,148,000**	**-**	**2,850,148,000**
14.3	**Maturity wise grouping of Subordinated Convertible Bonds**					
	Up to 1 month		-	2,850,148,000	-	2,850,148,000
	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		-	-	-	-
			-	**2,850,148,000**	**-**	**2,850,148,000**
15	**Money at call on short notice**					
	IFIC Bank Limited		-	100,000,000	-	100,000,000
	Commercial Bank of ceylon plc Dhaka		-	400,000,000	-	400,000,000
	National Bank Limited		-	1,200,000,000	-	1,200,000,000
	Sonali Bank Limited		-	1,000,000,000	-	1,000,000,000
			-	**2,700,000,000**	**-**	**2,700,000,000**
15.1	**Maturity wise grouping of Money at call on short notice**					
	Up to 1 month		-	2,700,000,000	-	2,700,000,000
	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		-	-	-	-
			-	**2,700,000,000**	**-**	**2,700,000,000**

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Particulars		Note	Consolidated		BRAC Bank Limited	
			2018	2017	2018	2017
16	**Deposits and other accounts**					
	Current deposits and other accounts etc.	16.1	80,225,826,007	83,474,319,154	53,562,341,970	62,304,458,807
	Bills payable	16.2	1,528,433,733	1,013,749,416	1,528,433,733	1,013,749,416
	Savings bank deposits	16.3	38,320,761,103	35,100,923,580	38,320,761,103	35,100,923,580
	Fixed deposits	16.4	133,388,177,229	95,556,881,123	133,600,242,355	96,018,419,796
	Other deposits	16.5	1,610,630,541	1,784,046,490	1,610,630,541	1,786,887,658
			255,073,828,613	**216,929,919,763**	**228,622,409,702**	**196,224,439,257**
16.1	**Current deposits and other accounts**					
	Local currency		79,902,155,826	82,741,721,386	52,413,590,112	61,077,784,187
	Foreign currencies		1,148,751,858	1,226,674,620	1,148,751,858	1,226,674,620
			81,050,907,684	83,968,396,006	53,562,341,970	62,304,458,807
	Less: Inter unit/company elimination		825,081,677	494,076,852	-	-
			80,225,826,007	**83,474,319,154**	**53,562,341,970**	**62,304,458,807**
16.1.1	**Current deposits and other accounts**					
	Current deposits		73,546,248,944	72,380,687,481	46,057,683,230	50,716,750,282
	Short term deposit		7,504,658,740	11,587,708,525	7,504,658,740	11,587,708,525
	Less: Inter unit/company elimination		825,081,677	494,076,852	-	-
			80,225,826,007	**83,474,319,154**	**53,562,341,970**	**62,304,458,807**
16.2	**Bills payable**					
	Local currency		1,516,806,722	995,476,293	1,516,806,722	995,476,293
	Foreign currencies		11,627,011	18,273,123	11,627,011	18,273,123
			1,528,433,733	**1,013,749,416**	**1,528,433,733**	**1,013,749,416**
16.3	**Savings bank deposits**					
	Local currency		38,320,761,103	35,100,923,580	38,320,761,103	35,100,923,580
	Foreign currencies		-	-	-	-
			38,320,761,103	**35,100,923,580**	**38,320,761,103**	**35,100,923,580**
16.4	**Fixed deposits**					
	Local currency		132,126,299,370	94,645,236,796	132,126,299,370	94,645,236,796
	Foreign currencies		1,473,942,985	1,373,183,000	1,473,942,985	1,373,183,000
			133,600,242,355	96,018,419,796	133,600,242,355	96,018,419,796
	Less: Inter unit/company elimination		212,065,126	461,538,673	-	-
			133,388,177,229	**95,556,881,123**	**133,600,242,355**	**96,018,419,796**
16.5	**Other deposits**					
	Local currency	16.5.1	732,090,546	640,754,309	732,090,546	640,754,309
	Foreign currencies		878,539,995	1,146,133,349	878,539,995	1,146,133,349
			1,610,630,541	1,786,887,658	1,610,630,541	1,786,887,658
	Less: Inter unit/company elimination		-	2,841,168	-	-
			1,610,630,541	**1,784,046,490**	**1,610,630,541**	**1,786,887,658**
16.5.1	**Other local currency deposits**					
	Security Deposits		932,000	962,000	932,000	962,000
	Security Deposit from Retail Loan client		7,912,505	7,912,506	7,912,505	7,912,506
	Sundry deposit	16.5.1.1	723,246,041	631,879,803	723,246,041	631,879,803
			732,090,546	**640,754,309**	**732,090,546**	**640,754,309**

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
16.5.1.1 Sundry deposit					
Lease Deposits		6,475,322	7,136,038	6,475,322	7,136,038
Payable to NPS		149,721,678	146,880,320	149,721,678	146,880,320
EFTN and BACH adjustments account		409,653,492	324,586,932	409,653,492	324,586,932
Payable against customers, Loan account and others		157,395,549	153,276,513	157,395,549	153,276,513
		723,246,041	**631,879,803**	**723,246,041**	**631,879,803**
16.6 Deposits concentration					
Deposits from banks-inside Bangladesh	16.6.1	11,401,156,996	9,295,668,973	11,401,156,996	9,295,668,973
Other than banks		243,672,671,617	207,634,250,790	217,221,252,706	186,928,770,284
		255,073,828,613	**216,929,919,763**	**228,622,409,702**	**196,224,439,257**
16.6.1 Deposits from banks					
Current deposits:					
Eldorado Member Banks		1,156,996	2,273,326	1,156,996	2,273,326
Omnibus Member Banks		-	3,395,647	-	3,395,647
		1,156,996	5,668,973	1,156,996	5,668,973
Fixed deposits from Banks:					
Agrani Bank Limited		4,000,000,000	2,500,000,000	4,000,000,000	2,500,000,000
Bangladesh Development Bank Limited		900,000,000	200,000,000	900,000,000	200,000,000
Dutch-Bangla Bank Limited		-	1,000,000,000	-	1,000,000,000
Sonali Bank Limited		-	3,000,000,000	-	3,000,000,000
Hongkong Shanghai Banking Corporation		-	690,000,000	-	690,000,000
Prime Bank Limited		1,000,000,000	1,900,000,000	1,000,000,000	1,900,000,000
The Premier Bank Ltd		5,500,000,000	-	5,500,000,000	-
		11,400,000,000	9,290,000,000	11,400,000,000	9,290,000,000
Total Deposits from Banks and financial institutions		**11,401,156,996**	**9,295,668,973**	**11,401,156,996**	**9,295,668,973**
16.7 Payable on demand and time deposit					
i) Demand deposit					
Current deposits		71,572,415,409	70,657,094,841	44,908,931,372	49,490,075,662
Saving deposits (9% of total Saving deposits)		3,448,868,499	3,159,083,122	3,448,868,499	3,159,083,122
Foreign currency deposits		2,027,291,852	2,372,807,969	2,027,291,852	2,372,807,969
Sundry deposits		723,246,041	631,879,803	723,246,041	631,879,803
Bills payable		1,528,433,733	1,013,749,416	1,528,433,733	1,013,749,416
		79,300,255,535	**77,834,615,151**	**52,636,771,498**	**56,667,595,972**
ii) Time deposit					
Saving deposits (91% of total Saving deposits)		34,871,892,604	31,941,840,458	34,871,892,604	31,941,840,458
Foreign currency deposits		1,473,942,985	1,373,183,000	1,473,942,985	1,373,183,000
Fixed deposits		91,596,511,379	84,922,710,732	91,808,576,505	85,384,249,405
Short term deposits		7,504,658,740	11,587,708,525	7,504,658,740	11,587,708,525
Deposit pension schemes		40,317,722,865	9,260,987,391	40,317,722,865	9,260,987,391
Security deposits		8,844,505	8,874,506	8,844,505	8,874,506
		175,773,573,078	**139,095,304,612**	**175,985,638,204**	**139,556,843,285**
		255,073,828,613	**216,929,919,763**	**228,622,409,702**	**196,224,439,257**

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
16.8 Maturity Wise Grouping of Deposits and other accounts					
Repayable on demand		4,581,037,576	2,917,671,825	4,581,037,576	2,917,671,825
Repayable within 1 month		32,107,021,323	34,450,644,376	30,162,977,471	28,448,381,235
Over 1 month but within 6 months		80,236,765,365	62,226,219,426	80,448,825,217	60,521,364,381
Over 6 month but within 1 year		63,627,680,541	46,266,521,566	44,405,958,773	33,268,159,246
Over 1 year but within 5 years		56,132,933,904	50,396,625,073	50,635,220,761	50,396,625,073
Over 5 years but within 10 years		18,383,642,764	20,668,786,215	18,383,642,764	20,668,786,215
Over 10 years		4,747,140	3,451,282	4,747,140	3,451,282
Total		**255,073,828,613**	**216,929,919,763**	**228,622,409,702**	**196,224,439,257**
Unclaimed deposits for 10 years or more		21,926,523	27,873,340	21,926,523	27,873,340
The unclaimed deposit outstanding for 10 years and above will be deposited to Bangladesh Bank as per section 35 of Bank Companies Act 1991.					
17 Other liabilities					
Provision for loans and advances	17.1	8,629,577,443	9,048,559,795	7,570,512,834	7,989,495,186
Provision for interest receivable from loan	17.2	9,648,388	9,648,388	9,648,388	9,648,388
Provision for other assets	17.3	169,053,930	179,816,091	166,539,281	179,816,091
Provisions for Off Balance Sheet Items	17.4	584,162,499	621,162,499	584,162,499	621,162,499
Provision for diminution in value of Investments	17.5	116,400,000	-	116,400,000	-
Interest suspense	17.6	728,543,524	687,170,604	728,543,524	687,170,604
Withholding tax payable	17.7	201,353,599	193,486,436	200,352,861	192,091,315
VAT payable	17.8	163,436,907	166,123,743	163,436,907	166,123,743
Excise duty Payable		95,631,302	79,949,593	95,631,302	79,949,593
Provision for taxation net off AIT	17.9	4,186,647,881	4,944,699,964	4,027,190,457	4,841,055,243
Deferred tax liability		154,959,057	190,721,826	163,959,312	154,735,560
Interest payable		4,003,378,728	1,826,376,155	4,003,378,728	1,826,376,155
Accrued expenses		4,207,212,303	3,596,142,018	2,231,347,234	2,266,094,859
Share subscription - IPO (refund warrant)		224,829	223,727	224,829	223,727
Right Share subscription		636,674	636,674	636,674	636,674
Payable to On-shore		1,174,524,944	1,182,891,586	1,174,524,944	1,182,891,586
Payable settlement account-OBU/DBU		-	1,285,509,100	-	1,285,509,100
Cheque clearing account		316,002	316,002	316,002	316,002
Margin on Letter of Credits		607,438,283	1,029,664,286	607,438,283	1,029,664,286
Margin on Letter of Guarantees		259,342,242	220,624,615	259,342,242	220,624,615
Unclaimed dividend		60,578,743	60,926,038	60,578,743	60,926,038
Suppliers payable		136,037,935	161,114,594	136,037,935	161,114,594
Payable against exchange houses		631,534	23,550	631,534	23,550
Payable against insurances		35,520,289	30,813,366	35,520,289	30,813,366
Payable to Omnibus		896,130	896,130	896,130	896,130
Payable against FDD		899,808,905	473,300,643	899,808,905	473,300,643
Payable against SWIFT charge		21,628,575	1,500,441	21,628,575	1,500,441
Others payable	17.10	1,768,875,124	1,621,448,121	1,768,875,124	1,621,448,121
Less: Off-shore to On-shore		(1,174,524,944)	(2,468,400,686)	(1,174,524,944)	(2,468,400,686)
Other liabilities of subsidiaries	17.11	2,885,396,201	3,454,875,172	-	-
		29,927,337,027	**28,600,220,470**	**23,853,038,592**	**22,615,207,423**

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017

17.1 Provision for loans, 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 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.

A. General

Provisions held at the beginning of the year	2,340,559,156	2,090,767,680	2,340,559,156	2,090,767,680
Add: Exchange difference	1,350,325	15,071,195	1,350,325	15,071,195
Add: Net charge to Profit and Loss A/C	161,934,329	234,720,281	161,934,329	234,720,281
Provisions held at the end of the year	**2,503,843,810**	**2,340,559,156**	**2,503,843,810**	**2,340,559,156**

B. Specific

Provisions held at the beginning of the year (i)	6,708,000,639	5,924,326,528	5,648,936,030	4,865,261,919
Less: Write off during the year (ii)	(1,882,375,185)	(1,013,785,585)	(1,882,375,185)	(1,013,785,585)
Add: Recovery of written off bad debts (iii)	783,059,719	1,039,185,296	783,059,719	1,039,185,296
Add: Exchange difference (iv)	(4,762,349)	211,956	(4,762,349)	211,956
Add: Specific provision for the year (v)	1,304,870,528	1,797,247,740	1,304,870,528	1,797,247,740
Net charge to Profit and Loss A/C (vi)	521,810,809	758,062,444	521,810,809	758,062,444
Provisions held at the end of the year (i+ii+iii+iv+vi)	**6,125,733,633**	**6,708,000,639**	**5,066,669,024**	**5,648,936,030**
Total provision held at the end of the year (A+B)	**8,629,577,443**	**9,048,559,795**	**7,570,512,834**	**7,989,495,186**

17.2 Provision for interest receivable from loan

Provisions held at the beginning of the year	9,648,388	9,605,500	9,648,388	9,605,500
Add: Net charge to Profit and Loss A/C	-	42,888	-	42,888
Provisions held at the end of the year	**9,648,388**	**9,648,388**	**9,648,388**	**9,648,388**

17.3 Provision for other assets

Provisions held at the beginning of the year	179,816,091	79,367,985	179,816,091	79,367,985
Add: Net charge to Profit and Loss A/C	(10,762,161)	100,448,106	(13,276,810)	100,448,106
Provisions held at the end of the year	**169,053,930**	**179,816,091**	**166,539,281**	**179,816,091**

17.3.1 Particulars of required provision for other assets (bank only)

Other asset type	Other assets balance	Doubtful (50%)	Bad/Loss (100%)	Required provision	Actual provision
Sundry debtors	6,636,784	14,500	6,350,580	6,357,830	6,420,987
Receivable from BACH	5,025,941	-	5,000,000	5,000,000	5,000,000
Receivable from Co-Brand ATM	27,020,242	-	27,020,242	27,020,242	27,020,242
Receivable from Partners	3,072,676	3,360	2,408,311	2,409,991	2,409,991
Receivable from Partners_others	167,454	35,052	28,305	45,831	60,213
Receivable in proxy account	11,629,113	904,532	6,349,496	6,801,762	6,849,241
Protested bill	117,010,489	-	117,010,489	117,010,489	118,778,607
				164,646,145	166,539,281

17.4 Provisions for Off Balance Sheet Items

Provision for off balance sheet items is made as per BRPD circular no. 14 of September 2012 and BRPD circular no 7 of June 21, 2018 for covering the bank for possible losses on off balance sheet items in the future. Details movement of Provision for Off Balance Sheet items is as follows:

Balance at the beginning of the year	621,162,499	489,847,170	621,162,499	489,847,170
Add: Provision made during the year	(37,000,000)	131,315,329	(37,000,000)	131,315,329
Balance at the end of the year	**584,162,499**	**621,162,499**	**584,162,499**	**621,162,499**

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

Particulars	Outstanding	Percentage (%) of required provision	Required provision 2018	Required provision 2017
Acceptances and endorsements	31,170,526,059	1%	311,705,261	218,551,586
Irrevocable letters of credit	16,394,979,800	1%	163,949,798	81,096,597
Letter of guarantees	10,218,069,408	1%	102,180,694	225,689,195
Bills for collection	-	-	-	40,154,696
Total required provision			577,835,753	565,492,074
Total provision maintained (Note 17.4)			584,162,499	621,162,499
Excess/(Short) provision			6,326,746	55,670,425

Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
17.5 Provision for diminution in value of Investments					
Balance at the beginning of the year		-	72,224,112	-	72,224,112
Add: Provision made (released) during the year		116,400,000	(72,224,112)	116,400,000	(72,224,112)
Balance at the end of the year		**116,400,000**	**-**	**116,400,000**	**-**
17.6 Interest suspense					
Classified loans and advances of the banks are categorized 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 recognized as interest income when it is realized in cash by the bank.					
Balance at the beginning of the year		687,170,604	721,066,429	687,170,604	721,066,429
Add: Amount transferred to "Interest Suspense" Account during the year		601,033,603	537,463,972	601,033,603	537,463,972
		1,288,204,207	1,258,530,401	1,288,204,207	1,258,530,401
Less: Amount recovered in "Interest Suspense" Account during the year		384,027,670	466,739,065	384,027,670	466,739,065
Less: Amount written off during the year		175,633,013	104,620,732	175,633,013	104,620,732
Balance at the end of the year		**728,543,524**	**687,170,604**	**728,543,524**	**687,170,604**
17.7 Withholding Tax Payable					
Payable on Interest		139,196,198	135,819,548	139,196,198	135,819,548
Payable (Suppliers)		12,311,203	6,085,416	12,311,203	6,085,416
Payable (Contractors and Consultants)		-	457,861	-	457,861
Payable (Staff Salaries and Allowance)		8,923,966	7,423,201	8,923,966	7,423,201
Payable (Rent)		3,947,217	3,721,767	3,947,217	3,721,767
Payable (Export)		9,450,676	20,585,307	9,450,676	20,585,307
Payable on commission paid		4,630,211	4,531,352	4,630,211	4,531,352
Payable on professional services		1,061,911	448,376	1,061,911	448,376
Payable on Export Cash Subsidy		10,700,768	7,920	10,700,768	7,920
Payable on Local LC		2,032,732	4,125,184	2,032,732	4,125,184
Payable on Foreign Buyer Agent		-	473,366	-	473,366
Payable on IGW Services		7,268,063	688,033	7,268,063	688,033
Payable on others		1,830,654	9,119,105	829,916	7,723,984
		201,353,599	**193,486,436**	**200,352,861**	**192,091,315**
17.8 VAT Payable					
Payable on Banking Service		21,882,581	20,408,696	21,882,581	20,408,696
Payable - Supplier		27,149,109	6,412,537	27,149,109	6,412,537
Payable - Rent		11,451,121	18,320,563	11,451,121	18,320,563
Payable - DESCO		13,986,802	10,652,235	13,986,802	10,652,235
Payable - BPDB		20,113,742	12,522,380	20,113,742	12,522,380
Payable - BTCL		-	29,511,469	-	29,511,469
Payable - DPDC		68,741,619	68,223,868	68,741,619	68,223,868
Payable - REB		111,933	71,995	111,933	71,995
		163,436,907	**166,123,743**	**163,436,907**	**166,123,743**

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
17.9 Provision for taxation net off AIT (Bank only)					
A. Provision for tax:					
Balance at the beginning of the year				15,155,352,574	11,961,311,619
Add: Provision made during the year				2,523,031,538	3,196,240,955
				17,678,384,112	15,157,552,574
Less: Adjustment of tax provision for previous years				-	2,200,000
Balance at the end of the year				**17,678,384,112**	**15,155,352,574**
B. Advance income tax:					
Balance at the beginning of the year				10,314,297,331	8,053,627,021
Add: Paid during the year				3,336,896,324	2,260,670,310
				13,651,193,655	10,314,297,331
Less: Adjustment made during the year				-	-
Balance at the end of the year				13,651,193,655	10,314,297,331
Provision for taxation (A-B)				**4,027,190,457**	**4,841,055,243**

Corporate tax position of the Bank has been shown in Annex G.

17.9.1 Reconciliation of effective tax rate (Standalone)

Particulars	2018 (Standalone)		2017 (Standalone)	
	%	Taka	%	Taka
Profit before income tax as per profit and loss account		8,072,406,088		7,897,474,688
Income tax as per applicable tax rate	37.50%	3,027,152,283	40.00%	3,158,989,875
Factors affecting the tax charge for current year				
Inadmissible expenses	19.82%	1,616,265,468	26.00%	2,052,987,391
Admissible Expenses in the current year (i.e. write-off etc.)	-20.70%	(1,683,206,373)	-20.07%	(1,584,864,242)
Tax exempted income	-4.85%	(394,297,194)	-4.62%	(364,914,826)
Tax savings from reduced tax rates for dividend	-0.28%	(23,128,084)	-0.26%	(20,166,982)
Tax loss/(savings) from reduced tax rates for capital gain	-0.24%	(19,754,563)	-0.58%	(45,790,261)
Effect of deferred tax	0.03%	2,070,551	-6.95%	(548,886,313)
Total income Tax Expenses	**31.28%**	**2,525,102,089**	**33.52%**	**2,647,354,642**

17.10 Other payables

Payables related cards and others	306,563,218	219,159,545	306,563,218	219,159,545
Payables for Good Borrower rebate	206,646,220	168,246,220	206,646,220	168,246,220
Payable to merchant	7,456,291	7,668,711	7,456,291	7,668,711
Payables to co brand ATM	4,070,495	4,070,495	4,070,495	4,070,495
FX translation adjustments - contra	(8,554,674)	-	(8,554,674)	-
REPO interest income	(1,552,254)	-	(1,552,254)	-
Miscellaneous payable	1,254,245,828	1,222,303,150	1,254,245,828	1,222,303,150
	1,768,875,124	**1,621,448,121**	**1,768,875,124**	**1,621,448,121**

17.11 Other liabilities of subsidiaries

BRAC EPL Investments Limited	116,282,939	396,103,995
BRAC EPL Stock Brokerage Limited	474,246,251	1,754,747,941
bKash Limited	1,697,967,906	1,132,014,096
BRAC Saajan Exchange Limited	598,049,654	385,867,236
	2,886,546,750	3,668,733,268
Less: Inter company transactions:		
BRAC Bank Limited	385,377	15,022,580
BRAC EPL Investments Limited	304,814	995,551
BRAC EPL Stock Brokerage Limited	21,022	34,500
bKash Limited	439,336	901,998
BRAC Saajan Exchange Limited	-	196,903,467
	1,150,549	213,858,096
	2,885,396,201	**3,454,875,172**

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017

18 Share Capital

18.1 Authorized Capital

Authorized Capital is the maximum amount of share capital that the bank is authorised by its Memorandum and Article of Association to issue to shareholders.

2,000,000,000 (2017:1,200,000,000) ordinary shares of Tk. 10 each	20,000,000,000	12,000,000,000

18.2 Issued, Subscribed and Paid up Capital

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

100,000,000 ordinary Shares of Tk. 10/- each issued for cash	1,000,000,000	1,000,000,000
718,270,039 ordinary Shares of Tk. 10/- each issued as bonus share	7,182,700,390	5,037,699,820
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	-
	10,725,002,850	**8,552,096,940**

18.2.1 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 20%	2007	2,000,000		12,000,000	200,000,000	1,200,000,000
Bonus 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		321,235,200 (Denominated)	535,392,000	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	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
Total					**10,725,002,850**	

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
18.2.2 Issued, Subscribed and Paid up Capital					
Balance at the beginning of the year		8,552,096,940	7,104,369,100	8,552,096,940	7,104,369,100
Add: Bond converted ordinary share issued in 2018		27,905,340	22,378,350	27,905,340	22,378,350
Add: Stock dividend of 2017 issued in 2018		2,145,000,570	1,425,349,490	2,145,000,570	1,425,349,490
Closing at the end of the year		**10,725,002,850**	**8,552,096,940**	**10,725,002,850**	**8,552,096,940**

18.3 Initial Public Offering (IPO)

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

18.4 Cash Dividend/Bonus Issue

On 26 April 2018, Stock Dividend 25% (25 Bonus Shares for every 100 shares) were approved by the shareholders in 19th Annual General Meeting. The stock dividend was paid accordingly

18.4.a The Bank held its 8th EGM on November 03, 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 12,000,000,000. At 11th Dec 2014, DSE new Trading system launched that neutralize market lot into 1 shares.

18.5 Ordinary Shares

Sponsor:	No. of Shares (2018)	% of shareholding (2018)	2018 Taka	2017 Taka
BRAC	474,897,676	44.28%	4,748,976,760	3,799,181,410
Others	219,699	0.02%	2,196,990	1,757,610
Non Sponsor:				
Non Resident Bangladeshis	1,222,652	0.11%	12,226,520	6,373,370
Mutual Funds	13,167,315	1.23%	131,673,150	139,884,060
Institutions and General Public	582,992,943	54.36%	5,829,929,430	4,604,900,490
	1,072,500,285	**100%**	**10,725,002,850**	**8,552,096,940**

As per Listing rules 2015 of DSE, International Finance Corporation (IFC) is not considered as Sponsor and accordingly shareholding changes and placed in (Non-Sponsor) category of Institutions and General Public

18.5.1 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 2018 was Tk. 72.70 at Dhaka Stock Exchange (DSE) and Tk. 72.90 at Chittagong Stock Exchange (CSE).

18.6 Classification of Shareholding

Range of Holding of Shares	No. of Shareholders (2018)	No. of Shares (2018)	Percentage of Holding of Shares (2018)
Less than 500	6,205	1,102,788	0.10%
500 to 5, 000	8,341	15,998,741	1.49%
5,001 to 10,000	1,522	10,159,357	0.95%
10,001 to 20,000	619	8,974,947	0.84%
20,001 to 30,000	193	4,883,375	0.46%
30,001 to 40,000	111	3,906,110	0.36%
40,001 to 50,000	49	2,260,671	0.21%
50,001 to 100,000	147	10,662,870	0.99%
100,001 to 1,000,000	188	58,458,302	5.45%
Over 1,000,000	84	956,093,124	89.15%
Total	**17,459**	**1,072,500,285**	**100%**

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18.6.1 Name of the Directors and their shareholdings as at December 31, 2018:

Sl. No.	Name	Status	Opening position	Closing position	% of shares held as on 31.12.2018
1	Sir Fazle Hasan Abed KCMG (Nominated by BRAC)	Chairman	8,424	10,530	0.001
2	Mr. Shib Narayan Kairy (Nominated by BRAC)	Nominated Director	6,409	8,011	0.001
3	Ms. Nihad Kabir (Nominated by BRAC)	Nominated Director	31,046	38,807	0.003
4	Mr. Kaiser Kabir (Nominated by BRAC)	Nominated Director	110,000	137,500	0.012
5	Mr. Asif Saleh (Nominated by BRAC)	Independent Director	-	-	
6	Dr. Ahsan H Mansur	Independent Director	-	-	
7	Mr. Kazi Mahmood Sattar	Independent Director			
8	Ms. Fahima Choudhury	Nominated Director	-	-	

Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
18.7 Share Premium					
5,000,000 ordinary shares @ Tk. 70 per share in the year 2006		350,000,000	350,000,000	350,000,000	350,000,000
2,640,000 ordinary shares @ Tk. 400 per share in the year 2008		1,056,000,000	1,056,000,000	1,056,000,000	1,056,000,000
221,652,288 ordinary shares @ Tk. 10 per share in the year 2014		2,216,522,880	2,216,522,880	2,216,522,880	2,216,522,880
1,149,589 ordinary shares @ Tk. 32.55 per share in the year 2016		37,419,151	37,419,151	37,419,151	37,419,151
2,237,835 ordinary shares @ Tk. 35.10 per share in the year 2017		78,548,041	78,548,041	78,548,041	78,548,041
2,790,534 ordinary shares @ Tk. 41.31 per share in the year 2018		115,276,960	-	115,276,960	-
		3,853,767,032	**3,738,490,072**	**3,853,767,032**	**3,738,490,072**
18.7.1 Particulars of Share Premium					
Sponsor:					
BRAC		1,324,534,000	1,324,534,000	1,324,534,000	1,324,534,000
ShoreCap International Limited		92,473,920	92,473,920	92,473,920	92,473,920
Others		192,580	192,580	192,580	192,580
Non Sponsor:					
International Finance Corporation (IFC)		219,056,640	219,056,640	219,056,640	219,056,640
Non Resident Bangladeshis		91,555,530	91,555,530	91,555,530	91,555,530
Mutual Funds		189,254,190	189,254,190	189,254,190	189,254,190
General Public		1,936,700,172	1,821,423,212	1,936,700,172	1,821,423,212
		3,853,767,032	**3,738,490,072**	**3,853,767,032**	**3,738,490,072**
18.8 Capital Adequacy Ratio - As per BASEL- III					
Common Equity Tier-1 (Going Concern Capital)					
Fully Paid-up Capital/Funds from Head Office for the Purpose of Meeting the Capital Adequacy		10,725,002,850	8,552,096,940	10,725,002,850	8,552,096,940
Non-repayable Share Premium Account		3,853,767,032	3,738,490,072	3,853,767,032	3,738,490,072
Statutory Reserve		6,428,088,086	4,813,606,868	6,428,088,086	4,813,606,868
General Reserve		-	-	-	-
Retained Earnings		13,342,589,184	8,606,876,878	9,794,724,973	7,991,713,548
Dividend Equalization Reserve		355,218,455	355,218,455	355,218,455	355,218,455
Minority Interest in Subsidiaries		6,450,122,579	1,829,699,277	-	-
Actuarial gain/loss (Actuarial gain/loss kept in books in Bangladesh for Foreign Banks)		-	-	-	-

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
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)		-	-	-	-
Sub-total		**41,154,788,186**	**27,895,988,490**	**31,156,801,396**	**25,451,125,883**
Regulatory Adjustments					
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		3,015,565,228	2,201,635,749	885,599,956	386,862,418
Deferred Tax Assets (DTA)		1,844,770,407	1,812,793,466	1,491,221,037	1,530,145,915
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		-	-	-	-
Sub-total		**4,860,335,635**	**4,014,429,215**	**2,376,820,993**	**1,917,008,333**
Total common equity Tier-1 capital		**36,294,452,551**	**23,881,559,275**	**28,779,980,403**	**23,534,117,550**
Additional Tier-1 Capital					
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)		-	-	-	-
Subtotal		**-**	**-**	**-**	**-**
Regulatory Adjustments:					
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		**-**	**-**	**-**	**-**

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
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		-	-	-	-
Subtotal		-	-	-	-
Total Admissible Additional Tier-1 Capital		36,294,452,551	23,881,559,275	28,779,980,403	23,534,117,550
Tier-2 Capital (Going Concern Capital)					
General Provision		3,088,006,309	2,961,721,655	3,088,006,309	2,961,721,655
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)		-	-	-	-
Sub-total		3,434,508,717	3,308,224,063	3,434,508,717	3,308,224,063
Regulatory Adjustments					
Revaluation Reserves for Fixed Assets, Securities & Equity Securities (follow Phase-in deductions as per Basel III Guidelines)		277,201,926	207,901,445	277,201,926	207,901,445
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)		-	-	-	-
Investments in subsidiaries which are not consolidated (50% of Investment)		-	-	-	-
Others if any		-	-	-	-
Total Tier-2 Capital Available		3,157,306,791	3,100,322,618	3,157,306,791	3,100,322,618
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)		32,262,138,873	21,223,139,583	25,582,524,581	20,919,477,090
Excess Amount over Maximum Limit of T-2		-	-	-	-
Total Admissible Tier-2 capital		3,157,306,791	3,100,322,618	3,157,306,791	3,100,322,618
Total Capital		39,451,759,342	26,981,881,893	31,937,287,194	26,634,440,168
Total Risk Weighted Assets		251,233,141,119	225,437,767,085	233,713,448,558	209,350,870,890
Minimum Capital requirement (MCR - 11.875%, 2017: 11.25%)		29,833,935,508	25,361,748,797	27,753,472,016	23,551,972,975
Surplus/ (Deficiency)		9,617,823,834	1,620,133,096	4,183,815,178	3,082,467,193
Capital Adequacy Ratio:					
Common Equity Tier-1 (Against standard of minimum 6%)		14.45%	10.59%	12.31%	11.24%
Total Capital to Risk-weighted Asset Ratio		15.70%	11.97%	13.67%	12.72%
Minimum CRAR %		11.875%	11.25%	11.875%	11.25%
Surplus/ (Deficiency) %		3.83%	0.72%	1.79%	1.47%

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Particulars		Note	Consolidated		BRAC Bank Limited	
			2018	2017	2018	2017
19	**Statutory reserve**					
	Opening balance		4,813,606,868	3,470,350,332	4,813,606,868	3,470,350,332
	Add: Transferred from profit during the year		1,614,481,218	1,343,256,536	1,614,481,218	1,343,256,536
	Closing balance		**6,428,088,086**	**4,813,606,868**	**6,428,088,086**	**4,813,606,868**
20	**Dividend Equalization Fund**					
	Balance at the beginning of the year		355,218,455	355,218,455	355,218,455	355,218,455
	Add: Transferred from retained earnings during the year		-	-	-	-
			355,218,455	**355,218,455**	**355,218,455**	**355,218,455**
21	**Revaluation Reserve**					
	Revaluation Reserve on Govt. Securities	21.1	5,593,264	23,306,557	5,593,264	23,306,557
	Assets Revaluation Reserve	21.2	478,558,600	516,373,535	478,558,600	516,373,535
			484,151,864	**539,680,092**	**484,151,864**	**539,680,092**
21.1	**Revaluation Reserve on Govt. Securities**					
	Balance at the beginning of the year		23,306,557	111,643,709	23,306,557	111,643,709
	Add: Addition during the year		2,670,927,262	263,365,372	2,670,927,262	263,365,372
	Less: Adjustment during the year		2,688,640,555	351,702,524	2,688,640,555	351,702,524
			5,593,264	**23,306,557**	**5,593,264**	**23,306,557**
21.2	**Assets revaluation reserve (land only)**					
	Balance at the beginning of the year		516,373,535	516,373,535	516,373,535	516,373,535
	Add: Revaluation gain on land valuation (net)		4,094,815	-	4,094,815	-
	Less: Deffered tax due to revaluation		41,909,750		41,909,750	-
			478,558,600	**516,373,535**	**478,558,600**	**516,373,535**
22	**Surplus in profit and loss account/ Retained earnings**					
	Balance at the beginning of the year				7,991,713,548	6,222,874,273
	Add: Remeasurements gain/(loss) of defined benefits liability (assets)	9.5.3			15,189,214	-
	Add: Retained surplus for the year				5,547,303,999	5,250,120,046
	Less: Transfer to statutory reserve				1,614,481,218	1,343,256,536
	Less: Bonus share issued				2,145,000,570	1,425,349,490
	Less: Cash dividend paid				-	712,674,745
	Less: Transfer to dividend equalization fund				-	-
	Closing balance				**9,794,724,973**	**7,991,713,548**
22.1	**Surplus in profit and loss account/Retained earnings (Consolidated)**					
	BRAC Bank Limited		9,794,724,973	7,991,713,548		
	BRAC EPL Investment Limited					
	Opening balance		(1,312,376,828)	(783,030,715)		
	Add: Retained Surplus/(deficit) for the year		(218,001,340)	(489,104,217)		
	Add: Effect of change of shareholding		-	(40,241,896)		
	Less: Impairment of Goodwill		-	(150,233,905)		
	Sub total		**(1,530,378,168)**	**(1,462,610,733)**		

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
BRAC EPL Stock Brokerage Limited					
Opening balance		622,621,173	438,369,514		
Add: Retained Surplus/(deficit) for the year		21,567,197	184,251,659		
Less: Dividend distributed		-	(224,508,300)		
Add: Reserve for stock dividend		-	224,508,300		
Sub total		**644,188,370**	**622,621,173**		
bKash Limited					
Opening balance		1,346,715,407	1,122,022,520		
Add: Retained Surplus/(deficit) for the year		76,606,095	224,692,887		
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)	-		
Sub total		**4,283,508,926**	**1,346,715,407**		
BRAC Saajan Exchange Limited					
Opening balance		137,307,545	133,479,322		
Add: Retained Surplus/(deficit) for the year		40,191,901	22,734,758		
Less: Dividend distributed		-	(5,460,123)		
Add: Effect of change of shareholding		-	(13,446,412)		
Sub total		**177,499,446**	**137,307,545**		
BRAC IT Service Limited (biTS)					
Opening balance		-	(58,377,311)		
Add: Share of profit - before disposal		-	15,828,148		
Gain/(loss) on disposal/loss of control of subsidiaries		-	(18,366)		
Sub total		**-**	**(42,567,529)**		
Associates					
Opening balance - (biTS)		14,175,591	-		
Realized gain/(loss) - (biTS)		(42,567,529)	-		
Add: Share of profit/(loss) of equity in associate company - (biTS)		1,766,336	14,175,591		
Opening balance - (BAMCL)		(478,124)	(635,373)		
Add: Share of profit/(loss) of equity in associate company - (BAMCL)		149,364	157,249		
Sub total		**(26,954,362)**	**13,697,467**		
		13,342,589,185	**8,606,876,878**		

22.1.1 Net effect of all items directly recognized in Equity

Effect of change of shareholding in subsidiaries		-	(34,077,165)		
Dividend distributed by BRAC Saajan Ltd.		-	(5,460,123)		
Remeasurement of defined benefits liability (assets)-Gratuity	22.1.1.a	7,038,209	-		
Effect of change in preference share of bKash		2,941,732,180	-		
		2,948,770,389	**(39,537,288)**		

22.1.1.a The above adjustment arose due to issuance of preference share of bKash at a premium namely to "Alipay Singapore E-commerce Private Limited" during the year and remeasurements of defined benefits liability (assets)- Gratuity Fund in BRAC bank and bKash.

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
22.2 Non Controlling Interest					
BRAC EPL Investments Ltd.		1,723,723	2,061,513		
BRAC EPL Stock Brokerage Ltd.		104,553,596	93,388,344		
bkash Limited		6,288,075,574	1,688,927,798		
BRAC Saajan Exchange Ltd.		55,769,686	45,321,622		
		6,450,122,579	**1,829,699,277**		

22.2.1 Reconciliation of Non Controlling Interest

	BRACEPL Investments Ltd.	BRAC EPL Stock Brokerage Ltd.	bkash Limited	BRAC Saajan Exchange Ltd.
Opening balance	2,061,513	93,388,344	1,688,927,798	45,321,622
Add: Share of profit	(337,790)	2,396,355	108,189,198	13,397,300
Add: Effect of change in preference share of bKash	-	-	4,502,470,073	-
Add: Remeasurements of defined benefits liability (assets)	-	-	(11,511,495)	-
Add: Translation adjustment	-	-	-	(2,949,236)
Add: OCI fair value reserve -EPSL	-	8,768,897	-	-
	1,723,723	**104,553,596**	**6,288,075,574**	**55,769,686**

Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
23 Contingent liabilities					
Acceptances and endorsements		31,170,526,059	21,855,158,644	31,170,526,059	21,855,158,644
Letters of Credit		16,394,979,800	22,568,919,488	16,394,979,800	22,568,919,488
Total Letters of Credit and Acceptances and endorsements:	23.1	47,565,505,859	44,424,078,132	47,565,505,859	44,424,078,132
Guarantees Issued	23.2	10,218,069,408	8,109,659,718	10,218,069,408	8,109,659,718
Bills for collection	23.3	5,092,871,749	4,015,469,603	5,092,871,749	4,015,469,603
Other contingent liabilities	23.4	16,666,535,551	11,701,210,934	16,666,535,551	11,701,210,934
		79,542,982,567	**68,250,418,387**	**79,542,982,567**	**68,250,418,387**
23.1 Irrevocable Letters of Credit including Acceptances and endorsements					
Letter of Credit (Inland)		10,904,828	1,569,207,637	10,904,828	1,569,207,637
Letter of Credit (General)		34,789,655,142	31,563,382,997	34,789,655,142	31,563,382,997
Back to Back L/C		1,747,183,638	3,072,728,708	1,747,183,638	3,072,728,708
Back to Back Bills		5,686,864,486	4,065,425,879	5,686,864,486	4,065,425,879
Back to Back Bills (EDF)		5,330,897,765	4,153,332,911	5,330,897,765	4,153,332,911
		47,565,505,859	44,424,078,132	47,565,505,859	44,424,078,132
Less: Margin		607,438,283	1,029,664,286	607,438,283	1,029,664,286
		46,958,067,576	**43,394,413,846**	**46,958,067,576**	**43,394,413,846**
23.2 Letter of Guarantee					
Letter of Guarantee (Local)		6,771,360,516	8,005,739,968	6,771,360,516	8,005,739,968
Letter of Guarantee (Foreign)		1,169,468,250	-	1,169,468,250	-
Foreign counter Guarantee		2,277,240,642	103,919,750	2,277,240,642	103,919,750
		10,218,069,408	8,109,659,718	10,218,069,408	8,109,659,718
Less: Margin		259,342,242	220,624,615	259,342,242	220,624,615
		9,958,727,166	**7,889,035,103**	**9,958,727,166**	**7,889,035,103**

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
Balance for which the Bank is contingently liable in respect of guarantee issued favouring:					
Directors		-	-	-	-
Government		3,269,782,210	2,550,249,118	3,269,782,210	2,550,249,118
Bank and other financial institution		868,535,900	592,082,225	868,535,900	592,082,225
Others		6,079,751,298	4,967,328,375	6,079,751,298	4,967,328,375
		10,218,069,408	8,109,659,718	10,218,069,408	8,109,659,718
Less : Margin		259,342,242	220,624,615	259,342,242	220,624,615
		9,958,727,166	**7,889,035,103**	**9,958,727,166**	**7,889,035,103**
23.3 Bills for collection					
Outward local bills for collection		3,450,261,337	2,917,557,935	3,450,261,337	2,917,557,935
Outward foreign bills for collection		1,642,610,412	1,097,911,668	1,642,610,412	1,097,911,668
Inward local bills for collection		-	-	-	-
Inward foreign bills for collection		-	-	-	-
		5,092,871,749	**4,015,469,603**	**5,092,871,749**	**4,015,469,603**
23.4 Other contingent liabilities					
Contingent liabilities - SWAP		8,681,397,070	-	8,681,397,070	-
Contingent liabilities - FX deals		1,307,076,722	1,088,514,832	1,307,076,722	1,088,514,832
Forward contract		6,678,061,759	10,612,696,102	6,678,061,759	10,612,696,102
		16,666,535,551	**11,701,210,934**	**16,666,535,551**	**11,701,210,934**
23.5 Significant concentration wise grouping					
i) Documentary credits and short term trade related transactions		62,876,447,016	56,549,207,453	62,876,447,016	56,549,207,453
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		7,985,138,481	11,701,210,934	7,985,138,481	11,701,210,934
vi) Others		8,681,397,070	-	8,681,397,070	-
		79,542,982,567	**68,250,418,387**	**79,542,982,567**	**68,250,418,387**

23.6 Suit filed by the Bank

No law suit filed by the bank against contingent liabilities.

SECTION - THREE: NOTES TO PROFIT AND LOSS ACCOUNT

24 Income statement

Income:

Interest, discount and similar income	24.1	28,991,496,690	23,065,109,354	26,795,653,927	22,495,316,844
Dividend income	27	132,160,478	106,295,035	132,160,478	106,295,035
Fees, commission and brokerage	24.2	6,533,273,718	6,031,807,514	1,880,127,204	2,025,903,818
Gains less losses arising from dealing securities		158,097,298	72,214,610	158,097,298	72,214,610
Gains less losses arising from investment securities/trading shares-MF		71,834,773	153,712,660	71,834,773	153,712,660

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Particulars		Note	Consolidated		BRAC Bank Limited	
			2018	2017	2018	2017
	Gains less losses arising from dealing from foreign currencies	28	693,371,157	850,121,966	693,371,157	850,121,966
	Gain less losses arising from repo		893,361,886	1,251,780,856	893,361,886	1,251,780,856
	Income from non-banking assets		-	-	-	-
	Other operating income	29	194,608,406	371,289,964	114,597,871	105,028,580
			37,668,204,406	**31,902,331,959**	**30,739,204,594**	**27,060,374,369**
	Expenses:					
	Interest, fees and commission		11,660,482,140	8,200,931,514	11,574,281,608	8,350,693,368
	Administrative expenses	24.3	11,441,900,748	9,614,106,474	7,103,700,343	6,494,790,895
	Other operating expenses	38	4,026,750,022	3,702,838,829	2,459,714,775	2,546,177,562
	Depreciation on banking assets	37	1,145,613,346	961,996,253	779,233,452	618,872,920
			28,274,746,256	**22,479,873,070**	**21,916,930,178**	**18,010,534,745**
	Operating Profit		**9,393,458,150**	**9,422,458,889**	**8,822,274,416**	**9,049,839,624**
24.1	**Interest, discount and similar income**					
	Interest on loans and advances		24,208,272,046	19,940,771,591	24,114,763,816	19,766,007,324
	Interest on money at call and short notice		4,991,704	63,555	4,991,704	63,555
	Interest on balance with other banks		14,806,877	381,805,592	14,693,760	12,455,800
	Interest on Funding SWAP		56,666,795	-	56,666,795	-
	Interest on treasury bills and bonds		1,274,835,361	1,614,973,370	1,274,835,361	1,614,973,370
	Interest on fixed deposits with other banks		3,179,229,517	1,411,772,240	898,888,976	719,805,110
	Interest Income on reverse REPO		111,350,842	13,291,598	111,350,842	13,291,598
	Interest on subordinate bond		300,087,335	347,447,804	300,087,335	347,447,804
	Interest on Zero coupon bond		19,375,338	17,432,005	19,375,338	17,432,005
	Interest on commercial paper		-	3,840,278	-	3,840,278
	Investment income of subsidiaries		(178,119,125)	(666,288,679)	-	-
			28,991,496,690	**23,065,109,354**	**26,795,653,927**	**22,495,316,844**
24.2	**Fees, commission and brokerage**					
	Fees		1,445,229,544	1,578,025,613	1,445,229,544	1,578,025,613
	Commission		5,088,044,174	4,453,781,901	434,897,660	447,878,205
			6,533,273,718	**6,031,807,514**	**1,880,127,204**	**2,025,903,818**
24.3	**Administrative expenses**					
	Salaries and allowances		6,436,945,569	5,865,172,038	4,681,288,758	4,346,525,111
	Rent, taxes, insurance, electricity etc.		1,532,970,820	1,424,790,306	1,408,720,244	1,311,823,891
	Legal expenses		76,193,857	45,674,049	55,210,529	41,762,353
	Postage, stamps, telecommunication etc.		321,719,919	300,037,460	272,339,766	249,590,090
	Stationery, printing, advertisement etc.		2,169,679,696	1,392,850,352	292,462,722	303,641,768
	Chief Executive's salary and fees		13,971,499	13,309,000	13,971,499	13,309,000
	Directors' fees and expenses		3,009,464	3,311,536	1,297,200	1,356,680
	Auditors' fee		6,305,738	5,251,088	1,644,500	1,469,703
	Repairs and maintenance of fixed assets		881,104,186	563,710,645	376,765,125	225,312,299
			11,441,900,748	**9,614,106,474**	**7,103,700,343**	**6,494,790,895**

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
25 Interest income					
Retail		3,802,109,995	3,617,206,464	3,802,109,995	3,617,206,464
Corporate		7,650,440,962	5,668,465,619	7,650,440,962	5,668,465,619
SME		11,867,307,588	9,622,213,920	11,867,307,588	9,622,213,920
Lease Finance		138,527,781	57,059,877	138,527,781	57,059,877
Credit Cards		622,479,234	769,248,351	622,479,234	769,248,351
Staff		33,898,256	31,813,093	33,898,256	31,813,093
Margin loan		93,508,230	174,764,267	-	-
Interest on loans and advances		24,208,272,046	19,940,771,591	24,114,763,816	19,766,007,324
Interest on money at call and short notice		4,991,704	63,555	4,991,704	63,555
Interest on balance with other banks		14,806,877	381,805,592	14,693,760	12,455,800
Interest on Funding SWAP		56,666,795	-	56,666,795	-
Interest on fixed deposits with other banks		3,677,651,801	2,083,471,323	1,195,921,320	1,042,552,611
		27,962,389,223	22,406,112,061	25,387,037,395	20,821,079,290
Less: Elimination of inter unit/company transactions		498,422,284	671,699,083	297,032,344	322,747,501
		27,463,966,939	**21,734,412,978**	**25,090,005,051**	**20,498,331,789**
26 Interest paid on deposits and borrowings etc.					
A. Interest paid on deposits:					
Current account		1,038,682,033	891,858,119	888,614,808	783,762,637
Short term deposit		219,665,905	291,703,404	219,665,906	291,703,404
Savings deposit		615,803,860	622,917,186	615,803,860	622,917,186
Term deposit		8,633,540,886	5,139,185,979	8,633,540,886	5,139,185,979
		10,507,692,684	**6,945,664,688**	**10,357,625,460**	**6,837,569,206**
B. Interest paid for borrowings:					
Interest on money at call and short notice		102,466,237	180,788,632	102,466,237	180,788,632
Interest on borrowings from banks and FIs		1,379,660,766	1,207,305,529	1,242,137,518	1,116,211,283
Interest on funding SWAP		70,536,708	-	70,536,708	-
Bangladesh Bank-refinance		74,676,537	105,558,207	74,676,537	105,558,207
Interest on Repurchase agreement (REPO)		7,683,724	68,561,439	7,683,724	68,561,439
Interest on BBL Bond		16,187,768	364,752,102	16,187,768	364,752,102
		1,651,211,740	1,926,965,909	1,513,688,492	1,835,871,663
		12,158,904,424	**8,872,630,597**	**11,871,313,952**	**8,673,440,869**
Less: Elimination of inter unit/company transactions		498,422,284	671,699,083	297,032,344	322,747,501
		11,660,482,140	**8,200,931,514**	**11,574,281,608**	**8,350,693,368**
27 Investment income					
Interest on treasury bills and bonds		1,274,835,361	1,614,973,370	1,274,835,361	1,614,973,370
Gain on dealing of securities - HFT Instruments		158,097,298	72,214,610	158,097,298	72,214,610
Reclassification gain on T-Bond		10,519,456	-	10,519,456	-
Interest Income on reverse REPO		111,350,842	13,291,598	111,350,842	13,291,598
Gain on REPO and reverse REPO		882,842,430	1,251,780,856	882,842,430	1,251,780,856
Dividend on preference shares		2,804,794	4,054,795	2,804,794	4,054,795
Dividend on ordinary shares		129,355,684	96,780,117	129,355,684	96,780,117
Dividend from subsidiary		-	5,460,123	-	5,460,123
Interest on subordinate bond		300,087,335	347,447,804	300,087,335	347,447,804
Interest on Zero coupon bond		19,375,338	17,432,005	19,375,338	17,432,005
Interest on commercial paper		-	3,840,278	-	3,840,278
Gain on trading shares-MF (Realized)		71,834,773	153,712,660	71,834,773	153,712,660
Investment income of subsidiaries		(178,119,125)	(666,288,679)	-	-
		2,782,984,186	**2,914,699,537**	**2,961,103,311**	**3,580,988,216**

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
28 Commission, exchange and brokerage					
Commission from sale of sanchaya patra		25,540,520	51,582,014	25,540,520	51,582,014
Commission from issue of payment orders, DD and TT		13,442,901	15,908,940	13,442,901	15,908,940
Commission from issue of letter of guarantee		66,606,792	48,018,027	66,606,792	48,018,027
Commission from issue of letters of credit (Import and Export)		326,583,209	330,506,942	326,583,209	330,506,942
Commission on Travellers Cheques		-	4,247	-	4,247
Other commission		2,724,238	1,858,035	2,724,238	1,858,035
Gain or (Loss) on Foreign currency dealings		693,371,157	850,121,966	693,371,157	850,121,966
Loan processing fees		103,862,738	187,255,549	103,862,738	187,255,549
Account activity fees		283,332,335	328,626,973	283,332,335	328,626,973
Import and export related fees		114,588,559	133,478,834	114,588,559	133,478,834
Fees and Commission-Cards		566,708,508	513,588,269	566,708,508	513,588,269
Relationship Fees		7,404,295	7,769,470	7,404,295	7,769,470
Loan Early Settlement Fees		86,828,342	113,729,063	86,828,342	113,729,063
Service Charges for ATM Card		174,297,695	179,022,778	174,297,695	179,022,778
Fund Collection/ Transfer Fees		76,630	106,560	76,630	106,560
Student Service Center Fees		3,409,500	1,826,000	3,409,500	1,826,000
Cancellation fees		43,200	72,800	43,200	72,800
Cheque collection fees		264,400	312,400	264,400	312,400
Trade Finance Charges		-	5,952,080	-	5,952,080
Custodian fees		16,606,736	14,432,039	16,606,736	14,432,039
Other fees	28.1	87,806,606	91,852,798	87,806,606	91,852,798
Commission and brokerage income of subsidiaries		4,657,615,613	4,041,576,532	-	-
		7,231,113,974	6,917,602,316	2,573,498,361	2,876,025,784
Less: Elimination of inter unit/company transactions		4,469,099	35,672,836	-	-
Total Fees, commission and charges		**7,226,644,875**	**6,881,929,480**	**2,573,498,361**	**2,876,025,784**
28.1 Other fees					
Passport Endorsement Fees		660,800	776,067	660,800	776,067
Locker fees		4,739,675	5,543,460	4,739,675	5,543,460
Service fees - ATM		602,051	354,459	602,051	354,459
Service fees - BIT		1,325,681	1,503,395	1,325,681	1,503,395
Service fees - bKash		1,137,503	7,814,512	1,137,503	7,814,512
Annual Membership Fees-Premium Banking		88,500	70,800	88,500	70,800
Membership Fees-ELDORADO		258,262	-	258,262	-
Annual Fees-SMS Banking		44,118,785	70,023,379	44,118,785	70,023,379
Annual Fees-Internet Banking		89,000	198,100	89,000	198,100
Syndication Fees		23,774,958	5,548,052	23,774,958	5,548,052
E-commerce acquiring fees		11,011,391	-	11,011,391	-
Omnibus settlement fees		-	20,574	-	20,574
		87,806,606	**91,852,798**	**87,806,606**	**91,852,798**
29 Other operating income					
Profit on sale of fixed assets		8,770,943	28,455,969	8,770,943	28,455,969
Profit share from other bank		71,663,438	41,713,256	71,663,438	41,713,256
Loan penal interest		22,074,265	12,430,490	22,074,265	12,430,490
Miscellaneous income		12,089,225	22,428,865	12,089,225	22,428,865
Other operating income of subsidiaries		80,010,535	344,625,609	-	-
		194,608,406	449,654,189	114,597,871	105,028,580
Less: Elimination of inter unit/company transactions		-	78,364,225	-	-
		194,608,406	**371,289,964**	**114,597,871**	**105,028,580**

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
30 Salaries and allowances					
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 recognized the closing balance of defined benefit obligation and plan assets as per Actuarial Valuation Report for the year ended 31 December 2018 in the balance sheet of the Bank from the current year (note - 9.5). However the opening balance of net assets amounting BDT 87,940,084 against obligation has been directly recognized in the profit and loss account of the Bank in current year and adjusted with salary and allowances. In addition, the amount of net interest cost and current service cost as per the Actuarial Valuation Report has been duly recognized in the profit and loss account of the Bank. Actuarial gain or losses as per the report also recognized directly in equity subject to any impact of deferred tax.					
31 Rent, taxes, insurance, electricity, etc.					
Rent, rates and taxes		1,088,110,679	1,048,687,343	1,040,003,325	990,637,472
Insurance		175,042,728	139,127,174	137,030,101	114,731,258
Power and electricity		253,515,415	221,149,303	215,559,317	190,628,676
WASA and sewerage		16,301,998	15,826,486	16,127,501	15,826,485
		1,532,970,820	**1,424,790,306**	**1,408,720,244**	**1,311,823,891**
32 Postage, stamp, telecommunication, etc.					
Postage and courier		66,684,021	63,602,605	53,278,434	48,819,183
Telegram, telex, fax and network		135,880,651	128,437,039	99,906,085	92,773,091
Court fees and stamps		42,178,534	35,656,324	42,178,534	35,656,324
Telephone		76,976,713	72,341,492	76,976,713	72,341,492
		321,719,919	**300,037,460**	**272,339,766**	**249,590,090**
33 Stationery, printing, advertisements, etc.					
Stationery and Printing		139,738,195	148,301,368	126,860,738	134,705,502
Security Stationery		52,113,432	46,750,771	52,113,432	46,750,771
Advertisement		1,977,828,069	1,197,798,213	113,488,552	122,185,495
		2,169,679,696	**1,392,850,352**	**292,462,722**	**303,641,768**
34 Chief Executive's salary and allowances (Bank only)					
Basic salary		9,775,600	9,288,000	9,775,600	9,288,000
Bonus and others	34.1	3,709,000	3,709,000	3,709,000	3,709,000
House rent allowance		476,666	300,000	476,666	300,000
Medical allowance		10,233	12,000	10,233	12,000
		13,971,499	**13,309,000**	**13,971,499**	**13,309,000**
34.1 Bonus and others					
Festival Bonus		1,548,000	1,548,000	1,548,000	1,548,000
Performance Bonus		1,000,000	1,000,000	1,000,000	1,000,000
Leave Fair Assistance		1,161,000	1,161,000	1,161,000	1,161,000
		3,709,000	**3,709,000**	**3,709,000**	**3,709,000**
35 Directors' fees and expenses					
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 2018 per director per meeting.					
Breakup of Directors fees and expenses are given below:		3,009,464	3,311,536	1,297,200	1,356,680
Meeting attendance fees		**3,009,464**	**3,311,536**	**1,297,200**	**1,356,680**
36 Auditor's fees					
Statutory and Nostro account audit fees for the year		6,305,738	5,251,088	1,644,500	1,469,703
		6,305,738	**5,251,088**	**1,644,500**	**1,469,703**

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017
37 Depreciation and repair of the Bank's assets					
Depreciation of Property plant and equipment					
Furniture and fixtures		208,899,211	257,027,054	189,561,833	184,359,934
Leasehold building		624,406	657,928	100,858	100,858
Office equipment		151,461,645	138,873,297	134,961,746	123,797,081
IT hardware		426,500,918	342,873,088	280,025,879	230,490,189
Motor vehicles		77,703,919	43,924,963	58,322,532	28,915,094
Leasehold improvement		20,086,356	16,980,163	-	-
IT software		260,336,891	161,659,760	116,260,604	51,209,764
		1,145,613,346	**961,996,253**	**779,233,452**	**618,872,920**
Repairs and Maintenance expenses					
Transportation cost		323,844,293	297,766,050	240,180,355	214,815,439
Equipment repairing		64,710,385	69,631,816	29,937,736	36,185,607
Hardware and Software Maintenance		436,320,581	133,563,002	55,979,119	(78,934,364)
Premises Maintenance		56,228,927	62,749,777	50,667,915	53,245,617
		881,104,186	563,710,645	376,765,125	225,312,299
Total		**2,026,717,532**	**1,525,706,898**	**1,155,998,577**	**844,185,219**
38 Other expenses					
Conveyance expense		131,672,290	112,827,702	131,672,290	112,827,702
Fuel expenses		26,762,095	22,949,020	26,762,095	22,949,020
Traveling cost		81,444,848	78,112,145	81,444,848	78,112,145
Professional fees		84,025,139	72,155,470	84,025,139	72,155,470
Entertainment		80,902,083	88,812,874	80,902,083	88,812,874
SWIFT cost		8,282,768	2,786,619	8,282,768	2,786,619
Business promotion and development		135,880,724	116,138,124	135,880,724	116,138,124
Books, news papers and periodicals		2,169,946	2,100,118	2,169,946	2,100,118
Donation and subscription		140,949,071	185,343,993	140,949,071	185,343,993
Sponsorship		69,588,991	73,966,944	69,588,991	73,966,944
Government Levy, VAT and excise duty		31,525,051	9,238,977	31,525,051	9,238,977
Other operational loss		3,196,968	10,263,725	3,196,968	10,263,725
Staff training and development		66,931,177	80,827,485	66,931,177	80,827,485
Staff liveries		3,390,157	3,598,500	3,390,157	3,598,500
Staff recruitment		2,295,346	2,673,896	2,295,346	2,673,896
Salaries and allowance -outsourcing staff		312,935,563	381,103,946	312,935,563	381,103,946
Staff sales incentives		387,447,260	405,948,670	387,447,260	405,948,670
Bank charges		28,131,968	21,049,967	28,131,968	21,049,967
Crockeries		1,762,818	3,255,898	1,762,818	3,255,898
Documentation Charges - CIB		15,737,570	9,448,412	15,737,570	9,448,412
IT enabled services		366,124,993	344,724,853	366,124,993	344,724,853
AGM expenses		4,500,000	3,600,000	4,500,000	3,600,000
Bond issue expenses		1,550,456	2,512,297	1,550,456	2,512,297
Security guard cost		268,539,323	316,990,762	268,539,323	316,990,762
Commission paid- Vendor		3,616,908	4,248,231	3,616,908	4,248,231
Cash carrying charges		103,700,912	100,337,243	103,700,912	100,337,243
Spare parts expense		63,691,614	65,624,712	63,691,614	65,624,712
Archiving expense		27,400,673	20,985,981	27,400,673	20,985,981
Commission expense for Agent		1,003,568	-	1,003,568	-
Miscellaneous		4,554,495	4,550,998	4,554,495	4,550,998
Impairment of goodwill	38.1	(76,840,154)	30,046,781	-	-
Other expenses of subsidiaries	38.2	1,648,344,500	1,240,651,547	-	-
		4,031,219,121	**3,816,875,890**	**2,459,714,775**	**2,546,177,562**
Less: Elimination of inter unit/company transactions		4,469,099	114,037,061	-	-
		4,026,750,022	**3,702,838,829**	**2,459,714,775**	**2,546,177,562**

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Particulars		Note	Consolidated		BRAC Bank Limited	
			2018	2017	2018	2017
38.1	**Impairment of goodwill**					
	Reversal of goodwill-bKash Limited		73,393,751	-		
	Impairment expense (Correction of goodwill impairment)	11	(150,233,905)	30,046,781		
			(76,840,154)	**30,046,781**		
	The Bank recognized impairment expenses on goodwill till last year though as per impairment testing carried out in respective years there was no impairment. In current year all such previously recognized impairment has been reversed as correction of errors.					
38.2	**Other expenses of subsidiaries**					
	BRAC EPL Investments Limited		12,470,514	53,688,286		
	BRAC EPL Stock Brokerage Limited		184,192,337	190,759,380		
	bKash Limited		908,307,728	606,384,354		
	BRAC Saajan Exchange Limited		543,373,921	368,959,620		
	BRAC IT Services Limited		-	20,859,907		
			1,648,344,500	**1,240,651,547**		
39	**Share of profit/(loss) of associates**					
	BRAC IT Services Limited		1,766,336	14,175,591		
	BRAC Asset Management Company Limited		149,364	157,249		
			1,915,700	**14,332,840**		
40	**Provisions**					
	Provision for loans and advances					
	Specific provision charged during the year		1,304,870,528	1,797,247,740	1,304,870,528	1,797,247,740
	Recovery of written off bad debts		(783,059,719)	(1,039,185,296)	(783,059,719)	(1,039,185,296)
	Specific provision (net off recovery) for the year*		521,810,809	758,062,444	521,810,809	758,062,444
	General provision charged during the year		161,934,329	234,720,281	161,934,329	234,720,281
	Total provision for loans and advances		683,745,138	992,782,725	683,745,138	992,782,725
	Diminution in value of Investments		116,400,000	(72,224,112)	116,400,000	(72,224,112)
	Off Balance Sheet items		(37,000,000)	131,315,329	(37,000,000)	131,315,329
	Other provisions:					
	Other assets		(10,762,161)	100,448,106	(13,276,810)	100,448,106
	Interest receivable from loan		-	42,888	-	42,888
			752,382,977	**1,152,364,936**	**749,868,328**	**1,152,364,936**
41	**Provision for Taxation**					
	The charge for taxation is based upon the profit for the year comprises:					
	Current tax on taxable income		2,994,171,667	3,570,883,968	2,523,031,538	3,196,240,955
	Deferred tax expense/ (income) (Net)		(21,249,563)	(784,891,580)	2,070,551	(548,886,313)
	Total provision for Taxation		**2,972,922,104**	**2,785,992,388**	**2,525,102,089**	**2,647,354,642**
42	**Earnings Per Share**					
	Profit after taxation		5,670,068,769	5,498,416,039	5,547,303,999	5,250,120,046
	Less: Profit attributable to Non controlling interest		123,645,063	305,625,065	-	-
	Profit attributable to ordinary shareholders of BRAC Bank Ltd		5,546,423,706	5,192,790,974	5,547,303,999	5,250,120,046
	Weighted average number of shares outstanding		1,072,293,862	1,069,556,475	1,072,293,862	1,069,556,475
	Earnings Per Share (EPS)		**5.17**	**4.86**	**5.17**	**4.91**
	Earnings Per Share (EPS) has been calculated as per IAS-33 "Earnings Per Share".					

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Particulars	Note	Consolidated		BRAC Bank Limited	
		2018	2017	2018	2017

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. There is an antidilutive effect on earning per share of BRAC Bank convertible bond. That is why we are not considering the diluted earning per share.

SECTION - FOUR : NOTES TO CASH FLOW STATEMENT

43 Cash and Cash Equivalents

Cash in hand (including foreign currency)	6,674,699,654	6,109,792,050	6,654,775,781	6,092,421,365
Balance with Bangladesh Bank and its agents banks (including foreign currency)	15,719,774,488	12,192,061,982	15,719,774,488	12,192,061,982
Balance with other banks and financial institutions	44,651,943,921	43,355,772,365	14,878,545,136	19,396,241,229
Money at call and on short notice	-	-	-	-
Prize Bond	1,097,600	1,945,200	1,097,600	1,945,200
	67,047,515,663	**61,659,571,597**	**37,254,193,005**	**37,682,669,776**

44 Receipts from other operating activities

Loan Penal Interest	22,074,265	12,430,490	22,074,265	12,430,490
Miscellaneous Income	12,089,225	22,428,865	12,089,225	22,428,865
Gain on trading shares	71,834,773	153,712,660	71,834,773	153,712,660
Profit share from other banks	71,663,438	41,713,256	71,663,438	41,713,256
Gain on dealing of securities - HFT Instruments	158,097,298	72,214,610	158,097,298	72,214,610
Reclassification gain on T-Bond	10,519,456	-	10,519,456	-
Gain on REPO and reverse REPO	882,842,430	1,251,780,856	882,842,430	1,251,780,856
Other receipts of subsidiaries	45,385,380	336,053,043	-	-
	1,274,506,265	**1,890,333,780**	**1,229,120,886**	**1,554,280,737**

45 Payment for other operating activities

Rent, taxes, insurance, electricity etc.	1,398,195,496	1,297,444,361	1,398,195,496	1,297,444,361
Audit fees	1,472,000	1,202,250	1,472,000	1,202,250
Directors fees and expenses	1,297,200	1,356,680	1,297,200	1,356,680
Repair and maintenance	350,643,259	324,306,644	350,643,259	324,306,644
Other expenses	2,598,234,234	2,620,879,964	2,598,234,234	2,620,879,964
Legal expenses	57,250,142	51,610,734	57,250,142	51,610,734
Other payments of subsidiaries	334,292,109	447,492,473	-	-
	4,741,384,440	**4,744,293,106**	**4,407,092,331**	**4,296,800,633**

46 Net asset value (NAV) per share

Net asset value attributable to shareholders of parent	35,250,062,723	26,600,143,614	31,637,951,839	25,990,805,975
Number of ordinary share outstanding at the end of the year	1,072,500,285	1,072,500,285	1,072,500,285	1,072,500,285
	32.87	**24.80**	**29.50**	**24.23**

47 Net operating cash flow per share

Net operating cash flow	10,474,300,099	21,374,361,003	3,823,970,589	11,110,346,754
Number of ordinary share outstanding at the end of the year	1,072,500,285	1,072,500,285	1,072,500,285	1,072,500,285
	9.77	**19.93**	**3.57**	**10.36**

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SECTION - FIVE : GENERAL DISCLOSURES

48 General Disclosures

48.1 Audit Committee

An audit committee was constituted by the Board of Directors of BRAC Bank Limited in its 23rd meeting held on March 02, 2003. Subsequently, in the 73rd Audit Committee Meeting held on April 24, 2017 reconstituted the Audit Committee as under:

Sl No	Name of Director	Status with The Bank	Status with the Committee	Educational Qualification
01	Dr. Ahsan H. Mansur (Independent Director)	Director	Chairman	Ph.D in Economics
02	Mr. Shib Narayan Kairy (Nominated by BRAC)	Director	Member	M.Com (Accounting)
03	Mr. Kazi Mahmood Sattar (Independent Director)	Director	Member	M.Com (Accounting), B. Com (Honours) Finance

During the period ended 31 December 2018, the Audit Committee of the Board conducted 08 (Eight) meeting in which among others, the following issues were discussed:

- Discussed the Enterprise Risk Management Report prepared and conducted by ERMC team
- Discussed the fraud/forgeries and operational loss report
- Discussed technology incidents
- Reviewed service quality report of the Bank.
- Reviewed the ERM policy of the Bank.

48.2 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 2018, 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.

Sl No	Name of the Related Parties	Relationship with BBL	Nature of Transaction	Balance at the end of year
01	BRAC and Its associated organization	Parent Company	Deposits made with us	6,642,391,164
02	BRAC EPL Investments Limited	Subsidiary	Deposits made with us	7,976,824
03	BRAC EPL Stock Brokerage Limited	Subsidiary	Deposits made with us	103,821,568
04	bKash Limited	Subsidiary	Deposits made with us	798,640,835
05	BRAC Saajan Exchange Limited	Subsidiary	Deposits made with us	210,468,125
06	BRAC IT Services Limited (biTS)	Associates	Deposits made with us	52,816,569
	BRAC Asset Management Company Limited	Associates	Deposits made with us	-
07	Sajida Foundation	Common Board member	Deposits made with us	168,740,228
08	Industrial and Infrastructure Dev. Finance Co Limited	Sponsor Shareholder	Deposits made with us	3,968,890
09	BRAC	Parent Company	Loans and Advances	3,594,800,655
10	Sajida Foundation	Common Board member	Loans and Advances	2,395,331,181
11	BRAC EPL Investments Limited	Subsidiary	Loans and Advances	1,269,265,809
12	BRAC Saajan Exchange Limited	Subsidiary	Loans and Advances	212,133,200
13	Key Management Personnel (Note - 7.6)	Senior Management	Loans and Advances	231,570,310
14	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				

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ii) Name of Directors and the entities in which they have interest as on 31 December 2018:

Sl No	Name of Director	Status with The Bank	Name of the firms/companies in which they have interest	Educational Qualification
1	Sir Fazle Hasan Abed (Nominated by BRAC)	Chairman	BRAC BRAC Industries Limited BRAC Kodala Tea Estate BRAC Kaiyacherra Tea Company Limited BRAC Karnafuli Tea Company Limited BRAC Foundation	FCMA, London
2	Mr. Shib Narayan Kairy (Nominated by BRAC)	Director	Bangladesh Netting Factory Limited BRAC EPL Investments Ltd. BRAC EPL Stock Brokerage Ltd. BRAC Karnafuli Tea Co. Limited BRAC Kaiyacherra Tea Co. Limited BRAC Kodala Tea Estate BRAC University	Master of Commerce in Accounting, University of Dhaka
3	Ms. Nihad Kabir (Nominated by BRAC)	Director	Kedarpur Tea Company Limited Shaistaganj CNG Co. Limited Sathgao Tea Estate Limited BRAC EPL Investments Limited BRAC EPL Stock Brokerage Ltd. Palli Karmasahayak Foundation(PKSF) Prottoy Feed Square Pharmaceutical Limited bKash Limited Metropolitan Chamber of Commerce and Industries Infrastructure Development Company Limited (IDCOL)	L.L.B., L.L.M.,(UK) (Barrister at Law)
4	Dr. Ahsan H. Mansur (Independent Director)	Director	Policy Research Institute of Bangladesh (PRI)	Ph.D in Economics, University of Western Ontario, Canada, M.A. Economics, McMaster University, Canada, M.A.in Economics, University of Dhaka, Bangladesh
5	Mr. Kazi Mahmood Sattar (Independent Director)	Director	Unique Hotel and Resorts Limited BRAC Saajan Exchange Limited RSA Advisory Ltd. bKash Limited	M.Com (Accounting) B. Com (Honours) Finance University of Dhaka
6	Mr. Kaiser Kabir (Nominated by BRAC)	Director	Renata Limited Renata Agro Industries Limited Purnava Limited Renata Oncology Limited Bangladesh Association of Pharmaceuticals Industries Sajida Foundation	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
7	Mr. Asif Saleh (Nominated by BRAC)	Director	BRAC and BRAC International BRAC It Services Limited BRAC Net BRAC Probashbandhu Ltd.	Masters of Business Administration, New York University, Stern School of Management
8	Ms. Fahima Choudhury (Independent Director)	Director	Ogilvy and Mather Communications Pvt. Ltd Adcomm Ltd. and Adcomm Holdings Ltd Aktivision Advertising Ltd. Graphic People, Nazimgarh Resorts Ltd Northbrook Consultants Ltd. Screaming Girl Production Ltd. Signage, Software People	B.Sc. (Hons.) Management and M.Sc. Management from London School of Economics and Political Science, the United Kingdom

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Sl No	Name of Director	Status with The Bank	Name of the firms/companies in which they have interest	Educational Qualification
9	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 Exchange Limited	MBA (IBA) University of Dhaka

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:	114,806
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	

48.3 Claim not Acknowledged as Debt

There was no claim against the bank not acknowledged as debt as on December 31, 2018.

48.4 Number of Employees

The number of employees including contractual engaged for the whole year or part there of who received a total yearly remuneration of tk. 36,000 or above were 7,085 (2017: 6,835).

48.5 Approval of the financial statements

The financial statements were approved by the Board of Directors on March 21, 2019.

48.6 Events after the Balance Sheet Date

A. The Board of Directors in its 253rd Board meeting held on March 21, 2019 has proposed 15% stock dividend subject to the approval of the Shareholders at the next Annual General Meeting.

B. Subsequent to the Balance Sheet date, BRAC Asset Management Company Limited has been struck-off by the Registrar of Joint Stock Companies and Firms through official gazette dated 3 January 2019.

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Managing Director and CEO | Director | Director | Chairman

BRAC Bank Ltd. (Standalone)

Annexure - A

Highlights on the overall Activities

As at 31 December 2018

Amount in Taka unless otherwise specified

Particulars	Note	2018	2017
Paid-up capital	18.2	10,725,002,850	8,552,096,940
Total capital including general provisions	18.8	31,937,287,194	26,634,440,168
Capital surplus/(deficit)	18.8	4,183,815,178	3,082,467,193
Total assets		315,416,675,274	279,187,119,596
Total deposits	16	228,622,409,702	196,224,439,257
Total loans and advances	7	238,008,103,268	202,559,380,746
Total contingent liabilities and commitments	23	79,542,982,567	68,250,418,387
Income from investments	27	2,961,103,311	3,580,988,216
Profit after tax and provisions		5,547,303,999	5,250,120,046
Amount of classified loans during the current year	7.8	7,378,740,265	7,220,959,891
Provision kept against classified loans		5,066,669,024	5,648,936,030
Provisions surplus/deficit		698,282,838	1,963,572,393
Interest earning assets		307,272,176,086	271,281,822,584
Non-Interest earning assets		8,144,499,188	7,905,297,012
Credit deposit ratio (Loans and Advances/Deposits)*		82.78%	83.39%
Percentage of classified loans against total loans and advances		3.10%	3.56%
Cost of fund		6.75%	5.69%
Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]		9.00%	9.41%
Return on Assets (ROA) [PAT/Average assets]		1.87%	2.02%
Return on Equity (ROE) [PAT/Average shareholders equity]		19.25%	22.14%
Earnings per share [previous years figure restated]	42	5.17	4.91
Net income per share [(PAT-Dividend on preference share/No. of Ordinary Shares)] [previous years figure restated]		5.17	4.91
Price earning ratio (Market price per share/EPS)		14.05	17.65
Net Asset Value per Share (NAV) [(Shareholders equity- Preference Share)/ No. of Ordinary Share] [previous years figure restated]		29.50	24.23
Net Oeprating Cash Flow Per Share	47	3.57	10.36

* Credit deposit ratio has been computed as per Bangladesh Bank guideline.

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BRAC Bank Limited

Annexure - B

Statement of outstanding unreconciled entries

As at 31 December 2018

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 December 31, 2018 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	1185	40,050,197	699	36,479,905	350	24,228,215	799	43,106,510
02	More than 03 months but less than 06 months	-	-	3	85,633	-	-	42	120,028
03	More than 06 months but less than 09 months	-	-	-		-	-	1	62,500
04	More than 09 months but less than 12 months	-	-	-	-	-	-	-	-
05	More than 12 months	-	-	-	-	-	-	-	-
	Total	**1185**	**40,050,197**	**702**	**36,565,538**	**350**	**24,228,215**	**842**	**43,289,037**

All unadjusted entries are subsequently adjusted on regular basis.

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BRAC BANK LIMITED

Annexure - C

Balance with other banks-outside Bangladesh (Nostro Account)

As at 31 December 2018

Name of Bank	Currency	A/C Type	2018			2017		
			Amount in foreign currency	Exchange Rate	Equivalent Taka	Amount in foreign currency	Exchange Rate	Equivalent Taka
DBU balance:								
Standard Chartered Bank-New York, USA	USD	CD	7,064,574.58	83.95	593,071,036	1,524,871.64	83.20	126,869,320
Standard Chartered Bank, United Kingdom	GBP	CD	1,431,442.57	106.07	151,828,246	348,427	111.78	38,948,377
Standard Chartered Bank, Frankfurt, Germany	EUR	CD	(299,852.78)	95.66	(28,682,957)	12,691.90	99.33	1,260,718
Mashreq Bank, New York, USA	USD	CD	3,999,797.23	83.95	335,782,977	(9,089.10)	83.20	(756,213)
ICICI Bank Limited, Mumbai, India	USD	CD	114,646.48	83.95	9,624,572	991,160.23	83.20	82,464,531
Habib Bank Limited, Pakistan	USD	CD	242,599.74	83.95	20,366,248	-	-	-
Bank of Tokyo Mitsubishi UFJ, Ltd	JPY	CD	2,365,077.00	0.76	1,792,728	10,988,110.00	0.74	8,102,632
Zuercher Kantonal Bank, Switzerland		CD	552,942.70	84.72	46,845,858	281,867.81	84.84	23,912,932
ING Belgium NV/SA, Belgium	EUR	CD	10,781.37	95.66	1,031,311	890.75	99.33	88,480
Commerz Bank AG, Germany (USD)	USD	CD	209,593.34	83.95	17,595,361	46,582.50	83.20	3,875,664
Commerz Bank AG, Germany (EURO)	EUR	CD	(75,949.11)	95.66	(7,265,049)	255,984.22	99.33	25,427,553
United Bank of India, Kolkata, India	USD	CD	132,146.33	83.95	11,093,684	941,305.43	83.20	78,316,612
Westpack Banking Corporation, Australia	AUD	CD	-	-	-	123,366.28	64.73	7,985,968
JP Morgan Chase Bank, New York, USA	USD	CD	3,733,743.33	83.95	313,447,753	3,981,933.51	83.20	331,296,868
Somali Bank Limited, United Kingdom (GBP)	GBP	CD	-	-	-	1,649.66	111.78	184,405
HDFC Bank Limited, India	USD	CD	197,476.17	83.95	16,578,124	266,371.28	83.20	22,162,090
AB Bank Limited, Mumbai, India	USD	CD	64,329.18	83.95	5,400,435	25,564	83.20	2,126,940
JP Morgan Sydney	AUD	CD	105,316.06	59.11	6,225,590	-	-	-
AXIS Bank Limited Kolkata ACU	USD	CD	354,345.53	83.95	29,747,307	307,404	83.20	25,576,051
					1,524,483,227			777,842,929
OBU balance:								
Standard Chartered Bank, Frankfurt, Germany	EUR	CD	290,126.20	95.56	27,725,776			63,831,720
Standard Chartered Bank, New York	USD	CD	293,239.38	83.95	24,617,446			468,011,012
Commerz Bank, Germany	USD	CD	312,051.72	83.95	26,196,742			25,962,703
ICICI Bank Limited, Mumbai, India	USD	CD	3,876.95	83.95	325,470			322,562
Sonali Bank Limited, United Kingdom	GBP	CD	1,649.66	106.27	175,306			-
Standard Chartered Bank, UK	GBP	CD	(410,566.09)	106.27	(43,630,060)			(29,335,371)
JP Morgan Chase Bank, New York	USD	CD	6,182,255.49	83.95	519,000,348			5,594,757
Eastern Bank OBU	USD	CD	-		-	13,450,000	83.20	1,119,040,000
One Bank OBU	USD	CD	3,759,177.50	83.95	315,582,951	8,725,642	83.20	725,973,413
					869,993,979			2,379,400,796
Total					**2,394,477,206**			**3,157,243,725**

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Annexure - D

Investment in Shares

As at 31 December 2018

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/18	Total market value at 31/Dec/18
	Quoted							
	Ordinary shares							
1	City Bank Ltd.	Bank	10	2,230,852	69,940,840	31.35	30.20	67,371,730
2	Dhaka Bank Limited	Bank	10	1,300,000	18,486,009	14.22	14.20	18,460,000
3	Confidence Cement Ltd.	Cement	10	1,645,990	275,651,674	167.47	179.40	295,290,606
4	Bangladesh Steel Re-Rolling Mills Limited	Engineering	10	600,000	55,807,747	93.01	78.20	46,920,000
5	IFAD Autos Limited	Engineering	10	2,500,000	276,854,126	110.74	108.40	271,000,000
6	Singer Bangladesh Limited	Engineering	10	500,000	119,229,172	238.46	221.20	110,600,000
7	Delta Brac Housing Finance Corp. Ltd.	Financial Institution	10	389,320	52,628,695	135.18	129.40	50,378,008
8	IDLC Finance Ltd.	Financial Institution	10	1,648,148	124,704,904	75.66	69.70	114,875,916
9	National Housing Fin. and Inv. Ltd	Financial Institution	10	294,003	14,027,816	47.71	47.70	14,023,943
10	Olympic Industries Ltd.	Food & Allied	10	635,276	152,711,984	240.39	216.20	137,346,671
11	Doreen Power Generations and Systems Limited	Fuel & Power	10	1,100,000	113,001,187	102.73	79.90	87,890,000
12	Linde Bangladesh Limited	Fuel & Power	10	23,024	28,722,795	1,247.52	1,198.40	27,591,962
13	aamra networks limited	IT Sector	10	58,693	2,289,027	39.00	58.80	3,451,148
14	Aman Cotton Fibrous Limited	Textile	10	7,846	313,840	40.00	42.10	330,317
15	Envoy Textiles Limited	Textile	10	1,250,000	48,246,413	38.60	36.30	45,375,000
16	Kattali Textile Limited	Textile	10	11,070	100,640	9.09	25.30	280,071
17	Simtex Industries Limited	Textile	10	1,207,357	38,796,677	32.13	33.00	39,842,781
18	The ACME Laboratories Limited	Pharmaceuticals & Chemicals	10	219,274	24,989,696	113.97	85.90	18,835,637
19	Active Fine Chemicals Limited	Pharmaceuticals & Chemicals	10	3,438,285	110,701,806	32.20	28.20	96,959,637
20	GlaxoSmithKline(GSK) Bangladesh Ltd.	Pharmaceuticals & Chemicals	10	3,166	4,591,947	1,450.39	1,450.20	4,591,333
21	Square Pharmaceuticals Ltd.	Pharmaceuticals & Chemicals	10	747,964	178,976,323	239.28	254.20	190,132,449
22	Bata Shoe Company (Bangladesh) Limited	Tannery Industries	10	54,064	64,835,118	1,199.23	1,116.40	60,357,050
23	Grameenphone Ltd.	Telecommunication	10	580,000	211,007,523	363.81	367.30	213,034,000
24	Tosrifa Industries Limited	Textile	10	2,351,203	56,586,427	24.07	20.40	47,964,541
25	AIBL 1st Islamic Mutual Fund	Mutual Fund	10	1,000,000	7,888,918	7.89	8.10	8,100,000

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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/18	Total market value at 31/Dec/18
26	DBH First Mutual Fund	Mutual Fund	10	1,312,309	12,079,550	9.20	8.10	10,629,703
27	First Bangladesh Fixed Income Fund	Mutual Fund	10	5,972,125	38,475,405	6.44	4.30	25,680,138
28	Green Delta Mutual Fund	Mutual Fund	10	2,192,462	19,108,892	8.72	7.50	16,443,465
29	LR Global Bangladesh Mutual Fund One	Mutual Fund	10	29,452,904	278,457,087	9.45	6.90	203,225,038
30	MBL 1st Mutual Fund	Mutual Fund	10	5,000,000	41,447,585	8.29	7.20	36,000,000
31	NCCBL Mutual Fund-1	Mutual Fund	10	5,000,000	41,448,258	8.29	6.90	34,500,000
32	NLI First Mutual Fund	Mutual Fund	10	2,014,442	30,532,243	15.16	13.00	26,187,746
33	Southeast Bank 1st Mutual Fund	Mutual Fund	10	6,114,726	77,525,273	12.68	12.20	74,599,657
					2,590,165,595			2,398,268,546
	Unquoted							
1	Industrial and Infrastructure Development Finance Co. Limited		10	8,794,932	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	30,000,000	333,900,000			
5	VIPB Growth Fund		10	8,680,500	86,805,000			
6	IDLC Balanced Fund		10	10,000,000	100,000,000			
7	HFAML-ACME Unit Fund		10	2,000,000	20,000,000			
	Preference shares:							
1	Union Capital Preference Share		10,000,000	2	20,000,000			
					609,164,190			
	Total investment in Ordinary and Preference shares				**3,199,329,785**			

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BRAC BANK LIMITED

Annexure - E

Detail of Large Loan

As at 31 December 2018

Number of Clients	23
Amount of outstanding advances	64,039,799,318
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	3,095,613,673	2,842,934,956	5,938,548,629
Summit Group	-	5,174,463,587	5,174,463,587
Meghna Group	1,059,847,838	5,845,366,150	6,905,213,987
PRAN-RFL Group	2,964,503,729	2,516,558,331	5,481,062,060
Noman Group	2,148,967,776	1,469,291,766	3,618,259,542
Energypac Group	2,034,412,893	1,494,572,730	3,528,985,623
ACI Group	2,015,488,130	1,322,193,260	3,337,681,389
BSRM	1,887,653,277	1,003,902,059	2,891,555,336
Ha-Meem Group	1,867,486,354	810,158,349	2,677,644,703
ENVOY Group	1,621,415,578	-	1,621,415,578
Mir Akhter Hossain Ltd	1,338,926,545	1,340,275,683	2,679,202,228
GPH+MI+TK Group	1,115,726,323	361,292,262	1,477,018,585
Walton Group	1,074,905,230	1,096,565,707	2,171,470,936
City Group	1,007,000,000	3,740,614,186	4,747,614,186
Urmi Group	812,175,378	1,079,948,539	1,892,123,917
Akij Group	-	-	-
Ananta Group	624,228,142	1,026,395,170	1,650,623,313
Bangla Trac Group	487,595,963	2,425,939,082	2,913,535,045
Standard Group	167,912,371	1,423,249,051	1,591,161,422
Bangladesh Petroleum Corporation	-	-	-
Robi Axiata Limited	-	89,203,573	89,203,573
BRAC	3,594,800,655	-	3,594,800,655
GrameenPhone Ltd	-	58,215,023	58,215,023
Total	**28,918,659,854**	**35,121,139,464**	**64,039,799,318**

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BRAC Bank Limited

Annexure - F

Schedule of Fixed assets

As at 31 December 2018

Particulars	Cost				Depreciation				Written down value as at 31.12.2018
	Opening balance as on 01.01.2018	Addition/ Revaluation during the year	Disposals/ Transfer/ Adjustments during the year	Total balance as at 31.12.2018	Opening balance as on 01.01.2018	Charge during the year	Disposals/ Adjustments during the year	Total balance as at 31.12.2018	
Property, plant & equipments									
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
Sub-total	**8,285,593,443**	**993,718,692**	**1,102,880,827**	**8,176,431,308**	**4,113,822,262**	**662,972,848**	**15,414,963**	**4,761,380,147**	**3,415,051,161**
Intangible assets:									
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
Sub-total	**1,043,331,544**	**898,450,880**	**-**	**1,941,782,424**	**939,921,865**	**116,260,603**	**-**	**1,056,182,468**	**885,599,956**
As at 31 December 2018	**9,328,924,987**	**1,892,169,572**	**1,102,880,827**	**10,118,213,732**	**5,053,744,127**	**779,233,451**	**15,414,963**	**5,817,562,615**	**4,300,651,117**

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BRAC Bank Limited

Continuation of Annexure - F

Schedule of Fixed assets

As at 31 December 2017

Particulars	Cost				Depreciation				Written down value as at 31.12.2017
	Opening balance as on 01.01.2017	Addition/ Revaluation during the year	Disposals/ Transfer/ Adjustments during the year	Total balance as at 31.12.2017	Opening balance as on 01.01.2017	Charge during the year	Disposals/ Adjustments during the year	Total balance as at 31.12.2017	
Property, plant & equipments									
Land	1,043,648,935	-	-	1,043,648,935	-	-	-	-	1,043,648,935
Leasehold Building	4,034,334	-	-	4,034,334	418,898	100,858	-	519,756	3,514,578
Furniture & fixture	1,809,233,630	292,668,158	4,636,336	2,097,265,452	940,818,457	184,367,978	4,251,275	1,120,935,160	976,330,291
Office equipments	1,359,404,911	201,226,873	18,269,525	1,542,362,259	1,052,525,735	123,797,081	18,221,275	1,158,101,541	384,260,718
IT Hardware	2,134,467,308	320,537,815	123,201,099	2,331,804,024	1,617,663,390	230,490,189	68,150,085	1,780,003,494	551,800,530
Motor vehicles	108,371,172	243,465,275	55,862,873	295,973,574	81,210,090	28,915,094	55,862,873	54,262,311	241,711,263
Capital expenditure work in progress	227,259,912	743,244,953	-	970,504,865	-	-	-	-	970,504,865
Sub-total	**6,686,420,202**	**1,801,143,074**	**201,969,832**	**8,285,593,443**	**3,692,636,570**	**567,671,200**	**146,485,507**	**4,113,822,262**	**4,171,771,181**
Intangible assets:									
With Indefinite useful lives:									
License	50,000	-	-	50,000	-	-	-	-	50,000
With definite useful lives:									
IT Software	1,007,950,056	35,331,488	-	1,043,281,544	888,712,100	51,209,764	-	939,921,865	103,359,680
Sub-total	**1,008,000,056**	**35,331,488**	**-**	**1,043,331,544**	**888,712,100**	**51,209,764**	**-**	**939,921,865**	**103,409,680**
As at 31 December 2017	**7,694,420,258**	**1,836,474,561**	**201,969,832**	**9,328,924,987**	**4,581,348,670**	**618,880,964**	**146,485,507**	**5,053,744,127**	**4,275,180,860**

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BRAC Bank Limited

Annexure - G

Statement of Tax position

As at 31 December 2018

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	1,308,180,639	108,059,361	1,228,668,951	Assessment in progress and filled 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 filled appeal before The Taxes Appellate Tribunal against the Order of Commissioner of Taxes Appeal
2012	2013-2014		1,537,477,180	(7,477,180)	1,304,653,579	Assessment in progress and filled appeal before The Taxes Appellate Tribunal against the Order of Commissioner of Taxes Appeal
2013	2014-2015	1,797,698,269	1,101,920,583	695,777,686	1,088,661,543	Assessment in progress and appeared hearing at DCT level
2014	2015-2016	2,097,475,598	1,338,429,288	759,046,310	1,250,930,480	Tax return submitted for the assessment
2015	2016-2017	2,250,022,595	1,759,473,049	490,549,546	1,540,453,195	Tax return submitted for the assessment
2016	2017-2018	2,687,848,854	2,106,200,190	581,648,664	2,106,200,190	Tax return submitted for the assessment
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	2,523,031,538	-	-		Not yet due to Submit Tax Return

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Annexure - H

Statement of Consolidated Segment Reporting

As at 31 December 2018

A: Segmental operating profit and loss

There are 8 (eight) operating segments including subsidiaries as on 31 December 2018. 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.

Amount in Taka

	BRAC bank Limited					Consolidation			
Particulars	SME	Retail	Corporate	Treasury	Total	bKash	Others	Inter company elimination	Total
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 Expense on Deposits	948,549,904	4,948,635,958	3,423,424,630	747,258,442	10,067,868,934	150,067,225	19,738,464	(83,580,772)	10,154,093,851
Interest Expense on Borrowings	74,676,537	12,262,752	113,234,055	1,306,239,330	1,506,412,674	-	117,784,784	(117,809,169)	1,506,388,289
Inter segment income /(expenses)	(5,230,212,322)	5,384,198,768	(452,551,361)	298,564,915	-	-	-	-	-
Net interest income	**5,623,665,239**	**4,896,205,526**	**3,384,326,141**	**(388,473,463)**	**13,515,723,443**	**2,317,175,045**	**(29,413,689)**	**-**	**15,803,484,799**
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
Total Segment Revenue	**5,967,889,513**	**6,059,542,852**	**4,506,844,016**	**2,630,646,605**	**19,164,922,986**	**5,738,031,838**	**1,109,236,541**	**(4,469,099)**	**26,007,722,266**
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
Total segment expenditure	**4,578,671,765**	**4,314,791,907**	**1,222,229,072**	**226,955,826**	**10,342,648,570**	**5,199,219,120**	**1,076,865,525**	**(4,469,099)**	**16,614,264,116**
Reportable segment operating profit	**1,389,217,748**	**1,744,750,945**	**3,284,614,944**	**2,403,690,779**	**8,822,274,416**	**538,812,718**	**32,371,016**	**-**	**9,393,458,150**

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BRAC Bank Limited

Continuation of Annexure - H

Statement of Consolidated Segment Reporting

As at 31 December 2017

Amount in Taka

	BRAC bank Limited					Consolidation			
Particulars	SME	Retail	Corporate	Treasury	Total	bKash	Others	Inter company elimination	Total
Interest income	9,629,242,005	4,418,268,122	4,949,801,575	1,501,020,087	20,498,331,789	1,389,454,937	195,577,834	(348,951,582)	21,734,412,979
Interest Expense on Deposits	706,480,982	3,341,424,408	2,062,655,891	-	6,110,561,280	108,095,482	-	(274,234,258)	5,944,422,505
Interest Expense on Borrowings	50,425,902	-	349,672,244	1,840,033,941	2,240,132,088	-	91,094,246	(74,717,324)	2,256,509,009
Inter segment income /(expenses)	(3,285,407,896)	3,515,226,786	577,099,702	(806,918,592)	-	-	-	-	-
Net interest income	**5,586,927,226**	**4,592,070,501**	**3,114,573,142**	**(1,145,932,447)**	**12,147,638,421**	**1,281,359,455**	**104,483,588**	**-**	**13,533,481,464**
Investment income	-	-	-	3,580,988,216	3,580,988,216	-	(666,288,679)	-	2,914,699,537
Commission, fees and others	392,781,771	1,243,459,123	891,084,834	348,700,057	2,876,025,784	2,959,149,430	1,082,427,102	(35,672,836)	6,881,929,480
Other operating income	13,839,721	38,110,027	11,705,458	41,373,374	105,028,580	52,363,690	292,261,920	(78,364,225)	371,289,964
Total Segment Revenue	**5,993,548,718**	**5,873,639,650**	**4,017,363,433**	**2,825,129,200**	**18,709,681,001**	**4,292,872,575**	**812,883,931**	**(114,037,061)**	**23,701,400,445**
Staff costs	2,096,254,181	1,745,200,482	441,648,719	76,730,729	4,359,834,111	1,154,124,527	364,522,400	-	5,865,172,038
Other operating costs	1,875,992,739	2,776,716,607	531,391,797	115,906,123	5,300,007,266	2,347,967,727	866,522,586	(114,037,061)	8,413,769,518
Total segment expenditure	**3,972,246,920**	**4,521,917,089**	**973,040,516**	**192,636,852**	**9,659,841,377**	**3,502,092,254**	**1,231,044,986**	**(114,037,061)**	**14,278,941,556**
Reportable segment operating profit	**2,021,301,797**	**1,351,722,561**	**3,044,322,917**	**2,632,492,348**	**9,049,839,624**	**790,780,321**	**(418,161,055)**	**-**	**9,422,458,889**

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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.

Off-shore Banking Units

Annexure - I

Balance Sheet

As at 31 December 2018

Particulars	Note	2018		2017	
		USD	Taka	USD	Taka
PROPERTY AND ASSETS					
Cash		-	-	-	-
Cash in hand (Including foreign currency)		-	-	-	-
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		-	-	-	-
Balance with other banks and financial institutions		**10,363,240**	**869,993,979**	**28,598,567**	**2,379,400,796**
Inside Bangladesh		-	-	-	-
Outside Bangladesh		10,363,240	869,993,979	28,598,567	2,379,400,796
Money at call and short notice		-	-	-	-
Investments		-	-	-	-
Government		-	-	-	-
Others		-	-	-	-
Loans and advances	4	**355,443,712**	**29,839,499,636**	**283,504,776**	**23,587,597,315**
Loans, cash credit, overdrafts etc.		144,272,417	12,125,134,237	219,692,170	18,278,388,424
Small and medium enterprises		-	-	3,736,992	310,917,764
Bills purchased and discounted		211,171,295	17,714,365,399	60,075,614	4,998,291,127
Fixed assets including premises, furniture and fixtures					
Other assets	5	4,258,741	357,482,896	18,287,436	1,521,514,721
Total Property and Assets		**370,065,693**	**31,066,976,511**	**330,390,779**	**27,488,512,832**
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	6	**334,123,690**	**28,049,683,766**	**298,177,562**	**24,808,373,175**
Money at call and short notice		-	-	-	-
Deposits and other accounts	7	**8,582,848**	**720,530,094**	**7,592,122**	**631,664,572**
Current accounts and other accounts		87,356	7,333,527	273,759	22,776,748
Bills payable		-	-	-	-
Savings deposits		-	-	-	-
Fixed deposits		8,408,596	705,901,654	7,318,363	608,887,824
Other deposits		86,896	7,294,913	-	-
Other liabilities	8	**23,368,705**	**1,960,054,172**	**21,115,768**	**1,756,831,908**
Total Liabilities		**366,075,243**	**30,730,268,032**	**326,885,452**	**27,196,869,655**
Capital and Shareholders' Equity					
Paid up share capital		-	-	-	-
Statutory reserve		-	-	-	-
Revaluation reserve		-	-	-	-
Translation reserve		-	(3,001,421)	-	-
Surplus in profit and loss account/Retained Earnings	9	**3,990,450**	**339,709,900**	**3,505,327**	**291,643,177**
Total shareholders' equity		**3,990,450**	**336,708,479**	**3,505,327**	**291,643,177**
Total Liabilities and Shareholders' Equity		**370,065,693**	**31,066,976,511**	**330,390,779**	**27,488,512,832**

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Off-shore Banking Units

Balance Sheet

As at 31 December 2018

Continuation of Annexure - I

Particulars	Note	2018		2017	
		USD	Taka	USD	Taka
Off Balance Sheet Items					
Contingent Liabilities					
Acceptances and endorsements		105,500	8,787,198	59,383	4,940,694
Letter of guarantees		-	-	-	-
Irrevocable letter of credits		3,165,624	273,188,268	27,685,771	2,303,456,182
Bills for collection		18,921,507	1,584,093,294	12,478,612	1,038,220,512
Other contingent liabilities		15,088,870	1,263,686,550	-	-
Total		**37,281,501**	**3,129,755,310**	**40,223,766**	**3,346,617,388**
Other Commitments					
Documentary credits and short term trade related transactions		-	-	-	-
Forward assets purchased and forward deposits placed		-	-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-	-
Undrawn formal standby facilities, credit lines and other		-	-	-	-
Commitments- lease hold assets		-	-	-	-
Total		**-**	**-**	**-**	**-**
Total Off Balance Sheet items including contingent liabilities		**37,281,501**	**3,129,755,310**	**40,223,766**	**3,346,617,388**

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Off-shore Banking Units

Profit and Loss Account

For the year ended 31 December 2018

Continuation of Annexure - I

Particulars	Note	2018		2017	
		USD	Taka	USD	Taka
Interest income	10	19,728,387	1,652,016,884	16,436,061	1,367,480,322
Interest paid on deposits and borrowing etc.	11	15,294,801	1,277,716,354	13,530,704	1,125,754,576
Net interest income		**4,433,586**	**374,300,530**	**2,905,357**	**241,725,746**
Investment income		-	-	-	-
Commission, exchange and brokerage	12	724,268	60,479,116	690,712	57,467,253
Other operating income	13	330,026	30,768,312	-	-
Total operating income		**5,487,880**	**465,547,958**	**3,596,069**	**299,192,999**
Salaries and allowances		382,131	32,021,039	278,374	23,160,727
Rent, taxes, insurance, electricity etc.	14	81,321	6,814,804	38,638	3,214,721
Legal expenses		-	-	250	20,824
Postage, stamps, telecommunication etc.	15	4,153	347,989	2,438	202,870
Stationery, printing, advertisement etc.	16	13,442	1,126,296	16,557	1,377,492
Depreciation and repairs to bank's assets		71,244	5,969,955	79,422	6,607,940
Other expenses		95,008	7,960,425	75,364	6,270,307
Total operating expenses		**647,300**	**54,240,508**	**491,043**	**40,854,881**
Profit/(loss) before provisions		**4,840,581**	**411,307,450**	**3,105,026**	**258,338,118**
Provision for:					
Loans and advances		850,131	71,597,550	(400,301)	(33,305,059)
Off balance sheet items		-	-	-	-
Others		-	-	-	-
Total provision	17	**850,131**	**71,597,550**	**(400,301)**	**(33,305,059)**
Profit/(loss) before taxes		**3,990,450**	**339,709,900**	**3,505,327**	**291,643,177**
Provision for Tax:					
Current tax expense		-	-	-	-
Deferred tax expense/ (income)		-	-	-	-
Total provision for Tax	18	-	-	-	-
Total profit/(loss) after taxes		**3,990,450**	**339,709,900**	**3,505,327**	**291,643,177**

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Off-shore Banking Units

Cash Flow Statement

For the year ended 31 December 2018

Particulars		2018 USD	2018 Taka	2017 USD	2017 Taka
A.	**Cash flows from operating activities**				
	Interest receipts in cash	18,488,689	1,552,125,446	16,938,893	1,409,315,876
	Interest payment	(14,416,264)	(1,210,245,326)	(11,238,027)	(935,003,822)
	Fees and commissions receipts	720,418	60,479,116	690,712	57,467,253
	Cash payments to employees	(381,430)	(32,021,039)	(278,374)	(23,160,727)
	Cash payments to suppliers	(17,561)	(1,474,285)	(18,995)	(1,580,362)
	Receipts from other operating activities	366,508	30,768,312	-	-
	Payment for other operating activities	(104,887)	(8,805,273)	(193,675)	(16,113,792)
	Operating Cash flow before changes in operating assets and liabilities (i)	**4,655,473**	**390,826,952**	**5,900,534**	**490,924,426**
	Increase/decrease in operating assets and liabilities				
	Loans and advances to customers	(74,471,737)	(6,251,902,321)	(23,448,357)	(1,950,903,289)
	Other assets	(15,297,862)	(1,284,255,516)	(556,638)	(46,312,308)
	Deposits from other banks/borrowings	38,610,013	3,241,310,592	33,893,445	2,819,934,668
	Deposits from customers	1,058,553	88,865,522	(245,526)	(20,427,802)
	Other liabilities	27,465,729	2,305,747,954	(5,328,275)	(443,312,454)
	Cash utilized in operating assets and liabilities (ii)	(22,635,304)	(1,900,233,770)	4,314,649	358,978,815
	Net cash (used)/flows from operating activities (i+ii)	**(17,979,831)**	**(1,509,406,817)**	**10,215,183**	**849,903,241**
B.	**Cash flows from investing activities**				
	Investment in commercial paper	-	-	-	-
	Net cash used in investing activities	**-**	**-**	**-**	**-**
C.	**Cash flows from financing activities**	**-**	**-**	**-**	**-**
D.	**Net increase/decrease in cash (A+B+C)**	**(17,979,831)**	**(1,509,406,817)**	**10,215,183**	**849,903,241**
E.	**Cash and cash equivalents at beginning of year**	28,598,567	2,379,400,796	19,422,191	1,529,497,555
	Exchange difference	(255,496)	-	(1,038,807)	-
	Cash and cash equivalents at the end of year (D+E)	**10,363,240**	**869,993,979**	**28,598,567**	**2,379,400,796**
	Cash and cash equivalents at end of the year:				
	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	10,363,240	869,993,979	28,598,567	2,379,400,796
		10,363,240	**869,993,979**	**28,598,567**	**2,379,400,796**

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Off-Shore Banking Units

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2018

1.1 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.

1.1.1 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 recognized 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 recognized as 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 01 January to 31 December 2018.

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 recognized 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".

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2.6 General

a) Figures appearing in these financial statements have been rounded off to the nearest Taka and rearranged wherever necessary.

	Particulars	2018		2017	
		USD	Taka	USD	Taka
3	**Balance with other banks and financial institutions**				
	Standard Chartered Bank, Frankfurt, Germany	330,265	27,725,776	767,208	63,831,720
	Standard Chartered Bank, New York	293,239	24,617,446	5,625,132	468,011,012
	Commerz Bank, Germany	312,052	26,196,742	312,052	25,962,703
	ICICI Bank Limited, Mumbai, India	3,877	325,470	3,877	322,562
	Sonali Bank Limited, United Kingdom (GBP)	2,088	175,306	-	-
	Standard Chartered Bank, UK	(519,715)	(43,630,061)	(352,589)	(29,335,371)
	JP Morgan Chase Bank, New York	6,182,255	519,000,348	67,245	5,594,757
	BBL OBU to Other Bank OBU placement	3,759,178	315,582,951	22,175,642	1,845,013,413
		10,363,240	**869,993,979**	**28,598,567**	**2,379,400,796**
4	**Loans and Advances**				
	Loans, cash credits, overdrafts etc. (note-4.1)	144,272,417	12,125,134,237	219,692,170	18,278,388,424
	Small and medium enterprises	-	-	3,736,992	310,917,764
	Bills purchased and discounted (note-4.2)	211,171,295	17,714,365,399	60,075,614	4,998,291,127
		355,443,712	**29,839,499,636**	**283,504,776**	**23,587,597,315**
4.1	Overdrafts	5,565,349	467,211,048	2,784,540	231,673,667
	Demand loans	48,433,241	4,079,435,350	104,378,292	8,684,273,857
	Term loans	90,273,828	7,578,487,839	112,529,338	9,362,440,900
		144,272,417	**12,125,134,237**	**219,692,170**	**18,278,388,424**
4.2	Bills purchased and discounted	208,374,036	17,486,267,904	56,409,909	4,693,304,479
	Bills purchased and discounted SME	2,797,259	228,097,495	3,665,705	304,986,648
		211,171,295	**17,714,365,399**	**60,075,614**	**4,998,291,127**
		355,443,712	**29,839,499,636**	**279,767,784**	**23,276,679,551**
5	**Other Assets**				
	Interest receivables	3,224,488	270,804,984	2,054,249	170,913,546
	Deferred revenue expenditure	776,953	65,225,217	768,259	63,919,173
	Receivables against collateral margin-swap	-	180,000	-	-
	FX translation adjustments - contra	246,220	20,332,253	-	-
	Receivable against proxy account	11,080	940,442	14,097	1,172,902
	Receivable settlement account-OBU/DBU	-	-	15,450,831	1,285,509,100
		4,258,741	**357,482,896**	**18,287,436**	**1,521,514,721**
6	**Borrowings from other banks, financial institutions and agents**				
	Inside Bangladesh:				
	Southeast Bank Ltd.	-	-	4,000,000	332,800,000
	Dhaka Bank Limited	-	-	5,000,000	416,000,000
	Agrani Bank Limited	-	-	20,000,000	1,664,000,000
	On Shore to BBL Off Shore	60,645,691	5,091,205,150	19,200,000	1,597,440,000
		60,645,691	**5,091,205,150**	**48,200,000**	**4,010,240,000**

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Continuation of Annexure - I

Particulars		2018		2017	
		USD	Taka	USD	Taka
	Outside Bangladesh:				
	Sonali Bank UK Ltd	14,557,275	1,222,083,236	15,450,830	1,285,509,100
	BANK ONE Mauritius	13,000,000	1,091,350,000	13,000,000	1,081,600,000
	Emirates Islamic Bank Dubai	5,793,490	486,363,486	10,000,000	832,000,000
	HDFC Bank Limited	9,300,000	780,735,000	5,000,000	416,000,000
	ICICI Bank Limited	10,000,000	839,500,000	10,000,000	832,000,000
	Standard Chartered Bank Singapore	8,000,000	671,600,000	37,000,000	3,078,400,000
	Standard Chartered Bank, NewYork	10,000,000	839,500,000	-	-
	UBL Dubai	-	-	11,800,000	981,760,000
	Asian Development Bank	32,157,136	2,699,592,143	29,821,000	2,481,107,200
	KBC Bank NV Belgium	15,840,098	1,329,776,251	10,005,732	832,476,876
	Abu Dhabi Commercial Bank	24,830,000	2,084,478,500	-	-
	First Abu Dhabi Bank PJSC	17,500,000	1,469,125,000	-	-
	First Gulf Bank	-	-	15,000,000	1,248,000,000
	The National Bank of Ras Al-Khaimah	22,500,000	1,888,875,000	25,400,000	2,113,280,000
	Borrowing from NORFUND	-	-	2,500,000	208,000,000
	Borrowing from IFC	90,000,000	7,555,500,000	50,000,000	4,160,000,000
	Borrowing from FMO	-	-	15,000,000	1,247,999,999
		273,477,999	**22,958,478,616**	**249,977,562**	**20,798,133,175**
		334,123,690	**28,049,683,766**	**298,177,562**	**24,808,373,175**
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	87,356	7,333,527	273,759	22,776,748
	Bills payable	-	-	-	-
	Saving deposits	-	-	-	-
	Fixed deposits	8,408,596	705,901,654	7,318,363	608,887,824
	Other deposits	86,896	7,294,913	-	-
		8,582,848	**720,530,094**	**7,592,122**	**631,664,572**
	Total Deposit and other accounts	**8,582,848**	**720,530,094**	**7,592,122**	**631,664,572**
8	**Other Liabilities**				
	Provisions for loans and advances	3,635,349	305,187,551	2,793,162	232,391,101
	Provision on Interest receivable	19,781	1,660,596	-	-
	Interest payable	4,044,215	339,511,841	3,269,721	272,040,812
	Provision for taxation	805,320	67,606,624	812,580	67,606,624
	Interest suspense	15,051	1,263,526	5,009	416,738
	Stamp charge realization from loan clients-OBU	1,240	104,098	1,767	147,014
	Payable to On-shore	14,022,012	1,174,524,944	14,217,447	1,182,891,586
	Others payable	825,737	70,194,991	16,082	1,338,033
		23,368,705	**1,960,054,172**	**21,115,768**	**1,756,831,908**

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Continuation of Annexure - I

	Particulars	2018 USD	2018 Taka	2017 USD	2017 Taka
9	**Surplus in Profit and Loss Account/ Retained Earnings**				
	Balance at the beginning of the year	3,505,327	291,643,177	11,647,035	917,204,024
	Balance transfer to DBU	(3,505,327)	(291,643,177)	(11,647,035)	(917,204,024)
	Add: Retained Surplus for the year	3,990,450	339,709,900	3,505,327	291,643,177
		3,990,450	**339,709,900**	**3,505,327**	**291,643,177**
10	**Interest Income**				
	Interest on loans and advances	8,611,012	721,161,921	7,971,796	663,253,456
	Interest on bill discounted	11,117,374	930,854,964	8,464,265	704,226,866
		19,728,387	**1,652,016,884**	**16,436,061**	**1,367,480,322**
11	**Interest Paid on Deposits and Borrowing etc.**				
	Interest on deposits	229,732	19,249,926	273,690	22,771,022
	Interest on borrowing from banks & FIs	15,055,625	1,257,676,520	13,173,193	1,096,009,689
	Interest on money at call and short notice	9,444	789,908	83,820	6,973,865
		15,294,801	**1,277,716,354**	**13,530,704**	**1,125,754,576**
12	**Commission, Exchange and Brokerage**				
	Commission from letters of credit-foreign	118,424	9,896,082	234,449	19,506,149
	Import and export related fees	320,828	26,808,077	389,580	32,413,052
	Syndication fees	285,016	23,774,958	66,683	5,548,052
	Other fees	-	-	-	-
		724,268	**60,479,116**	**690,712**	**57,467,253**
13	**Other operating Income**				
	Miscellaneous Income	330,026	30,768,312	-	-
		330,026	**30,768,312**	**-**	**-**
14	**Rent, Taxes, Insurance, Electricity etc.**				
	Rent, rates and taxes	65,345	5,475,736	32,243	2,682,625
	Insurance	1,392	116,700	1,036	86,212
	Power and electricity	12,488	1,046,698	5,019	417,581
	WASA and Sewerage	2,096	175,670	340	28,303
		81,321	**6,814,804**	**38,638**	**3,214,721**
15	**Postage, Stamp, Telecommunication etc.**				
	Postage and courier	553	46,344	0.2	17
	Court fees & stamps	13	1,112	1	109
	Telegram, telex, fax & Network	-	-	33	2,751
	Telephone-Office	3,587	300,532	2,404	199,993
		4,153	**347,989**	**2,438**	**202,870**
16	**Stationery, Printing, Advertisement etc.**				
	Stationery and Printing	13,442	1,126,296	15,613	1,298,987
	Security Stationery	-	-	944	78,505
		13,442	**1,126,296**	**16,557**	**1,377,492**
17	**Provisions for Loans and Advances**				
	For classified loans and advances	48,352	4,002,655	(2,514)	(209,219)
	For unclassified loans and advances	801,779	67,594,895	(397,787)	(33,095,840)
		850,131	**71,597,550**	**(400,301)**	**(33,305,059)**

18 **Provision for tax**

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.

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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 2018, 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 2018.

Rahman Rahman Huq
Chartered Accountants

Dated, Dhaka, 21 March 2019

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BRAC Bank Ltd.

Custodian service

For the year ended 31 December 2018

Annexure - J

Particulars	2018 Taka	2017 Taka
Operating Income		
Commission, exchange and brokerage	16,682,231	14,477,560
Total Operating Income	**16,682,231**	**14,477,560**
Operating Expenses		
Salaries and allowances	4,755,272	3,720,000
Rent, taxes, insurance, electricity etc.	840,931	344,399
Postage, stamps, telecommunication etc.	349,290	215,625
Stationery, printing, advertisement etc.	2,353,027	88,211
Depreciation on and repairs to bank's assets	566,906	249,772
Other expenses	1,846,589	863,119
Total operating expenses	**10,712,015**	**5,481,126**
Operating Profit	**5,970,216**	**8,996,434**

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BRAC Bank Limited

Annexure - K

Details of transactions with related parties

For the year ended 31 December 2018

SL No.	Name of the related parties	Balance type	Opening balance on 01 Jan 2018	Deposit made/Loan disbursed	Deposit withdrawn/ Loan recovery	Interest Paid on Deposit/ Interest Charged on Loan	Fees/ Commission Charged	Closing balance on 31 Dec 2018
1	bKash Limited	Deposits	963,530,714	77,651,339,376	(77,852,810,960)	36,609,969	(28,264)	798,640,835
2	BRAC and Its associated organization	Deposits	6,322,024,383	104,077,377,851	(103,950,438,455)	193,980,493	(553,108)	6,642,391,164
3	BRAC EPL Investments Limited	Deposits	6,288,274	3,394,309,516	(3,392,721,797)	106,228	(5,398)	7,976,823
4	BRAC EPL Stock Brokerage Limited	Deposits	41,258,382	406,210,718	(344,868,621)	1,234,713	(13,624)	103,821,568
5	BRAC IT Services Limited (biTS)	Deposits	52,842,801	245,817,733	(245,839,442)	-	(4,523)	52,816,569
6	BRAC Saajan Exchange Limited	Deposits	16,815,498	28,627,502,890	(28,430,402,203)	-	(3,448,060)	210,468,125
7	Industrial and Infrastructure Dev. Finance Co Limited	Deposits	5,820,890	27,013,730	(28,864,700)	-	(1,030)	3,968,890
8	Sajida Foundation	Deposits	108,148,622	7,852,881,327	(7,793,019,725)	854,895	(124,891)	168,740,228
9	BRAC	Loans	4,775,934	3,616,474,297	(105,750,000)	79,300,424	-	3,594,800,655
10	BRAC EPL Investments Limited	Loans	992,113,639	232,911,548	(39,196,250)	83,436,872	-	1,269,265,809
11	Sajida Foundation	Loans	952,467,612	1,457,897,180	(52,819,444)	37,785,833	-	2,395,331,181

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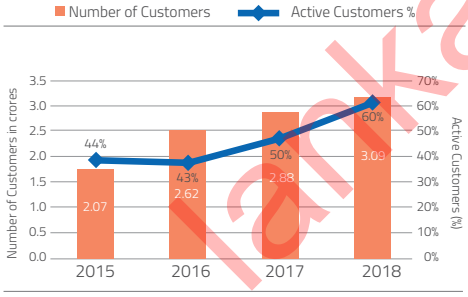
Directors' Report

to the Shareholders of bKash Limited

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 Audited Financial Statements for the year ended 31 December 2018 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.

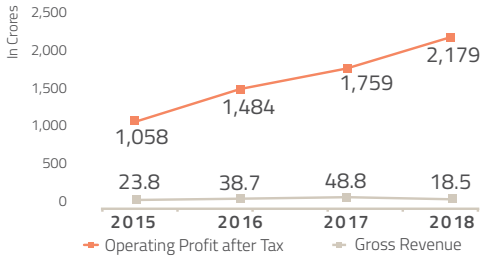
bKash, the leading Mobile Financial Services (MFS) firm in Bangladesh which provides basic financial services using basic phones and can be done on any of the mobile phone network. In July 2011, bKash Limited started as a joint venture between BRAC Bank Limited, Bangladesh and Money in Motion LLC, USA. The International Finance Corporation (IFC) of The World Bank Group became an equity partner in April 2013 followed by the Bill & Melinda Gates Foundation in April 2014. Most recently, in April 2018, bKash and Ant Financial Services Group also formed a strategic partnership.

With an extensive network of 3.09crore customers and 0.53 croreaverage daily transactions, bKash is a success story of its kind not only in Bangladesh but on the global stage. Anyone with basic phone or smart phone customers can easily register and avail instant bKash services such as Cash In, Cash Out, Send Money, Airtime Recharge, Receive Remittance, Receive Disbursements, Pay Bill, Deposit from i-Banking, Interest Savings and Pay Merchants.In addition, it is possible to avail the services of an extensive network of more than 193,000active agents scattered throughout the country. By the end of 2018, an average of60.2% of the customer base was active(on the basis of at least one transaction in the last 90 days) and a total of BDT 270,308 crores was recorded in transactions.



With an annual revenue growth rate of 23.9% in 2018 over 2017, bKash continues to grow and contribute to the economic growth of the country. In 2018, there was an annual growth of 7.5% in the number of customers to reach 3.09 crore as of December 31, 2018. There were over 1,200 employees that bKash directly hires in addition to the thousands of employees at the 219 active distribution houses spread throughout the country. This promotes employment opportunities and economic growth especially in remote locations.In addition, bKash has paid BDT 473crorein 2018 to the government exchequer which also feeds back into the economy.

Through the newly launched bKash app, customers can also avail new services such as Bill Pay, Merchant Payment creates a convenient and hassle-free medium of transaction. With over 52 Lakh app customers, bKash aims to lead the revolution towards a cashless economy.



The financial statements have been prepared based on going concern concept and accrual basis of accounting in compliance with Bangladesh Accounting/Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh, Companies Act 1994 and other applicable laws of the land.

Despite the rising revenue, the Company made profit after tax of BDT 18.48 crore in 2018 compared to BDT 48.78 crore in 2017. This fall, explained by the increase in marketing and promotional expenses.With the business being in the investment stage, the temporary fall is profitability is a natural phenomenon in the early stages of an industry. The consistent rise in active customers and introduction of new products these investments are expected to yield higher returns in the forthcoming years.

Float balance increased by 25.9% to reach BDT 2,769 crore and retained earnings stood at BDT 106.97 crore as of December 31, 2018. Considering the growth potential of the Company, the Board is not proposing any dividend for the year 2018 to its shareholders. As per the new MFS regulation, BDT 1.85 crore was transferred to the capital reserve from profit after tax and BDT 758.5 crore was invested in government securities.

The Company's statutory auditor M/s. Rahman Rahman Huq, Chartered Accountants have completed their audit and are eligible to be reappointed as statutory auditorsof the Company for the year 2019. 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 2019.

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 accomplishvarious challenges in order to achieve the goals of the companywhile 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,

Chairman

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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 2018, 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 2018, and 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 gives a true and fair view.

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
Chartered Accountants

Dhaka

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bKash Limited

Statement of financial position

As at 31 December 2018

Particulars	2018 Taka	2017 Taka
Assets		
Property, plant and equipment	1,155,963,250	767,571,771
Intangible assets	684,505,279	463,632,762
Non-current assets	**1,840,468,529**	**1,231,204,533**
Operational and other receivables	965,103,088	426,953,282
Advances, deposits and prepayments	526,366,646	232,336,222
Contract assets	301,787,164	-
Advance income tax	847,710,297	537,833,294
Airtime balance	1,259,965,976	1,163,143,640
Trust cum settlement account and investments	27,689,567,048	21,986,269,408
Investment in fixed deposits	9,204,200,000	2,121,800,000
Cash and cash equivalents	260,934,183	186,243,340
Current assets	**41,055,634,402**	**26,654,579,186**
Total assets	**42,896,102,931**	**27,885,783,719**
Equity		
Ordinary shares	38,194,900	38,194,900
Share premium - ordinary shares	1,286,205,568	1,286,205,568
Ordinary share capital and premium	**1,324,400,468**	**1,324,400,468**
Preference shares	8,796,300	4,097,000
Share premium - preference shares	8,286,915,782	847,412,828
Preference share capital and premium	**8,295,712,082**	**851,509,828**
Capital reserve	18,479,529	-
Share money deposit	505,162	505,162
Retained earnings	1,069,682,559	903,366,797
Total equity	**10,708,779,800**	**3,079,782,255**
Liabilities		
Deferred tax liabilities	1,587,238	35,986,265
Other non-current liabilities	7,145,802	7,145,802
Finance lease liabilities	33,308,961	40,774,231
Non-current liabilities	**42,042,001**	**83,906,298**
Defined benefit plan - gratuity	90,183,748	44,515,670
Customer and other deposits	27,488,565,715	21,663,937,199
Operational and other payables	1,182,220,350	1,023,172,770
Finance lease liabilities	22,297,603	17,376,926
Grant funds	12,872,051	43,544,365
Accrued expenses	2,364,981,679	1,312,214,254
Provision for tax	984,159,984	617,333,982
Current liabilities	**32,145,281,130**	**24,722,095,166**
Total liabilities	**32,187,323,131**	**24,806,001,464**
Total equity and liabilities	**42,896,102,931**	**27,885,783,719**

Chief Executive Officer | Director | Director | Company Secretary

As per our report of same date.

Auditor

Dated: 14 March 2019

Rahman Rahman Huq
Chartered Accountants

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bKash Limited

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

Particulars	2018 Taka	2017 Taka
	For the year ended	
Gross revenue	21,791,312,387	17,589,548,312
VAT	(2,519,174,076)	(2,074,019,100)
Revenue	**19,272,138,311**	**15,515,529,212**
Cost of services	(14,042,389,523)	(11,407,289,613)
Gross profit	**5,229,748,788**	**4,108,239,599**
Operating and administrative expenses	(3,235,571,949)	(2,331,072,890)
Marketing and promotional expenses	(1,862,041,570)	(1,074,627,157)
Operating profit	**132,135,269**	**702,539,552**
Net finance income	455,733,379	127,779,785
Profit before contribution to WPPF	**587,868,648**	**830,319,337**
Contribution to WPPF	(29,393,432)	(39,539,016)
Profit before tax	**558,475,216**	**790,780,321**
Income tax expenses	(354,017,425)	(302,962,605)
Profit	**204,457,791**	**487,817,716**
Other comprehensive income/(expense)		
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plan	(30,250,000)	-
Related tax	10,587,500	-
	(19,662,500)	-
Total comprehensive income	**184,795,291**	**487,817,716**

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Chief Executive Officer | Director | Director | Company Secretary

As per our report of same date.

Auditor

Rahman Rahman Huq
Chartered Accountants

Dated: 14 March 2019

bKash Limited

Statement of changes in equity

For the year ended 31 December 2018

Amount in Taka

Particulars	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
Total comprehensive income								
Profit for the year	-	-	-	-		-	184,795,291	184,795,291
Transfer to capital reserve	-	-	-	-	18,479,529	-	(18,479,529)	-
Total	**-**	**-**	**4,699,300**	**7,439,502,954**	**18,479,529**	**-**	**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**

For the year ended 31 December 2017

Particulars	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 2017	38,194,900	1,286,205,568	4,097,000	847,412,828	-	505,162	415,549,081	2,591,964,539
Total comprehensive income								
Profit for the year	-	-	-	-	-	-	487,817,716	487,817,716
Total	**-**	**-**	**-**	**-**	**-**	**-**	**487,817,716**	**487,817,716**
Balance at 31 December 2017	**38,194,900**	**1,286,205,568**	**4,097,000**	**847,412,828**	**-**	**505,162**	**903,366,797**	**3,079,782,255**

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bKash Limited

Statement of cash flows

For the year ended 31 December 2018

Particulars	2018 Taka	2017 Taka
Cash flows from operating activities		
Cash receipt from customers	**27,293,111,582**	21,821,480,425
Cash paid to suppliers, employees and others	**(18,682,702,900)**	(14,244,943,781)
Cash generated from operating activities	**8,610,408,682**	7,576,536,644
Interest received from deposits	**255,540,508**	108,826,709
Taxes paid to government exchequer	**(2,797,729,772)**	(2,232,797,324)
Net cash flows from operating activities	**6,068,219,418**	5,452,566,029
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(360,169,994)**	(340,049,941)
Acquisition of intangible assets	**(274,073,586)**	(231,887,831)
Investment in fixed deposits	**(7,082,400,000)**	(501,800,000)
Net cash used in investing activities	**(7,716,643,580)**	(1,073,737,772)
Cash flows from financing activities		
Finance lease liabilities	**(17,789,609)**	(12,466,600)
Net proceeds from issue of preference shares	**7,444,202,254**	-
Net cash from/(used in) financing activities	**7,426,412,645**	(12,466,600)
Net increase in cash and cash equivalents	**5,777,988,483**	4,366,361,657
Cash and cash equivalents including trust cum settlement account and investments as at 1 January	**22,172,512,748**	17,806,151,091
Cash and cash equivalents including trust cum settlement account and investments as at 31 December	**27,950,501,231**	22,172,512,748
Less: Trust cum settlement account and investments	**27,689,567,048**	21,986,269,408
Cash and cash equivalents as at 31 December	**260,934,183**	186,243,340

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Directors' Report

to the Shareholders of BRAC EPL Stock Brokerage Limited

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 you Company together with the Audited Financial Statements for the year ended 31 December 2018 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 2018

Bangladesh's economy posted 7.86% GDP growth in FY 2017-18 which is more than the provisional estimate of 7.65%. The growth was respectively 7.28% and 7.11% in FY 2016-17 and FY 2015-16. As per IMF report, Bangladesh is expected to be the 6th fastest growing economy in the world and grow by 7.1% in 2019. While World Bank predicts 7.0% growth for the next year. Bangladesh govt. (7.8%), ADB (7.5%), and UN (7.4%) forecasts are higher. However, all the think-tanks do agree on that Bangladesh is going to be one of the fastest growing economy in 2019 and the key drivers of the expected growth are exports, and vigorous domestic consumption driving manufacturing and services.

The average inflation rate in Bangladesh during the 12 months of the just concluded FY 2017-18 (July 2017-June 2018) slightly rose to 5.78%. The country's average inflation rate in the FY 2016-17 (July 2016-June 2017) was 5.44%.

The trade gap widened in 2017-18 tremendously due to ~25% growth in import and a mere ~6% growth in export. The current account came under pressure despite ~17% growth in remittance. Food grains, capital machinery, and oil price drove the import up. Capital outflow during the election year could also have been a major issue behind it. The central bank managed BDT depreciation by selling USD in the market and providing price direction to the banks. USD 2.6 bn net FDI inflow also provided support to our currency.

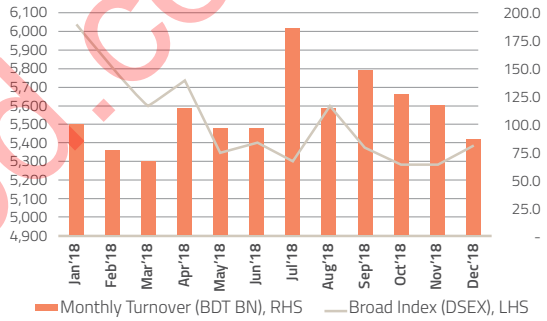
However, H1'2018-19 external account numbers are more encouraging: ~7% growth in imports while export growth is ~14% followed by ~8% remittance growth. The opening of import LCs have dropped significantly in Jul-Nov 2018 so lower settlement will keep the country's FX reserve above USD 30 bn comfortably during 2018-19 (~6.5 months of import). Unlike peer currencies, we expect BDT to be stable because macro fundamentals are not the same. Bangladesh has a meager foreign debt (13% external debt to GDP) and does not depend on crude oil significantly. US Fed rate hike is not likely to affect directly either.

Capital Market Review 2018

DSEX lost 13.8% in 2018, following a total return of 24.0% in 2017. The year started on a negative note from January with the first quarter registering a combined loss of 10.36% and very low turnover. Primary reasons affecting the entire market were the rise in interest rates, the flight of foreign investors due to currency depreciation risk as well as the potential threat of political upheaval. Negative developments in the bank sector such as the reduction of Advances to Deposit Ratio by the Central Bank, falling profitability expectation of the banking industry, deterioration of bank asset quality and the scare of fall of a private commercial bank also drove the market to negative returns. Uncertainty surrounding the National Election deteriorated the investors' confidence in the last quarter of 2018. December, on the other hand, ended on a positive note with a 1.98% return. As a whole, the fourth quarter ended with a positive return of 0.29%.

Net foreign investment in DSE dipped into the negative territory in 2018. In 2018, foreign participation stood at 7.0%, up from 5.3% in 2017, primarily due to foreign investors' exits from the capital market for uncertain macro and political scenario, and BDT depreciation. Net foreign investment stood at negative BDT 5.93 bn in 2018.

INDEX AND TURNOVER MOVEMENT IN 2018



BRAC EPL Stock Brokerage Ltd. (BESL)

BRAC EPL Stock Brokerage Limited (BESL) is the 3rd largest stock brokerage house among 250 brokers in the country with a 4.04% market share of DSE as of December 2018. BESL has a dominant market share of 53% in the foreign portfolio investment execution segment. The company also offers brokerage services to its 28,000 local clients which includes local institutions, retail clients, non-resident Bangladeshis (NRBs) and 60 foreign institutional clients through 8 branches and 126 employees.

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 6 analysts including 1 CFA Charterholder, 1 charter pending candidate, 2 CFA Level 3 candidates and 1 CFA level 2 candidate, has broader investment research and investment advisory mandates. The team has research partnership with Macquarie Securities Group –world's

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8th largest sell-side equity research firm in addition to research partnership agreements with Bloomberg, Thomson Reuters, S&P Capital IQ and Fact Set. Following are some of the key achievements of the team in 2018:

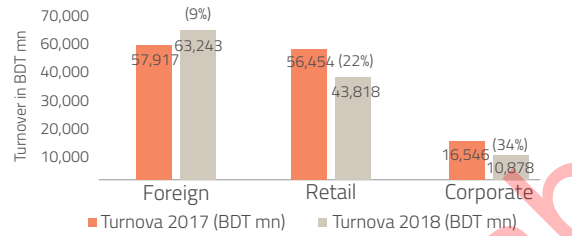
1. The recommended investment composite of the team generated 4.24% return in 2018, outperforming the benchmark index by ~18.00%.
2. Initiated coverage on one new companies: IFAD Autos Limited (IFADAUTOS). Since publication of the equity note, IFAD Autos has posted a negative performance of 6.1% as on Feb 07, 2019.
3. In addition to the above, the team also generated USD 51,000.00 in Research and Advisory Fees from foreign investors and USD 4,000.00 from local institutional clients.

Financial Performance

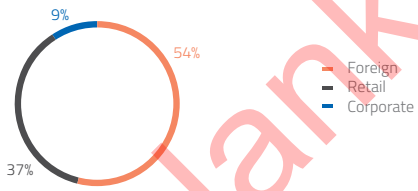
BRAC EPL Stock Brokerage (BESL) has managed to maintain the 3rd position among 250 brokers. On average, BESL had 4.04% market share of DSE turnover, growth in market share was 36% compare to 2017. DSE turnover fallen by 38% whilst BESL turnover fallen by 16% compare to 2017.

BESL net profit after tax in 2018 was BDT 23,963,552.00; decreased by 88% or BDT 180,760,512.

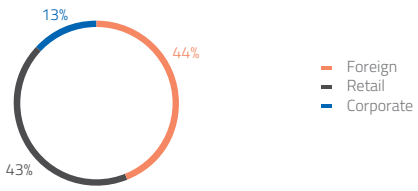
YoY Turnover Growth



Turnover 2018



Turnover 2017



Among the three verticals of our business, Foreign business played a vital role in total turnover. Foreign business was 54% of total turnover in 2018 compared to 44% in 2017. In this particular year foreign turnover has been down by 9% YoY compare to last year of 2017 whilst company's turnover have been decreased by 10% compare to last year.

Our corporate business has also experienced negative growth of 34% YoY in 2018. Currently this segment of the business only contributes +% 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

2018 was a choppy year for Bangladesh capital market with several headwinds. The challenges to be mentioned are like pressure of growing non-performing assets in banking sector, rising interest rates owing to liquidity crunch, historic high deficit in current account balance (USD 9.8 billion deficit in FY18), record high import payment to finance capital machineries for mega infrastructure & power

projects, fuel oil import at high cost and importing food grains especially rice for prolonged floods in mid to late part of 2017. Fear of currency (BDT) depreciation against major currencies forced foreign investors to withdraw investment from capital market though share sale, worth USD 500.0 million. The tensions and expectations about the outcome of national election was another major factor for the Bangladesh economy in the outgoing year.

Bangladesh conducted national parliamentary elections on 30th December 2018, and the Awami League-led coalition partners reelected for the 3rd consecutive term with a convincing victory. We believe this is very positive as the continuity of the same government will help execute economic policies and complete mega projects in a more stable manner. More importantly, the uncertainty and the overhang on equity markets that was persistent through most of 2018 should now abate since any major political risk is out of the way. The market can now focus on the long-term fundamentals of the economy, which are highly attractive with an expected annual GDP growth of 7.5% 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 three to five-year view, we are very positive on the prospects of Bangladesh equity market as the current valuation metrics are still hovering around twelve-year 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's correction phase. The market in 2018 has consolidated its position on the base of 2017's staggering return of 24.0%. As the market witnessed a reasonable correction, 13.8% in 2018, while the election outcome and formation of new ministry were welcomed, investors started to inject fund. Moreover, onboard of Chinese consortium 'Shanghai Stock Exchange (SSE) and Shenzhen Stock Exchange (SZSE)' as strategic partners for DSE is expected to enhance the development of Bangladesh capital market in long-term, in the form of bringing in new technological know-how, introducing new product base, and bringing efficiency in surveillance and trading system.

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Historically, the DSE market offered about 14.5% average return per annum during last twelve-years, 2007 to 2018, and of which 2.7% was dividend yield and rest 11.8% was capital gain. If we assume that the DSE market will follow the historical average return path, then the base case market return in 2019 is expected to be around 15%. In bull case, the market return can be above 20%. This might be supported by post-election period expected easing in overall business environment like acceleration and pick-up in private sector credit growth, continuation of low fuel oil price in international market but at the same time no abrupt rise in interest rates. Moreover, it has been observed that the market return in immediate post-election year has always almost been positive, based on the count of return scenario in years after last five post-election periods. 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 65-80% increase in turnover volume to BDT 9.0 - 12.0 billion in next three years in the market. The average turnover during last five-year was BDT 5.7 billion.

We aim to increase our market share to 5% from current 3.5% and securing our leading position in both local and foreign market. To attain the target, the focus of BESL in 2019 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 main focus for corporate business of 2019 is to structure the segment and ride along its growth, as majority of corporates houses currently manage its capital market investments on an adhoc 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 2019 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 team work 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,

Chairperson

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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 2018, 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 2018, 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

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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.

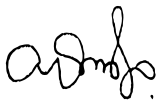
We also report that:

(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
10 March 2019

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BRAC EPL Stock Brokerage Limited

Statement of Financial Position

As at 31 December 2018

Particulars	2018 Taka	2017 Taka
Assets		
Non-current assets		
Property, plant and equipment	37,681,920	33,875,497
Intangible assets	922,688	327,202
Membership at cost	-	11,027,750
Investment in associate company	15,224,510	15,081,120
Investment in DSE & CSE	96,986,595	46,009,744
Total non-current assets	**150,815,713**	**106,321,313**
Current assets		
Investment in shares	543,827,302	509,704,480
Account receivables	151,190,669	1,617,291,759
Inter-company receivables	777,356	22,698,404
Margin loan receivables	170,693,561	141,341,986
Advances, deposits and prepayments	489,621,906	396,249,856
Other receivables	1,050,428	4,458,576
Investment in FDRs	62,787,881	128,977,967
Cash and cash equivalents	446,355,701	174,475,837
Total current assets	**1,866,304,803**	**2,995,198,865**
Total assets	**2,017,120,516**	**3,101,520,178**
Equity and liabilities		
Shareholder's equity		
Share capital	700,953,800	700,953,800
Retained earnings	256,893,197	232,929,645
Revaluation reserve for TREC license	87,688,970	-
Total equity	**1,045,535,967**	**933,883,445**
Non-current liabilities		
Defined benefit obligations	-	2,392,592
	-	**2,392,592**
Current liabilities		
Account payables	440,068,033	1,649,696,268
Investment suspense account	-	46,009,744
Inter-company payables	571,612	2,085,090
Liability for expenses	59,854,256	74,110,350
Provision for income tax	471,090,647	393,342,689
Total current liabilities	**971,584,548**	**2,165,244,141**
Total liabilities	**971,584,548**	**2,167,636,733**
Total equity and liabilities	**2,017,120,516**	**3,101,520,178**

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Chief Executive Officer

Director

Chairperson

Dated, Dhaka
10 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 2018

Particulars	2018 Taka	2017 Taka
Service Revenue	494,467,299	564,786,185
Direct expenses	(142,597,238)	(138,379,466)
Gross profit	**351,870,061**	**426,406,720**
Operating expenses	(230,818,822)	(259,974,716)
Operating profit	**121,051,239**	**166,432,004**
Other income	2,546,214	-
Finance income	(15,231,261)	134,369,150
Finance expenses	(6,798,071)	(6,192,929)
Share of profit of equity in associate company	143,389	150,959
Profit before tax	**101,711,509**	**294,759,183**
Income tax expenses	(77,747,957)	(90,035,120)
Net profit after tax	**23,963,552**	**204,724,064**
Other comprehensive income		
Items that will never be reclassified to profit or loss	-	-
Items that are or may be reclassified to profit or loss	-	-
Other comprehensive income, net of tax	**-**	**-**
Total comprehensive income/(loss)	**-**	**-**

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Chief Executive Officer

Director

Chairperson

A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
10 March 2019

BRAC EPL Stock Brokerage Limited

Statement of Cash Flows

For the year ended 31 December 2018

Particulars		2018 Taka	2017 Taka
A.	**Cash flows from operating activities:**		
	Commission, interest and others received	552,255,890	608,670,487
	Payments for creditors and other expenses	(379,681,859)	(414,093,134)
	Loans and advances	240,611,666	(253,830,651)
	Investment in associate company	**413,185,697**	**(59,253,298)**
	Other income	(3,278,229)	160,678,642
	Income tax paid	(84,868,131)	(78,329,493)
	Cash generated used in other operating activities	**(88,146,359)**	**82,349,149**
	Net cash flows from operating activities	**325,039,337**	**23,095,851**
B.	**Cash flows from investing activities:**		
	Acquisition of fixed assets	(14,838,581)	(21,644,845)
	Sale of fixed assets	2,600,000	-
	Redemption/investment in zero coupon bond	-	-
	Investment in shares	(34,122,822)	(231,312,059)
	Net cash flows (used)/from investing activities	**(46,361,403)**	**(252,956,904)**
C.	**Cash flows from financing activities:**		
	Finance cost	(6,798,071)	(6,192,929)
	Net cash used in financing activities	**(6,798,071)**	**(6,192,929)**
	Net increase in cash and cash equivalents (A+B+C)	**271,879,863**	**(236,053,982)**
	Cash and cash equivalents at the beginning of the year	174,475,837	410,529,819
	Cash and cash equivalents at the end of the year	**446,355,701**	**174,475,837**

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Chief Executive Officer | Director | Chairperson

Dated, Dhaka
10 March 2019

A. Qasem & Co.
Chartered Accountants

BRAC EPL Stock Brokerage Limited

Statement of Changes in Equity

For the year ended 31 December 2018

Amount in Taka

Particulars	Share capital	Retained earnings	Revaluation reserve for TREC license	Total
Balance as at 1 January 2017	451,500,000	277,659,381	-	729,159,381
Issue of bonus shares	249,453,800	(249,453,800)	-	-
Net profit for the year ended 2017	-	204,724,064	-	204,724,064
Balance as at 31 December 2017	700,953,800	232,929,645	-	933,883,445
Issue of bonus shares	-	-	-	-
Net profit for the year ended 2018	-	23,963,552	-	23,963,552
Revaluation reserve for TREC license	-	-	87,688,970	87,688,970
Balance as at 31 December 2018	700,953,800	256,893,197	87,688,970	1,045,535,967

Chief Executive Officer | Director | Chairperson

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Directors' Report

to the Shareholders of BRAC Saajan Exchange Ltd.

Notes and commentary to financial accounts

Strategic report

The directors present the strategic report for the year ended 31 December 2018.

The company, a subsidiary of BRAC Bank Limited ofBangladesh, provides remittance services and cross-border payment solutions forSouth Asian and Eastern European migrants living in Europe. It offers a wide range of payment services principally to Bangladesh and Pakistan but also to India, Sri Lanka, Poland and Romania. The company also offers its services through a French subsidiary, based in Paris.

Revenue is earned through a combination of transactionfees and foreign exchange margin.

The company continues to grow with total remittance to all receivingcountriesup by £175m (57%) in 2018 to £480m. The primary driver of this growth was a boost in commercial aggregators' remittance volumes of £114m (353%). Retail volume increased by £49m(18%) and an expansion of the EU operation contributed £13m (30%).

As a result, turnover increased by 49% to just under £7m. The grossmargin increased to 58%.

The table below shows a detailed comparison of 2018 performance vs. 2017.

Income Statement Line Item	2018	2017	Change
Income	£ 6,917,796	£ 4,629,558	49%
Cost of Services	2,906,039	2,150,668	35%
Gross Profit	4,011,757	2,478,890	62%
Gross Margin	58%	54%	4%
Expenses	3,241,467	2,123,366	53%
Net Operating Income	770,290	355,524	117%
Total Other Income	56,368	101,312	-44%
Loan Interest and similar	145,700	88,613	64%
Bad Debt	22,591	52,267	-57%
Tax	122,705	53,166	131%
Total Other Expenses	290,995	194,047	50%
Net Income	535,662	262,789	104%

Development and performance

Expenses increased by almost £1.2m (53%) to £3.2m. Of this increase, £0.5m was attributable to bank charges, reflecting both the increased volume and higher banking costs in the industry.

In line with business growth, during the year the company invested significantly in human resources, with the total headcount growing from 66 to 80 across the UK and overseas, at a cost of £0.3m. The management team has been expanded to include recruitment of both a Chief Operating Officer and new Head of Finance.

There has been a continued emphasis on improving compliance in the industry and the company has made additional investments in compliance, recruiting experienced officers to improve both quality and quantity, as well as expanding its internal audit function. A Risk and Audit Committee was formed in the year bringing additional independent expertise to its enterprise-wide risk and AML oversight programme. Increased compliance costs include an additional £0.2m in external compliance and risk management advice.

Further investment in EU operations in both premises and personnel have been made to support both the growth of the EU business, where significant opportunity exists to support growing migrant populations, and to combat any potential Brexit-related issues which may adversely affect the EU operation, which is run on a passporting basis from the UK.

In April 2018 the company completed its FCA reauthorisation process, as required by the EU Payment Service Directive II. It has also applied for a license to operate as a stand-alone Authorised Payment Institution in Lisbon, Portugal. Upon authorisation, it will transfer the passporting of its European businesses from the UK to Portugal.

IT Projects

Risk matrix – a matrix of risk conditions has been implemented to enhance the company's defence against AML risks.

MI dashboard– a management information reporting dashboard was bought in to enhance oversight of a full spectrum of performance, AML and risk indicators.

Data security– multiple data and information security policy updates were completed in the year, and the company invested in additional hardware and software solutions to improve protection against penetration and data theft.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are compliance and operational risk, financial risks and strategic risks. The risk identification and mitigation activities are built into the day-to-day operations of the company.

It is the responsibility of the Board to adopt and oversee the implementation of risk management and risk appetite throughout the company and its affiliates globally.

Board expectations

The business management (1st line of defence) will take responsibility for the implementation of risk appetite, and the Risk and Compliance function (2nd line of defence) will work with the 1st line to ensure that levels of risk against risk appetite is reported to the Board and escalated where lines of business are outside appetite.

Audit (3rd line of defence) will ensure independent assurance of the systems and controls in place are adequate and effective to mitigate the risks.

Risks faced by the company

In summary,the company is exposed to the following types of risk.

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- Operational &compliance risks (i.e. risks associated with people, processes and systems)
- Financial risks (e.g. credit, liquidity &capital)
- Strategic risks (e.g. reputation risks)

Each risk category is further broken down into specific risk types:

Operational &compliance risks

Internal fraud - Loss due to acts intended to defraud, misappropriate property or circumvent regulations, the law or company policy (excluding discrimination events) which involve at least one internal party. The company strives to minimise the likelihood of fraud manifesting in the business and allocates human and technology resources to minimise its impact on business activities. The company has no appetite for internal fraud and has adopted a continuous improvement approach to the policies and procedures designed to deter and detect internal fraud. Non-compliance results in disciplinary action, which may include dismissal and qualified withdrawals for approved persons.

External fraud - Loss due to acts intended to defraud, misappropriate property or circumvent the law, which involve a third party. The company has adopted a continuous improvement approach to the policies and procedures designed to deter and detect external fraud. The firm accepts that external fraud may happen from time to time. Nonetheless, the company has no appetite for external fraud.

Regulatory risk – regulatory risks refer to the fact that a change in laws or regulations may materially impact the business or market. The company complies with all relevant legislation and regulations in all the jurisdictions in which it operates. Itmonitorsthe regulatory framework and takes any necessary actions to its operations in order to achieve compliance. The company also employs external compliance audits to ensure best practice.

Employment practices and workplace safety - Losses arising from acts inconsistent with health or safety laws or agreements, from payments of personal injury claims, discrimination or harassment events. The company will take all reasonable steps to ensure its employees are treated with dignity and respect and will have adequate business processes in place to ensure that employees are provided with a safe and comfortable environment to work in.

Business disruption– Losses arising from disruption of business or system failures. The company has implemented a business continuity plan to monitor and mitigate any disruption.

Execution, delivery &process management - Losses from failed transaction processing or process management, from relations with trading counterparties, clients, vendors and/or critical outsourcers.

Data security – The company will take proportionate measures to protect employee, client and other third-party data, intellectual property and put in place good business practices with respect to data protection and retention standards.

IT security – The company employs robust IT security practices in the application development lifecycle, monitors and protects its perimeters and takes measures to deter and detect insider threats.

Financial risks

Currency risk – The company deals in multiple currencies and may therefore be exposed to movements in exchange rates. It mitigates this risk by employing a dedicated team of foreign exchange specialists and tracking conversion rates of the trading currencies in real time.

This allows the company the opportunity tominimise foreign exchange losses and make gains from the favourable shifts in exchange rates. Economic data with high, medium and low impact on exchange rates is collected from external sources at real time and their impact is closely monitored.

Market risk - Losses arising as a result of adverse changes in market prices. The company is an Authorised Payments Institution (API) and does not take outright market risk. Where market risks are inherent to the business activities (e.g. structural market risks such as those arising with respect to capital, liquidity and shareholder value) the company has implemented appropriate policies and procedures.

Credit risk - Losses arising as a result of one or more clients and/or trading counterparties failing to meet their financial obligations as they become due. Credit and counterparty risks are inherent in the business model through exposure to counterparty aged transactions and pre-settlement risks. The main credit risk faced by the company relates to agents failing to deposit monies collected on behalf of customers. The risk is managed by taking advance deposits, setting agent credit limits and performing a daily reconciliation of outstanding amounts.

Liquidity and capital risks - Losses arising as a result of the firm failing to meet its financial obligations as they become due. The company maintains sufficient liquidity and capital to fulfil business and regulatory requirements to meet its obligations as they become due, and has access to funding from its parent company, that will allow it to enact a contingency funding plan, if required.

Strategic risks

Business risk - Losses that arise from the decisions that the Board takes about the products or services that the company supplies, or the geographies that it operates in. They include risks associated with developing and marketing those products or services, economic risks affecting product sales and costs, and risks arising from changes in the regulatory, legal and/or technology environments which have an impact on those products and services or the way in which they are delivered.

Reputation risk - Losses that arise as a result of damage to the brand, howsoever caused. The company actively promotes its brand in the market place, takes pro-active steps to generate feedback from clients and employees and adheres to its core values and fulfil its corporate responsibilities by ensuring it acts responsibly, ethically and with integrity.

Future outlook

The company is forecasting more than 60% YOY remittance growth in 2019. It expects stronggrowth inaggregator sales, and in both theUK and Italian retail agent network. The company is also forecasting an increase in payments to other countries, including Pakistan, Sri Lanka, Nepal, Poland and Romania.

Investment in compliance and governance will continue, in line with regulatory requirements and the company's planned growth.

The strategic plan for 2019 involves rolling out a revampedonline service, the launch of mobile applications across the European countries and further growth in aggregator volume.

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Independent Auditor's Report

to the Members of Brac Saajan Exchange Ltd.

Opinion

We have audited the financial statements of BRAC SAAJAN EXCHANGE LTD (the 'company') for the year ended 31 December 2018 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 2018 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

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- 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: 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.

Mr. Omar Siddiqui (Senior Statutory Auditor)
for and on behalf of Reddy Siddiqui & Kabanl

Chartered Accountants
Statutory Auditor

183-189 The Vale
Acton
London
W37RW

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BRAC Saajan Exchange Limited

Balance Sheet

As at 31 December 2018

	2018 £		2018 Taka		2017 £		2017 Taka	
FIXED ASSETS								
Intangible assets:								
Development cost capitalised		158,095		16,768,615		145,543		16,269,281
Goodwill		15,237		1,616,107		15,103		1,688,298
Tangible Fixed Assets		563,752		59,795,306		560,299		62,632,088
Total Fixed Assets		**737,084**		**78,180,028**		**720,945**		**80,589,667**
Current Assets								
Cash at Bank and in Hand	6,952,790		737,458,813		2,655,762		296,870,070	
Debtors	5,477,015		580,928,358		1,846,549		206,413,558	
Total Current Assets	**12,429,805**		**1,318,387,171**		**4,502,311**		**503,283,628**	
Current Liabilities								
Creditors: amounts falling due within one year		(10,862,746)		(1,152,174,510)		(3,601,490)		(402,586,806)
NET CURRENT ASSETS		**1,567,059**		**166,212,661**		**900,821**		**100,696,822**
Non - Current Liabilities		(200,948)		(21,313,945)		-		-
TOTAL ASSETS LESS LIABILITIES		**2,103,195**		**223,078,744**		**1,621,766**		**181,286,489**
Share capital								
Called up share capital		333,333		42,889,757		333,333		42,889,757
Share premium account		249,999		31,427,247		249,999		31,427,247
Retained profit		1,038,434		114,737,073		816,790		91,704,423
Less: Dividend Payment		-		-		(66,792)		(7,280,359)
Translation reserve		-		(19,564,534)		-		(7,767,588)
Net Profit For The Period		481,429		53,589,201		288,436		30,313,010
SHAREHOLDER'S FUNDS		**2,103,195**		**223,078,744**		**1,621,766**		**181,286,489**

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Mr. Omar Siddiqui (Senior Statutory Auditor)
for and on behalf of Reddy Siddiqui & Kabanl

Chartered Accountants
Statutory Auditor

Director

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BRAC Saajan Exchange Limited

Profit and Loss Account

For the year ended 31 December 2018

Particulars	2018 £	2018 Taka	2017 £	2017 Taka
Turnover	7,108,527	791,269,345	4,820,708	506,629,059
Cost of sales	(2,906,039)	(323,479,126)	(2,150,668)	(226,022,940)
Gross profit	**4,202,487**	**467,790,219**	**2,670,041**	**280,606,119**
Administrative expenses	(3,654,720)	(406,816,826)	(2,429,751)	(255,352,983)
Other operating income	54,878	6,108,592	92,415	9,712,266
Operating profit	**602,644**	**67,081,985**	**332,705**	**34,965,402**
Other interest receivable and similar income	1,490	165,827	8,898	935,094
Profit on ordinary activities before taxation	**604,134**	**67,247,812**	**341,603**	**35,900,496**
Tax on profit on ordinary activities	(122,705)	(13,658,611)	(53,166)	(5,587,486)
Net profit after tax	**481,429**	**53,589,201**	**288,436**	**30,313,010**

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Director

Mr. Omar Siddiqui (Senior Statutory Auditor)
for and on behalf of Reddy Siddiqui & Kabanl

Chartered Accountants
Statutory Auditor

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BRAC Saajan Exchange Limited

Statement of Cash Flows

For the year ended 31 December 2018

Particulars		2018 £	2018 Taka	2017 £	2017 Taka
A.	**Cash flows from operating activities**				
	Fees & commissions receipts in cash	7,108,527	753,977,245	4,820,708	538,875,158
	Cash payments to employees	(946,691)	(100,412,345)	(665,796)	(74,424,891)
	Cash payments to suppliers	(2,906,039)	(308,233,728)	-	-
	Income tax paid	(122,705)	(13,014,888)	(53,166)	(5,943,120)
	Receipts from other operating activities (item-wise)	54,878	5,820,697	92,415	10,330,436
	Payment for other operating activities (item-wise)	(2,708,029)	(287,231,428)	(3,891,686)	(435,025,873)
	Operating profit/(loss) before changes in operating assets and liabilities (i)	479,940	50,905,553	302,475	33,811,711
	Increase/decrease in operating assets & liabilities				
	Other assets (item-wise)	(3,485,056)	(369,648,063)	583,315	65,204,969
	Borrowings from other banks	4,779,216	506,915,145	213,314	23,845,004
	Other liabilities (item-wise)	2,682,989	284,575,502	17,255	1,928,823
	Cash utilised in operating assets & liabilities (ii)	3,977,148	421,842,584	813,885	90,978,796
	Net cash (used)/flows from operating activities (i+ii)	4,457,088	472,748,137	1,116,360	124,790,507
B.	**Cash flows from investing activities**				
	Sale/ (Investment) in shares	-	-	31,375	3,507,168
	Investment income	1,490	158,012	8,898	994,611
	Acquisition of fixed assets	(161,549)	(17,134,948)	(386,685)	(43,224,983)
	Net cash used in investing activities	(160,059)	(16,976,936)	(346,413)	(38,723,204)
C.	**Cash flows from financing activities**				
	Share Premium	-	-	41,616	4,614,731
	Dividend paid	-	-	(66,792)	(7,466,269)
	Net cash flows from financing activities	-	-	(25,176)	(2,851,538)
	Net increase/decrease in cash	4,297,028	455,771,201	744,771	83,215,764
	Cash and cash equivalents at beginning of year	2,655,762	296,870,070	1,910,991	185,020,609
	Effect of Exchange rate changes on cash and cash equivalent		(15,182,458)		28,633,697
	Cash and cash equivalents at end of period	**6,952,790**	**737,458,813**	**2,655,762**	**296,870,070**
	Cash and cash equivalents at end of the period:				
	Cash in hand	1,673	177,503	667	74,508
	Balance with other banks and financial institutions	6,951,117	737,281,310	2,655,095	296,795,562
		6,952,790	**737,458,813**	**2,655,762**	**296,870,070**

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BRAC Saajan Exchange Limited

Statement of Changes in Equity

For the year ended 31 December 2018

Amount in Taka

Particulars	Paid up share capital	Share premium	Translation reserve	Retained Earnings	Total
Balance at January 01, 2018	42,889,757	31,427,247	(7,767,588)	114,737,073	**181,286,489**
Share premium		-		-	**-**
Translation reserved	-	-	(11,796,946)	-	**(11,796,946)**
Net profit for the period	-	-		53,589,201	**53,589,201**
Dividend Payment				-	**-**
Balance as at 31 December 2018	**42,889,757**	**31,427,247**	**(19,564,534)**	**168,326,274**	**223,078,744**
Balance as at 31 December 2017	**42,889,757**	**31,427,247**	**(7,767,588)**	**114,737,073**	**181,286,489**

Amount in GBP

Particulars	Paid up share capital	Share premium	Translation reserve	Retained Earnings	Total
Balance at January 01, 2018	333,333	249,999	-	1,038,434	1,621,766
Share premium	-	-	-	-	-
Net profit for the period	-	-	-	481,429	481,429
Dividend Payment	-	-	-	-	-
Balance as at 31 December 2018	**333,333**	**249,999**	**-**	**1,519,863**	**2,103,195**
Balance as at 31 December 2017	**333,333**	**249,999**	**-**	**1,038,434**	**1,621,766**

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Directors' Report

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 2018 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 such as its role as the advisor to the Dhaka Stock Exchange Limitedto demutualise the exchange and cross border M&A transactions. BEIL also successfully completed a transaction to raise USD300 million debt and equity for the largest ever infrastructure project in Bangladesh.BEIL concluded a landmark transaction in 2018 for the largest power generation companyof Bangladesh Governmentthrough issuance of bonds by private placement. This is also the first of any government owned power generation company to raise capital through issuance of bonds in Bangladesh.

BEIL is strategically optimizing business growth and profitability for the year 2019. The focus of the strategies would be rationalizing costs, enhancing fee-based income, improving performance 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 2018. Moreover, the Corporate and Institutional Banking department saw further transformation in 2018with 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 obtained two power project mandates as issue manager and arranger and one private equity mandate as the corporate advisor and arranger which are expected to be closed in 2019. Structured Finance Departmentis also pursuing two IPO deals which are likely to be finalized by first quarter 2019.

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

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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 advice 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, Chottogram, Sylhet, Chowmuhani and Comilla.

Capital Market Review 2018

Capital market of Bangladesh has passed a mixedyear in 2018. The broad market gauge DSEX lost 13.75 percent after a good performance of 2017. Most of the sectors posted negative return in 2018. Among the 19 sectors, only 4 sectors posted positive return.

Quick Facts:

Particulars	2018	2017	% Change
DSEX	5,385.64	6,244.52	-13.75%
Market Capitalization in BDT. Mn	3,872,952.8	4,228,945.00	-8.42%
Average Daily Turnover BDT Mn	5,383.4	8,792	-38.77%
No. of IPOs in DSE (Excluding MF)	11	7	57.14%
IPO fund taken in BDT. Mn (Excluding MF)	3,462.08	2,442.50	41.74%

Market Capitalization:

Sector	% of Total M. Cap*
Banks	17.81%
Financial Institutions	5.86%
Insurance	1.22%
Food & Allied Product	8.44%
Pharmaceuticals & Chemicals	15.11%
Textile	4.75%
Engineering	5.56%
Ceramics	0.85%
Tannery	0.82%
Paper & Printing	0.53%
Cement	3.05%
Fuel & Power	12.43%
Telecommunication	15.63%
Miscellaneous	3.25%
Others	4.69%

Sector-wise Return:

Particular	Sector Return %
Life Insurance	15.3%
Power & Energy	4.8%
Food & Allied	-2.4%
Textile	-7.0%
General Insurance	10.3%
Pharmaceutical & Chem.	-11.6%
Engineering	-15.4%
Telecommunication	-21.7%
NBFI	27.3%
Miscellaneous	-27.5%
Cement	-28.0%
Bank	-28.7%

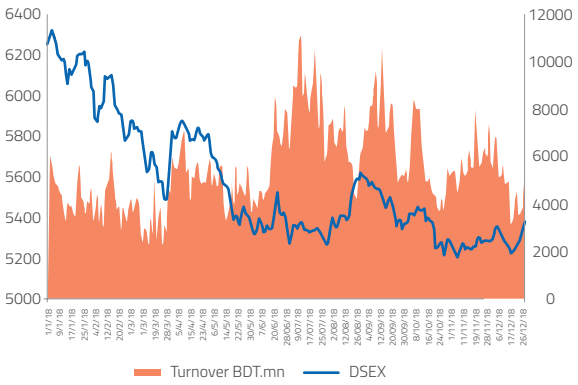

Figure: DSEX and Turnover in 2018

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From the above table, we see that among the major sectors, most of the sectors posted negative returns, whereas only 4 sectors posted positive return. In the advancing sectors, the internal breadth was positive as most of the companies of these sectors performed well.

Favorable macroeconomic indicators, supportive fiscal and monetary policy and relatively stable political situation will restore the confidence of the investors to inject money into the market in 2019. It is expected that 2019 will be a good year for capital market.

Financial Highlights for 2018

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 41% to 56.6 million for the year ended 31 December 2018 compared to 95.6 million in the year 31 December 2017. However, operating expenses in 2017 was inflated by BDT 18.9 million due to uncollectable debts.
- BEIL borrowed on an average BDT 1.15 billion in short term loans and overdrafts at an average rate of 10.08% in 2018 which was 6.18% per annum in 2017.
- The operating loss for the year ended 2018 was BDT 215.94 million of which BDT 192.7 million was unrealized loss from our proprietary portfolio, which is expected to be turned around by 2019.

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

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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 2018, 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 2018, 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 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 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.

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- 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.

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Dated, Dhaka
31 January 2019

A. Qasem & Co.
Chartered Accountants

BRAC EPL Investments Limited

Statement of Financial Position

As at 31 December 2018

Particulars	2018 Taka	2017 Taka
Assets		
Non-current assets		
Property, plant and equipment	8,872,028	7,203,370
Investment in associate company	15,676,040	15,526,676
Deferred tax assets	282,156,146	282,647,551
	306,704,215	**305,377,597**
Current assets		
Account receivables	27,928,847	16,528,035
Inter-company receivables	21,022	2,101,350
Other receivables	10,376,907	3,246,315
Investment in quoted securities	1,142,452,451	1,356,164,306
Advance income tax	18,608,816	14,748,510
Loans and advances to customers	1,703,219,146	1,722,386,221
Accrued interest and management fees receivable	332,702,889	313,417,017
Advances, deposits and prepayments	5,688,435	7,180,295
Cash and cash equivalents	14,054,573	40,721,893
	3,255,053,087	**3,476,493,943**
Total assets	**3,561,757,301**	**3,781,871,540**
Equity and Liabilities		
Shareholders' equity		
Share capital	2,585,000,000	2,585,000,000
Share premium	436,825,951	436,825,951
Retained earnings	(1,907,652,764)	(1,689,313,634)
Shareholders' equity	**1,114,173,187**	**1,332,512,317**
Current liabilities		
Customer deposits	94,838,032	343,191,760
Bank overdrafts	799,265,809	772,117,975
Short term loan	470,000,000	220,000,000
Account payables	9,716,578	31,934,404
Other liabilities	1,069,765,583	1,079,046,889
Provision for taxation	2,970,757	2,072,644
Inter-company payable	1,027,356	995,551
	2,447,584,114	**2,449,359,223**
Total equity and liabilities	**3,561,757,301**	**3,781,871,540**

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Chief Executive Officer

Director

Chairman

Dated, Dhaka
31 January 2019

A. Qasem & Co.
Chartered Accountants

BRAC EPL Investments Limited

Statement of Profit or Loss & Other Comprehensive Income

For the year ended 31 December 2018

Particulars	2018 Taka	2017 Taka
Revenue		
Interest income from margin loan	73,782,773	156,836,025
Interest expenses	(115,227,974)	(75,887,801)
Net interest income (A)	**(41,445,201)**	**80,948,224**
Fee and commission income	39,261,163	71,649,270
Fee and commission expenses	(8,406,656)	(23,011,291)
Net fee and commission income (B)	**30,854,507**	**48,637,979**
(Loss)/gain from investment in securities	(173,099,069)	158,311,818
Other operating income/(loss)	27,083,036	(939,551,130)
Net (loss)/gain from investment in securities (C)	**(146,016,033)**	**(781,239,312)**
Total operating income/(loss) (A+B+C)	**(156,606,727)**	**(651,653,109)**
Operating expenses	(56,637,885)	(95,569,702)
Depreciation & amortization	(2,413,190)	(2,230,477)
Operating profit/(loss) (D)	**(215,657,802)**	**(749,453,289)**
Finance income	113,116	151,748
Financial expenses	(547,790)	(665,248)
Net finance income (E)	**(434,674)**	**(513,500)**
Share of profit of equity in associate company (F)	149,364	157,249
Impairment loss on investment in unquoted securities (G)	-	-
Profit/(loss) before provisions (D+E+F+G)	**(215,943,112)**	**(749,809,540)**
Provision for loans and advances	-	-
Loss before tax	**(215,943,112)**	**(749,809,540)**
Tax expenses	2,396,018	(259,947,464)
Loss after tax	**(218,339,130)**	**(489,862,076)**
Other comprehensive Income		
Total loss	**(218,339,130)**	**(489,862,076)**

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Chief Executive Officer | **Director** | **Chairman**

Dated, Dhaka
31 January 2019

A. Qasem & Co.
Chartered Accountants

BRAC EPL Investments Limited

Statement of Changes in Equity

For the year ended 31 December 2018

Amount in Taka

Particulars	Share capital	Share premium	Retained earnings	Total
Balance as on 1 January 2017	2,585,000,000	436,825,951	(1,199,451,558)	1,822,374,393
Total comprehensive income for the year 2017	-	-	(489,862,076)	(489,862,076)
Balance as on 31 December 2017	**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**

Chief Executive Officer

Director

Chairman

Dated, Dhaka
31 January 2019

A. Qasem & Co.
Chartered Accountants

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BRAC EPL Investments Limited

Statement of Cash Flows

For the year ended 31 December 2018

Particulars		2018 Taka	2017 Taka
A.	**Operating activities**		
	Net profit before tax	(215,943,112)	(749,809,540)
	Add: Items not involving in movement of cash	-	-
	Depreciation on property, plant and equipment	2,295,885	2,178,341
	Amortization of intangible asset	117,305	52,136
	Gain on disposal of property, plant and equipment	(2,842,200)	-
	Bad debt expenses	-	18,884,606
	Fair value adjustments for fall in values of investment in securities	192,772,006	(58,596,125)
	Share of profit of equity in associate company	(149,364)	(157,249)
		192,193,632	**(37,638,291)**
	Income tax paid	(4,866,806)	(10,167,876)
	Operating (loss)/profit before changes in working capital	**(28,616,285)**	**(797,615,707)**
	Changes in working capital :		
	(Increase)/decrease in loan and advances to customers	19,167,075	1,894,001,998
	(Increase)/decrease in accrued interest and mgt. fees receivable	(19,285,872)	415,189,619
	(Increase)/decrease in account receivables	(11,400,812)	(5,853,422)
	(Increase)/decrease in advance, deposits and prepayments	1,491,860	(3,924,044)
	(Increase)/decrease in inter-company receivable	2,080,328	(837,109)
	(Increase)/decrease in other receivables	(7,130,592)	(3,246,315)
	Increase/(decrease) in customer deposits	(248,353,728)	276,558,077
	Increase/(decrease) in account payables	(22,217,826)	(14,776,561)
	Increase/(decrease) in inter-company payable	31,805	84,085
	Increase/(decrease) in other liabilities	(9,281,306)	860,728
		(294,899,068)	2,558,057,055
	Net cash (used)/from operating activities (A)	**(323,515,353)**	**1,760,441,348**
B.	**Cash flows from Investing activities:**		
	Acquisition of property, plant and equipment	(4,081,850)	(438,328)
	Disposal of property, plant and equipment	2,842,200	-
	Sale/(purchase) of investment securities	20,939,849	(1,183,285,188)
	Net cash used in investing activities (B)	**19,700,199**	**(1,183,723,517)**
C.	**Cash flows from Financing activities**		
	Receipt/(repayment) of bank overdraft	27,147,834	(164,239,593)
	Receipt/(repayment) of short term loans	250,000,000	(559,211,617)
	Receipt/(repayment) of revolving time loan		-
	Capital lease obligation paid		-
	Share Capital Increased		-
	Net cash from/(used) in financing activities (C)	**277,147,834**	**(723,451,210)**
	Net decrease in cash and cash equivalents (A+B+C)	**(26,667,321)**	**(146,733,378)**
	Cash and cash equivalents at the beginning of the year	40,721,893	187,455,271
	Cash and cash equivalents at the end of the year	**14,054,573**	**40,721,893**

Chief Executive Officer | Director | Chairman

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Integrated Reporting Checklist

Sl. No.	Particulars	Chapter/ Section reference	Page
1	**Elements of an Integrated Report**		
1.1	**Organizational overview and external environment**		
	An integrated report should disclose the main activities of the organization and the environment in which it operates.	Corporate Profile and Significant Accounting Policies	46, 398
	An integrated report should identify the organization's mission and vision, and provide essential context by identifying matters such as:		
	• **The organization**		
	Culture, ethics and values	Company Philosophy, Mission, Vision, Values	40, 42-45
	Ownership and operating structure including size of the organization location of its operations	Pattern of shareholding	246
	Principal activities and markets	Corporate Profile and Significant Accounting Policies	46, 398
	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	151, 152
	Position within the value chain	Sustainable value creation method	153
	• **Key quantitative information**		
	The number of employees, revenue and number of countries in which the organization operates highlighting, in particular, significant changes from prior periods	Human capital and human resource accounting, core financial highlights, five year financial summary	164, 268, 4-5, 131-139
	• Significant factors affecting the external environment and the organization's response	PESTEL analysis	157-159
	* The legitimate needs and interests of key stakeholders	Stakeholders and Materiality	278-279
	* Macro and micro economic conditions, such as economic stability, globalization, and industry trends	Global and Bangladesh review in the Director's Report	79-90
	* Market forces, such as the relative strengths and weaknesses of competitors and customer demand	SWOT analysis	154-156
	* The speed and effect of technological change	PESTEL analysis- Technological	159
	* Societal issues, such as population and demographic changes, human rights, health, poverty, collective values and educational systems	PESTEL analysis- Social	158
	* Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached	PESTEL analysis- Environmental	159
	* The legislative and regulatory environment in which the organization operates	PESTEL analysis- Legal	159
	* 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- Political	157

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Sl. No.	Particulars	Chapter/ Section reference	Page
1.2	**Governance**		
	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, Human Capital, Intangible Capital, Tangible Capital	221-239, 162-166
	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	56-65
	* 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	218-239
	* 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	218-239, 330-331
	* 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	218-239
	* Whether the organization is implementing governance practices that exceed legal requirements/ key policies	Corporate Governance	218-239
	* The responsibility those charged with governance take for promoting and enabling innovation	Corporate Governance, Management Committee, Senior Management Team	218-239, 272-273
	* 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	162-166
1.3	**Stakeholder identification/ relationships**		
	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	278-279
	Capitals	Capital Plan	275-277
	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.	Sustainable value creation method, business model	253, 160-161
	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.	Sustainable value creation method, business model	253, 160-161
1.4	**Business model**		
	An integrated report needs to describe the business model including key:	Business model	160-161
	• Inputs		
	• Business activities		
	• Outputs		
	• Outcomes		

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Sl. No.	Particulars	Chapter/ Section reference	Page
	Identification of critical stakeholders and others	Stakeholders and Materiality	278-279
	• 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, Message from our Chairman, Massage from the Managing Director & CEO, Directors' Report	4-5, 16-35, 78-130
	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.	Business model	160-161
	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	162-166
	How the organization approaches the need to innovate	Business model	160-161
	How the business model has been designed to adapt to change	Strategy and resource allocation	162-166
	Outputs - An integrated report identifies an organization's key products and services.	Business model	160-161
	Outcomes: An integrated report describes key outcomes, including: Both internal outcomes, and external outcomes, Both positive outcomes and negative outcomes	Business model	160-161
	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	162-166
1.5	**Performance**		
	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, Message from our Chairman, Massage from the Managing Director & CEO, Directors' Report	4-5, 16-35, 78-130
	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	151-152
	The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests	Stakeholders and Materiality	278-279
	The linkages between past and current performance and between current performance and the organization's outlook.	Core Financial Highlights, Message from our Chairman, Massage from the Managing Director & CEO, Directors' Report	4-5, 16-35, 78-130
	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	4-5, 275-277
	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.		

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Sl. No.	Particulars	Chapter/ Section reference	Page
1.6	**Risks and opportunities**		
	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	151-152
	This can include identifying:		
	The specific source of risks and opportunities, which can be internal, external or, commonly, a mix of the two	Risk management framework, Risk management methodology	300-307, 308-316
	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 management methodology	300-307, 308-316
	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 framework, Risk management methodology	300-307, 308-316
	Risk management report (which includes details about risk, root cause,etc.)	From the desk of the Chief Risk Officer	296-299
	Response on the effectiveness of the internal controls and the Board's responsibility for the disclosures on internal controls to safeguard stakeholder interest	Statement of the Board Audit Committee	273-274
1.7	**Strategy and resource allocation**		
	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	162-166
	An integrated report need to identify:		
	The organization's short, medium and long term strategic objectives	Strategy and resource allocation	162-166
	The strategies it has in place, or intends to implement, to achieve those strategic objectives	Strategy and resource allocation	162-166
	How is the entity positioned in the wider market	Value Added Statement	143-145
	How the long-term strategies relate to the current business model	Business model	160-161
	The resource allocation plans it has to implement its strategy	Strategy and resource allocation	162-166
	How it will measure achievements and target outcomes for the short, medium and long term. This can include describing:	Strategy and resource allocation	162-166
	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	Strategy and resource allocation	162-166
	- 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	162-166
	What differentiates the organization to give it competitive advantage and enable it to create value, such as:	Strategy and resource allocation	162-166
	• The role of innovation	Strategy and resource allocation	162-166
	• How the organization develops and exploits intellectual capital	Human capital	164

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Sl. No.	Particulars	Chapter/ Section reference	Page
	• 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	157-159, 162-166
	• Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans	Strategy and resource allocation	162-166
1.8	**Outlook**		
	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, Message from our Chairman, Massage from the Managing Director & CEO, Directors' Report	4-5, 16-35, 78-130
	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	Business model, SWOT analysis, PESTEL analysis	160-161, 154-159
	• How that will affect the organization	SWOT analysis, PESTEL analysis	154-159
	• How the organization is currently equipped to respond to the critical challenges and uncertainties that are likely to arise	SWOT analysis, PESTEL analysis	154-159
	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	Business model- External factors, SWOT analysis, PESTEL analysis	160-161, 154-159
	• 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	Sustainable value creation method	153
	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	78-130
	Disclosures about an organization's outlook in an integrated report should consider the legal or regulatory requirements to which the organization is subject	Intergrated Report	36-37
1.9	**Basis of preparation and presentation**		
	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?	Intergrated Report	36-37
	An integrated report describes its basis of preparation and presentation, including:		
	A summary of the organization's materiality determination process	Stakeholders and Materiality	278-279
	• Brief description of the process used to identify relevant matters, evaluate their importance and narrow them down to material matters	Stakeholders and Materiality	278-279
	• Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters	Integrated report	36-37
	A description of the reporting boundary and how it has been determined	Integrated report	36-37

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Sl. No.	Particulars	Chapter/ Section reference	Page
	A summary of the significant frameworks and methods used to quantify or evaluate material matters	Integrated report	36-37
2	**Responsibility for an integrated report**		
	An integrated report should include a statement from those charged with governance that includes:	Directors' Report	78-130
	An acknowledgment of their responsibility to ensure the integrity of the integrated report	Integrated report	36-37
	An acknowledgment that they have applied their collective mind to the preparation and presentation of the integrated report	Integrated report	36-37
	Their opinion or conclusion about whether the integrated report is presented in accordance with the Framework	Integrated report	36-37
3	**Other qualitative characteristics of an Integrated Report**		
	Consistency and comparability		
	The information in an integrated report should be presented:		
	On a basis that is consistent over time	Directors' Report	78-130
	Using benchmark data		
	Presenting information in the form of ratios	Five years' financial summary	131-139
	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	131-139
	Connectivity of information		
	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.	Invisible + Omnipresent	2-3
	Content elements	Core financial highlights	4-5
	Past, present & future	Core Financial Highlights, Message from our Chairman, Massage from the Managing Director & CEO, Directors' Report	4-5, 16-25, 26-35, 78-130
	Finance and other information	Five years' financial summary	131-139
	Materiality		
	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 Sustainable value creation method	278-279, 153
	Assurance on the Report		
	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	78-130, 376-381

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Glimpses from the 19th AGM

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১৯তম বার্ষিক সাধারণ সভা

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২৬ এপ্রিল ২০১৮

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১৯তম বার্ষিক সাধারণ

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Branch
List

Branch Name	Address
Agrabad Branch	C&F Tower (1st Floor), 1712, Sk. Mujib Road, Agrabad, Chattogram.
Araihazar Sme / Krishi Branch	Shahjalal Market (1st Floor), College Road, Araihazar Bazar, Araihazar,Narayangonj.
Asad Gate Branch	House No: 01, Plot No: 01, Asad Gate, Mirpur Road, Dhaka-1207.Bangladesh
Ashkona Branch	Ashkona Branch, Ashkona Community Center & 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 Center	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 Center	Mamtaz Tower, 4540 Arakan Road, Bahaddarhat, Chattogram.
Banani 11 Branch	South Breeze Center,Plot # 5, Building-G (1st & 2nd Floor), Road-11, Banani,Dhaka-1213
Banani Branch	10, Kamal Ataturk Avenue, Banani C/A, Dhaka-1213, Bangladesh
Bandartila Sme Service Center	Osman Plaza, 1st Floor, 800/new, MA Aziz Road, Airport road, Bondortila, Chattogram.
Baniachong Branch	Hazi Harun Mansion, Holding No # 5, BoroBazar, Baniachong, Habigonj.
Barisal branch	S. Rahman Market, 1st Floor ,79 Sadar Road, Barisal-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
Benapole Sme / Krishi Branch	Anu Bhaban, Holding# 492, Benapole, Jashore.
Bhairab Branch	Jahanara Mansion (1st Floor), Bangabandhu Sarani, Bhairab Bazar, Bhairab, Kishoreganj

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Branch Name	Address
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 Center	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 Center	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 INDIRA 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, Chattogram.
Chokoria Sme / Krishi Branch	"Jahir Market" Holding# 1136, Arakan Road, Chokoria, Cox's Bazar.
Chowmuhuni Branch	Rupali Bhaban,Holding No # 807,Feni Road,Chowmuhani,Begumgonj,Noakhali,Bangladesh
Chuadanga Sme / Krishi Branch	Holding No. - 4276 (1st floor), Court Road, Pourashava & P.S. - Chuadanga, Dist. - Chuadanga.
Cumilla Branch	Holding# 682/615, Jhawtola, Cumilla-3500
Cumilla Sme / Krishi Branch	Rajmoni Super Market, Holding# 98, Gorjankhola Road, Chawkbazar, Cumilla.

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Branch Name	Address
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 Center 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	Holding No # 500A, Rupayan Khan Plaza, Road-7, Dhanmondi, Dhaka-1205, Bangladesh
Dholaikhal Sme Service Center	Nahar Complex, Holding# 10/1, Ananda Mohon Basak Lan, Nayabazar, Ward# 71, Thana- Kotwali, Dist.- Dhaka.
Dinajpur Sme / Krishi Branch	Holding No. - 47/46, 48/46 (1st floor), Munshipara, Pourashava & P.S. - Dinajpur, Dist. - 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 Center	Ferdousi Plaza Bhaban, Holding# 334 Shaeed 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 Center (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
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.

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Branch Name	Address
Gulistan Sme Service Center	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	House#1, Road#1, Lane#1, Block#L, Halishahar H/E, Halishahar, Chattogram.
Hathazari Sme / Krishi Branch	S.M Shopping Center & Noor Nahar Plaza,(1st Floor) Near to Hathazari Madrasha. Mouza- Fatika, Union- Dewan Nagar, Thana- Hathazari, Dist.- Chattogram.
Hazaribag Sme Service Center	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 Center	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.
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.
Kadamtoli Sme Service Center	Dewan Chand Mahal (1st & 2nd Floor), 1277, D.T Road, Dhanialapara, Kadamtoli, Chattogram
Kapasia Branch	Prihan tower, safaissri, Kapasia, Gazipur-1730
Karwanbazar Sme Service Center	Ali Bhaban, Holding # 92, Kazi Nazrul Islam Avenue, Ward 39, Thana Tejgaon Dist. Dhaka.
Kasba Branch	Simanto complex-2, (1St Floor) House No # – 561, Word 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 Center	M. K. Heights, Holding No#418, Khatunganj, Ward No#35, Kotwali, Chattogram.

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Branch Name	Address
Khilgaon Sme Service Center	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.- Kishoregonj.
Konabari Sme / Krishi Branch	Noor Mansion (Ground Floor), Mouza- Mirpur, Union- Konabari, Thana & Dist.# 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-Chauddagram Road,Laksham, Cumilla-3570.
Laxmipur Sme / Krishi Branch	F. K. Mansion (1st floor), Holding No. - 1128, Mouja - Banchanagar, Godown Road, Pourashava - Lakshimipur, P.S. - Sadar, Dist. - Lakshimipur.
Lohagara Sme / Krishi Branch	Best Chowdhury Plaza, Busstation (Amirabad), Lohagara, Chattogram.
Madambibirhat Branch	T K BHABAN(1ST FLOOR),MADAMBIBIRHAT , BHATIARY,SITAKUNDA, Chattogram
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.
Maijdee 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, Mirpur, Dhaka.
Mitford Branch	Abdul Kadir Mansion,Holding # 139,Biren Bose Street Mitford road, Dhaka
Moghbazar Branch	Aarong Plaza (GroundFloor), 211 Outer Circular Road, 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 Center	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-Mymensing Road, Ward no# 04, Muktagacha, Mymensingh.

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Branch Name	Address
Munshigonj Branch	545, Jamidar Para, Ayub Ali Super Market, 1st Floor, Munshiganj Sadar, Munshiganj.
Muradpur Branch	Ramna Trade Center (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, Moslah Uddin Bhuiyan 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,Vatara,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	House-166 NE(K), Gulshan Avenue, Gulshan-2, Dhaka-1212
Pabna Sme / Krishi Branch	JB Complex, 1310, 1311 Thana Road, Pabna Sador, Pabna.
Pahartoli Sme Service Center	Haji Abul Khair Bhaban, Holding# 3263/3833, South Kattoli, D.T Road, Ward# 10, Thana- Pahartoli, Dist.- Chattogram
Panchagar Sme / Krishi Branch	1st Floor, Alochaya Super Market, H# 644, Natun Basti, Alochaya Cinema Road, Panchagarh.
Panthapath Sme Service Center	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.

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Branch Name	Address
Rajshahi Branch	177, Kumarpara, ghoramara, Boalia, Rajshahi.
Rampura Branch	Khan Tower, 359, D. I. T Road, East Rampura,Dhaka-1219
Rangpur Branch	City Plaza,(Ist Floor),Plot# 4325 & 4328,Station Road,Rangpur.
Rokeya Sharoni Branch	Holding-129, Word No-14, Senpara Parbata , Mirpur Dhaka-1216.
Sadarghat Sme Service Center	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 Center	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
Shyampur Sme / Krishi Branch	16, Shyampur Bazar (1st Floor), Shampur, Dhaka-1204.
Siddirganj Branch	Alhera Tower 1st Floor, House No: 227 Road#8, Hirajheel Main Road, SIDDIRGANJ, Narayangonj.
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, Chattogram
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	Ahasan Mansion, Holding no: 885,Alfat Square (Traffic Point) Road, Sunamganj-3000

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Branch Name	Address
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 Center (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 Center	Holding# 18, Sonargaon Janapath, Sector# 09, Uttara-1230.
Zindabazar Branch	Symphony Heights,Baruthkhana Point,East Zindabazar Sylhet-3100.
Zinzira Branch	Mona Trade City(1st Floor),Dakpara,Zinzira High Way,Keraniganj,Dhaka-1310

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Abbreviations

BAC	Board Audit Committee
BAS	Bangladesh Accounting Standards
BB	Bangladesh Bank
BBL	BRAC Bank Limited
BCP	Business Continuity Plan
BFRS	Bangladesh Financial Reporting Standards
biTS	BRAC IT Service
BSEC	Bangladesh Securities and Exchange Commission
CDBL	Central Depository Bangladesh Limited
CRAB	Credit Rating Agency of Bangladesh
CRAR	Capital to Risk Weighted Assets Ratio
CRM	Credit Risk Management
CRR	Cash Reserve Requirement
CSE	Chittagong Stock Exchange
CSR	Corporate Social Responsibility
DSE	Dhaka Stock Exchange
DTA	Deferred Tax Assets
EPL	Equity Partners Limited
EPS	Earnings per Share
ERM	Enterprise Risk Management
ERMC	Enterprise Risk Management Committee
EVA	Economic Value Added
FCY	Foreign Currency
FDI	Foreign Direct Investment
FI	Financial Institution
FUM	Fund under Management
FY	Financial Year

GABV	Global Alliance on Banking for Values
GDP	Gross Domestic Products
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
KRI	Key Risk Indicator
MANCOM	Management Committee
MICR	Magnetic Ink Character Recognition
NAV	Net Assets Value
NBFI	Non-banking Financial Institutions
NCI	Non controlling interest
NII	Net Interest Income
NPL	Non Performing Loan
OBU	Off Shore Banking Unit
PAT	Profit after Tax
PBT	Profit before Tax
ROA	Return on Assets
ROC	Regional Operating Center
ROE	Return on Equity
ROI	Return on Investment
RWA	Risk Weighted Assets
SAM	Special Asset Management
SLR	Statutory Liquidity Ratio
SME	Small & Medium Enterprises
TAT	Turnaround Time
VAS	Value Added Service
WHT	With Holding Tax
YoY	Year on year

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Notes :

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BRAC BANK

আস্থা অবিচল

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 .....

as my proxy to attend and vote for me on my/our behalf at the 20th Annual General Meeting of the Company to be held on April 30, 2019 at 10.00 a.m. at BRAC Centre for Development Management (B-CDM), Khagan, Savar, Dhaka or at any adjournment thereof.

Signed this ..... day of ..... (Month) 2019

Signature of proxy .....

Signature of shareholder .....

BO ID no. .....

No. of shares held .....

Affix Revenue Stamp of TK.20.00

Note: This Proxy Form, duly completed, must be deposited at least 48 (Forty eight) hours before the scheduled time of the meeting at the Company's Share Department. The Proxy shall be invalid if not signed and stamped as explained above. Signature of the shareholder/s should agree with the specimen signature registered with the Company / Depository Participant(s).

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Attendance Slip

I hereby record my attendance at the 20th Annual General Meeting of the Company being held on April 30, 2019 at 10:00 a.m. at BRAC Centre for Development Management (B-CDM), Khagan, Savar, Dhaka.

Name of the member/proxy.....

BO ID of shareholder: .....

No of shares held: .....

Signature & date: .....

Note: Shareholders attending the meeting in person or by proxy are requested to complete the Attendance Slip and deposit the same at the entrance of the meeting hall. Any friend or children accompanying the shareholders/proxy will not be allowed into the meeting hall.

বি.দ্র : বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন এর সার্কুলার নং- এসইসি/সিএমআরআরসিডি/২০০৯-১৯৩/১৫৪ এবং তারিখ ২৪ অক্টোবর, ২০১৩ অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় কোন প্রকার উপহার/খাবার প্রদানের ব্যবস্থা থাকবে না ।

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