

Earnings Disclosure FY'18



BRAC BANK

আমরা অবিলম্বে

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 - pressure on exchange rate
- Pressure on liquidity, volatility in interest rate
- Pressure to reduce Corporate & Commercial lending rates
- Fund flow to National Savings Certificates continues
- NPLs deteriorate across Banking Sector

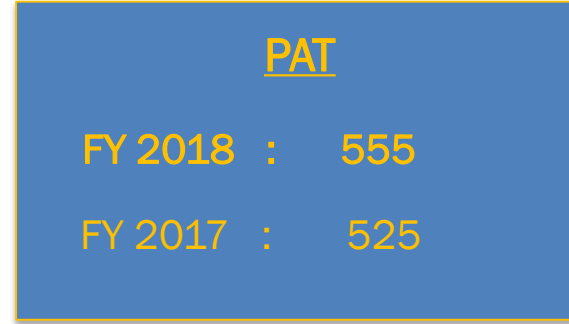
- **Regulatory Changes**

- ADR change from 85.0% to 83.5% (effective Sep'19)
- 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– FY 18 (BRAC Bank)

BDT' Cr (10 Mio.)

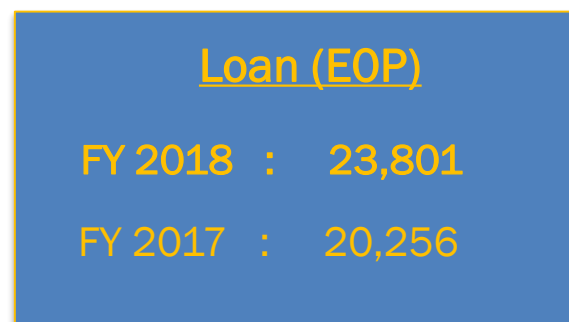
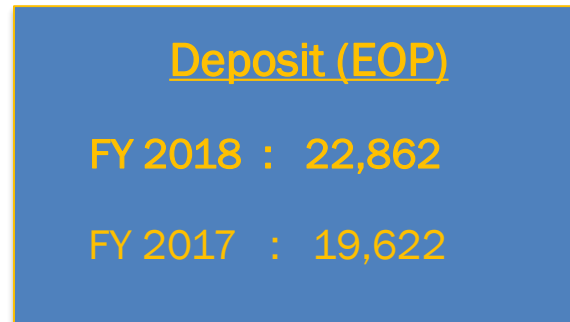
2% ↑



6% ↑



17% ↑



18% ↑



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

Consolidated Performance– FY 18 (BRAC Bank + All Subs)

BDT' Cr (10 Mio.)

10%



Total Revenue

FY 2018 : 2,601
FY 2017 : 2,370

PAT

FY 2018 : 567
FY 2017 : 550

3%



ROE

FY 2018 : 17.94%
FY 2017 : 21.30%

ROA

FY 2018 : 1.66%
FY 2017 : 1.83%

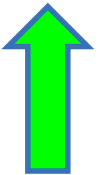
EPS

FY 2018 : 5.17
FY 2017 : 4.86

NAV

FY 2018 : 32.87
FY 2017 : 24.80

18%



Deposit (EOP)

FY 2018 : 25,507
FY 2017 : 21,693

Loan (EOP)

FY 2018 : 23,840
FY 2017 : 20,343

17%



CIR

FY 2018 : 64%
FY 2017 : 60%

CAR

FY 2018 : 15.70%
FY 2017 : 11.97%

Consolidated PAT – by Entity

Consolidated ↑ 3% and Solo ↑ 6%

BDT Cr

Subsidiary/Associate	2018		2017		Δ 2018 vs 2017	
	PAT	BBL PAT Share	PAT	BBL PAT Share	PAT	BBL PAT Share
BRAC EPL Inv Ltd	(22)	(22)	(49)	(49)	27	27
BRAC EPL Sec Ltd	2	2	20	18	(18)	(16)
biTS	-	-	3	2	(3)	(2)
BRAC Sajaan Exch Ltd	5	4	3	2	2	2
bKash	18	8	49	22	(30)	(15)
Sub-Total	4	(8)	26	(4)	(22)	(4)
BRAC Bank Ltd	555	555	525	525	30	30
Share of Profit/ (Loss) from Associates – biTS	0.2	0.2	1	1	(1)	(1)
Goodwill Amortization *	8	8	(3)	(3)	11	11
Conso PAT	567	555	550	519	17	35

***Goodwill Impairment Reversal of BDT 21 Cr in line with IAS 36**

Financial Results: Income Statement (SOLO)

BDT' Cr (10 Mio.)

Particulars	2018	2017	Δ Amount	Δ %
<i>Net Interest Income</i>	1,352	1,215	137	11%
<i>Other Operating Income</i>	565	656	(91)	-14%
Total Revenue	1,916	1,871	46	2%
<i>Staff Cost</i>	470	436	34	8%
<i>Operating Expenditure</i>	565	530	35	7%
Total Expenditure	1,034	966	68	7%
Operating Profit	882	905	(23)	-3%
<i>Net Debt Charge</i>	75	115	(40)	-35%
Profit Before Tax	807	790	17	2%
<i>Tax Charges</i>	253	265	(12)	-5%
Profit After Tax	555	525	30	6%

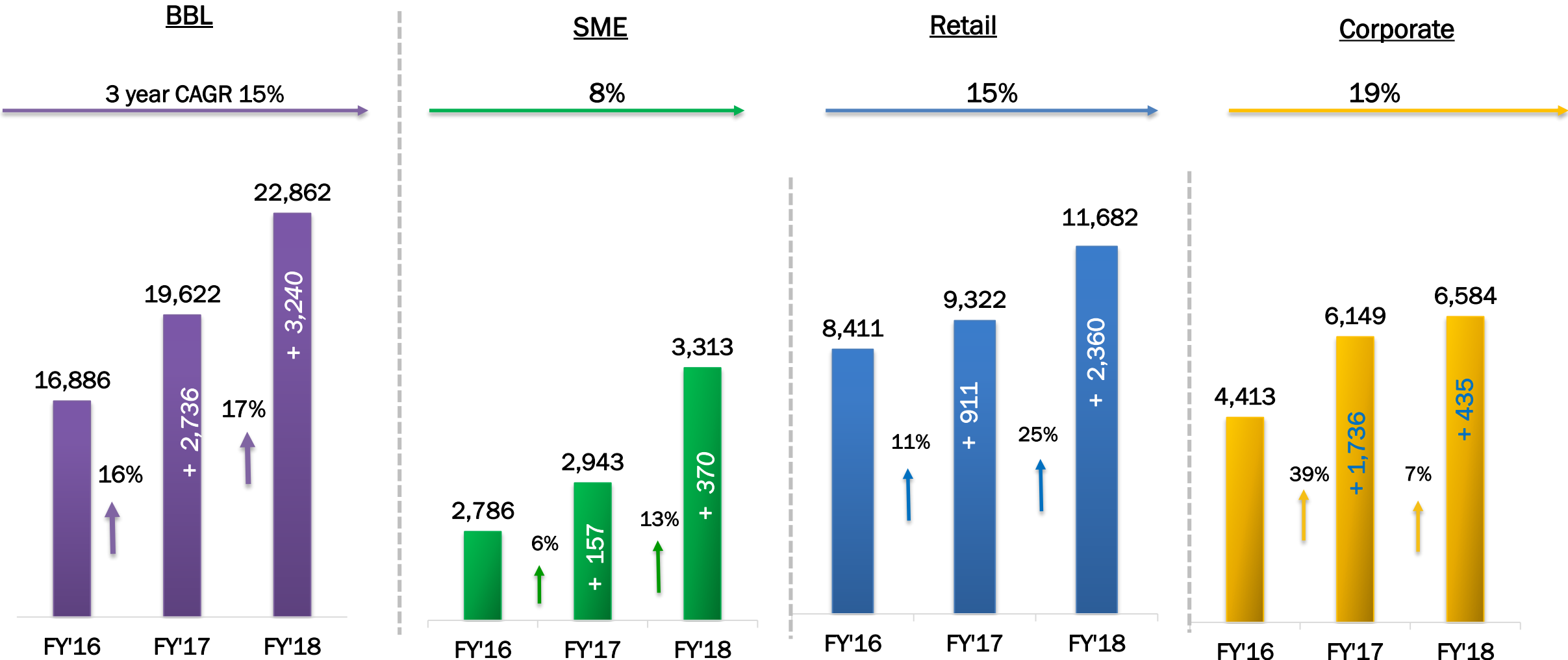
Financial Results: Income Statement (CONSO)

BDT' Cr (10 Mio.)

Particulars	2018	2017	Δ Amount	Δ %
<i>Net Interest Income</i>	1,580	1,353	227	17%
<i>Other Operating Income</i>	1,020	1,017	4	0%
Total Revenue	2,601	2,370	231	10%
<i>Staff Cost</i>	645	588	57	10%
<i>Operating Cost</i>	1,016	840	176	21%
Total Expenditure	1,661	1,428	234	16%
Operating Profit	940	944	(4)	0%
<i>Net Debt Charge</i>	75	115	(40)	-35%
Profit Before Tax	864	828	36	4%
<i>Tax Charges</i>	297	279	19	7%
Profit After Tax	567	550	17	3%
Attributable to BBL Shareholders	555	519	35	7%

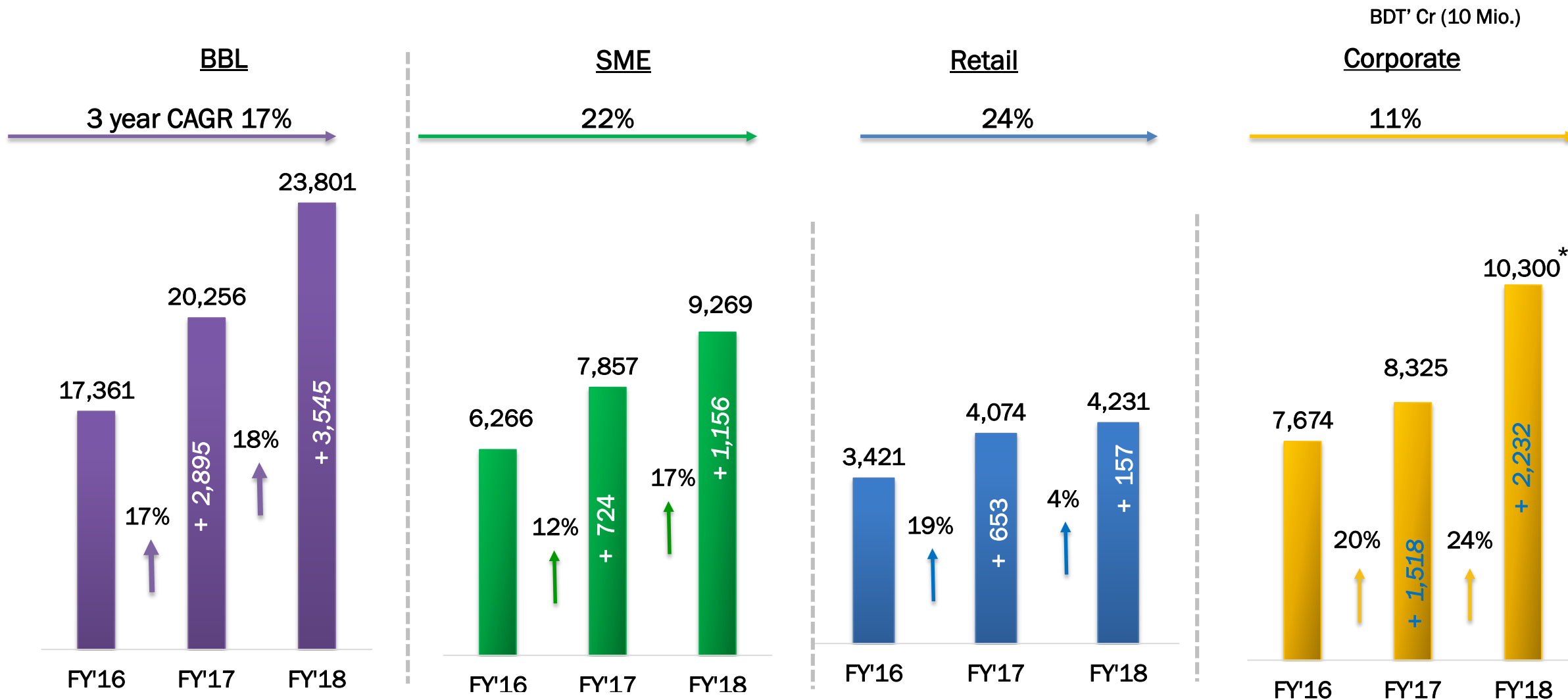
Customer Deposits (EoP)

BDT' Cr (10 Mio.)



2018 growth driven by Retail, SME deposit drive picking up

Loans & Advances (EoP)



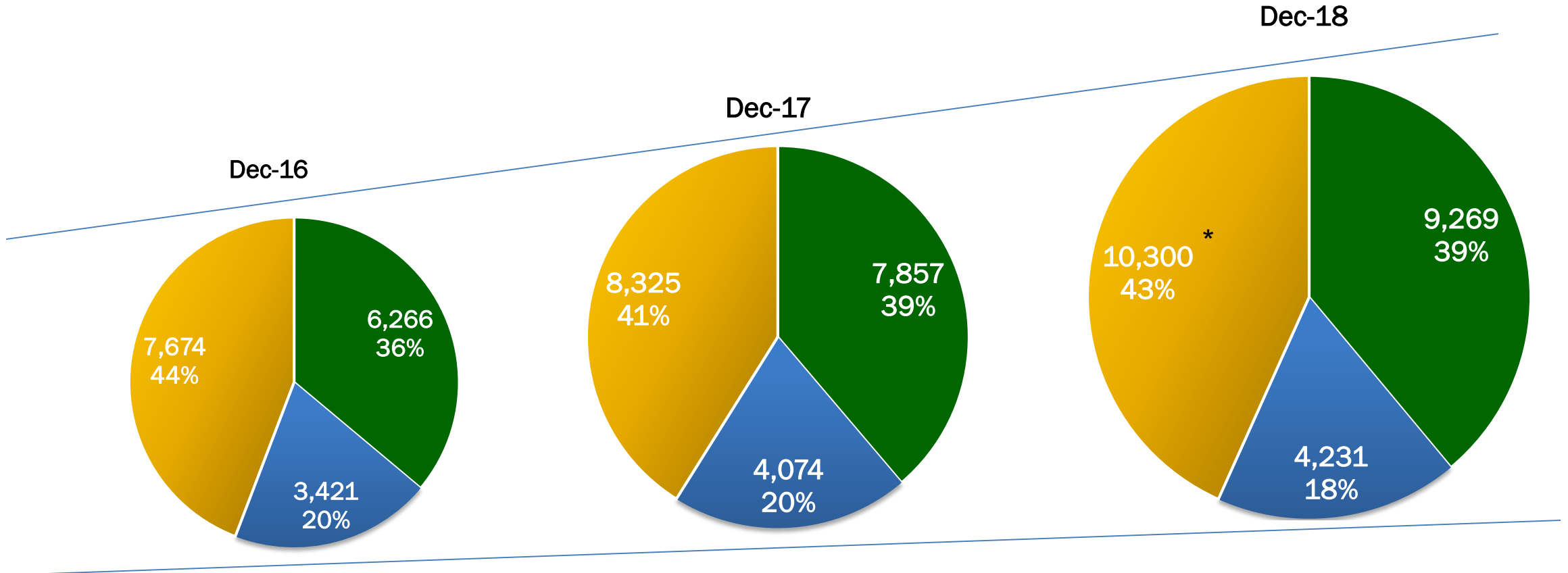
Growth in SME and Corporate continued, Retail gaining momentum

*MFI portfolio 972 Cr reclassified from SME to Corporate, '16 & '17 restated

Portfolio Distribution (EoP)

■ SME ■ Retail ■ Corporate

BDT' Cr

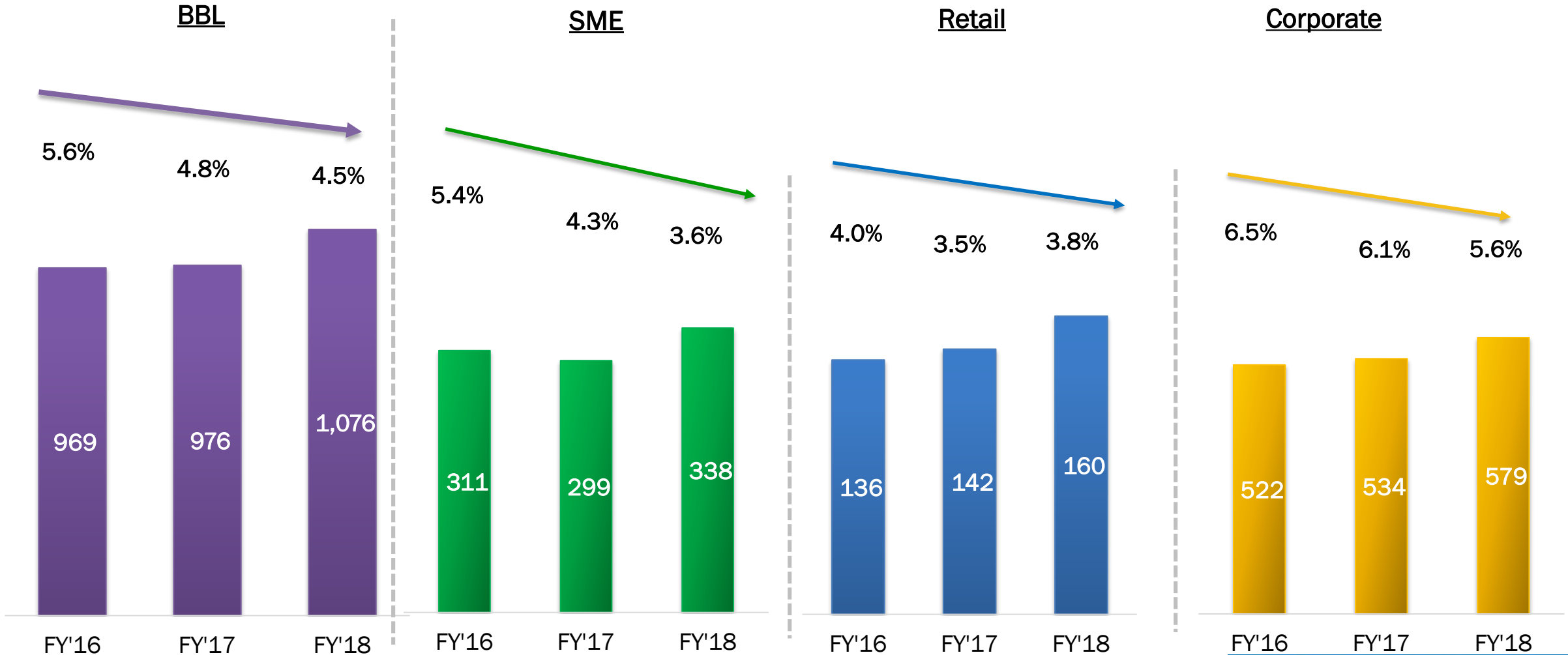


Asset distribution aligned to strategy

* MFI portfolio 972 Cr reclassified from SME to Corporate, '16 & '17 restated

YoY Asset Quality (30 day portfolio at risk)

BDT' Cr (10 Mio.)

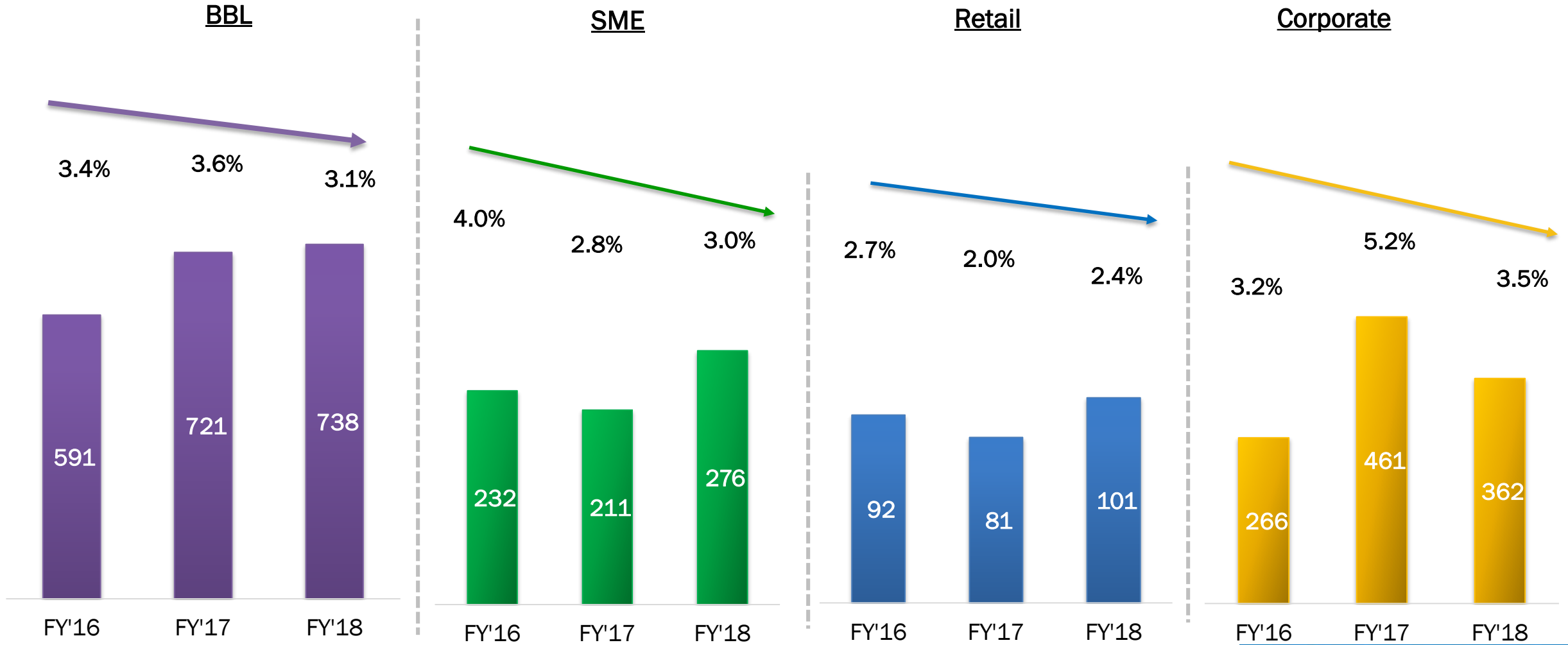


Continuous Improvement

YoY Asset Quality

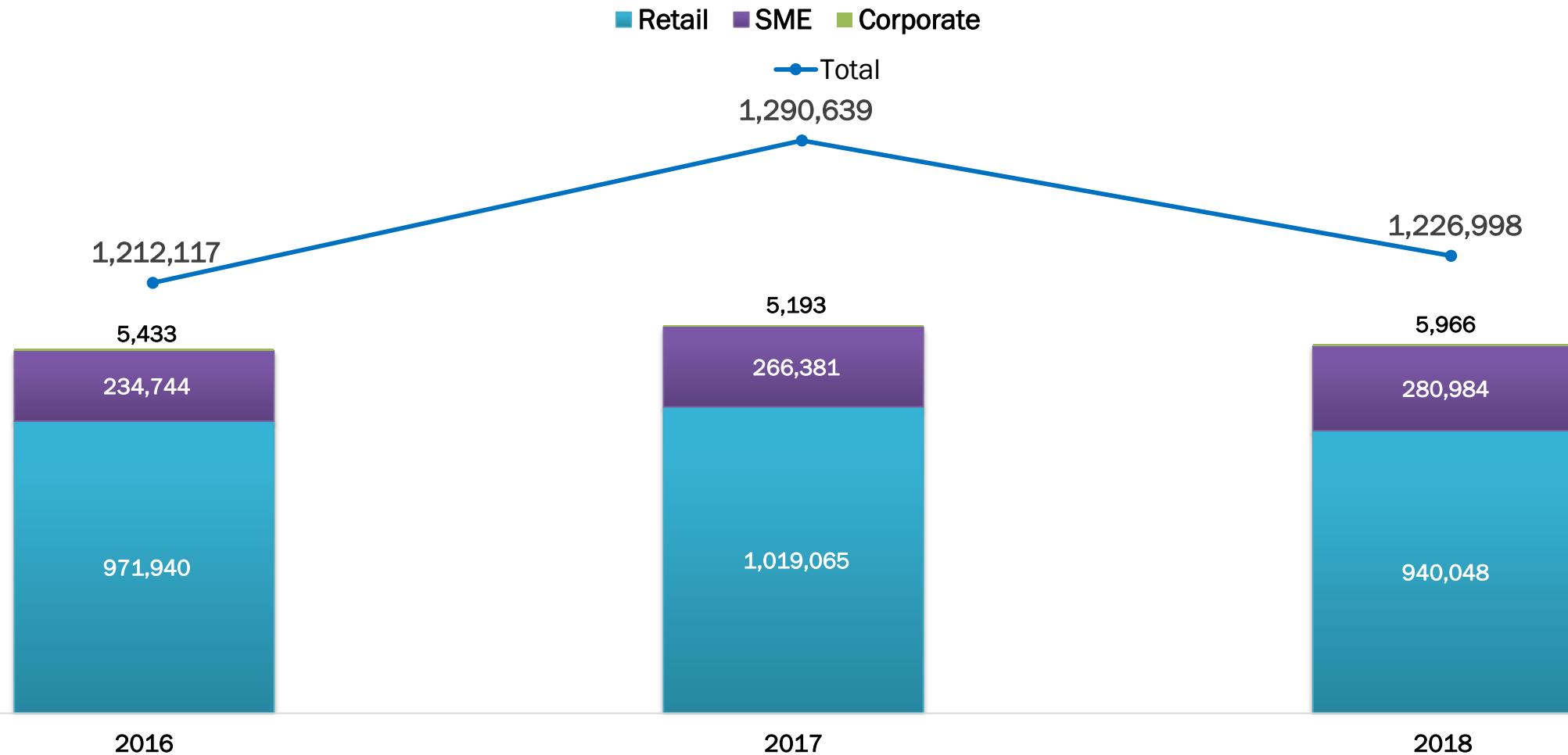
(Non performing loans)

BDT' Cr (10 Mio.)



Continuous Improvement

Number of Customers



130K value destroying customers exited in Q1'18
63K New Customers in 2018

■ Balance Sheet

- Satisfactory Growth in Customer Business
- Improvement in CAR

■ Portfolio Quality

- Continues to improve

■ Margin

- 65 bps reduction

■ NFI & Investment Income

- Regulatory Challenges, shift in yield curve

■ Credit Rating

- S&P downgrades BD banking sector, BRAC Bank maintained

■ Technology Projects

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

■ Cyber Security Initiatives

- Security Operation Centre (SOC) Implemented
- Data Leakage Prevention (DLP) Implemented
- Security Incident and Event management (SIEM)
- Automated Privileged Management (PAM)
- Anti-APT (Advance Persistent Threat) and NBA (Network Behavior Monitoring)

■ Infrastructure

- New Call Centre premises
- Branches – 4 Reloc, 8 Renov.
- New Agent Outlets – 50

■ People

- 71 New Managers
- 24 New Management Trainees
- 40 New Young Professionals

External

- Banking Sector Reforms
- Regulatory Changes
- Liquidity Challenges
- Margin pressure likely to continue
- Taka may continue to be under pressure against FCY
- More competition in SME & Retail landscape

Internal

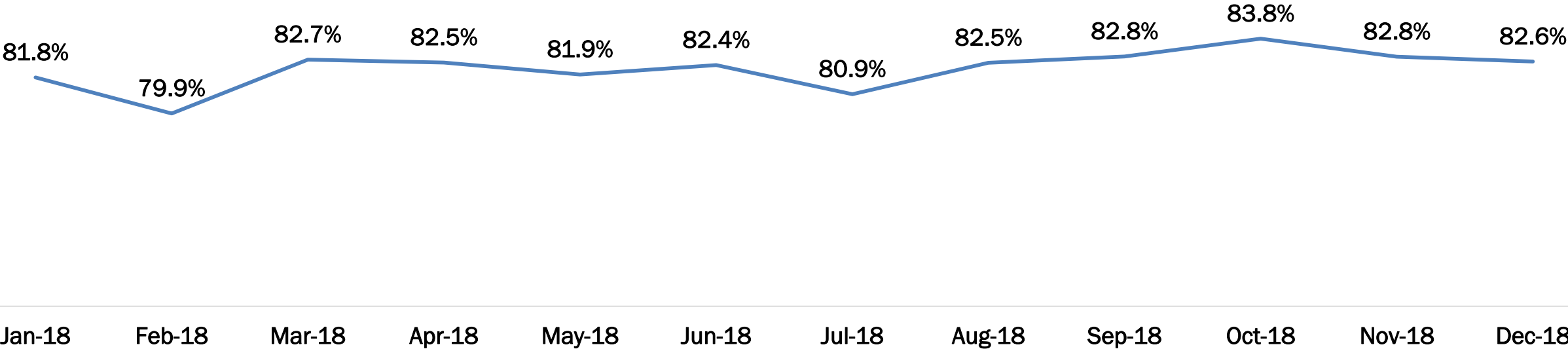
- Customer Experience –
 - Customer Journey Mapping
 - Human Centric Design
 - Focus Group Discussion
- Customer Deposit –
 - Continue focus on Retail deposit drive
 - Improve momentum in SME deposit drive
 - Grow CASA
- Customer Lending –
 - Further accelerate SME
 - Re-ignite Retail
 - Continue new strategy in Corporate
- Digital Roadmap –
 - Innovation Studio
 - Process Re-engineering
- Technology Infrastructure –
 - DC & DR Projects
 - Cyber Security Initiatives

THANK YOU

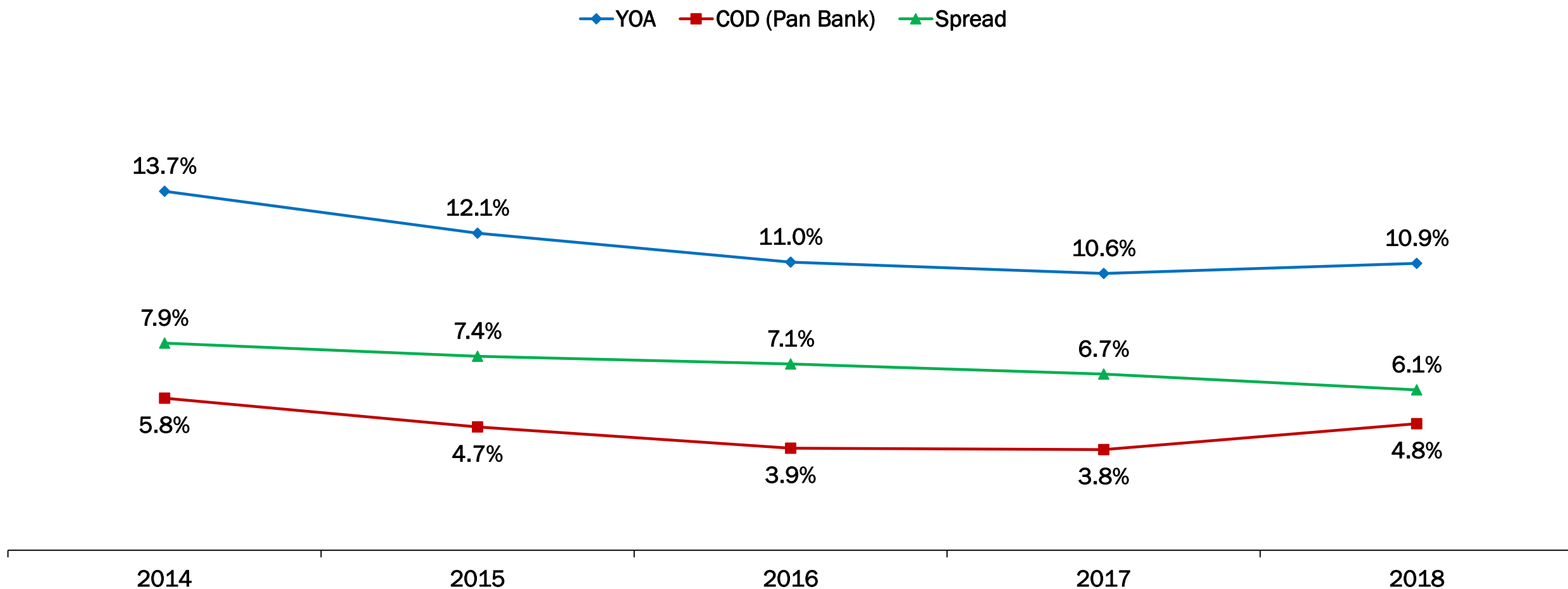
Q&A

APPENDIX

Loans to Deposit Ratio



Spread



Maintaining Spread is a challenge in 2018

SUBSIDIARY FINANCIALS

FY 18

AS AT AND FOR THE PERIOD ENDED

31 Dec 2018

Subsidiary Financials - bKash Limited

BDT Cr

Particulars	2018	2017	Δ Amount	% Δ
Net Interest Income	231.7	128.1	103.6	81%
Other income/Commission	342.1	301.2	40.9	14%
Total Revenue	573.8	429.3	144.5	34%
Total Expenditure	519.9	350.2	169.7	48%
Operating Profit	53.9	79.1	(25.2)	32%
Total Provision	-	-	-	-
Profit before Tax	53.9	79.1	(25.2)	32%
Provision for Tax	35.4	30.3	5.1	17%
Profit after Tax	18.5	48.8	(30.3)	62%

Subsidiary Financials – BRAC EPSL

BDT Cr

Particulars	2018	2017	Δ Amount	% Δ
Net Interest Income	2.7	3.2	(0.4)	-14%
Other income/Commission	44.8	66.1	(21.4)	-32%
Total Revenue	47.5	69.3	(21.8)	-31%
Total Expenditure	37.3	39.8	(2.5)	-6%
Operating Profit	10.2	29.5	(19.3)	-65%
Total Provision	-	-	-	-
Profit before Tax	10.2	29.5	(19.3)	-65%
Provision for Tax	7.8	9.0	(1.2)	-14%
Profit after Tax	2.4	20.5	(18.1)	-88%

Subsidiary Financials - BRAC Saajan

BDT' Cr

Particulars	2018	2017	Δ Amount	% Δ
Net Interest Income	(1.5)	(0.8)	(0.7)	90%
Other income/Commission	79.7	51.6	28.1	54%
Total Revenue	78.2	50.8	27.4	54%
Total Expenditure	71.2	46.7	24.5	53%
Operating Profit	7.0	4.1	2.8	69%
Total Provision	0.3	0.5	(0.3)	-
Profit before Tax	6.7	3.6	3.1	87%
Provision for Tax	1.4	0.6	0.81	144%
Profit after Tax	5.4	3.0	2.3	77%

Subsidiary Financials – BRAC EPIL

BDT Cr

Particulars	2018	2017	Δ Amount	% Δ
Net Interest Income	(4.1)	8.1	(12.2)	-151%
Net fee and commission income	3.1	4.9	(1.8)	-37%
Net (loss)/gain from investment in securities	(14.6)	(78.1)	63.5	-81%
Total operating income/(loss)	(15.7)	(65.2)	49.5	-76%
Operating expenses	5.7	9.6	(3.9)	-41%
Depreciation & amortization	0.2	0.2	0.0	8%
Operating expenses	5.9	9.8	(3.9)	-40%
Operating profit/(loss)	(21.6)	(74.9)	53.4	-71%
Net finance income	(0.04)	(0.1)	0.01	-15%
Share of profit of equity in associate company	0.01	0.02	(0.001)	-5%
Profit/(loss) before provisions	(21.6)	(75.0)	53.4	-71%
Provision for loans and advances	-	-	-	-
Loss before tax	(21.6)	(75.0)	53.4	-71%
Tax expenses	0.2	(26.0)	26.2	-101%
Loss after tax	(21.8)	(49.0)	27.2	-55%