

annual report 2020

# LEADING THE CHANGE



 **BRAC BANK**  
আমরা অবিল



# LEADING THE CHANGE

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The events of 2020 tested the world in ways no one could ever anticipate. At BRAC Bank Limited, they also tested the resilience of our business operations, our people and our financial strength. Whilst this has not been an easy year, our tenacious focus on leading the change made us a stronger business, better prepared for a fast-changing world.

At the bank, as part of our persistent endeavours to create a shared future for our clients, our people and our stakeholders, we believe that the world needs businesses like BRAC Bank more than ever. We have responded with agility to protect lives and livelihoods, while growing our business by serving customers through our wide bouquet of financial products and solutions, which are more relevant than ever to meet their needs, desires, expectations and aspirations. Above all, this year has reinforced our commitment to being a leader in sustainable business and demonstrating that our purpose-driven and future-fit operating model delivers superior performance.

Despite encouraging developments on treatments and vaccines, the COVID-19 pandemic is far from over. Thus, our overarching priority remains to protect lives and livelihoods. We will do that by focusing on the safety and well-being of our own people – and the many we work with in the value chain – while also continuing to play a more prominent role in wider relief efforts. We believe that considering our position and influence, we have a key role to play in the economic normalisation journey.

Going forward, even though our operating conditions will remain tough, the bank has already shown it has the ability to withstand shocks and to emerge stronger. With its powerful omni-channel banking network, robust positions in key growth sectors like SME finance, and recognised impact in sustainable lending especially through its GABV membership, BRAC Bank has many enduring and unrivalled strengths. Combined with our robust leadership team and specialist workforce, we are convinced that the bank is well-placed to deliver competitive returns and, while doing so, also meeting the needs of its multiple and highly valued stakeholders.

Thus, we will continue in 2021 to focus on competitive growth. This will be a key part of our overall agenda of delivering consistent, profitable, competitive and responsible performance. A further important priority will be to ensure that we retain the speed and agility of response that embodied our performance in 2020.

Finally, in keeping with our vision, belief and confidence that responsible and sustainable business drives superior performance, we will continue to prioritise our multi-stakeholder business model, secure in the knowledge that the best way to deliver steady, compounded value creation for shareholders is to serve the needs and interests of all of BRAC Bank's many stakeholders in a way we know best.

By leading the change!

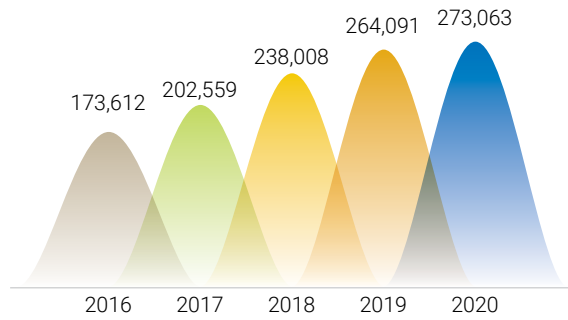


# CORE FINANCIAL HIGHLIGHTS

## STANDALONE

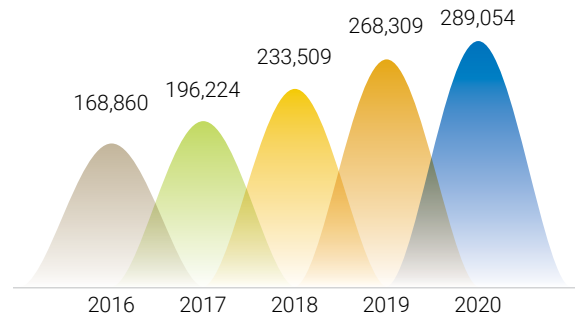
### Loans and Advances

BDT in million



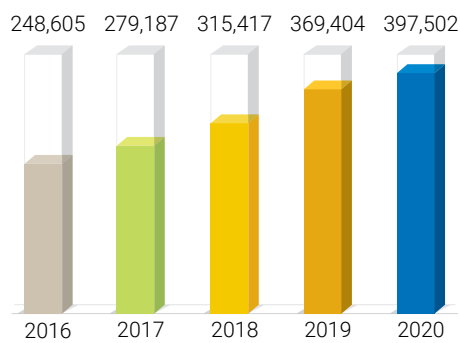
### Deposit and Other Accounts

BDT in million



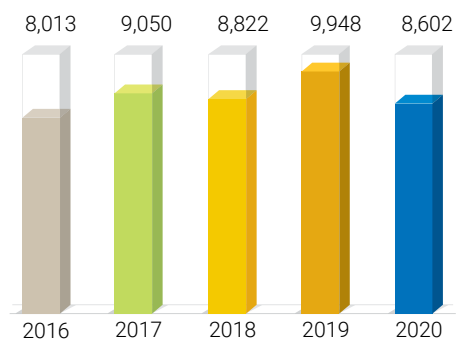
### Total Assets

BDT in million



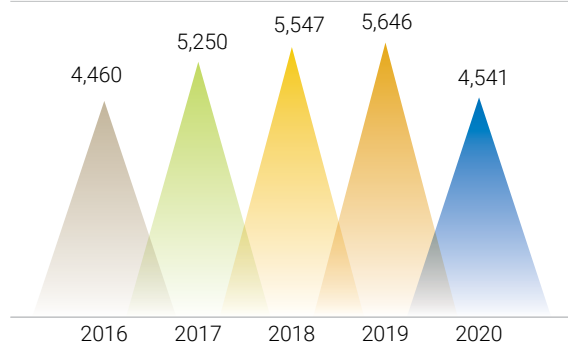
### Operating Profit

BDT in million



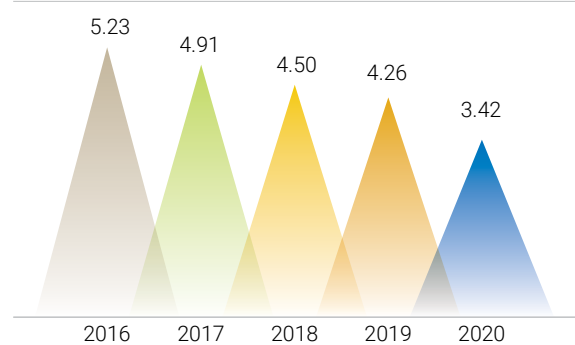
### Net Profit After Tax

BDT in million

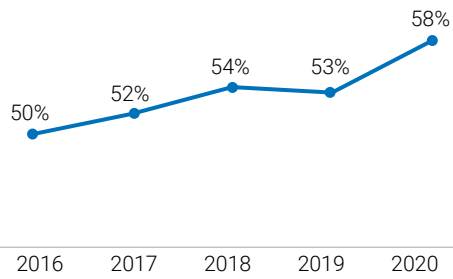


### Earnings Per Share

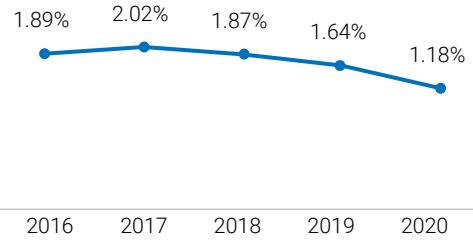
BDT



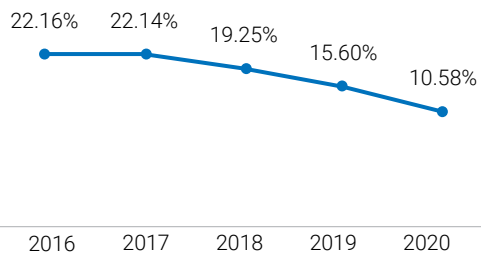
### Cost to Income Ratio



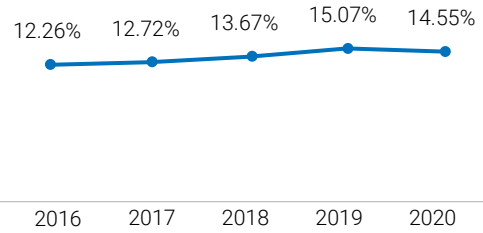
### Return on Assets



### Return on Equity



### Capital to Risk-weighted Asset Ratio

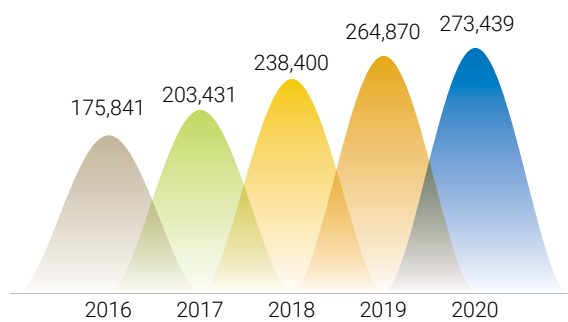


# CORE FINANCIAL HIGHLIGHTS

## CONSOLIDATED

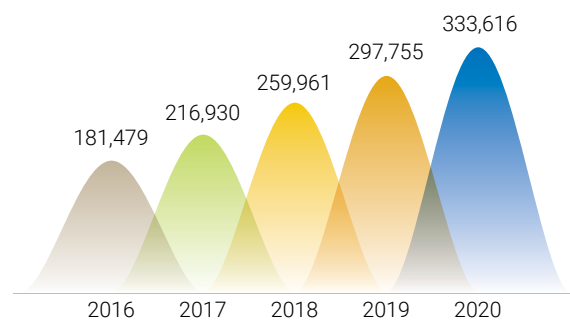
### Loans and Advances

BDT in million



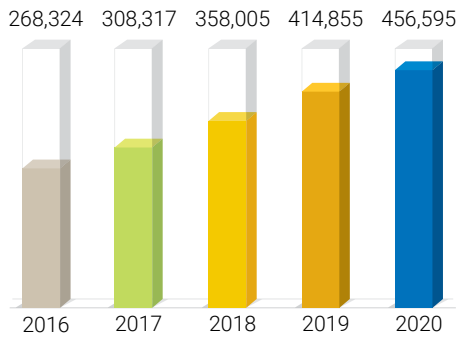
### Deposit and Other Accounts

BDT in million



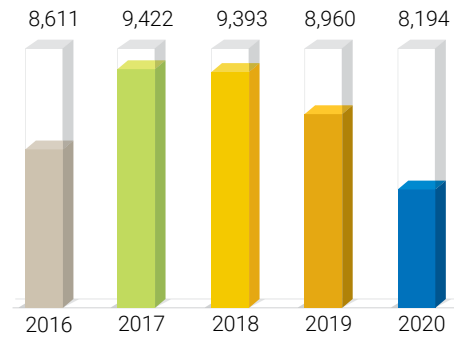
### Total Assets

BDT in million



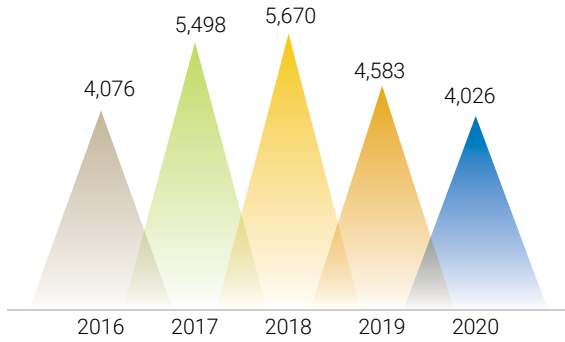
### Operating Profit

BDT in million



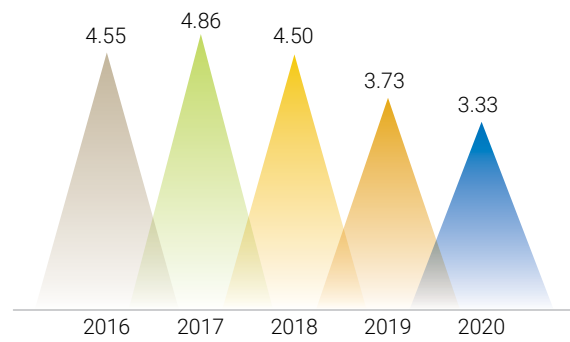
### Net Profit After Tax

BDT in million

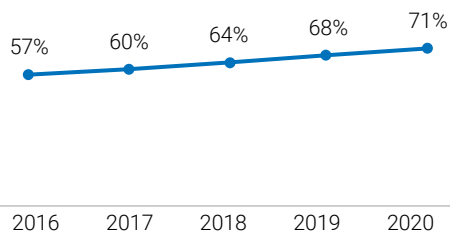


### Earnings Per Share

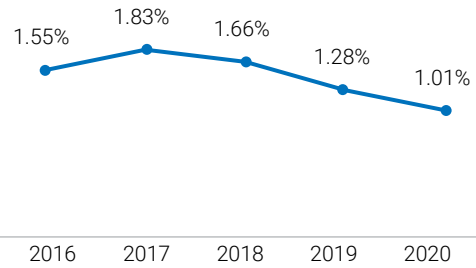
BDT



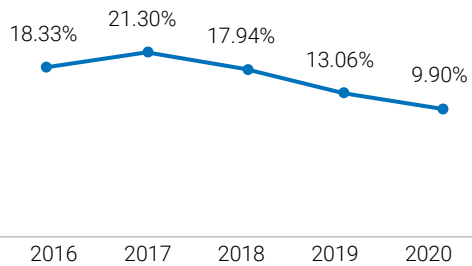
### Cost to Income Ratio



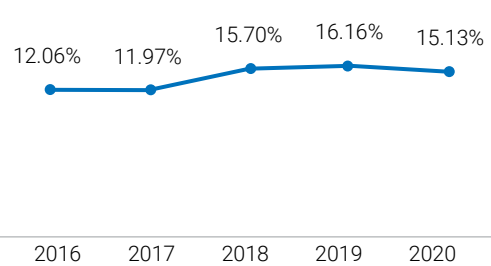
### Return on Assets







### Return on Equity



### Capital to Risk-weighted Asset Ratio



# NON FINANCIAL HIGHLIGHTS

		2020 ▼	2019 ▼
Branches		187	187
SME Unit Offices		456	456
ATMs		375	424
CDMs		96	89
Customers		1.1 Million	1.3 Million
Employees		7,740	8,160
Training Participants		63,655	55,156
Training Programs Conducted		655	814
CSR Investments		221 Million	78 Million
Agent Banking Outlets		481	301
Credit Rating		Local ▶	CRAB : AA1/ST-1 CRISL : AA+/ST-1 ECRL : AA+/ST-1
		International ▶	S&P Global : B+ Moody's : Ba3



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# LETTER OF TRANSMITTAL

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

Dear sir (s),

## Annual Report for the year ended December 31, 2020

We are pleased to enclose a copy of BRAC Bank Limited's Integrated Annual Report, together with the Audited Financial Statements as on December 31, 2020, for your kind information and record.

Yours sincerely,



**Mohammad Mahbubur Rahman FCS**  
Acting Company Secretary



# FORWARD-LOOKING

# STATEMENTS

## **Safe harbour**

Our public interactions frequently include spoken or written forward-looking statements. Statements of this type are based on hypothesis/ballpark figures. Statements with such considerations and future prospects are included in this document and may be included in other filings with Bangladesh Securities and Exchange Commission (BSEC) 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 forward outlook of the bank. Such statements are typically identified by words or phrases such as 'believe', 'expect', 'anticipate', 'intend', 'estimate', 'plan', 'may increase', 'may fluctuate' and similar such expressions of future, or conditional verbs, such as 'will', 'would', 'should' and 'could'.

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

These factors include, but are not limited to, the occurrence of major pandemics like COVID-19, volatility in interest rates, capital markets instability, changes in CRR and SLR norms, changes in lending rates, changes in corporate taxation, changes in national political and socio-economic conditions, changes in government policies, changes in demand for BRAC Bank's products and services, volatility in international prices of essentials that influence the foreign exchange market, changes in economic conditions generally or technology spends in particular, changes in the competitive intensity in the operating landscape, changes in the global capital markets activities and changes in judicial or regulatory proceedings. The bank's ability to attract and retain key executives and engage in prudent risk management of the lending portfolio often requires stress-testing that is based on sophisticated material tools that cannot be solely dependent on the existing MIS. The level of technology in the banking industry is yet to acquire that level of 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 affected in the future.

# NOTICE OF THE TWENTY-SECOND

## ANNUAL GENERAL MEETING

**NOTICE** IS HEREBY GIVEN that the Twenty-second Annual General Meeting (AGM) of BRAC Bank Limited will be held on May 27, 2021, Thursday at 11:00 a.m. through digital platform to transact the following business:

### Ordinary Business

- AGM-22-01-2021: To receive, consider and adopt the audited financial statements for the year ended December 31, 2020 and the Auditors' and Directors' Reports;
- AGM-22-02-2021: To declare dividend for the year ended December 31, 2020;
- AGM-22-03-2021: To elect/re-elect Directors;
- AGM-22-04-2021: To appoint statutory auditors of the Bank for the year 2021 and to fix their remuneration;
- AGM-22-05-2021: To appoint corporate governance compliance auditors for the year 2021 and to fix their remuneration.

### Special Business

**RESOLVED THAT** the Proposal for amendment of clauses 58, 60, 112, 113 and 161 of Articles of Association to hold Virtual Meeting of BRAC Bank Limited be and is hereby approved as Special Resolution and if deemed fit to adopt the following resolution as Special Resolution; subject to the approval of Shareholders and regulatory bodies:

Clause No	Existing Clause	Proposed Clause
58	The Board of Directors whenever they think fit may call a General Meeting whether ordinary or extraordinary at such time and the place as they think fit.	The Board of Directors may convene General Meeting of the Company whether ordinary or extraordinary at such time and place as they think fit. Such General meeting may be held in any manner as described herein below:  (i) with the physical presence of Shareholders (ii) using appropriate digital technology for virtual meeting in which all Shareholders wish to join at predetermined designated place; or both (iii) combination of (i) and (ii) above.  Furthermore, the Company Secretary will keep all records including of votes or polls as the case may be, and certify presence of the meeting held in a manner (ii) and (iii) as described above.
60	Fourteen days' notice at least of every General Meeting, Ordinary or Extraordinary, other than a meeting for the passing of a special resolution and by whomsoever called specifying the date, hour and place of the meeting and with a statement of business to be transacted at the meeting, and in case it is proposed to pass any Extraordinary Resolution, the intention to propose such resolution as an Extraordinary resolution, shall be given to the persons entitled under and in the manner provided by the Act and these presents.	At least 21( twenty one) days' notice for any Annual General Meeting and Extraordinary General Meeting, for the passing of an ordinary/special resolution and by whomsoever called specifying the date, hour and place of the meeting and with a statement of business to be transacted at the meeting, and in case it is proposed to pass any Extraordinary Resolution, the intention to propose such resolution as an Extraordinary resolution, shall be given to the persons entitled under and in the manner provided by the Act and these presents.

Clause No	Existing Clause	Proposed Clause
112	The Chairman, may at any time and the Managing Director, shall on request of a Director, convene a meeting of the Directors.	The Meeting/s of Board of Directors or its Sub-Committee/ies may be convened at such time and place as they think fit. Such meeting may be held in any manner described herein below (i) with the physical presence of Board Members (ii) meeting using appropriate digital technology for virtual meeting in which all Board Members wishing to join the meeting may join and may be identified at all times while in meeting; or (iii) combination of (i) and (ii) above.  Furthermore, the Company Secretary will keep all records including of votes or polls as the case may be, and certify presence of the meeting held in a manner (ii) and (iii) as described above.
113	Notice of the meeting given to a Director in the address registered with the Company shall be deemed to be valid notice.	Notice of the meeting given to a Director by registered post, email /courier / personally in the address registered with the Company shall be deemed to be duly served.
161	A Notice (which expression shall be deemed to include and shall include any summons, notice, process, order, judgment or any other document in relation to or in the winding up of the Company) may be given by the Company to any member either personally or by sending it by post (airmail where appropriate) to him at his last address registered with the Company.	A Notice (which expression shall be deemed to include and shall include any summons, notice, process, order, judgment or any other document in relation to or in the winding up of the Company) may be given by the Company to any member by registered post or email, personally, courier to him at his last address registered with the Company.

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

By order of the Board,

05 May, 2021



**Mohammad Mahbubur Rahman FCS**

Acting Company Secretary

**NOTES:**

- i. The "Record Date" is **04 May, 2021**. Members whose names appeared in the Members'/Depository Register on Record Date will be eligible to attend/participate and vote in the Annual General Meeting.
- ii. The Board of Directors has recommended **15% Dividend** in the form of **10% Cash** and **5% Stock**.
- iii. Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/94-231/91 dated 31 March 2021, the AGM will be held in virtual via live webcast by using digital platform.
- iv. Link for joining in AGM through Digital Platform and details login process will be notified to the respective Member's email address and by SMS.
- v. Members are requested to **update your full name, Folio/BO ID, email address and mobile number** to get the digital platform meeting invitation.
- vi. Full login/participation process for the Digital Platform meeting will also be available in the Company's website: **www.bracbank.com**
- vii. Pursuant to the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018, the soft copy of the Annual Report 2020 will be sent to the email addresses of the Members available in their Beneficial Owner (BO) accounts maintained with the Depository. The Annual Report 2020 will also be available at Company's website: **www.bracbank.com**
- viii. A Member entitled to attend and vote at the AGM may appoint a Proxy to attend and vote in his/her stead. The scanned copy of "Proxy Form", duly signed and affixed with BDT 20 revenue stamp must be sent through email to BBL Share Office at **sharedept@bracbank.com** no later than **72 hours** before commencement of the AGM.
- ix. Members are requested to update their 12 digit Taxpayer's Identification Number (e-TIN) through your member house. In default, to update 12 digits e-TIN, the tax from cash dividend will be deducted @ 15% instead of @10%.
- x. Merchant Banks and depository participant (DPs) are requested to email the soft copy of their margin clients list (**in MS Excel format**) as on 'Record Date' at **sharedept@bracbank.com** by **May 16, 2021** for facilitating payment of Cash Dividend.
- xi. Members are requested to update their respective Bank Account info. (**Bank Name , Branch Name, 13 digits A/c no. , 9 digits Routing no.**), Address, Mobile Number etc. through their respective Depository Participant (DP)/member house before the 'Record Date'.

# INTEGRATED REPORT

“At BRAC Bank, our aspiration is to build a high-performing sustainable organisation to help advance customers and society, especially out of the COVID-19 pandemic. Towards fulfilling this purpose, we embrace principles of good governance, responsible banking and values-based financial intermediation. Our Annual Report is a veritable account of our performance and our ability to overcome challenges to optimise our potential as a purpose-driven business that is committed to ‘LEADING THE CHANGE’ today and well into tomorrow.”

- **Selim R. F. Hussain,**  
Managing Director & CEO  
BRAC Bank Limited

## Reporting scope and boundary

This Annual Report covers our financial and non-financial performance during the period 1 January 2020 to 31 December 2020.

Throughout this report, it has been our sincere effort to keep our stakeholders abreast of key developments, programmes and initiatives, market challenges and business solutions, our achievements, mid- to long-term direction, and the overall health of our operations and business divisions.

The report also presents detailed insights and forward-looking statements on financial position and performance in the year ahead. Our report is particularly relevant for our stakeholders in Bangladesh. However, a range of other stakeholders across the globe will also find our report informative.

Our financial statements are independently audited and provide in-depth and transparent disclosure of our financial performance, aligned with the requirements of compliance standards expected out of a listed commercial bank.

In preparing our report, we were guided by the requirements of local and international statutory and reporting frameworks, including those of Bangladesh Bank, the central bank of Bangladesh.

## Integrated approach

BRAC Bank’s Annual Report is our primary communication tool informing stakeholders about our progress against our strategic plans and efforts to create value. BRAC Bank has ensured that the financial reporting is aligned with the Companies Act, Bank Companies Act (Amendment), 2018; BSEC Ordinance, 2018; Bangladesh Bank’s financial reporting guidelines, Financial Reporting Act & IFRS and all other applicable rules and regulations. Governance and compliance reporting has been aligned to BSEC’s Corporate Governance Code, 2018, and listing regulations of Bangladesh’s two major stock exchanges - Dhaka Stock Exchange and Chittagong Stock Exchange.

Further, in documenting our reports, our attempt is to establish clear linkages between our business performance and various internal and external factors or influences, such as market trends, stakeholder expectations, organisational priorities, regulatory requirements, competitive strategies and international best practices.



## Materiality and material matters

This Annual Report presents a balanced, verifiable and concise assessment of our strategies, performance, governance, sustainability and prospects. The various matters and developments included in the 2020 edition were determined by a range of considerations, such as quantitative and qualitative criteria, issues likely to impact our ability to deploy our strategies or create shared value, challenges that might obstruct our ability to sustain our financial and non-financial performance, material matters presented to our Board of Directors, risks identified by our risk management team and the interests of our key stakeholders. We also consider factors that affect the economic, environmental, social and governance landscape in Bangladesh where we conduct our business.

## Board approval

The Board has applied its collective mind to present BRAC Bank's integrated report, as guided by the IR framework issued by the IIRC. The Board acknowledges its responsibility in ensuring the integrity of this report through good governance practices and internal reporting procedures.

### Please help save the environment

As a financial institution rooted in responsibility, we seek your support in helping us lower our carbon footprint by requesting you to download an e-version of this report that is available on our website.

## We solicit your feedback

BRAC Bank engages with stakeholders frequently and we value your feedback and comments on this report. Our Investor Relations team can be contacted at: [sharedept@bracbank.com](mailto:sharedept@bracbank.com)

## Forward-looking statements and disclaimer

Throughout the report we have used forward-looking statements that relate to the plans, goals, strategies and future operations and performance of the bank. These statements are not guarantees of future performance, as they involve risks and assumptions in the context of potential scenarios. While we endeavour to progress with our strategies and plans with resolute focus, changes in macroeconomic and operating landscapes may require us to adapt to follow suit.

## Our key material matters include



Socio-economic growth



Financial market stability



Financial inclusion



Savings financialisation



Employment creation



Sustainable and responsible finance



Innovation and technological excellence



Anti-fraud, bribery and corruption



Employee learning and development



Citizenship and community investment

# KEY MESSAGES TO SHAREHOLDERS FROM CHAIRMAN

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## Modernising BRAC Bank to Drive the Society Forward.

“Since its inception, BRAC Bank has demonstrated resilience in overcoming various economic and financial crises to emerge stronger and bolder making it a distinctively different breed compared to its comparators.”

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### Dear Shareholders and Stakeholders of BRAC Bank

It is my pleasure and privilege to address you through the pages of this Annual Report for the year 2020. BRAC Bank is one of the major financial institutions of Bangladesh and South Asia with a strong history, satisfactory scale and significant potential. I want to assure you that, despite the major extraneous challenges inflicted by the COVID-19 pandemic, we continue to remain on the path of sustainable value for all.



**Dr. Ahsan H. Mansur**, Chairman



**Small but High-Powered Board:**  
3 out of 9 Directors are women



**15% Dividend & Tk. 3.42 Earning Per Share**



**17% growth in SME lending; increasing its share to 49%**

## Being positive in adversity

Our Founder Chairman, late Sir Fazle Hasan Abed, believed strongly in financial inclusion as a means to enable and strengthen individuals and businesses, especially small enterprises, and connect the young nation to a world of opportunity. It was his own way of empowering the Bangladeshi society.

It is now almost 20 years since Sir Abed founded the bank, and we are still in the business of empowering societies through banking. This to me is true endurance and over our long journey, we have witnessed a number of upheavals with the novel coronavirus in 2020 topping it all because of the pandemic's sheer scale and impact. Yet, just like our Founder who remained undaunted in the face of other monumental challenges, we also remained committed to pursuing our goals and objectives including quality of services to our clients despite the unprecedented adversities and challenges.

Today, at BRAC Bank, we are in the midst of a large transformation and modernisation effort. We are strategizing, mapping, planning and preparing ourselves and the societies we serve for yet another technology shift to continue moving us forward sustainably. With the pandemic driven digital adoption on a mass scale and at rapid pace, we endeavour to remain at the forefront of digital banking. Technology team played a huge role during the pandemic period by delivering all necessary infrastructures ahead of time to enable work-from-home at a large scale, upgraded a number of foundational systems and made significant progress in all other on-going large projects. A purpose built cross-functional team made sure that all possible internet Banking enhancements (for both Retail and Corporate Banking) were done to accelerate enrolments and usage. Information Security team also found it prudent to introduce 7x24 hour IS monitoring to protect the Bank and our valued customers.

At the same time, we are constantly seeking to improve and enhance our operations and renew our way of work in order to better serve our customers throughout all of our locations in Bangladesh. Seamless, personal and more engaging customer journeys is one part of that, even as we are exploring how to deploy robotics, automation and artificial intelligence to deliver the best possible banking experience to our customers.

## Responding to the COVID-19 pandemic

The global COVID-19 pandemic has been an unprecedented crisis for all of humanity. It has been as much a test of our healthcare systems, as it has been of our economic systems. The existential threat to people and communities, especially exacerbated by the second wave of the pandemic, and the disruptions in supply chain, trade and commerce have exposed the vulnerabilities of modern times. The pandemic has thus heralded the critical need for businesses and governments, in particular, to design and implement strategies that will future proof our ecosystems and communities against various environmental, ecological, economic and social risks.

During the year, our priority was to engage with our stakeholders proactively to understand the challenges faced by our clients at the grass root level in managing the impacts of the pandemic and thereby developing resilient and sustainable recovery measures and financial support to enable them to bounce-back stronger and more confident in their future.

We thus extended holistic support to our stakeholders including universal safety and health operating protocols, loan moratoriums to help borrowers to manage their cash-flow, engagement as the "last mile" in special relief and credit extension schemes of the government, and capacity-building in areas of sustainability. While much of the stimulus support for the SMEs remain unutilized, BRAC Bank disbursed Tk.

1,500 crore to the SME clients compared with Tk 1,100 crore originally allocated to our bank. Our approach has comprised offering relief within our reach and influence to our stakeholders, especially our extended community members.

## Key highlights of our 2020 performance

COVID-19 has forced social and movement restrictions, crippling businesses globally. While battling to protect lives, governments have instituted fiscal and monetary policies, including lowered interest rates, to keep economies afloat.

Despite pressure on the net interest margin, loan/financing moratorium in Bangladesh and slower business activity amidst economic compression led by the coronavirus pandemic, BRAC Bank has performed commendably during the year 2020.

The bank's total revenue stood at Tk. 20,508 million in 2020, a decline of only about 4 per cent. Our strong focus on diversification of income yielded results with specifically investment income growing by a sharp 110 per cent, which helped contain the pressures on our key interest income.

It is to be especially noted that the bank reported a net profit of Tk. 4,541 million, which is highly credible considering that it was achieved despite taking an over two-fold credit loss provision than the average of last four years as an abundant precaution to create reserves against any potential bad debt challenges triggered by the pandemic. Furthermore, despite the NPL coverage ratio being increased to 171 per cent, which comprises amongst the highest such coverage ratios in Bangladesh's banking industry, the bank's NPL declined to 2.9 per cent, which is at a comfortable level despite regulatory forbearance.

Based on this performance, the Board recommended a total dividend of 15% comprising 10% cash and 5% stock for the year 2020. Importantly, this dividend is aligned with our strategy of re-investing retained earnings to strengthen the foundation for future growth, with an up cycle imminent in the post-pandemic era. Further, maintaining our dividend policy in a year that has been as challenging as 2020 also reflects our commitment to rewarding our shareholders, while our

ability to do so underlines our strong forward outlook, prudent risk management culture and intrinsic capabilities to remain agile and adapt to the prevalent conditions.

On the operational front, we remained highly cautious across our loan portfolio, which is reflected in the fact that our loan book expanded by a conservative 3 per cent during the year. Though credit advancement gathered pace during the start of the year, we consciously calibrated our portfolio to not only take the pandemic-related challenges into account, but also to ensure that we focus on those segments that are our strongholds.

Hence, we achieved a substantive 17 per cent growth in our SME business, which clearly led the growth during the year. As per our well-articulated strategy, we continued to remain highly selective in our corporate, commercial and retail business segments. However, after gaining traction in de-risking our corporate banking book, we are now looking at expanding this business, aligned with our strategy of on-boarding sound credit-worthy mandates in the future.

I must also specifically acknowledge the strong performance of our Treasury operations, which helped recover most of the lost interest income from the twin impacts of subdued lending activities and lower lending rates. Within Treasury, investment income from government securities expanded by a sharp 58 per cent on YoY basis.

## Our enduring focus on tech innovation

Digital technologies are fast-evolving and it is likely that the core functional areas of our business will soon depend mostly on digital technologies. With the pandemic advancing digital adoption by several months, we are emphasising on both strategy and investments into accelerating digital engagement initiatives through driving digital user activation, transactions, digital sales acquisition and digital sales enablement.

Indeed, the year 2020 changed the dynamics of our business and operations. The key game-changer was our ability to remain agile and adapt to the 'new normal', which was all about exploring creative and

innovative ways to stay connected to our customers through digitalisation. In doing so, we enhanced our processes and equipped our customers with robust alternative online channels and solutions.

Today, we will continue to drive adoption and pervasiveness of core systems with a focus on improving frontline capability. Automation, especially across back-office operations, will be critical to improve our end-to-end capabilities, while also enabling us to meet our green banking objectives in less paper consumption, etc.

### **Good governance is at centre of our conduct**

It is true that ultimately, our financial and ESG performance rests on good governance. To ensure the best governance practices, we continuously review and update our policies. In 2020, we continued to strengthen our anti-bribery and corruption policy, whistle-blower policy, etc., to prevent any malfeasance or defalcation. We also continued to make progress in reinforcing our anti-money laundering and countering financing of terrorism capabilities through system enhancements, new processes and awareness programmes. Complying with our regulator's directives, we held our 21<sup>st</sup> annual general meeting virtually, for the first time ever, respecting the safety and well-being of our shareholders and others.

Our commitment to good governance is reflected in the diversity of age and experience of our Board. Further strengthening our Board composition, no less than 5 out of 9 Directors are independent, while 3 of our Directors are women. I remain satisfied that the Board is appropriately balanced and contains the skills required to ensure that the group is well-governed, and that the interests of our shareholders, other stakeholders and the societies in which we do business are well-served. Considered succession planning, to maintain the right composition of skills and to meet our target for gender representation, remains a priority.

At BRAC Bank, we believe it is more than just a fiduciary responsibility of the Board to reinforce the integration of ESG considerations into the bank's corporate governance strategy and operations. As we adapt to a new economic landscape and evolving expectations

of our stakeholders, we are aligning our strategic priorities with our key drivers of value creation. Indeed, today's challenging circumstances demonstrate the need to continuously reassess policies and practices and enhance business continuity and crisis plans for operational sustenance.

Thus, during the year under review, the Board supported various management strategies initiated to pivot the business to the new reality, even as we continued to encourage an open dialogue on impending business challenges and the crucial importance of adhering to good governance norms at all times. The Board also provided key oversight of long-term financial risks and resiliency measures, which together supported and contributed to our strong performance in 2020.

### **Encouraging integrated thinking**

At BRAC Bank, we have always believed that translating purpose into action and eventually delivering stakeholder expectations requires a thorough understanding of the elements that facilitate value creation and, most importantly, their connectivity with each other. To achieve success, it is imperative that this awareness is spread to each member of our bank and the extended Group. Action without an understanding of these intricacies may lead to suboptimal or wasted productivity.

Hence, as an organisation, we focus on nurturing a culture that enables our people to pursue their individual objectives and those of the organisation fully aware of the dynamics surrounding their specific domains. These efforts are facilitated by the employee key performance indicators which are assessed on a regular basis.

Essentially, integrated thinking has enhanced our ability to join the dots and connect our everyday activities to our ultimate vision of being the best bank in Bangladesh.

### **Our human resources approach manifests our people first policy**

The pandemic has impacted people the most. The humanitarian cost of COVID-19 is beyond measure. Physical isolation, economic strain, fear and uncertainty

have had a bearing on peoples' health and wellbeing. At BRAC Bank, our priority as a business has been to ensure a safe workplace and that our people remain productively employed and in good spirits to support their career aspirations and family responsibilities.

Right at the start of the pandemic, to protect our employees and prevent the spread of infection, we adopted specific actions in accordance with best practices from the government and health authorities. We continued to raise awareness on the importance of COVID-appropriate behaviour with a view to break the chain of transmission and prevent infection. Further, we also remained sensitive to the needs of our employees, with our focus remaining on employment protection and job security.

I have always believed that our ability to remain competitive in the long term depends on the strength of our human capital. That is why we have made a firm commitment to build a competent and reliable team who will drive the bank forward regardless of external challenges. During the year 2020, we continued to remain on the path of this focus area as we shifted learning and development online, providing our staff with several up-skilling and training and development opportunities, while also ingraining a deeper culture of learning across our organisation.

In a year of such great uncertainty, I have been extremely impressed by all our management and employees across BRAC Bank and their commitment to serve our customers. Today, as inoculation picks up pace the world over, we are exploring all possibilities with regards to staff vaccination and will move on this front with speed and prioritised focus.

### Looking ahead with cautious optimism

At BRAC Bank, our strategic direction guides us towards reaching our ambitions. It consists of the following key pillars:

- Deliver growth through focused customer offerings that fuel the development of a complete ecosystem for banking and related services needed by customers

- Continue to innovate on our core business and be a leader in infrastructure and network modernisation, including the way we engage with customers across our touch points
- Reinforce our strong foundations of responsible finance through the way we operate and manage business environment risk, in how we treat our customers' data, and in our role as a global citizen working towards a cleaner and greener future for all

Notably, this direction will guide us through 2021 and beyond. Crucial to our strategy is our decision to uniting our operations into a single strong unit and thus build a more reinforced and pervasive presence across the country. This will make us well-equipped to fully realise the potential across the country and seize opportunities for growth.

While writing this, the scale and severity of the second coronavirus wave was becoming apparent after caseloads had dwindled in September-October 2020. It is anticipated that the government would try to blunt the transmission through targeted lockdowns and this would have an ostensible impact on the national GDP. Yet, BRAC Bank wholeheartedly supports the public health measures against the spread of COVID-19. As our contribution to slowing the spread of the virus and keeping our people safe, we have improved our hygiene practices, split many of our teams into separate locations, required everyone who can, to work from home, and increased physical distance between colleagues who have to work together.

Challenges are commonplace in business; in fact, they bring out the best in people and our 2020 performance is evidence of that. Anchored on the energy, enthusiasm and 'can do' spirit that runs throughout our organisation, I am confident of a brighter future as the economy recovers from the pandemic.

As amongst Bangladesh's largest financial services group by assets, we are very much aware that we work at the centre of the economy and that it is our duty to do everything we can to help our clients to keep their businesses afloat and their lives on track. We have therefore taken all the necessary steps to ensure that

our most essential services will be able to function even in severe conditions.

BRAC Bank has sometimes been considered to be too cautious in how we manage our capital and liquidity. But I would like to assure you that our approach is prudent and appropriate as we have always been

mindful of our role as a custodian of public money. We therefore confidently state that the bank will remain well-capitalised and highly liquid and that, as always, we will continue to hold capital and liquidity in excess of regulatory requirements at all times. Our drive for higher profitability will never be at the expense of excessive risk.

### Our immediate priorities



Continue serving our clients with excellence, efficiency and empathy despite the pandemic



Do everything possible to keep our clients and people safe and healthy



Contribute to the resilience and recovery of the economy and societies



Defend the soundness, sustainability and profitability of the bank

### Our near-term priorities



Accelerate banking digitalisation to meet clients' needs



Continue to improve our efficiency and achieve our NIM and profitability objectives and expectations



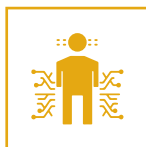
Improve resource allocation to support growth, especially of the country's beleaguered but highly resilient SME sector



## Our medium- to long-term priorities



Ensure that our customers and clients remain at the centre of everything we do



Use digital technology and human resources' expertise to offer an integrated and one-stop set of products and services



Invest and update our infrastructure and resources to remain relevant and competitive in the digital age



Help communities bounce-back from the pandemic effects through our ideas, resources and engagement



Become truly omni-channel by giving our customers choice - digital online banking

## My heart is filled with gratitude

As always, I am very grateful to the Board, my colleagues, our clients, our shareholders and other stakeholders for your support. We are passing through a challenging and uncertain period. Yet, considering the robust foundations on which our business rests, I am highly positive that we will not only endure, but emerge wiser, more resilient and more capable.

I specially wish to extend my personal appreciation to all regulatory bodies of Bangladesh Government, especially Bangladesh Bank, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms, National Board of Revenue, Dhaka and Chittagong stock exchanges, Central Depository Bangladesh and Financial Reporting Council. Your on-going support is tremendously appreciated.

I also extend our heartfelt gratitude to all front-liners and emergency responders, be it ours as well as those across the various sectors, who selflessly put themselves and their families at risk through their vocation. We owe a debt to those who protect and serve this nation so that we may continue to lead our lives.

Finally, we will continue what Sir Abed started all those years ago: Working to drive societies forward by ensuring that BRAC Bank remains ahead of the times.

Sincerely,

**Dr. Ahsan H. Mansur**  
Chairman

# চেয়ারম্যানের

## বাণী

সমাজের অগ্রগতির জন্য ব্যাংক ব্যাংকের আধুনিকায়ন শুরু হয়েছিল। বিভিন্ন অর্থনৈতিক এবং আর্থিক সংকট কাটিয়ে আরো শক্তিম্যান ও সাহসী হিসেবে আবির্ভূত হওয়ার ক্ষেত্রে ব্যাংক ব্যাংক যে উদ্যম দেখিয়েছে তা অন্যান্যদের জন্য সুস্পষ্টভাবে এক উদাহরণ তৈরী করেছে।

—ড. আহসান এইচ মনসুর

### ব্যাংক ব্যাংকের প্রিয় শেয়ারহোল্ডার ও স্টেকহোল্ডারগণ,

২০২০ সালের বার্ষিক প্রতিবেদন পেশ করার মাধ্যমে আপনাদের সামনে বক্তব্য রাখতে পেরে আমি আনন্দিত এবং নিজেকে সৌভাগ্যবান মনে করছি। বাংলাদেশ এবং দক্ষিণ এশিয়ার সমৃদ্ধ ইতিহাসের প্রেক্ষাপটে ব্যাংক ব্যাংক সম্ভাবনাময় একটি গুরুত্বপূর্ণ আর্থিক প্রতিষ্ঠান হিসেবে জাতীয় উন্নয়নে আশানুরূপ অংশগ্রহণ করে আসছে। আমি আপনাদের আশঙ্কিত করতে পারি যে, কোভিড-১৯ মহামারির ফলে অনেক প্রতিবন্ধকতা সত্ত্বেও সবার জন্য টেকসই উন্নয়নের কাজ অব্যাহত রেখেছি আমরা।

### বৈরীতার মাঝেও ইতিবাচকতা

আপনারা জানেন যে আমাদের প্রতিষ্ঠাতা চেয়ারম্যান প্রয়াত স্যার ফজলে হাসান আবেদ, ব্যক্তি ও প্রতিষ্ঠানের, বিশেষ করে ক্ষুদ্র উদ্যোক্তাদের, সমৃদ্ধি ও সক্ষমতার মাধ্যম হিসেবে আর্থিক অন্তর্ভুক্তিতে বিশ্বাস করতেন। এর মাধ্যমেই তিনি তরুণদের অপার সম্ভাবনার এক স্বপ্নময় জগতের সাথে যুক্ত করতে চেয়েছিলেন। বাংলাদেশের মানুষকে ক্ষমতায়িত করার এটি ছিল তার একান্ত নিজস্ব পথ।

স্যার আবেদের ব্যাংক ব্যাংক প্রতিষ্ঠার প্রায় ২০ বছর হয়ে গেলো। তাঁর দেখানো পথ অনুসরণ করে আমরা এখনো ব্যাংকিংয়ের মাধ্যমে সামাজিক ক্ষমতায়নে সম্পৃক্ত রয়েছি। আমার মনে হয় এটিই আমাদের সত্যিকারের দীর্ঘস্থায়িত্বের উদাহরণ। আমাদের দীর্ঘ পথচলায় আমরা অনেক ধরণের উত্থান দেখেছি, তবে ২০২০ সালের নভেল করোনাভাইরাস-এর কারণে সৃষ্ট উত্থানটি আকার ও প্রকোপের কারণে শীর্ষে থাকবে। তবে আমাদের প্রতিষ্ঠাতা

যেমন চিরকাল পাহাড়সম চ্যালেঞ্জের মুখেও অবিচল থেকেছেন, আমরাও সেভাবে এই অপ্রত্যাশিত প্রতিকূলতা ও চ্যালেঞ্জ কাটিয়ে গ্রাহকদের উন্নত সেবা প্রদানসহ আমাদের লক্ষ্য ও উদ্দেশ্য বাস্তবায়নে নিবেদিত থেকেছি।

আজ ব্যাংক ব্যাংক আমরা একটা বড় ধরণের রূপান্তর ও আধুনিকায়ন প্রক্রিয়ার মধ্য দিয়ে যাচ্ছি। টেকসই উপায়ে আমাদের অগ্রযাত্রা অব্যাহত রাখার লক্ষ্যে আরো প্রযুক্তিগত পরিবর্তনের জন্য আমরা কৌশলগত নীতি প্রণয়ন, ম্যাপিং, পরিকল্পনা প্রণয়নের পাশাপাশি নিজেদের এবং আমাদের সেবাগ্রাহী সমাজকে প্রস্তুত করে তুলছি। মহামারির কারণে ক্রমেই ব্যাপক হারে এবং দ্রুততার সাথে মশ জনপ্রিয় হয়ে ওঠা ডিজিটাল রূপান্তরের সুবাদে আমরা চাই ডিজিটাল ব্যাংকিং-এ সামনে সামনে থেকে নেতৃত্ব দিতে। আমাদের টেকনোলজি টিম মহামারির মধ্যেও বেশ বড় স্কেলে ঘরে-থেকে-কাজ করা বা ওয়ার্ক ফ্রম হোমের জন্য প্রয়োজনীয় সব অবকাঠামো অতি দ্রুততার সাথে বাস্তবায়ন করে একটি বড় ভূমিকা রেখেছে। এর বাইরেও তারা বেশ কিছু প্রথাগত পদ্ধতির সংস্করণ সহ চলমান বড় প্রকল্পগুলোতে গুরুত্বপূর্ণ অগ্রগতি দেখিয়েছে। ক্রস-ফাংশনাল টিমের মাধ্যমে নিশ্চিত করেছে যেন রিটেইল ও কর্পোরেট উভয় ক্ষেত্রেই ইন্টারনেট ব্যাংকিং-এর নিবন্ধন ও ব্যবহার নিশ্চিত করা যায়। ইনফরমেশন সিকিউরিটি (আইএস) টিম আমাদের ব্যাংক এবং গ্রাহকদের সুরক্ষায় ২৪ ঘণ্টাই নজরদারি ও সাইবার নিরাপত্তা নিশ্চিত করেছে।

একই সাথে আমাদের সামগ্রিক অবস্থানের উন্নয়নের মাধ্যমে গ্রাহকসেবা আরও উন্নত করার লক্ষ্যে আমরা ক্রমাগত অভিনব কর্মপন্থা অবলম্বন করছি এবং কাজের ধরণের ব্যাপক পরিবর্তন নিয়ে আসছি। একটি নির্বাঙ্কট, স্বকীয় ও গ্রাহকবান্ধব পরিষেবা এর একটা দিক; পাশাপাশি, আগামীতে কীভাবে রোবোটিকস,

অটোমেশন এবং কৃত্রিম বুদ্ধিমত্তা কাজে লাগিয়ে গ্রাহকদের জন্য সেরা ব্যাংকিংয়ের অভিজ্ঞতা উপহার দেয়া যায় সে বিষয়েও আমরা তৎপর।

## কোভিড-১৯ পরিস্থিতিতে আমাদের প্রতিক্রিয়া

কোভিড-১৯-জনিত বৈশ্বিক মহামারি নিঃসন্দেহে গোটা মানবজাতির জন্য এক অভূতপূর্ব অধ্যায়। এটি আমাদের স্বাস্থ্যসেবার জন্য যেমন একটি চ্যালেঞ্জ, তেমনি অর্থনৈতিক অগ্রযাত্রার জন্যও একটি পরীক্ষাম্বরূপ। মনুষ্য জাতিকে এটি যেমন একটি অস্তিত্বের সংকটের মুখে ঠেলে দিয়েছে, তেমনি মহামারির দ্বিতীয় ঢেউয়ে আমাদের আধুনিক জীবনের সাপ্লাই চেইন, ব্যবসা ও বাণিজ্যের দুর্বল দিকগুলোও সামনে নিয়ে এসেছে। এই মহামারি আমাদের ব্যবসা প্রতিষ্ঠান ও দেশের সরকারদের ভাবিয়ে তুলেছে যেন ভবিষ্যতের বিভিন্ন পরিবেশ, বাস্তবসংক্রান্ত, অর্থনৈতিক এবং সামাজিক ঝুঁকির মোকাবেলা করে মানবজাতিকে কীভাবে সুরক্ষিত রাখা যেতে পারে সে ব্যাপারে তারা সুনির্দিষ্ট পরিকল্পনা বাস্তবায়নের জন্য কৌশল নির্ধারণ করেন।

বহরজুড়েই আমাদের মূল লক্ষ্য ছিলো স্টেকহোল্ডারদের সাথে সক্রিয়ভাবে সম্পৃক্ত থেকে আমাদের তৃণমূল পর্যায়ের গ্রাহকরা মহামারির প্রভাব কাটিয়ে ওঠার যেসব চ্যালেঞ্জের মুখোমুখি হয়েছেন, সেগুলি যেন আমরা অনুধাবন করতে পারি। এবং এর মাধ্যমে পরিবর্তনশীল ও টেকসই পদক্ষেপ গ্রহণ ও আর্থিক সহায়তা প্রকল্প চালুর মধ্য দিয়ে ভবিষ্যতে তাদের আরো শক্তিশালী ও আত্মবিশ্বাসী রূপে ঘুরে দাঁড়ানোর কাজে সহায়তা দিতে পারি।

এভাবে আমরা সার্বজনীন নিরাপত্তা ও স্বাস্থ্যবিধি প্রটোকল, ঋণগ্রহীতার নগদ-প্রবাহ চালু রাখতে সহায়ক শক্তি হিসেবে ঋণের কিস্তি পরিশোধে সাময়িক স্থগিতাদেশ বা মোরোটোরিয়াম, সরকারের বিশেষ সহায়তা ও ঋণ সম্প্রসারণ প্রকল্পে সম্পৃক্ত এবং টেকসই সমাজব্যবস্থা গঠনের উদ্দেশ্যে স্টেকহোল্ডারদের জন্য সামগ্রিক সহায়তা বাড়িয়েছি। যদিও এসএমই-দের জন্য বরাদ্দকৃত সরকারের প্রণোদনা সহায়তার অনেকটাই এখনো অব্যবহৃত রয়ে গেছে, তারপরও ব্র্যাক ব্যাংক তার এসএমই গ্রাহকদের মধ্যে বাংলাদেশ ব্যাংক কর্তৃক বেঁধে দেয়া ১,১০০ কোটি টাকার লক্ষ্যমাত্রার বিপরীতে ১,৫০০ কোটি টাকা বিতরণ করেছে! আমরা আমাদের সামর্থ্যের মধ্যে যতটুকু সহায়তা প্রদান করা সম্ভব, করেছি; স্টেকহোল্ডারদের বিশেষ করে আশেপাশের মানুষদের যতটুকু প্রভাবিত করা সম্ভব, তাও করেছি।

## ২০২০ সালে আমাদের উল্লেখযোগ্য কার্যক্রম

কোভিড-১৯ এর কারণে ২০২০ সালে সামাজিক মেলামেশা এবং চলাফেরায় বিধিনিষেধ আরোপের পাশাপাশি ব্যবসা-বাণিজ্যেও স্থবিরতা এনে দিয়েছে। জীবন বাঁচানোর লড়াইয়ের পাশাপাশি অর্থনীতি সচল রাখতে আমাদের সরকার সুদের হার কমানো সহ বিভিন্ন আর্থিক এবং মুদ্রানীতি প্রণয়ন করেছে।

নেট সুদের মার্জিনের ওপর প্রভাব, মহামারির কারণে কিস্তি প্রদানে সাময়িক স্থগিতাদেশ বা মোরোটোরিয়াম এবং অর্থনৈতিক সংকোচনের কারণে বাণিজ্যিক কার্যক্রমে শ্লথ পরিস্থিতির মাঝেও ২০২০ সালে প্রশংসনীয় সাফল্য দেখিয়েছে ব্র্যাক ব্যাংক।

২০২০ সালে ব্যাংকের মোট অর্জন ছিল ২০,৫০৮ মিলিয়ন টাকা, যা আগের বছরের চেয়ে ৪% কম। ব্যবসা বৈচিত্র্যকরণে আমাদের মনোযোগের সুফল পরিলক্ষিত হয়, বিশেষত বিনিয়োগ আয়ে ১১০% প্রবৃদ্ধি ঘটান ফলে, কেননা একারণেই সুদের আয়ের ওপর চাপ সীমিত রাখা সম্ভব হয়।

উল্লেখ্য যে এ সময়ে ব্যাংকের নীট মুনাফা হয়েছে ৪,৫৪১ মিলিয়ন টাকা, যা সত্যিই অভাবনীয়। কারণ এটি মহামারি-প্রসূত সম্ভাব্য মন্দ ঋণের চ্যালেঞ্জের পরিপ্রেক্ষিতে রিজার্ভ তৈরির সাবধানতা হিসেবে বিগত চার বছরে গড়ের তুলনায় প্রায় দ্বিগুণের বেশি ক্রেডিট-ক্ষতির পরও এই অর্জন। এনপিএল কাভারেজ অনুপাত ১৭১%-তে উন্নীত হওয়ার পরও, যা বাংলাদেশের ব্যাংকিং খাতে এ জাতীয় কাভারেজ অনুপাতের অন্যতম সর্বোচ্চ, ব্র্যাক ব্যাংকের এনপিএল নেমে যায় ২.৯ শতাংশে যা নিয়ন্ত্রণমূলক নিবৃত্তি সত্ত্বেও একটি সন্তোষজনক মাত্রা।

এই প্যাফরম্যান্সের ওপর ভিত্তি করেই ২০২০ সাল শেষারপ্রতি ১০% নগদ এবং ৫% স্টক হিসেবে মোট ১৫% ডিভিডেন্ড সুপারিশ করে বোর্ড। লক্ষ্যণীয়, এই ডিভিডেন্ড আসন্ন মহামারি-উত্তর সময়ে একটি আপসাইকেলসহ ভবিষ্যত প্রবৃদ্ধির আশার ভিত্তিকে শক্তিশালী করার লক্ষ্যে সংরক্ষিত আয় পুনর্বিনিয়োগ বিষয়ক আমাদের নীতির সঙ্গে সঙ্গতিপূর্ণ। এছাড়াও এতে করে ২০২০ সালের মতো একটি কঠিন বছরে আমাদের ডিভিডেন্ড নীতিমালা ধরে রাখার মধ্যেও শেয়ারহোল্ডারদের পুরস্কৃত করার জন্য আমাদের অঙ্গীকার প্রতিফলিত হয়েছে। ফলে, এর মধ্য দিয়ে আমাদের আত্মবিশ্বাসী ভবিষ্যত দৃষ্টিভঙ্গি, বিবেচনাপ্রসূত ঝুঁকি ব্যবস্থাপনা এবং বিরাজমান পরিস্থিতির সাথে খাপ খাইয়ে নিতে পারা এবং সতর্ক থাকার সহজাত সামর্থ্য প্রমাণ করেছে।



ছোট কিস্তি শক্তিশালী বোর্ড  
৯ জন পরিচালকের মধ্যে  
৩ জন নারী



১৫% লভ্যাংশ এবং  
৩.৪২ টাকা  
শেয়ারপ্রতি আয়



এসএমই ঋণ বিতরণ  
১৭% বৃদ্ধি -  
ফলে এই খাতের  
অংশভাগ ৪৯% - উন্নীত

সার্বিক পরিচালনার ক্ষেত্রে ঋণ পোর্টফোলিওর ব্যাপারে আমরা অত্যন্ত সতর্ক, যার প্রতিফলনে দেখা গিয়েছে যে সারা বছর আমাদের ঋণ খাতার রক্ষণশীল প্রবৃদ্ধি ঘটেছে ৩ শতাংশ। যদিও বছরের শুরুতে ঋণের সম্প্রসারণ কার্যক্রম গতিশীলতা লাভ করেছিলো, তবুও আমরা সচেতনভাবেই আমাদের পোর্টফোলিও এমনভাবে সাজিয়েছি যেন শুধু যে মহামারি-সংশ্লিষ্ট চ্যালেঞ্জগুলোকেই বিবেচনা করা সম্ভব হয়, তা নয়, বরং আমাদের শক্তিশালী ক্ষেত্রেও যেন মনোযোগ নিশ্চিত করা সম্ভব হয়।

এর ফলে এসএমই খাতে আমরা ১৭% প্রবৃদ্ধি অর্জন করি যা সুস্পষ্টভাবেই ওই বছরের প্রবৃদ্ধিতে অগ্রণী ভূমিকা পালন করেছে। আমাদের অত্যন্ত কৌশলে আমাদের করপোরেট, কমার্শিয়াল ও রিটেইল ব্যবসা ক্ষেত্রে যাচাই-বাহাই করার প্রবণতা বজায় রাখি। অবশ্য আমাদের করপোরেট ব্যাংকিং খাতে ঝুঁকিমুক্ততা নিশ্চিত করার পর এখন আমরা ভবিষ্যতে ক্রেডিট-যোগ্য ম্যানডেটের সাথে মিল রেখে অন-বোর্ডিং-এর মাধ্যমে এই খাতে ব্যবসা সম্প্রসারণের কথা ভাবছি।

আমাদের ট্রেজারি কার্যক্রমের কথা অবশ্যই বলতে হয়, যাদের পারমর্য়গ্যাসের কারণে কমিয়ে আনা ঋণ কার্যক্রম এবং ঋণহার হ্রাসের যৌথ প্রতিক্রিয়ার পরও সুদ-আয়ের অধিকাংশই পুনরুদ্ধার করতে পেরেছি। ট্রেজারির মাধ্যমে সরকারি বিনিয়োগ থেকে বিনিয়োগ আয়ে বছর-ভিত্তিতে ৫৮% প্রবৃদ্ধি ঘটে।

## প্রযুক্তি উদ্ভাবনে আমাদের মনোযোগ

প্রযুক্তি প্রতিনিয়ত এমন ভাবে বিবর্তিত হচ্ছে যে খুব শিঘ্রই আমাদের ব্যবসার সকল কেন্দ্রীয় কার্যক্রম ডিজিটাল প্রযুক্তির ওপর নির্ভরশীল হয়ে যেতে পারে। মহামারি বিস্তারের কারণে ডিজিটাল অভ্যাস করার কয়েক মাস পার হওয়ার পর আমরা এখন জোর দিচ্ছি ডিজিটাল ব্যবহারকারী বাড়ানোতে, লেনদেন, ডিজিটাল অ্যাকাউন্ট এবং ডিজিটাল বিক্রি সক্ষমতা তৈরির মাধ্যমে ডিজিটাল উদ্যোগসমূহ গতিশীল করার ওপর।

আমাদের ব্যবসা এবং কার্যক্রমের গতিবিধি বদলে দেয় ২০২০ সাল। এর পেছনে প্রধান শক্তি হিসেবে কাজ করেছে আমাদের সচল থাকার এবং 'নতুন স্বাভাবিকতা'র সঙ্গে মানিয়ে নেয়ার সক্ষমতা যার কারণে আমরা সৃজনশীল ও উদ্ভাবনী উপায়ে ডিজিটাল মাধ্যমে আমাদের গ্রাহকদের সঙ্গে যুক্ত থাকতে পেরেছি। এতে করে আমাদের কাজের প্রক্রিয়া যেমন সমৃদ্ধ হয়েছে, তেমনি গ্রাহকের জন্যও বিস্তৃত হয়েছে বিকল্প অনলাইন চ্যানেল।

এখন আমরা আমাদের কোর ব্যাংকিং পরিষেবার ব্যাপ্তি এবং অভিযোজ্যতার মাধ্যমে ফ্রন্টলাইন সক্ষমতা বৃদ্ধি করবো। অটোমেশন, বিশেষ করে ব্যাংকের পূর্ণাঙ্গ সমাধান দেয়ার সক্ষমতা ও কাগজের ব্যবহার কমিয়ে গ্রিন ব্যাংকিং-এর লক্ষ্যমাত্রা অর্জনে ব্যাক-অফিসে পরিচালনার জন্য বেশ গুরুত্বপূর্ণ হবে।

## আমাদের বিধিমালা কেন্দ্রে রয়েছে সুশাসন

একথা সত্য যে, আমাদের আর্থিক এবং ইএসজি (পরিবেশ, সমাজ ও সুশাসন) সাফল্য পুরোটাই নির্ভর করে করপোরেট সুশাসনের ওপর। সর্বোচ্চ সুশাসন নিশ্চিত করতে আমরা প্রতি বছরই আমাদের নীতিমালা পর্যালোচনা ও হালনাগাদ করি। ২০২০ সালে সকল প্রকার তহরুপ ও দুর্বলতা প্রতিরোধের লক্ষ্যে আমাদের ঘুষ-বিরোধী (অ্যান্টি-ব্রাইবারি) নীতি, দুর্নীতি-বিরোধী (অ্যান্টি-করাপশন) নীতি, ছইসল-রোয়ার নীতি ইত্যাদির আরও শক্তিশালী করেছি। এছাড়াও পদ্ধতির আধুনিকায়ন, নতুন প্রক্রিয়া এবং সচেতনতা বৃদ্ধির মাধ্যমে অর্থ-জালিয়াতি এবং সন্ত্রাসী-অর্থায়ন প্রতিরোধে সামর্থ্য বাড়াতে আমাদের চেষ্টা অব্যাহত রেখেছি। কেন্দ্রীয় ব্যাংকের নির্দেশনা অনুযায়ী আমাদের শেয়ারহোল্ডার ও অন্যান্যদের নিরাপত্তা ও কল্যাণের কথা বিবেচনা করে, ইতিহাসে প্রথমবারের মতো আমরা আমাদের ২১তম বার্ষিক সাধারণ সভা ভার্চুয়াল মাধ্যমে আয়োজন করেছি।

সুশাসনের প্রতি আমাদের অঙ্গীকারের বিষয়টির আরও প্রতিফলন দেখা যায় আমাদের পরিচালনা পর্ষদে সদস্যদের বয়স এবং অভিজ্ঞতার বৈচিত্র্যতার সমন্বয়ের মধ্য দিয়ে। তাছাড়া আমাদের ৯ জন পরিচালকের মধ্যে ৫ জনই স্বতন্ত্র পরিচালক এবং ৩ জন রয়েছেন নারী সদস্য। আমি সন্তুষ্ট যে, আমাদের পরিচালনা পর্ষদ যথেষ্ট ভারসাম্যপূর্ণ, এবং সুশাসন এবং স্টেকহোল্ডার ও সমাজের স্বার্থ সুরক্ষা নিশ্চিতকরণে প্রয়োজনীয় দক্ষতা তাদের রয়েছে। আমাদের পরবর্তী পরিকল্পনার মধ্যে রয়েছে দক্ষতার সঠিক সমন্বয় এবং জেডার প্রতিনিধিত্ব লক্ষ্যমাত্রা পূরণ।

আমরা বিশ্বাস করি, ব্যাংকের করপোরেট সুশাসন কৌশল ও সার্বিক কার্যক্রমে ইএসজি আত্মীকরণ জোরদার করা বোর্ডের দায়িত্বের চেয়েও আরও বেশি কিছু। আমরা একটি নতুন অর্থনৈতিক ভিত্তি এবং আমাদের স্টেকহোল্ডারদের পরিবর্তিত প্রত্যাশার সাথে খাপ খাইয়ে নিচ্ছি, মান সৃষ্টির জন্য আমাদের মৌলিক শক্তিগুলোর সাথে মিল রেখে কৌশলগত অগ্রাধিকারকে সাজিয়ে নিচ্ছি। বর্তমান যুগের এই কঠিন পরিবেশ আমাদের শিখিয়েছে নীতি ও চর্চার ক্রমাগত পর্যালোচনা, টেকসই পরিচালনার জন্য সংকটকালীন পরিকল্পনা ও ব্যবসার আপদকালীন পরিকল্পনা (বিজনেস কন্টিনিউইটি) প্রয়োজনীয়তা।

তাই এ বছরে নতুন বাস্তবতার সাথে তাল মেলাতে ব্যবস্থাপনা পর্ষদের নানান উদ্যোগকে সমর্থন করেছে বোর্ড। একই সাথে, আসন্ন ব্যবসায়িক প্রতিকূলতা মোকাবেলা এবং সব ক্ষেত্রে করপোরেট সুশাসন নীতির সাথে মিল রাখার প্রয়োজনীয়তা নিয়ে আমরা মুক্ত আলোচনাকে উৎসাহিত করেছি। বোর্ড থেকে দীর্ঘমেয়াদী আর্থিক ঝুঁকি এবং স্বাভাবিক অবস্থায় ফেরার উপায় নিয়েও প্রয়োজনীয় দিক-নির্দেশনা দেয়া হয়েছে যার কারণে ২০২০ সালে আমাদের প্রাতিষ্ঠানিক ফলাফল অত্যন্ত আশাব্যঞ্জক হয়েছে।

## সমন্বিত চিন্তা উৎসাহিতকরণ

ব্র্যাক ব্যাংকে আমরা সব সময় বিশ্বাস করি যে আকাঙ্ক্ষাকে কাজে রূপান্তর করতে ও স্টেকহোল্ডারের প্রত্যাশাকে পূরণ করতে হলে সবার আগে প্রয়োজন তাদের জন্য মান সৃষ্টি এবং সর্বোপরি, আকাঙ্ক্ষা ও প্রত্যাশার সম্পৃক্ততা অনুধাবন করতে হবে। সাফল্য পেতে চাইলে এই সম্পৃক্ততা সম্পর্কে ব্যাংকের ভেতরে ও বাইরে সকলের মাঝে এ ব্যাপারে অবগত করতে হবে। এই বিষয় দুটি উপলব্ধি না করলে কাজের মাধ্যমে কোন আশানুরূপ ফল আসবেনা।

এ কারণে, একটি প্রতিষ্ঠান হিসেবে আমরা এমন এক সংস্কৃতি লালন করি, যা আমাদের কর্মীদের তাদের বাস্তবতার বিষয়ে পূর্ণ সচেতন থাকার ভিত্তিতে নিজেদের ব্যক্তিগত এবং সাংগঠনিক লক্ষ্য অর্জনে সক্ষম করে তোলে। এসব প্রয়াসে সহায়ক ভূমিকা রাখে কর্মীর দক্ষতা সূচক, যা নিয়মিতভাবে মূল্যায়ন করা হয়।

স্বাভাবিকভাবেই, সমন্বিত ভাবনা আমাদের শূন্যস্থান পূরণে এবং বাংলাদেশের সেরা ব্যাংক হয়ে ওঠার আমাদের যে চিরায়ত লক্ষ্য তা অর্জনে আমাদের সমর্থ করে।

## আমাদের ‘মানুষ প্রথম’ নীতি

মহামারির সবচেয়ে বড় প্রভাব পড়েছে মানুষের জীবনে। কোভিড-১৯ এর তাই মানবিকতার দিক থেকে মূল্য হিসেবের বাইরে চলে যায়। শারীরিক ও সামাজিক দূরত্ব, অর্থনৈতিক টানা পোড়েন, শঙ্কা এবং অনিশ্চয়তার বিরূপ প্রভাব পড়েছে মানুষের শারীরিক ও মানসিক স্বাস্থ্যে। ব্র্যাক ব্যাংকে আমাদের অগ্রাধিকার দেই নিরাপদ কর্মস্থল নিশ্চিত করা যেন আমাদের কর্মীরা পেশাদারিত্বের লক্ষ্য অর্জন এবং পরিবারের দায়িত্ব নিয়ে প্রাজ্ঞ ও উৎপাদনশীলভাবে কাজের সাথে সম্পৃক্ত থাকতে পারেন।

মহামারির একেবারে শুরুতেই সরকার ও স্বাস্থ্য কর্তৃপক্ষের নির্দেশনাবলীর সাথে সঙ্গতি রেখে আমরা আমাদের কর্মীদের সুরক্ষা নিশ্চিত করতে এবং সংক্রমণের বিস্তার প্রতিরোধে সূনির্দিষ্ট পদক্ষেপ গ্রহণ করি। আমরা সংক্রমণের চেইন ভেঙে দেয়া এবং আক্রান্ত হওয়া প্রতিরোধে কোভিডের সংক্রমণের সব বিষয়গুলোকে গুরুত্ব দিয়ে সচেতনতা তৈরি করেছি। এছাড়া, কর্মী-সুরক্ষা ও চাকরির নিরাপত্তার দিকে নজর রেখেও কর্মীদের প্রয়োজনের ব্যাপারে সংবেদনশীল ছিলাম।

আমি সব সময় বিশ্বাস করি যে দীর্ঘমেয়াদে প্রতিদ্বন্দিতার সামর্থ্য মূলত নির্ভর করে মানব সম্পদের সক্ষমতার ওপর। এ কারণেই আমরা এমন একটি যোগ্য ও নির্ভরযোগ্য মানব সম্পদ গড়ে তোলার দৃঢ় অঙ্গীকার করেছি যারা প্রতিকূলতার মাঝেও ব্যাংককে এগিয়ে নিয়ে যাবার সক্ষমতা রাখেন। ২০২০ সালে আমরা অনলাইন শিক্ষণ সংস্কৃতির ওপর জোর দিয়েছি এবং কর্মীদের প্রচুর দক্ষতাবৃদ্ধি, প্রশিক্ষণমূলক ও উন্নয়নের সুযোগ প্রদান করেছি।

অনিশ্চয়তার এই এক বছরে আমি ব্র্যাক ব্যাংকের ম্যানেজমেন্ট এবং কর্মীরা যেভাবে গ্রাহকদের সেবা প্রদান অব্যাহত রেখেছেন, তা দেখে আমি দারুণভাবে পুপ্রাণিত। বিশ্ব আজ যখন টিকাদান কর্মসূচীর মাধ্যমে আবারও গতিশীল হচ্ছে, আমরাও আমাদের কর্মীদের টিকাদানের সব ধরনের ব্যবস্থা গ্রহণ করেছি যেন একটি ইতিবাচক মনোভাব নিয়ে আমরা আমাদের কর্মপরিকল্পনা অর্জনের পথে এগিয়ে যেতে পারি।

## সতর্ক ইতিবাচকতা নিয়ে সামনে এগিয়ে চলা

ব্র্যাক ব্যাংকে আমাদের কৌশলগত নির্দেশনা আমাদের লক্ষ্য অর্জনের পথে চালিত করে। কৌশলগত এই নির্দেশনা নিচের স্তরগুলির ভিত্তি করে নির্মিত:

- সূনির্দিষ্ট গ্রাহক প্রস্তাবনার মাধ্যমে গ্রাহকের যেকোন ধরনের ব্যাংকিং এবং সংশ্লিষ্ট সেবাসমূহের জন্য একটি সম্পূর্ণ সমাধান প্রদান করে প্রবৃদ্ধি অর্জন।
- মূল ব্যবসায় অব্যাহত উদ্ভাবনের মাধ্যমে গ্রাহকের সাথে সম্পৃক্ত হওয়ার সকল টাচ-পয়েন্টগুলোতে অবকাঠামো ও নেটওয়ার্ক আধুনিকায়ন করে ব্যাংকিং খাতে অগ্রণী ভূমিকা পালন।
- দায়িত্বশীল অর্থায়নের মূলতন্ত্রের ওপর ভিত্তি করে ব্যবসা-পরিবেশে ঝুঁকি ব্যবস্থাপনা, গ্রাহক ডাটার সঠিক মূল্যায়ন এবং বৈশ্বিক সূনাগরিক হিসেবে সবার জন্য একটি পরিচ্ছন্ন ও সুন্দর ভবিষ্যত নির্মাণের লক্ষ্যে কাজ করা।

এই নির্দেশনাগুলোই আমরা আগামী বছরগুলোতে মেনে চলবো। এর জন্য প্রয়োজন আমাদের সকল কার্যক্রম সমন্বিত করে একটি শক্তিশালী ইউনিট গঠন করা এবং দেশজুড়ে আরও শক্তিশালী এবং বিস্তৃত উপস্থিতি নিশ্চিত করা। এভাবেই সারা দেশে ছড়িয়ে ছিটিয়ে থাকা সম্ভাবনাগুলোকে কাজে লাগিয়ে সমৃদ্ধির পথে আমরা এগিয়ে যাবো।

এই প্রতিবেদন যখন লিখছি, ২০২০ এর সেপ্টেম্বর-অক্টোবরে সংক্রমণের মাত্রা কমে আসার পর, করোনভাইরাসের দ্বিতীয় ঢেউ আবারও তীব্র আকারে প্রকাশ পাচ্ছে। ধারণা করছি, সরকার এই ভাইরাসের বিস্তার রোধে কিছু সূনির্দিষ্ট লকডাউন জারি করবে এবং এর স্বাভাবিক প্রভাব পড়বে আমাদের জিডিপি'র ওপর। তবুও ব্র্যাক ব্যাংক কোভিড-১৯ বিস্তার রোধে সরকার গৃহীত সকল ধরনের জনস্বাস্থ্য ও কল্যাণমূলক পদক্ষেপ সর্বাঙ্গকরণে সমর্থন করে। ভাইরাসের বিস্তার কমিয়ে আনা এবং কর্মীদের নিরাপদ রাখার জন্য আমরা নিজেদের পরিচ্ছন্নতার চর্চা আরও উন্নত করেছি, কর্মীদের পৃথক পৃথক অবস্থানে কাজ করার সুযোগ দিয়েছি, সন্তবপর সবাইকেই ঘরে থেকে কাজ করার বিষয়টি নিশ্চিত করেছি এবং যাদের একসাথে কাজ করতে হচ্ছে, তাদের মাঝে সামাজিক দূরত্ববিধি নিশ্চিত করেছি।

ব্যবসায় চ্যালেঞ্জ থাকটাই স্বাভাবিক। এতে মানুষের মধ্যে লুকিয়ে থাকা শ্রেষ্ঠটাই বেরিয়ে আসে; আর আমাদের ২০২০ সালের পারফরমেন্স তার উৎকৃষ্ট প্রমাণ। প্রাণশক্তি, উদ্যম আর ‘করতে পারার’ যে প্রেরণা আমাদের সবার মাঝে সঞ্চারিত হয়েছে, আমি আশাবাদী যে মহামারির বিরূপ প্রভাব কাটিয়ে অর্থনীতিকে জাগিয়ে তুলে আমরা একটি উজ্জ্বল ভবিষ্যতের দিকে এগিয়ে যাবো।

সম্পদ বিবেচনায় বাংলাদেশের অন্যতম বৃহত্তম আর্থিক সেবাদাতা প্রতিষ্ঠান হিসেবে আমরা জানি যে আমরা অর্থনীতির প্রাণকেন্দ্রে অবদান রাখি এবং একই সাথে আমাদের গ্রাহকদের ব্যবসা টিকিয়ে রাখা এবং তাদের জীবনযাত্রা সচল রাখাও আমাদের দায়িত্ব। তাই আমরা নিশ্চিত করেছি যেন অনেক গুরুতর পরিস্থিতিতেও

আমাদের জরুরি সেবা সচল ও কার্যকর থাকে।

আমরা যেভাবে আমাদের মূলধন এবং তারল্য ব্যবস্থাপনা করি, তাতে কখনও কখনও ব্যাক ব্যাংককে অতিরিক্ত সাবধান মনে হতে পারে। আমি আপনাদের আশ্বস্ত করতে চাই যে আমরা নিজেদের ব্যাপারে অত্যন্ত আস্থাশীল এবং জনগণের অর্থের প্রতিপালক হিসেবে নিজেদের দায়িত্বের বিষয়ে সচেতন। তাই আমরা আত্মবিশ্বাসের সাথে জানাতে চাই যে ব্যাক ব্যাংক সবসময়ই নিয়ন্ত্রক সংস্থার নির্দেশনার বাইরেও পর্যাপ্ত মূলধনে সমৃদ্ধ থাকবে এবং উচ্চ-তারল্য ধরে রাখবে এবং উচ্চমুনাফার জন্য কখনই অতিরিক্ত ঝুঁকি নেবেনা।

## আমাদের আশু অগ্রাধিকার



মহামারি সত্ত্বেও সেবা নৈপুণ্য, দক্ষতা ও সহমর্মিতার সাথে গ্রাহক সেবা অব্যাহত রাখা



গ্রাহক ও কর্মীদের সুরক্ষা ও নিরাপত্তার জন্য সম্ভবপর সবকিছু করা



অর্থনীতি ও সমাজের সাবলীলতা ও পুনরুদ্ধারে অবদান রাখা



ব্যাংকের সততা, স্থায়িত্ব এবং মুনাফাযোগ্যতা সুরক্ষিত রাখা

## আমাদের নিকট-মেয়াদী অগ্রাধিকার



গ্রাহক চাহিদা মেটাতে ব্যাংকের ডিজিটাল রূপান্তর গতিশীল করা



প্রবৃদ্ধির সহায়তায় রিসোর্স বরাদ্দ বৃদ্ধি, বিশেষ করে, দেশের পঞ্চাৎপদ কিন্তু উচ্চ-সম্ভবনাময় এসএমই খাতের জন্য



কর্মদক্ষতা বৃদ্ধি এবং এনআইএম ও মুনাফাযোগ্যতার লক্ষ্য ও প্রত্যাশা অর্জন করা

## আমাদের মধ্যম ও দীর্ঘমেয়াদী অগ্রাধিকার



গ্রাহকদেরকে আমাদের সকল কাজের কেন্দ্রে রাখা



ডিজিটাল প্রযুক্তি ও মানব সম্পদের সৃষ্টি সম্ভবহারের মাধ্যমে গ্রাহকদের একীভূত ও সহজ ব্যাংকিং পরিষেবা প্রদান



ডিজিটাল যুগে প্রতিদ্বন্দিতাপূর্ণ থাকতে অবকাঠামো ও সম্পদ তৈরিতে বিনিয়োগ



আমাদের উপদেশ, সম্পদ ও সম্পৃক্ততার মাধ্যমে মহামারি থেকে সবাইকে পুনরুদ্ধারে সহায়তা করা



গ্রাহকদের ডিজিটাল অনলাইন ব্যাংকিং সেবা প্রদানের মাধ্যমে একক চ্যানেল ব্যাংক হিসেবে নিজেদের প্রতিষ্ঠা করা

### কৃতজ্ঞতা প্রকাশ

আমি বরাবরের মতই আমাদের বোর্ড, আমার সহকর্মী, গ্রাহক, শেয়ারহোল্ডার এবং অন্যান্য স্টেকহোল্ডারদের সবার প্রতি কৃতজ্ঞতা প্রকাশ করছি। আমরা একটি অনিশ্চিত ও কঠিন সময় পার করছি। তবে ব্যবসার যে সুদৃঢ় ভিত্তির ওপর আমরা দাঁড়িয়ে রয়েছে, তাতে আমি অত্যন্ত আশাবাদী যে আমরা যে শুধু টিকেই থাকবো না, বরং আরো বেশি প্রজ্ঞা, সহনশীল এবং সামর্থ্য নিয়ে আগামীতে আবির্ভূত হবো।

আমি ব্যক্তিগতভাবে অভিবাদন জানাই বাংলাদেশ সরকারের সকল নিয়ন্ত্রক সংস্থার প্রতি, বিশেষ করে, বাংলাদেশ ব্যাংক, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন, রেজিস্ট্রার অব জয়েন্ট স্টক কোম্পানিজ অ্যান্ড ফার্মস, ন্যাশনাল বোর্ড অব রেভিনিউ, ঢাকা ও চট্টগ্রাম স্টক এক্সচেঞ্জ, সেন্ট্রাল ডিপোজিটরি বাংলাদেশ এবং ফাইন্যান্সিয়াল রিপোর্টিং কাউন্সিলের প্রতি। আপনাদের অব্যাহত সমর্থনের জন্য অনেক ধন্যবাদ।

পাশাপাশি আমি আন্তরিক কৃতজ্ঞতা জানাই আমাদের এবং অন্যান্য সকল সম্মুখ-সারির কর্মীদের ও জরুরি সেবা প্রদানকারী মানুষদের প্রতি, যারা নিজেকে এমনকি পরিবারকেও ঝুঁকির মুখে ফেলে নিঃস্বার্থভাবে মানব সেবায় নিয়োজিত আছেন। যাদের কারণে আমরা নিরাপদ ও সুরক্ষিত জীবন নির্বাহ করতে সক্ষম হচ্ছি, তাদের সকলের প্রতি আমরা গভীরভাবে ঋণী।

এবং, স্যার আবেদ যে কাজটি অনেক বছর আগে শুরু করেছিলেন তা আমরা অব্যাহত রাখবো; সমাজের অগ্রগতি নিশ্চিত করার মাধ্যমে ব্যাংক ব্যাংককে সময়ের চেয়ে এগিয়ে রাখা বো।

আপনার একান্ত,

*Ahsan H. Munn*

ড. আহসান এইচ মনসুর

চেয়ারম্যান

- ইংরেজি এবং বাংলা তথ্যের মধ্যে কোনো ব্যত্যয় পরিলক্ষিত হলে ইংরেজি অংশ দেখার জন্য অনুরোধ করা হলো।



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





# KEY MESSAGES TO SHAREHOLDERS FROM MANAGING DIRECTOR AND CEO

## **Maintaining a Strong Position in a Major Downturn.**

“The success with which BRAC Bank was able to successfully respond to 2020 major headwinds, the Covid-19 pandemic and the regulatory lending interest rate cap, is testament to the agility of its business model and management team. The Bank emerged from these significant challenges with better than expected financials - reflecting a satisfactory surplus or PAT, conservative debt provisioning to counter future challenges, strong capital base, excellent Deposit growth and improved CASA mix and good progress in its digitalization strategy.”

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### **Dear Shareholders,**

Amidst a ravaged global economic backdrop impacted by the coronavirus pandemic, geopolitical tensions, rising protectionist tendencies and a reducing interest rate environment, BRAC Bank held steadfast in preserving capital and liquidity strength. We were selective in our balance sheet expansion and placed emphasis on protecting our net interest margin in a low rate environment. Our priority as an organisation continues to be anchored on providing diversified, high-quality and sensitive customer services and upholding and embodying the principles of trust and fairness at all times, which serves as our key differentiator in achieving sustainable outputs and outcomes.

## Reflections of the pandemic

The world experienced an unprecedented crisis which began as a global health emergency but rapidly triggered an economic one. Apart from the tragic loss of lives, livelihoods were also shattered, especially those in the informal and unorganised sectors. As a means to cope, labour moved back into rural areas and hinterlands in what was a major reverse migration trend not seen any time before in history. While the upper middle-class was relatively sheltered, salary cutbacks and even loss of income had a severe impact on the middle-class population, which was most visible in the erosion of discretionary spends. Many also had to rely on Government or institutional aid and hence the role of the Government and institution in public life became more pronounced than ever before. The silver lining streaking amidst the dark clouds was the fact that nature got a chance to heal and restore itself as strict lockdowns were imposed in many parts of the world.

Yet, as mandatory lockdowns were enforced globally as well as in Bangladesh, our ability to remain productive became compromised as trade, supply chains and entire industries were disrupted and that too for a relatively long stretch of time. This created severe business challenges and the leadership, stewarded by the Board, relied on its collective wisdom to re-pivot the business to the reality of the times. Thus, in addition to the many initiatives we embraced in striking the balance between protecting health and ensuring business continuity, one of the most important initiatives was activating home-working. Except for the highly critical and frontline roles, all employees were mandated to work from home and to empower them we gave them safe access to collaborative tools by which they could remain connected with their teams and get the work done. We also played a substantive role in being the conduit for channelling Government relief right into the hands of intended beneficiaries. Further, major positive fallout of the pandemic was that it enhanced financial inclusion as well as savings financialisation as the bank witnessed a sharp surge in its CASA as percentage of total deposit to 53 per cent by 2020 year-end, as against 43 per cent during 2019 year-end. It also reflects the trust placed in the bank by its deposit customers.

So at BRAC Bank, we persevered whilst remaining responsive to the needs and expectations of our

stakeholders to assist them to navigate the challenges and impacts of the pandemic. We thus reinforced our role as a purpose-led business, while advancing customers and society towards a better tomorrow. As we exit 2020, I am proud that BRAC Bank came out of the pandemic with its reputation among customers and stakeholders not only intact but stronger than ever, and this to me is the hallmark of an institution that is built to last.

Today, with the country in the grip of a second-wave of the virus, we appeal to the government to resort to long-term strategies like vaccination and altering public behaviour through more stringent enforcement of safety and hygiene norms. Imposition of stringent national lockdowns will only stall the economic recovery process, while also having a further debilitating impact on vulnerable communities and population segments who rely on daily-wages for their livelihood.

## A humanistic approach to banking

The year 2020 was characterised by courage in tenacity against the force of adversity as businesses, leaders and government authorities came together in a united effort to battle the ill-impacts of the pandemic. While there was serious pressure on jobs, careers, productivity and income, organisations and people were quick to adapt to agile and digital lifestyle and ways of working. At BRAC Bank, we were also able to successfully re-organise our operations early to embrace the new health and safety guidelines, roll out a virtual operations platform and significantly expand our digital customer solutions. These actions allowed the bank to continue to serve customers during the pandemic and even leverage the economic recovery in the second half of the year.

Further, at the bank, despite being apart, we found ways to remain connected, bound by shared vision and purpose of serving our customers in the most meaningful and best possible way. Thus, while we always fostered a customer-first philosophy where every customer interaction, transaction and interface matters to us, the year was one where we went beyond to embrace a more humanistic approach to financial services by helping forge resilience through maximising banking support.

Even though entrepreneurs and small businesses struggled to stay afloat in the midst of movement control restrictions and supply chain dislodgments, we saw everyone prepare to embrace the reality and emerge stronger and more resilient in the post-COVID world. In addition to the stimulus program rolled out by the government, the central bank also played an instrumental role in judiciously utilising policy levers such as policy rate cuts to ease the economic impact and encourage consumption.

I am proud that as a large bank with considerable influence, we played a substantive role in helping restore socio-economic normalcy. Our key strengths that have been fortified over the years played no small role in enabling us to wield positive influence across society. Our robust capitalisation levels, our deep-rooted grassroots presence, our sheer diversity of business mix and customers served, and our unparalleled SME financing knowhow came together to ensure that we rise to the challenges. Thus, our creditable performance in 2020 means that we can make choices about our future from a position of strength and stability. As we pursue our strategy to deliver superior value to our customers, shareholders and all our other stakeholders, we will continue to seek to grow the parts of our business where we are strongest, while addressing areas where we believe our performance could rise substantially to contribute value to the business as a whole.

## Taking stock of our 2020 performance

Against a highly challenged and somewhat impaired economic backdrop, it is understandable the bank missed financial targets for 2020. Our return on equity came in at 10.58 per cent, as compared to 15.60 per cent in 2019. Further, elevated provisioning requirements across all business segments had a natural compressive impact on our net profit, which came in at Tk. 4,541 million, almost 20 per cent lower YoY. Notwithstanding, I'm proud to mention that despite the circumstances, our cost-to-income ratio stood at 58 per cent for the year, vs. 53 per cent in 2019. Further, we achieved a highly respectable Total Capital to Risk-weighted Asset Ratio (CRAR) of 14.55 per cent, representing our strong capitalisation levels against any future headwinds.

Yet, it is always disappointing to report deceleration in net profit YoY. However, we draw solace from the fact that our profitability remained in the black despite the confounding impact that COVID-19 had on our customers and the economy during the year. Reflecting investor concern, we also saw a significant slide in share prices across the banking sector, including our own. Yet, by the end of December 2020, BRAC Bank's closing market price on 31 December 2020 was Tk. 44.30 at Dhaka Stock Exchange (DSE) and Tk. 44.30 at Chittagong Stock Exchange (CSE).



Treasury helped recover most of the interest income lost from subdued lending and lower lending rates.



Tight rein on costs despite pandemic-related health and safety expenses and staff allowances for working during pandemic.



Reflects regulatory forbearance, with **NPL coverage enhanced to 171%** to build reserves against future challenges.



Reflects a successful deposit mobilisation and interest rate management strategy.

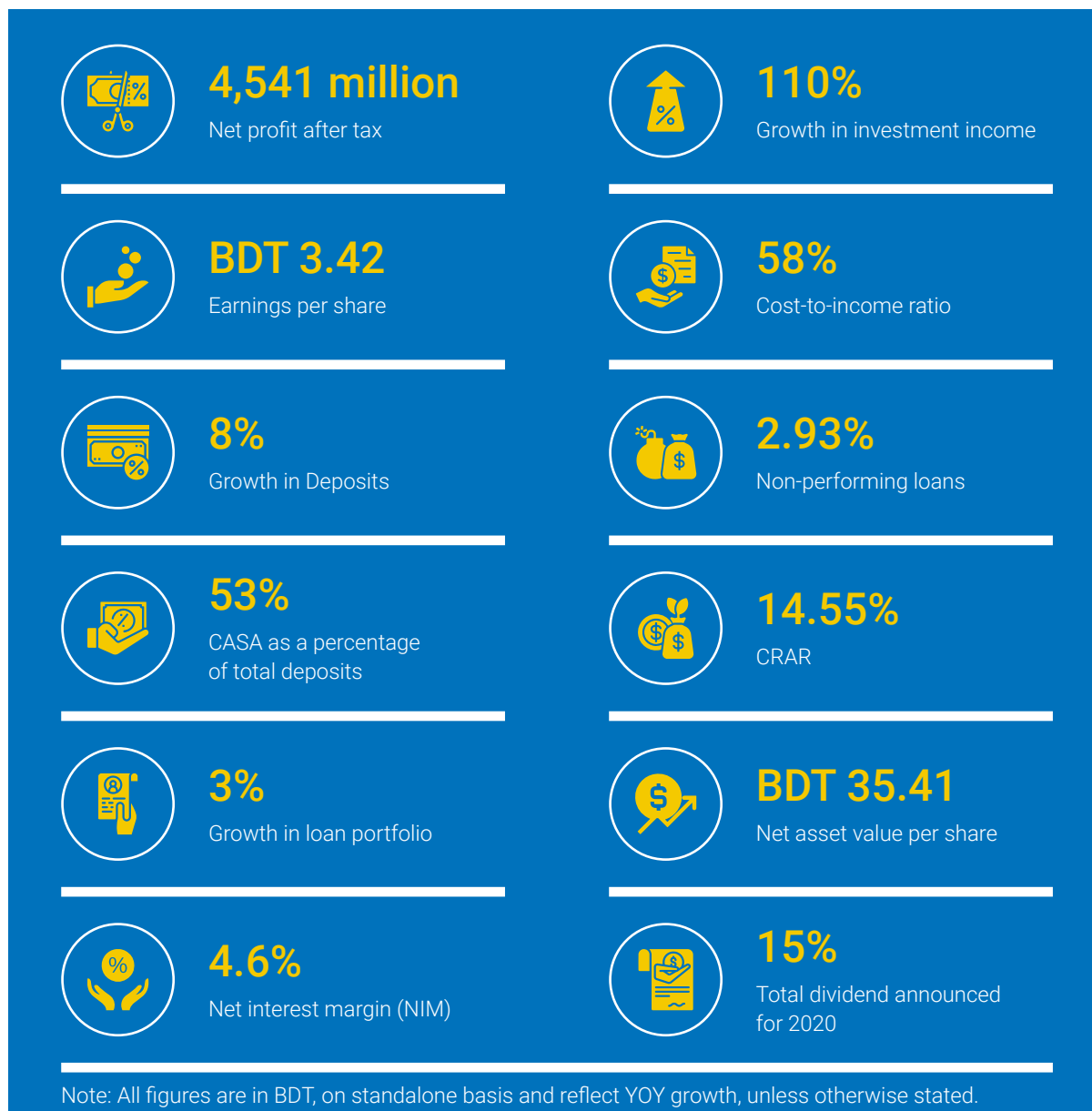


Selective and cautious stance adopted in lending, with focus on SME business.



Achieved robust NIM despite 9% lending rate cap imposed w.e.f. April 2020.

## Our 2020 performance at a glance



Challenges bring out the best in people and at BRAC Bank we have the best of people who rose to the might of the pandemic and continued to quietly deliver on our customer promise of accessibility and innovation. At the bank, we formulated holistic all-inclusive solutions by placing pressing customer needs at the centre of our operations and connecting these needs with our own digital capabilities. Our ability to leverage technology, combined with analytical insights, created new pathways of serving our customers through digital journeys and experiences with the convenience of a one-stop bank.

### Keeping customers at the front and centre of our prism

Our customers are at the heart of who we are and what we do. We relentlessly strive to make banking easy, safe, simple, convenient, accessible and joyful for all generations of customers. We are always looking at how we can improve to continue meeting their current and future needs. The year 2020 was a litmus test for banks and at BRAC Bank, our predominant focus during the year was to stand by our customers to help them ride over the storm. Beyond this, we also played a role in preparing them to bounce-back and recover through targetted assistance programs and other initiatives across the bank.

We are grateful that the pandemic has really given us the opportunity to strengthen our relationships and reinforce the trust our most important stakeholders – our customers – have placed in us. Our frontline staff who were key to ensure that our Branch Banking remained operational truly went the extra mile to continue delivering an essential public service throughout the various lockdown measures and I acknowledge their courage, tenacity and deep spirit of service. As our way of showing that we truly care, we extended full support in terms of logistical and even lodging arrangements, hygiene and sanitation and also extra monetary benefits.

The pandemic has also pulled forward digital adoption, which was manifest when we saw a significant increase in online transactions on our digital platforms. Our sustained investments in technology and the aspiration to pioneer digital banking in the country saw us in good stead as our infrastructure stood resilient in the face of rising traffic volumes. Today, in view of this shift in customer behaviour that has demonstrated signs of permanency, we are focused on optimising our technology spends to continue deploying feature and stability enhancements on our digital platforms. We foresee rising investments in our IT and will consider prioritising these spends as banking moves digital with increasing speed. Thus, as we become a more digitalised bank, we want to play a leading role in capturing innovation and bringing it to life – at scale. We will also look at collaboration with tech disruptors and FinTech innovators to meet our goals and objectives.

## **Transforming our fundamentals to secure future growth**

COVID-19 has forced a close hard look at the way businesses operate and their impact on extended society. The coronavirus has been classified as a zoonotic disease, which means that the virus has transferred from an animal into humans. This reflects in a way how humanity has encroached natural territories and depleted nature. It is also believed that climate change threat that has been simmering for many years now will erupt as the next big crisis with a more devastating impact unless something is urgently done to address it.

At BRAC Bank, we are not letting the pandemic go without imbibing key lessons of sustainable change. The pandemic has been a reminder and a wake-up call and drawing lessons to transform our fundamentals is a key priority. I am happy to state that as the founding member of the Global Alliance for Banking on Values

(GABV), we are the only bank from Bangladesh to be a part of this alliance, which helps us get clarity around what our practices should be and gives us a stamp of approval in our appraisal of loans applying a values-based lens. Further, GABV values are built into the heart of our underwriting standards and empowers us with a vision and framework around what we can do and what we shouldn't do. We will work more closely with the GABV alliance to identify what more we can do as an industry vested with the responsibility of sustainable finance.

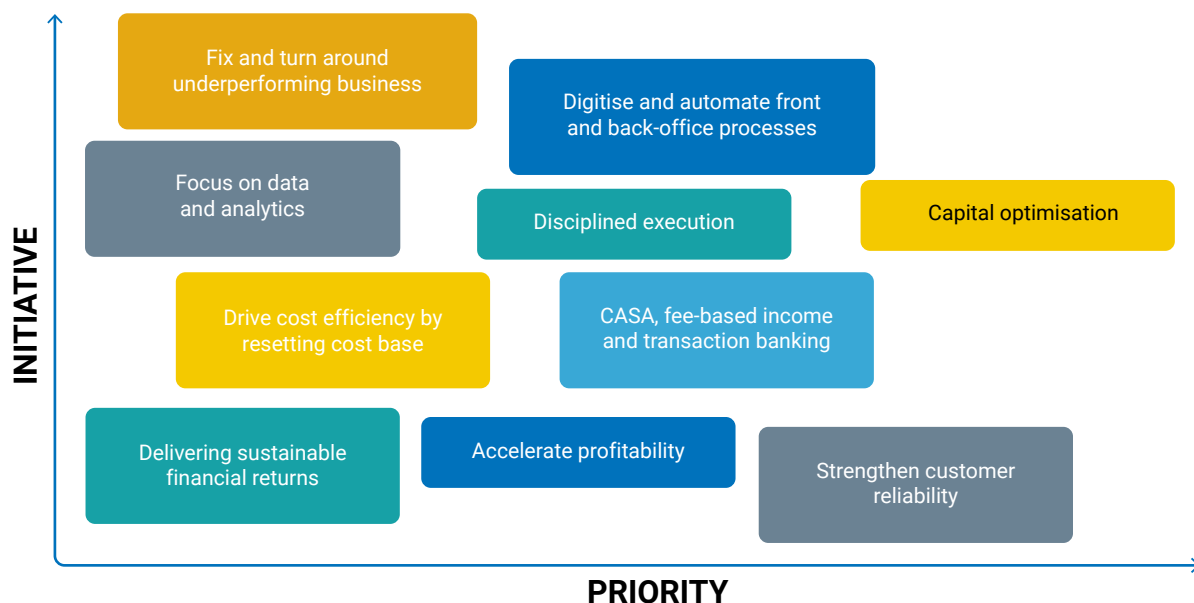
I am happy to note that Government support in this regard has been a tremendous source of encouragement. Our central bank, Bangladesh Bank, encourages banks to adopt green banking and establish CSR desks to work towards making sustainable finance and impact investing a reality. Towards meeting this purpose, BRAC Bank has established a Sustainable Finance Unit (SFU) as part of its credit risk management practice, thereby meeting regulatory requirements and assuring concerted efforts in green finance. Already, our green finance book has expanded at a healthy rate and 801 new loan proposals went through rigorous ESDD, covering BDT 88,781mn at the close of 2020. Further, our commitment to responsible finance is also manifest in the fact that we have established a Sustainable Finance Committee comprising membership of senior management and chaired by the Chief Risk Officer for providing strategic guidance to the SFU, while ensuring that it adheres to the terms of reference as laid down by Bangladesh Bank. This oversight role will be a tremendous boost to our SFU division.

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

## **Building a stronger platform for business continuity**

Effective risk management and fostering a robust risk culture remain our enduring priorities. We continue to bolster and reinforce our enterprise risk management framework, while also fortifying our risk defence model. The pandemic created a highly challenging environment during 2020 which required us to continuously assess risk, harness our risk management framework and engage in stress-testing. Further, several initiatives were put in place to reinforce our existing infrastructure and internal controls and mechanisms.

Our strategic themes for 2021 and beyond is represented below.



### Acknowledgements

I must thank our regulators who have been instrumental in overseeing our business and providing valuable guidance on handling the pandemic to enable us to assist our customers. I am also grateful to our customers, clients and partners for their continued trust in us, thus enabling BRAC Bank to create value for our stakeholders. We hope you will continue supporting us in our journey ahead.

Finally, I would like to express gratitude and appreciation to #TeamBRACBank. Thank you for your continuous support in the past year, allowing me to experience true team-spirit. I feel honoured to have been able to

witness first-hand our employees' commitment and dedication in overcoming the difficult year together. I look forward to working closely with each and every one of my co-workers as we forge ahead by embracing the challenges ahead with optimism as we strive towards our vision of becoming the best bank and the best digital bank of Bangladesh.

With best wishes,

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

# ব্যবস্থাপনা পরিচালক ও

## প্রধান নির্বাহী কর্মকর্তার বাণী

### প্রবল অবনমন সত্ত্বেও মজবুত অবস্থানে

“এ সাফল্য, যার সুবাদে ২০২০ সালের গুরুতর বিপর্যয় কোভিড-১৯ মহামারি কাটিয়ে ওঠা এবং রেগুলেটরি ঋণ সুদ রেট ক্যাপ বজায় রাখতে পারল ব্যাংক, সেটাই তার বিজনেস মডেল ও ম্যানেজমেন্ট টিমের দক্ষতার উজ্জ্বল স্বাক্ষর। প্রত্যাশার চেয়ে বেশি আর্থিক সাফল্য নিয়েই এসব চ্যালেঞ্জ কাটিয়ে উঠেছে ব্যাংক, যার প্রতিফলন রয়েছে তার পিএটি-এ সন্তোষজনক উদ্ভূত, ভবিষ্যৎ চ্যালেঞ্জ মোকাবেলায় রক্ষণশীল ঋণ প্রতিশনিং, মজবুত মূলধন ভিত্তি, অনন্য আমানত প্রবৃদ্ধি এবং এর ডিজিটাইজেশন প্রক্রিয়ায় উন্নত সিএএসএ মিক্স ও প্রশংসনীয় অগ্রগতির ঘটনায়।”

– সেলিম রেজা ফরহাদ হোসেন

### শ্রিয় শেয়ারহোল্ডারগণ,

করোনাভাইরাস মহামারি, ভূ-রাজনৈতিক টানা পড়ন, ক্রমবর্ধমান রক্ষণাত্মক প্রবণতা এবং ক্রমপতনশীল সুদের হারের আঘাতে বিপর্যস্ত একটি বৈশ্বিক অর্থনীতির মধ্যেও ব্যাংক তার মূলধন সুরক্ষা এবং তারল্যশক্তি দৃঢ়ভাবে ধরে রেখেছে। ব্যালাস শিট সম্প্রসারণের ক্ষেত্রে রক্ষণশীল অবস্থান ছিল আমাদের। মূল লক্ষ্য ছিল, স্বল্প হারের পরিবেশের মধ্যেও আমাদের নেট ইন্টারেস্ট মার্জিন টিকিয়ে রাখা। আমাদের প্রাতিষ্ঠানিক অগ্রাধিকারের মধ্যে রয়েছে বৈচিত্র্যধর্মী, উচ্চমানের ও সংবেদনশীল গ্রাহকসেবা প্রদান করা এবং সকল ক্ষেত্রে আস্থা ও ন্যায্যতার নীতি সমুল্লত রাখা ও তার প্রতিফলন ঘটানো। এই বিষয়গুলোই মূলত টেকসই সাফল্য ও উৎপাদন নিশ্চিত করে আমাদের মাঝেও আমাদের স্বকীয়তা তুলে ধরেছে।

### মহামারির প্রতিঘাত

এক অদৃশ্য সংকট অতিক্রম করছে বিশ্ব। স্বাস্থ্যগত বৈশ্বিক জরুরি অবস্থা জারির মধ্য দিয়ে এর সূচনা ঘটলেও অচিরেই তা অর্থনৈতিক পশ্চাদপসারণের কারণ হয়ে দাঁড়ায়। যার ফলে জীবনহানির পাশাপাশি তছনছ হয় মানুষের জীবিকা, বিশেষ করে ইনফরমাল এবং অসংগঠিত খাতে। পরিস্থিতির সাথে তাল মেলাতে গিয়ে শ্রমশক্তি চলে যায় গ্রামীণ এবং পশ্চাৎবর্তী অঞ্চলে। এ যেন ছিলো এক অদৃশ্য অভিবাসন। এমন পরিস্থিতি ইতিহাসে আগে কখনও দেখা যায়নি। উচ্চ-মধ্যবিত্ত শ্রেণী কিছুটা নিরাপত্তার মধ্যে থাকতে পারলেও, বেতন-ভাতা হ্রাস এবং আয়ের উৎস হারিয়ে গুরুতর সংকটে পড়ে যায় মধ্যবিত্ত শ্রেণী, যার প্রতিফলন পরিলক্ষিত হয় খরচ কমে যাওয়ার মধ্য দিয়ে। সরকারি এবং প্রাতিষ্ঠানিক সহায়তার ওপর নির্ভরশীল হয়ে পড়েন অনেকে। এর মধ্য দিয়ে

যে কোন সময়ের চেয়ে প্রথমবারের মতো গণজীবনে আরো দৃশ্যমান ভূমিকা নিয়ে আবির্ভূত হয় সরকার ও প্রতিষ্ঠানসমূহ। আশা জাগানিয়া বিষয় ছিলো একটাই, আর তা হলো বিশ্বের অধিকাংশ অঞ্চলে কঠোর লকডাউন জারি হওয়ার কারণে প্রকৃতির নিজেসব সারিয়ে নেয়া।

তথাপি, বিশ্বের সব জায়গার মতো বাংলাদেশেও বাধ্যতামূলক লকডাউন জারি থাকার কারণে, তুলনামূলক দীর্ঘ সময়ের জন্য ব্যবসা, সাপ্লাই চেইন এবং অনেকগুলো শিল্প থমকে যাওয়ায়, আমাদের উৎপাদনশীলতার সামর্থের বাস্তবায়ন ঘটানোর সুযোগও ছিল সীমিত। এর ফলে তৈরি হয় গুরুতর ব্যবসায়িক চ্যালেঞ্জ। হাল ধরে থাকা বোর্ডের নির্দেশনায়, চলমান বাস্তবতায়, ব্যবসার চাকা পুনরায় চালুর লক্ষ্যে সম্মিলিত প্রজ্ঞার ওপরই নির্ভরশীল থাকার সিদ্ধান্ত গ্রহণ করে আমাদের নেতৃত্ব। এভাবে, স্বাস্থ্য-সুরক্ষা এবং ব্যবসা অব্যাহত রাখার লক্ষ্যে আমরা যেসব উদ্যোগ গ্রহণ করি, তার মধ্যে সবচেয়ে গুরুত্বপূর্ণ ছিল, ওয়ার্ক ফ্রম হোম পদ্ধতির সূচনা। অতি জরুরি এবং সম্মুখ সারির দায়িত্বপালনকারী বাদে, সব কর্মীকেই বাধ্যতামূলক ভাবে বাড়ি থেকে কাজ করতে বলা হয়। এজন্য তাদের প্রয়োজনীয় সুবিধা আর সরঞ্জাম সর্বস্বই সরবরাহ করা হয় যেন তারা টিমের অন্যান্য সদস্যদের সাথে যুক্ত থাকতে পারেন, স্বাভাবিকভাবেই সব কাজ করতে পারেন। পাশাপাশি, নির্ধারিত ভোক্তাদের কাছে সরকারি ত্রাণ পৌঁছে দেয়ার ক্ষেত্রেও মধ্যবর্তী মাধ্যম হিসেবে বস্তুনিষ্ঠ ভূমিকাও পালন করেছে আমরা। এক্ষেত্রে, মহামারির একটি ইতিবাচক দিক, আর্থিক অন্তর্ভুক্তির পাশাপাশি সঞ্চয়ের আর্থিকীকরণ ঘটেছে, যার সুবাদে ব্যাংকের সিএএসএ সূচকে দ্রুত উত্থান ঘটে যা মোট আমানতের হিসেবে ২০১৯ সালের ৪৩ শতাংশের জায়গায় ২০২০ সালে উন্নীত হয় ৫৩ শতাংশে। ব্যাংকের ওপর আমানত-গ্রাহকদেরও আস্থার বিষয়টিও প্রতিফলিত হয়েছে এ ক্ষেত্রে।

তাই, মহামারির চ্যালেঞ্জ মোকাবেলা করে স্টেকহোল্ডারদের প্রয়োজন ও প্রত্যাশায় সাড়া দেয়ার পাশাপাশি নিজেদের চলমান ধৈর্যশীলতার পরিচয় দিয়েছি আমরা। গ্রাহক ও সমাজকে একটি সুন্দর আগামীর দিকে এগিয়ে দেয়ার লক্ষ্যে একটি উদ্দেশ্য-মুখী ব্যবসা হিসেবে আমাদের ভূমিকার আয়োজক হয়েছি। আমি গর্ব করে বলতে পারি যে ২০২০ সালের শেষে ব্যাংক ব্যাংক মহামারি থেকে সফলভাবে বেঁচে এসেছে। এ সময়ে ব্যাংক যে কেবল তার গ্রাহক ও স্টেকহোল্ডারদের সুনামই অক্ষুণ্ণ রেখেছে তা নয়, বরং যে কোন সময়ের চেয়ে আরো সমৃদ্ধ হয়ে আত্মপ্রকাশ করেছে আমাদের ব্যাংক। আমি মনে করি, এ সাফল্যই দীর্ঘমেয়াদে টিকে থাকার লক্ষ্যে গড়ে ওঠা একটি প্রতিষ্ঠানের জন্য মাইলফলক।

আজ দেশ যখন ভাইরাসের দ্বিতীয় ঢেউয়ে আক্রান্ত, সরকারের কাছে আমাদের আবেদন, যেন তারা টিকাদানের মতো দীর্ঘমেয়াদী কর্মসূচী হাতে নেন এবং কঠোর, নিরাপত্তা ও স্বাস্থ্যবিধি জারির মাধ্যমে গণ-আচরণে পরিবর্তনের সূচনা ঘটান। জাতীয় পর্যায়ে কঠোর লকডাউন জারি অর্থনৈতিক পুনরুদ্ধারের গতিকেই স্থবির করবে। অন্যদিকে আরো গুরুতর সংকটের মধ্যে ঠেলে দেবে দৈনিক শ্রম-প্রসূত মজুরির ওপর নির্ভরশীল প্রান্তিক জনগোষ্ঠীকে।

## ব্যাকিংয়ে মানবিক দৃষ্টিভঙ্গি

২০২০ সালের আমাদের লক্ষ্যণীয় প্রধান বৈশিষ্ট্য ছিল, বৈরী শক্তির বিরুদ্ধে লড়ে যাওয়ার সাহস। মহামারির ক্ষতিকর প্রভাব মোকাবেলায় এ সময়ে গড়ে ওঠা সম্মিলিত লড়াইয়ে একজোট হয় ব্যবসা, সংগঠন, নেতৃত্ব এবং সকল সরকারি কর্তৃপক্ষ। চাকরি, পেশাদারিত্ব, উৎপাদনশীলতা এবং উপার্জনের ওপর কঠিন চাপ থাকা সত্ত্বেও সতর্ক চলাফেরা ও ডিজিটাল লাইফস্টাইল এবং কাজের ধরনের সাথে দ্রুত খাপ খাইয়ে নেয় জনগণ ও সংস্থাগুলো। ব্যাংক ব্যাংকে, আমরাও নতুন স্বাস্থ্যবিধি ও নিরাপত্তা নির্দেশনার সঙ্গে তাল মেলানোর লক্ষ্যে প্রাথমিক পর্যায়েই সফলভাবে পরিচালনা কার্যক্রম পুনর্গঠন করি, একটি আর্চুয়াল প্র্যাটফর্ম উন্মোচন করি এবং ডিজিটাল গ্রাহক সমাধানের সম্প্রসারণ ঘটাই। এসব পদক্ষেপের কারণে মহামারির মধ্যেও গ্রাহক সেবা প্রদান পুরোপুরি চালু রাখতে সক্ষম হই আমরা। এমনকি বছরের দ্বিতীয়ার্ধে অর্থনৈতিক পুনরুদ্ধার কার্যক্রম আরো গতিশীল করতেও আমাদের ব্যাংক শক্তি জোগায়।

ঘরে থেকে কর্মক্ষেত্র থেকে বিচ্ছিন্ন হওয়া সত্ত্বেও অর্থপূর্ণ এবং সম্ভাব্য সেরা উপায়ে অভিন্ন মূল্যবোধ ও সমৃদ্ধ গ্রাহকসেবার উদ্দেশ্যের বন্ধনে আবদ্ধ হয়ে আমরা সবার সঙ্গেই সম্পৃক্ত থেকেছি। আমরা সবসময়ই 'সবার আগে গ্রাহক' - এ দর্শনটিকে এমনভাবে লালন করে থাকি, যেন প্রত্যেক গ্রাহকের আদান-প্রদান, লেনদেন এবং ইন্টারফেস আমাদের কাছে সর্বাধিক গুরুত্বপূর্ণ হয়। সে বিবেচনায় এ বছর সর্বোচ্চ ব্যাকিং সহায়তার মাধ্যমে তাদের আরো সমৃদ্ধ রাখতে আমরা আর্থিক সেবা প্রদানে মানবিক আবেদনের ক্ষেত্রে আমাদের সীমাকেও ছাড়িয়ে গেছি কখনও কখনও।

উদ্যোক্তা এবং ক্ষুদ্র ব্যবসাগুলো যখন চলাচলে নিয়ন্ত্রণমূলক বিধিনিষেধ এবং স্পাইন চেইন থেমে যাওয়ায় নিজেরা টিকে

থাকার জন্য লড়াই করে চলেছে, আমরা তখন লক্ষ্য রেখেছি যেন সবাই বাস্তবতার সাথে খাপ খাইয়ে নিতে এবং কোভিড-উত্তরকালে আরো শক্তিশালী হয়ে উঠতে পারে। পাশাপাশি, সরকারের প্রণোদনা কর্মসূচির বাইরেও অর্থনৈতিক প্রভাব সহজ করার লক্ষ্যে নীতিগত মূল্যহ্রাসের মতো পদক্ষেপ নেয়া এবং এর মাধ্যমে বিচক্ষণতার সাথে নীতিগত অনুঘটকগুলো কাজে লাগিয়ে নিয়ামক ভূমিকায় অবতীর্ণ হয় কেন্দ্রীয় ব্যাংক।

আমি গর্বিত যে প্রভাবশালী ও দেশের অন্যতম বৃহৎ ব্যাংক হিসেবে আর্থ-সামাজিক স্বাভাবিকতা ফিরিয়ে আনতে বস্তুনিষ্ঠ অবদান রেখে চলেছি আমরা। সমাজের সর্বস্তরে একটি ইতিবাচক প্রভাব বিস্তারে এক্ষেত্রে সহায়ক ভূমিকা রেখেছে বহু বছরের অনুশীলনে অর্জিত আমাদের মূল শক্তিগুলো। চ্যালেঞ্জের মুখে দাঁড়ানোর সামর্থ্য নিশ্চিত করতে একত্রিত হয়েছে আমাদের সমৃদ্ধ মূলধনের স্তর, তৃণমূল পর্যায়ে আরও গভীরে যাওয়া শেকড়ের উপস্থিতি, ব্যবসার বৈচিত্র্য এবং গতিশীল অনন্য এসএমই অর্থায়ন। এভাবে ২০২০ সালে আমাদের অনবদ্য কর্মকাণ্ডের তাৎপর্য হচ্ছে, একটি দৃঢ় ও স্থিতিশীল অবস্থান থেকে ভবিষ্যত খুঁজে নেয়ার প্রয়োজনীয় সামর্থ্য আমাদের রয়েছে। যেভাবে আমরা আমাদের গ্রাহক, শেয়ারহোল্ডার ও অন্যান্য স্টেকহোল্ডারদেরকে উন্নত সেবা প্রদানের ক্ষেত্রে আমাদের কর্মকৌশল অব্যাহত রেখেছি, সে রকম আগামীতেও আমাদের প্রচেষ্টা থাকবে। যেসব ক্ষেত্রে সামগ্রিকভাবে ব্যবসায় মানোন্নয়নের লক্ষ্যে কর্মদক্ষতা বাড়ানোর সুযোগ রয়েছে আমাদের, সেগুলোর কার্যকারিতা নিশ্চিতের পাশাপাশি ব্যবসার যেসব ক্ষেত্রে আমরা সর্বোচ্চ শক্তিশালী, সেই অংশগুলোরও প্রবৃদ্ধি নিশ্চিত করতে সচেষ্ট থাকবো।

## আমাদের ২০২০ কার্যক্রমের মূল্যায়ন

বড় ধরনের একটি চ্যালেঞ্জিং এবং একপ্রকার বিধ্বস্ত একটি অর্থনীতির প্রেক্ষাপটে এটি বোধগম্য যে, অনেক ব্যাংকই ব্যর্থ হয়েছে ২০২০-এর লক্ষ্যমাত্রা অর্জনে। ২০১৯ সালের ১৫.৬০ শতাংশের বিপরীতে ইকুইটির ওপর আমাদের রিটার্ন ছিল ১০.৫৮ শতাংশ। এছাড়া, ব্যবসার সকল ক্ষেত্রে প্রতিশিনিং বাড়ানোর আবশ্যিকতার একটি স্বাভাবিক প্রভাব ছিল আমাদের নেট মুনাফার ওপর, যার পরিমাণ ছিল ৪,৫৪১ মিলিয়ন টাকা, বছর প্রতি ভিত্তিতে ২০ শতাংশহ্রাস। তা সত্ত্বেও, আমি এটা জানাতে পেরে গর্বিত যে, বিরূপ পরিস্থিতি সত্ত্বেও ২০১৯ সালের ৫৩ শতাংশের বিপরীতে এ বছর আমাদের ব্যয়-অনুপাতে-আয় ছিল ৫৮ শতাংশ। তার উপর আমরা ১৪.৫৫ শতাংশের অত্যন্ত মর্যাদাকর একটি টোটাল ক্যাপিটাল টু রিস্ক-ওয়েটেড অ্যাসেট রেশিও (সিআরএআর) অর্জন করেছি, যা ভবিষ্যত যে কোনো বিপর্যয়ের বিরুদ্ধে আমাদের শক্তিশালী মূলধন সামর্থ্যেরে উজ্জ্বলতা নির্দেশ করে।

তবে বছর প্রতি নেট মুনাফায় অবনমনের খবরটি সবসময়ই ছিলো হতাশাজনক। আমাদের সান্তনা এই যে, বছরব্যাপী আমাদের গ্রাহক ও অর্থনীতির ওপর কোভিড-১৯ এর সর্বগ্রাসী প্রভাব সত্ত্বেও আমরা লাভে থাকতে পেরেছি। বিনিয়োগ উদ্বোধনের প্রতিফলন হিসেবে নিজেরাসহ, ব্যাকিং খাতে শেয়ার দরের বড় ধরনের পতনও দেখেছি। তবুও ২০২০ ডিসেম্বরের শেষে, ২০২০ সালের ৩১ ডিসেম্বর ব্যাংকের ক্রেডিং বাজারদর ছিল টাকা স্টক এক্সচেঞ্জে (ডিএসই) ৪৪.৩০ টাকা এবং চট্টগ্রাম স্টক এক্সচেঞ্জে ৪৪.৩০ টাকা।





সাবডিউড (দমিত) ঋণ এবং ঋণের নিঃস্বাদের কারণে হারানো অধিকাংশ আয় পুনরুদ্ধারে ভূমিকা রেখেছে আমাদের ট্রেজারি টিম



মহামারি-সংশ্লিষ্ট স্বাস্থ্য সুরক্ষা ব্যয় ও ভাতা প্রদান করার পরও ব্যয়ের নিয়ন্ত্রণ ধরে রাখা



ভবিষ্যত চ্যালেঞ্জের বিরুদ্ধে এনপিএল কাভারেজ ১৭১% এ উন্নীত করা



সফল ভাবে আমানত সঞ্চালন ও ইন্টারেস্ট রেট ব্যবস্থাপনা কৌশল



এসএমই খাতে মনোযোগ রেখে ঋণদানের ক্ষেত্রে নির্বাচনমূলক ও সতর্ক অবস্থান



২০২০ এপ্রিলে আরোপিত ৯% ঋণের হার বাস্তবায়নের পরও সমৃদ্ধ এনআইএম অর্জন

এক নজরে আমাদের ২০২০ কার্যক্রম



**৪,৫৪১ মিলিয়ন**

কর-পরবর্তী নেট-মুনাফা



**১১০%**

বিনিয়োগ আয়ে প্রবৃদ্ধি



**৳ ৩.৪২**

শেয়ার প্রতি আয়



**৫৮%**

ব্যয়-থেকে-আয় অনুপাত



**৮%**

আমানতে প্রবৃদ্ধি



**২.৯৩%**

নন-পারফর্মিং ঋণ



**৫৩%**

সিএসিএ (২০১৯ এর ৪৩% থেকে)



**১৪.৫৫%**

ক্যাপিটাল অ্যাডেকুয়েন্সি রেশিও



**৩%**

ঋণ পোর্ট-ফোলিওতে প্রবৃদ্ধি



**৳ ৩৫.৪১**

শেয়ার প্রতি নেট সম্পদ মূল্য



**৪.৬%**

নেট ইন্টারেস্ট মার্জিন (এনআইএম)



**১৫%**

ঘোষিত মোট লভ্যাংশ ২০২০ সালের জন্য

টিকা: সকল হিসাব বাংলাদেশি মুদ্রায়, পৃথক ভিত্তিক এবং ইয়ারঅনইয়ার প্রবৃদ্ধির প্রতিফলন, ভিন্ন উল্লেখ ব্যতিরেকে

চ্যালেঞ্জের মধ্যেই মূলত মানুষের সেবাটা প্রকাশ পায়। এবং ব্যাংক ব্যাংকে সেবা মানুষগুলোই রয়েছে আমাদের সাথে, যারা মহামারির প্রকোপের বিরুদ্ধে লড়েছেন এবং সুযোগ ও উদ্ভাবনের জন্য গ্রাহকদের কাছে দেয়া আমাদের অঙ্গীকার পূরণে নিঃশব্দে ও নিঃস্বার্থভাবে সেবা দিয়ে গেছেন। ব্যাংকে আমরা যা করেছি তা হচ্ছে, সবচেয়ে গুরুত্বপূর্ণ গ্রাহক-চাহিদার বিষয়টি আমাদের মনোযোগের কেন্দ্রবিন্দুতে রেখে এগুলোকে আমাদের ডিজিটাল সামর্থ্যের সঙ্গে সম্পৃক্ত করার মধ্য দিয়ে সর্বত্র একটি সামগ্রিক সমাধান নির্ণয় করা। প্রযুক্তিগত সামর্থ্য কাজে লাগানোর পাশাপাশি বিশ্লেষণপ্রসূত অন্তর্দৃষ্টি একটি ওয়ান-স্টপ ব্যাংকের সুবিধাসহ ডিজিটাল অভিযাত্রায় এবং অভিজ্ঞতায় গ্রাহকসেবা প্রদানে তৈরি করেছে এক নতুন পথরেখা।

## কেন্দ্রে ও সবার আগে গ্রাহকের অবস্থিতি

আমরা নিজেরা যা কিংবা আমরা যা করি, তার প্রাণকেন্দ্রে রয়েছেন আমাদের গ্রাহকরা। নতুন প্রজন্মের গ্রাহকদের জন্য আমাদের অবিরাম প্রয়াস, ব্যাংকিং আরো সহজ, নিরাপদ, আরামপ্রদ, সুযোগসমৃদ্ধ এবং আনন্দময় করে তোলা। আমরা সব সময় বোঝার চেষ্টা করছি কীভাবে তাদের বর্তমান ও ভবিষ্যৎ চাহিদা মেটাতে নিজেদের আরও উন্নতি সাধন করা যায়। ২০২০ বছরটি ব্যাংকগুলোর জন্য ছিল এক পরীক্ষার মতো, এবং ব্যাংক ব্যাংকে আমাদের মনোযোগ ছিল কঠিন দিনগুলো পার হওয়ার সহায়তার লক্ষ্যে আমাদের গ্রাহকদের পাশে দাঁড়ানোর দিকে। এর বাইরে, তাদের ঘুরে দাঁড়ানোর জন্য প্রস্তুত করা এবং টার্গেটেড সহায়তা কর্মসূচি ও ব্যাংকের মধ্যকার অন্যান্য উদ্যোগের মাধ্যমেও পুনরুদ্ধার কার্যক্রমে ভূমিকা রেখেছি আমরা।

আমরা কৃতজ্ঞ যে মহামারিতে আমাদের পারস্পরিক সম্পর্ক আগের তুলনায় আরও জোরদার হয়েছে এবং আমাদের ওপর আমাদের সবচেয়ে গুরুত্বপূর্ণ স্টেকহোল্ডাররা আস্থা রেখেছেন এবং তা আরো মজবুত করার সুযোগ আমরা পেয়েছি। বিভিন্ন ধরনের লকডাউন ব্যবস্থার মধ্যেও জরুরি সেবা প্রদান কার্যক্রম অব্যাহত রাখার জন্য অতিরিক্ত দায়িত্ব কাঁধে নিয়ে আমাদের সম্মুখ সারির যেসব কর্মী আমাদের ব্রাঞ্চ-ব্যাংকিং চলমান রেখেছেন, আমি সাধুবাদ তাদের সাহস, লড়াকু স্বভাব এবং সেবা প্রদানের অবিচল মানসিকতার জন্য। আমরা যে সত্যিই সেবামুখী তা প্রতিফলিত হয় এই ঘটনায় যে, আমরা সব ধরনের সহায়তা দিয়ে গেছি, হোক তা লজিস্টিক্যাল কিংবা আবাসন ব্যবস্থা, দিয়ে গেছি বাড়তি আর্থিক সহায়তাসহ পরিচ্ছন্নতা কিংবা স্যানিটেশন সেবা।

ডিজিটাল জীবনকে আগলে নিতে আমাদের এক অর্থে এগিয়েই দিয়েছে এই করোনা মহামারি। আমাদের ডিজিটাল প্ল্যাটফর্মে অনলাইন লেনদেনে লক্ষ্যণীয় প্রবৃদ্ধির মধ্যেই প্রতিফলিত রয়েছে বিষয়টি। প্রযুক্তিতে আমাদের টেকসই বিনিয়োগ এবং দেশে ডিজিটাল ব্যাংকিংয়ের পথিকৃৎ হওয়ার আশা আমাদের অবস্থান মজবুত রেখেছে, যার ফলে ক্রমবর্ধমান ট্রাফিকের মুখেও অটল থাকতে সমর্থ হচ্ছে আমাদের অবকাঠামো। বর্তমানে গ্রাহক-আচরণে এই পরিবর্তন, যেটি দীর্ঘস্থায়ী হওয়ারও সম্ভাবনা রয়েছে, তার প্রেক্ষিতে আমরা মনোযোগী হয়েছি ডিজিটাল প্ল্যাটফর্মে নতুন ফিচার ও স্থিতিশীলতা সমৃদ্ধ করে আমাদের প্রযুক্তিব্যয় বাড়ানোর দিকে। আগামীতে আইটি খাতে আরো বিনিয়োগ দেখতে পাচ্ছি

আমরা, এবং একে অগ্রাধিকার দেয়ার প্রক্রিয়াটি অব্যাহত থাকবে। এভাবে ক্রমশ আরো বেশি ডিজিটলাইজড হয়ে ওঠার পথে উদ্ভাবনকে ধারণ এবং তাকে বাস্তব রূপদানের ক্ষেত্রে নেতৃত্বানীয় ভূমিকা রাখতে চাই আমরা। আমাদের লক্ষ্য ও উদ্দেশ্য পূরণে টেক-ডিজরাপ্টর এবং ফিনটেক ইনোভেটরদের সহায়তা নেয়ার বিষয়টিও গভীরভাবে বিবেচনা করছি আমরা।

## ভবিষ্যৎ প্রবৃদ্ধির নিরাপত্তায় মৌলিক রূপান্তর

ব্যবসা যেভাবে পরিচালিত হয় এবং বিবর্ধিত সমাজের ওপর তার যে প্রভাব, সেদিকে আমাদের প্রখর দৃষ্টি রাখতে বাধ্য করেছে কোভিড-১৯। করোনাভাইরাসকে একটি 'জুনোটিক' রোগ হিসেবে শ্রেণীভুক্ত করা হয়েছে ইতোমধ্যে, যার অর্থ হচ্ছে, ভাইরাসটি কোনো প্রাণীদেহ থেকে মানুষের দেহে সংক্রমিত হয়েছে। এতে ফুটে উঠেছে যে মানুষ কীভাবে প্রকৃতির সীমারেখা লঙ্ঘন এবং তাকে ধ্বংস করেছে, সে বিষয়টি। এই মতবাদ আরো গভীর হয়েছে। জলবায়ু পরিবর্তনজনিত হুমকি খুব শিগগিরই আরো বিধ্বংসী শক্তি নিয়ে আবির্ভূত হতে পারে, যদি এখনই জরুরি কোনো পদক্ষেপ নেয়া না হয় তার বিরুদ্ধে।

ব্যাংক ব্যাংকে টেকসই পরিবর্তনের গুরুত্বপূর্ণ শিক্ষাটি আত্মস্থ করার আগ পর্যন্ত আমরা মহামারিকে ছাড় দিচ্ছি না। এই মহামারিটা যেন একটা স্মরণ করিয়ে দেয়া, যেন একটা শিক্ষা নেয়া এবং জেগে ওঠার আহবান, যেন আমাদের মৌলিক প্রয়োজনগুলো আমরা গুরুত্ব দিতে শিখি। আমি আনন্দের সাথে জানাতে চাই, গ্লোবাল অ্যালায়ন্স ফর ব্যাংকিং অন ভ্যালুজ (জিএবিভি)-এর প্রতিষ্ঠাতা সদস্য হিসেবে, বাংলাদেশে আমরাই এ জোটের একমাত্র সদস্য, যারা আমাদের চর্চা কী ধরনের হওয়া উচিত সে বিষয়ে মূল্যবান মতামত ও সহায়তা দেয় এবং মূল্যবোধ-ভিত্তিক বিবেচনার মধ্য দিয়ে আমাদের স্বপ্নের মূল্যায়ন পদ্ধতির সমর্থন প্রদান করে। এছাড়া, জিএবিভি মূল্যবোধের জন্ম আমাদের আড্ডারাইটিং মানদণ্ডের মধ্যেও রয়েছে যার ফলে আমরা জানি আমরা কী করতে পারি, আর কী আমাদের করা উচিত নয়। টেকসই অর্থের দায়িত্বে নিয়োজিত একটি শিল্প হিসেবে আমরা আরো কী করতে পারি, তা চিহ্নিত করতে আমরা জিএবিভির সঙ্গে আগামীতেও নিবিড়ভাবে কাজ করা অব্যাহত রাখব।

আমি অত্যন্ত আনন্দিত যে, এই কঠিন সময়ে অভাবনীয় অনুপ্রেরণা হিসেবে কাজ করেছে সরকারের সহায়তা। আমাদের কেন্দ্রীয় ব্যাংক, বাংলাদেশ ব্যাংক, সব ব্যাংকগুলোকে গ্রিণ ব্যাংকিংয়ে প্রণোদনা এবং টেকসই অর্থায়ন ও প্রভাব সৃষ্টিকারী বিনিয়োগকে বাস্তব রূপ দিতে একটি সিএসআর ডেস্ক প্রতিষ্ঠায় উৎসাহ দিয়েছে। এ উদ্দেশ্য বাস্তবায়নে ব্যাংক ব্যাংক তার স্বর্ণ বাঁকি ব্যবস্থাপনা চর্চার অংশ হিসেবে একটি সাসটেইনেবল ফাইন্যান্সিং ইউনিট (এসএফইউ) প্রতিষ্ঠা করেছে। এর মাধ্যমে পালিত হচ্ছে নিয়ন্ত্রণমূলক আবশ্যিকতা এবং গ্রিণ অর্থায়নে সমন্বয়ের নিশ্চয়তা। ইতোমধ্যেই আমাদের গ্রিন অর্থায়ন হিসাব সন্তোষজনক গতিতে সম্প্রসারিত হয়েছে এবং ২০২০ সালের শেষে কঠোর ইএসডিডি প্রক্রিয়ার মধ্য দিয়ে গেছে ৮৮,৭৮১ মিলিয়ন টাকার ৮০১টি নতুন প্রস্তাব। উপরন্তু দায়িত্বশীল অর্থায়নে আমাদের যে অঙ্গীকার তা এ ঘটনায় ফুটে উঠেছে যে, কৌশলগত নির্দেশনা দেয়ার জন্য চীফ রিস্ক অফিসারকে চেয়ারম্যান এবং জ্যেষ্ঠ ব্যবস্থাপনা সদস্যদের

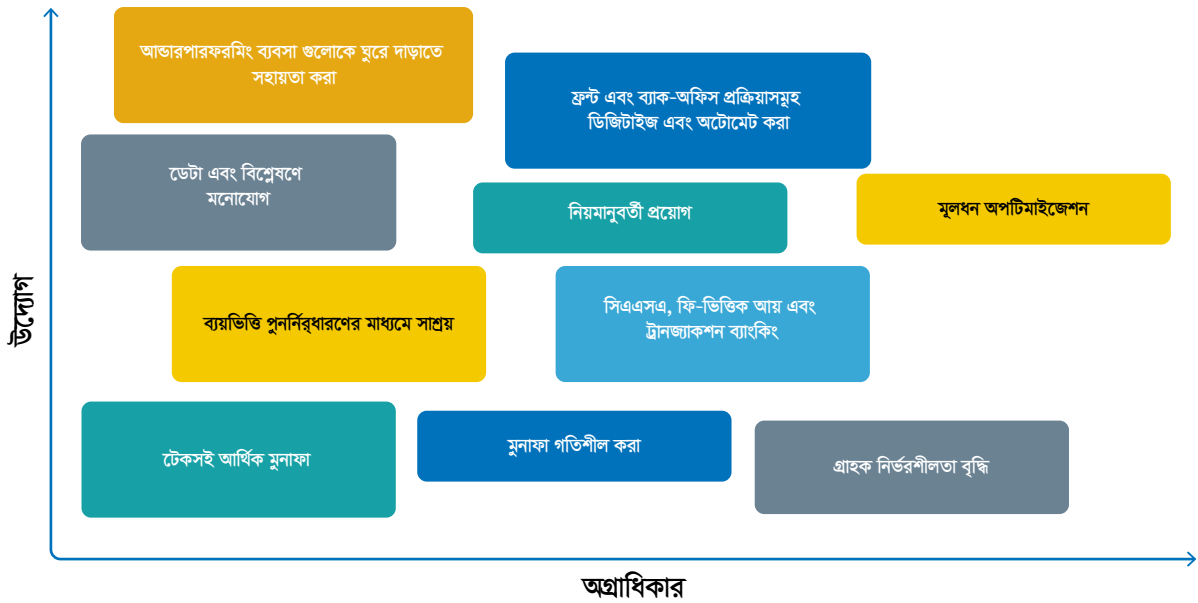
নিম্নে আমরা একটি সাসটেইনেবল ফাইন্যান্স ইউনিট (এসএফইউ) গঠন করেছি। আরো নিশ্চিত করেছি যেন এটি বাংলাদেশ ব্যাংকের নির্দেশিত টার্মস অব রেফারেন্সের সঙ্গে সঙ্গতিপূর্ণ থাকে, যা আমাদের এসএফইউ বিভাগের জন্য এটি এক গভীর অনুপ্রেরণা।

এর পাশাপাশি, ইঅ্যান্ডএস কমপ্লায়ামেন্টের ওপর আমরা যে গুরুত্ব দিয়ে থাকি, তার ভিত্তিতে ব্যাংকের মধ্যে সব ধরনের ইঅ্যান্ডএস ইস্যু পরিপূরণের জন্য আমরা বোর্ড-অনুমোদিত একটি পরিবেশ ও সামাজিক সুরক্ষা নীতিমালা প্রতিষ্ঠা করেছি।

## ব্যবসা অব্যাহত রাখার লক্ষ্যে একটি শক্তিশালী প্ল্যাটফর্ম নির্মাণ

একটি কার্যকর ঝুঁকি ব্যবস্থাপনা ও সমৃদ্ধ ঝুঁকি সংস্কৃতি চর্চা আমাদের অগ্রাধিকার হিসেবেই রয়ে যাবে। একদিকে আমাদের এন্টারপ্রাইজ ঝুঁকি ব্যবস্থাপনা শক্তিশালী ও জোরদারকরণ অব্যাহত থাকছে, অন্যদিকে আরো সুসজ্জিত হচ্ছে আমাদের ঝুঁকি প্রতিরক্ষা মডেল। ২০২০ সালে একটি অতি-চ্যালেঞ্জিং পরিবেশের মধ্যে ঠেলে দিয়েছে মহামারি যার ফলে সব খাতে অবিরাম ঝুঁকি মূল্যায়নের মধ্য দিয়ে যেতে হয়েছে আমাদের।

## ২০২১ ও তার পরবর্তী কৌশলি ক্ষেত্রসমূহ



## কৃতজ্ঞতা

আমি ধন্যবাদ জানাতে চাই আমাদের নিয়ন্ত্রক সংস্থাদের যারা আমাদের ব্যবসার প্রবৃদ্ধি ও সফলতায় গুরুত্বপূর্ণ ভূমিকা রেখেছেন এবং গ্রাহকদের সেবা প্রদানে আমাদের সামর্থ্যবৃদ্ধির লক্ষ্যে মূল্যবান নির্দেশনা দিয়েছেন। আমি আমাদের সকল গ্রাহক এবং স্টেকহোল্ডারদের কাছেও কৃতজ্ঞ আমাদের ওপর তাদের আস্থা অব্যাহত রাখার জন্য। তাদের এই আস্থার ফলেই স্টেকহোল্ডারদের মধ্যে আমাদের যথাযথ মূল্যায়ন সৃষ্টিতে সক্ষম হয়েছে ব্যাংক ব্যাংক। আমার বিশ্বাস, আগামী দিনের পথচলাতেও অব্যাহত থাকবে আপনাদের এ সমর্থন।

সর্বশেষে আমি কৃতজ্ঞতা এবং অভিনন্দন জানাতে চাই #টিমব্র্যাকব্যাংক'কে। বিগত বছরগুলোতে আপনাদের অব্যাহত সহায়তার জন্য এবং আমাকে একটি সত্যিকার টিম-স্পিরিট অনুভবের সুযোগ করে দেয়ার জন্য ধন্যবাদ। একসাথে এই

কঠিন বছরটি অতিক্রম করার পথে আমাদের কর্মীদের অঙ্গীকার ও মনোযোগ সরাসরি দেখার সুযোগ পেয়ে আমি সন্মানিত। আজ আমরা যখন একসাথে একটি ইতিবাচক প্রত্যয়ে সমাগত চ্যালেঞ্জসমূহের মুখোমুখি হতে যাচ্ছি এবং বাংলাদেশের শ্রেষ্ঠ ব্যাংক এবং শ্রেষ্ঠ ডিজিটাল ব্যাংক হওয়ার স্বপ্নপূরণের পথে এগিয়ে চলেছি, সেই পথে আমি আমার সহকর্মী আপনাদের প্রত্যেকের এবং সবার সাথে আরো নিবিড়ভাবে কাজ করার গভীর আগ্রহ ব্যক্ত করছি।

শুভেচ্ছাসহ,

**সেলিম রেজা ফরহাদ হোসেন**

ব্যবস্থাপনা পরিচালক ও প্রধান নির্বাহী কর্মকর্তা

- ইংরেজি এবং বাংলা তথ্যের মধ্যে কোনো ব্যত্যয় পরিলক্ষিত হলে ইংরেজি অংশ দেখার জন্য অনুরোধ করা হলো।

**WHO WE ARE  
WHAT WE DO**



# ABOUT BRAC

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# BANK LIMITED

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## This is our world

BRAC Bank is a leading financial services organisation of Bangladesh, delivering exceptional customer experiences and superior value. As an institution rooted in the country's soil, we are Bangladesh-focused, client-centric, digitally-enabled and operationally-integrated, which enables us to serve our customers and clients in the most holistic way.

As a top-tier full-services commercial bank of the country, BRAC Bank is diversified by business, customer segments and geography, thus ensuring high operational as well as financial stability. Our business primarily includes SME, Retail and Wholesale lending as well as deposit-taking, and we have a fairly well-diversified credit portfolio with a sound asset book.

Though our strategy remains unchanged, we continue to respond to shifts in our operating context, our stakeholders' needs and related material issues. The COVID-19 pandemic represented a major disruptive force, having a twin impact on both lives and livelihoods. Further, challenges are expected to abound over the near to medium-term as economies take stock of the situation and respond with a view to mitigate socio-economic threats on the public, while simultaneously ensuring safe and sustainable economic, business and industrial resumption. The economic normalisation process is bound to gain precedence with a view to ensure the restoration of employment, which is one of the most essential facets of social harmony. With our consequential impact and

meaningful influence, we will not only support our customers in every way possible, but also partner with the government to ensure economic rebuilding in the near-, medium- and long-term, while also ensuring that the country remains un-digressed from its ambition to emerge as a middle-income nation by this decade.

Notably, BRAC Bank today is in a much stronger position to withstand the challenges ahead. With our deep societal and socio-economic impact, we will remain on the path of focused public service while also ensuring mass welfare. We foresee our scale and infrastructure to be key in enabling us to stay consistent with our mission. We have 187 branches, 18 Premium Banking lounges, 375 ATMs, 96 CDMs, 456 SME Unit Offices and 481 agent outlets located across the length and breadth of the country. Further, with a team of 7,000+ employees, the bank caters to more than 1 million customers through its diverse range of banking products and solutions in the SME, Retail and Wholesale sectors.

Moreover, BRAC Bank is also Bangladesh's sole representative in the Global Alliance for Banking on Values (GABV). It is worthwhile to note that while many mainstream banks have been hit hard by the financial crisis, the GABV's network of progressive values-based banks have largely flourished during it. As a values-based bank ourselves, we share a commitment to build a more sustainable and inclusive financial future that creates positive and holistic economic, social and environmental impact on Bangladesh and beyond.

# Foundation of BRAC Bank

## Our cultural traits



Values



Behaviour



Ethics



Governance



Code of conduct



## Our focus domains

Performance



Discipline



Innovation



Learning



Product & Service



## Financial performance snapshot, 2020

The start of the new decade was anything but savoury, considering the ravages wreaked by the pandemic. Resilience, agility, adaptability and flexibility remained as the key responses for businesses to navigate through the unprecedented times. At BRAC Bank, having patiently invested in our capabilities over the years, we emerged relatively unscathed by ensuring that we embrace innovation and adopt new skills to adjust to the new normal. This was reflected in our financial performance for 2020.

Details of key operating performance indicators are shown on Disclosure on Five Years' Financial Summary and Graphical Presentation under section Performance Analysis (Page 169-183).

Today, with strong foundations rooted on the trust and confidence of our customers and the public at large, BRAC Bank continues to remain true to its purpose of becoming the best bank of and best bank for Bangladesh.

# OUR PHILOSOPHY

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



## Focus on people

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

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

Over the past 20 years, we have continually evolved to maximise our developmental impact, most notably as pioneers in SME loans in Bangladesh. In 2020, the bank served 145,972 SME entrepreneurs with a SME loan portfolio of over BDT 134,621 million, which is the market capitalisation of several smaller peer banks put together.

The bank has a strong financial foundation and an excellent reputation built on its exemplary record of governance controls and oversight, which helps reinforce people trust and dependability on the bank.

## Focus on planet

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

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

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

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

## Focus on prosperity

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

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

# MISSION, VISION AND VALUES

Since its inception, BRAC Bank has been a trusted partner to large corporations and small agencies, large deposit-holders as well as micro account-holders. Thus, anchored on its core philosophies, the bank is renowned in the financial services industry for delivering innovative, value-added, robust and adaptive finance-led transformation solutions that help generate the maximum impact.

## Our vision

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

## Our mission

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

- Develop a diverse team motivated towards making the bank's vision a reality

## Our core values

- The value that we are a part of the BRAC family
- Create an honest, open and enabling environment
- Have a strong customer focus and build relationships based on integrity, service excellence and mutual benefit
- Strive for profitable and sound growth
- Work as a team to serve owners' best interests
- Relentlessly pursue business innovation and improvement
- Value and respect people and make decisions based on merit
- Base recognition and reward on performance
- Be responsible and law-abiding in all that we do

## Our code of ethics

An institution's code of ethics is stewarded by its policies, controls and processes. At BRAC Bank, we are no different, and our code of ethics is derived from BRAC, the largest NGO in the world. Since its inception, BRAC Bank has invested relentless efforts in building an ethical operating environment by embracing seven core values (collectively known as CRYSTAL):

- 'C' stands for being 'Creative', focusing on individuals who generate innovative ideas at work
- 'R' stands for being 'Reliable', with an emphasis on having individuals that never let the organisation down



- 'Y' stands for remaining 'Youthful', underlining the need for energy and vibrancy among team members
- 'S' stands for being 'Strong', referring to the willingness to advance and apply conscious choice, willpower, discipline and passion at work
- 'T' stands for being 'Transparent, meaning displaying openness and honesty through clear and direct communication
- 'A' stands for being 'Accountable', underlining the importance of individuals answerable to the outcomes of their actions
- 'L' stands for being 'Loyal', which means being compliant and dedicated at work

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

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

## Our code of conduct

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

### Human resources mission

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

### Protection of assets

- Those employees dealing with cash, securities or other valuables are bound by a standard conduct prescribed by the Board
- Each employee is expected to take every precaution while handling the assets of the bank and its customers. Doing so ensures maximum protection at all times

- Every employee shall, when required by the bank, furnish information on liquid assets and all other properties (movable and immovable). This includes share certificates, insurance policies and jewellery, among others

### Personal responsibilities

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

### Workplace responsibilities

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

for employment in the bank, or any firm or person having, or likely to have, any dealings with the bank

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

### **Marketplace responsibilities**

- Safeguard the privacy, confidentiality and security of customer data
- Protect confidential information and trade secrets from competitors
- Protect company trademarks, copyrights and patents
- Not buy or sell bank securities when in possession of material non-public information
- Make only accurate statements about the company's products/services
- Not communicate directly or indirectly with the press, the public, or any other agencies. This relates to any information or document(s) in his or her possession, either in the ordinary course

of his or her official duties or otherwise, unless directed

- Not participate in any activities or set up or join any prohibited organisations, which may undermine the prestige or image of the bank
- Not solicit, accept or give gifts that may influence business decisions
- Prevent the use of company services for money laundering
- Protect and enhance the bank's assets and reputation

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

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

# PROFILE OF BRAC BANK

## Brief synopsis

BRAC Bank is the first bank in Bangladesh to possess the ISO 27001:2013 certification, acknowledging its pioneering efforts in advancing financial inclusion in the country while remaining compliant with all regulatory mandates. Notably, ISO 27001, an international standard, certifies compliance of an organisation to the specific requirements for establishing a robust information security management system.

## Share capital

Share capital	2020 (BDT)	2019 (BDT)
Authorised capital	20,000,000,000	20,000,000,000
Issued, subscribed and paid-up capital	13,258,784,760	12,333,753,270

## Credit rating

BRAC Bank has been assessed by several leading credit rating agencies around the world. These include Credit Rating Agency of Bangladesh (CRAB), Emerging Credit Rating Limited (ECRL), Credit Rating Information and Services Limited (CRISL), S&P Global Ratings and Moody's Investors Service. Based on financial statements dated December 31, 2019, as well as other quantitative and qualitative information, BRAC Bank's ratings are as follows:

Credit rating agency	2019		2018	
	Long Term	Short term	Long Term	Short term
CRAB	AA1	ST-1	AA1	ST-1
ECRL	AA+	ST-1	AA+	ST-1
CRISL	AA+	ST-1	AA+	ST-1
S&P Global	B+	B	B+	B
Moody's	Ba3	NP	Ba3	NP

These ratings signify that:

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

The credit rating of BRAC Bank, based on its financial statements for the year ended December 31, 2020, is under process and will be published in due course.

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

## Information about the bank

### Network:

Committed to financial inclusion, BRAC Bank has established an expansive network of service touch-points across Bangladesh. The bank's business can be broadly structured around its three core divisions.

- Corporate Banking
- Retail Banking
- SME Banking

The distribution network comprises the following:

### Distribution network

Service point classification	Number
Business Region	7
Total Branches (Including SME SC/KB)	187
SME Zonal Offices	185
Premium Lounges	18
ATMs	375
CDMs	96
SME Unit Office	456
Agent Banking Outlet	481

### Office address information

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

### Subsidiary information

Within Bangladesh		Outside Bangladesh	
<b>BRAC EPL Investment Limited</b> Medona Tower Level 4, 28 Mohakhali, Dhaka-1213, Bangladesh.	<b>BRAC EPL Stock Brokerage Limited</b> DSE Annex Branch Suite 1001-3 (9 <sup>th</sup> floor), 9/E Motijheel C/A, Dhaka-1000, Bangladesh	<b>bKash Limited</b> Shadhinata Tower, Bir Sreshtha Shaheed Jahangir Gate, 546 Shaheed Sharani, Dhaka-1206, Bangladesh	<b>BRAC Saajan Exchange Limited</b> 160-162 Lozells Road, Birmingham, West Midlands, B19 2SX, United Kingdom

## Financial calendar

### Quarterly results

Particulars	Submission date to regulatory bodies
Un-audited consolidated results for the 1 <sup>st</sup> quarter ended 31 March 2020	June 15, 2020
Un-audited consolidated results for the 2 <sup>nd</sup> quarter and half-year ended 30 June 2020	August 06, 2020
Un-audited consolidated results for the 3 <sup>rd</sup> quarter ended 30 September 2020	October 30, 2020

### Declaration

Notice date of the 21 <sup>st</sup> Annual General Meeting	07-June-20
Record date	03-June-20
21 <sup>st</sup> Annual General Meeting held on	25-June-20
Date of distribution of bonus shares	05-July-20

### 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 per cent
- If the shareholder is a resident or non-resident Bangladeshi, other than a company, the taxation rate is 10 per cent
- If the shareholder is a non-resident (other than Bangladeshi), other than a company, the taxation rate is 20 per cent

### Information sensitive to share price

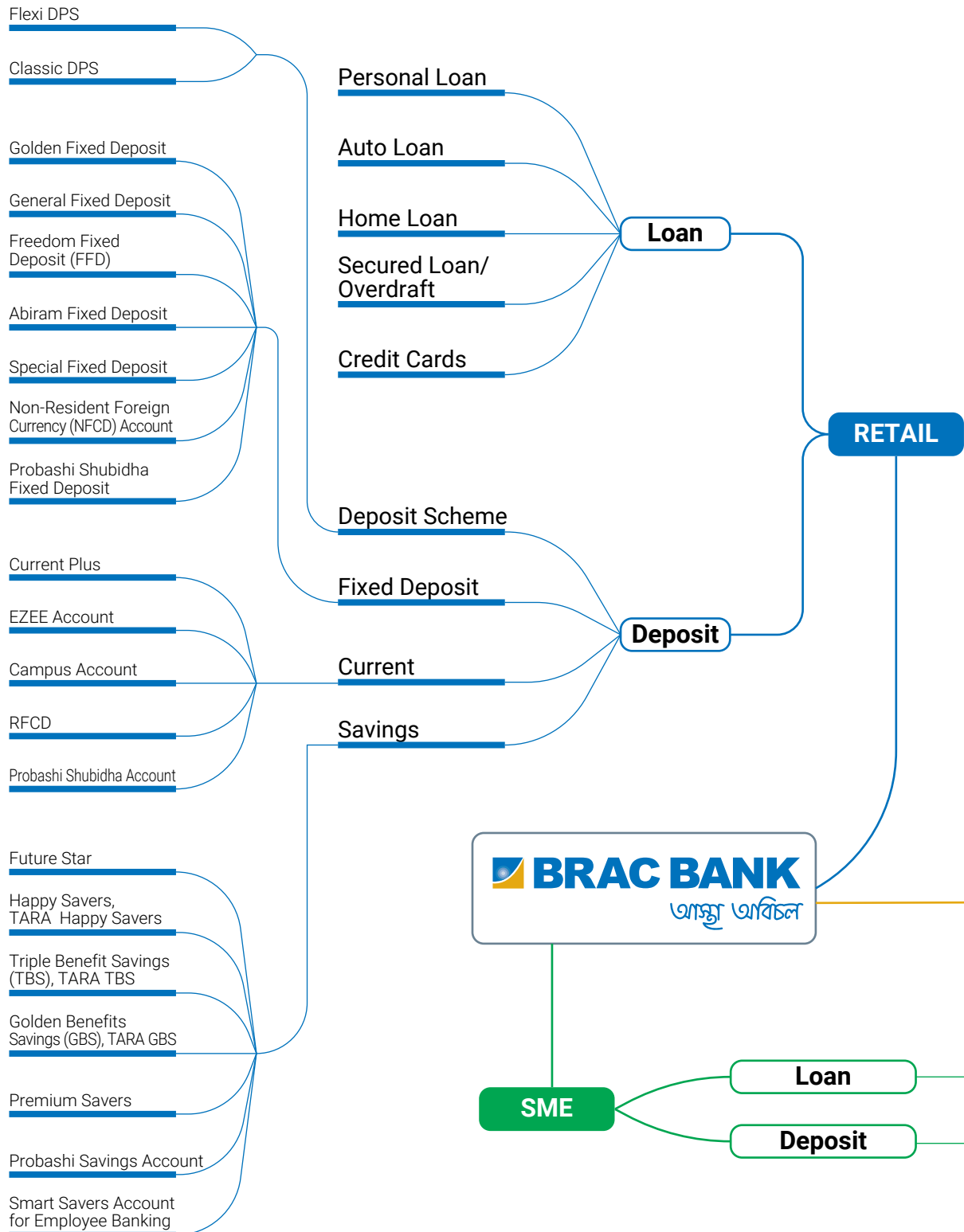
Particulars	Date of disclosure
Corporate disclosure for the approval of the Financial Statements 2019, recommendation of dividend, record date for dividend entitlement of 21 <sup>st</sup> AGM (25 June, 2020) of BRAC Bank Limited	April 23, 2020
Corporate disclosure for the first quarter financial information (un-audited) ended on 31 March, 2020	May 14, 2020
Corporate disclosure for the half-year financial information (un-audited) ended on 30 June, 2020	July 30, 2020
Corporate disclosure for the 3 <sup>rd</sup> quarter financial information (un-audited) ended on 30 September, 2020	October 28, 2020

### 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	1,325,878,476	1,325,878,476

# OUR PRODUCTS AND SERVICES

As a financial institution that enables people, businesses and society to grow, we promote a sound and sustainable financial proposition for many households and businesses. Anchored on simplicity, transparency and empathy, and a deep culture of customer service, we offer a number of various loan as well as deposit products and services across our Corporate, SME and Retail businesses that enable us to meet the widest breadth of customer needs, requirements and aspirations.



**Corporate**

**Non-funded Facilities**

**Funded Facilities**

**Deposit Product**

**Services**

Import LC

Export LC

Documentary Collections

Letter of Guarantee

Overdraft

Working Capital

Trade Finance

Term Loans

Work Order Finance

Stimulus Loan

Lease Finance

Bill Discounting

Invoice Financing

Syndication Loans

Current Account

Savings Account

SND Account

Term Deposit

FCY Account

Cash Management

Custodial Service

Probashi Biniyog

Agency Services

Buying House

CORPnet

Employee Banking

Annono (Unsecured Loan)

Apurbo (Secured Loan)

Uddom (For BCS Members)

Annono Plus (Unsecured Large Loan)

TARA (Women Entrepreneur Loan)

Digonto (For BASIS Members)

Shomiddhi (Trade finance)

Bahon (Commercial Vehicle Loan)

Probaho (For BACCO Members)

Prabartan (E-Commerce Business Loan)

Nirman (Commercial Lodging Construction Loan)

Swapno (Unsecured Loan)

Kuri (Tea Estate Finance)

Agriculture Finance

Shohoj (Secured Loan)

Prapti Current Account

Shadhin Current Account

Prachurjo Fixed Deposit

Probridhhi Fixed Deposit

Tara Uddokta Account (Women Owned Business Account)

Shonchoy SME Deposit

# BRAC BANK

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# STORY

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**1999**

Date of Incorporation  
May 20, 1999

**2001**

Inauguration of Banking  
operations July 4, 2001

**2002**

First SME Unit Office  
January 1, 2002

**2003**

Signing with Shore Cap  
as investor December  
29, 2003

**2004**

Signing with IFC as  
investor May 8, 2004

**2005**

First installation of ATM  
Booth April 3, 2005

**2006**

Issuance of Preferential  
share January 31, 2006

Signing with Infosys and  
3i InfoTech for changing  
the bank's IT platform  
August 1, 2006

Opening of 24x7 Phone  
Banking September 9,  
2006

Initial Public offering of  
shares 2006

**2007**

Enlisted at CSE, January  
24, 2007

Enlisted at DSE, January  
28, 2007

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

Credit card service  
launching, February 06,  
2007

Introduction of Probashi  
Banking, April 14, 2007

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

**2008**

Formation of Alternate  
Banking Department,  
April 2008



## 2009

PDB collection via mobile banking October 15, 2009

## 2010

Launching of Probashi Biniyog May 4, 2010

Off-shore banking launched June 21, 2010

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

Launching of Planet Card October 23, 2010

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

e-Commerce launching for online shopping facility, December 8, 2010

## 2011

Inauguration of the 250th ATM May 24, 2011

IFC GTFP Award May 24, 2011

Probashi Card launching May 30, 2011

10th anniversary July 4, 2011

Launching of bKash July 21, 2011

Launching of Day Care Service July 31, 2011

Launching of Krishak Card October 5, 2011

## 2012

Forex Booth Opening at Airport April 18, 2012

Launching of New Retail Banking Model May 2, 2012

Railway e-ticket launching June 10, 2012

Launching of Internet Banking for Corporate Customers September 17, 2012

Xpress Money Remittance Service launching December 18, 2012

## 2013

BKash launches international remittance, January 3, 2013

Launching of UAE Exchange Flash Remit Service, January 23, 2013

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

The Best Managed Bank Award from The Asian Banker, April 23, 2013

First ever SME Entrepreneurs Conference, May 25, 2013

JCB Cards Partnership, September 4, 2013

'Best Bank in Bangladesh Award' from Finance Asia, September 12, 2013

Launching of subsidiary biTS, November 7, 2013

## 2014

SME Photography Competition, March 1, 2014

2FA Agreement with OneWorld for Internet Banking, July 21, 2014

'Sustainable Marketing Excellence Award' from CMO Asia, July 31, 2014

## 2015

Inauguration of 175th branch at Banani, March 30, 2015

TransFast Remittance Service Launching, March 31, 2015

NID Verification Agreement with the Election Commission, August 19, 2015

## 2016

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

Launching of the first ever energy efficient loan "Planet Solutions" February 28, 2016

BRAC Bank, bKash, MasterCard and Western Union partnership for international remittance April 17, 2016

ICMAB Awards October 26, 2016

BRAC Bank becomes the Kit Partner of the National Cricket Team December 7, 2016

## 2017

Country's first bank to earn ISO 27001: 2013 Certification in Information Security: March 20, 2017

Launch of the country's first comprehensive women's banking solutions "TARA": May 04, 2017

Ranked among the highest credit rating in Bangladesh: 'AA1' (CRAB), Ba3 (Moody's) and B+ (S&P): July 27, 2017

ADB's 'Most Progressive Bank on Gender Strategy and Implementation 2017': September 05, 2017

Asiamoney's "Best Bank in SMEs" Award: September 26, 2017

Country's first private bank to cross USD 1 billion market capitalization: October 15, 2017

Women's Market Champion Award from the Global Banking Alliance for Women (GBA): November 15, 2017



ICAB Best Published Annual Reports 2016 - Private Sector Banks: November 25, 2017

Launch of international remittance service into bKash mobile wallet: December 05, 2017

## 2018

March 26, 2018 : Hat-trick award from AsiaMoney

April 10, 2018 : Core Banking System Upgrade

April 26, 2018 : Investment in bKashby Alipay Singapore E-commerce Private Limited

July 09, 2018 : ERP Migration - IFS to Oracle EBS (myBBL)

September 11, 2018 : National Cricket Team Partnership

October 30, 2018 : Agent Banking Launch



## 2019

March 2019: Upgraded credit card systems

August 2019: Launched the country's first-ever livestock insurance scheme for cattle farmers

October 2019: Introduced SME Toolkit in association with UNGC

November 2019: Recognised by the National Board of Revenue (NBR) as the 5th highest tax-payer in the country's banking sector for the year 2018-19

December 2019: Inaugurated the 300th Agent Banking outlet



## 2020

Introduction of Paperless PIN for Debit Cards  
– January 12, 2020

First Bangladeshi bank to achieve ISO 18788:2015 certificate for standard of management of security operations  
– February 14, 2020

Signed an agreement with Future Carbon Ltd to combat the adverse impacts of climate change  
– February 27, 2020

BRAC Bank employees contributes BDT 1.73 crore from their salaries to cope with the pandemic  
– April 13, 2020

Held first ever virtual earning disclosure for 2019 during the nation-wide COVID-19 shutdown  
– May 11, 2020

Best Bank in Bangladesh by Asiamoney for the third consecutive year  
– June 24, 2020

Achieved the rating "Ba3" - highest for any Bangladeshi bank rated by Moody's Investor Service for the fourth successive years  
– June 28, 2020

Awarded the Best Operations Bank in South Asia at the '9th IFC Trade Finance Awards FY 2019 – Operations'  
– July 08, 2020

Received the '2020 U.S. Dollar Clearing MT103' and '2020 U.S. Dollar Clearing MT202' Quality Recognition Awards from JPMorgan Chase & Co  
– July 28, 2020

Inaugurated the country's first-ever SME Helpdesk in partnership with the Chittagong Chamber of Commerce and Industry (CCCI) and Bangladesh Centre of Excellence (BCE)  
– August 22, 2020

Employed four acid survivors in its workforce  
– October 01, 2020

Named as the Access to Finance Champion by the Financial Alliance for Women for the fourth consecutive time  
– October 11, 2020

Received four awards from VISA for bank's performance in the VISA cards and payment business  
– October 17, 2020

Received the Global SME Finance Awards in the Silver Category of SME Bank of the Year – Asia for the second consecutive years  
– October 31, 2020

Recognized as the PMO (Project Management Office) of the Year 'Runner-up' in the country's first-ever Project Management Excellence Awards 2020  
– November 09, 2020

Introduced a new Fixed Deposit (FD) product for the senior citizens – 'Golden Fixed Deposit'  
– November 12, 2020

Winner of the "Excellence in Mastercard POS Acquiring Business 2019-20" category at the "Mastercard Excellence Award 2020"  
– November 26, 2020

Received three awards from ICAB for the 2019 annual report dedicated to its founding Chairman Sir Abed  
– December 02, 2020

Retained long-term and short-term issuer credit ratings of B+ and B, respectively, from S&P Global Ratings  
– December 10, 2020

# KEY MILESTONES

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## ACHIEVED IN 2020

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While operating circumstances became highly challenging on account of the coronavirus pandemic, a health crisis that soon morphed into an economic crisis of massive proportions, at BRAC Bank, we are able to rapidly and responsibly adapt to the environment. Thus, we continued on our value enhancement journey, while also adopting all rules and regulations not only with respect to public health and safety, but also with regards to channeling government concessionary funds to targeted beneficiaries.

Some of the major progress achieved during the year comprised the following:

### Customer service initiatives:

- Introduced paperless PIN for debit cards, thus enhancing customer convenience
- Collaborated with the SME Foundation to provide collateral-free loans to shoe-manufacturers
- Launched tab-based customer feedback system at selective branches, hence deepening engagement with our customers
- Organised a workshop on “Mastering FX Market and Technical with Bourse Game” on 21-22 February 2020 in Cox’s Bazar district with foreign exchange dealers from 27 banks, including from Bangladesh Bank
- Launched Visa contactless credit cards for customers to experience cashless payments
- Enabled self-registration for Internet Banking service for credit cardholders
- Launched remittance service for the bank’s Visa cardholders
- Launched ‘Agami’, a bouquet of solutions to help students travelling abroad for studies

- Introduced ‘Golden Fixed Deposit’, a new fixed deposit (FD) product for senior citizens
- Launched ‘TARA Uddokta’, an interest-bearing current account especially designed for women entrepreneurs
- Completed disbursement process from the Tk. 20,000-crore stimulus fund for cottage, micro, small and medium enterprises (CMSMEs), as one of the first three banks in the country to have completed the process
- Established a specialised SME Helpdesk for members of Chittagong Chamber of Commerce and Industry (CCCI) and Bangladesh Centre of Excellence (BCE)

### For our shareholders:

- Organised earnings disclosure for the financial year 2019 through an online virtual platform for the first-time ever
- Retained the “Ba3” rating, the highest for any Bangladeshi bank rated by Moody’s Investors Service for the fourth successive year
- Retained long and short-term issuer credit ratings of “B+” and “B”, respectively, from S&P Global Ratings

### External validations:

- Emerged as the first bank in Bangladesh to receive the ISO 18788:2015 certification for standards of management of security operations

### Community enrichment:

- Recruited four acid survivors as the bank’s employees, thus offering a respectable livelihood opportunity

- Inaugurated three Mujib Corners at the bank's head office and also at Sylhet and Sherpur branch offices
- Contributed 50,000 blankets to the Prime Minister's Relief and Welfare Fund for helping the underprivileged cope in the harsh winter months

### Fight against COVID-19:

- Remained as amongst the first bank in Bangladesh to rigorously embrace social distancing norms in all active branch offices, with clear decals on the floor for customers to mark a safe distance from each other inside the premises
- Contributed BDT 5 cr to the Prime Minister's Relief and Welfare Fund to help in the fight against COVID-19
- Employees made a financial contribution of BDT 1.73 cr to BRAC's "COVID-19: Emergency food assistance" fund to help the vulnerable sections of the society cope with the pandemic
- Provided a specialised freezing van to Anjuman Mufidul Islam for safe handling of the deceased with suspected/confirmed COVID-19

### Forging relevant partnerships:

- Initiated remittance business with two new tech-savvy remittance companies from Japan and South Korea
- Signed an agreement with Future Carbon Ltd, a leading environmental consultancy firm in Bangladesh, to combat the adverse impacts of climate change

## AWARDS AND RECOGNITIONS

As one of the leading banks of Bangladesh, BRAC Bank has brought glory and pride to the country by winning a number of awards and recognitions over the years. The year 2020 was no different, as the bank was bestowed with a number of awards and adulations during the year.

- "Best Presented Annual Reports" - three awards bagged for the 2019 Annual Report at the 20<sup>th</sup> ICAB National Awards
- "Gold Award" under private commercial bank category at ICMAB Best Corporate Award-2019
- "Gold Award" at 7<sup>th</sup> ICSB National Award for Corporate governance Excellence 2019
- "Best Bank in Bangladesh" by Asiamoney, a leading financial publication in the Asia-Pacific region, for the third consecutive time
- "Best Operations Bank in South Asia" at the 9<sup>th</sup> IFC Trade Finance Awards FY2019 – Operations' by International Finance Corporation (IFC), a company of the World Bank Group
- '2020 U.S. Dollar Clearing MT103' & '2020 U.S. Dollar Clearing MT202' Quality Recognition Awards from JPMorgan Chase & Co.
- "Access to Finance Champion" by the Financial Alliance for Women, for the fourth consecutive year
- "Excellence in Credit Cards Business", Excellence in POS Acquiring Business", "Excellence in e-Commerce Business" and "Excellence in Commercial Business" (newly introduced), comprising four awards from VISA for performance recognition in the VISA cards and payments business
- "SME Bank of the Year – Asia" in silver category at the "Global SME Finance Awards", for the second consecutive year
- Runner-up for PMO (Project Management Office) at the country's first-ever Project Management Excellence Awards, 2020
- "Excellence in Mastercard POS Acquiring Business, 2019-20", a category of Mastercard

# BRAC BANK'S MANAGEMENT



# BOARD OF DIRECTORS



**DR. AHSAN H. MANSUR**

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

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

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

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

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

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

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



**NIHAD KABIR**

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

She is an advocate of the Supreme Court of Bangladesh and the Senior Partner of Syed Ishtiaq Ahmed and Associates, a leading law firm of the country, with many path breaking cases and legal solutions to her credits. She has 30 years of work experience as a lawyer, and has appeared internationally as an expert witness on Bangladesh law. Her expertise is in corporate and commercial law, as well as fiscal and labour laws. She is an independent director on the Board of Square Textiles Limited, and a Director of IDCOL, among others.

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

Act 2006, and assisted in drafting and reviewing many pieces of legislation; she is a member of the Company Law Reform Committee. She is a member of the Panel of Experts for the Padma Multipurpose Bridge Project and was a Member of the National Pay and Services Commission. She was the Treasurer and Secretary General of Ain O Salish Kendro, and is currently its Chairperson. Nihad was a member of the National Education Policy Committee. She was the first legal counsel of Bangladesh Securities and Exchange Commission, Bangladesh (BSEC), and worked as Counsel, Office of the General Counsel, Asian Development Bank, from 1996-2000.

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

Ms. Nihad was elected as an Independent Director on the Board of BRAC Bank Limited in July 2007. In July 2015 she retired from the Board and joined as Nominee Director in November 2015. She is, among others, Director of bKash Limited, Infrastructure Development Company Limited (IDCOL), and Independent Director of Square Textiles Limited. She has taught Company Law in the Department of Finance, University of Dhaka.

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





**KAZI MAHMOOD SATTAR**

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

Mr. Sattar, a veteran banker, started his career with ANZ Grindlays Bank as management trainee in 1981. He worked there for nearly 20 years. During his tenure he worked in Bangladesh and overseas with ANZ Grindlays Bank in Mumbai, India and Melbourne, Australia. He is reputed to have shaped the banking industry in Bangladesh adopting the best practices of foreign banks. In recognition of running the bank successfully on its ground breaking change management process, he received “The QFC-Asian Banker, The leadership achievement award 2010 for his exemplary leadership.

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 was also Independent Director of Unique Hotel & Resorts Limited. 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 is currently the Chairman of the Board of RSA Advisory Limited, a financial advisory firm. As an Independent Director of BRAC Bank, he has been nominated as a Board Director to bKash and the Chairman of the Board of Directors of BRAC Sajaan Exchange Limited, a company incorporated in UK.

Mr. Sattar graduated in 1981 from University of Dhaka with a Bachelors in Business Management (Honours) having a major in Finance.



**ASIF SALEH**

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

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

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

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

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

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

Mr. Saleh chairs BRAC IT Services Limited, co-chairs BRAC Net, and is on the Board of BRAC Bank, and edotco Bangladesh Ltd. He is also a board member of multiple non-profits, including Institute of Informatics and Development, and Maya.

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



**FAHIMA CHOUDHURY**

Ms. Fahima Choudhury was appointed as an Independent Director to the board of BRAC Bank Limited in April 2018. She also serves as a director (and acting Chair) on the boards of BRAC-EPL Investments Ltd. and BRAC-EPL Stock Brokerage Ltd.

Ms. Choudhury is a management consultant and a marketing communications & advertising specialist with over 25 years of experience in various entrepreneurial and leadership roles across multiple firms. Due to her long involvement in the advertising business, she has had the opportunity to serve diverse range of local and international clients across a number of sectors and industries.

Ms. Choudhury started her career in Adcomm Limited (one of the oldest and most renowned advertising agencies in the country) rising to the

position of Director, before moving on to establish her own integrating marketing communications agency called Marka. Later, Marka was acquired by Ogilvy & Mather Worldwide (part of the WPP Group), and Ms. Choudhury is the Managing Director (and shareholder) of Ogilvy & Mather Bangladesh. In the past she has also been a member of Ogilvy APAC regional council, as well as Assistant General Secretary in the Advertising Agencies Association of Bangladesh.

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

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



**FARZANA AHMED**

Ms. Farzana Ahmed was appointed as an Independent Director of BRAC Bank Limited on January 29, 2020. She is also the Chairman of the Board Audit Committee and the Member of Board Risk Management Committee.

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

from where she was seconded as Advisor to the Australian Government to help coordinate Australia's support to the reconstruction of Aceh, after the 2004 tsunami.

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

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



**DR. ZAHID HUSSAIN**

Dr. Zahid Hussain was appointed as Independent Director to the Board of BRAC Bank Limited on September 27, 2020. He is also the Member of Board Audit Committee and Board Risk Management Committee of BRAC Bank Limited.

Dr. Hussain served as a Consultant in the World Bank Dhaka Office from July 01, 2019, to June 30, 2020. He retired from the World Bank, which he joined on May 1, 1995, as a Lead Economist on June 30, 2019. During this time, he was a key member of the Bank's macro, trade, and investment global practice providing budgetary support (development support credit) and technical assistance to the government, and prepared growth diagnostics, public expenditure reviews, annual macroeconomic updates, and policy notes on macroeconomic management and structural issues.

Dr. Hussain was also engaged as a Lecturer at Boston University, the University of Massachusetts Boston and Framingham State College, Framingham, Massachusetts in the USA during 1987-1992.

At present, he is a Director of BRAC EPL Investment Limited and BRAC EPL Stock Brokerage Limited.

Dr. Hussain obtained Ph.D. in Economics from Boston University, USA, in 1992 and completed Master of Arts in Political Economy from Boston University, USA, in 1987. He earned his MBA from the Institute of Business Administration, University of Dhaka, Bangladesh in 1979.

Dr. Hussain has published in numerous journals and articles on Management, Business, and Economics.



**MEHERIAR M. HASAN**

Mr. Meheriar M. Hasan is a global thought leader, innovator and a voice of authority in the realm of digital banking, bringing with him 35+ years of rich experience in breakthrough innovation and pathbreaking disruption, building direct/digital distribution channels to generate new profit sources at some of the world's largest financial institutions. He possesses an unparalleled track-record in enabling businesses to accelerate profitable growth through design thinking and building multi-channel sales/service processes and platforms.

Notably, Mr. Hasan founded Terafina Inc, a leading digital omni-channel sales solution provider in the financial services space. He also served as Senior Advisor to McKinsey from 2012-14 and was also guest lecturer at the University of Southern California, Marshall School of Business, from 2006-08. Mr. Hasan holds a Master of Science in Finance, Master of Arts in Economics and Bachelor of Arts in Economics with a minor in Mathematics from the University of Arizona.

Some of Mr. Hasan's most distinguished engagements include the following:

- Defined the vision and led the building of Terafina, which was ranked amongst the top-two fintech disruptors by Celent. Terafina was acquired by NCR Corporation in February 2021.
- As head of digital banking at US Bank, he led the build-out of one of the largest digital banking channels in the country in record time, which now delivers millions of dollars of bottom-

line. The digital channel ranked first in overall customer experience by Keynote, a third-party benchmark.

- As Executive Vice President at Wells Fargo, he designed and developed one of the largest direct-to-consumer/digital lending channels in the financial services industry, resulting in 100 per cent growth in revenue, 118 per cent growth in net income and 104 per cent growth in portfolio balance over a three-year period.
- He designed and delivered the largest digital sales channel in the financial services industry at Wells Fargo, integrating call center and branch, which resulted in 190 per cent growth in core bank product and investment product sales over a two-year period.
- He was responsible for the design, engineering and management of B2B and B2C products for Digital Insight, the largest online banking application service provider in the US to serve credit unions and small/mid-sized banks.
- At Transamerica, he pioneered the first private-labelled direct-to-consumer channel in the insurance industry, fully integrated with independent agencies and business back-office operations.

Over his long and resplendent career, Mr. Hasan, in addition to his current membership on the Board of BRAC Bank, also holds Board membership across such other prominent companies as Toyota Financial Savings Bank (since 2015) and Mechanics Bank (since 2013).



**SHAMERAN ABED**

Mr. Shameran Abed leads BRAC's Microfinance and Ultra-Poor Graduation programmes globally. BRAC's microfinance programme serves more than 8 million clients in seven countries in Asia and Africa and has total assets exceeding USD 4 billion. BRAC's ground-breaking ultra-poor graduation program has graduated more than two million households out of the direst forms of poverty and social deprivation and has inspired the global uptake of the 'graduation approach' to tackle extreme poverty.

Mr. Shameran also chairs the board of BRAC Bank's mobile financial services subsidiary, bKash, and

serves on the boards of several institutions that include BRAC Uganda Bank Ltd and the Global Alliance for Banking on Values (GABV). Additionally, he is the chairman of the Microfinance Network and is also a member of the World Economic Forum Financial Inclusion Steering Committee.

Mr. Shameran is a lawyer by training, having been called to the Bar by the Honourable Society of Lincoln's Inn in London, UK. He completed his undergraduate studies at Hamilton College in the United States, majoring in Economics and minoring in Political Science.

# DIRECTORS'

# RESPONSIBILITY STATEMENT

Committed to open and transparent communication and interaction, specifically on our response measures, we recognise that our business sustainability is premised on the relationships we build with our shareholders and all other stakeholders. Further, as a financial services institution that is deeply integrated with the society, we remain committed to strengthening relations, as well as collaborate and shape policy that supports business and the broader economy. This objective is reflected in our business conduct and our focus on embracing the highest governance standards. Stewarding this responsibility and commitment is our Board of Directors that owns the responsibility of:

- Establishing core structural policies for the bank
- Managing and mitigating major risks
- Ensuring the robustness of internal control mechanisms
- Implementing internal audit and fulfillment of all requirements necessary to achieve full compliance
- Engaging with human resource capacity-building and development

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

## Work planning and strategic management

BRAC Bank's Board is responsible for determining the objectives and goals of the organisation, while

also ensuring that performance is achieved within the framework of our values and expected behaviours. Towards this extent, the Board formulates strategies and operating guidelines on an annual basis to achieve the desired outcomes. The Board also engages in:

- Aligning the bank's strategies with target objectives and outcomes
- Implementing key changes to bring forth appropriate structural amendments
- Ensuring enhancement of institutional efficiencies for improved future preparedness
- Engaging across other applicable policy matters
- Evaluating and monitoring implementation of the bank's work plans on a quarterly basis

As part of its disclosure responsibilities, the Board offers an analytical review of the operating environment and the performance of the business in the context of the operating landscape, which is expressed in the Annual Report. It also articulates practicable plans to achieve business and other performance targets, thus highlighting the bank's ability to create value in the short-, medium- and long-term. Through the Annual Report, the Board also acquaints shareholders on its strategic future plans and initiatives, especially from the point of view of expressing sustenance of shareholder and stakeholder value and establishing the bank's position as a going concern.

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



## Credit risk and overall risk management

Credit risk is a key risk facing a financial institution, and controlling this risk is an important mandate of the Board's executive responsibilities. Policies, strategies, procedures, etc., in respect of appraisal of loan/investment proposals, sanctions, disbursements, recovery measures, payment rescheduling and write-offs are initiated with the Board's approval under the purview of existing laws, rules and regulations.

The Board entrusts the authority of loan/investment sanction to the Managing Director & CEO and executives under him. Importantly, no Director interferes directly or indirectly, explicitly or tacitly, with the loan approval process, recusing themselves in the event of any apparent or perceived conflict of interest.

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

Altogether, these activities ensure solidity and reliability in the bank's risk management process, enabling it to ringfence its operations and secure its reputation.

## Internal control management

The Board remains vigilant on the internal control systems of the bank in order to sustain satisfactory standards across its loan/investment portfolio. Notably, the Board's assurance on robust internal control systems is revalidated by internal audit. The Board also reviews reports submitted by its Audit Committee on a quarterly basis, ensuring compliance with recommendations made in internal and external audit reports and also with Bangladesh Bank's inspection reports.

Further, human resource management and development policies relating to recruitment, promotions, transfers, disciplinary and punitive

actions, training and skilling, etc., and even terms of employment, are framed and approved by the Board. The Chairman or any of the Directors do not involve or interfere with or wield influence over any administrative affair with regards to human resources.

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

The Board embraces a proactive role in skills development, specifically focusing on building human resource capacity in strategic planning, credit underwriting, customer service, digital skills and loan recovery, emphasising on adherence to the bank's values and ethics in all activities. The Board also engages in holistic 360 degree appraisal, thus ensuring attainment of goals and objectives and also how the performance was achieved.

Overall, the Board sets a leadership tone for ensuring appropriate business conduct and adherence to ethics, while also assuring compliance. This approach has ensured that compliance remains a fundamental part of the bank's culture and operations.

## Financial management

The annual budget and statutory financial statements are finalised with the approval of the Board. The Board engages in a comprehensive quarterly review of the bank's position with respect to its income, expenditure, liquidity, non-performing assets, capital adequacy, loan loss provisions and steps taken for loan recovery of default accounts, including legal measures.

The Board also frames policies and procedures for the bank's procurement activities and has created empowered teams with decentralised responsibilities for taking decisions with regards to effecting key procurement activities. The maximum possible

delegation of responsibility for expenditure rests with the MD & CEO and his team. Decision on matters relating to the bank's infrastructure development, including acquisition of land, buildings, vehicles, etc., for the purpose of furthering business activity are adopted with the approval of the Board. Further, the Board also reviews the performance of the bank's Asset-Liability Committee (ALCO), as per Bangladesh Bank guidelines.

### Appointment of Managing Director & CEO

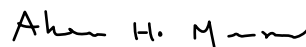
In order to strengthen the pillars of the bank and reinforce stakeholder confidence in our position as a sustainable enterprise, one of the major responsibilities of the Board is to appoint a Managing Director & CEO, aligned with the bank's well-articulated policy on such an appointment. Further, this appointment is made with the consent of Bangladesh Bank.

The Directors are responsible for the overall governance and administration of the bank and, in discharging this responsibility, the Directors confirm to the best of their knowledge and belief that:

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

- b. Proper books of accounts of the bank have been maintained
- c. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment
- d. The international financial reporting standards (IFRS), as applicable in Bangladesh, have been followed in the preparation of the financial statements, and any departure therefrom has been adequately disclosed
- e. The system of internal control is sound in design and has been effectively implemented and monitored
- f. There is no doubt whatsoever on the bank's ability to continue as a going concern

On behalf of the Board of Directors,



**Dr. Ahsan H. Mansur**  
Chairman

# KEY MESSAGES FROM CHIEF FINANCIAL OFFICER



“

## CHALLENGING TIMES, RESILIENT RESPONSES

“The year 2020 was unprecedented in many counts as the bank faced its most challenging year yet. Against the backdrop of a global pandemic and regulatory limitations, the bank posted a net profit of BDT 4,541 million, or net earnings per share of BDT 3.42. Lower interest income reflects the challenging operating environment while elevated loan provisions buffer meant that our key headline financial metrics, namely RoE and RoA have been slightly soft. However, we are pleased to report that the bank-wide initiatives to rein in operating costs resulted in limiting cost-to-income ratio to 58 per cent. In addition, bank ended 2020 with a strong capital position with a Total Capital to Risk-weighted Asset Ratio of 14.55 per cent on standalone basis. As such, we declared a 15 per cent dividend pay-out for 2020, thus meeting our shareholders’ expectations despite the unprecedented headwinds.

– **Mohammad Masud Rana FCA**  
Deputy Managing Director & CFO



BRAC Bank maintained a cautious stance on loan growth in particular Corporate and Retail for the year under review in light of a less conducive environment on account of the global coronavirus pandemic.



The liquidity coverage ratio and net stable funding ratios remain well above target levels and regulatory requirements.



The significance of compliance continues to rise each year, more so after a year like 2020. The bank has ingrained the culture of compliance across the organisation, particularly across its 3 lines of defence model.



We expect our 2021 performance to be stronger with the hope that widespread vaccination and the sheer resilience of Bangladesh's economy to bounce-back from a crisis such as this will drive economic recovery in the country and globally.

## Key performance indicators

**Return on equity (RoE):** At BRAC Bank, we intent to deliver reasonable returns while balancing the need to maintain a healthy capital base to support our growth aspiration. RoE is defined as profit attributable to shareholders over the average shareholders' equity (share capital, retained earnings and other reserves) for the financial year.

FY2020	FY2019	FY2018	FY2017	FY2016
10.58%	15.60%	19.25%	22.14%	22.16%

**Assets growth:** Our core focus is to expand our financing business across our various divisions with a special emphasis on SME in a profitable, responsible and sustainable manner.

FY2020	FY2019	FY2018	FY2017	FY2016
3%	11%	18%	17%	18%

**Deposits growth:** We relentlessly pursue our intent of strengthening deposit base to fund our asset growth across key segments and at the same time leverage the balance sheet mix to drive efficiencies

FY2020	FY2019	FY2018	FY2017	FY2016
8%	15%	19%	16%	12%

**Cost-to-income ratio:** We continue to search for better ways and means; and thereby ensure cost is managed effectively, optimised and also to maintain slower cost growth than revenue, over the long-term.

FY2020	FY2019	FY2018	FY2017	FY2016
58%	53%	54%	52%	50%

**Total capital ratio:** At the bank, our key endeavour is to maintain a strong capital base by adopting prudent capital management strategies and stay ahead of our central bank's (Bangladesh Bank's) minimum regulatory requirements.

FY2020	FY2019	FY2018	FY2017	FY2016
14.55%	15.07%	13.67%	12.72%	12.26%

## Strategic update, 2020

Coming off a reasonably strong performance in 2019, we began the year 2020 with a rekindled sense of hope and optimism, inspired by the possibility of sustained economic momentum as trade tensions between the US and China began to dissipate and greater geopolitical stability promised further strengthening of the two economic mainstays – RMG (readymade garments) and remittances. The template for plans and targets for the year was set.

The script however was completely upended when COVID-19 spread across the world, paralysing the global and domestic economy with drastic impact on lives and livelihoods everywhere. As movement restrictions caused rapid deceleration in economic activity, policy rates started to decline sharply. Our moral compass guided us to prioritise the well-being of our stakeholders, be it through the implementation of health and safety measures at our premises for our employees and branch customers, or devising financial solutions and extending credit lines that helped our customers overcome the rough patches created by the pandemic. Further, in order to support and continue supporting our ecosystem, we actively managed our liquidity and capital positions to keep funding accessible to customers, while also played a central role in transmitting government stimulus to intended beneficiaries. We continued to closely monitor the potential build-up of asset quality slippages that could place pressure on capital levels and shareholder returns.

This diligence translated into a decent performance despite the unprecedented challenges of 2020, and is testament of the sustained resilience that our business model has demonstrated year after year.

## Performance overview, 2020

In light of the pandemic and regulatory related headwinds, we remained agile and looked for opportunities for income growth, especially fee and non-funded income sources, while being mindful of keeping costs under control to the maximum extent possible to deliver a commendable performance in a year when the bottom-line was always going to be diminished. However, our main focus was always to ensure our capital and liquidity buffers were robust to face the uncertain times.

## Some of the key strategic developments of the year:

- As part of our focus on effective liquidity and capital management strategy, we were able to maintain healthy liquidity risk ratios, with liquidity coverage ratio at 358.97 per cent as at 31 December 2020, above BB's minimum requirement of 100 per cent. In addition, our other liquidity indicators, such as Net Stable Funding Ratio (NSFR) and Liquid Asset to Total Deposit Ratio remained robust at 106.02 per cent and 32.03 per cent, respectively, as at 31 December 2020.

- Net interest income declined about 24 per cent YoY, primarily driven by interest rate ceiling imposed by our regulator in 2019. However, total revenue recorded a decline of only about 4 per cent, due to more than doubling of investment income, which thus partially offset the decline in interest income.
- While the impact surrounding the pandemic resulted in muted loan growth, the opposite was observed with deposits as we recorded deposits expansion, particularly in low-cost CASA. CASA (Including SND) was up by a sharp 10 basis points to 53 per cent (as a percentage of total deposits), a manifestation of the deep trust placed in the bank by our deposit-holders to protect their savings and ensure future security, especially in highly uncertain times such as these.
- Due to the challenging income environment, the bank embarked on a rigorous cost discipline journey and managed to contain operating expenses growth by only about 4 per cent YoY. This came mainly from lower revenue-related expenditure from slower business activities. The banks cost-to-income ratio for 2020 degrades to 58 per cent, as against 53 per cent in 2019. Defending profitability through cost management comprised a key strategic endeavour.
- We realised that the impact of the pandemic would be far reaching and deeper therefore we need to strengthen our loss absorption capacity but at the same time our priority was to support our customers during this trying period. In FY2020 loan loss provisioning in particular Specific Provision increasing by about 107 per cent to Tk. 3,602 million, represents 132 bps of credit cost which is double of last four year average on the back of proactive provisioning for businesses and corporates displaying weakness, and for forward-looking projections given weakened macro-economic fundamentals.

## OUR COMMITMENT TO SHAREHOLDER VALUE

Our commitment to meet the needs of our shareholders remains a key focus area for the management. Continuing with our status of being amongst the few organisations with a highly consistent dividend record, we recommended total dividend 15% in combination of 10% Cash and 5% Stock per share in 2020 in a very challenging year. This is also a manifestation of our strong capital positions, reflecting our prudent stance undertaken in this regard over the past several years.

## Sustaining engagement with our shareholders

At BRAC Bank, we strive to foster strong trust-based relationships with our shareholders and stakeholders. With a prioritised focus in this regard, we are committed to directing management focus on proactive information disclosure and keeping the line of communication open at all times and across various channels. Thus, investor engagement at BRAC Bank focuses on building confidence and maintaining strong, transparent relationships with the global investing community.

Some of the material matters that we advance and achieve progress upon with regards to our shareholders-investors comprise the following:

- Leveraged digital capabilities to offer alternative engagement channels; for e.g., e-AGM held in 2020
- Provided updates on COVID-19 impact and BRAC Bank's responses
- Emphasised on strong liquidity and capital management to preserve financial vitality
- Provided timely and comprehensive asset quality disclosures
- Integrated ESG considerations into the bank's credit and risk evaluation standards

## Outlook and medium-term priorities

### Financial Priorities – Medium term



Sustainable income



Opportunistic, yet sustainable non-fund income growth



Consistent EPS expansion



Continue shareholder dividends



Prudent cash flow and capital management



Strategic and selective capex



Sustain AD ratio



Maintain regulatory capital requirements

### Non-financial Priorities – Medium term



Detailed and timely disclosures



Constructive dialogue with investors



Human resources skilling and transformation



Granular goal-setting with all division



Strengthening credit underwriting standards



Strategic re-pivot toward digitalization



Reinforcing value-based banking as per GABV standards



Expanding exchequer contributions

BRAC Bank will continue to prioritise capital and liquidity strength in 2021 and the medium-term and maintain proactive engagement with borrowers to address asset quality concerns early on, while supporting customers that remain affected by the pandemic-induced downturn. To mitigate against any further net interest margin compression, the bank will focus on growing lower-cost deposits, such as current and savings accounts.

The bank will also target fee-based income opportunities and focus on accelerating digital product rollout to enhance and widen market penetration, while also meeting the objectives of financial inclusion. Furthermore, we will also enhance productivity

and efficiencies, while maintaining disciplined cost management to offset income pressures.

Thank you for your continued interest in BRAC Bank. We will do everything possible to grow the value of our association with you.

Warm wishes,



**Mohammad Masud Rana FCA**

Deputy Managing Director and CFO



# KEY MESSAGES FROM CHIEF OPERATING OFFICER



“

## **DELIVERING ROBUST, DEPENDABLE AND ADAPTIVE FINANCIAL SOLUTIONS.**

“The impact of the COVID-19 pandemic has made digital finance and financial mobilisation more crucial to business operations than ever before. As a forward-thinking financial services provider in Bangladesh, BRAC Bank is strongly positioned to continue delivering cutting-edge finance-led business transformation in the era of a new normal. Thus, the bank plays an integral role in ensuring business continuity in the face of unforeseen disruptions and new complexities. In the world of financial services, our robust client services team, along with our digital platforms, foster hundreds of valuable experiences daily that increase customer retention and establish trust with the bank.”

**– Sabbir Hossain**  
Deputy Managing Director & COO

It is my pleasure to share with you the glimpses of BRAC Bank's journey in 2020 on the important facets of technology, operations, information security and general services.

Looking back at the year gone by, though COVID-19 impacted us in many ways, yet we never lost focus and continued to deliver value to our customers, employees, shareholders and all other stakeholders associated with the bank. In no small way was this made possible by the relentless efforts of our people at all levels of the organisation who rose courageously to the challenge and took wholehearted responsibility across their respective domains, collaborating with cross-functional teams and demonstrating commitment and dedication to meet the needs of our customers. Notably, the Board and the senior management team extended their full support during the entire period, thus making it that much easier for our teams to perform despite the strenuous times.

Safety of our people and customers remained a non-negotiable priority during the pandemic period and, in this context, our general services team did an exceptional job of tracking employee health conditions via a health app, while also extending all necessary healthcare support across the network, including proper hospitalisation and treatment of infected employees. Further, regular premises-related additions, amendments, relocations and facelifts continued unhindered even during the crisis period, thus upholding our image of the best bank in the country.

One of the most notable highlight was in the realm of digital banking. Built on the foundations of flexibility and responsiveness, while social restrictions and lockdowns in the COVID-19 era hampered traditional methods of business, consumers engaged in millions of transactions on digital platforms. Thus, to the credit of our specialist technology team, they maintained stability of our core systems, while continuing to adhere to their roadmap and delivering a number of projects focusing on digitalisation and automation. They also achieved good progress in a number of ongoing projects relating to cash, document and loan management. We believe that the key to long-term customer retention is in meeting and exceeding customers' expectations in their digital journeys with us, and hence our technology team is critical in helping the bank to achieve this.

The usage of alternate channels (ATM/CDM, Internet Banking and Call Centre) also witnessed heightened demand during the lockdown period, further facilitated by the bank incorporating new features, simple onboarding processes and enhanced transactional limits. Moreover, an increasing number of our Corporate

Banking customers also started using CorpNet, a corporate transaction platform, for meeting their day-to-day transactional needs.

On the regulatory front, there were many guidelines and amendments issued right through the year relating to interest rate changes, loan moratorium policies, stimulus packages and loan classification methodologies. Our operations, technology, finance and business teams worked harmoniously to flawlessly execute the guidelines, thus demonstrating unequivocal compliance focus and a true "one bank" spirit.

Moreover, our business, operations and tech teams also continued to engage with renowned consulting companies to revamp the key operational processes for achieving better productivity and efficiency. Notably, forthcoming automation and digitalisation projects across the bank would take these revitalised processes as foundational inputs to deliver stronger returns on investments. Our information security team also continued its monitoring and surveillance mandate with 24/7 SOC operations and best available tools to ensure failsafe system security.

Even as we continued to make strategic investments, we never lost focus on cost, compliance and transparency during the entire journey. Pre-audits were conducted across all large procurements and authorised procurement processes were followed uncompromisingly in all cases. Thus, unsurprisingly, internal and external audit reports conducted across our operating departments generated no significant issues, thus giving us comfort that we are on the right track. Moreover, the bank did not face any significant operational loss during this period as well.

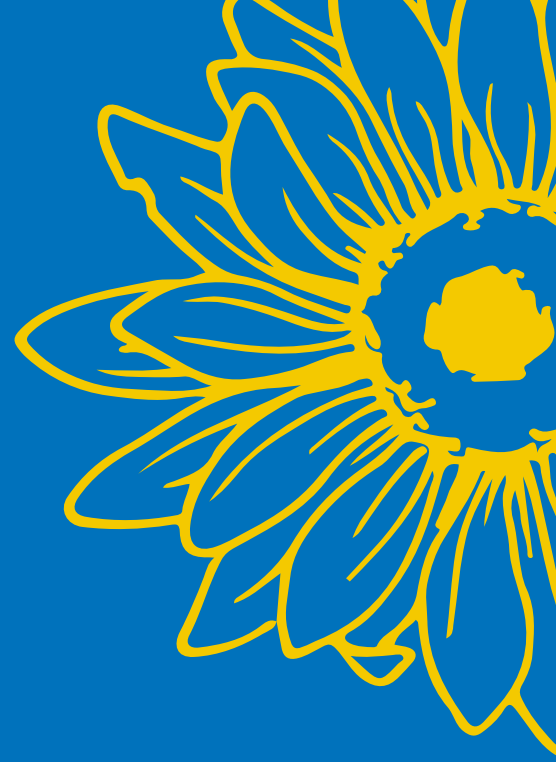
Lastly, at BRAC Bank, we strive to foster an enabling environment for our people to play to their strengths, nurturing an environment where ideas, innovation, energy and action flow naturally to drive continuous improvement in customer-centricity, compliance standards and ethical conduct. We remain committed to serve our customers with best-in-class products and solutions, thus remaining firmly committed to our path of becoming the best bank of Bangladesh.

Thank you for being a part of BRAC Bank and choosing to support an institution whose focus will remain very much on growth in line with our values and ethics, and never on growth at any cost.

Best wishes,



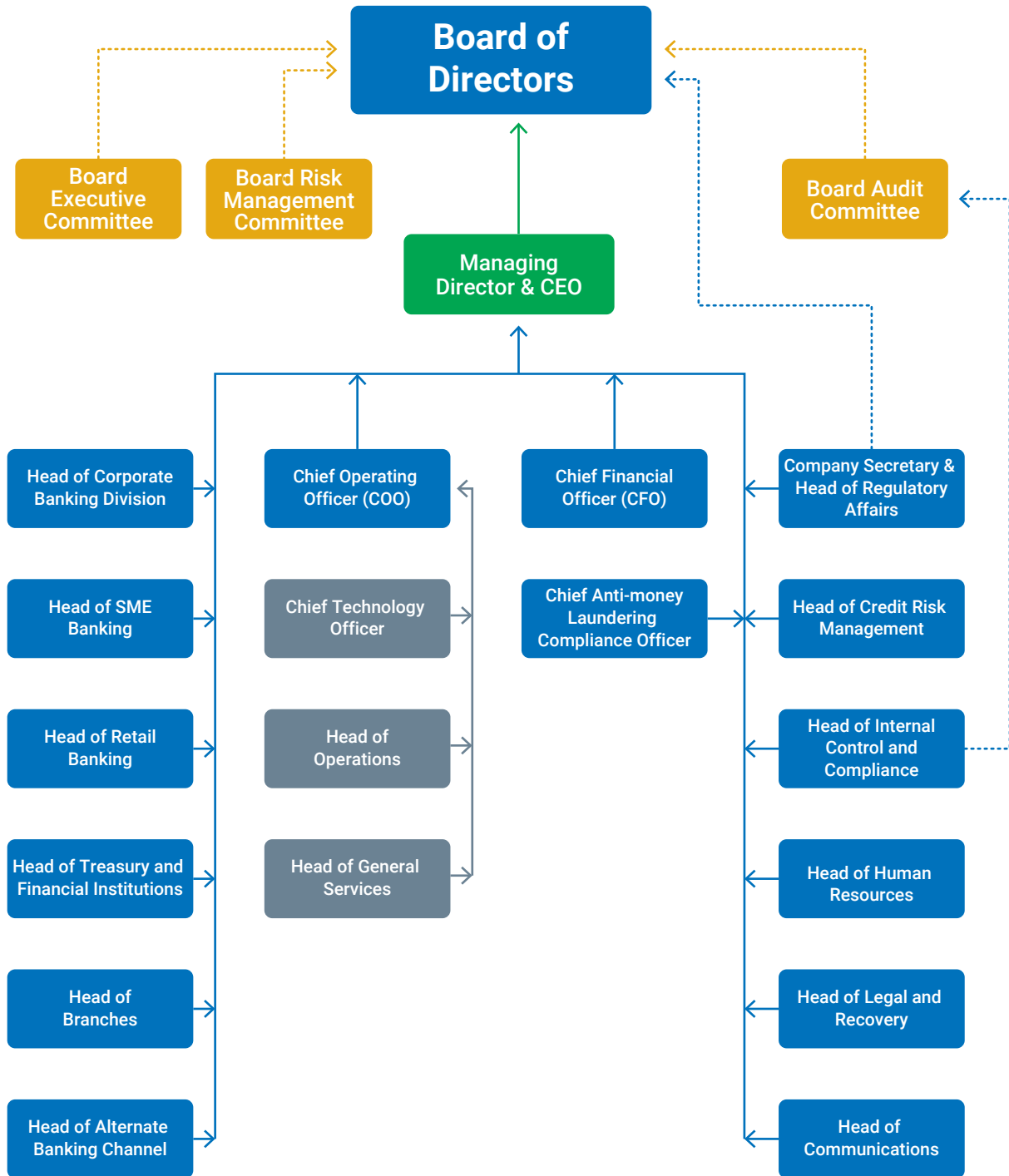
**Sabbir Hossain**  
Deputy Managing Director & COO



# SHAREHOLDING STRUCTURE OF BRAC BANK LIMITED

SL. No.	Name	Sponsors/Directors/ Others	No. of shares held as on December 31, 2020	Percentage of shares held
1	BRAC	Sponsor	612,092,251	46.165%
2	Late Sir Fazle Hasan Abed, KCMG	Sponsor	13,017	0.001%
3	Late A. S. Mahmud	Sponsor	10,887	0.001%
4	Late Faruq A. Choudhury	Sponsor	10,887	0.001%
5	Dr. Saleh Uddin Ahmed	Sponsor	8,945	0.001%
6	Dr. Ahsan H. Mansur (Chairman)	Independent Director	Nil	Nil
7	Ms. Nihad Kabir (Nominated by BRAC)	Nominated Director	47,975	0.004%
8	Mr. Asif Saleh (Nominated by BRAC)	Nominated Director	Nil	Nil
9	Mr. Kazi Mahmood Sattar	Independent Director	Nil	Nil
10	Ms. Fahima Choudhury	Independent Director	Nil	Nil
11	Ms. Farzana Ahmed	Independent Director	Nil	Nil
12	Dr. Zahid Hussain	Independent Director	Nil	Nil
13	Mr. Meheriar M Hasan (Nominated by BRAC)	Nominated Director	Nil	Nil
14	Mr. Shameran Bahar Abed (Nominated by BRAC)	Nominated Director	950,000	0.071%
15	General public	Other than Sponsor/ Director	712,744,514	53.756%
<b>Total shares</b>			<b>1,325,878,476</b>	<b>100.00%</b>

# ORGANOGRAM



# MANAGEMENT COMMITTEE



**Selim R. F. Hussain**

Managing Director & CEO



**Md Sabbir Hossain**

Deputy Managing Director  
and COO



**Mohammod Masud Rana FCA**

Deputy Managing Director  
and CFO



**Tareq Refat Ullah Khan**

Deputy Managing Director and  
Head of Corporate Banking



**Brigadier General Tushar  
Kanti Chakma (Retd.)**

Head of General Services



**Sarwar Ahmed**

Head of Internal Control and  
Compliance



**Syed Abdul Momen**

Head of SME Banking



**Nazmur Rahim**

Head of Alternate Banking  
Channels



**Md. Shaheen Iqbal, CFA**

Head of Treasury and  
Financial Institutions



**Ahmed Rashid Joy**

Head of CRM and Acting CRO



**Md. Mahiul Islam**

Head of Retail Banking



**Muniruzzaman Molla**

Head of Operations



**Akhteruiddin Mahmood**

Head of Human Resources



**Ekram Kabir**

Head of Communications



**Sheikh Mohammad  
Ashfaque**

Head of Branches

# SENIOR OFFICIALS



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



**Mr. Faisal Hussain**  
Head of Organizational  
Development



**Mr. Indrajit Sur**  
Head of Emerging Corporate



**Mr. Kayesh Chowdhury**  
Head of Regional Corporate -  
Chattogram



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



**Mr. Md. Jabedul Alam**  
Head of Transaction Banking



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



**Mr. Mohammad Abdul Ohab  
Miah FCA**  
Financial Controller



**Mr. Mohammad Salauddin  
Hazari**  
Regional Head, Chattogram  
and Dhaka West Region



**Mr. Rasheed Ahmed**  
Head of Legal and Recovery



**Mr. Sajid Rahman**  
Head of Regional Corporate  
- Dhaka



**Mr. Abu Sayem Ansari**  
Head of Premium Banking



**Mr. Dewan Shihab Minhaz**  
Head of Relationship Unit 4



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



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



**Mr. Khairuddin Ahmed**  
Head of Merchant Acquiring





**Mr. Khan Mohammed Istiaque**  
Head of Relationship Unit 7



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



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



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



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



**Mr. Md. Yasir Arafin FCMA**  
Head of Business Planning and Analysis



**Mr. Mohammad Monirul Islam**  
Head of Retail Lending



**Mr. Mohammad Reza Hyder**  
Head of Relationship Unit 2



**Mr. Mohammad Syed Bashir Ali FCA**  
Head of Regulatory Reporting and Taxation



**Mr. Mohammed Aminul Hoque Sarwar**  
Head of Procurement



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



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



**Mr. Rajesh Kumar Barua**  
Head of Retail Underwriting



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



**Mr. Shah Ibnul**  
Head of Corporate SAM



**Mr. Shahrear Md. Zamil**  
Head of Remittance and Probashi Banking



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



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



**Mr. Taimur Ali**  
Head of Marketing



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



**Ms. Samina Dilshad Amin**  
Head of Recruitment (In-  
Charge)



**Ms. Sarah Anam**  
Head of Retail Deposit and  
NFB



**Ms. Tapati Bose**  
Head of Account Services



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



**Mr. Abu Naser Mohammad  
Faysal Haider**  
Regional Head, North Bengal  
and Dhaka North West Region



**Mr. Abu Sadat Chowdhury**  
Head of Relationship Unit 3



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



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



**Mr. Biplab Kumar Biswas**  
Head of Underwriting, Small  
Business, (North and South)



**Mr. Debabrata Roy**  
Head of Central Operations



**Mr. Debprasad Chowdhury**  
Head of Performance  
Management



**Mr. Imtiaz Ahmed**  
Head of ADC



**Mr. Joarder Tanvir Faisal**  
Head of Credit Cards



**Mr. Khaled Al Fesani**  
Head of Relationship Unit 6



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



**Mr. Khondker Emdadul Haq**  
Head of Employee Banking Unit



**Mr. Mahfuz Nawaz Khan**  
Head of Administration



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



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



**Mr. Md. Abu Zaher**  
Head of Call Center



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



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



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



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



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



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



**Mr. Mohammad Lutful Haque**  
Deputy CAMLCO



**Mr. Mohammad Mahbubur Rahman FCS**  
Acting Company Secretary



**Mr. Mohammad Sujuddin**  
Unit Head, Credit-Emerging  
Corporate



**Mr. Mohd. Mahabubur  
Rashid**  
Unit Head, Public Sector, TB



**Mr. Muhammad Ali Talukder**  
Head of Branch Governance



**Mr. Muntasir Rahman**  
Head of Application  
Development and Enterprise  
Systems



**Mr. Shah Mohammad  
Emdadul Haque**  
Regional Head, South Bengal  
and Dhaka South West Region



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



**Mr. Yusuf Zaman Khan**  
Area Head, South Bengal and  
Dhaka South West Region



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



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

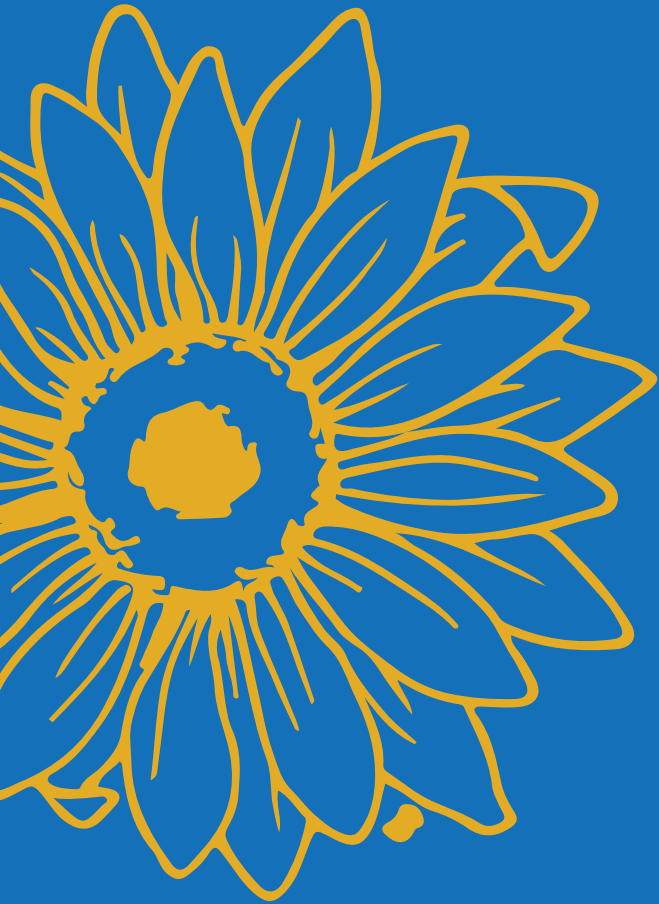


**Ms. Ishrat Jahan**  
Head of Cards Operations



**Ms. Mehruba Reza**  
Head of Women Banking-  
TARA and Student File

# RESPONDING TO COVID-19



# OUR MOBILISATION EFFORTS

The COVID-19 pandemic has been unprecedented, changing our lives dramatically and drastically and affecting us in ways many of us could not have imagined. Despite a global paradigm shift due to the outbreak, BRAC Bank’s commitment to providing personalised solutions and outstanding service to our clients remained unwavering. “Leading the Change” is our motto for the 2020 Annual Report, reflecting our mindset since the onset of the pandemic, where smart, agile and adaptable thinking has allowed us to excel during this time, even as our external environment has faced massive disruption.

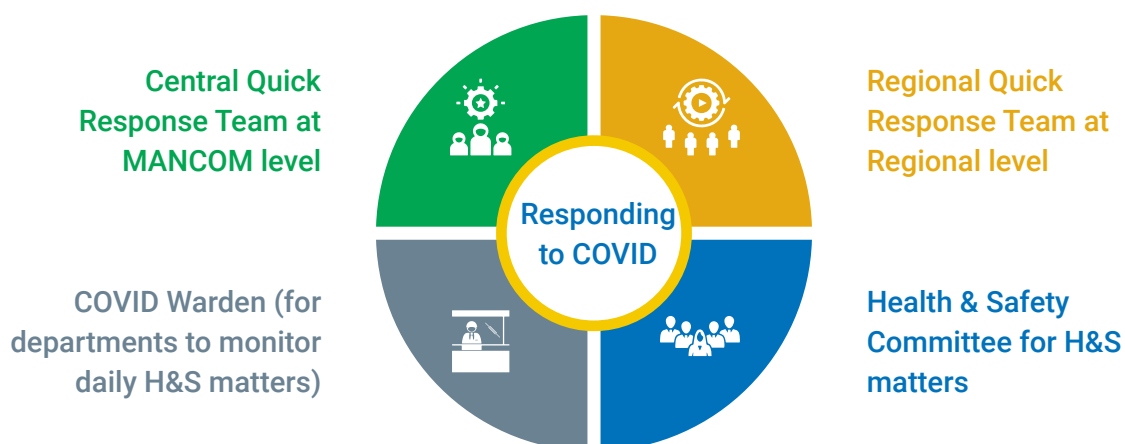
The pandemic has brought to the fore the urgent attention to future-proof the business against the three major threats of climate change, biodiversity loss, and rampant exploitation of natural diseases. As COVID-19 has exposed, increasing forfeiture of biodiversity due to unchecked expansion of human activities has created man-animal conflict, thus increasing the risk of zoonotic diseases like the novel coronavirus. It

has indeed been a wake-up call for all of us and as a leading financial services institution of Bangladesh and a member of the Global Alliance for Banking on Values (GABV), we will continue to harvest responsible finances for a sustainable society.

To limit the economic damage inflicted by the coronavirus, the outbreak necessitated the Government to respond at an unprecedented scale to not just protect public health, but livelihoods and the national economy too. Thus, as part of the recovery efforts, the country’s central bank launched considerable fiscal stimulus packages in 2020, amounting to about 2.5 per cent of the national GDP.

As a swift and effective re-pivot, BRAC Bank initiated several key measures in the shortest possible time to counter the threats of the pandemic, and one of the major initiatives in this regard comprised the constitution of four committees:

## BRAC Bank’s COVID-19 committees



## Key safety measures for employees embraced during COVID-19



Compulsory use of hand sanitizers for all employees



Disinfection of office premises and vehicles on a regular basis



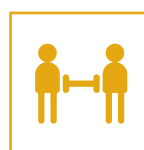
Mandatory use of face mask across all BRAC Bank premises



Postponement of all domestic/ international travel and internal events



Roster and work from home for 60 per cent of the bank's employees



Rigorous enforcement of social distancing in all branches



Infrared thermometer at entry point of head office and branches



Disinfection of shoes while entering office premises



Placement of plexiglass barriers in cash areas between cash officers and customers



Provisions for wash basins for promoting regular hand washing



Special transportation arrangement for staff convenience and safety



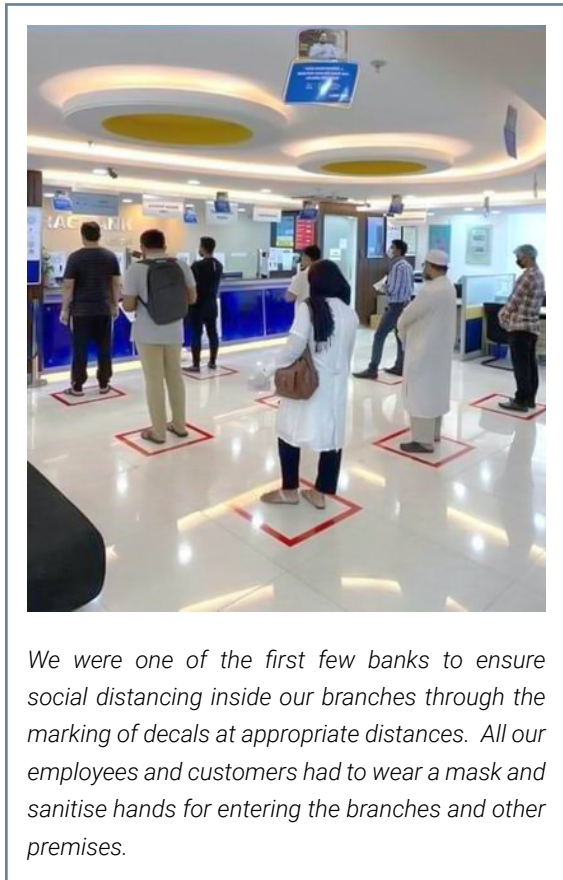
Arrangement for overnight stay at guesthouse for staff with far away residence

## Initiatives taken under Branch Banking

We intended to reduce customer footfall in our branches and encourage them to use our alternate channels like Internet Banking for fund transfer, bill payments; ATMs for cash withdrawal; CDMs for cash deposits, etc. We even increased the cash withdrawal limit for our customers so that it allows us to ensure health and safety at our branches for the customers as well as for our employees.

We kept our operations minimal during the government-declared general holidays and kept several branches closed following directives and instructions of the central bank and local authorities. Our website had to be updated regularly on which branches were open and which were closed. We also send frequent SMS notifications to our customers updating them on branches and encouraging them to use the alternate banking channels. We had also sent SMS on different health tips and the do's and don'ts.

We were one of the first few banks to ensure social distancing inside our branches through the marking of decals at appropriate distances. All our employees and customers had to wear a mask and sanitise hands for entering the branches and other premises. We also introduced doorstep services for the delivery of cards and documents of our customers.



*We were one of the first few banks to ensure social distancing inside our branches through the marking of decals at appropriate distances. All our employees and customers had to wear a mask and sanitise hands for entering the branches and other premises.*

To transform the business for adopting to “new normal” practices, we initiated a comprehensive Pandemic Management Strategy and BCP (business continuity plan) to ensure operational sustenance within the ambit of all health and safety guidelines.

We invested substantively in IT-based health care measures and air filtration systems at the office premises. We launched an internal platform to accumulate data from each of our employees and support staffers regarding their health and track vulnerability whether they were exposed to or in contact with any COVID positive person at their home or neighbourhood. It helped us to maintain a safe

work environment for those who had to come to work physically.

Besides, we also enabled VPN connectivity for more than 1,000 employees. More than 50 per cent of our employees availed work from home facility. Employees were also engaged in rostering duty to ensure safety at work. They were also granted pandemic leave when required.

### Customer centricity

BRAC Bank has around 3.2 lakh customers across its retail, SME, and corporate banking functions. As a customer-centric bank, we ensured their comfort and convenience during the general holidays and beyond.

BRAC Bank was one of the first banks to offer a moratorium to the customers on all categories of loans. All the customers were offered the voluntary moratorium via the 24/7 call centre as well as the sales, branch, and collection teams. We also offered customer queries related to loan services through our call centre and RLP. We also ensured urgent or severe loan-related customer services through special initiatives, including loan closure, etc.

For the credit cardholders, we enabled the facility to top-up their bKash wallet using their credit cards, rolled out emergency extra Travel Quota (TQ) endorsement facilities and facilitated additional contributions on top of donated amount to three charitable organisations, including Bidyanondo Foundation. We also launched several campaigns to promote alternate payment channels and introduced cash-back campaigns to promote online transactions. We also activated 24/7 alternate credit card bill payment channels.

For deposit customers, we eased their banking needs by enabling FD/DPS closure requests from their registered emails to circumvent their branch visits and enabled dormant account activation through requests from registered emails.

We collaborated with multiple exchange houses to support non-resident Bangladeshis to send money conveniently to their home. We also gave them, stuck abroad due to lockdown, access to internet banking



from abroad, and get the OTP on their international mobile numbers so that they can transfer funds back to home. We prioritised handling of all customer queries, sanction screening problems, and issues related to accounting credit. We also continued the facilitation of urgent loan-related customer service through special initiatives like loan closure.

For our premium banking customers, we shifted the traffic to alternate banking channels, especially our 24/7 call centre to avail premium access in the queuing facilities. We deployed an F1 services team to provide doorstep banking solutions (non-cash only) during transaction hours. We also designed an email-based BEFTN/RTGS request execution mechanism for customers to avoid branch visits and deployed our premium banking staffers in branches comprising those scheduled to work as a replacement of BSSOs.

For our employee banking customers, we simplified the salary disbursement process and facilitated the salary disbursement to ensure faster credit into respective bank accounts.

Our women banking segment, TARA, had organised several webinars for the TARA customers to extend support to them with strategies for business realignment during peak pandemic. We also shared relevant articles, information, tips, and awareness messages with all TARA customers on precautions during the adverse situation due to COVID-19.

As a pioneer of SME Banking in Bangladesh, BRAC Bank has always been regarded as the most pro-SME bank in the country. As so, we extended full support to our SME customers, especially with regards to the stimulus packages declared by the government.

BRAC Bank was one of the three banks to have completed the disbursement process of the BDT 200 billion stimulus fund for the cottage, micro, small and medium enterprises (CMSMEs). We disbursed BDT 11.85 billion to 12,669 CMSMEs across the country. It took only six months for BRAC Bank to complete the massive disbursement target of BDT 11 billion. Considering the performance, Bangladesh Bank had allotted an additional BDT 2 billion to BRAC Bank for disbursement.

**“Even during the outbreak of COVID-19 in Bangladesh, we continued our support to the CMSMEs. We have disbursed more than 61,000 loans to the CMSMEs that accounts for BDT 12 billion in the year 2020.”**

**- Syed Abdul Momen**  
Head of SME

We were also one of the first few banks to offer a voluntary moratorium to SME customers. We also conducted regular surveys to learn their financial situation and needs and cater tailored banking services through our SME Unit Offices. We also offered incentives to our sales executives, attuned with their average incentives in the then-recent months, to enable them to maintain a healthy life and meet their financial obligations.

We activated an online payment solution, CorpNet, and internet banking platform for the corporate clientele and proactively processed the stimulus fund proposals of eligible customers. We ensured that we extend continuous business support to the corporate clientele in essential services, including food, lifesaving drugs, and PPEs. We enabled transaction support to corporate customers through instructions that could be despatched via their authorised e-mail from the comfort of their home. Besides, we provided major cash-carrying assistance to utility service providers DPDC and DESCO.

Our Treasury and Financial Institutions team ensured timely trade settlements with zero delays and also provided market support with liquidity injections made during volatile global market conditions. We offered full foreign currency liquidity support to clients to make their import payments on time and continued to provide active market-maker services through two-way quotations to banks and corporate clients.

# CONTRIBUTING TO THE SOCIETY TO FIGHT THE COVID-19 OUTBREAK

The year 2020 was extraordinary for everyone. The outbreak of COVID-19 turned our world upside down. People and society experienced things they have never encountered in years. As a values-based Bangladeshi bank, BRAC Bank stood by the people in many forms to help the nation fight against the outbreak of COVID-19.

From the very initial days of the COVID-19 outbreak, we started communicating with our customers and employees on ways to prevent the spread of coronavirus. We also took safety measures for both customers and employees in the limited number of branches out of the 187 branches. We proactively reduced customer footfall at our branches to comply with the directives of Bangladesh Bank. We also ensured enough cash in all our ATMs across the country and encouraged customers to avoid coming to branches and use our alternate banking channels.

We contributed BDT 50 million (taka five crores) to the Prime Minister's Relief and Welfare fund to overcome the situation of potential coronavirus pandemic.

Our employees also joined the fight against COVID-19 and made a financial contribution of BDT 17.3 million (taka one crore seventy-three lakhs) from their salary of April 2020 to BRAC's "COVID-19: Emergency food assistance" fund that provided food assistance to daily wage earners and the ultra-poor across the country.

We collaborated with Bidyanondo Foundation, a non-profit social welfare organization, for providing food to the community that was affected worst by COVID-19. We contributed BDT 5 million (taka fifty lakhs) to Bidyanondo Foundation that provided food to around 10,500 families in remote locations across the country. A family of five got food supply for at least 10 days through this initiative. To engage our customers, we announced to add 10 per cent (maximum of taka 1,000) for every donation made by our credit cardholders to Bidyanondo Foundation using BRAC Bank credit card.

We also contributed 6,000 sets of CE-certified Personal Protective Equipment (PPEs) to Bangabandhu Sheikh Mujib Medical University. The sets include medical safety gear e.g. N95 masks, goggles, shoe covers (sets), hand gloves, and head shields each, imported from China with the assistance of MBM Group. The PPE will be used in the intensive care unit of BSMMU to treat coronavirus patients.

We gave 6,000 pieces of N95 masks to Dhaka Medical College Hospital, around 1,000 pieces of imported face shields to the Dhaka Metropolitan Police, and safety equipment including reusable PPEs, masks, hand sanitizers, and disinfected spray machines to Rangpur City Corporation.

We provided a specialized freezing van to Anjuman Mufidul Islam, a voluntary non-profit organization, for the safe handling of bodies of the deceased persons with suspected or confirmed COVID-19, and 200 sets of PPEs for the Anjuman staff who were engaged in the burial process.

These were part of the bank's efforts to protect the country's brave frontline health workers fighting the COVID-19 pandemic at the initial stage of the coronavirus outbreak when there was an insufficiency of protective gear in the market.

BRAC Bank also contributed 1,045 blankets to Muktijoddha Sangsad in Fulbari, Dinajpur, and Jamia Madania Sunni Dakhil Madrassa in Brahmanbaria.

Our women banking solution, TARA, introduced a special campaign on digital healthcare for its TARA customers. Under the campaign, a TARA customer could avail of the TARA digital healthcare package free of cost for 12 months upon opening a TARA Flexi DPS.

# PERFORMANCE ANALYSIS



# DIRECTORS' REPORT

The Board of Directors of BRAC Bank Limited is pleased to present the annual Directors' Report along with the audited financial statements for the year ended December 31, 2020. This report summarises the global and domestic economic performance and outlook for the coming years, while also presenting a detailed analysis of the bank's financial performance and competitive context for the year 2020. The Board has established the effective internal control system over the financial statements recording, reporting and preparation of the bank's financial statements to ensure accuracy of the financial data, aligned with best practices in financial reporting.

## Overall operating context

In 2020, BRAC Bank operated in a highly complex environment, characterised by the COVID-19 pandemic and the measures to alleviate its economic impact. The crisis has been global, severe and unforeseen, and has generated enormous uncertainty, given the impossibility of predicting its scope and duration. However, Bangladesh, like most other world economies, responded with fiscal and monetary policies to limit

the damage from the pandemic. Hopes raised by effective pandemic containment measures and vaccine procurement deals secured towards the final months of 2020 also led to improvement in public sentiment that were reflected in the country's financial markets.

## Global economy

Notwithstanding the heightened public measures, the coronavirus pandemic continued to surge globally till the writing of this report, with the number of confirmed infections exceeding 93 million with over two million deaths worldwide. Confirmed cases particularly rose in the United States, Latin America, India and South Africa, with renewed surges in the UK, Australia, Japan, Spain and France that had previously flattened the infection curve but are perhaps witnessing a new and more infectious mutant of the virus. This has led to some countries reinstating lockdowns, while others have slowed reopening. These trends only offer a glimpse of the massive challenges for the global economy in achieving pre-pandemic levels of activity, as the virus continues to spread erratically and new variants are coming to the fore.

## The year 2020 in a nutshell



**MAJOR IMPACT  
OF CORONAVIRUS**



**COUNTRY-WIDE  
LOCKDOWN FOR  
3 MONTHS**



**TEPID RECOVERY  
POST LOCKDOWN  
RELEASE**



**SWIFT BOUNCE-  
BACK EXPECTED**

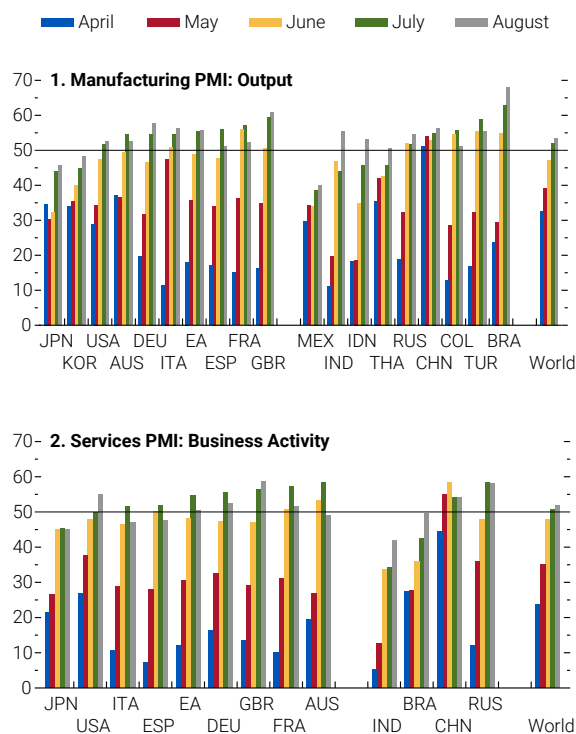
Despite economic activity plunging in April 2020 due to the “great lockdown”, the global economy has started to comparatively recover from the lows, as nations cautiously engaged in phase-wise re-opening of economies from May-June 2020 onwards. Notably, the recovery was most evident in retail sales where consumer spending rose with the “unlocking”, a trend that is mostly alluded to the release of pent-up demand, while firms remained watchful in responding to this revival, given industrial production in many countries remained well below December 2019 levels.

GDP data for Q2'2020 produced a positive surprise for China, as public investment helped boost activity following the easing of lockdowns in early April 2020, while the United States and the Euro area contracted at a historic pace, yet with less severity than earlier projections. Interestingly, China has already articulated its focus on re-emergence in the post-pandemic world and is increasingly banking on technology for global supremacy.

These apart, many countries such as India, Mexico, Korea and the Philippines experienced muted growth due to sharp decline in consumption and investments, continuous spread of the virus, soft external demand and weaker remittance inflows. Private sector capex also plunged to historic lows, as companies were grappled with an uncertain future. Yet, Q3'2020 GDP outturns mostly surprised on the upside in countries like Australia, Euro area, India, Japan, Korea, New Zealand, Turkey and the United States, or were in line with expectations in nations such as China and Mexico.

Business surveys of purchasing managers (under the broad metric of purchasing managers’ index) demonstrate that firms in the United States, Euro area, China and Brazil registered output expansion in July and August 2020, as compared to the previous month, which is in contrast with India, Japan and Korea, where output experienced compression. Further, September 2020 indicators suggested a stronger and more resilient activity in manufacturing over services, likely due to the increase in infections, while other headline indicators, such as daily consumer spending in the United States suggest a levelling-off in activity. Although recent vaccine rollouts and early stages of vaccination that the world is witnessing now have elevated hopes of a faster-than-expected turnaround, renewed coronavirus waves led by new variants pose persistent concerns for the global economy.

**FIGURE 1: Purchasing Managers’ Indices, 2020 (Index; 50+ = expansion)**



Source: IHS Markit; and IMF staff calculations

### Global oil prices

Average petroleum spot prices per barrel are projected at \$43.8 in 2021. The oil futures curve indicates that prices are expected to rise in the medium-term, and is forecasted at \$48 per barrel or 25 per cent below the 2019 average. Pandemic-led collapse in global oil demand and storage uncertainty resulted in a decline by 60 per cent in oil prices between February and April 2020.

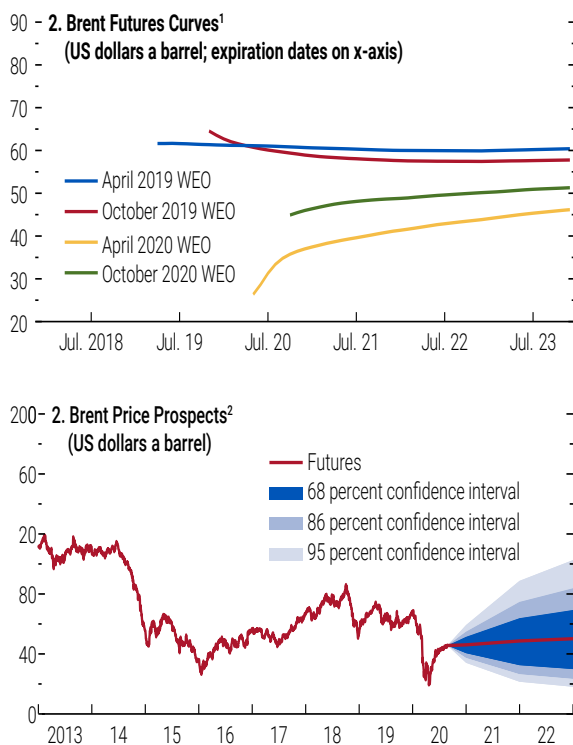
In March 2020, OPEC+ failed to arrive at a consensus on supply cuts, but by mid-April 2020, the cartel decided to curb production as a response to the plummeting of oil prices, by 9.7 million barrels a day in May-July 2020, by 7.7 million barrels a day until December 2020, and by 5.8 million barrels a day until April 2022. This is already being reflected in rising oil prices during the first quarter of the year 2021, averaging at about \$60-70 per barrel.

US crude oil production was also hurt as the front-month futures price for the West Texas Intermediate (WTI) blend briefly went into the negative territory of -\$37 in April 2020, resulting in an unprecedented 2 million barrels a day decline in US crude oil production

in May 2020. However, since late-April 2020, oil prices recovered from \$15 to \$40 a barrel by early June 2020, but declined again to \$25 into August 2020 with exhaustion in pent up demand. Many countries, taking advantage of lower oil prices, have added to their strategic petroleum reserve capacities.

The oil market in the near-term, as reflected in price recovery in Q1'2021, can be alluded to anticipated recovery in economic activity. Yet it remains below 2019-average with broadly balanced price risks. Upside risk of oil price is contingent on the following: escalating geopolitical events in the Middle East, faster vaccines rollout, excessive cuts in oil and gas upstream investments, and further bankruptcies in the energy sector. Downside risks include renewed slowdown in global economic activity, large inventories, stronger oil production growth in several non-OPEC+ countries, faster normalisation of Libya's oil production, breakdown of the OPEC+ agreement, and widespread reluctance to take the vaccine jab. Global policy actions to lower CO2 emissions present a further downside risk to oil demand in the medium- and long-term.

**FIGURE 2:. Brent futures curves and price prospects**



Source: Bloomberg Finance L.P.; IMF, Primary Commodity Price System; Refinitiv Datastream and IMF staff estimates

## Global liquidity

The COVID-19-induced recession would have produced far worse outcomes in the absence of massive policy support that helped economic activity gain some traction. In advanced economies, discretionary revenue and spending measures announced so far adds up to as much as 9 per cent of GDP, and liquidity support disbursed in the form of equity injections, asset purchases and loan and credit guarantees amounts to another 11 per cent. Emerging market (EM) and developing economies have also announced smaller but sizable responses, amounting up to 3.5 per cent of GDP in discretionary budget measures, with another 2 per cent in various forms extended as liquidity support.

The novelty, speed and timeliness of policy actions, in addition to their sheer scale, has played a pivotal role in upholding public sentiment. For instance, the €750 billion European Union (EU) pandemic recovery/stimulus package fund, majority of which is grant-based, represents a unique example. Further, a wide range of transient lifeline policies undertaken worldwide is also noteworthy, which includes cash and in-kind transfers to affected firms and households, wage subsidies to sustain employment and prevent layoffs, expanded unemployment insurance coverage, tax deferrals, and also regulatory initiatives to ease classification rules and provisioning requirements for banks' non-performing loans (NPLs), together with the release of buffers to help absorb losses.

In advanced economies, central banks have undertaken more diverse and a larger scale of asset purchases and re-lending facilities, supporting credit provisions to a wide range of borrowers. Moreover, the Federal Reserve (Fed) has also instituted changes in its monetary policy strategy; as such it will target average inflation of 2 per cent over time. Emerging market central banks' responses spanned interest rate cuts and new re-lending facilities, while also ensuring initiation of asset purchases for the first time in many cases.

It is to be noted that financial conditions have more or less eased since June 2020 for advanced economies as well as most of the emerging market and developing economies due to the aggressive policy counter-

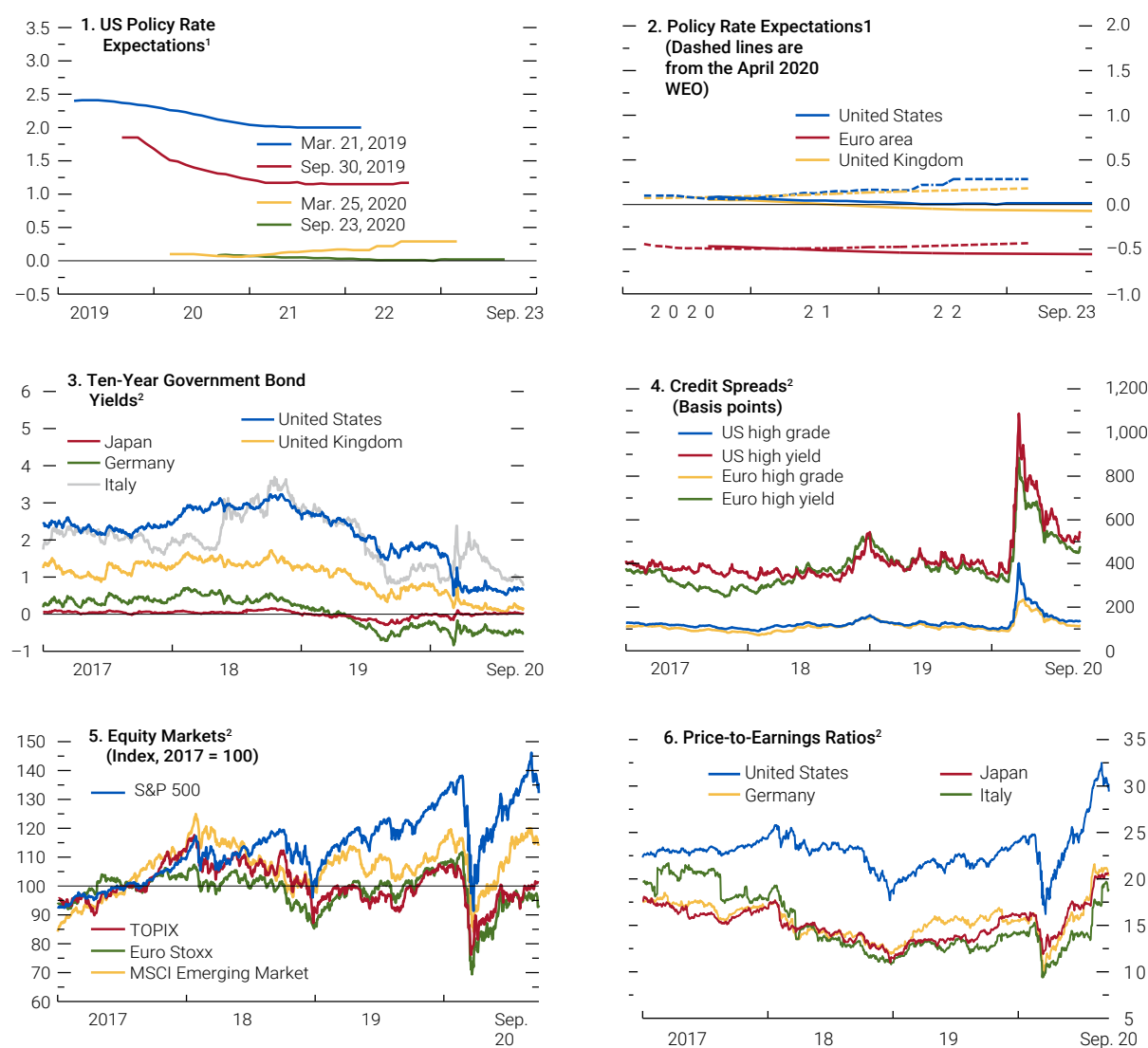
measures undertaken using the financial system, which played a vital role in preventing further collapse from the COVID-19 shock. However, only a partial reflection of the expected benefit from such measures indicates the continuing dissonance between financial markets and the real economy.

In advanced economies, equity markets have either recovered or exceeded their pre-pandemic levels, while sovereign bond yields remain broadly unchanged or have declined further since June 2020, as seen in Italy following the EU's pandemic recovery package and ECB's pandemic emergency purchase program. Corporate spreads, particularly high-yield credit, have also dropped further as experienced by the United States. The decline in interest rates reflects

a combination of lower return on safe assets and compression of risk premiums.

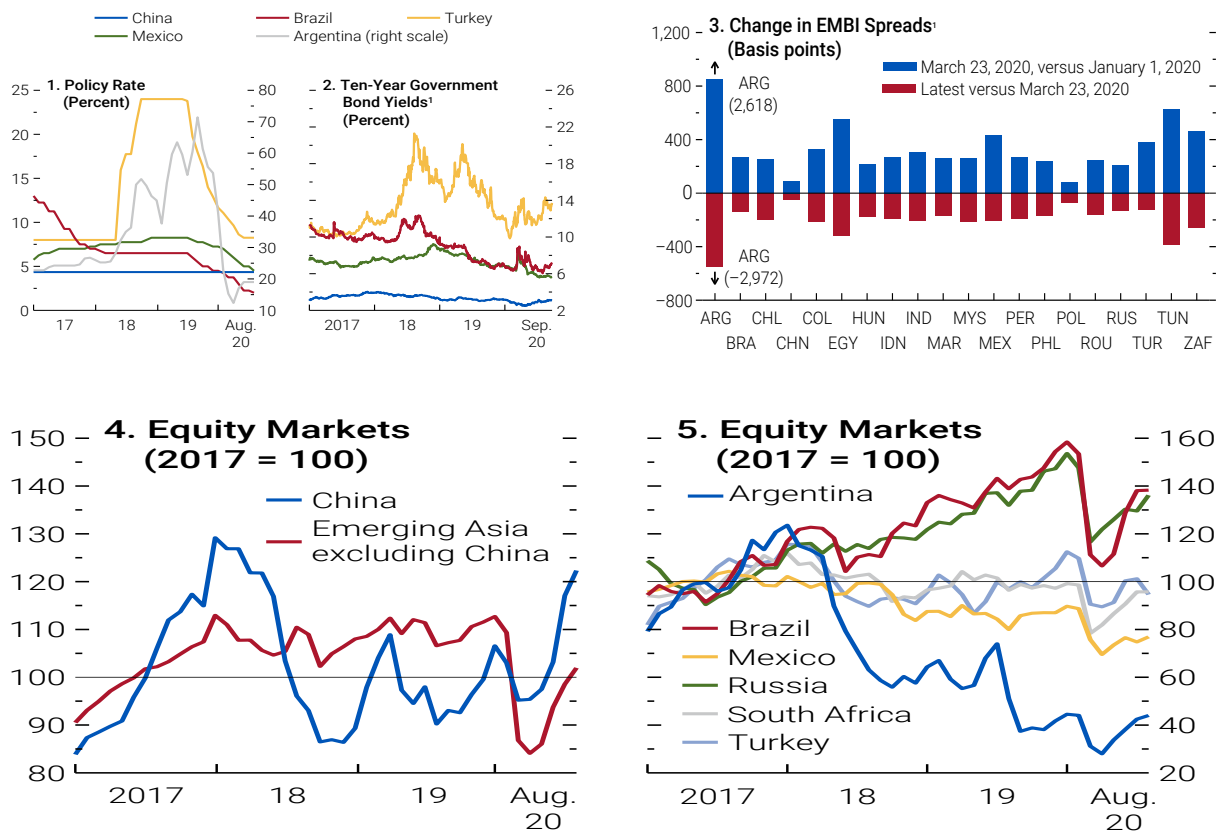
Shifting risk appetites have enforced sovereign yields in emerging markets to decline in recent months. Moreover, spreads over US Treasury securities have continued to compress since June 2020, in line with the stronger risk appetite. Equity markets, notably in China and India, have also firmed up since June 2020. Furthermore, dollar liquidity support and rapid recovery have revived portfolio inflows into some of the major emerging markets of Asia, including China and India, following the sharp reversal witnessed in March 2020, though the extent of recovery in portfolio flows remains uneven with some countries experiencing larger outflows than others.

**FIGURE 3. Advanced economies: monetary and financial market conditions**



Sources: Bloomberg Finance L.P.; Haver Analytics; Refinitiv Datastream; and IMF staff calculations.

**FIGURE 4: Emerging market economies: Monetary and financial conditions**

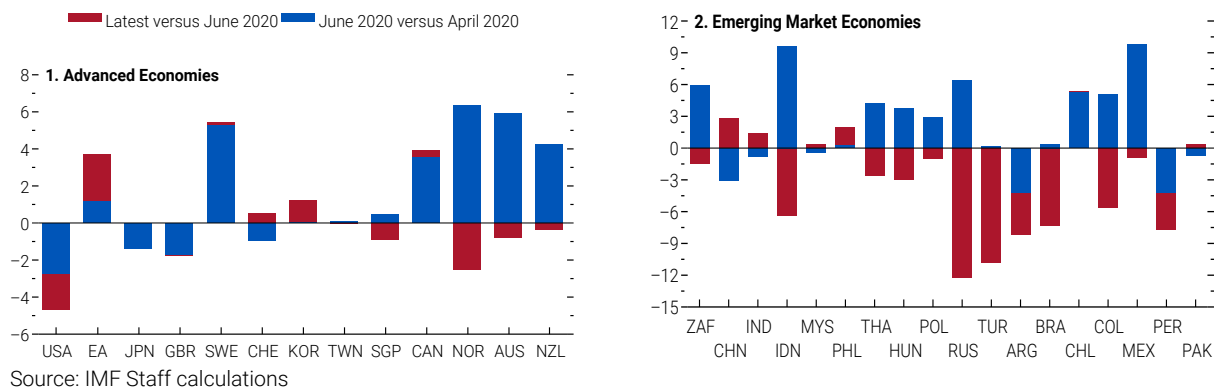


Sources: Bloomberg Finance L.P.; Haver Analytics; IMF, International Financial Statistics; Refinitiv Datastream; and IMF staff calculations.

Among the major currencies, the US dollar depreciated by over 4.5 per cent in real effective terms between April and late September 2020, reflecting improving global risk sentiment on the one hand and concerns regarding the speed of the US recovery due to rising COVID-19 cases on the other. The Euro appreciated by 4 per cent on improving economic prospects and lower infection rates. Commodity currencies also firmed-up, in line with commodity prices. Emerging market currencies also recovered between April-June 2020

against the severe pressures that persisted in March 2020. Chinese renminbi has also strengthened, while other Asian emerging market currencies remained stable in real effective terms. On the other hand, the Russian rouble depreciated on account of geopolitical factors, while currencies of countries either severely affected by the pandemic or with a vulnerable external or fiscal position also weakened, including that of Argentina, Brazil and Turkey.

**FIGURE 5. Real effective exchange rate (REER) changes, April-September 2020**



Source: IMF Staff calculations

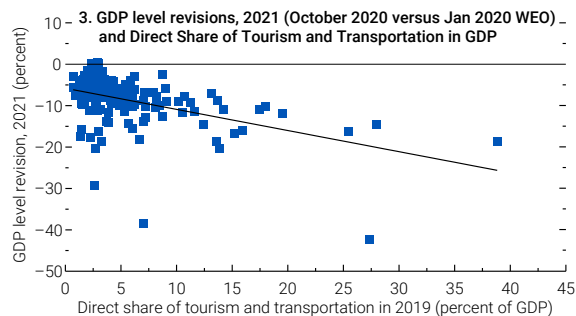
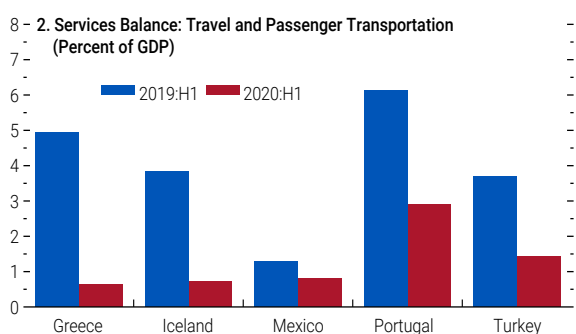
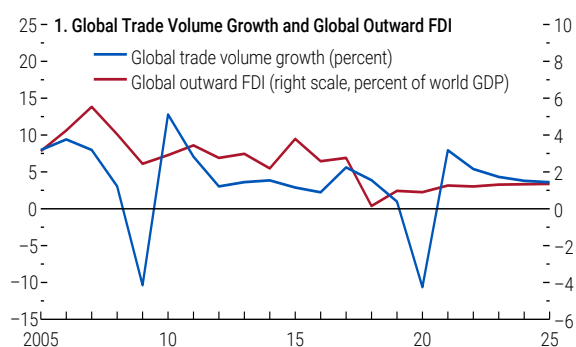


## Global trade

Global trade growth is projected to weaken significantly in 2020, contracting by 9.6 per cent. Though global trade contracted in similar pace during the 2009 global financial crisis, the contraction in activity from the current pandemic is much more pronounced. Further, the current recession depicts particularly sharp contraction in contact-intensive sectors than manufacturing, unlike past recessions where manufacturing sector contracted sharply as demand for capital goods and consumer durables plummeted. In the current synchronised global downturn, downsized trade volumes primarily reflect weak final demand from both consumers and firms.

In 2021, global trade volume is forecasted to grow by 8.1 per cent, considering projected recovery in global activity with easing of lockdowns, and by 4 per cent over the medium-term. Foreign direct investment (FDI) as a share of global GDP is also expected to remain below the pre-pandemic level, as firms move away from foreign producers due to the perceived risks of foreign reliance, which may further exacerbate the decline in trade activity.

**Figure 6. Global trade volume growth, global outward FDI and travel-related trade services**



Sources: World Travel and Tourism Council; and IMF staff estimates

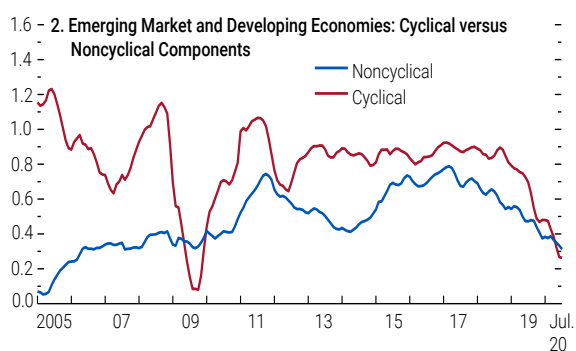
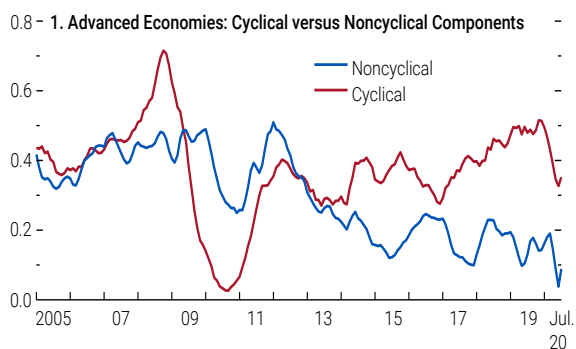
All countries are expected to suffer sizable declines in exports and imports in varying degrees. Particularly, tourism-dependent economies are likely to remain subdued due to continued international travel restrictions and consumers' fear of contagion. Balance of payments (BoP) position of countries such as Greece, Iceland, Portugal and Turkey reflect this fact with collapse in net revenues during H1'2020. As a result, tourism-based nations that have larger contribution to GDP are projected to suffer substantially from the loss of activity during 2020-21 compared to pre-pandemic forecasts. Oil-exporting nations also face a challenging external outlook, suffering a severe trade shock with the decline in oil prices, though this condition is easing with recovery in oil prices witnessed in the first quarter of the current year.

## Global inflation

Inflation in advanced economies remain below pre-pandemic levels, whereas in emerging market and developing economies inflation has picked-up marginally following large declines during the early stages of the pandemic. Inflation projections for 2020-21 remain considerably uncertain, as contending forces will shape price developments. For instance – price pressures may shoot up due to the release of suppressed demand, persistent supply disruptions and lower credibility of monetary policy frameworks due to fiscal dominance in certain countries. Yet, these forces will be counterbalanced by factors affecting demand, such as persistent precautionary increase in consumers' savings due to higher perceived financial and health risk, transfer of purchasing power from consumers to lenders with lower propensity to spend, and monetary policy constraints to stimulate demand, particularly in advanced economies.

However, a sectoral disaggregation of pre-pandemic and mid-pandemic inflation provides directional insights into the future. In fact, in most of the advanced economies and large emerging market economies, decline in inflation appears broad-based, reflecting weak price pressures in sectors responsive to aggregate demand, such as housing, recreation, restaurants and hotels, as well as less responsive “noncyclical” sectors, such as clothing, footwear, communications, education, healthcare, transportation services and other miscellaneous goods and services.

**Figure 7. Contribution to headline inflation**



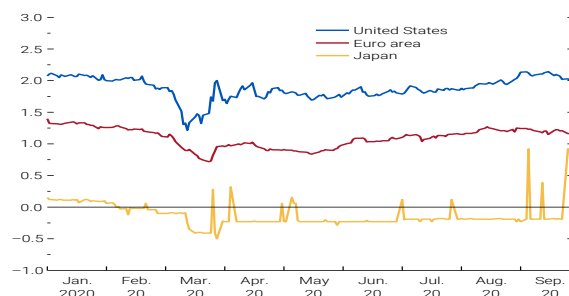
Sources: Eurostat; Haver Analytics; OECD; and IMF staff calculations

Given the relatively weak aggregate demand and projections of sizeable slack into 2022, price pressures in the cyclically-sensitive sectors are expected to stay muted, whereas inflation in the non-cyclical group has been on a downward spiral even before the pandemic. As a result, for advanced economies, the general expectation is tamed inflation, with projections pegged at 0.7 per cent in 2020, thereafter increasing to 1.3 per cent in 2021 as recovery gains foothold, and broadly stabilising at 1.9 per cent onwards.

Inflation expectations in emerging market economies also remain relatively low, as compared to historical

averages. In the emerging market and developing economy group, inflation is projected at 5 per cent and 4.2 per cent, respectively, in the next two years, moderating thereafter at 4 per cent over the medium-term, below the historical average for the group.

**Figure 8. Five-year inflation swaps (percent; market-implied average inflation rate)**



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

## Global economic outlook

Global growth is projected at -3.5 per cent in 2020, which has been revised upwards by 0.9 per cent in the IMF’s October 2020 World Economic Outlook. This upward revision reflects stronger-than-anticipated recovery taking root in H2’2020, which is expected to gradually strengthen going into 2021. This recovery is likely to be characterised by persistent social distancing norms until vaccination provides herd immunity, while the risk of recurring lockdowns remain a possibility due to risks originating out of virus mutations before vaccination gains momentum. Nevertheless, global growth is projected at 5.5 per cent in 2021, given additional policy support in some large economies and expectations of a vaccine-driven recovery, implying a 1.8 per cent increase in global GDP relative to 2019.

The advanced economy group is projected to degrow by 4.9 per cent in 2020 and bounce back with 4.3 per cent growth in 2021. However, the projected rebound reflects a net loss of 0.8 per cent relative to 2019. Particularly, the US economy is projected to yield a contraction by 3.4 per cent, followed by an expansion of 5.1 per cent in 2021. In the Euro area, a deeper contraction of 7.2 per cent is projected, given it experienced a sharper downturn compared to the US in H1’2020, and likewise a growth of 4.2 per cent is expected in 2021 given its lower GDP base. Advanced economies in Asia are likely to experience moderate downturn than those of Europe in light of lesser severity of the pandemic and smaller GDP declines in H1’2020.

Growth forecast for emerging market and developing economies is forecasted at -2.4 per cent in 2020 and 6.3 per cent in 2021. Within this group, China's economic activity picked up rapidly, and Q2'2020 GDP produced a positive surprise on the back of robust policy support and resilient exports. Given its much stronger prospects in the global order, growth projections are estimated at 2.3 per cent and 8.1 per cent, respectively, for 2020 and 2021.

Excluding China, growth prospects for many countries in this group remain dim and uncertain due to continuous spread of the virus, beleaguered healthcare systems, relatively greater economic importance of the severely-affected sectors, such as tourism, and greater dependence on external finance, including remittances. As a result, all emerging market and developing economy regions, particularly large economies of emerging Asia such as India and Indonesia, are expected to contract in 2020 as they continuously try to contain the pandemic and focus on coming out of the woods. With a much more severe GDP contraction than anticipated for Q2'2020, India is expected to contract by 8 per cent in 2020, followed by a sharp recovery to 11.5 per cent in 2021, from the lower base of 2020.

Regional differences remain self-evident, with many countries in Latin America facing deep contractions owing to the pandemic, while many countries in the Middle East, Central Asia, and oil-exporting countries in sub-Saharan Africa are affected by low oil prices, civil conflict, or economic crisis. For 2020 and 2021, growth for emerging market and developing economies, excluding China, is forecasted at -5.7 per cent and 5 per cent, respectively.

In conclusion, the downturn triggered by the coronavirus pandemic is unprecedented, as compared to past recessions – where the services sector has usually witnessed smaller growth declines than the manufacturing sector. However, in the current crisis, the public health response and behavioural changes needed to slow the transmission of the virus have translated into larger contractions in service sectors than the manufacturing sector, particularly those that are reliant on face-to-face or in-person interactions, such as wholesale and retail trade, hospitality, and arts and entertainment. Such sectors face a markedly difficult path to any semblance of pre-pandemic normalcy.

## Overview of Bangladesh economy

The global novel coronavirus pandemic has slowed down some of the economic progress made by Bangladesh in the just concluded fiscal year as a result of the pandemic-induced mobility restrictions disrupting the production and supply of goods and services, as well as sharply contracting external demand in Q4'FY2020. The readymade garments (RMG) industry – the sector that accounts for 8.5 per cent of GDP – was particularly hit as product exports declined by a massive 18.12 per cent during the year. Despite numerous challenges, Bangladesh's economic performance has been consistent, steadily growing by more than 6 per cent over the past decade. In line with this trend, GDP growth stood at 5.24 per cent in FY2020 as per the provisional estimates, compared to 8.15 per cent in the previous fiscal year.

Total imports into the country declined by 8.56 per cent, albeit at a much slower pace than exports. In contrast, remittance inflows expanded by 10.87 per cent to USD 16.42 billion, which helped reduce the current account deficit (CAD), while increase in capital and financial account inflows facilitated a surplus of USD 2.93 billion in the balance of payments (BoP) from USD 179 million in the previous fiscal year. Foreign exchange reserves also increased significantly and stood at USD 36.04 billion, as of June 30, 2020, with 8.6 months of import coverage.

In order to combat the adverse effects of the pandemic, the Government announced a number of stimulus packages worth BDT 1.03 trillion/USD 12.2 billion, or 3.7 per cent of the GDP, for different economic units encompassing the following facets:

- Wage support for export industries
- Subsidies on interest payments for working capital loans
- Strengthened export facilitation
- Liquidity support for refinance schemes
- Comprehensive support for agriculture
- Support for health care, cash and food transfers to the vulnerable

These packages are being distributed to the public and other beneficiaries by the banking sector under the central bank's guidance to ensure economic revival.

Bangladesh Bank has also undertaken various policy measures, including repo rate reduction, cut in cash reserve requirement (CRR), ADR limit enhancement, special repo, bond repurchase, moratorium on loan repayments and extension of usance period to re-align the economy closer to the pre-pandemic growth path.

In terms of the fiscal profile of Bangladesh, low government revenue to GDP remained a key weakness with a ratio of 12.4 per cent in FY2020, while it is 19.8 per cent for India, 14.7 per cent for Pakistan, 13.5 per cent for Sri Lanka, 23.9 per cent for Nepal and an average of 25.6 per cent for developing countries. Moreover, introduction of new value-added-tax (VAT) law from July 2019 has seen little success. In addition to a weak revenue collection ratio, Bangladesh's recent increase in infrastructure expenditure has led to a rise in budget deficits from 4.8 per cent to 5.3 per cent of GDP in the revised budget of FY2020, while the actual number could be much higher. On the other hand, government debt-GDP ratio was relatively low at 40.3 per cent in FY2020, and almost half of the external debt is concessional, which mitigates refinancing risks and helps limit debt-servicing costs.

### GDP growth performance

Bangladesh has witnessed robust economic growth, averaging 6.5 per cent over the last decade despite challenging global economic conditions. According to provisional estimates, GDP growth in Bangladesh stood at 5.24 per cent in FY2020, as against 8.15 per cent in FY2019, which is the lowest growth since FY2009. Although the economic situation of the country seemed normal in the first eight months of FY2020, the global spread of the COVID-19 pandemic has had a huge negative impact on the economy of the country since March 2020.

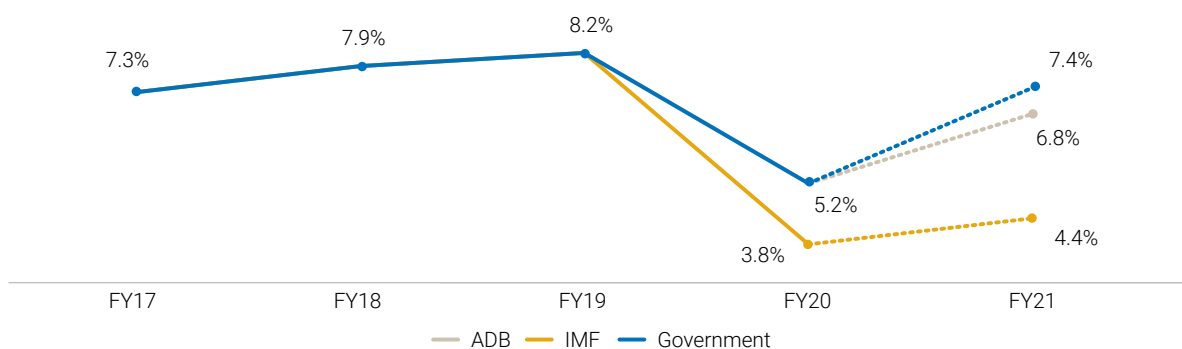
### Sovereign ratings

Bangladesh has been rated by three renowned global rating agencies with assigned credit profile of "stable" for over a decade. It has received 'Ba3' and 'BB-' ratings, respectively, from Moody's and Standard & Poor's (S&P). Fitch Ratings reaffirmed Bangladesh's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BB-' with a "stable outlook" on November 11, 2020; while other South Asian economies either received a negative outlook or were assigned a lower rating. As a result, Bangladesh stands in a lucrative position ratings-wise.

According to Fitch, Bangladesh has strengthened its external buffers despite the COVID-19 shock, with reserves crossing the USD 43 billion mark due to lower imports, higher remittances and increased borrowings from multilateral agencies. Remittances, which is an important driver of household consumption, has been surprisingly resilient, partly due to repatriation of savings by workers returning home and partly because of the government's 2 per cent cash incentive program for inward remittances through the formal channel.

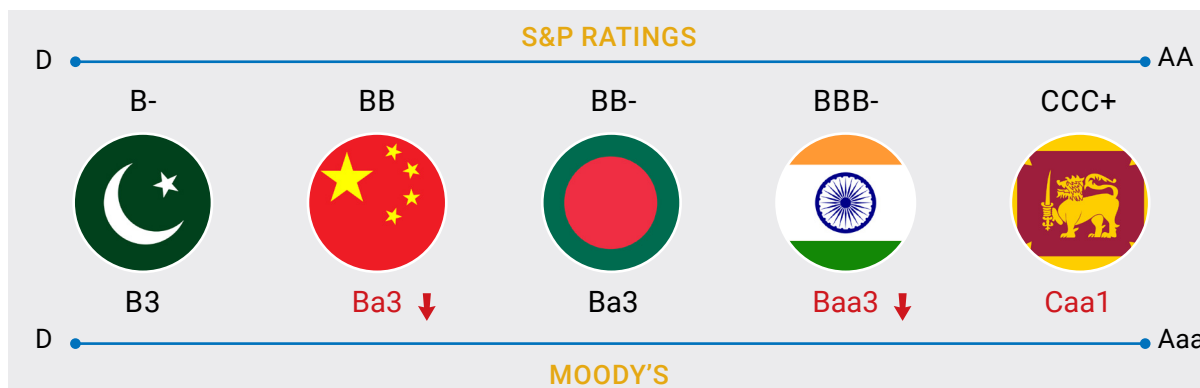
On the downside, the country's lower government revenue-to-GDP ratio of 12.4 per cent remains a key weakness in its fiscal profile, which is far below the 'BB' median of 29 per cent. Some of the other chief concerns include poor governance and high NPLs in the banking sector, one of the lowest ranking on the Ease of Doing Business index, as well as high debt-revenue ratio of 438.6 per cent in the 'BB' category.

**FIGURE 09. GDP growth trends (%)**



Source: ADB & IMF publications

**Figure 10: Credit rating comparison with peers**



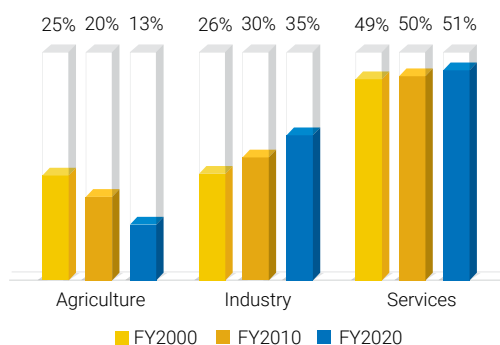
\*Red = Downgrade; Black = Unchanged; Down-arrow = Outlook changed to negative

### Agricultural sector

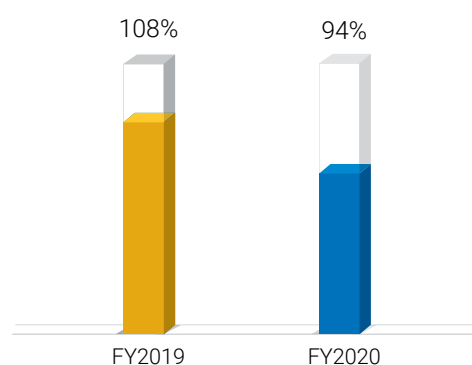
The importance of the agro-economy in the country is undeniable, as it accounted for 40.62 per cent of the total labour force and 13.35 per cent of GDP in FY2020, as compared to 13.65 per cent of GDP in the previous fiscal year.

In FY2020, the growth of the agri sector declined to 3.11 per cent from 3.92 per cent in the previous fiscal, primarily due to shortage of seasonal labour for harvesting and pandemic-induced export restrictions on poultry, crab, shrimp and fish production. Considering the significance of the sector, a total of BDT 21,484 crore was allocated in the FY2020 budget, which is 4.11 per cent of the total allocation, whereas BDT 9,000 crore was allocated in the budget of FY2020 as subsidy for fertiliser and other agri inputs. However, agricultural credit disbursement declined by 3.67 per cent in FY2020, achieving 94.3 per cent of the disbursement target of BDT 24,124 crore.

**FIGURE 11: Sectoral GDP Share (%)**



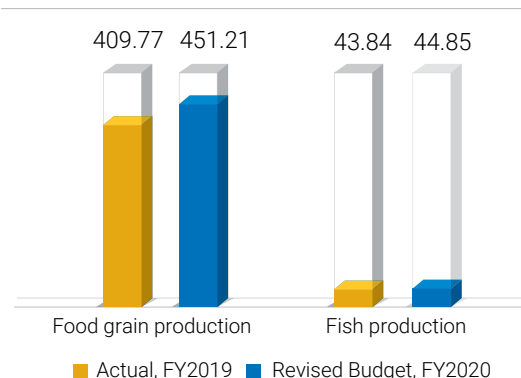
**FIGURE 12: Agricultural credit disbursement target achievement (%)**



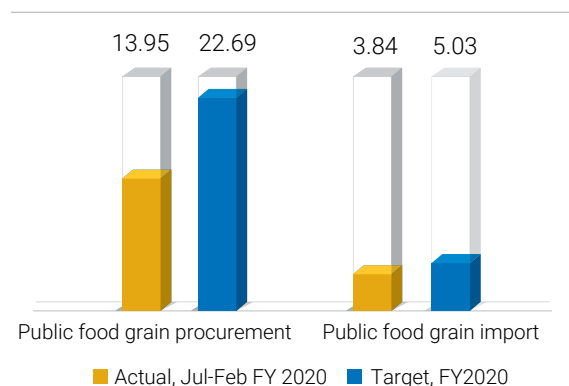
Source: Bangladesh Bank Annual Reports

As per the Ministry of Agriculture estimates, food grain production is expected to expand by 10.11 per cent in FY2020, whereas fish production is expected to increase by 2.30 per cent. Public food grain procurement and import target achievement stood at 61.48 per cent and 76.34 per cent till February 2020. On the other hand, the private sector imported a total of 46.21 lakh MT of food grains during the same period.

**Figure 13. Food grain and Fish production (lakh MT)**



**Figure 14. Public food grain procurement and imports (lakh MT)**



Source: Bangladesh Economic Review 2020

### Industry sector

The contribution of the industry sector to GDP is progressively expanding in Bangladesh. Following this trend, the size of the industry as a percentage of the GDP increased to 35.36 per cent in FY2020 from 35.00 per cent in the previous fiscal year.

However, growth of the broad industry sector, which includes sub-sectors such as manufacturing, mining and quarrying, electricity gas and water supply, and construction– declined from 12.68 per cent in FY2019 to 6.48 per cent in FY2020 on the back of lower garments exports during the global economic slowdown, followed by postponement or outright cancellation of export orders from key destinations. The contribution of the manufacturing sector-to-GDP stood at 24.18 per cent, the highest in the GDP composition, amounting to BDT 271,067 crore. However, growth declined from 14.20 per cent in FY2019 to 5.84 per cent in FY2020. Within the manufacturing sub-sector, large and medium enterprises experienced a larger decline in growth – from 14.84 per cent to 5.47 per cent, as compared to the small-scale industries whose growth declined from 10.95 per cent to 7.78 per cent. The growth of the construction sector stood at 9.06 per cent, as compared to 10.25 per cent in the previous fiscal year.

### Services sector

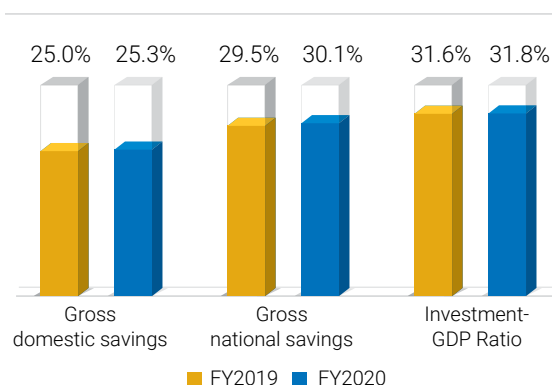
The services sector grew by 5.32 per cent in FY2020, as compared to 6.78 per cent in the previous fiscal year, as wholesale and retail trade and transport services were

severely hampered due to mobility restrictions. In fact, among the broad services sectors, sub-sectors such as wholesale and retail trade, hotels and restaurants, transport, storage and communications, financial intermediation, real estate and renting and health and social work decelerated significantly, ranging from about 1.0 per cent to 3.1 per cent, as compared to the previous fiscal year. As a result, contribution of the broad services sector-to-GDP declined to 51.30 per cent in FY2020 from 51.35 per cent in FY2019.

### Savings and investment

Investment-to-GDP ratio increased slightly to 31.8 per cent in FY2020, among which contribution from the public sector and private sector stood at 8.12 per cent and 23.63 per cent of GDP, respectively. However, growth in investments slowed down to 10.63 per cent in FY2020, as compared to 14.19 per cent in the previous fiscal year, primarily due to the economic slowdown caused by the COVID-19 pandemic beginning Q4'FY2020.

**FIGURE 15: Gross Domestic Savings, National Savings and Investment (as percentage of GDP)**

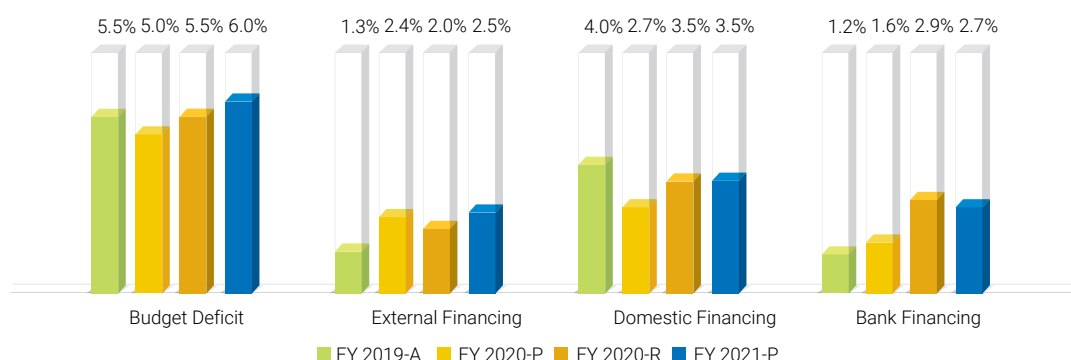


Source: Bangladesh Economic Review 2020

### Fiscal sector

Budget deficit has been revised at BDT 153,508 crore for FY2020 and is expected to increase to BDT 190,000 crore in FY2021 as per the proposed budget. Deficit financing from external sources and foreign grants has been revised downwards by BDT 56,163 crore for FY2020, whereas financing from domestic sources has been revised upwards by BDT 97,345 crore – out of which financing from the banking system has been estimated BDT 82,421 crore.

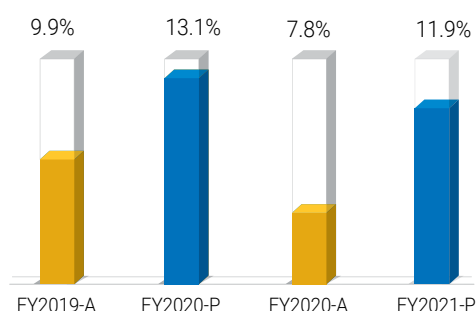
**FIGURE 16: Budget deficit financing (as % of GDP)**



Source: Budget Speech 2020-21; A=Actual, P=Proposed, R=Revised

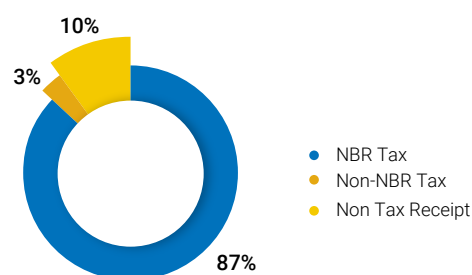
The National Board of Revenue (NBR) collected BDT 218,408 crore in FY2020 against its revised target of BDT 300,500 crore, achieving 72.68 per cent of the target. Revenue collection also declined for the first time since independence by 2.26 per cent in FY2020 amid the pandemic that surfaced in the last quarter of the fiscal year, which is a peak time for revenue collection. In fact, tax revenue from NBR and non-NBR sources both declined during the fiscal year except non-tax revenue, which increased sharply from injection of surplus funds into government treasury from various autonomous, semi-autonomous, state-owned and public non-financial corporations. This initiative has helped the government to reduce bank borrowing from March 2020 while smoothly facilitating its budget expenditure. In addition, tax-GDP ratio also fell from 9.9 per cent in FY2019 to 7.8 per cent in FY2020.

**FIGURE 17: Government revenue to GDP ratio (%)**



Source: Budget Speech 2020-21; A=Actual, P=Proposed, R=Revised

**FIGURE 18: Total revenue composition (%)**



Source: Budget Speech 2020-21; A=Actual, P=Proposed, R=Revised

Expenditure target for FY2020 has been revised downwards at BDT 501,577 crore or 17.88 per cent of GDP, which was BDT 391,690 crore or 15.40 per cent of GDP in FY2019. Similarly, development expenditure has been revised at BDT 202,349 crore or 7.21 per cent of GDP from BDT 151,055 crore or 6.0 per cent of GDP in FY2019. As per the provisional estimates, the total expenditure in the fiscal year stood at BDT 398,490 crore, and ADP expenditure was BDT 161,857 crore, achieving 80.45 per cent of revised ADP target for FY2020. Development projects were also reprioritized in FY2020 to ease fiscal pressures arising from COVID-related expenses.

### External sector

Export earnings and import expenditures have suffered heavily due to the stagnation caused by the COVID-19 pandemic in world trade. In FY2020, total export earnings decreased by 17.10 per cent to USD 32.83 billion, among which the most important ready-made garments sector suffered a de-growth of 18.12 per

cent. Similarly, imports declined by 8.57 per cent to USD 50.69 billion. Given the larger fall in exports relative to imports, trade deficit widened to USD 17.86 billion from USD 15.84 billion, an increase of 12.75 per cent. However, remittance inflows increased by 10.87 per cent to USD 18.21 billion in FY2020 which has helped contain current account deficit at USD 4.72 billion in FY2020 from USD 4.49 billion in FY2019, an increase of 5.19 per cent. Along with financial account receipts, Bangladesh has reported a surplus of USD 2.93 billion in FY2020 compared to USD 179 million in the previous fiscal.

## Exports

Total Export earnings declined by 16.93 per cent from USD 40.54 billion to USD 33.67 billion in FY2020. In an already bleak global trade environment during the first eight months of the fiscal year, this contraction in exports was primarily exacerbated by the readymade garments sector that declined by 18.12 per cent. The impact of the coronavirus outbreak on the export sector became apparent when year-on-year export growth declined by 18.21 per cent in March 2020, followed by 82.86 per cent decline to USD 520.01 million in April 2020. However, activity has remained mostly stable since May 2020, and export earnings declined by only 2.50 per cent year-on-year in the final month of the fiscal. Some of the products that have been able to sustain growth during this period are frozen fish (17.99 per cent), pharmaceuticals (4.49 per cent), handicraft (2.86 per cent), and raw jute and jute products (8.10 per cent).

## Imports

Total imports declined by 8.56 per cent from USD 59.91 billion to USD 54.78 billion in FY2020. Imports of food grains and consumer goods increased by 7.76 per cent and 5.38 per cent respectively, while imports of intermediate commodities and capital goods declined by 5.05 per cent and 23.92 per cent respectively. The government's declaration of general holiday from 26 March to 30 May had idled nearly all industries and construction projects, which curtailed import requirements.

## Remittance

Remittance inflows increased by 10.87 per cent from USD 16.42 billion to USD 18.21 billion in FY2020, despite growing more than 20 per cent during the first 8 months of the fiscal year. Majority of the remittance come from

Middle Eastern countries such as Saudi Arabia (22.06 per cent), the United Arab Emirates (13.58 per cent), and the United States (13.21 per cent). Despite the challenging situation posed by the COVID-19 pandemic, Bangladesh has been able to maintain stable inflows of remittance. The 2 per cent cash incentive allocated by the government of Bangladesh, followed by relaxation of documentation requirements, has played a vital role in encouraging expatriates to remit more money through the legal channels, which has strengthened the remittance inflows. Buoyant remittances also deserve notable credit for narrowing the current account deficit in FY2020.

## Foreign direct investment

Foreign direct investment has recorded its first de-growth in seven years because of the slowdown induced by the coronavirus pandemic. During the fiscal year 2020, net FDI inflows plunged by 39 per cent to USD 2.37 billion, which is in line the global trend that witnessed the largest capital outflow on record, with investors withdrawing USD 83 billion from developing countries.

(USD Million)

Component	Net inflows in FY2019	Net inflows in FY2020	% change
Equity capital	1,195	728	-39.1%
Reinvested earnings	1,363	1,510	10.8%
Intra-company loans	1,330	132	-90.0%
<b>Total</b>	<b>3,889</b>	<b>2,370</b>	<b>-39.0%</b>

Source: Bangladesh Bank

The United States, the United Kingdom, Singapore, South Korea and the Netherlands, remain among the top-five FDI contributors in Bangladesh.

## Balance of payment (BoP)

Trade deficit increased to USD 17.86 billion in FY2020 from USD 15.84 billion in FY2019 due to larger fall in exports compared to imports. In addition, services account deficit decreased by 20.00 per cent while primary income deficit increased by 30.39 per cent. In terms of secondary income account, its surplus balance increased by 11.12 per cent in FY2020 due to the higher growth in worker's remittances. As a result,



current account deficit increased slightly from USD 4.49 billion to USD 4.72 billion in FY2020.

On the other hand, the financial account surplus increased from USD 5.13 billion to USD 7.54 billion despite net FDI falling by 39 per cent. As a result, overall balance of payment recorded a surplus of USD 2.93 billion in FY2020 due to the foreign borrowings from international lenders to fill the financing gap created by the pandemic, compared to a surplus of USD 179 million in the previous fiscal year.

### Foreign exchange reserves

Foreign exchange reserve stood at USD 35.85 billion in FY2020 compared to USD 32.72 billion in FY2019. Following the closure of the fiscal year, the foreign exchange reserves crossed the USD 41 billion mark on 28 October 2020; USD 42 billion mark on 15 December 2020; and a record high of USD 43.17 billion on December 31, 2020. Lower import payments, strong remittance inflows, and borrowing from multilateral organizations have particularly boosted the foreign exchange reserves of the country.

### Exchange rate

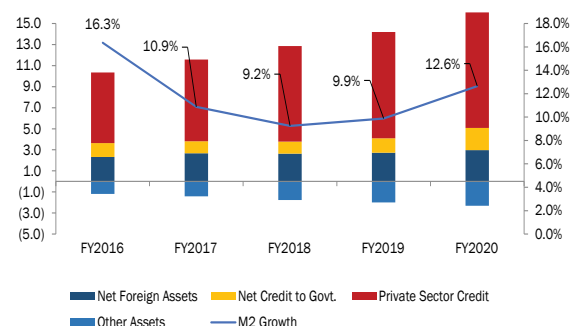
During the first half of FY2020, the USDBDT exchange rate faced moderate depreciating pressure, which subsided gradually during the second half of the fiscal year due to the shrinking growth of imports, better than expected growth of inward remittances, and a significant amount of receipt in the financial accounts. Overall, the weighted average interbank rate stood at 84.76 in FY2020 compared to 84.03 in FY2019, depreciating the taka by 0.86 per cent. The central bank kept the exchange rate broadly stable by intervening in the foreign exchange markets by buying excess USD against the Taka from the market. In fact, Bangladesh Bank (BB) bought USD 877 million from the market, injecting BDT 7,434 crore (approx.) during FY2020, whereas no dollar was purchased by BB during the previous two fiscal years.

### Money supply and credit growth

Broad money (M2) growth accelerated by 2.7 per cent to BDT 1.37 trillion in FY2020. Net foreign assets (NFA) increased by 10.7 per cent as balance of payments surplus increased from USD 179 million to USD 3,655 million. Sharper fall in exports relative to imports were partially offset by stronger inflow of remittance in the

current account (CA). Similarly, net domestic assets (NDA) increased by 13.2 per cent driven by the private sector credit growth. On the other hand, reserve money (RM) increased by 15.6 per cent compared to 5.3 per cent of previous fiscal year.

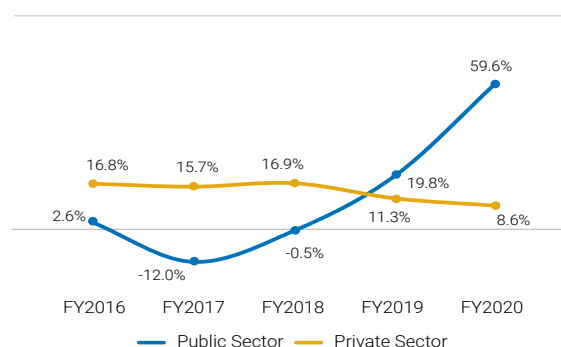
**FIGURE 19. Broad money growth trend**



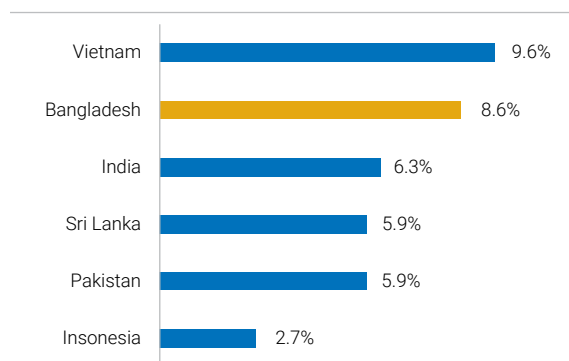
Source: Bangladesh Bank

Domestic credit growth increased to 14.0 per cent in FY2020 from 12.3 per cent in FY2019. Private sector credit growth, which accounts for 84 per cent of total credit, declined by 2.7 per cent as economic activity plunged both at home and abroad. Private sector credit growth remained slow due to focus on quality lending for most part of the fiscal year, which was further aggravated by the coronavirus outbreak in March 2020, yet the country's private sector credit growth remains above other fast-growing South Asian and East Asian emerging markets and developing economies such as India, Sri Lanka, and Indonesia. In contrast, public sector credit growth increased significantly on borrowing to finance necessary expenditure and COVID-19 related measures amid prior efforts to confine sales of national savings certificates to intended beneficiaries.

**FIGURE 20: Public and private sector credit growth**



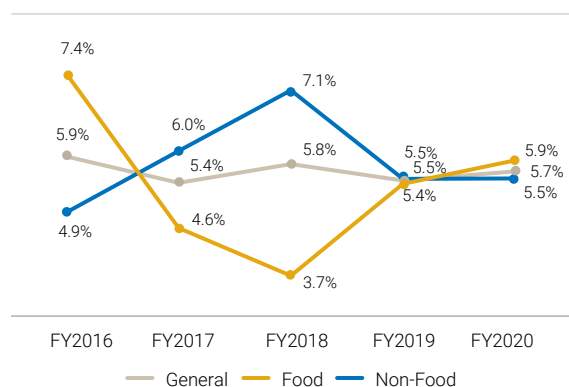
**FIGURE 21: Cross-country private sector growth comparison**



### Inflation rate

Inflation rate increased to 5.65 per cent in FY2020 from 5.48 per cent in FY2019; exceeding the targeted inflation rate by 15 bps. The annual average non-food inflation, particularly medical and healthcare expenses, and supply chain disruption caused by the coronavirus pandemic, were largely responsible for this higher inflation. Food and non-food inflation stood at 5.52 per cent (+0.01 per cent) and 5.85 per cent (+0.43 per cent) respectively.

**FIGURE 22. CPI Inflation trend, 12-month average: Base FY2006=100**



Source: Bangladesh Bank

### Interest rates

Weighted average lending rate of commercial banks declined year-on-year from 9.58 per cent to 7.95 per cent at the end of June 2020. In contrast, weighted average deposit rates declined from 5.43 per cent to 5.06 per cent during the same period. The resulting net effect concluded with a sharp decline in scheduled banks' spread by 126 bps at the end of June 2020.

### Call money rates

Call money market remained moderately liquid for the most part of FY2020 except a few months accompanying sizable treasury auctions. During the fiscal year, average call money rate stood at 4.70 per cent with monthly average call money rate fluctuating between 3.5 per cent and 5.0 per cent. The central bank cut repo rate from 6.0 per cent to 5.25 per cent and cash reserve requirement from 5.5 per cent to 4.0 per cent – each in two stages – to implement the stimulus packages by boosting banks' liquidity during the coronavirus pandemic in March-April 2020. However, the corresponding effect on the money market materialized only after the end of the fiscal year. Bangladesh Bank again followed it by another repo rate cut to 4.75 per cent in its Monetary Policy Statement for FY2021, which is “essentially expansionary and accommodative” for growth keeping a lid on inflation.

### Bangladesh economic outlook

Bangladesh has managed to grow in FY19-20 as COVID-19 affected only the tail end of the year. In light of the post-COVID recovery assumption, the government of Bangladesh has projected a GDP growth rate of 8.2 per cent in FY2021. However, as per the Asian Development Outlook 2020 Update, GDP growth is projected at 6.8 per cent in FY2021 given the lingering effects of pandemic.

The Asian Development Bank (ADB) also projects gradual economic recovery to take hold during the first two quarters of FY2021, followed by a more rapid recovery during the latter part of the year aided by a strong manufacturing base in tandem with rising external demand from advanced economies. As a result, the economic outlook of Bangladesh will remain largely balanced as discussed below:

- Honourable Prime Minister Sheikh Hasina has announced stimulus packages worth BDT 1.03 trillion (3.7 per cent of GDP) in April 2020, majority of which will be implemented in FY2021. Restoration of consumer confidence and government stimulus package both are likely to boost private and public investment. The downside risk includes a prolonged pandemic in Bangladesh or its major export markets.

- The central banks' monetary policy will remain expansionary and accommodative in FY2021 toward achieving the government's growth target within the prescribed inflationary levels. As part of its expansionary policy, the Bangladesh Bank has reduced its main policy repo rate by 50 bps to 4.75 per cent in July'20 Monetary Policy Statement (MPS). In addition, broad money growth target has been set at 15.6 per cent, and domestic credit at 19.3 per cent - among which public and private sector growth target has been set at 44.4 per cent and 14.8 per cent respectively. Risks towards achieving monetary goals include uncertainty surrounding COVID-19, natural calamities, rising non-performing loans, and unexpected inflationary pressure.
- In addition, Bangladesh Bank intends to strengthen the monetary policy transmission by switching to a monetary policy regime based on the policy interest rate, which is under development and adoption is deferred until pandemic-related uncertainties subside. The central bank will also continue to adjust sector-specific support policies and programs on an as-needed basis.
- Revenue collection target has been set at 11.9 per cent of GDP and spending at 17.9 per cent, resulting in a budget deficit of 6.0 per cent of GDP - 60 per cent of which is to be financed domestically. Banks and non-banks are expected to provide 77 per cent and 23 per cent of domestic financing respectively in line with efforts that begun in FY2019 to reduce reliance on non-bank national savings certificates. Despite setting less ambitious target than previous years, fully achieving the revenue target may still be a challenge because of the pandemic.
- Budget spending is targeted to grow by 13.2 per cent over the FY2020 revised budget, driven by higher pay and allowances, interest payments, and subsidies; and development expenditure by 6.3 per cent, driven by high-priority development projects. Given the government's expenditure must rise due to the implementation of stimulus package and large priority projects, budget deficit is expected to reach 6.2 per cent of GDP, and may lead to greater reliance on external lines of credit. However, strong macro fundamentals such as lower public and foreign debt, and higher foreign exchange reserve greatly minimizes risk of debt distress. Less than targeted govt. expenditure will reduce budget deficit accordingly.
- Exports are likely to make gradual recovery in FY2021, particularly in the second half of the fiscal year, in line with the expected recovery in global trade. Exports are expected to grow by 8.0 per cent in FY2021 aided by government stimulus measures, improving business climate, and duty-free trade opportunities extended by People's Republic of China. The country should explore opportunities to sign other free or preferential trade agreements.
- Imports are expected to grow by 5.0 per cent as the RMG industry, which requires substantial imports of raw materials, gradually returns to the pre-pandemic levels of output. Implementation of large infrastructure projects is also expected to boost imports of capital equipment and materials.
- Trade deficit will remain broadly stable as both exports and imports gradually increase with rising factory output, while the current account deficit is expected to be 1.1 per cent of GDP in FY2021.
- Private consumptions are also expected to remain firm as remittances have made a swift recovery since March - April 2020. However, shrinking job opportunities for migrants and net repatriation of workers from host countries, especially the Persian Gulf and Southeast Asia, will have visible impacts on the growth in remittances, which is expected to moderate at 4.5 per cent in FY2021.
- The growth of agriculture is projected to increase from 3.1 per cent in FY2020 to 3.5 per cent in FY2021, facilitated by government subsidies for seed, fertilizer, innovation, farm mechanization, and irrigation, and by central bank refinancing facilities to provide working capital for small and medium-sized farms. Despite government subsidies to agriculture and its efforts to expand arable area with increased mechanization, rice imports may need to be larger than earlier expectations to make up for lost output from floods.

- Following strong consumer demand, expected economic recovery in major export destinations, and expected growth in private investment, the industry sector is likely to grow at 10.3 per cent in FY2021 from 6.5 per cent in FY2020. Sustained growth of agriculture in addition to industry growth is expected to support the service sector to grow by 5.5 per cent in FY2021.
- Inflation is expected to remain steady at 5.5 per cent in FY2021 given sufficient crop production and favourable commodity prices. Fiscal and monetary stimulus are less likely to drive up prices given underutilized production capacity of firms and consumer caution on spending. Upside risk includes drag from foreign cost pressures, which may push inflation above past averages.

Thus, addressing the challenges posed by the COVID-19 pandemic with timely fiscal and monetary initiatives will continue to be of paramount importance. In fact, continuous policy support to internal and external sectors of the economy can strengthen growth momentum of the country, while improving governance and transparency in the banking sector will ensure sustained economic prosperity and stable economic outlook for Bangladesh in the post-COVID world.

### Our Performance highlights:

#### **Confidence in achieving progress collectively during pandemic year**

At BRAC Bank, as an institution rooted in the country's soil, we aim to extend our perimeter of positivity to help our stakeholders and the public at large face the hostility of the current times with confidence and resilience. In fact, our purpose of serving our customers and our stakeholders in the best possible way remains at the forefront of our efforts in restoring the lives of millions after the ravages of the pandemic. Indeed, we aim to make sure that everyone can access basic financial services by promoting the use of digital payment platforms that make transactions easier, giving access to financial propositions targeted at especially the base of the pyramid, providing cash-in/cash-out services in remote areas and small communities and offering specific financial support.

Despite the COVID-19 pandemic that has created a deep socio-economic threat, we believe that continuing to remain on our journey of sustainable value creation for all will help ease the challenges, even as we focus on contributing to the goals of the nation in every possible way as it climbs up the economic ladder. We believe that the post-COVID world will continue to focus on intensification of building back better and hence our strategy targets the unbanked and underserved, including individuals and SMEs across Bangladesh who face difficulties in obtaining credit, have limited financial understanding, or are in financial distress. We have a proud history and legacy of pioneering SME banking in Bangladesh and today, our deep roots, robust scale with a nationwide footprint, unique competitive strengths (including industry-leading TAT), product diversity and commitment to customer service, ensure that we cater to a broad range of their financial needs, while also sharing financial insights and knowhow.

We will continue to focus on giving people access to the financial system, while also seeking to ensure that no one needs to leave the financial system. Further, we will continue to intensify our efforts in helping financially-underserved people access the banking system through digital platforms so they can make payments; use basic, tailored financial services; overcome socio-economic barriers; take greater control of their financial journey; and make use of faster and more secure transactions, thus saving time and effort. With our refreshed retail financial services strategy we will continue to target segments that have witnessed a structural shift- for instance housing and mortgage finance as people realise the value of their own home and also the need for larger homes as work-from-home and study-from-home become more commonplace. We will also strive to help customers finance their own mobility through deepening our presence in vehicle loans. On the corporate and large customer front, we will place emphasis on extending all kinds of support to ensure rapid revenue recovery and also restoration of profitability. Our sophisticated working capital and trade-related financial solutions have been devised to serve their most pressing needs around access to finance.

We strongly believe that our interventions and forward-thinking customer-first strategies, rooted in sustainably

enhancing the penetration of formal finance in a country with deep financial under-penetration, will not only reinforce our commitment to emerge as the best and most preferred bank for our customers, but also the best bank in Bangladesh. We believe that digital will play a big role in the future and are focused on making the right investments with a view to ensure a robust tech platform that will make banking invisible, yet all-pervasive, which represents our eventually goal in building the BRAC Bank of tomorrow.

Since the start of January 2020, the coronavirus outbreak has created significant disruption for our colleagues and customers. We understand the difficulties this poses and have put in place robust measures to support them through this challenging time. Depending on how the situation unfolds amidst the uncertainty, there is the possibility of economic deceleration that may add up credit losses in the economy. At the bank, we will continue to monitor the situation closely through close collaboration amongst all the bank's divisions and support functions, even as we are drawn by the sound potential the country offers and the promise of a better tomorrow.

### **Agility in constant change**

At BRAC Bank, we are proud to mark over 20 years of business excellence by renewing our pledge to deliver outstanding products and services, while ensuring that our business model generates sustainable value for the future. We believe in continuous improvement, constantly pushing our limits and relentlessly pursuing perfection in everything we choose to do.

The bank has always been aware of the need to stay relevant and nimble in a fast-changing and highly competitive environment. That's why we have been constantly evolving, re-engineering our processes and redesigning our technologies, always looking at newer ways to do things and appraising our impact on our customers and communities.

Thus we believe that adapting to constant change has been one of our key structural advantages that has enabled us to create a strong position in the market. Today, we believe that adopting constant change will be our key material driver as we steer our business out of the distress caused by the pandemic and advance

towards the many opportunities for growth and expansion that are yet to be discovered. Enhancing our relevance for today and well into tomorrow, we expect to embrace the following initiatives:

- Restructure/reshape underperforming areas of the bank so that they are able to contribute to value expansion
- Reduce operating costs via augmenting efficiencies
- Invest in automation and digitisation to enhance our lead in the digital future
- Increase agility and the pace of project implementation
- Reduce NPLs and bring it to our predefined targets
- Maintain capital limits as per regulatory requirements at all times
- Foster responsible banking with superior customer service and proactive regulatory compliance
- Explore opportunities where we can amplify our social and environmental impact

Under our adaptability focus, we also intend to continue to make progress across the following priorities:

### **Enhancing phygital banking**

At BRAC Bank, we have always believed that there exists an inherent opportunity to differentiate by adapting to digital transformation faster. The digital landscape is revolutionising the way we live. This transformation is creating new opportunities and we have witnessed examples of how digital initiatives have replaced business models and improved them. We have also seen how digital banking helps lift-off traffic at our branches, thus also contributing to cost efficiency.

Hence, at our bank, our focus on developing robust digital infrastructure in the past helped in smooth customer facilitation and financial intermediation during the pandemic, allowing us to perform our responsibilities as an essential service. With this experience, we are now looking at faster digital transformation- from the front office to the back-end, to enable us to be quicker and faster in serving the needs

of a fast digitalising country. To be digitally successful, we have identified that we need to re-architect our technology infrastructure on the cloud, enable tech-related scalability through ecosystem partnerships, improve business/technology collaboration and reinforce data analytics. Net-net, our focus on digital is to ensure a simple, yet highly experiential interface with our customers and we find that as a leader in digital transformation in the country's banking industry, we will continue to achieve sound progress on this front in 2021 and beyond.

### **Connecting customers to opportunities through offering superior products & services**

As a vanguard of the country's banking sector, we are focused on providing our customers with new opportunities, especially those affected by the pandemic. We believe that with the easing of the pandemic and the way certain geopolitical events shape up, Bangladesh will attract accelerated investments considering its intrinsic socio-economic advantages, not least among these being a large and low-cost labour pool and ease of doing business. Thus, our strategic investments in technology, product innovation and scale, especially digital, is not only improving our customer service standards, but also connecting them to newer opportunities. For our customers, we introduced diversified digital features in 2020 to make everyday banking easier, including a feature where they could implement instant money transfers.

At BRAC Bank, our Service Excellence & Quality Assurance team adopts focused initiatives under the framework of 'Lean' and 'Six Sigma' integrated methodologies toward improvement of service levels and process standards to ensure that our customers have the best experience with us. The team also actively engages with customers via various channels to capture their feedback, which is analysed comprehensively to ensure accurate and well-targeted improvements. Further, our complaints management and grievance resolution team collaborates with the

respective units and conducts detailed root-cause analysis on an on-going basis to address issues and ensure a delightful customer experience.

### **Human capital is on our priority**

The employees of BRAC Bank make our diversification, differentiation, collaboration and growth strategies work. Therefore, our focus is first directed at our employees, thus enabling us to nurture a 'people first' policy. Our employee development strategies are directed at building a competent and versatile human capital because competent and engaged employees create value for our stakeholders.

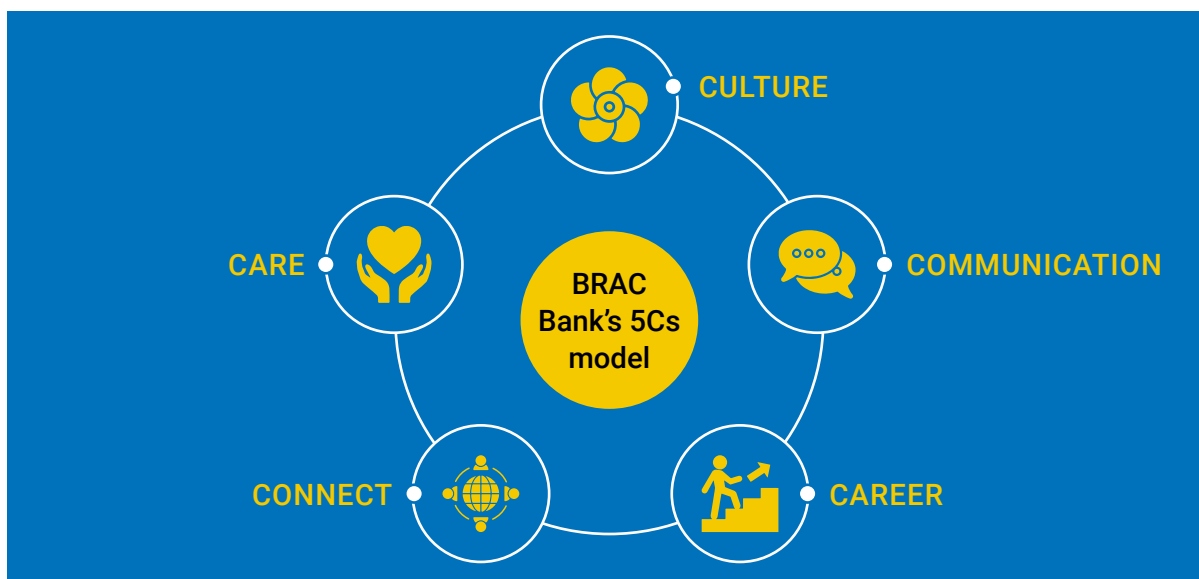
At BRAC Bank we pursue time-tested employee value propositions under our shared value focus, driven by the ethos of:

- Developing an entrepreneurial mind-set and ensuring empowered decision-making
- Fostering talent management anchored on owner-partner-manager philosophy
- Cultivating superior employee experiences, designed to encourage meritocracy, performance and prudent risk-taking

At the bank, our human capital engagement strategies and practices are targeted at enhancing our brand as a preferred employer and employer of choice among new-age human resources who are also digital natives. Under our robust HR and talent management practices, we offer a suite of best-in-class initiatives that enable us to grow and retain the quality of our human capital, thus ensuring that we preserve the integrity of our intellectual capital at all times.

### **Co-worker engagement through the '5Cs' model**

At BRAC Bank, with a view to ensure holistic talent management and engagement, we have adopted the 5Cs engagement model.



BRAC Bank engages and develops its human capital by ensuring an enduring connect with the bank's vision, core values and operating principles, encouraging open, honest and transparent communication, strengthening connect with employees and community through continuous engagement, supporting career development through trainings and a cutting-edge workplace environment, and demonstrating employee care as an institution empathetic to the cause of its people. Holistic well-being and welfare forms the cornerstone of our employee engagement model,

especially at the time of the pandemic-induced lockdown where we engaged with our employees digitally and provided them with all sorts of institutional assistance with a view to help them cope better.

We understand that skills shortage is an acute challenge facing our sector and hence we not only develop and foster unique talent acquisition strategies, but also ensure that we provide a vibrant and versatile environment where employees can learn and improve their capacities and skills every day.

Shared value	Way of thinking (employees)	Way of thinking (employer)
Flexible deployment	Willingness to work in a variety of organisational roles and settings	Encourage employees to work in inter- and intra-departmental roles
Customer focus	Provide superior customer service	Provide information, skills and incentives to focus externally
Performance focus	Focus on what we do, not where we work	Link rewards and benefits with performance, rather than organisational dependency
Project-based work	Gain acceptance of project-based work over functions-based work	Structuring work around projects rather than organisational functions
Human spirit and work ethic	Value work that is meaningful	Provide work that is meaningful and purposeful
Commitment	Commit to assisting the organisation to achieve consistent outcomes	Commit to assisting employees to achieve their personal objectives
Learning and development	Commit to lifelong learning	Enter into partnerships for holistic employee development
Open information	Willingness to show enterprise and initiative	Provide employees with access to a wide variety of useful information

Please refer to page 273 for details on our people and page 265 for details on human resource accounting.

## Financial overview

In assessing financial performance, BRAC Bank's management uses a wide variety of financial metrics to assess progress and ensure transparent information disclosure. Such an assessment also guides our shareholder and stakeholder value creation focus, while also allowing us to preserve our balance sheet strength.

It must be noted that BRAC Bank achieved performance in 2020 under a highly distressed environment unleashed by the pandemic and exacerbated by high and uneven competitive intensity. Further, our operating context was also characterised by increasing regulatory compliance pressures and continuous monitoring by the central bank (to ensure stability of the banking system, enhanced vigilance over non-performing loans and reversal in private sector investment trends).

### Context and synopsis of financial performance

BRAC Bank is one of the largest banks in Bangladesh. As of 31 December 2020, we had BDT 397,502 million of total property and assets and BDT 273,063 million of Loans and advances. Our market capitalisation had reached BDT 58,736 million at the close of the year. Our purpose is to help people and businesses achieve success and ensure that we reach institutional finance to the unserved and underserved swaths of the country. Further, we do not merely meet our legal and regulatory obligations, but also aspire to exceed expectations. We focus on areas where our activity can have the greatest socio-economic impact, helping development-oriented growth in an inclusive and sustainable way, which is aligned with the national goal of achieving a middle-income country status in the near future.

We engage in all types of typical banking activities, operations and services. Our scale, business model and diversification drive our aim to be the best bank of Bangladesh, acting responsibly and earning the enduring loyalty of our stakeholders (Regulators, customers, shareholders, people and communities).

In 2020, against the backdrop of the pandemic, our commitment to our stakeholders was even stronger:

- Our priority was to safeguard the health and safety of our 7,740 employees, by implementing measures such as redefining our way of working, with large number of our colleagues working from home at the peak of the pandemic, and gradual return to the workplace amid de-escalation even as we followed all Governmental safety recommendations and regulations.
- For our more than 1 million customers, we strengthened our propositions and implemented support measures to ensure the necessary financial assistance through pre-approved lines of credit and payment deferrals through moratoriums, as well as facilitating other relief measures of the Government.
- For our shareholders, we kept all channels open to share information and material developments in an accurate and timely way, which went a long way in building enhanced levels of trust.
- In line with our commitment, we contributed to the welfare of society. We implemented actions and mobilised resources together with the Government and institutions to help combat the health crisis with several solidarity initiatives.
- Lastly, as the global pandemic intensified, we accelerated our digital transformation, focusing on our multi-channel strategy and digitalisation of processes and businesses.

Thus, deepening stakeholder engagement and focusing on achieving our target plans and initiatives despite the adversities, we were able to report a resilient and respectable performance for the year 2020 achieved in challenging conditions and circumstances.

BRAC Bank reported creditable performance in challenging times. For the year ended 31 December 2020, the bank's total revenue (net interest income plus other income) stood at BDT 20,508 million, representing a decline of 4 per cent over 2019. Decline in revenue is primarily attributed to shrinkage in interest income, commissions and exchange and brokerage income. Net interest income declined by 24 per cent to BDT 11,380 million, mainly due to regression in the overall business activity in the country on account of COVID-19, along with virtual standstill enforced for about 3 months to control the spread of virus transmission.



Operating expenses increased to BDT 11,907 million in 2020 (vs. BDT 11,440 million in 2019), reflecting our drive to build assets and capabilities for ensuring scale-up of business and future preparedness, especially in digital banking. During the year, tech- and IT-related hardware and software and motor vehicles costs were capitalised as asset. Staff expenses, a key component of our operating expenses, increased during the year due to manpower addition and continuous annual wage revisions. Notwithstanding income-pressures imposed by the pandemic and also relatively higher infrastructure spends, the bank's cost-to-income ratio declined by about 5 percentage points to 58 per cent, which is still amongst the best in the country's banking sector.

The twin effects of decline in income and increase in costs put pressure on our operating profit, which shrunk by 14 per cent BDT 8,602 million during the year.

As a prudent and conservative measure to protect from any anticipated and unintended loans shocks, total loan loss provisions were enhanced to BDT 1,867 million, vs. BDT 1,442 million in the preceding year. It is to be noted that the bank's provisioning policies remain more stringent than regulatory requirements. NPL Coverage Ratio based on only specific provisions excluding write-offs was 114 per cent; including general and floating provisions, it stood at 171 per cent. The bank's NPL stood at 2.93 per cent, as against 3.99 per cent in the preceding year, a sound achievement in a hostile environment.

The bank's profit before tax (PBT) declined by 21 per cent to BDT 6,735 million. After providing for income tax of BDT 2,194 million, net profit after tax (PAT) decelerated by 20 per cent to BDT 4,541 million from BDT 5,646 million in 2019. Consequently, basic earnings per share (EPS) stood at BDT 3.42 from BDT 4.26 in 2019 (previous year's figure has been restated).

As on 31 December 2020, the bank's total balance sheet stood at BDT 397,502 million, representing a satisfactory increase of 8 per cent vs. BDT 369,404 million on 31 December 2019. Total deposits rose by a credible 8 per cent to BDT 289,054 million, vs. BDT 268,309 million in the previous year. The bank's loans and advances portfolio of BDT 273,063 million achieved growth of 3 per cent vs. the previous year.

On a consolidated basis, the bank's profit before tax (PBT) decelerated by 16 per cent to BDT 6,321 million. After providing for income tax of BDT 2,295 million, net profit after tax (PAT) declined by 12 per cent to BDT 4,026 million, vs. BDT 5,583 million in the previous year. Basic earnings per share (EPS) stood at BDT 3.33, vs. BDT 3.73 in 2019 (previous year's figure has been restated). As on 31 December 2020, the bank's total balance sheet stood at BDT 456,595 million, constituting a 10 per cent increase over BDT 414,855 million on 31 December 2019.

Please refer to page 472 for details on the bank's financial disclosures.

## Quarterly financial performance

As a part of our governance and compliance processes, the Board and Board-appointed Audit Committee review the quarterly financial performance of the bank, both on standalone and consolidated basis. 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 (including subsidiaries). During the year 2020, BAC reviewed the quarterly financial statements and BOD approved the same before disclosing it to shareholders and stakeholders.

Key metrics under quarterly financial performance for 2020 are summarised below:

BDT in million, unless otherwise stated

Particulars	Standalone (At the end of period)			
	Q1	Q2	Q3	Q4
Loans and advances	259,329	259,359	265,037	273,063
Deposits and other accounts	263,479	286,873	283,111	289,054
Total property and assets	357,346	387,783	389,631	397,502
NAV Per Share (BDT)	31.54	29.72	32.55	35.41

Particulars	Standalone				
	Q1	Q2	Q3	Q4	Full Year 2020
Total revenue	5,706	3,994	5,331	5,477	20,508
Total operating expenses	3,184	2,997	2,872	2,854	11,907
Total provisions	850	399	584	33	1,867
PAT	1,076	443	1,277	1,745	4,541
EPS (BDT)	0.81	0.33	0.96	1.32	3.42

Particulars	CONSO (At the end of period)			
	Q1	Q2	Q3	Q4
Loans and advances	260,143	260,184	265,885	273,439
Deposits and other accounts	295,545	331,121	326,596	333,616
Total property and assets	407,495	446,004	447,761	456,595
NAV Per Share (BDT)	33.73	30.90	33.81	36.63

Particulars	CONSO				
	Q1	Q2	Q3	Q4	Full Year 2020
Total revenue	7,386	5,679	7,896	7,765	28,727
Total operating expenses	5,115	4,948	5,312	5,158	20,533
Total provisions	851	400	585	36	1,873
PAT	761	190	1,425	1,651	4,026
EPS (BDT)	0.57	0.22	1.13	1.40	3.33

Based on the quarterly financial statements, the BAC and BOD obtained detailed reviews and analytical evaluation underlying the reasons for changes and deviations from targets. They also assessed whether the changes were in line with business strategies adopted during the period, to test the efficacy and efficiency of strategies. The BOD also reviewed results against the performance of the overall banking industry. Based on the reviews, they developed updated approaches for further improvement of the bank's position and business performance.

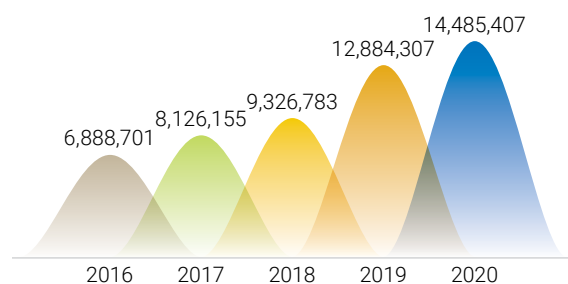
In 2020, we fortified our focus on cost optimisation, investments in technology, complaint/grievance resolution, ESG targets adoption and improving operating efficiency, thus representing a balanced approach that enabled us to advance our capabilities to respond to evolving stakeholder needs and expectations, while also enabling us to move forward to become the best digital bank of Bangladesh.

Please refer to page 169-183 for details on the bank's key operating performance indicators, shown as five-year financial summary and in graphical representation.

## BRAC Bank vs. Industry

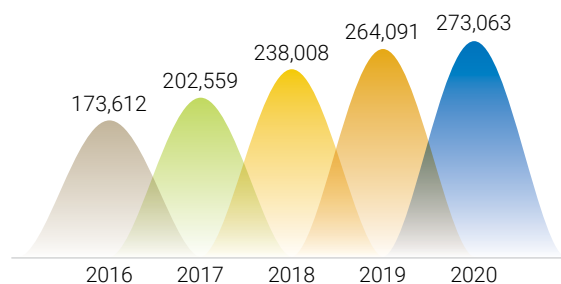
### Industry Loans and advances

BDT in million



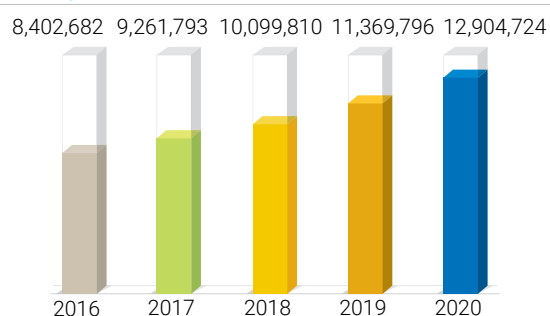
### BBL Loans and advances

BDT in million



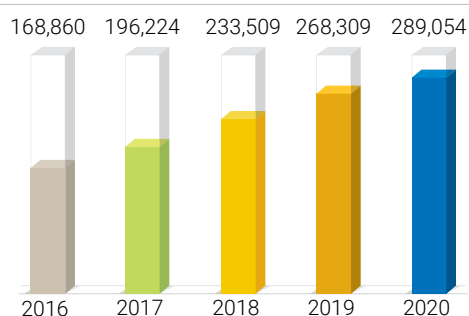
### Industry Deposits and other accounts

BDT in million



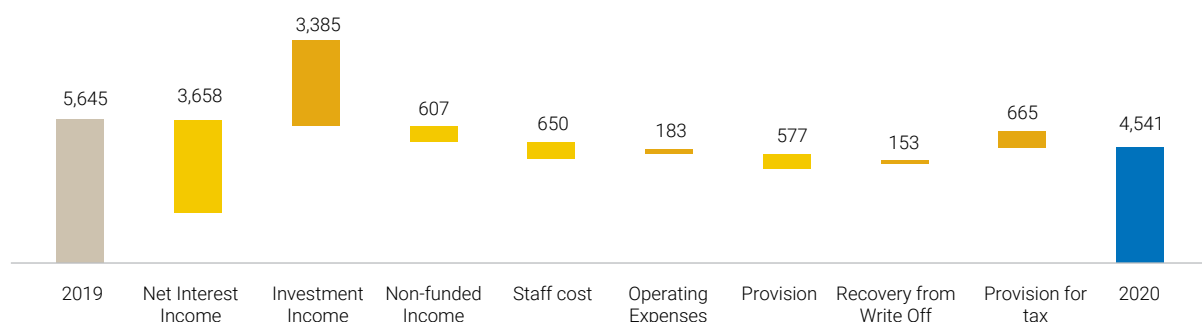
### BBL Deposits and other accounts

BDT in million



### Profit growth in 2020 and its major contributors

BDT in million



### Financial position & performance:

Particulars (BDT in million)	Consolidated			Standalone		
	2020	2019	%	2020	2019	%
Cash and bank balances	62,638	69,664	-10%	33,602	38,629	-13%
Investments	94,095	55,952	68%	68,896	45,944	50%
Loans and advances	273,439	264,870	3%	273,063	264,091	3%
Fixed assets	11,067	10,873	2%	7,349	8,189	-10%
Other assets	13,863	12,001	16%	14,526	12,485	16%
Non-banking assets	66	66	0%	66	66	0%
Goodwill	1,427	1,427	0%	-	-	-
<b>Total Assets</b>	<b>456,595</b>	<b>414,855</b>	<b>10%</b>	<b>397,502</b>	<b>369,404</b>	<b>8%</b>

Particulars (BDT in million)	Consolidated			Standalone		
	2020	2019	%	2020	2019	%
Borrowing from banks	35,943	35,949	0%	35,283	35,390	0%
Money at Call and Short notice	85	1,274	-93%	85	1,274	-93%
Deposits and other accounts	333,616	297,755	12%	289,054	268,309	8%
Other liabilities	32,774	33,214	-1%	26,125	25,512	2%
Total shareholders' equity	48,568	40,582	20%	46,955	38,919	21%
Non Controlling interest	5,610	6,081	-8%	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>456,595</b>	<b>414,855</b>	<b>10%</b>	<b>397,502</b>	<b>369,404</b>	<b>8%</b>

Particulars (BDT in million)	Consolidated			Standalone		
	2020	2019	%	2020	2019	%
Interest income	27,080	32,623	-17%	24,709	29,692	-17%
Interest expense	13,552	14,698	-8%	13,329	14,654	-9%
Net interest income	13,528	17,925	-25%	11,380	15,038	-24%
Investment income	8,182	3,057	168%	6,457	3,072	110%
Non Funded Income	7,017	6,837	3%	2,672	3,279	-18%
Non-interest income	15,199	9,895	54%	9,129	6,350	44%
Total income	28,727	27,819	3%	20,508	21,388	-4%
Staff costs	9,062	7,888	15%	6,247	5,598	12%
Other Operating expenses	11,471	10,971	5%	5,659	5,843	-3%
Total operating expenses	20,533	18,859	9%	11,907	11,440	4%
<b>Operating Profit</b>	<b>8,194</b>	<b>8,960</b>	<b>-9%</b>	<b>8,602</b>	<b>9,948</b>	<b>-14%</b>
Share of profit/(loss) of associates	-	(4)	-100%	-	-	-
Gain/(loss) on disposal of subsidiaries/associates	-	5	-100%	-	-	-
Profit/(loss) before provisions	8,194	8,962	-9%	8,602	9,948	-
Provision	1,873	1,461	28%	1,867	1,442	29%
<b>Net profit before taxes</b>	<b>6,321</b>	<b>7,501</b>	<b>-16%</b>	<b>6,735</b>	<b>8,505</b>	<b>-21%</b>
Provision For taxes	2,295	2,918	-21%	2,194	2,860	-23%
<b>Profit after taxes</b>	<b>4,026</b>	<b>4,583</b>	<b>-12%</b>	<b>4,541</b>	<b>5,646</b>	<b>-20%</b>
"Earnings Per Share (EPS BDT) [previous years figure restated]"	3.33	3.73	-11%	3.42	4.26	-20%

Particulars (USD in million)	Consolidated			Standalone		
	2020	2019	%	2020	2019	%
Cash and bank balances	739	821	-10%	396	455	-13%
Investments	1,110	659	68%	812	541	50%
Loans and advances	3,224	3,120	3%	3,220	3,111	4%
Fixed assets	131	128	2%	87	96	-10%
Other assets	163	141	16%	171	147	16%
Non-banking assets	1	1	0%	1	1	0%
Goodwill	17	17	0%	-	-	-
<b>Total Assets</b>	<b>5,384</b>	<b>4,886</b>	<b>10%</b>	<b>4,687</b>	<b>4,351</b>	<b>8%</b>
Borrowing from banks	424	423	0%	416	417	0%
Money at Call and Short notice	1	15	-93%	1	15	-93%
Deposits and other accounts	3,934	3,507	12%	3,409	3,160	8%
Other liabilities	386	391	-1%	308	300	3%
Total shareholders' equity	573	478	20%	554	458	21%
Non Controlling interest	66	72	-8%	-	-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>5,384</b>	<b>4,886</b>	<b>10%</b>	<b>4,687</b>	<b>4,351</b>	<b>8%</b>

Particulars (USD in million)	Consolidated			Standalone		
	2020	2019	%	2020	2019	%
Interest income	319	384	-17%	291	350	-17%
Interest expense	160	173	-8%	157	173	-9%
Net interest income	160	211	-24%	134	177	-24%
Investment income	96	36	168%	76	36	110%
Non Funded Income	83	81	3%	32	39	-18%
Non-interest income	179	117	54%	108	75	44%
Total income	339	328	3%	242	252	-4%
Staff costs	107	93	15%	74	66	12%
Other Operating expenses	135	129	5%	67	69	-3%
Total operating expenses	242	222	9%	140	135	4%
<b>Operating Profit</b>	<b>97</b>	<b>106</b>	<b>-8%</b>	<b>101</b>	<b>117</b>	<b>-13%</b>
Share of profit/(loss) of associates	-	(0)	-100%	-	-	-
Gain/(loss) on disposal of subsidiaries/associates	-	0.1	-100%	-	-	-
Profit/(loss) before provisions	97	106	-8%	101	117	
Provision	22	17	28%	22	17	30%
<b>Net profit before taxes</b>	<b>75</b>	<b>88</b>	<b>-16%</b>	<b>79</b>	<b>100</b>	<b>-21%</b>
Provision for taxes	27	34	-21%	26	34	-23%
<b>Profit after taxes</b>	<b>47</b>	<b>54</b>	<b>-12%</b>	<b>54</b>	<b>66</b>	<b>-19%</b>
"Earnings Per Share (EPS USD) [previous years figure restated]"	0.04	0.04	-11%	0.04	0.05	-19%

Note: The above USD balances are just converted from BDT balances using USD/BDT rate as on December 31, 2020

### Extraordinary gain/loss

There was no extraordinary gain/loss during the year 2020.

### Change in the nature of business

During the year under review, there has been no change in the nature of business.

### Subsidiary performance

Presence	Within Bangladesh			Outside Bangladesh
	BRAC EPL Investment Limited	BRAC EPL Stock Brokerage Limited	bKash Limited	BRAC Saajan Exchange Limited
Total assets	BDT 3,440 mn	BDT 2,613 mn	BDT 61,356 mn	GBP 12 mn
Profit / (Loss)	BDT 44 mn	BDT 161 mn	(BDT 674 mn)	(GBP 0.30 mn)

Address Refer to page 50

Website	www.bracepl.com/ investments	www.bracepl.com/ brokerage	www.bkash.com	https://bracsajaanexchange.com
E-mail	query@bracepl.com	info@bracepl.com	support@bkash.com	info@bracsajaanexchange.com

Details of all BBL's subsidiaries are furnished in the below disclosure, which may be referred to.

BBL's percentage of shareholding Notes to the financial statements as at and for the year ended 31 December 2020 [Note: 1.2.6 (Summary of shareholding in subsidiaries and associates)]

Subsidiary overview Refer to page 301-313

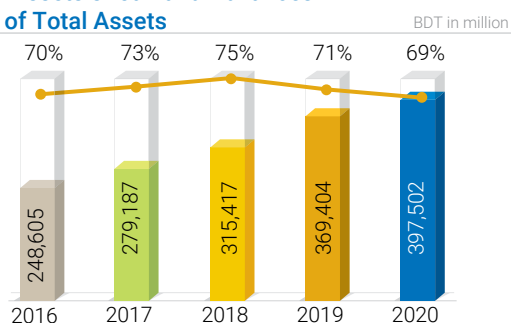
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## Portfolio and segmental analysis:

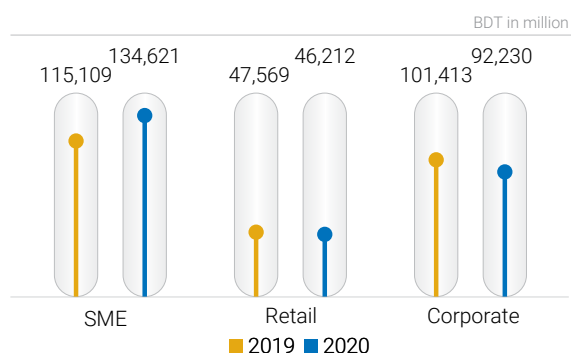
BRAC Bank registered a fairly strong growth of 8 per cent YoY, or BDT 28,098 million, in total assets from BDT 369,404 million in 2019 to BDT 397,502 million in 2020. Growth in total assets was majorly driven by increase in Government investments and loans and advances. The bank continued to focus on its small and medium enterprise (SME) business portfolio during the current year as well. Further, it also continued to invest in the development of its digital banking platform to cope with 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 2020.

### Total Assets & loan and Advances as % of Total Assets

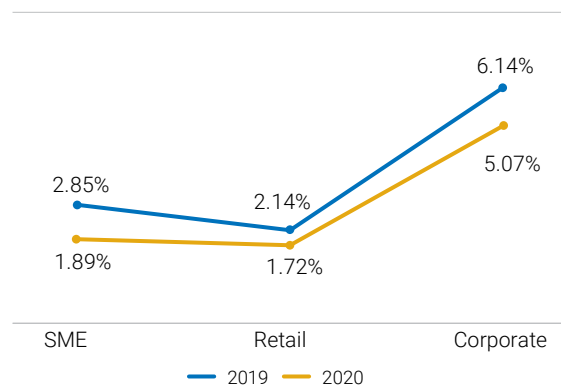


## Business segment-wise performance

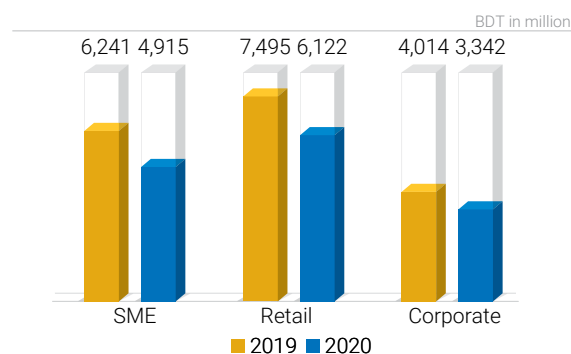
The business segments of BRAC Bank experienced mixed performance during the year under report in terms of key financial metrics, including portfolio, revenues and NPL. The overall loan portfolio of the bank witnessed a decent growth of 3 per cent, despite tough market conditions especially on account of the pandemic. Growth was mainly attributed to sharp expansion in the SME division.



Non-performing loans (NPLs) witnessed satisfactory improvement in 2020, despite of the pandemic, which is a highly credible achievement in challenging times. NPL declined to 2.93 per cent in 2020 vs. 3.99 per cent in the previous year. This success was possible due to continuous and collaborative efforts in collections and recovery from all business units.



Due to the adverse effects of the pandemic, segment-wise revenues declined by 21 per cent in SME, 18 per cent in Retail and 17 per cent in the Corporate business, as compared to the previous year.

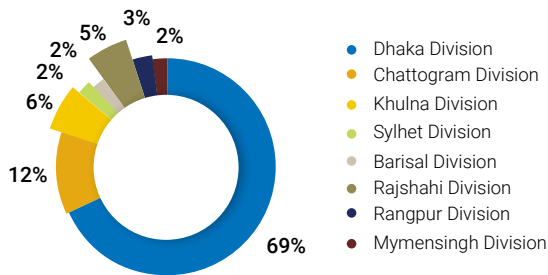


## Geographic location-wise portfolio:

Concentration of loans declined marginally by 2 per cent in the Dhaka division over 2019. However, it is to be noted that this concentration is calculated based on the location of the branch and not the actual investment destination. The bank strives to ensure geographical miscellany of loan disbursement, facilitated by its wide network of branches and SME unit offices as well as digital platforms, which ensures homogenous development and also financial inclusion and empowerment.

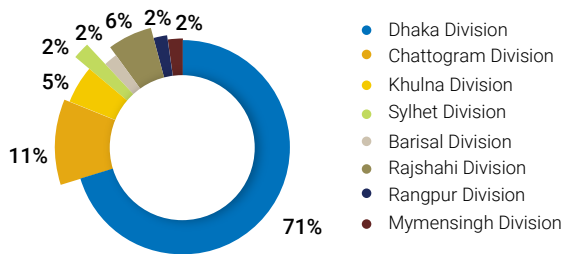
2020

in percent



2019

in percent

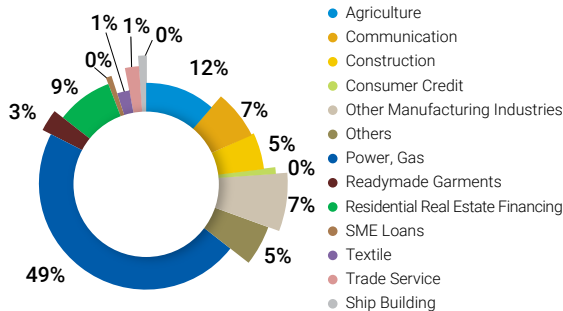


### Sector-wise loan portfolio

BRAC Bank focuses on all areas of banking, along with SME lending. However, in 2020, with a view to intensify support to our SME customers, especially on account of major business disruptions faced by this sector due to the pandemic, loans to this segment comprised 49 per cent of our loan portfolio. Consumer credit comprised 12 per cent and trade services constituted 9 per cent of the total loan portfolio during the year.

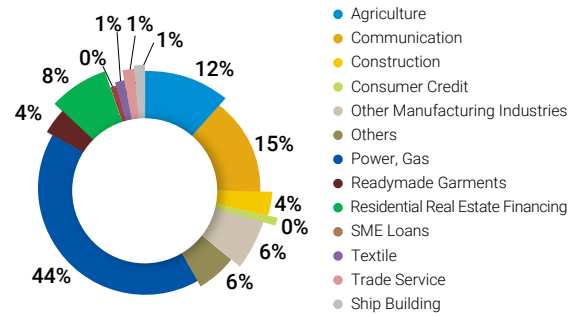
2020

in percent



2019

in percent

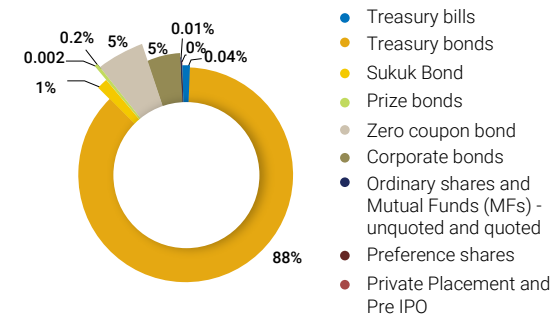


### Investment mix

BRAC Bank invested in treasury bonds by BDT 60,779 million (88 per cent of total investment in 2020). Investments were kept mostly to maintain SLR, as per Bangladesh Bank guidelines.

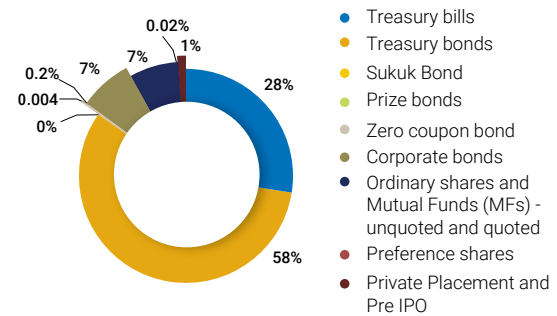
2020

in percent



2019

in percent

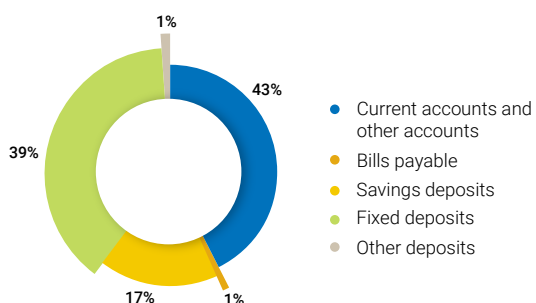


### Deposit Portfolio

BRAC Bank continuously strives to enhance its deposit base through ensuring superior customer service and assurance of respectable rates. The year 2020 was no different as we focused on expanding our deposit base.

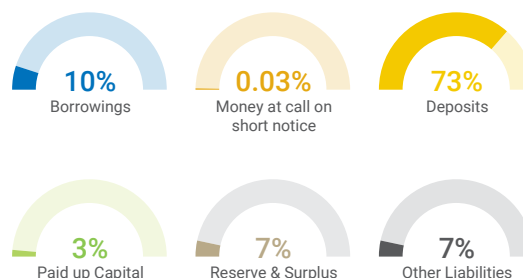
2020

in percent



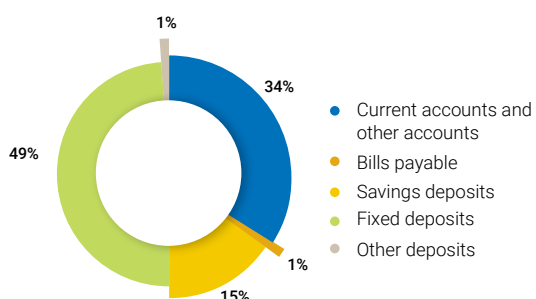
Sources of Funds 2019

in percent



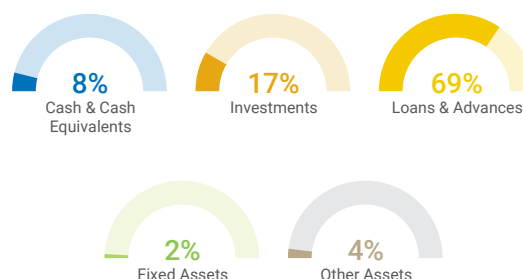
2019

in percent



Utilization of Funds 2020

in percent



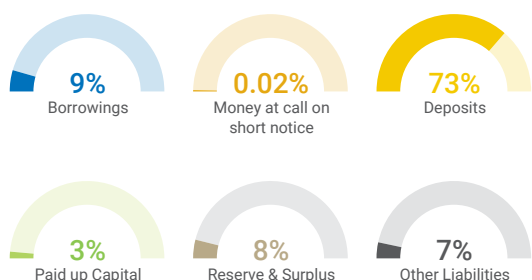
### Sources and utilisation of funds

Total liabilities as on 31 December 2020 stood at BDT 350,547 million, representing an increase of 6 per cent YoY. The increase can be corroborated with the 8 per cent increase in deposits amounting to BDT 289,054 million. Further, just like in the past, our borrowings from Bangladesh Bank increased by 87 per cent to BDT 23,370 million in 2020, as compared to last year.

The major chunk of BRAC Bank's funds are derived from customer deposit accounts, bulk of which is utilised as loans and advances, as evidenced in the charts below. A slice of this pie is retained in the form of cash/equivalents to maintain adequate CRR and SLR ratios as per Bangladesh bank.

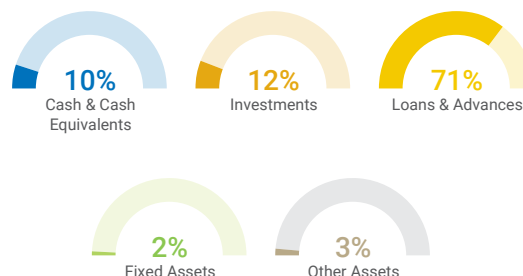
Sources of Funds 2020

in percent



Utilization of Funds 2019

in percent



### Efficiency review of BRAC Bank

Please refer to page 169-197 for detailed indicators on disclosure of five-year financial summary, graphical presentation, stock price, Dupont and horizontal and vertical analysis.

### Regulatory capital

Please refer to page 553 for details on disclosure on financials and page 438 for Basel-III section.

### Shareholders' value creation

Shareholders' equity at BRAC Bank increased by 21 per cent in 2020, compared to the previous year. Within the

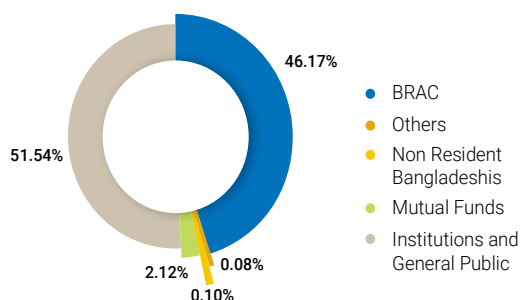


sponsors, BRAC holds 46.17 per cent shareholding and institutions and the general public holds 51.54 per cent.

The shareholding position of the bank as of December 31, 2020 and 2019 is mentioned hereunder:

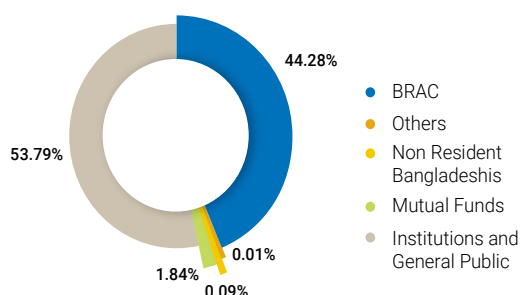
### Shareholding Position 2020

in percent



### Shareholding Position 2019

in percent



### Share price and market capitalisation

Please refer to page 186 for details on disclosure of stock price statistics.

### Credit rating of BRAC Bank

Credit rating generally reflects the strengths of a bank, which is manifested in a strong management team; sustainable growth in interest income, non-interest income, loans and advances and deposits; sustenance of adequate capital levels; improving asset quality and robust liquidity position.

BRAC Bank's credit rating, based on financial statements for the year ended 31 December 2020, is under process and will be published in due course.

Please refer to page 364 for details on all credit ratings obtained by BRAC Bank, which are furnished in disclosure on credit rating in the Corporate Governance section.

### Contribution to the national exchequer

BRAC Bank has transformed itself into one of the strongest financial institutions of Bangladesh, leading the financial services sector with responsibility and agility. Over the years, the bank has ensured substantive contributions to the national economy, reflected in collecting Government revenues and depositing the same to the exchequer, as per the laws of the country. The bank also deducts tax, VAT and excise duty at the time of making payments for goods and services. Besides these, the bank also pays income tax.

Please refer to page 184 for details of disclosure on contribution to the nation in the performance analysis.

### 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 at fair market value.

Please refer to page 601 for details of related party transactions are disclosed in "Annexure – K".

### Strategic outlook

Leaving off from the pandemic-stricken 2020, the year 2021 will provide further challenges to the banking industry. The social, economic and regulatory landscape will continue to change in response to the evolving environment, which will only add to the overall uncertainty. However, change generates opportunity, and BRAC Bank's position of strength, together with our next-generation infrastructure infuses us with confidence that the bank will continue to remain as our customers' choice and preferred financial gateway for meeting their diverse expectations and aspirations.

In the year ahead, we are confident that our business will continue to build on its digital capabilities, which will enable us to further differentiate ourselves and drive our transformation growth strategy with accelerated momentum.

Further, with large Government dole through financial stimulus and relief passed via the banking channel, which will help in overall systemic liquidity,

will also enable banks to deepen engagement with beneficiaries as potential customers. Moreover, banks have generally repriced deposit rates in view of the cap on industrial lending rates enforced earlier to maintain spreads and will now intensify focus on non-funded business with a view to diversify their revenues and also open this channel up as a potential offset to the core lending business.

SMEs, which are at the “DNA of BRAC Bank” will continue to receive priority, aligned with our mission to transform ourselves from “lender to banker”, thus focusing on expanding our share of their banking needs and requirements. While we expect to explore some opportunities resident in the retail lending space, we will remain selective and cautious in corporate lending services. Further, we will continue to invest in technology and human resources with a view to ensure overall superior customer service and retention.

While our Retail banking wing will explore more digital banking opportunities to provide world-class banking services to our customer as a single-stop solution for all their needs, Agent banking will be a focus area and a key channel that will take the bank’s products and services to the masses, thus enabling us to align to our mission of expanding financial inclusion. Local Corporate and Emerging Corporate will explore untapped business opportunities outside of the near-saturated metropolitan cities of Dhaka and Chittagong.

## Appointment, re-appointment and retirement of Directors

### Dr. Zahid Hussain

The Board of Directors of BRAC Bank appointed Dr. Zahid Hussain as Independent Director to the Board on September 2020. Subsequently, his appointment was approved by Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank.

Dr. Hussain received his PhD in Economics from Boston University, USA, in 1992. He completed his Master of Arts in Political Economy from Boston University, USA, in 1987. He earned his MBA from the Institute of Business Administration, University of Dhaka, Bangladesh, in 1979.

### Mr. Meheriar M. Hasan

The Board of Directors of BRAC Bank appointed Mr. Meheriar M. Hasan as a Nominated Director to the Board on November 2020. Subsequently, his appointment was approved by Bangladesh Bank.

Mr. Hasan holds a Master of Science in Finance, Master of Arts in Economics and a Bachelor of Arts in Economics with a minor in Mathematics from the University of Arizona.

### Mr. Shameran Bahar Abed

Mr. Shameran Bahar Abed was appointed as Nominated Director to the Board on December 2020. Subsequently, his appointment was approved by Bangladesh Bank.

Mr. Shameran is a lawyer by training, having been called to the Bar by the Hon’ble Society of Lincoln’s Inn in London, UK. He completed his undergraduate studies at Hamilton College in the United States, majoring in Economics and minoring in Political Science.

### Ms. Fahima Choudhury

Ms. Fahima Choudhury was appointed as an Independent Director to the Board of BRAC Bank in May 2018. She will complete her first tenure in May 2021.

As per Corporate Governance (CG) Code, the tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only. Accordingly, the Board of BRAC Bank approved her 2<sup>nd</sup> tenure at the 289<sup>th</sup> Board of Directors’ meeting held on March 22, 2021.

### Pursuant to the Companies Act 1994, one-third of the Directors shall retire from the Board at the AGM in a Public Limited Company

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

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

Accordingly, Ms. Nihad Kabir, among the Directors except Independent Directors, will retire from the Board of Directors at the ensuing Annual General Meeting and is eligible for re-appointment. She has given her consent for re-appointment.

The brief profile of the above Directors and involvement in other businesses has been furnished in the Director's profile section and notes to the financial statements.

Meetings of the Board, attendance and remuneration as on December 31, 2020:

Sl. No.	Name of the Director	Designation	Presence of the Director in the meeting during their tenure			Remuneration (Amount in BDT)
			No. of meetings	Present	Absent	
1	Dr. Ahsan H. Mansur	Chairman & Independent Director	19	19	-	152,000
2	Ms. Nihad Kabir	Nominated Director	19	17	02	136,000
3	Mr. Kaiser Kabir **	Nominated Director	11	08	03	64,000
4	Mr. Asif Saleh	Nominated Director	19	14	05	112,000
5	Mr. Kazi Mahmood Sattar	Independent Director	19	19	-	152,000
6	Ms. Fahima Choudhury	Independent Director	19	17	02	136,000
7	Ms. Farzana Ahmed	Independent Director	16	14	02	112,000
8	Dr. Zahid Hussain	Independent Director	07	06	01	48,000
9	Mr. Meheriar M. Hasan	Nominated Director	04	03	01	24,000
10	Mr. Shameran Bahar Abed	Nominated Director	02	02	-	16,000

\*\* Mr. Kaiser Kabir resigned from the Board on September 2020

Please refer to page 333 for details on disclosure on corporate governance.

## Risks and concerns

At BRAC Bank, one of our core priorities is to continuously strengthen our risk management framework and control strategy. This enables us to maintain our medium-low risk profile in the face of an ever-changing economic, social and regulatory environment. In line with the Group's forward-looking risk management and control practices, potential threats that may affect the development of our strategic plans are identified, assessed and monitored through regular analysis of our top risks under different scenarios. Further, the main strategic risks identified by the bank and the extended Group are regularly monitored by the senior management, including any mitigating actions. Some of the key risks of the prevalent environment include digital transformation and new competitive environment, which implies increased competition from existing players and new entrants (including fintechs and digital-first companies). This is redefining the way business is conducted as well as the customer experience and market expectations. In this respect, we believe digitalising our existing business while transforming the current bank into a digital platform is key to competing in the new environment. Our collaborative

approach also play a key role in this transformation. Further, we are also committed to the progress of society, supporting inclusive and sustainable growth.

Thus, operating in a complex and regulatory-charged environment, we have reinforced the bank's Risk Management Division (RMD) in 2020, increasingly aligning the function with regulatory requirements and reforms. Further, we also revised the risk management policy and in 2020, we widened the operational perimeter of our risk management division, which in turn helps us stay abreast of best practices and deploy them to ensure holistic risk management within the bank.

Moreover, we have a specialist risk management expertise that allows us to delegate responsible owners for each core risk. Besides, we also have a proper delegation of authority to escalate and deal with every risk formation and ensure sufficient mitigation. We have also constituted different forums for risk escalation, including the Enterprise Risk Associates Forum (ERAF) for evaluation and subsequent resolution. Subsequently, ERAF issues, which require top management's guidance and decisions, are

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

Details on disclosure on notes to financial statements section 2.10 (Page 507), risk management section (page 400-472).

## Preparation of financial statements and annual report

Our primary focus is to ensure the integrity and quality of the financial statements of BRAC Bank. Thus while preparing the annual report, true and fair presentation has been given priority. We have also embraced the following principles:

- Appropriate accounting policies have been used and applied consistently
- We have maintained proper books of accounts
- We have applied judgments and accounting estimates that are reasonable and prudent
- We have prepared the financial statements on a going concern basis
- We have adopted other laws and rules applicable in Bangladesh

The Board Audit Committee of the bank has reviewed the financial statements of 2020 and referred to the Board of Directors for their consideration. The external auditor, M/s. Rahman Rahman Huq, Chartered Accountants, appointed by the shareholders, have certified the fairness of the financial statements for the year ended 31 December 2020.

Details on Disclosure on notes to financial statements section 2.1 to 2.9.1

## Internal control and compliance

Banking is a diversified and dynamic financial activity which involves diverse risks. Hence, an effective internal control system, best practices in governance, transparency of all financial activities and accountability towards stakeholders and regulators have become

key to ensure stability and smooth performance of the banking industry. An effective internal control and compliance system has become essential in order to underpin effective risk management practices and to ensure sustainable performance of a bank. At BRAC Bank, our ICCD embodies our "TREE", which refers to:

- Transparency
- Reliability
- Effectiveness
- Ethics

BRAC Bank has established an appropriate and effective internal control environment through the Board of Directors, management, organisational and procedural controls and an independent audit mechanism in order to ensure that the bank is managed and controlled in a sound and prudent manner. The bank identifies weakness through internal control systems and takes appropriate measures to overcome these. The Board has also established an Audit Committee to monitor the effectiveness of internal control systems of the bank. The Audit Committee meets the senior management periodically to discuss the effectiveness of the internal control system of the bank and ensures that the management has taken appropriate actions as per the recommendations of Bangladesh Bank's inspection team, external auditors and also the bank's ICCD.

The bank reviews the overall effectiveness of the internal control system on an annual basis, which is reviewed and evaluated and feedback is provided to the Board of Directors on the effectiveness of internal control policies, practices and procedures on an ongoing basis.

Please refer to page 269 for details of disclosure on ICCD.

## Corporate governance

Our governance framework is premised on competent leadership, effective internal controls, a strong risk culture and ownership and accountability to all our stakeholders, including our customers, shareholders, employees, society and regulators.

BRAC Bank has an active Board that plays a key role in setting our governance standards to meet stakeholders' expectations, while our leadership and operating model ensures an appropriate balance of power, accountability and independence in decision-making across various function of the bank. Further, robust mechanisms have been put into place to ensure that corporate governance principles are embedded deep in our corporate culture. The bank has also adopted best practices in terms of disclosure, transparency and business ethics aimed at adding value to stakeholders' expectations. We also complied with corporate governance practices in all respects of the Corporate Governance (CG) Code and Good Governance guidelines issued by Bangladesh Bank.

BRAC Bank is committed to continually review its corporate governance policies and guidelines to ensure transparency in its practices and delivery of the highest ethical standards and quality information dissemination to stakeholders on an ongoing basis.

The Board is aware about the need to shape governance structures and practices through their knowledge and leadership to drive the bank on a sustainable growth path. The Board is collectively engaged in ensuring that corporate governance processes are structured to direct the bank's actions, assets and resources to achieve this purpose while upholding all governance norms- in letter and in spirit.

Please refer to page 314 for details of disclosure on corporate governance.

### Going concern basis

The bank's financial statements have been prepared on a going concern basis, as the Board is satisfied that the bank will have adequate resources to continue in business over the foreseeable future with reasonable growth in businesses. In assessing the going concern status, the Board has also considered the current statement of financial position, the profit & loss statement, business portfolio, operational strengths, long-term strategy of the business and regulatory capital and liquidity plans and plans for future capital mobilisation.

Hence, it can be concluded that there is no doubt about going concern rather we have firm reason to believe going concern of business.

Please refer to page 397 for details of disclosure on Going concern status of BRAC Bank.

### COVID-19 pandemic and our response

BRAC Bank undertook practical steps right from the onset of the COVID-19 pandemic crisis in Bangladesh. The framework, highlighted by proactive action, has been focused on reducing heightened risks arising out of the COVID-19 pandemic across all facets of risks impacting the business, safety of all colleagues, and business continuity from operational risks, with likely impact on asset quality from credit risk, market risk and operational risk. This is due to sharp changes in underlying risk factors in the asset and liability book, liquidity pressures owing to changes in the perception of borrowers on cash flows as well as deposit withdrawals owing to disruptions enforced by civic lockdowns, etc.

The bank adopted actions on the following fronts:

- **Protecting our colleagues** – Issuing and implementing advisories around staff health, maintenance of hygiene in office premises, quarantine and isolation facilities and one-stop telemedicine for all employees.
- **Ensuring business stability** – Testing and deploying new business continuity plans (BCPs), including driving and scaling-up work-from-home (WFH) initiative.
- **Protecting business operations** – Putting in place additional controls and monitoring key operational risk parameters that could see an escalation in a lockdown and WFH environment.
- **Maintaining adequate liquidity** – Enhanced monitoring of liquidity position and deposit withdrawals to take pre-emptive action.
- **Conserving capital** – Credit advisories issued around origination and disbursement of new exposures with enhanced monitoring of existing vulnerable credit exposures.

Further, we constituted a COVID-19 monitoring team "COVID Test & Evac" that has been meeting weekly (or as-and-when required) to review the situation in each

of the said fronts, evaluating which risk profile needs to be heightened and taking appropriate mitigation measures in response to the ground situation.

### CSR initiatives during COVID-19 pandemic

BRAC Bank stood in solidarity with the country in the collective battle against the COVID-19 pandemic and remains committed to a multi-pronged response supporting customers, employees, business partners, Government agencies and the community at large. Further, we directly supported Government entities towards meeting their urgent equipment and sanitation requirements. Towards augmenting the country's collective efforts in fighting against the pandemic, BRAC Bank committed to contribute to the PM's Relief Fund and to other causes as well.

Please refer to page 383 for details of disclosure on Corporate Citizenship at BRAC Bank.

### Dividend

BRAC Bank's dividend policy is reviewed annually if any material changes take place in the applicable rules and regulations. Our Board 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. The decision regarding dividend shall be taken only by the Board at its meeting and not by a committee of the Board or by way of a resolution passed by circulation. Final dividend shall be paid only after approval by the shareholders' at the Annual General Meeting (AGM) of the bank. Further, the decision on dividend would be subject to considerations of any other relevant factors for example:

- External factors, including state of the domestic economy
- Dividend policy of competitors
- Tax implications including applicability and rate of dividend distribution tax
- Shareholder expectations
- Profitability and key financial metrics
- Bank's regulatory capital maintenance and compliance with the requirements as per Internal Capital Adequacy Assessment Process (ICAAP) projections

- All applicable regulatory requirements
- Bangladesh bank approval on the dividend payment

In order to maintain a satisfactory Total Capital to Risk-weighted Asset Ratio (CRAR) of the bank, the Board of Directors recommended total dividend 15 per cent in combination of 10 per cent Cash and 5 per cent Stock dividend for the year ended December 31, 2020, subject to approval at the 22<sup>nd</sup> Annual General Meeting (AGM).

### Appointment of auditor

The existing auditors, M/s. Rahman Rahman Huq, Chartered Accountants, have completed their third consecutive year as auditors of BRAC Bank. According to Bangladesh Bank guidelines, one auditor cannot be appointed for more than three consecutive years. Therefore, we are required to change existing auditors of BRAC Bank for the financial year 2021 as they are not eligible for re-appointment for the year 2021. Hence we have collected expression of willingness to work as auditors of BRAC Bank for the year 2021 from four eligible audit firms. The Board of Directors has recommended M/s. Hoda Vasi Chowdhury & Co, Chartered Accountants, to be appointed as auditors of the bank for the year 2021. The appointment of the auditor will be confirmed by the shareholders' at the 22<sup>nd</sup> AGM.

### Acknowledgement and gratitude

The year 2020 was a critical year in our development journey because of the COVID-19 pandemic, which reinforced our vision of the best digital and most responsible bank of Bangladesh. During the year, we continued to invest significantly in our propositions and execute our strategy of delivering positive outcomes for all our stakeholders.

Going into 2021 with increased levels of interest and growth possibilities from customers, we are on track to significantly increase revenues and restore profitability growth. This will be achieved through our customer-focused scalable business model and alignment with our vision of change in the competitive banking sector of the country.

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

We also take this opportunity to acknowledge and express our appreciation to our shareholders, clients, Bangladesh Bank and other Government agencies, regulatory bodies and everyone with whom the bank is connected with. We will do everything possible to uphold your faith and trust on us today and deep into the future.

For and on behalf of the Board of Directors,

*Ahsan H. Mansur*

**Dr. Ahsan H. Mansur**  
Chairman



# পরিচালকবৃন্দের

## প্রতিবেদন

ব্র্যাক ব্যাংক লিমিটেডের পরিচালনা পর্ষদ অত্যন্ত আনন্দের সঙ্গে ২০২০ সালের ৩১ ডিসেম্বর সমাপ্ত বছরে নিরীক্ষিত আর্থিক বিবরণীর পাশাপাশি পরিচালকদের বার্ষিক প্রতিবেদন এখানে তুলে ধরছে। এতে ২০২০ সালে বৈশ্বিক ও দেশীয় অর্থনৈতিক কর্মকাণ্ড এবং সামনের বছরগুলির দৃষ্টিভঙ্গির সংক্ষিপ্ত বর্ণনার পাশাপাশি ব্যাংকের আর্থিক কার্যক্রম এবং প্রতিযোগিতামূলক প্রেক্ষাপট প্রসঙ্গে একটি বিশদ বিশ্লেষণ তুলে ধরা হয়েছে। আর্থিক বিবরণীতে প্রতিষ্ঠিত প্র্যাকটিস-এর সাথে সঙ্গতি রক্ষা করে আর্থিক তথ্যের যথার্থতা নিশ্চিত করার জন্য আর্থিক প্রতিবেদনসমূহের নথিভুক্তকরণ, উপস্থাপন এবং প্রস্তুতির ওপর কার্যকর অভ্যন্তরীণ নিয়ন্ত্রণ প্রতিষ্ঠা করেছে ব্র্যাক ব্যাংক বোর্ড।

### সামগ্রিক প্রেক্ষাপট

২০২০ সালে কোভিড-১৯ মহামারি এবং এর বিরূপ অর্থনৈতিক প্রভাব প্রশমনে নেয়া বিভিন্ন পদক্ষেপের কারণে এক ধরনের জটিল পরিবেশের মধ্যে ব্যাংকিং পরিষেবা চালু রাখে ব্র্যাক ব্যাংক। মহামারির পরিধি এবং স্থায়িত্ব বিষয়ে আগাম ধারণা দেয়া সম্ভব না হওয়ার কারণে গুরুতর ও অভূতপূর্ব এই বৈশ্বিক সংকটের কারণে বিরাট অনিশ্চয়তার সৃষ্টি হয়। তাই, বিশ্বের অন্যান্য দেশের মতো বাংলাদেশও মহামারির ক্ষতির মাত্রা সীমিত রাখতে বিভিন্ন আর্থিক এবং মুদ্রানীতি প্রণয়ন করে। ২০২০ সালের শেষের মাসগুলোতে

মহামারির বিস্তার রোধে কার্যকর পদক্ষেপ গ্রহণ এবং কোভিড-১৯ মোকাবেলায় টিকা ব্যবস্থাপনার চুক্তি সম্পাদন হওয়ায় মানুষের মনে আশার সঞ্চার হয় যার প্রতিফলন দেশের আর্থিক বাজারেও দেখা যায়।

### বৈশ্বিক অর্থনীতি

এই প্রতিবেদন প্রস্তুতির সময় পর্যন্ত, গণপর্যায়ে গুরুত্বপূর্ণ পদক্ষেপ নেয়া সত্ত্বেও বিশ্বের প্রায় সব দেশেই সংক্রমণের উর্ধ্বগতি বজায় রাখে করোনাভাইরাস মহামারি। এ সময়ে বিশ্বে মোট সংক্রমণের সংখ্যা ছাড়িয়ে যায় ৯ কোটি ৩০ লাখ এবং মৃত্যু ছাড়ায় ২০ লাখ। শনাক্তের সংখ্যা উল্লেখযোগ্য ভাবে বৃদ্ধি পায় যুক্তরাষ্ট্র, লাতিন আমেরিকা, ভারত এবং দক্ষিণ আফ্রিকায়। সংক্রমণের কার্ড এর আগে নিম্নমুখী হলেও ভাইরাসের নতুন এবং আরো বেশি সংক্রামক ধরণে রূপান্তরের কারণে সংক্রমণ নতুন করে বৃদ্ধি পায় যুক্তরাজ্য, অস্ট্রেলিয়া, জাপান, স্পেন এবং ফ্রান্সে। এর ফলে অনেক দেশই নতুন করে লকডাউন জারি করে; অনেকেই আবার সব কর্মকাণ্ড পুনরায় চালু করার ক্ষেত্রে ধীরগতি অবলম্বন করে। এসবের মধ্যেই ফুটে ওঠে মহামারি-পূর্ববর্তী সময়ের বৈশ্বিক অর্থনীতির কর্মকাণ্ডের গতি ফিরিয়ে আনার সবচেয়ে বড় চ্যালেঞ্জগুলো, যেহেতু ভাইরাসের সংক্রমণ বেপরোয় গতিতে বেড়েই চলছে এবং নিত্য নতুন ভয়ংকর রূপে রূপান্তরিত হচ্ছে।

### সংক্ষেপে ২০২০ সাল



করোনাভাইরাসের  
বিরূপ প্রভাব



সারা দেশে ৩  
মাসের লকডাউন



লকডাউন পরবর্তী  
সীমিত প্রত্যাবর্তন



দ্রুত ঘুরে  
দাঁড়ানোর প্রত্যাশা



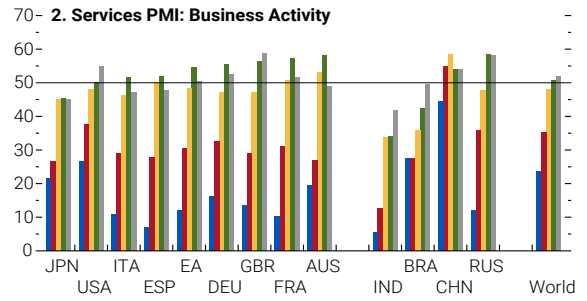
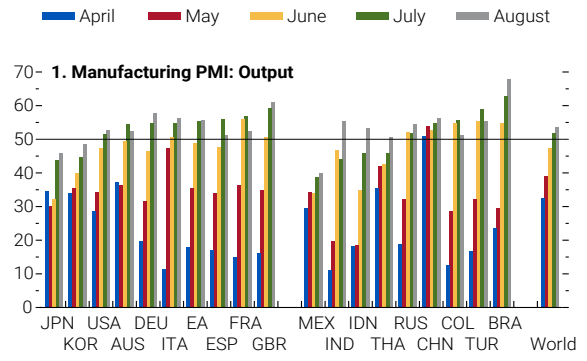
২০২০ সালের এপ্রিলে 'কঠোর লকডাউন' এর কারণে অর্থনৈতিক কর্মকাণ্ড স্থবির হয়ে পড়লেও, মে-জুন নাগাদ বিভিন্ন দেশে সতর্কতার সাথে ধাপে ধাপে অর্থনৈতিক কার্যক্রম পুনরায় চালু করায় স্থবির অবস্থা থেকে উত্তরণ শুরু করে বৈশ্বিক অর্থনীতি। বিশেষত, এই পুনরুদ্ধার সবচেয়ে বেশি দৃশ্যমান হচ্ছে রিটেইল বিক্রির ক্ষেত্রে, যেখানে, 'অবমুক্তকরণ' এর সঙ্গে সঙ্গে ভোক্তার ব্যয় বৃদ্ধি পেতে দেখা গেছে, যে প্রবণতাটি মূলত অবদমিত চাহিদার অকস্মাৎ মুক্তির সঙ্গে সম্পর্কিত। এ বৃদ্ধির দিকে সতর্ক নজর রেখেছিলো প্রতিষ্ঠানগুলি, কেননা, অনেক দেশের শিল্পোৎপাদন তখনও ২০১৯ সালের ডিসেম্বরের চেয়েও নিচে অবস্থান করছিলো।

২০২০ সালের দ্বিতীয় প্রান্তিকে জিডিপি হিসাবে ইতিবাচক বিশ্বায় পরিলক্ষিত হয় চীনে, ২০২০ সালের এপ্রিলের শুরুতে বর্ধিত সরকারি বিনিয়োগের সুবাদে নতুন গতি সঞ্চার হয় কার্যক্রমে, অন্যদিকে যুক্তরাষ্ট্র এবং ইউরো অঞ্চলে আগের চাইতে কম তীব্রতায় হলেও ঐতিহাসিক গতিতে সন্ধান ঘটে। লক্ষ্যণীয়, মহামারি-উত্তর বিশ্বে ফিরে আসার ব্যাপারে চীন ইতোমধ্যেই অনেক সক্রিয় এবং বিশ্ববাজারে শ্রেষ্ঠত্ব অর্জনের লক্ষ্যে ক্রমবর্ধমানহারে বিনিয়োগও শুরু করেছে প্রযুক্তিখাতে।

এর বাইরে, পণ্যের ব্যবহার ও বিনিয়োগ কমে যাওয়া, ভাইরাসের অব্যাহত বিস্তার, বহির্বিশ্বে কমে যাওয়া চাহিদা এবং দুর্বল রেমিট্যান্স প্রবাহের কারণে অর্থনৈতিক প্রবৃদ্ধির স্থবিরতায় ভুগতে হয় ভারত, মেক্সিকো, কোরিয়া এবং ফিলিপাইনের মতো অনেক দেশকে। অনিশ্চিত আগামীর সাথে লড়তে গিয়ে ইতিহাসের সর্বনিম্ন অবনমন ঘটে বেসরকারি খাতের ক্যাপিটাল খরচে (ক্যাপেক্স)। তবে ২০২০ সালের তৃতীয় প্রান্তিকে জিডিপি প্রসারণে বিশ্বায়কর উন্নতি ঘটে অস্ট্রেলিয়া, ইউরো অঞ্চল, ভারত, জাপান, কোরিয়া, নিউজিল্যান্ড, তুরস্ক এবং যুক্তরাষ্ট্রে। প্রত্যাহার সঙ্গে প্রাপ্তির সঙ্গতি বজায় রাখতে সক্ষম হয় চীন এবং মেক্সিকোর মতো দেশগুলিও।

ক্রয়-ব্যবস্থাপকদের ব্যবসায়িক জরিপ (ক্রয়-ব্যবস্থাপক সূচকের সাধারণ হিসেবের আওতায়) থেকে দেখা যায়, পূর্ববর্তী মাসের তুলনায় যুক্তরাষ্ট্র, ইউরো অঞ্চল, চীন এবং ব্রাজিলের প্রতিষ্ঠানগুলো উৎপাদনে সম্প্রসারণ ঘটায় ২০২০ সালের জুলাই এবং আগস্টে। বিপরীতক্রমে, উৎপাদনের সংকোচন ঘটে ভারত, জাপান এবং কোরিয়ার মতো দেশগুলোতে। উপরন্তু, সেবার চাইতে ম্যানুফ্যাকচারিং কার্যক্রমে দৃঢ় এবং জোরালো অগ্রগতি পরিলক্ষিত হয় ২০২০ সালের সেপ্টেম্বরের সূচকে, যা ঘটে মূলত সংক্রমণের গতিবৃদ্ধির কারণেই। অন্যান্য সূচক, যেমন, যুক্তরাষ্ট্রে দৈনিক ভোক্তাব্যয় সূচকে মোটামুটি স্থিতাবস্থা দেখা যায়। যদিও সাম্প্রতিক টিকা উৎপাদন এবং বিশ্বব্যাপী টিকাদান কর্মসূচির প্রাথমিক পর্যায়ে আশ্বাস উন্নতি ঘটছে প্রত্যাশিত মাত্রার চেয়েও দ্রুতগতিতে, করোনাভাইরাসের নতুন নতুন রূপান্তরের কারণে এখনও উদ্বেগের মধ্যে রয়েছে বৈশ্বিক অর্থনীতি।

চিত্র ০১: ক্রয় ব্যবস্থাপক সূচক, ২০২০ (সূচক; ৫০+ = বিস্তার)



সূত্র: আইএইচএস মার্কেট; এবং আইএমএফ স্টাফ পরিসংখ্যান

## বৈশ্বিক তেলের দাম

২০২১ সালে পেট্রোলিয়ামের প্রক্ষেপিত গড় বাজারদর ব্যারেল প্রতি ৪৩.৮ ডলার। তেলের ভবিষ্যত সূচকে দেখা যাচ্ছে, মধ্য-মেয়াদে তেলের দাম বেড়ে ব্যারেল প্রতি ৪৮ ডলার পর্যন্ত অথবা ২০১৯ সালের গড়ের চেয়ে ২৫ শতাংশ কম হতে পারে। মহামারির কারণে বৈশ্বিক তেলের চাহিদা ও সংরক্ষণে অনিশ্চয়তা তৈরি হওয়ার ফলে ২০২০ সালের ফেব্রুয়ারি থেকে এপ্রিলের মধ্যে ৬০ শতাংশ নেমে যায় তেলের দাম।

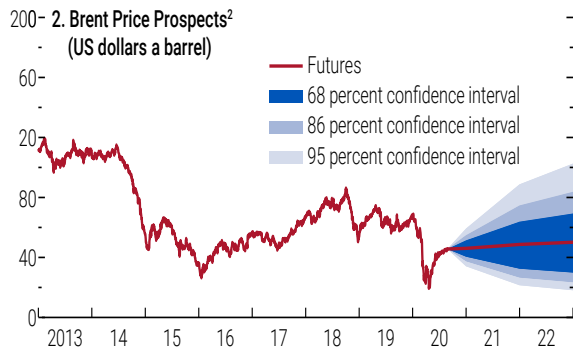
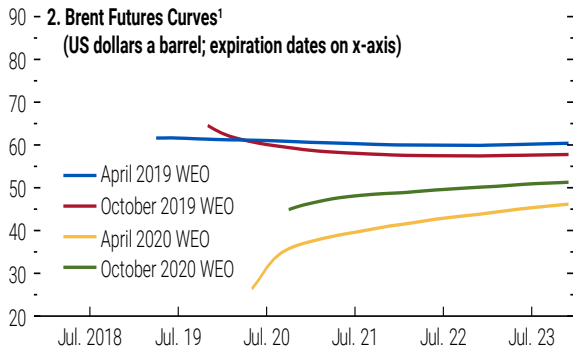
২০২০ সালের মার্চে সরবরাহ কমানোর জন্য ঐক্যমতে পৌছোতে ব্যর্থ হয় ওপেক প্লাস। যদিও তেলের দাম দ্রুত কমে যাওয়ার কারণে ২০২০ সালের মধ্য-এপ্রিলের দিকে ২০২০ সালের মে-জুলাইয়ে দৈনিক ৯.৭ মিলিয়ন ব্যারেল, ২০২০ সালের ডিসেম্বর পর্যন্ত দৈনিক ৭.৭ মিলিয়ন ব্যারেল এবং ২০২২ সালের এপ্রিল পর্যন্ত দৈনিক ৫.৮ মিলিয়ন ব্যারেল হারে কমানোর সিদ্ধান্ত নেয় এই জোট। ইতোমধ্যেই এই সিদ্ধান্তের প্রতিফলন ২০২১ সালের প্রথম প্রান্তিকে দেখা গেছে, আর তেল বিক্রয় হচ্ছে ব্যারেল প্রতি ৬০ থেকে ৭০ ডলারে।

যুক্তরাষ্ট্রে অপরিশোধিত তেলের উৎপাদনও বেশ ক্ষতিগ্রস্ত হয়। ওয়েস্ট টেক্সাস ইন্টারমিডিয়েট (ডাবলিউটিআই) এর তেলের দাম ২০২০ সালের এপ্রিলে -৩৭ ডলারে নেমে যাওয়ায় অপরিশোধিত তেলের মূল্য কিছু সময়ের জন্য নেতিবাচকে চলে যায়।

পরিণতিতে, ২০২০ সালের মে মাসে যুক্তরাষ্ট্রের অপরিশোধিত তেল উৎপাদন অভাবনীয়রূপে দিনে ২ মিলিয়ন ব্যারেল কমে যায়। অবশ্য ২০২০ সালের এপ্রিলের শেষভাগ থেকে ২০২০ সালের জুনের শুরু কাল পর্যন্ত তেলের দাম ব্যারেলপ্রতি ১৫ ডলার থেকে উঠে আসে ৪০ ডলারে, যদিও ২০২০-এর আগস্টে চাহিদা কমে যাওয়ায় তা আবার নেমে যায় ২৫ ডলারে। তেলের দাম হঠাৎ কমে যাওয়ায় এই সুযোগে অনেক দেশই নিজেদের পেট্রোলিয়াম ভান্ডার সমৃদ্ধ করে নেয়।

২০২১ সালের প্রথম প্রান্তিকে তেলের দাম বাড়লে অর্থনৈতিক কার্যক্রমে পুনরায় প্রাণসঞ্চারের আশা করা হলেও সরল মূল্য ঝুঁকি বিবেচনায় দাম ২০১৯ সালের গড় দামের নিচে রয়েছে। তেলের দাম বৃদ্ধি যেসব ঘটনাবলীর ওপর নির্ভরশীল তা হলোঃ মধ্যপ্রাচ্যে ভূ-রাজনৈতিক ঘটনাবলী বেড়ে যাওয়া, দ্রুততর টিকা উৎপাদন, তেল ও গ্যাস খাতে বিনিয়োগ হ্রাস এবং জ্বালানি খাতে দেউলিয়াত্বের ঘটনা বেড়ে যাওয়া। অপরদিকে নেতিবাচক ঝুঁকির মধ্যে রয়েছেঃ বৈশ্বিক অর্থনৈতিক কার্যক্রম নবায়নে ধীরগতি, অব্যবহৃত ভান্ডার, ওপেক প্লাস বহির্ভূত বেশ কিছু দেশে তেল উৎপাদন এবং টিকাগ্রহণে ব্যাপক অনগ্রহের মতো ঘটনা। এ ছাড়াও বিশ্বব্যাপী কার্বন ডাই অক্সাইড নিঃসরণ কমিয়ে আনার বৈশ্বিক লক্ষ্যের কারণে মাঝারি এবং দীর্ঘ মেয়াদে তেলের চাহিদার আরো কমেতে পারে বলে ধারণা করা হয়।

চিত্র ০২: ব্রেন্ট ফিউচার কার্ড এবং প্রাইস প্রসপেক্টস



সূত্র: ব্লুমবার্গ ফাইন্যান্স এলপি; প্রাইমারি কমোডিটি প্রাইস সিস্টেম; রিফিনিটিভ ডাটাস্ট্রিম অ্যান্ড আইএমএফ স্টাফ এসটিমেটস

## বৈশ্বিক তারল্য

কোভিড-১৯ জনিত মন্দা আরো ভয়াবহ রূপ নিতে পারত যদি এ সময় কোনো নীতিগত সহায়তা না থাকতো। এর ফলে কিছুটা হলেও অর্থনৈতিক কর্মকাণ্ড ঘুরে দাড়াতে সক্ষম হয়। উন্নত অর্থনীতিতে ঘোষিত আয় ও ব্যয়ের সতর্ক পদক্ষেপ জিডিপি ৯ শতাংশ পর্যন্ত সমন্বয় করে এবং ইকুইটি ইনজেকশন, সম্পত্তি ক্রয় এবং ঋণ ও আমানত গ্যারান্টির মাধ্যমে বিতরণকৃত তারল্য সহায়তা সমন্বয় করে আরও ১১ শতাংশ। উন্নয়নশীল বাজার ও অর্থনীতিগুলো ছোট আকারে হলেও বিভিন্ন কার্যকর পদক্ষেপ ঘোষণা করেছে যার ফলে জিডিপি ৩.৫ শতাংশের সমন্বয় ঘটেছে রক্ষণশীল বাজেট এবং আরও ২ শতাংশ সমন্বয় হয়েছে বিভিন্ন তারল্য সহায়তার কারণে।

নীতিগত পদক্ষেপে সেগুলোর বড় আকার ছাড়াও জনগণের মনোবল সমুন্নত রাখতে মুখ্য ভূমিকা রেখেছে সেগুলোর অভিনবত্ব, গতিশীলতা এবং সময়ানুগতা। এর একটি অনন্য উদাহরণ হলো মহামারি মোকাবেলায় ইউরোপীয় ইউনিয়নের (ইইউ) ৭৫০ বিলিয়ন ইউরোর বিশাল পুনরুদ্ধার/প্রণোদনা প্যাকেজ ফান্ড, যার বড় অংশটাই মঞ্জুরি। এছাড়া লক্ষ্যণীয় বিশ্বজুড়ে গৃহীত বিভিন্ন আকারের স্বল্পমেয়াদী জীবন রক্ষাকারী নীতিমালা, যার মধ্যে রয়েছে ক্ষতিগ্রস্ত প্রতিষ্ঠান ও পরিবারগুলোর জন্য নগদ ও সমতুল্য সহায়তা, কর্মসংস্থান ধরে রাখা ও কর্মী ছুটিয়ে ঠেকাতে বেতনে ভর্তুকি, বেকারদের জন্য বীমার আওতা সম্প্রসারণ, কর অবকাশ, এবং শ্রেণীকরণ বিধি সহজীকরণে নিয়ন্ত্রক কর্তৃক গৃহীত উদ্যোগ এবং ব্যাংকের নন-পারফরমিং লোনের (এনপিএল) জন্য সক্ষমতা চাহিদা, এবং ক্ষতি পুষিয়ে নেয়ার জন্য সহনশীল-সহায়ক উদ্যোগ।

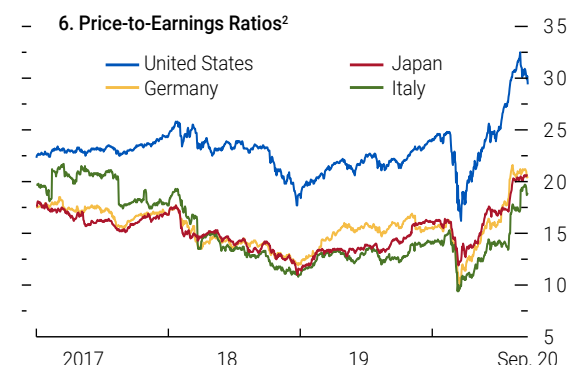
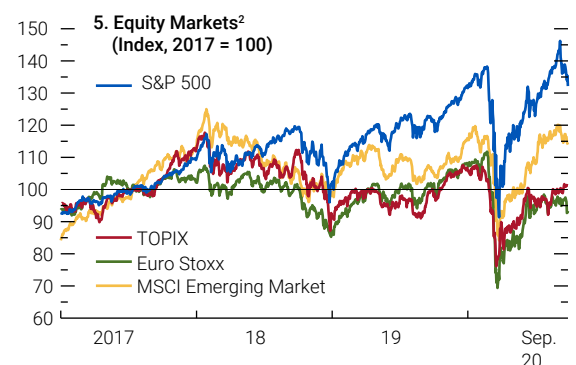
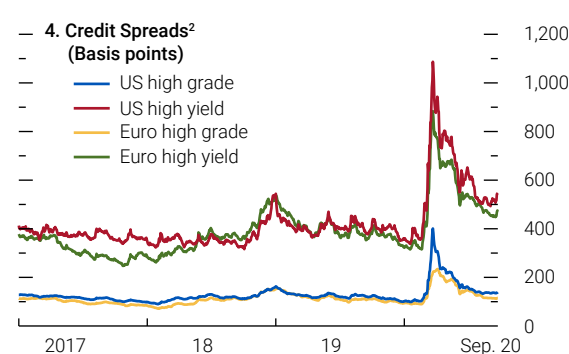
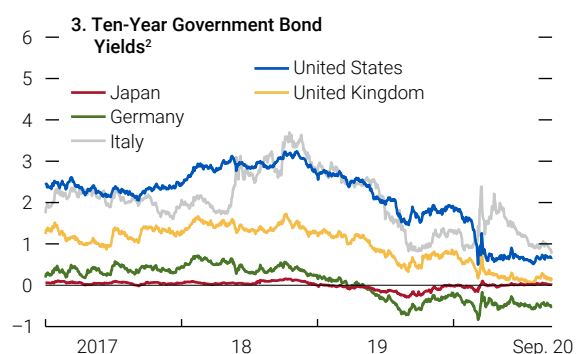
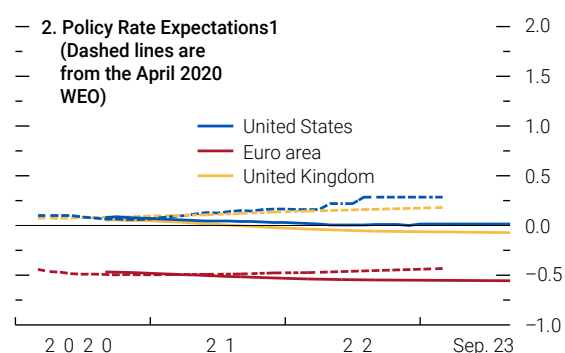
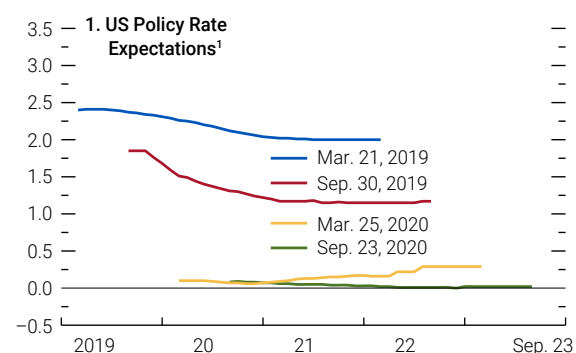
উন্নত অর্থনীতির দেশগুলোর কেন্দ্রীয় ব্যাংকও আরো বহুমুখী এবং বৃহৎ আকারে সম্পত্তি ক্রয় এবং পুনঃস্বণায়ন সুবিধাবলী প্রদান করে ঋণগ্রহীতার জন্য সহজ ঋণ নিশ্চিতকরণে সহায়তামূলক কার্যক্রম হাতে নেয়। ফেডারেল রিজার্ভও তার মুদানীতি সংক্রান্ত কৌশলে পরিবর্তন আনে যার ফলে ভবিষ্যতে গড়ে ২ শতাংশ মুদ্রাস্ফীতির লক্ষ্য নিয়ে কাজ করবে। বিকাশমান বাজারের কেন্দ্রীয় ব্যাংকগুলোর গৃহীত কার্যক্রমের মধ্যে রয়েছে সুদের হার কমানো এবং নতুন পুনঃস্বণের সুবিধা দেয়া। অনেকেই প্রমব্বারের মতো সম্পত্তি ক্রয়েরও উদ্যোগ নিয়েছে।

একটি বিষয় বিশেষভাবে লক্ষ্যণীয় যে, ২০২০ সালের জুন মাস থেকে বিকাশমান বাজার এবং উন্নয়নশীল দেশগুলোর পাশাপাশি উন্নত অর্থনীতির দেশগুলোতেও আর্থিক অবস্থা কম-বেশি স্বাভাবিক হয়ে এসেছে। এটি সম্ভব হয়েছে আর্থিক পদ্ধতিতে কাজে লাগিয়ে সাহসী নীতিগত পাল্টা পদক্ষেপ নেয়ার কারণে, কোভিড-১৯ বিপর্যয় আরো গুরুতর রূপ নেয়া ঠেকাতে যা বস্তুনিষ্ঠ ভূমিকা পালন করেছে। যদিও এসব পদক্ষেপ থেকে অর্জিত উপকারের একটি আংশিক প্রতিফলন দেখা গিয়েছে যা আর্থিক বাজার এবং প্রকৃত অর্থনীতির মধ্যকার অব্যাহত বৈপরীত্যের বাস্তবতা তুলে ধরে।

উন্নত অর্থনীতিতে, ইকুইটি বাজারগুলো হয় সেরে উঠেছে, কিংবা তাদের প্রাক-মহামারি স্তর অতিক্রম করে গেছে, অন্যদিকে, সার্বভৌম বন্ডের ফলাফল মোটামুটি অপরিবর্তিত রয়ে গেছে, কিংবা ২০২০ সালের জুন থেকেও কমে গেছে। এমনটি দেখা গেছে ইতালির ক্ষেত্রে ইইউ-এর মহামারি রিকভারি প্যাকেজ এবং ইসিবি'র মহামারি জরুরি ক্রয় কর্মসূচির পরে। যুক্তরাষ্ট্রের ক্ষেত্রে করপোরেট সম্প্রসারণ, বিশেষত, অতি-লাভজনক ঋণ নেমে গেছে আরো। ঋণের হার হ্রাসের মধ্যে প্রতিফলিত হয়েছে নিরাপদ সম্পত্তির অল্প আয় এবং ঝুঁকি প্রিমিয়াম সংকোচনের সমন্বিত চিত্রটি।

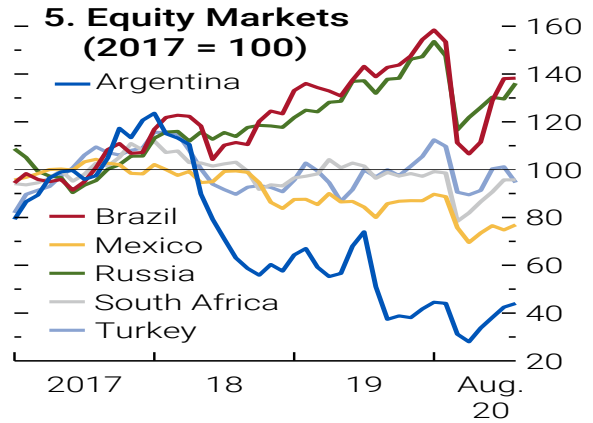
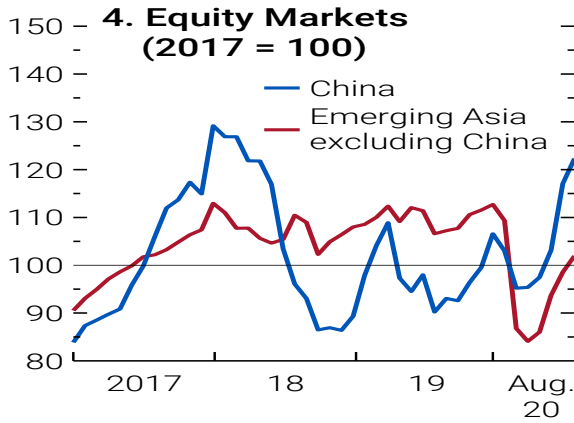
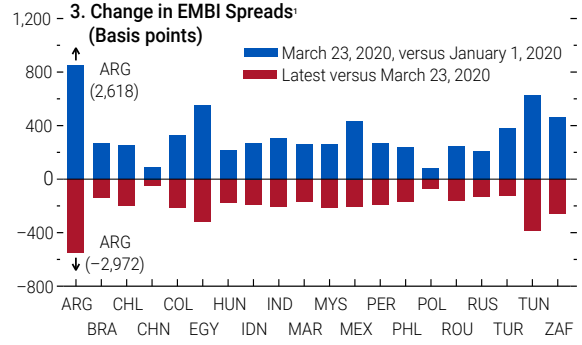
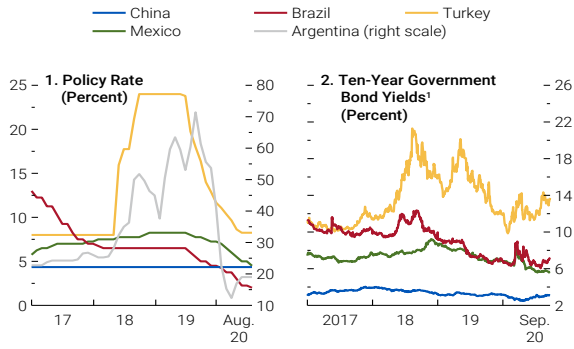
ঝুঁকিগ্রহণ মাত্রায় পরিবর্তনের কারণে উদীয়মান বাজারে সাম্প্রতিক মাসগুলোতে সার্বভৌম জেগান হ্রাস পেয়েছে। তদুপরি, শক্তিশালী ঝুঁকিগ্রহণ মাত্রার সাথে সঙ্গতি রেখে ২০২০ সালের জুন থেকে অব্যাগত গতিতে সংকোচনের মধ্যে রয়েছে যুক্তরাষ্ট্রের ট্রেজারি সিকিউরিটিজের বিস্তার। ইকুইটির বাজার, বিশেষত, চীন ও ভারতে, আরো দৃঢ় হয়েছে ২০২০ সালের জুন থেকে। এছাড়া, ২০২০ সালের মার্চে আকস্মিক প্রতিকূলতার পরবর্তীতে ডলারের তারল্য সহায়তা এবং দ্রুত পুনরুদ্ধার চীন এবং ভারতসহ এশিয়ার বেশ কয়েকটি উদীয়মান বৃহৎ বাজারে আন্তঃমুখী পোর্টফোলিও সক্রিয় করে তুলেছে। যদিও কিছু কিছু দেশে আউটফ্লো বেশি দেখা গিয়েছে।

চিত্র ০৩: অগ্রণী অর্থনীতি: মুদ্রা এবং আর্থিক বাজার পরিস্থিতিসমূহ



উৎস: ব্লুমবার্গ ফাইন্যান্স এলপি; হার্ভার্ড অ্যানালিটিকস; রিফিনিটিভ ডাটাস্ট্রিম; এবং আইএমএফ স্টাফ পরিসংখ্যান

চিত্র ০৪: বিকাশমান বাজার অর্থনীতি: মুদ্রা এবং আর্থিক পরিস্থিতি

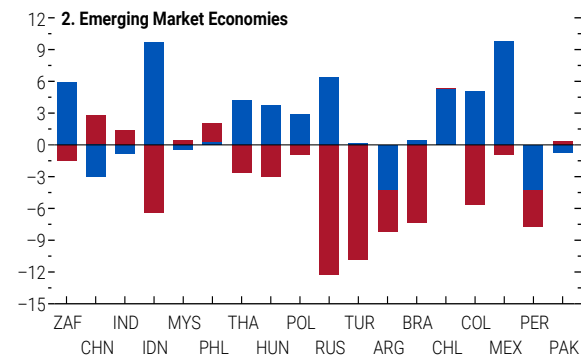
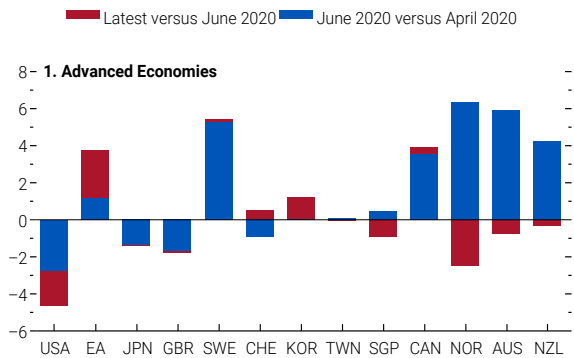


উৎস: ব্লুমবার্গ ফাইন্যান্স এলপি; হার্ভার্ড অ্যানালিটিকস; রিফিনিটিভ ডাটাস্ট্রিম; এবং আইএমএফ স্টাফ পরিসংখ্যান

বৃহৎ বৈদেশিক মুদ্রার মধ্যে ২০২০ সালের এপ্রিল থেকে সেপ্টেম্বরের শেষ অবধি প্রকৃত কার্যকর মেয়াদে মার্কিন ডলারের অবচ্যুতি ঘটে সাড়ে চার শতাংশ। এতে একদিকে বৈশ্বিক ঝুঁকি বিবেচনার ক্রমোন্নয়ন এবং অন্যদিকে যুক্তরাষ্ট্রে কোভিড-১৯ সংক্রমণে ক্রমবৃদ্ধির দরুণ সেখানে পুনরুদ্ধারের গতি নিয়ে উদ্বেগ, দুটিরই প্রতিফলন ঘটেছে। অর্থনৈতিক সম্ভাবনার উন্নতি এবং সংক্রমণের নিম্নমুখীতার কারণে ৪ শতাংশ অর্জন ঘটে ইউরোর। দামের সাথে সঙ্গতি রেখে ভোগ্যপণ্যের বাজারও মজবুত হয়ে

ওঠে। উদীয়মান বাজারের মুদ্রাখাতেও ২০২০ সালে মার্চের কঠিন চাপের বিপরীতে পুনরুদ্ধার ঘটে ২০২০ সালের এপ্রিল-জুনের মাঝামাঝি। চীনা মুদ্রাও শক্তিশালী হয়ে ওঠে, অন্যদিকে প্রকৃত কার্যকর টার্মে স্থিতাবস্থা বজায় রাখে এশিয়ার বিকাশমান অন্যান্য মুদ্রাসমূহ। ভূ-রাজনৈতিক কারণে রুশ রুবলের অবচ্যুতি ঘটে। পাশাপাশি, আর্জেন্টিনা, ব্রাজিল এবং তুরস্কসহ যেসব দেশের মুদ্রা মহামারির আঘাতে হুমকির মুখে পড়েছিল কিংবা আগে থেকেই নাজুক আর্থিক অবস্থায় ছিল, সেগুলো আরো দুর্বল হয়ে পড়ে।

চিত্র ০৫: রিয়েল ইফেক্টিভ রেট (আরইইআর) পরিবর্তন, এপ্রিল-সেপ্টেম্বর ২০২০



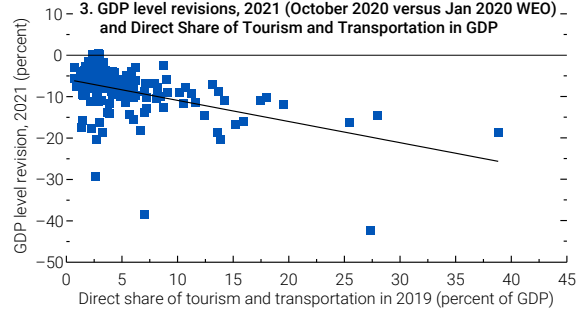
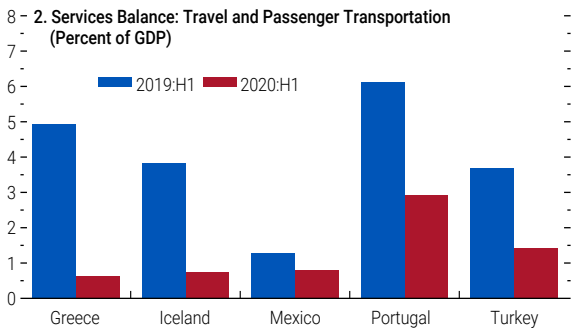
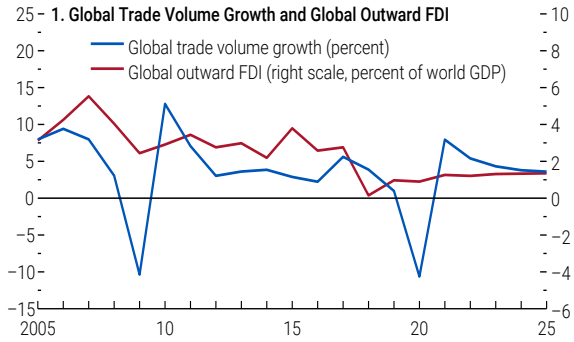
উৎস: আইএমএফ স্টাফ পরিসংখ্যান

## বৈশ্বিক বাণিজ্য

২০২০ সালে বৈশ্বিক বাণিজ্য প্রবৃদ্ধিতে প্রায় ৯.৬ শতাংশ সংকোচনের ফলে বড় ধরনের দুর্বলতার প্রক্ষেপণ ছিলো। যদিও ২০০৯ বৈশ্বিক অর্থনৈতিক সংকটকালেও বিশ্বব্যাপী বাণিজ্যে একই ধরনের সংকোচনের ঘটনা ঘটেছিল, তবে মহামারির প্রেক্ষাপটে কর্মকাণ্ডে চলমান সংকোচনের ঘটনাটি আরো মারাত্মক। এছাড়া, চলমান মন্দায় বিশেষত, ম্যানুফ্যাকচারিংয়ের চেয়ে গভীর সংকোচন ঘটছে চুক্তি-ভিত্তিক খাতে, যেখানে অতীতে অভোগ্য পণ্য এবং ভোগ্যপণ্যে ধ্বংস নামার কারণে বড় সংকোচনের মুখে পড়েছিল ম্যানুফ্যাকচারিং খাত। চলমান সমন্বিত বৈশ্বিক অর্থনীতিতে, ব্যবসা পরিধির সংকোচনের ঘটনায় মূলত প্রতিফলিত হয়েছে ভোক্তা এবং প্রতিষ্ঠান উভয়ের পক্ষেই দুর্বল চূড়ান্ত চাহিদার বিষয়টি।

ভবিষ্যদ্বাণী অনুযায়ী, লকডাউন শিথিল করার সুবাদে বৈশ্বিক কর্মকাণ্ডের প্রক্ষেপিত পুনরুদ্ধারে ২০২১ সালে বৈশ্বিক বাণিজ্যের আয়তনে প্রবৃদ্ধি ঘটবে ৮.১ শতাংশ, এবং মাঝারি মেয়াদে ৪ শতাংশ। বৈশ্বিক নির্ভরতার অনুমিত ঝুঁকির কারণে বৈদেশিক লেনদেন থেকে প্রতিষ্ঠানগুলোর পিছিয়ে যাওয়ার ফলশ্রুতিতে বৈশ্বিক জিডিপির অংশ হিসেবে প্রত্যক্ষ বিদেশি বিনিয়োগ (এফডিআই) প্রাক-মহামারি স্তরের নিচে থাকবে বলে ধারণা করা হচ্ছে। এর ফলে বাণিজ্যিক কর্মকাণ্ডের নিম্নগামিতা আরও চরম আকার ধারণ করতে পারে।

### চিত্র ০৬: বৈশ্বিক বাণিজ্য আয়তনে প্রবৃদ্ধি, বৈশ্বিক বহির্মুখী এফডিআই এবং ভ্রমণ-সংক্রান্ত বাণিজ্যসেবা



উৎস: ওয়ার্ল্ড ট্রাভেল অ্যান্ড ট্যুরিজম কাউন্সিল; এবং আইএমএফ স্টাফ প্রাক্কলন

বিশ্বের প্রায় সব দেশকেই আমদানি ও রপ্তানিতে নানা মাত্রায় বড় ধরনের পতনের ধাক্কা পোহাতে হচ্ছে। বিশেষত, আন্তর্জাতিক ভ্রমণে ক্রমবর্ধমান নিষেধাজ্ঞা এবং গ্রাহকদের মধ্যে সংক্রমণের শঙ্কার কারণে দমিত পরিস্থিতির মধ্যে থাকতে হবে পর্যটন-নির্ভর অর্থনীতিগুলোকে। গ্রিস, আইসল্যান্ড, পর্তুগাল এবং তুরস্কের মতো দেশগুলোর ব্যালান্স অব পেমেণ্ট (বিওপি) পরিস্থিতিতে ২০২০ সালের প্রমার্শে নেট রেভিনিউতে ধসের ঘটনার পাশাপাশি প্রতিফলিত হয়েছে এই সত্যটিও। এর ফলে প্রাক-মহামারি কালের ভবিষ্যদ্বাণীর তুলনায় ২০২০-২১ পর্বে কর্মকাণ্ড কমে যাওয়ায় গুরুতর ভোগান্তির মধ্যে দিয়ে যেতে হয় পর্যটন-ভিত্তিক দেশগুলোকে, যেখানে এর বড় অবদান রয়েছে জিডিপিতে।

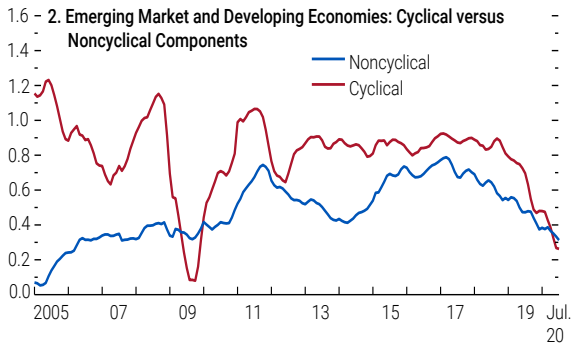
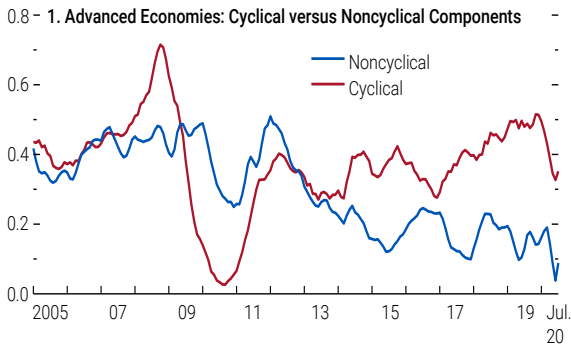
একই ধরনের চ্যালেঞ্জের মুখে রয়েছে তেল-রপ্তানির ওপর নির্ভরশীল দেশগুলো। তেলের দামে দ্রুতপতন হওয়ায় বড় ধরনের বাণিজ্য-বিপর্যয়ের মধ্যে রয়েছে তারা। যদিও চলতি বছরের প্রথম প্রান্তিকে তেলের দাম উঠতির দিতে থাকায় শিগগিরই পরিস্থিতির পরিবর্তন ঘটবে বলে ধারণা করা হচ্ছে।

## বৈশ্বিক মুদ্রাস্ফীতি

মুদ্রাস্ফীতি উন্নত অর্থনীতির দেশগুলোতে বিরাজ করছে প্রাকমহামারি স্তরে, অথচ উদীয়মান বাজার এবং উন্নয়নশীল অর্থনীতিতে মুদ্রাস্ফীতি মূলত মহামারির প্রাথমিক পর্যায়ে বড় পতনের কারণে প্রান্তিক স্তরে বেড়েছে। ২০২০-২১ সময়কালে মুদ্রাস্ফীতির প্রক্ষেপণ অনিশ্চিত, যেহেতু প্রতিদ্বন্দ্বী শক্তিগুলোই নির্ধারণ করবে দামের গতিবিধি। উদাহরণ হিসেবে, দমিত চাহিদার অবমুক্তির কারণে, অব্যাহত সরবরাহ বিপর্যয় এবং বেশ কয়েকটি দেশে আর্থিক আধিপত্যের পরিণতিতে মুদ্রানীতি রূপরেখার ওপর আস্থা কমে আসার কারণে দাম হয়ে উঠতে পারে আকাশচুম্বি। তবুও, এসব শক্তিকে আর্থিক এবং স্বাস্থ্যঝুঁকির ক্রমবর্ধমান আশঙ্কায় ভোক্তার সঙ্কয়ে মনোনিবেশ, ক্রয় সামর্থ্য ভোক্তার হাত থেকে ব্যয়ে কম আগ্রহী ঋণগ্রহীতার হাতে স্থানান্তর এবং চাহিদা উদ্দীপ্ত করতে মুদ্রানীতির বাধা ইত্যাদি, বিশেষ করে অগ্রণী অর্থনীতির দেশগুলোতে, পাল্টা ভারসাম্যের মধ্যে রাখবে।

তবে প্রাক-মহামারি এবং মধ্য-মহামারি মুদ্রাস্ফীতির একটি খাতওয়ারী বিশ্লেষণ থেকে ভবিষ্যতের দিকনির্দেশনামূলক ইঙ্গিত পাওয়া যায়। প্রকৃতপক্ষে, অধিকাংশ উন্নত এবং বৃহৎ উদীয়মান বাজার অর্থনীতিতে সাধারণ হিসেবে মুদ্রাস্ফীতির হ্রাস ঘটেছে, যা যেমন প্রতিপলিত হয়েছে চাহিদা উদ্দীপক খাতে, যেমনঃ আবাসন, বিনোদন, রেস্টোরাঁ এবং হোটেল, ইত্যাদিতে দুর্বল মূল্য চাপের মাধ্যমে, পাশাপাশি, স্বল্প প্রতিক্রিয়াশীল 'অচক্রীয়' খাতেও, যেমনঃ পোশাক, জুতা, যোগাযোগ, শিক্ষা, স্বাস্থ্যসেবা, পরিবহন সেবা এবং অন্যান্য বিবিধ পণ্য ও সেবা।

চিত্র ০৭: শিরোনাম মুদ্রাস্ফীতিতে অবদান



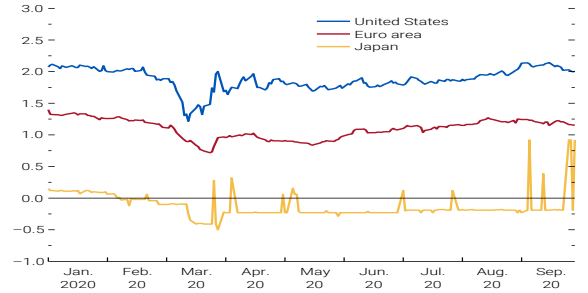
উৎস: ইউরোস্ট্যাট; হার্ভের অ্যানালিটিকস; এবং আইএমএফ স্টাফ পরিসংখ্যান

আপেক্ষিকভাবে দুর্বল সামগ্রিক চাহিদা এবং ২০২২ সালে বড় ধরনের ধসের প্রক্ষেপণ সত্ত্বেও, চক্রাকার-সংবেদনশীল খাতগুলোতে মূল্যের চাপ নিম্নমুখী থাকবে বলে ধারণা করা হচ্ছে, পক্ষান্তরে মহামারি শুরু আগের থেকেই অচক্রীয় খাতে স্পাইরাল অধঃগতি বজায় ছিল। ফলে, উন্নত অর্থনীতিতে সাধারণ প্রত্যাশা হচ্ছে নিয়ন্ত্রিত মুদ্রাস্ফীতি যেখানে প্রক্ষেপণ হচ্ছে ২০২০ সালে ০.৭ শতাংশ, পরবর্তীতে ২০২১ সালে বেড়ে গিয়ে ১.৩ শতাংশ এবং পুনরুদ্ধার স্থিতিশীল হওয়ার প্রেক্ষিতে সাধারণভাবে ১.৯ শতাংশে গিয়ে থিতু হওয়া।

উদীয়মান বাজার অর্থনীতির মুদ্রাস্ফীতির প্রত্যাশা ঐতিহাসিক গড়ের তুলনায় আপেক্ষিকভাবে কমই থাকবে। বিকাশমান

বাজার এবং উন্নয়নশীল অর্থনীতির গ্রুপে পরবর্তী দুই বছরের জন্য মুদ্রাস্ফীতির প্রক্ষেপণ রয়েছে যথাক্রমে ৫ শতাংশ এবং ৪.২ শতাংশ, যা পরবর্তীতে মধ্যম মেয়াদে নেমে আসবে ৪ শতাংশে, গ্রুপের ঐতিহাসিক গড়ের নিচে।

চিত্র ০৮: পঞ্চবার্ষিক মুদ্রাস্ফীতি সোয়াপ (পারসেন্ট; মার্কেট ইমপ্লাইড অ্যাডজিস্ট ইনফ্লেশন রেট)



উৎস: ব্লুমবার্গ ফাইন্যান্স এলপি; এবং আইএমএফ স্টাফ পরিসংখ্যান

## বৈশ্বিক অর্থনৈতিক দৃষ্টিভঙ্গি

২০২০ সালে বৈশ্বিক প্রবৃদ্ধির হার -৩.৫ শতাংশ হওয়ার আভাস পাওয়া গিয়েছিলো, যা আইএমএফের অক্টোবর ২০২০ বৈশ্বিক অর্থনৈতিক আউটলুকে উর্ধ্বগামী হিসেবে সংশোধিত হয়েছে ০.৯ শতাংশে। এতে প্রতিফলিত হচ্ছে ২০২০ সালের দ্বিতীয়ার্ধে প্রত্যাশার চেয়ে জোরালো পুনরুদ্ধারের বিষয়টি, ২০২১ সালে উত্তরণের পথে ধারাবাহিকভাবে আরো জোরদার রূপ নেবে যা। এর বৈশিষ্ট্য হবে টিকাদানের মাধ্যমে 'হার্ড ইম্যুনিটি' অর্জিত না হওয়া পর্যন্ত চলমান সামাজিক দূরত্ববিধি বজায় রাখা। তবে টিকাদান কার্যক্রম গতিশীল হয়ে ওঠার আগেই ভাইরাসের রূপবদলের কারণে উপর্যুপরি লকডাউনের ঝুঁকি থেকেই যাচ্ছে। তারপরও কিছু বড় অর্থনীতিতে অতিরিক্ত নীতিগত সহায়তা অব্যাহত রাখা এবং টিকাদানের ফলশ্রুতিতে পুনরুদ্ধার অর্জন সম্ভব হওয়ার প্রেক্ষিতে বলা হচ্ছে, ২০২১ সালে বৈশ্বিক প্রবৃদ্ধি হবে সাড়ে ৫ শতাংশ, যা ২০১৯ সালের বৈশ্বিক জিডিপির তুলনায় ১.৮ শতাংশ বেশি।

২০২০ সালে উন্নত অর্থনীতির গ্রুপ সংকুচিত হবে ৪.৯ শতাংশ, যা ২০২১ সালে ঘুরে দাড়াবে ৪.৩ শতাংশ প্রবৃদ্ধি নিয়ে। তবে এতেও ২০১৯ সালের তুলনায় নেট ক্ষতি হবে ০.৮ শতাংশ। বিশেষত, ২০২১ সালে ৫.১ শতাংশ প্রসারণের পর মার্কিন অর্থনীতির সংকোচন ঘটবে ৩.৪ শতাংশ। ২০২০ সালের প্রথমার্ধে যুক্তরাষ্ট্রের চেয়ে বড় ধরনের মধ্য দিয়ে আসা ইউরো অঞ্চলে সংকোচনের হার হবে ৭.২ শতাংশ এবং এর স্বল্প জিডিপি ভিত্তির আলোকে, ২০২১ সালে ৪.২ শতাংশ প্রবৃদ্ধিই হবে প্রত্যাশিত। ইউরোপের তুলনায় এশিয়ার উন্নত অর্থনীতিগুলোতে মহামারির আঘাত কম থাকায় এবং ২০২০ সালের প্রথমার্ধে স্বল্পমাত্রায় জিডিপি অবনমনের কারণে মাঝারি ধরনের নিম্নগামিতার মুখে পড়বে।

উদীয়মান বাজার এবং উন্নয়নশীল অর্থনীতিগুলোতে জিডিপি ভবিষ্যদ্বাণী বলছে, ২০২০ সালে তা হবে -২.৪ শতাংশ এবং ২০২১ সালে ৬.৩ শতাংশ। এই গ্রুপের মধ্যে চীনের অর্থনৈতিক কার্যক্রম গতিশীল হয়েছে বেশ দ্রুতগতিতে এবং ২০২০ সালের দ্বিতীয় প্রান্তিকে বৃহদায়তন নীতিগত সহায়তা এবং গতিশীল রপ্তানির সুবাদে বিশ্বয়জাগানিয়া ইতিবাচক ফল দেয়। বৈশ্বিক শ্রেষ্ঠিতে দেশটির জোরালো সম্ভাবনা হিসেবের মধ্যে নিলে, এর প্রবৃদ্ধি ২০২০ ও ২০২১ সালে হবে যথাক্রমে ২.৩ শতাংশ এবং ৮.১ শতাংশ।

চীন ছাড়া, এই গ্রুপের অনেক দেশের প্রবৃদ্ধি সম্ভাবনা এখনো অনিশ্চিত। এর কারণ ভাইরাসের অব্যাহত বিস্তার, বিপর্যস্ত স্বাস্থ্যসেবা পদ্ধতি, গুরুতর ক্ষতিগ্রস্ত খাতে তুলনামূলক জোরালো অর্থনৈতিক গুরুত্ব, যেমন, পর্যটন, এবং রেমিট্যান্সসহ বাইরের অর্থাগমের ওপর অধিক নির্ভরশীলতা। এর ফলে উদীয়মান বাজার এবং উন্নয়নশীল অর্থনীতির অঞ্চলসমূহ, বিশেষ করে, ভারত এবং ইন্দোনেশিয়ার মতো বিকাশমান এশিয়ার বৃহৎ অর্থনীতিগুলোর সংকোচন আশা করা হচ্ছে। কেননা, এ সময়ে তাদের মনোযোগ অব্যাহতভাবে নিবন্ধ থাকবে মহামারির বিস্তার প্রশমিত করা এবং বিপদ কাটিয়ে ওঠার কার্যক্রমের দিকে। ভারতের ক্ষেত্রে ২০২০ সালের দ্বিতীয় প্রান্তিকে জিডিপিতে প্রত্যাশার চেয়ে গুরুতর সংকোচনের পর ২০২০ সালে তার সংকোচন হবে ৮ শতাংশ এবং ২০২০ সালের দুর্বল ভিত্তি থেকে দ্রুত পুনরুদ্ধারের সুবাদে ২০২১ সালে তা হবে ১১.৫ শতাংশ।

তবে আঞ্চলিক ভিন্নতার বিষয়টি বেশ লক্ষ্যণীয় কারণ লাতিন আমেরিকায় মহামারির দরুণ সংকোচন ঘটেছে গভীর হয়ে, অন্যদিকে মধ্যপ্রাচ্য ও মধ্য এশিয়া এবং তেল রপ্তানি নির্ভর সাব-সাহারা আফ্রিকার অনেক দেশ ক্ষতিগ্রস্ত তেলের দামে দরপতন, অভ্যন্তরীণ সংঘাত, কিংবা অর্থনৈতিক সংকটের কারণে। ২০২০ এবং ২০২১ সালের জন্য, চীন ছাড়া, উদীয়মান বাজার এবং উন্নয়নশীল অর্থনীতির জন্য প্রবৃদ্ধি প্রক্ষেপিত হয়েছে যথাক্রমে -৫.৭ শতাংশ এবং ৫ শতাংশ।

উপসংহার হিসেবে বলা চলে, করোনাভাইরাস মহামারির আঘাতে যে নিম্নগামিতার শুরু, অতীতের মন্দার তুলনায়, তা নজিরবিহীন, যেখানে ম্যানুফ্যাকচারিং খাতের তুলনায় সেবার খাতের পতন ছিল স্বল্প মাত্রার। তবে বর্তমান সংকটে, ভাইরাস বিস্তারের গতি কমিয়ে আনার লক্ষ্যে জনস্বাস্থ্য খাতের প্রতিক্রিয়া এবং আচরণগত পরিবর্তনের পরিণতিতে ম্যানুফ্যাকচারিং খাতের তুলনায় সেবা খাতের সংকোচন বেড়েছে, বিশেষত, যেখানে সশরীরে যোগাযোগ কিংবা মুখোমুখি থাকার উপর নির্ভর করে, যেমন, হোলসেল (পাইকারি) ও রিটেইল ব্যবসা, আপায়নখাত এবং শিল্পকলা ও বিনোদন। প্রাকমহামারি যুগের স্বাভাবিকতায় ফিরতে তুলনামূলক কঠিনতর পথ পাড়ি দিতে হবে এসব খাতকে।

## বাংলাদেশের অর্থনীতির সামগ্রিক চিত্র

বৈশ্বিক নভেল করোনাভাইরাস মহামারির কারণে সদ্য সমাপ্ত অর্থবছরে মহামারি-প্রসূত চলাচল নিয়ন্ত্রণ, যার পরিণতিতে বিপর্যস্ত হয়েছে উৎপাদন এবং পণ্য ও সেবা সরবরাহ, পাশাপাশি, ২০২০ অর্থবছরের চূতর্ষ প্রান্তিকে বৈশ্বিক চাহিদা নিদারুণ সংকুচিত হওয়ার ফলে, বাংলাদেশের বেশ কিছু অর্থনৈতিক অগ্রগতি তাদের স্বাভাবিক গতিশীলতা হারিয়েছে। জিডিপিতে ৮.৫ শতাংশ অবদান রাখা তৈরিপোশাক শিল্প (আরএমজি) বিশেষভাবে ক্ষতির মুখে পড়ে, এ বছর পণ্যরপ্তানিতে ভয়াবহ ধস, ১৮.১২ শতাংশ নেমে আসার কারণে। বিগত দশকে অসংখ্য চ্যালেক্সের মুখেও ৬ শতাংশের বেশি টানা প্রবৃদ্ধি নিয়ে গতিশীল থেকেছে বাংলাদেশের অর্থনীতি। সে ধারাবাহিকতায়, অস্থায়ী অনুমানে ২০২০ অর্থবছরে জিডিপি প্রবৃদ্ধি ছিল ৫.২৪ শতাংশ, বিগত অর্থবছরের ৮.১৫ শতাংশের তুলনায়।

রপ্তানির চেয়ে ধীরগতি হলেও, দেশের মোট আমদানি কমে যায় ৮.৫৬ শতাংশ। অন্যদিকে রেমিট্যান্স প্রবাহ বেড়ে যায় ১০.৮৭ শতাংশ, উন্নীত হয় ১৬.৪২ মিলিয়ন ডলারে। এর ফলে চলতি হিসাব ঘাটতি (সিএডি) কমানো সম্ভব হয়। তাছাড়া মূলধন এবং আর্থিক হিসাব ইনফ্লো বৃদ্ধির কারণে পূর্ববর্তী অর্থবছরের ১৭৯ মিলিয়ন ডলারের তুলনায় ব্যালান্স অব পেমেণ্টে (বিওপি) বাড়তি থাকে আরও ২.৯৩ বিলিয়ন ডলার। ২০২০ সালের ৩০ জুন পর্যন্ত ৮.৬ মাসের আমদানিসহ লক্ষণীয়ভাবে বৃদ্ধি পায় বৈদেশিক মুদ্রা তহবিল, এবং উন্নীত হয় ৩৬.০৪ বিলিয়ন ডলারে।

মহামারির বিরূপ প্রতিক্রিয়া মোকাবেলায় নিচে উল্লেখিত বিভিন্ন ধরনের অর্থনৈতিক ক্ষেত্রে ১.০৩ ট্রিলিয়ন টাকা বা ১২.২ বিলিয়ন ডলার, বা জিডিপির ৩.৭ শতাংশ প্রণোদনা প্যাকেজ ঘোষণা করে সরকার।

- রপ্তানিমুখী শিল্পের বেতন সহায়তা
- চলমান মূলধন ঋণের সুদ পরিশোধে ভর্তুকি
- রপ্তানি কার্যক্রম জোরদারকরণ
- পুনঃঅর্থায়ন স্কিমে তারল্য সহায়তা
- কৃষিখাতে সামগ্রিক সহায়তা
- প্রান্তিক জনগোষ্ঠীর জন্য স্বাস্থ্যসেবা, নগদ ও খাদ্য সহায়তা

অর্থনীতির পুনরুদ্ধার নিশ্চিত করতে জনগণ এবং অন্যান্য উপকারভোগীর মধ্যে কেন্দ্রীয় ব্যাংকের নির্দেশনায় এসব প্যাকেজ বিতরণ করা হচ্ছে ব্যাংকিং খাতের মাধ্যমে। অর্থনীতিকে প্রাকমহামারি প্রবৃদ্ধির পর্যায়ে ফিরিয়ে আনতে রেপো দর হ্রাস, ক্যাশ রিজার্ভ রিকুয়ারমেন্ট (সিআরআর) কমানো, এডিআর সীমা বাড়ানো, বিশেষ রেপো, বন্ড পুনঃক্রয়, ঋণ পুনঃপরিশোধ

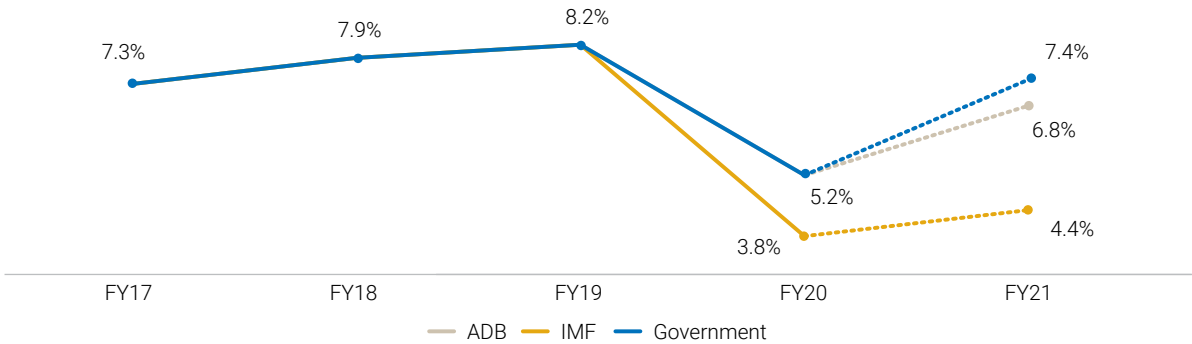
স্থগিতকরণের সুযোগ এবং ব্যবহারিক মেয়াদ বাড়ানোসহ অনেকগুলো নীতিগত পদক্ষেপ নিয়েছে বাংলাদেশ ব্যাংক।

বাংলাদেশের আর্থিক প্রোফাইল বিবেচনায়, ২০২০ অর্থবছরে ১২.৪ শতাংশ নিয়ে জিডিপিতে সরকারি রেভিনিউ কম থাকা ছিল একটি বড় দুর্বলতা, যেখানে ভারতে এর পরিমাণ ছিল ১৯.৮ শতাংশ, পাকিস্তানে ১৪.৭ শতাংশ, শ্রীলঙ্কায় ১৩.৫ শতাংশ, নেপালে ২৩.৯ শতাংশ এবং গড় উন্নয়নশীল দেশগুলোতে ২৫.৬ শতাংশ। উপরন্তু, খুব একটা সাফল্য আসেনি ২০১৯ সালের জুলাই থেকে মূল্য সংযোজন কর (ভ্যাট) আইনের সূচনা করার পর। দুর্বল রাজস্ব সংগ্রহ অনুপাতের পাশাপাশি বাংলাদেশের অবকাঠামো খাতের সাম্প্রতিক প্রবৃদ্ধির কারণে ২০২০ অর্থবছরের সংশোধিত বাজেটে বাজেট ঘাটতি জিডিপির ৪.৮ শতাংশ থেকে উন্নীত হয় ৫.৩ শতাংশে, যদিও আরো বেশি হতে পারে প্রকৃত সংখ্যাটি। অন্যদিকে, ২০২০ অর্থবছরে সরকারি ঋণ-জিডিপি অনুপাত তুলনামূলক কম ছিল ৪০.৩ শতাংশে, এবং বিদেশি ঋণের প্রায় অর্ধেকই ছাড়সহ, যার দরুণ কমে এসেছে পুনঃঅর্থায়ন ঝুঁকি, এবং সীমিত রাখা সম্ভব হচ্ছে ঋণসেবাজনিত ব্যয়।

## জিডিপি প্রবৃদ্ধি কর্মকাণ্ড

বিগত দশকে বৈশ্বিক অর্থনৈতিক কর্মকাণ্ডে বহুবিধ চ্যালেঞ্জ থাকা সত্ত্বেও গড়ে সাড়ে ৬ শতাংশ প্রবৃদ্ধি নিয়ে গতিশীল থেকেছে বাংলাদেশের অর্থনীতি। অস্থায়ী অনুমান অনুসারে, ২০১৯ অর্থবছরের ৮.১৫ শতাংশের তুলনায় ২০২০ অর্থবছরে বাংলাদেশের জিডিপি প্রবৃদ্ধি ছিল ৫.২৪ শতাংশ, ২০০৯ অর্থবছরের পর থেকে যা সর্বনিম্ন। যদিও ২০২০ অর্থবছরের প্রথম আট মাস স্বাভাবিক ছিল দেশের অর্থনৈতিক কার্যক্রম, ২০২০ সালের মার্চ থেকে কোভিড-১৯ মহামারির বৈশ্বিক বিস্তারে বড় ধরনের ঋণাত্মক প্রভাব পড়ে দেশের অর্থনীতিতে।

চিত্র ০৯: জিডিপি প্রবৃদ্ধি প্রবণতা (%)



উৎস: এডিবি ও আইএমএফ প্রকাশনা

## সার্বভৌম রেটিং

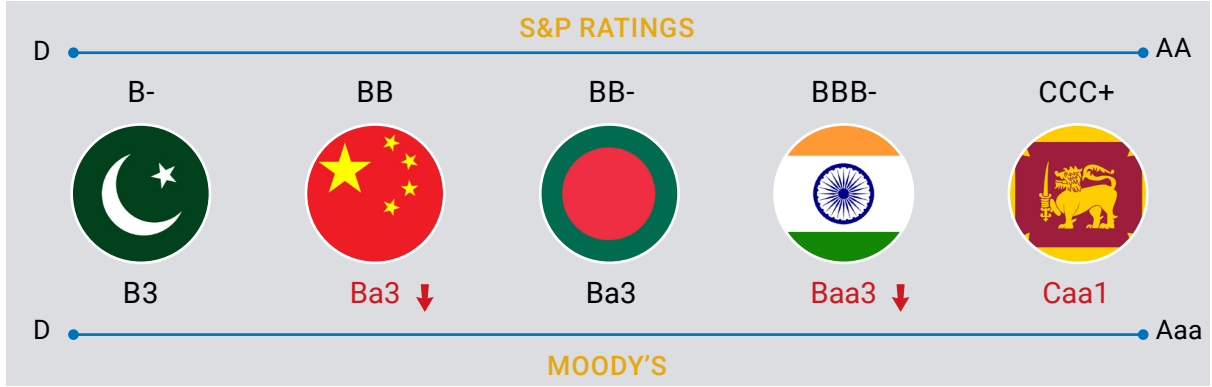
এক দশকের বেশি সময় ধরে বিশ্বের তিনটি স্নামধন্য রেটিং এজেন্সি 'স্থিতিশীল' হিসেবে রেটিং করেছে বাংলাদেশের। দেশটিকে 'বিএ৩' এবং 'বিবি' রেটিং দিয়েছে যথাক্রমে মুডি'জ এবং স্ট্যান্ডার্ড অ্যান্ড পুওরস (এসঅ্যাভপি)। ফিচ রেটিংসে ২০২০ সালের ১১ নভেম্বর বাংলাদেশের দীর্ঘমেয়াদী বৈদেশিক মুদ্রা ইস্যুকারী ডিফল্ট রেটিং ছিল 'স্থিতিশীল দৃষ্টিভঙ্গি' সহ 'বিবি', যেখানে দক্ষিণ এশিয়ার অন্যান্য অর্থনীতিগুলোর বরাতে জুটে নেতিবাচক দৃষ্টিভঙ্গি অথবা নিম্নতর রেটিং। ফলে রেটিং বিবেচনায় আকর্ষণীয় অবস্থানে রয়েছে বাংলাদেশ।

ফিচের বিবেচনায়, বাংলাদেশ কোভিড-১৯ এর আঘাত সত্ত্বেও তার বাহ্যিক বাফার মজবুত করেছে, যেখানে কম আমদানি, উচ্চ রেমিট্যান্স এবং বহুপক্ষীয় এজেন্সির কাছ থেকে ঋণবৃদ্ধির কারণে তার রিজার্ভ ছাড়িয়ে গেছে ৪৩ বিলিয়ন ডলার। গৃহস্থালী ভোগ্যপণ্য খাতের জন্য গুরুত্বপূর্ণ বিবেচিত রেমিট্যান্স প্রবাহ বিশ্বায়কর ভাবে সবল থেকেছে। এর মূল কারণ হলো দেশে ফিরে আসা শ্রমিকদের সঞ্চয় এবং সরকার ঘোষিত আনুষ্ঠানিক চ্যানেলে দেশে আসা রেমিট্যান্সের জন্য ২ শতাংশ নগদ প্রণোদনা ঘোষণা।

পিছিয়ে যাওয়া ক্ষেত্রের মধ্যে জিডিপিতে সরকারের রাজস্ব অনুপাত ১২.৪ শতাংশে কম থাকাটা আর্থিক প্রোফাইলের একটি বড় দুর্বলতা, যার অবস্থান 'বিবি' গড় ২৯ শতাংশেরও অনেক নিচে। অন্যান্য কয়েকটি উদ্বেগের মধ্যে রয়েছে, দুর্বল অনুশাসন এবং ব্যাংকিং খাতে উচ্চ মাত্রার এনপিএল, যেখানে তাদের অবস্থান ব্যবসা-বান্ধব সূচকে সর্বনিম্ন র্যাংকে, পাশাপাশি, 'বিবি' ক্যাটেগরিতে ৪৩৮.৬ শতাংশের উচ্চ ঋণ রাজস্ব অনুপাত।



চিত্র ১০: সহযোগীদের সাথে ক্রেডিট রেটিং তুলনা



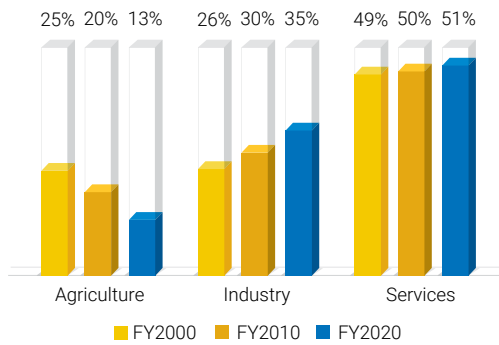
\*লাল = নিম্নমুখী; কালো = অপরিবর্তিত; নিম্নমুখী তীর = নেতিবাচকমুখী দৃষ্টিভঙ্গি

## কৃষিখাত

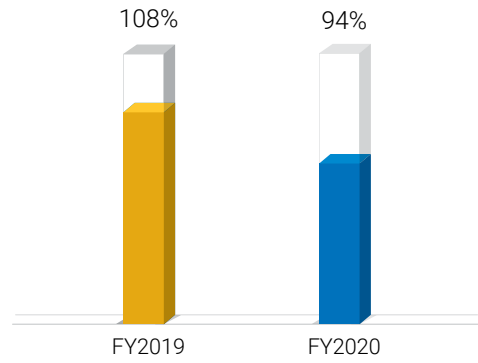
বাংলাদেশে কৃষি-অর্থনীতির গুরুত্ব অনস্বীকার্য, যেহেতু এখানে দেশের মোট শ্রমশক্তির ৪০.৬২ শতাংশ জড়িত এবং ২০২০ অর্থবছরে জিডিপিতে এদের অবদান ১৩.৩৫ শতাংশ, পূর্ববর্তী অর্থবছরে যা ছিল ১৩.৬৫ শতাংশ।

২০২০ অর্থবছরে কৃষিখাতের প্রবৃদ্ধি পূর্ববর্তী অর্থবছরের ৩.০২ শতাংশ থেকে নেমে আসে ৩.১১ শতাংশে, যা মূলত ফসল কাটায় শ্রমঘাটতি এবং মহামারির কারণে পোল্ডি, কাঁকড়া, চিংড়ি এবং মাছ উৎপাদনখাতে রপ্তানির ওপর নিষেধাজ্ঞার কারণে হয়েছে। খাতটির গুরুত্ব বিবেচনায়, ২০২০ অর্থবছরের বাজেটে এ খাতে মোট বরাদ্দের ৪.১১ শতাংশ বা ২১ হাজার ৪৮৪ কোটি টাকা বরাদ্দ করা হয়, এছাড়া সার এবং অন্যান্য কৃষি উপকরণের জন্য আরো ৯,০০০ কোটি টাকা বরাদ্দ করা হয়। যদিও ২০২০ অর্থবছরে কৃষিখণ্ড বিতরণ ৩.৬৭ শতাংশ হ্রাস পায়; ২৪,১২৪ কোটি টাকার বিতরণের লক্ষ্যমাত্রার বিপরীতে ৯৪.৩ শতাংশ সাফল্য অর্জিত হয়।

চিত্র ১১: খাতওয়ারি জিডিপি শেয়ার (%)



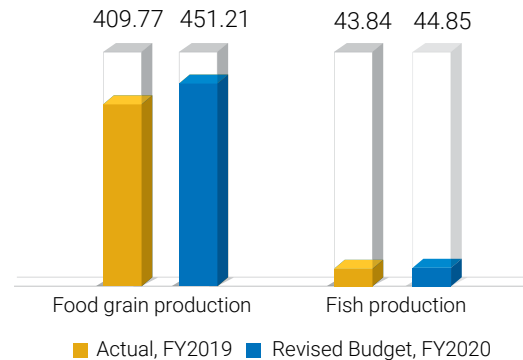
চিত্র ১২: কৃষিখণ্ড বিতরণ লক্ষ্যমাত্রা অর্জন (%)



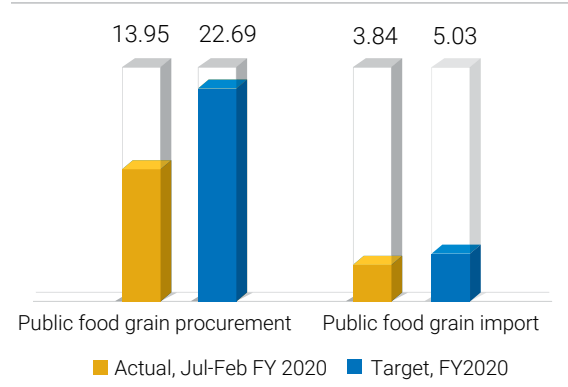
উৎস: বাংলাদেশ ব্যাংক বার্ষিক প্রতিবেদন

কৃষি মন্ত্রণালয়ের হিসেবে, ২০২০ অর্থবছরে খাদ্যশস্য উৎপাদন ১০.১১ শতাংশ বাড়বে এবং মৎস উৎপাদন ২.৩০ শতাংশ। ২০২০ সালের ফেব্রুয়ারি অবধি সরকারি খাদ্যশস্য সংগ্রহ এবং আমদানি লক্ষ্যমাত্রায় সাফল্য ছিল যথাক্রমে ৬১.৪৮ শতাংশ এবং ৭৬.৩৪ শতাংশ। অন্যদিকে, একই সময়ে ৪৬.২১ লাখ মেট্রিকটন খাদ্যশস্য আমদানি করে বেসরকারি খাত।

চিত্র ১৩: খাদ্যশস্য ও মৎস উৎপাদন (লাখ টন)



চিত্র ১৪: সরকারি খাদ্যসম্বন্ধ সংগ্রহ ও আমদানি



উৎস: বাংলাদেশ ইকোনমিক রিভিউ ২০২০

### শিল্পখাত

বাংলাদেশের জিডিপিতে শিল্পখাতের অবদান বেড়েই চলেছে। এই ধারাবাহিকতায়, এই খাত পূর্ববর্তী অর্থবছরে জিডিপি'র ৩৫ শতাংশের তুলনায় ২০২০ অর্থবছরে জিডিপি'র ৩৫.৩৬ শতাংশে উন্নীত হয়।

যদিও সাধারণভাবে শিল্পখাতের উৎপাদন, যার মধ্যে অন্তর্ভুক্ত থাকে ম্যানুফ্যাকচারিং, মাইনিং এবং কোয়ারিং, বিদ্যুৎ-গ্যাস ও পানি সরবরাহ এবং নির্মাণ খাতের মতো উপখাত, এবং, ২০১৯ অর্থবছরের ১২.৬৮ শতাংশ থেকে বৈশ্বিক অর্থনৈতিক মন্দারতা এবং পরবর্তীতে গুরুত্বপূর্ণ রপ্তানি-আদেশ বাতিল করার কারণে পোশাক রপ্তানি কমে আসায় ২০২০ অর্থবছরে তা নেমে যায় ৬.৪৮ শতাংশে। জিডিপিতে সর্বোচ্চ অবদান ছিল ম্যানুফ্যাকচারিং খাতের ২৪.১৮ শতাংশ, যার পরিমাণ ২৭১,০৬৭ কোটি টাকা। যদিও ২০১৯ অর্থবছরের ১৪.২০ শতাংশ থেকে প্রবৃদ্ধি ২০২০ অর্থবছরে নেমে আসে ৫.৮৪ শতাংশে। ম্যানুফ্যাকচারিং খাতের উপখাতসমূহের মধ্যে বড় এবং মাঝারি উদ্যোগগুলির পতন ঘটে ১৪.৮৪ শতাংশ থেকে ৫.৪৭ শতাংশে, যেখানে ক্ষুদ্রশিল্প খাতের পতন ঘটে ১০.৯৫ শতাংশ থেকে ৭.৭৮ শতাংশে। নির্মাণখাতের প্রবৃদ্ধি পূর্ববর্তী বছরের ১০.২৫ শতাংশের তুলনায় থিতু থাকে ৯.০৬ শতাংশে।

### সেবা খাত

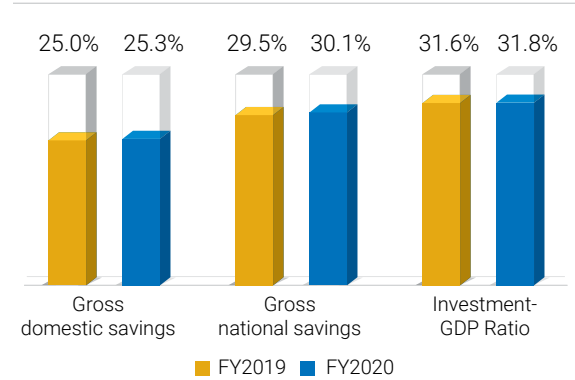
চলাচলে বিধিনিষেধের কারণে খুচরা ব্যবসা ও পরিবহন সেবা গুরুতর ক্ষতিগ্রস্ত হওয়ায় পূর্ববর্তী অর্থবছরে ৬.৭৮ শতাংশের তুলনায় ২০২০ অর্থবছরে সেবা খাতের প্রবৃদ্ধি ঘটেছে ৫.৩২ শতাংশ। বস্তুত সাধারণ ভাবে সেবা খাত, যেমন, পাইকারি ও খুচরা ব্যবসা, হোটেল ও রেস্তোরাঁ, পরিবহন, সংরক্ষণ ও

যোগাযোগ, আর্থিক মধ্যস্থতা, আবাসন শিল্প ও রেন্টিং, এবং স্বাস্থ্য ও সামাজিক কার্যক্রম খাতে বড় ধরনের সংকোচন ঘটে, বিগত অর্থবছরের তুলনায় কোনো কোনো ক্ষেত্রে ১ শতাংশ থেকে ৩.১ শতাংশ পর্যন্ত। ফলে জিডিপিতে এই খাতের অবদান ২০১৯ সালের ৫১.৩৫ শতাংশের তুলনায় ২০২০ সালে নেমে আসে ৫১.৩০ শতাংশে।

### সঞ্চয় ও বিনিয়োগ

২০২০ অর্থবছরে জিডিপিতে বিনিয়োগের অনুপাত সামান্য বেড়ে উন্নীত হয় ৩১.৮ শতাংশে, যার মধ্যে সরকারি ও বেসরকারি খাতের অবদান ছিল যথাক্রমে ৮.১২ শতাংশ এবং ২৩.৬৩ শতাংশ। যদিও ২০২০ অর্থবছরের চতুর্থ প্রান্তিকে কোভিড-মহামারির কারণে অর্থনৈতিক খাতে শ্লথগতি শুরু হলে বিনিয়োগের প্রবৃদ্ধি পূর্ববর্তী অর্থবছরের ১৪.১৯ শতাংশের জায়গায় নেমে আসে ১০.৬৩ শতাংশে।

চিত্র ১৫: গড় অভ্যন্তরীণ সঞ্চয়, জাতীয় সঞ্চয় ও বিনিয়োগ (জিডিপির শতাংশ হিসেবে)

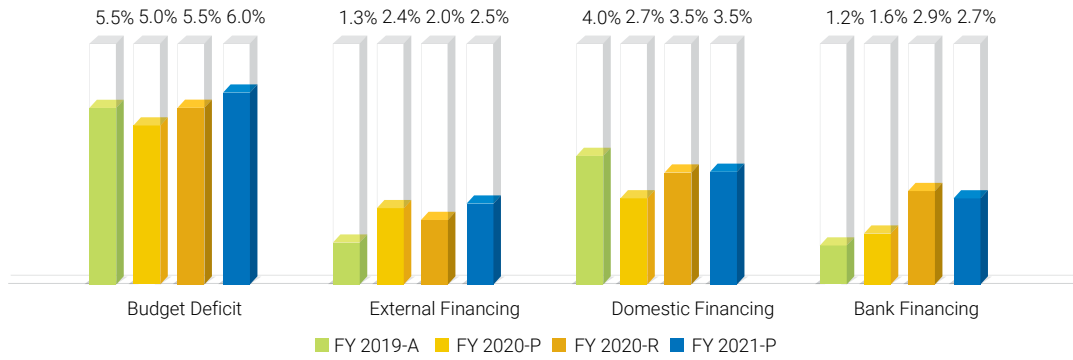


উৎস: বাংলাদেশ ইকোনমিক রিভিউ ২০২০

### আর্থিক খাত

২০২০ অর্থবছরে বাজেট ঘাটতি সংশোধিত হয়েছে ১৫৩,৫০৮ কোটি টাকায় এবং প্রস্তাবিত বাজেট অনুসারে ২০২১ অর্থবছরে তা ১৯০,০০০ কোটি টাকায় উন্নীত হবে বলে ধারণা করা হচ্ছে। বাইরের উৎস এবং বিদেশি মঞ্জুরি থেকে অর্থায়নে ঘাটতিতে ২০২০ অর্থবছরে নিম্নগামী সংশোধন হয়েছে ৫৬,১৬৩ কোটি টাকায়, যেখানে সংশোধনীর অভ্যন্তরীণ উৎস থেকে অর্থায়ন উন্নীত হবে ৯৭,৩৪৫ কোটি টাকায়, যার মধ্যে ব্যাংকিং খাত থেকে অর্থায়ন আসবে ৮২,৪২১ কোটি টাকা।

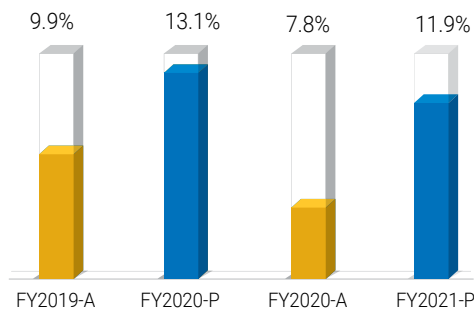
চিত্র ১৬: বাজেট ঘাটতি অর্থায়ন (জিডিপি শতাংশ)



উৎস: বাজেট বক্তৃতা ২০২০-২১; এ=অ্যাকচুয়াল, পি=প্রপোজড, আর=রিভাইজড

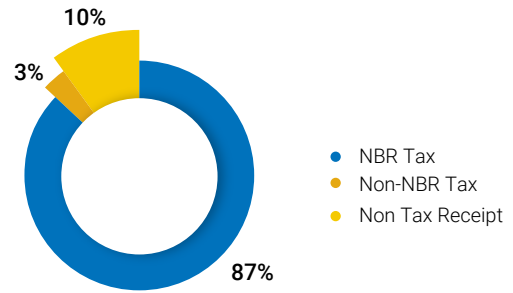
জাতীয় রাজস্ব বোর্ড (এনবিআর) ২০২০ অর্থবছরে তার ৩০০,৫০০ কোটি টাকা আদায়ের সংশোধিত লক্ষ্যমাত্রার বিপরীতে ৭২.৬৮ শতাংশ সাফল্য নিয়ে ২১৮,৪০৮ কোটি টাকা সংগ্রহ করে। স্বাধীনতার পর থেকে এই প্রমবাবের মতো অর্থবছরের শেষ প্রান্তিকে আবির্ভূত হওয়া মহামারির কারণে রাজস্ব সংগ্রহে ২০২০ অর্থবছরে ২.২৬ শতাংশ পতন ঘটে, যে সময়টি মূলত রাজস্ব সংগ্রহের প্রধান মৌসুম। বস্তুত, নন-ট্যাক্স রাজস্ব বাদে অর্থবছরে এনবিআর এবং নন-এনবিআর উভয় ধরনের কর রাজস্ব পতন ঘটে। নন-ট্যাক্স রাজস্ব খাতের প্রবৃদ্ধি ঘটে বিভিন্ন স্বায়ত্বশাসিত, আধা-স্বায়ত্বশাসিত, রাষ্ট্রায়ত্ত্ব কিংবা সরকারি নন-ফাইন্যান্সিয়াল করপোরেশন থেকে সরকারি কোষাগারে দ্রুতগতিতে অতিরিক্ত তহবিল সঞ্চালনের ফলে। এ উদ্যোগের কারণে নির্বিঘ্নে নিজের বাজেট ব্যয় পরিচালনার পাশাপাশি ২০২০ সালের মার্চে ব্যাংকের ঋণ নেয়ার হাত থেকে বেঁচে যায় সরকার। উপরন্তু কর-জিডিপি অনুপাত ২০১৯ অর্থবছরের ৯.৯ শতাংশ থেকে ২০২০ অর্থবছরে নেমে আসে ৭.৮ শতাংশে।

চিত্র ১৭: জিডিপিতে সরকারি রাজস্ব অনুপাত (%)



উৎস: বাজেট বক্তৃতা ২০২০-২১; এ=অ্যাকচুয়াল, পি=প্রপোজড, আর=রিভাইজড

চিত্র ১৮: মোট রেভিনিউ কম্পোজিশন (%)



উৎস: বাজেট বক্তৃতা ২০২০-২১; এ=অ্যাকচুয়াল, পি=প্রপোজড, আর=রিভাইজড

২০২০ অর্থবছরে ব্যয় লক্ষ্যমাত্রা নামিয়ে আনা হয় ৫০১,৫৭৭ কোটি টাকায় বা জিডিপি ১৭.৮৮ শতাংশে, যা ২০১৯ অর্থবছরে ছিল জিডিপি ১৫.৪০ শতাংশ বা ৩৯১.৬৯০ কোটি টাকা। একইভাবে, উন্নয়ন ব্যয় ২০১৯ অর্থবছরের জিডিপি ৬ শতাংশ বা ১৫১,০৫৫ কোটি টাকা থেকে সংশোধিত হয় জিডিপি ৭.২১ শতাংশ বা ২০২,৩৪৯ কোটি টাকায়। অস্থায়ী অনুমান অনুযায়ী, অর্থবছরে মোট ব্যয় ৩৯৮,৪৯০ কোটি টাকা, এবং এডিপি ব্যয় ছিল ১৬১,৮৫৭ কোটি টাকা, যার মধ্যে অর্জিত হয় ২০২০ অর্থবছরের সংশোধিত এডিপি লক্ষ্যমাত্রার ৮০.৪৫ শতাংশ। কোভিডসংক্রান্ত ব্যয়ের চাপ সামাল দিতে গিয়ে উন্নয়ন প্রকল্পগুলিও ২০২০ অর্থবছরে পুনঃপ্রাধিকারমূলক বিবেচনার আওতায় আনা হয়।

### বাহ্যিক খাত

বিশ্ববাণিজ্যে কোভিড-১৯ মহামারির কারণে অচলাবস্থার পরিণতিতে গুরুতর সংকটের মধ্যে পতিত হয় রপ্তানি আয় ও আমদানি ব্যয়। ২০২০ অর্থবছরে মোট রপ্তানি আয় কমে আসে

প্রায় ১৭.১০ শতাংশ, ৩২.৮৩ বিলিয়ন ডলারে, যার মধ্যে সবচেয়ে বেশি ক্ষতি হজম করতে হয় পোশাক শিল্প খাতকে; ১৮.২০ শতাংশ অবনতি ঘটে ওই খাতে। একইভাবে, আমদানি ৮.৫৭ শতাংশ কমে নেমে আসে ৫০.৬৯ বিলিয়ন ডলারে। আমদানির তুলনায় বড় ক্ষতির মুখে পড়া রপ্তানি খাতের কারণে বাণিজ্য ঘাটতি ১৫.৮৪ বিলিয়ন ডলার থেকে ১২.৭৫ শতাংশ প্রবৃদ্ধি ঘটিয়ে উন্নীত হয় ১৭.৮৬ বিলিয়ন ডলারে। যদিও রেমিট্যান্স প্রবাহ ১০.৮৭ শতাংশ বেড়ে ১৮.২১ বিলিয়ন ডলারে উন্নীত হওয়ার সুবাদে চলতি হিসাব ঘাটতি মেটাতে সামর্থ্য ২০১৯ সালের ৪.৪৯ বিলিয়ন ডলার থেকে ৫.১৯ শতাংশ প্রবৃদ্ধি ঘটিয়ে ২০২০ অর্থবছরে ৪.৭২ বিলিয়ন ডলারে উন্নীতি সম্ভব হয়েছে। পাশাপাশি, পূর্ববর্তী অর্থবছরে ১৭৯ মিলিয়ন ডলারের বিপরীতে ২০২০ অর্থবছরে ২.৯৩ বিলিয়ন ডলার উদ্বৃত্ত ঘোষণা করে বাংলাদেশ।

## রপ্তানি

২০২০ অর্থবছরে ১৬.৯৩ শতাংশ অবনমনের মধ্য দিয়ে রপ্তানি আয় ৪০.৫৪ বিলিয়ন ডলার থেকে নেমে আসে ৩৩.৬৭ বিলিয়ন ডলারে। অর্থবছরের প্রথম আট মাসে ইতোমধ্যে অনিশ্চয়তার মধ্যে পড়ে যাওয়া বৈশ্বিক বাণিজ্য পরিবেশে রপ্তানিখাতে এ সংকোচন আরও চরম আকার ধারণ করে পোশাক রপ্তানি খাতে ১৮.১২ শতাংশ পতনের কারণে। রপ্তানিখাতে করোনা প্রাদুর্ভাবের প্রভাব দৃশ্যমান হয়ে ওঠে ২০২০ সালের মার্চ বছর-বছর প্রবৃদ্ধিতে ১৮.২১ শতাংশ ধস নামার পর, যা এপ্রিলে ৮২.৮৬ শতাংশ কমে দাঁড়ায় ৫২০.০১ মিলিয়ন ডলারে। যদিও ২০২০ মে থেকে মোটামুটি স্থিতিশীল রয়েছে পরিস্থিতি, এবং অর্থবছরের শেষ মাসে বছর-প্রতি হিসেবে রপ্তানি আয় কমে মাত্র ২.৫০ শতাংশ। বেশ কয়েকটি পণ্য যেগুলি এ সময়ে প্রবৃদ্ধি ধরে রাখতে সক্ষম হয়, সেগুলি হচ্ছে হিমায়িত মৎস (১৭.৯৯%), ঔষধশিল্প (৪.৪৯%), হস্তশিল্প (২.৮৬%) এবং কাঁচা পাট ও পাটজাত পণ্য (৮.১০%)।

## আমদানি

২০২০ অর্থবছরে ৮.৫৬ শতাংশ পতনের সুবাদে মোট আমদানি ৫৯.৯১ বিলিয়ন ডলার থেকে নেমে আসে ৫৪.৭৮ বিলিয়ন ডলারে। খাদ্যশস্য এবং ভোক্তাপণ্যের আমদানি বাড়ে যথাক্রমে ৭.৭৬ শতাংশ এবং ৫.৩৮ শতাংশ। অন্যদিকে, মধ্যবর্তী পণ্য এবং উৎপাদন পণ্যের আমদানি নেমে যায় যথাক্রমে ৫.০৫ শতাংশ এবং ২৩.৯২ শতাংশে। ২৬ মার্চ থেকে ৩০ মে পর্যন্ত সরকার সাধারণ ছুটি ঘোষণা করায় স্থবির হয়ে যায় সব ধরনের শিল্প ও নির্মাণ প্রকল্প, ফলে খর্ব হয়েছে আমদানির প্রয়োজনীয়তা।

## রেমিট্যান্স

২০২০ অর্থবছরে রেমিট্যান্স প্রবাহ প্রথম ৮ মাসে ২০ শতাংশ হারে বাড়লেও মোট ১০.৮৭ শতাংশ বেড়ে ১৬.৪২ বিলিয়ন ডলার

থেকে উন্নীত হয় ১৮.২১ বিলিয়ন ডলারে। এর বড় অংশটা আসে মধ্যপ্রাচ্যের বিভিন্ন দেশ, যেমন, সৌদি আরব (২২.০৬%), সংযুক্ত আরব আমিরাত (১৩.৫৮%) এবং যুক্তরাষ্ট্র (১৩.২১%) থেকে। কোভিড-১৯ মহামারির সংকটজনক পরিস্থিতি সত্ত্বেও স্থিতিশীল রেমিট্যান্স প্রবাহ ধরে রাখতে সক্ষম হয় বাংলাদেশ। সরকারের ২ শতাংশ প্রণোদনা বরাদ্দ ঘোষণা এবং নথিগত প্রয়োজনীয়তা শিথিল করার কারণে প্রবাসীরা এখন বৈধ চ্যানেলের মাধ্যমে আরো বেশি পরিমাণে টাকা রেমিট করছেন। ভাসমান রেমিট্যান্সেরও কৃতিত্ব রয়েছে, যার ফলে ২০২০ অর্থবছরের চলতি হিসাব ঘাটতি সীমিত রাখা সম্ভব হয়।

## প্রত্যক্ষ বিদেশি বিনিয়োগ (এফডিআই)

করোনা মহামারির কারণে সব কার্যক্রমে ধীরগতির পরিণতিতে সাত বছরে এই প্রথমবারের মতো প্রত্যক্ষ বিদেশি বিনিয়োগে অবনমন ঘটে। ২০২০ অর্থ বছরে নেট এফডিআই প্রবাহ ৩৯ শতাংশ পতনের মধ্য দিয়ে নেমে আসে ২.৩৭ বিলিয়ন ডলারে। এটি বৈশ্বিক প্রবণতারই সাথে সামঞ্জস্যপূর্ণ, যেখানে দেখা যায় পুঁজির বৃহত্তম বহিঃপ্রবাহ, উন্নয়নশীল দেশগুলি থেকে ৮৩ বিলিয়ন ডলার প্রত্যাহার করে নেন বিনিয়োগকারীরা।

(মিলিয়ন ডলারে)

উপাদান	২০১৯ অর্থবছরে নেট ইনফ্লো	২০২০ অর্থবছরে নেট ইনফ্লো	% পরিবর্তন
ইকুইটি ক্যাপিটাল	১,১৯৫	৭২৮	-৩৯.১%
পুনঃবিনিয়োগ আয়	১,৩৬৩	১,৫১০	১০.৮%
ইন্টা কোম্পানি ঋণ	১,৩৩০	১৩২	-৯০.০%
মোট	৩,৮৮৯	২,৩৭০	-৩৯.০%

উৎস: বাংলাদেশ ব্যাংক

বাংলাদেশে প্রত্যক্ষ বিনিয়োগে অবদান রাখা তালিকায় শীর্ষ পাঁচটি দেশ হচ্ছে যুক্তরাষ্ট্র, যুক্তরাজ্য, সিঙ্গাপুর, দক্ষিণ কোরিয়া ও নেদারল্যান্ড।

## ব্যালান্স অব পেমেণ্ট (বিওপি)

বাণিজ্য ঘাটতি ২০১৯ অর্থবছরের ১৫.৮৪ বিলিয়ন ডলার থেকে ২০২০ অর্থবছরে বেড়ে উন্নীত হয় ১৭.৮৬ বিলিয়ন ডলারে। এর মূল কারণ আমদানির তুলনায় রপ্তানি খাতে বড় ধরনের পতন। এছাড়া সেবাখাতের ঘাটতি কমে যায় ২০ শতাংশ এবং প্রাইমারি আয় ঘাটতি বেড়ে যায় ৩০.৩৯ শতাংশ। সেকেন্ডারি আয়ের হিসাবে এর উদ্বৃত্ত ব্যালান্স কর্মীদের রেমিট্যান্সে প্রবৃদ্ধির

कारणे २०२० अर्थवर्षे ११.१२ शतांश बेडे यय। एर फले २०२० अर्थवर्षे चलति हिसाब घाटति ८.८९ बिलियन डलार थेके सामान्य बेडे उन्नित हय ८.९२ बिलियन डलारे।

अन्यादिके, एफडीआई ७९ शतांश पतनेर पर० आर्थिक हिसाबे उद्वृत्त ५.१० बिलियन डलार थेके बेडे उन्नित हय ९.५८ बिलियन डलारे। एर फले सामग्रिक ब्यालास अब पेमेन्टे उद्वृत्त रेकर्ड हय पूर्ववर्ती अर्थवर्षे १९९ मिलियन डलार उद्वृत्तेर तुलनाय २.९० बिलियन डलार, यार मूल कारण महामारि कारणे सृष्ट अर्थायन घाटतिर पूरणे आन्तर्जातिक खणदातार काह थेके नेया खण।

## बैदेशिक मुद्रा तहविल

२०१९ अर्थवर्षे ३२.९२ बिलियन डलारेर तुलनाय २०२० अर्थवर्षे बैदेशिक मुद्रा तहविले छिल ३५.८५ बिलियन डलार। अर्थवर्षे शेये २०२० साले २८ अक्टोबे बैदेशिक मुद्रा तहविल छाडिये यय ८१ बिलियन डलार, २०२० साले १५ डिसेम्बर ८२ बिलियन डलार एवं २०२० साले ३१ डिसेम्बर ८३.१९ बिलियन डलार। बैदेशिक मुद्रा तहविले आरो मजबूत करेछे खण आमदानी परिशोध, शक्तिशाली रेमिट्यांस प्रवाह, एवं बहुपक्षीय संस्कार काह थेके खण ग्रहण।

## बिनिमय हार

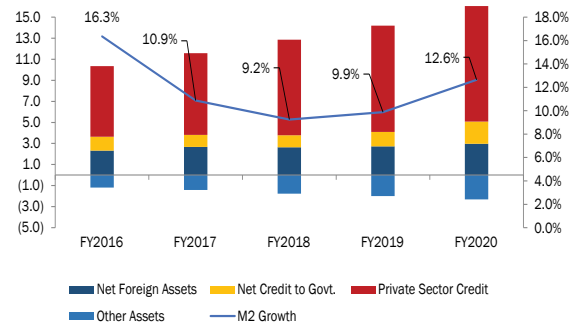
२०२० अर्थवर्षे प्रथमार्धे मार्किन डलार एवं बांग्लादेशी टाकार बिनिमय हार माबारी धरनेर अबच्युतिर चापेर मुथे पडे, तवे बहरेर शेषार्धे आमदानीर सङ्कुचित प्रवृद्धि, प्रत्याशार चेये गतिशील रेमिट्यांस प्रवाह, एवं आर्थिक हिसाबे बड धरनेर प्राप्तिर कारणे धीरे धीरे कमे आसे से चाप। सामग्रिकभावे, २०१९ अर्थवर्षे ८८.०३ एर तुलनाय २०२० अर्थवर्षे ओयेटेड अ्याभारेज इन्टारब्यांक रेट छिल ८८.९७, टाकार ०.८७% शतांश अबच्युति घटिये। बैदेशिक मुद्रा बाजारे हस्तक्षेपेर माध्यमे बाजार थेके टाकार बिनिमये अतिरिक्त मार्किन डलार किने बिनिमय हार मोटामुटि स्थितिशील मात्राय राखते सङ्क्रम हय केन्द्रीय ब्यांक। बसुत, २०२० अर्थवर्षे बाजार थेके प्राय ९,८३८ कोटि टाका दिये ८९९ मिलियन मार्किन डलार केने बांग्लादेश ब्यांक, यदि० पूर्ववर्ती दुई बहरे कोनो डलार किनेते हयनि बांग्लादेश ब्यांकके।

## अर्थ सरबराह ओ खणेर प्रवृद्धि

२०२० अर्थवर्षे ब्रड मानी (एम२) प्रवृद्धि २.९% बेडे उन्नित हय १.३९ ट्रिलियन डलारे। नेट बिदेशि संपद (एनएफए) बृद्धि घटे १०.९% एवं ब्यालास अब पेमेन्टेस उद्वृत्त १९९ मिलियन डलार थेके बेडे उन्नित हय ३,७७५ मिलियन डलारे। आमदानीर तुलनाय रणानिते तीव्र पतन किछुटा सामाल देया सभव हय चलति

हिसेबे (सिऒ) शक्तिशाली रेमिट्यांस प्रवाहेर कारणे। अनुरूप, बेसरकारि खाते खण प्रवृद्धि कारणे नेट अड्युत्तरीण संपत्तिर बृद्धि घटे १३.२%। एछाडा, पूर्ववर्ती अर्थवर्षे ५.३ शतांशे जयगय रिजार्ड मानीर (आरएम) प्रवृद्धि घटे १५.७ शतांश।

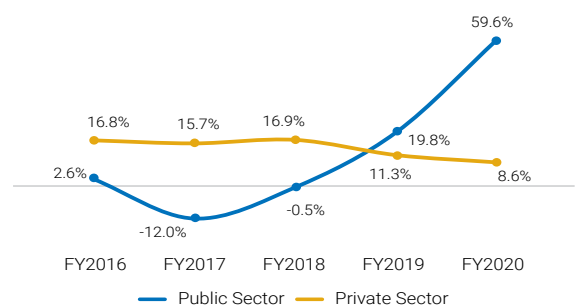
## चित्र १९: ब्रड मानी खोथ ट्रेड



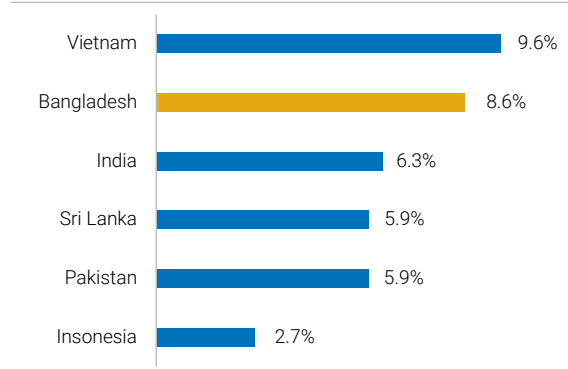
उत्सः बांग्लादेश ब्यांक

अड्युत्तरीण खण प्रवृद्धि २०१९ अर्थवर्षे १२.३ शतांश थेके २०२० अर्थवर्षे उन्नित हय १८.० शतांशे। बेसरकारि खातेर खणेर प्रवृद्धि या मोट खणेर ८८ शतांश, देशे भेतेरे ओ बाहरे अर्थनैतिक कार्यक्रम थमके याओयय सेटि नेमे यय प्राय २.९ शतांश। अर्थवर्षे बेशिरभाग समय मानसम्पन्न खणेर प्रति मनोयोगी थाकार कारणे बेसरकारि खातेर खणेर प्रवृद्धि धीरगति हये पडे, २०२० साले मार्चे कोरोनाभाहिरासेर प्रादुर्भाव शुरु हले आरो चरम रूप धारण करे या, तथापि, देशे बेसरकारि खातेर खणेर प्रवृद्धि छाडिये यय द्रुत वर्धनशील दक्षिण एशिया ओ पूर्व एशियार उदीयमान बाजार एवं उन्नयनशील अर्थनीतिसमूहके, येमनः भरत, श्रीलङ्का एवं इन्दोनेशिया। अपरदिके सरकारि खातेर खणेर लक्ष्यगीय प्रवृद्धि घटे, मूलत, काङ्क्षित उपकारभोगीदेर काहे जातीय सङ्कयपत्र बिक्रि सीमित करार पूर्वप्रयासेर आगे प्रयोजनीय ब्यय निर्वाह एवं कोभिड-१९ संश्लिष्ट पदक्षेप बासुबायनेर लक्ष्ये बिभिन्न धरनेर खणेर कारणे।

## चित्र २०: सरकारि एवं बेसरकारि खाते खणेर प्रवृद्धि



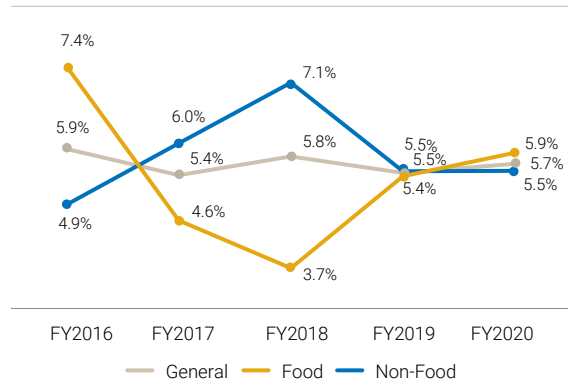
চিত্র ২১: ক্রস কান্ট্রি বেসরকারি খাতের প্রবৃদ্ধির তুলনা



## মুদ্রাস্ফীতি হার

২০১৯ সালের ৫.৪৮% থেকে ২০২০ সালে ১৫ বিপিএসে নির্ধারিত লক্ষ্যমাত্রা ছাড়িয়ে মুদ্রাস্ফীতির হার বেড়ে দাড়ায় ৫.৬৫ শতাংশ। এই উচ্চমাত্রার মুদ্রাস্ফীতির জন্য মোটাদাগে দায়ী হচ্ছে বার্ষিক গড় নন-ফুড মুদ্রাস্ফীতি, বিশেষত, চিকিৎসা ও স্বাস্থ্যসেবা ব্যয়, এবং করোনাভাইরাস মহামারির কারণে সাপ্লাই চেইনে বিপর্যয়। এ সময়ে ফুড এবং নন-ফুড মুদ্রাস্ফীতির হার ছিল যথাক্রমে ৫.৫২% (০.০১ শতাংশ বেশি) এবং ৫.৮৫% (০.৪৩ শতাংশ বেশ)।

চিত্র ২২: সিপিআই মুদ্রাস্ফীতি প্রবণতা, ১২ মাসের গড়: বেজ অর্থবছর ২০০৬=১০০



উৎস: বাংলাদেশ ব্যাংক

## সুদের হার

২০২০ সালের জুন মাসের শেষে বাণিজ্যিক ব্যাংকসমূহের ওয়েটেড অ্যাভারেজ লেন্ডিং রেট বছরপ্রতি ৯.৫৮ শতাংশ থেকে নেমে আসে ৭.৯৫ শতাংশ। আবার একই সময়ে ওয়েটেড অ্যাভারেজ ডিপোজিট রেট ৫.৪৩ শতাংশ থেকে নেমে আসে ৫.০৬ শতাংশ। ফলে উল্লুত নেট ইফেক্ট ২০২০ সালে জুনের শেষে তফসিলী ব্যাংকে ১২৬ বিপিএস অবনমনের মধ্য দিয়ে শেষ হয়।

## কল মানি রেট

কল মানি বাজার ২০২০ অর্থবছরের বেশিরভাগ সময় মোটামুটি তারল্য বজায় রেখেছে, ট্রেজারি নিলামের কয়েকটি মাস ছাড়া। এ অর্থবছরে গড় কল মানি রেট স্থির থাকে ৪.৭০ শতাংশে এবং প্রতি মাসে কল মানি রেট ঊঠানামা করে ৩.৫ শতাংশ থেকে ৫ শতাংশের মধ্যে। ২০২০ সালের মার্চ-এপ্রিলে মহামারি চলাকালে ব্যাংকের তারল্য গতিশীল করার মাধ্যমে প্রণোদনা প্যাকেজ বাস্তবায়নের জন্য কেন্দ্রীয় ব্যাংক দুই ধাপে রেপো রেটে ছাড় দিয়ে ৬.০ শতাংশ থেকে ৫.২৫ শতাংশ নামিয়ে আনে এবং নগদ রিজার্ভ সীমা ৫.৫ শতাংশ থেকে নামিয়ে আনে ৪ শতাংশে। যদিও অর্থ বাজারে এর প্রভাব বাস্তবায়িত হয় শুধুমাত্র অর্থবছর শেষ হওয়ার পরই। বাংলাদেশে ব্যাংক এই পদ্ধতি আবার অনুসরণের মাধ্যমে ২০২১ অর্থবছরে মুদ্রানীতি প্রতিবেদনে রেপো রেটে আরেকটি ৪.৭৫ শতাংশ ছাড়ের ঘোষণা দেয়, মুদ্রাস্ফীতি নিয়ন্ত্রণে যা প্রবৃদ্ধির জন্য 'আবশ্যিকভাবেই বিস্তৃত এবং উপযুক্ত'।

## বাংলাদেশের অর্থনৈতিক দৃষ্টিভঙ্গি

২০১৯-২০ অর্থবছরে প্রবৃদ্ধি ধরে রাখতে সক্ষম হয়েছে বাংলাদেশ, যেহেতু কোভিড-১৯-এর প্রভাব কেবল বছরের শেষার্ধটুকুতেই বিস্তার করেছিলো। কোভিড-উত্তর পুনরুদ্ধারের আলোকে বাংলাদেশ সরকার ২০২১ অর্থবছরের জন্য ৮.২ শতাংশ জিডিপি প্রবৃদ্ধির লক্ষ্যমাত্রা নির্ধারণ করেছে। যদিও ২০২০ সালের এশীয় উন্নয়ন দৃষ্টিভঙ্গির হালনাগাদ অনুসারে, মহামারির প্রলম্বিত প্রভাবের কারণে ২০২১ অর্থবছরে জিডিপি প্রবৃদ্ধি প্রক্ষেপিত রয়েছে ৬.৮ শতাংশে।

২০২১ সালের প্রথম দুই প্রান্তিকে ধারাবাহিক পুনরুদ্ধারের আভাস দিয়েছে এশীয় উন্নয়ন ব্যাংক (এডিবি)। এর পরবর্তীতে দ্রুততর পুনরুদ্ধার ঘটবে বছরের শেষ অংশে মূলত শক্তিশালী ম্যানুফ্যাকচারিং ভিত্তির পাশাপাশি অগ্রণী অর্থনীতিসমূহের ক্রমবর্ধমান বহিঃগাছিত বৃদ্ধির সুবাদে। এর ফলে, নিচের আলোচনার আলোকে বলা যায় মূলত ভারসাম্যপূর্ণ থাকবে বাংলাদেশের অর্থনৈতিক দৃষ্টিভঙ্গি:

- ২০২০ এপ্রিলে বাংলাদেশি মুদ্রায় ১.০৩ ট্রিলিয়ন টাকা (জিডিপির ৩.৭ শতাংশ) প্রণোদনা প্যাকেজ ঘোষণা করেন মাননীয় প্রধানমন্ত্রী শেখ হাসিনা। যার বড় অংশটাই বাস্তবায়িত হবে ২০২১ অর্থবছরে। ভোক্তার আস্থা পুনরুদ্ধার এবং সরকারের প্রণোদনা প্যাকেজ দুইটাই সরকারি ও বেসরকারি বিনিয়োগ গতিশীল করবে। নেতিবাচক ঝুঁকির মধ্যে রয়েছে বাংলাদেশ অথবা এর প্রধান রপ্তানি বাজারে মহামারির দীর্ঘস্থায়িত্ব।

- কেন্দ্রীয় ব্যাংকের মুদ্রানীতি ২০২১ অর্থবছরেও বিস্তৃত এবং উপযুক্ত থাকবে প্রত্যাশিত মুদ্রাস্ফীতি মাত্রার মধ্যে সরকারের প্রবৃদ্ধি লক্ষ্যমাত্রা অর্জনের পথে। এর সম্প্রসারণ নীতির অংশ হিসেবে বাংলাদেশ ব্যাংক এর প্রধান পলিসি রেপো রেট ৫০ বিপিএস কমিয়ে জুলাই'২০ মুদ্রানীতি প্রতিবেদনে (এমপিএস) ৪.৭৫ শতাংশ নির্ধারণ করেছে। এছাড়া, ব্রড মানি প্রবৃদ্ধি হার নির্ধারিত রয়েছে ১৫.৬ শতাংশে এবং অভ্যন্তরীণ ঋণ ১৯.৩ শতাংশে, যার মধ্যে সরকারি ও বেসরকারি খাতের প্রবৃদ্ধি লক্ষ্যমাত্রা নির্ধারিত রয়েছে যথাক্রমে ৪৪.৪ শতাংশ এবং ১৪.৮ শতাংশে। আর্থিক লক্ষ্যমাত্রা অর্জনের পথে ঝুঁকির মধ্যে রয়েছে কোভিড-১৯ ঘিরে বিরাজমান অনিশ্চয়তা, প্রাকৃতিক বিপর্যয়, নন-পারফরমিং ঋণের পরিমাণ বৃদ্ধি এবং অপ্রত্যাশিত মুদ্রাস্ফীতির চাপ।
- এছাড়াও বাংলাদেশে ব্যাংক পরিকল্পনা করছে পলিসি ইন্টারেস্ট রেটভিত্তিক একটি মুদ্রা পদ্ধতিতে সরে আসার মাধ্যমে মুদ্রানীতি সঞ্চালন আরো জোরদার করার, যা এই মুহুর্তে প্রক্রিয়াধীন রয়েছে এবং মহামারি-সংক্রান্ত অনিশ্চয়তার কারণে যার প্রয়োগ পিছিয়ে রয়েছে। পাশাপাশি, প্রয়োজনের ভিত্তিতে খাত-নির্ধারিত সহায়তা নীতি এবং কর্মসূচি অব্যাহত রাখবে কেন্দ্রীয় ব্যাংক।
- রাজস্ব সংগ্রহ লক্ষ্যমাত্রা নির্ধারিত হয়েছে জিডিপির ১১.৯ শতাংশ এবং ব্যয় ১৭.৯ শতাংশে, যার ফলে বাজেট ঘাটতি হচ্ছে জিডিপির ৬ শতাংশ, যার ৬০ শতাংশ অর্থায়ন হবে অভ্যন্তরীণভাবেই। নন-ব্যাংক জাতীয় সঞ্চয় পত্রের ওপর নির্ভরতা কমিয়ে আনার লক্ষ্যে ২০১৯ অর্থবছরে শুরু হওয়া কর্মসূচির সাথে সঙ্গতি রেখে ব্যাংক এবং নন-ব্যাংকসমূহ অভ্যন্তরীণ অর্থায়নের যথাক্রমে ৭৭ শতাংশ এবং ২৩ শতাংশের জোগান দেবে বলে আশা করা হচ্ছে। পূর্ববর্তী বছরের চেয়ে অপেক্ষাকৃত কম উচ্চাভিলাষী লক্ষ্যমাত্রা নির্ধারণের পরও মহামারির কারণে রাজস্ব আদায় লক্ষ্যমাত্রার শতভাগ অর্জন একটি বড় চ্যালেঞ্জ হয়ে থাকবে বলে ধারণা করা হচ্ছে।
- ২০২০ অর্থবছরে সংশোধিত বাজেটে উচ্চতর বেতন ও ভাতা, সুদ পরিশোধ, এবং ভর্তিকির সুবাদে বাজেট ব্যয়ে ১৩.২ শতাংশ প্রবৃদ্ধি, এবং অগ্রাধিকারমূলক উন্নয়ন প্রকল্পের সুবাদে উন্নয়ন ব্যয়ে ৬.৩ শতাংশ প্রবৃদ্ধির লক্ষ্যমাত্রা স্থির রয়েছে। যেহেতু প্রণোদনা প্যাকেজ এবং অগ্রাধিকারমূলক বড় প্রকল্প বাস্তবায়নে সরকারের ব্যয় অবধারিতরূপে বাড়বে, বাজেট ঘাটতি জিডিপির ৬.২ শতাংশে থাকবে বলে আশা করা হচ্ছে এবং বাইরের লাইন অব ক্রেডিটের ওপর নির্ভরশীলতা বেড়ে যেতে পারে। তবে শক্তিশালী ম্যাক্রো

মৌল উপাদান, যেমনঃ স্বল্পমাত্রা সরকারি ও বিদেশি ঋণ, এবং উচ্চতর বৈদেশিক মুদ্রা তহবিল ঋণের চাপ কমিয়ে দিতে পারে। সরকারি ব্যয় বাজেট ঘাটতি লক্ষ্যমাত্রার চেয়ে কমিয়ে দিতে পারে।

- ২০২১ অর্থবছরে ধারাবাহিকভাবে উত্তরণ ঘটবে রপ্তানিখাতে। বিশেষত তা ঘটবে প্রত্যাশিত বৈশ্বিক পুনরুদ্ধারের সঙ্গে তাল মিলিয়ে অর্থবছরের দ্বিতীয়ার্ধে। ২০২১ অর্থবছরে সরকারি প্রণোদনা পদক্ষেপ, ব্যবসায়িক পরিবেশের উন্নতি, এবং চীনের প্রস্তাবিত শুষ্কমুক্ত বাণিজ্যের সুযোগ কাজে লাগিয়ে রপ্তানির প্রবৃদ্ধি ৮ শতাংশ হবে বলে আশা করা হচ্ছে। দেশের উচিত হবে মুক্ত এবং পক্ষপাতমূলক বাণিজ্য চুক্তির লক্ষ্যে নতুন নতুন ক্ষেত্রের অনুসন্ধান করা।
- আমদানির ওপর নির্ভরশীল পোশাক শিল্পের পরিস্থিতি ধীরে ধীরে প্রাক-মহামারি স্তরের স্বাভাবিকতায় ফিরে আসার পরিপ্রেক্ষিতে ধারণা করা হচ্ছে, আমদানি খাতে ৫ শতাংশ প্রবৃদ্ধি ঘটবে। এছাড়া, বৃহদাকার অবকাঠামো প্রকল্প বাস্তবায়নের কারণেও বৃহৎ যন্ত্রপাতি এবং অন্যান্য সরঞ্জামের আমদানি গতিশীল হবে।
- কারখানার উৎপাদন বৃদ্ধির পাশাপাশি আমদানি-রপ্তানির প্রবৃদ্ধি ঘটায় মোটামুটি স্থিতিশীল থাকবে বাণিজ্য ঘাটতি। ২০২১ অর্থবছরে চলতি হিসাব ঘাটতির হার থাকবে ১.১ শতাংশ।
- ২০২০ সালের মার্চ-এপ্রিল থেকে রেমিট্যান্স দ্রুত পুনরুদ্ধারের কারণে ব্যক্তিগত ভোগ মজবুত থাকবে বলে আশা করা হচ্ছে। যদিও, অভিবাসীদের জন্য চাকরির সুযোগ কমে আসায় এবং নিয়োগদাতা দেশ, বিশেষ করে পারস্য উপসাগরীয় এবং দক্ষিণপূর্ব এশীয় দেশগুলো থেকে শ্রমিকদের প্রত্যাভাসন, রেমিট্যান্স প্রবৃদ্ধির ওপর গুরুতর প্রভাব ফেলবে, যা ২০২১ অর্থবছরের ৪.৫ শতাংশে থিতু হবে বলে আশা করা হচ্ছে।
- কৃষিতে প্রবৃদ্ধির লক্ষ্যে বীজ, সার, উত্তাবন, খামার যান্ত্রিকীকরণ, এবং সেচে সরকারের ভর্তুকি এবং ক্ষুদ্র ও মাঝারি খামারের জন্য কেন্দ্রীয় ব্যাংকের চালু মূলধন হিসেবে পুনঃঅর্থায়ন সহায়তার সুবাদে প্রবৃদ্ধি ২০২০ অর্থবছরের ৩.১ শতাংশ থেকে ২০২১ অর্থবছরে ৩.৫ শতাংশে উন্নীত হবে বলে ধরা হচ্ছে। কৃষিতে সরকারি ভর্তুকি এবং বর্ধিত যান্ত্রিকীকরণের মাধ্যমে চাষযোগ্য জমির আওতা বাড়ানোর প্রয়াস সত্ত্বেও খাদ্য উৎপাদনে ঘাটতি সামাল দেয়ার জন্য প্রত্যাশার চেয়ে বেশি চাল আমদানির প্রয়োজন দেখা দিতে পারে।

- জোরালো ভোজা চাহিদা, প্রধান রপ্তানি গন্তব্যে অর্থনৈতিক পুনরুদ্ধার, এবং বেসরকারি বিনিয়োগে প্রত্যাশিত প্রবৃদ্ধির কারণে শিল্প খাতের প্রবৃদ্ধি ২০২০ অর্থবছরের ৬.৫ শতাংশ থেকে ২০২১ অর্থবছরে ১০.৩ শতাংশে উন্নীত হতে পারে। শিল্প প্রবৃদ্ধির পাশাপাশি টেকসই কৃষি প্রবৃদ্ধির সহায়তায় ২০২১ অর্থবছরে সেবা খাতেও ৫.৫ শতাংশ প্রবৃদ্ধি ঘটবে বলে ধারণা করা হচ্ছে।
- পর্যাপ্ত ফসল উৎপাদন এবং ইতিবাচক পণ্য চাহিদার প্রেক্ষিতে ২০২১ অর্থবছরে মুদ্রাস্ফীতি ৫.৫ শতাংশে থিতু থাকবে বলে ধারণা করা হচ্ছে। আর্থিক ও মুদ্রা সংক্রান্ত প্রণোদনার কারণে পণ্যের দাম উর্ধ্বগামী হবে না বলে ধরে নেয়া যায়, যেহেতু প্রতিষ্ঠানগুলোর উৎপাদন সামর্থ্যের অনেকটাই থাকবে স্বল্প ব্যবহৃত এবং ব্যয়ের বিষয়ে সতর্ক থাকবে ভোক্তারা। উপরের দিকের ঝুঁকির মধ্যে রয়েছে বিদেশি ব্যয়ের চাপ, যার ফলে পূর্বকার গড় ছাড়িয়ে যেতে পারে মুদ্রাস্ফীতি।

এভাবে, সময়োপযোগী আর্থিক ও মুদ্রা উদ্যোগের মাধ্যমে কোভিড-১৯ মহামারির হুমকি মোকাবেলা কার্যক্রম অব্যাহত রাখাটাই সর্বোচ্চ গুরুত্বপূর্ণ। বস্তুত, অর্থনীতির অভ্যন্তরীণ এবং বাইরের খাতগুলোকে নীতিগত সহায়তা দেয়ার মাধ্যমে দেশের প্রবৃদ্ধির গতিশীলতা আরো জোরদার করা সম্ভব। একইসঙ্গে ব্যাংকিং খাতে সুশাসন ও স্বচ্ছতার উন্নয়ন সাধনের ফলে কোভিড-উত্তর বিশ্বে টেকসই অর্থনৈতিক সমৃদ্ধি এবং স্থিতিশীল অর্থনৈতিক দৃষ্টিভঙ্গি নিশ্চিত সক্ষম হবে বাংলাদেশ।

## আমাদের উল্লেখযোগ্য কার্যক্রম

### মহামারির বছরে সঞ্চিত অগ্রগতি অর্জনে আস্থা

দেশের মাটিতেই শেকড় ছড়ানো প্রতিষ্ঠান হিসেবে ব্যাংক ব্যাংকে আমাদের লক্ষ্য, আমাদের স্টেকহোল্ডার এবং দেহের মানুষের মধ্যে ইতিবাচকতার পরিধি আরো সম্প্রসারিত করা এবং সাবলীল আত্মবিশ্বাসের সঙ্গে চলতি সময়ের বৈরিতার মোকাবেলা করা। সত্যি বলতে কি, আমাদের প্রধান লক্ষ্য, গ্রাহক এবং স্টেকহোল্ডারদের সর্বোত্তম উপায়ে সেবা প্রদানের মাধ্যমে কীভাবে আমরা মহামারির ধ্বংসযজ্ঞের পর বিপর্যস্ত কোটি কোটি জীবন ফের বাঁচিয়ে তুলতে পারি। মূলত আমরা নিশ্চিত করতে চাই, সবাই যেন মৌলিক আর্থিক সেবাটুকু পেতে পারে। এ লক্ষ্যে লেনদেন সহজ করার জন্য আমরা ডিজিটাল পেমেন্ট প্ল্যাটফর্মের ব্যবহার উৎসাহিত করছি, আর্থিক সুবিধার সুযোগ তৈরি করছি, বিশেষ করে সমাজের প্রান্তিক পর্যায়ে, প্রত্যন্ত অঞ্চলে এবং ক্ষুদ্র কম্যুনিটিতে ক্যাশ-ইন/ক্যাশ-আউট সেবা দিচ্ছি, এবং আরো দিচ্ছি সুনির্দিষ্ট আর্থিক সহায়তা।

সমাজ-অর্থনীতির জন্য গভীর হুমকি তৈরি করা কোভিড-১৯ মহামারির ভয়াবহতা সত্ত্বেও আমরা বিশ্বাস করি যে অর্থনৈতিক সিঁড়ি ধরে উপরে উঠতে থাকা দেশকে সম্ভাব্য সব উপায়ে সহযোগিতার ওপর নজর কেন্দ্রীভূত রাখার পরও টেকসই মূল্য উৎপাদনে আমাদের এ যাত্রা অব্যাহত রাখা গেলেই সবার জন্য আরো সহজ হয়ে আসবে লড়াইটা। আমরা মনে করি, কোভিড-উত্তর বিশ্বের মনোযোগ অব্যাহত থাকবে নিবিড় বিনির্মাণের ওপর, ফলে আমাদের কৌশলগত লক্ষ্য থাকবে ব্যাংকিং সেবার বাইরে থাকা ও সুবিধাবঞ্চিত ব্যক্তি বা ক্ষুদ্র ও মাঝারি ব্যবসায়ীদের (এসএমই) দিকে, যাদের ঋণ পেতে প্রতিবন্ধকতা পেতে হয় অথ বা আর্থিক জ্ঞান সীমিত অথবা যারা আর্থিক বিপর্যয়ের শিকার। বাংলাদেশে এসএমই ব্যাংকিং- এর পথপ্রদর্শক হিসেবে একটি গৌরবময় ইতিহাস ও ধারাবাহিকতা রয়েছে আমাদের। বর্তমানে দেশজুড়ে বিস্তৃত আমাদের গভীর শেকড়, অনন্য সক্ষমতা (ব্যাংকিং খাতে সর্বোচ্চ ট্যাট-সহ), বৈচিত্র্যময় পণ্য এবং উন্নত গ্রাহকসেবার অঙ্গীকার নিয়ে আর্থিক প্রজ্ঞা ও কর্মপদ্ধতি বিষয়ক ধারণা বিনিময়ের পাশাপাশি তাদের প্রায় সব ধরনের আর্থিক প্রয়োজনে আমরা সাড়া দিয়ে থাকি।

আর্থিক পরিষেবায় মানুষের অবাধ অনুগমনের সুযোগ তৈরি করার কাজটি চালিয়ে যাব আমরা। পাশাপাশি এও নিশ্চিত করব যেন কাউকে এই অর্থনৈতিক পরিষেবা ছেড়ে চলে যেতে না হয়। উপরন্তু, ডিজিটাল প্ল্যাটফর্মের মাধ্যমে আর্থিকভাবে সুবিধাবঞ্চিত মানুষগুলো যেন ব্যাংকিং পদ্ধতির সুবিধা নিতে পারেন, যেন তারা পেমেন্ট করতে পারেন, সাধারণ এবং বিশেষায়িত আর্থিক সেবা নিতে পারেন, সামাজিক অর্থনৈতিক বাধা কাটিয়ে উঠতে পারেন, নিজেদের আর্থিক কার্যক্রমের নিয়ন্ত্রণ শক্ত হাতে নিজেরাই নিতে পারেন, দ্রুততর এবং অধিক নিরাপদ লেনদেনের সুবিধা কাজে লাগাতে পারেন এবং এভাবে সময় এবং শ্রম দুটিরই সাশ্রয় করতে পারেন, সেই প্রচেষ্টা জোরদারকরণের কাজ আমরা অব্যাহত রাখব। আমাদের নবায়িত রিটেইল আর্থিক সেবা কৌশলের মাধ্যমে আমরা সেই অংশকে টার্গেট করতে থাকবো, যাদের কাঠামোগত পরিবর্তন ঘটেছে, যেমনঃ হাউজিং ও মর্টগেজ অর্থায়ন। যেহেতু নিজের বাড়ি বিষয়ে মানুষের ধারণা আরও সমৃদ্ধ হয়েছে এবং জনপ্রিয় হয়ে ওঠা ওয়ার্ক ফ্রম হোম এবং স্টাডি ফ্রম হোম ধীরে ধীরে আরও বেশি প্রচলিত হয়ে উঠছে। অটোলোন কার্যক্রম আরো গতিশীল করার মাধ্যমে গ্রাহকরা যাতে নিজে সুবিধা অনুযায়ী চলাচল নিশ্চিত করতে পারে সে বিষয়ে সচেতন থাকবে। করপোরেট এবং বড় গ্রাহকদের ক্ষেত্রে আমরা দ্রুত লাভ ও মুনাফা পুনরুদ্ধার নিশ্চিত করতে সব ধরনের সহযোগিতার ওপর গুরুত্ব ধরে রাখব।

অর্থের নাগাল পেতে সবচেয়ে জরুরি বিষয়গুলির সমাধান নিশ্চিত করেই প্রণীত হয়েছে আমাদের সংবেদনশীল চলতি পুঁজি এবং বাণিজ্য-বিষয়ক আর্থিক সমাধান। আমাদের দৃঢ় বিশ্বাস,



আমাদের টেকসই-নির্ভর উদ্যোগ ও কাস্টোমার ফাস্ট নীতির মতো চিন্তাভাবনা, যা আর্থিক ক্ষেত্রে মিসিং মিডল-দের আর্থিক সক্ষমতাকে আরও গতিশীল করছে, তা গ্রাহকদের কাছে কেবল সেরা বা সবচেয়ে কাঙ্ক্ষিত ব্যাংকই নয়, বরং বাংলাদেশের শ্রেষ্ঠ ব্যাংক হয়ে ওঠার অঙ্গীকার আরও জোরদার করবে। আমরা মনে করি আগামী দিনে বড় ধরনের ভূমিকা রাখবে ডিজিটাল প্রযুক্তি এবং এ লক্ষ্যে সঠিক বিনিয়োগের প্রতি লক্ষ্য রাখছি আমরা, যাতে এমন একটি টেক-প্ল্যাটফর্ম গড়ে তোলা যায়, যেখানে ব্যাংকিং থাকবে অদৃশ্য, কিন্তু পরিষেবা হবে সর্বত্র ব্যাপী, যার মধ্য দিয়ে বাস্তবায়িত হবে আমাদের আগামী দিনের ব্র্যান্ড ব্যাংকটি গড়ে তোলার স্বপ্ন।

২০২০ সালে জানুয়ারির শুরু থেকে করোনাভাইরাসের প্রাদুর্ভাব আমাদের সহকর্মী এবং গ্রাহকদের জন্য বড় ধরনের পরিবর্তন এনেছে। এর ফলে তৈরি হওয়া সংকট আমরা দ্রুত উপলব্ধি করতে পেরেছি এবং সে অনুসারে এই কঠিন সময় কাটিয়ে ওঠার জন্য তাদের সহায়তার লক্ষ্যে উপযুক্ত পদক্ষেপ গ্রহণ করেছি। আমরা বুঝতে পেরেছি, অনিশ্চয়তার মধ্যে পরিস্থিতির কী ধরনের মোড় পরিবর্তন ঘটে, তার ওপর নির্ভর করে অর্থনৈতিক পশ্চাৎগতি ঘটার আশঙ্কা রয়েছে, যার ফলে বড় ক্ষতির মুখে পড়বে অর্থনীতি। দেশ যখন একদিকে জোরালো সম্ভাবনার দুয়ার মেলে দিচ্ছে আমাদের সামনে, হাতছানি দিচ্ছে আরো সুন্দর আগামী, তখন ব্যাংকে, আমরা সকল বিভাগ ও সহায়ক কার্যক্রমের মধ্যে নিবিড় যোগাযোগ বজায় রাখার মাধ্যমে পরিস্থিতির ওপর নিবিড় নজরদারি অব্যাহত রাখছি।

## অবিরাম পরিবর্তনের তৎপরতা

অনন্য পণ্য ও সেবা প্রদানের অঙ্গীকার নবায়নের মাধ্যমে গৌরবের সাথে ২০ বছরের বেশি সময় ধরে ব্যবসায়িক শ্রেষ্ঠত্বের গৌরব উদযাপন করছি আমরা। পাশাপাশি নিশ্চিত করছি, ভবিষ্যতের জন্য আমাদের বিজনেস মডেলের টেকসই মূল্য উৎপাদনের নিশ্চয়তা। আমাদের আস্থা অব্যাহত উন্নতিতে, ক্রমাগত নিজেদের ছাড়িয়ে যাওয়া এবং যা-ই করি না কেন, তাকে নিখুঁত করার লক্ষ্যে অবিরাম প্রচেষ্টা চালিয়ে যাওয়ায়।

একটি দ্রুত-পরিবর্তনশীল এবং তীব্র প্রতিযোগিতামূলক পরিবেশে প্রাসঙ্গিক এবং দক্ষতা ধরে রাখার প্রয়োজনীয়তা উপলব্ধি করেছে ব্র্যান্ড ব্যাংক। এ কারণেই আমরা অবিরাম বিবর্তিত হচ্ছি, আমাদের প্রক্রিয়াগুলোয় সংস্কার ঘটাইছি, আমাদের প্রযুক্তিগুলো নতুন নতুন নকশায় সাজিয়ে নিচ্ছি, কাজের নতুন নতুন উপায় উদ্ভাবন করছি এবং গ্রাহক ও কমিউনিটির ওপর আমাদের পরিষেবার প্রভাব মূল্যায়ন করছি।

এ কারণে আমাদের বিশ্বাস, অবিরাম পরিবর্তনের সঙ্গে খাপ খাইয়ে নিতে পারার সামর্থ্যটাই আমাদের প্রধান কাঠামোগত শক্তি যার

সুবাদে বাজারে শক্তিশালী অবস্থান নিশ্চিত সমর্থ হয়েছি আমরা। আজ আমরা বিশ্বাস করি যে মহামারির বিপর্যয় থেকে আমাদের ব্যবসার উত্তরণের পথে অবিরাম পরিবর্তনের সাথে মানিয়ে চলার এ শক্তিটাই হবে আমাদের প্রধান হাতিয়ার। এর মধ্য দিয়ে আমরা অভূতপূর্ব প্রবৃদ্ধি ও সম্প্রসারণের আরো বহু সুযোগের দিকে এগিয়ে যেতে সক্ষম হবো। বর্তমান এবং ভবিষ্যতের পথে, আমাদের উদ্যোগগুলি নিম্নে উল্লেখ করা হচ্ছেঃ

- ব্যাংকের স্বল্প-সক্রিয় অংশগুলোর পুনঃকাঠামোকরণ/পুনর্গঠন যাতে তারা মূল্যবোধ সম্প্রসারণে অবদান রাখতে পারে
- দক্ষতা বৃদ্ধির মাধ্যমে পরিচালন ব্যয় কমানো
- ডিজিটাল ভবিষ্যতের নেতৃত্ব নিশ্চিত অটোমেশন এবং ডিজিটাইজেশনে বিনিয়োগ
- প্রকল্প বাস্তবায়নের গতি ও দক্ষতা বৃদ্ধি
- এনপিএল কমিয়ে তাকে পূর্বনির্ধারিত লক্ষ্যমাত্রায় আনা
- সব সময়ে নিয়ন্ত্রণমূলক বাধ্যবাধকতা অনুযায়ী মূলধন সীমা বজায় রাখা
- উন্নত গ্রাহকসেবা এবং সক্রিয় নিয়ন্ত্রণমূলক সাযুজ্য বজায় রাখার মাধ্যমে দায়িত্বশীল ব্যাংকিং এগিয়ে নেয়া
- আমাদের সামাজিক ও পরিবেশগত প্রভাব আরো গতিশীল করার লক্ষ্যে নতুন ক্ষেত্র আবিষ্কার

প্রয়োজনের সাথে মানিয়ে নেয়ার জন্য নিচের কার্যক্রমসমূহের অগ্রগতি অব্যাহত রাখাও আমাদের উদ্দেশ্যঃ

## ফিজিটাল ব্যাংকিংয়ের সম্প্রসারণ

ব্র্যান্ড ব্যাংকে আমরা বিশ্বাস করি যে ডিজিটাল রূপান্তরের দ্রুতগতির সাথে তাল মিলিয়ে অনবদ্য হয়ে ওঠার একটি বিশেষ সুযোগ রয়েছে আমাদের। ডিজিটাল প্রেক্ষাপট আমাদের জীবনযাপনে বৈপ্লবিক পরিবর্তন নিয়ে এসেছে। এই রূপান্তর নতুন নতুন সুযোগ তৈরি করেছে এবং আমরা দেখেছি ডিজিটাল উদ্যোগ কীভাবে ব্যবসার মডেলগুলোয় পরিবর্তন সূচনা এবং তার উন্নতি সাধন করেছে। আমরা নিজেরাও দেখেছি ডিজিটাল ব্যাংকিং আমাদের শাখাগুলোতে কর্মজট কমিয়ে, ব্যয়-সাশ্রয়ে গুরুত্বপূর্ণ অবদান রেখেছে।

বেশ আগেই কার্যকর ডিজিটাল অবকাঠামো গড়ে তোলার ফলে মহামারিকালে আমরা নির্বিঘ্নে গ্রাহক সেবা ও আর্থিক লেনদেন নিশ্চিত করতে পেরেছি, জরুরি সেবাদাতা হিসেবে নিজেদের দায়িত্ব পালনের সুযোগ পেয়েছি। এই অভিজ্ঞতার আলোকে, আমরা এখন ফ্রন্ট অফিস থেকে ব্যাক-এন্ড সর্বত্র দ্রুততর ডিজিটাল রূপান্তরের পথে এগিয়ে যাচ্ছি, যাতে আমরা দ্রুতগতিতে ডিজিটাইজড হয়ে যাওয়া এই দেশের সবার চাহিদা মিটিয়ে আমরা আরও কম সময়ে দ্রুতগতির সেবা দিতে পারি। আমরা লক্ষ্য করেছি যে ডিজিটাল ক্ষেত্রে সফল হতে হলে জরুরি ক্লাউডে আমাদের প্রযুক্তি অবকাঠামো বিনির্মাণ করা, ইকোসিস্টেম অংশীদারত্বের মাধ্যমে টেক-সংক্রান্ত অভিযোজ্যতা নিশ্চিত করা, ব্যবসায়িক/প্রযুক্তিগত যোগাযোগ বাড়ানো এবং তথ্য বিশ্লেষণ পুনঃজোরদারকরণ করতে হবে। নেট টু নেট, ডিজিটালে আমাদের লক্ষ্য গ্রাহকদের জন্য একটি সহজ ও উচ্চমাত্রার যোগাযোগক্ষমতা সম্পন্ন ইন্টারফেস নিশ্চিত করা। তাই দেশের ব্যাংকিং খাতের ডিজিটাল রূপান্তরে নেতৃত্ব দানকারী হিসেবে ২০২১ সাল এবং তা ছাড়িয়েও আমরা সমৃদ্ধি অর্জন অব্যাহত রাখব।

## উন্নত পণ্য এবং সেবা প্রদানের মাধ্যমে গ্রাহক ও সুযোগের মধ্যে সংযোগ তৈরি করা

দেশের ব্যাংকিং খাতের অগ্রদূত হিসেবে আমাদের মূল লক্ষ্য গ্রাহকদের জন্য নতুন নতুন সুযোগ তৈরি করা, বিশেষ করে তাদের জন্য যারা মহামারির আঘাতে বিপর্যস্ত। আমরা মনে করি মহামারি কাটিয়ে ওঠার পর এবং ভূ-রাজনৈতিক বেশ কিছু বিষয়ের কারণে আরও বিনিয়োগ আকর্ষণ করবে বাংলাদেশ, বিশেষ করে দেশের সহজাত আর্থ-সামাজিক প্রেক্ষাপট যেখানে রয়েছে সাশ্রয়ী ও অপ্রতুল শ্রমবাজার এবং ব্যবসা-বান্ধব নীতি। তাই প্রযুক্তি, পণ্য উদ্ভাবন ও সম্প্রসারণ, বিশেষ করে ডিজিটাল খাতে, কেবলমাত্র গ্রাহক সেবার মান উন্নয়নই নয়, বরং তাদেরকে নিত্যনতুন সুযোগের সাথে সম্পৃক্ত করার একটি কৌশলগত বিনিয়োগ। গ্রাহকদের জন্য নিত্যপ্রয়োজনীয় ব্যাংকিং সেবা আরো সহজলভ্য করতে ২০২০ সালে আমরা বিভিন্ন ধরনের ডিজিটাল পরিষেবা চালু করেছি যার একটি হলো এমন এক ব্যাংকিং সুবিধা যার মাধ্যমে তারা তাৎক্ষণিক মানি ট্রান্সফার করতে পারেন।

আমাদের 'সার্ভিস এক্সেলেন্স অ্যান্ড কোয়ালিটি অ্যাশিউরেন্স টিম' সেবার মাত্রা এবং প্রক্রিয়াগত মানদণ্ড উন্নয়নের লক্ষ্যে 'লীন' এবং 'সিক্স স্টিগমা' পদ্ধতি অনুসরণ করে উদ্যোগ নিয়েছে, যেন সকল গ্রাহকদের আমরা সর্বোত্তম অভিজ্ঞতা উপহার দিতে পারি। এই টিম থেকে বিভিন্ন চ্যানেলের মাধ্যমে গ্রাহকদের সঙ্গে নিরবচ্ছিন্ন যোগাযোগ রেখে তাদের মতামত জেনে সেবার মানোন্নয়ন নিশ্চিত

করা হয়। এছাড়া, আমাদের কমপ্লেইন্টস ম্যানেজমেন্ট অ্যান্ড গ্রিভেন্স রেজলুশন টিমের সদস্যরা নির্ধারিত ইউনিটের সাথে সমন্বয়ের মাধ্যমে গ্রাহকের যেকোন ইস্যুর মূলে যেয়ে সমাধান করেন এবং গ্রাহক অভিজ্ঞতা আরও সমৃদ্ধ করতে মূল-কারণের বিস্তারিত বিশ্লেষণ করেন।

## মানবসম্পদ আমাদের অগ্রাধিকার

ব্যাংক ব্যাংকের কর্মীরাই আমাদের বৈচিত্র্য, অনবদ্যতা, সমন্বয় এবং প্রবৃদ্ধি কৌশলসমূহ বাস্তবায়নে মূল অবদান রাখেন। এ কারণে আমাদের কর্মীদের প্রতি সবসময়ই অধিক মনোযোগী। আমার 'সবার আগে মানুষ' -এই নীতি ধারণ করি। আমাদের কর্মী উন্নয়ন কৌশলের লক্ষ্য একটি উপযুক্ত এবং বহুমাত্রিক মানব সম্পদ নির্মাণ করা এবং স্টেকহোল্ডারদের কাছে আমাদের যোগ্য মূল্যায়নের জন্য তাদের কাজে লাগানো।

ব্যাংক ব্যাংকে আমাদের শেয়ারড মূল্যবোধের আওতায় আমরা আমাদের কর্মীদের মূল্যায়ন করি, যার মধ্যে নিচের বৈশিষ্ট্যসমূহ অন্তর্ভুক্তঃ

- উদ্যোগী মানসগঠন তৈরি এবং সিদ্ধান্ত-গ্রহণে সক্ষমতা নিশ্চিত করা
- মালিক-অংশীদার-ব্যবস্থাপক দর্শনের মাধ্যমে ট্যালেন্ট ম্যানেজমেন্টে উৎসাহিত করা
- যোগ্যতা, দক্ষতা ও বুদ্ধিদীপ্ত ঝুঁকি গ্রহণে উৎসাহিত করার লক্ষ্যে উন্নত কর্মী অভিজ্ঞতার সুযোগ সৃষ্টি করা

আমাদের মানব সম্পদ সংক্রান্ত কার্যক্রমের কৌশল এবং অনুশীলনের উদ্দেশ্য হলো নতুন প্রজন্মের কাছে একটি প্রেফারড এমপ্লয়ার ব্র্যান্ড ও পছন্দনীয় কর্মক্ষেত্র হিসেবে আমাদের অবস্থান আরও সমৃদ্ধ করা। এই প্রজন্মই আবার ডিজিটাল ক্ষেত্রে দারুন পারদর্শী। আমাদের কার্যকর এইচআর এবং ট্যালেন্ট ম্যানেজমেন্ট ব্যবস্থাপনার আওতায় আমরা এমন সর্বাধুনিক সকল সুযোগ ও সুবিধা প্রদান করি যা আমাদের প্রাতিষ্ঠানিক প্রবৃদ্ধি এবং মানব সম্পদের গুণগত মান অক্ষুণ্ন রাখতে সহায়তা করে।

## '৫সি' মডেলের মাধ্যমে সহকর্মী সম্পর্ক

ব্যাংক ব্যাংকে বহুমাত্রিক ট্যালেন্ট ম্যানেজমেন্ট এবং এনগেজমেন্ট নিশ্চিত করতে আমরা ৫সি-এনগেজমেন্ট মডেল গ্রহণ করেছি।



ব্যাংকের মানবসম্পদ কাজ লাগানো এবং তার উন্নয়নে ব্যাংকের দর্শন ও প্রকৃত মূল্যবোধ এবং পরিচালনা নীতিসমূহের সঙ্গে কর্মীদের একটি দীর্ঘস্থায়ী সম্পর্ক তৈরি করা হয়, মুক্ত, সৎ ও স্বচ্ছ যোগাযোগ উৎসাহিত করা হয়, অব্যাহত কার্যক্রমের মাধ্যমে কমিউনিটি ও কর্মীদের মধ্যে সম্পর্ক জোরালো করা হয়, অত্যাধুনিক কর্মপরিবেশের পাশাপাশি প্রশিক্ষণের মাধ্যমে পেশাগত উন্নয়নে সহায়তা দেয়া হয় এবং এবং মানুষের কল্যাণের প্রতি সহমর্মী হিসেবে কর্মীর যত্ন বিষয়টিকে একটি প্রতিষ্ঠান হিসেবে বিবেচনা করা হয়।

আমাদের কর্মী এনগেজমেন্ট মডেলের মূল অবকাঠামো দাঁড়িয়ে আছে তাদের সামগ্রিক ভালো-থাকা ও কল্যাণের ওপর; বিশেষত,

মহামারি-প্রসূত লকডাউনের সময়ে যখন আমরা কর্মীদের সঙ্গে যোগাযোগ রেখেছি ডিজিটাল মাধ্যমে, এবং তারা যাতে ভালোভাবে মানিয়ে নিতে পারে সেজন্য সব ধরনের প্রাতিষ্ঠানিক সহায়তার জোগান দিয়েছি।

আমরা মনে করি আমাদের এ খাতের একটি বড় চ্যালেঞ্জ দক্ষতার ঘাটতি এবং এ কারণে আমরা যে শুধু অনন্য প্রতিভা সংগ্রহ কৌশলের লালন ও উন্নয়ন ঘটাই তাই নয়, আরো নিশ্চিত করি এমন একটি প্রাণবন্ত ও বহুমাত্রিক পরিবেশ যেখানে কর্মীরা আরো শিখতে পারে এবং প্রতিদিন বাড়িয়ে তুলতে পারে তাদের ক্ষমতা ও দক্ষতা।

শেয়ারড ভ্যালু	চিন্তাপদ্ধতি (কর্মী)	চিন্তাপদ্ধতি (নিয়োগদাতা)
ফ্লেক্সিবল নিয়োগ	বিভিন্ন ধরনের সাংগঠনিক প্রেক্ষিতে ও চরিত্রে কাজের আগ্রহ	আন্ত- এবং আন্ত বিভাগীয় ভূমিকায় কাজে কর্মীকে উৎসাহিত করা
গ্রাহক কেন্দ্রিকতা	উন্নত গ্রাহক সেবা প্রদান	বাস্তব মনোনিবেশের লক্ষ্যে তথ্য, দক্ষতা ও প্রণোদনা প্রদান
কাজে মনোযোগ	কোথায় কাজ করি তা নয়, কি কাজ করি সেদিকে মনোযোগী থাকা	সাংগঠনিক নির্ভরশীলতার বদলে দক্ষতার সাথে পুরস্কার ও সুবিধার সংযোগ সাধন
প্রকল্প-ভিত্তিক কাজ	ফাংশন-ভিত্তিক কাজের চেয়ে প্রকল্প-ভিত্তিক কাজে গ্রহণযোগ্যতা অর্জন	সাংগঠনিক কার্যক্রমের চেয়ে প্রকল্প ঘিরে কাজের কাঠামো বিনির্মাণ
মানবিক প্রেরণা ও কাজের নৈতিকতা	অর্থপূর্ণ কাজের মূল্যায়ন	অর্থপূর্ণ এবং উদ্দেশ্যমুখী কাজ সরবরাহ করা
অঙ্গীকার	বস্তুনিষ্ঠ ফল অর্জনে সংগঠনকে সহায়তার অঙ্গীকার	কর্মীর ব্যক্তিগত উদ্দেশ্য অর্জনে সহায়তার অঙ্গীকার
শিক্ষণ এবং উন্নয়ন	জীবনভর শেখার অঙ্গীকার	কর্মীর সামগ্রিক উন্নয়নের অংশীদারত্ব শুরু
মুক্ত তথ্য	উদ্যম ও উদ্যোগ নিতে আগ্রহ	উপকারী তথ্যপ্রবাহে কর্মীর প্রবেশের সুযোগ প্রদান

ব্র্যাক ব্যাংকে প্রতিষ্ঠানের দর্শন, প্রকৃত মূল্যবোধ ও পরিচালনা নীতির সাথে কর্মীদের একটি দীর্ঘস্থায়ী সম্পর্ক তৈরি করা হয়; মুক্ত, সৎ ও স্বচ্ছ যোগাযোগে উৎসাহিত করা হয়। বিভিন্ন সময় আমাদের অব্যাহত কার্যক্রমের মাধ্যমে, অত্যাধুনিক কর্মপরিবেশের পাশাপাশি প্রশিক্ষণের মাধ্যমে পেশাগত উন্নয়নে সহায়তা করে এবং মানবতার কল্যাণে নিবেদিত ও সহমর্মী হিসেবে কমিউনিটি ও কর্মীদের মধ্যে সম্পর্ক জোরালো করা হয়। আমাদের কর্মী এনগেজমেন্ট মডেলের মূল অবকাঠামো দাঁড়িয়ে আছে তাদের সামগ্রিক সুস্থতা ও কল্যাণের ওপর; বিশেষ করে, এই মহামারির কারণে লকডাউনের সময়ে যখন আমরা কর্মীদের সঙ্গে যোগাযোগ রেখেছি ডিজিটাল মাধ্যমে, এবং তারা যেন ভালোভাবে মানিয়ে নিতে পারে সেজন্য সব ধরনের প্রাতিষ্ঠানিক সহায়তার প্রদান করেছি।

আমরা জানি যে ব্যাংকিং খাতে একটি বড় চ্যালেঞ্জ হলো দক্ষতার ঘাটতি এবং এ কারণে আমরা যে কেবল ইউনিক ট্যালেন্ট অ্যাকুইজিশন কৌশলের লালন ও প্রতিপালন করি তাই নয়, বরং আমরা নিশ্চিত করি এমন একটি প্রাণবন্ত ও বহুমাত্রিক পরিবেশ যেখানে কর্মীদের জন্য শেখার ও দক্ষতা তৈরির সব উপাদান থাকে।

আমাদের কর্মী বিষয়ে বিস্তারিত জানতে ২৭৩ পৃষ্ঠা এবং মানব সম্পদের বিস্তারিত জানতে ২৬৫ পৃষ্ঠায় লক্ষ্য করুন।

## আর্থিক পর্যালোচনা

আর্থিক কার্যক্রমের মূল্যায়নে উন্নতির পরিমাপ এবং তথ্য প্রকাশে স্বচ্ছতা নিশ্চিত করে ব্যাংকের ব্যবস্থাপনা পর্যদ বিভিন্ন ধরনের ফাইন্যান্সিয়াল মেট্রিকস কাজে লাগিয়ে থাকে। এ ধরনের একটি মূল্যায়ন আমাদের শেয়ারহোল্ডার ও স্টেকহোল্ডারদের ভ্যালু ক্রিয়েশন ফোকাসে সহায়তা দেয়ার পাশাপাশি আমাদের ব্যালান্স শিটের শক্তিমত্তার সুরক্ষা নিশ্চিত করে।

এখানে অবশ্যই উল্লেখ্য যে ২০২০ সালে মহামারির কারণে অত্যন্ত বিরূপ পরিবেশ এবং তাকে আরো অসহনীয় করে তোলা উচ্চমাত্রার অসম প্রতিযোগিতার মধ্যেও সাফল্য অর্জন করে ব্যাংক ব্যাংক। এছাড়া, আমাদের পরিচালনা কার্যক্রমে আরো লক্ষ্যণীয় ছিল ক্রমবর্ধমান নিয়ন্ত্রণমূলক কমপ্লায়েন্স এবং কেন্দ্রীয় ব্যাংকের সার্বক্ষণিক সতর্ক পর্যবেক্ষণ (যে ব্যাংকিং পদ্ধতির স্থিতিশীলতা, নন-পারফরমিং লোনের দিকে বর্ধিত নজরদারি এবং বেসরকারি খাতের বিনিয়োগ প্রবণতার প্রত্যাবর্তন নিশ্চিত হয়)।

## আর্থিক কার্যক্রমের প্রেক্ষাপট ও সারাংশ

ব্র্যাক ব্যাংক বাংলাদেশের অন্যতম বৃহৎ ব্যাংক। ২০২০ সালের ৩১ ডিসেম্বর আমাদের সম্পদ ও সম্পত্তির পরিমাপ ছিল

৩৯৭,৫০২ মিলিয়ন টাকা এবং ঋণ ও অগ্রিম ছিল ২৭৩,০৬৩ মিলিয়ন টাকা। আমাদের বাজার মূলধন বছরশেষে উন্নীত হয় ৫৮,৭৩৬ মিলিয়ন টাকায়। আমাদের লক্ষ্য, মানুষ এবং ব্যবসা যেন সমরুদ্ধি লাভ করতে পারে সে ব্যাপারে সচেতন থাকা এবং দেশের ব্যাংকিং পরিষেবার বাইরে থাকা এবং স্বল্পপরিষেবাভোগীর কাছে প্রাতিষ্ঠানিক অর্থায়ন নিশ্চিত করা। এছাড়া, আমরা শুধুমাত্র আমাদের আইনি এবং নিয়ন্ত্রণমূলক দায় পূরণ করি তাই নয়, বরং প্রত্যাশা ছাড়িয়ে যাওয়াই থাকে আমাদের লক্ষ্য। নিকট ভবিষ্যতে মাঝারি-আয়ের দেশ হিসেবে আত্মপ্রকাশের জাতীয় লক্ষ্যের সাথে সঙ্গতি রেখে অন্তর্ভুক্তিমূলক এবং টেকসই উপায়ে উন্নয়ন প্রবৃদ্ধিতে সহায়তার মাধ্যমে সেসব ক্ষেত্রের ওপরই আমরা মনোযোগী, যেখানে আমাদের প্রয়াস সর্বোচ্চ আর্থ-সামাজিক প্রভাব ফেলতে সক্ষম।

আমরা সব ধরনের ব্যাংকিং, অপারেশন ও পরিষেবা দিয়ে থাকি। আমাদের ব্যাপ্তি, বিজনেস মডেল এবং বৈচিত্র্যপূর্ণ দায়িত্বশীল ভূমিকা পালন ও স্টেকহোল্ডারদের (নিয়ন্ত্রক, গ্রাহক, শেয়ারহোল্ডার, সকল শ্রেণীর মানুষ) দীর্ঘস্থায়ী আস্থা অর্জনের মাধ্যমে বাংলাদেশের সেরা ব্যাংক হওয়ার লক্ষ্য অর্জনে আমরা নিবেদিত। ২০২০ সালে মহামারির প্রেক্ষিতে সত্ত্বেও জোরালো ছিল স্টেকহোল্ডারদের কাছে করা আমাদের অঙ্গীকারঃ

- আমাদের চিন্তা-ভাবনার সর্বাত্মক ছিল আমাদের ৭,৭৪০ জন কর্মীর স্বাস্থ্য ও নিরাপত্তার সুরক্ষা নিশ্চিত করা। সরকারি ঘোষিত নিরাপত্তা সুপারিশ ও নিয়ন্ত্রণ বিধিমালার আলোকে এ লক্ষ্যে আমাদের গৃহীত কার্যক্রমের মধ্যে ছিল - কাজের পদ্ধতি পুনর্নির্ধারণ করা, মহামারির চরম সময়ে আমাদের কর্মীদের একটি বড় অংশকে ঘরে থেকে কাজ করতে উৎসাহিত করা এবং পরিস্থিতি স্বাভাবিক হয়ে আসার প্রেক্ষিতে ধারাবাহিক ও সুশৃঙ্খলভাবে কর্মস্থলে ফেরত আসা।
- আমাদের ১১ লাখের বেশি গ্রাহকের জন্য আমাদের পরিকল্পনা আরো জোরদার করি এবং পূর্ব অনুমোদিত লাইন অব ক্রেডিটের মাধ্যমে গ্রাহকদের সহায়তা কর্মসূচি বাস্তবায়ন, কিস্তি প্রদানে সাময়িক স্থগিতাদেশের মাধ্যমে বিপর্যস্ত গ্রাহকদের পরিশোধ বিলম্বিতকরণ এবং সরকারের অন্যান্য ত্রাণ কার্যক্রম বাস্তবায়ন করি।
- শেয়ারহোল্ডারদের জন্য আমরা আমাদের সকল চ্যানেল চালু রাখি তাদেরকে যথাযথ ও সমন্বয়যোগী তথ্য প্রদান করে সামগ্রিক অবস্থার উন্নয়নে অবহিত রাখার জন্য। এর ফলে তাদের সাথে ব্যাংকের এক নিবিড় আস্থার সম্পর্ক আরও জোরদার হয়েছে।

- সামাজিক দায়বদ্ধতায় আমাদের অঙ্গীকার বজায় রেখে আমরা বিভিন্ন কাজের মাধ্যমে সমাজের কল্যাণে অবদান রেখেছি। আমাদের নিজস্ব কর্মপরিকল্পনা বাস্তবায়ন করে এবং সামর্থ্যের পুরোটা কাজে লাগিয়ে স্বাস্থ্য-সংকট মোকাবেলায় সরকার এবং অন্যান্য প্রতিষ্ঠানের সঙ্গে একান্তভাবে কাজ করেছি।
- সর্বোপরি, বৈশ্বিক মহামারি যখন ক্রমশ গুরুতর রূপ নেয়া শুরু করেছে, আমরা তখন একাধিক চ্যানেল কৌশল এবং প্রক্রিয়া ও ব্যবসার ডিজিটাইজেশনের ওপর মনোযোগ নিবদ্ধ রেখে আমাদের ডিজিটাল রূপান্তরকরণ আরও গতিশীল করে তুলছি।

এভাবেই স্টেকহোল্ডারদের সাথে সম্মিলিত অংশগ্রহণের মাধ্যমে বৈরিতা সত্ত্বেও লক্ষ্যমাত্রার পরিকল্পনা অর্জনে উদ্যোগ এবং মনোযোগ নিবদ্ধ রাখার মাধ্যমে আমরা ২০২০ সালে কঠিন পরিবেশ এবং পরিস্থিতির মুখেও একটি সাবলীল এবং সম্মানজনক কার্যক্রমের প্রতিবেদন উপস্থাপন করতে পারছি।

কঠিন একটি সময়েও ব্র্যাক ব্যাংক সফল আর্থিক পারফরম্যান্স দেখিয়েছে। ২০২০ সালের ৩১ ডিসেম্বর সমাপ্ত বছরে ব্যাংকের মোট আয় (অন্যান্য আয়সহ নেট সুদের আয়) ছিল ২০,৫০৮ মিলিয়ন টাকা, ২০১৯ সালের তুলনায় ৪ শতাংশ কম। আয়ের পরিমাণ কমে যাওয়ার পেছনে রয়েছে সুদের আয়, কমিশন ও বিনিময় এবং ব্রোকারেজ আয়ে সংকোচন বিষয়গুলি। নেট সুদের আয় ২০ শতাংশ কমে নেমে আসে ১১,৩৮০ মিলিয়ন টাকায়, বিশেষ করে, কোভিড-১৯ সংক্রমণে ভাইরাসের বিস্তার নিয়ন্ত্রণে আক্ষরিক অর্থেই ৩ মাসের স্থবিরতায় দেশব্যাপী সামগ্রিক বাণিজ্য কার্যক্রম থমকে যায়।

পরিচালন ব্যয় ২০২০ সালে উন্নীত হয় ১১,৯০৭ মিলিয়ন টাকায় (২০১৯ সালের ১১,৪৪০ মিলিয়ন টাকার বিপরীতে)। এর মধ্যে রয়েছে ব্যবসার পরিধি সম্প্রসারণ এবং ভবিষ্যত প্রস্তুতি, বিশেষত, ডিজিটাল ব্যাংকিংয়ের প্রেক্ষিতে, সম্পদ ও সামর্থ্য নির্মাণে আমাদের আগ্রহের প্রতিফলন। এ বছর প্রযুক্তি এবং প্রযুক্তি সংশ্লিষ্ট হার্ডওয়্যার এবং সফটওয়্যার এবং মটরযান ব্যয় আমাদের সম্পদ হিসেবে অন্তর্ভুক্ত হয়। কর্মী ব্যয়, যা আমাদের পরিচালন ব্যয়ের অন্যতম উপকরণ, এ বছর বেড়ে যায় নতুন জনবল সংযোজন এবং অব্যাহতভাবে বার্ষিক বেতন সংশোধনের কারণে। মহামারির কারণে আয়ের চাপ এবং তুলনামূলক উচ্চমাত্রার অবকাঠামো ব্যয় সত্ত্বেও ব্যাংকের কস্ট-টু-ইনকাম অনুপাত প্রায় পাঁচ শতাংশ পয়েন্ট কমে নেমে আসে ৫৮ শতাংশে, দেশের ব্যাংকিং খাতে এখন পর্যন্ত যা সেরা অর্জন হিসেবে বিবেচিত।

আয়খাতে পতনের যুগ্ম প্রতিক্রিয়ায় ব্যয়ে বৃদ্ধি আমাদের পরিচালন মুনাফার ওপর চাপ তৈরি করায় এ বছর তা ১৪ শতাংশ সংকোচনের মধ্য দিয়ে নেমে আসে ৮,৬০২ মিলিয়ন টাকায়।

অনুমিত এবং অব্যাহত ঋণের ধাক্কা প্রতিহত করতে বিচক্ষণশীল ও রক্ষণশীল পদক্ষেপ হিসেবে মোট ঋণের ক্ষতি বিগত বছরের ১,৪৪২ মিলিয়ন টাকার বিপরীতে উন্নীত হয় ১,৮৬৭ মিলিয়ন টাকায়। এখানে লক্ষ্যণীয় যে নিয়ন্ত্রক সংস্থার চেয়ে আরো কঠোরভাবে অনুসৃত হয়েছে ব্র্যাক ব্যাংকের প্রতিশোধ পলিসি। রাইট-অফ বাদ দিয়ে সুনির্দিষ্ট প্রতিশোধের ভিত্তিতে এনপিএল কাভারেজ অনুপাত ছিল ১১.৪ শতাংশ; জেনারেল এবং ফ্লোটিং প্রতিশোধ মিলিয়ে ১৭১ শতাংশ। পূর্ববর্তী বছরের ৩.৯৯ শতাংশের তুলনায় এ বছর ব্যাংকের এনপিএল ছিল ২.৯৩ শতাংশ, বৈরী পরিস্থিতির মধ্যেও যা এক দারুণ অর্জন।

একক ভিত্তিতে ব্যাংকের কর পূর্ববর্তী মুনাফা ২১ শতাংশ কমে নেমে আসে ৬,৭৩৫ মিলিয়ন টাকায়। আয়কর ২,১৯৪ মিলিয়ন টাকা দেয়ার পর কর পরবর্তী নেট মুনাফা ২০১৯ সালের ৫,৬৪৬ মিলিয়ন টাকা থেকে ২০ শতাংশ কমে নেমে আসে ৪,৫৪১ মিলিয়ন টাকায়। স্বাভাবিকভাবেই, শেয়ারপ্রতি মূল আয় (ইপিএস) ২০১৯ সালের ৪.২৬ টাকা থেকে নেমে আসে ৩.৪২ টাকায় (বিগত বছরের হিসেব পুনরুল্লেখ করা হয়েছে)।

২০২০ সালের ৩১ ডিসেম্বর ব্যাংকের মোট ব্যালান্স শিট ছিল ৩৯৭,৫০২ মিলিয়ন টাকা, যা ২০১৯ সালের ৩১ ডিসেম্বরের ৩৬৯,৪০৪ মিলিয়ন টাকার বিপরীতে বেশ সন্তোষজনক ৮ শতাংশ প্রবৃদ্ধি। মোট আমানত পূর্ববর্তী বছরের ২৬৮,৩০৯ মিলিয়ন টাকার বিপরীতে ৮ শতাংশ প্রবৃদ্ধি ঘটিয়ে উন্নীত হয় ২৮৯,০৫৪ মিলিয়ন টাকায়। ব্যাংকের ২৭৩,০৬৩ মিলিয়ন টাকার ঋণ এবং অগ্রিম পোর্টফোলিওতে পূর্ববর্তী বছরের তুলনায় ৩ শতাংশ প্রবৃদ্ধি পরিলক্ষিত হয়।

সমন্বিত (একীভূত) ভিত্তিতে, ব্যাংকের কর পূর্ববর্তী মুনাফা (পিবিটি) ১৬ শতাংশ কমে নেমে আসে ৬,৩২১ মিলিয়ন টাকায়। আয়কর ২,২৯৫ মিলিয়ন টাকা দেয়ার পর কর পরবর্তী নেট মুনাফা বিগত বছরের ৫,৫৮৩ মিলিয়ন টাকা থেকে ১২ শতাংশ কমে নেমে আসে ৪,০২৬ মিলিয়ন টাকায়। শেয়ারপ্রতি মূল আয় (ইপিএস) ২০১৯ সালের ৩.৭৩ টাকা থেকে নেমে আসে ৩.৩৩ টাকায় (বিগত বছরের হিসেব পুনরুল্লেখ করা হয়েছে)। ২০২০ সালের ৩১ ডিসেম্বর ব্যাংকের মোট ব্যালান্স শিট ছিল ৪৫৬,৫৯৫ মিলিয়ন টাকা, ২০১৯ সালের ৩১ ডিসেম্বর এর ৪১৪,৮৫৫ মিলিয়ন টাকার ওপর ১০ শতাংশ প্রবৃদ্ধি।

ব্যাংকের আর্থিক বিরণীর বিস্তারিত জানতে ৪৭২ পৃষ্ঠায় লক্ষ্য করুন।

## ত্রৈমাসিক আর্থিক পারফরম্যান্স

আমাদের সুশাসন ও নিয়মানুবর্তিতার প্রক্রিয়াবিধি অনুসারে বোর্ড এবং বোর্ড-নিযুক্ত নিরীক্ষা কমিটি ব্যাংকের ত্রৈমাসিক আর্থিক কার্যক্রম পর্যালোচনা করে, পৃথক এবং একীভূত, দুই ভিত্তিতেই। বোর্ড নিরীক্ষা কমিটি (বিএসি) এবং পরিচালনা পর্ষদ (বিওডি) সার্বক্ষণিকই ব্যাংক এবং (সাবসিডিয়ারিসহ) গ্রুপের ফিন্যান্সিয়াল (আর্থিক) এবং নন-ফিন্যান্সিয়াল কার্যক্রম নজরদারি এবং

মূল্যায়ন করে থাকে। ২০২০ সালে, ত্রৈমাসিক আর্থিক প্রতিবেদন শেয়ারহোল্ডার ও স্টেকহোল্ডারদের সামনে উপস্থাপনের আগে বিএসি তা পর্যালোচনা করেন এবং বিওডি তার অনুমোদন দেন।

২০২০ সালের ত্রৈমাসিক আর্থিক কার্যক্রমের গুরুত্ব মেট্রিকস নিচে তুলে ধরা হলো (মানঃ মিলিয়ন টাকায়, যদি ভিন্নভাবে উল্লেখ না থাকে):

উপকরণ	স্বতন্ত্র (মেয়াদশেষে)			
	প্রান্তিক-১	প্রান্তিক-২	প্রান্তিক-৩	প্রান্তিক-৪
ঋণ ও অগ্রিম	২৫৯,৩২৯	২৫৯,৩৫৯	২৬৫,০৩৭	২৭৩,০৬৩
আমানত ও অন্যান্য হিসাব	২৬৩,৪৭৯	২৮৬,৮৭৩	২৮৩,১১১	২৮৯,০৫৪
মোট সম্পদ ও সম্পত্তি	৩৫৭,৩৪৬	৩৮৭,৭৮৩	৩৮৯,৬৩১	৩৯৭,৫০২
শেয়ারপ্রতি নেট সম্পদের মূল্য (এনএভি)	৩১.৫৪	২৯.৭২	৩২.৫৫	৩৫.৪১

উপকরণ	স্বতন্ত্র				পুরো বছর ২০২০
	প্রান্তিক-১	প্রান্তিক-২	প্রান্তিক-৩	প্রান্তিক-৪	
মোট আয়	৫,৭০৬	৩,৯৯৪	৫,৩৩১	৫,৪৭৭	২০,৫০৮
মোট পরিচালন ব্যয়	৩,১৮৪	২,৯৯৭	২,৮৭২	২,৮৫৪	১১,৯০৭
মোট প্রভিশন	৮৫০	৩৯৯	৫৮৪	৩৩	১,৮৬৭
পিএটি	১,০৭৬	৪৪৩	১,২৭৭	১,৭৪৫	৪,৫৪১
ইপিএস	০.৮১	০.৩৩	০.৯৬	১.৩২	৩.৪২

উপকরণ	একীভূত (মেয়াদশেষে)			
	প্রান্তিক-১	প্রান্তিক-২	প্রান্তিক-৩	প্রান্তিক-৪
ঋণ ও অগ্রিম	২৬০,১৪৩	২৬০,১৮৪	২৬৫,৮৮৫	২৭৩,৪৩৯
আমানত ও অন্যান্য হিসাব	২৯৫,৫৪৫	৩৩১,১২১	৩২৬,৫৯৬	৩৩৩,৬১৬
মোট সম্পদ ও সম্পত্তি	৪০৭,৪৯৫	৪৪৬,০০৪	৪৪৭,৭৬১	৪৫৬,৫৯৫
শেয়ারপ্রতি নেট সম্পদের মূল্য (এনএভি)	৩৩.৭৩	৩০.৯০	৩৩.৮১	৩৬.৬৩

উপকরণ	একীভূত				পুরো বছর ২০২০
	প্রান্তিক-১	প্রান্তিক-২	প্রান্তিক-৩	প্রান্তিক-৪	
মোট আয়	৭,৩৮৬	৫,৬৭৯	৭,৮৯৬	৭,৭৬৫	২৮,৭২৭
মোট পরিচালন ব্যয়	৫,১১৫	৪,৯৪৮	৫,৩১২	৫,১৫৮	২০,৫৩৩
মোট প্রভিশন	৮৫১	৪০০	৫৮৫	৩৬	১,৮৭৩
পিএটি	৭৬১	১৯০	১,৪২৫	১,৬৫১	৪,০২৬
ইপিএম	০.৫৭	০.২২	১.১৩	১.৪০	৩.৩৩

ত্রৈমাসিক আর্থিক প্রতিবেদনের ভিত্তিতে বিএসি এবং বিওডি বিস্তারিত পর্যালোচনা এবং বিশ্লেষণাত্মক মূল্যায়ন হাতে পেয়েছেন যেখানে লক্ষ্যমাত্রা থেকে পরিবর্তন এবং বিচ্যুতির কারণগুলি উল্লেখ করা হয়েছে। এসব পরিবর্তন এ সময়ে কৌশলগুলির কার্যকারিতা ও দক্ষতা পরীক্ষা ব্যাংকের ব্যবসায়িক কৌশলের সাথে সঙ্গতিপূর্ণ ছিল কিনা, তারও মূল্যায়ন করেছেন। সামগ্রিক ব্যাংকিং শিল্পের কর্মকাণ্ডের বিপরীতে ফলাফলেরও পর্যালোচনা করেছেন বিওডি।

এই পর্যালোচনার ভিত্তিতে তারা ব্যাংকের অবস্থান এবং ব্যবসায়িক দক্ষতার অধিক উন্নয়নে নতুন দৃষ্টিভঙ্গি উপস্থাপন করেন।

২০২০ সালে আমাদের লক্ষ্য অভীষ্ট থেকেছে কস্ট অপটিমাইজেশন, প্রযুক্তিতে বিনিয়োগ, অভিযোগ/ গ্রিভেন্স নিরসন, ইএসজি লক্ষ্যমাত্রা অর্জন এবং পরিচালন দক্ষতার উন্নয়ন, এবং এভাবে একটি ভারসাম্যপূর্ণ দৃষ্টিভঙ্গি লালন করা, যার ফলে আমরা

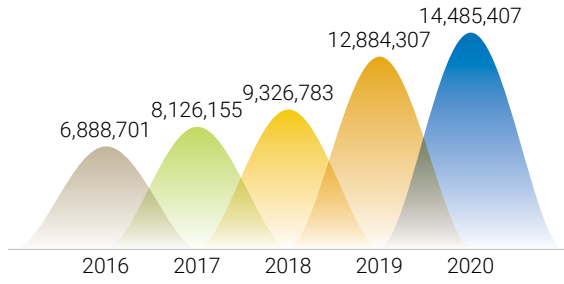
ক্রমবিবর্তিত স্টেকহোল্ডারদের চাহিদা এবং প্রত্যাশায় সাড়া দেয়ার পাশাপাশি বাংলাদেশের সেরা ডিজিটাল ব্যাংক হওয়ার লক্ষ্যে এগিয়ে গিয়েছি।

ব্যাংকের গুরুত্বপূর্ণ পরিচালন কার্যক্রমের সূচক বিষয়ে বিস্তারিত জানতে ১৬৯-১৮৩ পৃষ্ঠায় লক্ষ্য করুন।

এখানে চিত্ররেখায় পাঁচ বছরের আর্থিক সারসংক্ষেপ তুলে ধরা হয়েছে:

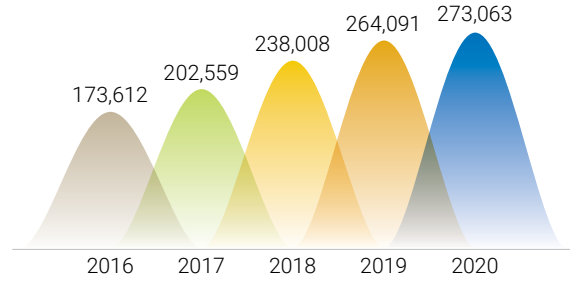
#### Industry Loans and advances

BDT in million



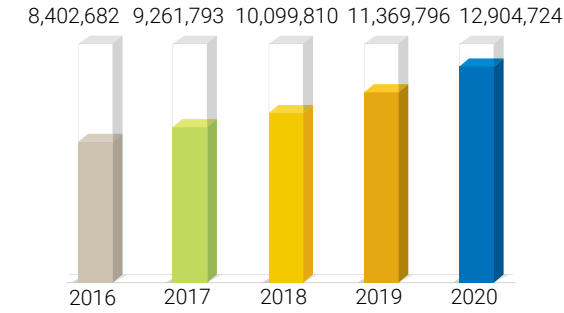
#### BBL Loans and advances

BDT in million



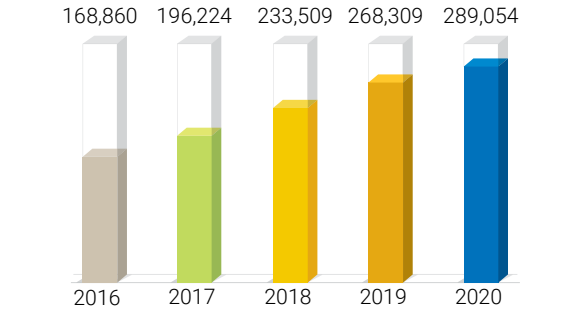
#### Industry Deposits and other accounts

BDT in million



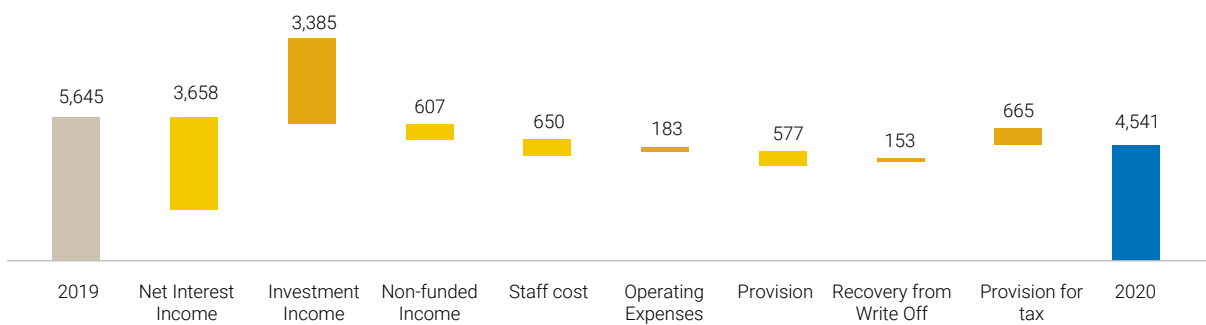
#### BBL Deposits and other accounts

BDT in million



#### Profit growth in 2020 and its major contributors

BDT in million



#### আর্থিক অবস্থা ও কার্যক্রম:

উপকরণ (টাকায়)	একীভূত			স্বতন্ত্র		
	২০২০	২০১৯	%	২০২০	২০১৯	%
নগদ ও নগদ ব্যালান্স	৬২,৬৩৮	৬৯,৬৬৪	-১০%	৩৩,৬০২	৩৮,৬২৯	-১৩%
বিনিয়োগ	৯৪,০৯৫	৫৫,৯৫২	৬৮%	৬৮,৮৯৬	৪৫,৯৪৪	৫০%
ঋণ ও অগ্রিম	২৭৩,৪৩৯	২৬৪,৮৭০	৩%	২৭৩,০৬৩	২৬৪,০৯১	৩%
স্থায়ী সম্পদ	১১,০৬৭	১০,৮৭৩	২%	৭,৩৪৯	৮,১৮৯	-১০%
অন্যান্য সম্পদ	১৩,৮৬৩	১২,০০১	১৬%	১৪,৫২৬	১২,৪৮৫	১৬%
নন-ব্যাংকিং সম্পদ	৬৬	৬৬	০%	৬৬	৬৬	০%
গুডউইল	১,৪২৭	১,৪২৭	০%	-	-	-
মোট সম্পদ	৪৫৬,৫৯৫	৪১৪,৮৫৫	১০%	৩৯৭,৫০২	৩৬৯,৪০৪	৮%

উপকরণ (টাকায়)	একীভূত			স্বতন্ত্র		
	২০২০	২০১৯	%	২০২০	২০১৯	%
ব্যাংক থেকে কর্জ	৩৫,৯৪৩	৩৫,৯৪৯	০%	৩৫,২৮৩	৩৫,৩৯০	০%
কল এবং শর্ট নোটিসে টাকা	৮৫	১,২৭৪	-৯৩%	৮৫	১,২৭৪	-৯৩%
আমানত ও অন্যান্য হিসাব	৩৩৩,৬১৬	২৯৭,৭৫৫	১২%	২৮৯,০৫৪	২৬৮,৩০৯	৮%
অন্যান্য দায়	৩২,৭৭৪	৩৩,২১৪	-১%	২৬,১২৫	২৫,৫১২	২%
মোট শেয়ারহোল্ডার ইকুইটি	৪৮,৫৬৮	৪০,৫৮২	২০%	৪৬,৯৫৫	৩৮,৯১৯	২১%
নন কনট্রোলিং সুদ	৫,৬১০	৬,০৮১	-৮%	-	-	-
<b>মোট দায় এবং শেয়ারহোল্ডার ইকুইটি</b>	<b>৪৫৬,৫৯৫</b>	<b>৪১৪,৮৫৫</b>	<b>১০%</b>	<b>৩৯৭,৫০২</b>	<b>৩৬৯,৪০৪</b>	<b>৮%</b>

উপকরণ (মিলিয়ন টাকায়)	একীভূত			স্বতন্ত্র		
	২০২০	২০১৯	%	২০২০	২০১৯	%
সুদের আয়	২৭,০৮০	৩২,৬২৩	-১৭%	২৪,৭০৯	২৯,৬৯২	-১৭%
সুদের ব্যয়	১৩,৫৫২	১৪,৬৯৮	-৮%	১৩,৩২৯	১৪,৬৫৪	-৯%
নেট সুদের আয়	১৩,৫২৮	১৭,৯২৫	-২৫%	১১,৩৮০	১৫,০৩৮	-২৪%
বিনিয়োগ আয়	৮,১৮২	৩,০৫৭	১৬৮%	৬,৪৫৭	৩,০৭২	১১০%
নন-ফান্ডেড আয়	৭,০১৭	৬,৮৩৭	৩%	২,৬৭২	৩,২৭৯	-১৮%
নন-ইন্টারেস্ট আয়	১৫,১৯৯	৯,৮৯৫	৫৪%	৯,১২৯	৬,৩৫০	৪৪%
মোট আয়	২৮,৭২৭	২৭,৮১৯	৩%	২০,৫০৮	২১,৩৮৮	-৪%
স্টাফ ব্যয়	৯,০৬২	৭,৮৮৮	১৫%	৬,২৪৭	৫,৫৯৮	১২%
অন্যান্য পরিচালন ব্যয়	১১,৪৭১	১০,৯৭১	৫%	৫,৬৫৯	৫,৮৪৩	-৩%
মোট পরিচালন ব্যয়	২০,৫৩৩	১৮,৮৫৯	৯%	১১,৯০৭	১১,৪৪০	৪%
<b>পরিচালন মুনাফা</b>	<b>৮,১৯৪</b>	<b>৮,৯৬০</b>	<b>-৯%</b>	<b>৮,৬০২</b>	<b>৯,৯৪৮</b>	<b>-১৪%</b>
সহযোগীদের শেয়ারে লাভ / (ক্ষতি)	-	(৪)	-১০০%	-	-	-
সাবসিডিয়ারি/ সহযোগীদের নিষ্পত্তিতে লাভ/ (ক্ষতি)	-	৫	-১০০%	-	-	-
প্রভিশনের আগে মুনাফা/ (ক্ষতি)	৮,১৯৪	৮,৯৬২	-৯%	৮,৬০২	৯,৯৪৮	-১৪%
প্রভিশন	১,৮৭৩	১,৪৬১	২৮%	১,৮৬৭	১,৪৪২	২৯%
<b>কর পূর্ববর্তী নেট মুনাফা</b>	<b>৬,৩২১</b>	<b>৭,৫০১</b>	<b>-১৬%</b>	<b>৬,৭৩৫</b>	<b>৮,৫০৬</b>	<b>-২১%</b>
করের প্রভিশন	২,২৯৫	২,৯১৮	-২১%	২,১৯৪	২,৮৬০	-২৩%
<b>কর পরবর্তী মুনাফা</b>	<b>৪,০২৬</b>	<b>৪,৫৮৩</b>	<b>-১২%</b>	<b>৪,৫৪১</b>	<b>৫,৬৪৬</b>	<b>-২০%</b>
শেয়ার প্রতি আয় (ইপিএস, টাকায়)	৩.৩৩	৩.৭৩	-১১%	৩.৪২	৪.২৬	-২০%
[বিগত বছরের হিসেব পুনরুন্মোচিত]						

উপকরণ (ইউএসডি)	একীভূত			স্বতন্ত্র		
	২০২০	২০১৯	%	২০২০	২০১৯	%
নগদ ও নগদ ব্যালান্স	৭৩৯	৮২১	-১০%	৩৯৬	৪৫৫	-১৩%
বিনিয়োগ	১,১১০	৬৫৯	৬৮%	৮১২	৫৪১	৫০%
ঋণ ও অগ্রিম	৩,২২৪	৩,১২০	৩%	৩,২২০	৩,১১১	৪%
স্থায়ী সম্পদ	১৩১	১২৮	২%	৮৭	৯৬	-১০%
অন্যান্য সম্পদ	১৬৩	১৪১	১৬%	১৭১	১৪৭	১৬%
নন-ব্যাংকিং সম্পদ	১	১	০%	১	১	০%
গুডউইল	১৭	১৭	০%	-	-	-
<b>মোট সম্পদ</b>	<b>৫,৩৮৪</b>	<b>৪,৮৮৬</b>	<b>১০%</b>	<b>৪,৬৮৭</b>	<b>৪,৩৫১</b>	<b>৮%</b>
ব্যাংক থেকে কর্জ	৪২৪	৪২৩	০%	৪১৬	৪১৭	০%
কল এবং শর্ট নোটিসে টাকা	১	১৫	-৯৩%	১	১৫	-৯৩%
আমানত ও অন্যান্য হিসাব	৩,৯৩৪	৩,৫০৭	১২%	৩,৪০৯	৩,১৬০	৮%
অন্যান্য দায়	৩৮৬	৩৯১	-১%	৩০৮	৩০০	৩%
মোট শেয়ারহোল্ডার ইকুইটি	৫৭৩	৪৭৮	২০%	৫৫৪	৪৫৮	২১%
নন কনট্রোলিং সুদ	৬৬	৭২	-৮%	-	-	-
<b>মোট দায় এবং শেয়ারহোল্ডার ইকুইটি</b>	<b>৫,৩৮৪</b>	<b>৪,৮৮৬</b>	<b>১০%</b>	<b>৪,৬৮৭</b>	<b>৪,৩৫১</b>	<b>৮%</b>



উপকরণ (মিলিয়ন ইউএসডি)	একীভূত			স্বতন্ত্র		
	২০২০	২০১৯	%	২০২০	২০১৯	%
সুদের আয়	৩১৯	৩৮৪	-১৭%	২৯১	৩৫০	-১৭%
সুদের ব্যয়	১৬০	১৭৩	-৮%	১৫৭	১৭৩	-৯%
নেট সুদের আয়	১৬০	২১১	-২৪%	১৩৪	১৭৭	-২৪%
বিনিয়োগ আয়	৯৬	৩৬	১৬৮%	৭৬	৩৬	১১০%
নন-ফান্ডেড আয়	৮৩	৮১	৩%	৩২	৩৯	-১৮%
নন-ইন্টারেস্ট আয়	১৭৯	১১৭	৫৪%	১০৮	৭৫	৪৪%
মোট আয়	৩৩৯	৩২৮	৩%	২৪২	২৫২	-৪%
স্টাফ ব্যয়	১০৭	৯৩	১৫%	৭৪	৬৬	১২%
অন্যান্য পরিচালন ব্যয়	১৩৫	১২৯	৫%	৬৭	৬৯	-৩%
মোট পরিচালন ব্যয়	২৪২	২২২	৯%	১৪০	১৩৫	৪%
<b>পরিচালন মুনাফা</b>	<b>৯৭</b>	<b>১০৬</b>	<b>-৮%</b>	<b>১০১</b>	<b>১১৭</b>	<b>-১৩%</b>
সহযোগীদের শেয়ারে লাভ / (ক্ষতি)	-	(০)	-১০০%	-	-	-
সাবসিডিয়ারি/ সহযোগীদের নিষ্পত্তিতে লাভ / (ক্ষতি)	-	০.১	-১০০%	-	-	-
প্রভিশনের আগে মুনাফা/ (ক্ষতি)	৯৭	১০৬	-৮%	১০১	১১৭	-১৩%
প্রভিশন	২২	১৭	২৮%	২২	১৭	৩০%
<b>কর পূর্ববর্তী নেট মুনাফা</b>	<b>৭৫</b>	<b>৮৮</b>	<b>-১৬%</b>	<b>৭৯</b>	<b>১০০</b>	<b>-২১%</b>
করের প্রভিশন	২৭	৩৪	-২১%	২৬	৩৪	-২৩%
<b>কর পরবর্তী মুনাফা</b>	<b>৪৮</b>	<b>৫৪</b>	<b>-১২%</b>	<b>৫৩</b>	<b>৬৬</b>	<b>-১৯%</b>
শেয়ার প্রতি আয় (ইপিএস, টাকায়)	০.০৪	০.০৪	-১১%	০.০৪	০.০৫	-১৯%
[বিগত বছরের হিসেব পুনরুল্লেখিত]						

টিকা: উপরোক্ত মার্কিন ডলার স্থিতিসমূহ ২০২০ সালের ৩১ ডিসেম্বরের মার্কিন ডলার/বাংলাদেশি টাকার বিনিময় দর দ্বারা রূপান্তরিত

## অস্বাভাবিক লাভ/ ক্ষতি

২০২০ সালে কোনো অস্বাভাবিক লাভ বা ক্ষতি ঘটেনি।

## ব্যবসার প্রকৃতিতে পরিবর্তন

আলোচ্য বছরে ব্যবসার প্রকৃতিতে কোনো পরিবর্তন ঘটেনি।

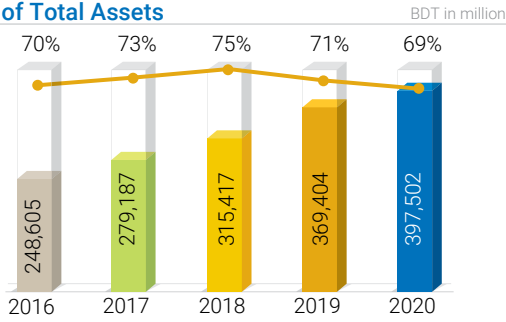
## সাবসিডিয়ারি পারফরম্যান্স

অবস্থিতি	বাংলাদেশের মধ্যে			বাংলাদেশের বাইরে
	ব্র্যাক ইপিএল ইনভেস্টমেন্ট লিমিটেড	ব্র্যাক ইপিএল স্টক ব্রেকারেজ লিমিটেড	বিকাশ লিমিটেড	ব্র্যাক স্বজন এক্সচেঞ্জ লিমিটেড
মোট সম্পদ	৩,৪৪০ মিলিয়ন টাকা	২,৬১৩ মিলিয়ন টাকা	৬১,৩৫৬ মিলিয়ন টাকা	ব্রিটিশ পাউন্ড ১২ মিলিয়ন
লাভ/ (ক্ষতি)	৪৪ মিলিয়ন টাকা	১৬১ মিলিয়ন টাকা	(৬৭৪ মিলিয়ন টাকা)	(ব্রিটিশ পাউন্ড ০.৩০ মিলিয়ন)
ঠিকানা	পৃষ্ঠা ৫০			
ওয়েবসাইট	www.bracepl.com/investments	www.bracepl.com/brokerage	www.bkash.com	https://bracsajanexchange.com
ইমেইল	query@bracepl.com	info@bracepl.com	support@bkash.com	info@bracsajanexchange.com
বিবিএল এর সাবসিডিয়ারিসমূহ নিচে তুলে ধরা হল, যার রেফারেন্স:				
বিবিএল-এর শেয়ারহোল্ডিং শতাংশ	২০২০ সালের ৩১ ডিসেম্বর সমাপ্ত বছরের আর্থিক বিবরণীর টিকা [টিকা: ১.২.৬ (সাবসিডিয়ারি এবং সহযোগীদের শেয়ারহোল্ডিং সংক্ষেপ)]			
সাবসিডিয়ারি ওভারভিউ	পৃষ্ঠা ৩০১-৩১৩			
সাবসিডিয়ারি পরিচালক প্রতিবেদন	পৃষ্ঠা ৬০৫	পৃষ্ঠা ৬১৬	পৃষ্ঠা ৬২৮	পৃষ্ঠা ৬৩৭
সাবসিডিয়ারি আর্থিক প্রতিবেদন	পৃষ্ঠা ৬০৯	পৃষ্ঠা ৬২১	পৃষ্ঠা ৬৩০	পৃষ্ঠা ৬৩৯

## পোর্টফোলিও এবং অংশভিত্তিক বিশ্লেষণ

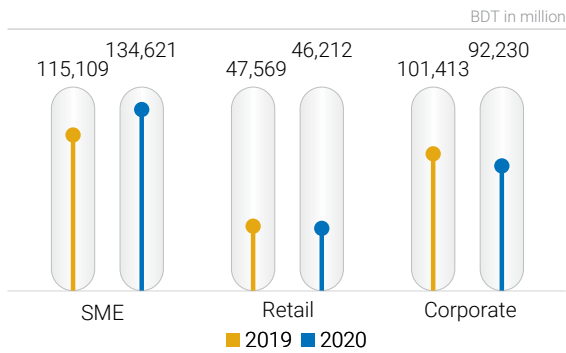
ব্যাংক ব্যাংক মোট সম্পদে ২০১৯ সালের ৩৬৯,৪০৪ থেকে বছর প্রতি ৮ শতাংশ বা ২৮,০৯৮ মিলিয়ন টাকার জোরালো প্রবৃদ্ধি ঘটিয়ে ২০২০ সালে উন্নীত হয় ৩৯৭,৫০২ মিলিয়ন টাকায়। মোট সম্পদের প্রবৃদ্ধির পেছনে অনুঘটক হিসেবে কাজ করে সরকারের বিনিয়োগ এবং ঋণ ও অগ্রিমে বৃদ্ধি। চলতি বছরেও ব্যাংক তার ক্ষুদ্র ও মাঝারি উদ্যোগ (এসএমই) বিজনেস পোর্টফোলিওর প্রতি মনোযোগ নিবদ্ধ রেখেছে। এছাড়া, গ্রাহকদের জন্য আরো ভালো এবং উন্নত সেবার ক্রমবর্ধমান চাহিদা নিশ্চিত করতে ডিজিটাল ব্যাংকিং প্ল্যাটফর্মের উন্নয়নে বিনিয়োগ অব্যাহত রেখেছে। এসব কারণেও ২০২০ সালে ব্যাংকের মোট সম্পদে প্রবৃদ্ধি ঘটে।

### Total Assets & loan and Advances as % of Total Assets

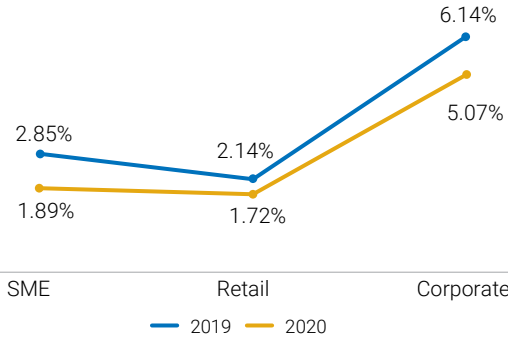


## ব্যবসায়ের অংশ-ভিত্তিক পারফরম্যান্স

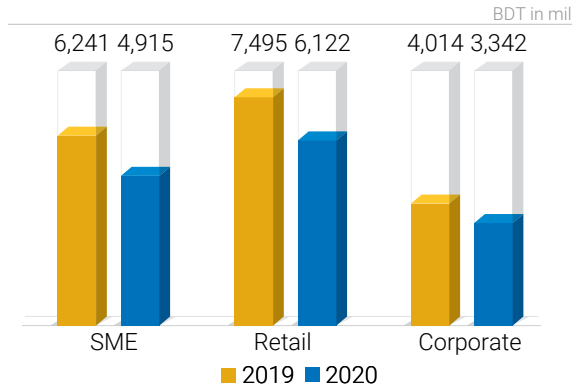
প্রতিবেদনে আলোচ্য বছরে পোর্টফোলিও, রেভিনিউ এবং এনপিএলসহ গুরুত্বপূর্ণ আর্থিক সূচকে মিশ্র কর্মকান্ড পরিলক্ষিত হয় ব্যাংক ব্যাংকের সহযোগী সংস্থাগুলোতেও। ব্যাংকের সামগ্রিক ঋণ পোর্টফোলিও বিশেষত মহামারির প্রকোপে কঠিন বাজার পরিস্থিতির মুখে পড়া সত্ত্বেও ৩ শতাংশ সাবলীল প্রবৃদ্ধি নিশ্চিত করেছে। বস্তুত এসএমই বিভাগে ত্বরিত সম্প্রসারণের সুবাদেই সম্ভব হয় এই প্রবৃদ্ধি অর্জন।



মহামারির মধ্যেও নন-পারফরমিং লোন (এনপিএল) খাতে সম্ভোষণজনক অগ্রগতি ঘটে ২০২০ সালে। এরকম কঠিন সময়ে এটি একটি বড় অর্জন। পূর্ববর্তী বছরের ৩.৯৯ শতাংশের বিপরীতে ২০২০ সালে এনপিএল নেমে যায় ২.৯৩ শতাংশে। সকল ব্যবসায়িক শাখা থেকে কালেকশন এবং রিকভারি কার্যক্রমে অব্যাহত সমন্বিত প্রয়াসের কারণেই অর্জিত হয়েছে এ সাফল্য।



মহামারির বিরূপ প্রতিক্রিয়ার কারণে অংশ-ভিত্তিক রাজস্ব পূর্ববর্তী বছরের তুলনায় এসএমই খাতে ২১ শতাংশ, রিটেইল খাতে ১৮ শতাংশ এবং করপোরেট ব্যবসায় ১৭ শতাংশ নেমে যায়।

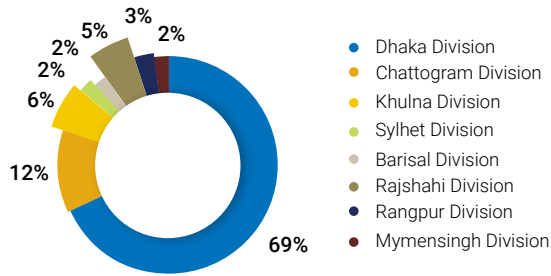


## ভৌগলিক অবস্থান-ভিত্তিক পোর্টফোলিও

ঋণের ব্যাপ্তি ২০১৯ সালে ঢাকা বিভাগে ২ শতাংশ কমে আসে। এখানে একটি ব্যাপার লক্ষণীয় যে ঋণের এই ব্যাপ্তির হিসাব ব্রাঞ্চের অবস্থানের ভিত্তিতে করা হয়েছে, প্রকৃত বিনিয়োগ গন্তব্য হিসেবে নয়। ব্রাঞ্চ বা শাখা অফিসের বিস্তৃত নেটওয়ার্ক, এসএমই ইউনিট অফিস এবং ডিজিটাল প্ল্যাটফর্মের মাধ্যমে ব্যাংক নিশ্চিত করে যেন ঋণ বিতরণে ভৌগলিক বৈচিত্র্য, সমান উন্নতি এবং আর্থিক অন্তর্ভুক্তি ও ক্ষমতায়ন কার্যকর হয়।

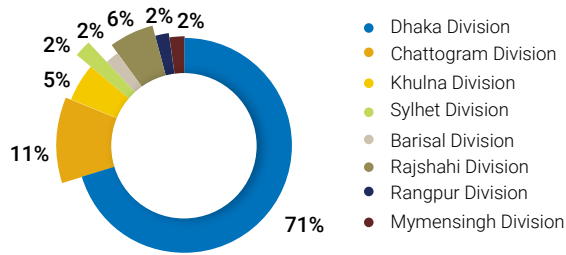
2020

in percent



2019

in percent

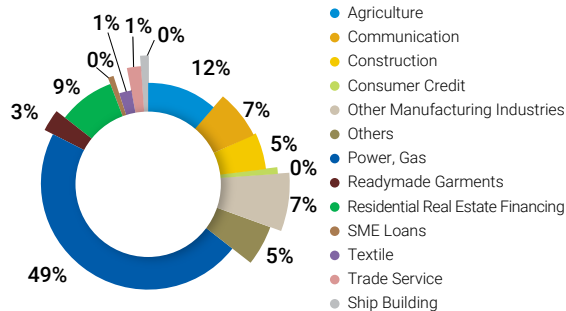


### খাতভিত্তিক ঋণ পোর্টফোলিও

এসএমই ঋণসহ ব্যাংকিং খাতের সকল ক্ষেত্রেই সমান সক্রিয় ব্যাংক ব্যাংক। ২০২০ সালে আমাদের এসএমই গ্রাহকদের জন্য সহায়তা জোরদার করার লক্ষ্যে, বিশেষত মহামারির প্রকোপে বড় ধরনের ব্যবসায়িক বিপর্যয়ের শিকার হয়েছিলেন যারা, তাদের জন্য এ খাতে ঋণের পরিমাণ ছিল মোট ঋণ পোর্টফোলিওর ৪৯ শতাংশ। এ বছর ভোক্তা ঋণ ছিল ঋণ পোর্টফোলিওর ১২ শতাংশ এবং ব্যবসায়িক সেবায় ৯ শতাংশ।

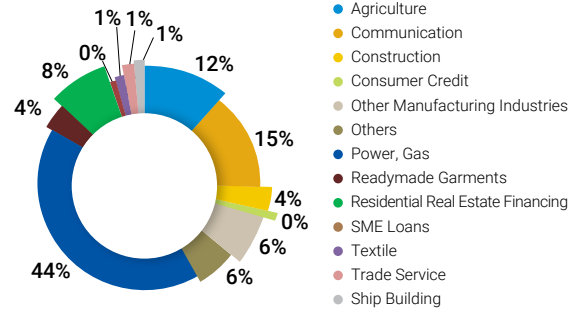
2020

in percent



2019

in percent

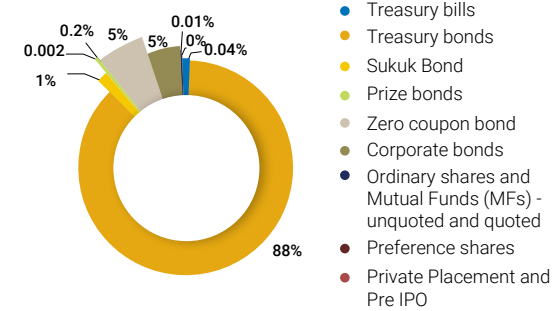


### ইনভেস্টমেন্ট মিক্স

ট্রেজারি বন্ডে ৬০,৭৭৯ মিলিয়ন টাকা বিনিয়োগ করেছে ব্যাংক ব্যাংক (২০২০ সালে মোট বিনিয়োগের ৮৮ শতাংশ)। বাংলাদেশ ব্যাংকের নির্দেশনা অনুসারে মূলত এসএলআর বজায় রাখার জন্যই রাখা হয় এই বিনিয়োগ।

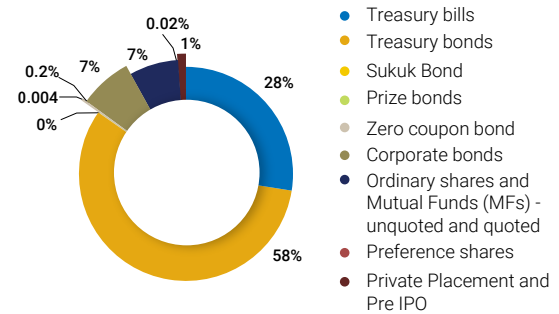
2020

in percent



2019

in percent

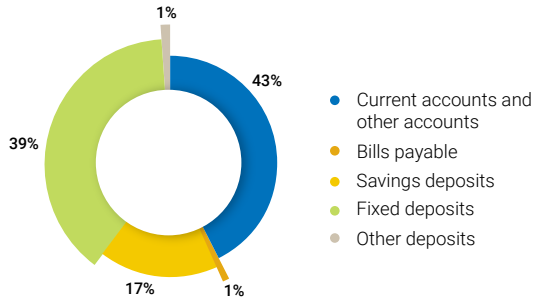


### জামানত পোর্টফোলিও

উন্নত গ্রাহক সেবা এবং আকর্ষণীয় রেটের নিশ্চয়তার মাধ্যমে ব্যাংক ব্যাংক জামানত ভিত্তি শক্তিশালী করার লক্ষ্যে নিরলস কাজ করেছে। ২০২০ সালেও এর কোনো ব্যতিক্রম ঘটেনি।

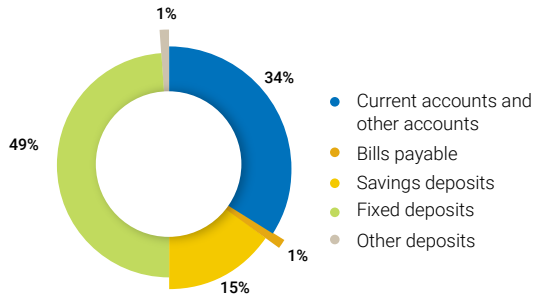
2020

in percent



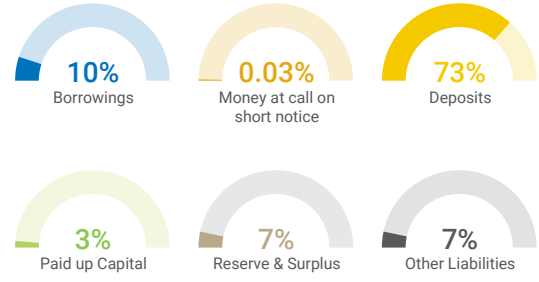
2019

in percent



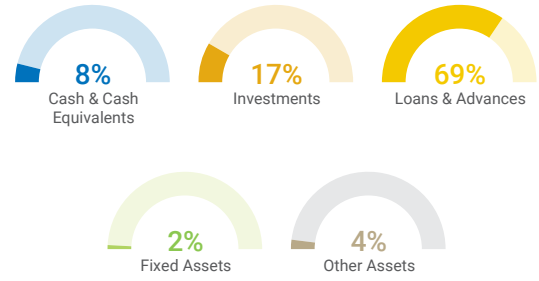
Sources of Funds 2019

in percent



Utilization of Funds 2020

in percent



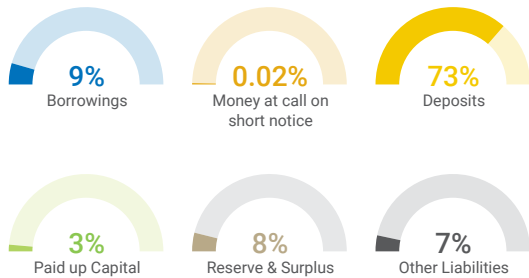
## উৎস এবং তহবিলের উপযোগিতা

২০২০ সালের ৩১ ডিসেম্বর তারিখে মোট দায় ছিল ৩৫০,৫৪৭ মিলিয়ন টাকা, যেখানে বছর প্রতি প্রবৃদ্ধি ছিল ৬ শতাংশ। ৮ শতাংশ প্রবৃদ্ধি নিয়ে জামানত উন্নীত হয় ২৮৯,০৫৪ মিলিয়ন টাকায়। এছাড়া, ২০২০ সালে আগেরবারগুলোর মতোই, বাংলাদেশ ব্যাংক থেকে আমাদের ঋণের পরিমাণ ৮৭ শতাংশ বেড়ে উন্নীত হয় ২৩,৩৭০ মিলিয়ন টাকায়।

ব্র্যাক ব্যাংক তহবিলের সবচাইতে বড় অংশটি আসে গ্রাহকের জামানত হিসাব থেকে, যার একটি অংশ ব্যবহার করা হয় ঋণ এবং অগ্রিম হিসেবে, নিচের চার্টে যেভাবে দেখানো হয়েছে। নিচের এই পাই-এর একটি অংশ বাংলাদেশ ব্যাংকের পর্যাপ্ত সিআরআর এবং এসএলআর অনুপাত বজায় রাখার লক্ষ্যে নগদ/সমতুল্য আকারে সংরক্ষিত হয়।

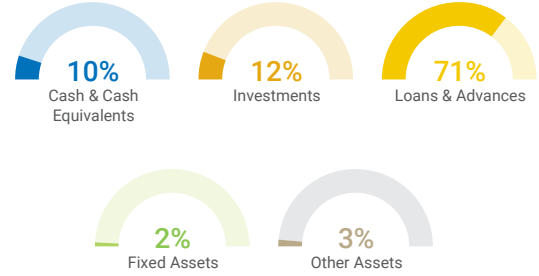
Sources of Funds 2020

in percent



Utilization of Funds 2019

in percent



## ব্র্যাক ব্যাংকের দক্ষতা পর্যালোচনা

পাঁচ বছরের আর্থিক সারসংক্ষেপ, গ্রাফিক উপস্থাপনা, স্টক প্রাই, ডুপন্ট এবং আনুভূমিক ও উল্লম্ব বিশ্লেষণের বিস্তারিত সূচক বিষয়ে জানতে ১৬৯-১৯৭ পৃষ্ঠায় লক্ষ্য করুন।

## নিয়ন্ত্রক মূলধন

আর্থিক বিবরণীর জন্য ৫৫৩ পৃষ্ঠা এবং বাসেল-প্রি অধ্যায়ের জন্য ৪৩৮ পৃষ্ঠায় লক্ষ্য করুন।

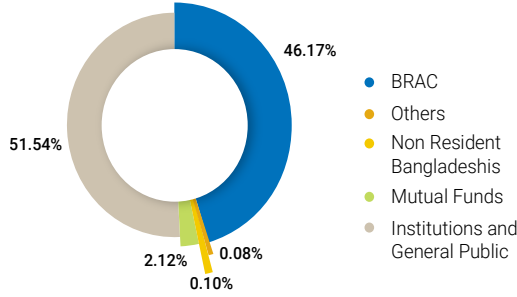
## শেয়ারহোল্ডারদের ভ্যালু ক্রিয়েশন

২০২০ সালে ব্র্যাক ব্যাংকে শেয়ারহোল্ডারদের ইকুইটি পূর্ববর্তী বছরের তুলনায় ২১ শতাংশ বৃদ্ধি পায়। স্পন্সরদের মধ্যে ব্র্যাক-এর

শেয়ারহোল্ডিং ৪৬.১৭ শতাংশ এবং অন্যান্য প্রতিষ্ঠান ও সাধারণ জনগণের হাতে ৫১.৫৪ শতাংশ। ২০১৯ এবং ২০২০ সালের ৩১ ডিসেম্বর ব্যাংকের শেয়ারহোল্ডিং পরিস্থিতি নিচে তুলে ধরা হলো:

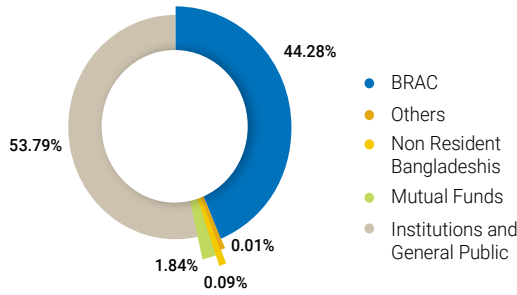
### Shareholding Position 2020

in percent



### Shareholding Position 2019

in percent



### শেয়ার মূল্য ও মার্কেট ক্যাপিটালাইজেশন

শেয়ার ও স্টক মূল্য পরিসংখ্যানের জন্য ১৮৬ পৃষ্ঠায় লক্ষ্য করুন।

### ব্র্যাক ব্যাংকের ক্রেডিট রেটিং

ক্রেডিট রেটিংয়ের মাধ্যমে একটি ব্যাংকের শক্তি প্রতিফলিত হয়, যেখানে ফুটে ওঠে একটি শক্তিশালী ম্যানেজমেন্ট টিম; সুদের আয়ে টেকসই প্রবৃদ্ধি; নন-ইন্টারেস্ট আয়, ঋণ ও অগ্রিম এবং জামানত; পর্যাপ্ত মূলধন মাত্রা সম্পর্কিত সম্যক ধারণা; সম্পদের গুণগত উন্নয়ন এবং সাবলীল তারল্য অবস্থা।

২০২০ সালের ৩১ ডিসেম্বর আর্থিক বিবরণীর ভিত্তিতে ব্র্যাক ব্যাংকের ক্রেডিট রেটিং এখনও প্রক্রিয়াধীন রয়েছে এবং তা যথ সময়ে প্রকাশ করা হবে।

ক্রেডিট রেটিং উপস্থাপনায় ব্র্যাক ব্যাংকের অর্জিত ক্রেডিট রেটিং নিয়ে বিস্তারিত জানতে করপোরেট গভর্ন্যান্স সেকশনে ৩৬৪ পৃষ্ঠায় লক্ষ্য করুন।

### জাতীয় কোষাগারে অবদান

দায়িত্বশীলতা ও দৃঢ়তার সাথে আর্থিক সেবা খাতে নেতৃত্ব প্রদানের মধ্য দিয়ে নিজেদের বাংলাদেশের অন্যতম শক্তিশালী আর্থিক প্রতিষ্ঠানে রূপান্তর করেছে ব্র্যাক ব্যাংক। এ সময়ে, জাতীয় অর্থনীতিতে বস্তুনিষ্ঠ অবদান নিশ্চিত করেছে ব্যাংক, যা দেশের আইন অনুসারে সরকারি রাজস্ব সংগ্রহ ও তা এক্সচেঞ্চারে জমা করার মধ্য দিয়ে প্রতিফলিত হয়েছে। এছাড়া কোনো পণ্য বা সেবার মূল্য পরিশোধের সময় কর, ভ্যাট এবং এক্সাইজ ডিউটি কর্তন করে ব্র্যাক ব্যাংক। এ ছাড়াও ব্যাংক তার আয়ের উপর কর পরিশোধ করে। পারফরম্যান্স বিশ্লেষণে জাতীয় কোষাগারে অবদান নিয়ে বিস্তারিত জানতে ১৮৪ পৃষ্ঠায় লক্ষ্য করুন।

### সংশ্লিষ্ট পক্ষ লেনদেনের ভিত্তি

সংশ্লিষ্ট পক্ষের সঙ্গে ব্যবসার স্বাভাবিক গতি অনুসারেই বিভিন্ন ধরনের লেনদেনের প্রয়োজন হয় ব্যাংকের। সংশ্লিষ্ট পক্ষ লেনদেনের প্রকৃতি, হয় ঋণ ও অগ্রিম অথবা রক্ষিত জামানত চলতি বাজার মূল্য অথবা ন্যায্য বাজার মূল্যে। সংযুক্তি-কে এর অধীনে সংশ্লিষ্ট পক্ষ লেনদেনের বিস্তারিত জানতে ৬০১ পৃষ্ঠায় লক্ষ্য করুন।

### কৌশলগত দৃষ্টিভঙ্গি

মহামারির প্রকোপে ২০২০-এর প্রতিকূল সময় কাটিয়ে ওঠার পর ২০২১ সালে নতুন চ্যালেঞ্জের সামনে দাঁড়াবে ব্যাংকিং শিল্প। পরিবর্তমান পরিবেশের প্রতিক্রিয়ায় অব্যাহত থাকবে সামাজিক, অর্থনৈতিক ও নিয়ন্ত্রণমূলক প্রেক্ষাপটের পরিবর্তন, আরো অনিশ্চিত হবে সামগ্রিক পরিস্থিতি। তবে, পরিবর্তন সুযোগ তৈরি করে, এবং ব্র্যাক ব্যাংকের শক্তিমত্তার অবস্থান, পাশাপাশি আগামী-প্রজন্মের অবকাঠামো আমাদের মধ্যে আত্মবিশ্বাস এনে দেয় যে, গ্রাহকদের বহুমাত্রিক প্রত্যাশা ও স্বপ্ন পূরণে পছন্দের এবং আর্থিক সক্ষমতার শীর্ষ অনুপ্রেরক হিসেবে সামনের দিনগুলোতেও আস্থার অবস্থানে থাকবে ব্র্যাক ব্যাংক।

সামনের বছরগুলোতে আমাদের বিশ্বাস যে আমাদের ব্যবসা তার ডিজিটাল সামর্থ্যের বিনির্মাণ কার্যক্রম অব্যাহত রাখবে। এর ফলে স্বকীয়তা অর্জনের পাশাপাশি আরো গতিশীল হবে আমাদের রূপান্তর প্রবৃদ্ধি কৌশল।

উপরন্তু, ব্যাংকিং চ্যানেলের মাধ্যমে বাস্তবায়িত আর্থিক প্রণোদনা ও ত্রাণের আকারে সরকারের বৃহৎ সহযোগিতার ফলে, মূলত সামগ্রিক পদ্ধতিগত তারল্যের সহায়ক, সম্ভাবনাময় গ্রাহক হিসেবে উপকারভোগীদের সঙ্গে লেনদেন আরও গভীরে নিয়ে যাওয়ার সুযোগ পাবে ব্যাংকগুলো। এছাড়া, করোনভাইরাসের বিস্তার রোধে ইতোপূর্বে আরোপিত শিল্প ঋণ দরের উচ্চ সীমার আলোকে ব্যাংকগুলো জামানত দর পুনর্মূল্যায়ন করেছে এবং এখন থেকে নন-ফান্ডেড ব্যবসার দিকে মনোযোগ নিবদ্ধ করবে, বস্তুত তাদের আয়ের বৈচিত্র্য তৈরি এবং মূল ঋণের ব্যবসায় সম্ভাব্য অফসেট হিসেবে চ্যানেলটি খোলা রাখার জন্য।

এসএমই, যাদের অবস্থান 'ব্র্যাক ব্যাংকের ডিএনএ'-তে, অগ্রাধিকার পেতেই থাকবে। এটি আমাদের 'লেভার থেকে ব্যাংকার' হয়ে ওঠার মিশন প্রক্রিয়ারই অংশ। এর মাধ্যমে তাদের ব্যাংকিং চাহিদা ও প্রয়োজনীয়তার ক্ষেত্র আরও সম্প্রসারণে মনোযোগী হয়েছি আমরা। রিটেইল ঋণের ক্ষেত্রেও নতুন সুযোগ খুঁজে দেখবো আমরা। পাশাপাশি, করপোরেট ঋণ সেবার ক্ষেত্রে আরো বাছাই ও সতর্কতা বজায় রাখতে হবে আমাদের। এছাড়া উন্নত গ্রাহক সেবা নিশ্চিত করতে প্রযুক্তি ও মানব সম্পদ খাতে বিনিয়োগ অব্যাহত থাকবে আমাদের।

আমাদের রিটেইল ব্যাংকিং শাখা একদিকে যখন সব ধরনের প্রয়োজনে একটি সিঙ্গল-শপ সলুশন হিসেবে বিশ্বমানের ব্যাংকিং সেবা নিশ্চিত করতে ডিজিটাল ব্যাংকিংয়ের নতুন নতুন ক্ষেত্র নির্ণয়ে ব্যস্ত থাকছে, তখন এজেন্ট ব্যাংকিং হয়ে উঠবে আমাদের অন্যতম প্রধান চ্যানেল যারা ব্যাংকের পণ্য সেবা বহন করে নিয়ে যাবে গণ ও প্রান্তিক মানুষের দোরগোড়ায়। এবং এভাবে আরও জোরদার হবে আমাদের আর্থিক অন্তর্ভুক্তিকরণের লক্ষ্য। আমাদের লোকাল কর্পোরেট টিম এবং ইমার্জিং কর্পোরেট টিম ঢাকা এবং চট্টগ্রামের মেট্রোপলিটনের আশেপাশে ও সংশ্লিষ্ট এলাকায় এখনও আওতাভুক্ত না হওয়া ব্যবসায়িক সত্তাবনা আবিষ্কার করবে।

## পরিচালকদের নিয়োগ, পুনর্নিয়োগ ও অবসর

### ড. জাহিদ হাসান

ব্র্যাক ব্যাংকের পরিচালনা পর্ষদ ২০২০ সালের সেপ্টেম্বর মাসে বোর্ডে একজন স্বতন্ত্র পরিচালক হিসেবে ড. জাহিদ হাসানের নিয়োগ দেয়। যথাবিধি অনুসারে, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (বিএসইসি) এবং বাংলাদেশ ব্যাংকে তার নিয়োগ অনুমোদিত হয়।

ড. হাসান ১৯৯২ সালে যুক্তরাষ্ট্রের বোস্টন বিশ্ববিদ্যালয় থেকে অর্থনীতি বিষয়ে পিএইচডি করেন। তিনি ১৯৮৭ সালে যুক্তরাষ্ট্রের বোস্টন বিশ্ববিদ্যালয় থেকে রাষ্ট্রীয় অর্থনীতি বিষয়ে স্নাতকোত্তর ডিগ্রি অর্জন করেন। ১৯৭৯ সালে বাংলাদেশের ঢাকা বিশ্ববিদ্যালয়ের ব্যবসায় প্রশাসন অনুষদ থেকে এমবিএ ডিগ্রি অর্জন করেন।

### জনাব মেহেরিয়ার এম হাসান

ব্র্যাক ব্যাংকের পরিচালনা পর্ষদ ২০২০ সালের নভেম্বর মাসে বোর্ডে একজন মনোনীত পরিচালক হিসেবে জনাব মেহেরিয়ার এম হাসানের নিয়োগ দেয়। যথাবিধি অনুসারে, তার এ নিয়োগ বাংলাদেশ ব্যাংকে অনুমোদিত হয়।

জনাব হাসান অ্যারিজোনা বিশ্ববিদ্যালয় থেকে ফিন্যান্সে মাস্টার অব সাইন্স, অর্থনীতিতে মাস্টার অব আর্টস এবং গণিতে মাইনরসহ অর্থনীতিতে ব্যাচেলর অব আর্টস ডিগ্রি অর্জন করেন।

### জনাব শামেরান বাহার আবেদ

ব্র্যাক ব্যাংকের পরিচালনা পর্ষদ ২০২০ সালের ডিসেম্বর মাসে বোর্ডে একজন মনোনীত পরিচালক হিসেবে জনাব শামেরান বাহার আবেদকে নিয়োগ দেয়। যথাবিধি অনুসারে, তার এ নিয়োগ বাংলাদেশ ব্যাংকে অনুমোদিত হয়।

জনাব শামেরান আবেদ বাংলাদেশ সুপ্রিম কোর্টের হাইকোর্ট বিভাগের একজন নিবন্ধিত আইনজীবী। যুক্তরাজ্যের 'সোসাইটি অব লিংকন'স ইন' হতে 'বার-অ্যাট-ল' ডিগ্রি লাভ করেন। তিনি অর্থনীতিতে মেজর এবং রাষ্ট্রবিজ্ঞানে মাইনরসহ যুক্তরাষ্ট্রের হ্যামিলটন কলেজ থেকে তার স্নাতক শেষ করেন।

### জনাব ফাহিমা চৌধুরী

ব্র্যাক ব্যাংকের পরিচালনা পর্ষদ ২০১৮ সালের মে মাসে বোর্ডে একজন স্বতন্ত্র পরিচালক হিসেবে জনাব ফাহিমা চৌধুরীকে নিয়োগ দেয়। ২০২১ সালের মে মাসে তার প্রথম মেয়াদ পূর্ণ হবে।

করপোরেট গভর্ন্যান্স (সিজি) কোড অনুসারে, একটি প্রতিষ্ঠানে একজন স্বতন্ত্র পরিচালকের মেয়াদ হবে ৩ (তিন) বছর, যা পরবর্তীতে ১ (এক) মেয়াদ বর্ধিত করা যেতে পারে। সে বিধি মোতাবেক, পরিচালনা পর্ষদ ২০২১ সালের ২২ মার্চ অনুষ্ঠিত পর্ষদের ২৮তম বৈঠকে তাকে দ্বিতীয় মেয়াদের জন্য নিয়োগ দেয়।

### কোম্পানি আইন, ১৯৯৪ অনুযায়ী পাবলিক লিমিটেড কোম্পানির সাধারণ সভায় এক-তৃতীয়াংশ পরিচালকের অবসর গ্রহণের বাধ্যবাধকতা

কোম্পানি আইন, ১৯৯৪, তফসিল ১, বিধি ৭৯ এবং ব্র্যাক ব্যাংকের সংঘ স্মারকের ধারা ১০৩ অনুসারে, 'প্রতি বছর সাধারণ সভায় এক-তৃতীয়াংশ পরিচালক অথবা যদি বিদ্যমান পরিচালকগণের সংখ্যা তিন কিংবা তিনের গুণিতক না হয়, তাহলে এক-তৃতীয়াংশের সর্বনিকটবর্তী সংখ্যক পরিচালক তাদের পদ হতে অবসর গ্রহণ করবেন।

এছাড়া, বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন (বিএসইসি) এর করপোরেট গভর্ন্যান্স (সিজি) কোড অনুসারে পরিচালকগণের পর্যায়ক্রমিক অবসরে যেতে স্বতন্ত্র পরিচালকগণ এই ধারার আওতাভুক্ত নন।

সে অনুযায়ী, স্বতন্ত্র পরিচালক ব্যতীত পরিচালকদের মধ্যে জনাব নিহাদ কবির আসন্ন বার্ষিক সাধারণ সভায় পরিচালনা পর্ষদ থেকে অবসর নেবেন এবং পুনর্নিয়োগের জন্য উপযুক্ত বিবেচিত হবেন। তিনি ইতোমধ্যেই পরিচালক হিসেবে পুনর্নিয়োগের ব্যাপারে তার সম্মতি প্রদান করেছেন।

উপরের পরিচালকবৃন্দের সংক্ষিপ্ত জীবনী এবং অন্যান্য ব্যবসার সাথে তাদের সম্পৃক্ততা পরিচালকবৃন্দের সংক্ষিপ্ত জীবনী অধ্যায় এবং আর্থিক বিবরণীর অংশে উল্লেখ করা হয়েছে।

৩১ ডিসেম্বর ২০২১ সালে বোর্ড সভা, সদস্যদের হাজিরা ও সম্মানীঃ

ক্রমিক সংখ্যা	পরিচালকের নাম	পদ	মেয়াদকালীন বৈঠকে পরিচালকের হাজিরা			ভাতা (টাকায়)
			বৈঠকের সংখ্যা	উপস্থিত	অনুপস্থিত	
১	ড. আহসান এইচ মনসুর	চেয়ারম্যান ও স্বতন্ত্র পরিচালক	১৯	১৯	-	১৫২,০০০
২	জনাব নিহাদ কবির	মনোনীত পরিচালক	১৯	১৭	০২	১৩৬,০০০
৩	জনাব কায়সার কবির **	মনোনীত পরিচালক	১১	০৮	০৩	৬৪,০০০
৪	জনাব আসিফ সালেহ	মনোনীত পরিচালক	১৯	১৪	০৫	১১২,০০০
৫	জনাব কাজী মাহমুদ সান্তার	স্বতন্ত্র পরিচালক	১৯	১৯	-	১৫২,০০০
৬	জনাব ফাহিমা চৌধুরী	স্বতন্ত্র পরিচালক	১৯	১৭	০২	১৩৬,০০০
৭	জনাব ফারজানা আহমেদ	স্বতন্ত্র পরিচালক	১৬	১৪	০২	১১২,০০০
৮	ড. জাহিদ হোসেন	স্বতন্ত্র পরিচালক	০৭	০৬	০১	৪৮,০০০
৯	জনাব মেহেরিয়ার এম হাসান	মনোনীত পরিচালক	০৪	০৩	০১	২৪,০০০
১০	জনাব শামেরান বাহার আবেদ	মনোনীত পরিচালক	০২	০২	-	১৬,০০০

\*\* জনাব কায়সার কবির ২০২০ সালের সেপ্টেম্বর মাসে বোর্ড থেকে পদত্যাগ করেন।

করপোরেট গভর্ন্যান্সের বিস্তারিত জানতে ৩৩৩ পৃষ্ঠায় লক্ষ্য করুন।

## ঝুঁকি এবং উদ্বেগ

ব্র্যাক ব্যাংকে আমাদের অন্যতম প্রধান অগ্রাধিকার হচ্ছে আমাদের ঝুঁকি ব্যবস্থাপনা রূপরেখা এবং নিয়ন্ত্রণ কৌশল আরও জোরদারকরণ অব্যাহত করা। এর মাধ্যমে একটি সদাপরিবর্তনশীল অর্থনীতি, সামাজিক ও নিয়ন্ত্রণমূলক পরিবেশের মধ্যেও নিজেদের মাঝারি-স্বল্প রিস্ক প্রোফাইল বজায় রাখতে পেরেছি আমরা। গ্রুপের অবিষয়তমুখী ঝুঁকি ব্যবস্থাপনা এবং নিয়ন্ত্রণ চর্চার সঙ্গে সম্মতি রেখে আমাদের কৌশলগত উন্নয়নের ওপর হুমকি হয়ে উঠতে পারে, বিভিন্ন দৃশ্যপটে আমাদের সর্বোচ্চ ঝুঁকির প্রাত্যহিক বিশ্লেষণে এমন বিপদসমূহ চিহ্নিত, মূল্যায়ন এবং নজরদারি করা হয়। এছাড়া, ব্যাংক এবং সম্প্রসারিত গ্রুপের চিহ্নিত প্রধান কৌশলগত ঝুঁকিসহ যে কোনো প্রশমনমূলক পদক্ষেপ নিয়মিত তদারকি করে সিনিয়র ম্যানেজমেন্ট। বিরাজমান পরিবেশে কয়েকটি প্রধান ঝুঁকির মধ্যে রয়েছে ডিজিটাল রূপান্তর এবং নতুন প্রতিযোগিতামূলক পরিবেশ, যাতে তৈরি হবে বাজারে বিদ্যমান খেলোয়াড় এবং ফিনটেক ও ডিজিটাল-ফাস্ট কোম্পানিসহ নতুন আগতের মধ্যে বাড়তি প্রতিযোগিতা। গ্রাহকের অভিজ্ঞতা এবং বাজার প্রত্যাশার পাশাপাশি ব্যবসা কিভাবে পরিচালিত হচ্ছে তা পুনঃসংজ্ঞায়িত হচ্ছে এর মধ্য দিয়ে। এই পরিপ্রেক্ষিতে, আমরা মনে করি, বিদ্যমান ব্যবসাকে ডিজিটাইজ করা এবং বর্তমান ব্যাংককে ডিজিটাল প্ল্যাটফর্মে রূপান্তর করাই নতুন পরিবেশে টিকে থাকার গুরুত্বপূর্ণ চাবিকাঠি। এ রূপান্তরে আমাদের সহযোগিতামূলক দৃষ্টিভঙ্গিরও একটি গুরুত্বপূর্ণ ভূমিকা রয়েছে।

এছাড়া, অন্তর্ভুক্তিমূলক এবং টেকসই প্রবৃদ্ধির সহায়তায় সমাজের প্রগতির প্রতিও অঙ্গীকার রয়েছে আমাদের। এভাবে একটি জটিল এবং নিয়ন্ত্রণ-চালিত পরিবেশে পরিচালনার মধ্য দিয়ে নিয়ন্ত্রণবিধি ও সংস্কারের সাথে সম্মতি রেখে ২০২০ সালে আমরা ব্যাংকের ঝুঁকি ব্যবস্থাপনা বিভাগ (আরএমডি) পুনঃজোরদার করেছি। এছাড়া, ব্যাংকের ঝুঁকি ব্যবস্থাপনা নীতি সংশোধন করেছি এবং ২০২০ সালে, আমাদের ঝুঁকি ব্যবস্থাপনা বিভাগের পরিসীমা আরও বাড়িয়ে তুলেছি, যা আমাদের সহায়তা করেছে বেস্ট প্র্যাকটিস-এর দিক থেকে এগিয়ে থাকতে এবং ব্যাংকের মধ্যে সামগ্রিক ঝুঁকি ব্যবস্থাপনা নিশ্চিত করতে।

এছাড়া, আমাদের ঝুঁকি ব্যবস্থাপনা বিশেষজ্ঞ রয়েছে, যে কারণে প্রতিটি প্রকৃত ঝুঁকির জন্য আমরা সংশ্লিষ্ট কর্মীকে দায়িত্ব দিতে পারি। এছাড়া, আমাদের যথাযথ ডেলিগেশন অব অথরিটি রয়েছে যে কোনো ঝুঁকি বৃদ্ধি ও ঝুঁকি গঠন বিষয় মোকাবেলা করা ও পর্যাপ্ত সমাধান নিশ্চিত করার জন্য। মূল্যায়ন ও সে অনুযায়ী সমাধান নির্ণয়ে এন্টারপ্রাইজ রিস্ক অ্যাসোসিয়েটস ফোরাম (ইআরএএফ) সহ ঝুঁকি বৃদ্ধির জন্য আমরা বিভিন্ন ফোরাম গঠন করেছি।

ধারাবাহিকভাবে, ইআরএএফ ইস্যু, যেসকল ক্ষেত্রে আমাদের ম্যানেজমেন্টের নির্দেশনা ও সিদ্ধান্ত প্রয়োজন হয়, সেগুলি এন্টারপ্রাইজ রিস্ক ম্যানেজমেন্ট কমিটিতে (ইআরএমসি) উপস্থাপন করা হয়। ঝুঁকি চিহ্নিত করা, তার মোকাবেলা ও নিরসনের লক্ষ্যে প্রতি মাসে ইআরএমসি-সহ বৈঠকে বসে ইআরএএফ। সর্বশেষে, বোর্ডের পর্যালোচনা ও নির্দেশনার জন্য গুরুত্বপূর্ণ ঝুঁকি

উপাদানগুলো বোর্ড রিস্ক ম্যানেজমেন্ট কমিটিতে (বিআরএমসি) হাইলাইট করা হয়।

আর্থিক বিবরণীর টিকা সেকশন ২.১০ (পৃষ্ঠা ৫০৭), রিস্ক ম্যানেজমেন্ট অধ্যায়ে (পৃষ্ঠা ৪০০-৪৭২) লক্ষ্য করুন।

## আর্থিক বিবরণী ও বার্ষিক প্রতিবেদনের প্রস্তুতি

ব্যাংক ব্যাংকের আর্থিক বিবরণীর শুদ্ধতা ও গুণগত মান নিশ্চিত করা আমাদের কাছে সবচেয়ে গুরুত্বপূর্ণ। বার্ষিক প্রতিবেদন তৈরির ক্ষেত্রে সত্য এবং ন্যায্য উপস্থাপনের ওপর সবচেয়ে গুরুত্ব দেয়া হয়েছে। এছাড়া নিচের নীতিমালা অনুসরণ করেছি আমরা:

- যথাযথ হিসাব নীতির অব্যাহত ব্যবহার এবং প্রয়োগ
- যথাযথ বুক অব অ্যাকাউন্টস রক্ষা করেছি
- এমন বিচার এবং হিসাব অনুমান করেছি যা যুক্তিসঙ্গত এবং বিচক্ষণ
- আমরা আর্থিক বিবরণী প্রস্তুত করেছি একটি চলমান ব্যবসা ভিত্তিতে
- আমরা বাংলাদেশে প্রযোজ্য অন্যান্য আইন ও বিধি অনুসরণ করেছি

ব্যাংকের বোর্ড অডিট কমিটি ২০২০ সালের আর্থিক বিবরণী পর্যালোচনা করেছে এবং বিবেচনার জন্য পরিচালনা পর্ষদের কাছে পেশ করেছে। এক্সটার্নাল নিরীক্ষক এমএস রহমান রহমান হক, চার্টার্ড অ্যাকাউন্ট্যান্ট, শেয়ারহোল্ডারদের দ্বারা নিয়োগপ্রাপ্ত, ২০২০ সালের ৩১ ডিসেম্বর সমাপ্ত বছরের আর্থিক বিবরণীর যথার্থতা সত্যায়িত করেছেন।

আর্থিক বিবরণীর সেকশন ২.১ থেকে ২.৯.১-এ বিস্তারিত উল্লেখ করা আছে।

## অভ্যন্তরীণ নিয়ন্ত্রণ ও কমপ্লায়েন্স

ব্যাংকিং একটি বৈচিত্র্যময় এবং গতিশীল আর্থিক কার্যক্রম যার সঙ্গে জড়িত রয়েছে বিচিত্র ধরনের ঝুঁকি। এ কারণে একটি কার্যকর অভ্যন্তরীণ নিয়ন্ত্রণ পদ্ধতি, সুশাসনের সেবা চর্চা, সব আর্থিক কার্যক্রমে স্বচ্ছতা এবং অংশীজন ও নিয়ন্ত্রকদের কাছে জবাবদিহিতা ব্যাংকিং শিল্পের স্থিতিশীল ও নির্বিঘ্ন কার্যক্রমের জন্য অপরিহার্য। একটি কার্যকর অভ্যন্তরীণ নিয়ন্ত্রণ এবং কমপ্লায়েন্স সিস্টেম ব্যাংকের টেকসই কার্যক্রম এবং কার্যকর ঝুঁকি ব্যবস্থাপনা চর্চায় অপরিহার্য।

আমরা আমাদের আইসিসিডি-কে 'ট্রি' (টি আর ই ই) এর মাধ্যমে প্রকাশ করি:

- স্বচ্ছতা (ট্রান্সপারেন্সি)
- নির্ভরযোগ্যতা (রিলায়েবিলিটি)
- কার্যকারিতা (ইফেক্টিভনেস)
- নৈতিকতা (ইথিক্স)

ব্যাংক ব্যাংক তার পরিচালনা পর্ষদ, ম্যানেজমেন্ট, সাংগঠনিক ও প্রক্রিয়াগত নিয়ন্ত্রণ এবং একটি স্বাধীন নিরীক্ষা কৌশলের মাধ্যমে একটি যথাযথ ও কার্যকর অভ্যন্তরীণ নিয়ন্ত্রণ পরিবেশ গড়ে তুলেছে, যাতে নিশ্চিত হয় যে, ব্যাংকটি গতিশীল ও সম্ভাবনাময় উদ্যোগ হিসেবে নিয়ন্ত্রিত ও পরিচালিত হচ্ছে। অভ্যন্তরীণ নিয়ন্ত্রণ পদ্ধতির মাধ্যমে দুর্বলতাগুলি ব্যাংক চিহ্নিত করে এবং সেগুলি অতিক্রমে ব্যবস্থা গ্রহণ করে। ব্যাংকের অভ্যন্তরীণ নিয়ন্ত্রণ পদ্ধতির কার্যকারিতা তদারকিতে আরো একটি অডিট কমিটি গঠন করেছে বোর্ড। অডিট কমিটি নির্দিষ্ট সময় পরপর সিনিয়র ম্যানেজমেন্টের সাথে বৈঠক করেন এবং অভ্যন্তরীণ নিয়ন্ত্রণ পদ্ধতির কার্যকারিতা নিয়ে আলোচনায় বসেন। এটি নিশ্চিত করা হয় যে, বাংলাদেশ ব্যাংকের পরিদর্শন টিম, এক্সটার্নাল অডিটর এবং ব্যাংকের আইসিসিডির সুপারিশ অনুসারে যথাযথ পদক্ষেপ নিয়েছে ম্যানেজমেন্ট। অভ্যন্তরীণ নিয়ন্ত্রণ পদ্ধতির সামগ্রিক কার্যকারিতা বার্ষিক ভিত্তিতে পর্যালোচনা করে ব্যাংক, যা পর্যালোচনা, মূল্যায়ন এবং মতামতসহ পরিচালনা পর্ষদের কাছে, চলমান ভিত্তিতেই, অভ্যন্তরীণ নিয়ন্ত্রণ নীতিমালা, সেগুলোর প্রয়োগ এবং প্রক্রিয়াগুলোর কার্যকারিতার বিবরণীসহ উপস্থাপন করা হয়।

আইসিসিডি বিষয়ে বিস্তারিত জানতে ২৬৯ পৃষ্ঠায় লক্ষ্য করুন।

## করপোরেট সুশাসন

আমাদের সুশাসনের রূপরেখা গড়ে উঠেছে যোগ্য নেতৃত্ব, কার্যকর অভ্যন্তরীণ নিয়ন্ত্রণ, শক্তিশালী ঝুঁকি সংস্কৃতি এবং আমাদের গ্রাহক, শেয়ারহোল্ডার, কর্মী, সমাজ এবং নিয়ন্ত্রকসহ সব স্টেকহোল্ডারদের স্বত্ব ও তাদের কাছে জবাবদিহিতার সমন্বয়ে।

ব্যাংক ব্যাংকের একটি সক্রিয় বোর্ড রয়েছে যা স্টেকহোল্ডারদের প্রত্যাশা পূরণে সুশাসন মানদণ্ড নির্ধারণে গুরুত্বপূর্ণ ভূমিকা পালন করে। আমাদের পরিচালনা ও অপারেশন মডেল নিশ্চিত করে যথায় শক্তির ভারসাম্য, জবাবদিহিতা এবং ব্যাংকের বিভিন্ন ক্ষেত্রে সিদ্ধান্ত গ্রহণ প্রক্রিয়ায় স্বাধীনতা। উপরন্তু, আমাদের করপোরেট সংস্কৃতির গভীরে করপোরেট সুশাসনের নীতিমালা ধারণ করার লক্ষ্যে শক্তিশালী মেকানিজম রয়েছে। ডিসক্লোজার, স্বচ্ছতা এবং ব্যবসায়িক নৈতিকতার ক্ষেত্রে সেবা চর্চার নীতি গ্রহণ করেছে ব্যাংক যার লক্ষ্য স্টেকহোল্ডারদের প্রত্যাশায় মূল্যায়ন। আমরা করপোরেট গভর্ন্যান্স (সিজি) কোড চর্চার ক্ষেত্রে এবং বাংলাদেশ ব্যাংকের সুশাসন নির্দেশিকার সকল বিধি-বিধান মেনে চলি।

ব্যাংক ব্যাংক চলমান ভিত্তিতে তার সব স্টেকহোল্ডারদের কাছে গুণগত মানসম্পন্ন তথ্য বিতরণ ও সর্বোচ্চ নৈতিক মানদণ্ডের প্রয়োগ



ও ফলপ্রসূ করার লক্ষ্যে তার করপোরেট সুশাসন নীতিমালা এবং নির্দেশনাসমূহ প্রতিনিয়ত পর্যালোচনায় অঙ্গীকারাবদ্ধ। ব্যাংকটিকে একটি টেকসই প্রবৃদ্ধির পথে পরিচালিত করতে প্রজ্ঞা ও নেতৃত্বের মাধ্যমে সুশাসনের কাঠামো গঠন ও চর্চার গুরুত্ব দেয় ব্যাংকের পরিচালনা পর্ষদের সদস্যরা। কথায়ম কাজে এবং প্রেরণায় ব্যাংকের কার্যক্রম, সম্পদ ও মূলশক্তি যেন এই লক্ষ্য অর্জনে সবসময় নিয়োজিত থাকে, সে বিষয়টি বিবেচনায় রেখেই করপোরেট সুশাসন প্রক্রিয়াসমূহ নিশ্চিত করে থাকে পরিচালনা পর্ষদ।

করপোরেট সুশাসনের বিস্তারিত জানতে ৩১৪ পৃষ্ঠায় লক্ষ্য করুন।

## চলমান ব্যবসা ভিত্তিতে

ব্যাংকের আর্থিক বিবরণী একটি চলমান ব্যবসার ভিত্তিতে প্রণীত হয়েছে। বোর্ড এ মর্মে সন্তুষ্ট যে ব্যবসায় যুক্তিসঙ্গত প্রবৃদ্ধির পাশাপাশি ব্যাংক আগামীতে তার কার্যক্রম চালিয়ে যাওয়ার মতো পর্যাপ্ত সক্ষমতা লাভ করেছে। চলমান ব্যবসা অনুমানের ক্ষেত্রে বোর্ড আর্থিক অবস্থার চলতি বিবরণী, লাভ ও ক্ষতির বিবরণী, বিজনেস পোর্টফোলিও, পরিচালনার শক্তি, ব্যবসার দীর্ঘমেয়াদী কৌশল ও নিয়ন্ত্রক মূলধন ও তারল্য পরিকল্পনা এবং ভবিষ্যৎ পুঁজি সঞ্চালন পরিকল্পনা ইত্যাদি বিবেচনায় নিয়েছে।

তাই বলা যায় যে, চলমান ব্যবসার বিষয়টি নিয়ে আমাদের সন্দেহের কোন অবকাশ নেই, বরং এই বিষয়ে আত্মবিশ্বাসী হওয়ার যথেষ্ট কারণ রয়েছে।

চলমান ব্যবসা বিষয়ে বিস্তারিত জানতে ৩৯৭ পৃষ্ঠায় লক্ষ্য করুন।

## কোভিড-১৯ মহামারি ও আমাদের প্রতিক্রিয়া

বাংলাদেশে কোভিড-১৯ মহামারি সংকট শুরুর প্রাথমিক কাল থেকেই বাস্তবসম্মত পদক্ষেপ নিতে শুরু করে ব্র্যাক ব্যাংক। রূপরেখায়, উদ্যোগী পদক্ষেপের পাশাপাশি, মনোযোগ রাখা হয় ব্যবসার সব ক্ষেত্রে কোভিড-১৯ মহামারি জনিত ঝুঁকি বৃদ্ধির মাত্রা কমিয়ে আনার দিকে, কর্মীর নিরাপত্তার দিকে, এবং পরিচালন ঝুঁকির কারণে ব্যবসা চালু রাখা, ঋণ ঝুঁকি, বাজার ঝুঁকি ও পরিচালন ঝুঁকির কারণে সম্পদেও গুণগত মানের ওপর সম্ভাব্য প্রভাবের দিকে। এর প্রধান কারণ সম্পদ ও দায় খতিয়ানে অবনিহিত ঝুঁকি বিবেচনায় বড় পরিবর্তন, নগদ প্রবাহে ঋণকারীর দৃষ্টিভঙ্গিতে পরিবর্তনের কারণে তারল্য চাপ এবং নাগরিক লকডাউন আরোপে তৈরি হওয়া বিপর্যয়ে জামানত প্রত্যাহার, ইত্যাদি।

এক্ষেত্রে ব্যাংক নিম্নে বর্ণিত বিভিন্ন পদক্ষেপ গ্রহণ করেছে:

- **সহকর্মীদের সুরক্ষা:** কর্মীদের স্বাস্থ্য বিষয়ে উপদেশ দেয়া ও সেগুলোর বাস্তবায়ন নিশ্চিত করা, অফিস প্রাঙ্গনে পরিচ্ছন্নতা বজায় রাখা, কোয়ারেন্টাইন ও আইসোলেশন সুবিধা এবং সব কর্মীর জন্য ওয়ান-স্টপ টেলিমেডিসিন সুবিধা

- **ব্যবসায়িক স্থিতিশীলতা নিশ্চিত করা:** ঘরে-থেকে-কাজ (ওয়ার্ক ফ্রম হোম) উদ্যোগ চালু করা ও কর্মীদের এতে উৎসাহিত করার পাশাপাশি নতুন বিজনেস কন্টিনিউইটি প্ল্যান (বিসিপি) পরীক্ষা ও বাস্তবায়ন করা।
- **ব্যবসা পরিচালনার সুরক্ষা:** অতিরিক্ত নিয়ন্ত্রণ ও তদারকির মাধ্যমে গুরুত্বপূর্ণ পরিচালনা ঝুঁকি প্যারামিটার স্থাপন করা যেন লকডাউন এবং ওয়ার্ক ফ্রম হোম পরিবেশেও কঠোর নজরদারি সম্ভব হয়।
- **পর্যাপ্ত তারল্য ধরে রাখা:** তারল্য পরিস্থিতি এবং অকস্মাৎ জামানত প্রত্যাহারের বিষয়ে সার্বিক তদারকি
- **মূলধন সংরক্ষণ:** বিরাজমান নাজুক ঋণ এল্লপোজারের বর্ধিত তদারকিসহ নতুন এল্লপোজার বিতরণ ও উৎপত্তিতে ঋণ উপদেষ্টা ইস্যুকরণ

এছাড়া, আমরা 'কোভিড টেস্ট অ্যান্ড ইন্সুরেন্স' নামে একটি কোভিড-১৯ তদারকি টিম গঠন করেছি যারা প্রতি সপ্তাহে (কিংবা যখন এবং যেভাবে প্রয়োজন হচ্ছে) সভায় বসছেন এবং উল্লিখিত প্রতিটি পরিস্থিতির পর্যালোচনা করছেন। তারা মূল্যায়ন করছেন কোনো ঝুঁকিসমূহ অগ্রাধিকারভিত্তিতে চিহ্নিত করতে হবে এবং মাঠ পর্যায়ের পরিস্থিতির ওপর নির্ভর করে কী পদক্ষেপ নিতে হবে, তাও নিশ্চিত করছেন।

## কোভিড-১৯ মহামারি চলাকালীন সামাজিক দায়বদ্ধতা

কোভিড-১৯ মহামারির বিরুদ্ধে দেশবাসীর সাথে সংহতি জানিয়ে লড়াইয়ে অংশ নেয় ব্র্যাক ব্যাংক এবং গ্রাহক, কর্মী, ব্যবসায়িক অংশীদার, সরকারি সংস্থা এবং বৃহত্তর জনগোষ্ঠীকে সহায়তা দেয়ার লক্ষ্যে এখনও বহুমুখী কার্যক্রমের অঙ্গীকার পালন করে যাচ্ছে। এছাড়া, জরুরি সরঞ্জাম এবং স্যানিটেশন প্রয়োজনের সময় আমরা সরকারকে সরাসরি সহায়তা দিয়েছি। মহামারির বিরুদ্ধে দেশের বৃহত্তর যুদ্ধ আরো গতিশীল করার জন্য প্রধানমন্ত্রীর ত্রাণ তহবিলের পাশাপাশি অন্যান্য নানা ক্ষেত্রেও অবদান রেখেছে ব্র্যাক ব্যাংক।

২০২০ সালে ব্র্যাক ব্যাংকের সিএসআর কার্যক্রম বিস্তারিত জানতে ৩৮৩ পৃষ্ঠায় লক্ষ্য করুন।

## লভ্যাংশ

নিয়ন্ত্রক সংস্থা কর্তৃক লভ্যাংশ নীতিতে কোনো বস্তুগত পরিবর্তন আসলে তার বাস্তবায়ন ব্র্যাক ব্যাংক বাৎসরিক পর্যালোচনা করে দেখে। আমাদের পরিচালকবৃন্দ প্রতিনিয়ত সম্মানিত শেয়ারহোল্ডারদের স্বার্থ সমুন্নত ও সুরক্ষিত রাখার পাশাপাশি ব্যাংকের সাবলীল প্রবৃদ্ধির লক্ষ্যে সচেতন রয়েছেন। লভ্যাংশ বিষয়ে যেকোনো সিদ্ধান্ত শুধু ব্যাংকের পরিচালকদের সভাতেই নেওয়া হয়, বোর্ডের অন্য কোনো সহযোগী পর্ষদ সভা বা রেজুলেশন বাই সার্কুলেশনের মাধ্যমে নয়। চূড়ান্ত লভ্যাংশ শুধুমাত্র ব্যাংকের বার্ষিক সাধারণ সভায় শেয়ারহোল্ডারদের চূড়ান্ত অনুমোদনের পরই

প্রদান করা হয়। উপরন্তু, লভ্যাংশ বিষয়ক সিদ্ধান্ত অন্য যেকোনো ধরনের পরিস্থিতির শর্তাধীনও হতে পারে, যেমনঃ

- দেশের অভ্যন্তরীণ অর্থনীতির পরিস্থিতিসহ, বাহ্যিক অবস্থা
- প্রতিযোগীদের লভ্যাংশ নীতি
- করের হার এবং প্রযোজ্যতাসহ কর বাস্তবায়ন
- শেয়ারহোল্ডারদের প্রত্যাশা
- মুনাফাযোগ্যতা এবং গুরুত্বপূর্ণ আর্থিক সূচক
- ব্যাংকের নিয়ন্ত্রক কর্তৃক মূলধন রক্ষণাবেক্ষণ এবং নিয়ম-কানুন অনুযায়ী ইন্টারনাল ক্যাপিটাল অ্যাডিকুয়েসি অ্যাসেসমেন্ট প্রসেস (আইসিএএপি)-এর প্রয়োজনীয়তার সম্ভাব্যতা
- প্রযোজ্য সব ধরনের নিয়ন্ত্রণমূলক প্রয়োজনীয়তা
- লভ্যাংশ পরিশোধে বাংলাদেশ ব্যাংকের অনুমোদন।

ব্যাংকের একটি সম্ভাষণজনক টোটাল ক্যাপিটাল টু রিস্ক-ওয়েটেড অ্যাসেস্ট রেশিও (সিআরএআর) বজায় রাখতে পরিচালনা পর্ষদ ২০২০ সালের ৩১ ডিসেম্বর সমাপ্ত বছরে ১০ শতাংশ নগদ লভ্যাংশ এবং ৫ শতাংশ স্টক লভ্যাংশ মিলিয়ে মোট ১৫ শতাংশ লভ্যাংশ সুপারিশ করেছে, যা ২২তম বার্ষিক সাধারণ সভায় অনুমোদিত হতে হবে।

## নিরীক্ষক নিয়োগ

বিদ্যমান নিরীক্ষক, মেসার্স রহমান রহমান হক, চার্টার্ড অ্যাকাউন্ট্যান্টস, ব্র্যাক ব্যাংকের নিরীক্ষক হিসেবে উপর্যুপরি তাদের তিন বছর সম্পন্ন করেছেন। বাংলাদেশ ব্যাংকের নির্দেশনা অনুসারে, একজন নিরীক্ষক পরপর তিন বছরের বেশি নিযুক্ত থাকতে পারেন না। এ কারণে, ২০২১ অর্থবছরের জন্য ব্র্যাক ব্যাংকের নিরীক্ষক হিসেবে বিদ্যমান নিরীক্ষকদের পরিবর্তন করার প্রয়োজন রয়েছে, যেহেতু তারা ২০২১ সালে পুনর্নিয়োগের জন্য উপযুক্ত নন। এ কারণে আমরা উপযুক্ত অডিট ফার্মের কাছ থেকে ব্র্যাক ব্যাংকের অডিটর হিসেবে কাজের জন্য আগ্রহপ্রত্ন সংগ্রহ করেছি। পরিচালনা পর্ষদ ২০২১ সালের জন্য ব্যাংকের অডিটর হিসেবে মেসার্স হোদা ভাসি চৌধুরী অ্যান্ড কোং, চার্টার্ড অ্যাকাউন্ট্যান্টস-কে ব্যাংকের নিরীক্ষক হিসেবে নিয়োগ দিয়েছে।

নিরীক্ষকদের এ নিয়োগ শেয়ারহোল্ডারদের মাধ্যমে ২২তম বার্ষিক সাধারণ সভায় অনুমোদিত হবে।

## কৃতজ্ঞতা স্বীকার

কোভিড-১৯ মহামারির কারণে আমাদের উন্নয়ন অভিযাত্রায় ২০২০ ছিলো একটি কঠিন বছর, যা আমাদের বাংলাদেশে সেরা ডিজিটাল ও সর্বোচ্চ দায়িত্বশীল ব্যাংক হিসেবে দৃষ্টিভঙ্গি আরো জোরদার করেছে। এ বছরও আমরা সকল স্টেকহোল্ডারদের জন্য ইতিবাচক ফল তৈরির লক্ষ্যে আমাদের কৌশলের প্রস্তাবনা ও বাস্তবায়নে বিনিয়োগ অব্যাহত রেখেছি।

গ্রাহকদের কাছ থেকে সুদ ও প্রবৃদ্ধির বহুমাত্রিক সম্ভাবনাসহ ২০২১ সালে উত্তরণের প্রক্রিয়ায়, আমাদের বিশ্বাস আমরা লক্ষ্যণীয় মাত্রায় আয় বৃদ্ধি এবং মুনাফা প্রবৃদ্ধি পুনরুদ্ধারে সঠিক পথে রয়েছি। এটি আমাদের গ্রাহক-কেন্দ্রিক বিজনেস মডেল এবং প্রতিযোগিতামূলক ব্যাংকিং খাতে নানান পরিবর্তনমুখী দৃষ্টিভঙ্গির সঙ্গে সামঞ্জস্য রাখার মধ্য দিয়ে অর্জন করা সম্ভব।

আমাদের ওপর আস্থা রাখার জন্য আমরা আপনাদের প্রতি কৃতজ্ঞ। আপনাদের নিরন্তর সহায়তা আমাদের ব্যবসার প্রবৃদ্ধি ও উন্নয়নে অবদান রেখে চলেছে। এজন্য আমাদের সাফল্যের প্রাণকেন্দ্র দৃঢ় অঙ্গীকারাবদ্ধ, নিবেদিতপ্রাণ এবং কঠোর পরিশ্রমী ব্র্যাক ব্যাংকের কর্মীদের অবদানের কথা স্মরণ করছি।

এ সুযোগে আমরা আমাদের স্টেকহোল্ডার, গ্রাহক, বাংলাদেশ ব্যাংক এবং অন্যান্য সরকারি সংস্থা, নিয়ন্ত্রক সংস্থা এবং ব্যাংকের সঙ্গে সংযুক্ত সবার অবদানের স্বীকৃতি ও তাদের প্রতি আমাদের অভিবাদন জানাতে চাই। আপনাদের বিশ্বাস এবং আস্থার মর্যাদা রক্ষা করতে আজ এবং আগামীতে নিজেদের সর্বোচ্চ প্রচেষ্টা অব্যাহত রাখার অঙ্গীকার করছি।

পরিচালনা পর্ষদের পক্ষে,

Ahmed H. Munn

ড. আহসান এইচ মনসুর  
চেয়ারম্যান

- ইংরেজি এবং বাংলা তথ্যের মধ্যে কোনো ব্যত্যয় পরিলক্ষিত হলে ইংরেজি অংশ দেখার জন্য অনুরোধ করা হলো।

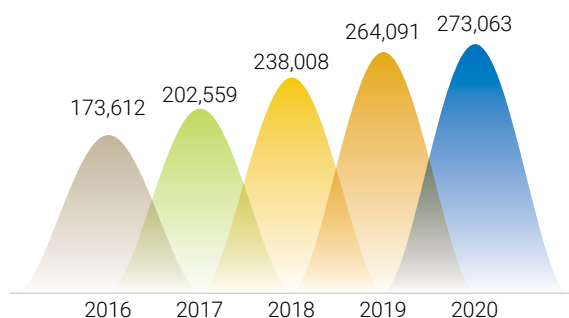
# FIVE YEARS' FINANCIAL SUMMARY

## GRAPHICAL PRESENTATION

### STANDALONE INFORMATION

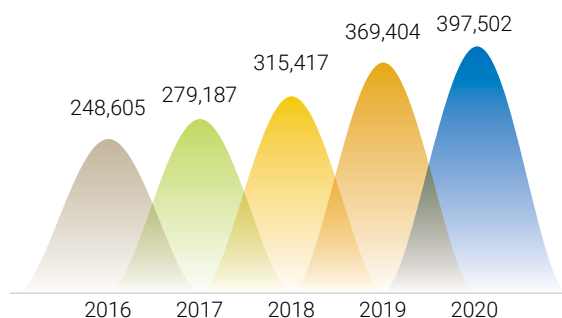
Loans and Advances

BDT in million



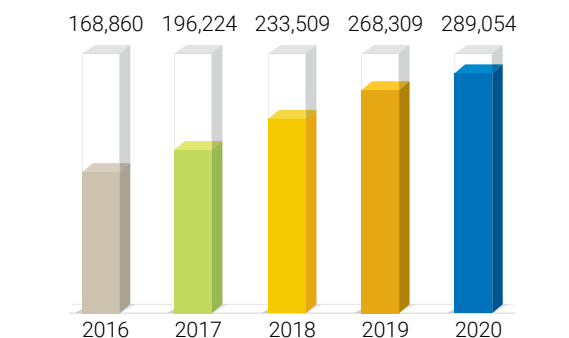
Total Assets

BDT in million



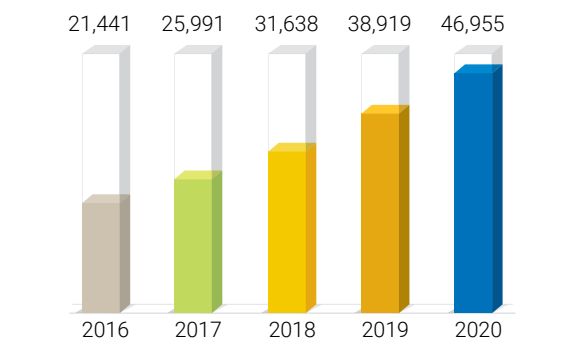
Deposit and other accounts

BDT in million



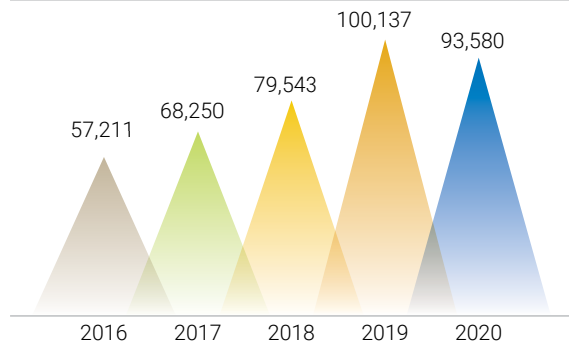
Shareholders' Equity

BDT in million

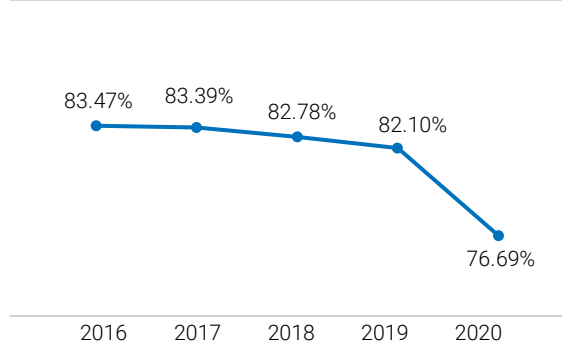


Off Balance Sheet Items

BDT in million

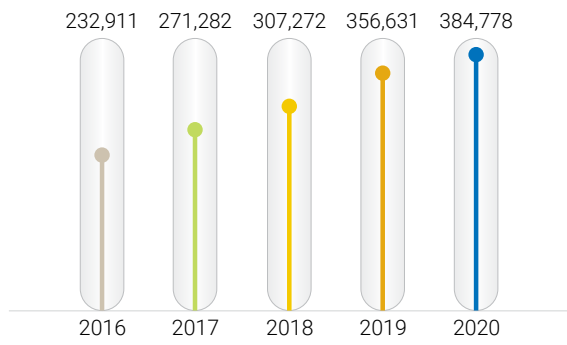


AD ratio



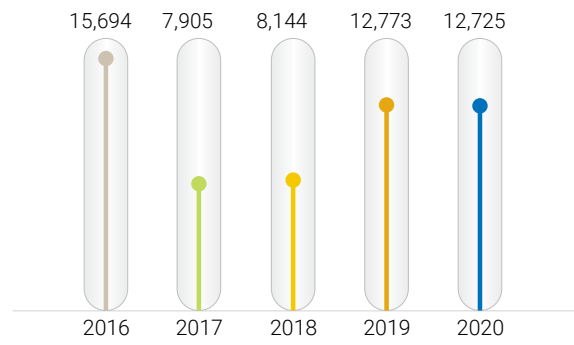
### Interest Earning Assets

BDT in million

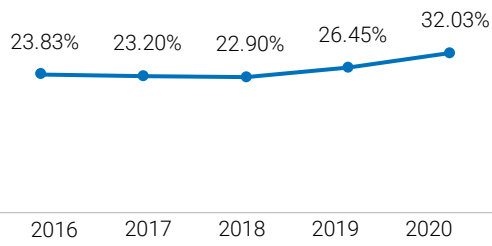


### Non-Interest Earning Assets

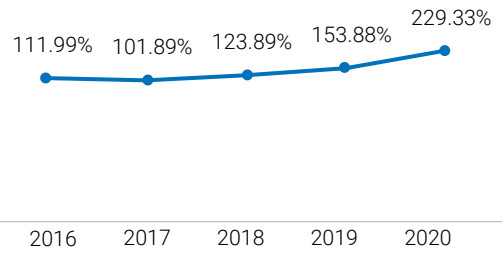
BDT in million



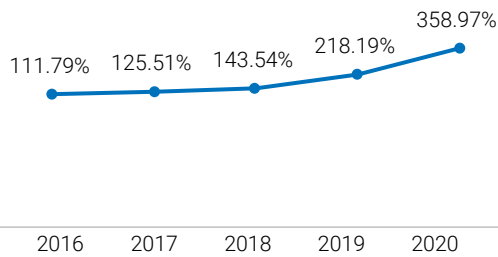
### Liquid Asset to Total Deposit Ratio



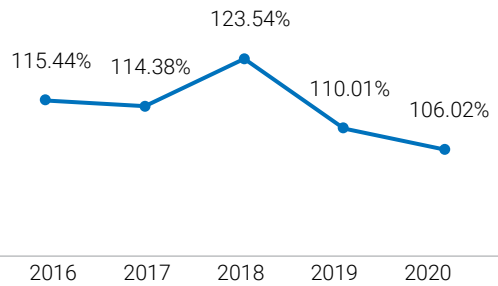
### Liquid Asset to Short Term Liabilities



### Liquidity Coverage Ratio (LCR)

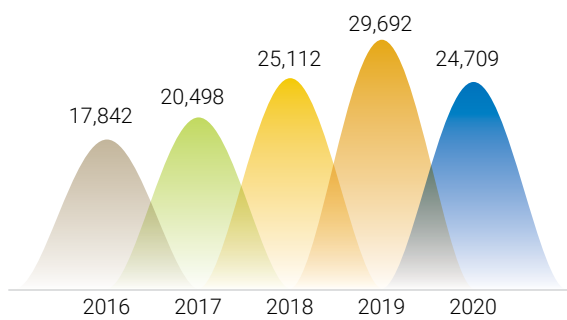


### Net Stable Funding Ratio (NSFR)



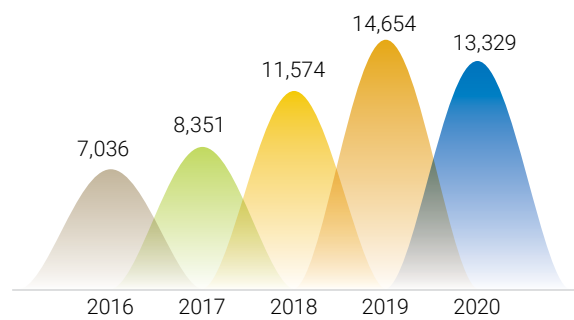
### Interest Income

BDT in million



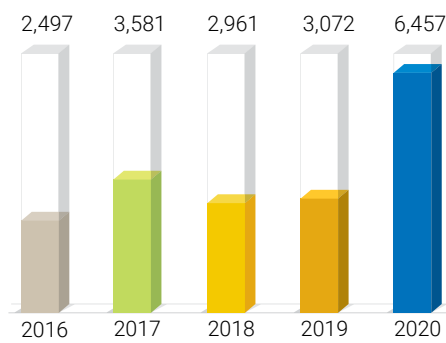
### Interest Expense

BDT in million



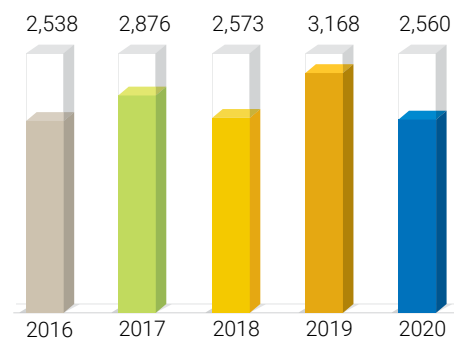
### Investment Income

BDT in million



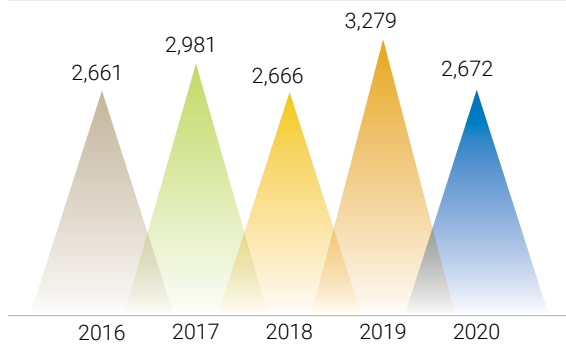
### Commission, Exchange & Brokerage

BDT in million



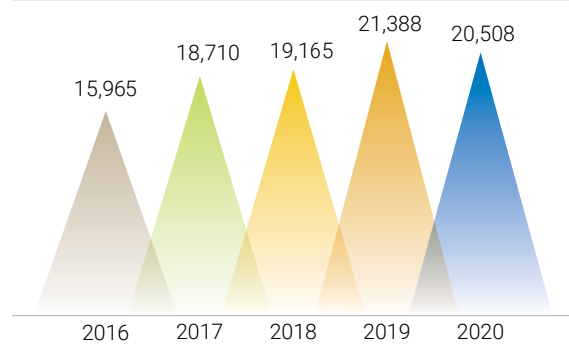
### Non-Interest Income

BDT in million



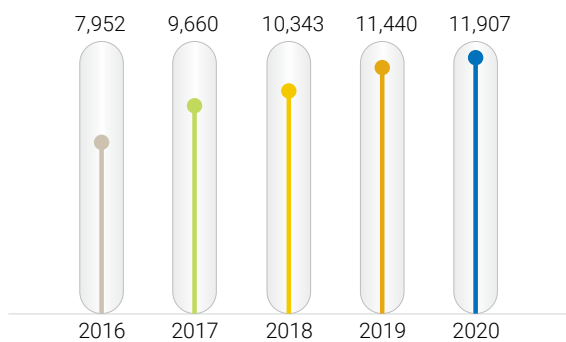
### Total Revenue

BDT in million



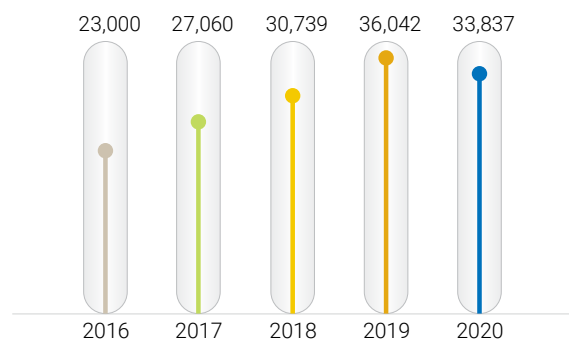
### Total Operating Expenses

BDT in million



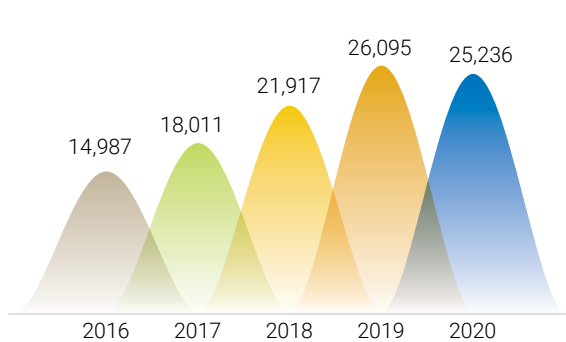
### Total Income

BDT in million



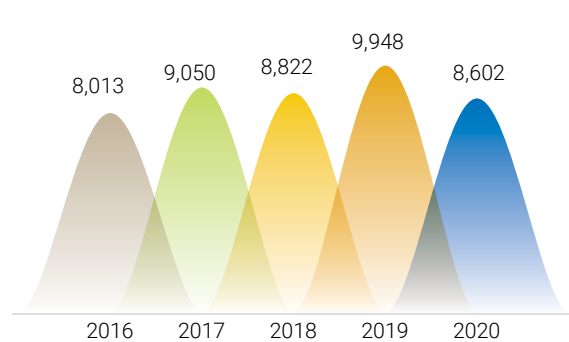
### Total Expenditure

BDT in million



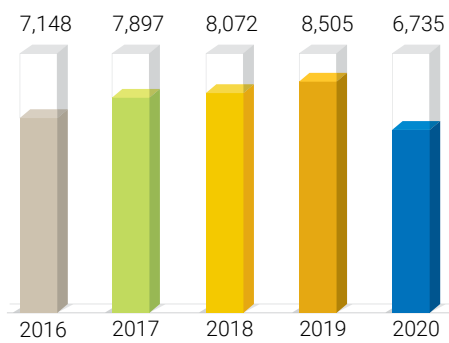
### Operating Profit

BDT in million



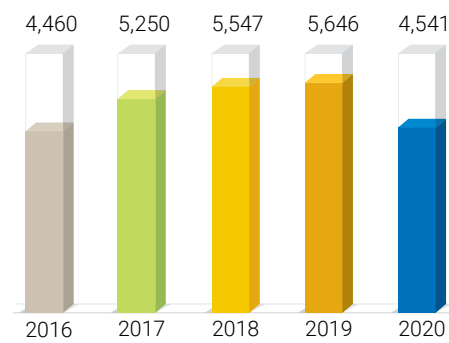
### Profit Before Tax

BDT in million



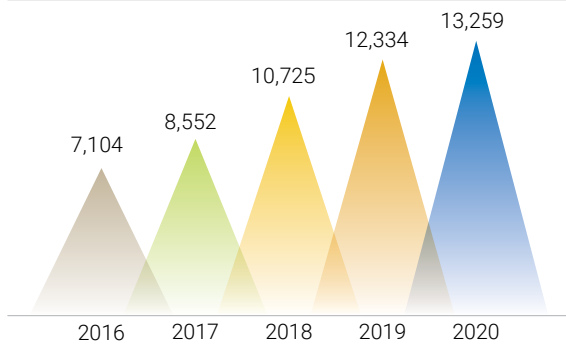
### Net Profit After Tax

BDT in million



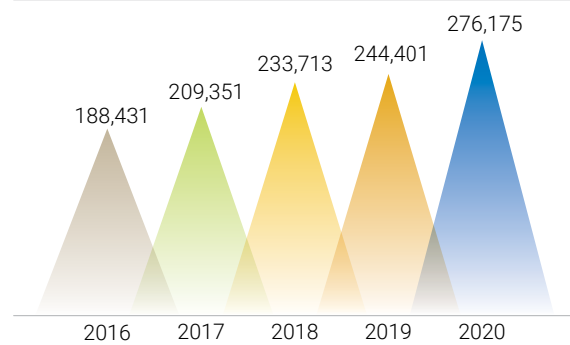
### Paid up Share Capital

BDT in million



### Risk Weighted Assets

BDT in million

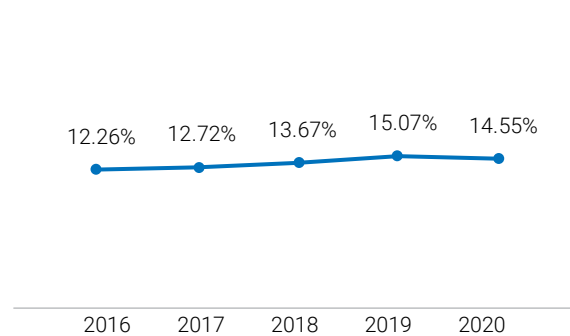


### Regulatory Capital

BDT in million

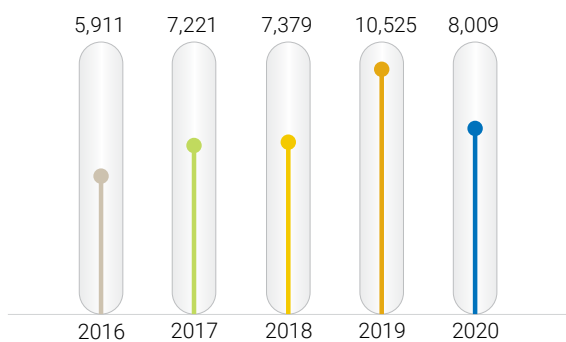


### Capital to Risk-weighted Asset Ratio



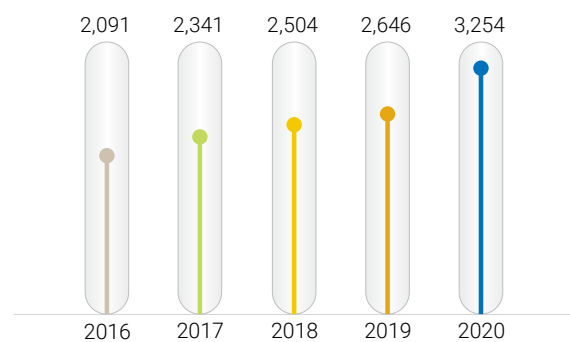
### Classified Loans

BDT in million

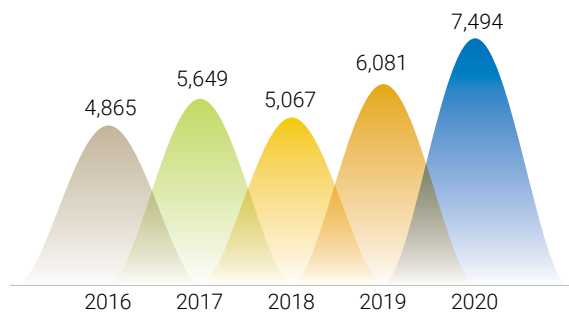


### Provision for Unclassified Loans (GP)

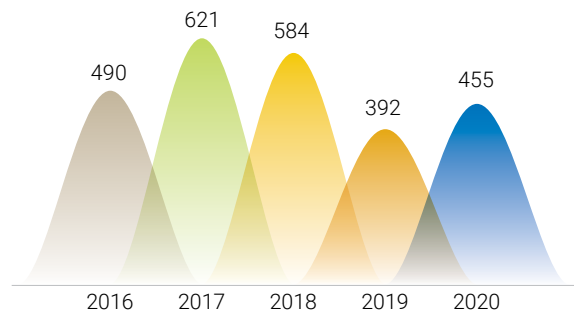
BDT in million



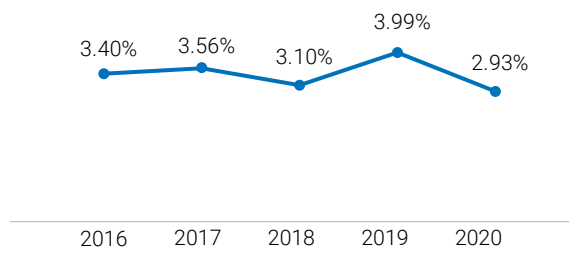
**Provision for Classified Loans (SP)** BDT in million



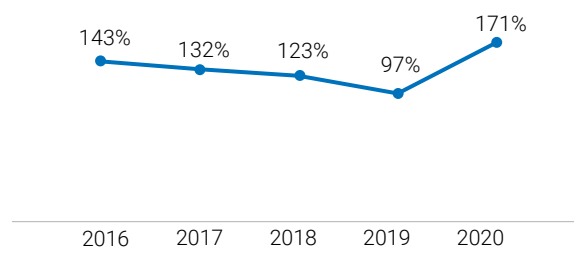
**Provision for off balance sheet items** BDT in million



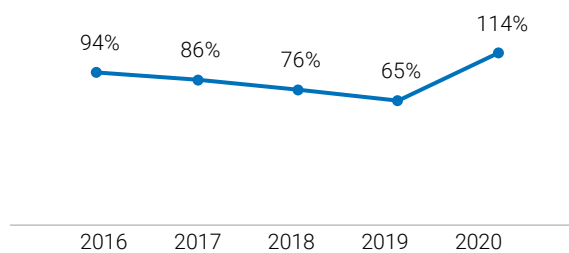
**Percentage of NPLs to Total Loans and Advances**



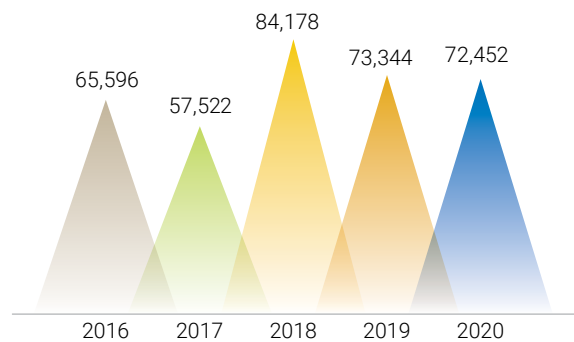
**NPL Coverage Ratio (incl. GP)**



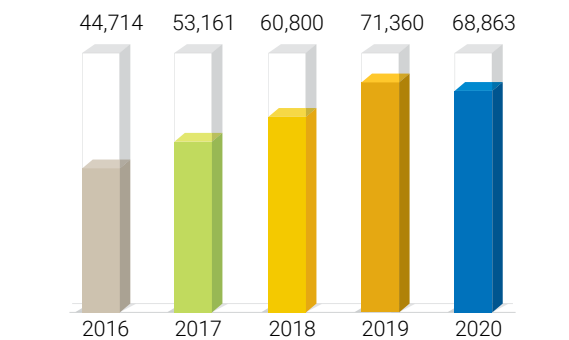
**NPL Coverage Ratio**



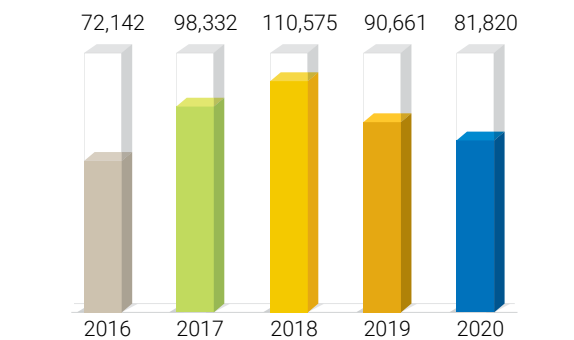
**Remittance (Inward)** BDT in million



**Export** BDT in million

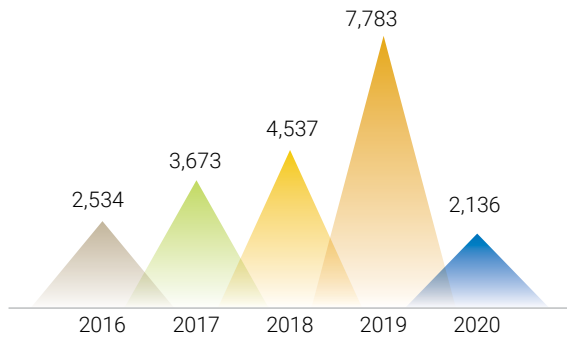


**Import** BDT in million

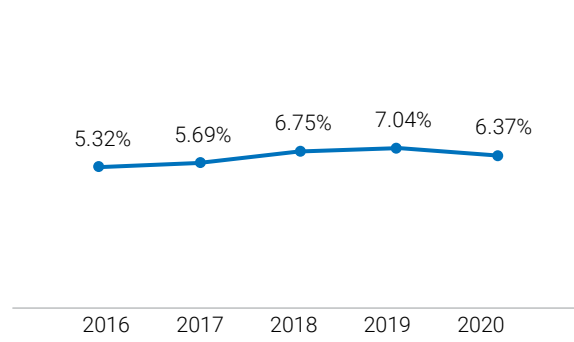


### Guarantee

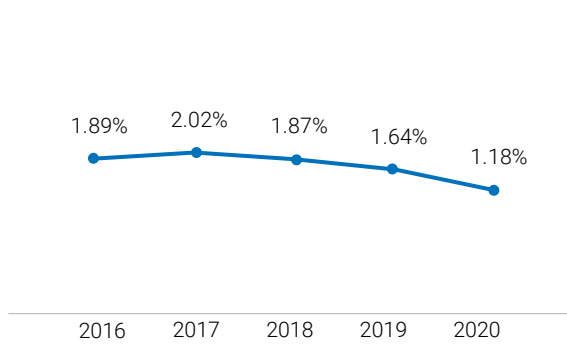
BDT in million



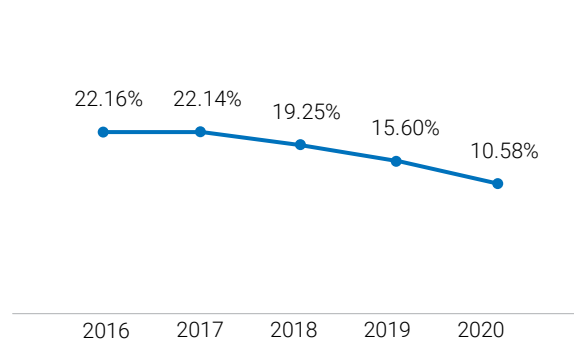
### Cost of Fund



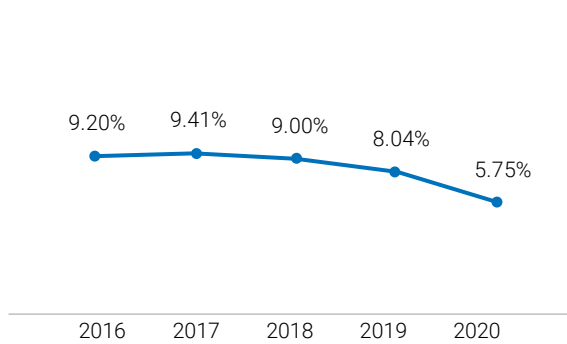
### Return on Assets



### Return on Equity

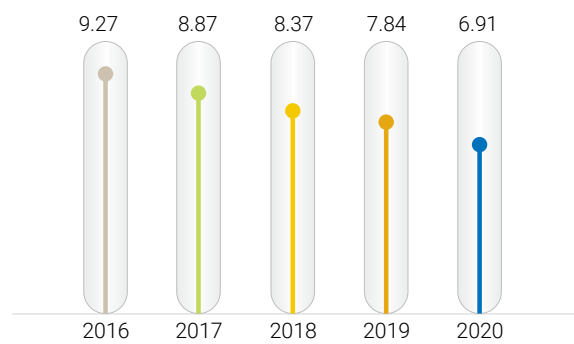


### Return on Investment

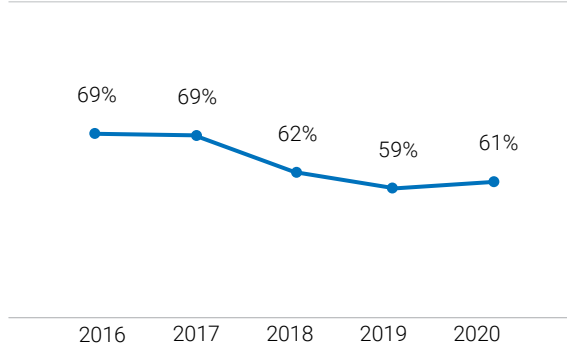


### Debt Equity Ratio

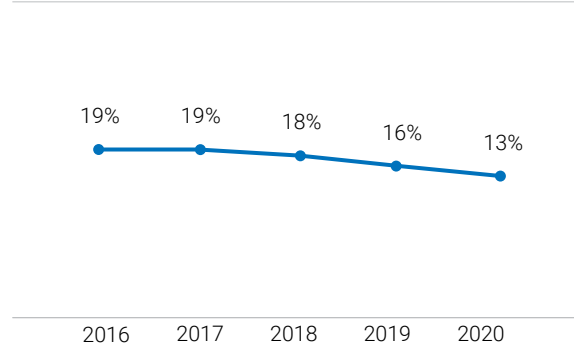
Times



### GP Margin



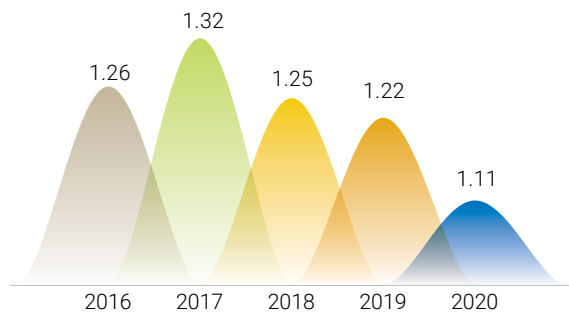
### NP Margin





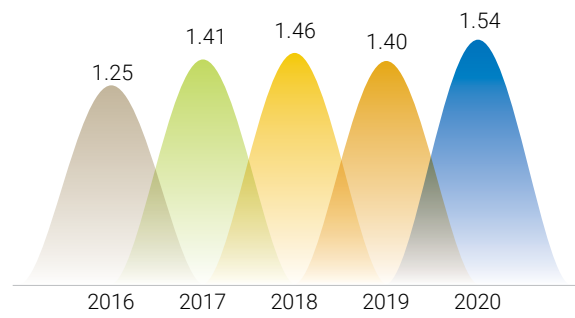
### Operating Profit per Employee

BDT in million



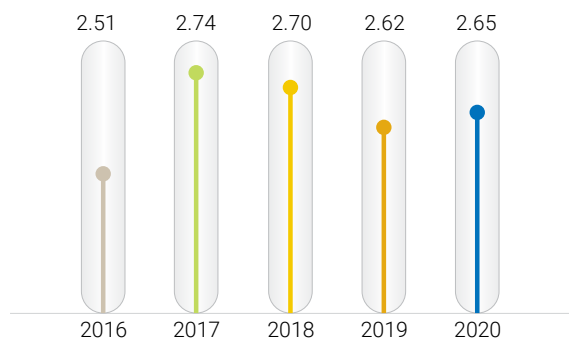
### Operating Cost per Employee

BDT in million



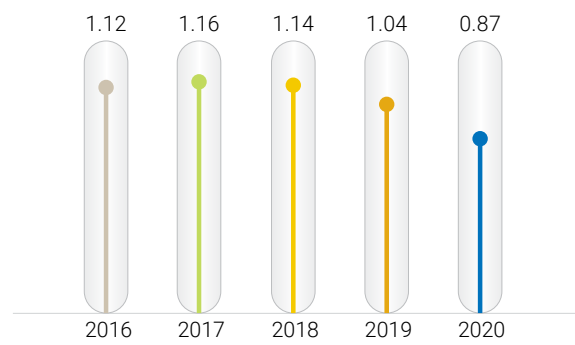
### Operating Income per Employee

BDT in million

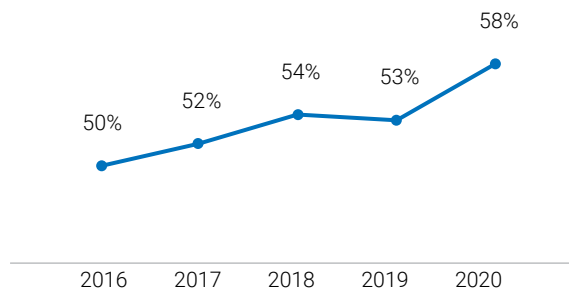


### PBT Per Employee

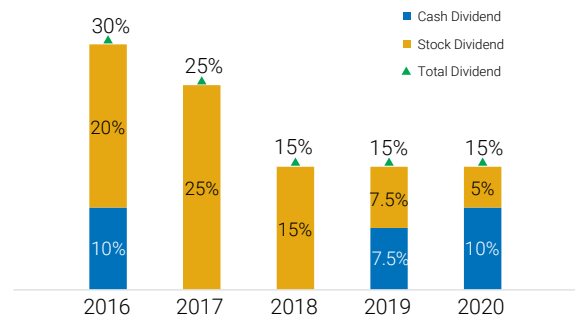
BDT in million



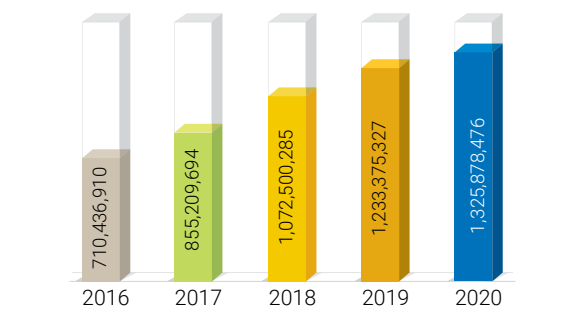
### Cost to Income Ratio



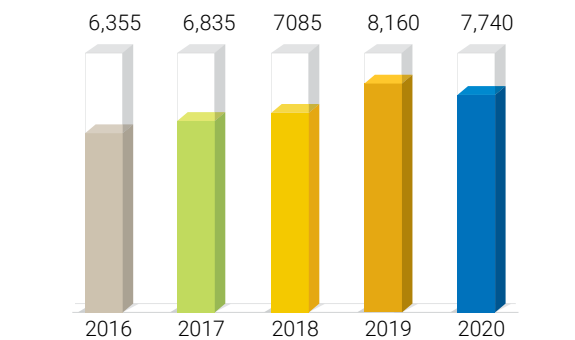
### Dividend Payment



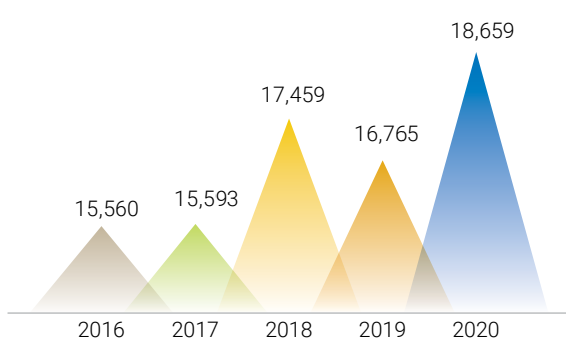
### No. of Shares



### Number of Employees

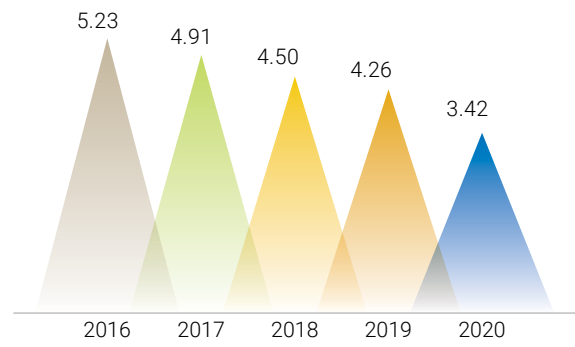


### Number of Shareholders



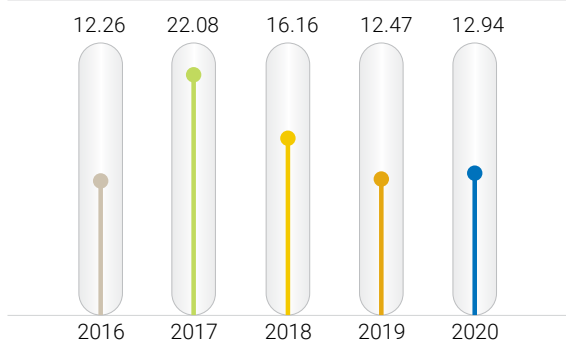
### Earnings Per Share

BDT



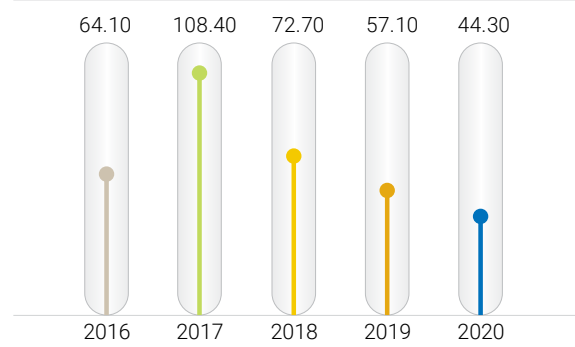
### Price Earnings Ratio

Times



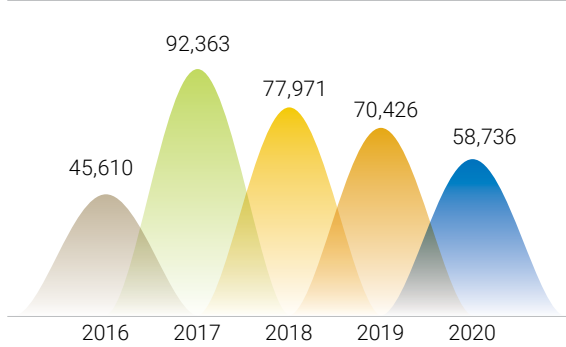
### Market Value Per Share

BDT



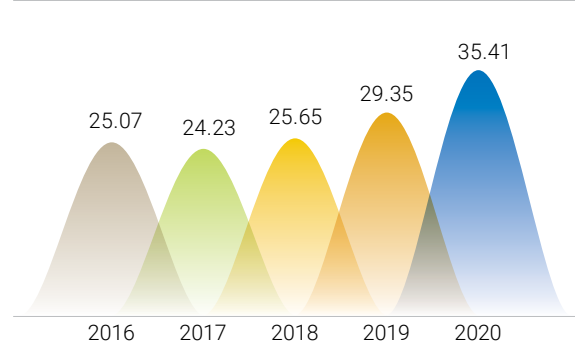
### Market Capitalization

BDT in million



### Net Asset Value Per Share

BDT

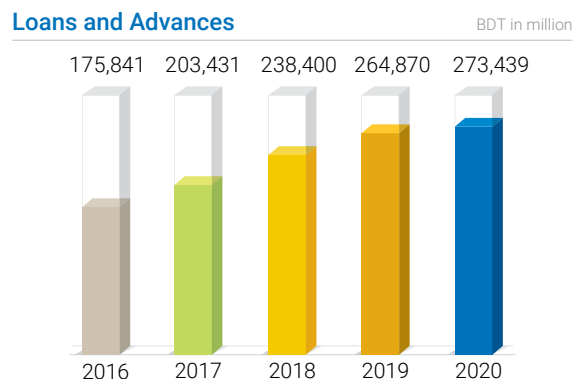


# FIVE YEARS' FINANCIAL SUMMARY

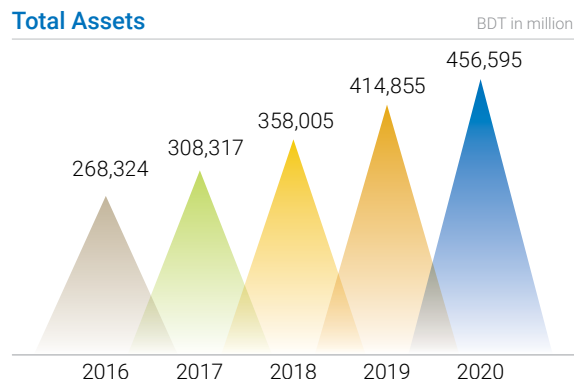
## GRAPHICAL PRESENTATION

### CONSOLIDATED INFORMATION

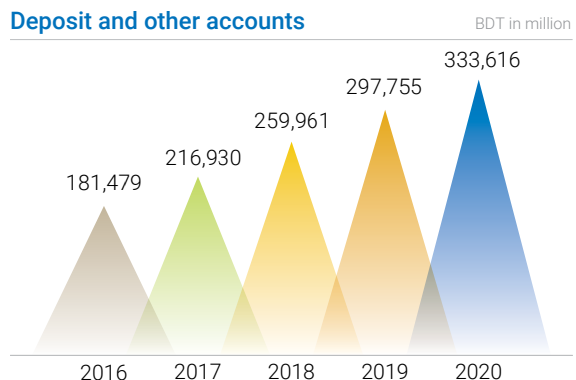
#### Loans and Advances



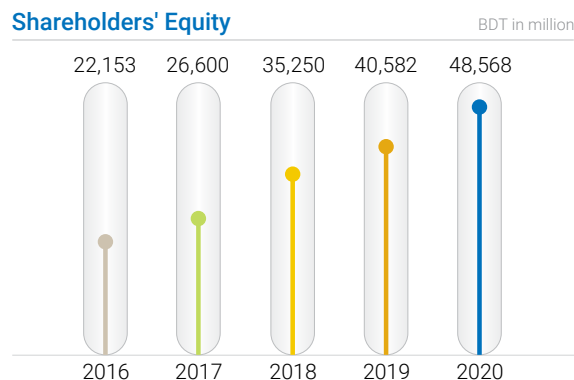
#### Total Assets



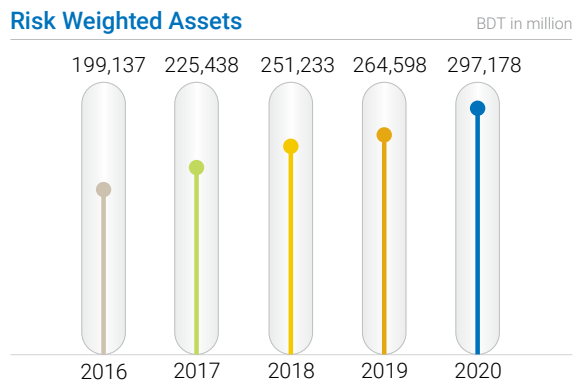
#### Deposit and other accounts



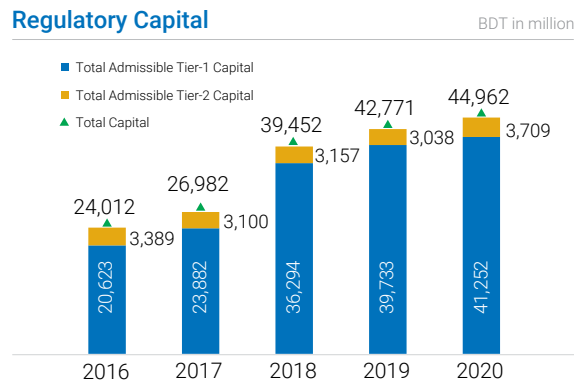
#### Shareholders' Equity



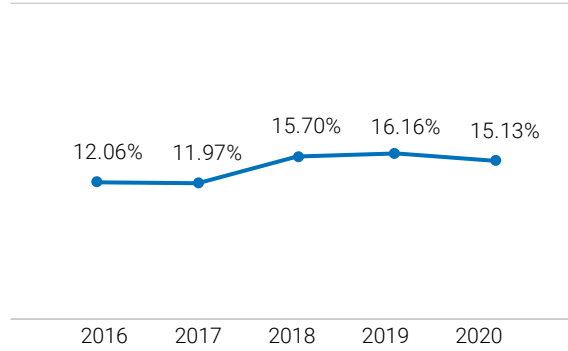
#### Risk Weighted Assets



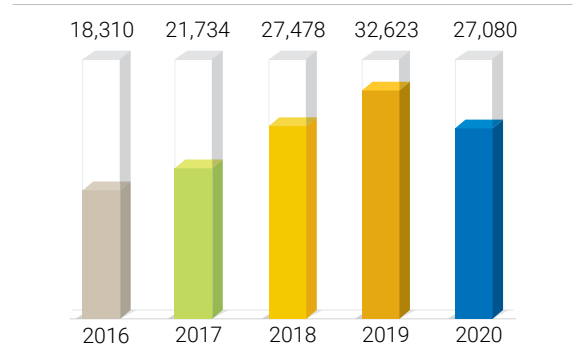
#### Regulatory Capital



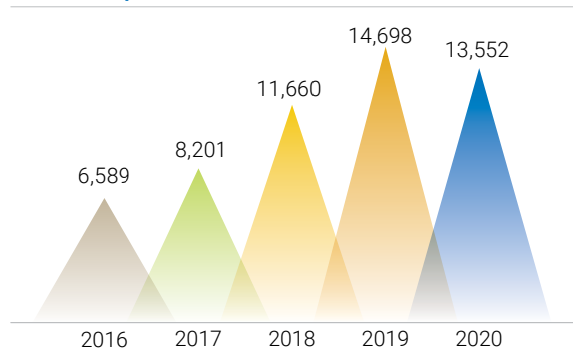
### Capital to Risk-weighted Asset Ratio



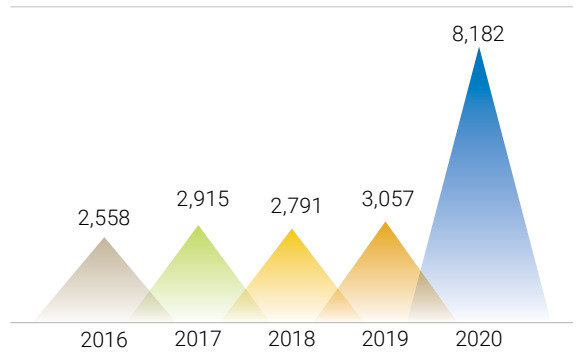
### Interest Income



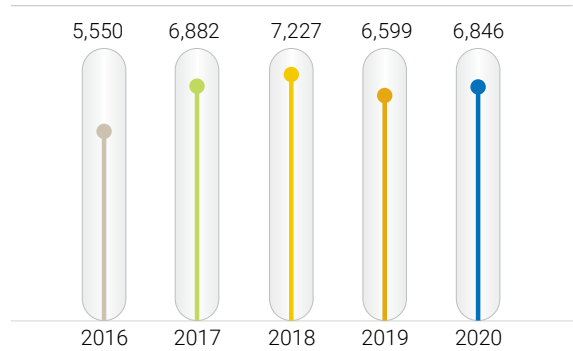
### Interest Expense



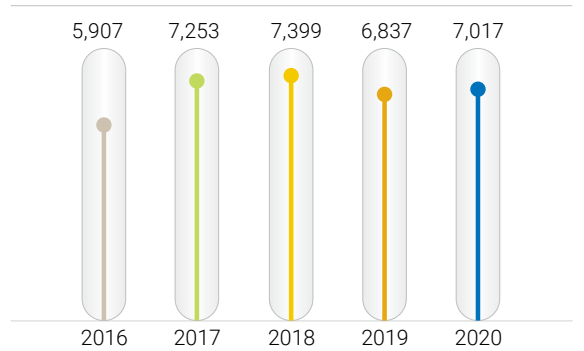
### Investment Income



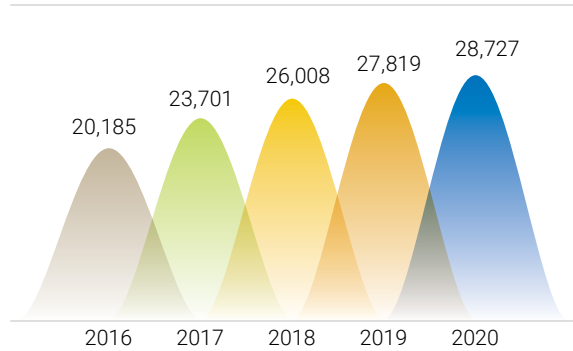
### Commission, Exchange & Brokerage



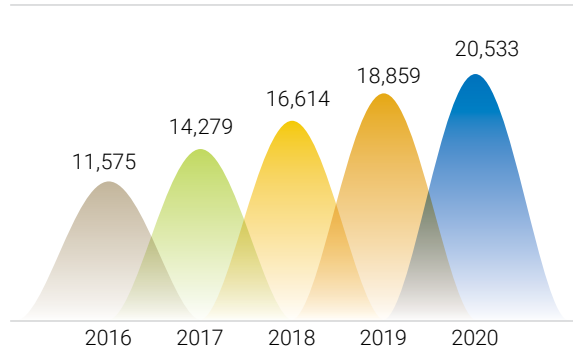
### Non-Interest Income



### Total Revenue

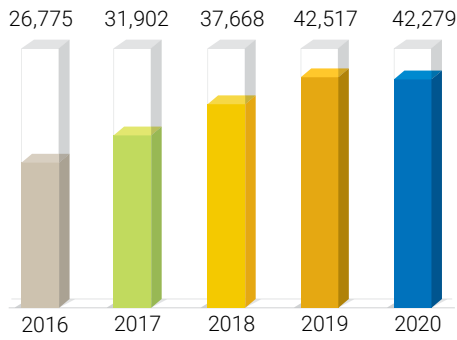


### Total Operating Expenses



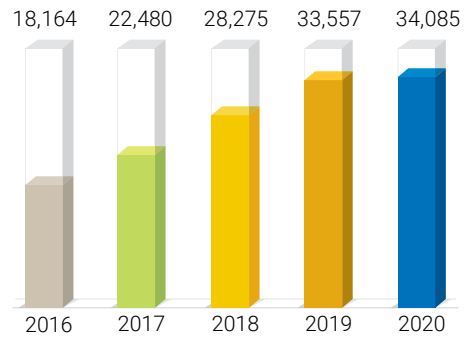
### Total Income

BDT in million



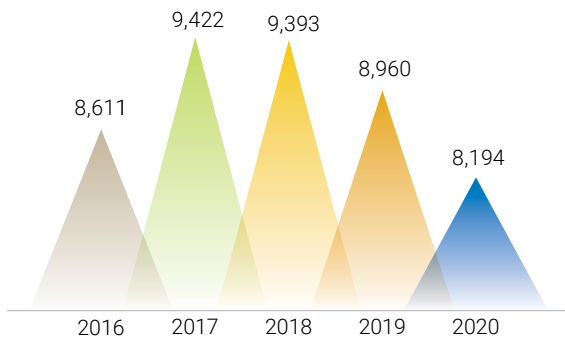
### Total Expenditure

BDT in million



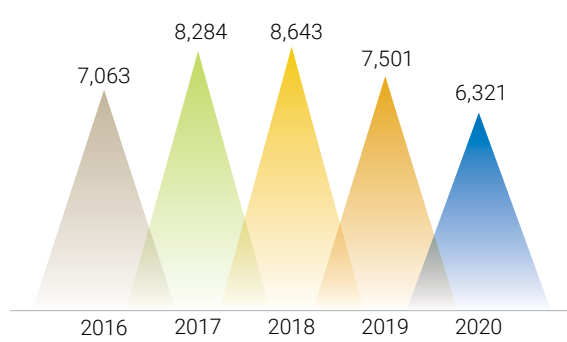
### Operating Profit

BDT in million



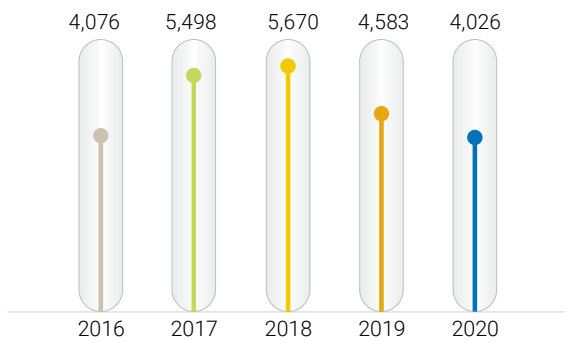
### Profit Before Tax

BDT in million



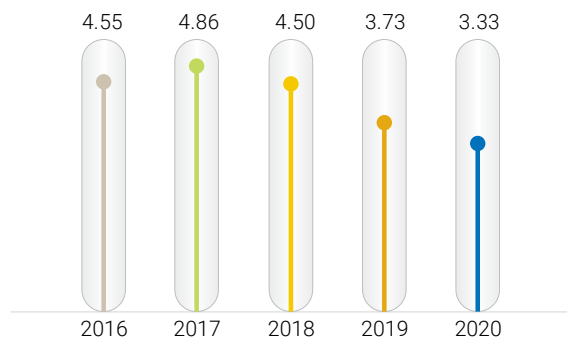
### Net Profit After Tax

BDT in million

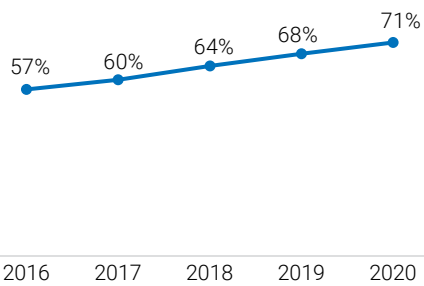


### Earnings Per Share

BDT



### Cost to Income Ratio



# FIVE YEARS'

# FINANCIAL SUMMARY

BDT in million, unless otherwise specified

STANDALONE INFORMATION	2020	2019	2018	2017	2016
<b>FINANCIAL POSITION</b>					
Cash and bank balances	33,602	38,629	37,253	37,681	31,188
Investments	68,896	45,944	25,765	24,966	22,488
Loans and Advances	273,063	264,091	238,008	202,559	173,612
Fixed Asset	7,349	8,189	4,301	4,275	3,113
Other assets	14,526	12,485	10,023	9,642	18,142
Non-banking assets	66	66	66	63	62
<b>Total Assets</b>	<b>397,502</b>	<b>369,404</b>	<b>315,417</b>	<b>279,187</b>	<b>248,605</b>
Borrowing	35,283	35,390	31,303	28,807	25,591
Convertible Subordinate Bonds	-	-	-	2,850	2,951
Money at call and on short notice	85	1,274	-	2,700	1,304
Deposit and other accounts	289,054	268,309	233,509	196,224	168,860
Other liabilities	26,125	25,512	18,966	22,615	28,459
Total Shareholders' Equity	46,955	38,919	31,638	25,991	21,441
<b>Total Liability and Shareholders' Equity</b>	<b>397,502</b>	<b>369,404</b>	<b>315,417</b>	<b>279,187</b>	<b>248,605</b>
AD ratio	76.69%	82.10%	82.78%	83.39%	83.47%
Off Balance Sheet Items	93,580	100,137	79,543	68,250	57,211
Interest Earning Assets	384,778	356,631	307,272	271,282	232,911
Non-Interest Earning Assets	12,725	12,773	8,144	7,905	15,694
Liquid Asset to Total Deposit Ratio	32.03%	26.45%	22.90%	23.20%	23.83%
Liquid Asset to Short Term Liabilities	229.33%	153.88%	123.89%	101.89%	111.99%
Liquidity Coverage Ratio (LCR)	358.97%	218.19%	143.54%	125.51%	111.79%
Net Stable Funding Ratio (NSFR)	106.02%	110.01%	123.54%	114.38%	115.44%
<b>INCOME STATEMENT- PERFORMANCE AND PROFITABILITY</b>					
Total Revenue	20,508	21,388	19,165	18,710	15,965
Interest Income	24,709	29,692	25,112	20,498	17,842
Interest Expense	13,329	14,654	11,574	8,351	7,036
Investment Income	6,457	3,072	2,961	3,581	2,497
Commission, Exchange & Brokerage	2,560	3,168	2,573	2,876	2,538
Non-Interest Income	2,672	3,279	2,666	2,981	2,661
Total Operating Expenses	11,907	11,440	10,343	9,660	7,952
Total Income	33,837	36,042	30,739	27,060	23,000

<b>STANDALONE INFORMATION</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Total Expenditure	25,236	26,095	21,917	18,011	14,987
Operating Profit	8,602	9,948	8,822	9,050	8,013
Profit Before Tax	6,735	8,505	8,072	7,897	7,148
Net Profit After Tax	4,541	5,646	5,547	5,250	4,460
<b>CAPITAL MEASURES</b>					
Authorized Capital	20,000	20,000	20,000	12,000	12,000
Paid up Share Capital	13,259	12,334	10,725	8,552	7,104
Risk Weighted Assets	276,175	244,401	233,713	209,351	188,431
Common Equity Tier-1 Capital	36,473	33,784	28,780	23,534	19,707
Total Admissible Tier-1 Capital	36,473	33,784	28,780	23,534	19,707
Total Admissible Tier-2 Capital	3,709	3,038	3,157	3,100	3,389
Regulatory Capital	40,182	36,822	31,937	26,634	23,095
Capital Surplus/(Deficit)	5,660	6,272	4,184	3,082	4,252
Common equity Tier-I (CET1) Capital Ratio	13.21%	13.82%	12.31%	11.24%	10.46%
Capital to Risk-weighted Asset Ratio (CRAR)	14.55%	15.07%	13.67%	12.72%	12.26%
<b>ASSETS QUALITY</b>					
Total Loans and Advance	273,063	264,091	238,008	202,559	173,612
Classified Loans	8,009	10,525	7,379	7,221	5,911
Provision for Unclassified Loans (GP)	3,254	2,646	2,504	2,341	2,091
Provision for Classified Loans (SP)	7,494	6,081	5,067	5,649	4,865
Provision for off balance sheet items	455	392	584	621	490
Percentage of NPLs to Total Loans and Advances	2.93%	3.99%	3.10%	3.56%	3.40%
NPL Coverage Ratio (incl. GP)	171%	97%	123%	132%	143%
NPL Coverage Ratio	114%	65%	76%	86%	94%
<b>FOREIGN EXCHANGE BUSINESS</b>					
Import	81,820	90,661	110,575	98,332	72,142
Export	68,863	71,360	60,800	53,161	44,714
Remittance (Inward)	72,452	73,344	84,178	57,522	65,596
Guarantee	2,136	7,783	4,537	3,673	2,534
<b>OPERATING PROFIT RATIOS</b>					
Cost of Fund	6.37%	7.04%	6.75%	5.69%	5.32%
Return on Assets	1.18%	1.64%	1.87%	2.02%	1.89%
Return on Equity	10.58%	15.60%	19.25%	22.14%	22.16%
Return on Investment	5.75%	8.04%	9.00%	9.41%	9.20%
Debt Equity Ratio (Times)	6.91	7.84	8.37	8.87	9.27
GP Margin	61%	59%	62%	69%	69%
NP Margin	13%	16%	18%	19%	19%
<b>MANAGEMENT EFFICIENCY RATIOS</b>					
Operating Income per Employee	2.65	2.62	2.70	2.74	2.51
Operating Cost per Employee	1.54	1.40	1.46	1.41	1.25
Operating Profit per Employee	1.11	1.22	1.25	1.32	1.26

STANDALONE INFORMATION	2020	2019	2018	2017	2016
PBT per employee	0.87	1.04	1.14	1.16	1.12
Cost to Income Ratio	58%	53%	54%	52%	50%
DIVIDEND PAYMENT					
Cash	10.0%	7.5%	0%	0%	10%
Stock	5.0%	7.5%	15%	25%	20%
Total Dividend	15% (Proposed)	15%	15%	25%	30%
SHARE INFORMATION					
No. of Shares	1,325,878,476	1,233,375,327	1,072,500,285	855,209,694	710,436,910
Earnings Per Share (BDT)	3.42	4.26	4.50	4.91	5.23
Number of Shareholders	18,659	16,765	17,459	15,593	15,560
Market Value Per Share ( Year end) in taka	44.30	57.10	72.70	108.40	64.10
Price Earnings Ratio	12.94	12.47	16.16	22.08	12.26
Net Asset Value Per Share in taka	35.41	29.35	25.65	24.23	25.07
Market Capitalization at the year end	58,736	70,426	77,971	92,363	45,610
DISTRIBUTION NETWORK					
Number of Customer's	1,144,763	1,274,861	1,226,998	1,290,639	1,212,117
Number of Branches	120	120	119	118	111
No. of SME SC/KB	67	67	67	68	69
Number of SME Unit Office	456	456	456	457	448
Number of ATMs	375	424	448	447	469
Number of CDM	96	89	97	90	81
Number of Employees	7,740	8,160	7085	6,835	6,355
Number of Foreign Correspondents	381	379	370	396	432

CONSOLIDATED INFORMATION	2020	2019	2018	2017	2016
FINANCIAL POSITION					
Cash and bank balances	62,638	69,662	67,046	61,658	46,976
Investments	94,095	55,952	35,133	26,889	22,938
Loans and Advances	273,439	264,870	238,400	203,431	175,841
Fixed Asset	11,067	10,873	6,265	5,610	4,460
Other assets	13,863	12,004	9,665	9,314	16,664
Goodwill	1,427	1,427	1,427	1,351	1,382
Non-banking assets	66	66	66	63	62
<b>Total Assets</b>	<b>456,595</b>	<b>414,855</b>	<b>358,005</b>	<b>308,317</b>	<b>268,324</b>
Borrowing	35,943	35,949	31,303	28,807	25,884
Convertible Subordinate Bonds	-	-	-	2,850	2,951
Money at call and on short notice	85	1,274	-	2,700	1,304
Deposit and other accounts	333,616	297,755	259,961	216,930	181,479
Other liabilities	32,774	33,214	25,040	28,600	32,966



<b>CONSOLIDATED INFORMATION</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Total Shareholders' Equity	48,568	40,582	35,250	26,600	22,153
Non controlling interest	5,610	6,081	6,450	1,830	1,587
<b>Total Liability and Shareholders' Equity</b>	<b>456,595</b>	<b>414,855</b>	<b>358,005</b>	<b>308,317</b>	<b>268,324</b>
<b>CAPITAL MEASURES</b>					
Risk Weighted Assets	297,178	264,598	251,233	225,438	199,137
Common Equity Tier-1 Capital	41,252	39,733	36,294	23,882	20,623
Total Admissible Tier-1 Capital	41,252	39,733	36,294	23,882	20,623
Total Admissible Tier-2 Capital	3,709	3,038	3,157	3,100	3,389
Regulatory Capital	44,962	42,771	39,452	26,982	24,012
Capital Surplus/(Deficit)	7,814	9,696	9,618	1,620	4,099
Common equity Tier-I (CET-1) Capital Ratio	13.88%	15.02%	14.45%	10.59%	10.36%
Capital to Risk-weighted Asset Ratio (CRAR)	15.13%	16.16%	15.70%	11.97%	12.06%
<b>INCOME STATEMENT- PERFORMANCE AND PROFITABILITY</b>					
Total Revenue	28,727	27,819	26,008	23,701	20,185
Interest Income	27,080	32,623	27,478	21,734	18,310
Interest Expense	13,552	14,698	11,660	8,201	6,589
Investment Income	8,182	3,057	2,791	2,915	2,558
Commission, Exchange & Brokerage	6,846	6,599	7,227	6,882	5,550
Non-Interest Income	7,017	6,837	7,399	7,253	5,907
Total Operating Expenses	20,533	18,859	16,614	14,279	11,575
Total Income	42,279	42,517	37,668	31,902	26,775
Total Expenditure	34,085	33,557	28,275	22,480	18,164
Operating Profit	8,194	8,960	9,393	9,422	8,611
Profit Before Tax	6,321	7,501	8,643	8,284	7,063
Net Profit After Tax	4,026	4,583	5,670	5,498	4,076
Earnings Per Share (BDT)	3.33	3.73	4.50	4.86	4.55
Cost to Income Ratio	71%	68%	64%	60%	57%

# CONTRIBUTION TO THE NATIONAL EXCHEQUER AND THE BROADER SOCIETY

BRAC Bank engages with relevant authorities to fulfill its role in supporting the stability and effective functioning of the financial sector and the broader economy. The bank has contributed significantly to the Government's efforts in revenue mobilisation. As a responsible corporate entity, the bank upholds its obligations by disbursing tax and VAT on its income, as per prevailing regulatory rules and guidelines. Besides, the bank deducts income tax, VAT and excise duty at source from customers and suppliers and deposits the

same with the State exchequer. During the year 2020, the bank contributed Tk. 7,574 million to the national exchequer, vs. Tk. 6,420 million in 2019.

We received the prestigious honour of being one of the highest tax-payers in the financial services sector of Bangladesh for the fiscal year 2019-20, in recognition of our contribution to the Government exchequer, which is also a testament of our robust governance culture.

## BRAC Bank's contribution to the national exchequer over the past five years:

BDT in million

Year	Direct Tax		Indirect Tax		Total
	Withholding tax	Corporate tax	VAT	Excise duty	
2016	1,407	2,106	587	517	4,618
2017	1,543	2,847	824	442	5,656
2018	1,776	2,531	745	575	5,627
2019	2,346	2,707	778	590	6,420
2020	2,585	3,565	704	720	7,574

## Employment generation as a preferred employer

As one of the largest commercial banks of Bangladesh, BRAC Bank generates direct and indirect employment opportunities for a large number of people. As of 31 December 2020, the bank had 7,740 permanent full-time employees. The bank also supports the livelihood of many people who are indirectly dependent on it, while working for the larger benefit and welfare of all stakeholders, including suppliers, vendors, contractors and other business partners. As a meritocratic institution, we provide equal opportunity for employment, learning and development and career advancement for both genders. Out of the total of 7,740 employees, 978 employees are female and rest 6,762 employees are male.

## Financial services digitalisation, financial inclusion and green banking

As a sector-leading financial services organisation that not only serves today's needs, but also strives to fulfill tomorrow's expectations, BRAC Bank has emerged as among the few banks in the country to offer a wide platform of financial services that can be accessed digitally, thus also aligning with the Government's ambitious 'Digital Bangladesh' focus. The bank has also championed financial inclusion through bKash, a ubiquitous and award-winning mobile financial services (MFS) company, that has altered the payments landscape of the country. Further, as the first major mobile financial services provider in Bangladesh, bKash played a substantive role in driving adoption of digital financial services among low-income customers. bKash achieved this by sequencing its services,

which was critical because most Bangladeshis were unfamiliar with mobile finance. Moreover, to get people to switch from cash to e-money, bKash built deep levels of public trust, one service at a time. As confidence in bKash's services grew, the company introduced a larger range of diverse services targetted specifically at low-income customers. These included collection of deposits for savings accounts with MFIs (microfinance institutions), payment of micro loans and disbursement of aid from donor agencies, etc.

BRAC Bank, in its endeavour to further widen its financial inclusion program, introduced 'Agent Banking' services in October 2018. In its second full-year of operations in 2020, the number of agent outlets expanded to 481, thus covering the length and breadth of the county, while greatly facilitating customer convenience in accessing formal banking from literally their doorstep. Our bank's fundamental values and strengths, as well as our robust financial position, are a solid foundation to stand even amidst the face of several incipient challenges. Consequently, we are focused on strengthening our internal controls and corporate governance standards. This must be done at the same time that we, in a challenging competitive situation, will develop and strengthen our position in our home market. We also have to continue working to become the preferred financial partner for small and midsize companies and follow our customers as they rebuild and fortify their businesses after the ravages of the pandemic. As the leading bank for the many households and businesses in Bangladesh, we have the right responses to these challenges and will focus on our fundamental values and competencies and deliver solutions that benefit us and our customers. For this, we have the engagement, knowledge, competence, experience and commitment of all our 7,000+ employees.

## Our focus on the UN SDGs and the broader society

We have high ambitions when it comes to contributing to sustainable social development. Doing so means that we are committed to contributing to a sustainable future for all and that we will help our customers to make sustainable choices and investments. Financing projects with concrete sustainability criteria will be an ongoing priority. Our alignment with the UN SDGs (Sustainable Development Goals) is an important part of our sustainability framework and therefore includes assessment of sustainability parameters in our lending and investment decisions. Lending is one of the bank's core businesses and an important component in the business model, i.e. to finance investments by individual customers and commercial businesses. There is a growing interest in making sustainable choices, and in this respect the bank supports its customers by offering sustainable financial and investment solutions, advice and analysis. Doing business more sustainably creates value-added for the individual customer, the overall business and even the extended society, and is the basis for sustainable financial value creation. A big responsibility rests on the bank's staff, who perform the sustainability assessment. Hence, it is important for them to know the customer, their business, its future prospects and their impact on the environment/society. Such an analysis also takes into cognisance sustainability-related issues, such as human rights and the environment and climate. For principles and guidance, BRAC Bank also has Group-level policies and sector-specific guidelines. Thus, positive impact finance and a wide range of citizenship programs facilitate our commitment to meet the tenets of the SDGs.

# STOCK PRICE STATISTICS

## Resilient capital markets performance

Despite a challenging capital market environment characterised by volatility and uncertainty, and with trading suspended fully in April 2020 because of the COVID-19 pandemic, the BRAC Bank share price achieved over 86 per cent recovery in its share price, and over 95 per cent recovery in its market capitalisation in December 2020 vs. January 2020\* on the Dhaka Stock Exchange (DSE). Such a resurgent

performance reflects the faith reposed in the bank by our shareholders, with the market convinced in our strategies and forward outlook. Today, we will continue to steer the bank towards more responsible capital allocation, including investments in both organic and inorganic growth opportunities, which will further expand our income-earning base, while continuing on the path of returning residual cash to our shareholders.

\*Monthly high share price has been taken in the calculations

## Market Price Information - 2020

Month	Dhaka Stock Exchange Ltd. (DSE)			Chittagong Stock Exchange Ltd. (CSE)			Total Volume (DSE & CSE)	Market Capitalization (DSE) [BDT in Million] (at close of month)
	Month High	Month Low	Total Volume (Number)	Month High	Month Low	Total Volume (Number)		
Jan-20	57.10	44.50	535,965	56.10	44.30	11,307	547,272	61,669
Feb-20	51.90	36.00	8,114,274	51.70	36.60	109,260	8,223,534	45,758
Mar-20	39.20	27.20	94,118	39.40	27.20	7,175	101,293	39,345
Apr-20	-	-	-	-	-	-	-	-
May-20	31.90	31.90	100,249	32.00	32.00	9,422	109,671	39,345
Jun-20	31.90	31.90	45,340	32.00	32.00	4,300	49,640	39,345
Jul-20	31.90	31.90	52,048	32.00	32.00	5,767	57,815	42,296
Aug-20	41.30	31.90	11,763,807	41.00	31.90	416,268	12,180,075	52,637
Sep-20	45.90	38.40	4,728,686	45.60	38.50	56,908	4,785,594	53,963
Oct-20	43.00	36.10	2,223,066	42.80	36.40	56,091	2,279,157	55,024
Nov-20	46.30	41.10	1,173,956	46.20	40.80	52,890	1,226,846	60,990
Dec-20	49.30	42.20	1,052,641	49.00	42.30	23,216	1,075,857	58,736

## Stock Details

Particulars	DSE	CSE
Stock Symbol	BRACBANK	BRACBANK
Company/Scrip Code	11138	22029
Listing Year	2007	2007
Market Category	A	A
Electronic Share	Yes	Yes
Market Lot (Nos)	1	1
Face Value (BDT)	10	10
Total Number of Securities	1,325,878,476	

# VALUE-ADDED

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# STATEMENT

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## Overview

By traditional definition, value-added comprises the extra or 'surplus' value created over and above the original value. Similarly, a value-added statement represents a financial statement that denotes the value (or wealth) created by an organisation and its subsequent allocation amongst various stakeholders, including shareholders, employees, lenders/creditors and government (as exchequer contribution), along with the surplus ploughed back into the business or the retained earnings.

On a tactical dimension, a higher value-added manifests a number of things, including organisational efficiency led by competent management navigation of the business, purposeful efforts invested to yield strategic outcomes and high overall resource productivity. A higher value-added generally positions a business into its virtuous cycle of growth, where proficient business stewardship turns in an incrementally higher value-added.

## Value-added statement

Premised on its purpose of emerging as the best digital bank of Bangladesh, BRAC Bank has achieved substantive progress over the years in creating a valuable national asset in the banking and financial services sector of the country. Rooted in its focus on deepening customer engagement through an omni-channel network comprising both digital and physical banking and a wide complement of products and services, BRAC Bank today enjoys an entrenched presence in the SME, Retail and Wholesale banking sectors of the country, with a positioning anchored on agility, adaptability, customer-centricity, innovation and service differentiation.

With a robust competitive standing, BRAC Bank has created tremendous value over the years, contributing to shareholder value creation (through stock/cash dividends and stock market price appreciation that is overall reflected in the total shareholder returns), employee wealth creation (through salary, compensation and other non-monetary benefits), national value creation (through generating both direct and indirect employment and also through exchequer contributions) and community value creation (through its holistic and high-impact citizenship initiatives). Notably, the bank enhanced its emphasis on value creation to help its varied stakeholders overcome the ill-effects of the coronavirus pandemic, thus reinforcing its position as an institution committed to universal stakeholder welfare.

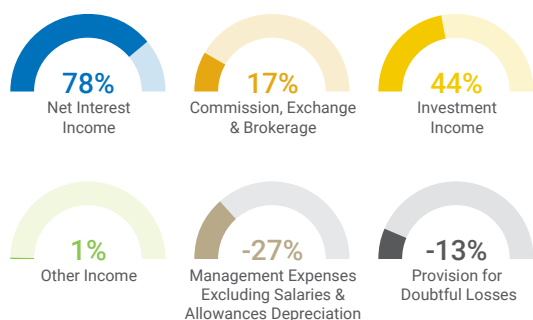
During the year 2020, BRAC Bank reported a value-added of Tk. 14,665 million, vs. Tk. 15,739 million in 2019. On a granular level, contribution to employees comprised 43 per cent of the total value-added in 2020, vs. 36 per cent in 2019 and contribution to providers of capital (shareholders) stood at 14 per cent vs. 12 per cent in 2019. Lower net profits induced by pressures of the pandemic led to contribution to government (as corporate tax) declining from 18 per cent to 15 per cent during the year 2020, while retained earnings also scaled down to 17 per cent, against 24 per cent in the previous year.

The following value-added statements showcase through graphical representation the consolidated value created by BRAC Bank for the year ended 31 December 2020 and subsequent value distribution amongst various stakeholder constituencies.

	2020		2019	
	Amount	%	Amount	%
<b>Value Added</b>				
Net Interest Income	11,380	78%	15,038	96%
Commission, Exchange & Brokerage	2,560	17%	3,168	20%
Investment Income	6,457	44%	3,072	20%
Other Income	112	1%	110	1%
Management Expenses Excluding Salaries & Allowances, Depreciation	(3,977)	-27%	(4,206)	-27%
Provision for Doubtful Losses	(1,867)	-13%	(1,442)	-9%
<b>Total Value Added by the Company</b>	<b>14,665</b>	<b>100%</b>	<b>15,739</b>	<b>100%</b>
<b>Distribution of value addition</b>				
<b>To Employees</b>				
as salary and Allowance	6,247	43%	5,598	36%
<b>To Provider of Capital</b>				
dividend to shareholders (cash & stock)	1,989	14%	1,850	12%
<b>To Government:</b>				
as corporate tax	2,194	15%	2,860	18%
<b>To Expansion and Growth</b>				
as retained income	2,552	17%	3,796	24%
as depreciation	1,682	11%	1,636	10%
<b>Total Distribution by the Company</b>	<b>14,665</b>	<b>100%</b>	<b>15,739</b>	<b>100%</b>

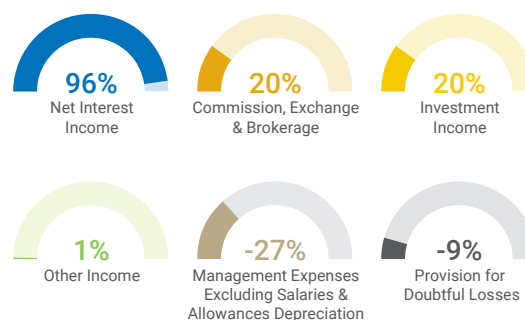
#### Value Added 2020

in percent



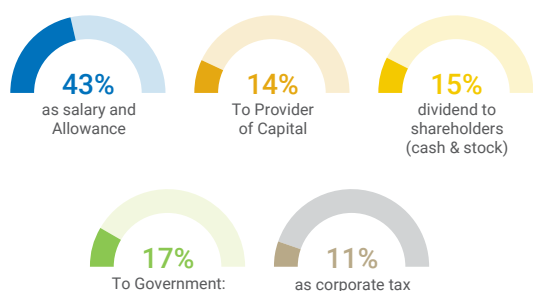
#### Value Added 2019

in percent



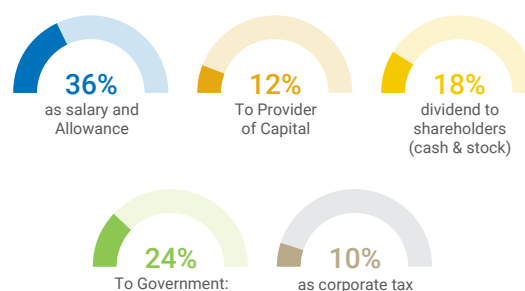
#### Distribution of value addition 2020

in percent



#### Distribution of value addition 2019

in percent



## Economic value-added (EVA)

Economic value-added (EVA) reflects the aggregate organisational surplus generated over and above the cost of the total invested equity.

On a micro level, the cost of the total invested equity refers to the equitable charge towards providers of capital. It represents the post-tax return on capital employed, less the cost of the capital employed. In this realm, post-tax return on the capital employed is adjusted for the tax shield on debt.

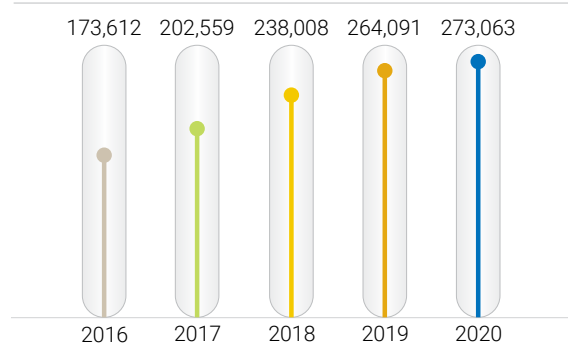
Value is created when organisations earn higher returns against the cost of capital. On the other hand, value is eroded when enterprises earn lower returns against the cost of capital. Hence, return on the invested capital is a significant shareholder-centric metric and a key index of investment decisions. As a responsible bank with longstanding credibility, BRAC Bank focuses on ensuring sustainable value creation for all its equity providers.

## Economic Value Added (EVA) Statement

For the year end	2016	2017	2018	2019	2020
Shareholders' Equity at the year end	21,441	25,991	31,638	38,919	46,955
Accumulated Provision against Loan & Advances and Investment	7,028	7,999	7,697	9,391	10,849
Average Shareholders' Equity	20,128	23,716	28,814	35,279	42,937
Dividend	3.0	2.5	1.5	1.5	1.5
Market Value Per Share	64.10	108.4	72.7	57.1	44.3
Growth Rate	20%	-17%	-40%	0%	0%
Cost of Equity	10.62%	9.04%	5.58%	5.24%	4.63%
Net Profit after Tax (Before Provision)	5,325	6,402	6,297	7,088	6,407
Less: Cost of Equity	2,138	2,145	1,609	1,850	1,989
<b>Total</b>	<b>3,187</b>	<b>4,257</b>	<b>4,688</b>	<b>5,238</b>	<b>4,419</b>
<b>Key Ratios:</b>					
EVA/Operating Revenue (%)	13.86%	15.73%	15.25%	14.53%	13.06%
EVA/Average Shareholders' Equity (%)	15.83%	17.95%	16.27%	14.85%	10.29%
Net Profit After Tax/Operating Revenue (%)	19.39%	19.40%	18.05%	15.66%	13.42%
Operating Revenue	23,000	27,060	30,739	36,042	33,837
Net Profit After Tax	4,460	5,250	5,547	5,646	4,541

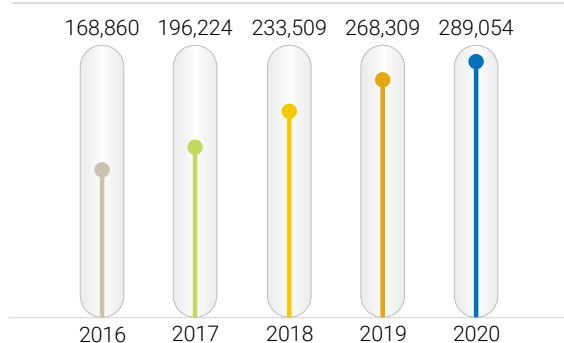
## BBL Loans and advances

BDT in million

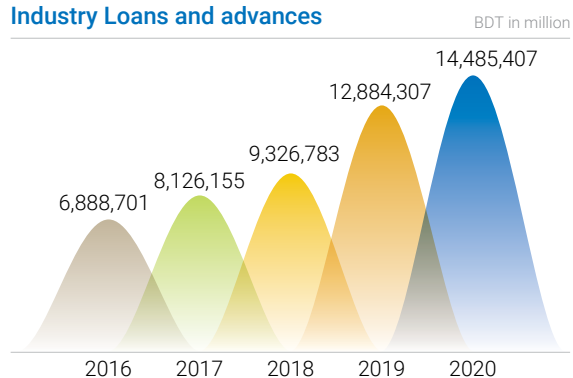


## BBL Deposit

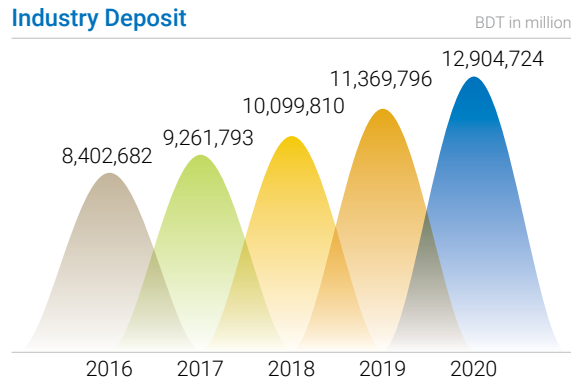
BDT in million



### Industry Loans and advances



### Industry Deposit



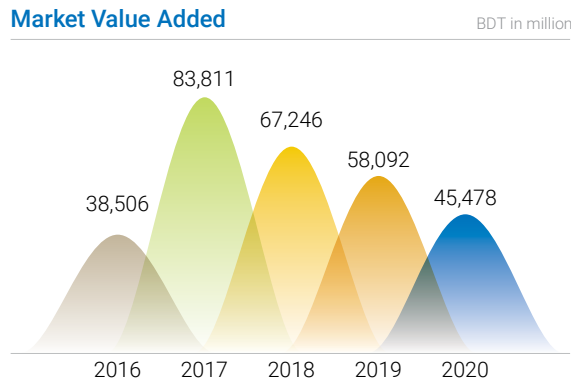
### Market value-added (MVA)

Market value-added (MVA) is a reflection of a company's performance evaluated by the market on considerations of its equity. It is a measure of an organisation's performance as viewed from an external perspective and measures how the market has judged its performance in terms of the market value of its shares (or market capitalisation), compared against its book value. It comprises the difference between the market value of equity and the book value of equity invested in the company.

A positive MVA is indication of sound performance and reflects a company's success in sustainable shareholder value creation. On the other hand, a negative MVA indicates subpar performance in terms of the value of corporate actions and investments not being higher or not being commensurate against the value of the capital attributed to the company by the capital markets.

For the year end	2016	2017	2018	2019	2020
Market Value of Shares Outstanding	45,610	92,363	77,971	70,426	58,736
Book Value of Shares Outstanding	7,104	8,552	10,725	12,334	13,259
<b>Market Value Added</b>	<b>38,506</b>	<b>83,811</b>	<b>67,246</b>	<b>58,092</b>	<b>45,478</b>

### Market Value Added





# DUPONT

# ANALYSIS

## Interpretation

DuPont analysis, a fundamental framework for performance assessment and an advanced computational methodology, is deployed to analyse the various factors influencing the returns that investors receive from an organisation. It thus enables organisations to assess and evaluate the means to enhance shareholder returns. The model is an extended examination of the Return on Equity (RoE) of a company, factoring such key metrics as net profit margin, asset turnover and financial leverage.

RoE is the ratio between the profits of a company and the capital used to achieve these profits. This business-economic analysis comprises a tool that can help accountants and financial managers to analyse a company's profitability without drawing misleading conclusions. In this context, the DuPont analysis method disaggregates the various components of the RoE formula, which can help companies explore ways to improve their return on equity. Organisations mostly use this method to improve their own performance and to increase the return that they can offer to investors and shareholders.

Interestingly, the DuPont analysis got its name from the DuPont Corporation. This large American company was founded in 1802 as a gunpowder mill by French-American chemist and industrial expert after whom the DuPont has been named.

Notably, the various levers at the disposal of a corporation or company to enhance its RoE include the following:

- A high net profit margin
- More efficient utilisation of assets to achieve higher sales
- Optimal financial leverage

The DuPont analysis thus offers a broader view of the RoE of the company. It highlights the company's strengths and pinpoints areas where there is a scope for improvement of the RoE with respect to the key levers of net profit margin, asset turnover and leverage.

## Calculation and formula

The DuPont analysis uses three inter-related components to calculate the RoE. The breakdown into three distinct components makes it thus possible to establish which of the three components has the biggest impact on changes or fluctuations of the RoE.

Despite the fact that the DuPont analysis can be used to calculate the profitability of a company in relation to its assets, this is not the method's primary objective. The eventual goal is to determine which factors influence the RoE, so that the management can prioritise areas that need to be addressed.

The formula used to calculate the ROE is as follows:

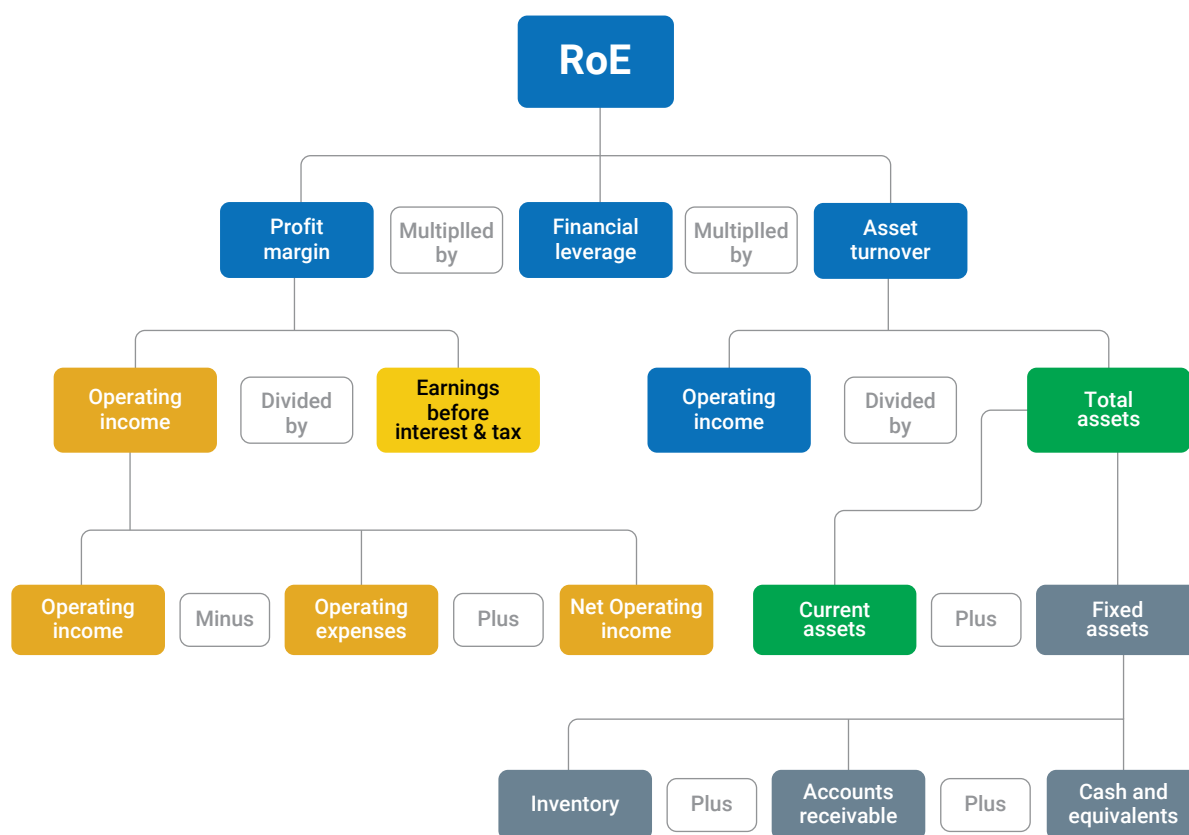
**RoE** = Profit Margin × Asset Turnover × Financial Leverage

**RoE** = (Net Income/Net Sales) × (Net Sales/Total Assets) × (Total Assets/Total Shareholders' Equity)

The three components after the equal sign are important elements, comprising:

- **Profit margin:** The difference between turnover and profits
- **Asset turnover:** The difference between turnover and assets used
- **Financial leverage:** The relationship between profitability and the costs of borrowed capital

## BRAC Bank's DuPont analysis framework



### Benefits of DuPont analysis at BRAC Bank

BRAC Bank is amongst the handful of banks in the country to portray a DuPont analysis in its report, which is in itself a showcase of the management's underlying focus on the bank's RoE expansion and hence enhancement of value in the hands of its shareowners. Some of the key benefits of this framework include the following:

- It is a reliable indicator of performance measurement of the various divisions and business segments of the bank
- It is useful in capital allocation decisions with respect to allocation of capital to those segments that generate the most optimal RoE with minimal risk
- It helps identify triggers that drive the bank's performance and also enables assessment whether these triggers/factors are sustainable or not

### DuPont analysis, 2020

The year 2020 continued to exert pressures on margins primarily due to the unprecedented effects of the coronavirus pandemic. Yet, the bank was able to pivot the business to face the constricted conditions and while a decline in net profit was inevitable, the bank continued to remain on the path of sustainable investments with a view to create stronger foundations for long-term growth, especially in the context of digitisation and digital banking.

BRAC Bank's DuPont analysis manifests the fact that despite the bank's net profit after tax decelerating by a fifth in 2020, its net profit margin faced a slower decline to 13 per cent in 2020, vs. 16 per cent in 2019. This can be largely attributed to increase in non-operating expenses, exacerbated by the COVID-19 effect that triggered mass-scale economic shutdowns for about 3 months of the year. This apart, the overall moderation in RoE was largely on account of the decline in equity multiplier in 2020, and the primary reason behind this was the increase in total equity base during 2019.

Further, the multiplier also faced a decline due to stock dividend declared.

Particulars	2020	2019
RoE	10.58%	15.60%
Net profit margin	13%	16%
<b>Net profit margin contribution:</b>		
(a) Operating profit margin	25%	28%
(b) Non-operating items	-6%	-4%
(c) Tax	-6%	-8%
Asset turnover (times)	0.09	0.11
Equity multiplier (times)	8.93	9.71

Despite huge uncertainty triggered by the pandemic, going into the mid-term, we are confident of recovery of profitability as we increasingly shift capital to customer segments that bring us better yields, while also accelerating pace of recovery, thus having a positive bearing on our NPLs. The pandemic offered us with structural cost containment opportunities and this, along with our focus on enhancing resource productivity, will also expectedly contribute to improving our RoE over the medium- to long-term.

# HORIZONTAL ANALYSIS (STANDALONE)

## STATEMENT OF FINANCIAL POSITION

BDT in million

Particulars	2020		2019		2018		2017		2016	
	Amount	Δ %	Amount	Δ %	Amount	Δ %	Amount	Δ %	Amount	Δ %
<b>PROPERTY AND ASSETS</b>										
Cash	19,243	-16%	22,830	2%	22,375	22%	18,284	16%	15,821	-2%
Balance with other banks and financial institutions	14,359	-9%	15,799	6%	14,879	-23%	19,396	26%	15,367	-31%
Money at call on short notice	-	-	-	-	-	-	-	-	-	-
Investments	68,896	50%	45,944	78%	25,765	3%	24,966	11%	22,488	14%
Loans and advances	273,063	3%	264,091	11%	238,008	18%	202,559	17%	173,612	18%
Fixed assets including premises, furniture and fixtures	7,349	-10%	8,189	90%	4,301	1%	4,275	37%	3,113	6%
Other assets	14,526	16%	12,485	25%	10,023	4%	9,642	-47%	18,142	15%
Non-banking assets	66	0%	66	0%	66	5%	63	2%	62	0%
<b>Total property and assets</b>	<b>397,502</b>	<b>8%</b>	<b>369,404</b>	<b>17%</b>	<b>315,417</b>	<b>13%</b>	<b>279,187</b>	<b>12%</b>	<b>248,605</b>	<b>11%</b>
<b>LIABILITIES AND CAPITAL</b>										
Liabilities										
Borrowings from other banks, financial institutions & agents	11,913	-48%	22,902	0%	22,958	-1%	23,211	23%	18,838	21%
Borrowings from Bangladesh Bank	23,370	87%	12,488	50%	8,345	49%	5,596	-17%	6,753	49%
Convertible Subordinate Bonds	-	0%	-	0%	-	-100%	2,850	-3%	2,951	-2%
Money at call on short notice	85	-93%	1,274	0%	-	-100%	2,700	107%	1,304	-66%
Deposits and other accounts	289,054	8%	268,309	15%	233,509	19%	196,224	16%	168,860	12%
Other liabilities	26,125	2%	25,512	35%	18,966	-16%	22,615	-21%	28,459	-1%
<b>Total Liabilities</b>	<b>350,547</b>	<b>6%</b>	<b>330,485</b>	<b>16%</b>	<b>283,779</b>	<b>12%</b>	<b>253,196</b>	<b>11%</b>	<b>227,165</b>	<b>10%</b>
<b>Capital and shareholders' equity</b>										
<b>Total shareholders' equity</b>	<b>46,955</b>	<b>21%</b>	<b>38,919</b>	<b>23%</b>	<b>31,638</b>	<b>22%</b>	<b>25,991</b>	<b>21%</b>	<b>21,441</b>	<b>14%</b>
<b>Total liabilities and shareholders' equity</b>	<b>397,502</b>	<b>8%</b>	<b>369,404</b>	<b>17%</b>	<b>315,417</b>	<b>13%</b>	<b>279,187</b>	<b>12%</b>	<b>248,605</b>	<b>11%</b>

# HORIZONTAL ANALYSIS (STANDALONE)

## PROFIT & LOSS ACCOUNT

BDT in million

Particulars	2020		2019		2018		2017		2016	
	Amount	Δ %	Amount	Δ %	Amount	Δ %	Amount	Δ %	Amount	Δ %
Interest income	24,709	-17%	29,692	18%	25,112	23%	20,498	15%	17,842	3%
Interest paid on deposits and borrowing etc.	13,329	-9%	14,654	27%	11,574	39%	8,351	19%	7,036	-19%
<b>Net interest income</b>	<b>11,380</b>	<b>-24%</b>	<b>15,038</b>	<b>11%</b>	<b>13,538</b>	<b>11%</b>	<b>12,148</b>	<b>12%</b>	<b>10,807</b>	<b>25%</b>
Investment income	6,457	110%	3,072	4%	2,961	-17%	3,581	43%	2,497	2%
Commission, exchange and brokerage	2,560	-19%	3,151	22%	2,573	-11%	2,876	13%	2,538	-13%
Other operating income	112	-12%	128	38%	93	-12%	105	-15%	123	56%
<b>Total operating income</b>	<b>20,508</b>	<b>-4%</b>	<b>21,388</b>	<b>12%</b>	<b>19,165</b>	<b>2%</b>	<b>18,710</b>	<b>17%</b>	<b>15,965</b>	<b>13%</b>
Salaries and allowances	6,228	12%	5,579	19%	4,681	8%	4,347	31%	3,313	12%
Rent, taxes, insurance, electricity etc.	665	-5%	701	-50%	1,409	7%	1,312	14%	1,148	20%
Legal expenses	18	-41%	31	-44%	55	32%	42	-31%	61	-20%
Postage, stamps, telecommunication etc.	205	-11%	230	-15%	272	9%	250	3%	242	-8%
Stationery, printing, advertisement etc.	221	-18%	269	-8%	292	-4%	304	50%	203	-35%
Chief Executive's salary and fees	19	0%	19	34%	14	5%	13	0%	13	-7%
Directors' fees	2	50%	1	-18%	1	-4%	1	2%	1	96%
Auditors' fees	2	0%	2	12%	2	12%	1	20%	1	28%
Depreciation and repair of the bank's assets	2,081	2%	2,050	77%	1,156	37%	844	-7%	906	1%
Other expenses	2,466	-4%	2,557	4%	2,460	-3%	2,546	23%	2,064	14%
<b>Total operating expenses</b>	<b>11,907</b>	<b>4%</b>	<b>11,440</b>	<b>11%</b>	<b>10,343</b>	<b>7%</b>	<b>9,660</b>	<b>21%</b>	<b>7,952</b>	<b>9%</b>
<b>Profit before provisions</b>	<b>8,602</b>	<b>-14%</b>	<b>9,948</b>	<b>13%</b>	<b>8,822</b>	<b>-3%</b>	<b>9,050</b>	<b>13%</b>	<b>8,013</b>	<b>17%</b>
<b>Provision for loans/Investments:</b>										
Loans and advances	2,999	59%	1,882	28%	1,467	-28%	2,032	-11%	2,296	-25%
Recovery from Write-Off	(634)	-19%	(786)	0%	(783)	-25%	(1,039)	-15%	(1,218)	26%
Diminution in value of investments	(563)	-205%	534	359%	116	-261%	(72)	-75%	(287)	-817%
Off balance sheet items	63	-133%	(192)	419%	(37)	-128%	131	110%	63	-10%
Other provisions	2	-58%	4	-129%	(13)	-113%	100	860%	10	-
<b>Total provision</b>	<b>1,867</b>	<b>29%</b>	<b>1,442</b>	<b>92%</b>	<b>750</b>	<b>-35%</b>	<b>1,152</b>	<b>33%</b>	<b>865</b>	<b>-61%</b>
<b>Total Profit/(loss) before taxes</b>	<b>6,735</b>	<b>-21%</b>	<b>8,505</b>	<b>5%</b>	<b>8,072</b>	<b>2%</b>	<b>7,897</b>	<b>10%</b>	<b>7,148</b>	<b>55%</b>
<b>Provision for taxation:</b>										
Current tax expense	2,537	-32%	3,719	47%	2,523	-21%	3,196	22%	2,630	17%
Deferred tax expense / (income)	(343)	-60%	(859)	-41606%	2	-100%	(549)	-1041%	58	-191%
<b>Total provision for taxation</b>	<b>2,194</b>	<b>-23%</b>	<b>2,860</b>	<b>13%</b>	<b>2,525</b>	<b>-5%</b>	<b>2,647</b>	<b>-2%</b>	<b>2,688</b>	<b>23%</b>
<b>Net profit after taxation</b>	<b>4,541</b>	<b>-20%</b>	<b>5,646</b>	<b>2%</b>	<b>5,547</b>	<b>6%</b>	<b>5,250</b>	<b>18%</b>	<b>4,460</b>	<b>83%</b>

# VERTICAL ANALYSIS (STANDALONE)

## STATEMENT OF FINANCIAL POSITION

BDT in million

Particulars	2020		2019		2018		2017		2016	
	Amount	Composition in %	Amount	Composition in %	Amount	Composition in %	Amount	Composition in %	Amount	Composition in %
<b>PROPERTY AND ASSETS</b>										
Cash	19,243	5%	22,830	6%	22,375	7%	18,284	7%	15,821	6%
Balance with other banks and financial institutions	14,359	4%	15,799	4%	14,879	5%	19,396	7%	15,367	6%
Money at call on short notice	-	0%	-	0%	-	0%	-	0%	-	0%
Investments	68,896	17%	45,944	12%	25,765	8%	24,966	9%	22,488	9%
Loans and advances	273,063	69%	264,091	71%	238,008	75%	202,559	73%	173,612	70%
Fixed assets including premises, furniture and fixtures	7,349	2%	8,189	2%	4,301	1%	4,275	2%	3,113	1%
Other assets	14,526	4%	12,485	3%	10,023	3%	9,642	3%	18,142	7%
Non-banking assets	66	0.02%	66	0.02%	66	0.02%	63	0.02%	62	0.03%
<b>Total property and assets</b>	<b>397,502</b>	<b>100%</b>	<b>369,404</b>	<b>100%</b>	<b>315,417</b>	<b>100%</b>	<b>279,187</b>	<b>100%</b>	<b>248,605</b>	<b>100%</b>
<b>LIABILITIES AND CAPITAL</b>										
Liabilities										
Borrowings from other banks, financial institutions & agents	11,913	3%	22,902	6%	22,958	7%	23,211	8%	18,838	8%
Borrowings from Bangladesh Bank	23,370	6%	12,488	3%	8,345	3%	5,596	2%	6,753	3%
Convertible Subordinate Bonds	-	0%	-	0%	-	0%	2,850	1%	2,951	1%
Money at call on short notice	85	0.02%	1,274	0.3%	-	0%	2,700	1%	1,304	1%
Deposits and other accounts	289,054	73%	268,309	73%	233,509	74%	196,224	70%	168,860	68%
Other liabilities	26,125	7%	25,512	7%	18,966	6%	22,615	8%	28,459	11%
<b>Total Liabilities</b>	<b>350,547</b>	<b>88%</b>	<b>330,485</b>	<b>89%</b>	<b>283,779</b>	<b>90%</b>	<b>253,196</b>	<b>91%</b>	<b>227,165</b>	<b>91%</b>
<b>Capital and shareholders' equity</b>										
<b>Total shareholders' equity</b>	<b>46,955</b>	<b>12%</b>	<b>38,919</b>	<b>11%</b>	<b>31,638</b>	<b>10%</b>	<b>25,991</b>	<b>9%</b>	<b>21,441</b>	<b>9%</b>
<b>Total liabilities and shareholders' equity</b>	<b>397,502</b>	<b>100%</b>	<b>369,404</b>	<b>100%</b>	<b>315,417</b>	<b>100%</b>	<b>279,187</b>	<b>100%</b>	<b>248,605</b>	<b>100%</b>

# VERTICAL ANALYSIS (STANDALONE)

## PROFIT & LOSS ACCOUNT

BDT in million

Particulars	2020		2019		2018		2017		2016	
	Amount	Composition in %	Amount	Composition in %	Amount	Composition in %	Amount	Composition in %	Amount	Composition in %
Interest income	24,709	73%	29,692	82%	25,112	82%	20,498	76%	17,842	78%
Interest paid on deposits and borrowing etc.	13,329	39%	14,654	41%	11,574	38%	8,351	31%	7,036	31%
<b>Net interest income</b>	<b>11,380</b>	<b>34%</b>	<b>15,038</b>	<b>42%</b>	<b>13,538</b>	<b>44%</b>	<b>12,148</b>	<b>45%</b>	<b>10,807</b>	<b>47%</b>
Investment income	6,457	19%	3,072	9%	2,961	10%	3,581	13%	2,497	11%
Commission, exchange and brokerage	2,560	8%	3,151	9%	2,573	8%	2,876	11%	2,538	11%
Other operating income	112	0.3%	128	0.4%	93	0.3%	105	0.4%	123	1%
<b>Total operating income</b>	<b>20,508</b>	<b>61%</b>	<b>21,388</b>	<b>59%</b>	<b>19,165</b>	<b>62%</b>	<b>18,710</b>	<b>69%</b>	<b>15,965</b>	<b>69%</b>
Salaries and allowances	6,228	18%	5,579	15%	4,681	15%	4,347	16%	3,313	14%
Rent, taxes, insurance, electricity etc.	665	2%	701	2%	1,409	5%	1,312	5%	1,148	5%
Legal expenses	18	0.1%	31	0.1%	55	0.2%	42	0.2%	61	0.3%
Postage, stamps, telecommunication etc.	205	1%	230	1%	272	1%	250	1%	242	1%
Stationery, printing, advertisement etc.	221	1%	269	1%	292	1%	304	1%	203	1%
Chief Executive's salary and fees	19	0.1%	19	0.1%	14	0.05%	13	0.05%	13	0.1%
Directors' fees	2	0.005%	1	0.003%	1	0.004%	1	0.01%	1	0.01%
Auditors' fees	2	0.01%	2	0.01%	2	0.01%	1	0.01%	1	0.01%
Depreciation and repair of the bank's assets	2,081	6%	2,050	6%	1,156	4%	844	3%	906	4%
Other expenses	2,466	7%	2,557	7%	2,460	8%	2,546	9%	2,064	9%
<b>Total operating expenses</b>	<b>11,907</b>	<b>35%</b>	<b>11,440</b>	<b>32%</b>	<b>10,343</b>	<b>34%</b>	<b>9,660</b>	<b>36%</b>	<b>7,952</b>	<b>35%</b>
<b>Profit before provisions</b>	<b>8,602</b>	<b>25%</b>	<b>9,948</b>	<b>28%</b>	<b>8,822</b>	<b>29%</b>	<b>9,050</b>	<b>33%</b>	<b>8,013</b>	<b>35%</b>
<b>Provision for loans/Investments:</b>										
Loans and advances	2,999	9%	1,882	5%	1,467	5%	2,032	8%	2,296	10%
Recovery from Write-Off	(634)	-2%	(786)	-2%	(783)	-3%	(1,039)	-4%	(1,218)	-5%
Diminution in value of investments	(563)	-2%	534	1%	116	0.4%	(72)	-0.3%	(287)	-1%
Off balance sheet items	63	0.2%	(192)	-1%	(37)	-0.1%	131	0.5%	63	0.3%
Other provisions	2	0.005%	4	0.01%	(13)	-0.04%	100	0.4%	10	0.05%
<b>Total provision</b>	<b>1,867</b>	<b>6%</b>	<b>1,442</b>	<b>4%</b>	<b>750</b>	<b>2%</b>	<b>1,152</b>	<b>4%</b>	<b>865</b>	<b>4%</b>
<b>Total Profit/(loss) before taxes</b>	<b>6,735</b>		<b>8,505</b>	<b>24%</b>	<b>8,072</b>	<b>26%</b>	<b>7,897</b>	<b>29%</b>	<b>7,148</b>	<b>31%</b>
<b>Provision for taxation:</b>										
Current tax expense	2,537	7%	3,719	10%	2,523	8%	3,196	12%	2,630	11%
Deferred tax expense / (income)	(343)	-1%	(859)	-2%	2	0.01%	(549)	-2%	58	0.3%
<b>Total provision for taxation</b>	<b>2,194</b>	<b>6%</b>	<b>2,860</b>	<b>8%</b>	<b>2,525</b>	<b>8%</b>	<b>2,647</b>	<b>10%</b>	<b>2,688</b>	<b>12%</b>
<b>Net profit after taxation</b>	<b>4,541</b>	<b>13%</b>	<b>5,646</b>	<b>16%</b>	<b>5,547</b>	<b>18%</b>	<b>5,250</b>	<b>19%</b>	<b>4,460</b>	<b>19%</b>



# CORPORATE STRENGTH ANALYSIS



# COMPETITIVE INTENSITY AND OUR STRATEGIC RESPONSES

## Overview

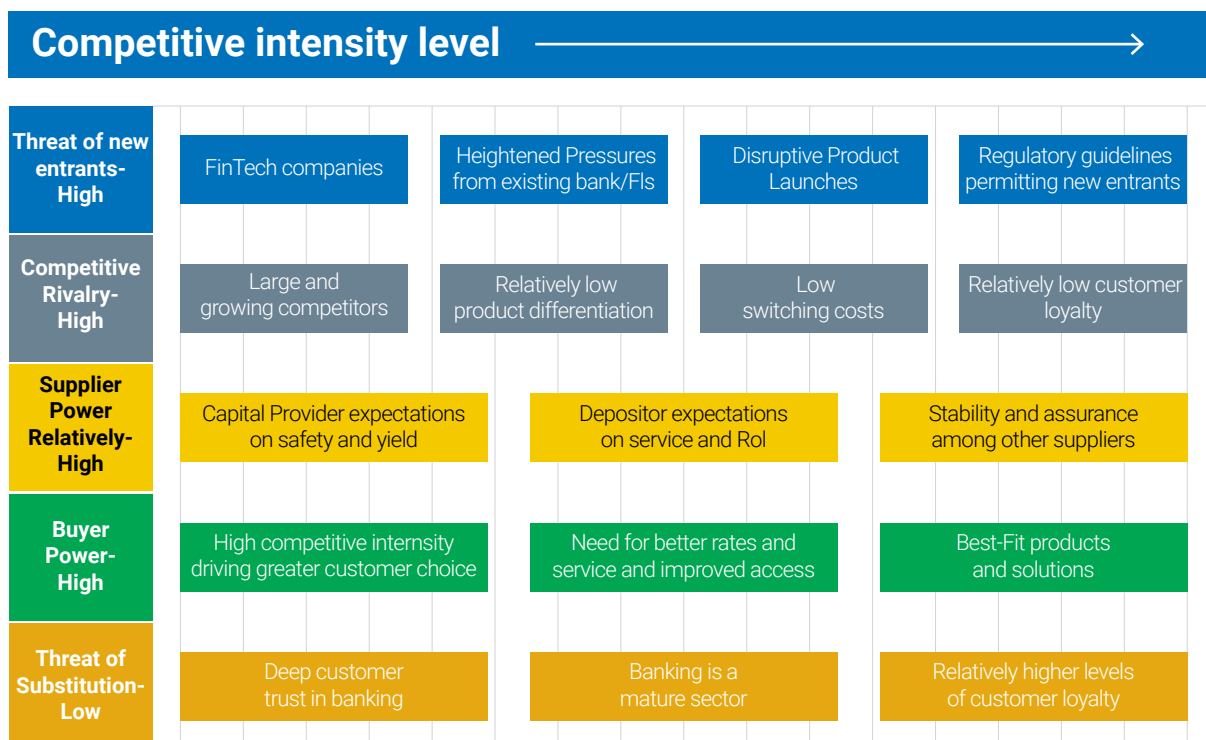
In Bangladesh, our operating landscape is fraught with high competitive intensity, with a number of players – both large and small – jostling for a share of the market. While regulations in the banking sector are still evolving, players have been lured by the potential gains of an unserved and underserved market. However, it has to be noted that companies, often with lax governance standards and low motivation to serve customers in the true spirit and best interest, remain fragile in the face of an inability to manage the business and also due to rising non-performing loans, especially in times of heightened stress, as seen to be unleashed by the COVID-19 pandemic.

## Our response to competitive adversity

At BRAC Bank, we remain cognisant of and vigilant to competition in our operating environment. On a

fundamental level, we believe that our longstanding heritage and experience remains our most potent competitive advantage, while our size, scale, reach and influence remain our biggest bulwarks against competitive pressures.

Further, we continually focus on investing in our human resources, technology, product range and customer service/experience with a view to build on our competitive strengths. We are aware of competition emergent from FinTech companies and will continue to place emphasis on our digital banking platforms as a means to secure our share of the market. Thus, a prudent approach, long-term thinking and emphasis on execution has helped us create a reputation and position of not only amongst the largest bank of Bangladesh, but also one that is progressively on its way towards becoming the best bank in the country.



## Key forces in our operating environment and our key responses

### ● Threat of new entrants

This risk remains ever-present, especially on account of the pandemic advancing the scope for FinTech companies. These are normally well-funded entrants and can disrupt the market. Further, it is also possible that existing banks may resort to unsustainable and unsubstantiated practices that can create short-term disruptions.

#### **Our response**

At BRAC Bank, with a relentless tech and digital banking drive, we are focusing on staying ahead of the competitive curve. Underlying these investments, we have a robust banking platform and rich sectoral experience that position us well in such an evolving landscape. Further, as a bank with a customer-first philosophy we are focused on revolving our operations around customer benefit, and we believe such a welfarist philosophy will help us counter any external market-driven pressures. We also understand that the pandemic has impaired bank balance sheets thus weakening the ability of players to launch any major detrimental moves.

### ● Competitive rivalry

Bangladesh's banking sector has a plethora of players: 61 scheduled banks, 5 non-scheduled banks and 34 financial institutions (FIs). Moreover, most of this presence is concentrated in the metropolitan areas, thus further intensifying competitive intensity.

#### **Our response**

At BRAC Bank, we tick all the boxes as far as our customer requirements are concerned. For instance, we provide the most competitive rates on our loan products, the most favourable rates on our deposit products, a wide range of products and services, safe and secure digital banking channels, empathetic, speedy and sensitive

customer service and prompt grievance resolution mechanisms. These represent strong barriers for other players to enter into our domain. Further, regulatory guidelines enforced rate recalibration in 2019 through fixing ceilings, which we promptly embraced and passed it on to our customers. We believe that this reset may have impacted other players operating on higher cost structures and weaker margins. Moreover, the pandemic has also had a damaging impact on the broader industry and this may enforce consolidation, thus helping frontline banks like us to responsibly capture a higher share of the market.

### ● Supplier power

Capital is the primary input for a bank, and in a competition-intense environment, supplier power is bound to remain high. Capital will always pursue better yields and those banks that are able to fulfill this requirement will be able to draw liquidity.

#### **Our response**

At BRAC Bank, we understand that as a public-facing institution we need to meet the expectations of the public, especially our depositors who entrust their hard-earned money with us. We focus on offering the best interest rates on deposits and this intent is reinforced by our ability to draw low-cost funds from the market through our strong and superior credit ratings. We also offer a wide range of fixed deposit (FD) products across varying tenures that meet the myriad financial and socio-economic needs and expectations of our deposit-holders. Further, we also focus on drawing cost-effective funds from the refinancing window of Bangladesh Bank, which not only enables us to mobilise liquidity, but also allows us to finance key projects and assets that sustainably contribute to nation-building.

### ● Buyer power

Our loans and advances customers can be classified as our "buyers". While it is true that

a highly competitive environment has given buyers a greater choice, we believe that this should be the case in a free market, which also fosters healthy competition.

### **Our response**

In this context, one of our major differentiators is the service that we dispense to our customers. While it is easy to copy a product, it is impossible to replicate service, and this represents one of our major competitive advantages. With a customer-first approach, we have ensured that we offer the lowest loan TAT (turnaround time) to eligible borrowers that greatly facilitate them in meeting any exigent needs. Further, our ability to customise/personalise products to suit the diverse requirements of our customers is a major advantage that helps us forge stronger relationships with them, opening up the

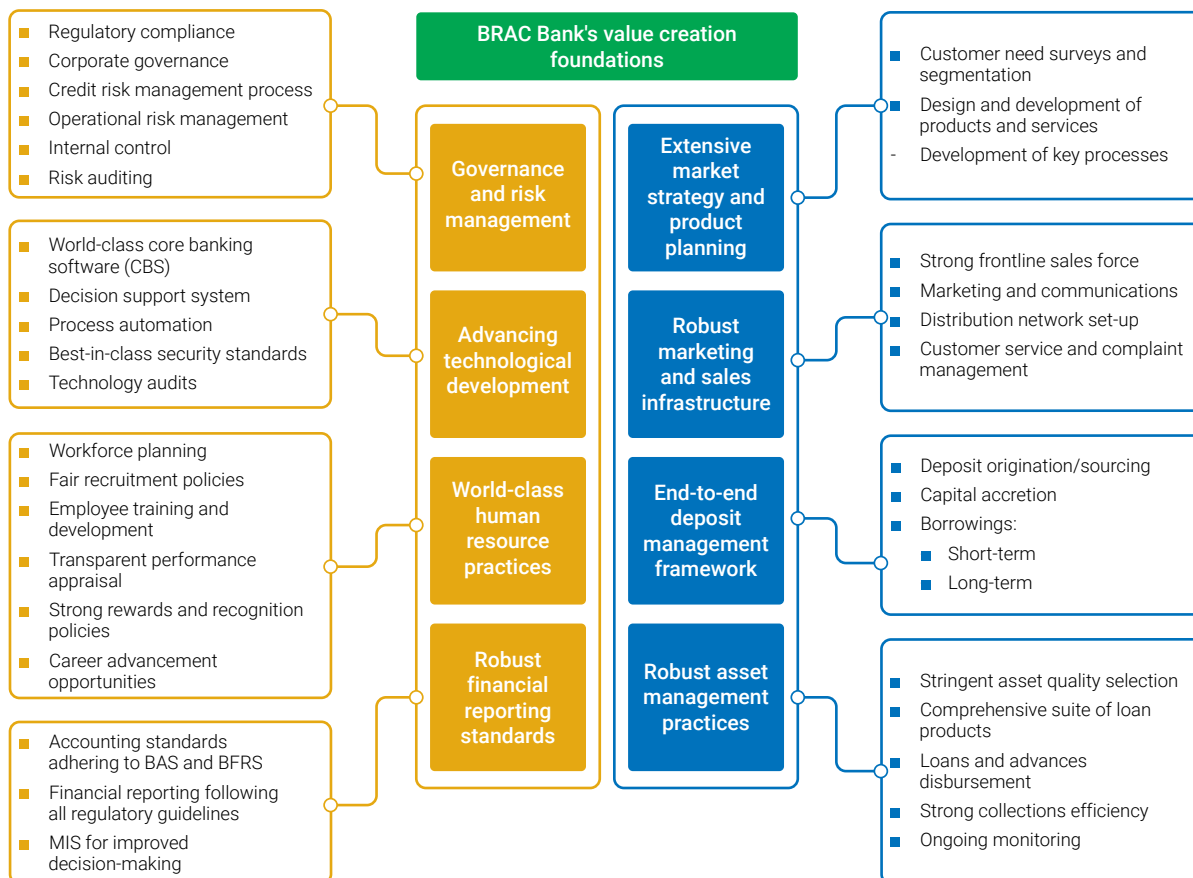
potential of repeat business and cross-selling. Yet, another reason comprises the fact that the pandemic has reinforced public trust in bigger and well-managed banks and such a shift also represents a major advantage for us.

- **Threat of substitution**

Such a threat is relatively non-existent as there is no alternative/substitute to nor replacement for financial services in an economy. Banking and financial services are a core part of an economy and also a key interface between the Government and the public. Digital financial products cannot be termed as an alternative to financial services because while the means of transaction or transmission changes, what remains unchanged is the core monetary nature of the product.

# OUR VALUE CREATION FRAMEWORK

## Our value creation thrust



## Our stakeholder-centric value creation focus

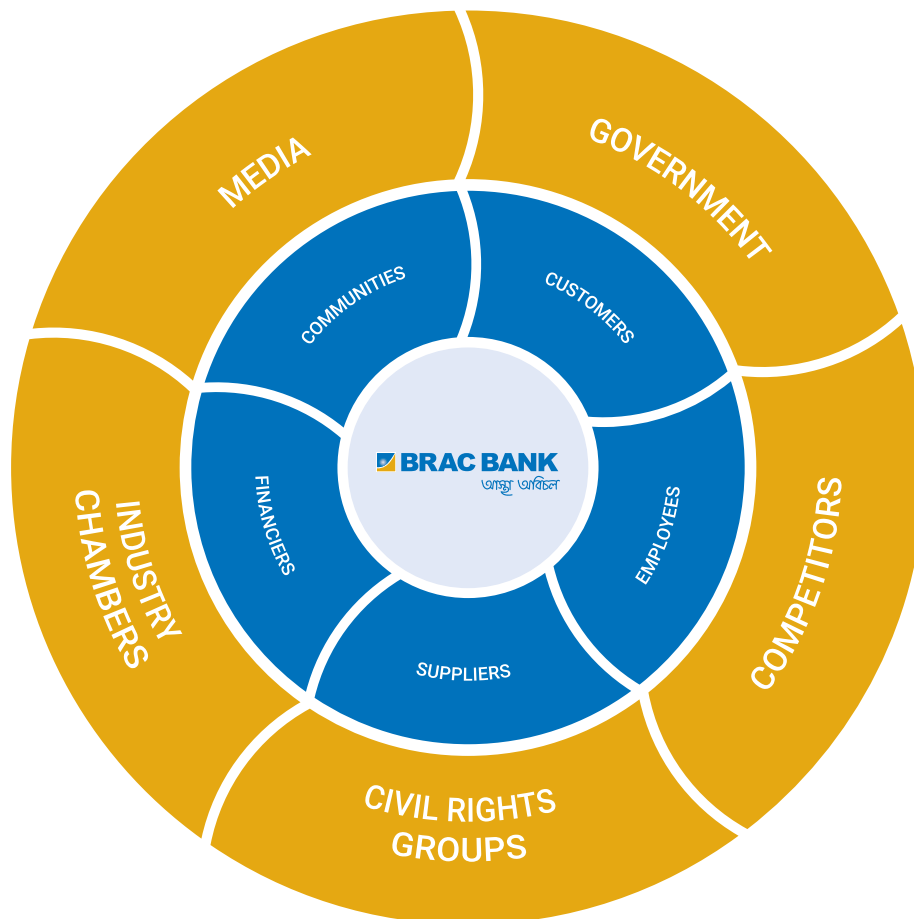
At BRAC Bank, we are focused on meeting the expectations of all our stakeholders and furthering our emphasis on sustainable value creation for each constituency. Our value creation agenda is anchored on creating an enduring impact on all those associated with the bank. The following describes the broader value we foster amongst our diverse stakeholder community.

- Upholding public trust as custodians of their financial welfare and wellbeing
- Empowering our customers to enable them to make better financial choices and achieve their goals
- Improving digital literacy and safety through our ongoing awareness sessions, as well as ensuring digital access to our products and services
- Supporting employment creation across the country through our scale and presence
- Embracing ESG principles with a view to ensure a stable and holistic socio-financial impact

- Extending positive support to vulnerable and underprivileged communities through our high-impact citizenship programs
- Fulfilling our role as a partner in nation-building through honouring all our regulatory requirements, including tax contributions
- Supporting small businesses and suppliers through our Procurement division, with one of the largest procurement budgets in the country's banking sector
- Fostering transparency with the media, industry bodies and civil rights groups through meaningful engagement

## Our shareholders ecosystem

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# OUR MATERIAL

## EVENTS

BRAC Bank's material matters are those issues, opportunities and challenges, which could significantly impact our sustainability and our ability to meet the expectations of our stakeholders. Our material matters are informed by the expectations and concerns of our stakeholders, as well as the social, economic, governance and environmental conditions in which we operate.

BRAC Bank's material matters are linked to our purpose and strategy. The materiality determination process takes into cognisance the environment in which we operate, considering industry, political, economic, social and technological developments. The factors/management models considered in evaluating our strategic positioning include SWOT (strengths-weaknesses-opportunities-threats) and PESTEL (political-economic-social-technological-environmental-legal). Such a deep-dive analysis also enables us to identify the key expectations of our

stakeholder constituencies and create sub-strategies and tactical initiatives that enable us to respond to meet those expectations on a sustainable basis.

It is worthwhile to note that our material matters are comprehensively assessed, monitored and updated as considered appropriate by our Board and leadership, as part of our bank's overall strategic management process.

### Defining what matters the most

At BRAC Bank, we apply integrated thinking to identify those matters that may influence our ability to create value in the short-, medium- and long-term. These matters inform our strategy to manage the risks and maximise the opportunities that present themselves. We primarily identify what matters the most to our business using the following process:



We analyse our business context, our operating environment, the resources we rely on, as well as the feedback received from our stakeholders (both internal and external), to assess matters that could have a financial, reputational, operational, environmental, social, strategic or legislative significance. We consider those matters that could impact our business in the short-, medium- and long-term, as well as actual events that have taken place.



We use the outcomes of this analysis and the key risks and opportunities identified to prioritise those matters that are most material to our ability to create sustained value. Our prioritisation process is an outcome of online tools and in-person workshops. Based on the material impacts identified, we derive our risk and opportunity register which we update throughout the year.



We integrate our material matters into our strategy by contextualising them into our strategic priorities that guide our integrated approach to premeditated choices. Performance against this strategy is tracked by setting well-defined and clearly identified key performance indicators (KPIs) that are cascaded throughout our business to deliver on our strategic priorities.

Following the defining-prioritisation-integrating articulation of our material matters, we have identified five megatrends or macro forces that have the potential to transform our business that stood out as the broader themes under which our material matters could be classified. Notably, COVID-19 has intensified and accelerated trends already in motion.

**Uncertain geopolitical and socio-economic growth factors**

**The role of business in creating a sustainable society**

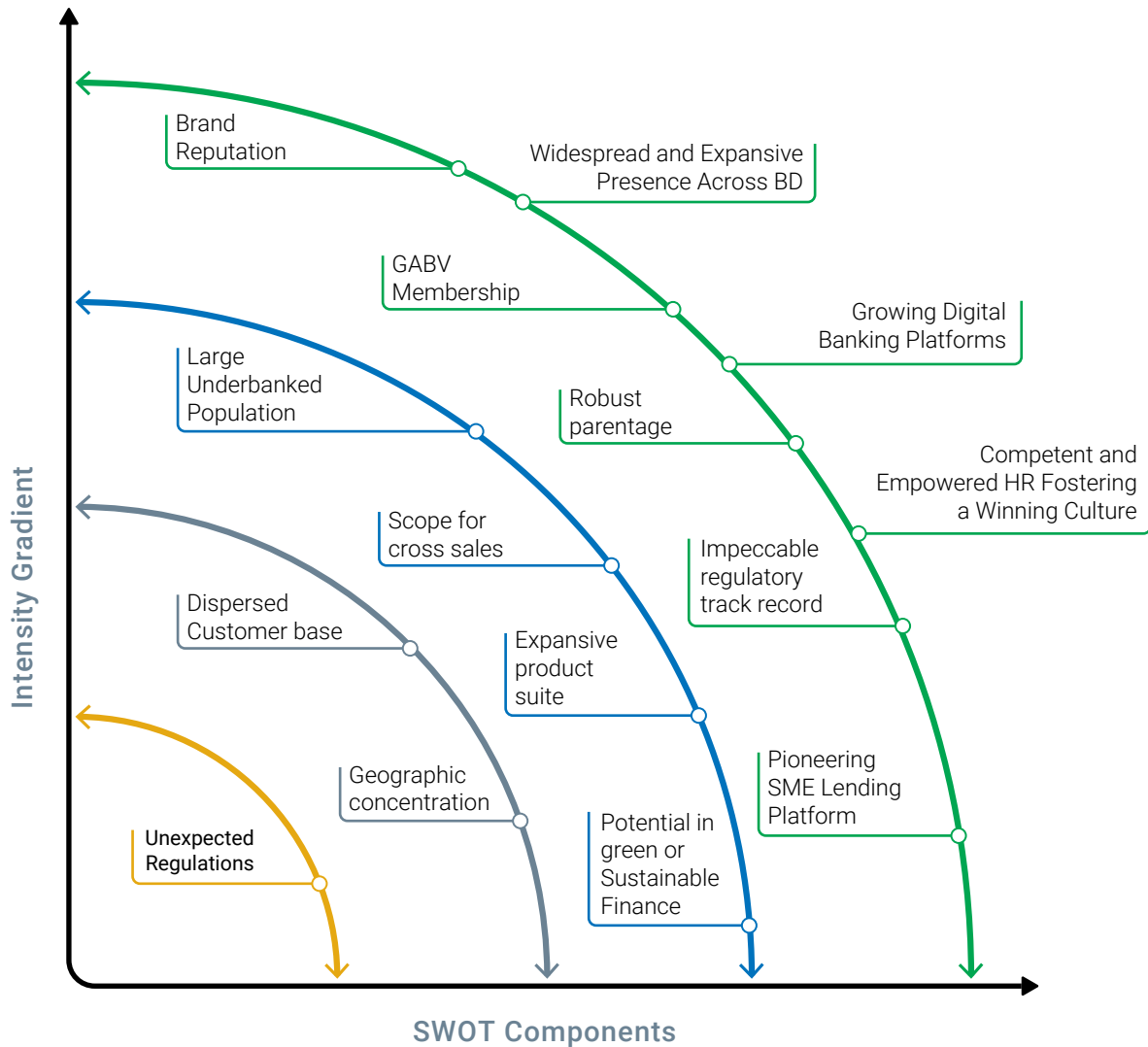
**Business model adaptability to rapid change**

**Managing for sustainability and liquidity during COVID-19**

**Changes in regulatory and governance context**

# BRAC BANK'S SWOT FRAMEWORK

BRAC Bank's SWOT Analysis Model





## Our continuous improvement framework – SWOT



### Building on our strengths

- Enduring focus on financial inclusion
- Ongoing reputation/brand management
- Delightful customer experience
- Shoring-up our regulatory capital
- Deep culture of product/service innovation
- Uncompromised governance/regulatory alignment
- Focused footprint expansion
- Continued investments in digital technologies
- Perpetual people training/upskilling
- Reshape branch experience to meet shifts in banking expectations
- Continued returns enhancement focus to investors



### Capitalising on our opportunities

- Make inroads into the large unbanked/underbanked population pools
- Support governmental objectives in both large infra financing and in green/sustainable finance
- Enhance customer engagement for securing our position as a banking partner of choice
- Identify and take advantage of opportunities in specific business verticals, e.g., women banking
- Focus on digital customer journeys to enhance convenience and also save costs
- Develop customer-facing deposit/investment and lending/financing products that meet the needs of the market



### Strengthening our weaknesses

- Create further business model agility to respond to both market and regulatory developments
- Engage in continual liaison with our regulators
- Diversify our income/geographic concentration risks
- Anticipate changes in regulatory landscape and prepare well for their implementation



### Responding to our threats

- Counter competitive threats through our brand, scale, size and innovation drivers
- Focused efforts in improving customer service, for e.g., through reducing loan TAT for eligible borrowers
- Competitive, friendly and empathetic dispensation of services
- Reinforce our risk control triggers to mitigate risks faster and better

# BRAC BANK'S

## PESTEL FRAMEWORK

### P POLITICAL

High	Stable political environment
High	Proactive Govt. policies
High	Covid support through stimulus fund
High	Reliable regulatory climate

### E ECONOMICAL

Stable	Economic rebound expected
High	Uptick in headline indicators
High	Resilient economy
Stable	Diversified economic components

### S SOCIAL

Weak	Heterogeneous income spread
High	Banking as a public service
High	Pandemic has accelerated digital adoption
High	Customer has accelerated for virtual interfaces

### T TECHNOLOGICAL

High	Growing presence of fintech companies
High	Large number of banks and FIs
High	Enhanced customer expectations
Low	Evolving digital banking regulations

### E ENVIRONMENTAL

High	Growing focus on green banking
High	Greater need for institutional responsibility in society
High	Fragile ecosystems
High	Growing threats of climate-change events

### L LEGAL

High	Well-regulated industry environment
High	Changing regulations, for e.g., cap on industrial lending rates
High	Strong legal recourse in case of defaults
High	Robust legal provisions has maintained public trust in banking

## Our continuous improvement framework – PESTEL

PESTEL component	Impact on industry	BRAC Bank's focus areas	Major outcomes
<b>P – Political</b>	<ul style="list-style-type: none"> <li>● Heightened regulatory caution to prevent potential undisclosed money flow into the economy</li> <li>● Hence, more stringent compliance requirements may be placed on the banking industry over money laundering and illegal transfer of money</li> </ul>	<ul style="list-style-type: none"> <li>● Continuous assessment of the political environment with commensurate strategic responses</li> <li>● Robust disclosure standards</li> <li>● Strong political risk mitigation measures in place, like extended due diligence for identifying PEPs and providing banking facilities to them</li> <li>● Greater focus on SMEs over corporate clients to circumvent bigger NPL shocks</li> <li>● Conservative and considered approach to growth in assets portfolio</li> </ul>	<p><b>Zero</b></p> <p>Tolerance to regulatory misalignments</p>
<b>E – Economical</b>	<ul style="list-style-type: none"> <li>● Strong governmental efforts in financial market stability and efficiency</li> <li>● The economy has witnessed a V-shaped trajectory – a solid start in the beginning of the fiscal year (July 2019), followed by a sharp dip because of the pandemic and then progressive recovery</li> <li>● Bangladesh's GDP is expected to expand by 8 per cent in 2020 and inflation rates are forecasted at ~6 per cent in 2021</li> <li>● Hike in deposit interest rate due to liquidity crisis would be a major upcoming challenge, thus impacting lending too</li> <li>● Repricing of assets to match cost of deposit may well be in the offing</li> </ul>	<ul style="list-style-type: none"> <li>● Conservative, yet dynamic approach to lending</li> <li>● Resilient and adaptable business model ensures quick and secure opportunity capture</li> <li>● Strong grassroots distribution network for facilitating deposit mobilisation</li> <li>● Leveraging SME customer base to shift from “lender” to “banker” position</li> <li>● Lending expected to continue to grow with higher rate of interest for new assets booking to align with cost of deposit</li> <li>● Expansion of non-funded facilities will be a good option for reducing pressure on interest income</li> <li>● Apart from credit restructuring undertakings under the leadership of newly-recruited Chief Risk Officer (CRO) the bank also has a robust risk assessment framework</li> <li>● Robust bank-wide efforts in improving NPLs</li> </ul>	<p><b>Dedicated</b></p> <p>Special Asset Management and Recovery teams</p>

PESTEL component	Impact on industry	BRAC Bank's focus areas	Major outcomes
<b>S – Social</b>	<ul style="list-style-type: none"> <li>● Low awareness about institutional finance beyond the peripheries of the metro cities</li> <li>● Low education standards and hence low awareness about banking/finance</li> <li>● Yet, a sturdy entrepreneurial spirit and culture with a “can do” attitude</li> <li>● Non-homogenous income distribution among the public as well as diverse preferences</li> </ul>	<ul style="list-style-type: none"> <li>● Contribute to lifestyle enhancement through proper financial solutions</li> <li>● Support job creation via lending activities</li> <li>● Continuing to tailor products/ services as per customer preferences</li> <li>● Ensuring sensitivity to cultural contexts, including gender, social conventions and beliefs</li> <li>● Entrepreneurial spirit of the broader society will always ensure demand for financial products</li> <li>● Anticipate shifts/trends and develop business approaches accordingly</li> </ul>	<p><b>Supporting</b></p> <p>Nation-building, entrepreneurship, employment generation and societal development</p>
<b>T – Technological</b>	<ul style="list-style-type: none"> <li>● Tech advancement has made customers more aware, which has altered their expectation levels</li> <li>● Growing dependence on tech to meet customer demands, as well as threat from fintechs and other competitors has meant that we have continuously invested in technology</li> <li>● Our focus on tech investment has been premised on increasing access and lowering costs of banking for our customers</li> </ul>	<ul style="list-style-type: none"> <li>● Invested substantively in tech over the years</li> <li>● Thus, the bank has consistently remained ahead of the tech curve, effectively thwarting competition</li> <li>● The bank is in the midst of upgrading legacy systems to a state-of-the-art core banking system and ERP with manual processes being automated to increase efficiency and reduce TAT further</li> <li>● Enhanced focus on digitalising products, services and processes</li> </ul>	<p><b>Automation</b></p> <p>We are focused on enhanced automation and digitisation across the bank</p>

PESTEL component	Impact on industry	BRAC Bank's focus areas	Major outcomes
<b>E – Environmental</b>	<ul style="list-style-type: none"> <li>Green/sustainable finance is on the rise in BD, in no small way encouraged by global financial and developmental institutions</li> <li>Changes in the environment will enforce more stringent regulatory compliance and reporting</li> </ul>	<ul style="list-style-type: none"> <li>Stewarded by robust green banking practices, BRAC Bank has a sturdy environmental screen that helps evaluate projects through the prism of their impact on the environment</li> <li>We are focused on lowering our carbon footprint through optimising water, energy and paper consumption, while also making concerted efforts to minimise our waste to landfill</li> <li>One of the secular trends of the pandemic that we expect will continue is replacement of travel with videoconferencing, which will further lower our environmental impact</li> </ul>	<b>Expansion</b> in our green finance book
<b>L – Legal</b>	<ul style="list-style-type: none"> <li>Tightening regulations will constitute a major part of the legal landscape in Bangladesh, going forward</li> <li>Further, evolving regulations are also perceived with respect to the regulatory action taken during COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>BRAC Bank is fully compliant with the statutes classified under the Bank Companies Act, 1991, as amended in 2013, BB circulars and guidelines, listing regulations and securities laws of the country</li> <li>Apart from the above, the bank is also fully compliant with the Companies Act, 1994; Income Tax Ordinance and Rules, 1984 and Value Added Tax Act and Rules, 1991</li> </ul>	<b>GABV</b> We are the only banking institution in the country to be a part of the prestigious Global Alliance for Banking on Values, a global platform that stewards principles-based best practices in banking

# INTEGRATED STAKEHOLDER ENGAGEMENT

At BRAC Bank, we embrace a people-centric and stakeholder-inclusive approach to creating value. This means that stakeholder engagement is integrated into every step of our value creation process.

In a year fraught with uncertainty due to COVID-19, we have focused on deepening our engagement and collaboration to create mutual sustainability and value protection. Importantly, relationships are central to who we are and what we want to achieve. To measure the value we generate for our stakeholders, we have identified goals for each of our key stakeholders and measure delivery on these through both financial and non-financial metrics, value creation indicators and the quality of our relationships.

## Identifying our key stakeholders

We are committed to understanding each stakeholder's concerns and expectations and then applying the relevant inputs to our decision-making to ensure sustained value creation. We aggregate our material stakeholders in terms of their level of influence on us and our impact on them. Based on this broad-based assessment, we prioritise these relationships, and while we engage with all our stakeholders, we have identified our key stakeholders as those with whom we need to collaborate with, consult and involve and as such have developed goals for each.

## Key stakeholder goals

Employees	→	Employer of choice
Investors/debt providers	→	Source of growth in value appreciation
Suppliers	→	Sustainable business opportunities/growth
Communities	→	Responsible community interventions
Customers/public	→	Dependable and stable banking practices
Government	→	Regulatory alignment and exchequer contributions
Strategic partners	→	Co-opt for impact driven commercial partnerships
Industry bodies	→	Responsible liaison with authorities
Media	→	Accurate and timely material disclosures



### Stakeholders who we collaborate with:

Employees  
Investors and debt providers  
Suppliers  
Communities



### Stakeholders who we involve:

Customers/public  
Government  
Strategic partners



### Stakeholders who we consult:

Industry bodies  
Media

A review of how we engage and create sustainable value for some of our major stakeholder groups is provided below.



## EMPLOYEES

Engagement strategy	Why we engage	Our strategic responses
<ul style="list-style-type: none"> <li>• Communicate employee value propositions</li> <li>• Drive business initiatives to ensure delivery on business strategy, brand promise and our values</li> <li>• Consult employees to understand and address concerns and improve relationships</li> </ul>	<ul style="list-style-type: none"> <li>• Employee engagement is vital to maintain an innovative, motivated and committed workforce</li> <li>• Our employees are fundamental to growing our brand and to the delivery of a consistently high-quality service</li> </ul>	<ul style="list-style-type: none"> <li>• From the onset of the pandemic, our MD increased employee communications to keep people motivated and engaged</li> <li>• Fostered extensive COVID-19 awareness campaigns to ensure social distancing and to communicate operational changes, policies and protocols on matters such as working from home (WFH), etc.</li> <li>• We formalised induction and onboarding programmes to ensure information is relevant, clear and easily accessible to new recruits</li> <li>• Upskilling remains a top priority</li> <li>• Benchmarked remuneration practices</li> <li>• Strong rewards and recognition programme that incentivises employees to be the best at what they do</li> <li>• Our wellness programmes offers financial, physical and emotional support</li> <li>• We nurture an inclusive, diverse and meritocratic culture</li> </ul>



## INVESTORS/DEBT PROVIDERS

Engagement strategy	Why we engage	Our strategic responses
<ul style="list-style-type: none"> <li>• Communicate our value proposition as an outgrowth of our brand promise</li> <li>• Demonstrate consistent delivery on our value proposition and strategy through reporting, communications and other relevant media platforms</li> <li>• Engage to understand issues/concerns and communicate how these have been addressed/resolved</li> </ul>	<ul style="list-style-type: none"> <li>• By understanding our debt providers' and investors' requirements and meeting their expectations of sustainable value creation, we grow trust in our organisation, which strengthens our access to cost-effective capital</li> </ul>	<ul style="list-style-type: none"> <li>• We remain committed to our philosophy of ensuring transparent communication and engagement with our investors</li> <li>• Though COVID-19 has weakened Bangladesh's economy, strong economic resilience has primed hopes for a sharp rebound, and hence we have augmented our engagement with investors/debt providers on how the bank can capitalise on the forthcoming opportunities</li> <li>• We have also focused on assuaging other COVID-19-related concerns, like liquidity and NPL pressures</li> <li>• We regularly elaborate on our digital transformation pivot and communicate our transformation strategy during other stakeholder engagements too</li> <li>• We communicate our long-term focus and strategy through our annual report, which is our major public-facing document</li> </ul>



## SUPPLIERS

Engagement strategy	Why we engage	Our strategic responses
<ul style="list-style-type: none"> <li>● Communicate our strengths as a strong and stable partner</li> <li>● Engagement includes a proactive communication plan- incorporating matters relating to strategy, business updates and operational matters- and feedback mechanisms to understand needs, issues and concerns</li> </ul>	<ul style="list-style-type: none"> <li>● Our suppliers are our valued partners and deemed to be an extension of BRAC Bank in terms of supplying goods, services and resources that enable smooth and seamless operations</li> <li>● It is imperative that they conduct themselves in a manner that is consistent with our brand promise and corporate values</li> </ul>	<ul style="list-style-type: none"> <li>● Implementation of purchase orders across the business for better control and governance</li> <li>● Streamlined payment processes to minimise delays for quick, efficient and timely settlement</li> <li>● Supplier development and extensive support initiatives for micro-enterprises, as well as small and medium-sized enterprises</li> <li>● Constantly seeking sustainable and cost-effective procurement opportunities by our well-governed procurement department</li> <li>● Supplier rationalisation to only support quality suppliers and improve administrative efficiency</li> </ul>



## COMMUNITIES

Engagement strategy	Why we engage	Our strategic responses
<ul style="list-style-type: none"> <li>● Ensure that our social responsibility practices are rooted in care, empathy and sensitivity</li> <li>● Strong relationship management, including proactive communication and engagement with communities</li> </ul>	<ul style="list-style-type: none"> <li>● Our goal is to ensure that we extend institutional support to achieve our longer-term value sustenance goals through engagement that enables us to understand our impacts on communities and thus meet their evolving needs and expectations</li> </ul>	<ul style="list-style-type: none"> <li>● We operate well-defined and well-articulated community support activities that are focused on maximising grassroots impact</li> <li>● We seek to collaborate with NGOs and other developmental partners to ensure that complementary strengths help maximise impact</li> <li>● We have extended major community support during COVID-19 times, involving ourselves through awareness creation, donations as well as employee volunteerism</li> <li>● We closely support the broader economic goals of employment generation, especially amongst the youth, while also providing sustainable business opportunities to local businesses</li> </ul>





## CUSTOMERS/PUBLIC

Engagement strategy	Why we engage	Our strategic responses
<ul style="list-style-type: none"> <li>Our customers are at the heart of what we do and we ensure that customers and clients at both spectrums– deposit and lending– continue to choose us as their preferred banking partner</li> <li>As a financial institution with a considerable influence and impact, we consider it to be our duty to raise public awareness around financial fraud and safe banking</li> </ul>	<ul style="list-style-type: none"> <li>Customer sustainability is at the forefront of our considerations, as our business would not survive without them</li> <li>By assisting our customers and understanding their needs, we develop best-fit products and services that also ensure sustainability</li> <li>By attracting especially the new-generation youth customers with innovative products, channels and solutions, we improve our offerings so that we remain relevant to the times</li> <li>Our focus continues to be on financial inclusion by having the masses onboard an organised financial platform</li> </ul>	<ul style="list-style-type: none"> <li>We ensured all safety and hygiene protocols for our customers when they visited our premises, embracing a number of initiatives in crowd management, while also minimising in-person interfaces wherever possible</li> <li>We are increasingly pivoting to digital, thus ensuring that the bank is available at the fingertips of our customers hence greatly enhancing their convenience</li> <li>We engage in extensive consultations with our customers across the bank to evolve products and services that reflect the needs and requirements of the marketplace</li> <li>We continually review our customer journey and all touchpoints to enhance experiences</li> </ul>



## GOVERNMENT

Engagement strategy	Why we engage	Our strategic responses
<ul style="list-style-type: none"> <li>Communicate our material matters, major decisions and key initiatives on an ongoing basis</li> <li>Respond to queries/ issues in the spirit of transparency and openness</li> </ul>	<ul style="list-style-type: none"> <li>We work together with our regulators, embracing the essence of collaboration, all with the primary view to ensuring the stability of the country's financial services sector, as well as our own stability</li> </ul>	<ul style="list-style-type: none"> <li>Engage in rolling consultations over draft policy regulations, whitepapers, etc.</li> <li>Ensure an uncompromised and undiluted stance on regulations, while implementing and upholding all guidelines and statues in both letter and spirit</li> <li>Fulfill our role and responsibility as a bank that sustainably contributes to the socio-economic growth and welfare of the nation</li> </ul>

# OUR BUSINESS MODEL

# AND STRATEGY

Our focus to strengthen our business model



We are focused on ensuring that we lead customer service, trust and advocacy



We will continue to enhance our balance sheet strength and resilience



We will emphasize on simplifying processes for added customer convenience



We will support sustainable growth through embracing the principles of ESG and UN SDGs

Key Drivers of change in our business model

## Our Capitals

### Financial

- 46,955 million equity
- 289,054 million deposits

### Intellectual

- Valuable brand
- Leadership positions
- Strong tech platform

### Human

- 7,740 employees
- People-centred culture
- Emphasis on skills and capacity development

### Manufactured

- 187 branches
- 375 ATMs
- Marketing-leading digital platforms

### Social & Relationship

- 1.1 million clients
- Leader in sustainability
- Leader in social responsibility

### Natural Capital

- Sustainable financing
- Focus on carbon neutrality
- Robust social and environmental management



## BRAC BANK'S VALUE-CREATING BUSINESS MODEL

**The macroeconomic environment:**  
Managing through a difficult and highly competitive environment

**Digital transformation:**  
Growing role of digital products, services and channels

**Talent development:**  
Transforming our talent for future-readiness

...Enable value-adding

...Activities that create

...Stakeholder value



Investing in technology, marketing and infrastructure



Focusing on operational excellence



Managing resources to maximise outcomes



Aligning with ESG principles

STRATEGIC FOCUS AREAS

Provide feature-rich saving and investment products

Extend credit through responsible lending practices

Offer global market-related services

Reward performance and invest in talent

Create business model agility and resilience

Contribute to nation building through our activities

### Financial

- 15% dividend announced
- 3% loans & advances growth

### Intellectual

- Application for universal bank
- Virtual relationship management

### Human

- 6,247 million salaries
- 63,655 training participants

### Manufactured

- 187 branches
- 375 ATMs

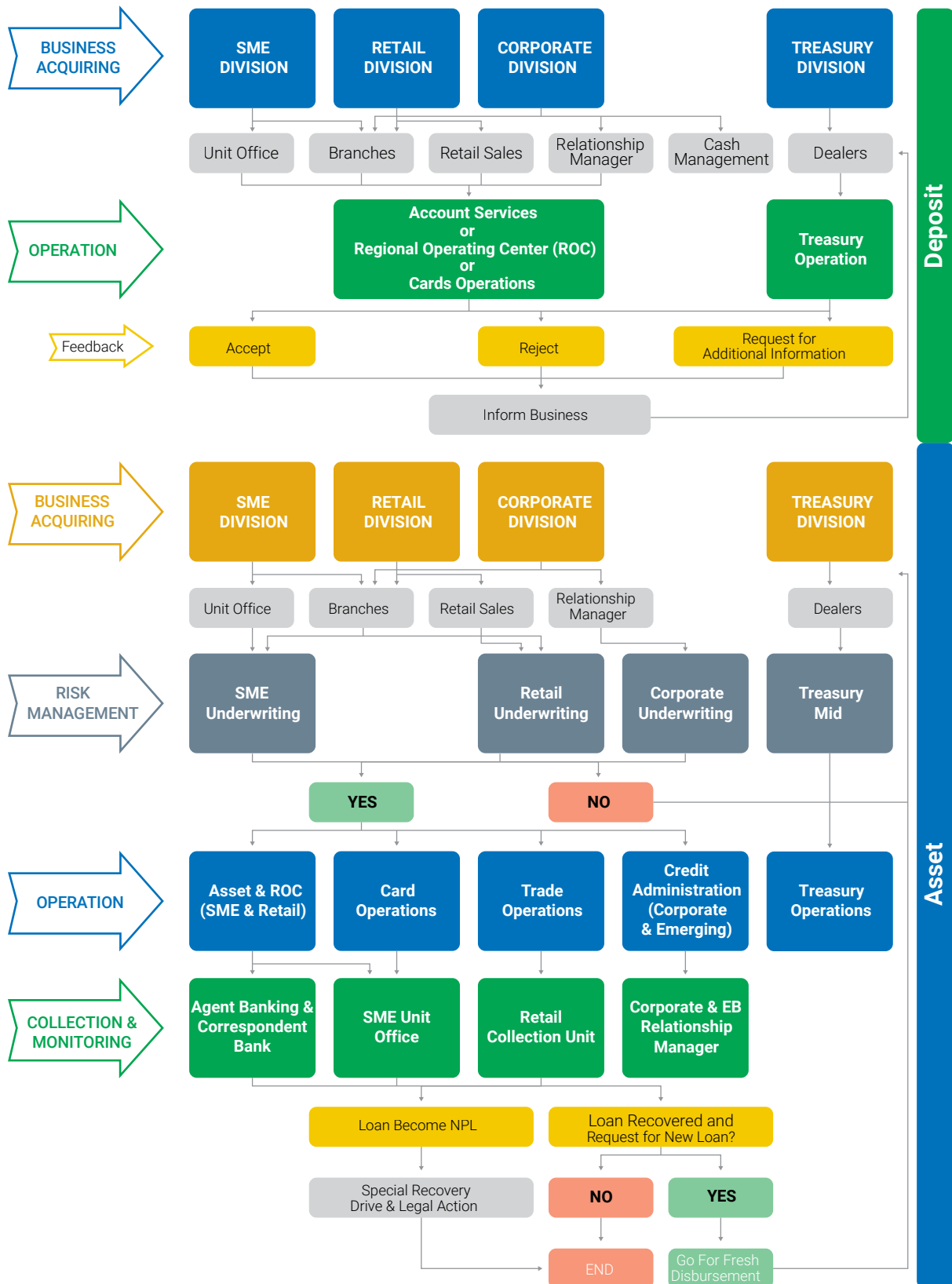
### Social & Relationship

- 221 million CSR
- 253 million COVID-19 support expenses

### Natural Capital

- 801 million new loan proposal went through ESDD covering BDT 88,781 million

# WORK FLOW OF BRAC BANK



# STRATEGY AND RESOURCE ALLOCATION



Balance the needs of our diverse stakeholders



Achieve sustainable transformation through responding to changes in the economic and regulatory landscape



Leverage our strengths of a diversified customer and client base, wide product suite and a culture of empowerment

## Our strategy and resource allocation

In light of the COVID-19 health crisis, BRAC Bank has mobilised and marshalled resources to assist customers, support the national economy and contribute to assisting those in need. We realise that the pandemic is a particularly difficult and human ordeal that we are experiencing and as bankers we have a special responsibility to ensure continuity of financial services, while helping not only our customers to overcome the crisis but also individual clients who have had to adapt to sudden, unexpected difficulties. Banking is an essential function during the current crisis and it is our duty to ensure business continuity.

Importantly, years of consistent and forward-thinking initiatives in strategy execution aligned with our resource allocation framework, we stand in a strong place and position today. Indeed, we are experiencing a moment of truth in our relationships with our customers and clients and the broader society around us. We are meeting the challenges, collectively and individually, because our bank is sound, not only thanks to our financial strength but also our values and ability to adapt to the circumstances. We have remained agile in the past and this is strongly helping us to remain resilient in withstanding the current crisis.

Today, we know that we must remain mobilised to help clients and those most in need, as we start on the

challenging road to economic recovery and healing, while at the same time drawing lessons from this unprecedented crisis and making changes that will prepare us for the times to come.

## Pursuing opportunities for sustainable growth

At BRAC Bank, our goal is to connect opportunities and possibilities with customer and client needs and requirements, thus fostering an interconnected environment where everyone can thrive and achieve their goals in life. Building societal resilience is yet another aim, especially in the aftermath of the pandemic, as vulnerable communities that have fallen back into the poverty trap will need extensive support and even patronage to get on and get back up the economic ladder. We believe that banking and financial services will be the key driver of this socio-economic transformation and we will do everything possible with renewed energy to help our stakeholders in building back better and stronger. Some of our key future-facing initiatives will include:

- Placing stronger emphasis on evolving customers' and clients' needs by putting them at the heart of our decision-making process, thus contributing to shaping a positive future for all

- Enhancing digital adoption and digitalisation through ensuring a safe, secure and dependable virtual presence, thus also enriching customer journeys with us
- Focusing on meeting the needs of a larger range and diversity of individual customers and businesses, thus ensuring a more de-densified and de-risked presence, while also opening newer income channels
- Aligning more closely with our purpose, even in a new and uncertain environment, which is to do everything possible to emerge as the best bank of Bangladesh

## Overview

At BRAC Bank, despite unprecedented turbulence in the year 2020, we remained on our path of stakeholder value creation in the new normal. We focused on serving the needs and requirements of our customers in innovative ways as we needed to adhere to public health and safety guidelines. We developed a rotating

employee roster that not only enabled appropriate staffing in our offices and branches for us to meet the critical in-person banking requirements of our customers, but also ensured staff protection through equipping them with all safety tools and procedures. Thus, we took determined steps to achieve steady progress in our vision of building a simpler, safer, transparent and more customer-focused bank, striving to meet the evolving expectations of our customers.

Such a focus reflected in our 2020 performance, raised our ability to declare a dividend for 2020, announced 15 per cent per share.

In the current year and beyond, we intend to meet our aspirations of both a high-tech and high-touch bank, with specialist human assistance, where required. Our intent is to bring a larger product suite online, ensure reliability and ease of use of our digital banking platform and lower costs. This will be layered by ongoing staff training to ensure that our people skills remain relevant to the times and the best in the industry.

## Our strategic focus areas



### Managing our economic and regulatory issues

#### Macroeconomic environment

- Financial instability linked to monetary policies, systemic risks related to increased levels of indebtedness, uncertainty due to geopolitical/ESG issues
- Compliance with prevailing laws and regulations, lifting of regulatory forbearance and enhanced competition
- Trade disputes between the US-China, for instance, are likely to hinder global growth
- New regulations for digital technologies.

#### Our transformation drivers

- Our diversified and integrated business model helping improve operational efficiency, facilitated by close working relationships among the various business departments
- Develop new products/services to generate additional income
- Diversify customer solutions through digital, thus helping the development of new banking models and enriching service levels
- Continuously improving our ethical-commercial practices, which is an essential foundation of the trust that our customers and partners place in us



## Fostering new technologies for reimagining customer experience

### Technological and cyber-security

- The growing use of digital technology that entails an ever-increasing dependence on that technology
- Technological innovation has a profound impact on customer needs and habits, our business model, and the lives of our employees
- New players, such as startups and FinTech, are contributing to a new competitive landscape that is generating challenges, yet newer ways of collaboration and innovation

### Make progressive use of new technologies and data

- Our focus on using new/updated technologies is a powerful driver of innovation, in compliance with all ethical standards
- Beyond improving the customer experience, our sustainable banking practices are a powerful driver of socio-environmental transformation. Our outstanding green portfolio stood at Tk. 1 billion as on end 2020
- We support our employees so they can acquire new skills or update existing ones and thus continue to contribute to the bank's digital and agile mission



## Balancing responsible, inclusive and environment-compatible growth

### Societal and climate issues

- Emergence of numerous challenges for the future: climate, public health, environmental preservation, rising employment/social inequality, etc.
- Civil society expectations for large companies to play an active role in myriad societal solutions
- Businesses needing to take into account society's expectations on ethics, compliance, respect for human rights, diversity, etc., when conducting business

### Leveraging finance to drive transformation

- Developing innovative and best-fit financing and investment solutions for customers that enable them in turn to make positive-impact choices
- Supporting society by helping combat COVID-19 through various initiatives
- Formulating new solutions to foster financial inclusion of women, entrepreneurs, youth, and, more broadly, the society

## Our key resources and relationships

BRAC Bank provides a wide range of financial services to individuals and businesses through its robust physical-digital distribution channel. For achieving this, we rely on our financial, human, intellectual, manufactured/infrastructural, social and relationship and natural capitals.

Our aspiration is that we want to be a long-term partner for our clients. We want to support their projects, manage their investments and savings, and through personal finance we want to enable them to achieve their life's aspirations.

Our employees aim to deliver services that have purpose and relevance for our clients. They do this through their daily responsibilities and also through corporate volunteering.

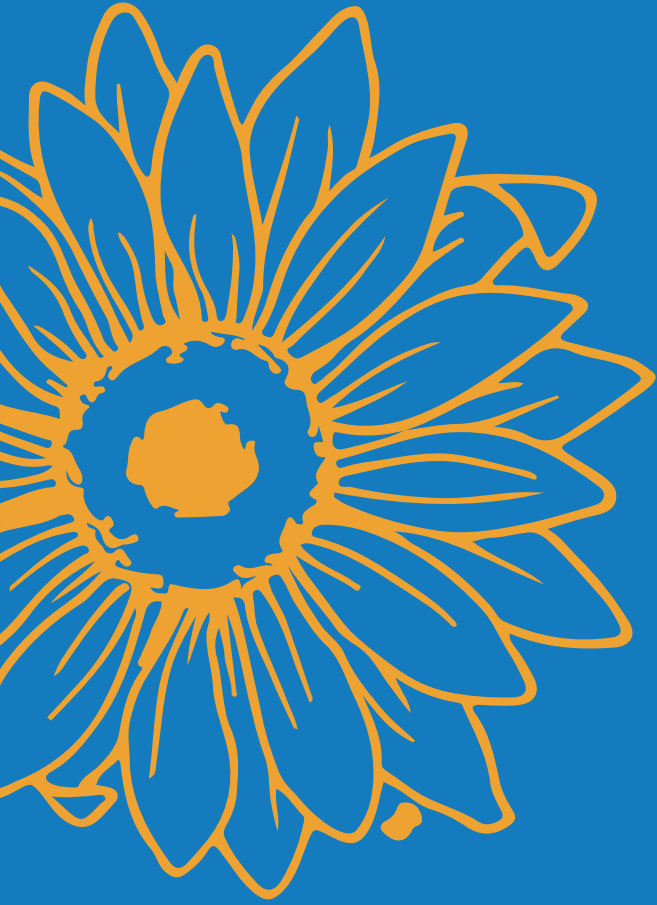
We are working with stakeholders and have adopted social and environmental goals aligned

with global standards such as the UN Sustainable Development Goals (SDGs) and those of the financial community such as the Global Alliance for Banking on Values (GABV). Further, we ensure that ethics and our commitment to economic, social, civic and environmental responsibility are integrated into our day-to-day business operations. This commitment is reflected in our organisational endurance and in the procedures and policies governing our activities.

We innovate in order to be a leader in sustainable finance. We embrace action to support causes by bringing together financial solutions, stakeholder partnerships, employer initiatives, support for solidarity-based projects, philanthropy and volunteering programmes. Indeed, we are developing the tools to measure our economic, environmental and social impact, and we are focusing on actions that involve all employees. Thus, we continue to remain on our mission of being the best bank for a changing world.



# DIVISIONAL OVERVIEW



# SME

# BANKING



**Syed Abdul Momen**, Head of SME

## Our enduring priorities



Strong customer proximity fostered through a sensitive and supportive culture



Serve customer requirements with speed and sensitivity



Expand our presence in new segments, including e-commerce and ICT

## Our world of SME Banking

Small and medium enterprises (SMEs) are the engines of growth, innovation and employment worldwide. In Bangladesh too, the sector provides major thrust to the economy, providing commercial stabilisation as well as directly contributing to the grassroots development of the nation.

SMEs today are critical constituents of the the national economy. They account for:

- ~45 per cent of manufacturing value-add
- ~80 per cent of industrial employment
- ~90 per cent of total industrial units
- ~25 per cent of the labour force
- ~80 per cent of export earnings
- ~31 per cent of the country's GDP comprises manufacturing, most of which originates from the SME sector

Yet, increasing challenges and complexity, climate events and fast-changing technologies and lifestyles is together making the future increasingly difficult for companies to predict, especially those in the small and medium business space. However, clarity and certainty is essential for them to invest, develop projects and achieve transformation. At the same time, global economic, social and environmental transitions, especially brought to the fore by the COVID-19 pandemic, are challenging business models more than ever before, forcing companies to review their ways of working and adapt accordingly.

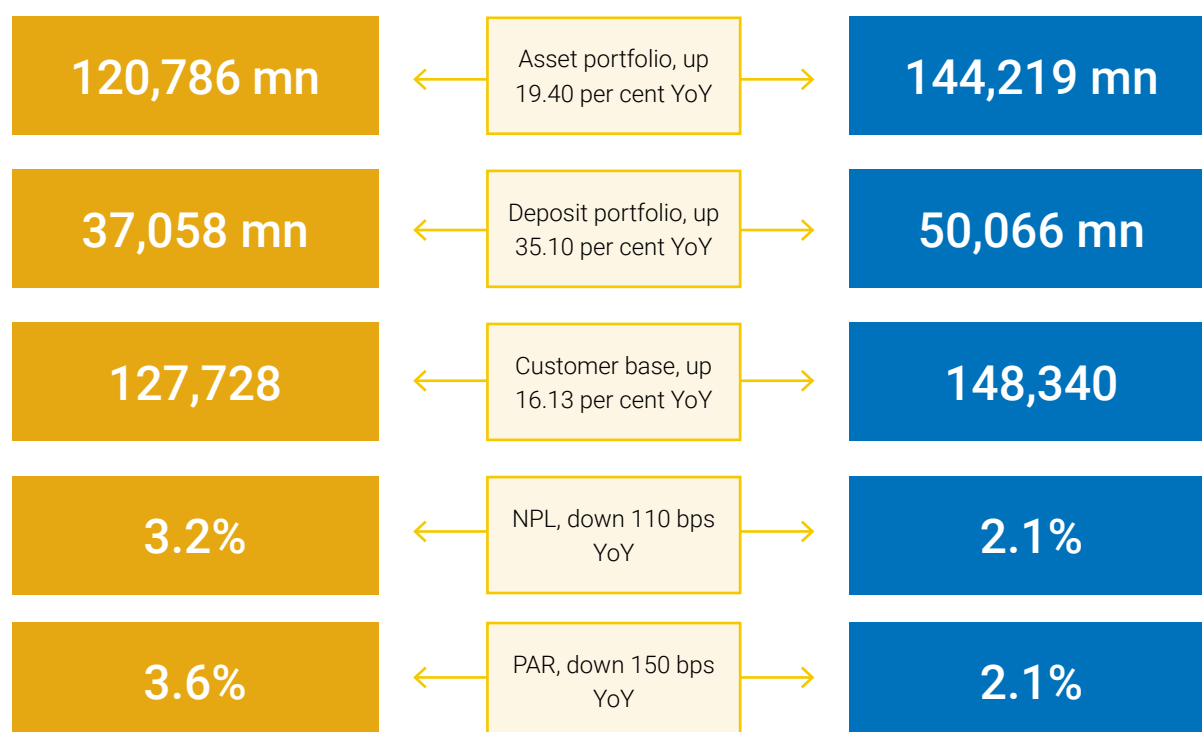
Through our SME Banking division, we bring forward holistic solutions to the wide variety of challenges faced by companies. In addition to products and services, companies increasingly expect their banking partners to provide support beyond liquidity mobilisation, as a partner in their sustainable growth and transformation.

Today, despite the evolving times, our vision continues to remain unchanged, which is to help SMEs move forward through access to institutional finance and support. Starting our journey back in 2001, we have acquired a wealth of competencies to serve this dynamic and complex segment profitably. Our

dedicated and customer-focused sales network that is intimate with the market and its needs, our robust and well-penetrated distribution network, our strong risk assessment and loan underwriting/sanction standards, our customer facilitation initiatives including an industry leading loan TAT, and our commitment to the sector through a long-term approach have combined to enable our division to emerge as a model in SME finance in the country today. Further, in a unique initiative to serve the diverse needs of the market with both focus and agility, we have created dedicated divisions helmed by their own teams.

### Our SME universe

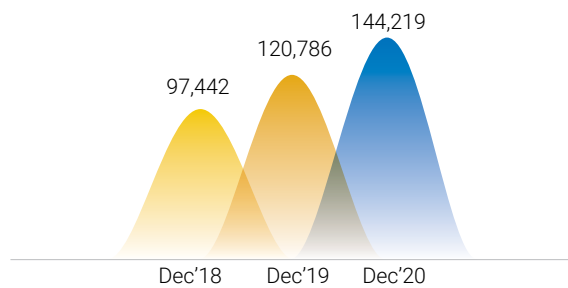
- Small business
- Emerging corporates
- Agriculture
- MFI (microfinance)
- Supply chain
- E-commerce and ICT (information, communication, technology)
- Business transformation and products (Special concentration)
- Business support



## Tough times, tenacious performance

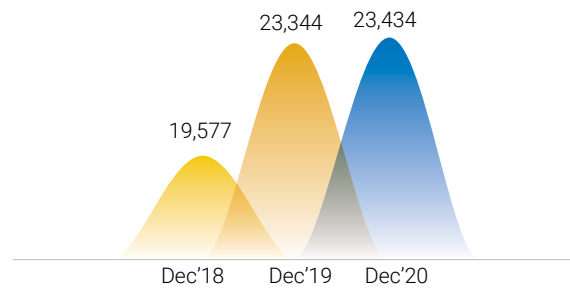
### Asset Portfolio Position

BDT in million



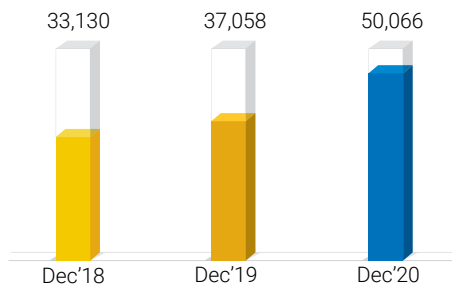
### Asset Growth

BDT in million



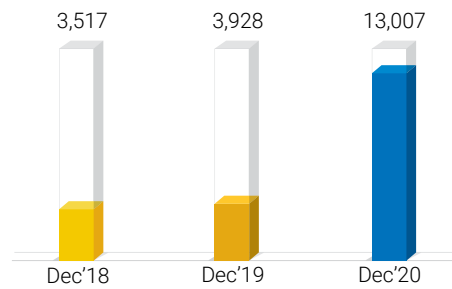
### Total Deposit Position

BDT in million



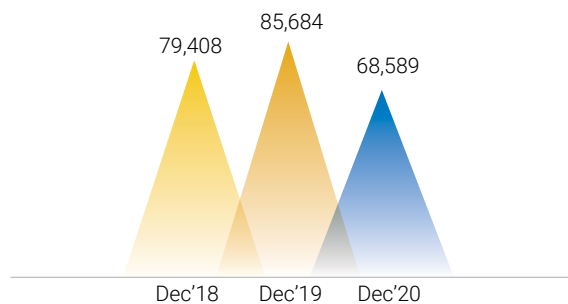
### Total Deposit Growth

BDT in million



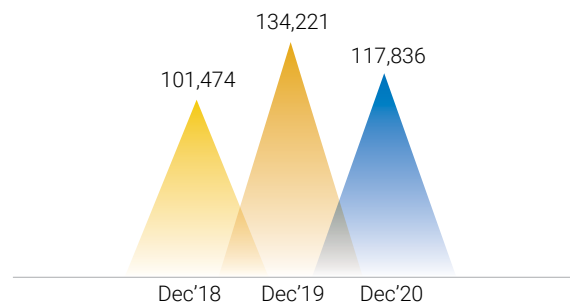
### Disbursement

number

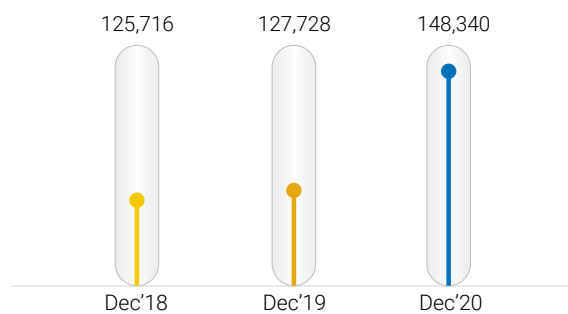


### Disbursement Volume

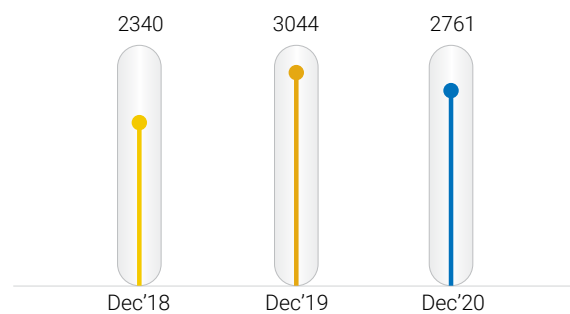
BDT in million



### Number of Customer

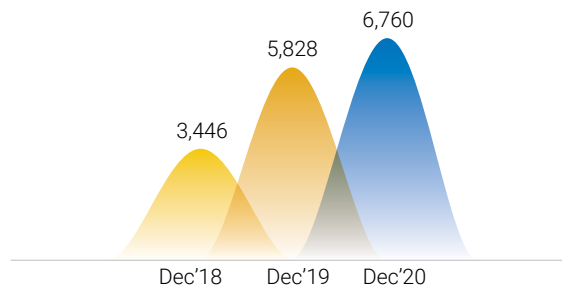


### Number of Staff

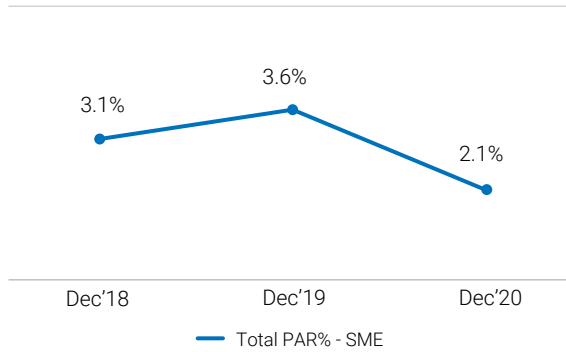


## Trade Business Portfolio

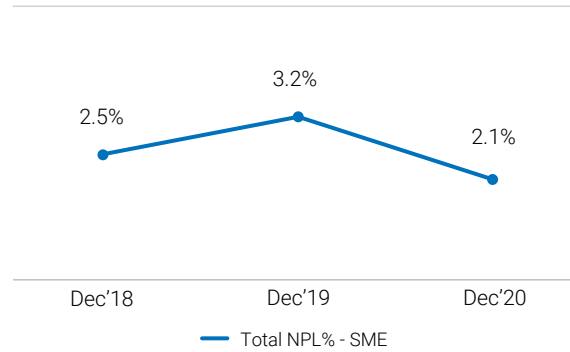
BDT in million



### PAR%



### NPL%



## Small business

**Brief synopsis:** Following the lending model of BRAC, the world's largest NGO, BRAC Bank introduced small-ticket loans to small enterprises to help them fuel their business aspirations and achieve operational and financial stability. Further, we also share best practices and valuable business insights that put them on a more stable growth trajectory.

**Focus segments:** Small, cottage and micro industries comprising manufacturing, trading and services.

## Emerging corporate

**Brief synopsis:** This unit caters to those businesses that exhibit the potential to successfully scale-up to the mid-segment and eventually to the large segment. Customers here require tailored financing products

and composite banking services.

**Focus segments:** Fast-growing medium-sized businesses engaged in trading, services and manufacturing, with local and international linkages.

## Agriculture

**Brief synopsis:** Agriculture constitutes almost 13.07 per cent of the national GDP. The unit provides financial services for the development and growth of the agri industry, while also complying with Bangladesh Bank's priority sector lending guidelines (2 per cent of total loans and advances to be disbursed to the agri sector). We achieve our objectives leveraging our widespread network and experience as well as partnerships with top-tier MFIs and NGOs pan-Bangladesh.

**Focus segments:** Farmers, agri-businesses and agro-based enterprises

## OUR APPROACH TO PARTNERSHIPS IN AGRI LOANS

We forge strategic partnerships to enhance impact and extend financial inclusion.

Thus, we joined hands with Phoenix Insurance and Adorsho Pranisheba and launched a 3-year project “Khamari” for cattle farmers to boost the country’s livestock industry through digital means. The Pranisheba app for farmers offers a digital cattle monitoring platform.

BRAC Bank is also associated with USAID, Feed the Future (FtF) Bangladesh and Rice and Diversified Crops (RDC) Activity to extend credit opportunities to farmers and small and medium-sized agricultural businesses operating in the USAID-FtF zone through retail outlets and MFI channels.

### Microfinance institutions

**Brief synopsis:** BRAC Bank possesses a leading position in MFI linkage financing in Bangladesh. Through partnerships with 24 MFIs, the unit reaches out to beneficiaries, around which 90 per cent are women mostly working in remote rural areas of the country, thus actively contributing to women empowerment. Through MFI finance, the unit also enhances financial inclusion by making institutional finance available and accessible to especially landless and marginalised farmers.

**Focus segments:** Other than its regular activities, the department participated in Government stimulus programs to support the pandemic-stricken population. Under Bangladesh Bank’s relief package to low-income professionals, farmers and small business owners, the bank facilitated 29,258 rural people affected by the pandemic.

### Supply chain

**Brief synopsis:** Supply chain finance is a crucial component of the financing basket as it enables working capital optimisation. Thus via supply chain finance, the bank offers short-term working capital facilities to stakeholders comprising buyers, suppliers and distributors. This market represents the next big frontier of opportunity for BRAC Bank to tap into, thus encouraging us to establish a dedicated Supply Chain Financing Department under the SME Division.

**Focus segments:** This method of finance is a need-based proposition designed to cater to the requirements of industries in the agriculture, automotive, consumer

durables, electronics, engineering, FMCG, health care, metal and metal products and pharmaceutical sectors. It also facilitates business houses to penetrate deeper into the market and creates a favourable value proposition for MNCs/LLCs to establish their sales footprint too.

### E-commerce and ICT

**Brief synopsis:** BRAC Bank has renewed its focus in serving customers in the e-commerce and ICT industry, in-line with the Government’s “Digital Bangladesh” vision. This industry is relatively recession-proof, as evidenced by the fact that it has flourished even during the pandemic.

**Focus segments:** The E-Commerce and ICT Financing Department, created for focused opportunity capture, has launched customised products in association with BASIS, BCS and BACCO, three major ICT industry associations of the country. The division hopes to achieve traction in the forthcoming years considering its evolving competencies and a favourable market outlook.

### Special concentration

#### TARA SME Finance

**Brief synopsis:** Female entrepreneurs not only offer vast potential for the country’s economy, but they represent a key market for banking and financial services too. With this in mind, BRAC Bank has been actively providing solutions to support women before, during and after the start-up phase. These are based

on a single conviction: Only a truly local and localised approach can identify specific barriers in each region and help unlock the full potential of enterprising women across the country.

Thus through “TARA SME”, a platform comprising our approach as well as our range of ideas, products and solutions, we are focusing on emerging as a preferred partner for female entrepreneurs in Bangladesh. Indeed, this platform truly celebrates women achievers from all walks of life who have overcome barriers and have shattered the proverbial glass ceiling.

**Focus segments:** To facilitate our women customers under TARA, we provide finance at a lower interest rate of only 9 per cent. BRAC Bank encourages women investors and initiators with preferred rates and also provides strategic support services like training, incubation and linkages from partners to boost the growth potential of their enterprise.

## Unorthodox SME Financing

**Brief synopsis:** In an evolving and fast-changing business environment, BRAC Bank’s SME Division has continuously remained agile and adaptable to create new products and solutions. Realising the opportunity faced by businesses that do not follow traditional practices and find it challenging to access institutional finance, the division has been bringing forth unorthodox financing solutions, like financing for digital companies, customised solutions, etc., based on their socioeconomic position and tie-ups based on market linkages. The goal is to support promising companies through professionalisation, thus enabling us to contribute to the broader goals of economic growth and employment generation.

## Key highlights

### Surveys to assess the market condition

Five comprehensive surveys were conducted on SME customers across the country, thus enabling us to get a deeper understanding of the impact of COVID-19 on our customers and chalk out the forward path accordingly.

## Loan moratorium

Moratorium support was provided to our SME customers for term loans, demand loans and continuous loans, thus ensuring compliance with Bangladesh Bank’s policy. The moratorium facility was provided in 3 phases, with each phase ending with tenor extensions and loan restructuring of both the outstanding and EMI.

## Facilitating stimulus package loans disbursement

Separate scheme codes, liability accounts and overdraft accounts were opened for facilitating disbursement of stimulus/relief loans. This allowed the bank to meet the initial CMSME loan disbursement target under stimulus package.

## Launch of new customer-centric products

New asset (loan) products were introduced to cater to specific market needs. These comprised:

- “Digonto” for members of BASIS
- “Probaho” for members of BACCO
- “Uddom” for members of BCS
- “Tara Uddokta”, a dedicated current account for female entrepreneurs

These products have started to positively impact our revenue, particularly Uddom, which has grown to a sizeable portfolio within a span of one year.

## Notable events

### TARA Uddokta: A comprehensive current account product under TARA

As a dynamic initiative to support women entrepreneurship and hence empowerment, BRAC Bank launched “TARA Uddokta Account”, a new SME current account, on 1 November 2020. The account offers a plethora of special features, including minimal account opening balance, highest interest rates, zero intercity charges and many specific benefits pertaining to the needs of women-owned businesses.

### **Seller Moitree Program: A webinar offering customers the choice to take their business online**

BRAC Bank, in association with Daraz Bangladesh, conducted a webinar to educate customers about Daraz's proposition under "Seller Moitree Program" to help SMEs battle the negative economic impacts of COVID-19, in March 2020.

With shops and shopping malls facing the brunt of the pandemic, Daraz offered to onboard BRAC Bank SME customers as sellers on their platform and give them the opportunity to sell online. The company provided SME sellers the benefit of selling for 0 per cent commission on their platform, along with other added benefits such as shorter payment cycles, free digital media promotion, etc.

### **Digonto: A well-rounded credit facility for new-age businesses**

Digonto is a holistic credit package for small- and medium-sized businesses involved in IT, ITeS and digital content and software development services listed on the Bangladesh Association of Software and Information Services (BASIS), to be offered through the bank's SME unit offices, branches, SME Sales & Service centers and SME Krishi branches.

The product offers both unsecured as well as partially-secured term-loans and single installment loan facility for the purpose of business expansion, working capital finance, fixed asset purchase, work-order financing, advance payments and other business purposes.

The ICT/IT-enabled services sector of Bangladesh comprises 4,500+ enterprises currently in operation, out of which, 1,100+ are members of BASIS. In the current market context, high volume unsecured loans are in demand among well-performing BASIS members, and the idea is to tap into this pool, thus also opening up progressive new business opportunities.

### **Uddom: Our collaboration with Bangladesh Computer Samity**

The Bangladesh Computer Samity (BCS) has been working relentlessly with various stakeholders in the

ICT industry, thus catalysing business growth through a holistic approach. Currently, BCS membership stands at 2,350 ICT businesses, with 1,912 companies based in Dhaka.

Considering the association's influential role with premier ICT enterprises of Bangladesh, we collaborated with BCS for the progressive establishment of a mutual business agreement with the goal to replenish our loan portfolio in the ICT sector and enhance BCS's endeavor of expanding the ICT sector.

For BCS-member SME enterprises, BRAC Bank will offer flexible terms with quicker loan processing, documentary forbearance, etc. Further, we will offer product-specific benefits to businesses with special trade requirements (import and export).

### **Probaho: Exclusive financial package for BACCO membership**

Probaho is an exclusive financial package designed for members of the Bangladesh Association of Call Center and Outsourcing (BACCO). It has been conceived to enhance access to finance to support business expansion and fixed-asset purchase programs of BPOs and other outsourcing organisations.

Hon'ble Minister of Posts and Telecommunications, Mr. Mustafa Jabbar, inaugurated Probaho as the chief guest via a virtual program held on 14 November 2020. The event was live-streamed from BRAC Bank and BACCO Facebook pages. Ms. Zara Mahbub, Director of BACCO, moderated the event.

### **Women in SMEs: Assistance for overcoming the COVID-19 crisis**

To help women entrepreneurs tide over the COVID-19 crisis, BRAC Bank Tara arranged a webinar on "Women In SME – Overcoming Crisis During COVID-19". The event witnessed participation from experts from diverse sectors, like financial services, government, non-profit organisations and SMEs to discuss how banks and other support systems are taking steps to help women in SME businesses and how women entrepreneurs can tackle the crisis with the right strategies.



## Conference for entrepreneurs at Jhalokathi

Bangladesh Bank organised a women entrepreneurship promotion initiative at Jhalokathi on 15 January 2020, aimed at giving an opportunity to women entrepreneurs of the region to avail spot loans to expand their business.

BRAC Bank was assigned as the lead bank in the district to organise the conference, where bankers-entrepreneurs exchanged their views to develop new women entrepreneurs, the prevalent and forthcoming opportunities and capacity-building, etc.

A total of 17 banks including BRAC Bank took part in the conference.

## Loan disbursement to shoe manufacturers

On 21 January 2020, BRAC Bank and SME Foundation signed a partnership agreement for providing preferential working capital financing/term-loans to entrepreneurs in shoe-manufacturing clusters across the country. The financing arrangement is under the refinancing facility of Bangladesh Bank, with collateral-free loan size ranging from Tk. 1-25 lakh.

The collaboration was initiated to disburse finance to leather and shoe-manufacturing clusters concentrated mostly in Kishoreganj, Chattogram, Siddique Bazar, Lalbagh, Kamrangirchar, Dhanmondi (Dhaka) and Noakhali.

## USAID COVID Response Fund: Extending support to the farmlands of Bangladesh

BRAC Bank, USAID Feed the Future (FtF) Bangladesh and Rice & Diversified Crops (RDC) Activity entered into a partnership on 15 August 2020 to support farmers in mitigating the impact of COVID-19. Under the partnership, we extended fresh credit to farmers and agri-SMEs operating in USAID-FtF zones in the country's south-western belt. The services are being facilitated through safe touch-points of BRAC Bank and through MFI channels. This partnership will help us leverage the Government stimulus packages to contribute to the agri landscape of the country. RDC supports BRAC Bank through evidence-based business models, thus improving the quality of decision-making.

The project will run until March 2021. The RDC Activity is implemented by ACDI VOCA, a Washington-based global development design and delivery agency.

## BBL-CCCI SME Helpline

BRAC Bank, Chittagong Chamber of Commerce and Industry (CCCI) and Bangladesh Centre of Excellence (BCE) signed a tripartite agreement via a virtual ceremony on 20 August 2020 for setting up a SME Helpdesk for CCCI members. The SME helpdesk, helmed by specialists from BRAC Bank, will ensure access to finance and information amongst CMSMEs in Greater Chittagong, including stimulus packages announced by Hon'ble Prime Minister.

Mr. Mahbubul Alam, President of CCCI, and Mr. Syed Abdul Momen, Head of SME, BRAC Bank, were chief guests at the partnership launch ceremony.

## Future road map

The pandemic has rapidly advanced digital adoption in the country. For instance, during the span of the first two months post COVID-19 lockdown, MFS' have experienced a 12x increase in transactions – from 5,000 to 75,000.

Some of the visible industry shifts on which are we focusing include the fact that platform economies are being introduced by various international development organisations where FMCG companies and SMEs can onboard and track transactions and other processes. Further, startups and tech companies with agile mindsets are being given the opportunity to partner with the public sector to assist and educate micro and small enterprises on how to open bank accounts and benefit from basic banking services.

## Way Forward and Future Endeavours

### Financing E-commerce and Micro Merchants

BRAC Bank has recently undertaken business partnerships with various business associations in the ICT sector of Bangladesh. Since the launch of the partnership, the steady and robust ICT portfolio growth even during such tumultuous times only delineate on the booming ICT industry of the country. BRAC Bank

aims to undertake more such business collaborations with various other business associations in the operating in the ICT industry to facilitate other sub sectors in the ICT space.

Eclectic financial offerings specifically designed for businesses and entrepreneurs in the ICT industry are in the offing. The Bank aims to partner with various trade bodies and development organisations to bring about more fruitful collaborations and specialized products.

### **Specialized focus on TARA customers**

BRAC Bank SME division has relentlessly worked to introduce new and innovative product offerings for the women entrepreneur segment of the SME industry. To that effect, several deposit and CASA products have been developed. BRAC Bank aims to continue the successful stride by bringing even more innovative deposit offerings, loan products, bespoke current account products and specialized training programs to nurture and hone the bank's footprint in the segment.

The Bank's efforts to establish access to finance for the unbanked businesses and entrepreneurs, made possible by tailored assessment methodologies to effectively assess the inconsistent revenue and cost streams of the said businesses, will remain well in place in coming days.

### **Cost Efficiency/Process Reengineering**

BRAC Bank has been tirelessly working with various international advisory corporations to scrutinise

and pinpoint possible scopes for improvement in existing processes. It also periodically evaluates cost requirements in various levels, aiming to control costs where they are deemed unnecessary. The bank has already taken initiatives such as decentralisation of various key functions, segregating client onboarding by agent banking etc. that have proved to have significantly smoothed the client file journey and minimise costs.

The bank also aims to further its efforts in the process reengineering scope and explore new modalities of client onboarding and loan disbursement, coupled with digitisation of processes to expedite the entire value chain of the bank's direct services.

### **Process Digitization**

All businesses and communities, especially financial institutions and banks, have been investing and experiencing a momentous process of digitalisation. Digital transformation has been part of the most relevant changes in organizations in the last decade to effectively enhance and optimise key processes. With the advent of implementation of eKYC, banks face the greater need to embrace the era of digitization.

BRAC Bank has been working in tandem to systemise and digitise its client onboarding, assessment and disbursement processes. Digitized loan assessment, Online document management systems, online payment services are some of the initiatives the bank has been closely working on augment its digital banking initiatives.

# RETAIL BANKING



**Mahiul Islam**, Head of Retail Banking

## Our key priorities



Building lasting and trusting relationships with our clients from all segments



Transforming our business using digitization and data analytics



Cultivating top talent and fostering an initiative-driven culture

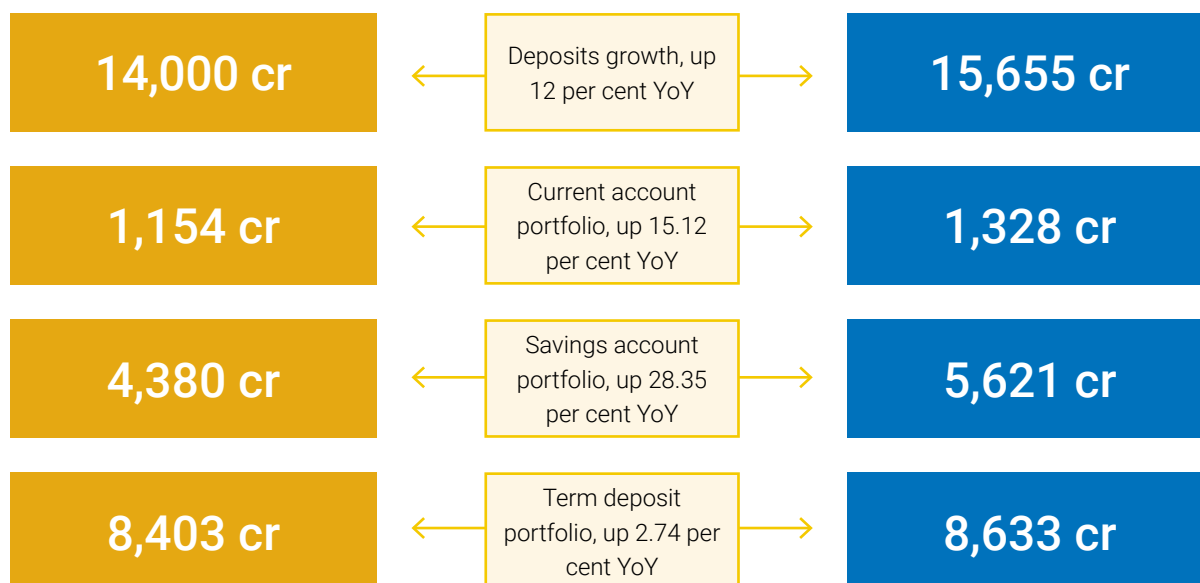


Extending full-fledged support to our women entrepreneurs under Tara

## Our world of Retail Banking

At the Retail Banking division, we are on a mission of enabling growth and advancing progress by serving as a trusted partner to our customers,

while striving to maintain public trust and create economic value. We are also focusing on digital transformation, enabling us to move closer to our customers in helping them enrich their life journeys in every way possible.



### Major developments at a quick glance

- Maintained retail portfolio quality despite pandemic-driven challenges
- Focused on enhancing digitalization across the Retail Banking Division
- Launched 11 new retail deposit products
- Achieved robust growth across TARA deposit portfolio
- Received the prestigious "VISA Excellence" award in cards business
- Expanded Employee Banking platform through 70+ new customer acquisition
- Facilitated remittance ease for our NRB customers through 7 new partnerships with exchange houses/banks
- Special focus on Senior Citizen and School Banking products



#### BUSINESS UNIT 1

### RETAIL DEPOSIT PRODUCTS AND NFB

### Extending customer support during challenging times

During the year 2020, we focused on accelerating digital transformation with a view to enhance ease of banking and convenience for our customers, especially during the COVID-19 induced lockdowns and ensuing restrictions with regards to movement control. Furthermore, we launched new products for customer benefit, while also focusing on targeting new clients.

Some of our key customer-facing initiatives during the challenging period of the pandemic are as follows:

- Dispatched debit cards and cheque books to the doorstep of our customers
- Launched a concise version of the account opening form containing a mere 2 pages
- Expanded fund transfer limits across internet banking and ATMs to extend utilization of Alternate Delivery Channels (ADCs)

- Waived-off penal fees on DPS during the pandemic
- Enhanced of customer communication through SMS, with notifications sent for credit of interest, account dormant status, etc.
- Allowed TD/DPS/SP opening and encashment through requests via their registered email ID
- Focused on digital on-boarding of specifically-segmented accounts, including Employee Banking, Premium Banking, School Banking and TARA
- Emphasized mandatory email address and internet banking enrolment for all retail deposit

accounts opened

- Granted customer requests for dormant account activation via their registered email ID
- Imposed mandatory CASA account with credit card to sustain and improve customer relationship

### Ensuring that our clients remain at the heart of what we do

During the year under report, we initiated several measures for benefitting our customers. Some of these included the following:

Initiative	Impact
We launched the dispatch of half-yearly statements through SMS to all our customers.	We pioneered this digital initiative in the banking industry of the country. It has reduced the cost while improving the process efficiency to a great extent.
We commenced the replacement of all magnetic stripe cards with the more secured EMV chip-based cards.	We migrated 45 per cent of our entire debit card portfolio into the new EMV chip based cards (as on end 2020).
We introduced "debit card green PIN generation" to provide better security and hassle-free service to our customers. Through this, customers could generate a 4-digit PIN for their debit card via IVR.	This has enabled reduced paper usage, improved turnaround time and lowered courier costs.
We upgraded our debit card management system to ensure that our customers receive the most optimal banking experience.	This has enhanced reliability and security of our debit card maintenance system.
We focused on improving the digital banking experience by introducing a revamped mobile banking application for our customers.	Improved customer experience through this channel.
We successfully completed the Golden Benefits Savings Account Promotional campaign that focused on on-boarding of senior citizens as customers.	During the 2 month's campaign period we opened 5 times more senior citizen accounts than the normal and senior citizen deposit increased by 2 times compare to the usual deposit volume.
We have undertaken debit card cashback campaign every month with varied offerings to a targeted group of customers to increase our debit card spending.	Close to 30,000 new debit card users have used debit card for carrying out transactions in response to our offer.

## TARA – WOMEN BANKING SEGMENT

### Supporting and empowering women entrepreneurs in Bangladesh

Female entrepreneurs not only offer vast potential for Bangladesh's economy, but also they represent

a key market for banking services too. With this in mind, BRAC Bank has been actively seeking solutions to support women before, during and after the start-up phase. These are fundamentally based on one conviction:

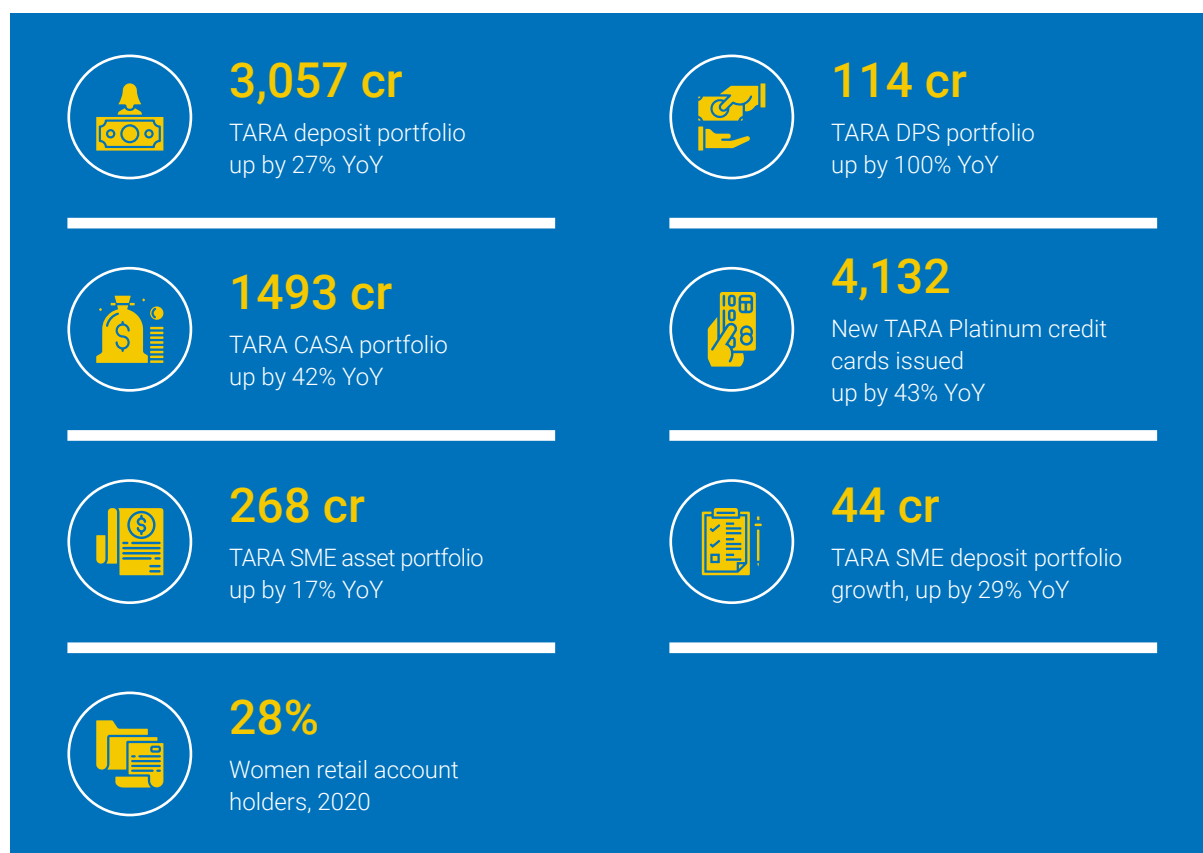
- Only a truly local approach can identify the specific barriers in each region and help unlock the full potential of enterprising women across the country.

At TARA, our Women Banking Segment, we have identified 5 key challenges faced by our women entrepreneurs and focus our efforts and initiatives to remove the roadblocks for them so that they can realize their full potential and contribute to the mainstream economy. These challenges include:

- Isolation, as most women entrepreneurs are restricted to working from home or they even hide their professional activity for fear of being stigmatized
- The fear of debt and the right funding, while also being anxious of approaching a financial institution
- Business interruption fears because of family pressures, obligations, etc.
- Administrative difficulties and the fear of being stereotyped

At BRAC Bank, our TARA platform has been conceived to holistically address these issues, while ensuring that women entrepreneurs in Bangladesh not only have a robust banking and support platform, but also a facilitative access to funding. We are thus focused and resolute in our efforts to reduce the risk for our female entrepreneurs.

Launched in May 2017, TARA Women Banking represents a holistic women banking program for customers of consumer and SME portfolios. The overarching premise of this segment is to financially support women from diverse professions and all walks of life. Evolving with the needs and requirements of our women customers, TARA today not only offers exclusive and personalized banking products, but has also extended forwards to offer such value-add services as exposure to training, workshops and knowledge sessions. Focused on unleashing the entrepreneurial spirit as more and more women decide to start their own business, TARA is committed to offer a range of ideas and solutions that make it a preferred partner of female entrepreneurs in our country.



## Partnering with our women entrepreneur-customers

At TARA, we are focused on helping women in business overcome difficulties and empower them to create and manage their business with confidence. Aligned with this philosophy, we initiated a number of progressive steps during the year under report.



Ensured sustenance of capacity development support even during the pandemic with a view to build agility and resilience.



Designed a special deposit campaign with free health and maternity benefits for women in times of crisis, which ensured total DPS book growth of 99.5 per cent YoY.



Launched TARA Uddokta, a dedicated current account for female entrepreneurs in November 2020, resulting in a Tk. 4.43 cr portfolio at the end of the year 2020.



Launched a special account "TARA Premium Savers" with exclusive benefits designed especially for high net worth women customers.



A complete case study on BRAC Bank's TARA was published by Global Forum, a reputed content platform.



A TARA customer, Ms. Sabah Khan, was featured in the newsletter of FMO, Dutch Development Bank, as a case study in women entrepreneurship and empowerment in Bangladesh.



40+ zoom training sessions were conducted by TARA on customer service experience and product knowledge enhancement, thus benefitting women engaged in diverse professions.



Webinars and articles specific to women's business and personal needs had a massive 3.6 million impressions on social media.



TARA won the prestigious "Women's Market Champions" award under the category "Access to Finance" from Financial Alliance For Women for the 4<sup>th</sup> consecutive year in 2020.



Launched "Power Women" under TARA for endorsing empowered women throughout the country, which had a cumulative reach even in the pandemic period to a considerable 28 lac+.



Women's month of March was celebrated with diverse initiatives, including sending greeting card to 5,000+ recipients, while also launching discount and cashback offers and other promotional activities.

## Looking forward towards a more equal and equitable future

Though we have come a long way, we know that we still have a very long way to go. We are in a wonderful industry, helping people with their financial needs, sometimes at the most joyous moments in their lives, and sometimes in difficult times. The case for a women's banking platform like TARA is secure, considering some key secular trends like:

- A larger number of women coming into mainstream entrepreneurship

- Government policies supporting and facilitating women in business
- The need for more than one income stream in cost-pressured families
- Digital solutions making it easier for women customers to access funding and other business-related and even personal support services

In light of this, some of the key initiatives expected to be undertaken by us include the following:



Continuing to find more opportunities through products and services to serve and cater to TARA customers.



Introducing lower ticket size loans for SME TARA customers.



Leveraging alternate and digital banking channels to onboard new customers.



Launching new entrepreneurship development programs in association with the University of Dhaka to support building skills and capacity.



Steering business from TARA towards the Agent Banking Channel and look for ways and means to cater to more women from lower income groups, thus helping them access mainstream finance.



BUSINESS UNIT 2

## CREDIT CARDS DIVISION

At our Credit Cards division, we work to power an inclusive digital economy that benefits everyone, everywhere by making transactions safe, simple, smart and accessible. Using secure data and networks and an extensive array of partnerships, we ensure that our card-members can realize their full potential.





**702.20 cr**

Outstanding portfolio,  
2020



**2,141.20 cr**

Credit card spends,  
2020



**48.10 cr**

Non-funded income,  
2020



**42,334**

New credit cards  
issued



**187,343**

Cards in-force,  
2020

### Making rapid progress in 2020 despite challenging times

At the Credit Cards Division, our business conduct and customer service platforms were validated when we emerged as the first bank in Bangladesh to receive the prestigious “VISA Excellence” award in four major segments:

- ‘Excellence in Credit Cards Business’
- ‘Excellence in POS Acquiring Business’
- ‘Excellence in e-Commerce Business’
- ‘Excellence in Commercial Business’

### Some of our other principal achievements comprised:

- Launched VISA contactless credit cards to enhance customer experience and make their payments faster and more convenient. Contactless cards enable cardholders to simply tap their VISA card at merchant POS terminals
- Launched VISA Infinite credit cards to specifically cater to a larger community of affluent customers

- Launched student credit cards along with student files to provide a complete payments solution to students going abroad for higher studies
- Introduced PIN generation through IVR that enabled customers to set their own PIN by calling our secure 24-hour call centre
- Introduced a “Redeem with Rewards” programme, through which cardholders could redeem their reward points against any kind of retail transactions, simply by calling the 24/7 call centre
- Organised campaigns around major festivities and festivals to deepen customer engagement and enhance transaction volumes
- Activated reward-based campaigns to promote transactions via BRAC Bank credit cards

### Continuing with our journey of delighting customers in 2021 and beyond

In 2021 and over the medium-term we will continue to place emphasis on enhancing customer convenience through revamped and improved digital services, while also launching a number of innovative products and upgrades, such as:

- UBA mobile app:
  - All-in-one mobile banking app
- Social Media Banking:
  - This will make the banking process much more convenient, simple and user-friendly by enabling customers to use social media channels for availing their banking needs
- QR scan-to-pay:
  - This will facilitate enhanced and seamless customer convenience by enabling payments through QR code scan via mobile app
- China Union Pay:
  - This association will enable our customers to onboard an expanding payments brand that offers numerous attractive propositions
- Diners Club International:
  - This association will enable our customers to experience a world of unique benefits, solutions and access through the legendary Diners Club International



**BUSINESS UNIT 3**

## RETAIL LENDING DIVISION

### Our focus on remaining a preferred bank for a changing world

As a responsible Retail Lending arm of BRAC Bank's Retail Banking Division, we offer secure, sound and innovative financial solutions to individuals while striving to address the fundamental challenges of today with regards to socio-financial inclusion and responsible credit practices. By offering a wide range of loan products, including personal loans, auto loans, home loans and secured loans, which are tailored to customer needs and requirements, we are deeply engaged with our clients to create a better future.

Some of the key challenges countered during the year include:

- Imposition of a 9 per cent interest ceiling on all loans (except credit card), which created a pressure on costs and margins

- Acute liquidity pressure that constrained disbursements
- Deterioration in NPL due to the COVID-19 crisis

At our division, we focused on the preservation and protection of our retail loan book, choosing the prudent and conservative path of consolidation over business expansion. This strategy enabled us to contain the increase in bad loans and control NPLs.

### Accomplishments, 2020: Being resilient, adaptable and agile

Even as we focused on sustaining credit quality, we initiated a number of positive developments during the year under review to ensure that we are better placed during the recovery and economic normalization phase.

Initiative	Impact
We signed MoU with several real estate developers, including Assure Group, ABC Real Estate, Credence Housing, etc., to offer home loans with attractive propositions.	This has helped our customers realize their own home aspirations. The desire for own home has expanded after the pandemic, and such tie-ups will position us well for the future.

Initiative		Impact
In view of easing our customers' loan repayment, we offered loan payment deferment facility to around 46,000 retail loan customers.	➤	About 28,000 customers responded positively to this offer and availed this facility.
We also offered loan deferment facility to 1,400 retail loan customers who had availed 2-wheeler loans.	➤	Around 60 per cent customers availed this facility.
We waived-off penal fees as part of regulatory compliance.	➤	This contributed to easing the financial burden on customers.
We automated SL/SOD loan mark-up facility for auto spread management.	➤	This ensured higher operational efficiencies, better process control and improved customer experience.
We reengineered and reimagined the personal loan disbursement process.	➤	This not only helped vastly improve the customer experience and journey with us, but also helped lower TAT (loan turnaround time).

### We are focused on improving the customer journey with us in 2021 and beyond

- Introduce insurance facility with loan product, thereby protecting customers against the risk of non-repayment in case of death or total permanent disability.
- Introduce digital lending products with greater propensity
- Commence teachers' laptop financing scheme in partnership with a2i

- Develop loan products particularly suited for affordable housing customers
- Engage in Social Media Banking for tapping a larger and more diversified retail loan customer base

Strengthen partnership with selected auto dealers and real estate developers with a view to expand benefits for our customers



BUSINESS UNIT 4

## EMPLOYEE BANKING DIVISION

### Enhancing lifestyles through our unique Employee Banking propositions

BRAC Bank's Employee Banking Division offers a holistic banking solution to employees maintaining their salary accounts with us. It represents an inclusive banking platform offering a wide range of products and services with exclusive features and preferential pricing that aim to enhance the lifestyle of our customers. Moreover, it offers a host of benefits to employers maintaining their payroll relationship with us as well.

### Making progress in 2020

Even though the business acquired during the year was impacted by the COVID-19 pandemic, two key milestones were achieved during these challenging times.

- The year-end deposit portfolio increased by 5 per cent even after discontinuing relationship with unhealthy accounts with an aggregate deposit volume of above Tk. 100 cr.
- Although the repayment ability of customers was severely impacted by the pandemic, the portfolio

at risk (PAR) of 1.9 per cent at the beginning of the year declined to 0.5 per cent by the end of the year.

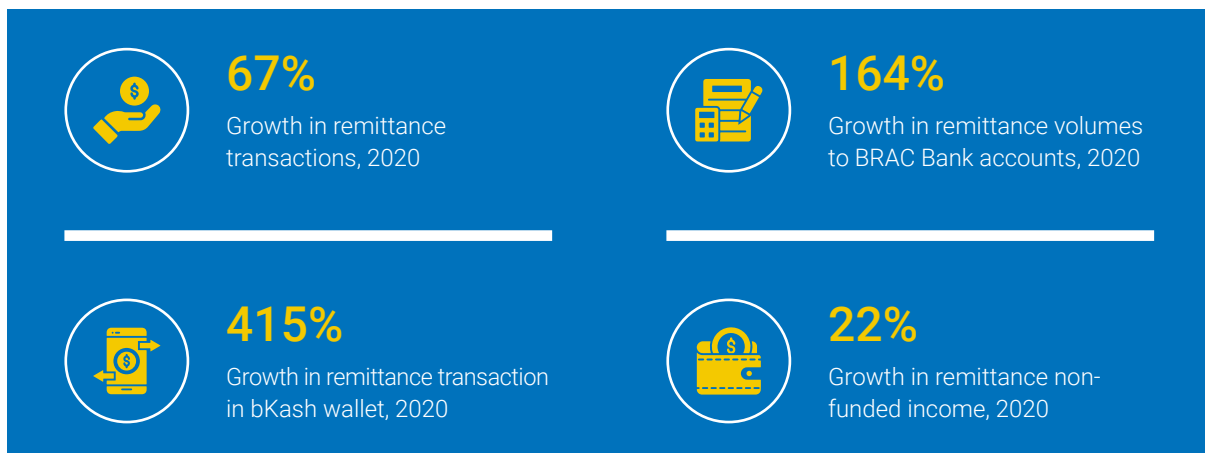
Some of the other key developments of the year included the following:

- **Engaging in business expansion:** We signed Employee Banking agreements with 70+ companies from across Bangladesh, an outcome that was supported by multiple digital awareness campaigns organised throughout the year
- **Developing right-fit customer value propositions:** We launched exclusive propositions for multinational and large local corporate companies, development organizations and government employees
- **Focusing on digitalization:** We merged our digital salary disbursement platform with the digital transaction banking platform to offer a single-stop payments management solution available at our customers' fingertips
- **Fostering a 'one-bank approach':** We worked closely with the Corporate Banking and Premium Banking divisions to offer an all-in-one package comprising a wide range of corporate and retail financial solutions
- **Enhancing credit policy customization:** We introduced personalized credit risk management policies for our Employee Banking customers
- **Engaging in portfolio management:** We performed extensive portfolio cleansing activities to improve, augment and secure portfolio health and performance



BUSINESS UNIT 5

## REMITTANCE AND PROBASHI BANKING DIVISION



### Facilitating our overseas citizens

BRAC Bank's Remittance and Probashi Banking Division is engaged in building and retaining deposit flow of remittance from wage-earners working abroad, thus maintaining the bank's foreign currency inflows through network partnerships with international banks and exchange agencies. Further, Group companies

including BRAC Saajan and bKash also comprise strong gateways for remittance transfers.

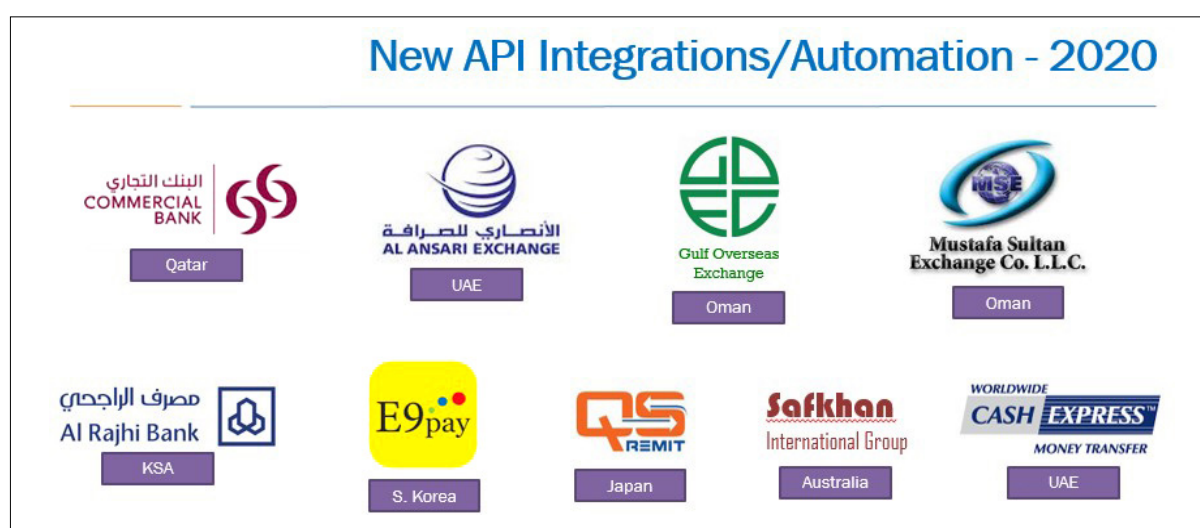


## Financial performance, 2020 vs. 2019

Key performance indicator	2019	2020	YoY growth
Number of remittance transactions	791k	1.3 mn	67%
Total volume of remittance received (USD mn)	405	427.4	6%
Remittance volume to BRAC Bank accounts (Tk. bn)	6.1	16.2	164%
Number of remittance transactions in bKash wallet	100k	515k	415%
Remittance of non-funded income (Tk. mn)	82	99.7	22%

## Making progress in 2020

- Forged relationships with 7 new exchange houses/banks
- Launched "VISA Direct", a new-age channel for digital remittance settlement directly to VISA credit/debit cards
- Integrated 44 exchange houses/banks to mFino (Agent Banking)
- Initiated OTP by SMS for all Probashi customers, thus enhancing security
- Deputed staff in South Korea to expand customer base in a niche market with sound prospects



## Forward outlook, 2021

As part of our efforts in formulating a focused long-term strategy, our roadmap comprises the following initiatives expected to be taken up in 2021:

- Augment presence through staff recruitment in South Korea, Oman and Malaysia to expand Probashi customer base
- Focus on CASA growth by encouraging customers to route remittance via BRAC Bank accounts
- Launch a new mode of digital remittance in association with Western Union, under which remittance sent as cash can be digitally credited to BRAC Bank accounts
- Build new relationships with exchange houses, banks, sub-agents and MFS (mobile financial services) providers
- Focus on digital marketing and online product tutorials for customers
- Launch a blockchain-based remittance payment gateway in partnership with Ripple
- Instil a proactive and customer-facing culture by imparting internal training towards improving service quality



## MERCHANT ACQUIRING DIVISION

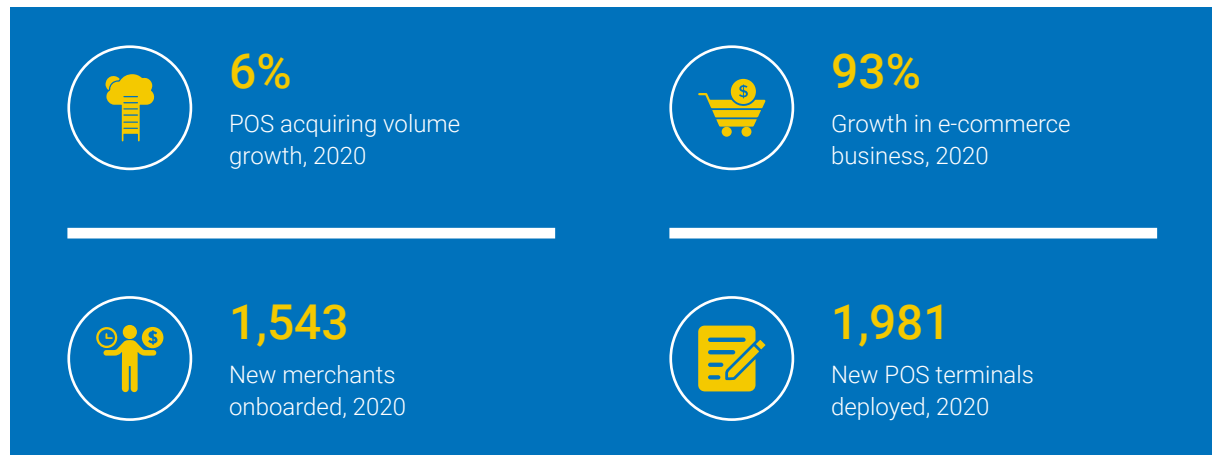
### Improving propositions, facilitating lifestyles

BRAC Bank's Merchant Acquiring business is entrusted with the responsibility of onboarding merchants on its retail banking platform and is thus engaged in enhancing our customers' ability to effect retail POS and e-commerce payments across a larger merchant

universe. Supporting this endeavour are some of the unit's core strengths that include:

- Strong merchant relationships
- Robust backend and frontend tech support teams to ensure hassle-free POS and e-commerce transactions and payment systems

### Making progress in 2020 despite adversity



Some of the key milestones in the 2020 journey of the division comprised:

- Achieved Tk. 300 cr business volumes in POS acquiring, which is the highest-ever for us in a single month
- Established a total of 936 new business accounts through merchant acquiring business for merchant payment settlement
- Received 'Excellence in POS Acquiring Business' award consecutively for the third time in 2019-20 from VISA
- Received 'Excellence in E-commerce Business' award in 2019-20 from VISA
- Bestowed with the 'Excellence in MasterCard POS Acquiring Business' award for the second consecutive time in 2019-20 from MasterCard
- Acquired the highest business sales at the mega 2020 Dhaka International Trade Fair
- Launched new universal acquiring platform for POS and e-commerce business with sophisticated features for extending holistic support to merchant partners
- Launched contactless card (NFC) transactions acquiring through POS acquiring channel
- Signed MoU with several hospitality and aviation partners, including Le Meridien, Renaissance Dhaka Gulshan, Pan Pacific Sonargaon, Garden Gourmet and Novoair

- Designed an exclusive cashback campaign with Flight Expert and Irises Designer Studio
- Acquired 323 new PayFlex partners

### Focusing on enhancing customer and merchant partner experience in 2021

- Launch QR code transactions
- Launch e-commerce transactions through Cyber Source

- Launch China Union Pay card for POS and e-commerce transactions
- Expand contactless (NFC) POS transactions across the country for enhancing the payment experience of our customers
- Rollout 3DS 2.0 for e-commerce acquiring
- Integrate all internal payment channels with FSS, our new universal acquiring platform



BUSINESS UNIT 7

## PREMIUM BANKING DIVISION



**6,900+**

Premium Banking customers, 2020



**5,000 cr+**

Deposit balance, 2020



**3,00 cr+**

Net deposit growth, 2020

### Improving our Premium Banking propositions

BRAC Bank's Premium Banking proposition has been thoughtfully curated to deliver an unmatched lifestyle experience to our upmarket customers. Our Premium Banking experience comprises a symphony of exceptional banking benefits, meticulous personalized services and exclusive lifestyle offers that harmonise the needs of our valued clients, matching their upscale lifestyle.

### The year 2020

For the first time in BRAC Bank's Premium Banking's history, we were able to cross Tk. 300 cr mark in

CASA in a year. With this low-cost deposit, we were able to bring down our overall cost of deposit by over 2.5 per cent. Even in the face of this achievement, to counter the unprecedented challenges of 2020, we determinedly focused on the basics, streamlining our overall proposition, even as we continued to offer sensitive values propositions to our customers, including:

- Dedicated relationship manager
- F1 service proposition for faster, personalized and hassle-free service
- Access to exclusive Premium Banking lounges

- Preferential fees and charges
- Exclusive Premium Banking-branded cheque book and Platinum debit card
- Pre-assessed Signature/Platinum credit card
- Free SMS banking, phone banking and internet banking facilities

### **Mobilizing to mitigate COVID-19 impact**

- We focused on prioritizing the safety of our staff and clients
- We explored ways through which our clients could get their financial requirements met from the comfort and safety of their home/office
- We emerged ready to serve our customers at our physical touch-points with all hygiene and safety measures and yet we parallelly focused on strengthening our digital and alternate banking solutions
- We created a dedicated VIP queue for our premium banking clients at the call centre
- We enhanced transaction limits so that customers could circumvent the need to visit the branch physically

- We increased ATM limits up to Tk. 5 lac per day to meet exigent cash requirements
- We rolled-out an email-based fund transfer mechanism for clients who were not comfortable with internet banking
- We organized a number of digital health awareness events on cancer and COVID-19 with local and international hospitals
- We were the first bank to partner with United Hospital for promoting telemedicine facilities for our clients
- We forged a number of alliances with renowned brands such as Mohammad and Sons, Manipal, Evercare, Thyrocare, The Westin Prego, S&S Cuisineurs and Mount Elizabeth Hospitals, etc., for the benefit of our customers

### **Looking over the medium-term**

We believe the year 2021 will be a pivotal for our Premium Banking Division as we continue to strengthen our digital verticals and expand our reach. We know that banking in the “new normal” would certainly have its own set of challenges, yet we are positive that with a dedicated and winning team, we can overcome any challenge that comes our way, while staying true to our ethos of dispensing high-quality customer service.



# CORPORATE BANKING



Tareq Refat Ullah Khan, DMD and Head of Corporate Banking

## Our enduring priorities



Stand beside our customers during economic hardship to foster recovery



Focus on mobilising low-cost deposits, especially transactional accounts



Grow Loans & Advances in line with our risk appetite



Facilitating straight through Digital Banking Services for Corporate Clients

## Our world of Corporate Banking

### Overview

In March 2020, the scale and severity of the coronavirus pandemic were becoming apparent. Pandemics create

huge economic costs and this was evident in the sharply reduced business and consumer confidence, reduced revenues for many types of businesses, and pressure on lives and livelihoods. These trends worsened considerably before they started to improve after the general holidays were lifted in June 2020.

As amongst Bangladesh's largest financial services group, we are aware that we work at the centre of the economy and that it is our duty to do everything we can to help our clients to keep their businesses and their lives on track. Despite the challenges of the pandemic, our relationship teams extended full support to serve our clients either from home or from office and provided full-fledged customer services. We therefore took all necessary steps to ensure that our most essential services were able to function safely and in full cooperation with government guidelines.

Yet, the COVID-19 pandemic had an adverse impact on the economy, challenging both export-oriented industries as well as domestic manufacturers. In solidarity with the external environment, BRAC Bank's Corporate Banking Division extended unequivocal support by ensuring seamless business transactions, deferring loan liabilities as per government's moratorium rules and providing various stimulus and regulatory support. The outcome of this was that our corporate customers were able to ensure operational continuity even during the peak of the pandemic and were well-placed to restore normalcy post the extended general holidays as the extent of the pandemic's impact also receded.

The pandemic apart, the year 2020 was also a difficult one for the economy. Some of the characteristic trends included lower yield on interest and subdued private sector credit growth, thus considerably dampening the scope for growth during the year. With a view to navigating safely through the external challenges, BRAC Bank's Corporate Banking team increased its focus on low-cost deposit growth and was able to improve the CASA TD (term deposit) ratio significantly through offering customised and customer-centric solutions. Further, aligned with our risk appetite, we have also resumed on-boarding new corporate accounts and, by the end of 2020, we bagged several blue-chip customer accounts. We have also purged risk-prone accounts in the portfolio to reduce their impact on our asset quality. We also maintained close liaison with regulatory authorities for loan moratorium and fiscal relief packages.

Overall, our concerted and uninterrupted branch and head office operation services allowed the flow of substantial trade and non-trade transactions through us.

## Major developments at a quick glance

- Improved YoY CASA TD ratio from 40:60 to 64:36 with positive impact on Cost of Deposit
- Disbursed salary to more than 25,000 RMG workers under the government's financial stimulus fund
- Rolled out stimulus packages to 64 large manufacturing and service sector accounts
- On-boarded new deposit accounts of airlines, MNCs, government entities etc.
- Arranged a workshop with major IATA partners, with the objective of serving the requirements of this specific client segment
- Enriched CORPnet platform, BBL in-house digital payment & collection solution through adding new features, thus expanding our capacity to onboard a number of new corporate customers
- Booked several other industry-leading accounts
- Continued to shield portfolio quality from accounts susceptible to heightened risk
- Focused on strengthening our capital market presence to become the go-to IPO bank for several funds
- Recovered a portion from previously written-off portfolios, thus ensuring profitability accretion
- Buying house portfolio further expanded through onboarding major buying house accounts

## Revising our organogram

With a view to ensuring resilience, agility, efficiency and a more growth-focused platform, we initiated several changes in our Corporate Banking organogram. Some of the changes that were brought forward comprise the following:

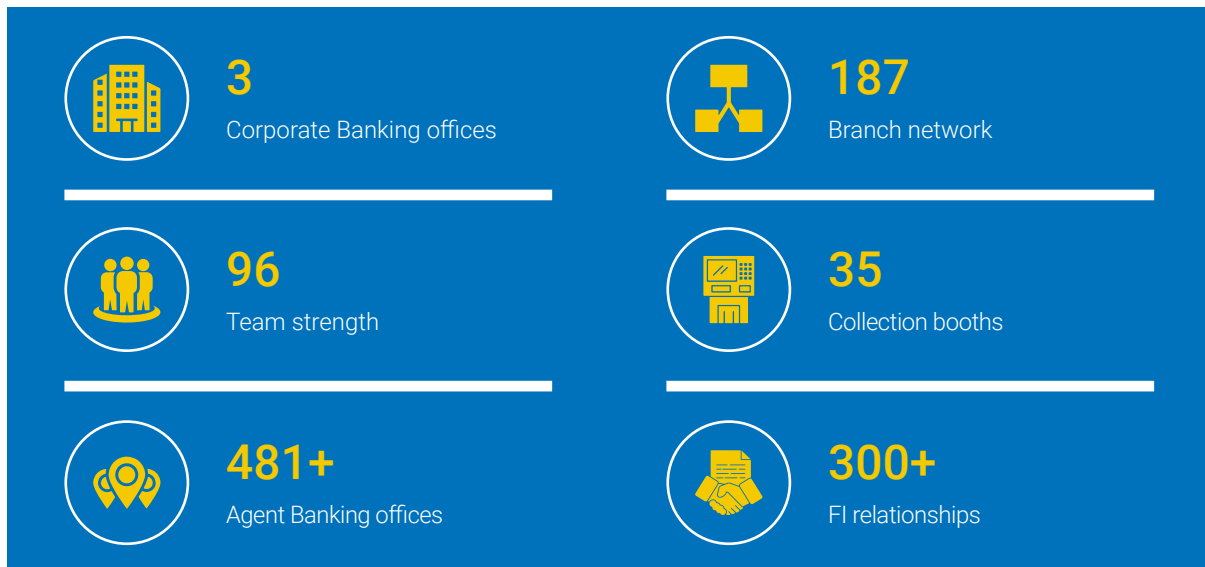
- Trade Development and Cash Management was renamed as "Transaction Banking" comprising of several sub-units under it that were created to ensure a more organised and structured approach. The sub-units include:
  - Local Corporate
  - Global Corporates & Airlines
  - Public Sector

- Capital Market
- Trade Development
- Products & Services
- Large Corporate teams were segregated into two regions- Dhaka and Chattogram. Two regional heads are now leading the segment comprising of several business sub-units

- Corporate Special Asset Management (SAM) now reports to the Corporate Banking Division, thus ensuring a direct line of sight on recovery

With the new organogram, each of the business units is fully aligned with their objectives to serve our customers efficiently and contribute to the growth of the business.

## Our competitive advantages



- **Comprehensive product suite:** BRAC entities offer the most extensive range of financial services, including banking, microfinance, mobile banking, insurance, asset management, brokerage, lease and remittance services,

among others, which confers our unique position as a “financial supermarket”, thus, not only enabling us to enhance customer convenience, but also enhance scope for cross-sales

- **Wide distribution network:** BRAC Bank possesses the right mix between physical presence and digital assets. It possesses 187 branches, 456 SME unit offices, 3 corporate business offices, 35 collection booths and 481+ Agent Banking outlets, complemented by alternative digital channels that together enable the bank to provide diverse customer products and solutions with speed and ease.
- **Focus on Trade Finance:** BRAC Bank offers competitive trade business services suitable to the needs of diverse industry, including manufacturing, RMG, buying house, EPZ, OBU, etc. Further, a dedicated trade development desk and skilled relationship team is supported by efficient treasury and trade operations. Moreover, the bank has 300+ FI relationships, multiple credit lines and full-fledged trade operations in Dhaka and Chattogram, two major trade and business hubs of the country.
- **Customised transaction banking solutions:** BRAC Bank offers a wide spectrum of transactional banking facilities to clients, including straight through digital payment and collection services, managing IPOs and custodial relationships and cash pick-up and drop-off services, etc., thus ensuring maximum client convenience.
- **Skilled human resources:** At our division, we possess knowledgeable, skilled and committed individuals who bring their diversity, experience and youthfulness to work to ensure customer delight, thus ensuring business repeatability.
- **Technological investments:** With our longstanding experience and close scrutiny of

evolving trends, we knew that digital banking is the future. The pandemic only accelerated this trend. Thus, we ensured consistent investments in technology, with the result that today we have robust tech and digital platform. Further, our in-house advanced CORPnet solution offers robust payments and collection solutions to major corporate accounts.

### Forward outlook, 2021

Unlike other countries that are witnessing a long road ahead, Bangladesh's economy has already sprinted forward; it demonstrated strong recovery trends in the third and fourth quarters of 2020, post lifting of extended general holidays and other restrictions. The country achieved the third-highest GDP growth in the world in 2020, and is forecasted to achieve 7.6 per cent GDP growth in 2021, as per United Nations Department of Economic and Social Affairs. The RMG sector is expected to recover moderately, whereas other major sectors have already shown signs of recovery to their normal levels.

Despite slow recovery in exports growth, with strong remittance inflows, overall pressure on FX rate will be minimum. Moreover, while private sector credit growth is expected to recover, public sector credit growth will be a dominant economic growth driver. Besides, Government policy support on loan classification will also play a major role in controlling the NPLs in the country.

Thus, overall, the year 2021 is expected to show strong signs of economic bounce-back, opening up opportunities from frontline businesses like ours.



BUSINESS SUBDIVISION

## TRANSACTION BANKING

### Overview

BRAC Bank's Transaction Banking division offers a full range of advanced products and services to optimise our customer company's cash flow position and thus ensure efficient business operations.

Particularly, the service enables institutional customers to:

- Collect deposits from remote locations faster
- Process payments seamlessly
- Centralize collections

- Access a comprehensive range of transaction banking services under one platform

BRAC Bank's Corporate Banking Division offers a wide range of collection products that are flexible and customisable in terms of suiting specific requirements of our corporate customers, including NCS (nationwide collection services), PTS (payment transfer solutions), IPOs (initial public offerings), collaboration with MFS (mobile financial services), CORPnet facilities (internet banking for corporate clients) and cash pick-up and drop-off services. This integrated approach also enables us to enhance customer relationships and consistently secure their mandates.

Since the initiation of Transaction Banking, we have been able to institute a strong foothold in a short time by providing cash solutions to various public organizations, autonomous bodies, insurance companies, large local conglomerates, developmental organisations, MNCs, airlines, shipping companies, educational institutions, and foreign embassies among others.

### Services offered

- **Deposit facility:** BRAC Bank offers competitive deposit rates through its diverse product range, thereby catering to various investment needs and fund types of clients, such as short- and long-term surplus funds, employees' provident fund, gratuity fund, employee welfare fund, etc.
- **Nationwide Collection Service (NCS):** NCS facilitates large corporate houses to collect funds from their clients through BRAC Bank's own branches along with 481+ agent banking outlets for onward credit into their single collection account maintained with the bank, with our NCS software enabling real-time transaction integration with client systems. Our well-dispersed outlet network across Bangladesh facilitates large corporates in servicing their own clients in a timely and efficient manner.
- **Secured Cash Service (SCS):** We offer secure cash collection services to corporate bodies via establishing desks at specified locations. We offer this 'doorstep' service to clients who have daily bulk cash collections.

- **Payment Transfer Solution (PTS):** PTS facilitates customers to transfer funds to their respective locations through the bank's own branches. It enables them in remitting funds to their desired locations efficiently and on-time.
- **Cash pick-up and drop-off services:** This service facilitates safe and secure cash pick-up and drop-off from/to the customer's office premises. The process is supported by an efficient logistical setup that is aligned with international practices. The service offers security, convenience and flexible pick-up and delivery times.
- **Real-time, Online Statement:** We offers value-added information management propositions to clients through through online statement view option. Various services and solutions offered through internet banking include:
  - Real-time online transaction view anywhere
  - Easy-to-use interface
  - Account statement download facility in multiple formats
  - Transaction history retrieval
- **IPO fund management:** BRAC Bank's IPO fund management practice comprises managing client IPO funds through participation as the lead banker in an issue. It also caters to other services, such as collection of share applications for rights issue, disbursement of dividend, etc. Since inception, this unit has played a pivotal role in linking issuers with capital market, thus contributing to economic development.
- **Custodial services:** BRAC Bank acts as the custodian of mutual funds of different asset management companies. At present BBL is the largest private sector intermediary in the industry. We also offer custodial services to NRBs, foreign individuals and foreign institutions domiciled abroad, to invest in Bangladesh's capital markets.
- **Mobile Financial Services (MFS):** bKash, a subsidiary of BRAC Bank, provides secure mobile financial services that enables both payments and deposits. Through our national collection network, we offer integrated solutions with bKash to ensure collection from suburban, semi-rural and even rural areas.

- **Buying House Proposition:** We offer international practice to handle trade transaction of buying house client where they can establish control over their business process. By this proposition, we have established the long desired banking solution to trade transaction for buying houses. We launched this proposition in Apr'2018 and till now we are successfully running this proposition being the market leader.
- **CORPnet (internet banking for corporate clients):** CORPnet is a fully integrated end-to-

end platform offering payments and collection solutions via a single sign-on. The platform aims to provide clients with the benefit of streamlined transactions processing, leading to operating efficiencies and cost savings. It is continuously being enriched with innovative features. Going forward, we believe that our CORPnet platform will help us to become the preferred transaction banking partner by efficiently supporting diverse payments and collection needs of corporate customers. This will also eventually help mobilise low-cost funds.



**Why is CORPnet an exciting new-age platform**

Registered users of CORPnet can use the platform to conduct various types of payments with ease, including internal funds transfer, electronic funds transfer and real-time gross settlement, according to their needs. For collection purposes, registered users can use the direct debit facility embedded in the platform to transfer funds on a need-based or periodic basis from their own accounts or from the accounts of their customers in other banks into BRAC Bank Account in a secure and automated way.



► Agreement signing ceremony with Saimon Global Group



► Agreement signing ceremony with Asian Paints Bangladesh Ltd



► Workshop on “Revised Regulations for Airlines Remittance”



► BRAC Bank and BEZA signed an MoU for setting up a branch in Bangabandhu Shilpa Nagar.



► Wholesale Banking Conference 2020: Embrace the Change

# TREASURY AND FI DIVISION



**Shaheen Iqbal**, Head of Treasury and FI

## BRAC Bank Treasury & FI

The Treasury and Financial Institutions (FI) Division of BRAC Bank caters to a diverse customer group through a number of highly integrated, specialized and dedicated desks. Some of the key facets of the Treasury and FI desk include the following:



Alongside managing the bank's funds, meeting regulatory requirements and managing day-to-day liquidity, our specialist Treasury team acts as the "market-maker"



Our team is one of the top treasury teams in the market offering 360 degree treasury solutions



Our treasury desk is one of the most active in the market in local currency, foreign currency, fixed income and derivatives transactions

## Rising to the challenges and maximizing opportunities

In the year 2020, defying all odds even amidst the unprecedented COVID-19 pandemic, the team

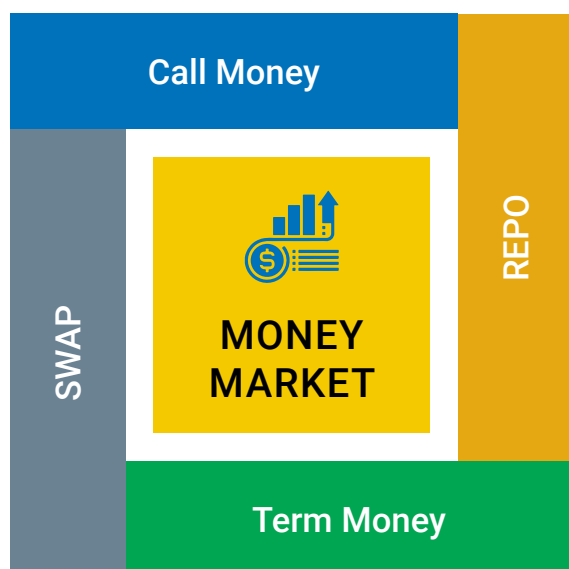
provided uninterrupted, efficient and unparalleled treasury services to all interbank participants and corporate clients. All transactions were settled with accuracy and efficiency and all stakeholders served with speed and sensitivity through the following desks:



## Money Market Desk (MM Desk)

### Summary outline

Our MM Desk is one of the most efficient in the market and facilitates diverse solutions, including call money, repo, reverse repo, term money (across different tenors), swaps, etc. The desk, focused on remaining adept and adroit, efficiently adhered to all regulatory requirements (CRR/SLR) as well as guidelines in managing the bank's proprietary portfolio, while also capitalizing on all profitable opportunities.



### The year 2020

In 2020, the MM Desk successfully ramped up trading position to take advantage of market movements. Alongside maintaining statutory reserve requirements, our dealers took advantage of promising trading opportunities, thus ensuring satisfactory interest income.

## Investments Desk

### Summary outline

Our Investments Desk manages the bank's overall liquid asset buffers to optimize RoI. The desk also helps diversify the bank's investment avenues and opportunities and generates alternate sources of revenue. It also manages capital markets operations through investments in shares, treasury bonds, corporate bonds, preference shares, mutual funds, zero coupon bonds and debentures. Overall, the desk

invests surplus capital in securities that help meet predefined targets.

### The year 2020

In 2020, MTM (mark-to-market) value and portfolio quality of capital market investments by our Treasury improved significantly, with the portfolio being rebalanced and retooled with quality stocks.

As a market leader in BGTB trading, leveraging select market opportunities in 2020, the Fixed Income Desk was able to maintain strong positions in secondary bonds trading. Further, during the year under report, our treasury team also established Government Securities Investment Window through which clients, both individuals and institutional, could invest in sovereign treasury securities. The Government issues T-Bills and bonds to borrow funds from the market, and any individual or corporate institution can invest through our Government Securities Investment Window with a minimum fund value of Tk. 1 lac.

## Foreign Exchange Trading Desk

### Summary outline

With a highly active presence in the market, our FX Trading Desk conducts proprietary FX trading- mainly in G7 currencies- and offers pricing facilities to other players in the interbank market too. Incidentally, our treasury is a major source of FX liquidity in the interbank market.

Our FX Trading Desk participates in market-making through two-way quotations. Based on the position/ convenience of interbank counterparties, our FX traders quote live two-way quotes over the phone, over Reuters Dealing System or through Electra. Notably, Electra is a foreign exchange electronic trading platform launched by BRAC Bank. It is the first online FX trading platform launched by any local bank in Bangladesh. Electra provides live two-way pricing of G7 currencies and BDT pairs.

**1 billion+**

Volume of FX coverage solutions provided to counterparties, 2020

Facilitated by Electra, we crossed USD 1 bn mark this year in terms of the volume of FX coverage solutions provided to the bank's counter-parties. Thus, our team of enterprising FX dealers provided one of the most competitive FX pricing solutions in the market

and struck favourable deals with other banks for their cross-currency FX needs. This is a testament to the fact that our Treasury team has made a name for itself in the market as the Top Treasury Team and 360 degree treasury solutions provider.

## MASTERING THE FX MARKET

Our Treasury wing is focused on delivering knowledge-driven initiatives for the wider benefit of the market. Thus, we organized "Mastering FX Market and Technicals with Bourse Game" at Cox's Bazar from 21-23 February, 2020. The event witnessed enthusiastic participation of key FX officials of interbank treasury and with sessions taken by Mr. Vishal Mehta, CMT and Team Refinitiv.

The program was a one-of-its-kind workshop comprising a bourse game with live currency trading in a simulated market environment. The event also showcased BRAC Bank Treasury's electronic FX trading platform Electra, the first such platform in Bangladesh by any local bank. The program covered FX swaps, FX forwards, technical analysis of major currencies and interest/exchange rate outlook, etc.

## Corporate Sales and Derivatives

### Summary outline

Our dynamic FX Sales Desk caters to the FX needs of several corporate accounts across diverse industries, including FMCG, pharmaceuticals, cement and construction materials, RMG and textiles, power, petroleum and lubricants, food, edible oil and telecoms, among others. The desk offers corporate counter-parties a wide range of solutions- ranging from simple spot purchases

and sales to derivatives for hedging exchange rate movements.

Our Derivatives Desk helps corporate clients to hedge exchange/interest rate movements, which has a direct impact on their profitability and hence is a crucial risk management tool. This desk also caters to the hedging requirements of a large number of corporate accounts across numerous industries. The desk also offers advisory services on prevailing market conditions, thus enabling clients to take more informed decisions with respect to their FX/interest rate exposures.

	<p><b>Payment of documentary Credit</b></p>		<p><b>Profit repatriation</b></p>
	<p><b>Repatriation of sales proceeds</b></p>		<p><b>Encashment of Export Proceeds</b></p>
	<p><b>Remittance of offshore borrowing repayments</b></p>		<p><b>Remitting technical fees</b></p>

Overall, our derivatives desk provides:

- Dynamic pricing of FX forwards, FX swaps, flexi forwards and interest rate swaps to clients, tailored to their requirements
- It enables exposures to be hedged through options (call/put/zero cost collar)
- It assists hedging interest rate risks through interest rate swap
- It facilitates hedging of exposure through commodity forwards and options

#### Future initiatives

We have plans to venture into the following avenues during the year 2021.

- Currency options
- Commodity options
- Commodity futures

### Asset Liability Management (ALM) Desk

#### Summary outline



#### Dual awards, dual celebrations!

BRAC Bank has been awarded as the '2019 Best Operation Bank in South Asia' by International Finance Corporation (IFC). The award was given for excellence achieved under IFC Global Trade Finance Program, which includes efficient use of innovative products, end-to-end operational support and utilization of limits. The bank was also bestowed with the prestigious 'Quality Recognition Award' from JPMorgan Chase, an American multinational investment bank and financial services holding company, for its best-in-class Straight-through-Processing (STP) payments.

As a bank of global repute, BRAC Bank is an active partner of the Global Trade Finance Program of the International Finance Corporation (IFC) and also of the Asian Development Bank (ADB), along with other global correspondents. The bank has 381 global correspondent relationships across the world

Our well-equipped ALM Desk ensures sustenance of all liquidity ratios as prescribed by regulations with sufficient buffers/margins. Further, ALM Desk also provides ALCO with global and local market insights to support their strategic decision-making process.

#### The year 2020

In 2020, our dexterous ALM Desk contributed to expansion in the bank's liquidity position, while also actively working towards cost optimization.

### Financial institutions (FI)

#### Summary outline

Our dedicated Financial Institutions (FI) team is mandated with the onus of establishing and managing relationships with domestic and international banks and financial institutions. The team works towards establishing new business lines to facilitate the bank's growing FX business. In addition, it is also responsible for sourcing liabilities for the bank's Offshore Banking Unit (OBU) book through bank and multilateral borrowings.

to facilitate cross-border transactions, including imports, exports and remittances. The bank has 26 overseas Nostro accounts in 10 currencies and also more than 200 Nostro accounts with local banks to serve SMEs and remittance clients pan-Bangladesh.



381 global correspondent relationships



26 Nostro accounts in 10 currencies



Partnering with DFIs e.g. ADB, IFC, CDC



Facilitating import and exports



Facilitating remittance and other FCY business and transactions



Sourcing funds for Offshore Banking Unit

Our FI team also offers various trade finance facilitation services, including import/export bill discounting and UPAS to other domestic banks in Bangladesh. The wing is also highly active in sourcing guarantee business against overseas banks' counter-guarantees.

### Advancing through technology

Our dealing room is fully equipped with technological platforms and dedicated technological support team. Our automated treasury systems are integrated with BRAC Bank's own trading platform 'Electra', along with Reuters terminal. These platforms provide the team with instant connectivity with banks and

financial institutions based in Bangladesh and beyond.

The platforms also offer information from numerous sources, enabling the team to conduct complex analyses and forecasts to support trading and investment decisions.

During the COVID-19 pandemic scenario, our unparalleled technological and system support has enabled us to serve counterparties and clients remotely and in full-fledged manner meeting all requirements thorough error free transactions within tight deadlines and cut off times.



You can reach us at:

**Email:** dealing.room@bracbank.com,  
fi@bracbank.com  
**Direct Numbers:** +880 28801255-61  
**Telephone:** 09677552415 (Dealing Room)  
09677552414 (ALM)  
09677552416 (Financial Institutions)  
**SWIFT:** BRAKBDDH  
**Reuters:** BRAC

# OUR DISTRIBUTION NETWORK

## Our key priorities



Ensured high levels of operational resilience and flexibility



Provided comprehensive safety measures for our staff and customers



Actively embraced videoconferencing wherever in-person meetings were not possible

## Building our defenses against COVID-19

The year 2020 was an unprecedented “black swan” event that upended the macroeconomic environment and consequently toppled business projections and operational activities. Yet, the pandemic also drove profound changes that can have a permanent impact.

For BRAC Bank’s Distribution Network, we focused on extracting as many positives as possible while continuing to meet the twin objectives of dispensing responsible and prompt business practices while achieving these within the safeguards of the prescribed safety and hygiene protocols. One of the other enduring trends that we see is the way in which our Distribution Network is being completely reimagined with regards to customer interactions and experience with the bank.

As a financial institution that represents an essential public service, we have ensured the highest operational resilience to ascertain that we continue to serve our customers responsibly, safely and in the best possible way throughout the COVID-19 outbreak. One of the essential ways in which we achieved this was by keeping our customers and our co-workers at the front and centre of our strategy.

Further, we kept ourselves abreast of all relevant circulars and directives from regulatory agencies to ensure prioritised compliance without any deviations. As an institution of repute, we had to set a tone in fostering safe banking practices while also ensuring that these cascaded to all levels of the organisation.

## Extending full-fledged support to our stakeholders during the pandemic

### For our employees

With a view to ensure the highest levels of safety for our employees, we had to re-orient our workplace rules and regulations so that we could maintain a “business-as-usual” approach while ensuring full safety precautions.

Though frontline employees across our branches continued to attend office, they did so via rotation. While such a measure ensured de-densification of the office, it also facilitated a lower number of times our employees had to step out of their homes. These employees are essential to our mission of prompt and sensitive service, and we are grateful for their efforts and deep commitment to customer service.

When we first started to understand that COVID-19 looked like the makings of a serious pandemic, we swung into action to protect our people.

- We organised three learning hours on pandemic awareness to ensure that there was no lapse in the dissemination of proper knowledge related to basic precautions and safety
- We reinforced both basic and enhanced personal and office hygiene measures to keep employees and customers safe by modifying business operations, altering seating arrangements and enforcing social distancing
- We ensured the provision for sufficient numbers of PPE (personal protective equipment) kits
- We were proactive in providing additional protective measures, wherever it was needed
- We developed a culture of looking out for each other, with our Branch Governance team regularly following-up with our branches to ensure smooth sustenance of operations, while ensuring that risk to our co-workers was minimised as much as possible

During the midst of the pandemic when the virulence was at its peak, BRAC Bank's Distribution Network intensified its communication. With a view to minimise in-person visits, Distribution Network's employees rapidly adopted the use of call-conferencing applications. We even encouraged calling customers over video calls to circumvent face-to-face meetings as much as possible.

### **For our customers**

The outbreak severely challenged our customers and hence our prioritised emphasis was to do whatever we could to extend support, while also being flexible in meeting their myriad needs. We also continued to remain sensitive and empathetic in serving their needs and requirements, thus ensuring complete fulfillment. Some of key measures that we embraced include the following:

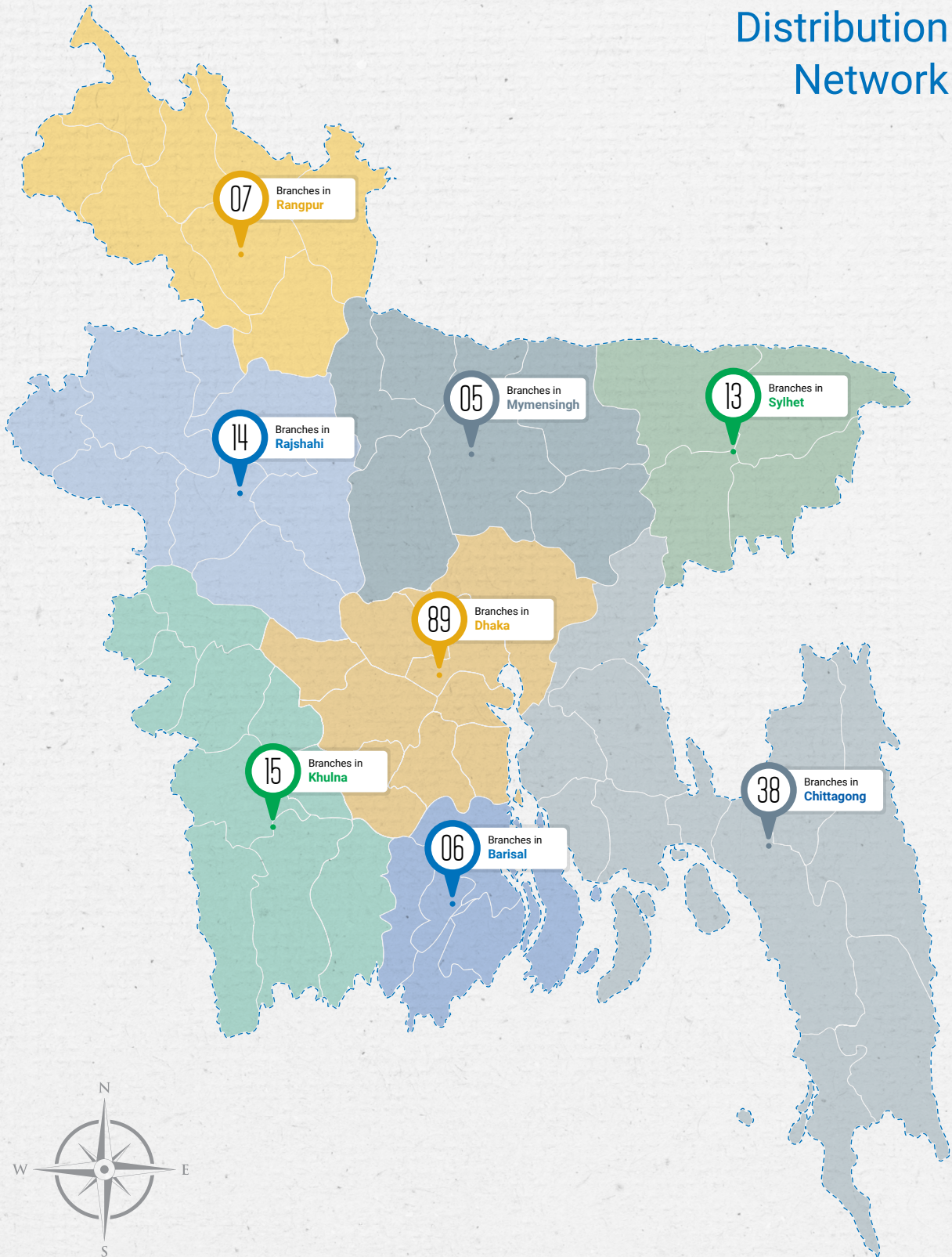
- We tried to keep as many branches operational as possible to cater the banking needs of our customers
- We were the first bank in the country to adopt a strict "No mask no entry" policy to ensure the safety of our customers and also our frontline colleagues
- In order to ensure all safety provisions, we placed hand sanitisers at branch gates and equipped our guards with thermal guns for temperature checks
- For our high-footfall branches, we installed paddle-based touch-free hand-wash basins outside our branches for customers to use before they entered the premises
- We embraced a number of digital initiatives, including enhancing capacity of our Alternate Banking Channels (ATM, CDM, Internet Banking and bKash) to enable our customers to withdraw/deposit cash, or even make payments and pay credit card bills, thus ensuring customer convenience

### **Post-pandemic overview**

Our focused efforts during the peak of the pandemic paid-off, especially in the second part of the year, as we were able to convert some of the shifts into enduring habits. Our customers, becoming comfortable using alternate channels to avail of their transactional and other needs, are being seen as continuing to use this service, thus enabling our branch network to contribute to business generation for the organisation, especially to make up for the first six months of the peak pandemic outbreak when business was subdued.

Further, our steadfast attitude towards being the best bank for our customers in Bangladesh reignites our ambition to ensure that our Distribution Network comes back stronger in 2021 and is able to foster a greater and more positive customer impact.

# BRAC Bank's Distribution Network



# ALTERNATE BANKING CHANNELS



**Nazmur Rahim**, Head of Alternate Banking Channels

BRAC Bank's Alternate Banking Channels comprises its newest division that promotes dispensation of banking services via alternative (non-branch) channels. Importantly, these channels not only help lower branch traffic, but also enable the bank to achieve its objectives in financial inclusion, reaching out to the unserved and underserved parts of communities in an effective, low-cost and regulatory-compliant way.

The division comprises such channels as:

- Agent Banking
- Alternate Delivery Channels
- Call Centre
- Internet Banking

## Our enduring priorities



Enabling financial access to unserved and underserved communities



Contributing to the national cause of financial inclusion



Enhancing nation-wide digital banking adoption



## Agent Banking

### Primer:

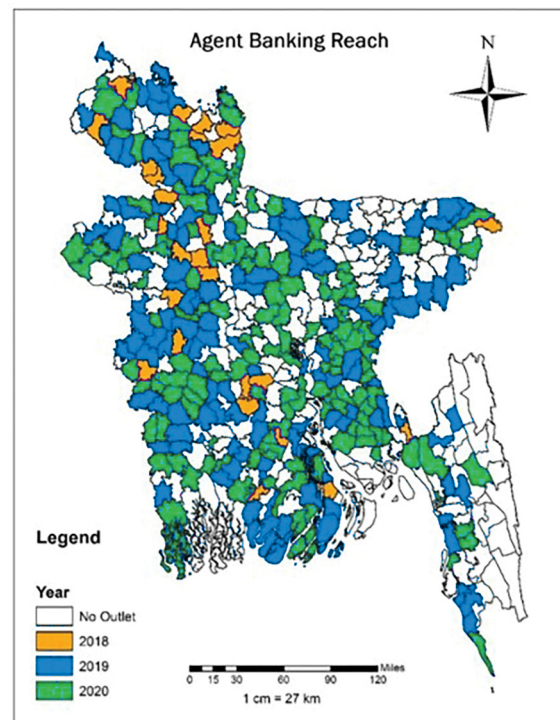
Agent Banking is a fairly new, yet a popular concept in the banking industry of Bangladesh and shows tremendous promise in enabling faster economic recovery through digital financial inclusion. Through this channel, customers residing away from the periphery of traditional bank branches can get access to limited scale, yet popular banking services. Agent Banking thus represents an effective alternative delivery channel that provides convenient and low-cost banking services in areas where a full-fledged branch is either difficult to establish or has unviable unit economics.

As one of the pioneers of the Agent Banking model in Bangladesh, BRAC Bank commenced its journey in this realm in 2018 with the express intent of offering smart banking services to the country's unbanked/under-banked regions, thus bringing unserved populations into the formal financial fold.

### Services dispensed via Agent Banking:

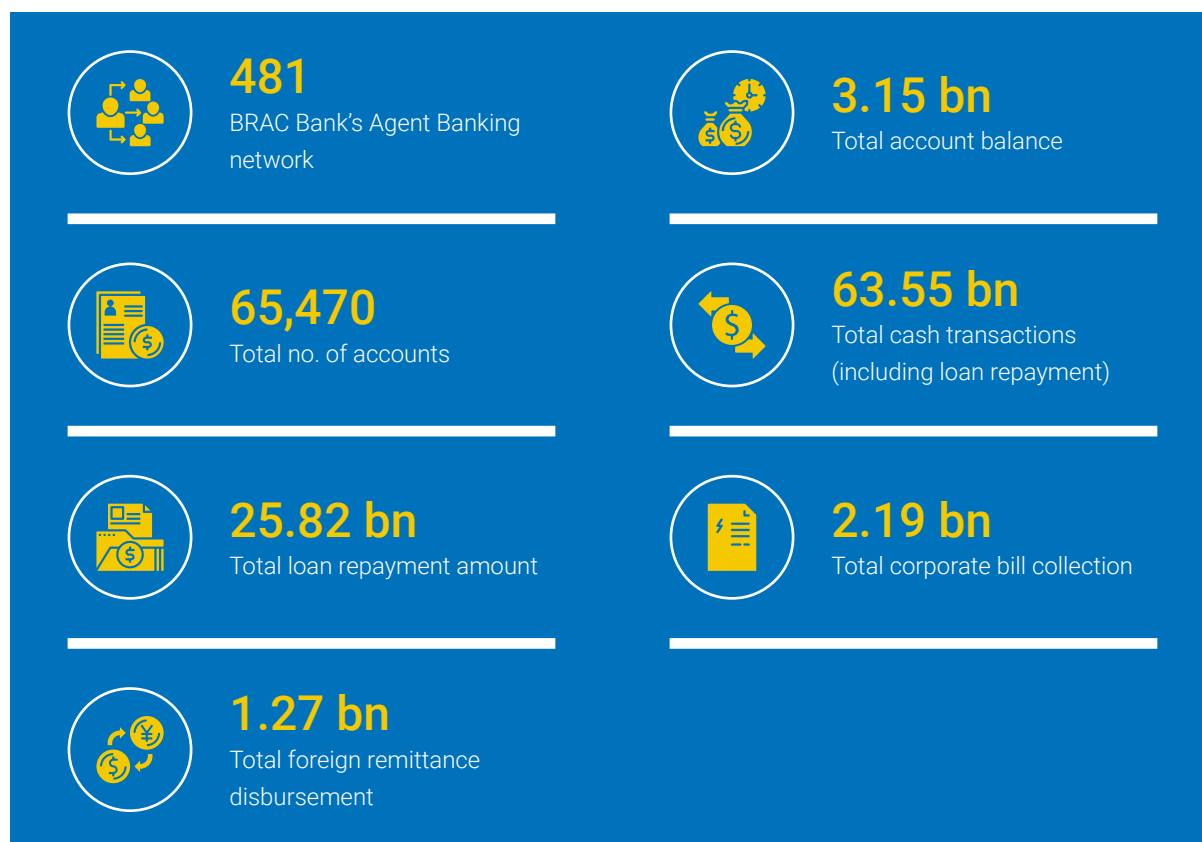
BRAC Bank Agent Banking network is the first in Bangladesh to offer digital banking solutions capable of settling transactions on a real-time basis with biometric verification. The new digital capabilities not only enhances customer convenience, but also enables them to access round-the-clock banking services, especially useful during the ongoing pandemic. Notably, the Agent Banking network is fortified by the bank's specialist expertise and expansive footprint in SME Banking.

The bank's Agent Banking outlets offers various services to the customers (both individual and institutional), including:



- Opening of different types of accounts
- DPS
- Term deposits
- Cash deposit and withdrawal
- Fund transfer to any BRAC Bank account
- Electronic fund transfer through BEFTN/RTGS
- Inward foreign remittance pay-out
- Loan disbursement and re-payment collection
- Balance inquiry
- Account statement
- Insurance premium collection
- Utility bill collection
- School fee collection
- Debit card and cheque book issuance
- Internet banking

## Progress achieved, 2020



## Forward outlook, 2021

BRAC Bank's Agent Banking wing looks forward to expand the network strategically to extend digital financial services to the underserved population living in remote regions where traditional branch-based banking is difficult or unviable.

## Alternate Delivery Channels

### Primer:

Under Alternate Delivery Channels (ADC), BRAC Bank operates 375 ATMs and 96 CDMs located all across Bangladesh, representing one of the largest such networks in the country. Critically, through ATM banking, BRAC Bank has successfully de-congested branch banking, lifting-off 60 per cent of customer footfall from its branches.

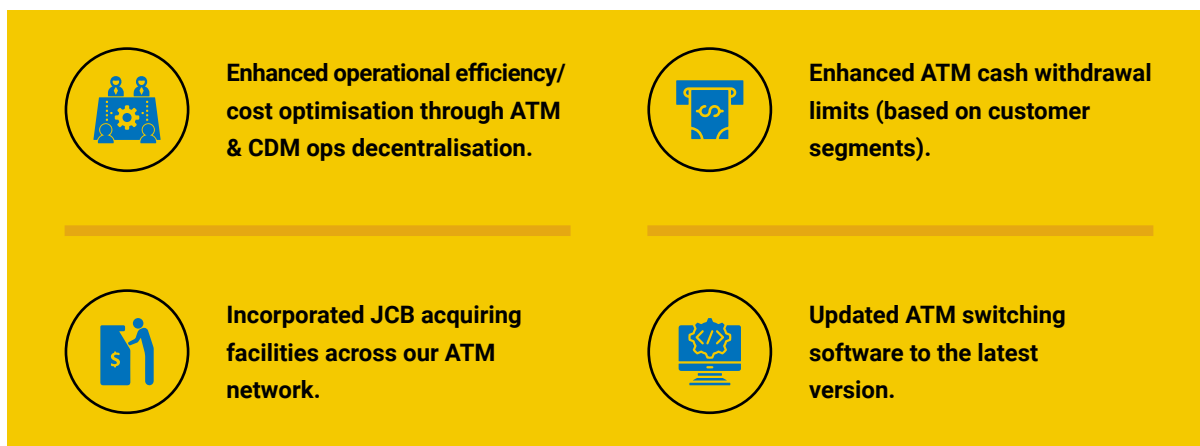
With a view to fortify our ADC network and ensure high-quality customer service, we have created 8 ATM service centres dedicated to manage our ATM/CDM services. These centres ensure timely loading of cash in our ATMs and deposit collection from CDMs. Further, we have a robust and highly efficient IT team dedicated for our ADC network that ensure up-to-date security compliance and also high uptime (97 per

cent) for our ATM network.

Notably, ADC helps foster:

- **Convenience and availability:**
  - Maintaining high uptime
  - Ensuring well-planned and strategic placement of machines
  - Incorporation of value-added services and faster responses to dispute settlement
- **Technology and innovation:**
  - Implementation of latest technologies available to enable service innovation and versatility
- **Security and compliance:**
  - Protecting the interests of both customers and the bank through strict policy and compliance adherence
  - Ensuring robust security measures

## Progress achieved, 2020



## Forward outlook, 2021

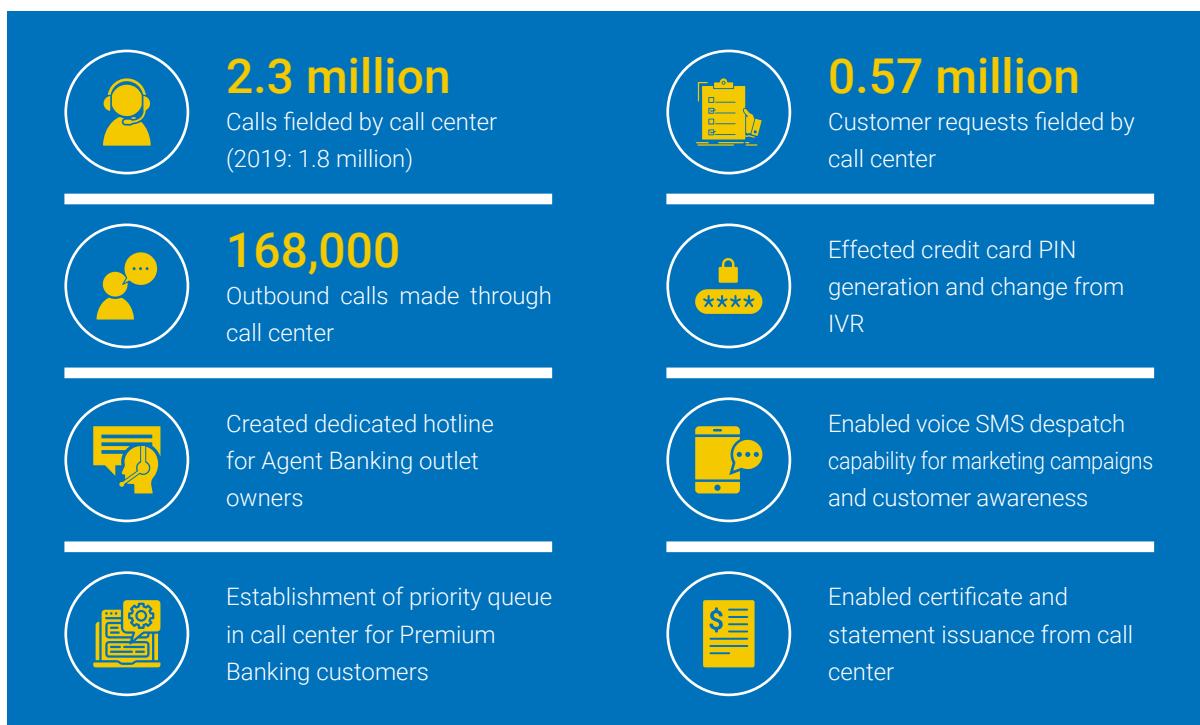
Through various campaigns and awareness programs, we aim to cover 70 per cent of the bank's transactions through ADC, thus also contributing to enhanced service quality levels through other channels of the bank.

## Call Centre

### Primer:

Call centre is a useful and well-liked channel, ensuring personalised interactions and 24/7 access to services.

## Progress achieved, 2020



## Forward outlook, 2021

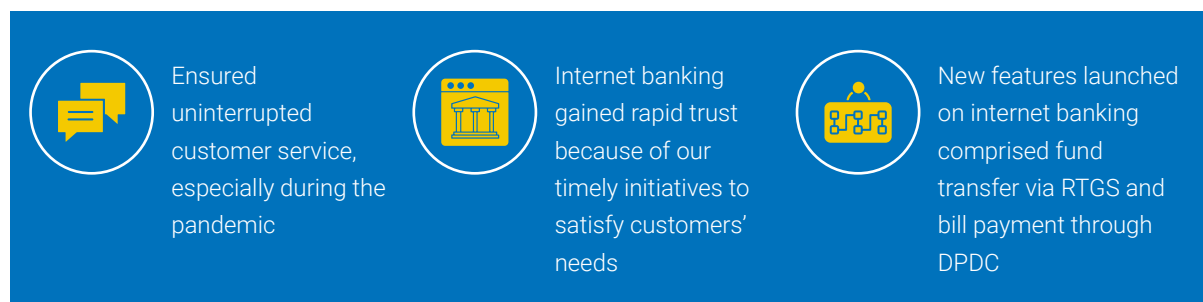
We aim to include more services under our call centre ops, with the aim to enhance customer satisfaction and convenience of using alternate banking channels as per their need and convenience. We also aim to contribute to the bank's overall revenues by introducing sales-through-service across our call centre network.

## Internet Banking

### Primer:

BRAC Bank's Internet Banking service is a dynamic and popular banking channel in the country. Using this channel, our customers can access a wide range of banking services with anywhere-anytime-any device convenience. Our focus is to continually augment customer experience and customer reach by implementing diversified features on this channel.

## Progress achieved, 2020



The infographic consists of three blue rectangular boxes arranged horizontally. Each box contains a yellow icon in a white circle on the left and a text description on the right.

- Box 1:** Icon of two speech bubbles. Text: "Ensured uninterrupted customer service, especially during the pandemic".
- Box 2:** Icon of a bank building. Text: "Internet banking gained rapid trust because of our timely initiatives to satisfy customers' needs".
- Box 3:** Icon of a person with a gear. Text: "New features launched on internet banking comprised fund transfer via RTGS and bill payment through DPDC".

## Forward outlook, 2021

We expect to implement mobile-based application in 2021 with exclusive features to serve our customers in a more convenient and efficient way as well as to contemporise the internet banking facility through cutting-edge technologies and features.

# LEGAL AND RECOVERY DIVISION

## Our key priorities



Heighten vigilance and watchfulness across our credit portfolio

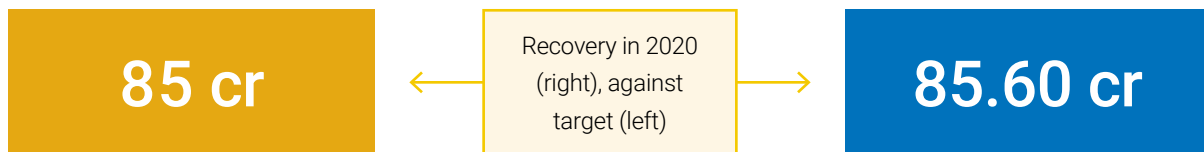


Invest concerted, collaborative and committed efforts in loan recovery



Adopt our 360 degree Banking Operations Model

## Reinforcing vigilance as a counterweight to the COVID-19 pandemic



The year 2020 was one that witnessed amplification in fear and uncertainty on account of the COVID-19 pandemic that led to global lockdowns and demand destruction that plummeted the world economy to all-time lows. With industrial shutdowns and movement control restrictions in place in the second quarter of the year, business activities in Bangladesh too came to a virtual halt, thus having an adverse negative impact on the banking sector.

In such an operating context, BRAC Bank's Legal and Recovery Division enhanced vigilance control throughout the organisation, while adapting to a "changed" scenario to meet targets, despite a difficult scenario. We identified two major challenges from

across our division: Evolving regulatory policies and our ability to adapt to these, and a near-standstill in the SME business since March 2020.

Yet, to the credit of our division, we were able to effect recoveries to the extent of Tk. 85.60 cr, (W/off Tk. 43.40 cr and non-W/off Tk. 42.20 cr), against our annual target of Tk. 85 cr (W/off Tk. 33 cr and Non-W/off Tk. 52 cr) in 2020. Recovery from the W/off portfolio increased due to discontinuation of non-W/off files from the SME business. Various functional sub-teams of the division worked collectively and cohesively, which was instrumental in us achieving our overall objectives.

## Key developments of our Litigation Management unit, 2020



## Key developments of our Mortgage Support and Documentation unit, 2020



Through consistent business support received from our ROCs, we made substantive progress in corporate cases. One of these comprised successful rental negotiations concluded with the landlord of Anik Towers (or corporate office headquarters), while maintaining ongoing liaison with NBR, DUDOK, law enforcement agencies, high courts and Bangladesh Bank.

Expecting improvement in the prevalent situation going forward, our road map will comprise both strategic as well as tactical initiatives in 2021. We anticipate that inflow of new accounts from SME Business will improve recovery from the non-W/off portfolio.

Aligned with our mission statement: “Contribute to the Bank’s profitability through recovery, business support and litigation management”, our key objectives will comprise:

- Stronger NPL management through recovery
- Focused approach towards recovery of W/off accounts
- Emphasis on negotiations and settlements with defaulters
- Selective asset liquidation
- Initiation of legal proceedings against defaulters
- Enhanced collaboration across mortgage,

documentation and legal teams for better and more focused achievement of outcomes

### Our road map for 2020

Embracing the 360 degree Banking Operations Model will constitute a key part of our future plan. Furthermore, maximisation of recovery, enhancement in settlement and negotiations with defaulters, optimised cases for better manageability, selective staff rationalisation, cost control, special attention laid on high value cases and ongoing staff training and motivation will be our key focus areas as we step into 2021 and beyond.

The Legal Affairs department of our division has reduced TAT for corporate documentation by referencing quality opinions from reputed law chambers in a cost-effective and efficient way. With this early success, we are also deputing law officers in ROCs.

Notably, we are focused on defaulter rehabilitation in order to serve the nationalistic interest of ensuring the safety of public money, thus also fostering new business opportunities and contributing to economy activity by ensuring additional liquidity. As yet another key stakeholder supportive and facilitative measure, we provide wastebins and benches to ensure that court premises remain clean and orderly.

# INTERNAL CONTROL AND COMPLIANCE

## Overview

BRAC Bank's Internal Control and Compliance Division (ICCD) is an integral part of the bank, providing independent assurance and responsible counsel to augment and reinforce the organisation's operations.

Internal control and compliance plays a facilitative role for the bank to achieve its objectives by bringing forth a systematic, transparent and disciplined approach to evaluate and improve the effectiveness of risk management controls and governance processes.

Internal control mechanism provides reasonable assurance on the attainment of organisational objectives through:

- Facilitating operational efficiency
- Enhancing integrity and reliability of financial reporting
- Augmenting compliance with applicable laws and regulations
- Improving fulfillment with internal policies

At BRAC Bank, the fundamental objective of internal control and compliance is to ensure sustainable improvement in performance through appropriate and adequate use of infrastructure and resources.

Establishing robust internal controls and ensuring an effective control framework has been prioritised through the bank instituting internal control over financial reporting, along with the establishment of robust monitoring mechanisms to ensure operational effectiveness of the highest standards. Through its internal control systems, the bank identifies shortcomings associated with its processes and initiates commensurate applicable measures.

The principal objectives of internal control include the following:

- Operational objectives: Attainment of the bank's mission and vision as per its code of business conduct
- Reporting objectives: Timely, accurate and comprehensive reporting – both financial and non-financial and internal and external
- Compliance objectives: Conducting activities and initiating appropriate actions to ensure regulatory compatibility

The central aim of the bank's internal control system is to ensure overall control and minimisation of risk, while also providing reasonable assurance on the durability of the framework. The controls have been framed to:

- Develop a "risk-aware" culture across the bank
- Establish an efficient and effective operating model
- Ensure reliability of internal and external information, including accounting and financial information
- Safeguard the bank's operations and assets, and comply with laws, regulatory requirements and internal policies

Key functions that have been established for assuring the integrity and sufficiency of internal controls are as follows:

- Ensure effectiveness of the bank's daily operations through various committees established by the Board
- Ensure that the bank's operations are in accordance with corporate objectives, strategic priorities and annual budget, as well as long-term objectives

- Ensure that the bank's internal audit department checks for compliance with policies and procedures
- Ensure effectiveness of internal control systems through rotational procedures and underline noncompliance or procedural lapses

Audits are conducted across various departments / units, SME Service Centers and all branches, in accordance with the annual audit plan, as approved by the Audit Committee of the Board. The frequency of branch audit is determined by the level of risk assessed independently and objectively. Findings of the internal audit are submitted to the Audit Committee for review during their meetings.

The Audit Committee reviews internal control issues identified by the internal audit department, Bangladesh Bank, external auditors and the management, and appraises the sufficiency and effectiveness of the risk management and internal controls system. The committee also reviews internal audit functions, with particular emphasis placed on the scope of audit and the quality of the internal audit. The minutes of the Audit Committee meetings are tabled at the meetings of the Board on a periodic basis.

Self-assessment of anti-fraud internal controls is conducted on a semi-annual basis and is reported to Bangladesh Bank, as per requirement vide DOS Circular Letter No. 10, dated 09 May 2017, issued by Bangladesh Bank.

In assessing internal control systems, identified officers of the bank continued to review and update all procedures and controls connected with disclosure of financial statements. The Internal Audit Department continued to test the durability of these procedures and controls on an ongoing basis.

The bank's ICCD comprises four departments:

- Internal Audit
- Compliance
- Monitoring
- Concurrent Audit

## Internal audit

Internal audit is an independent and objective assurance and consulting activity designed to improve the bank's operations. BRAC Bank's audit team comprises a well-represented mix of professionals, including techno-commercial experts. The bank's Audit Department is committed to meet the standards of best professional practices. The team applies risk-based internal audit methodologies and engages in select transaction testing and evaluation of risk management systems, controls and procedures across the bank's operations.

BRAC Bank has a strong internal audit team comprising three units that conduct audit activities:

- Head office audit
- Distribution audit, which conducts audit on all branches, including:
  - AD
  - LAD
  - Corp. Branches
  - SME Krishi Branches
  - SME Service Centres
  - SME Unit Offices
- Information systems and vigilance audit

BRAC Bank has also introduced a risk-based audit system and its audit team conducts comprehensive, on-spot and even surprise audits across various branches, SME Service Centres, SME/Krishi Branches and SME Unit Offices. It also conducts audit across information technology, information security, cyber security, data privacy and protection and centralised functional units at the head office and even regional functional units.

Internal audit helps the bank to accomplish its objectives by bringing forward a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes.



## Compliance

BRAC Bank has established a robust compliance culture by encouraging employees to comply with all policies, procedures and regulations – in both letter and spirit.

With a view to foster a deep culture of compliance, the bank has a well-equipped Compliance Department function under the ICCD, which is committed to ensuring compliance with guidelines/observations/recommendations of regulatory and internal audit investigations. In line with regulatory guidelines, the Compliance Department has three wings, including:

- Regulatory Compliance Unit
- Internal Compliance Unit
- Investigation Unit

The Regulatory Compliance Unit supports the Bangladesh Bank team in their inspection at branches/head office and ensures submission of compliance response to Bangladesh Bank on a timely basis, while also:

- Monitoring compliance of branches, divisions, departments and other offices
- Verifying the internal control systems of the bank's operational activities, as per Bangladesh Bank and other regulatory guidelines

Internal Compliance Unit is entrusted with the responsibility of implementing the observations of the internal auditor and concurrent auditor and also the recommendations made by the Investigation Unit. Subsequently, the unit forwards the compliance status to the Monitoring Unit for further physical verification.

The Investigation Unit conducts investigations and submits reports as per management requirements, and also analyses fraud cases to ascertain responsible parties and recommend appropriate action(s). The Compliance Department also meets the reporting obligations to the management, the Board Audit Committee and regulators.

## Monitoring

BRAC Bank has a full-fledged monitoring department under ICCD, which monitors internal control systems and operational activities of the bank on an ongoing basis.

In case of any lapses/irregularities, the unit initiates appropriate corrective measures within the respective business/operational areas. On determination of any significant operational lapses, it reports the issue to the senior management through the Head of ICC for immediate resolution. Some of the major tools at the disposal of this unit include the following:

- Branch/Departmental Control Function Checklist (DCFCL)
- Loan Documentation Checklist (LDCL)
- Internal Reporting of ICC
- Quarterly Operations Report (QOR)
- Spot checks/surprise visits of SME Unit Offices, Agent Banking outlets and Branches to analyse if the respective functions comply with policies and guidelines
- Conduct borrower and guarantor visits to identify any irregularities or policy violations
- Submit self-assessment of the anti-fraud internal controls report and the bank's health report to Bangladesh Bank

## Concurrent audit

As per Bangladesh Bank directives, articulated in its Guidelines on Internal Control and Compliance in Banks, a Concurrent Audit department was established to align with the said guidelines. This team scrutinizes whether the bank follows guidelines of internal and regulatory bodies. It also conducts spot/surprise audits of continuing operational activities across various Branches, ATM Service Centers, ROC, CRM and Centralized Functional Units at the Head Office. Concurrent audit team also conduct pre audit on procurement and monitor transactions above certain threshold in terms of process, associated risk, AML/CFT issues, documentations, awareness, potential fraud etc.

## Fraud and forgery

Fraud and forgery have become important issues in recent years. These have a major impact on Bangladesh's economy and reputation, while also encumbering economic progress.

As a financial institution of repute, BRAC Bank has always remained focused in controlling fraud and forgery by establishing and maintaining proper control systems. To prevent fraud and forgery, the bank has formed an Investigation Unit under the Compliance Department of ICCD. This wing deals solely with all fraud and forgery incidents through performing comprehensive independent investigations.

To protect the bank and stakeholders' interests, the investigation team identifies the root-cause of the reported incident and the offenders involved in wrongdoing. As a remedial course of action, preventive measures are recommended to the business/functional unit to take necessary action relating to process improvements, recovery of misappropriated amount and adjustment of the operational loss, with appropriate action initiated against those involved in the violation. Investigation reports are also placed to the Board Audit Committee for their guidance.

All fraud and forgery incidents identified in 2020 were also duly reported to Bangladesh Bank as per regulations and appropriate provisions were created in the books of accounts. Even so, the management remains fully committed and engaged to recover losses incurred due to fraud incidents.



# OUR PEOPLE

## Our enduring priorities



Challenging and inspiring workplace environment to get the best out of our people in meeting the diverse needs of our customers



Continuous engagement with our employees through various events, programs and channels



Build a strong talent pipeline that enables operational sustenance and continuity, while providing strong career progression pathways



Competitive compensation standards and provision of all employment benefits as per statutory guidelines



Promote a fair, equal, diverse and meritocratic work force

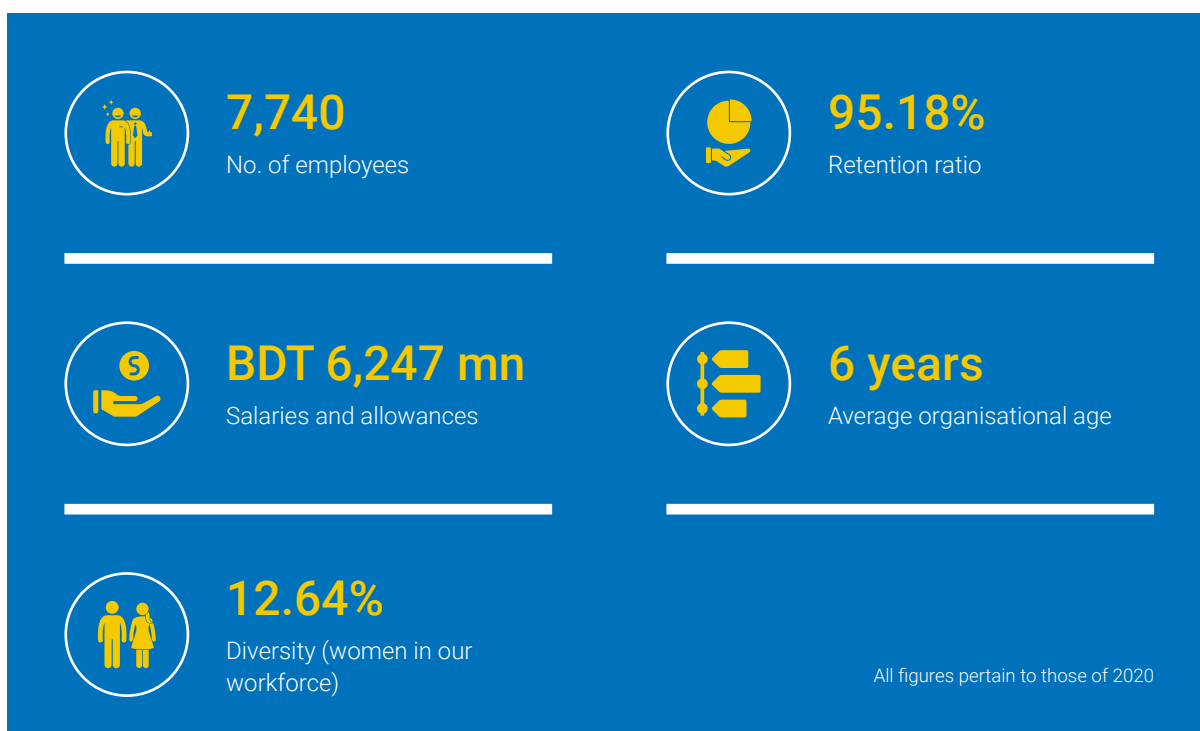
### Overview: our commitment to invest in career development and talent management

At BRAC Bank, our human resources objective is to support and drive a high-performance culture leading to better business outcomes delivered by a cadre of truly engaged employees. We also foster an inclusive working environment, anchored on fairness and meritocracy.

Our human resources strategy continues to focus on core human capital priorities, supporting business in response to a challenging environment of increasing

competition, cost pressure, digital transformation and regulatory compliance. The aim is to create an environment that meets the requirements of our local customers.

Our leaders are provided with access to central resources sustained by well-structured, group-wide processes and information systems. Further, we have implemented best-in-class talent development programmes and platforms for high potential co-workers. We also encourage self and external learning to foster excellence in innovation, talent and performance.



### Our focus on recruitment

Our talent acquisition strategy continues to recruit individuals who demonstrate the right skills and behaviour. Correct attitude and aptitude are of prime importance that enables us to hire the best talent who eventually enrich our human capital and achieve Bank's goal. Once recruited every opportunity is given to employees to succeed and build a long-term career in one of the largest financial institutions of the country.

### Some major recruitment initiatives in 2020 include:

- Ensuring regular engagement with candidates through online recruitment system that created positive experience for the candidates.
- Organizing virtual interviews to meet the on-going business demands of the Bank.
- Onboarding successful candidates through our online recruitment portal. This was highly convenient given the outbreak of COVID-19.
- Recruiting skilled candidates to work on Bank's digital transformation agenda.
- Continuing to build a strong leadership pipeline to meet the future needs of the business.

### Progress achieved in recruitment

Year	Virtual interview sessions	No. of candidates hired
2020	29	140

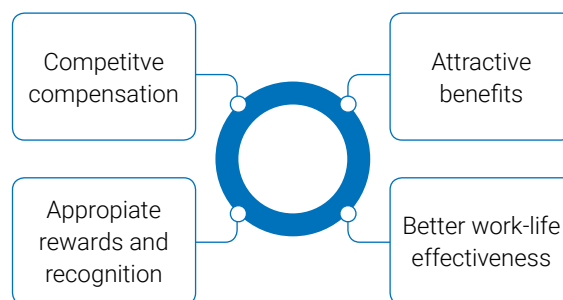
### Compensation, rewards and recognition

Our compensation system is designed to reflect competitive and fair remuneration packages for our employees who deliver the vision, strategy and expectations set by the Board. Thus, we seek to foster a culture that champions performance and creates a linkage between merit and pay. Supported by our policies, subsequent rewards and recognitions are available for employees who demonstrate high level of performance as well as the correct behaviour required by the Bank. Our new Performance Management System (PMS) ensures that our performance evaluation is based on business delivery as well as on behavioural competencies aligned with our core values.

The compensation and rewards policy is designed to:

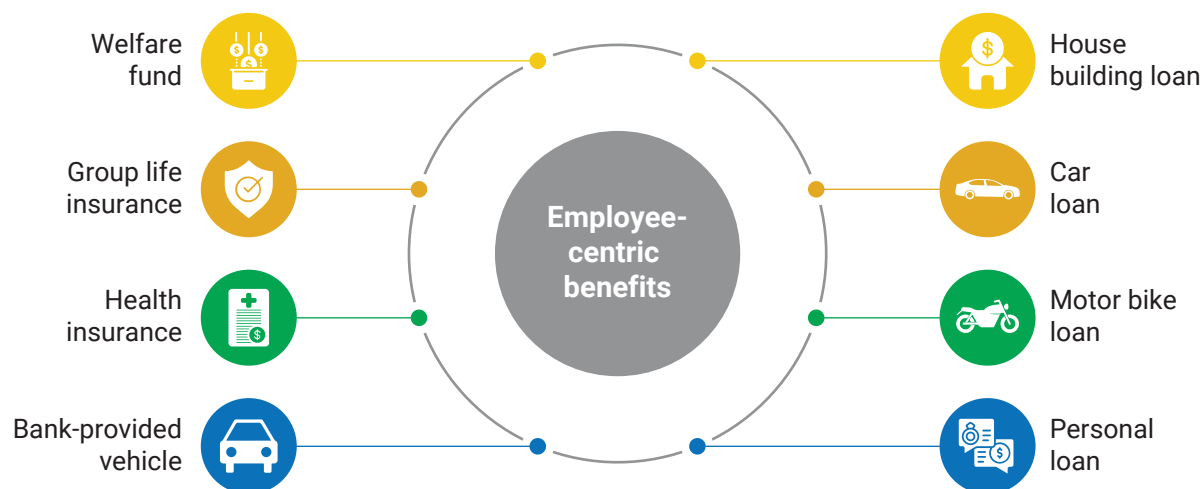
- Attract and retain the right talent
- Reward individual excellence and promote employees based on their performance and potential
- Provide competitive compensation and benefits packages to ensure employees' satisfaction and retention.

### Our rewards and recognition framework:



In addition to monetary compensation, health and other benefits are also available to our employees and their family members to confirm a better lifestyle.

### Key employee-centric benefits:



Besides key employee-centric benefits, we also offer the following facilities at the Head Office to support our employees:

- Pick and drop services to ensure safe commute, especially for female employees
- Fully equipped crèche
- Canteen with nutritious food and hygienic facilities

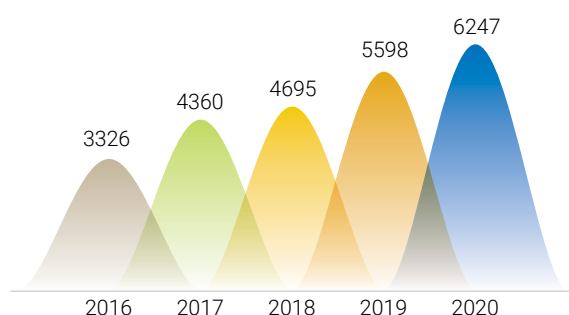
We periodically review our compensation and rewards structure, ensuring external benchmarking and cognizance of our governance standards.

In the difficult period of the pandemic, we recognised and rewarded our employees who worked relentlessly to ensure the fulfillment of banking as an essential public service. In compliance with Bangladesh Bank's guidelines, we compensated our employees for attending office during the government declared holiday as indicated below:

- A sum of TK.9.94 crore was disbursed to both FTE and Outsourced staff for attending office (Tk. 8.52 crore to 2,231 FTE and Tk. 1.42 crore to 609 outsourced staff).
- Tk. 3.53 crore was paid as COVID-19 health insurance for 61 employees infected and one deceased.

## Employee Remuneration

BDT in million



Our Remuneration Committee, a sub-committee of the Board comprising of the following officials periodically review and take decisions on our compensation and rewards policy, escalating it to the Board for amendments as and when necessary.

- CEO & Managing Director
- Deputy Managing Directors
- Head of Human Resources
- Business Heads

We are focused on adapting best practices in governance; we strive to align our operations with rules

and regulations, while ensuring a risk aware culture. We engage in in-depth reviews in this key aspect of our business during performance appraisals. Managers are also responsible to explain how compensation parameters, both quantitative and qualitative have influenced the compensation of their team members.

## Fostering a learning environment in which our people can thrive

We strive to nurture a highly competitive, engaged and motivated workforce. In order to meet the business demands and promote continuous learning several training programmes were launched. The learning environment supports our employees to develop skills and achieve their careers goals.

Despite the COVID-19 outbreak, the bank continued to invest heavily in skill development through various internal and external training. These included orientation for new recruits and business sessions for relevant groups of employees.

The following table summarises our training initiatives for 2020:

Training module	Participants	Program numbers	Man-hours
Internal classroom training	30,113	126	85,772
Internal virtual training	29,183	306	72,509
External classroom training	1,410	78	27,856
External virtual training	2936	137	18205
International programs	13	8	464
<b>Total</b>	<b>63,655</b>	<b>655</b>	<b>204,805</b>

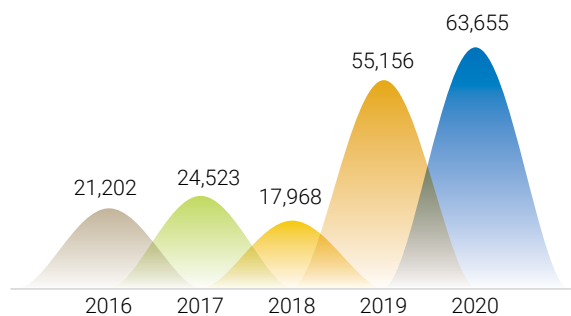
The key challenge was to conduct programs maintaining the social distancing protocols. Initially we faced some hurdles; however, May 2020 onwards, we succeeded in shifting all our programs to virtual mode.

Our employees became accustomed to participating in these programs within a very brief period. This approach saved time and money as participants did not need to travel to attend the programs.

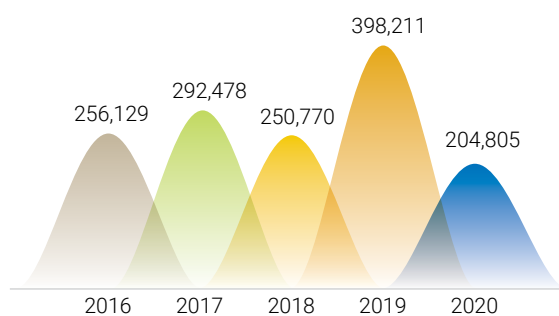
The following illustrations indicate the learning trend from 2016 onward:

### Participant numbers

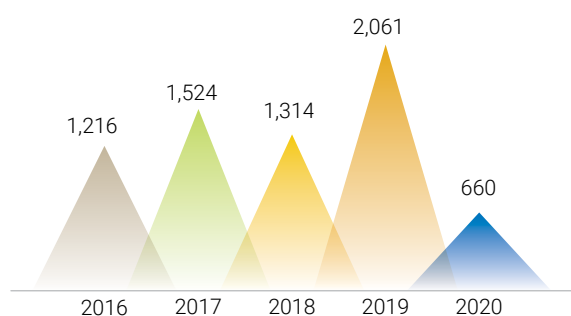
BDT in million



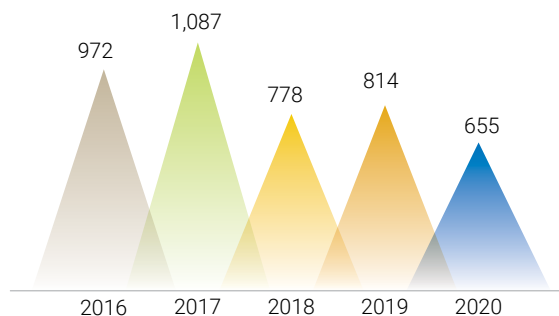
### Training hours



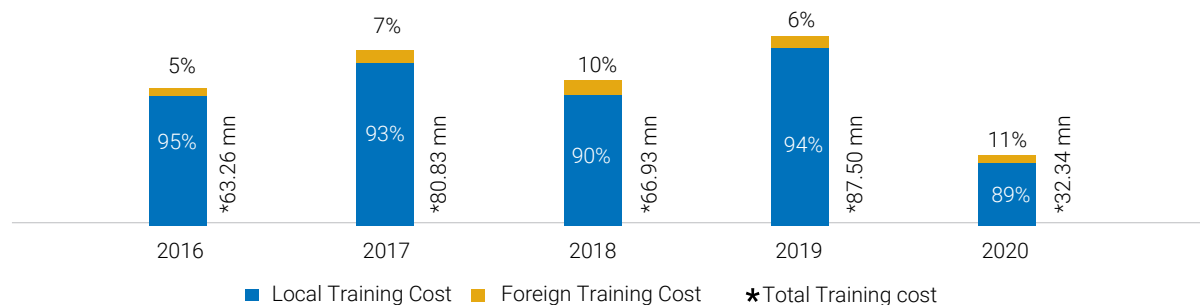
### New recruits (orientation)



### Program numbers



### Training expenses comparison



In the past few years we have consciously shifted our focus to local training programs to cover a larger participant base. Some of the key learning initiatives in 2020 included:



Transition to virtual training



Managerial development program for sourcing branch managers from within internal resources



COVID-19 safety measures program for creating awareness



Psychological resilience program for stress relief during the pandemic



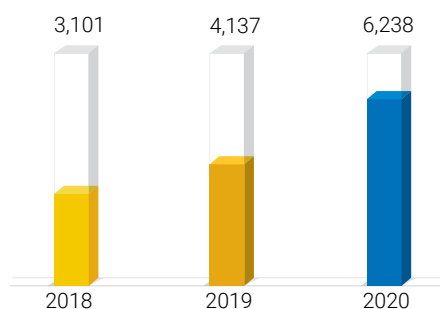
Performance management system (PMS) program for all employees

## AML and compliance-related training

AML-CFT training is a regulatory requirement mandated by Bangladesh Bank. It is mandatory for new recruits to attend it during the orientation program. BRAC Bank employees also participate in various AML-CFT and compliance-related refreshers round the year facilitated by internal and external resources.

In 2020 a total of 6,238 participants attended different learning programs under various topics of AML, ensuring regulatory compliance.

### AML Training Trend



► Young professionals' (2<sup>nd</sup> batch) orientation program



## 6<sup>TH</sup> AWARD CEREMONY FOR TOP SCORERS IN THE “BANKING FOUNDATION COURSE”



# GENERAL

## SERVICES DIVISION

BRAC Bank's General Services Division (GSD) works in a synchronistic and coordinated way to provide full backend support to the bank. The division includes the following wings:

- Procurement Department
- Infrastructural Development and Management
- Department of Safety & Security
- General Administration

### Procurement

BRAC Bank's Procurement Department, with one of the largest procurement budgets in the banking sector in the country, is responsible for all purchases and price-setting for the bank, rigorously following all the stringent guidelines prescribed by Bangladesh Bank.

The key responsibilities of the department include:

- Floating RFQs
- Vendor and price selection, as per policy
- PR-PO conversion
- Invoice forwarding
- Agreement management
- TAT maintenance
- e-procurement and digitalisation
- Internal and external stakeholder management
- Maintaining clean audit standards
- Crisis management

In 2020, the Procurement Department updated its "Procurement & Outsourcing Risk Management Policy-2020", enhanced digitalisation and

e-procurement via ERP and fusion portal, achieved significant cost-savings in AMCs for IT infrastructure, engaged in COVID-19 crisis management to ensure sustainable operations, and maintained pristine record of zero major audit observations.

### Infrastructural Development and Management

Infrastructural Development and Management (IDM) represents the engineering arm of BRAC Bank, engaged in multiple functions, including establishment / installation of branch network, ATMs, CDMs, regional operations centre (or any other premises of the bank), relocation/renovation projects, premises and equipment maintenance, auctions process, crisis management, etc. Further, all electrical items, office equipment, generators, furniture, etc., and most of non-IT capex items' maintenance and management has been entrusted to IDM.

One of the specialties of the department is that it conducts all major and minor renovations / repairs without any disruption to the bank's activities.

During 2020, IDM handled 7 relocation and renovation projects, worked on 11 ATMs, handled 20 small-scale projects and attended to over 12,000 maintenance calls. Major ongoing projects include, DC-DR project, completion of air purification devices in air ducts at the Head Office, etc.

### Department of Safety and Security

BRAC Bank's Department of Safety & Security (DSS) strives to protect the bank's personnel, environment and assets from potential risks and threats. It implements various safety and security rules and protocols within the bank's premises to protect the floor against any unwanted potential risks/threats. The DSS team consists of the following operations:

- Guarding
- Cash-in-transit (CIT)
- Fire safety
- Health safety
- Security equipment maintenance
- Central monitoring cell (CMC)
- Crisis management
- Front desk management
- ID card distribution
- Seamless parking management (at Anik and Sepal towers)
- Gate-pass and material management

Some of the major progress achieved by DSS in 2020 includes the following:

- Developed a SOP under “DSS Operational Manual and Fire Safety”
- Assigned a six-member team to the successful completion of a certified fire safety management course
- Acted as the first line of control during any crisis and maintained ongoing communication with law enforcement agencies
- Conducted online fire safety and emergency evacuation training and fire drills across all of the bank’s premises

Some of the key achievements of the division during 2020 include the following:

General Administration	Action
Mail management (dispatch)	Arrangement of special delivery services that ensured uninterrupted delivery across the country, as regular courier services were limited because of pandemic restrictions.
Logistics	Arranged COVID-19 health safety measures across all major touchpoints, including transports (rented staff busses and bank-owned cars), canteens and guesthouses. Also created provisions for a dedicated ambulance facility (bank-owned vehicle) with necessary precautions.

- Provided uninterrupted security equipment maintenance support during the lockdown and updated CCTV backup at 68 branches of one year
- Saved a significant amount of cost in guarding, fire safety, CIT and security equipment maintenance operations

Besides discharging its normal duties and responsibilities, DSS came forward and rendered robust support during the pandemic through the following interventions:

- Team DSS fulfilled a significant safety and security role by providing exceptional guarding services support during the lockdown period at 174 branches, beside regular manned guarding support
- CIT operations team provided seamless and uninterrupted cash-in-transit support during lockdown, completing around 5,084 trips per month
- CMC team monitored all the bank’s premises on a 24/7 basis for ensuring foolproof security.

### General Administration

General Administration (GA) provides large-scale clerical and administrative support both within Bangladesh and beyond the country too, holding the following responsibilities:

- Mail management (dispatch)
- Logistics and property management
- Store and inventory management
- Telecommunications and helpdesk

General Administration	Action
Inventory and store management	Proactively collected requisitions, processed purchase requisitions and ensured timely supply of essential health safety materials.
Telecommunications and helpdesk	Ensured uninterrupted services through coordinated and sustained efforts with service providers in order to facilitate remote work.

Action	Achievement
Renegotiation of tariffs of all telecom facilities (voice calls, data for corporate SIMs, APN SIMs and POS SIMs)	Achieved cost savings of over 15 per cent (annual) on overall telecommunications expenses, with the result that the bank today enjoys the lowest rate for voice calls.
Renegotiation of payables of all rented premises	Achieved overall cost savings of approximately 5 per cent (annual) on rental expenses.
Renegotiation of rates of packages for select products and introduction of consolidated packing of products headed for the same destination	Achieved cost savings of over 30 per cent on overall postage and courier charges.
Innovated a process for ensuring effective disposal of spare parts of vehicles (through auction and reuse)	Achieved cost recovery of approximate 10 per cent.
Introduced for the first time ever a process for disposal of archived papers and shadow files	Initiated a green initiative that is aligned with the principles of the GABV (Global Alliance for Banking on Values).

## COVID-19 activities

The Procurement Division initiated a business continuity plan (BCP) for GSD, which was later integrated into the bank's overall pandemic guidelines. It also initiated a comprehensive COVID response protocol and response teams. Corporate agreements were forged with third-parties and a significant number of staff were tested through the bank's facilitation. Further, a COVID helpline was also launched as a medium for discussion between our staff and doctors.

A medical inventory was established and medicines, medical items (oxygen cylinders, etc.) and food was distributed to infected employees, in conjunction with DSS & GA. DSS facilitated hospital agreements and arranged tests, admissions and hospital care for more than 20 staff and their family members. Besides, IDM carried out disinfection at all office premises and installed HVAC air purifiers. In the meantime, GSS ensured thermal checking and social distance marking through decals. It also ensured follow-ups with all infected personnel.

The General Administration team arranged logistics for COVID-related activities and also special couriers so that all branches could receive health and safety items on time. Thus, an extensive and well-coordinated response enabled BRAC Bank to stand strong in the pandemic, with barely ~5 per cent infection rate among the bank's full-time employees.

## Forward outlook, 2021

In the context of the overall turmoil in the financial sector due to the pandemic, we expect the year 2021 to continue to be a challenging one from a safety and security point of view. Yet, with proactive monitoring, we hope to reduce the impact of external threats on our organisation. Some of the key initiatives planned, department-wise, have been enunciated below:

### Procurement

The Procurement team envisages the implementation of its latest policy, while revamping the vendor enlistment and evaluation process. Further, high priority will be placed on automation by using bots and automated processes. Through these digital

footprints, the Procurement Division plans to establish strong stakeholder relations, while sustaining superior audit standing- both internal and regulatory.

### **Infrastructural Development and Management**

IDM plans to build capacity to complete the establishment of the bank's own premises as per plan. Towards meeting this objective, it expects to shortlist standard construction material to ensure uniform quality and also intends to develop an in-house design team to ensure greater efficiency and timely completion.

### **Department of Safety & Security**

Team DSS will comply with Bangladesh Bank's guidelines by installing an online portal at all ATM booths, while also deploying armed guards at multiple

branches. The Fire Safety team will procure advanced apparatus for countering any hazardous situations, while also installing comprehensive fire safety kits for Anik and Sepal towers. Moreover, in compliance with BNBC guidelines, it will arrange a mock fire drill for all of the bank's facilities at least twice in 2021. The maintenance team expects to upgrade CCTV camera backup for up to 1 year for around 50 more branches during the year. The CIT team is planning to double the CIT insurance limit. The DSS team has taken up a plan to set up a central monitoring system for all of the bank's branches and is also working to improve security (operated and system) of both data centre and data recovery.

### **General Administration**

In 2021, GA will focus on developing people and processes and delivering mandated services with more efficiency and at lower costs.

# OPERATIONS

## Our enduring priorities



Focus on enhancing customer service through holistic and proactive support



Embrace full transparency in meeting compliance requirements



Reinforce internal processes and infrastructure

## Overview

The year 2020 was a highly challenging one due to the unanticipated and extensive outbreak of COVID-19. In the face of the calamity, BRAC Bank's Operations division planned and executed several proactive recourse measures, including initiating remote working and rostering to ensure the health and safety of staff, balanced with providing continuous support to meet all services demands.

As a custodian of public welfare, especially during the time of the pandemic, we extended loan moratorium and stimulus to our clients, aligned with Government

regulations and guidelines. Notwithstanding the inescapable business regression due to the lockdown months, key business metrics and other alternate service parameters indicate sharp uptick and even promise a rebound during the second half of the current year.

With a view to facilitate customers during the recovery and eventual economic normalisation, we are placing enhanced emphasis on digitalisation, process simplification and realignment of job roles and responsibilities, which will eventually lead to faster and more cost-effective service delivery to our customers.

Some of our major initiatives to counter adversity included the following:



Very selective resource replacements



Deployed staff in cross-functional tasks and responsibilities



Closed several Nostro bank accounts



Merged a few regional service points



Reduced a number of general overhead expenses

## The year 2020: Advancing despite adversity

### Customer support:

- Processed ~16K SME loans under stimulus package, ~13K SME re-financing, ~416K loan moratorium facility and ~169K interest subsidy refunds
- Launched auto spread management system to avoid excess interest charged to loan customers
- Introduced functions of mandatory deposit and security linkage for SME lending in light of regulatory price bar
- Implemented e-AOF for Agent Banking clients and single-page CIF and loan creation forms for loan clients
- Automated issuance of tax certificate and loan pay-off balance confirmation for customers
- Initiated direct cheque book dispatch to customer address without branch intervention
- Extended 360 degree trade services during pandemic, even with limited resources and under time constraints, emerging as the only bank to do so in the industry
- Initiated instant transaction notifications with advice and SWIFT copy routing to all trade customers
- Introduced a facility where customers could pay local import bills faster through BEFTN
- Captured 20 per cent of total FX market share, Treasury Ops successfully processed ~14K FX transactions, the highest-ever in the bank's history
- Achieved ~68 per cent YoY growth in Government treasury bills/bonds portfolio, with closing position of Tk. 8,783 cr
- Managed 744 repo transactions of Tk. 173,351 cr, the highest-ever in the bank's history

### Process and efficiency:

- Initiated journey to complete the annual process review and re-engineering of all Operations departmental functions
- Reduced account opening turn-around-time (TAT) by ~50 per cent, thus enhancing efficiency

- Introduced a simplified incremental account opening process and DPS auto closure upon maturity
- Optimised TAT through fast-track cards and credit card bulk data upload at CMS
- Implemented term deposits (TD) open, close, renewal and other service requests execution without printing
- Implemented digital documentation of MM unit from July 2020 and discontinued deal slip/related documents printing
- Executed single ply print option for SWIFT messages and discontinuation of MT 940/950 for clients and saved approx. 75 per cent SWIFT paper cost
- Deployed date range in FT reports option for instant viewing of deal ticket and confirmation to save TAT
- Moved IBCM unit from Operations to Alternate Banking for better synergy and cost effectiveness
- Commenced FC and liaison office approval tracking for regulatory compliance
- Applied price verification tool and vessel tracking system for risk compliance in the trade business, which is unique in the industry

### Projects and automation:

- Implemented Collateral Security Management System for Bangladesh Bank reporting purposes as a pilot project
- Automated Deferral Tracking System with real-time notification for document deficiency sent to deposit and loan clients
- Ensured completion of a number of projects, including launch of VISA infinity card, contactless cards, first order debit cards, etc.
- Delivered several automation initiatives, including sanction letter (in Bangla), remittance GL monitoring, AML/CFT monitoring, RTGS through I/Banking and IRIS upgrade
- Automated remittance cash incentives (including SMS notification), multiple cheque return charge

realisation, EFT return processing and FDD printing from CBS

- Enhanced security measures for Remittance System (mRemit), Presentment Bank Module (PBM) to tackle cyber-security risks
- Incorporated sanction screening in mRemit application for remittances through mobile/SWIFT/Reuter, etc.
- Implemented Swift Sanction screening for all trade transactions and Finacle-SWIFT integration, which increased operational efficiency as well as reduced AML risk
- Commenced digital reconciliation of FX fund management blotter for better control and significant TAT optimisation
- Deployed automated system validation to restrict OBU FX position transfer to DBU in FT from FC system
- Introduced online Signature Booklet Management of all BRAC Bank signatories to save TAT and cost and further green banking principles
- Deployed accounting solution for interest rate swap, net interest settlement and multiple pay frequency TL rollover settlement

## Road map for 2021

- Implement Universal Banking Application and Documents Management System
- Initiate robotics for all repetitive tasks related to deposits, loans and trade customer services
- Launch eKYC and automated sanction screening and API connectivity with EC server
- Dedupe API integration with Finacle and TP auto-rationalisation from client's transaction history
- Automate processing of top-up loan disbursements and effect closure of existing loans
- Centralise a few functions of Regional Operating Centers like CASA, TD, EB loan, FIS etc.
- Commence automated GL reconciliation for Nostro bank accounts and all ATM GLs
- Implement risk grading of trade clients and incorporate Trade Transaction Profile in Finacle
- Introduce trade dashboard, LC transfer through CBS and other trade module support to customers
- Introduce automated Regulatory Reporting Tool for accuracy in MIS and timely compliance

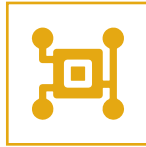


# TECHNOLOGY

## Our enduring priorities



Sustain a secure, stable and scalable technology architecture



Focus on transformation through digitalisation



Ensure the highest levels of safety and security for our customers, employees and all other users

## Overview: Focus on transformation through digitalisation

With a view to remain on the path of our vision of being the best bank of Bangladesh, ensure customer service excellence and maintain our leadership positions, BRAC Bank has been focusing on comprehensive digitisation through implementing a strong, secure, progressive and scalable tech platform. Notably, the program has already started accruing benefits to our customers all over the country.

Despite the challenges, 2020 contained a number of substantive highlights. We continued to improve our offers for customers with an emphasis on digital solutions. This is an extensive process with a focused roadmap and has just begun, yet BRAC Bank is well-positioned to continue to develop innovative solutions that simplify the customer experience while also providing more digital services with a great choice.

With a view to rapidly pivot towards digital transformation, accelerated by the pandemic, the bank is implementing several tech-oriented initiatives, anchored on meeting prevalent and future customer needs as well as ensuring superior service delivery with a view to enhance customer retention and enable bulk acquisition. The overarching intent is to implement state-of-the-art technology to ensure availability of banking facilities to customers round-the-clock with minimum mobility requirements. Such an initiative would also have a direct bearing on profitability

through cost optimisation.

Driven by the unanticipated onset of the pandemic and ensuing lockdowns in the last week of March 2020, the bank faced an extraordinary situation with no precedent to fall back on. Primary among these was the precipitous need for remote office facility for a large number of employees. Thus, responding with speed and urgency, the bank's Technology Division achieved a number of favourable outcomes:

- Developed a secure platform within a short period of time for operationalising remote working (work-from-home or WFH)
- Expanded existing platforms with additional security layers to facilitate day-to-day operations remotely
- Introduced safe and state-of-the-art remote collaboration tools to ensure ongoing employee communication and engagement
- Completed all planned projects of technology deployment and migration of existing technologies remotely through secured channels
- Deployed enterprise-class storage solutions and next-gen firewall systems to enhance IT infrastructure and security

Such progress has strongly propelled the bank on its path towards digitalisation.

## Progress in 2020 amidst challenges



**64%**

Cost savings rendered through multipurpose features incorporated in photocopiers at 106+ branches



**900+**

End-users facilitated with VPN connectivity for enabling WFH during the peak of the pandemic



**45 million**

Cost savings achieved through workstation policy-level changes, hardware reusability and troubleshooting



**8,500+**

End-users benefitted through the rollout of HR health app



**3,200+**

End-users benefitted through mobile email facility



**99+**

Branches facilitated by connectivity redundancy and virtual audio/video solutions



**2,500+**

Branch users facilitated with ICT training covering all 187 branches, thus furthering vision of digitisation

## Progress achieved in 2020 despite challenges

In one of the significant initiatives of 2020, we upgraded the bank's core banking system (CBS), which improved cost and process efficiency during the year. Further, the bank's System Support & Service Operation team implemented several customisations within the core of the CBS for enhancing digital access to the bank for customers and staff members, and also on bulk and straight-through processing. The bank also granted secure access to CBS to third-party applications/platforms through customised APIs for ensuring 24x7 services to customers.

In another major initiative of 2020, the Systems Support and Service Operations team conducted several automation initiatives, which resulted in such outcomes as reduction in processing time for ATM transactional files, MasterCard reporting and MasterCard end-of-day processes. Moreover, initiatives were also taken to ensure smooth services from debit card systems by enhancing operational surveillance.

In addition, the bank invested substantially in Alternative Delivery Channels to enable banking services and features that circumvented physical customer visits to the branch, thus adhering to social distancing norms.

Some of the other key achievements of the year included the following:

### Universal acquiring platform

The bank implemented a new merchant acquiring platform that will facilitate all acquiring under a single umbrella. Such a universal acquiring solution will open up the capability for a merchant to accept payments through multiple payment options, like POS, contactless, e-commerce, QR (in progress). The major benefit of this platform include the following:

- **Contactless transactions through NFC:** NFC-capable transactions ensure minimum physical contact, PIN-less and TAP on reader, and a more secure and effortless transaction
- **Merchant self-service online portal:** Enable instant service requests through online portal

and instant report for reconciliation, thus facilitating faster refund process to customers

- **Security:** Certified solutions by PADSS (Payment Application Data Security Standard) authority
- **Dynamic pricing configuration for merchants:** Dynamic and customised pricing ensures reduced cost on account of customised pricing, while increasing overall transaction volumes by creating an advantage over competition
- **QR code acquiring (under implementation):** Our QR code project is currently under phase-2 delivery of our universal acquiring platform. Benefits of QR code include no hardware requirements, no sharing of card information, lower risks of dispute, near real-time settlement and more convenience for customers

### **Debit card management system and ATM switching solutions:**

The bank has successfully completed an upgradation project comprising its debit card management system (CMS) and ATM switching solutions. The new features of CMS are elevating customer experience, increasing business capability and securing customer transactions. The major benefits of this upgradation include the following:

- **Security:** Certified solutions by PADSS
- Automatic notification of ATM status with escalation matrix, which significantly improves ATM services
- Capability of new transactions (eg., MOTO, card-on-file, etc.) with advance transaction control mechanisms

### **JCB card acquiring at BRAC Bank ATM:**

JCB (Japan Credit Bureau) has been integrated with the bank's ATM solutions. JCB cardholders will hence be able to withdraw cash from BRAC Bank's ATMs.

### **Contactless (NFC) card issuance and acquiring project:**

During the peak of COVID-19, the bank introduced contactless credit card issuance to ensure heightened

safety for customers and our internal teams. Moreover, we also commenced contactless card acceptance at the bank's POS terminals. Quicker transactions and shorter queues at checkout comprise some of the significant advantages of contactless payments.

### **Green PIN functionality for cards:**

The bank launched green PIN facility for its cardholders. Green PIN comprises an easy and convenient way to generate the card's PIN through IVR/IB. It is a sure step towards paperless banking and benefits both the customers and the bank. It also benefits customers through greater convenience by precluding delays and branch visits to submit PIN generation requests or collect paper PIN.

### **Roadmap for 2021**

We have several plans lined up for the current year, including advancing towards digitalisation.

- Launch the most advanced and sophisticated banking digital platform throughout the country, which will deliver enriching customer experiences, while enabling the bank to lower costs
- Accelerate the shift from cash-heavy to cash-light/cashless solutions through digitalisation by taking up major customer-facing digital platforms and projects
- Upgrade our Alternative Delivery Channels to provide a wider range of digital services to our customers and enhance their experience with us. Such plans include digital initiatives like Corpnet, internet banking and remittance that helped the bank to face record online transactions during the pandemic
- Achieve progress with other large transformation projects, like universal banking app, middleware (Oracle Enterprise Service Bus), auto service tracker, cash and supply chain management, document management system, eKYC, LOS, WhatsApp banking, etc.

# DIGITAL TRANSFORMATION

## PIVOTING THE BUSINESS TOWARDS DIGITAL BANKING AND ORGANISATIONAL DIGITALISATION

### Vision

At BRAC Bank, our digital transformation vision is to be an enabler for the bank to become the 'best digital bank' in the country via offering innovative and accessible digital financial products and services.

### Mapping our digital banking journey



#### As is basis:

- Traditional thinking
- Legacy systems and processes
- Limited-scale innovation
- Human-intensive activities



#### Current focus:

- Strategy formulation and implementation
- Customer journey planning
- Human-centric design
- Process improvement



#### Aspiration:

- Superior customer experience
- Full banking suite - mobile-based, real-time, seamless and simple
- Collaboration through open banking

### Objective

At the bank, our objective is to develop best-in-class customer experiences through progressive and integrated digital platforms and partnerships. Our key aspirations also include maximising revenue through various financial channels and gaining operational efficiency via utilising integrated and open banking solutions.

### Our focus on continuous innovation to deliver what our customers need

Our aspiration of emerging as the digital bank of choice emanates from our philosophy of always delivering a superlative next-generation experience. Recognising changed customer behaviour and desire for immediacy, empowerment and simplicity, we have

over the years created robust digital infrastructure in order to incessantly enhance our offerings and lead customer journeys in the digital space.

Notably, insights gained and capabilities built throughout our ongoing journey were put to test during the COVID-19 pandemic, as online transactions and traffic multiplied exponentially. At the bank, we demonstrated the strength and agility of our digital platforms by being able to pivot quickly to support our customers and local communities.

### Leading the market as digital innovator and thought leader

At BRAC Bank, we rely on internal competencies and leverage our deep understanding of the market

to develop digital solutions that enhance customer experience and convenience through simplicity of use. Further, our digital focus now looks beyond customer-facing solutions alone, with added emphasis on data analytics and machine learning to derive value from our capabilities.

As a forward-looking financial institution with incontestable credibility, BRAC Bank has facilitated a pivotal shift in customer preferences to digital banking through its robust, convenient and secure online banking platform. Thus, aligned with the core purpose of digital transformation enabling innovative and useful feature-rich products and services to our clients, digital transformation encompasses digitisation and online migration of all traditional banking services and activities.

BRAC Bank initiated digital transformation with the key intent of preparing the bank to be at the forefront of digital banking services and catalyse continuous, organisation-wide transformation, thereby also enhancing readiness against disruptive/traditional digital banking competition, including those from FinTech and digital-first companies. Notably, all activities under digital transformation initiatives encircle our key focus areas, including dispensing superior customer experiences, improving operational efficiencies and generating new and diversified revenue streams. We are focused on rapidly responding to changing market dynamics and staying ahead of the times.

Our underlying focus on innovation is manifest in our ability to bring forth continuous and, where applicable, disruptive practices that redefine traditional banking processes and practices. This emphasis is also carried

forward by collaborating with local and international FinTech solution providers to conceptualise and co-create innovative products and services that meet both customer expectations and aspirations.

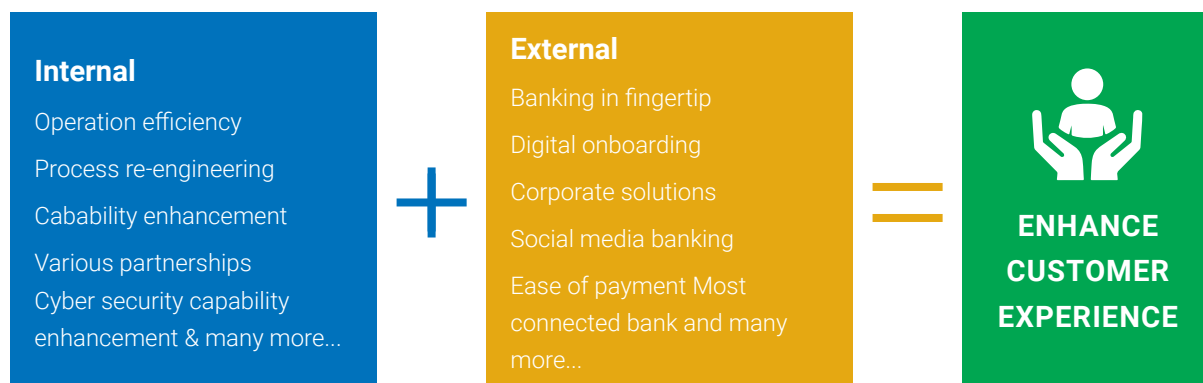


## The year 2020

Despite being hit by the COVID-19 pandemic, the bank remained on the path of delivering its commitment to strengthen internal transformation and reinforce process re-engineering to offer superior customer experiences through various digital products and services.

While investing in digital transformation, we maintain best-in-class execution, with our project management standards and practices being recognised by governing bodies like Project Management Institute (PMI), Bangladesh Chapter.

While pandemic pushed everyone for moving towards digital payment channels, we on-boarded more partners to ensure customers have access to a variety of options, including dMoney, Paywell, ChaldalPay, etc.



## Forward outlook for 2021 and beyond

BRAC Bank will continue its journey of sustaining its position as the best digital bank providing superior customer experiences through various digital products and services.

Our aim is to become truly digital through open banking platforms, data-driven decision-making

and agility in introducing innovative, convenient and customer-centric products and services. Through digital banking, our intent is to enable our customers to perform any banking activity from the comfort of their homes or offices. We continue to focus on getting banking right to their fingertips. In order to do so, we are also streamlining our internal processes and policies to support our digital journey, while also nurturing a digital culture internally, thus enhancing our future readiness and preparedness.



► Signing of agreement with Chaldal.com, one of the leading Bangladeshi online grocery and food products provider.



► Signing of agreement with Dmoney, a Digital Payments and Services Platform with Intellectual Property (IP) rights for Dmoney software.

# INFORMATION

# SECURITY

## Overview

Cyberattacks are a serious threat and concern for a financial institution. Thus, cybersecurity is a top priority at BRAC Bank and we are committed to ensuring high levels of operational security as well as service quality.

For ensuring top quality defense against cybersecurity and ICT risks, the bank has engaged in a comprehensive review of its ICT security policy, in line with Bangladesh Bank's latest ICT guidelines and international standards and controls, including COBIT, ITIL, ISO:27001, NIST, GDPR, PCI and SANS.

With the establishment of a 24/7 Security Operations Center (SOC), BRAC Bank has emerged as the first bank in Bangladesh to have shifted from a passive to an active cyber defense approach. SOC is a dedicated site where enterprise information systems are comprehensively monitored, assessed and defended.

## Updates, 2020

### Validation through international certifications:

BRAC Bank received the ISO 18788:2015 international certification for its security operations and cyber center during the year 2020. The bank is the first and only financial organisation in Bangladesh to have received this global recognition for its management systems in security operations.

Further, BRAC Bank has already adopted the global standard ISO 27001:2013 for Information Security Management (IMS). The bank is the first in Bangladesh to have achieved this international certification for its information security management function, thus fulfilling a key regulatory mandate. The accredited international certification of ISO 27001 showcases

our bank's well-defined focus on international best practices in information security processes.

### Defenses against threats through testing and assessments:

Through mirroring military war games, to engaging in ethical hacking, the bank's information security team regularly conducts applications/systems security assessments and also vulnerability reviews and penetration testing on the bank's infrastructure/network. This is done by our internal team of certified ethical hackers to protect the bank's data assets. The bank also involves global third-parties for testing and revalidation.

As an initiative to strengthen security to defend against zero-day and targeted attacks, the bank has implemented an anti-advance persistent threat and network behaviour monitoring technology, premised on behaviour-based static and dynamic analysis on suspicious content and close monitoring of the network flow activity. The bank has also implemented a security incident and event management technology, which is a core component of the information security threat management system.

Further, the bank has also implemented a privilege-based access management technology for achieving protection of sensitive systems, thus also complying with regulatory requirements. It has also deployed automated Discovery and Auditing (DNA) tool for ensuring continuous discovery.

### Securing our network infrastructure and protecting our data assets:

To protect customer and the bank's database, BRAC Bank has implemented a data leakage prevention solution and has also enforced disk encryption. Moreover, to minimise potential web attack vectors and

enable users to safely use the web, the bank has also implemented an advanced internet secure gateway.

Further, the bank has also embraced initiatives to implement an enterprise vulnerability management system, which will envelop the entire system and network of BRAC Bank. The bank is the first financial institution in Bangladesh to have taken such an initiative. The bank has also implemented automated solutions for third-party security monitoring and even automated content scanning.

The bank has also implemented full-fledged email security to protect its email system from spam-based attacks and has also incorporated advanced anti-malware protection.

### **IT governance:**

As part of the bank's overall governance initiatives, we have established an ICT Security Steering Committee and ICT Steering Committee. Further, for emergency response handling, the bank has formed CERT and has also developed a business continuity plan (BCP).

Considering awareness is key to cybersecurity, the bank regularly conducts extensive information security awareness sessions, cybersecurity awareness campaigns and also awareness through emails/stickers/booklets/e-books/posters, etc.

The bank also possesses multiple security-strengthening initiatives through adoption of the latest technologies, thus ensuring superior manageability, high availability and redundancy, better security and future scalability. Further, we have also completed the upgradation of our credit card management system and call center, in compliance with PADSS.

### **Roadmap for 2021 and beyond**

BRAC Bank has successfully completed the migration of core banking system (CBS) and ERP solution, and is currently in the process of migrating e-commerce payment gateway and internet banking system. The bank has also implemented a global-standard agent banking solution with robust security features and business functionalities.

Comprehensive annual maintenance contracts along with service level agreements were signed with partners for global data centre equipment to ensure 24/7 service for all active equipment of the data centre and disaster recovery site. Besides, with the upgradation of the data centre and disaster recovery site monitoring system, the bank is now capable to proactively monitor all system parameters and take any corrective measures beforehand. BRAC Bank has also adopted ITIL framework for best practices guidance under IT service management.

To ensure high levels of quality and security of IT systems and to comply with Bangladesh Bank's regulatory mandates, we have a fully functional information security department with trained and certified resources (CISSO, CISSP, CISA, ECSA, CCISO, CPISI, CEH, CPEH, LA-QMS, LA-ISMS, CHFI, LPM, Security+, COBIT etc.), tools and senior management support. The bank also conducts regular assessments and reviews on cybersecurity through a top global external agency.

BRAC Bank has developed a comprehensive cybersecurity roadmap and is working accordingly to develop the best security solutions, processes, people and practices.



# CREDIT RISK MANAGEMENT

## Our key priorities



Sustain a secure, stable and scalable technology architecture



Ensure continued adoption of our well-defined processes and policies in all credit decisions



Protect our credit book through multilayer systemic checks and balances



Further the digitalisation agenda of BRAC Bank

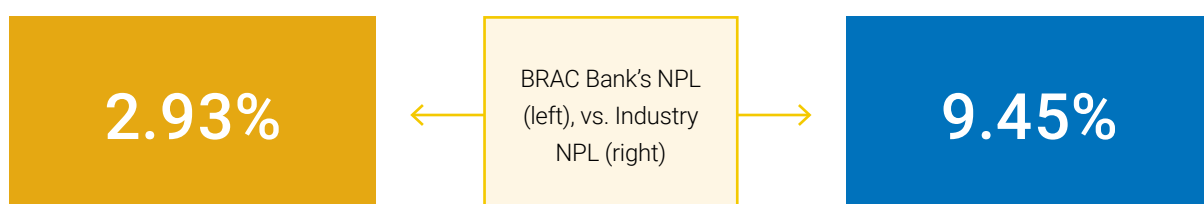
## Overview

For a financial institution engaged in the lending business, controlling, mitigating and minimising credit risk is one of the most important facets for smooth operational functioning and governance oversight. Protecting asset quality by ensuring robust underwriting practices and customer due diligence is a critical mandate owned by BRAC Bank's Credit Risk Management function. Thus, the sustenance of healthy asset quality with optimal risk-reward considerations continues to remain our abiding strategic priority.

At our Credit Risk Management Division, one of the other key ways by which we ensure the protection and preservation of asset quality is by ensuring that we espouse policies and processes at all times and during all circumstances for managing credit risk across the bank's Retail, SME and Wholesale businesses. We do so mainly through ensuring:

- Well-segmented and well-defined policies
- Robust and multi-layered credit approval process
- Post-disbursement monitoring and surveillance
- Remedial management procedures

## Ensuring effective credit risk management



Sustainability is one of the most crucial components of BRAC Bank's Credit Risk Management division. We ensure that it is an integral part of our culture and also embedded in our day-to-day business conduct. Thus, for ensuring the effective and efficient management of credit risk, it is segmented business-wise with appropriate allocation of responsibility, which helps in ensuring ownership and control.

The broad structure of our Credit Risk Management practice is premised on the following:

- Corporate, SME and Retail portfolios are managed by separate/focused underwriting units under the Risk Management Division
- Credit risk management responsibilities have been structured in a way that credit appraisal places emphasis on maintaining the highest underwriting and governance standards, as defined in our Credit Risk Management policy and Risk Appetite statement, while simultaneously ensuring that business performance is achieved with ongoing robust reviews on risk infrastructure and strategic plans
- The Credit Risk Management Committee, constituted by the bank's senior management, fulfils an important role as a recommending authority for credit appraisal.

All credit approvals are endorsed as per delegation of lending authority approved by our Board of Directors, within the perimeter of Bangladesh Bank's guidelines and within the purview of the bank's own CRM policy. Our Credit Risk Management teams across each business segment are accountable and directly report to the Head of CRM.

### **Focused on riding out the storm**

COVID-19 unleashed unprecedented times, claiming thousands of lives globally and in Bangladesh as well, while also destroying millions of livelihoods due to extended lockdowns, an enforcement that does not have any parallel in recent history. Be it in riding out the health crisis or recouping from the financial losses that many have been inflicted with, faith and hope remain our biggest allies.

During this challenging period, we invoked the tenets of our Business Continuity Plan, which has helped us to continue functioning in the "new normal". We learnt along the way, navigating through the uncertainty with just one objective in mind: to serve our stakeholders in the best possible way.

To realise this aim, we focused on maximising efficiency and productivity while working from home, ensuring that we meet daily targets while enhancing collaboration with our colleagues and sharing updates through ongoing communication. We also utilised the opportunity to equip ourselves to prepare for the post-pandemic world through e-learning programs and also furthering the digital developmental agenda of the bank.

With the phase-wise lifting of lockdowns and eventual business resumption, lending institutions faced a new and unfamiliar environment, in which BRAC Bank had to more closely evaluate, scrutinise and monitor credit risk even within limited visibility and access to reliable data. Yet, one of the positives has been that the pandemic has triggered the bank to move more rapidly to build real-time data and analytics into its credit decision-making process. This focus will only intensify in the future.

Moreover, extension of tenor on short-term loans, as well as moratorium sanctioned by the government on term loans further clogged our operational capabilities, limiting our ability to assess borrower repayment capacity. Within this challenging backdrop, appraising and segregating those genuinely affected by the ravages of the pandemic from wilful opportunists is one of the most challenging tasks for credit managers. Yet, we are rising to the responsibility by falling back on our well-defined credit framework, while also enhancing our intuitive capabilities.

BRAC Bank has always been compliant with its provision requirements, as guided by the regulatory authority. Projecting the impact of COVID-19 on the general business landscape of the country, we have relied on conservatism to keep an additional 1.79x (approx.) as provisions, thus creating buffers and accounting for any uncertainty in credit quality, going forward.

## Key milestones achieved, 2020

As part of our drive towards digitisation, we have implemented a number of initiatives in 2020 which include:

### Implementation of scorecard-based credit decisions for SME financing:

Such a model was developed for four SME sectors: grocery, RMG, furniture and hardware/paint. IFC, a developmental organisation and part of the World Bank Group, developed the scorecard and also the limit allocation tool for automating credit decisions and loan amount determination. As a result, credit decisions have been standardised, while opening up the capability of engaging in deeper evaluation of portfolio risk. Further, a central monitoring system has also been established and, most importantly, turn-around time has improved considerably, which is a key competence in enabling us to take quality decisions in a swift manner.

### Introduction of scorecard-based credit decisions:

This model was developed in-house in order to automate the credit decision-making process. By implementing this scorecard, BRAC Bank will achieve greater efficiency by eliminating one stage in the credit card issuance process, which will result in improved turnaround time.

### Mobilisation of sales force digitally by equipping them with a mobile app:

Such an initiative allowed our sales team to commence loan application processing even on-the-go. As a result, their mobility and productivity as well as turnaround time has witnessed visible improvement.

### Introduction of a captively developed integrated assessment system:

This resourceful step facilitates systems-based loan application against handwritten loan application. As a result, data collection and document generation have been automated. This initiative has resulted in lower human involvement in terms of time, leading to improved productivity and turnaround time.

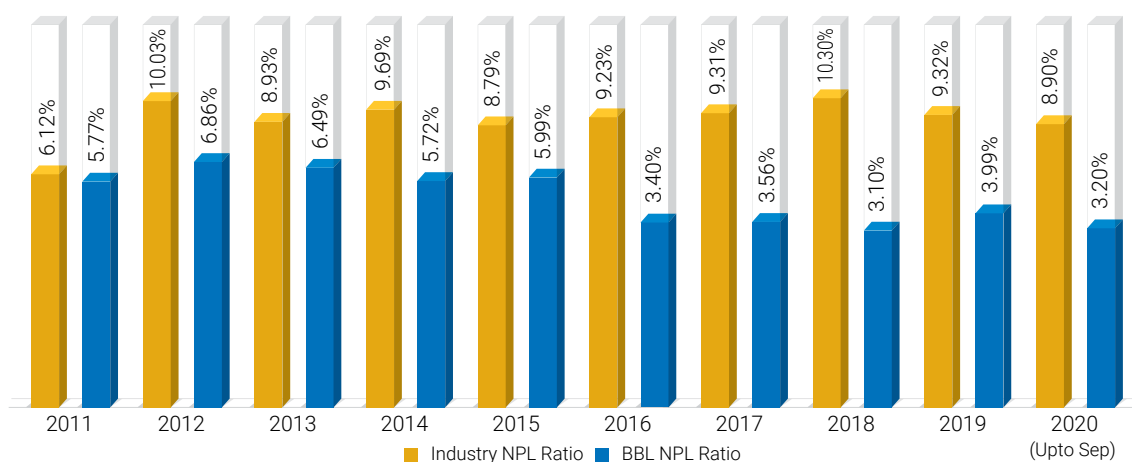
### Industry vs. BRAC Bank's asset quality: A picture of contrast

The strength, agility and adaptability of our Credit Risk Management function is reflected in our asset quality, which remains superior vs. the country's overall banking sector.

Bangladesh's banking industry's NPL levels have increased over the years – from a record low of 6.12 per cent in 2011 to 9.45 per cent in 2020. NPL ratios stood at 10.30 per cent and 9.32 per cent in 2018 and 2019, respectively. This deterioration over the years can be primarily alluded to weak governance standards, inappropriate client selection, questionable business and industry analysis, mismatched cash flow forecasts overlooking historical client credit behaviour, etc. Notably, Bangladesh's NPL ratio is higher vs. the international level, which is under 2 per cent.

Despite the dismal asset quality scenario in the country's banking sector, BRAC Bank reported a refreshingly contrarian performance by continuing to maintain a healthy asset portfolio. At the Credit Risk Management division, we are proud to have played a humble role in this stellar achievement. BRAC Bank maintained an NPL of 3.99 per cent, which is much lower than the industry NPL of 9.45 per cent.

## NPL movement: BRAC Bank vs. Banking industry



### Strategic roadmap, 2021

Since NPLs directly impact the bank's profitability, reducing NPL over time is always a top priority as well as a key contributor to profitability. In addition to fostering a healthy credit culture, we expect to embrace the following initiatives:

- Continue to ensure borrower (genuine) facilitation in line with the government's fiscal plan by way of stimulus package/policy support
- Ensure preemptive NPLs management through identification and gradual withdrawal from accounts on the suspect list, with simultaneous

on-boarding of top industry players with a demonstrated credit history

- Focus on portfolio diversification to minimise concentration risks by sustaining exposure to the SME business, which is characterised by a large and geographically-dispersed client base, yet within the purview of following all credit guidelines
- Continually emphasise on NPL control and reduction by way of arresting new NPL flows and also by shrinking prevailing NPLs through an intensive and extensive focus on recovery

# BUSINESS TRANSFORMATION

## Transforming BRAC Bank in the digital age

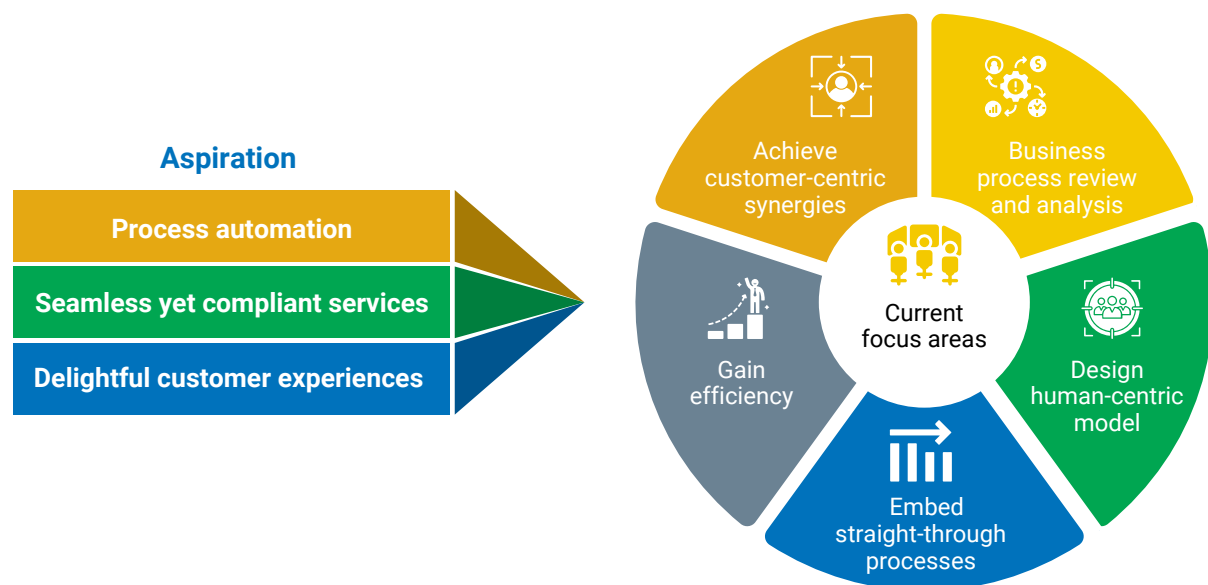
### Purpose

BRAC Bank's Business Transformation Division aims to embrace proactive and constant change by thinking ahead of time. Working as an enabler for the bank, our purpose is to lead the change to ensure automated and agile processes with a humanistic design at all levels of the bank, including products, services and solutions. We strive to be the customer's first choice by providing the most desired services with delightful experiences.

### Overview

While BRAC Bank's overall growth efforts were curtailed in 2020 due to the pandemic, the bank forged

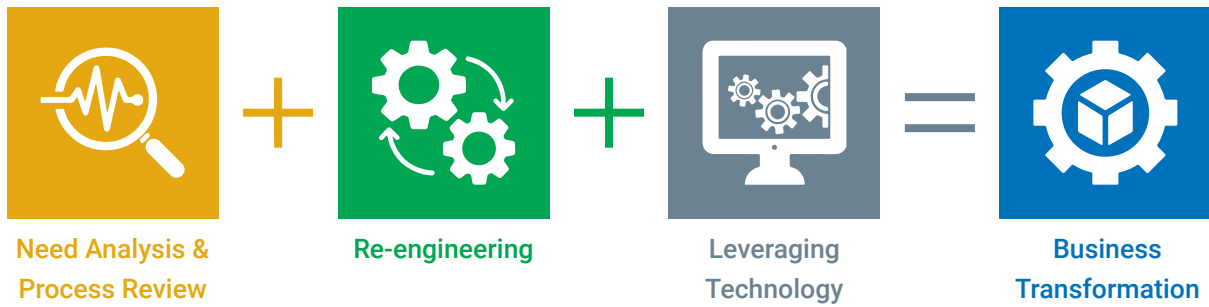
ahead with its digital strategy, creating a platform that will help facilitate growth in the future. Digital innovations are transforming economies and financial ecosystems. Customers are demanding banking that is simple, reliable and seamless. To harness the power of new technologies, the bank adopted a strategy of viewing digital innovation as a transformation change agent, representing a catalyst that will redefine the future of the bank. Aimed at making a tangible difference in the lives of our customers, in 2020, we adopted a focussed approach to driving our digital adoption initiatives and are today well-positioned to enhance digital penetration.



### Business Process Reengineering (BPR): Overview and 2020 achievements

Establishment of the Business Process Re-engineering (BPR) wing under the Business Transformation Division

is an attempt to embed seamless processes into the organisation to ensure ultimate operational efficiency and effectiveness. BPR works to remodel processes to eliminate unproductive layers and minimise process redundancies and enterprise costs.



Some of the major achievements of BPR comprise the following:

### Robotics:

Aimed at achieving continuous improvement, BPR commenced its journey in 2019 to provide best-in-class services to customers. In a major initiative of 2020, the wing successfully launched robotics in credit cards account on-boarding process that paved the way for establishing the same technology in other operational processes as well.

### Launch of customer-centric initiatives:

Yet another pivotal achievement of BPR during the year comprised launch of Customer Service Request and Complaint Management System that is being used by all employees across the bank. Such a robust system houses all customer service requests and complaints, thus offering end-to-end visibility to provide quality

services to customers to ensure their delight, while also enabling us to draw further operational efficiencies.

### Forward outlook

Some of the other key projects and initiatives comprise the following:

- Business process re-engineering exercise in collaboration with Deloitte
- e-KYC (digital customer onboarding)
- DMS (document management system)
- Auto reconciliation and settlement engine
- Loan originating system (LOS)

We believe that all these advanced and forward-looking digital projects and initiatives will help us to place BRAC Bank on the right track to become the best bank of the country by leading the change in the digital world.



► Launch of robotics in credit cards account on-boarding process

# SUBSIDIARY OVERVIEW



# bKASH LIMITED

## Key strategic priorities



Engage in the development of new user-friendly products/ functionalities



Ensure deeper market penetration through tech breakthroughs



Further expand our customer base leveraging our safe and sound digital financial services propositions

## Overview

Access to finance is a key challenge in Bangladesh, where only an estimated 40-45 per cent of the adult population hold a bank account in a formal financial institution. This represents a huge challenge for the working poor, many of whom migrate from villages to towns, cities and even overseas in search of work, and who have no choice but to use informal channels to send money home, some of which attract high fees.

Yet today around 27 million rely on bKash, which has emerged as a leading mobile financial services (MFS) company, to safely and securely send money over their mobile phones, save money and pay for products and services. Further, bKash transactions are not only secure, but are also simple to conduct and are accounted for in terms of regulations. Leveraging mobile phones, which are ubiquitous in Bangladesh, bKash has revolutionised digital financial services to millions of unbanked Bangladeshis, including those in rural areas.

The relevance of a company like bKash was brought to the fore, especially in the year 2020. Despite the unprecedented challenges of the external environment due to the coronavirus pandemic, bKash demonstrated strong resilience, with its products and services being valued by millions of customer during the difficult

times. This is a testament to the affinity and intimacy we have been able to forge with our customers.

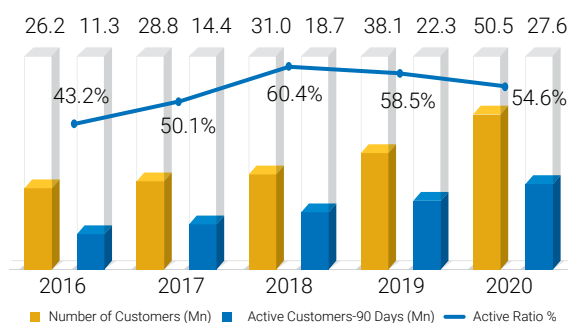
## Who we are, what we do

The year 2020 marked significant milestones for bKash's growth trajectory in new products development, technological progress and widened access to large-scale sectors, including RMG (readymade garments) and Government payments.

The company surpassed its business goals and continues to make solid progress and thrive in a competitive environment.

## Customers

### Customers





The number of active customers (defined as those who made at least one transaction in the past 90 days) also increased by a healthy 23.6 per cent in 2020, vs. 2019. The total active subscribers as at December 2020 stood at 27.6 million.

## Key achievements, 2020

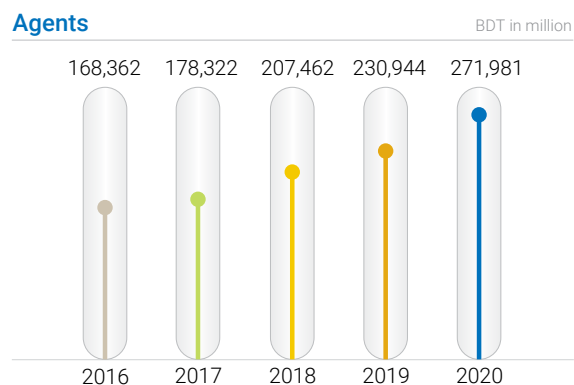
bKash demonstrated resilience and pivoted its business model to achieve growth despite the external challenges.

In the midst of the coronavirus upheaval, the company introduced new products, including those that enabled sending money to non-bKash users, while also adding major new billers to the bill pay product. With this, any public utility bills can now be paid through bKash. Above all, we reached the historic 50-mn milestone in our client base. In addition, many new merchants were onboarded, and ticketing for all modes of transportation (air, bus, launch/ferry and train) can now be done through bKash app.

During the year, more than 4,311 bn transactions were recorded over the platform.

## Agents

During 2020, we achieved substantial progress in our agent network, by adding 41,000 new agents to further expand our outreach throughout the country. With this, we have an agent universe of over 2,71,900 agents. As per policy, all agents were subject to rigorous compliance audits throughout the year. On average, in 2020, 88 per cent of the agents were active every month.



## bKash at a glance



**50+ million**

Customer



**4,311 bn**

Transactions



**23.6%**

Growth in active customers



**41,000**

New agents added



**271,900**

Total agent network



**47,728 million**

Float balance



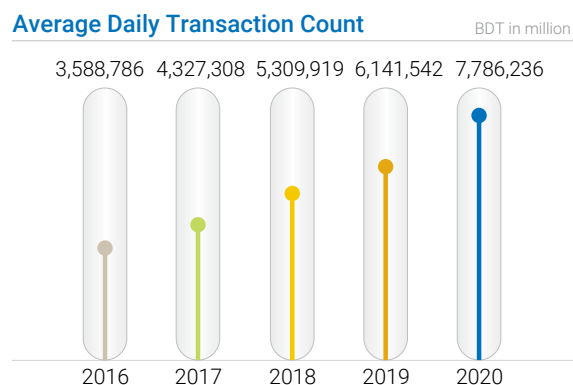
**61,355 million**

Total assets

All figures pertain to the year 2020

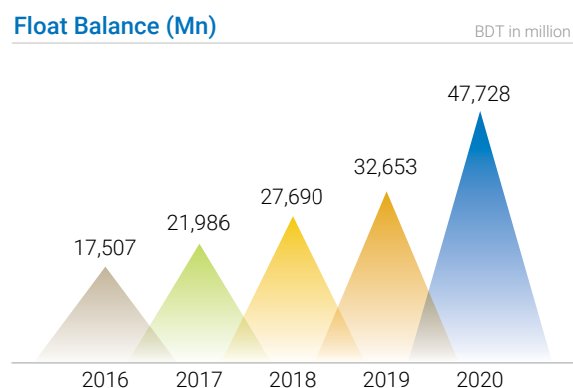
## Average daily transaction count

Average daily transaction count increased by 26.8 per cent in 2020. During the year, average daily count of transaction stood at 7.78 million, vs. 6.14 million in 2019.



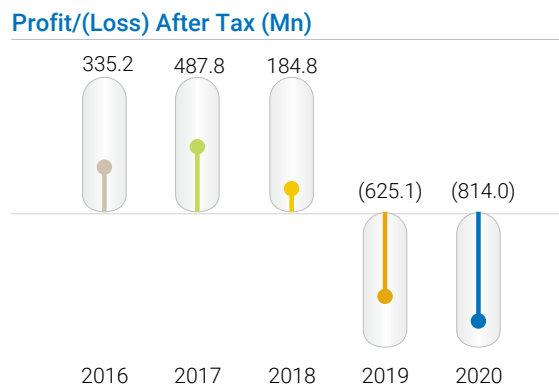
## Financial performance, 2020

Net loss after tax in the year 2020 stood at Tk. 814 million, as compared to loss of Tk. 625 million in 2019. This rise in loss can be attributed to the increase in agent and distributor commission, commercial outlays and technology expenses (in the form of depreciation and systems maintenance) to support the early investment and growth stage of the company. However, a consistent rise in the number of active customers and revenue due to these concerted investments are expected to yield higher returns in the forthcoming years.



## Float balance

bKash's float balance has consistently increased over the years to reach a size of Tk. 47,728 million as at 31 December 2020.



A solid 32.5 per cent increase in customer base, coupled with a substantial expansion of 23.6 per cent in the active customer ratio resulted in a 29.3 per cent increase in the consolidated transaction amount. As a result of increased customers and agents in the bKash network, float balance registered a substantive increase of 46.2 per cent over the prior year.

## Economic outlook

Increase in the number of customers, transactions and volumes reflect vibrancy in economic activity and a strong forward outlook. It also indicates rapid digitisation of financial services in the country.

In particular, the timely decision from the Government to leverage mobile banking services for Government payments and disbursements under different social programs and salary disbursements to RMG workers as part of the pandemic fightback plan has paved the way for a promising future for the mobile financial services sector. Further, the number of app downloads also looks promising and reflects increasing technology adoption.

bKash, with its new products and services, leading market positions, strong and inescapable brand recall and large agent and merchant network, is expected to retain its position as a frontline market leader in the coming years as well.

## Financial performance over the years

BDT in million

Particulars	Year 2020	Year 2019	Year 2018	Year 2017	Year 2016
Gross revenues (Tk. mn)	26,245.0	24,160.8	21,791.3	17,589.5	14,843.0
Profit before tax (Tk. mn)	(636.8)	(633.7)	558.5	790.8	621.1
Profit after tax (Tk. mn)	(814)	(625.1)	184.8	487.8	335.2
Contribution to exchequer (Tk. mn)	6,400.0	5,256.0	4,733.4	3,730.0	3,034.1
Total Assets (Tk. mn)	61,355.7	48,389.6	42,896.1	27,885.8	22,008.0
Float Balance (Tk. mn)	47,728.5	32,653.0	27,689.6	21,986.3	17,506.6
EBITDA (Tk. mn)	84.4	(69.7)	903.3	1,053.1	834.9
Diluted earnings per share (Tk.)	(1,732)	(1,330)	393	1,153	792
Earnings per share (Tk.)	(2131)	(1,637)	484	1,277	877
Gross profit ratio	34%	25.8%	27.1%	26.5%	24.9%
Return on equity	(8.1%)	(5.8%)	6.0%	18.8%	14.9%

## Financial performance over the years

Particulars	Year 2020	Year 2019	Year 2018	Year 2017	Year 2016
Customers	50,485,829	38,136,999	30,949,622	28,796,213	26,172,245
Active customers (90 day period)	27,554,130	22,261,567	18,694,365	14,415,001	11,275,883
Active ratio (90 day period)	54.6%	58.6%	60.4%	50.1%	43.1%
Agent	271,981	230,944	207,462	178,322	168,362
Merchant count	198,578	163,306	80,156	43,978	37,902
Average daily transactions count	7,786,236	6,141,542	5,309,919	4,327,308	3,588,786
Volume of transactions (bn Tk.)	4,310.6	3,332.8	2,703.1	2,173.5	1,805.4

# BRAC EPL STOCK BROKERAGE LIMITED

## Key strategic priorities



Offer analytical and knowledge-based investment advisory



Provide timely and efficient services



Become the preferred partner for both local and international investors



**3.69%**

Market share, DSE



**55%**

FPI market share



**20,000+**

Clients



**60**

FI clients



**08**

Branch network



**106**

Staff strength

All figures are as of 2020

FPI: Foreign portfolio investors; FI: Foreign investors

## Who we are, what we do

BRAC EPL Stock Brokerage Limited (BESL) is the third-largest stock brokerage house among 250 brokers in Bangladesh, with a dominant market share of over 55 per cent in the foreign portfolio investment execution segment. The company offers brokerage services to a universe of over 20,000 clients, which includes local institutions, retail investors, non-resident Bangladeshis (NRBs) and 60 foreign institutional clients from across its 8 branches and 106 employees.

## Our products and services

BESL offers stock brokerage services across a wide range of plans and platforms to all Bangladeshi

nationals and also international capital market investors, thus providing active financial intermediation services through high-class equity investment brokerage.

## Public market execution

BESL has maintained its position as the third top player amongst 250 brokerages in the country. On average, BESL had 3.69 per cent market share of DSE turnover.

## Investment research and advisory services

BESL pioneered equity investment research in Bangladesh, thus progressively establishing thought leadership in a largely speculative market. Currently, the

Company's research wing comprises 5 professional analysts, including a CFA Charter-holder and three CFA Level-3 candidates. This deepens our investment research capabilities and also builds client trust in our investment advisory services.

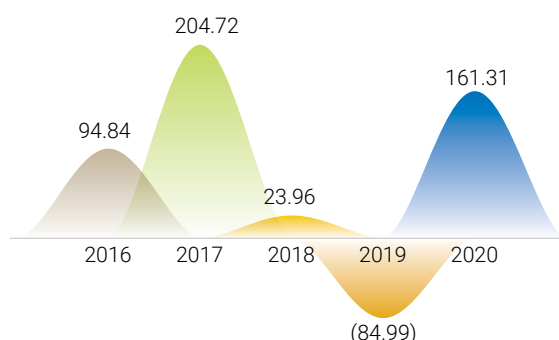
The wing also has robust research partnerships with Bloomberg, Thomson Reuters, S&P Capital IQ and Fact Set. The following are some of the key achievements of the research team in recent time:

- The team's recommended investment composite generated 47 per cent return in 2020, outperforming the benchmark index by a substantial 26 percentage points
- The team generated a solid USD 26,000 revenue as research and advisory fees from foreign investors, even amidst the pandemic
- The team was bestowed with the prestigious award of the "Best Research House" in Bangladesh in 2019 by International Finance Publications

## Our financial performance, 2020

### Net profit after tax (PAT)

BDT in million



In the year 2019, the market was very depressed both in terms of return and trade turnover; and this were reflected in the business of BESL. The company suffered a net loss of BDT 85 million and this was mainly due to poor performance of its proprietary trading account called dealer portfolio. However, in 2020, the performance of BESL saw a major turnaround with BDT 169 million net profit after tax. This was supported by a healthy market rally in 2020. It is worth mentioning that the dealer portfolio of BESL recovered considerably in 2020 from a substantial loss of 2019.

## Financial performance over the years

Particulars	2020	2019	2018	2017	2016
Total revenue	531.55	322.32	481.93	699.31	506.25
Profit before tax	223.98	(20.64)	101.71	294.76	152.65
Net profit after tax (PAT)	161.31	(84.99)	23.96	204.72	94.84
EBITDA	261.68	25.48	118.89	283.35	135.81
Total assets	2,613.00	1,986.63	2,017.12	3,101.52	1,739.77
Contribution to exchequer	63.35	67.52	84.87	90.04	57.41
Gross profit margin ratio	0.74	72.40%	71.20%	75.50%	69.50%
Earnings per share (Tk.)	23.01	(12.13)	3.42	29.21	21

## Capital markets outlook

The capital markets of Bangladesh witnessed major volatility in 2020. The DSEX, comprising the bellwether 30-share composite index, declined by 10 per cent in the first three months of the year and then remained shut due to COVID-19 as per Bangladesh government

instruction. Thereafter, the market witnessed an upward swing by as much as 34.8 per cent in the last seven months of the year. Thus, overall, the DSEX gained 21.3 per cent in 2020, following price return of -17.3 per cent in 2019. Low interest rates due to excess systemic liquidity in the banking industry and exemplary regulatory steps initiated by the new BSEC Board

resulted in increase in investor confidence in the capital markets. Turnover, both local and foreign, increased significantly during this period.

After the relentless onslaught of the pandemic, especially during its peak months, overall credit growth decelerated due to reduced exports and imports, which led to a high liquidity scenario in the second half of the year. Further, with funds chasing higher yields on account of low interest rates offered by banks (due to excess liquidity), the capital markets emerged as a natural inlet.

Yet, the prudent introduction of a floor price prevented the index from facing a total collapse during the distressed times of the pandemic. After the new BSEC Chairman and team took charge, the market rebounded significantly. DSEX was the best performer in the world in terms of returns in August 2020. Further, the possibility of an effective vaccine positively affected market sentiment towards the end of the year.

Moreover, the government's implementation of the 9 per cent interest rate cap and support of lower interest rates helped accelerate recovery of trade, commerce and industry. The government also launched an over USD 12 bn stimulus/financial relief package to safeguard the national economy. This is among the highest quantum of fiscal relief as a percentage of GDP in the world.

Average daily turnover increased by 35.1 per cent in 2020, primarily led by the general insurance and pharmaceutical sectors. Banks underperformed the market (6.2 per cent return) during the year due to asset quality (NPL) issues and low credit growth. However, NBFIs outperformed the market (31.9 per cent return). Among the large cap nonfinancial sectors, engineering, pharmaceuticals and telecoms performed well. Life insurance and tannery were the only sectors to turn in

negative returns in 2020. IPOs launched during the year performed exceptionally well, reflected in the fact that among the top-10 performing stocks, 5 were those of newly-listed companies. All the IPOs in 2020 posted more than 100 per cent returns, indicating huge investor appetite in new offerings.

At BESL, as a frontline brokerage institution of Bangladesh, we aim to increase our market share and secure a leading position in both local and foreign markets. To attain this objective, our focus in 2021 will be premised on nurturing the retail segment. Some of the other forward-looking initiatives planned for the current year include the following:

- Introduce state-of-the-art trading software and automate customer service, which will ensure a top-rate customer experiences and allow us to gain more accounts/mandates through the digital channel
- Enhance focus on corporate business to help them ramp-up their capital market investments, thus replacing an ad-hoc and unstructured format into a seamless and predictable approach
- Acquire further market share in the foreign investor segment by reinforcing our positioning as their preferred gateway into Bangladesh's capital markets
- Leverage our active corporate access desk, which is one of the most active in the country having managed 50+ client roadshows since inception, to further improve client services
- Prioritise client services through superior trade flow management, better execution and also through deepening customer engagement via accurate and timely sales calls by our specialist research team.

# BRAC EPL

## INVESTMENTS LIMITED

### Key strategic priorities



Enhance fee-based income



Engage in strategic cost optimisation



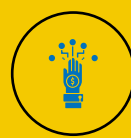
Foster a more sustainable investment banking institution

### Who we are, what we do



24

Staff strength



06

Branch network

BRAC EPL Investments Limited (BEIL) is a full-fledged investment bank and portfolio management services enterprise. Since its inception in 2009, the company has built a successful track-record of executing and closing even the most challenging transactions, including arranging structured debt and equity facilities for leading local and foreign clientele.

Being a part of the BRAC family and rooted in values, integrity and ethics, BEIL possesses a robust network comprising local and global institutions, enabling seamless foreign and local capital mobilisation. Its longstanding and trust-based relations with regulators and other external stakeholders, such as stock exchanges, auditors, lawyers and consultants, allow the Company to provide customised, harmonised and effective solutions to fulfill clients' financial needs and requirements.

The Company operates out of seven offices, including a Corporate Head Office in Dhaka, and six branches

located in Mohakhali and Gulshan (both in Dhaka), Chittagong, Sylhet, Chowmuhani and Comilla.

### Our products and services

#### 1. Portfolio Management Department

BEIL offers two types of portfolio management services:

- **Investor Discretionary Portfolio Management:** Investor Discretionary Account closely resembles a BO (Beneficial Owner) Account. In this sphere, BEIL provides two products – Cap Edge and Cap Cash.
- **Manager Discretionary Portfolio Management:** Under Manager Discretionary Account, we offer our Managed Cap Edge product, whereby the authority to execute decisions regarding portfolio management vests with the portfolio manager.

The primary difference between these two lines of business is the legal discretion or power of security selection, portfolio construction, timing execution and actual execution of trades. 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.

## 2. Structured Finance Department

The Structured Finance Department widened its arch of influence further in the investment banking sector in

2020. Further, the Corporate and Institutional Banking departments witnessed transformation during the year through a team revamp, with the recruitment of new members. Under the seasoned leadership and a new team, the first-ever power sector bonds in the history of the country's capital markets was launched, a testament to the deep capabilities of the team. The Structured Finance Department is also pursuing several IPOs, direct listings, bond issuing and M&A deals, which are likely to be finalised by the first quarter of 2021.

### Structured finance services

Initial public offering	Arrangement of debt securities
Repeat public offering	Arrangement of quasi-debt securities
Rights issue	Syndicated loan arrangement
Direct listing services	Private equity
Underwriting services	Mergers & acquisitions (M&As)
Capital raising	Corporate advisory

### Our performance, 2020

BEIL successfully completed the IPO subscription process as issue manager of the first-ever power sector bonds to be listed on the country's capital markets by raising Tk. 1,000 million. The bond commenced trading on both the country's stock exchanges from 16<sup>th</sup> January 2020.

In yet another significant achievement, BEIL was appointed as an underwriter for the IPO of Robi Axiata Limited (a leading telecoms company), one of the largest IPOs in the history of Bangladesh's capital markets, witnessing oversubscription to the extent of 5.74x.

### Forward outlook

BEIL is focused on strategically optimising business growth and profitability for the year 2021. The focus

areas would comprise cost rationalisation, enhancing fee-based income and boosting performance, etc., in our journey towards becoming a sustainable investment bank.

### Capital markets outlook, 2021

The broader market trend during the year 2020 was bullish, with the benchmark index, DSEX, rising by 21.31 per cent. This momentum is expected to continue in the year 2021 too, as macroeconomic and headline indicators have become favourable, in addition to the investor confidence-boosting steps embraced by the Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank. Thus, overall, it is expected that 2021 will be a good year for capital markets of the country.



# BRAC SAAJAN

## EXCHANGE LIMITED

### Key strategic priorities



Sustain reputation as a market-leading money transfer service for NRBs and other large ethnic communities in the UK and Europe



Ensure competitive rates along with best-in-class speed, security and service reliability standards



Focus on continuous expansion of network for enhancing customer convenience



**£455m**

Total remittance, 2020



**81**

Total headcount



**£161,000**

Expense reduction, 2020

### Who we are, what we do

BRAC Saajan is amongst the key remittance and cross-border payment services providers for NRBs (non-resident Bangladeshis) and other South Asian migrants residing in the UK and Europe. Though it offers a wide range of payment services primarily to Bangladesh and Pakistan, it also offers this service to India, Sri Lanka and Nepal. The company also offers remittance services through a French subsidiary based in Paris. Revenue is earned through a combination of transaction fees and foreign exchange margin.

### Annual strategic review

The year 2020 was one that was characterised by the two major headwinds of the coronavirus pandemic and the exit of the United Kingdom (UK) from the European Union (EU). Thus, BRAC Saajan's performance needs to be evaluated from the purview of this challenging operating context.

### Operational overview:

All EU operations were suspended since the last quarter of 2020 and the resumption of EU business is not expected until suitable EU licencing arrangements are in place. Yet, the region represents a major market for future development and growth, and the company is doing everything possible to ensure business resumption at the earliest.

On the human resources front, with a view to align with the overall business environment, headcount and associated expenses were curtailed across discretionary areas of expenditure. Headcount in the UK reduced from 33 to 26. Globally, headcount reduced from 90 to 81.

The company continued with its focus on enhancing its compliance framework, which will support its longer-term aspirations. In particular, the Transaction

Monitoring Team staffing was increased as well as several major enhancements to the Transaction Monitoring Methodology and the systems supporting this essential process were launched during the year. The systems changes include:

- Automated targetted data filtering reports
- Automated daily notification of customer's telephone and material data changes
- Automated global daily transaction data reports

These new functions now provide specific data covering all aspects of the behaviour of both our customers and agents. This enables the Transaction Monitoring Team to identify, investigate and produce accurate reports of any malpractice to the attention of the MLRO.

The company has applied to the Portuguese regulator for permission to act as an Authorised Payment Institution. A final decision is still awaited and if approved upon authorisation it will transfer the passporting of its European business from the UK to Portugal.

Throughout 2020, the company continued to augment its IT infrastructure through various investments and system improvements. Some of the most significant upgrades include the following:

- **Online proposition:** The company re-launched its online proposition to include both a traditional online portal and a new mobile application.
- **Data security:** Multiple user access, data and information security improvements were completed during the year to enhance data security.

## Financial overview:

The ravaging effects of the pandemic, along with EU uncertainty with regards to Brexit presented difficult challenges for the business, which has hampered performance.

Consolidated remittance to all receiving countries declined by 16 per cent from £542m in 2019 to £455m

in 2020. Remittance is predominantly despatched from the UK, wherein total volumes decelerated from £472m in 2019 to £417m in 2020. Retail volumes in the UK, a region that was one of the worst-affected by the coronavirus pandemic, witnessed remittance reduction of 19 per cent to £199m. As part of the company's enterprise-wide risk assessment, it was determined that several cash-based aggregator partners would be de-risked. This contributed to a further £7m fall in volume to £217m in 2020.

Uncertainty in the EU throughout 2020 with Brexit ambiguities further exacerbating the situation, resulted in a collapse of 46 per cent of EU remittance volumes from £70.4m to £38m. As a result of the reduced remittance, turnover slipped by 6 per cent to about £7m. However, there was a small 3 per cent increase in the gross margin percentage, an outcome of the changed business mix. Thus, gross profit remained almost unchanged from 2019 levels at £4.3m in 2020.

Alongside, higher banking costs introduced in the last quarter of 2019 have also been absorbed in 2020. Additional increases in the last quarter of 2020 due to changes in banking relationships and shifting to a cash-collection model meant that the increase in banking costs alone added over £780k when compared to 2019, representing a rise of over 67 per cent in banking costs.

Excluding bank costs, all other expenses were reduced by as much as £161k, (6 per cent less than 2019), which was despite one-off expenses in 2020 of over £130k for legal and other re-structuring costs.

## Forward outlook

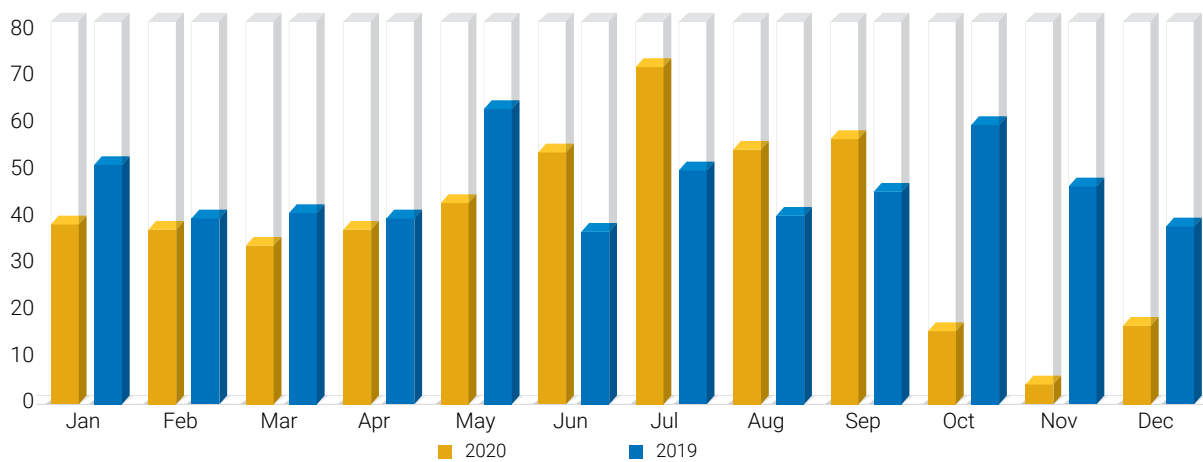
We have forecasted over 38 per cent YoY remittance growth within the UK retail sector in 2021 on the back of the country emerging out of pandemic-imposed restrictions, thus allowing us to fully focus on regaining lost market share, particularly in the UK to Bangladesh market. The company is working hard to meet emerging demand from its customer base for non-cash remittance services. This is a key initiative to reduce both risk and operating costs.

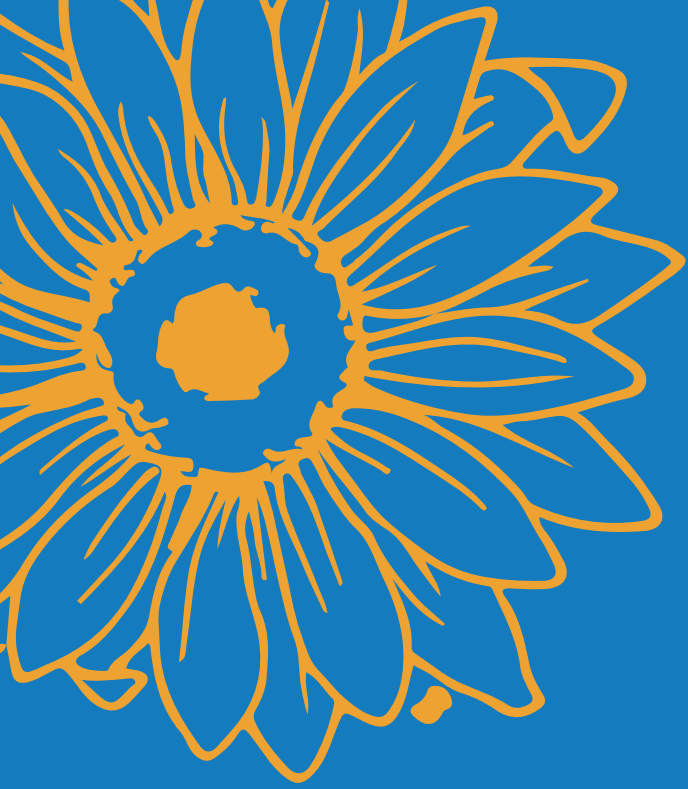
We also have the strategic goal to spread our services to several more countries and thus we are developing partnership opportunities to scale up our reach into new corridors. However, with the existing transition arrangements in the EU following Brexit, no remittance is forecasted from the EU. The EU is still a part of our strategic long-term plans where a significant opportunity still exists and we are resolutely focused to tap into it.

We will also ensure continued investment in compliance and governance, in line with regulatory requirements and the company's own growth plans and initiatives.

The strategic plan for 2021 and beyond involves rolling out our revamped online service across European countries, even as we remain committed to our long-term growth plans and strategies.

#### MoM Remittance (in £ million GBP)





# CORPORATE GOVERNANCE



# CERTIFICATION ON CORPORATE GOVERNANCE

**Corporate Office:**

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Gulshan-1, Dhaka-1212, Bangladesh.  
☎ : +88 (02) 8836015-7 📠 : +88 016 8112 6120  
✉ : hfc@hfc-bd.com 🌐 : www.hfc-bd.com

**Report to the Shareholders of  
BRAC Bank Limited  
on compliance on the Corporate Governance Code**

We have examined the compliance status to the Corporate Governance Code by BRAC Bank Limited (the "Company") for the year ended on December 31, 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- d) The Governance of the company is satisfactory.

Place: Dhaka;  
Dated: April 22, 2021

For Hussain Farhad & Co., Chartered Accountants

A.K.M. Fazlul Haque FCA  
Partner

**Chittagong Office:**

Yunusco City Center (9th Floor), 807, CDA Avenue, Nasirabad, Chittagong ☎ +88 (031) 2859282 ✉ ctg@hfc-bd.com



# CORPORATE GOVERNANCE

## COMPLIANCE REPORT

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

### (Report under condition no. 9.00)

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
<b>1. BOARD OF DIRECTORS</b>				
<b>1.1 Board's Size</b>	The number of the Board members of the company shall not be less than 5 (five) and more than 20 (twenty).	✓		The Board of BRAC Bank Ltd. (BBL) is composed of 09 Directors as on December 31, 2020
<b>1.2 Independent Directors</b>	(a) At least one fifth (1/5) of the total number of Directors in the company's Board shall be Independent Directors.	✓		There are five Independent Directors in BBL Board as on December 31, 2020, namely: Dr. Ahsan H Mansur, Mr. Kazi Mahmood Sattar, Ms. Farzana Ahmed, Dr. Zahid Hussain, Ms. Fahima Choudhury
	(b) For the purpose of this clause "Independent Director" means a director-			
	(i) who either does not hold any share in the company or holds less than one per cent (1%) shares of the total paid-up shares of the company	✓		Independent Directors have declared their compliances
	(ii) who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one per cent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family member	✓		Do
	(iii) who has not been an executive of the company in immediately preceding 2 (two) financial years	✓		Do

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	(iv) who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies	✓		Do
	(v) who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange	✓		Do
	(vi) who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	✓		Do
	(vii) who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code	✓		Do
	(viii) who is not independent director in more than 5 (five) listed companies	✓		Do
	(ix) who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI)	✓		Do
	(x) who has not been convicted for a criminal offence involving moral turpitude	✓		Do
	(c) The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM)	✓		Do
	(d) The post of independent director(s) cannot remain vacant for more than 90 (ninety) days	✓		-
	(e) The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only: Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]: Provided further that the independent director shall not be subject to retirement by rotation as per the Companies Act, 1994.	✓		-
<b>1.3 Qualification of Independent Directors:</b>	(a) Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business	✓		-

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	(b) Independent director shall have following qualifications:			
	(i) Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	✓		-
	(ii) Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or	✓		-
	(iii) Former official of government or statutory or autonomous or regulatory body in the position not below 5 <sup>th</sup> Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or	✓		-
	(iv) University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓		-
	(v) Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓		-
	(c) The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	✓		-
	(d) In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission			Not applicable as no special case arose
<b>1.4 Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>	(a) The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals	✓		"Chairman-Dr. Ahsan H.Mansur MD & CEO-Selim R.F.Hussain"



Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	(b) The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company	✓		-
	(c) The Chairperson of the Board shall be elected from among the non-executive directors of the company	✓		-
	(d) The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer	✓		-
	(e) In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minute	✓		-
<b>1.5 The Directors' Report to Shareholders</b>	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):			
	(i) An industry outlook and possible future developments in the industry	✓		The Directors's Report complied with the guideline
	(ii) The segment-wise or product-wise performance	✓		Do
	(iii) Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any	✓		Do
	(iv) A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable	✓		Do
	(v) A discussion on continuity of any extraordinary activities and their implications (gain or loss)			Not Applicable as no extra ordinary gain or loss occurred in this financial year
	(vi) A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions	✓		The Directors's Report complied with the guideline
	(vii) A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments			Not Applicable
	(viii) An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.	✓		Do

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	(ix) An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements			Not applicable as no significant variance occurred between Quarterly Financial performance and annual financial statements
	(x) A statement of remuneration paid to the directors including independent directors	✓		"The Director's Report complied with the guideline"
	(xi) A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	✓		Do
	(xii) A statement that proper books of account of the issuer company have been maintained	✓		Do
	(xiii) A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	✓		Do
	(xiv) A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed	✓		Do
	(xv) A statement that the system of internal control is sound in design and has been effectively implemented and monitored	✓		Do
	(xvi) A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress	✓		Do
	(xvii) A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed	✓		Do
	(xviii) An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained	✓		Do

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	(xix) A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		Do
	(xx) An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year			Not Applicable
	(xxi) Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend	✓		-
	(xxii) The total number of Board meetings held during the year and attendance by each director	✓		The directors' report complied with guidelines
	(xxiii) A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:			
	(a) Parent or Subsidiary or Associated Companies and other related parties (name-wise details)	✓		The directors' report complied with guidelines
	(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details)	✓		Do
	(c) Executives	✓		Do
	(d) Shareholders holding ten per cent (10%) or more voting interest in the company (name-wise details)	✓		Do
	(xxiv) In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:			
	(a) a brief resume of the directors	✓		"The Director's Report complied with the guideline"
	(b) nature of his or her expertise in specific functional areas	✓		Do
	(c) names of companies in which the person also holds the directorship and the membership of committees of the Board	✓		Do
	(xxv) A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on			
	(a) accounting policies and estimation for preparation of financial statements	✓		"The Director's Report complied with the guideline"
	(b) changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	✓		Do

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	(c) comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		Do
	(d) compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	✓		Do
	(e) briefly explain the financial and economic scenario of the country and the globe	✓		Do
	(f) risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company	✓		Do
	(g) future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM	✓		Do
	(xxvi) Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A	✓		-
	(xxvii) The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C	✓		-
<b>1.6 Meetings of the Board of Directors</b>	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code	✓		-
<b>1.7 Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>	(a) The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company			Not applicable as formation of NRC for BBL is under review by the Bangladesh Bank vide#BRPD(R-1) 717/2018-9490, dated December 18, 2018

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	(b) The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency			Not applicable.
<b>2.00 Governance of Board of Directors of Subsidiary Company</b>				
	(a) Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company			Not applicable as Bangladesh Bank have waved the mentioned provision as per the Gazette no.OM/OBI/BA:NI: SHA-1/1(4)/2008/177, dated August 27, 2008
	(b) At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company	✓		In Parctice
	(c) The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company	✓		Do
	(d) The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also	✓		Do
	(e) The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	✓		Do
<b>3.00 Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>				
<b>3.1 Appointment</b>	(a) The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)	✓		In Parctice
	(b) The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals	✓		Do
	(c) The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time	✓		Do
	(d) The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		Do

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	(e) The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		Do
<b>3.2 Requirement to attend Board of Directors' Meetings</b>	"The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters. "	✓		-
<b>3.3 Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>	(a) The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
	(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		Stated in the certificate of due diligence by CEO & CFO
	(ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		Do
	(b) The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		Do
	(c) The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		Do
<b>4.00 Board of Directors' Committee</b>				
	For ensuring good governance in the company, the Board shall have at least following sub-committees:			
	(i) Audit Committee;	✓		-
	(ii) Nomination and Remuneration Committee			Not applicable as formation of NRC for BBL is under review by the Bangladesh Bank vide#BRPD(R-1) 717/2018-9490, dated December 18, 2018

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
<b>5.00 Audit Committee</b>				
<b>5.1 Responsibility to the Board of Directors.</b>	(a) The company shall have an Audit Committee as a subcommittee of the Board	✓		In Parctice
	(b) The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	✓		Do
	(c) The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		Do
<b>5.2 Constitution of the Audit Committee</b>	(a) The Audit Committee shall be composed of at least 3 (three) members	✓		In Parctice
	(b) The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director	✓		Do
	(c) All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience	✓		Do
	(d) When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee			Not Applicable
	(e) The company secretary shall act as the secretary of the Committee;	✓		-
	(f) The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director	✓		-
<b>5.3 Chairperson of the Audit Committee</b>	(a) The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director	✓		"Ms. Fahima Chowdhury (till 98 <sup>th</sup> BAC held on 14 May, 2020) Ms. Farzana Ahmed (from 99 <sup>th</sup> BAC held on 05 July, 2020)"

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	(b) In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	✓		-
	"(c) Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM. "	✓		The Chairperson of the Audit Committee was present in all the meetings.
<b>5.4 Meeting of the Audit Committee</b>	"(a) The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee; "	✓		In Parctice
	(b) The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		Do
<b>5.5 Role of Audit Committee</b>	The Audit Committee shall:			
	(a) Oversee the financial reporting process;	✓		In Parctice
	(b) monitor choice of accounting policies and principles	✓		Do
	(c) monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report	✓		Do
	(d) oversee hiring and performance of external auditors	✓		Do
	(e) hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		Do



Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	(f) review along with the management, the annual financial statements before submission to the Board for approval	✓		Do
	(g) review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		Do
	(h) review the adequacy of internal audit function;	✓		Do
	(i) review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		Do
	(j) review statement of all related party transactions submitted by the management	✓		Do
	(k) review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		Do
	(l) oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors	✓		Do
	(m) oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.			Not applicable as no proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer
<b>5.6 Reporting of the Audit Committee</b>	(a) Reporting to the Board of Directors			
	(i) The Audit Committee shall report on its activities to the Board.	✓		
	(ii) The Audit Committee shall immediately report to the Board on the following findings, if any:			
	(a) report on conflicts of interests;			"Not applicable as there have been no such occurrence as per provided documents"

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	(b) suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements			Do
	(c) suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations			Do
	(d) any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			Do
	"(b) Reporting to the Authorities If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier."			Not applicable
<b>5.7 Reporting to the Shareholders and General Investors</b>	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.			Not applicable
<b>6.00 Nomination and Remuneration Committee (NRC)</b>				
<b>6.1 Responsibility to the Board of Directors</b>	(a) The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board			Not applicable as formation of NRC for BBL is under review by the Bangladesh Bank vide#BRPD(R-1) 717/2018--9490, dated December 18, 2018
	(b) The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			Do
	(c) The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b)			Do

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
<b>6.2 Constitution of the NRC</b>	(a) The Committee shall comprise of at least three members including an independent director			Do
	(b) All members of the Committee shall be non-executive directors			Do
	(c) Members of the Committee shall be nominated and appointed by the Board			Do
	(d) The Board shall have authority to remove and appoint any member of the Committee			Do
	(e) In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			Do
	(f) The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee			Do
	(g) The company secretary shall act as the secretary of the Committee			Do
	(h) The quorum of the NRC meeting shall not constitute without attendance of at least an independent director			Do
	(i) No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company			Do
<b>6.3 Chairperson of the NRC</b>	(a) The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director			Do
	(b) In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes			Do

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	"(c) The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM"			Do
<b>6.4 Meeting of the NRC</b>	(a) The NRC shall conduct at least one meeting in a financial year			Do
	(b) The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC			Do
	(c) The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h)			Do
	(d) The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			Do
<b>6.5 Role of the NRC</b>	(a) NRC shall be independent and responsible or accountable to the Board and to the shareholders.			Do
	(b) NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
	(i) formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
	(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			Not applicable as formation of NRC for BBL is under review by the Bangladesh Bank vide#BRPD(R-1) 717/2018-9490, dated December 18, 2018
	(b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks			Do
	(c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals			Do

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	(ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality			Do
	(iii) identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board			Do
	(iv) formulating the criteria for evaluation of performance of independent directors and the Board			Do
	(v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria			Do
	(vi) developing, recommending and reviewing annually the company's human resources and training policies			Do
	(c) The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report			Do
<b>7.00 External or Statutory Auditors</b>				
	(1) The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely			
	(i) appraisal or valuation services or fairness opinions	✓		-
	(ii) financial information systems design and implementation;	✓		-
	(iii) book-keeping or other services related to the accounting records or financial statements	✓		-
	(iv) broker-dealer services;	✓		-
	(v) actuarial services;	✓		-
	(vi) internal audit services or special audit services	✓		-
	(vii) any service that the Audit Committee determines	✓		-
	(viii) audit or certification services on compliance of corporate governance as required under condition No. 9(1)	✓		-
	(ix) any other service that creates conflict of interest	✓		-

Condition No.	Title	Compliance Status		Remarks
		(Put ✓ in the appropriate column)		
		Complied	Not Complied	
	"(2) No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members. "	✓		-
	(3) Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		-
<b>8. Maintaining a website by the Company</b>				
	(1) The company shall have an official website linked with the website of the stock exchange	✓		-
	(2) The company shall keep the website functional from the date of listing	✓		-
	(3) The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s)	✓		-
<b>9. Reporting and Compliance of Corporate Governance</b>				
	(1) The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		-
	(2) The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting	✓		-
	(3) The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		-

# CORPORATE

# GOVERNANCE REPORT

“For stewarding strategic progress through strong governance, the Board will continue to ensure that the business as a whole is aligned with best practices in governance and that our approach to disclosure remains understandable and transparent.”

- Dr. Ahsan H. Mansur, Chairman

## Dear Shareholders,

It is my privilege to present BRAC Bank's corporate governance overview statement for the financial year ended 31 December 2020.

This section provides a description of how the bank has applied the main principles and complied with the relevant provisions of Bangladesh Securities and Exchange Commission's (BSEC's) Corporate Governance Code, 2018, and relevant guidelines of Bangladesh Bank (BB). We remain committed to achieving the highest standards of corporate governance both in the boardroom and throughout the bank and the extended Group, including subsidiaries, which are critical to business integrity and to maintaining investors' and stakeholders' trust and confidence in the bank. We have used the core governance principles of the BSEC as the framework within which we explain our governance practices in this report.

Our Board remains committed to presenting a clear assessment of the bank's position and prospects through the information provided in this report and through our financial statements and other narrative and financial reports as required.

## A clear and compelling strategy

During the year under report, the Board regularly reviewed aspects of the bank's strategy in a highly

dynamic and fast-evolving environment and how it was being implemented. In addition to receiving regular reports from the management led by our MD & CEO on progress made with our strategy, the Board approved the bank's business continuity plans to align it with the prevalent business scenario as well as operational requirements. This ensured that while we played our role as a public-facing institution dispensing an essential service, we also adhered to all rules, regulations and governance standards expected out of us.

Further, a new well-defined structure was put in place with clear lines of accountability and responsibility, in line with the bank's cost rationalisation and workforce planning strategy initiatives. This particularly had a positive bearing on the bank's cost-to-income ratio, which is amongst the lowest in the private sector banking space in the country.

## Culture and good governance

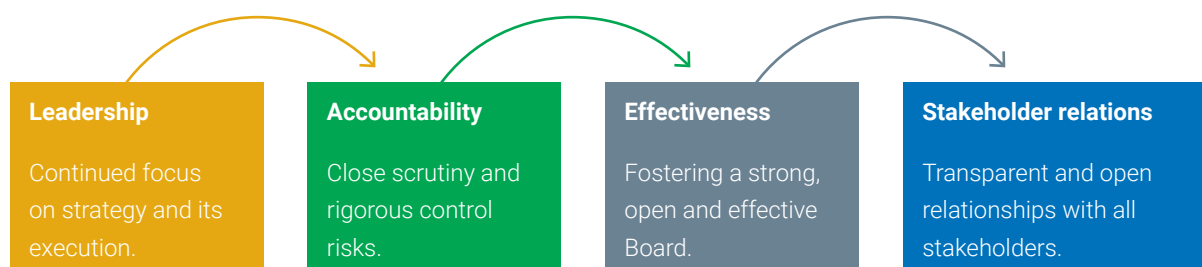
At BRAC Bank, we are committed to fostering an effective governance framework through our policies and procedures in support of the bank's core values that underpins our ability to set the overall strategic direction of the bank.

The Board is primarily responsible for the bank's strategic and annual plans for business performance, overseeing the proper conduct of business, talent

and succession planning of key management, risk management, shareholders' communication, internal controls, management information systems and relevant statutory matters. The management is accountable for the execution of expressed policies and attainment of the bank's corporate objectives. The functions of the Board and the management are clearly defined and demarcated to ensure the effectiveness of the bank's business and its day-to-day operations. The Board approves the corporate governance procedures and practices adopted by the bank to embed best

practices within the organisation, including where specific authorities of the Board are delegated to the relevant Board Committees, as well as to the MD/CEO.

During the year, we also ensured that our efforts in anti-corruption and anti-money laundering remain unabated, while promoting daily operational integrity amongst our employees. Moreover, a corruption-free pledge has served to uphold the organisation's ethical behavioural standards to further strengthen control measures across the bank and its subsidiaries.



## Looking ahead

I believe that the detailed information included in the following sections is in itself a visible demonstration of our commitment to ongoing excellence in corporate governance. The Board will continue to strengthen the bank's governance processes to ensure that the business as a whole is aligned with best practices and that our approach to disclosure remains understandable and transparent.

Further details pertaining to the Board Charter, Code of Conduct and Whistleblowing Policy are set out in the Corporate Governance Report.

Post-pandemic, the Board will remain agile and proactive to current and future risks. Where necessary, we will re-prioritise our focus areas based on the evolving situation. Most importantly, we will remain resolutely devoted as a purpose-driven organisation committed to advancing customers and society and leading the change. We will adapt and operate to the changing market, stakeholders and business contexts, without compromising on value creation.

Sincerely,

**Dr. Ahsan H. Mansur**  
Chairman



## Statement of corporate governance: Remaining dynamic in a fragile environment

### Overview

The Board is strongly committed to ensuring that BRAC Bank's systems, procedures and practices reflect a high standard of corporate governance. It has a well-defined and well-structured corporate governance framework in place to support the Board's aim of achieving long-term and sustainable value, as well as fostering a culture that values ethical behaviour, integrity and respect to protect shareholders' and other stakeholders' interests at all times.

In building a sustainable business and discharging its role, the Board of BRAC Bank is mindful of its accountability to shareholders and various stakeholders of the bank. Towards this extent, the Board is committed to ensuring that it provides effective leadership and promotes uncompromising ethical standards in the organisation. One of the ways in which the Board achieves this is by requiring that good governance principles and practices are adhered to throughout the bank and its subsidiaries.

To ensure that the bank continues to adopt the best-in-class corporate governance practices, regular reviews of internal procedures and controls were conducted with reference to the BSEC's corporate governance guidelines, other relevant guidelines issued by the authorities and regulators as well as the international standards on corporate governance and sustainability. In addition, the Board also considered benchmark studies on the practices at comparable peers or organisations to identify areas for enhancement and develop action plans to further raise the bar across the bank's own governance standards.

The bank's Board is the supreme authority and a bridge linking shareholders and stakeholders with the bank's management. The Board strives to meet the evolving expectations of all stakeholders associated with the bank and demonstrates skill, diligence and empathy in discharging its responsibilities and in exercising the powers vested to them. In addition to business and financial aspects, the Board also deals with challenges and issues relating to corporate governance, corporate

social responsibility (CSR) and corporate ethics and ensures that the organisation and its operations are, at all times, in alignment with government rules, regulations and guidelines.

One of the other key responsibilities entrusted to the Board is to formulate business objectives, strategies and business plans, developing risk policies, confirming key aspects of the bank's internal control measures and making strategic decisions with regards to cost rationalisation, branch footprint expansion, etc. Thus, through its Board, BRAC Bank demonstrates commitment to excellence in corporate governance, transparency and accountability.

As a listed Company, BRAC Bank embraces Bangladesh Bank's and Bangladesh Securities and Exchange Commission's Corporate Governance Code, which requires us to disclose our governance initiatives and practices in the Annual Report. Especially as per the Corporate Governance Code of BSEC, the status of compliance is certified by a practicing professional Accountant/ Chartered Secretary. The Compliance Certificate with Corporate Governance Code as certified by professional accountants is enclosed on page no 315 of this report.

### Benchmarking with the best

At BRAC Bank, the emphasis has been to understand the application of corporate governance principles for corporate sustainability, to bring about necessary reforms and an impetus to balance near-term priorities with long-term growth objectives. Further, corporate governance standards are pursued in a manner consistent with the applicable local laws, regulations and codes. The organisation 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 also 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.

## Remaining agile amidst challenging conditions

The 2019 novel coronavirus (COVID-19) pandemic presented the Board with a complex new reality and seeks to change the model of governance that has guided the Board and management over the years. While the Board's primary role is one of oversight, the pandemic has caused the Board to face new demands from various stakeholder groups. In crisis situations such as these, the Board's ability to remain well-informed of the new emerging realities is crucial to maneuver the business to safer shores, while also meeting the varied expectations of stakeholders.

BRAC Bank operates in a highly regulated and dynamic industry and Board effectiveness is demonstrated by the fact that it has rapidly adapted to the pandemic, investing more time in matters of significance such as risks, moratoriums and stressed assets to assure the longer-term viability of the bank. In this respect, the Board's committees have also assisted it in fulfilling and discharging its responsibilities.

## Content framework of this report

- Board of Directors
- Independent Directors
- Qualification of Independent Directors
- Duality of Chairperson of the Board of Directors and Managing Director & CEO
- Directors' Report to Shareholders
- Meetings of the Board of Directors
- Code of conduct for the Chairperson, Board Members and Managing Director & CEO
- Governance of Board of Directors of subsidiary company
- Managing Director & CEO, Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)
- Duties of Managing Director & CEO and Chief Financial Officer
- Stakeholders whose expectations we meet
- Appointment of Directors (Board of Directors, Chairman and CEO)
- Shareholding composition of BRAC Bank
- Pattern of shareholding
- Rotation and retirement of Directors
- Non-Executive Directors
- Independent Directors' independence
- Chairman's independence
- Independence of non-Executive Directors
- The key roles and responsibilities of the Board
- Policy on training of Directors
- Training on corporate governance
- Directors' knowledge and expertise in finance and accounting
- Related party transactions
- Board of Director's committees
- Internal control and risk management
- External auditor
- Maintaining website of the company
- Reporting and compliance of corporate governance
- Appointment of professional for the certification on corporate governance
- Business objectives and strategic management
- Philosophy on code of corporate governance
- Human capital
- Communication to shareholders/stakeholders for participation in the Annual General Meeting
- Environmental and social obligations under CSR
- Whistleblower policy
- Credit rating
- Roles and responsibilities of the Company Secretary

## Board of Directors

### Size of the Board of Directors

The Board of Directors of BRAC Bank consists of 09 (nine) members, excluding the Managing Director & CEO. The Managing Director is an Executive Director

(ex-officio) and the others are non-Executive Directors. Among the Directors, 4 (four) are Nominated Directors, Nominated by BRAC, and the other 05 (five) are Independent Directors.

Members of the Board of Directors include the following:

Sl. no.	Name of Director	Position	Remarks
1.	Dr. Ahsan H. Mansur	Chairman and Independent Director	-
2.	Ms. Nihad Kabir	Nominated Director	Nominated by BRAC
3.	Mr. Asif Saleh	Nominated Director	Nominated by BRAC
4.	Mr. Kazi Mahmood Sattar	Independent Director	-
5.	Ms. Fahima Choudhury	Independent Director	-
6.	Ms. Farzana Ahmed	Independent Director	-
7.	Dr. Zahid Hussain	Independent Director	-
8.	Mr. Meheriar M. Hasan	Nominated Director	Nominated by BRAC
9.	Mr. Shameran Bahar Abed	Nominated Director	Nominated by BRAC

The Board of Directors sits at least two times in a month on the second and fourth Monday.

organisations in the Annual Report and on the bank's website and have intimated regulatory bodies too. We also present this information at the Annual General Meeting for our general shareholders.

### Notes:

- Mr. Kaiser Kabir resigned from the Board in September, 2020
- Dr. Zahid Hussain was appointed as Independent Director in September, 2020
- Mr. Meheriar M. Hasan was appointed as Nominated Director in November, 2020
- Mr. Shameran Bahar Abed was appointed as Nominated Director in December, 2020
- Mr. Selim R.F. Husain was appointed as Managing Director & CEO for the second tenure

### Company's policy on appointment of Directors disclosed

The Company abides by the respective laws, rules and regulations of the regulatory bodies to appoint Directors as well as issue disclosures. We appoint Directors pursuant to the laws of the Bank Companies Act, 1991; The Companies Act, 1994; and Bangladesh Securities and Exchange Commission rules and regulations. We have also duly presented the profile of the Directors and their engagement in other

### Independent Directors

BRAC Bank complies with the Corporate Governance Code, 2018 of Bangladesh Securities and Exchange Commission (BSEC) and the Bank Companies Act, 1991, including the BRPD Circular No. 11, dated 27 October, 2013, for appointment of Independent Directors. As per BSEC Corporate Governance Code, 2018, at least one-fifth (1/5) of the total number of Directors on the company's Board shall be Independent Directors; any fraction shall be considered to the next integer or whole number for calculating the number of Independent Director(s). Out of 9 (nine) Directors, there are 5 (five) Independent Directors on the Board of BRAC Bank.

### Independent Directors on the Board and disclosure/affirmation of the Board

As per Notification No-11 dated 27 October, 2013, the Independent Directors declare their independency on a fit and test basis. Pursuant to the notification of Bangladesh Securities and Exchange Commission, an Independent Director meets the requisite criteria to be an Independent Director.

## Qualifications of Independent Directors

### **Dr. Ahsan H. Mansur:**

Dr. Mansur started his career as a Lecturer in the Department of Economics at 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 also taught regular economics courses at the undergraduate level at the University of Western Ontario, Canada (1978-81). Subsequently, 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, Canada, in 1982.

### **Mr. Kazi Mahmood Sattar:**

Mr. Kazi Mahmood Sattar is a career banker. He possesses over 32 years of illustrious experience in local as well as international banks. He led The City Bank Limited and Eastern Bank Limited as the Managing Director & CEO during the last 13 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 (Hons) degree with 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 Resources Limited.

### **Ms. Fahima Choudhury:**

Ms. Fahima Choudhury completed her BSc (Hons) Management and MSc Management from London School of Economics & Political Science, the United Kingdom. Ms. Choudhury is the Managing Director of the country's leading advertising company, Ogilvy & Mather Communications Pvt. Ltd.

### **Ms. Farzana Ahmed:**

Ms. Farzana Ahmed possesses over 35 years of experience as a Chartered Accountant in the public and private sectors in the United Kingdom, Australia and the Philippines. Ms. Ahmed worked at the Asian Development Bank (ADB), the Philippines for over 20 years from where she took voluntary early retirement in October 2019. She also worked in ADB as a Senior Portfolio Management Specialist, South East Asia Regional Department, which she joined in 2008

following a 7-year posting at ADB's Indonesia office. At the Resident Office, she was the Senior Financial Management Specialist from where she was seconded as Advisor to the Australian Government to help coordinate Australia's support in the reconstruction of Aceh, post the 2004 tsunami.

### **Dr. Zahid Hussain:**

Dr. Zahid Hussain served as a Consultant in World Bank's Dhaka office from 1 July, 2019 to 30 June, 2020. He also served as a Lead Economist in World Bank's Dhaka office from 1 May, 1995 to 30 June, 2019.

Dr. Hussain was also engaged as a Lecturer at Boston University, the University of Massachusetts, Boston, and Framingham State College, Framingham, Massachusetts, in the USA during 1987-1992.

He got a PhD in Economics from Boston University, USA, in 1992. He completed his Master of Arts (MA) degree in Political Economy from Boston University, USA, in 1987. He earned his MBA from the Institute of Business Administration, Dhaka University, Bangladesh, in 1979.

Note: Details of profile of Independent Directors are presented on page 61, 63, 65, 66 and 67 respectively.

## Duality of Chairperson of the Board of Directors and Managing Director & CEO

The position of the Chairman of the Board and the Managing Director & CEO are filled by different individuals. This has been in practice since inception of the bank. The Board has clearly defined the respective roles and responsibilities of the Chairman and the Managing Director & CEO.

In the absence of the Chairman of the Board, the remaining members of the Board elect one amongst themselves from non-Executive Directors as Chairman for that particular Board meeting. The reason of absence of the regular Chairman is duly recorded in the minutes according to Section 4 of BSEC's notification on Corporate Governance Code.

## The Directors' Report to shareholders

The Directors' Report to shareholders of BRAC Bank Limited is presented on page 98 & 138 of this Annual Report.

## Meetings of the Board of Directors

### Board meetings and attendance

As on December 31, 2020

Sl. no.	Name of Director	Designation	Presence of the Director in the meeting during their tenure			Remuneration (Amount in BDT)
			No. of meetings	Present	Absent	
1.	Dr. Ahsan H. Mansur	Chairman and Independent Director	19	19	-	152,000
2.	Ms. Nihad Kabir	Nominated Director	19	17	02	136,000
3.	Mr. Kaiser Kabir **	Nominated Director	11	08	03	64,000
4.	Mr. Asif Saleh	Nominated Director	19	14	05	112,000
5.	Mr. Kazi Mahmood Sattar	Independent Director	19	19	-	152,000
6.	Ms. Fahima Choudhury	Independent Director	19	17	02	136,000
7.	Ms. Farzana Ahmed	Independent Director	16	14	02	112,000
8.	Dr. Zahid Hussain	Independent Director	07	06	01	48,000
9.	Mr. Meheriar M Hasan	Nominated Director	04	03	01	24,000
10.	Mr. Shameran Bahar Abed	Nominated Director	02	02	-	16,000

\*\* Mr. Kaiser Kabir resigned from the Board on September, 2020

### Code of Conduct for the Chairman, Board members and Managing Director & CEO

#### Code of Conduct for the Chairman

- 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.
- 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.
- The Chairman may be offered an office room, a personal secretary/assistant, one peon/MLSS,

one telephone at the office, one mobile phone to use inside the country and a vehicle in the business interests of the bank, subject to the approval of the Board.

#### Code of conduct for the Board of Directors

The Board of Directors follow a Code of Conduct, which was adopted to provide guidance to Directors to carry out their duties in an honest, responsible and efficient manner and within the scope of their authority, as set forth in the laws of the country as well as in the Memorandum and Articles of Association of the Company.

#### Code of conduct

- The Members shall act honestly, in good faith and in the best interests of the shareholders and the company.
- The members shall not make improper use of information acquired as a Director.
- The members shall not take improper advantage of the position as a Director.
- The members will be obligated to be independent in judgment and actions and take all reasonable steps to be satisfied as to the soundness of

decision taken by the Board of Directors.

5. Members shall make every effort to attend all Board and Committee meetings during their tenure. They will not absent themselves without good reasons or confirming leave of absence.
6. Board members having interest of any nature in the agenda of the meeting shall declare beforehand the nature of their interest and withdraw from the room, unless they have a dispensation to speak.
7. Training opportunities/orientation/workshops will be arranged for the members (especially for the newly inducted members) to make them acquainted with international best practices, their fiduciary obligations, code of conduct etc.
8. Every Director will assure by annually signing a confirmation that they have gone through, have complied, with and will continue to comply with the set of codes approved by the Board of Directors.

#### **Code of conduct for the Managing Director & CEO**

1. The Managing Director & CEO shall remain accountable for the achievement of financial and other business targets approved by the Board of Directors in respect of business plans, efficient implementation thereof and prudent administrative and financial management.
2. The Managing Director & CEO shall ensure full and holistic 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 all of the bank's staff, except those two tiers below him, which shall rest on the Managing Director & CEO.
4. The Managing Director & CEO shall act in such cases in accordance with the approved service rules on the basis of the human resource policy and sanctioned strength of employees, as approved by the Board.

The authority relating to the recruitment, promotion, transfer and disciplinary action against staff, except two tiers below the Managing Director & CEO, rest on him and are in compliance with the bank's policy.

#### **Governance of Board of Directors of subsidiary company**

As per BSEC Corporate Governance Code Sec-2, dated 3 June, 2018, BRAC Bank wholly follows the governance of Board of Directors of subsidiary company, reflected in the following:

- At least one Independent Director of BRAC Bank is a director on the Board of the subsidiary company.
- The minutes of the Board meetings of the subsidiary company are placed for review at the following Board meeting of BRAC Bank Limited.
- The Board of Directors review the affairs of the subsidiary company.
- The Audit Committee of BRAC Bank reviews the financial statements, in particular the investments made by the subsidiary company.

#### **Managing Director & CEO, Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)**

##### **Appointment**

- The Board appoints the Managing Director & CEO, the Company Secretary, the Chief Financial Officer (CFO) and the Head of Internal Audit and Compliance (HIAC);
- The positions of the Managing Director & CEO, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance are filled by different individuals;
- The Managing Director, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance do not hold any executive positions in other companies;
- The Board has clearly defined the respective roles, responsibilities and duties of the Managing Director & CEO, CFO, HIAC and CS;

- The Managing Director & CEO, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance are not removed from their position without approval of the Board as well as immediate dissemination to the Commission and Stock Exchanges.

#### **Requirement to attend Board of Directors' meetings**

As per BSEC Corporate Governance Guidelines, the Managing Director & CEO, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance attend every meeting of the Board of Directors.

They do not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.

#### **Duties of the Managing Director & CEO and Chief Financial Officer**

- CEO and CFO have certified to the Board that they have reviewed the financial statements and affirm that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- The CEO and CFO have certified to the Board that they have reviewed the financial statements and affirm that these statements together present a true and fair view of the bank's affairs and are in compliance with existing accounting standards and applicable laws;
- The CEO and CFO have further certified to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the bank during the year which are fraudulent, illegal or in violation of the bank's code of conduct.

The Certification of the Managing Director & CEO and CFO is disclosed in the Annual Report on page 359.

#### **Stakeholders whose expectations we meet**

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 and verifiability 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 per cent shareholding in the bank, individually. As there is no sponsor/shareholder Directors in BRAC Bank, there is no requirement for Directors to hold 2 per cent shares of the bank.

Pursuant to the Companies Act, 1994, 1/3<sup>rd</sup> of the Directors will retire and, if eligible, are placed for reappointment, which refers to the Annual General Meeting for approval of shareholders. As per the Bank Company Act, 1991 (amended in 2018), Directors are appointed with prior approval of Bangladesh Bank, considering a term of three years, which can be extended by two terms, except for Independent Directors who are subject to approval by Bangladesh Securities and Exchange Commission and Bangladesh Bank as well as by shareholders at ensuing annual general meetings. As per the corporate governance guidelines issued by BSEC dated June 3, 2018, the Independent Director shall not be subject to retirement by rotation of Director.

An Independent Director, pursuant to the Bangladesh Bank guidelines, is appointed with the prior approval of Bangladesh Securities and Exchange Commission and approval of Bangladesh Bank. Subsequently, it is placed as agenda in the forthcoming Annual General Meeting for the approval of shareholders. The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only.

The Managing Director & CEO is also appointed with the prior approval of Bangladesh Bank, duly meeting the fit and test criteria.

#### **Sponsors and Directors joint shareholding as per BSEC guideline**

In accordance with the notification of Bangladesh Securities and Exchange Commission (BSEC) no. BSEC/CMRRC/2009-193/217/Admin/90 dated 21 May, 2019,

all Sponsors and Directors, other than Independent Directors, of a company listed on any stock exchange shall at all time jointly hold minimum 30 per cent (thirty percent) shares of the paid-up capital of the company.

We confirm that all Sponsors and Directors, other than Independent Directors, of BRAC Bank jointly hold more than 30 per cent (present holding 46.24 per cent) shares of the paid-up capital of the company, thus meeting the BSEC requirement.

### **Shareholding composition of BRAC Bank**

#### **Pattern of shareholding**

i) Ownership of the company's securities by the members of the Board of Directors.

As per notification no. SEC/CMRRC/2006-158/134 Admin44, dated 07 August 2012, issued under section 200 of the Securities and Exchange Ordinance, 1969, the shareholding pattern of BRAC Bank Limited is given below:

<b>Particulars</b>	<b>Shareholder name</b>	<b>No. of shares held on December 31, 2020</b>	<b>Percentage of shares held (%)</b>
	BRAC	612,092,251	46.165
	Late Sir Fazle Hasan Abed KCMG	13,017	0.001
	Late A. S. Mahmud	10,887	0.001
	Late Faruq A. Choudhury	10,887	0.001
	Dr. Saleh Uddin Ahmed	8,945	0.001
	Dr. Ahsan H. Mansur, Chairman (Independent Director)	Nil	Nil
	Ms. Nihad Kabir (Nominated by BRAC)	47,975	0.004
	Mr. Asif Saleh (Nominated by BRAC)	Nil	Nil
Sponsors & Directors	Mr. Kazi Mahmood Sattar (Independent Director)	Nil	Nil
	Ms. Fahima Choudhury (Independent Director)	Nil	Nil
	Ms. Farzana Ahmed (Independent Director)	Nil	Nil
	Dr. Zahid Hussain (Independent Director)	Nil	Nil
	Mr. Meheriar M Hasan (Nominated by BRAC)	Nil	Nil
	Mr. Shameran Bahar Abed (Nominated by BRAC)	950,000	0.071
	<b>Total no. of shares of Sponsors &amp; Directors</b>	<b>613,133,962</b>	<b>46.244</b>



ii) Shares held by the Managing Director & CEO, Chief Financial Officer, Head of Internal Control and Compliance, Company Secretary and their spouses and minor children:

Particulars	Name	No. of shares held on December 31, 2020	Percentage of shares held (%)
Managing Director & CEO, Chief Financial Officer, Head of Internal Control and Compliance, Company Secretary and their spouses and minor children	Mr. Selim R. F. Hussain, Managing Director & CEO	407,962	0.0308
	Mr. Mohammad Masud Rana FCA, DMD & Chief Financial Officer	Nil	Nil
	Mr. M. Sarwar Ahmed, Head of Internal Control and Compliance	6,466	0.0005
	Mr. Mohammad Mahbubur Rahman FCS, Acting Company Secretary	Nil	Nil
	Spouse of Mr. Selim R. F. Hussain, Managing Director & CEO, Ms. Rumesa Hussain	248,486	0.0187
	Spouse of Mr. Mohammad Masud Rana FCA, DMD & Chief Financial Officer, Ms. Sharmin Rana	8,200	0.0006
	<b>Total</b>		<b>671,114</b>

iii) Shares held by top-five salaried Executives in the regular services of the bank:

SL No.	Name	Designation	Shareholding as on December 31, 2020	Percentage of shares held (%)
1	Mr. Md. Sabbir Hossain	DMD and Chief Operating Officer	Nil	Nil
2	Mr. Tareq Refat Ullah Khan	DMD and Head of Corporate Banking	Nil	Nil
3	Mr. Md. Shaheen Iqbal CFA	Head of Treasury and Financial Institutions	50,000	0.004
4	Mr. Syed Abdul Momen	Head of SME Banking	Nil	Nil
5	Mr. Nazmur Rahim	Head of Alternate Banking Channels	Nil	Nil
6	Mr. Md. Mahiul Islam	Head of Retail Banking	Nil	Nil
7	Mr. Md. Muniruzzaman Molla	Head of Operations	Nil	Nil
	<b>Total</b>		<b>50,000</b>	<b>0.004</b>

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 December 31, 2020	% of total no. of paid-up shares
1.	1201820000147618	BRAC	Sponsor	612,092,251	46.165

## Rotation and Retirement of Directors

Pursuant to the Articles of Association, the Companies Act, 1994, and the Bank Company Act, 1991 (Amended 2018) Ms. Nihad Kabir, Nominated Director, Nominated

by BRAC will retire from the Board of BRAC Bank at the 22<sup>nd</sup> Annual General Meeting. Subsequently, she is eligible for re-election of re-appointment to the Board of Directors.

The brief resume of the above Directors, in compliance with 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 this Annual Report on page 62.

### **Non-Executive Directors**

The Managing Director and CEO, Mr. Selim R.F. Hussain, is the ex-officio Director and all other Directors are non-Executive Directors.

### **Independent Directors' independence**

According to Bangladesh Securities and Exchange Commission and Bangladesh Bank's rules and regulations, Independent Directors will not be an executive of the Company in the immediate preceding two financial years who 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/s. 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 Bangladesh Securities and Exchange Commission (BSEC), the position of the Chairman of the Board and the Managing Director & CEO shall be filled by different individuals. BRAC Bank has ensured this compliance. Dr. Ahsan H. Mansur, Independent Director is the Chairman of the Board of Directors of BRAC Bank and Mr. Selim R.F. Hussain is the Managing Director & CEO.

### **Independence of non-Executive Directors**

As part of good governance practices at BRAC Bank, non-Executive Directors enjoy full freedom in

discharging their responsibilities. They are also sincere to attend Board meetings, Executive Committee Meetings, Audit Committee meetings and Risk Management Committee meetings. They also actively participate in discussions on the agenda.

### **Key roles and responsibilities of the Chairman**

- Provide leadership and governance to the Board so as to create the conditions for overall Board's and individual Director's effectiveness, and ensures that all key and appropriate issues are discussed by the Board in a timely manner;
- Promote effective relationships and open communication and create an environment that allows constructive debate and challenges, both inside and outside the boardroom, between non-Executive Directors and the management;
- Ensure that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategies and policies, and that Board decisions taken are in the Group's best interests and fairly reflect the Board's consensus;
- Ensure that the strategies and policies agreed by the Board are effectively implemented by the Chief Executive and the management;
- Set in consultation with the Chief Executive and Company Secretary, the Board meeting schedule and agenda to take full account of the important issues facing the Group and the concerns of all Directors, and ensure that adequate time is available for thorough discussion of critical and strategic issues;
- Ensure that the Board is properly briefed on issues arising at Board meetings and receives, in a timely manner, adequate information which must be accurate, clear, complete and reliable, to fulfill its duties, such as reporting on the Group's performance, the issues, challenges and opportunities facing the Group, and matters reserved for it to make decisions;
- Arrange informal meetings of Directors at least annually, including meetings of non-Executive Directors at which the Chief Executive is not present, and ensure that sufficient time and

consideration is given to complex, contentious or sensitive issues;

- Ensure that there is effective communication with shareholders, and that each Director develops and maintains an understanding of the stakeholders' views; and
- Establish good corporate governance practices and procedures and promote the highest standards of integrity, probity and corporate governance throughout the Group, particularly at the Board-level.

### **Key roles and responsibilities of the Board**

The main roles and responsibilities of the Board of Directors, as expressed in BRPD Circular No. 11 dated October 27, 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. Monitor the effectiveness of the bank's governance practices and review changes as needed and identify opportunities where corporate governance standards could be further improved
4. Determine the bank's corporate social responsibility status and take steps for its improvement
5. Ensure stronger internal controls
6. Grant approval of policies and operational manuals to establish an effective risk management framework in core banking areas and internal control
7. Appoint Managing Director (CEO) and fix his benefits
8. Purchase or acquisition of property for the bank
9. Provide welfare benefits to employees
10. Determine the corporate social responsibly status and taking necessary steps for the same
11. Analyse reasons for success or failure of the bank's annual budget achievements
12. Periodic review of the bank's operational budget achievements
13. Undertake risk management initiatives
14. Review sufficiency and requirement for internal control efforts of the bank
15. Review the bank's human resource (HR) policy

### **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 and feedback from the Annual General Meeting and tries to implement it for qualitative improvements of the bank. The performance of the bank is also measured on the basis of other indicators, including financial aspects like business performance, asset growth and current NPL.

### **Evaluation of the Managing Director & CEO**

The Board of Directors of BRAC Bank evaluates the performance of the Managing Director & CEO on an annual basis. The Board also set the roles and responsibilities of the Managing Director & CEO of the bank. Some key performance indicators (KPIs) are used to appraise the performance which include: meet the annual budgetary targets of the bank as approved by the Board, maximise shareholder value measured through desired RoA, RoE and 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 Bangladesh Bank, 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 national policy-making. They have acquired enough knowledge, skills and acumen to lead the bank well on the path of sustainable growth and 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 organises training on corporate governance round-the-year for staff. The bank also places special emphasis on training in corporate governance.

### **Objectives of corporate governance training**

- i. To establish good governance, ensuring best practices in 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 on page 61-69.

### **Related party transactions**

During the year 2020, the bank concluded business deals with related organisations in which the Directors had an interest. It was determined on the basis of common Directorship and the bank's subsidiaries. We have presented details on it on page 574. in the financial statements.

### **Board of Director's committees**

The Board has constituted the following 3 (three) Board sub-Committees, which are (i) Audit Committee (ii) Risk Management Committee, and (iii) Executive Committee.

#### **i. Audit Committee**

##### **Responsibility to the Board of Directors**

BRAC Bank has an Audit Committee as a sub-Committee of the Board.

The Audit Committee assists the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the bank and in ensuring a good monitoring system within the business.

The Audit Committee is responsible to the Board; the duties of the Audit Committee are clearly set forth in writing.

Head of Internal Audit participates in Board Audit Committee meetings. All members of the Audit Committee are suitably qualified and all members have expert knowledge of finance and accounting, including banking activities.

The Audit Committee meets at least 06 times in a year. The Audit Committee is run with specific guidelines issued by the regulatory bodies and also internal best policies.

##### **Constitution of the Audit Committee**

The Audit Committee was formed with 3 members in compliance with the relevant provisions contained in BRPD Circular No. 11 dated October 27, 2013 of Bangladesh Bank and Corporate Governance guidelines issued by Bangladesh Securities and Exchange Commission.

The Board-appointed members of the Audit Committee who are non-Executive Directors of the bank except the Chairperson of the Board and have two Independent Directors in the Committee.

All members of the Audit Committee are financially literate.

A detailed report of the Audit Committee is included in this Annual Report.

### Chairman of the Audit Committee

Ms. Farzana Ahmed, Independent Director of BRAC Bank, is the Chairman of the Audit Committee. She

was appointed pursuant to the Corporate Governance guidelines issued by Bangladesh Securities and Exchange Commission. She is not involved in the day-to-day operations of the bank. She is an experienced individual and qualified to be the Chairman of the Audit Committee.

Ms. Farzana has over 35 years of working experience as a Chartered Accountant in the public and private sectors in the United Kingdom, Australia and the Philippines. She worked at the Asian Development Bank (ADB), the Philippines for over 20 years from where she took voluntary early retirement in October 2019.

### Attendance of members of the Audit Committee

Sl. no.	Name of the Director	Designation	Presence of the Director in the meeting during their tenure			Remuneration
			No. of meetings	Present	Absent	
1.	Ms. Farzana Ahmed	Chairman	08	07	01	56,000
2.	Ms. Fahima Choudhury	Member	08	08	-	64,000
3.	Mr. Asif Saleh	Member	08	03	05	24,000

### Role of Audit Committee

According to the Corporate Governance Code, the Audit Committee of BRAC Bank has the following roles in the organisation:

- Oversee the financial reporting process
- Monitor choice of accounting policies and principles
- Monitor internal audit and compliance process to ensure that it is adequately resourced, including approval of the internal audit and compliance plan and review of the internal audit and compliance report
- Oversee hiring and performance of external auditors
- Hold meetings with external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption
- Review, along with the management, the audited financial statements before submission to the Board for approval
- Review, along with the management, quarterly and half yearly financial statements before submission to the Board for approval
- Review the adequacy of internal audit function
- Review the Management's Discussion and Analysis before disclosing it in the Annual Report
- Review statements of all related party transactions submitted by the management
- Review management letters or letter of internal control weakness issued by statutory auditors
- Oversee the determination of audit fees based on scope and magnitude level of expertise deployed and time required for effective audit and evaluate the performance of external auditors and oversee whether the proceeds raised through Initial Public

Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilised as per the purposes stated in relevant offer document or prospectus approved by the commission

Details on other roles of the committee of the bank is presented in this Annual Report on page 355.

### **Reporting to the Board of Directors**

- (i) The Audit Committee report on its activities to the Board.
- (ii) The Audit Committee immediately reports to the Board on the following findings, if any:
  - (a) report on conflicts of interests;
  - (b) suspected or presumed fraud or irregularity or material defects identified in the internal audit and compliance process or in the financial statements;
  - (c) suspected infringement of laws, regulatory compliances, including securities related laws, rules and regulations; and
  - (d) Any other matter which the Audit Committee deems necessary is disclosed to the Board immediately.

### **Reporting to the authorities**

As per guidelines of Bangladesh Securities & Exchange Commission, the Audit Committee of BRAC Bank is obliged to report any findings that has material impact to the Commission, upon reporting of such matters to the Board three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.

### **Reporting to the shareholders and general investors**

Report on activities carried out by the Audit Committee, including report made to the Board during the year, signed by the Chairperson of the Audit Committee, has been disclosed in this Annual Report on page 360 & 361.

### **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 levels of expertise in their respective domains.

### **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, in consultation with the 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's guidelines and corporate guidelines of Bangladesh Securities and Exchange Commission. The Audit Committee scrutinises the applications of the auditors and recommends appointment/reappointment of auditors for the following year in the Annual General Meeting.

## **ii. Risk Management Committee**

Pursuant to Bangladesh Bank's BRPD Circular No. 11 dated October 27, 2013, a Risk Management Committee was constituted by the Board of Directors. There are three members in the Risk Management Committee. The Board formed the Risk Management Committee for it to play an effective role in mitigating impending risks arising from strategies and policies. The Risk Management Committee scrutinises whether appropriate risk management measures are being put in place and applied and whether adequate capital and provisions are being maintained against the risks identified after identifying and assessing several risks factors. A report of the Risk Management Committee is included in this Annual Report.

### Constitution of the Board Risk Management Committee

The Board Risk Management Committee was formed with 3 members in compliance with the relevant provisions.

### Qualification of members

Each member is capable of making valuable and effective contribution in the functioning of the Committee. They have adequate understanding of the detailed responsibilities of the Committee membership as well as the bank's business, operations and risks.

### Roles and responsibilities of the Risk Management Committee

#### i) Risk identification & control policy

The Committee monitors risk management policies and methods and amends these, if necessary. The Committee also reviews the risk management process to ensure effective prevention and control measures.

#### ii) Construction of organisational structure

The Committee ensures an adequate organisational structure for managing risk within the bank. The Committee supervises formation of separate management-level committees and monitors their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk and information & communication risk including other risk related guidelines.

#### iii) Analysis and approval of risk management policy

The Committee reviews the risk management policies and guidelines of the bank annually and amends if necessary and sends it to the Board of Directors for their approval. Besides, they review the lending limit once annually.

#### iv) Storage of data and reporting system

The Committee ensures proper use of record-keeping and reporting systems developed by the bank's management. The Committee minutes its proposal, suggestions and summary in a specific format and informs the Board of Directors.

#### v) Monitoring the implementation of the overall risk management policy

The Committee monitors proper implementation of the overall risk management policies. It monitors whether proper steps have been taken to mitigate all risks, including lending risk, market risk and management risk.

### Internal control and risk management

#### Internal control

The Board of Directors of BRAC Bank ensures an adequate organisational structure for mitigating risk within the bank.

The Risk Management Committee also reviews the risk process to ensure effective prevention and control measures.

#### Review of Internal Control System

A report on internal control system supervised by the Risk Management Committee is presented on page 269 of this Annual Report.

### Attendance of members of the Risk Management Committee

Sl. no.	Name of the Director	Designation	Presence of the Director in the meeting during their tenure			Remuneration
			No. of meetings	Present	Absent	
1.	Ms. Fahima Choudhury	Chairman	04	04	-	32,000
2.	Ms. Farzana Ahmed	Member	04	03	01	24,000
3.	Mr. Asif Saleh	Member	04	01	03	8,000
4.	Dr. Zahid Hussain	Member	-	-	-	-

\*\* Dr. Zahid Hussain was appointed to the Risk Management Committee on December 10, 2020  
A report of the Risk Management Committee is included in this Annual Report.

### iii) Executive Committee

Pursuant to Bangladesh Bank's BRPD Circular No. 11 dated October 27, 2013, Executive Committee was constituted by the Board of Directors. The Board nominated Mr. Kazi Mahmood Sattar, Ms. Nihad Kabir and Mr. Shameran Baher Abed as members of the EC Committee at its 254<sup>th</sup> Board Meeting held on April 15, 2019.

#### Attendance of members of the Executive Committee

Sl. no.	Name of the Director	Designation	Presence of the Director in the meeting during their tenure			Remuneration
			No. of meetings	Present	Absent	
1.	Mr. Kazi Mahmood Sattar	Chairman	16	16	-	128,000
2.	Ms. Nihad Kabir	Member	16	14	02	112,000
3.	Mr. Kaiser Kabir	Member	09	05	04	40,000
4.	Mr. Shameran Baher Abed	Member	02	01	01	8,000

\*\* Mr. Kaiser Kabir resigned from the Executive Committee in September, 2020

#### Chairman of the EC Committee

Mr. Kazi Mahmood Sattar is the Chairman of the Executive Committee. 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 13 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 (Hons) degree with a major in Finance. He was the Chairman of the Association of Banker's Bangladesh (ABB), the SWIFT user group in Bangladesh and on the boards of City Brokerage Limited and City Bank Capital Resource Limited.

#### Nomination and Remuneration Committee (NRC)

As per Corporate Governance Guidelines, the company shall have a Nomination and Remuneration Committee (NRC) as a sub-Committee of the Board. However, as per BRPD Circular 11 of Bangladesh Bank dated October 27, 2013, the Board cannot form any other permanent or temporary sub-committee except the Executive Committee, Audit Committee and Risk Management Committee. Therefore we are waiting for a decision from Bangladesh Bank and Bangladesh Securities and Exchange Commission upon the directive.

#### External Auditors

The existing auditor, M/s. Rahman Rahman Huq, KPMG, Chartered Accountants, 9 & 5 Mohakhali C/A, Dhaka 1212, has completed their audit session for the year 2020. They have also completed consecutive three years audit session of the bank. As per Bangladesh Bank and BSEC guidelines, they are not eligible for re-appointment for the year 2021.

In this regard, the bank received three proposals from interested audit firms to be appointed as external auditors of the bank. There were (i) **M/s Hoda Vasi Chowdhury & Co.**, Chartered Accountants, preferred firm of PricewaterhouseCoopers (PwC) in Bangladesh (ii) **M/s Howladar Yunus & Co.**, Chartered Accountants, Member Firm of Grant Thornton International Ltd., and (iii) **M/s. MABS & J Partners**, Chartered Accountants, Member Firm of Nexia International, UK.

The interested audit firms placed their presentation before the Board Audit Committee members. All the firms have the same proposal in terms of financial consideration. Upon considering their experience, the Audit Committee recommended for **M/s Hoda Vasi Chowdhury & Co.**, Chartered Accountants, and the Board of Directors has also recommended **M/s Hoda Vasi Chowdhury & Co.**, Chartered Accountants, to be appointed as external auditors of the bank for the year



2021. The appointment of auditor will be confirmed at the 22<sup>nd</sup> AGM.

### **Maintaining a website by the Company**

BRAC Bank has an official website [www.bracbank.com](http://www.bracbank.com) with linked website of the stock exchange.

### **Reporting and Compliance of Corporate Governance**

#### **Corporate Governance compliance report with best practices**

The status of compliance with Corporate Governance guidelines of Bangladesh Bank and Bangladesh Securities and Exchange Commission has been given hereafter. M/s Hussain Farhad & Co., Chartered Accountants, duly certified the bank's compliance status, which is presented on page 315.

#### **Appointment of professional for the certification on corporate governance**

The existing professional accountant, M/s Hussain Farhad & Co, has expressed willingness to work as auditor on compliance status on Corporate Governance Code, and the Board of Directors has also recommended M/s Hussain Farhad & Co as compliance auditor for the year 2021. As per Bangladesh Securities & Exchange Commission notification on Corporate Governance Code for appointment of professional for the certification on corporate governance for the year 2021 will be confirmed at the 22<sup>nd</sup> AGM.

### **Vision, mission and strategy approved by the Board**

#### **Vision and mission of BRAC Bank Limited**

The vision and mission statements and the strategy of BRAC Bank were duly approved by the Board of Directors. It is presented in this Annual Report on page 46.

#### **Business objectives and strategic management**

The Board of Directors of BRAC Bank determines the business objectives and goals and, to this extent, chalk out strategies and work plans on an annual basis. The

Board specifically engages in formulating strategies consistent with the pre-determined objectives and goals and in issues relating to structural changes and reform 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 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 has an office. He has no private secretary or office assistant from the side of bank. However, the bank provides him with 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 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 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 273 & 365 of this Annual Report

### **Communication to shareholders/ stakeholders for participation in the Annual General Meeting**

BRAC Bank serves the notice along with the Annual Report to shareholders at least 21 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 pillar that reflects the bank's aspiration for the sustainable development of 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 Prosperity.

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 sustainable electrification. 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 coverage.

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 CSR platform, provides scholarship to 250+ students at the faculty.

### **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 in the way we do business, in the contribution we make to local economies and in serving the communities around our operations. The Board monitors all social and ecological factors with the aim of protecting the environment and conserving natural resources.

### **Whistleblower policy**

There is no regulation or guidelines in the financial services industry about encouraging and protecting whistleblowers. However, BRAC Bank always embraces excellence in governance and encourages employees to raise a red flag in the event of coming across any sort of wrongdoing. This includes 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 49 & 364 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 August 7, 2012 of Bangladesh Securities & Exchange Commission.

The Company Secretary ensures that all regulatory procedures for the appointment of Directors have been followed. He provides detailed support and guidance to 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 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-committees of the Board of Directors, as directed by the Regulatory Bodies Act and as a mediator to the Board of Directors to resolve disputes, 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 adhered to following respective laws, rules and regulations. He also ensures that the decisions taken by the Board are transmitted to the concerned department/s for taking the next course of action. He also updates the Board or the management about the direction, circulars, notifications, etc., which are issued by regulatory bodies, and follows up on respective steps taken as well.

As per BSEC Directive No. BSEC/CMRRCD/2021-386/03 dated January 14, 2021, we will upload the summary of unclaimed dividend in the official website of BRAC Bank very soon.

# REPORT OF THE BOARD

## AUDIT COMMITTEE

The Audit Committee of BRAC Bank is the apex for facilitating effective governance and, as because of its position, offers the most effective oversight on performance, independence and objectivity of the auditor and the quality of the audit.

The Audit Committee is the core administrator of the bank for ringfencing stakeholders' interests. The objective is met through regular oversight functions which, among others, include reviewing financial reporting processes, systems of internal controls, audit processes, management/mitigation of financial risks and monitoring compliance with the country's laws and regulations.

The Audit Committee owns the responsibility of:

- Engaging in meticulous reviews
- Monitoring and evaluation of organisational performance against regulatory requirements
- Establishing comprehensive policies, processes and procedures
- Formulating policies for controlling and mitigating risk
- Ensuring unwavering compliance with laws and regulations

### Statement of purpose

BRAC Bank's Audit Committee is a prime sub-committee of the Board of Directors. The Audit Committee's purpose is to ensure the:

- (i) Integrity of the bank's financial statements and internal control systems, including the implementation and effectiveness of internal control over financial reporting

- (ii) Performance of the internal audit services function
- (iii) Independent audit (annual) of the bank's financial statements, engagement with independent auditors, and evaluation of independent auditors' qualifications, independence and performance
- (iv) Compliance by the bank with all legal and regulatory requirements
- (v) Implementation and effectiveness of the bank's disclosure controls and procedures
- (vi) Evaluation of enterprise risk issues
- (vii) Fulfillment and discharge of other stated responsibilities

The Audit Committee's role is one of oversight and monitoring, and in fulfilling this responsibility, the committee may rely on the management, independent auditor and any adviser/s the committee chooses to engage with, provided its reliance is reasonable and dependable.

### Composition of the Audit Committee

The Audit Committee comprises three members of the Board of Directors, including two Independent Directors, in accordance with the notification on Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC), on 3 June 2018 (Notification No. BSEC/CMRRCD/2006-158/207/Admin/80) and Bangladesh Bank BRPD Circular No. 11, dated 27 October 2013.

The member of Board Audit Committee of BRAC Bank includes:

Farzana Ahmed	Chairperson
Fahima Choudhury	Member
Asif Saleh	Member

Farzana Ahmed and Fahima Choudhury are both an Independent Directors, and Asif Saleh is a Nominated Director.

The Company Secretary of the bank is also the Secretary of the Board Audit Committee.

The bank's Head of Internal Control & Compliance (ICC) concurrently reports to the Chairman, Board Audit Committee and the Managing Director.

The Head of ICC reports on his activities and findings to the bank's senior management. However, the Head of Audit, although being an administrative part of ICC, reports directly to the Audit Committee of the Board and is responsible to the ACB.

### Participation of non-members

Head of Audit, Head of ICC and representatives of the management (Managing Director and Deputy Managing Directors) also attend meetings on invitation.

### Access to the Committee

On any matter within the Committee's Charter, the Head of Internal Control & Compliance has direct access to the Audit Committee.

### Roles and responsibilities of the Board Audit Committee

The following comprises the primary activities of the Audit Committee in discharging its responsibilities. These functions serve as a guide, even as the committee may carry out additional functions and adopt additional policies and procedures, as may be appropriate, in light of the changing business, legislative, regulatory, legal or such other conditions. In addition to any other responsibilities which may be assigned from time-to-time by the Board, the Audit Committee is responsible for the following matters:

#### Internal control:

- Evaluate whether the management is establishing an appropriate compliance culture by communicating the importance of internal

controls and the cautious management of risk, and in ensuring that all employees have clear understanding of their roles and responsibilities

- Review the management's actions in compliance with the bank's guidelines, applications and management information system (MIS)
- Consider whether the internal control strategies recommended by internal and external auditors have been prudently and comprehensively implemented by the management
- Consider reports relating to fraud, forgery and deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority, and place it before the Board after reviewing whether necessary corrective and curative measures have been taken by the management
- Review the status of compliance on policies and procedures to identify measure, monitor and control risk with governance and supervisory oversight from the Board of Directors
- Review management letters/letter of internal control weaknesses issued by statutory auditors

#### Financial reporting:

- The Audit Committee assesses whether the financial statements reflect complete and accurate information, and also determine whether the statements are prepared in accordance with existing rules and regulations of the country, and also as per the financial reporting standards prescribed by Bangladesh Bank
- Review the financial statements with the management and external auditors before finalisation
- Review the quarterly and half-yearly financial statements with the management before submission to the Board for approval
- Review statements of significant related party transactions (RPTs) submitted by the management
- Review the management's discussion and analysis report before disclosing it in the annual report

- Disclose when money is raised through initial public offer (IPO)/repeat public offer (RPO)/rights issue to the Audit Committee about the deployment of funds, segregated by major categories (capital expenditure, sales and marketing expenses, working capital, etc.) on a quarterly basis, as part of the quarterly declaration of financial results. Furthermore, on an annual basis, the bank shall prepare a statement of funds utilised for purposes other than those stated in the offer documents/prospectus.

#### **Internal audit:**

- Monitor/evaluate whether internal audit functions are truly independent
- Review the activities and the organisational structure of the internal audit and ensure that no unjustified restrictions or limitations hinder the internal audit process
- Review and assess the annual internal audit plan
- Review the efficiency and effectiveness of the internal audit function
- Review and ensure that appropriate recommendations made by internal auditors to eliminate irregularities, if any, are duly acted upon by the concerned personnel in managing the affairs of the bank
- Meet the Head of ICC and Head of Internal Audit at least once a year, without the management being present, to discuss any issues arising from internal audits. Both units shall be given the right of direct access to the Chairman of the Audit Committee

#### **External audit:**

- Make recommendations to the Board to be put to shareholders for approval at the AGM, in relation to appointments, re-appointments and disengaging with the bank's external auditors
- Place recommendations to the Board in fulfilling their responsibilities to shareholders at the AGM, appointments, re-appointments and disengagement with external auditors. The Committee shall oversee the selection process

of the new auditors and shall investigate any issue that might have led the auditors to resign

- Oversee the relationship with the external auditors, including:
  - Recommendation of their remuneration, i.e. fees for audit or non-audit services
  - Assessing annually their independence and objectivity, taking into account relevant professional and regulatory requirements
  - Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the bank (other than in the ordinary course of business)
- Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit is complete at the reporting stage. The committee shall meet the external auditor at least once a year, without the management being present, to discuss any issues arising from the audit
- Review the findings and recommendations made by external auditors for elimination of irregularities, if any, detected and duly acted upon by the management
- Compliance with existing laws and regulations
- Review whether the laws and regulations framed by the regulatory authorities (Central Bank, BSEC and other bodies) and internal regulations approved by the Board have been duly complied with

#### **Other responsibilities:**

- Submit a comprehensive compliance report to the Board on a quarterly basis on regularisation of omission, fraud and forgeries and other irregularities detected by internal and external auditors and inspectors of regulatory authorities
- External and internal auditors may submit their related assessment report, if the committee solicits
- Perform other oversight functions, as desired by the Board of Directors, and evaluate the committee's own performance on a regular basis

## Audit Committee meetings

The Board Audit Committee of BRAC Bank sits once every two months. However, an emergency Board Audit Committee meeting can be called, if required.

A total of 8 (eight) Audit Committee meetings were held during the year 2020. In addition to regular matters,

such as reviewing existing risks and mitigation measures, evaluating the management's adherence to compliance, monitoring the internal audit function and financial statements, ensuring on-time submission of returns, assessing the findings and recommendations of external and Bangladesh Bank auditors, etc., the following issues were given special emphasis.

Meeting date	Attendance	Focus points
22/03/2020	Fahima Choudhury Asif Saleh	<ol style="list-style-type: none"> <li>Status of the disciplinary action against employees relating to investigation reports</li> <li>Presentation of overall effectiveness of internal control system of BRAC Bank</li> <li>Torn currency notes summary of pan-Bangladesh operations up to January 2020</li> <li>Training to employees for 2019</li> <li>Job description of CAMLCO to be provided by CAMLCO</li> <li>Summary of investigation reports on fraud, forgery and irregularities</li> <li>Summary of Bangladesh Bank's surprise inspection report on currency management</li> <li>Summary of special audit on foreign currency notes on AD and LAD branches</li> <li>Annual internal audit plan and ICC budget for the year 2020</li> <li>Annual concurrent audit plan for the year 2020</li> <li>Summary of internal audit report on branches and departments</li> <li>Review and recommendation for appointment of an auditor for the certification on corporate governance for the year 2020 and their remuneration</li> </ol>
23/04/2020	Fahima Choudhury Farzana Ahmed Asif Saleh	<ol style="list-style-type: none"> <li>Review and recommendation of the audited financial statements, 2019, of BRAC Bank</li> <li>Review and recommendation for appointment of external auditor for the year 2020 and their remuneration</li> </ol>
14/05/2020	Fahima Choudhury Farzana Ahmed Asif Saleh	<ol style="list-style-type: none"> <li>Review and recommendation of un-audited first quarter (Q1) financial statements ended on March 31, 2020</li> </ol>
05/07/2020	Farzana Ahmed Fahima Choudhury	<ol style="list-style-type: none"> <li>Summary of investigation reports on fraud, forgery and irregularities</li> <li>Summary of internal audit overview, 2019</li> <li>Summary of internal audit reports on distribution channels and departments</li> <li>Introduction of remote audit</li> <li>Summary of review on loan documentation checklist, quarterly operations report and departmental control function checklist</li> </ol>

Meeting date	Attendance	Focus points
30/07/2020	Fahima Choudhury Farzana Ahmed	1. Review and recommendation of un-audited half yearly (H1) financial statements for the year 2020 of BRAC Bank
14/09/2020	Fahima Choudhury Farzana Ahmed	1. Status of the disciplinary action against employees relating to the investigation reports 2. Manual of audit procedures and audit policy, 2020 3. Procurement and outsourcing risk management policy, 2020 4. Tax risk assessment potential disallowance of expenses 5. Management report of BRAC Bank for the year ended 31 December 2019
28/10/2020	Fahima Choudhury Farzana Ahmed	1. Review and recommendation of un-audited third quarter (Q3) financial statements ended September 30, 2020
04/11/2020	Fahima Choudhury Farzana Ahmed	1. Summary of changes/new additions in manual of audit procedures and audit policy, 2020 2. Summary of policies, i.e. compliance policy, monitoring policy and revised internal control & compliance policy and revised audit charter, 2020 3. Summary of changes/new additions in procurement & outsourcing risk management policy, 2020 4. Summary of asset-liability management policy and contingency funding plan 5. Annual health report of BRAC Bank for the year 2019 6. Summary of Bangladesh Bank's surprise inspection report on currency management



# CERTIFICATE OF DUE DILIGENCE BY CEO AND CFO

Declaration on the financial statements for the year ended 31<sup>st</sup> December 2020

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we hereby declare that:

- The financial statements of BRAC Bank Limited for the year ended 31<sup>st</sup> December, 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, and any departure therefrom has been adequately disclosed;
- The estimates and judgments related to the financial statements were made on a prudent and reasonable basis in order for the financial statements to reveal a true and fair view;
- The form and substance of transactions and the bank's state of affairs have been reasonably and fairly presented in its financial statements;
- To ensure the above, the bank has taken proper and adequate care in installing a robust system of internal control and maintenance of accounting records;
- Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the bank were consistently followed; and
- The management's use of the going concern basis of accounting in preparing the financial statements is appropriate, and there exists no material uncertainty related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern.

In this regard, we also certify that:

- a) We have reviewed the financial statements for the year ended 31<sup>st</sup> December, 2020, and that to the best of our knowledge and belief:
  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statements collectively present a true and fair view of the bank's affairs and are in compliance with existing accounting standards and applicable laws.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the bank during the year which are fraudulent, illegal or in violation of the code of conduct for the bank's Board of Directors or its members.

Sincerely,



**Mohammad Masud Rana FCA**  
Deputy Managing Director & CFO



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

# COMMUNICATION WITH SHAREHOLDERS AND STAKEHOLDERS

## Our key priorities



Information transparency and openness



Facilitation through proper communication



On-going support in all ways possible

## Communication with shareholders and other stakeholders

BRAC Bank's Share Unit, representing the Company Secretariat of the bank, plays an instrumental role in ensuring effective communication with shareholders and other stakeholders. The department efficiently discharges all share-related responsibilities, including allotment of bonus shares, transfer process of shares, monitoring share movements through CDBL, share re-materialisation/de-materialisation, distribution of fractional dividend entitlements, conducting AGMs, etc. Further, as part of its liaison responsibilities, the unit also engages in correspondence with regulatory and governmental bodies from time-to-time on matters related to shareholders. Any stakeholder of the bank may contact this unit during office hours for any information or queries.

## Information available on the website

BRAC Bank provides updated information on its website for shareholders and other stakeholders to keep up-to-date with the performance and other material developments of the bank.

## Information through newspapers

According to Stock Exchanges Listing Regulations, 2015, and Financial Reporting and Disclosure, 2018, news about the AGM should be published in one in Bangla and the other in English newspaper, as well as in one online daily news site. For 2020, we complied with these rules.

## Policy on ensuring shareholder participation at the AGM

To ensure effective and efficient participation of shareholders at the AGM, BRAC Bank publishes a notice of AGM in leading newspapers with the necessary details within a reasonable timeframe prior to the AGM. The AGM is hosted on a digital platform due to pandemic at a convenient time. The Annual Report is circulated as per the provisions of Stock Exchanges Listing Regulations, 2015, and Financial Reporting and Disclosure, 2018, so that shareholders can get sufficient time to go through the report and provide their valuable comments and suggestions during the AGM. Proceedings of the 21<sup>st</sup> AGM have been presented in the 'Glimpses of the AGM' section of this Annual Report.

# REDRESS OF INVESTOR COMPLAINTS

## Upholding shareholder rights

At BRAC Bank, we believe that consistent and clear communication relating to financial and strategic information enhances shareholders' expectations and goes a long way in establishing and maintaining trust. By understanding and aligning with shareholders' suppositions and positioning our value proposition accordingly, we remain best placed to manage their expectations.

Towards fostering trust-based relationships, BRAC Bank has developed a comprehensive customer charter, underpinned by its emphasis on sustaining fair treatment and perpetuating their fundamental rights. As a robust shareholder support service, the bank maintains a dedicated grievance redress cell to ensure that investor complaints are redressed promptly and to the satisfaction of the aggrieved party. The Company Secretary is entrusted with the responsibility of monitoring the status of pending complaints and take necessary action for expediting the process of resolution.

## Rights of shareholders and equitable treatment

BRAC Bank encourages shareholder participation at its annual general meetings (AGMs). Towards meeting this objective, the bank provides shareholders with information on the date, time and venue, along with all agenda items and supporting data with regards to the issues to be discussed, prior to the meeting. Notice of Annual General Meeting and other documents are dispatched to shareholders at least 21 days prior to the meeting. The notice is also published on the bank's website for ease of shareholder access, prior to dispatch of the paper copy of the notice and other

documents. In the year 2020, in view of the pandemic and movement control orders, we conducted our 21<sup>st</sup> AGM for the first time ever via digital platform. Extensive preparations and effective coordination enabled us to seamlessly conduct our e-AGM that witnessed robust shareholder participation.

Invitation to the AGM contains shareholder information and guidelines relevant to the meeting, including the voting procedure. In case shareholders cannot personally attend the meeting for any reason, they may appoint a proxy through filling out the Proxy Form provided along with the other documents, or can even download the same from the bank's website, to appoint any person as proxy to attend and vote on their behalf at the AGM.

The bank's website URL from where shareholders and other interested stakeholders can download financial information, corporate profile and other meeting information is: [www.bracbank.com](http://www.bracbank.com)

Inquires may be e-mailed to: [enquiry@bracbank.com](mailto:enquiry@bracbank.com)

## Investor complaints redress mechanism

The bank has established a robust grievance redress mechanism through which investors can lodge their grievances/complaints:

- Through a designated e-mail ID: [enquiry@bracbank.com](mailto:enquiry@bracbank.com)
- Through a letter dispatched to our designated address
- Through an investor complaints register maintained at our office, in which details of every written complaint is recorded

A designated official is assigned the responsibility of monitoring investor grievances registered via e-mail on a daily basis.

As an effective shareholder/investor outreach initiative, the bank continues to engage in regular communication with shareholders through the issue of performance updates and other messages comprising material matters as soon as they transpire.



### Investor inquiries/complaints

Any queries relating to shareholding, for example transfer of shares, change in name/address and dividend payment, etc., should be sent to the following address:

**Share office:** BRAC Bank Limited, Anik Tower, ground floor, 220/B, Tejgaon I/A, Dhaka-1208.  
**Phone:** 09677555124, 09677555125  
**E-mail:** [sharedept@bracbank.com](mailto:sharedept@bracbank.com)



# MEETINGS OF THE BOARD OF DIRECTORS, ATTENDANCE AND REMUNERATION

As on December 31, 2020

Sl. No.	Name of the Directors	Designation	Presence of the Directors in the meeting during their tenure			Remuneration (Amount in BDT)
			No. of meetings	Present	Absent	
1	Dr. Ahsan H. Mansur	Chairman & Independent Director	19	19	-	152,000
2	Ms. Nihad Kabir	Nominated Director	19	17	02	136,000
3	Mr. Kaiser Kabir **	Nominated Director	11	08	03	64,000
4	Mr. Asif Saleh	Nominated Director	19	14	05	112,000
5	Mr. Kazi Mahmood Sattar	Independent Director	19	19	-	152,000
6	Ms. Fahima Choudhury	Independent Director	19	17	02	136,000
7	Ms. Farzana Ahmed	Independent Director	16	14	02	112,000
8	Dr. Zahid Hussain	Independent Director	07	06	01	48,000
9	Mr. Meheriar M Hasan	Nominated Director	04	03	01	24,000
10	Mr. Shameran Bahar Abed	Nominated Director	02	02	-	16,000

\*\* Mr. Kaiser Kabir resigned from the Board on September 2020

# DISCLOSURE ON

## CREDIT RATING

In compliance with Bangladesh Bank's BRPD circular No. 06, dated July 05, 2006, and with a view to assure investors and other stakeholders of the sustainable operating positions of the bank, while also safeguarding stakeholder interests, BRAC Bank is subject to ratings assessment by reputed credit rating agencies. Thus, the bank was rated by Credit Rating Agency of Bangladesh (CRAB), Emerging Credit Rating Limited (ECRL), Credit Rating Information and Services Limited (CRISL), S&P Global Rating and Moody's Investors Service for the year ended 31 December 2019.

Rating by domestic rating agencies	
Rating based on	Audited financial statements as of 31 December 2019
Validity	30-Jun-21
Outlook	Stable*

Rating agency	Long-term	Short-term
Credit Rating Agency of Bangladesh Ltd. (CRAB)	AA1	ST-1
Credit Rating Information Services Ltd. (CRISL)	AA+	ST-1
Emerging Credit Rating Ltd. (ECRL)	AA+	ST-1

\* Stable indicates that a rating is likely to remain unchanged.

Rating by international rating agencies	
Rating based on	Audited financial statements as of 31 December 2019
Outlook	Stable

Rating agency	Rating of Bangladesh	Rating of BRAC Bank
Moody's Investors Service	Ba3	Ba3
S&P Global	B+	B+
Emerging Credit Rating Ltd. (ECRL)	AA+	ST-1

We are pleased to inform that all major credit rating agencies reaffirmed their long-term and short-term credit ratings of the bank. Commercial banks rated under these categories are deemed to be strong institutions, characterised by robust management quality, sustainable and well-diversified operations, and prudent financial management practices, that together ensure that the bank has a favourable outlook. Further, ratings assigned under these categories characterise creditable positions in terms of liquidity, internal funds generation capacity and access to alternative sources of funds. The credit rating of BRAC Bank, based on its financial statements for the year ended December 31, 2020, is under process and will be published in due course.

# HUMAN RESOURCE

## ACCOUNTING

“At BRAC Bank, human resource accounting or HRA represents our endeavour to identify and report investments made in our human resources that are not presently accounted for under traditional accounting practices. HRA is a vital tool that informs us of the extent of changes that are occurring to our human resources over time, and of the cost and value of the human factor to the organisation. At our bank, we have found HRA to be deeply useful across a number of key parameters, including enabling us to map our HR journey in terms of expansion, diversification, etc., while also allowing us to factor training, capacity building, and so on, especially in the context of technological changes. Further, it helps offset uncertainty and change, as it enables the bank to have the right person for the right job at the right time and place. This is crucial in today’s times when the coronavirus pandemic has created much uncertainty with regards to employment and has strained the ‘social contract’ between employers and employees. HRA also ensures that the human involvement and engagement in the bank is accounted for, thus enabling a more pervasive culture that thrives on and respects employees. Thus, at BRAC Bank’s HRD, we dedicatedly work towards expanding and enhancing our HRA year after year.”

### Overview

Unlike conventional concepts in HR accounting, under human resource accounting (HRA), investments made in human resources are viewed as a ‘capital expenditure’ on account of the long-term benefits that can be accrued, both on a tangible and intangible basis. Indeed, for people-intensive businesses especially operating in the services sector, like banks, HRA helps fortify the investment case of a company.

At BRAC Bank, HRA encapsulates accounting of the bank’s management and employees as ‘human assets’ or ‘capital’ that provides future benefits, rather than them being considered as an expense which is

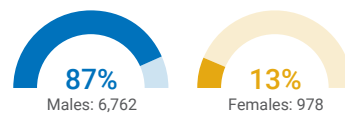
what comprises a typical approach under traditional human resource accounting. Thus, the bank has progressed forward to ensure that the people aspect of its business focuses on improving the standards and proficiency of skills of employees, thus generating stronger returns through the implementation of higher efficiency and resource productivity initiatives.

Hence, by treating human resources as an asset, the bank has been able to focus on improving returns from investing in its talent pool. In fact, HRA has allowed the bank to keep track of investments the business is making in its human resources, and the specific returns it is generating from these investments, thus fostering a virtuous cycle of growth and returns.

### Employees by level

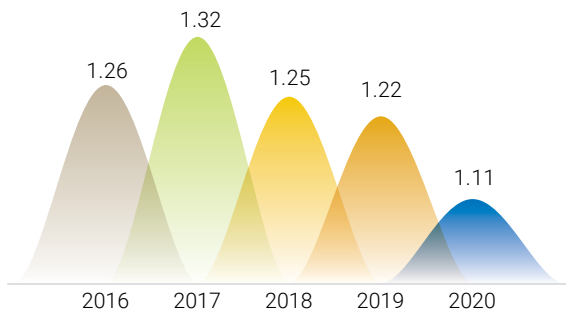


### Employees by gender



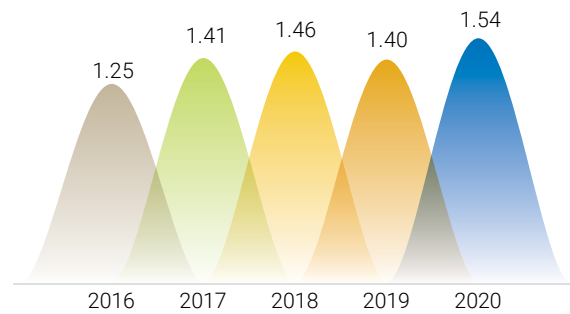
### Operating Profit per Employee

BDT in million



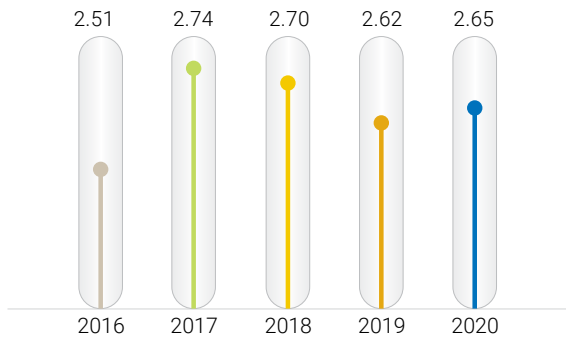
### Operating Cost per Employee

BDT in million



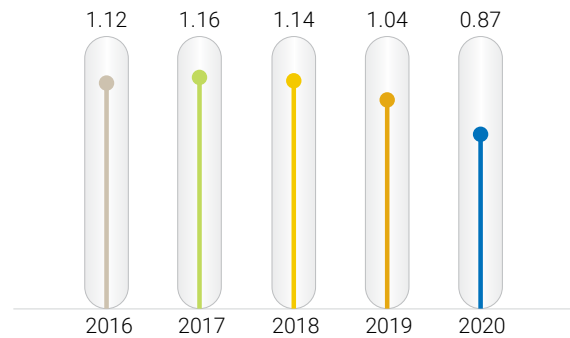
### Operating Income per Employee

BDT in million



### PBT Per Employee

BDT in million



### End note

BRAC Bank leverages its HRA strategically to drive positive change in its human resources, which comprises the most vital assets of the bank. Over time, through insights from its HRA, the bank has been able to strategically reposition its human resources to face the rapid changes in the banking and financial services

sector, especially now when digital banking is gaining fast credence. At the bank, we have not only ensured that the skills and capabilities of our human resources are aligned to the times, but have also made sure that the bank always remains in a position of deep strength through its people resources, notwithstanding the challenges prevalent in the external environment.



# STATEMENT OF BOARD

## AUDIT COMMITTEE

### Statement on Audit Committee's oversight role in maintaining integrated internal controls

The Board Audit Committee (BAC) of BRAC Bank receives reasonable assurance from its independent internal audit team that the strategic objectives set by the Board, including operational efficiency, disclosure integrity in financial/non-financial information and compliance with applicable laws and regulations are maintained at all times.

Nurturing a culture of compliance and fostering awareness of responsibilities among all levels of coworkers comprise the key drivers that enable BAC to achieve its strategic objectives. Within this purview, BAC's oversight role comprises a consultative process in helping overcome systemic shortcomings and initiating appropriate disciplinary proceedings in compliance failures.

During the year 2020, BAC conducted 8 meetings to review summary reports on:

- Internal audits
- Monitoring activities
- Investigations
- Surprise / spot inspections
- Regulatory inspections
- Statutory audits

Through a 360-degree review of these reports, the committee reinforced processes, enforced stronger process supervision and articulated fresh directives to seal process violations. Through ongoing stakeholder discussions, BAC set forth instructive guidelines to address primary issues, while identifying incongruities with a focus on course-correction.

### Statement on Audit Committee's role in ensuring compliance with all applicable laws and regulations

As regulatory compliance is a direct function of awareness and communication transparency, BAC evaluates awareness levels on compliance requirements through review of internal audit reports, while recommending changes or transfers or training of human resources. Moreover, as per the prescribed regulatory guidelines, BAC reviews internal policies prior to their adoption or update to ensure accord. BAC is also regularly briefed by Internal Control & Compliance Division (ICCD) on regulatory updation.

### Statement on Audit Committee's supervisory role in facilitation of statutory audit

Integrity in financial reporting is a fundamental part of our culture, ensuring operational sustainability, while reinforcing our case as a going concern. In this remit, BAC places emphasis on independent reviews and responsible statutory audit services. As part of this focus, BAC, during 2020, conducted the following activities:

- Reviewed EoI from various statutory auditors, evaluated their competence and confirmed that the shortlisted agency did not have any conflict of interest
- Reviewed performance of our external auditor
- Reviewed the management letter from our statutory auditor and management responses provided against them
- Recommended appointment / re-appointment of statutory auditor(s)

## Statement on Audit Committee's activities to ensure integrity in financial reporting and associated disclosures

Aligned with its supervisory role of ensuring integrity in financial reporting and disclosure, BAC adopts apposite financial reporting standards and ensures consistency in application. In doing so, BAC carried out the following tasks during 2020:

- Reviewed the quarterly, half-yearly and annual financial statements, and determined their accuracy and consistency with financial reporting standards recommended by regulatory authorities
- Reviewed issues with potential impact on the integrity of financial / non-financial reporting and disclosures
- Discussed summary reports on internal audits, monitoring activities, investigations, surprise/spot inspections, regulatory inspections and statutory audits. These enabled early identification of any fraud or irregularities in our operations
- Reviewed financial statements with statutory auditors and regulatory inspection teams in tripartite meetings prior to finalisation
- Reviewed statement on significant related-party transactions, as forwarded by the management

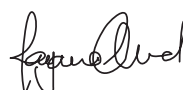
- Monitored operations in line with pre-determined budgets through internal audit reports and reviewed shortcomings, while placing constructive recommendations for appropriate controls

Beyond these responsibilities, BAC also reviewed reports on fraud and forgery that originated out of internal audits, statutory audits and regulatory inspections.

BAC reviewed ICC Policy, Audit Policy, Audit Charter, Audit Manual, Compliance Policy and Monitoring Policy prepared by ICCD's transformation project with PwC. These policy documents were recommended for Board approval and were subsequently approved by the Board. As per its judgement, BAC advised action in critical investigations, process/policy reviews, evaluation of operations, etc.

Through these activities, BAC fulfilled its role and responsibilities, as mandated by the regulator, during the year 2020.

On behalf of the Audit Committee,



**Farzana Ahmed**  
Chairman, Board Audit Committee

# CAPITAL

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# PLAN

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BRAC Bank operates in a sector that is one of the most regulated in Bangladesh and hence has developed rigorous compliance standards with a prudent capital allocation focus and management strategy. This has resulted in the fact that the bank has been able to consistently maintain capital levels in excess over stipulated regulatory requirements.

One of the key factors underlying the bank's safeguarded capital buffer levels is the organisation's ability to proactively, diligently and competently engage in forecasting major business trends, risk weighted assets and capital flows. In fact, prudent capital planning is woven into the bank's risk and governance processes, as capital remains a key consideration in the development of the bank's strategic plans and risk limits. The bank has also been successful in judicious forecasting about impending capital requirements, thus succeeding in achieving business goals and also in planning astutely to ensure required capital buffers at all times. Thus, we manage our capital position such that our capital is more than adequate to support our business activities, while also ensuring that it remains in alignment within our strategic planning framework and risk appetite.

Furthermore, we also strive to maintain capital safety at all times, even under high stress scenarios, which enables us opportunistic gains in terms of leveraging any growth prospects, while also ensuring that our enhanced capacities help meet obligations to creditors and counterparties. A robust capital position also helps us maintain seamless access to the financial markets, while also enabling us to serve as a credit intermediary, remain a source of strength for our subsidiaries, and also satisfy current and any future regulatory capital requirements.

We conduct an Internal Capital Adequacy Assessment Process (ICAAP) on a periodic basis. ICAAP is a forward-looking assessment of our projected capital

needs and resources, incorporating earnings, balance sheet and risk forecasts under baseline and adverse economic/market conditions. We also undertake periodic stress-testing to assess potential impacts on our balance sheet, earnings, regulatory capital levels and liquidity positions under a variety of scenarios. Further, we also perform qualitative risk assessments to identify and assess material risks not fully factored in our forecasts or stress tests. We further evaluate potential capital impacts of proposed changes to regulatory capital requirements.

The bank's top management also supervises ICAAP outcomes and provides insights via quarterly assessments of the adequacy of our capital and capital positions to the Board or its committees.

Thus, capital planning is a dynamic and proactive facilitator for BRAC Bank, enabling resilient banking operations especially in highly challenging economic conditions such as those induced by the coronavirus pandemic.

## Regulatory alignment

Capital management is gaining rising credence around the world, manifest in the reform initiatives and amendments/updates in prudential requirements undertaken by banks in different countries, in line with measures proposed by the Basel Committee on Banking Supervision. Bangladesh Bank, the country's central bank, is aligned with the reform measures adopted by the Basel Committee to ensure that the country's banking sector remains in a strong position to absorb even adverse shocks in crisis scenarios.

The following indicate the relationship between risk management and capital requirements:

- a) Capital management helps to ensure that the bank has sufficient capital levels to cover risks associated with its activities
- b) As part of ICAAP, the management identifies risks that the bank is exposed to, and determines the means by which they can be mitigated
- c) Capital is used to cover some of these risks, and the remainder of these are mitigated by means of collateral or other credit enhancements, contingency planning, additional reserves, valuation allowances and other mechanisms

BRAC Bank has achieved sound progress in forecasting upcoming capital requirements for attaining corporate goals, while also ensuring that capital is made available as and when required. Notably, prudent capital planning assists the bank's Board and senior management to:

- a) Identify risks and improve understanding of the bank's overall risks to set risk tolerance levels
- b) Evaluate strategic choices in long-term planning
- c) Identify vulnerabilities, such as portfolio concentrations, and assess their impact on capital
- d) Integrate business strategy, risk management and capital and liquidity planning decisions, including due diligence for any merger or acquisition
- e) Have a forward-facing assessment of the bank's capital requirements, including those that may arise from rapid changes in economic and financial circumstances

At BRAC Bank, we believe that the most effective capital planning considers both short-term as well as long-term capital needs and is orchestrated with the bank's overall strategy and planning process, usually with a forecast horizon of at least five years.

Notably, banks need to factor events that occur outside of the normal capital planning cycle as well into their capital planning process. For example, an unforeseen crisis such as the coronavirus pandemic can have a major impact on future capital needs.

BRAC Bank's capital planning process is tailored to the overall risk, complexity and corporate structure of the bank. In fact, the bank's range of business activities, overall risks and operating environment have a significant bearing on the level of granularity needed in capital planning. While the exact content, extent and depth of the capital planning process may vary, an effective capital planning process includes the following dimensions:

- Identifying and assessing 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

### BRAC Bank's philosophy

BRAC Bank crafted and established its own capital management mechanism, meticulously aligned with regulatory requirements and Basel guidelines, to calculate the capital adequacy ratio (CAR) and secure adequate capital to cover the risks faced from the standpoint of ensuring soundness of our business.

While doing so, the Board and senior management actively help define the goals of capital management such that capital levels always exceed the bank's requirements by at least 1 per cent. We strive to ensure that our capital levels remain aligned with the risks prevailing in the business and are consistent with our strategic plans, while also ensuring that capital levels maintain an appropriate balance between maximising shareholder value and protecting the interests of deposit-holders and other creditors. Various stress scenarios are also taken into account as they are reliable indicators of future adversities. While we consider capital position in determining our risk appetite, defensive measures are also undertaken so that there are no deficits at any given point of time.

The results of our prudent and ringfenced capital management strategy comprise:

- A capital plan that meets the needs of the bank over a five-year time horizon

- An ICAAP that determines accurate levels of required capital according to the measures of balance sheet capital and regulatory capital (Tier-1 and Tier-2)
- A process to regularly balance available capital with current and projected solvency needs, and address deficiencies in a timely manner
- A methodology that ensures stress scenarios could be managed better

At BRAC Bank, our approach to capital management is driven by our strategic objectives, whilst ensuring that regulatory requirements, capital targets and risk appetite are met at all times and in all conditions across the bank. While planning for adequate capital, we consider multiple factors. For example, starting from business expansion till network footprint growth, a thorough cost-benefit analysis is conducted at regular periodicity.

As such, BRAC Bank proactively manages its capital position, capital mix and allocation to meet the expectations of key stakeholders, such as regulators, shareholders, investors, rating agencies and analysts, whilst ensuring that the return on capital is commensurate with the risks undertaken by the respective business units and subsidiaries.

### Capital management framework

At BRAC Bank, our capital management framework ensures that the bank embraces measures for capital adequacy that are in accordance with its corporate management plans and capital plans, etc., and changes in the external environment, including the economic cycle.

Thus, a durable mechanism exists to conduct sufficient analysis and deliberations in order to maintain adequate levels of capital based on the results of monitoring of the status of the internal environment (risk profile, status of use of risk limits, etc.), and the external environment (economic cycle, market conditions, etc.). The framework is able to extensively identify risks faced by the bank on a category-wise basis, and is also able to specify risks to be subjected to capital management in the ICAAP, in light of the size and nature of the identified risks.

Finally, the framework is also able to assess capital adequacy in a manner commensurate with the scale and nature of the business and risk profile by taking into consideration the following:

- Suitability of the quality of capital to the internal capital adequacy assessment
- Validity of the ICAAP
- Limitations and weakness of the risk assessment method taken
- Internal capital adequacy assessment in light of two or more stress scenarios and based on the analysis of the level of the impact thereof on capital
- Stress scenarios give due consideration to all material risks that would materially affect capital adequacy over the medium- and long-term
- Lack or excess of loan-loss provisions against expected losses

### Annual capital plan

BRAC Bank's annual capital plan factors in detailed planning of the bank's strategic capital over a five-year time horizon. The plan underlines capital projections, capital requirements, levels of capital and capital mix to support the bank's forward business plans and strategic objectives.

Notably, BRAC Bank places relentless focus on the quality of its capital in order to continue meeting the minimum regulatory requirements and support business growth and the risks undertaken. The majority capital of the bank is in the form of Common Equity Tier-1 (CET-1) capital, which is permanent and has the highest loss absorption capacity (on a going concern basis).

Upon giving due treatment to deferred tax assets, general provisions, goodwill and other regulatory adjustments, our capital base has always remained on a sound footing, despite pressures triggered by the coronavirus pandemic. Hence, the phase-in transition to Basel-III has been accommodated smoothly.

Particulars	2015	2016	2017	2018	2019	2020
Minimum Common Equity Tier-1 (CET-1) Capital Ratio	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer	0.00%	0.63%	1.25%	1.88%	2.50%	2.50%
Minimum CET-1 plus Capital Conservation Buffer	4.50%	5.13%	5.75%	6.38%	7.00%	7.00%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.63%	11.25%	11.88%	12.50%	12.50%
<b>Phase-in of deductions from Tier-2 Revaluation Reserve (RR)</b>						
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%

Historically, BRAC Bank has always maintained a healthy capital ratio against the minimum regulatory requirement. The following table demonstrates our successful capital management strategy over the last five years.

Particulars	2016	2017	2018	2019	2020	2020
Common Equity Tier-1 (CET-1) Capital Ratio	10.46%	11.24%	12.31%	13.82%	13.21%	4.50%
Additional Tier-1 Capital Ratio	-	-	-	-	-	2.50%
Total Tier-1 Capital Ratio	10.46%	11.24%	12.31%	13.82%	13.21%	7.00%
Total Tier-2 Capital Ratio	1.80%	1.48%	1.35%	1.24%	1.34%	6.00%
Total Capital Ratio	12.26%	12.72%	13.67%	15.07%	14.55%	10.00%

Going forward, BRAC Bank remains focused on maintaining healthy regulatory capital levels to support business growth and hence ensure consistent shareholder and stakeholder value creation, despite strenuous circumstances.



# SUSTAINABILITY



# SUSTAINABLE FINANCE UNIT

## Our enduring priorities



Promote responsible and sustainable finance across Bangladesh's real economy



Cultivate the '3P' philosophy of People-Planet-Prosperity



Engage with stakeholders to understand their expectations and promote our objectives

## Rooted in responsibility

Rooted in its 3P or "People-Planet-Prosperity" philosophy, BRAC Bank has pioneered responsible and sustainable finance. The bank's values-based ethos and spirit of integrity embody its deep focus on sustainable finance. Central to this is the bank's versatile Sustainable Finance Unit (SFU), housed under the Supervision of Sustainable Finance Committee (SFC), committed to expand and enhance the green credentials of the bank and contribute to Bangladesh's SDG vision and efforts of attainment of goals through green, sustainable and responsible finance.

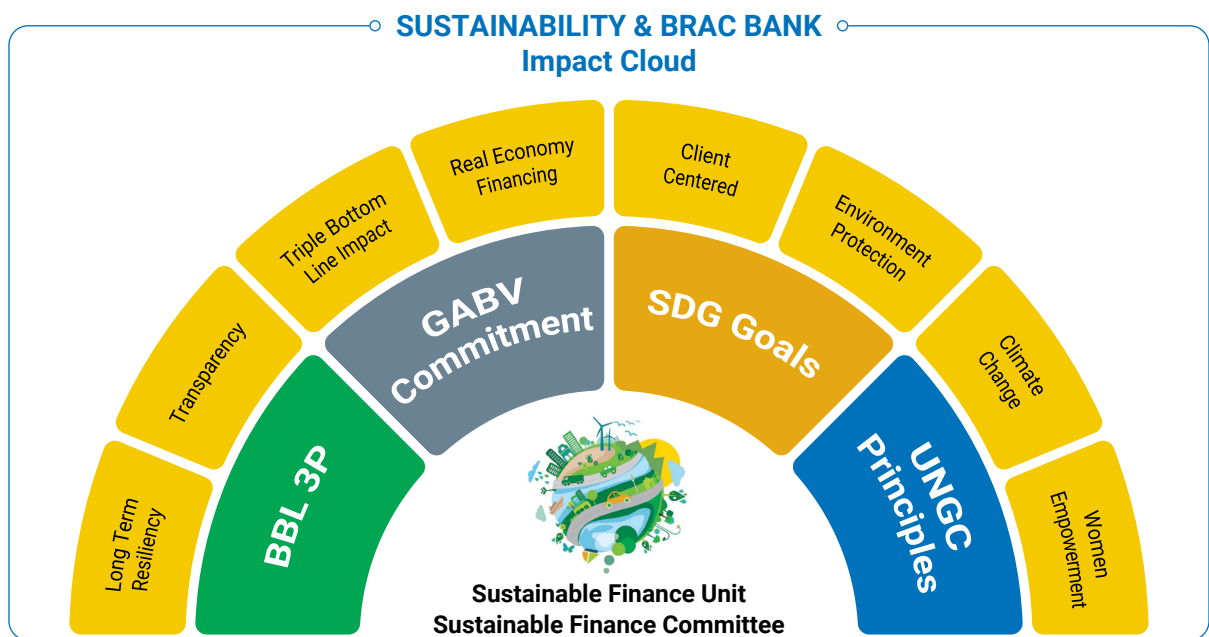
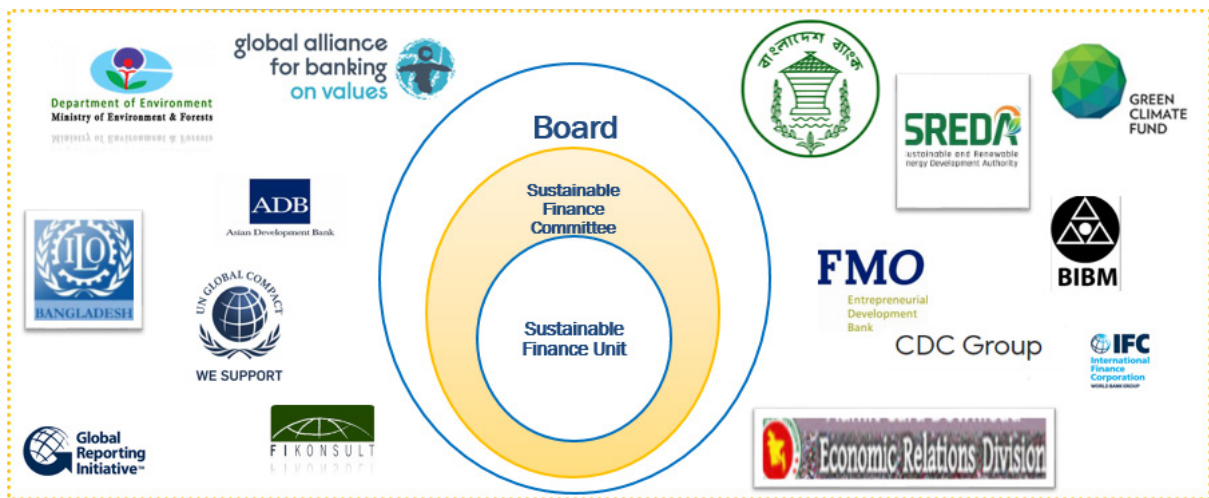
With a shared mission as part of the Global Alliance for Banking on Values (GABV) and the United Nations Global Compact (UNGC), BRAC Bank has embraced guidelines for environmental risk management and green banking under the indicative measures set by Bangladesh Bank. In doing so, it develops inclusive banking strategies to ensure sustainable economic development and promotion of environmental-friendly practices. With sustainable operations being a part of

the core strategy, BRAC Bank's sustainability activity integrates social, environmental and ethical standards, human rights and consumer concerns to promote the vision of shared growth amongst all stakeholders. By implementing the all-encompassing '3P' philosophy, BRAC Bank emphasises on the need to quantify value that transcends financial outcomes and is rather anchored on the positive impact created across the economic, social and environmental spectrum.

## Inclusive governance

In the pursuit of environmental and social initiatives and integration of these considerations into the bank's product design, strategic planning and policies, SFU is the heart of BRAC Bank's sustainability framework and is focused on extending its positive arch of influence across the country, covering various stakeholders. Adhering to the terms of reference laid out by Bangladesh Bank, the bank's SFC, constituted by the senior management, serves as the apex authority, holistically supervising the bank's sustainability activities under Board stewardship.

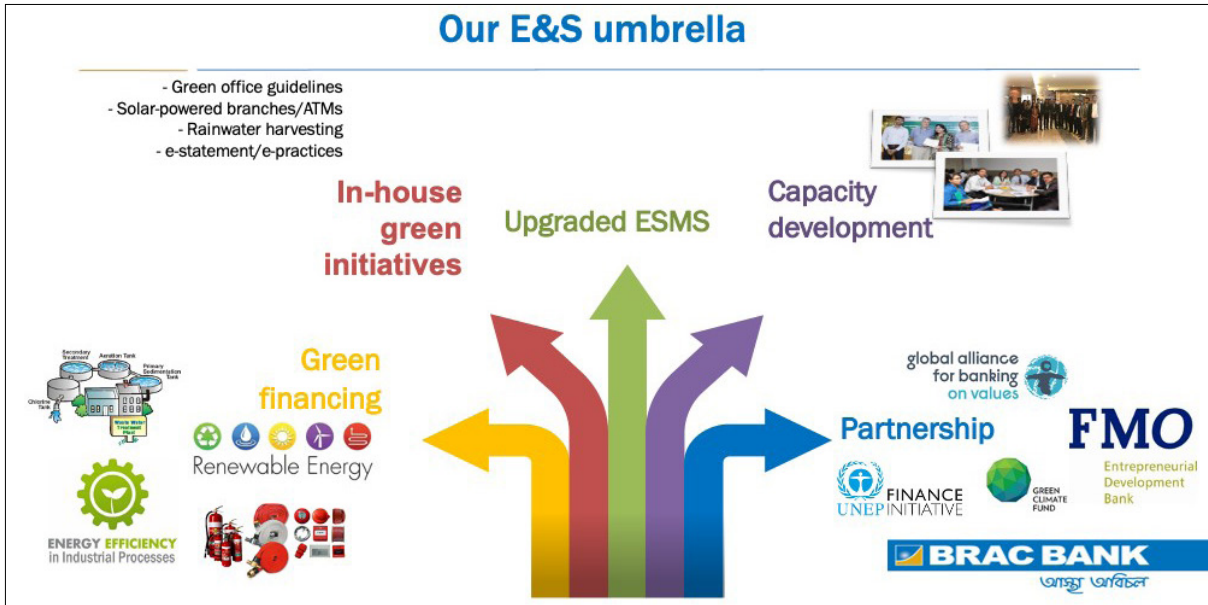




### Major activities of SFU

Fronted by the bank's vision and being committed to our 3P philosophy, we are focused on promoting responsible and sustainable banking across the real economy of Bangladesh. This is evidently manifest in BRAC Bank being one of the few financial institutions in the country to have adopted the guiding principles of

Bangladesh Bank's revolutionary guidelines on green banking, way back in September 2013. Committed to its purpose, the unit has been growing ever since its establishment and achieving sound diversification, in line with Bangladesh Bank's SFD Circular No. 02: Formation and Formulation of Terms of Reference of Sustainable Finance Division in Banks and Financial Institutions, dated December 12, 2016.

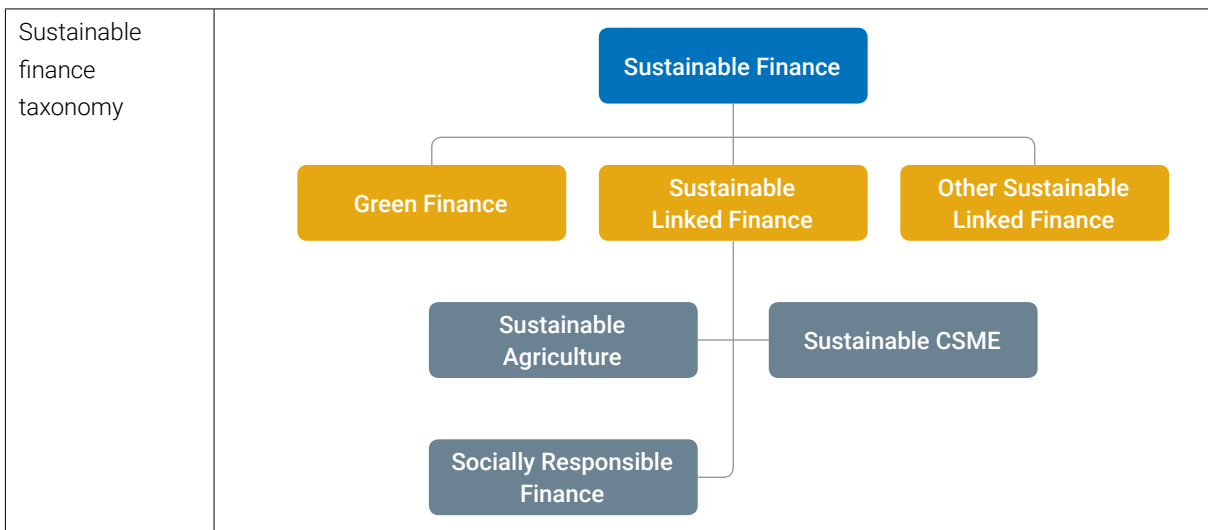


### Sustainable finance and contribution to the SDGs:


















BRAC Bank endorses the principles of sustainable banking, enshrined in its commitment to harness finance to deliver economic, social and environmental progress, and the year 2020 was no different, despite




the year being marred by the coronavirus pandemic. The bank provided finance under its unique Sustainable Finance product umbrella “Planet solution” to clients desirous of embracing environmental-friendly technological upgradations and digital transformation within their factories, thus contributing to the circle of positivity by actively addressing climate risks.

BRAC Bank is one of the biggest contributors of ‘sustainable taxonomy’, as per the new SFD Circular No. 05: Sustainable Finance Policy for Banks and Financial Institutions, dated December 30, 2020, by Bangladesh Bank. This demonstrates the fact that the bank actively contributes to realising the goals expressed in the SDGs.



## SDG mapping

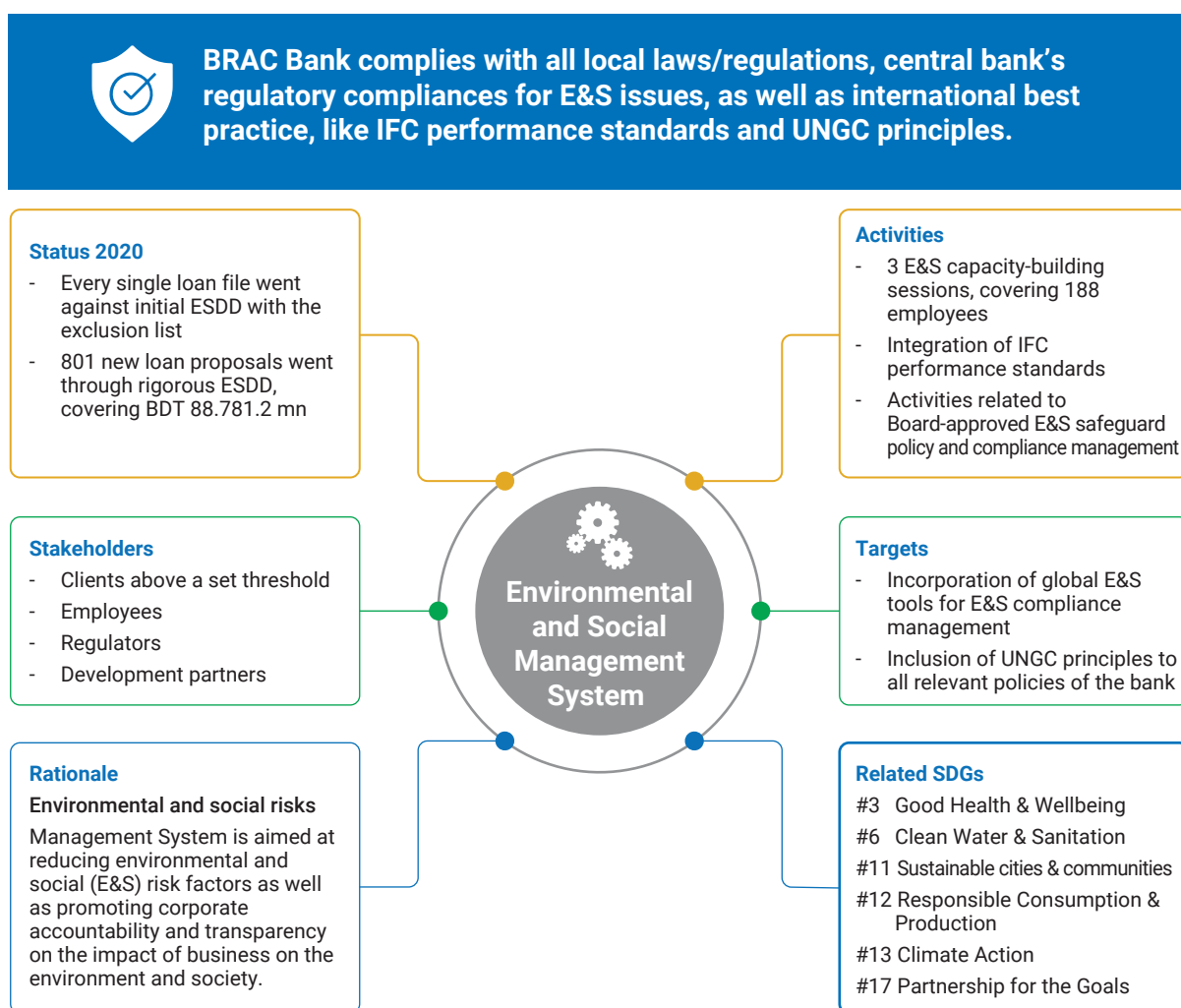
Disbursement segment	Disbursement (BDT mn)	Client segment	 mapping
Green finance and finance linked to sustainability	10,415.47	Leadership in Energy and Environmental Design (LEED)-certified green industry	<b>Directly:</b>    <b>Indirectly:</b> 
		Energy and resource efficiency	<b>Directly:</b>   <b>Indirectly:</b> 
		Waste management (ETP/WTP)	<b>Directly:</b>   <b>Indirectly:</b> 
		Renewable energy	 
Sustainable agriculture	4,800.71	<ul style="list-style-type: none"> <li>● Crops</li> <li>● Irrigation equipment</li> <li>● Agro-equipment</li> <li>● Livestock and poultry farming</li> <li>● Fishery</li> <li>● Grain storage and marketing</li> <li>● Poverty alleviation</li> </ul>	   

Disbursement segment	Disbursement (BDT mn)	Client segment	 mapping
Sustainable CSME	8,555.02	<ul style="list-style-type: none"> <li>Herbal cosmetics manufacturing</li> <li>100 per cent local ingredients-based milk processing</li> <li>Handicrafts, handloom and such</li> <li>Agro feed manufacturing</li> <li>Jute products manufacturing</li> <li>Unani/Ayurvedic/Homeopathic processing</li> <li>Rice processing</li> <li>Agro equipment manufacturing</li> <li>Production of bio-pesticide, organic fertiliser</li> <li>Bran wood projects</li> <li>Horticulture processing</li> </ul>	
Socially responsible finance (SRF)	27,713.00	<ul style="list-style-type: none"> <li>Financing/investment through MFI (MRA Regulated)/NGO (Govt. approved) linkage mode for capacity-building and employment generation, including self-employment</li> <li>Finance for trading of green and agro products using ICT/online/e-business platform (as recognised by Bangladesh Bank)</li> </ul>	
Key progress achieved, 2020	<ul style="list-style-type: none"> <li>Became one of the executing entities of a US\$ 150 million Green Climate Fund for the project: "Promoting private sector investment through large scale adoption of energy-saving technologies and equipment for garment sector of Bangladesh" by IDCOL</li> <li>Received US\$ 4.1 million Green Transformation Fund from Bangladesh Bank</li> <li>Mobilized BDT 50 million fund for waste management under Bangladesh Bank's "Refinancing Scheme for Green Products/Initiatives/Projects"</li> <li>Successfully concluded an ADB-funded sustainable project facility for upgradation and construction of factories compliant to international standards</li> </ul>		

## Environmental & Social Risk Management (ESMS)

BRAC Bank's Environmental & Social Safeguard Policy represents the bank's comprehensive E&S umbrella meeting regulatory requirements, stakeholder compliance and voluntary commitments in environmental and social best practices. These policy-centric guidelines are established by the Board and designed to meet the organisational requirements regarding Environmental & Social Management

System (ESMS) that ensure proper framework and in-house capacity to identify E&S risks associated with our clients and monitor risk mitigation plans in accordance with their respective risk grades. To enhance the capacity and supervision of E&S risks, the SFU team regularly participated in various capacity-building sessions, seminars and workshops, while also conducting in-house sessions for business RMs/ credit officers for enhancing capacity and knowhow while engaging with E&S issues.

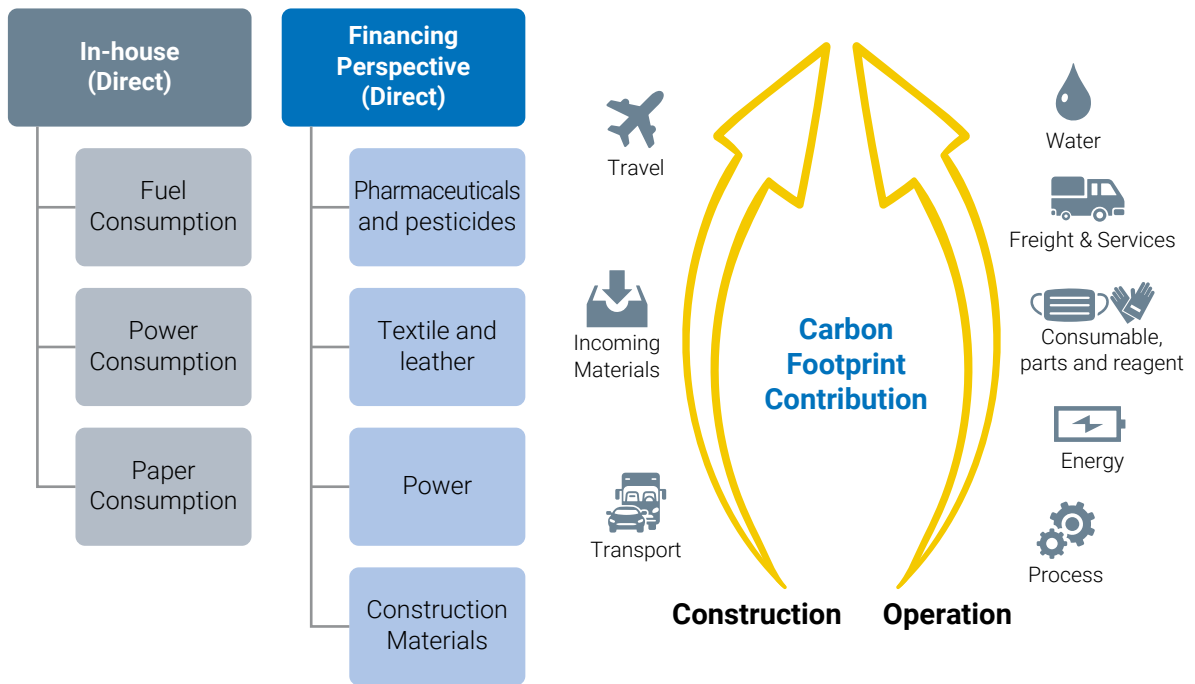


## Carbon footprint minimisation

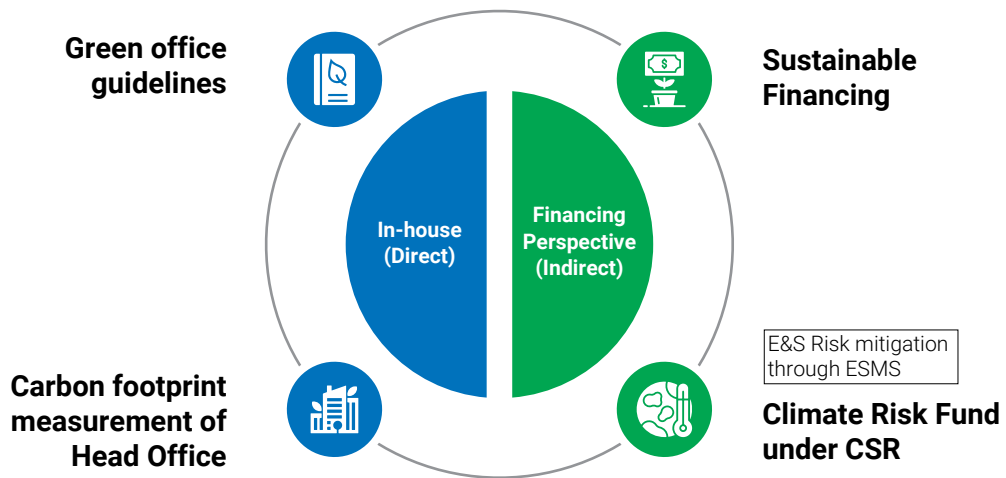
As a responsible bank rooted in sustainability, BRAC Bank recognises the impact of its activities on the planet. With this awareness, the bank is focused

on promoting sustainable financing and increasing efforts in adopting eco-responsible initiatives by exploring more green alternatives in parts of its organisational framework (as evidenced in the diagrams below).

## Key sources of bank's carbon emissions



## Our response to minimise our carbon footprint



## Key progress achieved, 2020

In one of the major initiatives of the year, BRAC Bank signed an agreement with Future Carbon Ltd, a leading environmental consultancy firm in Bangladesh, as part of the bank's sustainability strategy. Under this

agreement, Future Carbon will assist the bank to adopt an energy-efficient and carbon-neutral strategy for its in-house operations, thus advancing the organisation's vision of emerging as the most sustainable bank of Bangladesh.



▶ As part of the bank's sustainability strategy, BRAC Bank signed an agreement with Future Carbon Ltd, a leading environmental consultancy firm in Bangladesh.

Some of the other key initiatives comprised the following:

- Established Green Office Guidelines as part of our comprehensive Environmental & Social Safeguard Policy.
- Ensured lower use of paper, especially in marketing materials and in-house activities. During the year, we had BDT 441 per employee paper consumption, which we aim to reduce in the coming years.
- Encouraged use of mobile banking/internet banking. As of December 31, 2020, we had 226,826 internet banking users.
- Designed an email-based BEFTN/RTGS request execution mechanism to ensure less paper consumption
- Promoted use of renewable energy within the organisational framework, with 18 branches and 2 ATM booths powered by solar energy.
- Enhanced LED lights installation for optimising electricity consumption.

## BRAC BANK'S '3C' COMMITMENT

Following the Global Alliance for Banking on Values (GABV) Summit in Vancouver, Canada, in March 2019, financial leaders of GABV members, including BRAC Bank, have committed to concerted global efforts among banking institutions to track and monitor the carbon impact of their loan and investment portfolios for a period of three years, up to 2023.

The Climate Change Commitment, otherwise known as the '3C initiative', reflects the serious need to correct prevalent environmental recklessness and align with the Paris Agreement goals to keep global temperature increase in this century to well below 20 Celsius.

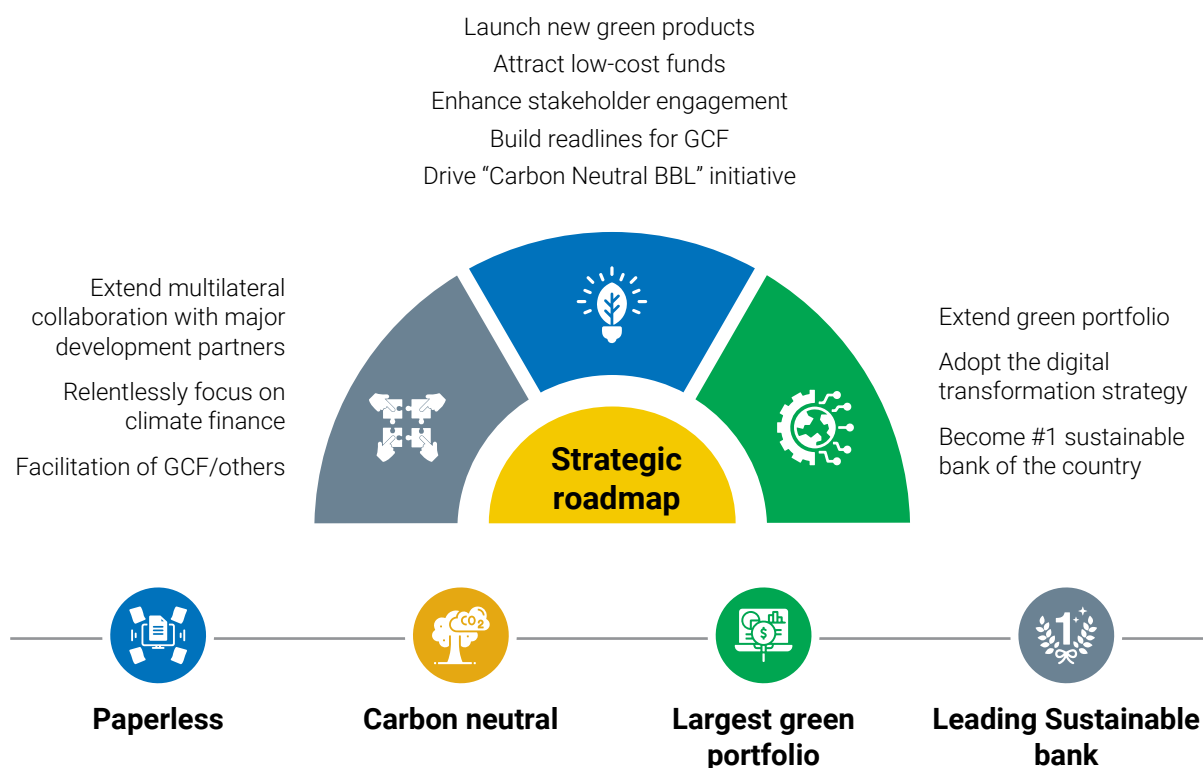
Towards this extent, BRAC Bank's SFU is working with PCAF (Partnership for Carbon Accounting Financials), an industry-led partnership to facilitate transparency and accountability of the financial industry to the Paris Agreement, to build the methodology to calculate the carbon footprint of the bank's entire loan portfolio with a view to make progress in attaining the 3C commitment within the stipulated time.

## Forward outlook

Climate change is real and so is the threat to the environment, as amply evident by the coronavirus pandemic. Being increasingly cognisant of the calamitous effects of climate change, relentless efforts are being made across the globe to measure and

mitigate climate change-related risks. To contribute to these global efforts, BRAC Bank has pledged to reduce its carbon emissions, particularly through responsible and sustainable finance. With a deep commitment to its sustainability vision, the bank aims to soon become fully paperless, while advancing towards becoming the leading sustainable bank of the country.

## Strategic roadmap





# CORPORATE CITIZENSHIP

## AT BRAC BANK



### Message from our leadership

#### **“DEEPENING OUR SOCIETAL IMPACT AND HELPING SOCIETIES MOVE FORWARD IN CHALLENGING TIMES.”**

At BRAC Bank, we work hard to help businesses of all sizes to thrive. In doing so, we are particularly conscious of the needs of SMEs and micro enterprises, which play a vital role in driving economic growth and employment creation. Through tailored products and services, we continuously work to meet these customers’ unique needs and foster strong and stable economies. This helps foster a deep-rooted social and societal impact as M/SMEs are those closest to creating the maximum ground impact.

A community bank at heart, our focus has always been to ensure individuals, families and households can access the financial services they need. Over the recent years, we have harnessed innovative new technologies to provide financial services which are increasingly digital, portable and available on-demand. As we expand and enhance our product and service offerings for individuals and households, we remain focused on acting with care and delivering the best possible customer experience for those we serve. This helps nurture a positive financial-driven impact across the masses with a key multiplier impact. Further, as a member of the Global Alliance for Banking on Values (GABV), the only from Bangladesh to be a part of a cohort of banks focused on values-based banking, we ensure value creation through responsible and sustainable finance.

During the year 2020, while responding to the pressing challenges of the COVID-19 pandemic, we also continued to focus on enhancing our offerings for individuals and households, achieving several notable highlights during the year. Among these was the enhancement of customer experience through the launch of our Aastha app, which focuses on human touch and customer-centricity to enable greater personalisation and end-to-end solutions for our customers. This is also a part of our citizenship agenda as we enabled our customers to access the bank and banking at their fingertips.

While these are some of the unique and unusual ways in which we create a deep socio-economic impact, we also contribute to meeting the goals of the SDGs and hence impact society through a number of conventional programs, initiatives and platforms that comprise a part of this comprehensive overview of our sustainability strategy and initiatives.

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

## Overview

The interconnectedness between a healthy natural world and a prosperous society was thrown into sharp focus in 2020 by the novel coronavirus (COVID-19) pandemic. Thus, by protecting nature and improving health and livelihoods, we believe we will have a positive impact on the planet, on people and, ultimately, on our own business.

Tackling climate change, public health and social inequality have long been at the heart of BRAC Bank's sustainability and citizenship agenda. That's the reason why we have set ambitious new targets for improving the health of our planet and contributing to a fairer and more socially-inclusive world through responsible finance. And we're encouraging others such as our business partners and customers to take bold and undaunted steps, since only through working together can we make sustainable living more commonplace. As a bank we believe we owe a green, clean and thriving natural environment to our future generations.

At BRAC Bank, corporate social responsibility (CSR) and citizenship is embedded deep in our value system. Our focus on people and planet go hand-in-hand in our pursuit of a commercial profit. Late Sir Fazle Hasan Abed, KCMG, founded the bank with a vision of financial inclusion; of bringing the unbanked grassroots, especially the SMEs, into the formal folds of banking to transform lives and livelihoods. Through his vision and focus he pioneered the establishment of a commercial institution with a social inclusion agenda, and thus BRAC Bank today remains as a deeply public-facing bank that embodies and advances the socio-commercial aspirations of the people of the country.

BRAC Bank's underlying citizenship focus is aligned with the '3Ps' (People, Planet, Prosperity) philosophy, which is enshrined in the vision articulated by our late founder Chairman and instilled in everyone across the organisation. Thus, our commitment to sustainability and ownership of the social transformation manifesto is premised in the knowledge that economically, environmentally and socially responsible business

practices are imperative to the long-term well-being of our stakeholders and our business. In line with our deep focus on embracing a humanistic approach in banking, our efforts to instil sustainability into our business are guided by the needs of those we serve, including our customers, our environment, our workforce and our community.

Our CSR strategy thus reflects our broader purpose of sustainable development of our society and our stakeholders, which means having policies and procedures in place that integrate social, environmental, ethical, human rights and even consumer concerns woven into the fabric of our business operations and core strategy, all in well-knit collaboration with our stakeholders. Committed to embracing the best practices in institutional citizenship, we also abide by the Bangladesh Bank guidelines to allocate our CSR investments into areas where we can have a deeper, more meaningful and longer-lasting impact, including health, education and climate change, etc.

At the bank, our overall aim under CSR is to achieve a positive and enduring impact on society as a whole, while maximising shared value creation for stakeholders associated both directly and indirectly with the bank. We thus prioritise a long-term focus with medium-term pursuits, looking at fostering a sustainable impact on the people and society.

## Our CSR strategy and key focus areas

BRAC Bank commenced its journey in the year 2001 with the vision of providing impact-driven financial solutions to the unbanked SMEs or small and medium enterprise businesses that dotted the landscape of the country. Though individually they were small, collectively they represented a mighty force and a key engine of economic growth. Thus, through offering responsible banking solutions to this segment of the economy, we not only pioneered SME finance in the country, which was traditionally considered to be risk-prone and hence non-creditworthy, we also ensured that we create a large indirect impact on the grassroots. We hence believe that we responsibly and actively contribute to local area development.



We embrace the principles of:



At BRAC Bank, our role in ensuring financial stability is key to realising our potential of nurturing a robust developmental impact that is anti-poverty, anti-deprivation and anti-socio-environmental degradation. This position of strength sets a strong platform for our bank to address some of the major challenges we face

in a developing country like Bangladesh. Yet, we are proud to have contributed to Bangladesh transforming some of its key social metrics on the global ranking table, thus positioning the country well in its aspiration of a middle-income country.

<b>Sustainable Development Goals (SDGs)</b>	<b>Social and financial inclusion</b>	<ul style="list-style-type: none"> <li>● Capacity augmentation and skills development to close the livelihood gap by as much as possible</li> <li>● Inclusion into the folds of formal institutional finance</li> <li>● Indirect employment creation, especially at the grassroots, through responsible credit disbursal and informal business advisory</li> <li>● Financial support and capacity building of CMSMEs</li> <li>● Investing in community health care and education for developing sustainable societies anchored on strong foundations</li> <li>● Finance mobilisation for clean and sustainable businesses, in addition to measuring our own carbon footprint</li> <li>● Saving natural resources like paper, water and energy and limiting the use of plastic</li> <li>● Ensuring sustainable contribution in the Climate Risk Fund</li> </ul>
	<b>Creating shared value</b>	

At BRAC Bank, we take pride in providing banking services to create a positive and deep-rooted economic, social and environmental impact. Further, as a values-based bank, we believe in the holistic '3P' philosophy, expressed in our aspiration to measure value on a holistic level, transcending financial outcomes alone. As a venerable banking institution, we are aware of the responsibilities we owe to the society and, in this regard, we measure ourselves and our impact with a

global standard – the SDGs. Hence, alignment of our socio-commercial impact with SDGs represents our core purpose of making a difference in the lives of people, communities and societies.

### Our approach to sustainability

Inspired by our late Founder Sir Abed, our sustainability approach is posited on our commitment to our home

country, Bangladesh. Being a part of a country of 166-mn+ people with so much to do in the sphere of socio-commercial and socio-economic development, BRAC Bank is rooted in its legacy of creating shared value, benefitting our clients, our people and all our stakeholders.

As a multi-stakeholder business model, we foster a net positive impact by being a responsible financial partner of choice to our stakeholders. We thus combine our core attributes of the qualities that define us. Intending to be more responsive to our stakeholders' expectations, we have also developed a strong framework for continuous stakeholder engagement.

The primary objective of this framework is that it expresses our approach to sustainability and encourages us to embed the elements of holistic and inclusive growth in all that we do, thus achieving progress on a daily basis. Further, as part of our holistic process of determining our priorities, we are working to establish a strategy that will guide the next steps of our sustainability journey with clear roadmaps, targets and key performance indicators. In recognition of the fact that the bank's financial success relies on a strategy that creates positive outcomes not just for the business but for society and the environment, a key foundation of our strategy development process is thus stakeholder engagement.

### Qualities that define who we are

- Serving our customers in the true spirit of meeting their requirements**
- Developing our human resources**
- Nurturing a collaborative workplace environment**
- Respecting meritocracy and diversity**
- Being responsive and proactive**
- Valuing our commitment to ethics at all times**
- Delivering consistent shareholder value**

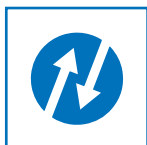
### Doing business the right way

At BRAC Bank, our ethics, values and code of conduct are aligned with globally-recognised anti-corruption and anti-fraud principles and benchmark corporate governance practices. These support us in our quest to doing business purposefully and in the right way and also helps us to build holistic stakeholder trust.

Particularly, our employee training and engagement programmes place rigorous emphasis on assessing how they interact and engage with our clients and customers. This is in line with our ethics and values, which ultimately influences how our employees are assessed with respect to the key performance indicators (KPIs) and eventually rewarded.

## Focusing on being a humanistic financial services provider

By putting people at the front and centre of all that we do and by acting consistently in accordance with our values and ethics, we will continue to build a sustainable future for generations to come. Our key pillars in this endeavour comprise the following:



### Fostering responsible transition

- Developing sustainability-focused products and services
- Supporting the transition to a low carbon economy
- Ensuring systemic risk mitigation and control
- ESG integration in our credit decision-making process
- Engaging our people in sustainability
- Adopting ethical and upright conduct at all times



### Enabling our communities with a blueprint for the future

- Empowering communities via a holistic focus
- Financial inclusion
- Ensuring climate Resilience
- Nurturing transparency and trust
- Assuring diversity, equity and inclusion



### Ensuring that our own foundations are strong

- Governance and compliance
- Customer privacy
- Responsible supply chain management
- Saving precious natural resources like water, paper, etc.
- Minimising the environmental impact of our operations

## Nurturing shared value

Corporate responsibility and citizenship comprise an integral part of BRAC Bank's core values and culture. As an institution that has embraced a holistic approach to sustainability, we have embraced the '3P' concept of 'People, Planet, Profit' in realising our CSR aspirations and goals. Thus, we have prioritised long-term initiatives that unleash a sustainable and enduring impact. To ensure widespread participation and to raise awareness, our social activities seek employee contribution to support expanding the bank's arch of social influence.

Further, guided by Bangladesh Bank, we have adopted effective steps to foster green banking in Bangladesh through issuing guidelines and also through espousing the essence of environmental and social risk management (ESRM). Moreover, as part of




our commitment to the environment, we refrain from financing projects that are considered harmful to the environment in particular and the society in general, including tobacco cultivation or manufacture, textiles and garments production facilities without waste management infrastructure and ship-breaking, etc. On the other hand, leveraging our extensive experience, we also consult our clients on equipment/plant modernisation to ensure lower pollution and greater environmental preservation.

At the bank, with our purpose of reducing our own carbon footprint, we also actively promote paperless and digital banking through digital communications and other alternative banking channels. We also discourage the use of plastic within our premises and encourage the use of renewable energy and sustainable electrification.

## Contributing to the UN SDGs and UN Global Compact



## Contributing to the UN SDGs and UN Global Compact

	SDG indicators	UN Global Compact principles	BRAC Bank's alignment
	<b>3: Good health and well-being</b>	8: Elimination of forced / compulsory labour 6: Elimination of discrimination with respect to employment	<ul style="list-style-type: none"> <li>* Respect for human rights at all times</li> <li>* Fair and meritocratic workplace environment</li> <li>* Conscious promotion of inclusion and diversity</li> </ul>
	<b>4. Quality education</b>	3: Upholding freedom of association	<ul style="list-style-type: none"> <li>* Time-tested belief that education can bring forth life transformation</li> <li>* Initiatives in education, especially among the underprivileged communities</li> <li>* Prioritised emphasis on education of the girl child</li> </ul>
	<b>5: Gender equality</b>	6: Elimination of discrimination with respect to employment	<ul style="list-style-type: none"> <li>* Promotion of workplace inclusion and taking a no leniency stance on any infringements</li> <li>* Exclusive women-centric activities and gender sensitisation initiatives</li> <li>* Internal TARA (Women) forum/platform for enabling open discussions</li> </ul>

	SDG indicators	UN Global Compact principles	BRAC Bank's alignment
	<b>6: Clean water and sanitation</b>	<p>8: Initiatives to promote greater environmental responsibility</p> <p>9: Adherence to environmentally-friendly practices</p>	<ul style="list-style-type: none"> <li>* Dedicated sustainable finance desk at selective branches</li> <li>* Measuring carbon footprint</li> </ul>
	<b>7: Affordable and clean energy</b>	<p>8: Initiatives to promote greater environmental responsibility</p> <p>9: Fostering environment-friendly practices</p>	<ul style="list-style-type: none"> <li>* Responding to climate change via sustainable finance for renewable energy projects</li> <li>* Dedicated sustainable finance desk at selective branches</li> <li>* Focusing on promoting digital banking</li> </ul>
	<b>8. Decent work and economic growth</b>	<p>3: Upholding freedom of association</p> <p>10: Working against corruption</p>	<ul style="list-style-type: none"> <li>* Open, transparent and meritocratic work culture</li> <li>* Stringent code of conduct, anti-bribery policies</li> <li>* Increasing workplace flexibility, especially driven by the pandemic</li> </ul>
	<b>12. Responsible consumption and production</b>	<p>7: Support to prevent environmental degradation</p> <p>9: Promotion of greater environmental responsibility</p>	<ul style="list-style-type: none"> <li>* e-communication against paper-based correspondence</li> <li>* Digital banking that helps minimise use of paper</li> <li>* Concerted efforts in reduction of plastic use</li> <li>* Awareness creation around judicious electricity, paper and water use</li> </ul>
	<b>13. Climate action</b>	<p>7: Support to prevent environmental degradation</p> <p>8: Greater environmental responsibility</p>	<ul style="list-style-type: none"> <li>* Prioritised lending to businesses associated with clean and green energy</li> <li>* Credit preference to businesses establishing environmental protection assets</li> </ul>
	<b>17. Partnerships for the goals</b>	<p>3: Upholding freedom of association</p>	<ul style="list-style-type: none"> <li>* Cooperative partnerships-driven approach to social responsibility programmes to ensure higher and more sustainable impact</li> <li>* Strength of partnerships yields sustainable and sustained social value</li> </ul>

## BRAC Bank's CSR activities

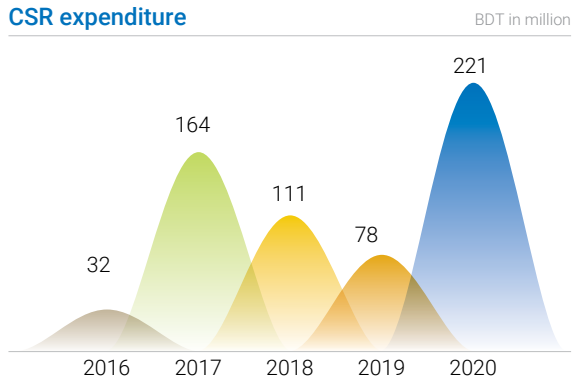
BRAC Bank is committed to achieving accelerated economic growth in Bangladesh, especially after the coronavirus pandemic has upended lives and livelihoods on a mass scale. We believe banking remains key to stimulate economic activity, job creation and small business empowerment, while also helping raise the standards of living amongst marginalised communities. Indeed, the bank has played a pivotal role in serving the developmental agenda of the country, more so in the post-COVID era.

At the bank, our CSR investment approach is linked to our aspiration of developing high-impact social programs that together support people and the society, as well as the planet. As one of the largest financial institutions of Bangladesh, we deploy our resources to make a difference to the communities in which we operate, both through our institutional capabilities as well as by encouraging our employees to volunteer their time, skills, ideas and efforts across our social service activities. Importantly, our social investments prioritise long-term projects that have alignment with the SDGs and also guidelines from our central bank.

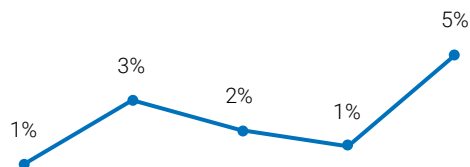
Our core CSR impact areas comprise healthcare, education and climate change.

## Our CSR expenditure:

### CSR expenditure



### CSR expenditure as % of PAT



\* CSR expenses in 2020 increased due to our increased contributions in different initiatives, especially in response to combatting the coronavirus pandemic.

## CSR expense composition in 2020:

The year 2020 was an extraordinary one for BRAC Bank. It marked the birth centenary of the father of our nation, Bangabandhu Sheikh Mujibur Rahman. BRAC Bank contributed BDT 50 million in January 2020 to Bangabandhu Welfare Trust, as part of observance of the birth centenary of Bangabandhu.

The year 2020 was also the year of the novel coronavirus. After the outbreak of the pandemic in

Bangladesh, Bangladesh Bank, on March 22, 2020, issued an instruction that a bank must spend 60 per cent of its total CSR fund on the health sector with a focus on Covid-19. From the rest of the fund, 30 per cent can be spent on education and 10 per cent on climate change through a climate risk fund.

Our CSR expenditure in 2020 was thus aligned with this directive and allocated in the following areas:



Healthcare



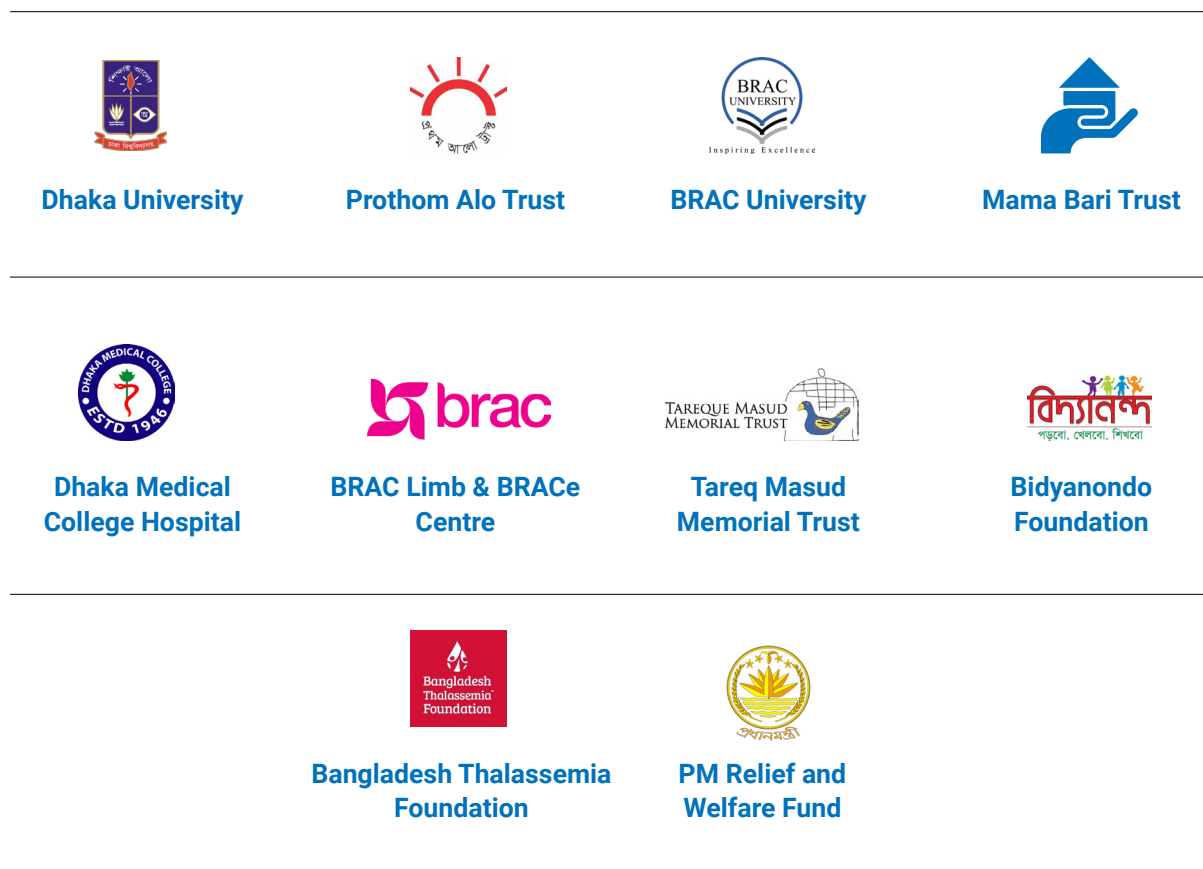
Education



Climate action



As part of SGD#17: Partnerships for the Goals, with a view to maximise our CSR impact, we have forged partnerships with a number of other institutions. Our CSR partners comprise the following:



### Focused on addressing pressing health care needs



#### Combating against COVID-19:

Considering the coronavirus pandemic, our focus in 2020 changed and was concentrated mainly on health care and societal contributions to enact measures to combat the outbreak as well as mitigate the impact on vulnerable households. Even before the first identified COVID-19 patient in Bangladesh, BRAC Bank was prepared with its business continuity plan (BCP) to ensure operational sustenance following health and safety global best practices.

BRAC Bank made a contribution of BDT 50 million to the Prime Minister's Relief and Welfare fund to help overcome the adverse effects of the pandemic.

We started communicating with our customers and employees on ways to prevent the spread of the coronavirus as soon as the government declared a general holiday to contain the spread. We also took sufficient safety measures for both customers and employees in the limited number of operational branches out of our total of 187 branches. Further, we monitored customer footfall at our branches

every day and ensured that we follow the directives and guidelines of Bangladesh Bank. We also ensured enough cash in all our ATMs across the country and encouraged customers to avoid visiting branches and use our alternate banking channels instead. This trend also gave rise in digital transactions conducted across our network, thus representing a strong impetus to digital banking.

Around 60 per cent of our employees worked from home or as per roster during the pandemic. We regularly communicated with them on the 'dos' and 'don'ts' developed and guided by BRAC to prevent rumours, ignorance and misconceptions that would derail the fight against coronavirus.

Our employees also joined the fight against COVID-19, as they made a financial contribution to help the underprivileged cope against the ill-effects of the virus. Our employees donated BDT 17.3 million from their salary of April 2020 to BRAC's "COVID-19: Emergency food assistance" fund that provided food assistance to daily-wage earners and poor households across the country.

We also collaborated with Bidyanondo Foundation, a non-profit social welfare organisation, for providing food to the community that was affected worst by COVID-19. We contributed BDT 5 million to the foundation that provided food to around 10,500 families in remote locations across the country. A family of five got food supply for at least 10 days through this initiative. To engage our customers in a noble and charitable cause, we announced to add 10 per cent (a maximum of Taka 1,000) for every donation made by our credit cardholders to Bidyanondo Foundation using BRAC Bank credit card.

We also contributed 6,000 sets of CE-certified personal protective equipment (PPEs) to Bangabandhu Sheikh Mujib Medical University. The sets include medical safety gear, including N95 masks, goggles, shoe covers (sets), hand gloves and head shields, imported from China, with the assistance of MBM Group. PPE was used in the intensive care unit (ICU) of BSMMU to treat coronavirus patients.

We also distributed 6,000 pieces of N95 masks to Dhaka Medical College Hospital, around 1,000 pieces of imported face shields to the Dhaka Metropolitan Police, and safety equipment including reusable PPEs, masks, hand sanitisers and disinfected spray machines to Rangpur City Corporation.

Further, we provided a specialised freezing van to Anjuman Mufidul Islam, a voluntary non-profit organisation, for enabling the safe handling of bodies of the deceased with suspected or confirmed coronavirus and also 200 sets of PPEs for staff who were engaged in the burial process.

These were part of the bank's efforts to protect the country's brave frontline health workers and responders fighting the COVID-19 pandemic at the initial stage of the outbreak when there was insufficient availability of protective gear.

Beyond COVID, BRAC Bank also contributed 1,045 blankets to Muktijoddha Sangsad in Fulbari, Dinajpur, and Jamia Madania Sunni Dakhil Madrassa in Brahmanbaria.

Our women banking solution, TARA, introduced a special campaign on digital healthcare for its TARA customers. Under the campaign, a TARA customer could avail of the TARA digital healthcare package free of cost for 12 months upon opening a TARA Flexi DPS.

### **Helping people to walk again: BRAC Limb and Brace Centre**

BRAC Bank extends strong support to BRAC Limb and Brace Centre (BLBC) for enabling the organisation to provide artificial limbs to the underprivileged, free of charge.

BRAC launched BLBC in the year 2000 to support the physically-disabled with rehabilitative aid and restorative assistance and other supportive services. Since then, BLBC has been serving the disabled by providing artificial limbs and braces and also by offering recuperative physiotherapy services to accident victims who have lost their limbs and are unable to walk without the support of crutches.

Since inception, BLBC has been extending support to the poor with subsidised rates and, in some cases, by also offering free services. In addition, BLBC has also established a fund for the poor, through which around 10 per cent of patients are served every month.

In 2020, BRAC Bank contributed BDT 1 million that assisted BLBC to support 189 physically-challenged people with appropriate appliances and training.

### Extending support to winter-stricken people

BRAC Bank contributed 50,000 pieces of blankets to the Prime Minister's Relief and Welfare Fund in 2020 for the underprivileged across the country for ensuring good health during winter. Along with other private commercial banks, BRAC Bank is committed to contributing blankets to the relief fund and handed over a token blanket at a digital event held at the Prime Minister's office in Dhaka. Prime Minister Sheikh Hasina joined the programme through videoconferencing from her official residence.

### Fundraiser marathon for humanity

Every year, BRAC Bank organises a fundraiser marathon for humanity and to promote good health. Employees contribute in this fund, raising charity where the bank makes an equal contribution to double

the fund value. In 2020, the marathon, dubbed 'Dour', was organised in February before the country was hit by the novel coronavirus.

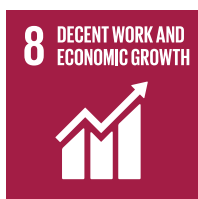
'Dour' began its journey in 2011 as BRAC Bank pioneered the idea of a fundraiser marathon, the first such in the country, inspiring all employees to voluntarily donate for the social cause, especially to promote the importance of good health and wellbeing.

It has also led to the development of running habits among corporate executives and young people who are conscious about their health. Initially planned only for BRAC Bank officials, Dour was open to all since 2019, a gesture to involve the community and serve the people together.

For Dour 2020, employees raised a fund of BDT 3.45 million and the bank doubled it to BDT 6.9 million by contributing an equal amount from its CSR Fund.

The entire fund was donated to charitable organisations working for social welfare. The organisations that received the funds were Sufia Khatun Foundation, Kidney Foundation Sylhet, Society for Welfare of Autistic Children, Kristi, Deepshikha School, Spreeha Bangladesh Foundation, Moyeen Foundation, Changing Diabetes in Children (CDIC) Programme of BIRDEM Hospital, and Child and Old Age Care.

## Giving back to the society through education



Education forms the foundation of a nation. BRAC Bank also prioritises education, aligned with its vision of literacy and education-driven awareness among the masses. The bank extends support to educational initiatives to realise the potential of students with exceptional intellect on a meritocratic basis. It has invested over 40 per cent of its CSR budget in education alone over the last few years.

### Unleashing student potential: BRAC Bank-Prothom Alo Trust Admaya Medhabi Scholarship

The BRAC Bank-Prothom Alo Trust Admaya Medhabi Scholarship was introduced in 2010 to assist meritorious students of financially-challenged families to fulfill their pursuit of higher education. Every year,

50 meritorious students from disadvantaged families who achieve GPA 5 at SSC-level are accepted into the programme. Changing lives of nearly 1,000 students over the past 10 years, a total of 212 students received

the scholarship in 2020. The scholarship is a showcase of BRAC Bank's long-term commitment to sustainable educational programmes that create a long-lasting impact on society.



### Case Study

## A bright sky for Falguni

Falguni Saha, a young woman from Golachipa, Patuakhali, suffered from hardship from an early age. She was electrocuted at the age of two and both her two hands had to be amputated. She could not play with her friends or study. But Falguni was not one to concede defeat.

She dreamt of extending a helping hand to others, even though she had none of her own. Her father Jagadish, a small-time grocer, could hardly make ends meet for his six-member family. Falguni's mother Bharati would make and sell sweetmeat packets.

Falguni began to study despite her physical disability and poverty. She passed the SSC exam in 2011 and HSC exam in 2013, both with a GPS-5 score.

Thereafter, she faced a wall as there seemed to be no hope of going ahead any further. But then she received the BRAC Bank-Prothom Alo Trust Adama Medhabi scholarship and thus resumed pursuing her dreams. She was admitted in the physically-disabled quota in the geography and environment department of Jahangirnagar University in the 2013-14 academic year. Then, in 2014, her father died. She was heartbroken yet did not give up. After graduating, she admitted a Master's course in the same subject and passed out in 2018. The next year she joined BRAC's Barishal head office as a human resources officer.

Falguni says, "The BRAC Bank-Prothom Alo Trust Adama Medhabi scholarship made my dreams come true. I am doing well now."

Indeed, she may not have hands of her own, but she now extends her a helping hand to others. Two of her sisters are married. Falguni now lives with her mother and other sisters in Barishal. She is helping in her sister's education at BM College. Her mother no longer has to make sweetmeat packets. Falguni has overcome all obstacles and only sees a bright future ahead!

This report appeared in the print and online edition of Prothom Alo and has been rewritten for the English edition by Ayesha Kabir

### Fulfilling higher education dreams of students: University of Dhaka scholarship

The University of Dhaka is the oldest and amongst the top-notch learning institutions in Bangladesh. As a public educational institution, the university provides affordable and accessible higher education to

students. Yet, several financially-challenged students find it difficult to pursue education at the university.

In 2020, BRAC Bank provided scholarships to 250 students to enable them to pursue higher studies at the university. Hailing from remote and often

underprivileged parts of the country, these students regard the scholarship as a tremendous enabler and even a lifeline for them to fulfil their aspirations in learning and, eventually, for a better life.

### **Enabling life transformation through higher education: BRAC University scholarship**

BRAC Bank provides financial support to meritorious students from financially-challenged circumstances to enable them to pursue higher education at BRAC University. Each year, 10 undergraduate students avail of this scholarship programme that covers the full spectrum of their requirements – from tuition fees to living expenses. The programme duration comprises a period of four years.

### **Engagement through social welfare**

#### **Financial contribution to Mama Bari Trust**

Mama Bari Trust, a social organisation based in Mirpur, Dhaka, provides educational support to the less fortunate children living in the slums of Dhaka city.

Started in 2009, the Trust today provides full educational support to 97 underprivileged children from various slums of the city. The trust takes care of their tuition fees, books, uniforms, food, etc. Many of the students have successfully passed JSC, SSC and HSC levels and even vocational examinations.

As a member of the United Nations Global Compact (UNGC), BRAC Bank is committed to the Sustainable Development Goals (SDGs). This financial assistance covers SDGs of Zero Hunger, Quality Education, Reduced Inequality, and Good Health And Wellbeing.

BRAC Bank provided financial assistance of BDT 1.2 million to support the underprivileged children of Mama Bari Trust in 2019-20.

### **Extending lifetime support to a freedom fighter's family**

Taramon Bibi fought courageously during Bangladesh's 1971 Liberation War and made a significant contribution to the country's fight for independence and against injustice. For her altruistic, selfless and

valiant efforts, she was accorded the prestigious 'Bir Protik' medal in recognition of her supreme bravery.

Despite such an illustrious background, Taramon Bibi lived a life of infamy, having to fight against poverty for her survival in her liberated homeland. In a remote village in Northern Bangladesh almost 350-km from Dhaka, she was gravely ill and required urgent financial support for treatment, which her family could not afford.

BRAC Bank came forward and offered to provide her with monthly support for the rest of her life. Sadly, the noble freedom fighter passed away on December 01, 2018. As per her request, BRAC Bank continued to provide monthly financial assistance to her husband, Abdul Mozid till his death in August 2020.

### **Creating public awareness on road safety**

BRAC Bank partnered with the Tareque Masud Memorial Trust to construct a prominent road safety awareness memorial near Teacher-Student Centre, known as TSC, at Dhaka University.

As a symbolic monument to commemorate the tragic demise of Tareque Masud and Mishuk Munier in a fatal car accident in August 2011, the memorial also preserves the memory of all victims of road accidents in Bangladesh.

The memorial, located in the heart of Dhaka University, catalyses public awareness, especially among students, about the importance of road safety, as Bangladesh's chaotic transportation network continues to remain a major hazard, also extracting an economic toll.

BRAC Bank supports Tareque Masud Memorial Trust with annual financial support to maintain the memorial.

### **Commitment to climate action**

Spearheaded by the bank's vision: People, Planet and Prosperity, promoting responsible and sustainable banking across the real economy of Bangladesh, BRAC Bank is one of the few banks to have adopted the guiding principles of Bangladesh Bank's pathbreaking guidelines on green banking, back in September 2013.

BRAC Bank prioritises the promotion of responsible and sustainable banking across Bangladesh's real economy. Indeed, the bank's value-based ethos and unique culture promotes sustainable banking at all levels, comprising both in-house as well as external activities of the bank. Central to this is our devoted Sustainable Finance Unit (SFU) under the supervision of a Sustainable Finance Committee (SFC), which works resolutely with multilateral stakeholders to make BRAC Bank a greener organisation. The bank invests 10 per cent of its CSR budget in a Climate Risk Fund to mitigate and adapt environment-friendly programmes.

In 2020, BRAC Bank joined the green action of 'Project Oxygen', a team of three voluntary development organisations engaged in tree plantation activities in the cyclone Amphan-affected coastal areas. Project

Oxygen was a crowd-funded project initiated by the BANDHU Foundation of Bangladesh, Give Bangladesh and Aamrai Bangladesh. Together, they planted 49,000 trees in 49 minutes in the Amphan-affected areas of Koyra Upazila in Khulna and also commemorated the 49<sup>th</sup> year of the country's independence.

Koyra Upazila lost about 40,000 trees due to cyclone Amphan in May 2020. The trees led to reforestation of that area, lending crucial support to the Sundarbans in withstanding future natural disasters. The project team planted locally-accepted species of trees across seven unions of Koyra Upazila. The list of trees included 20,500 Shirish, 16,500 Lombu, 2,000 Guava, 2,500 Wood Apple, 5,000 Sobeda (Sofeda), 2,000 Tamarind, 500 Krishnachura, 500 Bokul, 1,000 Amla (Amalaki) and 3,000 Tala Palm (Taal). BRAC Bank contributed 4,900 trees in this green cover expansion initiative.



BRAC Bank's commitment and passion to holistically embrace social initiatives go beyond the scope outlined in traditional CSR. As such, it fulfills its social responsibilities and obligations with enthusiasm, spontaneity and vibrancy.

BRAC Bank conducts its social responsibilities with discretion. It believes in sustainability and that its investment in social projects will bring positive results in the years to come. The bank also plays a meaningful role in contributing to the achievement of the UN SDGs in particular and the UN Global Compact principles in general.



As per Bangladesh Bank guidelines, BRAC Bank has launched a Corporate Social Responsibility (CSR) Desk to further expand, expedite and consolidate its social responsibility and citizenship activities. The desk helps the bank to focus on various CSR activities and to ensure transparency. Information about the bank's CSR programmes are published on our website and are accessible to the general public.

Anyone can send a CSR proposal to the BRAC Bank's CSR Desk. The desk can be contacted through email: [communication@bracbank.com](mailto:communication@bracbank.com)

# REPORT ON THE GOING CONCERN

## STATUS OF BRAC BANK

### Going concern concept

At BRAC Bank, our financial statements are prepared on a going concern basis, with our Board of Directors satisfied that we have the resources to continue in business for the foreseeable future (which has been taken as 12 months from the date of approval of the financial statements).

Simply, it is an assumption that the bank will stay in business and that the value of its assets will endure and not erode. In making this assessment, the Board has considered a wide range of information relating to present and future conditions, including the present state of the balance sheet, future projections of profitability, cash flows, capital resources, and the longer-term business strategy. The forecasts and projections demonstrate that we will be able to operate at sufficient levels of both liquidity and capital over the foreseeable future, including under a range of various test case scenarios. After making due enquiries, the Board is convinced that the bank has adequate resources to continue its activities over the foreseeable future, including meeting its expansion targets, and has sufficient capital to enable it to meet regulatory prudential requirements, as set out by the Prudential Regulation Authority.

BRAC Bank's management has reached the conclusion that the financial statements for the year ended 2020 have been prepared on a going concern basis and considered at a minimum the following:

### Robust governance standards and ethical conduct

“Governance is good for all our stakeholders as it enables sustainable long-term value creation”

The Board recognises that exemplary standards of corporate governance embraced throughout the organisation are essential to deliver BRAC Bank's strategic objectives, regulatory compliance standards and stakeholder value creation objectives.

Our Board continues to demonstrate its commitment to providing strong and effective oversight and governance. It remains instructive in helping strengthen the bank's governance structures, with the experience of our Board and Management Committee helping maintain the highest standards of corporate oversight and control to safeguard the interests of all our stakeholders. This helps the bank to fulfill its functions as a responsible corporate citizen. More details are provided in the Corporate Governance Report from page 314.

### Stable financial performance

We continued to deliver financial results maintaining consistency and sustainability over the years, which is evident in our financial statements (page 472) and performance analysis section (page 97). This was the primary basis of conclusion of our going concern status.

### Capital adequacy sustainment

The Board has established a comprehensive risk appetite, driving intrinsically stable capital and liquidity strength and supporting sustainable profitability. As per Bangladesh Bank guidelines regarding Basel-III implementation, banks are required to maintain a capital-to-risk weighted ratio (CRAR) of 12.5 per cent (including capital conservation buffer) of total risk weighted assets (RWA) of the bank.

During the year 2020, BRAC Bank, both on standalone as well as consolidated basis, maintained CRAR well above the minimum requirements of 12.5 per cent. Details are given in note no. 17.8 of the financial statements on page 553.

## Commitment to meeting our obligations

BRAC Bank possesses a demonstrated track-record in meeting its lender/depositor obligations, always honouring its credit commitments to lenders. Further, we have always maintained credible practices in our loans and other agreements and have never defaulted on these. All of this has contributed to us achieving a credit rating that is at a level higher than the industry. Details about our credit rating can be found on page 364.

## Consistent dividend pay-outs

BRAC Bank possesses the track-record of healthy and consistent dividend pay-outs to its shareholders over the last few years. Aligned with this legacy, we have declared a total dividend 15% (10% cash and 5% stock) for the year 2020, despite the year being deeply blighted by the coronavirus pandemic. The dividend declaration trend over the last 5 years can be found on page 175.

## Healthy and diversified business portfolio

At BRAC Bank, we have achieved consistent growth in our business portfolio, and have also remained focused on maintaining portfolio diversity and strength, represented by our three mainstream business divisions – SME, Retail and Corporate. Our overall growth and portfolio mix can be found on directors report section on page 98.

## Our people resources and culture

Our people are at the heart of our enterprise. Their talent, commitment, creativity and dedication to meet customer requirements is unparalleled and contributes substantially to our success, while also enabling us to deliver an innovative market-leading experience to our customers. In 2020, the bank recruited highly talented employees and provided 204,805 person-hours of training during the year, notwithstanding the pandemic that largely moved training to the online virtual format.

## Our values and behaviours

- Encouraging everybody
- Engaging in active collaboration and listening

- Looking after and respecting each other
- Driving innovation wherever we create value for our customers and our business
- Demonstrating integrity in all our systems and decisions by being transparent, honest and fair
- Being accountable to our stakeholders for delivering these values

Details of our human capital can be explored from page 273 onwards in this report.

## Risk governance

At BRAC Bank, effective risk management is of tactical importance. A robust approach to risk control enables the bank to identify, assess and manage principal risks, whilst also enabling maximisation of potential upside of our business strategies. Our Board is ultimately responsible for setting and stewarding our risk strategy and framework, and for ensuring effective risk governance the Board entrusts this responsibility through various committees within the bank. The Board promotes a strong risk culture and expects every employee to adhere to these high standards to enable us to eventually achieve our vision of being the best bank in Bangladesh.

Details of our risk management practices can be found from page 314 onwards in this report.

## Our technological investments

Digital transformation has been instrumental in driving financial inclusion across Bangladesh. It has emerged as the most vital tool for banks and financial institutions, as it helps to bring banking to the doorstep of customers, thereby enabling unparalleled levels of efficiency and also a deep competitive advantage.

With the coronavirus pandemic pulling digital adoption forward by many years, BRAC Bank has remained on a strong footing in this regard. The bank has improved its operational model and digital platforms via consistent technological investments.

As a business with a long-term forward outlook, BRAC Bank has always focused on improving its core banking



software (Finacle), enterprise resources planning (ERP) system (Oracle E-Business Suite) and also its Universal Banking Application (UBA). Thus, with digital banking gaining credence across the country, BRAC Bank is also aligned to meet the four key elements of the government's vision for 'Digital Bangladesh', which include the following:

- Human resource development
- People engagement and involvement
- Service to civil society
- Use of technology in business

Since deployment of technology in business is one of the key elements of achieving the 'Digital Bangladesh' vision, our Board has made substantive investments in technology, in line with the Government's vision. This focus positions us well for the future.

In Bangladesh, around 47 per cent of the population is financially-included, which means that only this population set has access to any kind of useful and affordable financial products and services that enable them to meet their needs across transactions, payments, savings, credit and insurance, etc.. To bring the rest of the people – or 53 per cent of the population – under the umbrella of financial services, digitalisation in banking is crucial as it can play a vital role in achieving the vision of financial inclusion,

employment generation and homogenous growth and development.

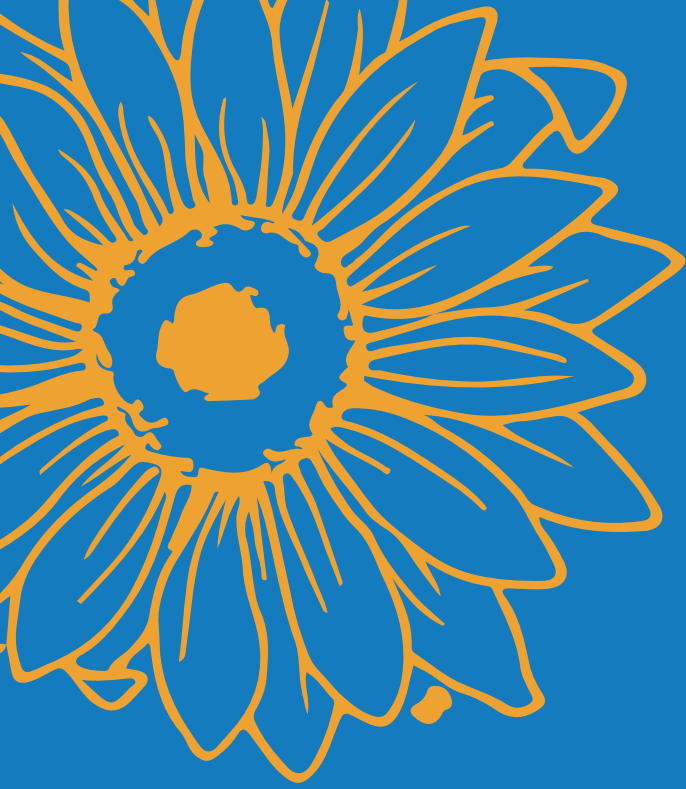
### Changes in government policy

BRAC Bank's management anticipates no significant changes in legislation or government policy, which may materially or adversely impact the overall industry in general and the bank in particular.

### Forward outlook

The year 2021 will continue to be challenging for the banking and payments industries. The social, economic and regulatory landscape will continue to remain dynamic, and the actual impact of interest rate (both on deposits and loans) will only add to the underlying uncertainty. Further, the country is also on the throes of the second wave of the coronavirus pandemic and hence vaccination will need to pick up pace to neutralise the impact of targeted lockdowns and shutdowns and ensure that economic recovery continues unhampered.

As a bank focused on leading the change, BRAC Bank's pioneering positioning, together with our next-generation systems and processes along with a deep and wide product portfolio, makes us confident that BRAC Bank will remain as an essential public institution and a national asset in 2021 and beyond.



# RISK MANAGEMENT



# MESSAGE FROM THE DESK OF OUR CHIEF RISK OFFICER



“

BRAC Bank operates within a federated risk governance model. In terms of this time-tested organisational structure, the bank's Board sets stringent principles that need to be applied throughout the bank and the extended Group, including adopting the ERM policies and frameworks. The individual business units and subsidiary companies take responsibility for all operational and risk-related matters on an operational level, yet within the limits set under the risk appetite, policies and frameworks. Through this cohesive model we are able to assure inclusive risk governance of the highest standards.

– **Ahmed Rashid Joy**  
Head of CRM and Acting CRO

## Dear shareholders,

I take pleasure in providing an update on risk governance and control at BRAC Bank through the pages of this annual report 2020.

### Overview of the strategic risk practice at BRAC Bank

At BRAC Bank, we view risk strategically as transversal, cutting across various divisions, projects and practices throughout the organisation. Thus, we have a target operating model that covers the governance, procedures and necessary tools for both ensuring and assuring robust risk monitoring and control. We constantly monitor changes in the landscape, including competition, regulation, market conditions, etc., and within our own entity and Group to determine if it is necessary to revise strategy and if mitigating factors and/or remediation plans and controls are in place. The strategic risk function encompasses key areas from the first and second line of defence to ensure potential measures are ready to be implemented rapidly at a short notice.

In 2020, the strategy mainly focused on the COVID-19 pandemic and the uncertain economic outlook. Although our strategy remains valid in the long-term, the current backdrop may delay our achievement of some strategic targets, which were withheld during 2020 but will now gather accelerated pace as the economic normalisation process starts to kick-off. The crisis enforced by the pandemic has primarily triggered pressure on our NPLs and profitability, and we are constantly engaged in comprehensive impact assessment to minimise any current and potential threats.

Supported by specialised functions within the bank's risk function, we also focused on identifying potential threats and changes in the environment that might jeopardise our strategic objectives. The 2020 challenge focused on economic outlook uncertainty, since the intensity and duration of the COVID-19 crisis remains unknown, especially since many European countries are witnessing the second wave of the virus. Further, Brexit remains an uncertain event as a number of loose ends need to be addressed despite Britain officially departing from the European Union (EU) grouping. With Europe and the UK being major trading partners of Bangladesh, such uncertainty may continue to have

an impact on trade and exports, especially of RMG products. In addition to keeping a surveillance on such credit risk formations, we also heightened vigilance on technology and digital-related risks, for instance data security and privacy, as the bank accelerated its journey in the digital realm.

Moreover, under stressed assumptions, we identified, assessed, monitored and managed risks that will have a significant impact on our results, liquidity or capital requirements, especially regulatory capital. I must mention that COVID-19 has been a catalyst for previously identified threats, such as cyber-attacks and macro and geopolitical threats, and how we could ringfence the interests of the bank in risk-prone scenarios. Further, we also embraced a more holistic view on climate change-related risk, beyond the regulatory scope, as we feel the pandemic will reinforce policymakers and civil society to turn the spotlight more strongly on climate and environment-related matters.

### Bangladesh's economic landscape in 2020: Deterred by COVID-19 but undaunted of the future

Bangladesh's economy remained robust and resilient, upholding its strong momentum till 2019 and continuing on the path of one of the fastest-growing markets of the world in terms of gross domestic product (GDP) growth.

However, due to the onset of COVID-19 and the ensuing socio-economic turmoil, economic growth rate in 2020 plunged to 2 per cent from 8.19 per cent. Still, it is highly credible and creditable that the economic growth was in the positive territory despite the ravages of the pandemic and considering the fact that the rest of the world either slumped to multi-decade lows or plunged into recession.

Turning to FY2021, economic conditions seem to have been gradually improving after the easing of restrictions in May 2020, supported by expansionary fiscal and monetary policies. Further, one of the key factors that is often disregarded is the relatively low rate of coronavirus infections in the country post lockdown release, which has bolstered the government's confidence to pursue reforms on an undaunted and accelerated basis, which bodes well for the long-term growth path of the GDP.

Considering some of the headline indicators, merchandise exports rebounded in Q12021 (July–September) as the easing of lockdown measures globally somewhat boosted demand for RMG products. Moreover, remittances—a key source of consumer spending—soared 48.5 per cent in the same period. Thus, a spike in remittances and lower trade deficit led to a marked improvement in the current account balance in Q1, 2021.

Bangladesh looks forward to seeing brighter economic prospects in 2021 as it will celebrate the golden jubilee year of independence during the year, a fitting occasion for Bangladesh to lead the world in economic growth rates and social development indicators.

Over the coming years, supported by deep structural and institutional reform, the country's economy is expected to become one of the strongest in the world. Bangladesh's economy is projected to be 28<sup>th</sup> largest in 2030 and 25<sup>th</sup> largest in 2035, as per a recent report by the UK's Centre for Economics and Business Research (CEBR). A glimpse of the movement in major economic headline indicators during 2020 is depicted below:

- Point-to-point general inflation stood at 5.29 per cent in December 2020, from its position of 5.75 per cent in December 2019. It was the lowest inflation rate since January 2017, amid a slowdown in prices of food (5.34 per cent vs 5.73 per cent in November 2020). On the other hand, prices went up slightly faster for non-food products (5.21 per cent vs. 5.19 per cent).
- Geared by the government's strategy to offer cash incentives and enable depreciation of local currency, remittance inflows soared by nearly 23.5 per cent in 2020 to US\$ 21.9 billion. Remittance inflows had hit a record high mainly due to the 2 per cent cash incentive offered on inflows to encourage the use of official channels and hence ensure traceability and accountability.
- Gross FX reserves held by Bangladesh Bank at the end of December 2020 stood at US\$ 42.97 billion, soaring from US\$32.69 billion at the end of December 2019. This reserve will be sufficient to meet import liabilities for about 10 months.
- Bangladesh's current account balance recorded a surplus, reaching US\$ 4.1 billion in November

2020, as against a deficit of \$1.4 billion recorded in the same period in 2019. Economists indicate that current account surplus is chiefly due to contraction in trade deficit, largely on account of a steeper decline in merchandise imports amid the COVID-19 pandemic, as compared to exports on a YoY basis.

- Export earnings on the other hand declined by 14.57 per cent to US\$ 33.60 billion in 2020 from \$39.33 billion in the previous year due to lower shipments of RMG products amidst major supply chain disruptions and tepid consumer demand.

Today, Bangladesh's leading economic indicators reflect strong developmental potential. Further, with the country's banking and financial services institutions at the forefront of change, the forward outlook appears bright for the sector. Further, the digitalisation drive through the "Digital Bangladesh" focus of the government will help support long-term economic growth in the country.

## Financial sector outlook

Bangladesh's financial sector primarily consists of the banking industry and the capital markets. The banking sector wields a strong influence on the country's economy and has a robust weightage on the stock exchanges too. Despite being the key driver of the financial services sector, banking has been under duress, owing to mounting default loans and muted credit demand, especially from the private sector. This situation was exacerbated by the COVID-19 pandemic and our focus will continue to remain on early identification of risk-prone customers/accounts and commensurate actions to safeguard the interests of the bank. According to the Global Competitiveness Report 2019, Bangladesh is ranked the lowest among South Asian countries in terms of the soundness of banks, which is a contemplative conundrum considering the strong economic growth path of the country vs. peers on the list.

Meanwhile, in 2019, with a view to spur private investments, accelerate industrialisation and facilitate job creation, the Government via the central bank took the major initiative of introducing a single-digit interest rate of 6 per cent on deposit products and 9 per cent for industrial lending, effective April 2020. In an initiative

that has been taken to ensure sectoral stability is the instructive facilitation by the finance ministry to autonomous, semi-autonomous and public sector companies to keep aside 50 per cent of their surplus funds with private sector banks at a 6 per cent interest rate. However, on the flip side, this proposed lending rate cap may somewhat impede the flow of financing to small and new businesses, which are fundamental to grassroots socio-economic development.

Yet, there is malaise in the banking sector that needs to be addressed on priority. Financial institutions need to be more transparent and accountable, which can be achieved through enforcement of stricter regulations, while also ensuring that stagnant/deteriorating sectors receive sustained credit flow to ensure their revival and hence accelerate employment creation in the country.

### Product governance, consumer protection and reputation risks

At BRAC Bank, our product governance and customer protection focus assure that our actions take into account our customers' interests, while keeping within regulatory boundaries. Towards this extent, we design the conduct and management principles for marketing and engagement with retail customers and promoting governance culture; ensure that products meet customer needs under the right balance of risks, costs and profitability; make decisions, enforce action plans and keep senior managers and statutory bodies properly informed; and apply Group risk assessment methodologies to ensure continuous testing and verification.

In this time of crisis, our product governance focus was a key part of the solution for our customers. Thus, we implemented all government measures and also designed other products to adapt solutions to customer needs and relieve financial distress. Further, we also offered special incentives and full health and safety support to our frontline employees who had to be in office to conduct critical functions. Moreover, we also ensured that risk management and compliance

were well within those prescribed by regulatory guidelines, thus not only offering consumer protection, but also ensuring our reputation as a bank deeply supportive of customer interests and expectations.

Hence, with relentless effort invested towards ensuring effective risk management, BRAC Bank has been able to successfully pivot its risk management function to face the "new normal" environment, aligning with the directives of the risk management guidelines issued by the central bank.

### Concluding note

The banking sector of Bangladesh has been mired in inconsistent policies, insufficient reforms and inadequate financial architecture. Yet, the pandemic can be the most opportune time to accelerate rebuilding the sector and restoring investor confidence. This could be achieved by inclusive risk management governance embraced by banking institutions and facilitated by transparent and evidence-based policies from the government and regulators. Truly, holistic transformation is required for ensuring the sustainability of this vital sector and national economic growth as well.

At BRAC Bank, we will ensure that our risk management practices remain prioritised over everything else, thus reinforcing the faith of the public in our bank as well as making progress towards our vision of becoming the best bank of Bangladesh. We will ensure that the bank's risk management framework continues to remain sound and highly responsive to external and internal changes, thereby expanding our institutional capacities to create dependable long-term value for all.

Thank you for your continued faith in us.



**Ahmed Rashid Joy**  
Acting Chief Risk Officer

**End note:** BRAC Bank's risk management has an independent line of accountability to the Board. The primary function of this role is to aid the Board in its implementation, review and approval of the enterprise-wide risk governance framework, which also inherently includes the bank's risk culture, risk appetite, risk limits and corresponding capital and liquidity needs.

# BRAC BANK'S RISK MANAGEMENT FRAMEWORK

The management of risk is a critical underpinning to the execution of BRAC Bank's strategy. The material risks and uncertainties the Group faces across its business and portfolios are key areas of the management's focus.

## Segregation of responsibilities for effective risk control – our 'Three Lines of Defence' model

Our Enterprise Risk Management Committee (ERMC) sets out a clear lines of defence model that enables the prevention of occurrence of risk on the one hand, while also ensuring sufficient mitigation or control of existing risk on the other. In a way it articulates our risk appetite and risk limits. Importantly, all colleagues are responsible for understanding and managing risks within the context of their individual roles and responsibilities, as set out below:

- **First line of defence** comprises all employees engaged in the revenue-generating and client-facing areas of the bank and the extended Group (including subsidiaries) and all associated support functions, including finance, treasury and human resources. The first line is responsible for identifying and managing the risks they generate, establishing a control framework and escalating risk events to risk and compliance, including the Risk Management Committee (RMC).
- **Second line of defence** is comprised of the risk and compliance functions. The role of the second line is to establish the limits, rules and constraints under which first line activities shall be performed, consistent with the risk appetite of the Group, and to monitor the performance of

the first line against these limits and constraints. Limits for a number of first line activities related to operational risk are set by the first line and overseen by the Chief Risk Officer. These remain subject to supervision by the second line.

- **Third line of defence** is internal audit, which are responsible for providing independent assurance over the effectiveness of governance, risk management and control over current, systemic and evolving risks. The Legal function provides support to all areas of the bank and is not formally part of any of the three lines. However, it is subject to second line oversight.

Thus, through our three lines of defence model, we are able to not only prioritise risk management, but also create and foster a 'risk-aware' culture throughout the bank that reinforces the sustainability of our enterprise.

The net result is that we are able to grow while staying within the framework of our risk appetite, which is yet another tenet of our responsible growth philosophy. Our loan losses are at historic lows, despite the COVID-19 pandemic. Asset and credit quality are strong across our consumer and commercial portfolios, and our capital and liquidity are much higher than a decade ago. Further, our Tier 1 common equity ratio was above the minimum requirement.

## Risk management statement

To be a risk-mitigated bank and enable a risk-aware culture at all times for maximising client and shareholder assets on the one hand, while seizing relevant opportunities on the other, through striking the right balance between capital preservation and optimisation (risk/reward).

### 6 facets of our risk management statement

- To facilitate individuals, units, departments and divisions of the bank to be fully aware about risks within their roles, units and divisions
- To provide necessary feedback and resolution in consultation with ERAF, ERM, BRMC, Board of Directors and other experts
- To forecast future trends and cultivate proactive measures towards managing any adversities
- To introduce updated policies and processes to safeguard customer interest at all times
- To ensure sustainable business by assuring operational excellence and achieving improvements in regulatory and internal compliance mechanisms
- To promote a risk-conscious culture in a way that is consistent with the bank's vision and mission

### Risk management policy

Our risk management policy requires that strong risk management practices are integrated in key strategic, capital and financial planning processes and in day-to-day business processes across the bank, with a goal of ensuring risks are appropriately considered, evaluated and responded to in a timely manner. Our risk management policy is enshrined in our risk management process, which refers to risk

identification, measuring, monitoring and Control, as part of our daily activities.

- **Identification:** To ensure effective risk management, risks must be clearly defined and proactively identified. Proper risk identification focuses on recognising and understanding key risks inherent in our business activities or key risks that may arise from external factors.
- **Measurement:** Once a risk is identified, it must be prioritised and accurately measured through a systematic risk quantification process, including quantitative and qualitative components. Risk is measured at various levels, which helps to capture changes in our risk profile due to changes in strategic direction, concentrations, portfolio quality and the overall economic environment.
- **Monitoring:** We monitor risk levels regularly to track adherence to risk appetite, policies, standards, procedures and processes. We also regularly update risk assessments and review risk exposures.
- **Control:** We establish and communicate risk limits and controls through policies, standards, procedures and processes that define the responsibilities and authority for risk-taking.

The edicts of our broader risk management policy include:

- Outline of the dimensions/impact of risk
- Inclusive risk management framework
- Stringent processes for effective risk management
- Significance of capital management for managing risks
- Disclosure of risk reporting



## Risk management framework

BRAC Bank's risk management framework (as demonstrated in the figure below) articulates a holistic agenda for ensuring an effective and inclusive risk control throughout the organisation at all time.



Figure: BRAC Bank's risk management framework

### Risk assessment, escalation and mitigation process

At BRAC Bank, all employees make every effort to identify risks within their own domains and resolve these in coordination with their supervisors. If the risk remains unresolved, it is escalated to Enterprise Risk Associates Forum (ERAF) for resolution. Subsequently, issues that require the top management's guidance are placed at the Enterprise Risk Management Committee

(ERMC). ERAF as well as ERMC convene every month to identify, address and mitigate risk. For expeditious risk mitigation, a high-level committee comprising senior management, the Enterprise Risk Governance Forum (ERGF) has been instituted. Eventually, for Board's oversight and guidance, critical risk elements are highlighted in the Board Risk Management Committee (BRMC). Such a framework ensures the holistic risk identification, management and mitigation process.



### Policy and governance framework

A Board-approved policy is in effect for each core risk- Credit, AML, ALM, FX, ICT and ICC. Due to the evolving nature of risk and external developments, like the COVID-19 pandemic, the bank amends or updates policies from time to time.

### Credit risk management

Strategic risks like credit risks are embedded in every business and is one of the major risk categories. This risk results from incorrect assumptions about external or internal factors, inappropriate business plans, ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic or competitive environments, such as competitor actions, changing customer preferences, product obsolescence, technology developments and, most notably, the COVID-19 pandemic.

Our strategic plan is consistent with our risk appetite, capital plan and liquidity requirements, and specifically addresses strategic risks, the core amongst which is credit risk. Further, on an annual basis, the Board reviews and approves the strategic plan, capital plan, financial operating plan and risk appetite framework. With oversight by the Board, our Executive Management directs the lines of business to execute our strategic plan consistent with our core operating principles and risk appetite.

### FX and ALM risk management

BRAC Bank's Treasury wing manages foreign exchange and asset-liability risks. While ALCO's quest is to strike the right balance in cost of funds and yields, the business team coordinates with ALCO to minimise the mismatch between assets and liabilities. Through ongoing stress-testing, value-at-risk and duration gap analysis, the bank has devised a robust risk mitigation mechanism.

## ICC risk

ICC risk refers to the gap in our internal systems that fail to detect a breach either because of non-inclusion in sampling or due to a detection failure within the sample. A sound internal control function plays a critical role in contributing to the effectiveness of the internal control system. BRAC Bank has a Board-approved ICC policy which is designed to ensure with compliance with applicable laws, regulations and internal policies, compliance of financial reporting as well as attain operational efficiency in BBL.

## AML risk management

BRAC Bank recognises its obligation to assist governments, international organisations and other financial services organisations to close-off money laundering and terrorist financing. The Board of the bank views prevention of money laundering and terrorist financing as a key part of its risk management strategy, and not just as a standalone requirement imposed by legislation.

To fulfil its commitment, the bank has a comprehensive stack of 'Money Laundering & Terrorist Financing Risk Management Guidelines', approved by the Board. Starting from the opening of customer accounts to remittances credited into accounts, every transaction is subject to scrutiny through KYC.

Albeit remittance is generally of small amounts and from genuine sources, yet prior to any pay-out, due customer verification process is followed. Further, before starting a relationship with an individual or entity, detailed background verification checks are conducted as per regulatory laws and guidelines. Importantly, a search engine- "de-dupe" is used to check for duplicate accounts or existing relationships. Further, the bank's CRM verifies customer's national ID through the government's central NID verification system. As an additional layer, a 'Contact Point Verification' team physically validates the authenticity of a customer's address and profession.

## Information security and cyber risk management

BRAC Bank has adopted tech security of the highest standards and is the first and only bank in Bangladesh

to have received the ISO 27001:2013 international certification for information security management.

The bank has undertaken multiple initiatives to strengthen its data security as well as cybersecurity position, including:

- DLP (data leakage prevention)
- Anti-APT (anti advance persistent threat)
- NBA (network behaviour analysis)
- SIEM (security incident and event management)

Further, a 24/7 Security Operation Center, a one-of-its-kind in the country's banking sector, was set up earlier in 2019. The bank has also established a cybersecurity cell where information security personnel monitor and continuously conduct vulnerability assessment and penetration testing on the bank's infrastructure by internally-certified ethical hackers.

## Operational, environmental and social risk management

A dedicated operational risk team administers risks arising from people, processes and systems. They monitor key risk indicators, conduct risk assessment and work towards mitigating them in coordination with relevant stakeholders. Moreover, the SFU (Sustainable Finance Unit) proactively monitors environmental and social risks jointly with CRM and business heads. From credit appraisal to in-house management, the SFU team is actively involved in improvement of the bank's various functions. Further, the General Support Services (GSS) team has been entrusted with the responsibility of ensuring physical security of the bank's staff, property and other assets.

## Embracing global best practices

Following the financial crisis of 2008, the Basel Committee ordered a full-scale review of the banking control framework, which resulted in an upheaval in regulations. Primary amongst this was the Basel reforms.

Today, Basel-III reforms have strengthened banks through prudential regulations to enhance resilience

of banks, especially during times of stress like the COVID-19 pandemic. Thus, in line with global best practices, BRAC Bank has adopted these standards with effective outcomes.

## Board oversight

BRAC Bank's Board is responsible for establishing the bank's overall strategy and other significant policies relating to individual risk elements. A Board Risk Management Committee (RMC) is responsible for the bank's overall risk management functions.

## Responsibilities of the Board of Directors

Our Board offers solid leadership in managing risk. Some of the key measures undertaken by it include:

- Assigning sufficient authority and responsibility to risk management among concerned officials
- Ensuring uninterrupted information flow to RMD for effective risk control
- Monitoring the bank's performance vs. overall risk profile through reviewing various reports
- Articulating the risk appetite, risk tolerance, limits, etc., in line with strategic plans
- Ensuring capital adequacy and provisions to absorb losses resulting from any risk/s
- Ensuring that internal audit reviews the credit operations, foreign exchange operations and securities portfolio management functions, etc., to assess the effectiveness of the internal control system
- Monitoring the function of the RMC

## Board Risk Management Committee (RMC) responsibilities

- Ensuring an adequate framework for managing risk within the bank
- Developing and implementing appropriate strategies for risk assessment and its control
- Formulating and reviewing (at least annually) risk management policies and strategies for effective risk management

- Monitoring implementation of risk management policies and processes to ensure effective prevention and control
- Supervising the activities of the ERM
- Ensuring compliance with Bangladesh Bank's guidelines on core risk management
- Ensuring review of risk appetite and limits and recommending these to the Board for approval
- Approving record-keeping and reporting systems and ensuring their proper use
- Analysing existing and potential risk issues, taking decisions for risk mitigation, incorporating the same in the meeting minutes and ensuring follow-ups for sufficient implementation
- Submitting proposals, suggestions and summary of BRMC meetings to the Board at least on a quarterly basis
- Complying with instructions issued from time to time by the regulatory body
- Ensuring appropriate awareness of proper risk management amongst junior managers and staff
- Ensuring sufficient and efficient staff resources for the RMD
- Establishing standards of ethics and integrity and enforcing these standards
- Assessing the overall effectiveness of the risk management functions on an annual basis

## Involvement of the bank's management

The bank's senior management owns the responsibility for the implementation of risk policies and procedures, in line with the Board-specified strategic direction and risk appetite. There is clear line of sight for escalation of any identified risk.

## Enterprise Risk Management Committee (ERM):

The bank's senior management is involved in resolving organisation-wide risk issues through ERM. This Committee is headed by the Chief Risk Officer (CRO)

under the supervision of the MD & CEO. ERM oversees all matters relating to risk management, especially in recommending policies and guidelines for effective risk management to the Board. The functions of ERM include:

- Identifying, measuring and managing existing and potential risks
- Convening a meeting at least once a month based on the findings of risk reports and taking decisions for mitigation
- Submitting proposals, suggestions and summary of ERM meetings to the MD & CEO and BRMC
- Implementing the decisions of BRMC and Board regarding risk issues
- Assessing requirements of adequate capital in line with risk exposures
- Determining risk appetite limits aligned with strategic planning
- Contributing to the development/updation of risk policies
- Following up on reviews and reports from Bangladesh Bank and informing BRMC on issues affecting the bank's operations
- Organising Annual Risk Conference

### Enterprise Risk Governance Forum (ERGF)

ERGF is a platform for the bank's staff to get solutions to issues related to operations, risks and hazards. This forum comprises all the heads involved in risk, control, compliance, governance and security. All queries are responded to by the senior management. This forum effectively acts as the single-point contact for swift and prompt risk response and resolution. They meet as and when required.

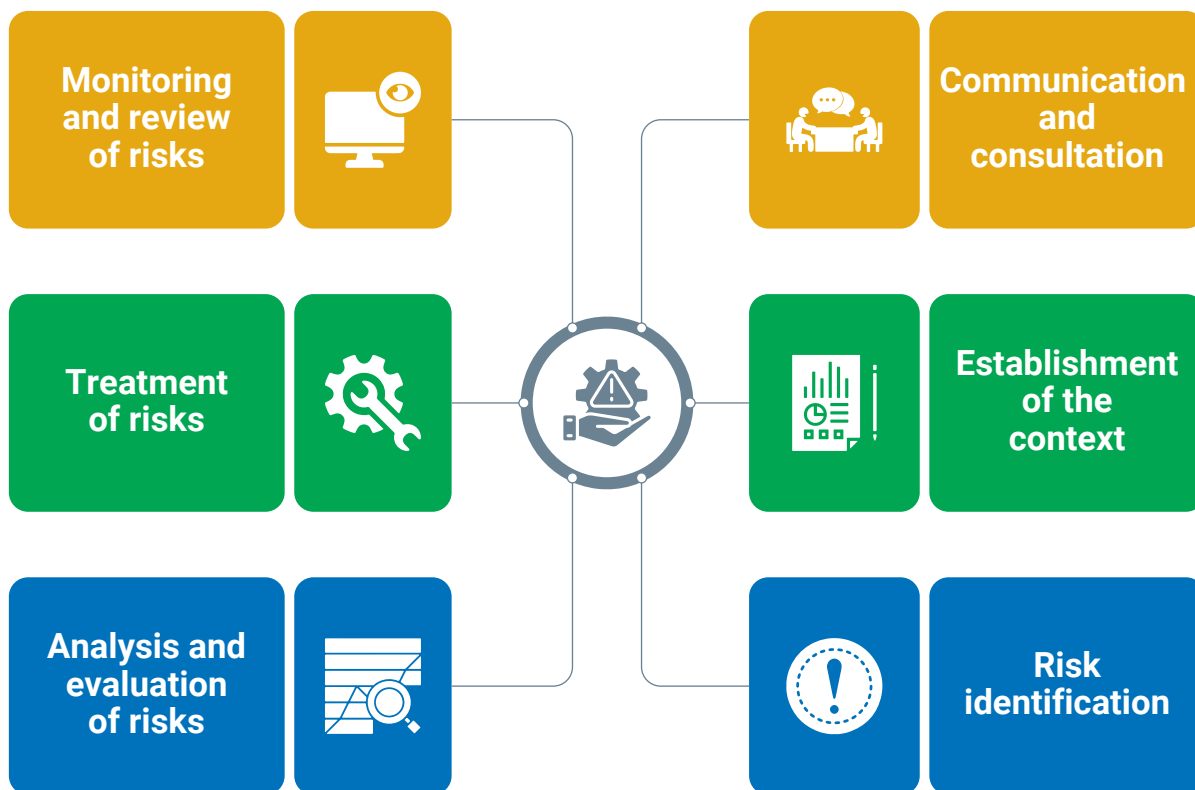
### Enterprise Risk Associate Forum

Enterprise Risk Associate Forum (ERAF) consists of risk managers/associates from business and support functions that ensure proactive risk identification, assessment, reporting and monitoring. ERAF is chaired by the Head of Risk Management and meet as and when required, but also at least once a month. The forum specifically addresses the following:

- Promote risk-aware culture and work closely with the Risk Management Division (RMD) to ensure initiatives are in place for risk-controlled outcomes
- Work as an active risk manager of respective unit by identifying departmental risks and performing necessary analysis
- Escalate respective risks to the Risk Management Division on a monthly basis for discussions and suggest mitigation in monthly ERAF meetings
- Finalise enterprise-level risk issues to ERM meeting for management's evaluation and resolutions
- Implement ERM resolutions and monitor risk mitigation process within the given deadline and update status to ERM
- Assist Risk Management Division for developing and implementing business continuity plan (BCP)
- Perform necessary activities and support the RMD to implement risk management policies

### Risk management process

The eventual goal of fostering a risk-aware culture is to create a situation where staff and the management instinctively look for risks and consider their impact during decision-making. Yet, it also encourages risk-taking in a controlled way for advancing the bank's growth aims and objectives. Some of the key facets of our risk culture is represented below.



## Risk management process

### Risk control mechanism

Risk control mechanism expresses the way by which we evaluate potential losses and initiate action plans to recoup losses. It is a step-by-step process that takes into cognisance the full risk cycle- from risk identification to risk assurance.

- **Risk identification:** This is the first step in the risk management function. A risk register is maintained, which helps flag risks at the individual level. There are other tools for risk identification too, including KRI, audit reports, complaints, etc.
- **Risk assessment:** A risk once identified is assessed as per the risk grading matrix. Risk prioritisation is reflected in a 'Heat Map', which is placed before the ERMC and BRMC.
- **Risk management and mitigation:** All risks in accordance with their rating/profile are escalated to the respective risk committee- ERAF, ERMC and BRMC, etc. Based on the analysis, a decision is made for a particular risk, whether it is and

existing or an impending risk. However, the decision-making authority is delegated to various levels. High-impact risks are escalated to the top management or even to the Board and issues that are deemed to be not severe are resolved by ERAF and/or ERGF/ERMC.

- **Risk monitoring and reporting:** Follow-ups and monitoring is sustained until sufficient resolution of a particular risk issue. A vital part of our monitoring process is to observe ongoing scenarios against the bank's risk appetite. The overall status of risk management is documented through risk reporting. This is effected through periodic risk management reporting, with submissions to Bangladesh Bank. Moreover, our internal mechanisms help quantify potential losses arising out of risk-prone issues.
- **Risk assurance:** Once a risk is decided to be dropped/closed from the risk committee, the respective team/units must ensure that the risk does not resurface in the future. The RMD performs periodic assurance reviews to test whether any recurrences have occurred or are likely to occur.

## Committees and forums responsible for risk management

Even though BRAC Bank has a unique culture that seeks risk resolution in a manner where every organisational layer is involved, it has also structured

entities to govern and oversee the risk management function. Keeping in mind the inherent nature of risk, BRAC Bank has several committees comprising its key personnel with direct involvement of the management as well as the Board that oversees the material risks facing the bank.

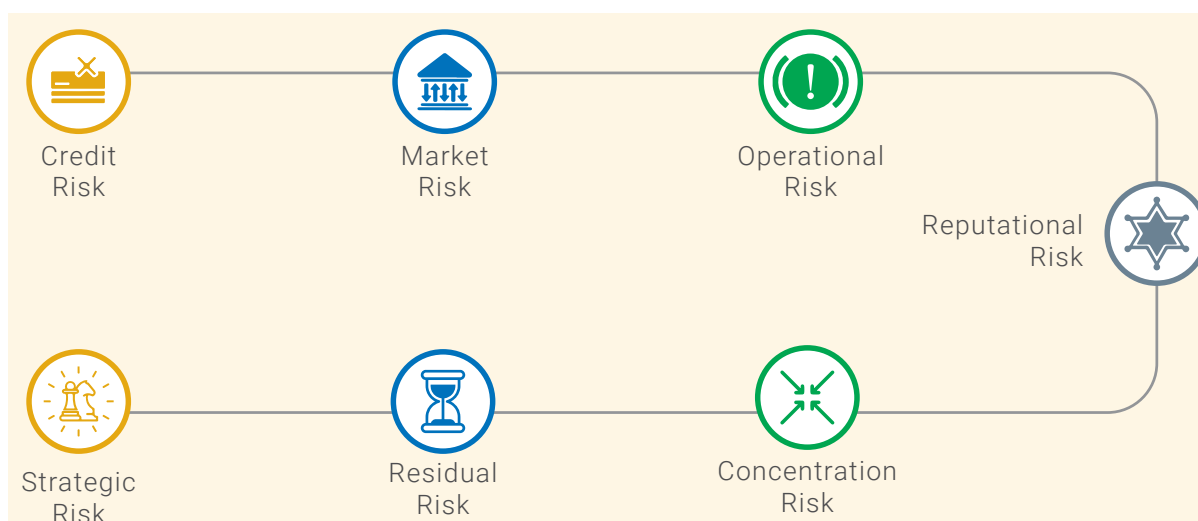
Particulars	Roles and responsibilities	Represented by
Board Risk Management Committee (BRMC)	<ul style="list-style-type: none"> <li>Oversees the bank's risk governance structure</li> <li>Responsible for the bank's timely risk management and risk assessment</li> <li>Sets up the bank's risk tolerance limits and appetite</li> <li>Supervises the bank's capital, liquidity and funding strategies</li> </ul>	Members from the Board of Directors
Enterprise Risk Management Committee (ERMC)	<ul style="list-style-type: none"> <li>Sets out general principles for managing, measuring and monitoring risks</li> <li>Designs the enterprise risk management framework and reviews it periodically</li> <li>Regularly reviews the bank's risk profile to ensure effectiveness of the internal control system</li> <li>Develops risk response processes, including contingency and business continuity policies/plans</li> </ul>	Members from the Management Committee
Basel Steering Committee	<ul style="list-style-type: none"> <li>Oversees the implementation of Basel Accords across the bank, according to Bangladesh Bank guidelines</li> <li>Ensures proper assessment and allocation of adequate capital against the bank's own ICAAP outcomes</li> <li>Recommends the action plan and policies for developing bank-specific ICAAP document</li> <li>Conducts dialogue with Bangladesh Bank's SREP team to set up capital charge against various risks which fall under ICAAP</li> </ul>	Members from the Management Committee
Asset Liability Management Committee (ALCO)	<ul style="list-style-type: none"> <li>Assumes liquidity risk to attain the bank's financial goals</li> <li>Monitors interest rate risks so that the bank retains its profitability margins and targets</li> </ul>	Members from the Management Committee

Particulars	Roles and responsibilities	Represented by
Credit Committee	<ul style="list-style-type: none"> <li>Monitors credit risk and sets up a strategy for credit policy and procedures</li> <li>Reviews the bank's credit risk appetite and exposure</li> <li>Ensures compliance of credit limits, as approved by the Board</li> </ul>	Members from the Management Committee
Enterprise Risk Associate Forum (ERAF)	<ul style="list-style-type: none"> <li>Connects employees from diverse locations to create a unified platform regarding risk awareness and mitigation</li> <li>Scrutinises possible root-cause of risk vis-à-vis existing and potential issues</li> <li>Meets at regular intervals to raise risk issues</li> <li>Chalks out action plans for effective risk mitigation</li> </ul>	Representatives from all the concerned departments
Risk Register (tool to flag risk)	<ul style="list-style-type: none"> <li>Generates awareness about risk management at the individual level</li> <li>Enables individual employees to flag risk issues throughout the bank</li> </ul>	All employees of the bank

### Widened coverage of risk through imposing additional capital

As risk is ever-evolving, BRAC Bank undertakes a number of approaches to reduce any adverse risk events. While the risk management framework covers

various risk issues, there are some which require a tactical approach to minimise unforeseen losses. This is where capital management comes into effect which, unlike the conventional risk management framework, undertakes additional capital requirements for various risks to occur.





# RISK AND CONDUCT

## AT BRAC BANK

At BRAC Bank, we have always believed that our licence to operate is a function of the trust our stakeholders have placed in us. Thus, our ability to manage the risks inherent in our business and ensure that our conduct reflects the highest standards of ethical and responsible business practices, underpin that trust.

### Our enduring priorities



Embed a “risk aware” culture across our organisation



Ensure strong organisational risk controls and robust stewardship



Foster inclusive risk governance practices as per our 3 lines of defence model



Amend our risk framework to reflect our changing risk appetite against the external environment

### Measuring our strategic progress against our risk framework: What does success mean to us

- Doing the right business the right way, without exception
- Contributing to safe financial systems in Bangladesh
- Resolute compliance with laws and regulations with an approach towards conservatism and austerity

- Safeguarding our reputation at all times
- Supporting national interests in economic growth restoration in the post COVID-19 world

### Our approach to risk

At BRAC Bank, our risk framework and control measures seek to balance our regulatory requirements, which indicate our ability to withstand financial stress and unexpected losses, and our shareholder expectations around risk-adjusted returns. We carefully manage

our capital, liquidity and funding levels to support business growth, maintain depositor and creditor confidence, create value for our shareholders and other stakeholders, while maintaining regulatory compliance at all times. Through our longstanding heritage and experience, we have been able to balance the interests of all those who are associated with us, either directly or indirectly.

At the bank, we have three-tiers of risk appetite, defined in our '3 lines of defence model', which are cascaded from our level 1 measures to more detailed portfolio limits and enhanced supervision across micro risk clusters. Our risk appetite is measured and monitored against the limits set at group and business unit levels on a monthly basis with robust Board stewardship and overall supervision by Board-appointed Risk Management Committee, among others, including the bank's own Risk Management division.

The resilience and agility of the bank's risk management model came to the fore in 2020 with the year being remembered as an unprecedented one on account of the COVID-19 pandemic, amongst other fundamental sector-specific challenges, including cap on industrial lending rates as imposed by our regulatory authorities. Yet, our time-tested business model, supported by our strong risk management framework and policies, ensured that we were able to not only adapt to and survive in the new restricted environment, but also create a platform to thrive in the aftermath of the pandemic. Some of the key initiatives that we continued to sustain across the bank with a view to assure risk-mitigated business operations include the following:

- Engaged in a thorough scrutiny of our asset book to identify accounts that might pose credit recovery challenges and intensifying our engagement and efforts in reclamation of outstanding credit from those accounts
- Complied with government norms on moratorium, while keeping a sharp lookout for any signs of asset deterioration
- All business units and corporate functions submitted quarterly conduct and governance dashboards to the executive committee, providing a barometer of the prevailing business climate and steps taken to mitigate or accept risks

- The dashboards, together with other mechanisms, enabled us to monitor and report regularly on our risk conduct
- Ensured effectiveness of recruitment processes and imposed a hiring freeze to align costs with the prevalent environment and choosing to enhance internal productivity
- Monitored transparency and effectiveness of our whistleblowing processes
- Adhered to compliance training requirements
- Monitored employee personal conduct
- Ensured effectiveness of money laundering prevention practices and information/data security processes

In addition to these, we also engaged in managing and mitigating various risk issues throughout the year, facilitated by our dedicated risk platforms, including Risk Register, KRIs, Risk Paper and Enterprise Risk Associate Forum (ERAF). Moreover, key risk clusters were also escalated to the Enterprise Risk Management Committee (ERMC), the management-level committee, for the enablement of adequate resolutions. Further, our Board continued to offer valuable guidance through its RMC with a view to enable us to deal more effectively with some of the more crucial areas, including asset quality issues, credit recovery, fund mobilisation, etc.

## Risk governance

BRAC Bank's CRO has an independent line of accountability to the Board through the Board's Risk Management Committee (RMC). The primary function of this role is to aid the Board in its implementation, review and approval of the enterprise-wide risk governance framework, which includes our risk culture, risk appetite, risk limits and corresponding capital and liquidity needs. This role is supported by the bank's other internal control functions. Our combined assurance framework brings together the relevant role-players to review and update significant risks and establish potential assurance or oversight gaps. Any gaps are escalated to the Board's risk committee. The key risks are jointly assessed by the various assurance providers as per the diagram mentioned hereunder.

## BRAC BANK'S INCLUSIVE RISK GOVERNANCE FRAMEWORK



### Key stakeholder concerns

- COVID-19 related disruptions
- NPLs, recovery and credit provisions
- Protection against cybercrime and fraud
- Treating customers fairly
- Demonstrating the highest standards of ethics and integrity
- Compliance with laws and regulations
- Management of credit risk
- Safety and security of client data and assets

### Related material issues

- Cybersecurity
- Outstanding credit recovery measures
- Stability and dependability of IT systems
- Progress on digital banking
- Reputational and operational risk
- Policy, regulatory and legal risks
- Constructive relationships with regulatory authorities
- Human resource capacity building

### Risk disclosures

Our integrated risk management process is well-established and mature and is applied consistently throughout the bank and its subsidiaries. Based on independent reviews and considered assessments presented to the risk committee, the Board is satisfied

that the risk management processes are adequate for identifying current and emerging risks and ensuring that these risks are managed appropriately. We monitor these risks on an ongoing basis and develop appropriate action plans to respond to these risks. The table below provides a detailed summary of our top risks:

Risk category	Risk description	Our response
CREDIT	Risk of default on a debt that may arise from a borrower failing to meet payment obligations, either in part or in full, and also within schedule.	<ul style="list-style-type: none"> <li>● Optimise risk-adjusted returns from the bank's loans and advances portfolio by maintaining robust underwriting standards</li> <li>● Expand the loan portfolio through robust screening processes</li> <li>● Segregation of responsibilities of officers/executives involved in credit-related activities, including wings such as Credit Approval, Credit Administration and Recovery unit and Special Asset Management</li> <li>● With SME financing at the core, the bank is simultaneously exploring opportunities to expand its Corporate and Retail loan book to achieve diversification and de-concentration</li> <li>● Our well-structured and comprehensive credit underwriting policy, time-tested credit scoring methodology and adequate collateral support combine to ensure sound credit risk decisions and governance</li> <li>● Comprehensive credit checks, including along the lines of ESG principles, and compulsory pre-approval visits</li> <li>● Progressive focus on robust digital tools to evaluate customer credit score, past track record, behaviour, etc.</li> </ul>

Risk category	Risk description	Our response
FOREIGN EXCHANGE	Risk of loss suffered as a result of adverse exchange rate movements during a period in which the bank 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.	<ul style="list-style-type: none"> <li>● The bank's Treasury division is vested with the responsibility of dealing with risks associated with foreign exchange (FX) movements</li> <li>● The team considers various risk elements while engaging in FX transactions, including credit, liquidity, interest rate, price, compliance, etc.</li> <li>● While segregation of responsibilities is duly maintained, strict limits are also drawn for dealers under which a stop-loss limit is given to restrict his/her intuition beyond an acceptable limit</li> <li>● The team is 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 imposed for the back-office team</li> <li>● Net open positions are strictly followed, as directed by Bangladesh Bank</li> <li>● After-hours and off-premises dealings are strictly prohibited and enforced</li> <li>● All dealer positions are reconciled with positions provided by the back-office before any deals are executed during the next business day</li> <li>● All Nostro accounts are reconciled on a monthly basis. Outstanding issues, if any, are reported to the CEO/Head of Operations for immediate reconciliation</li> <li>● The internal audit team conducts an audit on the affairs of the treasury, which includes checking departmental control function checklist, adherence to various limits, compliance requirements, statutory and management requirements, etc.</li> </ul>
ASSET LIABILITY	Asset-liability management is critical to the bank's operations as it directly influences its profitability and long-term sustainability.	<ul style="list-style-type: none"> <li>● The bank's Asset Liability Management Committee (ALCO) is responsible for the overall balance sheet (asset-liability) risk management. The treasury team is accountable for managing the balance sheet as per the recommendations of ALCO with the overall objective of minimising risks and maximising returns</li> <li>● Our ALM policy has been approved by the Board and is updated from time to time to reflect the changes in the business environment and regulations</li> <li>● Our ALM policy helps effectively monitor, measure and manage risks associated with the balance sheet and ringfences the bank from any unforeseen losses</li> <li>● We have put into place several liquidity risk indicators used to monitor the status of our liquidity position, including advance-deposit ratio, liquidity ratio, wholesale borrowing limit utilisation, maximum cumulative outflow, cash reserve ratio (CRR) and statutory liquidity ratio (SLR), among others</li> </ul>

Risk category	Risk description	Our response
INTERNAL CONTROL AND COMPLIANCE (ICC)	Losses arising out of lapses in internal compliance	<ul style="list-style-type: none"> <li>● Our robust organisational structures enable the active management of ICC risk, driven by a well-formulated Audit Charter that ensures transparency and accountability</li> <li>● Our Audit Committee monitors the effectiveness of the internal control system, and meets the senior management periodically to discuss the effectiveness of the internal control system</li> <li>● External auditors, by virtue of their independence from the bank's management, provide unbiased recommendations on the strengths and/or weaknesses of the bank's internal control system periodically. This allows the Board to have an independent view of the bank's overall control system</li> <li>● Along with periodic Bangladesh Bank audits, other external auditors also conduct audits to ascertain robustness of control systems</li> <li>● ICCD completed the audit and inspection tasks across branches, SME unit offices and head office divisions/departments during 2020. No significant deficiencies were identified</li> <li>● With a view to prevent fraud or forgery, the bank has established a dedicated investigation wing to deal with such incidents</li> <li>● Robust preventive and corrective measures are recommended to the business/functional units to take necessary action relating to process improvements, recovery of misappropriated funds and adjustment of operational loss with appropriate action against those in violation or breach of our policies</li> </ul>
MONEY LAUNDERING	Money laundering is deemed as a financial crime that aims to conceal, misrepresent and disguise details with regards to illegal income sources, taking advantage of the vulnerability of loopholes in financial systems.	<ul style="list-style-type: none"> <li>● Bangladesh has reinforced its anti-money laundering system by introducing and updating legislations and enactments, such as Money Laundering Prevention Act and Anti-Terrorism Act, and enforcing compliance for reporting organisations</li> <li>● In addition, being the principal regulatory body of banks/ financial institutions, BFIU (Bangladesh Financial Intelligence Unit) provides supervision through guidance notes, policies, circulars, circular letters, instructions, etc., from time to time</li> <li>● The bank remains fully committed to condemn money laundering and terrorist financing</li> <li>● We have incorporated KYC, due diligence and AML risks along with mitigation plans in our product program guideline (PPG), and have also developed a comprehensive operations manual for both front line as well as backend employees to help them remain fully vigilant to prevent the abuse of our products and services</li> <li>● The bank has also nominated a Chief Anti-Money Laundering Compliance Officer (CAMLCO) and Deputy CAMLCO who together ensure that the institution is compliant with all AML guidelines</li> <li>● In addition, the Branch Anti-Money Laundering Compliance Officer (BAMLCO) is accountable for AML compliance at their respective branch</li> </ul>

Risk category	Risk description	Our response
		<ul style="list-style-type: none"> <li>As per our stringent monitoring processes, once an account is opened, relevant customer activities and transactions are monitored on an ongoing basis. Inconsistencies are identified, monitored, assessed and reported to the concerned authorities. Such reports are generated as Excessive Cash Movement Report, Exception Report/TP Breach Report and Cash Transaction Report</li> <li>In addition to regular reports, we also report suspicious activities/ transactions to the Financial Intelligence Unit of Bangladesh Bank and respond to their queries with on any activities/transactions and keep an open dialogue while extending all support until the issue under question has been sufficiently resolved</li> </ul>
CYBERSECURITY	Cyber risk is the risk of a security breach of our information technology systems affecting the brand, confidentiality, availability and/ or integrity of information, resulting in a financial loss and/or business disruption	<ul style="list-style-type: none"> <li>Technology continues to be a strong pillar in the bank's emphasis on providing exceptional experiences, including digital, to customers</li> <li>We possess an up-to-date ICT security policy that is aligned with the latest Bangladesh Bank's ICT guidelines</li> <li>Our security framework is also aligned with international standards and controls, such as COBIT, ITIL, ISO 27001, NIST, GDPR, PCI and SANS</li> <li>We are the first bank in Bangladesh to have established a 24/7 Security Operations Centre (SOC), making the shift from passive into active cyber defence</li> <li>To ensure high-level of quality and security of our IT systems and in order to ensure compliance with Bangladesh Bank's regulations, we have a fully functional Information Security Department with trained and certified resources (e.g. CISSO, CISSP, CISA, ECSA, CCISO, CPISI, CEH, CPEH, LA-QMS, LA-ISMS, CHFI, LPM, Security+, COBIT etc.), tools and senior management support</li> <li>We have achieved the ISO 18788:2015 certification for assurance on the quality of our security operations, and also a Cyber Fusion Centre. Thus, we are the first and only financial organisation in Bangladesh to have achieved this global recognition on management system for private security operations</li> <li>We have adopted the global standard ISO 27001:2013 for Information Security Management (IMS). The bank is the first in Bangladesh to have attained ISO 27001:2013 international certification for its information security management function and fulfils a key regulatory requirement</li> <li>From mirroring military 'war games' to ethical hacking, the bank's information security regularly conducts applications/systems security assessments and also vulnerability assessments and penetration testing on the bank's infrastructure/networks through internally-certified ethical hackers as well as global third-parties</li> <li>The bank has ensured multiple core technological improvements, including PCI-DSS compliance, version upgradation of multiple systems, including core banking, card management and call centre, etc.</li> </ul>

Risk category	Risk description	Our response
ENVIRONMENTAL AND SOCIAL	Environmental and social change risks refer to the probability of losses that may arise from any adverse environmental/ climate change events and/or projects which are not in compliance with prevailing environmental regulations related to E&S issues.	<ul style="list-style-type: none"> <li>● BRAC Bank deals with E&amp;S challenges proactively, majorly through, additional capital allocated as per the bank's ICAAP by considering environmental and social risks</li> <li>● We initiate thorough credit screening processes with a view to ensure that potential borrowers meet all our E&amp;S norms and whether their projects are certified by all regulatory standards and are deemed fit for operations</li> <li>● We strongly emphasise on sustainable banking practices with a view to contribute to environmental preservation, while are citizenship programs also meet the tenets enshrined in the UN SGDs (Sustainable Development Goals)</li> </ul>
HUMAN RESOURCES	<p>There are industry challenges regarding shortages of certain skills and, more generally, the quality of skills available.</p> <p>The banking industry competes with other sectors for suitably qualified and skilled candidates as well.</p>	<ul style="list-style-type: none"> <li>● Strong focus on managing our human capital and developing talent pipeline within the bank</li> <li>● Successful track record in retaining key employees</li> <li>● Sustained investments in the development of leadership talent with regards to identifying and coaching emerging talent</li> <li>● Significant investments in training and capacity development programs that ensures futurisation of skills</li> <li>● Extensive suite of total rewards, benefits and compensations to attract, retain and motivate employees</li> <li>● Extend support to wider industry initiatives to increase the uptake of professional learning and qualifications, especially in the field of finance, taxation, regulations, etc.</li> </ul>
BUSINESS CONTINUITY	A key operational risk that spans our business is the potential impact of a major disaster and/or unforeseen disruption, including the onset of the COVID-19 pandemic.	<ul style="list-style-type: none"> <li>● The bank responds to this threat by continually improving the group-wide business continuity planning (BCP) and framework to ensure that our human resources are prepared, crisis infrastructure is tested and meaningful recovery plans are in place</li> <li>● The bank activated its BCP in the wake of the coronavirus (COVID-19) pandemic and undertook a number of steps and initiatives with a view to ensure business sustenance with banking declared as an essential public service, while keeping all employees and customers safe and secure and within all health guidelines and protocols</li> <li>● It also activated work-from-home (WFH) mandate, equipping all its people with the right set of tools and technology for ensuring enhanced collaboration and cooperation with a view to ensure seamless operations</li> <li>● A number of the bank's support functions and frontline divisions worked in synchronous and harmonious coordination with a view to keep people safe and ensure banking services were available during the peak months of the pandemic during the lockdown months</li> </ul>

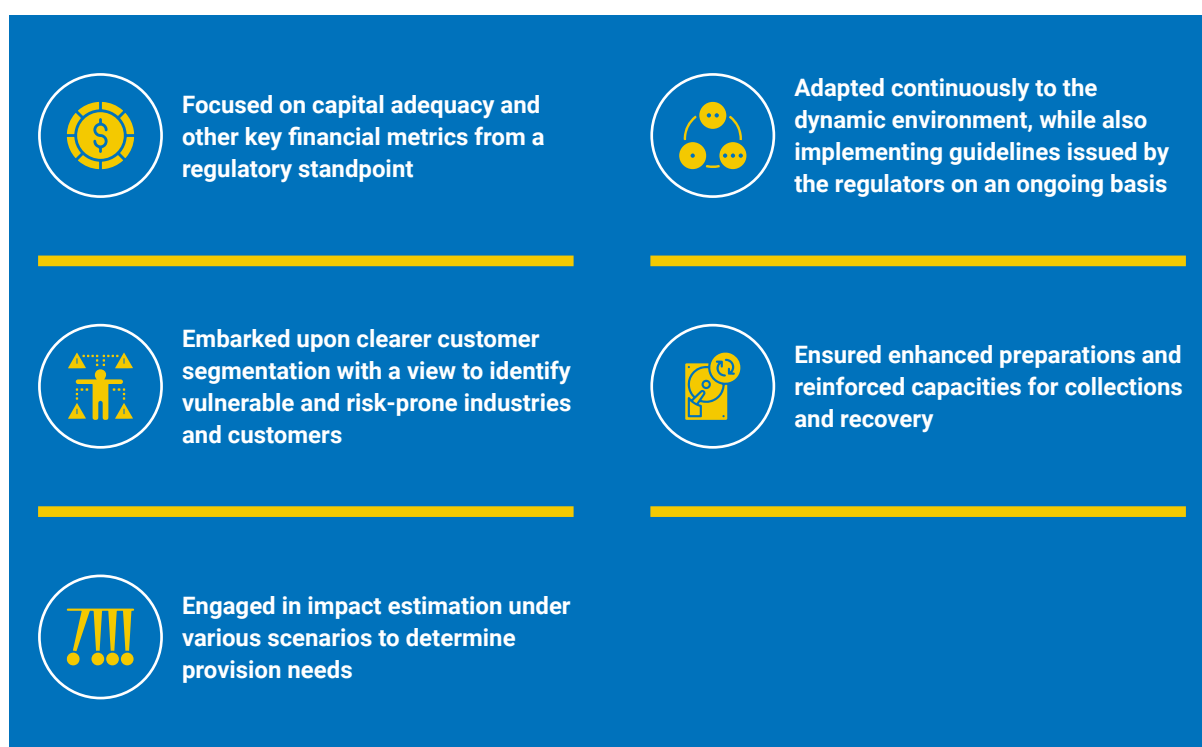







# REPORTING ON BASEL, A GLOBAL REGULATORY FRAMEWORK

## Enhancing our risk culture

BRAC Bank's Risk Management and Compliance function is key to ensuring we remain a robust, safe and sustainable bank that helps people and businesses prosper. As a key focus to deliver robust risk identification and control, we focused on delivering

simple, innovative and effective risk processes that empowered our teams to make better and faster decisions for our customers and created sustainable value for our shareholders. As part of our focus on risk supervision to counter the adversities of the COVID-19 pandemic, we embraced the following initiatives:



-  Focused on capital adequacy and other key financial metrics from a regulatory standpoint
-  Adapted continuously to the dynamic environment, while also implementing guidelines issued by the regulators on an ongoing basis
-  Embarked upon clearer customer segmentation with a view to identify vulnerable and risk-prone industries and customers
-  Ensured enhanced preparations and reinforced capacities for collections and recovery
-  Engaged in impact estimation under various scenarios to determine provision needs

At BRAC Bank, we have always believed that at the heart of our approach to strong governance is a robust culture underpinned by our corporate values of prudent risk-taking, integrity and fair dealing to ensure our long-term success. The Board of Directors (Board) has also established a stronger focus on ethics and conduct, which deals with all policies, programmes and guidelines that inculcate and sustain a strong culture of responsible banking and fair dealing. Today, we have developed a risk culture framework that embeds and

reinforces a systematic approach to managing risk within the bank and our extended Group comprising our subsidiaries. Corresponding initiatives under each component of the framework are identified, developed, enhanced and reinforced to encourage the right behaviours of our staff and encourage responsible employee conduct. The qualitative outcome of our focus on fostering good practices in risk control and mitigation are evidenced in the following key metrics.



**14.55%**

CRAR



**7%**

Min. CET-1  
plus capital  
conservation buffer



**12.50%**

Min. total capital  
plus capital  
conservation buffer

At our bank, our risk reporting practice comprises comprehensive alignment with regulatory disclosures, while also fulfilling our internal requirements, pursuant to the guidelines on risk-based capital adequacy (RBCA) for Basel-III, risk management guidelines as provided by our regulators, and other relevant guidelines as circulated by the central bank. Further, we conduct the Internal Capital Adequacy Assessment Process (ICAAP) at least annually to evaluate if we are able to maintain sound capital levels after considering business plans and material risks under both base case and severe stress scenarios. Management

actions are proposed, wherever necessary, to ensure that the Group remains prudently managed. Thus, implementing the Basel framework is an integral part of our efforts to refine and strengthen our risk management systems and processes. Besides, we closely follow ongoing industry and regulatory developments, including higher liquidity and capital requirements. The broader framework of this report that will enable our stakeholders to make a more considered assessment of our risk reporting practice is expressed in the info-visual below

**01**

### RISK MANAGEMENT REPORT

Provides a comprehensive risk overview of the bank's risk profile

**02**

### CAPITAL ADEQUACY REPORT

Discloses the minimum adequacy of capital against risk weighted exposures as per RBAC guidelines

**03**

### ICAAP REPORT

Covers capital adequacy of the bank in consideration of its entire risk profile.

**04**

### STRESS TESTING REPORT

Evaluates the impact on the bank's capital against various stress-test scenarios.

**05**

### PILLAR-III DISCLOSURE

Discloses further risk information that for ensuring better analysis.

**06**

### INTERNAL RISK REPORTING

Improves risk mitigation practices through risk identification from various sources.

## Adopting the Basel-III international regulatory framework

After the 2008 global financial crisis, there was an imminent necessity to update the Basel norms to further reduce the risk in the banking system and improve the ability of financial institutions to handle shocks from financial stress and strengthen their transparency and disclosure practices.

Until Basel-III, the norms had only considered few of the risks related to credit, the market, and operations. To meet these risks, banks were asked to retain/maintain a certain minimum level of capital and not lend all the funds they received from deposits. Thus, the Basel-III accord was crafted as a set of financial reforms developed by the Basel Committee on Banking Supervision (BCBS), with the aim of

strengthening regulation, supervision and governance within the banking industry. Hence, Basel-III builds on the previous accords, Basel-I and II, and is part of a continuous process to enhance regulation in the banking industry.

As one of the leading banks of Bangladesh and southeast Asia with a forward-looking stance to embrace international regulations, BRAC Bank has been implementing the guidelines of Basel-III since the accord came into effect in 2015. Significant changes from Basel-II to Basel-III can be witnessed in the Minimum Capital Requirement (Pillar-1 of Basel-II) assessment methodology. These include the definition and structure of regulatory capital. In most other guidelines, Pillar-II and Pillar-III remain largely unchanged.

	2015	2016	2017	2018	2019
Minimum Common Equity Tier-1 (CET-1) Capital Ratio	4.50%				
Capital Conservation Buffer	-	0.625%	1.25%	1.875%	2.50%
Minimum CET-1 Plus Capital Conservation Buffer	4.50%	5.125%	5.75%	6.375%	7.00%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.625%	11.25%	11.875%	12.50%

## Minimum capital requirements under Pillar-I of Basel-III

The Basel-III accord raised the minimum capital requirements for banks from 2 per cent in Basel-II to 4.5 per cent of common equity, as a percentage of the bank's risk-weighted assets. There is also an additional 2.5 per cent buffer capital requirement that brings the total minimum requirement to 7 per cent. Banks can use the buffer when faced with financial stress, but doing so can lead to even more financial constraints when paying dividends. As of 2015, the Tier-1 capital requirement increased from 4 per cent in Basel-II to 6 per cent in Basel-III. The 6 per cent includes 4.5 per

cent of Common Equity Tier-1 and an extra 1.5 per cent of additional Tier-1 capital.

At BRAC Bank, we assessed the minimum capital requirements by evaluating aspects of the asset portfolio considered to be most risk-prone. These considerations comprise the following:

- Credit portfolio and market exposures
- Risks concerning the day-to-day banking operations
- Inherent risks within the assets themselves

As per the phase-in transition guidelines expressed in Basel-III, by the end of 2020, banks were required to maintain a minimum capital of 12.50 per cent (including a capital buffer of 2.50 per cent), against their total risk-weighted assets. In this regard, BRAC Bank was successful in maintaining its capital levels above the minimum requirements of Basel-III throughout the year 2020, thus reflecting robust adherence. Moreover, the bank's capital adequacy was better than the industry average during 2020.

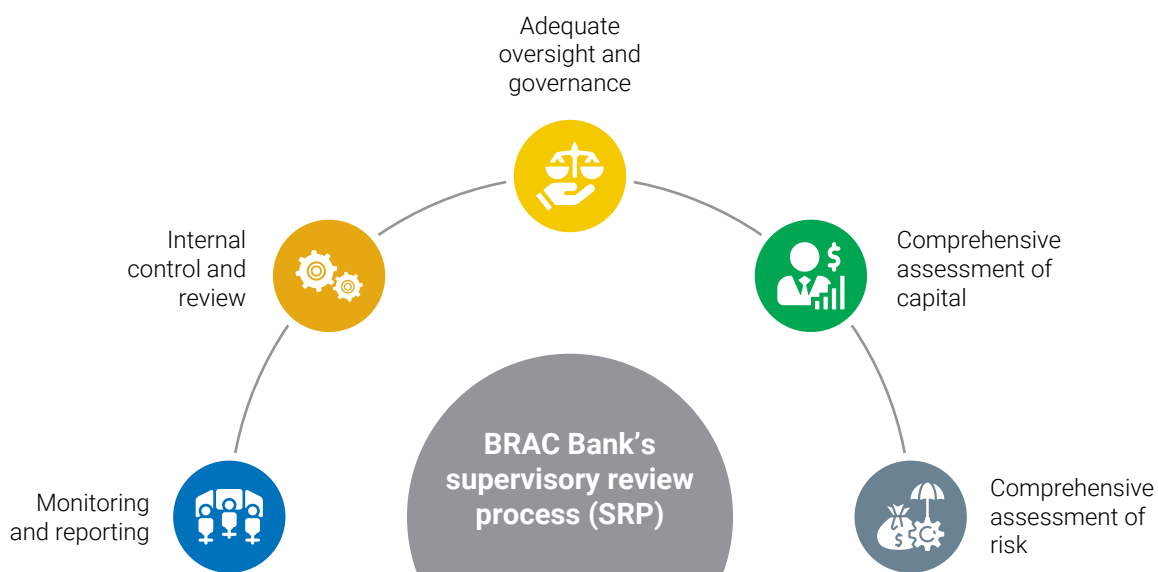
### ICAAP report under Pillar-II of Basel-III

Under Pillar-II of the second Basel accord, a bank must have an Internal Capital Adequacy Assessment Process (ICAAP) in place. ICAAP comprises internal procedures and systems that ensure that the bank possesses adequate capital resources in the long-term to cover all of its material risks. It thus encompasses the determination of economic capital as opposed to regulatory capital and is a process that is run in parallel to the regulatory capital requirement determination

process. Economic capital is the capital required to cover all risks that are estimated using internal risk models of the bank. The Basel Committee has published the liquidity portion of the Basel-III reforms to the capital and liquidity framework, which aims to resolve the weaknesses of the Basel-II framework that became apparent during the 2008 financial crisis.

At BRAC Bank, ICAAP is an integral part of the bank's processes and is embedded within the core of the organisation. Senior leadership and management team and our Board of Directors are supportive and fully engaged in the process. Notably, Bangladesh Bank's Supervisory Review Evaluation Process (SREP) ensures a regular dialogue with the SRP team of banks across the country. This is then followed by any disclosure of results or evaluations of the bank's ICAAP.

BRAC Bank's supervisory review process (SRP) consists of the following:



### Market disclosure: Pillar-III of Basel-III

The revised Pillar-III disclosures on regulatory measures defined in Pillar-I of the Basel framework requires banks to adopt specified approaches for measuring credit, market and operational risks and their associated resulting risk-weighted assets (RWA) and capital requirements. The common disclosure framework based around Pillar-1 is an effective

means of informing the market and allowing market participants to take informed investment decisions. However, in the wake of the 2007–09 financial crisis, it became apparent that the existing Pillar-3 framework, even after its market risk and securitisation parts were enhanced in July 2009, failed to promote the identification of a bank's material risks and did not provide sufficient, and sufficiently comparable,

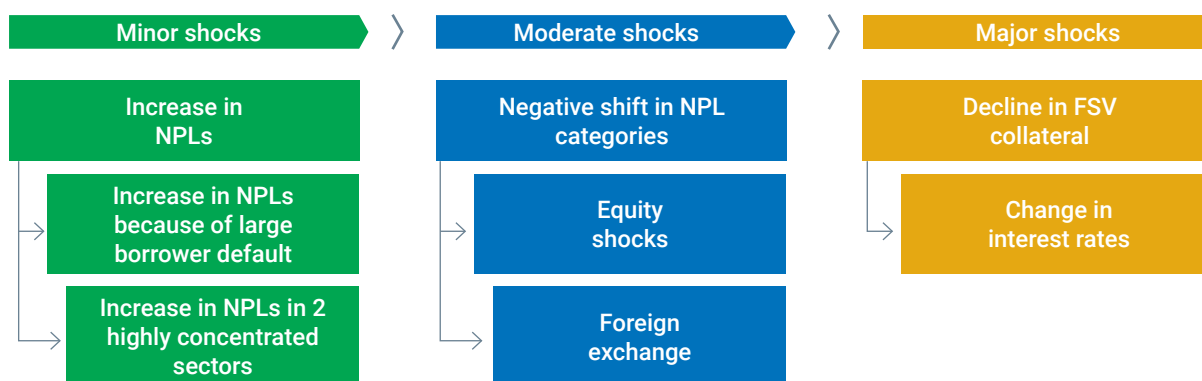
information to enable market participants to assess a bank's overall capital adequacy and to compare it with its peers. Thus, a key goal of the revised Pillar-3 disclosures is to improve comparability and consistency of disclosures.

### Stress tests

BRAC Bank engages in stress-testing on a regular basis in order to determine the sensitivity and stability of its capital base. This is done to assure market

participants and other stakeholders that the bank has sufficient capital to overcome any unfavourable or exigent situations. Notably, this practice came to the fore in the pandemic-stricken 2020 and, as the year progressed, we elevated our vigilance and enhanced our risk management processes, including stress-testing our portfolios by adopting an in-depth defensive approach. Thus, the prudent management of our businesses has underpinned the soundness and sustainability of our diversified strategy and has been reflected in our 2020 performance.

The sensitivity of the bank's capital base is assessed in the following info-diagram:



The following methodologies are applied on a consistent basis to evaluate and compute the impact of the above factors in the context of our SRP (Supervisory Review Process):



#### SIMPLE SENSITIVITY TESTS

These help to determine short-term sensitivity to a single risk constituent

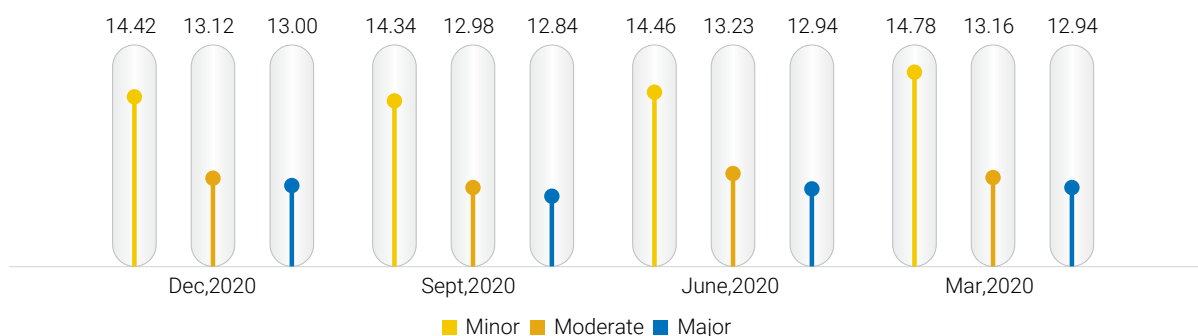


#### SCENARIO ANALYSES

These involve risk parameters (with low but positive probability), which change along a pre-defined scenario, and the assessment of the impact of these parameters

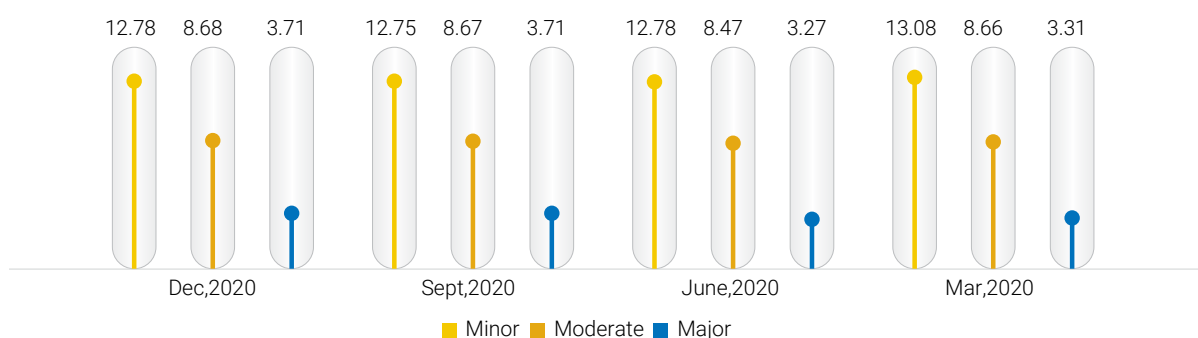
Negative shift in NPL categories	
Assessment	Outcome
This metric signifies the proportion of loans transferring from one NPL category to the next category (as per regulatory classification norms). This is determined on the assumption of 5 per cent, 10 per cent and 15 per cent downward shifts in the NPL categories in minor, moderate and major levels of shock, respectively.	BRAC Bank's CRAR remains well above regulatory guidelines, even upon absorbing all three levels of shock, ensuring robust stability.

### Negative Shift in NPLs categories



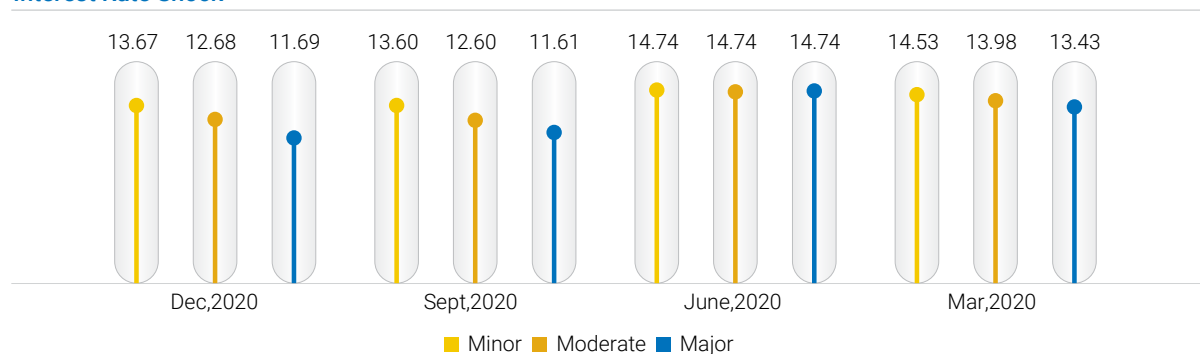
Increase in NPLs	
Assessment	Outcome
This metric indicates a bank's risk profile when NPLs increase significantly. It is anchored on the assumption that 3 per cent, 9 per cent and 15 per cent of the performing loans will be downgraded to the bad/loss category with 100 per cent provisioning requirement in minor, moderate and major levels of shock, respectively.	After the shock scenario, BRAC Bank's CRAR is impacted negatively, although the severity of the impact has diminished in 2020. However, to overcome this issue, we place substantive emphasis on asset quality improvement measures.

### Increase in NPLs



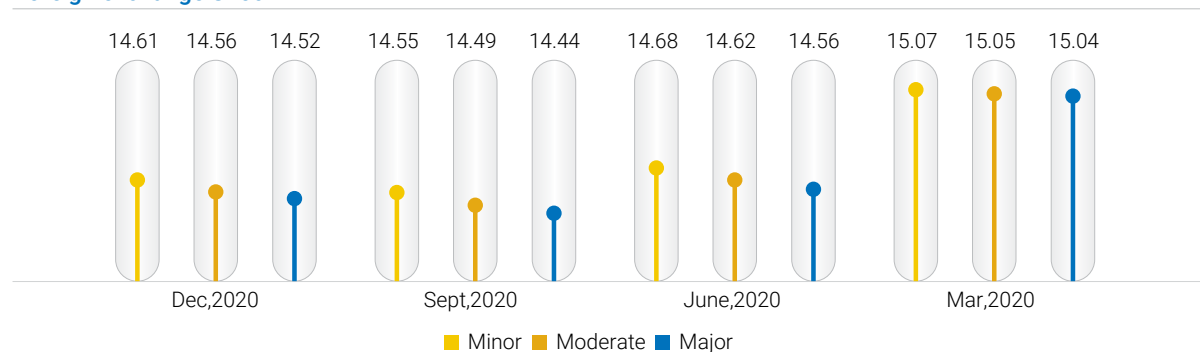
Equity shock	
Assessment	Outcome
This metric demonstrates a bank's risk profile when the market value of its shares witness a considerable decline. It is determined according to the scenario when the share price changes by 10 per cent, 20 per cent and 40 per cent in minor, moderate, and major levels of shock, respectively.	BRAC Bank's CRAR remained above regulatory requirements, even after the application of all the three levels of shock.

### Interest Rate Shock



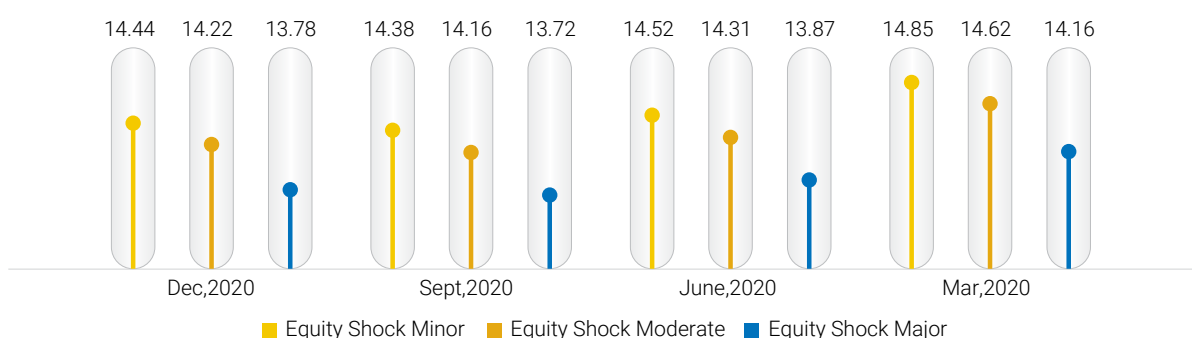
Interest rate shock	
Assessment	Outcome
This metric demonstrates a bank's capital status when interest rates change sharply. It is premised on the assumption that interest rates will change by 1 per cent, 2 per cent and 3 per cent in minor, moderate and major levels of shock, respectively.	BRAC Bank's CRAR remained unchanged, as compared to the minimum regulatory requirements, even after taking into account all the three levels of shock.

### Foreign exchange Shock



Foreign exchange shocks	
Assessment	Outcome
This metric demonstrates the status of a bank when there is a considerable change in exchange rates. It is anchored on the assumption that exchange rates will change by 5 per cent, 10 per cent and 15 per cent in minor, moderate and major levels of shock, respectively.	BRAC Bank's CRAR remains well above the regulatory requirement, even after considering all the three levels of shock.

## Equity Shock



## Comprehensive risk management report

The banking industry of Bangladesh in general and BRAC Bank in particular are at the forefront of the Government's economic restoration and normalisation plans in the aftermath of the coronavirus pandemic. With persistent uncertainty in our operating context, it is imperative that we remain vigilant and cautious with regards to both existing and new risk formations, thus ensuring our own stability and permanence.

Rightly so, as part of Bangladesh Bank's supervisory efforts in risk control across the banking industry, a risk management white paper (CRMR and MRMR)

was circulated, which has emerged as a strategic approach to risk mitigation. The risk management paper highlights the industry's overall risk profile, considering situational risk parameters. In addition, it also encourages banks to forecast opportunities and drawbacks, providing a comprehensive outline to define the risk horizon, while being instructive with regards to risk identification and mitigation.

BRAC Bank submits its detailed RMP (CRMR & MRMR) to Bangladesh Bank on a quarterly and bi-annual basis. Within the RMP (CRMR & MRMR), the following key aspects, each having their own modules, are considered:

### Credit risks:

1. Portfolio risk analysis
2. Industrial loans
3. Net loan loss-related to write-off: Portfolio-wise
4. Net loan loss related to write-off: Industry-wise
5. Geographical concentration (based on locations of factory/fund use)
6. Top-20 borrower's loan concentration
7. Overall large loan concentration
8. Off-balance sheet exposure (OBS) payable in Bangladeshi Taka
9. Off-balance sheet exposure (OBS) payable in foreign currency
10. Asset quality/non-performing loans (NPL)/provision maintenance
11. Movement of adverse classification (from June to Dec/Dec to June)
12. Borrower-wise details of top-20 defaulters (excluding written-off) at the end of the reporting period
13. Sector-wise position of eligible collateral
14. Types of collateral taken against different types of loans
15. Trends of loan rescheduling
16. Trend of loans restructuring
17. "Embedded losses" in rescheduled and restructured loans (top-10 loans separately)



18.	Written-off loans
19.	Collateral (secondary: land, buildings, financial collateral, etc.) coverage against credit exposures and over valuation of security held against loans and advances
20.	Status of law suit
21.	List of loans taken over from other banks and financial institutions
22.	Liquidation risk of security against loans and advances
23.	Performing loans having excess overlimit
24.	Details of performing loans having unsatisfactory repayment/early alerts
25.	Movement of loan disbursement (half-year to half-year/year-to-year; whichever is appropriate)
26.	Credit rating status
27.	Stress-testing result for credit risk
<b>Market risks:</b>	
28.	Interest rate risk under simple sensitivity analysis
29.	Duration gap analysis
30.	Foreign exchange risk
31.	Equity price risk
32.	Value at Risk (VaR) (if measured) for equity investment
33.	Value at Risk (VaR) (if measured) for foreign exchange (separately)
34.	Stress testing result for interest rates and foreign exchange and equity risk
35.	Off-shore banking operation
<b>Liquidity risks:</b>	
36.	Statutory liquidity requirement (SLR)
37.	Cash reserve ratio
38.	Advance-deposit ratio
39.	Interest rate offered on different types of liabilities
40.	Structural liquidity profile
41.	Projected sources and uses of fund (as on June 2020)
42.	Top-10 suppliers of funds
43.	Category-wise growth of deposit
44.	Wholesale borrowing guideline (Interbank borrowing capacity) limits
45.	Liquid assets to total deposits
46.	Liquid assets to short-term liabilities (maturing within 3 months)
47.	Liquidity coverage ratio (LCR)
48.	Net stable funding ratio (NSFR)
49.	Undrawn commitment
50.	Leverage ratio (as per Basel-III)
51.	Liquidity stress test
<b>Operational risk:</b>	
A.	Human resources management
i.	Manpower by age-group [regular and contractual]
ii.	List of executives (SVP and above) on contract
iii.	Manpower movement [regular and contractual]
a.	Executive (GM/SVP and above)
b.	Below executive level (below GM/SVP and above)
iv.	Manpower by gender [regular and contractual]
v.	Training and development (during the current half-year/year)

B.	Customer satisfaction
C.	Board-level risk committee performance (according to the responsibilities laid down in BRPD circular no.11/2013)
D.	Insurance coverage against vault limits at the end of half-year/year
E.	Gross losses by business lines and event type during the last 6 months
52.	Reputational risk
53.	Core risk management
54.	Compliance risks
55.	Environmental risk management status
56.	Capital management
57.	Composition of RWA of loan portfolio
58.	Bank's resilience capacity
59.	Money laundering risks

### Internal risk reporting

BRAC Bank has created a dedicated resource base entrusted with comprehensive risk management and control responsibilities, thus striving to ensure sufficient risk identification, escalation and mitigation tools and strategies. Moreover, the bank also monitors operational risks likely to occur across the organisation's diverse business operations.

Notably, various existing risk factors and formations are structured such so as to provide a "dashboard" view to assist in comprehensive and continuous evaluation. This dashboard also enables our senior

management to have a ready view on the risks faced by the bank, thus fostering an alert and risk-aware culture at all times.

Over and above our robust risk administrative resources and tools, we also ensure preparedness against unforeseen or exigent risks, like those that originated out of the coronavirus pandemic outbreak in early 2020. Our strong industry insights, coupled with agility and dynamism to adapt to the situation, enabled us to respond rapidly to the threats generated by the pandemic, thus ensuring a relatively resilient performance during the year.



## Internal risk reporting coverage

### Transaction-based testing (TBT)

- Development of terms of reference (ToR)
- Conducting transaction-based testing as per ToR

### Exception transaction monitoring (ETM)

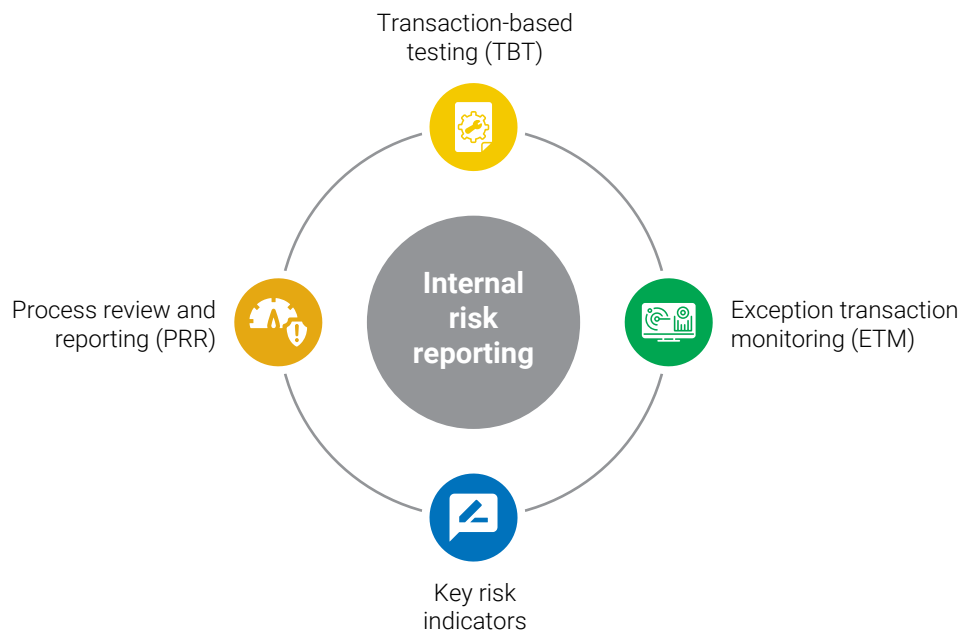
- Identification of exceptional/abnormal transactions
- Coordination with relevant stakeholders to verify authenticity and legitimacy

### Key risk indicators

- Recognition of risk trends and the way they could impact the business
- Risk archival for future referencing

### Process review and reporting (PRR)

- Ongoing dialogue with stakeholders to encourage a risk-aware culture
- Identify gaps and initiate commensurate resolutions



# RISK MANAGEMENT

## COMMITTEE MEETINGS

BRAC Bank's Risk Management Committee (RMC) is entrusted with the responsibility of reviewing and managing the overall risk management controls, systems and processes of the bank.

### RMC composition

The RMC's objective is to reduce, control or mitigate potential risks arising from the implementation of Board-approved policies, procedures and strategies, while also engaging in scrutiny and supervision of RMD to ensure appropriateness and integrity of the risk management mechanism and framework.

RMC consisted of 3 members as of December 2020. Their details are given hereunder:

Sl. No.	Name	Status with the bank	Status on the RMC
1.	Ms. Fahima Choudhury	Independent Director	Chairman
2.	Ms. Farzana Ahmed	Independent Director	Member
3.	Dr. Zahid Hussain	Independent Director	Member

The Company Secretary of the bank acts as the Secretary of the Risk Management Committee, and the bank's Head of Regulatory Affairs & CAMLCO reports to the Chairman of the Risk Management Committee.

### Participation of non-members

Representatives of the risk management team participated in the meetings of the RMC. The Managing Director, DMD & COO, CRO, DMD and CFO attend the meetings of the Committee, together with other concerned members of the Management, as determined or invited by the Committee.

### Roles and responsibilities of RMC

The roles and responsibilities of the RMC are aligned with the Risk Management Guidelines for Banks,

DOS Circular No. 04, dated 08 October 2018, and other best practices. A few of the important roles and responsibilities are highlighted below:

- Ensure a robust structure for managing risk within the bank. The RMC supervises the constitution of separate management-level committees and monitors their activities for ensuring compliance with such risk groups as lending risk, foreign exchange transaction risk, internal control and compliance risk, money laundering risk, and information and communication risk, including other risk-related guidelines.
- Articulation and implementation of appropriate strategies for risk assessment and its control. The Committee reviews the risk management process to ensure effective prevention and control measures.
- Formulating and reviewing (at least annually) risk management policies and strategies for ensuring sound risk management, as per the following:
  - The RMC reviews the risk management policy of the bank and amends the same as per requirements, from time to time. Any other policies related to risks, or where a review is required from the risk perspective, is vetted by the Committee (RMC) before getting the final approval from the Board of Directors.
- Supervising the activities of the Enterprise Risk Management Committee (ERMC).
- Ensuring compliance with Bangladesh Bank's instructions with regards to implementation of core risk management.
- Ensuring articulation and review of risk appetite and limits, and recommending these to the Board for their subsequent review and approval.

- Analysing comprehensively existing and probable risk issues in the meeting, taking appropriate decisions for sufficient risk mitigation, incorporating the same in the meeting minutes and engaging in follow-up of decisions for ensuring proper implementation:
- The Committee monitors the implementation status of the risk management policy of the bank and examines whether remedial measures have been taken to minimise risks. This Committee also keeps an eye on the summary of the activities and issues of the risk management forum, which is chaired by the Chief Risk Officer and named as ERM (Enterprise Risk Management Committee).
- Assessing overall effectiveness of the risk management functions on an annual basis.

### RMC meetings during the year

Bangladesh Bank has advised RMC to hold at least 4 meetings in a year. The Risk Management Committee of BRAC Bank convenes once every two months, but an emergency Risk Management Committee meeting can be called, if required. A total of 4 (four) Risk Management Committee meetings were held during 2020, during which detailed discussions and review sessions were held with the management regarding their findings, observations and recommendations on issues related to the bank's affairs that needed improvement. The meeting dates were as follows:

Sl. No.	Meeting serial number	Date on which the meeting was held
01.	30 <sup>th</sup> RMC meeting	22 <sup>nd</sup> March, 2020
02.	31 <sup>st</sup> RMC meeting	5 <sup>th</sup> July, 2020
03.	32 <sup>nd</sup> RMC meeting	14 <sup>th</sup> September, 2020
04.	33 <sup>rd</sup> RMC meeting	4 <sup>th</sup> November, 2020

### Major areas of discussion held by the RMC in 2020

#### COVID-19 pandemic risk response

The MD & CEO informed the Committee about all pandemic response initiatives taken by the bank, including BCP (business continuity plan) activation, social distancing and hygiene protocols for health and safety precautions taken across the bank's offices, and communication protocols with employees, clients and stakeholders to better manage potential risks.

#### ICT and cybersecurity risk

The Management acquainted the Committee about a cyber-threat and the measures taken by the bank to manage the and mitigate threat. The bank's head of Information Security discussed in detail the bank's cybersecurity control environment.

#### Credit risk

The Management apprised the Committee regarding the increase in PAR and NPL due to the pandemic, and also apprised it of exploration of approval provisions as a forward-looking precaution.

#### Market risk

The Management informed the Committee about the overall market situation and related risks, like FX risk, interest rate risk, compliance status of regulatory/ internal limit position of BRAC Bank, etc.

#### Liquidity risk

The Management updated the Committee that all liquidity indicators were demonstrating solidity and were within the purview of all regulatory and internal limits.

#### AML risk

The Management updated the Committee regarding anti-money laundering and CFT risk and subsequent measures taken to mitigate these risks. The Risk Committee advised the Management to focus on automated AML solutions and exploring centralised automated transaction monitoring model for client account reviews so as to reduce cost, optimise branch dependency and increase overall efficiency.

#### Card system of the bank

The Committee discussed the development of BBL card system specifically regarding conversion of non-chip cards to chip cards with upgraded utilities and features.

#### Fire safety and security

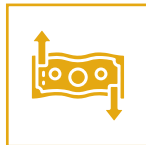
RMC enquired about benchmarking and subsequent categorisation of branches on fire drill frequency. In response, the Management mentioned that the benchmarking was done on fund under management basis, which is correlated to the size of the population in a branch. The Management also updated the Committee about fire and safety matrix that is adopted all through the year.

# ASSET-LIABILITY MANAGEMENT COMMITTEE

## Our enduring priorities



Embrace overall responsibility for the balance sheet / asset-liability risk



Articulate interest rate view of the bank



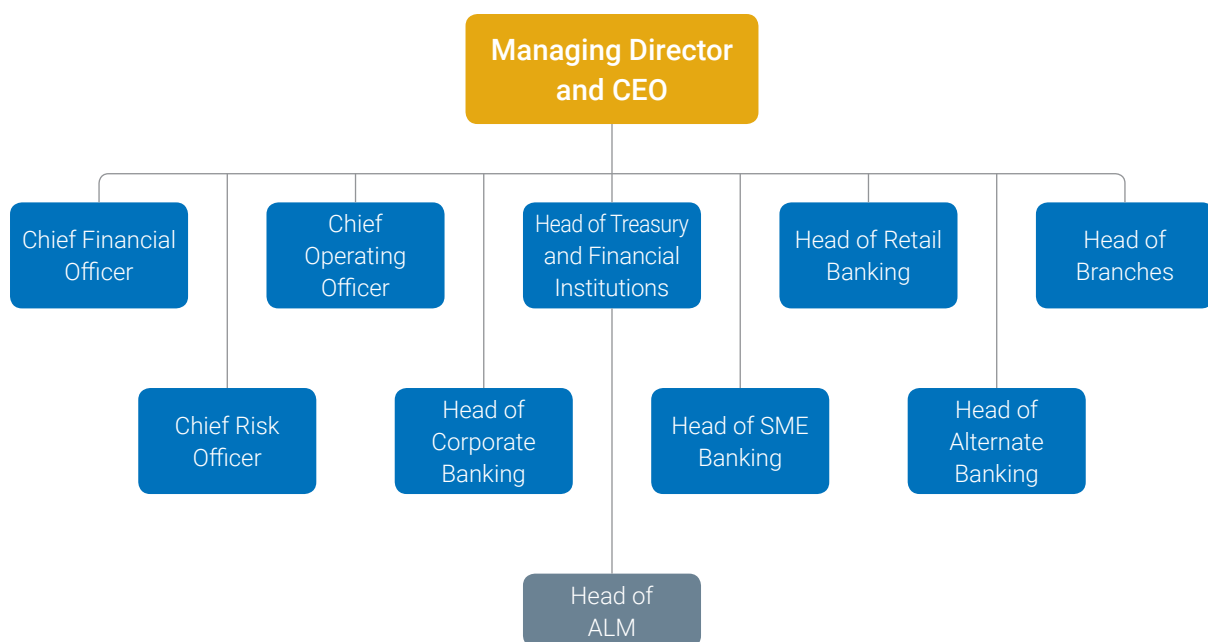
Formulate balance sheet strategy

## Ensuring balance sheet stability and optimal profitability

At BRAC Bank, our Asset-Liability Management Committee, or ALCO, independently monitors key daily funding metrics and liquidity ratios to assess potential risks to the liquidity position, which acts as early warning indicators of potential normal market disruptions. Further, our Treasury wing is responsible for managing the fund position, as

per recommendations of ALCO, to downscale any potential risks, while optimizing returns. The Asset-Liability Manager of Treasury is entrusted with the responsibility of analyzing balance sheet composition and consequently place recommendations to ALCO and Head of Treasury & FI.

ALCO comprises the following 10 members or their representatives:



The Managing Director & CEO is the Chairman of ALCO, while Head of Treasury & FI acts as the Member Secretary. The Head of ALM Desk is a permanent invitee to all meetings. Further, while OBU Liabilities are addressed by Head of Treasury & FI, OBU Assets are under the purview of the Head of Corporate Banking in ALCO.

The committee calls on a meeting at least once every month and also whenever required, to set and review strategies on ALM. The meeting's notice and necessary arrangements are done by the Treasury Division. Any strategic decision/s taken at the ALCO is based on the consent of the quorum– that is agreement of the majority of the members.

ALCO also reviews the ALCO paper along with the prescribed agenda/s. The Head of Treasury submits his views on liquidity and market risks, more specifically including:

- Repricing interest rates
- Deposits mobilisation or augmenting advances
- Short-term or long-term calibration of deposits and advances
- Inter-division transfer pricing of funds
- Interbank dependency on funds

Based on the analysis and views, the committee takes strategic decisions to achieve the dual objective of moderating balance sheet risks and optimizing profitability.

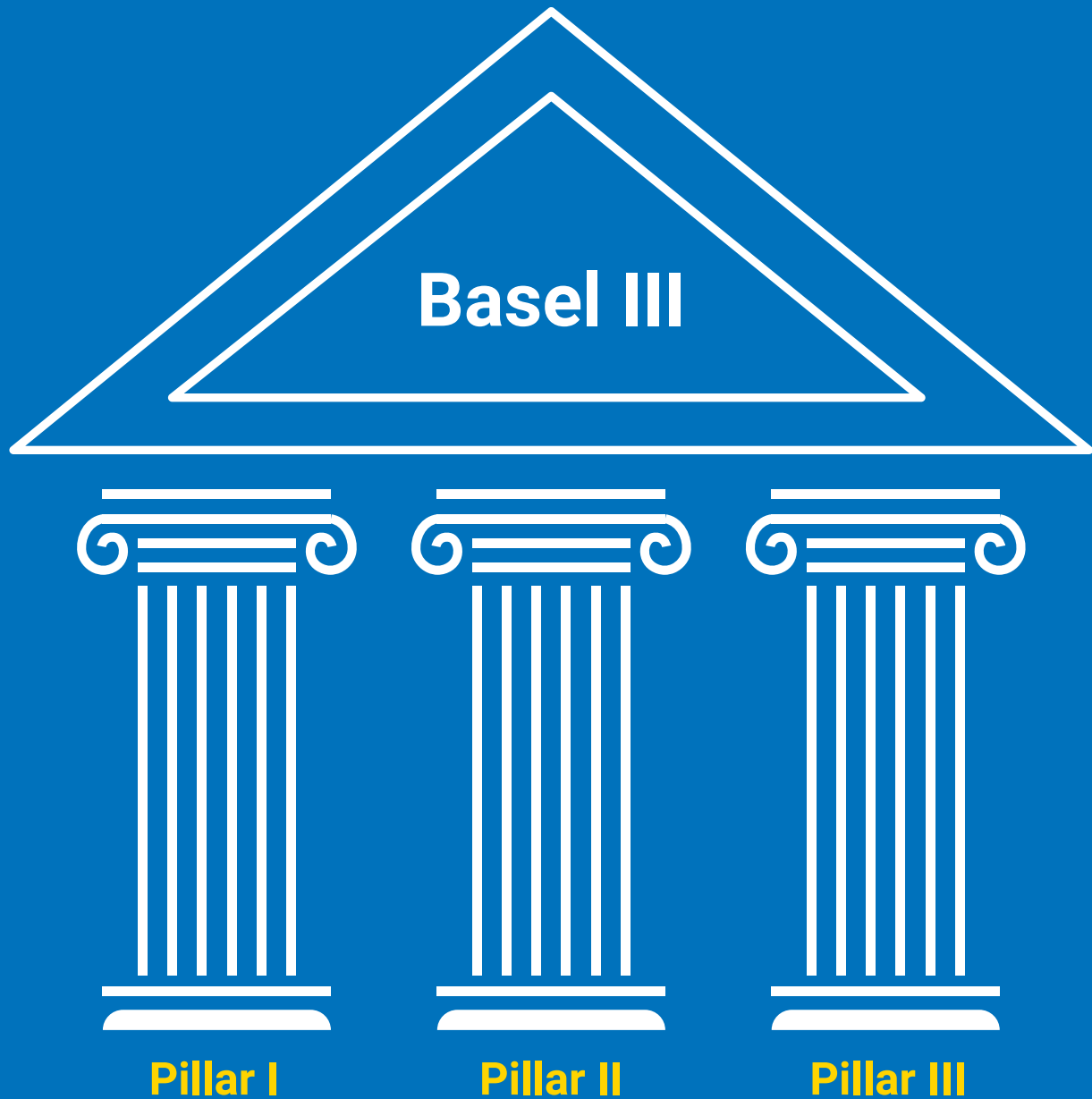
### ALCO's major responsibilities

- Ensure that the bank's assessment and reporting systems accurately convey the degree of liquidity and market risks
- Monitor the structure and composition of the bank's assets and liabilities and identify balance sheet management issues, where further scrutiny is required
- Determine major aspects of the balance sheet structure, such as maturity and currency mix of assets and liabilities, mix of wholesale vs. retail funding, deposit mix, etc.
- Identify the approach to significant, actual and expected increases and decreases in required funding
- Review maturity profile and mix of assets and liabilities on an ongoing basis
- Periodically review the transfer pricing policy of the bank
- Evaluate market risks involved in launching new products
- Review deposit and loan pricing strategy
- Assess contingency funding roadmap

# DISCLOSURE ON RISK BASED CAPITAL UNDER BASEL-III

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For the year ended on December 31, 2020



**Pillar I**

**Pillar II**

**Pillar III**

**BRAC Bank Limited**

Anik Tower, 220/B, Tejgaon-Gulshan Link Road  
Tejgaon, Dhaka 1208.



## BACKGROUND OF 'MARKET DISCIPLINE' STANDARD

The Bank for International Settlements (BIS) came up with a new set of capital and liquidity standards under 'Basel-III'. This standard came into existence to manage the use of excessive leverage, gradual erosion of level and quality of the capital base, insufficient liquidity buffers, pro-cyclicality, and excessive interconnectedness among systematically important institutions. These factors are typically identified as reasons of bank failure. As a result, Bangladesh Bank, vide its BRPD Circular No. 18 dated December 21, 2014, implemented a revised regulatory capital framework for banks, in line with Basel-III in Bangladesh with effect from January 01, 2015. The implementation process of this framework commenced in January 2015 and continued till December 2020. As part of Basel-III compliance, Pillar-III - Market Discipline is formulated with a view to establish more transparent and disciplined financial markets so that stakeholders can assess the position of a bank regarding holding of assets and also identify the risks relating to the assets and capital adequacy to meet probable loss of assets. The purpose of Market Discipline is to hence 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 formally entered into the Basel-III regime from January 1, 2015. The new capital and liquidity standards have wider business implications for banks. BRAC Bank Limited (BBL) has also adopted the Basel-III framework as part of its capital management strategy, in line with the revised guidelines. Under this framework, the bank has to maintain 2.5 per cent additional capital buffer with a the minimum capital requirement of 10 per cent. Besides, to avoid building-up excessive on- and off-balance sheet leverage, the bank is required to maintain a minimum 3 per cent leverage ratio. In this context, the leverage ratio expresses the total Tier-I Capital (after related deduction specified by BB) to total exposure, i.e. on-balance sheet and off-balance sheet exposures (after related deductions as specified by BB), which is to be submitted to Bangladesh Bank on a quarterly basis. All these aspects are required to be well-formulated and shared with stakeholders for enhancing transparency and accountability.

Hence to fulfill this objective, the 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

Quantitative disclosures are made based on the consolidated audited financial statements of BBL and its subsidiaries for the year ended December 31, 2020 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 subsidiaries are combined with those of the parent company (BBL), thus eliminating inter-company transactions. The Financial Reporting Act, 2015 (FRA), was enacted in the year 2015. The Financial Reporting Council (FRC) under the FRA was constituted in 2017, but the Financial Reporting Standards (FRS) under this council is yet to be issued for public interest entities such as banks. The Bank Company Act, 1991, was amended to require banks to prepare their financial statements under such financial reporting standards.

As FRS is yet to be issued by FRC, as per the provisions of FRA (Section-69), consolidated and

separate financial statements of the group and the bank, respectively, have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), and in addition to this, the bank also complies with the requirements of laws and regulations from various government bodies

Assets of subsidiaries were risk-weighted and equities of subsidiaries were crossed out with the investment of BBL during consolidation. Therefore, the information presented in the "Quantitative Disclosures" section can easily be verified and validated with corresponding information presented in the consolidated audited financial statements 2020 of BBL and its subsidiaries, along with separate audited financial statements of the bank available on its website ([www.bracbank.com](http://www.bracbank.com)). The report is prepared once a year and is available on the BBL website.

1. Scope of the application Qualitative disclosures	
Qualitative Disclosure	<p>a) The name of the top corporate entity in the group to which this guideline applies</p> 
	<p>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:</p> <p>(i) that are fully consolidated,</p> <p>(ii) that are given a deduction treatment; and</p> <p>(iii) that are neither consolidated nor deducted</p> <p><b>Subsidiaries and associates of the bank</b></p> <p><b>BRAC Bank Limited:</b></p> <p>BRAC Bank Ltd. is a third-generation private commercial bank (PCB), launching its banking operations on July 4, 2001 under the Banking Companies Act, 1991. The bank went for public issue of its shares in 2006 and its shares are listed on the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited since 2007. At present, the bank has 187 branches, 185 zonal offices, 456 SME unit offices, 375 ATMs and 481 agent outlets operational and spread across the country.</p> <p><b>Subsidiaries:</b> Subsidiaries are entities over which the bank has the power to govern the financial and operating policies, generally accompanying a shareholding of over 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 the subsidiaries are included in the consolidated financial statements from the date control effectively commences until the date control effectively ceases.</p> <p><b>The bank has four subsidiary companies:</b> BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, BRAC Saajan Exchange Limited incorporated in the UK, and bKash Limited.</p> <p><b>i. BRAC EPL Investments Limited (subsidiary)</b></p> <p>BRAC Bank acquired 51 per cent shares of Equity Partners Limited on July 31, 2009. This company was incorporated in Bangladesh on April 19, 2000 as a private limited company under the Companies Act, 1994, and was subsequently renamed as "BRAC EPL Investments Limited". It was established to cater to the needs of the fast-growing capital markets in Bangladesh. It works as a merchant bank with a full-fledged merchant banking license from the Bangladesh Securities and Exchange Commission (BSEC). The company's services comprise lead management of initial public offerings, domestic and international placement, portfolio management and project development and consultancy.</p>

	<p><b>ii. BRAC EPL Stock Brokerage Limited (subsidiary)</b></p> <p>BRAC Bank acquired 51 per cent shares of Equity Partners Securities Limited on July 31, 2009. Equity Partners Securities Limited was incorporated in Bangladesh on May 16, 2000 as a private limited company under the Companies Act, 1994. Subsequently, the management decided to rename Equity Partners Securities Limited as BRAC EPL Stock Brokerage Limited. In the year 2011, the bank acquired an additional 39 per cent stake of EPL Stock Brokerage Limited. As a result, the bank's controlling interest rose to 90 per cent of EPL Stock Brokerage Limited.</p> <p>BRAC EPL Stock Brokerage Limited was established as a brokerage business in Bangladesh. It has corporate membership of both Dhaka Stock Exchange and Chittagong Stock Exchange.</p>
	<p><b>iii. bKash Limited (subsidiary)</b></p> <p>BRAC Bank formed bKash Limited, a private company limited by shares, which was incorporated on March 1, 2010 under the Companies Act, 1994. BRAC Bank currently holds 51 per cent equity shares in the company, while 29 per cent of the equity shares are held by Money In Motion LLC (a company listed in USA), 9.9 per cent of equity shares are held by International Finance Corporation (IFC) and the rest 10.1 per cent of equity shares are held by Alipay Singapore. bKash Limited was established to introduce mobile money transfer services in Bangladesh. The bank has obtained a license from Bangladesh Bank for its subsidiary bKash to render mobile financial services.</p> <p>In 2014, with the consent of all existing shareholders, Bill &amp; Melinda Gates Foundation, and later in 2018, Alipay Singapore E-Commerce Private Limited ("Alipay") invested in bKash. The preference shareholders do not have any voting rights but have the same rights as the equity shareholders in the economic interest of the company. These preference shares are convertible on a 1:1 basis to ordinary shares at the option of the preference shareholders. The consolidated financial statements have been prepared considering potential dilution.</p>
	<p><b>iv. BRAC SAAJAN Exchange Limited (subsidiary)</b></p> <p>BRAC Bank acquired 75 per cent+1 share (249,992 shares out of the total 333,333 shares) of "Saajan Worldwide Money Transfer Limited" (SWMTL) in the UK. Bangladesh Bank provided necessary approvals of GBP 500,000 to acquire SWMTL and setting up of two new branches in Luton and Bradford in the UK. As per permission granted by Bangladesh Bank, SWMTL has been renamed as "BRAC SAAJAN Exchange Ltd" (BSE). BRAC Bank has been controlling and monitoring all its operations as a holding company. BRAC Saajan Exchange Limited was established to cater to the remittance and exchange services business in the UK.</p>

Qualitative Disclosure		<p><b>v. BRAC IT Services Limited (associate)</b></p> <p>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 acquired 51 per cent shares of BRAC IT Services Limited, a private company limited by shares under the Companies Act, 1994, incorporated in April 9, 2013. It is currently operating as an IT solutions and services company. In the year 2017, BRAC Bank reduced its holding in BRAC IT Services Limited from 51 per cent to 49 per cent by selling 1,034 shares to BRAC. Due to the disposal of shares of BRAC IT Services Limited, it was converted as an “associate” of the bank at the end of the year 2017, from a subsidiary.</p>
		<p>The diagram illustrates the corporate structure of BRAC Bank Limited. At the center is a large yellow circle labeled "BRAC Bank Limited". Surrounding it are five smaller circles, each representing a subsidiary, connected by a thin grey line. Starting from the top and moving clockwise, the subsidiaries are: BRAC EPL Investments (blue circle), BRAC EPL Stock Brokerage (yellow circle), bKash (green circle), BRAC SAAJAN Exchange (blue circle), and BRAC IT Services (orange circle). Each subsidiary circle contains its respective logo.</p>
	c) Basis of Consolidation	<p>Consolidated financial statements include financial statements of BRAC Bank and its subsidiaries, BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited and BRAC SAAJAN Exchange Limited, as those of a single economic entity.</p> <p>The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) 10: Consolidated Financial Statements. The consolidated financial statements are prepared for a common reporting year ended December 31, 2020.</p>

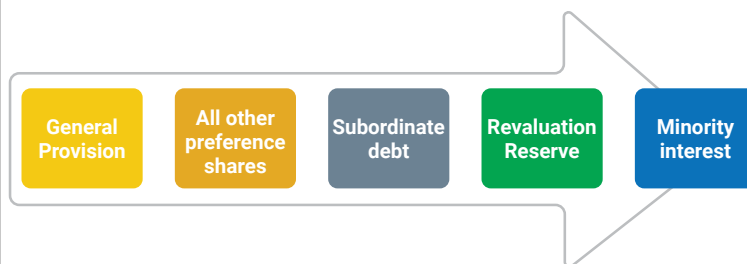
Quantitative Disclosure	
Quantitative	<p>a) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that is deducted and the name(s) of such subsidiaries.</p> <p>It does not hold here. The assets, liabilities, revenue and expenses of subsidiaries are combined with BBL's consolidated audited financial statement as of the year ended December 31, 2020, which ensures the elimination of inter-company transactions, balances and intra-group gains on transactions between group companies.</p>

2. Capital Structure Qualitative Disclosure	
Qualitative Disclosure	<p>a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in CET1, Additional Tier 1 or Tier 2.</p> <p>The Basel Committee raised the resilience of the banking sector by strengthening the regulatory capital framework, building on the three pillars of the Basel-II framework. The reforms raised both the quality and quantity of the regulatory capital base and enhanced the risk coverage of the capital framework. The regulatory capital under Basel-III is composed of (i) Tier-1 (Going concern capital) and (ii) Tier-2 (Gone concern capital). From a regulatory capital perspective, going-concern capital is the capital which can absorb losses without triggering bankruptcy of a bank, and gone-concern capital is the capital which will absorb losses only in a situation of liquidation of the bank.</p> <p>The capital structure of the bank is categorised into two tiers: Tier-1 Capital and Tier-2 Capital, as per the Risk Based Capital Adequacy Guideline of Bangladesh Bank. The components of total regulatory capital are enumerated as under:</p> <ul style="list-style-type: none"> <li>● Tier-1 Capital (going concern capital)</li> <li>● Tier-2 Capital (gone concern capital)</li> </ul> <p><b>Tier-1 Capital:</b> This form of capital can absorb losses without triggering bankruptcy of the bank. Hence, it is a core measure of a bank's financial strength from a regulatory standpoint. The components of Tier-1 Capital are given below:</p> <p><b>Common Equity Tier-1 (CET1)</b></p> <div style="display: flex; align-items: center; justify-content: center; gap: 10px;"> <div style="background-color: #0056b3; color: white; padding: 10px; text-align: center;">Common Equity Tier-1</div> <div style="font-size: 2em;">+</div> <div style="background-color: #e69d00; color: white; padding: 10px; text-align: center;">Additional Tier-1</div> <div style="font-size: 2em;">=</div> <div style="background-color: #008000; color: white; padding: 10px; text-align: center;">Tier-1 Capital</div> </div> <ol style="list-style-type: none"> <li style="background-color: #ffcc00; padding: 2px 10px; margin-bottom: 2px;">1. Paid up Capital</li> <li style="background-color: #e69d00; padding: 2px 10px; margin-bottom: 2px;">2. Non-repayable share premium account</li> <li style="background-color: #556b84; padding: 2px 10px; margin-bottom: 2px;">3. Statutory reserve</li> <li style="background-color: #90ee90; padding: 2px 10px; margin-bottom: 2px;">4. General reserve</li> <li style="background-color: #008000; padding: 2px 10px; margin-bottom: 2px;">5. Retained earnings</li> <li style="background-color: #0056b3; padding: 2px 10px; margin-bottom: 2px;">6. Dividend equalization reserve</li> <li style="background-color: #0056b3; padding: 2px 10px;">7. Minority interest in subsidiaries</li> </ol>

**Additional Tier-1 (AT1):**

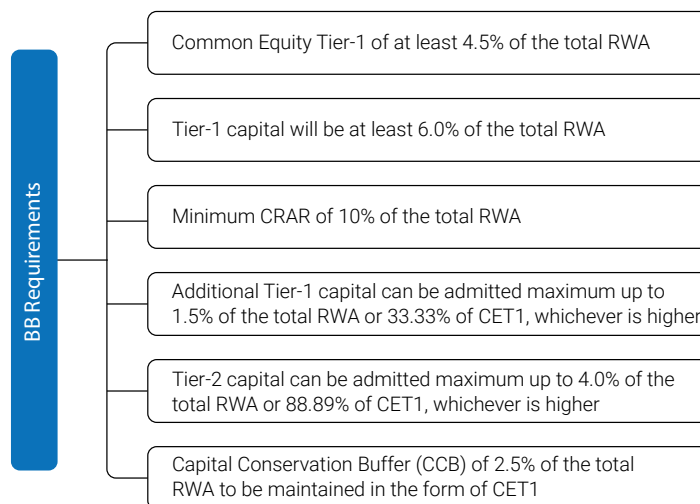
- Non-cumulative non-redeemable preference shares
- Instruments issued by banks that meet the qualifying criteria for AT1 (the instrument is perpetual, i.e. no maturity date)
- Minority interest (AT1 issued by consolidated subsidiaries to third parties)

**Tier-2 Capital:** Gone concern capital represents the other element that falls 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 follow:

	2015	2016	2017	2018	2019 Ongoing
Minimum Common Equity Tier-1 (CET1) Capital Ratio	4.50%	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer	-	0.625%	1.25%	1.875%	2.50%
Minimum CET1 plus Capital Conservation Buffer	4.50%	5.125%	5.75%	6.375%	7.00%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.625%	11.25%	11.875%	12.50%

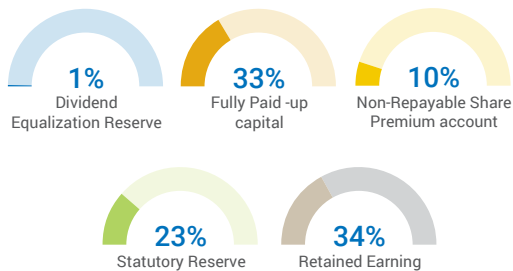
Quantitative Disclosure				
Quantitative Disclosure		Solo	Consolidated	
	Common Equity Tier-1 (Going Concern Capital)			
	Fully paid-up capital	13,258,784,760	13,258,784,760	
	Non-repayable share premium account	3,853,767,032	3,853,767,032	
	Statutory reserve	9,405,017,728	9,405,017,728	
	General reserve	-	-	
	Retained earnings	13,680,255,527	16,346,550,011	
	Dividend equalisation reserve	355,218,455	355,218,455	
	Minority interest in subsidiaries		5,610,136,813	
	<b>Sub-total</b>	<b>40,553,043,502</b>	<b>48,829,474,799</b>	
	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	1,036,448,298	3,767,220,392	
	Deferred tax assets (DTA)	3,043,768,317	3,810,017,550	
	Defined benefit pension fund assets	-	-	
	Gain On Sale Related to securitization Transactions	-	-	
	Investment in own CET1 instruments/shares	-	-	
	Reciprocal cross-holdings in the CET1 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 in subsidiaries which are not consolidated (50% of investment)	-	-	
	<b>Sub-total</b>	<b>4,080,216,615</b>	<b>7,577,237,942</b>	
	<b>Total Common Equity Tier-1 Capital</b>	<b>36,472,826,887</b>	<b>41,252,236,857</b>	
	Additional Tier-1 Capital			
	Non-cumulative non-redeemable preference shares	-	-	
Instruments issued by banks that meet the qualifying criteria for AT1	-	-		
Minority Interest, i.e. AT1 issued by consolidated subsidiaries to third parties	-	-		
Head office borrowings in foreign currency by foreign banks operating in Bangladesh for inclusion In additional Tier-1 Capital which comply with regulatory requirements	-	-		
Others (if any item approved by Bangladesh Bank)	-	-		
Regulatory adjustments	-	-		
Investment in own AT-1 instrument/shares	-	-		
Reciprocal cross-holdings 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 per cent of the total RWA or 33.33 per cent of CET1, whichever is higher)	-	-		
Excess amount over maximum limit of AT-1	-	-		
<b>Total admissible Tier-1 capital</b>	<b>36,472,826,887</b>	<b>41,252,236,857</b>		
<b>Tier-2 capital (gone concern capital)</b>				
General provision	3,709,404,810	3,709,404,810		



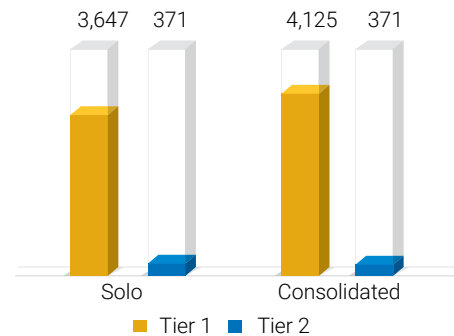
	Solo	Consolidated
All other preference shares	-	-
Subordinated debt/instruments issued by banks that meet the qualifying criteria for Tier-2 capital	-	-
Minority interest, i.e. Tier-2 issued by consolidated subsidiaries to third parties	-	-
Head office borrowings in foreign currency received that meet the criteria of Tier-2 debt capital (applicable for foreign banks)	-	-
<b>Revaluations reserve as on 31st December, 2014 (50 per cent of fixed assets and securities &amp; 10 per cent of equities)</b>		
<b>Total</b>	<b>4,055,907,218</b>	<b>4,055,907,218</b>
Regulatory adjustments		
Revaluation reserve for fixed assets and security and equity securities		
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 per cent of investment)	-	-
Investment in subsidiaries which are not consolidated (50 per cent of investment)	-	-
Total Tier-2 Capital available	3,709,404,810	3,709,404,810
Maximum limit of Tier-2 Capital (Tier-2 Capital can be maximum up to 4 per cent of the total RWA or 88.89 per cent of CET1, whichever is higher)	32,420,695,820	36,669,113,342
Excess amount over maximum limit of T-2		
<b>Total admissible Tier-2 Capital</b>	<b>3,709,404,810</b>	<b>3,709,404,810</b>
<b>Total regulatory capital</b>	<b>40,182,231,697</b>	<b>44,961,641,667</b>

## Tier 1 Components (Solo Basis)

in percent



## Composition of Capital



### 3. Capital Adequacy Qualitative Disclosure

#### Qualitative Disclosure

a) A summary discussion of the Bank's approach to assessing the adequacy of its Capital to support current and future activities.

BRAC Bank, with its focused strategy on risk management, has always remained consistent in maintaining its capital adequacy ratio above regulatory requirements. BRAC Bank has been successfully managing the incremental growth of Risk Weighted Assets (RWA) by diversifying the portfolio in SME, Retail and Corporate segments. However, RWA is also managed by taking collateral against loans. We strive to ensure external credit rating is duly done on our borrowers.

The bank has adopted Standardised 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 Bangladesh Bank.

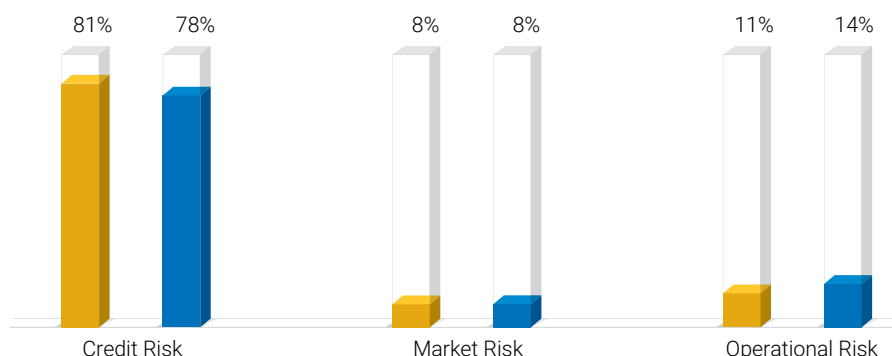
The bank's policy is to manage and maintain its capital with the objective of maintaining strong capital ratio and high rating. The bank maintains capital levels that are sufficient to absorb all material risks. It also ensures that the capital levels comply with regulatory requirements and satisfy external rating agencies and other stakeholders, including depositors. The main objective of the capital management process at the bank is to ensure that it has adequate capital to meet all sorts of obligations at any time.

#### Quantitative Disclosure

#### Quantitative Disclosure

Description	Solo	Consolidated
a) Capital requirement for credit risk	22,396,637,456	23,146,694,734
b) Capital requirement for market risk	2,129,981,674	2,405,606,302
c) Capital requirement for operational risk	3,090,864,780	4,165,498,790
Minimum capital requirement	<b>27,617,483,910</b>	<b>29,717,799,826</b>
d) Capital ratio:		
CET1 Capital	36,472,826,887	41,252,236,857
Total Tier-1 Capital	36,472,826,887	41,252,236,857
Total Tier-2 Capital	3,709,404,810	3,709,404,810
Total Capital	<b>40,182,231,697</b>	<b>44,961,641,667</b>
Total Risk Weighted Assets (RWA):	<b>276,174,839,100</b>	<b>297,177,998,257</b>
Capital to Risk Weighted Assets Ratio (CRAR)	14.55%	15.13%
Common Equity Tier-1 to RWA	13.21%	13.88%
Tier-1 Capital to RWA	13.21%	13.88%
Tier-2 Capital to RWA	1.34%	1.25%
<b>Requirement for Capital Conservation Buffer (CCB)</b>	<b>2.50%</b>	<b>2.50%</b>
<b>Capital Conservation Buffer (CCB) maintained</b>	<b>4.55%</b>	<b>5.13%</b>

#### 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 put in place a lending policy for the management of credit risk at the bank. This policy is reviewed every year. The loan processing system at our bank is centralised. The Relationship Manager (RM) seeks business development opportunities, keeping in mind the '5 Cs' in a customer. The RM prepares a credit proposal and sends it to Credit Risk Management (CRM) for analysis. CRM analyses the proposal and the decision is made (approved/declined/query provided) and approved as per the Delegation of Authority. Finally, documentation and disbursement are completed by the operations division. In each of the aforementioned steps, a highly stringent and rigorous risk assessment is done. Thus, we strive to eliminate every possibility of credit risk, while remaining in compliance with standards stipulated by the regulators.

Before approving any facility to a borrower, we follow a very robust and rigid credit assessment process. We embark on any deal or project after thoroughly scrutinising the person or organisation, starting from accumulating and analysing the person's or organisation's business information, business prospects, present scenario, market position, market reputation, industry growth and peer group comparison, and ends with a decision whether to on-board or not to on-board the person or organisation. At the same time, experience and 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 and facility structuring and related such avenues are closely assessed. 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 the factory/warehouse, a visit report is prepared in this regard. Further, a stock verification report is also prepared and record is kept in the customer's file. Environmental and social aspects are also considered while factoring any lending decisions.

Other banks' liability position and status, other banks' sanction advice, credit risk grading, external rating (for large and medium enterprise customers) information, proposed security analysis and compliance with regulatory and internal policy guidelines and relevant such covenants are also considered before extending any credit facility. These are all done with the sole intention of thwarting any potential credit risks.

#### **i) Definitions of past due and impaired (for accounting purposes):**

Credit risk is the risk of financial losses resulting from 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 a product basis, but charged and accounted monthly and quarterly on an accrual basis. Classification and provisioning for loans and advances are created based on the period of arrears by following Bangladesh BRPD Circular No. 14, dated September 23, 2012, BRPD Circular No. 15, dated September 23, 2012, BRPD Circular No. 19, dated December 27, 2012, BRPD Circular No. 05, dated May 29, 2013, BRPD Circular No. 16, dated November 18, 2014, BRPD Circular No. 12, dated August 20, 2017, BRPD Circular No. 01, dated February 20, 2018, BRPD Circular No. 07, dated June 21, 2018, BRPD Circular No 13, dated October 18, 2018 and BRPD Circular No. 03, dated April 21, 2019.

With a view to strengthening credit discipline and bring classification and provisioning regulations in line with international standards, an appropriate 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 follows:

Loan type	Criteria of classification (months)	Classification status	Criteria for default	Default status
Continuous loan, demand loan and fixed term loan	Past due < 2	STD	Past due < 6	No
	2 ≥ Past due < 3	SMA		
	≥ 3 Past due < 9	SS	Past due ≥ 6	Yes
	≥ 9 Past due < 12	DF		
	Past due ≥ 12	BL		
Continuous loan, demand loan and fixed term loan	Past due ≤ 12	STD	Past due < 6	No
	12 > Past due ≤ 36	SS		
	36 > Past due ≤ 60	DF	Past due ≥ 6	Yes
	60 > Past due	BL		
<b>ii) Description of approaches followed for specific and general allowances and statistical methods:</b>				
<p>Provision for loans and advances is created to cover the bank from any possible loan losses in the future. A 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 banks are categorised as sub-standard, doubtful and bad/loss as per Bangladesh Bank circulars. For loans that are classified as sub-standard, doubtful or bad/loss, specific provision is created, netting-off security value and interest suspense from the amount outstanding. Provision for off-balance sheet items is made as per Bangladesh Bank guidance. The latest BB circulars are followed diligently. Interest accrued on sub-standard, doubtful and bad/loss loans are transferred to an interest suspense account and not considered as interest income. This interest is recognised as interest income when it is realised in cash by the bank.</p> <p>Loans and advances are written-off to the extent that (i) there is no realistic prospect of recovery and (ii) against which legal cases are filed and classified as bad and loss, as per BRPD Circular No. 02, dated January 13, 2003 and 13, dated November 07, 2013. These write-offs however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write-off accounts are meticulously maintained and followed up.</p> <p>At each balance sheet date, BRAC Bank 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 objective evidence of impairment as a result of a loss event that occurs after the initial recognition of the asset, up to the balance sheet date; the loss event had an impact on the estimated future cash flows of the financial assets or the group of financial assets; and a reliable estimate of the loss amount can be made. In the event of impairment loss, the bank reviews whether a further allowance for impairment should be provided in the profit and loss statement in addition to the provision made based on Bangladesh Bank guidelines or other regulatory requirements.</p> <p>The bank is required to maintain the following general and specific provision in respect of classified and unclassified loans and advances/investments on the basis of Bangladesh Bank guidelines issued from time to time:</p>				

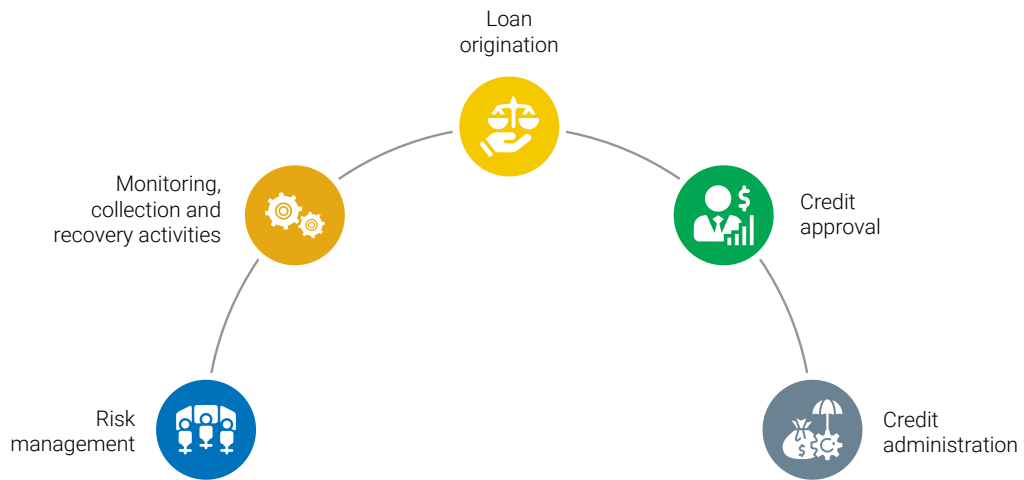
Qualitative Disclosure

Consumer	Business Unit	Rates of Provision				
		Un-classified (UC)		Classified		
		Standard	Special mention account (SMA)	Substandard (SS)	Doubtful (DF)	Bad loan (BL)
	House building	1%	1%	20%	50%	100%
	Loans for professionals	2%	2%	20%	50%	100%
	Other than house building and professionals	2%	2%	20%	50%	100%
	Loans to BHs/MBs against shares, etc.	2%	2%	20%	50%	100%
	Cottage, micro and small credit under CMSME	0.25%	0.25%	5%	50%	100%
	Medium enterprises	0.25%	0.25%	20%	50%	100%
	Short term agri/micro credit	1%	1%	5%	5%	100%
	Credit card	2%	2%	20%	50%	100%
	All others	1%	1%	20%	50%	100%
	Off-balance sheet	1%	-	-	-	-

**iii) Discussion of the bank's credit risk management policy:**

Method used to measure credit risk: Aligned with Bangladesh Bank's guidelines, the bank follows a 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 financial securities and guarantees of loan exposures.

Credit policy: BRAC Bank manages its credit risk through a Board-directed and approved credit policy, in line with the Bangladesh Bank Core Risk Management guidelines, which outline robust processes and procedures that ensure the quality of its assets portfolio. The credit policy also contains general principles to govern the implementation of detailed lending procedures and risk grading systems of borrowers. And, as such, it specifically addresses the areas of:



**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. Professionals of respective fields verify the legal certainty and enforceability of the mitigation approach. Collateral types eligible for risk mitigation include cash, residential, commercial industrial property; plant and machinery; marketable securities; etc. Bank officials physically verify collaterals simultaneously. These are also valued by an independent third-party surveyor in accordance with the credit policy and procedures.

Qualitative Disclosure

**Credit assessment and grading:** Know Your Client (KYC) is the first step to analyse any credit proposal. The banker-customer relationship is established through an opening of a customer account. Proper introduction, photographs of the account-holders/signatories, passports, etc., and all other required papers as per the 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 portfolios (Retail, SME and Corporate.) booking customers. The Credit Division conducts 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 and environmental and social risk analysis of the customer. Post-approval, the Credit Administration Department ensures compliance with all legal formalities, completion of documentation, including the security of the proposed facility, and finally disbursement of the amount. The above arrangement has not only ensured segregation of duties and accountability, but also helps in minimising the risk of compromise with quality of the credit portfolio.

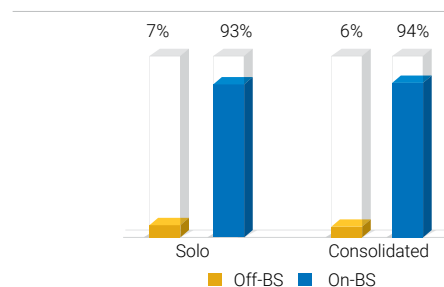
**Credit risk management:** Conventionally, the core function of a Credit Risk Management (CRM) team is to optimise the risk adjusted return from the bank's loans and advances by maintaining an appropriate standard in the underwriting process. However, the scope of BRAC Bank's CRM is not just limited to this. At the bank, a more holistic approach towards risk management is taken, where socio-economic and environmental impacts of the decisions made are emphasised upon. This practice is the hallmark of BRAC Bank's credit risk management objective. We believe in developmental growth and sustainability, rather than mere financial return from a transaction. We strive to create value rather than be the sole consumer of 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's share of total revenues of BRAC Bank originates particularly from SME lending, the future prospect of the bank depends on the quality of its asset portfolio. Thus, efficient management of loans and advances is of paramount importance for the bank.

There is a distributed collection model that consistently follows up with borrowers for timely repayments. A wing named 'Special Asset Management (SAM)' deals with non-performing assets through amicable settlement, execution of decrees and arrangements of auctions to sell mortgaged properties. SAM is also engaged to monitoring early alert accounts.

Final authority and responsibility for all activities that expose the bank to credit risk vests with the Board of Directors. The Board however delegates this 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 at the bank, and is designed to meet the organisational requirements that exist today as well as to provide flexibility for the future. The policy covers corporate, retail and small and medium enterprise exposures. Policies and procedures have structured and standardised credit risk management processes, both at the obligor and portfolio level and follow the central bank's guidelines. Further, the credit risk management function is independent of business origination and operates to establish better internal controls and reduce conflicts of interest.

Quantitative Disclosure

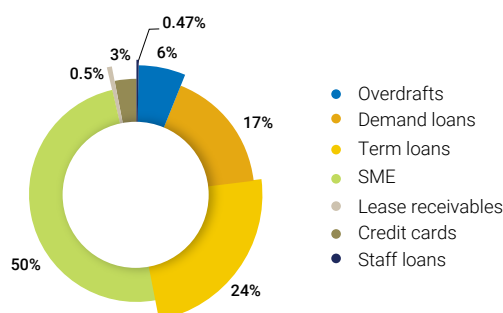
Risk Weighted Assets	Solo	Consolidated
Credit risk	223,966,374,564	231,466,947,340
On-balance sheet	208,933,523,820	216,434,096,595
Off-balance sheet	15,032,850,744	15,032,850,744



## Quantitative Disclosure

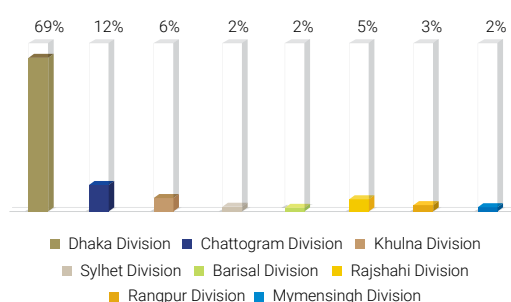
### a) Total gross credit risk exposures broken down by major types of credit exposure:

Particulars	Consolidated
Overdrafts	15,793,141,363
Demand loans	46,013,246,452
Term loans	65,155,442,944
Lease receivables	1,292,454,503
SME	134,621,356,804
Credit cards	7,022,290,761
Staff loans	1,098,036,892
Sub-total	270,995,969,719
Bills purchased and discounted	2,067,223,481
Bills purchased and discounted SME	-
<b>Total</b>	<b>273,063,193,200</b>



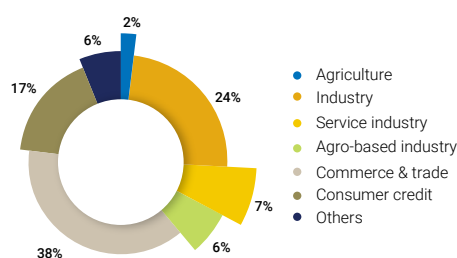
### b) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure

Particulars	Amount (BDT)
Dhaka Division	188,177,956,782
Chattogram Division	32,032,020,561
Khulna Division	15,705,337,819
Sylhet Division	5,550,975,746
Barisal Division	4,649,104,603
Rajshahi Division	14,892,521,754
Rangpur Division	7,893,449,128
Mymensingh Division	4,161,826,808
<b>Total</b>	<b>273,063,193,200</b>



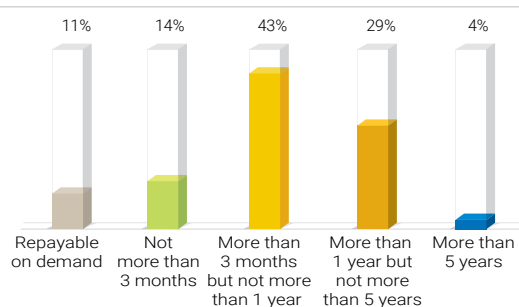
### c) Industry or counterparty type distribution of exposures, sector-wise allocation of loans and advances

Particulars	Amount (BDT)
Government:	
Private:	
Agriculture	4,368,825,394
Industry	64,717,199,443
Service industry	20,094,172,270
Agro-based industry	17,417,925,795
Commerce & trade	104,138,199,575
Consumer credit	45,185,645,630
Others	17,141,225,094
<b>Total</b>	<b>273,063,193,200</b>



### d) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure

Particulars	Amount (BDT)
Repayable on demand	29,109,434,900
Not more than 3 months	38,634,528,099
More than 3 months but not more than 1 year	116,074,068,443
More than 1 year but not more than 5 years	78,466,876,591
More than 5 years	10,778,285,167
<b>Total</b>	<b>273,063,193,200</b>



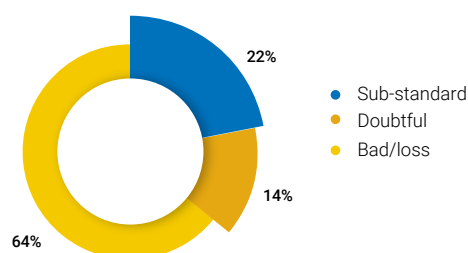
**e) By major industry or counterparty type: Amount of impaired loans and, if available, past due loans, provided separately; Specific and general provisions; and charges for specific allowances and charge-offs during the period:**

Status	Outstanding loans and advances 2020	Base for provision	(%) of required provision	Required provision, 2020
All unclassified loans (other than small and medium enterprise financing, consumer financing, BHs/MBs/SDs, housing and loans for professional*)	86,525,906,310	86,385,030,653	1%	1,359,509,761
Small and medium enterprise financing	129,263,261,774	129,263,261,774	0.25%	323,158,154
Loans to BHs/MBs/SDs against shares, etc.	1,028,307,324	1,028,307,324	2%	20,566,146
Housing finance**	13,778,819,883	13,778,819,883	1%	137,788,199
Loans for professionals to set up business (LP)	3,738,085,010	3,738,085,010	2%	74,761,700
Consumer finance	19,985,827,834	19,985,827,834	2%	399,716,557
Consumer finance (credit card)	6,816,402,037	6,816,402,037	2%	136,328,041
Short-term agricultural and micro credit	2,820,000,000	2,820,000,000	1%	28,200,000
Staff loan	1,098,036,892	-	1%	-
<b>Total</b>	<b>265,054,647,064</b>	<b>263,815,734,515</b>		<b>2,480,028,558</b>
Classified - Specific provision			5%	
Doubtful (short-term agricultural credit)			5%	
Sub-standard	1,715,697,004	1,093,109,666	20%	138,013,269
Doubtful	1,144,060,986	827,903,587	50%	285,156,144
Bad/loss	5,148,788,146	3,988,401,549	100%	3,988,401,549
Sub-total	8,008,546,136	5,909,414,803		4,411,570,961
<b>Total</b>	<b>273,063,193,200</b>	<b>269,725,149,317</b>		
<b>Special general provision for COVID-19</b>	<b>77,443,021,808</b>	<b>77,413,011,808</b>	<b>1%</b>	<b>774,130,118</b>
Total required provision for loans and advances				7,665,729,638
<b>Total provision maintained</b>				<b>10,747,688,608</b>
<b>Excess/(Short) provision</b>				<b>3,081,958,970</b>

\* BHs = Brokerage Houses; MBs = Merchant Banks; SDs = Stock Dealers Against Shares

**f) Gross Non-Performing Assets (NPAs)**

Write-off loans and advances	2020
Balance at the beginning of the year	11,287,934,833
Add: Write-off during the year	1,046,298,041
	<b>12,334,232,874</b>
Less: Recovery of write-off loans	627,917,518
Less: No claim (interest waiver)	59,486,377
<b>Balance at the end of the year</b>	<b>11,646,828,978</b>





## 5. Equities: Disclosure for banking book positions

### Qualitative Disclosure

#### Qualitative Disclosure

**a) The general qualitative disclosure requirement with respect to equity risk, including:**

**i) Difference between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons:**

Investment in equity securities are broadly categorised into two parts:

- **Quoted securities:** These securities are bought and held primarily for the purpose of selling them in the future or holding for dividend income, which is reported at cost. Unrealised gains are not recognised in the profit and loss statement. However, required provisions are kept for diminution in value of the investment.
- **Unquoted securities:** Investment in unlisted securities is reported at cost under the cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

**ii) Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices:**

The primary aim is to invest in these equity securities for the purpose of capital gains by selling them in the future or holding for dividend income. As per BRPD Circular No. 14 dated June 25, 2003, investments in quoted shares and unquoted shares are revalued at the year-end at market price and as per book value of the 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 recognised 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 year-end is taken to the Profit or Loss Account or Revaluation Reserve Account, respectively.

The valuation methods of marking-to-market for investment used are:

- i. Held to Maturity (HTM):** 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 amortised cost others' are classified as held to maturity. These investments are subsequently measured at amortised cost, less any provision for impairment in value. Amortised cost is calculated by taking into account any discount or premium in acquisition. Any gain or loss on such investments is recognised in the statement of income when the investment is de-recognised or impaired.
- ii. Held for Trading (HFT):** Investment classified in this category are acquired principally for the purpose of selling or repurchasing - in short trading or if designated as such by the management. After initial recognition, investments are measured at present value, and any change in the fair value is recognised in the statement of income for the period in which it arises. Transaction costs, if any, are not added to the value of investments at initial recognition.
- iii. Revaluation:** According to DOS Circular No. 05, dated May 26, 2008, DOS Circular No. 05, dated January 28, 2009 and DOS Circular No. 02, dated January 19, 2012, HFT securities are revalued once each week using the marking-to-market concept, and HTM securities are amortised once a year according to Bangladesh Bank guidelines. HTM securities are also revaluated if they are re-classified to the HFT category with the Board's approval.

Qualitative Disclosure	Value of investments											
	Investment class	Initial Recognition	Measurement after recognition	Recording of changes								
	Government treasury bills (HFT)	Cost	Marking-to-market/fair value	Loss to profit and loss a/c, gain to revaluation reserve								
	Government treasury bills (HTM)	Cost	Amortised cost	Increased or decreased in value to equity								
	Government treasury bonds (HFT)	Cost	Marking-to-market/fair value	Loss to profit and loss a/c, gain to revaluation reserve								
	Government treasury bonds (HTM)	Cost	Amortised cost	Amortised gain/loss to revaluation reserve								
	Zero coupon bond		Cost	N/A								
	Prize bond and other bonds	Cost	Cost	N/A								
	Debentures	Cost	Cost	Profit & loss account								
	Un-quoted shares (ordinary)	Cost	Lower of cost or NAV of last audited account	Profit & loss account								
Quoted shares (ordinary)	Cost	Lower of cost or market price at balance sheet date	Loss to profit and loss account									
Quantitative Disclosure												
Amount in BDT												
Quoted shares												
Particular	Cost of holding	Market value	Unrealised gain									
Ordinary shares	3,003,300,600	3,074,227,295	70,926,695									
Unquoted			Cost of holding									
Industrial and Infrastructure Development Finance Co. Limited			29,683,820									
Central Depository Bangladesh Limited			6,277,770									
The Bangladesh Rating Agency Limited			10,671,700									
VIPB Income Fund			333,900,000									
VIPB Growth Fund			30,000,000									
IDLC Balanced Fund			100,000,000									
HFAML-ACME Unit Fund			20,000,000									
Preference shares												
Union Capital preference shares			8,000,000									
Total			538,533,290									
Required Capital Charge on Equities												
	Solo	Consolidated										
General market risk	307,422,730	445,235,044										
Specific risk	307,422,730	445,235,044										
<b>Total capital charge</b>	<b>614,845,459</b>	<b>890,470,087</b>										
<table border="1"> <thead> <tr> <th>Risk Category</th> <th>Solo</th> <th>Consolidated</th> </tr> </thead> <tbody> <tr> <td>Specific risk</td> <td>307,422,730</td> <td>445,235,044</td> </tr> <tr> <td>General market risk</td> <td>307,422,730</td> <td>445,235,044</td> </tr> </tbody> </table>				Risk Category	Solo	Consolidated	Specific risk	307,422,730	445,235,044	General market risk	307,422,730	445,235,044
Risk Category	Solo	Consolidated										
Specific risk	307,422,730	445,235,044										
General market risk	307,422,730	445,235,044										

## 6. Interest Rate Risk in the Banking Book (IRRBB) Qualitative Disclosure

**a) The general qualitative disclosure requirement, including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behaviour 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:

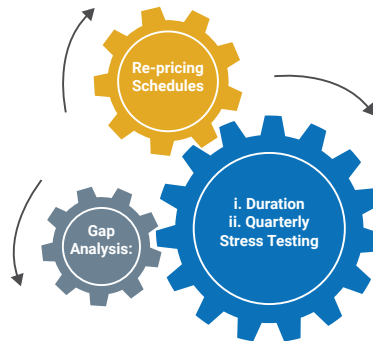
- i. Earnings perspective:** It affects a bank's earnings by changing its net interest income and the level of other interest sensitive income and operating expenses.
- ii. Economic value perspective:** The economic value of future cash flows changes when the interest rate changes.

at BRAC Bank, the Asset & Liability Management (ALM) unit under the supervision of Asset and Liability Committee (ALCO) is responsible for managing market risk arising from the 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.



Qualitative Disclosure

**Techniques of Addressing IRRB:** The following techniques for managing IRRB at BRAC Bank are applied:



**Re-pricing schedules:** It is the simplest techniques for measuring a bank's interest rate risk exposure and that comprises generating a maturity/re-pricing schedule that distributes interest-sensitive assets, liabilities and OBS positions into a certain number of pre-defined 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 (NII) 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 a quarterly basis as per the directives of Bangladesh Bank to gain better insights into the vulnerable issue of IRRB.

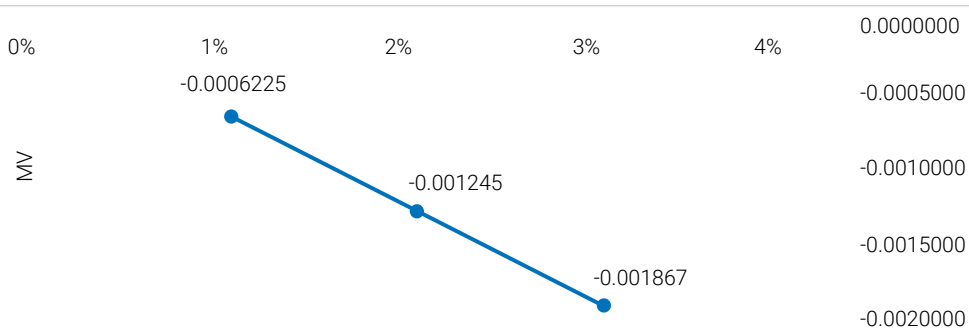
## Quantitative Disclosure

Quantitative Disclosure

Particulars	Amount (BDT)		
Market value of assets	409,265,100,000		
Market value of liabilities	350,725,600,000		
Weighted average of duration of assets (DA)	1.89%		
Weighted average of duration of liabilities (DL)	0.31%		
Duration GAP (DA-DL)	1.63%		
Yield to Maturity (YTM -Assets)	7.19%		
Yield to Maturity (YTM -Liability)	2.47%		
Magnitude of interest rate change	1%	2%	3%
Change in market value of equity due to an increase in interest rate	-622.4658317	-1244.931663	-1867.397495
Stress-testing			
Regulatory capital (after shock)	34,459,600,000	28,234,900,000	22,010,300,000
RWA (after shock)	271,375,600,000	265,151,000,000	258,926,300,000
CAR (after shock)	12.70%	10.65%	8.50%

This is the outcome of duration gap analysis, which is done on a quarterly basis as part of periodic stress-testing of the bank.

### Changes in Market value of Equity due to an increase in interest



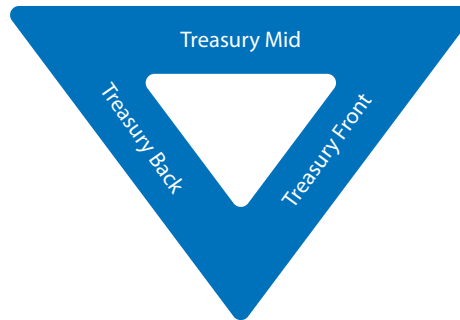
## 7. Market Risk Qualitative Disclosure

<b>Qualitative Disclosure</b>	a) Views of BOD on trading/ investment activities	<p>Market risk arises due to changes in market variables, such as interest rates, foreign currency exchange rates, equity prices and commodity prices. The financial instruments that are held with trading intent or to hedge against various risks are purchased to make a profit from spreads between the bid and ask price, and are subject to market risk.</p> <p>We have foreign exchange risk management guideline wholly customised as per our bank's needs, since 2004. The guidelines have been prepared as per Bangladesh Bank guidelines and appraised by our Board of Directors. All financial activities are prone to different degrees of risk. Being a financial institution, to measure, monitor and manage these risks would be crucial for the survival and good health of the organisation. Within the bank, treasury would be vested with the responsibility to measure and minimise the risks associated with the bank's assets and liabilities. Managing foreign exchange risk would be one of the prime responsibilities of the treasury.</p> <p>The liquidity contingency plan and the guidelines of Bangladesh Bank in respect of CRR, SLR and capital adequacy are also there to guide the bank in the proper direction. We have the Asset Liability Committee (ALCO) responsible for overall balance sheet (asset liability) risk management. Treasury is responsible for managing the balance sheet as per the recommendations of ALCO to minimise risk and maximise returns. The committee calls on a meeting at least once 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 puts his views on whether 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 basis, what would be the transfer price of funds among divisions and the kind of interbank dependency the bank would need to have. Based on the analysis and views, the committee takes decisions to reduce balance sheet risks while maximising profits.</p> <p>At BRAC Bank, the Board approves all policies related to market risk, sets limit and reviews compliance on a regular basis. The objective is to obtain the best balance of risk and return, whilst meeting customers' requirements.</p>
	b) Methods used to measure Market	<p>There are several methods used to measure market risk and the bank uses those methods which it deems fit for a particular scenario. For measuring interest risk from an earnings perspective, the bank uses maturity gap analysis, duration gap analysis and sensitivity analysis. We also use standardised (rule based) method for calculating capital charge against market risks for minimum capital requirement of the bank under Basel-III.</p>
	c) Market Risk Management system	<p>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.</p>
	d) Policies and processes for mitigating market risk	<p><b>i. Asset liability management:</b> BRAC Bank places adequate emphasis so that the level of balance sheet risks is effectively managed. Appropriate policies and procedures have been established as per guidelines of the bank's Board of Directors, including relevant circular guidelines of Bangladesh Bank to control and limit these risks and ensure that proper resources are available for the evaluation and control of these risks. The Asset Liability Committee (ALCO) of the bank monitors the balance sheet and liquidity risks of the bank.</p>

Qualitative Disclosure

ii. Foreign exchange risk management: Foreign exchange risk (also known as FX risk, exchange rate risk or currency risk) is a financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency. The risk is that adverse fluctuations in exchange rates may result in loss of earnings. In this context, we have our own Board-approved policy for the management of FX risks.

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 the bank's business to the risk of loss. Treasury Division is vested with the responsibility to measure and minimise 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 treasury front and back office personnel are guided as per Bangladesh Bank's Core Risk Management guidelines. Further, they have separate and independent reporting lines to ensure segregation of duties and accountabilities. Dealing room is equipped with Reuter's information and voice screen recorder.



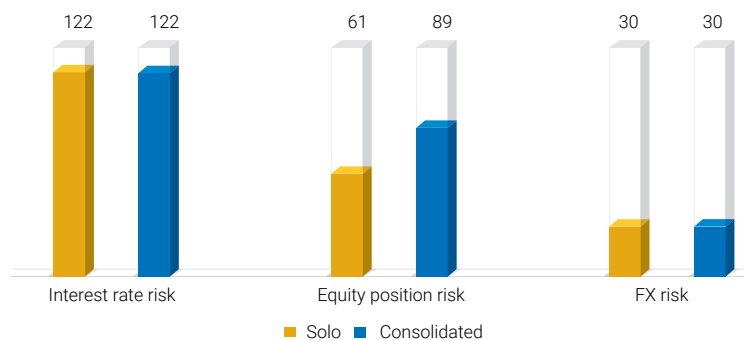
Management of Market Risk and FX Risk

Quantitative Disclosure

Quantitative Disclosure

(Amount in BDT)

Capital charge for market risk	Solo	Consolidated
Interest rate risk	1,217,578,627	1,217,578,627
Equity position risk	614,845,459	890,470,087
Foreign exchange risk	297,557,588	297,557,588
Commodity risk	0	0
<b>Total</b>	<b>2,129,981,674</b>	<b>2,405,606,302</b>



**8. Operational Risk  
Qualitative Disclosure**

<b>Qualitative Disclosure</b>	a) Views of BOD on system to reduce Operational Risk	<p>Operation risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic or reputation risk.</p> <p>The Board of Directors of BRAC Bank and its management firmly believe that efficient management of operational risks always contributes to the earnings of the bank and, at the same time, secures the interests of its customers and shareholders. To materialise this understanding into reality, there are dedicated risk management associates across the bank who consistently work in managing operational risks using effective tools and techniques implemented through polices and processes.</p>
	b) Performance gap of executives and staffs	<p>The bank has a proper mechanism in place to identify the scope of improvement of employees and executives and works towards addressing them on time. Development of human resources is pivotal for optimum efficiency and hence BBL's employees are exposed to numerous learning and capacity development programs throughout the year by the best resources available within the country and abroad. To reduce the knowledge gap and assist in the development of our personnel, user-friendly operations manual has 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 lapses in operations. All policies and processes address clear responsibilities and accountabilities of all employees.</p>
	c) Potential external events	<p>Further, there are non-diversifiable external factors that can affect the operations of the business directly or indirectly. BBL understands that the business operates under an umbrella of inter-connected socio-economic and political environment, where macro-economic conditions, regulatory changes, changes in demand and the status of infrastructure have significant influence on bank's performance. The bank has separate mechanisms to address such kind of events.</p>
	d) Policies and processes for mitigating operational risk	<p>At BRAC Bank, a dedicated department under the Risk Management Division (RMD) consistently works in operational risk identification, assessment and implementation of appropriate risk mitigation strategies across the bank. It helps to create awareness about various types of risks across the 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 departments of the bank for minimising operational risk exposures by collating information from key stakeholders on processes across all functions of the bank, incident reports, potential loss reports, internal audit reports, external audit reports and various other sources to identify gaps, risks, compliance and control failures to ensure reporting of significant risks and corporate governance issues.</p> <p>Such maintenance of a bank-wide risk management framework enables every department to independently identify, assess and respond to changes in the operating environment.</p>

<b>Qualitative Disclosure</b>							
	<p>Moreover, Internal Control and Compliance Division possesses a key role in identifying and mitigating operational risk. This division works relentlessly under the guidance of the Board Audit Committee to manage operational risk issues of the bank. The Audit Committee delivers policies and directions from time to time to sustain the operational efficiency of the bank.</p>						
	e) Approach for Calculating Capital Charges for Operational Risk	<p>Indicator Approach (BIA) is followed to calculate the capital charges for operational risk as per the guidelines of Bangladesh Bank.</p> <p>As per BIA, the capital charge for operations risk is a fixed percentage denoted by <math>\alpha</math> (alpha) of an average positive gross annual income of the bank over the past three years.</p> $K = [(GI_1 + GI_2 + GI_3) \times \alpha] / n$ <p>Where:-  K = 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)  <math>\alpha</math> = 15%  n = Number of the previous three years for which gross income is positive</p>					
<b>Quantitative Disclosure</b>							
<b>Quantitative Disclosure</b>	Amount in Taka						
	<b>Year</b>	<b>Solo</b>			<b>Consolidated</b>		
		<b>Gross income (GI)</b>	<b>Weight</b>	<b>15% of average GI</b>	<b>Gross income (GI)</b>	<b>Weight</b>	<b>15% of average GI</b>
	2020	20,836,239,521	15%	3,125,435,928	29,054,743,946	15%	4,358,211,592
	2019	21,774,760,168	15%	3,266,214,025	28,206,136,662	15%	4,230,920,499
	2018	19,206,295,906	15%	2,880,944,386	26,049,095,186	15%	3,907,364,278
		<b>Average</b>		3,090,864,780	<b>Average</b>		4,165,498,790
		<b>Average gross income of three years</b>			<b>Average gross income of three years</b>		
	61,817,295,595	15%	3,090,864,780	83,309,975,794	15%	4,165,498,790	



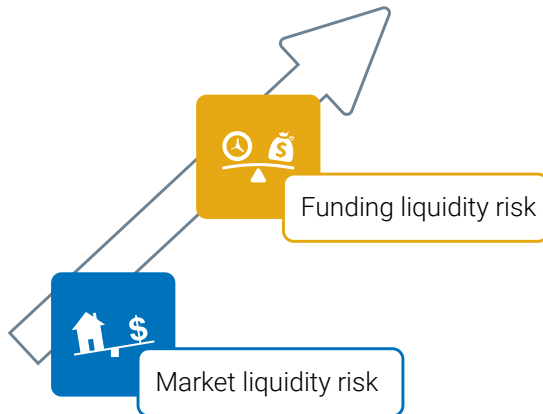
## 9. Liquidity Ratio Qualitative Disclosure

Qualitative Disclosure

a) Views of BOD on system to reduce liquidity Risk

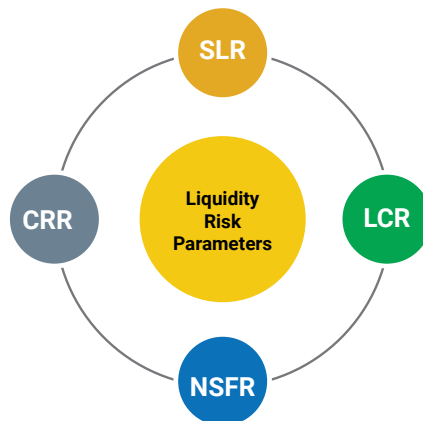
Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make a required profit), or when a bank is unable to fulfill its commitments in time when payment obligations fall due.

### 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 has always given utmost importance to minimise the liquidity risk of the bank. In order to reduce liquidity risk, strict maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Reserve (SLR) is also emphasised on a regular basis. Apart from these, as part of Basel-III requirement, liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) are also maintained under the guidance and stewardship of our Board.



<b>Qualitative Disclosure</b>	b) Methods used to measure Liquidity risk	<p>We follow Bangladesh Bank's Risk Based Capital Adequacy guideline, in line with Basel-III. We also follow DOS Circular No. 1, dated January 01, 2015, on implementation of Basel-III liquidity ratio. The calculation methodology is illustrated in detail in the guideline provided by Bangladesh Bank.</p> <p><b>Liquidity coverage ratio (LCR):</b></p> <p>LCR refers to highly liquid assets held by financial institutions in order to meet short-term obligations. The ratio is designed to ensure that financial institutions have the necessary assets in 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 per cent coverage).</p> <p><b>Net stable funding ratio (NSFR):</b></p> <p>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 to or exceed 100 per cent.</p> <div style="text-align: center;"> </div>
	c) Liquidity risk management system	<p>Liquidity is the ability of a bank to generate funds for increasing assets and meet obligations as they become 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. Thus, effective liquidity risk management helps ensure a bank's ability to meet cash flow obligations, which are uncertain as they are affected by external/extraneous events and other agents' behavior. Liquidity risk management is of paramount importance because liquidity deficit in a single institution can have system-wide repercussions.</p> <p>Responsibility for managing and controlling liquidity at BRAC Bank lies with the Asset Liability Management Committee (ALCO), which meets at regular intervals. The 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 the management of liquidity at the bank.</p>

<b>Qualitative Disclosure</b>	d) Policies and processes for mitigating liquidity risk	Asset Liability Management (ALM) is an integral part of bank's responsibility. Changes in market liquidity and interest rate expose 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 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 the balance sheet and safeguards 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 organisational changes.							
		The Board approves the LRM policy. Asset Liability Committee (ALCO) reviews the policy at least annually, or as and when required, by taking into consideration any changes in the market dynamics and appropriateness and places recommendation for changes in policy to the Board for approval. The LRM policy is guided by international best practices in banking, local banking and regulatory environment and prudent guidelines of the central bank.							
<b>Quantitative Disclosure</b>									
<b>Quantitative Disclosure</b>	<b>Particular</b>	<b>As on December 31, 2020</b>							
	Liquidity coverage ratio	358.97%							
	Net stable funding ratio	106.02%							
	Stock of high quality liquid assets	79,763,367.88							
	Available amount of stable funding	311,491,718.58							
	Required amount of stable funding	293,800,958.97							
	<p>The bar chart displays three vertical bars representing different financial metrics. The first bar, 'Stock of high quality liquid assets', is yellow and has a value of 79,763,367.88. The second bar, 'Available amount of stable funding', is orange and has a value of 311,491,718.58. The third bar, 'Required amount of stable funding', is blue and has a value of 293,800,958.97. The bars are positioned on a light gray grid.</p> <table border="1"> <thead> <tr> <th>Particular</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Stock of high quality liquid assets</td> <td>79,763,367.88</td> </tr> <tr> <td>Available amount of stable funding</td> <td>311,491,718.58</td> </tr> <tr> <td>Required amount of stable funding</td> <td>293,800,958.97</td> </tr> </tbody> </table>		Particular	Value	Stock of high quality liquid assets	79,763,367.88	Available amount of stable funding	311,491,718.58	Required amount of stable funding
Particular	Value								
Stock of high quality liquid assets	79,763,367.88								
Available amount of stable funding	311,491,718.58								
Required amount of stable funding	293,800,958.97								

## 10. Leverage Ratio Qualitative Disclosure

<b>Qualitative Disclosure</b>	a) Views of BOD on system to reduce excessive leverage	<p>In order to avoid building-up excessive on- and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced. The leverage ratio is calibrated to act as a credible supplementary measure to the risk-based capital requirements.</p> <p>Banks have a range of financial incentives to operate with high leverage. But it creates risk when it crosses a certain threshold. Therefore, the Board's view is that sound prudential controls are needed to ensure that the organisation maintains a balance between its debt and equity. The Board also believes that the bank should maintain its leverage ratio over and above the regulatory requirements, which will eventually increase public confidence in the organisation.</p> <p>BRAC Bank calculates leverage ratio on a quarterly basis as per the RBCA guideline of Bangladesh Bank and submits it to the Department of Off-site Supervision (DOS), Bangladesh Bank, along with CRAR report.</p>	
	b) Policies and processes for managing excessive on and off-balance sheet leverage	<p>To manage excessive leverage, the bank adopts 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 high leverage inherent in banking business models is carefully and prudently managed.</p>	
	c) Approach for calculating exposure	<p>The leverage ratio reflects the bank's Tier-1 Capital (the numerator) over total exposure (the denominator), which includes its balance sheet exposures and certain off-balance sheet exposures. The capital measure for the leverage ratio is based on the Tier-1 Capital.</p> <p>The exposure measure for the leverage ratio follows the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the following are applied by the bank:</p> <ol style="list-style-type: none"> <li>1. On-balance sheet, non-derivative exposures are net of specific provisions and valuation adjustments</li> <li>2. Physical or financial collateral, guarantee or credit risk mitigation purchased is not considered to reduce on-balance sheet exposures</li> <li>3. Netting of loans and deposits is not considered</li> </ol> <p>Leverage Ratio: Tier-1 Capital (after related deductions)/Total exposure (after related deductions)</p>	
<b>Quantitative Disclosure</b>			
<b>Quantitative Disclosure</b>	<b>Particular</b>	<b>Solo</b>	<b>Consolidated</b>
	Tier-1 Capital (considering all regulatory adjustments)	36,472,826,887	41,252,236,857
	On-balance sheet exposure	389,252,345,625	448,345,059,044
	Off-balance sheet exposure	33,532,599,695	33,532,599,695
	Total exposure	418,704,728,705	474,300,420,797
	Leverage ratio	8.71%	8.70%

## 11. Remuneration Qualitative Disclosure

<b>Qualitative Disclosure</b>	<b>a) Information relating to the bodies that oversee remuneration:</b>	
	i. Name, composition and mandate of the main body overseeing remuneration	<p>Remuneration issues at BRAC Bank are overseen by the senior management. It comprises the Managing Director &amp; CEO, the Deputy Managing Directors and Divisional Heads.</p> <p><b>Remuneration during joining:</b></p> <p>Head of Human Resources, Head of Compensation &amp; Rewards, along with concerned Functional Head fixes the remuneration based on fitment analysis of the incoming employee.</p> <p><b>Remuneration after joining:</b></p> <p>Head of Human Resources along with the concerned Functional Head and Senior Management reviews the remuneration of the bank from time to time and adjusts it based on performance, importance of the role and market benchmarking.</p> <p>Cost of living adjustment is given to eligible employees as per the bank's policy on a yearly basis.</p>
	ii. External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.	<p>"Cerebrus", a renowned consulting firm was appointed to conduct a full-fledged remuneration and benefit survey.</p> <p>The consultant firm was commissioned with the recommendation from the Head of HR along with the consent of MD &amp; CEO</p>
	iii. A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches	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 and includes 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 the Senior Management, Extended Management Team and other department heads have been identified as senior managers and material risk-takers.
	<b>b) Information relating to the design and structure of remuneration processes:</b>	
	i. An overview of the key features and objectives of remuneration policy.	<p>BRAC Bank is committed to maintaining fair, competitive and performance-oriented remuneration policies and practices that align with the long-term employee and shareholder interests. The bank believes in rewarding employees for performing in a way that creates sustainable value for the bank and its shareholders. over time. We believe that well-established and clearly communicated core remuneration values drive fairness and consistency across the bank.</p> <p>Upon recommendation from the Management, the Board has the authority to approve and amend the policy.</p> <p>The remuneration policy of the bank covers all persons engaged in permanent service of the bank.</p>

	<p>The bank has different job grades for various levels of employees. The job grade is decided on the basis of an analytic assessment of the position based on the size, responsibilities, decision-making authorities, nature and scope of the job.</p> <p>The following are the job grades of BRAC Bank:</p> <ul style="list-style-type: none"> <li>● Deputy Managing Director</li> <li>● Senior Executive Vice President</li> <li>● Executive Vice President</li> <li>● Senior Vice President</li> <li>● Vice President</li> <li>● Senior Assistant Vice President</li> <li>● First Assistant Vice President</li> <li>● Assistant Vice President</li> <li>● Senior Principal Officer</li> <li>● Principal Officer</li> <li>● Senior Officer, Management Trainee</li> <li>● Officer Grade II, Young Professional, Junior Professional</li> <li>● Officer Grade I</li> </ul> <p>Managing Director &amp; CEO is not a permanent position. It is a fixed term contractual position, as per Bangladesh Bank's approval.</p>
	<p>Monthly gross salary of an employee has the following components:</p> <div style="text-align: center;"> </div> <p>Salaries are confidential between the employees concerned and the management. The salary range for various job grades is reviewed from time to time by the management committee and approved by the Board.</p> <p>In addition to this, an employee receives 2 guaranteed festival bonuses in two festivals, each equal to one basis. He/she also receives leave fare allowance equal to one basic salary at the time of his annual mandatory leave. He/she may also receive performance bonus/awards/grants, etc., as decided by the Board/Management of the bank from time to time.</p>
<p>ii. Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that was made.</p>	<p>Employees' terms of service have been reviewed comprehensively and amendments have been made accordingly. A few new benefits have also been introduced.</p>

<b>Qualitative Disclosure</b>	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.
	<b>c) Description of the ways in which current and future risks are taken into account in the remuneration processes:</b>	
	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).	Not applicable.
	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 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.	Not applicable.
	<b>d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:</b>	
	i. An overview of main performance metrics for bank, top-level business lines and individuals.	<ul style="list-style-type: none"> <li>● Based on the bank's profit, the Board, at their discretion, declares a certain percentage of the pre-tax profit as performance bonus.</li> <li>● The method of distribution is based on management discretion.</li> <li>● No bonus is applicable to employees with rating: 'Needs improvement/unsatisfactory performance'.</li> <li>● Bonus is declared as per individual employee performance. The ratings and associated bonus amount is decided by the Management Committee.</li> </ul>

<b>Qualitative Disclosure</b>		<ul style="list-style-type: none"> <li>• Performance is measured as per pre-defined criteria and set targets at the beginning of the year. Assessment is divided in two categories: A) Business objectives B) Value based objectives. BRAC Bank believes in value-based performance assessment, which not only expects desired performance from the employee but also ensures that his/her value system towards the organisation and his/her job is also up to the mark.</li> <li>• Confirmed employees joined within June 30 of the performing year and confirmed within December 31 of that year.</li> <li>• However, bonus will be calculated on pro-rata basis based on confirmation date for the rest of the calendar year.</li> </ul>
	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, in case of variable remuneration, we always consider the concerned division's 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 recognise and motivate performers and ensure their retention.
	<b>e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance:</b>	
	i. A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.	Currently, we do not offer any variable remuneration that may be deferred or vested either in the form of cash, shares or share-linked instruments.
	ii. A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements	Not applicable.
	<b>f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms. Disclosures should include:</b>	
	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 recognise annual performance of employees in non-sales divisions 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 2020. No payment is made to Committee members for their membership of the Committee.

**b)**

i. Number of persons having received a variable remuneration award during the financial year:

Employees: 9,929

Total amount: BDT 592,997,996

ii. Number and total amount of guaranteed bonuses awarded during the financial year:

Employees: 8,272

Total festival bonus: BDT 410,529,958

iii. Number and total amount of sign-on awards made during the financial year:

Not applicable.

iv. Number and total amount of termination payments made during the financial year:

Employees: 26

Termination payments: BDT 1,609,884

**c)**

i. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms:

Not applicable.

ii. Total amount of deferred remuneration paid out in the financial year:

Not applicable.

**d) Breakdown of the amount of remuneration awards for the financial year to show:**

i. Fixed and variable:

Fixed: BDT 5,482,451,462

Variable: BDT 592,997,996

ii. Deferred and non-deferred:

Not applicable.

iii. The different forms used (cash, shares and share-linked instruments and other forms):

Not applicable.

**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:

Not applicable.

ii. Total amount of reductions during the financial year due to ex post explicit adjustments:

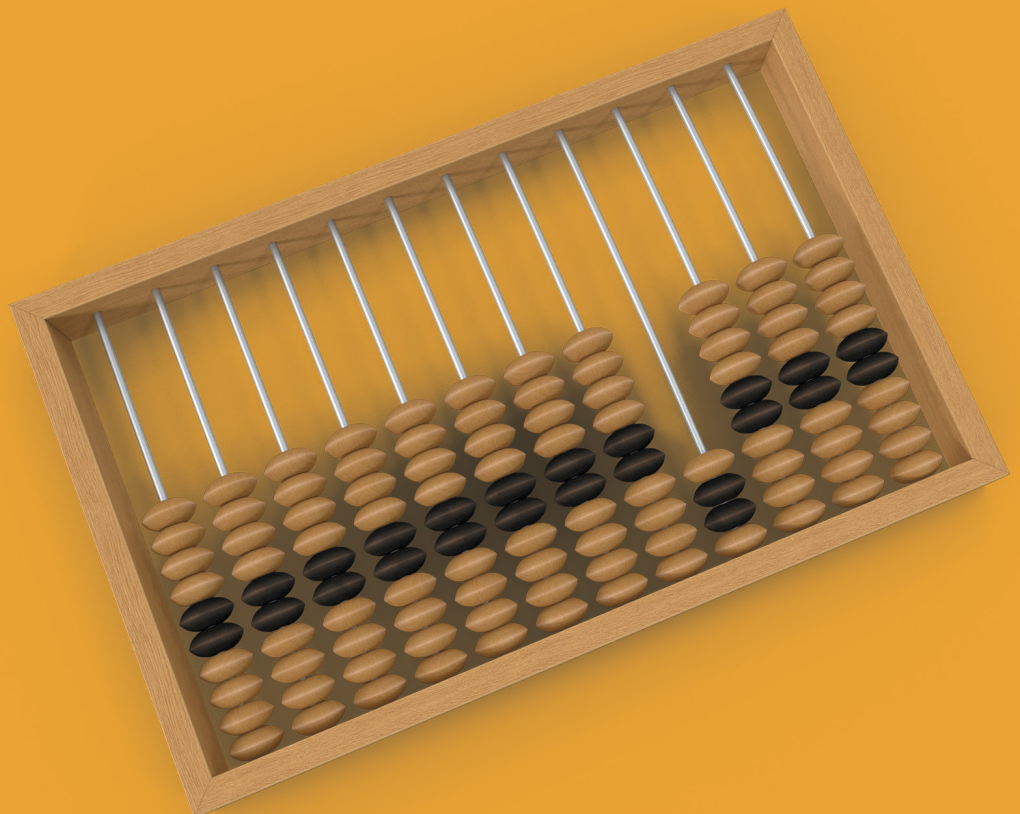
Not applicable.

iii. Total amount of reductions during the financial year due to ex post implicit adjustments:

Not applicable.



# FINANCIAL STATEMENTS



# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BRAC Bank Limited

## Report on the Audit of the Consolidated and Separate Financial Statements

### Opinion

We have audited the consolidated financial statements of BRAC Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of BRAC Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2020 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2020, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.1.1.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Measurement of provision for loans and advances	
See notes no. 2.1.1, 7, 7.12 and 16.1 to the financial statements.	
The key audit matter	How the matter was addressed in our audit
The process of estimating provision for loans and advances associated with credit risk is judgmental and complex. While estimating such provision certain judgmental factors need to be considered including: <ul style="list-style-type: none"><li>• Future business performance of the borrower;</li><li>• Key assumptions relating to further business performance of the borrower;</li><li>• Market value of the collateral;</li><li>• Ability to repossess collateral; and</li><li>• Recovery rates.</li></ul>	We tested the design and operating effectiveness of key controls focusing on the following: <ul style="list-style-type: none"><li>• Credit monitoring and provisioning process;</li><li>• Identification of loss events, including early warning and default warning indicators; and</li><li>• Review of quarterly Classification of Loans (CL).</li></ul>

<p>Furthermore, these provisions are processed manually using the voluminous data extracted from the IT system of the Bank and following the instructions of Bangladesh Bank (the central bank of Bangladesh) issued from time to time.</p> <p>Due to high level of judgement involved and using some manual process in estimating the provision for loans and advances, we considered this to be a key audit matter.</p> <p>At year end the Group and the Bank reported total gross loans and advances of BDT 273,439 million (2019: BDT 264,870 million) and BDT 273,063 million (2019: BDT 264,091 million) respectively and provision for loans and advances of BDT 11,807 million (2019: BDT 9,787 million) and BDT 10,748 million (2019: BDT 8,727 million) respectively.</p>	<p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the adequacy of the companies general and specific provisions;</li> <li>• Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; and</li> <li>• Finally, assessed the appropriateness of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> </ul>
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## 2. Recognition of interest income from loans and advances

See note no 2.1.1 and 24 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>Recognition of interest income has significant and wide influence on financial statements.</p> <p>Recognition and measurement of interest income has involvement of complex IT environment.</p> <p>We identify recognition of interest income from loans and advances as a key audit matter because this is one of the key performance indicators of the Bank and therefore there is an inherent risk of fraud and error in recognition of interest by management to meet specific targets or expectations.</p>	<p>We tested the design and operating effectiveness of key controls over recognition and measurement of interest on loans and advances.</p> <p>We performed test of operating effectiveness on automated control in place to measure and recognise interest income.</p> <p>We have also performed substantive procedure to check whether interest income is recognised completely and accurately .</p> <p>We assessed the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank guidelines.</p>

## 3. Loans and advances

See note no 2.1.1 and 7 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>Loans and advances are the main element of financial statements of the Bank. Income of the Bank is mainly dependent on the portfolio of loans and advances. Management performance is highly dependent on the target achievement of loans and advances. Loan disbursement requires robust documentation followed by approval from appropriate level of authority.</p> <p>We have identified loans and advances as key audit matter because there is an inherent risk of fraud in disbursement of loans and advances by management to meet specific targets or expectations.</p>	<p>We tested the design and operating effectiveness of key controls focusing on credit appraisal, loan disbursement procedures and monitoring process of loans and advances.</p> <p>We have performed procedure to check whether the Bank has ensured appropriate documentation as per Bangladesh Bank regulations and the Bank's policy before disbursement of loans and advances. In addition, we have performed procedure to check whether the loans and advances is recorded completely and accurately and that are existed at the reporting date.</p> <p>Furthermore, we have assessed the appropriateness of disclosure against Bangladesh Bank guidelines.</p>

#### 4. Impairment of goodwill

See note no 6, 11 and 37.1 to the financial statements.

##### The key audit matter

The Group has recognised goodwill BDT 1,427 million (2019: BDT 1,427 million).

The goodwill has arisen from acquisition of BRAC EPL Stock Brokerage Limited, BRAC EPL Investments Limited and BRAC SAAJAN Exchange Limited.

The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGUs, which is based on the higher of the value in use or fair value e.g. NAV. The value in use has been determined with number of valuation assumptions and inputs including estimates of revenue, operating costs, terminal value, growth rates and the weighted-average cost of capital (discount rate).

##### How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- evaluating the appropriateness of the assumptions applied to key inputs such as revenue, operating costs, inflation and long-term growth rates used by the external expert, which included comparing these inputs with our own assessments based on our knowledge of the client and the industry;
- performing our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on recoverable amount of CGU; and
- evaluating the adequacy of the financial statement disclosures.

#### 5. IT systems and controls

See note no 2.10.6 to the financial statements.

##### The key audit matter

Our audit procedures have been focused on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and manual with automated (IT dependent) controls.

We have focused on user access management, developer access to the production environment and changes to the IT environment. These are key to ensure that manual with automated control and automated controls are operating effectively.

##### How the matter was addressed in our audit

We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). We have performed audit procedures to ensure that requests for access to systems were appropriately reviewed and authorised. We tested the Bank's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorisation. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.

In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated and separate financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls**

Management is responsible for the preparation of the consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with IFRSs as explained in note 2.1.1, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the management to ensure effective internal audit, internal control and risk management functions of the Group and the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the management's responsibility for the financial statements and internal control:
  - (a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in the financial statements appeared to be materially adequate;
  - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- (iii) financial statements for the year ended 31 December 2020 of two subsidiaries namely BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited and one associate namely BRAC IT Services Limited have been

audited by A. Qasem & Co., Chartered Accountants and other two subsidiaries namely bKash Limited and BRAC SAAJAN Exchange Limited have been audited by us and Reddy Siddiqui & Kabani respectively and have been properly reflected in the consolidated financial statements;

- (iv) in our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred by the Bank were for the purpose of the Bank's business for the year;
- (viii) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80 per cent of the risk weighted assets of the Bank and spent over 3,500 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

The engagement partner on the audit resulting in this independent auditor's report is Ali Ashfaq .



Ali Ashfaq, Partner, Enrolment no: 509  
Rahman Rahman Huq, Chartered Accountants  
Firm Registration Number: N/A

Dhaka, 12 April 2021

DVC: 2104120509AS804856



**CONSOLIDATED BALANCE SHEET**

As at 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	<b>3</b>	<b>19,987,803,891</b>	<b>23,066,672,434</b>
Cash in hand (Including foreign currency)		7,836,614,607	6,963,607,535
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)		12,151,189,284	16,103,064,899
<b>Balance with other banks and financial institutions</b>	<b>4</b>	<b>42,650,004,620</b>	<b>46,597,711,756</b>
Inside Bangladesh		35,478,313,372	43,826,875,635
Outside Bangladesh		7,171,691,248	2,770,836,121
<b>Money at call on short notice</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>Investments</b>	<b>6</b>	<b>94,094,812,131</b>	<b>55,951,591,605</b>
Government		85,498,396,233	47,735,405,086
Others		8,596,415,898	8,216,186,519
<b>Loans and advances</b>	<b>7</b>	<b>273,438,940,961</b>	<b>264,870,263,857</b>
Loans, cash credit, overdrafts etc.		136,750,360,676	146,383,712,944
Small and medium enterprises		134,621,356,804	115,109,495,430
Bills purchased and discounted		2,067,223,481	3,377,055,483
<b>Fixed assets including premises, furniture and fixtures</b>	<b>8</b>	<b>11,067,096,465</b>	<b>10,873,480,720</b>
<b>Other assets</b>	<b>9</b>	<b>13,862,504,994</b>	<b>12,001,435,386</b>
<b>Non-banking assets</b>	<b>10</b>	<b>66,471,775</b>	<b>66,471,775</b>
<b>Goodwill</b>	<b>11</b>	<b>1,427,468,911</b>	<b>1,427,468,911</b>
<b>Total property and assets</b>		<b>456,595,103,748</b>	<b>414,855,096,444</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	<b>12</b>	<b>12,572,789,394</b>	<b>23,461,531,027</b>
<b>Borrowings from Bangladesh Bank</b>	<b>13</b>	<b>23,370,068,779</b>	<b>12,487,885,372</b>
<b>Money at call on short notice</b>	<b>14</b>	<b>84,801,100</b>	<b>1,273,500,000</b>
<b>Deposits and other accounts</b>	<b>15</b>	<b>333,615,619,705</b>	<b>297,754,929,671</b>
Current accounts and other accounts		141,841,491,410	101,846,330,888
Bills payable		1,797,962,669	1,911,038,678
Savings deposits		57,230,594,232	44,538,393,041
Fixed deposits		130,608,019,962	147,365,718,274
Other deposits		2,137,551,432	2,093,448,790
<b>Other liabilities</b>	<b>16</b>	<b>32,773,722,525</b>	<b>33,213,605,195</b>
<b>Total liabilities</b>		<b>402,417,001,503</b>	<b>368,191,451,265</b>
<b>Capital and shareholders' equity</b>			
Paid up capital	<b>17.2</b>	13,258,784,760	12,333,753,270
Share premium	<b>17.7</b>	3,853,767,032	3,853,767,032
Statutory reserve	<b>18</b>	9,405,017,728	8,129,149,416
Dividend equalization fund	<b>19</b>	355,218,455	355,218,455
Revaluation reserve on govt. securities	<b>20.1</b>	4,805,926,053	98,965,051
Assets revaluation reserve	<b>20.2</b>	478,558,600	478,558,600
Fair value reserve		78,920,073	78,920,073
Foreign currency translation reserve		(14,777,280)	23,670,247
Surplus in profit and loss account/Retained earnings	<b>21.1</b>	16,346,550,011	15,230,405,214
<b>Total shareholders' equity</b>		<b>48,567,965,432</b>	<b>40,582,407,358</b>
<b>Non controlling interest</b>	<b>21.2</b>	<b>5,610,136,813</b>	<b>6,081,237,821</b>
<b>Total equity</b>		<b>54,178,102,245</b>	<b>46,663,645,179</b>
<b>Total liabilities and equity</b>		<b>456,595,103,748</b>	<b>414,855,096,444</b>

**CONSOLIDATED BALANCE SHEET**

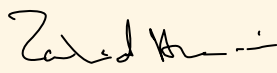
As at 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
<b>Off balance sheet items</b>			
<b>Contingent liabilities</b>			
Acceptances and endorsements	22	27,887,446,334	27,669,571,296
Irrevocable letters of credit	22	15,550,643,171	12,226,956,921
Letter of guarantees	22.2	10,831,198,204	13,089,590,151
Bills for collection	22.3	12,320,479,990	20,918,191,150
		<b>66,589,767,699</b>	<b>73,904,309,518</b>
<b>Other commitments</b>			
Swap deals with banks and customers	22.4	18,307,971,009	23,391,560,275
Spot and forward deals with banks and customers	22.4	8,682,289,771	2,841,289,906
		<b>26,990,260,781</b>	<b>26,232,850,181</b>
<b>Total off balance sheet items including contingent liabilities</b>		<b>93,580,028,480</b>	<b>100,137,159,699</b>
<b>Net asset value (NAV) per share</b>	45	<b>36.63</b>	<b>30.61</b>

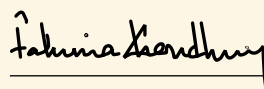
The notes 1 to 47 and annexures A to L form an integral part of these financial statements.



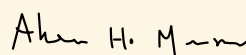
Managing Director and CEO



Director



Director



Chairman

As per our report of same date.


**Auditor**

Ali Ashfaq, Partner,  
Enrolment no: 509  
Rahman Rahman Huq,  
Chartered Accountants  
KPMG in Bangladesh  
Firm Registration Number: N/A

DVC: 2104120509AS804856

Dhaka, 12 April 2021

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
Interest income	24	27,079,940,016	32,622,685,991
Interest paid on deposits and borrowing etc.	25	13,551,857,896	14,697,927,471
<b>Net interest income</b>		<b>13,528,082,120</b>	<b>17,924,758,520</b>
Investment income	26	8,182,278,016	3,057,465,086
Commission, exchange and brokerage	27	6,846,329,406	6,599,171,455
Other operating income	28	170,205,482	238,083,987
<b>Total operating income (a)</b>		<b>28,726,895,024</b>	<b>27,819,479,048</b>
Salaries and allowances	29	9,043,103,741	7,869,286,126
Rent, taxes, insurance, electricity etc.	30	792,562,400	824,047,162
Legal expenses		53,059,777	57,680,540
Postage, stamps, telecommunication etc.	31	301,320,117	313,422,992
Stationery, printing, advertisement etc.	32	2,842,951,296	2,496,364,990
Chief Executive's salary and fees	33	18,775,000	18,775,000
Directors' fees	34	3,304,211	3,005,897
Auditors' fees	35	7,895,608	7,624,501
Depreciation and repair of the bank's assets	36	3,912,968,349	3,501,473,890
Other expenses	37	3,557,193,500	3,767,683,277
<b>Total operating expenses (b)</b>		<b>20,533,133,999</b>	<b>18,859,364,375</b>
<b>Operating profit (c = a-b)</b>		<b>8,193,761,025</b>	<b>8,960,114,673</b>
Share of profit/(loss) of associates	38	-	(3,564,399)
Gain/(loss) on disposal of subsidiaries/associates		-	5,001,679
<b>Profit/(loss) before provisions (d)</b>		<b>8,193,761,025</b>	<b>8,961,551,953</b>
Provision for loans/investments:			
Loans and advances		2,365,157,113	1,096,128,805
Diminution in value of investments		(563,219,881)	534,400,000
Off balance sheet items		63,083,635	(192,000,000)
Other provisions		7,481,732	22,481,808
<b>Total provision (e)</b>	39	<b>1,872,502,599</b>	<b>1,461,010,613</b>
<b>Total profit/(loss) before taxes (f= d-e)</b>		<b>6,321,258,426</b>	<b>7,500,541,340</b>
Provision for taxation:			
Current tax expense		2,840,345,166	3,993,350,029
Deferred tax expense / (income)		(545,564,997)	(1,075,395,289)
<b>Total provision for taxation (g)</b>	40	<b>2,294,780,169</b>	<b>2,917,954,740</b>
<b>Net profit/(loss) after taxation (f-g)</b>		<b>4,026,478,257</b>	<b>4,582,586,600</b>
<b>Attributable to:</b>			
Equity holders of BRAC Bank Limited		4,413,384,107	4,951,010,844
Non controlling interest	21.2.1	(386,905,850)	(368,424,244)
		<b>4,026,478,257</b>	<b>4,582,586,600</b>

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

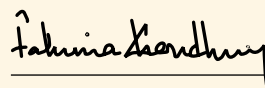
For the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
Retained earnings brought forward from previous year		15,230,405,214	13,342,589,185
Net profit attributable to the equity holders of the Bank		4,413,384,107	4,951,010,844
Net effect of all items directly recognised in Equity-retained earnings	21.1.1	(171,308,013)	246,616,935
Profit available for appropriation		<b>19,472,481,308</b>	<b>18,540,216,964</b>
<b>Appropriations:</b>			
Statutory reserve		1,275,868,312	1,701,061,330
General reserve		-	-
Dividend		1,850,062,985	1,608,750,420
		3,125,931,297	3,309,811,750
<b>Retained surplus</b>		<b>16,346,550,011</b>	<b>15,230,405,214</b>
<b>Earnings Per Share (EPS) [previous year's figure restated]</b>	41	<b>3.33</b>	<b>3.73</b>

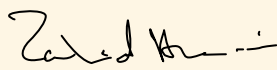
The notes 1 to 47 and annexures A to L form an integral part of these financial statements.



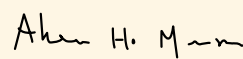
Managing Director and CEO



Director



Director



Chairman

As per our report of same date.


**Auditor**

Ali Ashfaq, Partner,  
Enrolment no: 509  
Rahman Rahman Huq,  
Chartered Accountants  
KPMG in Bangladesh  
Firm Registration Number: N/A

DVC: 2104120509AS804856

Dhaka, 12 April 2021

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2020

Amount in Taka

Particulars	Paid up capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total
<b>Balance as at 01 January 2020</b>	12,333,753,270	3,853,767,032	8,129,149,416	355,218,455	98,965,051	478,558,600	78,920,073	23,670,247	15,230,405,214	6,081,237,821	46,663,645,179
Surplus on account of revaluation of assets	-	-	-	-	-	-	-	-	-	-	-
Recognition of deferred tax on revaluation reserve of fixed assets	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	4,706,961,002	-	-	-	-	-	4,706,961,002
Ordinary share issue against bond conversion	-	-	-	-	-	-	-	-	-	-	-
Share premium against bond conversion	-	-	-	-	-	-	-	-	-	-	-
Changes in foreign currency translation reserve	-	-	-	-	-	-	-	(38,447,527)	-	1,702,755	(36,744,772)
Fair value reserve	-	-	-	-	-	-	-	-	-	-	-
Remeasurements of defined benefits liability (assets)	-	-	-	-	-	-	-	-	(171,308,013)	(81,712,541)	(253,020,554)
Effect of change in preference share of bKash	-	-	-	-	-	-	-	-	-	-	-
<b>Net gains and losses not recognised in the income statement</b>	<b>12,333,753,270</b>	<b>3,853,767,032</b>	<b>8,129,149,416</b>	<b>355,218,455</b>	<b>4,805,926,053</b>	<b>478,558,600</b>	<b>78,920,073</b>	<b>(14,777,280)</b>	<b>15,059,097,201</b>	<b>6,001,228,035</b>	<b>51,080,840,855</b>
Net profit for the year	-	-	-	-	-	-	-	-	4,413,384,107	(386,905,850)	4,026,478,257
<u>Dividend for the year 2019:</u>											
Stock dividend	925,031,490	-	-	-	-	-	-	-	(925,031,490)	-	-
Cash dividend	-	-	-	-	-	-	-	-	(925,031,495)	(4,185,372)	(929,216,867)
Dividend equalization fund	-	-	-	-	-	-	-	-	-	-	-
Adjustment for subsidiaries holdings change	-	-	-	-	-	-	-	-	-	-	-
Statutory reserve	-	-	1,275,868,312	-	-	-	-	-	(1,275,868,312)	-	-
<b>Balance as at 31 December 2020</b>	<b>13,258,784,760</b>	<b>3,853,767,032</b>	<b>9,405,017,728</b>	<b>355,218,455</b>	<b>4,805,926,053</b>	<b>478,558,600</b>	<b>78,920,073</b>	<b>(14,777,280)</b>	<b>16,346,550,011</b>	<b>5,610,136,813</b>	<b>54,178,102,245</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2019

Amount in Taka

Particulars	Paid up capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total
<b>Balance as at 01 January 2019</b>	10,725,002,850	3,853,767,032	6,428,088,086	355,218,455	5,593,264	516,373,535	78,920,073	(17,674,822)	13,342,589,185	6,450,122,579	41,738,000,237
Surplus/deficit on account of revaluation of assets	-	-	-	-	-	4,094,815	-	-	-	-	4,094,815
Recognition of deferred tax on revaluation reserve of fixed assets	-	-	-	-	-	(41,909,750)	-	-	-	-	(41,909,750)
Surplus/deficit on account of revaluation of investments	-	-	-	-	93,371,787	-	-	-	-	-	93,371,787
Ordinary share issue against bond conversion	-	-	-	-	-	-	-	-	-	-	-
Share premium against bond conversion	-	-	-	-	-	-	-	-	-	-	-
Changes in foreign currency translation reserve	-	-	-	-	-	-	-	41,345,069	-	2,809,830	44,154,899
Fair value reserve	-	-	-	-	-	-	-	-	-	-	-
Remeasurements of defined benefits liability (assets)	-	-	-	-	-	-	-	-	248,088,649	-	248,088,649
Effect of change in preference share of bKash	-	-	-	-	-	-	-	-	-	-	-
<b>Net gains and losses not recognised in the income statement</b>	10,725,002,850	3,853,767,032	6,428,088,086	355,218,455	98,965,051	478,558,600	78,920,073	23,670,247	13,590,677,834	6,452,932,409	42,085,800,637
Net profit for the year	-	-	-	-	-	-	-	-	4,951,010,844	(368,424,244)	4,582,586,600
<u>Dividend for the year 2018:</u>											
Stock dividend	1,608,750,420	-	-	-	-	-	-	-	(1,608,750,420)	-	-
Cash dividend	-	-	-	-	-	-	-	-	-	(2,155,498)	(2,155,498)
Dividend equalization fund	-	-	-	-	-	-	-	-	-	-	-
Adjustment for subsidiaries holdings change	-	-	-	-	-	-	-	-	(1,471,714)	(1,114,846)	(2,586,560)
Statutory reserve	-	-	1,701,061,330	-	-	-	-	-	(1,701,061,330)	-	-
<b>Balance as at 31 December 2019</b>	12,333,753,270	3,853,767,032	8,129,149,416	355,218,455	98,965,051	478,558,600	78,920,073	23,670,247	15,230,405,214	6,081,237,821	46,663,645,179

The notes 1 to 47 and annexures A to L form an integral part of these financial statements.

BRAC Bank Limited and its subsidiaries  
**CONSOLIDATED CASH FLOW STATEMENT**  
For the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
<b>A. Cash flows from operating activities</b>			
Interest receipts in cash		32,149,595,132	34,687,360,158
Interest payment		(15,463,170,310)	(13,911,791,386)
Dividend receipts		130,763,062	147,292,311
Fees and commission receipts in cash		28,610,570,178	27,086,387,248
Recoveries on loans previously written off		633,704,077	786,257,664
Cash payments to employees		(8,965,734,511)	(7,877,332,293)
Cash payments to suppliers		(25,375,595,894)	(20,906,139,145)
Income tax paid		(7,175,081,433)	(6,115,860,037)
Receipts from other operating activities	43	1,812,948,613	596,472,391
Payment for other operating activities	44	(4,201,545,462)	(4,760,977,173)
<b>Operating profit before changes in operating assets and liabilities (i)</b>		<b>2,156,453,452</b>	<b>9,731,669,738</b>
Increase/(decrease) in operating assets and liabilities		(8,638,680,349)	(26,058,586,421)
Loans and advances		1,565,213,895	(417,143,954)
Other assets		(911,149,627)	5,316,638,248
Deposits from other banks/borrowings		37,742,136,950	36,821,447,652
Deposits from customers		1,098,481,339	413,807,234
Other liabilities		30,856,002,208	16,076,162,759
Cash utilised in operating assets and liabilities (ii)		<b>33,012,455,660</b>	<b>25,807,832,497</b>
<b>Net cash flows from operating activities (i+ii) (a)</b>		<b>(30,856,002,208)</b>	<b>(16,076,162,759)</b>
<b>B. Cash flows from investing activities</b>			
Treasury bills		11,618,356,004	(7,457,050,124)
Treasury bonds		(48,589,867,351)	(12,351,679,718)
Investment in shares		(371,439,457)	(104,611,148)
Sale/ (Investment) in bonds		159,332,423	(1,131,615,340)
Acquisition of fixed assets		(2,146,251,314)	(2,242,222,279)
Disposal of fixed assets		110,651,527	14,704,488
<b>Net cash used in investing activities (b)</b>		<b>(39,219,218,168)</b>	<b>(23,272,474,121)</b>
<b>C. Cash flows from financing activities</b>			
Proceeds from issue of convertible preference shares		-	-
Cash dividend paid		(921,492,906)	(2,980,595)
<b>Net cash flows used in financing activities (c)</b>		<b>(921,492,906)</b>	<b>(2,980,595)</b>
<b>Net increase/(decrease) in cash (a+b+c)</b>		<b>(7,128,255,414)</b>	<b>2,532,377,781</b>
Effect of exchange rate changes on cash and cash equivalent		101,239,535	86,358,446
Cash and cash equivalents at the beginning of the year		69,666,251,890	67,047,515,663
Cash and cash equivalents at the end of the year	42	<b>62,639,236,011</b>	<b>69,666,251,890</b>
<b>Cash and cash equivalents at the end of the year:</b>			
Cash in hand (including foreign currency)		7,836,614,607	6,963,607,535
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		12,151,189,284	16,103,064,899
Balance with other banks and financial institutions		42,650,004,620	46,597,711,756
Prize Bond		1,427,500	1,867,700
<b>62,639,236,011</b>		<b>69,666,251,890</b>	
<b>Net operating cash flow per share</b>	46	<b>24.90</b>	<b>19.46</b>

The notes 1 to 47 and annexures A to L form an integral part of these financial statements.

BRAC Bank Limited and its subsidiaries

## CONSOLIDATED LIQUIDITY STATEMENT (ASSET AND LIABILITY MATURITY ANALYSIS)

As at 31 December 2020

Amount in Taka

Particulars	0 - 1 Month	1 - 3 Month	3 - 12 Month	1 - 5 Years	Above 5 Years	Total
<b>Assets</b>						
Cash in hand and Balance with Bangladesh Bank	8,618,140,279	-	-	-	11,369,663,612	19,987,803,891
Balance with other banks and financial institutions (including foreign currencies)	30,206,962,266	5,920,752,909	6,522,289,445	-	-	42,650,004,620
Money at call and short notice	-	-	-	-	-	-
Investments	1,784,527,014	212,495,900	28,130,823,815	34,870,674,544	29,096,290,858	94,094,812,131
Loans and advances	27,624,895,628	38,634,528,099	117,934,355,477	78,466,876,590	10,778,285,167	273,438,940,961
Fixed assets including premises, furniture and fixtures	-	-	-	10,016,140,713	1,050,955,752	11,067,096,465
Other assets	5,011,776,984	105,273,779	5,030,589,227	515,508,785	3,199,356,219	13,862,504,994
Non - banking assets	-	-	-	-	66,471,775	66,471,775
Goodwill	-	-	-	-	1,427,468,911	1,427,468,911
<b>Total Assets</b>	<b>73,246,302,171</b>	<b>44,873,050,687</b>	<b>157,618,057,964</b>	<b>123,869,200,632</b>	<b>56,988,492,294</b>	<b>456,595,103,748</b>
<b>Liabilities</b>						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	2,512,590,831	7,999,313,874	18,529,250,006	6,352,232,127	549,471,335	35,942,858,173
Money at call and short notice	84,801,100	-	-	-	-	84,801,100
Deposits and other accounts	56,676,549,348	40,164,796,980	115,292,945,305	91,487,009,787	29,994,318,285	333,615,619,705
Other liabilities	4,155,294,481	3,113,881,595	9,158,479,931	4,441,695,811	11,904,370,707	32,773,722,525
Non-controlling interest	-	-	-	-	5,610,136,813	5,610,136,813
<b>Total Liabilities</b>	<b>63,429,235,760</b>	<b>51,277,992,449</b>	<b>142,980,675,242</b>	<b>102,280,937,725</b>	<b>48,058,297,140</b>	<b>408,027,138,316</b>
<b>Net liquidity Gap</b>	<b>9,817,066,411</b>	<b>(6,404,941,762)</b>	<b>14,637,382,722</b>	<b>21,588,262,907</b>	<b>8,930,195,154</b>	<b>48,567,965,432</b>

Net result of the Liquidity Statement represents the Equity attributable to the shareholders of the Bank.

The notes 1 to 47 and annexures A to L form an integral part of these financial statements.



BRAC Bank Limited  
**BALANCE SHEET**  
As at 31 December 2020

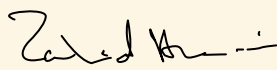
Particulars	Note	2020 Taka	2019 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	<b>3</b>	<b>19,243,096,656</b>	<b>22,829,508,087</b>
Cash in hand (Including foreign currency)		7,091,907,372	6,726,443,188
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		12,151,189,284	16,103,064,899
<b>Balance with other banks and financial institutions</b>	<b>4</b>	<b>14,358,762,046</b>	<b>15,799,498,546</b>
Inside Bangladesh		7,928,558,845	13,203,670,424
Outside Bangladesh		6,430,203,201	2,595,828,122
<b>Money at call on short notice</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>Investments</b>	<b>6</b>	<b>68,896,004,194</b>	<b>45,943,571,923</b>
Government		61,821,887,388	39,175,469,934
Others		7,074,116,806	6,768,101,989
<b>Loans and advances</b>	<b>7</b>	<b>273,063,193,200</b>	<b>264,091,181,535</b>
Loans, cash credit, overdrafts etc.		136,374,612,915	145,604,630,622
Small and medium enterprises		134,621,356,804	115,109,495,430
Bills purchased & discounted		2,067,223,481	3,377,055,483
<b>Fixed assets including premises, furniture and fixtures</b>	<b>8</b>	<b>7,349,043,033</b>	<b>8,188,718,148</b>
<b>Other assets</b>	<b>9</b>	<b>14,525,819,425</b>	<b>12,485,056,383</b>
<b>Non-banking assets</b>	<b>10</b>	<b>66,471,775</b>	<b>66,471,775</b>
<b>Total property and assets</b>		<b>397,502,390,329</b>	<b>369,404,006,397</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions &amp; agents</b>	<b>12</b>	<b>11,913,324,935</b>	<b>22,901,981,186</b>
<b>Borrowings from Bangladesh Bank</b>	<b>13</b>	<b>23,370,068,779</b>	<b>12,487,885,372</b>
<b>Money at call on short notice</b>	<b>14</b>	<b>84,801,100</b>	<b>1,273,500,000</b>
<b>Deposits and other accounts</b>	<b>15</b>	<b>289,054,405,724</b>	<b>268,309,328,462</b>
Current accounts & other accounts		97,266,324,684	70,387,783,800
Bills payable		1,797,962,669	1,911,038,678
Savings deposits		57,230,594,232	44,538,393,041
Fixed deposits		130,621,972,707	149,378,664,153
Other deposits		2,137,551,432	2,093,448,790
<b>Other liabilities</b>	<b>16</b>	<b>26,124,705,425</b>	<b>25,512,078,465</b>
<b>Total Liabilities</b>		<b>350,547,305,963</b>	<b>330,484,773,485</b>
<b>Capital and shareholders' equity</b>			
Paid up capital	<b>17.2</b>	13,258,784,760	12,333,753,270
Share premium	<b>17.7</b>	3,853,767,032	3,853,767,032
Statutory reserve	<b>18</b>	9,405,017,728	8,129,149,416
Dividend equalization fund	<b>19</b>	355,218,455	355,218,455
Revaluation reserve on govt. securities	<b>20.1</b>	4,805,926,053	98,965,051
Assets revaluation reserve	<b>20.2</b>	478,558,600	478,558,600
Fair value gain/(loss) on equity investment	<b>9</b>	1,131,197,846	1,261,102,670
Foreign currency translation reserve		(13,641,635)	29,914,158
Surplus in profit and loss account/Retained earnings	<b>21</b>	13,680,255,527	12,378,804,260
<b>Total shareholders' equity</b>		<b>46,955,084,366</b>	<b>38,919,232,912</b>
<b>Total liabilities and shareholders' equity</b>		<b>397,502,390,329</b>	<b>369,404,006,397</b>

BRAC Bank Limited  
**BALANCE SHEET**  
As at 31 December 2020

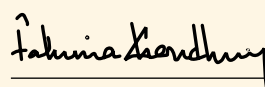
Particulars	Note	2020 Taka	2019 Taka
<b>Off balance sheet items</b>			
<b>Contingent liabilities</b>			
Acceptances and endorsements	22	27,887,446,334	27,669,571,296
Irrevocable letters of credit	22	15,550,643,171	12,226,956,921
Letter of guarantees	22.2	10,831,198,204	13,089,590,151
Bills for collection	22.3	12,320,479,990	20,918,191,150
		<b>66,589,767,699</b>	<b>73,904,309,518</b>
<b>Other Commitments</b>			
Swap deals with banks and customers	22.4	18,307,971,009	23,391,560,275
Spot and forward deals with banks and customers	22.4	8,682,289,771	2,841,289,906
		<b>26,990,260,781</b>	<b>26,232,850,181</b>
		<b>93,580,028,480</b>	<b>100,137,159,699</b>
<b>Total off balance sheet items including contingent liabilities</b>			
<b>Net asset value (NAV) per share</b>	45	<b>35.41</b>	<b>29.35</b>



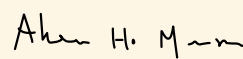
Managing Director and CEO



Director



Director



Chairman

As per our report of same date.



**Auditor**

Ali Ashfaq, Partner,  
Enrolment no: 509  
Rahman Rahman Huq,  
Chartered Accountants  
KPMG in Bangladesh  
Firm Registration Number: N/A

DVC: 2104120509AS804856

Dhaka, 12 April 2021

**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
Interest income	24	24,708,585,875	29,692,102,368
Interest paid on deposits and borrowing etc.	25	13,328,975,578	14,654,308,149
<b>Net interest income</b>		<b>11,379,610,297</b>	<b>15,037,794,219</b>
Investment income	26	6,456,643,091	3,071,620,681
Commission, exchange and brokerage	27	2,560,275,778	3,168,228,463
Other operating income	28	111,861,433	110,459,191
<b>Total operating income (a)</b>		<b>20,508,390,599</b>	<b>21,388,102,554</b>
Salaries and allowances	29	6,228,455,055	5,578,849,064
Rent, taxes, insurance, electricity etc.	30	664,814,313	701,300,962
Legal expenses		18,361,919	31,142,353
Postage, stamps, telecommunication etc.	31	204,617,611	230,319,874
Stationery, printing, advertisement etc.	32	220,659,472	269,486,898
Chief Executive's salary and fees	33	18,775,000	18,775,000
Directors' fees	34	1,596,800	1,066,520
Auditors' fees	35	1,840,000	1,840,000
Depreciation and repair of the bank's assets	36	2,081,241,194	2,050,466,915
Other expenses	37	2,466,298,899	2,557,229,126
<b>Total operating expenses (b)</b>		<b>11,906,660,263</b>	<b>11,440,476,712</b>
<b>Profit before provisions (c = a-b)</b>		<b>8,601,730,336</b>	<b>9,947,625,842</b>
Provision for loans/Investments:			
Loans and advances		2,365,157,113	1,096,128,805
Diminution in value of investments		(563,219,881)	534,400,000
Off balance sheet items		63,083,635	(192,000,000)
Other provisions		1,581,941	3,790,385
<b>Total provision (d)</b>	39	<b>1,866,602,808</b>	<b>1,442,319,190</b>
<b>Total Profit/(loss) before taxes (e= c-d)</b>		<b>6,735,127,528</b>	<b>8,505,306,652</b>
Provision for taxation:			
Current tax expense		2,537,375,925	3,718,904,812
Deferred tax income		(343,080,346)	(859,400,548)
<b>Total provision for taxation (f)</b>	40	<b>2,194,295,579</b>	<b>2,859,504,264</b>
<b>Net profit after taxation (e-f)</b>		<b>4,540,831,949</b>	<b>5,645,802,388</b>

**PROFIT AND LOSS ACCOUNT**

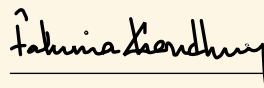
For the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
Retained earnings brought forward from previous period/year		12,378,804,260	9,794,724,973
Net effect of all items directly recognised in Equity-retained earnings		(113,449,385)	248,088,649
Profit available for appropriation		<b>16,806,186,824</b>	<b>15,688,616,010</b>
<b>Appropriations:</b>			
Statutory reserve		1,275,868,312	1,701,061,330
General reserve		-	-
Dividend		1,850,062,985	1,608,750,420
Dividend equalization fund		-	-
		3,125,931,297	3,309,811,750
<b>Retained Surplus</b>		<b>13,680,255,527</b>	<b>12,378,804,260</b>
<b>Earnings Per Share (EPS) [previous year's figure restated]</b>	<b>41</b>	<b>3.42</b>	<b>4.26</b>

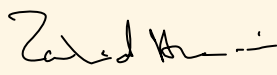
The notes 1 to 47 and annexures A to L form an integral part of these financial statements.



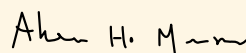
Managing Director and CEO



Director



Director



Chairman

As per our report of same date.


**Auditor**

Ali Ashfaq, Partner,  
Enrolment no: 509  
Rahman Rahman Huq,  
Chartered Accountants  
KPMG in Bangladesh  
Firm Registration Number: N/A

DVC: 2104120509AS804856

Dhaka, 12 April 2021

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2020

Amount in Taka

Particulars	Paid up capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation reserve	Foreign currency translation reserve	Fair value gain/(loss) on equity investment*	Retained earnings	Total
<b>Balance as at 01 January 2020</b>	<b>12,333,753,270</b>	<b>3,853,767,032</b>	<b>8,129,149,416</b>	<b>355,218,455</b>	<b>98,965,051</b>	<b>478,558,600</b>	<b>29,914,158</b>	<b>1,261,102,670</b>	<b>12,378,804,260</b>	<b>38,919,232,912</b>
Surplus/deficit on account of revaluation of assets	-	-	-	-	-	-	-	-	-	-
Recognition of Deferred Tax on revaluation reserve of fixed assets	-	-	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	4,706,961,002	-	-	-	-	4,706,961,002
Changes in translation reserve	-	-	-	-	-	-	(43,555,793)	-	-	(43,555,793)
Changes in OCI reserve for investment in subsidiaries and associates	-	-	-	-	-	-	-	(129,904,824)	-	(129,904,824)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	(113,449,385)	(113,449,385)
<b>Net gains and losses not recognised in the income statement</b>	<b>12,333,753,270</b>	<b>3,853,767,032</b>	<b>8,129,149,416</b>	<b>355,218,455</b>	<b>4,805,926,053</b>	<b>478,558,600</b>	<b>(13,641,635)</b>	<b>1,131,197,846</b>	<b>12,265,354,875</b>	<b>43,339,283,912</b>
Net profit for the year	-	-	-	-	-	-	-	-	4,540,831,949	4,540,831,949
<u>Dividends for the year 2019:</u>										
Stock dividend	925,031,490	-	-	-	-	-	-	-	(925,031,490)	-
Cash dividend	-	-	-	-	-	-	-	-	(925,031,495)	(925,031,495)
Statutory reserve	-	-	1,275,868,312	-	-	-	-	-	(1,275,868,312)	-
<b>Balance as at 31 December 2020</b>	<b>13,258,784,760</b>	<b>3,853,767,032</b>	<b>9,405,017,728</b>	<b>355,218,455</b>	<b>4,805,926,053</b>	<b>478,558,600</b>	<b>(13,641,635)</b>	<b>1,131,197,846</b>	<b>13,680,255,527</b>	<b>46,955,084,366</b>

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2019

Amount in Taka

Particulars	Paid up capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation reserve	Foreign currency translation reserve	Fair value gain/(loss) on equity investment*	Retained earnings	Total
<b>Balance as at 01 January 2019</b>	<b>10,725,002,850</b>	<b>3,853,767,032</b>	<b>6,428,088,086</b>	<b>355,218,455</b>	<b>5,593,264</b>	<b>478,558,600</b>	<b>(3,001,421)</b>	-	<b>9,794,724,973</b>	<b>31,637,951,839</b>
Changes in accounting policy	-	-	-	-	-	-	-	1,846,507,062	-	1,846,507,062
<b>Restated balance</b>	<b>10,725,002,850</b>	<b>3,853,767,032</b>	<b>6,428,088,086</b>	<b>355,218,455</b>	<b>5,593,264</b>	<b>478,558,600</b>	<b>(3,001,421)</b>	<b>1,846,507,062</b>	<b>9,794,724,973</b>	<b>33,484,458,901</b>
Surplus/deficit on account of revaluation of assets	-	-	-	-	-	-	-	-	-	-
Recognition of Deferred Tax on revaluation reserve of fixed assets	-	-	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	93,371,787	-	-	-	-	93,371,787
Changes in translation reserve	-	-	-	-	-	-	32,915,579	-	-	32,915,579
Changes in OCI reserve for investment in subsidiaries and associates	-	-	-	-	-	-	-	(585,404,392)	-	(585,404,392)
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	248,088,649	248,088,649
<b>Net gains and losses not recognised in the income statement</b>	<b>10,725,002,850</b>	<b>3,853,767,032</b>	<b>6,428,088,086</b>	<b>355,218,455</b>	<b>98,965,051</b>	<b>478,558,600</b>	<b>29,914,158</b>	<b>1,261,102,670</b>	<b>10,042,813,622</b>	<b>33,273,430,524</b>
Net profit for the year	-	-	-	-	-	-	-	-	5,645,802,388	5,645,802,388
<u>Dividends for the year 2018:</u>										
Stock dividend	1,608,750,420	-	-	-	-	-	-	-	(1,608,750,420)	-
Cash dividend	-	-	-	-	-	-	-	-	-	-
Statutory reserve	-	-	1,701,061,330	-	-	-	-	-	(1,701,061,330)	-
<b>Balance as at 31 December 2019</b>	<b>12,333,753,270</b>	<b>3,853,767,032</b>	<b>8,129,149,416</b>	<b>355,218,455</b>	<b>98,965,051</b>	<b>478,558,600</b>	<b>29,914,158</b>	<b>1,261,102,670</b>	<b>12,378,804,260</b>	<b>38,919,232,912</b>

\* Detail of fair value gain/(loss) on equity investments has been provided at Note-9

The notes 1 to 47 and annexures A to L form an integral part of these financial statements.

**CASH FLOW STATEMENT**

For the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
<b>A. Cash flows from operating activities</b>			
Interest receipts in cash		28,051,067,431	31,838,943,779
Interest payment		(15,343,961,961)	(13,904,507,701)
Dividend receipts		96,094,680	123,760,324
Fees and commission receipts in cash		2,560,275,778	3,151,040,824
Recoveries on loans previously written off		633,704,077	786,257,664
Cash payments to employees		(6,243,757,705)	(5,650,932,696)
Cash payments to suppliers		(423,015,776)	(556,139,283)
Income tax paid		(3,564,500,491)	(2,706,854,957)
Receipts from other operating activities	43	1,691,821,434	642,094,138
Payment for other operating activities	44	(3,611,118,630)	(4,275,850,196)
<b>Operating Cash flow before changes in operating assets and liabilities (i)</b>		<b>3,846,608,837</b>	<b>9,447,811,896</b>
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(8,972,011,665)	(26,083,078,267)
Other assets		1,207,569,075	(329,557,246)
Deposits from other banks/borrowings		(1,295,171,744)	5,360,091,417
Deposits from customers		22,632,432,701	33,837,248,816
Other liabilities		1,195,346,011	473,789,477
Cash utilised in operating assets and liabilities (ii)		14,768,164,378	13,258,494,197
<b>Net cash flows from operating activities (i+ii) (a)</b>		<b>18,614,773,215</b>	<b>22,706,306,093</b>
<b>B. Cash flows from investing activities</b>			
Treasury bills		12,463,112,715	(6,482,003,710)
Treasury bonds		(34,318,050,369)	(12,351,679,718)
Sale/ (Investment) in shares		(465,347,240)	(207,711,895)
Sale/ (Investment) in bonds		159,332,423	(1,131,615,340)
Acquisition of fixed assets		(758,893,262)	(1,219,205,803)
Disposal of fixed assets		108,701,537	12,760,488
<b>Net cash used in investing activities (b)</b>		<b>(22,811,144,196)</b>	<b>(21,379,455,978)</b>
<b>C. Cash flows from financing activities</b>			
Dividend paid		(918,394,579)	(172,484)
<b>Net cash used in financing activities (c)</b>		<b>(918,394,579)</b>	<b>(172,484)</b>
<b>Net increase/decrease in cash (a+b+c)</b>		<b>(5,114,765,560)</b>	<b>1,326,677,631</b>
Effect of exchange rate changes on cash and cash equivalent		87,177,429	50,003,697
Cash and cash equivalents at the beginning of year		38,630,874,333	37,254,193,005
Cash and cash equivalents at the end of the year	42	<b>33,603,286,202</b>	<b>38,630,874,333</b>
<b>Cash and cash equivalents at the end of the year:</b>			
Cash in hand (including foreign currency)		7,091,907,372	6,726,443,188
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		12,151,189,284	16,103,064,899
Balance with other banks and financial institutions		14,358,762,046	15,799,498,546
Prize Bond		1,427,500	1,867,700
		<b>33,603,286,202</b>	<b>38,630,874,333</b>
<b>Net operating cash flow per share</b>	46	<b>14.04</b>	<b>17.13</b>

The notes 1 to 47 and annexures A to L form an integral part of these financial statements.

Note: The reconciliation of net profit with cash flows from operating activities (standalone basis) has been presented at Annexure - L.

## LIQUIDITY STATEMENT (ASSET AND LIABILITY MATURITY ANALYSIS)

As at 31 December 2020

Amount in Taka

Particulars	0 - 1 Month	1 - 3 Month	3 - 12 Month	1 - 5 Years	Above 5 Years	Total
<b>Assets</b>						
Cash in hand and balance with Bangladesh Bank	7,873,433,043	-	-	-	11,369,663,613	19,243,096,656
Balance with other banks and financial institutions (including foreign currencies)	4,778,309,246	5,360,425,300	4,220,027,500	-	-	14,358,762,046
Money at call and short notice	-	-	-	-	-	-
Investments	371,710,417	200,000,000	4,454,314,969	34,773,687,950	29,096,290,858	68,896,004,194
Loans and advances	29,109,434,900	38,634,528,099	116,074,068,443	78,466,876,591	10,778,285,167	273,063,193,200
Fixed assets including premises, furniture and fixtures	-	-	-	6,298,087,281	1,050,955,752	7,349,043,033
Other assets	4,524,601,762	97,649,044	27,139,314	504,092,755	9,372,336,550	14,525,819,425
Non-banking assets	-	-	-	-	66,471,775	66,471,775
<b>Total Assets</b>	<b>46,657,489,368</b>	<b>44,292,602,443</b>	<b>124,775,550,226</b>	<b>120,042,744,577</b>	<b>61,734,003,715</b>	<b>397,502,390,329</b>
<b>Liabilities</b>						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	4,009,824,930	7,300,740,486	17,090,589,296	6,352,232,127	530,006,875	35,283,393,714
Money at call and short notice	84,801,100	-	-	-	-	84,801,100
Deposits and other accounts	33,255,204,337	37,828,325,090	96,489,548,224	91,487,009,788	29,994,318,285	289,054,405,724
Other liabilities	3,016,704,117	3,030,441,973	3,768,619,002	4,205,234,457	12,103,705,876	26,124,705,425
<b>Total Liabilities</b>	<b>40,366,534,484</b>	<b>48,159,507,549</b>	<b>117,348,756,522</b>	<b>102,044,476,372</b>	<b>42,628,031,036</b>	<b>350,547,305,963</b>
<b>Net liquidity Gap</b>	<b>6,290,954,884</b>	<b>(3,866,905,106)</b>	<b>7,426,793,704</b>	<b>17,998,268,205</b>	<b>19,105,972,679</b>	<b>46,955,084,366</b>

Net result of the Liquidity Statement represents the Equity attributable to the shareholders of the Bank.

The notes 1 to 47 and annexures A to L form an integral part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended 31 December 2020

### Section - One : Corporate profile and significant accounting policies

#### 1.1 BRAC Bank Limited

BRAC Bank Limited (the "Bank" or "BRAC Bank") is a scheduled commercial bank established under the Bank Company Act, 1991, and incorporated as a public company, limited by shares, on 20 May 1999 under the Companies Act, 1994, in Bangladesh, vide RJSC registration no. C-37782(2082)/99. The primary objective of the bank is to conduct all kinds of banking businesses. On completion of all legal formalities, the bank commenced its operations on 4<sup>th</sup> July 2001. At present, the bank has 187 banking branches (2019: 187 branches), 185 zonal offices (2019: 186 zonal offices), 456 SME unit offices (2019: 456 SME unit offices), 375 ATMs (2019: 424 ATMs) and 481 agent outlets (2019: 301 agent outlets) spread across the country. The registered address of the bank is: Anik Tower, 220/B Tejgaon Gulshan Link Road, Tejgaon, Dhaka-1208. BRAC Bank has been listed on the Dhaka Stock Exchange and Chittagong Stock Exchange as a publicly traded company from 28 January 2007 and 24 January 2007, respectively. A brief description of the subsidiaries and associates of BRAC Bank is provided in note 1.2.

##### 1.1.1 Principal Activities and nature of operations of BRAC Bank Limited

The principal activities of the Bank are banking and related activities including accepting customer deposits, lending to retail, Small Money Enterprise (SME) and corporate customers, trade financing, lease financing, project financing, issuing Letters of Credit, inter bank borrowing and lending, dealing in government securities, equity shares etc. There have been no significant changes in the nature of the principal activities of the Bank during the financial year under review.

As a fully operational commercial bank, BRAC Bank Limited focuses on pursuing unexplored market niches in the Small and Medium Enterprises (SME) business, which hitherto has remained largely untapped within the country. Significant percentage of BRAC Bank's clients had no prior experience with formal banking. With the view to reaching clients, the Bank has established a wide network of branches, zonal offices, SME unit offices and agent banking outlets offering services in the heart of rural and urban communities.

Real Economy intermediation can be considered Triple Bottom Line if it supports individuals or enterprises delivering impact in at least one of the following categories: Social Empowerment (People), Environmental Regeneration (Planet), and/or Economic Resiliency (Prosperity). As a founder member of GABV and being the trailblazer of values-based banking in Bangladesh, BRAC bank always strives to contribute towards achieving the Sustainable Development Goals (SDGs), where financing for SMEs to generate employment in an environmentally-friendly manner remains as our top priority.

##### 1.1.2 Off Shore Banking Unit

The Bank commenced its off-shore banking operation after obtaining permission from Bangladesh Bank in 2010. The Off-shore Banking Unit (OBU) is governed by the rules and guidelines of Bangladesh Bank. Apart from the reporting of OBU with solo financial statements, a separate financial statements of OBU is shown in **Annexure I**. The principal activities of OBU are to provide all kinds of commercial banking services to its customers in Bangladesh in foreign currency.

##### 1.1.3 Custodian Service

The Bank obtained permission to work as a security custodian from Bangladesh Securities and Exchange Commission vide its certificate no. SC-10/2009 dated 12 November 2009 under the Securities and Exchange Commission (Securities Custodian Service) Rules 2003. Financial performance of Security Custodial Services have been separately reported in Annexure J along with Bank's audited financial statements in compliance with the requirement u/s 10(2) of Security Custodial Services Rules 2003. The due certificate from external auditors has been obtained on internal control and financial statements of security custodial operations of the Bank and annexed with the financial statements.

#### **1.1.4 Agent banking**

BRAC Bank obtained permission from Bangladesh Bank on 11 March 2018, vide reference no. BRPD(P-3)745/(50)2018-1806, to commence Agent Banking services and, subsequently, started commercial operations on 11 September 2018. Agent Banking channel will be the vital move of BRAC Bank Limited to provide smart banking services to the unbanked population of the nation, hence boost the financial inclusion countrywide. BRAC Bank Limited looks forward to expand its agent banking network since it enables the bank to extend its services to the underserved people living in the remote region where traditional branch banking is difficult to perform. BBL also wants to make its services accessible to those who have little formal and financial literacy in a cost effective manner. Till 31 December 2020, there were 481 Agent Banking Outlets in 64 districts across the country.

To facilitate and secure the services of agent banking channel, the Agent Banking Software (ABS) will be under use which enables the transactions to be real time through online. The transactions will be secured by two factor authentication (2FA) mechanism in which both the customer's and the agent's thumbprint through a biometric device will be used to validate the transaction/request. By the system customer will be notified through a system generated printed receipt of the executed transaction and an SMS alert as well.

Services that are currently being dispensed include account opening (savings), cash deposit and withdrawal, cash deposits in branch A/C, SME loan disbursement & repayment collection, foreign remittance disbursement, debit card & cheque book issuance, corporate bill/distributor fee collection, insurance premium collection, balance inquiry, internet and SMS banking etc.

### **1.2 Subsidiaries and associates of BRAC Bank Limited**

#### **1.2.1 BRAC EPL Investments Limited (subsidiary)**

BRAC Bank acquired 51 per cent shares of Equity Partners Limited on 31 July 2009. This entity was incorporated in Bangladesh on 19 April 2000 as a private limited company, under the Companies Act, 1994, and was subsequently renamed as "BRAC EPL Investments Limited". BRAC Bank acquired an additional 25 per cent shares in the entity in 2011 and an additional 18.57 per cent in 2016. During 2017, the bank acquired a further 5.275 per cent in the entity. During 2019, the bank acquired another 0.10 per cent, thus taking the total shareholding to 99.945 per cent at the end of the year 2019.

BRAC EPL Investments was established to cater to the needs of the fast growing capital markets of Bangladesh. It works as a merchant bank with a full-fledged merchant banking license from Bangladesh Securities and Exchange Commission (BSEC). The company's service portfolio comprises lead managing initial public offerings, domestic and international placements, portfolio management and project development and consultancy.

#### **1.2.2 BRAC EPL Stock Brokerage Limited (subsidiary)**

BRAC Bank Limited acquired 51 per cent shares of Equity Partners Securities Limited on 31 July 2009. Equity Partners Securities Limited was incorporated in Bangladesh on 16 May 2000 as a private limited company under the Companies Act, 1994. Subsequently, the management decided to rename Equity Partners Securities Limited as BRAC EPL Stock Brokerage Limited. In the year 2011, the bank acquired an additional 39 per cent shares of EPL Stock Brokerage Limited. As a result, the bank's controlling interest has risen to 90 per cent of EPL Stock Brokerage Limited.

BRAC EPL Stock Brokerage Limited was established to cater to the needs of the brokerage business in Bangladesh. It has corporate membership of both Dhaka Stock Exchange and Chittagong Stock Exchange.

### 1.2.3 bKash Limited (subsidiary)

BRAC Bank Limited formed bKash Limited, a private company limited by shares incorporated on 1 March 2010 under the Companies Act, 1994. bKash Limited was established to introduce mobile financial services in Bangladesh. The bank has obtained a license from Bangladesh Bank for bKash Limited for rendering mobile financial services. Notable, Alipay Singapore E-Commerce Private Limited (AliPay) invested in the equity of bKash Limited in 2018. BRAC Bank currently holds 51 per cent equity shares in the company. Out of the remaining equity shares, 29 per cent is held by Money in Motion LLC (a company listed in the US), 9.9 per cent is held by International Finance Corporation (IFC), and the rest 10.1 per cent is held by Alipay Singapore.

With the consent of all existing shareholders, in 2014, Bill & Melinda Gates Foundation (B&M) and in 2018, Alipay Singapore E-Commerce Private Limited ("Alipay") further invested in bKash Limited in the form of convertible preference shares. Out of the total 87,963 convertible preference shares, B&M holds 32,530 shares, and Alipay holds 55,433 shares. Preference shareholders do not have any voting rights but has same rights as equity shareholders with respect to economic interest in the company. These preference shares are convertible at a 1:1 basis to ordinary shares at the option of the preference shareholders. Consolidated financial statements have been prepared considering the potential dilution, or otherwise according to economic interest on bKash.

### 1.2.4 BRAC SAAJAN Exchange Limited (subsidiary)

BRAC Bank Limited acquired 75 per cent+1 shares (249,992 shares out of the total 333,333 shares) of "SAAJAN Worldwide Money Transfer Limited" (SWMTL) in the UK. Bangladesh Bank provided necessary approvals of GBP 500,000 to acquire SWMTL and setting up two new branches in Luton and Bradford, UK. As per permission of Bangladesh Bank, SWMTL has been renamed as "BRAC SAAJAN Exchange Ltd" (BSE). BRAC Bank has been controlling and monitoring all its operations as a holding company.

### 1.2.5 BRAC IT Services Limited (associate)

BRAC IT Services Ltd. (BITS) was initially founded as Documenta™ Ltd, a digital archiving firm, in 1999. BRAC IT Services Ltd. was then formed in April 2013 through the merger of Documenta™ Ltd and the IT Division of BRAC Bank. BRAC Bank acquired 51 per cent shares of BRAC IT Services Limited, a private company limited by shares under the Companies Act, 1994, incorporated on 9 April 2013. It currently operates as an IT services company. In the year 2017, BRAC Bank reduced its holding in BRAC IT Services Limited from 51 per cent to 48.67 per cent by selling 1,034 shares to BRAC. Due to this disinvestment, BRAC IT Services Limited was converted as 'Associate' of the bank at the end of the year 2017, from a 'Subsidiary' status. However, due to new investment by BRAC in 2020, the holding percentage of BRAC Bank further reduced to 12.92% at the end of the year 2020.

### 1.2.6 Summary of shareholding in subsidiaries and associates

BRAC Bank's (BBL) shareholding position in all of its subsidiaries and associates is summarized below:

Name of subsidiaries/ associates	Face value per share	Total no. of ordinary shares		No. of ordinary shares held by BBL		BBL's percentage of shareholding	
		2020	2019	2020	2019	2020	2019
BRAC EPL Investments Limited	BDT 10	258,500,000	258,500,000	258,358,734	258,358,734	99.95%	99.95%
BRAC EPL Stock Brokerage Limited	BDT 100	7,009,538	7,009,538	6,308,541	6,308,541	90.00%	90.00%
bKash Limited	BDT 100	381,949	381,949	194,800	194,800	51.00%	51.00%
BRAC SAAJAN Exchange Limited	GBP 1	333,333	333,333	249,992	249,992	75.00%	75.00%
BRAC IT Services Limited	BDT 1,000	233,729	62,024	30,190	30,190	12.92%	48.67%

## 2 Basis of preparation of financial statements

### 2.1 Consolidated and separate financial statements

Separate financial statements of the bank for the year ended 31 December 2020 comprise the operation of the Domestic Banking Unit (DBU) (main operations), as well as operations of the Off-shore Banking Unit (OBU), together referred to as 'the bank'. Consolidated financial statements comprise those of the bank (parent) and its subsidiaries and associates (note 1.2), together referred to as 'the Group', or individually referred to as 'Group entities/subsidiaries/associates', as the case may be. There were no significant changes in the operations of the bank/group entities. A summary of accounting principles and policies which have been applied consistently (unless otherwise stated), are set out below and in the notes of respective areas:

#### 2.1.1 Statement of compliance and basis of preparation

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) was formed in 2017 and has adopted International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as the applicable Financial Reporting Standards for public interest entities such as banks with effect from 2 November 2020.

The consolidated and separate financial statements of the Group and the bank, respectively, have been prepared in accordance with the IFRS adopted by FRC and in addition to this, the bank also complied with the requirements of the following laws and regulations from various Government bodies:

- i) The Bank Company Act, 1991, and amendment thereon;
- ii) The Companies Act, 1994;
- iii) Circulars, Rules and Regulations issued by Bangladesh Bank (BB) time to time;
- iv) Bangladesh Securities and Exchange Rules, 1987; Bangladesh Securities and Exchange Ordinance, 1969; Bangladesh Securities and Exchange Act, 1993 and Bangladesh Securities and Exchange Commission (Public Issue) Rules 2015 and amendments thereon;
- v) The Income Tax Ordinance, 1984, and amendments thereon;
- vi) The Value Added Tax Act, 2012, The Value Added Tax Rules, 2016 and amendments thereon;
- vii) Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations; and
- viii) Financial Reporting Act, 2015.

In case any requirement of the Bank Company Act, 1991, and provisions and circulars issued by Bangladesh Bank (BB) differ with those of IFRS, the requirements of the Bank Company Act, 1991, and provisions and circulars issued by BB shall prevail. Material departures from the requirements of IFRS are as follows:

#### i) Investment in equity instruments

**IFRS:** As per requirements of IFRS 9: Classification and measurement of investment in equity instruments depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors, it would generally fall either under 'at fair value through profit and loss account' or under 'at fair value through other comprehensive income' where any change in the fair value (measured in accordance with IFRS 13) at the year-end is taken to the profit and loss account or other comprehensive income, respectively.

**Bangladesh Bank:** As per Banking Regulation and Policy Department (BRPD) circular no. 14, dated 25 June 2003, investments in quoted shares and unquoted shares are revalued at the year-end at market price and as per the book value of the last audited balance sheet, respectively. Provisions should be made for any loss arising from diminution in value of investments; otherwise investments are recognised at cost.

## ii) Subsequent measurement of Government securities

**IFRS:** Government securities refer primarily to various debt instruments which include both bonds and bills. As per requirements of IFRS 9: Financial Instruments, bonds can be categorised as "Amortised Cost (AC)", or "Fair Value Through Profit or Loss (FVTPL)", or "Fair Value through Other Comprehensive Income (FVOCI)". Bonds designated as Amortised Cost are measured at amortised cost method, and interest income is recognised through profit and loss account. Any changes in fair value of bonds designated as FVTPL is recognised in the profit and loss account. Any changes in fair value of bonds designated as FVOCI is recognised in other reserves, as a part of equity.

As per requirements of IFRS 9, bills can be categorised either as "Fair Value Through Profit or Loss (FVTPL)" or "Fair Value through Other Comprehensive Income (FVOCI)". Any change in fair value of bills is recognised in the profit and loss account or other reserves as a part of equity, respectively.

**Bangladesh Bank:** As per DOS Circular no. 05, dated 26 May 2008, and subsequent clarification in DOS Circular no. 05, dated 28 January 2009, Government securities/bills are classified into Held for Trading (HFT) and Held to Maturity (HTM). HFT securities are revalued on the basis of mark-to-market and at year-end, any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity. Any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities, including amortisation of discount, are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at year-end, and gains or losses on amortisation are recognised in other reserves as part of equity.

## iii) Provision on loans and advances

**IFRS:** As per IFRS 9: Financial Instruments, an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses, if the credit risk on these loans and advances has increased significantly since initial recognition, whether assessed on an individual or collective basis, considering all reasonable information (including that which is forward-looking). For those loans and advances for which credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12-month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after the reporting date.

**Bangladesh Bank:** As per BRPD Circular no. 07 dated 21 June 2018, BRPD Circular no 13 dated 18 October 2018, BRPD circular No. 15 dated 27 September 2017, BRPD circular no. 16 dated 18 November 2014, BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 05 dated 29 May 2013, BRPD circular no. 1 dated 20 February 2018, BRPD circular no. 3 dated 21 April 2019, BRPD circular no. 52 Dated 20 October 2020, a general provision at 0.25% to 2% under different categories of unclassified loans (good/standard and SMA loans) has to be maintained regardless of objective evidence of impairment. Also, provision for different categories of classified loans (sub-standard, doubtful and bad and loss loans) has to be provided at 20%, 50% and 100% respectively, for loans and advances depending on time past due. Again, as per BRPD circular no. 14 dated 23 September 2012 and BRPD circular no. 07 dated 21 June 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by multilateral development bank (MDB)/ international bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks, in line with Basel-III). Such provision policies are not specifically in line with those prescribed by IFRS 9. As per BRPD circular no. 16 dated 21 July 2020, provision @ 5%, 20% on SMEF financing on SS,DF except medium enterprise has to be maintained. As per BRPD circular No: 56 dated 10 December 2020, Special General Provision - COVID-19 @ 1% has to be maintained on all UC moratorium loans.

#### **iv) Other comprehensive income**

**IFRS:** As per IAS 1 Presentation of Financial Statements, other comprehensive income is a component of financial statements or the elements of other comprehensive income are to be included in single comprehensive income statements.

**Bangladesh Bank:** Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) statement. As such, the bank does not prepare Other Comprehensive Income statement. However, elements of OCI, if any, are shown in the statement of Changes in Equity.

#### **v) Financial instruments – presentation and disclosure**

In several cases, Bangladesh Bank guideline categorize, recognise, measure and present financial instruments differently from those prescribed in IFRS 9: Financial Instruments. Hence, some disclosure and presentation requirements of IFRS 7 Financial Instruments: Disclosures and IAS 32 Financial Instruments: Presentation cannot be made in the financial statements.

#### **vi) Repo and reverse repo transactions**

**IFRS:** As per IFRS 9, when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan, and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

**Bangladesh Bank:** As per DOS Circular letter no. 6, dated 15 July 2010, and subsequent clarification in DOS Circular no. 03, dated 30 January 2012 and DOS circular no. 2, dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction, and the financial assets are de-recognised in the seller's book and recognised in the buyer's book.

However, as per DMD circular letter no. 7, dated 29 July 2012, non-primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralised repo arrangements with Bangladesh Bank. Here, the selling bank accounts for the arrangement as a loan, thereby continuing to recognise the asset.

#### **vii) Financial guarantees**

**IFRS:** As per IFRS 9: Financial Instruments, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due, in accordance with the term of debt instruments. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount, and the loss allowance determined as expected credit loss under IFRS 9. Financial guarantees are prescribed to be included within other liabilities.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 25 June 2003, financial guarantees, such as Letter of Credit and Letter of Guarantee should be treated as off balance sheet items. No liability is recognised for the guarantee, except the cash margin.

#### **viii) Cash and cash equivalents**

**IFRS:** Cash and cash equivalent items should be reported as cash item as per IAS 7: Statement of Cash Flows.

**Bangladesh Bank:** Some cash and cash equivalent items, such as money at call and on short notice, treasury bills, Bangladesh Bank bills and prize bonds are not shown as cash and cash equivalents. Money at call and on short notice is shown separately in the balance sheet. Treasury bills, Bangladesh Bank bills and prize bonds are shown under investment in the balance sheet. However, in the cash flow statement, money at call and short notice and prize bonds are shown as cash and cash equivalents beside cash-in-hand, balance with Bangladesh Bank and other banks.

**ix) Non-banking assets**

**IFRS:** There is no particular/specific guideline about non-banking assets in IFRS.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 25 June 2003, there is a separate balance sheet item titled as non-banking asset that exists in the standard format.

**x) Cash flow statement**

**IFRS:** As per IAS 7: Statement of Cash Flows, cash flow statement can be prepared either in direct method or indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 25 June 2003, the cash flow statement is a mix of both the direct and indirect methods.

**xi) Balance with Bangladesh Bank**

**IFRS:** Balance with Bangladesh Bank should be treated as other asset, as it is not available for use in day to day operations, as per IAS 7: Statement of Cash Flows.

**Bangladesh Bank:** Balance with Bangladesh Bank is treated as cash and cash equivalents.

**xii) Presentation of intangible asset**

**IFRS:** Intangible assets must be identified and recognised, and the disclosure must be given as per IAS 38: Intangible Assets.

**Bangladesh Bank:** Intangible assets are shown in fixed assets, including premises and furniture and fixtures, as there is no specific regulation for intangible assets in BRPD circular no. 14, dated 25 June 2003.

**xiii) Off balance sheet items**

**IFRS:** As per IFRS, there is no requirement for disclosure of off balance sheet items on the face of the balance sheet.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 25 June 2003, off balance sheet items, e.g. Letter of Credit, Letter of Guarantee and Acceptance must be disclosed separately on the face of the balance sheet.

**xiv) Disclosure of appropriation of profit**

**IFRS:** There is no requirement to show appropriation of profit on the face of statement of comprehensive income.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 25 June 2003, appropriation of profit should be disclosed on the face of profit and loss account.

**xv) Loans and advances/investments net of provision**

**IFRS:** As per IFRS 9, loans and advances/investments should be presented net of provision.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 25 June 2003, provision on loans and advances/investments are presented separately as liability and cannot be netted-off against loans and advances.

**xvi) Recognition of interest in suspense**

**IFRS:** Loans and advances to customers are generally classified at amortised cost as per IFRS 9, and interest income is recognised in the profit and loss account by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently becomes credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 23 September 2012, once a loan is classified as Sub-standard, Doubtful BL (special reason), interest accrued on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account which is presented as other liability in the balance sheet.

#### **xvii) Provision on undrawn loan commitments**

**IFRS:** As per IFRS 9, the bank shall recognise credit losses on undrawn loan commitments, such as Letter of Credit (L/C), Letter of Guarantee (L/G), etc., as the present value of the difference between the contractual cash flow that are due by the customer if the commitment is drawn down and the cash flows that the bank expects to receive.

**Bangladesh Bank:** As per BRPD Circular no. 07, dated 21 June 2018, and BRPD Circular no. 14, dated 23 September 2012, the bank is required to maintain a provision at 1% rate against off balance sheet exposures (which includes all types of undrawn loan commitments).

#### **xviii) Name of the financial statements**

**IFRS:** As per IAS 1, complete set of financial statements consists statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes, comprising significant accounting policies and other explanatory information.

**Bangladesh Bank:** The forms of financial statements and directives for preparation thereof of the bank companies in Bangladesh are guided by BRPD Circular no. 14, dated 25 June 2003 and subsequent amendments thereof from time to time. BRPD circular no. 14 states the statement of financial position as balance sheet and statement of profit or loss and other comprehensive income as profit and loss account. [Also refer to (note 2.9) Compliance of International Financial Reporting Standards (IFRS)]

### **2.1.2 Going concern**

The accompanying financial statements have been prepared on a going concern assumption that the Bank will continue in operation over the foreseeable future. The Bank has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the bank continued to demonstrate a healthy trend for a couple of years. The rating outlook of the bank, as reported by all the rating agencies is 'Stable'.

Management has also assessed the overall impact on COVID 19 and has not identified any indications that may cast doubt on going concern of the group and the bank. Bank's primary business has not impacted expressively as it has a significant growth even the pandemic declared by WHO except in cards and trade business. The management do not see any issue with respect to going concern due to recent pandemic COVID-19. Besides, the management is not aware of any other material uncertainties that may cast significant doubt upon the bank's ability to continue as a going concern.

### **2.1.3 Functional and presentation currency**

The financial statements are presented in Bangladeshi Taka (BDT), which is the bank's functional currency. The functional currency of the Bank Off-shore Banking Unit (OBU) and one of the Banks subsidiaries, namely BRAC SAAJAN Exchange Limited, is in United States Dollar (USD) and Great Britain Pound (GBP), respectively. Financial statements of the above-mentioned unit and subsidiary have been translated into the presentation currency, i.e. Bangladeshi Taka (BDT), following the guidelines of IAS 21: The Effect of Changes in Foreign Exchange Rates. The functional and presentation currency of other subsidiaries and associates is in Bangladeshi Taka (BDT). Except as indicated, figures have been rounded-off to the nearest Taka.

### **2.1.4 Use of estimates and judgments**

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.



Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected. The key items which involve these judgments, estimates and assumptions are discussed below:

#### **Impairment losses on loans and advances**

In addition to the provision made for loans and advances based on the guidelines of Bangladesh Bank, the Bank reviews its loans and advances portfolio on a monthly basis to assess whether a further allowance for impairment should be provided in the income statement. Judgments by the management is required in the estimation of these amounts, and such estimations are based on assumptions about a number of factors, though actual results may differ, resulting in future changes to the provisions.

#### **Other items**

Other key items where estimates or judgements were involved include:

- a) Deferred tax (Note - 9.4)
- b) Useful life of fixed assets and right of use of assets (Note - 8)
- c) Revaluation of land (Note - 20.2 and Annexure - F)
- d) Provisions (Note - 16)
- e) Defined benefit obligation - gratuity (Note - 9.5)
- f) Remeasurement gain/(loss) of defined benefit obligation and plan assets (Note - 9.5)
- g) Impairment testing of goodwill and/or investment in subsidiary/associates (Note 6 and 37.1)
- h) Lease liabilities (Note - 16)
- i) Provision for taxation (Note - 40)

#### **2.1.5 Materiality and aggregation**

Each material item considered by the management as significant has been displayed separately in the financial statements. No amount has been set off, unless the Bank has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

#### **2.1.6 Comparative information**

Accounting policies have been consistently applied by the Bank and are consistent with those used in the previous year. Comparative information is rearranged wherever necessary to conform with the current presentation.

#### **2.2 Basis of consolidation**

Consolidated financial statements include financial statements of BRAC Bank Limited and its subsidiaries, BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited and BRAC SAAJAN Exchange Limited, as those of a single economic entity.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) 10: Consolidated Financial Statements. The consolidated financial statements are prepared to a common reporting year ended 31 December 2020.

#### **Subsidiaries**

'Subsidiaries' are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

Financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-company transactions, balances and intra-group gains on transactions between group companies are eliminated on consolidation.

## **Associates**

An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor (IAS-28: Investments in Associates and joint ventures). Significant influence is the power to participate in the financial and operating policy decisions of the investee, but there is no control over those policies. Investment in associates is accounted for in the consolidated financial statements under the 'equity method'. Under this method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognise the investor's share of profits or losses of the investee after the date of acquisition. The investor's share of the investee's profits or losses is recognised in the investor's profit and loss account. Distributions received from an investee reduce the carrying amount of the investment.

If the holding in subsidiary disposed-off in such a way that the status of the holding now comes to 'Associate' then the fair value of the holding retained in the said entity at the date of such disposal has been considered as opening balance of Investment in associate in Consolidated Financial Statements and related gains and losses have been recognised directly in Consolidated Equity. Any share of profits and losses after such change/disposal have been recognised in Consolidated Profit and Loss as per equity method.

The bank has one associate, namely BRAC IT Services Limited (biTS) at the end of year and has been accounted for under equity method in the consolidated financial statements of the Bank.

### **2.3 Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the spot exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in reserve as part of equity.

#### **Foreign operations**

The results of financial statements of any foreign operation (including subsidiaries, off-shore banking unit, etc.) whose functional currency is not Bangladeshi Taka are translated into Bangladeshi Taka as follows:

- a. assets and liabilities for each statement of balance sheet have been translated at the closing rate on the date of the balance sheet.
- b. income and expenses for the profit and loss account have been translated at average rate.

Foreign currency differences are recognised in OCI and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to NCI.

### **2.4 Accounting for provisions, contingent liabilities and contingent assets**

The Bank recognises provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No provision is recognised for-

- a. Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the bank; or

- b. Any present obligation that arises from past events but is not recognised because-
- i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - ii) A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as contingent liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in extremely rare circumstances where no reliable estimate can be made.

Contingent assets are not recognised in the financial statement since these may result in the recognition of income that may never be realised. However, due to regulations of Bangladesh Bank (Central Bank of Bangladesh) and Bank Company Act, 1991, as amended, all items of such contingent assets/liabilities are shown as off balance sheet items under balance sheet of the bank as a separate section.

## 2.5 Reporting period

These financial statements cover one calendar year - from 01 January to 31 December 2020.

## 2.6 Basis of preparation of liquidity statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following basis:

- a) Balances with other bank and financial institutions, money at call and short notice etc. are on the basis of their maturity term.
- b) Investments are on the basis of their residual maturity term.
- c) Loans and advances are on the basis of their repayment/ maturity schedule.
- d) Fixed assets are on the basis of their useful life.
- e) Other assets are on the basis of their adjustment.
- f) Borrowing from other banks, financial institutions and agents as per their maturity/ repayment term
- g) Deposits and other accounts are on the basis of their maturity term and behavioural past trend.
- h) Other long term liability on the basis of their maturity term.
- i) Provisions and other liabilities are on the basis of their settlement.

## 2.7 Dividend

Dividend on ordinary shares is recognised as a liability and deducted from retained earnings when they are approved by shareholders at the Annual General Meeting (AGM) of the Bank.

Dividend on ordinary shares for the year that is recommended by the Directors after the balance sheet date for approval of shareholders at the Annual General Meeting are disclosed in Note - 47.6 to the financial statements.

## 2.8 Reconciliation of inter-bank/inter-branch account

Books of accounts with regard to interbank (in Bangladesh and outside Bangladesh) are reconciled on a monthly basis, and there are no material differences which may affect the financial statements significantly.

There are no un-reconciled entries related to inter-branch transactions as on the reporting date.

## 2.9 Compliance with International Financial Reporting Standard (IFRS)

Ref.	Name of the standards	Status
IFRS-1	First-Time Adoption of International Financial Reporting Standards	Not applicable
IFRS-2	Share-based Payment	Not applicable
IFRS-3	Business Combinations	Complied
IFRS-4	Insurance Contracts	Not applicable
IFRS-5	Non-current assets Held for Sale and Discounted Operations	Not applicable
IFRS-6	Exploration for and Evaluation of Mineral Resources	Not applicable
IFRS-7	Financial Instruments: Disclosures	Complied *
IFRS-8	Operating Segments	Complied*
IFRS-9	Financial Instruments	Complied *

Ref.	Name of the standards	Status
IFRS-10	Consolidated Financial Statements	Complied
IFRS-11	Joint Arrangements	Not applicable
IFRS-12	Disclosure of Interests in Other Entities	Complied
IFRS-13	Fair Value Measurement	Complied
IFRS-14	Regulatory Deferral Accounts	Not applicable
IFRS-15	Revenue from Contracts with Customers	Complied
IFRS-16	Leases	Complied
IAS-1	Presentation of Financial Statements	Complied*
IAS-2	Inventories	Not applicable
IAS-7	Statement of Cash Flows	Complied*
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
IAS-10	Events after the Reporting Period	Complied
IAS-12	Income taxes	Complied
IAS-16	Property, Plant and Equipment	Complied
IAS-19	Employee Benefits	Complied
IAS-20	Accounting for Government Grants and Disclosure of Government Assistance	Complied
IAS-21	The Effect of Changes in Foreign Exchange Rates.	Complied
IAS-23	Borrowing Cost	Complied
IAS-24	Related Party Disclosures	Complied
IAS-26	Accounting and Reporting by Retirement Benefit Plans	Not applicable
IAS-27	Separate Financial Statements	Complied
IAS-28	Investment in Associates and Joint Venture	Complied
IAS-29	Financial Reporting in Hyperinflationary Economies	Not applicable
IAS-32	Financial Instruments: Presentation	Complied *
IAS-33	Earnings Per Share	Complied
IAS-34	Interim Financial Reporting **	Complied
IAS-36	Impairment of Assets	Complied
IAS-37	Provisions, Contingent Liabilities and Contingent Assets	Complied
IAS-38	Intangible Assets	Complied*
IAS-40	Investment Property	Not applicable
IAS-41	Agriculture	Not applicable

\* Complied to the extent possible subject to compliance to Bangladesh Bank guidelines in this respect.

\*\* Complied in the preparation of interim financial reports of the Bank.

#### Reason for departure from IFRS

The Central Bank of Bangladesh ('Bangladesh Bank'), as regulator of the banking industry, has issued a number of circulars/directives which are not consistent with the requirements specified in IAS/IFRS, as referred above. In such cases, the bank has followed regulatory requirements specified by Bangladesh Bank (Note - 2.1.1).

#### Standards issued but not yet effective

A number of new standards and amendments to standards are issued but not yet effective for annual periods beginning after 01 January 2020 and earlier application is permitted. However, the Bank has not adopted early the following new or amended standards in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group and the separate financial statements of the Bank when they become be applicable.

- i) Amendments to References to Conceptual Framework in IFRS Standards.
- ii) Definition of a Business (Amendments to IFRS 3).
- iii) Definition of Material (Amendments to IAS 1 and IAS 8).
- iv) IFRS 17 Insurance Contracts
- v) Interest rate benchmark reform Phase-2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Insurance contracts are effective for annual periods beginning on or after 01 January 2021. Earlier adoption is permitted. This has not been applied in preparing these consolidated and separate financial statements.

## **2.10 Risk management**

Risk is an inherent part of the business activities, and risk management is pivotal for ensuring sustainability of the business. Today's era of globalisation enables consequential expansion of business activities that ultimately heightens competition levels for organisations. Financial crisis and volatility in economic growth in some developed countries set enforce the need for comprehensive risk management. Types of risk, however, vary from business to business, but preparing a comprehensive risk management plan involves a collaborative process. A comprehensive risk management plan must enumerate strategies for dealing with risks specific to any business but should not be limited to those alone.

When it comes to banking, risk management is at the heart of this business. Banks strive for embracing prudent risk management discipline to combat unpredictable/exigent situations. Today, it is evident that banking organisations need to establish systematic and vigilant approaches to monitor activities that are major influencers of the business.

The Standards of Risk Management, as taken up by the Bank for International Settlements (BIS) and, particularly, Basel Committee on Banking Supervision (BCBS), has been applied by bank regulators across the world. The Central Bank of Bangladesh, i.e. Bangladesh Bank also issued revised risk management guidelines in October 2018, which forms the basis of risk management of all scheduled banks in Bangladesh. Guidelines require that banks adopt enhanced policies and procedures of risk management. Risk management among banks broadly cover core risk areas of banking, i.e. credit risk, operational risk, liquidity risk and ICC risk, etc. Bangladesh Bank also prescribes that there should be a separate desk for each of these risk types under the risk management division. In line with the regulatory requirement and elevating its risk management function, BRAC Bank has established comprehensive risk management guidelines, duly approved by its Board of Directors. The bank's risk management strategy is anchored on a clear understanding of various risks, disciplined risk assessment and prudent measurement procedures with continuous monitoring. The bank continues to focus on improving its risk management systems not only to ensure compliance with regulatory requirements, but also to ensure better risk-adjusted returns and optimal capital utilization, keeping in mind the organisation's business objectives. For sound risk management, the bank manages risk across two strategic layers - managerial layer and operational layer. Risk Discussion are held in those levels identifying & quantifying the impact of different kind of risk related to core areas of banking. Risk Mitigation & possible solution are discussed and they are being resolved accordingly.

### **2.10.1 Credit risk management**

Credit risk is one of the major risks out of the six core risks of the bank. It is most simply defined as the bank's borrower or counterparty failing to meet their obligations in accordance with the agreed terms and conditions. Effective credit risk management is a critical component of a comprehensive approach to risk management and essential to the long-term success of any banking organisation. Assessment of credit risk involves evaluating both the probability of default by the borrower and exposure or financial impact on the bank in the event of default. It also considers the relationships between credit risk and other risk parameters.

Considering key elements of credit risk, the bank has segregated duties of officers/executives involved in credit-related activities. Separate divisions for Corporate, SME, Retail and Credit Cards are entrusted with the responsibility of maintaining effective relationship with customers, marketing credit products, exploring new business opportunities, etc. For transparency in operations during the entire credit process, teams for i. Credit Approval, ii. Asset Operations, iii. Recovery Unit and Special Asset Management have been set up.

The entire process involves relationship teams of respective asset portfolios (Retail, SME and Corporate) booking clients and the underwriting team conducting thorough assessment before placing the facility for approval with the authority. Risk assessment includes borrower risk analysis, industry risk analysis, financial risk analysis, security risk analysis, account performance risk analysis and environmental & social risk analysis of the customer. Post-approval, the Credit Administration Department ensures compliance with all legal formalities, completion of documentation, including security of proposed facility, and eventual disbursement. This arrangement has not only ensured segregation of duties and accountability, but also helped in minimising risk of compromise with quality of the credit portfolio.

To ensure sound practices in credit risk management, including taking calculated risk and maintaining asset portfolio quality, BRAC Bank follows well-established Credit Policy Guidelines, as approved by the Board of Directors and prepared in line with internationally-accepted risk management principles and best practices. The guidelines are also aligned with the 'Guidelines on Credit Risk Management (CRM) for Banks' (March, 2016) by Bangladesh Bank, the Bank Company Act, 1991 (Amended in 2013), Risk Management Guidelines for Banks (October, 2018) and credit-related circulars and instructions of Bangladesh Bank circulated from time to time.

### **2.10.2 Foreign exchange risk management**

Foreign exchange risk arises from fluctuations in currency prices, influenced by various macro and micro economic factors. Contemporary financial institutions engage in activities starting from basic currency buy, sell, imports, exports and remittances to complex structured products. Within the bank, the Treasury division is vested with the responsibility to measure and minimise risk associated with bank's foreign currency position.

All treasury functions are clearly demarcated between treasury front office, mid office and back office. The front office is involved only in dealing activities, mid office is involved in monitoring of different limits, e.g. counterparty limits, dealers' trading limits, stop/loss limits, etc. and calculation of Value at Risk (VaR) and reports directly to the Chief Risk/Operating Officer of the bank. Treasury back office is responsible for all related processing functions with separate reporting line to the Head of Operations. Treasury front and back office personnel operate as per Bangladesh Bank's core risk management guidelines and also according to their respective job descriptions. Any overlap is barred. The Banks treasury front office, mid office and back office has separate and independent reporting lines to ensure segregation of duties and accountability and also helps minimise the risk of compromise. The full function operates under the foreign exchange risk management policy of the bank, updated based on the latest Foreign Exchange Guidelines from the central bank.

Dealing room is well-equipped with Reuter's dealing system, a number of FX trading platforms and voice loggers, etc. State-of-the-art treasury system is in place to ensure straight through processing (STP) of all deals. Dealing room also offers an FX trading platform 'BBL Electra' to counterparty banks where all deals are auto-hedged and processed through STP without creating any position for the dealing room. The robust treasury system of the Bank also facilitates the mid office in effective monitoring and risk reporting and the back office with different reports, along with easy processing of transactions. Counterparty limit is set by the Credit Committee and monitored by the mid office. Clearly expressed dealers' trading limits, stop-loss limits and currency-wise open position limits are in place that are monitored by the mid office. Trigger levels are set for dealers, Chief Dealer and Head of Treasury. All FX transactions are carried out by well-trained, young and dynamic dealers who ensure local and global regulatory compliance.

### **2.10.3 Asset liability management**

Changes in market liquidity and or interest rate exposes the bank's business to the risk of loss, which may, in extreme cases, threaten the survival of the institution. Thus, it is essential that the level of balance sheet risks are effectively managed, appropriate policies and procedures are established to control and limit these risks and proper resources are made available for evaluating and controlling these risks. The Asset Liability Management Committee (ALCO) of the bank monitors balance sheet and liquidity risks of the bank.

ALCO also reviews the country's overall economic position, the bank's liquidity position, ALM ratios, interest rate risks, capital adequacy, deposit/advances growth, cost of deposit and yield on advances, FX gap, market interest rates, loan loss provision adequacy and deposit and lending pricing strategy.

### **2.10.4 Prevention of Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF)**

In recognition of the fact that financial institutions are particularly vulnerable to ML, TF and PF, BRAC Bank has established ML and TF Risk Management Guidenes. The purpose of this guideline is provide controls and processes to comply with local laws and regulations and global best practices pertaining to AML-CFT, both at country and international levels, to safeguard the Bank from potential non-compliance, financial and reputational risks. Customer Due Diligence, Enhanced Due Diligence in applicable accounts and dedicated transaction monitoring from several levels are conducted for identification of suspicious activity and timely escalation to Anti-Money Laundering Division (AMLDD) of the Bank for appropriate reporting to Bangladesh Financial Intelligence Unit (BFIU).

### **2.10.5 Internal Control and Compliance (ICC)**

Internal Control is the mechanism to provide reasonable assurance regarding the attainment of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies. The primary objective of Internal Control and Compliance is to support the bank to perform better and add value through the optimal use of resources.

Establishing adequate internal control and ensuring an effective control environment is high on the management agenda. The bank has instituted internal control over financial reporting and has also established monitoring mechanisms to ensure operational effectiveness of these controls. All internal controls are specifically designed to address risks related to financial reporting, efficiency and effectiveness of operations and compliance with applicable laws and regulations. Through internal control systems, the bank identifies weaknesses associated with the process and adopts appropriate measures to overcome these deficiencies.

The main objectives of internal control are as follows:

- a) Operations objectives: Attainment of the bank's mission and vision.
- b) Reporting objectives: Timely, accurate and comprehensive reporting - financial and non-financial, internal and external.
- c) Compliance objectives: Conducting activities and taking specific actions in accordance with applicable laws and regulations."

The bank has established an effective internal control system whose primary aim is to ensure the overall management of risks and also provide reasonable assurance that the objectives set by the bank will be met. It has been designed to develop a high level of risk culture among our people, establish efficient and effective operating standards, ensure reliability of internal and external information, including accounting and financial information, secure the bank's operations and assets, and comply with laws, regulatory requirements and internal policies.

The key functions that have been established in reviewing adequacy and integrity of the system of internal controls are as follows:

- a) Various committees are established by the Board to assist it in ensuring the effectiveness of the bank's daily operations and that the bank's operations are in accordance with the corporate objectives, strategies and the annual budget, as well as approved policies and business directions.

- b) The Internal Audit Department of the Bank checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlights significant findings in respect of any non-compliance.
- c) Audits are carried out on various departments/units, SME Service Centres and all branches in accordance with the annual audit plan, approved by the Audit Committee of the Board. The frequency of audits of branches is determined by the level of risk assessed to provide an independent and objective report. Findings of the internal audit are submitted to the Audit Committee of the Board for review at their periodic meetings.
- d) The Audit Committee of the Board of the bank reviews internal control issues identified by the Internal Audit Department, Bangladesh Bank, External Auditors and the management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings of the Board are tabled at the meetings of the Board of Directors of the bank on a periodic basis.
- e) Self-assessment of anti-fraud internal controls is carried out on a semi-annual basis and is sent to Bangladesh Bank, as per requirements of DOS Circular Letter No. 10, dated 09 May 2017, issued by Bangladesh Bank.
- f) In assessing the internal control system, identified officers of the bank continued to review and update all procedures and controls that are connected with significant accounts and disclosures of the financial statements of the bank. The bank's Internal Audit Department continued to verify the suitability of design and effectiveness of these procedures and controls on an ongoing basis.

ICCD of BRAC Bank comprises mainly of four units/departments - Internal Audit, Compliance Unit, Monitoring Unit and Concurrent Audit.

#### **2.10.5.1 Internal audit**

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. The audit team of BRAC Bank possesses a combination of business acumen and knowledge about IT. The Audit Department is committed to meet the standards of best professional practices. The bank's audit team also applies risk-based internal audit methodology for conducting their audit functions. Risk-based internal audit includes, in addition to selective transaction testing, an evaluation of the risk management systems and control procedures prevailing across various areas of the bank's operations.

BRAC Bank has a strong internal audit team comprised of three units to carry out audit activities, namely -Head Office Audit, Distribution Audit (which conducts audits on all Branches, including AD, LAD, Corp. Branches, SME Krishi Branches, SME Service Centres and SME Unit Offices, etc.) and Information Systems and Vigilance Audit. BRAC Bank also introduced risk-based audit system and the audit team conducts comprehensive, spot and surprise audits in various Branches, SME Service Centers, SME/Krishi Branches, SME Unit Offices, information technology, information security, cyber security, data privacy and protection, various departments and divisions, centralised functional units at the Head Office and even regional functional units. Internal audit assists the organisation to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.



### **2.10.5.2 Compliance**

BRAC Bank establishes a robust compliance culture throughout the organisation by encouraging employees to comply with policies, procedures rules & regulations and laws.

To establish and uphold a high-quality compliance culture, BRAC Bank has a strong Compliance Department under the Internal Control & Compliance Division, which is dedicated to ensuring compliance with guidelines/ observations/ recommendations of regulatory and internal audit/ConCurrent Audit/investigations. In line with this, three separate units are formed under the Compliance Department - Regulatory Compliance Unit, Internal Compliance Unit and Investigation Unit.

Regulatory Compliance Unit supports the Bangladesh Bank team in their inspection at branches/head office and ensures submission of compliance response to Bangladesh Bank appropriately and timely, monitor compliance activities of Branches, Divisions, Departments and other offices.

Internal Compliance Unit works dedicatedly in the implementation of internal auditor's observations and also recommendations made by the Investigation Unit. Subsequently Internal Control Unit forward the compliance status to Monitoring Unit for further physical varification.

Investigation Unit conducts investigations and submits reports as per management requirements and also analyses fraud cases to ascertain responsible parties and recommend appropriate actions.

Compliance Department also ensures required reporting to the management, Board Audit Committee and regulators.

### **2.10.5.3 Monitoring**

BRAC Bank has formed a separate monitoring department under Internal Control & Compliance Division, which is dedicated to monitor internal control systems and operational activities of the bank on an ongoing basis.

In case of any lapses/irregularities, the Monitoring Unit takes appropriate corrective measures within the respective business/operational areas. If they discover any significant operational lapses, they escalate the issue to the higher management (senior management team) through the Head of ICC for immediate resolution. Some major tools of this unit are as follows:

- a) Branch/Departmental Control Function Checklist (DCFCL);
- b) Loan Documentation Checklist (LDCL);
- c) ICC internal reporting;
- d) Quarterly Operations Report (QOR);
- e) Spot checks/Surprise visits in SME Unit Offices, Branches and agent banking outlets to analyse if the respective functions abide by compliance and existing policies and guidelines.
- f) Conduct borrower and guarantor visit to identify irregularities and policy violation in regular interval;

The Monitoring Unit also submits self-assessment of anti-fraud internal controls report and the bank's health report to Bangladesh Bank.

### **2.10.5.4 Concurrent audit**

As per the directives of Bangladesh Bank as 'Guidelines on Internal Control and Compliance in Banks', the Concurrent Audit Department was formed to align with the guidelines. Concurrent Audit Team scrutinises whether the Bank follows guidelines of internal and regulatory bodies issued from time to time. This unit exclusively conducts spot/surprise audits of continuing operational activities across various branches, SME Service Centers, SME Krishi Branches, ATM Service Centers, SME Unit Offices, Regional Operation Center (ROC), Credit Risk Management unit and Centralised Functional Units in the Head Office.

### **2.10.5.5 Fraud and forgery**

Fraud and forgery have become important issues in recent years. These have a major impact on our country's economy, impeding economic development. BRAC Bank has always been focused in controlling fraud and forgery by establishing and maintaining proper control systems. Today, fraud and forgery appear in diverse forms. To prevent fraud and forgery, BRAC Bank has formed an Investigation Unit under the Compliance Department of Internal Control & Compliance Division. This wing exclusively deals with all kinds of fraud and forgery and acts independently where internal and external fraud and forgery incidents are escalated, investigated and reviewed.

To protect the bank and its stakeholders' interest, the investigation team identifies perpetrators and root-cause of the reported incident. As a remedial course of action, preventive measures are recommended to the business/functional unit to take necessary action relating to process improvements, recovery of misappropriated amount, adjustment of the operational loss and appropriate action initiated against the perpetrator. Investigation reports are also placed to the Board Audit Committee for their direction and guidance. All fraud and forgery cases that were identified in 2020 were also duly reported to Bangladesh Bank as per regulations and adequate provisions have been maintained in the books of accounts. On the other hand, the management is exerting full efforts to recover the loss amount incurred due to fraud.

### **2.10.6 Information and communication technology (ICT) security**

Cyberattacks are a serious threat and concern for financial institutions. BRAC Bank is committed to high levels of service quality and banking security. Cyber security is a top priority for the Board and management of BRAC Bank.

For cyber security and ICT risk mitigation, the bank has aligned its ICT security policy, in line with the latest Bangladesh Bank ICT guidelines and well-established frameworks and international standards and controls, e.g. COBIT, ITIL, ISO 27001, NIST, GDPR, PCI and SANS.

With the establishment of a 24x7 Security Operations Center (SOC) as the first bank in Bangladesh to do so, BRAC Bank has shifted from passive cyber defence to active cyber security. SOC is a dedicated site where enterprise information systems are monitored, assessed and defended.

BRAC Bank has achieved International certification ISO 18788:2015 – for its Security Operations and Cyber fusion center this year. BRAC Bank is the 1<sup>st</sup> financial organisation in Bangladesh has achieved this global recognition on Management system for private security operations.

BRAC Bank has already adopted global-standard ISO 27001:2013 for Information Security Management. The bank is the first in Bangladesh to have achieved the ISO 27001:2013 international certification for information security management, and has thus fulfilled a key regulatory mandate. Accredited international certification to ISO 27001 demonstrates that the bank has a well-defined and focused approach to embracing best practices in information security and processes with an eye on assuring continuous improvement.

Through Mirroring Military 'war game' to Ethical Hacking, the bank's information security regularly conducts application/system security assessments and vulnerability assessment and penetration testing on own infrastructure/networks by internally-certified ethical hackers to protect data assets. The bank also involves global third parties for appropriate revalidation.

Bank has on boarded multiple robust security solutions to prevent any unwanted / unauthorized malware attack as well as zero-day attack based on behavior base static, to detect and prevent data leakage, unauthorized use and transmission of sensitive information, to reduce insider threats by detecting the inappropriate actions that can lead to malware infections or data breaches etc.

As an initiative to strengthen security to defend against 'zero day' and targeted attacks, the bank has implemented Anti-Advance Persistent Threat and Network Behaviour Monitoring technology based on behaviour base static and dynamic analysis on suspicious content with close monitoring of the network flow activity. The bank has also implemented Security Incident and Event Management technology, which is a core constituent of the Information Security Threat Management system.

To protect customer and the bank's data BRAC Bank has implemented a comprehensive Data Leakage Prevention solution. The bank has also enforced disk encryption. To ease internet usage, minimise web attack vectors and enable users to safely use the web, the bank has also implemented an advanced internet secure gateway.

BRAC Bank is the 1<sup>st</sup> financial organization in Bangladesh, that has implemented Enterprise Vulnerability Management System, which covered entire systems and network of BRAC Bank. This is helping us to identify any new vulnerability in real time and mitigate faster. The bank has also implemented an automated solution for third party security monitoring. Moreover to ensure ethical use of technology, the bank ensures automated content scanning.

The bank has also implemented Email Security to protect the email system from spam-based attacks and has also incorporated advanced anti-malware protection. It also helps to scan advance email content & attachment, identify & update real-time spams guard.

Secure Internet Gateway has also been implemented to facilitate security, administrative control or caching services, among other purposes. This is also used to monitor web traffic, anonymous surfing and undermine user privacy. In addition to this, bank has also implemented Next Gen Firewalls for both core and perimeter and secure VPN gateway for remote usage.

The bank has already implemented automated tools for security strengthening of web applications and database. Further, as part of our governance initiatives, the bank has formed ICT Security Steering Committee and ICT Steering Committee. For emergency response handling, the bank has formed CERT and has also developed BCP. Bank has implemented next gen firewall to enhance its capability.

To enhance database security further, bank has implemented Audit Vault & Database Firewall and Database Vault, that ensures audit log, least access control on database etc. Bank has also implemented Automated Source Code Security Analyzer to support a secure programming effort by finding and cataloging a large number of potential security bugs. An analysis tool makes the process much faster and more systematic.

Considering awareness is key to cyber security, the bank regularly conducts face-to-face information security awareness sessions and cyber security awareness campaigns, while also organising awareness through emails/stickers/booklets/e-books/posters, etc. The bank has activated other multiple security strengthening initiatives. It has adopted the latest technology for better manageability, high availability and redundancy, better security and future scalability. Further, it has also completed upgradation of the credit card management system and call center, which is PADSS-complied. We are already issuing EMV chip cards to our customers.

Comprehensive annual maintenance contracts (AMCs), along with service level agreements (SLAs) were signed with partners of global data centre equipment manufacturers to ensure 24x7 service for all active equipment of data centre and disaster recovery site. With the upgradation of the monitoring system of the data centre and disaster recovery site, the bank is now capable to proactively monitor all system parameters and accordingly take corrective measures beforehand. BRAC Bank has also adopted ITIL framework of best practice guidance for ensuring comprehensive IT service management.

To ensure high levels of quality and security of IT systems and for ensuring compliance with Bangladesh Bank's regulatory requirements, BRAC Bank has a fully-functional Information Security Department with trained and certified resources (e.g. CISSO, CISSP, CISA, ECSA, CCISO, CPISI, CEH, CPEH, LA-QMS, LA-ISMS, CHFI, LPM, Security+, COBIT, etc.), various tools and senior management support. As a continuous approach, bank resources attended continuously multiple Cyber Security trainings/workshop to enhance its resources capabilities (e.g. IRBIZ, Anti-Advance Persistent Threat, Network Behavior Analysis, Cyber Security - First Responder, VA/PT etc.).

BRAC Bank has developed a holistic cyber security roadmap and is working accordingly to be equipped with the best people, security solutions, processes and practices. BRAC Bank also engages top global external agencies to conduct assessments and reviews on its cyber security systems and future preparedness on a regular basis.

#### **2.11 Derivative financial instruments**

The fair value of derivatives (forward contracts, currency rate swaps, etc.) are recognised in the profit and loss account of the bank, as per IFRS 9. The value of the contract itself is shown as an item of other contingent liabilities, as per Bangladesh Bank guidelines.

#### **2.12 Accounting for changes in policy, accounting estimates and errors**

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, states that the effect of a change in accounting policy and correction of errors, if material, is to be applied retrospectively, and change in an accounting estimate is to be applied prospectively. The carrying amount of assets, liabilities, or equity may be changed following a change in accounting estimates in the period of the change. The bank followed the same accordingly.

#### **2.13 Director's and management's responsibilities on statement**

The Board of Directors and managements take responsibility for the preparation and presentation of these financial statements.

#### **2.14 General**

- a) Figures appearing in the financial statements have been rounded-off to the nearest Taka.
- b) Figures of previous year have been rearranged, wherever considered necessary, to conform with the current year's presentation.
- c) The expenses, irrespective of capital or revenue in nature, accrued/due but not paid have been provided for in the books of accounts.
- d) The expenses include VAT charges on respective services or goods received.

## SECTION - TWO : NOTES TO THE BALANCE SHEET

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>3 Cash</b>					
Cash in hand (Including foreign currency)	3.1	7,836,614,607	6,963,607,535	7,091,907,372	6,726,443,188
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)	3.2	12,151,189,284	16,103,064,899	12,151,189,284	16,103,064,899
		<b>19,987,803,891</b>	<b>23,066,672,434</b>	<b>19,243,096,656</b>	<b>22,829,508,087</b>
<b>3.1 Cash in hand (Including foreign currency)</b>					
Local currency		7,767,114,436	6,932,529,066	7,022,407,201	6,695,364,719
Foreign currency		69,500,171	31,078,469	69,500,171	31,078,469
		<b>7,836,614,607</b>	<b>6,963,607,535</b>	<b>7,091,907,372</b>	<b>6,726,443,188</b>
<b>3.2 Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)</b>					
Local currency		10,465,673,419	13,369,316,004	10,465,673,419	13,369,316,004
Foreign currency		463,052,252	1,671,530,700	463,052,252	1,671,530,700
		10,928,725,671	15,040,846,704	10,928,725,671	15,040,846,704
Sonali Bank as an agent of Bangladesh Bank (local currency)		1,222,463,613	1,062,218,195	1,222,463,613	1,062,218,195
		<b>12,151,189,284</b>	<b>16,103,064,899</b>	<b>12,151,189,284</b>	<b>16,103,064,899</b>

### 3.a Cash Reserve Ratio (CRR) (Bank only)

As per section 33 of Bank Company Act, 1991 (amended up to 2013), MPD circular No. 03 dated 09 April 2020 for Domestic Banking Operation (DBO) & BRPD circular No. 31 dated 18 June 2020 for Offshore Banking Operation (OBO) issued by Bangladesh Bank, BRAC Bank Limited has been maintaining 3.5% & 1.5% CRR on daily basis and 4.0% & 2.0% on bi-weekly basis for DBO & OBO respectively. CRR requirement is calculated on the basis of weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. CRR of December 2020 is maintained on the basis of weekly ATDTL of October 2020), according to DOS Circular No. 1 & 26 and BRPD circular No. 31 issued on 19 January 2014, 19 August 2019 and 18 June 2020 respectively for both DBO & OBO.

#### Daily basis

Reserves maintained by the bank as at 31 December are as follows:

Average total demand and time liabilities of October 2020 and October 2019

DBU	284,074,934,574	257,680,230,298
OBU	13,639,438,776	21,620,176,053
	<b>297,714,373,349</b>	<b>279,300,406,351</b>
<b>Required reserve</b>		
DBU (2020: 3.5% and 2019: 5%)	9,942,622,710	12,884,011,515
OBU (2020: 1.5% and 2019: 5%)	204,591,582	1,081,008,803
	<b>10,147,214,292</b>	<b>13,965,020,318</b>
Actual reserve maintained as per Bangladesh Bank statement	11,042,563,214	14,483,606,019
Surplus	<b>895,348,923</b>	<b>518,585,701</b>

#### Bi-weekly basis

The Bank maintained excess cash reserve of Tk. 151,425,704 against minimum requirement of 4.0% & 2.0% (of ATDTL) for DBO & OBO on bi-weekly basis which is the summation of excess cash reserve maintained over required in the last fortnight (bi-week) of 2020.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>3.b Statutory Liquidity Ratio (SLR)</b>					
As per section 33 of the Bank Company Act 1991 (amended up to 2013) & MPD circular no. 2 dated 10 December 2013 issued by Bangladesh Bank (effective from 1 February 2014), BRAC Bank Limited has been maintaining 13% SLR on weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. SLR of December 2020 is based on weekly ATDTL of October 2020), according to DOS Circular No. 1 & 26 and BRPD circular No. 31 issued on 19 January 2014, 19 August 2019 and 18 June 2020 respectively for both DBO & OBO.					
Required reserve (13% of ATDTL)				38,702,868,535	36,309,052,826
Actual reserve maintained (2020: 23.56%, 2019: 16.81%)	3.c			70,135,306,738	46,963,465,973
Surplus				<b>31,432,438,203</b>	<b>10,654,413,148</b>
<b>3.c Actual reserve maintained</b>					
Cash in hand				7,091,907,372	6,726,443,188
Balance with Sonali Bank as per statement				1,221,511,978	1,061,552,851
Un-encumbered approved securities (HFT)				38,452,631,190	20,374,658,784
Un-encumbered approved securities (HTM)				22,575,908,697	18,798,943,450
Un-encumbered approved securities (other eligible)				793,347,500	1,867,700
				<b>70,135,306,738</b>	<b>46,963,465,973</b>
<b>4 Balance with other Banks and Financial Institutions</b>					
Inside Bangladesh	4.1	35,478,313,372	43,826,875,635	7,928,558,845	13,203,670,424
Outside Bangladesh	4.2	7,171,691,248	2,770,836,121	6,430,203,201	2,595,828,122
		<b>42,650,004,620</b>	<b>46,597,711,756</b>	<b>14,358,762,046</b>	<b>15,799,498,546</b>
<b>4.1 Balance inside Bangladesh</b>					
<b>In current deposit accounts with:</b>					
Banks		9,473,228,462	7,624,254,541	198,558,845	853,670,424
Less: Inter unit/company elimination		2,433,325,973	764,734,664	-	-
	4.1.1	7,039,902,489	6,859,519,877	198,558,845	853,670,424
<b>In fixed deposit accounts with:</b>					
Banks		23,722,363,628	31,930,301,637	3,000,000,000	5,300,000,000
Non Banking Financial Institutions (NBFIs)	4.1.1	4,730,000,000	7,050,000,000	4,730,000,000	7,050,000,000
		28,452,363,628	38,980,301,637	7,730,000,000	12,350,000,000
Less: Inter unit/company elimination		13,952,745	2,012,945,879	-	-
	4.1.1	28,438,410,883	36,967,355,758	7,730,000,000	12,350,000,000
<b>Total</b>		<b>35,478,313,372</b>	<b>43,826,875,635</b>	<b>7,928,558,845</b>	<b>13,203,670,424</b>
<b>4.1.1 Balance with other banks and financial institutions (Inside Bangladesh)</b>					
<b>Current Accounts</b>					
Standard Chartered Bank		569,754,331	156,786,680	92,625,307	110,936,232
Southeast Bank Limited		433,865,611	314,123,349	-	-
Rajshahi Krishi Unnayan Bank		1,141,360	3,085,293	1,141,360	3,085,293
Al-Arafa Islami Bank Limited		4,378,411	5,148,634	-	2,114,199
Jamuna Bank Limited		242,308,075	620,747,156	26,343	1,757,532
Prime Bank Limited		2,050,665	5,870,467	1,717,568	5,870,467
NRB Global Bank Limited		500,000	500,000	500,000	500,000
Midland Bank Limited		2,100,728	2,095,775	1,500,000	1,500,000
Mutual Trust Bank Limited		172,851,828	277,645,386	377,667	3,147,089
Pubali Bank Limited		29,550,768	101,566,619	7,030,499	98,991,945
Janata Bank Limited		11,310,723	155,680,793	5,379,890	150,018,489

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
Bangladesh Krishi Bank Limited		10,419,231	64,630,214	9,368,480	63,495,198
The City Bank Limited		797,436,544	792,391,604	215,944	714,933
Agrani Bank Limited		45,500,450	257,537,214	15,980,708	198,938,922
Islami Bank Bangladesh Limited		14,551,820	6,589,060	1,407,211	5,321,468
United Commercial Bank Limited		1,458,412,862	1,089,261,748	214,322	217,016
National Bank Limited		3,184,371	15,940,685	1,247,825	13,415,913
Sonali Bank Limited		382,801,032	433,352,264	37,132,494	69,687,853
Dutch Bangla Bank Limited		1,646,846	148,285	1,646,846	148,285
IFIC Bank Limited		26,302	1,110,285	26,302	1,110,285
Rupali Bank Limited		8,865,575	138,741,503	3,056,866	89,212,234
Social Islami Bank Limited		299,501	3,505,495	2,397	3,505,495
First Security Islami Bank Limited		4,721,969	4,640,585	3,485,078	3,412,877
EXIM Bank Limited		11,805,331	17,583,216	11,198,153	16,529,448
BASIC Bank Limited		303,820	297,162	303,820	297,162
Bank Asia Limited		11,203,026	11,217,497	14,152	910,166
Standard Bank Limited		10,336,394	8,872,945	21,878	5,194,248
Meghna Bank Limited		242,118	575,839	-	155,812
One Bank Limited		1,068,248,657	569,079,487	4,200	1,035,408
Mercantile Bank Limited		470,284,449	695,406,396	2,433,535	2,446,455
Union Bank Limited		500,000	-	500,000	-
Trust Bank Limited		59,821,448	26,482,644	-	-
Eastern Bank Limited		560,160,573	621,300,542	-	-
Dhaka Bank Limited		402,916,919	223,983,373	-	-
NCC Bank Limited		95,146,346	62,974,285	-	-
Habib Bank Limited		103,236,377	104,067,242	-	-
NRB Commercial Bank Limited		518,643	515,189	-	-
NRB Bank Limited		57	747	-	-
AB Bank Limited		759,335	852,255	-	-
Uttara Bank Limited		19,882,459	31,669,974	-	-
Allied Bank Limited		22,686,254	28,946,710	-	-
Shahjalal Islami Bank Limited		4,171,279	4,595,280	-	-
		<b>7,039,902,489</b>	<b>6,859,519,877</b>	<b>198,558,845</b>	<b>853,670,424</b>
<b>Fixed deposit with banks</b>					
Southeast Bank Limited		2,750,000,000	3,750,000,000	-	-
Mutual Trust Bank Limited		-	500,000,000	-	500,000,000
The City Bank Limited		2,050,000,000	4,650,000,000	-	800,000,000
NCC Bank Limited		14,200,000	3,714,200,000	-	-
Jamuna Bank Limited		9,145,228	2,508,641,688	-	2,000,000,000
Dhaka Bank Limited		1,500,000,000	1,120,000,000	-	-
United Commercial Bank Limited		-	4,510,000,000	-	-
Mercantile Bank Limited		5,246,308,403	4,440,000,003	-	-
One Bank Limited		1,500,000,000	3,580,000,000	1,500,000,000	1,500,000,000
Habib Bank Limited		-	200,000,000	-	-
Standard Chartered Bank		28,757,252	27,988,955	-	-
Padma Bank Limited		10,000,000	16,525,112	-	-
Standard Bank Limited		1,500,000,000	500,000,000	1,500,000,000	500,000,000
Eastern Bank Limited		-	300,000,000	-	-
Janata Bank Limited		5,600,000,000	100,000,000	-	-
Sonali Bank Limited		3,500,000,000	-	-	-
		<b>23,708,410,883</b>	<b>29,917,355,758</b>	<b>3,000,000,000</b>	<b>5,300,000,000</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>Fixed deposit with financial institutions</b>					
Industrial and Infrastructure Development Finance Co. Limited		840,000,000	1,000,000,000	840,000,000	1,000,000,000
United Finance Limited		170,000,000	150,000,000	170,000,000	150,000,000
IDLC Finance Limited		-	1,800,000,000	-	1,800,000,000
IPDC Finance Limited		700,000,000	2,000,000,000	700,000,000	2,000,000,000
Investment Corporation of Bangladesh (ICB)		1,220,000,000	1,600,000,000	1,220,000,000	1,600,000,000
Delta BRAC Housing Finance Corporation Limited		1,800,000,000	500,000,000	1,800,000,000	500,000,000
		<b>4,730,000,000</b>	<b>7,050,000,000</b>	<b>4,730,000,000</b>	<b>7,050,000,000</b>
		<b>28,438,410,883</b>	<b>36,967,355,758</b>	<b>7,730,000,000</b>	<b>12,350,000,000</b>
		<b>35,478,313,372</b>	<b>43,826,875,635</b>	<b>7,928,558,845</b>	<b>13,203,670,424</b>

\*There are some unreconciled entries as on 31 December 2020 and status of unreconciled entries are given in Annexure-B-2.

#### 4.2 Balance outside Bangladesh

On shore balance	4.2.1	12,165,623,864	1,610,927,136	11,424,135,817	1,435,919,137
Off shore balance	4.2.1	5,708,975,135	2,058,518,145	5,708,975,135	2,058,518,145
		17,874,598,999	3,669,445,281	17,133,110,952	3,494,437,282
Less: On shore to BBL off-shore placement		10,702,907,751	898,609,160	10,702,907,751	898,609,160
		<b>7,171,691,248</b>	<b>2,770,836,121</b>	<b>6,430,203,201</b>	<b>2,595,828,122</b>

##### 4.2.1 Balance with other banks and financial institutions (outside Bangladesh)

###### On Shore Balance

Standard Chartered Bank-New York, USA		174,306,726	34,987,078	174,306,726	34,987,078
Standard Chartered Bank, United Kingdom		44,056,087	108,027,381	44,056,087	108,027,381
Standard Chartered Bank, Frankfurt, Germany		9,600,965	(9,906,022)	9,600,965	(9,906,022)
Mashreq Bank, New York, USA		4,056,438	11,071,008	4,056,438	11,071,008
Bank of Tokyo Mitsubishi		15,419,801	7,551,178	15,419,801	7,551,178
ICICI Bank Limited, Mumbai, India		27,482,876	60,400,357	27,482,876	60,400,357
Zuercher Kantonal Bank, Switzerland		4,485,250	2,960,159	4,485,250	2,960,159
Commerz Bank AG, Germany (USD)		1,428,419	1,602,835	1,428,419	1,602,835
Commerz Bank AG, Germany (EURO)		(85,034,511)	(20,349,691)	(85,034,511)	(20,349,691)
Commerz Bank, Frankfurt, Germany (GBP)		11,557	11,158	11,557	11,158
United Bank of India, Kolkata, India		35,353,993	80,997,906	35,353,993	80,997,906
JP Morgan Chase Bank, New York, USA		383,861,285	70,283,855	383,861,285	70,283,855
HDFC Bank Limited, India		32,670,348	61,845,493	32,670,348	61,845,493
Habib Metro Bank Limited		1,909,672	39,748,840	1,909,672	39,748,840
JP Morgan Chase Bank, Sydney (AUD)		18,035,314	87,264	18,035,314	87,264
AB Bank Limited, Mumbai, India		10,496,950	5,461,547	10,496,950	5,461,547
AXIS Bank limited		30,032,257	67,756,315	30,032,257	67,756,315
Abu Dhabi Commercial Bank (AED)		2,606,393	9,391,402	2,606,393	9,391,402
Kookmin Bank, Seoul, South Korea (USD)		8,726,033	5,381,914	8,726,033	5,381,914
Citi Bank N.A., New York, USA		941,927	-	941,927	-
Shanghai Pudong Development Bank Co. Ltd, China (CNY)		780,286	-	780,286	-
Balance with different banks maintained by BRAC SAAJAN Exchange Limited		741,488,047	175,007,999	-	-
		1,462,716,113	712,317,976	721,228,066	537,309,977
Add: On shore to off shore placement		10,702,907,751	898,609,160	10,702,907,751	898,609,160
Total on shore balance		12,165,623,864	1,610,927,136	11,424,135,817	1,435,919,137



Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>Off shore balance</b>					
Standard Chartered Bank, UK		21	21	21	21
JP Morgan Chase Bank, New York		254,880,206	720,256,473	254,880,206	720,256,473
JP Morgan AG, Frankfurt, Germany		23,473,731	61,610,402	23,473,731	61,610,402
JP Morgan Chase Bank, NA, London		3,350,777	3,151,249	3,350,777	3,151,249
BBL OBU to Other Bank OBU placement		5,427,270,400	1,273,500,000	5,427,270,400	1,273,500,000
Total off shore balance		5,708,975,135	2,058,518,145	5,708,975,135	2,058,518,145
		17,874,598,999	3,669,445,281	17,133,110,952	3,494,437,282
Less: On shore to BBL off-shore placement		10,702,907,751	898,609,160	10,702,907,751	898,609,160
		<b>7,171,691,248</b>	<b>2,770,836,121</b>	<b>6,430,203,201</b>	<b>2,595,828,122</b>

\*There are some unreconciled entries as on 31 December 2020 and status of unreconciled entries are given in Annexure-B-1 and detail balance are shown in Annexure -C except BBL OBU to Other Bank OBU placement.

#### 4.a Maturity grouping of balance with other banks and financial institutions

Up to 1 months	30,206,962,266	28,419,889,030	4,778,309,246	3,350,498,546
More than 1 month but not more than 3 months	5,920,752,909	11,378,894,121	5,360,425,300	9,949,000,000
More than 3 months but not more than 1 Year	6,522,289,445	6,798,928,605	4,220,027,500	2,500,000,000
More than 1 year but not more than 5 years	-	-	-	-
More than 5 years	-	-	-	-
	<b>42,650,004,620</b>	<b>46,597,711,756</b>	<b>14,358,762,046</b>	<b>15,799,498,546</b>

#### 5 Money at call on short notice

There was no balance as money at call on short notice at the end of the year.

#### 6 Investments

##### Accounting policy

All investment securities are initially recognised at cost, including acquisition charges associated with the investment. Premiums are amortised and discount accredited, using the effective yield method, and are taken to discount income. The valuation method of marking-to-market for investments used are:

##### Held To Maturity (HTM)

Investments which have fixed or determinable payments and fixed maturity that the group has the positive intent and ability to held to maturity, other than those that meet the definition of 'Held at amortised cost others' are classified as held to maturity. These investment are subsequently measured at amortised cost, less any provision for impairment in value. Amortised cost is calculated by taking into account any discount or premium in acquisition. Any gain or loss on such investments is recognised in the statement of income when the investment is de-recognised or impaired.

##### Held For Trading (HFT)

Investments classified in this category are acquired principally for the purpose of selling or repurchasing - in short trading or if designated as such by the management. After initial recognition, investments are measured at market value, and any change in the fair value is recognised in the statement of income for the period in which it arises. Transaction costs, if any, are not added to the value of investments at initial recognition.

##### Revaluation

According to DOS Circular no. 05, dated 26 May 2008, DOS Circular no. 05, dated 28 January 2009 and DOS Circular no. 02, dated 19 January 2012, HFT securities are revalued once each week using marking-to-market concept, and the HTM securities are amortised once a year according to Bangladesh Bank guidelines. HTM securities are also revalued if they are reclassified to HFT category with the Board's approval.

### Investment in quoted securities

These securities are bought and held primarily for the purpose of selling them in the future or holding for dividend income, which are reported at cost. Unrealised gains are not recognised in the profit and loss statement. But required provisions are kept for diminution in value of investment.

### Investment in unquoted securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

As per Bangladesh Bank DOS Circular no. 04, dated 24 November 2011, provision for diminution in value of investment was made by netting off unrealised gain (loss) of shares from market price/book value less cost price.

Besides, the Bank complied with Bangladesh Bank BRPD Circular no. 14, dated 25 June 2003, as follows, "All investments in shares and securities (both dealing and investment) should be revalued at the year end. The quoted shares should be valued as per market price in the stock exchange(s) and unquoted shares as per book value of the last audited balance sheet. Provisions should be made for any loss arising from diminution in value of investment.

Summary of recognition and measurement basis has been shown as under:

Investment Class	Initial Recognition	Measurement after Recognition	Recording of changes
Government Treasury Bills (HFT)	Cost	Marking to Market/ fair value	Loss to profit and loss A/C, gain to revaluation reserve
Government Treasury Bills (HTM)	Cost	Amortised cost	Amortised gain to revaluation reserve and loss to profit and loss
Government Treasury Bonds (HFT)	Cost	Marking to Market/ fair value	Loss to profit and loss A/C, gain to revaluation reserve
Government Treasury Bonds (HTM)	Cost	Amortised cost	Amortised gain to revaluation reserve and loss to profit and loss
Zero Coupon Bond	Cost	Cost	N/A
Prize Bond and Other Bond	Cost	Cost	N/A
Debentures	Cost	Cost	Profit and Loss Account
Un-quoted Shares (ordinary)	Cost	Lower of cost or NAV of last audited account	Profit and Loss Account
Quoted shares (ordinary)	Cost	Lower of cost or market price at balance sheet date	Loss to Profit and Loss Account

### Impairment of financial assets

At each balance sheet date, the Bank assesses whether there is objective evidence that a financial asset or a group of financial assets, i.e., loans and advances, off balance sheet items and investments are impaired. A financial asset or group of financial assets are impaired and impairment losses are incurred if there is objective evidence of impairment as a result of a loss event that occur after the initial recognition of the asset up to the balance sheet date; the loss event had an impact on the estimated future cash flows of the financial assets or the group of financial assets; and a reliable estimate of the loss amount can be made.

In the event of impairment loss, the Bank reviews whether a further allowance for impairment should be provided in the profit and loss statement, in addition to the provision made based on Bangladesh Bank guidelines or other regulatory requirements.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
The details of investments are presented below:					
Government	6.1	85,498,396,233	47,735,405,086	61,821,887,388	39,175,469,934
Others	6.2	8,596,415,898	8,216,186,519	7,074,116,806	6,768,101,989
		<b>94,094,812,131</b>	<b>55,951,591,605</b>	<b>68,896,004,194</b>	<b>45,943,571,923</b>
<b>6.1 Government (investment in Govt. securities)</b>					
Treasury bills	6.1.1	9,654,691,863	21,273,047,867	250,000,000	12,713,112,715
Treasury bonds	6.1.2	75,050,356,870	26,460,489,519	60,778,539,888	26,460,489,519
Sukuk Bond		791,920,000	-	791,920,000	-
Prize bonds		1,427,500	1,867,700	1,427,500	1,867,700
		<b>85,498,396,233</b>	<b>47,735,405,086</b>	<b>61,821,887,388</b>	<b>39,175,469,934</b>
<b>6.1.1 Treasury bills</b>					
Treasury bills (91 Days)		-	-	-	-
Treasury bills (182 Days)		-	6,423,511,500	-	6,423,511,500
Treasury bills (364 Days)		9,654,691,863	14,849,536,367	250,000,000	6,289,601,215
		<b>9,654,691,863</b>	<b>21,273,047,867</b>	<b>250,000,000</b>	<b>12,713,112,715</b>
<b>6.1.2 Treasury Bonds</b>					
Treasury bonds (2 years BGTB)		15,150,571,682	6,397,471,866	878,754,700	6,397,471,866
Treasury bonds (5 years BGTB)		27,728,270,642	5,896,094,951	27,728,270,642	5,896,094,951
Treasury bonds (10 years BGTB)		23,481,971,353	4,754,474,369	23,481,971,353	4,754,474,369
Treasury bonds (15 years BGTB)		2,824,145,877	3,326,643,898	2,824,145,877	3,326,643,898
Treasury bonds (20 years BGTB)		5,865,397,316	6,085,804,435	5,865,397,316	6,085,804,435
Reverse REPO		-	-	-	-
		<b>75,050,356,870</b>	<b>26,460,489,519</b>	<b>60,778,539,888</b>	<b>26,460,489,519</b>
<b>6.1.3 BB category wise investment</b>					
Held for trading (HFT)		38,452,631,190	20,374,658,784	38,452,631,190	20,374,658,784
Held to maturity (HTM)		46,252,417,543	27,358,878,602	22,575,908,698	18,798,943,450
Other securities		793,347,500	1,867,700	793,347,500	1,867,700
		<b>85,498,396,233</b>	<b>47,735,405,086</b>	<b>61,821,887,388</b>	<b>39,175,469,934</b>
<b>6.2 Others (investment in other than Govt. securities)</b>					
Zero coupon bond	6.2.1	112,282,917	101,615,340	112,282,917	101,615,340
Corporate bonds	6.2.2	3,420,000,000	3,090,000,000	3,420,000,000	3,090,000,000
Ordinary shares and Mutual Funds (MFs)					
- unquoted and quoted	6.2.3	5,056,132,981	4,514,571,179	3,533,833,889	3,066,486,649
Preference shares	6.2.4	8,000,000	10,000,000	8,000,000	10,000,000
Private Placement and Pre IPO	6.2.5	-	500,000,000	-	500,000,000
		<b>8,596,415,898</b>	<b>8,216,186,519</b>	<b>7,074,116,806</b>	<b>6,768,101,989</b>

Investment in ordinary and preference shares are shown in Annexure - D

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>6.2.1 Zero coupon bond</b>					
Impress Newtex Composite Textiles Limited		112,282,917	101,615,340	112,282,917	101,615,340
		<b>112,282,917</b>	<b>101,615,340</b>	<b>112,282,917</b>	<b>101,615,340</b>
<b>6.2.2 Corporate bonds- unquoted and quoted</b>					
<b>Unquoted</b>					
North West Power Generation Company Limited Coupon Bearing Bond		1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Jamuna Bank II Floating Rate Subordinated Bond		360,000,000	450,000,000	360,000,000	450,000,000
UCBL Variable Rate Subordinated Bond		-	40,000,000	-	40,000,000
MBL Variable Rate Subordinated Bond		200,000,000	400,000,000	200,000,000	400,000,000
Bank Asia Floating Rate Subordinated Bond		40,000,000	60,000,000	40,000,000	60,000,000
EBL Floating Rate Subordinated Bond		40,000,000	60,000,000	40,000,000	60,000,000
Prime Bank Floating Rate Subordinated Bond		40,000,000	60,000,000	40,000,000	60,000,000
EXIM Bank Mudaraba Subordinated Floating Rate Bond		100,000,000	150,000,000	100,000,000	150,000,000
AB Bank Floating Rate Subordinated Bond		20,000,000	40,000,000	20,000,000	40,000,000
AB Bank Floating Rate Subordinated Bond II		120,000,000	180,000,000	120,000,000	180,000,000
MTBL Floating Rate Subordinated Bond		100,000,000	150,000,000	100,000,000	150,000,000
MTBL Floating Rate Subordinated Bond IV		400,000,000	-	400,000,000	-
		<b>2,920,000,000</b>	<b>3,090,000,000</b>	<b>2,920,000,000</b>	<b>3,090,000,000</b>
<b>Quoted</b>					
Ashuganj Power Station Company Limited Bond		500,000,000	-	500,000,000	-
		<b>500,000,000</b>	<b>-</b>	<b>500,000,000</b>	<b>-</b>
		<b>3,420,000,000</b>	<b>3,090,000,000</b>	<b>3,420,000,000</b>	<b>3,090,000,000</b>
<b>6.2.3 Ordinary shares and Mutual Funds (MFs) - unquoted and quoted</b>					
<b>Unquoted</b>					
Industrial and Infrastructure Development Finance Company Limited		29,683,820	29,683,820	29,683,820	29,683,820
Bangladesh Rating Agency Limited		10,671,700	12,497,600	10,671,700	12,497,600
Central Depository Bangladesh Ltd.		6,277,770	6,277,770	6,277,770	6,277,770
Investment in non publicly traded Mutual Fund		483,900,000	540,705,000	483,900,000	540,705,000
Others		96,986,595	96,986,595	-	-
		<b>627,519,885</b>	<b>686,150,785</b>	<b>530,533,290</b>	<b>589,164,190</b>
<b>Quoted</b>					
Investment in secondary market		4,428,613,096	3,828,420,394	3,003,300,599	2,477,322,459
		<b>4,428,613,096</b>	<b>3,828,420,394</b>	<b>3,003,300,599</b>	<b>2,477,322,459</b>
		<b>5,056,132,981</b>	<b>4,514,571,179</b>	<b>3,533,833,889</b>	<b>3,066,486,649</b>
<b>6.2.4 Preference shares</b>					
Union Capital Preference Share		8,000,000	10,000,000	8,000,000	10,000,000
		<b>8,000,000</b>	<b>10,000,000</b>	<b>8,000,000</b>	<b>10,000,000</b>
<b>6.2.5 Private placement and pre IPO</b>					
Ashuganj Power Station Company Limited Bond		-	500,000,000	-	500,000,000
		<b>-</b>	<b>500,000,000</b>	<b>-</b>	<b>500,000,000</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>6.3 Maturity wise grouping of Investment</b>					
Up to 1 month		1,784,527,014	5,395,266,069	371,710,417	4,500,099,200
More than 1 month but not more than 3 months		212,495,900	210,000,000	200,000,000	210,000,000
More than 3 months but not more than 1 Year		28,130,823,815	22,056,643,097	4,454,314,969	13,040,776,879
More than 1 year but not more than 5 years		34,870,674,544	16,473,893,351	34,773,687,950	16,376,906,756
More than 5 years		29,096,290,858	11,815,789,088	29,096,290,858	11,815,789,088
		<b>94,094,812,131</b>	<b>55,951,591,605</b>	<b>68,896,004,194</b>	<b>45,943,571,923</b>

## 7 Loans and advances

### Accounting policy

- a) Interest on loans and advances is calculated daily on accrual basis for all loans accounts but charged in client statements monthly, quarterly and installment date based on product type.
- b) Classification and provisioning for loans and advances are created based on the period of arrears by following Bangladesh Bank BRPD Circular no. 14, dated 23 September 2012, BRPD circular no. 15, dated 23 September 2012, BRPD Circular no. 19, dated 27 December 2012, BRPD Circular no. 05, dated 29 May 2013, BRPD Circular no. 16, dated 18 November 2014, BRPD Circular no. 08, dated 02 August 2015, BRPD Circular no. 12, dated 20 August 2017, BRPD Circular no. 15, dated 27 September 2017, BRPD Circular no. 01, dated 20 February 2018, BRPD Circular no. 07, dated 21 June 2018, BRPD Circular no 13, dated 18 October 2018 and BRPD Circular no. 03, dated 21 April 2019, BRPD circular no. 52 Dated 20 October 2020, BRPD circular no. 16 dated 21 July 2020, BRPD circular No: 56 dated 10 December 2020.

Business Unit	Rates of Provision				
	Standard	Special Mention Account (SMA)	Substandard (SS)	Doubtful (DF)	Bad and Loss (BL)
Consumer financing - House building	1%	1%	20%	50%	100%
Consumer financing - Loans for professionals	2%	2%	20%	50%	100%
Consumer financing - Other than house building and professionals	2%	2%	20%	50%	100%
Loans to BHs/ MBs against share etc.	2%	2%	20%	50%	100%
Small and medium enterprise(Medium)	0.25%	0.25%	20%	50%	100%
Small and medium enterprise(Cottage, Micro, Small)	0.25%	0.25%	5%	20%	100%
Short term Agriculture/Micro credit	1%	1%	5%	5%	100%
Credit Card	2%	2%	20%	50%	100%
All others	1%	1%	20%	50%	100%
Off Balance Sheet exposure	1%	N/A	N/A	N/A	N/A

- c) Interest on classified loans and advances is calculated as per BRPD circular no. 27, dated 31 August 2010 and recognised as income on realisation, as per BRPD circular no. 14 and 15, dated 23 September 2012.
- d) Loans and advances are written-off to the extent that (i) there is no realistic prospect of recovery and (ii) against which legal cases are filed and classified as bad and loss, as per BRPD circular no. 02, dated 13 January 2003 and 13, dated 07 November 2013. These write-offs however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write-off accounts are meticulously maintained and followed up.

The details of loans and advances as at reporting date are as follows:

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
Loans, cash credits, overdrafts etc.	7.1.a	136,750,360,676	146,383,712,944	136,374,612,915	145,604,630,622
Small and medium enterprises	7.1.b	134,621,356,804	115,109,495,430	134,621,356,804	115,109,495,430
Bills purchased and discounted*		2,067,223,481	3,377,055,483	2,067,223,481	3,377,055,483
		<b>273,438,940,961</b>	<b>264,870,263,857</b>	<b>273,063,193,200</b>	<b>264,091,181,535</b>

\* Bills purchased and discounted excludes bills purchased and discounted of Small and medium enterprise (SME).

#### 7.1.a Loans, cash credits, overdrafts etc.

Overdrafts	15,793,141,363	11,041,108,274	15,793,141,363	11,041,108,274
Demand loans	46,013,246,452	58,163,426,570	46,013,246,452	58,163,426,570
Term loans	65,155,442,944	67,636,754,876	65,155,442,944	67,636,754,876
Lease receivables	1,292,454,503	1,060,864,757	1,292,454,503	1,060,864,757
Credit Cards	7,022,290,761	6,513,013,635	7,022,290,761	6,513,013,635
Staff loans	1,098,036,892	1,189,462,510	1,098,036,892	1,189,462,510
Margin loan	1,860,287,034	1,783,797,373	-	-
	138,234,899,949	147,388,427,995	136,374,612,915	145,604,630,622
Less: Inter company elimination	1,484,539,273	1,004,715,051	-	-
	<b>136,750,360,676</b>	<b>146,383,712,944</b>	<b>136,374,612,915</b>	<b>145,604,630,622</b>

#### 7.1.b Small and medium enterprises

Overdrafts	15,188,731,384	14,399,856,407	15,188,731,384	14,399,856,407
Demand loans	12,480,098,176	17,771,183,638	12,480,098,176	17,771,183,638
Term loans	106,902,889,720	82,737,743,550	106,902,889,720	82,737,743,550
Lease receivables	26,076,080	135,287,790	26,076,080	135,287,790
Bills purchased and discounted (SME)	23,561,444	65,424,045	23,561,444	65,424,045
	<b>134,621,356,804</b>	<b>115,109,495,430</b>	<b>134,621,356,804</b>	<b>115,109,495,430</b>

#### 7.2 Bills purchased and discounted

Bills purchased and discounted (except SME)	2,067,223,481	3,377,055,483	2,067,223,481	3,377,055,483
Bills purchased and discounted (SME)	23,561,444	65,424,045	23,561,444	65,424,045
	<b>2,090,784,925</b>	<b>3,442,479,528</b>	<b>2,090,784,925</b>	<b>3,442,479,528</b>

#### 7.3 Net loans and advances

Gross loans and advances		273,438,940,961	264,870,263,857	273,063,193,200	264,091,181,535
Less: Interest suspense	16.6	1,443,050,060	1,115,201,138	1,443,050,060	1,115,201,138
Less: Provision for loans and advances	16.1	11,806,753,216	9,786,554,784	10,747,688,608	8,727,490,175
		<b>260,189,137,685</b>	<b>253,968,507,935</b>	<b>260,872,454,532</b>	<b>254,248,490,222</b>

#### 7.4 Loans and advances under the following broad categories

##### Inside Bangladesh:

Loans	235,435,060,444	239,429,299,176	235,059,312,683	238,650,216,854
Cash credits	-	-	-	-
Overdrafts*	38,003,880,517	25,440,964,681	38,003,880,517	25,440,964,681
	<b>273,438,940,961</b>	<b>264,870,263,857</b>	<b>273,063,193,200</b>	<b>264,091,181,535</b>

##### Outside Bangladesh:

Loans	-	-	-	-
Cash credits	-	-	-	-
Overdrafts	-	-	-	-
	<b>273,438,940,961</b>	<b>264,870,263,857</b>	<b>273,063,193,200</b>	<b>264,091,181,535</b>

\*All loan and overdrafts are including SME.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>7.5 Geographical location wise portfolio grouping</b>					
<b>Inside Bangladesh:</b>					
Dhaka Division		188,553,704,543	187,267,037,312	188,177,956,782	186,487,954,990
Chattogram Division		32,032,020,561	29,030,506,225	32,032,020,561	29,030,506,225
Khulna Division		15,705,337,819	14,242,680,886	15,705,337,819	14,242,680,886
Sylhet Division		5,550,975,746	5,055,738,666	5,550,975,746	5,055,738,666
Barisal Division		4,649,104,603	4,080,287,056	4,649,104,603	4,080,287,056
Rajshahi Division		14,892,521,754	14,911,823,429	14,892,521,754	14,911,823,429
Rangpur Division		7,893,449,128	4,406,771,972	7,893,449,128	4,406,771,972
Mymensingh Division		4,161,826,808	5,875,418,311	4,161,826,808	5,875,418,311
		273,438,940,961	264,870,263,857	273,063,193,200	264,091,181,535
<b>Outside Bangladesh</b>		-	-	-	-
		<b>273,438,940,961</b>	<b>264,870,263,857</b>	<b>273,063,193,200</b>	<b>264,091,181,535</b>

## 7.6 Loans and advances on the basis of significant concentration

### 7.6.1 Loans and advances to directors, executives and others

Directors, subsidiaries and others	1,484,937,629	1,005,153,352	1,484,937,629	1,005,153,352
Staff:				
Managing Director and CEO	-	-	-	-
Senior executives	111,193,790	175,294,476	111,193,790	175,294,476
Other executives and staffs	986,843,102	1,014,168,034	986,843,102	1,014,168,034
	1,098,036,892	1,189,462,510	1,098,036,892	1,189,462,510
Industries:				
Agro-based	16,651,664,671	16,500,944,060	16,651,664,671	16,500,944,060
Large and medium	59,971,413,091	88,126,586,918	59,971,413,091	88,126,586,918
Small and cottage	20,371,224,882	13,795,036,557	20,371,224,882	13,795,036,557
Service industry	14,967,879,880	6,052,192,807	14,967,879,880	6,052,192,807
	111,962,182,524	124,474,760,342	111,962,182,524	124,474,760,342
Agricultural	4,606,902,747	5,642,447,139	4,606,902,747	5,642,447,139
Consumers	45,175,623,933	46,379,102,416	45,175,623,933	46,379,102,416
Trade and commercial	87,630,517,467	67,783,079,330	87,254,769,706	67,003,997,008
Others	21,480,739,769	18,396,258,768	21,480,739,769	18,396,258,768
	<b>273,438,940,961</b>	<b>264,870,263,857</b>	<b>273,063,193,200</b>	<b>264,091,181,535</b>

### 7.6.2 Staff loan

Personal loan	90,225,095	103,522,892	90,225,095	103,522,892
Car and motorcycle loan	473,306,900	497,052,169	473,306,900	497,052,169
House building loan	534,504,897	588,887,449	534,504,897	588,887,449
	<b>1,098,036,892</b>	<b>1,189,462,510</b>	<b>1,098,036,892</b>	<b>1,189,462,510</b>

## 7.7 Detail of large loan

Number of clients with amount outstanding (funded and non funded) and classification status to whom loans and advances sanctioned are 10% or more of the total regulatory capital of the Bank. Total capital of the Bank was Taka 44,962 million on consolidated basis and Taka 40,182 million on standalone basis as at 31 December 2020 (Taka 42,771 million and 36,822 million as at 31 December 2019 respectively). (Details are shown in Annexure - E)

Number of clients	9	15
Amount of outstanding loans and advances	31,171,180,482	51,556,223,693
Amount of classified loans and advances	-	-

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>7.8 Classified and unclassified loans and advances</b>					
Unclassified					
Standard (including staff loan)		263,144,533,824	251,935,871,303	263,994,092,967	252,392,066,130
Special Mention Accounts (SMA)		1,060,554,097	1,174,551,412	1,060,554,097	1,174,551,412
		<u>264,205,087,921</u>	<u>253,110,422,715</u>	<u>265,054,647,064</u>	<u>253,566,617,542</u>
Classified					
Sub-standard		1,715,697,004	2,694,601,434	1,715,697,004	2,694,601,434
Doubtful		1,144,060,986	821,333,869	1,144,060,986	821,333,869
Bad/Loss		6,374,095,050	8,243,905,839	5,148,788,146	7,008,628,690
		<u>9,233,853,040</u>	<u>11,759,841,142</u>	<u>8,008,546,136</u>	<u>10,524,563,993</u>
		<b><u>273,438,940,961</u></b>	<b><u>264,870,263,857</u></b>	<b><u>273,063,193,200</u></b>	<b><u>264,091,181,535</u></b>
<b>7.8.1 Business segment wise concentration of classified Loans and Advances/ NPL of the Bank</b>					
Corporate		4,675,424,432	6,226,274,944	4,675,424,432	6,226,274,944
Retail		2,020,333,578	2,254,282,005	795,026,674	1,019,004,856
Small and medium enterprises		2,538,095,030	3,279,284,193	2,538,095,030	3,279,284,193
		<u>9,233,853,040</u>	<u>11,759,841,142</u>	<u>8,008,546,136</u>	<u>10,524,563,993</u>
<b>7.8.2 Sector wise concentration of classified Loans and Advances/ NPL of the Bank</b>					
Agriculture		16,556,744	57,459,915	16,556,744	57,459,915
Communication		-	-	-	-
Consumer Credit		400,546,744	467,490,436	400,546,744	467,490,436
Construction		-	-	-	-
Other Manufacturing Industries		263,733,869	1,652,550,569	263,733,869	1,652,550,569
Power, Gas		-	-	-	-
Residential Real Estate Financing		394,480,107	604,313,830	394,480,107	604,313,830
Readymade Garments		1,267,469,740	1,350,238,906	1,267,469,740	1,350,238,906
Textile		1,122,806,050	1,294,058,252	1,122,806,050	1,294,058,252
Ship Building		-	-	-	-
SME Loans		2,537,695,839	3,155,085,335	2,537,695,839	3,155,085,335
Trade Service		2,733,143,069	2,539,072,570	1,507,836,165	1,303,795,421
Others		497,420,878	639,571,329	497,420,878	639,571,329
		<u>9,233,853,040</u>	<u>11,759,841,142</u>	<u>8,008,546,136</u>	<u>10,524,563,993</u>
<b>7.8.3 Movements of classified Loans and Advances</b>					
Opening balance		11,759,841,142	8,599,965,740	10,524,563,993	7,378,740,265
Additions during the year		112,774,446	5,040,178,799	122,744,690	5,026,127,125
Reductions during the year		(2,638,762,548)	(1,880,303,397)	(2,638,762,548)	(1,880,303,397)
		<u>9,233,853,040</u>	<u>11,759,841,142</u>	<u>8,008,546,135</u>	<u>10,524,563,993</u>
<b>7.9 Loan type wise classified loans and Advances</b>					
Overdraft		714,542,799	982,559,107	714,542,799	982,559,107
Demand loan		2,291,762,452	3,068,774,538	2,291,762,452	3,068,774,538
Term loan		4,796,352,161	6,044,577,999	4,796,352,161	6,044,577,999
Lease finance		-	191,648,125	-	191,648,125
Credit cards		205,888,724	237,004,224	205,888,724	237,004,224
Margin loan		1,225,306,904	1,235,277,149	-	-
		<u>9,233,853,040</u>	<u>11,759,841,142</u>	<u>8,008,546,136</u>	<u>10,524,563,993</u>



Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>7.10 Sector-wise allocation of loans and advances</b>					
<b>Government</b>		-	-	-	-
<b>Private:</b>					
Agriculture		4,368,825,394	7,355,079,033	4,368,825,394	7,355,079,033
Industry		64,717,199,443	66,642,073,578	64,717,199,443	66,642,073,578
Service Industry		20,094,172,270	19,127,728,491	20,094,172,270	19,127,728,491
Agro-based Industry		17,417,925,795	16,500,944,060	17,417,925,795	16,500,944,060
Commerce and Trade		104,513,947,336	87,159,238,177	104,138,199,575	86,380,155,855
Consumer Credit		45,185,645,630	46,379,540,717	45,185,645,630	46,379,540,717
Others		17,141,225,094	21,705,659,801	17,141,225,094	21,705,659,801
		<b>273,438,940,961</b>	<b>264,870,263,857</b>	<b>273,063,193,200</b>	<b>264,091,181,535</b>
<b>7.11 Securities wise loans and advances including bills purchased and discounted</b>					
Collateral of moveable/immoveable assets		36,741,857,296	41,726,964,597	36,741,857,296	41,726,964,597
Local banks and financial institutions guarantee		-	-	-	-
Government guarantee		-	-	-	-
Foreign banks guarantee		-	-	-	-
Export documents		-	-	-	-
Fixed deposit receipts (FDR)		6,775,794,098	6,781,487,486	6,775,794,098	6,781,487,486
FDR of other banks		-	-	-	-
Government bonds		-	-	-	-
Personal guarantee and other securities		229,491,346,040	215,486,472,406	229,491,346,040	215,486,472,406
Other securities		429,943,527	875,339,368	54,195,766	96,257,046
		<b>273,438,940,961</b>	<b>264,870,263,857</b>	<b>273,063,193,200</b>	<b>264,091,181,535</b>

**7.12 Particulars of required provisions for loans and advances (Bank only)**

Status	Outstanding loans and advances 2020	Base for provision	Percentage (%) of required provision	Required provision 2020	Required provision 2019
<b>Unclassified</b>					
All unclassified loans (Other than Small and Medium enterprise Financing, Consumer Financing, BHs/ MBs/SDs, Housing and loans for professional*)	86,525,906,310	86,385,030,653	1%	1,359,509,761	939,758,073
Small and Medium enterprise financing	129,263,261,774	129,263,261,774	0.25%	323,158,154	272,450,528
Loans to BHs/MBs/SDs against share etc.*	1,028,307,324	1,028,307,324	2%	20,566,146	22,337,172
Housing Finance	13,778,819,883	13,778,819,883	1%	137,788,199	150,001,122
Loans for professionals to Set up business (LP)	3,738,085,010	3,738,085,010	2%	74,761,700	69,759,155
Consumer finance	19,985,827,834	19,985,827,834	2%	399,716,557	1,029,822,827
Consumer finance (Credit Card)	6,816,402,037	6,816,402,037	2%	136,328,041	125,520,188
Short Term Agricultural and Micro Credit	2,820,000,000	2,820,000,000	1%	28,200,000	28,500,000
Staff Loan	1,098,036,892	-	1%	-	-
	265,054,647,064	263,815,734,515		<b>2,480,028,558</b>	<b>2,638,149,065</b>
<b>Classified - Specific provision</b>					
Sub-standard (Short Term Agricultural Credit)	-	-	5%	-	-
Doubtful (Short Term Agricultural Credit)	-	-	5%	-	-
Sub-standard	1,715,697,004	1,093,109,666	20%	138,013,269	374,134,289
Doubtful	1,144,060,986	827,903,587	50%	285,156,144	272,741,703
Bad/Loss	,148,788,146	3,988,401,549	100%	3,988,401,549	5,208,857,863
	8,008,546,136	5,909,414,803		<b>4,411,570,961</b>	<b>5,855,733,855</b>
	273,063,193,200	269,725,149,317			
<b>Special General Provision Covid-19</b>					
Special general provision Covid-19	77,443,021,808	77,413,011,808	1%	774,130,118	-
				<b>774,130,118</b>	-
Total required provision for loans and advances				<b>7,665,729,638</b>	<b>8,493,882,920</b>
Total provision maintained (Note 16.1)				<b>10,747,688,608</b>	<b>8,727,490,175</b>
<b>Excess provision over minimum required provision prescribed by Bangladesh Bank</b>				<b>3,081,958,970</b>	<b>233,607,255</b>

\* BHs = Brokerage Houses, MBs = Merchant Banks, SDs = Stock Dealers Against Shares

Particulars	2020 Taka	2019 Taka
<b>7.13 Particulars of loans and advances</b>		
i) Loans considered good in respect of which Bank is fully secured	55,087,229,595	53,306,306,531
ii) Loans considered good against which Bank holds no security other than the debtor's personal guarantee.	216,877,926,712	209,595,412,494
iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor.	1,098,036,892	1,189,462,510
iv) Loans adversely classified; provision not maintained there against;	-	-
	<b>273,063,193,200</b>	<b>264,091,181,535</b>
v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons;	1,098,435,249	1,189,900,811
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;	1,484,539,272	1,004,715,051
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;	1,098,435,249	1,189,900,811
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;	1,484,539,272	1,004,715,051
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)	2,186,350,263	1,481,093,637
Amount of debts written off	1,046,298,041	817,090,492
Amount realised against loan previously written off.	633,704,077	786,257,664
b) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet	3,988,401,549	5,208,857,863
c) Interest creditable to the Interest Suspense a/c.	1,308,196,997	1,146,331,197
xi) Cumulative amount of the written off loan		
Opening balance	20,057,957,542	19,240,867,050
Amount written off during the year	1,046,298,041	817,090,492
	21,104,255,582	20,057,957,542
<b>The amount of written off loans for which law suits have been filed</b>	<b>20,630,426,744</b>	<b>19,608,038,870</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>7.14 Write off of loans and advances (net basis)</b>					
Balance at the beginning of the year		11,287,934,833	11,370,331,377	11,287,934,833	11,370,331,377
Add: Write off during the year		1,046,298,041	817,090,492	1,046,298,041	817,090,492
		<b>12,334,232,874</b>	<b>12,187,421,869</b>	<b>12,334,232,874</b>	<b>12,187,421,869</b>
Less: Recovery of write off loans		627,917,518	778,860,345	627,917,518	778,860,345
Less: No claim (interest waiver)		59,486,377	120,626,691	59,486,377	120,626,691
<b>Balance at the end of the year</b>		<b>11,646,828,978</b>	<b>11,287,934,833</b>	<b>11,646,828,978</b>	<b>11,287,934,833</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>7.15 Bill Purchased and Discounted under the following broad categories</b>					
Inside Bangladesh		2,090,784,925	3,442,479,528	2,090,784,925	3,442,479,528
Outside Bangladesh		-	-	-	-
		<b>2,090,784,925</b>	<b>3,442,479,528</b>	<b>2,090,784,925</b>	<b>3,442,479,528</b>
<b>7.16 Maturity wise grouping of loans and advances</b>					
Repayable on demand		27,624,895,628	29,974,121,609	29,109,434,900	30,978,836,660
Not more than 3 months		38,634,528,099	53,047,958,319	38,634,528,099	53,047,958,319
More than 3 months but not more than 1 Year		117,934,355,477	103,281,859,224	116,074,068,443	101,498,061,850
More than 1 year but not more than 5 years		78,466,876,590	69,178,658,775	78,466,876,591	69,178,658,776
More than 5 years		10,778,285,167	9,387,665,930	10,778,285,167	9,387,665,930
		<b>273,438,940,961</b>	<b>264,870,263,857</b>	<b>273,063,193,200</b>	<b>264,091,181,535</b>
<b>7.17 Maturity wise grouping of lease receivables</b>					
Receivable on demand		2,144,898	9,365	2,144,898	9,365
Not more than 3 months		2,242,740	1,930,086	2,242,740	1,930,086
More than 3 months but not more than 1 Year		51,896,473	40,165,579	51,896,473	40,165,579
More than 1 year but not more than 5 years		1,000,054,854	1,037,250,278	1,000,054,854	1,037,250,278
More than 5 years		262,191,624	116,797,238	262,191,624	116,797,238
		<b>1,318,530,589</b>	<b>1,196,152,547</b>	<b>1,318,530,589</b>	<b>1,196,152,547</b>
<b>7.18 Maturity wise grouping of bill purchased and discounted</b>					
Payable within 1 month		794,294,214	1,814,182,376	794,294,214	1,814,182,376
Over 1 month but less than 3 months		1,049,026,646	1,291,415,212	1,049,026,646	1,291,415,212
Over 3 month but less than 6 months		247,219,742	295,239,540	247,219,742	295,239,540
6 months or more		244,323	41,642,400	244,323	41,642,400
		<b>2,090,784,925</b>	<b>3,442,479,528</b>	<b>2,090,784,925</b>	<b>3,442,479,528</b>

## 8 Fixed assets including premises, furniture and fixtures

### Accounting policy

#### Property, plant and equipment

##### Recognition and measurement

All fixed assets except land are stated at cost less accumulated depreciation, as per IAS 16 Property, Plant and Equipment. Land is initially measured at cost and then recognised at revalued amount. Right-of-use assets are measured at cost, less any accumulated depreciation, and adjusted for any re-measurement of lease liabilities.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

The cost of the items of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase tax, after deducting trade discounts and rebates
- any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.
- the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as consequence of having used the item during a particular period of purpose other than to produce during that period.

### **Subsequent costs**

Subsequent costs of enhancement of existing assets are recognised as an addition to the asset, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit and loss account during the financial period in which they are incurred.

### **IFRS 16 "Leases" and its relevant assumptions and disclosures**

IFRS 16: "Leases" has come into force on 1 January 2019, as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). BRAC Bank applied IFRS 16 using modified retrospective approach where the bank measured the lease liability at the present value of the remaining lease payments, discounted it using the bank's incremental borrowing rate at the date of initial application, and recognised a right-of-use asset at the date of the initial application on a lease by lease basis.

#### Right-of-use assets

The Bank recognises right-of-use assets at the date of initial application of IFRS 16. Right-of-use assets are measured at cost, less any accumulated depreciation, and adjusted for any re-measurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented under property, plant and equipment.

#### Lease liabilities

At the commencement date of the lease, the bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term using incremental borrowing rate at the date of initial application. Lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments, and re-measuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

#### Short-term leases and leases of low value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases, i.e. for which the lease term ends within 12 months of the date of initial application. The Bank recognises lease payments associated with these leases as an expense.

The contracts for premises with all branches, head office, regional offices, data centers and disaster recovery centers are considered for lease calculation.

#### Covid-19-Related Rent Concessions: Implementation of amendment to IFRS 16

The Bank has considered the amendment of lease modification clause i.e. 46A & 46B and applied the practical expedient to rent concessions that meet the conditions in paragraph 46B. Conditions of paragraph 46B are as follows:

- a) the change in lease payments results in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change.
- b) reduction in lease payments affects only payments originally due on or before 30 June 2021
- c) there is no substantive change to other terms and conditions of the lease

### **Depreciation**

Land is not depreciated. Depreciation is charged on straight-line basis. In case of acquisition of fixed assets, depreciation is charged from the month of acquisition, whereas no depreciation on assets disposed-off is charged from the month of disposal. Asset category-wise depreciation rates are as follows:

Category of assets	BRAC Bank Limited	BRAC EPL Investments Limited	BRAC EPL Stock Brokerage Limited	bKash Limited	BRAC Saajan Exchange Limited
Furniture and fixture	10%	10%-20%	12.5%	20%	10%
Building	2.5%	5%	2%	-	-
Office equipment	20%	10%-20%	20%	20%	10%
IT equipment - Hardware	20%	25%	-	20%	-
IT equipment - PC, Laptop, UPS, Printer and Scanner	33.33%	33.33%	25%	33.33%	33.33%
IT equipment - Software	10%-20%	33.33%	33.33%	20%	20%
Motor vehicles	20%	20%	20%	20%	-
Office decoration/renovation works	10%	15%	15%	20%	10%

Right-of-use assets are depreciated on a straight-line basis over the lease term.

#### Gain or loss on disposal of fixed assets

Sale price of fixed assets are determined on the basis of fair value of the assets. Gain or loss on sale of assets are recognised in the profit and loss account as per provision of IAS 16 Property, Plant and Equipment.

#### Revaluation

The fair value of land is usually its market value. This value is determined by appraisal, normally undertaken by professionally qualified valuers.

The frequency of revaluation depends upon the movement in the fair value of the items of property, plant and equipment being revalued, usually at 3-5 years' interval.

Increases in the carrying amount as a result of revaluation is credited directly to shareholders' equity under the heading of revaluation surplus. Decreases in the carrying amount as a result of revaluation is recognised as an expense. However, a revaluation decrease is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of the same assets.

#### Impairment of property, plant and equipment

At each balance sheet date, the bank assesses whether there is any indication that the carrying amount of the asset exceeds its recoverable amount. If any such indication exists, the Bank should estimate the recoverable amount of the asset. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and impairment loss is recognised as an expense in the profit and loss account unless the asset is carried at revalued amount in accordance with IAS 16 Property, Plant and Equipment, in which case any impairment loss of a revalued asset should be treated as revaluation decrease under the accounting standard. No impairment loss was recognised up to the reporting period in separate financial statement, as no such indication existed as on the balance sheet date.

#### Capital work-in-progress (CWIP)

Costs incurred, but if the related asset is yet not ready or available for use as intended by management, are recognised as capital work-in-progress and disclosed as a part of fixed assets. Once the underlying asset is ready and available for use, it is transferred to fixed assets. However, no depreciation is charged on CWIP.

#### Intangible assets

##### Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and is measured at cost less accumulated impairment losses.

## Software

Software acquired by the bank is stated at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases future economic benefits embodied in the specific asset to which it relates. All expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five to ten years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

## License

Value of the license is recognised at cost less accumulated impairment losses.

## Impairment of intangible assets

Intangible assets with indefinite useful life, like goodwill etc., are tested for impairment at the end of each year. As per IAS 36 Impairment, any intangible assets with definite useful life are first reviewed for any indication of impairment. If any indication exists, then the impairment test is carried out.

The details of fixed assets including premises, furniture and fixtures are presented below:

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
Land - Cost		527,275,400	527,275,400	527,275,400	527,275,400
Revaluation*		520,468,350	520,468,350	520,468,350	520,468,350
Total		1,047,743,750	1,047,743,750	1,047,743,750	1,047,743,750
Office floor space		20,855,926	20,855,926	4,034,334	4,034,334
Furnitures and fixtures		2,302,945,242	2,407,819,816	2,096,550,341	2,204,586,559
Office equipment		1,412,395,664	1,603,522,551	1,307,461,739	1,493,892,852
IT hardwares		4,949,599,866	4,534,539,313	2,900,091,204	2,986,716,243
Motor vehicles		501,354,796	466,134,264	354,296,880	337,603,953
Leasehold improvements		130,093,833	108,727,033	-	-
Right of use assets (ROU) as per IFRS 16		5,507,955,873	4,913,145,979	4,374,375,108	4,306,897,358
Capital expenditure work in progress		912,105,973	793,870,582	402,817,173	608,506,435
License (Indefinite useful live)		50,000	50,000	50,000	50,000
IT Software (Finite useful live)		4,161,523,517	3,665,150,093	2,093,346,465	2,112,289,585
<b>Total cost</b>		<b>20,946,624,440</b>	<b>19,561,559,307</b>	<b>14,580,766,994</b>	<b>15,102,321,069</b>
Accumulated depreciation and amortisation		9,879,527,975	8,688,078,587	7,231,723,961	6,913,602,921
<b>Written down value at 31 December</b>		<b>11,067,096,465</b>	<b>10,873,480,720</b>	<b>7,349,043,033</b>	<b>8,188,718,148</b>

## (Fixed assets schedules are shown in Annexure - F)

\*In compliance with International Accounting Standard (IAS) 16 Property, plant and equipment, the Bank followed "revaluation model" for "Land" only, for measurement after initial recognition. As per "revaluation model" revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. It may be necessary to revalue the item only every three to five years. In 2018, land was revalued by professional firm "M/s. Commodity Inspection Services (BD) Ltd." and necessary accounting has been recognised in financial statements based on the valuation report.

## 9 Other assets

### Accounting policy

Other assets include mainly all other financial assets, fees and other unrealised income receivable, advance for operating expenditure and stocks of stationery and stamps etc. Any part of uncollectible other assets is subject to making provision based on their ageing as per Bangladesh Bank circular no. 14 dated 25 June 2001.

### Policy changes for reporting equity investment in subsidiaries and associates in separate financial statements

BRAC Bank Limited had been reporting its equity investment for four subsidiaries and one associates applying cost method under IAS 27. Since June 2020, management has decided to account for bank's equity investments in accordance with IFRS 9 as alternative method permitted in IAS 27. Under IFRS 9, Initial Investment is recorded at cost/purchase consideration and after initial recognition, the investment will be recorded at Fair value through Other Comprehensive Income (OCI) or Fair Value through profit or loss. Management decided to adopt first alternative i.e. after initial recognition, the investment will be recorded at Fair value through Other Comprehensive Income (OCI). Accordingly, the following investments which were being held not for sale or trading reported under cost method are now recorded under IFRS 9: at Fair value through Other Comprehensive Income (OCI):

Name of the subsidiaries and associates	Type	% of BBL's shareholdings 31 Dec 2019	% of BBL's shareholdings 31 Dec 2020	BBL's investment at cost
BRAC EPL Investment Limited	Subsidiary	99.95%	99.95%	2,891,704,014
BRAC EPL Stock Brokerage Limited	Subsidiary	90.00%	90.00%	1,344,147,500
bKash Limited*	Subsidiary	41.45%	41.45%	168,921,800
BRAC Saajan Exchange Limited	Subsidiary	75.00%	75.00%	59,388,531
BRAC IT Services Limited (biTS)	Associate	48.67%	12.92%	30,190,000

As the application of IFRS 9 will reflect the reliable and more relevant information of equity investment, management decided to change the accounting policy for the equity investment recording and measurement in separate financial statements.

There are broadly three valuation approaches: market approach, income approach and cost approach (IFRS13 para 62) for the fair value determination. The valuation technique chosen should maximise the use of relevant observable inputs and minimise the use of unobservable inputs. As all of the investment are in unquoted investment, management used net assets value of the each investment as per the financial statements of the entity every year as fair value because if buyer offer any price of our investments, they will refer to NAV as reference price.

The effect of the changes in accounting policy, as of 31 December 2020, BDT 133.08 crore has been recorded as increased in fair value through OCI on equity investment in subsidiaries and associates and BDT 148.37 crore as of 1 January 2020 respectively to opening shareholders' equity as a prior year's adjustment. The deferred tax arose on the fair value gain or (loss) has been recorded accordingly BDT 19.96 crore as on 31 December 2020 and BDT 22.25 crore as on 1 January 2020.

Name of the subsidiaries and associates	BBL's investment at cost as on 31 December 2020	Net asset value of investee as on 31 December 2020	BBL's share of net asset at effective holding	Gross fair value gain/ (loss)	Gain/(loss) net of deferred tax
BRAC EPL Investment Limited	2,891,704,014	792,943,596	792,510,265	(2,099,193,749)	(1,784,314,686)
BRAC EPL Stock Brokerage Limited	1,344,147,500	1,116,168,020	1,004,544,339	(339,603,161)	(288,662,687)
bKash Limited	168,921,800	9,271,454,819	3,843,441,748	3,674,519,948	3,123,341,956
BRAC Saajan Exchange Limited	59,388,531	223,071,075	167,303,306	107,914,775	91,727,559
BRAC IT Services Limited (biTS)	30,190,000	134,502,032	17,373,182	(12,816,818)	(10,894,296)
<b>Total</b>	<b>4,494,351,845</b>	<b>11,538,139,542</b>	<b>5,825,172,840</b>	<b>1,330,820,995</b>	<b>1,131,197,846</b>



Name of the subsidiaries and associates	BBL's investment at cost as on 31 December 2019	Net asset value of investee as on 31 December 2019	BBL's share of net asset at effective holding	Gross fair value gain/ (loss)	Gain/(loss) net of deferred tax
BRAC EPL Investment Limited	2,891,704,014	745,714,876	745,307,355	(2,146,396,659)	(1,824,437,161)
BRAC EPL Stock Brokerage Limited	1,344,147,500	960,542,498	864,482,328	(479,665,172)	(407,715,396)
bKash Limited	168,921,800	10,083,633,322	4,180,126,856	4,011,205,056	3,409,524,298
BRAC Saajan Exchange Limited	59,388,531	250,780,675	188,085,506	128,696,975	109,392,429
BRAC IT Services Limited (biTS)	30,190,000	-	-	(30,190,000)	(25,661,500)
<b>Total</b>	<b>4,494,351,845</b>	<b>12,040,671,371</b>	<b>5,978,002,045</b>	<b>1,483,650,201</b>	<b>1,261,102,670</b>

\*The economic shareholding percentage of bKash 41.45% has been used for BBLs share of net asset.

#### Policy for reporting equity investment in subsidiaries and associates in consolidated financial statements

Investment in subsidiary is consolidated in the consolidated financial statements considering as a single economic entity in accordance with the IAS 27 Separate Financial Statements and IFRS 10 Consolidated Financial Statements respectively.

Investment in associate is recognised in the consolidated financial statements under equity method as per IAS 28 Investments in Associates and Joint Ventures.

Investment class	Initial recognition	Measurement after recognition	Recording of changes
Investment in subsidiary	Cost	Fair value through other comprehensive income in Separate Financial Statements and Consolidated in Consolidated Financial Statements.	Impairment loss is adjusted automatically in OCI due to fair value accounting. Goodwill impairment is recognised in profit and loss in consolidated financial statements
Investment in associate	Cost	Fair value through other comprehensive income in Separate Financial Statements and equity method less accumulated impairment, if any, in Consolidated Financial Statements	Impairment loss is adjusted automatically in OCI due to fair value accounting. The share of post acquisition income is recognised in consolidated profit and loss account.

#### Deferred tax asset

Refer to Note 40 Provision for taxation for the relevant accounting policy

#### Net plan assets -Employees' Gratuity Fund

Refer to Note 29 Salaries and allowances/Employee benefits for the relevant accounting policy

The details of other assets are as follows:

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>Income generating</b>					
Interest receivables	9.1	3,207,995,470	1,819,031,406	3,207,995,470	1,819,031,406
Profit receivables from govt. Sukuk bond		306,108	-	306,108	-
Dividend receivables		30,721,114	17,673,711	30,721,114	17,673,711
Investment in subsidiary	9.2	-	-	5,807,799,658	5,978,002,045
Investment/carrying value in associates	9.3	-	-	17,373,182	-

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
Prepaid interest expenses on IFFD		33,575,459	42,358,219	33,575,459	42,358,219
Receivables against sanchayapatra		50,328,721	43,533,793	50,328,721	43,533,793
Balance with BRAC EPL Stock Brokerage Limited		2,084,159	237,844	2,084,159	237,844
<b>Non- Income generating</b>					
Stock of stamps		44,877,227	61,939,968	44,877,227	61,939,968
Stock of security stationery		39,558,367	42,467,735	39,558,367	42,467,735
Stock of printing stationery		13,744,865	16,120,944	13,744,865	16,120,944
Advance to staff		4,465,873	6,697,210	4,465,873	6,697,210
Advance to supplier		20,337,425	30,807,000	12,230,453	17,159,075
Advance Value Added Tax		9,132,298	9,132,298	9,132,298	9,132,298
Advance to SME unit offices		1,310,690	1,310,690	1,310,690	1,310,690
Advance against office rent		63,458,597	84,579,131	63,458,597	84,579,131
Advance security deposit		15,065,185	14,788,759	11,441,629	13,485,278
Receivables from biTS		213,246,061	229,328,082	213,246,061	229,328,082
Deferred revenue expenditure		131,510,876	188,237,748	131,510,876	188,237,748
Deferred tax asset	9.4	3,965,036,176	3,010,745,120	3,198,786,943	2,514,181,471
Receivable from Off-Shore		-	1,956,690,038	-	1,956,690,038
Receivable in proxy account		287,880	2,318,814	287,880	2,318,814
Net plan assets - Employees' Gratuity Fund	9.5	348,376,767	333,908,765	348,376,767	333,908,765
Other receivables	9.6	1,283,207,028	1,063,352,156	1,283,207,028	1,063,352,156
Less: On-shore to Off-shore		-	(1,956,690,038)	-	(1,956,690,038)
Other assets of subsidiaries	9.7	4,383,878,648	4,982,865,993	-	-
		<b>13,862,504,994</b>	<b>12,001,435,386</b>	<b>14,525,819,425</b>	<b>12,485,056,383</b>
<b>9.1 Interest receivables</b>					
Receivable against Govt. securities		1,317,902,250	557,429,038	1,317,902,250	557,429,038
Receivable against other securities		84,410,281	40,317,126	84,410,281	40,317,126
Receivable against balance with other bank		104,272,860	118,015,536	104,272,860	118,015,536
Receivable against loans and advances		1,701,410,079	1,103,269,706	1,701,410,079	1,103,269,706
		<b>3,207,995,470</b>	<b>1,819,031,406</b>	<b>3,207,995,470</b>	<b>1,819,031,406</b>
<b>9.2 Investment in subsidiaries</b>					
<b>Accounting policy</b>					
Refer to above Note 9 "Policy changes for reporting equity investment in subsidiaries and associates in separate financial statements" and "Policy for reporting equity investment in subsidiaries and associates in consolidated financial statements".					
BRAC EPL Investments Limited				792,510,265	745,307,355
BRAC EPL Stock Brokerage Limited				1,004,544,339	864,482,328
bKash Limited				3,843,441,748	4,180,126,856
BRAC SAAJAN Exchange Limited				167,303,306	188,085,506
				<b>5,807,799,658</b>	<b>5,978,002,045</b>
<b>9.3 Investment/carrying value in associates</b>					
<b>Accounting policy</b>					
Refer to above Note 9 "Policy changes for reporting equity investment in subsidiaries and associates in separate financial statements" and "Policy for reporting equity investment in subsidiaries and associates in consolidated financial statements".					
BRAC IT Services Limited	9.3.1	-	-	17,373,182	-
		-	-	<b>17,373,182</b>	-

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>9.3.1 Carrying value of investment in associates:</b>					
BRAC IT Services Limited					
Opening balance/fair value of residual interest retained		-	3,564,399		
Share of profit/(loss) of equity in associate company		-	(3,564,399)		
		-	-		
BRAC Asset Management Company Limited					
Opening balance		-	12,171,240		
Share of profit/(loss) of equity in associate company		-	-		
Disposal of associates		-	(12,171,240)		
		-	-		

#### 9.4 Deferred tax asset/(liability) (Bank only)

Particulars	Accounting base	Tax base	Deductible/ (Taxable) temporary difference	Applicable tax rate	Deferred Tax Asset/ (Liability)
<b>Balance as at 31 December 2020</b>					
Loan loss provision including Covid-19 special provision(Note - 16.1)	8,267,660,049	-	8,267,660,049	37.50%	3,100,372,519
Provision against capital market (Note - 16.5)	87,580,119	-	87,580,119	10.00%	8,758,012
Right of use assets (ROU) as per IFRS 16 (Annexure - F)	2,908,869,923	407,840,542	(2,501,029,381)	37.50%	(937,886,018)
Leased Liability as per IFRS 16 (Note - 16)	2,740,113,147	-	2,740,113,147	37.50%	1,027,542,430
<b>Deferred tax asset (a)**</b>					<b>3,198,786,943</b>
Deferred tax liability arises due to land revaluation surplus* (b) (Note - 20.2)	1,047,743,750	-	(1,047,743,750)	4.00%	(41,909,750)
Deferred tax liability arises due to actuarial valuation gain (c)	239,725,567	-	(239,725,567)	37.50%	(89,897,087)
Deferred tax liability arises from fair value gain as per IFRS 9 (Note - 9)	1,330,820,995	-	(1,330,820,995)	15.00%	(199,623,149)
Fixed assets	2,989,612,186	2,856,042,430	(133,569,756)	37.50%	(50,088,659)
Interest receivable from treasury bills and bonds (Note - 9.1)	1,317,902,250	-	(1,317,902,250)	37.50%	(494,213,344)
Profit receivables from govt. Sukuk bond (Note - 9)	306,108	-	(306,108)	37.50%	(114,790)
Dividend receivables (Note - 9)	30,721,114	-	(30,721,114)	20.00%	(6,144,223)
<b>Deferred tax liability (d)</b>					<b>(881,991,002)</b>
<b>Net deferred tax asset at 31 December 2020 (a+d)</b>					<b>2,316,795,941</b>
Increase of deferred tax asset recognised in profit and loss account as income					684,605,472
Increase of deferred tax liability recognised in profit and loss account as expense					(341,525,127)
<b>Net Deferred tax income recognised in profit and loss account during the year ended 31 December 2020</b>					<b>343,080,345</b>
<b>Net Deferred tax liability recognised in equity during the year ended 31 December 2020</b>					<b>90,994,013</b>

Particulars	Accounting base	Tax base	Deductible/ (Taxable) temporary difference	Applicable tax rate	Deferred Tax Asset/ (Liability)
<b>Balance as at 31 December, 2019</b>					
Loan loss provision (Note - 16.1)	6,081,309,788	-	6,081,309,788	37.50%	2,280,491,171
Provision against capital market (Note - 16.5)	650,800,000	-	650,800,000	10.00%	65,080,000
Fixed assets	2,956,150,792	3,271,057,754	314,906,962	37.50%	118,090,111
Right of use assets (ROU) as per IFRS 16 (Annexure - F)	3,572,954,310	542,541,081	(3,030,413,229)	37.50%	(1,136,404,961)
Leased Liability as per IFRS 16 (Note - 16)	3,165,133,734	-	3,165,133,734	37.50%	1,186,925,150
<b>Deferred tax asset (a)**</b>					<b>2,514,181,471</b>
Deferred tax liability arises due to land revaluation surplus* (b) (Note - 20.2)	1,047,743,750	-	(1,047,743,750)	4.00%	(41,909,750)
Deferred tax liability arises due to actuarial valuation gain (c)	421,244,583	-	(421,244,583)	37.50%	(157,966,719)
Deferred tax liability arises for IFRS 9 accounting for subsidiaries (Note - 9)	1,483,650,201	-	(1,483,650,201)	15.00%	(222,547,530)
Interest receivable from treasury bills and bonds (Note - 9.1)	557,429,038	-	(557,429,038)	37.50%	(209,035,889)
<b>Deferred tax liability (d)</b>					<b>(631,459,888)</b>
<b>Net deferred tax asset at 31 December 2019 (a+d)</b>					<b>1,882,721,583</b>
Decrease of deferred tax asset recognised in profit and loss account as expense					955,500,403
Decrease of deferred tax liability recognised in profit and loss account as Income					(96,099,855)
<b>Net Deferred tax expense recognised in profit and loss account during the year ended 31 December 2019</b>					<b>859,400,548</b>
<b>Net Deferred tax liability recognised in equity during the year ended 31 December 2019 (b+c)</b>					<b>(222,547,530)</b>

\*As per guidelines of accounting standard IAS 12 Income Taxes deferred tax should be recognised on non-depreciable assets (like Land) which are measured using "Revaluation Model" as per IAS 16 considering that the carrying amount of the non-depreciable asset i.e. land will be recovered through sale. As per this process the Bank recognised deferred tax on revalued amount of land. Deferred tax liability arises on land revaluation surplus and actuarial valuation are recognised in changes in equity as other comprehensive income items.

Deferred tax assets arising from the provision on loan loss will be recovered at the time of written off of classified loan. Deferred tax on provision for investment in capital market will be recovered when the loss be realized and deferred tax on IFRS 16 leased assets will be adjusted when lease contracts will be terminated.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>9.5 Net plan assets - Employees' Gratuity Fund</b>					
Fair value of plan assets	9.5.1	1,968,963,855	1,231,473,815	1,511,837,864	1,073,540,067
Less: Defined benefit obligation	9.5.2	1,620,587,088	897,565,050	1,163,461,097	739,631,302
		<b>348,376,767</b>	<b>333,908,765</b>	<b>348,376,767</b>	<b>333,908,765</b>
<b>9.5.1 Fair value of plan assets - gratuity fund</b>					
Fair value of plan assets as on 1 January		1,231,473,815	879,337,781	1,073,540,067	879,337,781
Interest income on plan assets		99,839,226	90,132,122	99,839,226	90,132,122
Actual employer contributions		621,600,313	336,134,875	322,408,070	178,201,127
Actual net benefits payments		(53,900,827)	(75,630,564)	(53,900,827)	(75,630,564)
Remeasurement gain/(losses) on plan assets		69,951,328	1,499,601	69,951,328	1,499,601
Fair value of plan assets as on 31 December		<b>1,968,963,855</b>	<b>1,231,473,815</b>	<b>1,511,837,864</b>	<b>1,073,540,067</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>9.5.2 Defined benefit obligation - gratuity fund</b>					
Defined benefit obligation as on 1 January		897,565,050	860,529,741	739,631,302	770,345,993
Current service cost		249,894,708	184,400,822	157,474,567	116,650,822
Past service cost due to amendment of gratuity benefits		-	244,746,826	-	244,746,826
Interest cost		68,785,711	78,960,464	68,785,711	78,960,464
Actual net benefits payments		(53,900,828)	(75,630,564)	(53,900,828)	(75,630,564)
Remeasurement (gain)/loss		458,242,447	(395,442,239)	251,470,345	(395,442,239)
Defined benefit obligation as on 31 December		<b>1,620,587,088</b>	<b>897,565,050</b>	<b>1,163,461,097</b>	<b>739,631,302</b>

### 9.5.3 Remeasurements gain/(loss) of defined benefits liability/assets

Opening balance	243,615,364	(4,473,286)	263,277,864	15,189,214
Remeasurement gain/(losses) on plan assets	69,951,328	1,499,601	69,951,328	1,499,601
Remeasurement gain/(losses) on defined benefit obligation	(458,242,447)	395,442,239	(251,470,345)	395,442,239
	(144,675,755)	392,468,554	81,758,847	412,131,054
Less: Deferred tax (expense)/income	68,069,632	(148,853,190)	68,069,632	(148,853,190)
	<b>(76,606,123)</b>	<b>243,615,364</b>	<b>149,828,479</b>	<b>263,277,864</b>

Remeasurement gain/(loss) has been recognised as per Actuarial Valuation Report.

### 9.6 Other Receivables

Receivable against remittance	17,969,668	32,689,794	17,969,668	32,689,794
Receivable against bills pay	-	16,988	-	16,988
Receivable against DD	84,100,000	64,900,000	84,100,000	64,900,000
Receivable against cards	4,105,449	10,604,761	4,105,449	10,604,761
Receivable from merchant	131,499,259	130,976,320	131,499,259	130,976,320
Receivable from partners	2,112,169	2,596,516	2,112,169	2,596,516
Receivable from Co-Brand ATM	27,020,242	27,020,242	27,020,242	27,020,242
Receivable against fraud and forgery/protested bill	116,816,609	117,010,489	116,816,609	117,010,489
Receivable from NPS	49,087,500	54,242,000	49,087,500	54,242,000
Sundry debtors*	820,431,057	576,663,746	820,431,057	576,663,746
Receivable from BACH	5,000,000	20,000,000	5,000,000	20,000,000
VAT rebate receivables	-	185,689	-	185,689
REPO interest expenditure	(1,481,944)	(4,909,977)	(1,481,944)	(4,909,977)
Interest rate swap	26,547,019	31,355,588	26,547,019	31,355,588
	<b>1,283,207,028</b>	<b>1,063,352,156</b>	<b>1,283,207,028</b>	<b>1,063,352,156</b>

\* In compliance with FRC notification no. 179/FRC/FRM/Notification/2020/2, the forfeited fund previously distributed among members of provident fund as per the existing Fund Rules has been calculated as BDT 27,924,157. We recognized other receivable of BDT 20,354,719 under sundry debtors in financial 2020. However, remaining BDT 7,569,438 receivables raised from left employees not recognised as there is no chance of recoverability from the left members.

### 9.7 Other assets of subsidiaries

BRAC EPL Investments Limited	379,105,991	347,019,878
BRAC EPL Stock Brokerage Limited	202,379,803	184,391,210
bKash Limited	3,508,211,128	4,086,813,134
BRAC SAAJAN Exchange Limited	331,900,799	702,071,395
	<b>4,421,597,721</b>	<b>5,320,295,617</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
Less: Inter company transactions:					
BRAC Bank Limited		35,685,889	195,246,433		
BRAC EPL Investments Limited		585,468	136,066		
BRAC EPL Stock Brokerage Limited		1,389,480	1,243,915		
bKash Limited		58,236	140,803,210		
		<b>37,719,073</b>	<b>337,429,624</b>		
		<b>4,383,878,648</b>	<b>4,982,865,993</b>		

10	Non-banking assets	Possession date				
	Haque Specialized Still Mills Ltd.	30 June 2015	62,230,075	62,230,075	62,230,075	62,230,075
	M/s Macca And Modina Store	16 January 2017	1,200,000	1,200,000	1,200,000	1,200,000
	M/S. Akash Auto Mobile	11 June 2018	3,041,700	3,041,700	3,041,700	3,041,700
			<b>66,471,775</b>	<b>66,471,775</b>	<b>66,471,775</b>	<b>66,471,775</b>

The Bank has been awarded ownership of the mortgaged property Haque Specialized Still Mills Ltd. at Fatullah Narayanganj according to the verdict of the Honorable Court order no. 85 dated 23 April 2015 (Artho Rin Adalat, Dhaka) in 2015, mortgaged property M/s Macca And Modina Store at Nilphamari, verdict of the honourable Artharin Court of Nilphamari under Section 33(7) of Artharin Adalat ain-2003 and mortgaged property M/S. Akash Auto Mobile at Sherpur, verdict of the honourable Artharin Court of Sherpur under Section 33(7) of Artharin Adalat ain-2003 and reported as Non Banking Assets in accordance with Bank Companies Act 1991 and BRPD circular no. 14 of 2003. The value of the Non-Banking Assets has been determined on the basis of valuation report of an Independent valuer.

## 11 Goodwill

### Accounting policy

Refer to "Intangible assets" section of Note 8 Fixed assets including premises, furniture and fixtures for the relevant accounting policy of goodwill.

(i) BRAC EPL Investments Limited	246,289,821	246,289,821
Less: Impairment of goodwill - EPIL	-	-
Sub total	246,289,821	246,289,821
(ii) BRAC EPL Stock Brokerage Limited	1,126,273,572	1,126,273,572
(iii) BRAC SAAJAN Exchange Limited	54,905,518	54,905,518
<b>Total</b>	<b>1,427,468,911</b>	<b>1,427,468,911</b>

## 12 Borrowings from other banks, financial institutions and agents

### Accounting policy

Borrowings from other banks, financial institutions and agents include interest-bearing borrowings redeemable at call, on-demand and short-term deposits lodged for periods of less than 6 months. These items are brought to account at the gross value of the outstanding balance which includes accrued interest.

Borrowings inside Bangladesh	12.1	640,000,000	1,389,000,000	-	849,000,000
Borrowings outside Bangladesh	12.2	11,932,789,394	22,072,531,027	11,913,324,935	22,052,981,186
		<b>12,572,789,394</b>	<b>23,461,531,027</b>	<b>11,913,324,935</b>	<b>22,901,981,186</b>
<b>12.1 Borrowings inside Bangladesh</b>					
Southeast Bank Ltd.		-	424,500,000	-	424,500,000
Prime Bank Limited		-	424,500,000	-	424,500,000
Industrial and Infrastructure Development Finance Company Limited		470,000,000	390,000,000	-	-
United Finance		170,000,000	150,000,000	-	-
		<b>640,000,000</b>	<b>1,389,000,000</b>	<b>-</b>	<b>849,000,000</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>12.2 Borrowings outside Bangladesh</b>					
Sonali Bank UK Ltd.		574,061,047	890,533,080	574,061,047	890,533,080
Bank One Limited, Mauritius		-	1,103,700,000	-	1,103,700,000
Nabil Bank Limited, Nepal		848,011,000	-	848,011,000	-
HDFC Bank Limited, India		424,005,500	1,103,700,000	424,005,500	1,103,700,000
Standard Chartered Bank, Singapore		-	919,025,520	-	919,025,520
Commercial Bank of Qatar		-	849,000,000	-	849,000,000
DBS Bank Singapore		-	849,000,000	-	849,000,000
Asian Development Bank		-	727,714,286	-	727,714,286
Woori Bank, Dhaka		254,403,300	-	254,403,300	-
Bank of Montreal, Canada		-	730,140,000	-	730,140,000
The National Bank of Ras Al-Khaimah, UAE		-	1,675,926,000	-	1,675,926,000
Abu Dhabi Commercial Bank, UAE		-	1,714,980,000	-	1,714,980,000
First Abu Dhabi Bank PJSC, UAE		-	876,762,300	-	876,762,300
CDC Group Plc, United Kingdom		2,180,745,088	2,547,000,000	2,180,745,088	2,547,000,000
International Finance Corporation (IFC), USA		7,632,099,000	7,641,000,000	7,632,099,000	7,641,000,000
Maersk Trade Finance A/S, Denmark		-	424,500,000	-	424,500,000
Millennium Bank, (Portugal)		19,464,459	19,549,841	-	-
		<b>11,932,789,394</b>	<b>22,072,531,027</b>	<b>11,913,324,935</b>	<b>22,052,981,186</b>

### 12.3 Security against borrowings from other banks, financial institutions and agents:

Secured (Treasury bills)	-	-	-	-
Unsecured	12,572,789,394	23,461,531,027	11,913,324,935	22,901,981,186
	<b>12,572,789,394</b>	<b>23,461,531,027</b>	<b>11,913,324,935</b>	<b>22,901,981,186</b>

### 12.4 Disclosure regarding REPO

Disclosure regarding REPO transactions of the Bank are given as per Bangladesh Bank DOS Circular No. 6 dated 15 July 2010.

#### (a) (i) Disclosure regarding outstanding Repo as on 31 December 2020:

Counter party name	SL. no	Agreement date	Reversal date	Amount (1 <sup>st</sup> leg cash consideration) outstanding on 31 December 2020	Amount (1 <sup>st</sup> leg cash consideration) outstanding on 31 December 2019
Agrani Bank Limited	i	December 28, 2020	January 4, 2021	3,994,393,207	Nil
Janata Bank Limited	ii	December 28, 2020	January 3, 2021	2,394,826,065	957,353,000
Agrani Bank Limited	iii	December 29, 2020	January 5, 2021	4,797,743,485	Nil
Janata Bank Limited	iv	December 29, 2020	January 5, 2021	1,814,896,800	Nil
Standard Chartered Bank Dhaka	v	December 30, 2020	January 3, 2021	4,695,369,692	3,082,246,400
Agrani Bank Limited	vi	December 30, 2020	January 6, 2021	5,055,085,852	Nil
Janata Bank Limited	vii	December 30, 2020	January 4, 2021	798,134,813	Nil
Agrani Bank Limited	viii	December 30, 2020	January 4, 2021	2,814,642,771	Nil
Sonali Bank Limited				Nil	2,008,512,041
Southeast Bank Limited				Nil	481,601,000
AB Bank Limited				Nil	977,093,000
Standard Chartered Bank Dhaka				Nil	2,826,063,809
IFIC Bank Limited				Nil	716,349,750
Premier Bank Limited				Nil	925,871,000
Bank Asia Limited				Nil	1,003,285,998
				<b>26,365,092,684</b>	<b>12,978,375,998</b>

**(a) (ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2020:**

Counter party name	SL. no	Agreement Date	Reversal Date	Amount (1 <sup>st</sup> leg cash consideration)	Amount (1 <sup>st</sup> leg cash con- sideration)
Janata Bank Limited	N/A	N/A	N/A	Nil	1,195,301,192
				<b>Nil</b>	<b>1,195,301,192</b>

**(b) Disclosure regarding overall transaction of Repo and Reverse repo during the year 2020:**

Particulars	Minimum outstanding during the year 2020	Maximum outstanding during the year 2020	Daily average outstanding during the year 2020	Daily average outstanding during the year 2019
<b>Securities sold under repo:</b>				
i) with Bangladesh Bank	383,116,800	11,547,956,417	790,429,680	365,797,743
ii) with other banks & FIs	730,663,500	15,243,758,066	3,912,089,893	1,277,974,411
<b>Securities purchased under reverse repo:</b>				
i) with Bangladesh Bank	-	-	-	-
ii) with other banks & FIs	396,344,400	2,874,339,731	46,836,478	337,433,809

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>12.5 Maturity wise grouping of borrowing from other bank and financial institutions</b>					
Repayable on demand		730,448,398	3,072,078,067	2,227,682,496	4,270,245,571
Not more than 3 months		5,023,429,488	8,818,233,870	4,324,856,100	8,418,471,720
More than 3 months but not more than 1 Year		3,225,250,285	4,941,282,399	1,786,589,575	3,602,877,043
More than 1 year but not more than 5 years		3,574,196,764	6,610,386,851	3,574,196,764	6,610,386,852
More than 5 years		19,464,460	19,549,841	-	-
		<b>12,572,789,394</b>	<b>23,461,531,027</b>	<b>11,913,324,935</b>	<b>22,901,981,186</b>
<b>13 Borrowings from Bangladesh Bank</b>					
Bangladesh Bank refinance		-	5,203,348,433	-	5,203,348,433
Bangladesh Bank EDF fund		7,638,489,608	6,043,860,168	7,638,489,608	6,043,860,168
Bangladesh Bank SME Foundation		77,675,000	31,987,500	77,675,000	31,987,500
Borrowing from Bangladesh Bank - LTFF		896,411,733	942,482,604	896,411,733	942,482,604
Borrowing from Bangladesh Bank - GTF		252,601,734	266,206,667	252,601,734	266,206,667
Borrowing from Bangladesh Bank – Jute Financing		69,954,000	-	69,954,000	-
Borrowing from Bangladesh Bank - Stimulus Fund		560,627,613	-	560,627,613	-
Borrowing from Bangladesh Bank - Working Capital Stimulus Fund		2,728,245,369	-	2,728,245,369	-
Borrowing from Bangladesh Bank - SME Re-finance		11,146,063,722	-	11,146,063,722	-
		<b>23,370,068,779</b>	<b>12,487,885,372</b>	<b>23,370,068,779</b>	<b>12,487,885,372</b>
<b>13.1 Maturity wise grouping of borrowing from Bangladesh Bank</b>					
Repayable on demand		1,782,142,433	1,118,164,129	1,782,142,433	1,118,164,129
Not more than 3 months		2,975,884,386	2,641,739,898	2,975,884,386	2,641,739,898
More than 3 months but not more than 1 year		15,303,999,721	3,390,526,654	15,303,999,721	3,390,526,654
More than 1 year but not more than 5 years		2,778,035,363	4,540,623,023	2,778,035,363	4,540,623,023
More than 5 years		530,006,875	796,831,667	530,006,875	796,831,667
		<b>23,370,068,779</b>	<b>12,487,885,372</b>	<b>23,370,068,779</b>	<b>12,487,885,372</b>
<b>14 Money at call on short notice</b>					
Bank Al-Falah Limited		84,801,100	254,700,000	84,801,100	254,700,000
Trust Bank Limited		-	849,000,000	-	849,000,000
Eastern Bank Limited		-	169,800,000	-	169,800,000
		<b>84,801,100</b>	<b>1,273,500,000</b>	<b>84,801,100</b>	<b>1,273,500,000</b>



Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>14.1 Maturity wise grouping of money at call on short notice</b>					
Up to 1 month		84,801,100	1,273,500,000	84,801,100	1,273,500,000
More than 1 month but not more than 3 months		-	-	-	-
More than 3 months but not more than 1 Year		-	-	-	-
More than 1 year but not more than 5 years		-	-	-	-
More than 5 years		-	-	-	-
		<b>84,801,100</b>	<b>1,273,500,000</b>	<b>84,801,100</b>	<b>1,273,500,000</b>

## 15 Deposits and other accounts

### Accounting policy

Deposits include non interest-bearing current deposit redeemable at call, interest bearing on-demand and short-term deposits, savings deposit and term deposit lodged for periods from 3 months to 12 years. These items are brought to account at the gross value of the outstanding balance which includes accrued interest.

Current deposits and other accounts etc.	15.1	141,841,491,410	101,846,330,888	97,266,324,684	70,387,783,800
Bills payable	15.2	1,797,962,669	1,911,038,678	1,797,962,669	1,911,038,678
Savings deposits	15.3	57,230,594,232	44,538,393,041	57,230,594,232	44,538,393,041
Fixed deposits*	15.4	130,608,019,962	147,365,718,274	130,621,972,707	149,378,664,153
Other deposits	15.5	2,137,551,432	2,093,448,790	2,137,551,432	2,093,448,790
		<b>333,615,619,705</b>	<b>297,754,929,671</b>	<b>289,054,405,724</b>	<b>268,309,328,462</b>

\* Fixed deposits include the deposit pension scheme (DPS).

### 15.1 Current deposits and other accounts

Local currency		141,348,027,225	100,057,065,932	94,339,534,526	67,833,784,180
Foreign currencies		2,926,790,158	2,553,999,620	2,926,790,158	2,553,999,620
		144,274,817,383	102,611,065,552	97,266,324,684	70,387,783,800
Less: Inter unit/company elimination		2,433,325,973	764,734,664	-	-
		<b>141,841,491,410</b>	<b>101,846,330,888</b>	<b>97,266,324,684</b>	<b>70,387,783,800</b>

#### 15.1.1 Current deposits and other accounts

Current deposits		130,667,261,976	90,051,961,185	83,658,769,277	57,828,679,433
Special notice deposit		13,607,555,407	12,559,104,367	13,607,555,407	12,559,104,367
		144,274,817,383	102,611,065,552	97,266,324,684	70,387,783,800
Less: Inter unit/company elimination		2,433,325,973	764,734,664	-	-
		<b>141,841,491,410</b>	<b>101,846,330,888</b>	<b>97,266,324,684</b>	<b>70,387,783,800</b>

### 15.2 Bills payable

Local currency		1,454,223,684	1,181,501,339	1,454,223,684	1,181,501,339
Foreign currencies		343,738,985	729,537,339	343,738,985	729,537,339
		<b>1,797,962,669</b>	<b>1,911,038,678</b>	<b>1,797,962,669</b>	<b>1,911,038,678</b>

### 15.3 Savings deposits

Local currency		57,230,594,232	44,538,393,041	57,230,594,232	44,538,393,041
Foreign currencies		-	-	-	-
		<b>57,230,594,232</b>	<b>44,538,393,041</b>	<b>57,230,594,232</b>	<b>44,538,393,041</b>

### 15.4 Fixed deposits

Local currency		128,592,181,629	147,656,289,196	128,592,181,629	147,656,289,196
Foreign currencies		2,029,791,078	1,722,374,957	2,029,791,078	1,722,374,957
		130,621,972,707	149,378,664,153	130,621,972,707	149,378,664,153
Less: Inter unit/company elimination		13,952,745	2,012,945,879	-	-
		<b>130,608,019,962</b>	<b>147,365,718,274</b>	<b>130,621,972,707</b>	<b>149,378,664,153</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>15.5 Other deposits</b>					
Local currency	15.5.1	638,849,997	838,131,216	638,849,997	838,131,216
Foreign currencies	15.5.2	1,498,701,435	1,255,317,574	1,498,701,435	1,255,317,574
		<u>2,137,551,432</u>	<u>2,093,448,790</u>	<u>2,137,551,432</u>	<u>2,093,448,790</u>
Less: Inter unit/company elimination		-	-	-	-
		<b><u>2,137,551,432</u></b>	<b><u>2,093,448,790</u></b>	<b><u>2,137,551,432</u></b>	<b><u>2,093,448,790</u></b>
<b>15.5.1 Other local currency deposits</b>					
Security deposits		834,000	867,000	834,000	867,000
Security deposit from retail loan client		7,614,179	7,614,179	7,614,179	7,614,179
Sundry deposit	15.5.1.1	630,401,818	829,650,037	630,401,818	829,650,037
		<b><u>638,849,997</u></b>	<b><u>838,131,216</u></b>	<b><u>638,849,997</u></b>	<b><u>838,131,216</u></b>
<b>15.5.1.1 Sundry deposit</b>					
Lease deposits		3,646,585	5,311,478	3,646,585	5,311,478
Payable to NPS		307,784,640	192,641,657	307,784,640	192,641,657
EFTN and BACH adjustments account		279,100,672	606,828,476	279,100,672	606,828,476
Payable against customers, loan account and others		39,869,921	24,868,426	39,869,921	24,868,426
		<b><u>630,401,818</u></b>	<b><u>829,650,037</u></b>	<b><u>630,401,818</u></b>	<b><u>829,650,037</u></b>
<b>15.5.2 Other foreign currency deposits</b>					
Proceeds awaiting for remittance (BTB LC)		8,121,788	23,585,662	8,121,788	23,585,662
Remittance awaiting for disposal (RAD)		1,490,579,647	1,231,731,912	1,490,579,647	1,231,731,912
		<b><u>1,498,701,435</u></b>	<b><u>1,255,317,574</u></b>	<b><u>1,498,701,435</u></b>	<b><u>1,255,317,574</u></b>
<b>15.6 Deposits concentration</b>					
Deposits from banks-inside Bangladesh	15.6.1	100,779	2,001,154,346	100,779	2,001,154,346
Other than banks		333,615,518,926	295,753,775,325	289,054,304,945	266,308,174,116
		<b><u>333,615,619,705</u></b>	<b><u>297,754,929,671</u></b>	<b><u>289,054,405,724</u></b>	<b><u>268,309,328,462</u></b>
<b>15.6.1 Deposits from banks-inside Bangladesh</b>					
<b>Current deposits:</b>					
Eldorado Member Banks		100,779	1,154,346	100,779	1,154,346
		<u>100,779</u>	<u>1,154,346</u>	<u>100,779</u>	<u>1,154,346</u>
<b>Fixed deposits from Banks:</b>					
Sonali Bank Limited		-	2,000,000,000	-	2,000,000,000
		<u>-</u>	<u>2,000,000,000</u>	<u>-</u>	<u>2,000,000,000</u>
<b>Total deposits from banks</b>		<b><u>100,779</u></b>	<b><u>2,001,154,346</u></b>	<b><u>100,779</u></b>	<b><u>2,001,154,346</u></b>
<b>15.7 Payable on demand and time deposit</b>					
<b>i) Demand deposit</b>					
Current deposits		125,307,145,845	86,733,226,901	80,731,979,119	55,274,679,813
Saving deposits (9% of total saving deposits)		5,150,753,481	4,008,455,374	5,150,753,481	4,008,455,374
Foreign currency deposits		4,425,491,593	3,809,317,194	4,425,491,593	3,809,317,194
Sundry deposits		630,401,818	829,650,037	630,401,818	829,650,037
Bills payable		1,797,962,669	1,911,038,678	1,797,962,669	1,911,038,678
		<b><u>137,311,755,406</u></b>	<b><u>97,291,688,184</u></b>	<b><u>92,736,588,680</u></b>	<b><u>65,833,141,096</u></b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>ii) Time deposit</b>					
Saving deposits (91% of total saving deposits)		52,079,840,751	40,529,937,667	52,079,840,751	40,529,937,667
Foreign currency deposits		2,029,791,078	1,722,374,957	2,029,791,078	1,722,374,957
Fixed deposits (local currency excluding DPS)		113,164,908,952	132,083,517,685	113,178,861,697	134,096,463,564
Deposit pension schemes (DPS)		15,413,319,932	13,559,825,632	15,413,319,932	13,559,825,632
Special notice deposit		13,607,555,407	12,559,104,367	13,607,555,407	12,559,104,367
Security deposits		8,448,179	8,481,179	8,448,179	8,481,179
		<b>196,303,864,299</b>	<b>200,463,241,487</b>	<b>196,317,817,044</b>	<b>202,476,187,366</b>
		<b>333,615,619,705</b>	<b>297,754,929,671</b>	<b>289,054,405,724</b>	<b>268,309,328,462</b>

### 15.8 Maturity wise grouping of deposits and other accounts

Repayable on demand	3,671,713,675	5,094,574,659	3,671,713,675	5,094,574,659
Repayable within 1 month	53,004,835,673	50,273,107,886	29,583,490,662	33,315,037,587
Over 1 months but within 6 months	78,019,891,611	97,876,683,493	78,019,891,611	97,876,683,493
Over 6 months but within 1 year	77,437,850,673	62,210,576,365	56,297,981,703	49,723,045,455
Over 1 year but within 5 years	91,487,009,788	59,980,394,326	91,487,009,788	59,980,394,326
Over 5 years but within 10 years	29,994,318,285	22,319,151,942	29,994,318,285	22,319,151,942
Over 10 years	-	441,000	-	441,000
Total	<b>333,615,619,705</b>	<b>297,754,929,671</b>	<b>289,054,405,724</b>	<b>268,309,328,462</b>
Unclaimed deposits for 10 years or more	<b>58,869,117</b>	<b>40,256,621</b>	<b>58,869,117</b>	<b>40,256,621</b>

As per Bank Company Act 1991, Section 35 and BB circular letter no. BRPD 10 dated 12 September 2018, if any money or valuable asset (except deposits from Government, minor or litigation) is unclaimed for ten years or above as of 31 December every year, a three months' notice will be given to depositors concerned. Based on the response from the concerned depositors by following three months, amount will be paid to them otherwise unclaimed deposit will be deposited to Bangladesh Bank by 30 April 2021. We reported BDT 58,869,117.11 as 10 years and above unclaimed deposit amount as on 31 December 2020 (cut off basis) to Bangladesh Bank.

## 16 Other liabilities

### Accounting policy

Other liabilities comprise items such as provision for loans and advances, provision for interest receivables, provision for taxes, interest suspense, accrued expenses. Other liability is recognised in the balance sheet according to the guideline of Bangladesh Bank, IAS and IFRS, Income Tax Ordinance-1984 and internal policies of the Bank. Provisions and accrued expenses are recognised in the financial statements when the Bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### Provision for loans and advances

Provision for loans and advances is created for covering the Bank from possible loan losses in the future. General provision is made on the outstanding amount of loans and advances without considering the classification status following the prescribed rate of Bangladesh Bank. Classified loans and advances of the Banks are categorised as Sub-Standard, Doubtful and Bad/Loss as per Bangladesh Bank guidelines. For loans which are classified as sub-standard, doubtful or bad/loss, specific provision is created netting off security value and interest suspense from the amount outstanding.

### Provision for other assets

Any part of uncollectible other assets is subject to making provision based on their ageing as per Bangladesh Bank circular no. 14 dated 25 June 2001.

### Provisions for off balance sheet Items

No provision is kept on items of derivatives as there is no exposure on such gross value for the Bank. Provision for other off balance sheet items made as per BRPD circular no. 14 dated 23 September 2012 and BRPD circular no. 7 dated 21 June 2018 except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by Multilateral Development Bank (MDB)/International Bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III).

### Provision for diminution in value of Investments

Refer to Note 6 Investments for the relevant accounting policy.

### Interest suspense

Classified loans and advances of the Banks are categorised as sub-standard, doubtful and bad/loss as per guidelines of Bangladesh Bank. Interest accrued on Sub-Standard, Doubtful and Bad/Loss loans is transferred to interest suspense account and not considered as interest income. This interest is recognised as interest income when it is realised in cash by the bank.

### Provision for taxation net off AIT and Deferred tax liability

Refer to Note 40 Provision for taxation for the relevant accounting policy.

### Leased liabilities as per IFRS 16

Refer to Note 8 Implementation of IFRS 16 and its relevant assumptions and disclosures for the relevant accounting policy.

The details of other liabilities are given below:

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
Provision for loans and advances	16.1	11,032,623,098	9,786,554,784	9,973,558,490	8,727,490,175
Special general provision Covid-19	16.1	774,130,118	-	774,130,118	-
Provision for interest receivable from loan	16.2	13,457,003	12,375,062	13,457,003	12,375,062
Provision for other assets	16.3	195,208,855	188,809,064	168,102,992	167,602,992
Provisions for off balance sheet Items	16.4	455,246,134	392,162,499	455,246,134	392,162,499
Provision for diminution in value of Investments	16.5	87,580,119	650,800,000	87,580,119	650,800,000
Interest suspense	16.6	1,443,050,060	1,115,201,138	1,443,050,060	1,115,201,138
Withholding tax payable	16.7	253,886,515	282,791,571	253,886,515	278,784,650
VAT payable	16.8	248,931,096	198,330,445	248,931,096	198,330,445
Excise duty payable		161,946,299	111,414,634	161,946,299	111,414,634
Provision for taxation net off AIT	16.9	3,673,665,415	4,906,552,415	4,012,115,746	5,039,240,312
Deferred tax liability	9.4	682,367,854	408,912,358	881,991,002	631,459,888
Interest payable on borrowings		322,434,236	450,065,180	322,434,236	450,065,180
Accrued expenses		3,957,141,846	6,568,703,851	2,096,169,765	2,150,881,719
Share subscription - IPO (refund warrant)		228,419	226,973	228,419	226,973
Right share subscription		636,674	636,674	636,674	636,674
Payable settlement account-OBU/DBU		88,498	-	88,498	-
Payable to on-shore		1,982,392,275	1,956,690,038	1,982,392,275	1,956,690,038
Cheque clearing account		-	316,002	-	316,002
Unclaimed dividend		67,043,176	60,406,259	67,043,176	60,406,259
Suppliers payable		132,044,849	126,962,177	132,044,849	126,962,177
Leased liabilities as per IFRS 16		3,528,145,886	3,583,375,469	2,740,113,147	3,165,133,734

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
Payable against exchange houses		85,355	308,347	85,355	308,347
Payable against insurances		6,635,467	5,251,341	6,635,467	5,251,341
Payable to Omnibus		84,300	155,500	84,300	155,500
Payable against SWIFT charge		-	1,991,222	-	1,991,222
Other payables	16.10	2,285,139,168	2,224,871,573	2,285,139,168	2,224,871,573
Less: Off-shore to on-shore		(1,982,385,478)	(1,956,680,069)	(1,982,385,478)	(1,956,680,069)
Other liabilities of subsidiaries	16.11	3,451,915,288	2,136,420,688	-	-
		<b>32,773,722,525</b>	<b>33,213,605,195</b>	<b>26,124,705,425</b>	<b>25,512,078,465</b>

### 16.1 Provision for loans and advances

#### A. General provision

Provisions held at the beginning of the year	2,646,180,388	2,503,843,810	2,646,180,388	2,503,843,810
Add: Transfer from specific provision	438,310,342	-	438,310,342	-
Add: Special general provision Covid-19	774,130,118	-	774,130,118	-
Add: Net charge to Profit and Loss A/C	(603,544,658)	139,800,906	(603,544,658)	139,800,906
Add: Exchange difference	(917,514)	2,535,672	(917,514)	2,535,672
<b>Provisions held at the end of the year</b>	<b>3,254,158,676</b>	<b>2,646,180,388</b>	<b>3,254,158,676</b>	<b>2,646,180,388</b>

#### B. Specific provision

Provisions held at the beginning of the year (i)	7,140,374,396	6,125,733,633	6,081,309,787	5,066,669,024
Less: Transfer to general provision (ii)	(438,310,342)	-	(438,310,342)	-
Less: Special general provision Covid-19 (iii)	(774,130,118)	-	(774,130,118)	-
Less: Write off during the year (iv)	(976,501,071)	(800,696,005)	(976,501,071)	(800,696,005)
Add: Provision charged for the year including special provision Covid-19 (v)	3,602,405,848	1,742,585,563	3,602,405,848	1,742,585,563
Add: Recovery of written off bad debts (vi)	633,704,077	786,257,664	633,704,077	786,257,664
Add: Exchange difference (vii)	(1,244,172)	72,751,205	(1,244,172)	72,751,205
Net charge to Profit and Loss A/C (viii) = (v)-(vi)	2,968,701,771	956,327,899	2,968,701,771	956,327,899
<b>Provisions held at the end of the year (i+ii+iii+iv+v+vi+vii)</b>	<b>8,552,594,541</b>	<b>7,140,374,396</b>	<b>7,493,529,932</b>	<b>6,081,309,787</b>
<b>Total provision held at the end of the year (A+B)</b>	<b>11,806,753,217</b>	<b>9,786,554,784</b>	<b>10,747,688,608</b>	<b>8,727,490,175</b>

### 16.2 Provision for interest receivable from loan

Provisions held at the beginning of the year	12,375,062	9,648,388	12,375,062	9,648,388
Add: Net charge to Profit and Loss A/C	1,081,941	2,726,674	1,081,941	2,726,674
Provisions held at the end of the year	<b>13,457,003</b>	<b>12,375,062</b>	<b>13,457,003</b>	<b>12,375,062</b>

### 16.3 Provision for other assets

Provisions held at the beginning of the year	188,809,064	169,053,930	167,602,992	166,539,281
Add: Net charge to Profit and Loss A/C	6,399,791	19,755,134	500,000	1,063,711
Provisions held at the end of the year	<b>195,208,855</b>	<b>188,809,064</b>	<b>168,102,992</b>	<b>167,602,992</b>

#### 16.3.1 Particulars of required provision for other assets (Bank only)

Other asset type	Other assets balance	Doubtful (50%)	Bad/Loss (100%)	Required provision	Actual provision
Receivable from partners	2,112,169	-	2,002,851	2,002,851	2,418,511
Receivable for fraud and forgery protested bill	116,816,609	-	116,816,609	116,816,609	118,778,607
Receivables in cash shortage	1,709,950	41,500	1,359,850	1,380,600	2,285,110
Receivable from BBL-RBL atm	5,144,030	-	5,144,030	5,144,030	5,144,030
Receivables in cash shortage-atm	215,500	10,500	193,000	198,250	107,250
Receivable from BACH	5,000,000	-	5,000,000	5,000,000	5,000,000

Other asset type	Other assets balance	Doubtful (50%)	Bad/Loss (100%)	Required provision	Actual provision
Proxy accounts	287,880	6,376	6,439,824	6,443,012	6,849,241
Receivable from co-brand atm	27,020,242	-	27,020,242	27,020,242	27,020,242
Receivables against remittance	8,240,918	-	326,962	326,962	500,000
Receivable from MoneyGram	9,260,500	-	205,607	205,607	-
Charge back receivables in suspenses cards	909,783	9,137	-	4,569	-
Receivable for outstanding priority pass bill payment_USD	113,421	-	113,421	113,421	-
Receivable from merchant (On US)-cards	321,143	-	182,694	182,694	-
Receivables against Placid Express	7,447	-	7,652	7,652	-
Receivables from BRAC Saajan	30,000	-	30,000	30,000	-
				<b>164,876,500</b>	<b>168,102,992</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>16.4 Provisions for off balance sheet items</b>					
Balance at the beginning of the year					
Provision made/(released) during the year		392,162,499	584,162,499	392,162,499	584,162,499
Balance at the end of the year		63,083,635	(192,000,000)	63,083,635	(192,000,000)
		<b>455,246,134</b>	<b>392,162,499</b>	<b>455,246,134</b>	<b>392,162,499</b>

#### 16.4.1 Particulars of required provisions for off balance sheet items - General provision (Bank only)

Particulars	Base for provision	Percentage (%) of required provision	Required provision 2020	Required provision 2019
Acceptances and endorsements	19,161,701,765	1%	191,617,018	149,711,563
Irrevocable letters of credit	15,553,935,528	1%	155,539,355	122,308,695
Letter of guarantees	10,487,259,076	1%	104,872,591	116,979,475
Total required provision			452,028,964	388,999,733
Total provision maintained (Note 16.4)			455,246,134	392,162,499
<b>Excess/(short) provision</b>			<b>3,217,170</b>	<b>3,162,766</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>16.5 Provision for diminution in value of investments</b>					
Balance at the beginning of the year		650,800,000	116,400,000	650,800,000	116,400,000
Provision made/(released) during the year		(563,219,881)	534,400,000	(563,219,881)	534,400,000
Balance at the end of the year		<b>87,580,119</b>	<b>650,800,000</b>	<b>87,580,119</b>	<b>650,800,000</b>

\* Above provision includes provision for dividend receivable on preference share of BDT 1,250,000.

#### 16.6 Interest suspense

Balance at the beginning of the year	1,115,201,138	728,543,524	1,115,201,138	728,543,524
Add: Amount transferred to "Interest Suspense" account during the year	1,308,196,997	1,146,331,197	1,308,196,997	1,146,331,197
	2,423,398,135	1,874,874,721	2,423,398,135	1,874,874,721
Less: Amount recovered in "Interest Suspense" account during the year	910,551,105	743,279,095	910,551,105	743,279,095
Less: Amount written off during the year	69,796,970	16,394,488	69,796,970	16,394,488
<b>Balance at the end of the year</b>	<b>1,443,050,060</b>	<b>1,115,201,138</b>	<b>1,443,050,060</b>	<b>1,115,201,138</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>16.7 Withholding tax payable</b>					
Payable on Interest		155,833,873	176,497,810	155,833,873	176,497,810
Payable (Suppliers)		2,457,565	15,577,579	2,457,565	15,577,579
Payable (Staff Salaries and Allowance)		13,401,755	12,703,016	13,401,755	12,703,016
Payable (Rent)		3,893,338	4,366,485	3,893,338	4,366,485
Payable (Export)		21,759,159	11,607,729	21,759,159	11,607,729
Payable on commission paid		10,900,918	10,044,574	10,900,918	10,044,574
Payable on professional services		11,570,966	6,063,925	11,570,966	6,063,925
Payable on export cash subsidy		907,200	-	907,200	-
Payable on local LC		1,958,271	388,055	1,958,271	388,055
Payable on foreign buyer agent		11,389,306	7,862,604	11,389,306	7,862,604
Payable on IGW services		702,613	764,818	702,613	764,818
Payable on others		19,111,551	36,914,977	19,111,551	32,908,056
		<b>253,886,515</b>	<b>282,791,571</b>	<b>253,886,515</b>	<b>278,784,650</b>
<b>16.8 VAT Payable</b>					
Payable on banking service		66,991,129	26,571,838	66,991,129	26,571,838
Payable - Supplier		58,868,807	44,676,623	58,868,807	44,676,623
Payable - Rent		11,027,398	12,676,836	11,027,398	12,676,836
Payable - DESCO		28,986,764	14,742,689	28,986,764	14,742,689
Payable - BPDB		8,724,299	13,957,255	8,724,299	13,957,255
Payable - DPDC		74,210,215	85,601,546	74,210,215	85,601,546
Payable - REB		122,484	103,658	122,484	103,658
		<b>248,931,096</b>	<b>198,330,445</b>	<b>248,931,096</b>	<b>198,330,445</b>
<b>16.9 Provision for taxation net off AIT (BBL only)</b>					
<b>A. Provision for tax:</b>					
Balance at the beginning of the year				21,397,288,924	17,678,384,112
Add: Provision made during the year				2,537,375,925	3,718,904,812
				23,934,664,849	21,397,288,924
Less: Adjustment of tax provision for previous years				-	-
<b>Balance at the end of the year</b>				<b>23,934,664,849</b>	<b>21,397,288,924</b>
<b>B. Advance income tax:</b>					
Balance at the beginning of the year				16,358,048,612	13,651,193,655
Add: Paid during the year				3,564,500,491	2,706,854,957
				19,922,549,103	16,358,048,612
Less: Adjustment made during the year				-	-
Balance at the end of the year				19,922,549,103	16,358,048,612
<b>Provision for taxation (A-B)</b>				<b>4,012,115,746</b>	<b>5,039,240,312</b>
Corporate tax position of the Bank has been shown in Annexure G.					
<b>16.10 Other payables</b>					
Payables related to cards and others		392,294,175	420,308,750	392,294,175	420,308,750
Payables for good borrower rebate		138,746,220	216,246,220	138,746,220	216,246,220
Payable to merchant		6,778,325	6,660,679	6,778,325	6,660,679
Payables to co brand ATM		3,106,745	3,106,745	3,106,745	3,106,745
Miscellaneous payable		1,744,213,703	1,578,549,179	1,744,213,703	1,578,549,179
		<b>2,285,139,168</b>	<b>2,224,871,573</b>	<b>2,285,139,168</b>	<b>2,224,871,573</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>16.11 Other liabilities of subsidiaries</b>					
BRAC EPL Investments Limited		140,802,034	105,808,093		
BRAC EPL Stock Brokerage Limited		848,158,581	414,441,489		
bKash Limited		2,109,161,938	1,234,358,009		
BRAC SAAJAN Exchange Limited		378,816,981	525,790,266		
		<b>3,476,939,534</b>	<b>2,280,397,857</b>		
Less: Inter company transactions:					
BRAC Bank Limited		944,193	142,047,125		
BRAC EPL Investments Limited		770,962	136,066		
BRAC EPL Stock Brokerage Limited		318,029	-		
bKash Limited		12,420,500	1,793,978		
BRAC Saajan Exchange Limited		10,570,562	-		
		25,024,246	143,977,169		
		<b>3,451,915,288</b>	<b>2,136,420,688</b>		

## 17 Share capital

### Accounting policy

The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve four major objectives: exceed regulatory thresholds and meet longer-term internal capital targets, maintain strong credit ratings, manage capital levels commensurate with the risk profile of the Bank and provide the Bank's shareholders with acceptable returns.

Capital is managed in accordance with the Board-approved Capital Management Planning from time to time. Senior management develop the capital strategy and oversee the capital management planning of the Bank. The Bank's Finance, Treasury and Risk Management department are key in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal matrix.

### 17.1 Authorized capital

Authorized Capital is the maximum amount of share capital that the bank is authorised by its Memorandum of Association and Article of Association to issue to shareholders.

2,000,000,000 ordinary shares of Tk. 10 each 20,000,000,000 20,000,000,000

### 17.2 Issued, Subscribed and Paid up capital

#### Accounting policy

The issued share capital of the bank is the total nominal value of the shares of the bank which have been issued to shareholders and which remain outstanding.

Paid up share capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

100,000,000 Ordinary Shares of Tk. 10/- each issued for cash	1,000,000,000	1,000,000,000
971,648,230 Ordinary Shares of Tk. 10/- each issued as bonus share	9,716,482,300	8,791,450,810
26,400,000 Right Shares of Tk. 10/- each issued in 2008	264,000,000	264,000,000
221,652,288 Right Shares of Tk. 10/- each issued in 2014	2,216,522,880	2,216,522,880
1,149,589 Ordinary Shares of Tk. 10/- each issued as 1 <sup>st</sup> bond converted share in 2016	11,495,890	11,495,890
2,237,835 Ordinary Shares of Tk. 10/- each issued as 2 <sup>nd</sup> bond converted share in 2017	22,378,350	22,378,350
2,790,534 Ordinary Shares of Tk. 10/- each issued as 3 <sup>rd</sup> bond converted share in 2018	27,905,340	27,905,340
	<b><u>13,258,784,760</u></b>	<b><u>12,333,753,270</u></b>



### 17.2.1 History of paid-up capital

Given below the history of raising of share capital of BRAC Bank Limited:

Particulars	Allotment year	Number of shares issued		Total paid up shares (No of shares)	Addition in amount of share capital (BDT)	Total paid up capital (BDT)
		Bonus shares	Subscription			
First (Subscription to the Memorandum and Articles of Association) at the time of Incorporation	1999	-	2,000,000	2,000,000	200,000,000	200,000,000
BRAC (subscription)	2001	-	500,000	2,500,000	50,000,000	250,000,000
BRAC (subscription)	2003	-	674,500	3,174,500	67,450,000	317,450,000
ShoreCap International Ltd.	2004	-	875,700	4,050,200	87,570,000	405,020,000
International Finance Corporation	2004	-	949,800	5,000,000	94,980,000	500,000,000
IPO	2006	5,000,000	-	10,000,000	500,000,000	1,000,000,000
Bonus Share 20%	2007	2,000,000	-	12,000,000	200,000,000	1,200,000,000
Bonus Share 10%	2008	1,200,000	-	13,200,000	120,000,000	1,320,000,000
Right Share 20%	2008	-	2,640,000	15,840,000	264,000,000	1,584,000,000
Bonus Share 30%	2009	4,752,000	-	20,592,000	475,200,000	2,059,200,000
Bonus Share 30%	2010	6,177,600	-	26,769,600	617,760,000	2,676,960,000
Bonus Share 20%	2011	5,353,920	-	32,123,520	535,392,000	3,212,352,000
Denomination of face value from Tk.100 to Tk.10 per share	2011	-	-	321,235,200	-	3,212,352,000
Bonus Share 20%	2012	64,247,040	-	385,482,240	642,470,400	3,854,822,400
Bonus Share 15%	2013	57,822,336	-	443,304,576	578,223,360	4,433,045,760
Bonus Share 10%	2014	44,330,457	-	487,635,033	443,304,570	4,876,350,330
Right share 50%	2014	-	221,652,288	709,287,321	2,216,522,880	7,092,873,210
Fresh Issue against Bond, 1 <sup>st</sup> Conversion of Bond	2016	-	1,149,589	710,436,910	11,495,890	7,104,369,100
Fresh Issue against Bond, 2 <sup>nd</sup> Conversion of Bond	2017	-	2,237,835	712,674,745	22,378,350	7,126,747,450
Bonus Share 20%	2017	142,534,949	-	855,209,694	1,425,349,490	8,552,096,940
Fresh Issue against Bond, 3 <sup>rd</sup> Conversion of Bond	2018	-	2,790,534	858,000,228	27,905,340	8,580,002,280
Bonus Share 25%	2018	214,500,057	-	1,072,500,285	2,145,000,570	10,725,002,850
Bonus Share 15%	2019	160,875,042	-	1,233,375,327	1,608,750,420	12,333,753,270
Bonus Share 7.50%	2020	92,503,149	-	1,325,878,476	925,031,490	13,258,784,760
<b>Total</b>					<b>13,258,784,760</b>	

### 17.2.2 Issued, Subscribed and Paid up Capital

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
Balance at the beginning of the year		12,333,753,270	10,725,002,850	12,333,753,270	10,725,002,850
Add: Stock dividend of 2019 issued in 2020		925,031,490	1,608,750,420	925,031,490	1,608,750,420
Closing at the end of the year		<b>13,258,784,760</b>	<b>12,333,753,270</b>	<b>13,258,784,760</b>	<b>12,333,753,270</b>

### 17.3 Initial Public Offering (IPO)

According to IPO rules 2006 "Initial public offering (IPO)" means first offering of security by an issuer to the general public. Out of the total issued, subscribed, and fully paid up capital of the bank 5,000,000 ordinary shares of Tk. 100.00 each amounting to Taka 500,000,000 was raised through Initial public offering of shares held in 2006.

### 17.4 Cash Dividend/Bonus Issue

On 25 June 2020, 15% Dividend (7.50% stock & 7.50% Cash) were approved by the shareholders at its 21<sup>st</sup> Annual General Meeting. The stock dividend was distributed on 05 July 2020 accordingly.

**17.4.a** The Bank held its 8<sup>th</sup> EGM on 3 November 2011 and changed the face value of share from Tk. 100 per share to Tk. 10 per share and market lot of shares from 50 shares to 500 shares in each lot. The maximum limit for Authorized Share capital was increased to BDT 20,000,000,000. At 11 December 2014, DSE new Trading system launched that neutralize market lot into 1 shares.

## 17.5 Ordinary Shares

	No. of Shares (2020)	% of share-holding (2020)	2020 Taka	2019 Taka
<b>Sponsor:</b>				
BRAC	612,092,251	46.17%	6,120,922,510	5,461,323,270
Others	1,041,711	0.08%	10,417,110	853,150
<b>Non Sponsor:</b>				
Non Resident Bangladeshis	1,280,602	0.10%	12,806,020	11,168,230
Mutual Funds	28,085,324	2.12%	280,853,240	226,458,420
Institutions and General Public	683,378,588	51.54%	6,833,785,880	6,633,950,200
<b>Total</b>	<b>1,325,878,476</b>	<b>100%</b>	<b>13,258,784,760</b>	<b>12,333,753,270</b>

### 17.5.1 Share trading

The Bank traded its ordinary shares in Central Depository Bangladesh Limited (CDBL) through Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 31 January 2007. The closing market price on 31 December 2020 was Tk. 44.30 at Dhaka Stock Exchange (DSE) and Tk. 44.30 at Chittagong Stock Exchange (CSE).

## 17.6 Classification of Shareholding

Range of holding of shares	Number of shareholders (2020)	Number of shares (2020)	Percentage of holding of shares (2020)
Less than 500	6,041	958,969	0.07%
500 to 5,000	9,114	17,996,162	1.36%
5,001 to 10,000	1,776	12,543,436	0.95%
10,001 to 20,000	807	11,484,489	0.87%
20,001 to 30,000	263	6,464,088	0.49%
30,001 to 40,000	135	4,681,305	0.35%
40,001 to 50,000	104	4,785,362	0.36%
50,001 to 100,000	168	11,936,210	0.90%
100,001 to 1,000,000	167	50,317,111	3.80%
Over 1,000,000	84	1,204,711,344	90.86%
<b>Total</b>	<b>18,659</b>	<b>1,325,878,476</b>	<b>100%</b>

### 17.6.1 Name of the Directors and their shareholdings as at 31 December 2020:

Name	Status	Opening position	Closing position	% of shares held as on 31 December 2020
Dr. Ahsan H Mansur (Chairman)	Independent Director	Nil	Nil	Nil
Ms. Nihad Kabir (Nominated by BRAC)	Nominated Director	44,628	47,975	0.004%
Mr. Kaiser Kabir (Nominated by BRAC)*	Nominated Director	Nil	Nil	Nil
Mr. Asif Saleh (Nominated by BRAC)	Nominated Director	Nil	Nil	Nil
Ms. Farzana Ahmed	Independent Director	Nil	Nil	Nil
Mr. Kazi Mahmood Sattar	Independent Director	Nil	Nil	Nil
Ms. Fahima Choudhury	Independent Director	Nil	Nil	Nil
Dr. Zahid Hussain	Independent Director	Nil	Nil	Nil
Mr. Meheriar M Hasan (Nominated by BRAC)	Nominated Director	Nil	Nil	Nil
Mr. Shameran Bahar Abed	Nominated Director	Nil	950,000	0.071%

\*Mr. Kaiser Kabir retired on 17 September 2020 in its 276<sup>th</sup> Meeting of the Board of Directors of BRAC Bank Limited.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019

## 17.7 Share Premium

### Accounting policy

Share premium is the capital that the Bank raises upon issuing shares that is in excess of the nominal value of the shares. The share premium shall be utilised in accordance with provisions of section 57 of the Companies Act, 1994 and as directed by Bangladesh Securities and Exchange Commission in this respect.

	Year of issuance		
5,000,000 ordinary shares @ Tk. 70 per share	2006	350,000,000	350,000,000
2,640,000 ordinary shares @ Tk. 400 per share	2008	1,056,000,000	1,056,000,000
221,652,288 ordinary shares @ Tk. 10 per share	2014	2,216,522,880	2,216,522,880
1,149,589 ordinary shares @ Tk. 32.55 per share	2016	37,419,151	37,419,151
2,237,835 ordinary shares @ Tk. 35.10 per share	2017	78,548,041	78,548,041
2,790,534 ordinary shares @ Tk. 41.31 per share	2018	115,276,960	115,276,960
		<b>3,853,767,032</b>	<b>3,853,767,032</b>

### 17.7.1 Particulars of Share Premium

#### Sponsor:

BRAC	1,324,534,000	1,324,534,000
Others	192,580	192,580

#### Non Sponsor:

International Finance Corporation (IFC)	219,056,640	219,056,640
ShoreCap International Limited	92,473,920	92,473,920
Non Resident Bangladeshis	91,555,530	91,555,530
Mutual Funds	189,254,190	189,254,190
General Public	1,936,700,172	1,936,700,172
	<b>3,853,767,032</b>	<b>3,853,767,032</b>

## 17.8 Capital Adequacy Ratio - As per BASEL- III

To cope up with the international best practices and to make the bank's capital shock absorbent 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with BASEL II) was introduced from 1 January 2009 as a parallel run with BRPD Circular No. 10, dated 25 November 2002 (BASEL I). At the end of parallel run, BASEL II regime started from 01 January 2010 and the guidelines on RBCA came fully into force with its subsequent supplements/revisions. After that Bangladesh Bank issued 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with BASEL III) vide its BRPD Circular 18 dated 21 December 2014 that BASEL III reporting start from January 2015 and full implementation started from January 2019. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital and Disclosure requirement as stated in the guidelines had to be followed by all scheduled banks for the purpose of statutory compliance. BASEL III framework has three main components referred to as pillars:

- Pillar I addresses minimum capital requirement;
- Pillar II elaborates the process for assessing the overall capital adequacy aligned with risk profile of a bank as well as capital growth plan; and
- Finally, Pillar III gives a framework of public disclosure on the position of a bank's risk profiles, capital adequacy, and risk management system.

Basel III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. "Basel III: A global regulatory framework for more resilient banks and banking systems" (known as Basel III capital regulations) in December 2010. Basel III reforms strengthen the bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the pro-cyclical amplification of these risks over time. These new global regulatory and supervisory standards mainly addressed the following areas:

- a) Raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis;
- b) Increase the risk coverage of the capital framework;
- c) Introduce leverage ratio to serve as a backstop to the risk-based capital measure;
- d) Raise the standards for the supervisory review process (Pillar 2); and
- e) Public disclosures (Pillar 3) etc.

To ensure smooth transition to Basel III, appropriate transitional arrangements have been provided for meeting the minimum Basel III capital ratios, full regulatory adjustments to the components of capital etc. In 2020, banking industry will embark on the full-fledged implementation of Basel III.

Basel - III is to be calculated both on separate financial statements (SOLO) basis and consolidated basis and both are submitted to Bangladesh Bank accordingly.

We have fully complied with all the directives provided by the Central bank from time to time, starting from Pillar I, II and III reporting requirements to periodic Stress Testing activity etc. Formation of BASEL Steering Committee chaired by the Managing Director of the bank helps us to ensure supreme governance and strict regimentation at execution level. As yet, BRAC bank has been able to successfully implement the phase in transition arrangement for Basel III, which started from the year 2015 and ended in 2020.

Particulars	Consolidated		BRAC Bank Limited	
	2020	2019	2020	2019
<b>Common Equity Tier-1 (Going Concern Capital)</b>				
Fully Paid-up Capital/Funds from Head Office for the Purpose of Meeting the Capital Adequacy	13,258,784,760	12,333,753,270	13,258,784,760	12,333,753,270
Non-repayable Share Premium Account	3,853,767,032	3,853,767,032	3,853,767,032	3,853,767,032
Statutory Reserve	9,405,017,728	8,129,149,416	9,405,017,728	8,129,149,416
General Reserve	-	-	-	-
Retained Earnings	16,346,550,011	15,230,405,214	13,680,255,527	12,378,804,260
Dividend equalization fund	355,218,455	355,218,455	355,218,455	355,218,455
Minority Interest in Subsidiaries	5,610,136,813	6,081,237,821	-	-
Actuarial gain/loss (Actuarial gain/loss kept in books in Bangladesh for Foreign Banks)	-	-	-	-
Non-repatriable interest-free funds from Head Office for the purpose of acquisition of property and held in a separate account and have the ability to absorb losses regardless of their source (Applicable for Foreign Banks)	-	-	-	-
Others (if any item approved by Bangladesh Bank)	-	-	-	-
<b>Sub-total</b>	<b>48,829,474,799</b>	<b>45,983,531,208</b>	<b>40,553,043,502</b>	<b>37,050,692,433</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>Regulatory Adjustments</b>					
Shortfall in provisions required against Non Performing Loans (NPLs)		-	-	-	-
Shortfall in provisions required against investment in shares		-	-	-	-
Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities		-	-	-	-
Goodwill and all other Intangible Assets		3,767,220,392	3,239,953,793	1,036,448,298	866,851,705
Deferred Tax Assets (DTA)		3,810,017,550	3,010,745,120	3,043,768,317	2,400,156,912
Defined benefit pension fund assets		-	-	-	-
Gain on sale related to securitization transactions		-	-	-	-
Investment in own CET-1 Instruments/Shares (as per Para 3.4.7 of Basel III Guidelines)		-	-	-	-
Reciprocal Crossholdings in the CET-1 Capital of Banking, Financial and Insurance Entities		-	-	-	-
Any investment exceeding the approved limit under section 26 ka(1) of Bank Company Act, 1991 (50% of Investment)		-	-	-	-
Investments in subsidiaries which are not consolidated (50% of Investment)		-	-	-	-
Others if any		-	-	-	-
<b>Sub-total</b>		<b>7,577,237,942</b>	<b>6,250,698,913</b>	<b>4,080,216,615</b>	<b>3,267,008,618</b>
<b>Total common equity Tier-1 capital</b>		<b>41,252,236,857</b>	<b>39,732,832,295</b>	<b>36,472,826,887</b>	<b>33,783,683,815</b>
<b>Additional Tier-1 Capital</b>					
Non-cumulative irredeemable preference shares		-	-	-	-
Instruments issued by the banks that meet the qualifying criteria for AT1 (as specified in Annex-4 of Basel III Guidelines)		-	-	-	-
Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties as specified in Annex-4 of Basel III Guidelines (for consolidated reporting)		-	-	-	-
Head Office borrowings in foreign currency by foreign banks operating in Bangladesh for inclusion in Additional Tier 1 capital which comply with the regulatory requirements as specified in Annex-4 of Basel III Guidelines (Applicable for Foreign Banks)		-	-	-	-
Any other item specifically allowed by BB from time to time for inclusion in Additional Tier 1 Capital (Applicable for Foreign Banks)		-	-	-	-
Others (if any item approved by Bangladesh Bank)		-	-	-	-
<b>Subtotal</b>		-	-	-	-

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>Regulatory Adjustments:</b>					
Investment in own AT-1 Instrument/Share (as per Para 3.4.7 of Basel III Guidelines)		-	-	-	-
Reciprocal crossholdings in the AT-1 Capital of Banking, Financial and Insurance Entities		-	-	-	-
Others if any		-	-	-	-
Total Additional Tier-1 Capital Available		-	-	-	-
Maximum Limit of Additional Tier-1 Capital (AT-1 capital can be maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher)		-	-	-	-
Excess Amount over Maximum Limit of AT-1		-	-	-	-
<b>Subtotal</b>		-	-	-	-
<b>Total Admissible Additional Tier-1 Capital</b>		<b>41,252,236,857</b>	<b>39,732,832,295</b>	<b>36,472,826,887</b>	<b>33,783,683,815</b>
<b>Tier-2 Capital (Going Concern Capital)</b>					
General Provision		3,709,404,810	3,038,342,887	3,709,404,810	3,038,342,887
All Other preference shares		-	-	-	-
Subordinated debt/Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital (as per Annex 4 of Basel III Guidelines)		-	-	-	-
Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties (for consolidated reporting only)		-	-	-	-
Head Office (HO) borrowings in foreign currency received that meet the criteria of Tier 2 debt capital (Applicable for Foreign Banks)		-	-	-	-
Revaluation Reserves as on 31 December, 2014 (50% of Fixed Assets and Securities & 10% of Equities)		346,502,408	346,502,408	346,502,408	346,502,408
Others (if any item approved by Bangladesh Bank)		-	-	-	-
<b>Sub-total</b>		<b>4,055,907,218</b>	<b>3,384,845,295</b>	<b>4,055,907,218</b>	<b>3,384,845,295</b>
<b>Regulatory Adjustments</b>					
Revaluation Reserves for Fixed Assets, Securities & Equity Securities (follow Phase-in deductions as per Basel III Guidelines)		346,502,408	346,502,408	346,502,408	346,502,408
Investment in own T-2 Instruments/Shares (as per Para 3.4.7 of Basel III Guidelines)		-	-	-	-
Reciprocal crossholdings in the T-2 Capital of Banking, Financial and Insurance Entities		-	-	-	-
Any investment exceeding the approved limit under section 26 ka(1) of Bank Company Act, 1991 (50% of Investment)		-	-	-	-
Investments in subsidiaries which are not consolidated (50% of Investment)		-	-	-	-
Others if any		-	-	-	-
Total Tier-2 Capital Available		3,709,404,810	3,038,342,887	3,709,404,810	3,038,342,887
Maximum Limit of Tier-2 Capital (Tier 2 capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)		36,669,113,342	35,318,514,627	32,420,695,820	30,030,316,543
Excess Amount over Maximum Limit of T-2		-	-	-	-
<b>Total Admissible Tier-2 capital</b>		<b>3,709,404,810</b>	<b>3,038,342,887</b>	<b>3,709,404,810</b>	<b>3,038,342,887</b>
<b>Total Capital</b>		<b>44,961,641,667</b>	<b>42,771,175,182</b>	<b>40,182,231,697</b>	<b>36,822,026,702</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
Total Risk Weighted Assets		297,177,998,257	264,597,783,917	276,174,839,100	244,401,161,899
Minimum Capital requirement (MCR - 12.50%)		37,147,249,782	33,074,722,990	34,521,854,888	30,550,145,237
Surplus/ (Deficiency)		7,814,391,885	9,696,452,192	5,660,376,809	6,271,881,465
<b>Capital Adequacy Ratio:</b>					
Common Equity Tier-1 (Against standard of minimum 6%)		13.88%	15.02%	13.21%	13.82%
Total Capital to Risk-weighted Asset Ratio*		15.13%	16.16%	14.55%	15.07%
Minimum CRAR (%)		12.50%	12.50%	12.50%	12.50%
Surplus/ (Deficiency) %		2.63%	3.66%	2.05%	2.57%

\* In Standalone regulatory capital calculation, fair value gain of BDT 1,131,197,846 on investment in subsidiaries and associates arisen out of application of IFRS 9 for the measurement of equity investment in subsidiaries and associate at fair value. The fair value gain/loss reported as FVOCI directly as part of equity as per IFRS 9. In absence of any specific guidelines for the treatment of Fair value gain/loss in Risk Based Capital Adequacy guidelines by Bangladesh Bank, the fair value gain /loss has not been considered as part of Tier 1 capital. However, as this has emerged from implementation of IFRS 9 (which came in to effect in 2018), we have requested Bangladesh Bank for their guidance on the same. While the fair value gain /loss is a part of Tier 1 capital according to the recommendation of International Basel Committee. Had the fair value gain / loss been considered as component of Tier-I capital as per international practice, the standalone Regulatory Capital to Risk-weighted Asset Ratio (CRAR) would have been reported at 14.87%.

## 18 Statutory reserve

### Accounting policy

The Bank is required to transfer at least 20% of its profit before tax to the Statutory Reserve in accordance with provisions of section 24 of the Banking Companies Act, 1991. This is mandatory until such reserve is equal to the paid up capital together with amount in the share premium account.

Opening balance	8,129,149,416	6,428,088,086	8,129,149,416	6,428,088,086
Transferred from profit during the year	1,275,868,312	1,701,061,330	1,275,868,312	1,701,061,330
<b>Closing balance</b>	<b>9,405,017,728</b>	<b>8,129,149,416</b>	<b>9,405,017,728</b>	<b>8,129,149,416</b>

## 19 Dividend equalization fund

Balance at the beginning of the year	355,218,455	355,218,455	355,218,455	355,218,455
Add: Addition during the year	-	-	-	-
	<b>355,218,455</b>	<b>355,218,455</b>	<b>355,218,455</b>	<b>355,218,455</b>

## 20 Revaluation reserve

### Accounting policy

#### Revaluation reserve on Govt. Securities

Revaluation reserve represents revaluation on Treasury bond (HFT and HTM) in accordance with the DOS circular no. 05, dated 26 May 2008 and DOS circular no. 05, dated 28 January 2009.

#### Assets revaluation reserve

Other reserve comprises Investment revaluation reserve and fixed assets revaluation reserve. Where carrying amount of an item of property, plant and equipment is increased as a result of valuation, the increased amount is credited directly to equity under the heading of assets revaluation reserve as per IAS 16 Property, Plant and Equipment. If any deferred tax is applicable on such revaluation reserve then the same is deducted from revaluation reserve directly as a component of OCI (Other Comprehensive Income).

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
The details of revaluation reserve are as follows:					
Revaluation reserve on Govt. securities	20.1	4,805,926,053	98,965,051	4,805,926,053	98,965,051
Assets revaluation reserve	20.2	478,558,600	478,558,600	478,558,600	478,558,600
		<b>5,284,484,653</b>	<b>577,523,651</b>	<b>5,284,484,653</b>	<b>577,523,651</b>
<b>20.1 Revaluation reserve on Govt. securities</b>					
Balance at the beginning of the year		98,965,051	5,593,264	98,965,051	5,593,264
Add: Addition during the year		7,553,065,801	6,314,295,481	7,553,065,801	6,314,295,481
Less: Adjustment during the year		2,846,104,799	6,220,923,694	2,846,104,799	6,220,923,694
		<b>4,805,926,053</b>	<b>98,965,051</b>	<b>4,805,926,053</b>	<b>98,965,051</b>
<b>20.2 Assets revaluation reserve (land only)</b>					
Balance at the beginning of the year		478,558,600	478,558,600	478,558,600	478,558,600
Add: Revaluation gain on land valuation (net)		-	-	-	-
Less: Deferred tax due to revaluation		-	-	-	-
		<b>478,558,600</b>	<b>478,558,600</b>	<b>478,558,600</b>	<b>478,558,600</b>

## 21 Surplus in profit and loss account/Retained earnings (standalone)

### Accounting policy

#### Remeasurements gain/(loss) of defined benefits liability (assets)

Remeasurement gain/loss arises from the actuarial valuation report carried out by professional actuary time to time on BRAC Bank Employees' Gratuity Fund. The last actuarial valuation were carried out based on 31 December 2020 and actuarial gain/loss was recognised in equity as a component of equity net of any deferred tax impact.

Balance at the beginning of the year		12,378,804,260	9,794,724,973
Add: Remeasurements gain/(loss) of defined benefits liability (assets)	9.5.3	(113,449,385)	248,088,649
Add: Retained surplus for the year		4,540,831,949	5,645,802,388
Less: Transfer to statutory reserve		1,275,868,312	1,701,061,330
Less: Cash dividend paid		925,031,495	-
Less: Bonus share issued		925,031,490	1,608,750,420
<b>Closing balance</b>		<b>13,680,255,527</b>	<b>12,378,804,260</b>

### 21.1 Surplus in profit and loss account/Retained earnings (Consolidated)

<b>BRAC Bank Limited</b>	13,680,255,527	12,378,804,260
Less: Gain on disposal of BAMCL reported at Bank's accounts	-	(4,672,919)
<b>Sub total</b>	<b>13,680,255,527</b>	<b>12,374,131,341</b>
<b>BRAC EPL Investment Limited</b>		
Opening balance	(1,900,106,837)	(1,530,378,168)
Add: Retained Surplus/(deficit) for the year	44,197,621	(368,256,955)
Add: Effect of change of shareholding	-	(1,471,714)
Less: Impairment of Goodwill	-	-
<b>Sub total</b>	<b>(1,855,909,216)</b>	<b>(1,900,106,837)</b>
<b>BRAC EPL Stock Brokerage Limited</b>		
Opening balance	567,694,248	644,188,370
Add: Retained Surplus/(deficit) for the year	145,182,009	(76,494,122)
Less: Dividend distributed	-	-
Add: Reserve for stock dividend	-	-
<b>Sub total</b>	<b>712,876,257</b>	<b>567,694,248</b>



Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>bKash Limited</b>					
Opening balance		4,024,357,140	4,283,508,926		
Add: Retained Surplus/(deficit) for the year		(279,566,898)	(259,151,786)		
Add: Effect of change in preference share of bKash		-	-		
Add: Remeasurements of defined benefits liability (assets)		(57,858,628)	-		
Less: Correction of wrongly recognised Goodwill		-	-		
<b>Sub total</b>		<b>3,686,931,614</b>	<b>4,024,357,140</b>		
<b>BRAC SAAJAN Exchange Limited</b>					
Opening balance		189,846,404	177,499,446		
Add: Retained Surplus/(deficit) for the year		(24,704,449)	18,813,452		
Less: Dividend distributed		(12,556,125)	(6,466,494)		
Add: Effect of change of shareholding		-	-		
<b>Sub total</b>		<b>152,585,830</b>	<b>189,846,404</b>		
<b>Associates</b>					
Opening balance - (biTS)		(30,190,001)	(26,625,602)		
realised gain/(loss) - (biTS)		-	-		
Add: Share of profit/(loss) of equity in associate company - (biTS)		-	(3,564,399)		
Opening balance - (BAMCL)		-	(328,760)		
Add: Share of profit/(loss) of equity in associate company - (BAMCL)		-	-		
Gain/(loss) on disposal/loss of control of associates		-	5,001,679		
<b>Sub total</b>		<b>(30,190,001)</b>	<b>(25,517,082)</b>		
		<b>16,346,550,011</b>	<b>15,230,405,214</b>		

#### 21.1.1 Net effect of all items directly recognised in Equity

Effect of change of shareholding in subsidiaries		-	(1,471,714)
Dividend distributed by BRAC SAAJAN Exchange Limited		(12,556,125)	(6,466,494)
Remeasurement of defined benefits liability (assets)-Gratuity	21.1.1.a	(171,308,013)	248,088,649
Effect of change in preference share of bKash	21.1.1.a	-	-
		<b>(183,864,138)</b>	<b>240,150,441</b>

21.1.1.a The above adjustment arose due to issuance of preference share of bKash at a premium namely to "Alipay Singapore E-commerce Private Limited" in the year 2018 and remeasurements of defined benefits liability (assets)- Gratuity Fund in BRAC Bank Limited and bKash Limited.

#### 21.2 Non Controlling Interest

##### Accounting policy

Non-controlling interest (NCI) in business is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. The portion of the NCI (percentage of ordinary shares owned by non-controlling shareholders) in BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited and BRAC SAAJAN Exchange Limited are 0.05%, 10%, 49%, and 25% respectively.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
BRAC EPL Investments Limited		431,687	407,521		
BRAC EPL Stock Brokerage Limited		112,185,583	96,054,249		
bKash Limited		5,445,541,807	5,922,080,882		
BRAC SAAJAN Exchange Limited		51,977,736	62,695,169		
		<b>5,610,136,813</b>	<b>6,081,237,821</b>		

### 21.2.1 Reconciliation of Non Controlling Interest

Particulars	BRACEPL Investments Ltd.	BRAC EPL Stock Brokerage Ltd.	bKash Limited	BRAC SAAJAN Exchange Limited
Opening balance	407,521	96,054,249	5,922,080,882	62,695,169
Share of profit/(loss)	24,166	16,131,334	(394,826,534)	(8,234,816)
Effect of changes in shareholding	-	-	-	-
Dividend payment	-	-	-	(4,185,372)
Translation adjustment	-	-	-	1,702,755
Remeasurements loss on defined benefits liability (assets)	-	-	(81,712,541)	-
	<b>431,687</b>	<b>112,185,583</b>	<b>5,445,541,807</b>	<b>51,977,736</b>

## 22 Contingent liabilities

### Accounting policy

Off Balance Sheet Items include various non-derivative financial instruments primarily letter of credit (L/C), letter of guarantee (L/G), acceptance and endorsements, bills for collection etc. and various derivative instruments like forward contracts and currency rate swaps etc.

The Bank has following exposures for contingent liabilities at reporting date:

Acceptances and endorsements		27,887,446,334	27,669,571,296	27,887,446,334	27,669,571,296
Irrevocable letters of credit		15,550,643,171	12,226,956,921	15,550,643,171	12,226,956,921
Total Letters of credit and Acceptances and endorsements	22.1	43,438,089,505	39,896,528,217	43,438,089,505	39,896,528,217
Guarantees Issued	22.2	10,831,198,204	13,089,590,151	10,831,198,204	13,089,590,151
Bills for collection	22.3	12,320,479,990	20,918,191,150	12,320,479,990	20,918,191,150
Other Commitments	22.4	26,990,260,781	26,232,850,181	26,990,260,781	26,232,850,181
		<b>93,580,028,480</b>	<b>100,137,159,699</b>	<b>93,580,028,480</b>	<b>100,137,159,699</b>

### 22.1 Irrevocable Letters of Credit including Acceptances and endorsements

Letter of credit (Inland)		272,980,934	74,376,474	272,980,934	74,376,474
Letter of credit (General)		28,525,891,159	26,867,830,468	28,525,891,159	26,867,830,468
Back to Back L/C		2,161,014,227	1,649,895,560	2,161,014,227	1,649,895,560
Back to Back bills		4,590,390,724	4,954,421,052	4,590,390,724	4,954,421,052
Back to Back bills (EDF)		7,887,812,460	6,350,004,662	7,887,812,460	6,350,004,662
		43,438,089,505	39,896,528,217	43,438,089,505	9,896,528,217
Less: Margin		733,320,168	622,674,986	733,320,168	622,674,986
		<b>42,704,769,337</b>	<b>39,273,853,231</b>	<b>42,704,769,337</b>	<b>39,273,853,231</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>22.2 Letter of Guarantee</b>					
Letter of guarantee (Local)		8,223,631,119	6,106,194,841	8,223,631,119	6,106,194,841
Letter of guarantee (Foreign)		667,058,388	257,165,750	667,058,388	257,165,750
Foreign counter guarantee		1,940,508,697	6,726,229,561	1,940,508,697	6,726,229,561
		10,831,198,204	13,089,590,151	10,831,198,204	13,089,590,151
Less: Margin		200,468,299	206,711,655	200,468,299	206,711,655
		<b>10,630,729,905</b>	<b>12,882,878,496</b>	<b>10,630,729,905</b>	<b>12,882,878,496</b>
Balance for which the Bank is contingently liable in respect of guarantee issued favouring:					
Directors		-	-	-	-
Government		2,274,551,623	3,699,426,258	2,274,551,623	3,699,426,258
Bank and other financial institution		866,495,856	1,008,934,434	866,495,856	1,008,934,434
Others		7,690,150,724	8,381,229,459	7,690,150,724	8,381,229,459
		10,831,198,204	13,089,590,151	10,831,198,204	13,089,590,151
Less : Margin		200,468,299	206,711,655	200,468,299	206,711,655
		<b>10,630,729,904</b>	<b>12,882,878,496</b>	<b>10,630,729,904</b>	<b>12,882,878,496</b>
<b>22.3 Bills for collection</b>					
Outward local bills for collection		11,333,960,651	16,997,049,620	11,333,960,651	16,997,049,620
Outward foreign bills for collection		986,519,339	3,921,141,530	986,519,339	3,921,141,530
Inward local bills for collection		-	-	-	-
Inward foreign bills for collection		-	-	-	-
		<b>12,320,479,990</b>	<b>20,918,191,150</b>	<b>12,320,479,990</b>	<b>20,918,191,150</b>
<b>22.4 Other Commitments</b>					
Swap deals with banks and customers		18,307,971,009	23,391,560,275	18,307,971,009	23,391,560,275
Spot and forward deals with banks and customers		8,682,289,771	2,841,289,906	8,682,289,771	2,841,289,906
		<b>26,990,260,781</b>	<b>26,232,850,181</b>	<b>26,990,260,781</b>	<b>26,232,850,181</b>
<b>22.5 Significant concentration wise grouping</b>					
i) Documentary credits and short term trade related transactions		66,589,767,699	73,904,309,518	66,589,767,699	73,904,309,518
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		8,682,289,771	2,841,289,906	8,682,289,771	2,841,289,906
vi) Others		18,307,971,009	23,391,560,275	18,307,971,009	23,391,560,275
		<b>93,580,028,480</b>	<b>100,137,159,699</b>	<b>93,580,028,480</b>	<b>100,137,159,699</b>

#### 22.6 Suit filed by the Bank

No law suit filed by the bank against contingent liabilities.

**SECTION - THREE: NOTES TO PROFIT AND LOSS ACCOUNT**

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>23 Income statement</b>					
<b>Income:</b>					
Interest, discount and similar income	23.1	33,570,570,396	35,070,248,466	29,461,025,205	32,142,681,220
Dividend income	26	96,585,958	114,317,656	109,142,083	120,783,955
Fees, commission and brokerage	23.2	6,393,186,579	5,868,793,267	2,107,132,951	2,437,850,275
Gains less losses arising from dealing securities		(309,071,832)	(134,371,259)	(309,071,832)	(134,371,259)
Gains less losses arising from investment securities/trading shares-MF		(297,672,622)	(200,493,546)	(297,672,622)	(195,820,627)
Gains less losses arising from dealing from foreign currencies	27	453,142,827	730,378,188	453,142,827	730,378,188
Gain less losses arising from repo		2,201,806,132	830,449,760	2,201,806,132	830,449,760
Income from non-banking assets		-	-	-	-
Other operating income	28	170,205,482	238,083,987	111,861,433	110,459,191
		<b>42,278,752,920</b>	<b>42,517,406,519</b>	<b>33,837,366,177</b>	<b>36,042,410,703</b>
<b>Expenses:</b>					
Interest paid on deposits and borrowings etc.	25	13,551,857,896	14,697,927,471	13,328,975,578	14,654,308,149
Administrative expenses	23.3	14,337,436,528	12,684,545,799	7,757,881,258	7,246,866,776
Other operating expenses	37	3,557,193,500	3,767,683,277	2,466,298,899	2,557,229,126
Depreciation on banking assets	36	2,638,503,971	2,407,135,299	1,682,480,106	1,636,380,810
		<b>34,084,991,895</b>	<b>33,557,291,846</b>	<b>25,235,635,841</b>	<b>26,094,784,861</b>
<b>Operating Profit</b>		<b>8,193,761,025</b>	<b>8,960,114,673</b>	<b>8,601,730,336</b>	<b>9,947,625,842</b>
<b>23.1 Interest, discount and similar income</b>					
Interest on loans and advances		24,022,608,951	28,422,839,517	23,984,780,544	28,389,394,291
Interest on balance with other banks		683,413,682	633,933,296	18,862,154	30,174,085
Interest on fixed deposits with other banks		2,278,046,864	3,377,079,959	609,248,730	1,083,700,773
Other interest income		95,870,519	188,833,219	95,694,447	188,833,219
Interest on treasury bills and bonds		4,381,333,979	2,116,635,835	4,381,333,979	2,116,635,835
Profit on govt. Sukuk bonds		306,108	-	306,108	-
Interest Income on reverse REPO		9,449,127	81,211,611	9,449,127	81,211,611
Interest on subordinate bond		202,566,155	199,226,776	202,566,155	199,226,776
Interest on Zero Coupon Bond		155,602,396	15,698,088	155,602,396	15,698,088
Interest on Interest Rate Swap		6,855,771	7,674,370	6,855,771	7,674,370
Gain/Loss on Interest Rate Swap		(4,015,036)	30,132,172	(4,015,036)	30,132,172
Gain on non-trading shares and mutual funds (realized)		340,830	-	340,830	-
Investment income/loss from subsidiaries		1,738,191,050	(3,016,377)	-	-
		<b>33,570,570,396</b>	<b>35,070,248,466</b>	<b>29,461,025,205</b>	<b>32,142,681,220</b>
<b>23.2 Fees, commission and brokerage</b>					
Fees		1,552,091,757	1,790,849,101	1,552,091,757	1,790,849,101
Commission		4,841,094,822	4,077,944,166	555,041,194	647,001,174
		<b>6,393,186,579</b>	<b>5,868,793,267</b>	<b>2,107,132,951</b>	<b>2,437,850,275</b>
<b>23.3 Administrative expenses</b>					
Salaries and allowances		9,043,103,741	7,869,286,126	6,228,455,055	5,578,849,064
Rent, taxes, insurance, electricity etc.		792,562,400	824,047,162	664,814,313	701,300,962
Legal expenses		53,059,777	57,680,540	18,361,919	31,142,353
Postage, stamps, telecommunication etc.		301,320,117	313,422,992	204,617,611	230,319,874
Stationery, printing, advertisement etc.		2,842,951,296	2,496,364,990	220,659,472	269,486,898

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
Chief Executive's salary and fees		18,775,000	18,775,000	18,775,000	18,775,000
Directors' fees and expenses		3,304,211	3,005,897	1,596,800	1,066,520
Auditors' fee		7,895,608	7,624,501	1,840,000	1,840,000
Repairs and maintenance of fixed assets		1,274,464,378	1,094,338,591	398,761,088	414,086,105
		<b>14,337,436,528</b>	<b>12,684,545,799</b>	<b>7,757,881,258</b>	<b>7,246,866,776</b>

## 24 Interest income

### Accounting policy

#### Interest Income

Interest income is recognised on an accruals basis. Interest on loans and advances ceases to be taken into income when such advances are classified, kept in interest suspense account. Interest on classified advances is accounted for on a realisation basis as per Bangladesh Bank guidelines.

#### Interest and fees receivable on credit cards

Interest and fees receivable on credit cards are recognised on an accruals basis. Interest and fees cease to be taken into income when the recovery of interest and fees is in arrear for over three months. Thereafter, interest and fees are accounted for on realisation basis.

#### Income on Bills purchased and discounted

Income on Bills purchased and Discounted is recognised on accrual basis.

SME	12,601,060,526	14,745,048,648	12,601,060,526	14,745,048,648
Retail	4,716,359,501	5,106,442,762	4,716,359,501	5,106,442,762
Corporate	5,976,187,621	8,187,540,468	5,976,187,621	8,187,540,468
Treasury	691,172,896	350,362,413	691,172,896	350,362,413
Margin loan	37,828,407	33,445,226	-	-
Interest on loans and advances	24,022,608,951	28,422,839,517	23,984,780,544	28,389,394,291
Interest on balance with other banks	683,413,682	633,933,296	18,862,154	30,174,085
Interest on fixed deposits with other banks	2,799,006,059	3,918,219,361	864,599,668	1,320,313,944
Other interest income	95,870,519	188,833,219	95,694,447	188,833,219
	27,600,899,211	33,163,825,393	24,963,936,813	29,928,715,539
Less: Elimination of inter unit/company transactions	520,959,195	541,139,402	255,350,938	236,613,171
	<b>27,079,940,016</b>	<b>32,622,685,991</b>	<b>24,708,585,875</b>	<b>29,692,102,368</b>

## 25 Interest paid on deposits and borrowings etc.

### Accounting policy

Interest paid and other expenses are recognised on an accrual basis.

#### A. Interest paid on deposits:

Current account	1,135,157,388	975,538,984	799,286,651	786,721,287
Short term deposit	351,791,964	158,691,433	351,791,964	158,691,433
Savings deposit	646,549,529	768,844,113	646,549,529	768,844,113
Term deposit	9,794,702,015	11,353,064,303	9,794,702,015	11,353,064,303
	11,928,200,896	13,256,138,833	11,592,330,159	13,067,321,136

#### B. Interest paid for borrowings:

Interest on money at call and short notice	134,757,495	135,203,032	134,757,495	135,203,032
Interest on borrowings from banks and FIs	1,024,226,927	1,421,468,420	871,607,089	1,262,140,564
Interest on funding SWAP	58,551,722	86,042,483	58,551,722	86,042,483
Bangladesh Bank-refinance	292,452,449	152,814,851	292,452,449	152,814,851
Interest on Repurchase agreement (REPO)	634,627,602	187,399,254	634,627,602	187,399,254
	2,144,616,195	1,982,928,040	1,991,996,357	1,823,600,184
	<b>14,072,817,091</b>	<b>15,239,066,873</b>	<b>13,584,326,516</b>	<b>14,890,921,320</b>
Less: Elimination of inter unit/company transactions	520,959,195	541,139,402	255,350,938	236,613,171
	<b>13,551,857,896</b>	<b>14,697,927,471</b>	<b>13,328,975,578</b>	<b>14,654,308,149</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019

## 26 Investment income

### Accounting policy

Income on investments is recognised on an accruals basis. Investment income includes interest on treasury bills, treasury bonds, zero coupon, shares, debentures etc.

### Dividend Income on Shares

Dividend income from investment in shares is recognised when the Banks right to receive the dividend is established. It is recognised when:

- It is probable that the economic benefit associated with the transaction will flow to the entity; and
- The amount of the revenue can be measured reliably.

The details of investment income are as follows:

Interest on treasury bills and bonds		4,381,333,979	2,116,635,835	4,381,333,979	2,116,635,835
Profit on govt. Sukuk bonds		306,108	-	306,108	-
Gain/(Loss) on dealing of securities - HFT Instruments		(309,071,832)	(134,371,259)	(309,071,832)	(134,371,259)
Reclassification gain on T-Bond		206,062,923	-	206,062,923	-
Interest Income on reverse REPO		9,449,127	81,211,611	9,449,127	81,211,611
Gain on REPO and reverse REPO		1,995,743,209	830,449,760	1,995,743,209	830,449,760
Dividend on preference shares		307,377	1,552,212	307,377	1,552,212
Dividend on ordinary shares		96,278,581	112,765,444	96,278,581	112,765,444
Dividend from subsidiary		-	-	12,556,125	6,466,299
Interest on subordinate bond		202,566,155	199,226,776	202,566,155	199,226,776
Interest on Zero Coupon Bond		155,602,396	15,698,088	155,602,396	15,698,088
Interest on Interest Rate Swap		6,855,771	7,674,370	6,855,771	7,674,370
Gain/(Loss) on Interest Rate Swap		(4,015,036)	30,132,172	(4,015,036)	30,132,172
Gain/(Loss) on trading shares-MF (Realised)		(297,672,622)	(200,493,546)	(297,672,622)	(200,493,546)
Gain on non-trading shares and mutual funds (realized)		340,830	-	340,830	-
Gain on disposal of associates		-	-	-	4,672,919
Investment income/(loss) of subsidiaries	26.1	1,738,191,050	(3,016,377)	-	-
		<b>8,182,278,016</b>	<b>3,057,465,086</b>	<b>6,456,643,091</b>	<b>3,071,620,681</b>
<b>26.1 Investment income/(loss) of subsidiaries</b>					
Dividend income		48,962,141	55,778,897		
Realised gain/(loss) during the year		99,404,813	(116,959,058)		
Fair value adjustment at reporting date		168,122,345	(248,567,271)		
Share of profit of equity in associate company		-	2,758,371		
Interest on treasury bills & bonds		1,421,701,751	303,972,684		
		<b>1,738,191,050</b>	<b>(3,016,377)</b>		

## 27 Commission, exchange and brokerage

### Accounting policy

The Bank earns fees and commission from a diverse range of services provided to its customers. These include fees and commission income arising on financial and other services provided by the Bank including trade finance, credit cards, debit cards, passport endorsement, visa processing, student service, loan processing, loan syndication, locker facilities and SMS banking etc. Fees and commission income arises on services rendered by the Bank are recognised on a realisation basis.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019

The details of commission, exchange and brokerage income are as follows:

Commission from sale of sanchaya patra		114,832,709	105,774,501	114,832,709	105,774,501
Commission from issue of payment orders, DD and TT		9,577,780	14,662,152	9,577,780	14,662,152
Commission from issue of letter of guarantee		66,711,236	78,816,403	66,711,236	78,816,403
Commission from issue of letters of credit (Import and Export)		284,519,104	300,375,589	284,519,104	300,375,589
Other commission		79,400,365	147,372,529	79,400,365	147,372,529
Gain or (Loss) on Foreign currency dealings		453,142,827	730,378,188	453,142,827	730,378,188
Loan processing fees		226,769,467	161,514,475	226,769,467	161,514,475
Account activity fees		282,958,905	335,157,037	282,958,905	335,157,037
Import and export related fees		176,753,392	190,445,220	176,753,392	190,445,220
Fees and Commission-Cards		478,995,594	688,826,837	478,995,594	688,826,837
Relationship Fees		5,976,718	7,367,646	5,976,718	7,367,646
Loan Early Settlement Fees		93,881,972	98,733,990	93,881,972	98,733,990
Service Charges for ATM Card		157,134,237	165,674,054	157,134,237	165,674,054
Fund Collection/ Transfer Fees		148,363	99,600	148,363	99,600
Student Service Center Fees		11,305,400	9,344,250	11,305,400	9,344,250
Cancellation fees		86,775	38,515	86,775	38,515
Cheque collection fees		198,500	245,550	198,500	245,550
Custodian fees		18,259,494	21,974,551	18,259,494	21,974,551
Other fees	27.1	99,622,940	111,427,376	99,622,940	111,427,376
Commission and brokerage income of subsidiaries		4,346,703,147	3,440,178,187	-	-
		6,906,978,925	6,608,406,650	2,560,275,778	3,168,228,463
Less: Elimination of inter unit/company transactions		60,649,519	9,235,195	-	-
		<b>6,846,329,406</b>	<b>6,599,171,455</b>	<b>2,560,275,778</b>	<b>3,168,228,463</b>

#### 27.1 Other fees

Passport Endorsement Fees		95,915	609,445	95,915	609,445
Locker fees		4,843,137	4,826,767	4,843,137	4,826,767
Service fees - ATM		514,239	583,691	514,239	583,691
Service fees - BIT		1,307,708	964,969	1,307,708	964,969
Service fees - bKash		8,468,945	2,312,515	8,468,945	2,312,515
Annual Membership Fees-Premium Banking		59,000	119,000	59,000	119,000
Annual Fees-SMS Banking		34,972,593	39,015,062	34,972,593	39,015,062
Annual Fees-Internet Banking		984,600	626,500	984,600	626,500
Cash withdrawal from branch POS		-	400	-	400
Syndication Fees		7,165,740	30,463,978	7,165,740	30,463,978
Valuation fees		268,602	-	268,602	-
E-commerce acquiring fees		26,198,697	14,717,410	26,198,697	14,717,410
Miscellaneous fees income		14,743,764	17,187,639	14,743,764	17,187,639
		<b>99,622,940</b>	<b>111,427,376</b>	<b>99,622,940</b>	<b>111,427,376</b>

#### 28 Other operating income

##### Accounting policy

The profit on sale of fixed assets is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, and is recognised as an item of other income in the year in which the significant risks and rewards of ownership are transferred to the buyer.

Profit on sale of fixed assets		11,086,641	11,105,165	11,086,641	11,105,165
Profit share from other bank		100,533,561	99,182,058	100,533,561	99,182,058
Miscellaneous income		241,231	171,968	241,231	171,968
Other operating income of subsidiaries		58,344,049	127,624,796	-	-
		<b>170,205,482</b>	<b>238,083,987</b>	<b>111,861,433</b>	<b>110,459,191</b>

## 29 Salaries and allowances/Employee benefits

### Accounting policy

#### Provident Fund (Defined Contribution Plan)

A "Defined Contribution Plan" is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal constructive obligation to pay further amounts. Provident Fund benefits are given to the staff of the Bank in accordance with the registered Provident Fund Rules. The commissioner of Income Tax, Large Tax Payers Unit, Dhaka has approved the Provident Fund as a 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 1<sup>st</sup> January, 2003. The fund is operated by a Board of Trustees consisting of employees of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the fund. The bank also contributes equal amount of the employees' contribution to the fund. Upon completion of 1 year of service length after confirmation employees are entitled to 100% of employer's contribution along with his/her own contribution. Interest earned from the investments is credited to the members' account on half yearly basis.

#### Gratuity Fund (Defined Benefit Plan)

Gratuity Fund benefits are given to the staff of the Bank in accordance with the approved Gratuity Fund rules. National Board of Revenue has approved the Gratuity Fund as a recognized Gratuity fund on 6<sup>th</sup> March 2006. The fund is operated by a Board of Trustees consisting of 8 (eight) members of the Bank. Employees are entitled to Gratuity benefit after completion of minimum 05 (five) years of service in the Bank. The Gratuity is calculated on the basis of last basic pay and is payable at the rate of one month's basic pay for every completed year of service, or in the case of service of 10 years or more at the rate of one and half month's basic pay for every completed year of service. Beyond 5 years, 6 months and more shall be considered as full year of service. Gratuity fund is a "Defined Benefit Plan" and contribution to Gratuity Fund is measured through the result of actuarial valuation of the fund.

The Bank's net obligation in respect of gratuity is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Bank determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense, current service cost and other expenses related to defined benefit plans are recognised as salaries and allowances in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

#### Worker's Profit Participation Fund (WPPF)

Consistent with the industry practice and in accordance with the Bank Company Act, 1991, no provision has been made for WPPF.

#### Life Insurance

The objective of the scheme is to provide death or permanent disability benefits to its confirmed employees and on their families with a sum equal to 50 times (in case of normal death) and 100 times (in case of accidental death) of the last drawn basic salary to the nominee.



### Welfare Fund

The objective of the Employees' Welfare Fund is to provide regular category employees from Officer Grade-1 to Senior Principal Officer of the BRAC Bank incurring severe accidents during official job, extended illness (not less than 3 months), Education for Children, Marriage of Children which costs would not be affordable by the employee and which are not covered by any other means. All regular confirmed employees of the Bank are contributing monthly to the Fund according to the designation. The sum subscribed monthly from salaries of the employees is credited separately in an "Employee Welfare Fund" as a liability of the Bank. There are at least 3 (three) members of Management Committee to manage the fund. The Managing Director and CEO of the Bank is the Chairperson of this committee and other 2 (two) members are nominated from the regular category staff.

### Hospitalization Insurance

The Bank has introduced a health insurance scheme to its confirmed employees and their respective dependents at rates provided in the health insurance coverage policy.

### Performance bonus

BRAC Bank provides performance bonus to the eligible employees every year. This bonus amount is being distributed among the employees based on their performance and management decision. The bonus amount is paid annually, normally in the following year and the costs are accounted for in the period to which it relates.

### Annual leave

The provision for leave fare represents the current outstanding liability to employees at the balance sheet date. Leave Fare Assistance is a non-recurring benefit for all permanent employees of the Bank who are entitled to annual leave. According to Bangladesh Bank policy all permanent employees have to avail 15 consecutive days of mandatory leave and LFA will be given in this leave period.

### Subsidized Scheme - Staff Loan

Personal, House building and car loans are provided to the permanent staff at a subsidized rate. Criteria and details of types wise staff loan is given below:

**Personal Loan:** A permanent staff can avail personal loan taking approval from department head and Head of HR subject to completion of a specific service length and performance rating.

**House building Loan:** A permanent staff completing 5 year of service can avail house building loan taking approval from House Building Loan Committee subject to performance rating and completed service length with BRAC Bank.

**Car Loan:** All confirmed staff at job grade from PO can avail staff car loan taking approval from department head and head of HR.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>30 Rent, taxes, insurance, electricity, etc.</b>					
Rent, rates and taxes	30.1	298,221,971	359,885,809	273,205,964	337,083,494
Insurance		255,086,616	213,694,842	187,040,034	156,942,237
Power and electricity		218,385,341	231,784,176	183,816,133	188,675,860
WASA and sewerage		20,868,472	18,682,335	20,752,182	18,599,371
		<b>792,562,400</b>	<b>824,047,162</b>	<b>664,814,313</b>	<b>701,300,962</b>
<b>30.1 Rent, taxes, insurance, electricity, etc.</b>					
Rent, taxes, insurance, electricity, etc.		1,385,092,784	1,413,366,378	1,132,107,149	1,143,800,056
Reversal of rent expenses due to depreciation and interest expenses under IFRS 16 "Leases"		1,086,870,813	1,053,480,569	858,901,185	806,716,562
		<b>298,221,971</b>	<b>359,885,809</b>	<b>273,205,964</b>	<b>337,083,494</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>31 Postage, stamp, telecommunication, etc.</b>					
Postage and courier		53,238,635	80,504,984	39,863,122	57,463,362
Telegram, telex, fax and network		111,537,551	117,972,030	74,487,696	88,361,987
Court fees and stamps		33,397,825	30,125,147	33,397,825	30,125,147
Telephone		103,146,106	84,820,831	56,868,968	54,369,378
		<b>301,320,117</b>	<b>313,422,992</b>	<b>204,617,611</b>	<b>230,319,874</b>
<b>32 Stationery, printing, advertisements, etc.</b>					
Stationery and Printing		116,991,185	164,488,336	111,064,919	147,629,830
Security Stationery		51,995,186	53,279,699	51,995,186	53,279,699
Advertisement		2,673,964,925	2,278,596,955	57,599,367	68,577,369
		<b>2,842,951,296</b>	<b>2,496,364,990</b>	<b>220,659,472</b>	<b>269,486,898</b>
<b>33 Chief Executive's salary and allowances</b>					
Basic salary		12,600,000	12,600,000	12,600,000	12,600,000
Bonus and others	33.1	4,675,000	4,675,000	4,675,000	4,675,000
House rent allowance		1,500,000	1,500,000	1,500,000	1,500,000
Medical allowance		-	-	-	-
		<b>18,775,000</b>	<b>18,775,000</b>	<b>18,775,000</b>	<b>18,775,000</b>
<b>33.1 Bonus and others</b>					
Festival Bonus		2,100,000	2,100,000	2,100,000	2,100,000
Performance Bonus		1,000,000	1,000,000	1,000,000	1,000,000
Leave Fair Assistance		1,575,000	1,575,000	1,575,000	1,575,000
		<b>4,675,000</b>	<b>4,675,000</b>	<b>4,675,000</b>	<b>4,675,000</b>

### 34 Directors' fees

Directors' fees represent fees paid for attending board meeting, board audit committee meeting and risk management committee meeting @ Tk. 8,000 from January to December 2020 per director per meeting.

#### Breakup of Directors fees and expenses are given below:

Meeting attendance fees	3,304,211	3,005,897	1,596,800	1,066,520
	<b>3,304,211</b>	<b>3,005,897</b>	<b>1,596,800</b>	<b>1,066,520</b>

### 35 Auditor's fees

Audit fees	7,895,608	7,624,501	1,840,000	1,840,000
	<b>7,895,608</b>	<b>7,624,501</b>	<b>1,840,000</b>	<b>1,840,000</b>

### 36 Depreciation and repair of the bank's assets

#### Accounting policy

Refer to Note 8 Fixed assets including premises, furniture and fixtures for the relevant accounting policy.

#### Depreciation of Property plant and equipment

Furniture and fixtures	181,711,001	197,283,837	163,307,618	178,233,349
Office floor space	617,701	617,701	100,858	100,858
Office equipment	129,100,027	135,690,778	112,189,846	120,319,690
IT hardware	678,947,904	562,961,640	361,314,369	336,055,749
Motor vehicles	92,327,852	84,862,562	66,599,024	62,007,944
Leasehold improvement	22,870,947	20,333,067	-	-
Right of use assets (ROU) as per IFRS 16*	969,354,552	949,269,580	754,483,800	733,943,048
IT software	563,573,987	456,116,134	224,484,591	205,720,172
	<b>2,638,503,971</b>	<b>2,407,135,299</b>	<b>1,682,480,106</b>	<b>1,636,380,810</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>Repairs and Maintenance expenses</b>					
Transportation expenses		439,377,841	394,459,385	337,959,120	293,000,003
Equipment repairing expense		55,862,695	72,559,463	11,890,262	24,059,860
Hardware and software maintenance expense		734,542,452	567,779,141	10,433,741	44,535,268
Premises maintenance expense		44,681,390	59,540,602	38,477,965	52,490,974
		<u>1,274,464,378</u>	<u>1,094,338,591</u>	<u>398,761,088</u>	<u>414,086,105</u>
<b>Total</b>		<b><u>3,912,968,349</u></b>	<b><u>3,501,473,890</u></b>	<b><u>2,081,241,194</u></b>	<b><u>2,050,466,915</u></b>

\* Lease concession for application of practical expedient for Covid-19 and gain/loss on disposal of lease agreement as per IFRS 16 have been adjusted with depreciation expense for Right of use assets (RoU).

### 37 Other expenses

Conveyance expense		103,449,986	133,273,609	103,449,986	133,273,609
Fuel expenses		17,698,252	26,110,283	17,698,252	26,110,283
Traveling cost		27,629,377	63,358,414	27,629,377	63,358,414
Professional fees		86,330,505	32,839,358	86,330,505	32,839,358
Entertainment		55,233,863	68,298,034	55,233,863	68,298,034
SWIFT cost		7,140,219	6,043,979	7,140,219	6,043,979
Business promotion and development		28,481,989	122,191,199	28,481,989	122,191,199
Books, news papers and periodicals		684,794	2,067,320	684,794	2,067,320
Donation and subscription		241,084,571	96,620,035	241,084,571	96,620,035
Sponsorship		41,426,137	69,537,066	41,426,137	69,537,066
Government Levy, VAT and excise duty		5,273,489	7,988,929	5,273,489	7,988,929
Other operational loss		152,762	2,574,659	152,762	2,574,659
Staff training and development		30,843,497	60,576,577	30,843,497	60,576,577
Staff liveries		2,852,217	8,223,657	2,852,217	8,223,657
Staff recruitment		1,748,873	4,623,975	1,748,873	4,623,975
Salaries and allowance -outsourcing staff		373,431,474	326,231,534	373,431,474	326,231,534
Staff sales incentives		350,447,720	399,150,020	350,447,720	399,150,020
Bank charges		18,787,319	19,490,982	18,787,319	19,490,982
Interest expense for leased liability as per IFRS 16		259,835,771	252,543,973	208,780,645	208,355,804
Documentation charges - CIB		3,508,800	11,250,600	3,508,800	11,250,600
IT enabled services		427,833,552	393,189,702	427,833,552	393,189,702
Security guard cost		209,953,698	250,403,810	209,953,698	250,403,810
Commission paid to vendors		4,496,446	7,067,019	4,496,446	7,067,019
Cash carrying charges		83,071,919	93,609,355	83,071,919	93,609,355
Spare parts expense		54,782,359	83,860,151	54,782,359	83,860,151
Archiving expense		32,027,367	27,534,080	32,027,367	27,534,080
Commission paid to agents		-	21,520,723	-	21,520,723
Covid prevention expense		48,044,586	-	48,044,586	-
Miscellaneous		1,102,483	11,238,252	1,102,483	11,238,252
Other expenses of subsidiaries	37.1	1,100,488,994	1,175,501,177	-	-
		<b><u>3,617,843,019</u></b>	<b><u>3,776,918,472</u></b>	<b><u>2,466,298,899</u></b>	<b><u>2,557,229,126</u></b>
Less: Elimination of inter unit/company transactions		60,649,519	9,235,195	-	-
		<b><u>3,557,193,500</u></b>	<b><u>3,767,683,277</u></b>	<b><u>2,466,298,899</u></b>	<b><u>2,557,229,126</u></b>

#### 37.1 Other expenses of subsidiaries

BRAC EPL Investments Limited		9,820,297	10,910,137		
BRAC EPL Stock Brokerage Limited		123,465,912	150,463,384		
bKash Limited		410,930,914	507,929,083		
BRAC SAAJAN Exchange Limited		556,271,871	506,198,573		
		<b><u>1,100,488,994</u></b>	<b><u>1,175,501,177</u></b>		

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>38 Share of profit/(loss) of associates</b>					
BRAC IT Services Limited		-	(3,564,399)		
		<b>-</b>	<b>(3,564,399)</b>		

### 39 Provisions

#### Accounting policy

Refer to Note 16 Other liabilities for the relevant accounting policy.

#### Provision for loans and advances

Specific provision charged during the year	2,828,275,730	1,742,585,563	2,828,275,730	1,742,585,563
Special provision Covid-19 charged during the year	774,130,118	-	774,130,118	-
Recovery of written off bad debts	(633,704,077)	(786,257,664)	(633,704,077)	(786,257,664)
Specific provision (net off recovery) for the year*	2,968,701,771	956,327,899	2,968,701,771	956,327,899
General provision charged during the year	(603,544,658)	139,800,906	(603,544,658)	139,800,906
<b>Total provision for loans and advances</b>	<b>2,365,157,113</b>	<b>1,096,128,805</b>	<b>2,365,157,113</b>	<b>1,096,128,805</b>
Diminution in value of Investments	(563,219,881)	534,400,000	(563,219,881)	534,400,000
Off Balance Sheet items	63,083,635	(192,000,000)	63,083,635	(192,000,000)
<b>Other provisions:</b>				
Other assets	6,399,791	19,755,134	500,000	1,063,711
Interest receivable from loan	1,081,941	2,726,674	1,081,941	2,726,674
	<b>1,872,502,599</b>	<b>1,461,010,613</b>	<b>1,866,602,808</b>	<b>1,442,319,190</b>

### 40 Provision for taxation

#### Accounting policy

Income tax on profit for the year comprises current and deferred tax and is based on the applicable tax law in Bangladesh. It is recognised in the income statement as tax expense.

#### Current Tax

Current tax is the expected tax payable on taxable income for the year, based on tax rates and tax laws which are enacted at the reporting date, including any adjustment for tax payable in previous periods. Current tax for current and prior periods are recognised as a liability or asset to the extent that it is unpaid or refundable.

Provision for current income tax has been made @ 37.5% on the taxable business income, @ 20% on taxable dividend income and @ 10% on realised gain on trading of shares as prescribed in the Finance Act 2020.

#### Deferred Tax

The Bank accounted for deferred tax as per IAS 12 Income Taxes. Deferred tax is accounted for any temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base.

Deferred tax assets, including those related to the tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and credits can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences. They are also recognised for taxable temporary differences arising on investments and it is probable that temporary differences will reverse in future. Deferred tax assets associated with these interests are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and there will be sufficient taxable profits against which to utilise the benefits of the temporary difference.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement reflects the tax consequences that would follow from the manner in which the Bank, at the reporting date, recovers or settles the carrying amount of its assets and liabilities.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019

The charge for taxation is based upon the profit for the year comprises:

Current tax expense/ (income)*	2,840,345,166	3,993,350,029	2,537,375,925	3,718,904,812
Deferred tax expense/ (income) (Net)	(545,564,997)	(1,075,395,289)	(343,080,346)	(859,400,548)
<b>Total provision for Taxation</b>	<b>2,294,780,169</b>	<b>2,917,954,740</b>	<b>2,194,295,579</b>	<b>2,859,504,264</b>

\* Current tax includes the reversal of surplus tax provision for 2009-2013 of BDT 191,123,342 based on latest assessment order from tax office.

#### 40.1 Reconciliation of effective tax rate

Particulars	2020 (Standalone)		2019 (Standalone)	
	%	Taka	%	Taka
Profit before income tax as per profit and loss account		6,735,127,528		8,505,306,652
Income tax as per applicable tax rate	37.50%	2,525,672,823	37.50%	3,189,489,995
<b>Factors affecting the tax charge for current year</b>				
Inadmissible expenses	47.75%	3,216,016,611	34.68%	2,195,605,103
Admissible expenses in the current year (i.e. write-off etc.)	-33.95%	(2,286,598,235)	-21.86%	(1,384,023,655)
Tax exempted income	-10.54%	(709,775,363)	-4.12%	(261,029,438)
Tax savings from reduced tax rates for dividend	-0.25%	(16,816,569)	-0.33%	(21,137,192)
Tax loss/(savings) from reduced tax rates for capital gain	0.00%	-	0.00%	-
Reversal of previous years' excess tax (2009 - 2013)	-2.84%	(191,123,342)	0.00%	-
Effect of deferred tax	-5.09%	(343,080,346)	-13.58%	(859,400,548)
<b>Total income tax expenses</b>	<b>32.58%</b>	<b>2,194,295,579</b>	<b>32.29%</b>	<b>2,859,504,264</b>

#### 40.2 Uncertainty over income tax treatment

Though it appears from the above report that we have tax file open since 2009 for various grounds mainly interpretation of laws and the treatment. The appeal filed at different level from Commissioner of Taxes Appeal to Honorable High Court Division. Where, we did not received proper judgement through appeal from tax department, we preferred appeal before Honorable High Court Division. Under the Appeals filed so far, we have both refund claim from Tax office and tax claim from tax department as well. However, we are reviewing all pending tax claim every year and kept provision BDT 17,326,075,053 against tax office claim of BDT 16,403,715,762 from 2009 to 2017. The Company believes that its provision for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. Please refer to Annexure G for details.

#### 41 Earnings Per Share

##### Accounting policy

Earnings Per Share (EPS) has been computed by dividing the basic earning by the weighted average number of ordinary shares outstanding at the end of the year as per IAS 33 Earnings Per Share.

##### Basic earnings

This represents earnings for the year attributable to ordinary shareholders. Net profit after tax less preference dividend has been considered as fully attributable to the ordinary shareholders.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019

#### Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighted factor. The time weighting factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year.

The basis of computation of number of shares is in line with the provisions of IAS 33 Earnings Per Share. The logic behind this basis is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources generating new earnings. In contrast, other shares were issued against consideration in cash or in kind, and accordingly there is an increase in resource generating new earnings. Therefore, the total number of shares issued in particular year are multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the period.

#### Diluted earnings per share

The objective of diluted earnings per share is consistent with that of basic earnings per share; that is, to provide a measure of the interest of each ordinary share in the performance of an entity taking into account dilutive potential ordinary shares outstanding during the year.

As per IAS-33 "Earnings Per Share", the calculation of diluted earning per share does not assume conversion, exercise or other issue of potential ordinary shares that would have an anti dilutive effect on earning per share. The bank has no dilutive instruments that is why we are not considering the diluted earning per share.

Profit after taxation	4,026,478,257	4,582,586,600	4,540,831,949	5,645,802,388
Profit/(loss) attributable to Non controlling interest	(386,905,850)	(368,424,244)	-	-
Profit attributable to ordinary shareholders of BRAC Bank Limited	4,413,384,107	4,951,010,844	4,540,831,949	5,645,802,388
Weighted average number of shares outstanding	1,325,878,476	1,325,878,476	1,325,878,476	1,325,878,476
<b>Earnings Per Share (EPS)</b>	<b>3.33</b>	<b>3.73</b>	<b>3.42</b>	<b>4.26</b>

## SECTION - FOUR : NOTES TO CASH FLOW STATEMENT

### 42 Cash and Cash Equivalents

#### Accounting policy

For the purpose of presentation in the cash flow statements, cash and cash equivalents includes cash in hand and cash at bank (regardless of maturity), highly liquid interest bearing investment/securities with original maturities of less than three month.

However unencumbered portion of balance with Bangladesh Bank is presented in liquidity statement with maturity more than five years but considering the requirement of BRPD 14 dated 25 June 2003, this amount is considered as cash and cash equivalents in the cash flow statement.

Cash flow statement is prepared in accordance with IAS 7 Statement of Cash Flows. However cash flows from operating activities have been presented according to the format mentioned in BRPD circular no. 14 dated 25 June 2003.

The details of cash and cash equivalents are as follows:

Cash in hand (including foreign currency)	3.1	7,836,614,607	6,963,607,535	7,091,907,372	6,726,443,188
Balance with Bangladesh Bank and its agents banks (including foreign currency)	3.2	12,151,189,284	16,103,064,899	12,151,189,284	16,103,064,899
Balance with other banks and financial institutions	4	42,650,004,620	46,597,711,756	14,358,762,046	15,799,498,546
Money at call and on short notice	5	-	-	-	-
Prize Bond	6.1	1,427,500	1,867,700	1,427,500	1,867,700
		<b>62,639,236,011</b>	<b>69,666,251,890</b>	<b>33,603,286,202</b>	<b>38,630,874,333</b>

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
<b>43 Receipts from other operating activities</b>					
Miscellaneous Income		241,231	17,194,953	241,231	17,194,953
Loss on trading shares		(297,672,622)	(200,493,546)	(297,672,622)	(200,493,546)
Profit share from other banks		100,533,561	99,182,058	100,533,561	99,182,058
Loss on dealing of securities - HFT Instruments		(309,071,832)	(134,371,259)	(309,071,832)	(134,371,259)
Reclassification gain on T-Bond		206,062,923	-	206,062,923	-
Gain/Loss on Interest Rate SWAP		(4,015,036)	30,132,172	(4,015,036)	30,132,172
Gain on REPO and reverse REPO		1,995,743,209	830,449,760	1,995,743,209	830,449,760
Other receipts of subsidiaries		121,127,179	(45,621,747)	-	-
		<b>1,812,948,613</b>	<b>596,472,391</b>	<b>1,691,821,434</b>	<b>642,094,138</b>
<b>44 Payment for other operating activities</b>					
Rent, taxes, insurance, electricity etc.		668,728,277	702,803,726	668,728,277	702,803,726
Audit fees		1,840,000	1,664,707	1,840,000	1,664,707
Directors fees and expenses		1,596,800	1,108,520	1,596,800	1,108,520
Repair and maintenance		445,530,121	382,658,502	445,530,121	382,658,502
Other expenses		2,475,735,938	3,140,106,820	2,475,735,938	3,140,106,820
Legal expenses		17,687,494	47,507,921	17,687,494	47,507,921
Other payments of subsidiaries		590,426,832	485,126,977	-	-
		<b>4,201,545,462</b>	<b>4,760,977,173</b>	<b>3,611,118,630</b>	<b>4,275,850,196</b>
<b>45 Net asset value (NAV) per share</b>					
Net asset value attributable to shareholders of parent		48,567,965,432	40,582,407,358	46,955,084,366	38,919,232,912
Number of ordinary share outstanding at the end of the year		1,325,878,476	1,325,878,476	1,325,878,476	1,325,878,476
		<b>36.63</b>	<b>30.61</b>	<b>35.41</b>	<b>29.35</b>
<b>46 Net operating cash flow per share</b>					
Net operating cash flow		33,012,455,660	25,807,832,497	18,614,773,215	22,706,306,093
Number of ordinary share outstanding at the end of the year		1,325,878,476	1,325,878,476	1,325,878,476	1,325,878,476
		<b>24.90</b>	<b>19.46</b>	<b>14.04</b>	<b>17.13</b>

## SECTION - FIVE : GENERAL DISCLOSURES

### 47 General Disclosures

#### 47.1 Audit Committee

An audit committee was constituted by the Board of Directors of BRAC Bank Limited in its 23<sup>rd</sup> meeting held on 02 March 2003. As on 31<sup>st</sup> December 2020, the Audit Committee as under:

Sl No	Name of the director	Status with the Bank	Status with the committee	Educational qualification
01	Ms. Farzana Ahmed	Independent Director	Chairman	MA (Hons) Philosophy, Politics, Economics & Chartered Accountant
02	Mr. Asif Saleh	Nominated Director	Member	Masters of Business Administration
03	Ms. Fahima Choudhury	Independent Director	Member	M.SC. Management

During the period ended 31 December 2020, the Audit Committee of the Board conducted 08 (Eight) meeting in which among others, the following issues were discussed:

- Training of the employees for the year 2019
- Manual of Audit Procedures and Audit Policy 2020

- Compliance Policy, Monitoring Policy and Revised Internal Control & Compliance Policy and Revised Audit Charter 2020
- Procurement & Outsourcing Risk Management Policy 2020
- Asset-Liability Management Policy and Contingency Funding Plan
- Fraud/forgeries and operational loss report
- Technology related incidents.
- Overall effectiveness of Internal Control System.
- Audit observations on branches, departments, SME Unit offices, Agent Banking
- Audit observations on information systems.
- Annual Health Report of BRAC Bank Limited 2019.
- Management Report of BRAC Bank Limited for the year ended 31 December 2019.

#### 47.2 Related Party/(ies) Transactions

i) The bank carried out transactions with related parties in the normal course of business on an arms length basis. As on 31 December 2020, the bank had following transactions with the 'Related Party/(ies)' as defined in the BRPD circulars no. 14 issued by the Bangladesh Bank on 25 June 2003.

SI No	Name of the Related Parties	Relationship with BBL	Nature of Transaction	Balance at the end of year (Taka)
1	bKash Limited	Subsidiary	Deposits	2,590,480,725
2	BRAC and Its associated organization	Parent Company	Deposits	6,654,832,632
3	BRAC EPL Investments Limited	Subsidiary	Deposits	2,721,732
4	Equity Partners Limited (Eschrow Account)	Subsidiary	Deposits	667,337
5	BRAC EPL Stock Brokerage Limited	Subsidiary	Deposits	40,015,481
6	BRAC IT Services Limited (biTS)	Associates	Deposits	103,302,915
7	BRAC Saajan Exchange Limited	Subsidiary	Deposits	29,136,980
8	Edotco Bangladesh Co. Limited	Common Board member	Deposits	3,294,972,846
9	Policy Research Institute Of Bangladesh	Common Board member	Deposits	1,525,163
10	RSA Advisory Ltd.	Common Board member	Deposits	5,891,572
11	Ogilvy & Mather Communications (Pvt.) Limited	Common Board member	Deposits	-
12	Walton Hi-Tech Industries Limited	Common Board member	Deposits	48,142,660
13	BRAC EPL Investments Limited	Subsidiary	Continuous loan	798,660,711
14	BRAC Saajan Exchange Limited	Subsidiary	Continuous loan	685,878,561
15	KAZI MAHMOOD SATTAR	Director	Credit card	23,600
16	NIHAD KABIR	Director	Credit card	30,421
17	ASIF SALEH	Director	Credit card	25,846
18	SELIM REZA FARHAD HUSSAIN	Director	Credit card	88,783
19	FAHIMA CHOUDHURY	Director	Credit card	6,160
20	SHAMERAN BAHAR ABED	Director	Credit card	223,547
21	BRAC and Its associated organization	Parent Company	Term placement	700,000,000
22	Industrial and Infrastructure Development Finance Company (IIDFC)	Common Board member	Term placement	840,000,000
23	BRAC IT Services Limited (biTS)	Associates	Advance for investment	213,246,061
24	Key Management Personnel (Note - 7.6)	Senior Management	Loans and Advances	111,193,790
25	BRAC Bank Employees' Gratuity Fund (Post employment benefit plan)	Details of transactions with BRAC Bank Employees' Gratuity Fund can be found at note no 9.5.		

Details of transactions with related parties can be found at annexure - K



ii) Name of Directors and the entities in which they have interest as on 31 December 2020:

SI No	Name of director	Status with the Bank	Name of the firms/companies in which they have interest	Educational qualification
1	Dr. Ahsan H. Mansur	Chairman Independent Director	Policy Research Institute of Bangladesh (PRI) Walton Hi-Tech Industries Water Garden Resort and Spa	Ph.D in Economics, University of Western Ontario, Canada, M.A. Economics, McMaster University, Canada, M.A. in Economics, University of Dhaka, Bangladesh
2	Ms. Nihad Kabir (Nominated by BRAC)	Nominated Director	Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) bKash Limited Infrastructure Development Company Limited (IDCOL) Square Textiles Ltd. Siam City Cement (Bangladesh) Limited Kedarpur Tea Company Limited Shaistaganj CNG Co. Limited Sathgao Tea Estate Limited Prottoy Feed	L.L.B., L.L.M.,(UK), (Barrister at Law)
3	Mr. Asif Saleh (Nominated by BRAC)	Nominated Director	BRAC IT Services Limited BRAC Net Limited Institute of Informatics and Development (IID) Edotco Bangladesh Co. Ltd. BRAC Karnafuli Tea Company Ltd. BRAC Kaiyachara Tea Company Ltd BRAC Kodala Tea Company Ltd. BRAC OSIRIS Impact Ventures Ltd.	Masters of Business Administration, New York University, Stern School of Management
4	Mr. Kazi Mahmood Sattar (Independent Director)	Director	RSA Advisory Ltd. RSA Solution Limited RSA Aviation Limited Blue-Wealth Assets Limited BRAC SAAJAN Exchange Limited bKash Limited Data Science Technology Limited	M.Com (Accounting) B. Com (Honours) Finance, University of Dhaka
5	Ms. Fahima Choudhury	Independent Director	Ogilvy & Mather Communications Pvt. Ltd Adcomm Ltd. Adcomm Holdings Ltd. Aktivision Advertising Ltd Graphic People Nazimgarh Resorts Ltd Northbrook Consultants Ltd Screaming Girl Production Ltd. Software People BRAC EPL Investments limited BRAC EPL Stock Brokerage Limited.	B.Sc. (Hons.) Management and M.Sc. Management from London School of Economics and Political Science, the United Kingdom

SI No	Name of director	Status with the Bank	Name of the firms/companies in which they have interest	Educational qualification
6	Ms. Farzana Ahmed	Independent Director	Kids Tutorial	MA (Hons) Philosophy, Politics, Economics & Chartered Accountant
7	Dr. Zahid Hussain	Independent Director	BRAC EPL Stock Brokerage Limited BRAC EPL Investment Limited	Ph.D. in Economics, Boston University
8	Mr. Meheriar M Hasan (Nominated by BRAC)	Nominated Director	Toyota Financial Savings Bank Mechanics Bank Paybby	Master of Science in Finance, USA, BA in Economics
9	Mr. Shameran Bahar Abed (Nominated by BRAC)	Nominated Director	bKash Limited BRAC IT Services Limited (biTs) BRAC Tanzania Finance Limited BRAC Sierra Leone Micro Finance Company Limited BRAC Liberia Micro Finance Company Limited BRAC Uganda Bank Limited BRAC Rwanda Mircofinance Co. Ltd BRAC OSIRIS Impact Ventures Ltd. "BRAC Myanmar Micro Finance Company Limited "	BA in Economics, USA, Bar-at-Law,UK
10	Mr. Selim R.F. Hussain	Managing Director & CEO	IIDFC BRAC EPL Investments Ltd. BRAC EPL Stock Brokerage Ltd. bKash Limited BRAC IT Services Limited BRAC Sajaan	MBA (IBA), University of Dhaka

#### **Taka**

iii) Significant contracts where bank is a party and wherein Directors have interest:	
iv) Shares issued to Directors and executives without consideration or exercisable at discount	Nil
v) Lending Policies to related parties:	Nil
Lending to related parties is effected as per requirement of section 27(1) of the Banking Companies Act ,1991.	
vi) Loan and advances to Directors and subsidiaries:	Nil
Classification Status	1,484,937,629
vii) Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Banking Companies Act,1991.	Unclassified
viii) Investment in the Securities of Directors and their related concern:	Nil
* Industrial and Infrastructure Development Finance Co. Limited	
* Square Pharmaceutical Limite	

#### **47.3 Claim not Acknowledged as Debt**

There was no claim against the Bank not acknowledged as debt as on 31 December 2020.

#### 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 7,740 (2019: 8,160).

#### 47.5 Approval of the financial statements

The financial statements were approved by the Board of Directors on 12 April 2021.

#### 47.6 Events after the Balance Sheet Date

As per IAS - 10 "Events after the Reporting Period" events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of event can be identified:

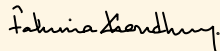
- (a) Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and
- (b) Non adjusting events after the reporting period, are those that are indicative of conditions that arose after the reporting period.

The details about the events after reporting period are as follows:

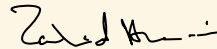
- A. The Board of Directors in its 291<sup>st</sup> Board meeting held on 12 April 2021 has proposed 15% dividend (Cash dividend: 10% and stock dividend: 5%) subject to the approval of Bangladesh Bank and of the Shareholders at the next Annual General Meeting.



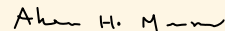
Managing Director and CEO



Director



Director



Chairman

**HIGHLIGHTS ON THE OVERALL ACTIVITIES**

As at 31 December 2020

Annexure - A

Amount in Taka unless otherwise specified

Particulars	Note	2020 Taka	2019 Taka
Paid-up capital	17.2	13,258,784,760	12,333,753,270
Total capital including general provisions	17.8	40,182,231,697	36,822,026,702
Capital surplus	17.8	5,660,376,809	6,271,881,465
Total assets		397,502,390,329	369,404,006,397
Total deposits	15	289,054,405,724	268,309,328,462
Total loans and advances	7	273,063,193,200	264,091,181,535
Total contingent liabilities and commitments	22	93,580,028,480	100,137,159,699
Income from investments	26	6,456,643,091	3,071,620,681
Profit after tax and provisions		4,540,831,949	5,645,802,388
Amount of classified loans during the current year	7.8	8,008,546,136	10,524,563,993
Provision kept against classified loans	16.1	7,493,529,932	6,081,309,787
Provisions surplus/deficit	7.12	3,081,958,970	233,607,255
Interest earning assets		384,777,711,742	356,631,068,884
Non-Interest earning assets		12,724,678,587	12,772,937,513
Credit deposit ratio (Loans and Advances/Deposits)*		76.69%	82.10%
Credit deposit ratio (Loans and Advances/Deposits) including OBU*		80.16%	83.90%
Percentage of classified loans against total loans and advances		2.93%	3.99%
Cost of fund		6.37%	7.04%
Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]		5.75%	8.04%
Return on Assets (ROA) [PAT/Average assets]		1.18%	1.64%
Return on Equity (ROE) [PAT/Average shareholders equity]		10.58%	15.60%
Earnings per share [previous years figure restated]	41	3.42	4.26
Net income per share [(PAT-Dividend on preference share/No. of Ordinary Shares)] [previous years figure restated]		3.42	4.26
Price earning ratio (Market price per share/EPS)		12.94	12.47
Net Asset Value per Share (NAV) [(Shareholders equity- Preference Share)/No. of Ordinary Share] [previous years figure restated]		35.41	29.35
Net Operating Cash Flow Per Share [previous years figure restated]	46	14.04	17.13

\* Credit deposit ratio has been computed as per Bangladesh Bank guideline.

**STATEMENT OF OUTSTANDING UNRECONCILED ENTRIES IN NOSTRO ACCOUNTS (FOREIGN)**

As at 31 December 2020

Annexure B-1

Nostro Account represents outstanding transactions (net) originated but yet to be responded at the Balance Sheet date. However, the status of unresponded entries as at 31 December 2020 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	320	7,133,187	250	9,381,696	52	1,992,471	499	15,662,816
02	More than 03 months but less than 06 months	-	-	-	-	-	-	18	87,528
03	More than 06 months but less than 09 months	-	-	-	-	-	-	9.00	953,435
04	More than 09 months but less than 12 months	-	-	-	-	-	-	3.00	11,303
05	More than 12 months	-	-	-	-	-	-	0	-
	<b>Total</b>	<b>320</b>	<b>7,133,187</b>	<b>250</b>	<b>9,381,696</b>	<b>52</b>	<b>1,992,471</b>	<b>529</b>	<b>16,715,082</b>

**31 December 2019**

SL No	Period of Unreconciliation	As per Local Book				As per Correspondents' Book			
		Debit Entries		Credit Entries		Debit Entries		Credit Entries	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount
01	Up-to 3 months	546	18,467,956	431	13,936,813	39	10,035,884	587	27,537,570
02	More than 03 months but less than 06 months	-	-	-	-	-	-	11	733,852
03	More than 06 months but less than 09 months	-	-	-	-	-	-	-	-
04	More than 09 months but less than 12 months	-	-	-	-	-	-	-	-
05	More than 12 months	-	-	-	-	-	-	0	-
	<b>Total</b>	<b>546</b>	<b>18,467,956</b>	<b>431</b>	<b>13,936,813</b>	<b>39</b>	<b>10,035,884</b>	<b>598</b>	<b>28,271,422</b>

All unadjusted entries are subsequently adjusted on regular basis.

**STATEMENT OF OUTSTANDING UNRECONCILED ENTRIES IN NOSTRO ACCOUNTS (LOCAL)**

As at 31 December 2020

Annexure B-2

(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	47	75,802,962	33	222,910,007	237	406,740,496	65	964,612,241
02	More than 03 months but less than 06 months	0	-	0	-	0	-	0	-
03	More than 06 months but less than 09 months	0	-	0	-	1	920,287	0	-
04	More than 09 months but less than 12 months	3	17,000	1	661	1	901	0	-
05	More than 12 months	2	14,000	28	734,697	22	1,194,832	16	347,269
	<b>Total</b>	<b>52</b>	<b>75,833,962</b>	<b>62</b>	<b>223,645,366</b>	<b>261</b>	<b>408,856,516</b>	<b>81</b>	<b>964,959,510</b>

**31 December 2019**

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	109	74,924,809	139	90,550,958	464	248,855,497	162	491,543,529
02	More than 03 months but less than 06 months	6	2,910,580	1	100,020	5	248,944	6	495,689
03	More than 06 months but less than 09 months	0	-	1	36,070,000	2	36,600,251	1	40,000
04	More than 09 months but less than 12 months	1	40,000	0	-	0	-	2	2,100
05	More than 12 months	0	-	27	734,389	22	1,194,832	18	347,319
	<b>Total</b>	<b>116</b>	<b>77,875,389</b>	<b>168</b>	<b>127,455,367</b>	<b>493</b>	<b>286,899,524</b>	<b>189</b>	<b>492,428,637</b>

**BALANCE WITH OTHER BANKS–OUTSIDE BANGLADESH (NOSTRO ACCOUNT)**

As at 31 December 2020

Annexure - C

Name of Bank	Currency	A/C Type	2020			2019		
			Amount in foreign currency	Exchange rate	Equivalent Taka	Amount in foreign currency	Exchange rate	Equivalent Taka
<b>DBU balance:</b>								
Standard Chartered Bank-New York, USA	USD	CD	2,055,477.18	84.80	174,306,726	412,097.50	84.90	34,987,078
Standard Chartered Bank, United Kingdom	GBP	CD	382,212.73	115.27	44,056,087	970,636.53	111.30	108,027,381
Standard Chartered Bank, Frankfurt, Germany	EUR	CD	92,286.64	104.03	9,600,965	(104,256.75)	95.02	(9,906,039)
Mashreq Bank, New York, USA	USD	CD	47,834.73	84.80	4,056,438	130,400.56	84.90	11,071,008
ICICI Bank Limited, Mumbai, India	USD	CD	324,086.32	84.80	27,482,876	711,429.41	84.90	60,400,357
Habib Bank Limited, Pakistan	USD	CD	22,519.42	84.80	1,909,672	468,184.22	84.90	39,748,840
Bank of Tokyo Mitsubishi UFJ, Ltd	JPY	CD	18,753,120.00	0.82	15,419,801	9,707,132.00	0.78	7,551,178
Zuercher Kantonal Bank, Switzerland	CHF	CD	46,808.91	95.82	4,485,250	33,895.39	87.33	2,960,159
Commerz Bank AG, Germany (USD)	USD	CD	16,844.34	84.80	1,428,419	18,879.09	84.90	1,602,835
Commerz Bank AG, Germany (EURO)	EUR	CD	(817,372.23)	104.03	(85,034,511)	(214,171.65)	95.02	(20,349,691)
United Bank of India, Kolkata, India	USD	CD	416,904.89	84.80	35,353,993	954,038.94	84.90	80,997,906
JP Morgan Chase Bank, New York, USA	USD	CD	4,526,607.38	84.80	383,861,285	827,842.82	84.90	70,283,855
HDFC Bank Limited, India	USD	CD	385,258.54	84.80	32,670,348	728,451.04	84.90	61,845,493
AB Bank Limited, Mumbai, India	USD	CD	123,783.18	84.80	10,496,950	64,329.18	84.90	5,461,547
JP Morgan Sydney	AUD	CD	277,502.47	64.99	18,035,314	1,469.82	59.37	87,264
AXIS Bank Limited Kolkata ACU	USD	CD	354,149.38	84.80	30,032,257	798,072.02	84.90	67,756,314
Abu Dhabi Commercial Bank (AED)	AED	CD	112,895.62	23.09	2,606,393	406,302.69	23.11	9,391,402
Kookmin Bank, USD	USD	CD	102,900.00	84.80	8,726,033	63,391.21	84.90	5,381,914
Commerz Bank, Frankfurt, Germany (GBP)	GBP	CD	100.26	115.27	11,557	100.26	111.30	11,158
Citi Bank N.A., New York, USA	USD	CD	11,107.49	84.80	941,927	-	-	-
Shanghai Pudong Development Bank Co. Ltd, China (CNY)	CNY	CD	60,049.06	12.99	780,286	-	-	-
					<b>721,228,066</b>			<b>537,309,961</b>
<b>OBU balance:</b>								
Standard Chartered Bank, Frankfurt, Germany	EUR	CD	-	-	-	-	-	-
Standard Chartered Bank, New York	USD	CD	-	-	-	-	-	-
Commerz Bank, Germany	USD	CD	-	-	-	-	-	-
ICICI Bank Limited, Mumbai, India	USD	CD	-	-	-	-	-	-
Sonali Bank Limited, United Kingdom	GBP	CD	-	-	-	-	-	-
Standard Chartered Bank, UK	GBP	CD	0.19	111.32	21	0.19	111.32	21
JP Morgan Chase Bank, New York	USD	CD	3,005,623.82	84.80	254,880,206	8,483,586.25	84.90	720,256,473
JP Morgan AG, Frankfurt, Germany	EUR	CD	225,322.97	104.18	23,473,731	648,103.96	95.06	61,610,402
JP Morgan Chase Bank, NA, London	GBP	CD	29,184.85	114.81	3,350,777	28,308.88	111.32	3,151,249
					281,704,735			785,018,145
<b>Total</b>					<b>1,002,932,801</b>			<b>1,322,328,106</b>

## INVESTMENT IN SHARES, MUTUAL FUNDS AND QUOTED BONDS

As at 31 December 2020

Annexure - D

Sl. no	Name of the company	Industry	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 31 December 2020	Total market value at 31 December 2020
<b>Quoted ordinary shares</b>								
1	ACME Laboratories Limited	Pharmaceuticals & Chemicals	10	709,236	55,315,300	77.99	74.70	52,979,929
2	Marico Bangladesh Limited	Pharmaceuticals & Chemicals	10	139,152	260,845,825	1,874.54	2,138.80	297,618,298
3	Renata Limited	Pharmaceuticals & Chemicals	10	217,576	227,455,262	1,045.41	1,106.90	240,834,874
4	Square Pharmaceuticals Limited	Pharmaceuticals & Chemicals	10	2,932,824	562,557,249	191.81	219.50	643,754,868
5	City Bank Limited	Bank	10	1,988,574	59,715,313	30.03	24.80	49,316,635
6	Eastern Bank Limited	Bank	10	1,552,191	58,518,466	37.70	36.00	55,878,876
7	Linde Bangladesh Limited	Fuel & Power	10	103,064	127,793,806	1,239.95	1,281.10	132,035,290
8	Summit Power Limited	Fuel & Power	10	350,000	13,244,779	37.84	38.90	13,615,000
9	Grameenphone Limited	Telecommunication	10	1,620,015	490,203,488	302.59	347.10	562,307,207
10	Robi Axiata Limited	Telecommunication	10	271,254	2,712,540	10.00	29.80	8,083,369
11	British American Tobacco Bangladesh Company Limited	Food & Allied	10	254,634	333,018,853	1,307.83	1,180.80	300,671,827
12	Olympic Industries Limited	Food & Allied	10	341,500	84,217,704	246.61	191.10	65,260,650
13	IDLC Finance Limited	Financial Institution	10	1,648,148	124,704,904	75.66	63.40	104,492,583
14	Bata Shoe Company (Bangladesh) Limited	Tannery Industries	10	50,886	61,023,968	1,199.23	702.70	35,757,592
15	Berger Paints Bangladesh Ltd.	Miscellaneous	10	54,581	73,858,128	1,353.18	1,429.50	78,023,540
16	Heidelberg Cement Bangladesh Ltd.	Cement	10	23,188	3,667,547	158.17	149.60	3,468,925
17	Singer Bangladesh Limited	Engineering	10	1,529,725	262,440,704	171.56	175.60	268,619,710
18	Crystal Insurance Company Limited	Insurance	10	10,878	108,780	10.00	39.40	428,593
19	DBH First Mutual Fund	Mutual Fund	10	1,291,636	11,877,569	9.20	7.00	9,041,452
20	LR Global Bangladesh Mutual Fund One	Mutual Fund	10	11,865,452	112,179,743	9.45	6.60	78,311,983
21	Southeast Bank 1 <sup>st</sup> Mutual Fund	Mutual Fund	10	6,247,974	77,840,675	12.46	11.80	73,726,093
					<b>3,003,300,600</b>			<b>3,074,227,295</b>
<b>Quoted corporate Bond</b>								
1	APSCL redeemable coupon bearing bond	Corporate Bond	5,000	100,000	<b>500,000,000</b>	5,000.00	5,218.50	<b>521,850,000</b>
					<b>500,000,000</b>			<b>521,850,000</b>
<b>Unquoted shares and mutual funds</b>								
1	Industrial and Infrastructure Development Finance Co. Limited		10	10,449,259	29,683,820			
2	Central Depository Bangladesh Limited		10	2,284,721	6,277,770			
3	The Bangladesh Rating Agency Limited		100	106,717	10,671,700			
4	VIPB Income Fund		10	33,390,000	333,900,000			
5	VIPB Growth Fund		10	3,000,000	30,000,000			
6	IDLC Balanced Fund		10	10,000,000	100,000,000			
7	HFAML-ACME Unit Fund		10	2,000,000	20,000,000			
					<b>530,533,290</b>			
<b>Preference shares</b>								
1	Union Capital Preference Share		8,000,000	1	8,000,000			
					<b>8,000,000</b>			



**DETAIL OF LARGE LOAN**

As at 31 December 2020

Annexure - E

Number of Clients	9
Amount of outstanding advances	31,171,180,482
Amount of classified advances	NIL
Measures taken for recovery	NIL

Client wise break-up is as follows:

SL.	Name of Clients	Outstanding (BDT)		
		Funded	Non Funded	Total
1	Abul Khair Group	2,760,698,694	4,028,935,894	6,789,634,588
2	BRAC	2,945,253,529	-	2,945,253,529
3	BSRM Group	1,146,340,159	1,384,207,881	2,530,548,040
4	City Group	1,003,071,653	5,621,953,797	6,625,025,450
5	Meghna Group	275,171,820	3,844,036,538	4,119,208,359
6	PRAN-RFL Group	1,822,226,471	1,019,066,567	2,841,293,038
7	ROBI AXIATA LIMITED	-	329,893,644	329,893,644
8	Standard Group	721,942,722	519,140,708	1,241,083,430
9	Summit Group	-	3,749,240,404	3,749,240,404
	<b>GRAND TOTAL</b>	<b>10,674,705,048</b>	<b>20,496,475,433</b>	<b>31,171,180,482</b>

**SCHEDULE OF FIXED ASSETS**

As at 31 December 2020

Annexure - F

(In Taka)

Particulars	Cost				Depreciation				Written down value as at 31 December 2020
	Opening balance as on 01 January 2020	Addition/ Revaluation during the year	Disposals/ Transfer/ Adjustments during the year	Total balance as at 31 December 2020	Opening balance as on 01 January 2020	Charge during the year	Disposals/ Adjustments during the year	Total balance as at 31 December 2020	
<b>Property, plant &amp; equipments</b>									
Land	1,047,743,750	-	-	1,047,743,750	-	-	-	-	1,047,743,750
Office floor space	4,034,334	-	-	4,034,334	721,473	100,858	-	822,332	3,212,002
Furniture & fixture	2,204,586,559	70,959,207	178,995,424	2,096,550,341	1,406,754,339	163,307,618	174,321,522	1,395,740,435	700,809,906
Office equipments	1,493,892,852	40,260,547	226,691,660	1,307,461,739	1,233,560,713	112,189,846	225,287,423	1,120,463,136	186,998,603
IT Hardware	2,986,716,243	429,138,222	515,763,260	2,900,091,204	2,124,788,910	361,314,369	515,538,068	1,970,565,211	929,525,993
Motor vehicles	337,603,953	29,959,013	13,266,086	354,296,880	168,346,558	66,599,024	13,266,086	221,679,496	132,617,383
Right of use assets (ROU)	4,306,897,358	199,826,862	132,349,112	4,374,375,108	733,943,048	772,784,035	41,221,899	1,465,505,184	2,908,869,924
Capital expenditure work in progress	608,506,435	228,306,762	433,996,023	402,817,173	-	-	-	-	402,817,173
<b>Sub-total</b>	<b>12,989,981,483</b>	<b>998,450,612</b>	<b>1,501,061,566</b>	<b>12,487,370,529</b>	<b>5,668,115,041</b>	<b>1,476,295,751</b>	<b>969,634,998</b>	<b>6,174,775,794</b>	<b>6,312,594,735</b>
<b>Intangible assets:</b>									
With Indefinite useful lives:									
License	50,000	-	-	50,000	-	-	-	-	50,000
With definite useful lives:									
IT Software	2,112,289,585	394,265,535	413,208,656	2,093,346,465	1,245,487,880	224,484,591	413,024,304	1,056,948,166	1,036,398,298
<b>Sub-total</b>	<b>2,112,339,585</b>	<b>394,265,535</b>	<b>413,208,656</b>	<b>2,093,396,465</b>	<b>1,245,487,880</b>	<b>224,484,591</b>	<b>413,024,304</b>	<b>1,056,948,166</b>	<b>1,036,448,298</b>
<b>As at 31 December 2020</b>	<b>15,102,321,068</b>	<b>1,392,716,147</b>	<b>1,914,270,221</b>	<b>14,580,766,993</b>	<b>6,913,602,920</b>	<b>1,700,780,342</b>	<b>1,382,659,302</b>	<b>7,231,723,960</b>	<b>7,349,043,033</b>

The amount of capital commitment of the Bank for the year 2020 was BDT 23,525,397.82 (2019: BDT 321,931,151.51)

**SCHEDULE OF FIXED ASSETS**

As at 31 December 2019

Continuation of Annexure - F

(In Taka)

Particulars	Cost				Depreciation				Written down value as at 31 December 2019
	Opening balance as on 01 January 2019	Addition/ Revaluation during the year	Disposals/ Transfer/ Adjustments during the year	Total balance as at 31 December 2019	Opening balance as on 01 January 2019	Charge during the year	Disposals/ Adjustments during the year	Total balance as at 31 December 2019	
<b>Property, plant &amp; equipments</b>									
Land	1,047,743,750	-	-	1,047,743,750	-	-	-	-	1,047,743,750
Leasehold Building	4,034,334	-	-	4,034,334	620,615	100,858	-	721,473	3,312,861
Furniture & fixture	2,206,895,912	75,314,892	77,624,245	2,204,586,559	1,305,123,043	178,233,349	76,602,053	1,406,754,339	797,832,220
Office equipments	1,600,079,746	71,067,878	177,254,772	1,493,892,852	1,290,139,284	120,319,690	176,898,261	1,233,560,713	260,332,139
IT Hardware	2,774,382,706	483,035,585	270,702,048	2,986,716,243	2,059,158,590	336,055,749	270,425,430	2,124,788,910	861,927,333
Motor vehicles	321,040,060	16,563,893	-	337,603,953	106,338,615	62,007,943	-	168,346,558	169,257,395
Right of use assets (ROU)	-	4,306,897,358	-	4,306,897,358	-	733,943,048	-	733,943,048	3,572,954,310
Capital expenditure work in progress	222,254,800	598,124,466	211,872,832	608,506,435	-	-	-	-	608,506,435
<b>Sub-total</b>	<b>8,176,431,308</b>	<b>5,551,004,072</b>	<b>737,453,897</b>	<b>12,989,981,483</b>	<b>4,761,380,147</b>	<b>1,430,660,637</b>	<b>523,925,743</b>	<b>5,668,115,041</b>	<b>7,321,866,442</b>
<b>Intangible assets:</b>									
With Indefinite useful lives:									
License	50,000	-	-	50,000	-	-	-	-	50,000
With definite useful lives:									
IT Software	1,941,732,424	186,971,921	16,414,760	2,112,289,585	1,056,182,468	205,720,172	16,414,760	1,245,487,880	866,801,705
<b>Sub-total</b>	<b>1,941,782,424</b>	<b>186,971,921</b>	<b>16,414,760</b>	<b>2,112,339,585</b>	<b>1,056,182,468</b>	<b>205,720,172</b>	<b>16,414,760</b>	<b>1,245,487,880</b>	<b>866,851,705</b>
<b>As at 31 December 2019</b>	<b>10,118,213,732</b>	<b>5,737,975,993</b>	<b>753,868,657</b>	<b>15,102,321,068</b>	<b>5,817,562,615</b>	<b>1,636,380,809</b>	<b>540,340,503</b>	<b>6,913,602,920</b>	<b>8,188,718,148</b>

**STATEMENT OF TAX POSITION**

As at 31 December 2020

Annexure - G

(In Taka)

Accounting year	Assessment year	Gross tax provision in financial statements	Adjustment of excess/ deficit provision during 2020	Net tax provision in financial	Tax as per latest assessment	(Short)/ Excess provision	Advance tax as per assessment order	Present status
2009	2010-2011	1,140,000,000	86,332,530	1,226,332,530	1,226,332,530	-	1,225,978,580	Assessment in progress and filed appeal before Honorable High Court against the Order of The Taxes Appellate Tribunal
2010	2011-2012	1,416,240,000	(99,265,445)	1,316,974,555	1,316,974,555	-	1,228,668,951	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2011	2012-2013	1,460,000,000	75,641,921	1,535,641,921	1,535,641,921	-	1,256,758,569	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2012	2013-2014	1,530,000,000	7,477,180	1,537,477,180	1,537,477,180	-	1,304,653,579	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2013	2014-2015	1,797,698,269	(261,309,528)	1,536,388,741	1,536,388,741	-	1,088,661,543	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2014	2015-2016	2,097,475,597	-	2,097,475,597	1,916,762,068	180,713,529	1,250,930,480	Appeal in progress before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2015	2016-2017	2,250,022,595	-	2,250,022,595	2,269,625,619	(19,603,024)	1,540,453,195	Appeal filed before Taxes Appellate Tribunal against the Order of Commissioner of Taxes Appeal.
2016	2017-2018	2,629,520,979	-	2,629,520,979	2,177,689,835	451,831,144	1,739,275,075	Appeal filed before Appellate Tribunal of Taxes against the order of Commissioner of Taxes Appeal.
2017	2018-2019	3,196,240,955	-	3,196,240,955	2,886,823,313	309,417,642	2,402,077,500	Appeal filed before Commissioner of Taxes Appeal against the Order of DCT.
2018	2019-2020	2,523,031,538	-	2,523,031,538	2,530,531,807	(7,500,269)	2,459,662,676	Tax return submitted for the assessment
2019	2020-2021	3,718,904,812	-	3,718,904,812	3,432,353,978	286,550,834	3,432,353,978	Tax return submitted for the assessment
2020	2021-2022	2,728,499,267	-	2,728,499,267				Not yet due to Submit Tax Return

## STATEMENT OF CONSOLIDATED SEGMENT REPORTING

As at 31 December 2020

Annexure - H

**Accounting policy**

As per IFRS 8 "Operating Segments", an operating segment is a component of an entity:

- (i) That engages in business activities from which it may earn revenues and incur expenses (include revenues and expenses relating to transactions with other components of the same entity);
- (ii) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performances, and
- (iii) For which discrete financial information is available.

The Bank identifies segment based on its business segment as well as its subsidiaries. Business segment comprises SME, Retail, Corporate and Treasury under Conventional banking. The Bank reviews the segments at the end of each reporting period to identify which of its segments are reportable and disclose the related information for those reportable segments accordingly.

**A: Segmental operating profit and loss**

There are 8 (eight) operating segments including subsidiaries as on 31 December 2020. Out of 8 (eight) operating segments only 5 (five) are reportable as per latest evaluation in accordance with IFRS 8: Operating segments. Hence other non-reportable segments have been shown under 'Others'. Comparative figures have been disclosed accordingly.

(In Taka)

Particulars	BRAC Bank Limited					Consolidation			
	SME	Retail	Corporate	Treasury	Total	bKash	Others	Inter company elimination	Total
Interest income	12,601,060,526	4,716,359,501	5,976,187,621	1,414,978,227	24,708,585,875	2,582,297,609	54,664,789	(265,608,257)	27,079,940,016
Interest paid on deposits and borrowings etc.	1,514,605,613	6,553,939,874	3,589,868,906	1,670,561,185	13,328,975,578	319,184,453	169,306,122	(265,608,257)	13,551,857,896
Inter segment income /(expenses)	(6,559,158,542)	6,673,800,048	183,109,735	(297,751,241)	-	-	-	-	-
<b>Net interest income</b>	<b>4,527,296,371</b>	<b>4,836,219,675</b>	<b>2,569,428,450</b>	<b>(553,334,199)</b>	<b>11,379,610,297</b>	<b>2,263,113,156</b>	<b>(114,641,333)</b>	<b>-</b>	<b>13,528,082,120</b>
Investment income	-	-	-	6,456,643,091	6,456,643,091	1,421,701,751	316,489,299	(12,556,125)	8,182,278,016
Commission, fees and others	384,538,785	1,285,299,746	765,376,048	125,061,199	2,560,275,778	3,186,274,110	1,160,429,037	(60,649,519)	6,846,329,406
Other operating income	2,894,685	846,835	7,422,734	100,697,179	111,861,433	20,093,713	38,250,336	-	170,205,482
<b>Total Segment Revenue</b>	<b>4,914,729,841</b>	<b>6,122,366,256</b>	<b>3,342,227,232</b>	<b>6,129,067,270</b>	<b>20,508,390,599</b>	<b>6,891,182,730</b>	<b>1,400,527,339</b>	<b>(73,205,644)</b>	<b>28,726,895,024</b>
Staff costs	3,184,019,373	2,275,535,797	666,631,629	121,043,256	6,247,230,055	2,515,685,664	298,963,022	-	9,061,878,741
Other operating costs	2,208,014,056	2,556,446,398	721,801,600	173,168,154	5,659,430,208	5,012,301,447	860,173,122	(60,649,519)	11,471,255,258
<b>Total segment expenditure</b>	<b>5,392,033,429</b>	<b>4,831,982,195</b>	<b>1,388,433,229</b>	<b>294,211,410</b>	<b>11,906,660,263</b>	<b>7,527,987,111</b>	<b>1,159,136,144</b>	<b>(60,649,519)</b>	<b>20,533,133,999</b>
<b>Reportable segment operating profit/(loss)</b>	<b>(477,303,588)</b>	<b>1,290,384,061</b>	<b>1,953,794,003</b>	<b>5,834,855,860</b>	<b>8,601,730,336</b>	<b>(636,804,381)</b>	<b>241,391,195</b>	<b>(12,556,125)</b>	<b>8,193,761,025</b>

## STATEMENT OF CONSOLIDATED SEGMENT REPORTING

As at 31 December 2019

Continuation of Annexure -H

(In Taka)

Particulars	BRAC Bank Limited					Consolidation			
	SME	Retail	Corporate	Treasury	Total	bKash	Others	Inter company elimination	Total
Interest income	14,747,209,239	5,115,085,124	8,212,747,357	1,617,060,648	29,692,102,368	3,186,371,138	48,738,715	(304,526,230)	32,622,685,991
Interest paid on deposits and borrowings etc.	1,437,717,183	6,659,414,163	4,635,598,853	1,921,577,950	14,654,308,149	188,817,697	159,327,855	(304,526,230)	14,697,927,471
Inter segment income /(expenses)	(7,460,214,817)	7,568,640,588	(574,402,061)	465,976,290	-	-	-	-	-
<b>Net interest income</b>	<b>5,849,277,239</b>	<b>6,024,311,549</b>	<b>3,002,746,443</b>	<b>161,458,988</b>	<b>15,037,794,219</b>	<b>2,997,553,441</b>	<b>(110,589,140)</b>	<b>-</b>	<b>17,924,758,520</b>
Investment income	-	-	-	3,071,620,681	3,071,620,681	303,972,684	(306,988,864)	(11,139,415)	3,057,465,086
Commission, fees and others	375,827,062	1,455,810,411	1,008,995,849	310,407,502	3,151,040,824	2,234,372,934	1,205,805,253	(9,235,195)	6,581,983,816
Other operating income	15,818,513	14,657,096	1,821,724	95,349,497	127,646,830	92,905,810	34,718,986	-	255,271,626
<b>Total Segment Revenue</b>	<b>6,240,922,814</b>	<b>7,494,779,056</b>	<b>4,013,564,016</b>	<b>3,638,836,668</b>	<b>21,388,102,554</b>	<b>5,628,804,869</b>	<b>822,946,235</b>	<b>(20,374,610)</b>	<b>27,819,479,048</b>
Staff costs	2,835,246,409	2,032,008,050	619,247,028	111,122,577	5,597,624,064	1,974,222,384	316,214,678	-	7,888,061,126
Other operating costs	2,303,290,241	2,679,957,781	705,809,910	153,794,716	5,842,852,648	4,288,255,567	849,430,229	(9,235,195)	10,971,303,249
<b>Total segment expenditure</b>	<b>5,138,536,650</b>	<b>4,711,965,831</b>	<b>1,325,056,938</b>	<b>264,917,293</b>	<b>11,440,476,712</b>	<b>6,262,477,951</b>	<b>1,165,644,907</b>	<b>(9,235,195)</b>	<b>18,859,364,375</b>
<b>Reportable segment operating profit</b>	<b>1,102,386,164</b>	<b>2,782,813,225</b>	<b>2,688,507,078</b>	<b>3,373,919,375</b>	<b>9,947,625,842</b>	<b>(633,673,082)</b>	<b>(342,698,672)</b>	<b>(11,139,415)</b>	<b>8,960,114,673</b>

**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.

**BRAC BANK LIMITED  
OFF-SHORE BANKING UNITS**



Off-shore Banking Units  
**BALANCE SHEET**  
As at 31 December 2020

Annexure - I

Particulars	Note	2020		2019	
		USD	Taka	USD	Taka
<b>PROPERTY AND ASSETS</b>					
<b>Cash</b>		-	-	-	-
Cash in hand (Including foreign currency)		-	-	-	-
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		-	-	-	-
<b>Balance with other banks and financial institutions</b>	3	<b>67,321,947</b>	<b>5,708,975,151</b>	<b>24,246,386</b>	<b>2,058,518,161</b>
Inside Bangladesh		-	-	-	-
Outside Bangladesh		67,321,947	5,708,975,151	24,246,386	2,058,518,161
<b>Money at call and short notice</b>		-	-	-	-
<b>Investments</b>		-	-	-	-
Government		-	-	-	-
Others		-	-	-	-
<b>Loans and advances</b>	4	<b>244,650,877</b>	<b>20,746,663,512</b>	<b>295,677,659</b>	<b>25,103,033,239</b>
Loans, cash credit, overdrafts etc.		217,868,511	18,475,489,405	256,782,571	21,800,840,250
Small and medium enterprises		2,429,863	206,055,013	3,172,555	269,349,938
Bills purchased and discounted		24,352,504	2,065,119,093	35,722,533	3,032,843,051
<b>Fixed assets including premises, furniture and fixtures</b>		-	-	-	-
<b>Other assets</b>	5	8,246,627	699,510,418	9,639,747	818,723,558
<b>Total Property and Assets</b>		<b>320,219,451</b>	<b>27,155,149,081</b>	<b>329,563,792</b>	<b>27,980,274,958</b>
<b>LIABILITIES AND CAPITAL</b>					
<b>Liabilities</b>					
<b>Borrowings from other banks, financial institutions and agents</b>	6	<b>266,675,594</b>	<b>22,614,383,731</b>	<b>280,336,753</b>	<b>23,800,590,347</b>
<b>Money at call and short notice</b>		<b>1,000,000</b>	<b>84,801,100</b>	-	-
<b>Deposits and other accounts</b>	7	<b>9,569,611</b>	<b>811,513,557</b>	<b>9,228,790</b>	<b>783,524,272</b>
Current accounts and other accounts		710,287	60,233,127	525,745	44,635,782
Bills payable		-	-	-	-
Savings deposits		-	-	-	-
Fixed deposits		8,694,540	737,306,548	8,408,596	713,889,820
Other deposits		164,784	13,973,882	294,448	24,998,670
<b>Other liabilities</b>	8	<b>40,523,956</b>	<b>3,420,462,291</b>	<b>41,988,103</b>	<b>3,562,772,305</b>
<b>Total Liabilities</b>		<b>317,769,161</b>	<b>26,931,160,679</b>	<b>331,553,647</b>	<b>28,146,886,924</b>
<b>Capital and Shareholders' Equity</b>					
Paid up share capital		-	-	-	-
Statutory reserve		-	-	-	-
Revaluation reserve		-	-	-	-
Foreign currency translation reserve		-	(11,792,680)	-	(23,803,360)
Surplus in profit and loss account/Retained earnings	9	2,450,290	235,781,082	(1,989,854)	(142,808,606)
Total shareholders' equity		<b>2,450,290</b>	<b>223,988,402</b>	<b>(1,989,854)</b>	<b>(166,611,966)</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>320,219,451</b>	<b>27,155,149,081</b>	<b>329,563,792</b>	<b>27,980,274,958</b>



Off-shore Banking Units  
**BALANCE SHEET**  
As at 31 December 2020

Continuation of Annexure - I

Particulars	Note	2020		2019	
		USD	Taka	USD	Taka
<b>Off balance sheet items</b>					
<b>Contingent liabilities</b>					
Acceptances and endorsements		6,599,548	556,742,888	5,347,806	451,198,638
Letter of guarantees		-	-	-	-
Irrevocable letter of credits		2,627,429	224,873,307	4,832,270	411,183,906
Bills for collection		12,022,213	986,699,797	46,027,633	3,858,228,819
Other contingent liabilities		6,626,463	551,443,745	18,098,480	1,536,560,952
<b>Total</b>		<b>27,875,653</b>	<b>2,319,759,737</b>	<b>74,306,189</b>	<b>6,257,172,315</b>
<b>Other commitments</b>					
Documentary credits and short term trade related transactions		-	-	-	-
Forward assets purchased and forward deposits placed		-	-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-	-
Undrawn formal standby facilities, credit lines and other		-	-	-	-
Commitments- lease hold assets		-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total off balance sheet items including contingent liabilities</b>		<b>27,875,653</b>	<b>2,319,759,737</b>	<b>74,306,189</b>	<b>6,257,172,315</b>

**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2020

Continuation of Annexure - I

Particulars	Note	2020		2019	
		USD	Taka	USD	Taka
Interest income	10	13,099,204	1,110,640,743	19,265,913	1,626,230,435
Interest paid on deposits and borrowing etc.	11	9,416,654	795,640,396	15,140,713	1,271,629,983
<b>Net interest income</b>		<b>3,682,550</b>	<b>315,000,347</b>	<b>4,125,200</b>	<b>354,600,452</b>
Investment income		-	-	-	-
Commission, exchange and brokerage	12	517,998	43,767,990	443,744	37,285,679
Other operating income	13	631,579	53,619,995	365,487	47,446,273
<b>Total operating income</b>		<b>4,832,126</b>	<b>412,388,332</b>	<b>4,934,431</b>	<b>439,332,404</b>
Salaries and allowances		511,058	43,373,384	417,365	35,206,981
Rent, taxes, insurance, electricity etc.	14	201,044	17,062,505	86,443	7,293,546
Legal expenses		-	-	-	-
Postage, stamps, telecommunication etc.	15	3,593	304,937	2,657	224,043
Stationery, printing, advertisement etc.	16	10,608	899,853	12,381	1,043,951
Depreciation and repairs to bank's assets		71,919	6,104,007	73,860	6,229,235
Other expenses		99,606	8,444,659	91,983	7,751,068
<b>Total operating expenses</b>		<b>897,829</b>	<b>76,189,344</b>	<b>684,689</b>	<b>57,748,824</b>
<b>Profit before provisions</b>		<b>3,934,297</b>	<b>336,198,988</b>	<b>4,249,742</b>	<b>381,583,581</b>
<b>Provision for:</b>					
Loans and advances		(518,019)	(43,424,486)	10,240,066	864,952,763
Off balance sheet items		-	-	-	-
Others		(7,867)	(667,567)	(10,020)	(850,677)
<b>Total provision</b>	17	<b>(525,887)</b>	<b>(44,092,053)</b>	<b>10,230,046</b>	<b>864,102,086</b>
<b>Profit/(loss) before taxes</b>		<b>4,460,184</b>	<b>380,291,041</b>	<b>(5,980,304)</b>	<b>(482,518,506)</b>
Provision for tax:					
Current tax expense		-	-	-	-
Deferred tax expense/ (income)		-	-	-	-
<b>Total provision for tax</b>	18	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total profit/(loss) after taxes</b>		<b>4,460,184</b>	<b>380,291,041</b>	<b>(5,980,304)</b>	<b>(482,518,506)</b>

**CASH FLOW STATEMENT**

For the year ended 31 December 2020

Continuation of Annexure - I

Particulars	2020		2019	
	USD	Taka	USD	Taka
<b>A. Cash flows from operating activities</b>				
Interest receipts in cash	14,244,725	1,208,198,357	19,364,706	1,644,063,545
Interest payment	(10,942,058)	(947,837,011)	(15,850,442)	(1,345,702,499)
Fees and commissions receipts	517,998	43,767,990	439,172	37,285,679
Cash payments to employees	(511,058)	(43,373,384)	(414,688)	(35,206,981)
Cash payments to suppliers	(14,201)	(1,204,790)	(14,935)	(1,267,993)
Receipts from other operating activities	631,579	53,619,995	558,849	47,446,273
Payment for other operating activities :	(380,194)	(32,262,384)	(322,329)	(27,365,711)
Operating cash flow before changes in operating assets and liabilities (i)	<b>3,546,791</b>	<b>280,908,773</b>	<b>3,760,333</b>	<b>319,252,313</b>
<b>Increase/decrease in operating assets and liabilities</b>				
Loans and advances to customers	51,026,782	4,356,369,727	55,788,768	4,736,466,398
Other assets	247,599	21,655,527	(5,653,878)	(480,014,214)
Deposits from other banks/borrowings	(12,661,159)	(1,101,405,515)	(50,048,215)	(4,249,093,420)
Deposits from customers	340,821	27,989,285	741,981	62,994,178
Other liabilities	574,727	15,642,973	9,410,117	798,918,928
Cash utilised in operating assets and liabilities (ii)	39,528,770	3,320,251,997	10,238,773	869,271,870
<b>Net cash (used)/flows from operating activities (i+ii)</b>	<b>43,075,561</b>	<b>3,601,160,770</b>	<b>13,999,107</b>	<b>1,188,524,182</b>
<b>B. Cash flows from investing activities</b>				
Investment in commercial paper	-	-	-	-
<b>Net cash used in investing activities</b>	-	-	-	-
<b>C. Cash flows from financing activities</b>	-	-	-	-
<b>D. Net increase/(decrease) in cash (A+B+C)</b>	<b>43,075,561</b>	<b>3,601,160,770</b>	<b>13,999,107</b>	<b>1,188,524,182</b>
<b>E. Cash and cash equivalents at beginning of year</b>	24,246,386	2,058,518,161	10,363,240	869,993,979
Exchange difference	-	49,296,220	(115,961)	-
<b>Cash and cash equivalents at the end of year (D+E)</b>	<b>67,321,947</b>	<b>5,708,975,151</b>	<b>24,246,386</b>	<b>2,058,518,161</b>
<b>Cash and cash equivalents at the end of the year:</b>				
Cash in hand (including foreign currency)	-	-	-	-
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)	-	-	-	-
Balance with other banks and financial institutions	67,321,947	5,708,975,151	24,246,386	2,058,518,161
	<b>67,321,947</b>	<b>5,708,975,151</b>	<b>24,246,386</b>	<b>2,058,518,161</b>

**1 Status of the units**

Off-shore Banking Units of BRAC Bank Limited, governed under the rules and guidelines of Bangladesh Bank. The bank commenced the operation of its Off-shore banking Unit from 2010 after obtaining necessary approval from Bangladesh Bank.

**1.1 Principal Activities**

The principal activities of the units are to provide all kinds of commercial banking services to its customers through its off-shore Banking units in Bangladesh.

**2 Summary of significant accounting policies and basis of preparation**

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

**a) Basis of accounting**

The Off-shore Banking Units maintain its accounting records in USD from which accounts are prepared according to the Bank Companies Act 1991, International Financial Reporting Standards and other applicable directives issued by Bangladesh Bank.

**b) Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**c) Foreign currency transactions and translations to presentation currency**

Foreign currency transactions are converted into equivalent functional currency i.e. USD using the exchange rates ruling on the dates of respective transactions as per IAS -21 "The Effects of Changes in Foreign Exchange Rates".

All revenue items have been translated to presentation currency i.e. BDT at average rate and all balance sheet items except retained earnings were translated to presentation currency at the closing rate. Any resulting differences have been recognised as foreign currency translation reserve.

Commitments for outstanding forward foreign exchange contracts disclosed in the financials are translated at contracted rates. Contingent liabilities/ commitments for letter of credit and letter of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance date.

**2.2 Reporting period**

These financial statements cover one calendar year from 1 January to 31 December 2020.

**2.3 Cash and cash equivalents**

For the purpose of presentation in the cash flow statements, cash and cash equivalents includes cash in hand and cash at bank, highly liquid interest bearing investment/securities with original maturities of less than three month.

As per IAS 7 Statement of Cash Flows, cash flow statement can be prepared either in direct method or in indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently. As per BRPD 14 dated 25 June 2003, cash flow statement should be a mixture of direct and indirect method.

## 2.4 Loans and advances / investment

- a) Loans and advances of Off-shore Banking Units are stated in the balance sheet on gross basis.  
b) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

## 2.5 Provision for liabilities

A provision is recognised in the balance sheet when the unit has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

## 2.6 General

- a) Figures appearing in these financial statements have been rounded off to the nearest Taka and rearranged wherever necessary.

Particulars	2020		2019	
	USD	Taka	USD	Taka
<b>3 Balance with other banks and financial institutions</b>				
Standard Chartered Bank, Frankfurt, Germany	0.2	16	0	16
Standard Chartered Bank, New York	-	-	-	-
Commerz Bank, Germany	-	-	-	-
ICICI Bank Limited, Mumbai, India	-	-	-	-
Sonali Bank Limited, United Kingdom (GBP)	-	-	-	-
Standard Chartered Bank, UK	0.3	21	0	21
JP Morgan Chase Bank, New York	3,005,624	254,880,206	8,483,586	720,256,473
JP Morgan AG, Frankfurt, Germany	276,809	23,473,731	725,682	61,610,402
JP Morgan Chase, N.A., London	39,513	3,350,777	37,117	3,151,249
BBL OBU to Other Bank OBU placement	64,000,000	5,427,270,400	15,000,000	1,273,500,000
	<b>67,321,947</b>	<b>5,708,975,151</b>	<b>24,246,386</b>	<b>2,058,518,161</b>
<b>4 Loans and advances</b>				
Loans, cash credits, overdrafts etc. (note 4.1)	217,868,511	18,475,489,405	256,782,571	21,800,840,250
Small and medium enterprises	2,429,863	206,055,013	3,172,555	269,349,938
Bills purchased and discounted (note 4.2)	24,352,504	2,065,119,093	35,722,533	3,032,843,051
	<b>244,650,877</b>	<b>20,746,663,512</b>	<b>295,677,659</b>	<b>25,103,033,239</b>
<b>4.1 Overdrafts</b>				
Demand loans	9,825,938	833,250,311	4,616,150	391,911,116
Term loans	159,206,152	13,500,856,812	181,915,649	15,444,638,621
	<b>217,868,511</b>	<b>18,475,489,405</b>	<b>256,782,571</b>	<b>21,800,840,250</b>
<b>4.2 Bills purchased and discounted</b>				
Bills purchased and discounted	24,352,504	2,065,119,093	35,722,533	3,032,843,051
Bills purchased and discounted SME	-	-	-	-
	<b>24,352,504</b>	<b>2,065,119,093</b>	<b>35,722,533</b>	<b>3,032,843,051</b>
<b>5 Other assets</b>				
Interest receivables	1,832,605	155,414,261	2,978,126	252,971,874
Deferred revenue expenditure	262,396	22,251,475	524,479	44,528,293
Receivables against collateral margin-swap	-	180,000	-	180,000
FX translation adjustments - contra	-	-	-	-
Receivable against proxy account	-	-	-	-
Receivable settlement account-OBU/DBU	6,151,626	521,664,683	6,137,142	521,043,391
	<b>8,246,627</b>	<b>699,510,418</b>	<b>9,639,747</b>	<b>818,723,558</b>

Particulars	2020		2019	
	USD	Taka	USD	Taka
<b>6 Borrowings from other banks, financial institutions and agents</b>				
<b>Inside Bangladesh:</b>				
Southeast Bank Limited	-	-	5,000,000	424,500,000
Prime Bank Limited	-	-	5,000,000	424,500,000
Agrani Bank Limited	-	-	-	-
On Shore to BBL Off Shore	126,190,094	10,701,058,797	10,584,325	898,609,160
	<b>126,190,094</b>	<b>10,701,058,797</b>	<b>20,584,325</b>	<b>1,747,609,160</b>
<b>Outside Bangladesh:</b>				
Sonali Bank UK Ltd	6,769,500	574,061,046	10,489,200	890,533,080
Bank One Limited, Mauritius	-	-	13,000,000	1,103,700,000
Nabil Bank Limited, Nepal	10,000,000	848,011,000	-	-
HDFC Bank Limited, India	5,000,000	424,005,500	13,000,000	1,103,700,000
Standard Chartered Bank, Singapore	-	-	10,824,800	919,025,520
Woori Bank, Dhaka	3,000,000	254,403,300	-	-
Commercial Bank of Qatar	-	-	10,000,000	849,000,000
DBS Bank Singapore	-	-	10,000,000	849,000,000
Asian Development Bank	-	-	8,571,429	727,714,286
Bank of Montreal, Canada	-	-	8,600,000	730,140,000
The National Bank of Ras Al-Khaimah, UAE	-	-	19,740,000	1,675,926,000
Abu Dhabi Commercial Bank	-	-	20,200,000	1,714,980,000
First Abu Dhabi Bank PJSC	-	-	10,327,000	876,762,300
CDC Group Plc, United Kingdom	25,716,000	2,180,745,088	30,000,000	2,547,000,000
Borrowing from IFC, USA	90,000,000	7,632,099,000	90,000,000	7,641,000,000
Maersk Trade Finance A/S, Denmark	-	-	5,000,000	424,500,000
	<b>140,485,500</b>	<b>11,913,324,934</b>	<b>259,752,429</b>	<b>22,052,981,186</b>
	<b>266,675,594</b>	<b>22,614,383,731</b>	<b>280,336,753</b>	<b>23,800,590,347</b>
<b>7 Deposit and other accounts</b>				
<b>Local currency:</b>				
Current and other accounts	-	-	-	-
Bills payable	-	-	-	-
Saving deposits	-	-	-	-
Fixed deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
<b>Foreign currency:</b>				
Current and other accounts	710,287	60,233,127	525,745	44,635,782
Bills payable	-	-	-	-
Saving deposits	-	-	-	-
Fixed deposits	8,694,540	737,306,548	8,408,596	713,889,820
Other deposits	164,784	13,973,882	294,448	24,998,670
	<b>9,569,611</b>	<b>811,513,557</b>	<b>9,228,790</b>	<b>783,524,272</b>
<b>Total Deposit and other accounts</b>	<b>9,569,611</b>	<b>811,513,557</b>	<b>9,228,790</b>	<b>783,524,272</b>
<b>8 Other liabilities</b>				
Provisions for loans and advances	13,343,004	1,131,501,444	13,856,966	1,176,456,424
Special provision COVID-19	572,974	48,588,796	-	-
Provision on interest receivable	21,742	1,843,706	9,540	809,919
Interest payable on borrowings	1,210,896	102,685,311	2,860,796	242,881,548
Provision for taxation	797,238	67,606,624	796,309	67,606,624
Interest suspense	965,598	81,883,810	532,527	45,211,577
Stamp charge realization from loan clients-OBU	-	-	3,930	333,657

Particulars	2020		2019	
	USD	Taka	USD	Taka
Payable to on-shore	23,575,625	1,982,385,478	23,273,349	1,956,690,038
Others payable	36,879	3,967,121	654,687	72,782,518
	<b>40,523,956</b>	<b>3,420,462,291</b>	<b>41,988,103</b>	<b>3,562,772,305</b>
<b>9 Surplus in profit and loss account/ retained earnings</b>				
Balance at the beginning of the year	(1,989,854)	(142,808,606)	3,990,450	339,709,900
Adjustment to retained earnings	(20,040)	(1,701,354)	-	-
Add: Retained surplus for the year	4,460,184	380,291,041	(5,980,304)	(482,518,506)
	<b>2,450,290</b>	<b>235,781,082</b>	<b>(1,989,854)</b>	<b>(142,808,606)</b>
<b>10 Interest income</b>				
Interest on loans and advances	13,049,549	1,106,445,412	19,232,745	1,623,441,924
Interest on money at call and short notice	14,701	1,242,251	28,356	2,382,076
Interest on Funding SWAP	34,954	2,953,080	4,812	406,435
	<b>13,099,204</b>	<b>1,110,640,743</b>	<b>19,265,913</b>	<b>1,626,230,435</b>
<b>11 Interest paid on deposits and borrowing etc.</b>				
Interest on deposits	243,508	20,664,695	265,235	22,408,280
Interest on borrowing from banks & FIs	9,172,993	774,962,775	14,867,732	1,248,571,189
Interest on money at call and short notice	153	12,926	7,747	650,514
	<b>9,416,654</b>	<b>795,640,396</b>	<b>15,140,713</b>	<b>1,271,629,983</b>
<b>12 Commission, exchange and brokerage</b>				
Commission from letters of credit-foreign	91,637	7,740,219	101,992	8,557,771
Import and export related fees	341,516	28,862,703	277,876	23,343,093
Syndication fees	84,852	7,165,740	63,876	5,384,814
Other fees	(8)	(671)	-	-
	<b>517,998</b>	<b>43,767,990</b>	<b>443,744</b>	<b>37,285,679</b>
<b>13 Other operating income</b>				
Miscellaneous Income	631,579	53,619,995	365,487	47,446,273
	<b>631,579</b>	<b>53,619,995</b>	<b>365,487</b>	<b>47,446,273</b>
<b>14 Rent, taxes, insurance, electricity etc.</b>				
Rent, rates and taxes	52,852	4,485,627	69,093	5,829,597
Insurance	138,435	11,748,645	1,725	145,646
Power and electricity	6,810	577,979	11,646	982,328
WASA and Sewerage	2,948	250,254	3,980	335,976
	<b>201,044</b>	<b>17,062,505</b>	<b>86,443</b>	<b>7,293,546</b>
<b>15 Postage, stamp, telecommunication etc.</b>				
Postage and courier	939	79,750	49	4,113
Court fees & stamps	171	14,510	10	817
Telegram, telex, fax & Network	0	37	65	5,523
Telephone-Office	2,482	210,639	2,533	213,589
	<b>3,593</b>	<b>304,937</b>	<b>2,657</b>	<b>224,043</b>

Particulars	2020		2019	
	USD	Taka	USD	Taka
<b>16 Stationery, printing, advertisement etc.</b>				
Stationery and Printing	1,229	104,298	2,641	222,516
Security Stationery	6,865	582,216	-	-
Advertisement	2,514	213,339	9,740	821,435
	<b>10,608</b>	<b>899,853</b>	<b>12,381</b>	<b>1,043,951</b>
<b>17 Provisions for loans and advances</b>				
For classified loans and advances	(2,059)	(175,220)	10,939,821	924,490,652
For unclassified loans and advances	(515,961)	(43,249,266)	(699,755)	(59,537,889)
	<b>(518,019)</b>	<b>(43,424,486)</b>	<b>10,240,066</b>	<b>864,952,763</b>

**18 Provision for tax**

Offshore Banking Unit (OBU) is an integral business unit of the Bank. The income from OBU is included in the separate financial statement of the Bank and tax has been provided on total income of the Bank including income from OBU. Hence provision for tax has not been calculated for OBU portion separately.



## TO WHOM IT MAY CONCERN

This is to certify that as detailed in the Annexure J, BRAC Bank Limited made the custodian transactions on account of custodian services provided during the year ended 31 December 2020, 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 2020.



Ali Ashfaq, Partner, Enrolment no: 509  
Rahman Rahman Huq, Chartered Accountants  
Firm Registration Number: N/A

Dhaka, 12 April 2021

**CUSTODIAN SERVICE**

For the year ended 31 December 2020

Annexure - J

Particulars	2020 Taka	2019 Taka
<b>Operating income</b>		
Commission, exchange and brokerage	18,265,986	23,100,495
<b>Total operating income</b>	<b>18,265,986</b>	<b>23,100,495</b>
<b>Operating expenses</b>		
Salaries and allowances	3,051,737	2,911,685
Rent, taxes, insurance, electricity etc.	965,430	840,830
Postage, stamps, telecommunication etc.	33,063	610,042
Stationery, printing, advertisement etc.	327,629	103,747
Depreciation on and repairs to bank's assets	1,033,597	880,404
Other expenses	7,862,768	6,450,535
<b>Total operating expenses</b>	<b>13,274,224</b>	<b>11,797,243</b>
<b>Operating profit</b>	<b>4,991,762</b>	<b>11,303,252</b>

**DETAILS OF TRANSACTIONS WITH RELATED PARTIES****For the year ended 31 December 2020**

Related Party is a party related to an entity if:

- (i) Directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under control with, the company; has an interest in the company, that gives it significant influence over the company; or has joint control over the company;
- (ii) The party is an associate (as defined in IAS 28 Investment in Associates);
- (iii) The party is a joint venture in which the entity is a venture (as per IAS 31 Interests in Joint Ventures);
- (iv) The party is member of the key management of personal of the entity or its parent;
- (v) The party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) The party is post-employment benefit plan for the benefit of employees of the entity, or of any entity that is related party of the entity.

(In Taka)

SL No.	Name of the related parties (Companies)	Balance type	Opening balance on 01 January 2020	Additions for deposit made/ loan disbursed/ interest or fees charged	Deductions for deposit withdrawn/ loan recovered	Closing balance on 31 December 2020
1	bKash Limited	Deposits	836,521,070	248,918,397,699	247,164,438,044	2,590,480,725
2	BRAC and Its associated organization	Deposits	5,707,438,454	127,730,718,426	126,783,324,249	6,654,832,632
3	BRAC EPL Investments Limited	Deposits	4,391,805	1,423,085,422	1,424,755,495	2,721,732
4	Equity Partners Limited (Eschrow Account)	Deposits	20,667,337	-	20,000,000	667,337
5	BRAC EPL Stock Brokerage Limited	Deposits	51,499,420	168,631,663	180,115,603	40,015,481
6	BRAC IT Services Limited (biTS)	Deposits	47,479,384	415,073,493	359,249,962	103,302,915
7	BRAC Saajan Exchange Limited	Deposits	22,473,887	14,624,019,000	14,617,355,906	29,136,980
8	Edotco Bangladesh Co. Limited	Deposits	511,526,021	6,754,390,718	3,970,943,893	3,294,972,846
9	Policy Research Institute Of Bangladesh	Deposits	1,065,417	814,566	354,820	1,525,163
10	RSA Advisory Ltd.	Deposits	6,984,204	41,998,983	43,091,614	5,891,572
11	Ogilvy & Mather Communications (Pvt.) Limited	Deposits	-	-	-	-
12	Walton Hi-Tech Industries Limited	Deposits	45,282,890	2,733,111,208	2,730,251,438	48,142,660
13	BRAC EPL Investments Limited	Continuous loan	798,405,356	259,411,339	259,155,984	798,660,711
14	BRAC Saajan Exchange Limited	Continuous loan	213,669,862	1,060,746,200	588,537,500	685,878,561
15	BRAC and Its associated organization	Term placement	2,000,000,000	N/A	N/A	700,000,000
16	Industrial and Infrastructure Development Finance Company (IIDFC)	Term placement	1,000,000,000	N/A	N/A	840,000,000
17	BRAC IT Services Limited (biTS)	Advance for investment	229,328,082	N/A	N/A	213,246,061
18	BRAC Saajan Exchange Limited	Bank guarantee	USD 260,000	N/A	N/A	USD 260,000

**DETAILS OF TRANSACTIONS WITH RELATED PARTIES**

For the year ended 31 December 2020

Continuation of Annexure - K

SL No.	Name of the related parties (Directors)	Balance type	Opening balance on 01 January 2020	Closing balance on 31 December 2020
1	KAZI MAHMOOD SATTAR	Credit card	41,948	23,600
2	NIHAD KABIR	Credit card	95,401	30,421
3	ASIF SALEH	Credit card	43,205	25,846
4	SELIM REZA FARHAD HUSSAIN	Credit card	141,771	88,783
5	FAHIMA CHOUDHURY	Credit card	3,452	6,160
6	SHAMERAN BAHAR ABED	Credit card	-	223,547

**Note:** In addition, BRAC Bank has credit exposure on NGOs where its Directors are involved in the capacity of executive committee members. As on 31 December 2020, the Bank has credit exposures amounting BDT 2,945,253,529 to BRAC. However, as per Bangladesh Bank letter ref: BRPD (R-2)651/9(25)ka/2016-6852; such exposure shall not come under the purview of related party exposures as given to non-profit organisations.

## RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES (STANDALONE BASIS)

For the year ended 31 December 2020

Annexure - L

Particulars	31 December 2020 Taka	31 December 2019 Taka
<b>Profit before tax as per profit and loss account</b>	<b>6,735,127,528</b>	<b>8,505,306,652</b>
<b>Adjustment for non-cash items:</b>		
Provision for Loans and advances	2,365,157,113	1,096,128,805
Provision for Diminution in value of investments	(563,219,881)	534,400,000
Provision for Off balance sheet items	63,083,635	(192,000,000)
Provision for other assets	1,581,941	3,790,385
Depreciation of Property plant and equipment	1,682,480,106	1,636,380,810
Foreign exchange gain/(loss)	(62,984,747)	325,429,561
Profit on sale of fixed assets	(11,086,641)	(11,105,165)
<b>Increase/decrease in operating assets &amp; liabilities:</b>		
Loans and advances to customers	(8,972,011,665)	(26,083,078,267)
Other operating assets	(163,721,278)	(603,162,515)
Deposits from other banks/borrowings	(1,295,171,744)	5,360,091,417
Deposits from customers	22,632,432,701	33,837,248,816
Other operating liabilities	(232,393,362)	1,003,730,551
Income tax paid	(3,564,500,491)	(2,706,854,957)
<b>Cash flows from operating activities as per cash flow statement</b>	<b>18,614,773,215</b>	<b>22,706,306,093</b>

**BRAC EPL  
INVESTMENT  
LIMITED**



# DIRECTORS' REPORT TO THE SHAREHOLDERS OF BRAC EPL INVESTMENTS LIMITED

The Board of Directors of BRAC EPL Investments Limited (BEIL) is pleased to present the Directors' Report on the operational and financial activities of BEIL together with the Audited Financial Statements for the year ended 31 December 2020 for your valued consideration, approval and adoption. The Directors' Report has been prepared in compliance with Section 184 of the Companies Act, 1994 and the requirements mandated by the regulatory bodies.

## BRAC EPL Investments Limited

BEIL is a public limited company, which has established itself as a full-fledged investment bank and portfolio manager in Bangladesh. Today, it is a reputed investment bank for corporate advisory services in the market, as is evident from the transactions it closed during 2020, such as its role as the Issue Manager for the largest power generation company of Bangladesh Government, for whom BDT 1,000 million was raised through issuance of bonds through Initial Public Offering. This was the first instance of any government owned Power Generation Company to raise capital through issuance of listed bonds in Bangladesh.

BEIL is strategically optimizing business growth and profitability for the year 2021. The focus of the strategies would be rationalizing costs, enhancing fee-based income, full eradication of negative equity portfolio and boosting performance for establishing a sustainable investment bank.

## Products and services

### 1. Portfolio Management

BEIL provides two types of portfolio management services:

- **Investor Discretionary Portfolio Management:** Investor Discretionary Account very closely resembles a BO (Beneficial Owner) Account. Under this arrangement, full responsibility of buying or selling, taking margin and all other critical decisions rests on the investors. In this regard BEIL provides two products, the Cap Edge and Cap Cash.
- **Manager Discretionary Portfolio Management:** Under Manager Discretionary Account, the authority to take all pertinent decisions regarding most aspects of Portfolio Management lies with the Portfolio Managers. Most Merchant Banks in Bangladesh provide only Investor Discretionary Management Services, whereas BEIL is one of the few companies currently providing both types of services.

The fundamental difference between these two lines of business is the legal discretion or power of security selection, portfolio construction, execution timing and actual execution of trades.

Our Portfolio Management Products are:

- a. Cap Edge: Non-Discretionary Portfolio Accounts:** Cap Edge is an Investor controlled account. Investors retain all the authority and power to select the items to buy and sell, and the timing

of trade while the portfolio managers assist them with trade execution and continuous advice. Under this arrangement, investors pay management fee and brokerage commissions for trading.

- b. Cap Cash: Non-Discretionary Portfolio Accounts:** Cap Cash is a unique non-discretionary product of BEIL offering clients margin and non-margin services through individual BO Account. Clients can link their existing BO Accounts in BEIL with their existing accounts in other brokerage houses. Cap Cash is an Investor controlled account. Investors retain all the authority and power to select the items to buy and sell, and the timing of trade while the portfolio managers assist them with trade execution and continuous and expert advice.
- c. Managed Cap Edge - Discretionary Portfolio Account:** Managed Cap Edge is a Portfolio Manager controlled account. Managers retain all the authority and power to select the items to buy and sell, and the timing of trade while the investors can guide the managers by providing input on their return and risk preference. Under this arrangement, investors pay management fees and settlement fees for trading.

## 2. Structured Finance Department

The Structured Finance Department widened its scope further to investment banking activities in 2020. The team successfully launched the first ever power sector bond in the history of the capital market which initiated trading in the stock exchanges of the country in January 2020. The Structured Finance Department is also pursuing several IPO/direct listing/bond issuing/ Merger and Acquisition deals which are likely to be finalized during 2021.

### 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 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.

### 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 advise our clients on the optimum mode of financing requirement with alternatives to debt such as private equity and venture capital investments. Such investments provide great advantage to the clients as they get to have foreign investment banks/ institutions sit at their board, and helps build their brand image.

### c. 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.

### d. Corporate Advisory

BEIL provides various corporate and financial advisory on project financing, corporate restructuring, financial due-diligence, etc for its clients.

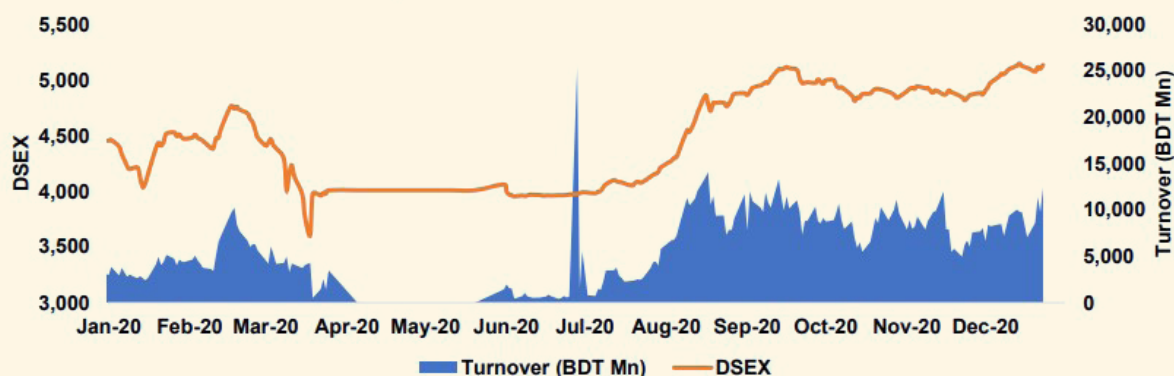
## 3. Distribution networks

We have seven offices that include a Corporate Head Office and six branches in Mohakhali and Gulshan (Dhaka), Chittagong, Sylhet, Chowmuhani and Comilla.



## Capital Market Review 2020

The trend of the market for year 2020 was bullish. DSEX - the benchmark free float weighted market index gained 21 per cent in 2020.



	Dec-20	Dec-19
DSEX Index	5,402	4,453
Index Movement	949	(933)
% Change	21%	-17%

Low interest rate in banking sector as well as higher regulation in investing on NPS has pushed a lot of fund in the capital market. Introduction of floor price by Bangladesh Securities and Exchange Commission (BSEC) barred the index from falling too much and market rebounded significantly towards the end of the year. Average Daily Turnover increased 35 per cent led by Pharmaceutical and General Insurance sectors.

The performance of new shares was exceptional in year 2020. Out of top 10 best performing shares 5 year IPO shares which posted more than 100 per cent return.

NBFI, Engineering, Pharmaceuticals, General Insurance and Telecommunication sectors performed well.

### Market Capitalization:

Sector	% of Total M. Cap*
Telecommunication	16.50%
Pharmaceuticals & Chemicals	15.40%
Banks	14.50%
Engineering	12.70%

Sector	% of Total M. Cap*
Fuel & Power	10.90%
Food & Allied Product	7.80%
NBFI	4.80%
Insurance	4.10%
Miscellaneous	3.60%
Textile	2.80%
Cement	2.30%
Mutual Fund	1.10%
Service & Real Estate	0.50%
All Others Sectors	3.00%

The total market capitalization increased from BDT 339,551 crore on January 1, 2020 to BDT 394,277 crore on December 31, 2020.

### Financial Highlights for 2020

BRAC EPL Investments Limited has taken a number of steps to rationalize cost and effective and efficient management of its businesses.

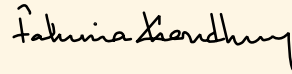
- The Operating Profit for the year ended 31 December 2020 was BDT 47.52 million as against loss of BDT 360.47 million for the year ended 31 December 2019.
- BEIL borrowed on an average BDT 1.43 billion in short term loans and overdrafts at an average rate of 9.91 per cent per annum in 2020 which was 10.64 per cent per annum in 2019.

- The Net Profit for the year ended 31 December 2020 was BDT 44.22 million as against loss of BDT 368.45 million for the year ended 31 December 2019.

The Board would like to express my appreciation to the entire BRAC EPL Investments Limited's team. It would be remiss if we do not acknowledge the exceptional efforts of our employees who worked in collaboration to meet many challenges throughout 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.

Finally, the Directors would like to thank our 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 Stock Exchange, Chittagong Stock Exchange and Central Depository Bangladesh Limited.

For and on behalf of the Board of Directors,



Chairman

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BRAC EPL Investment Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of BRAC EPL Investment Limited (the Company), which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report of its parent-BRAC Bank Limited is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

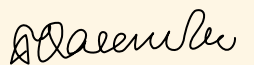
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on Other Legal and Regulatory Requirements**

We as required by the Companies Act, 1994, the Securities and Exchange Commission Act, 1993 and the Securities and Exchange Commission Rules, 1987 and other applicable laws and regulations.

We also report that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) The Company's statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- (iv) The expenditure incurred was for the purposes of the Company's business.



A. Qasem & Co.  
Chartered Accountants  
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA  
Partner  
Enrolment Number: 1259  
DVC: 2103281259AS277219

Place: Dhaka  
Date: 22 March 2021

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2020

Amount in BDT

	Notes	As at	
		31 December 2020	31 December 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	9,122,577	6,479,779
Intangible assets	6	200,029	516,232
Right of use Asset	7	6,520,809	4,723,270
Investment in associate company	8	-	-
Deferred tax assets	0	283,711,094	286,439,604
		<b>299,554,509</b>	<b>298,158,885</b>
<b>Current assets</b>			
Account receivables	10	23,500,546	15,674,420
Inter-company receivables	11	267,439	136,066
Other receivables		17,031,337	15,293,703
Investment in quoted securities	12	1,018,347,946	895,166,869
Advance income tax	13	30,212,853	25,114,710
Loans and advances to customers	14	1,697,600,142	1,693,628,668
Accrued interest and management fees receivable	15	306,655,209	313,879,136
Advances, deposits and prepayments	16	31,965,960	2,351,054
Cash and cash equivalents	17	14,440,818	11,015,740
		<b>3,140,022,250</b>	<b>2,972,260,366</b>
<b>Total assets</b>		<b>3,439,576,759</b>	<b>3,270,419,251</b>
<b>Equity and Liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	18	2,585,000,000	2,585,000,000
Share premium		436,825,951	436,825,951
Retained earnings		(2,231,889,288)	(2,276,111,075)
Shareholders' equity		<b>789,936,663</b>	<b>745,714,876</b>
<b>Non-current liabilities</b>			
Lease Liability	19.01	3,781,320	1,709,241
<b>Current liabilities</b>			
Customer deposits	20	79,536,443	84,854,573
Bank overdrafts	21	798,660,711	798,405,356
Short term loan	22	640,000,000	540,000,000
Account payables	23	18,809,802	6,787,284
Other liabilities	24	1,101,016,876	1,085,008,627
Provision for taxation	25	3,977,745	3,453,356
Lease Liability	19.01	3,353,677	3,392,023
Inter-company payable	26	503,523	1,093,915
		<b>2,645,858,776</b>	<b>2,522,995,134</b>
<b>Total equity and liabilities</b>		<b>3,439,576,759</b>	<b>3,270,419,251</b>

Footnotes:

1. These financial statements should be read in conjunction with annexed notes 1 to 37.

A. Qasem & Co.  
Chartered Accountants  
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA  
Partner  
Enrolment Number: 1259  
DVC: 2103281259AS277219

Place: Dhaka  
Date: 22 March 2021

Chief Executive Officer

Director

Chairman

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

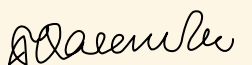
For the year ended 31 December 2020

Amount in BDT

	Notes	For the year ended	
		31 December 2020	31 December 2019
<b>Revenue</b>			
Interest income from margin loan		15,239,981	15,806,366
Interest expenses	27	(142,687,731)	(135,595,770)
<b>Net interest income (A)</b>		<b>(127,447,750)</b>	<b>(119,789,404)</b>
Fee and commission income	28	31,688,995	21,117,085
Fee and commission expenses	29	(7,310,477)	(6,126,189)
<b>Net fee and commission income (B)</b>		<b>24,378,518</b>	<b>14,990,896</b>
(Loss)/gain from investment in securities	30	174,584,345	(230,223,374)
Other operating income/(loss)	31	25,941,605	30,022,483
<b>Net (loss)/gain from investment in securities (C)</b>		<b>200,525,950</b>	<b>(200,200,891)</b>
<b>Total operating income/(loss) (A+B+C)</b>		<b>97,456,718</b>	<b>(304,999,399)</b>
Operating expenses	32	(49,036,205)	(54,466,262)
<b>Operating profit/(loss) (D)</b>		<b>48,420,514</b>	<b>(359,465,661)</b>
Finance income		47,013	72,997
Financial expenses	33	(942,229)	(1,491,689)
<b>Net finance income (E)</b>		<b>(895,217)</b>	<b>(1,418,692)</b>
Share of profit of equity in associate company (F)			1,496,879
<b>Profit/(loss) before provisions (D+E+F+G)</b>		<b>47,525,297</b>	<b>(359,387,474)</b>
Provision for loans and advances	24.1		-
Provision for account receivables	23.2		(12,871,697)
<b>Profit/(loss) before tax</b>		<b>47,525,297</b>	<b>(372,259,171)</b>
Current year taxes	34	575,000	482,599
Deferred tax (income)/expense	34	2,728,510	(4,283,458)
<b>Tax (income)/expenses</b>		<b>3,303,510</b>	<b>(3,800,859)</b>
<b>Profit/(loss) after tax</b>		<b>44,221,787</b>	<b>(368,458,312)</b>
Other comprehensive Income		-	-
<b>Total Profit / (Loss)</b>		<b>44,221,787</b>	<b>(368,458,312)</b>

Footnotes:

1. These financial statements should be read in conjunction with annexed notes 1 to 37.



A. Qasem & Co.  
Chartered Accountants  
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA  
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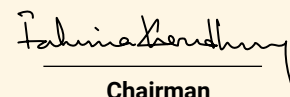
Place: Dhaka  
Date: 22 March 2021



Chief Executive Officer



Director



Chairman

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2020

Amount in BDT

	For the year ended	
	31 December 2020	31 December 2019
<b>A. Operating activities</b>		
Net profit before tax	47,525,297	(372,259,171)
Add: Items not involving in movement of cash:		
Depreciation on property, plant and equipment	2,396,983	2,092,471
Amortization of intangible asset	316,204	262,938
Gain on disposal of property, plant and equipment	(152,499)	(24,000)
Depreciation of Right-of-use assets	6,158,365	9,017,503
Adjustment of lease	877,055	-
Fair value adjustments for fall in values of investment in securities	(168,122,345)	248,567,074
Share of profit of equity in associate company		(1,496,879)
	<b>(158,526,237)</b>	<b>258,419,106</b>
Income tax paid	(5,148,754)	(6,505,894)
<b>Operating(loss)/profit before changes in working capital</b>	<b>(116,149,693)</b>	<b>(120,345,959)</b>
Changes in working capital :		
(Increase)/decrease in loan and advances to customers	(3,971,474)	9,590,478
(Increase)/decrease in accrued interest and mgt. fees receivable	7,223,926	18,823,754
(Increase)/decrease in account receivables	(7,826,126)	12,254,427
(Increase)/decrease in advance, deposits and prepayments	(29,614,906)	3,337,381
(Increase)/decrease in inter-company receivable	(131,373)	(115,044)
(Increase)/decrease in other receivables	(1,737,634)	(4,916,796)
Increase/(decrease) in customer deposits	(5,318,130)	(9,983,459)
Increase/(decrease) in account payables	12,022,518	(2,929,294)
Increase/(decrease) in inter-company payable	(590,392)	66,559
Increase/(decrease) in other liabilities	16,008,249	15,008,434
Increase/(decrease) in lease liability	2,033,733	5,101,264
	(11,901,609)	46,237,704
<b>Net cash (used)/from operating activities (A)</b>	<b>(128,051,302)</b>	<b>(74,108,255)</b>
<b>B. Cash flows from Investing activities:</b>		
Acquisition of property, plant and equipment	(5,039,782)	(244,781)
Disposal of property, plant and equipment	152,499	24,000
Striking off BRAC Asset Management	-	17,172,920
Sale/(purchase) of investment securities	44,941,268	(1,281,492)
Inclusion of Right of Used Asset	(8,832,960)	(13,740,773)
<b>Net cash used in investing activities (B)</b>	<b>31,221,025</b>	<b>1,929,874</b>
<b>C. Cash flows from Financing activities</b>		
Receipt/(repayment) of bank overdraft	255,355	(860,453)
Receipt/(repayment) of short term loans	100,000,000	70,000,000
<b>Net cash from/(used) in financing activities (C)</b>	<b>100,255,355</b>	<b>69,139,547</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>3,425,078</b>	<b>(3,038,833)</b>
Cash and cash equivalents at the beginning of the year	11,015,740	14,054,573
<b>Cash and cash equivalents at the end of the year</b>	<b>14,440,818</b>	<b>11,015,740</b>

A. Qasem & Co.  
Chartered Accountants  
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA  
Partner  
Enrolment Number: 1259  
DVC: 2103281259AS277219

Place: Dhaka  
Date: 22 March 2021

Chief Executive Officer

Director

Chairman

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2020

Amount in BDT

Particulars	Share capital	Share premium	Retained earnings	Total
<b>Balance as on 31 December 2018</b>	<b>2,585,000,000</b>	<b>436,825,951</b>	<b>(1,907,652,764)</b>	<b>1,114,173,187</b>
Total comprehensive income for the year 2019	-	-	(368,458,311)	(368,458,311)
<b>Balance as on 31 December 2019</b>	<b>2,585,000,000</b>	<b>436,825,951</b>	<b>(2,276,111,075)</b>	<b>745,714,876</b>
Total comprehensive income for the year 2020			44,221,787	44,221,787
<b>Balance as on 31 December 2020</b>	<b>2,585,000,000</b>	<b>436,825,951</b>	<b>(2,231,889,288)</b>	<b>789,936,663</b>

A. Qasem & Co.  
Chartered Accountants  
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA  
Partner  
Enrolment Number: 1259  
DVC: 2103281259AS277219

Place: Dhaka  
Date: 22 March 2021

**Chief Executive Officer**

**Director**

**Chairman**



**BRAC EPL  
STOCK BROKERAGE  
LIMITED**



# 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 your Company together with the Audited Financial Statements for the year ended 31 December 2020 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 2020

2020 was a historic year in terms of global challenge- WHO declared COVID-19 a pandemic. As countries around the world were hit hard, global trade and commerce were affected badly. Bangladesh economy was not spared either, but our resilience and efforts helped us recover fast.

Bangladesh's economy grew by 3.8 per cent in 2020 (IMF) while major neighboring countries saw economic contraction. The economy fumbled during the first half of 2020, but it began to turn around after June. Public were out in the streets and businesses began to reopen in full swing in the second half of the year.

RMG export, which is more than 80 per cent of our export basket, saw one of the toughest times in history. Orders were dry as North America and Europe battled the virus. Although our export was down by 14.8 per cent and import fell by 10.7 per cent during Jan-Dec 2020, remittance skyrocketed by 18.7 per cent during the same time. The money sent by NRBs saved our current account balance which closed at USD 4,322mn surplus in December 2020. Money transferred by the

returning migrant workers, low interest rate in other countries and incentives offered by the Bangladesh Government caused the spectacular rise of the remittance. BOP also finished at USD 6,155mn surplus in December 2020. As a result, our foreign exchange reserve shot at USD 43bn, the higher ever for our country.

Even though the government declared incentives of more than USD 13bn for large and small businesses, the private sector credit growth remained subdued. With more than expected remittance inflow, liquidity in the banking sector increased significantly. This led to a dramatic decline in the interest rates- BB slashed the Repo rate by 125bps, treasury rates fell by as much as 600bps and fixed deposit rates at the banks took a dip. Although liquidity was at a record high, inflation was at a tolerable rate of 5.7 per cent at the end of 2020.

The government debt as a percentage of the GDP rose to 39.6 per cent in 2020- this is still low as per the global standard. The government had a fiscal deficit of 6.8 per cent in 2020 which allowed us to spend a huge amount of money to safeguard the economy.

## Capital Market Review 2020

The equity market of Bangladesh finished the year on a high. The benchmark index, DSEX, finished at 5,402.1 points on 30<sup>th</sup> December 2020 after adding 949.1 points (+21.3 per cent YoY gain) in 2020. Furthermore, the market recovered by 1,798.1 points (+49.9 per cent) from the 7-year low index value of 3,604.0 points of 18<sup>th</sup> March 2020. It means DSEX recovered about 50 per cent after imposing a revised circuit breaker on floor price on 19<sup>th</sup> March 2020. DSEX started the year with an opening index value of 4,452.9 points on 31<sup>st</sup> December 2019. In December alone, the index added

535.2 points (+ 11.0 per cent month over month gain) from the November index value of 4,866.8 points. The market rally was riding on historic high excess liquidity in the financial system of the country and this was owing to low private sector credit growth but at the same time a strong growth in inward remittance flows.

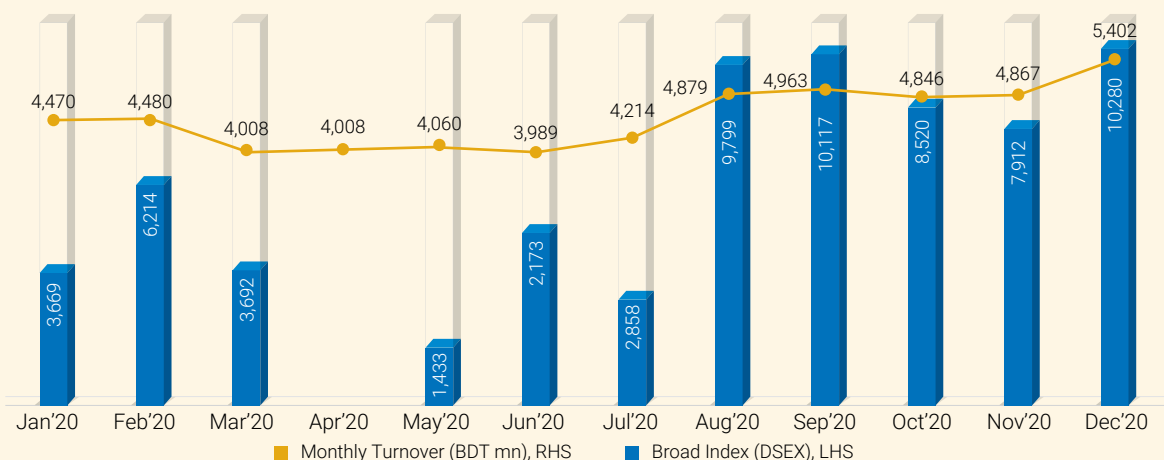
The daily average turnover in 2020 was BDT 6.49 billion (+35.1 per cent YoY up) against BDT 4.80 billion of 2019. In December 2020, the daily average turnover was BDT 10.3 billion against BDT 7.9 billion in November.

The latter part of the second half of 2020 was a boon for the IPO market where the companies listed registered phenomenal price appreciation since their debut trade; at the end of the 5<sup>th</sup> trading session, the new debutants on average gained 170 per cent from their respective offer price. A total of 7-companies raised BDT 7.7 billion in 2020 by issuing new equity shares via IPO. These companies are ADNTEL (raised BDT 570 million), EIL (BDT 260.8 million), WALTONHIL (BDT 1,000 million), AOL (BDT 150 million), DOMINAGE (BDT 300 million), CRYSTALINS (BDT 160 million), and ROBI (BDT 5,237.9 million).

The equity market of Bangladesh is now trading at 17.7x PE ratio, 1.7x PBV ratio, 2.9 per cent dividend yield, 62 per cent dividend payout ratio and 9.7 per cent ROE on a trailing basis.

The outstanding Foreign Portfolio Investment (FPI) stood at BDT 198.4 billion (or USD 2.34 billion, which is 5.1 per cent of DSE equity market capitalization) on 31<sup>st</sup> December 2020 against BDT 192.2 billion (or USD 2.27 billion, which was 6.8 per cent of DSE equity market capitalization) of 31<sup>st</sup> December 2019. Moreover, Net foreign investment in DSE continued to be negative for the second straight year in 2020 after the net sale of BDT 4.9 billion in 2019. In 2020 foreign participation stood at 7.7 per cent of DSE total turnover, up from 6.8 per cent in 2019, primarily due to foreign investors' exits from the capital market for challenging equity market outlook, banking sector asset quality concerns, and change in macroeconomic dynamics on Covid-19 pandemic globally. The total trade turnover of the foreign portfolio investors was BDT 103.9 billion in 2020 against BDT 78.4 billion of 2019, 32.4 per cent YoY growth in 2020.

### INDEX AND TURNOVER MOVEMENT IN 2020



\*\*\*Market was closed from 27th March to 30th May of 2020 to tackle the Covid-19 Pandemic

### BRAC EPL Stock Brokerage Ltd. (BESL)

BRAC EPL Stock Brokerage Limited (BESL) is the 4<sup>th</sup> largest stock brokerage house among 250 brokers in the country with a 3.70 per cent market share of DSE as of December 2020. BESL has a dominant market share of 55 per cent in the foreign portfolio investment execution segment. The company also offers brokerage services to its 20,000 local clients which

includes local institutions, retail clients, non-resident Bangladeshis (NRBs) and 60 foreign institutional clients through 8 branches and 106 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 5 analysts including a CFA Charterholder and three CFA Level 3 candidates, has broader investment research and investment advisory mandates. The team has research partnership with Bloomberg, Thomson Reuters, S&P Capital IQ and Fact Set. Following are some of the key achievements of the team in recent time:

1. The recommended investment composite of the team generated 47 per cent return in 2020, outperforming the benchmark index by 26 percentage points.
2. The team also generated USD 26,000 in Research and Advisory Fees from foreign investors even amid the global pandemic.
3. The team was awarded as the Best Research

House in Bangladesh in 2019 by International Finance Publications.

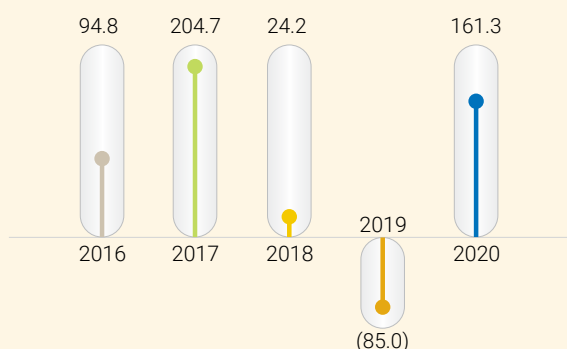
## Financial Performance

BRAC EPL Stock Brokerage Limited (BESL) was in 4<sup>th</sup> place amongst the 250 brokers with a 3.8 per cent market share in 2020. The market experienced continuous sell pressure from foreign investors; foreign turnover had a negative growth of 9.2 per cent on a yearly adjusted basis in 2020. However, retail and institutional participation was strong in the second half of the year.

BESL had a loss of about BDT 50 million till June due to the pandemic-induced business disruptions but it made a remarkable comeback in the final half of 2020. The bottom line of BESL registered a net profit of BDT 161.31 million in 2020 against a net loss of BDT 84.99 million in 2019.

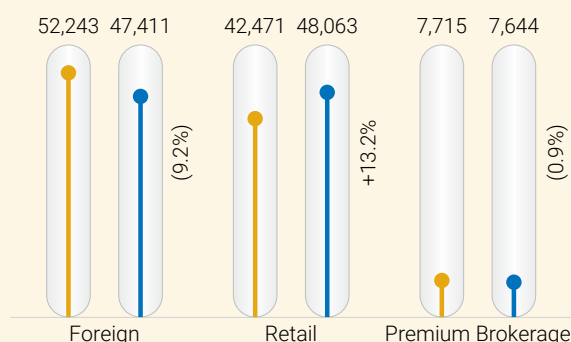
### Net Profit After Tax (PAT)

BDT in million



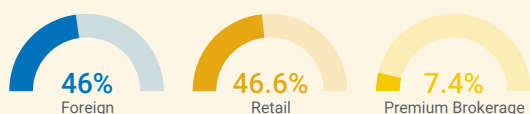
### YoY Turnover Growth

BDT in million



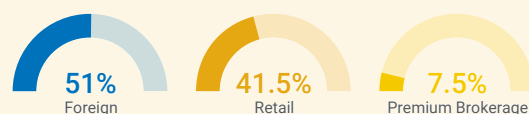
### Turnover Composition in 2020

in percent



### Turnover Composition in 2020

in percent



Among the major three verticals of our business, the foreign business was relatively subdued in overall turnover contribution. Contribution from Foreign business was 46.0 per cent of total turnover in 2020 compared to 51.0 per cent in 2019. In this particular year, DSE's foreign turnover has grown by 32.4 per cent YoY compared to the last year of 2019; whereas the

foreign turnover of BESL has been declined by 9.2 per cent compared to that of the last year.

The Retail business is strengthening through more contribution. The segment contributed 46.6 per cent of revenue in 2020. Thus, there was a 13.2 per cent YoY increase in turnover growth in the Retail business.

Our corporate business contributed 7.5 per cent revenue to the company in 2020. Currently, this segment of the business contributes about 7.4 per cent of the overall turnover pie. However, with the new team and the strategies in place we expect this segment to be a sizeable portion of the company in the coming years.

### Future Outlook of Industry

The equity market of Bangladesh has rallied very strongly since late May 2020 on the back of a well-managed pandemic, a swift post lockdown economic recovery and significantly lower interest rates. The credit also goes to the newly appointed Chairman of BSEC, Professor Shibli Rubayat Ul Islam, who has started to work to bring back the confidence of investors immediately after assuming his office on 17 May 2020. The market recovered significantly on the backdrop of several significant initiatives taken by the Chairman and his team like enforcement of securities laws, collaboration with other key regulatory bodies, and canceling IPO proposals of questionable companies. 2020 has been a year like no other. It began with the outbreak of COVID-19 across the globe, leading to panic in financial markets and countries closing their borders and shutting down their economies. At the start of the pandemic, there were a lot of concerns regarding both the healthcare and economic impact of the pandemic on developing economies like Bangladesh. As we approach the end of the year, Bangladesh has performed exceptionally well in managing both the health and the economic impact of the pandemic. Compared to other developing and developed countries, Bangladesh has amongst the lowest COVID-19 cases and deaths per capita. Though an early lockdown could help in keeping infections significantly low, a young population appears to be a critical factor in managing the pandemic in Bangladesh.

The Dhaka Stock Exchange Broad Index (DSEX Index), the benchmark free-float weighted market index, gained 21.3 per cent in 2020, following a price return of negative 17.3 per cent in 2019 and negative 13.8 per cent in 2018. Turnover also registered a reasonable recovery despite a period over two-month-long market closure (27<sup>th</sup> March to 30<sup>th</sup> May of 2020) to tackle the Coronavirus. The daily average turnover in 2020 was BDT 6.49 billion (+35.1 per cent YoY up) against BDT

4.80 billion of 2019.

The uncertainty that was persistent throughout 2020 should now be subsiding since the economy has absorbed almost all the discountable challenges in the system. The government is outlining plans to support the equity market by enhancing the capacities of banks for more investment in the stock market. The market outlook is also supported by the long-term fundamentals of the economy, which are highly attractive with expected annual GDP growth of 7-8 per cent north over the next five years. Furthermore, given the continuation of a very soft interest rate regime with the extension of the availability of surplus liquidity in the financial market (BDT 1.8 trillion) will create further room for confidence for investors to stay invested in Bangladesh equity/capital market. However, the government has implemented the 9 per cent lending rate cap in early 2020 where banks with high exposure in SME and retail loan portfolios are subject to drooping income already as the cost for SME loans is way far above the corporate loans. Such kind of abrupt push to cut the net interest margins in every loan product through a cap of 9 per cent even on SME and Retail lending is leading to a large number of challenges for the banking sector as well as for stock market investors.

Taking a mid-term view till 2025, we are very positive on the prospects of the Bangladesh equity market as the current valuation metrics are hovering well below the ten-years average range and we are expecting to see a rebound in earnings growth of listed equities once the first round of Coronavirus vaccination program is completed by mid-2020. So, we believe the outlook for the Bangladesh capital market is to remain positive in the long-term, and we consider that the market will continue its rally in 2020. Moreover, now the scheduled banks are allowed to inject fresh funds through Repo borrowing at 4-5 per cent interest rate with relaxed regulatory reporting till 2025. The securities regulator also made it mandatory to have a minimum investment in the secondary market to participate in the IPO subscription process by retail investors; while it is already in practice for eligible investors (EIs) to have a minimum amount of secondary market investors to participate in the IPO bidding process. The Dhaka Stock Exchange with the collaboration of the Central Bank, Bangladesh Securities and Exchange

Commission and other stakeholders is also trying to facilitate the trading of Government-issued Treasury Bonds, which will open for portfolio diversification opportunities for investors.

We are projecting the base case DSE market return in 2021 is to be around 10-12 per cent. In the bull case, the market return can be around 15-18 per cent. However, good scripts are likely to stand out in the market and we expect them to continue to drive valuations through their persisting fundamentals and expansion in valuation multiples. We are expecting 35.0 per cent YoY increase in daily average turnover volume to BDT 8.8 billion in 2021 in the DSE market. The daily average turnover in 2020 was BDT 6.5 billion.

### 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 2021 the key concentration areas of our management will be:

1. Retain market leadership
2. Grow the foreign trade business
3. Focus, develop and structure the corporate business wing
4. Strengthen retail business
5. Adopt latest technology for trading
6. Fully automate client services
7. Capitalize the brand value

8. Invest in our staff through training and development

We believe that our teamwork shall play a vital role in reaching our target and achieve the corporate mission to be the market leader by increasing market share.

### Appreciation

I would like to thank my colleagues on the Board for their continued support and on their behalf, I would like to express my heartiest thanks to the entire BRAC EPL Stock Brokerage team. It would be unfair 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, 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 the Company. Taking this opportunity, the members of the Board would also like to thank the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange, Chittagong Stock Exchange, and 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

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of BRAC EPL Stock Brokerage Limited (the Company), which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report of its parent-BRAC Bank Limited is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis these of financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

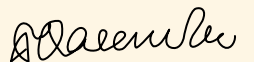
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on Other Legal and Regulatory Requirements**

We as required by the Companies Act, 1994, the Securities and Exchange Commission Act, 1993 and the Securities and Exchange Commission Rules, 1987 and other applicable laws and regulations.

We also report that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) The Company's statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- (iv) The expenditure incurred was for the purposes of the Company's business.



A. Qasem & Co.  
Chartered Accountants  
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA  
Partner  
Enrolment Number: 1259  
DVC: 2103281259AS347611

Place: Dhaka  
Date: 21 March 2021



**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2020

Amount in BDT

	Notes	As at	
		31 December 2020	31 December 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	22,874,434	32,922,084
Intangible assets	6	177,110	579,473
Right of use asset	7	22,429,090	60,654,198
Investment in exchanges	9	96,986,595	96,986,595
<b>Total non-current assets</b>		<b>142,467,229</b>	<b>191,142,350</b>
<b>Current assets</b>			
Investment in shares	10	406,964,551	455,931,066
Account receivables	11	195,972,893	174,093,546
Inter-company receivables	12	885,957	1,243,915
Margin loan receivables	13	162,686,891	90,168,705
Advances, deposits and prepayments	14	597,825,652	541,541,544
Other receivables	15	1,534,916	1,223,184
Cash and cash equivalents	16	1,104,663,893	531,288,623
<b>Total current assets</b>		<b>2,470,534,753</b>	<b>1,795,490,583</b>
<b>Total assets</b>		<b>2,613,001,982</b>	<b>1,986,632,933</b>
<b>Equity and liabilities</b>			
<b>Shareholder's equity</b>			
Share capital	17	700,953,800	700,953,800
Retained earnings		333,213,072	171,899,728
Revaluation reserve for TREC license	18	87,688,970	87,688,970
<b>Total equity</b>		<b>1,121,855,842</b>	<b>960,542,498</b>
<b>Non-current liabilities</b>			
Lease liability	19	<b>7,850,138</b>	<b>31,225,469</b>
<b>Current liabilities</b>			
Lease liability-current portion	19	14,504,475	22,519,557
Payable to clients	20	581,557,828	381,094,036
Account payables	21	225,187,494	1,505,700
Inter-company payables	22	318,029	186,656
Liability for expenses	23	63,618,853	54,113,637
Provision for income tax	24	598,109,323	535,445,379
<b>Total current liabilities</b>		<b>1,483,296,002</b>	<b>994,864,966</b>
<b>Total liabilities</b>		<b>1,491,146,140</b>	<b>1,026,090,435</b>
<b>Total equity and liabilities</b>		<b>2,613,001,982</b>	<b>1,986,632,933</b>

The annexed notes 1 to 36 form an integral part of these financial statements.

Annexure-1 & Annexure-2 are integral part of these financial statements.

A. Qasem & Co.  
Chartered Accountants  
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA  
Partner  
Enrolment Number: 1259  
DVC: 2103281259AS347611

Place: Dhaka  
Date: 21 March 2021

**Chief Executive Officer**

**Director**

**Chairman**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2020

Amount in BDT

	Notes	For the year ended	
		31 December 2020	31 December 2019
<b>Service Revenue</b>	25	397,427,090	405,957,075
Direct expenses	26	(103,708,192)	(114,295,586)
<b>Gross profit</b>		<b>293,718,898</b>	<b>291,661,489</b>
Operating expenses	27	(194,700,792)	(214,190,050)
<b>Operating profit</b>		<b>99,018,106</b>	<b>77,471,439</b>
Investment income	28	116,139,848	(109,522,344)
Finance income	29	18,068,818	15,533,472
Other income	30	(82,515)	1,582,429
Finance expenses	31	(9,166,970)	(6,965,225)
Share of profit of equity in associate company	8	-	1,261,492
<b>Profit before tax</b>		<b>223,977,287</b>	<b>(20,638,737)</b>
Income tax expenses	32	(62,663,944)	(64,354,732)
<b>Net profit after tax</b>		<b>161,313,343</b>	<b>(84,993,469)</b>
<b>Other comprehensive income</b>			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
<b>Other comprehensive income, net of tax</b>		-	-
<b>Total comprehensive income/(loss)</b>		-	-

The annexed notes 1 to 36 form an integral part of these financial statements.

Allocation of income between Brokerage Income and Other than Brokerage Income has been shown in Annexure-2 which is also an integral part of these financial statements.

A. Qasem & Co.  
Chartered Accountants  
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA  
Partner  
Enrolment Number: 1259  
DVC: 2103281259AS347611

Place: Dhaka  
Date: 21 March 2021

**Chief Executive Officer**

**Director**

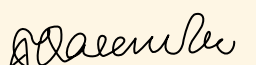
**Chairman**

BRAC EPL Stock Brokerage Limited  
**STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2020

Amount in BDT

	For the year ended	
	31 December 2020	31 December 2019
<b>A. Cash flows from operating activities:</b>		
Brokerage commission	365,317,598	373,329,034
Payments to creditors and other expenses	(265,673,291)	(241,324,608)
Loans and advances	337,302,789	14,901,368
<b>Cash generated from operating activities</b>	<b>436,947,096</b>	<b>146,905,794</b>
Bank interest income	18,068,818	15,533,472
Income from margin loan	20,772,472	17,638,860
Dividend income	23,197,035	25,780,414
Gain/(loss) on sale of shares	(21,360,537)	(25,596,615)
Other operating income	11,025,288	14,816,425
Income tax paid	(63,349,514)	(67,518,840)
<b>Cash generated used in other operating activities</b>	<b>(11,646,437)</b>	<b>(19,346,285)</b>
<b>Net cash flows from operating activities</b>	<b>425,300,660</b>	<b>127,559,509</b>
<b>B. Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(1,804,060)	(6,323,420)
Acquisition of intangible assets	-	(162,417)
Right of use asset	(6,021,716)	(88,559,501)
Sale of property, plant and equipment	1,797,491	1,920,000
Proceeds from liquidation of investment in associate company	-	16,486,002
Investment in shares	48,966,515	87,896,236
Unrealized gain/(loss) on share	114,303,350	(109,706,142)
<b>Net cash flows (used)/from investing activities</b>	<b>157,241,580</b>	<b>(98,449,243)</b>
<b>C. Cash flows from financing activities:</b>		
Finance cost	(9,166,970)	(6,965,225)
<b>Net cash used in financing activities</b>	<b>(9,166,970)</b>	<b>(6,965,225)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>573,375,270</b>	<b>22,145,041</b>
Cash and cash equivalents at the beginning of the year	531,288,623	509,143,582
<b>Cash and cash equivalents at the end of the year</b>	<b>1,104,663,893</b>	<b>531,288,623</b>

The annexed notes 1 to 36 form an integral part of these financial statements.  
Annexure-1 & Annexure-2 are integral part of these financial statements.




A. Qasem & Co.  
Chartered Accountants  
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA  
Partner  
Enrolment Number: 1259  
DVC: 2103281259AS347611

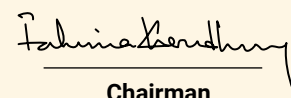
Place: Dhaka  
Date: 21 March 2021



Chief Executive Officer



Director



Chairman

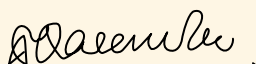
**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2020

Amount in BDT

Particulars	Share capital	Retained earnings	Revaluation reserve for TREC license	Total
<b>Balance as at 1 January 2019</b>	<b>700,953,800</b>	<b>256,893,197</b>	<b>87,688,970</b>	<b>1,045,535,968</b>
Issue of bonus shares	-	-	-	-
Net profit for the year ended 2019	-	(84,993,469)	-	(84,993,469)
<b>Balance as at 31 December 2019</b>	<b>700,953,800</b>	<b>171,899,728</b>	<b>87,688,970</b>	<b>960,542,499</b>
Issue of bonus shares	-	-	-	-
Net profit for the year ended 2020	-	161,313,343	-	161,313,343
Revaluation reserve for TREC license	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>700,953,800</b>	<b>333,213,072</b>	<b>87,688,970</b>	<b>1,121,855,842</b>

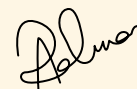
The annexed notes 1 to 36 form an integral part of these financial statements.  
Annexure-1 & Annexure-2 are integral part of these financial statements.



A. Qasem & Co.  
Chartered Accountants  
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA  
Partner  
Enrolment Number: 1259  
DVC: 2103281259AS347611

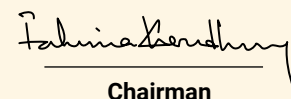
Place: Dhaka  
Date: 21 March 2021



**Chief Executive Officer**



**Director**



**Chairman**

**bKASH LIMITED**



# DIRECTORS' REPORT TO THE SHAREHOLDERS OF bKASH LIMITED

## Dear Shareholders

The Board of Directors of bKash Limited (bKash) is pleased to present before you the Directors' Report on the operational and financial activities of bKash together with the Auditors' Report and the Audited Financial Statements as of and for the year ended 31 December 2020 for your kind consideration, approval and adoption. This Directors' Report has been prepared in compliance with Section 184 of the Companies Act, 1994 and the requirements mandated by the regulatory bodies.

bKash Limited, the leading Mobile Financial Services (MFS) Provider in Bangladesh has continued to maintain its growth momentum with focus on financial inclusion and digitization of financial services for all in Bangladesh. The company started its journey in July 2011, as a joint venture between BRAC Bank Limited, Bangladesh and Money in Motion LLC, USA. Later on, The International Finance Corporation (IFC) of The World Bank Group and Bill & Melinda Gates Foundation joined the mission through equity partnership in April 2013 and April 2014 respectively. In April 2018, bKash also on boarded Ant Financial Services Group as a strategic partner. The partnership involves Ant Financial investing in bKash and increasing its technological capabilities, allowing it to provide greater convenience and security in mobile financial services.

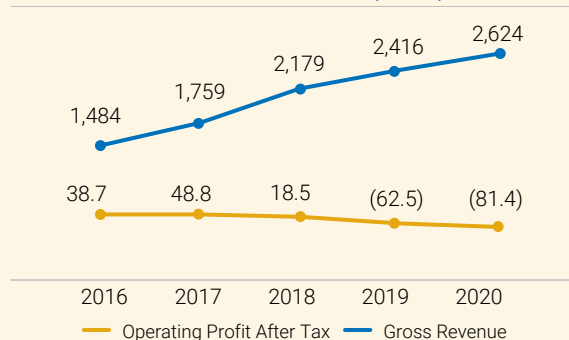
Though 2020 year was an exceptional year due to the coronavirus pandemic, bKash has shown resilience and pivoted business growth in many aspects. The number of customers of the company increased by 33 per cent to reach a milestone of 5.05 crore in client base. The total revenue of the company had a growth of 8.6 per cent year on year. More than 54.6 per cent of the above customers were active (with at least 1 transaction in the last 90 days), who had transacted more than BDT 431 thousand crore through electronic money. In line with the increase in volume of business,

float balance at the end of the year also increased by 46.2 per cent to reach BDT 4,772 crore. The company created employment opportunity for 1,297 directly hired employees in addition to employment opportunities created through 221 active distribution houses, 271.9 thousand agents and numerous other agencies spread throughout the country. Contribution to Government Exchequer by the company in the form of taxes and levies also had a growth of 21.9 per cent to reach a level of BDT 640 crore in 2020. With the growth of the business, bKash continued to focus on social agenda like Government Stipend program for students, disbursement of Salary of RMG workers and allowances under social security net by the Government at a significantly subsidized rate. In 2020, more than 30 lakh secondary students have received stipends in their respective bKash accounts without paying any fee/service charge to cash out the stipend amount.

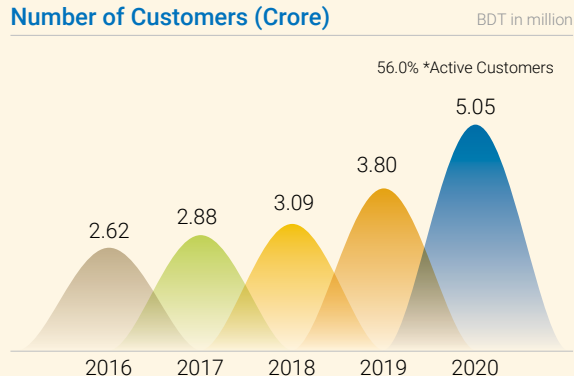
To maintain the growth momentum, the company has continued to invest significant amount in creating an ecosystem for diversified use of electronic money by introducing new services, incorporating new merchant base, continuously developing tools (like bKash customer or merchant App) with enhanced capability and security as well as in popularizing bKash services through various promotional activities and incentives. In 2020, bKash introduced a new product - Send Money to Non-bKash customers, added major billers to its Bill Pay products, namely Titas Gas and Dhaka, Chittagong, Rajshahi & Khulna Wasa and added more than 35 thousand merchants to its merchant base. At the end of 2020, 7.1 million customers and more than 39 thousand agents were actively using apps for their day-to-day transactions. Net profit (loss) after tax for the year 2020 was hence negative BDT 81.4 crore, compared to net profit (loss) after tax of negative BDT 62.5 crore in 2019. This rise in loss can be explained by the significant increase in investment in market development. These investments were in the form

of agent and distributor commission, commercial expenses, and technology expenses (in the form of depreciation and system maintenance) to support early investment and growth stage of the company.

### Gross Revenue & Profit After Tax (Crore)



### Number of Customers (Crore)



The financial statements have been prepared based on going concern concept and accrual basis of accounting in compliance with International Financial Reporting Standards, as adopted by the Institute of

Chartered Accountants of Bangladesh, Companies Act 1994 and other applicable laws of the land.

The Company's statutory auditor M/s. Rahman Rahman Huq, Chartered Accountants have completed their audit and are eligible to be reappointed as statutory auditors of the Company for the year 2021. 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 2021.

The Board would like to express appreciation to the entire bKash management. It would be remiss if we do not acknowledge the exceptional efforts of our employees, who worked in partnership to meet, embrace and accomplish various challenges in order to achieve the goals of the company while simultaneously maintaining the highest standards of service to our clients.

Finally, the Directors would like to thank our loyal clients and respected shareholders for their continued support to bKash. Taking this opportunity, the members of the Board would also like to thank all regulators and government agencies for their continuous support.

For and on behalf of the Board of Directors,

Shameran Abed  
Chairman

# INDEPENDENT AUDITOR'S REPORT

to the shareholders of bKash Limited

Report on the Audit of the Financial Statements

## Opinion

We have audited the financial statements of bKash Limited ("the Company"), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Adeeb H Khan.



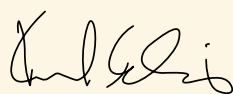
Adeeb H Khan,  
Senior Partner,  
Enrolment Number: 0652  
Rahman Rahman Huq,  
Chartered Accountants  
Firm Registration Number: [N/A]  
DVC: 2104070652AS644496

Dhaka, 22 March 2021

## STATEMENT OF FINANCIAL POSITION

In Taka	Note	31 December 2020	31 December 2019
<b>Assets</b>			
Property, plant and equipment	5	2,285,406,207	1,563,447,268
Intangible assets	6	1,286,812,184	924,533,123
Deferred tax assets	7	482,538,139	210,124,045
<b>Non-current assets</b>		<b>4,054,756,530</b>	<b>2,698,104,436</b>
Operational and other receivables	8	1,242,919,916	1,282,270,560
Advances, deposits and prepayments	9	527,414,110	1,626,787,191
Contract assets	10	939,833,410	824,813,671
Current tax assets	11	331,727,767	139,220,636
Airtime balance	12	1,164,985,936	420,691,712
Trust cum settlement account and investments	13	47,728,470,067	32,652,634,900
Investment in fixed deposits	14	2,800,508,400	7,214,200,000
Cash and cash equivalents	15	2,565,167,230	1,530,879,476
<b>Current assets</b>		<b>57,301,026,836</b>	<b>45,691,498,146</b>
<b>Total assets</b>		<b>61,355,783,366</b>	<b>48,389,602,582</b>
<b>Equity</b>			
Ordinary shares	16	38,194,900	38,194,900
Share premium - ordinary shares		1,286,205,568	1,286,205,568
<b>Ordinary share capital and premium</b>		<b>1,324,400,468</b>	<b>1,324,400,468</b>
Preference shares	17	8,796,300	8,796,300
Share premium - preference shares		8,286,915,782	8,286,915,782
<b>Preference share capital and premium</b>		<b>8,295,712,082</b>	<b>8,295,712,082</b>
Capital reserve		18,479,529	18,479,529
Share money deposit	18	505,162	505,162
Retained earnings		(369,428,518)	444,536,081
<b>Total equity</b>		<b>9,269,668,723</b>	<b>10,083,633,322</b>
<b>Liabilities</b>			
Other non-current liabilities	19	7,145,802	7,145,802
Lease liabilities	20	598,494,684	225,707,670
<b>Non-current liabilities</b>		<b>605,640,486</b>	<b>232,853,472</b>
Defined benefit plan - gratuity	21	299,192,243	67,750,000
Customer and other deposits	22	47,008,492,699	32,223,281,752
Operational and other payables	23	2,449,295,878	1,274,307,992
Lease liabilities	20	160,048,444	133,687,775
Grant funds	24	-	4,161,769
Accrued expenses	25	1,563,444,893	4,369,926,500
<b>Current liabilities</b>		<b>51,480,474,157</b>	<b>38,073,115,788</b>
<b>Total liabilities</b>		<b>52,086,114,643</b>	<b>38,305,969,260</b>
<b>Total equity and liabilities</b>		<b>61,355,783,366</b>	<b>48,389,602,582</b>

The annexed notes 1 to 40 form an integral part of these financial statements.



Chief Executive Officer



Director



Director



Company Secretary

As per our report of same date.



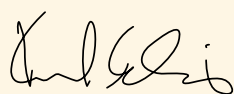
Auditor

Adeeb H Khan,  
Senior Partner,  
Enrolment Number: 0652  
Rahman Rahman Huq,  
Chartered Accountants  
Firm Registration Number: [N/A]  
DVC: 2104070652AS644496

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In Taka	Note	For the year ended	
		31 December 2020	31 December 2019
Gross revenue		26,245,031,468	24,160,827,270
VAT		(3,174,178,895)	(2,879,512,377)
<b>Revenue</b>	26	23,070,852,573	21,281,314,893
Cost of services	27	(16,762,763,296)	(16,612,324,493)
<b>Gross profit</b>		6,308,089,277	4,668,990,400
Operating and administrative expenses	28	(4,855,961,496)	(3,964,722,134)
Commercial expenses	29	(2,600,876,775)	(2,162,762,151)
<b>Operating profit</b>		(1,148,748,994)	(1,458,493,885)
Net finance income	30	511,944,613	824,820,803
<b>Profit before contribution to WPPF</b>		(636,804,381)	(633,673,082)
Contribution to WPPF		-	-
<b>Profit before tax</b>		(636,804,381)	(633,673,082)
Income tax (expense)/income	31	(37,589,049)	8,526,604
<b>Profit</b>		(674,393,430)	(625,146,478)
<b>Other comprehensive income/(expense)</b>			
<b>Item that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit plan	32	(206,772,102)	-
Related tax		67,200,933	-
		(139,571,169)	-
<b>Total comprehensive income</b>		(813,964,599)	(625,146,478)

The annexed notes 1 to 40 form an integral part of these financial statements.



Chief Executive Officer



Director



Director



Company Secretary

As per our report of same date.



**Auditor**

Adeeb H Khan,  
Senior Partner,  
Enrolment Number: 0652  
Rahman Rahman Huq,  
Chartered Accountants  
Firm Registration Number: [N/A]  
DVC: 2104070652AS644496

Dhaka, 22 March 2021

## STATEMENT OF CHANGES IN EQUITY

In Taka	Ordinary shares	Share premium - ordinary shares	Preference shares	Share premium - preference shares	Capital reserve	For the year ended 31 December 2019		
						Share money deposit	Retained earnings	Total equity
<b>Balance at 1 January 2019</b>	<b>38,194,900</b>	<b>1,286,205,568</b>	<b>8,796,300</b>	<b>8,286,915,782</b>	<b>18,479,529</b>	<b>505,162</b>	<b>1,069,682,559</b>	<b>10,708,779,800</b>
<b>Total comprehensive income</b>								
Loss for the year	-	-	-	-	-	-	(625,146,478)	(625,146,478)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(625,146,478)</b>	<b>(625,146,478)</b>
<b>Balance at 31 December 2019</b>	<b>38,194,900</b>	<b>1,286,205,568</b>	<b>8,796,300</b>	<b>8,286,915,782</b>	<b>18,479,529</b>	<b>505,162</b>	<b>444,536,081</b>	<b>10,083,633,322</b>

In Taka	Ordinary shares	Share premium - ordinary shares	Preference shares	Share premium - preference shares	Capital reserve	For the year ended 31 December 2020		
						Share money deposit	Retained earnings	Total equity
<b>Balance at 1 January 2020</b>	<b>38,194,900</b>	<b>1,286,205,568</b>	<b>8,796,300</b>	<b>8,286,915,782</b>	<b>18,479,529</b>	<b>505,162</b>	<b>444,536,081</b>	<b>10,083,633,322</b>
<b>Total comprehensive income</b>								
Loss for the year	-	-	-	-	-	-	(813,964,599)	(813,964,599)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(813,964,599)</b>	<b>(813,964,599)</b>
<b>Balance at 31 December 2020</b>	<b>38,194,900</b>	<b>1,286,205,568</b>	<b>8,796,300</b>	<b>8,286,915,782</b>	<b>18,479,529</b>	<b>505,162</b>	<b>(369,428,518)</b>	<b>9,269,668,723</b>

The annexed notes 1 to 40 form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

In Taka	For the year ended	
	31 December 2020	31 December 2019
<b>Cash flows from operating activities</b>		
Cash receipt from customers	43,248,171,272	29,786,434,261
Cash paid to suppliers, employees and others	(27,153,281,291)	(21,939,676,594)
<b>Cash generated from operating activities</b>	<b>16,094,889,981</b>	<b>7,846,757,667</b>
Interest received from deposits	692,162,959	812,323,201
Taxes paid to government exchequer	(3,545,326,026)	(3,328,328,029)
<b>Net cash flows from operating activities</b>	<b>13,241,726,914</b>	<b>5,330,752,839</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(932,437,607)	(533,368,639)
Acquisition of intangible assets	(442,514,290)	(383,554,281)
Encashment of fixed deposits	4,413,691,600	1,990,000,000
<b>Net cash from investing activities</b>	<b>3,038,739,703</b>	<b>1,073,077,080</b>
<b>Cash flows from financing activities</b>		
Lease liabilities	(170,343,696)	(170,816,774)
<b>Net cash used in financing activities</b>	<b>(170,343,696)</b>	<b>(170,816,774)</b>
<b>Net increase in cash and cash equivalents including trust cum settlement account and investments</b>	<b>16,110,122,921</b>	<b>6,233,013,145</b>
Cash and cash equivalents including trust cum settlement account and investments as at 1 January	34,183,514,376	27,950,501,231
<b>Cash and cash equivalents including trust cum settlement account and investments as at 31 December</b>	<b>50,293,637,297</b>	<b>34,183,514,376</b>
<b>Less: Trust cum settlement account and investments</b>	<b>47,728,470,067</b>	<b>32,652,634,900</b>
<b>Cash and cash equivalents as at 31 December</b>	<b>2,565,167,230</b>	<b>1,530,879,476</b>

The annexed notes 1 to 40 form an integral part of these financial statements.

**BRAC SAAJAN  
EXCHANGE LTD**



# DIRECTORS' REPORT TO THE SHAREHOLDERS OF BRAC SAAJAN EXCHANGE LTD.

## FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

### 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.

### Results and dividends

The results for the year are set out on statements of comprehensive income.

Ordinary dividends were paid amounting to £147,823. The directors do not recommend payment of a further dividend. This is to assist with maintaining Cash Flow and re-investing into the growing business of BRAC Saajan.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Kazi Mahmood Sattar

Mr Selim Reza Farhad Hussain

Mr Abdus Salam

### Future developments

The company is forecasting more than 38 per cent YOY remittance growth within the UK retail sector in

2021. It expects to achieve this as the country comes out of restrictions imposed from the pandemic which will allow to company to focus on regaining lost market share particularly in the UK to Bangladesh market. The company is working hard to meet emerging demand from its customer base for non-cash remittance services. This is a key initiative to reduce both risk and operating costs.

Although the company has a strategic goal to spread its service to more than 30 countries and to this end the company is developing partnership opportunities to scale up its reach into new corridors. However, with the existing transition arrangements in the EU following on from Brexit, no remittance is forecasted from the EU. The EU is still a part of the strategic plans longer-term where a significant opportunity still exists.

Investment in compliance and governance will continue, in line with regulatory requirements and the company's planned growth.

The strategic plan for 2021 and beyond involves rolling out its revamped online service across European countries.

### Auditor

The auditor, Reddy Siddiqui LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies

as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

### 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.

### Going Concern

The impact on the Company arising from the uncertainty of the recent COVID-19 outbreak has been considered by the Directors:

- Management have considered updated financial forecasts. Based upon the information available, the directors consider that the Company has sufficient liquidity to continue in business for at

least the next 12 months as a going concern.

- The directors have reviewed the assets of the business and do not believe there to be any impairments arising as a result of the pandemic.
- To date there has been no material impact on the Company arising from the COVID-19 outbreak and the directors continue to monitor the situation very closely.
- In addition, the directors do not believe there will be any material impact on the Company's ability to remain a going concern arising from the UK's exit from the European Union.

On behalf of the board



**Mr Abdus Salam**

Director

9 April 2021



## 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 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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**

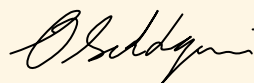
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report or for the opinions we have formed.



**Omar Siddiqui (Senior Statutory Auditor)**  
For and on behalf of Reddy Siddiqui LLP

9 April 2021

**Chartered Accountants**  
**Statutory Auditor**

183-189 The Vale  
Acton  
London  
W3 7RW

**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Turnover	6,917,406	7,378,724
Cost of sales	(2,645,334)	(3,050,353)
<b>Gross profit</b>	<b>4,272,072</b>	<b>4,328,371</b>
Administrative expenses	(4,667,419)	(4,044,581)
Other operating income	245,228	94,172
<b>Operating (loss)/profit</b>	<b>(150,119)</b>	<b>377,962</b>
Interest receivable and similar income	5,345	1,722
Interest payable and similar expenses	(158,316)	(172,088)
<b>(Loss)/Profit before taxation</b>	<b>(303,090)</b>	<b>207,596</b>
Tax on (loss)/profit	28,138	(59,772)
<b>(Loss)/profit for the financial year</b>	<b>(274,952)</b>	<b>147,824</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**BALANCE SHEET**

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020		2019	
	£	£	£	£
<b>Fixed assets</b>				
Intangible assets		139,797		179,741
Tangible assets		590,688		633,481
Investments		44,900		44,765
		<b>775,385</b>		<b>857,987</b>
<b>Current assets</b>				
Debtors	2,823,739		6,379,231	
Investments	50,597		49,966	
Cash at bank and in hand	8,209,092		3,705,060	
	11,083,428		10,134,257	
<b>Creditors: amounts falling due within one year</b>	(9,803,466)		(8,499,612)	
<b>Net current assets</b>		1,279,962		1,634,645
<b>Total assets less current liabilities</b>		<b>2,055,347</b>		<b>2,492,632</b>
<b>Creditors: amounts falling due after more than one year</b>		(168,866)		(175,657)
<b>Provisions for liabilities</b>				
Deferred tax liability	(53,650)		(61,369)	
		(53,650)		(61,369)
<b>Net assets</b>		<b>1,832,831</b>		<b>2,255,606</b>
<b>Capital and reserves</b>				
Called up share capital		333,333		333,333
Share premium account		249,999		249,999
Profit and loss reserves		1,249,499		1,672,274
<b>Total equity</b>		<b>1,832,831</b>		<b>2,255,606</b>

The financial statements were approved by the board of directors and authorised for issue on 9 April 2021 and are signed on its behalf by:



Mr Abdus Salam  
Director

Company Registration No. 06469886

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2020

	Share capital	Share premium account	Profit and loss reserve	Total
	£	£	£	£
<b>Balance at 01 January 2019</b>	333,333	249,999	1,607,783	2,191,115
<b>Year ended 31 December 2019:</b>				
Profit and total comprehensive income for the year	-	-	147,824	147,824
Dividends			(83,333)	(83,333)
<b>Balance at 31 December 2019</b>	<b>333,333</b>	<b>249,999</b>	<b>1,672,274</b>	<b>2,255,606</b>
<b>Year ended 31 December 2020:</b>				
Profit and total comprehensive income for the year	-	-	(274,952)	(274,952)
Dividends	-	-	(147,823)	(147,823)
<b>Balance at 31 December 2020</b>	<b>333,333</b>	<b>249,999</b>	<b>1,249,499</b>	<b>1,832,831</b>

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020		2019	
	£	£	£	£
<b>Cash flows from operating activities</b>				
Cash (absorbed by)/generated from operations		4,759,446		(2,294,805)
Interest paid		(158,316)		(172,088)
Income taxes paid		(44,891)		(121,101)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>4,556,239</b>		<b>(2,587,994)</b>
<b>Investing activities</b>				
Purchase of intangible assets	(17,601)		(81,473)	
Purchase of tangible fixed assets	(4,402)		(126,876)	
Proceeds on disposal of subsidiaries	(135)		-	
Proceeds from other investments and loans	(631)		-	
Interest received	5,345		1,722	
<b>Net cash used in investing activities</b>		<b>(17,424)</b>		<b>(206,627)</b>
<b>Financing activities</b>				
Repayment of borrowings	(6,791)		(23,743)	
Dividends paid	(25,000)		(83,333.00)	
<b>Net cash used in financing activities</b>		<b>(31,791)</b>		<b>(107,076)</b>
<b>"Net (decrease)/increase in cash and cash equivalents"</b>		<b>4,507,024</b>		<b>(2,901,697)</b>
Cash and cash equivalents at beginning of year		3,702,068		6,603,765
<b>Cash and cash equivalents at end of year</b>		<b>8,209,092</b>		<b>3,702,068</b>
<b>Relating to:</b>				
Cash at bank and in hand		8,209,092		3,705,060
Bank overdrafts included in creditors payable within one year		-		<b>(2,992)</b>

# INTEGRATED

# REPORTING CHECKLIST

Sl. No.	Particulars	Chapter/ Section reference	Page
<b>1</b>	<b>Elements of an Integrated Report</b>		
<b>1.1</b>	<b>Organizational overview and external environment</b>		
	An integrated report should disclose the main activities of the organization and the environment in which it operates.	Company Profile and Significant Accounting Policies	49, 594
	An integrated report should identify the organization's mission and vision, and provide essential context by identifying matters such as:		
	<b>The organization</b>		
	Culture, ethics and values	Our Philosophy, Mission, Vision, Values	46, 46
	Ownership and operating structure including size of the organization location of its operations	Pattern of shareholding	342
	Principal activities and markets	Company Profile and Significant Accounting Policies	49, 594
	Competitive landscape and market positioning (considering factors such as the threat of new competition and substitute products or services, bargaining power of customers and suppliers and the intensity of competitive rivalry)	Competitive intensity and strategic response	199
	Position within the value chain	Our value creation framework	202
	<b>Key quantitative information</b>		
	The number of employees, revenue and number of countries in which the organization operates highlighting, in particular, significant changes from prior periods	Our people, Core financial highlights, Five year financial summary	272, 02, 169
	Significant factors affecting the external environment and the organization's response	BRAC Bank's PESTEL framework	208
	* The legitimate needs and interests of key stakeholders	Our material events	204
	* Macro and micro economic conditions, such as economic stability, globalization, and industry trends	Global and Bangladesh review in the Director's Report	98
	* Market forces, such as the relative strengths and weaknesses of competitors and customer demand	BRAC Bank's SWOT Framework	206
	* The speed and effect of technological change	BRAC Bank's PESTEL framework, Technology	208, 287
	* Societal issues, such as population and demographic changes, human rights, health, poverty, collective values and educational systems	BRAC Bank's PESTEL framework	208

Sl. No.	Particulars	Chapter/ Section reference	Page
	* Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached	BRAC Bank's PESTEL framework	208
	* The legislative and regulatory environment in which the organization operates		
	* The political environment in countries where the organization operates and other countries that may affect the ability of the organization to implement its strategy		
<b>1.2</b>	<b>Governance</b>		
	An integrated report should show how does the organization's governance structure support its ability to create value in the short, medium and long term.	Corporate Governance Compliance Report, strategy and resource allocation	316, 219
	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	61
	* 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	314
	* 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	314, 434
	* 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	314
	* Whether the organization is implementing governance practices that exceed legal requirements/ key policies		
	* The responsibility those charged with governance take for promoting and enabling innovation	Corporate Governance, Management Committee, Senior Officials	314, 84, 86
	* 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	219
<b>1.3</b>	<b>Stakeholder identification/ relationships</b>		
	An integrated report should identify its key stakeholders and provide insights into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests.	Our material events	204
	Capitals	Capital Plan	369
	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.	Our value creation framework, Our Business Model and Strategy	202, 216
	An integrated report needs to identify the various forms of capitals which are essential for the success of its business operations e.g. financial, manufactured, intellectual, human, social and relationship and natural.		



Sl. No.	Particulars	Chapter/ Section reference	Page
<b>1.4</b>	<b>Business model</b>		
	An integrated report needs to describe the business model including key:		
	Inputs	Our Business Model and Strategy	216
	Business activities		
	Outputs		
	Outcomes		
	Identification of critical stakeholders and others	Our material events	204
	Connection to information covered by other Content Elements, such as strategy, risks and opportunities, and performance (including KPIs and financial considerations, like cost containment and revenues)	Core Financial Highlights, Letter from the Chairman, Message from our Managing Director & CEO, Directors' Report	02, 16, 30, 98
	Inputs - An integrated report shows how key inputs relate to the capitals on which the organization depends, or that provide a source of differentiation for the organization, to the extent they are material to understanding the robustness and resilience of the business model.	Our Business Model and Strategy	216
	<b>Business activities</b>		
	An integrated report describes key business activities. This can include:		
	How the organization differentiates itself in the market place	Strategy and resource allocation	219
	How the organization approaches the need to innovate	Our Business Model and Strategy	216
	How the business model has been designed to adapt to change	Strategy and resource allocation	219
	Outputs - An integrated report identifies an organization's key products and services.	Our Business Model and Strategy	216
	Outcomes: An integrated report describes key outcomes, including: Both internal outcomes, and external outcomes, Both positive outcomes and negative outcomes		
	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	219
<b>1.5</b>	<b>Performance</b>		
	An integrated report needs to explain the extent to which the organization has achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals	Core Financial Highlights, Letter from the Chairman, Message from our Managing Director & CEO, Directors' Report	02, 16, 30, 98
	An integrated report should contain qualitative and quantitative information about performance that may include matters such as:		
	Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications and the methods and assumptions used in compiling them	Competitive intensity and strategic response	199
	The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests	Our material events	204

Sl. No.	Particulars	Chapter/ Section reference	Page
	The linkages between past and current performance and between current performance and the organization's outlook.	Core Financial Highlights, Letter from the Chairman, Message from our Managing Director & CEO, Directors' Report	02, 16, 30, 98
	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	02, 369
	Include instances where regulations have a significant effect on performance (e.g., a constraint on revenues as a result of regulatory rate setting) or the organization's non-compliance with laws or regulations may significantly affect its operations.	N/A	
<b>1.6</b>	<b>Risks and opportunities</b>		
	An integrated report should explain what are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long-term and how is the organization dealing with them	Competitive intensity and our strategic response	199
	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	400
	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		
	The specific steps being taken to mitigate or manage key risks or to create value from key opportunities, including the identification of the associated strategic objectives, strategies, policies, targets and KPIs		
	Risk management report (which includes details about risk, root cause, etc.)	From Risk Management Division	401
	Response on the effectiveness of the internal controls and the Board's responsibility for the disclosures on internal controls to safeguard stakeholder interest	Report of the Board Audit Committee	354
<b>1.7</b>	<b>Strategy and resource allocation</b>		
	An integrated report should describe the company's strategic direction (where does the organization want to go and how does it intend to get there)	Strategy and resource allocation	219
	An integrated report need to identify:		
	The organization's short, medium and long term strategic objectives	Strategy and resource allocation	219
	The strategies it has in place, or intends to implement, to achieve those strategic objectives		
	How is the entity positioned in the wider market	Value-added Statement	187
	How the long-term strategies relate to the current business model	Our Business Model and Strategy	216


Sl. No.	Particulars	Chapter/ Section reference	Page
	The resource allocation plans it has to implement its strategy	Strategy and resource allocation	219
	How it will measure achievements and target outcomes for the short, medium and long term. This can include describing:		
	The linkage between the organization's strategy and resource allocation plans and the information covered by other content elements, including how its strategy and resource allocation plans:		
	- relate to the organization's business model, and what changes to that business model might be necessary to implement chosen strategies to provide an understanding of the organization's ability to adapt to change	Strategy and resource allocation	219
	- 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		
	What differentiates the organization to give it competitive advantage and enable it to create value, such as:		
	The role of innovation		
	How the organization develops and exploits intellectual capital	Our people	273
	The extent to which environmental and social considerations have been embedded into the organization's strategy to give it a competitive advantage	BRAC Bank's PESTEL framework Strategy and resource allocation	208, 219
	Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans	Strategy and resource allocation	219
<b>1.8</b>	<b>Outlook</b>		
	An integrated report should explain what challenges and uncertainties the organization is likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?	Core Financial Highlights, Letter from the Chairman, Message from our Managing Director & CEO, Directors' Report	02, 16, 30, 98
	An integrated report should highlight anticipated changes over time and provides information on:		
	The organization's expectations about the external environment the organization is likely to face in the short, medium and long-term	Our Business Model and Strategy, BRAC Bank's SWOT framework, BRAC Bank's PESTEL framework	216, 206, 208
	How that will affect the organization	BRAC Bank's SWOT framework, BRAC Bank's PESTEL framework	206, 208
	How the organization is currently equipped to respond to the critical challenges and uncertainties that are likely to arise		
	The discussion of the potential implications, including implications for future financial performance may include:		
	The external environment and risks and opportunities, with an analysis of how these could affect the achievement of strategic objectives	Our Business Model and Strategy, BRAC Bank's SWOT framework, BRAC Bank's PESTEL framework	216, 206, 208

Sl. No.	Particulars	Chapter/ Section reference	Page
	The availability, quality and affordability of capitals the organization uses or affects including how key relationships are managed and why they are important to the organization's ability to create value over time	Our value creation framewrok	202
	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	98
	Disclosures about an organization's outlook in an integrated report should consider the legal or regulatory requirements to which the organization is subject	Integrated Report	14
<b>1.9</b>	<b>Basis of preparation and presentation</b>		
	An integrated report should answer the question: How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?	Integrated Report	14
	An integrated report describes its basis of preparation and presentation, including:		
	A summary of the organization's materiality determination process	Our material events	204
	Brief description of the process used to identify relevant matters, evaluate their importance and narrow them down to material matters		
	Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters	Integrated Report	14
	A description of the reporting boundary and how it has been determined		
	A summary of the significant frameworks and methods used to quantify or evaluate material matters		
<b>2</b>	<b>Responsibility for an integrated report</b>		
	An integrated report should include a statement from those charged with governance that includes:	Directors' Report	98
	An acknowledgment of their responsibility to ensure the integrity of the integrated report	Integrated Report	14
	An acknowledgment that they have applied their collective mind to the preparation and presentation of the integrated report		
	Their opinion or conclusion about whether the integrated report is presented in accordance with the Framework		
<b>3</b>	<b>Other qualitative characteristics of an Integrated Report</b>		
	<b>Consistency and comparability</b>		
	The information in an integrated report should be presented:		
	On a basis that is consistent over time	Directors' Report	98
	Using benchmark data		

Sl. No.	Particulars	Chapter/ Section reference	Page
	Presenting information in the form of ratios		
	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	169
	<b>Connectivity of information</b>		
	An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time.	Corporate Strength Analysis	198
	Content elements	Core financial highlights	02
	Past, present & future	Core Financial Highlights, Letter from the Chairman, Message from our Managing Director & CEO, Directors' Report	02, 16, 30, 98
	Finance and other information	Five years' financial summary	169
	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	Our material events, Our value creation framewrok	204, 202
	<b>Assurance on the Report</b>		
	The policy and practice relating to seeking assurance on the report, the nature and scope of assurance provided for this particular report, any qualifications arising from the assurance, and the nature of the relationship between the organization and the assurance providers	Directors' Report Independent Auditor's Report	98, 473


# GLIMPSES OF THE 21ST AGM

**21st Annual General Meeting (Virtual)**  
**BRAC Bank Limited**  
25 June 2020




**২১তম বার্ষিক সাধারণ সভা (ভার্চুয়াল)**  
**ব্র্যাক ব্যাংক লিমিটেড**  
২৫ জুন ২০২০

We promise to be worthy of your legacy.



আপনার সুযোগ্য উত্তরসূরী হবার লক্ষ্যে অবিচল এঁ  
আমরা।



Agenda 1

To receive, consider and adopt the audited financial statements for the year ended December 31, 2019 and the Auditors' and Directors' Reports

৩১ ডিসেম্বর ২০১৯ সমাপ্ত বছরের নিরীক্ষিত আর্থিক, অডিটর এবং পরিচালকমণ্ডলীর প্রতিবেদন গ্রহণ ও অনুমোদন।

Agenda 2

To declare dividend for the year ended December 31, 2019

৩১ ডিসেম্বর ২০১৯ সমাপ্ত বছরের জন্য লভ্যাংশ ঘোষণা।

Agenda 3

To elect/re-elect Directors

পরিচালক নির্বাচন/পুনঃ নির্বাচন।

► The 21<sup>st</sup> AGM was held on a digital platform, for the first time in BRAC Bank's history.

# BRANCH LIST

BRANCH NAME	BRANCH ADDRESS
<b>AGRABAD BRANCH</b>	C&F Tower (1 <sup>st</sup> Floor), 1712, Sk. Mujib Road, Agrabad, Chittagong.
<b>ARAIHAZAR SME/KRISHI BRANCH</b>	Shahjalal Market (1 <sup>st</sup> Floor), College Road, Araihaazar Bazar, Araihaazar, Narayangonj.
<b>ASAD GATE BRANCH</b>	House No: 01, Plot No: 01, Asad Gate, Mirpur Road, Dhaka-1207.
<b>ASHKONA BRANCH</b>	Ashkona Branch, Ashkona Community Center & Decorator, 567/1, Ashkona, Dakhin Khan, Dhaka-1230.
<b>ASHULIA BRANCH</b>	BRAC Bank Limited, "Abbas Shopping Complex" (1 <sup>st</sup> Floor), Jamgara, Ashulia, Savar, Dhaka-1341
<b>ATI BAZAR BRANCH</b>	Hazi Nuruddin Plaza House#13,ATI Bazar, Keranigonj ,Dhaka -1312
<b>BADDA SMESC</b>	The Pearl Trade Center (PTC), Holding No: Cha- 90/3, Progoti Shoroni Road, Ward No-21, Thana-Badda, Dhaka
<b>BAGERHAT SME/KRISHI BRANCH</b>	Shaikh Mansion, Holding# 226, Main road, Ward# 05, Rahater Mor, 1 <sup>st</sup> floor, Pourashava & Thana# Bagerhat, Dist. Bagerhat
<b>BAHADDERHAT SMESC</b>	Mamtaz Tower, 4540 Arakan Road, Bahaddarhat, Chittagong.
<b>BANANI - 11 BRANCH</b>	South Breeze Center,Plot # 5, Building-G (1 <sup>st</sup> & 2 <sup>nd</sup> Floor), Road-11, Banani, Dhaka-1213
<b>BANANI BRANCH</b>	Borak Mehnoor, Holding # 51/B, Kamal Atatürk Avenue, Banani C/A, Ward: 19; Dhaka-1213
<b>BANDARTILA SMESC</b>	Osman Plaza, 1 <sup>st</sup> Floor, 800/new, MA Aziz Road, Airport road, Bondortila, Chittagong.
<b>BANIACHONG BRANCH</b>	Hazi Harun Mansion, Holding No # 5, Boro Bazar, Baniachong, Habigonj.
<b>BARISALBRANCH</b>	S. Rahman Market, 1 <sup>st</sup> Floor ,79 Sadar Road, Barisal-8200.
<b>BARO BAZAR BRANCH</b>	"A" Hossain Plaza 4, Sir Iqbal Road, Khulna-9100
<b>BARURA BRANCH</b>	Angkur Bhuiyan Complex (Ground Floor),College Road, Barura, Comilla–3560.
<b>BASHABO BRANCH</b>	Doric Hakim Tower. Holding No 213, Road No19, Atish Dipankar Road, Ward No 4, Middle Bashabo, Sabujbag, Dhaka-1214.
<b>BASHUNDHARA BRANCH</b>	Holding: 193, Block-B, Safwan Road, Bashundhara R/A, Dhaka-1229.
<b>BEANIBAZAR BRANCH</b>	Hazi Abdus Sattar Shopping Complex (1 <sup>st</sup> Floor ), Holding No # 641, Ward No # 06, Beani Bazar, Sylhet.
<b>BEGUM ROKEYA SHARONI BEANCH</b>	Holding-129, Word No-14, Senpara Parbata, Mirpur Dhaka-1216.
<b>BELKUCHI BRANCH</b>	1014, Bhuiyan Plaza, Mukunda Gati Bazar Road, Belkuchi, Sirajganj
<b>BENAPOLE SME/KRISHI BRANCH</b>	Anu Bhaban, Holding# 492, Benapole, Jessore.
<b>BHADERGANJ BRANCH</b>	Maa Plaza, Holding : 137/1, Asian Highway Road Teringer More, Ps: Bhedorgonj . Dist: Shariatpur.
<b>BHAIRAB BRANCH</b>	Jahanara Mansion (1 <sup>st</sup> Floor), Bangabandhu Sarani, Bhairab Bazar, Bhairab, Kishoreganj
<b>BHANGA SME/KRISHI BRANCH</b>	Bhuiyan Market (1 <sup>st</sup> floor), Holding No. - 414, Thana Road, Bhangra Bazar, Pourashava & P.S. - Bhangra, Dist. - Faridpur.
<b>Bheramara BRANCH</b>	Bheramara Marjina Complex 1 <sup>st</sup> Floor. High Road , Bheramara Kushtia

BRANCH NAME	BRANCH ADDRESS
<b>BHOLA BRANCH</b>	Mahabuba Market, House No:1331-1338, Sadar Road, Bhola-8300
<b>BHULTA SME/KRISHI BRANCH</b>	Haji Shopping Complex, Ward #04, Ruppogonj, Narayangonj.
<b>BIJOYNAGAR SMESC</b>	TEPA Complex, Holding- Hal-169, Shahid Swaed Nazrul Islam Sharani, Ward-36, Thana- Palton, Dist.- Dhaka.
<b>BISWANATH BRANCH</b>	Biswanath branch, Didar Shopping City (1 <sup>st</sup> Floor), Rampasha Road, Biswanath, Sylhet
<b>BOARD BAZAR BRANCH</b>	Hazi Ahammad Ali Eco Complex, Dag No 753-754, Dhaka Mymensingh Highway Road, Ward # 35, Board Bazar, Gazipur-1704
<b>BOGRA BRANCH</b>	Sheikh Mansion, 368/405 Rangpur Road, Borogola, Bogra-5800
<b>BONDOR SMESC</b>	Noor Mansion, 1458 Main Road, Laldigirpar, Ward#14, Sylhet.
<b>BONOSREE BRANCH</b>	Plot# 12, Block# C, Ground Floor, Bonosree Main Road, Bonosree, Rampura, Dhaka-1219
<b>BRAHMANBARIA SME/KRISHI BRANCH</b>	Foyaz Plaza,1116, Masjid Road, Brahmanbaria Sadar, Brahmanbaria.
<b>CDA AVENUE BRANCH</b>	Hosna Kalam Complex, Plot-3439, CDA Avenue, East Nasirabad, Chittagong.
<b>CHANDINA BRANCH</b>	Jainal Abedin Shopping Mall, Moddho Bazar Thana Road, Word No: 05., Chandina-3510, Comilla.
<b>CHANDPUR SME/KRISHI BRANCH</b>	Shadana Plaza(1 <sup>st</sup> floor), 514/459, Shahid Muktijoddha Sarak, Chandpur Sadar, Chandpur.
<b>CHAPAINAWABGONJ SME/KRISHI BRANCH</b>	Holding No#15 ,Ward No#2, Islampur, Boro Indira Mor, Chapainawabganj.
<b>CHARMATHA BRANCH</b>	Sharif Market, House -3244 Dhaka- Rangpur Road, Charmatha, Bogra Sadar-5800.
<b>CHAWKBAZAR BRANCH</b>	Al-Madina Tower, (1 <sup>st</sup> Floor), College Road, Oli Kha Moszid More, Chittagong.
<b>CHOKORIA SME/KRISHI BRANCH</b>	"Jahir Market" Holding# 1136, Arakan Road, Chokoria, Cox's Bazar.
<b>CHOWMUHUNI BRANCH</b>	Rupali Bhaban, Holding No # 807, Feni Road, Chowmuhani, Begumgonj, Noakhali.
<b>CHUADANGA SME/KRISHI BRANCH</b>	Holding No. - 4276 (1 <sup>st</sup> floor), Court Road, Pourashava & P.S. - Chuadanga, Dist. - Chuadanga.
<b>COMILLA BRANCH</b>	Holding# 682/615, Jhawtola, comilla-3500
<b>COMILLA SME/KRISHI BRANCH</b>	Desh Jaannat Tower 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor),66 , Chawkbazar (Dhaka – Chattogram Trunk Road), Cumilla-3500
<b>COMPANYGONJ BRANCH</b>	Mim Plaza, Zero Point, Holding No-006-00, Bashurhat, Companyganj, Noakhali.
<b>COX'S BAZAR BRANCH</b>	An-Nahar Complex (1 <sup>st</sup> Floor), 1462 Burmise Market , Main Road , Sadar, Cox's Bazar.
<b>DAKHIN KHAN BRANCH</b>	Mozaffar Tower, Holding # 103, Ward # 03, Bir Mukti Joddha S.M. Mozzamel Haq Sarak, Dakhin Khan, Dhaka.
<b>DAULATPUR BRANCH</b>	SS Center Shopping Mall. Holding: 1/1, WARD#6 Jessore khulna highway Road, Daulatpur, Khulna.
<b>DEMRA SME/KRISHI BRANCH</b>	Megna Plaza, Holding# 11, Ward#02, Konapara Bazar, Jatrabari, Dhaka.
<b>Dhanmondi Branch</b>	Bay Park Height, Holding Number-2 (New), Ward No-15, Mirpur Road, Dhanmondi, Dhaka
<b>DHOLAIKHAL SMESC</b>	Nahar Complex, Holding# 10/1, Ananda Mohon Basak Lan, Nayabazar, Ward# 71, Thana- Kotwali, Dist.- Dhaka.
<b>DINAJPUR SME/KRISHI BRANCH</b>	Nur Tower, Holding No-812/772, Munshipara Road, (Lilir Mor),Ward- 03,Dinajpur Pouroshova, Thana- Kotowali, District- Dinajpur



BRANCH NAME	BRANCH ADDRESS
DOHAR BRANCH	67, Asraf Ali Chowdhury Plaza (1 <sup>st</sup> Floor), Joypara, Dohar, Dhaka-1330.
DONIA BRANCH	Dhaka Shopping Tower, Holding # 852, Zia Sarani Road, Donia, Kadamtoli, Ward #03, Dhaka-1236
ELEPHANT ROAD BRANCH	136, Ground Floor, Elephant Road, Dhaka- 1205
ELEPHANT ROAD SMESC	Ferdousi Plaza Bhaban, Holding# 334 Shaeed Janany Jahanara Imam Sharani, PS# Dhanmondi, Dhaka.
FARIDPUR SME/KRISHI BRANCH	Swarnamoyee Plaza (1 <sup>st</sup> floor) Holding No - 115 & 115/1, Mujib Sarak, Pourashava - Faridpur, P.S - Kotwali, Dist. - Faridpur.
FENI SME/KRISHI BRANCH	Kazi Center (2 <sup>nd</sup> 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 & 1 <sup>st</sup> Floor), Holding#119/E, Ward# 45 (New), 81 (Old), Distilari Road, Gandaria, Dhaka-1204.
GAZIPUR SME/KRISHI BRANCH	Manik Bhaban, 95, Block# G, Rajbari Road, Joydevpur, Ward# 04, Gazipur.
GHATAIL SME/KRISHI BRANCH	Kajim Uddin Super Market, Holding# 752, Ward# 07, Thana# Gatail, Tangail.
GHORASHAL BRANCH	Holding-300/1(G/F), Dakkshin Charpara, Station Road, Ghorashal, Palash, Narshingdi -1613.
GOALABAZAR BRANCH	Anwar Mansion, 93 North Goalabazar,Osmani Nagar, Sylhet - 3124
GOBINDAGONJ SME/KRISHI BRANCH	Jawad Plaza (1 <sup>st</sup> floor), Holding No.- 609, Thana Moar, Charmatha, Gobindaganj, Gaibandha.
GOPALGANJ SME/KRISHI BRANCH	Holding: 01, Ward: 02, Jahanara Plaza (1 <sup>st</sup> Floor), Madrasha Road, Pourashava: Gopalganj, Dist. Gopalganj
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 SMESC	Holding# 180, Siddique Bazar, Ward- 69, 5 no. Shahid Syed Nazrul Islam Sharani (North South Road), Thana- Kotwali, Dhaka- 1000
GULSHAN BRANCH	House-50 (1 <sup>st</sup> Floor), Road-03, Plot-02, Block- SW(H)-7, Gulshan Avenue, Gulshan-1, Dhaka-1212
HAJARIBAG SMESC	House-55, Nowabgonj Road (1 <sup>st</sup> Floor), Hazaribag, Lalbag, Dhaka-1211
HAJIGONJ BRANCH	Mokimabad, West Bazar, Hajigonj, Chandpur.
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,(1 <sup>st</sup> Floor) Near to Hathazari Madrasha. Mouza- Fatika, Union- Dewan Nagar, Thana- Hathazari, Dist.- Chittagong.
HEMAYATPUR 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 (1 <sup>st</sup> Floor), Chawk Bazar, Dhaka 1100.
ISHARDI BRANCH	BRAC Bank Limited, Ishwardi Branch, 993, Boro Masjid, Station Road, Ishwardi, Pabna.
ISLAMPUR BRANCH	Bishal Hafej Sharif Market,10 Waizghat Road,(Beside Moon Complex) ,Islampur, Dhaka.
JAMALPUR BRANCH	Beauty Plaza (1 <sup>st</sup> Floor),Medical Road, Jamalpur-2000.

BRANCH NAME	BRANCH ADDRESS
JATRABARI SMESC	39, Shahid Faruk Road (opposite of Leguna Stand) Jatrabari, Dhaka
JESSORE BRANCH	Rawnak Chamber, M. K. Road , Jessore-7400.
JHALKATHI SME/KRISHI BRANCH	Holding# 67, 68, Monohori Potti Road, Jhalokathi Pourashava, Jhalokathi.
JHENAIDAH SME/KRISHI BRANCH	House No - 23 (1 <sup>st</sup> floor), Agnibina Sarak, Jhenaidah.
Jiban Nagar BRANCH	Hasina Plaza(1 <sup>st</sup> 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 (1 <sup>st</sup> floor), Holding No. - 0554-00, Sadar Road, Joypurhat.
JUBILEE ROAD BRANCH	Hazi M Rahman Mansion. 184/A Enayet Bazar, Jubilee Road, Chittagong. Bangladesh.
KADAMTOLI SMESC	Dewan Chand Mahal (1 <sup>st</sup> & 2 <sup>nd</sup> Floor), 1277, D.T Road, Dhaniaalapara, Kadamtoli, Chittagong
KAPASIA BRANCH	Prihan tower, safaisri, Kapasia, Gazipur-1730
KARWANBAZAR SMESC	Ali Bhaban, Holding# 92, Kazi Nazrul Islam Avenue, Ward# 39, Thana# Tejgaon Dist.# Dhaka.
KASBA BRANCH	Simanto complex-2, ( 1 <sup>st</sup> 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 (1 <sup>st</sup> Floor), Ward: 04, East Aganagar, Keraniganj, Dhaka-1310
KHATUNGANJ SMESC	M. K. Heights, Holding No#418, Khatunganj, Ward No#35, Kotwali, Chittagong.
KHILGAON SMESC	Plot # 926/C, Khilgaon Rehabilitation Area, Ward# 1, (South) Thana- Khilgaon, Dist.# Dhaka-1219
KHULNA BRANCH	“The Daily Probaho Bhaban”3, KDA Avenue, Khulna
KISHOREGONJ SME/ KRISHI BRANCH	Azhar Bhaban, Holding# 613, Ward# 06, Borobazar, Thana & Dist.- Kishoregonj.
KONABARI SME/KRISHI BRANCH	“Surma Food and Industry; Plot -143,144 # Dhaka-Tangail High Way Road; Konabari, Gazipur.”
KUSHTIA SME/KRISHI BRANCH	Tofazzel Heath Centre Bhabon (1 <sup>st</sup> 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 (1 <sup>st</sup> floor), Holding No. - 1128, Mouja - Banchanagar, Godown Road, Pourashava - Lakshimpur, P.S. - Sadar, Dist. - Lakshimpur.
LOHAGARA SME/KRISHI BRANCH	Best Chowdhury Plaza, Busstation (Amirabad), Lohagara, Chittagong.
MADAMBIBIRHAT BRANCH	T K Bhaban (1 <sup>st</sup> Floor), Madambibirhat , Bhatiary, Sitakunda, Chittagong
MADARIPUR SME/KRISHI BRANCH	Kazi Abdur Rashid & Kazi Abdul Majid Plaza, Kazir Moar, Purana Bazar, Main Road, Madaripur.
MADHABDI BRANCH	236, Girls School Road, ( 1 <sup>st</sup> Floor ) Madhabdi, Narsingdi
MAGURA SME/KRISHI BRANCH	Alam Complex, Holding# 164, M.R Road, Ward# 09, Magura.
MAIJDI SME/KRISHI BRANCH	Mofiz Plaza (1 <sup>st</sup> floor), Holding No. - 630-631, Mouja - Fakirpur, Main Road, Sadar, Pourashava - Noakhali, P.S. - Sudharam, Dist. - Noakhali.

BRANCH NAME	BRANCH ADDRESS
<b>MANIKGONJ BRANCH</b>	Jinnat Plaza, Holding No. 80/1, Ward No. 06. ,Shahid Rafique Sarak, PS: Manikganj Sadar, RS Office: Manikganj, Post Code: 1800
<b>MAWNA BRANCH</b>	Takbir Super Market , Mulaid, Mawna,Sreepur,Gazipur
<b>MIRPUR BRANCH</b>	House No - 13, Road - 03, Block - A, Section - 11,Mirpur, Dhaka 1216
<b>MIRPUR SECTION -1 BRANCH</b>	B.N.S.B Bhaban, Plot# 1,2,3, Block# A, Section# 1, Ward# 12, Thana# Mirpur, Dist.# Dhaka.
<b>MIRZAPUR BRANCH</b>	Ashkobar Biponi Bitan, Holding No-01,Mirzapur Old Bus Stand, Ward No-3, Pouroshoba - Mirzapur, Thana-Mirzapur, District- Tangail
<b>MITFORD BRANCH</b>	Abdul Kadir Mansion,Holding # 139,Biren Bose Street Mitford road, Dhaka
<b>MOGHBAZAR BRANCH</b>	Nur Bhandari Domino Benvento, 217& 217/A, Outer Circular Road, (1 <sup>st</sup> & 2 <sup>nd</sup> floor) Boro Moghbazar, Dhaka 1217
<b>MOHADEBPUR BRANCH</b>	Dag No -RS - 515,516, Khatian No - RS 574, Mouja Mohadebpur, Union - Mohadebpur, Thana - Mohadebpur, Dist - Naogaon
<b>MOHAMMADPUR SMESC</b>	Holding# 25/2, Ward# 42, Block# C, Tajmahol Road, Mohammadpur, Dhaka- 1207
<b>MOMIN ROAD BRANCH</b>	Momin Road Branch, 2no Momin Road Jamal Khan, Chittagong
<b>MONOHORDI BRANCH</b>	30 Sadar Hospital Road, Monohordi Pourashava, Monohordi, Narsingdi
<b>MOTIJHEEL BRANCH</b>	Khan Mansion, 107 Motijheel C/A. Dhaka-1000.
<b>MOULVIBAZAR BRANCH</b>	Julia Shopping City (1 <sup>st</sup> Floor), 111, Shantibag, Central Road, Moulvibazar.
<b>MUKTAGACHA SME/ KRISHI BRANCH</b>	Holding-62, Muktagacha - Mymensing Road, Ward no# 04, Muktagacha, Mymensingh.
<b>MUNSHIGONJ BRANCH</b>	545, Jamidar Para, Ayub Ali Super Market, 1 <sup>st</sup> Floor, Munshiganj Sadar, Munshiganj.
<b>MURADPUR BRANCH</b>	Ramna Trade Center (1 <sup>st</sup> Floor) 36/7,CDA Avenue, Muradpur, Chittagong.
<b>MYMENSINGH BRANCH</b>	4/B, Shymacharan Roy Road, Notun Bazar, Mymensingh-2200
<b>NAOGAON SME/KRISHI BRANCH</b>	Ayen Molla Tower (2 <sup>nd</sup> Floor) , H# 3352, Sador Road, Old Bus Stand ,Naogaon
<b>NARAYANGANJ BRANCH</b>	147, B.B Road, Narayanganj.
<b>NARSHINGDI BRANCH</b>	LB Plaza, Holding No: 01/2, Moslah Uddin Bhuiyan Road Sadar, Narsingdi
<b>NATORE BRANCH</b>	Holding # 402, Mokbul Plaza, Kanaikhali, Dhaka Road, Natore-6400
<b>NATUN BAZAR BRANCH</b>	1020, Miah Bhai Plaza (1 <sup>st</sup> Floor), Natun Bazar, Vatara, Gulshan, Dhaka-1212
<b>NAWABGANJ BRANCH</b>	Isamati Plaza, Plot-415, Bagmara, Nawabgonj, Dhaka
<b>NAWABPUR BRANCH</b>	172, Nawabpur Road (1 <sup>st</sup> Floor), Dhaka-1000.
<b>NETROKONA SME/KRISHI BRANCH</b>	Hillol Market (1 <sup>st</sup> Floor), Holding# 422, Teribazar, Ward# 06, Powroshova & Thana : Netrakona Sadar , District: Netrakona
<b>NEW ESKATON BRANCH</b>	23 New Eskaton Road, Dhaka-1000
<b>NILPHAMARY BRANCH</b>	Toyez Uddin Plaza, Ground Floor, Holding#535,Hazi Mohshin Road, Nilphamari Sador, Nilphamari-5300.
<b>NITAIGONJ SME/KRISHI BRANCH</b>	19 R.K Das Road (1 <sup>st</sup> Floor), Netaigonj, Narayanganj-1400
<b>NOAPARA BRANCH</b>	165, Rahim Tower Station Bazar, Jessore-Khulna Road, Noapara, Abhoynagar, Jessore.
<b>NOBIGONJ BRANCH</b>	Khalique Manjil, 1 <sup>st</sup> Floor, Shantipara, Hospital Road, Nabigonj, Habigonj - 3370
<b>NORTH GULSHAN BRANCH</b>	Navana Pristine Pavilion, Plot#128, (2 <sup>nd</sup> Floor), Block#CEN (H), Ward#19, Gulshan Avenue, Gulshan-2, Dhaka-1212
<b>PABNA SME/KRISHI BRANCH</b>	JB Complex, 1310, 1311 Thana Road, Pabna Sador, Pabna.

BRANCH NAME	BRANCH ADDRESS
PAHARTALI SMESC	Nazir Saleh Complex, Plot#512/659, Dhaka Trunk Road, D.T Road, Ward#13, Chattagram City Corporation, Pahartali, Chattagram.
PANCHAGAR SME/KRISHI BRANCH	1 <sup>st</sup> Floor, Alochaya Super Market, H# 644, Natun Basti, Alochaya Cinema Road, Panchagarh.
PANTHAPATH SMESC	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 (1 <sup>st</sup> Floor), Holding No. - 0072-09, Main Road, Pourashava - Rajbari, PS. - Sadar, Dist - Rajbari.
RAJSHAHI BRANCH	177, Kumarpara, ghoramara, Boalia, Rajshahi.
RAMPURA BRANCH	Khan Tower, 359, D. I. T Road, East Rampura,Dhaka-1219
RANGPUR BRANCH	City Plaza, (1st Floor), Plot# 4325 & 4328, Station Road, Rangpur.
Sadarghat SMESC	Rahmatullah Mansion" 8 storied comercial Building, Holding No # 5/1/1, Simpson Road, (2 <sup>nd</sup> floor) Sadarghat, Dhaka – 1100
SATKHIRA BRANCH	Nahar Plaza, Holding No-656, Abul Kashem Road,Ward-8, Pouroshova- Satkhira, District- Satkhira
SATMASJID ROAD BRANCH	Green Akshay Plaza, 1 <sup>st</sup> floor & 2 <sup>nd</sup> floor, Plot :146/G,(Old), 59 (New), Road-2/A, Satmasjid Road, Zigatola, Dhanmondi, Dhaka-1209.
SAVAR BRANCH	Modern Plaza Ltd (1 <sup>st</sup> Floor), D-136, Thana Bus Stand, Talbag, Savar, Dhaka-1340
SHAJADPUR SME/KRISHI BRANCH	Aziz Mansion (1 <sup>st</sup> 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
SHANTINAGOR SMESC	Shaan Tower, 24/1 Chamilibagh, shantinagar. Dhaka - 1217
SHAYMOLI BRANCH	19 - 20, Adarsho Chayaneer Housing Society Ring Road, Shaymoli, Dhaka-1207
SHAYMPUR SME/KRISHI BRANCH	35/1 Karimullah Bagh, Shyampur, Dhaka 1204
SHERPUR SME/KRISHI BRANCH	Bhuiyan Plaza (1 <sup>st</sup> floor), 175, Munshi Bazar Road, Pourshava & P.S. - Sherpur, Dist. - Sherpur.
SHERPUR BRANCH	Mahmud Tower, Holding No: 1761-5, 1761-6, Dhaka Bogura Highway, Ward -05, Pouroshova- Sherpur, Thana –Sherpur, Bogura.
SHIBCHAR BRANCH	Ilias Ahmed Chowdhury Poura Super Market, ShibChar Bazar Road, ward # 03, Shibchar, Madaripur
SIDDIRGANJ BRANCH	Alhera Tower 1 <sup>st</sup> Floor, House No: 227 Road#8, Hirajheel Main Road, Siddirganj, Narayangonj.
SIRAJGONJ SME/KRISHI BRANCH	M.H Khan Plaza (1 <sup>st</sup> Floor), Holding No. 521-522, S.S Road, Sirajgonj.
SITAKUNDO BRANCH	Ali Market (1 <sup>st</sup> Floor), Holding # 511, D.t. Road, Sitakunda, Chittagong
SK MUJIB ROAD BRANCH	Johra Tower, Holdig#2525/2526/4230, 1 <sup>st</sup> Floor Sk. Mujib Road, Double Mouring Agrabad, Chittagong
SONAGAZI BRANCH	Sheikh Abul Market (1 <sup>st</sup> Floor) ,Main Road, Sonagazi, Feni.

BRANCH NAME	BRANCH ADDRESS
<b>SONARGAON BRANCH</b>	Sonargaon Shopping Complex (1 <sup>st</sup> Floor), Mograpara, Chowrasta, Sonargaon, Narayanganj
<b>SOUTH SURMA SME/ KRISHI BRANCH</b>	1 <sup>st</sup> Floor, Jaigirdar Plaza, Proposed Holding # 2999, Varthakhola, Station Road, Sylhet.
<b>SREENAGOR BRANCH</b>	M. Rahman Complex(First Floor),Bhagyakul Road, Sreenagar Bazar, Sreenagar, Munshiganj.
<b>SUNAMGONJ BRANCH</b>	Ahasan Mansion, Holding no: 885,Alfat Square( Traffic Point) Road, Sunamganj -3000
<b>SWARUPKHATHI SME/ KRISHI BRANCH</b>	Haque Mansion (1 <sup>st</sup> Floor), Nuton Road, Miarhat, Kowrikhara, Nesarabad, Swarupkathi, Pirojpur.
<b>SYEDPUR BRANCH</b>	81, Sher-E-Bangla Road, Sayedpur Plaza, Sayedpur, Nilphamari.
<b>SYLHET BRANCH</b>	Pallabi Trade Center (Gr & 1 <sup>st</sup> Floor), Sunamganj Road, Subid Bazar, Sylhet-3100
<b>SYLHET UPOSHAHAR BRANCH</b>	3/3 Uposhahar Main Road, Block-D, Shahjalal Uposhahar, Sylhet (1 <sup>st</sup> Floor )
<b>TANGAIL BRANCH</b>	Tangail Tower, Holding #541,542 & 544, Main Road, Tangail
<b>THAKURGAON SME/ KRISHI BRANCH</b>	Nurjahan Plaza, Holding# 1322, Shahid Mohammad Ali Sharak, Thakurgaon.
<b>TONGI BRANCH</b>	Tongi Branch, Nasir Uddin Sarker Tower, 2 No Mymensingh Road, Tongi , Gazipur-1700
<b>UTTARA BRANCH</b>	Mika Corner Stone (1 <sup>st</sup> & 2 <sup>nd</sup> Floor),Plot: 16 & 17, Road: 12, Sector: 06, Uttara, Dhaka - 1230
<b>UTTARA JASHIM UDDIN AVENUE BRANCH</b>	Uttara Jashim Uddin Avenue Corporate Branch, Giant Business Tower, Plot-3 & 3/A, Sector-3, Uttara, Dhaka-1230
<b>UTTARA SMESC</b>	Doel Center, Holding #15, Sonargaon Janapath, Ward # 51 Sector # 13, Uttara, Dhaka.
<b>ZINDABAZAR BRANCH</b>	Symphony Heights, Baruthkhana Point, East Zindabazar Sylhet-3100.
<b>ZINZIRA BRANCH</b>	Mona Trade City(1 <sup>st</sup> Floor), Dakpara, Zinzira High Way, Keraniganj, Dhaka-1310

# ABBREVIATIONS

BAC	Board Audit Committee	FY	Financial Year
BAS	Bangladesh Accounting Standards	GABV	Global Alliance on Banking for Values
BB	Bangladesh Bank	GDP	Gross Domestic Products
BBL	BRAC Bank Limited	IAS	International Accounting Standards
BCP	Business Continuity Plan	IFRS	International Financial Reporting Standards
BFRS	Bangladesh Financial Reporting Standards	KRI	Key Risk Indicator
biTS	BRAC IT Service	MANCOM	Management Committee
BSEC	Bangladesh Securities and Exchange Commission	MICR	Magnetic Ink Character Recognition
CDBL	Central Depository Bangladesh Limited	NAV	Net Assets Value
CRAB	Credit Rating Agency of Bangladesh	NBFI	Non-banking Financial Institutions
CRAR	Capital to Risk Weighted Assets Ratio	NCI	Non controlling interest
CRM	Credit Risk Management	NII	Net Interest Income
CRR	Cash Reserve Requirement	NPL	Non Performing Loan
CSE	Chittagong Stock Exchange	OBU	Off Shore Banking Unit
CSR	Corporate Social Responsibility	PAT	Profit after Tax
DSE	Dhaka Stock Exchange	PBT	Profit before Tax
DTA	Deferred Tax Assets	ROA	Return on Assets
EPL	Equity Partners Limited	ROC	Regional Operating Centre
EPS	Earnings per Share	ROE	Return on Equity
ERM	Enterprise Risk Management	ROI	Return on Investment
ERMC	Enterprise Risk Management Committee	RWA	Risk Weighted Assets
EVA	Economic Value Added	SAM	Special Asset Management
FCY	Foreign Currency	SLR	Statutory Liquidity Ratio
FDI	Foreign Direct Investment	SME	Small & Medium Enterprises
FI	Financial Institution	TAT	Turnaround Time
FUM	Fund under Management	VAS	Value Added Service
		WHT	Withholding Tax
		YoY	Year on year



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