

Annual Report 2017

TAKE OFF

BRAC BANK

আস্থা অবিচল

AMARSTOCK



TAKE OFF

BRAC Bank Limited delivered strong performance in 2017, offsetting all the odds and volatility that characterized the country's banking sector. Riding on the momentum built in 2016, the bank continued to accelerate in its journey towards achieving long-term sustainable growth by reaping the benefits resulting from consistent investments in technology, people and processes in the larger interest of serving our customers.

Over the past two years, BRAC Bank has taken bold strides and has made strong progress towards its vision of becoming the 'Best Bank' in Bangladesh. In getting closer to this vision, the bank crossed a number of landmark milestones and received several international awards. The honors included South Asia's most recognized SAFA Award, Asiamoney's "Best Bank for SMEs" award, ICAB award, ICMAB award and ADB's 'Most Progressive Bank' award. Crossing the momentous US$ 1 billion in market capitalization, receiving the highest credit rating of 'AA1' and being awarded with the prominent ISO 27001:2013 certification for Information Security added stronger wind beneath our wings.

During the year, BRAC Bank introduced a comprehensive women's banking solutions platform - TARA - that helps empower and realize the potential of women of our country from all walks of life. The impact of this proposition was endorsed by the 'Women's Market Champion Award' for BRAC Bank from the esteemed Global Banking Alliance for Women (GBA) based out of New York.

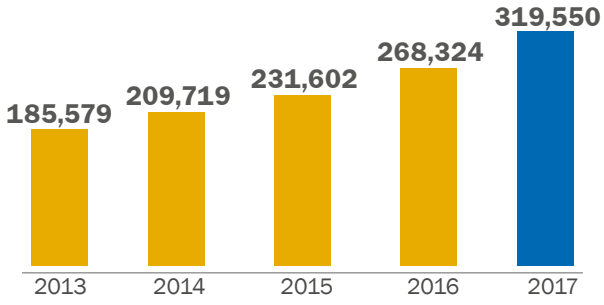
Under the many initiatives embraced across the various business divisions, the bank shifted gear in Corporate Banking implementing portfolio consolidation and investment diversification by targeting unexplored territories outside the metropolitan regions of Dhaka and Chittagong by focusing on Local and Emerging Corporates to enhance trade, OBU and cash management capabilities. Banking on the largest portfolio, the Retail division has been positioned for excellent take-off by virtue of materializing a number of initiatives. The uniqueness of BRAC Bank is that it flourishes in frontiers where others dare to tread. In continuation to the first-mover advantage achieved in our SME business, the division has spread its wings and explored newer horizons of opportunities in the untapped semi-urban and rural markets and is now exploring Agent Banking which will be launched in 2018. In addition, BRAC Bank is also strengthening its capabilities in Digital Banking, thereby focusing on progressing further and securing firm ground in the future of the banking industry.

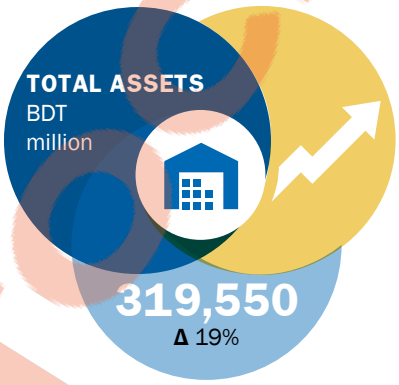
BRAC Bank is moving towards the course it set on two years ago - to unlock its full potential and take off on a journey into the realm of endless possibilities!

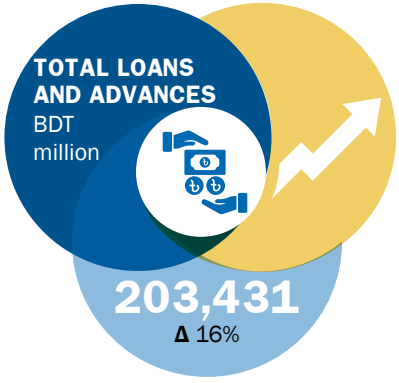
Core Financial Highlights

CONSOLIDATED

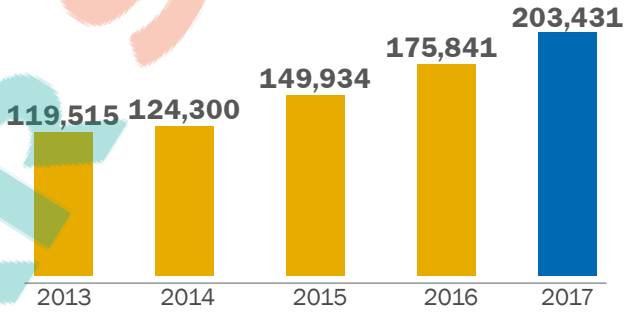
TOTAL ASSETS



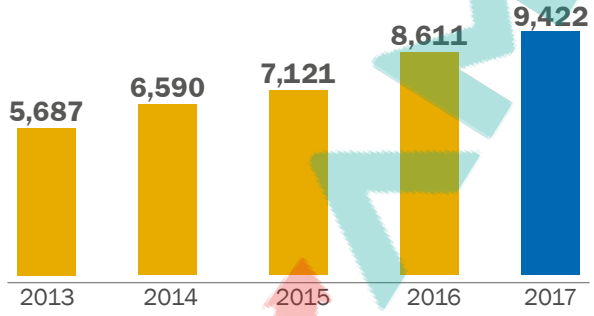


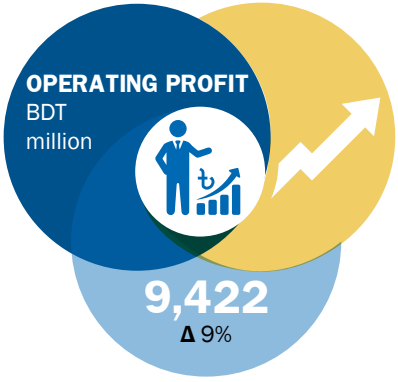


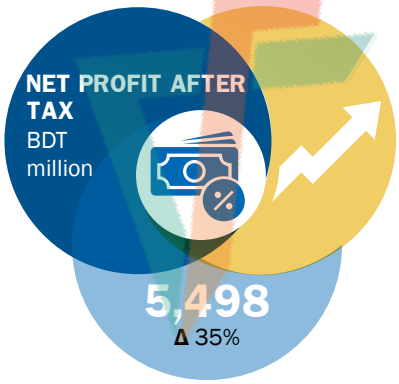
TOTAL LOANS AND ADVANCES



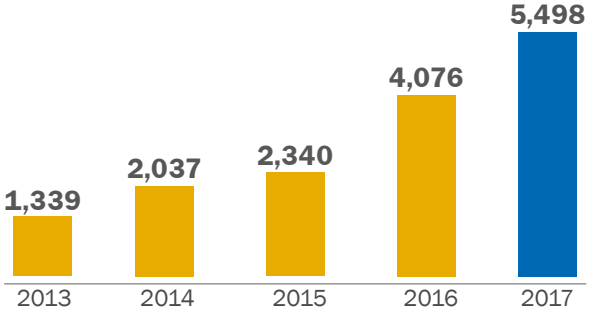
OPERATING PROFIT





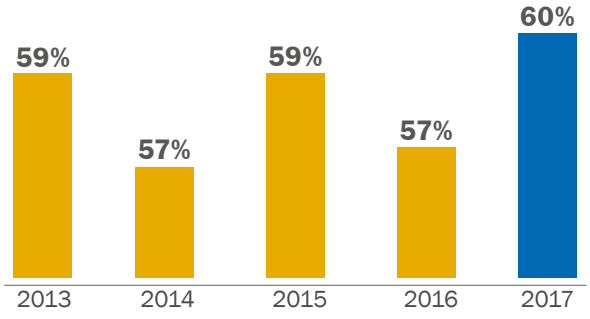


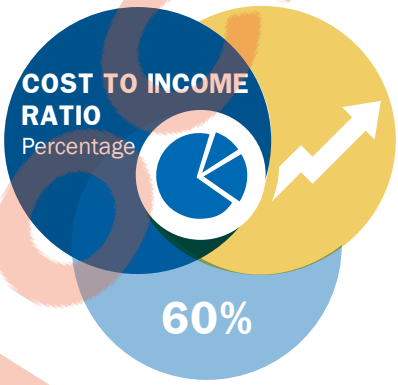
NET PROFIT AFTER TAX

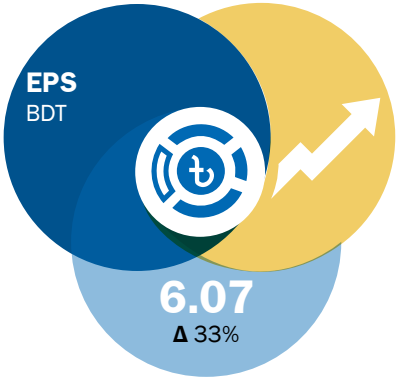


CONSOLIDATED

CIR

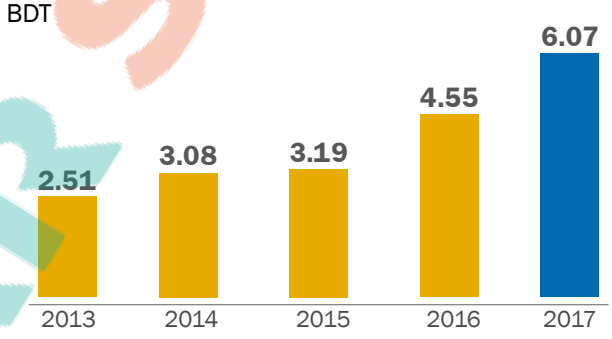






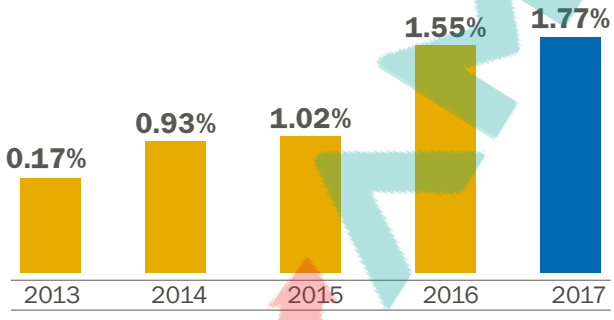
EARNINGS PER SHARE

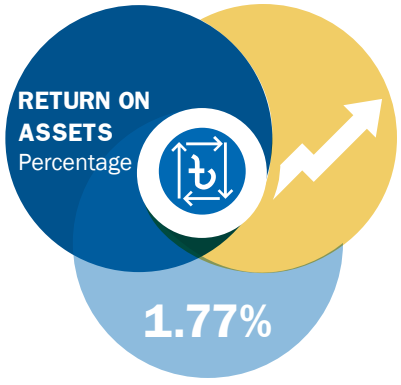
BDT

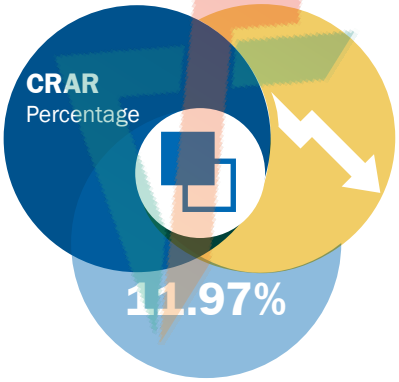


ROA

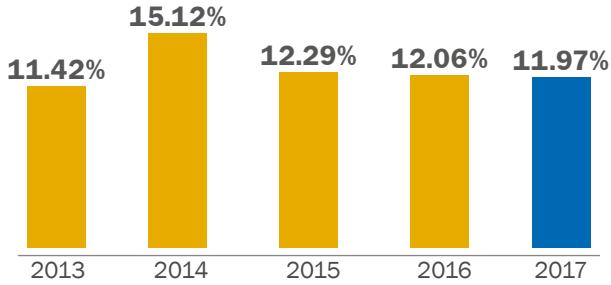
Percentage







CAPITAL TO RISK-WEIGHTED ASSET RATIO

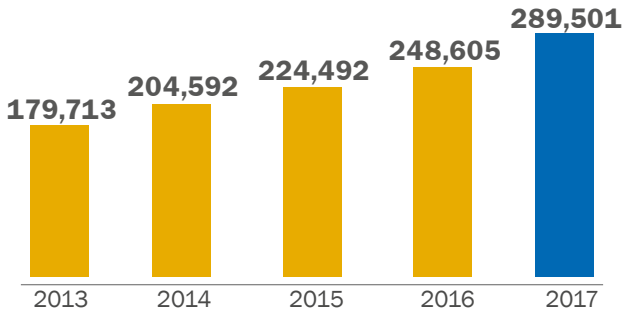


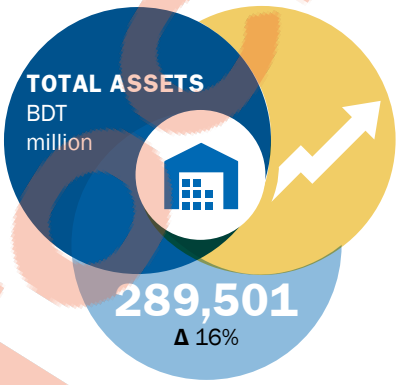
Core Financial Highlights

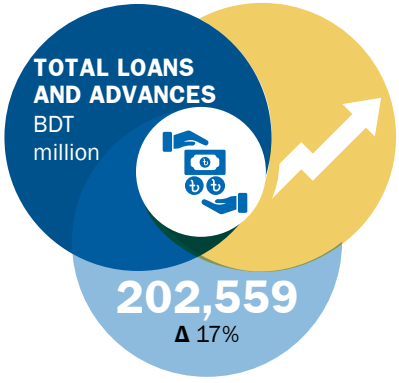
At BRAC Bank, our strategy has yielded strong and sustainable results, reflected in the growth of our core financials.

STANDALONE

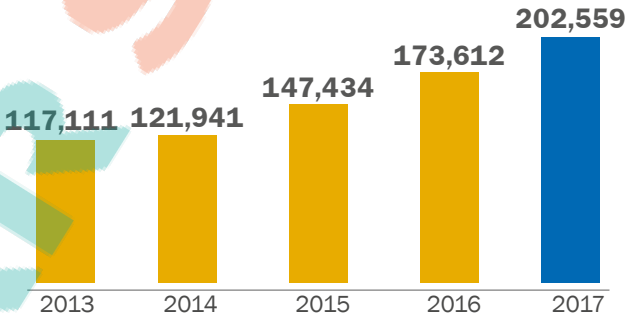
TOTAL ASSETS



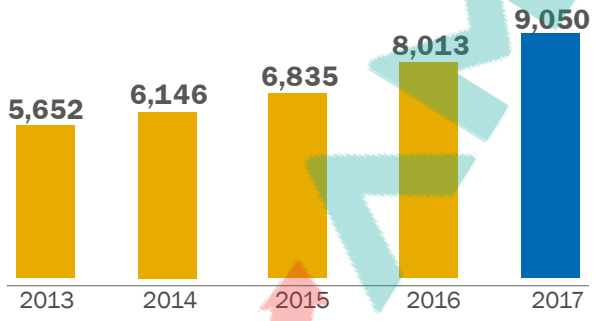


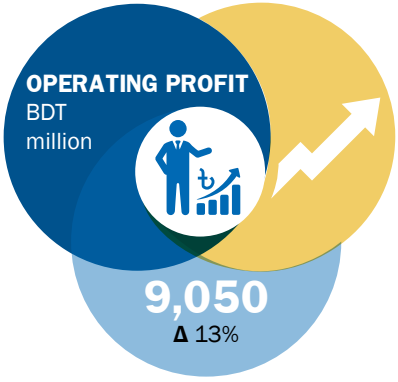


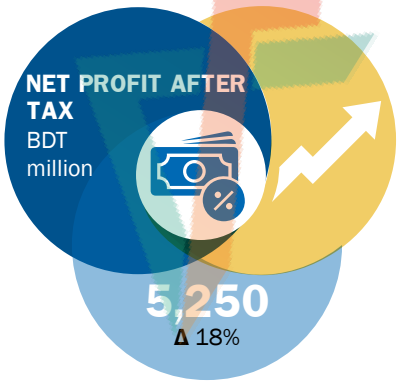
TOTAL LOANS AND ADVANCES



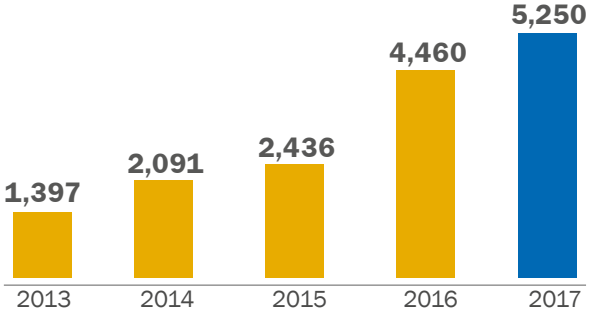
OPERATING PROFIT





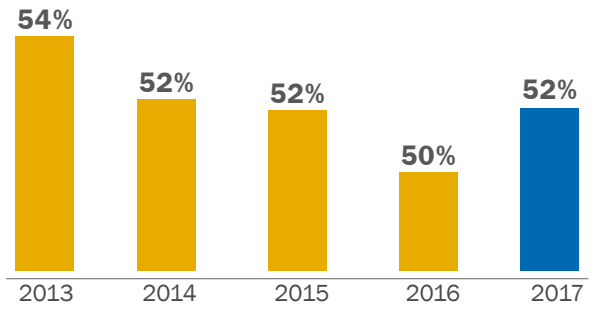


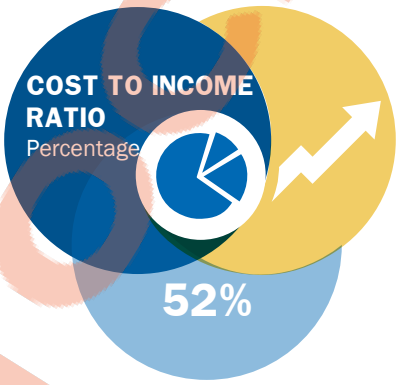
NET PROFIT AFTER TAX

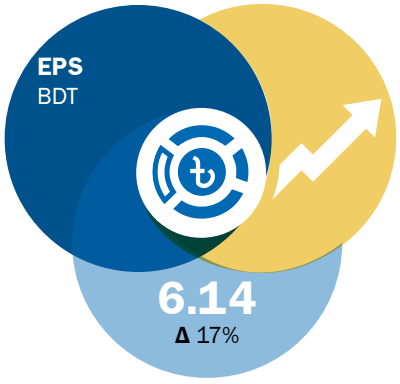


STANDALONE

COST-TO-INCOME RATIO

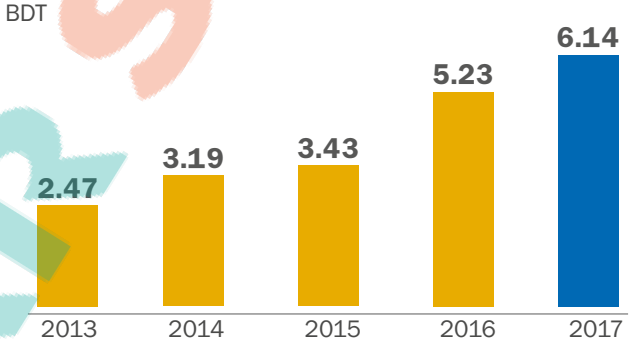




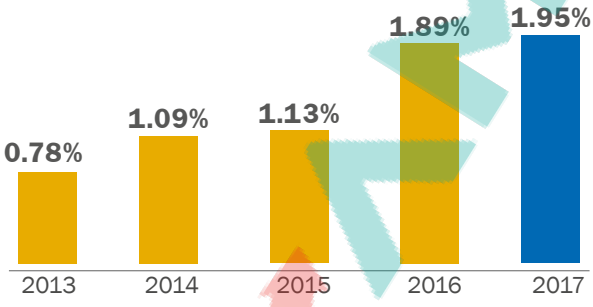


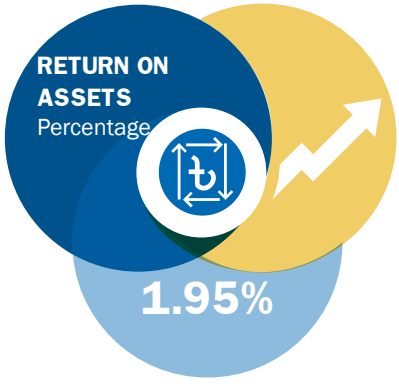
EARNINGS PER SHARE

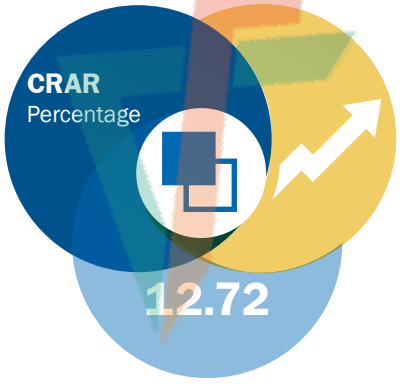
BDT



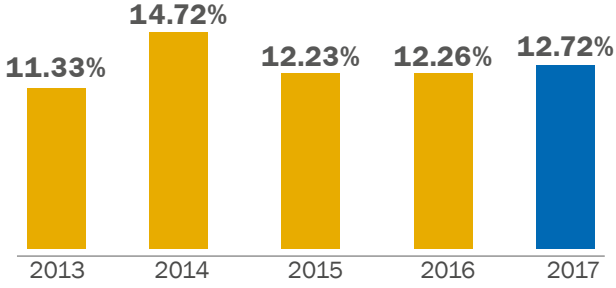
ROA







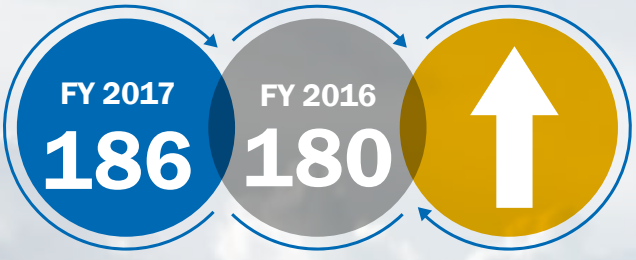
CAPITAL TO RISK-WEIGHTED ASSET RATIO



Non Financial Highlights

Distribution network

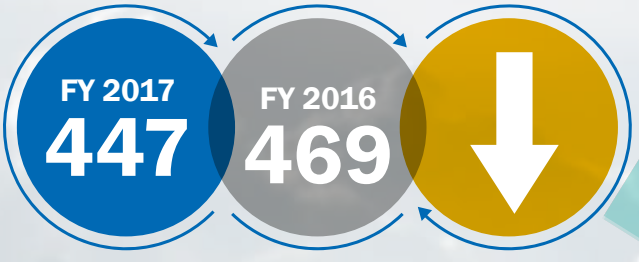
(Number of branches)



Number of SME Unit Offices



Number of ATMs

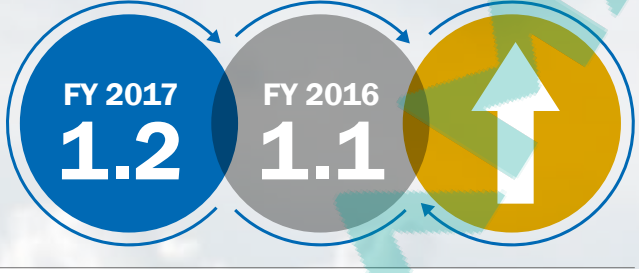


Number of CDMs



No. of Customers

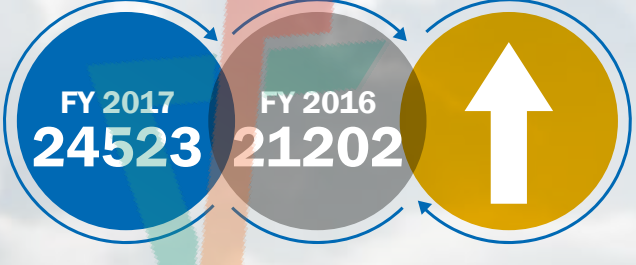
(Million)



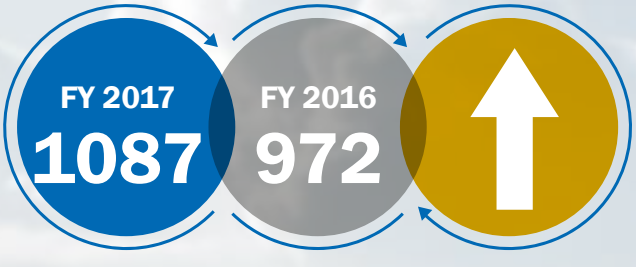
Employee Strength



Training Participant Number

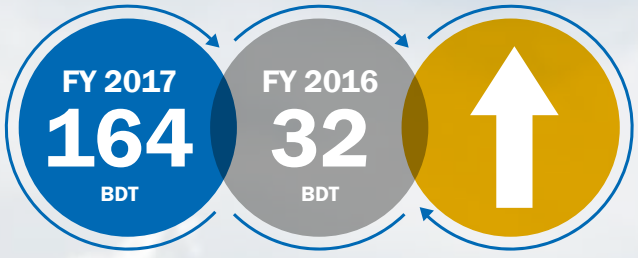


No. of training programs conducted



CSR Investments

(BDT in Million)



Systems upgrade



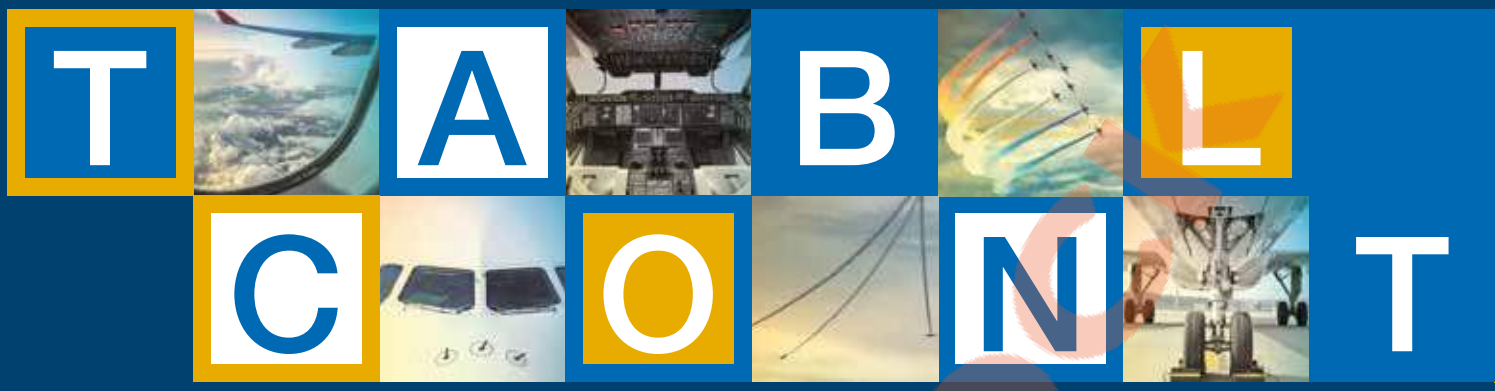




Credit Rating



Integrated: bKash for facilitating online remittance



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Letter of Transmittal

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

Dear sir (s),

Annual Report for the year ended December 31, 2017

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, 2017 for your kind information and record.

Yours sincerely,

Rais Uddin Ahmad
Company Secretary

AMAR STOCK

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.

Notice of the Nineteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting (AGM) of BRAC Bank Limited will be held on April 26, 2018, Thursday at 11:00 a.m. at BRAC Centre for Development Management (B-CDM), Khagan, Savar, Dhaka, to transact the following business:

AGENDA

AGM-19-01-2018: To receive, consider and adopt the audited financial statements for the year ended December 31, 2017 and the Auditor's and Directors' Reports;

AGM-19-02-2018: To declare dividend for the year ended December 31, 2017;

AGM-19-03-2018: To elect/re-elect Directors;

AGM-19-04-2018: To appoint Auditors of the Company for the year 2018 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 02, 2018

NOTES:

a) The "Record Date" is April 11, 2018.

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

c) A member eligible to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. 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 72 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 11:00 a.m.

e) No gift/gift coupons/food box, etc. will be distributed at the 19th 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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MESSAGE FROM THE CHAIRMAN




AMAR STOCK

Message from the Chairman

> The bank embraced a number of bold and customer-centric process overhaul initiatives, tech infrastructure upgrades and human resource up-skilling projects. In light of the emergence of digital banking, the focus on the upgrade of our IT infrastructure and core banking systems, which will continue through to 2018, is a significant aspect of the bank's transformation efforts.

Dear shareholders,

It is with great pleasure that I welcome you all to the 19th Annual General Meeting of BRAC Bank Limited. I am happy to present before you our assessment of an important year in which we took major strides towards our vision of becoming the best and most preferred financial services brand in Bangladesh. On behalf of the Board of Directors, it is my privilege to present to you yet another successful year and the audited financial statements for the year ended 31 December 2017.

At BRAC Bank, we are constantly evolving to ensure that we remain relevant and responsive to customers as an integrated financial services organisation. We continue to shift gear in order to adjust to the forces that are reshaping our industry. This transformation is necessary to create a strong, competitive and effective banking institution that will continue well into the future while creating sustainable shareholder value.

2017: A stellar year with solid all-round progress

Having crossed a number of major milestones, the year 2017 has been a stellar one for BRAC Bank. The bank's dynamic leadership has played a catalytic role in navigating the organization through the challenges of the industry and providing clear direction of the path ahead.

The bank embraced a number of bold and customer-centric process overhaul initiatives, tech infrastructure upgrades and human resource up-skilling projects. In light of the emergence of digital banking, the focus on the upgrade of our IT infrastructure and core banking systems, which will continue through to 2018, is a significant aspect of the bank's transformation efforts.

With a view to enrich customer service, we remodelled branch distribution and the sales network to ensure greater synergy in the face of our positioning as a one-

Sir Fazle Hasan Abed KCMG
Chairman



Sir Fazle Hasan Abed KCMG
Chairman

stop bank catering to the most comprehensive width of financial needs of our customers. We also focused on generating new business in trade, emerging and corporate segments outside the metropolitan cities of Dhaka and Chittagong with a view to bridge the urban-rural financial divide and to ensure that the benefits of organised banking reach the population that is un-banked.

In 2017, BRAC Bank also crossed the historic USD 1 billion in market capitalization. During the year, the bank received the highest credit rating in the Bangladeshi banking sector of 'AA1' for long-term and 'ST-1' in the short-term from the Credit Rating Association of Bangladesh (CRAB).

For the first time, BRAC Bank secured the 1st position in the 'ICAB Best Presented Annual Reports 2016 Awards' under the Banking Sector (Private) category and also under the Banking Sector (Private) category in 'South Asian Federation of Accountants (SAFA) Best Presented Annual Reports 2016 Awards'. In another achievement of 2017, BRAC Bank received the prestigious ISO 27001:2013 certification for emerging as the first local bank in the country to adopt international standards in information security.

Our financial performance: Anchored on sustainability and value-based growth

BRAC Bank registered significant growth in total assets, which increased by 16% to BDT 289,501 million in 2017 over BDT 248,605 million in 2016. Loans and advances alone contributed around 70% of the growth in total assets. The bank's deposit portfolio increased by 16% to BDT 196,224 million in 2017, over BDT 168,860 million in 2016.

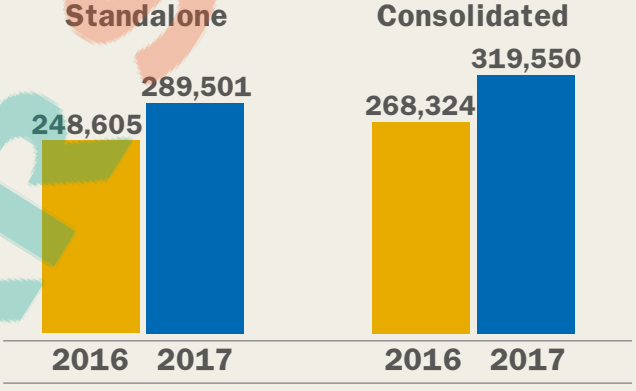
Small and Medium Enterprises (SME) continued to be at the heart of our banking operations. The bank disbursed 37,213 fresh loans to SMEs, amounting to BDT 30,869 million during the year 2017. The portfolio size at the end of 2017 reached BDT 83,472 million, which is 23% higher than the previous year.

The bank's performance in other segments was also strong as the Retail segment reached a portfolio size of BDT 40,741 million in 2017. The bank re-engineered its distribution network to emerge as a single-stop financial services provider for all its corporate customers. The Corporate segment portfolio, principally due to this initiative, registered a growth of 9% over the last year.

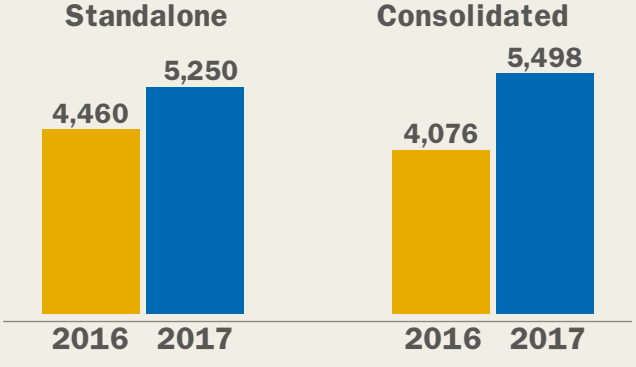
The bank's earnings per share (EPS) rose to BDT 6.14 in 2017 from BDT 5.23 in 2016. The net asset value (NAV) per share increased to BDT 30.39 from BDT 25.07 in 2016.

On a consolidated basis, the bank's total assets increased by 19% from BDT 268,324 million to BDT 319,550 million and consolidated net profit after tax stood at BDT 5,498 million from BDT 4,076 million, which is 35% higher than the previous year. The increase in consolidated PAT was mainly due to improvement in the performance of all our subsidiaries in 2017. The consolidated PAT of all our four subsidiaries increased by 158% to BDT 636 million in 2017 over the previous year.

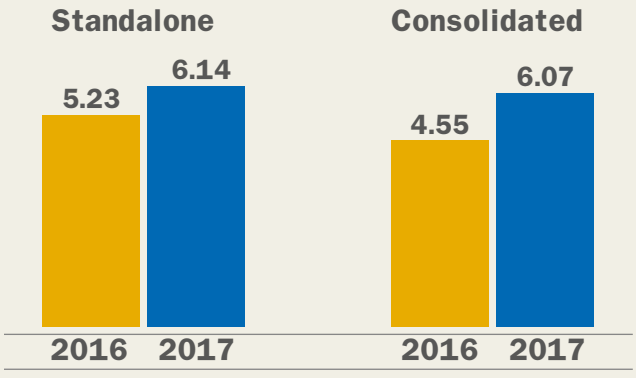
Total assets
BDT in million



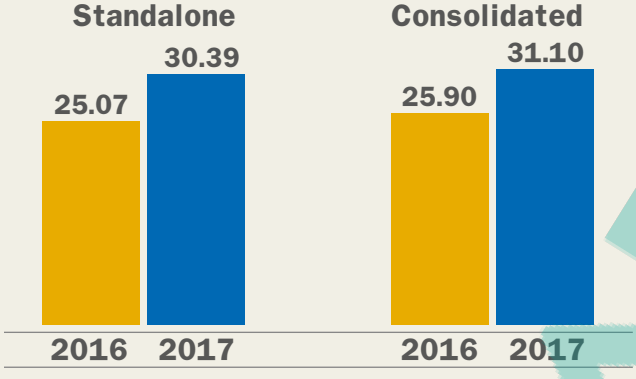
Profit after tax
BDT in million



Earnings per share
BDT



Net asset value per share
BDT



As on 31 December 2017, the bank maintained a comfortable capital to risk weighted asset ratio (CRAR) of 12.72% on standalone basis and 11.97% on consolidated basis, against the requirement of 11.25%. Tier-I and Tier-II capital, as on 31 December 2017, stood at BDT 23,534 million and BDT 3,102 million, respectively, on standalone basis and BDT 23,876 million and BDT 3,102 million, respectively, on consolidated basis. However, to support the bank's strategic growth plans for the future as well as to comply with the enhanced requirements of maintaining CRAR of 12.50% by 2019, the bank requires to grow this regulatory capital further through retaining the existing capital as and when required, as per the capital plans of the bank.

Our subsidiaries: Dynamic and growth-oriented

BRAC Bank has four subsidiaries (as on 31 December 2017): bKash Limited, BRAC Saajan Exchange Limited, BRAC EPL Stock Brokerage Limited and BRAC EPL Investments Limited. BRAC IT Services Limited (biTS) was a subsidiary of the bank in 2017 but due to a strategic decision, some shares were sold to BRAC and hence biTS is no longer a subsidiary of the bank. However, the bank still holds a significant shareholding of 49%, from its earlier holding of 51% as associate.

bKash: Ranked 23rd among the top - 50 companies in the list of 'Change the World' by Fortune magazine in 2017

bKash provides mobile financial services in Bangladesh. With a 29 million customer base across the country, the company is one of the largest rural employment generators, emphasizing on ensuring the development of those at the bottom of the economic pyramid. In 2017, the company launched yet another demand-based service, that of real-time remittance transfer to bKash wallets whereby customers can send remittance directly to the bKash wallet in real-time through partner banks.

Financial performance: Subsidiaries at a glance

All of BRAC Bank's subsidiaries witnessed positive growth in earnings during the year under assessment, over the previous year. Net profit after tax for each of the subsidiaries during 2017 vis-à-vis 2016 is as follows:

Net profit after tax (BDT in million)

Subsidiary	2017	2016	Δ (Amount)	Δ (%)
bKash Limited	488	387	101	26%
BRAC Saajan Exchange Limited	30	17	14	83%
BRAC EPL Stock Brokerage Limited	205	95	110	116%
BRAC EPL Investments Limited	(490)	(901)	411	46%

Deep and wide network: Ensuring an extensive and expansive presence

I am proud to mention that we have the required human resources, network and infrastructure to be the best bank in the country. BRAC Bank currently has 186 branches, 457 SME Unit Offices, 447 ATMs and 90 CDMs dispersed across Bangladesh. We are strengthening our capabilities through the Regional Operating Centres (ROC) focusing on credit and recovery operations across the country for more efficiency and faster back office support. With this network, I am convinced we can achieve greater success in the years ahead.

Managing our risks

The prime objective of risk management is to ensure that the bank takes well calculated business risks to safeguard its capital, financial resources and growth of sustainable profitability. While external stakeholders are prudently assessed before we take them on board, the internal stakeholders, i.e. bank staff also undergo a number of capacity development programs, so that they are well-equipped to perform and deliver results in a dynamic environment while upholding our values and philosophy. There is a strong management structure in place to minimize threats. Risk arising out of lapses in people, processes and systems are dealt at three levels. Since risks are ever-evolving, our risk mitigation strategies have to be dynamic to successfully establish a sound risk management practice.

Corporate social responsibility (CSR): Engaging in impactful societal uplift programs

As a member of the Global Alliance for Banking on Values, people and planet are at the heart of our operations and as a bank that originates from the philosophy of philanthropy, CSR is a part of BRAC Bank's DNA. BRAC Bank invests in CSR programs that have a long-term impact on the citizens and the society, helps realize the potential of the Bangladeshi people and empowers the communities through its holistic social intervention programs.

Our greatest competitive advantage: Our people

Our people represent our most definitive competitive advantage and we continue to strengthen our people management practices. The business units have increased their levels of staff engagement to embed their strategies, inspire commitment and constantly remind people that the expectations of customers and clients are at the centre of everything we do.

BRAC Bank has always pursued a balanced human resource policy. We are committed to building our human capital in order to attain sustainable growth. We provide a wide range of wellness initiatives and fringe benefits to motivate our employees. In 2017, we recruited 1,479 new employees, promoted 980 staff and converted 107 staff to permanent positions. With the industry's most coveted management trainee and young professional recruitment programs, the bank has infused fresh blood from the top universities of the country into the organization. Our women's employee forum, which is the largest among private banks in the country, is playing a facilitating role in ensuring an enabling workplace environment, enhanced career development opportunities and a platform for a large number of engagement activities.

The bedrock of our culture and operating model: Corporate Governance

The world in which we conduct our business has become less predictable, affecting the way we manage risk and accountability. This has significant implications for Board composition, the induction and ongoing training of Directors and the processes of decision-making.

As a values-based organization, corporate governance, compliance, ethics and transparency are the cornerstones of our business model. BRAC Bank is fully committed to adopting the best corporate governance practices. The objectives of corporate governance are to enhance stakeholder value by pursuing ethical practices in business and maintaining a high standard of disclosure and transparency. The bank has adopted best practices and standards of governance which are monitored by various committees of the Board. The Board, the executives and other team members have well-defined roles in achieving corporate goals and towards enhancing shareholder value.

Prospects

Our strategic journey will focus on the following for 2018 and beyond:



SME Banking: Develop deposit business relationships with SME customers alongside loan disbursements in line with our strategy of transforming our positioning from a one-off lender into a holistic bank.



Corporate Banking: Shift gear to provide financing to a large pool of corporate customers instead of a few big portfolio customers to minimize concentration risks.



Retail Banking: Explore more Digital Banking opportunities.



Agent Banking: BRAC Bank expects to launch Agent Banking in the country.



bKash: The company intends to launch a number of diversified products and services.



Local Corporate and Emerging Corporate: Explore untapped business outside the metropolitan cities of Dhaka and Chittagong.



BRAC Saajan: Will expand remittance operations across Europe.



BRAC Bank: Will continue to invest in technology and people development and focus further on improving service quality to ensure a delightful banking experience for our customers.

Appreciation

I believe that the progress we have made in recent years attest to the fact that we have equipped our Board and our people to anticipate and embrace constant change. I wish to thank my colleagues on the Board for their wise counsel and guidance which has supported strong achievements reported by the bank in 2017.

We have constructive relationships with regulatory authorities in Bangladesh. Where possible, we contribute positively to the development of national policy, legislation and regulation through formal submissions and regular engagement with policymakers, law-makers and regulatory authorities. Our approach is guided by the aim to promote regulatory frameworks that are practical and lucid and minimise unintended consequences.

With this, I am grateful to all the regulatory agencies of the government, in particular the Bangladesh Bank, Bangladesh Securities and Exchange Commission, the Registrar of Joint Stock Companies and Firms, Dhaka and Chittagong stock exchange and Central Depository Bangladesh Ltd., for their continued support. I thank each and every customer of the bank for their unwavering trust and support. I congratulate the employees of the bank too for another impressive performance in 2017.

Sincerely,



Sir Fazle Hasan Abed KCMG
Chairman

AMARSTOCK

> সামগ্রিক পদক্ষেপের মধ্যে ব্যাংক বেশ কিছু সাহসী ও গ্রাহককেন্দ্রীক প্রক্রিয়া শুরু করেছে, এর মধ্যে রয়েছে প্রযুক্তিগত অবকাঠামো উন্নয়ন এবং মানবসম্পদের দক্ষতা বৃদ্ধির প্রকল্পসমূহ। ডিজিটাল ব্যাংকিংয়ের উন্মেষের কারণে, আমাদের মূল উদ্দেশ্য হলো আইটি অবকাঠামো ও মূল ব্যাংকিং ব্যবস্থার উন্নয়ন, যা ২০১৮ সাল জুড়েই চলবে এবং এটি ব্যাংকের রূপান্তর প্রচেষ্টার একটি গুরুত্বপূর্ণ দৃষ্টিভঙ্গি।

স্যার ফজলে হাসান আবেদ কেসিএমজি
চেয়ারম্যান

সম্মানিত শেয়ারহোল্ডারগণ,

ব্র্যাক ব্যাংক লিমিটেডের ১৯তম বার্ষিক সাধারণ সভায় (এজিএম) আপনাদের সবাইকে স্বাগতম জানাতে পেরে আমি সত্যিই আনন্দিত। একটি গুরুত্বপূর্ণ বছরের ফলাফল আপনাদের সামনে উপস্থাপন করতে পেরে আমি খুশি, যে বছরে বাংলাদেশের সেরা ব্যাংক ও সবচেয়ে পছন্দনীয় আর্থিক সেবাদানকারী ব্র্যান্ড হয়ে ওঠার অগ্রযাত্রায় অনেক দূর এগিয়ে যেতে পেরেছি। এটি আমার জন্য সম্মানজনক যে, বোর্ড পরিচালকদের পক্ষে আমি আপনাদের সামনে আরেকটি সফল বছরের, যা ৩১ ডিসেম্বর, ২০১৭ তারিখে শেষ হয়, নিরীক্ষাকৃত আর্থিক প্রতিবেদন উপস্থাপন করতে যাচ্ছি।

ইন্ড্রাস্ট্রির ক্রমাগত পুনর্গঠনের সঙ্গে সঙ্গতি রেখে ব্র্যাক ব্যাংকে আমরা প্রয়োজনীয় পরিবর্তন চলমান রেখেছি। এই পরিবর্তনের কারণ হলো একটি আর্থিক সেবাদানকারী প্রতিষ্ঠান হিসেবে গ্রাহকদের কাছে প্রাসঙ্গিক ও সংবেদনশীল থাকা। বিভিন্ন গুরুত্বপূর্ণ পর্যায়ে বিনিয়োগের সাথে সাথে এই সকল রূপান্তর একটি শক্তিশালী সংস্থা গড়ে তোলার জন্য প্রয়োজনীয়, যাতে করে প্রতিযোগিতামূলক ও কার্যকর হিসেবে এটি ভবিষ্যতে কাজ করতে পারবে এবং একইসঙ্গে শেয়ারহোল্ডার মূল্যমান টেকসই রাখবে।

২০১৭: সর্বক্ষেত্রে উন্নতির এক অন্যন্য বছর

কর্মক্ষমতার দিক থেকে বেশ কয়েকটি গুরুত্বপূর্ণ মাইলস্টোন অতিক্রম এবং কিছু মর্যাদাপূর্ণ স্থানীয় ও আন্তর্জাতিক পুরস্কার ও সম্মাননা প্রাপ্তির মধ্য দিয়ে ২০১৭ সালটি ব্র্যাক ব্যাংকের জন্য ছিল একটি অন্যন্য বছর। ব্যাংকের শক্তিশালী নেতৃত্বের প্রভাবক ভূমিকা ব্যাংককে ইন্ডাস্ট্রির চ্যালেঞ্জসমূহের মধ্য দিয়ে যেতে এবং সামনের পথে অগ্রসর হতে স্পষ্ট দিকনির্দেশনা দিয়েছে।

সামগ্রিক পদক্ষেপের মধ্যে ব্যাংক বেশ কিছু সাহসী ও গ্রাহককেন্দ্রীক প্রক্রিয়া শুরু করেছে, এর মধ্যে রয়েছে প্রযুক্তিগত অবকাঠামো উন্নয়ন এবং মানবসম্পদের দক্ষতা বৃদ্ধির প্রকল্পসমূহ। ডিজিটাল ব্যাংকিংয়ের উন্মেষের কারণে, আমাদের মূল উদ্দেশ্য হলো আইটি অবকাঠামো ও মূল ব্যাংকিং ব্যবস্থার উন্নয়ন, যা ২০১৮ সাল জুড়েই চলবে এবং এটি ব্যাংকের রূপান্তর প্রচেষ্টার একটি গুরুত্বপূর্ণ দৃষ্টিভঙ্গি।

গ্রাহক সেবা সমৃদ্ধ করা এবং আমাদের গ্রাহকদের আনন্দময় ব্যাংকিং অভিজ্ঞতা প্রদান করার লক্ষ্য নিয়ে, শাখাসমূহ ও সেলস্ নেটওয়ার্ক আমরা নতুন মডেলে সাজিয়েছি। আমাদের গ্রাহকদের সব আর্থিক প্রয়োজন মেটাতে একটি ওয়ান-স্টপ ব্যাংক হিসেবে নিজেদের অবস্থান তৈরি করার জন্য এ পদক্ষেপ নেওয়া হয়েছে। আমরা বাণিজ্য ক্ষেত্রে নতুন ব্যবসা সৃষ্টি এবং ঢাকা ও চট্টগ্রামের মেট্রোপলিটন এলাকার বাইরের সম্ভাবনাময় ও করপোরেট অংশে মনোনিবেশ করেছি। শহুরে ও গ্রামীণ আর্থিক কর্মকাণ্ডের বিভক্তির মধ্যে সেতুবন্ধ রচনা করতে এবং ব্যাংকিং সেবার বাইরে থাকা জনগোষ্ঠীর কাছে সংঘবদ্ধ ব্যাংকিংয়ের সুবিধা পৌঁছে দেওয়ার লক্ষ্য নিয়েই আমরা এ পদক্ষেপ গ্রহণ করেছি।

২০১৭ সালে ব্র্যাক ব্যাংক বাজার মূলধনের ক্ষেত্রে ১ বিলিয়ন মার্কিন ডলারের ঐতিহাসিক মাইলফলক অতিক্রম করেছে। এই বছরে, ক্রেডিট রেটিং অ্যাসোসিয়েশন অব বাংলাদেশের (সিআরএবি) কাছ থেকে ব্র্যাক ব্যাংক বাংলাদেশের ব্যাংকিং সেক্টরের দীর্ঘমেয়াদে সর্বোচ্চ ক্রেডিট রেটিং 'এএ১' এবং স্বল্পমেয়াদে 'এসটি-১' গ্রহণ করেছে।

'আইসিএবি বেস্ট প্রেজেন্টেড অ্যানুয়াল রিপোর্টস ২০১৬ অ্যাওয়ার্ডস'-এ বেসরকারি ব্যাংকিং সেক্টর ক্যাটাগরিতে প্রথমবারের মতো ব্র্যাক ব্যাংক প্রথম স্থান অধিকার করেছে। 'সাউথ এশিয়ান ফেডারেশন অব অ্যাকাউনটেন্টস (সাফা) বেস্ট প্রেজেন্টেড অ্যানুয়াল রিপোর্টস ২০১৬ অ্যাওয়ার্ডস'-এও বেসরকারি ব্যাংকিং সেক্টর ক্যাটাগরিতে ব্র্যাক ব্যাংক প্রথম স্থান অধিকার করেছে। ২০১৭ সালের আরেকটি অর্জন হলো, দেশের প্রথম স্থানীয় ব্যাংক হিসেবে তথ্য নিরাপত্তায় আন্তর্জাতিক মান বজায় রাখায় ব্র্যাক ব্যাংক সম্মানজনক আইএসও ২৭০০১:২০১৩ সনদপত্র লাভ করেছে।

টেকসই ও মূল্যভিত্তিক প্রবৃদ্ধি বজায় রেখে আর্থিক সাফল্য

মোট সম্পদের ক্ষেত্রে ব্র্যাক ব্যাংক লক্ষ্যণীয় প্রবৃদ্ধি অর্জন করেছে, ২০১৭ সালে এটি ১৬ শতাংশ বৃদ্ধি পেয়ে ২৮৯,৫০১ মিলিয়ন টাকায় দাঁড়িয়েছে, যা ২০১৬ সালে ছিল ২৪৮,৬০৫ মিলিয়ন টাকা। ঋণ ও অ্যাডভান্স মোট সম্পদের প্রবৃদ্ধিতে প্রায় ৭১ শতাংশ অবদান রেখেছে। ব্যাংকের আমানত বেড়েছে ১৬ শতাংশ, ২০১৭ সালে হয়েছে ১৯৬,২২৪ মিলিয়ন টাকা, যা ২০১৬ সালে ছিল ১৬৮,৮৬০ মিলিয়ন টাকা।

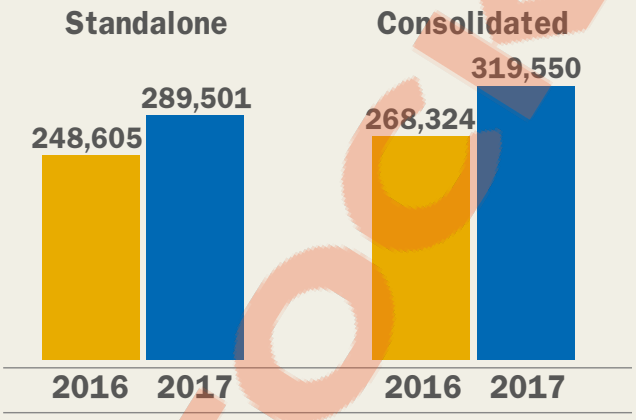
আমাদের ব্যাংকিং কার্যক্রমে ধারাবাহিকভাবে মূল ভূমিকা পালন করে চলেছে ক্ষুদ্র ও মাঝারি ব্যবসাগুলো (এসএমই)। ২০১৭ সালে ব্যাংক এসএমইগুলোকে ৩৭,২১৩টি নতুন ঋণ দিয়েছে, এর মূল্যমান ৩০,৮৬৯ মিলিয়ন টাকা। ২০১১৭ সালের শেষে এর পরিমাণ হয়েছে ৮৩,৪৭২ মিলিয়ন টাকা, যা গত বছরের চেয়ে ২৩ শতাংশ বেশি।

অন্যান্য ক্ষেত্রে ব্যাংকের কর্মক্ষমতাও শক্তিশালী হয়েছে, ২০১৭ সালে রিটেইল ব্যাংকিংয়ে পোর্টফোলিও লক্ষ্যমাত্রা ৪০,৭৪১ মিলিয়ন টাকায় পৌঁছানো গেছে এবং সকল করপোরেট গ্রাহকদের জন্য প্রথম পছন্দের আর্থিক সেবাদানকারী প্রতিষ্ঠান হিসেবে আবির্ভূত হতে ডিস্ট্রিবিউশন নেটওয়ার্ককে নতুন করে সাজানো হয়েছে। এই পদক্ষেপ গ্রহণের কারণে করপোরেট খাতের পোর্টফোলিওতে সর্বশেষ বছর ৯ শতাংশ প্রবৃদ্ধি অর্জন করা গেছে।

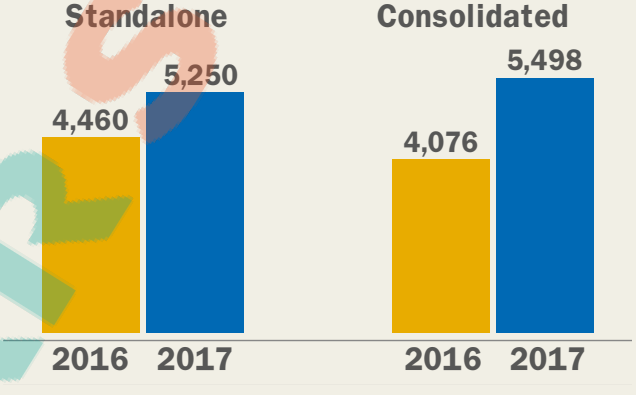
ব্যাংকের শেয়ারপ্রতি আয় (ইপিএস) ২০১৬ সালের ৫.২৩ টাকা থেকে বেড়ে ২০১৭ সালে ৬.১৪ টাকা হয়েছে। শেয়ারপ্রতি নেট সম্পদের মূল্যমান (এনএভি) ২০১৬ সালের ২৫.০৭ টাকা থেকে বৃদ্ধি পেয়ে ২০১৭ সালে ৩০.৩৯ টাকা হয়েছে।

কনসলিডেটেড ভিত্তিতে ব্যাংকের মোট সম্পদ ১৯ শতাংশ বৃদ্ধি পেয়ে ২৬৮,৩২৪ মিলিয়ন টাকা থেকে ৩১৯,৫৫০ মিলিয়ন টাকা হয়েছে এবং কর পরবর্তী নেট মুনাফা (পিএটি) ৪,০৭৬ মিলিয়ন টাকা থেকে বৃদ্ধি

Total assets
BDT in million



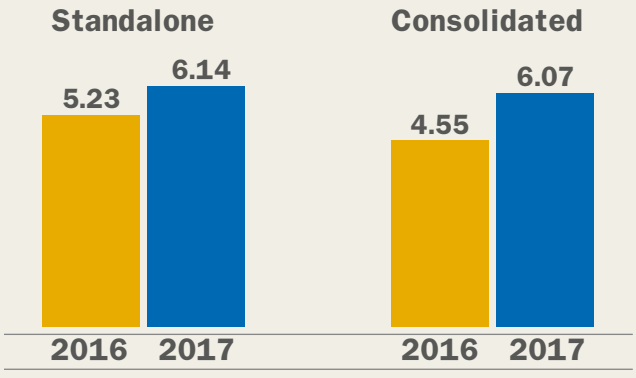
Profit after tax
BDT in million



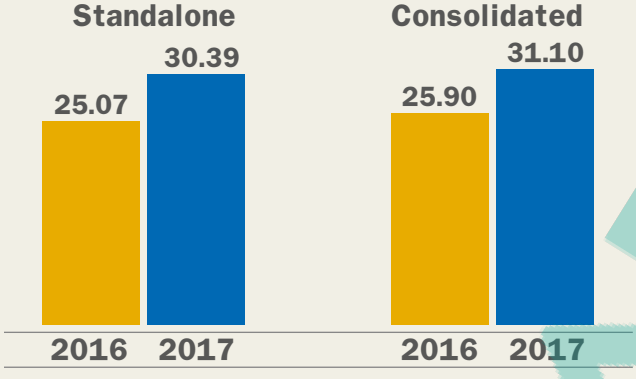
পেয়ে ৫,৪৯৮ মিলিয়ন টাকা হয়েছে, যা আগের বছরের চেয়ে ৩৫ শতাংশ বেশি। কনসলিডেটেড পিএটি'র এই বৃদ্ধির মূল কারণ হলো, ২০১৭ সালে আমাদের অঙ্গপ্রতিষ্ঠানগুলোর কর্মনৈপুণ্যে উন্নতি। চারটি অঙ্গপ্রতিষ্ঠানের কনসলিডেটেড পিএটি পূর্বের বছরের তুলনায় ১৫৮ শতাংশ বৃদ্ধি পেয়ে ২০১৭ সালে ৬৩৬ মিলিয়ন টাকা পর্যন্ত হয়েছে।

২০১৭ সালের ৩১ ডিসেম্বর পর্যন্ত ব্যাংক, মূলধন পর্যাপ্ততা অনুপাত (সিএআর) একক ভিত্তিতে ১২.৭২ শতাংশ এবং একীভূত ভিত্তিতে ১১.৯৭ শতাংশ বজায় রেখেছে, যেখানে শর্ত ছিল ১১.২৫ শতাংশ। টায়ার-১ ও টায়ার-২ মূলধনের ক্ষেত্রে, ২০১৭ সালের ৩১ ডিসেম্বর পর্যন্ত, এটি ছিল একক ভিত্তিতে যথাক্রমে ২৩,৫৩৪ মিলিয়ন টাকা এবং ৩,১০২ মিলিয়ন টাকা এবং কনসলিডেটেড ভিত্তিতে যথাক্রমে ছিল ২৩,৮৭৩ মিলিয়ন টাকা এবং ৩,১০২ মিলিয়ন টাকা। অন্যদিকে ২০১৯ সালের মধ্যে ১২.৫০ শতাংশ হারে সিএআর বজায় রাখার শর্তের সঙ্গে সঙ্গতি রেখে ব্যাংকের কৌশলগত প্রবৃদ্ধি পরিকল্পনাকে সমর্থন জোগাতে হলে, ব্যাংককে বর্তমান মূলধন ধরে রেখে প্রয়োজন অনুসারে প্রতিষ্ঠানের মূলধনী পরিকল্পনা অনুযায়ী এই নিয়ন্ত্রক মূলধনের পরিমাণ আরও বাড়াতে হবে।

Earnings per share
BDT



Net asset value per share
BDT



আমাদের অঙ্গপ্রতিষ্ঠানসমূহ: গতিশীল ও প্রবৃদ্ধি অভিমুখী

ব্র্যাক ব্যাংকের অধীন চারটি সহায়ক প্রতিষ্ঠান আছে (২০১৭ সালের ৩১ ডিসেম্বর পর্যন্ত): বিকাশ লিমিটেড, ব্র্যাক সাজান এক্সচেঞ্জ লিমিটেড, ব্র্যাক ইপিএল স্টক ব্রোকারেজ লিমিটেড এবং ব্র্যাক ইপিএল ইনভেস্টমেন্টস লিমিটেড। ব্র্যাক আইটি সার্ভিসেস লিমিটেড (বিআইটিএস) ২০১৭ সাল পর্যন্ত ব্যাংকের অধীন একটি প্রতিষ্ঠান ছিল, কিন্তু কৌশলগত সিদ্ধান্তের কারণে এর কিছু শেয়ার ব্র্যাকের কাছে বিক্রি করে দেওয়া হয় এবং সেই থেকে বিআইটিএস আর ব্যাংকের অঙ্গপ্রতিষ্ঠান নয়। তবে এখনো ব্যাংক ৪৯ শতাংশ শেয়ার ধরে রেখেছে, আগে যা ছিল ৫১ শতাংশ।

বিকাশ: ২০১৭ সালে ফরচুন ম্যাগাজিনের 'চেঞ্জ দ্য ওয়ার্ল্ড' নামক তালিকার শীর্ষ ৫০টি কোম্পানির মধ্যে ২৩তম স্থান অধিকারী

বাংলাদেশে মোবাইল আর্থিক সেবা দেয় বিকাশ। বিকাশ ব্যবহারকারীর সংখ্যা বেড়ে হয়েছে ২ কোটি ৯০ লাখ। এই কোম্পানিটি দেশের গ্রামীণ এলাকায় কর্মসংস্থান সৃষ্টিতে অন্যতম বড় শক্তিতে পরিণত হয়েছে এবং অর্থনৈতিক পিরামিডের সবচেয়ে নিচে অবস্থান করা জনগোষ্ঠীর উন্নতি নিশ্চিত করতে জোর দিচ্ছে। ২০১৭ সালে, কোম্পানিটি চাহিদাভিত্তিক আরেকটি সেবা চালু করেছে– বিকাশ ওয়ালেটে রিয়াল-টাইম রেমিটেন্স ট্রান্সফারের সুবিধা যুক্ত হয়েছে, যার মাধ্যমে গ্রাহকেরা অংশীদার ব্যাংকের মাধ্যমে প্রকৃত সময়ে সরাসরি বিকাশ ওয়ালেটে রেমিটেন্স পাঠাতে পারবেন।

এক নজরে অঙ্গপ্রতিষ্ঠানগুলোর আর্থিক সাফল্য

গত বছরের একই সময়সীমার তুলনায় এই বছরে ব্র্যাক ব্যাংকের অধীন চারটি সহায়ক প্রতিষ্ঠানের আয়ের প্রবৃদ্ধি ইতিবাচক ছিল। ২০১৭ ও ২০১৬ সালে প্রতিটি সহায়ক প্রতিষ্ঠানের কর দেওয়ার পর নেট মুনাফা নিচে দেওয়া হলো:

কর পরবর্তী নেট মুনাফা (মিলিয়ন টাকায়)

অঙ্গপ্রতিষ্ঠান	২০১৭	২০১৬	Δ (পরিমাণ)	Δ (%)
বিকাশ লিমিটেড	৪৮৮	৩৮৭	১০১	২৬%
ব্র্যাক সাজান এক্সচেঞ্জ লিমিটেড	৩০	১৭	১৪	৮৩%
ব্র্যাক ইপিএল স্টক ব্রোকারেজ লিমিটেড	২০৫	৯৫	১১০	১১৬%
ব্র্যাক ইপিএল ইনভেস্টমেন্টস লিমিটেড	(৪৯০)	(৯০১)	৪১১	৪৬%

বিস্তৃত নেটওয়ার্ক: ব্যাপক ও বিস্তৃত উপস্থিতি নিশ্চিত করছে

আমি গর্বসহকারে উল্লেখ করছি যে, দেশের সেরা ব্যাংক হওয়ার জন্য যে মানবসম্পদ, নেটওয়ার্ক ও অবকাঠামোর প্রয়োজন, তা আমাদের আছে। বর্তমানে বাংলাদেশজুড়ে ব্র্যাক ব্যাংকের ১৮৬টি শাখা, ৪৬০টি এসএমই ইউনিট অফিস, ৪৪০টি এটিএম এবং ৮১টি সিডিএম রয়েছে। আরও দক্ষতা এবং দ্রুত কার্যালয়ের সহায়তা পৌঁছানোর জন্য, সারা দেশে রিজিওনাল অপারেটিং সেন্টারস (আরওসি) মাধ্যমে ঋণ ও রিকভারি কর্মকাণ্ড পরিচালনার মধ্য দিয়ে আমরা নিজেদের সক্ষমতাকে শক্তিশালী করছি। আমাদের সুবিশাল ও বৈচিত্র্যময় নেটওয়ার্ককে দিয়ে, আমি দৃঢ়ভাবে বিশ্বাস করি যে, আমরা আগামী বছরগুলোতে আরও বেশি সফলতা অর্জন করতে পারব।

আমাদের ঝুঁকি ব্যবস্থাপনা

ঝুঁকি ব্যবস্থাপনার মূল উদ্দেশ্যটি হলো, মূলধন, আর্থিক সম্পদ ও টেকসই মুনাফা বৃদ্ধির বিষয়টি রক্ষার জন্য ব্যাংক খুব সুচিন্তিত ব্যবসা ঝুঁকি গ্রহণ করবে। যেমন, এক্টারনাল স্টেকহোল্ডারদের সাথে সম্পর্ক স্থাপনের আগে আমরা তাঁদের বিশদভাবে মূল্যায়ন করে থাকি, তেমনি অভ্যন্তরীণ স্টেকহোল্ডারদের ক্ষেত্রেও অর্থাৎ ব্যাংক কর্মীদেরও অসংখ্য সক্ষমতা উন্নয়নমূলক কর্মসূচীর মধ্য দিয়ে যেতে হবে, যাতে করে তাঁরা আরও ভালো বিশ্লেষণ করতে সক্ষম হয়ে ওঠেন। ঝুঁকি কমানোর জন্য এখানে একটি শক্তিশালী ব্যবস্থাপনা কাঠামো আছে। মানুষ, প্রক্রিয়া ও ব্যবস্থাগত ত্রুটি-বিচ্যুতি থেকে সৃষ্ট ঝুঁকি তিনটি পর্যায়ে মোকাবেলা করা হয়।

যেহেতু সব সময়ই নিত্যনতুন ঝুঁকি তৈরি হতে পারে, তাই আমাদের ঝুঁকি প্রশমন কৌশলগুলোকে গতিশীল হতে হবে, যাতে তা একটি নিখুঁত ঝুঁকি ব্যবস্থাপনা কর্মকাণ্ডে পরিণত হয়। ঝুঁকি হ্রাস করার জন্য, বাংলাদেশের কেন্দ্রীয় ব্যাংক প্রধান ঝুঁকি চিহ্নিত করেছে এবং সেগুলোকে ব্যাংকিং শিল্পের মূল কার্যক্রম হিসেবে সংজ্ঞায়িত করেছে। মূল ঝুঁকিগুলোর সুষ্ঠু ব্যবস্থাপনার জন্য বাংলাদেশ ব্যাংক নীতি নির্দেশিকা জারি করেছে। সেই অনুযায়ী, ব্র্যাক ব্যাংকে, আমরা এই নির্দেশাবলী মেনে নিয়েছি এবং ব্যাংকে যেসব মূল ঝুঁকি হতে পারে তার ব্যবস্থাপনায় আমাদের নিজস্ব কৌশলও প্রণয়ন করেছি।

করপোরেট সামাজিক দায়বদ্ধতা (সিএসআর): প্রভাববিস্তারী সিএসআর-এর সঙ্গে সংযুক্তি

গ্লোবাল অ্যালায়েন্স ফর ব্যাংকিং অন ভ্যালুজের সদস্য হিসেবে, মানুষ ও বিশ্ব আমাদের কার্যক্রমের মূল কেন্দ্রবিন্দু এবং একটি ব্যাংক হিসেবে তা জনস্বার্থের দর্শন থেকে উদ্ভুত হয়, ব্র্যাক ব্যাংকের ডিএনএর একটি অংশ হচ্ছে সিএসআর। ব্র্যাক ব্যাংক সিএসআর কর্মসূচিতে বিনিয়োগ করে, যা মানুষ ও সমাজের ওপর দীর্ঘমেয়াদে প্রভাব ফেলে। ব্যাংক সিএসআর কর্মসূচিকে থ্রিপি দর্শনের (মানুষ, বিশ্ব ও মুনাফা) সঙ্গে সঙ্গতিপূর্ণ রেখেছে এবং ব্যাংকের সামাজিক হস্তক্ষেপ কর্মসূচির মধ্য দিয়ে সমাজ ও দেশের মানুষের ক্ষমতায়নে সাহায্য করে যাচ্ছে।

আমাদের সবচেয়ে মূল্যবান সম্পদ: আমাদের কর্মী

আমাদের কর্মীরা আমাদের সবচেয়ে মূল্যবান সম্পদ। আমরা আমাদের কর্মী ব্যবস্থাপনা পদ্ধতিগুলো শক্তিশালী করা অব্যাহত রেখেছি। ব্যবসা ইউনিটগুলো তাদের কৌশল সংস্থাপন করার জন্য কর্মী সংশ্লিষ্টতা বৃদ্ধি করেছে, অনুপ্রাণিত প্রতিশ্রুতি এবং ক্রমাগত কর্মীদের স্মরণ করিয়ে দেওয়া হয় যে গ্রাহক ও ক্লায়েন্টদের প্রত্যাশাই আমাদের সকল কর্মকাণ্ডের কেন্দ্রস্থল।

ব্র্যাক ব্যাংক সবসময় একটি ব্যালেন্সড মানবসম্পদ নীতি অনুসরণ করে। টেকসই প্রবৃদ্ধি অর্জনের জন্য আমাদের মানবসম্পদ গঠনে আমরা প্রতিশ্রুতিবদ্ধ। আমাদের কর্মীদের অনুপ্রাণিত করার জন্য আমরা নানা কল্যাণকর উদ্যোগ এবং অন্যান্য সুযোগ-সুবিধা দিয়ে থাকি।

২০১৭ সালে, আমরা ১,৪৭৯ জন নতুন কর্মী নিয়োগ দিয়েছি, ৯৮০ জন কর্মীকে পদোন্নতি এবং ১০৭ জন কর্মীকে চুক্তিভিত্তিক নিয়োগ থেকে স্থায়ী পদায়ন করেছি। ইন্ডাস্ট্রির সবচেয়ে আকর্ষণীয় ও সম্মানজনক ম্যানেজমেন্ট ট্রেইনি ও ইয়ং প্রফেশনাল নিয়োগ কর্মসূচির সঙ্গে সঙ্গে, প্রতিষ্ঠানের ঐতিহ্যকে এগিয়ে নিতে আমাদের ব্যাংক দেশের শীর্ষস্থানীয় বিশ্ববিদ্যালয় থেকে উচ্চশিক্ষা সম্পন্ন করা তরুণদের নিয়োগ করছে। আমাদের নারী কর্মী ফোরাম, যা দেশের বেসরকারি ব্যাংকগুলোর মধ্যে সবচেয়ে বড়, একটি কার্যকর কর্মপরিবেশ নিশ্চিত করতে, ক্যারিয়ারের উন্নয়নমূলক সুযোগগুলো বৃদ্ধি করতে এবং সংশ্লিষ্টতামূলক কর্মকাণ্ডের সংখ্যাবৃদ্ধি নিশ্চিত করতে সহায়ক ভূমিকা পালন করছে।

আমাদের সংস্কৃতি ও পরিচালনা মডেলের শক্তিশালী ভিত্তি: করপোরেট গভর্নেন্স

আমরা যে বিশ্বে আমাদের ব্যবসা পরিচালনা করি, সেখানে অনুমান করা ক্রমেই কঠিন হয়ে পড়ছে, যার কারণে আমরা যে উপায়ে ঝুঁকি এবং জবাবদিহিতা ব্যবস্থাপনা করে থাকি, তা প্রভাবিত হচ্ছে। বোর্ড গঠন এবং পরিচালকদের চলমান প্রশিক্ষণ এবং সিদ্ধান্ত গ্রহণের প্রক্রিয়ার ক্ষেত্রে এর স্পষ্ট প্রতিফলন আছে।

একটি মূল্যবোধ ভিত্তিক প্রতিষ্ঠান হিসেবে, করপোরেট গভর্নেন্স, নিয়ম-নীতি, নৈতিকতা ও স্বচ্ছতা আমাদের ব্যবসা মডেলের প্রধান অংশ। করপোরেট গভর্নেন্সের সেরা ধারা গ্রহণের জন্য ব্র্যাক ব্যাংক পুরোপুরি প্রতিশ্রুতিবদ্ধ। করপোরেট গভর্নেন্সের লক্ষ্য হলো, ব্যবসায় নৈতিক চর্চাগুলি অনুসরণ করে এবং তথ্য প্রকাশ ও স্বচ্ছতার উচ্চমান বজায় রাখার মাধ্যমে স্টেকহোল্ডারদের মানবৃদ্ধি করা। বোর্ড গভর্নেন্সের শ্রেষ্ঠ অনুশীলন এবং মান নিশ্চিত করেছে, যা ব্যাংকের বিভিন্ন কমিটি দ্বারা পর্যবেক্ষণ করা হয়। করপোরেট লক্ষ্য অর্জনে এবং শেয়ারহোল্ডারদের মানবৃদ্ধিতে বোর্ড, নির্বাহীরা ও অন্যান্য দলের সদস্যদের সুনির্দিষ্ট ভূমিকা রয়েছে।

আগামীর পরিকল্পনা

বাংলাদেশের সেরা ব্যাংক হওয়ার পথে আমাদের যাত্রা অব্যাহত রাখার পাশাপাশি, আমাদের প্রধান লক্ষ্য থাকবে ঢাকা ও চট্টগ্রাম মহানগর এলাকার বাইরে ব্যবসা সম্প্রসারণ করা। এসএমই ও রিটেইল ছাড়াও, আমরা আমাদের বাণিজ্য ব্যবসা সম্প্রসারিত করব এবং নতুন করপোরেট এলাকায় কাজ করব। এর বাইরে আমাদের কৌশলগত যাত্রা মনোনিবেশ করবে:

- এসএমই ব্যাংকিং, এসএমই গ্রাহকদের সঙ্গে ঋণ বিতরণ ব্যবসার পাশাপাশি 'ঋণদাতা থেকে ব্যাংকার' কৌশল অনুযায়ী ডিপোজিট ব্যবসার উন্নতিতে কাজ করবে
- করপোরেট ব্যাংকিং-এ, কনসেনট্রেশন ঝুঁকি কমাতে, স্বল্প সংখ্যক বৃহৎ গ্রাহকের পরিবর্তে কয়েকটি করপোরেট গ্রাহককে নিয়ে করপোরেট পোর্টফোলিও মিশ্র তৈরি অব্যাহত রাখবে
- রিটেইল ব্যাংকিং ডিজিটাল ব্যাংকিংয়ের আরও বেশি জোর দিবে
- ব্র্যাক ব্যাংক এজেন্ট ব্যাংকিং চালু করবে
- লোকেল করপোরেট ও ইমার্জিং উদীয়মান করপোরেট, ঢাকা ও চট্টগ্রাম মহানগরের বাইরে নতুন ব্যবসার সম্প্রসারণ করবে
- ব্র্যাক সাজান ইউরোপজুড়ে এর রেমিটেন্স কার্যক্রম সম্প্রসারিত করবে
- প্রযুক্তিজ্ঞান সম্পন্ন একটি ব্যাংক হিসেবে, ব্র্যাক ব্যাংক, গ্রাহকদের দ্রুত ও আনন্দময় ব্যাংকিং অভিজ্ঞতা দিতে প্রযুক্তিতে বিনিয়োগ অব্যাহত রাখবে। ব্র্যাক ব্যাংক কর্মকর্তাদের দক্ষতা উন্নয়নে বিনিয়োগ চালিয়ে যাবে

স্বীকৃতি

আমি বিশ্বাস করি যে, সাম্প্রতিক বছরগুলোতে আমরা যে অগ্রগতি অর্জন করেছি, তাতে প্রতীয়মান হয় যে, সার্বক্ষণিক পরিবর্তন দূরদৃষ্টিপূর্ণভাবে অনুমান করতে এবং তা মেনে নিতে আমাদের বোর্ড ও আমাদের কর্মীরা সমর্থ হয়েছে। ২০১৭ সালে ব্যাংকের শক্তিশালী অর্জনের ক্ষেত্রে বিজ্ঞ পরামর্শ ও নির্দেশনা দেওয়ার জন্য বোর্ডে থাকা আমার সহকর্মীদের আমি ধন্যবাদ জানাতে চাই।

বাংলাদেশের নিয়ন্ত্রক কর্তৃপক্ষগুলোর সঙ্গে গঠনমূলক সম্পর্ক বজায় রাখার বিষয়টি আমরা উপভোগ করি। সম্ভাব্য সকল ক্ষেত্রে, জাতীয় নীতিমালা, আইন ও নিয়ন্ত্রণের উন্নতিতে আমরা অবদান রাখার চেষ্টা করি, এ ক্ষেত্রে নীতিনির্ধারক, আইনপ্রণেতা ও নিয়ন্ত্রক কর্তৃপক্ষগুলোর সঙ্গে আমরা আনুষ্ঠানিক যোগাযোগ ও সংশ্লিষ্টতা বজায় রাখি। নিয়ন্ত্রক কাঠামোর উন্নয়নের লক্ষ্যেই আমাদের দৃষ্টিভঙ্গিটি তৈরি, এ ক্ষেত্রে নিয়ন্ত্রক কাঠামোটি হতে হবে বাস্তবতার সঙ্গে সঙ্গতিপূর্ণ এবং স্বচ্ছ, যা অনাকাঙ্ক্ষিত ফলাফল কমিয়ে আনবে।

এর সঙ্গে সঙ্গে, সরকারের সকল নিয়ন্ত্রক এজেন্সি, বিশেষ করে বাংলাদেশ ব্যাংক, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন, যৌথ মূলধনী কোম্পানি ও প্রতিষ্ঠানের নিবন্ধক, ঢাকা ও চট্টগ্রাম স্টক এক্সচেঞ্জ এবং সেন্ট্রাল ডিপোজিটরি বাংলাদেশ লিমিটেডের অব্যাহত সমর্থনের জন্য, তাদের প্রতি আমি কৃতজ্ঞ। একইসঙ্গে ব্যাংকের প্রতিটি গ্রাহকের অবিচল বিশ্বাস ও সমর্থনের স্বীকৃতি জানাতে চাই। ২০১৭ সালকে আরও একটি সফল বছরে পরিণত করার জন্য আমি ব্যাংকের সকল কর্মকর্তাদের অভিনন্দন জানাই।

বিনীত,

স্যার ফজলে হাসান আবেদ কেসিএমজি
চেয়ারম্যান
ব্র্যাক ব্যাংক লিমিটেড

IMAR STOCK


AMAR STOCK

MESSAGE FROM THE MANAGING DIRECTOR & CEO



ENG 3
ENG 4
ELT
FIRE
FIRE
FLAPS

Message from the Managing Director & CEO

We will maintain portfolio growth momentum through achieving a proper blend of funded and non-funded businesses and promote the culture of cross-selling to achieve a balanced asset and liability mix, leveraging on our new distribution model.

Selim R. F. Hussain
Managing Director & CEO

Setting management standards and inspiring employees to deliver their best, Mr. Selim R. F. Hussain, Managing Director and CEO of BRAC Bank Limited, led the journey towards the transformation of the bank. Mr. Hussain provided direction and leadership to the bank to begin a journey towards becoming the 'Best Bank' while being committed to governance, compliance, ethics and transparency.

In a Q&A session, he shares his perspectives and plans that align the business model and core values with the broader vision of the bank. He put forward his views on the impact that the macroeconomic landscape has had on the overall financial industry. He also highlights the 2017 financial performance for our valued shareholders.

What was the operating context in 2017?

A relatively calm political situation, moderate rise in export earnings and significant rise in import payments in 2017 had a positive impact on the operating context of the country's banking industry. Most of the banks engaged in increased lending in 2017 to utilize the excess liquidity experienced over the past few years. Due to this, loans and advances rose by over 17 per cent during the year compared to 2016. However, towards the end of 2017, a complete U-turn was observed with liquidity turning scarce. This will surely put pressure in the near future.

The gradual increase of non-performing loans (NPLs) is a concern for the banking industry as NPLs rose significantly, exposing weaknesses in customer due diligence and the risk assessment process of banks. Another key concern in 2017 was the unearthing of scams with the Centre for Policy Dialogue (CPD) calling 2017 a 'Year of banking scam'. The CPD opined that embezzlement of public money by a handful of corrupt individuals and the escalation in financial crimes indicate that the banking sector is vulnerable.

Demonstrating short-term profits with long-term concerns over NPL, liquidity crisis and rising cost of funds, the year 2017 was a mixed bag for the banking sector.

BRAC BANK

আস্থা অবিচল

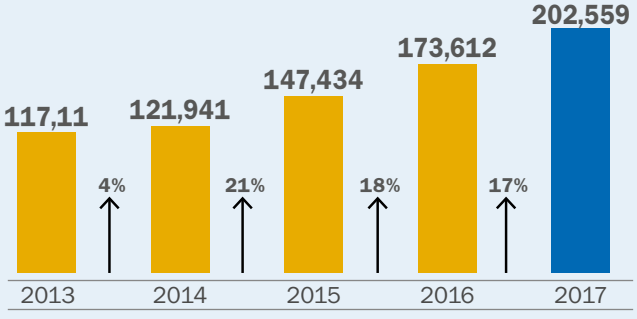


Selim R. F. Hussain
Managing Director & CEO

How would you measure the bank's performance against this operating context?

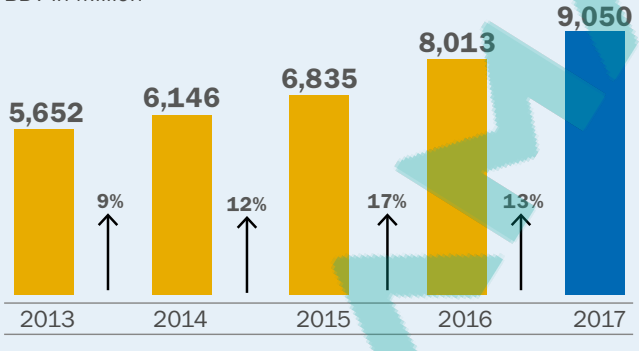
We performed well in 2017 across all aspects of the bank's business. Our bank witnessed substantive credit growth of 23% in SME lending.

Loan and advances
BDT in Million



We recorded healthy growth in both the operating profit and profit after tax. We have been able to grow our PAT by 18% to BDT 5,250 million from BDT 4,460 million, owing to quality growth of 17% of our loan portfolio to BDT 202,559 million in 2017 from BDT 173,612 million in 2016.

Operating profit
BDT in Million

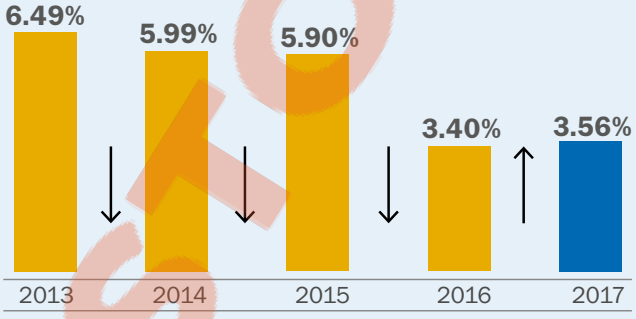


In 2017, our overall NPL increased slightly by 0.16% to 3.56%. But the bank's SME and Retail NPL levels declined significantly, while NPL in the Corporate division increased because of one particular account. This represented a strong performance in the context of the overall weakening of NPLs in the country's banking sector.

Please discuss the bank's key financial developments.

Our bank witnessed good progress over the last three years due to committed focus on fulfilling the financial needs of our customers, in credit risk management and on financial inclusion of the unbanked segments. We continued to deliver growth across almost every aspect of the bank's operations and registered a 16% growth over the last year in the balance sheet size, which grew to BDT 289,501 million in 2017 from BDT 248,605 million in 2016.

Percentage of NPLs to total loans and advances



SME and Retail loans grew by 23% and 19%, respectively, in 2017 over the last year. Though we continued to remain selective in disbursements to our Corporate customers, this portfolio grew by 9% in 2017. Deposits recorded a growth of 16% in 2017 with a larger concentration from the lower-cost CASA segment.

Total revenues grew 17% in 2017, compared with 2016. Net interest income (NII) contributed 12% to the assets growth, investment income contributed 43% and other income grew 12%. Our total operating income reached BDT 18,710 million, registering a sharp 17% growth in 2017. However, with a view to strengthen the bank's foundations and continuing with our strategy of making significant investments in our human resources and technology over the last two years, there was a 21% increase in operating expenses in 2017 over 2016. Staff salaries and benefits increased by 31%, leading to an increase in our operating expenses. However, despite the rise in operating expenses, operating profit increased by 13% to BDT 9,050 million in 2017. Because of our focus on NPLs, we were able to report a strong 18% growth in our PAT, which stood at BDT 5,250 million in 2017.

Earnings per share growth

Despite continued volatility in the banking sector, earnings per share (EPS) has witnessed a rising trend over the past five years. Our EPS continues to remain noticeable considering the prevailing banking industry scenario thereby strengthening investor confidence in BRAC Bank.

Growth of net asset value (NAV) per share

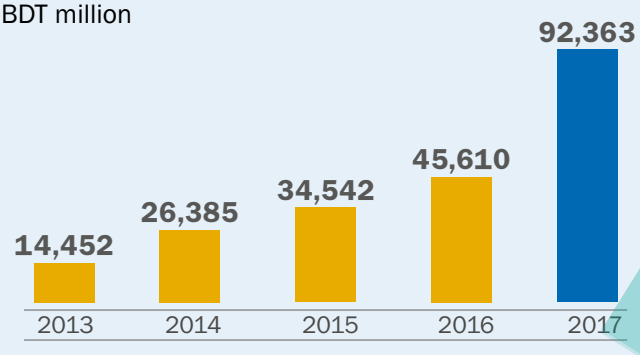
Our bank's NAV significantly increased in 2017 due to the rise in profit after tax. The NAV growth during the year was the sharpest in the last five years.

Market capitalization growth

Our bank's superior performance was well noticed by our investor community, leading to the highest market capitalization growth in 2017. The bank's market capitalization touched BDT 1 billion for the first time in the bank's history in 2017.

Year-end market capitalization

BDT million



What were the most significant developments reported by the bank?

2017 was a record-setting year that was built upon significant investments in technology, processes, premises and most importantly, people, keeping us firmly on the path of becoming the 'Best Bank' in the country. Our values remain uncompromised and our journey continues on the path of moving from good to great, propelled by the power of our strategy and the passion of our people to become the number one in all aspects.

We have been working on building the right kind of momentum over the past two years. Our bank underwent radical organizational restructuring and realignment of the business segments without diminishing its core focus on SME, Corporate and Retail business segments. New initiatives and investments in technology were also rolled-out to provide our customers a seamless, faster and personalized banking experience.

The management provided significant impetus in the implementation of the latest systems and technologies across its banking operations to provide customers state-of-the-art banking facilities, improve efficiency levels and reduce long-term processing costs. Also, our **Core Banking System (CBS)** upgrade was at the UAT stage by the end of 2017. With this development, we plan to make the CBS "Go Live" by April 2018. The modernization of CBS bears testimony to our vision and focus of making infrastructure the backbone of sustainable growth.

What were some of the other noteworthy highlights of the year 2017?

With strong growth figures in SME, Retail and Trade Business in Corporate, the year 2017 was a year of achievements for us.

We launched the country's first comprehensive women's banking solution called 'TARA'. TARA was developed as a 360-degree banking platform to empower women, guide them with financial planning and facilitate them to reach their goals. TARA is not a product but a proposition that has been conceived as a holistic solution to enable women to realize their potential.



In 2017, we won a number of prestigious awards and achieved new milestones in the banking industry. USD 1 billion market capitalization, credit ratings of 'AA1' (CRAB), 'Ba3' (Moody's) and 'B+' (S&P) and ISO 27001: 2013 certification in information security, reflected the strength of our business model. ADB's 'Most Progressive Bank on Gender Strategy and Implementation', Asiamoney's 'Best Bank for SMEs' 'Best Domestic Bank', 'Best Bank for CSR' & 'Best Digital Bank', GBA's 'Women's Market Champion' and SAFA, ICAB and ICMAB awards showcased our pursuit of excellence in corporate

governance and performance, reinforcing our aspirations to be the best bank in Bangladesh.



An expansive distribution network is one of our key strengths. During 2017, we expanded our reach with 7 new branches and 9 SME Unit Offices. Today, the bank has 186 branches, 447 ATMs and 457 SME Unit Offices spread across the country. We are also aggressively expanding our digital banking capabilities and this will have the ability to take our operations further at a lower cost compared to brick-and-mortar infrastructure.

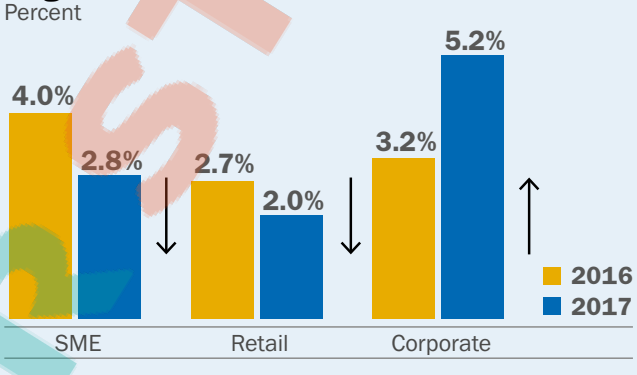
Our subsidiaries have also performed well during 2017. bKash, the market leading provider of mobile banking services, has delivered a profit after tax of BDT 488 million, 26% higher than in the previous year, with year-on-year increase in revenues by 25%. BRAC EPL Stock Brokerage Limited recorded a profit after tax of BDT 205 million, which is BDT 110 million higher than the previous year.

The solid financial progress of our subsidiaries shows that the bank, as a group, is on course to achieving the number one position in the industry.

How did we control NPLs and protect the structural quality of our portfolio?

Maintaining constant contact with our loan customers is instrumental to NPL management at our bank. We train our employees to maintain strong relationships with our customers through regular visits and phone calls. In particular, our SME loans are of supervisory credit in nature with our field staff making regular visits to the business premises of our customers and this helps rein in NPLs. MIS is a key modern-day NPL management tool and our ground staff fully leverages this to take timely decisions.

Segment-wise NPL



Apart from the restructuring of our credit undertakings under the leadership of our newly recruited Chief Risk Officer (CRO), our bank follows an exhaustive risk assessment process in appraising customer creditworthiness. We are very thorough in the selection of clients - from the front office to credit analysis to operations to credit administration (CAD). We also restructured Special Assets Management to align it with the evolving nature of the business. Our ACM model in small business in the SME division makes field-level employees accountable for recovery. We have a



Collection and Monitoring Team apart from a dedicated professional Special Assets Management and Recovery Team. Coordinated efforts of the business and credit teams with the legal and recovery division help us book quality assets while keeping NPLs under a strict check.

What do you think are some of the key emerging risks and how is the bank equipped to handle the impact of these emerging risks?

Apart from NPL, fraud incidents in the cards and e-commerce space are some of the emerging risks. We are continuously increasing vigilance and revisiting processes to keep fraudsters at bay. We will be introducing PIN-based EMV chip cards that will reinforce security in card transactions. Moreover, to counter card risks, we introduced OTP and two-factor authentication for internet banking and e-commerce transactions. We also installed anti-skimming device in all our ATMs. We are the only bank in the country to receive the ISO 27001:2013 certification in recognition of our information security management system. We undertake regular programs to educate our customers and employees regarding information security and privacy. Institutionalizing the Credit Administration Department also helped in the quicker processing of credit proposals, while ensuring efficient use of legal documents.

With the possibility of risks emerging in treasury and foreign trade, we organized a number of awareness seminars for our Corporate customers in partnership with peer banks and the Bangladesh Institute of Bank Management (BIBM).

Please discuss the performance of each of the business divisions in brief.

SME Banking remains at the forefront of our operations. A dedicated and customer-driven sales force, cash flow-oriented lending assessments, robust distribution network, decentralized decision-making, shortest loan disbursement time-frame and continuous effort towards bringing the unbanked target segments of the country under formal banking continue to remain some of the division's key strengths. Spearheaded by Small Business, SME disbursements increased by a significant BDT 20,036 million with the portfolio increasing by BDT 15,397 million and the number of customers increasing by 14,400 in 2017. In recognition of our focus in SME, we received the prestigious 'Best Bank for SMEs' award from Asiamoney.

Building on the initiatives in 2016, the Corporate Banking Division achieved remarkable growth in 2017. The newly launched Corporate Branches and repositioning of the Local Corporate Team together contributed to significant growth in the funded business. Besides, the restructured Large Corporate Team contributed to substantial growth in the non-funded business. Moreover, a dedicated Trade Development team was also established to provide a greater impetus to the trade business. These initiatives led to 17% growth in loans and advances, 16% growth in the deposit portfolio and 25% growth in trade volumes in 2017.

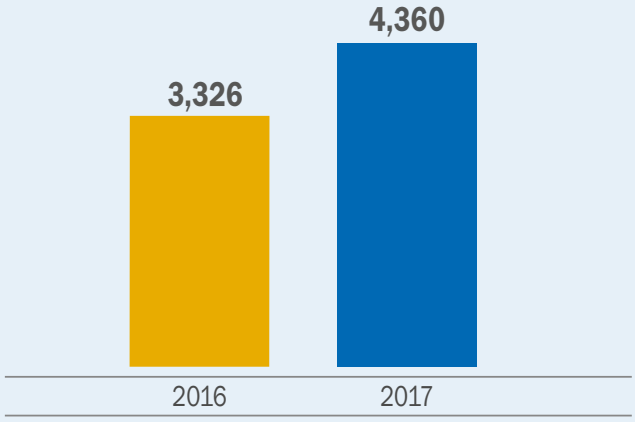
Our Retail Banking division's portfolio grew at a healthy 19% to BDT 40,741 million as on 31 December 2017. This rapid growth was made possible by the transformation of the retail lending business from a product-centric approach to a customer-centric focus. We emphasized on protecting asset portfolio quality to create the foundations for sustainable long-term growth. With a view to augment the home loans and auto loans businesses, the division closely worked with leading real estate developers and car dealerships. Industry-best TAT, development of stronger relationships with vendors with high POS (point-of-sale) visibility and re-engineering of backend processes facilitated business growth. We facilitated remittance inflow of USD 338.46 million, registering a substantial YoY 30% growth.

In a major initiative of 2017, we merged our branches under a common distribution network and divided them into 8 regions. The primary objective of restructuring and grouping our branches into a centralized distribution network is to provide a superior interface to our customers and to showcase the breadth and full value of our products and services, thereby providing them with the convenience of one-stop banking service.

How do you value employee contribution and motivate them? Please elaborate on staff welfare initiatives?

We aim to become the most employee-friendly organization in the country.

Staff salary and welfare expenses
BDT in million



We believe our employees are our most valuable assets. We aim to recruit the best talent, provide world-class training and develop retention programs with value-based benefits at par with the industry's best practices. We established a broader framework for employee benefits and welfare that include Provident Fund, Gratuity Fund, life insurance policy, welfare fund, hospitalization insurance and so on.

What are the key initiatives expected to be undertaken in 2018.

Considering the growing need for prudent liquidity management, the widening gap in the country's balance of payments situation, rising forex and Libor rates, revised regulatory framework and especially, the socio-political issues due to the upcoming national elections, 2018 will be a challenging one for everyone. In this scenario, we will focus on intelligent liquidity management, growing the exports business and ensuring cautious portfolio management.

Despite these challenges, we foresee an exciting 2018 giving our customers a much better experience with the launch of a major technology project – the Core Banking System upgrade resulting in reduced turnaround time (TAT), increase in our credit assessment, disbursal and collection capabilities, etc. The Document Management System will facilitate customers in terms of ensuring lower documentation requirements while Loan Origination System and Credit Scoring will streamline loan processing. In addition, we will reinforce our focus on Digital Banking to provide the convenience of 'anytime anywhere' banking.

We will maintain portfolio growth momentum through a proper blend of funded and non-funded businesses and promote the culture of cross-selling to achieve a balanced asset-liability mix. We aim to launch Agent Banking to continue our mission of financial inclusion.

With renewed focus on service quality and by utilizing our wide distribution network, skilled human resources, process re-engineering and incorporating our innovative IT-based solutions, we aim to reach newer heights in 2018, taking ourselves closer to our goal of becoming the best bank in the country.

আমরা ফান্ডেড ও নন-ফান্ডেড ব্যবসার যথাযথ মিশ্রণের মাধ্যমে আমাদের পোর্টফলিও প্রবৃদ্ধি বজায় রাখবো। আমাদের নতুন ডিস্ট্রিবিউশন মডেলের ওপর নির্ভর করে আমরা একটি ভারসাম্যপূর্ণ সম্পদ ও দায়ের মিশ্রণ ঘটাতে ক্রস-সেলিং সংস্কৃতিকে তুলে ধরবো।

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

ব্যবস্থাপনার মান নির্ধারণ এবং কর্মীদেরকে সর্বোচ্চ সেবা প্রদানে উৎসাহ দেওয়ার মাধ্যমে ব্র্যাক ব্যাংক লিমিটেডের ব্যবস্থাপনা পরিচালক ও প্রধান নির্বাহী কর্মকর্তা সেলিম আর. এফ. হোসেন ব্যাংকের প্রবৃদ্ধির যাত্রাকে নেতৃত্ব দিয়ে পুন:শক্তিসঞ্চারের এমন এক মাত্রায় নিয়ে গেছেন যা দেশের ব্যাংকিং ইতিহাসে অভূতপূর্ব।

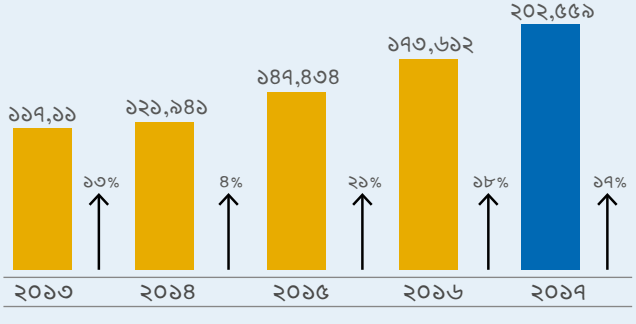
প্রশ্নোত্তর পর্বে সেলিম আর. এফ. হোসেন ব্যাংকের বৃহত্তর দৃষ্টিভঙ্গির আলোকে প্রকৃত মূল্যবোধ ও ব্যবসায়িক মডেলের শ্রেণীবিন্যাসে তার দৃষ্টিভঙ্গি ও পরিকল্পনা তুলে ধরেন। সামগ্রিক আর্থিক খাতে সামষ্টিক অর্থনৈতিক পরিস্থিতির প্রভাব বিষয়ে মতামত দেন। এছাড়া তিনি সম্মানিত শেয়ারহোল্ডাদের সামনে ২০১৭ সালের আর্থিক পারফরমেন্সের প্রধান বৈশিষ্ট্যগুলো উপস্থাপন করেন।

২০০৭ সালের পরিচালনগত প্রেক্ষিত কী ছিল?

আগের বছরের তুলনায় শান্ত রাজনৈতিক পরিস্থিতি, রফতানি আয়ে পরিমিত প্রবৃদ্ধি এবং আমদানি ব্যয়ে উল্লেখযোগ্য প্রবৃদ্ধি ২০১৭ সালে দেশের ব্যাংক খাতের পরিচালনায় ইতিবাচক প্রভাব রেখেছে। তবে অতিরিক্ত তারল্য কমিয়ে আনতে বেশিরভাগ ব্যাংক ২০১৭ সালে মাঝামাঝি সময় থেকে আগ্রাসীভাবে ঋণ বিতরণে সম্পৃক্ত হয়। আগ্রাসী ঋণ বিতরণের কারণে এ বছর ঋণ ও অগ্রিম আগের বছরের চেয়ে ১৮ শতাংশের বেশি বৃদ্ধি পায়। তবে বছরের শেষের দিকে পরিস্থিতি সম্পূর্ণ পাল্টে ব্যাংক খাতে তারল্য ঘাটতি দেখা দেয়। এর প্রভাবে আগামী বছরগুলোতে বড় চাপ তৈরি হতে পারে।

খেলাপি ঋণের ক্রমাগত বৃদ্ধি ব্যাংকিং খাতের জন্য যথেষ্ঠ উদ্বেগের বিষয়। সামগ্রিক খেলাপি ঋণ বেড়েছে উল্লেখযোগ্য হারে, যা গ্রাহককে ঋণ দেওয়ার ক্ষেত্রে নিয়ম নীতি ও আইন-কানুন (ডিউ ডিলিজেন্স) অনুসরণ ও ঝুকি পর্যালোচনা প্রক্রিয়ায় ব্যাংকগুলোর দুর্বলতা প্রকাশ করে। ২০১৭ সালে আরেকটি প্রধান উদ্বেগ ছিল, বিভিন্ন অনিয়ম উদঘাটন। সেন্টার ফর পলিসি ডায়লগ (সিপিডি) ২০১৭ সালকে ' ব্যাংক খাতে কেলেঙ্কারির বছর' বলেছে। সিপিডির মতে, মুষ্টিমেয় দুর্নীতিবাজদের মাধ্যমে জনগণের অর্থ আত্মসাৎ ও আর্থিক অপরাধ বৃদ্ধি ব্যাংকিং খাতের মারাত্মক দুর্দশাকে নির্দেশ করে। সংক্ষেপে বলা যায়, ব্যাংকিং খাতের জন্য ২০১৭ সাল ছিল মিশ্র প্রবণতার বছর। দীর্ঘমেয়াদে থাকা খেলাপি ঋণ, তারল্য পরিস্থিতি ও তহবিল ব্যয় উর্ধ্বগামী হওয়ার উদ্বেগের মধ্যে একে স্বল্প-মেয়াদে মুনাফা আয়ের বছর বলা যেতে পারে।

ঋণ ও অগ্রিম
মিলিয়ন টাকায়

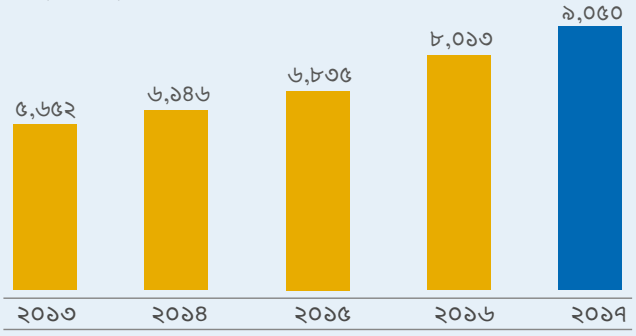


এ পরিস্থিতিতে ব্র্যাক ব্যাংকের পারফরমেন্সকে কিভাবে পরিমাপ করবেন?

ব্র্যাক ব্যাংক ব্যবসা বাণিজ্যের সামগ্রিক পরিস্থিতি বিবেচেনায় নিয়ে ২০১৭ সালের এই পরিচালন পরিবেশের মধ্যেও উল্লেখযোগ্য অগ্রগতি করেছে। বিশেষত এসএমই ঋণে ৩২ শতাংশ প্রবৃদ্ধি হয়েছে।

পরিচালন মুনাফা

মিলিয়ন টাকায়



আমরা পরিচালন মুনাফা ও কর পরবর্তী মুনাফায় শক্তিশালী প্রবৃদ্ধি অর্জন করেছি। কর পরবর্তী মুনাফা ৪৪৬০ মিলিয়ন টাকা থেকে বেড়ে ৫২৫০ মিলিয়ন টাকা হয়েছে। এর কারণ, ঋণ পোর্টফলি৪ ২০১৬ সালের ১৭৩,৬১২ মিলিয়ন থেকে ১৭ শতাংশ বেড়ে ২০২,৫৫৯ মিলিয়ন টাকা হয়েছে।

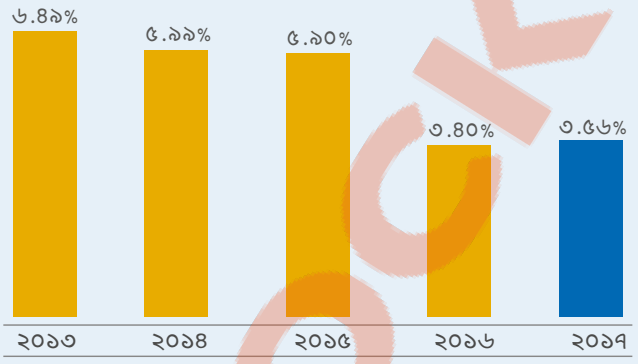
২০১৭ সালে সামগ্রিক খেলাপি ঋণ (এনপিএল) সামান্য ০.১৬% বেড়ে ৩.৫৬% হয়েছে। এটা অবশ্যই উল্লেখ করা প্রয়োজন, এই পরিস্থিতিতেও ব্যাংকের এসএমই ও রিটেইল খাতে খেলাপি ঋণ উল্লেখযোগ্য হারে কমেছে। একটা হিসাব মন্দ হওয়ায় করপোরেট ডিভিশনের খেলাপি ঋণ কিছুটা বেড়েছে। তবে দেশের ব্যাংকিং খাতের সামগ্রিক খেলাপি ঋণ পরিস্থিতির অবনতির প্রেক্ষিতে ব্র্যাক ব্যাংকের পারফরমেন্স ব্যতিক্রমভাবে শক্তিশালী।

ব্যাংকের প্রধান আর্থিক অগ্রগতিগুলো নিয়ে আলোচনা করুন।

গ্রাহকদের আর্থিক চাহিদা পূরণ ও ঋণ ঝুঁকি ব্যবস্থাপনার ক্ষেত্রে নিরলস প্রচেষ্টা এবং ব্যাংকিং সেবার বাইরে থাকা বা সীমিত সেবা পাওয়া জনগোষ্ঠীর আর্থিক অর্ন্তভুক্তিকে সর্বোচ্চ গুরুত্ব প্রদানের পাশাপাশি বিচক্ষণ সিদ্ধান্তের কারণে তিন বছর ধরে ব্র্যাক ব্যাংকের লক্ষ্যণীয় অগ্রগতি হচ্ছে। ব্র্যাক ব্যাংক এর প্রায় প্রত্যেক কার্য্রক্রমে সার্বিকভাবে প্রবৃদ্ধির ধারা বজায় রাখছে। স্থিতিপত্র বা ব্যালান্স শিটের আকারে প্রবৃদ্ধির গতি বজায় রাখতে সমর্থ হচ্ছে। ব্যালান্স শিটের আকার ২০১৬ সালের ২৪৮,৬০৫ মিলিয়ন টাকা থেকে বেড়ে ২০১৭ সালে ২৮৯,৫০১ মিলিয়ন টাকা হয়েছে। এতে করে গত বছর ১৬% হারে প্রবৃদ্ধি এসেছে।

বিভাগীয় পর্যায়ের দিক থেকে ২০১৭ সালে আগের বছরের চেয়ে এসএমই ও রিটেইল ঋণ যথাক্রমে ৩২% এবং ৩০% হারে বেড়েছে। আমরা খুব বেছে বেছে করপোরেট গ্রাহকদের ঋণ দেই। ২০১৭ সালে এক্ষেত্রে পোর্টফলিওর আকার ৭% বেড়েছে, যা করপোরেট পোর্টফলিওতে কেন্দ্রীভুত থাকার ঝুকি সফলভাবে মোকাবেলায় আমাদেরকে সহায়তা করেছে। ২০১৭ সালে আমানতে ১৬% প্রবৃদ্ধি হয়েছে, যার বড় অংশই নিম্ন ব্যয়ের ঈঅঝঅ সেগমেন্টের।

খেলাপি ঋণের হার



আমাদের সব বিভাগে শক্তিশালী অগ্রগতির কারণে ২০১৬ সালের তুলনায় ২০১৭ সালে মোট রাজস্ব বেড়েছে ১৭%। নীট সুদ আয় (এনআইআই) সম্পদের বৃদ্ধিতে ১২% অবদান রেখেছে। বিনিয়োগ আয় অবদান রেখেছে ৪৩% এবং ২০১৭ সালের সামগ্রিক রাজস্ব প্রবৃদ্ধিতে অন্যান্য আয় বেড়েছে ১২%।

২০১৭ সালে আমাদের মোট পরিচালন আয় ১৭% বেড়ে ১৮,৭১০ মিলিয়ন টাকায় পৌছেছে। ২০১৬ সালে যা ছিল ১৫,৭১০ মিলিয়ন টাকা। তবে গত দুই বছর ধরে মানব সম্পদ ও প্রযুক্তিতে বিনিয়োগ বাড়ানোর (ব্যাংকের ভিত্তি মজবুত করার উদ্দেশ্যে) কৌশল অব্যাহত রাখায় ২০১৬ সালের তুলনায় আমাদের পরিচালন ব্যয় বেড়েছে ২১%। ষ্টাফদের বেতন ও সুবিধা ২০১৭ সালে বেড়েছে ৩১% যা পরিচালন ব্যয় বৃদ্ধিকে ত্বরান্বিত করেছে। পরিচালন ব্যয় অনেক বৃদ্ধি সত্ত্বেও পরিচালন মুনাফা ২০১৬ সালের ৮,০১৩ মিলিয়ন টাকা থেকে ১৩ শতাংশ বেড়ে ২০১৭ সালে ৯,০৫০ মিলিয়ন টাকা হয়েছে। খেলাপি ঋণের প্রতি আমাদের প্রখর দৃষ্টি থাকার কারণে কর পরবর্তী মুনাফায় ১৮% প্রবৃদ্ধি অর্জন করতে পেরেছি। কর পরবর্তী মুনাফা ২০১৭ সালে বেড়ে ৫,২৫০ মিলিয়ন টাকা হয়েছে।

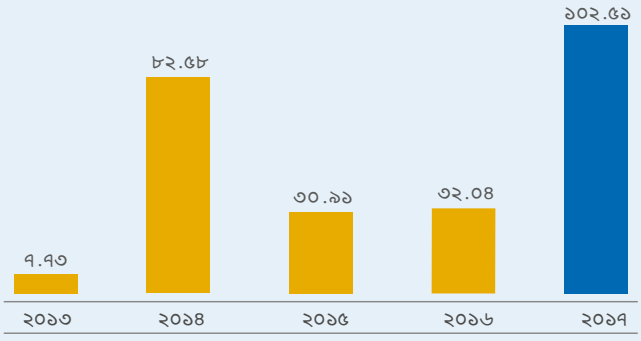
শেয়ার প্রতি আয়ে প্রবৃদ্ধি

ব্যাংকিং খাতে চলমান অস্থিতিশীলতার মধ্যেও আমাদের শেয়ার প্রতি আয়ে (ইপিএস) গত ৫ বছর ধরে উর্ধ্বগামী প্রবণতা লক্ষ্য করা যাচ্ছে, যা অস্থিতিশীলতার মধ্যেও এগিয়ে যেতে সময়ে সময়ে নেওয়া আমাদের সিদ্ধান্তের যৌক্তিকতাকে সমর্থন করে এবং আমাদের নেতৃত্ব, উর্ধ্বতন ব্যবস্থাপনা টিম এবং বিজনেস মডেলের প্রতি বিনিয়োগকারীদের আস্থা বাড়াতে সহায়তা করেছে।

শেয়ার প্রতি নীট সম্পদ মূল্যের (এনএভি) প্রবৃদ্ধি

কর পরবর্তী মুনাফা বৃদ্ধির কারণে ২০১৭ সালে ব্যাংকের এনএভি উল্লেখযোগ্য বেড়েছে। গত ৫ বছরের মধ্যে যা সবচেয়ে বেশি বাজার মূলধনে প্রবৃদ্ধি

বাজার মূলধনে প্রবৃদ্ধি



বিনিয়োগকারী সম্প্রদায় ব্র্যাক ব্যাংকের শ্রেয়তর পারফরমেন্স লক্ষ্য করেছে, যা ২০১৭ সালে বাজার মূলধনে সর্বোচ্চ প্রবৃদ্ধি অর্জনে সহায়তা করেছে। ব্যাংকের ইতিহাসে প্রথমবারের মতো বাজার মূলধন ২০১৭ সালের এক পর্যায়ে ১ বিলিয়ন ডলারে পৌছায়।

ব্যাংকের সবচেয়ে উল্লেখযোগ্য অগ্রগতি কী ছিল ?

ব্র্যাক ব্যাংক ধারাবাহিকভাবে তার গতিপথকে বিশেষভাবে পরিচালিত করে মসৃণ উড্ডয়নের জন্য গত দু বছরে সক্রিয়ভাবে সঠিক প্রেরণার ভিত্তি তৈরির কাজ করেছে । ব্যাংক সাংগঠনিক পুনর্গঠনে বৈপ্লবিক পদক্ষেপ নিয়েছে এবং ব্যবসাকে নতুনভাবে বিন্যাস করেছে। তবে তা অবশ্যই এসএমই, কর্পোরেট ও রিটেইল ব্যবসার ওপর মূল দৃষ্টিকে বাদ দিয়ে নয়। ২০১৭ সালে প্রযুক্তিগত অগ্রগতির ক্ষেত্রে নতুন পদক্ষেপ নেওয়া হয়েছে এবং এ খাতে নতুন বিনিয়োগ করা হয়েছে। এর উদ্দেশ্য ছিল, আমাদেরকে গ্রাহকদের জন্য দ্রুত, মসৃণ ও গ্রাহকদের ব্যক্তিগত চাহিদা মেটানোর জন্য বিশেষভাবে সাজানো (পারসোনালাইজড) ব্যাংকিং সেবা দেওয়া।

গ্রাহকদেরকে সর্বোত্তম পর্যায়ের ব্যাংকিং সেবা দেওয়া, দক্ষতার উন্নতি এবং দীর্ঘমেয়াদে প্রক্রিয়াগত ব্যয় কমিয়ে আনতে ব্যাংকিং কার্যক্রমে সর্বশেষ প্রযুক্তি ও পদ্ধতি বাস্তবায়নে ব্যাংকের ব্যবস্থাপনা কর্তৃপক্ষ প্রবল উৎসাহ জোগায়। এছাড়া আমাদের কোর ব্যাংকিং সিস্টেম (সিবিএস) এর উন্নতির ভিত্তি তৈরির প্রস্তুতি ছিল ২০১৭ সালের একটি বড় উদ্যোগ। আমাদের অবিরাম প্রচেষ্টার ফলে বছর শেষে এই সিস্টেম 'ইউএটি' পর্যায়ে উন্নীত হয়েছে। এই অগ্রগতির আওতায় আমরা ২০১৮ সালের এপ্রিল নাগাদ সিবিএসকে ' গো-লাইভ' এ নেওয়ার পরিকল্পনা করেছি। সিবিএসের আধুনিকায়ন আমাদের ভবিষ্যৎমুখী ভিশণ এবং টেকসই প্রবৃদ্ধির ভিত্তি অর্জনে অবকাঠামো তৈরির প্রচেষ্টার সাক্ষ্য বহন করে।

২০১৭ সালেও আরও কিছু উল্লেখযোগ্য প্রধান বৈশিষ্ট্য কি কি ছিল ?

২০১৭ সাল প্রযুক্তি, প্রক্রিয়া, ভৌত অবকাঠামো এবং সবচেয়ে গুরুত্বপূর্ণ 'মানুষের' ওপর ব্র্যাক ব্যাংক রেকর্ড বিনিয়োগ করেছে, যা দেশের সর্বশ্রেষ্ঠ ব্যাংক হওয়ার পথে আমাদেরকে দৃঢ়ভাবে নিয়ে গেছে। এ সময়ে আমাদের মূল্যবোধের কোনো ব্যতয় ঘটেনি এবং ভাল থেকে সর্বোত্তম হওয়ার পথে আমাদের যাত্রা অব্যাহত রয়েছে। সুসংগঠিত কৌশল এবং আমাদের কর্মীদের প্রত্যেক দিন ভাল রিপোর্ট দেওয়ার আকাঙ্খার আমাদেরকে সঠিকপথে চালিত করেছে।



২০১৭ সালের অন্যতম অর্জন হলো - ব্র্যাক ব্যাংক নারীদের জন্য দেশের প্রথম সমন্বিত ব্যাংকিং সলিউশনের উদ্বোধন করে যার নাম 'তারা'। নারীর ক্ষমতায়ন, তাদের আর্থিক জীবনযাত্রা নিয়ে পরিকল্পনা, অর্থনৈতিক স্বাধীনতা অর্জনে তাদেরকে সক্ষম করা এবং তাদের লক্ষ্য ও আকাঙ্খা পূরণে সহায়তা করতে 'তারা' কে সমন্বিত প্লাটফর্ম হিসেবে গড়ে তোলা হয়েছে। গুরুত্বপূর্ণ বিষয় হলো, 'তারা' শুধুমাত্র একটি প্রোডাক্ট নয়, নারীদের সম্ভাবনা কাজে লাগানো ও তাদের জীবনযাত্রার মান উন্নয়নে সহায়ক একটি সমন্বিত সমাধান।



২০১৭ সালে ব্র্যাক ব্যাংক অনেকগুলো সম্মানজনক অ্যাওয়ার্ড পেয়েছে এবং ব্যাংকিং খাতে নতুন নতুন মাইলফলক অর্জন করেছে। এটা সম্ভব হয়েছে আমাদেও ৮৫০০ কর্মীর যৌথ চেষ্টা, গর্ব এবং কাজের প্রতি মমত্ববোধের কারণে। এক বিলিয়ন ডলারের বাজার মূলধন, এএ১ ক্রেডিং রেটিং (ক্র্যাব), বিএ৩ (মুডিস) এবং বি প্লাস (এসএন্ডপি) এবং তথ্য নিরাপত্তায় আইএসও ২৭০০১ :২০১৩ সনদ আমাদের বিজনেস মডেলের সঠিকত্বের প্রতিফলন।এসব অর্জন অবশ্যই আমাদের গৌরব বৃদ্ধি করেছে। এডিবির ' মোস্ট প্রোগ্রেসিভ ব্যাংক অন জেন্ডার স্ট্রাটেজি এন্ড ইমপ্লিমেন্টেশন' এশিয়া মানির ' বেস্ট ব্যাংক ইন এসএমইস' জিবিএ'র 'উইমেনস মার্কেট চ্যাম্পিয়ন' এবং সাফা, আইসিএবি এবং আইসিএমএবি অ্যাওয়ার্ড কর্পোরেট সুশাসনে আমাদের শ্রেষ্ঠত্ব অর্জনের সাধনাকে উপস্থাপন করে, ব্যাংকের ব্র্যান্ড ইমেজকে শক্তিশালী করে এবং বাংলাদেশের শ্রেষ্ঠ ব্যাংক হতে আমাদের আকাঙ্খাকে উজ্জীবিত করে।

একটি সম্প্রসারণমূলক সরবরাহ নেটওয়ার্ক আমাদের অন্যতম মূল শক্তি। ২০১৭ সালে আমরা ৭ টি নতুন শাখা এবং ৯ টি এসএমই ইউনিট কার্যালয় স্থাপনের মাধ্যমে আমাদের কার্যক্রমের সম্প্রসারণ করেছি।

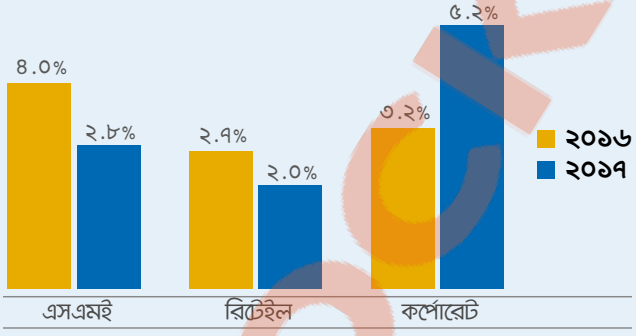
বতমানে ব্র্যাক ব্যাংকের দেশব্যাপী ১৮৬ টি শাখা, ৪৪০ টি এটিএম এবং ৪৬০ টি এসএমই ইউনিট কার্যালয় রয়েছে। সম্প্রসারণের বিবেচনায় ব্র্যাক ব্যাংক ব্যাংক খাতের প্রভাবশালী বাংক। ব্যাংকের সাবসিডিয়ারি বিকাশকে বিবেচনায় নিলে নিলে আমাদের নেটওয়ার্ক আরও বিস্তৃত। আমরা ডিজিটাল ব্যাংকিংয়ের ক্ষেত্রেও আমাদের সক্ষমতা বেশ জোরের সঙ্গেই বাড়াচ্ছি, যার মাধ্যমে কম খরচে আমাদের কার্যক্রম সম্প্রসারণের সক্ষমতা তৈরি হবে। আমাদের সাবসিডিয়ারিগুলোও ২০১৭ সালে ভাল করেছে। আমাদের সাবসিডিয়ারি মোবাইল ব্যাংকিং সেবাদাতা প্রতিষ্ঠান বিকাশ ৪৮৮ মিণিয়ন টাকা কর পরবর্তী মুনাফা করেছে, যা আগের বছরের চেয়ে ২৬% বেশি। বিকাশের রাজস্বে বার্ষিক প্রবৃদ্ধি হয়েছে ২৫%। ব্র্যাক ইপিএল ষ্টক ব্রোকারেজ লিমিটেড ২০৫ মিলিয়ন টাকা কর পরবর্তী মুনাফা করেছে যা আগের বছরের চেয়ে ১১০ মিলিয়ন টাকা বেশি। আমাদের সাবসিডিয়ারিগুলোর দৃঢ় আর্থিক অগ্রগতি বলে দেয় যে, গ্রুপ হিসেবে ব্যাংক তার পরিপূর্ণ সম্ভাবনা কাজে লাগানো এবং সীমাহীন সুযোগ ও সম্ভাবনার রাজ্যে যাত্রার পথে রয়েছে।

আমরা কীভাবে খেলাপি ঋণ নিয়ন্ত্রণে রেখেছি এবং আমাদের পোর্টফলিওর কাঠামোগত গুণাবলী রক্ষা করেছি?

ঋণ গ্রহীতাদের সঙ্গে নিয়মিত যোগাযোগ রক্ষা আমাদের খেলাপি ঋণ নিয়ন্ত্রণে রাখার জন্য সহায়ক। নিয়মিত পরিদর্শন ও ফোনে যোগাযোগের মাধ্যমে আমাদের গ্রাহকদের সাথে নিবিড় সম্পর্ক বজায় রাখার বিষয়ে আমরা কর্মীদের প্রশিক্ষণ দেই। বিশেষত আমাদের এসএমই ঋণ প্রকৃতিগতভাবে সুপারভাইজরি ঋণ। আমাদের মাঠ পর্যায়ের কর্মীরা গ্রাহকদের ব্যবসায়িক অঙ্গনে নিয়মিত পরিদর্শনে যায়, যা খেলাপি ঋণ নিয়ন্ত্রণে রাখতে সহায়তা করে। এনপিএল ব্যবস্থাপনার আধুনিক চাবিকাঠি হলো মানেজমেন্ট ইনফরমেশন সিস্টেম (এমআইএস) এবং ব্র্যাক ব্যাংকে আমরা দ্রুততার সঙ্গে সময়মতো সিদ্ধান্ত গ্রহণের ক্ষেত্রে পরিপূর্ণভাবে এর ব্যবহার করি।

নতুন নিয়োগ পাওয়া ক্রেডিট রিঙ অফিসারদের (সিআরও) নেতৃত্বে ক্রেডিট আন্ডারটেকিংস পুনর্গঠনের পাশাপাশি ব্র্যাক ব্যাংক গ্রাহকের ঋণ পরিশোধের সক্ষমতা মূল্যায়নে একটি শক্তিশালী ঝুঁকি মূল্যায়ন প্রক্রিয়া

খাত ভিত্তিক খেলাপি ঋণ (%)



অনুসরণ করে থাকে। আমরা পুঙ্খানুপুঙ্খভাবে বিশ্লেষণের মাধ্যমে গ্রাহক নির্বাচন করি, যা পুরো ভ্যালু চেইনে কাজ করে অর্থাৎ ফ্রন্ট অফিস থেকে ঋণ মূল্যায়ন এবং তা থেকে অপারেশনস ও তারপর ঋণ প্রশাসন পর্যন্ত এ শৃঙ্খল বিস্তৃত। গুরুত্বপূর্ণ বিষয় হলো, আমরা 'বিশেষ সম্পদ ব্যবস্থাপনা' পুনর্গঠন করি যাতে করে প্রবৃদ্ধি ও ব্যবসার নতুনত্বের সাথে বিন্যস্ত করতে পারি। আমাদের এসএমই বিভাগের আওতায় এসএমই ব্যবসায় গৃহীত 'এসিএম মডেল' ঋণ আদায়ে মাঠ পর্যায়ের কর্মীদের জবাবদিহিতার আওতায় এনেছে। একটি বিশেষায়িত পেশাদার বিশেষ ঋণ ব্যবস্থাপনা ও আদায় টিমের পাশাপাশি আমাদের রয়েছে ঋণ আদায় ও মনিটরিং টিম। 'ব্যবসা এবং ক্রেডিট টিম' গুলোর সাথে লিগ্যাল ও রিকভারি বিভাগের সমন্বিত প্রচেষ্টায় খেলাপি ঋণকে কঠোর নিয়ন্ত্রণের মাধ্যমে রেখে আমাদের সম্পদের গুনগত মান বজায় থাকছে।

আপনার মতে ব্যাংকের জন্য নতুন নতুন ঝুঁকিগুলো কি কি? এসব ঝুঁকি মোকাবেলায় ব্যাংক কতটুকু প্রস্তুত?

খেলাপি ঋণ ছাড়া কার্ড ও ই-কমার্সে প্রতারণার ঘটনা এখনকার উদীয়মান ঝুঁকি। প্রতারণা ঠেকাতে আমরা তদারকি বাড়াচ্ছি এবং প্রক্রিয়াগুলো বারবার পুন:পরিদর্শন করছি। আমরা ডিজিটাল লেনদেণে নিরাপত্তা জোরদারের পাশাপাশি ইভিএম চিপনির্ভর কার্ড প্রবর্তনের প্রক্রিয়ার মধ্যে আছি। এসব পদক্ষেপ আমাদের গ্রাহকদের আস্থা বাড়াচ্ছে। এছাড়া কার্ডে লেনদেনের ঝুঁকি কমাতে ব্র্যাক ব্যাংক ওটিপি প্রবর্তন করেছে। একই সঙ্গে ইন্টারনেট ব্যাংকিং ও ই-কমার্স লেনদেনের জন্য টু-ফ্যাক্টর অথেনটিকেশন প্রবর্তন করা হয়েছে। ব্র্যাক ব্যাংক সব এটিএম বুথে এন্টি-স্কিমিং ডিভাইজ স্থাপন করেছে। ব্র্যাক ব্যাংক দেশের একমাত্র ব্যাংক যে তার নিরাপদ তথ্য নিরাপত্তা ব্যবস্থাপনা পদ্ধতির স্বীকৃতিস্বরূপ



আইএসও ২৭০০১-২০১৩ অর্জন করেছে। তথ্য নিরাপত্তা ও গোপনীয়তা রক্ষায় আমরা গ্রাহকদের এবং আমাদের কর্মীদের জন্য নিয়মিত ভিত্তিতে ভিত্তিতে শিক্ষামূলক কার্যক্রমের আয়োজন করি।

ব্র্যাংক ব্যাংক সব সময় সম্ভাব্য ঝুঁকি সংক্রান্ত তথ্য বিনিময় করে। এ ক্ষেত্রে ব্র্যাংক ব্যাংক ব্যাংক খাতের পথিকৃত। যেমন, ট্রেজারি ও বৈদেশিক বাণিজ্যে কোনো ঝুঁকির আশংকা তৈরি হয়েছে মনে হলে আমরা অন্যান্য ব্যাংক এবং বাংলাদেশ ইনস্টিটিউট অব ব্যাংক ম্যানেজমেন্ট (বিআইবিএম) এর সঙ্গে যৌথ অংশীদারিত্বে কর্পোরেট গ্রাহকদের জন্য সচেতনতামূলক বিভিন্ন সেমিনারের আয়োজন করে থাকি। এর উদ্দেশ্য, অফশোর ব্যাংকিং, বৈদেশিক মুদ্রা লেনদেন ও আন্তর্জাতিক বাণিজ্যের ঝুঁকি সম্পর্কে ভালভাবে জানা এবং সচেতনতা তৈরি করা।

দয়া করে সংক্ষেপে বিজনেস ডিভিশনগুলোর পারফরম্যান্স সম্পর্কে আলোচনা করুন

ব্র্যাক ব্যাংকের শুরু থেকেই এসএমই ব্যাংকিং এর কেন্দ্রবিন্দুতে রয়েছে। একটি নিবেদিত ও গ্রাহক বান্ধব মানব সম্পদ, নগদ প্রবাহ নির্ভর ঋণ মূল্যায়ন ব্যবস্থা, শক্তিশালী বিতরণ নেটওয়ার্ক, বিকেন্দ্রীভূত সিদ্ধান্ত গ্রহণ ব্যবস্থা, স্বল্পতম সময়ে ঋণ বিতরণের সময়সীমা এবং ব্যাংকিং সেবার বাইরে থাকা কিংবা সীমিত সেবার আওতায় থাকা গ্রাহকদের আনুষ্ঠানিক ব্যাংকিং চ্যানেলে নিয়ে আসার চলমান প্রচেষ্টা আমাদের এসএমই চ্যানেলকে অপ্রতিদ্বন্দ্বী করে তুলে তুলেছে। ছোট ব্যবসার অগ্রণী ভুমিকার কারণে ২০১৭ সালে আমাদের এসএমই ঋণ বিতরণ বেড়েছে ২০,০৩৬ মিলিয়ন টাকা, যার সঙ্গে পোর্টফলিও বেড়েছে ১৫,৩৯৭ কোটি টাকা এবং গ্রাহক সংখ্যা বেড়েছে ১৪,৪০০ জন। দেশের এসএমই খাতের সম্ভাবনা খুজে বের করা এবং জাতীয় অর্থনীতিতে নিজেদের অবদান বাড়াতে আমাদের নিরলস প্রচেষ্টার কারণে ব্র্যাক ব্যাংক এশিয়ামানির সম্মানজনক ‘ বেষ্ট ব্যাংক ফর এসএমইস’ অ্যাওয়ার্ড পেয়েছে।

বিজনেস ডিভিশনগুলোর অর্জন সমূহ:

২০১৬ সালে নেওয়া কিছু উদ্যোগের কারণে কর্পোরেট ব্যাংকিং বিভাগ লক্ষ্যণীয় প্রবৃদ্ধি অর্জন করেছে। নতুন উদ্বোধন করা কর্পোরেট শাখাগুলো এবং স্থানীয় কর্পোরেট টিমের পুনর্বিন্যাস ফান্ডেড ব্যবসায় উল্লেখযোগ্য প্রবৃদ্ধি অর্জনে সহায়ক হয়েছে। পাশাপাশি পুনর্গঠিত বৃহৎ কর্পোরেট টিম নন-ফান্ডেড ব্যবসায় বলিষ্ঠ প্রবৃদ্ধি আনতে ভুমিকা রেখেছে। এছাড়া ট্রেড বিজনেসের অধিকতর মনোযোগের লক্ষ্য নিয়ে একটি নিবেদিত ‘ব্যবসা উন্নয়ন টিম’ গড়ে তোলা হয়। এসব পদেক্ষেপের কারণে ২০১৭ সালে ঋণ ও অগ্রিমে ১৬ শতাংশ, আমানতে ৩৬ শতাংশ এবং বাণিজ্য অর্থায়নে ২৫ শতাংশ প্রবৃদ্ধি হয়েছে ।

২০১৭ সালে ব্র্যাক ব্যাংকের রিটেইল ব্যাংকিং বিভাগের পোর্টফলিও ১৯ শতাংশ বেড়ে ৪০,৭৪১ মিলিয়ন টাকা হয়েছে। এই দ্রুত প্রবৃদ্ধি সম্ভব হয়েছে সম্ভবত রিটেইল ঋণ কার্যক্রমকে পণ্যকেন্দ্রিক দৃষ্টি থেকে গ্রাহক-কেন্দ্রিক দৃষ্টির দিকে রূপান্তর ঘটানোর মাধ্যমে। আমরা টেকসই উচ্চ প্রবৃদ্ধির ভিত্তি তৈরিতে সম্পদের গুনগত মান রক্ষার ওপর গুরুত্ব আরোপ করেছি। ‘হোম লোন’ ও ‘অটো লোন’ বাড়াতে সংশ্লিষ্ট বিভাগ রিয়েল এষ্টেট ডেভলপার ও কার ডিলারদের সঙ্গে নিবিড়ভাবে কাজ করেছে। ব্যাংক খাতে শ্রেষ্ঠ ‘ টিএটি’, পয়েন্ট অব সেলসের (পিওএস) উচ্চ সংখ্যাসহ ভেন্ডরদের সাথে সম্পর্কের উন্নয়ন এবং ‘ব্যাকএন্ড’ প্রক্রিয়ার পুনর্বিন্যাস ব্যবসার প্রবৃদ্ধিতে সহায়তা করেছে। কৌশলগত বৈশ্বিক অংশীদারত্বেও কারণে ব্র্যাক ব্যাংক ২০১৭ সালে ৩৩৮.৪৬ মিলিয়ন ডলারের রেমিট্যান্স এনেছে। রেমিট্যান্স সংগ্রহে প্রবৃদ্ধি হয়েছে ৩০ শতাংশ।

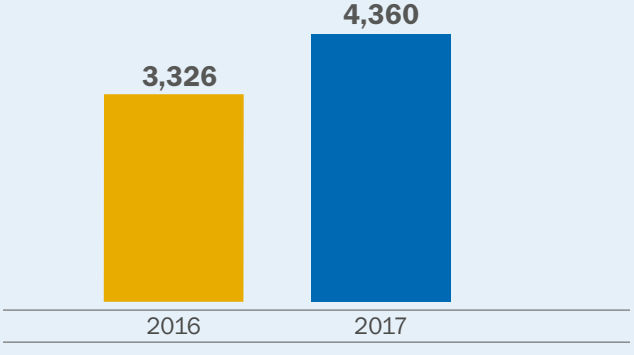
২০১৭ সালে একটি বৃহৎ উদ্যোগের মাধ্যমে ব্র্যাক ব্যাংক তার শাখাগুলোকে অভিন্ন সরবরাহ (ডিস্ট্রিবিউশন) নেটওয়ার্কে সংযুক্ত করে এবং এ প্রকিয়ায় শাখাগুলোকে ৮ টি অঞ্চলে ভাগ করে। একটি কেন্দ্রীভূত ডিস্ট্রিবিউশন নেটওয়ার্কে শাখাগুলোকে পুনর্গঠন ও সংযুক্ত করার প্রাথ মিক উদ্দেশ্য ছিল, আমাদের গ্রাহকদেরকে অধিকতর ভাল সেবা দেওয়া এবং আমাদের প্রোডাক্ট ও সেবার পরিপূর্ণ সক্ষমতাকে উপস্থাপন করা। একই ছাদের নিচে প্রয়োজনীয় সব সেবা দেওয়াই ছিল আমাদের উদ্দেশ্য।

আপনি কিভাবে কর্মীদের অবদানকে মূল্যায়ন করবেন? দয়া করে ব্যাংকের কর্মকর্তাদের কল্যাণে নেওয়া পদক্ষেপগুলো বলুন

ব্র্যাক ব্যাংকের লক্ষ্য হলো, দেশের সবচেয়ে কর্মী-বান্ধব প্রতিষ্ঠানে পরিণত হওয়া। এ লক্ষ্য পূরণে আমরা সবচেয়ে প্রতিভাবান কর্মী নিয়োগের দর্শণ অনুসরণ করি। তাদেরকে বিশ্বমানের প্রশিক্ষণ দেই এবং এ খাতের সর্বোত্তম চর্চার আলোকে কর্মীদের ধরে রাখার কর্মসুচি হিসেবে ভ্যালু-বেসড সুবিধা দেই। আমরা গভীরভাবে বিশ্বাস করি, কর্মীরা আমাদের সবচেয়ে মূল্যবান সম্পদ এবং কর্মীদের সুবিধা দেওয়া সবচেয়ে বড় দীর্ঘমেয়াদি বিনিয়োগ। কর্মীদের সুবিধা ও কল্যাণের জন্য আমরা একটি বৃহত্তর কাঠামো প্রতিষ্ঠা করেছি। বর্তমানে ব্যাংক কর্মীদেরকে নানান ধরণের সুবিধা দিচ্ছে। বেতন ভাতার পাশাপাশি অন্যান্য সুবিধার মধ্যে রয়েছে প্রভিডেন্ট ফান্ড, গ্রাচুয়িটি ফান্ড, জীবন বীমা পলিসি, কল্যাণ ফান্ড, হাসপাতালে ভর্তি হলে বীমা সুবিধা প্রভৃতি। আমাদের কর্মীরা এসব সুবিধা পায় তাদের সিনিয়রিটির পর্যায়ের ভিত্তিতে।

Staff Salary and Welfare Expenses

BDT in million



২০১৮ সালে কি কি নতুন উদ্যোগ গ্রহণ করতে পারেন বলে প্রত্যাশা করা যায়?

২০১৮ সাল সামগ্রিকভাবে ব্যাংকিং খাতের জন্য চ্যালেঞ্জিং বছর হবে বলে পূর্বাভাস রয়েছে। দক্ষ তারল্য ব্যবস্থাপনার প্রয়োজনীতা বৃদ্ধি, দেশের বৈদেশিক লেনদেনের (ব্যালান্স অফ পেমেন্ট) ঘাটতি বৃদ্ধি, বৈদেশিক মুদ্রা ও লাইবরের উর্ধ্বগামী হার , সংশোধিত রেগুলেটরি

ফ্রেমওয়ার্ক এবং বিশেষত আগামী জাতীয় নির্বাচনের আলোকে সামাজিক-রাজনৈতিক বিভিন্ন ইস্যু বিবেচনায় বছরটিকে চ্যালেঞ্জিং বলা হচ্ছে। এই দৃশ্যপটে ব্র্যাক ব্যাংক দক্ষ তারল্য ব্যবস্থাপনা, রফতানি বাণিজ্যে এর ব্যাপ্তি বৃদ্ধি এবং সতর্ক পোর্টফলিও ব্যবস্থাপনা নিশ্চিতের ওপর গভীরভাবে মনোযোগ দেবে।

এসব চ্যালেঞ্জ সত্ত্বেও আমরা একটি চমৎকার ২০১৮ সাল কল্পনা করছি। যে বছরটি হবে বড় প্রযুক্তি প্রকল্প বাস্তবায়নের বছর এবং কোর ব্যাংকিংয়ে আরও উন্নতি বছর। আমরা আশা করছি, আধনিক প্রযুক্তি ও নতুন ব্র্যাঞ্চ ব্যাংকিং মডেল বাস্তবায়নের ফলে টার্ণঅ্যারাউন্ট টাইম (টিএটি) কমবে, ব্যবসায়ে আরও গতি তৈরি হবে এবং নতুন ব্যবসার সুযোগ তৈরি হবে। কোর ব্যাংকিং সিষ্টেমে (সিবিএস) গমন আমাদের ঋণ মূল্যায়ন, বিতরণ ও আদায়ের সক্ষমতা উল্লেখযোগ্য মাত্রায় বাড়াবে। ডকুমেন্ট ম্যানেজমেন্ট সিষ্টেমের প্রবর্তন গ্রাহকদের জন্য অপেক্ষাকৃত কম ডকুমেন্টেশন চাহিদা তৈরি করবে। একই সঙ্গে লোন ওরিজিনেশন সিষ্টেম এবং ক্রেডিট স্কোরিং ঋণ প্রক্রিয়াকে আরও শানিত করবে। পাশাপাশি আমরা 'যে কোনো সময় যে কোনো ব্যাংকিং' সেবা দিতে ই-ব্যাংকিং সেবা বাড়ানোর দিকে দৃষ্টি দেবো।

আমরা ফান্ডেড ও নন-ফান্ডেড ব্যবসার যথাযথ মিশ্রণের মাধ্যমে আমাদেও পোর্টফলিও প্রবৃদ্ধি বজায় রাখবো। আমাদের নতুন ডিস্ট্রিবিউশন মডেলের ওপর নির্ভর করে আমরা একটি ভারসাম্যপূর্ণ সম্পদ ও দায়ের মিশ্রণ ঘটাতে ক্রস-সেলিং সংস্কৃতিকে তুলে ধরবো।

আমাদের বিস্তৃত ডিস্ট্রিবিউশন নেটওয়ার্ক, দক্ষ মানব সম্পদ, পুন:প্রকৌশল প্রক্রিয়া এবং আইটি নির্ভর সলিউশন্স - এর ব্যবহারের মাধ্যমে ব্যাংক ২০১৮ সালে নতুন উচ্চতায় পৌছানোর লক্ষ্য নির্ধারণ করেছে, যার মাধ্যমে দেশের শ্রেষ্ঠ ব্যাংক হওয়ার মূল লক্ষ্যের খুব কাছে যাওয়া যাবে।

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Accelerating the value creation momentum

The 2017 report aims to provide all stakeholders with an account of the group's operational, financial, economic, social and environmental performance and its creation of value in terms of leveraging our core business drivers, governance culture, sectoral opportunities and underlying risks during the period reviewed as well as prospects of the unfolding future.

Welcome to BRAC Bank Limited's Integrated Annual Report 2017. In the spirit of our positioning as the largest and among the fastest-growing banks of Bangladesh, and in the essence of our aspirations to emerge as the 'Best Bank' of the country, this report enunciates our execution initiatives and performance in 2017 and articulates our strategies and future aspirations. Our emphasis is on building on our foundations in our focus on accelerating the value creation momentum for our stakeholder communities. This is unambiguously at the core of our operating culture and business model.

Embracing the integrated reporting framework, this report aims to provide a transparent and balanced appraisal of the material issues that faced our business during the year under review and that impacted our ongoing ability to create value. The report should be read in conjunction with the full financial statements.

The 2017 report aims to provide all stakeholders with an account of the group's operational, financial, economic, social and environmental performance and its creation of value in terms of leveraging our core business drivers, governance culture, sectoral opportunities and underlying risks during the period reviewed as well as prospects of the unfolding future. As with our past reports, for 2017 too we continue to place a premium on conciseness in our printed reporting while increasing our level of disclosures.

Our 2016 Annual Report was adjudged the overall winner in our category (private sector banking) across both ICAB and SAFA, a reflection of the importance we place on information disclosure – information that is both qualitative as well as quantitative.

Scope and boundary of this report

This Integrated Annual Report covers the period from 1 January 2017 to 31 December 2017. Our 2017 report concerns the operations of BRAC Bank Limited and its subsidiaries. There has been no material change in the scope and boundary of the Integrated Annual Report compared to the prior year, or historical financial data.

Materiality

In this report, we seek to address those issues that are most material to our formulation and execution of strategy. As in the previous year, in 2017, our leadership explicitly determined that our most material issues related to:

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

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

A list of our most material issues include the following:

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

Forward-looking statements

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

Assurance

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

Board responsibility

The Board, together with the audit and risk committee, takes responsibility for this Integrated Annual Report. In the Board's opinion, this report addresses the material issues and accurately presents the integrated performance of the organisation and its impact. The Board authorised this report for release on 22 March 2018.



Md. Abdul Kader Joaddar
Deputy Managing Director & CFO



Selim R. F. Hussain
Managing Director & CEO

View this report online: www.bracbank.com

Our online 2017 Annual Report contains all the information and messages in this printed version of the report.

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The world of BRAC Bank

In 2001, BRAC Bank began its journey unlike any other conventional bank. The visionary founder of the bank realized that the previously neglected Small and Medium Enterprises (SME) sector plays a significant role in generating growth and creating employment in the country. Over the previous decades, traditional banks were reluctant to invest in this sector. At a time when it was almost impossible for SME entrepreneurs to get financing from the banking sector in Bangladesh, BRAC Bank stepped forward to help these unbanked SME entrepreneurs and continues to provide financial support to them.



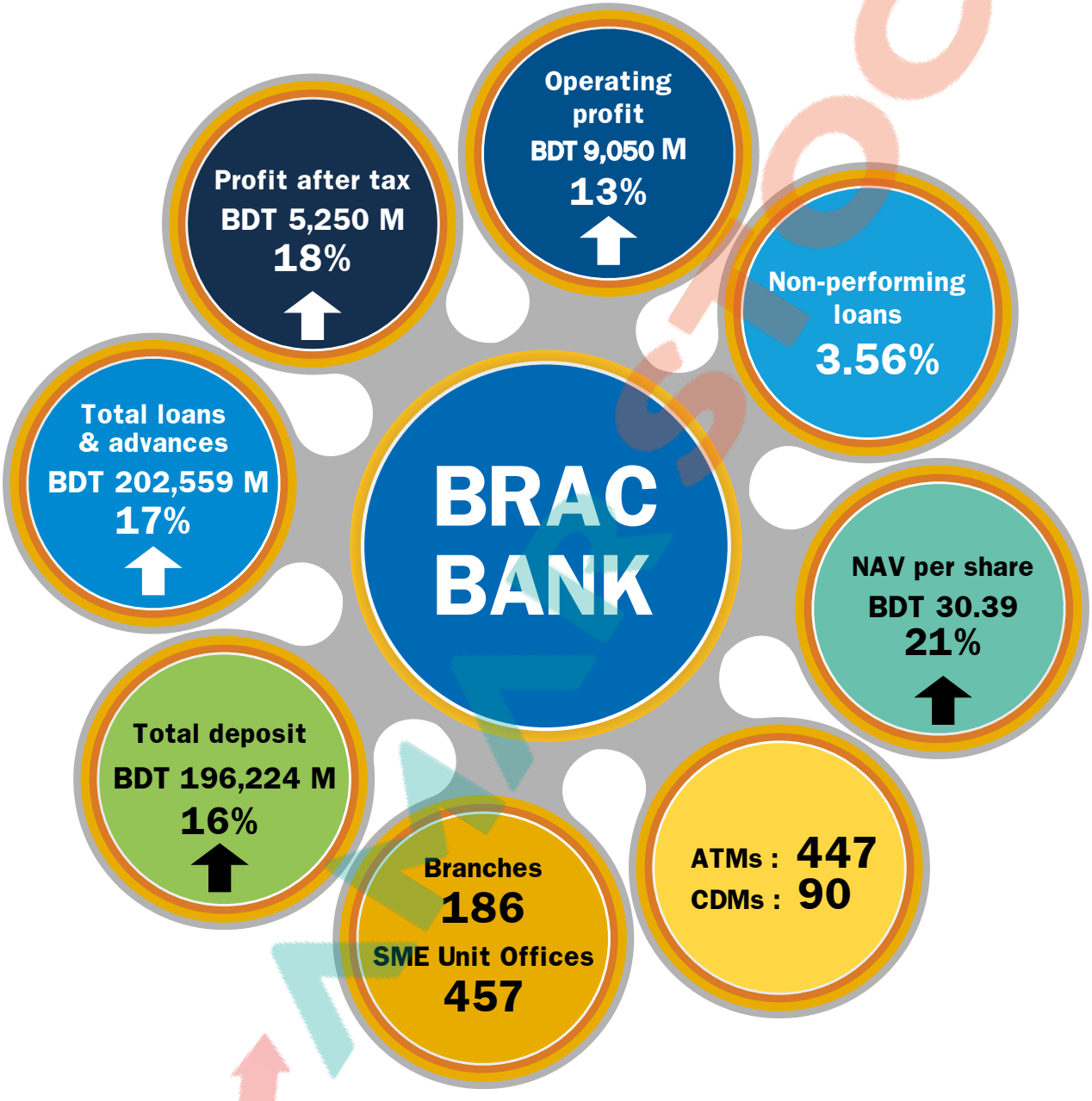
BRAC Bank is a performance-driven organization, where its values are at the core of every activity. It is the sole member of Global Alliance for Banking on Values (GABV) from Bangladesh. The Global Alliance comprises 46 financial institutions operating in countries across Asia, Africa, Australia, Latin America, North America and Europe, serving 41 million customers, holding up to USD 127 billion of combined assets under management and powered by a network of 48,000 co-workers.

BRAC Bank shares the 3P Philosophy – 'People, Planet & Profit' with other partners of GABV. We believe that we are responsible towards the people we work with and the places we operate in. As a mission-driven bank, we choose to work for the welfare of our people and the larger society.



Today, the bank has grown into a dominant player in the industry with 186 branches, 16 Premium Banking Lounges, 447 ATMs, 90 CDMs and 457 SME Unit Offices across the country. With a team of over 6,500 employees, BRAC Bank caters to more than 1,500,000 customers through its diversified range of SME, Retail and Wholesale Banking solutions.

FINANCIAL PERFORMANCES SNAPSHOT 2017 (STANDALONE):



Over the last decade, BRAC Bank has emerged as the market leader in the SME business. However, over recent times, the focus has increased on Retail and Corporate businesses to cater to the full set of banking needs of potential markets as well as to diversify the portfolio. Having laid this strong foundation and started building the momentum relying on the trust and confidence of more than 1.5 million customers, your bank - BRAC Bank –is speeding ahead to become the 'Best Bank' in the country in the coming years.

Company Philosophy

FOCUS ON PEOPLE:

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

BRAC Bank has long been a catalyst for SME development in Bangladesh. Since its inception, BRAC Bank has disbursed around BDT 30,869 million across the country. It has played a pivotal role in the development of the SME sector by creating a unique model of collateral free SME lending, which has enabled SME entrepreneurs the 'missing middle' get easy access to finance. Furthermore, with its wide distribution network, BRAC Bank has reached a large population across the distant corners of Bangladesh.

FOCUS ON PLANET:

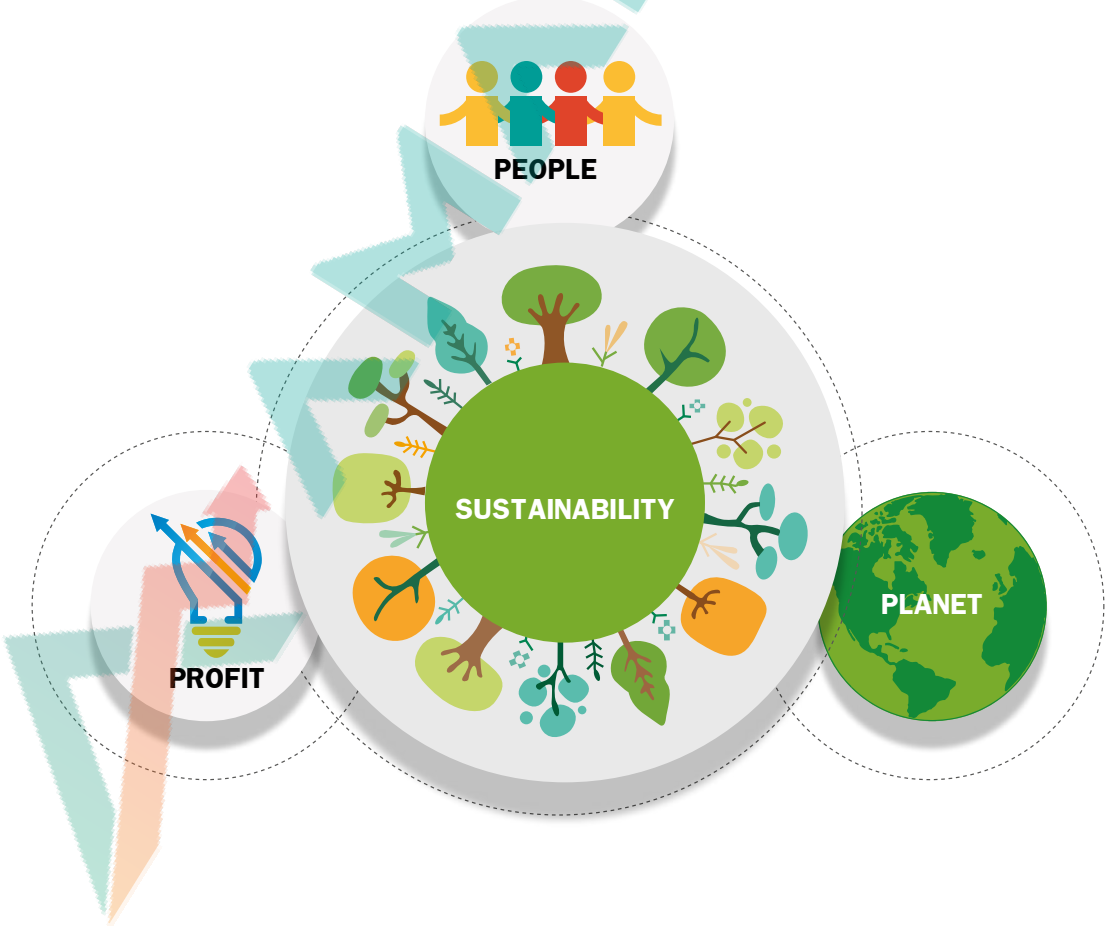
As a major player in the financial service market, BRAC Bank influences communities, people and the environment – directly and indirectly through its customers, suppliers and employees.

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

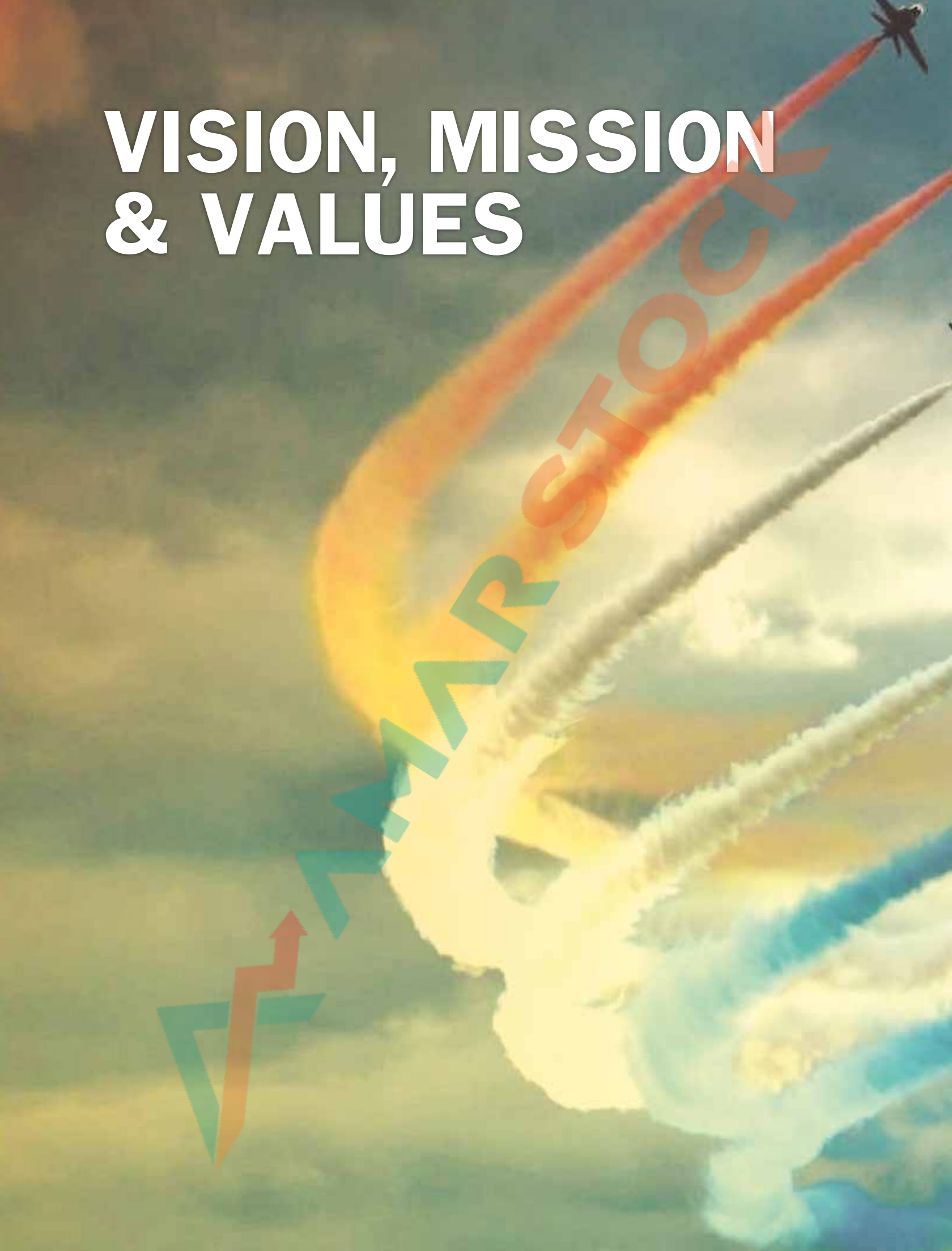
BRAC Bank in partnership with renowned international organizations and local banks has initiated a capacity building program for Bangladeshi bankers. The aim of the program is to support commercial banks / bankers in Bangladesh to build their knowledge and capacities to address Environmental and Social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

FOCUS ON PROFIT:

BRAC Bank believes that if banks look at 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 that it serves the communities we work in.



VISION, MISSION & VALUES

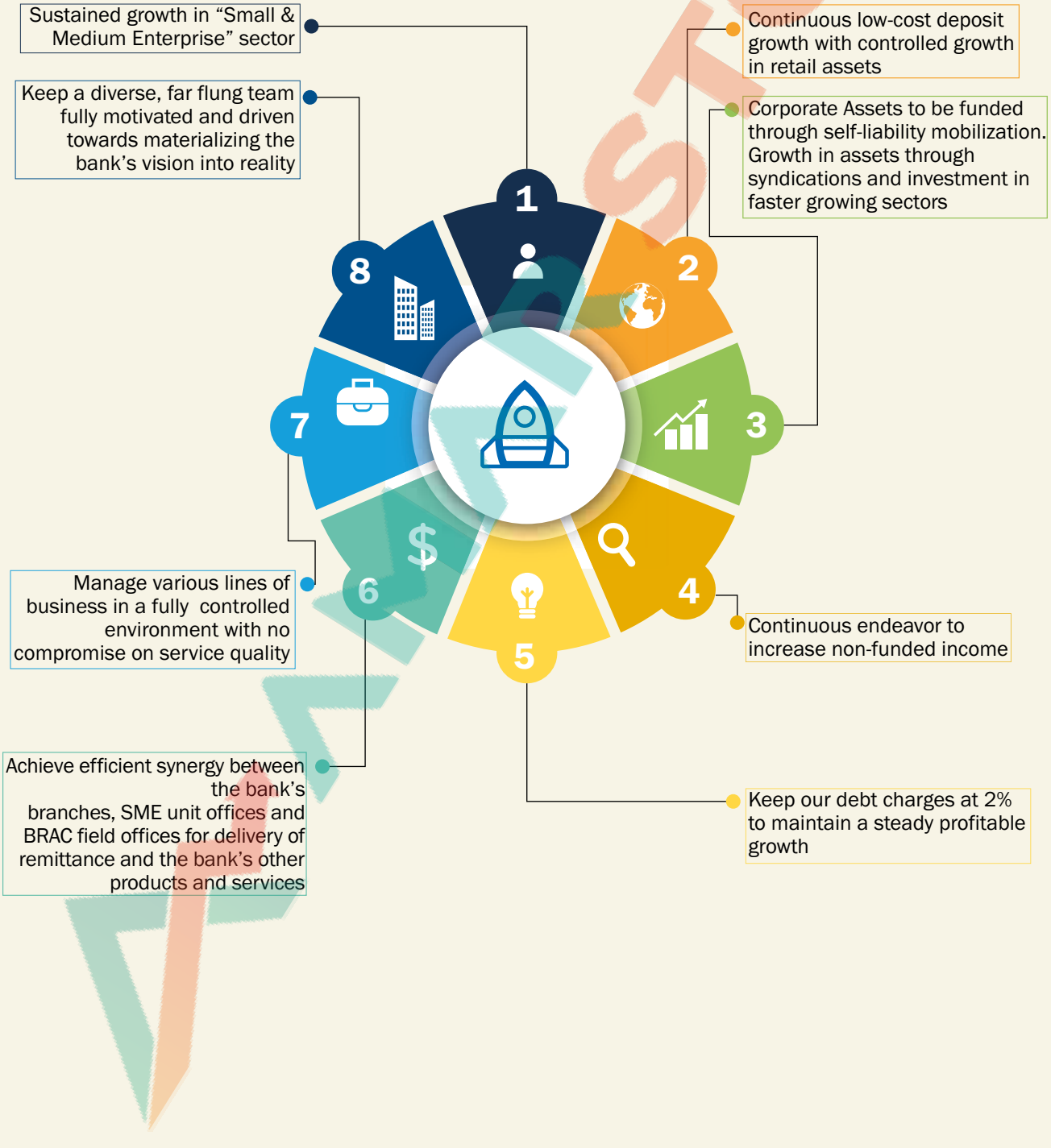



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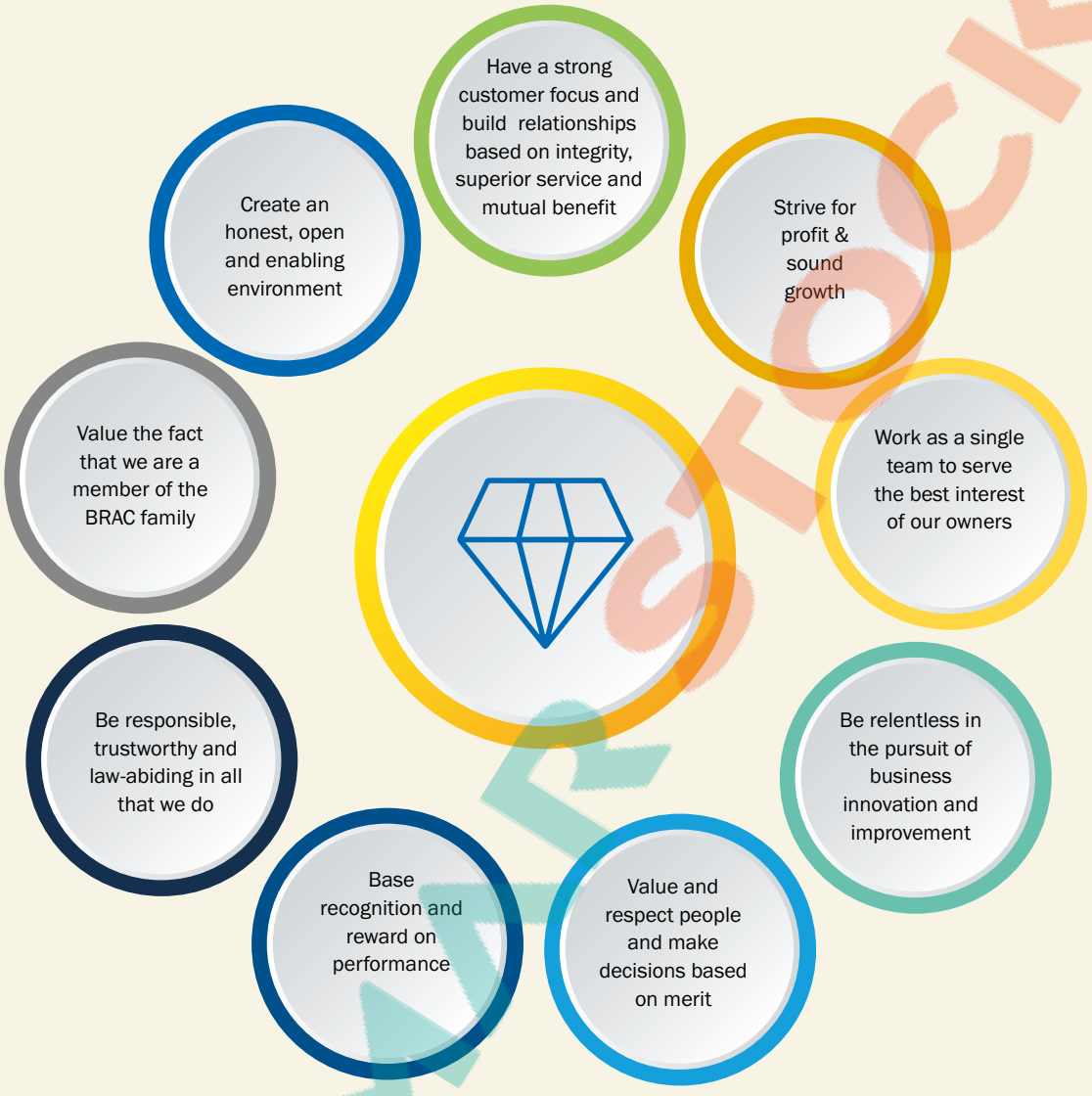
Vision, Mission & Values

Corporate Vision

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



Core Values and Ethics



An institution's Code of Ethics must reflect the organization's policies, controls and processes. BRAC Bank's code of ethics comes from its mother concern BRAC, the largest NGO in the world. Since inception, BRAC Bank has put an enormous effort to build an ethical environment that is practiced within the organization on its 7 core values – CRYSTAL:

- **C** stands for being Creative that focuses on individuals coming up with innovative ideas at work
- **R** stands for being Reliable that emphasizes on individuals being worthy of reliance at work
- **Y** stands for remaining Youthful that underlines energy and vibrancy among its team members
- **S** stands for being Strong that highlights on the willingness to move forward and apply conscious choice, willpower, discipline and passion at work
- **T** stands for being Transparent that shows openness and honesty through clear and direct communication
- **A** stands for being Accountable that stresses the importance of individuals taking responsibility for the outcomes of their actions
- **L** stands for being Loyal that calls attention to being compliant and dedicated at work.

There are 3 basic elements that make ethical behavior conducive to BRAC Bank Limited:

a) Written code of conduct

b) Equality & safety at workspace

c) System of confidential reporting

Code of Conduct:

BRAC Bank Limited has a written Code of Conduct for its employees which is available in intranet of the bank. Excerpts include the flowing:

HR Mission

To be the preferred employer of choice

All of our activities and decisions must be based on and guided by the CRYSTAL values.

Protection of Assets

The bank's employees who will be dealing with cash, securities, or other valuables will be bound under a standard form as prescribed by the Board.

It is expected that each employee will keep foremost in his/her mind the need for using every precaution in handling the assets of the Bank and of its customers so that maximum protection is ensured at all times.

Every employee shall as and when required by the bank furnish information as to his/her assets disclosing liquid assets and all other properties, movable and immovable and including share certificates, insurance policies and jewellery.

Personal Responsibilities

- Be role model for ethics
- 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 with utmost dedication

Workplace Responsibilities

- Treat colleagues with respect and dignity
- Support company's commitment to diversity and equal opportunity employment
- Provide a work environment free from intimidation and harassment
- Do not hold any positions with, or accept business opportunities from, anyone who does business for 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
- Not to act as agent of any insurance company or accept commission, directly or indirectly, otherwise than as an agent for and on behalf of the Bank
- Not to make any personal representation to any Director of the Board or any outside authority to intervene on his/her behalf in any matter
- Not lend activities in his/her private capacity to borrow money from or place him/herself under any pecuniary obligation to a customer, broker, money lender, 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 expense policy
- Not pressurize employees to contribute to or support political candidates or causes
- Invest money in the business of the bank's clients
- Protect company property
- Retain key and classified corporate documents

Marketplace Responsibilities

- Safeguard the privacy, confidentiality and security of customer data
- Protect confidential information and trade secrets from others
- Protect company trademarks, copyrights and patents
- Not buy or sell company securities when you posses material non public information
- Make only factual and truthful statements about the company's products

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- Not communicate directly or indirectly to press, public or to any other agencies any information or document which will come to his/her knowledge and posses either in the ordinary course of his/her official duty or otherwise unless directed
- Not participate in any activities which may undermine the prestige or image of the bank or set up/join any organization which is not permitted
- Not solicit, accept or give gifts that may influence business decisions
- Prevent the use of company services for money laundering purposes
- Protect and enhance company's assets and reputation

Diversity, Equal Employment Opportunity and Freedom from Harassment

As a Bank, we are committed to equal opportunity, unbiased treatment of all individuals based on job related qualifications and without regard to gender, age, national origin, religion, creed, marital status, disability, veteran status or any other basis not prohibited by law.

The bank's policy is to provide a work environment that is free from intimidation or harassment. Such harassment by co-workers, supervisors or outsiders is prohibited. Harassment includes behavior, whether in person or by other means, such as by e-mail, remarks of sexual nature sexist or racist comments, religious slurs and ethnic jokes, if such behaviors interfere with an employee's work performance or creates an intimidating hostile or offensive work environment.

Diversity in the workplace means having employees from a wide range of backgrounds. BRAC Bank ensures equal employment opportunity and anti-discrimination in the workplace and have employees of different ages, gender, ethnicity, physical ability, religious belief, work experience, and educational background. BRAC Bank also ensures equal opportunity for and believes it to be a useful way to promote diversity within the workplace. BRAC Bank Ltd. has developed an extensive Code of Conduct based on ethics and business processes in a written format which is approved by the Chairman of the Board.

AMAR STOCK

Company Profile

Share capital:

(BDT)

Share capital	2017	2016
Authorized capital	12,000,000,000	12,000,000,000
Issued, subscribed and paid-up capital	8,552,096,940	7,104,369,100

Credit rating:

BRAC Bank Limited completed its credit rating, initiated by Credit Rating Agency of Bangladesh (CRAB) based on the financial statements dated 31 December 2015 and 2016. For 2016, BRAC Bank's long-term credit has been rated 'AA1' and short-term credit 'ST-1' by CRAB.

Particulars	2016	2015
Long–term credit rating (CRAB)	AA1	AA2
Short-term credit rating (CRAB)	ST-1	ST-2

This rating signifies that BRAC Bank:

- Is one of the safest and most solvent banks in the country
- Has a strong capacity to meet its financial commitments
- Is considered to have the highest capacity for timely repayment of obligations

At BRAC Bank, we are indebted to our stakeholders for trusting us with their business and keeping their faith in us throughout our journey.

Information about the bank:

Network:

BRAC Bank has a widely spread network in terms of its various business segment establishments as well as service touch points.

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

- Corporate Banking
- Retail Banking
- SME Banking

Under the Corporate Banking umbrella, the bank conducts and facilitates various corporate-centric businesses in Bangladesh, divided into the following departments to enhance focus on each of these sub-segments on the one hand and effect superior customer service on the other.

1. Large Corporate 2. Local Corporate and 3. Emerging Corporate

Distribution network

Service point classification	Number
Business Region	8
Total Branches	186
Corporate Branches	26
Premium Lounges	16
ATMs	447
CDMs	90
Regional Operation Centers	11
SME Business Region	6
SME Business Territory	28
SME Business Zone	151
SME Unit Office (as on end December 2017)	457
SME Unit Office (Current)	458

Office addresses:

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

Subsidiary information

Within 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 IT Services Limited (biTS) Road 5, House 115, Block B, Niketan Society, Gulshan, Dhaka-1212, Bangladesh Note: From 28 August, 2017, BRAC IT Services Limited is no longer a subsidiary of BRAC Bank Limited

Outside Bangladesh
BRAC Saajan Exchange Company Limited Head Office, 160-162 Lozells Road, Birmingham, West Midlands, B19 2SX, United Kingdom

Financial calendar 2017

Quarterly results 2017

Particulars	Submission date to regulatory bodies
Un-audited consolidated results for the 1st quarter ended 31 March 2017	8-May-17
Un-audited consolidated results for the 2nd quarter and half-year ended 30 June 2017	30-Jul-17
Un-audited consolidated results for the 3rd quarter ended 30 September 2017	25-Oct-17

Dividend 2017

Notice date of the 18th Annual General Meeting	28-Mar-17
Record date	10-Apr-17
18th Annual General Meeting held on	27-Apr-17
Date of distribution of cash dividend	24-May-17

Taxation on Dividend Income

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

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

Information sensitive to share price

Particulars	Date of disclosure
Corporate disclosure for the approval of the Financial Statements 2016, recommendation of dividend, record date for dividend entitlement of 18th AGM (27 April, 2017) of BRAC Bank Limited	20-Mar-17
Corporate disclosure for the first quarter financial information (Un-audited) ended on 31 March, 2017	8-May-17
Corporate disclosure for the half year financial information (Un-audited) ended on 30 June, 2017	30-Jul-17
Corporate disclosure for the 3rd quarter financial information (Un-audited) ended on 30 September, 2017	25-Oct-17

Distribution network

Service point classification	Number
Total branches	186
ATMs	447
CDMs	90

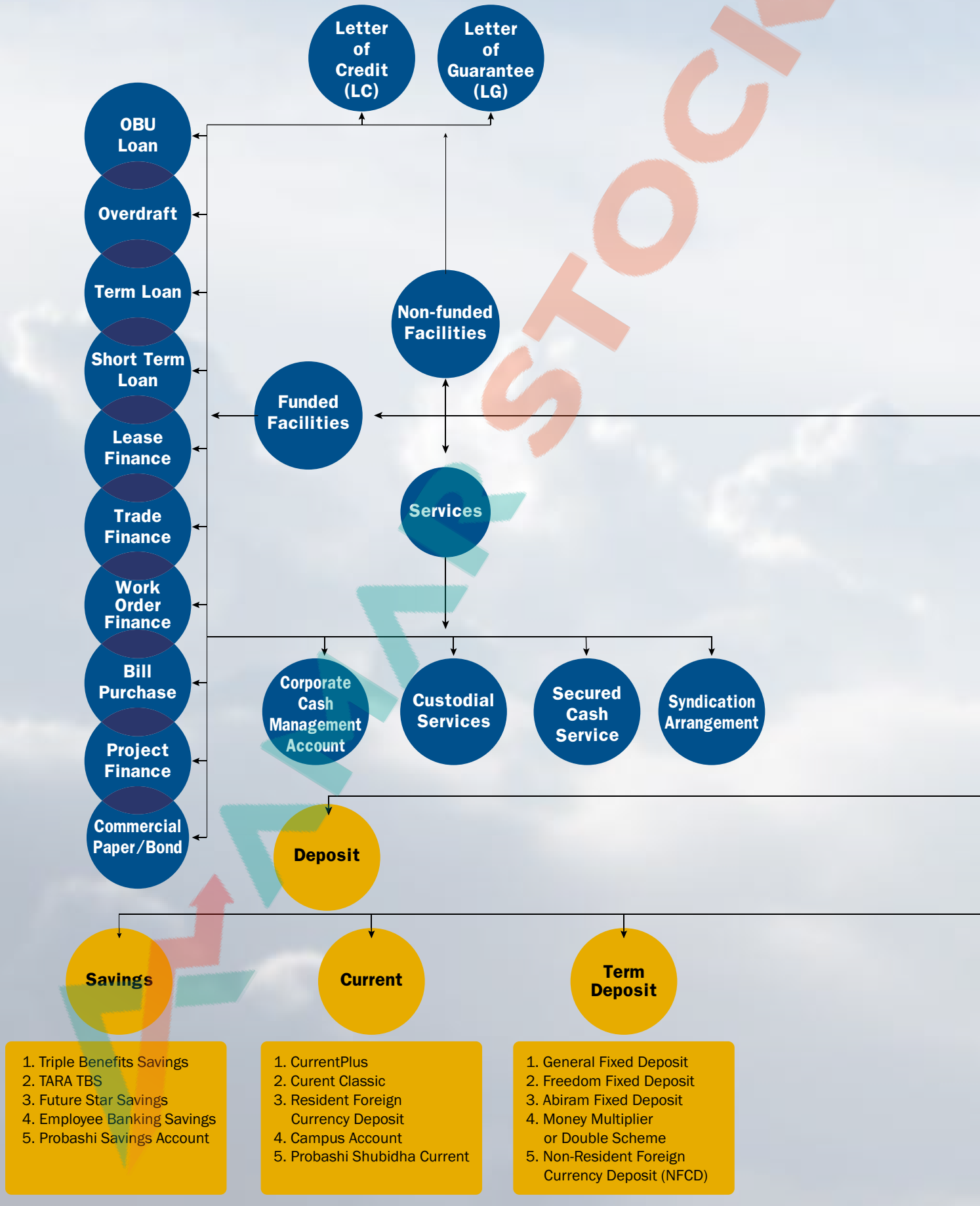
Stock details

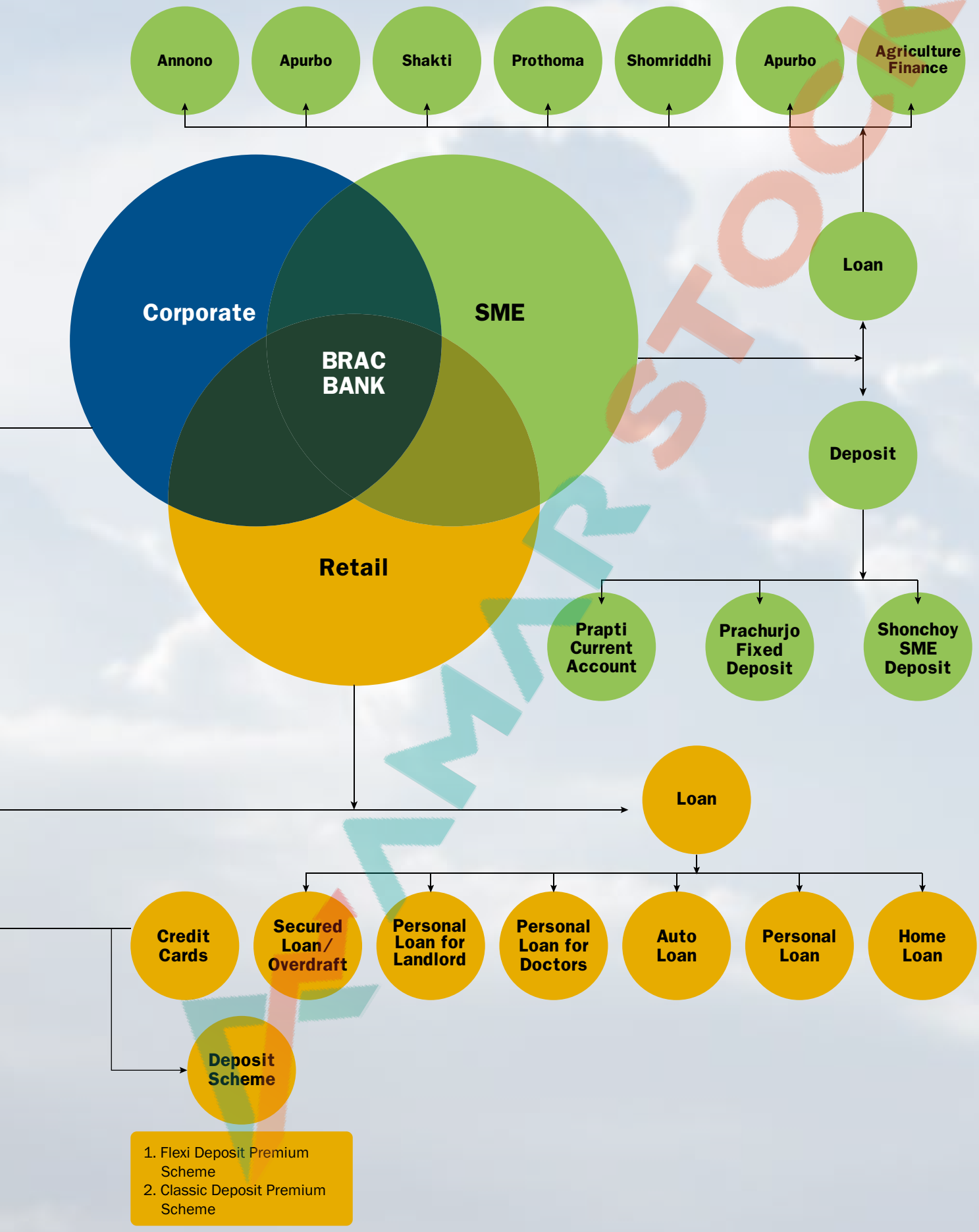
Particulars	DSE	CSE
Stock symbol	BRACBANK	BRACBANK
Company/scrip code	11138	22029
Listing year	2007	2007
Market category	A	A
Electronic share availability	Yes	Yes
Market lot (Nos)	1	1
Face value (BDT)	10	10
Total number of securities	855,209,694	855,209,694

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

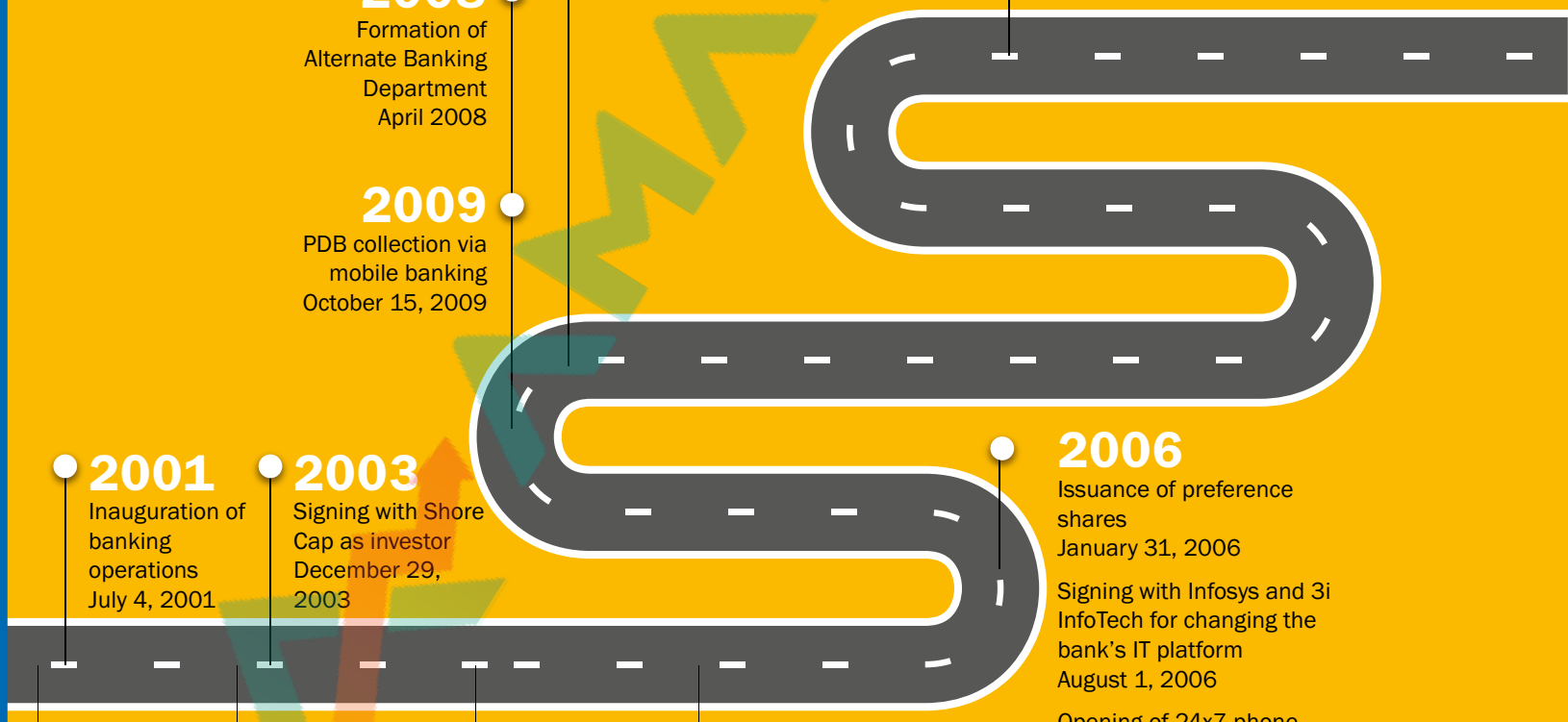
AMARSTOCK

Products & Service




Annono
Apurbo
Shakti
Prothoma
Shomriddhi
Apurbo
Agriculture Finance
Corporate
SME
BRAC BANK
Retail
Loan
Deposit
Prapti Current Account
Prachurjo Fixed Deposit
Shonchoy SME Deposit
Loan
Credit Cards
Secured Loan/ Overdraft
Personal Loan for Landlord
Personal Loan for Doctors
Auto Loan
Personal Loan
Home Loan
Deposit Scheme
1. Flexi Deposit Premium Scheme
2. Classic Deposit Premium Scheme

Key Company Milestones in 2017



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 preference shares
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 launched, 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
Launch of Probashi Biniyog
May 4, 2010

Off-shore banking launched
June 21, 2010

Co-branded ATM booth launch with Rupali Bank Limited
September 25, 2010

Launch of Planet Card
October 23, 2010

BRTA Online motor vehicle fees and taxes collection
November 14, 2010

e-commerce launch for online shopping facility
December 8, 2010

2011
Inauguration of the 250th ATM
May 24, 2011

IFC GTFP Award
May 24, 2011

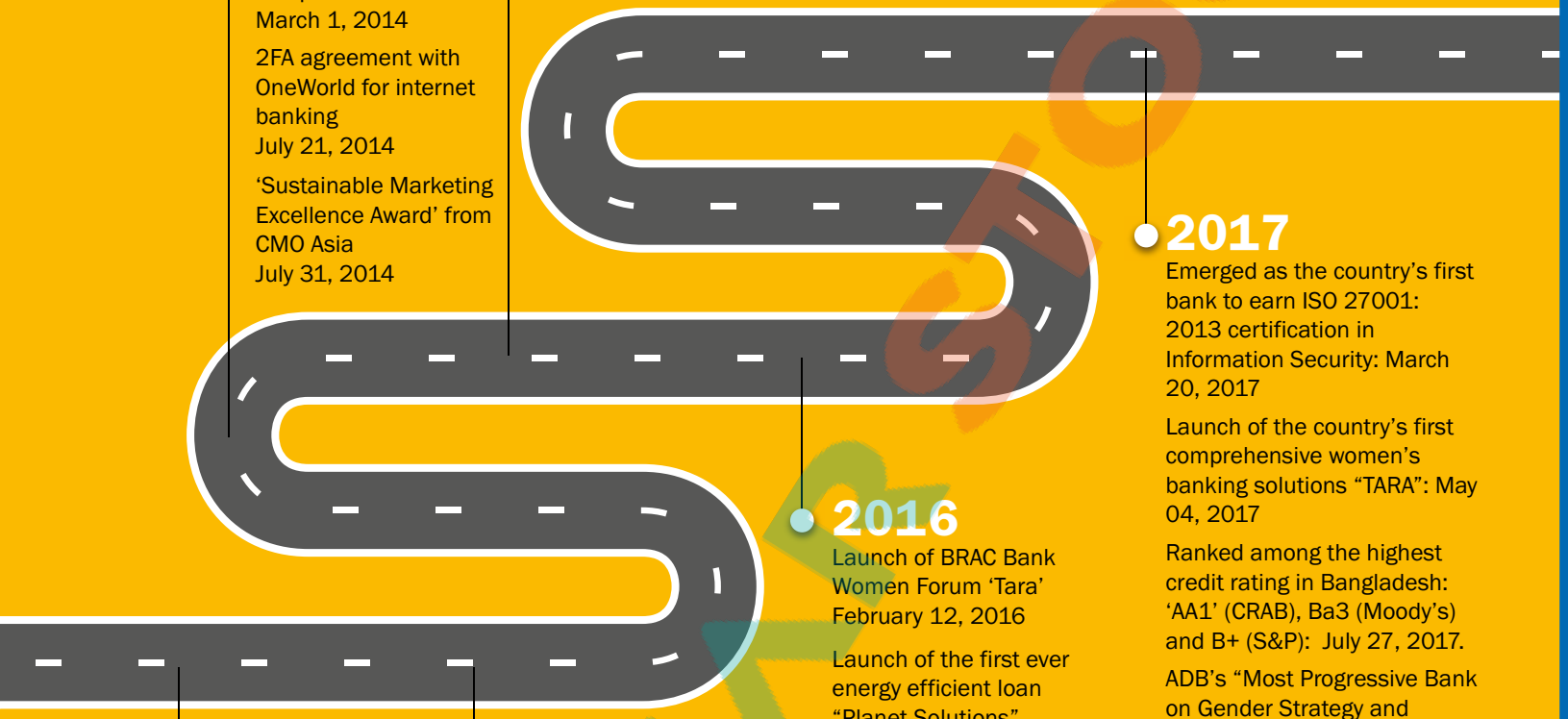
Probashi Card launch
May 30, 2011

10th anniversary
July 4, 2011

Launch of bKash
July 21, 2011

Launch of Day Care Service
July 31, 2011

Launch 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 launch
June 10, 2012

Launch of Internet Banking for Corporate customers
September 17, 2012

Xpress Money Remittance Service launch
December 18, 2012

2013

BKash launch of international remittance, January 3, 2013

Launch of UAE Exchange FlashRemit Service, January 23, 2013

Launch of remittance at SME Unit Offices, February 7, 2013

Recived 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

Launch 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 Launch
March 31, 2015

NID Verification Agreement with the Election Commission
August 19, 2015

2016

Launch of BRAC Bank Women Forum 'Tara'
February 12, 2016

Launch 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

Emerged as the 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

ICMAB Best Corporate Award 2016

SAFA Best Presented Annual Report Award 2016

Awards and Achievements



BRAC Bank wins Institute of Chartered Accountants of Bangladesh (ICAB) Best Published Annual Reports 2016 - Private Sector Banks.



BRAC Bank wins South Asia's most prestigious corporate disclosure honors, South Asian Federation of Accountants (SAFA) Award for Best Presented Annual Report 2016.



The Institute of Cost & Management Accountants of Bangladesh (ICMAB) awards BRAC Bank Limited the First Position in the Private Commercial Bank Category at the "ICMAB Best Corporate Awards 2016".



BRAC Bank earns hat-trick award from Hong Kong-based Asiamoney winning "Best Domestic Bank", the "Best Digital Bank" (For bKash Limited) and the "Best Bank for Corporate Social Responsibility".



BRAC Bank receives the Women's Market Champion Award from the Global Banking Alliance for Women (GBA) for the launch of the comprehensive women's banking proposition, TARA.



The Hong Kong-based media outfit confers "Best Bank in SMEs" Award to BRAC Bank, the bank that pioneered SME financing in Bangladesh.



BRAC Bank Limited wins the Asian Development Bank's Annual Trade Finance Program (TFP) Award for the year 2017 as the "Most Progressive Bank on Gender Strategy and Implementation".

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 ranked first by Geneva-based 'NGO Advisor' in 2016 and 2017 in terms of innovation, impact and governance. Established in 1972, BRAC's primary objectives are alleviating poverty and empowering the poor. It operates across 11 countries in Africa and Asia.

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), 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).

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.

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.



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$ 100 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.



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. Ms. Nihad Kabir is the Senior Partner of Syed Ishtiaq Ahmad and Associates. She is the President of Metropolitan Chamber of Commerce and Industries. She is, among others, Chairman of BRAC EPL Investments Limited and BRAC EPL Stock Brokerage Limited. She is also a Director of bKash Limited, Infrastructure Development Company Limited (IDCOL), Palli Karma-Sahayak Foundation (PKSF) and Independent Director of Square Pharmaceuticals Limited and Apex Footwear Limited.

Ms. Kabir is an advocate of the Supreme Court of Bangladesh. She is a member of the Drafting Committee for the 'Labor Rules under the Labor Act 2006' and was a Member of the 'National Pay and Services Commission'. She is the Secretary General of 'Ain o Salish Kendra' and was a member of the 'National Education Policy Committee', Government of Bangladesh. She was the first legal counsel of the Securities and Exchange Commission (SEC). She worked as Counsel at the Asian Development Bank. She has more than 25 years of work experience as a lawyer.

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



Zahida Ispahani

Ms. Zahida Ispahani was appointed as an Independent Director to the Board of BRAC Bank Limited in August 2012.

Ms. Ispahani is the Chairman of South East Trading Limited. She is among others, a Director of BRAC EPL Stock Brokerage Limited, M. M. Ispahani Limited, Ispahani Tea Limited, Ispahani Media Agencies Limited and MIDAS Ltd. She has been an Honorary Adviser at Ispahani Islamia Eye Institute & Hospital since 2015. She is also an Executive Committee Member of Ispahani Girls School & College.

Ms. Ispahani was the Secretary at United Nations Women's Association in Bangladesh for the past six years. She was also the Founder Secretary & President of the SAARC Womens Association in Bangladesh. She is an organizer and a member of several orphanages, social and community trusts and organizations. She started her career as an educationist.

Ms. Ispahani is a graduate in Economics from the University of Punjab, Pakistan.



Kazi Mahmood Sattar

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

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

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

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

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



Kaiser Kabir

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

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



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 Eonomics 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.



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.

Directors' Responsibility Statement

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 Accounting 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;

g. 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;

h. 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;

i. 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.

AMARSTOCK

Shareholding Position

Sl. no.	Name	Status (Sponsor/ Promoter/ Director)	No. of shares held as on 31.12.2017	% paid-up shares
1	BRAC	Sponsor	379,918,141	44.42%
2	Sir Fazle Hasan Abed KCMG (Chairman, Nominated by BRAC)	Sponsor	8,424	0.001%
3	Late A. S. Mahmud	Sponsor	7,046	0.001%
4	Late Faruq A. Choudhury	Sponsor	7,046	0.001%
5	Dr. Saleh Uddin Ahmed	Sponsor	5,790	0.001%
6	Mr. Shib Narayan Kairy (Nominated by BRAC)	Nominated Director	6,409	0.001%
7	Ms. Nihad Kabir (Nominated by BRAC)	Nominated Director	31,046	0.004%
8	Mr. Kaiser Kabir (Nominated by BRAC)	Nominated Director	110,000	0.013%
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. Zahida Ispahani	Independent Director	Nil	Nil
13	General public	Other than sponsor/ Director	475,115,792	55.56%
Total paid-up shares			**855,209,694**	**100%**

Corporate Organogram




Board Risk Management Committee
Board Audit Committee
DMD & Chief Financial Officer
DMD & 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
Head of Technology
Head of Communications
Head of Legal & Recovery

Management Committee

Shaheen Iqbal
Head of Treasury & Financial Institutions

Md. Sarwar Ahmed
Head of Monitoring

Muniruzzaman Molla
Head of Operations

Nazmur Rahim
Head of Retail Banking



Brigadier General Tushar Kanti Chakma (Retd.)
Head of General Services

Chowdhury Akhtar Asif
Deputy Managing Director & CRO

Bilquis Jahan
Head of Human Resources



Tareq Refat Ullah Khan
Head of Corporate Banking

Rais Uddin Ahmad
Company Secretary, Head of RA & CAMLCO

Shyamol B. Das
Head of Technology

Syed Abdul Momen
Head of SME Banking

Selim R. F. Hussain
Managing Director & CEO

Zara Jabeen Mahbub
Head of Communications

A. K. Joaddar
Deputy Managing Director & CFO

Senior Management Team



A. K. M. Tareq
Area Head



A. T. M. Zamal Uddin
Head of Large Corporate Unit-2



Abdul Gaffar
Branch Manager



Abu Naser Mohammad Faysal Haider
Branch Manager



Abu Sadat Chowdhury
Head of Large Corporate Unit-3



Abu Sayem Ansari
Head of Premium Banking



Anowarul Islam
Senior Manager, Loan Documentation-Corporate



Anup Kanti Das
Branch Manager



Anwar Sadat
Branch Manager



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



Biplab Kumar Biswas
Head of Underwriting, Small Business



Debabrata Roy
Head of Central Operations



Dewan Imteaz Ahmed
Head of Retail Lending



Faisal Hussain
Head of Organizational Development



Farhana Sharmin Sumi
Head of Compensation & Rewards



Golam Mohammad
Branch Manager



Goutam Kumar Sarker
Senior Manager, Regional Operating Center



Hasnain Mohammad Abid Zaman
Head of SAM-Retail



Imraul Kayes Chowdhury
Senior Regional Manager, Regional Corporate



Imtiaz Ahmed
Head of ADC



Indrajit Sur
Head of Emerging Corporate Business



Jamshed Ahmed Chowdhury
Branch Manager



Kazi Asaduzzaman
Head of Asset Operations



Khairuddin Ahmed
Head of Merchant Acquiring



Khaled Al Fesani
Branch Manager



Khan Mohammed Istiaque
Head of Unit-5, Regional Corporate



Khondker Emdadul Haq
Head of Employee Banking Banking-Dhaka North



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



Md. Abdul Wahed
Senior Manager, Loan Operations-Retail



Md. Abu Taher Mridha
Head of Payments & Transactions



Md. Abu Zaher
Head of Call Center



Md. Abul Khair Munshi
Senior Manager, Operations Coordination



Md. Al-Amin
Head of Local Corporate



Md. Arif Ahmed
Regional Head



Md. Arifuzzaman
Branch Manager



Md. Fazlul Karim
Senior Manager, Reconciliation



Md. Hafizur Rahman
Senior Regional Manager



Md. Hasanur Rahman
Head of Enterprise Solutions & ADC



Md. Jabedul Alam
Head of Trade Development



Md. Khalequzzaman
Head of Branch Governance



Md. Kyser Hamid
Head of Retail Business



Md. Mahboob Ur Rahman
Head of Underwriting, Wholesale Banking, Unit-1



Md. Moinul Ahsan
Head of Sales, Cards



Md. Nazrul Islam
Regional Head of SME Banking



Md. Rafiqul Islam
Regional Head



Md. Shah Alam
Head of Business Support & Women Entrepreneur Cell



Md. Shahin Lasker
Head of Cards Operations



Md. Shaidur Rahman
Branch Manager



Md. Taher Hasan Al Mamun
Area Head



Md. Yasir Arafin
Head of Business Planning & Analysis



Mehruba Reza
Senior Product Manager



Mesbah Uddin Muntassir
Head of Internal Training



Milton William Rozario
Senior Manager, Loan Operations-SME



Mirza Hashibul Halim
Area Head



Mohammad Abdul Malek
Cluster Head



Mohammad Abdul Ohab Miah FCA
Head of Reporting



Mohammad Anamul Hoque
Head of Export Trade Operations



Mohammad Lutful Haque
Deputy CAMLCO



Mohammad Mahbubur Rahman
Deputy Company Secretary



Mohammad Masudur Rahaman
Unit Head, Local Corporate



Mohammad Moazzem Hossain Shumon
Head of Underwriting, Wholesale Banking, Unit-2



Mohammad Reza Hyder
Head of Large Corporate Unit-2



Mohammad Salauddin Hazari
Area Head



Mohammad Shohel Ahmed
Regional Head



Mohammad Sujauddin
Unit Head, Credit-Emerging Business



Mohammed Abdul Aziz
Regional Head of SME Banking



Mohammed Abul Kashem
Branch Manager



Mohammed Aminul Hoque Sarwar
Head of Procurement



Mohammed Komol Hassan
Head of Application Development & ERP Support



Mohammed Monir Hossain
Regional Head of SME Banking



Monzur Ul - Mowla
Head of Credit Administration



Muhammad Shah
Branch Manager



Najmus Sakeb Jamil
Head of Technology Infrastructure & Systems Management



Nakib Zaman
Branch Manager



Nurun Nahar Begum
Head of Core Banking Application



Raees Siddiq
Senior Manager, AS & CSLS



Rajesh Kumar Barua
Head of Retail Underwriting



Rasheed Ahmed
Head of Legal and Recovery Division



S. M. Mudrahir Rahaman
Head of Cost and Subsidiary Management



S. M. Soeb
Senior Manager, Export, OBU & Guarantee



S.M. Alomgir Hossain
Regional Head of SME Banking



S.M. Imranul Haque
Senior Manager-Underwriting, Wholesale Banking



S.M. Rasheduzzaman
Regional Head of SME Banking



Saiful Alom
Branch Manager



Sajid Rahman
Head of Large Corporate Unit-1



Sarah Anam
Head of Products, Deposits & NFB



Shah Ibnul
Head of SAM-Corporate, Mid Market & Emerging



Shah Mohammad Emdadul Haque
Branch Manager



Shahrear Md. Zamil
Head of Global Relationships



Shamit Manzur
Branch Manager



Shamsul Haque Sufyani
Head of Trade & Remittance



Shankar Kumer Das
Unit Head, Credit-Emerging Business



Sheikh Mohammad Ashfaque
Head of Corporate Branches



Sheikh Nabidur Rahman
Branch Manager



Siraj Azam Siddiquey
Head of Digital Banking & E-Commerce



Sk. Md. Zulfiqer Amin
Branch Manager



Sk. Moinul Hassan
Head of Underwriting, Emerging Business



SK. Shuvo Rahman
Senior Manager, Treasury Operations



Swapan Kumar Das
Head of Treasury & FI Operations



Syeda Mahzabeen
Branch Manager



Syeed Mahmud Parvez Anwar
Area Head



Tahsin Shahid
Area Head



Tapati Bose
Head of Account Services



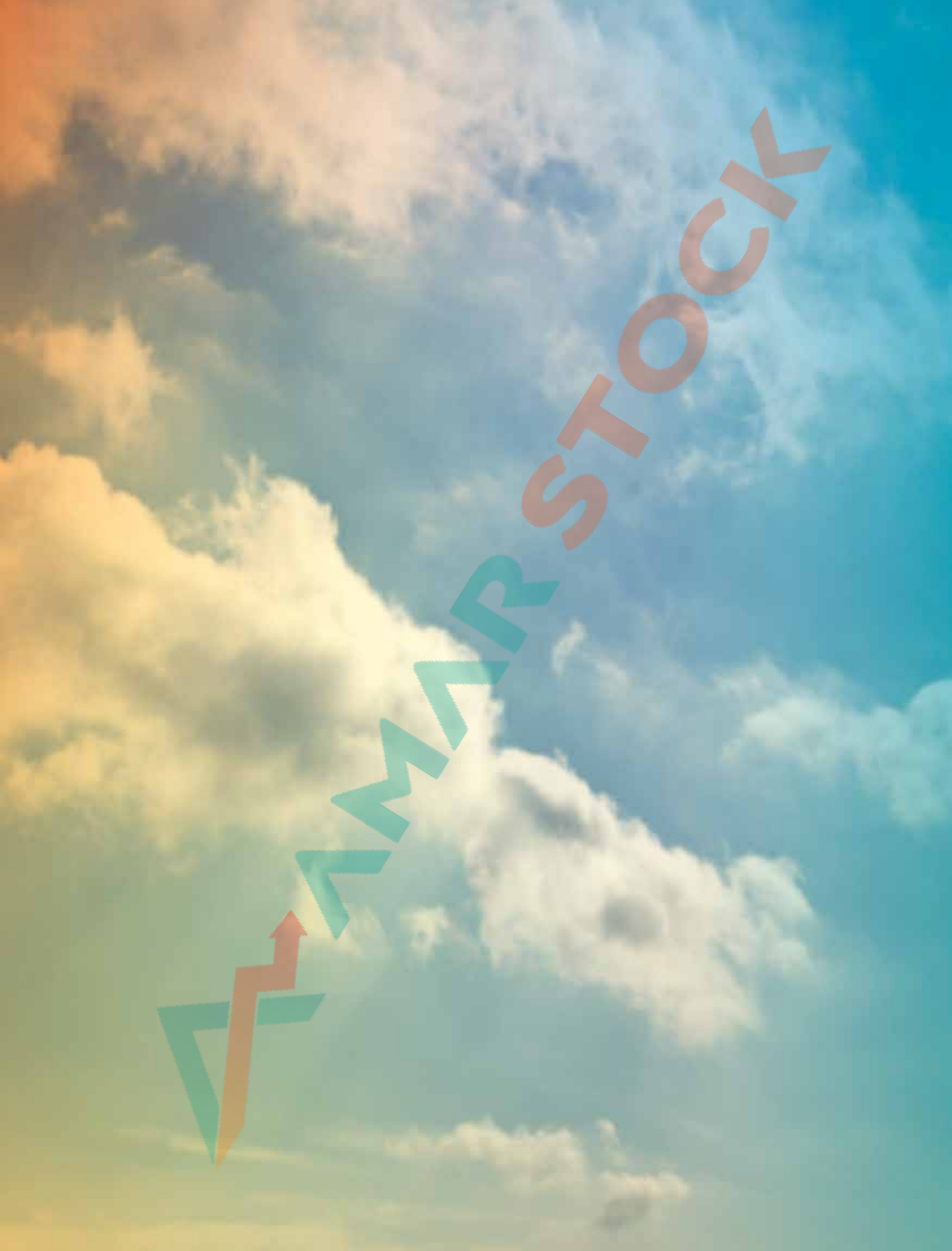
Titas Roy
Senior Manager, CAD



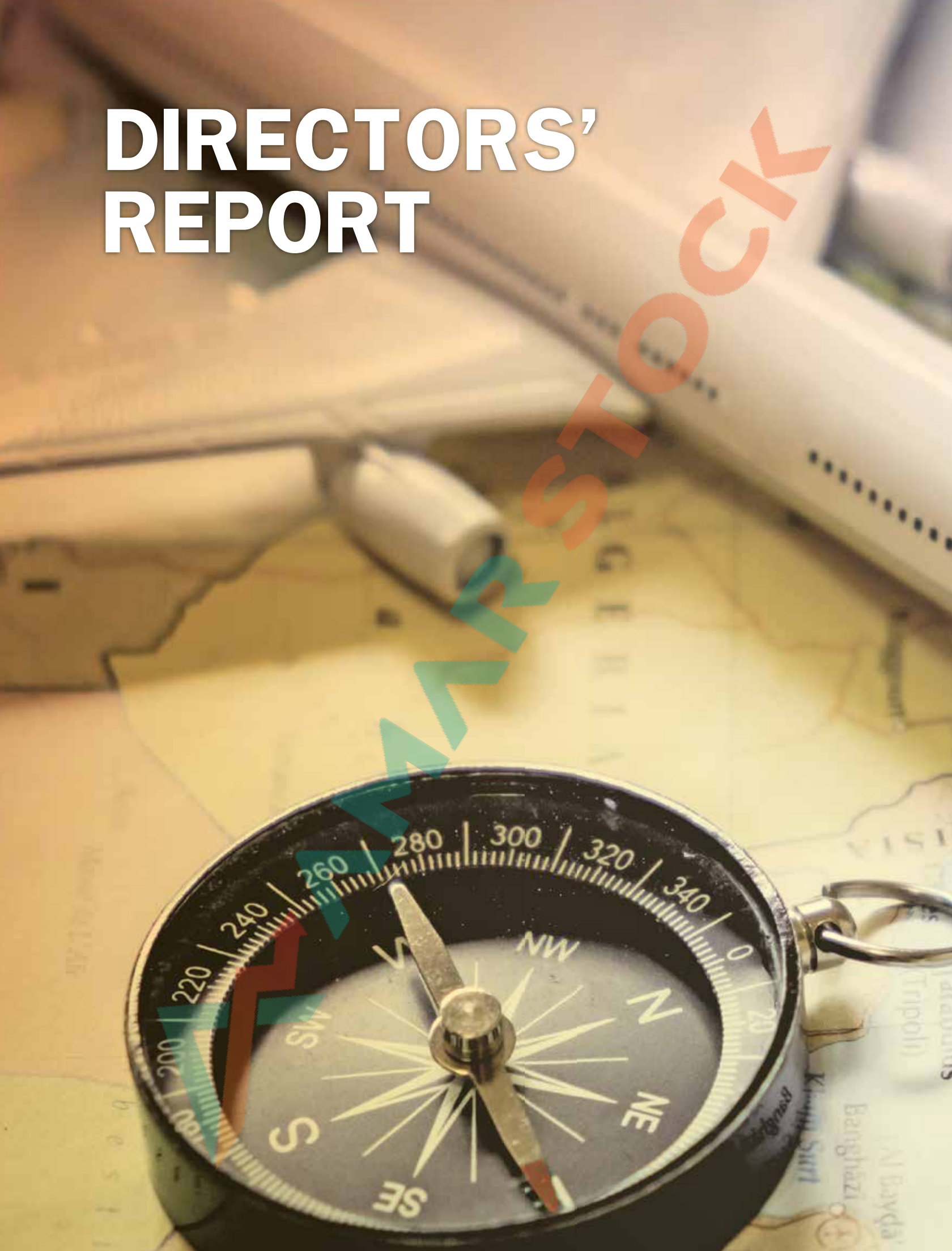
Tofazzul Hossain
Branch Manager



Yusuf Zaman Khan
Branch Manager


AMAR STOCK

DIRECTORS' REPORT




AUSTRIA
Graz
HUNGARY
Pécs
Zagreb
CROATIA
BOSNIA
AND HERZ.
Sarajevo
Bologna
Adriatic Sea
Podgorica
Tirane
Bari
ALBANIA
Brindisi
Palermo
Sicilia
Catania
Tunis
Valletta
Sousse
MALTA
Sea
Ionian
Sea
Patra
VMAR STOCK

Directors' Report

Dear Shareholders,

The Board of Directors of BRAC Bank Limited is pleased to present the Directors' Report along with the audited financial statements for the year ended December 31, 2017. This report comprehensively outlines the performance of the bank for the year ended December 31, 2017.

The Board of Directors has arranged the setting up of policies, procedures and effective control over financial data, information and the preparation of financial statements to ensure control, transparency and accuracy of financial data and financial reporting of the bank. The Board has also reviewed the financial statements on a quarterly and annual basis. The report summarizes the global and local economic performance and presents a detailed analysis of the bank's performance for the year 2017.

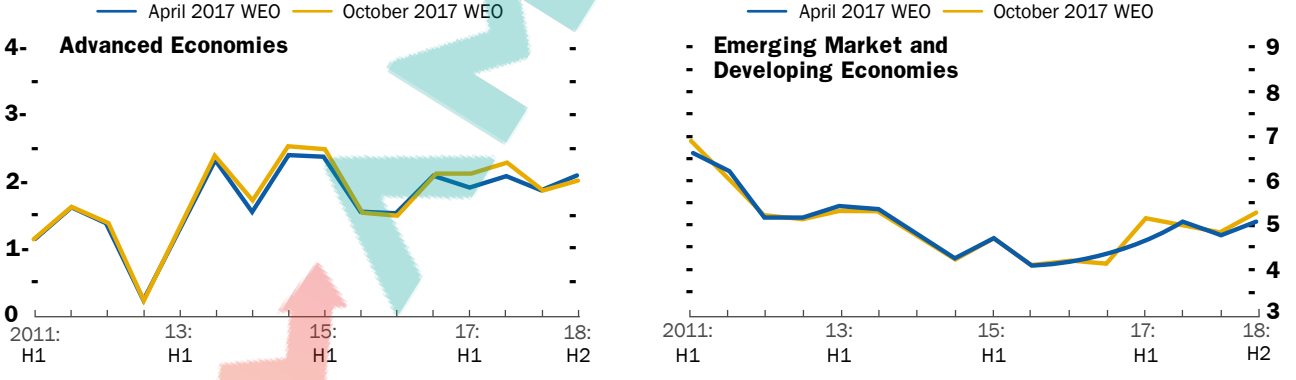
GLOBAL ECONOMY

In 2017, the global economy shaped well for the financial markets to report stronger performance. The fears that dominated the latter stages of 2016, comprising the aftermath of the market crash after the outcome of the US presidential elections, Brexit-triggered recession in the UK and a collapse of the Eurozone following the subsidence of the Italian banking system, are now considered to be events of the past as the world looks at new triggers of growth today.

The global economic forecast for 2018 estimate growth of 3.9%. Notable pick-up in investment, trade and industrial production, coupled with strengthening business and consumer confidence, are together supporting the recovery, which is expected to sustain over the foreseeable future. With the growth outcome in the first half of 2017 generally stronger than expected, upward revisions to growth are broad-based, including in the largest economy of the United States and the Euro area, Japan, China, emerging Europe and Russia.

The acceleration in global activity that started in 2016 gathered steam in the first half of 2017, reflecting firmer domestic demand growth in advanced economies and in China and improved performance in other large emerging market economies. The continued recovery in global investments spurred stronger manufacturing activity. World trade growth moderated in the second quarter of 2017 after expanding briskly in the first quarter. Global purchasing manager indices and other high-frequency indicators for July and August 2017 suggest that global growth momentum continued into the third quarter of 2017 as well.

GDP Growth
(Annualized semiannual percent change)



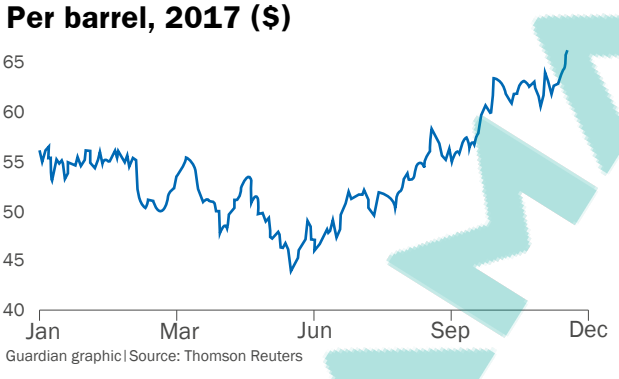
Source: IMF world book

BRAC Bank continued to keep pace in delivering growth in every aspect of its operating performance during the year 2017. The bank strengthened its focus on cost optimization and improving operating efficiency, a balanced approach that has enabled us to upgrade our capabilities to respond to market needs and prepare us to become the best bank in Bangladesh.

Among advanced economies, domestic demand and output grew faster in the first half of 2017 than in the second half of 2016. In the US, weakness in consumption in the first quarter of 2017 turned out to be temporary, while business investment continued to strengthen, partly reflecting a recovery in the energy sector. In the Euro area and Japan, stronger private consumption, investment and external demand bolstered overall growth momentum in the first half of the year 2017. Growth in most of the other advanced economies, with the notable exception of the United Kingdom, picked-up in the first half of 2017 from its pace in the second half of 2016 with contributions from both domestic as well as external demand.

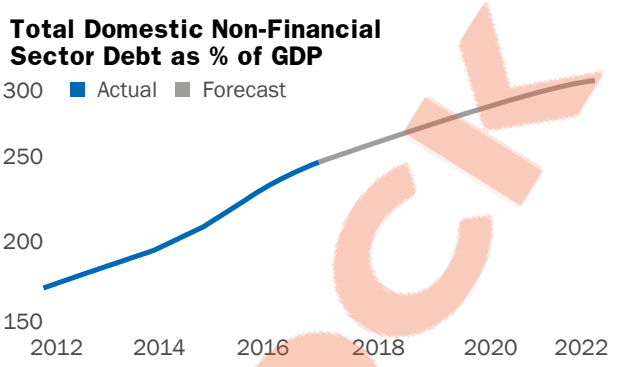
Rebound in oil prices

Global oil prices have recovered sharply in 2017, benefiting from increasing demand from factories around the world, particularly in China, amid a boom in economic activity. After crashing in late 2015 to spook the global markets, the year 2017 has been one of the calm and steady gains. OPEC has reined in production to keep a lid on supply while there have been no major escalations in tension to drive-up the price to unsustainable levels. However, US shale oil production may start to come back at current prices, as the more expensive costs involved with extraction become yet again economical. This could boost supply, leading to a fall in oil prices.



Chinese debt worries

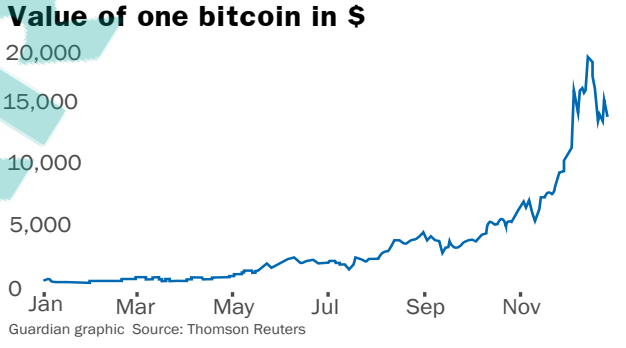
China's rapidly accumulating debt pile, having quadrupled since the financial crisis, became of increasing concern in 2017, although this has not yet roiled the global markets. The IMF warned that Chinese debt is now high versus international norms and that rapid growth may have led to unwillingness among officials to let struggling firms fail. In September 2017, Standard & Poor's downgraded the nation's credit rating citing risks from debts, which have quadrupled since the financial crisis. While China has started taking steps to rein in debt without having affected its growth rate so far, economists worry that a wrong move by officials could upset the apple cart in the near future.



Source: Thomson Reuters

Bitcoin mania takes hold

Probably the financial story of the year, even though there are fears of an oncoming crash, 2017 went down as the year of the crypto currency. Bitcoin's rise has been meteoric, beginning the year valued at about $1,000 and reaching almost $20,000 by the middle of December 2017. Economists think bitcoin has all the signs of a bubble, with worrying parallels to the Tulip mania of the 17th century when the price of the bulbs crashed in a spectacular fashion after a buying frenzy.

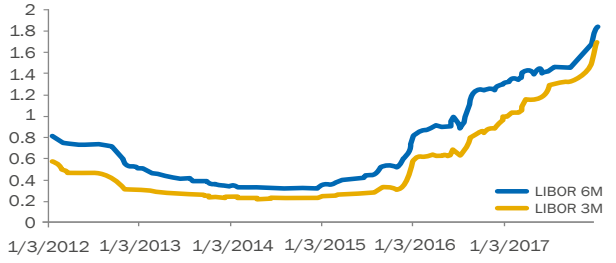


Global liquidity tightening

The US continued their rate hike in 2017. Moreover, the US Federal Reserve is expected to hike rates three times more in 2018, as well as optimise the balance sheet by selling bonds and pulling off money from the market. This will cause liquidity tightening and transfer from emerging markets. The below chart shows how LIBOR rates over 3 and 6 months have sharply moved up from 2012 to 2017.

China's rapidly accumulating debt pile, having quadrupled since the financial crisis, became of increasing concern in 2017, although this has not yet roiled the global markets.

Global Liquidity Tightening



Source: Thomson Reuters

Emerging markets

The growth rate for emerging markets and developing economies was forecast to rise to 4.6 percent in 2017, 4.9 percent in 2018 and about 5 percent over the medium term. In per capita terms, growth rates are about 1.3 percentage points lower but substantially above the per capita growth rate for advanced economies (1.4 percent, on average, during 2017-22), implying a gradual convergence in GDP per capita between the two country groups. For emerging markets and developing economies, this pace of growth and convergence is slower than during the past decade, but faster than during 1995-2005.

The projected aggregate growth rate over 2017-22 is sustained by fast growth in the two largest countries by population of China and India, which together account for more than 40 percent of the GDP (whether measured in terms of purchasing power parity or market rates) and more than 40 percent of the population of emerging markets and developing economies. Indeed, the forecast for growth in GDP per capita falls below the group's aggregate figure of 3.5 percent for about ¾ of the emerging markets and developing economies. And for 43 economies (28 percent of the total), per capita growth rates are projected to be lower than that for advanced economies, implying a decline in relative living standards rather than convergence.

Source: IMF World Economic Outlook, October 2017

Global inflation

In developed economies, the uptick in GDP growth has been associated with an easing of deflationary pressures, which posed a key policy concern in 2015-2016. In the first half of 2017, inflation dynamics in many countries were impacted by the steep YoY rise in energy prices relative to the lows seen in early 2016. While this transitory impact had largely dissipated by mid-year, longer-term inflation expectations in developed countries, as measured by the difference between nominal and inflation-indexed government bond yields, have edged upward relative to 2016 levels, suggesting expectations of a return.

The upward shift in inflation led the President of the European Central Bank (ECB) to state in March 2017 that "The risks of deflation [in Europe] have largely disappeared." Subsequently, the ECB halved the pace of its asset purchases. In Japan, inflation has edged above zero, while in the UK and the US, headline inflation exceeded the central bank targets of 2 percent for at least a part of 2017. In aggregate, inflation in developed economies is expected to average 1.5 percent in 2017, up from 0.7 percent in 2016, but still well below central bank inflation targets.

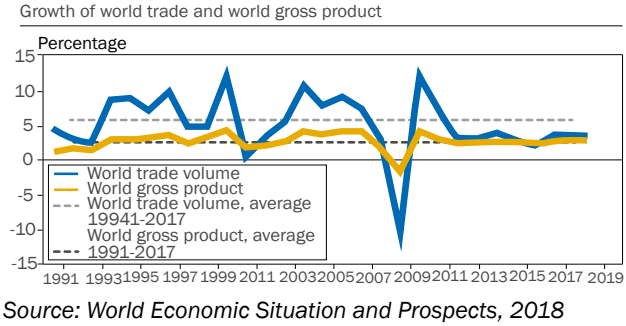
Global inflationary pressures are expected to remain relatively benign. In developed economies, inflation is expected to hover close to central bank targets in 2018-2019. Despite low unemployment in many developed economies, wage pressures generally remain weak. This may, in part, be a reflection of rising inequality and limited bargaining power of those on the lower end of income scales. The rise in inequality bears its own risks for the real side of the economy. Unless demand accelerates or there is a marked shift in wage pressures, inflation in developed economies will likely remain moderate. A re-emergence of deflationary pressures would pose a policy challenge for central banks as they move towards the withdrawal of monetary stimulus.

Global trade

Buoyed by the cyclical upturn in global growth, world trade rebounded in 2017, expanding at an estimated pace of 3.7 percent during the year. This follows exceptionally weak trade flows in 2016, with global trade volume expanding at a post-crisis low growth rate of 2.2 percent.

The recovery in international trade was accompanied by a pick-up in world industrial output and a rise in the Global Manufacturing Purchasing Managers' Index to a six-year high. Demand for international air freight and container shipping also gained momentum in 2017, amidst stronger export orders and relatively higher prices of key commodities, in particular crude oil and metals. The modest investment revival in several developed and developing economies, which has contributed to increased trade of capital and intermediate goods, is seen as spurring the global trade rebound.

Growth of World Trade and World Gross Product



Source: World Economic Situation and Prospects, 2018

In the first eight months of 2017, world merchandise trade grew at its fastest pace in the post-crisis period. The strong growth, however, was in part due to a low base effect, given the exceptional weakness in trade flows observed in the first half of 2016. From an imports perspective, there was a marked variation in the strength of import demand between regions.

Global economic outlook:

The global GDP started inching upward again in 2017 after experiencing a stagnant 3% annual growth till 2016. The global economy grew 3.7% in 2017. Around half of the world economies witnessed positive growth due to increased demand and production of industrial products and rising investments to support the demand growth, which resulted in increase of trade business throughout the world. Due to increased domestic and external demand, developed economies like the US, Eurozone, Canada and Japan started picking-up pace again after facing the global financial crisis of 2009-10. The growth of emerging and developing economies like China, India and Bangladesh reported consistent growth in 2017 as well. Emerging and developing Asia, which account for over half of world growth, experienced 6.5% growth in 2017.

This positive movement of the global economy is projected to continue in the coming year as well. The projected growth of global economy is 3.9% for 2018 which is 0.2% higher than the actual growth of 2017. The growth forecasts for the US and advanced economies have been revised up, counting on stronger than expected growth in 2017. Japan and other export-oriented countries are expected to benefit from increased global investment and trade and are likely to post stronger growth in 2018. Emerging markets and developing economies are expected to grow at 4.6%, while advanced economies are expected to grow at 2.2%. Southeast Asia however, is expected to grow by 5.1% in 2018.

Brighter prospects, optimistic markets and challenges ahead in global economy in the coming years may be expected some points to note:

- Global economic activity continues to firm up. The pickup in growth has been broad-based with notable upside surprises in Europe and Asia.
- The US tax policy changes are expected to stimulate activity, with the short-term impact in the US mostly driven by the investment response to the corporate income tax cuts. The effect on US growth is estimated to be positive through 2020, cumulating to 1.2 percent through that year. The effects of the package on output in the US and its trading partners contribute about half of the cumulative revision to global growth over 2018-19.

The current cyclical upswing provides an ideal opportunity for reforms. Shared priorities across all economies include implementing structural reforms to boost potential output and making growth more inclusive. In an environment of financial market optimism, ensuring financial resilience is imperative. Weak inflation suggests that slack continues to remain in many advanced economies and monetary policy should continue to remain accommodative. However, improved growth momentum means that fiscal policy should increasingly be designed with an eye on medium-term goals, ensuring fiscal sustainability and bolstering potential output. Multilateral cooperation remains vital for securing sustainable global recovery.

Bangladesh economy review

The Bangladeshi economy showed resilience in 2017, despite facing significant challenges, including country-wide flooding in August 2017, which took a heavy toll on infrastructure and crop development and the accommodation of hundreds of thousands of Rohingya refugees. Smaller year-on-year export growth was recorded in the period July-November 2017, a surge in imports led to a deterioration in the trade balance. And although worker remittance inflows were strong in December 2017, there was a decline overall during the year, compared to 2016. Though some macro indicators reflect positive trends, the overall economic strength is weakening due to a number of developments toward the second half of the year, including a large trade gap and substantive negative current account balance.

One of the major achievements of the economy has been a 7.28 percent economic growth in FY2016-17, breaking the 6 percent cycle that continued for a decade or so. Like previous years, major boost of growth has come from the industrial sector, followed by the services sector. Though average inflation has been hovering at around 5.5 percent, food inflation is showing an increasing rate in recent months, mainly because of agricultural loss due to two rounds of floods.

Sovereign ratings

Ratings continued to be the same in 2017, as assessed in 2016. As per the assessment in 2016, Bangladesh achieved Ba3 (Moody's sovereign rating) and BB- (Fitch long-term foreign and local currency issuer default ratings) with stable outlook. Fitch's rating, published on 11 January 2018, showed the same rating for Bangladesh. Bangladesh's ratings balance strong foreign currency earnings and high and stable real GDP growth against weak structural indicators, significant political risk and weak health of the banking sector. Bangladesh's real GDP growth is at a five-year high (average of 6.5%), compared with the 'BB' category median of 3.5%. Bangladesh's external finances are

supported by comfortable and gradually rising foreign exchange reserves, amounting to USD 33.27 bn in December 2017 (approximately 8 months of current external payments, compared with 4.4 months for peers in the 'BB' category).

Agricultural sector

Bangladesh is predominantly an agrarian country, where the agricultural sector plays a vital role in accelerating economic growth. It is therefore important to have a profitable, sustainable and environment-friendly agricultural system in order to ensure long-term food security for the citizens of the nation. Over the last few years, there has been an increasing trend in food production. According to the publication from the Ministry of Finance, there was 1.96% growth in the agriculture and forestry sectors in 2016-17, which was 1.79% in the previous fiscal year. The growth of the three sub-sectors, i.e. crops and horticulture, animal farming and forest and related services reached 0.96 percent, 3.31 percent and 5.60 percent, respectively, in FY2016-17, which was 0.88 percent, 3.19 percent and 5.12 percent, respectively, in the previous fiscal year. The food grain production (rice, wheat and maize) in FY2016-17 was 38.814 million metric tonnes (MT), which was 38.817 million MT in the previous fiscal year. Rice production in FY2016-17 was 33.813 million MT, which was 34.710 million MT in the previous fiscal year. Besides, wheat production in FY2016-17 was 1.423 million MT, marginally higher than 1.348 million MT of the previous fiscal year. Maize production in FY2016-17 was 3.578 million MT, higher than 2.759 million MT of the previous fiscal year. According to estimates of the Department of Fisheries, the total inland and marine fish production in FY2016- 17 is expected to be 4.050 million MT, which was 3.878 million MT in the previous fiscal year.

Industry sector

According to final estimates, the growth of 3 sectors ('mining and quarrying', 'manufacturing' and 'electricity, gas and water supply') declined while growth of the construction sector increased in FY2016-17. The growth of natural gas and crude petroleum sub-sectors moderated to 0.34% in FY2016-17, which was 11.77% in the previous fiscal year. However, growth of other mining and coal sub-sectors significantly increased to 21.19% from 14.42% in the previous fiscal year. Similarly, growth of large and medium-scale manufacturing sub-sectors slightly decreased to 11.20% but small scale manufacturing sub-sectors increased to 9.82%. Moreover, growth of 3 sub-sectors, i.e. electricity, gas and water supply were 9.22%, 0.28% and 11.09%, respectively in FY2016-17, which were 14.20%, 9.91% and 7.40%, respectively, in the previous fiscal year. On the other hand, growth in the construction sector slightly increased to 8.77% in FY2016-17 from 8.56% in the previous fiscal year.

Services sector

According to the final data, growth in the broad services sector increased in FY2016-17, compared to the growth in the previous fiscal year. The output of the wholesale and retail trade, hotel and restaurants and transport, storage and communication sectors under the broad service sector categories rose to 7.37%, 7.13%, 6.76%, respectively, in FY2016- 17, which were 6.50%, 6.98% and 6.08%, respectively, in the preceding fiscal year. Five sub-sectors, i.e. land transport, water transport, air transport, support transport services, storage and post and telecommunications under transport storage and communication sectors registered growth of 7.06 percent, 4.10 percent, 2.79 percent, 6.40 percent and 6.98 percent, respectively, in FY2016-17, which were 6.28 percent, 3.20 percent, 1.48 percent, 5.19 percent and 6.81 percent, respectively, in the earlier fiscal year. The growth of financial intermediation, real estate, renting and business activities, health and social work and community, social and personal services sectors increased to 9.12 percent, 4.80 percent, 7.63 percent and 3.62 percent, respectively, in FY2016-17. However, the growth of public administration and defense, and education declined to 9.15 percent and 11.35 percent in FY2016-17 from 11.43 percent and 11.71 percent, respectively, in FY2015-16.

Growth performance

The Bangladeshi economy grew 7.28 percent in FY2017, up from 7.1 percent in FY 2016. The growth was mainly supported by industry and services sectors. Agriculture, which accounts for 14.7 percent of the GDP, grew by 3 percent in FY17, up from 2.8 percent in FY2016. Industry, which accounts for 32.4 percent of the GDP, grew by 10.2 percent in FY2017, down from 11.1 percent in FY2016. The services sector accounts for the largest portion of 52.9 percent of the GDP and grew by 6.7 percent, compared to 6.3 percent in the previous fiscal year.

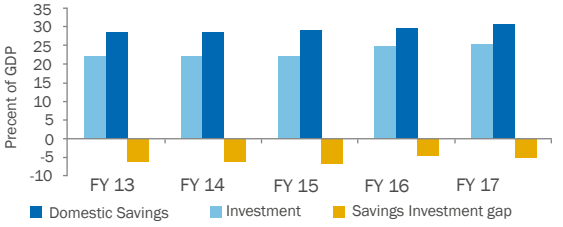
Savings and investments

Investments relative to GDP increased marginally over the past few years. It increased to 30.51% in FY2017 from 29.65% in FY2016. Private investments increased slightly to 23.10 percent in FY2017, from 22.99 percent

The Bangladeshi economy grew 7.28 per cent in FY2017, up from 7.1 per cent in FY 2016. The growth was mainly supported by industry and services sectors.

in FY2016. However, public investment-to-GDP increased to 7.41% from 6.66% over the same period.

Chart 1.1 Trends of domestic savings Investment and savings-Investment gap



Source: Bangladesh Bureau of Statistics.

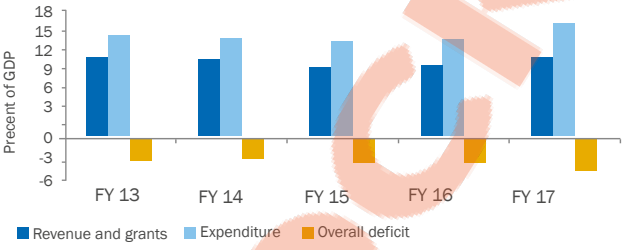
Gross national savings as a percentage of GDP declined marginally to 29.64% in FY2017 from 30.77 percent in FY2016. In contrast, domestic savings as a percentage of GDP improved from 24.98% to 25.33% over the same period. Gross domestic investments at current market prices grew faster than gross domestic savings. As a result, domestic saving–investment gap as a percentage of GDP widened from 4.67% in FY2016 to 5.18% in FY2017.

Fiscal sector (public expenditure and revenue collection)

According to the revised National Budget for FY2017, the overall budget deficit (excluding grants) as a percentage of GDP increased from 3.8 percent in FY2016 to 5 percent in FY2017. The overall budget deficit (including grants) increased to 4.8 percent of GDP in FY2017 from 3.7 percent in FY2016. The government's financing from the banking system increased from 0.6 percent of GDP in FY2016 to 1.2 percent of GDP in FY2017, while financing from non-bank sources marginally increased from 2.3 percent to 2.4 percent of the GDP over the same period.

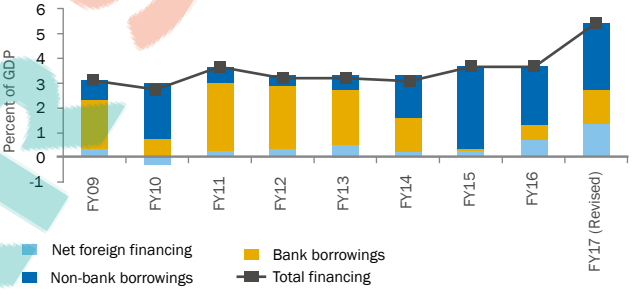
The growth of total revenue collection was revised downward to 26.3 percent from the budget of 40.4 percent in FY2017 and the actual revenue growth of 18.5 percent in FY2016. The downward revision was mainly prompted by the weaker-than-expected tax revenue earnings by the NBR in the original budget of FY2017. Total revenue-GDP ratio decreased from 14 percent in the original budget in FY2017 to 12.6 percent in the revised budget but remained higher than the actual ratio of 10 percent in FY2016.

FISCAL SECTOR (PUBLIC EXPENDITURE AND REVENUE COLLECTION)



Public expenditure as a percentage of estimated GDP increased from 13.8 percent in FY2016 to 16.2 percent in FY2017 revised budget. It grew by 33 percent in FY2017 revised budget, compared to 16.7 percent in FY2016 actual budget. Current expenditure in FY2017 revised budget stood at 10.3 percent of GDP, which was 8.3 percent in FY2016 actual budget.

GDP



External sector

Exports growth fell to 1.7 percent in FY2017, while import growth increased to 9 percent. Exports stood at USD 34,019 million in FY2017, from USD 33,441 million in FY16. During the same period, total import payments increased to USD 43,491 million from USD 39,901 million in FY2016. As imports grew faster than exports, the trade deficit widened to USD 9,472 million over the same period from USD 6,460 million in FY2016.

The services and income account along with primary and secondary income registered a surplus of USD 7,992 million. Current account balance turned a negative USD 1,480 million in FY2017 from a surplus of USD 4,262 million in FY2016. The capital and financial account surplus widened to USD 4,493 million in FY2017 from USD 1,408 million in FY2016. The overall balance of payments surplus shrank to USD 3,169 million in FY2017, which was USD 5,036 million in FY2016. Gross international foreign exchange reserves stood at USD 33.4 billion at the end of FY2017, representing around 8 months of prospective import coverage.

Exports

The growth of exports (FOB) earnings showed a sharp decline to 1.7 percent in FY2017, from 8.9 percent in FY2016. Consequently, export as a percentage of GDP decreased to 14 percent in FY2017 from 15.5 percent in FY2016. Among the major export items, chemical products, plastic products, leather and leather products, cotton and cotton products, jute goods, home textiles, footwear and engineering products, experienced a higher growth in FY2017, while frozen food, agricultural products, woven garments, petroleum by-products, raw jute and specialized textiles slowed down the pace of export performance as these items experienced a negative growth.

Imports

Imports grew by 9 percent in FY2017, up from 5.9 percent growth registered in FY2016. Import payments as a percentage of GDP continued to decline in the recent years and edged down to 17.4 percent in FY2017 from 18 percent in FY2016. Total import payments for food grains, milk and cream, spices, pulses, sugar, clinker, POL, plastic and rubber articles, raw cotton and iron and steel and other base metals rose in FY2017, compared to FY2016, while those for oil seeds, fertilizer, textiles and textile articles and staple fiber declined during the same period.

Remittance

Remittance inflows declined by 14.5 percent at the end of FY2017, compared with a negative growth of 2.5 percent in FY2016.

Foreign direct investment (FDI)

In FY2017, there were positive net inflows of FDI. Below is the summary of FDI during 2017:

(BDT million)

Component	Gross inflows	Disinvestment	Net flows
Equity	1,097.56	90.82	1,006.74
Reinvested earnings	1,253.00	-	1,253.00
Intra-company loans	687.36	492.29	195.07
Total	**3,037.92**	**583.11**	**2,454.81**

Balance of payment

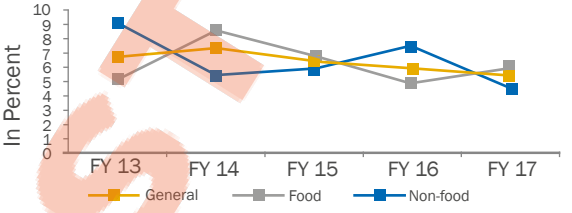
Balance of payment recorded a surplus in FY2017, despite unfavourable global economic conditions. The surplus was supported mainly by financial account. Current account showed a significant deficit of USD 1.4 billion in FY2017, compared with a USD 4.26 billion surplus in FY2016. The capital account surplus decreased to USD 314 million and the financial account surplus increased to USD 4.17 billion in FY2017. Trade balance showed a record 47 percent deficit in FY2017 to USD 9.4 billion, compared to a deficit of USD 6.4 billion in FY2016.

Inflation rate

The declining average of annual CPI inflation, which started from a peak of 7.4 percent at the end of FY2014 and reached 5.9 percent at the end of FY2016, further fell to 5.4 percent at the end of FY2017.

CHART 1.2 TRENDS OF NATIONAL CPI INFLATION

(12 MONTH AVERAGE : BASE FY 06 = 100)



Source: Bangladesh Bureau of Statics and Bangladesh Bank.

The declining trend in average CPI inflation in FY2017 was mainly driven by non-food inflation, while food inflation witnessed a sharp increase due to flash floods-related crop losses in the north-eastern Haor regions in FY2017. In contrast, non-food price component of CPI declined due to subdued global inflation and favourable regional inflation rate. Moreover, core inflation, which excludes food and fuel components from the CPI basket, fell from 8 percent in June 2016 to 4.9 percent in June 2017.

Exchange rate

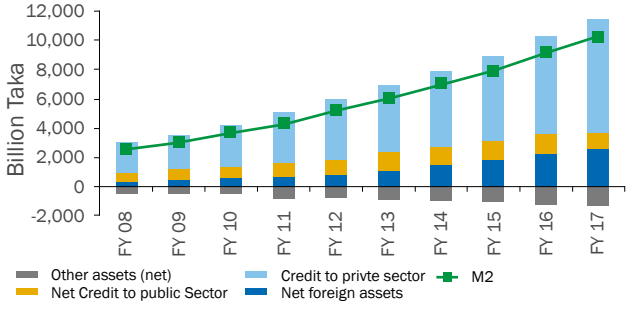
From June 2016 to June 2017 USD-BDT exchange rate went up 3.06 percent. The nominal effective exchange rate (NEER) and real effective exchange rate (REER) of BDT calculated against a trade weighted 15 currency basket (base: FY16 = 100). NEER index has depreciated by 1.69 percent while REER index of BDT appreciated by 1.81 percent in FY2017.

Money supply and credit growth

Broad money (M2) grew by 10.9 percent in FY2017, below the target growth of 15.5 percent and the 16.3 percent actual growth in FY2016. The lower growth in broad money was driven by both net foreign assets (NFA) and net domestic assets (NDA). Growth of NFA declined sharply from 22.8 percent in FY2016 to 11.5 percent. On the other hand, growth of net domestic assets also decreased from 14.3 percent in FY2016 to 10.7 percent in FY2017.

Domestic credit from the banking system grew by 11.2 percent, below the targeted growth of 16.4 percent for FY2017 and actual growth of 14.4 percent in FY2016. The lower than targeted growth in domestic credit mainly resulted from the negative growth of credit to the public sector, reflecting public financing mostly through NSD saving instruments and repayment of previous loans from the banking system by the government.

MONEY SUPPLY AND CREDIT GROWTH



Private sector credit grew by 15.7% in FY17, slightly below the targeted growth of 16.5% for FY17 and the FY16 actual growth of 16.8%. The lower than targeted growth of private sector credit along with negative growth of public sector credit resulted in a lower growth of net domestic assets (NDA) of the banking system and stood at 10.7% in FY17 against the target of 17.3% and actual growth of 14.3% in FY16.

Reserve money (RM) grew by 16.3% in FY17 which was higher than the projected growth of 14.0% and lower than the actual growth of 30.1% in FY16.

External debt

Outstanding external debt stock of Bangladesh increased to USD 28,566.3 million in FY2017, up from USD 26,305.7 million in FY2016. However, the outstanding debt-GDP ratio declined to 11.4 percent from 11.9 percent over the same period.

Bangladesh economic outlook

The liquidity scenario in money markets may not be easy and this may put pressure on deposit mobilization, resulting in an increase in the cost of funds. This will also have an impact on asset growth to a greater extent in 2018.

- More focus may be seen on selection of quality assets concentrating the small enterprise financing to maximize economic value.
- Consumer price index will witness an upward trend and may create pressure on consumer financing in the short- and middle-term in the economy. A precautionary investment from the banks may be noticed in consumer financing, presuming lower disposable incomes in the coming days.
- Contraction in monetary policy and stringent regulatory policy may get priority to ensure more discipline in the industry.
- Political stability may be a concern for investors as 2018 is an election year.
- Growing imports of foods and capital machinery would further put pressure on the foreign exchange rate. On the other hand, it would be positive for import-related financing and off balance sheet facilities.
- There are many different mega government projects on track and also many others are in the pipeline. So, government borrowings may further increase.

STRATEGIC HIGHLIGHTS

BRAC Bank is striving for success in every sense of the banking business. The management is continuously formulating different strategies considering the various scenarios and identifying the opportunities. It is focusing on both revenue maximization and ensuring efficiencies in all areas of its operations. Following are a few recent strategies taken by the management for the achievement of short- and long-term business objectives:

Business realignment

At BRAC Bank, the management operates in a controlled model, providing retail services to customers from its 186 branches and service for SME customers from its 450 SME Unit Offices. With our increasing customer base, realizing our customer demands and needs, we have reorganized our service channels to multi-segment business focusing on 'All for one, one for all'. Our customers have welcomed this business model due to increased flexibility and high standardization of customer services throughout all channels. This approach will continue with further improvements in the coming days.

Channel optimization

BRAC Bank is a performance-oriented dynamic bank and has been focusing in creating a powerful channel for financial inclusion, enabling people to make more active and informed decisions about their financial needs and choices. We have optimized our network for quick expansion and growth throughout Bangladesh to bring our services to the doorstep of citizens. Our consistent attention to quality maintenance and standardization of distribution channels has paved the way for our success and customer satisfaction.

Reducing turnaround time and improving efficiency

Process improvement initiatives have been a passionate subject over the last two years at BRAC Bank. the bank has devoted substantial resources for reviewing all its existing processes, discarding non-value added activities, increasing efficiency and improving the overall experience of our customers across all channels. This is a continuous process to improve efficiency. This has also resulted in more stringent monitoring of process costs and improved performance of business functions. We are focusing on innovation to enhance our competitive edge and make BRAC Bank a trusted and valuable brand.

Improving staff productivity

Investment in people is a simple strategy at BRAC Bank. As a part of our strategy, recruiting top talent from the industry, revamping staff remuneration and performance measurement policies ensure high levels of motivation and employee loyalty for optimum performance and job satisfaction. The bank remains efficient and competitive due to its concern for employees as well as customers.

Investing in robust technology

In the ever-changing landscape of the financial industry, BRAC Bank is upgrading its competitive edge by investing in state-of-the-art technology and IT infrastructure. The upgrade of our Core Banking System (CBS) will boost operational performance and efficiency, resulting in better customer service and monitoring. As stated in the previous year, technology is the lifeblood of our organization and is a key differentiator in driving future growth in all of our businesses. Our strategic priorities have become more embedded into our technological advancements to assure the delivery of secure products, platforms and services to our customers. Data and analytics innovation delivers enhanced insights to uncover new business opportunities and do business in smarter ways to improve our competitive edge. We continue to invest in technology to enable our employees and customers with the latest tools to navigate the banking system.

At the core of our strategic plan is our active participation in the implementation of the vision of the Government of the Peoples' Republic of Bangladesh by maintaining monetary and financial stability and thereby step forward to become the best bank in Bangladesh.

FINANCIAL REVIEW

The banking industry of Bangladesh has passed a severely competitive year in 2017 amidst increasing regulatory compliance and monitoring by the central bank to stabilize the banking system, increasing non-performing loans and fall in private sector investments. Against this backdrop, both loans and deposits have increased in 2017.

Amidst a relatively stable political atmosphere, lack of supervision in the banking sector resulted in a severe governance crisis. The banking sector also suffered by an unprecedented increase in bad debts – a staggering 11% (approximate) of loans disbursed, as well as liquidity shortage and financial scams over the year.

On the other hand, as a developing country, Bangladesh has shown commendable progress in financial inclusion. The reach of banking service has stretched through the expansion of branches as well as agent banking.

BRAC Bank has witnessed uninterrupted progress in the last three years due to our relentless efforts and astute management decisions in catering to the financial needs of clients, credit risk management and financial inclusion of the unbanked population.

Quarterly financial performance

As a part of our governance process, Board Audit Committee and the Board itself review the quarterly financial performance of the bank, both on standalone and consolidated basis, over the year. The Board Audit Committee (BAC) and Board of Directors (BoD) continuously monitor and evaluate both financial and non-financial performance of the bank and the Group. During the year 2017, the BAC reviewed the quarterly financial statements and BoD approved the same before disclosing it to stakeholders.

A glimpse of Board reviews on quarterly financial statements are as follows:

Quarterly key performance highlights, 2017

[BDT in million]

Particulars	CONSO			
	Q4	Q3	Q2	Q1
Total revenue	6,473	5,943	5,734	5,552
Total operating expenses	3,779	3,645	3,628	3,227
Total provisions	490	193	200	269
PAT	1,525	1,552	1,154	1,267
EPS (BDT)	1.44	1.76	1.25	1.62

[BDT in million]

Particulars	SOLO			
	Q4	Q3	Q2	Q1
Total revenue	5,142	5,132	4,298	4,138
Total operating expenses	2,494	2,486	2,402	2,277
Total provisions	490	547	23	92
PAT	1,495	1,432	1,205	1,118
EPS (BDT)	1.49	1.67	1.41	1.57

Based on the quarterly financial statements, the BAC and BoD get detailed overview and analytics for finding out the reasons for the changes and deviation from the planned results. Also, they cross-check whether the changes are in line with the business strategies taken during the period. The Board also reviews the results with strategies and the banking industry. Based on the reviews, they formulate updated policies for further improvement of the position and performance of the business. During 2017, both the standalone and consolidated results showed consistent and steady growth.

OPERATING PERFORMANCE

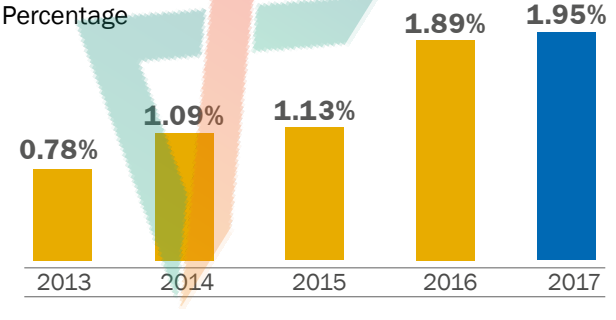
BRAC Bank continued to keep pace in delivering growth in every aspect of its operating performance during the year 2017. The bank strengthened its focus on cost optimization and improving operating efficiency, a balanced approach that has enabled us to upgrade our capabilities to respond to market needs and prepare us to become the best bank in Bangladesh.

Our relentless focus on customer needs and our stakeholder expectations has made us an outlier in the banking industry. The long-running low interest rates, slow growth environment of the previous years has made us vigilant. The banking industry is facing an unusual combination of circumstances that are giving special impetus to our drive for efficiency.

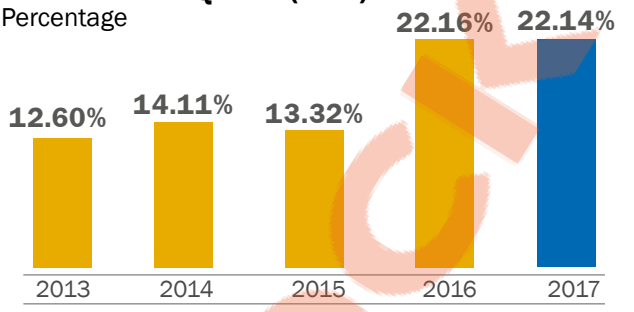
We are cautious of our strategies as margins on loan operations has been driven down in the industry due to significant amount of bad loans. Our customer preferences in terms of banking products and services are also changing and we have particularly focused on the channels that are used to access these products. We have invested our resources into acquiring technology to provide better services and reduce security risks. Added to these pressures is the cost of being compliant with enhanced regulatory requirements of Bangladesh Bank.

Our carefully executed efficiency initiatives under these exceptional pressures have enabled us to achieve significant results, our revenue stream and asset base are growing while overhead costs are growing at a slower rate. The key operating performance indicators are depicted below:

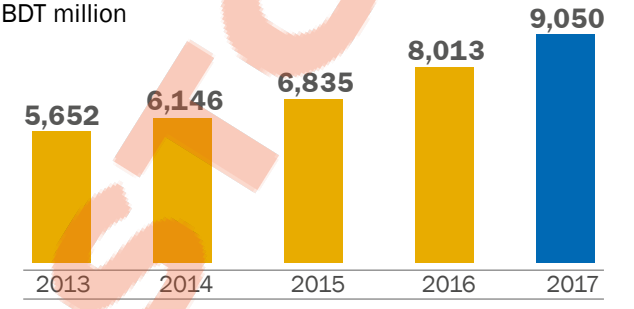
RETURN ON ASSETS (ROA)
Percentage



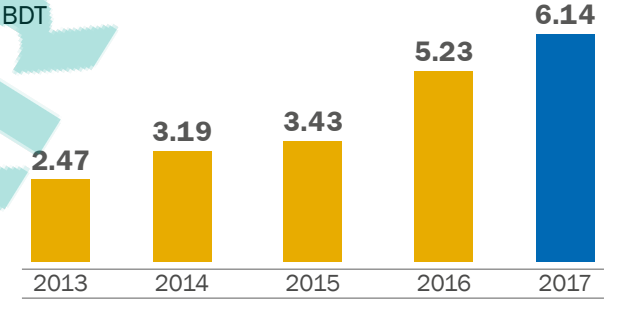
RETURN ON EQUITY (ROE)
Percentage



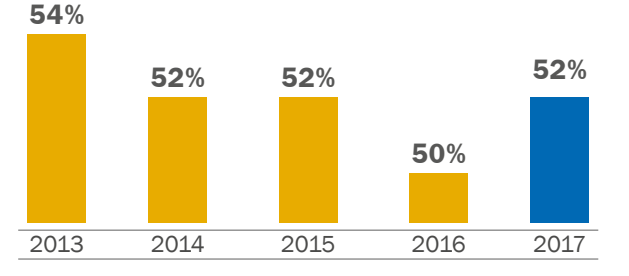
OPERATING PROFIT
BDT million



EARNINGS PER SHARE(EPS)
BDT



COST TO INCOME RATIO (CIR)
Percentage



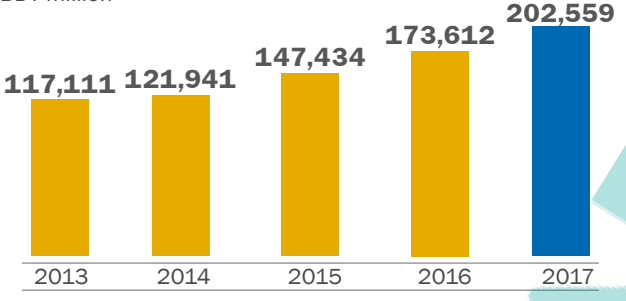
FINANCIAL PERFORMANCE - PROFITABILITY

The bank managed to maintain steady growth in operating profit over the last couple of years. In 2017, operating profit increased by 13% to BDT 9,050 million over BDT 8,013 of the previous year. The increase in operating profit was mainly driven by increase in net interest income by 12% and non-interest income by 17%, which was largely offset by 21% increase in operating expenses.

The loan portfolio of the bank grew by 17% to BDT 202,559 million from BDT 173,612 million in 2016, which contributed to 15% increase in interest income in 2017. SME and Retail businesses contributed more than the corporate business in growth in loan portfolio as part of our strategy.

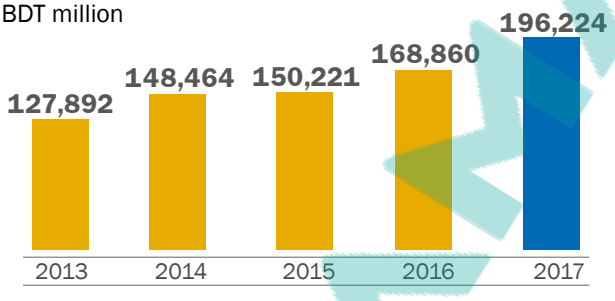
LOANS AND ADVANCES

BDT million



DEPOSITS

BDT million



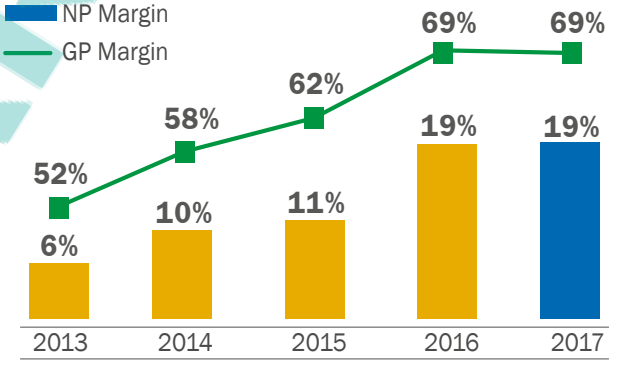
Non-funded income (NFI) increased mainly due to a 43% increase in investment income amounting to BDT 1,084 million and 13% increase in commission, exchange and brokerage amounting to BDT 338 million. Increase in investment income was mainly driven by increase in gain from repo and reverse repo amounting to BDT 1,034 million and increase in gain from sale of trading of shares of mutual funds amounting BDT 175 million.

On the other hand, increase in commissions, exchange and brokerage was mainly driven by increase in gain on foreign currency dealings by BDT 203 million, fees and commission from cards by BDT 141 million and increase in commission from sale of Sanchaypatra by BDT 54 million.

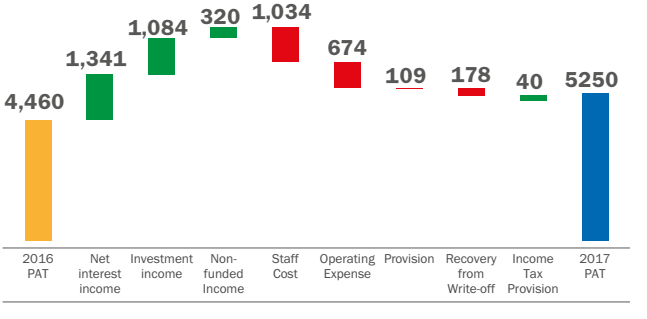
Operating expenses increased by 21% (BDT 1,708 million) over the last year. The increase in operating expense was caused by 31% (BDT 1,034 million) increase in salaries and allowances, 14% (BDT 163 million) increase in rent and taxes, 50% (BDT 101 million) increase in printing and advertisement costs and 23% (BDT 482 million) in other expenses (i.e. donations and subscriptions by BDT 108 million), business promotion and development by BDT 88 million and staff sales & incentives by BDT 57 million, IT-enabled service cost by BDT 56 million, etc. Salaries and allowances increased due to adjustments of real income to align with the cost of living like the previous year.

Net profit after tax (NPAT) of the bank increased by 18% (BDT 790 million). The increase was noted mainly due to increase in operating profit by BDT 1,037 million, which was largely offset by increase in provision by BDT 288 million in 2017. Provision increased due to increase in general provision on off-balance sheet exposures and provision on protested bill. However, tax expenses in 2017 were almost the same as last year. The increase in current tax expense by BDT 57 million was largely offset by increase in deferred tax income of BDT 61 million in 2017.

Gross profit/Total operating income



Profit growth in 2017 and Its major contributors



Financial results:

BDT in million

Particulars	CONSO			SOLO		
	2017	2016	%	2017	2016	%
Operating results						
Interest income	21,734	18,310	19%	20,498	17,842	15%
Interest expense	8,201	6,589	24%	8,351	7,036	19%
Net interest income	**13,533**	**11,721**	**15%**	**12,148**	**10,807**	**12%**
Investment income	2,915	2,558	14%	3,581	2,497	43%
Non Funded Income	7,253	5,907	23%	2,981	2,661	12%
Non-interest income	**10,168**	**8,465**	**20%**	**6,562**	**5,158**	**27%**
Total income	**23,701**	**20,185**	**17%**	**18,710**	**15,965**	**17%**
Staff costs	5,878	4,538	30%	4,360	3,326	31%
Other Operating expenses	8,400	7,037	19%	5,300	4,626	15%
Total operating expenses	**14,279**	**11,575**	**23%**	**9,660**	**7,952**	**21%**
Operating Profit	**9,422**	**8,611**	**9%**	**9,050**	**8,013**	**13%**
Share of profit/(loss) of associates	14.3	0.2	-	-	-	-
Gain/(loss) on disposal/loss of control of subsidiaries	(0.02)	-	-	-	-	-
Profit/(loss) before provisions	**9,437**	**8,611**	**10%**	**9,050**	**8,013**	**13%**
Provision	2,192	2,766	(21%)	2,192	2,082	5%
Recovery from Write-off	(1,039)	(1,218)	(15%)	(1,039)	(1,218)	(15%)
Net profit before taxes	**8,284**	**7,063**	**17%**	**7,897**	**7,148**	**10%**
Provision For taxes	2,786	2,987	(7%)	2,647	2,688	(2%)
Profit after taxes	**5,498**	**4,076**	**35%**	**5,250**	**4,460**	**18%**

Extra-ordinary gain/loss

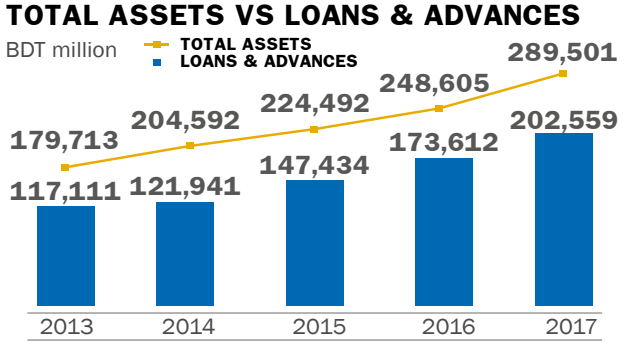
There was no such extra-ordinary gain/loss during the year in review.

Subsidiary performance

BBL's subsidiaries registered strong performance in 2017. Mobile banking service provider, bKash, delivered a profit after tax of BDT 488 million, which is 26% higher over the previous year and revenue grew by 25%. BRAC EPL Stock Brokerage Limited made a profit after tax of BDT 205 million, compared to BDT 95 million in the last year, showing a 116% growth over 2016. BRAC EPL Investments Limited made a loss of BDT 490 million in 2017. Our subsidiary and a leading foreign currency remittance company in the country, BRAC Saajan, made a net profit of BDT 30 million in 2017, which is 83% higher than in 2016.

FINANCIAL PERFORMANCE - PORTFOLIO ANALYSIS

BRAC Bank registered a growth of 16% (BDT 40,896 million) in total assets from BDT 248,605 million in 2016 to BDT 289,501 million in 2017. The growth in total assets was driven mainly by 17% (BDT 28,947 million) increase in loans and advances. The bank continued to focus on its small and medium enterprises portfolio in the current year as well. Hence, the 23% (BDT 15,634 million) growth in this segment contributed to the increase in the overall loan portfolio of the bank. The bank continued to invest in the development of its IT platform to cope with the increased demand and ensure better and improved services to its customers, which also helped to increase the amount of total assets of the bank in 2017. However, BDT 4,029 million increase in balance with other banks and financial institutions was largely offset by an increase in borrowings from other banks and financial institutions, amounting to BDT 4,373 million.

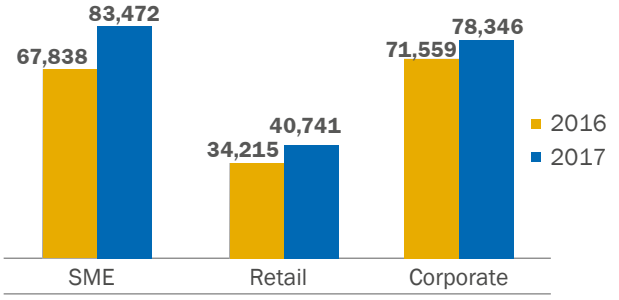


Business division-wise performance

All the segments of the bank experienced positive growth, both in terms of portfolio and revenues. SME, Retail and Corporate portfolios grew by 23%, 19% and 9%, respectively, during the year 2017 over the last year.

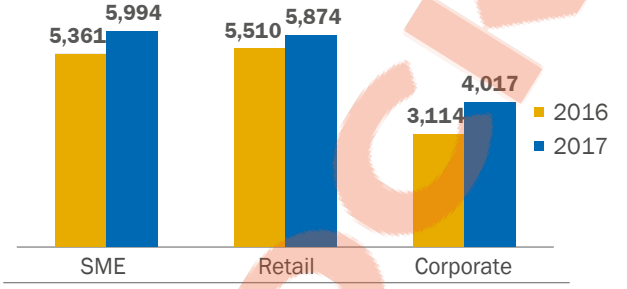
Division-wise Loan & Advance

BDT in million



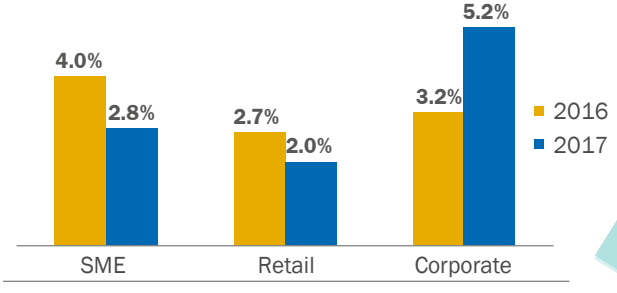
Division-wise Revenue

BDT in million



The Bank managed to keep non-performing loan (NPL) ratio at a low level in all segments, except in corporate due to one major client.

Division-wise NPL (%)



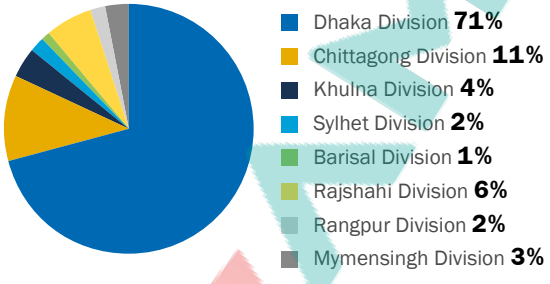
In line with the growth in the portfolio, the segmental revenue also increased by 12%, 7% and 29% for SME, Retail and Corporate segments, respectively.

Among the total operating profit of BDT 9,050 million on standalone basis, SME, Retail and Corporate segments contributed BDT 2,021 million, BDT 1,352 million and BDT 3,044 million, respectively (22%, 15% and 32% respectively).

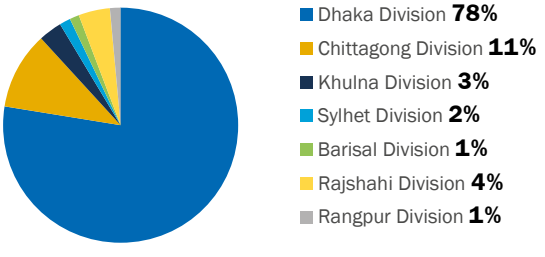
Geographical location-wise portfolio:

Concentration of loans has slightly reduced by 7% in the Dhaka division over 2016, though a part of this move can be attributed to the newly declared division of Mymensingh. However, it is to be noted that this concentration is calculated based on the location of the branch and not based where the actual investment has been made. BRAC Bank always keeps in mind the geographical diversity of its loans disbursed to ensure equal development of the all corners of country by reaching out to the people in remote/indigenous areas through its wide network of branches and SME unit offices.

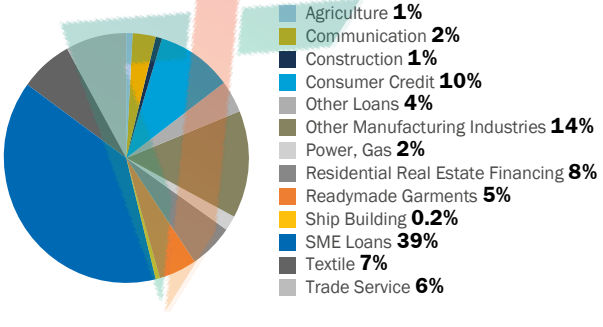
Geographical Location-wise Portfolio Grouping (2017)



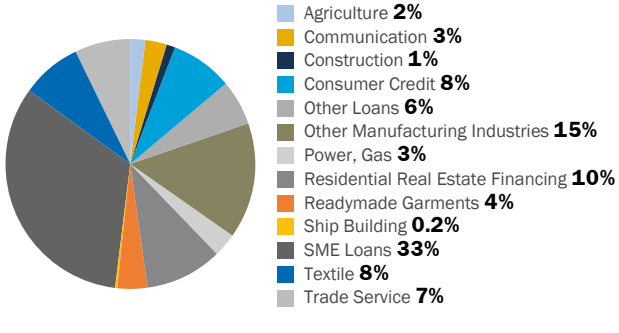
Geographical Location-wise Portfolio Grouping (2016)



Sector-wise Loan Protfolio (2017)



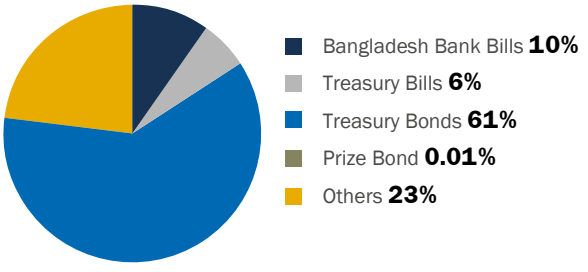
Sector-wise Loan Protfolio (2016)



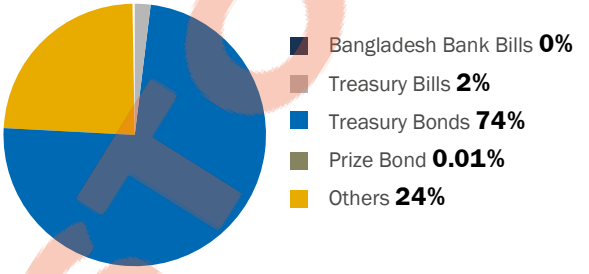
It can be deduced from the graphs that 39% of the loan portfolio is concentrated in the SME sector, which is 6% higher than that of 2016. BRAC Bank is however always trying to focus on all areas of banking in addition to SME lending. Due to recent economic downturn in the real estate sector, the bank managed to effectively reduce its exposure in this sector from 10% in 2016 to 6% in 2017.

The bank invested in Bangladesh Bank bills amounting to BDT 2,498 million by the end of the year 2017 and increased investment in treasury bills by BDT 1,138 million, followed by a decrease in investment in treasury bonds amounting to BDT 1,488 million at the end of the year. The investments were kept mostly to maintain SLR as per Bangladesh Bank guidelines.

Investment Mix (2017)

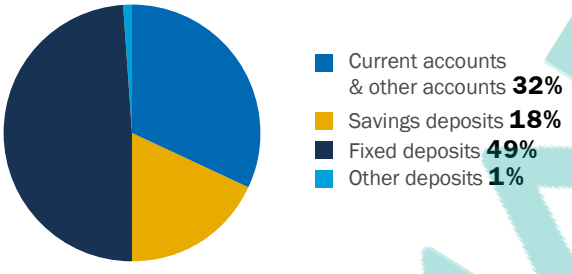


Investment Mix (2016)

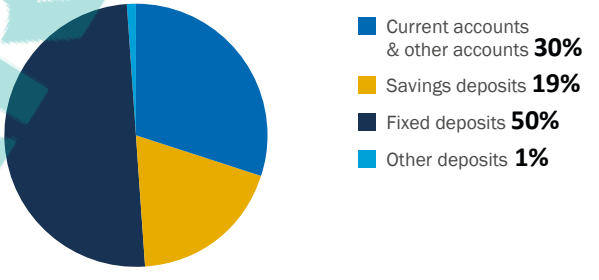


The deposit mix of the bank remained almost same in 2017. The bank looks forward to increase the deposit base further through ensuring superior customer service and creating brand loyalty, etc.

Deposit Mix (2017)



Deposit Mix (2016)

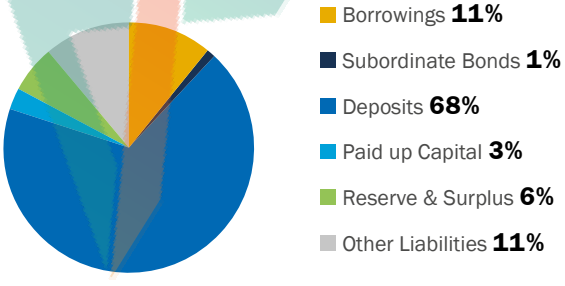


Total liabilities as on December 31, 2017 stood at BDT 263,511 million increased by 16% over the last year. The increase was mainly attributed to the 16% increase in deposits amounting to BDT 27,365 million, which accounts for nearly 75% of the overall increase in liabilities. Out of the increase in deposits, there were increases in current and other accounts by 44%, savings deposits by 14% and fixed deposits by 42%. However, the mix of deposits was nearly the same at the end of 2017, vis-à-vis 2016, except a positive move in current and other accounts by 2% from the last year.

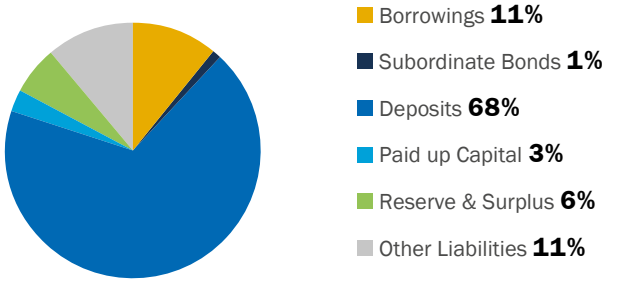
A lion's share of BRAC Bank's funds is derived from customer deposit accounts, bulk of which is utilized in loans and advances as can be distinguished from the charts below.

A portion of it is kept in the form of cash and cash equivalents to maintain CRR and SLR ratios, which currently stands at 6.5% and 13% of the total customers' demand and time/term liabilities of the bank, respectively.

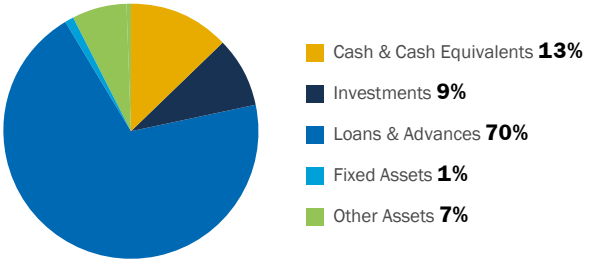
Sources of Funds (2017)



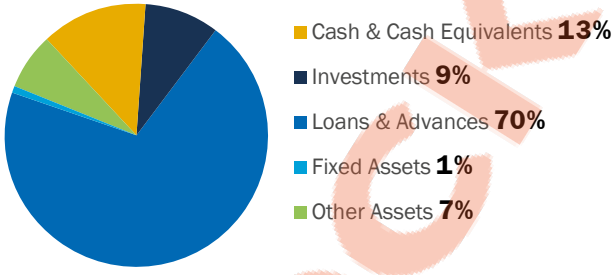
Sources of Funds (2016)



Utilization of Funds (2017)

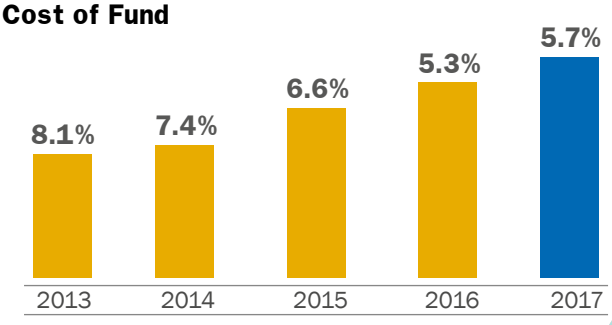


Utilization of Funds (2016)

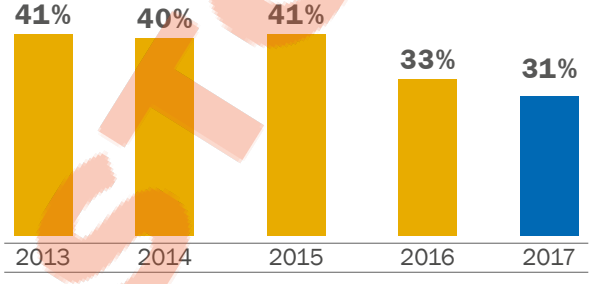


The bank's cost of funds was in a declining mode till 2016, due to lower deposit rates. But this has increased slightly in 2017, owing to the recent market liquidity situation from December 2017.

Cost of Fund



Non-Interest Income as a % of Operating Cost

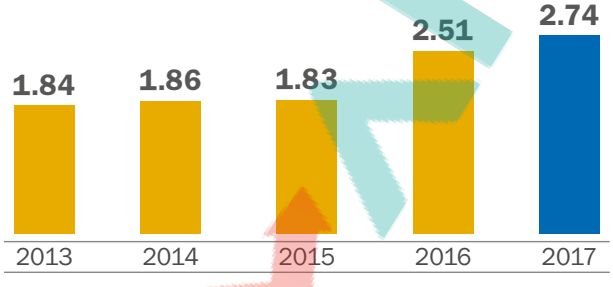


NFI cost as a percentage of operating costs declined slightly to 31% from 33% due to not charging fee income on SME lending.

FINANCIAL PERFORMANCE - EFFICIENCY REVIEW

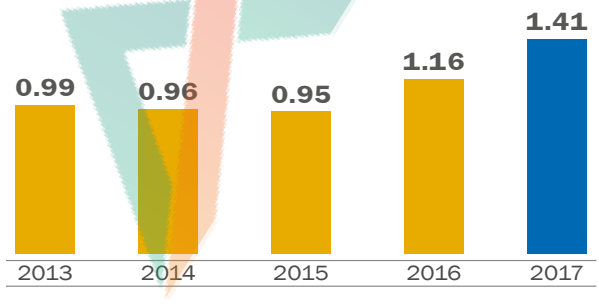
The bank's operating income per employee increased marginally by 8.96%; however, operating cost per employee increased by 12.95% due to our investment in technology and talent recruitment.

Operating Profit Per Employee

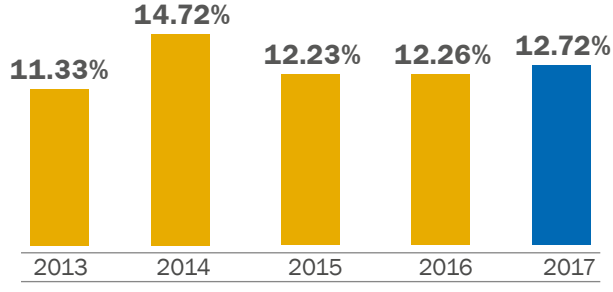


As per regulatory requirements, the bank is obliged to maintain the minimum capital requirement in order to sustain its business. As on 31 December 2017, the bank maintained a comfortable capital to risk weighted asset ratio (CRAR) of 12.72% on standalone basis and 11.97% on consolidated basis, against the requirement of 11.25%. Tier-I capital and Tier-II capital as on 31 December 2017 stood at BDT 23,534 million and BDT 3,102 million, respectively, on standalone basis and BDT 23,876 million and BDT 3,102 million, respectively, on consolidated basis. However, to support the bank's growth plan in the coming days as well as to comply with the increased requirement of maintaining CRAR of 12.50% by 2019, the bank needs to grow this regulatory capital further through retaining the existing capital as long as feasible and raising further as and when required as per the capital raising plans of the bank.

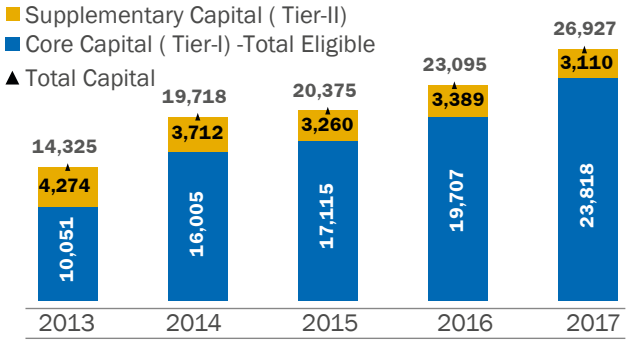
Operating Cost Per Employee



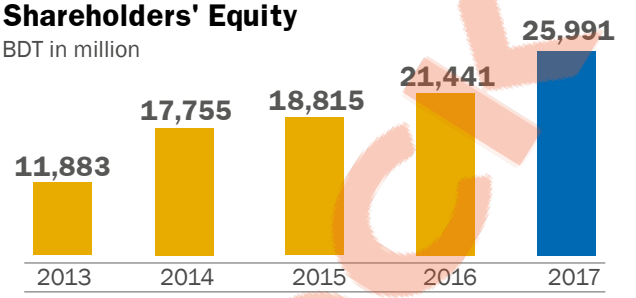
CRAR (Standalone)



Total Capital



Shareholders' Equity



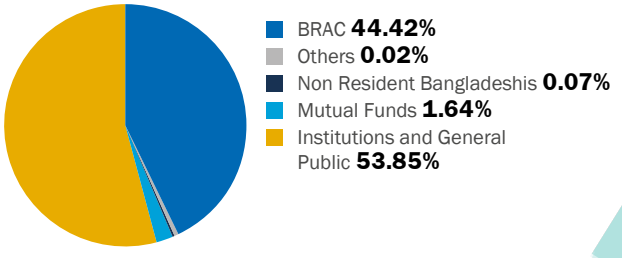
Financial performance – Shareholder value

The shareholders' equity increased by BDT 4,550 million, compared to the previous year.

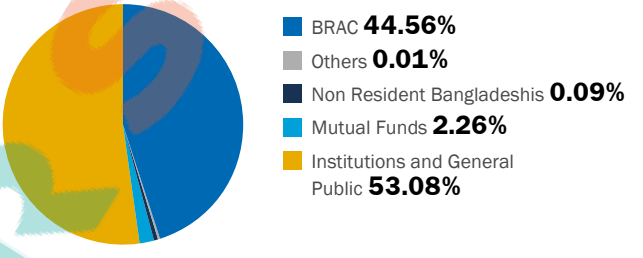
Within the sponsors, BRAC holds 44% shareholding. Institutions and general public portion increased from 53% in 2016 to 54% in 2017.

The shareholding position of the bank as of December 31, 2017 and 2016 are as follows:

Shareholding Position (2017)

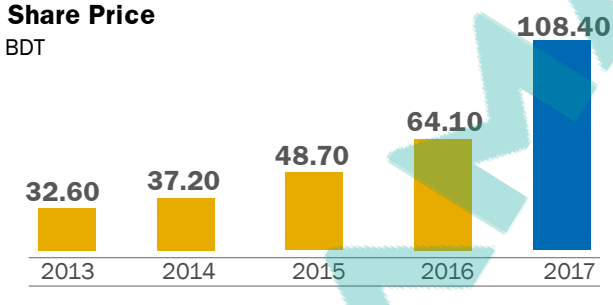


Shareholding Position (2016)

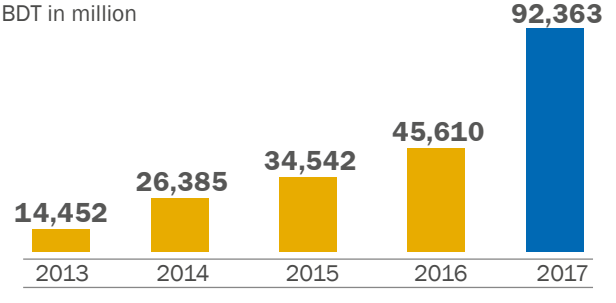


The share price of the bank experienced a significant increase in the last few years, which indicates the continuous confidence on the prospects of the bank among shareholders. The bank achieved USD 1 billion in market capitalization.

Share Price



Market capitalization at the year end



BRAC Bank has emerged as a socially-responsible and a committed bank and one of the leading financial institutions of the country. Reported market price of BRAC Bank's share on Dhaka Stock Exchange is BDT 108.40 on the close of the last business day in 2017.

During the year 2017, 20 (twenty) meetings of the Board of Directors and 9 (nine) of the Audit Committee of the Board were held.

The Board of Directors is continuously making efforts to uphold and protect the interests of all categories of shareholders as well as to ensure stable growth of the bank. In order to maintain a satisfactory capital adequacy ratio of the bank, the Board has recommended a 25% stock dividend for the year ended 31 December 2017, subject to the approval at the 19th Annual General Meeting.

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 Credit Rating Agency of Bangladesh Limited (CRAB) for the year ended 31 December 2016.

We are pleased to inform that the Credit Rating Agency of Bangladesh Limited (CRAB) affirmed 'AA1' (pronounced Double A one) rating in the Long Term and 'ST-1' rating

in the Short Term to BRAC bank. Commercial banks rated in this category are adjudged to be very strong banks, characterized by robust good financials, healthy and sustainable franchises and a first rate operating environment. Rating in this category is characterized with commendable position in terms of liquidity, internal fund generation and access to alternative sources of funds. The credit rating of BRAC Bank based on financial statements for the year ended 31 December, 2017 is under process and will be published in due course.

Contribution to the national exchequer

BRAC Bank has transformed itself to be one of the strongest financial institutions operating in the Bangladesh economy. It has contributed much to the national economy in collecting government revenues and depositing the same to government exchequer, according to the prescribed laws prevailing in the country. Bank authority deducts tax, VAT and excise duty at the time of making payments for goods and services. Besides these, the bank also pays income tax.

The summary of tax payments over the years is indicated below:

BDT in million

Year	Withholding Tax	VAT	Excise Duty	Corporate Tax	Total
2013	1,316	442	206	1,102	3,066
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	2,261	5,070
Total	**6,917**	**2,818**	**1,733**	**8,567**	**20,034**

** Advance Income Tax for the year 2017 has been paid of BDT 11,934 million to government exchequer as per Income Tax Ordinance, 1984*

Basis for related party transactions

The bank needs to conduct transactions with related parties in the normal course of business. The nature of related party transactions are either loans and advances or deposits made with us at arm's length price or fair market value.

Strategic Outlook

It is pretty clear about the liquidity crunch in the money market and that there will be rivalry among banks for deposits in 2018. There is a move towards re-pricing existing assets to match the additional cost of deposit. The re-pricing of asset may have an effect on recovery and result in the up-trend of non-performing loans in the banking industry. Lower interest spread is foretasted in the days to come.

- The growth momentum in assets may be impeded due to the political and economic situation. However, we have plans to selectively grow our assets and will require regulatory capital to support this growth.
- BRAC Bank will continue to invest in technology and people development and focus further on service quality to ensure a delightful banking experience to customers.
- With SME at the heart of BRAC Bank, our focus to grow SME Banking will be our priority along with loan disbursement in line with our mission to move from "Lender to Banker".
- Retail Banking will explore more Digital Banking avenues to provide world-class banking services.
- Agent Banking will be a focus area and will take the bank's products and services to the masses and thereby increase financial inclusion.
- Local Corporate and Emerging Corporate will explore untapped business outside the metropolitan cities of Dhaka and Chittagong.

Appointment 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 19th Annual General Meeting. Subsequently, they are eligible for re-election or re-appointment to the Board of Directors.

1. Sir Fazle Hasan Abed KCMG

2. Ms. Nihad Kabir

Both of them are eligible for re-election.

1. Sir Fazle Hasan Abed KCMG

Sir Fazle Hasan Abed KCMG is the Founder Chairman of BRAC Bank Limited. He re-joined the Board as Chairman in March 2013. He is also the Founder and Chairperson of BRAC, one of the largest NGOs in the world, ranked first by Geneva-based 'NGO Advisor' in 2016 and 2017 in terms of innovation, impact and governance. Established in 1972, BRAC's primary objectives are alleviating poverty and empowering the poor. It operates across 11 countries in Africa and Asia.

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), 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 for 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).

Sir Abed is recognised 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.

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

2. Ms. 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. Ms. Nihad Kabir is the Senior Partner of Syed Ishtiaq Ahmad and Associates. She is the President of Metropolitan Chamber of Commerce and Industries. She is, among others, Chairman of BRAC EPL Investments Limited and BRAC EPL Stock Brokerage Limited. She is also a Director of bKash Limited, Infrastructure Development Company Limited (IDCOL), Palli Karma-Sahayak Foundation (PKSF) and Independent Director of Square Pharmaceuticals Limited and Apex Footwear Limited.

Ms. Nihad Kabir is an advocate in the Supreme Court of Bangladesh. She is a member of the Drafting Committee for the 'Labor Rules under the Labor Act, 2006' and was a Member of the 'National Pay and Services Commission'. She is the Secretary General of 'Ain o Salish Kendra' and was a member of the 'National Education Policy Committee', Government of Bangladesh. She was the first legal counsel of the 'Securities and Exchange Commission' (SEC). She worked as Counsel at the Asian Development Bank. She has more than 25 years of work experience as a lawyer.

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

Presence of Directors in the meetings during their tenure

Sl. no.	Director name	Designation	No of meetings held	Present	Absent
1	Sir Fazle Hasan Abed KCMG	Chairman	20	20	0
2	Dr. Hafiz G.A. Siddiqi	Director	6	6	0
3	Ms. Nihad Kabir	Director	20	14	6
4	Mr. Shib Narayan Kairy	Director	20	20	0
5	Ms. Zahida Ispahani	Director	20	11	9
6	Mr. Kazi Mahmood Sattar	Director	20	18	2
7	Mr. Kaiser Kabir	Director	20	6	14
8	Dr. Ahsan H. Mansur	Director	15	12	3
9	Mr. Asif Saleh	Director	15	13	2

Note : Dr. Hafiz G. A. Siddiqi retired on the 18th AGM, i.e. 27 April, 2017
Dr. Ahsan H. Mansur joined BRAC Bank on April 20, 2017
Mr. Asif Saleh joined BRAC Bank on April 20, 2017

Remuneration to Directors

Directors including Independent Directors were paid the followings amount in 2017 for attending Board meeting, Board Audit Committee meetings and Risk Management Committee meetings:

Sl. no.	Director name	Designation	Remuneration drawn (BDT)
1	Sir Fazle Hasan Abed KCMG	Chairman	144,000
2	Dr. Hafiz G.A. Siddiqi	Director	79,200
3	Ms. Nihad Kabir	Director	100,800
4	Mr. Shib Narayan Kairy	Director	244,800
5	Ms. Zahida Ispahani	Director	79,200
6	Mr. Kazi Mahmood Sattar	Director	216,000
7	Mr. Kaiser Kabir	Director	43,200
8	Dr. Ahsan H. Mansur	Director	136,800
9	Mr. Asif Saleh	Director	93,600

Risks and concerns

Political turmoil, terrorist attacks, uneven movement of foreign currency value, liquidity crisis and global decision by major powers, etc, are main business concerns in our country. 2018 is the year of another national election which is of big concern for all the businesses in the country. If political stability is ensured in 2018, currency value movement will be stabilized, terrorist attacks prevented and global business decisions will not go against Bangladesh. However, this is definitely a challenging year and BRAC Bank has decided to undertake several proactive measures for circumventing the impact of these risks.

To check any unusual incidence, the system of internal control is made sound in design and has been effectively implemented and monitored.

Preparing the Annual Report

While preparing the annual report, true and fair presentation has been given priority. Maintaining proper books of accounts have been ensured. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS) those that are applicable in Bangladesh have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.

Going Concern Basis

The financial statements have been prepared by considering our bank on a going concern basis. From our financial performance, business portfolio and operational strength it can be concluded that our business is a going concern.

Dividend

In order to maintain a healthy capital adequacy ratio of the bank, the Board recommended 25% stock dividend for the year ended 31 December 2017, subject to the approval in the 19th Annual General Meeting.

Appointment of Auditor

The existing Auditors, M/S. A. Qasem & Co. Chartered Accountants, 7, Gulshan Pink City, Suites #01-03 (Level-7), Plot # 15, Road # 103, Block CEN(C), Gulshan Avenue, Dhaka-1212 has completed their third consecutive years as auditor of BRAC Bank Limited. According to Bangladesh Bank guideline, one auditor cannot be appointed for more than three consecutive years. Therefore, we are required to change existing auditors of BRAC Bank Limited for financial year 2018. As they are not eligible for re-appointment for the year 2018 hence we have collected expression of willingness to work as Auditors of BRAC Bank Limited for the year 2018 from four eligible audit firms. The Board of Directors has recommended M/s. Rahman Rahman Huq, Chartered Accountants to appoint as auditors of the bank for the year 2018. The appointment of the auditor will be confirmed in the 19th AGM.

We express our gratitude for your confidence in us. Your relentless support drove the growth and development of our business. We sincerely acknowledge the employees of BRAC Bank for their commitment, devotion and hard work as they are core to our success.

I also take this opportunity to acknowledge and express my appreciation to our shareholders, clients, Bangladesh Bank, other government agencies, regulatory bodies and everyone with whom the bank is connected to in conducting its business.

Thank you for being with us. We will do everything possible to uphold your faith and trust on us.



Sir Fazle Hasan Abed KCMG
Chairman

পরিচালকবৃন্দের প্রতিবেদন

প্রিয় শেয়ারহোল্ডারবৃন্দ,

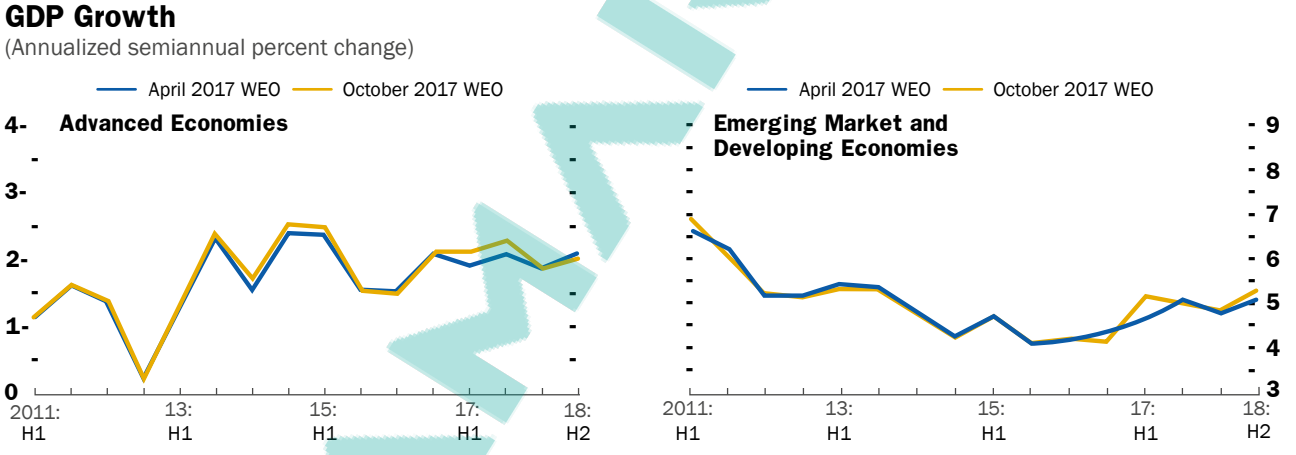
ব্র্যাক ব্যাংক লিমিটেডের পরিচালনা পর্ষদ পরিচালকদের বার্ষিক প্রতিবেদন উপস্থাপন করতে পেরে আনন্দিত। একই সাথে ২০১৭ সালের ৩১ ডিসেম্বর শেষ হওয়া বছরের প্রতিবেদন নিরীক্ষিত আর্থিকবিবরণীসহ প্রকাশ করা হয়েছে। এতে এ বছরের ব্যাংকটির কার্যক্রম উল্লেখ করা হয়েছে। এতে ব্যাংকটির আর্থিক তথ্য-উপাত্ত ও আর্থিক প্রতিবেদনের মান নিয়ন্ত্রণ এবং সঠিক তথ্য-উপাত্ত সঠিকভাবে উল্লেখ করতে পরিচালকরা যে নীতি, প্রক্রিয়া ও কার্যকর পদক্ষেপ নিয়েছেন তা উল্লেখ করা হয়েছে। এক কথায় কঠোরভাবে এ প্রতিবেদনের মান নিয়ন্ত্রণ করা হয়েছে। পরিচালক পর্ষদ ত্রৈমাসিক ও বার্ষিক ভিত্তিতে আর্থিক তথ্য-উপাত্ত পর্যালোচনা করেছে। প্রতিবেদনটি বিশ্ব ও স্থানীয় অর্থনীতির কার্যক্রমের সারাংশ উল্লেখ করবে। একই সঙ্গে এটি ২০১৭ সালে ব্যাংকটির কার্যক্রমের বিস্তারিত ব্যাখ্যা উপস্থাপন করবে।

বৈশ্বিক অর্থনীতি

২০১৭ সালে বিশ্ব অর্থনীতি বেশ ভালো অবস্থায় ছিল। ২০১৬ সালে ডোনাল্ড ট্রাম্পের প্রেসিডেন্সির সময়, ইউরো জোন থেকে যুক্তরাজ্যের বের হয়ে যাওয়া এবং ইতালির ব্যাংকিং ব্যবস্থার কারণে অর্থনীতিতে ধস নেমেছিল। এসব কারণে ২০১৭ সালের অর্থনীতি ধসের আশঙ্কা করা হয়েছিল কিন্তু তা ব্যর্থ প্রমাণিত হয়েছে।

২০১৭ ও ২০১৮ সালে বিশ্ব অর্থনীতির প্রবৃদ্ধির পূর্বাভাস দেওয়া হয়েছিল ৩.৬ ও ৩.৭ শতাংশ। কিন্তু উভয় বছরেই শূন্য দশমিক এক শতাংশ প্রবৃদ্ধি বেশি হয়েছিল এপ্রিল ও জুলাই মাসের পূর্বাভাসের চেয়ে। উল্লেখযোগ্য বিনিয়োগ, বাণিজ্য এবং শিল্পকারখানার উৎপাদনের সাথে ব্যবসা ও ভোক্তার আস্থা এ প্রবৃদ্ধিতে সহায়তা করছে। ২০১৭ সালের প্রথমার্ধে বৃহৎ অর্থনীতির দেশ যুক্তরাষ্ট্র, ইউরো অঞ্চল, জাপান, চীনে প্রত্যাশার চেয়ে বেশি শক্ত অবস্থানে ছিল অর্থনীতি। রাশিয়া ও ইউরোপেও একই অবস্থা ছিল।

২০১৭ সালের প্রথমার্ধে অর্থনীতির তেজিভাবের কারণ ২০১৬ সালে বিশ্ব অর্থনীতির কার্যক্রম যা প্রভাব ফেলেছে দেশীয় চাহিদা বৃদ্ধি। এক্ষেত্রে চীন অন্য বড় অর্থনীতিতে উন্নতি করেছে। বিশ্ব অর্থনীতিতে বিনিয়োগ অপেক্ষাকৃত শক্তিশালী উৎপাদনশীলতা উৎসাহিত করেছে। উর্ধমুখী অর্থনীতি, দেশীয় চাহিদা ও উৎপাদন ২০১৬ সালের দ্বিতীয়ার্ধের তুলনায় ২০১৭ সালের প্রথ মার্ধে দ্রুত হয়েছে।



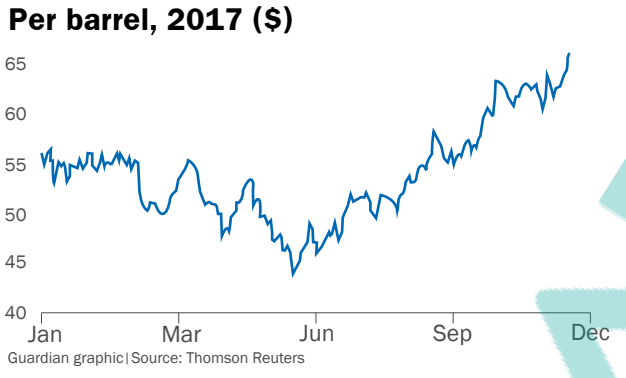
সুত্র: আইএমএফ ওয়ার্ল্ড বুক

ব্র্যাক ব্যাংক লিমিটেড ২০১৭ সালে তার পরিচালনগত পারফরম্যান্সের প্রায় প্রতিটি ক্ষেত্রেই আগের প্রবৃদ্ধির ধারাবাহিকতা ধরে রাখতে পেরেছে। ব্যাংকটি ব্যয় সামঞ্জস্য করা এবং পরিচালনগত দক্ষতা-সক্ষমতায় উন্নতি করার ক্ষেত্রে তার আলোকপাত আরও শক্তিশালী করেছে। এই সুষম পদ্ধতি বাজার চাহিদার প্রতি সাড়া দেওয়ার ক্ষেত্রে আমাদের সক্ষমতাকে হালনাগাদ করতে সক্ষম করে তুলেছে এবং বাংলাদেশের মধ্যে আমাদের সেরা ব্যাংক হওয়ার জন্য ক্ষেত্র প্রস্তুত করেছে।

যুক্তরাষ্ট্রে প্রথম তিন মাসে ভোগের পরিমাণ কমে যাওয়া ছিল অস্থায়ী। সে সময় ব্যবসায় বিনিয়োগ বাড়ছিল। বিশেষ জ্বালানি খাতে পুনরুদ্ধারের প্রভাব পড়ছিল। বছরের প্রথমার্ধে ইউরো অঞ্চল ও জাপানে ব্যক্তি ভোগ, বিনিয়োগ ও বাইরের চাহিদা বেশ বেড়ে গিয়েছিল; যা মোটের ওপর প্রবৃদ্ধি গতিশীল করেছিল। ২০১৬ সালের দ্বিতীয়ার্ধের ধারাবাহিকতা বজায় রেখে ২০১৭ সালের প্রথমার্ধে বেশিরভাগ উন্নত অর্থনীতির দেশগুলোতে উর্ধমুখী ছিল। আভ্যন্তরীণ ও বাহ্যিক উভয় চাহিদাই এ ক্ষেত্রে অবদান রেখেছিল। এ ক্ষেত্রে একমাত্র উল্লেখযোগ্য ব্যতিক্রম ছিল যুক্তরাজ্য।

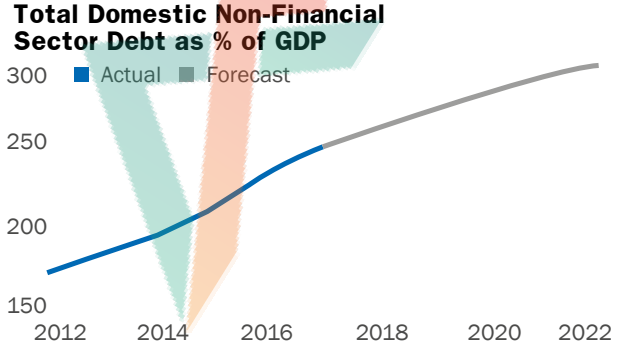
তেলের মূল্য পুনরুদ্ধার:

২০১৭ সালে তেলের মূল্য দ্রুত পুনরুদ্ধার হয়। এতে বিশ্বজুড়ে চাহিদা বেড়ে যাওয়া কারখানাগুলো বিশেষ করে চীন লাভবান হয়। আর এটা হয় অর্থনৈতিক কার্যক্রম অত্যন্ত জোরালোভাবে বেড়ে যাওয়ার মধ্যদিয়ে। ২০১৫ সালের শেষ দিকে যখন বিশ্ববাজারে ধস নেমেছিল, সেখানে এ বছর স্থিতি ফিরে আসে। জ্বালানি তেল উৎপাদনকারী দেশগুলোর সংগঠন ওপেক সরবরাহ ঠিক রাখতে পুরোমাত্রায় পুনরায় উৎপাদন শুরু করে। এতে তেলের মূল্য অস্থিতিশীল হওয়ার কোন দুশ্চিন্তা ছিল না।



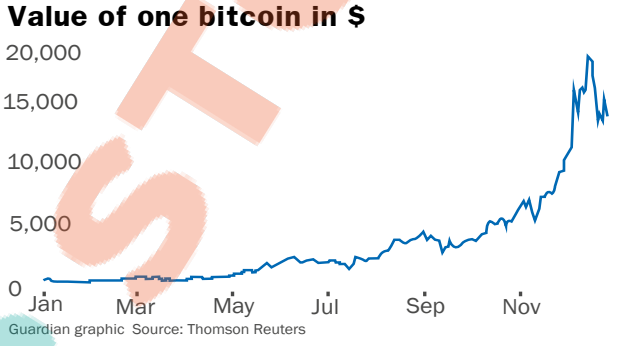
চীনের দেনা নিয়ে দুশ্চিন্তা:

অর্থনৈতিক সঙ্কটের সময় থেকে চীনের দেনার স্তুপ দ্রুত বাড়ছিল। এতে উদ্বেগও বাড়ছিল। যদিও বিশ্ব বাজারে এর প্রভাব পড়েনি। আন্তর্জাতিক মুদ্রা তহবিল সতর্ক করে বলেছিল, আন্তর্জাতিক নীতি অনুসারে চীনের দেনা এখন সর্বোচ্চ পর্যায়ে রয়েছে। তারা আরও বলেছিল, এই দেনার দ্রুত প্রবৃদ্ধির বিষয়টি টিকে থাকার জন্য সংগ্রামরত ফার্মগুলোকে ব্যর্থ হতে দেওয়ার বিষয়ে কর্মকর্তাদের মধ্যে অনীহা তৈরি করতে পারে। অর্থনৈতিক সংকট থেকে দেনার ঝুঁকি তৈরি হয়েছিল, তা সেপ্টেম্বরে পুরোপুরি নি:শেষ হয়ে যায়। এর এটার প্রমাণ মেলে ধনী ও দরিদ্রদের হারের হিসেবে। দেনা প্রবৃদ্ধিতে কোন প্রভাব ফেলার আগে চীন যখন পূর্বের অবস্থায় ফিরে যাওয়ার ব্যাপারে পদক্ষেপ নিতে শুরু করল, তখন কর্মকর্তাদের দুশ্চিন্তা কেটে গেল।



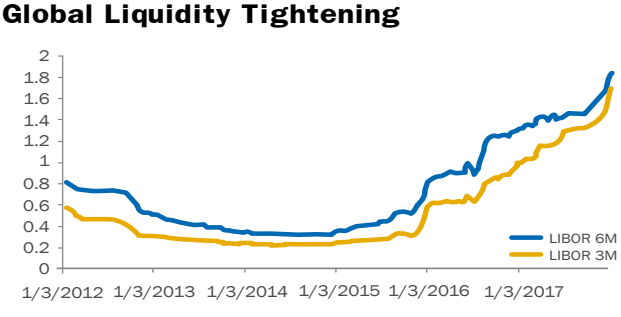
বিট কয়েন পাগলা ঘোড়া:

২০১৭ সালের অর্থনীতির ইতিহাসে ভার্চুয়াল মুদ্রা আতঙ্ক তৈরি করেছিল। বিট কয়েনের দাম বাড়ছিল পাগলা ঘোড়া ছুটে চলার মতো (বিট কয়েন মেনিয়া)। বছরের শুরুতে এর দাম ছিল এক হাজার মার্কিন ডলার। ডিসেম্বরের মাঝামাঝি সময় এর দাম প্রায় বিশ হাজার ডলার হয়। তবে পাগলা ঘোড়ার মত ছুটে চলা এ মুদ্রার দাম এ মাসে একদিনে এক চতুর্থাংশের বেশি কমে যায়। আর এর মধ্যদিয়ে এটা আগের দামে ফিরে যেতে শুরু করে অর্থাৎ দাম পুনরুদ্ধার করে। অর্থনীতিবিদরা মনে করেন, বিট কয়েনের দাম বাড়ার মধ্য দিয়ে সতের শতকের টিউলিপ মেনিয়ার মতোঅবস্থা তৈরি হচ্ছিল। ওই সময়ে হঠাৎ করেই বাল্বের বেচাকেনা বেড়ে যওয়ায় দামচড়তে থাকে। এরপর ব্যাপকহারে দাম পড়ে যায়।



বিশ্ব তারল্য সংকোচন

যুক্তরাষ্ট্র তারল্য সংকোচন হার চলমান রেখেছে, যেহেতু বিওই ২০১৭ সালে প্রথমবারের মত সংকোচন হার বাড়িয়ে দেয়। তাছাড়া যুক্তরাষ্ট্রের কেন্দ্রীয় রিজার্ভ তিন বারের বেশি সময় বৃদ্ধি করে রিজার্ভ বাড়ানোর জন্য। আর এ কারণে বাজার থেকে মুদ্রা তুলে নেয় এবং বন্ড বিক্রি করতে থাকে। আর এটা করা হয় মুদ্রা সংকোচন করার জন্য। চার্টে দেখা যায়, তিন মাস ও ৬ মাসের এলআইবিওআর হার ২০১২ সাল থেকে ২০১৭ সালে তীক্ষ্ণভাবে উন্নীত হয়।



অর্থনৈতিক সঙ্কটের সময় থেকে চীনের দেনার স্তুপ দ্রুত বাড়ছিল। এতে উদ্বেগও বাড়ছিল। যদিও বিশ্ব বাজারে এর প্রভাব পড়েনি। আন্তর্জাতিক মুদ্রা তহবিল সতর্ক করে বলেছিল, আন্তর্জাতিক নীতি অনুসারে চীনের দেনা এখন সর্বোচ্চ পর্যায়ে রয়েছে।

উদীয়মান বাজার

বাজার উত্থান ও অর্থনীতির উন্নতির পূর্বাভাসে বলা হয়, ২০১৭ সালে ৪ দশমিক ৬ শতাংশ এবং ২০১৮ সালে ৪ দশমিক ৯ শতাংশ এবং মধ্যবর্তী সময় ৫ শতাংশ প্রবৃদ্ধি হতে পারে। উন্নয়নশীল অর্থনীতিতে প্রত্যেক ব্যক্তির প্রবৃদ্ধি ১ দশমিক ৩ শতাংশ। উর্দ্ধমুখী অর্থনীতিতে ২০১৭ থেকে ২০২২ সাল পর্যন্ত দুইটি দেশের গ্রুপভিত্তিক জিডিপিতে গড় সমপ্রবৃদ্ধির হার হতে হবে ১ দশমিক ৪ শতাংশ। বাজার উত্থান ও উন্নয়নশীল অর্থনীতির বৃদ্ধি ও সমপ্রবৃদ্ধি গত দশকের তুলনায় ধীরগতির এবং ১৯৯৫ থেকে ২০০৫ দশকের চেয়ে গতিশীল। ২০১৭ থেকে ২০২২ সাল পর্যন্ত দুই বৃহৎ অর্থনীতির দেশ চীন ও ভারতে সমষ্টিগত জিডিপির হিসাব ধরা হয় ৪০ শতাংশের বেশি। বাজার উত্থান ও জনসংখ্যার হিসেবে এটা ধরা হয়েছে। তবে সমষ্টিগত প্রবৃদ্ধিতে জিডিপি প্রবৃদ্ধি প্রত্যেক ব্যক্তির জন্য ৩ দশমিক ৫ শতাংশ এবং তিন চতুর্থাংশ বাজার উত্থান ও উন্নয়নশীল অর্থনীতির জন্য।

বিশ্ব মুদ্রাস্ফীতি

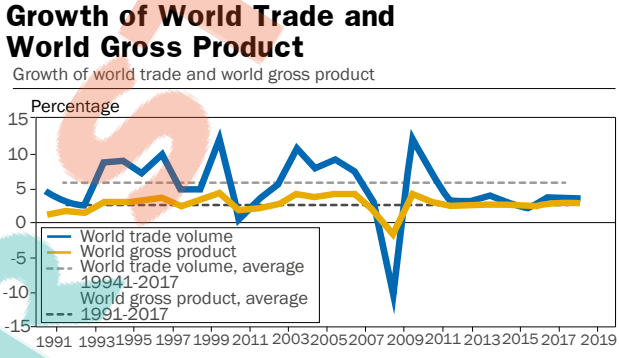
উন্নত দেশগুলোতে জিডিপি প্রবৃদ্ধিতে সামান্য উন্নতি হয়েছে মূলত মূল্যস্ফীতি হ্রাসের চাপ প্রশমনের ফলে। ২০১৫-২০১৬ সালে এটা ছিল নীতি সংক্রান্ত একটি বড় উদ্বেগ।২০১৭ সালে মুদ্রাস্ফীতি অনেক দেশে ব্যাপকভাবে প্রভাব ফেলে। বছরের পর বছর জ্বালানিখাতে মূল্য বৃদ্ধির প্রভাবে এটা ঘটেছিল। তবে ২০১৬ সালের প্রথম দিকে এসে জ্বালানির দাম কম দেখা যায়। বছরের মাঝামাঝিতে এসে লেনদেনগত প্রভাব বৃহত্তরভাবে দূর হয়েছিল। তবে যৎসামান্য ও মূল্যস্ফীতি-ইনডেক্সের সরকারি বন্ড উৎপাদনের মধ্যে ফাঁরাকের নিরিখে উন্নত দেশগুলোতে প্রত্যাশিত দীর্ঘমেয়াদে মূল্যস্ফীতি ২০১৬ সালের তুলনায় উর্ধ্বমুখী প্রবণতায় আছে। এটা মূল্যস্ফীতি ফিরে আসার ইঙ্গিত দেয়।

মূল্যস্ফীতির এই উর্ধ্বমুখী প্রবণতার কারণেই ইউরোপীয় সেন্ট্রাল ব্যাংক (ইসিবি) ২০১৭ সালের মার্চে বলতে বাধ্য হয়েছিল, '[ইউরোপে] মূল্য সংকোচনের ঝুঁকি বৃহত্তরভাবে নিশ্চিহ্ন হয়ে গেছে'। পরবর্তীতে ইসিবি তার সম্পদ ক্রয়ের গতি অর্ধেক কমিয়ে দিয়েছিল। জাপানে মুদ্রস্ফীতি প্রায় শূন্যের কোঠায় ছিল। ২০১৭ সালে যুক্তরাজ্য ও যুক্তরাষ্ট্রে কেন্দ্রীয় ব্যাংক মুদ্রাস্ফীতি ২ শতাংশ হবে বলে আভাস দিয়েছিল। উন্নত দেশগুলোতে সমষ্টিগতভাবে ২০১৭ সালে ১ দশমিক ৫ শতাংশ মুদ্রাস্ফীতি ছিল, যা ২০১৬ সালের তুলনায় ০.৭ শতাংশ বেশি। কিন্তু এটা এখনো কেন্দ্রীয় ব্যাংকের মূল্যস্ফীতি লক্ষ্যমাত্রার চেয়ে বেশ নিচে রয়েছে।

বৈশ্বিক মূল্যস্ফীতি সংক্রান্ত চাপ কিছুটা নমনীয় অবস্থাতেই থাকবে বলে প্রত্যাশা করা হচ্ছে। উন্নত অর্থনীতির দেশগুলোতে ২০১৮-২০১৯ সালে মূল্যস্ফীতি কেন্দ্রীয় ব্যাংকের লক্ষ্যমাত্রার কাছাকাছি থাকবে বলে আশা করা হচ্ছে। উন্নত অর্থনীতির অনেক দেশে বেকারত্বের হার নিম্ন হওয়া স্বত্ত্বেও বেতন সংক্রান্ত চাপ সাধারণত দূর্বল থাকে। এটা অংশত ক্রমবর্ধমান অসমতা এবং ইনকাম স্কেলের নিচের দিকে থাকা মানুষের দরকষাকষির সীমিত ক্ষমতারই প্রতিফলন। ক্রমবর্ধমান অসমতার বিষয়টি অর্থনীতির প্রকৃত দিকটায় বড় ঝুঁকি বয়ে আনে, যা নিচে আলোচনা করা হয়েছে। চাহিদা ব্রাপকহারে বেড়ে যাওয়া বা বেতন সংক্রান্ত চাপে উল্লেখযোগ্য পরিবর্তের আগ পর্যন্ত উন্নত অর্থনীতির দেশগুলোতে মূল্যস্ফীতি মধ্যম মাত্রায় থাকবে বলে মনে করা হচ্ছে। মূল্য সংকোচনের চাপ পুনরায় ফিরে এলে কেন্দ্রীয় ব্যাংকগুলোর জন্য একটা নীতি সংক্রান্ত চ্যালেঞ্জ হয়ে দাঁড়াবে। কারণ, তারা তখন আর্থিক উদ্দীপনা প্রত্যাহারের পথে অগ্রসর হবে।

বৈশ্বিক বাণিজ্য

২০১৭ সালে বিশ্ব প্রবৃদ্ধি ও বিশ্ব বাণিজ্য পুনরুদ্ধার হয়। এ বছর বিশ্ব প্রবৃদ্ধি ও বিশ্ব বাণিজ্য বৃদ্ধি পায় ৩ দশমিক ৭ শতাংশ। ২০১৬ সালে এ প্রবৃদ্ধি ও বাণিজ্য তুলনামূলক দুর্বল ছিল। প্রবৃদ্ধি ছিল ২ দশমিক ২ শতাংশ। বিশ্ব বাণিজ্য পুনরুদ্ধারের কারণ হলো বিশ্বজুড়ে শিল্প উৎপাদন বেড়ে যাওয়া। গ্লোবাল ম্যানুফ্যাকচারিং পারচেজ ইনডেক্স অনুসারে, ছয় বছরের মধ্যে এটা ছিল সর্বোচ্চ। ২০১৭ সালে বিমান ও জাহাজে পণ্য সরবরাহও আগের অবস্থায় ফিরে গিয়েছিল। এর কারণ হলো চাহিদা ছিল বেশি। ক্রুড অয়েল ও লৌহ সামগ্রীর রফতানি আদেশ ছিল বেশি। উন্নত ও উন্নয়নশীল দেশে প্রচুর বিনিয়োগ হয়েছিল; যা বিশ্ব বাণিজ্য ও বিশ্ব প্রবৃদ্ধিতে ব্যাপক অবদান রাখে।



সুত্র:বিশ্ব অর্থনৈতিক পরিস্থিতি এবং প্রত্যাশা ২০১৮

২০১৭ সালের প্রথম আট মাসে বৈশ্বিক পণ্যসামগ্রী বাণিজ্য সংকট-পরবর্তী সময়ের মধ্যে সবচেয়ে দ্রুততার সাথে বেড়ে ওঠে। শক্তিশালী প্রবৃদ্ধির বিষয়টি অবশ্য ছিল অংশত এটি নিম্ন ভিত্তি প্রভাবের কারণে। ২০১৬ সালের প্রথমার্ধে বাণিজ্য প্রবাহে পরিলক্ষিত অস্বাভাবিক দূর্বলতার কারণে সেটা হয়েছিল। আমদানির প্রেক্ষাপট বিবেচনায় বিভিন্ন অঞ্চলের মধ্যে আমদানির শক্তিতে উল্লেখযোগ্যহারে পার্থক্য পরিলক্ষিত হয়।

বৈশ্বিক অর্থনীতি ফিরে দেখা:

২০১৭ সালে বিশ্ব জিডিপি বাড়তে থাকে। যদিও ২০১৬ সালে এটা ৩ শতাংশ পড়ে গিয়েছিল। তবে ২০১৭ সালে বিশ্ব অর্থনীতিতে প্রবৃদ্ধি হয়েছিল ৩ দশমিক ৭ শতাংশ। বিশ্ব অর্থনীতির অর্ধেকে দেখা গেছে ইতিবাচক ভাব। এর কারণ হলো বিশ্বজুড়ে শিল্প উৎপাদন, বিনিয়োগ ও চাহিদা বেড়ে যাওয়া। দেশীয় ও আন্তর্জাতিক চাহিদা বেড়ে যাওয়ায় ২০০৯-১০ সালে অর্থনৈতিক সঙ্কটে থাকা উন্নত অর্থনীতির দেশ যেমন যুক্তরাষ্ট্র, ইউরো অঞ্চল, কানাডা ও জাপান ঘুরে দাঁড়াতে শুরু করে। ২০১৭ সালে চীন, ভারত ও বাংলাদেশও বেশ ভাল করে। এ বছর এশিয়ায় প্রবৃদ্ধি হয়েছিল ৬ দশমিক ৫ শতাংশ। অর্থনীতির প্রবৃদ্ধির এইতিবাচক ধারা আসন্ন বছরেও অব্যাহত থাকবে বলে আশা করা হয়। ২০১৮ সালে বিশ্ব অর্থনীতিতে প্রবৃদ্ধি হবে ৩ দশমিক ৯ শতাংশ। এটা ২০১৭ সালের প্রকৃত প্রবৃদ্ধির চেয়ে শূন্য দশমিক ২ শতাংশ বেশি। ২০১৭ সালে প্রত্যাশার চেয়ে শক্তিশালী প্রবৃদ্ধির কারণে যুক্তরাষ্ট্র ও উন্নত অর্থনীতির অন্যান্য দেশে প্রবৃদ্ধির পূর্বাভাস পরবর্তীতে সংশোধিত

হয়। বর্ধিত বৈশ্বিক বিনিয়োগ ও বাণিজ্যের কারণে জাপান এবং রপ্তানিমুখী অন্য দেশগুলো উপকৃত হবে বলে প্রত্যাশা করা যাচ্ছে। এসব দেশ ২০১৮ সালে অধিকতর শক্তিশালী প্রবৃদ্ধি অর্জন করতে পারে। উদীয়মান বাজার ও উন্নয়নশীল অর্থনীতির দেশগুলো প্রবৃদ্ধি অর্জন করতে পারে ৪.৬ শতাংশ হারে। আর উন্নত অর্থনীতির দেশগুলোতে প্রবৃদ্ধি হতে পারে ২.২ শতাংশ হারে। দক্ষিণ এশিয়া অবশ্য ২০১৮ সালে সম্ভাব্য ৫.১ শতাংশ হারে প্রবৃদ্ধি অর্জন করবে।

আসন্ন বছরগুলোতে আমরা দেখতে পারি অধিকতর উজ্জ্বল প্রেক্ষাপট, আশাবাদী হওয়ার মতো বাজার এবং বৈশ্বিক অর্থনীতির সামনে কিছু চ্যালেঞ্জ:

- বৈশ্বিক অর্থনৈতিক কর্মকাণ্ড অব্যাহতভাবে দৃঢ় হচ্ছে। প্রবৃদ্ধির চাকা বৃহত্তরভাবে ঘুরছে। ইউরোপ ও এশিয়ায় প্রবৃদ্ধির ক্ষেত্রে উল্লেখ করার মতো চমক থাকছে। ২০১৮ ও ২০১৯ সালের জন্য বৈশ্বি প্রবৃদ্ধির পূর্বাভাস

- যুক্তরাষ্ট্রের ট্যাক্স নীতিতে পরিবর্তনগুলো বিভিন্ন কর্মকাণ্ডকে উদ্দীপ্ত করবে বলে প্রত্যাশা করা হচ্ছে। এ ক্ষেত্রে স্বল্পমেয়াদী প্রভাব পড়বে যুক্তরাষ্ট্রে। করপোরেট ইনকাম ট্যাক্সকর্তনের ফলে বিনিয়োগে যে প্রভাব পড়বে তার ফলশ্রুতিতে সেটা ঘটবে। মার্কিন প্রবৃদ্ধির ওপরে এই প্রভাব ২০২০ সাল পর্যন্ত অব্যাহত থাকবে বলে অনুমান করা হচ্ছে। ওই বছরে প্রবৃদ্ধি হবে ১.২ শতাংশ। ২০১৮-১৯ সালে বৈশ্বিক প্রবৃদ্ধিতে ক্রমবর্ধিত সংশোধনের প্রায় অর্ধেকটার অবদান হলো যুক্তরাষ্ট্রে উৎপাদনের ওপরে প্যাকেজের প্রভাবের ও দেশটির ব্যবসায়িক অংশীদারদের।

চক্রাকারে উর্ধ্বমুখী প্রবণতা চলমান থাকার বিষয়টি নানা ধরনের সংস্কার সাধনের ক্ষেত্রে একটি মোক্ষম সুযোগ এনে দিয়েছে। সকল দেশজুড়ে অভিন্ন অগ্রাধিকারের মধ্যে রয়েছে সম্ভাব্য উৎপাদন শক্তিশালী করতে বাজার প্রবৃদ্ধি অধিকতর অন্তর্ভুক্তিমূলক করতে কাঠামোগত সংস্কার বাস্তবায়ন। আর্থিক বাজারে আশাবাদী হওয়ার মতো এই পরিবেশে আর্থিক স্থিতিস্থাপকতার বিষয়টি নিশ্চিত করা কাম্য। দূর্বল মূল্যস্ফীতির বিষয়টি ইঙ্গিত দেয় উন্নত অর্থনীতির অনেক দেশেই ঢিলা জায়গা রয়ে গেছে। সেখানে মুদ্রা নীতি উপযোগী অবস্থায় রাখা উচিৎ। অবশ্য, উর্ধ্বমুখী এই প্রবৃদ্ধির অর্থ হলো রাজস্ব নীতি ক্রমবর্ধমানভাবে এমন নকশায় নেওয়া উচিৎ যার চোখ থাকবে মধ্যমেয়াদী লক্ষ্য অর্জনের দিকে। এতে করে টেকসই রাজস্ব নিশ্চিত হবে এবং সম্ভাব্য উৎপাদন শক্তিশালী করবে। বৈশ্বিক অর্থনীতির পুনরুদ্ধার নিশ্চিত করতে বহুপক্ষীয় সহযোগিতার বিষয়টি এখনো গুরুত্বপূর্ণ।

বাংলাদেশের অর্থনীতি

২০১৭ সালে বাংলাদেশের অর্থনীতি ছিল স্থিতিস্থাপক। কয়েকটি চ্যালেঞ্জ মোকাবেলা করতে হয়েছিল। আগস্টে দেশব্যাপী বন্যা হয়েছিল; যা ফসল ও অবকাঠামো খাতে ব্যাপক ক্ষতি করে। এছাড়া লাখ লাখ রোহিঙ্গা শরনার্থীকে আশ্রয় দেওয়াও অর্থনীতির জন্য একটা বড় চ্যালঞ্জ ছিল। জুলাই থেকে নভেম্বর পর্যন্ত রফতানী রেকর্ড গড়েছিল। এটা ব্যবসার ক্ষেত্রে ভারসাম্য তৈরি করে। ডিসেম্বরে বিদেশি রেমিটেন্স প্রভাহের ধারা ছিল অত্যন্ত শক্তিশালী। যদিও ২০১৬ সালের তুলনায় ২০১৭ সালে রেমিটেন্স প্রবাহ কমছিল। ২০১৬-১৭ অর্থ বছরে অর্থনীতিতে প্রবৃদ্ধি হয়েছিল ৭ দশমিক ২৮ শতাংশ। এটা ছিল একটা বড় অর্জন। কেননা, এটা প্রবৃদ্ধির ছয় অঙ্কের ঘর ভেঙ্গেছে; যা এক দশক বা তার চেয়েও বেশি সময় ধরে ছিল। আগের বছরের মতোই বড় প্রবৃদ্ধি এসেছিল শিল্পখাত থেকে। যদিও গড় মূল্যস্ফিতি ছিল ৫ দশমিক ৫ শতাংশ। সাম্প্রতিক কয়েক মাসে খাদ্যে মূল্যস্ফীতি বেড়ে গেছে। এর কারণ হলো দুই দফা বন্যায় কৃষিখাতে ব্যাপক ক্ষতি হয়েছে।

স্বতন্ত্র রেটিং

২০১৭ সালের রেটিং ২০১৬ সালের মতোই ছিল। ২০১৬ সালের মূল্যায়ন মোতাবেক, বাংলাদেশ অর্জন করেছিল বিএ৩ (মুডিস সভারেন রেটিং) এবং বিবি- (ফিচ লং টার্ম ফরেন অ্যান্ড লোকাল কারেন্সি ইস্যুয়ার ডিফল্ট রেটিং)। এটা ছিল স্থিতিশীল। সম্প্রতি ফিচ রেটিং প্রকাশ করা হয়। এ বছরের ১১ জানুয়ারি প্রকাশিত রেটিংয়ে দেখা গেছে, বাংলাদেশের রেটিং আগের মতোই আছে। এতে বলা হয়, বিদেশি মুদ্রা অর্জন বেশশক্ত অবস্থায় আছে। এটা প্রকৃত জিডিপি প্রবৃদ্ধির জন্য স্থিতিশীল। বাংলাদেশের প্রকৃত জিডিপি এখন বেশি। যদিও গত পাঁচ বছরের গড় জিডিপি ৬ দশমিক ৫ শতাংশ। বাংলাদেশের বিদেশি অর্থনীতির সহায়তা স্বস্তিদায়ক অবস্থায় রয়েছে। বিদেশে মুদ্রার রিজার্ভ রয়েছে ৩৩ দশমিক ২৭ বিলিয়ন মার্কিন ডলার।

কৃষি খাত

বাংলাদেশ মূলত একটি কৃষি প্রধান দেশ। এখানে কৃষি খাত অর্থনৈতিক প্রবৃদ্ধিতে বড় ভূমিকা পালন করে থাকে। মানুষের দীর্ঘ মেয়াদী খাদ্য নিরাপত্তার জন্য কৃষি খাতে লাভজনক, স্থিতিশীল ও পরিবেশ বান্ধব কৃষি ব্যবস্থাপনা গুরুত্বপূর্ণ। গত পাঁচ বছরে খাদ্য উৎপাদন বেড়েছে। অর্থ মন্ত্রণালয়ের প্রতিবেদন অনুসারে, ২০১৬-১৭ অর্থ বছরে কৃষি ও বন খাতে প্রবৃদ্ধি হয়েছিল ১ দশমিক ৯৬ শতাংশ। আগের অর্থ বছরে এটা ছিল ১ দশমিক ৭৯ শতাংশ। ২০১৬-১৭ অর্থ বছরে খাদ্য উৎপাদন (ধান, গম ও ভুট্টা) হয়েছিল ৩৮ দশমিক ৮১৪ মিলিয়ন মেট্রিক টন। আগের বছর এটা উৎপাদন হয়েছিল ৩৮ দশমিক ৮১৭ মিলিয়ন মেট্রিক টন। ২০১৬-১৭ অর্থ বছরে ধান উৎপাদন হয়েছিল ৩৩.৮১৩ মিলিয়ন মেট্রিক টন। আগের বছর উৎপাদন হয়েছিল ৩৪ দশমিক ৭১০ মিলিয়ন মেট্রিক টন। ওই অর্থ বছরে গম উৎপাদন হয়েছিল ১.৪২৩ মিলিয়ন মেট্রিক টন; যা আগের বছরের চেয়ে ১ দশমিক ৩৪৮ মিলিয়ন মেট্রিক টন বেশি। ভুট্টা উৎপাদন হয়েছিল ৩.৫৭৮ মিলিয়ন মেট্রিক টন; যা আগের বছরের চেয়ে ২.৭৫৯ মিলিয়ন মেট্রিক টন বেশি। মৎস্য বিভাগের (ডিওএফ) অনুমান মোতাকে, ২০১৬-১৭ অর্থবছরে অভ্যন্তরীণ ও সামুদ্রিক ক্ষেত্রে মোট মাছের উৎপাদন ছিল ৪.০৫০ মিলিয়ন মেট্রিক টন। আগের অর্থবছরে সেটা ছিল ৩.৮৭৮ মিলিয়ন মেট্রিক টন।

শিল্প খাত

২০১৬-১৭ অর্থ বছরে তিনটি খাতে (খনি অনুসন্ধান ও খনন, কারখানায় উৎপাদন এবং বিদ্যুৎ, গ্যাস ও পানি সরবরাহ) উৎপাদন কমেছে। একই সময় নির্মাণ খাত বেড়েছে। এ অর্থ বছরে প্রাকৃতিক গ্যাস ও পেট্রোলিয়াম

খাতে প্রবৃদ্ধি কমেছে শূন্য দশমিক ৩৪ শতাংশ। তবে খনি ও কয়লারউপখাতে প্রবৃদ্ধি আগের অর্থ বছরে ছিল ১৪.৪২ শতাংশ; এবার উল্লেখভাবে বেড়ে হয়েছে ২১.১৯ শতাংশ। বৃহৎ ও মাঝারি শিল্প উপখাতে উৎপাদন সামান্য কমে হয়েছে ১১ দশমিক ২০ শতাংশ। তবে ক্ষুদ্র শিল্প উপখাতে উৎপাদন কিছুটা বেড়ে হয়েছে ৯ দশমিক ৮২ শতাংশ। এ ছাড়া তিনটি উপখাতে (বিদ্যুৎ, গ্যাস ও পানি সরবরাহ) ২০১৬-১৭ অর্থ বছরে প্রবৃদ্ধি ছিল যথাক্রমে ৯.২২ শতাংশ, ০.২৮ শতাংশ ও ১১.০৯ শতাংশ। আগের অর্থবছরে এটা ছিল যথাক্রমে ১৪.২০ শতাংশ, ৯,৯১ শতাংশ ও ৭.৪০ শতাংশ। অন্যদিকে নির্মাণ খাতে প্রবৃদ্ধি সামান্য বৃদ্ধি পেয়ে ২০১৬-১৭ অর্থবছরে হয়েছে ৮.৭৭ শতাংশ; আগের অর্থবছরে সেটা ছিল ৮.৫৬ শতাংশ।

সেবা খাত

আগের অর্থ বছরের তুলনায় ২০১৬-১৭ অর্থ বছরে সেবা খাতে প্রবৃদ্ধি হয়েছে। খুচরা ও পাইকারী ব্যবসা, হোটেল ও রেস্টুরেন্ট এবং পরিবহন, সংরক্ষণ ও যোগাযোগ খাতে ৭ দশমিক ৩৭ শতাংশ, ৭.১৩ শতাংশ ও ৬ দশমিক ৭৬ শতাংশ প্রবৃদ্ধি হয়েছে। আগের অর্থ বছরে এটা ছিল যথাক্রমে ৬ দশমিক ৫০ শতাংশ, ৬ দশকি ৯৮ শতাংশ ও ৬ দশমিক শূন্য ৮ শতাংশ। এ অর্থ বছরে সড়ক পরিবহন, জলজ পরিবহন ও বিমান পরিবহন, সহযোগী পরিবহন, সংরক্ষণ এবং ডাক ও টেলিযোগাযোগ সেবা বেড়ে ৭.০৬ শতাংশ, ৪.১০ শতাংশ, ২.৭৯ শতাংশ, ৬.৪০ শতাংশ ও ৬.৯৪ শতাংশ হয়েছে। রিয়েল স্টেট, ভাড়া ও ব্যবসা কার্যক্রম; সামাজিক কার্যক্রম; কমিউনিটি, সামাজিক ও ব্যক্তিগত সেবা ৪.৮০ শতাংশ, ৭.৬৩ শতাংশ ও ৩.৬২ শতাংশ বেড়েছে। অবশ্য, ২০১৬-১৭ অর্থবছরে 'জনপ্রশাসন ও প্রতিরক্ষা' ও 'শিক্ষা' খাতে প্রবৃদ্ধি কমে হয়েছে যথাক্রমে ৯.১৫ শতাংশ ও ১১.৩৫ শতাংশ, যা আগের অর্থবছরে ছিল যথাক্রমে ১১.৪৩ শতাংশ ও ১১.৭১ শতাংশ।

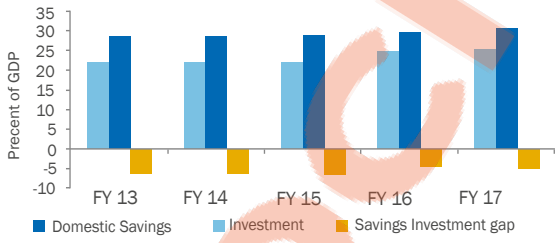
প্রবৃদ্ধির পারফরম্যান্স

২০১৭ অর্থ বছরে বাংলাদেশের অর্থনৈতিক প্রবৃদ্ধি বেড়ে হয়েছে ৭.২৮ শতাংশ। আগের বছর এটা ছিল ৭ দশমিক ১ শতাংশ। শিল্প ও সেবা খাতের সহায়তায় মূলত এ প্রবৃদ্ধি হয়েছে। জিডিপিতে কৃষি খাতের অবদান ১৪ দশমিক ৭ শতাংশ। এ বছর এটা বেড়েছে ৩ শতাংশ। আগের অর্থবছরে বেড়েছিল ২.৮ শতাংশ। জিডিপিতে শিল্পখাতের অবদান ৩২.৪ শতাংশ। এটা বেড়েছে ১০.২ শতাংশ। আগের অর্থবছরে বেড়েছিল ১১.১ শতাংশ। জিডিপিতে সেবা খাতের অবদান ছিল সবচেয়ে বেশি; ৫২.৯ শতাংশ। এটা বেড়েছে ৬.৭ শতাংশ। আগের অর্থবছরে বেড়েছিল ৬.৩ শতাংশ।

সঞ্চয় ও বিনিয়োগ

কয়েক বছরে জিডিপিতে বিনিয়োগ সংশ্লিষ্ট খাতের অবদান বেড়েছে। ২০১৭ অর্থ বছরে এটা বেড়ে হয়েছে ৩০.৫১ শতাংশ। আগের অর্থ বছরে এটা ছিল ২৯.৬৫ শতাংশ। বেসরকারি বিনিয়োগ সামান্য বেড়ে ২৩.১০ শতাংশ হয়েছে। আগের বছর এটা ছিল ২২.৯৯ শতাংশ। অবশ্য, একই সময়ে জিডিপিতেসরকারি বিনিয়োগ বেড়ে আগের ৬.৬৬ শতাংশ থেকে হয়েছে ৭.৪১ শতাংশ।

Chart 1.1 Trends of domestic savings Investment and savings-Investment gap



Source: Bangladesh Bureau of Statistics.

সুত্র: বাংলাদেশ পরিসংখ্যান ব্যুরো

জিডিপির শতাংশ হিসেবে মোট জাতীয় সঞ্চয় ২০১৭ অর্থবছরে প্রান্তিকভাবে কমেহয়েছে ২৯.৬৪ শতাংশ। আগের বছরে এটা ছিল ৩০.৭৭ শতাংশ। এর বিপরীতে, একই সময়ে জিডিপির শতাংশ হিসেবে অভ্যন্তরীণ সঞ্চয় বেড়ে হয়েছে ২৫.৩৩ শতাংশ; আগের অর্থবছরে এটা ছিল ২৪.৯৮ শতাংশ। চলমান বাজারমূল্যে মোট অভ্যন্তরীণ বিনিয়োগ মোট দেশীয় সঞ্চয়ের চেয়ে দ্রুততার সঙ্গে বৃদ্ধি পেয়েছে। এর ফলশ্রুতিতে জিডিপির শতাংশ হিসেবে অভ্যন্তরীণ সঞ্চয় ও বিনিয়োগের মধ্যে ব্যবধানটা ২০১৬ অর্থবছরের ৪.৬৭ শতাংশ থেকে সম্প্রসারিত হয়ে ২০১৭ অর্থবছরে হয়েছে ৫.১৮ শতাংশ।

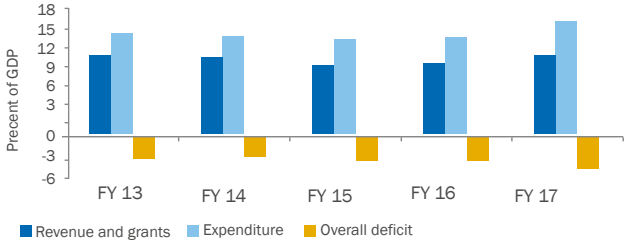
রাজস্ব খাত (সরকারি ব্যয় ও রাজস্ব সংগ্রহ)

২০১৭ অর্থবছরের জন্য সংশোধিত জাতীয় বাজেট মোতাবেক, জিডিপির শতাংশ হিসেবে সার্বিক বাজট ঘাটতি (বিভিন্ন অনুদান ছাড়া) ২০১৬ অর্থবছরের ৩.৮ শতাংশ থেকে বেড়ে ২০১৭ অর্থবছরে হয়েছে ৫.০ শতাংশ। আর সার্বিক বাজট ঘাটতি (বিভিন্ন অনুদানসহ) ২০১৬ অর্থবছরের ৩.৭ শতাংশ থেকে বেড়ে ২০১৭ অর্থবছরে হয়েছে ৪.৮ শতাংশ। ব্যাংকিং ব্যবস্থা থেকে সরকারি অর্থায়ন ২০১৬ অর্থবছরের জিডিপির ০.৬ শতাংশ থেকে ২০১৭ অর্থবছরে বেড়ে জিডিপির ১.২ শতাংশ হয়েছে। আর একই সময়ে ব্যাংক-বহির্ভূত উৎস থেকে সেটা সামান্য বেড়ে জিডিপির ২.৩ শতাংশ থেকে হয়েছে ২.৪ শতাংশ।

২০১৭ অর্থ বছরে বাংলাদেশের অর্থনৈতিক প্রবৃদ্ধি বেড়ে হয়েছে ৭.২৮ শতাংশ। আগের বছর এটা ছিল ৭ দশমিক ১ শতাংশ। শিল্প ও সেবা খাতের সহায়তায় মূলত এ প্রবৃদ্ধি হয়েছে।

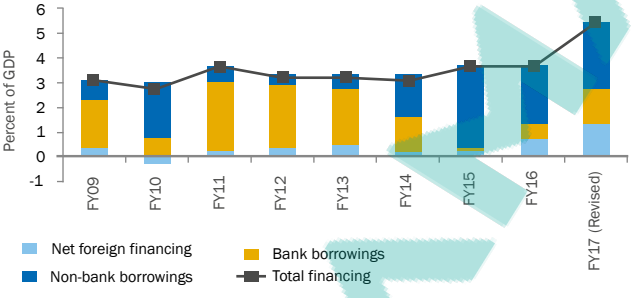
২০১৭ অর্থ বছরে সংশোধিত মোট রাজস্ব সংগ্রহ কমেছে। এটা ২০১৭ অর্থবছরে বাজেটের ৪০.৪ শতাংশ থেকে কমে হয়েছে ২৬.৩ শতাংশ। আর ২০১৬ অর্থবছরে প্রকৃত রাজস্বেরপ্রবৃদ্ধি ছিল ১৮.৫ শতাংশ। এনবিআর ২০১৭ অর্থবছরের প্রকৃত বাজেটের প্রত্যাশার চেয়ে কম রাজস্ব সংগ্রহ করার কারণেই মূলত এই নিম্নমুখী সংশোধন করতে হয়েছে। জিডিপিতে মোট রাজস্ব অবদান হার ১৪.০ শতাংশ থেকে কমে ১২.৬ শতাংশ হয়েছে। ২০১৭ সালের প্রকৃত বাজেটের মোট রাজস্ব-জিডিপি অনুপাত ছিল ১৪ শতাংশ। সংশোধিত বাজেটে তা হয়েছে ১২.৬ শতাংশ। অবশ্য ২০১৬ অর্থবছরের প্রকৃত অনুপাত ১০.০ শতাংশের চেয়ে এটা বেশি ছিল।

FISCAL SECTOR (PUBLIC EXPENDITURE AND REVENUE COLLECTION)



২০১৭ অর্থবছরের সংশোধিত বাজেটে আনুমানিক জিডিপির শতাংশ হিসেবে সরকারি খরচ বেড়ে ১৬.২ শতাংশ হয়েছে। ২০১৬ সালে এটা ছিল ১৩.৮ শতাংশ। ২০১৭ অর্থবছরের সংশোধিত বাজেটে এটা বেড়েছে ৩৩.০ শতাংশ, যা আগের অর্থবছরের প্রকৃত বাজেটে বেড়েছিল ১৬.৭ শতাংশ। ২০১৭ অর্থবছরের সংশোধিত বাজেটে চলতি ব্যয় দাঁড়িয়েছে জিডিপির ১০.৩ শতাংশ। ২০১৬ অর্থবছরের প্রকৃত বাজেটে এটা ছিল ৮.৩ শতাংশ।

GDP



বহিঃখাত

২০১৭ অর্থ বছরে রফতানী খাতে প্রবৃদ্ধি ১.৭ শতাংশ কমেছে। একই সঙ্গে আমদানী খাতে প্রবৃদ্ধি বেড়েছে ৯.০ শতাংশ। এ বছর রফতানী করা হয় ৩৪০১৯ মিলিয়ন মার্কিন ডলারের পণ্য। আগের বছর রফতানী করা হয় ৩৩৪৪১ মিলিয়ন মার্কিন ডলারের পণ্য। একই সময় আমদানী ব্যয় পরিশোধ বেড়ে দাঁড়ায় ৪৩৪৯১ মিলিয়ন মার্কিন ডলার। আগের অর্থ বছর এটা ছিল ৩৯৯০১ মিলিয়ন মার্কিন ডলার। যেহুতু আমদানী রফতানীর তুলনায় দ্রুত বেড়েছে, তাই বাণিজ্য ঘাটতি বেড়ে ৯৪৭২ মিলিয়ন মার্কিন ডলার হয়েছে। আগের বছর এ ঘাটতি ছিল ৬৪৬০ মিলিয়ন মার্কিন ডলার। প্রাইমারি ও সেকেন্ডারি ইনকামের পাশাপাশি সার্ভিসেস ও ইনকামের হিসাবে ৭৯৯২ মিলিয়ন মার্কিন ডলারের উদ্বৃত্ত পরিলক্ষিত হয়েছে। ২০১৬ অর্থবছরে চলতি হিসাবের ব্যালান্সে উদ্বৃত্ত ছিল ৪২৬২ মিলিয়ন ডলার।ন ২০১৭ অর্থবছরে তা কমে হয়েছে ১৪৮০ মিলিয়ন ডলার। মূলধন ও আর্থিক হিসাবের উদ্বৃত্ত ২০১৬ অর্থবছরের ১৪০৮ মিলিয়ন মার্কিন ডলার থেকে সম্প্রসারিত হয়ে ২০১৭ অর্থবছরে হয়েছে ৪৪৯৩ মিলিয়ন ডলার। সার্বিকভাবে পরিশোধে ভারসাম্য (ব্যালান্স অব পেমেন্ট) ২০১৭ অর্থবছরে তলানিতে নেমেছে; এ বছরে এটার উদ্বৃত্ত ছিল মাত্র ৩১৬৯ মিলিয়ন মার্কিন ডলার; ২০১৬ অর্থবছরে সেটা ছিল ৫০৩৬ মিলিয়ন ডলার। ২০১৭ অর্থবছরের শেষ নাগাদ মোট বৈদেশিক মুদ্রার রির্জাভ দাঁড়ায় ৩৩.৪ বিলিয়ন মার্কিন ডলারে। এটা দিয়ে প্রায় আট মাসের আমদানি ব্যয় মেটানো যায়।

রপ্তানি

২০১৭ অর্থ বছরে রপ্তানি ১.৭ শতাংশ কমে গেছে। প্রধান রপ্তানি পণ্যের মধ্যে রাসায়নিক পণ্য, প্লাস্টিক পণ্য, চামড়া ও চামড়াজাত পণ্য, তুলা ও তুলাজাত পণ্য, পাট পণ্য, হোম টেক্সটাইল, পাদুকা ও প্রকৌশল পন্য রপ্তানি বাড়ে। তবে হিমায়িত খাদ্য পণ্য, কৃষি পণ্য, তৈরি পোশাক, বিশেষায়িত টেক্সটাইল পণ্য রপ্তানি কমেছে। এসব পণ্যের নেতিবাচক প্রবৃদ্ধির কারণে সেটা ঘটেছে।

আমদানি

২০১৭ সালে আমদানি বেড়ে ৯.০ শতাংশ হয়েছে। আগের বছর এটা ছিল ৫.৯ শতাংশ। প্রধান আমদানি পণ্যের মধ্যে রয়েছে খাদ্য শস্য, দুধ ও ক্রিম, মশলা, ডাল, চিনি, ক্লিংকার, প্লাস্টিক ও রাবার, কাঁচা তুলা, লৌহ, স্টিল এবং অন্যান্য লৌহজাত পণ্য আমদানী বাড়ে। তবে তেল বীজ, সার, কাপড় ও কাপড়ের কাঁচামাল আমদানি কমেছে।

রেমিটেন্স

২০১৭ অর্থবছরের শেষ নাগাদ রেমিটেন্স প্রবাহ ১৪.৫ শতাংশ কমেছে। ২০১৬ অর্থবছরে এটা ছিল ২.৫ শতাংশ।

প্রত্যক্ষ বিদেশি বিনিয়োগ (এফডিআই)

২০১৭ সালে প্রত্যক্ষ বিদেশি বিনিয়োগ ইতিবাচক ধারায় ছিল। ২০১৭ সালে এফডিআইয়ের সারসংক্ষেপ নিম্নে তুলে ধরা হলো:

মিলিয়ন ডলারে

উপাদান	মোট প্রবাহ	অলগ্নিকৃত	প্রকৃত প্রবাহ
মুলধন	১০৯৭.৫৬	৯০.৮২	১,০০৬.৭৪
পুন:বিনিয়োগ আয়	১,২৫৩.০০	-	১,২৫৩.০০
আন্ত: প্রতিষ্ঠান ঋণ	৬৮৭.৩৬	৪৯২.২৯	১৯৫.০৭
মোট	৩,০৩৭.৯২	৫৮৩.১১	২,৪৫৪.৮১

পরিশোধে ভারসাম্য

বৈশ্বিক অর্থনৈতিক পরিস্থিতি প্রতিকূল থাকা স্বত্ত্বেও ২০১৭ অর্থ বছরে

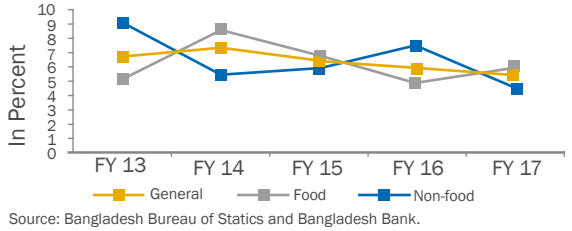
পরিশোধের ভারসাম্যে উদ্বৃত্ত ছিল। আর্থিক হিসাবের কারণে মূলত এই উদ্বৃত্ত সম্ভব হয়েছে। ২০১৭ অর্থবছরে চলতি হিসাবে উল্লেখযোগ্যভাবে ঘাটতি পরিলক্ষিত হয়। এটা ছিল ১.৪ বিলিয়ন মার্কিন ডলারের। ২০১৬ অর্থবছরে উদ্বৃত্ত ছিল ৪.২৬ বিলিয়ন মার্কিন ডলার। ২০১৭ অর্থবছরে মূলধন হিসাবে উদ্বৃত্ত কমে ৩১৪ মিলিয়ন ডলার এবং আর্থিক হিসাবে উদ্বৃত্ত বেড়ে ৪.১৭ বিলিয়ন ডলার হয়। ২০১৭ অর্থবছরে বাণিজ্য ভারসাম্যে ৪৭ শতাংশ ঘাটতি দেখা যায়; ডলারের হিসেবে সেটা ছিল ৯.৪ বিলিয়ন। ২০১৬ অর্থবছরে এই ঘাটতি ছিল ৬.৪ বিলিয়ন ডলারের।

স্ফীতির হার

বার্ষিক গড় সিপিআই স্ফীতির পতন শুরু হয়েছিল ২০১৪ অর্থবছরের শেষে সর্বোচ্চ ৭.৪ শতাংশ দিয়ে। ২০১৬ অর্থবছরের শেষ নাগাদ এটা ছিল ৫.৯ শতাংশ। আর ২০১৭ অর্থবছরের শেষে তা পৌঁছায় ৫.৪ শতাংশে।

CHART 1.2 TRENDS OF NATIONAL CPI INFLATION

(12 MONTH AVERAGE : BASE FY 06 = 100)



Source: Bangladesh Bureau of Statics and Bangladesh Bank.

সুত্র: বাংলাদেশ পরিসংখ্যান ব্যুরো

২০১৭ অর্থবছরে গড় সিপিআই স্ফীতি পতনের মূলে ছিল খাদ্য-বহির্ভূত পণ্যের মূল্যের স্ফীতি। যেখানে খাদ্যপণ্যের মূল্যেস্ফীতি বেড়েছিল উল্লেখযোগ্যভাবে। ২০১৭ অর্থবছরে দেশের উত্তর-পূর্বাঞ্চলের হাওর এলাকায় বন্যায় ব্যাপক ফসলহানির কারণে এ স্ফিতি দেখা যায়। এর বিপরীতে, সিপিআইয়ের খাদ্য বহির্ভূত মূল্য উপাদানগুলোয় পতন হয়েছিল বিশ্বব্যাপী মূল্যস্ফীতি হ্রাস এবং অনুকূল আঞ্চলিক মূল্যস্ফীতি হারের কারণে। অধিকন্তু, সিপিআই বাস্কেট থেকে খাদ্যও জ্বালানি উপাদানকে পৃথ ককারী কেন্দ্রীয় মূল্যস্ফীতি ২০১৬ সালের জুনের ৮.০ শতাংশ থেকে ২০১৭ সালের জুনে কমে হয়েছে ৪.৯ শতাংশ।

বিনিময় হার

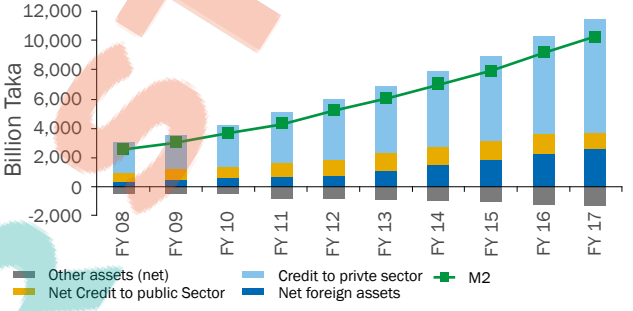
২০১৬ সালের জুন থেকে ২০১৭ সাল পর্যন্ত বাংলাদেশি টাকার বিপরীতে মার্কিন ডলারের বিনিময় হার ৩.০৬ শতাংশ বেড়ে যায়। বাংলাদেশি টাকার নামমাত্র কার্যকর বিমিং হার (এনইইআর) এবং প্রকৃত কার্যকর বিনিময় হার (আরইইইআর) একটি বাণিজ্যের বিপরীতে হিসেব করে ওজন দাঁড়ায় ১৫ কারেন্সি বাস্কেট (বেইজ: ২০১৬ অর্থবছর=১০০)। ২০১৭ অর্থবছরে এনইইআর সূচকের মূল্যে অবচয় ঘটে ১.৬৯ শতাংশ যেখানে টাকার আরইইআর সূচকের মূল্যে উন্নতি ঘটে ১.৮১ শতাংশ।

অর্থ সরবরাহ ও ঋণের প্রবৃদ্ধি

২০১৭ অর্থবছরে ব্রড মানি (এম২) বেড়েছে ১০.৯ শতাংশ, যা ছিল লক্ষ্যমাত্রা ১৫.৫ শতাংশ এবং ২০১৬ অর্থবছরের প্রকৃত প্রবৃদ্ধি ১৬.৩ শতাংশের চেয়ে কম। ব্রড মানির এই নিম্ন প্রবৃদ্ধির পেছনে ছিল মোট বৈদেশিক সম্পদ (এনএফএ) ও মোট অভ্যন্তরীণ সম্পদ (এনডিএ) উভয়ই। এনএফএ প্রবৃদ্ধি উল্লেখযোগ্যভাবে কমে ২০১৬ অর্থবছরের ২২.৮ শতাংশ থেকে ২০১৭ অর্থবছরে হয়েছে ১১.৫ শতাংশ। অন্যদিকে এনডিএ প্রবৃদ্ধিও কমেছে। ২০১৬ অর্থবছরে ছিল ১৪.৩ শতাংশ; ২০১৭ অর্থবছরে তা হয়েছে ১০.৭ শতাংশ।

ব্যাংক ব্যবস্থা থেকে অভ্যন্তরীণ ঋণ বেড়েছে ১১.২ শতাংশ। এটা ২০১৭ অর্থবছরের লক্ষ্যমাত্রা ১৬.৪ শতাংশ এবং ২০১৬ অর্থবছরের প্রকৃত প্রবৃদ্ধি ১৪.৪ শতাংশের চেয়ে কম। মূলত সরকারি খাতে ঋণের নেতিবাচক প্রবৃদ্ধি, প্রতিফলিত সরকারি অর্থায়ন (অধিকাংশই এনএসডি সেভিংস থেকে) এবং ব্যাংকিং ব্যাবস্থা থেকে সরকারে পূর্ববর্তী ঋণ পরিশোধের কারণে অভ্যন্তরীণ ঋণে প্রত্যাশার চেয়ে কম প্রবৃদ্ধি হয়েছে।

MONEY SUPPLY AND CREDIT GROWTH



২০১৭ অর্থবছরে বেসরকারি খাতের ঋণ বেড়েছে ১৫.৭ শতাংশ, যা এই অর্থবছরের লক্ষ্যমাত্রা ১৬.৫ শতাংশ এবং ২০১৬ অর্থবছরের প্রকৃত প্রবৃদ্ধি ১৬.৮ শতাংশ থেকে কিছুটা কম। মূলত ব্যাংকিং ব্যবস্থায় মোট অভ্যন্তরীন সম্পদে (এনডিএ) নিম্ন প্রবৃদ্ধির কারণে বেসরকারি খাতে প্রত্যাশার চেয়ে এই ঋণ প্রবৃদ্ধি কম হয়েছে; পাশাপাশি সরকারি খাতের ঋণে নেতিবাচক প্রবৃদ্ধি পরিলক্ষিত হয়েছে। এটা ২০১৭ অর্থবছরে দাঁড়িয়েছে ১০.৭ শতাংশে যা এই অর্থবছরের লক্ষ্যমাত্রা ১৭.৩ শতাংশ এবং ২০১৬ অর্থবছরের প্রকৃত প্রবৃদ্ধি ১৪.৩ শতাংশ থেকে কম।

রিজার্ভ মানি (আরএম) ২০১৭ অর্থবছরে বেড়েছে ১৬.৩ শতাংশ যা প্রাক্কলিত প্রবৃদ্ধি ১৪.০ শতাংশের চেয়ে বেশি এবং ২০১৬ অর্থবছরের প্রকৃত প্রবৃদ্ধি ৩০.১ শতাংশ থেকে কম।

বাহ্যিক দেনা

২০১৭ অর্থ বছরে বাংলাদেশের বাইরের দেনা বেড়ে ২৮,৫৬৬.৩ মিলিয়ন ডলার হয়। এর আগের বছর এটা ছিল ২৬,৩০৫.৭ মিলিয়ন মার্কিন ডলার। অবশ্য, আউটস্ট্যান্ডিং দেনার জিডিপি অনুপাত একই সময়ে ১১.৯ শতাংশ থেকে কমে ১১.৪ শতাংশহয়েছে।

বাংলাদেশের অর্থনীতির অবস্থা

২০১৭ থেকে ২০১৮ সালের অর্থনৈতিক দৃশ্য বেশ স্পষ্ট। বাজারে নগদ টাকার প্রাপ্তি সহজ হবে না। এতে তহবিল সংগ্রহে চাপ বাড়তে পারে। এটা প্রভাব ফেলতে পারে সম্পদ বৃদ্ধি এবং খরচে। ২০১৮ সালে এটা সম্পদে প্রবৃদ্ধির ওপরে একটা বড় প্রভাব ফেলতে পারে।

- ঙ ক্ষুদ্র ব্যবসাপ্রতিষ্ঠানগুলোরজন্য গুণগত মানের সম্পদ নির্বাচনের জন্য অধিকতর বেশি আলোকপাত দেওয়া হতে পারে। এর লক্ষ্য হলো অর্থনৈতিক মূল্য বৃদ্ধি করা।

- ভোক্তা মূল্য সূচক উর্ধ্বমুখী প্রবণতায় থাকবে এবং অর্থনীতিতে স্বল্প ও মধ্য মেয়াদে ভোক্তা অর্থায়নের ওপরে চাপ সৃষ্টি করতে পারে। ভোক্তা অর্থায়নে ব্যাংক থেকে পূর্বসতর্কতামূলক বিনিয়োগ দেখা যেতে পারে। আসন্ন দিনগুলোতে ব্যায়যোগ্য আয় কমে যাওয়ার আন্দান করে এটা করা হবে।

- সংকোচনের মুদ্রা নীতি ও কঠোর নিয়ন্ত্রণ নীতি অগ্রাধিকার পেতে পারে। এই শিল্পে অধিকতর শৃঙ্খলা আনতে সেটা করা হবে।

- ২০১৮ সাল নির্বাচনী বছর হিসেবে পরিচিত। এ বছর বিনিয়োগকারীরা রাজনৈতিক স্থিতিশীলতা নিয়ে উদ্বিগ্ন থাকতে পারেন।

- ক্রমবর্ধমাণভাবে খাদ্য আমদানি ও মূলধন পরিস্থিতি পুনরায় মুদ্রা বিনিময় হারে প্রভাব ফেলতে পারে। অন্যদিকে এটা রপ্তানি সংশ্লিষ্ট অর্থনীতি এবং ব্যালেন্স শিট সুবিধার জন্য ইতিবাচক হতে পারে।

- সরকারের অনেক মেগা প্রকল্প ট্র্যাকে এবং পাইপ লাইনে আছে। এ কারণে সরকারের ঋণ আরও বেড়ে যেতে পারে।

কৌশলগত হাইলাইটস

ব্যাংকিং ব্যবসার প্রতিটি ক্ষেত্রেই সফলতার জন্য সংগ্রাম করে যাচ্ছে ব্র্যাক ব্যাংক লিমিটেড। পরিপ্রেক্ষিত বিবেচনায় নিয়ে এবং বিভিন্ন সুযোগ-সম্ভাবনা শনাক্ত করার মাধ্যমে ব্যাংক কর্তৃপক্ষ অব্যাহতভাবে বিভিন্ন কৌশল প্রণয়ন করে যাচ্ছে। ব্যাংকটি রাজস্ব বৃদ্ধির ওপরে যেমন নজর দিচ্ছে, তেমনি নিজের সুযোগ-সম্ভাবনার সকল ক্ষেত্রে সক্ষমতা নিশ্চিত করার ওপরেও আলোকপাত করছে। স্বল্পমেয়াদী ও দীর্ঘমেয়াদী বিভিন্ন ব্যবসায়িক লক্ষ্য-উদ্দেশ্য অর্জনের জন্য কর্তৃপক্ষ যেসব কৌশল সাম্প্রতিক সময়ে নিয়েছে, তার কয়েকটি নিম্নে বর্ণনা করা হলো:

ব্যবসায়িক পুনর্বিন্যাস

ব্র্যাক ব্যাংকের কর্তৃপক্ষ একটি নিয়ন্ত্রিত মডেলের মধ্যে থেকে কর্মকাণ্ড পরিচালনা করতে অভ্যস্ত। এর মাধ্যমে ব্যাংকের ১৮৬টি শাখায় গ্রাহকদের খুচরা সেবা দেওয়া হচ্ছে। এ ছাড়া ব্যাংকের ৪৫০টি এসএমই ইউনিট অফিস থেকে এসএমই গ্রাহকদের সেবা দেওয়া হচ্ছে। আমাদের গ্রাহক ভিত ক্রমবর্ধমানভাবে বাড়ছে। আমাদের গ্রাহকদের চাহিদা ও প্রয়োজনগুলো উপলব্ধি করে আমরা ইতিমধ্যে আমাদের সেবার চ্যানেলগুলো ঢেলে সাজিয়েছি বহুমুখী ব্যবসায়, যার আলোকপাত হচ্ছে 'একের জন্য সবাই, সবার জন্য এক'। আমাদের গ্রাহকেরা এই ব্যবসায়িক মডেলকে সাধুবাদ জানিয়েছেন। ক্রমবর্ধমান নমনীয়তা এবং সকল চ্যানেলের মাধ্যমে গ্রাহকসেবার উচ্চ আদর্শমানের কারণেই তাঁরা এটাকে পছন্দ করেছেন। আসন্ন দিনগুলোতে এই মডেল অব্যাহত থাকবে এবং তাতে আরও উন্নয়ন ঘটানো হবে।

চ্যানেল সামঞ্জস্যকরণ

ব্র্যাক ব্যাংক লিমিটেড পারফরম্যান্সমুখী একটি গতিশীল ব্যাংক। ব্যাংকটি আর্থিক অন্তর্ভুক্তিতে নাগরিক কণ্ঠের একটি শক্তিশালী চ্যানেল সৃষ্টি করা, মানুষকে তাঁদের আর্থিক বিভিন্ন চাহিদা ও পছন্দের বিষয়ে অধিকতর সক্রিয় করা এবং জ্ঞাত সিদ্ধান্ত নিতে সক্ষম করে তোলার ওপরে আলোকপাত করে আসছে। আমরা আমাদের নেটওয়ার্ককে সামঞ্জস্য করে নিয়েছি বাংলাদেশজুড়ে এর দ্রুত সম্প্রসারণ ও প্রবৃদ্ধির লক্ষ্যে। আমাদের সেবাগুলোকে মানুষের দোরগোড়ায় নিয়ে যাওয়ার জন্যই এটা করা হয়েছে। পরিবেশনের চ্যানেলগুলোর গুণগত মান বজায় রাখা এবং আদর্শমানে নেওয়ার বিষয়ে আমরা সংগতিপূর্ণভাবে মনোযোগ দিয়েছি বলেই আমাদের সফলতা এবং গ্রাহক সন্তুষ্টির পথটি প্রশস্ত হয়েছে।

কার্যসম্পাদনের সময় হ্রাস ও সক্ষমতায় উন্নয়ন

ব্র্যাক ব্যাংকে বিগত দুই বছরে আমাদের অত্যন্ত তীব্র আকাঙ্খার কেন্দ্রে ছিল এই প্রক্রিয়াগত পর্যালোচনা ও উন্নতি সাধনের নানা পদক্ষেপ। ব্যাংকটি তার বিদ্যামান সকল প্রক্রিয়ার পর্যালোচনা, কাজে দেয় না না এমন কর্মকাণ্ড ছেঁটে ফেলা, সক্ষমতা-দক্ষতা বৃদ্ধি এবং সকল চ্যানেলজুড়ে আমাদের গ্রাহকদের সার্বিক অভিজ্ঞতায় উন্নতি ঘটাতে উল্লেখযোগ্য পরিমাণে সম্পদ বিনিয়োগ করেছে। আমাদের সক্ষমতা-দক্ষতায় উন্নতি সাধনের ক্ষেত্রে এটা একটি অব্যাহত প্রক্রিয়া। এই পদক্ষেপের ফলে প্রক্রিয়াগত ব্যয়ের ওপরে অধিকতর কঠোরভাবে নজর রাখা সম্ভব হয়েছে এবং ব্যবসায়িক বিভিন্ন কর্মকাণ্ডের পারফরম্যান্সে উন্নতি ঘটেছে। আমরা এখন অভিনবত্বের ওপরে আলোকপাত করছি, যার লক্ষ্য হলো প্রতিযোগিতার মাঠে আমাদের সক্ষমতা বৃদ্ধি করা এবং ব্র্যাক ব্যাংককে একটি বিশ্বস্ত ও মূল্যবান ব্র্যান্ডে পরিণত করা।

কর্মীদের উৎপাদনশীলতায় উন্নতি

ব্র্যাক ব্যাংকের একটি অতি সরল কৌশল হচ্ছে মানুষের ওপরে বিনিয়োগ করা। আমাদের কৌশলের অংশ হিসেবে, এই শিল্পের মধ্যে সবচেয়ে মেধাবী মানুষগুলোকে কর্মী হিসেবে সংগ্রহ করা, কর্মীদের সুযোগ-সুবিধা বৃদ্ধি করা এবং পারফরম্যান্স পরিমাপ করার নীতি নেওয়া হয়েছে। এসব নীতি কর্মীদের উচ্চমাত্রায় উদ্বুদ্ধকরণের বিষয়টি নিশ্চিত করছে; সর্বোত্তম পারফরম্যান্স এবং চাকরির ক্ষেত্রে সন্তুষ্টির জন্য নিশ্চিত করছে কর্মীদের আনুগত্য। ব্র্যাক ব্যাংক তার কর্মীদের পাশাপাশি গ্রাহকদের নিয়ে ভাবে বলেই এখনো এটি দক্ষ ব্যাংক হিসেবে প্রতিযোগিতায় টিকে আছে।

যুগোপযোগী প্রযুক্তিতে বিনিয়োগ

অর্থনৈতিক শিল্পের দৃশ্যপট নিয়ত-পরিবর্তনশীল। এমন প্রেক্ষাপটে ব্র্যাক ব্যাংক সময়ের সঙ্গে খাপসই প্রযুক্তি ও আইটি পরিকাঠামোয় বিনিয়োগের মাধ্যমে তার প্রতিযোগিতার সক্ষমতাকে হালনাগাদ করে নিচ্ছে। আমাদের কেন্দ্রীয় ব্যাংকিং পদ্ধতিতে (সিবিএস) হালনাগাদকরণের বিষয়টি আমাদের পরিচালনগত পারফরম্যান্স ও সক্ষমতা-দক্ষতায় উন্নতি সাধন করবে। এর ফলে অধিকতর উন্নতমানের গ্রাহক সেবা ও পর্যবেক্ষণ সম্ভব হবে। বিগত বছরে যেমনটি বলা হয়েছিল "আমাদের সংস্থার জন্য প্রযুক্তি হচ্ছে জীবনের জন্য অপরিহার্য রক্তের মতো এবং আমাদের সকল ব্যাবসার

ক্ষেত্রে ভবিষ্যত প্রবৃদ্ধি এগিয়ে নেওয়া প্রশ্নে এটা একটি চাবিকাঠি। আমাদের কৌলশগত অগ্রাধিকারগুলো আমাদের প্রযুক্তিগত অগ্রগতির মধ্যেই অধিকতর বেশি নিহিত আছে। গ্রাহকদের কাছে নিরাপদ পণ্য, প্ল্যাটফরম ও সেবা পৌঁছে দেওয়ার বিষয়টি নিশ্চিত করতেই এই আয়োজন। ডেটা ও বিশ্লেষণের ক্ষেত্রে অভিনবত্ব আনার কারণে সম্প্রসারিত অন্তর্দৃষ্টি দিয়ে নিত্যনতুন সব ব্যবসায়িক সুযোগ-সম্ভাবনা উন্মোচন করা সম্ভব হয়; আমাদের প্রতিযোগিতার সক্ষমতায় উন্নতির মাধ্যমে ব্যবসা করা যায় অধিকতর স্মার্ট পদ্ধতিতে।" আমরা প্রযুক্তিতে বিনিয়োগ অব্যাহত রাখবো। ব্যাংকিং কর্মকাণ্ড পরিচালনার ক্ষেত্রে আমাদের কর্মীদের ও গ্রাহকদের সর্বশেষ প্রযুক্তি ব্যবহারে সক্ষম করে তুলতেই সেটা করা হবে।

আমাদের কৌশলগত পরিকল্পনার কেন্দ্রে রয়েছে গণপ্রজাতন্ত্রী বাংলাদেশ সরকারের ভিশন বাস্তবায়নে আমাদের অংশগ্রহণ ও অংশীজন হওয়ার বিষয়টি। মুদ্রা-কেন্দ্রিক ও অর্থনৈতিক স্থিতিশীলতা বজায় রাখা এবং এর মাধ্যমে বাংলাদেশের মধ্যে সেরা ব্যাংক হওয়ার পথে এগোনোর মাধ্যমে সেটা করা হয়ে থাকে।

আর্থিক পর্যালোচনা

২০১৭ সালে বাংলাদেশের ব্যাংকিং শিল্প একটি তীব্র প্রতিযোগিতামূলক বছর পার করেছে। ব্যাংকিং ব্যবস্থা স্থিতিশীল করার জন্য ছিল কেন্দ্রীয় ব্যাংকের অধিকতর নিয়ন্ত্রণগত বাধ্যবাধকতা ও পর্যবেক্ষণ। ছিল ক্রমবর্ধমান অলস ঋণ ও বেসরকারি খাতের বিনিয়োগ হ্রাসের মতো বিষয়। এমন পরিপ্রেক্ষিতে ২০১৭ সালে ঋণ ও আমানত উভয়ই বেড়েছে।

অপেক্ষাকৃত স্থিতিশীল রাজনৈতিক পরিবেশে, ব্যাংকিং খাতে তত্ত্বাবধানের অভাবে প্রশাসনগত একটি তীব্র সংকট সৃষ্টি হয়েছে। ব্যাংকিং খাত আরও ভুগেছে খারাপ ঋণের পরিমাণ নজিরবিহীন বৃদ্ধির কারণে - অবিশ্বাস্যভাবে ঋণের ১১% (আনুমানিক) বিতরণ হয়েছে। এ ছাড়াও বছরজুড়ে ছিল তারল্য সংকট ও আর্থিক কেলেঙ্কারির নানা ঘটনা।

অন্যদিকে, একটি উন্নয়নশীল দেশ হিসেবে বাংলাদেশ আর্থিক অন্তর্ভুক্তির ক্ষেত্রে প্রশংসনীয় অগ্রগতি দেখাতে সক্ষম হয়েছে। ব্যাংকিং সেবার আওতা সম্প্রসারিত হয়েছে বিভিন্ন স্থানে শাখা বৃদ্ধির পাশাপাশি এজেন্ট ব্যাংকিংয়ের মাধ্যমে।

ব্র্যাক ব্যাংক লিমিটেড গত তিন বছর প্রতিবন্ধকতাহীন অগ্রগতি প্রত্যক্ষ করেছে। আমাদের নিরলস প্রচেষ্টা এবং ব্যবস্থাপনাগত বিচক্ষণ সিদ্ধান্তগুলোর কারণে সেটা সম্ভব হয়েছে। ব্যাংক তার গ্রাহকদের আর্থিক চাহিদা, ঋণ-ঝুঁকি ব্যবস্থাপনা এবং ব্যাংকিংয়ের বাইরে থাকা জনগোষ্ঠীকে আর্থিক অন্তর্ভুক্তির আওতায় আনার জন্য এসব সিদ্ধান্ত নেয়।

ত্রৈমাসিক আর্থিক পারফরম্যান্স

আমাদের প্রশাসনগত প্রক্রিয়ার একটি অংশ হিসেবে, পর্ষদের অডিট কমিটি ও পর্ষদ নিজেই ব্যাংকের ত্রৈমাসিক আর্থিক পারফরম্যান্স পর্যালোচনা করেছে। বছরজুড়ে এই পর্যালোচনা হয়েছে একক এবং সামষ্টিক উভয় ভিত্তিতে। পরিচালনা পর্ষদ (বিওডি) এবং পর্ষদের অডিট কমিটি (বিএসি) এই ব্যাংক এবং গ্রুপের আর্থিক এবং অ-আর্থিক উভয় পারফরম্যান্সই অব্যাহতভাবে পর্যবেক্ষণ ও মূল্যায়ন করেছে। ২০১৭ সালে, বিএসি বিভিন্ন আর্থিক বিবরণী ত্রৈয়মাসিকভাবে পর্যালোচনা করেছে এবং বিওডি সেগুলো অংশীদারদের কাছে প্রকাশের আগে অনুমোদন করেছে।

পর্ষদ ত্রৈমাসিকভাবে যেসব আর্থিক বিবরণী পর্যালোচনা করেছে, তা নিচে সংক্ষেপে তুলে ধরা হলো:

প্রান্তিক আর্থিক সূচক, ২০১৭

টাকা মিলিয়ন

বিষয়	সামষ্টিক			
	প্রান্তিক ৪	প্রান্তিক ৩	প্রান্তিক ২	প্রান্তিক ১
মোট রাজস্ব	৬,৪৭৩	৫,৯৪৩	৫,৭৩৪	৫,৫৫২
মোট পরিচালনগত ব্যয়	৩,৭৭৯	৩,৬৪৫	৩,৬২৮	৩,২২৭
মোট প্রভিশন	৪৯০	১৯৩	২০০	২৬৯
পিএটি	১,৫২৫	১,৫৫২	১,১৫৪	১,২৬৭
ইপিএস (টাকায়)	১.৪৪	১.৭৬	১.২৫	১.৬২

টাকা মিলিয়ন

বিষয়	একক			
	প্রান্তিক ৪	প্রান্তিক ৩	প্রান্তিক ২	প্রান্তিক ১
মোট রাজস্ব	৫,১৪২	৫,১৩২	৪,২৯৮	৪,১৩৮
মোট পরিচালনগত ব্যয়	২,৪৯৪	২,৪৮৬	২,৪০২	২,২৭৭
মোট প্রভিশন	৪৯০	৫৪৭	২৩	৯২
পিএটি	১,৪৯৫	১,৪৩২	১,২০৫	১,১১৮
ইপিএস (টাকায়)	১.৪৯	১.৬৭	১.৪১	১.৫৭

ত্রৈমাসিক আর্থিক বিবৃতির ভিত্তিতে একটি সার্বিক অবস্থার চিত্র ও বিশ্লেষণ পেয়েছে বিএসি ও বিওডি পেয়েছে। এটা পরিকল্পিত ফলাফলে পরিবর্তন ও ত্রুটি-বিচ্যুতির কারণ জানার কাজে লেগেছে । তা ছাড়া তারা এই পরিবর্তনগুলো এই সময়ের মধ্যে নেওয়া ব্যবসায়িক কৌশলগুলোর সঙ্গে সঙ্গতিপূর্ণ কি না তা আড়াআড়িভাবে যাচাই করে নিতে পেরেছে। পর্ষদ বিভিন্ন কৌশল ও ব্যাংকিং শিল্পের ফলাফলগুলোও পর্যালোচনা করেছে। এই পর্যালোচনার ওপর ভিত্তি করে তারা হালনাগাদকৃত নীতিমালা প্রণয়ন করতে পেরেছে, যার লক্ষ্য ছিল ব্যাবসার অবস্থা ও পারফরম্যান্সে আরও উন্নতি ঘটানো। ২০১৭ সালে একক ও সামষ্টিক উভয় ফলাফলেই অত্যন্ত সংগতিপূর্ণ ও অবিচলিত প্রবৃদ্ধি পরিলক্ষিত হয়েছে।

পরিচালনগত পারফরম্যান্স

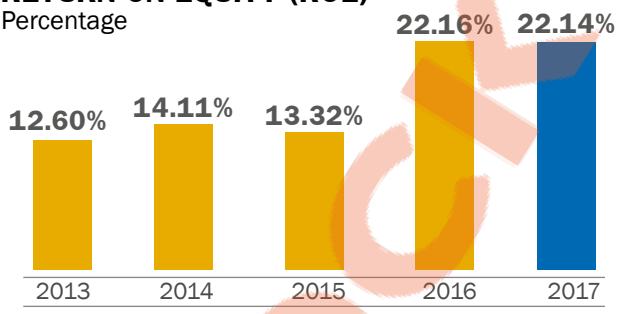
ব্র্যাক ব্যাংক লিমিটেড ২০১৭ সালে তার পরিচালনগত পারফরম্যান্সের প্রায় প্রতিটি ক্ষেত্রেই আগের প্রবৃদ্ধির ধারাবাহিকতা ধরে রাখতে পেরেছে। ব্যাংকটি ব্যয় সামঞ্জস্য করা এবং পরিচালনগত দক্ষতা-সক্ষমতায় উন্নতি করার ক্ষেত্রে তার আলোকপাত আরও শক্তিশালী করেছে। এই সুষম পদ্ধতি বাজার চাহিদার প্রতি সাড়া দেওয়ার ক্ষেত্রে আমাদের সক্ষমতাকে হালনাগাদ করতে সক্ষম করে তুলেছে এবং বাংলাদেশের মধ্যে আমাদের সেরা ব্যাংক হওয়ার জন্য ক্ষেত্র প্রস্তুত করেছে।

গ্রাহকদের বিভিন্ন চাহিদা ও অংশীদারদের বিভিন্ন প্রত্যাশার প্রতি আমাদের নিরন্তর আলোকপাতের বিষয়টি দেশের অতিমন্দা ব্যাংকিং শিল্পের মধ্যেও আমাদেরকে একটি আউটলায়ার পারফরমার হতে সাহায্য করেছে। দীর্ঘদিন ধরে চলমান নিম্ন সুদহার, বিগত বছরগুলোর শ্লথ প্রবৃদ্ধির পরিবেশ আমাদের সতর্ক হতে সহায়তা করেছে। ব্যাংকিং শিল্প বিভিন্ন পরিস্থিতির একটি সমন্বিত অস্বাভাবিক অবস্থা মোকাবিলা করছে যা আমাদেরকে দক্ষ হওয়ার প্রচেষ্টায় বিশেষ একটা উদ্দীপনা দিচ্ছে।

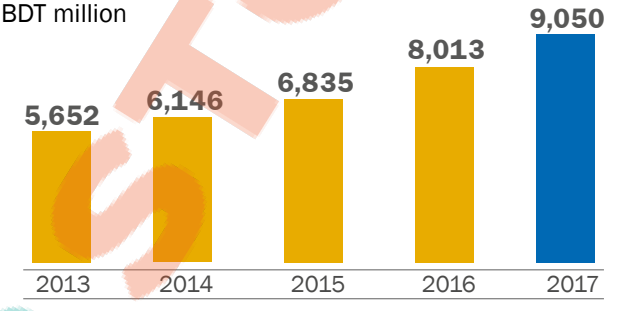
খারাপ ঋণের পরিমাণ উল্লেখযোগ্যহারে বৃদ্ধির কারণে ব্যাংকিং শিল্পে ঋণ পরিচালনের ওপরের প্রান্তিকগুলো সার্বিকভাবে নিম্নমুখী প্রবণতায় আছে। এমন পরিপ্রেক্ষিতে আমরা আমাদের কৌশলগুলো সম্পর্কে সতর্ক আছি। বিভিন্ন ব্যাংকিং পণ্য ও সেবা প্রশ্নে আমাদের গ্রাহকদের পছন্দগুলোও বদলে যাচ্ছে। তাই আমরা সেসব চ্যানেলের ওপরে বিশেষ আলোকপাত করেছি, যেগুলোর ভেতর দিয়ে এসব পণ্য প্রবেশ করে থাকে। অধিকতর উন্নত সেবা দিতে ও নিরাপত্তা সংক্রান্ত ঝুঁকি কমানোর লক্ষ্যে প্রযুক্তি অর্জনের জন্য আমরা আমাদের সম্পদ বিনিয়োগ করেছি। এসব চাপের সঙ্গে যুক্ত হয়েছে, বাংলাদেশ ব্যাংকের নিয়ন্ত্রণগত বিভিন্ন সম্প্রসারিত শর্তের সঙ্গে সংগতিপূর্ণ থাকার ব্যয় সামলানো।

ব্যতিক্রমী এসব চাপের মুখে অত্যন্ত সতর্কভাবে বাস্তবায়িত আমাদের পদক্ষেপগুলো আমাদেরকে গুরুত্বপূর্ণ কিছু ফল অর্জন করতে সক্ষম করে তুলেছে। আমাদের রাজস্ব প্রবাহ ও সম্পদের ভিত ক্রমবর্ধমানভাবে মজবুত হচ্ছে। একই সঙ্গে মাথাপিছু ব্যয় বাড়ছে ধীরগতিতে। পরিচালনগত পারফরম্যান্সের বিভিন্ন নির্দেশক এখানে বর্ণিত হলো:

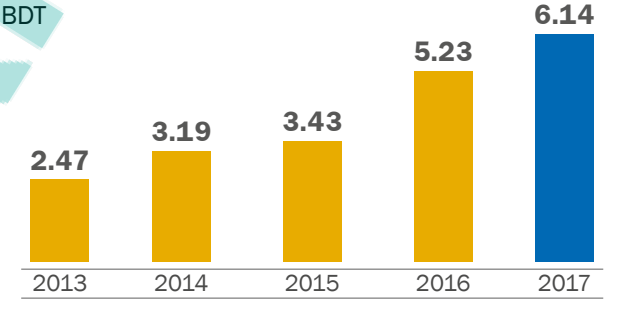
RETURN ON EQUITY (ROE)
Percentage



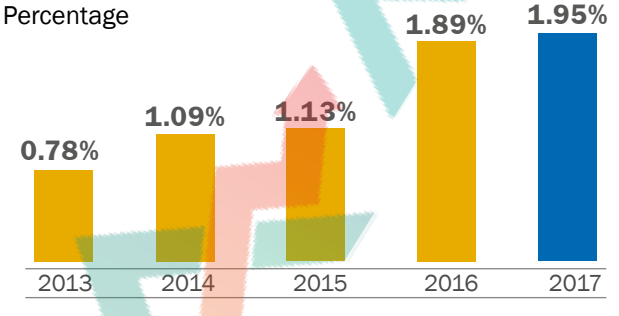
OPERATING PROFIT
BDT million



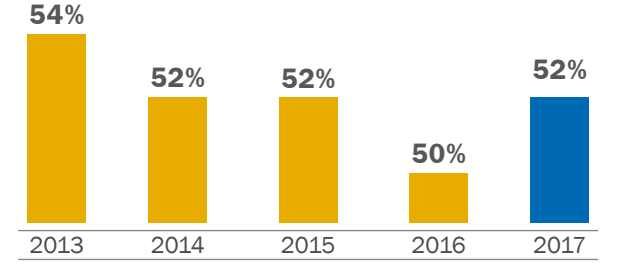
EARNINGS PER SHARE(EPS)
BDT



RETURN ON ASSETS (ROA)
Percentage



COST TO INCOME RATIO (CIR)
Percentage



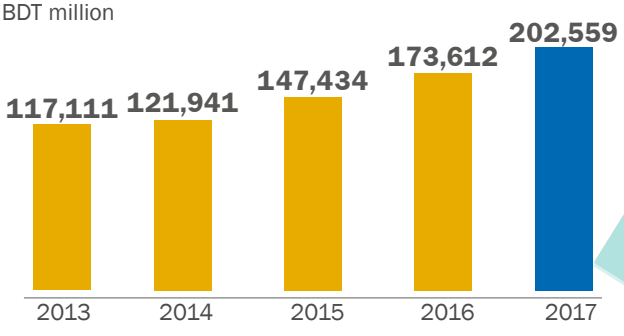
আর্থিক পারফরম্যান্স- লাভজনকতা

ব্র্যাক ব্যাংক গত দুই বছর ধরে পরিচালনগত মুনাফার অবিচল প্রবৃদ্ধি বজায় রাখতে সক্ষম হয়েছে। ২০১৭ সালে পরিচালনগত মুনাফা বেড়ে হয়েছে ৯,০৫০ মিলিয়ন টাকা যা আগের বছরের ৮,০১৩ মিলিয়ন টাকার চেয়ে ১৩% বেশি। মূলত সুদভিত্তিক নিট আয় ১২% এবং সুদ-বহির্ভূত আয় ১৭% বৃদ্ধির ওপর ভর করে পরিচালনগত এই বর্ধিত মুনাফা অর্জিত হয়েছে। এটা পরিচালনগত ব্যয় ২১% বৃদ্ধির বিষয়টিকে বৃহত্তরভাবে ভারসাম্যপূর্ণ করেছে।

ব্যাংকের ঋণের পোর্টফোলিও ২০১৬ সালের ১৭৩,৬১২ মিলিয়ন টাকা থেকে ১৭% বেড়ে ২০১৭ সালে হয়েছে ২০২,৫৫৯ মিলিয়ন টাকা। এর ফলশ্রুতিতেই ২০১৭ সালে সুদভিত্তিক আয় ১৫% বৃদ্ধি সম্ভব হয়েছে। আমাদের কৌশলের অংশ হিসেবে ঋণেরপোর্টফোলিও প্রবৃদ্ধির ক্ষেত্রে করপোরেট ব্যবসার চেয়ে এসএমই ও রিটেইল ব্যবসাগুলো বেশি ভূমিকা রেখেছে।

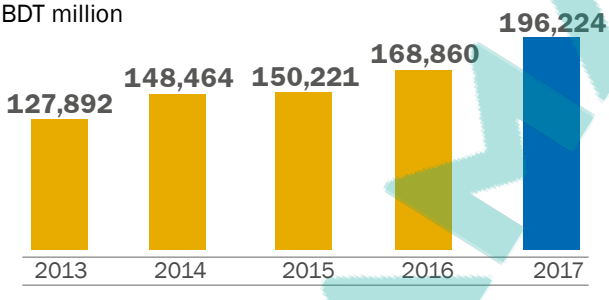
LOANS AND ADVANCES

BDT million



DEPOSITS

BDT million



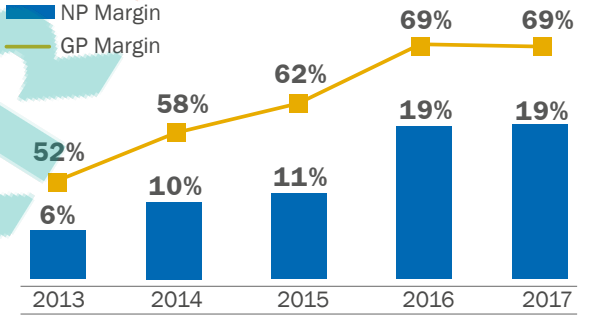
তহবিল বহির্ভূত আয় (এনএফআই) বেড়েছে মূলত বিনিয়োগের ওপর আয় ৪৩% বেড়ে ১,০৮৪ মিলিয়ন টাকা এবং কমিশন, এক্সচেঞ্জ অ্যান্ড ব্রোকারেজ ১৩% বেড়ে ৩৩৮ মিলিয়ন টাকা হওয়ার কারণে। বিনিয়োগের ওপরে আয় বেড়েছে মূলত রেপো অ্যান্ড রিভার্স রেপো অর্জনের পরিমাণ বেড়ে ১,০৩৪ মিলিয়ন টাকা এবং মিউচুয়াল ফান্ডের ট্রেডিং শেয়ারগুলো বিক্রি থেকে উপার্জন বেড়ে ১৭৫ মিলিয়ন টাকা হওয়ার কারণে।

অন্যদিকে, কমিশন, এক্সচেঞ্জ অ্যান্ড ব্রোকারেজ বৃদ্ধি হয়েছে মূলত বৈদেশিক মুদ্রা লেনদেনের ক্ষেত্রে উপার্জন বেড়ে ২০৩ মিলিয়ন টাকা, বিভিন্ন কার্ডের ফি ও কমিশন বেড়ে ১৪১ মিলিয় টাকা এবং সঞ্চয়পত্র বিক্রির কমিশন বেড়ে ৫৪ মিলিয়ন টাকা হওয়ার কারণে।

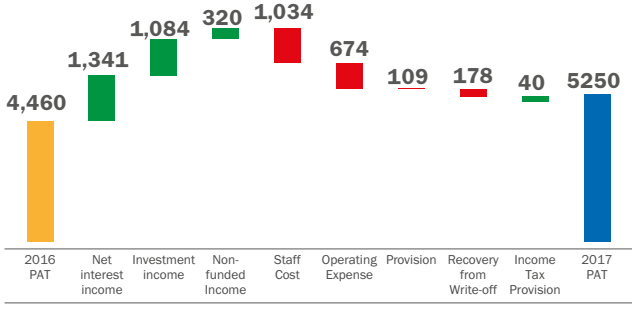
বিগত বছরে পরিচালনগত ব্যয় বেড়েছে ২১% (১,৭০৮ মিলিয়ন টাকা)। পরিচালনগত খরচ বৃদ্ধি পেয়েছে মূলত বেতন-ভাতা ৩১% (১,০৩৪ মিলিয়ন টাকা), ভাড়া ও ট্যাঙ ১৪% (১৬৩ মিলিয়ন টাকা), প্রিন্টিং ও বিজ্ঞাপনের খরচ ৫০% (১০১ মিলিয়ন টাকা) এবং বিবিধ খরচ (যেমন অনুদান ও সাবস্ক্রিপশনের খরচ ১০৮ মিলিয়ন টাকা, ব্যবসায়িক প্রমোশন ও উন্নয়নের খরচ ৮৮ মিলিয়ন টাকা, বিক্রয়ের ওপরে কর্মীদের ইনসেনটিভ ৫৭ মিলিয়ন টাকা, আইটি ভিত্তিক সেবার খরচ ৫৬ মিলিয়ন টাকা ইত্যাদি) ২৩% (৪৮২ মিলিয়ন টাকা) বৃদ্ধির কারণে। গত বছরের তুলনায় জীবনযাপনের খরচ বৃদ্ধির সঙ্গে তাল মেলাতে প্রকৃত আয়ে সমন্বয় করার কারণে বেতন-ভাতা বৃদ্ধি হয়েছে।

২০১৭ সালে ট্যাক্স প্রদানের পর ব্যাংকের নিট আয় বেড়েছে ১৮ শতাংশ (৭৯০ মিলিয়ন টাকা)। মূলত পরিচালনগত মুনাফা ১,০৩৭ মিলিয়ন টাকা বৃদ্ধির কারণে নিট মুনাফা বেড়েছে। ওই বছরে ২৮৮ মিলিয়ন টাকা প্রভিশন বৃদ্ধির বিপরীতে এটা বৃহত্তরভাবে ভারসাম্য এনেছে। প্রভিশন বেড়েছে মূলত ব্যালেন্স শিট বহির্ভূত বিভিন্ন বিষয়ের সাধারণ প্রভিশন বৃদ্ধি এবং বিরোধপূর্ণ বিলের ওপরে প্রভিশন বৃদ্ধির কারণে। অবশ্য, ২০১৭ সালে ট্যাক্স কেন্দ্রিক ব্যয় ছিল অনেকটাই আগের বছরের মতো। ২০১৭ সালে ট্যাক্স কেন্দ্রিক চলমান ব্যয় ৫৭ মিলিয়ন টাকা বৃদ্ধির বিষয়টি ৬১ মিলিয়ন টাকা বিলম্বিত কর আয়ের বিপরীতে বৃহত্তরভাবে ভারসাম্য এনেছে।

GROSS PROFIT/TOTAL OPERATING INCOME



Profit growth in 2017 and Its major contributors



আর্থিক ফলাফল

[টাকা মিলিয়নে]

বিবরণ	সামষ্টিক			একক		
	২০১৭	২০১৬	%	২০১৭	২০১৬	%
পরিচলনগত ফলাফল						
সুদভিত্তিক আয়	২১,৭৩৪	১৮,৩১০	১৯%	২০,৪৯৮	১৭,৮৪২	১৫%
সুদভিত্তিক ব্যয়	৮,২০১	৬,৫৮৯	২৪%	৮,৩৫১	৭,০৩৬	১৯%
নিট সুদভিত্তিক আয়	১৩,৫৩৩	১১,৭২১	১৫%	১২,১৪৮	১০,৮০৭	১২%
বিনিয়োগের আয়	২,৯১৫	২,৫৫৮	১৪%	৩,৫৮১	২,৪৯৭	৪৩%
তহবিল বহির্ভূত আয়	৭,২৫৩	৫,৯০৭	২৩%	২,৯৮১	২,৬৬১	১২%
সূদ বহির্ভূত আয়	১০,১৬৮	৮,৪৬৫	২০%	৬,৫৬২	৫,১৫৮	২৭%
মোট আয়	২৩,৭০১	২০,১৮৫	১৭%	১৮,৭১০	১৫,৯৬৫	১৭%
কর্মী বাবদ খরচ	৫,৮৭৮	৪,৫৩৮	৩০%	৪,৩৬০	৩,৩২৬	৩১%
পরিচলনগত অন্যান্য খরচ	৮,৪০০	৭,০৩৭	১৯%	৫,৩০০	৪,৬২৬	১৫%
পরিচলনগত মোট খরচ	১৪,২৭৯	১১,৫৭৫	২৩%	৯,৬৬০	৭,৯৫২	২১%
পরিচলনগত মুনাফা	৯,৪২২	৮,৬১১	৯%	৯,০৫০	৮,০১৩	১৩%
মুনাফা ভাগাভাগি/সহযোগীদের (ক্ষতি)	১৪.৩	০.২	–	–	–	–
ব্যয়ের ওপরে অর্জন/(ক্ষতি)/সাবসিডিয়ারিগুলোর নিয়ন্ত্রণ হারানো	(০.০২)	–	–	–	–	–
মুনাফা/ (ক্ষতি) প্রভিশনের আগে	৯,৪৩৭	৮,৬১১	১০%	৯,০৫০	৮,০১৩	১৩%
প্রভিশন	২,১৯২	২,৭৬৬	(২১%)	২,১৯২	২,০৮২	৫%
অবলোপন করা ঋণ পুনরুদ্ধার	(১,০৩৯)	(১,২১৮)	(১৫%)	(১,০৩৯)	(১,২১৮)	(১৫%)
নিট মুনাফা, ট্যাঙপ্রদানের আগে	৮,২৮৪	৭,০৬৩	১৭%	৭,৮৯৭	৭,১৪৮	১০%
ট্যাক্সের প্রভিশন	২,৭৮৬	২,৯৮৭	(৭%)	২,৬৪৭	২,৬৮৮	(২%)
ট্যাঙপ্রদানের পরে মুনাফা	৫,৪৯৮	৪,০৭৬	৩৫%	৫,২৫০	৪,৪৬০	১৮%

অসাধারণ অর্জন/ক্ষতি

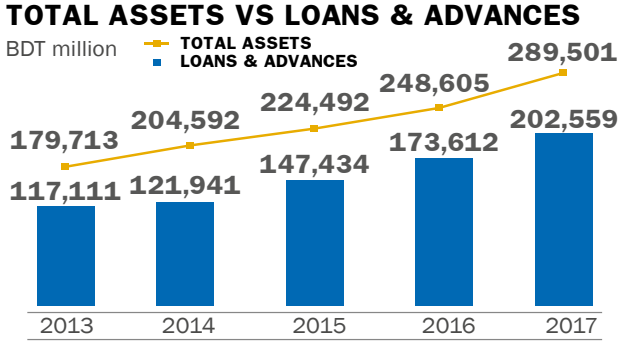
পর্যালোচনার আওতাভুক্ত বছরটিতে এ ধরনের কোনো অসাধারণ অর্জন/ক্ষতি পরিলক্ষিত হয়নি।

সহযোগী প্রতিষ্ঠানের পারফরম্যান্স

২০১৭ সালে বিবিএল-এর সহযোগী প্রতিষ্ঠানগুলো অত্যন্ত শক্তিশালী অবস্থায় প্রত্যাবর্তন করেছে। মোবাইল ব্যাংকিং সেবাদানকারী বিকাশ ট্যাঙ প্রদানের পর ৪৮৮ মিলিয়ন টাকা মুনাফা করেছে, যা আগের বছরের তুলনায় ২৬% প্রবৃদ্ধি। আর রাজস্ব বেড়েছে ২৫%। ব্রাক ইপিএল স্টক ব্রোকারেজ লিমিটেড গত বছর ট্যাঙ প্রদানের পর ২০৫ মিলিয়ন টাকা মুনাফা করেছে যা ২০১৬ সালের ৯ মিলিয়ন টাকার তুলনায় ১১৬% বৃদ্ধি। ব্র্যাক ইপিএল ইনভেস্টমেন্ট লিমিটেড ২০১৭ সালে ৪৯০ মিলিয়ন টাকা লোকসান করেছে। আমাদের সহযোগী প্রতিষ্ঠান ও আমাদের দেশের একটি নেতৃস্থানীয় বৈদেশিক মুদ্রার রেমিট্যান্স কোম্পানি ব্র্যাক স্বজন ২০১৭ সালে নিট মুনাফা করেছে ৩০ মিলিয়ন টাকা, যা ছিল ২০১৬ সালের তুলনায় ৮৩% বৃদ্ধি।

আর্থিক পারফরম্যান্স পোর্টফোলিও বিশ্লেষণ

ব্র্যাক ব্যাংক লিমিটেড মোট সম্পত্তির ক্ষেত্রে ১৬.৫% (৪০,৮৯৬ মিলিয়ন টাকা) প্রবৃদ্ধি অর্জন করেছে। ২০১৬ সালে মোট সম্পত্তি ছিল ২৪৮,৬০৫ মিলিয়ন টাকার; ২০১৭ সালে তা বেড়ে হয়েছে ২৮৯,৫০১ মিলিয়ন টাকা। মোট সম্পত্তির ক্ষেত্রে এই প্রবৃদ্ধি অর্জনের পেছনে ছিল মূলত ঋণ ও অগ্রিমে ১৬.৭% (২৮,৯৪৭ মিলিয়ন টাকা) বৃদ্ধি। ব্র্যাক ব্যাংক চলতি বছরেও তার ক্ষুদ্র ও মাঝারি এন্টারপ্রাইজ পোর্টফোলিতে আলোকপাত করা অব্যাহত রেখেছে। এ কারণে এই অংশে ২৩% (১৯,৮৭৮ মিলিয়ন টাকা) প্রবৃদ্ধি অর্জিত হয়েছে যা ব্যাংকের সার্বিক ঋণ পোর্টফোলিওতে অবদান রেখেছে। ব্যাংকটি আইটি প্ল্যাটফরমের উন্নয়নে বিনিয়োগ অব্যাহত রেখেছে। ক্রমবর্ধমান চাহিদা মেটাতে এবং অধিকতর ভালো ও উন্নতসেবা গ্রাহকদের সামনে হাজির করতেই এই ব্যবস্থা। এটা ২০১৭ সালে ব্যাংকের মোট সম্পদের পরিমাণ বাড়াতেও সহায়তা করেছে। অবশ্য, অন্যান্য ব্যাংক ও আর্থিক প্রতিষ্ঠানগুলোর সঙ্গে ব্যাল্যান্স ৪,০২৯ মিলিয়ন টাকা বৃদ্ধি পেয়েছে, যা বৃহত্তরভাবে অন্যান্য ব্যাংক ও আর্থিক প্রতিষ্ঠান থেকে নেওয়া ধারের ৪,৩৭৩ মিলিয়ন টাকার বিপরীতে ভারসাম্য এনেছে।

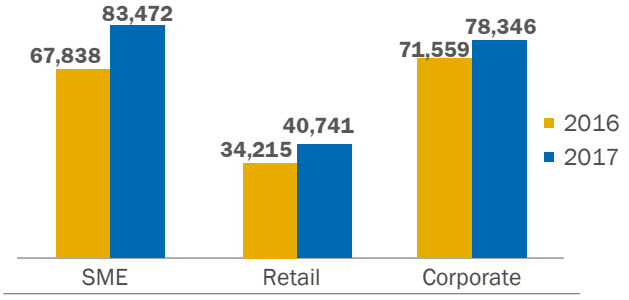


ব্যবসায়িক বিভাগ অনুযায়ী পারফরম্যান্স

ব্র্যাক ব্যাংকের সকলব্যবসায়িকঅংশের পোর্টফোলিও ও রাজস্ব উভয় ক্ষেত্রেই একটি ইতিবাচক প্রবৃদ্ধি প্রত্যক্ষ করেছে। এসএমই, রিটেইল ও করপোরেট পোর্টফোলিওতে ২০১৬ সালের তুলনায় ২০১৭ সালে প্রবৃদ্ধি হয়েছে যথাক্রমে ২৩%, ১৯% ও ৯%।

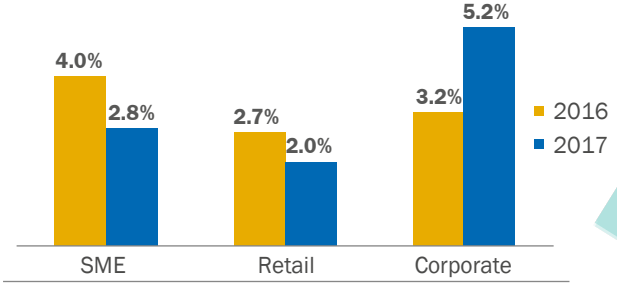
Division-wise Loan & Advance

BDT in million



ব্যাংক করপোরেট ব্যতিরেকে তার সকল অংশে অলস ঋণের (এনপিএল) পরিমাণ অত্যন্ত নিম্ন পর্যায়ে রাখতে সক্ষম হয়েছে। করপোরেট ক্ষেত্রে একজন বড় গ্রাহকের কারণে ব্যতিক্রম ঘটেছে।

Division-wise NPL (%)

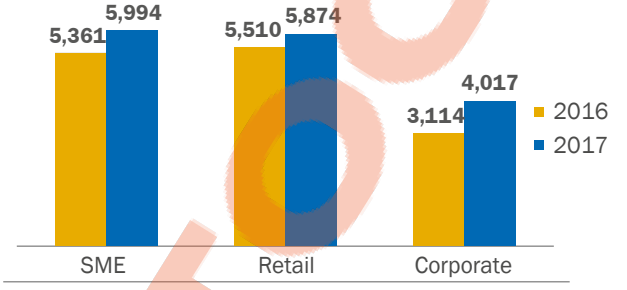


প্রবৃদ্ধির পোর্টফোলিওর সঙ্গে সংগতি রেখে, ব্যাংকের বিভিন্ন অংশের রাজস্বও বেড়েছে। এসএমই, রিটেইল ও করপোরেট অংশের ক্ষেত্রে এটা যথাক্রমে ১২%, ৭% ও ২৯%।

একক ভিত্তিতে মোট পরিচলনগত মুনাফার ৯,০৫০ মিলিয়ন টাকার মধ্যে এসএমই, রিটেইল ও করপোরেট অংশ অবদান রেখেছে যথাক্রমে ২,০২১ মিলিয়ন, ১৩৫২ মিলিয়ন ও ৩০৪৪ মিলিয়ন টাকা করে (২২%, ১৫% ও ৩২%)।

Division-wise Revenue

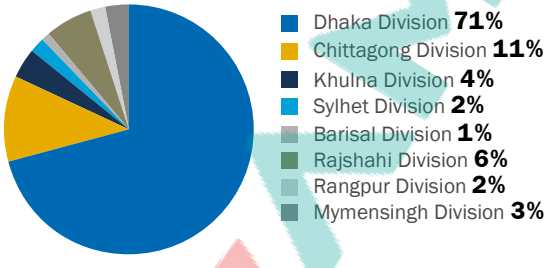
BDT in million



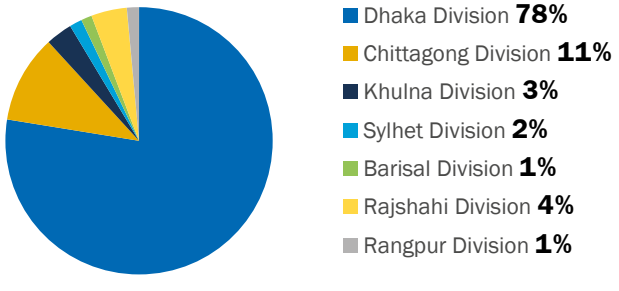
ভৌগলিক অবস্থান অনুযায়ী পোর্টফোলিও

ঢাকা বিভাগে ২০১৬ সালের তুলনায় ঋণের ঘনত্ব গত বছর কিছুটা হ্রাস পেয়েছে। এটা অংশত ময়মনসিংহকে নতুন বিভাগ ঘোষণার কারণে ঘটেছে। অবশ্য, এটাও উল্লেখ করা যেতে পারে যে ঋণের ঘনত্বের এই হিসাব করা হয়েছে শাখার অবস্থানের ওপর ভিত্তি করে; প্রকৃত বিনিয়োগটা কোথায় গেছে তার ভিত্তিতে নয়। ব্র্যাক ব্যাংক তার ঋণ বিতরণের ক্ষেত্রে সব সময়ই ভৌগলিক বৈচিত্র্যতার বিষয়টি মাথায় রাখে। ব্যাংক এর মাধ্যমে আমাদের দেশের সব এলাকায় সুষম উন্নয়নের বিষয়টি নিশ্চিত করতে চায়। এটা করা হয়ে থাকে ব্যাংকের শাখা ও এসএমই ইউনিটগুলোর এক বিস্তৃত নেটওয়ার্কের মাধ্যমে একেবারে প্রত্যন্ত সব অঞ্চলের মানুষের কাছে পৌঁছানোর মাধ্যমে।

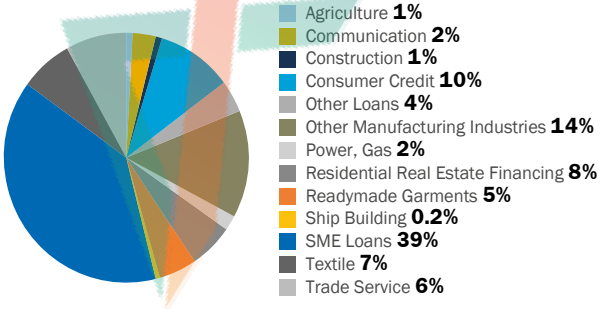
Geographical Location Wise Portfolio Grouping (2017)



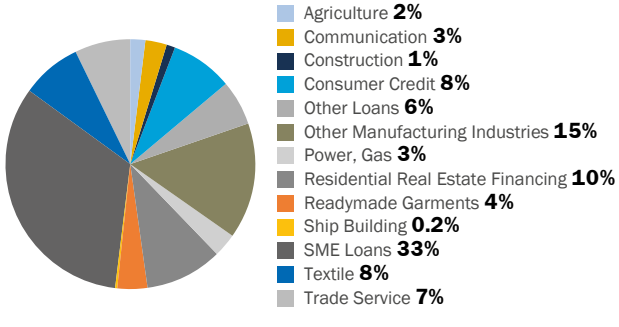
Geographical Location-wise Portfolio Grouping (2016)



Sector Wise Loan Protfolio (2017)



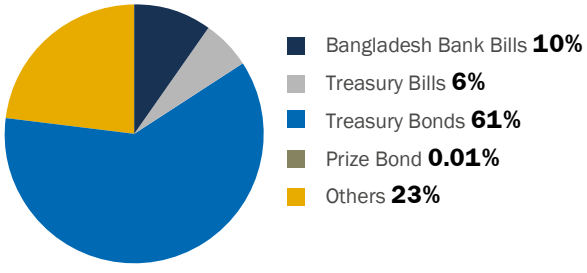
Sector-wise Loan Protfolio (2016)



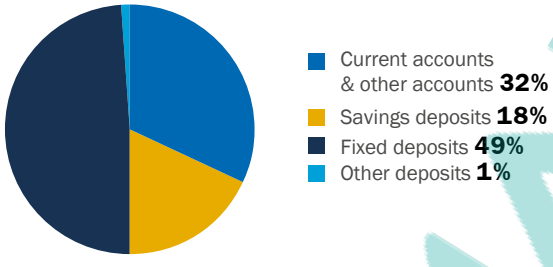
নিচের গ্রাফ থেকে আমরা দেখি যে ঋণ পোর্টফোলিওর ৩৯% এসএমই খাতে নিবিষ্ট, যা ২০১৬ সালের চেয়ে ৬% বেশি। ব্র্যাক ব্যাংক অবশ্য সব সময়ই এসএমই ঋণের পাশাপাশি ব্যাংকিংয়ের সকল ক্ষেত্রে আলোকপাত করার চেষ্টা করে যাচ্ছে। আবাসন খাতের সাম্প্রতিক মন্দা অবস্থার কারণে ব্যাংক এই খাতে তার লেনদেন কার্যকরভাবে হ্রাস করেছে। ২০১৬ সালে ছিল ১০% যা ২০১৭ সালে কমে হয়েছে ৬%।

২০১৭ সালের শেষ নাগাদ ব্র্যাক ব্যাংক ২,৪৯৮ মিলিয়ন টাকা বিনিয়োগ করেছে বাংলাদেশ ব্যাংকের বিভিন্ন বিলে। ট্রেজারি বিলগুলোতে বিনিয়োগ বাড়িয়ে করেছে ১,১৩৮ মিলিয়ন টাকা। ওই বছরের শেষে ট্রেজারি বন্ডে বিনিয়োগের পরিমাণ কমে ১,৪৮৮ মিলিয়ন টাকা হওয়ার পরিপ্রেক্ষিতে সেটা

Investment Mix (2017)



Deposit Mix (2017)

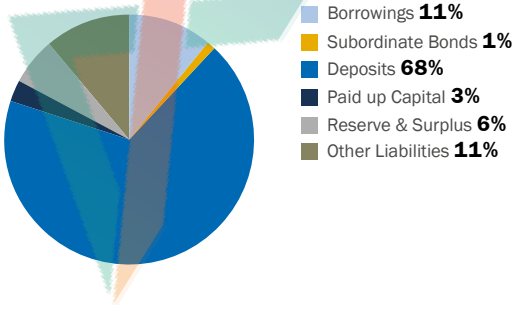


করা হয়। বাংলাদেশ ব্যাংকের বিভিন্ন গাইডলাইন অনুসারে এলএলআর বজায় রাখার স্বার্থেই মূলত ওই বিনিয়োগ রাখা হয়।

ব্যাংকের মিশ্র আমানত ২০১৭ সালে প্রায় একই ছিল। সেরা গ্রাহক সেবা নিশ্চিত করতে এবং ব্র্যান্ডের প্রতি আনুগত্য বাড়াতে ব্যাংক আমানতের ভিত আরও বৃদ্ধির দিকে এগোচ্ছে।

৩১ ডিসেম্বর, ২০১৭ তারিখে এসে মোট দায় (লায়াবিলিটি) দাড়ায় ৩৬,৩৪৬ মিলিয়ন টাকায় যা আগের বছরের তুলনায় ১৬ শতাংশ বৃদ্ধি।

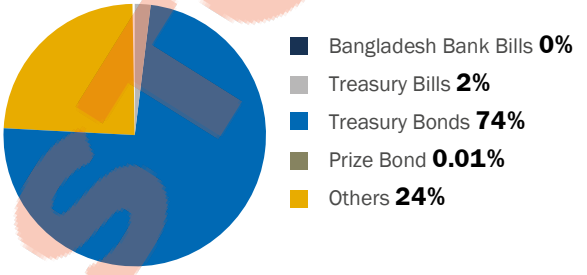
Sources of Funds (2017)



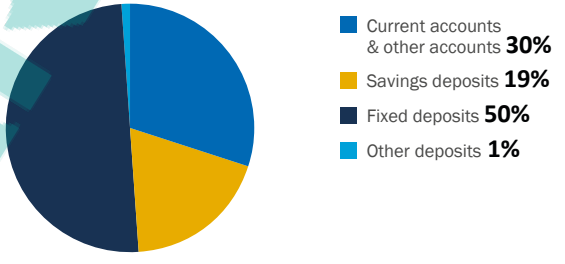
এটা বেড়েছে মূলত ডিপোজিটের পরিমাণ ১৬ শতাংশ বৃদ্ধির কারলে, টাকার অংকে যা ২৭,৩৬৫ মিলিয়ন। এটা দায়ের ক্ষেত্রে সার্বিকভাবে প্রায় ৭৫ শতাংশ বৃদ্ধি। আমানত বৃদ্ধির বাইরে চলতি ও অন্যান্য হিসাবে ৪৪%, সঞ্চয়ী আমানতে ১৪%, এবং মেয়াদী আমানতে ৪২% বৃদ্ধি হয়েছে। অবশ্য, মিশ আমানত ২০১৬ সালের তুলনায় ২০১৭ সালের শেষ নাগাদ অনেকটা একই ছিল। ব্যতিক্রম হিসেবে চলতি ও অন্যান্য হিসাবের ক্ষেত্রে আগের বছরের তুলনায় ২% ইতিবাচক অগ্রগতি পরিলক্ষিত হয়।

ব্র্যাক ব্যাংকের তহবিলের একটা সিংহভাগই আসে তার গ্রাহকদের আমানত হিসাব থেকে; এই আমানতের বেশির ভাগই ঋণ ও অগ্রিম হিসেবে ব্যবহার

Investment Mix (2016)



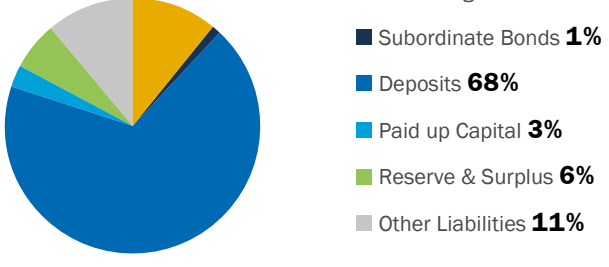
Deposit Mix (2016)



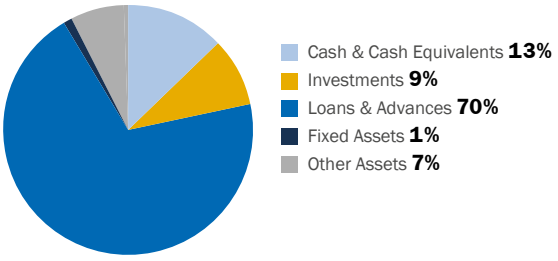
করা হয়, যাকে নিচের চার্টের মাধ্যমে পার্থক্য করে দেখা যেতে পারে।

এর একটি অংশকে ক্যাশ ও ক্যাশের সমতুল্য হিসেবে রাখা হয় সিআরআর ও এসএলআর অনুপাত বজায় রাখার জন্য। বর্তমানে এটা দাড়িয়েছে গ্রাহকের মোট চাহিদা ও ব্যাংকের টাইম লায়াবিলিটির যথাক্রমে ৬.৫% ও ১৩%।

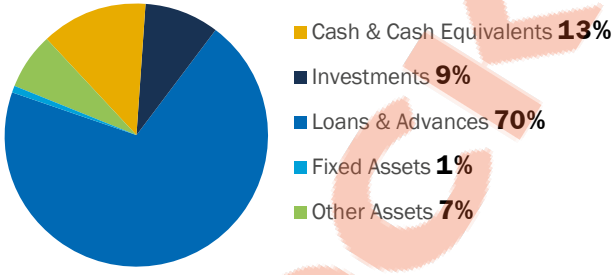
Sources of Funds (2016)



Utilization of Funds (2017)

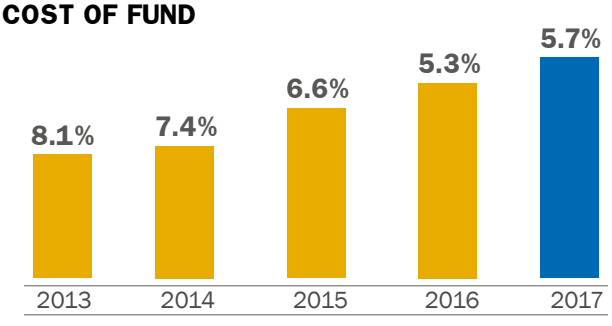


Utilization of Funds (2016)

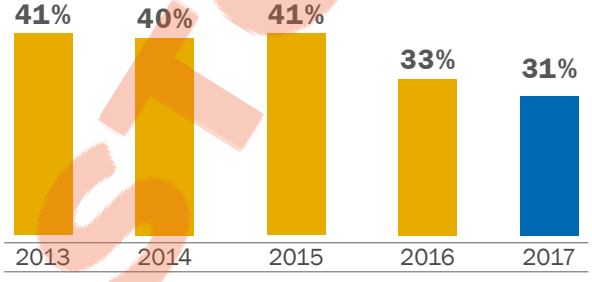


২০১৬ সাল পর্যন্ত ব্যাংকের তহবিল বাবদ খরচ নিম্নগামী আমানত হারের কারণে হ্রাসের প্রবণতায় ছিল। কিন্তু ২০১৭ সালে এটা অল্পস্বল্প বেড়েছে। সাম্প্রতিক সময়ে বাজারে তারল্য পরিস্থিতির কারণে সেটা ঘটেছে।

COST OF FUND



Non-Interest Income as a % of Operating Cost

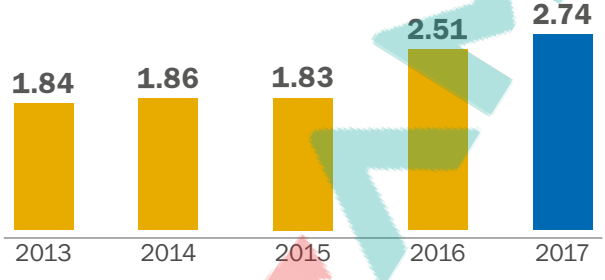


পরিচলনগত খরচের শতাংশ হিসেবে এনএফআই ব্যয় ৩৩% থেকে যৎসামান্য কমে ৩১% হয়েছে মূলত এসএমই ঋণ থেকে চার্জ বহির্ভূত ফির আয়ের কারণে।

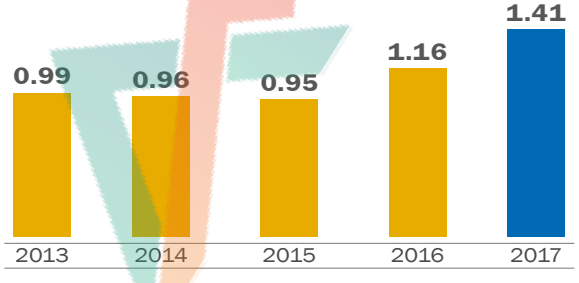
আর্থিক পারফরম্যান্স – দক্ষতা পর্যালোচনা

ব্র্যাক ব্যাংকের কর্মী প্রতি পরিচলনগত আয় প্রান্তিকভাবে ৮.৯৬% বেড়েছে। কিন্তু কর্মী প্রতি পরিচলনগত খরচ বেড়েছে ১২.৯৬%। মূলত প্রযুক্তি ও মেধাবীদের নিয়োগ দেওয়ার পেছনে বিনিয়োগের কারণে এই বৃদ্ধি।

Operating Profit Per Employee

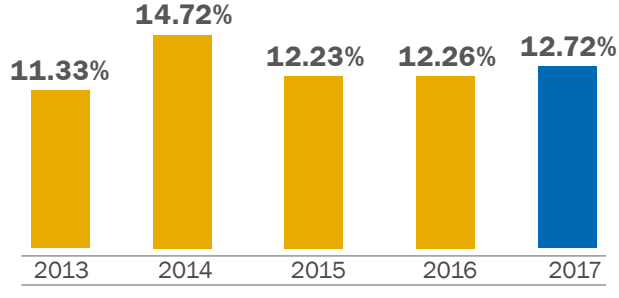


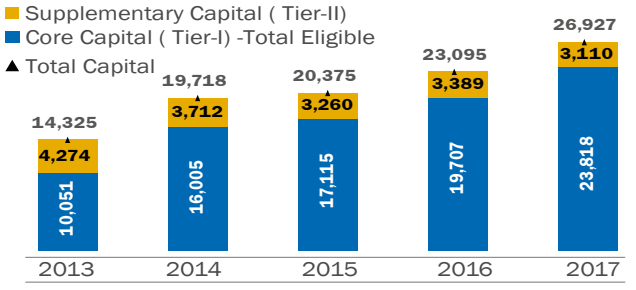
Operating Cost Per Employee

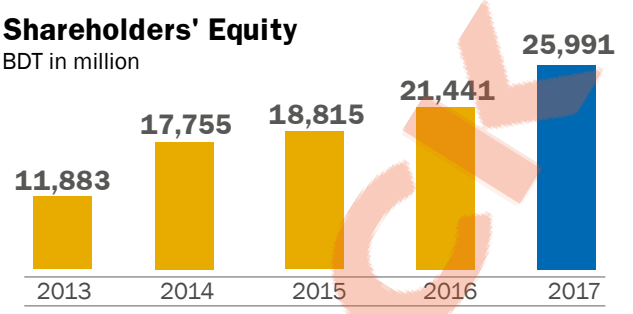


নিয়ন্ত্রণ সংক্রান্ত শর্ত মোতাবেক, ব্র্যাক ব্যাংক তার ব্যবসা অব্যাহত রাখতে ও সামনে এগিয়ে যাওয়ার জন্য ন্যূনতম মূলধন বজায় রাখতে বাধ্য। ৩১ ডিসেম্বর, ২০১৭ তারিখের হিসেবে, ব্যাংক একক ভিত্তিতে ১২.৭২% এবং সামষ্টিক ভিত্তিতে ১১.৯৭% মূলধনের পর্যাপ্ততা বজায় রেখেছে। এ ক্ষেত্রে নিয়ন্ত্রণ বিধির শর্ত হিসেবে ১১.২% রাখতে হয়। ৩১ ডিসেম্বর, ২০১৭ তারিখের হিসেবে একক ভিত্তিতে টায়ার-১ ও টায়ার-২ মূলধন দাড়ায় যথ াক্রমে ২৩,৫৩৪ মিলিয়ন ও ৩,১০২ মিলিয়ন টাকায়। সামষ্টিক ভিত্তিতে এটা ছিল যথাক্রমে ২৩,৮৭৩ মিলিয়ন ও ৩,১০২ টাকা। অবশ্য, আসন্ন দিনগুলোতে ব্যাংকের প্রবৃদ্ধি পরিকল্পনা এগিয়ে নিতে এবং পাশাপাশি ২০১৯ সাল নাগাদ মূলধনের পর্যাপ্ততা ১২.৫০ শতাংশে উন্নীত করার বাধ্যবাধকতা মানতে ব্যাংকে এই মূলধন আরও বাড়াতে হবে। যতদিন সম্ভব এই বিদ্যমান মূলধন ধরে রাখা এবং তা প্রয়োজন অনুসারী ব্যাংকের মূলধন পরিকল্পনার আওতায় আরও বৃদ্ধির মাধ্যমে সেটা করতে হবে।

CRAR (Standalone)





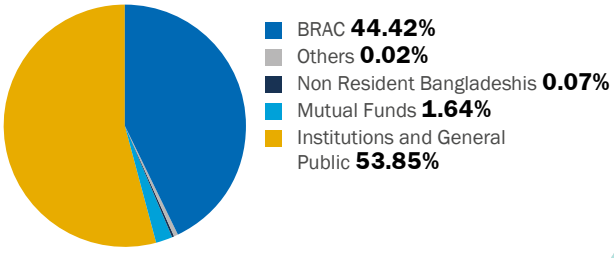


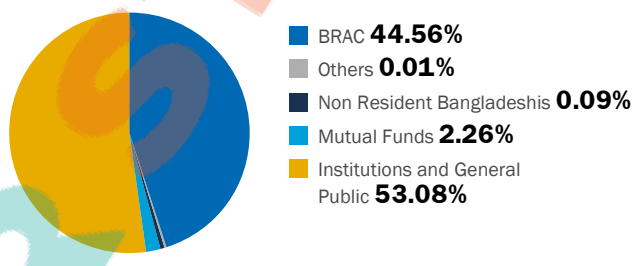
আর্থিক পারফরম্যান্স – শেয়ারধারীদের মান

শেয়ারধারীদের ইকুইটি আগের বছরের তুলনায় ৪,৫৫০ মিলিয়ন টাকা বৃদ্ধি পেয়েছে।

স্পনসরদের ভেতরে, ব্র্যাকের কাছে আছে ৪৪% শেয়ার। প্রতিষ্ঠান ও ব্যক্তির হাতে শেয়ারের পরিমাণ ২০১৬ সালের ৫৩% থেকে বেড়ে ২০১৭ সালে হয়েছে ৫৪%।

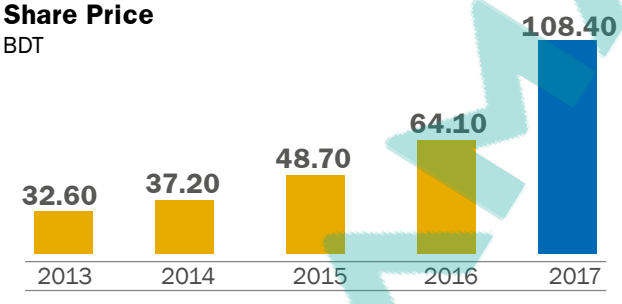
৩১ ডিসেম্বর, ২০১৭ তারিখের হিসেবে ব্যাংকের হাতে শেয়ার থাকার অবস্থান নিম্নে বর্ণনা করা হয়েছে:

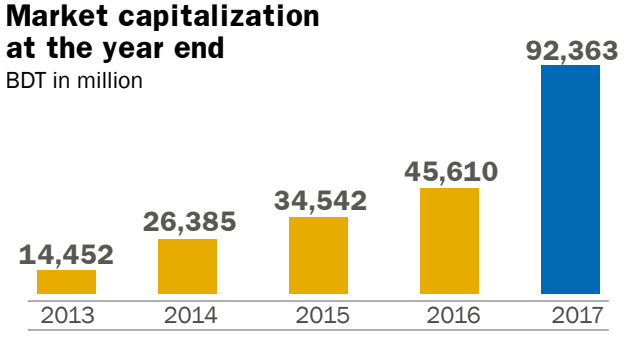




ব্যাংকের শেয়ারের দাম গত কয়েক বছরে উল্লেখযোগ্যহারে বেড়েছে। এটা এই ব্যাংকের ওপরে বাজারের শেয়ারধারীদের অব্যাহত আস্থার বিষয়টিকে ইঙ্গিত করে । বাংলাদেশে প্রথম ব্যাংক হিসেবে ব্র্যাক ১ বিলিয়ন ডলারের বাজার মূলধন অর্জন করেছে।

সন্তোষজনকভাবে বজায় রাখার জন্য পর্ষদ২০১৭ সালের ৩১ ডিসেম্বর শেষ হওয়া বছরের জন্য ২৫% স্টক ডিভিডেন্ড সুপারিশ করেছিল, যা ১৯তম বার্ষিক সাধারণ সভায় অনুমোদনের জন্য বিবেচনায় আছে।





ব্র্যাক ব্যাংক সামাজিকভাবে দায়বদ্ধ ও প্রতিশ্রুতিবদ্ধ একটি ব্যাংক হিসেবে আত্মপ্রকাশ করেছে, যা বিনিয়োগকারীদের মনে এই শিল্পের ভেতরে অন্যতম নেতৃস্থানীয় ব্যাংকের ছাপ সৃষ্টি করতে সাহায্য করবে। ২০১৭ সালের সর্বশেষ ব্যবসায়িক কর্মদিবসে ঢাকা স্টক এক্সচেঞ্জে ব্র্যাক ব্যাংকের জ্ঞাপিত বাজারমূল্য ছিল ১০৮.৪০ টাকা।

২০১৭ সাল জুড়ে পরিচালনা পর্ষদের ২০টি (বিশ) মিটিং ও পর্ষদের অডিট কমিটির ৯টি (নয়) মিটিং অনুষ্ঠিত হয়েছে।

পরিচালনা পর্ষদ সকল ধরনের শেয়ারধারীদের স্বার্থ সুরক্ষা ও সমুন্নত করার জন্য অব্যাহতভাবে চেষ্টা করে যাচ্ছে। পাশাপাশি তারা ব্যাংকের স্থিতিশীল প্রবৃদ্ধি নিশ্চিত করতে কাজ করে যাচ্ছে। ব্যাংকের মূলধন পর্যাপ্ততা

বাংলাদেশ ব্যাংকের বিআরপিডি প্রজ্ঞাপন নম্বর ০৬, তারিখ: জুলাই ০৫, ২০০৬ মোতাবেক এবং ঝুঁকি ব্যবস্থাপনায় উন্নতি ও করপোরেট প্রশাসনের পাশাপাশি বিনিয়োগকারী, আমানতকারী, পাওনাদার ও শেয়ারধারীদের স্বার্থ সুরক্ষা প্রশ্নে ২০১৬ সালে ব্র্যাক ব্যাংককে রেটিং করেছে ক্রেডিট রেটিং এজেন্সি অব বাংলাদেশ লিমিটেড (সিআরএবি)।

আমরা আনন্দের সঙ্গে ঘোষণা দিচ্ছি যে ক্রেডিট রেটিং এজেন্সি অব বাংলাদেশ লিমিটেড (সিআরএবি) ব্র্যাক ব্যাংক লিমিটেডকে দীর্ঘমেয়াদী রেটিংয়ে এএ১ (ডাবল এ ওয়ান) ও স্বল্পমেয়াদী রেটিংয়ে 'এসটি-১' রেটিং দিয়েছে। এই ক্যাটাগরিতে রেটিং পাওয়া বাণিজ্যিক ব্যাংকগুলোকে খুবই

শক্তিশালী ব্যাংক হিসেবে বিবেচনা করা হয়ে থাকে। এই রেটিংয়ের অর্থ সেই ব্যাংকে অত্যন্ত ভালো আর্থিক অবস্থান, স্বাস্থ্যবান ও টেকসই ফ্রাঞ্চাইজি এবং প্রথম সারির পরিচালনগত পরিবেশ বিদ্যমান আছে। এই ক্যাটাগরির রেটিংয়ের মানে হলো ব্যাংকের তারল্য, অভ্যন্তরীণ তহবিল উৎপাদন এবং বিকল্প তহবিলের উৎসে প্রবেশের সুযোগ প্রশ্নে প্রশংসনীয় অবস্থান রয়েছে। আর্থিক নথিপত্রের ভিত্তিতে ব্র্যাক ব্যাংকের ২০১৭ সালের এই ক্রেডিট রেটিংটি বর্তমানে প্রক্রিয়াধীন রয়েছে এবং যথাসময়ে তা প্রকাশ করা হবে।

জাতীয় কোষাগারে অবদান

ব্র্যাক ব্যাংক লিমিটেড বাংলাদেশের অর্থনীতিতে নিজেকে একটি অন্যতম শক্তিশালী আর্থিক প্রতিষ্ঠানে রূপান্তরিত করেছে। সরকারি রাজস্ব সংগ্রহ এবং রাষ্ট্রীয় কোষাগারে তা জমা দেওয়ার মাধ্যমে জাতীয় অর্থনীতিতে ব্যাংকটি অনেক অবদান রেখে চলেছে। এসব ক্ষেত্রে দেশের বিদ্যমান সব আইন যথ যথভাবে মেনে চলে ব্যাংকটি। ব্যাংক কর্তৃপক্ষ বিভিন্ন পণ্য ও সেবাদানের সময় যথাযথভাবে ট্যাক্স, ভ্যাট ও আবগারি শুল্ক কর্তন করে থাকে। এগুলোর পাশাপাশি, এই ব্যাংক তার আয়ের ওপরে কর দিয়ে থাকে। বিগত কয়েক বছরে কর পরিশোধের সারসংক্ষেপ:

[পরিমাণ টাকায়]

বছর	কর রেয়াত	ভ্যাট	আবগারি শুল্ক	করপোরেট কর	সর্বমোট
২০১৩	১,৩১৫,৯১৩,৪৩৩	৪৪২,০৮৪,৯১৪	২০৫,৯২৭,১৬০	১,১০১,৯২০,৫৮৩	৩,০৬৫,৮৪৬,০৯০
২০১৪	১,২৯৫,১০৬,১৮৭	৪৪৯,৭৯১,৭৪৯	২৬০,৫২২,৮৭০	১,৩৩৮,৪২৯,২৮৮	৩,৩৪৩,৮৫০,০৯৩
২০১৫	১,৩৫৬,০৪৪,৩৮০	৫১৪,০৪৩,৩৭৭	৩০৬,৮৮৮,১৭০	১,৭৫৯,৪৭৩,০৪৯	৩,৯৩৬,৪৪৮,৯৭৭
২০১৬	১,৪০৬,৯৩২,০৩৪	৫৮৭,৩০৩,৩৪৪	৫১৭,৪৫২,৭০০	২,১০৬,২০০,১৯০	৪,৬১৭,৮৮৮,২৬৮
২০১৭	১,৫৪২,৫৩৯,১১০	৮২৪,৩১৩,৮৬০	৪৪২,৩১৬,৩৫০	২,২৬০,৬৭০,৩১০	৫,০৬৯,৮৩৯,৬৩০
মোট	৬,৯১৬,৫৩৫,১৪৪	২,৮১৭,৫৩৭,২৪৪	১,৭৩৩,১০৭,২৫০	৮,৫৬৬,৬৯৩,৪২০	২০,০৩৩,৮৭৩,০৫৮

* ইনকাম ট্যাক্স অর্ডিন্যান্স- ১৯৮৪ অনুসারে ২০১৭ সালের অগ্রিম কর হিসেবে ১১,৯৩৪ মিলিয়ন টাকা রাষ্ট্রীয় কোষাগারে জমা করা হয়েছে।

সংশ্লিষ্ট পার্টিগুলোর সঙ্গে লেনদেনের ভিত্তি

ব্যবসার স্বাভাবিক প্রক্রিয়ার অংশ হিসেবে আমাদের সংশ্লিষ্ট পার্টিগুলোর সঙ্গে আমাদের বিভিন্ন ধরনের লেনদেন করার দরকার পড়ে। সংশ্লিষ্ট পার্টিগুলোর সঙ্গে এই লেনদেনের প্রকৃতি হয় ঋণ ও অগ্রিম ভিত্তি হয়ে থাকে অথবা হাতের নাগালে থাকা দর বা ন্যায্য বাজারমূল্যে আমাদের কাছে আমানত রাখা হয়।

কৌশলগত দৃষ্টিভঙ্গি

মুদ্রা বাজারে তারল্য সংকটের বিষয়টি খুবই স্পষ্ট। তাই ২০১৮ সালে ব্যাংকগুলোর মধ্যে আমানত নিয়ে একটা দ্বন্দ্ব বাধবে। আমানতের বাড়তি মূল্যের সঙ্গে সংগতি সাধন করতে বিদ্যমান সম্পদের পুনর্মূল্যায়ন করার পথে একটি পদক্ষেপ রয়েছে। ঋণ পুনরুদ্ধারের ওপরে এই সম্পদ পুনর্মূল্যায়নের একটা প্রভাব পড়তে পারে। এর ফল হতে পারে ব্যাংকিং শিল্পে অলস ঋণের পরিমাণ বেড়ে যাওয়া। আসন্ন দিনগুলোতে সুদহার কমে যাবে বলে পূর্বাভাস এসেছে।

- ব্র্যাক ব্যাংক প্রযুক্তি ও মানব উন্নয়নের পেছনে বিনিয়োগ অব্যাহত রাখবে এবং সেবার গুণগত মানের ওপরে আরও আলোকপাত করবে। গ্রাহকদের আনন্দদায়ক ব্যাংকিং অভিজ্ঞতা উপহার দিতেই সেটা করা হবে।
- ব্র্যাক ব্যাংকের কেন্দ্রে রয়েছে এসএমই। ঋণ বিতরণের পাশাপাশি এসএমই ব্যাংকিং সম্প্রসারিত করতে আমাদের একটা অগ্রাধিকার থ াকবে। 'লেন্ডার টু ব্যাংকার' - আমাদের এই মিশনের সঙ্গে সামঞ্জস্য রেখে তা করা হবে।
- বিশ্বমানের ব্যাংকিং সেবা প্রদান করতে রিটেইল ব্যাংকিং আরও বেশি ডিজিটাল ব্যাংকিংয়ের রাস্তা খুঁজে বের করবে।
- আলোকপাতে থাকবে এজেন্ট ব্যাংকিং। এমন ব্যাংকিং গণমানুষের কাছে ব্যাংকের পণ্য ও সেবা নিয়ে হাজির হবে, যার মাধ্যমে মানুষের আর্থিক অন্তর্ভুক্তি বাড়বে।
- লোকাল করপোরেট ও ইমার্জিং করপোরেট খুঁজে বের করবে ঢাকা ও চট্টগ্রামের মতো মেট্রোপলিটন শহরের বাইরে থাকা ব্যবসাপ্রতিষ্ঠানগুলোকে, যাদের কাছে আজও যাওয়া হয়নি।

পরিচালকদের নিয়োগ:

এসোসিয়েশন এন্ড দি কোম্পানিজ এক্ট- ১৯৯৪ এর বিভিন্ন অনুচ্ছেদ মোতাবেক নিম্নে বর্ণিত পরিচালকবৃন্দ ১৯তম বার্ষিক সাধারণ সভায় ব্র্যাক ব্যাংক লিমিটেডের পর্ষদ থেকে অবসরে যাবেন। তবে পরবর্তীতে তাঁরা পুনর্নির্বাচন ও পুনরায় বোর্ডের পরিচালক হিসেবে নিয়োগ পাওয়ার জন্য যোগ্য।

১. স্যার ফজলে হাসান আবেদ কেসিএমজি

২. মিসেস নিহাদ কবির

এই দুজনই পুনরায় নির্বাচিত হওয়ার জন্য যোগ্য।

১. স্যার ফজলে হাসান আবেদ কেসিএমজি

স্যার ফজলে হাসান আবেদ ব্র্যাক ব্যাংক লিমিটেডের প্রতিষ্ঠাতা। তিনি বোর্ডের চেয়ারম্যান হিসেবে পুনরায় নিযুক্ত হন ২০১৩ সালের মার্চ মাসে। তিনি ব্র্যাকেরও প্রতিষ্ঠাতা এবং চেয়ারপারসন। ব্র্যাক বিশ্বের মধ্যে অন্যতম বৃহৎ একটি এনজিও এবং ২০১৬ ও ২০১৭ সালে জেনেভা ভিত্তিক 'এনজিও এডভাইজর' প্রতিষ্ঠানটিকে বিশ্বের এক নম্বর এনজিও হিসেবে স্বীকৃতি দিয়েছে। অভিনবত্ব, প্রভাব ও প্রশাসনের মতো বিষয়গুলো বিবেচনায় নিয়ে এই র‍্যাংকিং করা হয়েছে। ১৯৭২ সালে প্রতিষ্ঠিত ব্র্যাংকের প্রাথমিক উদ্দেশ্য

ছিল দারিদ্র দূরীকরণ এবং গরীব মানুষদের ক্ষমতায়ন করা। বর্তমানে ব্র্যাক আফ্রিকা ও এশিয়ার ১১টি দেশে তার কার্যক্রম চালাচ্ছে।

ব্র্যাকে নেতৃত্বদানের ক্ষেত্রে সাফল্যের কারণে স্যার ফজলে হাসান আবেদ অগণিত জাতীয় ও আন্তর্জাতিক পুরস্কার-সম্মাননা পেয়েছেন। এর মধ্যে রয়েছে কমিউনিটি লিডারশিপের জন্য রামন ম্যাগসাসাই পুরস্কার (১৯৮০), ইন্টারএকশন হিউম্যানিটারিয়ান এওয়ার্ড (১৯৯৮), ওলফ পাম এওয়ার্ড (২০০১), শুয়াব ফাউন্ডেশন সোশ্যাল এন্ট্রাপ্রিনিউরশিপ এওয়ার্ড (২০০৩), মানব উন্নয়নে অসামান্য অবদানের জন্য ইউএনডিপি মাহবুব উল হক এওয়ার্ড (২০০৪), গেটস এওয়ার্ড ফর গ্লোবাল হেলথ (২০০৪), সামাজিক উন্নয়ন ও দারিদ্র দূরীকরণে আজীবনের অর্জনের জন্য পল্লী কর্ম সহায়ক ফাউন্ডেশন (পিকেএসএফ) এওয়ার্ড (২০০৭), হেনরি আর. ক্রাভিস প্রাইজ ইন লিডারশিপ (২০০৭), অভিষেক ক্লিনটন গ্লোবাল সিটিজেন এওয়ার্ড (২০০৭), ডেভিড রকফেলার ব্রিজিং লিডারশিপ এওয়ার্ড (২০০৮), এন্ট্রাপ্রিনিউর ফর দি ওয়ার্ল্ড এওয়ার্ড (২০০৯), অভিষেক ওয়াইজ প্রাইজ ফর এডুকেশন (২০১১), সিইউ ওপেন সোসাইটি প্রাইজ (২০১৩), লিও টলস্টয় ইন্টারন্যাশনাল গোল্ড মেডেল (২০১৪), স্প্যানিশ অর্ডার অব সিভিল মেরিট (২০১৪), ট্রাস্ট উইমেন হিরো এওয়ার্ড (২০১৪), ওয়ার্ল্ড ফুড প্রাইজ (২০১৫) এবং টমাস ফ্রান্সিস জুনিয়র মেডেল ইন গ্লোবাল পাবলিক হেলথ (২০১৬)।

স্যার ফজলেহাসান আবেদকে বিশ্বের অন্যতম মহান ব্যক্তিত্ব হিসেবে স্বীকৃতি দিয়েছে অশোকা। তিনি এই প্রতিষ্ঠানের মর্যাদাপূর্ণ গ্লোবাল একাডেমি ফর সোশ্যাল এন্ট্রাপ্রিনিউরশিপের প্রতিষ্ঠাতা সদস্য। ২০১০ সালে স্যার ফজলে হাসান আবেদকে জাতিসংঘের মহাসচিব বান কি-মুন স্বল্পোন্নত দেশগুলোর (এলডিসি) জন্য বিশিষ্ট নাগরিক গ্রুপের সদস্য হিসেবে নিযুক্ত করেন।

স্যার ফজলে হাসান আবেদ অসংখ্য সম্মানজনক ডিগ্রি গ্রহণ করেছেন, যার মধ্যে রয়েছে ইয়েল ইউনিভার্সিটি (২০০৭), কলম্বিয়া ইউনিভার্সিটি (২০০৮), ইউনিভার্সিটি অব অক্সফোর্ড (২০০৯) এবং প্রিন্সটন ইউনিভার্সিটির (২০১৪) ডিগ্রি।

২. মিসেস নিহাদ কবির

মিসেস নিহাদ কবির ২০০৭ সালে ব্র্যাক ব্যাংক লিমিটেডের বোর্ডের স্বতন্ত্র পরিচালক নির্বাচিত হন। ২০১৫ সালের জুলাই মাস তিনি পর্ষদ থেকে অবসরে যান এবং পরিচালক হিসেবে যোগদান করেন। ব্র্যাক ওই বছরের নভেম্বর মাসে তাঁকে মনোনীত করে। মিসেস নিহাদ কবির সৈয়দ ইশতিয়াক আহমদে এন্ড এসোসিয়েটসের জ্যেষ্ঠ অংশীদার। তিনি মেট্রোপলিটন চেম্বার অব কমার্স এন্ড ইন্ডাস্ট্রিজের সভাপতি। তিনিসহ কয়েকজন ব্র্যাক ইপিএল ইনভেস্টমেন্টস লিমিটেড ও ব্র্যাক ইপিএল স্টক ব্রোকারেজ লিমিটেডের চেয়ারম্যান। তিনি বিকাশ লিমিটেড, ইনফ্রাস্ট্রাকচার ডেভেলপমেন্ট কোম্পানি লিমিটেড (ইডকল) ও পল্লী কর্ম-সহায়ক ফাউন্ডেশনের (পিকেএসএফ) পরিচালক, এবং স্কয়ার ফার্মাসিউটিক্যাল লিমিটেড ও এপেক্স ফুটওয়্যার লিমিটেডের স্বতন্ত্র পরিচালক পদেও রয়েছেন।

মিসেস নিহাদ কবির বাংলাদেশ সুপ্রীম কোর্টের একজন এডভোকেট। তিনি 'শ্রম আইন ২০০৬ এর আওতায় শ্রম বিধিবিধান' প্রস্তুত কমিটির সদস্য। এ ছাড়া তিনি 'জাতীয় পে কমিশন ও কর্ম কমিশনের' সদস্য ছিলেন। তিনি বর্তমানে বেসরকারি মানবাধিকার সংস্থা 'আইন ও সালিশ কেন্দ্রের' মহাসচিব। এর আগে তিনি সরকারের 'জাতীয় শিক্ষানীতি কমিটির' সদস্য ছিলেন। তিনি 'সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের' (এসইসি) প্রথম লিগ্যাল কাউন্সেল ছিলেন। এ ছাড়া তিনি এশীয় উন্নয়ন ব্যাংকের কাউন্সেলর হিসেবে কাজ করেছেন। আইনজীবী হিসেবে তাঁর ২৫ বছরের বেশি কাজ করার অভিজ্ঞতা রয়েছে।

মিসেস নিহাদ কবিরকে ইংল্যান্ডের গ্রেস ইনন-এর বার থেকে আমন্ত্রণ জানানো হয়েছিল। তাঁর আইন বিষয়ে বিএ (সম্মান) ডিগ্রি রয়েছে। এলএলএম পাশ করেছেন ইংল্যান্ডের ইউনিভার্সিটি অব ক্যাম্ব্রিজ থেকে।

পর্ষদ সভায় উপস্থিতি

সিরিয়াল নম্বর	পরিচালকের নাম	পদবী	নিজ নিজ মেয়াদে বিভিন্ন সভায় পরিচালকগণের উপস্থিত		
			যতবার সভা হয়েছে	উপস্থিতি	অনুপস্থিতি
১	স্যার ফজলে হাসান আবেদ	চেয়ারম্যান	২০	২০	০
২	ড. হাফিজ জি. এ. সিদ্দিকী	পরিচালক	৬	৬	০
৩	মিসেস নিহাদ কবির	পরিচালক	২০	১৪	৬
৪	মি. শিব নারায়ণ কৈরি	পরিচালক	২০	২০	০
৫	মিসেস জাহিদা ইস্পাহানী	পরিচালক	২০	১১	৯
৬	মি. কাজী মাহমুদ সাত্তার	পরিচালক	২০	১৮	২
৭	মি. সৈয়দ এস কায়সার কবির	পরিচালক	২০	৬	১৪
৮	ড. আহসান এইচ মানসুর	পরিচালক	১৫	১২	৩
৯	মি. আসিফ সালেহ	পরিচালক	১৫	১৩	২

নোট: ড. হাফিজ জি. এ. সিদ্দিকী ২০১৭ সালের ২৭ এপ্রিল ১৮তম এজিএমে অবসরে যান।
ড. আহসান এইচ. মানসুর ২০১৭ সালের ২০ এপ্রিল ব্র্যাক ব্যাংকে যোগদান করেন।
মি. আসিফ সালেহ ২০১৭ সালের ২০ এপ্রিল ব্র্যাক ব্যাংকে যোগদান করেন।

পরিচালকবৃন্দের পারিতোষিক

পর্ষদ সভা, পর্ষদের অডিট কমিটির সভা এবং ঝুঁকি ব্যবস্থা কমিটির সভায় উপস্থিতির জন্য ২০১৭ সালে স্বতন্ত্র পরিচালকসহ পরিচালকবৃন্দকে নিম্নে উল্লিখিত পরিমাণে পারিতোষিক দেওয়া হয়েছে:

সিরিয়াল নম্বর	পরিচালকের নাম	পদবী	পারিতোষিক দেওয়া হয়েছে (টাকায়)
১	স্যার ফজলে হাসান আবেদ	চেয়ারম্যান	১৪৪,০০০
২	ড. হাফিজ জি. এ. সিদ্দিকী	পরিচালক	৭৯,২০০
৩	মিসেস নিহাদ কবির	পরিচালক	১০০,৮০০
৪	মি. শিব নারায়ণ কৈরি	পরিচালক	২৪৪,৮০০
৫	মিসেস জাহিদা ইস্পাহানী	পরিচালক	৭৯,২০০
৬	মি. কাজী মাহমুদ সাত্তার	পরিচালক	২১৬,০০০
৭	মি. সৈয়দ এস কায়সার কবির	পরিচালক	৪৩,২০০
৮	ড. আহসান এইচ মানসুর	পরিচালক	১৩৬,৮০০
৯	মি. আসিফ সালেহ	পরিচালক	৯৩,৬০০

ঝুঁকি ও উদ্বেগ

রাজনৈতিক উত্তাল অবস্থা, সন্ত্রাসী হামলা, বৈদেশিক মুদ্রার মূল্যমান অস্বাভবিকভাবে ওঠানামা করা, তারল্য সংকট এবং বৃহৎ শক্তিগুলোর বৈশ্বিক সিদ্ধান্ত ইত্যাদি বিষয়গুলো আমাদের দেশে ব্যবসা পরিচালনার ক্ষেত্রে বড় উদ্বেগ হিসেবে বিবেচিত হয়। ২০১৮ সালটি আমাদের আরেকটি জাতীয় নির্বাচনের বছর, যা দেশের ব্যবসা প্রতিষ্ঠানগুলোর সামনে একটি বড় উদ্বেগ। ২০১৮ সালে যদি রাজনৈতিক স্থিতিশীলতা নিশ্চিত করা যায়, বৈদেশিক মুদ্রার মুল্যমান স্থিতিশীল থাকে, সন্ত্রাসী হামলা প্রতিরোধ করা যায় এবং বৈশ্বিক বিভিন্ন ব্যবসায়িক সিদ্ধান্ত বাংলাদেশের বিপক্ষে না যায়, তাহলে দেশের ব্যবসা-বাণিজ্য মসৃনভাবে এগোবে। অবশ্য, এটা নিঃসন্দেহেই একটি চ্যালেঞ্জিং বছর এবং ব্র্যাক ব্যাংক এ ধরনের ঝুঁকিগুলো এড়াতে বিভিন্ন সক্রিয় পদক্ষেপ নিয়ে রেখেছে।

কোনো প্রকার অস্বাভাবিক ঘটনা খতিয়ে দেখতে অভ্যন্তরীণ নিয়ন্ত্রণ পদ্ধতিকে অত্যন্ত কার্যকর নকশায় গড়ে তোলা হয়েছে এবং তা কার্যকরভাবে বাস্তবায়ন ও পর্যবেক্ষণ করা হয়।

বার্ষিক প্রতিবেদন প্রস্তুকরণ

বার্ষিক প্রতিবেদন প্রস্তুত করার সময় অগ্রাধিকার দেওয়া হয় সত্য ও সুষ্ঠু উপস্থাপনের ওপরে। একাউন্টের বিভিন্ন পেপারবুক রক্ষণের বিষয়টি নিশ্চিত করা হয়েছে। ছড়ান্ত আর্থিক বিবরণী প্রস্তুতকরণের ক্ষেত্রে উপযুক্ত একাউন্টিং পলিসি অব্যাহতভাবে প্রয়োগ করা হয়েছে এবং হিসাবের বিভিন্ন অনুমান করা হয়েছে যৌক্তিক ও বিচক্ষণ বিচারবুদ্ধি প্রয়োগের ভিত্তিতে। ইন্টারন্যাশনাল ফিনান্সিয়াল রিপোর্টিং স্ট্যান্ডার্ডস (আইএফআরএস)/ বাংলাদেশ ফিনান্সিয়াল রিপোর্টিং স্ট্যান্ডার্ডস (বিএফআরএস) সহ বাংলাদেশে প্রযোজ্য সকল বিষয় ওই আর্থিক বিবরণী তৈরির ক্ষেত্রে অনুসরণ করা হয়েছে এবং কোনো ত্রুটি-বিচ্যুতি ঘটলে তা যথাযথভাবে প্রকাশ করা হয়েছে।

চলমান কারবার ভিত্তি

আমাদের ব্যাংক একটি চলমান কারবারে আছে, এই ভিত্তি বিবেচনায় নিয়ে সকল আর্থিক বিবরণী প্রস্তুত করা হয়েছে। আমাদের আর্থিক পারফরম্যান্স থেকে শুরু করে, ব্যাবসার পোর্টফোলিও এবং পরিচলনগত শক্তি পর্যন্ত এটা ধারণা করা যেতে পারে যে আমাদের ব্যবসা চলমান কারবারের ওপরে রয়েছে।

ডিভিডেন্ড

ব্র্যাক ব্যাংকের মূলধনের পর্যাপ্ততা স্বাস্থ্যকর পর্যায়ে বজায় রাখতে পর্ষদ ২০১৭ সালের জন্য ২৫% স্টক ডিভিডেন্ড সুপারিশ করেছিল। এটি ১৯তম বার্ষিক সাধারণ সভায় অনুমোদনের অপেক্ষায় রয়েছে।

অডিটর নিয়োগ

বিদ্যমান অডিটর এম/এস. এ. কাশেম অ্যান্ড কোং, চার্টার্ড একাউন্ট্যান্টস, ৭, গুলশান পিংক সিটি, সুইটস #০১-০৩ লেভেল- ৭),প্লট # ১৫, রোড# ১০৩, ব্লক সিইএন (সি), গুলশান এভিনিউ, ঢাকা-১২১২ ব্র্যাক ব্যাংক লিমিটেডের অডিটর হিসেবে উপর্যুপরি তিন বছর সম্পন্ন করেছে। বাংলাদেশ ব্যাংকের গাইডলাইন অনুসারে, এক অডিটরকে পরপর তিন বছরের বেশি নিযুক্ত করা যায় না। তাই ব্র্যাক ব্যাংক লিমিটেডের জন্য ২০১৮ অর্থবছরে বিদ্যমান অডিটর পরিবর্তন করতে হবে। যেহেতু তারা পুনরায় নিয়োগ পাওয়ার যোগ্য নয়, তাই আমরা ইতিমধ্যে ব্র্যাক ব্যাংক লিমিটেডের জন্য ২০১৮ সালে অডিটর হতে ইচ্ছুক এমন বৈধ অডিট ফার্মগুলোর কাছ থেকে দরখাস্ড় আহ্বান করেছিলাম। পরিচালনা পর্ষদ এম/এস. রহমান রহমান হক, চার্টার্ড একাউন্ট্যান্টসকে ২০১৮ সালের জন্য ব্যাংকের অডিটর হিসেবে নিয়োগের জন্য সুপারিশ করেছে। ১৯তম বার্ষিক সাধারণ সভায় এই অডিটর নিয়োগ নিশ্চিত করা হবে।

আমাদের ওপর আস্থা রাখায় আমরা কৃতজ্ঞতা প্রকাশ করছি। আপনাদের নিরন্তর সমর্থন আমাদের ব্যবসার প্রবৃদ্ধি ও উন্নয়নকে ত্বরান্বিত করেছে। ব্র্যাক ব্যাংক লিমিটেডের প্রতি দায়বদ্ধতা, নিষ্ঠা ও কঠোর পরিশ্রমের জন্য ব্যাংকের কর্মীদের প্রতি আমাদের আন্তরিক কৃতজ্ঞতা। কারণ, আমাদের সাফল্যের মূলে রয়েছে তারাই।

আমি এই সুযোগে আমাদের শেয়ারধারী, গ্রাহক, বাংলাদেশ ব্যাংক, অন্যান্য সরকারি সংস্থা, নিয়ন্ত্রক প্রতিষ্ঠা এবং অন্য যাদের সঙ্গে এই ব্যাংকের সম্পর্ক রয়েছে, সবার প্রতি কৃতজ্ঞতা স্বীকার করছি এবং আমার পক্ষ থেকে সাধুবাদ জানাচ্ছি। আমাদের সঙ্গে থাকার জন্য আপনাদের অসংখ্য ধন্যবাদ।

স্যার ফজলে হাসান আবেদ কেসিএমজি
চেয়ারম্যান
ব্র্যাক ব্যাংক লিমিটেড

Five Year Financial Summary

BDT Million unless otherwise specified

CONSOLIDATED INFORMATION	2017	2016	2015	2014	2013
FINANCIAL POSITION					
Cash and bank balances	61,658	46,976	41,018	42,356	28,648
Investments	26,889	22,938	20,017	24,226	21,484
Money at call and short notice	-	-	-	-	-
Loans and Advances	203,431	175,841	149,934	124,300	119,515
Fixed Asset	5,610	4,460	4,038	3,553	2,799
Other assets	20,548	16,664	15,120	13,842	11,661
Goodwill	1,351	1,382	1,412	1,442	1,472
Non-banking assets	63	62	62	-	-
Total Assets	**319,550**	**268,324**	**231,602**	**209,719**	**185,579**
Borrowing	28,807	25,884	22,300	11,742	16,537
Convertible Subordinate Bonds	2,850	2,951	3,000	3,000	3,000
Money at call and on short notice	2,700	1,304	3,780	1,220	2,848
Deposit and other accounts	216,930	181,479	149,548	146,366	126,679
Other liabilities	39,834	32,966	31,456	26,854	22,639
Total Shareholders' Equity	26,600	22,153	20,190	19,251	13,024
Non controlling interest	1,830	1,587	1,329	1,287	853
Total Liability and Shareholders Equity	**319,550**	**268,324**	**231,602**	**209,719**	**185,579**
CAPITAL MEASURES					
Risk Weighted Assets	225,437	199,137	176,714	139,299	129,990
Core Capital (Tier-I)	27,890	23,112	20,755	19,845	13,132
Core Capital (Tier-I) -Total eligible	23,879	20,623	18,379	17,418	10,572
Supplementary Capital (Tier-II)	3,102	3,389	3,335	3,712	4,274
Total Capital	26,978	24,012	21,714	21,130	14,846
Capital Surplus/(Deficit)	1,616	4,099	4,042	7,128	1,847
Common equity Tier-I (CET1) Capital Ratio	10.59%	10.36%	10.40%	12.45%	8.13%
Total Capital to Risk-weighted Asset Ratio (CRAR)	11.97%	12.06%	12.29%	15.12%	11.42%
INCOME STATEMENT- PERFORMANCE AND PROFITABILITY					
Total Revenue	23,701	20,185	17,474	15,266	13,953
Interest Income	21,734	18,310	17,700	17,254	18,716
Interest Expense	8,201	6,589	8,196	8,814	11,379
Investment Income	2,915	2,558	2,496	2,486	2,766
Commission Exchange & Brokerage	6,882	5,550	5,174	4,131	3,567
Non-Interest Income	7,253	5,907	5,474	4,339	3,850
Total Operating Expenses	14,279	11,575	10,353	8,676	8,266
Total Income	31,902	26,775	25,671	24,080	25,331
Total Expenditure	14,279	11,575	18,550	17,490	19,645
Operating Profit	9,422	8,611	7,121	6,590	5,687
Profit Before Tax	8,284	7,063	4,765	4,329	3,208
Net Profit After Tax	5,498	4,076	2,340	2,037	1,339

Five Years' Financial Summary

BDT Million unless otherwise specified

STANDALONE INFORMATION	2017	2016	2015	2014	2013
FINANCIAL POSITION					
Cash and bank balances	37,681	31,188	38,526	41,668	26,370
Money at call and short notice	-	-	-	-	-
Investments	24,966	22,488	19,779	23,899	21,299
Loans and Advances	202,559	173,612	147,434	121,941	117,111
Fixed Asset	4,275	3,113	2,937	2,893	2,450
Other assets	19,956	18,142	15,754	14,192	12,484
Non-banking assets	63	62	62	-	-
Total Assets	**289,501**	**248,605**	**224,492**	**204,592**	**179,713**
Borrowing	28,807	25,591	20,061	9,863	13,140
Convertible Subordinate Bonds	2,850	2,951	3,000	3,000	3,000
Money at call and on short notice	2,700	1,304	3,780	1,220	2,848
Deposit and other accounts	196,224	168,860	150,221	148,464	127,892
Other liabilities	32,930	28,459	28,616	24,290	20,951
Total Shareholders' Equity	25,991	21,441	18,815	17,755	11,883
Total Liability and Shareholders Equity	**289,501**	**248,605**	**224,492**	**204,592**	**179,713**
AD ratio	83.39%	83.47%	82.24%	72.13%	77.80%
Off Balance Sheet Items	68,250	57,211	49,954	37,713	28,225
Interest Earning Assets	271,282	232,911	210,372	191,688	168,624
Non-Interest Earning Assets	18,220	15,694	14,121	12,905	11,088
INCOME STATEMENT- PERFORMANCE AND PROFITABILITY					
Total Revenue	18,710	15,965	14,121	12,781	12,201
Interest Income	20,498	17,842	17,373	16,794	18,134
Interest Expense	8,351	7,036	8,699	9,192	11,283
Investment Income	3,581	2,497	2,454	2,501	2,672
Commission Exchange & Brokerage	2,876	2,538	2,915	2,567	2,601
Non-Interest Income	2,981	2,661	2,994	2,677	2,678
Total Operating Expenses	9,660	7,952	7,286	6,635	6,549
Total Income	27,060	23,000	22,820	21,973	23,484
Total Expenditure	18,011	14,987	15,985	15,827	17,832
Operating Profit	9,050	8,013	6,835	6,146	5,652
Profit Before Tax	7,897	7,148	4,621	4,163	3,176
Net Profit After Tax	5,250	4,460	2,436	2,091	1,397
CAPITAL MEASURES					
Authorized Capital	12,000	12,000	12,000	12,000	12,000
Paid up Share Capital	8,552	7,104	7,093	7,093	4,433
Risk Weighted Assets	209,351	188,431	166,622	133,930	126,391
Core Capital (Tier-I)	25,451	20,813	18,079	17,062	11,138
Core Capital (Tier-I) -Total Eligible	23,534	19,707	17,115	16,005	10,051
Supplementary Capital (Tier-II)	3,102	3,389	3,260	3,712	4,274
Total Capital	26,636	23,095	20,375	19,718	14,325
Capital Surplus/(Deficit)	3,085	4,252	3,713	6,325	1,686
Common equity Tier-I (CET1) Capital Ratio	11.24%	10.46%	10.27%	11.95%	7.95%
Total Capital to Risk-weighted Asset Ratio (CRAR)	12.72%	12.26%	12.23%	14.72%	11.33%
ASSETS QUALITY					
Total Loans and Advance	202,559	173,612	147,434	121,941	117,111
Classified Loans	7,221	5,911	8,839	6,980	7,601

Five Year Financial Summary

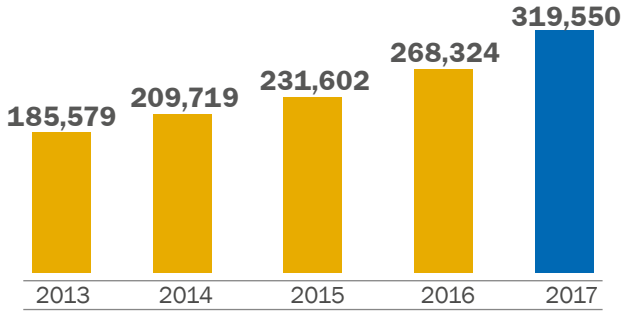
BDT Million unless otherwise specified

STANDALONE INFORMATION	2017	2016	2015	2014	2013
Provision for Unclassified Loans (GP)	2,341	2,091	1,528	1,208	1,246
Provision for Classified Loans (SP)	5,649	4,865	6,890	5,973	5,886
Provision for off balance sheet items	621	490	427	358	21
Percentage of NPLs to Total Loans and Advances	3.56%	3.40%	5.99%	5.72%	6.49%
NPL Coverage Ratio (incl. GP)	132%	143%	110%	121%	103%
NPL Coverage Ratio	86%	94%	86%	96%	85%
FOREIGN EXCHANGE BUSINESS					
Import	98,332	72,142	57,220	45,555	41,014
Export	53,161	44,714	34,078	25,349	14,723
Remittance (Inward)	57,522	65,596	23,786	28,869	41,695
Guarantee	3,673	2,534	3,174	2,578	5,798
OPERATING PROFIT RATIOS					
Cost of Fund	5.69%	5.32%	6.64%	7.43%	8.13%
Return on Assets	1.95%	1.89%	1.13%	1.09%	0.78%
Return on Equity	22.14%	22.16%	13.32%	14.11%	12.60%
Return on Investment	9.41%	9.20%	6.13%	7.13%	5.70%
Debt Equity Ratio (Times)	10.14	10.59	10.93	10.52	14.12
GP Margin	69%	69%	62%	58%	52%
NP Margin	19%	19%	11%	10%	6%
MANAGEMENT EFFICIENCY RATIOS					
Operating Income per Employee	2.74	2.51	1.83	1.86	1.84
Operating Profit per Employee	1.32	1.26	0.89	0.89	0.85
PBT per employee	1.16	1.12	0.60	0.60	0.48
Cost to Income Ratio	52%	50%	52%	52%	54%
DIVIDEND payment					
Cash	0%	10%	25%	20%	10%
Stock	25%	20%	0%	0%	10%
Total Dividend	25%	30%	25%	20%	20%
SHARES INFORMATION					
No. of Shares	855,209,694	710,436,910	709,287,321	709,287,321	443,304,576
Earnings Per Share (BDT)	6.14	5.23	3.43	3.19	2.47
Number of Shareholders	15,593	15,560	18,418	26,952	30,747
Market Value Per Share (Year end) in BDT	108.40	64.10	48.70	37.20	32.60
Price Earnings Ratio	17.65	12.26	14.19	11.14	10.34
Net Asset Value Per Share in taka	30.39	25.07	26.53	25.03	26.81
Market Capitalization at the year end	92,363	45,610	34,542	26,385	14,452
DISTRIBUTION NETWORK					
Number of Customer's Accounts	1,454,315	1,305,211	2,025,472	1,889,218	1,750,138
Number of Loan Accounts	198,264	236,441	205,671	187,732	200,183
Number of Deposit Accounts	1,256,051	1,068,770	1,819,801	1,701,486	1,549,955
Number of Branches	118	111	106	96	88
No. of Unit offices Housed in SME SC/KB	68	69	69	69	69
Number of SME Unit Office	457	448	479	458	415
Number of ATMs	447	469	457	374	333
Number of CDM	90	81	70	51	33
Number of Employees	6,835	6,355	7,700	6,886	6,624
Number of Foreign Correspondents	396	432	429	433	416

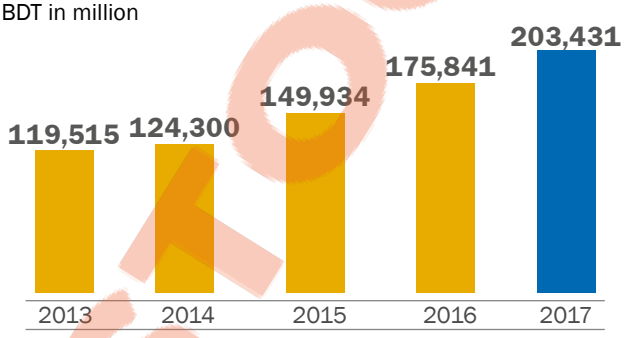
Five Years' Financial Summary: Graphical Presentation

CONSOLIDATED

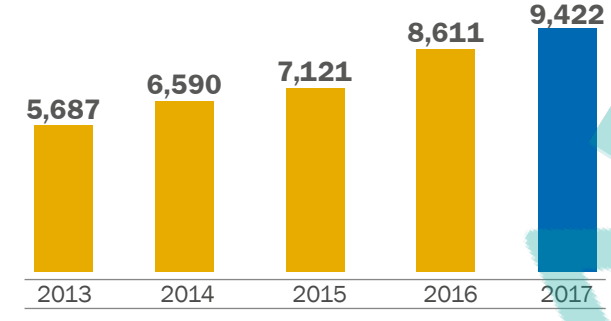
TOTAL ASSETS
BDT in million



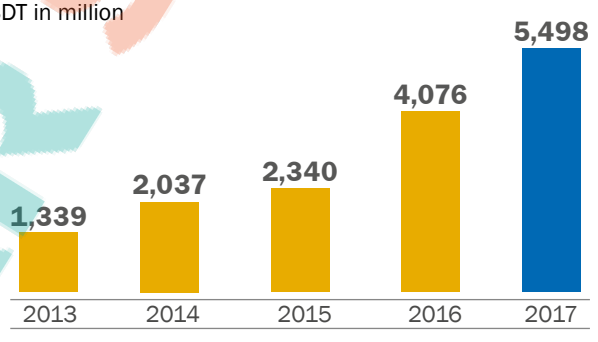
TOTAL LOANS AND ADVANCES
BDT in million



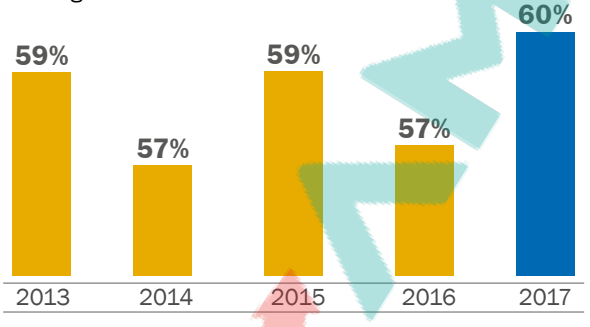
OPERATING PROFIT
BDT in million



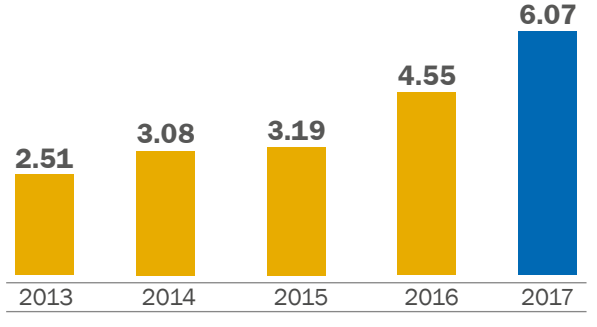
NET PROFIT AFTER TAX
BDT in million



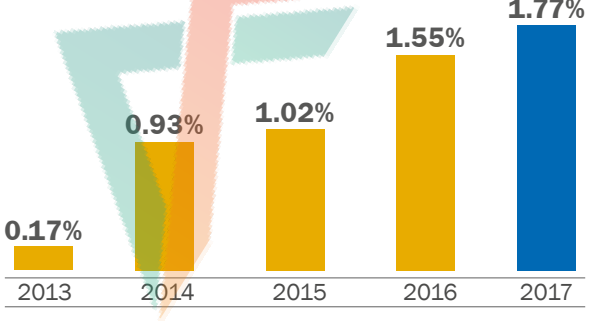
COST-TO-INCOME RATIO
Percentage



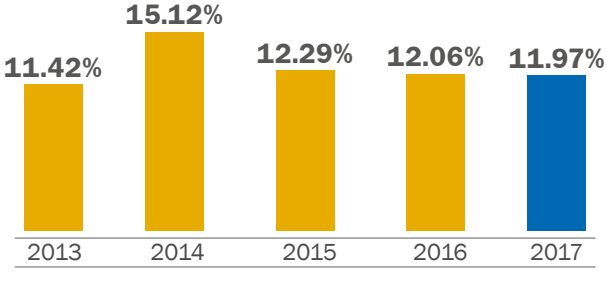
EARNINGS PER SHARE
BDT



RETURN ON ASSETS
Percentage



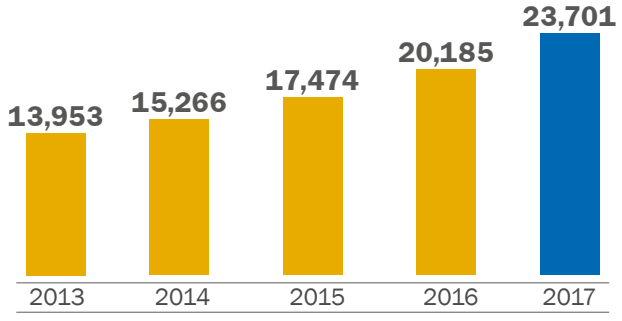
CAPITAL TO RISK-WEIGHTED ASSET RATIO (CRAR)
Percentage



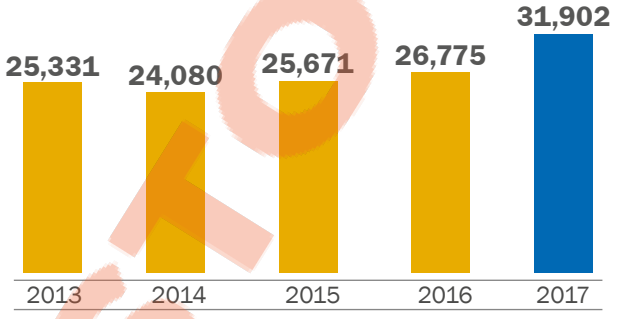
Five Years' Financial Summary: Graphical Presentation

CONSOLIDATED

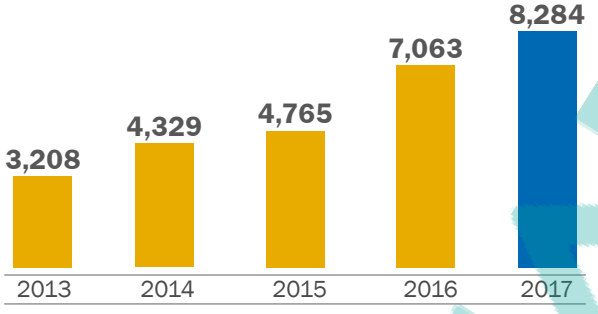
TOTAL REVENUE
BDT in million



TOTAL INCOME
BDT in million



PROFIT BEFORE TAX
BDT in million

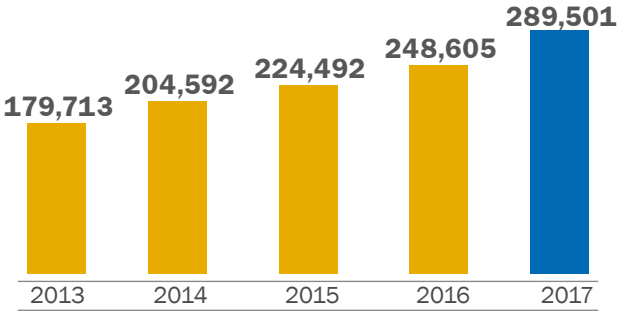


AMAR STOCK

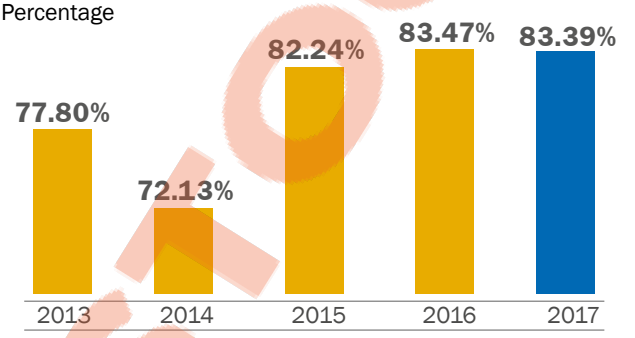
Five Years' Financial Summary: Graphical Presentation

STANDALONE

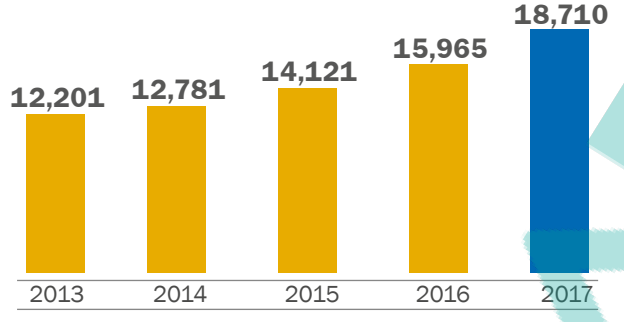
TOTAL ASSETS
BDT in million



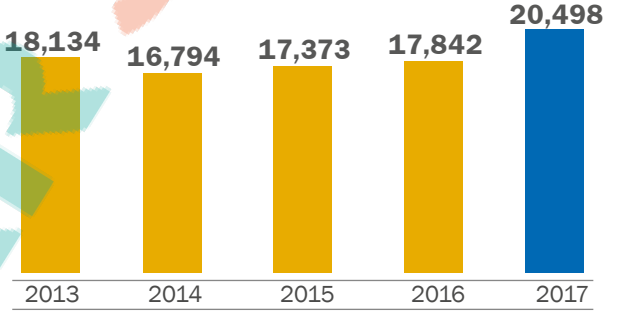
AD RATIO
Percentage



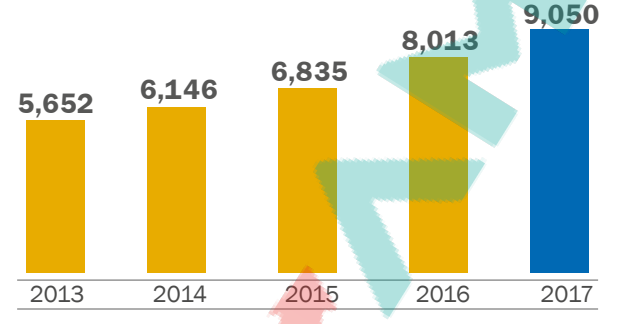
TOTAL REVENUE
BDT in million



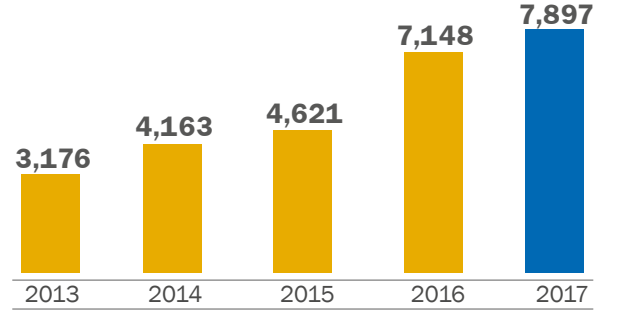
TOTAL INCOME
BDT in million



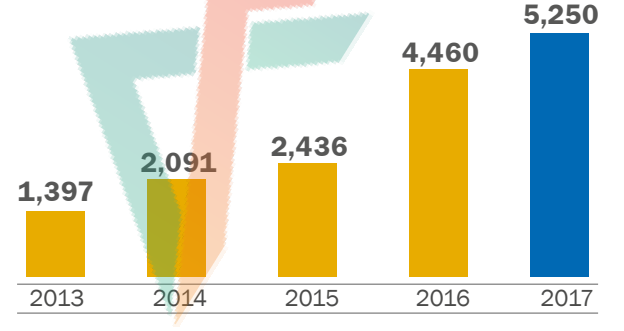
OPERATING PROFIT
BDT in million



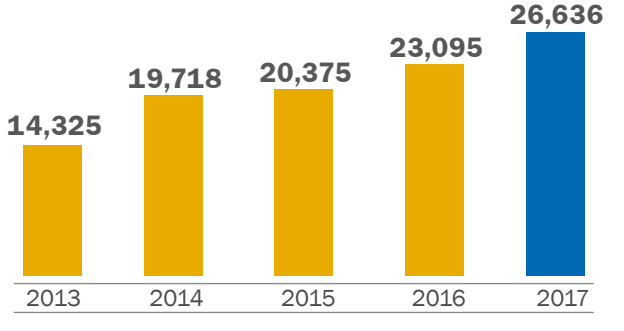
PROFIT BEFORE TAX
BDT in million



NET PROFIT AFTER TAX
BDT in million



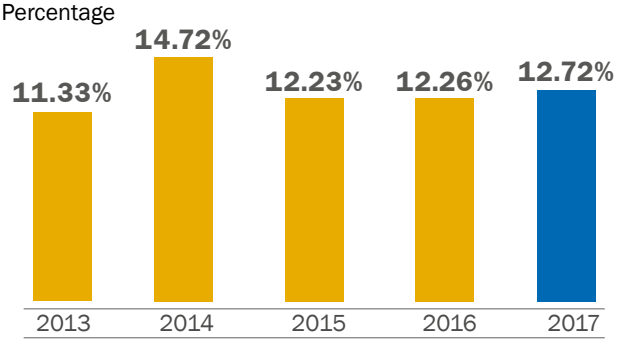
TOTAL CAPITAL
BDT in million



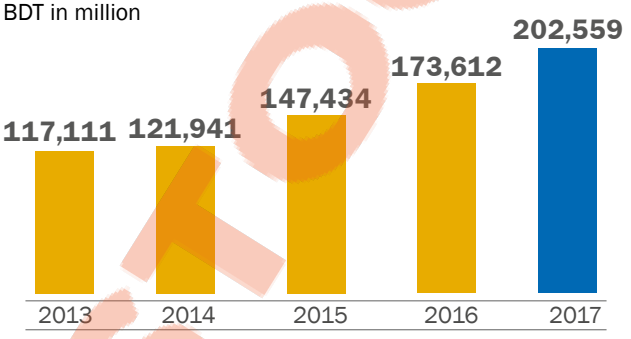
Five Years' Financial Summary: Graphical Presentation

STANDALONE

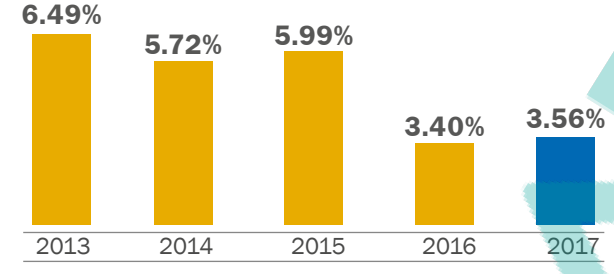
CRAR
Percentage



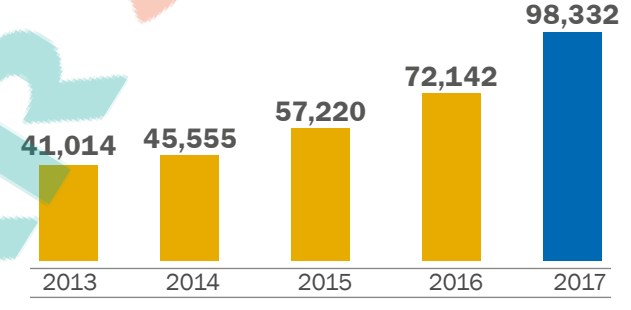
TOTAL LOANS AND ADVANCES
BDT in million



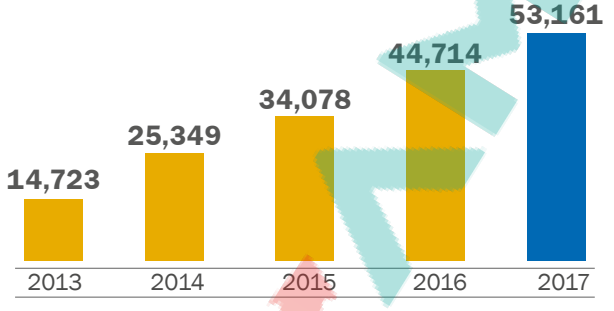
PERCENTAGE OF NPLS TO TOTAL LOANS AND ADVANCES
Percentage



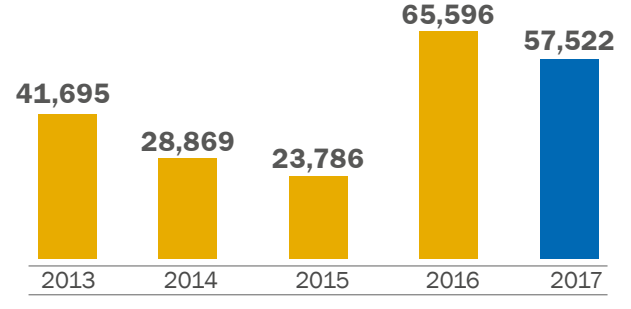
IMPORTS
BDT in million



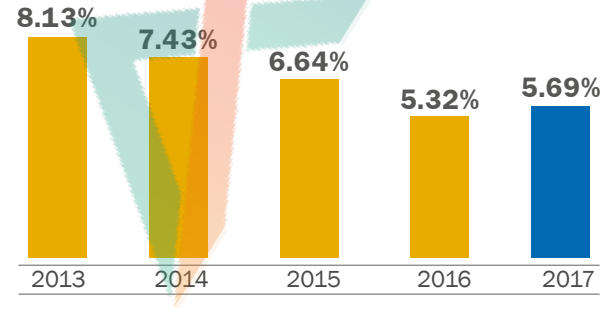
EXPORTS
BDT in million



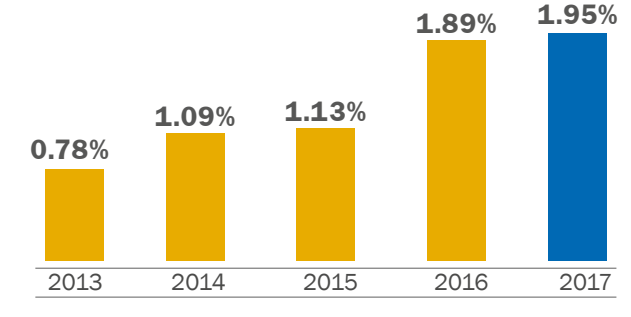
REMITTANCE (INWARD)
BDT in million



COST OF FUND
Percentage



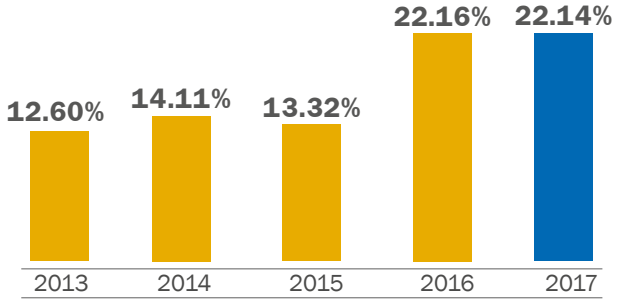
RETURN ON ASSETS
Percentage



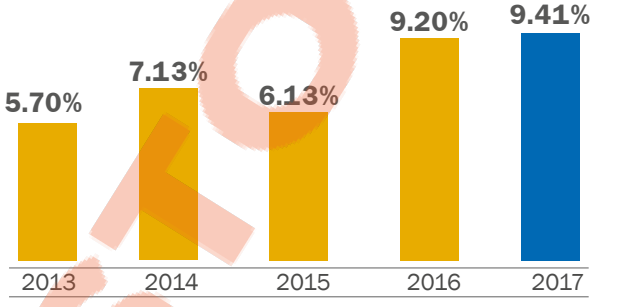
Five Years' Financial Summary: Graphical Presentation

STANDALONE

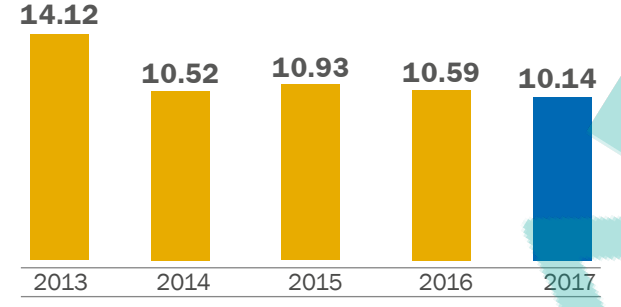
RETURN ON EQUITY
Percentage



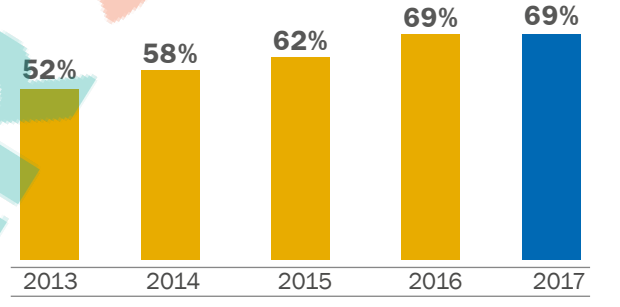
RETURN ON INVESTMENTS
Percentage



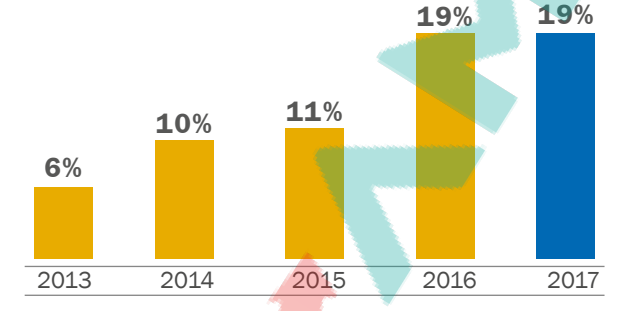
DEBT EQUITY RATIO
(TIMES)



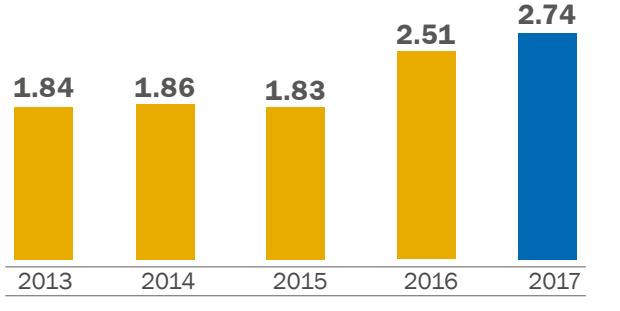
GP MARGIN
Percentage



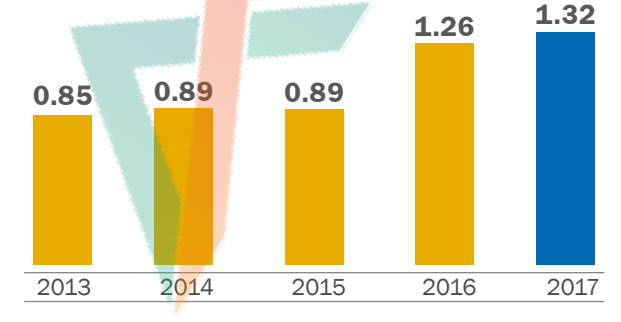
NP MARGIN
Percentage



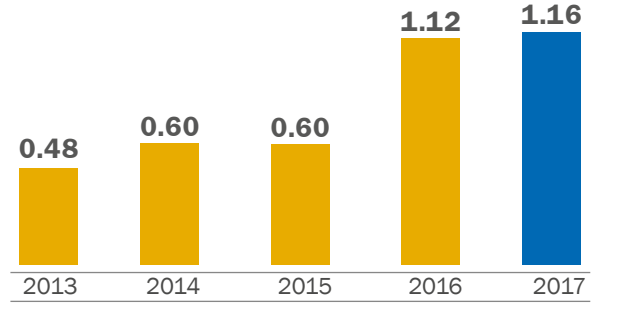
OPERATING INCOME PER EMPLOYEE
BDT in million



OPERATING PROFIT PER EMPLOYEE
BDT in million



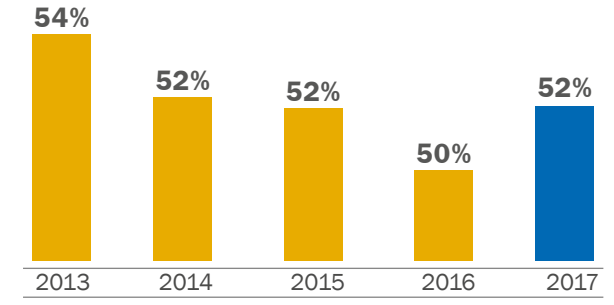
PBT PER EMPLOYEE
BDT in million



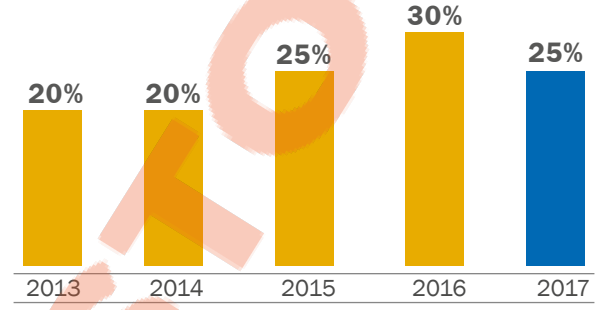
Five Years' Financial Summary: Graphical Presentation

STANDALONE

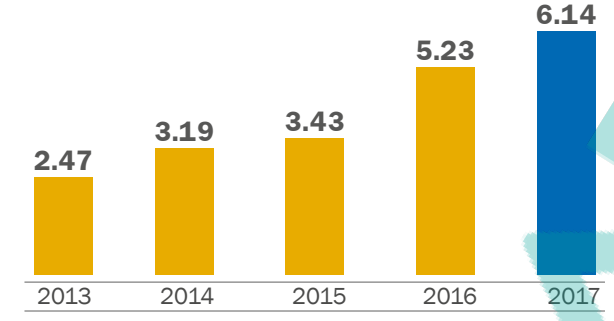
COST-TO-INCOME RATIO
Percentage



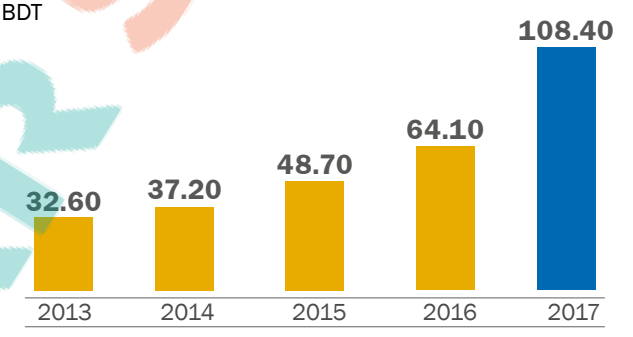
TOTAL DIVIDEND
Percentage



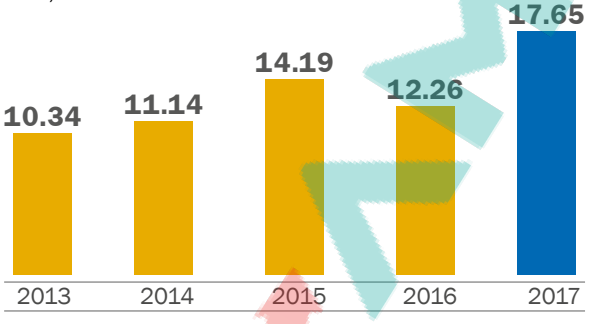
EARNINGS PER SHARE
BDT



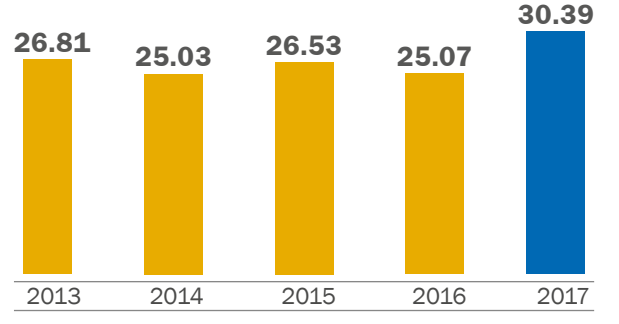
MARKET VALUE PER SHARE (YEAR END)
BDT



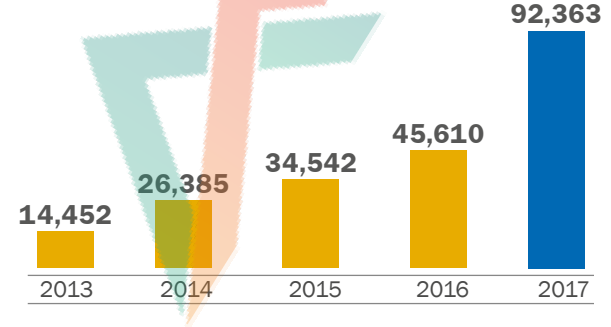
PRICE EARNINGS RATIO
(Times)



NET ASSET VALUE PER SHARE
BDT



MARKET CAPITALIZATION AT THE YEAR END
BDT in million



Contribution to the National Exchequer

BRAC Bank, as a responsible corporate citizen of this country, is deeply cognizant of our responsibility towards the welfare and well-being of our nation. Towards this extent, we fulfill all our obligations, principally among these is our focus on the timely payment of all due taxes and duties, which has consistently grown over the last few years, aligned with the growth of our business.

From the year 2013 to 2017 BDT in million

Year	Withholdings Tax	VAT	Excise Duty	Corporate Tax	Total BDT
2013	1,316	442	206	1,102	3,066
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	2,261	5,070
Grand Total BDT	**6,917**	**2,818**	**1,733**	**8,567**	**20,034**

** Advance Income Tax for the year 2017 has been paid BDT 11,934 million to Govt. Exchequer as per Income Tax Ordinance 1984.*

Stock Price Information

Month	Dhaka Stock Exchange Ltd. (DSE)			Chittagong Stock Exchange Ltd. (CSE)			Total Volume on DSE & CSE	Market Capitalization [BDT in Million] (at close of month)
	Month High	Month Low	Total Volume (Number)	Month High	Month Low	Total Volume (Number)		
Jan-17	72.00	63.80	19,987,395	72.00	62.50	1,487,846	21,475,241	47,749
Feb-17	68.70	66.10	9,072,826	69.00	65.00	104,900	9,177,726	47,678
Mar-17	90.20	66.70	32,326,903	90.00	66.60	893,164	33,220,067	61,005
Apr-17	97.50	70.40	34,747,827	97.50	69.80	1,130,209	35,878,036	52,168
May-17	82.20	72.50	27,113,483	82.00	72.00	583,447	27,696,930	63,884
Jun-17	81.70	75.40	26,732,793	81.50	75.50	656,056	27,388,849	69,358
Jul-17	93.30	78.00	29,656,607	92.90	78.30	391,406	30,048,013	75,943
Aug-17	88.80	80.80	16,302,909	89.00	80.10	426,936	16,729,845	71,838
Sep-17	88.00	83.40	11,392,205	87.90	83.00	434,066	11,826,271	73,035
Oct-17	107.00	85.70	47,437,937	106.00	85.50	12,027,779	59,465,716	86,291
Nov-17	114.40	100.50	45,259,148	114.50	100.30	1,812,762	47,071,910	90,481
Dec-17	111.50	104.30	17,913,957	111.20	104.80	1,681,137	19,595,094	92,363

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. The bank also contributes positively to socio-economic development through the payment of remuneration towards its staff, through the payment of consistent dividend (stock & cash) its shareholders, through obeying regulatory rules and regulations by paying tax and VAT while ensuring sustainability and growth.

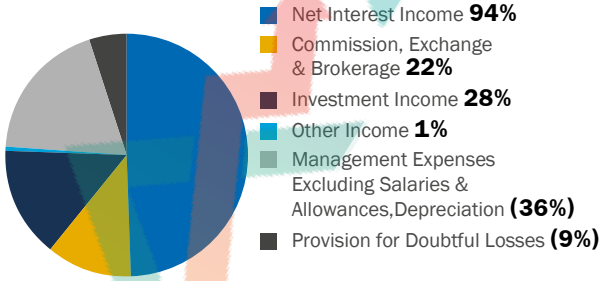
The following value added statement shows the total worth created by BRAC Bank for the year ended 31 December 2017 and how we distributed value for the socio-economic development.

Value Added Statement

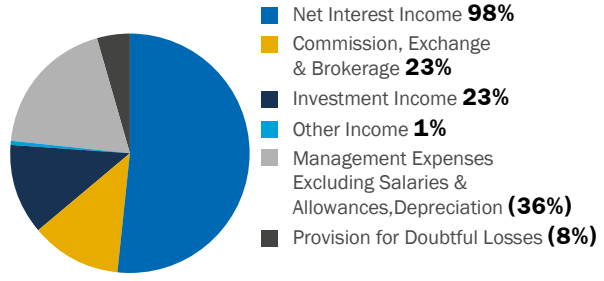
BDT in million

	2017		2016	
	Amount	%	Amount	%
Value Added				
Net Interest Income	12,148	94%	10,807	98%
Commission, Exchange & Brokerage	2,876	22%	2,538	23%
Investment Income	3,581	28%	2,497	23%
Other Income	105	1%	123	1%
Management Expenses Excluding Salaries & Allowances, Depreciation	(4,694)	(36%)	(4,017)	(36%)
Provision for Doubtful Losses	(1,152)	(9%)	(865)	(8%)
Total Value Added by the Company	**12,863**	**100%**	**11,083**	**100%**
Distribution of value addition				
To Employees				
as salary and Allowance	4,347	34%	3,313	30%
To Provider of Capital				
dividend to shareholders (cash & stock)	2,145	17%	2,138	19%
To Government:				
as corporate tax	2,647	21%	2,688	24%
To Expansion and Growth				
as retained income	3,105	24%	2,322	21%
as depreciation	619	5%	622	6%
Total Distribution by the Company	**12,863**	**100%**	**11,083**	**100%**

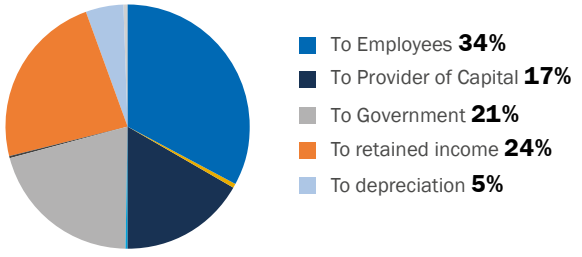
Value added-2017



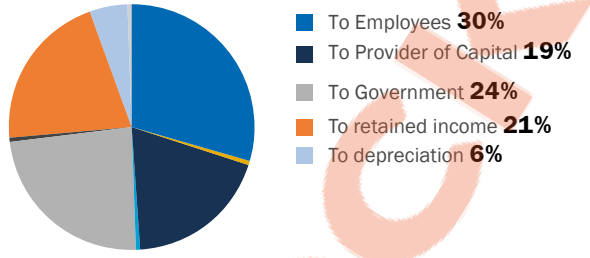
Value added-2016



Distribution of value addition-2017



Distribution of value addition-2016



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 add value. 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 management the success, they are responsible for.

EVA has been calculated by the following formula:

EVA = Net Operating Profit – Taxes – Cost of Capital

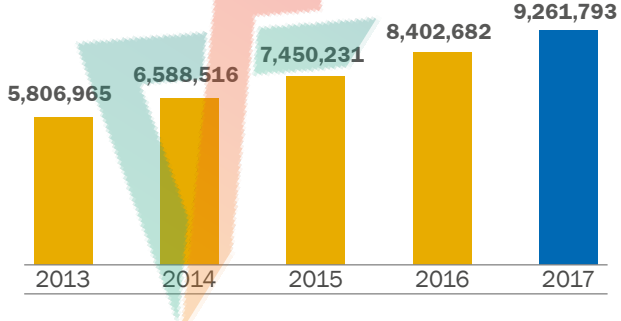
Economic Value Added (EVA) Statement

BDT in Million

For the year end	2013	2014	2015	2016	2017
Shareholders' Equity at the year end	11,883	17,755	18,815	21,441	25,991
Accumulated Provision against Loan & Advances and Investment	7,432	7,508	8,776	7,028	7,999
Average Shareholders' Equity	11,019	14,819	18,285	20,128	23716
Dividend	2.0	2.0	2.5	3.0	2.5
Market Value Per Share	32.60	37.20	48.70	64.10	108.4
Dividend Growth Rate	33%	0%	25%	20%	(17%)
Cost of Equity	8.05%	9.57%	9.71%	10.62%	9.04%
Economic Value Added (EVA) Statement					
Net Profit after Tax (Before Provision)	3,874	4,074	4,649	5,325	6,402
Less: Cost of Equity	887	1,419	1,776	2,138	2,145
Total	**2,987**	**2,655**	**2,873**	**3,187**	**4,257**
Key Ratios:					
EVA/Operating Revenue (%)	12.72%	12.09%	12.59%	13.86%	15.73%
EVA/Average Shareholders' Equity (%)	27.11%	17.92%	15.71%	15.83%	17.95%
Net Profit After Tax/Operating Revenue (%)	5.95%	9.52%	10.67%	19.39%	19.40%

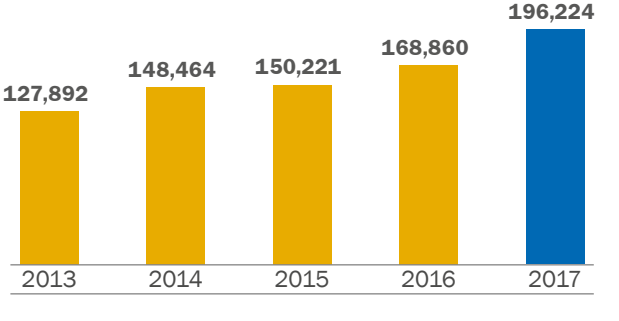
Industry Deposit

BDT in Million

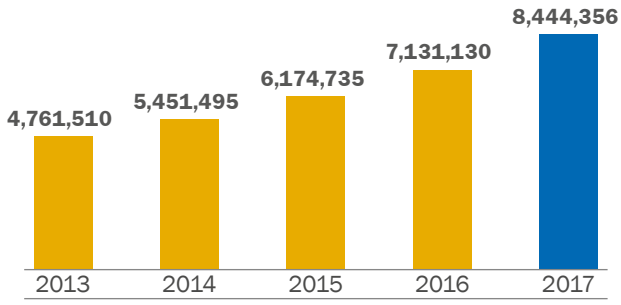


BBL Deposit

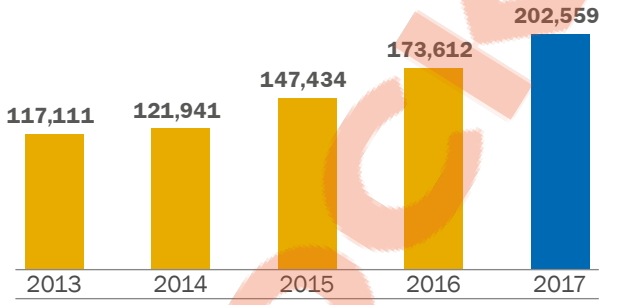
BDT in Million



Industry Loans & Advances
BDT in Million



BBL Loans & 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.

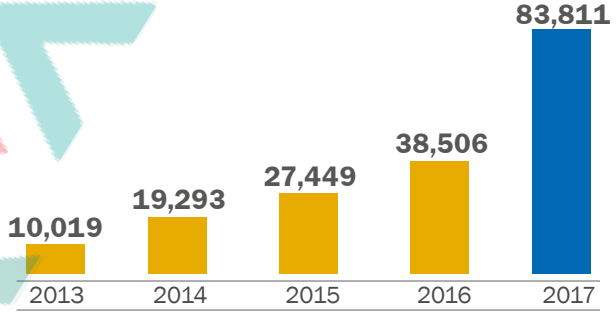
During the year 2017, we were able to make a positive Market value addition of BDT 83,811 million.

Market Value Added Statement

BDT in million

For the year end	2013	2014	2015	2016	2017
Market Value of Shares Outstanding	14,452	26,385	34,542	45,610	92,363
Face Value of Shares Outstanding	4,433	7,093	7,093	7,104	8,552
Market Value Added	10,019	19,293	27,449	38,506	83,811

Market Value Added
BDT in Million



Competitive Intensity and Strategic Response

Identification of competitive forces proactively and earliest responses to those will ensure edge of the bank over other competitors. As an part of fastest growing economy, the banking industry in Bangladesh is continuously exposed to several risks, both internally and externally, including compliance requirement from United Nations and other Regional bodies. Some of these risks are too challenging to mitigate without appropriate expertise and precautionary measures. However, with robust experience, BRAC bank has witnessed various industry cycles, economic turmoil and hence has developed and adjusted itself with a risk identification and mitigation framework that not only protects the company from adverse conditions but also helps to enhance operating viability and ensure sustainability.

The detailed analysis of the competitive intensity we deal with has been exercised while operating in this dynamic and a challenging banking industry environment and our responses to minimize the impact of these risks on our business model. To show our risk framework we have depicted it through Michael Porter's risk analysis structure as well as SWOT analysis.

Competitive rivalry

For most in the industry, the intensity of competitive rivalry is the major determinant of the competitiveness of the industry. Having an understanding of the industry rivals is vital to successfully cope up with existing and upcoming competitions. The bank has been exposed to following rivals:

- **More investment in Technology:** To provide innovative financial services there is no alternative to investing in state-of-the-art technology including all security measures for clients and for the bank itself.
- **Number of competitors:** In Bangladesh, the banking industry faces stiff competition from 57 scheduled banks, 6 non-scheduled banks and 33 NBFIs.
- **Switching cost:** The switching cost is low due to high concentration of service providers.
- **Quality difference:** Though BRAC bank belongs to the top quartile of banks, still it is being seen as Retail and SME oriented. Other banks are also trying to provide the best services where BRAC bank has to compete.
- **Customer loyalty:** Traditionally, BRAC Bank customers have been loyal; however, competition from 57 banks in the industry, along with the intense price war had led to a decline in the number of loyal customers making the banking industry extremely competitive.
- **Level of advertising expense:** Due to strong competitive rivalry, continuous promotional activities are important, causing higher expenses.

Buyer power

The bargaining power of customers is also described as the market outputs: the ability of customers to put the bank under pressure which also affects the customer's sensitivity to price changes. The status of buyer's power for the bank is as follows:

- Clients possess a higher bargaining power because of a relatively low switching cost due to the number of banks present in the industry.
- SME and retail business have generally been less rate-sensitive; however, rising competition in this market segment have made it considerably more price sensitive as a number of banks are entering into the SME and retail sectors.
- Corporate clients have also become more price sensitive compared to the past, as their access to other banks and NBFIs have turned out to be a lot easier.
- Different financial institutions are now growing rapidly, providing different facilities as substitutes for the banking facilities which giving customers greater access and increasing their switching options.
- High level of fixed costs incurred by the banking industry creates extra pressure to capture more customers. Many banks are customers to bring them under their fold for recovering their fixed costs giving rise to the buyer's power.

Supplier power

The depositors are the main suppliers of funds for the banking industry. The bargaining power of depositors is high in the banking industry in Bangladesh due to the following factors:

- After a few years of liquidity, suddenly the banking industry is facing a liquidity crisis. Due to this, depositors possess significant powers as different banks are approaching them for deposit offering higher interest rates.
- Source of funds, comperising of customer deposits

and borrowings from other financial institutions, is largely based on the market. Therefore, their power is often considered to fluctuate between medium to high.

- The resources are very unequally distributed in the country. So, few depositors hold the lions share of deposits, resulting in giving them excess bargaining power.

Threat of new entrants

New entrants eventually decrease the profitability of the bank. Unless the entry of new banks and financial institutions are made difficult or holding significant edge over new entrants are maintained, competition will further increase, impacting the portfolio and profitability. The threat of new entrants is very high in Bangladesh due to the following reasons:

- The government is facing continuous pressures from the reputed political persons for approving new banks and financial institutions. In the past few years, a number of new banks and NBFIs have entered into an already competitive market. Few other banks are also in pipeline for getting approval. As a result, the threat of new entrants is reasonably high, with so many new banks entering the market.
- Different foreign institutions are now providing funding facilities to the local companies at lower rate of interest and easy terms and conditions. In future, many more foreign banks and financial institutions may get entry to this market which may further enhance the competition.
- The switching cost is also low giving incentives to new entrants.

Threat of substitute products

- Some of the banking industry's largest threats of substitution are not from rival banks but from non-banking financial institutions. They have begun to offer specialized financial services that were traditionally only available from banks. Thus, the threats of the 33 existing non-banking financial institutions are moderate.

STRENGTHS		STRENGTHENING FURTHER
The BRAC Brand		
BRAC Bank has already occupied a place on mind of both our Investors and clients for its services, products innovation, productivity, sustainable financial performance and good corporate governance.		BBL will continue to invest in the brand to enhance customer experience to bolster its brand image even more.
Our strength emanates from our owner – BRAC, the largest NGO in the world.		With a strong foundation, BRAC Bank will carry on its growth momentum and reach greater heights and become the best bank in Bangladesh.
BRAC Bank is also a proud kit sponsor for the Bangladesh National Cricket Team.		Because of this sponsorship BBL will get immense popularity not only in Bangladesh but also all over the world. This will again help us to spread our banking service internationally. From youngsters to the old ones, BRAC Bank is a brand that they come across day in and day out. BBL is building huge amounts of goodwill and in the process is also ensuring that the youngsters know BRAC Bank by the time they come of age to take on financial responsibility.
BRAC Bank is a member of Global Alliance for Banking on Values (GABV).		With a strong foundation, BRAC Bank will carry on its growth momentum and reach greater heights and become the best bank in Bangladesh.
Network and Infrastructure		
Currently, BBL has 186 branches, Unit Offices housed in SME SC/KB, 457 SME unit centers and over 447 ATMs across the country.		BBL will continue to establish more banking channels countrywide, in order to continue providing financial services through its already extensive distribution reach.

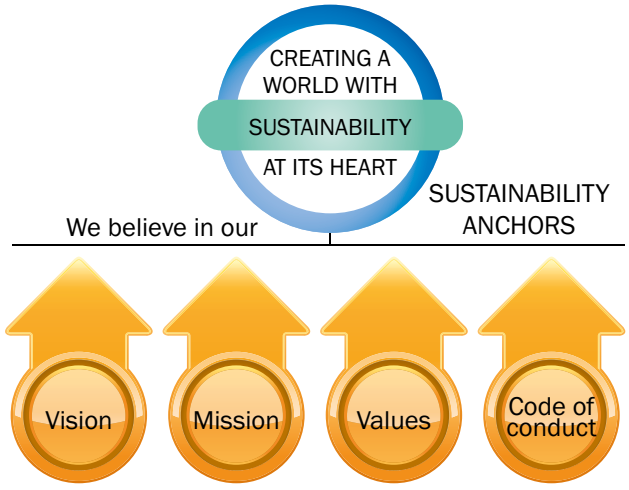
STRENGTHS		STRENGTHENING FURTHER
Currently, BBL has 186 branches, Unit Offices housed in SME SC/KB, 457 SME unit centers and over 447 ATMS across the country.		BBL will continue to establish more banking channels countrywide, in order to continue providing financial services through its already extensive distribution reach.
BRAC Bank provides uninterrupted service delivery.		BBL will continue to invest more to ease the processes in terms of security and technological advancements in order to provide better customer experience.
Corporate Governance and Compliance		
BRAC Bank abides by stringent regulatory adherence.		BBL should continue to abide by the law of the land in both letter and spirit.
BRAC Bank has respectable institutional shareholding; experienced and professional Board of Directors.		Our Directors will continue to support us in our decision making and mitigation on risk.
Human Resources		
BRAC Bank has competent and empowered human resources.		BRAC Bank will continue investing in people as they are the principal driving force of the company.
BRAC Bank has established a winning culture which prioritizes on addressing needs of stakeholders with transparency.		We will continue to make our staff more transparent and responsible while communication.
Customer Centered		
We provide need based products and superior service standards for all kinds of customer groups.		BRAC Bank will put effort in continuous innovation in product and services suite.
We have established ourselves as transparent and ethical towards our stakeholders.		We will train new recruits on 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 also known as wwa leading SME-focused bank.		We will continue to innovate the best possible way to serve and reach the SME market so that we can prove ourselves the best in this sector.
Strong Financial Footing		
BRAC Bank has strong capital base.		BRAC Bank will continue to further strengthen the capital base in order to be more resilient in times of system wise stress.
Our Strength emanates from our owner – BRAC, the largest NGO in the world.		With a strong foundation, BRAC Bank will carry on its growth momentum and reach greater heights and become the best bank in Bangladesh.
We have achieved steady ROA and ROE growth.		We will continue to deliver superior financial results and maintain shareholder return.

WEAKNESSES		ADDRESSING OUR WEAKNESSES
BRAC Bank has strong capital base.		BRAC Bank will continue to further strengthen the capital base in order to be more resilient in times of system wise stress.
OPPORTUNITIES		**CAPITALIZING THE OPPORTUNITIES**
Providing retail products to our Corporate and SME clients is an opportunity for us.		Thus we will increase wallet share and this will in turn reduce the acquisition cost.
BRAC Bank can issue bonds for others.		Revenue can be earned by issuing bonds for others.
Green financing is also a sector for BRAC Bank to venture into.		Long-term financing opportunities in projects to strengthen climate resilience should be taken.
BRAC Bank can reach far into the country.		Bring all rural people under all kinds of modern banking facilities.
Massive employee base is providing opportunities for easy acquisition of customers.		The Bank will capture all available banking facilities to employees and their close relatives.
THREATS		**COUNTERING THREATS**
Intense competition in corporate lending driving commercial banks to focus more on SME and consumer financing.		BRAC Bank will continue providing best-in-class services to all customers.
New banks and NBFI entrants will create increased competition.		We will innovate, automate and invest to reduce loan TAT further.
Threats of entry of foreign banks and financial institutions to the local market.		BRAC Bank will continue to provide all banking facilities at competitive rates like 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 like forward contract, balancing FCY assets and liabilities.

Sustainable Value Creation Method

At BRAC Bank, developing a sustainable value creation model is founded on our vision, mission and values. We always try to uphold the highest regard to our stakeholders by being honest during our communication, reasonable to customers, open to our employees and being true to our shareholders by contributing to value creation.

BRAC Bank's sustainability value chain



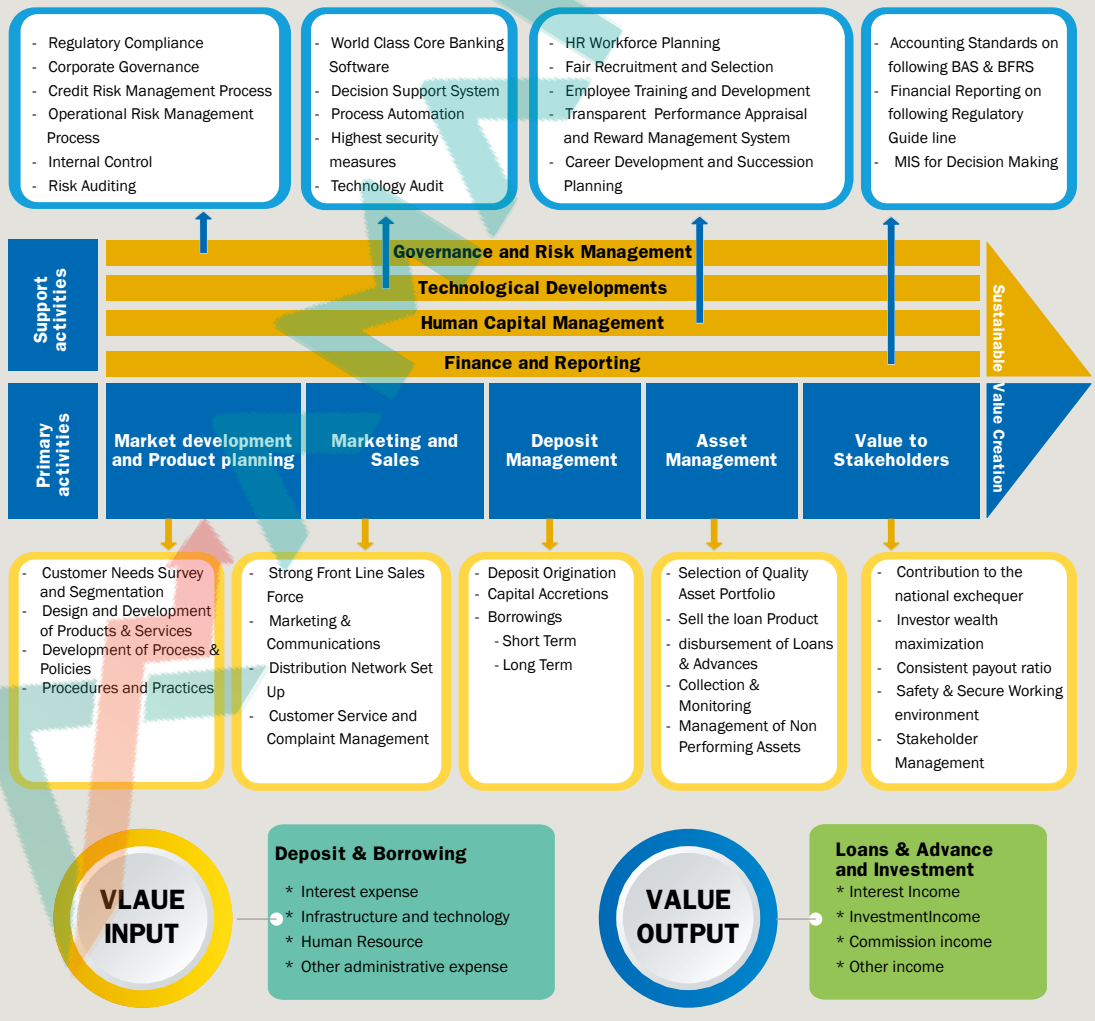
Sustainability objectives

- Enhance transparency and create more space for governance
- Be open and fair during our communication
- Be fair in all dealings
- Be simple with our customers by ensuring simplicity of terms and covenants in our contracts
- Putting our priority to comply with local laws and regulations.

Sustainability outcome

- Economic value
- Social value
- Environmental value

Our Value Chain Process:



PESTEL Analysis

Macroeconomic dimensions	Impact on the industry	BRAC Bank front	Evident in
P-Political			
• The present Government successfully controlled the political environment so far. Over the last few years, we have observed a stable political environment in the country. However, National Parliament Election will be due at the end of 2018 and there might be some political activities from opposition or the Parties not in power. • Beside, as this will be an election year, Government will try to formulate policies to pro-people and public supportive. One can expect more citizen friendly tax regulations and rates in the budget also.	• Investors will have a conservative approach in the run-up to the elections. So, loans and advances would show a stagnant or negative growth. There may be a further liquidity crisis arising because more money will be in the hand of people for meeting expenditures for election. • Regulators will be more cautious to prevent potential undisclosed money flow to the economy therefore more compliance reporting may be required in the banking industry to face higher risks of money laundering and illegal transfer of money within the economy.	• The management of BRAC Bank is continuously assessing the environment and rolling it to business strategies. • The bank has robust process for the mitigation of political risks like extended due diligence for identifying PEPs and providing banking facilities to them. • More focus on SMEs than corporates to avoid bigger NPL shocks. • Management's conservative growth in assets portfolio is forecasted.	Message from Chairman, Managing Director & CEO and Directors' Report
• Investments in mega infrastructure projects may be absent by government in the election year.	• The Government initiated investment in many mega projects in the last few years which helped to mobilize resources for many investors. However, we will see less investment mobilization from the diverse corners of the investors in the coming year. Slowing investments may affect national GDP growth also.	• At BRAC Bank, we may have less effect of government investments as our focus is to grow SME and Retail portfolio. However, lower investment intensity from the investors will affect the bank's business growth.	
E-Economic			
• The GDP in Bangladesh has shown a continuous and sustainable growth during last few years. In FY2017, the GDP growth was 7.28%, the highest ever recorded.	• The GDP growth ultimately indicates gradual expansion of the economy which is having a positive impact on the industry. Loans and advances are increasing rapidly, i.e. recorded 18% (approx.) private sector loan growth. This trend will continue, subject to political stability and investors' confidence.	• Though the bank is conservative with respect to asset selection, it is always ready to grasp any opportunities that may come its way.	Message from Chairman, Managing Director & CEO and Directors' Report

Macroeconomic dimensions	Impact on the industry	BRAC Bank front	Evident in
• Imports increased significantly causing a negative balance of payments.	• Due to the negative balance of payments, the BDT is expected to further depreciate.	• The bank is striving continuously for inclusion of new customers under banking services and improving facilities for existing customers.	
• Hike in interest rates on deposits due to the 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. Banks will be forced to re-price their existing assets to match with their cost of deposit.	• The loan portfolio would face a stagnant situation in the coming year. • The interest hike would add additional hit on consumer price and thereby increase inflation.	• The bank has a good distribution network for mobilization of deposits. • The bank's SME customer base displays potential for us to move from lender to banker. • The lending will continue to grow with higher rate of interest for new assets booking to align with cost of deposit. • The expansion of non-funded facilities will be a good option for reducing pressure on interest income.	
• The BDT is expected to depreciate further due to the higher demand for foreign currency for meeting the payment for import of capital machinery and other food items. Already, imports increased significantly in 2017 due to the floods that recently hit the country.	• The industry would further face difficulty in managing foreign currency operations. • However, this could also generate good business opportunity for forward contract as customers would request for more forward contracts for minimizing FX fluctuation risks. • More export will be generated as BDT proceeds will be more from the same level of exports.	• The bank has already different FX risk mitigation techniques like forward contract, matching FCY assets and deposits etc.	
• Increased non-performing loans in the industry are being observed mainly for delinquent borrowers, mismanagement of funds by different banks and political pressures.	• The banking industry would further face the risk of higher non-performing loans in the coming year.	• Apart from the restructuring of credit undertaking under the leadership of the newly recruited Chief Risk Officer (CRO), the bank has a robust risk assessment process at the time of accepting any customer as well as at time of disbursing loans.	

Macroeconomic dimensions	Impact on the industry	BRAC Bank front	Evident in
	• Due to the upcoming national elections, intentions by the political parties to borrow funds to be used for election may escalate. This would raise the banking industry's vulnerability. There may be more surprises come in nationalized banks with respect to NPL.	• The management is conservative in the selection of clients from the front office, assets acquiring, credit analyst, assets ops to credit administration (CAD). • The bank has a collection and monitoring team apart from a separate and professional Special Assets Management and Recovery Team. • Bundling the efforts of every staff and units is the key strength that enables us to improve NPLs.	
S-Social			
• Although per capita income is now around $1,610, it is composed of income of the super wealthy, ultra rich and high income group. Farmers of village areas earn no more than $500 a year. If rational distribution of income and wealth is not encouraged and ensured, poverty will not diminish. • Changing technology, internet and social networking have all impacted the businesses.	• Social factors will fragment customer needs, tastes and preferences. Banks will need to think about their Customer Segments and offer products and services accordingly.	• BRAC Bank aims to increase the overall standard of living through funding (especially SMEs), creating jobs, boosting the economy and increasing per capita income that eventually contributes to GDP growth. • BRAC Bank will continue to focus on offering products and services as per customer preferences, ensure sustainability and continue to invest in CSR and other social initiatives.	Message from Chairman, Managing Director & CEO and Directors' Report
T-Technological			
• Technological advancement has made customers more sophisticated and altered expectation levels. Anything can happen with respect to change in technology in Bangladeshi environment in the coming years as the country is developing.	• Growing dependence on technology to meet customer demands translates further investments in technology that are required to keep update pace in the industry.	• BRAC Bank has made significant investments in technology and is in the process of upgrading to a state of the art core banking system. Manual processes are being automated to increase efficiency and reduce TAT further. • The bank believes in digitalizing all its services and operation and working towards this target.	IT Division

Macroeconomic dimensions	Impact on the industry	BRAC Bank front	Evident in
E-Environment			
• There is growing focus on green, or more broadly, sustainable finance, both in financial markets and in the international political arena. • As country is stepping up, the regulation for the monitoring of all environment including social, political, geographical, ecological will be in place in coming days to cope with the changes in the economy and expectations.	• This has led to increased regulatory focus on sustainable reporting. The green lending is also getting focused as new business strategy. • Moreover, the changes in the environment will force to stringent regulatory compliance and reporting	• BRAC Bank is committed to sustainable development through the creation of long term value in with respect to environment, stakeholders and community. The Bank is being equipped with to adopt potential changes in the business environment.	Green Disclosure and Green Banking
L-Legal			
• Highly regulated business environment is being assuming in future. Industries are faced with tighter rules and regulations and application of rules are more standardized and stringent than that in the past.	• The banking industry is being regulating under Bank Companies Act, 1991 as amended in 2013, BB circulars and guidelines, Listing Regulations and Securities laws of the country. • Apart from the above, bank is also required to comply with Companies Act 1994, Income Tax Ordinance and Rules 1984, Value Added Tax Act and Rules 1991	• BRAC Bank runs it operations based on its values and principles as self-regulatory and morally responsible corporate citizen in the Country. We always value the rules and regulations and do compliant business with sustainability.	Message from Chairman, Managing Director & CEO and Directors' Report

Our Business Model

BRAC Bank Limited is one of the fastest-growing banks in Bangladesh. SME business lays as DNA of our banking since inception. Our business models are being designed and upgrade always focusing to SME and untapped market segment for banking inclusion. In 2017, the bank achieved 17% growth on loan & advance over last year. We put customer service quality, innovation in banking and demand driven product in our priority. Customers' satisfaction and good experience are placed at the heart of our business model – so we can deliver better customer service and focus on our goal to be the best bank in the country. BRAC Bank has already created a new role to reflect its ongoing commitment to create value for its entire stakeholder ecosystem. The bank recognizes the importance of it business model to be a pivotal component of integrated reporting and made great strides to make our business more thoughtful to the world around us.

Inputs

- Shareholders' Equity
- Borrowings & Long term Debt
- Term Deposit
- 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 Resource

Business activities

Our business model has been structured around meeting customer needs and giving customers a better banking experience both on the lending and deposit fronts. BRAC Bank Ltd. provides financial solutions through BRAC Bank Limited, bKash Limited and BRAC SAAJAN Exchange Limited. 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 & Corporate Division including transactions and remittance business. As and when required, BRAC bank changes its business strategies in response to market forces and pressures. The BRAC Bank management always try to be the best bank industry through –

- Analyzing the risk & return
- Strategy & resource allocation
- Innovation & Performance
- Outlook

External factors

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

- Macro and Micro economic factors, i.e. liquidity, GDP growth, credit growth etc. in Bangladesh
- Political turmoil impacting businesses

Customers' satisfaction and good experience are placed at the heart of our business model – so we can deliver better customer service and focus on our goal to be the best bank in the country.

Outcomes

Financial Outcome:

- Year on Year Loans & Advance growth 17% and Deposit growth 16%
- Year on Year PAT & EPS growth 18% & 17% respectively on solo basis.

Strong distribution channel with smoother business operation (Low TAT).

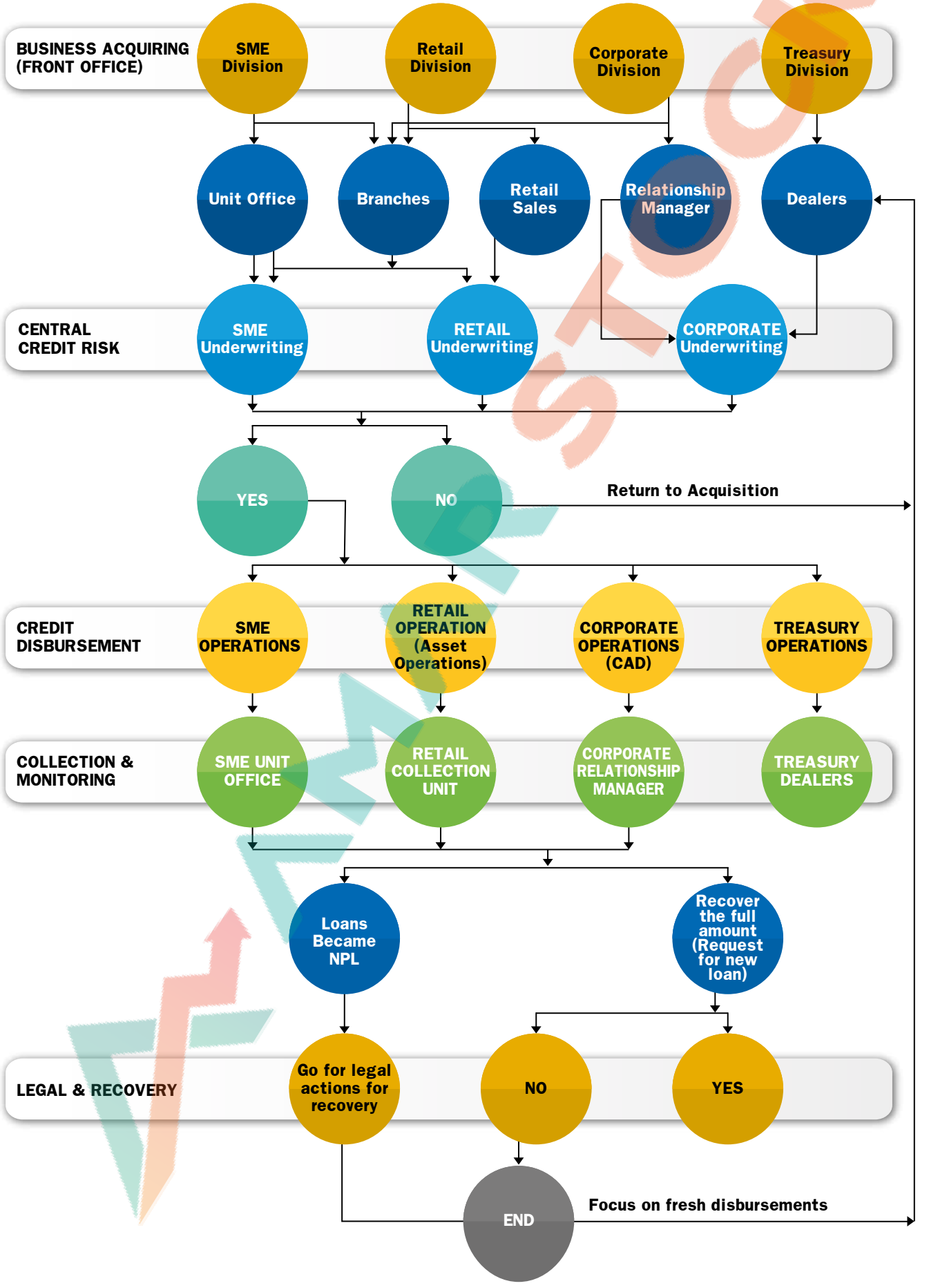
Highest investment in human capital as remuneration & training with work life balanced.

Consistent and defined payout ratio- dividends paid to shareholders (2017: 25% stock)

Green financing & green banking

- Economic slowdown disrupting the investment plans of corporate and other businesses
- A general decline in the risk-taking appetite of the country, impacting its entrepreneurial capabilities
- Attractive alternative investment opportunities affecting the market for deposit products

Work flow of BRAC Bank Limited



Strategy and Resource Allocation

Despite these structural challenges, the banking industry of Bangladesh is preparing for the digital age and is making significant investments in information technology infrastructure with a view to provide customers with the unmatched convenience of anytime-anywhere banking while also making a larger bouquet of banking products available to a wider customer demographic.

Q. What is the overall situation of the banking sector of Bangladesh?

A. Bangladesh has 57 commercial banks in operation across a relatively compact national area that houses a population of 16.7 million people. Several banking experts have opined that the number of banks in existence is more than optimum for the country and the resultant competitive intensity has led to fierce, and in some cases even unhealthy, competition among banks to win customers, taking undue advantages that go beyond the realm of fair and transparent banking norms and practices. On the other hand, the lack of governance arising from unhealthy competitive pressures from various vested quarters has continuously tested the trust and faith of stakeholders and hindered the sector's overall progress. A habitual default culture encouraged by weak legal and regulatory systems have increased the NPL ratio of the industry to as high as 10.67% (as on 30 September 2017) as per Bangladesh Bank records. To some extent, this factor has enforced a liquidity crisis in the banking sector of the country, leading to a rise in both the deposit as well as lending rates and industry commentators expect that this situation will continue in the near future.

Despite these structural challenges, the banking industry of Bangladesh is preparing for the digital age and is making significant investments in information technology infrastructure with a view to provide customers with the unmatched convenience of anytime-anywhere banking while also making a larger bouquet of banking products available to a wider customer demographic. As is the trend in the developed world, banking will progressively migrate from brick-and-mortar infrastructure to digital and mobile banking in the developing world, which will facilitate the megatrends of financial inclusion, financialization of savings, etc.

Q. Where does the organization intend to go and how does it expect to get there?

A. BRAC Bank's aspiration is to be the best bank in Bangladesh and with this intent, we have reengineered and revolutionized almost all of our business, process and support functions. For instance, we have re-organized our distribution network along with the internal organogram and made substantive investments in information technology development initiatives, which are now under implementation. These initiatives have been conceived to facilitate superior customer experience while providing customers with cutting-edge products and services. The bank has also sustained its investments in building people skills, capacities and capabilities while engaging in right-fit talent recruitment processes. With a view to ensure a comprehensive focus on preserving its culture, the bank continues to emphasize on good governance, rigorous compliance and embracing the highest standards of ethics and transparency, which together have enabled us to differentiate ourselves and create a well-recognized and highly respected banking institution in the country.

The bank has a homogenous focus on all its business segments and aspires to be the best-in-class financial services organization to ensure that customers are loyal and grow with the bank as they enter the various phases of their lives. While our focus will be to continue to increase our portfolio across our business segments, our risk management strategies have been formulated to keep our NPLs under strong check and control. Our NPLs were significantly lower than those of the industry – at 3.56% at the end of 2017 vs over 10% for the industry.

Q. What are the organization's short-, medium- and long-term objectives?

A. Unambiguously, our short-term goal is to position the bank strongly enough to capture the upturn of a stable and growing economy. The consistent and sustainable trend of GDP growth around 6-7% over the past decade and brighter outlook in future along with recent declaration of United Nations (UN) stating Bangladesh now a "developing country" makes our country one of the fastest-growing nations of the world but this growth also opens up a whole lot of opportunities in the financial services space.

Our medium-term goal is to sustain our growth in the SME and Retail verticals. We intend to do so through our unwavering focus on quicker re-pricing of our deposit and lending products in response to the market dynamics. We are also focusing on bridging the financial divide by bringing a larger number of the unbanked/under-banked segments of the population into formal banking. We are also laying emphasis on achieving efficient synergy between the bank's branches, SME unit offices and field offices for the delivery of remittance, along with the other products and services of the bank. We realize that we cannot be out-priced in a highly competitive market and hence, in addition to the attractive lending products and solutions, we ensure that our robust customer service standards continue to remain our key differentiator and the reason why our customers prefer to bank with us.

Our long-term vision is to emerge as the best bank in Bangladesh in terms of customer experience, business volumes, human capital and compliance and corporate governance. We will continue to emphasize on values-based business, backed by enduring compliance with governance and ethics.

Q. What are the strategies we have in place that will help us achieve these objectives?

A. At BRAC Bank, we have taken several strategic initiatives to achieve our objectives. Some of these include the following:

- **Business realignment**

At BRAC Bank, we have disaggregated our business model to now provide our increasing customer base with wider access to the bank through our vast network of service channels that offer a multi-segment business approach. Our customers have welcomed this transformative business model which now offers them with enhanced flexibility and uniform customer service in an omni-channel environment. This approach will continue with further refinements and improvements spearheaded in the coming days.

- **Channel optimization**

BRAC Bank is a performance-oriented banking institution and has been focusing in advocating financial inclusion for the wider benefit of the citizens, thereby facilitating a larger number of people to make more active and informed decisions about their financial needs and choices. In response to the changing business environment, we have optimized our network for enabling quicker expansion to bring our services to our customers' doorstep and on his fingertip, whichever way he chooses to bank with us. This focus has enabled us to achieve widespread geographic growth while allowing us to penetrate deeper with our wide range of banking products and services. Our consistent attention on dispensing the superior 'BRAC Bank experience' has paved the way for our success with high levels of customer satisfaction and loyalty.

- **Reducing turnaround time and augmenting efficiency**

Process reviews and improvement initiatives have been the key growth levers at BRAC Bank, especially over the past two years. We have devoted substantial resources for reviewing all our existing processes, doing away with non-value added activities, augmenting efficiencies and improving the overall experience of our customers across all our channels. This is a continuous cycle to improve our efficiency levels and we believe that small incremental gains have a transformational impact on our operations. This has also resulted in more stringent monitoring of process costs and improved our performance across our various business functions. We continue to focus on innovation to sharpen our competitive edge and make BRAC Bank a trusted, valuable and preferred brand in the country's banking sector.

- **Improving employee productivity**

Recruiting top talent in the industry, revamping our remuneration policies and nurturing a high-performance culture with adequate measurement tools have together ensured high levels of motivation and loyalty that has resulted in high employee productivity levels backed by job satisfaction. This has played a strong part in enabling us to minimize attrition while helping us protect our intellectual capital.

- **Investing in cutting-edge technology**

In the ever-changing landscape of the financial services industry, BRAC Bank is reinforcing its competitive edge by investing in state-of-the-art technology and IT infrastructure. One of the most evident manifestations of this is the upgrade of our core banking system (CBS) that will boost our operational performance and efficiency, resulting in better customer service and monitoring. Technology continues to remain at the forefront of our

organization and is a key differentiator in helping us drive future growth in our businesses. Our strategic priorities have aligned with achieving advances in technology to assure the delivery of safe and secure banking services to our customers. We also make use of analytics and data insights to uncover new business opportunities and in strengthening our competitive edge.

Q. What is our resource allocation plan and how are we going to execute our strategy?

A. At BRAC Bank, we are continuously on the lookout to recruit the right talent that fits our long-term corporate goals and plans. We not only offer industry-leading remuneration standards and other benefits but also focus on helping them advance their careers by exposing them to knowledge enhancement sessions and providing useful exposure to training and workshops. Even though we believe that we are well-staffed at the moment to execute our long-term plans, we will continue to look for experts who can fill vacant positions resulting from natural attrition, thereby also creating a talent pipeline for succession planning and leadership development.

Q. How will we measure the efficacy of our short-, medium- and long-term plans?

A. This is an interesting point and the outcome of our short-, medium- and long-range plans will be the most visible in our numbers. While we are focused on growing both our deposit and lending base in the short-term, we have kept a strong eye on the quality of this growth through a focus on optimizing our NPLs. Our stated target is to bring our overall NPLs under 4% in 2017 and even lower as we go forward. During 2018, we also intend to sustain our growth in all our business segments - Retail, SME and Corporate, despite the prevailing environment of a declining interest rate regime. Our well-articulated long-term target is to be the best bank not only in terms of business volumes but also with regards to customer experience, human capital and compliance. It is without doubt that the quality of our human resources has given us the confidence to sustain the growth momentum and make sustainable progress a reality.

Q. What are the changes required in our business model to enable us to meet our strategies and enhance our organization's ability to adapt to these changes accordingly?

A. Since we have amassed considerable expertise in understanding the growth and risk profile of our SME customers, we intend to focus aggressively on this space since it is not only relatively less competitive but also demands high levels of customer service that we are well-equipped to provide. The other change that we expect to mandate in our business model is to look for opportunities in our Corporate division as far as quality is concerned since this segment is marked by high-ticket loans and more prone to delinquencies. We are actively appraising opportunities in emerging sectors and trade services. More importantly, we will continue to refine and reinforce our business model to not only enhance relevance in a dynamic market but also infuse improved levels of sustainability across the bank.

Q. What are the identified risks and opportunities and the risk management framework that we have in place to absorb any contingencies?

A. By the very nature of our business, we provide growth capital to large segments of our customers that, in turn, exposes us to certain inherent risks associated with default. However, to mitigate this key risk, we have devised stringent credit checkpoints that have to be fully met by a potential customer before a loan is sanctioned. Besides, we occupy a position of strength as far as our cash reserve ratio (CRR) and statutory liquidity ratio (SLR) are concerned, which is well over what has been stipulated by the regulatory authorities. We have also reported significant improvement in our NPLs and this will be an area of ongoing focus. Our SAM team is well-equipped and capable of following-up and recovering loans from risk-prone clients and their track record is witness to the fact that we have been able to make consistent progress in moderating our NPLs.

Q. What differentiates our organization from the others and what is our source of competitive advantage?

A. Our ear-to-the-ground approach has enabled us to continuously emphasize on innovating new products and services. Our nationwide network of 186 branches, 457 SME Unit Office and over 447 ATMs have enabled us to literally reach the doorstep of our customers, thereby

Our strategic priorities have aligned with achieving advances in technology to assure the delivery of safe and secure banking services to our customers. We also make use of analytics and data insights to uncover new business opportunities and in strengthening our competitive edge.

ensuring convenient and easy access. BRAC Bank has brought forth a renewed policy to provide best-in-the-class services, leveraging the advancements made in information technology, to its diverse customer base spread across the country. As a proud member of the Global Alliance for Banking on Values (GABV), we strive to practice what we preach and aim to revolutionize the country's banking industry by bringing positive changes in the lives of our customers, turning hopes into reality and fulfilling ambitions and aspirations.

Q. What is the role of innovation in creating and sustaining our competitive advantage and how does technology help in doing so?

A. Innovation is at the core of everything we do. We believe that the only way to sustain our competitive edge is to reach tomorrow through embracing innovative thinking across all levels of the organization. While continuously launching new products to address specific customer needs, we have raised the bar of innovation onto a higher platform by wrapping it around our 3P philosophy. Our belief is that when we work for the people and the planet, profit is destined to follow. In this context, we believe that it is imperative to constantly improve the way we manage our human resources and we do so through innovative compensation management, performance-based incentive structures and the provision for efficient training and developmental infrastructure. The responsibility of this vests with the senior line management and the bank's human resource department. Process innovations are brought about through coordinated efforts with different teams like operations, technology, business segments, risk management, etc.

Technology plays a vital role in our pursuit for continuous improvement through innovation. In this day and age, technology is constantly changing the rules of competition, rendering many traditional business strategies and processes obsolete. BRAC Bank is a frontrunner in the industry in terms of utilizing technological advancements for augmenting process efficiency and strengthening business growth.

Q. Finally, how does the organization develop its intellectual capital?

A. We continue to invest in our people as they are the principal driving force for the bank. We expose our human resources to an inspiring work environment and a culture that fosters and encourages collaboration, sharing and teamwork. We maintain the highest standards of ethics and behavior at the workplace and have a 'no-compromise' stance to any deviations. We contribute to the development of our human resources by providing them with ongoing as well as specific trainings. The number of hours of training at the bank has increased sharply by 14% (292,401 man-hours) in 2017, indicating our focus on reinforcing the quality of our talent pool.


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SME BANKING





SME Banking Division

Overview

BRAC Bank's SME Banking division was launched with the bank's inception in 2001. The division's overarching objective was of nation-building in terms of including SME businesses into the organised financial system, enabling them to scale-up their businesses and generate greater employment opportunities. Indeed, the division envisioned unleashing entrepreneurship within the SME space, which is among the largest contributors to Bangladesh's gross domestic product (GDP).

BRAC Bank's SME banking unit is widely regarded as a pioneer in the industry for its niche ability to customise financial solutions to suit the customer's business profile and cash flow cycle. The division is also recognised for providing a dedicated and customer-driven sales force, cash flow-oriented lending assessments, robust distribution network, decentralized decision-making, shortest loan disbursement timeframe and continuous exploration of bringing the un-banked borrowers into the folds of formal banking finance. The outcome of our core competencies and a dedicated approach to customer service was reflected in BRAC Bank being awarded as the 'Best Bank for SMEs' by Asiamoney in 2017.

With a view to appropriately address the needs of our customers representing various business segments, the SME Banking division is sub-segmented into several wings that include small businesses, agricultural finance and emerging corporate.

Divisional highlights, 2017

	2017	Brief commentary
Gross disbursements:	BDT 84,051 mn	Disbursements increased by a significant BDT 20,036 mn
Portfolio:	BDT 83,471 mn	Portfolio increased by BDT 15,634 mn
Number of customer:	122,656	Number of customer increased by 14,400
PAR	4.30%	Portfolio at risk (30DPD) has declined by 1.2%
NPL	2.80%	Non-performing loans moderated by a substantial 1.2%

Blueprint, 2018:

- To be the best-in-class and a holistic SME financier in the industry through an emphasis on a customer-centric culture, tailored products to suit individual businesses and the drive on improving portfolio quality
- To identify and reach unexplored market and customer hubs and create awareness on the wide range of products and services of our SME Banking division
- To promote well-defined products and facilities to existing as well as potential clients and enhance the sense of value-creation at a broader level
- To develop borrower selection and assessment tools in line with the central bank guidelines to equip the sales force for boosting productivity
- Maintain portfolio growth momentum through achieving a proper blend of funded and non-funded businesses
- To promote the culture of cross-selling among the sales force, thereby benefitting the bank at large
- To adopt newer technologies and tools to smoothen approval and disbursement processes and increase the monitoring of delinquency
- To apply best lending practices of the banking industry to further optimise NPL and PAR trends

Small Business:

Our Small Business division is engaged in helping micro, cottage and small businesses all over the country to give wings to their business through accessing our wide range of banking products. Small businesses are the most important drivers of economic activity in rural and semi-urban communities. Funding this aspiring entrepreneurial community to develop their business and add value to the country's economy has been the principal vision of the Small Business division.

Through as many as 457 SME unit offices located all across the country to swiftly cater to the business needs of small manufacturing, trading and service-oriented businesses, the Small Business division has been able to sustain the momentum in terms of portfolio growth, disbursements, workforce productivity and geographical coverage. For its expansive distribution network and large and dedicated sales force, the division has recorded a declining trend in its NPL and PAR movements. As of 31 December 2017, the total portfolio of the Small Business division stood at BDT 49,237 mn and PAR and NPL at 3.6% and 2.6%, respectively, with the number of loan customers at 118,888.

Going forward, the division intends to ensure that it is the choice of preference among target customers. This

emphasis is also evident in the fact that out of the total portfolio size of BDT 49,237 mn, the ticket size of as much as 86% of the disbursed loans in 2017 was below BDT 2.5 mn. With a view to keep pace with the times, the division has created a flexible and agile sales model with a rigorous stance on providing superior service quality to address the dynamic market environment and evolving customer perceptions.

At the division, we are also emphasising on sustainable growth through focusing on scaling-up our existing customer base by meeting their specific financing needs and are also engaging in process improvements to ensure a superlative customer experience on the one hand and high workforce productivity levels on the other. Moreover, we believe that Agent Banking will significantly enable us to augment momentum at this division over the coming days.

Agricultural Finance:

In line with Bangladesh Bank's Agricultural & Rural Credit Policy and Programme for the fiscal year 2017-2018, every commercial bank has to disburse 2% of their consolidated loans and advances to the agriculture sector, emphasising on the priority accorded to this sector. The bank's Agricultural Finance team ensures that agricultural loans are made accessible to end-borrowers through its large small business network as well as tie-ups with micro-finance institutions (MFI). The Agriculture Finance team maintains relationships with MFIs to meet the agricultural loan targets of Bangladesh Bank.

Moving forward, the bank intends to maximize opportunities by meeting the unmet needs of agricultural borrowers through emphasizing on strengthening relationships with top-tier MFIs and NGOs. As of 31 December 2017, the total portfolio of Agricultural Finance stood at BDT 5,369 mn with a PAR and NPL of nil and the number of loan customers standing at 58.

Emerging Corporate:

The Emerging Corporate division has emerged as the most preferred growth partner of aspiring small business owners who have proven themselves and are on track to transform their businesses into a medium-sized one or even a corporate. The division caters to the banking needs of medium-sized manufacturing, trading and service-oriented businesses that have demonstrated a high growth propensity and seek multiple, tailored and composite loan facilities. In our years of working with this segment, we have found that these growth-oriented businesses create a positive economic impact by generating employment and strengthening backward and forward linkages. Commencing operations in 2013, the Emerging Corporate division has gained phenomenal growth traction in terms of number of customers and portfolio and employee productivity over the last two years with the impetus provided by the new management team. In 2016, the division's portfolio grew by 36% and more sharply by 60% in 2017.

The Emerging Corporate division currently caters to 3,119 customers through its nation-wide presence and is empowered by a decentralized approval process. As of 31 December 2017, the cumulative portfolio stood at BDT 22,488 mn and PAR and NPL at 3.8% and 2.8%, respectively.

Banker-SME customer conference and Open Loan distribution program



Key initiatives of the SME Banking division

'Banker-SME customer conference and Open Loan distribution program' was held at Faridpur BLC on 21 September 2017. The program's Chief Guest was Mr. Shiekh Md. Selim, General Manager, Bangladesh Bank, and Special Guest was Mr. Indrajit Sur, Head of Emerging Business and Mr. Mostafizur Rahman, DGM Bangladesh Bank. Mr. Md. Nazrul Islam, Regional Head of the Khulna Region, was the Chairperson of the program.

The program was organized by SME & Special Programs Department, Bangladesh Bank and was coordinated by BRAC Bank Ltd with 33 other banks and NBFIs of Faridpur area.

Under the 'Open Loan' distribution program, BRAC Bank financed BDT 10,450,000, including one TARA SME loan of BDT 450,000 through the Faridpur Branch, Rajbari Branch and Bhanga Branch.

Baladia cricket bat cluster: A potential cottage industry

Baladia is a tiny village in South Bengal with no direct road connectivity or electricity. Moreover, the nearest commercial banks are almost 20-25 km away. The village is, however, famed for its cricket bats.

With the help of the SME Foundation, BRAC Bank is financing this bat manufacturing cluster as a part of its financial Inclusion activities and in compliance with Bangladesh Bank guidelines to develop clusters. On a larger scale, our intervention envisions that the national cricket team will play with our 'Proudly made in Bangladesh' cricket bats across national and international venues.

In this village, there are 200 cottage entrepreneurs with about 3-5 employees each. Out of them, we have already financed around 100 entrepreneurs with a total loan value of around BDT 2 crore. The recovery rate is 100%.





New product launch: Bahon (commercial vehicle loan)

In March 2017, the SME division launched a new loan product, Bahon, to help SME entrepreneurs purchase commercial vehicles for meeting the transportation needs of their businesses. Under this platform, SME entrepreneurs can purchase trucks, covered vans, pickup trucks and prime movers, etc, to transport their goods. Bahon was well-received in the market.



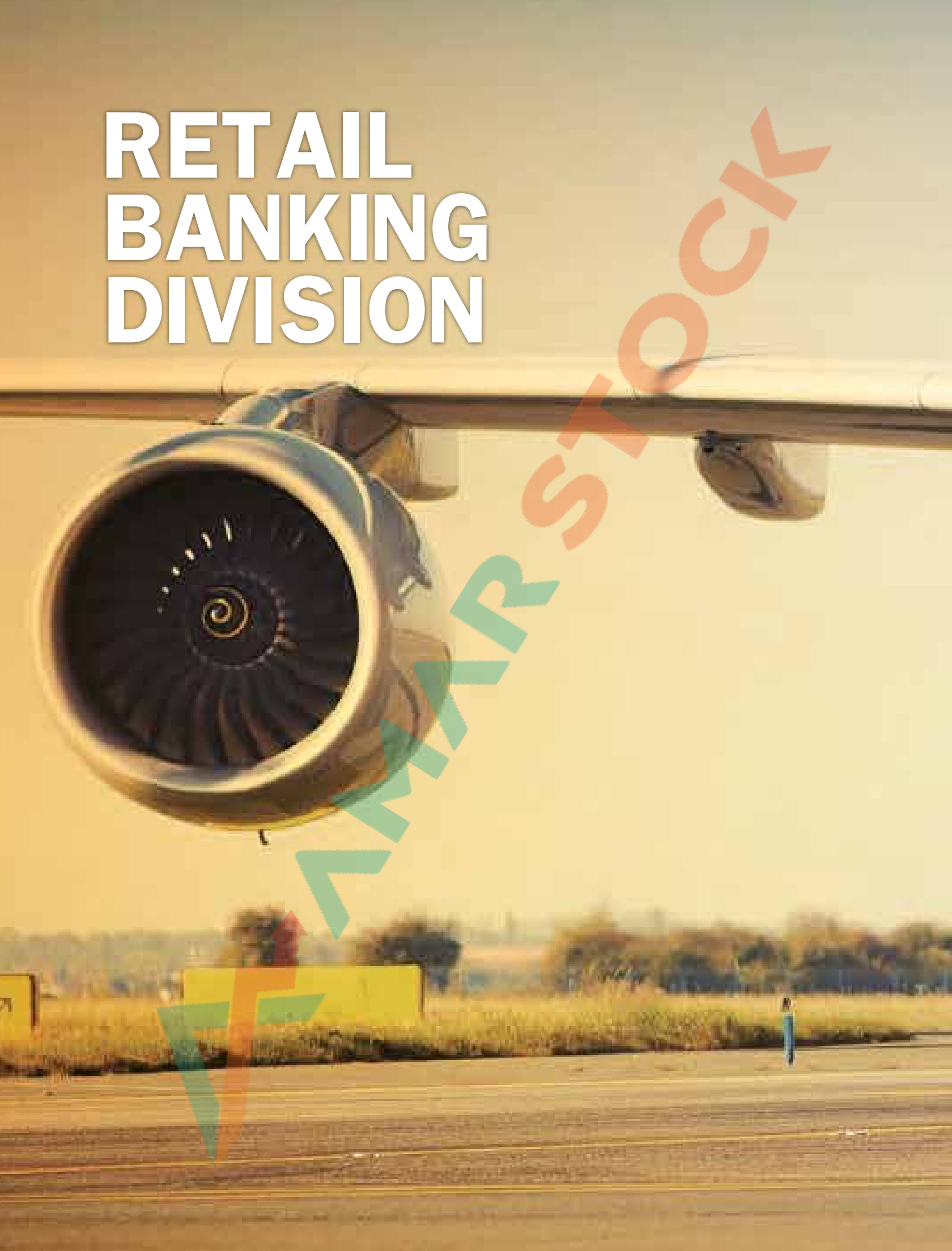
BRAC Bank participated in Bankers and SME entrepreneurs Conference in Barisal.



As the Lead Bank, BRAC Bank took part in Bankers and SME entrepreneurs Conference in Faridpur organized by Bangladesh Bank.


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RETAIL BANKING DIVISION





Retail Banking Division

BRAC Bank's Retail Banking division's portfolio grew at a healthy 19% to BDT 40,741 million as on 31 December 2017. This rapid growth was made possible by the transformation of the retail lending business from a product-centric approach to a customer-centric focus.

Overview

BRAC Bank's Retail Banking division, established in the year 2001, provides a wide suite of products and services to cater to a multitude of retail loan requirements. The division provides home loans and car loans in addition to a wide range of other personal loans, credit cards and cash-secured loans. Leveraging BRAC Bank's robust pan-Bangladesh network, the bank's Retail Banking division enjoys strong penetration across the country, facilitating both marketing of retail loan products as well as collections. The division also possesses robust credit appraisal standards and procedures with industry-leading TAT (loan turnaround time), which stood at an average of 2 days in 2017.

BRAC Bank's Retail Banking division also houses the Remittance department that facilitates hundreds of thousands of NRBs in transferring money to their families back home. Notably, over the past five years, the Remittance unit has facilitated inward remittance to the tune of USD 3,893.27 million and is now one of the largest such companies in the organised remittance space in the country.

The year 2017 was yet another successful and important year for the Retail Banking division, which emphasized on protecting asset portfolio quality to create the foundations for sustainable long-term growth. Notably, with a view to augment the home loans and auto loans businesses, the division meticulously worked with several leading real estate developers and car dealerships. The result was that in 2017, the growth of home loans and auto loans was 6.3% and 79%, respectively. Specifically, the auto loan business witnessed strong growth traction during the year, driven by industry-best TAT, development of stronger relationships with vendors with high POS (point-of-sale) visibility and re-engineering of certain backend processes for smoother transaction facilitation.

BRAC Bank's Retail Banking division's portfolio grew at a healthy 19% to BDT 40,741 million as on 31 December 2017. This rapid growth was made possible by the transformation of the retail lending business from a product-centric approach to a customer-centric focus with the outcome that product functionality was aligned more to customer requirements and product parameters. Moreover, processes and policies were modified with the establishment of sharply differentiated propositions for suiting the requirements of different customer segments.

2 Days	79%	52	3.5%	447	55%	16
BRAC Bank's industry-leading retail loan turnaround time (TAT)	Growth of auto loan disbursements, 2017	No. of global exchange houses/banks working with our Remittance department	Our market share in remittance in Bangladesh	BRAC Bank's ATM network in Bangladesh	Reduction in customer footfall in our branches due to the widespread acceptance of our ATM network	BRAC Bank's exclusive Premium Banking lounges located in Dhaka and Chittagong

Some of the other initiatives that made rapid growth a reality include the following:

- Minimization of TAT to even a single day to meet the needs of customers with a strong credit track record
- Enhancement of our sales capabilities through increased hiring of specialised resources
- Initiation of in-house 'contact point verification' with the result that this reduced loan processing TAT on the one hand and improved risk compliance on the other
- Extensive training and skills development provided to our human resources, which resulted in significant increase in engagement levels and productivity
- Launch of product marketing campaigns and team engagement events helped maintain business momentum

Fact!

BRAC Bank provides home loans of up to 70% of security value and auto loans of up to 50% of asset (vehicle) value. Currently, the bank possesses the highest market share in home loans and auto loans in Bangladesh, made possible through the bank's expansive 186-branch presence across the country and robust customer service standards.

Initiatives planned for 2018

Aligned with BRAC Bank's vision of becoming the best bank of Bangladesh, our Retail Banking division is also focused on emerging as the best retail bank. Towards this extent, we have lined up several initiatives for 2018:

- Migration to Core Banking System (CBS) that will significantly increase our credit assessment, disbursal and collection capacities
- Introduction of 'Document Management System' to enable the digitalization of our document management processes, facilitating customers in terms of lowering documentation requirements and helping save time
- Facilitation of customer convenience through modernisation of our e-banking (internet and mobile application) system to make digital banking a reality, thereby boosting 'anytime anywhere' banking
- Initiation of 'Loan Origination System' and 'Credit Scoring' for streamlined loan processing and analysis

Remittance

Overview

BRAC Bank's Remittance department, under its Retail Banking division, is responsible for remittance transfer through relationship-building with overseas exchange houses/banks. Hence, the department offers comprehensive banking solutions to NRBs and their beneficiaries and assists in overall revenue generation. The core strength of the Remittance unit is that it enjoys strong multi-year relationships with 52 globally-renowned exchange houses/banks. Our market share in remittance in Bangladesh stands at about 3.5%.

Key financial and operational highlights, 2017

- Facilitated remittance inflow of USD 338.46 million, representing a substantial 30% volume growth YoY
- Established a relationship with three new exchanges:
  - Al Muzaini Exchange Co., K.S.S.C.C
  - Safkhan International Group, Australia
  - World Remit, the UK

One of the other significant highlights of 2017 comprised the initiation of a mutually-beneficial remittance partnership comprising BRAC Bank and bKash's real-time money remittance service with Transfast. Under this agreement, bKash mobile wallet customers can receive money 24x7 to their bKash wallet from Transfast's vast global network. Importantly, this partnership has been conceived to initiate mass adoption of financial services for faster financial inclusion, while providing users with a superior experience through innovation.

In 2017, the Premium Banking deposit portfolio witnessed net growth of 34%, representing a commendable performance considering low prevailing deposit rates. By the end of December 2017, the total assets disbursed by the Premium Banking unit stood at BDT 2,500 million, growing by a significant 152% over the last year.

Blueprint, 2018

- Focus on augmenting our market share to 5%
- Emphasis on offering our remittance customers BRAC Bank's deposit products, thereby increasing our share of the customer's wallet
- Crediting remittance to bKash wallet through integration with BRAC Saajan, which will help those in remote locations receive remittance credited in their mobile wallet
- Growing relationships with major exchange companies and integration with bKash, ensuring seamless credit of the remitted funds to the beneficiary's bKash wallet
- Conduct refresher training for branch officials
- Engage in promotional activities with different partners
- Explore relationships with new exchange companies to help generate additional business and ensure increase in remittance revenues. We look forward to build new partnerships in the Middle-East, South East Asia, Europe, Australia, Maldives and Mauritius

Alternative Delivery Channel

Overview

As one of the country's largest and most respected commercial banking institutions, one of the core strengths of BRAC Bank is its extensive presence. This is most visible in the fact that the bank operates 447 ATMs and 90 CDMs under Alternative Delivery Channel (ADC) spread all across the country.

As a pioneer in facilitating customer convenience, through the introduction of ATMs in the year 2017, BRAC Bank could successfully reduce around 55% of customer footfalls from its branches. With this success, the bank now aims to cover as much as 70% of transactions through ADCs through launching various campaigns and awareness programs.

Core strengths

- Eight ATM Service Centers dedicated to seamlessly manage ATM and CDM services. These ensure the timely loading of cash in our ATMs and collecting deposits from CDMs, thereby ensuring superior customer service
- Dedicated IT team tasked with the responsibility of ensuring up-to-date security compliances as well as high levels of ATM uptime, which stood at about 98% in 2017, up from 95% in 2016

Key highlights, 2017

- Implementation of CDM automation software that enhanced processing efficiency of CDM deposits
- Upgradation of software resulted in cash and card capture time interval increasing to 20 seconds from 10 seconds, which reduced incidents that cause inconvenience to customers
- Establishment of a double link to ensure higher ATM up-time
- Implementation of a new user-friendly User Interface (UI) across all CDMs
- Enhancement of customer convenience through dispatch of SMS notifications for every deposit from CDM (debit/credit cards)
- Despatch of SMS notifications to customers for any amount withdrawn/transferred from their account/s

Blueprint, 2018

a. **Efficiency optimization:** Under this platform, we expect to undertake the following initiatives:
   - Relocate/discontinue ATMs with monthly transactions below 1,500
   - Raise awareness about ADC among customers visiting BRAC Bank branches

b. **Enhancement of tech-driven services:** To establish a stronger market presence, ADC expects to utilize the geographically-dispersed ATM network for business acquisition and targeted marketing, made possible by:

- Making ATM usage more convenient, secure and user-friendly
- Utilizing the ATM location for proactive targeted marketing
- Attracting potential customers to engage with BRAC Bank through ensuring convenient and reliable services dispensed at our ATMs

Retail Sales

BRAC Bank's Retail Banking division's Retail sales team is the largest salesforce in the Bangladeshi retail banking industry. Currently, over 800 employees work across different geographical areas under retail sales. In 2017, the Retail sales team was able to report a stellar 108% growth in the retail asset portfolio to BDT 23,068 million, in line with growth in per employee contribution to BDT 6.8 million during the year.

Key initiatives, 2017:

- A more focused customer segmentation approach as well as the introduction of a risk-based incentive structure reinforced the on-boarding of quality customer accounts.
- A focus on balanced portfolio management with an emphasis on collections resulted in among the lowest Retail NPLs the industry.
- Recruitment of specialized sales employees from renowned companies boosted our overall sales practice
- A revamped employee banking team provides a comprehensive suite of individual financial solutions to many renowned organizations.
- To foster an inspiring and world-class working environment, a new sales office was acquired in the heart of Dhaka. This 30,000 sq ft facility is fully-equipped with advanced technology support, a state-of-the-art multimedia conference room and a dedicated training facility as well as an in-house cafeteria that offers a great dining experience for the employees.
- As part of employee engagement and motivation, a sales convention was arranged; moreover, different team-building sessions were also organized right through the year to boost team collaboration, enthusiasm and productivity



Milestone activities, 2017

- As part of our stakeholder management practice, we arranged a 'Developer's Night', joined by more than 550 entrepreneurs of the real estate sector. We also participated in the Rehab Fair and the annual event of Bangladesh Reconditioned Vehicles Importers & Dealers Association (BARVIDA), which is the largest affiliation of vehicle importers and sellers, as a key event sponsor.
- We signed numerous MoUs (Memorandum of Understanding) with renowned real estate developers as well as car dealerships across the country





Call center operations

Our 58-seater call center operates 24/7 and is equipped with a modern IVR system. Responding to various customer requests/grievances/feedback, our call center serviced 1.5 million customers in 2017, processing about 0.6 million customer requests during the year.

With a view to augment efficiency and customer satisfaction, in 2018, we are aiming to increase the capacity of the call center to 110 seats and also the capability of the overall operations through embracing a comprehensive systems upgrade.

Towards enhancing customer convenience, diversion of certain services to the call center from the branches is also in the pipeline.

Credit Card Products

Our Retail Banking division provides customers with a wide array of credit cards to suit their various purposes and requirements.

Key initiatives, 2017

- BRAC Bank Credit Card EMI Program @ 9.99%. The introduction of a new equated monthly installment (EMI) program for selective BRAC Bank credit card holders was aimed at strengthening customer convenience.
- Upgrade and Customer acquisition campaigns: Many campaigns that included customer upgrade, spend stimulation and acquisition campaigns were conducted.
- Complimentary lodging offer at Cox's Bazar. The best lodging offer in the credit card industry the country was introduced. BRAC Bank credit card holders will enjoy complimentary nights at premium hotels/ resorts across the country.
- Newly designed credit card plastics and collaterals. New, refreshing and thematic credit cards and marketing collaterals for all our card products were introduced in 2017.











Premium Banking

BRAC Bank's Premium Banking division offers free health check-ups at some of the best hospitals in the country. It also offers other exclusive lifestyle benefits such as dining options in 5-star hotels in Dhaka and Chittagong and complimentary night stay offers in luxury resorts, etc.

Overview

With special privileges and a wide range of exclusive products and benefits, our Premium Banking services assure excellence within the realm of providing an enriching banking experience for the bank's top revenue generating customers. BRAC Bank's Premium Banking platform also offers personalized wealth management services to high net worth customers to simplify their financial lives.

With over a decade of experience in Premium Banking, the bank has made its presence felt in this competitive market segment. With only two relationship managers and no service lounges in the initial stages, the team has now grown to a size of 44 members in 2017 and serves from as many as 16 state-of-the-art lounges in Dhaka and Chittagong, strategically located to serve our privileged banking customers.



Today, the Premium Banking segment has been instrumental in building a sustainable deposit base for the bank, comprising about 30% of the total retail deposits.

Highlights, 2017

In 2017, the Premium Banking deposit portfolio witnessed net growth of 34%, representing a commendable performance considering low prevailing deposit rates. By the end of December 2017, the total assets disbursed by the Premium Banking unit stood at BDT 2,500 million, growing by a significant 152% over the last year.

BRAC Bank's Premium Banking division offers free health check-ups at some of the best hospitals in the country. It also offers other exclusive lifestyle benefits such as dining options in 5-star hotels in Dhaka and Chittagong and complimentary night stay offers in luxury resorts, etc.

Outlook, 2018

- F1 service: Through this initiative, BRAC Bank's Premium Banking customers can get the desired banking services in the comfort of their homes or offices. Initially Gulshan, North Gulshan and Banani Premium Banking customers are able to avail of this service, which will be progressively expanded to other lounges as well
- Premium Banking re-branding: We are on the verge of re-branding our Premium Banking segment with newly designed EMV chip-based platinum debit card, brochure, stationery and website
- Customer engagement programs: We expect to organise weekly as well as monthly customer engagement programs at our Premium Banking lounges with a view to enhance customer interaction and proactively engage with them

CORPORATE BANKING DIVISION



Corporate Banking Division

The year 2017 represented a noteworthy journey for the division in its focus of emerging as the most preferred financial partner. The customer engagement was substantially scaled-up and various events were organized to build awareness on business-enhancing products and solutions.

Overview

BRAC Bank's Corporate Banking division offers a comprehensive suite of services, thereby providing the convenience of a one-stop banking shop for all corporate customers.

The Corporate Banking division started its operations on a full-fledged basis in 2009 and since then, the portfolio has achieved a substantive annual compounded growth of 9% YoY, which is among the fastest growth rates in the country's banking sector. Importantly, although the market in general experienced sharp growth in NPLs, the portfolio quality of our Corporate Banking division was maintained at satisfactory levels.

BDT **78,346** million
Portfolio growth, 2017, up 9% YoY

Spotlight, 2017

The Corporate Banking division achieved remarkable growth in 2017, taking off from the initiatives sowed in 2016.

The newly launched Corporate Branches and repositioning of the Local Corporate team together contributed to significant growth in the funded business. Besides, the restructured Large Corporate team contributed to substantial growth in the non-funded business. Moreover, a dedicated Trade Development team was also established to provide a greater impetus to the trade business.

The year 2017 represented a noteworthy journey for the division in its focus of emerging as the most preferred financial partner of customers. With this objective, customer engagement was substantially scaled-up and various events were organized to build awareness on business-enhancing products and solutions even as new trade centers were launched to widen customer access. Several business-strengthening initiatives were also undertaken that resulted in the division achieving outstanding growth in 2017.

9%
Loans and advances growth, 2017

39%
Deposit portfolio growth, 2017

25%
Trade volumes growth, 2017

Our financial journey

Financial metric (EOP)	2016	2017
Loans and advances (BDT million)	71,559	78,346
Deposits (BDT million)-DBU+OBU	44,132	61,488
Customer base (CIF)	3,155	4,858
NPLs (%)	3.2%	5.2%

Some of the major achievements of 2017:

- Substantial loans and advances portfolio growth to BDT 78,346 million, representing a 9% increase YoY
- Significant growth in the deposit book that touched BDT 61,488 million, constituting a 39% growth YoY
- Healthy trade volume growth that reached USD 1.86 billion, comprising 25% YoY growth
- On-boarding of 87 new relationships
- As many as 26 branches came under the Corporate Banking network, thereby enabling us to tap into newer business opportunities
- 26% of the sourced Local Corporate portfolio extended to outside the Dhaka region, indicating growing reach beyond the metropolitan limits
- Further portfolio diversification into various business segments like food processing, mobile handset and electronics, manufacturing, steel, etc. helped reduce concentration risks

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Major events, 2017

- Organized the bank's first ever trade seminar in Chittagong on "Overview of Export Policy & Import Policy Order 2015-2018" at Radisson Blu Bay View to raise awareness on the subject
- BRAC Bank and Bangladesh Institute of Bank Management (BIBM) jointly organized a seminar on "International Trade: Associated Risks, Customs, VAT & Taxation Law" at the BIBM Campus in Mirpur
- Organized a trade seminar on "Overview of Import & Export Policy 2015-2018" to create customer awareness at a program held at Amari Hotel, Dhaka
- Organized a seminar on "Foreign Exchange & Interest Rate Risk Management" in Dhaka
- Organized a "Corporate Night" program to create awareness on the wide range of financing solutions offered to corporate houses
- Launched a trade services center at the prominent Motijheel Branch and a full-fledged trade center in Chittagong

Blueprint, 2018

The year 2018 is projected to be a challenging one for the banking sector, considering the growing need for prudent liquidity management, widening gap in the country's balance of payment situation, rising forex and Libor rates, revised regulatory framework and prevailing socio-political issues. In this scenario, BRAC Bank will focus on prudent liquidity management, grow penetration in the export business and engage in cautious portfolio management. Through leveraging the wide distribution network, skilled manpower, process re-engineering and incorporating IT-based solutions, the bank aims to reach newer heights in 2018.

Organogram

At present, the Corporate Banking division has 6 asset units under Large Corporate, 2 asset units under Local Corporate, Cash Management & Custodial Services and a Trade Development and Corporate Support Unit. Large Corporate Asset Units are distinguished as:

- 4 Dhaka-based units
- 1 Chittagong Regional Office
- 1 Corporate Branch Unit (which collaborates with all the corporate branches)

Large Corporate

Large Corporate Unit of BRAC Bank Ltd went through major restructure in 2017 with an aim to serve our large customers more efficiently. In new organogram, previous large corporate unit was divided into 4 smaller units with new Heads of Relationship Unit and Relationship Managers. This change in effect brought more customer engagements which has helped us showcasing our capabilities to large number of customers.

One of key objectives of Corporate Banking Division in 2017 was to diversify the portfolio through on-boarding new relationships from various sectors. This widened focus on diversified industry not only helped us to on-board 19 good new relationships in 2017 but also helped us to reduce large loan concentration to a great extent. In 2017, large loan concentration of BRAC Bank Ltd went down from 23.59% to 15.57%. Apart from this, the Large Corporate Units have significantly contributed non funded business growth in the year.

26
Branches amalgamated under a unified Corporate Branch, 2017

Going forward, Large Corporate Units of BRAC Bank aim to focus on sustainable business growth through delivering excellent service quality and offering diversified products to the customer. In our journey to become the best financial partner, we want to be the trusted partner of our customers and gain the right of first refusal for important financial deals.

Corporate Branches

A fast-emerging customer interface with a deep-rooted presence in Bangladesh's commercial banking space, BRAC Bank possesses an enviable branch network across the country.

In a significant initiative of 2017, a total of 26 branches were transformed into a unified Corporate Branch with the aim of providing the full value of our Corporate Banking services within these highly visible premises. The primary objective of creating an amalgamated platform was to optimize costs while simultaneously build higher capacity. Interestingly, what started off as an initiative of adding value in the way branch operations and corporate and commercial business transactions were traditionally carried out has now enabled us to open up newer avenues to take the concept of branch banking to the next level.

Importantly, our Corporate Branch has been conceived to benefit customers from convenient access to our products while keeping the approval process centralized, thereby bringing forth greater risk control and discipline. The transformation from a mere retail-centric unit into a comprehensive business unit was challenging, yet rewarding with a lot of learning resulting in the accumulation of rich experiences.

The core impact of this transformation also resulted in the focus shifting from plain-vanilla lending to value-driven relationships; from one-off transactions to multiple customer dealings and from our positioning as a partner of convenience to a preferred banking gateway of choice. Moreover, in addition to on-boarding over 30 new clients, the Corporate Branch also generated healthy growth in non-funded business with the highest single ticket size LC. While the business portfolio grew at a remarkable rate, there was a simultaneous emphasis on maintaining asset portfolio quality.

In 2018, the Corporate Branch expects to maintain the momentum, while ensuring smooth flow of low-cost sticky deposits, on-boarding of reputed export-oriented clients, maintaining asset quality, promoting value-based banking and transforming one-off opportunities into multi-year banking relationships.

64%

Local Corporate's loan portfolio growth, 2017

Local Corporate

The Local Corporate business has been playing an important role in aiding the overall portfolio growth. This business wing caters to the regular working capital and trade and capital expenditure-related financing needs of commercial and corporate customers. Earlier, the team was known as a 'Medium Business unit' and operated under the SME division. However, to match the product offerings and expectation levels of the target customer segment, the Medium Business unit realigned its market positioning and became a part of the Corporate Banking division in January 2016 with a new identity. Since this strategic repositioning, the Local Corporate business has grown significantly in terms of portfolio size and geographical reach.

In 2017, Local Corporate's loan portfolio crossed the milestone BDT 15 billion-mark, registering a tremendous 64% YoY growth. In terms of geographical reach, the team managed to diversify as much as 26% of its consolidated portfolio outside the greater Dhaka region, compared to 1.26% of the portfolio being outside the greater Dhaka region in 2016. With enhanced focus on manufacturing businesses, the portfolio is well-diversified with a presence in more than 10 different industry sectors. Despite significant growth, the NPLs were reduced by half over the last two years.

Going into 2018, maintaining portfolio quality, accelerating revenue generation and supporting business growth by sourcing new funds will be some of the major business goals.

Trade Development

The Trade Development wing started full-fledged operations in 2017 and is engaged in trade marketing, product development and improving service quality.

Since commencement of operations, the team has been focusing on empowering trade clients by providing them with strong propositions. The division also arranged several trade-related seminars for existing as well as potential clients to showcase capabilities in handling trade operations.

The trade development team is also working to expand trade service points for reaching out to clients at their doorstep and for this purpose a trade hub was launched in the Motijheel Branch in March, 2017. The team is also in the process of establishing a few more trade hubs across major business areas in Dhaka, which will gradually be spread around the country. In the last one year, trade volumes grew by a sharp 25% and the trade development team is continuously working towards achieving higher levels of growth in the coming years.

Event showcase



BRAC Bank opened Chittagong Regional Office and Trade Services of Corporate Banking



BRAC Bank organised seminar on 'International Trade'

Cash Management and Custodial Services

BRAC Bank's Cash Management Services provides the full range of cutting-edge products to efficiently process an organization's deposits, improve disbursement methods and eliminate idle cash balances. The bank's Cash Management and Custodial Services wing provides a comprehensive portfolio of cash management solutions under one-roof, thereby emerging as a business-enhancing solution for customers.

BRAC Bank offers a wide range of collection products to meet the specific requirements of clients, flexible and customizable in terms of fulfilling their needs, like NCS (Nation Wide Collection Services), PTS (Payment Transfer Solutions), IPO (Initial Public Offerings), MBS (Mobile Banking Services) and Cash pick-up and drop services. Within a short span of time, this division has been able to establish a strong foothold by providing cash solutions to different governmental organizations, autonomous bodies, large local conglomerates, developmental organizations and MNCs, among others.

Services offered under Cash Management

Deposit facility:

BRAC Bank offers highly competitive deposit rates in the form of different products, catering to the investment and cash flow requirements of clients, such as short- and long-term surplus funds, Employee Provident Fund, Gratuity Fund, employee welfare fund, etc. Apart from competitive pricing, our edge lies in providing prompt service.

Nationwide Collection Service (NCS):

NCS facilitates large corporate houses to collect funds from their clients through BRAC Bank's own branches for credit to their single collection account maintained with the bank. The bank's wide coverage has been a key driver in facilitating large corporates to collect funds and service their clients in a timely and efficient manner. Also, the department is equipped with state-of-the-art NCS software to facilitate clients with real-time transaction integration with their own systems.

Secured Cash Service (SCS):

SCS is provided to corporate bodies. The bank sets up desks/counters at specified locations and deposits the collected funds in the respective customer accounts. We offer this service to high-volume cash collection clients who we cannot cater to in our branches considering the large volumes.

Payment Transfer Solution (PTS):

PTS facilitates organizations in transferring their funds to respective locations through BRAC Bank's branches. This service also enables clients in remitting funds to their desired locations.

Cash pick-up and drop services:

Cash pick-up and drop services facilitates safe and secure cash pick-up and drop from/to the customer office premises. The entire cash collection and drop process is supported by self-sufficient logistics that is aligned with international standards. The facility offers customers security, convenience and flexible pick-up and delivery schedules and is yet another initiative to bring the bank closer to the customer's day-to-day cash transaction requirements.

Transactional Banking Services (TBS):

TBS is a core service provided by the cash management department. In order to provide differentiated services to our clients, the Cash Management department has developed various current and SND accounts in line with Bangladesh Bank's policies.

Internet banking:

The Cash Management department provides value-added information to clients through internet banking. The various services that are offered include the following:

- Real-time online transaction view for more effective cash management
- Access with the highest levels of security
- Easy-to-use applications
- Simple download of account statements
- Retrieval of transaction history

IPO (Initial Public Offering):

BRAC Bank offers a wide range of collection products to meet the specific requirements of clients, flexible and customizable in terms of fulfilling their needs, like NCS (Nation Wide Collection Services), PTS (Payment Transfer Solutions), IPO (Initial Public Offerings), MBS (Mobile Banking Services) and Cash pick-up and drop services.

BRAC Bank's IPO department has been established to manage client IPOs through engagement as the lead banker to the issue. The department also provides other services such as collection of rights share applications, dividend disbursement, etc. Since inception, the team has played a vital role in mobilizing funds, especially during liquidity crisis.

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 for institutions by facilitating them to invest their savings/surplus liquidity in diversified portfolios and earning a fair rate of return on their investments.

BRAC Bank also facilitates custodial services to NRBs, foreign individuals and foreign institutions to invest in the Bangladeshi capital market. The team also serves as an issuing and paying agent bank for Commercial Paper and bonds.

Mobile financial services:

bKash Limited, a BRAC Bank subsidiary, provides mobile financial services (MFS). As a part of our nationwide collection, we offer integrated solutions along with bKash to ensure collection from rural areas and other unbanked/under-banked regions.



Seminar on FX Market Development -The Way Forward



Trade Seminar on overview of Export Policy & Import Policy Order 2015-2018 in Chittagong.



Custodial agreement signing ceremony with Shanta Asset Management Limited



Custodial agreement signing ceremony with Impress Capital Limited

Treasury and Financial Institutions Division

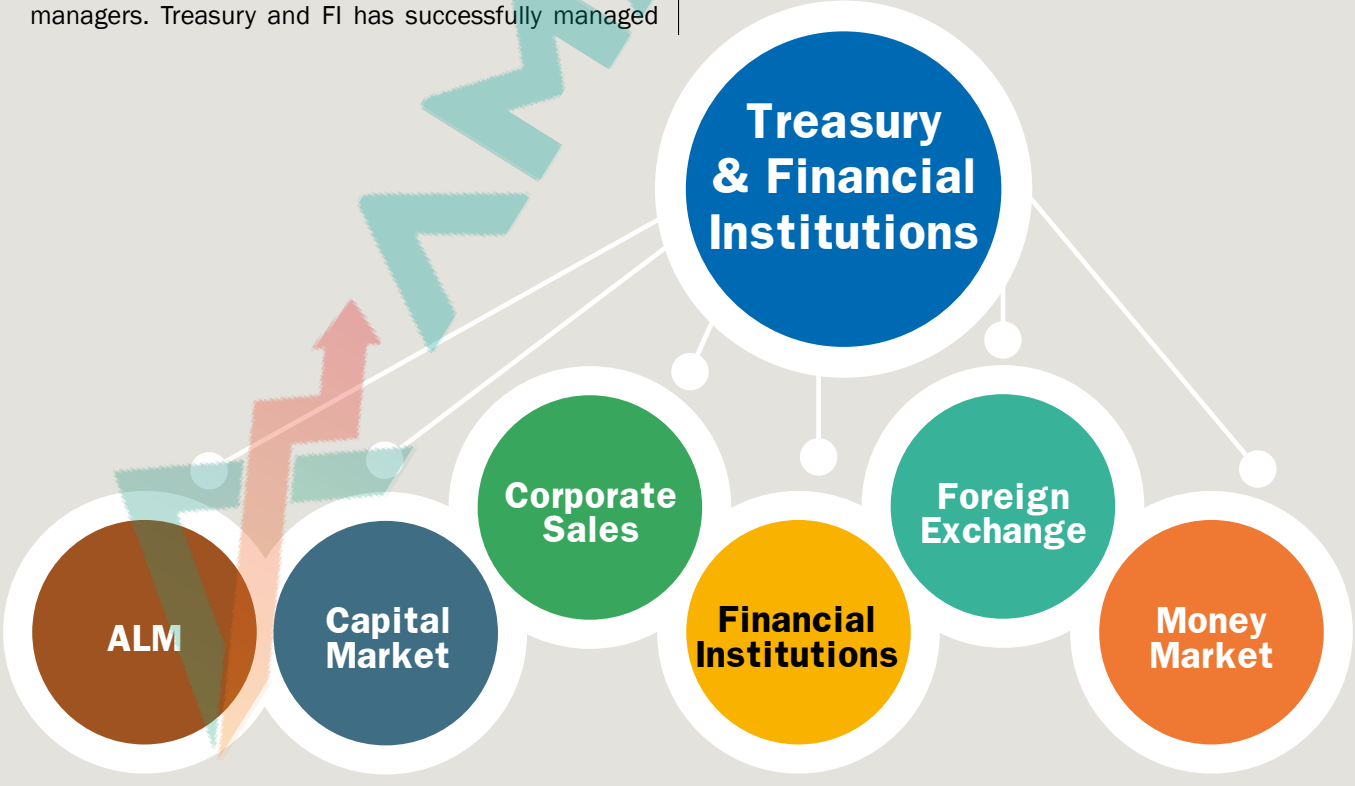
> At BRAC Bank, our Treasury and Financial Institutions team provides truly global services by effectively and efficiently harnessing market opportunities through the real-time treasury system. We are proud of the fact that our dynamic team is one of the top teams in the market in terms of market-making and client facilitation. With a strong track record, we aim to be the top treasury team in the market in 2018.

Md. Shaheen Iqbal
Head of Treasury and FI

"Ahead of the market"

With this philosophy, the Treasury and Financial Institutions (FI) division demonstrated exceptional performance in 2017 by providing robust treasury solutions to both internal as well as external clients through its pool of dynamic dealers and relationship managers. Treasury and FI has successfully managed both the rapid growth of the BRAC Bank asset book while also ensuring the consistent growth of its portfolio.

Alongside managing the bank's funds, meeting regulatory requirements, managing day-to-day liquidity and acting as market maker, the team caters to a diverse customer group with the following dedicated desks:



Money Market desk: In 2017, money markets were moderately liquid and call money rates ranged from 1.5–4.5%. Our treasury has been active in the interbank money market with proficient forecasting skills, managing liquidity gaps and ensuring considerable profitability for the bank. This desk facilitates all kinds of available solutions like call money, repo, reverse repo, term money (across different tenors), FX SWAP, etc. Aligning with regulatory requirements and maintaining the proprietary portfolio makes this desk one of the most efficient in the market.

Capital Market desk: Our Capital Market desk is one of the most dynamic in the Bangladeshi capital markets, participating through fixed income securities, stocks, mutual funds, subordinated bonds and preference shares. Being a non-PD (primary dealer) bank, it has been a great achievement. Forecasting market rates and taking positions accordingly to ensure profit maximization and capital loss minimization on various securities represent the desk's key responsibilities. Our treasury also remained active in executing trades with corporate clients in government treasury securities.

The Capital Market Investment Committee (CMIC) takes investment decisions and reviews the portfolio's performance. The BRAC EPL research team provides research and advisory support in managing the capital market investment portfolio.

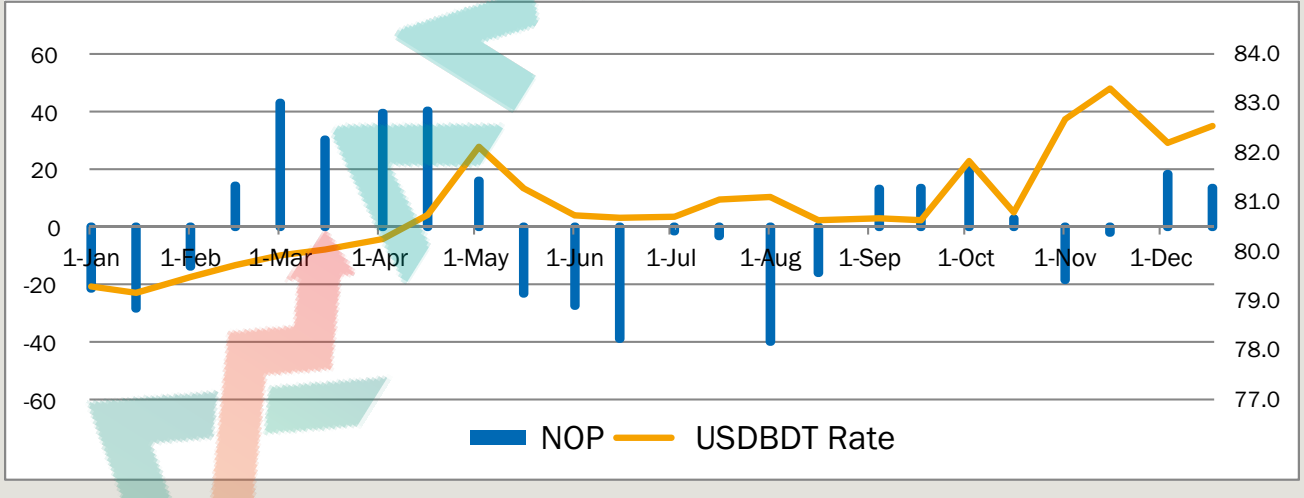
Foreign Exchange (FX) desk: BRAC Bank's treasury is one of the most active in both local and cross currency transactions and we have been a major source of liquidity in the interbank market in 2017. Through our FX desk, our dealers have explored proprietary FX trading (mainly in G7 currencies) and provided pricing facilities to other players in the interbank market. Our FX desk also provides funding support to our offshore banking book.

Notably, 2017 was the year of volatility for the USD–BDT pair. Current account balance recorded a deficit of USD 3.31 billion during the July-October 2017-18 period because of significant trade deficit. Imports grew 30.17% which put significant pressure on USD–BDT. Our treasury was ahead of the market in maintaining NOP (net open positions) during this volatile period by ensuring maximum profitability while also keeping positions within regulatory limits.

Something we are proud of!

Our Fixed Income desk ranked **No. 1** in secondary trading of govt. securities in FY 2015-16 & FY 2016-17!

Source: Bangladesh Bank



42%

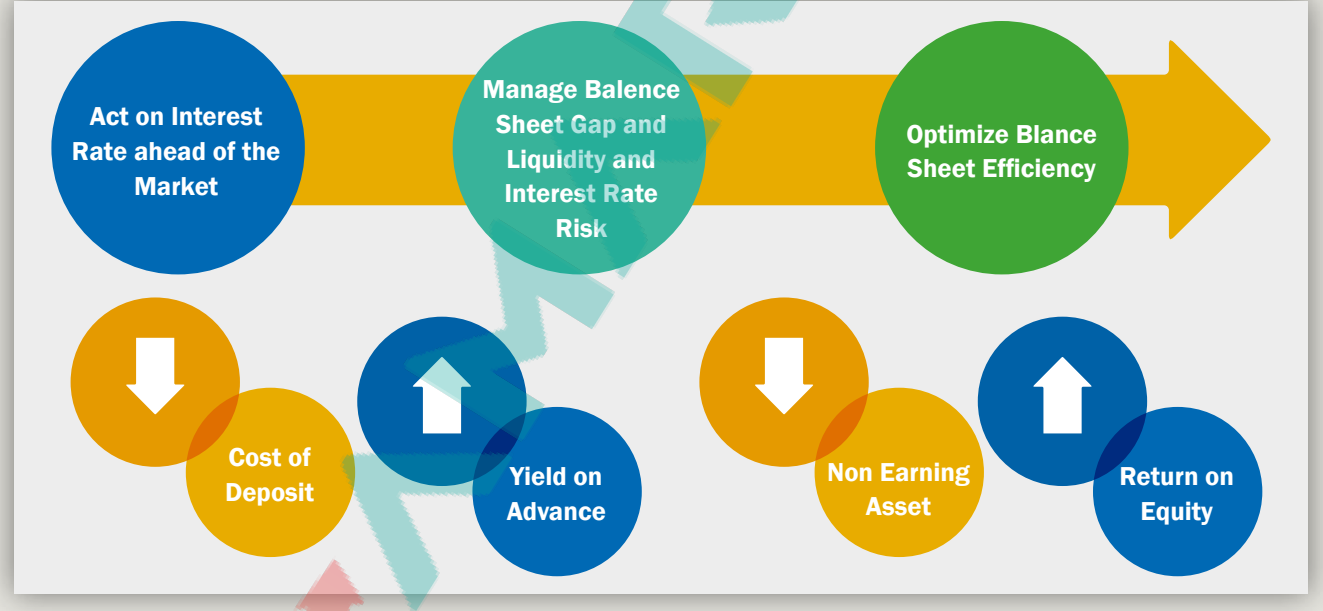
Transaction volume growth achieved by the Corporate Sales desk in 2017

Corporate Sales desk: Our vibrant Corporate Sales desk offers corporate counterparties a wide array of solutions ranging from simple spot purchases and sales to derivatives for hedging adverse exchange and interest rate movements.

Today, the team deals with over 100 active clients across numerous industries, catering to their FX needs while also helping the bank gain exposure to FMCG, pharmaceuticals, cement and construction materials, RMG and textiles, power, petroleum and lubricants, food, edible oil and telecommunications industries, among others.

On a weekly basis, the Corporate Sales desk circulates updates on the currency and interest rate markets to raise awareness among existing and potential clients on the prevailing market scenario and also advises them regarding their FX and interest rate exposures.

Asset Liability Management (ALM) desk: The bank has a dedicated ALM desk under Treasury and FI and provides economy, market and bank information and analysis to the Asset Liability Management Committee (ALCO) for them to take strategic decisions.



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

Financial Institutions (FI) desk:

Our dedicated FI desk is responsible for local and overseas correspondent relationships in order to facilitate SME and remittance disbursements, FX transactions, foreign trade (import and export), remittance and other foreign currency business and transactions. The bank has 24 overseas nostro accounts in seven major currencies and around 400 correspondent relationships with global banks. It also maintains 450+ nostro accounts with local

BRAC Bank is an active partner of the Global Trade Finance Program of International Finance Corporation (IFC) and Trade Finance Program of Asian Development Bank (ADB) along with other global correspondents.

banks to serve SME and remittance clients nationwide. The FI desk continuously works towards establishing new business lines to facilitate the bank's growing FX business and also assumes the responsibility for sourcing liabilities for the banks OBU book through trade loans and multilateral borrowings.

Something we are proud of!

BRAC Bank has been honoured as the 'Most Progressive Bank on Gender Strategy' in 2017 by the ADB!

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 of both Bangladesh and abroad. This also allows us to conduct various types of analysis of securities that other market players are dealing in. The platforms offer a wide array of information from numerous sources, enabling the team to conduct complex analysis and forecasts to support trading and investment decisions.

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.)
- OBU funding from foreign FI & multilaterals through Trade Loan
- Ensure efficient fund management through EFTN & RTGS

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

Credit Risk Management

At BRAC Bank's Credit Risk Management division, our entire focus is on achieving excellence in our underwriting practice with the ultimate objective of maintaining a high quality portfolio.

Credit risk

Credit risk is normally defined as the risk of suffering from a financial loss should any of BRAC Bank's customers, clients or counterparties fail to fulfill their contractual obligations.

Core credit values

For any bank, the prudent management of credit risk is central to achieving sustainability and long-term profitability. For BRAC Bank, the judicious supervision and administration of credit risk is all the more important considering the fact that the organisation is one of the largest private sector commercial banks in the country with a large stakeholder ecosystem.

At BRAC Bank, with a view to achieve excellence in credit risk management, the division mandated with the responsible stewardship of credit risk management has established a set of core credit values to foster and nurture a culture that emphasizes on the efficient, reliable and accountable management of credit risks impacting the business. Importantly, the adherence to our core values is embedded in our credit function and high standards of alignment are expected out of every Credit Risk Manager.

Our core credit values comprise the following:

Honesty – Fostering the highest standards of professional and personal integrity

Trust – Nurturing a collaborative approach that thrives on trust and accountability

Sincerity – Encouraging honesty and candor in thought and action

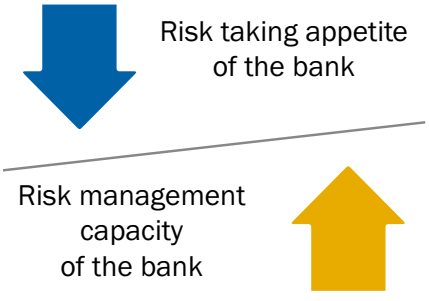
Equilibrium – Supporting balanced decision-making through unbiased assessment and evaluation of information

Diligence – Cultivating an environment that thrives on expertise and professionalism across the full credit process value chain

Credit risk management objectives:

As a banking organisation that strives to achieve risk-mitigated portfolio growth, our Credit Risk Management division supports this overarching intent through our objectives that are articulated below:

- To maintain a framework of controls to ensure that the assumption of credit risks is based on sound credit risk management principles, as set forth by the regulator, along with embracing international best practices
- To identify, assess and measure credit risks clearly and accurately across the bank and within each business division, namely Corporate Banking, SME Banking and Retail Banking



- To define the bank's risk appetite and ensure that the business profile and plans are consistent with this framework
- To control and plan credit risk taking aligned with external stakeholder expectations and circumventing undesirable concentrations. Also, our focus is to manage the organisational risk profile to ensure that specific financial deliverables remain achievable despite the impact of adverse business conditions
- To monitor credit risk and controls to ensure that risk-reward objectives are met and to ensure that business growth plans and targets are adequately supported by effective risk protocols and infrastructure

Organization and structure of credit risk management

For the effective management of credit risk, it is disaggregated business-wise with appropriate allocation of responsibility, which helps in ensuring accountability and answerability. The structure of our credit risk management is anchored on the following:

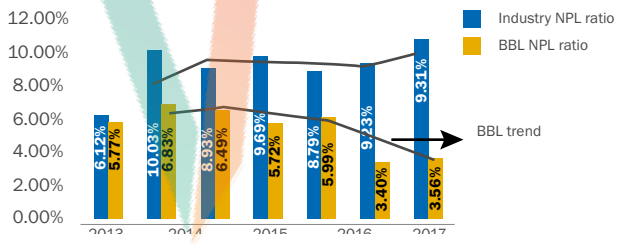
- Corporate, SME and Retail portfolios are managed by separate underwriting units under the credit risk management division
- Credit risk management responsibilities have been structured in such a way that credit appraisal emphasizes on maintaining underwriting standards, as outlined in the credit risk management policy, while simultaneously challenging business performance with robust reviews on risk infrastructure and strategic plans
- The Credit Risk Management Committee, constituted by the bank's senior management, plays an important role as a recommending authority for credit appraisal
- All credit approvals are done as per the Delegation of Lending Authority approved by the Board of Directors and as per Bangladesh Bank guidelines and within the purview of the bank's credit risk management policy
- The credit risk management teams in each business segment are accountable and directly report to the Chief Risk Officer

Industry vis-à-vis BRAC Bank's asset quality

The robustness of our credit risk management function is reflected in our asset quality that is superior in comparison with the country's overall banking sector. The asset quality or portfolio health is measured by a metric that takes into account the non-performing loans (NPLs) as a percentage of the total loans of a bank. Evidently, the lower this metric, the better is the asset quality.

- Industry NPLs stood at 6.12% in the year 2011. Post 2011 however, spurred by reckless lending and disregard for regulations, industry non-performing loans soared and rose to as high as 9.31% by the end of year 2017

NPL Ratio: Industry vis-à-vis BRAC Bank



- Among the various other reasons, commodity market volatility, inadequate infrastructure thwarting investment growth, political instability and widespread loan scams in state-owned banks were the major reasons that fueled NPL growth in the country's banking sector
- Despite the dismal asset quality scenario in the banking sector, BRAC Bank reported a contrarian performance and continued to maintain a healthy asset portfolio during the last two years
- With concerted efforts of each of the business divisions, the Credit Risk Management division, the Special Asset Management division and the management, BRAC Bank maintained an NPL of 3.56%, sharply lower than the industry NPL average of 9.31%

Key priorities for maintaining asset quality in 2018

At BRAC Bank, we are focused on maintaining the fine balance between achieving our growth aspirations while simultaneously controlling our NPLs. Moreover, our focus on ensuring superior asset quality for sustaining revenue growth would be representative of our core principle for credit portfolio management in the year 2018. Towards this extent, some of the initiatives planned for 2018 include the following:

- Proactive management of NPLs by way of identification and gradually exit from weak accounts with a simultaneous on-boarding of top industry players with a strong credit track record and history
- Structural review of sectoral exposures and increasing alignment of strategy / underwriting criteria while taking into account the shape of the economy and the industrial scenario along with the bank's credit principles
- Focus on portfolio diversification to minimize concentration risks by way of sustaining exposure to the SME business which is characterised by a large and geographically-dispersed client base
- Continually emphasize on NPL control and reduction by way of:
  a. Arresting new NPL flows
  b. Reducing the prevailing NPLs through an intensive focus on recovery
- It is the goal of the bank to keep the NPL ratio below current level in the year 2018

Distribution Network

The primary objective of restructuring and agglomerating our branchesinto a centralized distribution network is to provide a superior interface to our customers as they engage with the bank and to showcase the full value of our products and services, thereby providing them with the convenience of banking under a single roof.

Overview

In a significant initiative of 2017, BRAC Bank amalgamated its branches under a common distribution network and aggregated them into 8 regions with as many zonal heads, deputed as in-charge of their respective regions. The effect of this initiative is becoming visible in the fact that the branches are now coming under the purview of direct supervision and guidance for ensuring sustainable portfolio expansion and cost optimizationwith a strong impetus on profitability growth.

Reinforcing customer experience

The primary objective of restructuring and agglomerating our branchesinto a centralized distribution network is to provide a superior interface to our customers as they engage with the bank and to showcase the full value of our products and services, thereby providing them with the convenience of banking under a single roof. A welcoming environment at all our branches also helps put our customers at ease, especially since a large number of them might be experiencing organised banking for the first time. As a universalized bank that caters to the needs of a diverse population, we ensure that our branches provide customised and friendly services that lead to delightful customer experiences on the one hand and enduring relationships on the other.

As an institution that has been founded on the premise of embracing the highest levels of compliance, a centralized facilitation wing has been established forall thebranches within the distribution network,under a well-represented Branch Governance Team. This team is entrusted with the task of providing comprehensive support to ensure good governance and streamlined service quality. The central idea behind the distribution network is to promote a 'one BRAC Bank' approach and, in this respect, the Branch Governance Team ensures that the same level of superior service is dispensed across all of the bank's branches throughout the country.

Towards meeting our objective of extendingformal banking tothe unbanked and the 'missing middle' population segments of the countryto help unleash their contribution to economic growth and development, we have expanded the range of our distribution network by inaugurating as many as five new branches across diverse locations of the country. These include the following:

1. Bheramara branch
2. Jibon Nagar branch
3. Shakhipur branch
4. Mohadebpur branch
5. Ati Bazar branch

Importantly, all of these branches are providing our customers with the convenience of full-fledged banking operations and, consequently, contributing in acquiring new customer accounts and commensurately growing their overall portfolio.

For strengthening the visibility of our branches by placing them in more recognized trade and commerce centers as well as facilitating client convenience through easy accessibility, the following 6 branches have been relocated to more prominent business hubs:

1. Araihazar SME/Krishibranch
2. Jatrabari SME service center
3. Kadamtoli SME service center
4. Sylhet Uposhahar branch
5. Board Bazar branch
6. Savar branch

With a view to ensure that our branches stay in step with the times, emerge as more prominent locations for banking, stand-out in a competitive marketplace to attract customers and reinforce their image as being

customer-friendly, warm and welcoming, the following list of 14 branches were renovated and modernized:

1. Beanibazar branch
2. Bhairab branch
3. CDA Avenue branch
4. Ishwardi branch
5. Narayanganj branch
6. Panchagar SME/Krishi branch
7. Rampura branch
8. Shantinagar SME service center
9. Motijheel Graphics Building branch
10. Agrabad branch
11. Dholaikhal SME Service Center
12. Laxmipur SME/Krishi branch
13. Netrokona SME/Krishi branch
14. Shahjadpur SME/Krishi branch

Furthermore, with a view to offer the full range of banking products and solutions to Mirpur and its surrounding areas, the bank's management has converted the Mirpur SME Service Center into a full-fledged branch under the name of Mirpur Section 1 branch.

Facilitating our corporate customers

We have come to realize that our corporate clients demand a comprehensive suite of products and services and value efficiency and competence. With a view to facilitate our corporate customers in catering to their holistic requirements expeditiously, the BRAC Bank management nominated as many as 26 branches as corporate branches. All these outlets are fully equipped to cater to and grow existing relationships while also focusing on developing new mandates and relationships.

Since a large number of customers possess an extended banking relationship with us, we focused on reinforcing this affiliation through the leverage of technology to ensure that our distribution network provides cutting-edge one-stop banking solutions. Towards this extent, all our 186 branches are currently under the network of BACH, BEFTN and RTGS. Moreover, simulation and performance testing of our new Core Banking Solution (CBS) has also been done successfully across the distribution network.

With a view to evolve with the times, we review and refine various policies and processes to continue to provide superior experiences to our customers on an ongoing basis. For providing the finest banking service delivery model to our customers, the 'Ideal Branch Project' is being piloted across selective branches. The idea behind this project is to minimize cost, reduce loan TAT (turnaround time) and enhance overall banking productivity. The success of this initiative will take us one step forward in our journey towards emerging as the best bank of Bangladesh.

During 2017, we extensively worked towards enhancing engagement with our clients across our distribution network. In this context, we organised several action-packed events that include the colorful Borsho Boron programs and art competitions for children on Ekushey February, among others. All of these programs were enthusiastically received by our customers and their families even as they helped us grow familiarity and closeness with them.

Initiatives planned in 2018

Throughout 2018, the principal objective across our distribution network will be to sustain the momentum in terms of augmenting human resource capabilities, refining processes and reinforcing our technological backbone. Importantly, facilitated by the upgraded version of our Core Banking Solution, we are confident of strengthening our service quality levels to attain newer heights of excellence. Our focus on widening our products and services portfolio with a 360-degree emphasis on banking solutions across our existing outlets as well as transforming select high-visibility SME service centers into full-fledged branches is also on the verge of execution. Moreover, the ongoing exercise of refining our policies, processes and premises will represent a cornerstone in our journey of establishing a distribution network for a bank that envisions emerging as the best bank of Bangladesh.

Since a large number of customers possess an extended banking relationship with us, we focused on reinforcing this affiliation through the leverage of technology to ensure that our distribution network provides cutting-edge one-stop banking solutions.

Customer Experience

Creating a Better Banking Experience

BRAC Bank believes in creating seamless, consistent experiences at every touch point our customers have access to. It is all about the experience gathered from banking with us and the expectations to be met as far as the right bundle of products/services are on offer and the responses on their feedback, in turn call attention to the demands for quality relationship with the bank through skilled bank personnel.

With its outstanding financial performance and prioritizing the 3 basic expectations of customers in focus - BRAC Bank has taken numerous initiatives to reinvigorate the quality of service it provides to its esteemed client base.

Reshaping the banking experience

To benchmark Service Quality DNA across all branch and sales colleagues, approximately 1500 employees were trained exclusively on Service Quality, Branch Operations & Credit Card Products and Services in the course of more than 40 training programs.

Employees were also trained comprehensively on Banking Foundation, Credit Relationship, Professional Selling, Trade Services, Anti Money Laundering, Diversity-Gender-Sexual Harassment and numerous other core programs.

Caring for the Customers

Branches & Sales

To be the best bank in Bangladesh, we continue to thrive to offer the best experiences to our customers in terms of service quality, the behavior of our service providers, ambience and clean environment.

In line with this, Ideal Branch project has been rolled out not only to introduce Service Ambassadors in Branches but also to revamp infrastructures for new look in order to offer state of the art and clean ambience at Branches & Sales Centers. The placing of Service Ambassadors is a new initiative, undertaken particularly to strengthen the bank-customer relationship and make the customers feel that 'We Care for Them'.

While infrastructural changes were and are being made, our branch colleagues participated in 'Dress Well' Campaign' where the most well-dressed personnel were recognized and rewarded. Hence, to bring unity in the outlook, we are in the process of distributing standard uniforms to our branch employees.

Alternate Channels

The staff performance campaign titled 'THE MUSKETEERS' for our Call Center, was launched on August 2016 and ended on July 2017.

Ranking as one of the top Call Centers in the industry, this super energetic team continues to perform at a team average of 90% of their KPIs and answers 86,000 calls through agents on average, monthly.

To make banking convenient for our customers, we have been cordially diverting our customers to the Call Center for Cheque, SMS Banking & Internet Banking services.

Not only are the services being diverted, transactions below BDT 50,000 are also being channeled to Cash Deposit machines to improve queue waiting experience at branches.

To be the best bank in Bangladesh, we continue to thrive to offer the best experiences to our customers in terms of service quality, the behavior of our service providers, ambience and clean environment.

AMARSTOCK

Listening to the Customer's Voice

To keep up with the ever rising and changing expectations of the customers, BRAC Bank has planned to conduct Focus Group Discussions with its valued customers by the beginning of 2018.

The discussions aim at discovering the areas of satisfaction in terms of availing BRAC Bank's services in correlation to the industry players and identification of the influencing factors of customers' decision making as far as selecting a bank for their banking services is concerned.

Customers deserve to be heard and as such, a complete tracking system has been developed to ensure end to end tracking of service and feedback. Customer requests will present them with unique reference numbers which will allow them to stay upbeat on processing of their requests/feedback.

To enhance customer experience through usage of our Credit Cards - continuous changes relative to process and product offerings are being rendered.

The Bank as a whole

"One for All, All for One!"

No team can achieve exceptionally well without the lateral support from the related departments / divisions within the bank.

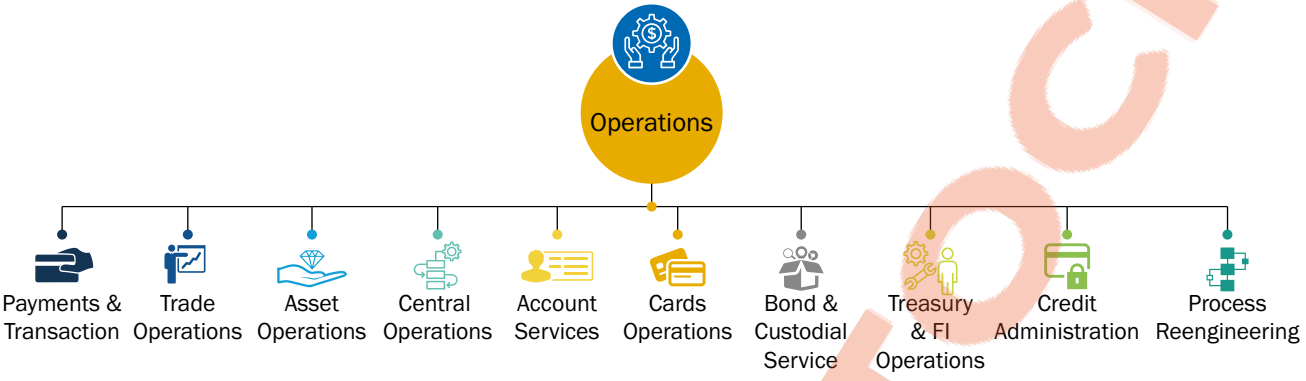
Employees of BRAC Bank are all on the same platform to ensure Service Excellence in accordance with the customers' expectations, which is backed by the total turnover over the last decade that evidently shows a steady growth in today's highly competitive market.

However, with many other initiatives and projects in pipeline, we still believe that there is more that we can do to bolster our customer experience to persevere on the advancing momentum and become the 'Best Bank' in Bangladesh.

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Operations Division

Core focus area: Move forward towards digitalization for process simplification



At BRAC Bank's Operations division, during the year under assessment, two new departments were established to ensure adequate governance oversight, clear segregation of job roles and responsibilities and a focus on process simplification, which will eventually lead to quicker and more effective service delivery to our customers within a controlled and compliant environment. Today, armed with the confidence of the initiatives undertaken over the past, we are determinedly moving towards digitalization that will reinforce our customer service standards through process simplification.

Key accomplishments, 2017:

- Provided substantive impetus for the Treasury Module to go 'live' in February 2017. Moreover, the Operations team also ensured the upgradation of the bank's Core Banking System (CBS) and Core Card System that is expected to go 'live' by Q2, 2018. This will ensure additional enhancement in daily transaction processing and enable the sustenance of product features with add-ons, contributing to augment customer service and their experience with us.
- Ensured process re-engineering across the Operations division to facilitate improvement in TAT and achieve greater automation in customizing MIS for clients with enhanced control.
- Recruited talented resources from top-tier local as well as multinational banks and provided training to 750+ employees across the organisation to focus on improving our service quality and delivery standards. Besides, on-the-job training was also provided to employees to emphasise on cross-functional knowledge.
- Launched a Trade Service Delivery Desk outside Dhaka to facilitate prompt trade services to clients.
- Established two new Regional Operating Centers (ROC) in Gazipur and Narayanganj that facilitated banking activities and enabled the bank to go closer to customers residing in these micro-markets.
- Effected same day service for NOC issuance of loan settlement, cheque book printing and delivery and Internet Banking (IB) token issuance and delivery.
- Facilitated the issue of Signature credit cards in just one day - from application to delivery.
- Integrated the direct credit of expatriate remittance to the mobile wallet account holder through bKash.
- Reduced processing time by as much as two days for outward cheque clearing across the country.
- Launched auto coupon encashment services for Sanchaya Patra to ensure enhanced customer convenience along with a concomitant reduction in footfall at our branches.

Future blueprint

- Conduct a comprehensive Business Process Review (BPR) across our operations to scale-up capacity as well as productivity to ensure quicker service delivery.
- Launch an express service for the bank's specialized segments (Retail, SME and Corporate) that will facilitate greater client satisfaction.
- Enhance the capacities and capabilities of our Regional Operating Centers (ROC) to provide all sorts of banking services within the shortest possible time.
- Digitalize and automate various manual activities, including cards reconciliation, return reporting, customized MIS for trade/corporate clients, deferral tracker system and standing instructions.
- Initiate document and request management system.
- Introduce a productivity measurement tool to focus on promoting a KPI-driven culture.

Information Technology Division

At BRAC Bank, investments in technology to achieve excellence has been a priority since 2016. The bank's focus on revamping its technological platform to ensure the best business outcomes and provide superlative customer experience has been at the forefront of all of the Information Technology Division's initiatives. Aligned with our vision of becoming the best bank in the country, it is crucial to achieve holistic customer satisfaction and with the advent of technological innovation and evolution of digital banking, meeting customer demands is only possible by embracing the dynamic changes through sustained investments in technology.

One of the major components of our technological roadmap is to have a sound strategy and we are in the process of devising our tech blueprint in line with our business aspirations to offer differentiated products and solutions. Towards this extent, we are working with major consulting companies and leveraging their global views and insights to foster advanced solutions that are best suited to the local environment.

Having commenced our journey to reinforce our tech support in 2016 with the vision of becoming a superior banking service provider through major investments in technology, this aspiration continues to remain the core focus area of the bank.

At BRAC Bank, we have adopted a number of new solutions and are upgrading our major banking platforms such the Core Banking Solution (CBS), which has been an extended countrywide project and we will go live by April 2018. The CBS will have a strong impact on elevating customer experience, also enabling us to keep up with the latest trends in next-generation banking. In addition, other critical banking platform upgradation projects are underway and we are expecting Card Management system, Oracle Enterprise Resource Management system and call center to go live by August 2018. These platforms with new features and functionalities will enable our employees to serve our customers better and, in turn, will empower our customers to engage in a superior banking experience with us. As we have also taken up new platforms to be implemented in the year 2017 on internet banking and e-commerce and the new Swift platform providing a more secure environment, these will take our banking services to a new dimension where our customers will be able to bank on the go.

At BRAC Bank, we realize that digitalization is the next big change that most customers are demanding and customer propensity to adopt banking as a platform will be very challenging and, mostly, personal device-based. In line with the wave of digitalization, at BRAC Bank, we have strategized our technological adoption from 2018 onwards to be more on the digital banking platform even as we direct our efforts to digitalize internally as well as externally to achieve outcomes faster to ensure greater employee efficiency as well as customer convenience. As such, we have analyzed and found that Document Management system, Loan Origination system and Data Warehouse solutions and BI and Analytics would help us internally digitize most manual processes which, in turn, will help us bring forth the benefits of digitalization for customers to have a differentiated experience vis-à-vis our competitors. We also plan to introduce Agent Banking for the SME division through providing innovative digital solutions to support such a major initiative by the central bank.

Technological infrastructure is an integral part of BRAC Bank's technology platform and we have embraced major decisions on revamping infrastructure of our countrywide network, storage, blade servers and remote support systems. We are probably the only bank that is fully compliant with most operating systems licensing and a major investment has been made in 2017 on the same. Unified communication has been a platform that we need to keep ourselves connected with as our offices are located in the remotest corners of Bangladesh. We are expecting to get connected through a unified communication platform by 2018-end.

We significantly invested to upgrade many aspects of our data center to meet business and user needs in the year 2016-17 and were able to ensure the highest levels of uptime. Considering the sharp uptick in business from 2018 onwards, our existing data center has been populated with systems and peripherals. Moreover, since this data center has been in operation for long, we took another major decision to design and implement a new generation data center and disaster recovery center at our own premises by the year 2020. This will be a major step in infrastructure planning and will provide us with a 10–year window to cater to technological adoptions and hosting systems with the growth of the business. This state-of-the-art data center will ensure that customer transactions are conducted uninterrupted and seamlessly.

Delivering the above-mentioned solutions and building such a platform requires a skilled and knowledgeable technology team and, towards this extent, we are training our existing resources and also recruiting skilled talent from the market to enrich our tech capabilities. We believe that a business-driven innovation-centered technology strategy with a combination of skilled people and adoption of the right technological solutions will help fulfill our vision to differentiate ourselves as a bank that empowers customers with a superior banking experience.


AMAR STOCK

SUBSIDIARY OVERVIEW




AMAR STOCK

bKash Limited

bKash
একটি ব্র্যাক ব্যাংক প্রতিষ্ঠান

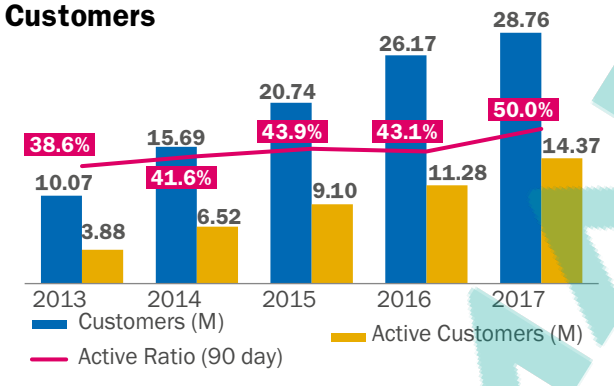
bKash Limited was established on 1 March 2010. bKash, a pioneer in the Mobile Financial Services (MFS) industry of Bangladesh, has played a key role in improving access to formal financial/banking services since its inception.

Introduction

The year 2017 was a pivotal one for bKash in terms of technological advancement, regulatory compliance and growth. The company continues to grow and achieve targets while adapting to the new changes in the industry.

bKash remains to be one of the leaders of the industry and is expected to continue this success in the future.

Customers



The number of active customers (defined as those who made at least one transaction in the past 90 days) has also increased by 6.9% in 2017 compared to 2016.

Key achievements in 2017

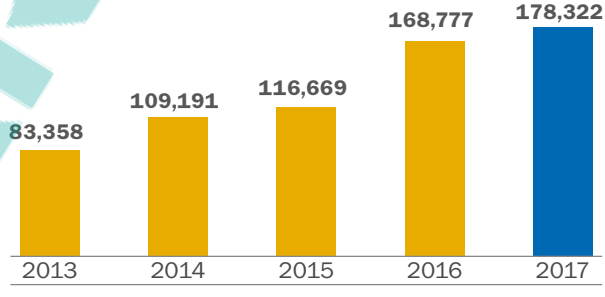
The revolutionary change in the technology department in 2017 was the successful migration of the internal system from VISA platform to the Huawei platform. The migration, which was one of the largest of its kind, took place seamlessly without any impact on customers. With the changeover, customers can look forward to new products in the future. In addition, regulatory circular that enforced reduced ceiling on transaction amount had an immediate impact on both the business and the customers. Despite this, the total transaction volume continues to increase.

Following regulatory approval, a real-time remittance terminated to bKash wallets was launched. Operations were active through BRAC Bank and Mutual Trust Bank. The initial transactions looks promising.

Agents

All agents were subject to rigorous compliance checks and, as a result a number of them were shut operations, leaving a total of 178,322 agents scattered throughout the country. On average, in 2017, 80% of agents were active every month.

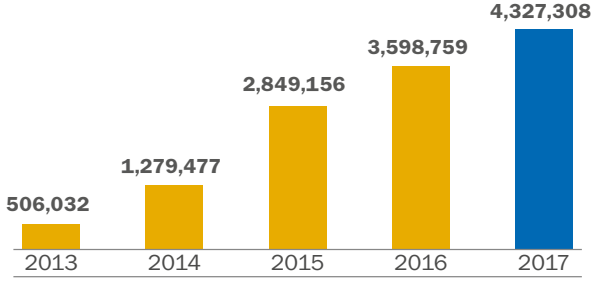
Agents



Average daily transaction count

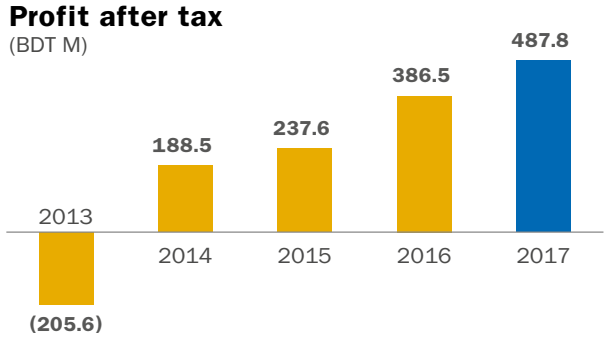
Average daily transaction count increased in 2017 by 20.2%. In 2017, average daily count of transaction was 4.33 million compared with 3.59 million in 2016.

Average Daily Transactions Count



Financial performance

The net profit after tax in 2017 was BDT 488 million, an increase of 26.2% over the prior year.



The increase in profit was primarily driven by higher transactions and float income. A 10% increase in customers coupled with a substantial increase of 6.9% in active customer ratio resulted in a 20.2% increase in total transaction count. As a result of the increased customers and agents in the bKash network, the float registered an increase of 24.7% over the prior year. The total revenue (comprising of transaction revenue and float) was BDT 17.7 billion, an increase of 18.4% over prior year.

Financial highlights

BDT in million

Particulars	2017	2016	2015	2014	2013	2012
Total Revenues	17,723.6	14,972.3	10,728.1	7,242.7	3,986.9	483.2
Net Income	4,350.4	3,446.7	2,472.5	1,621.1	693.3	78.5
Profit before tax (PBT)	790.8	621.1	380.0	326.0	(290.5)	(115.7)
Contribution to Exchequer	3,392.9	3,034.1	2,107.5	1,398.8	785.5	127.0
Total Assets	27,885.8	22,008.0	14,499.8	9,544.0	5,457.7	1,512.6
Float Balance	21,663.9	17,288.6	10,961.3	6,822.6	3,999.6	974.0
EBITDA	1,053.1	834.9	482.6	406.1	(253.9)	(90.9)
Earnings per share (BDT)	1,153	792	562	446	(538)	(218)
Gross Profit Ratio	20.8%	19.2%	18.4%	16.7%	11.1%	9.0%
Return on Equity	18.8%	14.9%	11.8%	19.3%	-80.4%	-32.6%

Operational highlights

Particulars	2017	2016	2015	2014	2013	2012
Customers	28,796,213	26,172,245	20,741,587	15,686,947	10,073,872	2,175,489
Active Customers (90 Day)	14,369,818	11,275,883	9,099,762	6,524,798	3,884,679	630,892
Active Ratio (90 day)	50.0%	43.1%	43.9%	41.6%	38.6%	29.0%
Agent	178,322	168,362	116,669	109,191	83,358	28,605
Merchant Count	43,978	37,902	14,879	8,989	4,568	2,168
Average Daily Transaction Count	4,327,308	3,598,759	2,849,156	1,279,477	506,032	52,600
Volume of Transactions (Billion BDT)	2,173.5	1,805.5	1,299.1	860.8	460.3	57.7

Economic outlook

The increase in number of transactions & volumes is a reflection of the upswing in the economy of the country. With higher transaction numbers and amount because of the booming economy, the MFS industry will continue to flourish and mature in the coming years. bKash is expected to maintain its leadership position in a market which is growing at approximately 20% a year. New technological developments and new, products, coupled with a strong and growing network of business partners and customers, will play a key role in this regard.

BRAC EPL Stock Brokerage Limited

BRAC EPL Stock Brokerage Limited was established to cater to the needs of the stock brokerage business in Bangladesh. BRAC EPL Stock Brokerage Limited (BESL) is the 3rd largest stock brokerage house among 250 brokers in the country with a 3% market share as of December 2017.

About us

BRAC EPL Stock Brokerage Limited (BESL) is one of the largest stock brokerage houses in the country with a 3% market share at the end of 2017. BESL is the leader in the foreign portfolio investment execution segment with a 42% market share. The company also offers brokerage services to 28,000 clients which include local institutions, retail clients, non-resident Bangladeshis (NRBs) and 60 foreign institutional clients through 8 branches and 148 employees.

Products and services

BESL offers stock brokerage services to all Bangladeshi and international capital market investors.

Public market execution

BESL has maintained the 3rd position among 250 brokers. On average, BESL had 3% market share of DSE turnover, 0.7% of CSE turnover and 2.8% of the total turnover.

Investment research and advisory services

BESL pioneered the investment research industry in Bangladesh. Currently, the Research Department has broader investment research and investment advisory mandates. The team has research partnership with Macquarie Securities Group – the world's 8th largest sell-side equity research firm, in addition to research partnership agreements with Bloomberg, Thomson Reuters, S&P Capital IQ and Fact Set. The following are some of the key achievements of the team in 2017:

- The recommended investment composite of the team generated 45.3% return in 2017, outperforming the benchmark index by ~21.3%.
- Initiated coverage on two new companies: Confidence Cement and Golden Harvest (GHAIL). Since publication of the equity note, Confidence Cement has unlocked value and given a decent return to investors generating 42.1% return while Golden Harvest (GHAIL) posted a negative performance of 16.9% as on Feb 5, 2017.
- Completed the international research work by Stewart Investors on "Financial Inclusion Project" and successfully won the bid after competing with research firms from other countries. The work, which includes analysing 30 companies across 16 countries, will generate USD 30,750 in advisory fees.
- Carried out "Investment Memorandum" for the Ahsania Mission Cancer and General Hospital (AMCGH), generating BDT 3 million as advisory fees.

In addition to the above, the team also generated USD 75,000.00 in Research and Advisory Fees from foreign investors and BDT 14 million from local institutional clients.

Capital market review, 2017

2017 was a bull year for the capital markets of Bangladesh. The stock market provided the highest return since 2010. DSEX gained 24% in 2017, following the last year's total return of 8.8%. The continued declining interest rates in the economy has provided strong tailwinds to the capital markets. Turnover has also picked up significantly with increasing participation from retail investors.

Given the positive outlook on Bangladesh economy and political stability, foreign portfolio investments (FPI) continued to rise in 2017. Total foreign turnover stood at BDT 114.5bn which was 30.5% YoY higher compared to the last year. Net foreign investment stood at BDT

17.1bn in 2017. However, the foreign turnover as a percentage of total market turnover has declined to 5.3% in 2017 compared to 7.4% in 2016, owing to increased participation from retail investors.

Financial performance

Our total turnover stood at BDT 130.9 bn in 2017, up by 51.2% YoY. Average daily turnover increased by 76.8% YoY in 2017 compared to previous year. BESL's net profit after tax in 2017 was BDT 204 mn; increasing by 115% or BDT 110 mn.

Future outlook of the industry and the Company's position

We expect the capital markets to be relatively volatile in 2018 compared to the bullish trend we have witnessed in 2017. Considering 2018 to be an election year, political arena might heat up causing disruptions in business and investor sentiment. Interest rates have bottomed out and are picking momentum faster than expected due to lower liquidity in the system. We do not expect the government to slash rates on savings tool prior to the upcoming election. However, good scrips are likely to stand out in the market and we expect them to continue to drive valuations through strong fundamentals and opportunity of expansion of valuations multiples.

The main focus of BESL in 2018 will be to nurture the retail segment. As a part of its strategy, BESL has increased its focus in the corporate business wing as well. BESL intends to accumulate further market share in the foreign segment. We currently have trading partners from all around the globe but major contributors are from USA (33.9%), the UK (22.4%) and Northern Africa (14%). In 2018, we want to prioritize client service though superior trade flow management, better execution and further customer engagement through sales call in collaboration with the research team.

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BRAC Saajan Exchange Limited

BRAC SAAJAN

BRAC Saajan is the largest remitter to Bangladesh by holding 30% market share of the remittances sent from the UK.

About us

BRAC Saajan continues to be the largest remitter to Bangladesh with over 30% market share of the remittances sent from the UK. During 2017, the rapid growth of BRAC Saajan was due to boost in retail as well as commercial aggregators' remittance volumes. Expanding on the existing aggregators' relationships, BRAC Saajan introduced an additional 3 aggregators during 2017.

During the year, BRAC Saajan invested in Human Resources. It now employs 62 people at the end of 2017 in comparison to 47 at the end of 2016. The Company continues to invest in its human resources.

There is an ever increasing emphasis on compliance in the industry and hence BRAC Saajan made additional investments in compliance in 2017, and will continue to do so in line with the evolving regulatory requirements. In 2017, BRAC Saajan launched an online portal, which generated additional remittance volumes, thus supporting the company's growth by diversifying its market and products.

BRAC Saajan's commitment to customers and communities translates not only through the offering diverse products, but also through a variety of initiatives and supporting activities in local communities. With the aim to achieve the value-for-money via offering competitive exchange rates and offer a broader network of locations for payouts to beneficiaries, BRAC Saajan entered into 14 new agreements with banks, thus also strengthening its relationships with the banking sector.

Throughout 2017, BRAC Saajan continued to improve its IT infrastructure through various investments and system improvements. Some of the most significant improvements include the following:

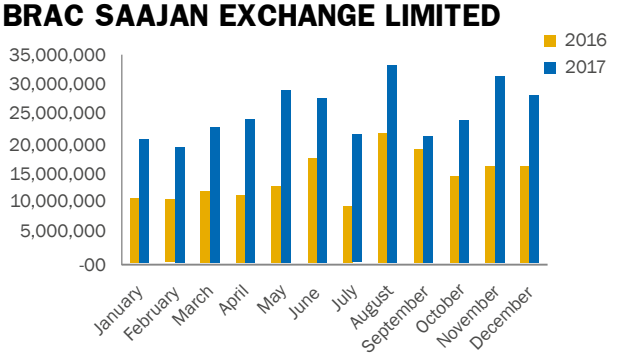
1. Redundancy plan web production server with more RAM, increased hard drive space and fail over cluster technology, which always remains on.
2. Separate testing server allows the exclusion of issues that were otherwise threats with the previous arrangement, i.e. testing and web production server combined.
3. A number of developments within the ERP system, including the Bucket concept, which allows streamlining the processes within the operations area; MLP dashboards, which serve as a better reporting and overview tool business-wide. The learning module has been updated for both the agents and the staffs.

The remittance volumes in 2017 nearly doubled from the volumes of 2016.

Future outlook:

The Company is forecasting more than 90% YoY growth in 2018. Major growth is forecasted by the UK retail agent network, aggregator network and italy retail agent network. The company is also forecasting increase in payments to other countries, especially to Pakistan, Sri Lanka, Poland and Romania. As per the strategic plan of the company, payments from European countries to African countries, especially to Nigeria shall also contribute to the growth projected in 2018.

Remittance value by month (GBP'M)





BRAC EPL Investments Limited

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.

About us

BRAC EPL Investments Limited (BEIL) 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 Limited to demutualise the exchange and cross border M&A transactions. BEIL also successfully completed a transaction to raise USD 300 million debt and equity for the largest ever infrastructure project in Bangladesh. BEIL is also involved in raising a significant amount of money from the capital markets for largest power company of the Bangladesh Government.

BEIL is strategically optimizing business growth and profitability for the year 2018. The focus of the strategies would include 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.

Products of Portfolio Management:

a. **Cap Edge: Non-Discretionary Portfolio Accounts:** Cap Edge is an investor controlled account. Investors retain all the authority and power to select the stocks to buy and sell and the timing of trade while portfolio managers assist them with trade execution and continuous advice. Under this arrangement, investors pay a 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 stocks to buy and sell and the timing of trade while the investors can guide the managers by providing input on their return and risk preferences. 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 2017. Moreover, the Corporate and Institutional Banking department saw further transformation in 2017 with revamping the team as new recruits were brought in. During the year, 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 2018.

The services of Structured Finance Department include:

a. 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 developing the optimum financial structure to arranging the funds from prospective lenders. The most common form of debt arrangement is syndicated loans. In general, syndicated loans help to finance large ticket size projects are not feasible to be provided unilaterally by a lender.

b. 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 clients on optimum modes of financing requirements with alternatives to debt such as private equity and venture capital investments. Such investments provide strong advantage to clients as they get to have foreign investment banks/institutions sit on their Board that helps build their brand image.

c. Mergers & acquisitions

BEIL provides best in-class merger & acquisition advisory solutions to its clients in buying, selling or consolidating companies across all industries and across international borders. BEIL acts as both the buyer's and sellers' agent. BEIL also assists in finding potential sellers/buyers, negotiating to achieve the best possible price, valuation of the company, thorough due diligence and all related activities in bringing the transaction to closure.

d. Corporate Advisory

BEIL provides various corporate and financial advisory on project financing, corporate restructuring, financial due-diligence, etc for its clients.

Financial highlights for 2017

BRAC EPL Investments Limited has taken a number of steps to rationalize cost and ensure an effective and efficient management of its businesses.

BEIL have generated operating profit of BDT 59 million before adjustment of prior years' negative equity income in 2017 compared to loss of BDT 215 million in 2016.

Distribution network:

BEIL has seven offices that include a Corporate Head Office and two branches in Motijheel and Gulshan in Dhaka and four branches in Chittagong, Sylhet, Chowmuhani and Comilla.


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CORPORATE GOVERNANCE





Certification on Corporate Governance

HUSSAIN FARHAD & CO.
CHARTERED ACCOUNTANTS

Corporate Office:
House # 15, Road # 12, Block # F, Niketon
Gulshan-1, Dhaka-1212, Bangladesh.
+88 (02) 8836015-7
+88 (02) 8836074
+88 016 8112 6120
hfc@hfc-bd.com
www.hfc-bd.com

COMPLIANCE CERTIFICATE
ON
CORPORATE GOVERNANCE GUIDELINES
TO THE SHAREHOLDERS OF
BRAC BANK LIMITED

We have reviewed the compliance of conditions of the Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by BRAC Bank Limited as stipulated in clause 7(i) of the BSEC notification no. SEC/CMRRCD/2006-158/134/Admin/44, dated August 07, 2012 and subsequent amendment made thereon.

The compliance of conditions of the Corporate Governance Guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the management of the bank. Our review for the purpose of issuing this certificate was limited to the verification of procedures and implementations thereof adopted by the bank for ensuring the compliance of conditions of Corporate Governance Guidelines and proper reporting of compliance status on the attached statement on the basis of evidences obtained and representation received thereon from the management of the bank. It is neither an audit nor expression of opinion on the financial statements of the bank.

To the best of our information and according to the explanations given to us, we certify that the bank has complied with the conditions of the Corporate Governance Guidelines as stipulated in the above mentioned notification and applicable to the bank for the year ended December 31, 2017.

Place: Dhaka
Date : March 22, 2018

Hussain Farhad & Co.
Chartered Accountants

Corporate Governance Compliance Report

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 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 comprised of 8 Directors
1.2 Independent Directors	(i) 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 the BBL Board namely: Kazi Mahmood Sattar ; Dr. Ahsan H. Mansur and Ms. Zahida Ispahani
	(ii) For the purpose of this clause "Independent Director" means a director-			
	a) does not hold any share or holds less than 1% share of the total paid-up capital.	√		The Independent Directors have declared their compliances
	b) who or his family members are not connected with the company's any sponsor or Director or shareholder who holds 1% or more shares.	√		Do
	c) who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	√		Do
	d) who is not a member, director or officer of any Stock Exchange.	√		Do
	e) who is not a shareholder, director or officer of any member of Stock Exchange or any intermediary of the capital market.	√		Do
	f) who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm.	√		Do
	g) who shall not be an Independent Director in more than 3 (three) listed companies.	√		Do
	h) who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI).	√		Do
	i) who has not been convicted for a criminal offence involving moral turpitude.	√		Do
	(iii) The Independent Director(s) shall be appointed by the Board of Directors and approved by the shareholders in the AGM.	√		

Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(iv) The Post of Independent Director(s) can't remain vacant for more than 90 (ninety) days.	√		Not Applicable
	(v) The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
	(vi) The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	√		
1.3 Qualification of Independent Directors	(i) Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		
	(ii) Independent Director should be a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The Independent Director must have at least 12 (twelve) years of corporate management/ professional experiences.	√		
	(iii) In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			Not Applicable
1.4 Chairman of the Board and Chief Executive Officer	The positions of the Chairman of the Board and CEO of the companies shall be filled by different individuals. Chairman of the Board shall be elected from among the Directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO.	√		Chairman - Sir Fazle Hasan Abed KCMG MD & CEO - Selim R. F. Hussain
1.5 The Directors' Report to Shareholders	(i) Industry outlook and possible future developments in the industry.	√		
	(ii) Segment-wise or product-wise performance.	√		
	(iii) Risks and concerns.	√		
	(iv) A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin.	√		
	(v) Discussion on continuity of any Extra-Ordinary gain or loss.			Not applicable as no extra ordinary gain or loss occurred in this financial year
	(vi) Basis for related party transactions a statement of all related party transactions should be disclosed in the annual report.	√		The Directors' report complied with the guideline
	(vii) Utilization of proceeds from public issues, rights issues and/or through any others instruments.			Not applicable as no proceeds from public issues, rights issues and/or through any others instruments
	(viii) An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.			Do

Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(ix) If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.			Not applicable as no significant variance occurred between Quarterly and Annual Financial Statements
	(x) Remuneration to Directors including Independent Directors.	√		The Directors' report complied with the guideline
	(xi) 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) Proper books of account of the issuer company have been maintained.	√		Do
	(xiii) 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) International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		Do
	(xv) The system of internal control is sound in design and has been effectively implemented and monitored.	√		Do
	(xvi) There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	√		Do
	(xvii) Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	√		Do
	(xviii) Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		Do
	(xix) If the issuer company has not declared dividend(cash or stock) for the year, the reasons thereof shall be given.			Not Applicable
	(xx) The number of Board meetings held during the year and attendance by each Director shall be disclosed.	√		The Directors' report complied with the guideline
	(xxi) The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by-	√		
	(a) Parent / Subsidiary / Associated Companies and other related parties (name wise details);	√		Do
	(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		Do
	(c) Executives;	√		Do

Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(d) Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		Do
	(xxii) In case of the appointment/re-appointment of a Director the company shall disclose the following information to the shareholders-			The Directors' report complied with the guideline
	(a) a brief resume of the Director.	√		Do
	(b) nature of his/her expertise in specific functional areas.	√		Do
	(c) names of companies in which the person also holds the Directorship and the membership of committees of the Board.	√		Do
2.00 CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS)				
2.1 Appointment	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	√		CFO - Mr. Abdul Kader Joaddar; Head of Internal Audit - Mr. Subir Mazumder; CS - Mr. Rais Uddin Ahmad
2.2 Requirement to attend the Board Meetings	Attendance of (CFO) and the Company Secretary in the Board meetings.	√		
3.00 AUDIT COMMITTEE				
	(i) The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		
	(ii) The Audit Committee shall assist the Board of Directors' in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		
	(iii) The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1 Constitution of Audit Committee	(i) The Audit Committee shall be composed of at least 3 (three) members.	√		The AC is consisted of three members
	(ii) The Board of Directors shall appoint members of the Audit Committee who shall be Directors of the company and shall include at least 1 (one) Independent Director.	√		The Board of Directors have appointed 03 members for Audit Committee who are Directors of the company and among them 02 are Independent Directors
	(iii) All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience: -The term Financially literate means the ability to read and understand the Financial Statement i.e Balance Sheet, Income Statement and Cash Flow Statement and a person will be considered to have Accounting or related Financial Management expertise if she/he processes professional qualification or accounting/finance graduate with at least 12 (twelve) years of corporate management / professional experiences.	√		All the members are qualified as per BSEC's Guidelines

DHAKA STOCK

Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(iv) Casual vacancy in Audit Committee (AC) shall be filled by the Board.			Not applicable
	(v) The company secretary shall act as the secretary of the Committee.	√		Stated in the Charter of Board Audit Committee and reflected in the meeting minutes of Audit Committee
	(vi) The quorum of the Audit Committee (AC) meeting shall not constitute without at least 1 (one) Independent Director.	√		Do
3.2 Chairman of the Audit Committee	(i) The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an Independent Director.	√		Do
	(ii) Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		Do
3.3 Role of the Audit Committee	(i) Oversee the financial reporting process.	√		Do
	(ii) Monitor choice of accounting policies and principles.	√		Do
	(iii) Monitor Internal Control Risk management process.	√		Do
	(iv) Oversee hiring and performance of external auditors.	√		Do
	(v) Review along with the management, the annual financial statements before submission to the board for approval.	√		Do
	(vi) Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		Do
	(vii) Review the adequacy of internal audit function.	√		Do
	(viii) Review statement of significant related party transactions submitted by the management.	√		Do
	(ix) Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.	√		
	(x) 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 uses/applications of funds 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. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/ prospectus.			Not applicable as no money is raised through IPO/RPO/rights issues in this financial year
3.4 Reporting of the Audit Committee	3.4.1. Reporting to the Board of Directors:			
	(i) The Audit Committee shall report on its activities to the Board of Directors.	√		
	(ii) The Audit Committee shall immediately report to the Board of Directors on the following findings,if any-			

Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
	(a) 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 in the internal control system.			Do
	(c) suspected infringement of laws, including securities related laws, rules and regulations.			Do
	(d) any other matter which shall be disclosed to the Board of Directors immediately.			Do
	3.4.2. Reporting to the Authorities:			
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors 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 of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.			Do
3.5 Reporting to the Shareholders and General Investors	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.			Do
4.00 EXTERNAL/STATUTORY AUDITORS				
	(i) Non-engagement of external/ statutory auditors in appraisal or valuation services or fairness opinions.	√		
	(ii) Non-engagement of external/ statutory auditors in financial information systems design and implementation.	√		
	(iii) Non-engagement of external/ statutory auditors in book-keeping or other services related to the accounting records or financial statements.	√		
	(iv) Non-engagement of external/ statutory auditors in broker-dealer services.	√		
	(v) Non-engagement of external/ statutory auditors in actuarial services.	√		
	(vi) Non-engagement of external/ statutory auditors in internal audit services.	√		
	(vii) Non-engagement of external/ statutory auditors in any other service that the Audit Committee determines.	√		
	(viii) 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.	√		
	(ix) Audit/certification services on compliance of corporate governance as required under clause (i) of condition no 7.	√		

Condition No.	Titles	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
5.00 SUBSIDIARY COMPANY				
	(i) Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors 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: 27 August, 2008
	(ii) At least 1 (one) Independent Director on the Board of Directors of the holding company shall be a Director on the Board of Directors of the subsidiary company.	√		In practice
	(iii) 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
	(iv) 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
	(v) The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		Consolidated financial statements reviewed annually by the audit committee.
6.00 DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)				
	(i) The CEO and CFO will certify to the Board-			
	(a) that they have reviewed the financial statement and believe that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	√		Stated in the certificate of due diligence by CEO & CFO
	(b) that they have reviewed the financial statement and believe that 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
	(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 violation of the company's code of conduct.	√		Do
7.00 REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE				
	(i) The company shall obtain a certificate from practicing a Professional Chartered Secretary/ Accountants (Chartered Accountant/Cost & Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		
	(ii) The Directors of the company shall state, in accordance with the Annexure attached, in the Directors' report whether the company has complied with these conditions.	√		

Corporate Governance Report

Statement from the Company Secretary:

"Seeking rapid, responsible and resolute improvements in relation to a dynamic environment underpins BRAC Bank's approach to corporate governance. This uniquely places us to align with the highest corporate governance standards that our country expects of us."

Dear shareholders,

We are pleased to present to you the Annual Corporate Governance Report, 2017, of BRAC Bank Limited.

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.

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.

Overview

Good governance practices have become substantially important for the development and sustainability of the capital markets and the protection of investor interests. These practices have also become a key factor for investors and lenders when making their investment and funding decisions. Studies have revealed that companies committed to corporate governance practices have a higher market price to book value ratio (PBV), which is evidence of the importance of good governance to investors. At BRAC Bank, I am pleased to state that we stand tall in this regard with our PBV of 3.6 times (as on 31 December 2017), among one of the highest in the private banking sector in Bangladesh. BRAC Bank's PBV (as on 31 December 2017) reflects strong shareholder confidence in our robust governance practices.

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 constituents of our ecosystem. This ensures the report's reliability as a reference for the assessment of corporate governance practices in the bank and also reflects the efficiency and effectiveness of our administrative processes and operational transparency of procedures at all levels across the bank.

Key challenges

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.

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Looking ahead

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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Scope

At BRAC Bank, corporate governance standards are naturally pursued in a manner consistent with the applicable local laws, regulations and codes. The organization also aligns with the recommendations of the international best practices issued by the Basel Committee on Banking Supervision, the Bank Companies (Amendment) Act, 2013, Bangladesh Securities and Exchange Commission and Bangladesh Enterprise Institute that has approved a comprehensive set of corporate governance procedures and practices.

BRAC Bank operates within the legal framework of the Bank Companies (Amendment) Act, 2013, Corporate Governance guidelines of Bangladesh Securities and Exchange Commission and the Companies Act, 1994. It has recognized that corporate governance guidelines are crucial for achieving a business that is built for the long-term.

BRAC Bank is always committed to attain the highest levels of corporate governance practices to ensure sustainable growth of the organization and to create long-term value for shareholders. Since its inception, BRAC Bank has continued with its efforts of adopting, implementing and enhancing the application of the best and most up-to-date corporate governance standards throughout the organization.

BRAC Bank's governance model



This report includes:

- Stakeholders with whom we work for
- Appointment of Directors (Board of Directors, Chairman and CEO)
- Shareholding composition of BRAC Bank Limited
- Pattern of shareholding
- Rotation and Retirement of Directors
- Non-Executive Directors
- Independent Directors
- Independent Directors' Independence
- Structure and Role and Responsibilities of the Board of Directors
- Policy on Training of Directors
- Training on Corporate Governance
- Directors' Knowledge and Expertise in Finance and Accounting

- Corporate Governance Compliance Report with Best Practices
- Board meetings and attendance
- Related Party Transactions
- Board's Committees and their Responsibilities
- Internal Control and Risk Management
- Philosophy on Code of Corporate Governance
- Human Capital
- Communication to Shareholders and Stakeholders,
- Participation of shareholders in the Annual General Meeting
- Environmental and Social Obligations under CSR
- Whistle Blower policy
- Credit Rating
- Role and Responsibilities of the Company Secretary
- Management: Committee and their responsibilities

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 are 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 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 the ensuing Annual General Meeting.

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 ensuing 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. However, like other Directors, he is not subject to retirement as long as he remains the Managing Director.

Shareholding composition of BRAC Bank

The Sponsor and Directors of BRAC Bank jointly held 44.44% of the total shares whereas institutions and the general public held 55.56% of the cumulative shares as on 31 December 2017.

Composition		31-Dec-17		31-Dec-16	
		Number of shares	% of total shares	Number of shares	% of total shares
Sponsors & Directors		380,093,902	44.44	316,703,253	44.58
General public		56,064,418	6.56	44,099,045	6.20
Institutions	Local	71,191,412	8.32	50,284,959	7.08
	Foreign	347,859,962	40.68	299,349,653	42.14
Total		855,209,694	100.00	710,436,910	100.00

Pattern of shareholding

i) Ownership of the company's securities by the members of the Board of Directors.

As per notification no. SEC/CMRRCD/2006-158/134Admin44, dated 07 August 2012, issued under section 2CC of the Securities and Exchange Ordinance, 1969, the shareholding pattern of BRAC Bank is given below:

Particulars	Name of shareholder	No. of shares	Percentage
Sponsors & Directors	BRAC	379,918,141	44.42
	Sir Fazle Hasan Abed KCMG (Chairman, Nominated by BRAC)	8,424	0.001
	Late A. S. Mahmud	7,046	0.001
	Late Faruq A. Choudhury	7,046	0.001
	Dr. Saleh Uddin Ahmed	5,790	0.001
	Mr. Shib Narayan Kairy (Nominated by BRAC)	6,409	0.001
	Ms. Nihad Kabir (Nominated by BRAC)	31,046	0.004
	Mr. Kaiser Kabir (Nominated by BRAC)	110,000	0.013
	Mr. Asif Saleh (Nominated by BRAC)	Nil	Nil
	Mr. Kazi Mahmood Sattar (Independent Director)	Nil	Nil
	Ms. Zahida Ispahani (Independent Director)	Nil	Nil
	Dr. Ahsan H. Mansur (Independent Director)	Nil	Nil
Total Directors & Sponsors		**380,093,902**	**44.44**

ii) Shares held by the Managing Director, Company Secretary, Chief Financial Officer, Head of Internal Control and Compliance and their spouses and minor children:

Particulars	Name of shareholder	No. of shares	Percentage
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	264,000	0.03
	Mr. Md. Abdul Kader Joaddar, Deputy Managing Director & CFO	Nil	Nil
	Mr. Rais Uddin Ahmad, Company Secretary	Nil	Nil
	Mr. Subir Mazumder, Acting Head of Internal Control and Compliance	Nil	Nil
	Spouse of Mr. Selim R. F. Hussain, Managing Director & CEO, Ms. Rumesa Hussain	40,800	0.005
Total		**304,800**	**0.035**

iii) Shares held by top-five salaried Executives in the regular services of the bank:

Sl. No.	Name	Designation	Shareholding as on 31.12.2017
1	Mr. Chowdhury Akhtar Asif	DMD and CRO	Nil
2	Brigadier General Tushar Kanti Chakma (Rtd.)	SEVP, Head of GSS & Procurement	Nil
3	Mr. Tareq Refat Ullah Khan	SEVP, Head of Corporate	Nil
4	Mr. Nazmur Rahim	EVP, Head of Retail	Nil
5	Mr. Syed Abdul Momen	EVP, Head of SME	Nil

iv) List of shareholders holding 10% and above shares in the paid-up capital of the bank:

Sl. No.	BO	Name	Status (Sponsor/ Promoter/ Director)	No. of shares held as on 31.12.2017	% of total no. of paid-up shares
1	1201820000147618	BRAC	Sponsor	379,918,141	44.42

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 19th Annual General Meeting. Subsequently, they are eligible for re-election of re-appointment to the Board of Directors.

i) Sir Fazle Hasan Abed KCMG

ii) Ms. Nihad 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
Sir Fazle Hasan Abed KCMG	Close to 50 years of philanthropic and development activities leading the world's largest NGO in more than 10 under-develop countries. Received several accolades and awards for his role in international development.	Chairman	BRAC BRAC Industries Limited BRAC Kodala Tea Estate BRAC Kaiyacherra Tea Company Limited BRAC Karnafuli Tea Company Limited BRAC Foundation
Ms. Nihad Kabir	Expertise in applications for judicial review, corporate law, banking related matters and litigation, government sanctions and regulations.	Board Member	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) Apex Footwear Limited Square Pharmaceutical Limited bKash Limited Infrastructure Development Company Limited (IDCOL)

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

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.

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 do not have any material relationship and do 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 do 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.

Structure and roles and responsibilities of the Board of Directors

Structure of the Board

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 Directors and 3 (three) are Independent Directors.

The Board of Directors sits twice in a month on the third and fourth Monday.

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. Grant approval of the working plan and strategic management
6. Grant approval of suitable business strategies
7. Grant approval of operational budgets
8. Grant approval of financial statements
9. Ensure stronger internal controls
10. Grant approval of policies and operational manuals to establish an effective risk management framework in core banking areas and internal control
11. Appoint Managing Director (CEO) and fixing his benefits
12. Purchase or acquisition of property for the bank
13. Provide welfare benefits to employees
14. Make donations for charitable ventures
15. Devise annual work plans for goals and monitor their pace of achievement
16. Analyze reasons for success or failure of the bank's annual budget achievement
17. Periodic review of the bank's operational budget achievements

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18. Undertake risk management initiatives
19. Review of sufficiency and requirement for internal control efforts of the bank
20. Reviewing the bank's human resource (HR) policy

The Chairman's Role

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.

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.

Roles and responsibilities of the Managing Director & CEO

The key responsibilities and authorities of the Managing Director & CEO are given below:

1. The Managing Director & CEO shall remain accountable for the achievement of financial and other business targets approved by the Board of Directors in respect of business plans, efficient implementation thereof and prudent administrative and financial management.

2. The Managing Director & CEO shall ensure all sorts' compliance with the regulatory bodies pursuant to the Bank Company Act, 1991, the Companies Act, 1994, and Corporate Governance guidelines and other respective rules and regulations.

3. The Managing Director & CEO shall recruit and promote of all of the bank's staff, except those in the two tiers below him, shall rest on the 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.

5. 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 is in compliance with the bank's policy.

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 62.

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 200.

Board meetings and attendance

Sl. no.	Name of Director	Designation	Presence of Director in meetings during their tenure			Remuneration / Meeting	Remuneration drawn (BDT)
			No of meetings	Present	Absent		
1	Sir Fazle Hasan Abed KCMG	Chairman	20	20	0	7,200	144,000
2	Dr. Hafiz G.A. Siddiqi*	Director	6	6	0	7,200	43,200
3	Ms. Nihad Kabir	Director	20	14	6	7,200	100,800
4	Mr. Shib Narayan Kairy	Director	20	20	0	7,200	144,000
5	Ms. Zahida Ispahani	Director	20	11	9	7,200	79,200
6	Mr. Kazi Mahmood Sattar	Director	20	18	2	7,200	129,600
7	Mr. Kaiser Kabir	Director	20	6	14	7,200	43,200
8	Dr. Ahsan H. Mansur	Director	15	12	3	7,200	86,400
9	Mr. Asif Saleh	Director	15	13	2	7,200	93,600

** Dr. Hafiz G.A. Siddiqi resigned from Board of Directors on April 27, 2017.*

Related party transactions

During the year 2017, 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's committees

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

Composition 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 and non-Executive Director

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.

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.

Mr. Shib Narayan Kairy is a member of the Audit Committee as another Nominated Director of the bank. He is a present treasurer of BRAC University. Prior to joining BRAC University, Mr. Kairy served BRAC for 35 years and upon reaching 60 years of age retired as the Chief Financial Officer of BRAC and BRAC International. He completed his MCom in Accounting from the University of Dhaka.

Mr. Kazi Mahmood Sattar is a career banker. He possesses over 32 years of illustrious experience in local as well as international banks. He led The City Bank Limited and Eastern Bank Limited as the Managing Director & CEO in the last thirteen years. He is currently the Chairman of the Board of RSA Advisory Limited, a financial advisory firm. Mr. Sattar graduated in 1981 from Dhaka University with Bachelors in Business Management (Honors) degree with a major in Finance. He was the Chairman of the Association of Banker's Bangladesh (ABB), the SWIFT user group in Bangladesh, the Board of City Brokerage Limited and City Bank Capital Resource Limited.

Conflict of interest

As per good governance, BRAC Bank follows the Code of Ethics for all employees to avoid conflict with those of the bank. Employees are always advised to take particular care when they are responsible for dealing with customers, business associates and agents on behalf of the bank.

Access to Audit Committee of Internal Control and Compliance Division

In the meeting of Audit Committee, the Head of Audit/Chief Auditor has direct access and can raise his concerns. The Head of Internal Control and Compliance, with consultation with management, can also raise any issues to Audit Committee.

Recommendation to appoint External Auditors

The Audit Committee reviews the audit plans and methodology to appoint External Auditors, pursuant to Bangladesh Bank guidelines and corporate guidelines of Bangladesh Securities and Exchange Commission. The Audit Committee scrutinizes the applications of the Auditors and recommends appointment/reappointment of Auditors for the next year in the Annual General Meeting.

Attendance of members of the Audit Committee in meetings

Sl. No.	Designation	Name of Director	Presence of Directors in meetings during their tenure			Remuneration / Meeting	Remuneration drawn (BDT)
			No of meetings	Present	Absent		
1	Dr. Hafiz G. A. Siddiqi*	Chairman (Ex)	3	3	0	7,200	21,600
2	Dr. Ahsan H. Mansur	Chairman (Current)	6	5	1	7,200	36,000
3	Mr. Shib Narayan Kairy	Director	9	9	0	7,200	64,800
4	Mr. Kazi Mahmood Sattar	Director	9	8	1	7,200	57,600

** Dr. Hafiz G. A. Siddiqi retired from the Board and Dr. Ahsan H. Mansur was appointed as the Chairman of the Board Audit Committee.*

Appointment of External Auditor

The existing Auditor, M/s A. Qasem & Co., Chartered Accountants (National Office, Gulshan Pink City, Suites #01-03 (Level- 7), Plot # 15, Road # 103, Block CEN(C), Gulshan Avenue, Dhaka-1212, has completed their third consecutive year as Auditor of BRAC Bank Limited. According to Bangladesh Bank guidelines, an Auditor cannot be appointed for more than three consecutive years. Therefore, the existing Auditor will no longer be eligible for re-appointment for the financial year 2018 .The management of BRAC Bank has received expression of willingness to work as Auditor from four eligible accounting firms and the Board of Directors has recommended Rahman Rahman Huq, KPMG, as Auditor of the bank for the year 2018. The appointment of the Auditor will be confirmed in the 19th AGM.

Services not provided by External Auditors

A. Qasem & Co. is the external Auditor of the bank. According to the 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.

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.	Designation	Name of Director	Presence of Directors in meetings during their tenure			Remuneration / Meeting	Remuneration drawn (BDT)
			No of meetings	Present	Absent		
1	Dr. Hafiz G.A. Siddiqi	Chairman (Ex)	2	2	0	7,200	14,400
2	Dr. Ahsan H. Mansur	Chairman (Current)	4	2	2	7,200	14,400
3	Mr. Shib Narayan Kairy	Director	5	5	0	7,200	36,000
4	Mr. Kazi Mahmood Sattar	Director	5	4	1	7,200	28,800

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 review 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 264 of this Annual Report.

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 50.

Business objectives and strategic management

The Board of Directors of BRAC Bank determines the business objectives and goals and, to this end, chalk out strategies and work plans on an annual basis. The Board specifically engages in formulating strategies consistent with the predetermined objectives and goals and in issues relating to structural changes and reformation for the enhancement of institutional efficiency and other relevant policy matters.

Philosophy on code of corporate governance

BRAC Bank believes in adopting and adhering to the best standards of corporate governance for the benefit of all its stakeholders. The bank's corporate governance standards are based on the following principles:

- Appropriate composition, size of the Board and commitment to adequately discharge its responsibilities and duties
- Transparency and independence in the functioning of the Board
- Independent verification and integrity assurance of financial reporting
- Adequate risk management and internal control
- Protection of shareholders' rights and placing priority on investor relations
- Timely and accurate disclosure on all matters concerning operations and performance of the bank

The bank's philosophy on corporate governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealing with shareholders, employees, regulators and other relevant stakeholders. By doing so, the bank demonstrates its understanding and respects its fiduciary roles and responsibilities to shareholders.

Ethics and compliance

BRAC Bank has a Code of Conduct for the Board of Directors and ethical guidelines for the bank's employees which are an integral part of the Service Rules and Regulations for the employees of the bank. Our employees comply with the code of conduct and requirements of ethical principles.

The Board has always been deeply committed to establishing the highest levels of ethics and compliance among all employees of the bank. It has always encouraged the management to ensure that everyone maintains high ethical standards within the bank. The Board guides the management on policies that should be adopted and followed by everyone in the bank.

Facilities accorded to the Chairman, Directors and the Managing Director & CEO

In accordance with the guidelines of Bangladesh Bank, the following facilities can only be given to the Directors:

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 237 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).

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 236 in this Annual Report.

Roles and responsibilities of the Company Secretary

The roles, responsibilities and duties of the Company Secretary of BRAC Bank are prepared in pursuant to Circular No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 of Bangladesh Securities & Exchange Commission.

The Company Secretary ensures that all regulatory procedures for the appointment of Directors has 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 raised 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.

Management: Committee and their responsibilities

BRAC Bank believes that it is the responsibility of the bank's management to implement the course of action to uphold corporate governance under direct oversight by the Board. Accordingly, specialized committees are formed constituting executives from responsible positions to ensure compliance with internal as well as regulatory guidelines and follow-up implementation of action plans and recommendations as forwarded by Board, internal audit, regulatory inspection team and statutory auditors. Here is a brief overview of the committees:

Title	Members in Place	Roles & Responsibilities
Enterprise Risk Management Committee **(ERMC)**	**Chairman:** Chief Risk Officer (CRO) **Members:** 1. Managing Director & CEO 2. Deputy Managing Director (s) 3. Head of Retail Banking Division 4. Head of SME Banking Division 5. Head of Corporate Banking and Cash Management & Custodial Services 6. Head of Treasury and Financial Institutions 7. Head of Operations 8. Company Secretary and Head of Regulatory Affairs and CAMLCO 9. Head of Human Resources 10. Head of Internal Control and Compliance 11. Head of Technology 12. Head of Information Technology 13. Head of Communication 14. Head of Operational Risk Management **Secretary:** Head of Risk Management Division	This committee comprises the Management Committee Members. Hence, this committee works as the Management Risk Management Committee. The following are a few important responsibilities: 1. Designs the enterprise-wide risk management framework, including policy for the bank and reviews it periodically to keep it contemporary. 2. Provides clear guidance on enterprise risk management. 3. Establishes internal risk policy for business/ functional units. 4. Assesses business risks and reviews risks based on the internal audit system and reports to understand the impact of control risk on the bank. 5. Reviews the risk profile of the bank regularly to ensure effectiveness of the internal control system and computation of adequate capital. 6. Develops risk response processes, including contingency and business continuity policy/plans. 7. Ensures all the process and policies are aligned and reviewed on a regular basis.

Title	Members in Place	Roles & Responsibilities
Enterprise Risk Associate Forum **(ERAF)**	**Chairman:** Chief Risk Officer (CRO) **Members:** 2. Head of Retail Banking 3. Head of Retail Sales 4. Zonal Head (8) 5. Head of Small Business 6. Head of Emerging Business 7. Senior Relationship Manager, Structured Finance 8. Senior Relationship Manager, Cash Management 9. Senior Manager, Money Market & Forex 10. Head of Asset Operations 11. Head of Trade & Remittance 12. Head of Cards Operations 13. Head of SAM - SME 14. Head of SAM - Retail 15. Head of Reporting, Finance Division 16. Head of Business Planning & Analysis, Finance Division 17. Head of Country Security 18. Senior Manager, Head Office Audit 19. Senior Manager, Branch Audit 20. Head of Applications Management & Relations, Technology 21. Head of Enterprise Solutions & ADC, Technology 22. Senior Manager, Ops & Regulatory Affairs 23. Head of Organizational Development, HR 24. Head of Internal Training, HR 25. Head of Compensation & Rewards, HR 26. Head of Deposit and NFB 27. Senior Manager, Retail Underwriting 28. Senior Manager, Wholesale Banking Underwriting 29. Unit Head, Emerging Corporate Underwriting 30. Representative from Project Management 31. Head of Information Security 32. Senior Manager, Enterprise Risk Management, ORM 33. Senior Manager, Business Risk, ORM 34. Senior Manager, Support Risk, ORM 35. Senior Manager, Capital Adequacy & Stress Testing	1. Promotes a culture of prudent risk mitigation. 2. Works closely with the risk management division to ensure risk-controlled banking practices. 3. Works as an active risk manager of the respective units by identifying departmental risk issues and performs the necessary analysis. 4. Escalates respective risk issues to the Risk Management Division (RMD) and suggests mitigation plans. 5. Assists RMD to plan and reduce operational surprises and losses 6. Implements ERMC resolutions and monitor the risk mitigation process 7. Performs necessary activity and support RMD to implement risk management policies of bank.

Title	Members in Place	Roles & Responsibilities
Enterprise Risk Governance Forum **(ERGF)**	**Chairman** Chief Risk Officer **Members:** 1. Company Secretary and Head of Regulatory Affairs and CAMLCO 2. Head of Internal Control and Compliance 3. Head of GSS & Procurement 4. Head of Communications 5. Head of Legal 6. Head of Monitoring 7. Head of Information Security	This committee is formed with all the divisional/ departmental heads working in control, compliance, risk, governance, safety and security. 1. Act as single contact point for immediate risk response for the BBL staff 2. Urgent solution of risk and hazards by the senior management 3. Every query is dealt with utmost priority by the senior management related to the risk, control, safety and security
Asset Liability Management Committee **(ALCO)**	**Chairman** Managing Director & CEO **Members:** 1. Head of Treasury and Financial Institutions – Member Secretary 2. Chief Financial Officer 3. Chief Risk Officer 4. Head of Corporate Banking 5. Head of SME Banking 6. Head of Retail Banking	The Asset Liability Management Committee (ALCO) comprises senior management, which is responsible for the overall balance sheet (Asset-Liability Management) of the bank. The Asset Liability Management desk, a unit of Treasury & Financial Institutions, analyzes the balance sheet composition and places recommendations to the ALCO through the Head of Treasury & Financial Institutions. 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 risks while maximizing returns and keeping the bank within all regulatory and internal limits. The major roles and responsibilities of the ALCO may be defined as follows: 1. Monitor and review balance sheet structure and composition to ensure efficiency 2. Review deposit and lending rate structures of the bank 3. Ensure compliance with regulatory limits and ratios 4. Decide on the major aspects of the balance sheet structure such as maturity and currency mix of assets and liabilities, mix of wholesale versus retail funding, deposit mix, etc 5. Monitor and review the funding requirements of the bank, considering business projections and take strategic decisions accordingly 6. Review contingency funding plan 7. Understanding the market dynamics, i.e. competition, potential target market, etc.

Title	Members in Place	Roles & Responsibilities
Credit Risk Management Committee **(ERMC)**	**Chairman:** Managing Director & CEO **Members:** 1. Chief Risk Officer 2. Head of Corporate Banking 3. Head of Treasury 4. Head of Operation 5. Head of Recovery / SAM	1. To review all new loans for the corporate portfolio and recommend for approval of the same. 2. To review all major loans under the corporate portfolio annually, or as required time-to-time and recommend for approval of the same 3. To review all problem loans under the corporate portfolio on a monthly basis 4. To recommend specific loan loss provisions for the corporate portfolio 5. To review loan grade systems for the corporate portfolio. 6. To recommend write-off of loans under the Corporate Portfolio 7. To review the documentation status of clients under the corporate portfolio
Auction Committee	**Chairman:** Company Secretary **Members:** 1. Chief Credit Officer 2. Head of Retail Banking 3. Head of SME 4. Head of GSS (co-opted) 5. Head of Special Asset Management	The Committee takes decision for the sale of collateral securities to the successful bidder through auction.
Procurement Committee	**Members:** 1. Head of Procurement 2. Financial Controller 3. Head of User dept. and where required, a representative from technical department. 4. Head of GSSD & Procurement (if amount is above BDT 10 lac) 5. DMD & Chief Financial Officer (if the amount is above BDT 25 lac) 6. MD & CEO (If the amount is above BDT 1 crore) 7. Board of Directors (If the amount is above BDT 2 crore)	1. Ensuring all kinds of capital and operating asset vetting and purchasing. 2. Ensuring objectivity and transparency in all procurement. 3. Ensuring speedy delivery of products to all stakeholders.

Certificate of Due Diligence by CEO & CFO

To the Board of Directors of

BRAC Bank Limited

As part of our due diligence of the bank and in compliance with condition no. 6 of the Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012, we the undersigned, Chief Executive Officer (CEO) and Chief Financial Officer (CFO) respectively of BRAC Bank Limited, do hereby certify that we have thoroughly reviewed the Financial Statements of the bank for the year ended 31st December 2017, and state that:

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 together present a true and fair view of the bank's affairs and are in compliance with the existing accounting standards and applicable laws, and

c) To the best of our knowledge and belief, the bank has not entered into any transaction during the year which are fraudulent, illegal or in violation of the bank's codes of conduct.



Chief Executive Officer



Chief Financial Officer

Dhaka,
March 22, 2018

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Report of the Board Audit Committee

Reflecting its status as a preeminent banking institution of Bangladesh, the Board of Directors of BRAC Bank Limited has established a well-represented Audit Committee, in compliance with Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC) guidelines. 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 standing 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. The Committee is also tasked with the responsibility of preparing the report of the committee required to be included in the Company's annual proxy statement.

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.

Audit Committee composition

The Board Audit Committee of BRAC Bank Limited comprises three members of the Board of Directors, including two Independent Directors in accordance with the Notification on Corporate Governance issued by BSEC on 07 August 2012 and Bangladesh Bank BRPD Circular No. 11 dated 27 October 2013. The composition of the current Board Audit Committee is as follows:

Dr. Hafiz G.A. Siddiqi (From February 18, 2013 to May 1, 2017)	Chairman
Dr. Ahsan H. Mansur (From May 02, 2017 onwards)	Chairman
Mr. Shib Narayan Kairy	Member
Mr. Kazi Mahmood Sattar	Member
Mr. Rais Uddin Ahmad	Secretary

Dr. Hafiz G.A. Siddiqi, later replaced by Dr. Ahsan H. Mansur (from May 2, 2017 onwards) and Mr. Kazi Mahmood Sattar are the Independent Directors. Mr. Shib Narayan Kairy is a Nominated Director.

The Company Secretary of the Bank is the Secretary of the Board Audit Committee and the Head of Regulatory Affairs & CAMLCO of the Bank, concurrently reporting to the Chairman, Board Audit Committee and Chairman, Board of Directors of the Bank.

The Chief Auditor of the Bank reports to the Chairman, Board Audit Committee and administratively reports to the Head of Internal Control & Compliance.

The Head of Internal Control & Compliance reports to the senior management.

Participation of non-members

A representative of the Internal Control & Compliance division attends and participates in the meetings of the committee. The Managing Director and Deputy Managing Directors also attend meetings of the committee, together with other pertinent members of the management, as determined by the Committee.

Access to the committee

On any matter within the committee's charter, the Chief Auditor has direct access to the Audit Committee.

Roles and responsibility of the Audit Committee

The following functions represent the common recurring activities of the Audit Committee in carrying out its responsibilities and meeting its purpose. These functions serve as a guide with the understanding that the Audit Committee may carry out additional functions and adopt additional policies and procedures, as may be appropriate, in light of the changing business environment and legislative, regulatory, legal and 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:

(i) Internal control

1. 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;

2. Review the management's actions in computerization of the Bank and its applications and Management Information System (MIS).

3. Consider whether the internal control strategies recommended by internal and external auditors have been prudently and comprehensively implemented by the management;

4. 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.

5. 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.

6. As the roles and responsibilities of the Board, Executive Committee, Credit Committee and Management Committee are of high impact and high frequency, ICC needs to take special care in order to identify lapses, especially in (i) sanction and rescheduling of loans and advances, interest waivers, loan write-offs, Director's loans and large loans, etc.; (ii) presenting the accurate financial and non-financial position of the Bank; (iii) allowing perks, benefits and incentives, etc; (iv) procurement and disposal of assets/ services/ materials; (v) mitigating risks and uncertainties that face the bank. Hence, the ICC meticulously examines the minutes and memos of the Board/ Executive Committee/ Credit Committee/ Management Committee meetings to assess the fact that memos were presented with proper and adequate information and decisions mentioned in the minutes were carried out accordingly.

7. Review management letters/ letter of internal control weaknesses issued by the statutory auditors.

(ii) Financial reporting

1. 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;

2. Discuss with the management and external auditors to review the financial statements before finalization.

3. Review the quarterly and half-yearly financial statements with the management before submission to the Board for approval.

4. Review statements of significant related party transactions submitted by the management.

5. 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.

(iii) Internal audit

1. The Audit Committee monitors whether the internal audit is working independently from the management;

2. Review the activities and the organizational structure of the internal audit and ensure that no unjustified restrictions or limitations hinder the internal audit process;

3. Examine the efficiency and effectiveness of the internal audit function;
4. Review the adequacy of the internal audit function;

5. Examine whether the findings and recommendations disclosed by the internal auditors are duly considered by the management.

(iv) External audit

1. Review the performance of the external auditors and their audit reports;

2. Examine whether the findings and recommendations disclosed by the external auditors are duly considered by the management;

3. Submit recommendations to the Board regarding the appointment of external auditors.

(v) Compliance with existing laws and regulations

Review whether the laws and regulations framed by the regulatory authorities (central bank and other statutory

bodies) and internal regulations approved by the Board are being complied with.

(vi) Other responsibilities

1. 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;

2. External and internal auditors may submit their related assessment report, if the committee solicits;

3. Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.

Audit Committee meetings

The Bank's Board Audit Committee meets once every two months. However, an emergency Board Audit Committee meeting can be called if required. A total of 9 (nine) Audit Committee meetings were held during the year 2017. In addition to regular concerns such as a review of the existing risks and mitigation measures, compliance culture of the management, monitoring the internal audit functions and financial statements, ensuring on-time filing of returns, follow-ups on the findings and recommendations of external as well as Bangladesh Bank inspectors, etc., the following issues were dealt with in detail.

Meeting date	Attendance	Focus points
20/02/2017	Dr. Hafiz G.A. Siddiqi Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	1. A comprehensive audit report on 54 Branches/SKBs/SSCs was placed before the Board Audit Committee and was discussed and noted. 2. Spot audit reports of 16 Branches/SKBs/SSCs was placed before the Board Audit Committee and was discussed and noted. 3. An internal audit report on 01 ATM service center was placed before the Board Audit Committee and was discussed and noted. 4. An internal audit report on 'Business Continuity Management' and summary of 'Branch Information System Audit' on Dohar Branch, Donia Branch, Keraniganj Branch, Sonargaon Branch and Zinzira Branch was placed before the Board Audit Committee and duly noted. 5. Fraud / forgery and operational loss report for the period December 2016 to February 2017 was placed before the Board Audit Committee and was discussed and noted. 6. A presentation on cyber security assessment was presented before the committee. An observation and recommendation summary, as made by two of the 'Big 4' audit firms of the world (KPMG and E&Y), was presented and a quarter-wise mitigation plan was also discussed. The committee instructed to provide an update on the mitigation plan until the plan is completed on Q3, 2018.
19/03/2017	Dr. Hafiz G.A. Siddiqi Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	1. Draft audited annual financial statements for the year ended December 31, 2016 was placed before the committee and was discussed and noted. The committee suggested placing the financial statements before the Board, along with the necessary modifications. 2. The management informed that considering the performance of the external auditors, the committee recommended M/s A. Qasem & Co, Chartered Accountants, as external auditor for the year 2017.

Meeting date	Attendance	Focus points
24/04/2017	Dr. Hafiz G.A. Siddiqi Dr. Ahsan H. Mansur Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	1. A summary of 'Branch Information System Audit on 6 Branches' and a summary of follow-up audit report on 'Application Access Control Management' was placed before the Board Audit Committee and was discussed and noted. 2. A comprehensive audit report on 02 Branches, including the newly developed risk categorization matrix, was placed before the Board Audit Committee and was discussed and noted. 3. A moderate audit report on 02 Branches and 01 SKB was placed before the Board Audit Committee and was discussed and noted. 4. An internal audit and inspection summary for the year 2016 was placed before the Board Audit Committee and was discussed and noted. 5. A comprehensive Audit Report on SME Unit Offices (15 SME Unit Offices) was placed before the Board Audit Committee and was discussed and noted. 6. Fraud / forgery and operational loss report for the period between February 17, 2017 to April 15, 2017 was placed before the Board Audit Committee and was discussed and noted. 7. The CFO presented the proposed Delegation of Authority (DOA) and the GSS Management presented the proposed procurement policy and procedure. 8. A presentation on current status updates (February 2017 – March 2017) on cyber security assessment was presented before the committee.
08/05/2017	Dr. Ahsan H. Mansur Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	1. The CFO presented the unaudited quarterly financial statements for the period ended March 31, 2017 before the committee and was duly noted by the committee members.
23/07/2017	Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	1. The management report on the audit of the financial statements for the year ended December 31, 2016 by the external auditor was placed before the Board Audit Committee and was discussed and noted. 2. A comprehensive audit report on 'Treasury & Financial Institutions' was placed before the Board Audit Committee and was discussed and noted. 3. A comprehensive audit report on 01 Branch and 01 SKB was placed before the Board Audit Committee and was discussed and noted. 4. Moderate audit reports on 03 Branches, 03 SMESCs and 02 SKBs were placed before the Board Audit Committee and discussed and noted. 5. A spot audit report on 08 Branches, 04 SKBs and 01 SMESCs was placed before the Board Audit Committee and was discussed and noted. 6. A comprehensive audit report on 15 SME Unit Offices and borrower inspection report on SME loans was placed before the Board Audit Committee and was discussed and noted. 7. An informative memo on half yearly annual accounts was placed before the committee and was duly noted. 8. A fraud / forgery and operational loss report for the period between April 16, 2017 to July 15, 2017 was placed before the Board Audit Committee and was discussed and noted. 9. A presentation on the current status updates (April 2017 – June 2017) on cyber security assessment was presented before the committee.

Meeting date	Attendance	Focus points
30/08/2017	Dr. Ahsan H. Mansur Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	1. The summary report dated August 23, 2017 on the Bangladesh Bank Inspection Report as of December 31, 2016 was discussed and some observations with the necessary directives were provided.
19/10/2017	Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	1. Internal audit reports on 02 subsidiaries i.e. internal audit report on BRAC EPL Stock Brokerage Ltd. (BESL) and follow-up audit of internal audit report on BRAC Saajan Exchange Ltd. (BSEL) dated May 30, 2017 was placed before the Board Audit Committee. 2. A comprehensive audit report on 'Information Technology Infrastructure and Security' was placed before the Board Audit Committee and was discussed and noted. 3. Internal audit reports on Branches, SMESCs and SKBs was placed before the Board Audit Committee and was discussed and noted. 4. Internal audit reports on SME Unit Offices were placed before Board Audit Committee and were discussed and noted. 5. A summary of comprehensive audit report on 'Wholesale Credit' was placed before the Board Audit Committee and was discussed and noted. 6. A summary of comprehensive audit report on online Foreign Exchange Transaction Monitoring Systems-2016 was placed before Board Audit Committee and was discussed and noted. 7. A summary report on Departmental Control Function Checklist (DCFCL) and Summary Report on Quarterly Operations Report (QOR) was placed before the committee, which were duly discussed and noted. 8. Fraud / forgery and operational loss report for the period from July 16, 2017 to October 11, 2017 was placed before the committee, which was duly discussed and noted. 9. A presentation on current status (July 2017 – August 2017) on cyber security assessment was presented and placed before the Committee and duly discussed and noted. 10. The management provided the ongoing call center operations project update which will be completed by April, 2018. The management informed that the Statement of Work (SOW), Service Level Agreement (SLA) and Agreement Finalization are expected to be completed by October 30, 2017.
25/10/2017	Dr. Ahsan H. Mansur Mr. Shib Narayan Kairy Mr. Kazi Mahmood Sattar	1. The CFO presented the unaudited third quarter (Q3) financial statements for the period ended September 30, 2017 before the committee, which was duly noted by the committee members.

Meeting date	Attendance	Focus points
18/12/2017	Dr. Ahsan H. Mansur Mr. Shib Narayan Kairy	1. Compliance status of Core Risk Inspection of Bangladesh Bank was placed before the Board Audit Committee and was discussed and noted. 2. Internal audit reports on Branches, SMESCs and SKBs were placed before the Board Audit Committee and were discussed and noted. 3. Internal audit reports on SME Unit Offices were placed before the Board Audit Committee and were discussed and noted. 4. A comprehensive audit report on 'Retail Credit (Business, CRM and Operations)' was placed before the Board Audit Committee and was discussed and noted. 5. A summary of 'Branch Information System Audit on 07 Branches' was placed before the Board Audit Committee and was discussed and noted. 6. The annual internal audit plan for the year 2018 was placed before the committee and was discussed and duly noted. 7. A concurrent audit plan for the year 2018 was placed before the committee and was discussed and duly noted. 8. Fraud / forgery and operational loss report for the period from October 12, 2017 to December 6, 2017 was placed before the committee and was duly discussed and noted. 9. A presentation on current status (September 2017 – November 2017) on cyber security assessment was presented and placed before the committee and was duly discussed and noted. 10. The management provided the ongoing call center operations project update which will be completed by April, 2018. The management informed that the Statement of Work (SOW), Service Level Agreement (SLA) and Agreement Finalization are expected to be completed by October 30, 2017.

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 reports to the Board of Directors in case any of the following findings are observed:

    - Report on conflicts of interest;
    - Suspected or presumed fraud or irregularity or material defect in the Bank's internal control system;
    - Suspected infringement of laws, including security related laws, rules and regulations;
    - Any other matters which have to be disclosed to the Board immediately.

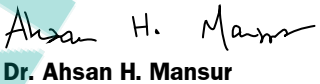
In addition, the committee also provides:

- Copies of its meeting minutes to the Board;
- A report annually to the Board/ shareholder;
- Additional reporting, as the Board may require and deem fit.

All members of the Audit Committee appreciate the crucial role the committee plays in helping the Board discharge its overall responsibilities to protect, as far as possible, the long-term success and sustainability of BRAC Bank, by appropriately controlling and managing risks. We do this by monitoring, reviewing and challenging the effectiveness of controls and processes in areas such as financial reporting, risk management, business continuity and business assurance, on critical topics like cyber security and fraud and forgery. The committee also monitors and reviews the appointment of external auditors, the nature and scope of their work and their independence and effectiveness. It is vital that we, as a committee, assess the processes and systems that make our institution more effective, robust and sustainable in the long-term, while preserving and fostering agility, adaptability and growth.

Our priorities for the year ahead

During 2018, the committee expects to continue to focus on the integrity of the financial controls, risk management systems and robustness of the Company's cyber security arrangements, to ensure they reflect the evolving risks of our high-growth business. The security of our customer data will be a key focus in the financial year ahead and this will be regularly monitored by the committee. 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

Communication to Shareholders and Stakeholders

Policy on 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. Shareholders and other stakeholders of the bank may contact this unit during office hours for any information or queries. 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.

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 2017, 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 18th AGM have been presented in the “Glimpse of the AGM” section of this Annual Report.

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 Limited (CRAB) for the year ended 31 December 2016.

Particulars	2016	2015
Long-term credit rating	AA1	AA2
Short-term credit rating	ST-1	ST-2

We are pleased to announce that Credit Rating Agency of Bangladesh Limited (CRAB) has affirmed ‘AA1’ (pronounced Double A One) rating for long-term credit and ‘ST-1’ rating for 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, 2017, is under process and will be published in due course.

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.

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, 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

Credit Rating from CRAB

Credit Rating Agency of Bangladesh Limited

PRESS RELEASE

Date: 01 June 2017

Name of the Company: BRAC Bank Limited

Ratings	Current Ratings	Previous Ratings
Long Term	AA_1	AA_2
Short Term	ST-1	ST-2
Outlook	Stable	Stable
Ratings based on	Audited financial statement as of 31 December 2016 and other relevant quantitative as well as qualitative information up to the date of rating declaration.	Audited financial statement as of 31 December 2015 and other relevant quantitative as well as qualitative information up to the date of rating declaration.
Validity	30 June 2018	30 June 2017

Date of Rating: 01 June 2017

Meaning of the Ratings

Ratings	Meaning
AA_1, AA_2, AA_3* Double A (Very Strong Capacity & Very High Quality)	Commercial Banks rated 'AA' have very strong capacity to meet their financial commitments. They differ from the highest-rated Commercial Banks only to a small degree. AA is judged to be of very high quality and is subject to very low credit risk.
ST-1 Highest Grade	Commercial Banks rated in this category are considered to have the highest capacity for timely repayment of obligations. Commercial Banks rated in this category are characterised with excellent position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.

***Note:** CRAB appends numerical modifiers 1, 2, and 3 to each generic rating classification from AA through CCC. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Conditions related to use of the Ratings

All information required for ratings is obtained by CRAB from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and CRAB, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. **Under no circumstances shall CRAB have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of CRAB or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if CRAB is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information.**

THE CREDIT RATINGS AND FINANCIAL REPORTING ANALYSIS OBSERVATIONS, IF ANY, CONSTITUTING PART OF THE INFORMATION CONTAINED HEREIN ARE, AND MUST BE CONSTRUED SOLELY AS, STATEMENTS OF OPINION AND NOT STATEMENTS OF FACT OR RECOMMENDATIONS TO PURCHASE, SELL OR HOLD ANY SECURITIES. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY CRAB IN ANY FORM OR MANNER WHATSOEVER.

Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

Signature of Analyst:

Shahtaj Noor
Assistant Vice President

(Name & Signature of Lead Analyst)

D. H Tower, Level: 15, Suite # 1501 & 1502, 6, Panthapath Dhaka-1215, Bangladesh
Phone: (8802) 55013678-79, 55013681-83, Fax: (8802) 55013684, Email: info@crab.com.bd, Web: www.crab.com.bd

Human Capital and Human Resource Accounting

Going forward, the bank's success will depend, in part, on its ability to retain, motivate, develop and continue to attract talents with the right skills and experience to help the bank ride over the challenges of the future on one hand and make the most of the available opportunities on the other.

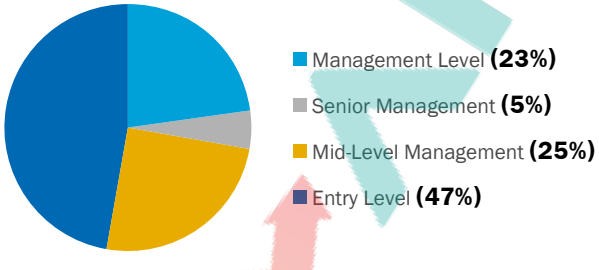
BRAC Bank: Employer of choice

Given the rapid pace of change and the constant pressure to adapt, at BRAC Bank, we have identified building the organization of the future as the most important challenge of 2017. Agility will play a central role in the organization of the future, as companies race to replace structural hierarchies with teams empowered to take decisions and action. Accordingly, in 2017, BRAC Bank's Human Resources Division emphasized four major areas to sustain the growth momentum.

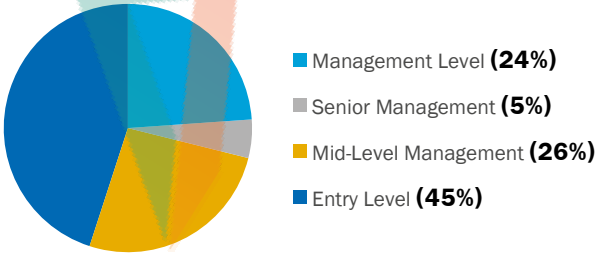
- Talent acquisition
- Training and development
- Talent retention
- Employee engagement

To keep pace with the business growth, we have expanded our human capital base in 2017 by 8%.

Workforce composition by management level 2017



Workforce composition by management level 2016



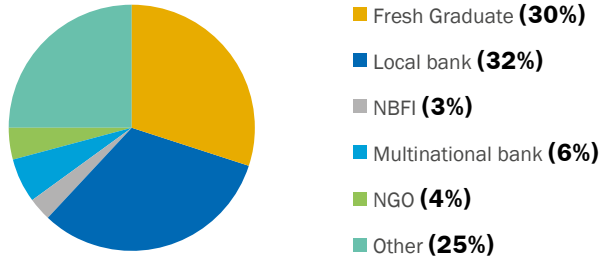
Most of the new recruitments have been made at the field-level. The staff ratio between employees at the head office and those on the field is 18:82. The average age remains the same at 34 years, as in 2016. However, the average experience has increased to 4.12 years from 3.87 years in 2017.

Talent acquisition

In today's transparent digital world, an organization's brand must be both highly visible as well as highly attractive because candidates now often find the employer and not the other way round. To leverage this interest, organizations are emphasizing on managing their corporate brand and employment quotient, which can attract candidates toward them.

In this context, our talent strategy aims to ensure that we attract and appoint candidates with the right skills, knowledge, behavioral expectations and experience to meet the needs of our business strategies.

Recruitment sources 2017

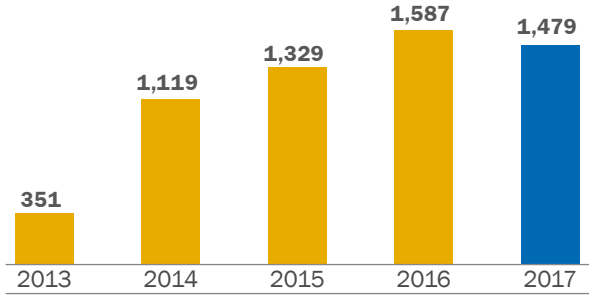


Our focus:

- Build our talent pipeline by having employees with the right mix of educational qualifications, background and experience
- Engage in lateral recruitment from relevant areas to assist in capacity enhancement
- Revamp our management trainee program to inject high-quality talent, especially for leadership roles
- Recruit young professionals and junior professionals to broad-base the talent pipeline

- Have a more structured approach in online recruitment by ensuring transparency and wider coverage
- Ensure special focus on local recruitment to increase regional productivity

Recruitment trend (Nos.)



Performance-based rewards

BRAC Bank believes in a performance-driven compensation policy that has emerged as one of the main tools for attracting, motivating and retaining top talent that is crucial to running the organisation successfully. At the bank, we continue to adopt flexible goal management while ensuring continuous feedback with the adoption of new models of evaluation and rewards.

Our aim 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:

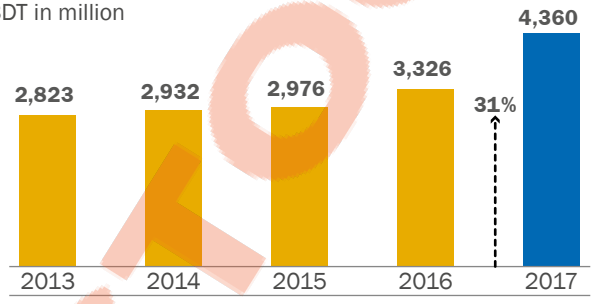
1. CEO & Managing Director
2. Deputy Managing Director & CFO
3. Deputy Managing Director & CRO
4. Head of Human Resources
5. Business Heads

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 the 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



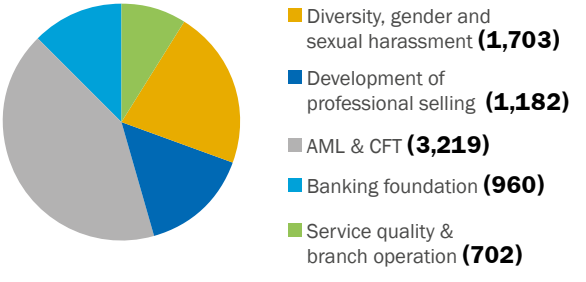
Training and Development

At BRAC Bank, people are our primary asset. Over the last few years, the bank has invested heavily in order to enhance employee recognition for their talent and performance and valued their contribution. We believe that nurturing employee talent is the only way to get the best out of them.

Training programs strengthen knowledge and awareness of leadership. BRAC Bank recognizes 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 2017, as in the past, the bank has invested significantly to upskill its human resources through organising multiple internal, external as well as foreign training programs. Several types of well-articulated orientation programs are also in place for new recruits in business and support divisions, according to their job requirements.

Participant Number in Key Training Programs



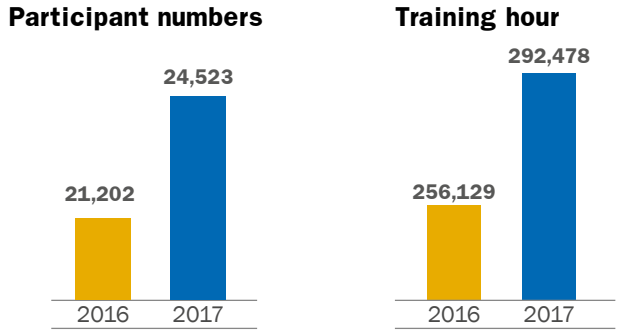


Figure: Key training programs, 2017

A record number of 1,087 programs were arranged in 2017. A total of 7,387 full-time and outsourced employees received a cumulative 292,478 hours of classroom training. Apart from this, we also organized several distant learning programs through e-learning and tele-learning throughout the year. The HR division also took initiatives to conduct several trainings for different stakeholders for strengthening relationships and building trust. For instance, Additional Superintendent of Bangladesh Police, Sajida Foundation and our trade customers are some of the notable examples for whom we organised awareness programs as we assisted them in their journey of continuous learning.

We also signed a partnership agreement with Bangladesh Institute of Bank Management (BIBM) under which we will be a partner for their key banking publications. This is the first such initiative where BIBM has joined hands with a bank.



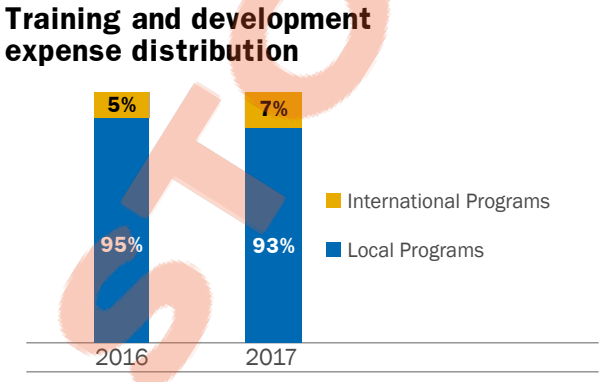
Partnership with BIBM

Some of the key initiatives taken for learning and development in 2017 include the following:

- Organized large-scale programs on banking foundation, sales, service quality, Finacle, AML and gender diversity
- Installation of new state-of-the art computer lab for Finacle core banking training
- Increased the number of local programs instead of foreign programs for covering a larger number of participants
- Introduced Bangla-speaking foreign trainers for soft skills enhancement
- Introduced accommodation facility in Dhaka for our training participants for their convenience



Additional Superintendent of Police (Bangladesh) received training on 'Cyber Security & Financial Crimes in Contemporary Banking System' by BRAC Bank Resources



In 2017, one of our core focus areas was to provide extensive training on our upgraded core banking software and Oracle ERP as both the systems are getting ready to be operational within the next few months. Around 2,500 employees who are direct users were trained in the software. We expect that the combined training imparted to the stakeholders will make the roll-out a grand success, which will eventually take our bank to the next level of efficiency and to the next level of performance.



Jointly organized a workshop on 'International Trade: Associated Risks, Customs, VAT & Taxation Law' with BIBM, arranged for various external stakeholders



Award ceremony for top scorers in the banking foundation course



Agreement signing ceremony with BRAC Leadership Academy for organizing training on gender equity

Employee engagement

Throughout 2017, the bank arranged a number of events, including town halls, employee birthday celebrations, family day, picnics, iftar party, pitha utshab, Dour, children's art competitions, Pohela Boishakh celebrations and sports events that help in creating stronger employee bonding and engagement. The bank also arranged various employee engagement programs, including team-building sessions that enhance employee alignment and the sense of ownership towards the bank's objectives while building a collaborative environment that respects teamwork and fellowship.

Human capital risks

Human capital risks can be defined as events and employee behaviors that occur both within and outside the workplace that can affect employee productivity and/or otherwise affect the organization's operational and financial results.

Human capital risks include:

- Failure to attract appropriate candidates
- Selection of the wrong person
- Undesirable turnover
- Absenteeism
- Unsatisfactory performance
- Accident/injury
- Legal compliance issues
- Fraud
- Loss of knowledge due to attrition

Shifting demographics, globalization and the all-pervasive nature of technology are significantly altering the mix and location of the talent available in the industry. Despite high levels of unemployment, employers are struggling to find employees with the right skill sets.

To mitigate the above challenges, BRAC Bank's HR function has made significant progress in 2017 through embracing various activities, starting from talent acquisition and retention to development and disciplinary processes.

Having a clear policy and framework also ensures the development of proper incentive and reward structures that reinforce the bank's culture. This also guarantees that employees are paid for sustainable performance within a sound risk management and governance framework and with due consideration of market factors.

Human resource accounting

Human resource accounting (HRA) involves accounting for a company's management and employees as 'human assets' or capital that provide future benefits.

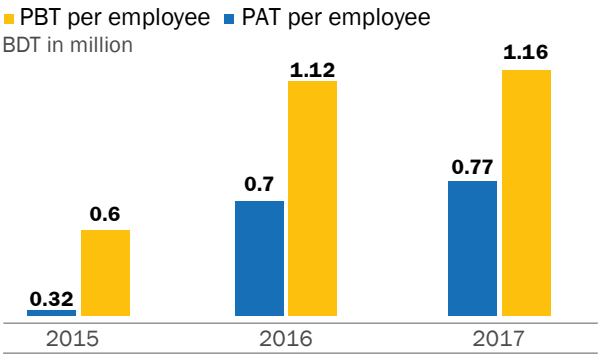
Based on empirical research, BRAC Bank can be considered to be a pioneer in making human resource disclosures due to its capitalization in capital market, profitability, the sector in which it operates, its length of listing on the stock exchanges and its shareholding structure.

In principal, the following variables are considered for HRA:

1. Total value of human resources
2. Number of employees
3. Human resource policy
4. Training and development
5. Management succession planning
6. Employee categories
7. Employee benefits
8. Performance recognition

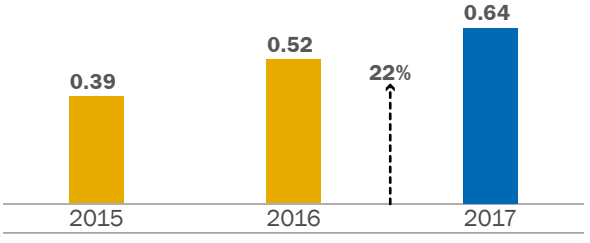
In 2017, the total number of full-time employees stood at 6,835. If per employee productivity is considered, it can be seen that operating cost per employee has increased by 33%, while operating profit per employee has increased by a much sharper 48% over the last two years. Operating income, profit before tax and profit after tax per employee has also increased.

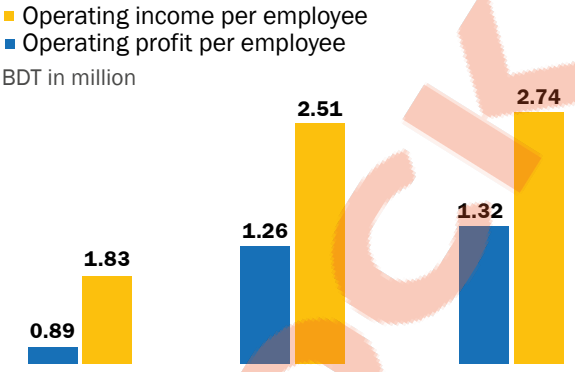
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Average salary per employee

BDT in million





Conclusion

Going forward, the bank's success will depend, in part, on its ability to retain, motivate, develop and continue to attract talents with the right skills and experience to help the bank ride over the challenges of the future on the one hand and make the most of the available opportunities on the other. Automation will continue to reshape the workforce now and well into the future.

As a control function, the role of HR has changed in the recent years. More than ever before, it operates in partnership with the 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 the fore through enunciating a long-term vision for the HR function and specific commitments underpinning this vision.

Statements of Board 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.

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 2017 had 09 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 2017 carried out the following agenda:

- 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
- Reviewed performance of external auditor
- Reviewed the management letter forwarded by the statutory auditor along with the management response provided against them
- 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 2017 carried out the following tasks:

- 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

- 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, 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
- Reviewed financial statements along with statutory auditors and regulatory inspection team in tripartite meeting prior to finalization
- Reviewed statement on significant related party transactions forwarded by management
- 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 2017.

On behalf of the Audit Committee,

Ahsan H. Mansur

Dr. Ahsan H Mansur
Chairman
Audit Committee

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Capital Plan

Capital planning is a dynamic and ongoing process that, in order to be effective, must be forward-looking in incorporating changes in a bank's strategic focus, risk tolerance levels, business plans, operating environment, or other factors that materially affect capital adequacy.

1. Regulatory Standpoint:

Capital management in a bank usually refers to implementing measures aimed at maintaining adequate capital, assessing internal capital adequacy of the bank and calculating its capital adequacy ratio. It 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. Risk management is increasingly becoming difficult to separate from capital management. Most banking risks can be quantified as numerical indicators, and this quantification naturally leads to the principle that increased capital can be held to cover unexpected losses at a certain confidence level.

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 ongoing process that, in order to be effective, must be forward-looking in incorporating changes in a bank's strategic focus, risk tolerance levels, business plans, operating environment, or other factors that materially affect capital adequacy. 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 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 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. We hold a significant amount of its capital in the form of common equity which is permanent and has the highest loss absorption capability ongoing

concern basis. In addition to common equity, we also maintain other types of capital instruments such as Subordinated Debts in order to optimize capital mix and reduce overall costs of capital. 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 can be 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	-	0.625%	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%
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%

Stakeholders and 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	• Being focused on our core banking activities • Forward-planning and aggressive opportunities identification • Continuing to uphold sound governance practices • Managing and effectively controlling risk • Reinforcing internal controls and compliances
	Customers	• Provide relevant and high-quality products/services that accurately meet customer needs • Managing the operations judiciously and with conservatism with the overarching intent of protecting customer interests, especially those of depositors	• Reaching out to customers by widening our geographic footprint in terms of establishing a larger number of branches and SME centres • Transforming existing branches/ unit offices to cater to diversified customer requirements • 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	• Following processes, practices and controls to ensure compliance with all the applicable rules and regulations imposed by local and international laws and regulations • Providing timely and up-to-date information to the regulators in the event of any material development/s

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 well-attended marathon organised by BRAC Bank every year
	Local communities	• Staying true to our philosophy of adding value to the society • Conducting our business in a manner in which we do not cause any disruptions to the society • 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/non-government organizations	• Conducting our business in harmony with the environment • Propagating a culture in which our stakeholders, especially employees, are deeply aware of the importance of environmental preservation and sustenance	• Actively implementing green banking practices and ensuring the highest levels of compliance through 'Green Reporting' to the Bangladesh Bank • 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	• One-on-one meetings • Adhering to all local regulations • Adhering to circulars issued by Bangladesh Bank on Green Banking and CSR	• Relationship-building • Ensuring full compliance – in both letter and spirit
Management	Ongoing discussions	• Corporate governance, ethics and compliance • Anti-corruption measures implemented by the organisation • Superior customer experience through continuous improvement
Employees	Ongoing discussions	• Transport facilities • Career growth and advancement opportunities


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SUSTAINABILITY REPORT



Sustainability Reporting

BRAC Bank's report to society

01. Why a report to society?

At BRAC Bank, we recognise that we have a diverse set of stakeholders with different information needs. We seek to balance these needs with our regulatory requirements by preparing a number of chapters in our Integrated Annual Report 2017 for shareholders. The report provides a holistic assessment of how our strategy, governance, performance and prospects create value over time.

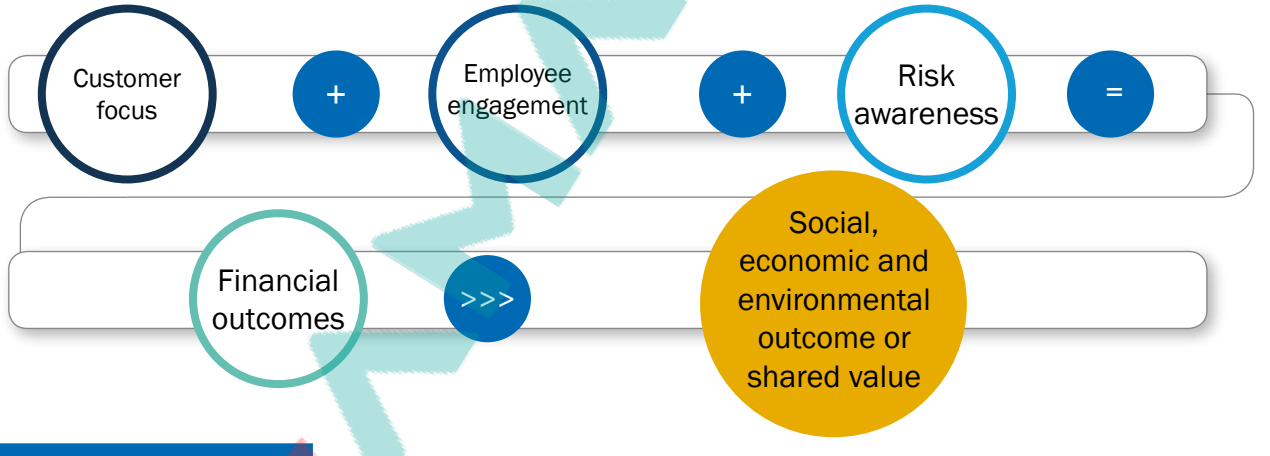
This report, BRAC Bank's report to society, has been inclusively created for a broader set of stakeholders. It aims to communicate, in a concise and accessible way, how we create shared value. Our focus is on the material issues that affect our stakeholders and our ability to deliver on our purpose of pursuing profitability for sustainable value creation.

This philosophy is central to our ability to create extended value as we focus on leveraging our core banking expertise to drive commercial value that enables us to extend value creation at the broader level. As a banking institution of repute, we are deeply cognizant of our responsibility to the society and have, in an industry first, created an exclusive chapter on our report to society. This not only reflects the importance that we place on societal value creation but also showcases our intent on reporting that goes beyond the realms of statutory disclosures or those mandated by regulations.

02. Our shared value

BRAC Bank takes pride in playing a leading role in providing banking services to create positive economic, social and environmental impact. As a values-based bank, BRAC Bank believes in the all-encompassing '3P' philosophy (people, planet and profit). This philosophy is enshrined in our shared values that emphasizes on our need to measure value that goes beyond the measurement of financial outcomes. This is the basic premise for our ability to continue as a successful and sustainable business.

Our shared value is defined by our strategic value drivers that enable us to realize our sustainable and holistic value creation aspirations.



Joint letter from our Chairman and Managing Director & CEO

"At BRAC Bank, we are focused on creating shared value by building trust through comprehensive stakeholder engagement."

03. Message from our leadership

Welcome to BRAC Bank's report to society. The creation of this specific report, perhaps the first such reporting in Bangladesh, is a reflection of our growing commitment to the holistic well-being of the country. Importantly, this report takes into cognizance the criticality of shared value creation, leveraging the bank's prominent status and overarching reach across our home country of Bangladesh.

BRAC Bank's social, economic and environmental initiatives are anchored on collaborative partnerships that seek to create a high impact on the areas that need it the most. Our ecosystem of such partnerships is driven by insight and the common objective of ensuring sustainable value creation over one-time or one-off interventions.

BRAC BANK আস্থা অবিচল

BRAC BANK'S PARTNERSHIP WITH BANGLADESH BANK...

...PROVIDES US WITH ACCESS TO REFINANCING SCHEMES, ENABLING US TO OFFER LOW-INTEREST CREDIT

TO GREEN PROJECTS AND WOMEN ENTREPRENEURS.

OUR PARTNERSHIPS WITH INTERNATIONAL FINANCE ORGANIZATIONS...

HELP BUILD GREEN BANKING CAPACITY OF OUR EMPLOYEES AND GREEN FUNDS

ON THE SOCIAL FRONT, THE BANK PARTNERS WITH CRP, THALASSEMIA SOCIETY AND...

HOSPITALS FOR ENSURING HIGH-IMPACT HEALTHCARE.

OUR PARTNERSHIPS WITH UNIVERSITIES...

ENABLE STUDENTS TO AVAIL OF SCHOLARSHIPS, THEREBY FACILITATING THEM TO REALIZE THEIR ASPIRATIONS.

OUR FOCUS ON MITIGATING CLIMATE-INDUCED NATURAL CALAMITIES...

HAS ENSURED THAT WE JOIN HANDS WITH LOCAL NGOS, COMMUNITY GROUPS AND THE GOVERNMENT FOR PROVIDING RELIEF AND DEVELOPING WELFARE PROGRAMS.

At BRAC Bank, the success of these programs depend on partnerships and stakeholder engagements and we value these associations that has created social, economic and environmental value on a sustained basis.

With the legacy of BRAC NGO, the world's largest NGO, contribution to the society and creating economic and environmental value is a part of our DNA and an intrinsic part of our culture. Our employees, the primary agents of change, are motivated to get engaged in the bank's various social programs and platforms that include marathons, blood donation camps, green office guidelines and other financial contributions, and their energy and optimism is a source of pride for us. Moreover, engagement in these activities enables us to align our organisation's larger purpose of leveraging banking as a tool to create holistic shared value.

We navigate our CSR programs aligned with the sustainable development goals (SDGs) of the United Nations, as we strive for sustainability and scalability in our programs. Gong forward, we are confident that our commitment to doing business the right way and placing our stakeholders' best interests first and foremost, will ensure that we continue to make a positive and substantial contribution to supporting inclusive and holistic economic growth in Bangladesh.

Sir Fazle Hasan Abed KCMG, Chairman

Selim R.F. Hussain, Managing Director & CEO

04. Our social, economic and environmental framework

Social

The value BRAC Bank creates for the society, as measured by the value created for our employees in areas such as capacity building and skills development, the shared value our business generates for our customers and clients, and other stakeholders, through deepening financial inclusion, through industrialization and by supporting job creation and our investments in the realm of health and education that benefit communities and future generations.

Fact!

BRAC Bank refrains from financing projects that have a harmful impact on the environment. Moreover, the bank is the first and only in Bangladesh that has launched an energy-efficient loan product, 'Planet Solutions'. With its holistic CSR interventions, the bank continues to make a sustainable and enduring impact on the people and planet.

Economic

The value BRAC Bank creates for its shareholders and, more broadly, for the society, by driving inclusive economic growth and mainstreaming a large swathe of the population into formal banking, by developing and implementing more efficient ways of doing business and through supporting economic growth and development.

Environmental

The value BRAC Bank creates for the natural environment, through businesses we finance or refrain from financing, investments towards decarbonizing the economy and any other environmental degradation and by helping our customers to reduce and mitigate the impact of climate change.

05. Creating shared value for Bangladesh

Overview

Bangladesh has achieved substantial progress in mass literacy and public health, reduction in population growth and enhanced self-employment support for the rural poor. The country has made primary education compulsory and offers free education for the first eight years of schooling to female students. The strong governmental commitment to primary education and to gender equality means that three out of four girls now avail of primary education.

In the area of health, over 80% of the country's children are immunized against the six 'killer' diseases. Infant mortality has also declined significantly.

The increased inclusion of women in poverty alleviation programmes, as well as in Bangladesh's dominant ready-made garments sector (which provides jobs to more than 3 million women), has helped create holistic awareness on women's issues.

According to the Centre for Policy Dialogue, poverty levels in the country have reduced in absolute levels. However, concurrent to this trend is that the ratio of income of the top 5% and the bottom 5% households has widened to 121.3 in 2016 from 31.6 in 2010. Wealth inequality is stark. Hence, it is evident that in spite of the social progress, the country needs focused and high-impact interventions in education, healthcare, disaster management and social welfare activities to help bridge the inequality gap and ensure that poverty is also reduced through the provision of basic necessities.

Our primary objective:

Drive holistic and inclusive growth of Bangladesh, our home country.

At BRAC Bank, our strategy is centered on our commitment to our home country and directs our growth for the shared benefit of our clients, our people and all our stakeholders. It drives us to lead with purpose, to build a better business and to position ourselves sustainably for the future.



BDT 164 mn

Corporate social investments in 2017, up 396% over 2016

06. Doing business the right way

At BRAC Bank, our values and code of ethics provide the framework for doing business the right way and building trust with our stakeholders through our values-based behaviour.

At BRAC Bank, our code of ethics is in line with globally-recognised anti-corruption and corporate governance principles and practices.

Our employee training and engagement programmes place rigorous emphasis on assessing behaviour, in line with our ethics and values, which ultimately influences 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

As a values-based bank that is committed to sustainable banking, corporate social responsibility (CSR) is

> In the larger purpose of pursuing our social responsibility and aligned with our brand promise of promoting 'Unshakable trust', BRAC Bank supports initiatives that help realize and unleash the resident potential of people, societies and the planet.

embedded as an integral part of BRAC Bank's core value system and culture. As an institution that has embraced a holistic approach to sustainability, the bank follows the '3P' concept of 'people, planet and profit' under the ambit of its CSR aspirations and goals. The bank strongly emphasizes on high-impact, low-cost initiatives that together support people, the society at large as well as protect the planet.

In the larger purpose of pursuing our social responsibility and aligned with our brand promise of promoting 'Unshakable trust', BRAC Bank supports initiatives that help realize and unleash the resident potential of people, societies and the planet.

Importantly, BRAC Bank prioritizes long-term programs that have sustainable and enduring impact. With a view to ensure widespread participation and raise awareness, our social programs actively seek employees to 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 distribution of food and warm clothes to flood victims, add a new dimension to the bank's social commitment and responsibility.

Shared value creation – Environmental

Bangladesh Bank has taken steps to foster the green banking business in Bangladesh through issuing guidelines on green banking and Environmental & Social Risk Management (ESRM).

BRAC Bank refrains from financing projects that are considered to be harmful to the environment and the society, i.e. tobacco, textiles and garments without ETP (effluent treatment plant), ship-breaking, etc. Concurrently, the bank is also committed to reducing its carbon footprint. In our bid to protect the environment, we also actively promote paperless banking through e-commerce and other alternate banking channels. Moreover, the bank prioritizes solar energy, bio-gas and ETP projects, among others.

BRAC Bank has always considered its role as an environmentally-aware bank and has been active throughout the year 2017 and will remain to do so in the future too.

Key Corporate Social Responsibility programs in 2017

Giving back to the society

As a values-based bank that is committed to sustainable banking, corporate social responsibility (CSR) is embedded as an integral part of BRAC Bank's core value system and culture. As an institution that has embraced a holistic approach to sustainability, the bank follows the '3P' concept of 'people, planet and profit' under the ambit of its CSR aspirations and goals. The bank strongly emphasizes on high-impact, low-cost initiatives that together support people and the society at large as well as protect the planet.

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BRAC Bank allocates majority of its CSR budget in education. For the last couple of years, the bank spent 60% of its CSR budget in education. Education is the one sector the country is lagging behind. There is significant dropout after primary education and college level, dropout is alarming. Although female students get free education up to college level, cannot continue due to family pressure and childhood marriage. In this reality, BRAC Bank plans to invest in education from its CSR funds, especially for female students.

Our robust CSR initiatives have positively impacted a number of lives, as depicted in the illustration below.

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EDUCATION	500 Poor students realizing dreams to pursue higher studies	1,000 Students inpired in science studies
	40 Students got the opportunity for higher education at Dhaka University	10 Students got the opportunity for higher education at BRAC University
HEALTH	1,000 Patients receive medical support at CRP	10 Bed burn units set up at Chittagong City Corp. Hospital
SOCIAL WELFARE	53,150 Cold-hit people received clothes for warmer nights	5 Former enclave communities get safe water
	4,000 Employees raise fund for humanity	30 persons get artificial limb to walk again 1 Valiant Freedom Fighter gets lifetime support
ART & CULTURE	3 Writers honored	

A glance at our CSR budget

	2017	2016	2015	2014	2013
CSR budget (BDT mn)	164.27	31.59	60.83	42.84	32.10
% of PAT	3.13%	0.71%	2.50%	2.05%	2.30%

Education

Unleashing student potential to create the future of the society: BRAC Bank - Prothom Alo Trust Scholarship

'BRAC Bank - Prothom Alo Trust Adamya Medhabi Scholarship' was introduced in 2010 to assist meritorious students of underprivileged families to fulfill their higher education pursuits. Today, a large number of students, especially in the rural parts of Bangladesh, have to drop-out of studies on account of financial challenges.



With a view to ensure that such children are able to sustain their education, as also ensuring literacy, especially among the grassroots, BRAC Bank stands by these students during the course of their entire academic life. With our scholarship programs, many students are now studying in reputed engineering universities, medical colleges and other institutes. A total of 700 students have so far availed the scholarship. Each year, 50 meritorious students from disadvantaged families who achieve GPA 5 at SSC level receive the scholarship for onward HSC study. Among those who are given the scholarship, students who also repeat GPA 5 at the HSC level get scholarship for graduation.

Aligned with our 3P philosophy of reinforcing the grassroots of the society and ensuring a better future for our communities, BRAC Bank diligently works towards realizing the potential of the youth of the country. Today, the bank is proud to be a part of a far-reaching initiative that enables students to lead a prosperous life, thereby creating awareness on the importance of education in the fabric of the society.

Fulfilling higher education dreams: University of Dhaka scholarships

University of Dhaka is the oldest and highest learning seat of Bangladesh. The university has made remarkable contributions in the field of higher education and research and has produced the brightest students of the country. As a public educational institution, the university provides affordable and accessible higher education. Despite this, there are a number of financially-challenged students who find it difficult to pursue education at the university.



In this context and with a view to fill in this critical need, BRAC Bank initiated a scholarship program for 40 meritorious students of Business Studies Faculty. Hailing from remote parts of the country and from underprivileged backgrounds, students found the scholarship as a substantive intervention in enabling them to fulfill their higher education aspirations in the hope of a better life.

Under education, BRAC Bank invested around BDT 41 mn in 2017 and around BDT 20 mn in 2016.

The BRAC Bank scholarship program covers quality education and promotes gender equality and reduced inequity amidst the participants, aligned with the Sustainable Development Goals (SDGs) of the United Nations.

Inspiring the youth to engage in research and promoting the study of science: Biochemistry Olympiad



As a part of its commitment to enlighten the society, BRAC Bank, in partnership with Dhaka University, has been organizing Biochemistry Olympiad since the year 2009. The overarching objective of the Olympiad is to inspire the young generation to pursue higher studies in the sciences. More than 1,000 SSC/O level and HSC/A level students from all over the country participate in the biggest biosciences events in the country that is held every year in the Dhaka University campus. Importantly, the Olympiad is an initiative for popularizing among the youth higher science education and research that is instrumental for national progress and development.

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BRAC Bank puts its trust behind the dreams and aspirations of the young generation to enable them to realize their potential and become active contributors to the society.

Health

Providing a new lease of life to the disabled: Centre for the Rehabilitation of the Paralysed (CRP)

The Centre for the Rehabilitation of the Paralysed (CRP) has emerged as an internationally-renowned organization that serves and rehabilitates people with disabilities. CRP provides medical treatment, rehabilitation and support services focusing on the physical, emotional, social, psychological and economic aspects of the affected. Moreover, it promotes 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, CRP has served more than 3.50 lac disabled people and provided them with a new lease of life. BRAC Bank has contributed to the rehabilitation center from its 'DOUR' fund that has created a new hope for people suffering from physical disabilities. The bank is proud to be a partner of this organization.

"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

Partnering with the Diabetic Association of Bangladesh

Bangladesh has a disproportionately high diabetic population with more than 7 million adults afflicted by the disease. More importantly, nearly half of the population with diabetes does not know that they have the disease nor do they receive any kind of treatment *(Source: https://futurestartup.com/2016/07/27/the-state-of-diabetes-in-bangladesh/).*

In this context, the Diabetic Association of Bangladesh has unambiguously stated that no diabetic patient should die untreated, unemployed or unfed in the country. Over the last five decades, the association has become a force to reckon with and has created the largest infrastructure in diabetes care in the country, as envisioned by its legendary founder and its National Professor, Dr. Mohammad Ibrahim.

Diabetic Association of Bangladesh serves over 3.71 million patients through its hospitals and healthcare institutions spread across the country. More than 40% of the patients receive healthcare services almost free of cost or at highly subsidized rates. To support this high-impact institution, BRAC Bank has extended its support to purchase physiotherapy equipment that will provide modern healthcare facilities to patients suffering from neck and back pain.

Enabling the establishment of a burn unit at Chittagong City Corporation Hospital

The Hope Foundation of Bangladesh has indicated that more children in South East Asia die from severe burns than from HIV/AIDS, malaria and respiratory diseases. Specifically, Bangladesh experiences a high volume of burn victims due to the use of open fire pits to cook, heat and light their homes. Moreover, the attire of loose-fitting clothes adds to the danger of this practice.



Even as the number of burn patients is on the rise in the country, cure facilities are scant or insufficient. In Chittagong, there exists only one burn unit at Chittagong Medical College Hospital. Against this backdrop, Chittagong City Corporation undertook a comprehensive plan to set up a well-equipped 10-bed burn unit at City Corporation General Hospital located in Sadarghat. With the new facility, patients with burn injuries, especially those in the lower income group, receive quality treatment at affordable costs.

Helping people to walk again: Moyeen Foundation's Artificial Limb Transplant Camp

BRAC Bank stood by the Moyeen Foundation to provide artificial limbs to the underprivileged, free of cost. With our support, as many as 30 handicapped people have been able to walk again.

Moyeen Foundation has been providing artificial limb fitment services to the underprivileged free of cost for several years now. In 2017, the foundation rehabilitated 700 people by fitting prosthetic limbs in the Artificial Limb Fitment Camp organised at the National Institute of Traumatology and Orthopedic Rehabilitation (NITOR) in Dhaka.



These people are mostly accident victims who have lost their limbs and are unable to walk without the support of crutches. Moreover, they do not have the necessary financial wherewithal to be able to afford an artificial limb transplant. Jaipur Foot of India provides technical assistance to conduct the month-long camp. Fifteen orthopedic doctors of Jaipur Foot work hard to give people the joy of being able to walk again.

Social welfare

Mitigating the plight of Rohingya refugees

Bangladesh welcomed more than 800,000 Rohingya refugees from neighboring Myanmar who took shelter in different camps located in the southeastern parts of the country. This migration has caused a major crisis for Bangladesh and in this critical time, BRAC Bank came forward to stand beside the helpless people. The bank made donations to the Prime Minister's Relief and Welfare Fund to help the government carry out large-scale relief projects and construct shelters in Rohingya camps.

Bringing warmth to those affected by the biting cold every year, BRAC Bank stands beside the less-advantaged people of the society during the intensely cold winters. In 2017, BRAC Bank donated as many as 50,000 blankets to the Prime Minister's Relief and Welfare Fund. Apart from this initiative, employees of BRAC Bank distributed 15,000 blankets to the cold-affected residents of Nilphamari, Kurigram, Khulna and Barguna under the employee initiative of 'DOUR: A Marathon for Humanity'.

Life-time support to valiant freedom fighter, Taramon Bibi Bir Protik

Taramon Bibi fought fearlessly during Bangladesh's 1971 Liberation War, making 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 as recognition of her supreme bravery in the war as a freedom fighter.

Despite such a background, Taramon Bibi lived a life of anonymity, having to fight against poverty for her survival in her liberated homeland. She was leading a helpless life in a remote village in Northern Bangladesh, almost 350-km from Dhaka. She was gravely ill and required urgent financial support for her own treatment and also for her family.

With this reality, BRAC Bank came forward and decided to provide a monthly support for the rest of her life. She now lives peacefully with dignity and without any financial worries.

Partnering with Asiatic Society for a landmark book on Bangladesh's glorious history

BRAC Bank became a partner of the country's premier research institute, Asiatic Society of Bangladesh, for the publication of a comprehensive book on Bangladesh's history.



BRAC Bank extended support to Asiatic Society to publish a landmark book titled 'History of Bangladesh: Ancient and Medieval'. This book will represent authentic historical documentation and reference for the period before 1704. More than 70 Bangladeshi and other scholars in the subcontinent worked on the publication of this historic book. There will be four volumes in Bangla and as many in English. The book comes as sequel to Asiatic Society's previous work, 'History of Bangladesh', covering the period 1704-1971 that was published in 1992.

As a values-based bank that considers it a privilege to promote Bangladesh's glorious legacy, BRAC Bank always nurtures and promotes art, culture, history and heritage of the country.

Creating public awareness on road safety

BRAC Bank partnered the Tareque Masud Memorial Trust for constructing a Road Safety Awareness Memorial near TSC (road island of Shansunnahar Hall) at Dhaka University.

Conceived and created as a monument to commemorate the tragic loss of Tareque Masud and Mishuk Munier in a deadly car accident in August 2011, the memorial is also dedicated to all victims of road accidents in Bangladesh. The ongoing injuries and loss of life due to the poor condition of the country's transportation network continues 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 the students, about the unarguable 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 and Mishuk. The memorial was opened to the public in September 2014.

Art and culture

Enriching Bangla literature

BRAC Bank-Samakal Shahitya Puroshkar was launched in 2011 to inspire the writer community in pursuing creative work and to enrich Bangla literature.



The literary award program has generated strong interest and enthusiasm among the writer and reader communities. The award has emerged as a prestigious literary recognition in the cultural circle of the country. BRAC Bank and Samakal will work hand-in-hand to make

In 2017, BRAC Bank donated Tk. 10 lac to the Centre for the Rehabilitation of the Paralysed (CRP), an organisation that provides treatment and rehabilitation support to the disabled. Earlier that winter, a portion of the 'DOUR' funds was utilized to distribute 15,000 blankets to the cold-affected people in Nilphamari, Kurigram, Khulna and Barguna.

this award the most prestigious and coveted literary honor in Bangladesh in the coming years.

Employee CSR initiatives

Fundraiser marathon for humanity

Employees of BRAC Bank participate in a marathon every year to raise funds for supporting important causes. The bank fully matches this amount by making an equal contribution. The funds thus raised are donated to a charity. Started in 2011, this is the first such marathon initiative taken up by a bank in the country and is unique in serving the community.



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Employee one-day's salary contribution to flood victims

BRAC Bank employees stood shoulder-to-shoulder beside the thousands of flood-affected people during the devastating floods the swept the country in 2017.

Employees made a contribution of one-day's basic salary to the bank's flood fund. This donation represented a unique and noble humanitarian example that sets BRAC Bank apart from the others in the banking industry. The contribution brought relief to more than 4,000 families who received essential items like rice, onion, potato, pulse, soya bean oil and salt. The distribution was made at 48 locations covering Mymensingh, Netrokona, Jamalpur, Sylhet, Moulvibazar, Sunamganj, Hobiganj, Sirajganj, Dinajpur, Naogaon, Rangpur, Nilphamari, Bogra and Rajshahi districts.

During 2017 too, the bank made a contribution of Tk. 3 crore to the Prime Minister's Relief and Welfare Fund from its CSR fund to assist the flood-displaced people. As a values-based organization, BRAC Bank always responds to the call of humanity and stands beside people in their time of need.



Blood donation to thalassemia patients

In 2017, like every year, BRAC Bank employees donated blood to the Thalassemia Society of Bangladesh. The one-day camp generated as many as 100 pouches of blood that greatly helped patients suffering from thalassemia. Thalassemia is a non-preventable genetically-transmitted disease under which the patient suffers from acute anemia. Usually, the patient will need blood transfusion throughout his/her entire life. The blood donation hence can actually help save a life.

Tuning with Green Office guidelines

BRAC Bank is an environmentally-responsible bank. In line with the institution's 3P philosophy of 'people, planet and profit', the bank has a strong commitment to environmental sustainability. The 3P philosophy is embedded in the bank's DNA and Green Office guidelines have been embraced as a means to foster a cultural shift in our operations, anchored on the spirit of

Reduce, Reuse, Recycle

Today, employees align with the bank's environmental initiatives and commitment and, with a large 8,000-strong -employee base, we are a force to reckon with as far as green sustainability initiatives are concerned. The judicious use of electricity, paper and water comprise the core fundamentals of our Green Office guidelines.

Focusing on maximising the use of daylight, installation of energy-saving bulbs and other light fitments and the use of solar energy are actively encouraged. The bank has mounted energy-efficient bulbs in all its buildings and office premises. Moreover, employees are conscious about paper use even as we have the vision of progressively moving towards a paper-less environment. Moreover, using both sides of a sheet of paper and its reuse is encouraged. Also, the bank is in the process of installing printers that can automatically print on both sides of a sheet. E-statements and internet banking is promoted among customers.

With a proactive orientation towards saving paper, employees increasingly prefer the digitized format across all forms of internal communication. They also choose to carry out tasks over the e-mail rather than through hard copy. Digitized format is also encouraged in documentation. Employees are also highly conscious of conservation while using electrical equipment and water at the workplace. Motion sensor lights and taps have been placed for energy efficiency.

Fact!

As a means of demonstrating the importance of saving paper, our Board of Directors is provided with a softcopy of Board meeting documents.

Employee benefit

Transport facility for officials

According to our core CSR principles, employees are the closest stakeholders of the company. Hence, they are the key stakeholders where CSR is concerned. With this in mind, BRAC Bank provides a subsidized transport facilitation service (pick and drop facility) for the employees of the bank. This service also goes a long way in ensuring the safety and security of our women employees. Currently, the project is running on pilot basis and the bank plans to eventually extend this facility to all the employees of the bank.

Report on the Going Concern Status of BRAC Bank Limited

Definition of Going Concern:

Going concern is an accounting concept that considers the preparation of financial statements under the going concern concept. It is assumed that a Company will continue in operation and that there is neither the intent nor the need to either liquidate it or to cease trading. It includes bringing together the requirements of Company law, accounting standards and Listing Rules on going concern. The management of BRAC Bank Limited has made this assessment based on the accounting period ended on or after December 31, 2017. The assessment considers appropriate inquiries including review of budgets and future outcome of inherent risks involved in the business while assessing whether we are on going concern basis.

Considering the following, BBL's management has reached the conclusion that the financial statements for the year 2017 should be prepared on going concern basis:

Impressive financial results

The financial results which can easily be seen from the financial highlights at the front of this book shows that we are able to preserve our positioning as a going concern.

Financial support from lenders/depositors

BBL has a good track record in the settlement of its obligation with its lenders/depositors. That is why our total deposit has increased by 16%.

Dividend payment

BBL is paying healthy returns to its shareholders over the years. We have declared stock dividend of 25% for the year 2017.

Sincerity in payment of obligations

BBL is sincere in payments of its obligations to lenders. We have always being credible in the terms of loan and other agreements and have never defaulted.

Growing business portfolio

Our portfolio of good clients is increasing which shows our intensity of doing ethical business. At the same time we are de-risking our portfolio.

Human Capital

BBL has invested significantly to train its human resources. We are also hiring the best people in the industry so that a momentum can be achieved to become the best bank. In 2017 we have recruited 1,479 talented employees and have provided a total of 292,401 hours of training which is 14% more than 2016.

Corporate environment and Employee Satisfaction

Our employees are our core asset. And ensuring a healthy work life balance is our responsibility. Our office environment is also kept corporate to increase efficiency and satisfaction. This is reflected in our Human Capital section.

Changes in government policy

The management of BBL anticipates no significant changes in legislation or government policy, which may materially affect the business of the Company.

AMARSTOCK

From the Desk of the Chief Risk Officer



Chowdhury Akhtar Asif
Deputy Managing Director & CRO

The strength of our risk management processes and practices is reflected in the fact that BRAC Bank maintained a steady pace in portfolio growth in 2017, despite rising external challenges facing the industry as well as specific challenges confronting the sector.

Risk is inherent in Banking Business

Risk-taking is an inherent element of the banking business whereby profits are in part, the reward for successful risk taking in business. On the other hand, excessive and poorly managed risk can lead to loss and thus jeopardize the safety of the depositors. Risks are considered warranted only when they are preemptively identified, appropriately measured & effectively managed taking into account bank's capacity to endure the adverse results. Sound risk management framework enables managers to take risks knowingly, devise mitigation plan appropriately and strategize business through a driveway to better prepare for future uncertainties. Risk management in banking has been transformed over the past decade, largely in response to regulations that emerged from the global financial crisis and the fines levied in its wake. To cope up with the ever dynamic nature of risk and to make the bank's capital shock absorbent 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (in line with Basel II) was introduced by the Central Bank on January 01, 2009. However, important trends are afoot that suggests risk management will experience even more sweeping changes in the next decade.

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, thus reducing the risk of spillover from the financial sector to the real economy. Basel III reforms strengthened 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.

Risks in Economic Outlook

The Bangladesh economy has undergone major transformation over the past two decades. This change has been spearheaded by the rapid expansion of the garment industry, which has helped reduce poverty and raise the employment of women. The result has been a sustained increase in per capita income. It is important to recognize that Bangladesh is making important progress toward its goal of graduation to middle-income status. Our country also stands out in terms of development indicators. The economic resilience enabled the country's GDP to grow by 7.28% for the financial year 2016-17 with per capita income rising

from $1,602 to $1,610 during the year 2017.Poverty has been nearly halved since 1990. Inequality remains low and stable, defying the regional trend. We also stood out among low-income countries in terms of life expectancy, child mortality, and access to water and sanitation. In addition, there has been a good progress on financial inclusion. This includes efforts to enhance access and usage of financial services.

Albeit the positive performances as stated above, number of macroeconomic indicators has popped up alarm bells – to name a few:

- Country's food inflation increased from 5.38% (December, 2016) to 7.13% (December, 2017) triggered by decline in Rice production in the country forcing the Government to import huge amount of rice coupled with international oil price hike by as much as nearly 52%.
- Country's trade deficit widened by 96.10% as year-on-year basis to USD 7.60 billion.
- Imports rose 27.57% year-on-year, while exports grew 7.65%.
- Remittance dropped to six years' low to USD 13.53 billion in 2017.
- Liquidity crisis refueled with the increase of private sector credit growth exceeding targeted growth. Rising volume of default loans of the banking sector which are not returning back into the country's financial system neither is generating income to add value to it – is one of the major reasons for the liquidity issue as well. Nevertheless, Government's spending dependency on funds from Sanchay Patra has substantiated the phenomena.
- BDT depreciated by 5.15 percent against the US dollar ($) during the last one year despite selling of the greenback by the central bank to keep the foreign exchange (forex) market stable.

In this backdrop, Bank's stepping forward must be cautious, prudent & aligned with macroeconomic outlook.

Risks in the Financial Sector

The financial sector of the country witnessed number of challenges in 2017 which is supposed to have impact on the sector's sustainability at long term. Widespread loan default culture, lack of appropriate governance, long drawn legislative procedures; all together have put the banking sector on a cross-road with huge non-performing loans. The industry non-performing loan surged 19.51 percent in 2017 from BDT 62,172 crore to BDT 74,303 crore. NPL ratio rose to as high as 9.31% at 2017 end which is one of the highest in the South Asian Region. The Central Bank is continually pursuing the banks to bring down impaired loans to a reasonable level. In terms of Portfolio health, BRAC Bank Ltd has fared reasonably well in compare to industry average as the business model & strategy we have adopted is much more aligned with the macroeconomic insight & we strive to update our strategy with the change in business environment. We tend to focus more on SMEs which has enabled us to maintain a diverse basket of loan pool across different industries, across geographic dispersion. Our Underwriting Team is fully separate from Business Team, Underwriting Process is policy driven & completely transparent & the Underwriting standard we follow is process driven, cash flow based & risk appetite focused.

Sustainability of banking business is growingly becoming dependent on how a bank takes care of Environmental & Social Risk issues. Being a co-owner of any investment, BRAC Bank views it – "why are we doing the business, if it is not sustainable...?" We believe, the bank's role is vital in addressing – whether the investment contributes to the growth of the real economy, whether it corroborates optimization of use of natural resources in a business & whether social risks have been identified & adequately addressed. Besides, regulatory frameworks have been reinforced to enhance accountability with regards to environmental and social (E & S) risk considerations. The bank has tightened policies in this context & appraisal system has been put in place integrating E & S Risks with Credit Risk to bring about the investment outcome. It may not be out of place to mention here that Bangladesh Bank is going to implement an updated version of Environmental and Risk Management guideline from year 2018 to guide banks and financial institutions to protect their investment from environment and social risks in a stricter manner. The central bank has started the working to implicate a more robust and quantitative scoring methodology for better estimation of environmental and social risks along with risk-based screening criteria to evaluate a proposed business transaction.

The initial part of the year witnessed ample systemic liquidity but the later part of the year saw liquidity sweeping out, which is still the case & our apprehension is it will continue to persist in the year 2018. To rationalize credit growth and to curb inflation, the Central Bank has revised the threshold of Advance/Deposit Ratio from present 85% to 83.5% – which the banks are required to comply by the end of 2018. With the rising liquidity crisis issue, demand – supply & funding mismatch – deposit & lending rates of the banks are on the rising brink & it is expected to continue in coming days. Bangladesh Bank record shows that the weighted average lending rates of commercial bank and Non Banking Financial Institution (NBFI) were 9.93% in 2017, 11.18% in 2016 & 12.46% in 2015. With the prevailing liquidity issue, it is not unlikely that average lending rate shall move up by at least 2.00% in the year 2018, if not more, from

9.93% of 2017. Needless to say, the high interest rate of loans affects adversely on economy by hiking price of commodities and essentials.

Our Bank's risk culture is continually evolving as our policies and product guidelines are revisited with changing dynamics in the economy as well as borrower behavior. While our ALCO team is persistently striving to achieve the right balance in managing the Asset-Liability gaps, our relationship side is also strongly collaborating to minimize the mismatch. Furthermore, to accommodate the regulatory changes, our Credit Risk Management Policy has been reviewed and revised in line with the changes in Bangladesh Bank guidelines, processes, etc. Similarly, over the period, the Small Underwriting Team went through a process of restructuring, remodeling & rearrangement in terms of the people, process, PPG (Product Program Guidelines) to better address risks in the portfolio. For our retail customers, we established In-house Contact Point Verification (CPV) team all over the country to support with quality assessment. Regular review of portfolio and borrower repayment behavior across different sectors are conducted and circulated to realign future exposure on different customer groups. In order to bring synergy in our credit function, a dedicated Credit Administration department has been introduced, which has brought in more efficiency in credit control and discipline by facilitating a more stringent supervision on documentation, disbursement, monitoring, inspection and MIS, among others, thereby administering greater accountability and discipline. While external stakeholders are prudently assessed before on-boarding, internal stakeholders, i.e. bank staffs also undergo capacity development program on continuous basis. There is a strong management structure in place to minimize threats. Risks arising out of lapses in people, process and system i.e. operational risks are dealt at three levels. Initially, all staffs make every effort to identify risks at their own desks, try to address and resolve with the help of their supervisors. If it is beyond their capacity and requires affiliation of other stakeholders, it is escalated to enterprise risk associates' forum (ERAF) for discussion and resolution. Subsequently, ERAF issues, that require top management's guidance and decisions, are placed at Enterprise Risk Management Committee (ERMC). ERAF as well as ERMC convene every month to identify, address and mitigate risks. Finally, for Board's oversight and guidance, critical risk elements are highlighted in Board Risk Management Committee (BRMC).

Risks in the Cyber Space

Bringing business risk management and technical security risk management together is one of the major challenges banks currently struggle with in order to increase their resilience against cyber security threats. With the evolution of digital banking, crypto currencies impacting the global banking system, rising incidents of hacking in internet banking and number of unprecedented digitization risks, it is imperative that BRAC Bank remains vigilant and manages cyber risks prudently & proactively. When it comes to information security, we have a dedicated team, diligently ensuring cyber security from external malicious attacks. They initiate awareness programs, educate users about safe usage of our intellectual properties and also conduct periodic penetration/ vulnerability testing to identify weaker links to the system. Thus, amendments have been made in various facets only to combat future adversities and eliminate fraudulent activities. 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 ensure high levels of service quality and banking security.

For Cyber Security and ICT risk mitigation, the bank has updated ICT security policy which is in line with the latest Bangladesh Bank ICT guideline and the vastly practiced framework and international standards e.g. COBIT, ITIL & ISO 27001. BRAC Bank is the 1st and only bank in Bangladesh who achieved ISO 27001:2013 international certificate for information security management function. Among many other initiatives, we've implemented Security Information and Event Management (SIEM), 2FA for Internet banking, secure email gateway, 3Des for e-Commerce transaction and Centralized Network Monitoring System. In addition, we've already undertaken multiple security projects such as Privileged Access Management, Anti-APT solution, AML & Fraud management, PCI-DSS compliance project, built 24/7 Security Operation Center (SOC) etc.

Concluding Thoughts

The strength of our risk management process and practice is reflected in the Balance sheet of the bank that shows a steady growth in business, quality of asset & maintenance of capital. Within the ambit of our risk management framework, we are focused on ensuring the highest levels of transparency in our disclosures, thereby enabling our stakeholders to place their continued faith and trust in our institution. We do not only aim to remain with our philosophy of People-Planet-Profit but also keep focusing on strengthening portfolio base, increasing effort towards sustainability, development of human resources, and supervision of comprehensive risk management – identify and monitor causes of failures that are expected to affect our financial position. While we firmly hold the ground in preserving the bank's goodwill, reputation and asset quality; yet ensure zero-tolerance strategy when it comes to ethics, good governance and Risk management.

Risk Management Framework

Risk is the possibility of loss or failure to achieve objectives arising out of unwanted or uncertain actions or events. In this context, risk management is the planned and systematic approach to the identification, evaluation and control of risk. The central objective of risk management is to secure the assets and the reputation of an organization and to ensure continued financial and organizational sustainability. Importantly, risk management is a continuous developmental process that should run in-synch with an organization's strategy.

1. Key elements of BRAC Bank's risk management framework:

- Board and the senior management oversight on the risk management structure
- Proper procedures for risk identification, measurement, mitigation and monitoring
- Bottom-up and top-down risk escalation approaches that enable all in the organization to identify risk issues within their own areas and also ensure holistic involvement in risk mitigation

1.1 Vision:

The vision of our risk management endeavors is to be a risk-mitigated bank and enable a risk-awareness culture at all times for maximizing client and shareholder assets on the one hand while seizing relevant opportunities on the other, through striking the right balance between capital preservation and optimization (risk/reward).

1.2 Mission:

- To facilitate individuals, units, departments and divisions of BRAC Bank to be risk-aware
- To provide necessary feedback and resolution in consultation with ERMC and other experts
- To comprehend and thwart future adversities and embrace proactive measures
- To introduce updated policies/processes to safeguard customer interest
- To ensure sustainable operations by ensuring visible improvements in regulatory and internal compliance mechanisms to manage risk
- To promote a risk-conscious culture in a manner that is consistent with the bank's vision and mission

2. Structure of risk management:

BRAC Bank's risk management structure includes all the relevant processes, tools and techniques to enable the bank to identify, mitigate and monitor risks. The bank has set its risk management structure that aligns with global standards. Our risk management framework encompasses the Board, senior management as well as operational-level departments that together enables an all-inclusive emphasis on managing risk.

2.1 Board involvement:

BRAC Bank Board is responsible for establishing the bank's overall strategy and other significant policies relating to the management of individual risk elements facing the organization. A Board Risk Management Committee is responsible for the bank's risk management functions.

Board Risk Management Committee (RMC) responsibilities:

- Establish the risk appetite
- Approve the bank's risk management policy
- Determine the strategic direction
- Create an environment and structure for effective risk management
- Oversee bank's Environmental & Social risk manageemnt

2.2 Senior Management involvement:

The bank's senior management is responsible for the implementation of risk policies/procedures, in line with the Board-specified strategic direction and risk appetite. The bank's Enterprise Risk Management Committee (ERMC) is tasked with the responsibility of managing enterprise-wide risks.

Enterprise Risk Management Committee (ERMC):

Bank's senior management is intrinsically involved in resolving bank-wide risk issues through ERMC. This committee is headed by the Chief Risk Officer (CRO) underthe auspice of MD & CEO. ERMC oversees all matters relating to enterprise-wide risk management, especially in recommending policies/guidelines for effective risk management to the Board.

Single solution platform - Enterprise Risk Governance Forum (ERGF):

ERGF is a platform under which the bank's staff can get access to solutions of problems related to operations

as well as for risks and hazards. This forum comprises all the heads involved in risk, control, compliance, governance and security. All queries are met by the senior management. Effectively, this forum acts as the single-point contact for expeditious risk response. They meet as and when required.

2.3 Bank's involvement in risk management process:

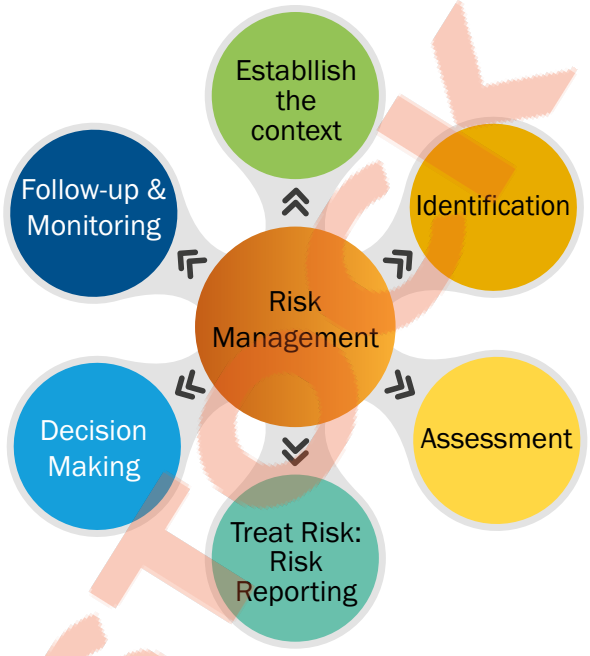
To make the risk management process more robust and transparent and to aggregate risk issues from every part of the bank, BRAC Bank has established an Enterprise Risk Associate Forum (ERAF) comprising representatives from the bank's various divisions. ERAF is chaired by the Head of Risk Management and meets at least once a month and also as and when required. The forum is specifically tasked with:

- Operating as the initial-level risk managers for their own divisions
- Identifying, escalating and reporting risk issues from every unit
- Resolving issues together with stakeholder recommendations
- Working on issues till their satisfactory closure
- Promoting a risk culture and working closely with the risk management division to ensure risk management initiatives are in place for risk-controlled banking practices
- Assist the Risk Management division to plan and reduce operational shocks/losses by recommending appropriate risk-mitigation strategies

An organization's business model is constantly challenged by its surrounding environment and it possesses various types of risks. Failure to identify, assess, and manage the major risks facing the organization's business model, however, may unexpectedly result in significant loss of stakeholder value. Thus, senior leadership must implement processes to manage effectively any substantial risks confronting the organization. We take a broad perspective on identifying the risks that could cause an organization to fail to meet its strategies and objectives

3. Control process of risk management:

Risk management is not static; rather it is a dynamic process that must be applied and tested across all parts of the organization. The eventual goal of fostering a risk-aware culture is to create a situation where the staff and the management instinctively look for risks and consider their impact during decision-making.



BRAC Bank possesses a culture of risk awareness, recognizes the importance of risk management and carries out the responsibility of identifying and managing risks with strong accountability. The bank believes that beyond setting the right policies and structures, a risk-aware culture plays a far more effective role in risk management.

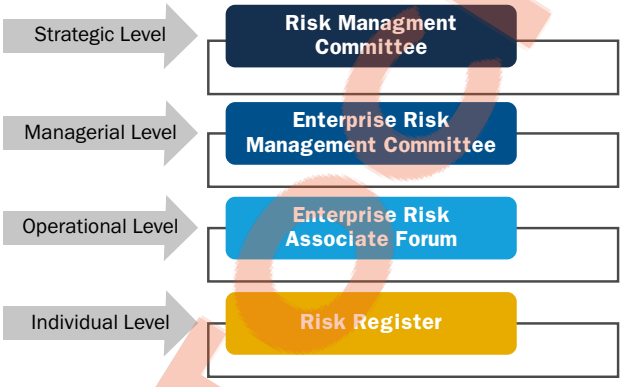
Risk control process:

- **Risk identification:** This is the first step in the risk management function. To ensure all-encompassing involvement, a risk register is maintained, which is a unique platform to flag risks at the individual level.
- **Risk assessment:** We analyze the factors deemed to be a threat in the context of the broad organizational objectives and strategies. To do so, we have forums like Enterprise Risk Associate Forum (ERAF) and Enterprise Risk Governance Forum (ERGF). These platforms enable a pathway along which risk-prone issues are raised and discussed at the initial level with adequate mitigation plans chalked out.
- **Decision-making:** Based on the analysis and forecast, a decision is made for a particular existing/ impending risk. However, the decision-making authority is delegated to various levels. High risk issues are escalated to the top management or even to the Board and issues that are deemed to be not severe are resolved by ERAF and/or ERGF.
- **Follow-up and monitoring:** Another vital part of our risk management function, follow-up and monitoring is persisted with until the successful resolution of a particular risk issue. A vital part of our monitoring process is to observe ongoing scenarios against the bank's risk appetite.

- **Risk reporting:** Lastly, the overall status of risk management is documented through risk reporting. This is effected through periodic risk management reporting with submissions to Bangladesh Bank. Moreover, we have our own mechanisms to quantify potential losses arising out of risk-prone issues. Besides, our management regularly reviews the essentials of the risk management paper and provides instruction as per the necessity.

3.1 Committees and forums responsible for risk management:

Even though BRAC Bank has a unique culture that seeks risk resolution in a manner where every organizational layer is involved, 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 its key personnel with direct involvement of the management as well as the Board that oversees the material risks facing the bank.



Particulars	Roles and responsibilities	Represented by
Board Risk Management Committee (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 the Board of Directors
Enterprise Risk Management Committee (ERMC)	• Sets out 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 effectiveness of the internal control system • Develops risk response processes, including contingency and business continuity policies/plans	Members from the Management Committee
Basel Steering Committee	• Oversees the implementation of 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 document • 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

Particulars	Roles and responsibilities	Represented by
Enterprise Risk Associate Forum (ERAF)	• Connects employees from diverse locations to create a common platform regarding risk awareness and mitigation • Scrutinizes the possible root cause of risk vis-à-vis existing and potential issues • Congregates at regular intervals to raise risk issues • Chalks out action plans for effective risk mitigation	Representatives from all the concerned departments
Risk Register (tool to flag risk)	• Creates awareness about risk management at the individual level • Enables individual employees to flag risk issues throughout the bank	All employees of bank

3.2 Role of the Board in managing risks:

In 2014, a Board-level 'Risk Management Committee' (RMC) was established following Bangladesh Bank's directive. The committee convenes on a bi-monthly basis and comprises three members from the Board. This apex body actively monitors the bank's overall risk management initiatives through engaging in comprehensive reviews, including determination of risk appetite, risk policies, risk frameworks, etc. The committee also provides assistance to the Board in fulfilling its responsibility to shareholders, prospective shareholders and the investing community. The committee's objective is to fulfill an effective role in mitigating impending risks arising from strategies/policies formulated by the Board and to carry out the responsibilities efficiently. After identifying and assessing several risk factors like credit risks, foreign exchange risks, ICC risks, AML risks, liquidity risks, etc., the committee scrutinizes whether appropriate risk management measures have been put in place and applied with consistency and whether adequate capital and provision is being maintained against the risks identified. The committee is also responsible for assessing and providing oversight to the management with regards to the identification and evaluation of major strategic, operational, regulatory, information and external risks inherent in the business. It also oversees the bank's risk management, compliance and control activities. Overseeing the integrity of the bank's operational control systems regarding legal and regulatory compliance is also within the purview of the RMC.

3.3 Scope of the Risk Management division:

At BRAC Bank, the Risk Management division has been instituted as per Bangladesh Bank's directives. The division is accountable for overseeing the management of risks inherent in the bank's operations. Moreover, this unit is responsible for ensuring that effective processes are in place for:

- Identifying current and emerging risks
- Developing risk assessment and measurement systems
- Establishing policies, practices and other control mechanisms to manage the risks
- Developing risk tolerance limits for the senior management and Board approval
- Monitoring positions against approved risk tolerance limits
- Reporting results of risk monitoring to the senior management and the Board

At the bank, along with the risk management officials, the business lines staff are responsible for the risks they take. Because it is indeed the front line personnel who are fully aware, more than anyone else, about the risks in the business they are opting to on board. Therefore, drawing a perfect synergy with the risk management objective.

3.4 Coverage of various risk types:

To ensure banking operations run smoothly and to support its objectives, BRAC Bank undertakes a number of risks. The judicious management of these risks is an integral part of the bank's business activities with accountability vested with particular staff. Prudent risk management also ensures that risk controls are well-developed and implemented effectively. The bank encounters different types of risks on a daily basis and focuses on addressing the risks that occur or has probability to occur or are predicted to occur.

1 CREDIT RISK

2 MARKET RISK

3 OPERATIONAL RISK

4 CYBER RISK

5 REPUTATIONAL RISK

6 STRATEGIC RISK

7 HUMAN CAPITAL RISK

8 ENVIRONMENTAL RISK

Risk Mitigation Methodology

In the context of the banking business, risk is inherent and the impact of risk management is significant enough to have an impact on the financials. To thwart risks, the Central Bank of Bangladesh has identified key risks and has defined them as core to the function of the banking industry.

The year 2017 was a fairly decent one for the Bangladeshi banking industry, despite the rising incidence of non-performing loans, and governance deficit. Even in this scenario, BRAC Bank has always been aware of adverse situations and has embraced timely action to avoid loss arising out of risk-prone events. Throughout 2017, we have taken several initiatives to manage evolving uncertainties with prudence and conservatism. Broadly, we undertook the following measures to strengthen our bank's risk framework:

- Revised our credit policy, aligning it more closely with the central bank's guidance
- Instituted Credit Administration-CAD to brings forth more effectiveness in credit risk management
- Introduced environmental and social risk considerations into CRM as per the revised Environmental and Social Risk Management (ESRM) guidelines of Bangladesh Bank
- Formulated Risk Appetite Statement (RAS) to allocate sector- and industry-wise internal limits
- Enhanced the tool to flag risks at the individual level to facilitate the procedure of risk escalation in the risk register
- Emphasized to increase the portfolio of rated clients and strived to bring the maximum number of borrowers within the fold of rating. Eligible SME customers will also be progressively taken under the purview of rating
- Enterprise Risk Governance Forum (ERGF) formed
- Established a treasury mid-office for enhancing the quality of the treasury support functions
- Operational level of Risk committee Enterprise Risk Associate Forum (ERAF) restructured
- Streamlined the formation of Sustainable Finance Unit and committee, thereby ensuring greater governance of environmental and social risks

In addition to these activities, key risk areas were highlighted and placed to the senior management regularly through the submission of the risk management paper. In addition, significant risk issues with comprehensive analysis were also presented to the ERMC.

Year 2018 might pose a diverse scenario in the banking industry. The economy is hit by a spell of liquidity crisis and this liquidity pressure may continue to linger. On the other hand, FDI inflow is likely to fall due to sluggish investment with the probability of our Capital market to see a slump. Excessive credit growth may not be in the banks' priority list. Under such circumstances, banks are required to focus on low cost fund. We intend to bolster the monitoring and follow up endeavors of our existing clients. Also focus on asset quality more than ever before. 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.

Overview

By their very nature, risks are ever-evolving. Consequently, risk mitigation strategies have to be dynamic for an organization to successfully establish a sound risk management practice. However, there are certain types of risks that are most likely to occur and impede the business from attaining its goals. Hence, effective policy/action plans need to be put in place to ensure high levels of effectiveness in risk management.

In the context of the banking business, risk is inherent and the impact of risk management is significant enough to have an impact on the financials. To thwart risks, the Central Bank of Bangladesh has identified key risks and has defined them as core to the function of the banking industry.

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 the core risks. Accordingly, at BRAC Bank, we embrace these guidelines and also formulate our own strategies in managing the core risks facing our Company.

1. Credit risk

Definition: Credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. In the first level, the risk is that of the lender and includes 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, where socioeconomic and environmental impact of the decisions made are emphasized upon. To achieve holistic control of this risk, we take into cognizance the credit risk inherent in the bank's entire portfolio as well as the risks associated with individual credit proposals/ transactions. We carefully appraise the relationship between credit risk and other risks while supporting the bank's transactions.

Mitigation measures: Considering the key elements of credit risk, the bank has segregated responsibilities of its officers/executives involved in credit-related activities. A unified platform for Corporate, SME and Retail divisions has been entrusted with the responsibilities of maintaining effective relations with customers, marketing credit products, exploring new business opportunities, etc. For ensuring operational transparency during the credit appraisal process, the following teams have been instituted:

1. Credit approval
2. Asset operations
3. Recovery unit and Special Asset Management

In addition, the following principles have been considered for effective credit risk management:

- **Portfolio composition:**

Though BRAC Bank is dedicated to SME financing, the bank is also concurrently exploring opportunities to grow its corporate and retail loan segments . The bank's portfolio comprises a variety of products based on the risk-return trade-off. The different types of loans (industrial loans, loans for trade and commerce, home loans, auto loans, sovereign-guaranteed loans, etc.) have uneven risk–return factors and hence opportunities are pursued accordingly, also depending upon the prevailing market conditions and industry prospects.

- **Underwriting:**

Underwriting plays a pivotal role in mitigating risks associated with lending while also enabling alignment with regulatory standards. A standard underwriting policy, robust credit scoring methodology, collateral support and other structure play a major role in ensuring sound credit risk management. Moreover, the customers' ability to meet principal/interest obligations is assessed considering borrower selection based on thorough credit appraisal.

- **Credit quality:**

Determination of credit risk involves review of the borrower's credit history and his income/cash flow assessment. We have established a sound credit disbursement process, maintaining a robust administration and monitoring process and ensuring simultaneous control. We identify these risks by engaging in physical visits made by our relationship managers, credit appraisers as well as by the credit inspection team, across different disbursement phases. These checks also enforce 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 raises a variety of potential risks and opportunities for banks. Given this, we are meticulous in due diligence prior to funding commitment and have established an open credit culture through providing the delegation of authority among the mid-management of the CRM division. Moreover, to support our SME borrowers' businesses, which is geographically spread, we have established numerous CRM centers across the country. These centers conduct an independent pre-approval visit to ensure credit-worthiness of the proposal, hence covering 100% of the SME underwriting throughout the country. Our robust capabilities enable us to identify, measure, monitor and control credit risks, thereby enabling a rigorous control on our NPLs as well as

ensuring that adequate capital against these risks is maintained with satisfactory compensation against potential losses.

2. Foreign exchange risk

Definition: Foreign exchange risk is the risk of loss that a bank may suffer from as a result of adverse exchange rate movements during a period in which it has an open position in an individual foreign currency. In addition, a bank may also be exposed to interest rate and settlement risks on account of its foreign exchange business.

Mitigation Measure of Foreign Exchange Risk: BRAC Bank's treasury division is vested with dealing with risks associated with foreign exchange (FX) movements. Various risk elements are considered while dealing with FX transactions. Some important risk issues comprise credit risk, liquidity risk, interest rate risk, price risk, compliance risk, etc. While segregation of responsibilities is duly maintained, strict restrictions also exist for dealers under which a stop-loss limit is given to restrict his/her intuition beyond an acceptable limit. Moreover, they are restricted to deal in processing and generating revaluation rates, regulatory reporting, setting up counterparty limits, setting up market risk limits, own account trading, etc. Similar restrictions are also present for the back office team. Net open positions are strictly followed, as directed by Bangladesh Bank. Moreover, we possess FX risk management guidelines that are customized to serve our needs. These guidelines have been prepared as per Bangladesh Bank guidelines and have been appraised by our Board of Directors. Bangladesh Bank issued guidelines on FX risks in 2009, which were last updated in February 2016.

2.1 Mitigation strategy: Various risk elements are considered while managing with/dealing in FX transactions. The following aspects are covered to thwart FX risks:

2.1.1 Limits:

Foreign exchange dealing is done within the limits authorized by the Board to the CEO/Head of Business and Head of Treasury. Dealing limits are set considering the bank's own requirements, market conditions, counterparty, etc. The CEO usually delegates the limits to the Head of Treasury who, in turn, allocates limits to individual dealers.

2.1.2 Stop-loss limit:

Every dealer is assigned a stop-loss limit to restrict intuition-driven trades beyond acceptable limits, considering 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/CEO and the Head of Treasury is set by the Board and, in turn, the Head of Treasury allocates individual limits to the dealers.

2.1.3 After-hours and off-premises dealings:

After-hours and off-premises dealings are strictly prohibited. The Head of Treasury, with the approval from the Head of Business/CEO, might engage in after-hours and/or off-premises dealings for taking/covering positions on a case-to-case basis.

2.1.4 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. Outstanding issues, if any, are reported to the CEO/Head of Operations for immediate reconciliation.

2.1.5 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 conflict of interest with reporting to the line manager. This exercise provides information with regards to the profitability/loss of outstanding contracts.

2.1.6 Internal audit:

The bank's internal audit team conducts an audit of the affairs of the treasury, which includes checking DCFCL, adherence to various limits, compliance requirements, statutory and management requirements, etc. In addition to regular audits, surprise audits are also conducted.

2.1.7 Deal making:

The process commences when a dealer strikes a deal in the market. He then maintains his own record for monitoring the exchange position and his own dealing position. Within a reasonable period, the dealer passes detailed deal information to the treasury back office. The back office arranges for the deal confirmation to the counterparty, arranges settlement, reconciles exchange position and advises the treasury. Certain processes that are crucial to achieve efficiency, profitability and control in the treasury function are mentioned below:

- **Dealing room:** Access to the dealing room is restricted only to dealers and other concerned personnel
- **Taped conversations:** The dealing room is equipped with a voice recorder for recording telephonic deals

- **Deal recording:** Deals are recorded as soon as they are struck in a register/electronic register where a dealer and Head of Treasury/Chief Dealer signs his initials
- **Position blotter:** Immediately after a deal is struck, the dealer records the deal on the position blotter and updates his position. The dealer maintains the blotter with utmost importance to avoid any mismatch and adverse position
- **Deal slip:** Immediately after a deal is struck, the dealer prepares a deal slip with the necessary details and passes the same to the back office for settlement and reconciliation
- **Deal delay:** The deal slip is sent to the treasury back office within the shortest possible time and without any abnormal delays
- **Counterparty limits:** A counterparty limit arises from the potential risk of the counterparty being unable to settle a deal with both pre-settlement and settlement risks. Counterparty limits are set by the Credit Committee and monitored by the Head of Treasury/financial analyst.

In addition to these, trigger levels, appropriateness of dealings, rate appropriateness, deals outstanding limits, daily treasury risk reports, code of conduct, etc., are also taken into consideration. Bangladesh Bank-approved limits are considered during the monitoring process. Daily management report portrays a real-time scenario to the top management. Moreover, FX open position limits are reported to Bangladesh Bank on a regular basis.

3. Asset-liability risk

Definition: Asset-liability management (ALM) plays a critical role in weaving together the different business lines within a financial institution. Besides, managing liquidity and the balance sheet are crucial to the existence of a financial institution. It is also essential for 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 exposes the bank's business to the risk of loss, which may, in extreme cases, threaten the survival of the institution. As such, it is important that balance sheet risks are effectively managed, appropriate policies and procedures are established to control and limit these risks and proper resources are available for evaluating and controlling these risks. When the central bank issued ALM guidelines over a decade ago that were last updated during 2017, we developed our own policy in line with the directives. Our Asset Liability Management Policy was approved by the Board in August 2004 and was updated in April 2016. The Asset Liability Management Policy is prepared to monitor, measure and manage the risks associated with the balance sheet and guards the bank against any unforeseen losses/threats to survival. The policy is revised to accommodate regulatory and organizational changes over time. Moreover, we have several liquidity risk indicators that are 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 measures: Liquidity contingency plan as also the guidelines of Bangladesh Bank in respect to CRR, SLR and capital adequacy act as guides. The Asset Liability Committee (ALCO) is responsible for the overall balance sheet (asset-liability) risk management. Treasury is accountable for managing the balance sheet as per the recommendations of ALCO to minimize risk and maximize returns. The committee 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 his 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
- The kind of interbank dependencies the bank has

Based on the analysis, the committee takes decisions to reduce balance sheet risks while maximizing profits.

BRAC Bank also provides adequate emphasis to minimize 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. Apart from this, proper resources are ensured for the evaluation and control of these risks.

4. 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 under operational risk. Internal control is the process that, guided by a company's Board, management and other personnel, is designed to provide reasonable assurance regarding the attainment of objectives in the efficiency of operations and reliability of financial reporting and compliance with applicable laws, regulations and internal policies. Internal controls represent policies/procedures established and implemented alone, or in coordination with other policies/procedures, to control a particular risk/business activity, or a combination of risks/business activities, to which the company is exposed to or in which it is engaged. A sound internal control function plays an important role in contributing to the effectiveness of the internal control system. BRAC Bank has a Board-approved ICC policy.

Mitigation measures: Our approach to managing internal control and compliance risk:

- **Establishment of a compliance culture**

Our robust organizational structures enables 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 query deemed fit during the audit process.

The bank's Board has established an Audit Committee to monitor the effectiveness of the internal control system. The Audit Committee meets the senior management periodically to discuss the effectiveness of the internal control system and ensures 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 has completed the audit and inspection tasks of branches (retail and SME) and head office divisions/departments in 2017. Significant deficiencies, if any, 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/SME unit offices.

With a view to prevent fraud and forgery, BRAC Bank has established a department to deal with such incidences. This wing exclusively deals with all kinds of fraud and forgery and acts independently as the first contact point/information unit where internal/external fraud and forgery incidences are investigated and reviewed. To protect the bank and its stakeholders' interest, this unit performs thorough investigation to identify the perpetrator/s and the root cause of the reported incident. As a counteractive course of action, preventive and corrective measures are recommended to the business/functional unit to take necessary actions relating to process improvements, recovery of misappropriated amount and adjustment of the operational loss with appropriate action against the perpetrator/s. The investigation reports are also placed to the Board Audit Committee. This wing also ensures the implementation of the recommendations made in the investigation report by performing quarterly follow-up audit. Any violation/breach in compliance issues are dealt with rigorously.

- **Role of external auditors in evaluating internal control system**

External auditors, by virtue of their independence from the bank's management, provide unbiased recommendations on the strengths/weaknesses of the bank's internal control system with regular periodicity. They examine records and transactions and evaluate the accounting policy, disclosure policy and methods of financial estimations. This allows the Board and the management to have an independent view on 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.

5. Money laundering risk

Definition: Money laundering is deemed as a financial crime that aims to conceal, misrepresent and disguise details with regard to illegal income sources, taking advantage of the vulnerability of the financial institution, mostly in developing countries. Due to the rapid incorporation of sophisticated technology in a globalized financial sector, money laundering has truly become a worldwide scourge that has widespread economic and social consequences. Hence, Bangladesh has reinforced its anti-money laundering system by introducing and updating legislations, enactments such as Anti-Money Laundering Act and Anti-Terrorism Act and enforcing compliance for reporting organization/s. In addition, being the principal regulatory body of banks/financial institutions, Bangladesh Bank has provided valuable guidance through guidance notes, policies, circulars, circular letters, instructions etc., 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-off financial channels that money launderers and terrorist organizations use for illicit purposes. The bank's Board views money laundering prevention as part of its risk management strategy and not simply as a standalone requirement imposed

by legislation. The bank is fully committed to condemn money laundering and terror financing.

Mitigation measures: BRAC Bank has developed a comprehensive policy on money laundering prevention, combating terror financing and KYC (know your customer), approved by the Board. We strive to enhance our policies, procedures, systems and technological resources on the guidance of our Board and have issued multiple circulars, circular letters and instructions from time-to-time, in compliance with the updated regulations. As part of our anti-money laundering policy, every year, BRAC Bank communicates a statement to all employees through the CEO that clearly sets forth the way forward for the year and shares the initiatives taken over the last year pertaining to combating money laundering and terror financing.

The bank has also nominated a Chief Anti-Money Laundering Compliance Officer (CAMLCO) and Deputy CAMLCO who together ensure that the bank is compliant with all AML guidelines. In addition, the Branch Anti-Money Laundering Compliance Officer (BAMLCO) is accountable for AML compliance at the respective branch. As part of his responsibility, the BAMLCO reviews and verifies account transactions to make suspicious transaction reports (STR) and ensures fostering an AML- and CFT-compliant culture. Training is also conducted regularly for all officers for ensuring KYC compliance and identifying suspicious activities/transactions.

Monitoring: Once an account is opened, relevant customer activities and transactions are monitored on an ongoing basis. Inconsistencies are measured against the stated purpose of the accounts, i.e. the customer's declared transaction profile (TP). The following reports are generated at prescribed frequencies to ensure effective monitoring:

- **Excessive Cash Movement Report:** On a daily basis, every branch generates a large value Cash Transaction Report and reviews the transaction pattern.
- **Exception Report/TP Breach Report:** On a monthly basis, every branch generates an Exception Report of customers whose account transaction volume exceeds 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 behind the changed TP and amends the KYC profile accordingly.
- **CTR (Cash Transaction Report):** Cash transactions (deposits/withdrawal) 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 as a continuous process. High risk accounts are reviewed by the concerned branches annually and low risk accounts are reviewed based on specific incidents. Transaction profiles are also reviewed and updated on justified grounds with proper documents, wherever applicable.

While monitoring and reviewing these reports, if the branch staff identifies any customer activity/transaction pattern suspicious, they are assigned to raise a Suspicious Transaction Report/Activity Report to BAMLCO. If BAMLCO finds the suspicion justified, he/she will forward the same for CAMLCO's judgment.

Apart from monitoring customer activity and transactions, the branch makes an overall assessment on AML/CFT activity. Self-assessment is documented in the form of a report comprising such details as its owner, its control and supervision and the resulting findings, conclusions and recommendations. A consolidated report on 'Self-assessment and independent procedure' is submitted to the bank's senior management, also indicating an analysis on whether the internal procedures/statutory obligations in combating AML/CFT were adequately discharged.

At BRAC Bank, we have incorporated KYC, due diligence and AML risks along with mitigation plans in our product program guideline (PPG) and have developed a comprehensive operations manual for both front line as well as backend employees to remain constantly vigilant to prevent the abuse of our products and services.

In addition to the regular return, we report suspicious activity/transactions to the Financial Intelligence Unit of Bangladesh Bank and respond to their queries with regard to the activity/transaction. In such cases, where there has been a report of a suspicious activity or the institution is aware of an ongoing investigation relating to a client/transaction, records relating to the transaction/client are retained until confirmation is received that the matter has been resolved.

6. Information and communication technology (ICT) risk

Definition: Technology continues to be a strong pillar in the bank's emphasis on providing a superlative experience to its customers. 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 the third-eye for information assurance and manages ICT risks. Its vision is to become the centre of excellence for information security management within the banking industry and to be a

frontrunner in this area as the bank develops a robust security architecture and embeds a 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 practices that are followed by all employees while also ensuring overall data and information assurance for the organization. It outlines the responsibilities and requirements of BRAC Bank and its employees with regards to its IT resources.

Mitigation measures: BRAC Bank has adopted information security of global-standards. The bank is a pioneer in the financial sector, achieving the prestigious ISO-27001 international certification for information security management, also fulfilling this regulatory mandate. ISO-27001 is the international standard for information security management and formally specifies a management system that is intended to bring information security under explicit management control. BRAC Bank has also embraced various core technological improvement initiatives including:

- Core Banking System version up-gradation
- E-commerce system up-gradation 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 upgradation

For Cyber Security and ICT risk mitigation, bank has updated ICT security policy which is in line with latest Bangladesh Bank ICT guideline and the vastly practiced framework and international standards e.g. COBIT, ITIL & ISO 27001. BRAC Bank is the 1st and only bank in Bangladesh who achieved ISO 27001:2013 international certificate for information security management function.

7. Other risks impacting the business

Core risks represent the risks associated with the principal functions of the bank. However, there are some other evolving risks associated with the bank's operations. BRAC Bank remains watchful of these emerging risks and has likewise chalked out strategies for their management and control.. Such risks include:

7.1 Environmental and Social risk

Environmental and climate change risk refers to the uncertainty/probability of losses that may originate from any adverse environmental/climate change events (natural or manmade) and/or non-compliance with prevailing environmental regulations. The impact of climate change is undeniable in a country like Bangladesh. In 2017, the country was affected by severe floods. This adverse environmental calamity not only affects the health and wellbeing of the community but also has cascading economic effects. Since BRAC Bank's portfolio is concentrated among small- and medium-scale entrepreneurs, natural calamities tend to have a negative impact on our business. Yet, BRAC Bank deals with such challenges proactively. Moreover, additional capital is allocated as per the bank's ICCAP by considering the environmental and social risks.

The year 2017 has been an inflexion in sustainable banking with Bangladesh Bank issuing new ESRM guideline. As a result, sustainable finance unit (SFU) and a committee has been formed within the bank in order to enhance sustainability through collaboration between the CSR and green banking unit. The activities of SFU are conducted in line with Bangladesh Bank's SFD circular no. 2, dated December 2016. In addition, BRAC Bank, with support from its development partner, FMO, has arranged for a capacity development program for employees regarding the necessity of ESRM into lending considerations. The year 2017 was a test phase of incorporating the new ESRM guidelines which will be in force from January 2018.

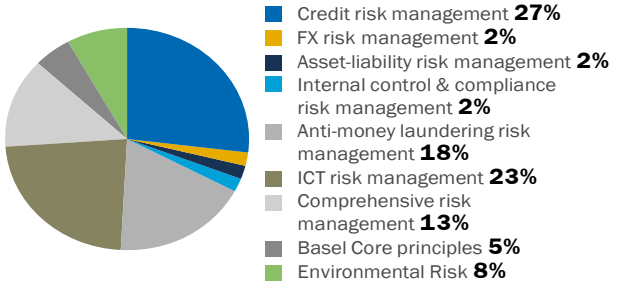
We not only ensure proper mitigation strategy while extending credit facilities but also involve dedicated relationship managers zone-wise to closely monitor and council customers to help combat unforeseen situations with efficacy. Simultaneously, to safeguard our environment from further deterioration, we strongly emphasize on sustainable banking practices.

7.2 Human resource risk

Human resource risk is the risk that the bank may incur due to loss of valuable personnel, deterioration of morale, inadequate development of human resources, inappropriate working conditions with a threat to safety, inequality or inequity in human resource management or discriminatory conduct.

At BRAC Bank, all employees are inducted to comply with the Code of Ethics and conform to the relevant laws and regulations. The bank's HR division ensures that during recruitment, employees understand the Code of Ethics and Business Conduct and acknowledge the same. As a philosophy, we believe in the continuous development of our human resources for obtaining optimum efficiency and hence, BRAC Bank's employees are provided with several opportunities to further their career prospects and improve their performance.

Training programs organized in 2017



The HR division arranged as many as 300 different programs in 2017. Under these programs, the total participation was 24,759 and collective classroom training comprised 2,95,566 hours. As many as 88% of our total staff received training and the average training per participant stood at 43.96 hours.

7.3 Concentration risk

As defined in RBCA guidelines, concentration risk arises when a bank invests its majority, or all of its assets, into a single/handful of individuals/entities/sectors/instruments. When a bank fails to diversify its loan and investment portfolios, concentration risk emerges. Downturn in concentrated activities and/or areas may cause huge losses to a bank as far as its capital is concerned and 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:** When a bank's credit portfolio is concentrated within a few individuals/entities/sectors, credit concentration risk arises.

- **Market concentration risk:** When a bank's investment portfolio is concentrated within a few instruments/any instrument of a few companies/any instrument of a small number of sectors, market concentration risk arises.

7.4 Mitigation measures

We try to manage our credit concentration risk by diversifying our portfolio both geographically as well as sector/industry wise. Being a SME focused bank, inherently our portfolio is aptly dispersed among small and medium sized borrowers. As for Corporate clientele, many of them are market leaders and have affiliation with other banks. Thereby, their appraisal and assessment have been done by several parties.

7.5 Interest rate risk

Interest rate risk is 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 period of assets and liabilities are different. Other than the re-pricing issue, 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, while a long-term impact is on the bank's net worth since the economic value of the bank's assets, liabilities and off-balance sheet exposures are affected. Re-pricing schedule is used as an interest rate risk measurement technique, which begins with a maturity/re-pricing schedule that distributes interest sensitive assets, liabilities and off-balance sheet positions into a certain number of pre-defined time bands according to their maturity (fixed rate) or time remaining to their next re-pricing (floating rate).

7.6 Equity price risk

Equity risk is defined as losses incurring from changes in the market price of equity held by a bank. To measure and identify the risk, mark-to-market valuations of the share investment portfolios are done. Mark-to-market valuation is 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 loan statement against shares. Equity price risk could be systematic or unsystematic. The former refers to the sensitivity of a portfolio's value to changes in the overall level of equity prices, while the latter is associated with price volatility that is determined by a firm's specific characteristics.

Disclosure of Risk Reporting

As one of the frontline private sector banking institutions of Bangladesh with a robust track record, risk management and reporting is an integral part of BRAC Bank. While risk reporting enables the organization to quantify the level of risk and assess trends occurring over time for embracing corrective mitigation action, the analysis of major risk indicators is also significant while determining the bank's overall risk appetite. Hence, BRAC Bank's risk reporting procedure is anchored on a solid structure with regulatory compliance mechanisms firmly in place at all times.

1. BRAC Bank's risk reporting coverage:

Risk reporting can be explained as the process of defining and analyzing the risks associated with the business and a risk analysis report can be either quantitative or qualitative. At BRAC Bank, risk management reports cover disclosure requirements under Basel-III and reporting regulation under risk management guidelines. Risk reporting enables the bank in the decision-making process, enhancing the accuracy of the decisions and ensuring time-bound implementation.

Risk reporting	
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 organisation'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 symmetry 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

2. Our Internal Risk Reporting Coverage

A. Transaction Based Testing (TBT)

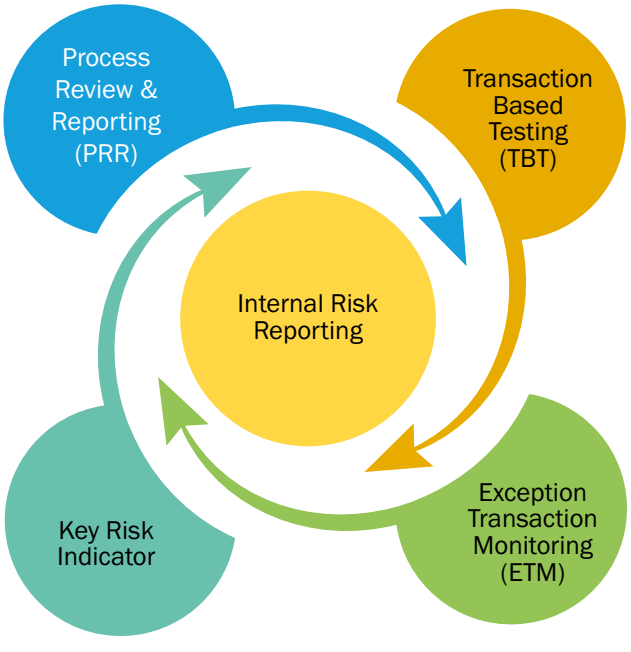
- Prepare Terms of Reference to conduct TBT
- Conducting the Txn based testing as per TOR

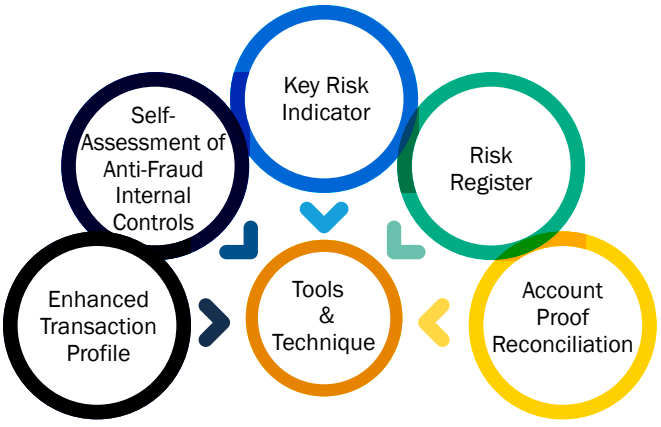
B. Exception Transaction Monitoring (ETM)

- Identify Exceptional Transaction
- Coordinate with relevant stakeholder to verify authenticity and legitimacy

C. Process Review & Reporting (PRR)

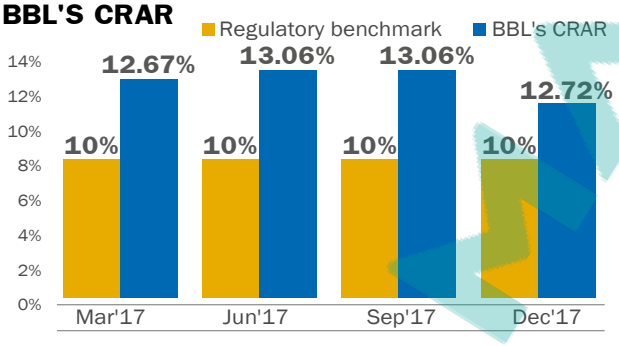
- Communicate with stakeholders to understand the existing process
- Identify the GAP and resolve (if required)





3. CRAR under Pillar-I of Basel-III:

The computation of the minimum capital requirement represents the basis of Pillar-I of Basel-III. The capital requirement is assessed against areas of the asset portfolio considered to be risk-prone. The credit portfolio and market exposures are considered along with the risks associated in the day-to-day operations while also determining the inherent risk within the assets. As per the prevailing Basel-III requirements (2017), banks have to maintain a minimum capital of 11.25% (including capital conservation buffer of 1.25%). BRAC Bank has been able to maintain adequate capital levels, which have not declined below statutory requirements at any time during 2017.



4. ICAAP Report under Pillar-II of Basel-III:

The Supervisory Review Process (the Second Pillar of Basel-III) of the risk-based capital adequacy framework is intended to ensure that banks have adequate capital to support all the risks in the business and, concurrently, to encourage banks to develop and utilize superior risk management techniques in monitoring and managing risks. Importantly, the Supervisory Review Evaluation Process (SREP) of Bangladesh Bank ensure a constant dialogue between itself and the bank's SRP team, followed by the disclosure of findings/evaluation of the bank's ICAAP. The SRP team of BRAC Bank looks after 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

5. Market disclosure: Pillar-III of Basel-III

The purpose of market discipline is to establish transparency and discipline in the financial markets so that stakeholders can assess the position of a bank with respect to the assets held by it as well as to identify the risks relating to these assets and the capital adequacy to meet probable losses. For this purpose, banks have to develop a set of disclosures containing information on the assets, risk exposures, risk assessment processes and the capital adequacy to meet the risks.

6. Adoption of Basel-III:

The Basel-III regime has commenced from January 1, 2015 and, accordingly, we have initiated to execute its directives as per the guidelines. Major changes from Basel-II to Basel-III have been done in the Minimum Capital Requirement (Pillar-I of Basel-III) assessment methodology, under which the definition and structure of regulatory capital has undergone significant amendments. However, Pillar-II and Pillar-III remain essentially unchanged with some minor inclusions.

6.1 Roadmap for Basel-III as per RBCA Guideline issued by Bangladesh Bank:

	2015	2016	2017	2018	2019	2020
Minimum Common Equity Tier-1 (CET-1) Capital Ratio	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%		
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.625%	11.25%	11.875%	12.50%	12.50%

7. Stress testing:

BRAC Bank conducts stress testing on an ongoing basis with a view to determine sensitivity and stability of its capital base. This technique is designed to ensure that the bank has enough capital to withstand unfavorable/ unforeseen scenarios. Stress testing exercises are a routine practice in Bangladesh as an effective diagnostic and supervisory tool. The following situations are considered to assess the sensitivity of the bank's capital base with respect to each situation:

- Increase in NPLs due to default of a large borrower
- Increase in NPLs
- Increase in NPLs in two particular sectors
- Foreign exchange
- Negative shift in NPL categories
- Equity shocks
- Decrease in FSV in collateral
- Interest rates

The following methods are employed for measuring the impact of the above factors in an SRP context:

a. Simple sensitivity tests that help 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.

Stress testing is done assuming three different hypothetical scenarios comprising:

a. Minor level shocks: These represent small shocks to the risk factors. The level for different risk factors can, however, vary.

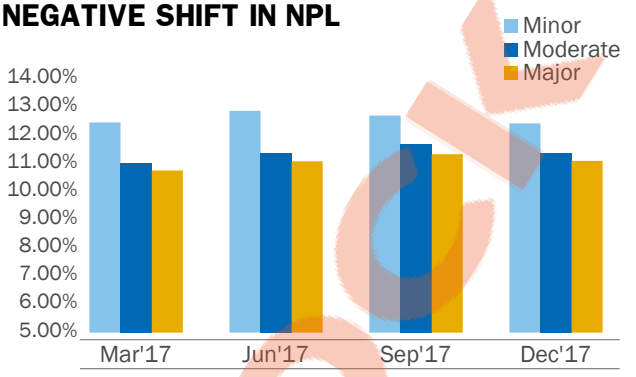
b. Moderate level shocks: These envisage medium level shocks and the level is defined in each risk factor separately.

c. Major level shocks: These involve big shocks to all the risk factors and is also defined separately for each risk factor.

7.1 Negative shift in NPL categories:

This parameter represents the loan shifting from one NPL category to the next NPL category. It is based on the assumption of 5%, 10% and 15% downward shift in the NPL categories in minor, moderate and major levels of shock, respectively. CRAR of BRAC Bank remains well above regulatory requirements upon absorbing all the three levels of shock.

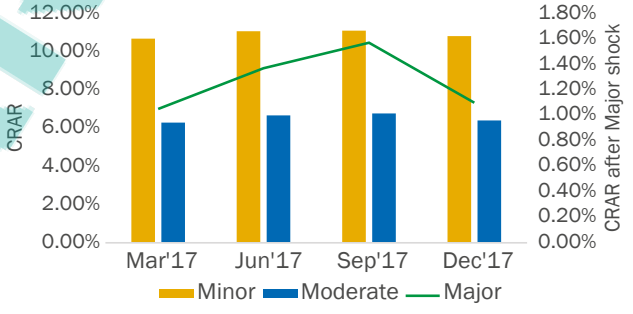
NEGATIVE SHIFT IN NPL



7.2 Increase in NPLs:

This parameter represents the condition of the bank when NPLs increase significantly. It is based 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, the Capital-to-Risk-Weighted Asset Ratio (CRAR) of BRAC Bank gets adversely impacted. In order to overcome this phenomenon, we are constantly working on improving our asset quality

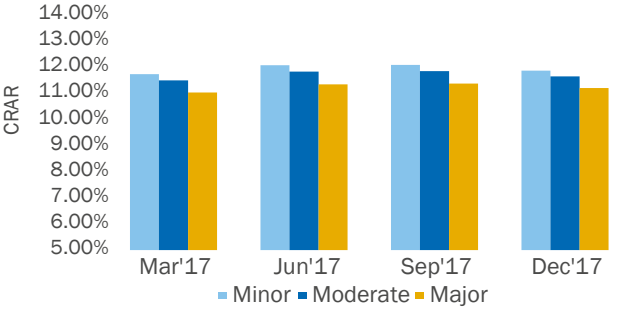
INCREASE IN NPL



7.3 Equity shock:

This metric represents the bank's status when the market value of its shares decline sharply. It is based on the assumption that the share price will change by 10%, 20% and 40% in minor, moderate and major levels of shock, respectively. Hence, considering the scenarios, BRAC Bank's CRAR remains above regulatory requirements after minor, moderate and major levels of shock.

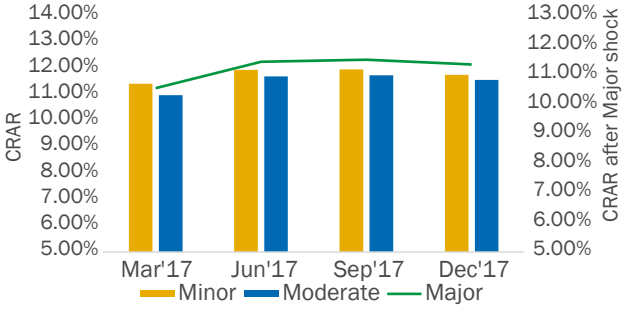
EQUITY SHOCK



7.4 Interest rate shocks:

This parameter represents the status of the bank when interest rates change significantly. It is based on the assumption that interest rates will change by 1%, 2% and 3% in minor, moderate and major levels of shock, respectively. CRAR of BBL remains above the minimum requirement even after undergoing minor, moderate and major levels of shock respectively.

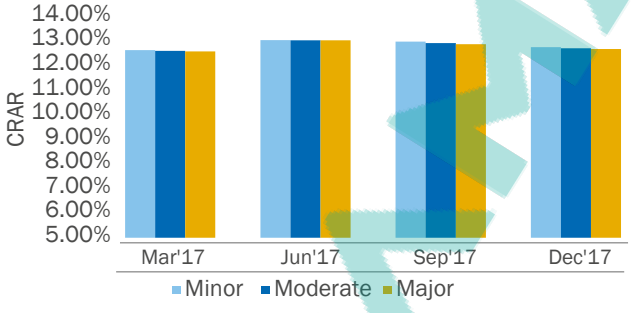
INTEREST RATE SHOCKS



7.5 Foreign exchange shocks:

This metric represents the status of the bank when exchange rates change significantly. It is based on the assumption that exchange rates will change by 5%, 10% and 15% in minor, moderate and major levels of shock, respectively. Hence considering the scenario, CRAR of BBL remains above the regulatory requirement after minor, moderate and major levels of shock respectively.

FX SHOCK



8. Risk Management Paper:

Bangladesh Bank, being the apex regulatory body for the banking industry of Bangladesh, acts as a catalyst for scheduled banks by providing regular guidance and procedures to mitigate risk. To enrich the risk management practice among banks, Bangladesh Bank has introduced a Risk Management Paper (RMP). RMP encompasses a bank's position based on several parameters under various risk indicators. RMP also enables banks to keep a track of the various risk indicators that, in turn, enables them to forecast business opportunities and threats. BRAC Bank submits its RMP to Bangladesh Bank on a monthly as well as half-yearly basis. Under the RMP, the following factors/issues, among others, are considered, each having numerous parameters:

- Capital adequacy
- Operational risk
- Credit risk
- Audit compliance
- Off-shore banking operations
- Reputational risk
- Market risk
- Money laundering risk
- Information about profitability (YTD)
- Compliance of risk management
- Liquidity risk
- Performance of Board of Directors

9. Internal Risk Reporting

There exists a dedicated team within the bank, which not only helps ensure proper risk escalation, mitigation and circumvention but also monitors the overall operational risks that are likely to occur across various business operations. Every month, probable as well as existing risks factors occurring across the bank are raised onto a common platform for the top management's immediate attention and guidance. Upon proper resolution and ensuring that adequate mitigation measures are put in place, they are further placed for Board-level oversight. There is also an emergency risk resolution platform that takes care of ad-hoc and unexpected risk events thereby ensuring that risks are identified, measured, mitigated and controlled on a holistic basis.

Bangladesh Bank, being the apex regulatory body for the banking industry of Bangladesh, acts as a catalyst for scheduled banks by providing regular guidance and procedures to mitigate risk.

Disclosure on Green Banking

The banking sector is one of the major sources of financing industrial projects, such as steel, paper, cement, chemicals, fertilizers, power, textiles, etc., which cause maximum carbon emissions. Therefore, the banking sector can fulfill an intermediary role between sustaining economic development on the one hand and improving environmental protection on the other,

Sustainable banking is, by definition, deploying funds with responsible consciousness about environmental, cultural and social impact and with active support from investors and other constituents of the ecosystem who aspire to make a difference by meeting present day needs without compromising on those of future generations.

In respect of this, ecological conservation and sustainable development are globally regarded as overriding imperatives for protection of our planet from the ill-effects of global-warming and climate change. Moreover, banks and financial institutions can play a pivotal role in global efforts to mitigate environmental risks and make the planet a better place to live.



Organizations worldwide are increasingly becoming interested in implementing strategies that help address environmental issues that contribute towards sustainable development. A major step in this direction is the emergence of prominent environmentally- and socially-responsible banks or 'green' banks. Thus, green banking is a broad concept that principally refers to those practices and guidelines that make banks environmentally-, economically- and socially-responsible. The concept also emphasizes on banking institutions to extend their reach to those industry segments that would help in the overall reduction of external carbon emissions and also enable the minimization of their carbon footprint.

1. Purpose and scope:

The purpose of this disclosure is to demonstrate our banking philosophy that we adhere to in our daily operations. In parallel, it is also a part of our regulatory compliance practice. Importantly, our green banking practices are comprehensively aligned with regulatory guidelines and international best practices. In the year 2017, we explored several unchartered territories and embraced bold new strides in the realm of green banking. Moreover, new initiatives were taken to bolster the nation's economic growth and development in a more sustainable manner, while keeping in mind the expectations of key stakeholders as well as shareholders.

2. Introduction:

The most devastating phenomenon that the world is facing today is climate change. There have been continuous endeavors the world over to measure and mitigate climate change risks caused by human activities. Many countries, including Bangladesh, have committed to control the impact of climate risks. As socially-aware and ecologically-responsible corporate citizens, Bangladeshi banks have a major role and responsibility in supplementing governmental efforts towards ensuring substantial reduction in carbon emissions. Although banks are considered environment-friendly and do not impact the ecology greatly through their internal operations, their external impact on the environment by way of their customer activities is substantial. The banking sector is one of the major sources of financing industrial projects, such as steel, paper, cement, chemicals, fertilizers, power, textiles, etc., which cause maximum carbon emissions. Therefore, the banking sector can fulfill an intermediary role between sustaining economic development on the one hand and improving environmental protection on the other, for promoting environmentally-sustainable and socially-responsible investments. In this context, 'Green banking'

refers to the banking business conducted in such areas and in a manner that helps the overall reduction of carbon emissions to minimize the carbon footprint. To aid the reduction of external carbon emissions, banks are looking to finance green technologies and those projects that aim to reduce pollution.

Attainment of the United Nation's Sustainable Development Goals (SDGs) has become an agenda of paramount significance across the globe. Hence, maintaining pace in this global endeavor, our Government is also amply emphasizing on achieving the goals, as enshrined in the SGDs, at the national level. In order to do so, co-operation from multiple stakeholders is pivotal for success. In this regard, banks and financial institutions have a lot to contribute as they are usually considered to be the lifeblood of the economy. Unambiguously, the two fundamentals of sustainable banking include:

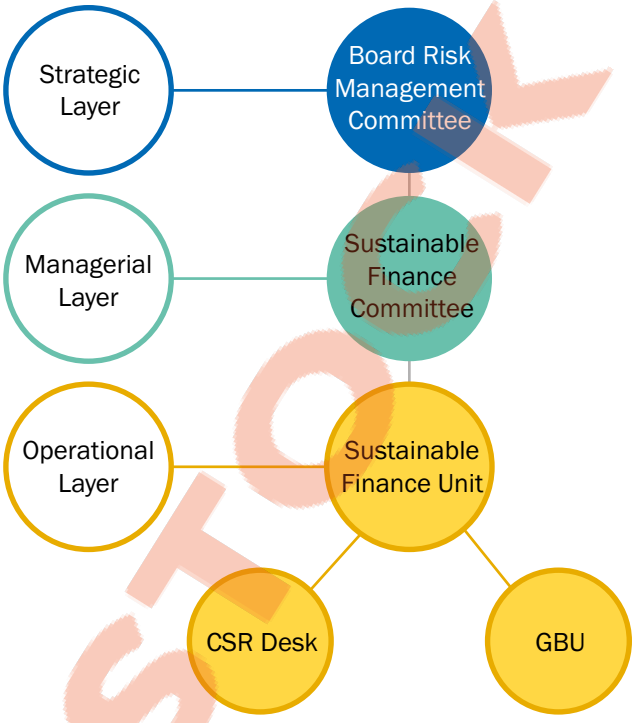
- Environmental friendly or 'Green banking'
- Corporate social responsibility (CSR)

Collective and concerted efforts from both these segments can ensure long-term sustainability in the financial sector. In light of this, Bangladesh Bank has taken a commendable step through which banks' Green Banking Unit (GBU) and CSR desk are encouraged to collaborate for more impactful outcomes and sustainable solutions. Hence, to bring greater efficiency in streamlining processes, as per the directives from the regulators, we have established a Sustainable Finance Unit (SFU) under the auspice of credit risk management.

3. Internal sustainability framework

At BRAC Bank, we established a Sustainable Finance Unit (SFU) and a committee, Sustainable Finance Committee (SFC), to oversee the activities of the SFU. Both the unit and the committee were formed upon the approval of the Board. The SFC consists of top management officials and is chaired by our Deputy Managing Director and CRO. SFU is guided by the Sustainable Finance Committee and works according to the 'Terms of Reference' set forth by Bangladesh Bank. The apex authority to monitor and supervise all sustainability activities within the bank is the Board Risk Management Committee (RMC). They are made aware and kept updated with regards to every sustainability issue of the bank.

> Attainment of the United Nation's Sustainable Development Goals (SDGs) has become an agenda of paramount significance across the globe.



The Board RMC has been entrusted with the authority to approve budgets for green / CSR activities. SFC convenes every month to guide and oversee all SFU deliverables.

Having started its journey only last year in 2017, SFU has allotted more than BDT 5,400 million under green budget during the year, whereby the achievement rate is way more. The SFU activities comprise green financing, climate risk fund disbursal, marketing and providing training and capacity building platforms. Moreover, we have developed a comprehensive green strategic plan that guides us to actively explore every corner of the bank for efficiency improvements. For instance, we have installed solar panels in some of our SME branches and our dedicated infrastructure management team regularly checks the working condition of the solar panels. In addition, we are in the process of building rain water harvesting systems and installing solar panels across select branches too. Moreover, the consumption of water, paper and energy has been optimized as we strive to utilize these resources more efficiently and responsibly. As far as our in-house green management efforts are concerned, we cautiously adhere to the guidelines prescribed in our Green Office Guide. While all the aforementioned aspects are duly addressed, SFU also ensures the creation and management of a climate risk fund, signing of participatory agreement for on-lending/on-blending re-finance, green marketing and also work to establish green branches. With a large number of CSR activities under the purview of the SFU, we aim to touch more lives in the society and enhance the wellbeing of citizens.

On the other hand, being a proponent of environment-friendly banking practices, we extensively promote and

offer alternate banking services such as internet banking, SMS banking and e-statements to our valued clients. Through these alternate delivery channels (ADCs), we strive to ensure less commuting and lower footfalls in our service outlets, thereby ensuring lesser pollution and carbon emissions due to limited vehicular movement. As a part of our 3P (People, Planet, Profit) philosophy, we constantly strive to provide people- and planet-friendly solutions for our customers. In our endeavor to promote green banking and help preserve our planet's ecology, we continuously undertake various initiatives to enroll our customers for green services.

3.1. SMS banking:

BRAC Bank's SMS banking platform is a service that enables customers to access their account information via their mobile phone. Through BRAC Bank's SMS banking, a BRAC Bank account holder can access his / her account's latest information, such as account balance, the last few transactions and a range of other financial information, by typing a pre-defined key letter (like 'A' for account balance and 'T' for the last few transactions, etc).

3.2. E-statement:

An e-statement is an electronic ledger of a bank account statement that is sent to a customer's registered email address every month. E-statements are a safer, faster and greener alternative to paper statements. BRAC Bank's e-statement service is completely secured (password protected), easier, faster and free of charge. In our endeavor to promote comprehensive green banking solutions, we have taken several initiatives to enroll our accountholders to e-statement services instead of dispatching paper-based account statements. This initiative is expected to incur significant cost savings as well as help improve our service quality.

3.3. Internet banking:

BRAC Bank's internet banking enables its customers to avail various services such as fund transfers, credit card bill payments, utility bill payments, account statements checking, etc., through the bank's website. Our internet banking platform is secured by a state-of-the-art two-factor authentication system.

4. Incorporation of ESRM into credit risk management

In 2017, Bangladesh Bank issued new ESRM guidelines with a vision of integrating sustainability into the credit risk management process. In this context, the year 2017 was considered to be a phase-in period for the implementation of 'Guidelines on ESRM' and, from 1 January 2018, the guidelines have become enforceable under the Bank Company Act, 1991. Whatever the source of funds, these guidelines will represent the master framework for the bank in assessing E&S risks in credit proposals. In line with this new legislation, we extend credit facilities upon duly appraising each eligible borrower against E&S standards. It is worth mentioning that the number of projects applicable for the environmental and social due diligence (ESDD) and the projects being rated (i.e. E&S risk rating) have been appreciably increasing over time. E&S rating is an integral part of our credit appraisal process. Our prudent credit risk management team has established a robust end-to-end process for the appraisal of borrowers. BRAC Bank, with the support from different local and foreign experts, has also arranged learning and capacity development programs for employees regarding the importance of ESRM into lending considerations. The procedure for incorporating the requirements of ESRM for sustainable credit risk management has been focused with high priority. There is a strong support system in place from our regulator for any sort of assistance and guidance required.

5. Green financing

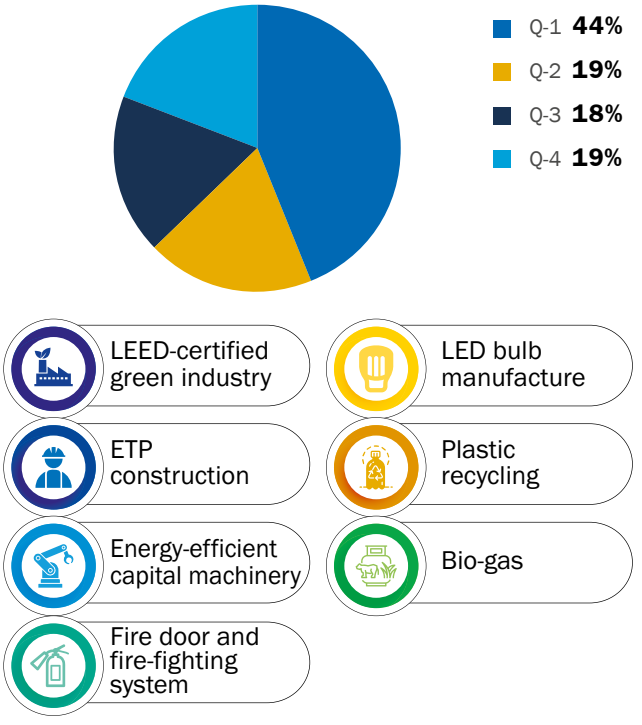
Green financing can be referred to as financial investments flowing into sustainable development projects and initiatives, environmental products and policies that encourage the development of a more sustainable economy. Though not limited to it, green finance may include climate finance. It also refers to a wider range of other environmental objectives, for example, industrial pollution control or biodiversity protection. Combating climate change and environmental pollution are, without doubt, issues that are at the forefront of the global policy discourse. Today, the impact of climate change, particularly in a country like Bangladesh, is becoming evident more than ever before. By all accounts, Bangladesh remains a highly vulnerable nation affected by climate change and environmental pollution. There are specific sectors of the country that require intervention, namely, crops and fisheries, textiles and leather, brick manufacturing and renewable energy. In this context, we have strong support from the central bank. They offer various refinancing schemes for encouraging environment-friendly initiatives that enable entrepreneurs as well as banks to focus on green ventures.

BDT **11,000** mn

BRAC Bank's disbursements in green financing in 2017

BRAC Bank is aligned with the 'triple bottomline' approach. We emphasize on green financing and also strive to exceed our green financing targets set by the management. In the year 2017, we disbursed around BDT 11,000 mn in green financing (both direct and indirect). The investment areas included:

GREEN FINANCING



Green financing is considered to be the path to sustainable profits. Although green financing does not represent a substantial part of the industry, BRAC Bank strives to expand its footsteps in sustainable banking by means of actively engaging in green financing activities. Moreover, it also provides such services as:

Fact!

When it comes to supporting environmental causes, we have actively made donations for the flood-affected regions, directly and through the Prime Minister's Relief Fund. Moreover, BRAC Bank donated 50,000 blankets to help the cold-affected people as climate change is often attributed to causing severe cold spells in certain parts of Bangladesh. The bank also distributed 15,000 blankets in Nilphamari, Kurigram, Khulna and Barguna.

- Technical support to internal resources
- Technical support to clients (if required)
- Exploring green financing projects and providing advisory to clients
- Complying with the requirements of regulatory authorities with regards to green financing
- Assessing the scope and value of green projects

6. Capacity development programs and CSR

With the evolutionary nature of the banking business, it is imperative to constantly upgrade and update skills to align with a dynamic industry environment. Capacity building (or capacity development) is the process by which individuals and organizations obtain, improve and retain the skills and knowledge needed to do their jobs competently. This is precisely why more than 1,500 staff have been educated on E&S risk management and mitigation. By virtue of our affiliation with local and foreign counterparts, we ensure adaptation of best practices faster and with more efficiency. Our regulators also organize various training sessions by bringing professionals and experts from relevant fields.

Under capacity development, BRAC Bank has supported marketing campaigns in the digital space, i.e. Shohoz, Pickaboo and others. We have also partnered with e-commerce platform, Bagdoom.com and introduced the country's first-ever SME loan product for e-commerce under BRAC Bank – Bagdoom Merchant.

7. Conclusion

Banks are responsible corporate citizens and at BRAC bank we believe that every small 'green' step taken today will go a long way in building a greener tomorrow. We are certain that our proactive initiatives will assist to reduce our carbon footprint as well as build awareness and consciousness about the environment and the ecology. Green banking or ethical banking is indeed a strong approach for people to become more aware about global warming and will contribute to a better environment and make the planet a better place to live. There is definitely substantive opportunity in renewable energy technologies, emission reduction and reduced carbon transportation that can be progressively achieved with the cooperation from all sectors of the economy. Banks, being an integral part of our economy, must lead from the front. The concept of green banking is gaining momentum in Bangladesh and BRAC Bank is actively looking for ways to emerge as a pioneering green bank of Bangladesh.

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 members or their nominated representatives:

- Managing Director & CEO – Chairman
- Head of Treasury and Financial Institutions – Member Secretary
- Chief Financial Officer
- Chief Risk Officer
- Head of Corporate Banking
- Head of SME Banking
- Head of Retail Banking

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
- Review of Deposit and Lending rate structure of the bank
- Ensure compliance of regulatory limits and ratios
- 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
- Understanding the market dynamics i.e. competition, potential target market etc.

Risk Management Committee Meetings

The Risk Management Committee of the Bank convenes once in every two months, but an emergency Risk Management Committee meeting can be called if required. A total of 05 (Five) Risk Management Committee meetings were held during the year 2017. The 1st meeting of the Risk Management Committee (RMC) of BRAC Bank Limited for the year 2017 was held on February 20, 2017 at the Jamuna, Anik Tower (11th fl), BRAC Bank Limited, 220/B, Gulshan-Tejgaon Link Road, Dhaka –1208, Bangladesh

Meeting Date	Attendance	Focus Points
20/02/2017 17th RMC Meeting	• Dr. Hafiz G.A Siddiqi • Mr. Shib Narayan Kairy • Mr. Kazi Mahmood Sattar • Mr. Selim R. F. Hussain	**1. Updates of the agenda presented in 16th Meeting of RMC:**
		• Updates of the agenda presented in 16th Meeting of Risk Management Committee was placed before the Risk Management Committee and noted.
		• The Committee was appraised of the changes brought to the ERM policy as per previous directives. The Committee approved and advised to place the policy in the next Board meeting for the final approval.
		• The MD & CEO updated The Committee on the ongoing dialogue with Microsoft and Oracle on enterprise licensing issue.
		2. Speak Up Policy:
		Risk Management Committee advised to place and presents the same at the next RMC meeting.
		3. ERMC Summary:
		ERMC Summary (105th ERMC & 106th ERMC) was placed to Risk Management Committee and was duly noted.
		4. IT Service Interruption Report:
		IT Service Interruption Report for the period of December 01, 2016 – January 31, 2017 was placed to Risk Management Committee and was duly noted.
		5. Bangladesh Bank ICT Guideline (v.3) Compliance Status:
		Bangladesh Bank ICT Guideline (v.3) Compliance Status was placed to and duly noted.
		6. Bangladesh Bank Self- Assessment of Anti-Fraud Compliance Status:
		7. Information Security Status Update: Information Security Status Update was placed and duly noted.
		8. Cyber Security Assessment by Big4, Current Status and Road Map: Cyber Security Assessment by Big4, Current Status and Road Map was placed and duly noted.
		9. Top 50 Customers of Corporate Portfolio: Top 50 Customers of Corporate Portfolio was placed at Risk Management Committee and was hence noted.

Meeting Date	Attendance	Focus Points
		10. Summary of Credit Inspection findings and analysis: • Summary of Credit Inspection Report and Annexure was placed at Risk Management Committee. • The Head of Credit Risk Management has briefed the report to the committee and hence noted. • The MD & CEO discussed the problems the Bank is encountering in the absence of Credit Administration department and also the initiatives taken to establish this department which will make the credit process more robust.
24/04/2017 18th RMC Meeting	• Dr. Hafiz G.A Siddiqi • Mr. Shib Narayan Kairy • Dr. Ahsan H Mansoor • Mr. Kazi Mahmood Sattar • Mr. Selim R. F. Hussain	**1. Updates of the agenda presented on the 17th Meeting of RMC:** • Updates of the agenda presented in 17th Meeting of Risk Management Committee was placed before the Risk Management Committee and noted. • The Technology Project updates were placed and noted. • The Committee suggested to place in next RMC with actual Gantt chart. The chart will need to contain the comparison between "planned timeline and actual timeline".
		2. Speak Up Policy: Head of Human Resource Division presented the Speak up Policy to the Risk Management Committee. The Risk Management Committee advised for few changes and inclusions. • All Deputy Managing Directors and above to be included in the Speak Up Policy (SUP) Committee • In case of Speak up process Head of Human Resource Division (HoHRD) can assign a single person to receive the complaint who will be accessible to the staffs. The assigned person eventually can escalate the issue/complaint to HoHRD. • Primary screening to be made by the SUP Committee to avoid unnecessary complaint investigation • Posters to be made available to all the branches.
		3. ERMC Summary: ERMC Summary (107th ERMC & 108th ERMC) was placed to Risk Management Committee and was duly noted.
		4. Bangladesh Bank ICT Guideline (v.3) Compliance Status: Bangladesh Bank ICT Guideline (v.3) Compliance Status was placed to and duly noted.
		5. Technology Incident Report: IT Service Interruption Report for the period of February 01, 2017 – April 13, 2017 was placed to Risk Management Committee and was duly noted.
		6. Cyber Security Assessment by Big4, Current Status and Road Map: Cyber Security Assessment by Big4, Current Status and Road Map was placed and duly noted.

Meeting Date	Attendance	Focus Points
		7. Information Security Strengthen Initiatives Update: Information Security Strengthen Initiatives Update was placed to and duly noted.
		8. Top 50 Customers of Corporate Portfolio: Top 50 Customers of Corporate Portfolio was placed at Risk Management Committee and was hence noted.
		9. Top 50 Corporate Customers Portfolio: Top 50 Corporate Customers Portfolio was placed to Risk Management Committee and was duly noted.
		10. Summary of Credit Inspection findings and analysis: • Summary of Credit Inspection Report and Annexure was placed at Risk Management Committee. • The MD & CEO discussed the initiatives taken to establish Central Credit Administration Department which will make the credit process more robust.
23/07/2017 19th RMC Meeting	• Mr. Shib Narayan Kairy • Mr. Kazi Mahmood Sattar • Mr. Selim R. F. Hussain	**1. Updates of the agenda presented on the 18th Meeting of RMC:** Updates of the agenda presented in 18th Meeting of Risk Management Committee was placed before the Risk Management Committee and noted.
		2. ERMC Summary: ERMC Summary (109th ERMC & 110th ERMC) was placed to Risk Management Committee and was duly noted.
		3. Bangladesh Bank ICT Guideline (v.3) Compliance Status: Bangladesh Bank ICT Guideline (v.3) Compliance Status was placed to and duly noted.
		4. Cyber Security Assessment by Big4, Current Status and Road Map: Cyber Security Assessment by Big4, Current Status and Road Map was placed and duly noted.
		5. BB Self-Assessment and Anti-Fraud Compliance Status: BB Self-Assessment and Anti-Fraud Compliance Status was placed to and duly noted.
		6. Information Security Strengthen Initiatives Update: Information Security Strengthen Initiatives Update was placed to and duly noted.
		7. Technology Incident Report: • Technology Incident Report was placed to and duly noted. • Board Risk Management Committee expressed their concerns regarding the leakage of inside data/information. Committee suggested to conduct a review on data security and place a report (Division / function wise) in the next Risk Management committee meeting covering current status, gap, requirement and plan.

Meeting Date	Attendance	Focus Points
		8. Subsidiary Cyber Security Assessment by BBL Information Security Status Update: Subsidiary Cyber Security Assessment by BBL Information Security Status Update was placed to and duly noted.
		9. Top 50 Customers of Corporate Portfolio: Top 50 Customers of Corporate Portfolio was placed at Risk Management Committee and was hence noted.
		10. Summary of Credit Inspection findings and analysis: • Summary of Credit Inspection Report and Annexure was placed at Risk Management Committee. • During discussion, panel was informed regarding the newly formed Central Credit Administration Department (CAD) structure of the bank. • A memo is to be prepared and approved from the Board on Credit Administration Department (CAD).
		11. Miscellaneous: Board Risk Management Committee has given emphasis on the Risk Management Functions of our Bank. A brief report on the current Operational Risk Management Functions and work process will be prepared and placed in the next Board Risk Management Committee meeting. Senior executive from Risk Management Division will visit Risk Management Division of BRAC and meet Mr. Md. Mizanur Rahman, Head of Risk Management Department to get the full essence of their existing risk management functionalities and activities.
19/10/2017 20th RMC Meeting	• Mr. Shib Narayan Kairy • Mr. Kazi Mahmood Sattar • Mr. Selim R. F. Hussain	**1. Updates of the agenda presented on the 19th Meeting of RMC:** Updates of the agenda presented in 19th Meeting of Risk Management Committee was placed before the Risk Management Committee and noted. The Risk Management Committee showed their concerns regarding the risk grading. They have given few advices regarding the risk management. • Major risk factors to be identified on regular basis and mitigation plan against the top risk issues to be mentioned against them. • Risk Issues to be graded as per the risk matrix. • The risk matrix needs to contain the threshold point where the board intervention will be needed for the particular risk issue. The Risk Management Committee wants to see the major risk issues where the RMC decision is required will be discussed in every RMC meeting from the next year onwards. Risk Management Division will take necessary steps to address the above issues with the help of CFO, Mr. Abdul Kader Joaddar.
		2. ERMC Summary: ERMC Summary (111th ERMC & 112th ERMC) was placed to Risk Management Committee and was duly noted.

Meeting Date	Attendance	Focus Points
18/12/2017 21st RMC Meeting	• Dr. Ahsan H Mansoor • Mr. Shib Narayan Kairy • Mr. Selim R. F. Hussain	**1. Updates of the agenda presented on the 20th Meeting of RMC:** Updates of the agenda presented in 20th Meeting of Risk Management Committee was placed before the Risk Management Committee and noted. The Risk Management Committee appreciated the recent initiatives taken by Risk Management Division on "Top Risk Issues Identification with Mitigation Plan and Risk Grading" as well as the "Key Risk Indicator (KRI)" activities. <u>Top Risk Issue Identification Activity:</u> The committee advised us to place the report on "Top Risk Issue of BRAC Bank Limited" in details in the next RMC meeting which is scheduled to take place on February 2018. The Committee also advised the Risk Management Division to sit with the stakeholders on frequent basis to update the top risk issues of BBL since it is a continuous activity and can be changed within few months. Six months' time can be justified to revisit this activity. <u>Key Risk Indicators (KRI):</u> The Risk Management Committee suggested to explore for the software for maintaining and monitoring the KRI for whole bank. BBL can also use the format of BRAC that they are using to identify the risk issues from filed level. This can help us to do the historical analysis.
		2. ERMC Summary: ERMC Summary (113th ERMC, 114th & 115th ERMC) was placed to Risk Management Committee and was duly noted. The Discussion took place regarding the new data center and disaster recovery site issue in detail which has been appended in the agenda 3.

Meeting Date	Attendance	Focus Points
		3. Preparation of New Data Center & Disaster Recovery Site considering associated risks of current site: Head of Technology and head of Technology Infrastructure described in details regarding the current situation and the importance of taking a new site for Data Center and Data Recovery. <u>Data Centre site selection:</u> The Risk Management Committee provided their consent and advised to move the Data Centre immediately. They also have given few other suggestions. • The detail discussion took place on site selection. Data Centre can be in the same place of Head Office. • The Head of Technology informed that rental building will be better since we have to move data center on urgent basis and do not have time to build our own space. The committee agreed upon it. • Head of Technology provided an estimation of minimum BDT 50 crore requirement for whole Data center set up. • The committee advised technology team to be cautious regarding the advance payment of rental space. • Long term contract or CPI based contract should be done. And the space need to be taken for at least 10 years to avoid the price hike of the space. • The Head of Technology Infrastructure described the need of site selection to be better near Gulshan, Motijheel, Dhanmondi and Uttara. • The Committee advised the Head of Technology to explore the Sepal Tower for Data Centre site. • The Head of Technology was advised to prepare and provide a detail proposal regarding the Data Centre Site and place it in the Board. <u>Disaster Recovery Site:</u> • The Risk Management Committee was informed regarding the recent requirement of Bangladesh Bank on two DR site (one in any place as per bank and second one in the Kaliyakar Tech Park). • The Technology team was advised to prepare a plan on the disaster recovery site and place it in the next RMC meeting.
		4. Bangladesh Bank ICT Guideline (v.3) Compliance Status Update: Bangladesh Bank ICT Guideline (v.3) Compliance Status Update was placed to Risk Management Committee and was duly noted. Head of Information Security informed the panel that except two requirements (Fraud solution and 2nd Disaster Recovery) all have already been implemented in our bank. He also informed that by 3rd quarter of 2018, these two undone requirements of guideline will also be implemented in BRAC Bank Limited. The Risk Management Committee advised Technology and Information Security team to give a constructive solution/ direction which has been minute under the Agenda no 3.

Meeting Date	Attendance	Focus Points
		5. Information Security Strengthen Initiatives Update: Information Security Strengthen Initiatives Update was placed to Risk Management Committee and was duly noted.
		6. IT Service Interruption Report: IT Service Interruption Report was placed to Risk Management Committee and was duly noted.
		7. Cyber Security Assessment by Big4 Status Update: Cyber Security Assessment by Big4 Status Update was placed to Risk Management Committee and was duly noted.
		8. BB Self-Assessment of Anti-Fraud Internal Controls Compliance Update: BB Self-Assessment of Anti-Fraud Internal Controls Compliance Update was placed to Risk Management Committee and was duly noted.
		9. Top 50 Customers of Corporate Portfolio: Top 50 Customers of Corporate Portfolio was placed to Risk Management Committee, discussed and was duly noted. Chief Risk Officer (CRO) has mentioned about one defaulter account in the mentioned portfolio. He also informed the Risk Management Committee that 3 accounts in this portfolio are in DPD which will be regularized by December 2017. The Risk Management Committee advised CRO to present trend analysis of "Large Loan Percentage" of corporate customers among total portfolio of the bank for the year 2013-2017 in next RMC meeting.

Meeting Date	Attendance	Focus Points
		10. Summary of Credit Inspection & monitoring Report: Summary of Credit Inspection & monitoring Report was placed to the Risk Management Committee, discussed and was duly noted. Head of Credit Administration Department (CAD) presented the report in detail with aging analysis. He also conveyed regarding the new initiatives that have recently been taken like; stock statement collection and valuation policy is in process. The Risk Management Committee advised CAD to analyze the employee effectiveness to regularize deferrals. The report need to contain but not limited to: • Whether the employees have negligence or not • Need to segregate and find out how much effort we can give more from our side to regularize and reduce the deferrals. The Risk Management Committee advised that Relationship Managers (RM) of Corporate Division must ensure the client stock reports to be given to CAD. The Committee advised Credit Administration Department (CAD) to present the "Credit Inspection & Monitoring Report" in the Enterprise Risk Management Committee (ERMC) meeting before placing it in the RMC. The Head of CAD discussed the challenges that are being faced currently in the Credit Administration Department. The Committee suggested HoCAD to prepare & provide a formal proposal with the help of CRO regarding the requirements to overcome the challenges. The proposal/report must contain but not limited to: • Summary of HoCAD's previous expertise, current BBL CAD processes. • Finally come up with the "gap analysis" after analyzing the previous point together. • The report needs to have the responsibility/accountability matrix. • Then the proposal for requirements after doing gap analysis.

Disclosure on Risk Based Capital under Basel III

For the Year Ended on December 31, 2017

Background of Market Discipline

Use of excessive leverage, gradual erosion of level and quality of capital base, insufficient liquidity buffer, pro-cyclicality and excessive interconnectedness among systemically important institutions are identified as reasons of bank failures. In response to manage this, Bank for International Settlements (BIS) came up with new set of capital and liquidity standards in the name of Basel III. 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. Implementation process of this framework has 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 market, 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 the 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 guideline. 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 quarterly basis. All these aspects are required to be well formulated and shared with the valued 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, 2017 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.

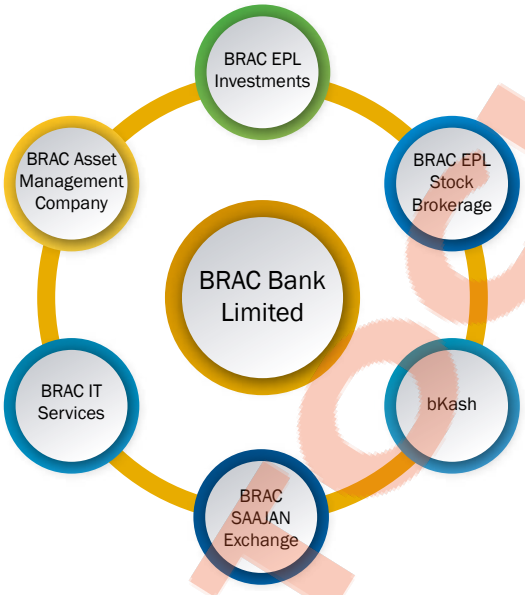
Assets of the subsidiaries were risk weighted and equities of subsidiaries were crossed out with the investment of BBL while consolidating. Therefore, information presented in the 'Quantitative Disclosures' section can easily be verified and validated with corresponding information presented in the consolidated audited financial statements 2017 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.

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 and 446 own ATM booths. **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 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. **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.

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, 36.5% of the equity shares are held by Money in motion LLC (a company listed in USA) and the remaining 12.5% of equity shares are held by International Finance Corporation (IFC). 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 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 shares are convertible to ordinary shares at the option of the Bill & Melinda Gates Foundation. As a result, the holding percentage of existing shareholders will be diluted. Considering the dilution, BBL's shareholding percentage in bKash will drop from 46.06% in the economic benefit in the company. **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. **v. 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. **vi. 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 2017 due to license for Assets Management Company is pending with Bangladesh Securities and Exchange Commission (BSEC).

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 Solo 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 2017.

Quantitative Disclosure

Quantitative Disclosure	a) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.	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, 2017 which ensures the elimination of inter-company transactions, balances and intra-group gains on transactions between group companies.

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 1 Capital (going concern capita)

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:

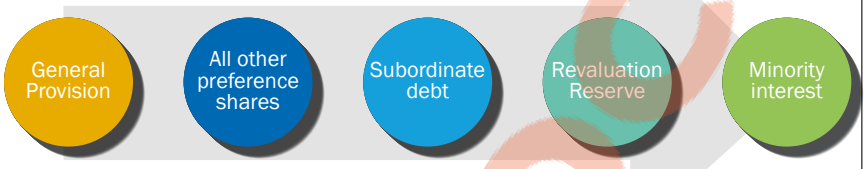
Common Equity Tier 1 (CET1):

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)

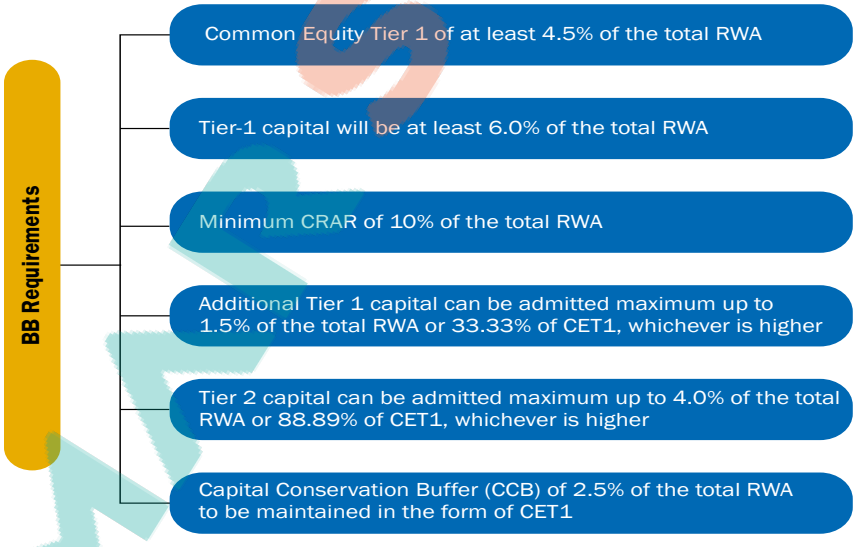
Qualitative Disclosure

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:

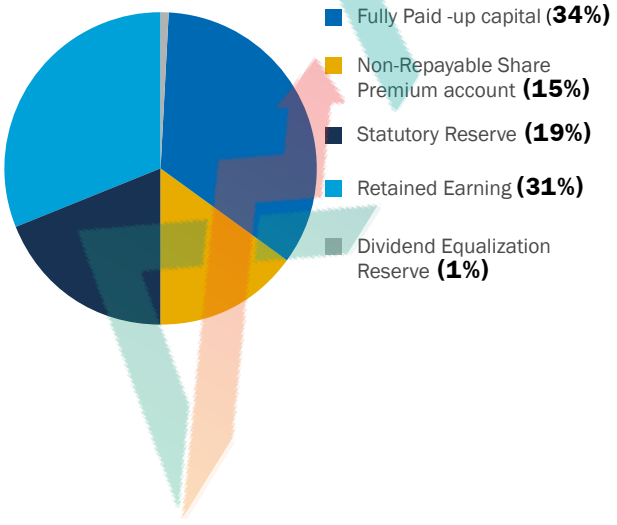
	2015	2016	2017	2018	2019
Minimum Common Equity Tier-1 (CET-1) Capital Ratio	4.50%	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer	-	0.625%	1.25%	1.875%	2.50%
Minimum CET-1 plus Capital Conservation Buffer	4. 50%	5.125%	5.75%	6.375%	7.00%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%
Minimum 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%

Quantitative Disclosure

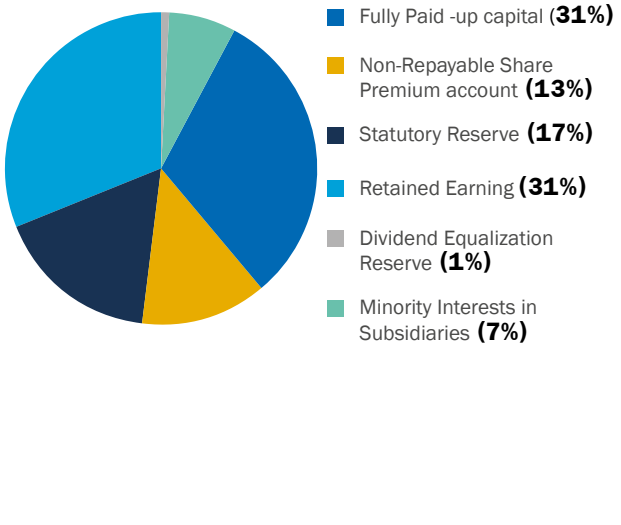
	Common Equity Tier-1(Going Concern Capital)	Solo	Consolidated
Quantitative Disclosure	Fully Paid -up Capital	8,552,096,940	8,552,096,940
	Non-Repayable Share Premium account	3,738,490,072	3,738,490,072
	Statutory Reserve	4,813,606,868	4,813,606,868
	General Reserve	-	-
	Retained Earning	7,991,713,548	8,601,051,187
	Dividend Equalization Reserve	355,218,455	355,218,455
	Minority Interests in Subsidiaries		1,829,699,277
	Sub-total	**25,451,125,883**	**27,890,162,799**
	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	386,862,418	2,201,635,749
	Deferred Tax Assets (DTA)	1,530,145,915	1,812,793,466
	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	**1,917,008,333**	**4,014,429,215**
	Total common equity Tier-1 capital	23,534,117,550	23,875,733,584
	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	-	-
	Sub-total	-	-
	Total Admissible Tier-1 Capital	**23,534,117,550**	**23,875,733,584**

Quantitative Disclosure			
	Tier-2 Capital (Gone-Concern Capital)		
	General Provision	2,963,777,855	2,963,777,855
	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 30th June, 2015(50% Of Fixed Assets And Securities & 10% of equities)	346,502,408	346,502,408
	Total	**3,310,280,263**	**3,310,280,263**
	Regulatory Adjustments		
	Revaluation Reserve For Fixed Assets and Security & equity securities	207,901,445	207,901,445
	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	3,102,378,818	3,102,378,818
	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)	20,919,477,090	21,223,139,583
	21,220,445,671		
	Excess amount over Maximum limit of T-2	-	-
	Total Admissible Tier-2 capital	**3,102,378,818**	**3,102,378,818**
	Total Regulatory Capital	**26,636,496,368**	**26,978,112,402**

Tier 1 Components (Solo Basis)

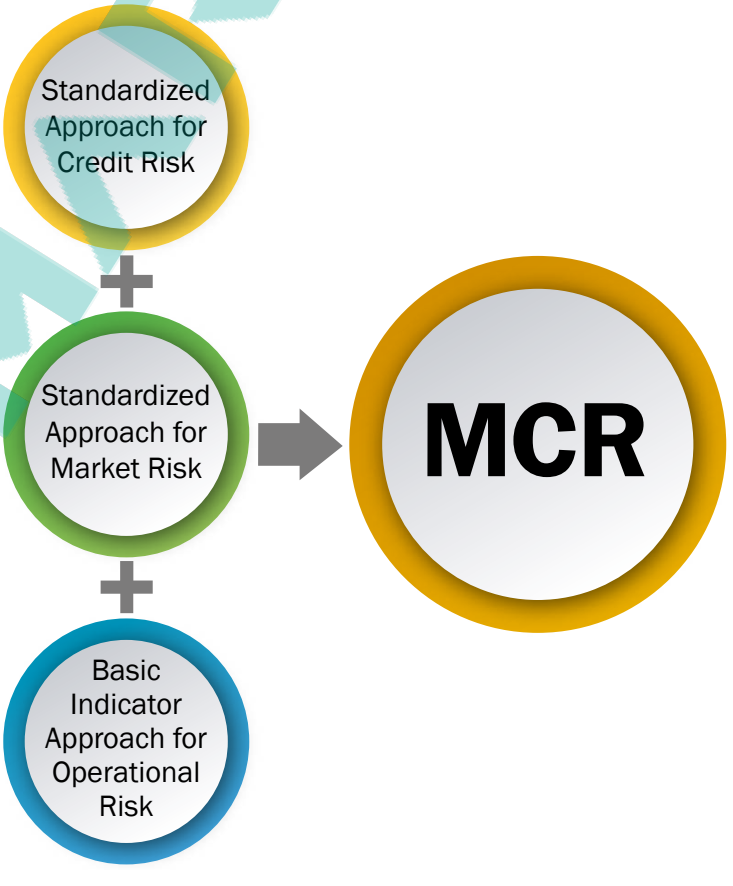


Tier 1 Components (Consolidated Basis)



3. Capital Adequacy

Qualitative Disclosure

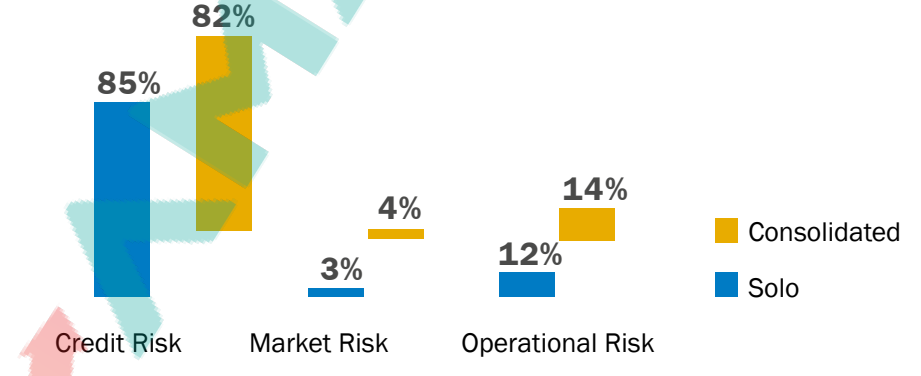
Qualitative Disclosure	a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	BRAC Bank Limited with its focused strategy on risk management has always been consistent in maintaining capital adequacy ratio above the regulatory requirements. BRAC Bank Limited has been successfully managing the incremental growth of the Risk Weighted Assets by ensuring diversification of 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
		

Quantitative Disclosure

Quantitative Disclosure

Description	Solo	Consolidated
a) Capital requirement for Credit Risk	17,836,254,542	18,448,876,082
b) Capital requirement for Market Risk	598,141,510	968,018,575
c) Capital requirement for Operational Risk	2,500,691,037	3,126,882,052
Minimum Capital Requirement	**20,935,087,089**	**22,543,776,708**
d) Capital Ratio:		
CET 1 Capital	23,534,117,550	23,875,733,584
Total Tier 1 Capital	23,534,117,550	23,875,733,584
Total Tier 2 Capital	3,102,378,818	3,102,378,818
Total Capital	**26,636,496,368**	**26,978,112,402**
Total Risk Weighted Assets (RWA):	**209,350,870,890**	**225,437,767,085**
Capital to Risk Weighted Assets Ratio (CRAR)	12.72%	11.97%
Common Equity Tier-1 to RWA	11.24%	10.59%
Tier-1 Capital to RWA	11.24%	10.59%
Tier-2 Capital to RWA	1.48%	1.38%
Minimum Capital Requirement (MCR)	**20,935,087,089**	**22,543,776,708**

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) markets 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. Starting from accumulating and analyzing borrower's business information, Business prospect, present scenario, Market position, market reputation, Industry growth and Peer group comparison, we embark in any deal. 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.



Qualitative Disclosure

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 are defined as number of clients with amount outstanding and classification status to whom loans and advances sanctioned exceeds 10% of the total capital of the Bank. 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:

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

ii) Description of approaches followed for specific and general allowances 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 units	Rates of Provision				
		Un-classified (UC)		Classified		
		Standard	Special Mention Account (SMA)	Substandard (SS)	Doubtful (DF)	Bad/loss (B/L)
Consumer financing	Housing finance	1%	1%	20%	50%	100%
	Loans for professionals	2%	2%	20%	50%	100%
	Other than Housing finance 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 other credit		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 as depicted in the graphic.

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.

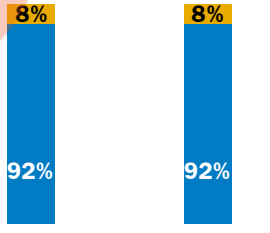
Credit Risk Management: Conventionally, the core function of a Credit Risk Management (CRM) Team is to optimize the risk adjusted return from Bank's Loans and Advances by maintaining an appropriate standard in the underwriting process. However, the scope of BRAC Bank's CRM is not just limited to this. 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.

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 (BDT)	Solo	Consolidated
Credit Risk	**178,362,545,419**	**184,488,760,818**
On- Balance sheet	163,401,815,898	169,528,031,298
Off- Balance sheet	14,960,729,520	14,960,729,520



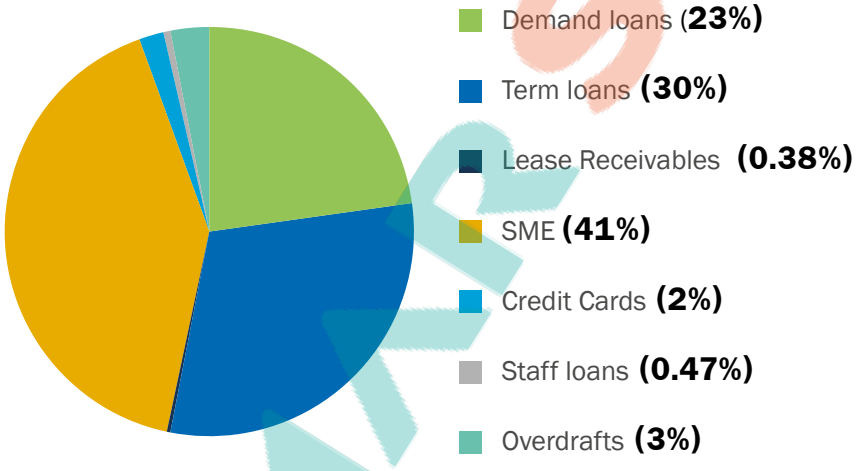
	Solo	Consolidated
Off-BS	8%	8%
On-BS	92%	92%

Quantitative Disclosure

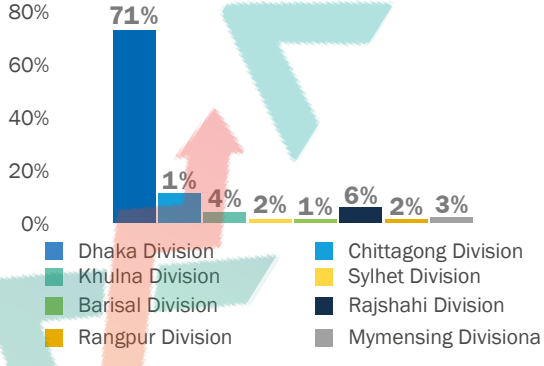
Quantitative Disclosure

a) Total gross credit risk exposures broken down by major types of credit exposure:

Particulars	Amount (BDT)
Overdrafts	4,832,391,842
Demand loans	45,674,682,799
Term loans	59,726,766,919
Lease Receivables	752,976,542
SME	81,064,166,152
Credit Cards	3,834,679,214
Staff loans	927,423,327
Sub-total	196,813,086,795
Bills purchased and discounted	5,199,017,616
Bills purchased and discounted SME	547,276,335
Total	**202,559,380,746**



b) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure:



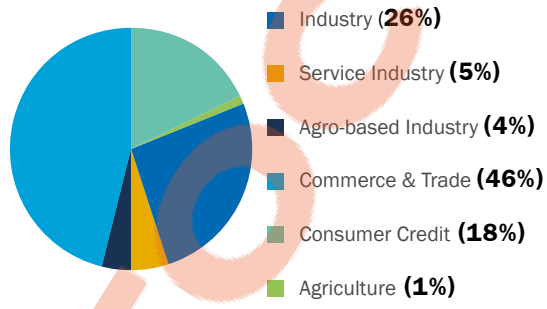
Particulars	Amount (BDT)
Dhaka Division	144,276,011,668
Chittagong Division	22,759,165,182
Khulna Division	8,499,889,028
Sylhet Division	3,827,316,840
Barisal Division	2,953,303,277
Rajshahi Division	11,214,536,430
Rangpur Division	3,153,483,201
Mymensingh Division	5,875,675,120
Total	**202,559,380,746**

AMAR STOCK

Quantitative Disclosure

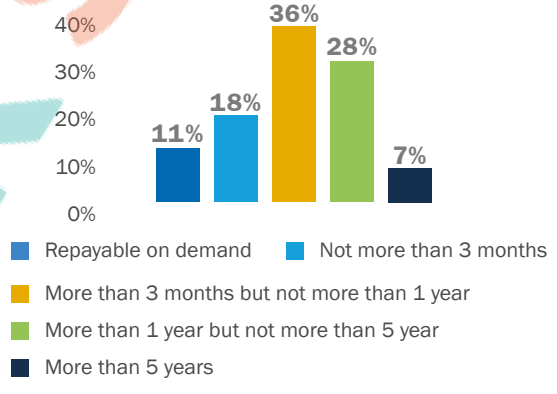
c. Industry or counterparty type distribution of exposures, Sector-wise Allocation of Loans and Advances

Particulars	Amount (BDT)
Government:	-
Private:	
Agriculture	1,954,130,689
Industry	52,439,630,825
Service Industry	9,215,899,231
Agro-based Industry	7,998,551,158
Commerce & Trade	94,113,388,835
Consumer Credit	36,837,780,008
Total	**202,559,380,746**



d. Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure

Particulars	Amount (BDT)
Repayable on demand	21,754,882,943
Not more than 3 months	35,711,940,929
More than 3 months but not more than 1 Year	73,152,955,985
More than 1 year but not more than 5 years	57,499,025,337
More than 5 years	14,440,575,552
Total	**202,559,380,746**



Quantitative Disclosure

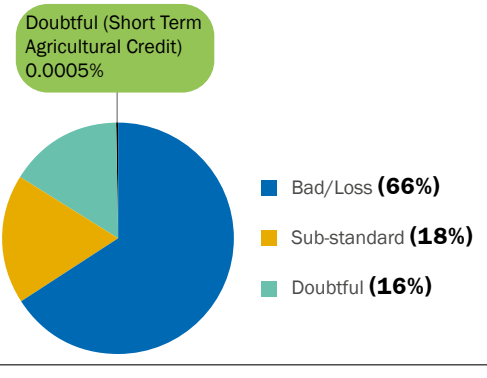
e) By major industry or counterparty type: Amount of impaired loans and if available, past due loans, provided separately; Specific and general provisions; and Charges for specific allowances and charge-offs during the period:

Status	Outstanding Loans & Advances 2017	Base for provision	(%) of required provision	Required Provision 2017
Unclassified				
All unclassified loans (Other than SME Financing, Consumer Financing, BHs/MBs/SDs, Housing and loans for professional*)	75,545,726,861	75,545,726,861	1%	755,457,269
SME financing	76,355,721,463	76,355,721,463	0.25%	190,889,304
Loans to BHs/MBs/SDs against share etc.	1,286,119,352	1,286,119,352	2%	25,722,387
Housing Finance**	16,715,415,671	16,715,415,671	2%	334,308,313
Loans for professionals to Set up business (LP)	2,411,775,516	2,411,775,516	2%	48,235,510
Consumer finance	16,793,668,994	15,866,209,390	5%	793,310,470
Consumer finance (Credit Card)	3,697,427,982	3,697,427,982	2%	73,948,560
Short Term Agricultural and Micro Credit	2,532,565,016	2,532,565,016	1.00%	25,325,650
Total	**195,338,420,855**	**194,410,961,251**		**2,247,197,462**
Classified - Specific provision				
Sub-standard (Short Term Agricultural Credit)	-	-	5%	-
Doubtful (Short Term Agricultural Credit)	34,400	28,304	5%	1,415
Sub-standard	1,289,414,776	1,038,265,989	20%	207,653,198
Doubtful	1,190,586,073	998,114,342	50%	499,057,171
Bad/Loss	4,740,924,642	3,072,013,547	100%	3,072,013,547
Sub Total	7,220,959,891	5,108,422,182		3,778,725,331
Total	**202,559,380,746**	**199,519,383,433**		
Required provision for loans & advances				6,025,922,793
Total provision maintained				**7,989,495,186**
Excess/(Short) provision				**1,963,572,393**

* BHs = Brokerage Houses, MBs = Merchant Banks, SDs = Stock Dealers Against Shares

**As per BRPD circular no. 1 dated 20 February 2018, which is effective from 31 December 2017, 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.

f) Gross Non Performing Assets (NPAs)



Write off of Loans and advances	
Balance at the beginning of the year	10,703,594,646
Add: Write off during the year	1,118,406,317
	11,822,000,963
Less: Recovery of Write off loans	1,039,185,296
Less: No Claim (Interest Waiver)	511,402,502
Balance at the end of the year	**10,271,413,164**

5. Equities: Disclosure for banking book positions

Qualitative Disclosure

Qualitative Disclosure

a) The general qualitative disclosure requirement with respect to equity risk, including:

i) Differentiation 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 investment 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..

Qualitative Disclosure

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.

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 account 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 account, 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 and loss account
Un quoted Shares (ordinary)	Cost	Lower of cost or NAV of last audited account	Profit and loss account
Quoted shares (ordinary)	Cost	Lower of cost or market price at balance sheet date	Loss to profit and loss A/c.

Quantitative Disclosure

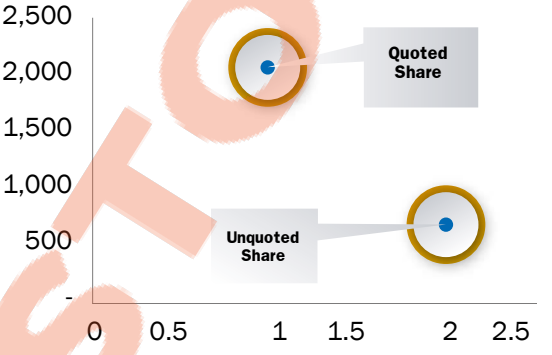
Quantitative Disclosure

Amount in Taka

Quoted Shares			
Particular	Cost of holding	Market Value	Unrealized Gain
Ordinary shares	2,086,793,376	2,495,208,452	408,415,076

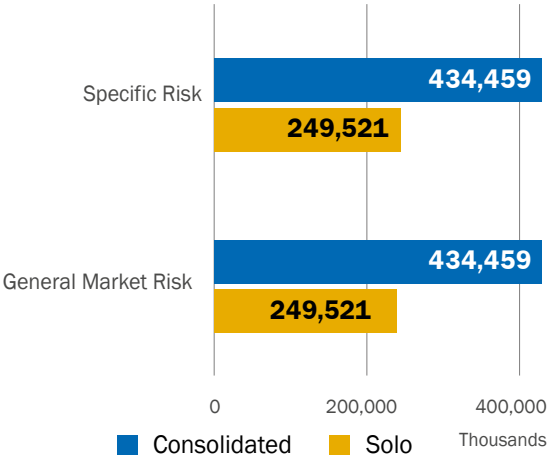
Unquoted	Cost of holding
Industrial and Infrastructure Development Finance Co. Limited	29,683,820
Central Depository Bangladesh Limited	16,277,770
The Bangladesh Rating Agency Limited	12,497,600
VIPB Income Fund	333,900,000
IDLC Balanced Fund	100,000,000
Preference shares	-
Union Capital Preference Share	30,000,000
Total	**522,359,190**

Cost of Holding



Required Capital Charge on Equities

	Solo	Consolidated
General Market Risk	249,520,845	434,459,378
Specific Risk	249,520,845	434,459,378
Total Capital Charge	**499,041,690**	**868,918,755**



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



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.

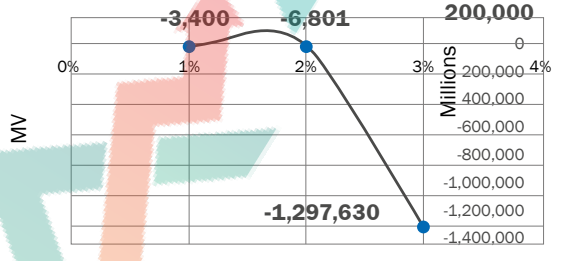
ii. **Quarterly Stress Testing:** It is conducted on quarterly basis as per the directives of Bangladesh Bank to gain better insight into the vulnerable issue of IRRB.

Quantitative Disclosure

Quantitative Disclosure

Particulars	Amount (BDT)		
Market Value of Assets			292,922,500,000
Market Value of Liabilities			263,496,300,000
Weighted Average of Duration of Assets (DA)			1.59%
Weighted Average of Duration of Liabilities (DL)			0.36%
Duration GAP (DA-DL)			1.26%
Yield to Maturity (YTM -Assets)			8.61%
Yield to Maturity (YTM -Liability)			3.32%
Magnitude of Interest Rate Change	1%	2%	3%
Change in market value of equity due to an increase in interest rate	-3,400,429,142	-6,800,858,285	-1,297,630,000,000
Stress Testing	Minor	Moderate	Major
Regulatory capital (after shock)	23,527,000,000	20,126,500,000	16,726,100,000
RWA (after shock)	206,978,100,000	203,577,700,000	200,177,300,000
CAR (after shock)	11.37%	9.89%	8.36%

Changes in Market Value of Equity Due to an increase in interest

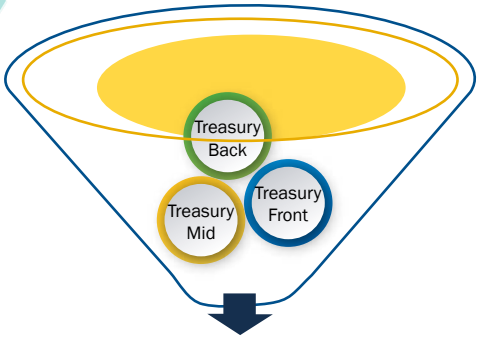


This is the outcome of duration gap analysis, which is done on quarterly basis as part of periodic Stress Testing of the bank.

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.

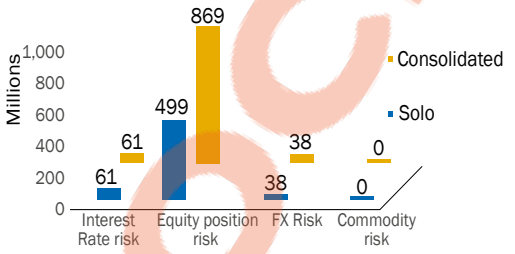
Qualitative Disclosure	d) Policies and processes for mitigating market risk	**i. Asset Liability Management:** BRAC Bank Limited gives adequate emphasis so that the level of balance sheet risks is effectively managed. Appropriate policies and procedures have been established as per the guidelines of 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. **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**

Quantitative Disclosure

Quantitative Disclosure

(Amount in BDT)

Capital Charge for Market Risk	Solo	Consolidated
Interest Rate risk	60,750,452	60,750,452
Equity position risk	499,041,690	868,918,755
Foreign Exchange risk	38,349,368	38,349,368
Commodity risk	0	0
Total	598,141,510	968,018,575



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.

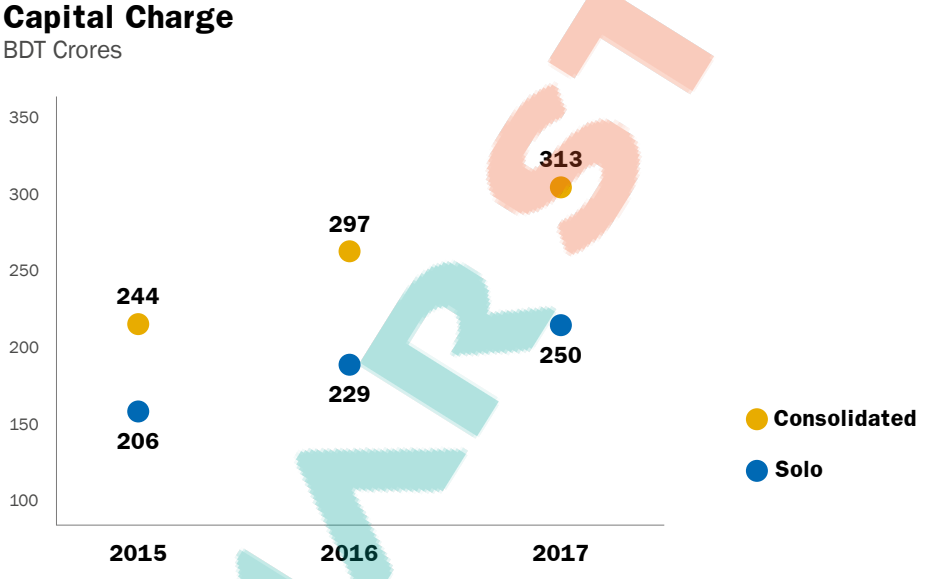
Qualitative Disclosure	d) Policies and processes for mitigating operational risk	In BRAC Bank, a dedicated department under the Risk Management Division (RMD) consistently works in Operational Risk identification, assessment and implementing appropriate risk mitigation strategies across the bank. It 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.  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 α (alpha) of average positive gross annual income of the bank over the past three years. K = [(GI1 + GI2 + GI3)□α]/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) α= 15% n = number of the previous three years for which gross income is positive.

Quantitative Disclosure

Quantitative Disclosure

Amount in Taka

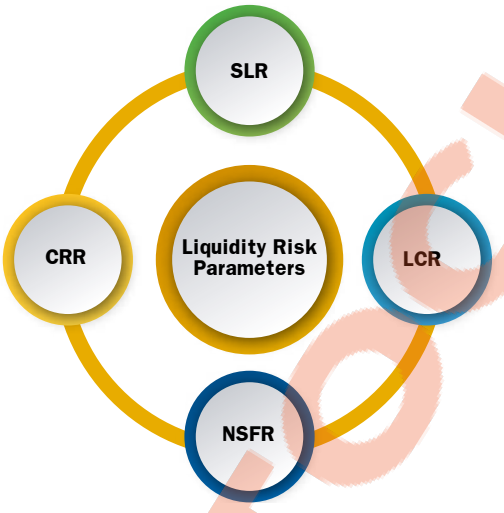
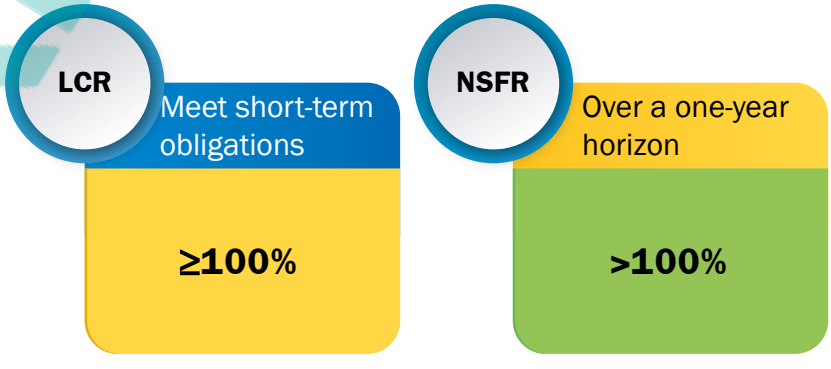
Solo				Consolidated		
Year	Gross Income (GI)	Weight	15% of Average GI	Gross Income (GI)	Weight	15% of Average GI
2017	18,743,576,826	15%	2,811,536,524	23,735,296,362	15%	3,560,294,454
2016	16,076,728,945	15%	2,411,509,342	20,297,466,479	15%	3,044,619,972
2015	15,193,514,964	15%	2,279,027,245	18,504,878,189	15%	2,775,731,728
	Average		2,500,691,037	Average		2,791,324,653
Average Gross Income of three years				Average Gross Income of three years		
	50,013,820,735	15%	2,500,691,037	62,537,641,030	15%	3,126,882,052



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.

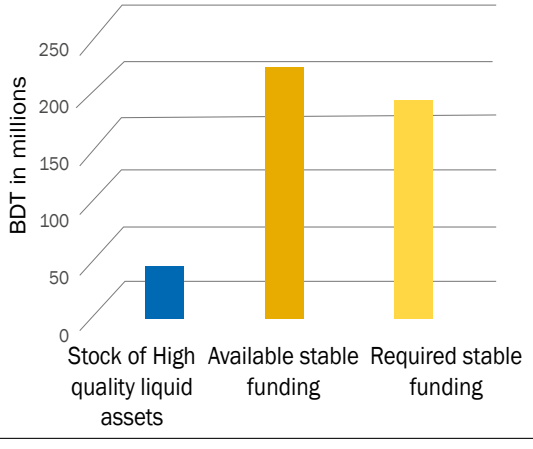
Qualitative Disclosure		
	b) Methods used to measure Liquidity risk	We follow Bangladesh Bank's Risk Based Capital Adequacy guideline in line with Basel III. We also follow DOS circular no. 1, dated 1st January, 2015, on Implementation of Basel III liquidity ratio. The calculation methodology is illustrated 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%. 

Qualitative Disclosure	c) Liquidity risk management system	Liquidity translates into 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.
	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, 2017
Liquidity Coverage Ratio	125.51%
Net Stable Funding Ratio	114.38%
Stock of High quality liquid assets	38,341,753
Available amount of stable funding	219,076,009
Required amount of stable funding	191,540,102



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 in 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.
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	Solo	Consolidated
Tier-1 Capital (considering all regulatory adjustments)	23,534,117,550	23,875,733,584
On- Balance Sheet Exposure	283,907,824,040	314,149,295,777
Off-Balance Sheet Exposure	32,399,819,065	32,399,819,065
Total Exposure	314,390,634,772	342,534,685,627
Leverage Ratio	7.49%	6.97%

11. Remuneration

Qualitative Disclosure

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 Directors 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.	"Cerebrus" a consulting firm, has been engaged to do a full fledge Remuneration and Benefit survey for salary adjustment. The consultant firm was commissioned with the recommendation from Head of HR along with the consent of MD & CEO.
	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:

Qualitative Disclosure

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.

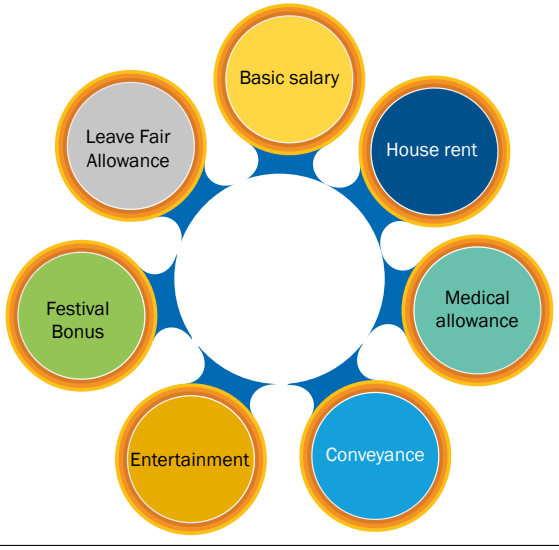
Bank has different Job Grades for various levels of employee. Job grade is decided on the basis of an analytic assessment of the position based on the size, responsibilities, decision-making authorities, nature and scope of the job.

THE FOLLOWING ARE THE JOB GRADES OF BRAC BANK LIMITED:

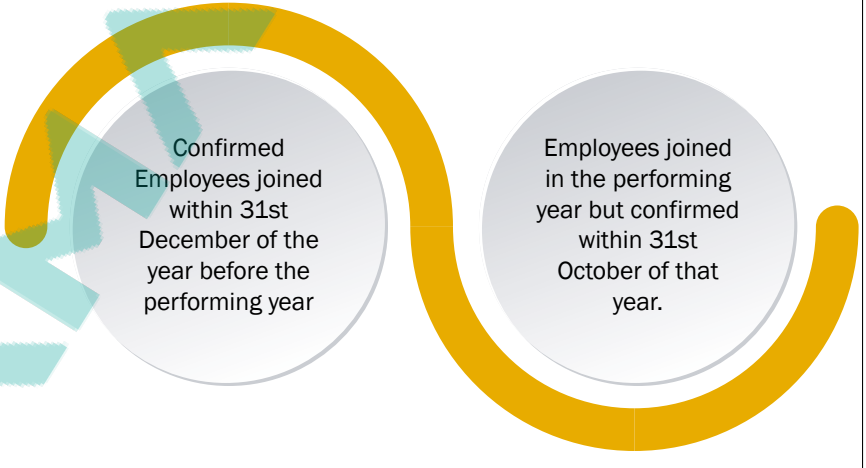
- Deputy Managing Director
- Senior Executive Vice President
- Executive Vice President
- Senior Vice President
- Vice President
- Senior Assistant Vice President
- First Assistant Vice President
- Assistant Vice President
- Senior Principal Officer
- Principal Officer
- Senior Officer, Management Trainee
- Officer Grade II, Young Professional
- 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 HAS THE FOLLOWING COMPONENTS:



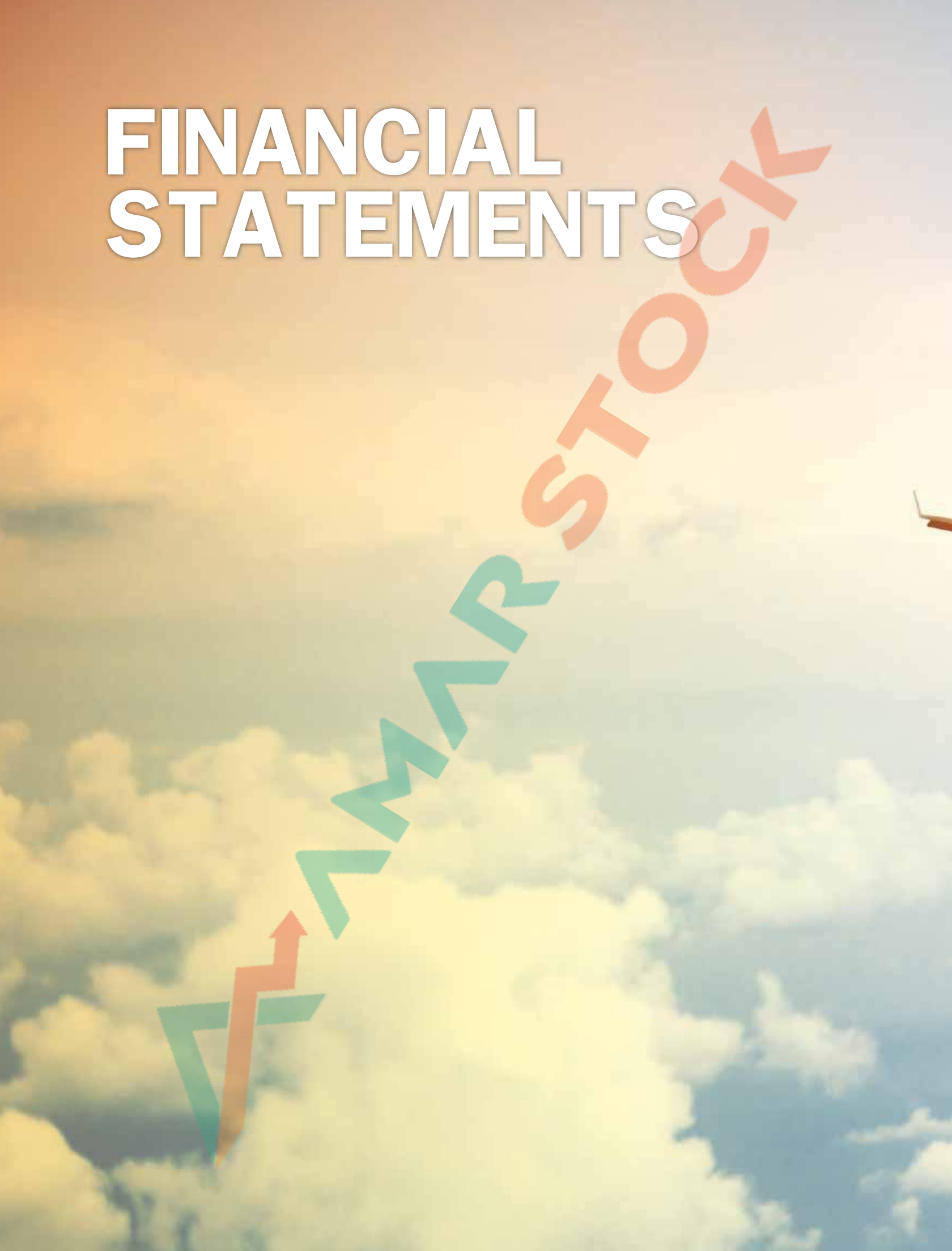
Qualitative Disclosure		Salaries are confidential between the employees concerned and the Management. The salary ranges for these job grade is reviewed from time to time by the management committee and approved by the Board of Directors. In addition to this, an employee receives 2 guaranteed festival bonuses in two festivals each equal to one basic. He also receives Leave Fair Allowance equal to one Basic salary at the time of his Annual Mandatory Leave. He may also receive performance bonus/awards/grants etc. as decided by the Board of Directors/Management of the Bank from time to time.
	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.
Qualitative Disclosure	**d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:**	
	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:		
	i. A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.	Currently we do not offer any variable remuneration that may be deferred or vested either in the form of cash, shares or share-linked instruments.
	ii. A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements	Not applicable.
f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms. Disclosures should include:		
	i. An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms	Apart from fixed remuneration components, employees are also eligible for variable remuneration arrangements consisting of Performance Bonus and Incentives. Such bonuses are currently offered only in cash form.
	ii. A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description 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, 2017. 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 541,512,612	

Quantitative Disclosure	ii. Number and total amount of guaranteed bonuses awarded during the financial year: Employee No. 6934 Total Festival Bonus: BDT 292,113,748
	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. – 20 Termination Payments – BDT 891,387
	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 3,782,652,380 Variable: BDT 541,512,612
	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

FINANCIAL STATEMENTS





Independent Auditor's Report
to the Shareholders of BRAC Bank Limited

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BRAC Bank Limited and its subsidiaries (together referred to as 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 2017, consolidated and separate profit and loss account, consolidated and separate statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Banking Companies Act, 1991 and the local central bank (Bangladesh Bank) Regulations require the Management to ensure effective internal audit, internal control and risk management functions of 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and the separate financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and the separate financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2017, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in note 2.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Banking Companies 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 Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:

FINANCIAL STATEMENTS

AMAR STOCK



Independent Auditor's Report

to the Shareholders of BRAC Bank Limited

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BRAC Bank Limited and its subsidiaries (together referred to as 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 2017, consolidated and separate profit and loss account, consolidated and separate statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Banking Companies Act, 1991 and the local central bank (Bangladesh Bank) Regulations require the Management to ensure effective internal audit, internal control and risk management functions of 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and the separate financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and the separate financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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(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 Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:

(a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in the financial statements appeared to be materially adequate;

(b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;

(iii) financial statements of two subsidiaries and one associate BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited and BRAC IT Services Limited respectively have been audited by us and another two subsidiaries namely, bKash Limited and BRAC SAAJAN Exchange Limited have been audited by Rahman Rahman Huq and Reddy Siddiqui & Kabani respectively and have been properly reflected in the consolidated financial statements;

(iv) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;

(v) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;

(vi) the expenditure incurred and payments made were for the purpose of the Bank's business for the year;

(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) adequate provisions have been made for loans & advances and other assets which are in our opinion, doubtful of recovery;

(ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

(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 3,600 person hours; and

(xii) Capital to Risk Weighted Asset Ratio (CRAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Dated, Dhaka
22 March 2018

A. Qasem & Co.
Chartered Accountants

AMARSTOCK

BRAC BANK LIMITED

Consolidated Balance Sheet

As at 31 December 2017

Particulars	Note	2017 Taka	2016 Taka
PROPERTY AND ASSETS			
Cash	3	**18,301,854,032**	**15,827,759,714**
Cash in hand		6,109,792,050	5,411,271,407
(Including foreign currency)			
Balance with Bangladesh Bank and its agent bank(s)		12,192,061,982	10,416,488,307
(Including foreign currency)			
Balance with other banks and financial institutions	4	**43,355,772,365**	**31,148,142,995**
Inside Bangladesh		39,974,980,085	29,024,134,806
Outside Bangladesh		3,380,792,280	2,124,008,189
Money at call and short notice	5	**-**	**-**
Investments	6	**26,889,161,707**	**22,937,709,817**
Government		19,193,023,616	17,045,441,443
Others		7,696,138,091	5,892,268,374
Loans and advances	7	**203,431,019,401**	**175,841,420,944**
Loans, cash credit, overdrafts etc.		116,620,559,298	112,728,439,450
Small and medium enterprises		81,064,166,152	61,185,461,566
Bills purchased and discounted		5,746,293,951	1,927,519,928
Fixed assets including premises, furniture and fixture	8	**5,610,423,547**	**4,460,411,520**
Other assets	9	**20,547,926,418**	**16,664,191,071**
Non-banking assets	10	**63,430,075**	**62,230,075**
Goodwill	11	**1,350,628,757**	**1,382,151,929**
Total property and assets		**319,550,216,302**	**268,324,018,065**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	**23,210,933,175**	**19,131,258,722**
Borrowings from Bangladesh Bank	13	**5,595,585,766**	**6,752,978,397**
Convertible subordinated bond	14	**2,850,148,000**	**2,951,079,000**
Money at call and short notice	15	**2,700,000,000**	**1,303,750,000**
Deposits and other accounts	16	**216,929,919,763**	**181,478,777,560**
Current accounts and other accounts		83,474,319,154	66,657,447,378
Bills payable		1,013,749,416	1,309,401,487
Savings deposits		35,100,923,580	31,368,696,186
Fixed deposits		95,556,881,123	80,737,078,388
Other deposits		1,784,046,490	1,406,154,121
Other liabilities	17	**39,833,786,707**	**32,966,273,574**
Total liabilities		**291,120,373,411**	**244,584,117,253**
Capital and shareholders' equity			
Paid up share capital	18.2	8,552,096,940	7,104,369,100
Share premium	18.7	3,738,490,072	3,659,942,031
Statutory reserve	19	4,813,606,868	3,470,350,332
Dividend equalization fund	20	355,218,455	355,218,455
Revaluation reserve on govt. securities	21.1	23,306,557	111,643,709
Assets revaluation reserve	21.2	516,373,535	516,373,535
Surplus in profit and loss account/Retained earnings	22.1	8,601,051,187	6,934,903,963
Total shareholders' equity		**26,600,143,614**	**22,152,801,125**
Non controlling interest	22.2	**1,829,699,277**	**1,587,099,687**
Total equity		**28,429,842,891**	**23,739,900,812**
Total liabilities and shareholders' equity		**319,550,216,302**	**268,324,018,065**

AMARSTOCK

BRAC BANK LIMITED

Consolidated Balance Sheet

As at 31 December 2017

Particulars	Note	2017 Taka	2016 Taka
Off Balance Sheet Items			
Contingent liabilities			
Acceptances and endorsements	23.1	21,855,158,644	20,015,403,528
Irrevocable letter of credits	23.1	22,568,919,488	20,609,044,537
Letter of guarantees	23.2	8,109,659,718	6,357,188,894
Bills for collection	23.3	4,015,469,603	1,815,432,730
Tax liability		-	43,700,000
Other contingent liabilities		11,701,210,934	8,369,848,874
Total contingent liabilities		**68,250,418,387**	**57,210,618,563**
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 other commitments		**-**	**-**
Total Off-Balance sheet items including contingent liabilities		**68,250,418,387**	**57,210,618,563**

These Financial Statements should be read in conjunction with the annexed notes.

Managing Director and CEO	Director	Director	Chairman

Auditors' report to the shareholders
See annexed report of date

Dated, Dhaka
22 March 2018

A. Qasem & Co.
Chartered Accountants

BRAC BANK LIMITED

Consolidated Profit and Loss Account

For the year ended 31 December 2017

Particulars	Note	2017 Taka	2016 Taka
Interest income	25	21,734,412,978	18,310,392,086
Interest paid on deposits and borrowing etc.	26	8,200,931,514	6,589,489,453
Net interest income		**13,533,481,464**	**11,720,902,633**
Investment income	27	2,914,699,537	2,557,506,928
Commission, exchange and brokerage	28	6,881,929,480	5,550,320,952
Other operating income	29	371,289,964	356,748,597
Total operating income		**23,701,400,445**	**20,185,479,110**
Salaries and allowances		5,865,172,038	4,524,676,477
Rent, taxes, insurance, electricity etc.	30	1,424,790,306	1,255,532,274
Legal expenses		45,674,049	63,887,125
Postage, stamps, telecommunication etc.	31	300,037,460	289,001,711
Stationery, printing, advertisement etc.	32	1,392,850,352	1,128,173,061
Chief executive's salary and fees	33	13,309,000	13,309,000
Directors' fees and expenses	34	3,311,536	3,035,305
Auditors' fee	35	5,251,088	6,810,743
Impairment of goodwill	11	30,046,781	30,046,781
Depreciation and repairs to bank's assets	36	1,525,706,898	1,516,567,325
Other expenses	37	3,672,792,048	2,743,553,913
Total operating expenses		**14,278,941,556**	**11,574,593,715**
Operating profit		**9,422,458,889**	**8,610,885,395**
Share of profit/(loss) of associates	38	14,332,840	182,824
Gain/(loss) on disposal/loss of control of subsidiaries	1.2.5	(18,366)	-
Profit/(loss) before provisions		**9,436,773,363**	**8,611,068,219**
Provision for:			
Loans and advances		992,782,725	1,762,100,771
Diminution in value of investments		(72,224,112)	(286,727,581)
Off balance sheet items		131,315,329	62,500,000
Others		100,490,994	10,468,000
Total provision	39	**1,152,364,936**	**1,548,341,190**
Profit/(loss) before taxes		**8,284,408,427**	**7,062,727,029**
Provision for Tax:			
Current tax expense		3,570,883,968	2,961,197,679
Deferred tax expense / (income)		(784,891,580)	25,864,637
Total provision for Tax	40	**2,785,992,388**	**2,987,062,316**
Total profit/(loss) after taxes		**5,498,416,039**	**4,075,664,713**

AMARSTOCK

BRAC BANK LIMITED

Consolidated Profit and Loss Account

For the year ended 31 December 2017

Particulars	Note	2017 Taka	2016 Taka
Attributable to:			
Equity holders of BRAC Bank Ltd.		5,192,790,974	3,881,057,484
Non controlling interest		305,625,065	194,607,229
		5,498,416,039	**4,075,664,713**
Retained earnings brought forward from previous year		6,934,903,963	5,176,555,704
Net profit attributable to the equity holders of the Bank		5,192,790,974	3,881,057,484
Net effect of all items directly recognized in Equity	22.1.1	(45,362,979)	8,601,505
Profit available for appropriation		**12,082,331,958**	**9,066,214,693**
Appropriations:			
Statutory reserve		1,343,256,536	-
General reserve		-	-
Dividend		2,138,024,235	1,776,092,275
Dividend equalization fund		-	355,218,455
		3,481,280,771	**2,131,310,730**
Retained surplus		**8,601,051,187**	**6,934,903,963**
Earnings Per Share (EPS) [previous year's figure restated]	41	**6.07**	**4.55**

These Financial Statements should be read in conjunction with the annexed notes.

Managing Director and CEO | **Director** | **Director** | **Chairman**

Auditors' report to the shareholders
See annexed report of date

Dated, Dhaka
22 March 2018

A. Qasem & Co.
Chartered Accountants

BRAC BANK LIMITED

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

Amount in Taka

Particulars	Paid up share capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation 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**	**6,934,903,963**	**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**	**6,934,903,963**	**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)**
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	**7,104,369,100**	**3,659,942,031**	**3,470,350,332**	**355,218,455**	**23,306,557**	**516,373,535**	**6,895,001,107**	**1,524,074,212**	**23,548,635,329**
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)**
Ordinary share issue against bond conversion	22,378,350	-	-	-	-	-	-	-	**22,378,350**
Share premium	-	78,548,041	-	-	-	-	-	-	**78,548,041**
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**	**8,601,051,187**	**1,829,699,277**	**28,429,842,891**
Balance as at 31 December 2016	**7,104,369,100**	**3,659,942,031**	**3,470,350,332**	**355,218,455**	**111,643,709**	**516,373,535**	**6,934,903,963**	**1,587,099,687**	**23,739,900,812**

AMARSTOCK

BRAC BANK LIMITED

Consolidated Cash Flow Statement

For the year ended 31 December 2017

Particulars	Note	2017 Taka	2016 Taka
A. Cash flows from operating activities			
Interest receipts		25,169,505,398	20,841,852,387
Interest payment		(7,843,426,431)	(6,909,929,117)
Dividend receipts		125,764,206	86,167,657
Fees and commission receipts		6,959,743,854	5,723,867,614
Recoveries on loans previously written off		1,039,185,296	1,217,678,633
Cash payments to employees		(5,781,431,137)	(4,657,017,771)
Cash payments to suppliers		(2,502,587,138)	(2,732,843,814)
Income tax paid		(2,525,997,559)	(2,283,798,125)
Receipts from other operating activities	43	566,338,314	566,607,731
Payment for other operating activities	44	(4,744,293,106)	(4,351,262,541)
Operating Cash flow before changes in operating assets and liabilities (i)		**10,462,801,697**	**7,501,322,654**
Increase/decrease in operating assets & liabilities			
Loans and advances		(28,265,949,664)	(26,137,403,687)
Other assets		(1,490,251,550)	(3,448,094,831)
Deposits from other banks/borrowings		1,738,848,780	3,420,576,464
Deposits from customers		34,750,597,331	29,727,449,607
Other liabilities		4,178,314,409	(1,296,598,535)
Cash utilized in operating assets & liabilities (ii)		10,911,559,306	2,265,929,018
Net cash (used)/flows from operating activities (i+ii) (a)		**21,374,361,003**	**9,767,251,672**
B. Cash flows from investing activities			
Treasury bills		(1,137,623,369)	(349,773,900)
Bangladesh Bank bills		(2,497,936,800)	2,176,290,860
Treasury bonds		1,399,779,844	(4,000,367,835)
Sale/ (Investment) in shares		(1,674,766,424)	(889,532,380)
Investment in bonds		(67,000,000)	40,574,678
Acquisition of fixed assets		(2,083,299,438)	(975,084,472)
Disposal of fixed assets		83,940,294	7,302,475
Net cash used in investing activities (b)		**(5,976,905,893)**	**(3,990,590,574)**
C. Cash flows from financing activities			
Share money deposit		-	2,000,000,000
Share Premium		4,614,731	-
Dividend paid		(696,157,876)	(1,767,573,997)
Net cash flows from financing activities (c)		**(691,543,145)**	**232,426,003**
Net increase/decrease in cash (a+b+c)		**14,705,911,965**	**6,009,087,101**
Cash and cash equivalents at beginning of the year		46,977,708,909	41,019,700,403
Effect of exchange rate changes on cash and cash equivalent		28,633,697	(51,078,595)
Adjustment for disposal of biTS		(52,682,974)	-
Cash and cash equivalents at end of the year	42	**61,659,571,597**	**46,977,708,909**
Cash and cash equivalents at end of the year:			
Cash in hand (including foreign currency)		6,109,792,050	5,411,271,407
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		12,192,061,982	10,416,488,307
Balance with other banks and financial institutions		43,355,772,365	31,148,142,995
Money at call and short notice		-	-
Prize bond		1,945,200	1,806,200
		61,659,571,597	**46,977,708,909**

AMARSTOCK

BRAC BANK LIMITED

Consolidated Liquidity Statement (Asset and Liability Maturity Analysis)

As at 31 December 2017

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	7,083,679,771	-	-	-	11,218,174,261	18,301,854,032
Balance with other banks and financial Institutions (Including foreign currencies)	10,253,202,446	8,320,260,306	24,782,309,613	-	-	43,355,772,365
Money at call and short notice	-	-	-	-	-	-
Investments	6,662,779,927	859,342,692	1,645,279,202	8,264,031,484	9,457,728,402	26,889,161,707
Loans and advances	21,754,882,943	34,719,822,954	75,016,712,616	57,499,025,336	14,440,575,552	203,431,019,401
Fixed assets including premises, furniture and fixtures	-	-	-	3,592,755,170	2,017,668,377	5,610,423,547
Other assets	2,492,707,417	135,697,552	5,121,865,065	11,163,327,721	1,634,328,663	20,547,926,418
Non - banking assets	-	-	-	63,430,075	-	63,430,075
Goodwill	-	-	-	-	1,350,628,757	1,350,628,757
Total assets	**48,247,252,504**	**44,035,123,504**	**106,566,166,496**	**80,582,569,786**	**40,119,104,012**	**319,550,216,302**
Liabilities						
Borrowings from Bangladesh bank, other Banks, financial institutions and agents	6,266,809,493	8,813,892,233	8,259,122,809	5,466,694,406	-	28,806,518,941
Convertible subordinated debts	2,850,148,000	-	-	-	-	2,850,148,000
Money at call and short notice	2,700,000,000	-	-	-	-	2,700,000,000
Deposits and other accounts	37,368,316,201	35,227,002,516	73,265,738,476	50,396,625,073	20,672,237,497	216,929,919,763
Other liabilities	1,433,870,003	2,850,782,197	11,064,538,547	15,529,738,236	8,954,857,723	39,833,786,707
Non controlling interest	-	-	-	-	1,829,699,277	1,829,699,277
Total liabilities	**50,619,143,697**	**46,891,676,946**	**92,589,399,832**	**71,393,057,715**	**31,456,794,497**	**292,950,072,688**
Amount of net liquidity difference	**(2,371,891,193)**	**(2,856,553,442)**	**13,976,766,664**	**9,189,512,071**	**8,662,309,515**	**26,600,143,614**

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

ANNUAL STOCK

BRAC BANK LIMITED

Balance Sheet

As at 31 December 2017

Particulars	Note	2017 Taka	2016 Taka
PROPERTY AND ASSETS			
Cash	3	**18,284,483,347**	**15,820,785,235**
Cash in hand (Including foreign currency)		6,092,421,365	5,404,296,928
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		12,192,061,982	10,416,488,307
Balance with other banks and financial institutions	4	**19,396,241,229**	**15,366,993,079**
Inside Bangladesh		16,238,997,504	13,337,028,475
Outside Bangladesh		3,157,243,725	2,029,964,604
Money at call and short notice	5	-	-
Investments	6	**24,966,255,428**	**22,487,996,910**
Government		19,193,023,616	17,045,441,443
Others		5,773,231,812	5,442,555,467
Loans and advances	7	**202,559,380,746**	**173,612,041,512**
Loans, cash credit, overdrafts etc.		115,748,920,643	110,499,060,018
Small and medium enterprises		81,064,166,152	61,185,461,566
Bills purchased and discounted		5,746,293,951	1,927,519,928
Fixed assets including premises, furniture and fixture	8	**4,275,180,860**	**3,113,071,588**
Other assets	9	**19,956,445,242**	**18,142,339,098**
Non-banking assets	10	**63,430,075**	**62,230,075**
Total property and assets		**289,501,416,927**	**248,605,457,497**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	**23,210,933,175**	**18,838,239,195**
Borrowings from Bangladesh Bank	13	**5,595,585,766**	**6,752,978,397**
Convertible subordinated bond	14	**2,850,148,000**	**2,951,079,000**
Money at call and short notice	15	**2,700,000,000**	**1,303,750,000**
Deposits and other accounts	16	**196,224,439,257**	**168,859,571,738**
Current accounts and other accounts		62,304,458,807	50,271,016,607
Bills payable		1,013,749,416	1,309,401,487
Savings deposits		35,100,923,580	31,368,696,186
Fixed deposits		96,018,419,796	84,504,303,337
Other deposits		1,786,887,658	1,406,154,121
Other liabilities	17	**32,929,504,754**	**28,459,067,732**
Total liabilities		**263,510,610,952**	**227,164,686,062**
Capital and shareholders' equity			
Paid up share capital	18.2	8,552,096,940	7,104,369,100
Share premium	18.7	3,738,490,072	3,659,942,031
Statutory reserve	19	4,813,606,868	3,470,350,332
Dividend equalization fund	20	355,218,455	355,218,455
Revaluation reserve on govt. securities	21.1	23,306,557	111,643,709
Assets revaluation reserve	21.2	516,373,535	516,373,535
Surplus in profit and loss account/Retained earnings	22	7,991,713,548	6,222,874,273
Total shareholders' equity		**25,990,805,975**	**21,440,771,435**
Total liabilities and shareholders' equity		**289,501,416,927**	**248,605,457,497**

AMAR STOCK

BRAC BANK LIMITED

Balance Sheet

As at 31 December 2017

Particulars	Note	2017 Taka	2016 Taka
Off Balance Sheet Items			
Contingent liabilities			
Acceptances and endorsements	23.1	21,855,158,644	20,015,403,528
Irrevocable letter of credits	23.1	22,568,919,488	20,609,044,537
Letter of guarantees	23.2	8,109,659,718	6,357,188,894
Bills for collection	23.3	4,015,469,603	1,815,432,730
Tax liability		-	43,700,000
Other contingent liabilities		11,701,210,934	8,369,848,874
Total contingent liabilities		**68,250,418,387**	**57,210,618,563**
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 other commitments		**-**	**-**
Total Off-Balance sheet items including contingent liabilities		**68,250,418,387**	**57,210,618,563**

These Financial Statements should be read in conjunction with the annexed notes.

Managing Director and CEO | **Director** | **Director** | **Chairman**

Auditors' report to the shareholders
See annexed report of date

Dated, Dhaka
22 March 2018

A. Qasem & Co.
Chartered Accountants

AMARSTOCK

BRAC BANK LIMITED

Profit and Loss Account

For the year ended 31 December 2017

Particulars	Note	2017 Taka	2016 Taka
Interest income	25	20,498,331,789	17,842,334,464
Interest paid on deposits and borrowing etc.	26	8,350,693,368	7,035,581,830
Net interest income		**12,147,638,421**	**10,806,752,634**
Investment income	27	3,580,988,216	2,496,865,821
Commission, exchange and brokerage	28	2,876,025,784	2,537,889,736
Other operating income	29	105,028,580	123,233,385
Total operating income		**18,709,681,001**	**15,964,741,576**
Salaries and allowances		4,346,525,111	3,312,501,626
Rent, taxes, insurance, electricity etc.	30	1,311,823,891	1,148,406,728
Legal expenses		41,762,353	60,611,079
Postage, stamps, telecommunication etc.	31	249,590,090	241,582,356
Stationery, printing, advertisement etc.	32	303,641,768	202,780,149
Chief Executive's salary and fees	33	13,309,000	13,309,000
Directors' fees and expenses	34	1,356,680	1,335,600
Auditors' fee	35	1,469,703	1,224,753
Depreciation and repairs to bank's assets	36	844,185,219	906,348,957
Other expenses	37	2,546,177,562	2,063,812,687
Total operating expenses		**9,659,841,377**	**7,951,912,936**
Profit/(loss) before provisions		**9,049,839,624**	**8,012,828,640**
Provision for:			
Loans and advances		992,782,725	1,078,306,701
Diminution in value of investments		(72,224,112)	(286,727,581)
Off balance sheet items		131,315,329	62,500,000
Others		100,490,994	10,468,000
Total provision	39	**1,152,364,936**	**864,547,120**
Profit/(loss) before taxes		**7,897,474,688**	**7,148,281,520**
Provision for Tax:			
Current tax expense		3,196,240,955	2,629,520,979
Deferred tax expense / (income)		(548,886,313)	58,327,875
Total provision for Tax	40	**2,647,354,642**	**2,687,848,854**
Total profit/(loss) after taxes		**5,250,120,046**	**4,460,432,666**

AMARSTOCK

BRAC BANK LIMITED

Profit and Loss Account

For the year ended 31 December 2017

Particulars	Note	2017 Taka	2016 Taka
Retained earnings brought forward from previous year		6,222,874,273	3,893,752,337
Profit available for appropriation		11,472,994,319	8,354,185,003
Appropriations:			
Statutory reserve		1,343,256,536	-
General reserve		-	-
Dividend		2,138,024,235	1,776,092,275
Dividend equalization fund		-	355,218,455
		3,481,280,771	2,131,310,730
Retained surplus		**7,991,713,548**	**6,222,874,273**
Earnings Per Share (EPS) [previous year's figure restated]	41	**6.14**	**5.23**

These Financial Statements should be read in conjunction with the annexed notes.

Managing Director and CEO | **Director** | **Director** | **Chairman**

Auditors' report to the shareholders
See annexed report of date

A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
22 March 2018

AMARSTOCK

BRAC BANK LIMITED

Statement of Changes in Equity

For the year ended 31 December 2017

Amount in Taka

Particulars	Paid up share capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation 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	-	-	-	-	-	-	-	-
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**
Currency translation difference	-	-	-	-	-	-	-	-
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**
Balance as at 31 December 2016	**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**

ARMS LENGTH

BRAC BANK LIMITED

Cash Flow Statement

For the year ended 31 December 2017

Particulars	Note	2017 Taka	2016 Taka
A. Cash flows from operating activities			
Interest receipts		23,770,565,050	20,364,567,351
Interest payment		(8,002,201,800)	(7,296,491,689)
Dividend receipts		109,791,690	84,788,702
Fees and commission receipts		2,876,025,784	2,537,889,736
Recoveries on loans previously written off		1,039,185,296	1,217,678,634
Cash payments to employees		(4,330,282,194)	(3,589,412,262)
Cash payments to suppliers		(550,308,796)	(470,016,724)
Income tax paid		(2,260,670,310)	(2,059,711,890)
Receipts from other operating activities	43	230,285,271	144,565,641
Payment for other operating activities	44	(4,296,800,633)	(3,912,642,665)
Operating Cash flow before changes in operating assets and liabilities (i)		**8,585,589,358**	**7,021,214,834**
Increase/decrease in operating assets & liabilities			
Loans and advances to customers		(28,947,339,234)	(26,178,434,225)
Other assets		(1,541,595,630)	(3,413,497,366)
Deposits from other banks/borrowings		1,461,352,037	3,054,460,549
Deposits from customers		27,364,867,519	18,639,060,256
Other liabilities		4,187,472,704	(1,310,255,370)
Cash utilized in operating assets & liabilities (ii)		2,524,757,396	(9,208,666,156)
Net cash (used)/flows from operating activities (i+ii) (a)		**11,110,346,754**	**(2,187,451,322)**
B. Cash flows from investing activities			
Treasury bills		(1,137,623,369)	(349,773,900)
Bangladesh Bank bills		(2,497,936,800)	2,176,290,860
Treasury bonds		1,399,779,845	(4,000,367,835)
Sale/ (Investment) in shares		(263,676,346)	(668,759,391)
Investment in bonds		(67,000,000)	26,000,000
Acquisition of fixed assets		(1,446,053,509)	(573,853,767)
Disposal of fixed assets		83,940,294	7,015,085
Net cash used in investing activities (b)		**(3,928,569,885)**	**(3,383,448,948)**
C. Cash flows from financing activities			
Dividend paid		(688,691,607)	(1,767,573,997)
Net cash flows from financing activities (c)		**(688,691,607)**	**(1,767,573,997)**
Net increase/decrease in cash (a+b+c)		**6,493,085,262**	**(7,338,474,267)**
Cash and cash equivalents at beginning of year		31,189,584,514	38,528,058,781
Cash and cash equivalents at end of the year	42	**37,682,669,776**	**31,189,584,514**
Cash and cash equivalents at end of the year:			
Cash in hand (including foreign currency)		6,092,421,365	5,404,296,928
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		12,192,061,982	10,416,488,307
Balance with other banks and financial institutions		19,396,241,229	15,366,993,079
Money at call and short notice		-	-
Prize bond		1,945,200	1,806,200
		37,682,669,776	**31,189,584,514**

AMARSTOCK

BRAC BANK LIMITED

Liquidity Statement (Asset and Liability Maturity Analysis)

As at 31 December 2017

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	7,066,309,085	-	-	-	11,218,174,262	18,284,483,347
Balance with other banks and financial Institutions (Including foreign currencies)	3,476,370,912	5,238,800,000	10,681,070,317	-	-	19,396,241,229
Money at call and short notice	-	-	-	-	-	-
Investments	5,306,615,616	859,342,692	1,135,574,723	8,206,993,990	9,457,728,407	24,966,255,428
Loans and advances	21,754,882,943	35,711,940,929	73,152,955,985	57,499,025,336	14,440,575,553	202,559,380,746
Fixed assets including premises, furniture and fixture	-	-	-	2,257,512,483	2,017,668,377	4,275,180,860
Other assets	2,478,966,221	135,697,553	51,440,569	11,183,524,475	6,106,816,424	19,956,445,242
Non - banking assets	-	-	-	-	63,430,075	63,430,075
Total assets	**40,083,144,777**	**41,945,781,174**	**85,021,041,594**	**79,147,056,284**	**43,304,393,098**	**289,501,416,927**
Liabilities						
Borrowings from Bangladesh bank, other Banks, financial institutions and agents	6,266,809,493	8,813,892,233	8,259,122,809	5,466,694,406	-	28,806,518,941
Convertible subordinated debts	2,850,148,000	-	-	-	-	2,850,148,000
Money at call and short notice	2,700,000,000	-	-	-	-	2,700,000,000
Deposits & other accounts	31,366,053,061	33,060,608,796	60,728,914,831	50,396,625,073	20,672,237,496	196,224,439,257
Other liabilities	1,492,927,630	2,641,448,025	4,464,294,188	15,375,977,189	8,954,857,722	32,929,504,754
Total liabilities	**44,675,938,184**	**44,515,949,054**	**73,452,331,828**	**71,239,296,668**	**29,627,095,218**	**263,510,610,952**
Amount of net liquidity difference	**(4,592,793,407)**	**(2,570,167,880)**	**11,568,709,766**	**7,907,759,616**	**13,677,297,880**	**25,990,805,975**

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

BRAC BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2017

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 Banking Companies Act, 1991 and incorporated as a public company limited by shares on 20 May, 1999 under the Companies Act, 1994 in Bangladesh. The primary objective of the Bank is to carry on all kinds of banking businesses. The Bank could not start its operations till 3 June, 2001 since the activity of the Bank was suspended by the 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 04 July, 2001. At present the Bank has 118 (One hundred and eighteen) branches, 68 SME service centers, 145 zonal offices and 457 SME unit offices. 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 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 Banks clients had no prior experience with formal banking. With the view to reaching clients, the Bank has established 68 SME service centers and 457 SME Unit offices offering services in the heart of rural and urban communities and employed about 3,741 business loan officers.

The Bank operates under a "triple bottom line" agenda where profit and social responsibility shake hands as it strives towards a poverty free, enlightened Bangladesh.

1.1.2 Off Shore Banking Unit:

The Bank commenced its off-shore banking operation after obtaining permission from Bangladesh Bank in 2010. The Off-shore Banking Unit (OBU) is governed by the rules and guidelines of Bangladesh Bank. Apart from the reporting of OBU with Solo financial statements a separate Financial Statements of OBU is shown in Annexure I. The Principal activities of OBU are to provide all kinds of commercial banking services to its customers in Bangladesh in foreign currency.

1.1.3 Custodian Service:

The Bank obtained permission to work as a security custodian from Bangladesh Securities and Exchange Commission vide its certificate no. SC-10/2009, dated 12 November 2009 under the Securities and Exchange Commission (Securities Custodian Service) Rules 2003. Financial performance of Security Custodial Services have been separately reported in Annexure-J along with Bank's audited financial statements in compliance with the requirement u/s 10(2) of Security Custodial Services Rules 2003. The due certificate from external auditors has been obtained on internal control and financial statements of security custodial operations of the Bank and annexed with the financial statements.

1.2 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. BRAC Bank currently limited holds 51% equity shares in the company, 36.5% of the equity shares are held by Money in motion LLC (a company listed in USA) and the remaining 12.5% of equity shares are held by International Finance Corporation (IFC). 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.

In 2014 with the consent of all existing shareholders, Bill & Melinda Gates Foundation invested in bKash. They currently holds 40,970 convertible preference shares of Tk.100 with a premium of Tk. 20,684 (rounded) each. 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 shares are convertible at 1:1 basis to ordinary shares at the option of the Bill & Melinda Gates Foundation. As a result, the holding percentage of existing shareholders will be diluted subject to conversion. Considering the dilution, BBL's shareholding percentage in bKash will drop to 46.06% in the economic benefit in the company.

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.

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 until 2017 due to licence for Assets Management Company is pending with Bangladesh Securities and Exchange Commission (BSEC).

2 Basis of preparation of Financial Statements:

2.1 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 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 following laws and regulations from various Government bodies:

i) The Banking Companies Act, 1991 and amendment thereon
ii) The Companies Act, 1994
iii) Rules and Regulations Issued by Bangladesh Bank.
iv) Bangladesh Securities and Exchange Rules 1987, Bangladesh Securities and Exchange ordinance 1969, Bangladesh Securities and Exchange Act 1993, Bangladesh Securities and Exchange Commission IPO Rules 2006.
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.
viii) Financial Reporting Act 2015

As such the Group and the Bank has departed from those contradictory requirements of BAS and BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Investment in shares and securities

BAS/BFRS: As per requirements of BAS 39 Financial Instruments: 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.

Bangladesh Bank: 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.

ii) Revaluation gain/loss on Government securities

BAS/BFRS: As per requirement of BAS 39 Financial Instruments: 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.

Bangladesh Bank: 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.

iii) Provision on loans and advances

BAS/BFRS: As per BAS 39 Financial Instruments: an entity should start the impairment assessment by considering whether objective evidence of impairment exist for financial assets that are individually significant. For financial assets which are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per 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. 16 dated 18 November 2014 a general provision at 0.25%-5% under different categories of unclassified (standard/SMA loans) should be maintained regardless of objective evidence of impairment. Also, specific provision for sub-standard loan, doubtful loans and losses should be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Moreover, a general provision at 1% should be provided for all off balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

iv) Other comprehensive income:

BAS/BFRS: As per BAS 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 financial templates for the financial statements which would 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 single other comprehensive income (OCI) statements. As such the bank does not prepare the other comprehensive income statement.

v) Financial Instruments – presentations and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in BAS 39 Financial Instruments. As such some disclosure and presentation requirements of BFRS 7 Financial Instruments: Disclosures and BAS 32 Financial Instruments: Presentation, cannot be made in the accounts.

vi) REPO transactions

BAS/BFRS: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or similar assets) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per DOS Circular letter no. 6 dated 15 July 2010 and subsequent clarification in 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:

BAS/BFRS: As per BAS 39 Financial Instruments: Recognition and Measurement, 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 in amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment under the guarantee has become probable. 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

BAS/BFRS: Cash and cash equivalents items should be reported as cash item as per BAS 7 Statement of Cash Flows.

Bangladesh Bank : Some highly liquid assets such as money at call and short notice, T-bills, prize bonds are not prescribed to be shown as cash and cash equivalents rather shown as face item 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

BAS/BFRS: There is no particular/specific guideline about non banking assets in BAS/BFRSs.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, there must exist a face item named non banking assets.

x) Cash flow statement

BAS/BFRS: As per BAS 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 14, dated 25 June 2003, cash flow should be a mixture of direct and indirect method.

xi) Balance with Bangladesh Bank:

BAS/BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7 Statement of Cash Flows.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

xii) Presentation of intangible asset

BAS/BFRS: Intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38 Intangible Assets.

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD circular 14, dated 25 June 2003.

xiii) Off Balance Sheet items

BAS/BFRS: no requirement of disclosure for off balance sheet items in any BFRS; hence there in is no requirement of disclosure of off balance sheet items.

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 should be disclosed separately on the face of balance sheet.

xiv) Disclosure of appropriation of profit

BAS/BFRS: There is no requirement to show appropriation of profit on the face of statement of Profit and Loss Account.

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 Advance Net of Provision

BAS/BFRS: Loans and advances should be presented net of provision.

Bangladesh Bank: As per BRPD circular no.14, dated 25 June 2003 provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

[Also refer to (note 2.14) Compliance of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs)]

2.1.2 Going Concern

The accompanying financial statements have been prepared on a going concern assumption that the Bank is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the Bank has neither the intension nor the need to liquidate or curtail materially the scale of its operation. The accompanying financial statements do not include any adjustments should the Bank be unable 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). 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.

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.

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 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 2017.

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: 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.

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

Associates

An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor (BAS-28: Investments in Associates"). 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 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.

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. During the year some 1,034 shares of BRAC Bank in one of the subsidiary bITS were disposed off and as a result bITS is no longer is a subsidiary of the Bank but remains as "Associate" of the Bank. Gain/loss due to this loss of control has been duly calculated and recognized in the consolidated profit and loss account of the Bank. As such the profit and loss of bITS has been consolidated up to the date of the disposal i.e. 23 October 2017 and equity method has been applied after this date till 31 December 2017.

2.3 Foreign Currency Translations

Monetary Items:

Foreign currency transactions are translated into equivalents Taka (Functional currency) currency at spot exchange rate at the date of transaction.

Non-monetary Items:

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

Gain and Losses:

Gains or losses arising (on monetary items) from fluctuation of exchange rates are recognized in profit and loss account.

Commitments:

Commitments for outstanding forward foreign exchange have included in the profit and loss statement, except those arising on the translation of net investment in foreign subsidiaries.

Foreign operations

The results of financial statements of the Bank 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.

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 @ 40% as prescribed in the Finance Act-2017 on the taxable income.

2.5.2 Deferred Tax:

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

Deferred tax assets, including those related to the tax effects of income tax losses and credits available to be carried forward, are 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 2017.

2.7 Significant accounting policies:

The accounting policies set out below have applied consistently to all the periods presented in these financial statements and have been applied consistently by the bank.

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 BAS-7 " Statement of Cash Flows". However cash flows from operating activities have been presented according to the format mentioned in BRPD circular 14, dated 25 June 2003. Due to disposal of shares in bITS the cash flow statement of bITS no longer consolidated with the parent in 2017 and hence opening balance of cash and cash equivalents in the consolidated cash flow statement has been duly adjusted.

2.7.1.2 Investments

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 as per IAS -39 " Financial Instruments : Recognition and Measurement"

Held for Trading

Investment classified in this category are acquired principally for the purpose of selling or repurchasing -in short trading or if designated as such by the management. After initial recognition , investment are measured at present value and any change in the fair value is recognized in the statement of income for the period in which it arises. Transaction costs, if any, are not added to the value of investments at initial recognition.

Revaluation

According to DOS Circular no.-05, dated 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.

Value of Investments has been shown as under:

Investment Class	Initial Recognition	Measurement after Recognition	Recording of changes
Government treasury bills (HFT)	Cost	Marking to market/ fair value	Loss to Profit & Loss account, 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 & Loss account, 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 & Loss account

Available for sales

Available for sales investments are non-derivative investments that are designated as available for sale or are not classified as another category of financial assets. Unquoted securities whose fair value cannot reliably be measured are carried at cost. All other available for sale investments are carried at fair value.

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 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 # 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 14 dated June 25, 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 for under the cost method of accounting and presented in the Bank's consolidated financial statements as that of a single economic entity in accordance with the BAS 27 " Separate Financial Statements" and BFRS 10 "Consolidated Financial Statements".

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 circulars no. 14 of 23 September 2012, BRPD circulars no.15 of 23 September 2012, BRPD circulars no.19 of 27 December 2012, BRPD circulars no.05 of 29 May 2013, BRPD circulars no.16 of 18 November 2014, BRPD circulars no.8 of 2 August 2015, BRPD circulars no.12 of 20 August 2017,BRPD circulars no.15 of 27 September 2017 and BRPD circulars no.1 20 February 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	Housing finance	1%	1%	20%	50%	100%
	Loans for professionals	2%	2%	20%	50%	100%
	Other than housing finance 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 other credit		1%	1%	20%	50%	100%
Off Balance Sheet		1%	-	-	-	-

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 September 23, 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 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.

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 operation lease.

The Bank as Lessor

Amount due from lessees under finance lease are recorded as receivables at the amount of the Bank's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

The Bank as Lessee

In compliance with the Bangladesh Accounting Standards (BAS) - 17 "Lease", cost of assets acquired under finance lease along with obligation there against have been accounted for as assets 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 BAS 16 "Property Plant and Equipment" except Land. Land is initially measured at cost and then recognized at revaluated amount.

The cost of an item of property, plant and equipment is recognizes 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 following month of acquisition, whereas no depreciation on assets disposed off has been charged from the month of disposal. Asset category wise depreciation rates are as follows:

Category of assets	BRAC Bank Limited	BRAC EPL Investments 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	-	15%	15%	20%	10%

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 BAS 16 Property plant and equipment.

d. Revaluation

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

The fair value of items of plant and equipment is usually their market value, determined by appraisal.

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

Increases in the carrying amount as a result of revaluation is credited to shareholders equity under the heading of revaluation surplus. Decreases in the carrying amount as a result of revaluation is 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 exist, 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 Bangladesh Accounting Standard (BAS) 16 property plant and equipment, in which case in any impairment loss of a revalued assets should be treated as revolution decrease under the accounting standard. no impairment loss was recognized up to the reporting period 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. Acquisitions of Minority interest (non-controlling interests) are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognized as a result of such transactions. Subsequently Goodwill 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 and since it has an indefinite useful life it is not amortized. The value of the license is not measured at fair value.

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 BAS-36 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 and capital 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.

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.

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.

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, BAS and BFRS, 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.

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 BAS 16: property, plant and equipment.

2.7.3.6 Minority (non-controlling) interest

Minority interest (non-controlling interest) 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 magnitude of the minority interest 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 Company. The Gratuity is calculated on the basis of last basic pay and is payable at the rate of one month's basic pay for every completed year of service. Gratuity fund is a "Defined Benefit Plan" and contribution to Gratuity Fund is measured through the result of actuarial valuation of the fund. "BRAC Bank Employee Gratuity Fund" is a funded Gratuity Fund.

2.8.3 Worker's Profit Participation Fund (WPPF)

Consistent with the industry practice and in accordance with the Banking Companies 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 loan is provided to the permanent staff at a subsidized rate. Criteria and details of types wise staff loan is given below:

Personal Loan: A permanent staff can avail personal loan taking approval from department head and head of HR subject to completed 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

In terms of provision of Bangladesh Accounting Standard (BAS -18 Revenue) on revenue and disclosures in the financial statements of the Bank, the interest receivable 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.

Investment Income

Income on investments is recognized on an accruals 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 upon realization since there is no uncertainty as to its realization and accrued on a monthly basis.

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 earn fees and commission from a diverse range of services provided to its customers. This 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

As per BAS 18 Revenue, Dividend income from investment in shares is recognized when the Banks right to receive the dividend is established. It 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

In terms of provision of the Bangladesh Accounting Standard (BAS) -1 "Presentation of Financial Statements", interest paid and other expenses are recognized on an accruals 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 as at 31 December, 2017 as per Bangladesh Accounting Standard (BAS) - 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 BAS 33 " Earnings per share". The logic behind this basis is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore , the number of shares outstanding is increased without an increase in resources generating new earnings. In contrast, other shares were issued against consideration in cash or in kind, and accordingly there is an increase in recourses generating new earnings. Therefore, the total number of shares issued in 2017 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. In BRAC Bank Limited potential ordinary shares is in convertible subordinate Bond that may entitle their holders to ordinary shares.

2.11 Statement of Liquidity

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

a. Balances with other bank 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.

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.

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 - 47.6 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 Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standard (BFRS)

Name of the standards	Ref.	Status
First-time adoption of International financial Reporting Standards	BFRS-1	Not applicable
Share-based Payment	BFRS-2	Not applicable
Business Combinations	BFRS-3	Not applicable
Insurance Contracts	BFRS-4	Not applicable
Non-current assets Held for Sale and Discounted Operations	BFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	BFRS-6	Not applicable
Financial Instruments: Disclosures	BFRS-7	Applied
Operating Segments	BFRS-8	Applied
Financial Instruments	BFRS-9	Applied
Consolidated Financial Statements	BFRS-10	Applied
Joint Arrangements	BFRS-11	Not applicable
Disclosure of Interests in Other Entities	BFRS-12	Not applicable
Fair Value Measurement	BFRS-13	Not applicable
Regulatory Deferral Accounts	BFRS-14	Not applicable
Revenue from Contracts with Customers	BFRS-15	Not applicable
Presentation of Financial Statements	BAS-1	Applied
Inventories	BAS-2	Applied
Statement of Cash Flows	BAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Applied
Events after the Reporting Period	BAS-10	Applied
Construction Contracts	BAS-11	Not applicable
Income taxes	BAS-12	Applied
Property, Plant and Equipment	BAS-16	Applied
Leases	BAS-17	Applied
Revenues	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	Not applicable
The Effect of Changes in Foreign Exchanges Rates.	BAS-21	Applied
Borrowing Cost	BAS-23	Applied
Related party Disclosures	BAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	Applied
Consolidated and Separate Financial Statements	BAS-27	Applied
Investment in Associates	BAS-28	Applied
Financial Reporting in Hyperinflationary Economies	BAS-29	Not applicable
Interest in Joint Ventures	BAS-31	Not applicable
Financial Instruments: Presentation	BAS-32	Applied
Earnings Per Share	BAS-33	Applied
Interim Financial Reporting *	BAS-34	Applied
Impairment of Assets	BAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Applied
Intangible Assets	BAS-38	Applied
Financial Instruments: Recognition and Measurement	BAS-39	Applied
Investment Property	BAS-40	Not applicable
Agriculture	BAS-41	Not applicable

* Applied in the preparation of interim financial reports of the Bank

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Reason for departure of BAS / BFRS:

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 BAS/BFRS as referred above. In such cases the bank has followed the regulatory requirements specified by the Bangladesh Bank.

A number of new standards amendments to standards and interpretation are effective for annual periods beginning from 1 January 2017 or later, and have not been applied in preparing these consolidated financial statements. none of these is expected to have a significant effect on the consolidated financial statements of the Group and the Bank. Although International Accounting Standards Board (IASB) has issued a new standard (IFRS 9) along with related amendments to existing standards (IAS/BAS 32,39). The ICAB has adopted IFRS 9; however it will be applicable on and after 1 January 2018. Therefore, we are not considering possible impact for the amendment or adoption of such BAS/BFRS.

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 globalization 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 guidelines 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 6 (Six) core risk areas of banking i.e. a. Credit Risk Management, b. Foreign Exchange Risk Management, c. Asset liability Management, d. Prevention of Money Laundering, e. Internal Control and Compliance, and f. Information & Communication Technology as specified by Bangladesh Bank.

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

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.

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 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.

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. 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.

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:

- Operations Objectives: achievement of bank's basic mission and vision.
- Reporting Objectives: timely, accurate, and comprehensive reporting, financial and non-financial, internal and external.
- 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 Board of Directors of BRAC Bank, through its Board Audit Committee (BAC), periodically reviews the effectiveness of Bank's internal control system covering all the material controls, including financial, operational and compliance controls and risk management activities.

Board Audit Committee (BAC) also reviews the actions taken on internal control issues identified by the internal and statutory auditors and regulatory authorities. It has active oversight on the audit's independence, scope of work, resources and materialization of annual Internal and Concurrent audit plan and overall activities including Monitoring and Compliance functions of Internal Control and Compliance Division.

2.15.5.1 Internal Audit

Internal audit function plays a crucial role in ongoing assessment and monitoring and reporting on internal control, risk management and governance in the Bank and monitors compliance with policies and standards. Audit Department of the Bank carries out internal audit with a view to provide reasonable assurance on internal control and eventual achievement of organizational objectives.

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 centre; 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 Department & Division, centralized functional units in head office, Regional base functional Unit and subsidiaries 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 and Monitoring

BRAC Bank Limited establishes a best compliance culture throughout the organization by encouraging employees to comply with policies, procedures and regulation. BRAC Bank has strong compliance and monitoring department under Internal Control & compliance Division which is dedicated for ensuring compliance of guidelines/observations/ recommendations of Regulatory and Internal Audit/Investigation.

To establish a compliance culture BRAC Bank has 4 (Four) separate unit under Compliance and monitoring Department of Internal Control & compliance Division, namely- Regulatory Compliance Unit, Internal Compliance Unit, Monitoring Unit & Investigation Unit. Compliance & Monitoring 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 Guideline. Also ensure required Internal & Regulatory reporting and conduct investigation and submit the report onward as per management directives and analyze fraud cases to ascertain responsible parties and recommend appropriate action.

2.15.5.3 Concurrent Audit

As per the directives provided by Bangladesh Bank as Guideline of Internal Control and Compliance in Banks, Concurrent Audit Department was formed to make it in line with the guideline. 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.

2.15.5.4 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 place to the Board Audit Committee for their direction and guidance. All fraud and forgery which were identified in 2017 were also duly reported to Bangladesh Bank on a quarterly basis following their prescribed format and adequate provision has been maintained in the books of accounts. Management is exerting their all-out efforts to recover the aforesaid amount.

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. For Cyber security & ICT risk mitigation, bank has updated 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 provides a framework for best practice that 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 developed its Cyber security road map and working accordingly to bring the best security solution, processes and practices. BRAC bank has also assessed its Cyber security standing by big4.

BRAC bank has already implemented security information and event management (SIEM), 2fa for internet banking, secure email gateway, 3Des for e-commerce transaction, exceptional transaction monitoring system and centralized network monitoring system.

Bank has enhanced Security through firewall up gradation, strengthen database security, port security, end point security, internet security.

Bank has already introduced chip based card, PIN based POS, strengthen ATM security through implementing anti skimming and PIN-shield.

Bank has gone through process re-engineering; during this process bank had involved global consultant to consider the best practices.
Bank regularly conduct application/system review, vulnerability assessment and penetration testing (VAPT), discovery and network analysis (DNA) to identify any gap and mitigate accordingly.

Bank regularly conduct face to face information security awareness sessions, Cyber security awareness campaign, awareness through email/sticker/booklet/e-book/poster etc. This awareness communication done externally also.

As a part of governance initiative, bank has formed ICT security steering committee and ICT steering committee. For emergency response handling bank has formed CERT and have developed BCP.

As a part of the Cyber security journey, bank has implemented SIEM (security information and event management) solution in 2017, which will ultimately be the backbone for 24x7 SOC (security operations center) and core of information security threat management.

Bank is already ongoing multiple security projects, e.g. privileged access management (PAM), anti-APT solution, network behavior analysis (NBA), data loss prevention, AML and fraud management, PCI-DSS compliance project, implementation of centralized authentication and management system for network devices, ATM channel security strengthen, review, database firewall and audit vault, building 24/7 security operation center (SOC) etc.
Bank is already ongoing multiple security projects, e.g. privileged access management (PAM), anti-APT solution, network behavior analysis (NBA), data loss prevention, AML and fraud management, PCI-DSS compliance project, implementation of centralized authentication and management system for network devices, ATM channel security strengthen, review, database firewall and audit vault, building 24/7 security operation center (SOC) etc.

For ICT risk mitigation, BRAC bank has also taken multiple major core technological improvement initiatives. e.g.card management system up-gradation, core banking up-gradation, latest infrastructure technology adoption, EMV card issuance, e- commerce payment gateway up gradation, call center up gradation , internet banking system up gradation, flash storage system deployment, data centre environmental up gradation, data centre monitoring system up gradation, treasury automation, ERP solution implementation, agreement with software and hardware manufacturers etc.

BRAC bank has adopted ITIL framework of best practice guidance for it service management. among few other major initiatives like swift version up gradation, RTGS system automation, NID verification, bond management system, new treasury system, up – grade trade finance module, nostro reconciliation system, integration between treasury and dealing platform, mobile app based internet banking, end to end branch service tracking, document management system (is in progress), DC-DR multiple link connectivity establishment, microsoft share point, office 365, server health monitoring systems, CIB automation, call center system up-gradation etc. all are helping to manage risks of bank.

To ensure high level of quality and security of IT systems and comply with Bangladesh Bank regulatory requirement, in BRAC bank there is fully functional with Information security department with trained and certified resources (e.g. CISSO, CPISI, CEH, CPEH, LA-QMS, LA-ISMS, CLFI, LPM, Security+, COBIT etc.) and automated tools.

2.15.7 Enterprise Risk Management ("ERM"):

Enterprise Risk Management ("ERM") is a strategic business discipline that supports the achievement of an organization's objectives by addressing the full spectrum of its risks and managing the combined impact of those risks as an interrelated risk portfolio.

Enterprise Risk Management (ERM) enables the organizations to pragmatically deal with uncertainty and associated risk and opportunity thus enhancing the brand value and profitability. Enterprise risk management helps in identifying and selecting among alternative risk responses – risk avoidance, reduction, transfer, and acceptance. It helps to ensure effective reporting and compliance with laws and regulations, and avoid damage to the entity's reputation and associated consequences.

To make the ERM activity stronger and smoother, we drive and perform various activity like Enterprise Risk Associates Forum (ERAF) meeting through which all the stakeholders can raise risks from their own divisions and discuss in the meeting for proper solutions, ERMC (Enterprise Risk Management Committee) meeting which takes place on monthly basis consisting all the Divisional Heads where the high risk issues are discussed that need management attentions, RMC (Board Risk Management Committee) which takes place on bi-monthly basis consisting the few board members to provide an overview on the overall risk management framework and activities of the bank and management. Besides all these; we have established another common forum consisting of all the Heads who are involved with Risk, Control, Compliance, Governance and Security and that is; ERGF (Enterprise Risk Governance Forum). This forum acts as the single contact point for all the staff so that they can get emergency response for any query related to risk that they are unable to resolve. They get the immediate and urgent solutions of risk and hazards with the guidance of the Senior Management.

Key Risk Indicators (KRI):

To set up the Key Risk Indicators (KRI) and to monitor these KRIs of entire bank are one of the key jobs of Risk Management. Monitoring these KRIs of every department makes comfortable to assess the risk events of future. These KRIs play a very vital role in identifying and also to reduce the future unwanted events that may incur loss for the bank.

Business Continuity Plan (BCP):

The Business Continuity Plan (BCP) is another initiative that is being performed by ERM. To make the bank more robust and resilient to any type of sudden disaster; be it the natural disaster or network problem or even be it a human error, ERM prepares the BCP in such a way that the bank can resist all these types of disaster and can run smoothly with very minimal disruption vis-à-vis loss. Each and every branch has its own BCP which is being prepared by ERM and there will be some BCP testing to check whether this plan is working or not as well.

Subsidiary Risk Management:

The Subsidiary Risk Management is relatively new inclusion in ERM work. ERM team tries to ensure the proper risk management development for all the subsidiaries including the risk management framework development, top risks profiling, necessary process and policy implementation and as a whole help the subsidiaries to nurture the risk management best practices.

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 01 January 2009 as a parallel run with BRPD circular no. 10, dated 25 November 2002 (Basel I). At the end of parallel run, Basel II regime started from 01 January 2010 and the guidelines on RBCA came fully into force with its subsequent supplements/revisions. 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. According to the BRPD circular no. 9, dated 31 December 2008 and subsequent updates on BRPD circular no. 10, 12, 24, 35 dated 10 March 2010, 29 March 2010, 3 August 2010, 29 December 2010 and BRPD circular no. 8, dated 23 July 2012. Basel 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.

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:

- 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
- Increase the risk coverage of the capital framework
- Introduce leverage ratio to serve as a backstop to the risk-based capital measure
- Raise the standards for the supervisory review process (Pillar 2) and
- 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 (SOLO) basis and consolidated basis and both are submitted to Bangladesh Bank accordingly.

We have fully complied with all the directives provided by the Central bank from time to time, starting from Pillar I, II and III reporting requirements to periodic Stress Testing activity etc. Formation of Basel Steering Committee chaired by the Managing Director of the bank help us to ensure supreme governance and strict regimentation at execution level.

2.17 Off Balance Sheet Items

Provision for off balance sheet items is made as per BRPD circular no. 14 of September 23, 2012.

2.18 Accounting for Changes in Accounting Estimates

BAS - 8 Accounting Policies, Changes in Accounting Estimates and Errors, states that the effect of a change in an accounting estimate is to be applied prospectively by inclusion in the current accounting period and, if relevant, in future accounting period. The carrying amount of assets, liabilities, or equity may be changed following a change in accounting estimates in the period of the change.

As per BAS - 16 "Property plant and equipment" (Para 61) any changes in the depreciation method shall be accounted for as a changes in an accounting estimate in accordance with BAS - 8 Accounting Policies, Changes in Accounting Estimates and Errors.

2.19 Prior period adjustment/restatement

Re-arrangement of share premium of Subsidiaries in the consolidated financial statement

In prior year in the consolidated financial statements the Share Premium of the Subsidiaries were apportioned as part of Non-Controlling Interest (NCI) and as share of parent. The parents share were explicitly presented in the consolidated financial statements though that is an item to be eliminated on consolidation. Such unintentional error now rectified with retrospective effect from prior years as per BAS/IAS -8. Any resulting differences has duly been adjusted with consolidated retained earnings. However due to this rearrangement/adjustment there were no impact in the overall net assets in the period presented.

2.20 Events after reporting period

"As per BAS - 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."

2.21 Related party disclosures

Related Party A party is 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 BAS 28 Investment in Associates);

(iii) The party is a joint venture in which the entity is a venture (as per BAS 31 Interests in Joint Ventures);

(iv) The party is member of the key management of personal of the entity or its parent;

(v) The party is a close member of the family of any individual referred to in (i) or (iv);

(vi) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) The party is post-employment benefit plan for the benefit of employees of the entity. or of any entity that is related party of the entity.

2.22 Director's responsibilities on statement

The board of directors takes the responsibilities for the preparation and presentation of these financial statements.

2.23 Segment reporting

As per BFRS 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.

Bank identifies segment based on its business segment as well as its subsidiaries. Business segment comprise 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.

2.24 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.

SECTION - TWO: NOTES TO THE BALANCE SHEET

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
3 Cash					
Cash in hand (Including foreign currencies)	3.1	6,109,792,050	5,411,271,407	6,092,421,365	5,404,296,928
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)	3.2	12,192,061,982	10,416,488,307	12,192,061,982	10,416,488,307
		18,301,854,032	**15,827,759,714**	**18,284,483,347**	**15,820,785,235**
3.1 Cash in hand (Including foreign currencies):					
Local currency		6,077,451,688	5,391,501,858	6,060,081,003	5,384,527,379
Foreign currency		32,340,362	19,769,549	32,340,362	19,769,549
		6,109,792,050	**5,411,271,407**	**6,092,421,365**	**5,404,296,928**
3.2 Balance with Bangladesh Bank and its agent Bank(s): (Including foreign currency)					
Local currency		10,534,870,101	9,775,185,518	10,534,870,101	9,775,185,518
Foreign currency		973,887,720	71,304,416	973,887,720	71,304,416
		11,508,757,821	9,846,489,934	11,508,757,821	9,846,489,934
Sonali Bank as an agent of Bangladesh Bank (local currency)		683,304,161	569,998,373	683,304,161	569,998,373
		12,192,061,982	10,416,488,307	12,192,061,982	10,416,488,307

The above balance represents amounts as per Bank Book. The difference due to reconciling items with Bangladesh Bank are subsequently adjusted.

3.a Cash Reserve Requirement (CRR) :

As per section 33 of Bank Company Act, 1991 (amended up to 2013) and MPD circular no. 1 dated 23 June 2014 issued by Bangladesh bank with effect from 24 June 2014, BRAC Bank Ltd has maintained CRR of minimum 6% on daily basis and 6.5% on bi-weekly basis on weekly average total demand and time liabilities (ATDTL) of the base month which is two months back of reporting month (i.e. CRR of December 2017 is based on weekly average balance of October 2017). Reserves maintained by the bank as at 31 December 2017 are as follows:

Average total demand and time liabilities of October 2017	186,914,617,487	157,169,401,800
Daily basis:		
Required reserve (6% of ATDTL)	11,214,877,049	9,430,164,108
Actual reserve maintained (as per Bangladesh Bank statement)	11,807,448,274	9,840,825,766
Surplus/ (deficit)	**592,571,225**	**410,661,658**

Bi-weekly basis

The bank maintained excess cash reserve of Tk. 113,482,251 (Tk. 648,243,639 was in 2016) against minimum requirement of 6.5% (of ATDTL) on bi-weekly basis which is the summation of excess cash reserve maintained over required in the last fortnight (bi-week) of 2017.

3.b Statutory Liquidity Ratio (SLR) :

As per section 33 of the Bank Company Act, 1991 (amended up to 2013) 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 weekly 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 2017 is based on weekly average balance of October 2017). Reserve maintained by the bank as at 31 December 2017 are as follows:

Required reserve (13% of ATDTL)	24,298,900,273	20,432,022,234
Actual reserve maintained (Note: 3.c)	25,968,087,598	22,989,330,837
Surplus/ (Deficit)	**1,669,187,325**	**2,557,308,603**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
3.c Actual reserve maintained					
Cash in hand				6,092,421,365	5,404,296,928
Balance with Sonali Bank as per statement				682,642,618	539,592,466
Un-encumbered approved securities (HFT)				6,822,982,330	5,025,073,662
Un-encumbered approved securities (HTM)				12,368,096,085	12,018,561,581
Un-encumbered approved securities (other eligible)				1,945,200	1,806,200
				25,968,087,598	**22,989,330,837**
4 Balance with Other Banks and Financial Institutions					
Inside Bangladesh	4.1	39,974,980,085	29,024,134,806	16,238,997,504	13,337,028,475
Outside Bangladesh	4.2	3,380,792,280	2,124,008,189	3,157,243,725	2,029,964,604
		43,355,772,365	31,148,142,995	19,396,241,229	15,366,993,079
4.1 Balance inside Bangladesh					
In Current Deposit Accounts with:					
Banks		8,292,658,808	8,417,850,174	1,238,997,504	1,377,028,475
Non Banking Financial Institutions (NBFIs)		-	-	-	-
		8,292,658,808	8,417,850,174	1,238,997,504	1,377,028,475
Less: Inter unit/company elimination		496,918,019	958,492,220		
		7,795,740,789	7,459,357,954	1,238,997,504	1,377,028,475
In Fixed Deposit Accounts with:					
Banks		17,615,724,510	13,318,294,305	-	100,000,000
Non Banking Financial Institutions (NBFIs)		15,025,053,460	11,957,398,661	15,000,000,000	11,860,000,000
		32,640,777,970	25,275,692,966	15,000,000,000	11,960,000,000
Less: Inter unit/company elimination		461,538,674	3,710,916,114	-	
		32,179,239,296	21,564,776,852	15,000,000,000	11,960,000,000
Total		**39,974,980,085**	**29,024,134,806**	**16,238,997,504**	**13,337,028,475**
4.1.1 Balance with Other Banks and Financial Institutions (Inside Bangladesh)					
Current Accounts:					
Standard Chartered Bank		167,739,825	243,275,981	32,490,570	26,213,305
Southeast Bank Limited		553,877,093	701,016,917	-	45,878
Al-Arafa Bank Limited		4,966,381	2,357,513	1,744,060	2,357,513
Jamuna Bank Limited		513,675,984	319,738,791	1,711,178	1,239,169
Prime Bank Limited		3,361,809	5,028,703	3,361,809	5,023,703
NRB Global Bank Limited		500,000	500,000	500,000	500,000
Midland Bank Limited		1,118,519,139	1,774,231	1,000,000	1,000,000
Mutual Trust Bank Limited		649,916,053	395,227,605	4,237,089	4,041,797
Pubali Bank Limited		153,470,876	187,819,512	153,266,732	187,819,512
Janata Bank Limited		309,315,409	345,124,568	308,597,246	344,299,954
Bangladesh Krishi Bank Limited		173,519,577	129,442,789	173,519,577	129,442,789
The City Bank Limited		1,123,434,583	1,008,451,359	4,402,664	6,924,766
Agrani Bank Limited		320,069,714	354,312,812	269,366,477	354,312,812
Islami Bank Bangladesh Limited		10,471,734	25,465,648	8,901,635	12,068,720
United Commercial Bank Limited		356,744,656	1,234,469,982	187,220	425,072
National Bank Limited		18,766,141	25,380,803	18,195,883	25,380,803
Sonali Bank Limited		256,442,839	217,882,863	47,626,918	15,976,427
ICB Islamic Bank Limited		-	23,810	-	23,810
IFIC Bank Limited		1,856,305	1,258,865	1,856,305	1,258,865
Rupali Bank Limited		181,665,439	232,787,917	180,577,899	232,291,454
Social Islami Bank Limited		1,205,293	1,082,432	1,205,293	1,082,432
First Security Islami Bank Limited		3,081,431	2,694,015	2,755,150	2,694,015

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
EXIM Bank Limited		12,451,904	13,054,776	12,451,904	13,054,776
BASIC Bank Limited		1,427,673	1,385,027	1,427,673	1,385,027
Bank Asia Limited		1,732,741	427,606	1,732,741	427,606
Standard Bank Limited		221,098	988,623	-	57,991
Meghna Bank Limited		6,186,675	6,604,808	5,381,481	5,180,279
Mercantile Bank Limited		10,713,009	2,500,000	2,500,000	2,500,000
AB Bank Limited		843,793	539,906	-	-
Uttara Bank Limited		19,369,730	7,977,249	-	-
Trust Bank Limited		28,287,386	45,142,159	-	-
Dhaka Bank Limited		944,037,402	888,101,506	-	-
NCC Bank Limited		177,167,435	75,070,797	-	-
One Bank Limited		29,990,122	321,773,571	-	-
NRB Commercial Bank Limited		509,053	506,140	-	-
NRB Bank Limited		603,317	619,967	-	-
HSBC		6,009	2,284,583	-	-
Citibank, N.A.		610	1,300	-	-
Eastern Bank Limited		639,592,553	657,262,821	-	-
		7,795,740,789	**7,459,357,954**	**1,238,997,504**	**1,377,028,475**
Fixed Deposit with Banks:					
Southeast Bank Limited		3,420,000,000	2,520,000,000	-	-
Trust Bank Limited		-	1,000,000,000	-	-
Mutual Trust Bank Limited		250,000,000	200,000,000	-	-
The City Bank Limited		5,200,000,000	3,250,000,000	-	-
Jamuna Bank Limited		1,007,702,988	757,347,812	-	-
NCC Bank Limited		3,301,800,000	1,700,000,000	-	-
One Bank Limited		2,250,000,000	-	-	-
Mercantile Bank Limited		1,640,000,003	-	-	-
Standard Chartered Bank		26,517,264	25,696,580	-	-
NRB Global Bank Limited		38,501,553	36,143,208	-	-
The Farmers Bank Limited		19,664,028	18,190,590	-	-
National Bank of Pakistan Limited		-	100,000,000	-	100,000,000
		17,154,185,836	**9,607,378,191**	**-**	**100,000,000**
Fixed Deposit with Financial Institutions:					
Industrial and infrastructure development finance Co.		700,000,000	450,000,000	700,000,000	450,000,000
Fareast Finance and Investment Limited		-	100,000,000	-	100,000,000
Uttara Finance and Investment Limited		500,000,000	-	500,000,000	
United Finance Limited		950,000,000	1,000,000,000	950,000,000	1,000,000,000
IDLC Finance Limited		1,600,000,000	-	1,600,000,000	-
National Housing Finance and Investment Limited		600,000,000	710,000,000	600,000,000	710,000,000
Phoenix Finance and Investments Limited		220,053,460	618,564,254	200,000,000	600,000,000
IPDC Finance Ltd		2,000,000,000	1,300,000,000	2,000,000,000	1,300,000,000
Investment Corporation Of Bangladesh (ICB)		3,500,000,000	4,000,000,000	3,500,000,000	4,000,000,000
Delta Brac Housing Finance Corporation Limited		2,250,000,000	2,450,000,000	2,250,000,000	2,450,000,000
Lanka Bangla Finance Co. Limited		2,500,000,000	1,123,834,407	2,500,000,000	1,050,000,000
Bay Leasing and Investment Limited		200,000,000	200,000,000	200,000,000	200,000,000
Islamic Finance & Investment Ltd.		5,000,000	5,000,000	-	-
		15,025,053,460	**11,957,398,661**	**15,000,000,000**	**11,860,000,000**
		39,974,980,085	**29,024,134,806**	**16,238,997,504**	**13,337,028,475**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
4.2 Balance outside Bangladesh					
On Shore Balance		2,375,282,929	3,650,666,361	2,375,282,929	3,650,666,361
Off Shore Balance		2,379,400,796	1,529,497,555	2,379,400,796	1,529,497,555
		4,754,683,725	5,180,163,916	4,754,683,725	5,180,163,916
Less: On-shore to BBL Off-shore placement		1,597,440,000	3,150,199,312	1,597,440,000	3,150,199,312
		3,157,243,725	2,029,964,604	3,157,243,725	2,029,964,604
Balance of Subsidiaries with Banks and NBFIs outside Bangladesh					
BRAC Saajan Exchange Limited		223,548,555	94,043,585	-	-
		223,548,555	94,043,585	-	-
		3,380,792,280	**2,124,008,189**	**3,157,243,725**	**2,029,964,604**
4.2.1 Balance with other banks and financial institutions (Outside Bangladesh)					
On Shore Balance:					
Standard Chartered Bank-New York, USA		126,869,320	58,332,189	126,869,320	58,332,189
Standard Chartered Bank, United Kingdom		38,948,377	13,569,197	38,948,377	13,569,197
Standard Chartered Bank, Frankfurt, Germany		1,260,718	1,308,317	1,260,718	1,308,317
Mashreq Bank, New York, USA		(756,213)	5,837,742	(756,213)	5,837,742
Bank of Tokyo Mitsubishi		8,102,632	1,777,474	8,102,632	1,777,474
ICICI Bank Limited, Mumbai, India		82,464,531	4,437,847	82,464,531	4,437,847
Habib Bank Limited, Pakistan		-	35,245,123	-	35,245,123
Zuercher Kantonal Bank, Switzerland		23,912,932	1,991,654	23,912,932	1,991,654
ING Belgium NV/SA, Belgium		88,480	58,193	88,480	58,193
Commerz Bank AG, Germany (USD)		3,875,664	3,835,195	3,875,664	3,835,195
Commerz Bank AG, Germany (EURO)		25,427,553	5,490,903	25,427,553	5,490,903
United Bank of India, Kolkata, India		78,316,612	1,292,427	78,316,612	1,292,427
Westpack Banking Corporation, Australia		7,985,968	(298,468)	7,985,968	(298,468)
JP Morgan Chase Bank, New York, USA		331,296,868	328,138,337	331,296,868	328,138,337
HDFC Bank Limited, India		22,162,091	8,233,382	22,162,091	8,233,382
Deutsche Bank Trust Company Americas		-	7,813,150	-	7,813,150
Sonali Bank Limited, United Kingdom (USD)		-	20,755,350	-	20,755,350
Sonali Bank Limited, United Kingdom (GBP)		184,405	635,857	184,405	635,857
AB Bank Limited, Mumbai, India		2,126,940	2,013,180	2,126,940	2,013,180
AXIS Bank limited		25,576,051	-	25,576,051	-
* Status of unreconciled entries are given in Annexure-B and detail balance are shown in Annexure -C		777,842,929	500,467,049	777,842,929	500,467,049
On Shore to Off Shore placement		1,597,440,000	3,150,199,312	1,597,440,000	3,150,199,312
Total On Shore Balance		**2,375,282,929**	**3,650,666,361**	**2,375,282,929**	**3,650,666,361**
Off Shore Balance:					
Standard Chartered Bank, Frankfurt, Germany		63,831,720	-	63,831,720	-
Standard Chartered Bank, New York		468,011,012	80,617,539	468,011,012	80,617,539
Commerz Bank, Germany		25,962,703	1,547,888	25,962,703	1,547,888
ICICI Bank Limited, Mumbai, India		322,562	18,437,938	322,562	18,437,938
Habib Bank Limited, Pakistan		-	(35,276,396)	-	(35,276,396)
Standard Chartered Bank, UK		(29,335,371)	45,630,378	(29,335,371)	45,630,378
JP Morgan Chase Bank, New York		5,594,757	-	5,594,757	-
BBL OBU to Other Bank OBU placement		1,845,013,413	1,418,540,208	1,845,013,413	1,418,540,208
Total Off Shore Balance		2,379,400,796	1,529,497,555	2,379,400,796	1,529,497,555
		4,754,683,725	5,180,163,916	4,754,683,725	5,180,163,916
Less: On-shore to BBL Off-shore placement		1,597,440,000	3,150,199,312	1,597,440,000	3,150,199,312
		3,157,243,725	**2,029,964,604**	**3,157,243,725**	**2,029,964,604**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
4.a Maturity grouping of balance with other banks and financial institutions					
Up to 1 months		10,249,292,874	10,257,652,115	3,476,370,912	4,035,886,329
Not more than 3 months		8,320,260,306	18,416,940,797	5,238,800,000	10,308,940,797
More than 3 months but not more than 1 Year		24,782,309,612	2,473,550,083	10,681,070,317	1,022,165,953
More than 1 year but not more than 5 years		-	-	-	-
More than 5 years		-	-	-	-
		43,351,862,792	**31,148,142,995**	**19,396,241,229**	**15,366,993,079**
5 Money at call and short notice					
There was no balance as money at call and short notice at the end of the year.		-	-	-	-
		-	-	-	-
6 Investments					
Government	6.1	19,193,023,616	17,045,441,443	19,193,023,616	17,045,441,443
Others	6.2	7,696,138,091	5,892,268,374	5,773,231,812	5,442,555,467
		26,889,161,707	**22,937,709,817**	**24,966,255,428**	**22,487,996,910**
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	1,487,397,269	349,773,900	1,487,397,269	349,773,900
Treasury Bonds	6.1.3	15,205,744,347	16,693,861,343	15,205,744,347	16,693,861,343
Prize Bonds		1,945,200	1,806,200	1,945,200	1,806,200
		19,193,023,616	**17,045,441,443**	**19,193,023,616**	**17,045,441,443**
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					
91 Days Treasury bills		135,082,207	-	135,082,207	-
182 Days Treasury Bills		719,940,240	349,773,900	719,940,240	349,773,900
364 Days Treasury Bills		632,374,823	-	632,374,823	-
		1,487,397,269	**349,773,900**	**1,487,397,269**	**349,773,900**
6.1.3 Treasury Bonds					
Treasury Bonds (2 years BGTB)		1,991,482,000	15,728,091	1,991,482,000	15,728,091
Treasury Bonds (5 years BGTB)		3,071,141,392	3,707,784,045	3,071,141,392	3,707,784,045
Treasury Bonds (10 years BGTB)		2,378,395,997	5,619,189,137	2,378,395,997	5,619,189,137
Treasury Bonds (15 years BGTB)		3,067,617,809	3,023,605,344	3,067,617,809	3,023,605,344
Treasury Bonds (20 years BGTB)		4,697,107,148	4,036,476,446	4,697,107,148	4,036,476,446
Reverse REPO		-	291,078,280	-	291,078,280
		15,205,744,346	**16,693,861,343**	**15,205,744,346**	**16,693,861,343**

Amount in Taka

Particulars		Note	Consolidated		BRAC Bank Limited	
			2017	2016	2017	2016
6.2	**Others (investment in other than govt. securities)**					
	Zero Coupon Bond	6.2.1	175,823,886	158,399,881	175,823,886	158,399,881
	Corporate bonds	6.2.2	2,987,000,000	2,920,000,000	2,987,000,000	2,920,000,000
	Ordinary shares & Mutual Funds (MFs) - quoted and unquoted	6.2.3	4,497,785,635	2,013,867,493	2,579,152,566	1,574,155,586
	Commercial paper	6.2.4	-	750,000,000	-	750,000,000
	Preference Shares	6.2.5	30,000,000	40,000,000	30,000,000	40,000,000
	Private Placement & Pre IPO	6.2.6	5,528,570	10,001,000	1,255,360	-
			7,696,138,091	**5,892,268,374**	**5,773,231,812**	**5,442,555,467**
	Details are shown in Annexure - D					
6.2.1	**Zero Coupon Bond**					
	Impress Newtex Composite Textiles Limited		175,823,886	158,399,881	175,823,886	158,399,881
			175,823,886	**158,399,881**	**175,823,886**	**158,399,881**
6.2.2	**Corporate bonds**					
	First Security Islami Bank Limited Mudaraba Subordinated Bond		40,000,000	60,000,000	40,000,000	60,000,000
	Jamuna Bank II Floating Rate Subordinated Bond		450,000,000	-	450,000,000	-
	Trust Bank unsecured, non Convertible, Subordinated Bond		6,000,000	12,000,000	6,000,000	12,000,000
	UCBL Variable rate Subordinated Bond		100,000,000	100,000,000	100,000,000	100,000,000
	MBL Variable rate Subordinated Bond		800,000,000	1,000,000,000	800,000,000	1,000,000,000
	City Bank Floating Rate Subordinated Bond		411,000,000	548,000,000	411,000,000	548,000,000
	Bank Asia Floating Rate Subordinated Bond		100,000,000	100,000,000	100,000,000	100,000,000
	EBL Floating Rate Subordinated Bond		100,000,000	100,000,000	100,000,000	100,000,000
	Prime Bank Floating Rate Subordinated Bond		100,000,000	100,000,000	100,000,000	100,000,000
	EXIM Bank Mudaraba Subordinated Floating Rate Bond		250,000,000	250,000,000	250,000,000	250,000,000
	AB Bank Floating Rate Subordinated Bond		80,000,000	100,000,000	80,000,000	100,000,000
	AB Bank Floating Rate Subordinated Bond II		300,000,000	300,000,000	300,000,000	300,000,000
	MTBL Floating Rate Subordinated Bond		250,000,000	250,000,000	250,000,000	250,000,000
			2,987,000,000	**2,920,000,000**	**2,987,000,000**	**2,920,000,000**
6.2.3	**Ordinary shares & Mutual Funds (MFs) - quoted and unquoted**					
	Unquoted					
	Industrial and infrastructure development finance Co.		29,683,820	29,683,820	29,683,820	29,683,820
	Bangladesh Rating Agency of Bangladesh Limited		12,497,600	12,497,600	12,497,600	12,497,600
	Central Depository Bangladesh Ltd.		16,277,770	16,277,770	16,277,770	16,277,770
	Investment in non publicly traded Mutual fund		433,900,000	102,500,000	433,900,000	102,500,000
	Others		57,037,494	57,037,494	-	-
	Quoted					
	Investment in Secondary market		3,948,388,951	1,795,870,809	2,086,793,376	1,413,196,396
	Total Ordinary Shares & MFs (Quoted and Unquoted) at cost		**4,497,785,635**	**2,013,867,493**	**2,579,152,566**	**1,574,155,586**
6.2.4	**Commercial paper**					
	HASHEM Foods Limited - 2ND		-	250,000,000	-	250,000,000
	Green Delta Insurance Co. Ltd.		-	500,000,000	-	500,000,000
			-	**750,000,000**	**-**	**750,000,000**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
6.2.5 Preference Shares					
Union Capital Preference Share		30,000,000	40,000,000	30,000,000	40,000,000
		30,000,000	**40,000,000**	**30,000,000**	**40,000,000**
6.2.6 Private Placement & Pre IPO					
Aman Cotton Fibrous Limited		1,255,360	-	1,255,360	-
Subsidiaries IPO investment		4,273,210	10,001,000	-	-
		5,528,570	**10,001,000**	**1,255,360**	**-**
6.a Maturity Wise Grouping of Investment					
Up to 1 month		6,662,779,927	5,111,320,550	5,306,615,616	4,997,037,558
Not more than 3 months		859,342,692	643,976,348	859,342,692	643,976,348
More than 3 months but not more than 1 Year		1,645,279,202	1,428,103,075	1,135,574,723	1,149,710,654
More than 1 year but not more than 5 years		8,264,031,484	5,459,379,719	8,206,993,990	5,402,342,225
More than 5 years		9,457,728,402	10,294,930,125	9,457,728,407	10,294,930,125
		26,889,161,707	**22,937,709,817**	**24,966,255,428**	**22,487,996,910**
7 Loans and Advances					
Loans, cash credits, overdrafts etc.	7.1	197,684,725,450	173,913,901,016	196,813,086,795	171,684,521,584
Bills purchased and discounted	7.2	5,746,293,951	1,927,519,928	5,746,293,951	1,927,519,928
		203,431,019,401	**175,841,420,944**	**202,559,380,746**	**173,612,041,512**
7.1 Loans, cash credits, overdrafts etc.					
Overdrafts		4,832,391,842	3,996,767,472	4,832,391,842	3,996,767,472
Demand loans		45,674,682,799	46,479,400,892	45,674,682,799	46,479,400,892
Term loans		59,726,766,919	55,506,759,203	59,726,766,919	55,506,759,203
Lease receivables		752,976,542	437,594,601	752,976,542	437,594,601
Small and medium enterprises		81,064,166,152	61,185,461,566	81,064,166,152	61,185,461,566
Credit Cards		3,834,679,214	3,273,392,133	3,834,679,214	3,273,392,133
Staff loans		927,423,327	805,145,717	927,423,327	805,145,717
Margin loan		1,863,756,630	3,760,634,462	-	-
		198,676,843,425	175,445,156,046	196,813,086,795	171,684,521,584
Less: Inter Company Elimination		992,117,975	1,531,255,030	-	-
		197,684,725,450	**173,913,901,016**	**196,813,086,795**	**171,684,521,584**
7.2 Bills purchased and discounted					
Bills purchased and discounted		5,199,017,616	1,814,813,275	5,199,017,616	1,814,813,275
Bills purchased and discounted SME		547,276,335	112,706,653	547,276,335	112,706,653
		5,746,293,951	**1,927,519,928**	**5,746,293,951**	**1,927,519,928**
7.3 Net Loans and Advances					
Gross loans and advances		203,431,019,401	175,841,420,944	202,559,380,746	173,612,041,512
Less: Interest suspense		687,170,604	721,066,429	687,170,604	721,066,429
Provision for loans and advances		7,989,495,186	8,015,095,645	7,989,495,186	6,956,029,599
		194,754,353,611	**167,105,258,870**	**193,882,714,956**	**165,934,945,484**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
7.4 Loans and Advances under the following broad categories					
Inside Bangladesh:					
Loans		183,432,140,497	161,668,837,516	182,560,501,842	159,439,458,084
Cash Credits		-	-	-	-
Overdrafts		19,998,878,904	14,172,583,428	19,998,878,904	14,172,583,428
		203,431,019,401	**175,841,420,944**	**202,559,380,746**	**173,612,041,512**
Outside Bangladesh:					
Loans		-	-	-	-
Cash credits		-	-	-	-
Overdrafts		-	-	-	-
		-	-	-	-
		203,431,019,401	**175,841,420,944**	**202,559,380,746**	**173,612,041,512**
7.5 Geographical Location Wise Portfolio Grouping					
Inside Bangladesh:					
Dhaka Division		145,147,650,323	136,889,895,112	144,276,011,668	134,660,515,680
Chittagong Division		22,759,165,182	18,459,418,441	22,759,165,182	18,459,418,441
Khulna Division		8,499,889,028	5,564,302,120	8,499,889,028	5,564,302,120
Sylhet Division		3,827,316,840	2,613,608,175	3,827,316,840	2,613,608,175
Barisal Division		2,953,303,277	2,263,505,371	2,953,303,277	2,263,505,371
Rajshahi Division		11,214,536,430	7,496,724,550	11,214,536,430	7,496,724,550
Rangpur Division		3,153,483,201	2,553,967,175	3,153,483,201	2,553,967,175
Mymensingh Division		5,875,675,120	-	5,875,675,120	-
		203,431,019,401	175,841,420,944	202,559,380,746	173,612,041,512
Outside Bangladesh:		-	-	-	-
		203,431,019,401	**175,841,420,944**	**202,559,380,746**	**173,612,041,512**
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		403,696	349,835	403,696	349,835
Staff:					
Managing Director and CEO		774,915	-	774,915	-
Senior Executives		223,537,989	664,398,971	223,537,989	664,398,971
Other Executives and staffs		703,110,423	140,746,746	703,110,423	140,746,746
		927,423,327	805,145,717	927,423,327	805,145,717
Industries:					
Agricultural		1,954,130,689	3,422,444,806	1,954,130,689	3,422,444,806
Large and Medium		58,740,105,223	53,956,538,406	58,740,105,223	53,956,538,406
Small and Cottage		1,698,076,760	1,194,577,334	1,698,076,760	1,194,577,334
Service Industry		9,215,899,231	10,077,768,402	9,215,899,231	10,077,768,402
		71,608,211,903	68,651,328,948	71,608,211,903	68,651,328,948
Consumers		35,909,952,985	25,520,013,085	35,909,952,985	25,520,013,085
Trade and Commercial		94,985,027,490	80,864,583,359	94,113,388,835	78,635,203,927
		203,431,019,401	**175,841,420,944**	**202,559,380,746**	**173,612,041,512**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
7.6.2 Staff Loan					
Personal Loan		84,116,621	92,554,309	84,116,621	92,554,309
Car and motorcycle Loan		338,435,545	318,369,744	338,435,545	318,369,744
House building Loan		504,871,161	394,221,664	504,871,161	394,221,664
		927,423,327	**805,145,717**	**927,423,327**	**805,145,717**
7.7 Detail of Large Loan					
Number of clients				24	12
Amount of outstanding advances				61,782,737,776	40,959,065,768
Amount of classified advances				-	-
7.8 Classified and unclassified loans and advances					
Unclassified					
Standard (including staff loan)		193,778,985,743	164,877,532,519	194,121,311,600	165,741,483,436
Special Mention Accounts (SMA)		1,217,109,255	1,959,913,564	1,217,109,255	1,959,913,564
		194,996,094,998	166,837,446,083	195,338,420,855	167,701,397,000
Classified					
Sub-standard		1,289,414,776	648,530,638	1,289,414,776	648,530,638
Doubtful		1,190,620,473	499,594,164	1,190,620,473	499,594,164
Bad/Loss		5,954,889,154	7,855,850,059	4,740,924,642	4,762,519,710
		8,434,924,403	9,003,974,861	7,220,959,891	5,910,644,512
		203,431,019,401	**175,841,420,944**	**202,559,380,746**	**173,612,041,512**
7.8.1 Business segment wise concentration of classified Loans & Advances / NPL of the Bank					
Corporate		4,450,053,613	2,663,030,538	4,450,053,613	2,663,030,538
Retail		2,026,863,134	4,016,190,133	812,898,622	922,859,784
Small and medium enterprises		1,958,007,656	2,324,754,190	1,958,007,656	2,324,754,190
		8,434,924,403	**9,003,974,861**	**7,220,959,891**	**5,910,644,512**
7.8.2 Sector wise concentration of classified Loans & Advances / NPL of the Bank					
Agriculture		20,326,051	17,218,576	20,326,051	17,218,576
Communication		1,349,353,032	1,349,353,032	1,349,353,032	1,349,353,032
Consumer Credit		227,112,103	131,419,202	227,112,103	131,419,202
Construction		-	-	-	-
Other Manufacturing Industries		328,198,065	38,787,967	328,198,065	38,787,967
Power, Gas		212,337,066	212,337,066	212,337,066	212,337,066
Residential Real Estate Financing		450,397,360	506,906,106	450,397,360	506,906,106
Readymade Garments		55,144,402	66,010,385	55,144,402	66,010,385
Textile		153,017,081	-	153,017,081	-
Ship Building		30,424,860	72,820,712	30,424,860	72,820,712
SME Loans		2,702,829,957	2,302,887,425	2,702,829,957	2,302,887,425
Trade Service		2,905,784,426	4,192,640,782	1,691,819,914	1,099,310,433
Others		-	113,593,608	-	113,593,608
Total		**8,434,924,403**	**9,003,974,861**	**7,220,959,891**	**5,910,644,512**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
7.8.3 Movements of classified Loans and Advances					
Opening balance		9,003,974,861	11,931,523,341	5,910,644,512	8,838,640,714
Add: Additions during the year		3,480,147,121	2,515,651,717	3,479,579,148	2,514,353,375
Less: Reductions during the year		4,049,197,579	5,443,200,197	2,169,263,769	5,442,349,577
		8,434,924,403	9,003,974,861	7,220,959,891	5,910,644,512
7.9 Loan type wise classified loan					
Overdraft		598,727,256	661,126,191	598,727,256	661,126,191
Demand Loan		549,645,213	293,195,013	549,645,213	293,195,013
Term Loan		5,935,336,191	4,716,728,658	5,935,336,191	4,716,728,658
Lease Finance		-	108,175,448	-	108,175,448
Credit Cards		137,251,231	131,419,202	137,251,231	131,419,202
Margin Loan		1,213,964,512	3,093,330,349	-	-
		8,434,924,403	**9,003,974,861**	**7,220,959,891**	**5,910,644,512**
7.10 Sector-wise Allocation of Loans and Advances					
Government:		-	-	-	-
Private:					
Agriculture		1,954,130,689	3,422,444,806	1,954,130,689	3,422,444,806
Industry		52,439,630,825	46,805,376,154	52,439,630,825	46,805,376,154
Service Industry		9,215,899,231	10,861,419,708	9,215,899,231	10,861,419,708
Agro-based Industry		7,998,551,158	8,345,739,586	7,998,551,158	8,345,739,586
Commerce & Trade		94,985,027,490	80,886,077,771	94,113,388,835	78,656,698,339
Consumer Credit		36,837,780,008	25,520,362,919	36,837,780,008	25,520,362,919
		203,431,019,401	**175,841,420,944**	**202,559,380,746**	**173,612,041,512**
7.11 Securities against loans/advances including bills purchased and discounted					
Collateral of moveable/immoveable assets		45,399,012,797	35,870,063,295	45,399,012,797	35,870,063,295
Local banks and financial institutions guarantee		-	-	-	-
Government guarantee		-	-	-	-
Foreign banks guarantee		-	-	-	-
Export documents		-	-	-	-
Fixed deposit receipts (FDR)		3,136,337,936	2,945,868,878	3,136,337,936	2,945,868,878
FDR of other banks		-	-	-	-
Government bonds		-	-	-	-
Personal guarantee and other securities		129,216,708,414	809,546,497	129,216,708,414	809,546,497
Other securities		25,678,960,254	136,215,942,274	24,807,321,599	133,986,562,842
		203,431,019,401	**175,841,420,944**	**202,559,380,746**	**173,612,041,512**

Amount in Taka

7.12 Particulars of required provisions for loans and advances (Bank only)

Status	Outstanding Loans and advances 2017	Base for provision	Percentage (%) of required provision	Required provision 2017	Required provision 2016
Unclassified					
All unclassified loans (Other than Small and Medium enterprise Financing, Consumer Financing,BHs/ MBs/SDs, Housing and loans for professional*)	75,545,726,861	75,545,726,861	1%	755,457,269	742,144,381
Small and Medium enterprise financing	76,355,721,463	76,355,721,463	0.25%	190,889,304	142,668,302
Loans to BHs/MBs/SDs against share etc.	1,286,119,352	1,286,119,352	2%	25,722,387	32,456,204
Housing Finance**	16,715,415,671	16,715,415,671	2%	334,308,313	322,182,064
Loans for professionals to Set up business (LP)	2,411,775,516	2,411,775,516	2%	48,235,510	4,091,410
Consumer finance	16,793,668,994	15,866,209,390	5%	793,310,470	768,520,355
Consumer finance (Credit Card)	3,697,427,982	3,697,427,982	2%	73,948,560	40,340,233
Short Term Agricultural and Micro Credit	2,532,565,016	2,532,565,016	1%	25,325,650	37,519,036
	195,338,420,855	194,410,961,251		**2,247,197,462**	**2,089,921,985**
Classified - Specific provision					
Sub-standard (Short Term Agricultural Credit)	-	-	5%	-	1,415
Doubtful (Short Term Agricultural Credit)	34,400	28,304	5%	1,415	41,352
Sub-standard	1,289,414,776	1,038,265,989	20%	207,653,198	80,601,628
Doubtful	1,190,586,073	998,114,342	50%	499,057,171	168,192,016
Bad/Loss	4,740,924,642	3,072,013,547	100%	3,072,013,547	3,133,955,813
	7,220,959,891	5,108,422,182		**3,778,725,331**	**3,382,792,224**
	202,559,380,746	199,519,383,433			
Required provision for loans and advances				**6,025,922,793**	**5,472,714,209**
Total provision maintained (Note 17.1)				**7,989,495,186**	**6,956,029,599**
Excess/(Short) provision				**1,963,572,393**	**1,483,315,390**

* BHs = Brokerage Houses, MBs = Merchant Banks, SDs = Stock Dealers Against Shares

**As per BRPD circular no. 1 dated 20 February 2018, which is effective from 31 December 2017, 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.

Amount in Taka

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

Name of Exposure	Outstanding	Percentage (%) of required provision	Required provision 2017	Required provision 2016
Acceptances and endorsements	21,855,158,644	1%	218,551,586	200,154,035
Letter of guarantees	8,109,659,718	1%	81,096,597	63,571,889
Irrevocable letter of credits	22,568,919,488	1%	225,689,195	206,090,445
Bills for collection	4,015,469,603	1%	40,154,696	18,154,327
Total required provision			565,492,074	487,970,696
Total provision maintained (Note 17.4)			621,162,499	489,847,170
Excess/(Short) provision			**55,670,425**	**1,876,474**

7.14 Particulars of Loans and Advances

i)	Loans considered good in respect of which Bank is fully secured	48,535,350,734	38,815,967,389
ii)	Loans considered good against which Bank holds no security other than the debtor's personal guarantee.	129,216,708,413	809,546,497
iii)	Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor.	24,807,321,599	133,986,527,626
iv)	Loans adversely classified; provision not maintained there against;	-	-
		202,559,380,746	**173,612,041,512**
v)	Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons;	927,863,301	805,495,552
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;	927,863,301	805,495,552
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)	399,383,914	(1,916,827,226)
	Amount of debts written off	1,118,406,317	3,973,208,988
	Amount realized against loan previously written off.	1,039,185,296	1,217,678,634
	b) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet	4,983,144,526	4,583,760,612
	c) Interest creditable to the Interest Suspense a/c.	537,463,972	662,473,361
xi)	Cumulative amount of the written off loan		
	Opening balance	16,064,452,535	12,091,243,547
	Amount written off during the year	1,118,406,317	3,973,208,988
		17,182,858,852	16,064,452,535
	The amount of written off loans for which law suits have been filed	17,106,398,655	16,002,115,864

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
7.15 Write off of Loans and advances					
Balance at the beginning of the year		10,703,594,646	8,416,087,625	10,703,594,646	8,416,087,625
Add: Write off during the year		1,118,406,317	3,973,208,988	1,118,406,317	3,973,208,988
		11,822,000,963	**12,389,296,613**	**11,822,000,963**	**12,389,296,613**
Less: Recovery of Write off loans		1,039,185,296	1,217,678,634	1,039,185,296	1,217,678,634
Less: No Claim (Interest Waiver)		511,402,502	468,023,333	511,402,502	468,023,333
Balance at the end of the year		**10,271,413,164**	**10,703,594,646**	**10,271,413,164**	**10,703,594,646**
7.16 Bill Purchased and Discounted under the following broad categories					
Inside Bangladesh		5,746,293,951	1,927,519,928	5,746,293,951	1,927,519,928
Outside Bangladesh		-	-	-	-
		5,746,293,951	**1,927,519,928**	**5,746,293,951**	**1,927,519,928**
7.17 Maturity wise grouping of Loans and Advances					
Repayable on demand		21,754,882,943	15,416,075,868	21,754,882,943	15,416,075,868
Not more than 3 months		34,719,822,954	28,951,240,235	35,711,940,929	28,951,240,236
More than 3 months but not more than 1 Year		75,016,712,615	67,448,591,208	73,152,955,985	65,219,211,775
More than 1 year but not more than 5 years		57,499,025,337	54,588,391,557	57,499,025,337	54,588,391,557
More than 5 years		14,440,575,552	9,437,122,076	14,440,575,552	9,437,122,076
		203,431,019,401	**175,841,420,944**	**202,559,380,746**	**173,612,041,512**
7.18 Maturity wise grouping of Lease receivables					
Receivable on demand		527,278	772,534	527,278	772,534
Not more than 3 months		11,007,900	-	11,007,900	-
More than 3 months but not more than 1 Year		43,859,782	62,663,931	43,859,782	62,663,931
More than 1 year but not more than 5 years		697,581,581	374,158,136	697,581,581	374,158,136
More than 5 years		-	-	-	-
		752,976,541	**437,594,601**	**752,976,541**	**437,594,601**
7.19 Maturity wise grouping of Bill Purchased and Discounted					
Payable within 1 month		1,057,002,492	496,753,204	1,057,002,492	496,753,204
Over 1 month but less than 3 months		1,618,688,903	1,066,291,100	1,618,688,903	1,066,291,100
Over 3 month but less than 6 months		2,277,821,735	233,743,604	2,277,821,735	233,743,604
6 months or more		792,780,821	130,732,020	792,780,821	130,732,020
		5,746,293,951	**1,927,519,928**	**5,746,293,951**	**1,927,519,928**
8 Fixed assets including land, building, furniture and fixtures					
Land - Cost		527,275,400	527,275,400	527,275,400	527,275,400
Revaluation*		516,373,535	516,373,535	516,373,535	516,373,535
Total		1,043,648,935	1,043,648,935	1,043,648,935	1,043,648,935
Leasehold Building		20,855,926	20,855,926	4,034,334	4,034,334
Furnitures and fixtures		2,239,687,472	1,932,170,718	2,097,265,452	1,809,233,630
Office equipment		1,688,923,672	1,509,608,708	1,542,362,260	1,359,404,912

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
IT Hardwares		3,023,818,161	2,668,097,431	2,331,804,025	2,134,467,308
Motor vehicles		405,899,477	170,519,278	295,973,574	108,371,172
Leasehold Improvements		100,962,080	126,929,040	-	-
Capital expenditure work in progress		1,342,672,559	513,658,521	970,504,865	227,259,912
License (Indefinite useful live)		50,000	50,000	50,000	50,000
IT Software (Finite useful live)		1,575,924,226	1,786,995,418	1,043,281,543	1,007,950,055
Total cost		**11,442,442,508**	**9,772,533,975**	**9,328,924,988**	**7,694,420,258**
Accumulated depreciation and amortisation		5,832,018,961	5,312,122,455	5,053,744,128	4,581,348,670
Written down value at 31 December		**5,610,423,547**	**4,460,411,520**	**4,275,180,860**	**3,113,071,588**

(Fixed assets schedules are shown in Annex - F)

*In the year 2012, BRAC Bank revalued a land measuring 96.4 Katha situated at Gazipura, in Gazipur district by a professional valuer M/s. Khan Ayub & Co. Chartered Accountants. We booked the land in our books as per the valuation report in accordance with BAS 16 Property, Plant and Equipment.

9 Other assets

Income generating:					
Interest receivables	9.1	1,376,223,256	1,330,972,652	1,376,223,256	1,330,972,652
Investment in subsidiary	9.2	-	-	4,461,575,285	4,356,396,325
Investment/ Carrying value in associates	9.3	13,819,939	11,864,627	42,690,000	12,500,000
Prepaid Interest Expenses on IFFD		40,649,837	54,396,059	40,649,837	54,396,059
Receivables against sanchayapatra		81,940,767	417,986,414	81,940,767	417,986,414
Receivables from Omnibus		-	334,200	-	334,200
Balance with BRAC EPL Stock Brokerage Ltd.		8,952,614	12,262,401	8,952,614	12,262,401
Non- Income generating:					
Stock of stamps		26,920,627	16,179,155	26,920,627	16,179,155
Stock of security stationery		25,059,870	19,714,241	25,059,870	19,714,241
Stock of printing stationery		13,106,948	12,494,939	13,106,948	12,494,939
Stock of inventory		3,132,395	1,727,749	3,132,395	1,727,749
Advance to staff		9,154,509	6,223,249	9,154,509	6,223,249
Advance to supplier		33,472,974	6,779,498	33,472,974	6,779,498
Advance payment of income tax		10,314,297,331	8,053,627,021	10,314,297,331	8,053,627,021
Advance Value Added Tax		4,370,000	4,370,000	4,370,000	4,370,000
Advance to SME unit offices		1,310,690	1,310,690	1,310,690	1,310,690
Advance against office rent		697,573,334	644,848,581	697,573,334	644,848,581
Advance security deposit		12,600,835	11,817,093	12,600,835	11,817,093
Deferred revenue expenditure		107,072,473	73,654,510	107,072,473	73,654,510
Deferred tax asset	9.4	1,602,551,146	1,029,603,118	1,602,551,146	1,029,603,118
Receivable from Off-Shore		1,182,891,590	623,849,790	1,182,891,590	623,849,790
Receivable settlement account-OBU/DBU		1,285,509,100	1,363,888,144	1,285,509,100	1,363,888,144
Receivable in proxy account		3,757,480	6,431,842	3,757,480	6,431,842
Other receivables	9.5	1,090,032,867	704,821,213	1,090,032,867	704,821,213
Less: On-shore to Off-shore		(2,468,400,686)	(623,849,786)	(2,468,400,686)	(623,849,786)
Other assets of subsidiaries	9.6	5,081,926,522	2,878,883,671	-	-
		20,547,926,418	**16,664,191,071**	**19,956,445,242**	**18,142,339,098**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
9.1 Interest receivables					
Receivable against Govt. securities		386,838,906	326,684,616	386,838,906	326,684,616
Receivable against other securities		67,254,183	88,483,692	67,254,183	88,483,692
Receivable against balance with other bank		83,254,177	124,896,288	83,254,177	124,896,288
Receivable against loans and advances		838,875,990	748,982,964	838,875,990	748,982,964
Receivable against term deposit		-	41,925,092	-	41,925,092
		1,376,223,256	**1,330,972,652**	**1,376,223,256**	**1,330,972,652**
9.2 Investment in subsidiaries					
BRAC EPL Investments Limited		-	-	2,889,117,454	2,752,714,494
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
BRAC IT Services Limited		-	-	-	31,224,000
		-	**-**	**4,461,575,285**	**4,356,396,325**
9.3 Investment / Carrying value in associates:					
BRAC IT Services Limited		1,798,063	-	30,190,000	-
BRAC Asset Management Company Limited		12,021,876	11,864,627	12,500,000	12,500,000
		13,819,939	**11,864,627**	**42,690,000**	**12,500,000**
9.3.1 Carrying value of investment in associates:					
BRAC IT Services Limited					
FV of residual interest retained		(12,377,528)	-	-	-
Share of profit/(loss) of equity in associate company		14,175,591	-	-	-
		1,798,063		**-**	**-**
BRAC Asset Management Company Limited					
Opening balance		11,864,627	11,681,803	-	-
Share of profit/(loss) of equity in associate company		157,249	182,824	-	-
		12,021,876	**11,864,627**	**-**	**-**

9.4 Deferred Tax asset / (Liability)

	Book Value	Tax Base	Deductible / (Taxable) Temporary Difference	Deferred Tax Asset / (Liability)
Balance as at 31 December 2016				
Deferred Tax Asset				1,029,603,117
Deferred Tax Liability				(130,673,846)
Net Deferred Tax Asset 2016				**898,929,271**
Balance as at 31 December 2017				
Loan loss provision (Note - 17.1)	5,648,936,030	-	3,620,261,558	1,448,104,623
Provision against Capital market	-	-	-	-
Fixed assets (Annex-F)	2,261,027,060	2,647,143,369	386,116,309	154,446,523
Deferred tax asset (a)				**1,602,551,146**
Interest receivable from treasury bills and bonds	386,838,906	-	(386,838,906)	(154,735,562)
Deferred Tax Liability (b)				**(154,735,562)**
Net Deferred Tax Asset at 31 December 2017 (a+b)				
Increase of deferred tax asset recognized in Profit and Loss statement as Income				572,948,029
Increase of deferred tax liability recognized in Profit and Loss statement as expense				(24,061,716)
Net Deferred tax Income recognized in Profit and Loss statement during the year end December 31, 2017				**548,886,313**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
9.5 Other Receivables					
Receivable against remittance		18,774,911	10,758,702	18,774,911	10,758,702
Receivable against bills pay		100	2,098	100	2,098
Receivable against DD		41,000,000	23,000,000	41,000,000	23,000,000
Receivable against Cheques		19,725	19,725	19,725	19,725
Receivable against Cards		13,486,899	6,357,033	13,486,899	6,357,033
Receivable from Merchant		144,762,125	47,485,397	144,762,125	47,485,397
Receivable from Partners		234,198,514	243,291,132	234,198,514	243,291,132
Receivable from Co-Brand ATM		40,535,943	67,173,318	40,535,943	67,173,318
Receivable against fraud and forgery/Protested bill		116,490,109	19,523,600	116,490,109	19,523,600
Receivable from Member Bank - ELDORADO		-	3,617,134	-	3,617,134
Receivable from NPS		118,243,000	59,880,200	118,243,000	59,880,200
Sundry debtors		268,004,728	207,298,992	268,004,728	207,298,992
Receivable from BACH		5,000,005	5,000,000	5,000,005	5,000,000
VAT current account		878,348	7,637,083	878,348	7,637,083
REPO interest expenditure		(851,174)	(1,573,895)	(851,174)	(1,573,895)
Coupon interest adjustment		-	5,350,694	-	5,350,694
Unrealized Gain/Loss FX contra		89,489,634	-	89,489,634	-
		1,090,032,867	**704,821,213**	**1,090,032,867**	**704,821,213**
9.6 Other assets of subsidiaries					
BRAC EPL Investments Limited		655,367,327	803,627,967	-	-
BRAC EPL Stock Brokerage Limited		2,055,779,716	630,608,527	-	-
bKash Limited		2,360,266,438	1,604,105,215	-	-
BRAC Saajan Exchange Limited		224,371,137	211,386,397	-	-
BRAC IT Services Limited		-	31,895,353	-	-
		5,295,784,618	**3,281,623,459**	**-**	**-**
Less: Inter company transactions:					
BRAC Bank Limited		197,805,465	395,889,430	-	-
BRAC EPL Investments Limited		34,500	209,990	-	-
BRAC EPL Stock Brokerage Limited		15,404,922	2,777,245	-	-
bKash Limited		613,209	572,894	-	-
BRAC Saajan Exchange Limited		-	-	-	-
BRAC IT Services Limited		-	3,290,229	-	-
		213,858,096	**402,739,788**	**-**	**-**
		5,081,926,522	**2,878,883,671**	**-**	**-**
9.7 Particulars of required provision for other assets (bank only)			**Rate**		
Sundry debtors		6,476,201	100%	6,476,201	6,006,530
Receivable from BACH		5,000,000	100%	5,000,000	5,000,000
Receivable from Co-Brand ATM		40,535,942	100%	40,535,942	40,747,000
Receivable from Partners		2,433,311	100%	2,433,311	2,002,851
Receivable in proxy account		6,849,241	100%	6,849,241	4,074,929
Protested bill		116,490,109	100%	116,490,109	19,523,600
Other		69,289	100%	69,289	51,077
Required provision for other assets				177,854,093	77,405,987
Total provision maintained	17.3			179,816,091	79,367,985
Excess / (short) provision at 31 December 2017				**1,961,998**	**1,961,998**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
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	-
		63,430,075	**62,230,075**	**63,430,075**	**62,230,075**

The Bank has been awarded ownership of the mortgaged property at Fatullah Narayanganj of the above mentioned party according to the verdict of the Honorable Court, order no. 85 dated 23/04/2015 (Artho Rin Adalat, Dhaka) in 2015 and reported it 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					
BRAC EPL Investments Limited		246,289,821	246,289,821	-	-
BRAC EPL Stock Brokerage Limited		1,126,273,572	1,126,273,572	-	-
bKash Limited		73,393,751	73,393,751	-	-
BRAC Saajan Exchange Limited		54,905,518	54,905,518	-	-
BRAC IT Services Limited		-	1,476,391	-	-
Less: Impairment of Goodwill*		(150,233,905)	(120,187,124)	-	-
		1,350,628,757	**1,382,151,929**	**-**	**-**

* Impairment of Goodwill is related to BRAC EPL Investment Ltd.

12 Borrowings from other banks, financial institutions and agents					
Borrowings inside Bangladesh	12.1	2,412,800,000	3,443,019,527	2,412,800,000	3,150,000,000
Borrowings outside Bangladesh	12.2	20,798,133,175	15,688,239,195	20,798,133,175	15,688,239,195
		23,210,933,175	**19,131,258,722**	**23,210,933,175**	**18,838,239,195**
12.1 Borrowings inside Bangladesh					
Southeast Bank Ltd.		332,800,000	315,000,000	332,800,000	315,000,000
Prime Bank Limited		-	393,750,000	-	393,750,000
NRB Bank Limited		-	196,875,000	-	196,875,000
National Bank Limited		-	393,750,000	-	393,750,000
Bank Al Falah		-	78,750,000	-	78,750,000
The City Bank Ltd.		-	1,023,750,000	-	1,023,750,000
Uttara Bank Limited		-	393,750,000	-	393,750,000
BASIC Bank Limited		-	354,375,000	-	354,375,000
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		1,597,440,000	3,150,199,312	1,597,440,000	3,150,199,312
Borrowings of subsidiaries		992,117,975	1,824,274,557	-	-
		5,002,357,975	**8,124,473,869**	**4,010,240,000**	**6,300,199,312**
Less: On-shore to BBL Off-shore placement/ Inter Company elimination		2,589,557,975	4,681,454,342	1,597,440,000	3,150,199,312
		2,412,800,000	**3,443,019,527**	**2,412,800,000**	**3,150,000,000**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
12.2 Borrowing from outside Bangladesh					
Sonali Bank UK Ltd		1,285,509,100	629,324,800	1,285,509,100	629,324,800
BANK ONE Mauritius		1,081,600,000	-	1,081,600,000	-
Emirates Bank		832,000,000	-	832,000,000	-
HDFC Bank Limited		416,000,000	-	416,000,000	-
ICICI Bank Limited		832,000,000	-	832,000,000	-
Standard Chartered Bank Singapore		3,078,400,000	-	3,078,400,000	-
UBL DUBAI		981,760,000	-	981,760,000	-
Asian Development Bank		2,481,107,200	2,526,300,000	2,481,107,200	2,526,300,000
KBC Bank NV Belgium		832,476,876	629,866,895	832,476,876	629,866,895
Emirates NBD		-	877,747,500	-	877,747,500
First Gulf Bank		1,248,000,000	787,500,000	1,248,000,000	787,500,000
The National Bank of Ras Al-Khaimah		2,113,280,000	1,181,250,000	2,113,280,000	1,181,250,000
Borrowing from NORFUND		208,000,000	590,625,000	208,000,000	590,625,000
Borrowing from IFC		4,160,000,000	3,150,000,000	4,160,000,000	3,150,000,000
Borrowing from FMO		1,247,999,999	5,315,625,000	1,247,999,999	5,315,625,000
		20,798,133,175	**15,688,239,195**	**20,798,133,175**	**15,688,239,195**
		23,210,933,175	**19,131,258,722**	**23,210,933,175**	**18,838,239,195**
12.3 Security against borrowings from other banks, financial institutions and agents:					
Secured (Treasury bills)		-	-	-	-
Unsecured		23,210,933,175	19,131,258,722	23,210,933,175	18,838,239,195
		23,210,933,175	**19,131,258,722**	**23,210,933,175**	**18,838,239,195**

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 2017:

Sl. no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)	Amount (1st leg cash consideration)
i	Standard Chartered Bank	12/28/2017	1/1/2018	206,503,052	1,007,481,414
ii	National Bank Ltd	12/29/2016	1/5/2017	-	1,978,887,209
iii	Janata Bank Ltd	12/27/2017	2/1/2018	1,398,516,000	1,998,740,000
				1,605,019,052	**4,985,108,623**

(a) (ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2017:

Sl. no	Counter party name	Agreement Date	Reversal Date	Amount (1st leg cash consideration)	Amount (1st leg cash consideration)
i	NIL	N/A	N/A	NIL	NIL
ii	International Leasing & Financial Services Ltd.	12/26/2016	1/2/2017	-	296,430,508
				-	**296,430,508**

(b) Disclosure regarding overall transaction of Repo and Reverse repo during the year 31 December 2017:

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Daily average outstanding during the year
Securities sold under repo:				
i) with Bangladesh Bank		-	-	-
ii) with other banks & FIs	197,197,000	4,992,921,000	791,977,750	1,448,822,539
Securities purchased under reverse repo:				
i) with Bangladesh Bank	-	-	-	-
ii) with other banks & FIs	188,846,404	3,005,900,233	64,799,691	67,118,951

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
12.5 Maturity wise grouping of borrowing from other bank and financial institutions					
Repayable on demand		5,338,736,186	6,286,955,100	5,338,736,186	6,286,955,100
Not more than 3 months		6,095,250,806	1,470,898,450	6,095,250,806	1,470,898,450
More than 3 months but not more than 1 Year		6,725,517,613	6,946,010,645	6,725,517,613	6,946,010,645
More than 1 year but not more than 5 years		5,051,428,571	4,134,375,000	5,051,428,571	4,134,375,000
More than 5 years		-	-	-	-
		23,210,933,175	**18,838,239,195**	**23,210,933,175**	**18,838,239,195**
13 Borrowings from Bangladesh Bank					
Bangladesh Bank refinance		938,487,908	841,013,210	938,487,908	841,013,210
Bangladesh Bank EDF fund		4,214,064,523	5,896,115,187	4,214,064,523	5,896,115,187
Bangladesh Bank SME Foundation		27,767,500	15,850,000	27,767,500	15,850,000
Borrowing from Bangladesh Bank - LTFF		415,265,835	-	415,265,835	-
		5,595,585,766	**6,752,978,397**	**5,595,585,766**	**6,752,978,397**
13.1 Maturity wise grouping of borrowing from Bangladesh Bank					
Repayable on demand		928,073,307	602,831,925	928,073,307	602,831,925
Not more than 3 months		2,718,641,427	1,396,578,490	2,718,641,427	1,396,578,490
More than 3 months but not more than 1 Year		1,533,605,197	4,753,567,982	1,533,605,197	4,753,567,982
More than 1 year but not more than 5 years		415,265,835	-	415,265,835	-
More than 5 years		-	-	-	-
		5,595,585,766	**6,752,978,397**	**5,595,585,766**	**6,752,978,397**
14 Subordinated convertible bond					
Private Placement	14.1	2,528,987,000	2,651,375,000	2,528,987,000	2,651,375,000
Public Subscription	14.2	321,161,000	299,704,000	321,161,000	299,704,000
		2,850,148,000	**2,951,079,000**	**2,850,148,000**	**2,951,079,000**

Pursuant to the terms and conditions of Subordinated 25% convertible bonds, in the year 2016 we have converted total 48,921 bonds @ Tk. 1000 and issued total 1,149,589 Ordinary shares @ Tk. 42.55 as 1st Conversion considering 5% conversion of the individual holding and in the year 2017 we have converted total 100,931 bonds @ Tk. 1000 and issued total 2,237,835 Ordinary shares @ Tk. 45.10 as 2nd conversion considering 10% conversion of the individual holding .

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
14.1 Private placement details	**No. of unit**				
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	525,000	525,000,000	525,000,000	525,000,000	525,000,000
Triodos Fair Share Fund	175,000	175,000,000	175,000,000	175,000,000	175,000,000
Triodos Microfinance Fund	175,000	175,000,000	175,000,000	175,000,000	175,000,000
Norwegian Investment Fund for Developing Countries	418,950	418,950,000	465,500,000	418,950,000	465,500,000
Agrani Bank Limited	750,000	750,000,000	750,000,000	750,000,000	750,000,000
BRAC Employee Provident Fund	412,537	412,537,000	458,375,000	412,537,000	458,375,000
Delta Life Insurance Company Ltd.	20,000	20,000,000	20,000,000	20,000,000	20,000,000
RACE Asset Management *	52,500	52,500,000	82,500,000	52,500,000	82,500,000
		2,528,987,000	**2,651,375,000**	**2,528,987,000**	**2,651,375,000**

* 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	212,479,000	263,547,000	212,479,000
Non-resident Bangladeshis	807	807,000	2,285,000	807,000	2,285,000
Mutual Funds	56,807	56,807,000	84,940,000	56,807,000	84,940,000
		321,161,000	**299,704,000**	**321,161,000**	**299,704,000**
Total Subscription received		**2,850,148,000**	**2,951,079,000**	**2,850,148,000**	**2,951,079,000**
Less: Refundable against excess subscription		**-**	**-**	**-**	**-**
		2,850,148,000	**2,951,079,000**	**2,850,148,000**	**2,951,079,000**

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	-	2,951,079,000	-	2,951,079,000
More than 5 years	-	-	-	-
	2,850,148,000	**2,951,079,000**	**2,850,148,000**	**2,951,079,000**

15 Money at call and short notice

Local currency:				
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	400,000,000	1,200,000,000	400,000,000
Sonali Bank Limited	1,000,000,000	-	1,000,000,000	-
State Bank of India	-	280,000,000	-	280,000,000
Southeast Bank Limited	-	230,000,000	-	230,000,000
	2,700,000,000	**910,000,000**	**2,700,000,000**	**910,000,000**
Foreign currency:				
Agrani Bank Ltd.	-	393,750,000	-	393,750,000
	-	**393,750,000**	**-**	**393,750,000**
	2,700,000,000	**1,303,750,000**	**2,700,000,000**	**1,303,750,000**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
15.1 Maturity wise grouping of money at call and short notice					
Up to 1 month		2,700,000,000	1,303,750,000	2,700,000,000	1,303,750,000
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	**1,303,750,000**	**2,700,000,000**	**1,303,750,000**
16 Deposits and other accounts					
Current deposits and other accounts etc.	16.1	83,474,319,154	66,657,447,378	62,304,458,807	50,271,016,607
Bills payable	16.2	1,013,749,416	1,309,401,487	1,013,749,416	1,309,401,487
Savings bank deposits	16.3	35,100,923,580	31,368,696,186	35,100,923,580	31,368,696,186
Fixed deposits	16.4	95,556,881,123	80,737,078,388	96,018,419,796	84,504,303,337
Other deposits	16.5	1,784,046,490	1,406,154,121	1,786,887,658	1,406,154,121
		216,929,919,763	**181,478,777,560**	**196,224,439,257**	**168,859,571,738**
16.1 Current deposits and other accounts					
Local currency		82,741,721,386	65,647,346,073	61,077,784,187	8,358,731,917
Foreign currencies		1,226,674,620	1,912,284,690	1,226,674,620	1,912,284,690
		83,968,396,006	67,559,630,763	62,304,458,807	50,271,016,607
Less: Inter unit/company elimination		494,076,852	902,183,385	-	-
		83,474,319,154	**66,657,447,378**	**62,304,458,807**	**50,271,016,607**
16.1.1 Current deposits and other accounts					
Current deposits		72,380,687,481	58,473,157,736	50,716,750,283	41,184,543,580
Short term deposit		11,587,708,525	9,086,473,027	11,587,708,525	9,086,473,027
Less: Inter unit/company elimination		494,076,852	902,183,385	-	-
		83,474,319,154	**66,657,447,378**	**62,304,458,808**	**50,271,016,607**
16.2 Bills payable					
Local currency		995,476,293	945,992,985	995,476,293	945,992,985
Foreign currencies		18,273,123	363,408,502	18,273,123	363,408,502
		1,013,749,416	**1,309,401,487**	**1,013,749,416**	**1,309,401,487**
16.3 Savings bank deposits					
Local currency		35,100,923,580	31,368,696,186	35,100,923,580	31,368,696,186
Foreign currencies		-	-	-	-
		35,100,923,580	**31,368,696,186**	**35,100,923,580**	**31,368,696,186**
16.4 Fixed deposits					
Local currency		94,645,236,796	83,226,753,125	94,645,236,796	83,226,753,125
Foreign currencies		1,373,183,000	1,277,550,212	1,373,183,000	1,277,550,212
		96,018,419,796	84,504,303,337	96,018,419,796	84,504,303,337
Less: Inter unit/company elimination		461,538,673	3,767,224,949	-	-
		95,556,881,123	**80,737,078,388**	**96,018,419,796**	**84,504,303,337**
16.5 Other deposits					
Local currency	16.5.1	640,754,309	595,249,868	640,754,309	595,249,868
Foreign currencies		1,146,133,349	810,904,253	1,146,133,349	810,904,253
		1,786,887,658	1,406,154,121	1,786,887,658	1,406,154,121
Less: Inter unit/company elimination		2,841,168	-	-	-
		1,784,046,490	**1,406,154,121**	**1,786,887,658**	**1,406,154,121**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
16.5.1 Other local currency deposits					
Security Deposits		962,000	998,000	962,000	998,000
Security Deposit from Retail Loan client		7,912,505	7,912,505	7,912,505	7,912,505
Sundry deposit	16.6	631,879,803	586,339,363	631,879,803	586,339,363
		640,754,308	**595,249,868**	**640,754,308**	**595,249,868**
16.6 Sundry deposit					
Lease Deposits		7,136,038	4,959,100	7,136,038	4,959,100
Payable to NPS		146,880,320	72,836,460	146,880,320	72,836,460
EFTN and BACH adjustments account		324,586,932	374,891,690	324,586,932	374,891,690
Payable against customers, Loan account and others		153,276,513	133,652,113	153,276,513	133,652,113
		631,879,803	**586,339,363**	**631,879,803**	**586,339,363**
16.7 Deposits from banks-inside Bangladesh		9,295,668,973	10,061,043,601	9,295,668,973	10,061,043,601
Other than banks		207,634,250,790	171,417,733,959	186,928,770,284	158,798,528,138
		216,929,919,763	**181,478,777,560**	**196,224,439,257**	**168,859,571,739**
16.7.1 Deposits from banks					
Current deposits:					
Eldorado Member Banks		2,273,326	16,105,904	2,273,326	16,105,904
Omnibus Member Banks		3,395,647	4,937,697	3,395,647	4,937,697
		5,668,973	21,043,601	5,668,973	21,043,601
Fixed deposits from banks:					
Uttara Bank Limited		-	2,300,000,000	-	2,300,000,000
Agrani Bank Limited		2,500,000,000	-	2,500,000,000	-
Bangladesh Development Bank Limited		200,000,000	-	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	-
Bank Asaia Limited		-	750,000,000	-	750,000,000
Commercial Bank of Ceylon		-	310,000,000	-	310,000,000
Habib Bank Limited		-	190,000,000	-	190,000,000
Hongkong Shanghai Banking Corporation		690,000,000	690,000,000	690,000,000	690,000,000
IFIC Bank Limited		-	1,000,000,000	-	1,000,000,000
NCC Bank Limited		-	1,000,000,000	-	1,000,000,000
Prime Bank Limited		1,900,000,000	600,000,000	1,900,000,000	600,000,000
Pubali Bank Limited		-	500,000,000	-	500,000,000
The Premier Bank Limited		-	400,000,000	-	400,000,000
Trust Bank Limited		-	2,000,000,000	-	2,000,000,000
		9,290,000,000	9,740,000,000	9,290,000,000	9,740,000,000
Fixed deposits from financial institutions:					
Uttara Finance & Investment Limited		-	300,000,000	-	300,000,000
		-	300,000,000	-	300,000,000
		9,290,000,000	10,040,000,000	9,290,000,000	10,040,000,000
Total deposits from banks and financial institutions		**9,295,668,973**	**10,061,043,601**	**9,295,668,973**	**10,061,043,601**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
16.8 Payable on demand and time deposit					
i) Demand deposit					
Current deposits		70,657,094,843	55,658,689,661	49,490,075,663	39,272,258,890
Saving deposits (10%)		3,510,092,358	3,136,869,619	3,510,092,358	3,136,869,619
Foreign currency deposits		2,372,807,969	2,723,188,942	2,372,807,969	2,723,188,942
Sundry deposits		631,879,803	586,339,363	631,879,803	586,339,363
Bills payable		1,013,749,416	1,309,401,487	1,013,749,416	1,309,401,487
		78,185,624,389	**63,414,489,072**	**57,018,605,209**	**47,028,058,301**
ii) Time deposit					
Saving deposits (90%)		31,590,831,222	28,231,826,568	31,590,831,222	28,231,826,568
Foreign currency deposits		1,373,183,000	1,277,550,212	1,373,183,000	1,277,550,212
Fixed deposits		84,922,710,732	71,728,535,723	85,384,249,406	75,495,760,672
Short term deposits		11,587,708,525	9,086,473,027	11,587,708,525	9,086,473,027
Deposit pension schemes		9,260,987,390	7,730,992,453	9,260,987,390	7,730,992,453
Security deposits		8,874,505	8,910,505	8,874,505	8,910,505
		138,744,295,374	**118,064,288,488**	**139,205,834,048**	**121,831,513,437**
		216,929,919,763	**181,478,777,560**	**196,224,439,257**	**168,859,571,738**
16.9 Maturity wise grouping of deposits and other accounts					
Repayable on demand		2,917,671,825	2,947,232,200	2,917,671,825	2,947,232,200
Repayable within 1 month		34,450,644,376	28,979,959,199	28,448,381,235	23,831,127,629
Over 1 month but within 6 months		62,226,219,427	63,006,845,343	60,521,364,381	55,536,471,091
Over 6 month but within 1 year		46,266,521,566	27,169,529,995	33,268,159,246	27,169,529,995
Over 1 year but within 5 years		50,396,625,073	41,078,673,485	50,396,625,073	41,078,673,485
Over 5 years but within 10 years		20,668,786,215	18,292,426,838	20,668,786,215	18,292,426,838
Over 10 years		3,451,282	4,110,500	3,451,282	4,110,500
Unclaimed deposits for 10 years or more		-	-	-	-
		216,929,919,763	**181,478,777,560**	**196,224,439,257**	**168,859,571,738**

The unclaimed deposit outstanding for 10 years and above BDT 27,873,340.40 (Cheque no- BR 0566774) has been deposited to Bangladesh Bank as per section 35 of Bank companies act 1991.

17 Other liabilities

Provision for loans and advances	17.1	7,989,495,186	8,015,095,645	7,989,495,186	6,956,029,599
Provision for interest receivable from loan	17.2	9,648,388	9,605,500	9,648,388	9,605,500
Provision for other assets	17.3	179,816,091	79,367,985	179,816,091	79,367,985
Provisions for Off Balance Sheet Items	17.4	621,162,499	489,847,170	621,162,499	489,847,170
Provision for diminution in value of Investments	17.5	-	72,224,112	-	72,224,112
Interest suspense	17.6	687,170,604	721,066,429	687,170,604	721,066,429
Withholding tax payable	17.7	192,091,315	160,460,239	192,091,315	160,460,239
VAT payable	17.8	166,123,743	159,063,629	166,123,743	159,063,629
Excise duty Payable		79,949,593	156,602,697	79,949,593	156,602,697
Provision for taxation	17.9	15,155,352,574	11,961,311,619	15,155,352,574	11,961,311,619
Deferred tax liability		154,735,560	130,673,845	154,735,560	130,673,845
Interest payable		1,826,376,155	1,477,884,587	1,826,376,155	1,477,884,587
Accrued expenses		2,266,094,859	2,153,072,755	2,266,094,859	2,153,072,755
Share subscription - IPO (refund warrant)		223,727	209,983	223,727	209,983
Right Share subscription		636,674	636,674	636,674	636,674
Payable to Off-shore Banking Unit		1,182,891,586	623,849,786	1,182,891,586	623,849,786
Payable settlement account-OBU/DBU		1,285,509,100	1,412,649,627	1,285,509,100	1,412,649,627

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
Cheque clearing account		316,002	316,002	316,002	316,002
Margin on Letter of Credits		1,029,664,286	754,706,528	1,029,664,286	754,706,528
Margin on Letter of Guarantees		220,624,615	189,995,435	220,624,615	189,995,435
Cash dividend payable		57,221,273	55,615,946	57,221,273	55,615,946
Unclaimed dividend		3,704,765	3,705,304	3,704,765	3,705,304
Suppliers payable		161,114,594	127,123,690	161,114,594	127,123,690
Payable against exchange houses		23,550	607,690	23,550	607,690
Payable against insurances		30,813,366	22,862,464	30,813,366	22,862,464
Payable to Omnibus		896,130	24,989,170	896,130	24,989,170
Payable against FDD		473,300,643	-	473,300,643	-
Payable against SWIFT charge		1,500,441	-	1,500,441	-
Others payable	17.10	1,621,448,121	1,338,439,053	1,621,448,121	1,338,439,053
Less: Off-shore to On-shore		(2,468,400,686)	(623,849,786)	(2,468,400,686)	(623,849,786)
Other liabilities of subsidiaries	17.11	6,904,281,953	3,448,139,796	-	-
		39,833,786,707	**32,966,273,574**	**32,929,504,754**	**28,459,067,732**

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	2,090,767,680	1,527,643,754	2,090,767,680	1,527,643,754
Add: Exchange difference in Off-shore book	15,071,195	682,788	15,071,195	682,788
Add: Net charge to Profit & Loss A/C	234,720,281	562,441,138	234,720,281	562,441,138
Provisions held at the end of the year	**2,340,559,156**	**2,090,767,680**	**2,340,559,156**	**2,090,767,680**

B. Specific

Provisions held at the beginning of the year (i)	5,924,327,965	7,264,956,488	4,865,261,919	6,889,684,512
Less: Write off during the year (ii)	(1,013,785,585)	(3,758,014,610)	(1,013,785,585)	(3,758,014,610)
Add: Recovery of written off bad debts (iii)	1,039,185,296	1,217,678,634	1,039,185,296	1,217,678,634
Add: Exchange difference in Off-shore book (iv)	211,956	47,820	211,956	47,820
Add: Specific provision for the year (v)	738,181,694	2,417,338,267	1,797,247,740	1,733,544,197
Net charge to Profit & Loss A/C (vi)	(301,003,602)	1,199,659,633	758,062,444	515,865,563
Provisions held at the end of the year (i+ii+iii+iv+vi)	**5,648,936,030**	**5,924,327,965**	**5,648,936,030**	**4,865,261,919**
Total provision held at the end of the year (A+B)	**7,989,495,186**	**8,015,095,645**	**7,989,495,186**	**6,956,029,599**

17.2 Provision for interest receivable from loan

Provisions held at the beginning of the year	9,605,500	-	9,605,500	-
Add: Net charge to Profit & Loss A/C	42,888	9,605,500	42,888	9,605,500
Provisions held at the end of the year	**9,648,388**	**9,605,500**	**9,648,388**	**9,605,500**

17.3 Provision for other assets

Provisions held at the beginning of the year	79,367,985	78,505,485	79,367,985	78,505,485
Add: Net charge to Profit & Loss A/C	100,448,106	862,500	100,448,106	862,500
Provisions held at the end of the year	**179,816,091**	**79,367,985**	**179,816,091**	**79,367,985**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
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 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		489,847,170	427,347,170	489,847,170	427,347,170
Add: Provision made during the year		131,315,329	62,500,000	131,315,329	62,500,000
Balance at the end of the year		**621,162,499**	**489,847,170**	**621,162,499**	**489,847,170**
17.5 Provision for diminution in value of Investments					
Balance at the beginning of the year		72,224,112	358,951,693	72,224,112	358,951,693
Add: Provision made/(released) during the year		(72,224,112)	(286,727,581)	(72,224,112)	(286,727,581)
Balance at the end of the year		**-**	**72,224,112**	**-**	**72,224,112**
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		721,066,429	833,053,798	721,066,429	833,053,798
Add: Amount transferred to "Interest Suspense" account during the year		537,463,972	662,473,361	537,463,972	662,473,361
		1,258,530,401	1,495,527,159	1,258,530,401	1,495,527,159
Less: Amount recovered in "Interest Suspense" account during the year		153,448,735	105,170,602	153,448,735	105,170,602
Less: Amount written off during the year		103,636,703	212,021,675	103,636,703	212,021,675
Less: Interest waiver during the year		314,274,359	457,268,453	314,274,359	457,268,453
Balance at the end of the year		**687,170,604**	**721,066,429**	**687,170,604**	**721,066,429**
17.7 Withholding tax payable					
Payable on Interest		135,819,548	117,636,454	135,819,548	117,636,454
Payable (Suppliers)		6,085,416	6,146,112	6,085,416	6,146,112
Payable (Contractors and consultants)		457,861	595,003	457,861	595,003
Payable (Staff salaries and allowance)		7,423,201	5,837,756	7,423,201	5,837,756
Payable (Rent)		3,721,767	3,270,656	3,721,767	3,270,656
Payable (Export)		20,585,307	14,219,058	20,585,307	14,219,058
Payable on commission paid		4,531,352	6,723,367	4,531,352	6,723,367
Payable on professional services		448,376	1,217,751	448,376	1,217,751
Payable on export cash subsidy		7,920	-	7,920	-
Payable on local LC		4,125,184	-	4,125,184	-
Payable on foreign buyer agent		473,366	-	473,366	-
Payable on IGW services		688,033	-	688,033	-
Payable on others		7,723,984	4,814,082	7,723,984	4,814,082
		192,091,315	**160,460,239**	**192,091,315**	**160,460,239**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
17.8 VAT payable					
Payable on letter of credit commission		3,867,753	7,249,715	3,867,753	7,249,715
Payable on loan processing fees		3,345,531	3,705,683	3,345,531	3,705,683
Payable - credit cards		13,195,412	7,226,748	13,195,412	7,226,748
Payable - Supplier		6,412,537	29,688,534	6,412,537	29,688,534
Payable - Rent		18,320,563	8,748,992	18,320,563	8,748,992
Payable - DESA and DESCO		10,652,235	11,251,600	10,652,235	11,251,600
Payable - BPDB		12,522,380	28,588,399	12,522,380	28,588,399
Payable - BTCL		29,511,469	135,629	29,511,469	135,629
Payable - DPDC		-	51,975,020	-	51,975,020
Payable - REB		68,223,868	117,736	68,223,868	117,736
Payable - others		71,995	10,375,573	71,995	10,375,573
		166,123,743	**159,063,629**	**166,123,743**	**159,063,629**
17.9 Provision for current taxation (Bank only)					
Balance at the beginning of the year				11,961,311,619	11,779,971,279
Add: Provision made during the year				3,196,240,955	2,629,520,979
				15,157,552,574	14,409,492,258
Less: Adjustment of tax provision for previous years				2,200,000	2,448,180,639
Balance at the end of the year				**15,155,352,574**	**11,961,311,619**
Corporate tax position of the Bank has been shown in Annex G.					
17.10 Other payables					
Payables related cards and others		219,159,545	157,384,295	219,159,545	157,384,295
Payables for good borrower rebate		168,246,220	257,371,322	168,246,220	257,371,322
Payable to merchant		7,668,711	46,341,020	7,668,711	46,341,020
Payables to co brand ATM		4,070,495	7,260,372	4,070,495	7,260,372
FX translation adjustments - contra		-	27,220,307	-	27,220,307
REPO interest income		-	(243,642)	-	(243,642)
Miscellaneous payable		1,222,303,150	843,105,379	1,222,303,150	843,105,379
		1,621,448,121	**1,338,439,053**	**1,621,448,121**	**1,338,439,053**
17.11 Other liabilities of subsidiaries					
BRAC EPL Investments Limited		1,457,241,248	134,000,938	-	-
BRAC EPL Stock Brokerage Limited		2,167,636,731	1,010,608,329	-	-
bKash Limited		3,090,675,264	2,076,079,445	-	-
BRAC Saajan Exchange Limited		402,586,806	285,209,187	-	-
BRAC IT Services Limited		-	344,981,682	-	-
		7,118,140,049	3,850,879,581	-	-
Less: Inter company transactions:					
BRAC Bank Limited		15,022,580	2,438,673	-	-
BRAC EPL Investments Limited		995,551	956,266	-	-
BRAC EPL Stock Brokerage Limited		34,500	972,834	-	-
bKash Limited		901,998	5,426,232	-	-
BRAC Saajan Exchange Limited		196,903,467	163,239,456	-	-
BRAC IT Services Limited		-	229,706,325	-	-
		213,858,096	402,739,786	-	-
		6,904,281,953	**3,448,139,795**	**-**	**-**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016

18 Share Capital

18.1 Authorized Capital

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

1,200,000,000 ordinary shares of Tk. 10 each	12,000,000,000	12,000,000,000	12,000,000,000	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	1,000,000,000	1,000,000,000
503,769,982 ordinary Shares of Tk. 10/- each issued as bonus share	5,037,699,820	3,612,350,330	5,037,699,820	3,612,350,330
26,400,000 Right Shares of Tk. 10/- each issued in 2008	264,000,000	264,000,000	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	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	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	-
	8,552,096,940	**7,104,369,100**	**8,552,096,940**	**7,104,369,100**

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 & 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
Total					**8,552,096,940**	

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
18.2.2 Issued, Subscribed and Paid up Capital					
Balance at the beginning of the year		7,104,369,100	7,092,873,210	7,104,369,100	7,092,873,210
Add: Bond converted ordinary share issued		22,378,350	11,495,890	22,378,350	11,495,890
Add: Stock dividend 2017		1,425,349,490	-	1,425,349,490	-
Closing balance at the end of the year		**8,552,096,940**	**7,104,369,100**	**8,552,096,940**	**7,104,369,100**

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 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 10 April 2017, Cash Dividend @10% (Tk 1 per Share of Tk. 10 each) amounting to Taka 712,674,745 and Stock Dividend 20% (20 Bonus Shares for every 100 shares) were approved by the shareholders in 18th Annual General Meeting. The cash 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 (2017)	% of shareholding (2017)	2017 Taka	2016 Taka
BRAC	379,918,141	44.42%	3,799,181,410	3,165,984,510
Others	175,761	0.02%	1,757,610	1,048,020
Non Sponsor				
Non Resident Bangladeshis	637,337	0.07%	6,373,370	6,279,640
Mutual Funds	13,988,406	1.64%	139,884,060	160,429,240
Institutions and General Public	460,490,049	53.85%	4,604,900,490	3,770,627,690
	855,209,694	**100%**	**8,552,096,940**	**7,104,369,100**

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 2017 was Tk. 108.40 at Dhaka Stock Exchange (DSE) and Tk. 106.70 at Chittagong Stock Exchange (CSE).

18.6 Classification of Shareholding

Range of Holding of Shares	No. of Shareholders (2017)	No. of Shares (2017)	Percentage of Holding of Shares (2017)
Less than 500	6,031	1,056,256	0.12%
500 to 5, 000	7,527	15,118,089	1.77%
5,001 to 10,000	897	6,563,623	0.77%
10,001 to 20,000	457	6,505,737	0.76%
20,001 to 30,000	194	4,861,816	0.57%
30,001 to 40,000	75	2,655,829	0.31%
40,001 to 50,000	59	2,748,269	0.32%
50,001 to 100,000	132	9,404,921	1.10%
100,001 to 1,000,000	143	43,502,381	5.09%
Over 1000000	78	762,792,773	89.19%
Total	**15,593**	**855,209,694**	**100%**

18.6.1 Name of the Directors and their shareholdings as at December 31, 2017:

Sl. No.	Name	Status	Opening position	Closing position	% of shares held as on 31.12.2017
1	Sir Fazle Hasan Abed KCMG (Nominated by BRAC)	Chairman	7,020	8,424	0.001%
2	Mr. Shib Narayan Kairy (Nominated by BRAC)	Nominated Director	5,341	6,409	0.001%
3	Ms. Nihad Kabir (Nominated by BRAC)	Nominated Director	25,872	31,046	0.004%
4	Mr. Kaiser Kabir (Nominated by BRAC)	Nominated Director	50,000	110,000	0.013%
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. Zahida Ispahani	Nominated Director	-	-	-

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
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	-
		3,738,490,072	**3,659,942,031**	**3,738,490,072**	**3,659,942,031**
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		1,821,423,212	1,742,875,171	1,821,423,212	1,742,875,171
		3,738,490,072	**3,659,942,031**	**3,738,490,072**	**3,659,942,031**

Particulars	2017 Taka Consolidated basis	2017 Taka SOLO basis	2016 Taka Consolidated basis	2016 Taka SOLO basis
18.9 Capital Adequacy Ratio - As per BASEL-II and III				
Common Equity Tier-1(Going Concern Capital)				
Fully Paid -up capital/funds from Head office for the purpose of meeting the capital adequacy	8,552,096,940	8,552,096,940	7,104,369,100	7,104,369,100
Non-Repayable Share Premium account	3,738,490,072	3,738,490,072	3,659,942,031	3,659,942,031
Statutory Reserve	4,813,606,868	4,813,606,868	3,470,350,332	3,470,350,332
General reserve		-		
Retained Earnings	8,601,051,187	7,991,713,548	6,934,903,963	6,222,874,273
Dividend Equalization Reserve	355,218,455	355,218,455	355,218,455	355,218,455
Minority Interests in Subsidiaries	1,829,699,277	-	1,587,099,687	-
Actuarial gain/loss (Actuarial gain/loss kept in books in Bangladesh for foreign banks)	-	-	-	-
Non-repatriable interest free funds from Head Office for the purpose of acquisition of property and held in a separate account and have the ability to absorb Losses regardless of their losses. (Applicable for foreign banks)	-	-	-	-
Others (If any item approved by Bangladesh Bank)	-	-	-	-
Sub-total	**27,890,162,799**	**25,451,125,883**	**23,111,883,568**	**20,812,754,191**
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	2,201,635,749	386,862,418	1,501,389,885	119,287,955
Deferred Tax Assets (DTA)	1,812,793,466	1,530,145,915	986,843,921	986,843,921
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, financing and insurance entities.	-	-	-	-
Any investment exceeding the approved limit under section 26(2) of the Bank Company Act, 1991(50% of investment)	-	-	-	-
Investment of subsidiaries which are not Consolidated (50% of investment)	-	-	-	-
Others if any	-	-	-	-
Sub-total	**4,014,429,215**	**1,917,008,333**	**2,488,233,806**	**1,106,131,876**
Total common equity Tier-1 capital	**23,875,733,584**	**23,534,117,550**	**20,623,649,762**	**19,706,622,315**
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)	-	-	-	-

Particulars	2017 Taka Consolidated basis	2017 Taka SOLO basis	2016 Taka Consolidated basis	2016 Taka SOLO basis
Minority (Non controlling) 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 Borrowing in foreign currency by Foreign Banks' operation 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 especially allowed by Bangladesh Bank 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/Shares (as per para 3.4.7 of Basel III Guidelines)	-	-	-	-
Reciprocal Crossholdings in The AT-1 Capital of Banking, financing and insurance entities.	-	-	-	-
Others (If any)	-	-	-	-
Total Additional Tier-1 Capital Available	-	-	-	-
Maximum limit of Additional Tier-1 Capital (AT-1 Capital can be maximum Up to 1.5% Of the Total RWA or 33.33% of CET1, Whichever is higher)	-	-	-	-
Excess amount over maximum limit Of AT-1	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**
Total Admissible Additional Tier-1 Capital	**23,875,733,584**	**23,534,117,550**	**20,623,649,762**	**19,706,622,315**
Tier-2 Capital (Going Concern Capital)				
General Provision (Eligible For inclusion in Tier 2 will be limited to 1 maximum 1.25 percentage points of Credit Risk Weighted Assets calculated under the Standardized Approach)	2,963,777,855	2,963,777,855	2,580,614,850	2,580,614,850
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)	-	-	600,000,000	600,000,000
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).	-	-	-	-
Revaluations Reserve as on 31 December, 2017 (50% Of Fixed Assets And Securities and 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	**3,310,280,263**	**3,310,280,263**	**3,527,117,258**	**3,527,117,258**

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Particulars	2017 Taka Consolidated basis	2017 Taka SOLO basis	2016 Taka Consolidated basis	2016 Taka SOLO basis
Regulatory Adjustments				
Revaluation Reserve for Fixed Assets and Security and equity securities (Follow Phase-in deduction as per Basel (III) guidelines)	207,901,445	207,901,445	138,600,963	138,600,963
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 the Banking Companies Act, 1991(50% of investment)	-	-	-	-
Investment of subsidiaries which are not Consolidated(50% of investment)	-	-	-	-
Others if any	-	-	-	-
Total Tier-2 Capital Available	3,102,378,818	3,102,378,818	3,388,516,295	3,388,516,295
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)	21,223,139,583	20,919,477,090	18,332,362,276	17,517,216,576
Excess amount over maximum limit of T-2	-	-	-	-
Total Admissible Tier-2 capital	**3,102,378,818**	**3,102,378,818**	**3,388,516,295**	**3,388,516,295**
Total Capital	**26,978,112,402**	**26,636,496,368**	**24,012,166,057**	**23,095,138,610**
Total Risk Weighted Assets	225,437,767,085	209,350,870,890	199,136,572,044	188,431,077,640
Minimum Capital requirement (MCR - 11.25%)	25,361,748,797	23,551,972,975	19,913,657,204	18,843,107,764
Surplus/ (Deficiency)	1,616,363,605	3,084,523,393	4,098,508,853	4,252,030,846
Capital Adequacy Ratio:				
Common Equity Tier-1 (Against standard of minimum 5.5%)	10.59%	11.24%	10.36%	10.46%
Total Capital to Risk-weighted Asset Ratio (Against standard of minimum 10% with capital conservation buffer of 0.625%)	11.97%	12.72%	12.06%	12.26%

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Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
19 Statutory reserve					
Opening balance		3,470,350,332	3,470,350,332	3,470,350,332	3,470,350,332
Transferred from profit during the year		1,343,256,536	-	1,343,256,536	-
Closing balance		**4,813,606,868**	**3,470,350,332**	**4,813,606,868**	**3,470,350,332**
20 Dividend equalization fund					
Balance at the beginning of the year		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**	**355,218,455**	**355,218,455**

According to BRPD Circular No. 18, dated 20 October 2002, the equivalent amount of exceeding 20% cash dividend shall be kept separately under Dividend Equalization Fund which shall be treated as permanent capital. On June 02, 2016 cash dividend @ 25% (Tk. 2.5 per share of 10 each) amounting to Taka 1,776,092,275 was approved by the shareholders in 17th Annual General Meeting and the cash dividend was paid accordingly. Therefore the excess 5% cash dividend equivalent amounting to Taka 355,218,455 has been transferred to Dividend Equalization Fund. This is treated as Common Equity Tier-1 (CET1)' of the Bank.

21 Revaluation reserve					
Revaluation Reserve on Govt. Securities (Note - 21.1)		23,306,557	111,643,709	23,306,557	111,643,709
Assets Revaluation Reserve (Note - 21.2)		516,373,535	516,373,535	516,373,535	516,373,535
		539,680,092	**628,017,244**	**539,680,092**	**628,017,244**
21.1 Revaluation reserve on govt. securities					
Balance at the beginning of the year		111,643,709	219,539,410	111,643,709	219,539,410
Add: Addition during the year		263,365,372	515,815,204	263,365,372	515,815,204
Less: Adjustment during the year		351,702,524	623,710,905	351,702,524	623,710,905
		23,306,557	**111,643,709**	**23,306,557**	**111,643,709**
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: Reserve made during the year		-	-	-	-
		516,373,535	**516,373,535**	**516,373,535**	**516,373,535**
22 Surplus in profit and loss account					
Balance at the beginning of the year		-	-	6,222,874,273	3,893,752,337
Retained surplus for the year		-	-	5,250,120,046	4,460,432,666
Transfer to statutory reserve		-	-	1,343,256,536	-
Bonus share issued		-	-	1,425,349,490	-
Cash dividend paid		-	-	712,674,745	1,776,092,275
Transfer to dividend equalization fund		-	-	-	355,218,455
Closing balance		-	-	**7,991,713,548**	**6,222,874,273**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
22.1 Surplus in profit and loss account/ Retained earnings (Consolidated)					
BRAC Bank Limited		7,991,713,548	6,222,874,273	-	-
BRAC EPL Investment Limited					
Opening balance		(783,030,715)	43,158,004	-	-
Add: Retained Surplus/(deficit) for the year		(489,104,217)	(851,838,993)	-	-
Add: Effect of change of shareholding		(40,241,896)	25,650,274	-	-
Less: Impairment of Goodwill		(150,233,905)	(120,187,124)	-	-
BRAC EPL Stock Brokerage Limited					
Opening balance		438,369,514	353,016,560	-	-
Add: Retained surplus/(deficit) for the year		184,251,659	85,352,954	-	-
Less: Dividend distributed		(224,508,300)	-	-	-
Add: Reserve for stock dividend		224,508,300	-	-	-
bKash Limited					
Opening balance		1,122,022,520	943,978,312	-	-
Add: Retained surplus/(deficit) for the year		224,692,887	178,044,208	-	-
BRAC Saajan Exchange Limited					
Opening balance		113,868,179	116,424,760	-	-
Add: Retained surplus/(deficit) for the year		22,734,758	14,492,203	-	-
Add: Foreign currency translation gain/loss		13,785,452	(17,048,784)	-	-
Less: Dividend distributed		(5,460,123)	-	-	-
Add: Effect of change of shareholding		(13,446,412)	-	-	-
BRAC IT Service Limited (biTS)					
Opening balance		(58,377,311)	(82,815,714)	-	-
Add: Share of profit - before disposal		15,828,148	24,438,403	-	-
Gain/(loss) on disposal/loss of control of subsidiaries		(18,366)	-	-	-
Associates					
Opening balance		(635,373)	(818,197)	-	-
Add: Share of profit/(loss) of equity in associate company - (biTS)		14,175,591	-	-	-
Add: Share of profit/(loss) of equity in associate company - (BAMCL)		157,249	182,824	-	-
		8,601,051,187	**6,934,903,963**	**-**	**-**
22.1.1 Net effect of all items directly recognized in equity					
Effect of change of shareholding in subsidiaries (22.1.1.a)		(53,688,308)	25,650,274		
Dividend distributed by BRAC Saajan Ltd.		(5,460,123)	-		
Foreign currency translation gain/loss		13,785,452	(17,048,784)		
		(45,362,979)	**8,601,490**		

22.1.1.a The above adjustment arose due to chage of share holding related to BRAC EPIL (TK 40,241,896) and BRAC Saajan (TK 13,446,412).

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
22.2 Non controlling interest					
BRAC EPL Investments Ltd.		2,061,513	98,980,436	-	-
BRAC EPL Stock Brokerage Ltd.		93,388,344	72,915,938	-	-
bkash Limited		1,688,927,798	1,425,802,969	-	-
BRAC Saajan Exchange Ltd.		45,321,622	16,907,313	-	-
BRAC IT Services Ltd.		-	(27,506,969)	-	-
		1,829,699,277	**1,587,099,687**	**-**	**-**

22.2.1 Reconciliation of non controlling interest

	BRACEPL Investments Ltd.	BRAC EPL Stock Brokerage Ltd.	bkash Limited	BRAC Saajan Exchange Ltd.
Opening balance	98,980,436	72,915,938	1,425,802,969	16,907,313
Add: Share of profit	(757,859)	20,472,406	263,124,829	7,578,252
Add: Adjustment for shareholdings change	(96,161,064)	-	-	16,240,906
Add: Translation adjustment	-	-	-	4,595,151
	2,061,513	**93,388,344**	**1,688,927,798**	**45,321,622**

23 Contingent liabilities

	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
Acceptances and endorsements		21,855,158,644	20,015,403,528	21,855,158,644	20,015,403,528
Letters of Credit		22,568,919,488	20,609,044,537	22,568,919,488	20,609,044,537
Total Letters of Credit and Acceptances and endorsements:	23.1	44,424,078,132	40,624,448,065	44,424,078,132	40,624,448,065
Guarantees Issued	23.2	8,109,659,718	6,357,188,894	8,109,659,718	6,357,188,894
Bills for collection	23.3	4,015,469,603	1,815,432,730	4,015,469,603	1,815,432,730
Tax Liability		-	43,700,000	-	43,700,000
Contingent liabilities - FX deals		1,088,514,832	4,928,744,717	1,088,514,832	4,928,744,717
Forward contract		10,612,696,102	3,436,938,282	10,612,696,102	3,436,938,282
Stock of Travelers Cheques (TC)		-	4,165,875	-	4,165,875
Net exposures		**68,250,418,387**	**57,210,618,563**	**68,250,418,387**	**57,210,618,563**

23.1 Irrevocable Letter of Credit including Acceptances and endorsements

Letter of Credit (Inland)	1,569,207,637	83,092,137	1,569,207,637	83,092,137
Letter of Credit (General)	31,563,382,997	30,048,704,641	31,563,382,997	30,048,704,641
Back to Back L/C	3,072,728,708	2,672,911,364	3,072,728,708	2,672,911,364
Back to Back Bills	4,065,425,879	3,918,354,546	4,065,425,879	3,918,354,546
Back to Back Bills (EDF)	4,153,332,911	3,901,385,377	4,153,332,911	3,901,385,377
	44,424,078,132	40,624,448,065	44,424,078,132	40,624,448,065
Less: Margin	1,029,664,286	754,706,528	1,029,664,286	754,706,528
Net exposures	**43,394,413,846**	**39,869,741,537**	**43,394,413,846**	**39,869,741,537**

23.2 Letter of Guarantee

Letter of Guarantee (Local)	8,005,739,968	5,196,429,125	8,005,739,968	5,196,429,125
Letter of Guarantee (Foreign)	-	706,925,585	-	706,925,585
Foreign counter Guarantee	103,919,750	453,834,184	103,919,750	453,834,184
	8,109,659,718	6,357,188,894	8,109,659,718	6,357,188,894
Less: Margin	220,624,615	189,995,435	220,624,615	189,995,435
Net exposures	**7,889,035,103**	**6,167,193,459**	**7,889,035,103**	**6,167,193,459**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
Balance for which the Bank is contingently liable in respect of guarantee issued favouring:					
Directors		-	-	-	-
Government		2,550,249,118	1,760,745,327	2,550,249,118	1,760,745,327
Bank and other financial institution		592,082,225	186,093,031	592,082,225	186,093,031
Others		4,967,328,375	4,410,350,536	4,967,328,375	4,410,350,536
		8,109,659,718	6,357,188,894	8,109,659,718	6,357,188,894
Less : Margin		220,624,615	189,995,435	220,624,615	189,995,435
		7,889,035,103	**6,167,193,459**	**7,889,035,103**	**6,167,193,459**
23.3 Bills for collection					
Outward local bills for collection		2,917,557,935	1,115,002,722	2,917,557,935	1,115,002,722
Outward foreign bills for collection		1,097,911,668	700,430,008	1,097,911,668	700,430,008
Inward local bills for collection		-	-	-	-
Inward foreign bills for collection		-	-	-	-
		4,015,469,603	**1,815,432,730**	**4,015,469,603**	**1,815,432,730**
23.4 Significant concentration wise grouping					
i) Documentary credits and short term trade related transactions		56,549,207,453	48,797,069,689	56,549,207,453	48,797,069,689
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		11,701,210,934	8,369,848,874	11,701,210,934	8,369,848,874
vi) Others		-	43,700,000	-	43,700,000
		68,250,418,387	**57,210,618,563**	**68,250,418,387**	**57,210,618,563**

23.5 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	23,065,109,354	20,559,028,354	22,818,064,345	20,542,798,655
Dividend income	27	106,295,035	56,856,237	106,295,035	56,856,237
Fees, commission and brokerage	24.2	6,031,807,514	4,903,313,880	2,025,903,818	1,890,882,664
Gains less losses arising from dealing securities		72,214,610	56,286,445	72,214,610	56,286,445
Gains less losses arising from investment securities/trading shares-MF		153,712,660	(21,448,656)	153,712,660	(21,448,656)
Gains less losses arising from dealing from foreign currencies	28	850,121,966	647,007,072	850,121,966	647,007,072
Gain less losses arising from repo		1,251,780,856	217,176,635	1,251,780,856	217,176,635
Income from non-banking assets		-	-	-	-
Other operating income	29	371,289,964	356,748,597	105,028,580	123,233,385
		31,902,331,959	**26,774,968,563**	**27,383,121,870**	**23,512,792,437**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
Expenses:					
Interest, fees and commission		8,200,931,514	6,589,489,453	8,673,440,869	7,548,050,861
Administrative expenses	24.3	9,644,153,255	7,899,157,851	6,494,790,895	5,266,009,512
Other operating expenses	37	3,672,792,048	2,743,553,913	2,546,177,562	2,063,812,687
Depreciation on banking assets	36	961,996,253	931,881,950	618,872,920	622,090,736
		22,479,873,070	**18,164,083,168**	**18,333,282,246**	**15,499,963,797**
Operating Profit		**9,422,458,889**	**8,610,885,395**	**9,049,839,624**	**8,012,828,640**
24.1 Interest, discount and similar income					
Interest on loans and advances		19,940,771,591	17,284,217,911	19,766,007,324	17,191,758,603
Interest on money at call and short notice		63,555	1,300,484	63,555	1,300,484
Interest on balance with other banks		381,805,592	275,092,837	12,455,800	8,882,949
Interest on treasury bills and bonds		1,614,973,370	1,761,107,053	1,614,973,370	1,761,107,053
Interest on fixed deposits with other banks		1,411,772,240	749,780,854	1,042,552,611	1,152,861,459
Interest Income on reverse REPO		13,291,598	13,803,589	13,291,598	13,803,589
Interest on subordinate bond		347,447,804	335,283,108	347,447,804	335,283,108
Interest on Zero coupon bond		17,432,005	9,924,456	17,432,005	9,924,456
Interest on commercial paper		3,840,278	67,876,954	3,840,278	67,876,954
Investment income of subsidiaries		(666,288,679)	60,641,107	-	-
		23,065,109,354	**20,559,028,354**	**22,818,064,345**	**20,542,798,655**
24.2 Fees, commission and brokerage					
Fees		1,578,025,613	1,549,052,797	1,578,025,613	1,549,052,797
Commission		4,453,781,901	3,354,261,083	447,878,205	341,829,867
		6,031,807,514	**4,903,313,880**	**2,025,903,818**	**1,890,882,664**
24.3 Administrative expenses					
Salaries and allowances		5,865,172,038	4,524,676,477	4,346,525,111	3,312,501,626
Rent, taxes, insurance, electricity etc.		1,424,790,306	1,255,532,274	1,311,823,891	1,148,406,728
Legal expenses		45,674,049	63,887,125	41,762,353	60,611,079
Postage, stamps, telecommunication etc.		300,037,460	289,001,711	249,590,090	241,582,356
Stationery, printing, advertisement etc.		1,392,850,352	1,128,173,061	303,641,768	202,780,149
Chief Executive's salary and fees		13,309,000	13,309,000	13,309,000	13,309,000
Directors' fees and expenses		3,311,536	3,035,305	1,356,680	1,335,600
Auditors' fee		5,251,088	6,810,743	1,469,703	1,224,753
Impairment of goodwill		30,046,781	30,046,781	-	-
Repairs and maintenance of fixed assets		563,710,645	584,685,374	225,312,299	284,258,221
		9,644,153,255	**7,899,157,851**	**6,494,790,895**	**5,266,009,512**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
25 Interest income					
Retail loan		3,617,206,464	3,122,251,349	3,617,206,464	3,122,251,349
Corporate loan		5,668,465,619	5,356,255,628	5,668,465,619	5,356,255,628
SME loan		9,622,213,920	8,017,108,964	9,622,213,920	8,017,108,964
Lease Finance		57,059,877	109,432,191	57,059,877	109,432,191
Credit Cards		769,248,351	560,371,995	769,248,351	560,371,995
Staff loan		31,813,093	26,338,476	31,813,093	26,338,476
Margin loan		174,764,267	92,459,308	-	-
Interest on loans and advances		19,940,771,591	17,284,217,911	19,766,007,324	17,191,758,603
Interest on money at call and short notice		63,555	1,300,484	63,555	1,300,484
Interest on balance with other banks		381,805,592	275,092,837	12,455,800	8,882,949
Interest on fixed deposits with other banks		2,083,471,323	2,012,523,337	1,042,552,611	1,152,861,459
		22,406,112,061	19,573,134,569	20,821,079,290	18,354,803,495
Less: Elimination of inter unit/company transactions		671,699,083	1,262,742,483	322,747,501	512,469,031
		21,734,412,978	**18,310,392,086**	**20,498,331,789**	**17,842,334,464**
26 Interest paid on deposits and borrowings etc.					
A. Interest paid on deposits:					
Current account		891,858,119	709,865,998	783,762,637	644,408,956
Short term deposit		291,703,404	168,966,579	291,703,404	168,966,579
Savings deposit		622,917,186	677,366,045	622,917,186	677,366,045
Term deposit		5,139,185,979	4,440,020,365	5,139,185,979	4,440,020,365
		6,945,664,688	5,996,218,987	6,837,569,206	5,930,761,945
B. Interest paid for borrowings:					
Interest on money at call and short notice		180,788,632	136,573,762	180,788,632	136,573,762
Interest on borrowings from banks & FIs		1,207,305,529	1,147,073,669	1,116,211,283	908,349,637
Bangladesh Bank-refinance		105,558,207	92,045,901	105,558,207	92,045,901
Interest on Repurchase agreement (REPO)		68,561,439	102,848,427	68,561,439	102,848,427
Interest on BBL Bond		364,752,102	377,471,189	364,752,102	377,471,189
		1,926,965,909	1,856,012,948	1,835,871,663	1,617,288,916
		8,872,630,597	**7,852,231,936**	**8,673,440,869**	**7,548,050,861**
Less: Elimination of inter unit/company transactions		671,699,083	1,262,742,483	322,747,501	512,469,031
		8,200,931,514	**6,589,489,453**	**8,350,693,368**	**7,035,581,830**
27 Investment income					
Interest on treasury bills and bonds		1,614,973,370	1,761,107,053	1,614,973,370	1,761,107,053
Gain on dealing of securities - HFT Instruments		72,214,610	56,286,445	72,214,610	56,286,445
Interest Income on reverse REPO		13,291,598	13,803,589	13,291,598	13,803,589
Gain on REPO & reverse REPO		1,251,780,856	217,176,635	1,251,780,856	217,176,635
Dividend on preference shares		4,054,795	8,036,729	4,054,795	8,036,729
Dividend on ordinary shares		96,780,117	48,819,508	96,780,117	48,819,508
Dividend from subsidiary		5,460,123	-	5,460,123	-
Interest on subordinate bond		347,447,804	335,283,108	347,447,804	335,283,108
Interest on Zero coupon bond		17,432,005	9,924,456	17,432,005	9,924,456
Interest on commercial paper		3,840,278	67,876,954	3,840,278	67,876,954
Gain on trading shares-MF (Realized)		153,712,660	(21,448,656)	153,712,660	(21,448,656)
Investment income of subsidiaries		(666,288,679)	60,641,107		
		2,914,699,537	**2,557,506,928**	**3,580,988,216**	**2,496,865,821**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
28 Commission, exchange and brokerage					
Commission from sale of sanchaya patra		51,582,014	19,205,095	51,582,014	19,205,095
Commission from issue of payment orders, DD and TT		15,908,940	16,927,682	15,908,940	16,927,682
Commission from issue of letter of guarantee		48,018,027	26,553,034	48,018,027	26,553,034
Commission from issue of letters of credit (Import and Export)		330,506,942	276,436,638	330,506,942	276,436,638
Commission on Travellers Cheques		4,247	1,291	4,247	1,291
Other commission		1,858,035	2,706,127	1,858,035	2,706,127
Gain or (Loss) on Foreign currency dealings		850,121,966	647,007,072	850,121,966	647,007,072
Loan processing fees		187,255,549	350,517,320	187,255,549	350,517,320
Account activity fees		328,626,973	314,857,785	328,626,973	314,857,785
Import and export related fees		133,478,834	105,845,753	133,478,834	105,845,753
Fees and Commission-Cards		513,588,269	371,665,358	513,588,269	371,665,358
Relationship Fees		7,769,470	7,384,712	7,769,470	7,384,712
Loan Early Settlement Fees		113,729,063	80,849,492	113,729,063	80,849,492
Service Charges for ATM Card		179,022,778	225,538,297	179,022,778	225,538,297
Fund Collection/ Transfer Fees		106,560	162,090	106,560	162,090
Student Service Center Fees		1,826,000	2,201,000	1,826,000	2,201,000
Cancellation fees		72,800	92,800	72,800	92,800
Cheque collection fees		312,400	271,549	312,400	271,549
Trade Finance Charges		5,952,080	2,247,264	5,952,080	2,247,264
Custodian fees		14,432,039	11,084,163	14,432,039	11,084,163
Other fees	28.1	91,852,798	76,335,214	91,852,798	76,335,214
Commission and brokerage income of subsidiaries		4,041,576,532	3,066,425,027	-	-
		6,917,602,316	5,604,314,763	2,876,025,784	2,537,889,736
Less: Elimination of inter unit/company transactions		35,672,836	53,993,811	-	-
Total Fees, commission and charges		**6,881,929,480**	**5,550,320,952**	**2,876,025,784**	**2,537,889,736**
28.1 Other fees					
Passport Endorsement Fees		776,067	1,432,552	776,067	1,432,552
Locker fees		5,543,460	5,725,940	5,543,460	5,725,940
Service fees - ATM		354,459	744,725	354,459	744,725
Service fees - BIT		1,503,395	1,233,224	1,503,395	1,233,224
Service fees - bKash		7,814,512	29,657,980	7,814,512	29,657,980
IOM Service Fees		-	438,294	-	438,294
Annual Membership Fees-Premium Banking		70,800	100,300	70,800	100,300
Membership Fees-ELDORADO		-	1,777,804	-	1,777,804
Annual Fees-SMS Banking		70,023,379	24,009,417	70,023,379	24,009,417
Annual Fees-Internet Banking		198,100	3,703,550	198,100	3,703,550
Syndication Fees		5,548,052	7,385,632	5,548,052	7,385,632
Valuation fees		-	3,335	-	3,335
Omnibus settlement fees		20,574	122,461	20,574	122,461
		91,852,798	**76,335,214**	**91,852,798**	**76,335,214**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
29 Other operating income					
Profit on sale of fixed assets		28,455,969	3,946,669	28,455,969	3,946,669
Profit share from other bank		41,713,256	38,326,569	41,713,256	38,326,569
Loan penal interest		12,430,490	13,871,991	12,430,490	13,871,991
Miscellaneous income		22,428,865	67,088,156	22,428,865	67,088,156
Other operating income of subsidiaries		344,625,609	347,442,447	-	-
		449,654,189	470,675,832	105,028,580	123,233,385
Less: Elimination of inter unit/company transactions		78,364,225	113,927,235	-	-
		371,289,964	**356,748,597**	**105,028,580**	**123,233,385**
30 Rent, taxes, insurance, electricity, etc.					
Rent, rates and taxes		1,048,687,343	908,506,300	990,637,472	850,089,111
Insurance		139,127,174	118,673,005	114,731,258	99,577,713
Power and electricity		221,149,303	214,445,488	190,628,676	184,832,422
WASA and sewerage		15,826,486	13,907,482	15,826,485	13,907,482
		1,424,790,306	**1,255,532,274**	**1,311,823,891**	**1,148,406,728**
31 Postage, stamp, telecommunication, etc.					
Postage and courier		63,602,605	54,918,699	48,819,183	41,321,945
Telegram, telex, fax and network		128,437,039	123,795,067	92,773,091	89,972,466
Court fees and stamps		35,656,324	48,998,635	35,656,324	48,998,635
Telephone		72,341,492	61,289,310	72,341,492	61,289,310
		300,037,460	**289,001,711**	**249,590,090**	**241,582,356**
32 Stationery, printing, advertisements, etc.					
Stationery and Printing		148,301,368	132,300,765	134,705,502	117,757,616
Security Stationery		46,750,771	14,613,704	46,750,771	14,613,704
Advertisement		1,197,798,213	981,258,591	122,185,495	70,408,829
		1,392,850,352	**1,128,173,061**	**303,641,768**	**202,780,149**
33 Chief Executive's salary and allowances (Bank only)					
Basic salary		9,288,000	9,288,000	9,288,000	9,288,000
Bonus and others	33.1	3,709,000	3,709,000	3,709,000	3,709,000
House rent allowance		300,000	300,000	300,000	300,000
Medical allowance		12,000	12,000	12,000	12,000
		13,309,000	**13,309,000**	**13,309,000**	**13,309,000**
33.1 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**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
34 Directors' fees					
Directors' fees represent fees paid for attending board meeting, board audit committee meeting and risk management committee meeting @ Tk. 7,200 (After deducting Tax & VAT) from January to December 2017 per director per meeting.					
Breakup of Directors fees and expenses are given below:					
Meeting attendance fees		3,092,456	2,671,705	1,137,600	972,000
Others		219,080	363,600	219,080	363,600
		3,311,536	**3,035,305**	**1,356,680**	**1,335,600**
35 Auditor's fees					
Statutory audit fees for the year		5,251,088	6,810,743	1,469,703	1,224,753
		5,251,088	**6,810,743**	**1,469,703**	**1,224,753**
Yearly auditors' fee of BRAC Bank limited is BDT 1,280,000 (excluding VAT).					
36 Depreciation and repair of the Bank's assets					
Depreciation of Property plant and equipment					
Furniture and fixtures		257,027,054	246,468,183	184,359,934	169,198,060
Leasehold building		657,928	657,928	100,858	100,858
Office equipment		138,873,297	139,402,578	123,797,081	124,947,134
IT hardware		342,873,088	326,676,373	230,490,189	234,337,393
Motor vehicles		43,924,963	16,597,120	28,915,094	9,921,513
Leasehold improvement		16,980,163	16,246,773	-	
IT software		161,659,760	185,832,995	51,209,764	83,585,778
		961,996,253	931,881,950	618,872,920	622,090,736
Repairs and Maintenance expenses					
Transportation cost		297,766,050	225,893,520	214,815,439	162,915,924
Equipment repairing		69,631,816	75,531,085	36,185,607	37,091,347
Hardware and Software Maintenance		133,563,002	231,079,996	(78,934,364)	42,511,033
Premises Maintenance		62,749,777	52,180,773	53,245,617	41,739,917
		563,710,645	584,685,374	225,312,299	284,258,221
		1,525,706,898	**1,516,567,325**	**844,185,219**	**906,348,957**
37 Other expenses					
Conveyance expense		112,827,702	105,071,684	112,827,702	105,071,684
Fuel expenses		22,949,020	19,582,053	22,949,020	19,582,053
Traveling cost		78,112,145	70,911,518	78,112,145	70,911,518
Professional fees		72,155,470	40,463,799	72,155,470	40,463,799
Entertainment		88,812,874	71,297,291	88,812,874	71,297,291
SWIFT cost		2,786,619	5,179,713	2,786,619	5,179,713
Business promotion and development		116,138,124	27,781,387	116,138,124	27,781,387
Books, news papers and periodicals		2,100,118	1,324,931	2,100,118	1,324,931
Donation and subscription		185,343,993	77,072,892	185,343,993	77,072,892
Sponsorship		73,966,944	32,832,836	73,966,944	32,832,836
Government Levy, VAT and excise duty		9,238,977	50,009,585	9,238,977	50,009,585
Other operational loss		10,263,725	2,920,429	10,263,725	2,920,429
Staff training and development		80,827,485	63,262,922	80,827,485	63,262,922
Staff liveries		3,598,500	1,835,207	3,598,500	1,835,207
Staff recruitment		2,673,896	3,468,103	2,673,896	3,468,103

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
Salaries and allowance -outsourcing staff		381,103,946	372,309,146	381,103,946	372,309,146
Staff sales incentives		405,948,670	348,504,107	405,948,670	348,504,107
Bank charges		21,049,967	21,557,583	21,049,967	21,557,583
Crockeries		3,255,898	1,570,509	3,255,898	1,570,509
Documentation Charges - CIB		9,448,412	13,252,036	9,448,412	13,252,036
IT enabled services		344,724,853	287,943,193	344,724,853	287,943,193
AGM expenses		3,600,000	3,100,000	3,600,000	3,100,000
Bond issue expenses		2,512,297	3,254,209	2,512,297	3,254,209
Security guard cost		316,990,762	273,571,842	316,990,762	273,571,842
Commission paid- Vendor		4,248,231	9,918,409	4,248,231	9,918,409
Cash carrying charges		100,337,243	103,153,989	100,337,243	103,153,989
Spare parts expense		65,624,712	42,829,918	65,624,712	42,829,918
Archiving expense		20,985,981	4,905,922	20,985,981	4,905,922
Miscellaneous		4,550,998	4,927,474	4,550,998	4,927,474
Other expenses of subsidiaries	37.1	1,240,651,547	847,662,272	-	-
		3,786,829,109	2,911,474,959	2,546,177,562	2,063,812,687
Less: Elimination of inter unit/company transactions		114,037,061	167,921,046	-	-
		3,672,792,048	**2,743,553,913**	**2,546,177,562**	**2,063,812,687**
37.1 Other expenses of subsidiaries					
BRAC EPL Investments Limited		53,688,286	18,509,369	-	-
BRAC EPL Stock Brokerage Limited		190,759,380	152,229,684	-	-
bKash Limited		606,384,354	439,913,135	-	-
BRAC Saajan Exchange Limited		368,959,620	210,217,010	-	-
BRAC IT Services Limited		20,859,907	26,793,074	-	-
		1,240,651,547	**847,662,272**	**-**	**-**
38 Share of profit/(loss) of associates					
BRAC IT Services Limited (post disposal)		14,175,591	-	-	-
BRAC Asset Management Company Limited		157,249	182,824	-	-
		14,332,840	**182,824**	**-**	**-**
39 Provisions					
Provision for loan					
Specific provision charged during the year		1,797,247,740	2,417,338,267	1,797,247,740	1,733,544,197
Recovery of written off bad debts		(1,039,185,296)	(1,217,678,634)	(1,039,185,296)	(1,217,678,634)
Specific provision (net off recovery) for the year*		758,062,444	1,199,659,633	758,062,444	515,865,563
General provision charged during the year		234,720,281	562,441,138	234,720,281	562,441,138
Total provision for loans and advances		992,782,725	1,762,100,771	992,782,725	1,078,306,701
For Off Balance Sheet items		131,315,329	62,500,000	131,315,329	62,500,000
For diminution in value of Investments		(72,224,112)	(286,727,581)	(72,224,112)	(286,727,581)
For other:					
For other assets		100,448,106	862,500	100,448,106	862,500
For interest receivable from loan		42,888	9,605,500	42,888	9,605,500
		1,152,364,936	**1,548,341,190**	**1,152,364,936**	**864,547,120**

* Specific provision charges during the year has been presented netting of current year recovery of previously written off loans and advances as per BRPD circular no. 14 dated June 25, 2003.

40 Provision for income tax expense					
The charge for taxation is based upon the profit for the year comprises:					
Current tax on taxable income		3,570,883,968	2,961,197,679	3,196,240,955	2,629,520,979
Deferred tax expense/ (income) (Net)		(784,891,580)	25,864,637	(548,886,313)	58,327,875
Total income tax expense		**2,785,992,388**	**2,987,062,316**	**2,647,354,642**	**2,687,848,854**

Amount in Taka

Particulars	Note	Consolidated		BRAC Bank Limited	
		2017	2016	2017	2016
41 Earnings Per Share					
Profit after taxation		5,498,416,039	4,075,664,713	5,250,120,046	4,460,432,666
Less: Profit attributable to Non controlling interest		305,625,065	194,607,229	-	-
Profit attributable to ordinary shareholders of BRAC Bank Ltd		5,192,790,974	3,881,057,484	5,250,120,046	4,460,432,666
Weighted average number of shares outstanding		855,056,418	852,893,120	855,056,418	852,893,120
Earnings Per Share (EPS)		**6.07**	**4.55**	**6.14**	**5.23**

Earnings Per Share (EPS) has been calculated as per BAS-33 "Earnings Per Share".

As per BAS-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 AND CASH EQUIVALENTS

42 Cash and cash equivalents				
Cash in hand (including foreign currency)	6,109,792,050	5,411,271,407	6,092,421,365	5,404,296,928
Balance with Bangladesh Bank and its agents banks (including foreign currency)	12,192,061,982	10,416,488,307	12,192,061,982	10,416,488,307
Balance with other banks and financial institutions	43,355,772,365	31,148,142,995	19,396,241,229	15,366,993,079
Money at call and on short notice	-	-	-	-
Prize Bond	1,945,200	1,806,200	1,945,200	1,806,200
	61,659,571,597	**46,977,708,909**	**37,682,669,776**	**31,189,584,514**
43 Receipts from other operating activities				
Loan Penal Interest	12,430,490	13,871,991	12,430,490	13,871,991
Miscellaneous Income	22,428,865	67,088,156	22,428,865	67,088,156
Gain on trading shares	153,712,660	25,278,925	153,712,660	25,278,925
Profit share from other banks	41,713,256	38,326,569	41,713,256	38,326,569
Other receipts of subsidiaries	336,053,043	422,042,090	-	-
	566,338,314	**566,607,731**	**230,285,271**	**144,565,641**
44 Payment for other operating activities				
Rent, taxes, insurance, electricity etc.	1,297,444,361	1,142,350,325	1,297,444,361	1,142,350,325
Audit fees	1,202,250	955,000	1,202,250	955,000
Directors fees and expenses	1,356,680	1,335,600	1,356,680	1,335,600
Repair and maintenance	324,306,644	371,149,299	324,306,644	371,149,299
Other expenses	2,620,879,964	2,287,553,790	2,620,879,964	2,287,553,790
Legal expenses	51,610,734	109,298,651	51,610,734	109,298,651
Other payments of subsidiaries	447,492,473	438,619,876	-	-
	4,744,293,106	**4,351,262,541**	**4,296,800,633**	**3,912,642,665**
45 Net asset value (NAV) per share				
Net asset value attributable to shareholders of parent	26,600,143,614	22,152,801,125	25,990,805,975	21,440,771,435
Number of ordinary share outstanding as on 31 December 2017	855,209,694	855,209,694	855,209,694	855,209,694
	31.10	**25.90**	**30.39**	**25.07**
46 Net operating cash flow per share				
Net operating cash flow	21,374,361,003	9,767,251,672	11,110,346,754	(2,187,451,322)
Number of ordinary share outstanding as on 31 December 2017	855,209,694	855,209,694	855,209,694	855,209,694
	24.99	**11.42**	**12.99**	**(2.56)**

SECTION - FIVE: GENERAL DISCLOSURES

47 General Disclosure

47.1 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	Director	Chairman	Ph.D in Economics
02	Mr. Shib Narayan Kairy	Director	Member	M.Com (Accounting)
03	Mr. Kazi Mahmood Sattar	Director	Member	M.Com (Accounting), B. Com (Honours) Finance

During the period ended 31 December 2017, the Audit Committee of the Board conducted 09 (Nine) meeting in which among others, the following issues were discussed:

- Discussed the audit report of different departments, Branches, IT and SME Sales and service centers conducted by the Bank's internal audit team from time to time.
- 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.
- Reviewed the Quarterly Financial Statements of the Bank.

47.2 Related party 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 2017, 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	6,322,024,383
02	BRAC EPL Investments Limited	Subsidiary	Deposits made with us	6,288,274
03	BRAC EPL Stock Brokerage Limited	Subsidiary	Deposits made with us	41,258,382
04	bKash Limited	Subsidiary	Deposits made with us	963,530,714
05	BRAC Saajan Exchange Limited	Subsidiary	Deposits made with us	16,815,498
06	BRAC IT Services Limited (biTS)	Associates	Deposits made with us	52,842,801
07	BRAC Asset Management Company Limited	Associates	Deposits made with us	69,098,847
08	Sajida Foundation	Common board member	Deposits made with us	108,148,622
09	Industrial and Infrastructure Development Finance Co Limited	Sponsor Shareholder	Deposits made with us	5,820,890
10	BRAC	Parent Company	Loans and Advances	4,775,934
11	Sajida Foundation	Common board member	Loans and Advances	952,467,612
12	BRAC EPL Investments Limited	Subsidiary	Loans and Advances	992,113,639

ii) Name of Directors and the entities in which they have interest as on 31 December 2017

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 KCMG (Nominated Director)	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 Director)	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	Master of Commerce in Accounting, University of Dhaka
3	Ms. Nihad Kabir (Nominated Director)	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)	L.L.B., L.L.M.,(UK) (Barrister at Law)
4	Dr. Ahsan H. Mansur (Independent Director)	Director	Apex Footwear Limited Square Pharmaceutical Limited bKash Limited Infrastructure Development Company Limited (IDCOL) 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	Ms. Zahida Ispahani (Independent Director)	Director	M. M. Ispahani Limited Ispahani Tea Limited The Free School Street Property Limited Ispi Securities Limited Ispahani Media Agency Limited South East Trading Limited A.B. Ispahani Securities Limited	Graduate in Economics, University of Panjab, Pakistan
6	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
7	Mr. Kaiser Kabir (Nominated Director)	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
8	Mr. Asif Saleh (Nominated Director)	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
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	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:	403,696
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:	Nil

47.3 Claim not Acknowledged as Debt

There was no claim against the bank not acknowledged as debt as on 31.12.2017.

47.4 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 6,835 (2016: 6,355).

47.5 Approval of the financial statements

The financial statements were approved by the board of directors on March 22, 2018.

47.6 Events after the Balance Sheet Date

The Board of Directors in its 236th Board meeting held on March 22, 2018 has proposed 25% Stock dividend subject to the approval of the Shareholders at the next Annual General Meeting.

Managing Director and CEO | **Director** | **Director** | **Chairman**

AMAR STOCK

BRAC Bank Ltd. (Solo)

Highlights on the overall Activities

As at 31 December 2017

Annexure - A

Amount in Taka unless otherwise specified

Particulars	2017	2016
Paid-up capital	8,552,096,940	7,104,369,100
Total capital including general provisions	26,636,496,368	23,095,138,611
Capital surplus/(deficit)	3,084,523,393	4,252,030,847
Total assets	289,501,416,927	248,605,457,497
Total deposits	196,224,439,257	168,859,571,738
Total loans & advances	202,559,380,746	173,612,041,512
Total contingent liabilities & commitments	68,250,418,387	57,210,618,563
Income from investments	3,580,988,216	2,543,593,402
Profit after tax & provisions	5,250,120,046	4,460,432,666
Amount of classified loans during the current year	7,220,959,891	5,910,644,512
Provision kept against classified loans	5,648,936,030	4,865,261,919
Provisions surplus/deficit	1,963,572,393	1,483,315,390
Interest earning assets	271,281,822,584	232,911,045,076
Non-Interest earning assets	18,219,594,343	15,694,412,421
Credit deposit ratio (Loans & Advances/Deposits)*	83.39%	83.47%
Percentage of classified loans against total loans & advances	3.56%	3.40%
Cost of fund	5.69%	5.32%
Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]	9.41%	9.20%
Return on Assets (ROA) [PAT/Average assets]	1.95%	1.89%
Return on Equity (ROE) [PAT/Average shareholders equity]	22.14%	22.16%
Earnings per share [previous year's figure restated]	6.14	5.23
Net income per share [(PAT-Dividend on preference share/No. of Ordinary Shares)] [previous year's figure restated]	6.14	5.23
Price earning ratio (Market price per share/EPS)	17.65	10.21
Net Asset Value per Share (NAV) [(Shareholders equity- Preference Share)/No. of Ordinary Share] [previous year's figure restated]	30.39	25.07

* Credit deposit ratio has been computed as per Bangladesh Bank guideline.

AMARSTOCK

BRAC Bank Limited

Statement of outstanding unreconciled entries

As at 31 December 2017

Annexure - B

Bangladesh Bank adjustment 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, 2017 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	39	5,945,579	54	12,629,313	103	17,663,060	489	18,731,309
02	More than 03 months but less than 06 months	-	-	-	-	-	-	24	81,827
03	More than 06 months but less than 09 months	-	-	-		-	-	1	2,313
04	More than 09 months but less than 12 months	-	-	-	-	-	-	-	-
05	More than 12 months	-	-	-	-	-	-	-	-
	Total	**39**	**5,945,579**	**54**	**12,629,313**	**103**	**17,663,060**	**514**	**18,815,449**

All unadjusted entries are subsequently adjusted on regular basis.

ARMSTOCK

BRAC Bank Limited

Balance with other bank and financial institutions (Outside Bangladesh on Current Accounts)

As at 31 December 2017

Annexure - C

Name of Bank	Currency	A/C Type	2017			2016		
			Amount in foreign currency	Exchange Rate	Equivalent Taka	Amount in foreign currency	Exchange Rate	Equivalent Taka
Standard Chartered Bank-New York, USA	USD	CD	1,524,871.64	83.20	126,869,320	740,726.00	78.75	58,332,173
Standard Chartered Bank, United Kingdom	GBP	CD	348,427.20	111.78	38,948,377	140,150	96.82	13,569,191
Standard Chartered Bank, Frankfurt, Germany	EUR	CD	12,691.90	99.33	1,260,718	15,859.40	82.49	1,308,314
Mashreq Bank, New York, USA	USD	CD	(9,089.10)	83.20	(756,213)	74,130.05	78.75	5,837,741
ICICI Bank Limited, Mumbai, India	USD	CD	991,160.23	83.20	82,464,531	56,353.61	78.75	4,437,847
Habib Bank Limited, Pakistan	USD	CD	-	-	-	447,557.10	78.75	35,245,122
Bank of Tokyo Mitsubishi UFJ, Ltd	JPY	CD	10,988,110.00	0.74	8,102,632	2,653,739.00	0.67	1,777,587
Zuercher Kantonal Bank, Switzerland	CHF	CD	281,867.81	84.84	23,912,932	25,969.80	76.69	1,991,646
ING Belgium NV/SA, Belgium	EUR	CD	890.75	99.33	88,480	705.40	82.49	58,192
Commerz Bank AG, Germany (USD)	USD	CD	46,582.50	83.20	3,875,664	48,700.80	78.75	3,835,188
Commerz Bank AG, Germany (EURO)	EUR	CD	255,984.22	99.33	25,427,553	66,560.70	82.49	5,490,896
United Bank of India, Kolkata, India	USD	CD	941,305.43	83.20	78,316,612	16,411.70	78.75	1,292,421
Westpack Banking Corporation, Australia	AUD	CD	123,366.28	64.73	7,985,968	(5,254.50)	56.80	(298,468)
JP Morgan Chase Bank, New York, USA	USD	CD	3,981,933.51	83.20	331,296,868	4,166,836.03	78.75	328,138,337
Sonali Bank Limited, United Kingdom (USD)	USD	CD	-	-	-	263,560.00	78.75	20,755,350
Somali Bank Limited, United Kingdom (GBP)	GBP	CD	1,649.66	111.78	184,405	6,567.10	96.82	635,821
HDFC Bank Limited, India	USD	CD	266,371.28	83.20	22,162,090	104,550.81	78.75	8,233,376
Deutsche Bank Trust Company Americas	USD	CD	-	-	-	99,215	78.75	7,813,150
AB Bank Limited, Mumbai, India	USD	CD	25,564.18	83.20	2,126,940	25,564	78.75	2,013,165
AXIS Bank Limited Kolkata ACU	USD	CD	307,404.46	83.20	25,576,051	-	-	-
Total					**777,842,929**			**500,467,049**

BRAC Bank Limited

Investment in Shares

As at 31 December 2017

Annexure - D

Sl. no	Name of the company	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 31/Dec/17	Total market value at 31/Dec/17
	Quoted						
	Ordinary shares						
1	aamra networks limited	10	120,000	,680,000	39.00	97.70	11,724,000
2	The ACME Laboratories Limited	10	219,274	24,989,696	113.97	114.00	24,997,236
3	Active Fine Chemicals Limited	10	2,148,931	78,519,993	36.54	35.20	75,642,371
4	Bata Shoe Company (Bangladesh) Limited	10	44,896	54,168,956	1,206.54	1,171.80	52,609,133
5	British American Tobacco Bangladesh Company Limited	10	27,537	76,605,196	2,781.90	3,401.60	93,669,859
6	City Bank Ltd.	10	3,797,000	124,417,246	32.77	53.20	202,000,400
7	Confidence Cement Ltd.	10	175,000	19,678,091	112.45	152.50	26,687,500
8	Delta Brac Housing Finance Corp. Ltd.	10	507,575	60,835,638	119.86	136.00	69,030,200
9	Eastern Bank Ltd.	10	2,740,100	84,304,104	30.77	51.10	140,019,110
10	Envoy Textiles Limited	10	23,175	949,631	40.98	34.80	806,490
11	GlaxoSmithKline(GSK) Bangladesh Ltd.	10	4,743	8,463,233	1,784.36	1,550.80	7,355,444
12	Grameenphone Ltd.	10	802,000	257,414,071	320.97	470.80	377,581,600
13	IDLC Finance Ltd.	10	1,648,148	124,704,904	75.66	85.30	140,587,024
14	Linde Bangladesh Limited	10	7,000	9,644,089	1,377.73	1,284.70	8,992,900
15	Marico Bangladesh Limited	10	10,963	12,117,272	1,105.29	1,106.10	12,126,174
16	Olympic Industries Ltd.	10	400,000	115,334,695	288.34	288.30	115,320,000
17	One Bank limited	10	1,000,000	24,320,182	24.32	24.00	24,000,000
18	Prime Bank limited	10	1,000,000	26,602,986	26.60	27.40	27,400,000
19	Square Pharmaceuticals Ltd.	10	1,293,448	320,791,719	248.01	301.80	390,362,606
20	Trust Bank Limited	10	3,200,000	76,136,355	23.79	42.60	136,320,000
21	United Commercial Bank limited	10	2,000,000	48,594,597	24.30	23.60	47,200,000
22	AIBL 1st Islamic Mutual Fund	10	1,000,000	7,888,918	7.89	8.00	8,000,000
23	DBH First Mutual Fund	10	1,312,309	12,079,550	9.20	9.40	12,335,705
24	First Bangladesh Fixed Income Fund	10	5,643,729	38,475,405	6.82	5.70	32,169,255
25	Green Delta Mutual Fund	10	2,280,786	19,878,700	8.72	9.20	20,983,231
26	LR Global Bangladesh Mutual Fund One	10	29,452,904	278,457,087	9.45	8.30	244,459,103
27	MBL 1st Mutual Fund	10	5,000,000	41,447,585	8.29	9.10	45,500,000
28	NCCBL Mutual Fund-1	10	5,000,000	41,448,258	8.29	8.90	44,500,000
29	NLI First Mutual Fund	10	2,000,000	30,319,946	15.16	15.10	30,200,000
30	Southeast Bank 1st Mutual Fund	10	5,114,726	63,525,273	12.42	14.20	72,629,109
				2,086,793,376			**2,495,208,452**
	Unquoted						
1	Industrial and Infrastructure Development Finance Co. Limited	10	7,329,110	29,683,820			
2	Central Depository Bangladesh Limited	10	2,284,721	16,277,770			
3	The Bangladesh Rating Agency Limited	100	124,976	12,497,600			
4	VIPB Income Fund	10	30,000,000	333,900,000			
5	IDLC Balanced Fund	10	10,000,000	100,000,000			
	Preference shares						
1	Union Capital Preference Share	10,000,000	3	30,000,000			
				522,359,190			

BRAC Bank Limited

Detail of Large Loan

As at 31 December 2017

Annexure - E

Number of Clients	24
Amount of outstanding advances	
Amount of classified advances	61,782,737,776
Measures taken for recovery	NIL
Client wise break-up is as follows:	NIL

Name of Clients	Outstanding (BDT)		
	Funded	Non Funded	Total
Abul Khair Group	3,803,910,135	3,125,695,950	6,929,606,085
Summit Group	207,152,277	5,463,073,695	5,670,225,972
Meghna Group	1,416,755,935	3,826,222,946	5,242,978,882
Bangladesh Petroleum Corporation	-	4,481,439,848	4,481,439,848
Energypac Group	2,712,176,218	644,272,563	3,356,448,781
Pran-Rfl Group	2,580,283,664	378,135,553	2,958,419,217
Ring Shine Group	2,569,213,462	331,282,744	2,900,496,206
Bangla Trac Group	1,023,707,682	1,535,479,735	2,559,187,416
Robi Axiata Limited	2,300,000,000	168,784,314	2,468,784,314
Noman Group	1,973,466,240	301,074,119	2,274,540,359
City Sugar Group	776,144,000	1,494,970,549	2,271,114,549
Aci Group	1,712,482,115	550,206,738	2,262,688,854
Urmi Group	1,001,444,404	1,190,640,040	2,192,084,444
Ananta Group	1,569,314,453	554,227,963	2,123,542,416
Bsrm Group	2,061,441,917	13,648,563	2,075,090,479
Gph+Mi Group	2,052,290,594	22,383,000	2,074,673,594
City Seed Group	1,064,552,205	864,878,692	1,929,430,897
Mir Akhter Hossain Ltd	588,000,000	1,340,275,683	1,928,275,683
Walton Group	1,706,076,305	23,862,667	1,729,938,972
Ha-Meem Group	813,342,669	843,967,964	1,657,310,633
Standard Group	596,657,940	621,559,839	1,218,217,779
Union Group	721,828,807	381,744,873	1,103,573,679
Banglalink Digital Communications Limited	-	301,857,011	301,857,011
Grameenphone Ltd	-	72,811,705	72,811,705
Grand Total	**33,250,241,021**	**28,532,496,755**	**61,782,737,776**

BRAC Bank Limited

Schedule of Fixed assets

As at 31 December 2017

Annexure - F

Amount in Taka

Particulars	COST				DEPRECIATION				Written down value as at 31.12.2017
	Opening balance as on 01.01.2017	Addition during the year	Disposals/ 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 and 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**	**4,113,822,263**	**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	-	939,921,864	103,359,680
Sub-total	**1,008,000,056**	**35,331,488**	**-**	**1,043,331,544**	**888,712,100**	**51,209,764**	**-**	**939,921,864**	**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**
As at 31 December 2016	**6,941,081,677**	**801,113,677**	**47,775,096**	**7,694,420,258**	**4,003,964,615**	**622,090,736**	**44,706,681**	**4,581,348,670**	**3,113,071,588**

BRAC Bank Limited

Statement of Tax position

As at 31 December 2017

Annexure - G

Amount in Taka

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	1,530,000,000	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	-	-	804,022,305	Not yet due

DATA STOCK

BRAC Bank Limited

Statement of Consolidated Segment Reporting

As at 31 December 2017

Annexure - H

A: Segmental operating profit and loss

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	-	5,878,481,038
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)	8,400,460,518
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**

As at 31 December 2016

Amount in Taka

	BRAC bank Limited					Consolidation			
Particulars	**SME**	**Retail**	**Corporate**	**Treasury**	**Total**	**bKash**	**Others**	**Inter company elimination**	**Total**
Interest income	8,019,728,555	3,707,611,835	4,630,812,846	1,484,181,228	17,842,334,464	1,123,864,592	94,466,483	(750,273,452)	18,310,392,086
Interest Expense on Deposits	737,875,522	3,138,263,257	1,847,489,655	-	5,723,628,435	65,457,042	-	(660,666,303)	5,128,419,174
Interest Expense on Borrowings	-	-	-	1,311,953,395	1,311,953,395	-	238,724,032	(89,607,149)	1,461,070,278
Inter segment income / (expenses)	(2,399,569,822)	3,844,038,325	(427,975,977)	(1,016,492,526)	-	-	-	-	-
Net interest income	**4,882,283,211**	**4,413,386,902**	**2,355,347,214**	**(844,264,692)**	**10,806,752,634**	**1,058,407,549**	**(144,257,549)**	**-**	**11,720,902,634**
Investment income	-	-	2,723,210	2,494,142,611	2,496,865,821	-	60,641,107	-	2,557,506,928
Commission, fees and others	450,526,736	1,075,525,937	727,570,100	284,266,962	2,537,889,736	2,322,831,676	743,593,351	(53,993,811)	5,550,320,952
Other operating income	27,974,250	21,300,296	28,111,811	45,847,028	123,233,385	55,386,622	292,055,825	(113,927,235)	356,748,597
Total Segment Revenue	**5,360,784,197**	**5,510,213,135**	**3,113,752,335**	**1,979,991,908**	**15,964,741,576**	**3,436,625,847**	**952,032,734**	**(167,921,046)**	**20,185,479,110**
Staff costs	1,722,736,117	1,335,314,693	205,390,884	62,368,932	3,325,810,626	867,339,441	344,835,409	-	4,537,985,476
Other operating costs	1,595,475,451	2,611,523,380	379,066,751	40,036,728	4,626,102,310	1,948,193,585	630,233,391	(167,921,046)	7,036,608,240
Total segment expenditure	**3,318,211,567**	**3,946,838,073**	**584,457,635**	**102,405,660**	**7,951,912,936**	**2,815,533,026**	**975,068,800**	**(167,921,046)**	**11,574,593,716**
Reportable segment operating profit	**2,042,572,630**	**1,563,375,062**	**2,529,294,700**	**1,877,586,248**	**8,012,828,640**	**621,092,821**	**(23,036,066)**	**-**	**8,610,885,395**

There are 8 (eight) operating segments including subsidiaries as on 31 December 2017. Out of 8 (eight) operating segments only 5 (five) are reportable as per latest evaluation in accordance with BFRS 8: Operating segments. Hence other non-reportable segments have been shown under 'Others'. Comparative figures have been disclosed accordingly.

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.

DRAFT UNDER BLOCK

Off-shore Banking Units

Balance Sheet

As at 31 December 2017

Annexure - I

Particulars	Note	2017		2016	
		USD	Taka	USD	Taka
PROPERTY AND ASSETS					
Cash	3	-	-	-	-
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	4	**28,598,567**	**2,379,400,796**	**19,422,191**	**1,529,497,555**
Inside Bangladesh		-	-	-	-
Outside Bangladesh		28,598,567	2,379,400,796	19,422,191	1,529,497,555
Money at call and short notice		-	-	-	-
Investments	5	-	-	-	-
Government		-	-	-	-
Others		-	-	-	-
Loans and advances	6	**283,504,776**	**23,587,597,315**	**274,751,670**	**21,636,694,026**
Loans, cash credit, overdrafts etc.		223,429,162	18,589,306,188	261,963,776	20,629,647,329
Bills purchased and discounted		60,075,614	4,998,291,127	12,787,894	1,007,046,697
Fixed assets including premises, furniture and fixtures		-	-	-	-
Other assets	7	**18,287,436**	**1,521,514,721**	**19,908,915**	**1,567,827,030**
Total property and assets		**330,390,779**	**27,488,512,832**	**314,082,776**	**24,734,018,611**
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	8	**298,177,562**	**24,808,373,175**	**279,218,267**	**21,988,438,507**
Money at call and short notice	9	-	-	-	-
Deposits and other accounts	10	7,592,122	631,664,572	8,280,538	652,092,374
Current accounts and other accounts		273,759	22,776,748	247,142	19,462,432
Bills payable		-	-	-	-
Savings deposits		-	-	-	-
Fixed deposits		7,318,363	608,887,824	8,033,396	632,629,942
Other deposits		-	-	-	-
Other liabilities	11	**21,115,768**	**1,756,831,908**	**14,936,936**	**1,176,283,706**
Total liabilities		**326,885,452**	**27,196,869,655**	**302,435,741**	**23,816,814,587**
Capital and shareholders' equity					
Paid up share capital		-	-	-	-
Statutory reserve		-	-	-	-
Revaluation reserve		-	-	-	-
Surplus in profit and loss account/Retained earnings	12	3,505,327	291,643,177	11,647,035	917,204,024
Total shareholders' equity		**3,505,327**	**291,643,177**	**11,647,035**	**917,204,024**
Total liabilities and shareholders' equity		**330,390,779**	**27,488,512,832**	**314,082,776**	**24,734,018,611**

Off-shore Banking Units

Balance Sheet

As at 31 December 2017

Continuation of Annexure - I

Particulars	Note	2017		2016	
		USD	Taka	USD	Taka
Off Balance sheet items					
Contingent liabilities					
Acceptances and endorsements		59,383	4,940,694	-	-
Letter of guarantees		-	-	-	-
Irrevocable letter of credits		27,685,771	2,303,456,182	21,343,643	1,680,811,868
Bills for collection		12,478,612	1,038,220,512	8,877,844	699,130,188
Tax liability		-	-	-	-
Other contingent liabilities		-	-	-	-
Total contingent liabilities		**40,223,766**	**3,346,617,388**	**30,221,487**	**2,379,942,056**
Other commitments					
Documentary credits and short term trade related transactions		-	-	-	-
Forward assets purchased and forward deposits placed		-	-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-	-
Undrawn formal standby facilities, credit lines and other		-	-	-	-
Commitments- lease hold assets		-	-	-	-
Total other commitments		**-**	**-**	**-**	**-**
Total Off-Balance sheet items including contingent liabilities		**40,223,766**	**3,346,617,388**	**30,221,487**	**2,379,942,056**

Off-shore Banking Units

Profit and Loss Account

As at 31 December 2017

Continuation of Annexure - I

Particulars	Note	2017		2016	
		USD	Taka	USD	Taka
Interest income	13	16,436,061	1,367,480,322	15,796,674	1,243,988,084
Interest paid on deposits and borrowing etc.	14	13,530,704	1,125,754,576	11,692,751	920,804,132
Net interest income		**2,905,357**	**241,725,746**	**4,103,923**	**323,183,952**
Investment income	15	-	-	8,314	654,732
Commission, exchange and brokerage	16	690,712	57,467,253	465,400	36,650,278
Other operating income	17	-	-	39,948	3,145,925
Total operating income		**3,596,069**	**299,192,999**	**4,617,585**	**363,634,887**
Salaries and allowances		278,374	23,160,727	222,621	17,531,421
Rent, taxes, insurance, electricity etc.	18	38,638	3,214,721	27,785	2,188,030
Legal expenses		250	20,824	75	5,891
Postage, stamps, telecommunication etc.	19	2,438	202,870	2,204	173,605
Stationery, printing, advertisement etc.	20	16,557	1,377,492	14,132	1,112,897
Depreciation and repairs to bank's assets	21	79,422	6,607,940	50,316	3,962,434
Other expenses	22	75,364	6,270,307	53,740	4,232,031
Total operating expenses		**491,043**	**40,854,881**	**370,873**	**29,206,309**
Profit/(loss) before provisions		**3,105,026**	**258,338,118**	**4,246,712**	**334,428,578**
Provision for:					
Loans and advances		(400,301)	(33,305,059)	(292,940)	(23,068,986)
Off balance sheet items		-	-	-	-
Others		-	-	-	-
Total provision	23	**(400,301)**	**(33,305,059)**	**(292,940)**	**(23,068,986)**
Profit/(loss) before taxes		**3,505,327**	**291,643,177**	**4,539,652**	**357,497,564**
Provision for Tax:					
Current tax expense		-	-	-	-
Deferred tax expense/ (income)		-	-	-	-
Total provision for Tax		**-**	**-**	**-**	**-**
Total profit/(loss) after taxes		**3,505,327**	**291,643,177**	**4,539,652**	**357,497,564**

Off-shore Banking Units

Cash Flow Statement

For the year ended 31 December 2017

Continuation of Annexure - I

Particulars		2017		2016	
		USD	Taka	USD	Taka
A.	**Cash flows from operating activities**				
	Interest receipts in cash	16,938,893	1,409,315,876	15,182,202	1,195,598,431
	Interest payment	(11,238,027)	(935,003,822)	(13,025,594)	(1,025,765,529)
	Fees and commissions receipts	690,712	57,467,253	465,400	36,650,278
	Cash payments to employees	(278,374)	(23,160,727)	(222,621)	(17,531,422)
	Cash payments to suppliers	(18,995)	(1,580,362)	(16,337)	(1,286,502)
	Receipts from other operating activities	-	-	39,948	3,145,925
	Payment for other operating activities :	(193,675)	(16,113,792)	(131,916)	(10,388,385)
	Operating cash flow before changes in operating assets and liabilities (i)	**5,900,534**	**490,924,426**	**2,291,082**	**180,422,796**
	Increase/decrease in operating assets and liabilities				
	Loans and advances to customers	(23,448,357)	(1,950,903,289)	9,066,075	713,953,398
	Other assets	(556,638)	(46,312,308)	(16,221,939)	(1,277,477,723)
	Deposits from other banks/borrowings	33,893,445	2,819,934,668	(7,343,529)	(578,302,893)
	Deposits from customers	(245,526)	(20,427,802)	(41,890,848)	(3,298,904,315)
	Other liabilities	(5,328,275)	(443,312,454)	6,512,346	512,847,249
	Cash utilized in operating assets and liabilities (ii)	4,314,649	358,978,815	(49,877,895)	(3,927,884,284)
	Net cash (used)/flows from operating activities (i+ii)	**10,215,183**	**849,903,241**	**(47,586,813)**	**(3,747,461,488)**
B.	**Cash flows from investing activities**				
	Investment in commercial paper	-	-	498,444	39,252,500
	Net cash used in investing activities	**-**	**-**	**498,444**	**39,252,500**
C.	**Cash flows from financing activities**	**-**	**-**	**-**	**-**
D.	**Net increase/decrease in cash (A+B+C)**	**10,215,183**	**849,903,241**	**(47,088,369)**	**(3,708,208,988)**
E.	**Cash and cash equivalents at beginning of year**	**19,422,191**	**1,529,497,555**	**66,718,127**	**5,237,706,543**
	Exchange difference	(1,038,807)		(207,567)	
	Cash and cash equivalents at end of year (D+E)	**28,598,567**	**2,379,400,796**	**19,422,191**	**1,529,497,555**
	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	28,598,567	2,379,400,796	19,422,191	1,529,497,555
		28,598,567	**2,379,400,796**	**19,422,191**	**1,529,497,555**

Off-Shore Banking Units

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2017

Continuation of Annexure - I

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), is 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, Bangladesh Accounting 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 BAS- 21 “The Effect 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 half year from 01 January to 31 December 2017.

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 BAS 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 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.

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Continuation of Annexure - I

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 BAS 37 " Provisions, Contingent Liabilities and Contingent Assets".

2.6 Revenue and Expense recognition

As per the BAS - 18 "Revenue", revenue and expenses are recognized on accrual basis.

2.7 General

a) These financial statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka and rearranged wherever necessary.

b) Assets and liabilities and income and expenses have been converted into Taka currency @ US $ 1 = Taka 83.20 (Closing rate as at 31 December 2017).

Particulars	2017		2016	
	USD	Taka	USD	Taka
3 Balance with Bangladesh Bank	-	-	-	-
	-	-	-	-
4 Balance with other banks and financial institutions				
Standard Chartered Bank Frankfurt	767,208	63,831,720	-	-
Standard Chartered Bank, New York, USA	5,625,132	468,011,012	1,023,715	80,617,539
Commerz Bank, Germany	312,052	25,962,703	19,656	1,547,888
ICICI Bank, Mumbai, India	3,877	322,562	234,132	18,437,938
HABIB Bank Limited, Pakistan	-	-	(447,954)	(35,276,396)
Standard Chartered Bank, UK	(352,589)	(29,335,371)	579,433	45,630,378
JP Morgan Chase Bank	67,245	5,594,757	-	-
BBL Treasury OBU to other Bank OBU placement	22,175,642	1,845,013,413	18,013,209	1,418,540,208
	28,598,567	**2,379,400,796**	**19,422,191**	**1,529,497,555**
5 Investments in commercial paper:				
Avant Garde Fashion Limited	-	-	-	-
	-	-	-	-
6 Loans and Advances				
Overdrafts	2,784,540	231,673,667	1,432,566	112,814,525
Demand loans	104,378,292	8,684,273,857	84,774,977	6,676,029,402
Term loans	112,529,338	9,362,440,900	172,966,427	13,621,106,156
Small and medium enterprises	3,736,992	310,917,764	2,789,806	219,697,246
	223,429,162	**18,589,306,188**	**261,963,776**	**20,629,647,329**
Bills purchased and discounted	56,409,909	4,693,304,479	12,787,894	1,007,046,697
Bills purchased and discounted SME	3,665,705	304,986,648	-	-
	60,075,614	4,998,291,127	12,787,894	1,007,046,697
	283,504,776	**23,587,597,315**	**274,751,670**	**21,636,694,026**

Continuation of Annexure - I

Particulars	2017		2016	
	USD	Taka	USD	Taka
7 Other Assets				
Interest receivables	2,054,249	170,913,546	2,701,576	212,749,100
Deferred revenue expenditure	768,259	63,919,173	550,770	43,373,102
Receivable against proxy account	14,097	1,172,902	11,968	942,474
Receivable settlement account-OBU/DBU	15,450,831	1,285,509,100	16,644,601	1,310,762,354
	18,287,436	**1,521,514,721**	**19,908,915**	**1,567,827,030**
8 Borrowing from other Banks, Financial Institutions and Agents:				
Inside Bangladesh:				
Southeast Bank Ltd.	4,000,000	332,800,000	4,000,000	315,000,000
Prime Bank Limited	-	-	5,000,000	393,750,000
NRB Bank Limited	-	-	2,500,000	196,875,000
National Bank Limited	-	-	5,000,000	393,750,000
Bank Al Falah	-	-	1,000,000	78,750,000
The City Bank Ltd.	-	-	13,000,000	1,023,750,000
Uttara Bank Limited	-	-	5,000,000	393,750,000
BASIC Bank Limited	-	-	4,500,000	354,375,000
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	19,200,000	1,597,440,000	40,002,531	3,150,199,312
	48,200,000	**4,010,240,000**	**80,002,531**	**6,300,199,312**
Outside Bangladesh:				
Sonali Bank UK Ltd	15,450,830	1,285,509,100	7,991,426	629,324,800
BANK ONE Mauritius	13,000,000	1,081,600,000	-	-
Emirates Bank	10,000,000	832,000,000	-	-
HDFC Bank Limited	5,000,000	416,000,000	-	-
ICICI Bank Limited	10,000,000	832,000,000	-	-
Standard Chartered Bank Singapore	37,000,000	3,078,400,000	-	-
UBL DUBAI	11,800,000	981,760,000	-	-
Asian Development Bank	29,821,000	2,481,107,200	32,080,000	2,526,300,000
KBC Bank NV Belgium	10,005,732	832,476,876	7,998,310	629,866,895
Emirates NBD	-	-	11,146,000	877,747,500
First Gulf Bank	15,000,000	1,248,000,000	10,000,000	787,500,000
The National Bank of Ras Al-Khaimah	25,400,000	2,113,280,000	15,000,000	1,181,250,000
Borrowing from NORFUND	2,500,000	208,000,000	7,500,000	590,625,000
Borrowing from IFC	50,000,000	4,160,000,000	40,000,000	3,150,000,000
Borrowing from FMO	15,000,000	1,247,999,999	67,500,000	5,315,625,000
	249,977,562	**20,798,133,175**	**199,215,736**	**15,688,239,195**
	298,177,562	**24,808,373,175**	**279,218,267**	**21,988,438,507**
9 Money at call and short notice				
Agrani Bank Ltd.	-	-	-	-
National Bank Limited	-	-	-	-
AB Bank Limited	-	-	-	-
	-	-	-	-

Continuation of Annexure - I

Particulars	2017		2016	
	USD	Taka	USD	Taka
10 Deposit and other accounts				
Local Currency:				
Current and other accounts	-	-	-	-
Bills payable	-	-	-	-
Saving deposits	-	-	-	-
Fixed deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
Foreign Currency:				
Current and other accounts	273,759	22,776,748	247,142	19,462,432
Bills payable	-	-	-	-
Saving deposits	-	-	-	-
Fixed deposits	7,318,363	608,887,824	8,033,396	632,629,942
Other deposits	-	-	-	-
	7,592,122	631,664,572	8,280,538	652,092,374
Total deposit and other accounts	**7,592,122**	**631,664,572**	**8,280,538**	**652,092,374**
11 Other liabilities				
Provisions for loans and advances	2,793,162	232,391,101	3,209,340	252,735,547
Interest payable	3,269,721	272,040,812	1,032,255	81,290,058
Provision for taxation	812,580	67,606,624	858,497	67,606,624
Interest suspense	5,009	416,738	5,940	467,795
Stamp charge realization from loan clients-OBU	1,767	147,014	388	30,555
Payable to On-shore	14,217,447	1,182,891,586	7,921,902	623,849,786
Payable settlement account-OBU/DBU	-	-	1,908,614	150,303,341
Others payable	16,082	1,338,033	-	-
	21,115,768	**1,756,831,908**	**14,936,936**	**1,176,283,706**
12 Surplus in Profit and Loss Account / Retained earnings				
Balance at the beginning of the year	11,647,035	917,204,024	7,129,564	559,706,460
Exchange Difference	(265,920)	-	(22,181)	-
Balance transfer to DBU	(11,381,115)	(917,204,024)	-	-
Add: Retained Surplus for the year	3,505,327	291,643,177	4,539,652	357,497,564
	3,505,327	**291,643,177**	**11,647,035**	**917,204,024**
13 Interest Income				
Interest on loans and advances	7,971,796	663,253,456	8,093,552	637,367,229
Interest on bill discounted	8,464,265	704,226,866	7,703,122	606,620,855
	16,436,061	**1,367,480,322**	**15,796,674**	**1,243,988,084**
14 Interest paid on deposits and borrowing etc.				
Interest on deposits	273,690	22,771,022	254,830	20,067,874
Interest on borrowing from banks & FIs	13,173,193	1,096,009,689	11,437,921	900,736,258
Interest on money at call and short notice	83,820	6,973,865	-	-
	13,530,704	**1,125,754,576**	**11,692,751**	**920,804,132**

Continuation of Annexure - I

Particulars	2017		2016	
	USD	Taka	USD	Taka
15 Interest on commercial paper				
Interest Income - Commercial Paper (OBU)	-	-	8,314	654,732
	-	**-**	**8,314**	**654,732**
16 Commission, exchange and brokerage				
Commission from letters of credit-foreign	234,449	19,506,149	160,530	12,641,738
Import and export related fees	389,580	32,413,052	211,084	16,622,908
Syndication fees	66,683	5,548,052	93,786	7,385,632
Other fees	-	-	-	-
	690,712	**57,467,253**	**465,400**	**36,650,278**
17 Other operating income				
Miscellaneous Income	-	-	39,948	3,145,925
	-	**-**	**39,948**	**3,145,925**
18 Rent, taxes, insurance, electricity etc.				
Rent, rates and taxes	32,243	2,682,625	23,003	1,811,485
Insurance	1,036	86,212	676	53,224
Power and electricity	5,019	417,581	3,898	306,973
WASA and Sewerage	340	28,303	208	16,348
	38,638	**3,214,721**	**27,785**	**2,188,030**
19 Postage, stamp, telecommunication etc.				
Postage and courier	0.2	17	4	344
Court fees & stamps	1	109	-	-
Telegram, telex, fax & Network	33	2,751	18	1,421
Telephone-Office	2,404	199,993	2,182	171,840
	2,438	**202,870**	**2,204**	**173,605**
20 Stationery, printing, advertisement etc.				
Stationery and Printing	15,613	1,298,987	13,135	1,034,392
Security Stationery	944	78,505	997	78,505
	16,557	**1,377,492**	**14,132**	**1,112,897**
21 Depreciation on and repairs to bank's assets				
Depreciation of Property plant and equipments	20,493	1,705,026	16,437	1,294,421
Repairs and Maintenance expenses	58,929	4,902,914	33,879	2,668,013
	79,422	**6,607,940**	**50,316**	**3,962,434**
22 Other expenses	75,364	6,270,307	53,740	4,232,031
	75,364	**6,270,307**	**53,740**	**4,232,031**
23 Provisions for loans and advances:				
For classified loans and advances	(2,514)	(209,219)	(135,802)	(10,694,434)
For unclassified loans and advances	(397,787)	(33,095,840)	(157,138)	(12,374,552)
	(400,301)	**(33,305,059)**	**(292,940)**	**(23,068,986)**

To whom it may concern

This is to certify that as detailed in the Annexure I, BRAC Bank Limited made the custodian transactions on account of custodian services provided during the year ended 31 December 2017, 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 2017.

Dated, Dhaka
22 March 2018

A. Qasem & Co.
Chartered Accountants

AMAR STOCK

BRAC Bank Ltd.

Custodian service

For the year ended 31 December 2017

Annexure - J

Particulars	2017 Taka	2016 Taka
Operating Income		
Commission, exchange and brokerage	14,477,560	14,369,869
Total Operating Income	**14,477,560**	**14,369,869**
Operating Expenses		
Salaries and allowances	3,720,000	3,450,350
Rent, taxes, insurance, electricity etc.	344,399	188,344
Postage, stamps, telecommunication etc.	215,625	152,270
Stationery, printing, advertisement etc.	88,211	32,225
Depreciation on and repairs to bank's assets	249,772	169,767
Other expenses	863,119	744,963
Total operating expenses	**5,481,126**	**4,737,919**
Operating Profit	**8,996,434**	**9,631,950**

AMAR STOCK

Directors' Report

to the Shareholders of bKash Limited

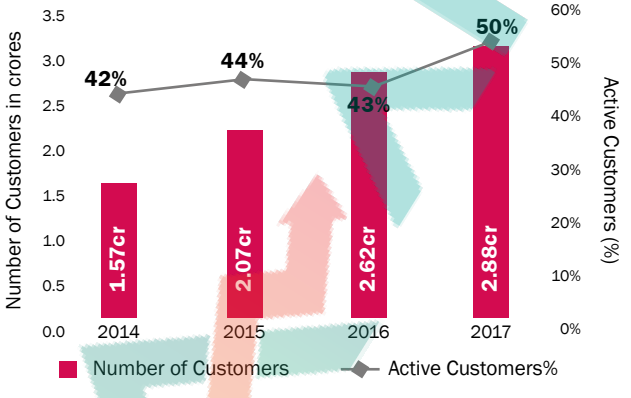
The Board of Directors of bKash Limited is pleased to present before you the Directors' Report on the operational and financial activities of bKash together with the Audited Financial Statements for the year ended 31 December 2017 for your valued consideration, approval and adoption. The Directors' Report has been prepared in compliance with Section 184 of the Companies Act, 1994 and the requirements mandated by the regulatory bodies.

bKash, a pioneer in the Mobile Financial Services (MFS) industry of Bangladesh, has played a key role in improving access to formal financial/banking services since its inception. In a nation like Bangladesh where less than 19% of the population have access to formal banking services, bKash provided the much needed bridge to minimize the gap and expand the net of financial inclusion.

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

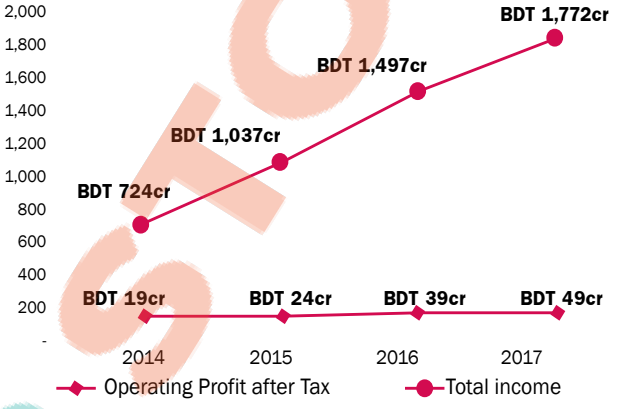
With an extensive network of 178,322 agents sevring 2.88 million customers by 43 lackhs average daily transactions, bKash is the first success story of its kind in Bangladesh. All customers can avail bKash services on any of the 5 major mobile networks. Over 68% of Bangladeshis who have access to a mobile phone can easily register and avail instant bKash services such as Cash In, Cash Out, Send Money, Airtime Recharge, Receive Remittance, Receive Disbursements, Interest Savings and Pay Merchants. In 2017, 50% of the customer base was active (on the basis of at least one transaction in the last 90 days) and a total of BDT 217,350 crore was recorded in transactions.

The convenience, affordability and reliability of bKash services are just a few of the characteristics that contribute to bKash's significant market share of 69.4% in terms of amount of transactions in December 2017.



With an annual revenue growth rate of 18.4% in 2017 over 2016, bKash continues to grow and contribute to the economic growth of the country. In 2017, there was an annual growth of 10.0% in the number of customers to reach 2.88 crore as of December 31, 2017. There were over 1,100 employees that bKash directly hires in addition to the thousands of employees at the 187 active distributing houses scattered throughout the country. This promotes employment opportunities and economic growth especially in remote locations. In addition, bKash has paid BDT 339 crore to the government exchequer which also feeds back into the economy.

In addition to the underserved segments of the market such as the one for mom and pop shops, bKash services are also used regularly by online and in store retailers. This has led to improved access to funds, convenience and growth in the merchant market especially for those involved in e-commerce.



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.

The Company made profit after tax of BDT 48.78 crore in 2017 compared to BDT 38.65 crore in 2016 resulting in a 26% growth in profit after tax over the year 2016. The retained earnings stood at BDT 90.34 crore as of December 31, 2017. Considering the growth potential of the Company, the Board is not proposing any dividend for the year 2017 to its shareholders.

The Company's statutory auditor M/s. Rahman Rahman Huq, Chartered Accountants have completed their audit and are eligible to be reappointed as statutory auditors of the Company for the year 2018. 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 2018.

The Board would like to express appreciation to the entire bKash team. It would be remiss if we do not acknowledge the exceptional efforts of our employees who worked in partnership to meet, embrace and accomplish various challenges in order to achieve the goals of the company while simultaneously maintaining the highest standards of service to our clients.

Finally, the Directors would like to thank our loyal clients and respected shareholders for their continued support to bKash. Taking this opportunity, the members of the Board would also like to all regulators and government agencies for their continuous support.

For and on behalf of the Board of Directors,

Chairman

Independent Auditor's Report
to the Shareholders of bKash Limited

Report on the Financial Statements

We have audited the accompanying financial statements of bKash Limited ("the Company") which comprise the statement of financial position as at 31 December 2017, 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, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

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 explanations 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 the statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns.

Dated, Dhaka
27 February 2017

Sd/-
Rahman Rahman Huq
Chartered Accountants

AMI STOCK

bKash Limited

Statement of financial position

In Taka	31 December 2017	31 December 2016
Assets		
Property, plant and equipment	767,571,771	708,337,120
Intangible assets	463,632,762	269,453,715
Deferred tax assets	-	1,338,020
Non-current assets	**1,231,204,533**	**979,128,855**
Operational and other receivables	426,953,282	219,966,379
Advances, deposits and prepayments	232,336,222	218,267,016
Advance income tax	537,833,294	366,946,533
Airtime balance	1,163,143,640	797,587,267
Restricted cash and cash equivalents	21,986,269,408	17,506,568,895
Investment in fixed deposits	2,121,800,000	1,620,000,000
Cash and cash equivalents	186,243,340	299,582,196
Current assets	**26,654,579,186**	**21,028,918,286**
Total assets	**27,885,783,719**	**22,008,047,141**
Equity		
Ordinary shares	38,194,900	38,194,900
Convertible preference shares	4,097,000	4,097,000
Share premium	2,133,618,396	2,133,618,396
Share money deposit	505,162	505,162
Retained earnings	903,366,797	415,549,081
Total equity	**3,079,782,255**	**2,591,964,539**
Liabilities		
Deferred tax liabilities	35,986,265	-
Employee benefits	-	118,480,000
Other non-current liabilities	7,145,802	7,145,802
Finance lease liabilities	40,774,231	18,519,200
Non-current liabilities	**83,906,298**	**144,145,002**
Employee benefits	44,515,670	-
Customer deposits	14,885,941,261	11,487,721,167
Other deposits	6,777,995,938	5,800,892,990
Operational and other payables	1,023,172,770	672,970,358
Finance lease liabilities	17,376,926	6,206,558
Grant funds	43,544,365	49,464,389
Accrued expenses	1,312,214,254	902,986,476
Provision for tax	617,333,982	351,695,662
Current liabilities	**24,722,095,166**	**19,271,937,600**
Total liabilities	**24,806,001,464**	**19,416,082,602**
Total equity and liabilities	**27,885,783,719**	**22,008,047,141**

Sd/-
Chief Executive Officer

Sd/-
Director

Sd/-
Director

Sd/-
Company Secretary

As per our report of same date.

Sd/-
Auditor
Rahman Rahman Huq
Chartered Accountants

Dated, Dhaka
27 February 2017

bKash Limited

Statement of profit or loss and other comprehensive income

In Taka	For the year ended 31 December 2017	31 December 2016
Gross revenue	16,332,362,660	13,848,451,389
VAT	(2,074,019,100)	(1,759,773,281)
Net revenue	**14,258,343,560**	**12,088,678,108**
Cost of services	(11,299,194,131)	(9,765,846,432)
Gross profit	**2,959,149,429**	**2,322,831,676**
Other income	1,391,255,705	1,123,864,592
Donor grants	50,562,922	55,386,622
Operating and administrative expenses	(2,478,901,509)	(1,964,639,067)
Marketing and promotional expenses	(1,041,184,288)	(829,909,738)
Utilisation of grant funds	(50,562,922)	(55,386,622)
Profit before contribution to WPPF	**830,319,337**	**652,147,463**
Contribution to WPPF	(39,539,016)	(31,054,641)
Profit before tax	**790,780,321**	**621,092,822**
Income tax expenses	(302,962,605)	(234,551,351)
Profit	**487,817,716**	**386,541,471**
Other comprehensive income/(expense) - net of tax	-	(51,389,000)
Total comprehensive income	**487,817,716**	**335,152,471**

Sd/-
Chief Executive Officer

Sd/-
Director

Sd/-
Director

Sd/-
Company Secretary

As per our report of same date.

Sd/-
Auditor
Rahman Rahman Huq
Chartered Accountants

Dated, Dhaka
27 February 2017

AMARSTOCK

bKash Limited

Statement of changes in equity

For the year ended 31 December 2017

In Taka	Ordinary shares	Convertible preference shares	Share premium	Share money deposit	Retained earnings	Total equity
Balance at 1 January 2017	**38,194,900**	**4,097,000**	**2,133,618,396**	**505,162**	**415,549,081**	**2,591,964,539**
Total comprehensive income						
Profit for the year	-	-	-	-	487,817,716	487,817,716
Other comprehensive income/(expense) - net of tax	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**487,817,716**	**487,817,716**
Balance at 31 December 2017	**38,194,900**	**4,097,000**	**2,133,618,396**	**505,162**	**903,366,797**	**3,079,782,255**

For the year ended 31 December 2016

Balance at 1 January 2016	**38,194,900**	**4,097,000**	**2,133,618,396**	**505,162**	**80,396,610**	**2,256,812,068**
Total comprehensive income						
Profit for the year	-	-	-	-	386,541,471	386,541,471
Other comprehensive income/(expense) - net of tax	-	-	-	-	(51,389,000)	(51,389,000)
Total comprehensive income	**-**	**-**	**-**	**-**	**335,152,471**	**335,152,471**
Balance at 31 December 2016	**38,194,900**	**4,097,000**	**2,133,618,396**	**505,162**	**415,549,081**	**2,591,964,539**

AMARSTOCK

bKash Limited

Statement of cash flows

For the year ended 31 December

In Taka	2017	2016
Cash flows from operating activities		
Cash receipt from customers	18,688,115,022	18,473,244,435
Cash paid to suppliers, employees and others	**(14,239,125,513)**	**(12,557,858,678)**
Cash generated from operating activities	4,448,989,509	5,915,385,757
Interest received from deposits	1,174,463,281	1,076,029,140
Income taxes paid	(170,886,761)	(141,640,949)
Net cash flows from operating activities	**5,452,566,029**	**6,849,773,948**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(340,049,941)	(186,104,099)
Acquisition of intangible assets	(231,887,831)	(182,634,752)
Investment in fixed deposits	(501,800,000)	(150,000,000)
Net cash used in investing activities	**(1,073,737,772)**	**(518,738,851)**
Cash flows from financing activities		
Finance lease liabilities	(12,466,600)	(2,894,242)
Net cash used in financing activities	**(12,466,600)**	**(2,894,242)**
Net increase in cash and cash equivalents	4,366,361,657	6,328,140,855
Cash and cash equivalents (including restricted cash and cash equivalents) at 1 January	17,806,151,091	11,478,010,236
Cash and cash equivalents including restricted cash and cash equivalents as at 31 December	**22,172,512,748**	**17,806,151,091**
Less: Restricted cash and cash equivalents	21,986,269,408	17,506,568,895
Cash and cash equivalents as at 31 December	**186,243,340**	**299,582,196**

AMARSTOCK

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 2017 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 2017

Bangladesh achieved a 7.24% percent real GDP growth in FY2016-17 against a target of 7.2% set by Bangladesh Bank. The growth was 7.11% and 6.55% in FY2015-16 and FY2014-15 respectively. The latest GDP growth rate is the highest ever recorded so far. Even at the back of such an exceptional economic performance, Bangladesh Bank projects a 7.40% real GDP growth for FY2017-18. Despite the global financial crisis and its aftermath, along with the adverse effects emerging from the domestic front, Bangladesh has been able to achieve GDP growth of more than 6% on an average during the last decade.

Benign inflation rate in the economy has been a strong catalyst in driving the country's household consumption. In spite of food and commodity inflationary pressures, the 12-month average inflation was 5.70% on December 2017 (government inflation target was 5.5% for FY 2017-18). With a 12-month average inflation of 5.44% for FY2016-17 against a target of 5.8% and considering the 7.24% real GDP growth in the last fiscal year as already mentioned, Bangladesh Bank has been successful in achieving its most important fiscal targets in the most recent time.

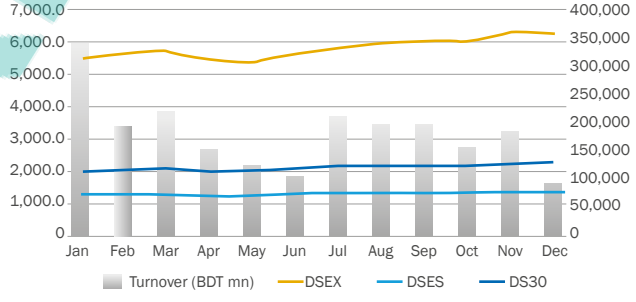
The current account deficit increased substantially over the year. At the end of November, the deficit stood at USD 4.43 billion, which was only USD 683 million deficit in the same period a year earlier. Growth in imports outweighed growth in exports by more than threefold owing to rise in global commodity and food prices as well as an increase in capital machinery imports. Bangladesh Bank projects the trade deficit to reach USD 13.10 billion in June 2018. The implication of this has been a gradual depreciation of BDT against the USD from 78.8 at the end of 2016 to 82.7 at the end of 2017. However, the central bank also projects remittance to pick up as early signs of upswing has already been witnessed at the end of 2017. The upswing in remittance growth should provide strength against the expected depreciation of the currency.

Capital Market Review 2017

2017 has been an exceptional good year for the capital market of Bangladesh. The stock market provided the highest return in last seven years since the market crash in 2010. DSEX - the benchmark free float weighted market index - gained a double-digit 24.0% in 2017, following last year's total return of 8.8%. The continued declining interest rates in the economy has been a bliss in the capital market. Turnover has also picked up significantly with increasing participation from retail investors.

Foreign Portfolio Investments (FPI) continued to rise in 2017, given the positive outlook on Bangladesh economy and political stability during the year. Total foreign turnover stood at BDT 114.5bn which was 30.5% YoY higher compared to last year. Net foreign investment stood at BDT 17.1bn in 2017. However, the foreign turnover as a percentage of total market turnover has declined to 5.3% this year compared to 7.4% in full year 2016, owing to increased participation from retail investors. The high quality foreign investors apparently focus on large-cap sector leaders, which are also the dividend aristocrats.

INDEX AND TURNOVER MOVEMENT IN 2017



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 3% market share as of December 2017. BESL has a dominant market share of 42% 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 148 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 charter holder and 3 CFA Level 3 candidates, has broader investment research and investment advisory mandates. The team has research partnership with Macquarie Securities Group –world's 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 2017:

1. The recommended investment composite of the team generated 45.3% return in 2017, outperforming the benchmark index by ~21.3%.

2. Initiated coverage on two new companies: Confidence Cement and Golden Harvest (GHAIL). Since publication of the equity note, Confidence Cement has unlocked value and given a decent return to investors generating 42.1% return while Golden Harvest (GHAIL) posted a negative performance of 16.9% as on Feb 5, 2017.

3. Completed the International Research work by Stewart Investors on "Financial Inclusion Project" and successfully won the bid after competing with Research Firms from other countries. The work, which includes analysing 30 companies across 16 countries, will generate USD 30,750 in advisory fees.

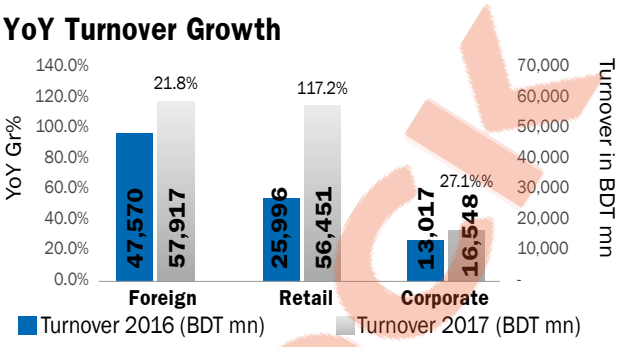
4. Carried out "Investment Memorandum" for the Ahsania Mission Cancer and General Hospital (AMCGH), generating BDT 3 Million as advisory fees.

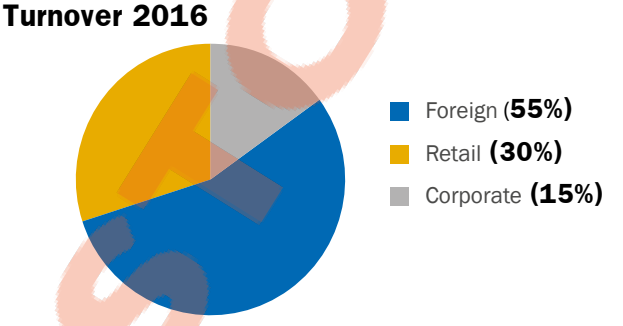
5. In addition to the above, the team also generated USD 75,000.00 in Research and Advisory Fees from foreign investors and BDT 14 million from local institutional clients.

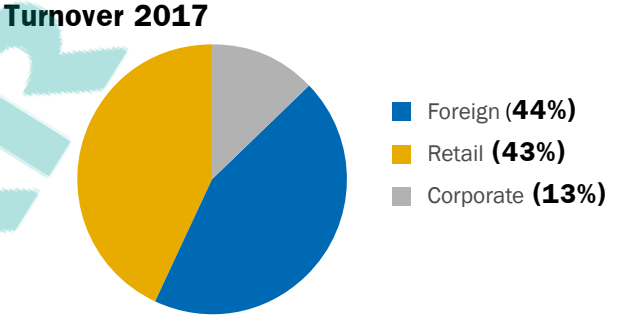
Financial Performance

BRAC EPL Stock Brokerage has managed to maintain the 3rd position among 250 brokers. On average, BESL had 3% market share of DSE turnover, 0.7% of CSE turnover and 2.8% of total turnover.

Our total turnover stood at BDT 130.9 bn in 2017, up by 51.2% YoY compared to turnover in 2016. Average Daily Turnover increased by 76.8% YoY in 2017 compared to previous year. BESL net profit after tax in 2017 was BDT 204 mn; increased by 115% or BDT 110 mn.







Among the three verticals of our business, Retail business played a vital role in total turnover. Retail business was 43.0% of total turnover in 2017 compared to 30.0% in 2016. In this particular year retail turnover has been grown by 117.2% YoY compare to last year of 2016 whilst company's turnover have been increased by 51% compare to last year. Such strong retail business was driven due to our new strategies to increased client interaction, increased effort to acquire new clients and dynamic sales strategies with the new sales team. BESL has also organized two big Financial Literacy Program (FLP) in Comilla which had ~1,000 participation and another in Chowmuhani which has ~700 participants as part of our retail business strategy. In addition to these, we have organized multiple other FLPs and Investor Awareness Programs throughout the year around the country which performed as strong branding and client acquisition platforms.

Our corporate business has also witnessed a decent growth if 27.1% YoY in 2017. Currently this segment of the business only contributes 12.6% 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.

Foreign Institutional Investment (FII) business continued to play a major role in total turnover. FII business was 44.2% of total turnover in 2017 compared to 54.9% in 2016. However, in this particular year FII turnover has been grown by 21.8% compare to last year of 2016.

Future Outlook of industry and Company position

We expect the capital market to be relatively volatile in 2018 compared to the bull trend we have witnessed in 2017. Considering 2018 an election year, political arena might get heated up causing disruption in business and investor sentiment. We observed record low rates last year, however, interest rates have bottomed out and are picking momentum faster than expected due to lower liquidity in the system. We do not expect the government to slash rates on savings tool prior to the upcoming election. However, good scripts are likely to stand out in the market and we expect them to continue to drive valuations through its persisting fundamentals and multiples expansion. We are expecting 40-45% increased turnover volume in next three years in the market and we aim to increase our market share to 4% and securing our leading position in both local and foreign market.

The main focus of BESL in 2018 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 2018 is to structure the segment and ride along its growth, as majority of corporates houses currently manage its capital market investments on an ad-hoc and unstructured way, there is a significant scope to cater to that market. BESL intends to grab further market share in the foreign segment. We currently have trading partners from all around the globe but major contributors are from USA (33.9%), UK (22.4%) and Northern Africa (14%). In 2018, 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 2018 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

Independent Auditor's Report

to the Shareholders of BRAC EPL Stock Brokerage Limited

We have audited the accompanying financial statements of BRAC EPL Stock Brokerage Limited, which comprise the statement of financial position as at 31 December 2017 and the statement of profit or loss & other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs) 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BRAC EPL Stock Brokerage Limited as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Companies Act 1994 and other applicable laws and regulations.

We also report that:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;

c) the company's financial statements dealt with by the report are in agreement with the books of account and returns; and

d) The expenditure incurred were for the purpose of the company's business.

Dated, Dhaka
13 Februrary 2018

A. Qasem & Co.
Chartered Accountants

BRAC EPL Stock Brokerage Limited

Statement of Financial Position

As at 31 December 2017

Particulars	2017 Taka	2016 Taka
Assets		
Non-current assets		
Property, plant and equipment	33,875,497	23,489,138
Intangible assets	327,202	31,698
Membership at cost	11,027,750	11,027,750
Investment in associate company	15,081,120	14,930,161
Investment in DSE & CSE	46,009,744	46,009,744
Total non-current assets	**106,321,313**	**95,488,490**
Current assets		
Investment in shares	509,704,480	278,392,421
Account receivables	1,617,291,760	272,732,104
Inter-company receivables	22,698,404	10,070,727
Margin loan receivables	141,341,986	143,985,649
Advances, deposits and prepayments	396,249,855	324,646,201
Other receivables	4,458,576	8,229,333
Investment in FDRs	128,977,967	195,692,966
Cash and cash equivalents	174,475,837	410,529,819
Total current assets	**2,995,198,865**	**1,644,279,220**
Total assets	**3,101,520,178**	**1,739,767,710**
Equity and liabilities		
Shareholder's equity		
Share capital	700,953,800	451,500,000
Retained earnings	232,929,645	277,659,381
Total equity	**933,883,445**	**729,159,381**
Non-current liabilities		
Defined benefit obligations	2,392,592	-
	2,392,592	**-**
Current liabilities		
Account payables	1,649,696,268	556,670,384
Investment suspense account	46,009,744	46,009,744
Inter-company payables	2,085,090	972,834
Liability for expenses	74,110,350	103,647,798
Provision for income tax	393,342,689	303,307,569
Total current liabilities	**2,165,244,141**	**1,010,608,329**
Total liabilities	**2,167,636,733**	**1,010,608,329**
Total equity and liabilities	**3,101,520,178**	**1,739,767,710**

Chief Executive Officer | **Director** | **Chairperson**

Dated, Dhaka
13 Februrary 2018

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 2017

Particulars	2017 Taka	2016 Taka
Service Revenue	**564,786,186**	**433,478,927**
Direct expenses	(138,379,466)	(132,336,594)
Gross profit	**426,406,720**	**301,142,333**
Operating expenses	(259,974,716)	(215,002,838)
Operating profit	**166,432,004**	**86,139,495**
Other income	-	(25,484)
Finance income	134,369,150	72,622,671
Finance expenses	(6,192,929)	(6,264,142)
Share of profit of equity in associate company	150,959	175,511
Profit before tax	**294,759,184**	**152,648,051**
Income tax expenses	(90,035,120)	(57,811,435)
Net profit after tax	**204,724,064**	**94,836,616**
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)	**204,724,064**	**94,836,616**

Chief Executive Officer | **Director** | **Chairperson**

Dated, Dhaka
13 Februrary 2018

A. Qasem & Co.
Chartered Accountants

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BRAC EPL Stock Brokerage Limited

Statement of Changes in Equity

For the year ended 31 December 2017

Amount in Taka

Particulars	Share capital	Retained earnings	Total
Balance as at 1 January 2016	**451,500,000**	**182,822,765**	**634,322,765**
Issue of bonus shares	-	-	-
Net profit for the year ended 2016	-	94,836,616	94,836,616
Balance as at 31 December 2016	**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**

Chief Executive Officer | **Director** | **Chairperson**

Dated, Dhaka
13 Februrary 2018

A. Qasem & Co.
Chartered Accountants

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BRAC EPL Stock Brokerage Limited

Statement of Cash Flows

For the year ended 31 December 2017

Particulars		2017 Taka	2016 Taka
A.	**Cash flows from operating activities:**		
	Commission, interest and others received	608,670,488	456,040,181
	Payments for creditors and other expenses	(414,093,135)	(303,136,961)
	Loans and advances	(253,830,651)	(167,400,614)
	Cash generated from operating activities	**(59,253,298)**	**(14,497,394)**
	Other income	160,678,642	85,607,830
	Income tax paid	(78,329,493)	(65,314,328)
	Cash generated used in other operating activities	**82,349,149**	**20,293,501**
	Net cash flows from operating activities	**23,095,851**	**5,796,107**
B.	**Cash flows from investing activities:**		
	Acquisition of fixed assets	(21,644,845)	(3,327,067)
	Sale of fixed assets	-	-
	Redemption/investment in zero coupon bond	-	14,574,678
	Investment in shares	(231,312,059)	(173,527,337)
	Net cash flows (used)/from investing activities	**(252,956,904)**	**(162,279,726)**
C.	**Cash flows from financing activities:**		
	Finance cost	(6,192,929)	(6,264,142)
	Net cash used in financing activities	(6,192,929)	(6,264,142)
	Net increase in cash and cash equivalents (A+B+C)	(236,053,982)	(162,747,761)
	Cash and cash equivalents at the beginning of the year	410,529,819	573,277,580
	Cash and cash equivalents at the end of the year	174,475,837	410,529,819

Chief Executive Officer | **Director** | **Chairperson**

Dated, Dhaka
13 Februrary 2018

A. Qasem & Co.
Chartered Accountants

Directors' Report

to the Shareholders of BRAC Saajan Exchange Ltd.

The directors present their annual report and financial statements for the year ended 31 December 2017. Principal activities

The principal activity of the company continued to be that of money remittance.

Branches

The company operates through overseas branches in Italy, Portugal and Spain.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Kazi Mahmood Sattar
Mr Selim Raza Farhad Hussain
Mr Abdus Salam

Results and dividends

Ordinary dividend were paid amounting to £66,792 in the year 2017. The directors do not recommend payment of a final dividend. This is to assist with maintaining Cash Flow and re-investing into the growing business of BRAC Saajan.

Future developments

The Company is forecasting more than 90% year-on-year growth in 2018. Major growth is forecasted by the UK Retail Agent Network, Aggregator Network and Italy Retail Agent Network. The Company is also forecasting increase in payments to other countries, especially to Pakistan, Sri Lanka, Poland and Romania to reduce dependency on Bangladesh corridor. As per the strategic plan of the Company, payments from European countries to African countries, especially to Nigeria shall also contribute to the 2018's growth. The Company has a strategic goal to spread its service to more than 30 countries by 2021. In view of that, the Company is also open to explore mergers and acquisition opportunities in 2018 and in the coming years.

IT and Compliance, again, will play a significant role; there are various implementation plans, including Data Loss prevention Software implementation, implementation of Risk Matrix (Compliance/MLP).

Our Strategic Plan for 2018 involves the rolling out of the Online Platform in the European countries.

Auditor

The auditor, Reddy Siddiqui LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information. On behalf of the board



Mr Abdus Salam Director
16March 2018

FAST STOCK

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 2017 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/e 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 2017 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 authorized for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006 In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we

have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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

16 March 2018
183-189 The Vale
Acton
London
W37RW

BRAC Saajan Exchange Limited

Balance Sheet

As at 31 December 2017

Particulars	31-Dec-17 GBP	31-Dec-17 Taka	31-Dec-16 GBP	31-Dec-16 Taka
FIXED ASSETS				
Intengible assets:				
Development cost capitalised	145,543	16,269,281	134,324	14,755,330
Goodwill	15,103	1,688,298	14,558	1,694,087
Tangible Fixed Assets	560,299	62,632,088	222,407	24,060,686
Total Fixed Assets	**720,945**	**80,589,667**	**371,288**	**40,510,103**
Current Assets				
Cash at Bank and in Hand	2,655,762	296,870,070	1,910,991	185,020,609
Debtors	1,846,549	206,413,558	2,022,018	194,936,980
Total Current Assets	**4,502,311**	**503,283,628**	**3,933,009**	**379,957,590**
Current Liabilities				
Creditors: amounts falling due within one year	(3,601,490)	(402,586,806)	(2,945,792)	(285,209,187)
NET CURRENT ASSETS	**900,821**	**100,696,822**	**987,217**	**94,748,403**
TOTAL ASSETS LESS LIABILITIES	**1,621,766**	**181,286,489**	**1,358,506**	**135,258,506**
Share capital				
Called up share capital	333,333	42,889,757	333,333	42,889,757
Share premium account	249,999	31,427,247	208,383	26,812,516
Retained profit	816,790	91,704,423	645,725	75,141,889
Less: Dividend Payment	(66,792)	(7,280,359)	-	-
Translation reserve	-	(7,767,588)	-	(26,148,190)
Net Profit For The Period	288,436	30,313,010	171,065	16,562,534
SHAREHOLDER'S FUNDS	**1,621,766**	**181,286,489**	**1,358,506**	**135,258,506**

Director

Mr. Omar Siddiqui (Senior Statutory Auditor)
for and on behalf of Reddy Siddiqui & Kabanl

Chartered Accountants
Statutory Auditor

16 March 2018
183-189 The Vale
Acton
London
W37RW

SHARESTOCK

BRAC Saajan Exchange Limited

Profit and Loss Account

For the year ended 31 December 2017

Particulars	31-Dec-17 GBP	31-Dec-17 Taka	31-Dec-16 GBP	31-Dec-16 Taka
Turnover	4,820,708	506,629,059	3,069,840	297,221,932
Cost of sales	(2,150,668)	(226,022,940)	(1,450,961)	(140,482,051)
Gross profit	**2,670,041**	**280,606,119**	**1,618,879**	**156,739,881**
Administrative expenses	(2,429,751)	(255,352,983)	(1,504,112)	(145,628,126)
Other operating income	92,415	9,712,266	89,782	8,692,739
Operating profit	**332,705**	**34,965,402**	**204,550**	**19,804,494**
Other interest receivable and similar income	8,898	935,094	20,731	2,007,191
Profit on ordinary activities before taxation	**341,603**	**35,900,496**	**225,281**	**21,811,685**
Tax on profit on ordinary activities	(53,166)	(5,587,486)	(54,216)	(5,249,151)
Net profit after tax	**288,436**	**30,313,010**	**171,065**	**16,562,534**

Director

Mr. Omar Siddiqui (Senior Statutory Auditor)
for and on behalf of Reddy Siddiqui & Kabanl

Chartered Accountants
Statutory Auditor

16 March 2018
183-189 The Vale
Acton
London
W37RW

BRAC Saajan Exchange Limited

Statement of Cash Flows

For the year ended 31 December 2017

Particulars		31-Dec-17 GBP	2017 Taka	31-Dec-16 GBP	2016 Taka
A.	**Cash flows from operating activities**				
	Fees & commissions receipts in cash	4,820,708	538,875,158	3,132,174	303,254,618
	Cash payments to employees	(665,796)	(74,424,891)	(489,361)	(47,379,550)
	Income tax paid	(53,166)	(5,943,120)	(54,216)	(5,249,107)
	Receipts from other operating activities (item-wise)	92,415	10,330,436	89,782	8,692,667
	Payment for other operating activities (item-wise)	(3,891,686)	(435,025,873)	(2,492,383)	(241,310,489)
	Operating profit/(loss) before changes in operating assets and liabilities (i)	302,475	33,811,711	185,998	18,008,139
	Increase/decrease in operating assets & liabilities				
	Other assets (item-wise)	583,315	65,204,969	(984,191)	(95,288,588)
	Borrowings from other banks	213,314	23,845,004	-	-
	Other liabilities (item-wise)	17,255	1,928,823	249,792	24,184,640
	Cash utilised in operating assets & liabilities (ii)	813,885	90,978,796	(734,399)	(71,103,948)
	Net cash (used)/flows from operating activities (i+ii)	**1,116,360**	**124,790,507**	**(548,402)**	**(53,095,809)**
B.	**Cash flows from investing activities**				
	Sale/ (Investment) in shares	31,375	3,507,168	-	-
	Investment income	8,898	994,611	13,695	1,325,954
	Acquisition of fixed assets	(386,685)	(43,224,983)	(167,179)	(16,186,121)
	Net cash used in investing activities	**(346,413)**	**(38,723,204)**	**(153,484)**	**(14,860,167)**
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	**744,771**	**83,215,764**	**(701,885)**	**(67,955,976)**
	Cash and cash equivalents at beginning of year	1,910,991	185,020,609	2,612,876	304,055,180
	Effect of Exchange rate changes on cash and cash equivalent		28,633,697		(51,078,595)
	Cash and cash equivalents at end of period	**2,655,762**	**296,870,070**	**1,910,991**	**185,020,609**
	Cash and cash equivalents at end of the period:				
	Cash in hand	667	74,508	1,739	168,325
	Balance with other banks and financial institutions	2,655,095	296,795,562	1,909,252	184,852,284
		2,655,762	**296,870,070**	**1,910,991**	**185,020,609**

BRAC Saajan Exchange Limited

Statement of Changes in Equity

For the year ended 31 December 2017

Amount in Taka

Particulars	Paid up share capital	Share premium	Translation reserve	Retained Earnings	Total
Balance at January 01, 2017	42,889,757	26,812,516	(26,148,190)	91,704,423	135,258,506
Share premium		4,614,731		-	4,614,731
Translation reserved	-	-	18,380,602	-	18,380,602
Net profit for the period	-	-		30,313,010	30,313,010
Dividend Payment				(7,280,359)	(7,280,359)
Balance as at 31 December 2017	**42,889,757**	**31,427,247**	**(7,767,588)**	**114,737,073**	**181,286,489**
Balance as at 31 December 2016	**42,889,757**	**26,812,516**	**(26,148,190)**	**91,704,423**	**135,258,506**

Amount in GBP

Balance at January 01, 2017	333,333	208,383	-	816,790	1,358,506
Share premium	-	41,616	-	-	41,616
Net profit for the period	-	-	-	288,436	288,436
Dividend Payment	-	-	-	(66,792)	(66,792)
Balance as at 31 December 2017	**333,333**	**249,999**	**-**	**1,038,434**	**1,621,766**
Balance as at 31 December 2016	**333,333**	**208,383**	**-**	**816,790**	**1,358,506**

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Directors' Report

to the Shareholders of BRAC EPL Investments Ltd.

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 2017 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 Limited to 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 is also involved in raising a significant amount of money from capital market for largest power company of Bangladesh Government.

BEIL is strategically optimizing business growth and profitability for the year 2018. 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 2017. Moreover, the Corporate and Institutional Banking department saw further transformation in 2017 with revamping the team as new recruits were brought in. Under the top management of the previous year and the newly recruited team, the Structured Finance department 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 2018.

3. Debt Arrangement

BEIL focused on originating, structuring and distributing debt in the form of syndicated loans, corporate bonds, bridge finance, mezzanine debt, asset backed securities and other debt products for the corporate houses of Bangladesh. Our scope of work ranges from structuring the optimum financial structure to arranging the fund from the prospective lenders. Most common form of debt arrangement is syndicated loan. In general, syndicated loans help to finance large ticket size loans which are not feasible to be provided bilaterally by a lender.

4. Private Equity

In recent years, alternative investment asset classes such as private equity placement have become increasingly important pools of capital in the global financial system. With our vast network of foreign and local equity investors, we 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, Chittagong, Sylhet, Chowmuhani and Comilla.

Capital Market Review 2017

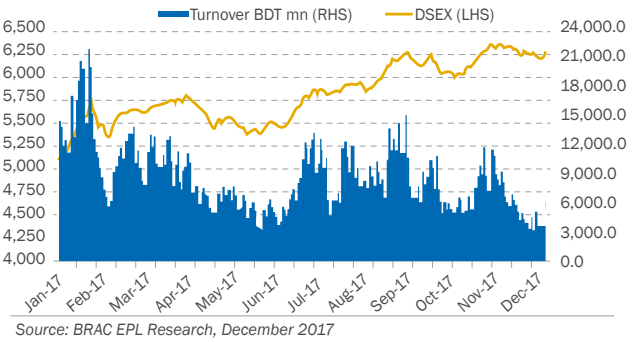
Capital market of Bangladesh has passed an exceptionally good year in 2017. The broad market gauge DSEX gained 24 percent and making it the best year after the market crash of 2010. Most of the sectors except for Cement, IT, Services & Real Estate, Tannery posted positive return in 2017. Among the 19 sectors, 9 posted double digit return.

Quick Facts:

Particulars	2016	2017	% Change
DSEX	5,036.05	6,244.52	24.00%
Market Capitalization in BDT. Mn	3,412,441.49	4,228,945.00	23.93%
Average Daily Turnover BDT Mn	4,947	8,792	77.72%
No. of IPOs in DSE (Excluding MF)	7	7	0.00%
IPO fund taken in BDT. Mn (Excluding MF)	5,843.00	2,442.50	-58.20%

Sector	% of Total M. Cap*
Banks	20.51
Financial Institutions	6.65
Insurance	2.57
Food & Allied Product	7.78
Pharmaceuticals & Chemicals	14.46
Textile	3.32
Engineering	5.67
Ceramic	0.78
Tannery	0.75
Paper & Printing	0.05
Jute	0.05
Cement	3.78
Mutual Funds	1.15
Fuel & Power	10.16
Services & Realestate	0.64
IT - Sector	0.45
Telecommunication	17.79
Travel and Leisure	0.67
Miscellaneous	2.59
Corporate Bond	0.16

Particular	Sector Return %
Textile	-0.2 %
Miscellaneous	-1.2 %
Bank	49 %
Telecommunication	59.7 %
Engineering	6.3 %
Power & Energy	10.3 %
Cement	-14 %
NBFI	42.8 %
General Insurance	19.8 %
Pharmaceutical & Chem.	20.9 %
Food & Allied	7.6 %



Source: BRAC EPL Research, December 2017

From the above table, we see that among the major sectors, most of the sectors posted positive returns, whereas the other sectors lost slightly. 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 2018. It is expected that 2018 will be a good year for capital market.

Financial Highlights for 2017

BRAC EPL Investments Limited has taken a number of steps to rationalize cost and effective and efficient management of its businesses.

- Considering written off of uncollectable debt BDT 18.9 million from PMD & IBD departments, The operating expenses increased by 28% to 95 million for the year ended 31 December 2017 compared to 74 million in the year 31 December 2016.
- BEIL borrowed on an average BDT 1.13 billion in short term loans and overdrafts on an average borrowing rate of 6.18% in 2017 which was 9.23% per annum in 2016.
- We had to make income reversal BDT 958.7 million against prior years' income generated by negative equity accounts instead of making provision on doubtful debt.
- We have generated operating profit of BDT 59 million before adjustment of prior years' negative equity income in 2017 compared to loss of BDT 215 million in 2016.

The Board would like to express my appreciation to entire the BRAC EPL Investments Limited's team. It would be remiss if we do not acknowledge the exceptional efforts of our employees who worked in partnership to meet many challenges of a difficult year. They were called upon to embrace some major challenges while at the same time maintaining the highest standards of service to our clients. They met the challenges well.

Finally, the Directors would like to thank our loyal clients and respected shareholders for their continued support to BEIL. Taking this opportunity, the members of the Board would also like to thank the Bangladesh Securities and Exchange Commission, Dhaka & Chittagong Stock Exchanges, Central Depository Bangladesh Limited who were the partners in the growth of BEIL.

For and on behalf of the Board of Directors,

Chairman

Independent Auditor's Report

to the Shareholders of BRAC EPL Investments Ltd.

We have audited the accompanying financial statements of BRAC EPL Investments Limited, which comprise the statement of financial position as at 31 December 2017 and the statement of profit or loss & other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended ,and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BRAC EPL Investments Limited as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the Companies Act, 1994 and other applicable laws and regulations.

We also report that:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;

c) The company's financial statements dealt with by the report are in agreement with the books of account and returns; and

d) The expenditure incurred were for the purpose of the company's business.

Dated, Dhaka
31 January 2018

A. Qasem & Co.
Chartered Accountants

BRAC EPL Investments Limited

Statement of Financial Position

As at 31 December 2017

Particulars	2017 Taka	2016 Taka
Assets		
Non-current assets		
Property, plant and equipment	7,203,370	8,995,518
Investment in associate company	15,526,676	15,369,427
Deferred tax assets	282,647,551	9,318,000
	305,377,597	33,682,945
Current assets		
Account receivables	16,528,035	29,559,219
Inter-company receivables	2,101,350	1,264,241
Other receivables	3,246,315	-
Investment in quoted securities	1,356,164,306	84,282,993
Investment in Share-IPO	-	30,000,000
Advance income tax	14,748,510	16,514,787
Loans and advances to customers	1,722,386,221	3,616,388,219
Accrued interest and management fees receivable	313,417,017	728,606,636
Advances, deposits and prepayments	7,180,295	3,256,251
Cash and cash equivalents	40,721,893	187,455,271
	3,476,493,943	**4,697,327,617**
Total assets	**3,781,871,540**	**4,731,010,562**
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	(1,689,313,634)	(1,199,451,558)
Shareholders' equity	**1,332,512,317**	**1,822,374,393**
Current liabilities		
Customer deposits	343,191,760	66,633,683
Bank overdrafts	772,117,975	936,357,568
Short term loan	220,000,000	779,211,617
Account payables	31,934,404	46,710,966
Other liabilities	1,079,046,889	1,078,186,162
Provision for taxation	2,072,644	624,709
Inter-company payable to BRAC EPL Stock Brokerage Limited	995,551	911,466
	2,449,359,223	**2,908,636,170**
Total equity and liabilities	**3,781,871,540**	**4,731,010,562**

Chief Executive Officer | **Director** | **Chairman**

as per our report of same date

A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
31 January 2018

AMAR STOCK

BRAC EPL Investments Limited

Statement of Profit or Loss & Other Comprehensive Income

For the year ended 31 December 2017

Particulars	2017 Taka	2016 Taka
Revenue		
Interest income from margin loan	156,836,025	48,633,373
Interest expenses	(75,887,801)	(234,259,890)
Net interest income (A)	**80,948,224**	**(185,626,517)**
Fee and commission income	71,649,270	45,330,121
Fee and commission expenses	(23,011,291)	(10,455,381)
Net fee and commission income (B)	**48,637,979**	**34,874,740**
(Loss)/gain from investment in securities	158,311,818	13,617,456
Other operating income	(939,551,130)	1,905,690
Net (loss)/gain from investment in securities (C)	**(781,239,312)**	**15,523,146**
Total operating income/(loss) (A+B+C)	**(651,653,109)**	**(135,228,632)**
Operating expenses	(95,569,702)	(74,170,091)
Depreciation & amortization	(2,230,477)	(5,970,222)
Operating profit/(loss) (D)	**(749,453,289)**	**(215,368,945)**
Finance income	151,748	497,466
Financial expenses	(665,248)	(497,401)
Net finance income (E)	**(513,500)**	**65**
Share of profit of equity in associate company (F)	157,249	-
Impairment loss on investment in unquoted securities (G)		-
Profit/(loss) before provisions (D+E+F+G)	**(749,809,540)**	**(215,368,880)**
Provision for loans and advances		(683,792,632)
Loss before tax	**(749,809,540)**	**(899,161,512)**
Tax expenses	(259,947,464)	1,601,526
Net loss after tax	(489,862,076)	(900,763,037)
Other comprehensive Income		
Total loss	**(489,862,076)**	**(900,763,037)**

Chief Executive Officer | **Director** | **Chairman**

as per our report of same date

A. Qasem & Co.
Chartered Accountants

Dated, Dhaka
31 January 2018

AMAR STOCK

BRAC EPL Investments Limited

Statement of Changes in Equity

For the year ended 31 December 2017

Amount in Taka

Particulars	Share capital	Share premium	Retained earnings	Total
Balance as on 1 January 2016	**585,000,000**	**436,825,951**	**(298,688,521)**	**723,137,430**
Increase of share capital	2,000,000,000			2,000,000,000
Total comprehensive income for the year 2016	-	-	(900,763,037)	(900,763,037)
Balance as on 31 December 2016	**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**

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BRAC EPL Investments Limited

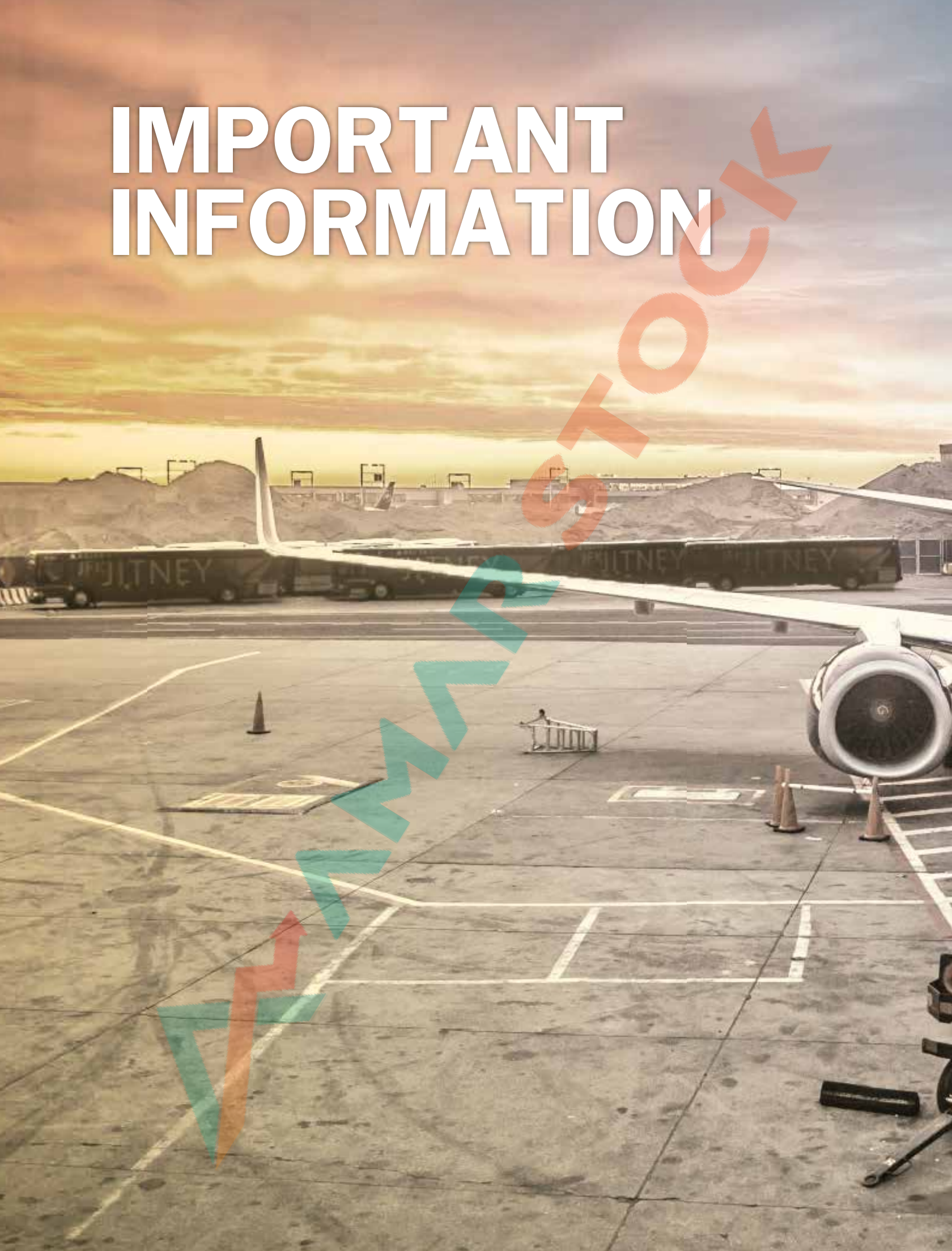
Statement of Cash Flows

For the year ended 31 December 2017

Particulars	2017 Taka	2016 Taka
A. Operating activities		
Net profit before tax	(749,809,540)	(900,763,037)
Add: Items not involving in movement of cash:		
Depreciation on property, plant and equipment	2,178,341	5,970,222
Amortization of intangible asset	52,136	-
Gain on disposal of property, plant and equipment		(75,000)
Bad debt expenses	18,884,606	-
Fair value adjustments for fall in values of investment in securities	(58,596,125)	(5,866,002)
Share of profit of equity in associate company	(157,249)	-
	(37,638,291)	**29,220**
Income tax paid	(10,167,876)	(11,881,851)
Operating (loss)/profit before changes in working capital	(797,615,707)	(912,615,668)
Changes in working capital :		
(Increase)/decrease in loan and advances to customers	1,894,001,998	208,255,642
(Increase)/decrease in accrued interest and mgt. fees receivable	415,189,619	41,602,048
(Increase)/decrease in account receivables	(5,853,422)	56,916,715
(Increase)/decrease in advance, deposits and prepayments	(3,924,044)	1,519,528
(Increase)/decrease in inter-company receivable	(837,109)	1,867,901
(Increase)/decrease in other receivables	(3,246,315)	386,978
Increase/(decrease) in customer deposits	276,558,077	(16,799,237)
Increase/(decrease) in account payables	(14,776,561)	31,621,165
Increase/(decrease) in inter-company payable	84,085	(3,457,451)
Increase/(decrease) in other liabilities	860,728	667,220,222
	2,558,057,055	989,133,511
Net cash (used)/from operating activities (A)	**1,760,441,348**	**76,517,843**
B. Cash flows from Investing activities:		
Acquisition of property, plant and equipment	(438,328)	(110,900)
Disposal of property, plant and equipment	-	75,000
Sale/(purchase) of investment securities	(1,183,285,188)	(46,655,943)
Net cash used in investing activities (B)	(1,183,723,517)	(46,691,843)
C. Cash flows from Financing activities		
Receipt/(repayment) of bank overdraft	(164,239,593)	(1,384,585,860)
Receipt/(repayment) of short term loans	(559,211,617)	(267,847,736)
Receipt/(repayment) of revolving time loan	-	(250,000,000)
Share Capital Increased	-	2,000,000,000
Net cash from/(used) in financing activities (C)	**(723,451,210)**	**97,566,404**
Net decrease in cash and cash equivalents (A+B+C)	(146,733,378)	127,392,403
Cash and cash equivalents at the beginning of the year	**187,455,271**	**60,062,868**
Cash and cash equivalents at the end of the year	**40,721,893**	**187,455,271**

MARSTOCK

IMPORTANT INFORMATION




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Integrated Reporting Checklist

Sl. No.	Particulars	Chapter / Section reference	Page reference
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	352
	An integrated report should identify the organization's mission and vision, and provide essential context by identifying matters such as:		
	• **The organization's:**		
	Culture, ethics and values	Company Philosophy, Mission, Vision, Values	47, 50
	Ownership and operating structure including size of the organization location of its operations	Pattern of shareholding	212
	Principal activities and markets	Corporate Profile and Significant Accounting Policies	352
	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 our strategic response	137
	Position within the value chain	Sustainable value creation process	141
	• **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	237, 2, 124
	• Significant factors affecting the external environment and the organization's response	PESTEL analysis	142
	* The legitimate needs and interests of key stakeholders	Stakeholders and Materiality	247
	* Macro and micro economic conditions, such as economic stability, globalization, and industry trends	Global and Bangladesh review in the Director's Report	86
	* Market forces, such as the relative strengths and weaknesses of competitors and customer demand	SWOT analysis	138
	* The speed and effect of technological change	PESTEL analysis- Technological	144
	* Societal issues, such as population and demographic changes, human rights, health, poverty, collective values and educational systems	PESTEL analysis- Social	144
	* Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached	PESTEL analysis- Environmental	145
	* The legislative and regulatory environment in which the organization operates	PESTEL analysis- Legal	145
	* 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	142
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	201, 149
	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	62
	* 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	200

Sl. No.	Particulars	Chapter/ Section reference	Page reference
	* 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	200, 288
	* 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	200
	* Whether the organization is implementing governance practices that exceed legal requirements/ key policies	Corporate Governance	200
	* The responsibility those charged with governance take for promoting and enabling innovation	Corporate Governance, Management Committee, Senior Management Team	200, 74, 76
	* How remuneration and incentives are linked to value creation in the short, medium and long term, including how they are linked to the organization's use of and effects on the capitals	Strategy and resource allocation	149
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	247
	Capitals	Capital Plan	244
	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.	BBL's sustainable value creation process, our business model	141, 146
	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.	BBL's sustainable value creation process, our business model	141, 146
1.4	**Business model**		
	An integrated report needs to describe the business model including key:	Our business model	146
	• Inputs		
	• Business activities		
	• Outputs		
	• Outcomes		
	Identification of critical stakeholders and others	Stakeholders and Materiality	247
	• 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	2, 18, 30, 86
	Inputs - An integrated report shows how key inputs relate to the capitals on which the organization depends, or that provide a source of differentiation for the organization, to the extent they are material to understanding the robustness and resilience of the business model.	Our business model	146
	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	149
	How the organization approaches the need to innovate	Our business model	146
	How the business model has been designed to adapt to change	Strategy and resource allocation	149
	Outputs - An integrated report identifies an organization's key products and services.	Our business model	146

Sl. No.	Particulars	Chapter / Section reference	Page reference
	Outcomes: An integrated report describes key outcomes, including: Both internal outcomes, and external outcomes, Both positive outcomes and negative outcomes	Our business model	146
	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	149
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	2, 18, 30, 86
	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 our strategic response	137
	The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests	Stakeholders and Materiality	247
	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	2, 18, 30, 86
	KPIs that combine financial measures with other components or narrative that explains the financial implications of significant effects on other capitals and other causal relationships may be used to demonstrate the connectivity of financial performance with performance relating to other capitals. In some cases, this may also include monetizing certain effects on the capitals.	Core financial highlights, Capital Plan	2, 244
	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.		
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	137
	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	267, 271
	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	267, 271
	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	267, 271
	Risk management report (which includes details about risk, root cause,etc.)	From the desk of the Chief Risk Officer	264
	Response on the effectiveness of the internal controls and the Board's responsisbility for the disclosures on internal controls to safeguard stakeholder interest	Statement of the Board Audit Committee	242
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	149
	An integrated report need to identify:		
	The organization's short, medium and long term strategic objectives	Strategy and resource allocation	149
	The strategies it has in place, or intends to implement, to achieve those strategic objectives	Strategy and resource allocation	149

Sl. No.	Particulars	Chapter / Section reference	Page reference
	How is the entity positioned in the wider market	Value Added Statement	134
	How the long-term strategies relate to the current business model	Our business model	146
	The resource allocation plans it has to implement its strategy	Strategy and resource allocation	149
	How it will measure achievements and target outcomes for the short, medium and long term. This can include describing:	Strategy and resource allocation	149
	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	149
	- 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	149
	What differentiates the organization to give it competitive advantage and enable it to create value, such as:	Strategy and resource allocation	149
	• The role of innovation	Strategy and resource allocation	149
	• How the organization develops and exploits intellectual capital	Human capital	237
	• 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	142
	• Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans	Strategy and resource allocation	149
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	2, 18, 30, 86
	An integrated report should highlight anticipated changes over time and provides information on:		
	• The organization's expectations about the external environment the organization is likely to face in the short, medium and long-term	Our business model, SWOT analysis, PESTEL analysis	146, 138, 142
	• How that will affect the organization	SWOT analysis, PESTEL analysis	138, 142
	• How the organization is currently equipped to respond to the critical challenges and uncertainties that are likely to arise	SWOT analysis, PESTEL analysis	138, 142
	The discussion of the potential implications, including implications for future financial performance may include:		
	• The external environment and risks and opportunities, with an analysis of how these could affect the achievement of strategic objectives	Our business model- External factors, SWOT analysis, PESTEL analysis	146, 138, 142
	• 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	141
	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	86
	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	43
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	43

Sl. No.	Particulars	Chapter / Section reference	Page reference
	An integrated report describes its basis of preparation and presentation, including:		
	A summary of the organization's materiality determination process	Stakeholders and Materiality	247
	• Brief description of the process used to identify relevant matters, evaluate their importance and narrow them down to material matters	Stakeholders and Materiality	247
	• Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters	Integrated report	43
	A description of the reporting boundary and how it has been determined	Integrated report	43
	A summary of the significant frameworks and methods used to quantify or evaluate material matters	Integrated report	43
2	**Responsibility for an integrated report**		
	An integrated report should include a statement from those charged with governance that includes:	Directors' Report	86
	An acknowledgment of their responsibility to ensure the integrity of the integrated report	Integrated report	43
	An acknowledgment that they have applied their collective mind to the preparation and presentation of the integrated report	Integrated report	43
	Their opinion or conclusion about whether the integrated report is presented in accordance with the Framework	Integrated report	43
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	86
	Using benchmark data		
	Presenting information in the form of ratios	Five years' financial summary	124
	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	124
	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.	Take off	1
	Content elements	Core financial highlights	2
	Past, present & future	Core Financial Highlights, Message from our Chairman, Massage from the Managing Director & CEO, Directors' Report	2, 18, 30, 86
	Finance and other information	Five years' financial summary	124
	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	247, 141
	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 to the shareholders of BBL and it's subsidiaries	86, 336

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Glimpses from the 18th AGM
















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BRAC BANK

Branch List

Branch Name	Address
Agrabad Branch	C&F Tower (1st Floor), 1712, Sk. Mujib Road, Agrabad, Chittaging.
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
Asadgonj Sme Service Center	M. K. Heights, Holding No#418, Khatunganj, Ward No#35, Kotwali, Chittagong.
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, Chittagong.
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, Chittagong.
Baniachong Branch	Hazi Harun Mansion, Holding No # 5, BoroBazar, Baniachong, Habigonj.
Barisalbranch	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, Comilla–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, Jessore.
Bhairab Branch	Jahanara Mansion (1st Floor), Bangabandhu Sarani, Bhairab Bazar, Bhairab, Kishoreganj
Bhanga Sme / Krishi Branch	Bhuiyan Market (1st floor), Holding No. - 414, Thana Road, Bhanga Bazar, Pourashava & P.S. - Bhanga, Dist. - Faridpur.
Bhedorgonj Branch	Maa Plaza, Holding : 137/1, Asian Highway Road Teringer More, Ps: Bhedorgonj . Dist: Shariatpur.
Bheramara Branch	Bheramara Marjina Complex 1st Floor. High Road , Bheramara Kushtia
Bhola Branch	Mahabuba Market, House No:1331-1338, Sadar Road, Bhola-8300
Bhulta Sme / Krishi Branch	Haji Shopping Complex, Ward#04, Rupgonj, Narayangonj.
Bijoynagar Sme Service 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

Branch Name	Address
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.
CD Avenue Branch	Hosna Kalam Complex, Plot-3439, CDA Avenue, East Nasirabad, Chittagong, Bangladesh.
Chandina Branch	Jainal Abedin Shopping Mall,Moddho Bazar Thana Road,Word No: 05.,Chandina-3510, Comilla.
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, CHITTAGONG.
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.
Comilla Branch	Holding# 682/615, Jhawtola, comilla-3500
Comilla Sme / Krishi Branch	Rajmoni Super Market, Holding# 98, Gorjankhola Road, Chawkbazar, Comilla.
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	Majid Bhaban, Plot # 115, Shahid Latif Road, Dakhin Khan, Uttara, Dhaka-1230, Bangladesh
Daulatpur Branch	SS Center Shopping Mall. Holding: 1/1, WARD#6 Jessore 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	342,Donia Bishaw Road,Donia ,Jatrabari,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.

Branch Name	Address
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.
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	Halishahar Branch House#1, Road#1, Lane#1, Block#L Halishahar H/E, Halishahar Chittagong
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.- Chittagong.
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
Jessore Branch	Rawnak Chamber, M. K. Road , Jessore-7400.
Jhalakathi Sme / Krishi Branch	Holding# 67,68, Monohori Potti Road, Jhalokathi Pourashava, Jhalokathi.
Jhenaidah Sme / Krishi Branch	House No - 23 (1st floor), Agnibina Sarak, Jhenaidah.
Jibon Nagar Branch	Hasina Plaza(1st floor) House No. 578, Hospital Road,Jibon Nagar, Chuadanga
Joydebpur Branch	Rahamat Tower, Holding # 1034, Tangail Road, Joydebpur Chowrasta, Gazipur, Bangladesh
Joypurhat Sme / Krishi Branch	Shahjahan Mansion (1st floor), Holding No. - 0554-00, Sadar Road, Joypurhat.
Jubilee Road Branch	Hazi M Rahman Mansion. 184/A Enayet Bazar, Jubilee Road, Chittagong. Bangladesh.
Kadamtoli Sme Service Center	Dewan Chand Mahal (1st & 2nd Floor), 1277, D.T Road, Dhanialapara, Kadamtoli, Chittagong
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.

Branch Name	Address
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, Chittagong.Bangladesh
Keraniganj Branch	Century Shopping Complex (1st Floor), Ward: 04, East Aganagar, Keraniganj, Dhaka-1310
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, Comilla-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, Chittagong.
Madambibirhat Branch	T K BHABAN(1ST FLOOR),MADAMBIBIRHAT , BHATIARY,SITAKUNDA, CHITTAGONG
Madaripur Sme / Krishi Branch	Kazi Abdur Rashid & Kazi Abdul Majid Plaza, Kazir Moar, Purana Bazar, Main Road, Madaripur.
Madhabdi Branch	236, Girls School Road, (1st Floor) Madhabdi, Narsingdi
Magura Sme / Krishi Branch	Alam Complex, Holding# 164, M.R Road, Ward# 09, Magura.
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	194, Shahid Rafique Road, Manikganj-1800.
Mawna Branch	Takbir Super Market , Mulaid, Mawna,Sreepur,Gazipur
Mirpur Branch	House No - 13, Road - 03, Block - A, Section - 11,Mirpur, Dhaka 1216
Mirpur Section-1 Branch	B.N.S.B Bhaban, Plot# 1,2,3, Block# A, Section# 1, Ward# 12, Thana# Mirpur, Dist.# Dhaka.
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, Chittagong
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.
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, Chittagong.
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

Branch Name	Address
Narayanganj Branch	147, B.B Road, Narayanganj.
Narsingdi Sme / Krishi Branch	Kazi Super Market (1st floor), 3, C & B Road, Pourashava & P.S. - Narsingdi, Dist. - 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, Jessore-Khulna Road, Noapara, Abhoynagar, Jessore.
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.- Chittagong
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 , Chittagong
Raipur Branch	384,Hazi Ali Akbar Shopping Complex,Main Road,Raipur Paurashava,Laxmipur.
Rajbari Sme / Krishi Branch	Nazar Mawla Plaza (1st Floor), Holding No. - 0072-09, Main Road, Pourashava - Rajbari, PS. - Sadar, Dist - Rajbari.
Rajshahi Branch	177, Kumarpara, ghoramara, Boalia, Rajshahi.
Rampura Branch	Khan Tower, 359, D. I. T Road, East Rampura,Dhaka-1219
Rangpur Branch	City Plaza,(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

Branch Name	Address
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, CHITTAGONG
Sk Mujib Road Branch	Johra Tower, Holdig#2525/2526/4230, 1st Floor SK MUJIB ROAD, Double Mouring Agrabad, Chittagong
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
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	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

Abbreviations

BAC	Board Audit Committee
BAS	Bangladesh Accounting Standards
BB	Bangladesh Bank
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
WHT	With Holding Tax
YoY	Year on year

AMARSTOCK

BRAC BANK
আস্থা অবিচল

Registered office: Anik Tower, 220/B, Tejgoan I/A, Dhaka-1208, Bangladesh
Share office: Anik Tower (Ground floor), 220/B, Tejgoan 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 19th Annual General Meeting of the Company to be held on 26 April 2018 at 11.00 a.m. at BRAC Centre for Development Management (BCDM), Khagan, Savar, Dhaka, or at any adjournment thereof.

Signed this .....day of ..... (Month) 2018

Signature of proxy .....

Signature of Shareholder.....

BO ID No.....

No. of shares.....

Affix Revenue Stamp of TK.20.00

Note: This Proxy Form, duly completed, must be deposited at least 72 (seventy two) 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).

.....

BRAC BANK
আস্থা অবিচল

Registered office: Anik Tower, 220/B, Tejgoan I/A, Dhaka-1208, Bangladesh
Share office: Anik Tower (Ground floor), 220/B, Tejgoan I/A,
Dhaka-1208, Bangladesh

Attendance Slip

I hereby record my attendance at the 19th Annual General Meeting of the Company being held on 26 April 2018 at 11:00 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: .....

Signature & Date: .....

Notes: Shareholders attending the meeting in person or by proxy are requested to complete the Attendance Slip and deposit the same at the entrance of the meeting hall. Any friend or children accompanying the shareholders/proxy will not be allowed into the meeting hall.

we.` : evsjv‡`k wmwKDwiwUR A¨vÛ G · ‡PÄ Kvgkb Gi mvKjvi bs- GmBwm/wmGgAviAviwmW/2009-193/154 Ges ZwiL 24 A‡±vei, 2013 Abhvqx Awmb ewlK mvavib mfvq †Kvb cKvi Dcnvi/Lvevi c`v‡bi e¨e¯v_vK‡e bv|

AMAR STOCK

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www.bracbank.com

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