

Earnings Disclosure Q3'18



BRAC BANK
আজ্ঞা আবিল

BRAC BANK ACHIEVES THE BEST DOMESTIC & INTERNATIONAL CREDIT RATINGS

BRAC Bank has become the first Bangladeshi Bank to be rated the best by three of the top domestic credit rating agencies in Bangladesh and two of the world's leading credit rating agencies.

Rated Domestically by:

-  (AA₁/ST-1)
-  (AA+/ST-1)
-  (AA+/ST-1)

Rated Internationally by:

-  (B+)
-  (Ba3)

These credit rating agencies recognize that BRAC Bank has:

- Diversified business model with steady growth
- Higher capital base with lower NPL trend
- Diversified and better quality loan portfolio
- Sound liquidity with stable deposit base
- Dynamic management strategy and good governance culture
- State of the art technological infrastructure and wide distribution network

These ratings are a testament that the bank is more stable than other local banks and has the capacity to meet its financial commitments in a timely manner.

We express our gratitude to our valued customers and stakeholders for their continued support and unwavering trust.

Forward Looking Statements

This presentation and accompanying oral remarks may contain or incorporate by reference “forward looking statements” regarding the belief or current expectations of BRAC Bank Ltd., the Board of the Directors and other members of its Senior Management about the strategy, businesses and performance of the Company and its subsidiaries and the other matters described in this document. Generally, words such as “may”, “could”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue” or similar expressions are intended to identify forward looking statements.

Forward looking statements involve inherent risks and uncertainties. They are not guarantees of future performance and actual results could differ materially from those contained in the forward looking statements. Recipients should not place reliance on, and are cautioned about relying on, any forward looking statements. Forward looking statements are based on current views, estimates and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Group and are difficult to predict. Such risks, factors and uncertainties may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements.

No statement in this document is intended to be a profit forecast or to imply that the earnings of BRAC Bank Ltd. and/or its subsidiaries for the current year or future years will necessarily match or exceed the historical or published earnings of the Company and/or its subsidiaries. Each forward looking statement speaks only as of the date of the particular statement. Except as required by any applicable law or regulations, the BRAC Bank Ltd. expressly disclaims any obligation or undertaking to release publicly or make any updates or revisions to any forward looking statement contained herein whether as a result of new information, future events or otherwise.

Important notice

Nothing in this document shall constitute, in any jurisdiction, an offer or solicitation to sell or purchase any securities or other financial instruments, nor shall it constitute a recommendation or advice in respect of any securities or other financial instruments or any other matter.

- **Challenging Environment**

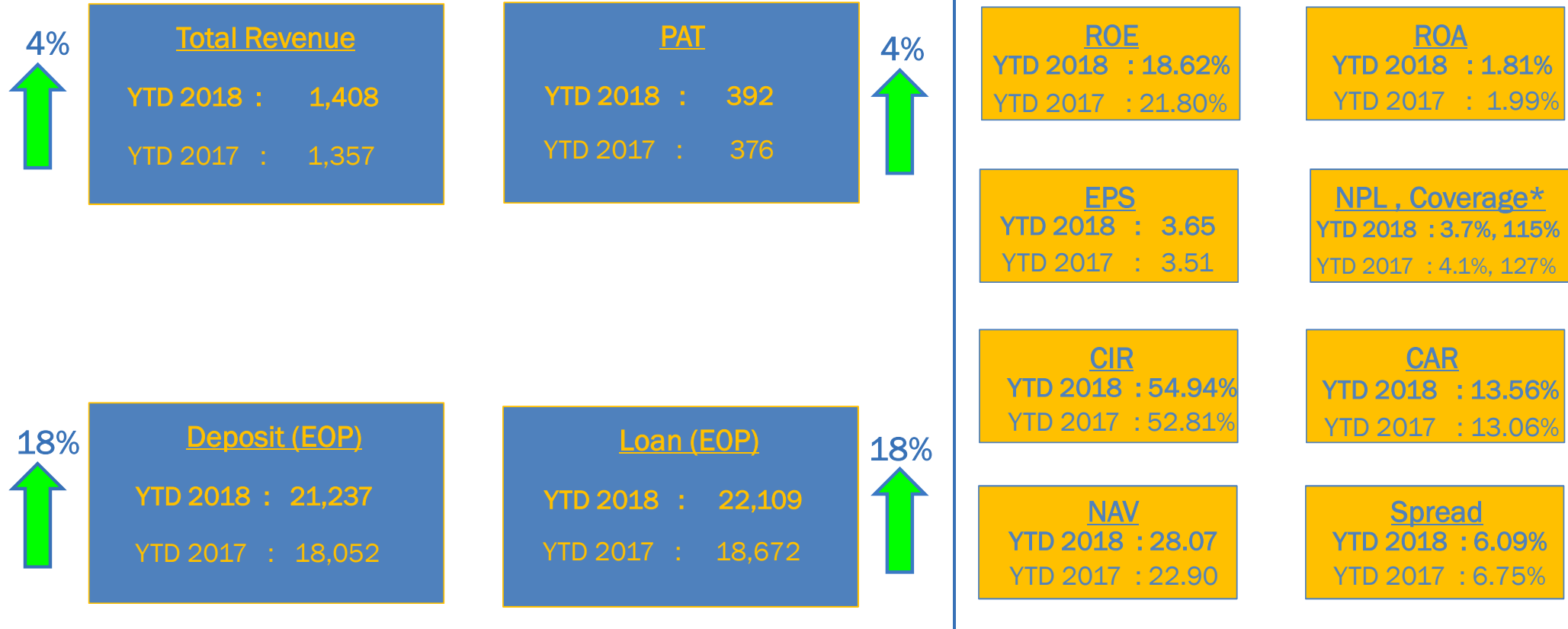
- Current account deficit, trade imbalance
- Downward pressure on exchange rate
- Increased pressure to reduce lending rates
- Banking sector experienced major liquidity stress and volatility in interest rate
- Industry wide Net Interest Margin pressure
- Funds continue to flow to National Savings Certificates
- Banking sector NPLs continue to deteriorate

- **Regulatory Changes**

- ADR - 83.5% to be implemented by 31st March 2019
- CRR Reduced to 5.50% from 6.50%
- Repo reduced to 6.0% from 6.75%
- Govt. Deposits with PCB – Limit increase from 25% to 50%
- Corporate Tax reduction – From 40% to 37.5%

SOLO Performance – YTD Sep'18 (BRAC Bank)

BDT' Cr (10 Mio.)



*NPL Coverage (Excl. GP) : 76% (YTD 2017: 86%)

Consolidated Performance– YTD Sep'18 (BRAC Bank + All Subs)

BDT' Cr (10 Mio.)

11%
↑

| <u>Total Revenue</u> | |
|----------------------|-------|
| YTD 2018 : | 1,921 |
| YTD 2017 : | 1,723 |

| <u>PAT</u> | |
|------------|-----|
| YTD 2018 : | 394 |
| YTD 2017 : | 397 |

-1%
↓

| <u>ROE</u> | |
|------------|--------|
| YTD 2018 : | 17.20% |
| YTD 2017 : | 21.15% |

| <u>ROA</u> | |
|------------|-------|
| YTD 2018 : | 1.59% |
| YTD 2017 : | 1.85% |

21%
↑

| <u>Deposit (EOP)</u> | |
|----------------------|--------|
| YTD 2018 : | 23,594 |
| YTD 2017 : | 19,518 |

| <u>Loan (EOP)</u> | |
|-------------------|--------|
| YTD 2018 : | 22,169 |
| YTD 2017 : | 18,831 |

18%
↑

| <u>EPS</u> | |
|------------|------|
| YTD 2018 : | 3.55 |
| YTD 2017 : | 3.53 |

| <u>NAV</u> | |
|------------|-------|
| YTD 2018 : | 30.26 |
| YTD 2017 : | 23.70 |

| <u>CIR</u> | |
|------------|--------|
| YTD 2018 : | 65.63% |
| YTD 2017 : | 60.94% |

| <u>CAR</u> | |
|------------|--------|
| YTD 2018 : | 14.78% |
| YTD 2017 : | 12.73% |

Financial Results: Income Statement (SOLO)

BDT* Cr (10 Mio.)

| Particulars | YTD Sep 2018 | YTD Sep 2017 | Δ Amount | Δ % |
|-------------------------------|--------------|--------------|------------|------------|
| <i>Net Interest Income</i> | 985 | 894 | 91 | 10% |
| <i>Other Operating Income</i> | 423 | 463 | (40) | -9% |
| Total Revenue | 1,408 | 1,357 | 51 | 4% |
| <i>Staff Cost</i> | 359 | 323 | 36 | 11% |
| <i>Operating Cost</i> | 415 | 393 | 21 | 5% |
| Total Expenditure | 773 | 717 | 57 | 8% |
| Operating Profit | 634 | 640 | (6) | -1% |
| <i>Net Debt Charge</i> | 65 | 66 | (1) | -2% |
| Profit Before Tax | 569 | 574 | (5) | -1% |
| <i>Tax Charges</i> | 177 | 198 | (21) | -11% |
| Profit After Tax | 392 | 376 | 16 | 4% |

Financial Results: Income Statement (CONSO)

BDT* Cr (10 Mio.)

| Particulars | YTD Sep 2018 | YTD Sep 2017 | Δ Amount | Δ % |
|---|--------------|--------------|-------------|------------|
| <i>Net Interest Income</i> | 1,151 | 926 | 225 | 24% |
| <i>Other Operating Income</i> | 770 | 797 | (27) | -3% |
| Total Revenue | 1,921 | 1,723 | 198 | 11% |
| <i>Staff Cost</i> | 492 | 436 | 56 | 13% |
| <i>Operating Cost</i> | 768 | 614 | 154 | 25% |
| Total Expenditure | 1,261 | 1,050 | 211 | 20% |
| Operating Profit | 660 | 673 | (13) | -2% |
| <i>Profit/(loss) of associates</i> | (2) | 0 | (2) | N.M. |
| <i>Net Debt Charge</i> | 65 | 66 | (1) | -2% |
| Profit Before Tax | 593 | 607 | (14) | -2% |
| <i>Tax Charges</i> | 199 | 209 | (11) | -5% |
| Profit After Tax | 394 | 397 | (3) | -1% |
| Attributable to BBL Shareholders | 381 | 378 | 3 | 1% |

Subsidiary Financials - bKash Limited

BDT' Cr

| Particulars | bKash | | | |
|--------------------------------|--------------|--------------|---------------|-------------|
| | YTD Sep'18 | YTD Sep'17 | ΔAmount | % Δ |
| <i>Net Interest Income</i> | 166.5 | 92.2 | 74.3 | 81% |
| <i>Other income/Commission</i> | 259.1 | 218.9 | 40.2 | 18% |
| Total Revenue | 425.6 | 311.1 | 114.5 | 37% |
| Total Expenditure | 391.8 | 252.0 | 139.7 | 55% |
| Operating Profit | 33.8 | 59.1 | (25.3) | -43% |
| Net Debt Charge | - | - | - | - |
| Profit before Tax | 33.8 | 59.1 | (25.3) | -43% |
| Tax Charge | 14.4 | 22.6 | (8.2) | -36% |
| Profit after Tax | 19.4 | 36.5 | (17.0) | -47% |

Consolidated PAT – by Entity

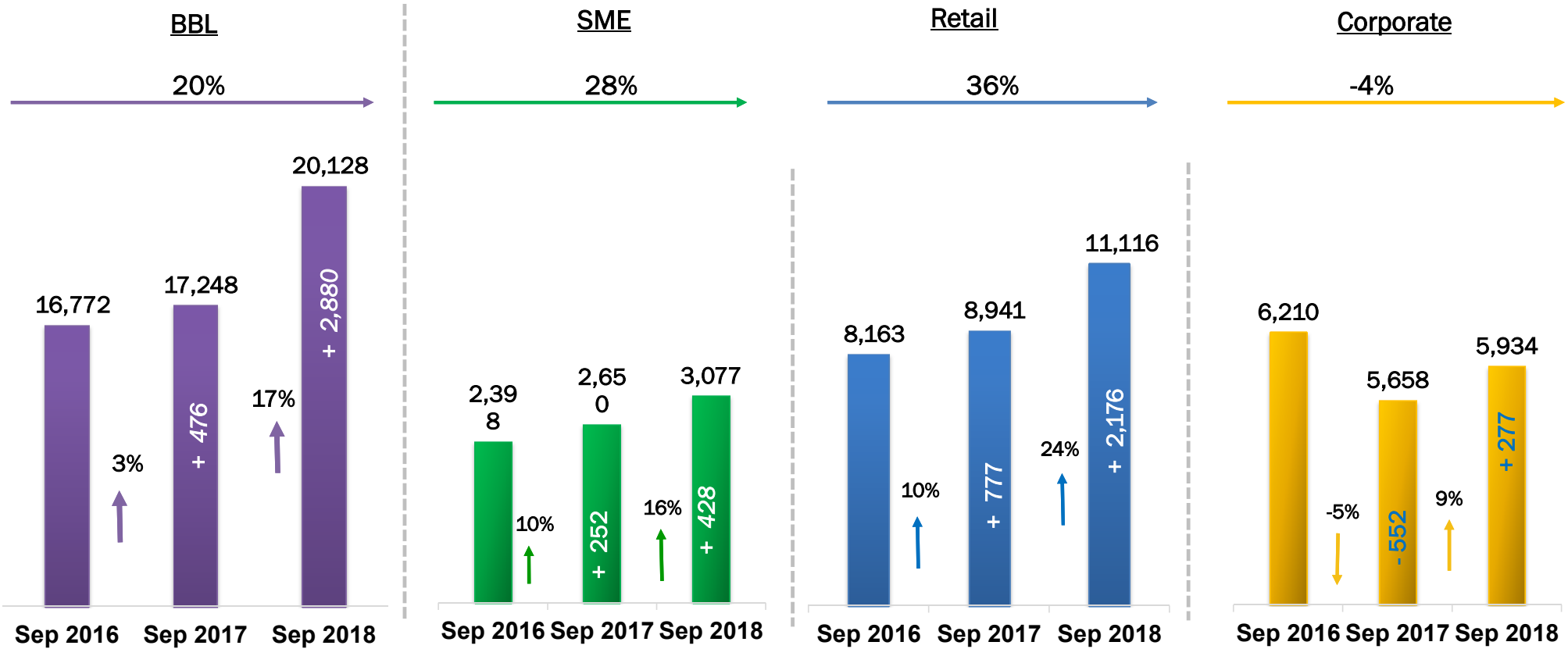
Consolidated ↓-1% and Solo ↑4%

BDT* Cr (10 Mio.)

| Subsidiary/Associate | YTD September'18 | | YTD September'17 | | Δ YTD Sep'18 vs YTD Sep'17 | |
|--|------------------|--------------------|------------------|--------------------|----------------------------|--------------------|
| | PAT | BBL's Share in PAT | PAT | BBL's Share in PAT | PAT | BBL's Share in PAT |
| BRAC EPL Inv Ltd | (17) | (17) | (36) | (34) | 19 | 17 |
| BRAC EPL Sec Ltd | 9 | 8 | 16 | 15 | (8) | (7) |
| biTS | 0 | 0 | 4 | 2 | (4) | (2) |
| BRAC Sajaan Exch Ltd | 4 | 3 | 1.8 | 1.3 | 2 | 2 |
| bKash | 19 | 8 | 36 | 19 | (17) | (10) |
| Sub-Total | 15 | 2 | 22 | 2 | (7) | 0 |
| BRAC Bank Ltd | 392 | 392 | 376 | 376 | 16 | 16 |
| Share of Loss from Associates - biTS | (2) | (2) | 0 | 0 | (2) | (2) |
| Goodwill Amortization | (10) | (10) | 0 | 0 | (10) | (10) |
| Conso PAT | 394 | 381 | 397 | 378 | (4) | 3 |
| Contribution from Subsidiary in CONSO PAT | 4% | 0.4% | 5% | 0.5% | | |

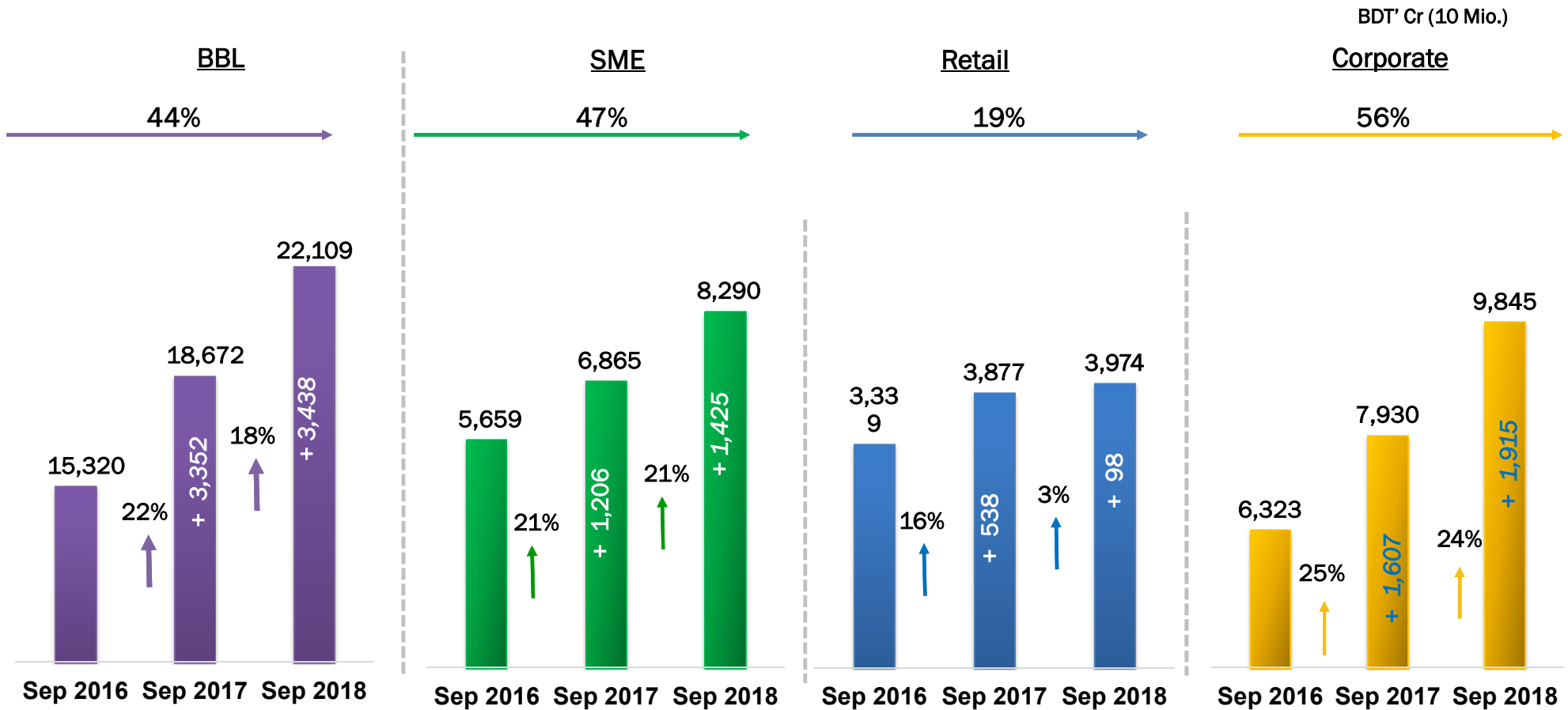
Customer Deposits (EoP)

BDT Cr (10 Mio.)



2018 growth driven by Retail, SME deposit drive picking up

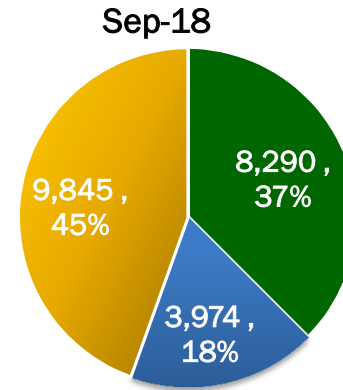
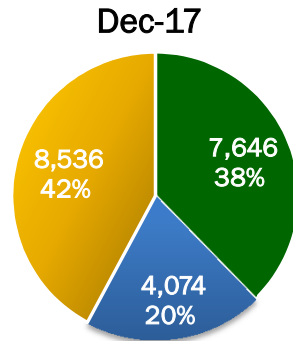
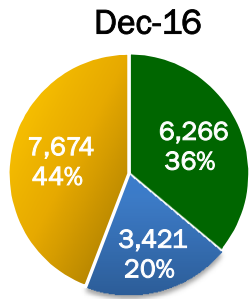
Loans & Advances (EoP)



Growth in SME and Corporate continued, Retail gaining momentum

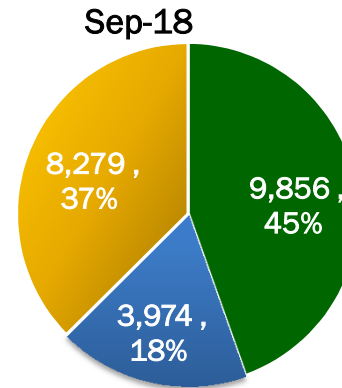
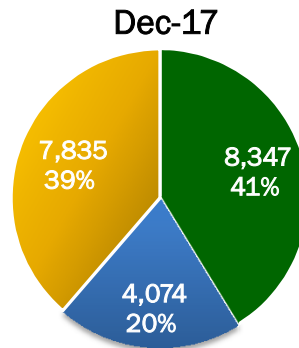
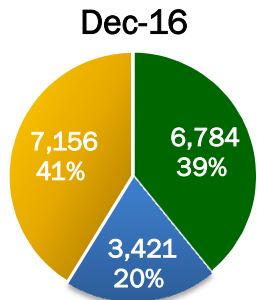
Portfolio Distribution as per BB (EoP)

■ SME ■ Retail ■ Corporate



BDT Cr

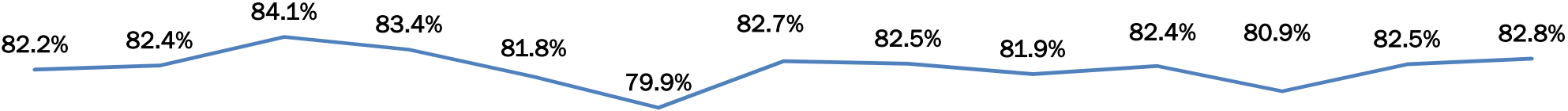
Latest Segmentation



Previous Segmentation

Shift of SME portfolio to Corporate

Loans to Deposit Ratio



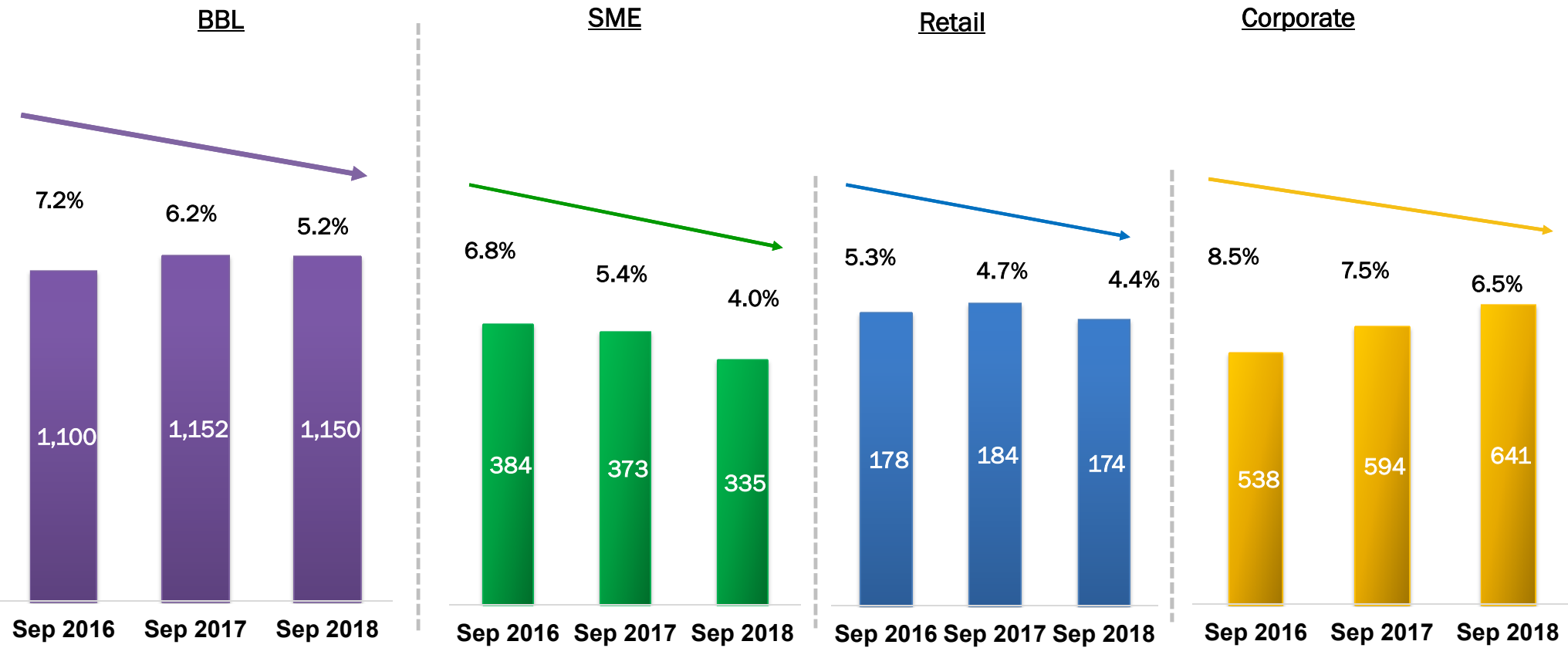
Sep-17 Oct-17 Nov-17 Dec-17 Jan-18 Feb-18 Mar-18 Apr-18 May-18 Jun-18 Jul-18 Aug-18 Sep-18



Asset Quality

(30 day portfolio at risk)

BDT Cr (10 Mio.)

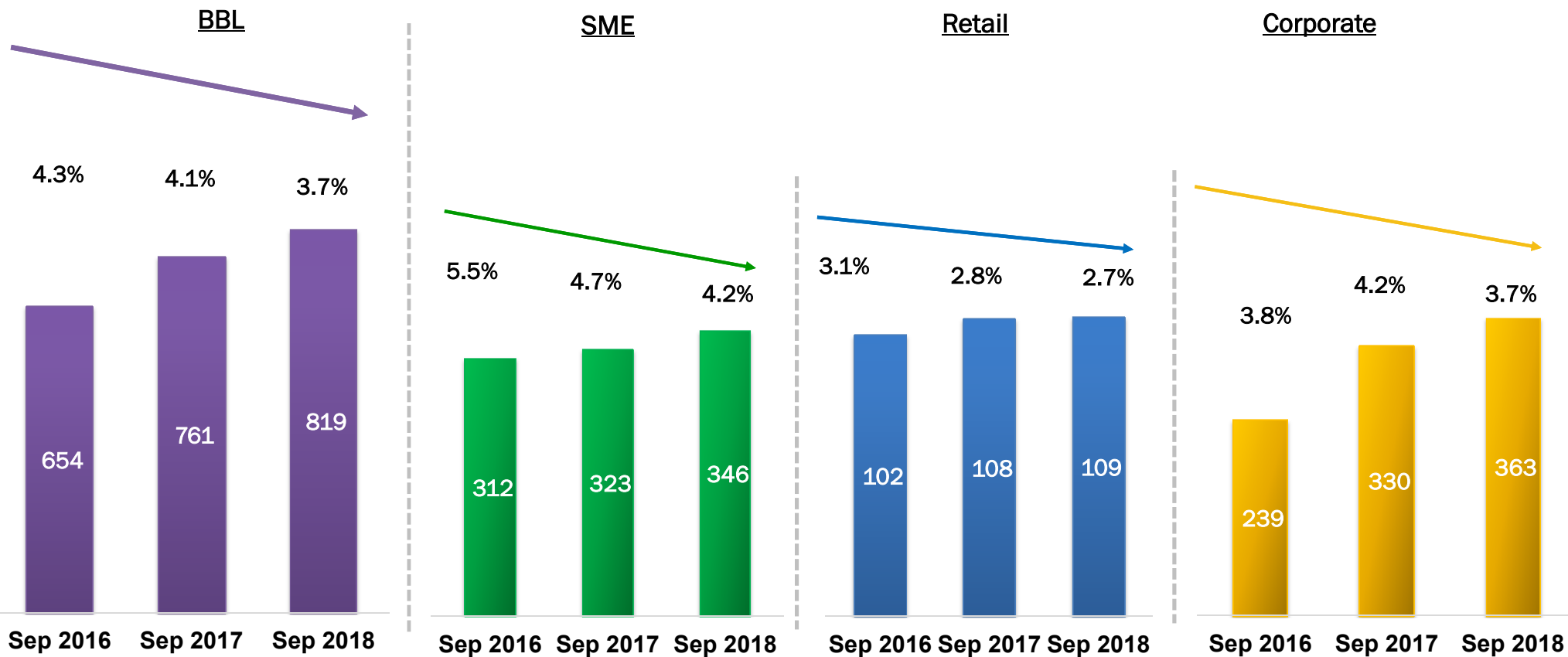


Steady improvement in all Segments

Asset Quality

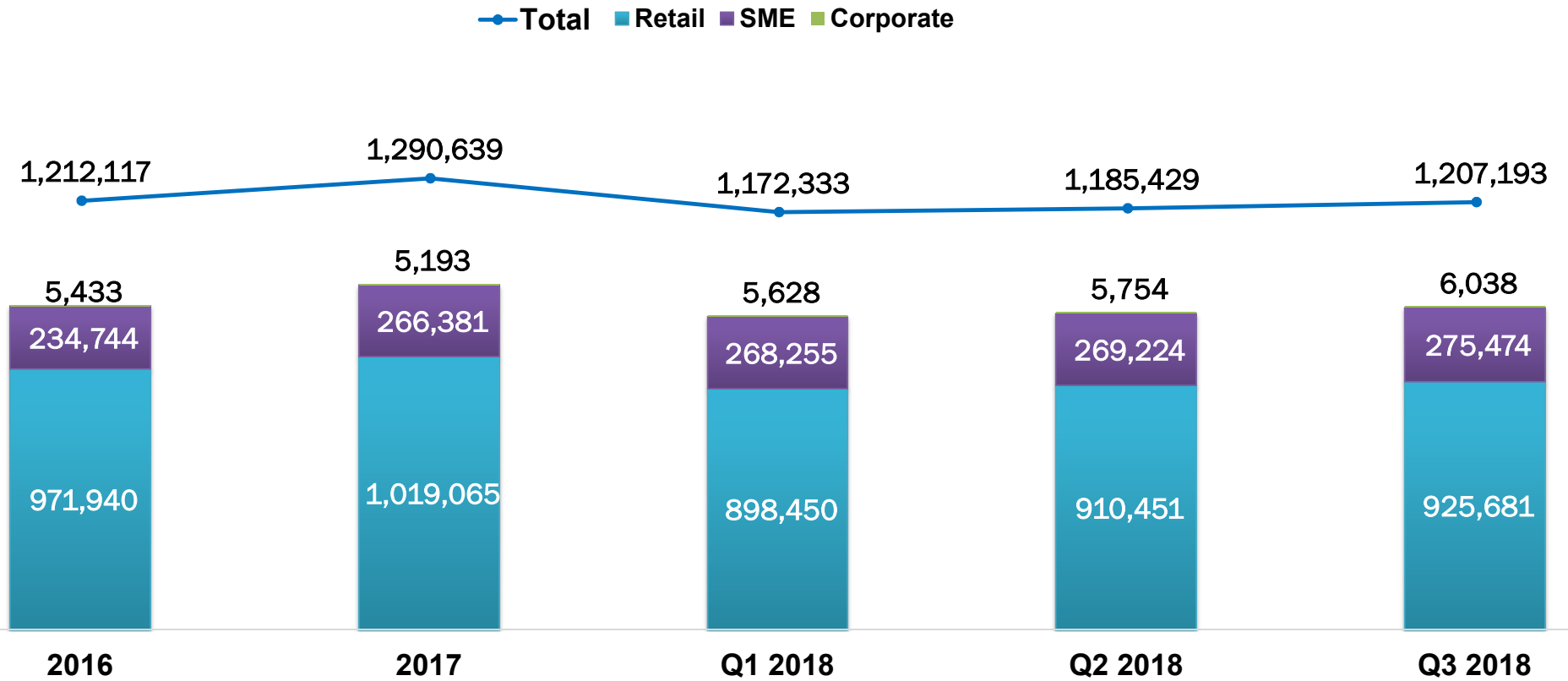
(Non performing loans)

BDT Cr (10 Mio.)



Steady improvement in all Segments

Number of Customers



Closure of 1.7+ lakh value destroying customers in Q1'18

YTD Sep'18 - Achievements

■ Balance Sheet

- Deposit Growth driven by Retail
- Steady growth in SME Asset
- Strong Trade growth in Corporate Asset

■ Improvement in Asset Portfolio

- PAR, NPL continues to improve

■ Credit Rating

- Local
- International

■ Technology Projects

- Core Banking upgrade successful
- ERP Roll out successful
- Agent Banking launched
- Real Time Disaster Recovery implemented

■ Cyber Security Initiatives

- Security Operation Centre (SOC) Implemented
- Data Leakage Prevention (DLP) Implemented
- Security Incident and Event management (SIEM)
- Automated Privileged Management (PAM)

■ Infrastructure

- Call Centre- New Premises
- Branches – 3 Reloc., 6 Renov.

■ People

- 24 New Management Trainees
- 40 New Young Professionals

Continued progress on the journey to become the Best Bank in Bangladesh

External

- Elections
- Margin and Interest Rate pressure to continue
- Taka will continue to be under pressure against FCY

Internal

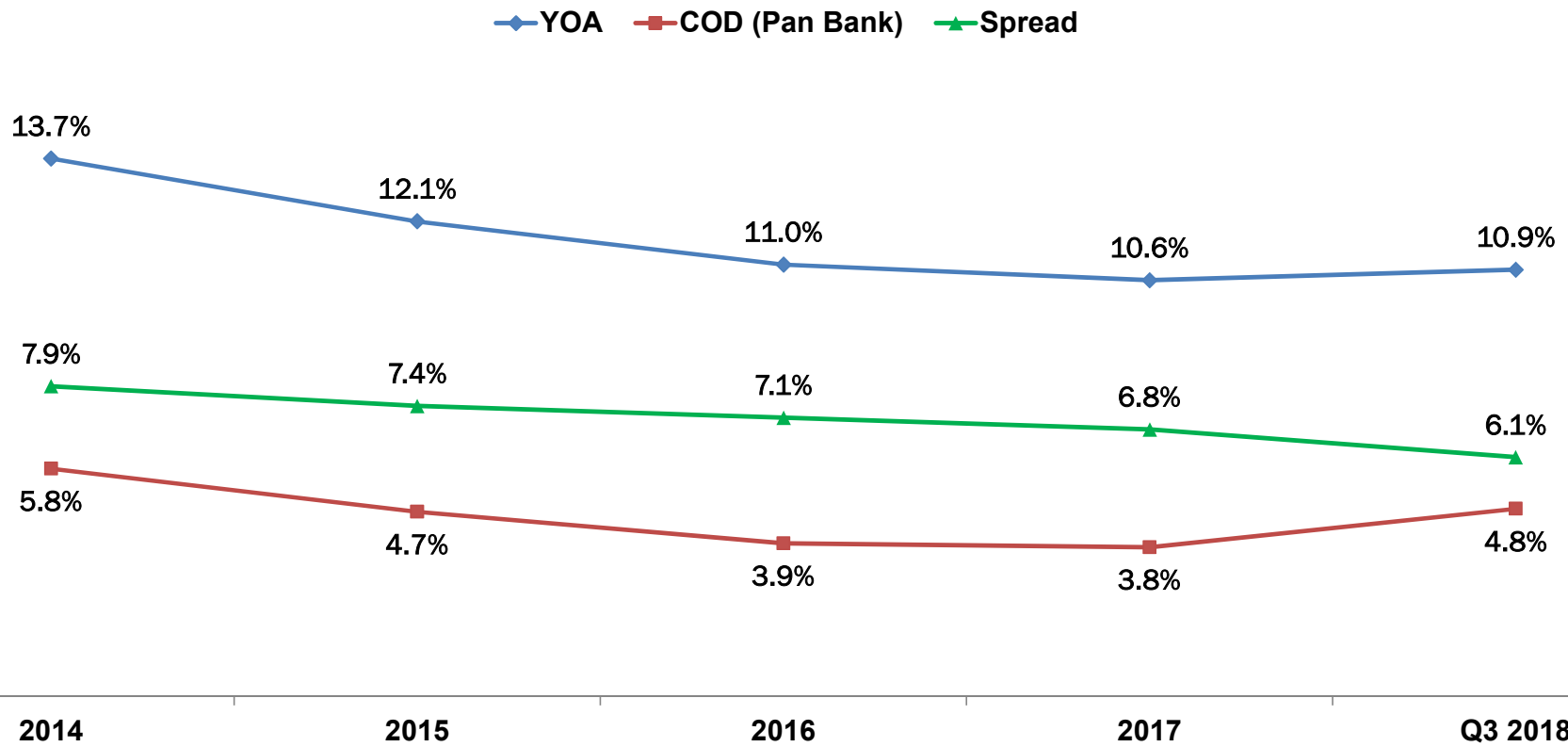
- Deposit – continue focus on Retail deposit drive, improve momentum in SME deposit drive, grow CASA
- Asset – continue momentum in Corporate, accelerate SME, re-ignite Retail
- Technology Projects -
 - Credit Card upgrade – roll out
 - Call Center upgrade – roll out
 - Digital Roadmap – roll out

THANK YOU

Q&A

APPENDIX

Spread



Maintaining Spread is a challenge in 2018

SUBSIDIARY FINANCIALS

YTD SEP'18

AS AT AND FOR THE YTD PERIOD ENDED

30 SEP 2018

Subsidiary Financials – BRAC EPSL

BDT' Cr

| Particulars | BESL | | | |
|--------------------------------|-------------|-------------|--------------|-------------|
| | YTD Sep'18 | YTD Sep'17 | ΔAmount | % Δ |
| <i>Net Interest Income</i> | 2.1 | 2.8 | (0.7) | -24% |
| <i>Other income/Commission</i> | 42.0 | 50.9 | (8.9) | -17% |
| Total Revenue | 44.1 | 53.7 | (9.5) | -18% |
| Total Expenditure | 29.7 | 29.6 | 0.01 | 0% |
| Operating Profit | 14.5 | 24.0 | (9.5) | -40% |
| Net Debt Charge | - | - | - | - |
| Profit before Tax | 14.5 | 24.0 | (9.5) | -40% |
| Tax Charge | 5.9 | 7.7 | (1.9) | -24% |
| Profit after Tax | 8.6 | 16.3 | (7.7) | -47% |

Subsidiary Financials - BRAC Saajan

BDT Cr

| Particulars | BRAC Saajan | | | |
|--------------------------------|-------------|-------------|-------------|-------------|
| | YTD Sep'18 | YTD Sep'17 | ΔAmount | % Δ |
| <i>Net Interest Income</i> | (1.6) | (0.7) | (0.9) | 122% |
| <i>Other income/Commission</i> | 57.3 | 36.2 | 21.2 | 59% |
| Total Revenue | 55.8 | 35.5 | 20.3 | 57% |
| Total Expenditure | 50.4 | 33.3 | 17.1 | 51% |
| Operating Profit | 5.4 | 2.2 | 3.2 | 146% |
| Total Provision | 0.3 | - | 0.3 | - |
| Profit before Tax | 5.1 | 2.2 | 2.9 | 132% |
| Provision for Tax | 1.1 | 0.4 | 0.7 | 174% |
| Profit after Tax | 4.0 | 1.8 | 2.2 | 124% |

Subsidiary Financials – BRAC EPIL

BDT Cr

| Particulars | BEIL | | | |
|--------------------------------|---------------|---------------|-------------|------------|
| | YTD Sep'18 | YTD Sep'17 | ΔAmount | % Δ |
| <i>Net Interest Income</i> | (1.2) | (62.8) | 61.6 | 98% |
| <i>Other income/Commission</i> | (10.8) | 14.4 | (25.2) | -175% |
| Total Revenue | (12.0) | (48.4) | 36.4 | 75% |
| Total Expenditure | 5.4 | 7.8 | (2.4) | -31% |
| Operating Profit | (17.4) | (56.3) | 38.9 | 69% |
| Total Provision | - | - | - | - |
| Profit before Tax | (17.4) | (56.3) | 38.9 | 69% |
| Provision for Tax | 0.1 | (19.9) | 20.0 | 100% |
| Profit after Tax | (17.5) | (36.4) | 18.9 | 52% |