



BANKING WITH A
PURPOSE

Sustainability Report I 2022





OUR **PURPOSE** IS TO
HELP YOU **PROSPER**

FROM THE DESK OF MD & CEO

Our Environmental, Social, and Governance (ESG) agenda is growing. We are closely examining how resilient our business model is to threats to sustainability.

Dear Stakeholders,

It gives us great pleasure to publish BRAC Bank's Sustainability Report, a tangible manifestation of our commitment to values-based, responsible, and sustainable banking practices that promote economic growth while considering social and environmental factors.

As a core component of our corporate responsibilities and actions, we at BRAC Bank are an example of sustainability, which directs the goals of our bank and the banking sector. We are steadfast in our dedication to openness and disclosure; this report is just one of the many ways we live up to this promise.

In an eco-friendly future, where our company reduces its carbon footprint and supports society in fortifying itself against risks caused by climate change, we see our bank as a committed partner in the economic transition. Our sustainability objectives, included in our policies for 2022 with a strategic emphasis on responsible banking, are designed to increase the breadth and pace at which we provide our clients with

sustainable financing options.

Our Environmental, Social, and Governance (ESG) agenda is growing. We are closely examining how resilient our business model is to threats to sustainability. It has made it necessary to create a robust data repository and implement proactive business continuity management to evaluate sustainability risks and develop mitigation plans.

We are constantly trying new things. One such effort is to digitalise services and products that address social and environmental issues and enable 'product as a service' for the entire organisation. The key to creating successful businesses in the future is sustainable banking. Since 2019, we have diligently adhered to the UN Global Compact's principles. We take great pride in being one of the founding members of the Global Alliance for Banking on Values (GABV).

Our 2022 disbursements of BDT 105,230 million and BDT 11,943 million exceeded industry averages and regulatory criteria, demonstrating our commitment



to sustainable and green finance. In partnership with Bangladesh Bank, we have provided affordable, sustainable financing through various refinancing programmes. We have made significant progress towards paperless banking and encourage users to use digital channels.

Our conscientious endeavours in Corporate Social Responsibility (CSR) have allocated BDT 189 million towards many domains, including healthcare, education, and disaster management. It is evidence of our unrelenting commitment to sustainability. Bangladesh Bank has consistently placed us in the Top 10 Banks' Sustainability Rating for the past two years.

I thank our hardworking colleagues for their immeasurable efforts and steadfast dedication to furthering BRAC Bank's sustainability endeavours. This report provides

- a history of our steps,
- the emphasis on diversity,
- the investments we have made in advancing society, and
- our open disclosures.

Please review this report and accompany us on our path to a fair and sustainable future, where we can work together to cultivate a progressive and responsible banking industry.

Sincerely,

Selim RF Hussain

Managing Director & CEO
BRAC Bank PLC.

BANKING WITH A PURPOSE

Values-based banking is more than just maximising profits at BRAC Bank. While putting economic, social, and environmental concerns first, it promotes prosperity for everyone.

As a corporate entity, it is our obligation to act responsibly towards building a sustainable planet that we all share.

BRAC Bank is a purpose-driven bank that the late Sir Fazle Hasan Abed established with the vision of serving unbanked small and medium-sized enterprises (SMEs) of Bangladesh to build an inclusive society.

By pioneering SME financing, BRAC Bank has significantly contributed to the advancement of financial inclusion in Bangladesh, embodying a shining example of sustainable financing. As a values-based organisation, the bank has built a strong base for achieving sustainable development and empowering individuals and communities by focusing on good governance, transparency, ethics and compliance.

At BRAC Bank, we aim to build a socially responsible financial institution focused on markets and businesses that exhibit strong growth potential, thereby assisting our parent organisation - BRAC - and its stakeholders to build a just, enlightened, healthy, democratic and poverty-free Bangladesh.

Truly, this mission encapsulates the essence of the values the bank stands for.

Dear Esteemed Shareholders and Stakeholders of BRAC Bank,

I take pleasure in welcoming you the bank's Sustainability Report for the year 2022.

Values-based banking sets the guiding principles of our banking operations and social initiatives. Our business practices align with the 3P philosophy of People, Planet, and Prosperity. Values-based banking entails social and environmental considerations in financing decisions. It involves promoting sustainable development, social justice, and ethical practices.

In this regard, we meticulously employ our banking and financial initiatives to contribute to the country's sustainable development journey. Our objective of being "Pro-People, Pro-Planet, and Pro-Society" ensures that we consider our clients and the environment while pursuing shared progress.

BRAC Bank works to lessen its carbon footprint and add value to society through achieving



the Sustainable Development Goals (SDGs) and advancing women's empowerment.

We have supported grassroots entrepreneurship in rural Bangladesh, creating jobs and real economic growth through our pioneering small-ticket SME loans without collateral and inclusive banking approach. Because of our commitment to values-based banking, we have excelled in financial performance, foreign investor shareholding and credit ratings that has eventually had a positive reflection on our market capitalisation.

We are proud to be a signatory of the United Nations Global Compact (UNGC), associated with the Global Alliance for Banking on Values (GABV), and a member of the Financial Alliance for Women (FAW). In Bangladesh, we seek to plant the seeds of a sustainable banking movement. We have evolved into a national icon of good governance, diversity, inclusiveness, trust and reliability by drawing inspiration from our parent company, BRAC, the largest development organisation in the world.

Values-based banking is more than just maximising profits at BRAC Bank. While putting economic, social, and environmental concerns first, it promotes prosperity for everyone.

Our purpose is to constantly improve ourselves and lead the change among our stakeholders to create a prosperous and sustainable future for all. We shall continue to focus on sustainable financing and social interventions in a way that catalyses sustainable development, social equity and ethical conduct.

This report complements the data in our Annual Report 2022. For further information on our sustainability initiatives, please visit our website, www.bracbank.com, or email our Sustainable Finance Unit at sustainablefinance.unit@bracbank.com.

We appreciate you reading this report.

Sabbir Hossain

Deputy Managing Director & Chief Operating Officer, and Chairman, Sustainable Finance Committee, BRAC Bank PLC.

BLUE BUTTERFLY REPRESENTS
OPTIMISM FOR BETTER DAYS AHEAD.



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SCOPE

OF THE REPORT

This report serves as BRAC Bank's first-ever effort to demonstrate its commitment to sustainability. The report intends to offer a summary of the sustainability actions and overall performance of BRAC Bank for the period between 1 January 2022 and 31 December 2022. While this is the bank's first sustainability report, it aligns to the Global Reporting Initiative (GRI) Standards to ensure comprehensive disclosure of relevant information.

The report covers different areas of BRAC Bank's operations, including environmental, social, and governance (ESG) practices. Stakeholders can learn more about the

bank's performance concerning several sustainability topics because it addresses the key areas defined in the GRI Standards 2021.

While this sustainability report covers various areas, it is essential to acknowledge that it is the first step in BRAC Bank's sustainability reporting journey. This report covers the 2022 sustainability performance of BRAC Bank. Future reports are anticipated to broaden the scope and depth of published information as the bank continues strengthening its sustainability policies, providing a broader comprehension of the bank's efforts in sustainable development.



Scan here to read the Annual Report 2022 for details of our financials of the year.





ABOUT
BRAC Bank

VISION AND **VALUES**

BRAC Bank has been a trusted partner to corporations, small agencies, large depositors, and micro accountholders since its inception. Thus, based on its fundamental principles, the bank is renowned in the financial services market for delivering innovative, value-added and market-responsive solutions that create value for stakeholders and maximise impact.

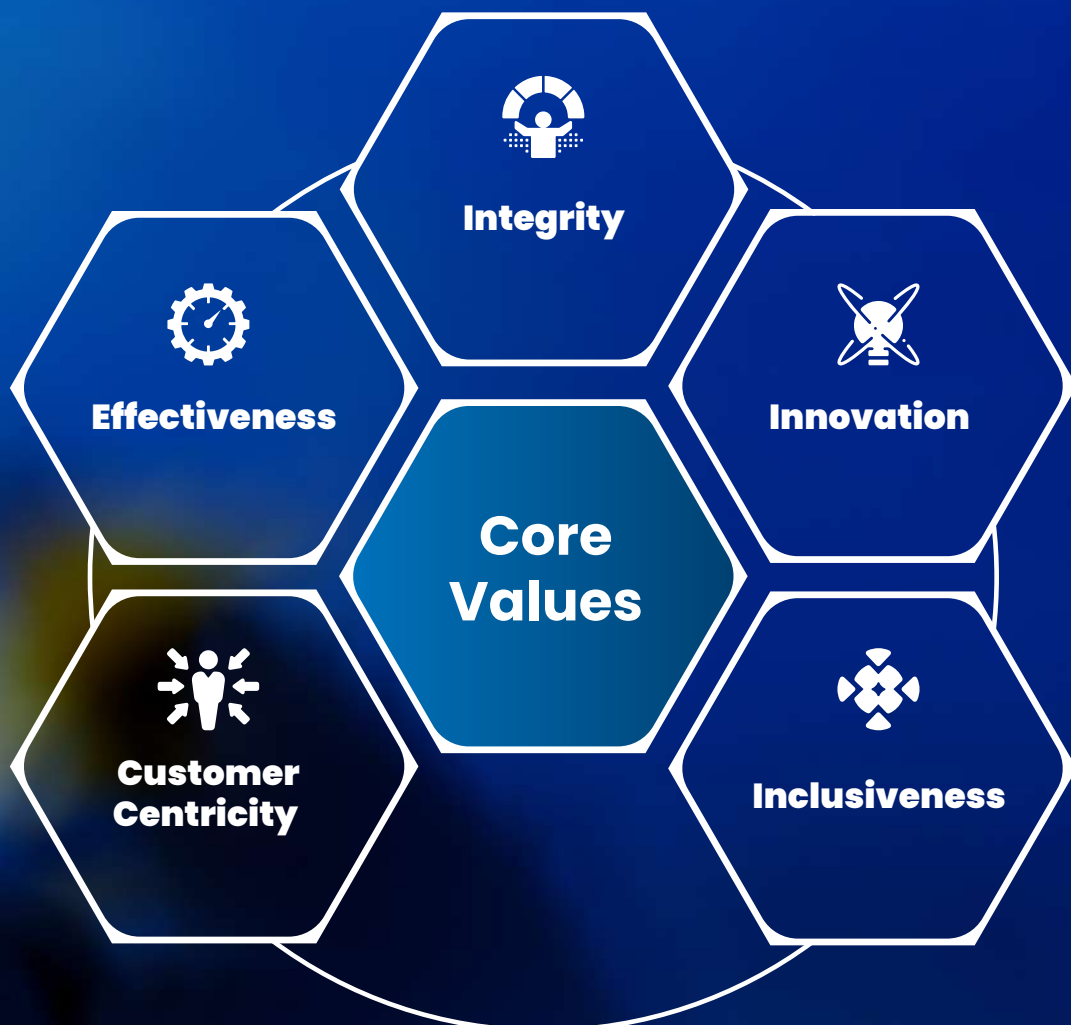


VISION

Building a profitable and socially responsible financial institution focused on markets and businesses with growth potential, thereby assisting BRAC Bank and stakeholders to build a “just, enlightened, healthy, democratic and poverty-free Bangladesh”.

VALUES

BRAC Bank is an organisation whose values are at the core of every activity. As a values-based bank, it believes in the 3P philosophy of People, Planet and Prosperity. The bank shares the Principles of Values-Based Banking, which underpin all its programmes and activities.



CONSTANCY OF PURPOSE

AMIDST RAPID CHANGE

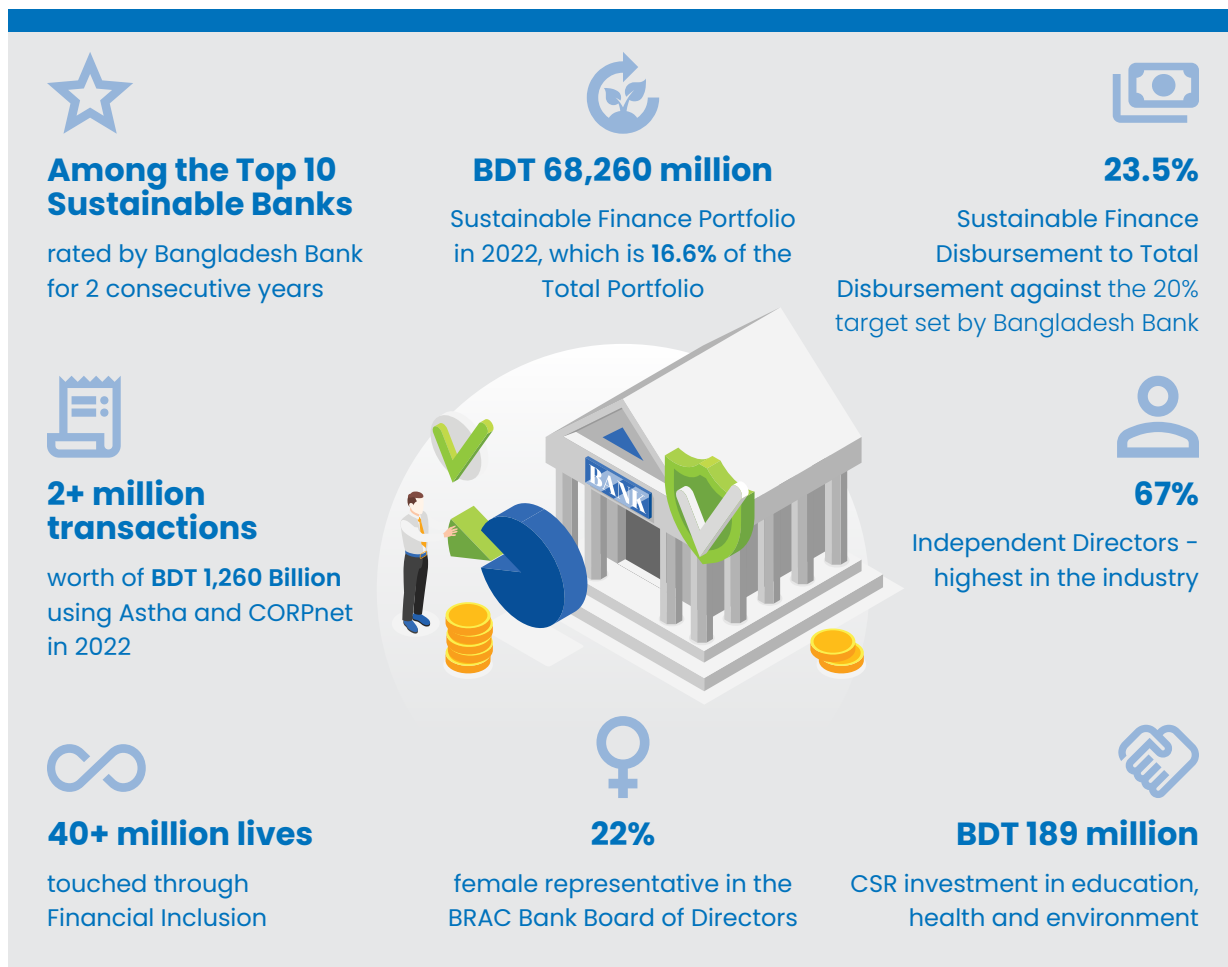
BRAC Bank has embraced a values-based banking approach for sustainable economic development since its inception in 2001, demonstrating an entrenched governance, transparency, ethics and compliance culture.

Established with the vision of providing formal banking solutions to the 'unbanked' small and medium enterprises, it has now spawned into one of the leading financial institutions contributing to the country's economic development through inclusive banking, collateral-free financing, social responsibility investment and impact, and

as a critical government partner for broader monetary policy implementation.

As a values-based bank, BRAC Bank believes in the all-encompassing '3P' philosophy of People, Planet and Prosperity. We take pride in this philosophy in our shared values that emphasise our need to measure value beyond simply financial outcomes.

As a member of the Global Alliance for Banking on Values (GABV), the bank enables responsible financial facilitation concerning promulgation of values-based banking and sustainable credit practices.





3P

'3P' philosophy of People, Planet and Prosperity.

ISO 27001:2013

First bank in Bangladesh to be endorsed by the ISO 27001:2013 certification

GABV

Only member of the Global Alliance for Banking on Values from Bangladesh

BRAC Bank has also emerged as the first bank in Bangladesh to be endorsed by the ISO 27001:2013 certification, acknowledging its pioneering role in furthering financial inclusion through a robust technology apparatus while ensuring full regulatory compliance.

BRAC Bank has been one of the country's fastest-growing banks since its inception, with a particular focus on the SME segment.

The bank has generated strong financial performance over the past many years and now leads the industry in most financial metrics. With more than 1.4 million customers, the bank has already proved to be the largest collateral-free in just 21 years of operations in Bangladesh, the SME financing major continues to serve as a benchmark for governance, transparency and compliance in the banking sector.

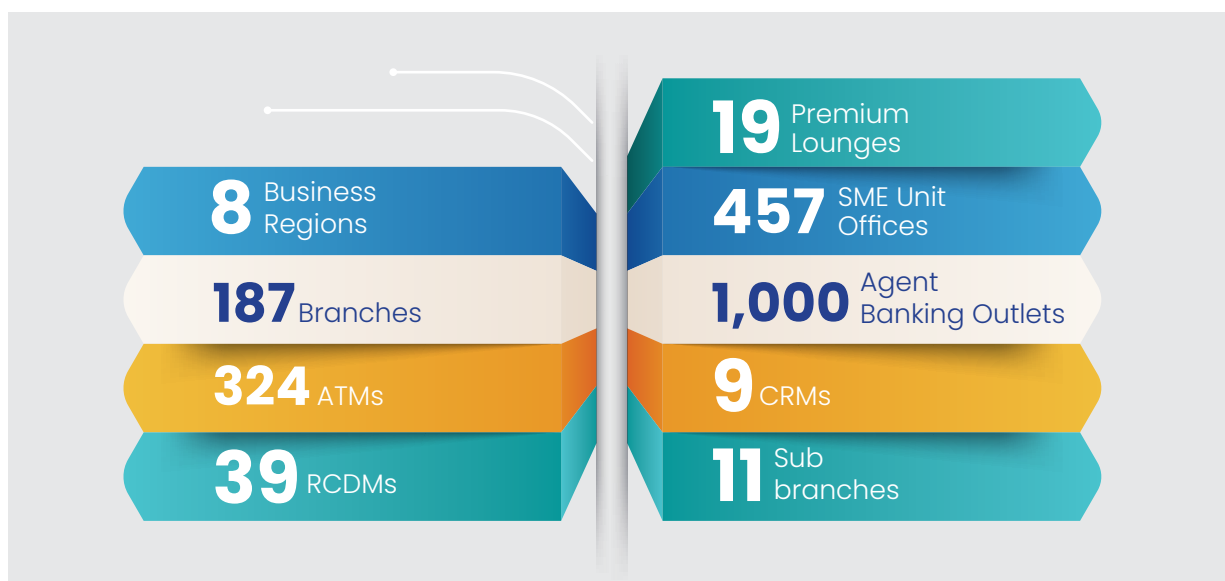
Key information of the bank

BRAC Bank's business can be broadly classified around its three major wings:



Network

The bank has established an expansive network of service touch-points across Bangladesh in its efforts towards making access to banking, a reality for all. The bank serves 1.4 million people mostly in rural and semi-urban parts of the country, with the bank's rural penetration hitting the industry highest at 77%. Furthermore, the bank's agent banking network, comprising an effective branchless banking model dispensing all the services of a typical branch, conducts 186,000+ transactions. The bank's overall distribution network comprises:



Several reputable credit rating firms have accredited BRAC Bank. These ratings are proof that the bank is one of Bangladesh's most financially solvent financial institutions with the capacity to meet all its financial obligations. Despite the economic turmoil and post-pandemic challenges, the bank earned improved credit ratings in 2022 compared to 2021.

LOCAL RATING

 CREDIT RATING AGENCY OF BANGLADESH LTD.	 EMERGING Credit Rating Ltd <small>an independent member of ICRG Group</small>
AAA/ST-1	AA+/ST-1

GLOBAL RATING

 S&P Global Ratings	 MOODY'S
B+	B1

Office address

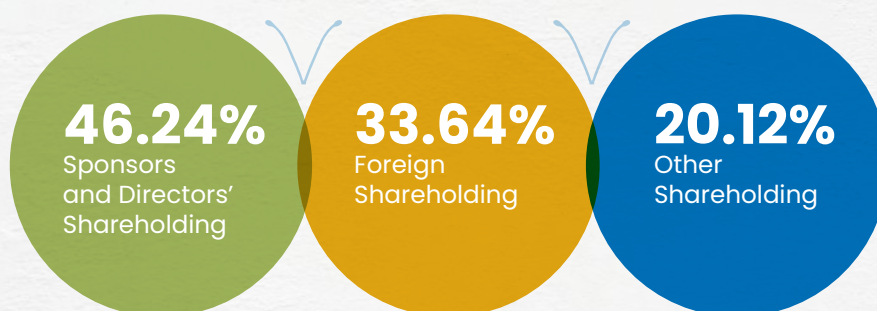
Corporate office address	Share Department
<p>BRAC Bank PLC.</p> <p>Head Office: Anik Tower, 220/B, Tejgaon-Gulshan Link Road, Tejgaon I/A, Dhaka-1208, Bangladesh</p>	<p>BRAC Bank PLC.</p> <p>Head Office: Anik Tower (Ground Floor), 220/B, Tejgaon Gulshan Link Road, Tejgaon I/A, Dhaka-1208, Bangladesh Phone: 09677555124, 09677555125</p>

Subsidiary information

Within Bangladesh			Outside Bangladesh
<p>BRAC EPL Investment Limited</p> <p>Medona Tower, Level 04, 28 Mohakhali, C/A Dhaka-1213, Bangladesh.</p>	<p>BRAC EPL Stock Brokerage Limited</p> <p>DSE Annex Branch, Suite 1001-3 (9th floor), 9/E Motijheel C/A, Dhaka-1000, Bangladesh.</p>	<p>bKash Limited</p> <p>Shadhinata Tower, Bir Sreshtha Shaheed Jahangir Gate, 546 Shaheed Sharani, Dhaka-1206, Bangladesh.</p>	<p>BRAC Saajan Exchange Company Limited</p> <p>160-162, Lozells Road, Birmingham, West Midlands, B19 2SX, United Kingdom.</p>

DISTRIBUTION OF SHAREHOLDING

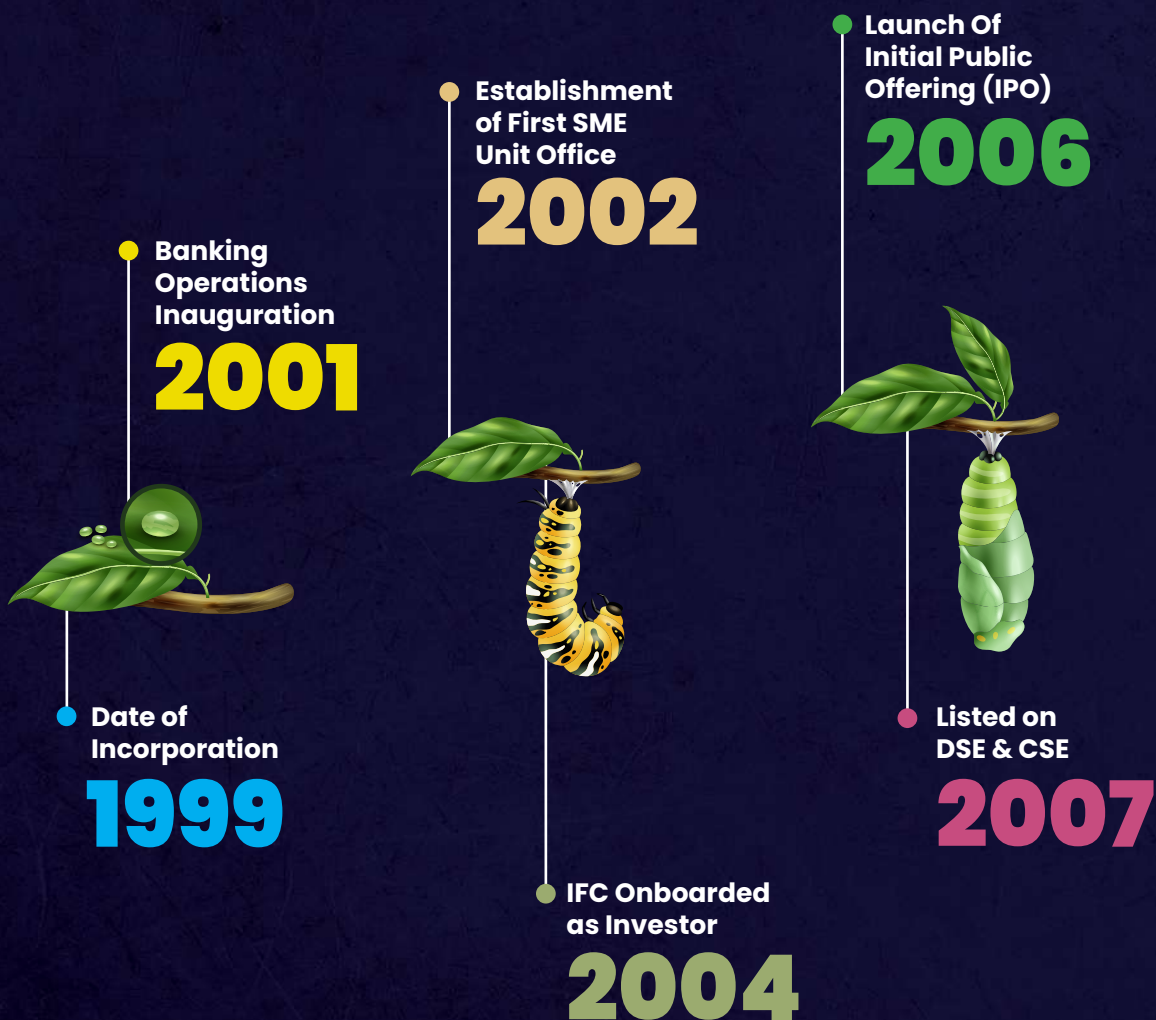
BRAC Bank has a robust shareholding structure distributed amongst three major entities:



SL.	Name	Status (Sponsors/ Directors/Others)	No. of shares held as on 26.06.2023	% Paid-up Shares
1	BRAC	Sponsor	742,716,561	46.165%
2	Late Sir Fazle Hasan Abed, KCMG	Sponsor	15,793	0.001%
3	Late A. S. Mahmud	Sponsor	13,209	0.001%
4	Dr. Saleh Uddin Ahmed	Sponsor	10,851	0.001%
5	Mr. Meheriar M Hasan, Chairperson (Nominated by BRAC)	Nominated Director	Nil	Nil
6	Mr. Faruq Mayeenuddin Ahmed, Vice Chairperson	Independent Director	Nil	Nil
7	Mr. Asif Saleh (Nominated by BRAC)	Nominated Director	66,624	0.004%
8	Mr. Shameran Bahar Abed (Nominated by BRAC)	Nominated Director	1,152,735	0.072%
9	Ms. Fahima Choudhury	Independent Director	Nil	Nil
10	Ms. Farzana Ahmed	Independent Director	Nil	Nil
11	Dr. Zahid Hussain	Independent Director	Nil	Nil
12	Dr. Mustafa Kamal Mujeri	Independent Director	Nil	Nil
13	Mr. Salek Ahmed Abul Masrur	Independent Director	Nil	Nil
14	General public, institute and foreign	Other than sponsor/ Director	864,853,454	53.756%
Total shares			1,608,829,227	100%

21 YEARS OF **EXCELLENCE**

Journey towards becoming the best
bank of Bangladesh



● Launch of bKash for Mobile Financial Services

2011



● Bestowed with "Best Managed Bank" Award from Asian Banker

2013

● First Bank in Private Sector to Have MCap Crossing US\$ 1 Bn

Launch of Comprehensive Women Banking "TARA"

2017



● Launch of Agent Banking

2018

● Inauguration of "Mujib Corner" to Celebrate Birth Centenary of Bangabandhu Sheikh Mujibur Rahman

2020

● Completion of Historic 20 Years of Operations

2021



● June 1 Inauguration of Sub-branch Network

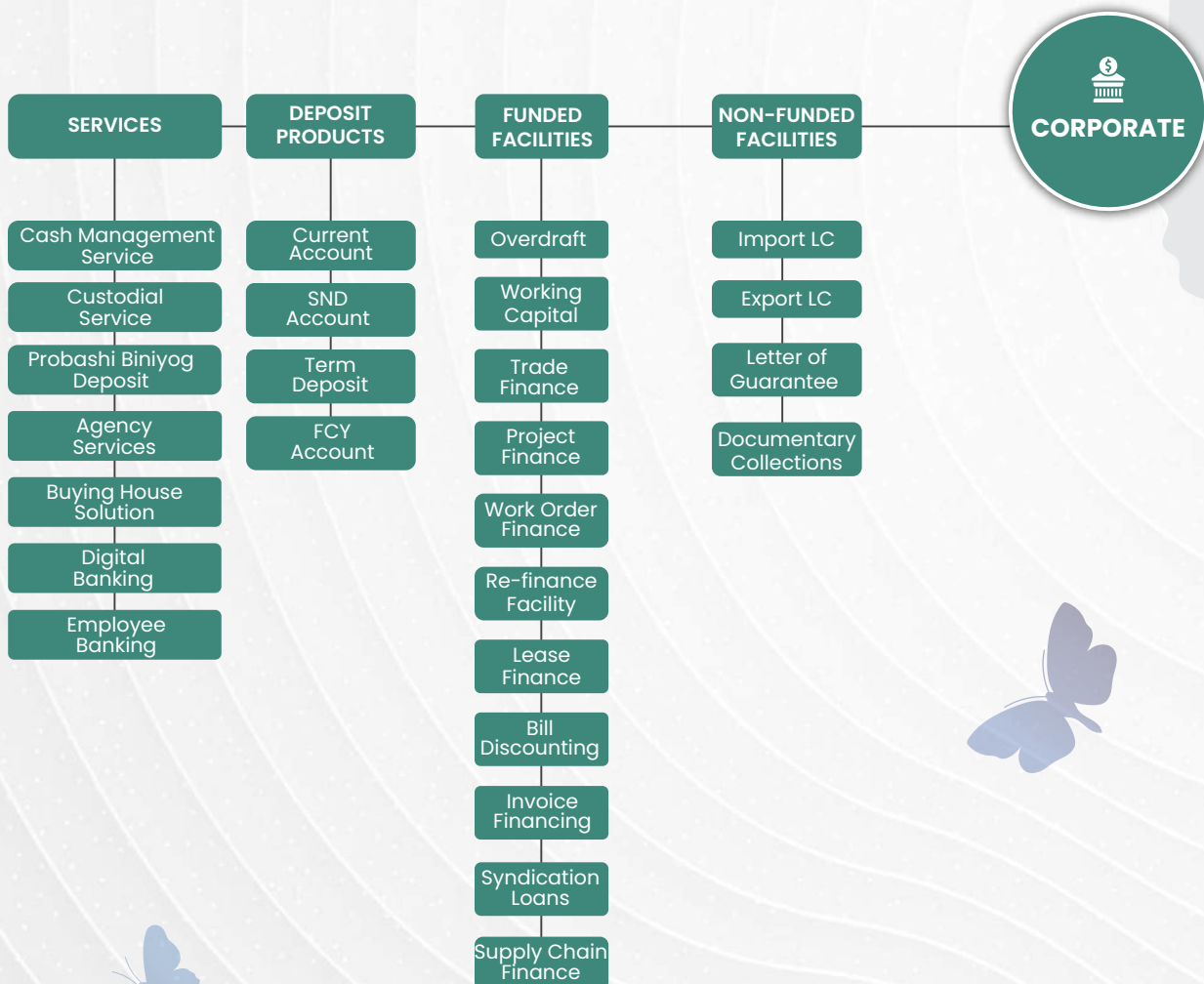
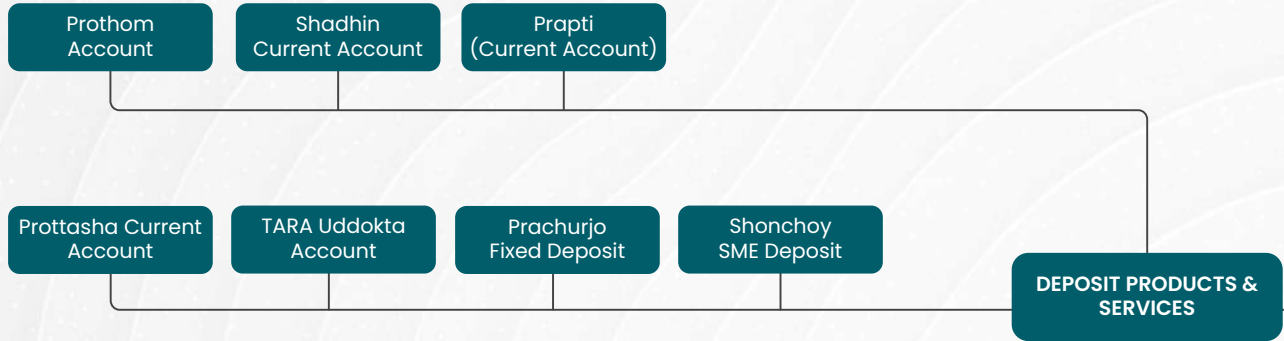
July 4 Launch of Bangladesh's First Ever Housing Bond

December 7 Milestone of Serving 1 Mn SME Customers

December 13 Astha App and bKash QR Integration

2022

PRODUCTS AND SERVICES

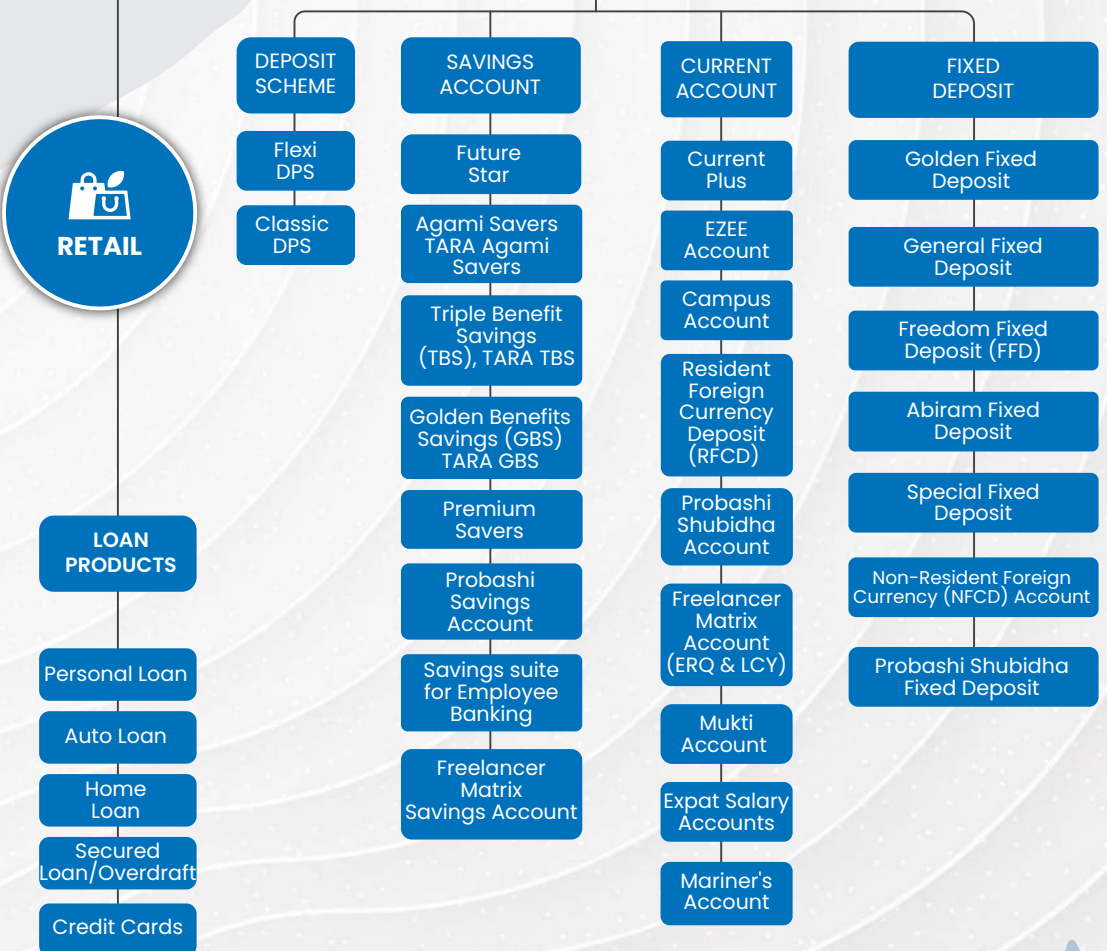


ASSET PRODUCTS & SERVICES

Shabolombi (business loan for remittance earners' families)	Startup Builder (financing for new entrepreneurs)	Uddom (for BCS members)	Digonto (for BASIS members)	Swipe Load (Financing for POS Merchant)
Sufola (Agriculture Finance)	Baki (Retailer Financing)	Supply Chain Finance	Supply Chain Finance	Nirman (for commercial building construction and/or renovation)
TARA uddokta (Women Entrepreneur loan)	Somriddhi (Trade Finance)	Apurbo (Secured Loan)	Druti (Unsecured Quick Loan for CMS)	Annono (Unsecured Loan)
Anonno Plus (Unsecured Loan with unsecured higher loan limit)	Bahon (Commercial vehicle financing)	Sohoj (Cash secured loan)	Prabartan (Loan for e-commerce and f-commerce businesses)	Kuri (Loan for local tea growers)



DEPOSIT PRODUCTS



LOAN PRODUCTS

- Personal Loan
- Auto Loan
- Home Loan
- Secured Loan/Overdraft
- Credit Cards

MATERIALITY ASSESSMENT & KEY MATTERS

MATERIALITY ASSESSMENT

This report provides information on issues that significantly impact the bank's potential for creating value in the short, medium, and long term. These matters primarily pertain to our sustainability and ESG agendas and comprise those factors that reinforce our focus to minimise our carbon footprint and

maximise our impact on society, including through running a compliant and well-governed bank.

The materiality assessment process at the bank entails identifying relevant issues in this regard, assessing their relevance, prioritising them, and deciding what information to release.



Identify

At BRAC Bank, matters that have, or may have, an effect on the bank's ability to create value are determined by considering their effect on the bank's strategy, governance, performance or prospects. 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.



Evaluate

We assess the significance of relevant matters based on their potential impact on value creation. In order to be included in the integrated report, a matter must also be sufficiently important in terms of its known or potential impact on value creation. This involves evaluating the magnitude of the matter's effect and, if it is uncertain whether the matter will occur, its likelihood of occurrence.



Prioritise

Once the population of important matters is identified, they are prioritised based on their relative importance. We use the outcomes of our analysis and the key risks and opportunities identified to prioritise those matters that are most material to our ability to create sustained value. Based on the material impacts identified, we derive our risk and opportunity register which we update throughout the year. Prioritising helps us to focus on the most important matters when determining how they are reported.



Disclose

We apply judgment in determining the information to be disclosed about material matters. This requires consideration from different perspectives and is assisted by regular engagement with shareholders and stakeholders to ensure the integrated report meets its primary purpose. Considering the nature of a material matter, the bank considers providing key information, such as an explanation of the matter, the bank's view on the matter, actions taken to manage the matters, the extent of the bank's control over the matter, quantitative and qualitative disclosures, etc.

KEY MATTERS

We manage material issues with the most significant potential to systematically impact our long-term business performance and growth. We include material points in our strategy by contextualising them in our

strategic priorities, which guide our integrated approach to deliberate choices. To deliver on our strategic targets, we track success against this strategy by establishing well-defined and recognised vital performance indicators (KPIs) cascaded throughout our business.

CUSTOMER SATISFACTION



Customers need are evolving at pace. An increasing demand for faster turnaround time, convenient banking and tailored products and services are being observed.

Link to	Risks	Our approach
<p>Capitals Financial Capital Intellectual Capital Human Capital Social & Relationship Capital</p> <p>Stakeholders Customers Shareholders Investors</p>	<p>We may lose consumers to our competitors if we don't engage with them properly or understand our customers' banking needs.</p> <p>Opportunities Providing an intuitive and customised customer experience enhances client acquisition and loyalty, we can lead an increase in financial performance.</p>	<ul style="list-style-type: none"> Introducing innovative products and services to cater the needs of target segments; Conducting routine client engagement to efficiently discover and fix common consumer pain points; Dedicated customer experience team to analyse customer feedback and data and share insight; Leverage our digital channels to deliver a convenient and seamless customer experience.

GEOPOLITICAL AND ECONOMIC TRENDS



Dynamic and changing macro-environment highly impact our ability to create value. Geopolitical risks are increasingly interconnected and technology is changing the nature of geopolitical risks.

Link to	Risks	Our approach
<p>Capitals Financial Capital Intellectual Capital Social & Relationship Capital</p> <p>Stakeholders Customers Shareholders Investors Business Partners</p>	<p>Our financial performance and growth potential can be significantly impacted by ongoing macroeconomic uncertainty and external factors.</p> <p>Opportunities By anticipating trends and proactively responding to them, we can open up new market opportunities.</p>	<ul style="list-style-type: none"> We remaining susceptible to geopolitic onomic developments across our operating landscape; Capacity building to effectively navigate and capitalise on the changing environment; To developing a comprehensive risk-management strategy and monitoring geopolitical risks continuously.

TECHNOLOGY AND DIGITAL TRANSFORMATION



New developments in technology, intensifying competition, and evolving customer needs are transforming the banking industry. To adapt to these rapid changes, we must incorporate digitalisation into all facets of our organisation.

Link to	Risks	Our approach
<p>Capitals Financial Capital Intellectual Capital Human Capital Infrastructure Capital</p> <p>Stakeholders Customers Shareholders Investors Co-workers</p>	<p>With digital transformation came a rise in risks of cybersecurity breach and data loss, thereby affecting business continuity and stakeholder confidence.</p> <p>Opportunities Leveraging new and emerging technologies enhances operational efficiency, costs, and customer experience.</p>	<ul style="list-style-type: none"> To expand and improve our digital touchpoints for retail and SME and corporate clients continually; Digital products and solutions launched that open new business stream for SMEs and Corporate clients; Fostering partnerships with cross-industry players to deliver integrated and seamless banking services; Strengthening cybersecurity by continuously enhancing cybersecurity posture and enhancing end-to-end IT landscape visibility.

GOOD GOVERNANCE AND COMPLIANCE



Banking, as one of the most regulated sectors with constantly evolving regulatory landscape, good governance and compliance are essential for guaranteeing a stable, secure, and sustainable working environment.

Link to	Risks	Our approach
Capitals Financial Capital Human Capital Social & Relationship Capital Stakeholders Customers Shareholders Investors Co-workers Government & Regulators	Noncompliance with the law may result in monetary and non-monetary penalties, including regulatory punishments, fines, and loss of public trust.	<ul style="list-style-type: none"> Ensuring constant compliance with applicable rules and regulations by working closely with appropriate regulators and authorities; To promote our compliance culture, in which we drive continuous education and awareness initiatives that drive a culture of adherence; To establish a robust compliance system through stringent policies and guidelines, which are overseen by our compliance department; To perform routine reviews and assessments of our policies and processes to ensure their continued relevance.
	Opportunities Active participation with regulatory authorities and agencies would enable us to anticipate future legislation, so enhancing our resilience and competitiveness.	

LEADERSHIP AND TALENT



The roles and skillsets required for our sustainable growth is influencing by rapidly changing landscape of our business. Our long-term resilience rests on a workforce that is digitally savvy and flexible.

Link to	Risks	Our approach
Capitals Financial Capital Human Capital Social & Relationship Capital Stakeholders Co-workers Business Partners Suppliers	Our ability to meet customer needs as well as growth aspirations will be greatly impacted by gaps in skills and knowledge within our human resources.	<ul style="list-style-type: none"> Offering benchmarked compensation and benefits; Career advancement opportunities; To arrange employee training programmes to develop future-ready skills, transferable competencies, and an attitude for continual learning; To arrange employee engagements and off-sites that help us understand and respond to their key needs and concerns; To setting a welcoming, inclusive, and caring work environment to continue attracting and retaining the best talent within the industry.
	Opportunities Well nurtured human capital would contribute to a productive and engaged workforce and create an environment to thrive.	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)



As a values-based bank, environmental and social considerations are embedded into our business strategies. Moreover, regulators, investors and other stakeholders are also increasingly concerned about ESG practices.

Link to	Risks	Our approach
Capitals Financial Capital Human Capital Social & Relationship Capital Natural Capital Stakeholders Customers Shareholders Investors Business Partners Community/NGO/Civil Society	Environmental and social practices that are not sustainable expose the bank to regulatory noncompliance, penalties, and punishments.	<ul style="list-style-type: none"> To establish a sustainable finance unit to govern the efficient decision-making, implementation and accountability of sustainability matters; Sustainable impact through citizenship programmes; Promoting values-based banking through Global Alliance for Banking on Values (GABV).
	Opportunities Integrating sustainability into every facet of our business will illustrate our dedication to become a leader in sustainable banking.	



OUR SUSTAINABILITY
APPROACH

The world is becoming more environmentally conscious and concerned about sustainability. Rightfully so, one of the most popular topics of conversation today is climate change. This is a problem that affects both our personal lives and the work we conduct as global citizens. The magnitude of the issue and its big impact necessitate collective effort.



Being a renowned corporate organisation, it is our highest priority to act ethically in order to create a sustainable future for everyone. The late Sir Fazle Hasan Abed founded the purpose-driven BRAC Bank with the goal of empowering unbanked small and medium-sized businesses (SMEs) in creating a society that is inclusive and united. By setting the bar for SME lending, we have made a substantial contribution to Bangladesh's progress toward financial inclusion, which is a prime example of sustainable financing and **values-based banking**.

We aim to create a market- and business-oriented socially responsible financial institution with growth potential, helping BRAC, the parent organisation, and its stakeholders create a just, enlightened, healthy, democratic, and poverty-free Bangladesh. For that, we maintain an equitable balance **between profits and sustainability**.

We acknowledge that our company's sustainability is rooted in the trust we develop with our shareholders and all other stakeholders, and we are committed to open and transparent dialog and interaction, especially on our response measures. As a

financial services organisation ingrained in the socioeconomic fabric of Bangladesh, we are committed to fostering partnerships and building trust, as well as working with others to **create an impact beyond just banking** and advance our economy's goals for prosperity.

Our sustainability framework comprises three pillars around which this report is structured – Values-based Banking, Balancing between Profit and Sustainability, and Creating Impact beyond Banking.

Our framework goes beyond conventional metrics by focusing on environmental, social, and governance (ESG) issues as well as the economic value that is shared with our stakeholders. This, in turn, provides broader socio-economic benefits to society, resulting in the main goal of our approach to sustainability and the primary reason for publishing this report.

We have laid a strong foundation for achieving sustainable development, empowering people and communities and ensuring long-term sustainability through focusing on good governance, transparency, ethics, and compliance.

Our sustainability approach is supported by the following three pillars that we are committed to:





OUR COMMITMENT TO
VALUES-BASED BANKING

BRAC Bank is a founding member of the Global Alliance for Banking on Values (GABV) and the sole Bangladeshi associate of the network.

At BRAC Bank, we have embraced a values-based banking approach for sustainable economic development since its inception in 2001, with a strong emphasis on governance, transparency, ethics, and compliance culture. Established with the noble vision of providing formal banking solutions to the 'unbanked' small and medium enterprises, we have now become one of the leading financial institutions contributing to the country's economic development through inclusive banking, collateral-free financing, and as a key government partner for broader economic policy implementation.

The GABV is a movement of innovative leaders and frontrunners in sustainable finance. Integrity, human dignity and protection of the environment are at the core of its operations. The GABV members' collective purpose is to transform the banking system so that it is more transparent, supports economic, social and environmental sustainability, and is made up of a diverse suite of banking institutions supporting the real economy.

We share the 3P Philosophy – People, Planet and Prosperity with the other GABV partners. We believe we are responsible for the people we work with and in our operations.

People . Planet . Prosperity



ABOUT **GABV**

In 2009, ten pioneer banks, including Triodos Bank, ShoreBank, BRAC Bank, Mibanco Peru, Alternative Bank Switzerland, Merkur Bank, GLS Bank, Banca Etica Adriatica, New Resource Bank, and XacBank, founded GABV. In 2010, BRAC Bank hosted the first annual conference of the GABV members in Dhaka, Bangladesh.

The GABV impact

70+

members

45+

countries

12

supporting & ecosystem partners

80k

co-workers

\$200Bn+

annual revenue assets

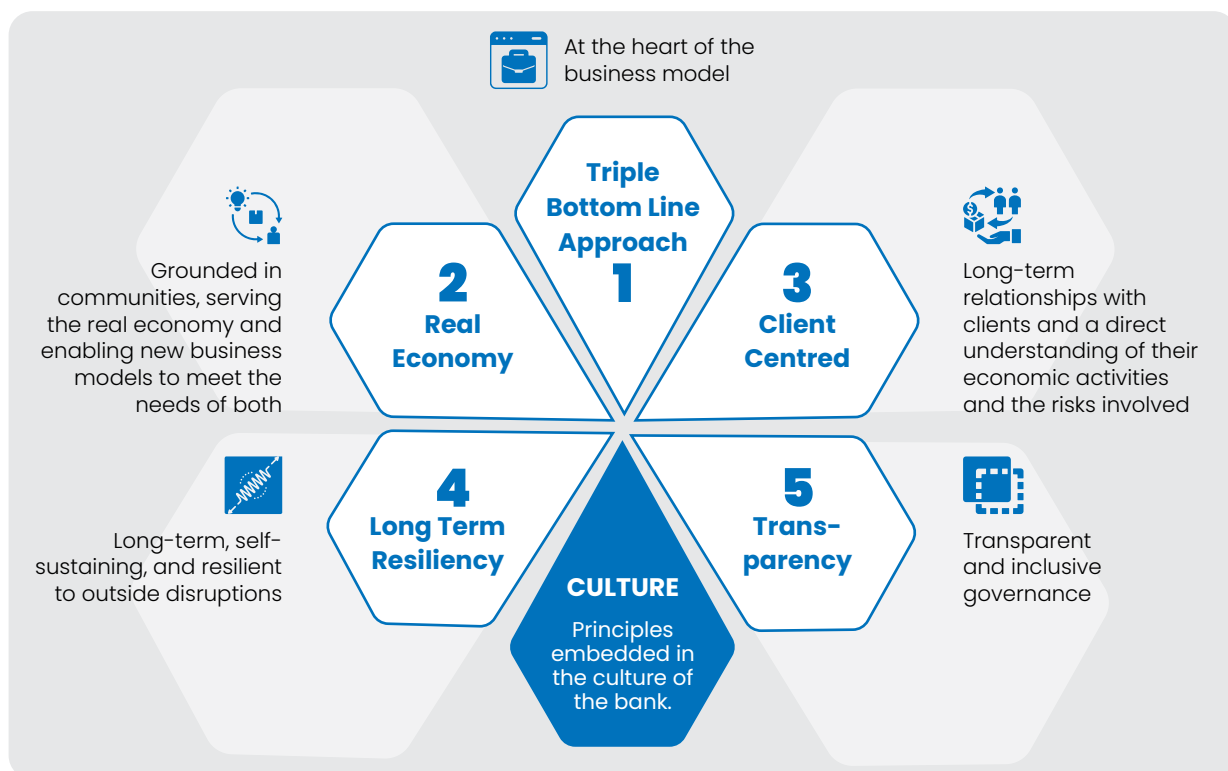
60Mn+

customers

As a values-based bank, we are focused on accelerating social, cultural, environmental and economic transformation across Bangladesh, enhancing our impact in ways that help to build more inclusive communities and improve the well-being of people. We will continue exploring and

embracing opportunities in green climate funds, bankable climate adaptation projects and green bonds while aligning our impacts with the SDGs and the government's development priorities.

Our commitment to values-based banking comprises of six broader areas:



BRAC Bank does not finance projects that are detrimental to the environment, such as tobacco, ship-breaking, and tannery.

Triple Bottom Line Approach

We continually strive to contribute towards achieving the Sustainable Development Goals (SDGs), where SME financing for productive employment creation in an environmentally-friendly manner remains our top priority. We also serve as an intermediary for Triple Bottom Line (TBL) by supporting individuals or enterprises delivering impact in at least one of the following categories: social empowerment (people), environmental regeneration (planet), and economic resiliency (prosperity).

The TBL amount in 2022 was BDT 258 billion, whereas the total portfolio of 2022 was BDT 411 billion. So, 63% of our portfolio in 2022 has met the triple bottom line approach.

Initiatives to reduce ESG risks

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Our internal initiatives to reduce our climate change and ESG risks



Going paperless via digital banking initiatives:

- Implementing digital banking initiatives, like mobile banking, net banking and ATM banking
- Introducing several digital products and services, even in remote rural/semi-urban markets
- Investing in R&D in innovative digital products (e.g. Astha App, Shubidha App, Obichol App)

Green Banking Initiatives:

- Financing in environment-friendly equipment to improve energy efficiency of our clients
- Leadership in financing LEED-certified green industries of the country
- Mitigating our carbon footprint through digital transformation and sustainable financing

- Conducted calculation of GHG emissions of our business loan portfolio through PCAF (Partnership for Carbon Accounting Financials) introduced method with an aim to become carbon neutral

Use of renewable energy:

- Increasing the share of renewable energy in our total power consumption
- Installing solar panels in our head office and branches
- Installing solar panels in our upcoming office buildings, wherever feasible

Responsible financing

The table below illustrates the green and sustainable financing portfolio and disbursement in 2022, which is at the heart of our responsible finance practice.

Sustainable Finance Portfolio (FY 2022)

BDT 68,260 Mn

Sustainable Finance Disbursement (FY 2022)

BDT 105,230 Mn



Sustainable Development

Reducing own carbon footprint

1. Reduction of carbon footprint through promoting digital and internet banking
2. Installation of LED lights and fixtures and energy efficient products in all our premises
3. Installation of solar panel in head office and branches
4. Collaboration with Future Carbon to calculate GHG emissions for the entire bank with the aim to become carbon neutral

Green Loan Portfolio

1. Channel financing into renewable energy projects
2. Initiatives to secure concessional fund from Bangladesh Bank to promote green financing to mobilise sustainability in the areas of energy efficient machines, waste management, green agriculture and renewable energy.

Staff Development

1. Enhance technical expertise and ESG knowledge of our co-workers
2. Partner with bodies that drive change and awareness on climate related topics

Environmental and social Assessment

1. Develop International Standard Exclusion list (a brief on ISE needs to be given)
2. Implement comprehensive environment and social risk management toolkit

Other ESG Related Steps

1. Establish sustainable finance help desk in various locations of the country.
2. Reinitiate the sustainable finance committee for better monitoring and management



Real Economy

As a GABV member, BRAC Bank is committed to transforming finance through values-based, inclusive, and impact-driven credit practices. The bank's robust governance foundation and framework support these objectives of serving the real economy. We promote grassroots entrepreneurship in rural

Bangladesh through our inclusive banking model and collateral-free small-ticket SME loans, leading to employment creation and real economic growth.

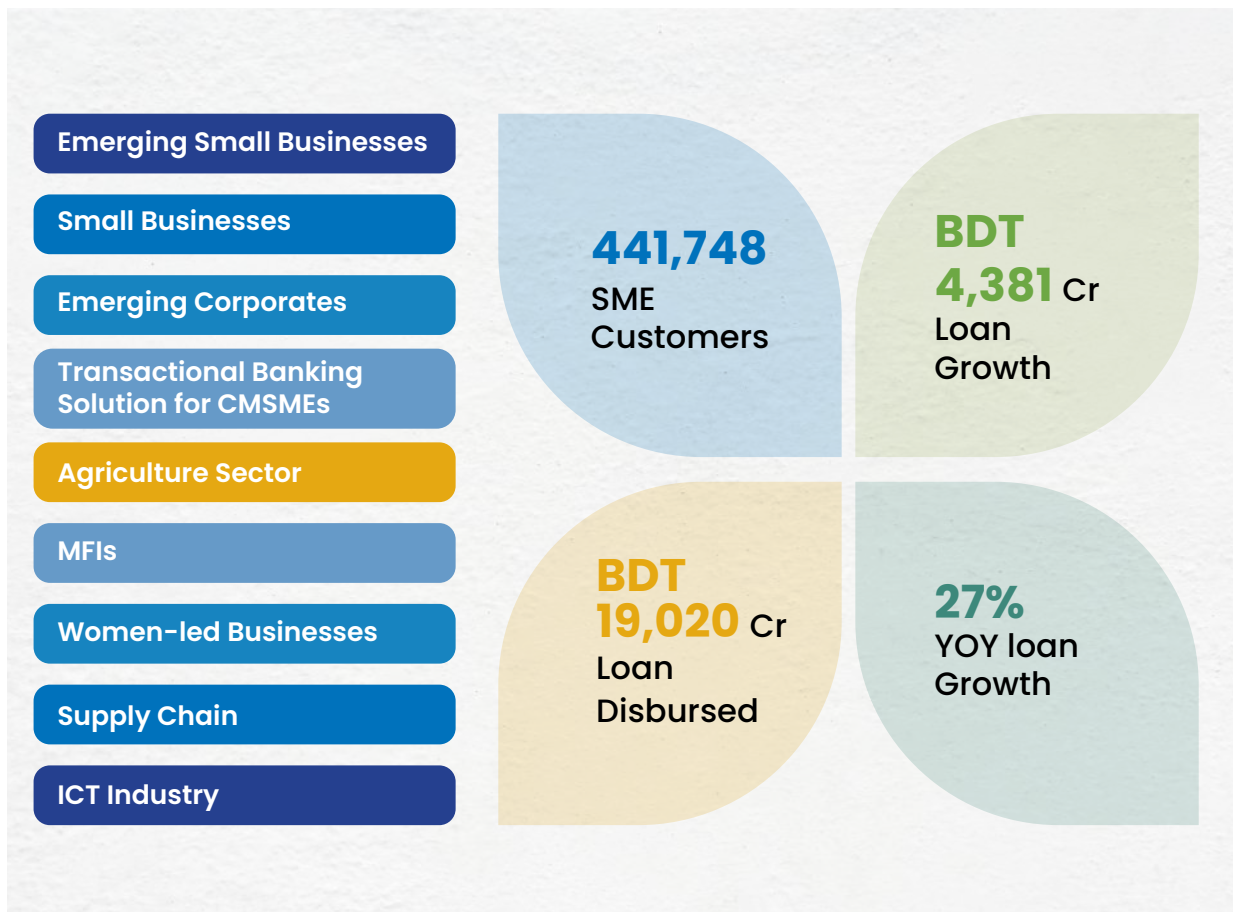
We prefer financing manufacturing over trading, and capital market over derivative market as it focuses on the real economy and fostering jobs and lasting impacts on people and society.



IN 2022:

- We served 168,000 SME entrepreneurs with an SME loan portfolio of over BDT 200 billion, the market capitalisation of several smaller banks.
- We partnered with IDCOL as the Executing Entity of a USD 150 million Green Climate Fund project for textile and RMG industries.
- We launched "SUFOLA," a unique product for crop financing.

To cater every aspect of this missing middle the bank has targeted the below segments:



A Segmented Approach to Facilitating SMEs

We have segregated teams of the SME Banking division that play a significant role in each area by catering to the specific needs and requirements of the particular regional SMEs. We aim to become a trustworthy one-stop banking service provider to SMEs and create an impact on the real economy.

Emerging Small Businesses

Emerging small businesses are cottage and micro industries with the potential to proliferate and generate economic employment. To cater to this sector with adequate liquidity support, we have started an emerging small team in 2022 to serve the industry's CMS (Cottage, Micro and Small) sector. We have achieved the BDT 100 crore portfolio milestone within a short period.

Small Businesses

Small businesses are critical engines of the country as they create employment and revive the economy in rural and semi-urban areas. These cottage and micro industries require enablement to realise their full potential. The bank's Small Business Team has served these small businesses nationwide through our 457 SME Unit Offices.



Emerging Corporates

Emerging corporate businesses are medium-sized entities, have grown substantially, created a structural advantage in the domestic market, and have the potential

make a global impact. These businesses cater to the local market's needs with a certain level of risk appetite, creating a demand for tailored loan products and composite facilities necessary to meet their growing business needs.



Micro Finance Institutions (MFIs) & Agriculture Sector

Since its inception, BRAC Bank's microfinance activities have aimed to render financial support to rural regions comprising a large, underserved population that is difficult-to-reach, especially by banks. Through MFI financing, the bank has contributed to the rural economic activity and occupational facilitation and has thus facilitated structured development of the least focused regions of the country.

Key Highlights, 2022

- Total MFI disbursement of BDT 2,871 crore
- Agriculture loan outstanding to end borrowers stood at BDT 502 crore (35% YoY growth)
- We financed 364,399 beneficiaries through MFI linkage, of which 95% were female
- Eight new MFIs were on-boarded in a single year

- SUFOLA, a unique product for crop financing was launched
- Participated in the 'Krishi Conference 2022'

Our SME Banking division is constantly transforming the traditional banking landscape of SMEs to become the most SME-friendly bank in Bangladesh.

In 2023, we look forward to fully digitalising our loan origination system, facilitating faster loan processing. We will extend our banking services to the agricultural sector by designing new products that primarily cater to the needs of the farmers and local producers. We will amplify our focus on the ICT sector, i.e., information technology and communication, internet service providers, local software developers, and freelancers. To further promote our inclusive banking agenda, we will enhance our efforts on Cottage, Micro, and Small (CMS) financing to enable faster credit facilities in the shortest possible time.


Retail lending

Retail banking, from a lifestyle standpoint, refers to a financial service strategy adapted to the individual consumer's way of life and is an excellent way to guarantee a consumer's prosperity. We take great pride in being the market leader in retail lending portfolios. In 2022, we made significant progress in


portfolio growth, client on boarding from valuable categories, and establishing digital platforms and finance solutions. To contribute significantly to the real economy through individuals, we have developed many products, such as Agami Personal Loan and Second-hand Auto Loan that benefit individuals and grow our business.

Product Offerings


Home Loan




Personal Loan



Secured Loan




Auto Loan



Retail Loan Portfolio

66,352 million

15% YoY growth



TARA Women Banking and Agami

We value the undeniable role of women in society and continue to explore avenues that empower women. BRAC Bank TARA represents a holistic banking programme for our female customers in the consumer and SME segments. The primary rationale is to provide dedicated and supportive banking products to women homemakers, entrepreneurs, professionals and students.

TARA focuses on exclusive and personalised banking products and extends its umbrella

to offer value-added services such as training, workshops and knowledge development sessions. The growth in our customer base in the loan deposit portfolio reflects the acceptance of TARA products and services.

As a recognition of our efforts in TARA, BRAC Bank TARA has won the 'Championing the Female Economy' award for the 5th time under the Data Champion category from the Financial Alliance for Women in 2022.

Key Achievements of 2022

207,986
TARA Customers
66%
YoY Growth

268,116
TARA Accounts
48%
YoY Growth

BDT 53,075 Mn
Deposit Portfolio
29%
YoY Growth

BDT 7,308 mn
Retail Loan Portfolio
34%
YoY Growth

28%
Female
Accountholders
in Retail Deposit



Remittance and Probashi Banking

Probashi Banking is a part of our financial inclusion agenda and contributes to the real economy. It brings foreign currency to the bank through partnerships with international banks and exchange houses. The mandate is to contribute to the real economy and retain the deposit base from wage earners' remittance, thus

maintaining the bank's foreign currency inflow. In support of the Probashi Banking unit enabling financial remittance, we have affiliations with 64 renowned global exchange companies/banks. Further, our subsidiaries - BRAC Saajan and bKash - comprise robust gateways for remittance transfers.

Key Achievements of 2022

USD 354 million
Remittance
Volume

3K+
New
Customers

BDT 20 billion+
Direct Account
Credit in BBL
Accounts

1.23 million
Remittance
Transactions

Collaboration with UNCDF for arranging "Uthan Boithak" & providing financial literacy to migrants & beneficiaries

**Zero Fee
Campaign**

**Partnerships
with 10 new
Exchange
Houses**



Corporate Banking

Our corporate business showcased robust financial performance in 2022 across all the parameters, reflecting its commitment to becoming the country's most preferred corporate banking partner.

Our consistent liquidity support to major corporations of the country and solutions-

driven approach has played a vital role in achieving unwavering customer trust and becoming their first choice for corporate banking requirements. Thus, it enables large corporate organisations to have efficient businesses, contribute to the real economy and generate a greater proportion of employment, especially value-added jobs.



In 2022, we expanded our reach into more markets, established banking connections with leading corporations, and launched our commercial banking unit. We concentrated client convenience with digital banking solutions - CORPnet. For Corporate Banking, we continue to focus on industries that promote inclusive societal progress so that the ripple effect can benefit the real economy.

Sector exposure



Other manufacturing
32%

RMG
20%

Textile
16%

Food and allied industries
9%

Service industries
6%

Others
16%

We are the first Bangladeshi bank to launch a toll-free hotline number. Starting in 2022, all BRAC Bank customers can dial toll-free '08000016221' from any mobile number round-the-clock without any charge.

Customer Centricity

At the heart of our product design is a commitment to customer-centricity. Our team approaches product development from our customers' perspective, striving to align product propositions with their needs and preferences to create the best product-market fit.

This approach has resulted in various innovative products, including digital loans, interest-free current accounts for SMEs, the country's first premium banking arm (Borenno) for SME customers, financial inclusion products like tally loan - Druti, quick loans for marginalised businesses, Shabolombi (SME loan for remittance earner's family members), government officials and teachers loans, laptop loans, and affordable home loans.

branches.

BRAC Bank TARA, the first comprehensive banking solution for women in Bangladesh, completed five years in 2022. Through TARA, we have transformed the banking landscape in Bangladesh with a customer-centric proposition and capacity-building initiatives for women. In this fulfilling journey of five years, TARA has emerged as a reliable partner in progress of more than 1.50 lakh women, helping them realise their dreams and potential.

We continuously seek to innovate and cater to the changing needs of our customers. We believe in shared prosperity and view our role as a bank to serve our customers, helping them realise their full potential, and enabling them to reach their next level. To this end, we have partnered with Bangladesh Bank for the Skills for Employment Investment Programme



IN 2022:

- We have launched a Premium SME Banking Proposition - 'Borenno'. It is the country's first dedicated premium banking proposition for SME customers and has enabled SME customers to use Visa Platinum Debit Cards for the first time.

We initiated to allow our SME customers to enjoy transactions without fees from non-BRAC Bank ATMs in more than 12,500 ATMs across the country. This service benefits more than 3.65 lakh SME customers as we bear the BEFTN charge of BDT 15 per transaction in other banks' ATMs and encourage them to use ATMs for cash withdrawals rather than branches - resulting in less footfall in the

(SEIP), BRAC University, for Uddokta 101, and SME Foundation for women entrepreneur training. These customer-focused initiatives help entrepreneurs sustain and expand their business, contributing to their growth and prosperity.

We maintain a long-term relationship with our customers, providing repeat loans to

most clients. Our Relationship Managers maintain close contact with customers and visit them regularly to assess the condition of their business and other factors. Through this way, we facilitate the bank's shift from transactional to relationship banking and develop a focus on advisory/consultation roles. We enable our existing clients to grow, upgrade the relationship value, acquire new customers, and ensure growth in our retail deposits.

Long Term Resiliency

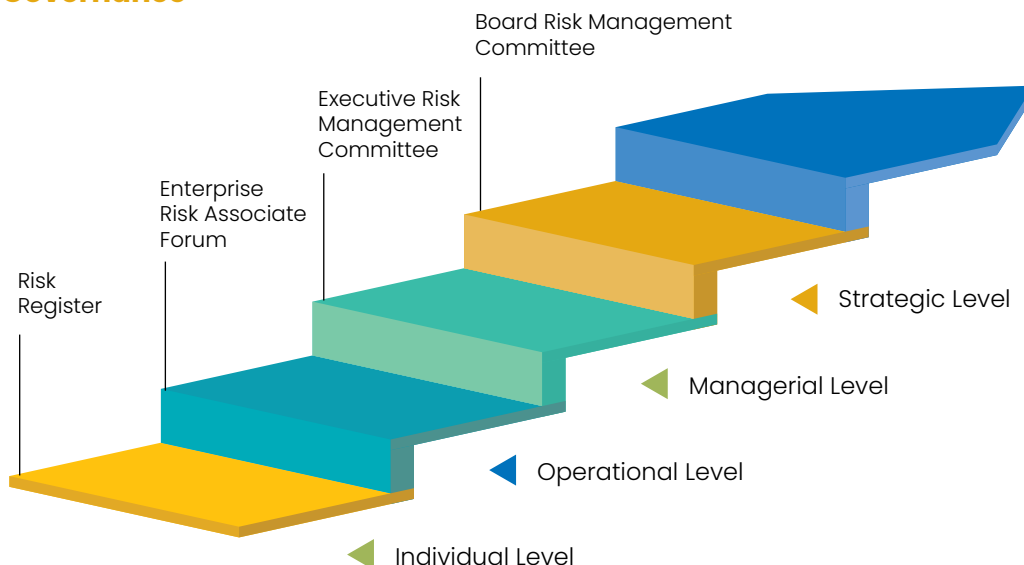
Better risk management ensures better long-term resilience of an organisation. Given the current situation in the global economy, risk management oversight and manoeuvring

have moved into a position more critical for a bank's success than ever before. In 2022, we maintained an asset quality despite remaining vigilant in volatile markets. We continue demonstrating resilience, as evidenced by solid capital and liquidity metrics. Non-financial risks such as Fraud, Information and Cyber Security, Technology, People, and Change Management remain heightened.

In 2022, we remained vigilant in identifying and addressing global and emerging domestic risks, and we became agile in adopting efficient and effective risk measures to ensure organisational resilience in the face of those uncertainties.

To ensure a secure and seamless digital customer experience, we must become resilient to cyber threats, demonstrate a solid commitment to data protection, and maintain the confidentiality and integrity of data and information assets.

Risk Governance



In 2022, we adopted several initiatives regarding data-driven decision-making and digital lending favouring BRAC Bank:



We have begun submitting to the Board all mandatory regulatory risk reporting, such as the Risk Appetite Statement (RAS), Stress Test Report, Internal Capital Adequacy Assessment Process (ICAAP), Risk-Based Capital Adequacy Evaluation, and Comprehensive Risk Management Reporting (CRMR), which reflects our scope beyond regulatory compliance.



We pioneered Data-Driven Policymaking for CRM, utilising complex data modelling and statistical analysis.



We have created interactive web-based analytical tools for portfolio risk assessment that can generate Portfolio Status and Reports dynamically based on user selection and interactions.



We have begun the liquidation, processing, rectification, and merging of all CRM's scattered data using Data Science methodology, as well as the creation of a single data repository to fulfil all of the CRM department's analytical demands.



We implemented Credit Card Application Processing, supported by a Document Management System [DMS], which enhanced data management and storage capacity at the bank while eliminating the requirement for physical copy transportation.



We have introduced LADA, an Early Warning Software, to generate early warnings on credit card portfolios to anticipate the likelihood of a credit card account default.



We created a Scorecard for data-driven credit card application decision-making. This Scorecard assists the credit underwriting team obtain automated financing choices, decreasing the TAT.



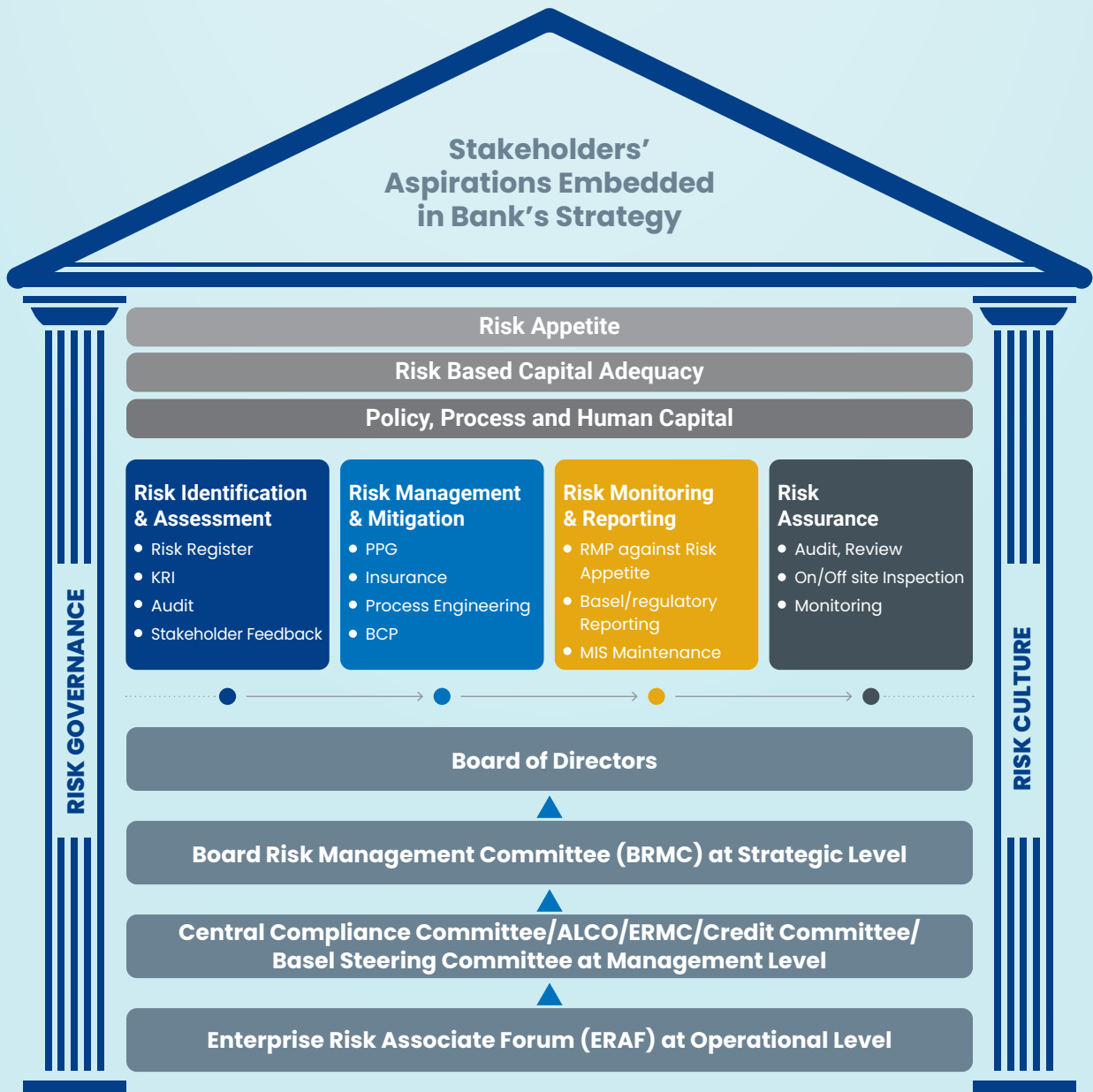
Using data-driven decision-making, we launched Digital Lending, one of the country's most sought-after financial products. We will introduce two digital personal loan schemes for individual borrowers in 2022.



We created a web-based interactive CRM Weekly Dashboard and a KPI and efficiency monitoring Dashboard, and we also conducted an industry attractiveness study by surveying critical people in various sectors of Bangladesh.



Our risk management framework (as demonstrated in the figure below) articulates a holistic agenda for ensuring effective and inclusive risk control and long-term resilience throughout the organisation. This framework provides adequate, timely, and continuous identification, assessment, measurement, monitoring, mitigation, reporting, and assurance of risks posed by its activities at the business line and bank-wide levels.



SWOT ANALYSIS

Our SWOT analysis and PESTEL analysis, in the following pages, enables us to identify internal, external, and critical factors that affect the business and operations, enabling us to understand our intrinsic strengths and work toward ensuring long-term resilience.



PESTEL ANALYSIS



POLITICAL

Proactive govt. monetary policy, including tax policy

Stable political environment

Public sector investment in mega projects

Reliable regulatory climate

Strong Covid relief support through stimulus funds



ECONOMICAL

Strong economic recovery post-pandemic

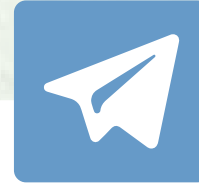
Sustained positive growth rate achieved in GDP

Interest rate cap on both deposits and loans, making repricing critical

High non-performing loans in the industry

Volatility in currency exchange rates

Rising energy prices and supply chain disruptions impelling inflationary pressures



SOCIAL

Steady rise in per capita income

Changing technology reshaping customer behaviour

increased awareness around health and safety

Advancement in key social indicators, such as literacy

Accelerated digital adoption triggered by the pandemic

Rising urbanisation and industrialisation

Public consciousness around ethics and integrity

Degree of impact

High

High

Moderate

BRAC Bank's strategies to address the PESTEL forces

Zero

Tolerance to regulatory misalignments

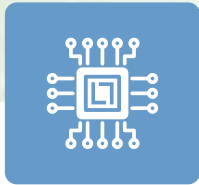
Strong

Business analysis and monitoring system

Aligning

Banking with changing societal transformation

BRAC Bank's PESTEL analysis is used to evaluate, analyse and monitor the macro-environmental factors that have an impact on the bank. It examines the Political, Economic, Social, Technological, Environmental, and Legal factors in the external environment. PESTEL analysis enables BRAC Bank to identify key factors that affect the business and operations - both internal and external - that enable it to not only understand its intrinsic strengths, but also its position within the competitive field.



TECHNOLOGICAL

Dependency on technological innovation

Govt. initiatives in Digital Bangladesh, transforming the banking sector

Rising customer sophistication

Growing cybersecurity incidents and threats

Growing presence of FinTech companies with digital-first products

Evolving regulations on digital banking

High

Digitalisation

Focus to create a sound digital ecosystem



ENVIRONMENTAL

Growing focus on green banking and green workplace

Contribution towards meeting the Sustainable Development Goals (SDGs)

Greater need for institutional responsibility in society

Growing threats of climate-change events

Regulations around sustainable finance

National commitments to climate action

Increased occurrence of natural disasters

High

Sustainable

Core lending business, with a focus to embedding ESG principles



LEGAL

Highly regulated business environment

Stringent laws regarding customer privacy and data protection

Licenses and permits, including for product launch

Labour laws

Protection of intellectual property

Defalcation instances, such as money laundering, terrorist financing, forgery, etc.

High

100%

Compliance culture with zero deviations

TRANSPARENCY

Banking is a diverse and dynamic financial activity that entails dealing with and minimising various risks. Our robust internal control and compliance framework is critical for underpinning successful risk management procedures and fostering transparency and long-term performance.

Over the years, we have differentiated ourselves in the banking industry concerning our values, ethics, governance, transparency, compliance and extensive presence in fulfilling basic financial needs. Our solid focus on governance has enhanced our reputation, credibility and profile and positively impacted business growth. The bank's strong deposit and loan growth in a tumultuous year marks the organisation's distinctive identity and greater acceptance by customers.

We have a well-defined segregation of roles and responsibilities between the board and the management to ensure transparency. Our board comprises the maximum proportion of independent directors in the Bangladeshi banking industry. The board members are specialists in their respective fields, set policies and guidelines, and

monitor performance while entrusting the management with the freedom to oversee the bank's day-to-day operations.

We also encourage our co-workers to maintain transparency in business operations and dealings with clients, stakeholders and regulators. We also ensure transparency in all our procurement decisions, and they pass through a rigorous pre-audit check to provide clarity to all stakeholders, especially our supply chain partners. We have also introduced an online bidding system and digital signature solution as part of that pursuit. Likewise, the procurement team continuously evolves its processes and practices to offer better transparency.

We will continue our sustainable journey upholding organisational values and transparency, as well as maximising value for the community.

CULTURE

Our values-driven culture is not limited to our people; it has extended to all our stakeholders and has fostered a positive brand identity for the bank.

A values-driven culture offers many benefits, including sustainable growth, resilience, innovativeness, productivity and higher quality of products and services. Since long-term success can be built only on a solid foundation of values, we steer our company culture to reflect and reinforce our values at all levels on a continuous basis.

Over the last two decades, BRAC Bank has become one of the best banks in the country. This is due to the bank not focusing on doing business only; instead, it aspires to be a socially responsible entity based on values-based banking. As bank co-workers, we are responsible for protecting the bank's reputation through a strong culture of integrity and ethical conduct.

Our stakeholders gain more confidence in the bank because it supports the correct corporate values and works for the betterment of society.

Our value system is deeply rooted in a compliance culture. Our firm commitment to compliance has earned us numerous tax accolades from the National Board of Revenue (NBR), highlighting our position

as one of the most compliant banks in the country. Our management took a strategy to be the leader in market presence, balance sheet size, quality portfolio, exemplary corporate culture, and good governance to be more impactful and a driving force in the financial sector. In its journey to becoming the best bank in Bangladesh, we will play the role of a change-maker for building a sustainable financial industry rooted in a values-based culture.

At BRAC Bank, our culture and people are vital enablers to continue creating value for our stakeholders. Their collective knowledge, diverse skill sets and deep experience constitute our human capital. Our people enable us to stay agile, adapt to changing times, innovate and deliver competitive and customer-facing solutions.

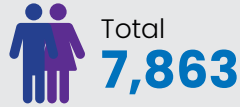
Our people represent the value creators, enabling us to attain our goals and objectives. At BRAC Bank, talent attraction, acquisition, development and retention are mainstream HR activities that ensure the availability of quality human resources and their level of engagement for sustainable value creation.

Co-workers by gender

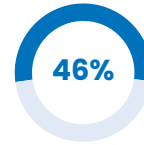
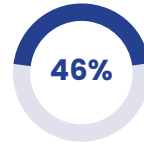
as of 31 December 2022



Others
5



New hires

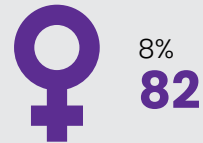
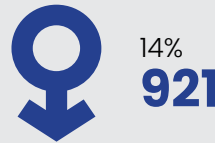


Under 30 years old

30-50 years old

Over 50 years old

Attrition rate



Compensation & Benefit

Our distinct remuneration and benefits plans are also geared to reward meritocracy, integrity and ethical conduct.



Fixed pay

- Gross salary consisting of basic salary, house rent, medical and conveyance allowance
- Festival bonus
- Leave Fare Assistance



Variable pays

- Incentives
- Annual performance bonus



End service benefit plans

- Provident fund
- Gratuity
- Welfare fund
- Earned leave encashment

Parental Leave and Retention

Number of co-workers entitled to parental leave

7,153

6,218 (Male icon)

935 (Female icon)

Number of co-workers took parental leave

389

Number of co-workers who returned to work after parental leave ended

388

361 (Male icon)

28 (Female icon)

361 (Male icon)

27 (Female icon)

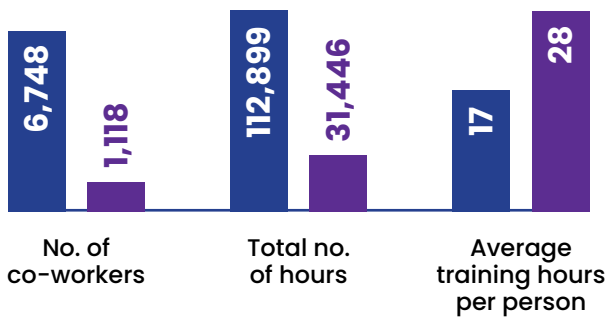
Learning and Development

Building skills and future fit capabilities across functions was a primary focus of the bank during 2022. Up-skilling the resource with relevant skill sets to stay ahead of the curve in the market has been a continuous endeavour.



AVERAGE TRAINING HOURS

♂ Male ♀ Female



AVERAGE TRAINING HOURS PER CO-WORKER CATEGORY

Management type	Total no. of co-worker	Total no. of hours	Average training hours
Non-management	7,083	127,760	18
Junior management	643	13,356	21
Mid management	122	3,074	25
Senior management	18	155	9

223,243

Total learning man-hours

523

batches

792

people received external training



223,243

Per co-worker learning man-hour

11,592

participants

224

programmes conducted

Diversity and Equal Opportunity

We ensure fair treatment for all co-workers in the bank, regardless of gender or other background, such as race, physical appearance/ability, or religion. It works to break down stereotypes and prejudices so that co-workers of all genders can contribute equally to the betterment of the organisation and profit from societal, economic, social, cultural, and political advances. We want our co-workers to feel respected, empowered, and supported.

BOARD COMPOSITION

as of 31 December 2022



30-50
years old



Over 50
years

CO-WORKER COMPOSITION

as of 31 December 2022

Gender ratio



Non-management



85%



15%



Junior management

90%

10%



Mid management

93%

7%



Senior management

94%

6%

Age Group



Non-management

<30
years

15%

30-50
years

85%

>50
years

-



Junior management

-

97%

2%



Mid management

-

88%

12%



Senior management

-

50%

50%



PAY PARITY

BRAC Bank has an equal pay for equal labour policy, which ensures that co-workers doing similar jobs at the same level are rewarded similarly. The following is the basic wage and remuneration ratio of women to men for each co-worker category:

Ratio of Remuneration

Management Group	Female : Male
Senior Management	0.67 : 1
Middle Management	0.96 : 1
Junior Management	0.91 : 1
Non-Management	0.96 : 1

NON-DISCRIMINATION

BRAC Bank adopted a “Speak Up” policy for co-workers to create a transparent and long-term workplace free of discrimination and harassment. This policy explains how a co-worker can report suspected misbehaviour confidently and without fear of retaliation.

Incidents of discrimination and corrective actions taken:

Particulars	Info.
Total incidents of discrimination (harassment)	2
Incidents reviewed by the organisation	2
Remediation plans being implemented	2
Remediation plans that have been implemented, reviewed through routine internal management review processes	2
Incident no longer subject to action	-

SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY

All our Senior Management Committee (MANCOM) members are hired locally in Bangladesh. They are all full-time co-workers of the bank.



Occupational Health and Safety

Our people are our most important asset, and therefore, we commit to ensuring high standards of health and safety measures at the workplace. We commit to complying with the applicable health and safety legal requirements and continually improving our health and safety control arrangements and performance.

We will take all necessary and reasonable initiatives to:

- Reduce work-related injury and discomfort
- Create awareness of health, hygiene and safety
- Ensure co-worker health and well-being for better productivity and efficiency
- Liaise with medical centres for discounted and high-standard medical services
- Ensure high standards of health and safety measures are in place across the bank
- Ensure co-workers are adequately trained, equipped, and instructed to perform in a safe workplace
- Ensure stakeholders other than co-workers are safe from health and safety risks at the bank's premises.

2022 ESG HIGHLIGHTS

ENVIRONMENTAL

BDT 68,260 mn

Sustainable Finance Portfolio in 2022



23.5%

Sustainable Finance Disbursement to Total Disbursement against the 20% target set by Bangladesh Bank



Astha

Launch of super lifestyle app



1st Bank

To integrate Astha with bKash QR platform



4.2+ mn

Transactions using Astha and CORPnet



8,000+

Loan processed through Automated Loan System



17%

Saving from budget in fuel expenses



23%

Saving from budget in Electricity expense



SOCIAL

226

Female FTEs on-boarded in 2022



25%

Growth in female employment



5

Co-workers from the transgender community



72

Female co-workers in senior management roles



20%

Salary increase and alignment



1,271

Co-workers got promotion



81

Young leaders recruited from fresh graduates



ISO 27001:2013

first bank in Bangladesh to get certification on the world's best-known standard for information security management systems



BDT 100 mn

Contributed to the Prime Minister's Relief and Welfare Fund to stand beside the flood affected people of Sylhet



BDT 30 mn

Contributed to 'Dakchhe Amar Desh' – BRAC's emergency flood relief programme



BDT 1.1 mn

Supported 7 Sitakunda fire victims through BRAC Limb and Brace Centre



421

Students getting monthly scholarships



BDT 11.5 mn

Contributed to the Prime Minister's Education Assistance Trust



75,000

Pieces of blankets to the Prime Minister's Relief and Welfare Fund



Astha

Contributed to Bangladesh Scouts for organizing the 32nd Asia Pacific Regional Scouts Jamboree



BDT 189 mn

Spent on CSR during 2022



GOVERNANCE

22%

Female representative in the BRAC Bank Board of Directors



67%

Independent Directors highest in the industry



58

Board and Board Committee meetings held in 2022



01

Member appointed to the Board in 2022



Nil

Members resigned from the Board in 2022



BDT 18,907 mn

Value-added to stakeholders with a 16% YoY growth



BDT 10,247 mn

Contributed to National Exchequer in 2022 (BDT 37,332 Mn over last 5 years)



Code of Conduct, SHE Policy

(Sexual Harassment Elimination).



75

Branches reviewed by the Anti-money Laundering Division (AML D)



72,000

Transaction monitoring alerts generated from transaction monitoring exception reports



1,300

Suspicious activity or transaction reports submitted to the authority





OUR COMMITMENT TO
**BALANCING PROFIT
WITH SUSTAINABILITY**

OUR COMMITMENT TO **BALANCING PROFIT WITH SUSTAINABILITY**

The banking industry is essential in promoting sustainability by ensuring financing and investment options for projects and initiatives that aim to reduce environmental impact while supporting socio-economic growth.

At BRAC Bank, we align to the country's Vision 2030 by offering sustainable financial products to our customers. Furthermore, we work to integrate environmental, social and governance (ESG) criteria into our financing and investment decisions to ensure they sync to our long-term development goals, blending profitability and sustainability.

BRAC Bank is distinguished from other banks in the country due to its significant focus on sustainability in its financing decisions. We

are deeply committed to a values-based financing model where sustainability and profitability are considered one and the same to generate the maximum socio-economic impact. To create the right approach, we prioritise:

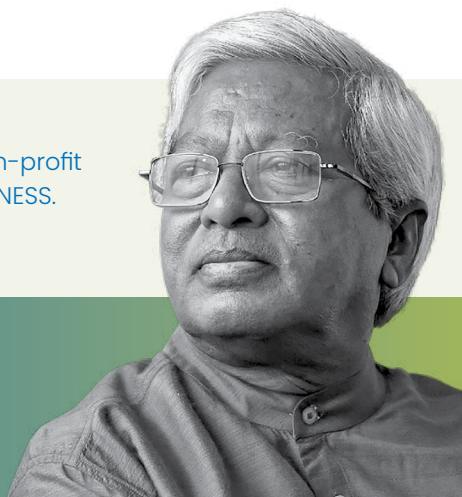
- Financial Inclusion
- Sustainable Financing
- Digital Transformation
- Sustainable Business Growth



I never thought that you can do good only by non-profit activities **YOU CAN DO GOOD ALSO BY DOING BUSINESS.**

-Sir Fazle Hasan Abed, KCMG

To BRAC Bank, Sustainable Banking is a value-based banking model where sustainability and profitability are balanced together to create maximum socio-economic impact.



BRAC Bank reached the unprecedented milestone of serving 1 million SME clients in 2022, a significant accomplishment. The bank has provided small business owners in Bangladesh with SME loans worth BDT 1 lakh crore (BDT 1 trillion) throughout its 21 years of operations, helping them realise their entrepreneurial aspirations.

Promoting Financial Inclusion

As a member of BRAC, the world's largest NGO, we embrace a values-based approach in our actions. The late Sir Fazle established the bank to introduce small ticket loans for the missing middle of society – the SMEs who generally remained credit-starved.

He desired to explicitly bring grassroots entrepreneurs, namely the cottage, micro, small and medium enterprises (CMSMEs) under formal banking services. This has significantly contributed to the advancement of financial inclusion in Bangladesh.

Today, BRAC Bank has the highest rural penetration in the country, with 75% of the total small business loans being disbursed in rural areas. The bank is the country's largest financier of collateral-free loans, with a 50% market share in this segment.

Besides, we have introduced a unique banking proposition called Druti for emerging small businesses. It comprises a credit facility being extended to cottage and micro enterprises to facilitate them with rapid business growth and employment creation..

BRAC Bank TARA, the first comprehensive banking solution for women in Bangladesh, completed five years in 2022. Through TARA, the bank has transformed the banking landscape in Bangladesh with a customer-centric proposition and robust capacity-building initiatives for women. In this fulfilling journey of five years, TARA has emerged as a reliable partner in the progress of more than

1.50 lakh women, helping them realise their potential.

BRAC Bank's TARA is not merely a product; it is a solution to realise the potential of every woman. On March 11, 2022, the bank's TARA team organised a workshop titled "Master the Digital Entrepreneurial Skills" for women f-commerce (Facebook-based businesses) entrepreneurs. As many as 73 progressive entrepreneurs participated in the day-long seminar in Dhaka.

The team also signed a partnership agreement with Green Delta Insurance to provide digital healthcare packages to our TARA customers. The digital healthcare package includes an annual cash coverage on hospitalisation of BDT 40,000; unique maternity benefit of up to BDT 20,000 at one go; critical illness/accidental life insurance coverage worth BDT 10,000; OPD benefits; audio and video call counseling with doctors; appointment booking facility with doctors; discount at numerous partner outlets and many more.

The TARA team also partnered with the SME Foundation to design a series of comprehensive entrepreneurship development and financial integration programmes for women entrepreneurs that took place across six districts of the country. The programme aims to assist aspiring women business owners based in rural and semi-urban areas in honing their managerial and entrepreneurial skills.

BRAC Bank TARA was feted at the 2021 FT/IFC Transformational Business Awards, deemed globally as “The Oscars of Sustainability” for its pioneering efforts in women empowerment and financial inclusion.

Besides, the TARA team also partnered with the Bangladesh Freelancer Development Society (BFDS) to train female freelancers in the country who aspire to build a career in the promising freelancing industry. This innovative programme, known as “Shabolombi TARA”, intends to teach 1,600 professionals from each of Bangladesh’s eight divisions free of cost. In addition to this training, the bank will also offer a comprehensive suite of relevant financial services, in addition to raising awareness on finance and business development through financial literary sessions.

Continuing our unique accelerator programme ‘Uddokta 101’ for women entrepreneurs, the TARA team partnered with BRAC University to re-launch this comprehensive Entrepreneur Accelerator Programme. ‘Uddokta 101’ aims to support aspiring women entrepreneurs to become successful in their business.

For the indigenous people of Bandarban, in 2022, we conducted a training session, which was the first of its kind training in the banking industry. The session enabled the tribal participants to develop and hone their

entrepreneurial and managerial skills to expand and sustain their businesses.

In 2022, BRAC Bank launched various financial literacy initiatives in Bangladesh and abroad to carry on its legacy of bringing the unbanked “missing middle” under the financial umbrella. The bank works tirelessly to integrate the broader population into the mainstream financial industry by educating them on banking fundamentals through SME Banking, Women’s Banking, Agent Banking, School Banking, and foreign remittance services.

Our Agent Banking team held several ‘Uthan Boithak’ (backyard meetings) to raise awareness among people living in remote areas. Women and ethnic persons are given priority in these meetings.

For example, in 2022, we took Uthan Boithak to the fringes of Sundarbans to educate the Munda people, an ethnic community detached from formal banking or financial services. In these meetings, our officials provided information about the basic accounting of business transactions, bookkeeping, and management of documents required for obtaining loans through SME Banking.

BRAC Bank launched 11 sub-branches in 2022, intending to take banking services deep into neighbourhood catchments to cater to the needs of geographically dispersed populations.



AGENT BANKING

- Around 10,000 small farmers throughout the country have opened accounts using our Agent Banking Outlets as a collaborative initiative for linkages between finance and agriculture;
- Over 40% of transactions took place at our agent banking outlets beyond conventional banking hours and on weekend holidays;
- Our Agent Banking network covers all 64 districts of Bangladesh.

We periodically hold 'Customer Meets' in various areas across the country to introduce banking services to beneficiaries of remittance. Customers are informed of banking services, savings, and investment opportunities provided by Probashi Banking. Our representatives emphasise on remittances being sent through legal channels during these events because doing so also enhances foreign exchange reserves and supports national development. Additionally, the government offers beneficiaries a 2.5% incentive bonus for remittances being channelled through the banking system. Additionally, the team advises people to avail the bank's deposit and savings products to generate a stable source of income in a safe and secure way.

We also held several awareness campaigns in the UAE, South Korea, Malaysia, and some other countries to encourage wage-earners to send their hard-earned money through legal channels and spend wisely. We go in-depth about opening bank accounts online from overseas, sending money digitally, and using the BRAC Bank's 'Astha' App to transmit money.

To provide access to finance to local smallholder livestock farmers, we partnered with an agri-fintech start-up called iFarmer that bundles finance with agriculture inputs, advisory services, insurance and market

access for small-scale farmers, providing them with a one-stop solution. The partnership enabled us to provide collateral-free finance to the enlisted farmers of iFarmer. On the other hand, iFarmer facilitates BRAC Bank to develop a customised product dedicated to livestock financing, helping the bank expand its livestock financing portfolio.

We also joined hands with iDE, a USAID development partner, to create opportunities for SMEs to deepen their financial and banking knowledge and improve their understanding of digital business and financial management systems, expediting their preparedness to apply for loans.

We participated in 'Krishi Utshab 2022' in Gopalganj, where we disbursed spot loans to farmers. We have also introduced a specialised agriculture loan product named 'Sufola' to increase the flow of credit to the rural agriculture sector. Sufola has been specifically designed to finance Bangladesh's crop sector.

We have launched a loan programme for persons engaged in a noble profession like teaching as part of our commitment to financial inclusion. With the assistance of the Directorate of Secondary and Higher Education (DSHE), we have made it easy for MPO-listed teachers to purchase laptops through a Digital Personal Loan – a first-of-its-kind initiative in Bangladesh.

BRAC Bank envisions an inclusive economy that will lead to improved economic growth, social outcomes, business performance and social responsibility.

No Frills Account

To ensure deepened financial inclusion, banking infrastructure must first reach the lower levels of society and rural populations. This will boost the economy of a country like Bangladesh, where 20.5% of the population lives in poverty. However, where standards such as minimum balance restrictions or annual charges persist, the banking system's conduct needs to improve the process of financial inclusion.

In 2021, Bangladesh Bank launched a No Frills Account to support the economy's development and advancement. According to Bangladesh Bank circular No FID 01 dated 5 September 2021, a BDT 5,000 million revolving fund has been established for low-income people who can access banking services with a deposit of only Taka 10.

BRAC Bank shares Bangladesh Bank's commitment to the significant aim of national financial inclusion. In 2022, the bank opened 2,090 no-frills accounts with a total deposit of BDT 991 million. Till today, BRAC Bank has opened 4,756 no-frills account with a deposit of BDT 1,180 million.

Affordable housing

As of 31 December 2022, we served 164 customers with a total outstanding loan portfolio of BDT 505.6 million. We have designed our Affordable Home Loan product to provide housing loan facilities to the society's low and middle-income households whose monthly income is between BDT 20,000 and BDT 130,000.

Sustainable Financing

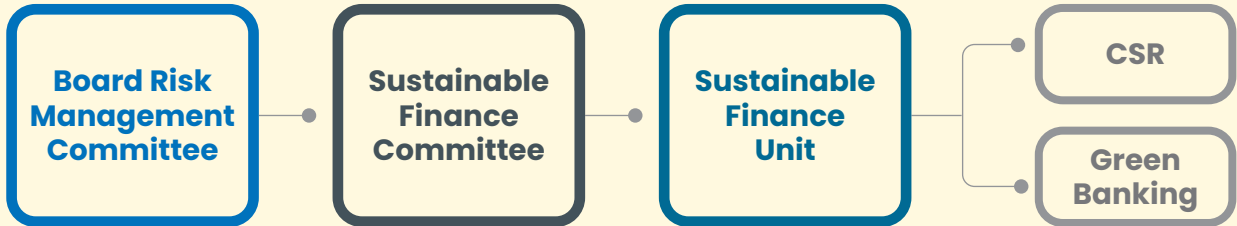
Sustainable financing refers to financial regulations, standards, norms and products that aim to fulfill environmental goals while allowing the financial system to sustain economic growth. It is critical in linking financial markets with long-term economic activity and projects. The ideas of environmental sustainability, social responsibility and governance (ESG) are central to sustainable financing. It promotes investment in projects and initiatives that benefit the environment and society.

Our robust ESG framework enables us to detect and manage sustainability-related risks, adhere to regulations, and meet the expectations of consumers, investors, and other stakeholders. Following Bangladesh Bank's prudential guideline SFD Circular No. 02: Formation and Formulation of Terms of Reference of Sustainable Finance Division in Banks and Financial Institutions dated December 12, 2016, our Sustainable Finance Unit operates as a specialised function that focuses on integrating environmental, social and governance (ESG) considerations into the bank's operations, investments and financing activities.

Our Sustainable Finance Committee, comprised of senior management of the bank, serves as the apex authority, supervising the bank's sustainability activities, as directed by the Board. We club our sustainability initiatives into Sustainable Banking and our Corporate Social Responsibility. Both aim to support a values-based banking model and transform banking for a more sustainable future.

We prioritise investing in sustainable initiatives, such as green industry, waste management initiatives and energy-efficient projects that have both positive financial returns and positive environmental and social impacts.

Organogram



Our Journey towards Sustainability



One of Top 10
Sustainable Banks
for 2 consecutive
years



Highest graded
ESG performer
bank of the
country

Feb 22, 2016

Partnership with IFC
PaCT & Launched
"Planet Solution"

Feb 27, 2019

Became a
signatory to UN
Global Compact

Mar 4, 2019

Climate Change
Commitment with
GABV

May 15, 2019

Became the
Executing Entity of
USD 150 Mn Green
Climate Fund Project

July 7, 2019

Approval of
USD 4.2M GTF
fund from BB

July 19, 2022

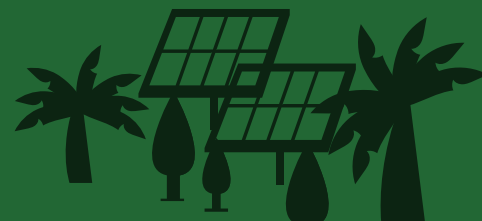
Issued affordable
housing bond of USD
50M subscribed by IFC

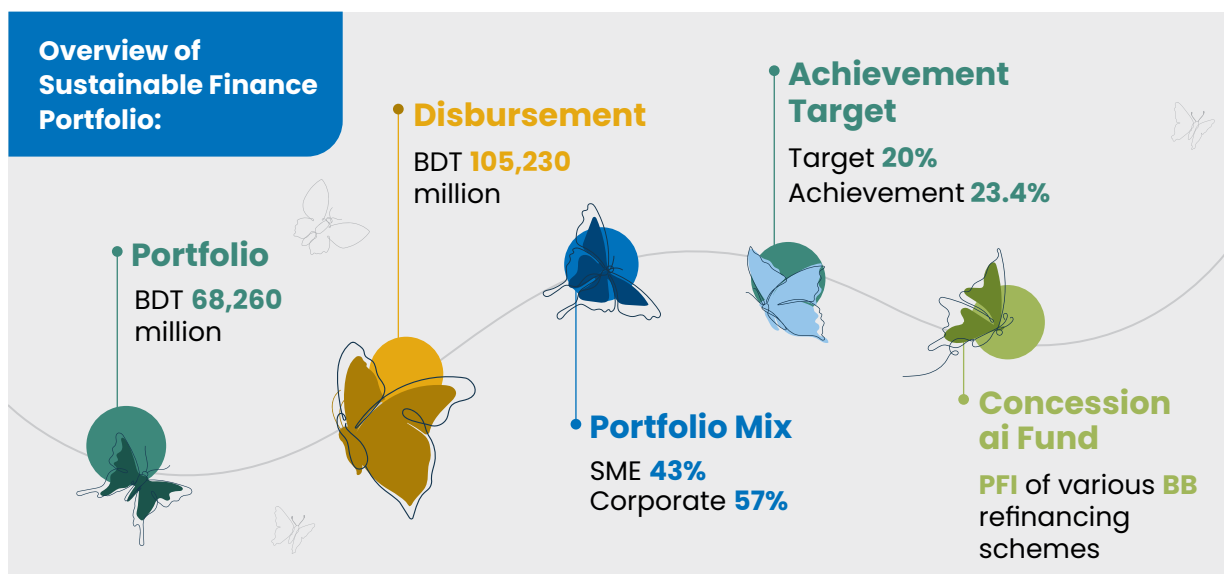
Feb 12, 2021

Partnership with ADB
to launch new ESRM
tool for Trade Finance

Oct 14, 2019

Piloted first ever
UNGC SME Toolkit

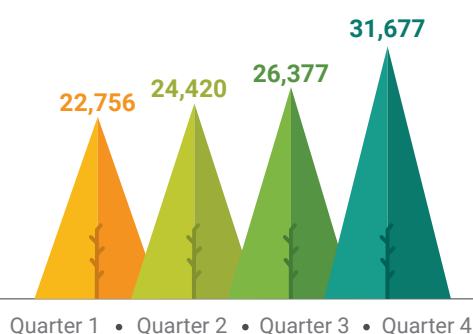




Overview of Sustainable Finance Portfolio:

Sustainable Finance Disbursement 2022

(BDT in Mn)



Achievements against BB target

Year 2022	Sustainable Finance	Green Finance
Bangladesh Bank Target	20%	5%
Our achievement	23.4%	5.8%
Industry Average	12%	5%



























Contribution to the SDGs through Sustainable Banking

BRAC Bank is a significant contributor to the Sustainable Taxonomy per the new SFD Circular No. 05: Sustainable Finance Policy for Banks and Financial Institutions, dated December 30, 2020, by Bangladesh Bank.

To ensure sustainable recovery from the pandemic with a commitment towards

the national 2030 agenda for sustainable development, the bank has designed Planet Solution, a unique Sustainable Finance proposition that has extended 360-degree value proposition to CSMEs and large corporate customers. It has supported CSMEs and corporate customers to adopt eco-responsible initiatives to explore green alternatives, thus contributing towards the country's sustainable development.

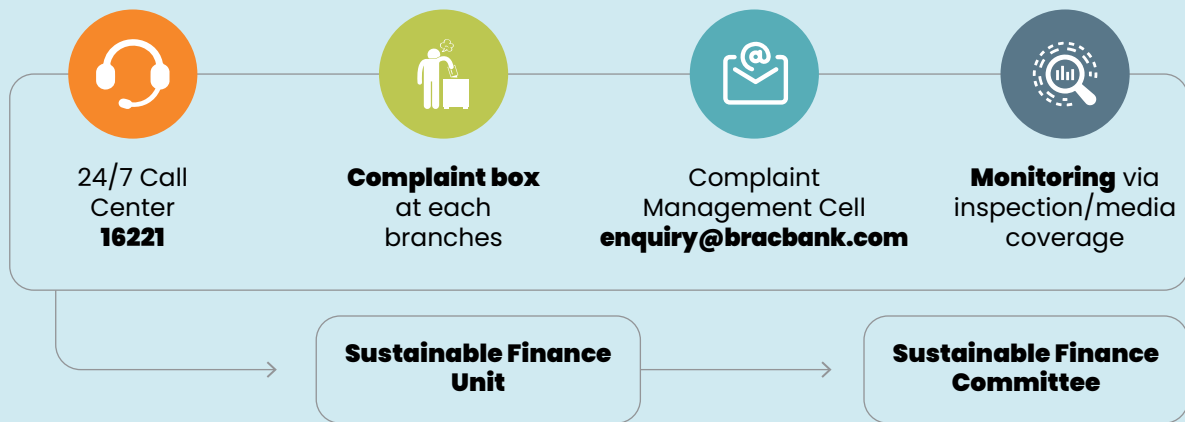
SDG mapping with Sustainable Finance portfolio of BRAC Bank

Disbursement Segment	Disbursement amount (BDT in Mn)	Client Segment	SDG mapping
Green Finance and other Sustainable Linked Finance	72,346	Leadership in Energy and Environmental Design (LEED) certified Green Industry	   
		Energy & Resource Efficiency	  
		Waste Management (ETP/WTP)	  
		Renewable Energy	 
Sustainable Agriculture	5,772	<ul style="list-style-type: none"> ✓ Crops ✓ Irrigation equipment ✓ Agro-equipment ✓ Live-stock and poultry farming ✓ Fisheries ✓ Grain Storage and marketing ✓ Poverty Alleviation 	   
Sustainable CMSME	6,161	<ul style="list-style-type: none"> ✓ Herbal cosmetic manufacturing industries ✓ 100% local ingredients-based milk processing industry ✓ Handicrafts, Handloom and alike ✓ Agro feed manufacturing industry ✓ Jute made products manufacturing industry ✓ Unani /Ayurvedic / Homeopathic manufacturing industries ✓ Rice processing industry ✓ Agro equipment manufacturing industry ✓ Production of bio pesticide, production of organic fertiliser ✓ Bran wood projects ✓ Horticulture processing industry 	    
Socially Responsible Finance (SRF)	20,951	<ul style="list-style-type: none"> ✓ Financing/Investment through MFI (MRA Regulated)/NGO(Govt. Approved) Linkage Mode for capacity building, employment generation including self-employment ✓ Financing in trading of green and agro products using ICT/online/e-business platform (as recognised by Bangladesh Bank) 	    

Grievance Redressal Mechanism



Grievance Redressal



Environmental & Social Safeguard Policy



Environment Related Initiatives

BRAC Bank has adopted several initiatives to promote environmental sustainability and address environmental issues in our operations and in the communities we serve. Some examples include:



Energy Efficiency

We have taken steps to reduce energy consumption in our operations and promote energy efficiency in our lending activities.



Renewable Energy

We have supported the growth of renewable energy in Bangladesh, exploring financing opportunities to renewable energy projects, such as solar and wind power.



Green Banking

We have established a Green Banking Unit to promote environmentally-friendly practices in our operations and to educate our stakeholders on the benefits of sustainable banking.



Carbon Footprint Reduction

We have set a target to reduce our carbon footprint as per our 3C (Climate Change Commitment) initiative with GABV and we are implementing measures to minimise greenhouse gas emissions from our operations and also from the financed portfolio.



SDG Young Pioneer

Our co-workers regularly participate in environmental awareness campaigns and workshops to educate our stakeholders on the importance of environmental sustainability. In line with this, two of our co-workers from the Agent Banking team have successfully completed the SDG Young Pioneer programme offered by Global Compact Network Bangladesh.

BRAC Bank continues to implement and expand its green initiatives to promote greater environmental and social sustainability.



Green Climate Fund: Partnership with IDCOL as the executing entity of USD 150 mn GCF project for textile and RMG industries.



Piloting ADB E&S Toolkit with TSCFP for supply chain related transactions



Sourcing alternate green fund for enhancing contribution towards direct green financing

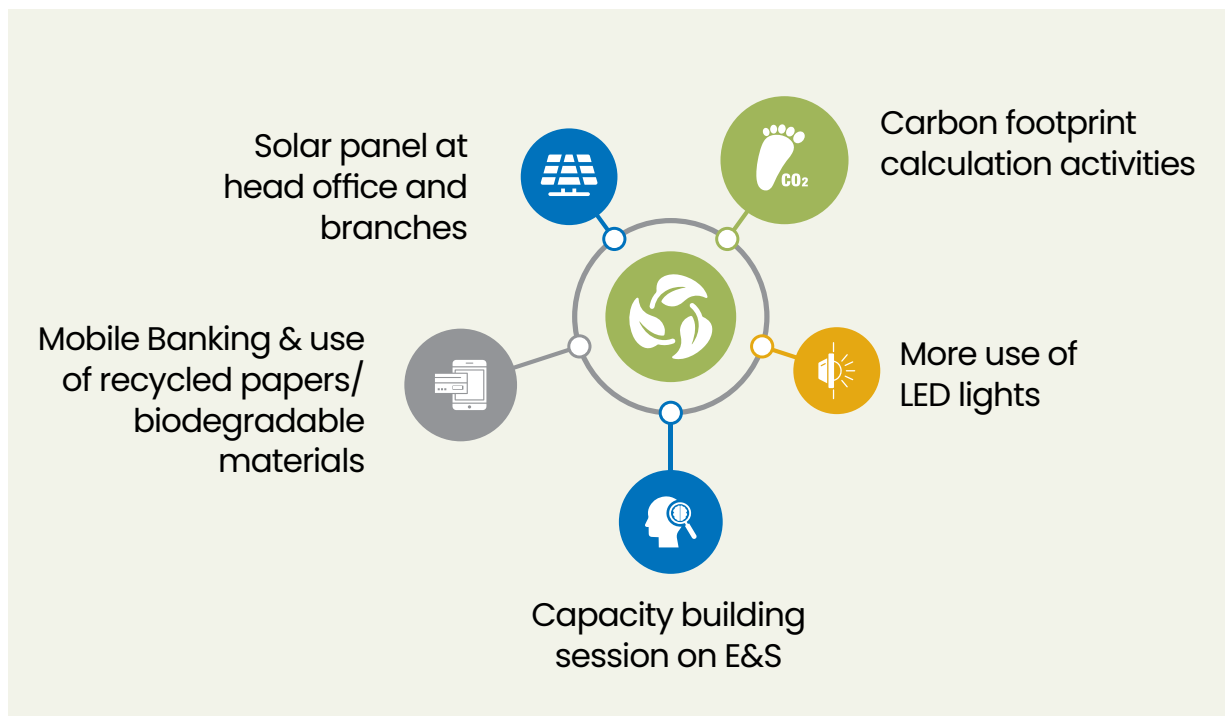


“Equitable and Sustainable WASH Services in Climate Hotspots of Bangladesh” project in partnership with the Embassy of Netherlands, BD



Danida’s **“Safe water for all”** project in partnership with BRAC UK, BRAC WASH, Groundfoes A/S and Hydro Industries Ltd

In-house green initiatives



Digital Transformation

At BRAC Bank, we have embarked on a digital transformation journey to roll out new technology aiming at ensuring the best-in-class services to our customers. We have already deployed a core banking system, card management system, mobile banking app - Astha, internet banking for corporate customers - CorpNet, and call center to provide comfort, and convenience in customer experience. Several technology projects centering on core infrastructure, data analytics and resource optimisation are in different stages of completion.

Digital transformation not only improves operational efficiency but also positively

impacts the environment by reducing resource consumption, emissions and waste, ultimately contributing to a more sustainable and eco-friendly future.

In 2022, we continued our digital journey to take customer experience to new heights. Towards realising this objective, we introduced several new applications and systems and incorporated numerous additional features into existing digital platforms. While digital transformation has been a priority, the focus on ensuring the highest levels of safety and security remained uncompromised.

KEY DEVELOPMENTS OF 2022



Bank Smart



Astha

We introduced new features like EVMCo QR payment, bKash QR payment, fixed deposit and DPS account opening, UPAY and TAP integration, and Binimoy integration to boost the application's usability and customer convenience. Astha mobile banking app now has QR transaction capabilities for card transactions.



50+

Features launched in Astha



8k+

Loan processed through automated Loan System



Supply Chain Financing Solution

Launched as new business channel for SME



Reduced Turn-Around-Time Enhanced Customer Experience

Using Document Management System

CORPnet

We introduced new features like EVMCo QR payment, bKash QR payment, fixed deposit and DPS account opening, UPAY and TAP integration, and Binimoy integration to boost the application's usability and customer convenience. Astha mobile banking app now has QR transaction capabilities for card transactions.



Shubidha

We have launched the country's first end-to-end digital loan app in October 2022. The app enables our customers to apply for digital retail loans from anywhere in Bangladesh and get loan approval within 10 minutes (on a working day). Customers can purchase products and services from the merchant outlets using the app, and the loan will be disbursed digitally into the merchant account in a few moments. Customers can avail of the loan from their convenient location and do not need to visit any branch or contact any bank representative to help with the loan facility.



Document Management Solution (DMS)

Striding towards achieving the vision of green and paperless banking, we have introduced DMS to manage the flow of all the documents per the bank's policy. Thus, all approval processes go through this system. As per Bangladesh's vision of Digital Bangladesh, the DMS application is the baseline of banking with digital documentation.

Obichol

We have implemented this digitalised loan approval system to automate DBR calculation from CIB files through a robotics process without human intervention, resulting in reduced and error-free loan processing.



Loan Originating System

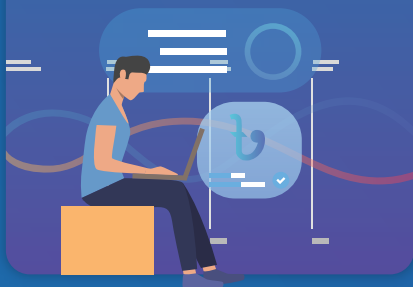
We have launched this application to create leads for new loans, process loans and manage the end-to-end lifecycle of a loan account. It processes all steps ranging from pre-screening a loan application to disbursement of funds.



Toll-free Call Centre
08 0000 16221

MULTI-CHANNEL PHYGITAL

Taking stock of socio-economic condition, state of technological infrastructure and different customer segments, it is so important to choose the right balance between physical branches and digital services, which is popularly coined as 'phygital' to reach to people of strata of society and become successful in Bangladesh. While it continues to serve through branches, agent banking outlets, SME unit offices, it plans to upgrade and expand the horizon of digital banking services to reach out to the people of all veins of the society.



Automated Remittance Capability

We have integrated nine new exchange houses into our automated remittance capability. We now connect with 63+ exchange houses. Customers may directly remit money to their beneficiary BRAC Bank account, to other bank accounts using BEFTN and NPSB channels, and to bKash and UPAY wallet instantly. The solution has developed the capability to integrate with exchange houses in a more secure manner.

Real-time Cash Deposit Machines (RCDMs), Cash Recycling Machines (CRMs) & ATMs

We have deployed RCDM and CRM, replacing old offline cash deposit machines. Customers may now deposit money into their accounts or cards 24/7 with instant reflection in their accounts or cards. We have replaced all the old ATMs with new machines to provide an improved customer experience.

Digitalisation and automation

We have also allocated 2,500 new workstations and 1,000+ tablets to our co-workers to facilitate digitalisation within the organisation. In addition, we have also adopted straight-through processing and robotic process automation to ensure fast, error-free, and compliant banking operations and processes.

Multi-currency & contactless debit cards

We introduced multi-currency debit cards in 2022. With this card, a BDT CASA account holder can withdraw or purchase transactions abroad using the Travel Quota limit. We have also begun issuing our customers contactless (NFC) debit cards.

SUSTAINABLE **BUSINESS GROWTH**

BRAC Bank wants to be more impactful in the society through its business coverage and size of portfolio. As a part of this strategy, in 2021, the management has planned to double the business by 2025.

During 2022 the bank achieved a remarkable 25% growth in its balance sheet, aligned with this strategy. The growth pace is expected to be sustained in the upcoming years as well.

At BRAC Bank, we manage and assign capital to support our strategic objectives and achieve sustainable business growth. Our leadership team develops the strategic plans under the guidance of the Board, detailing how we will allocate resources to

support our business activities. The effective allocation of financial, infrastructure, intellectual, social, natural and human capital that supports our strategies helps maximise the impact on our resources while still achieving the bank's goals.



Our goals to achieve overall strategic objectives



Short-term Goals

- Develop new products/ services to generate additional income
- Sustained growth in 'Small & Medium Enterprise' sector
- Digital innovation to be more competitive
- Footprint coverage across the country
- Financial inclusion through new products and channels for unbanked populations
- Become the number no. 1 employer of choice
- Supporting our co-workers to acquire new skills or update existing ones



Medium-term Goals

- Implement tech-based solutions for faster customer onboarding, client service, and internal processes.
- Optimise client reach through existing distribution channels and adopt new digitised distribution networks
- Introduce enriched hiring tools to improve person-job fit, reduce recruitment times, and lower hiring costs
- Implement more elaborate analytics solutions for improved credit appraisal, faster customer acquisition, and forecasting needs
- Expand digital lending.



Long-term Goals

- Catering to the customers' evolving needs with customised solutions
- Strong focus on SMEs to ensure easy access to finance for the unbanked missing middle
- Improve credit and collection processes to restrict NPLs within desired levels and further review policies and procedures to ensure portfolio quality in the backdrop of business growth objectives
- Establish a detailed data strategy and initiate, among other things, a drive towards improved analytics for management reporting
- Develop more measures to monitor and manage environmental footprint

The year 2022 got under way with the hope of rapid recovery of Bangladesh's economy from the pandemic, yet soon turned into another challenging year with the emergence of the Russia-Ukraine war and the accompanying supply chain disruptions and volatility in international markets. The banking sector of Bangladesh also confronted trying times in terms of economic uncertainty, surge in Non-Performing Loans (NPLs) and depleted availability of foreign exchange.

Under challenging conditions, we again stood out with our sustainable business model, focused on values and exemplary corporate governance standards. We achieved creditable growth in the balance sheet, mainly driven by customers' assets, i.e., the loan portfolio of all our three major business segments. We continued our capacity-building initiatives (investments) to support business growth and optimise operating costs.

Enhancing capabilities to support growth

Focusing on digital transformation, process optimisation, and co-worker training, we are striving to improve our capabilities, laying a solid foundation to become the largest bank in Bangladesh.

- We launched the country's first digital lending app, Shubidha, to facilitate micro-loans for retail customers
- We introduced Supply Chain Financing Solution as a new business channel for SMEs
- Our Document Management System (DMS) significantly reduced turnaround-time, improving client experience
- We have incorporated diverse transactional platforms and lifestyle products and services in the Astha Mobile Banking App
- We have launched BBL ALO, an effective e-Learning platform to enable co-workers to learn anytime, anywhere
- We organised 224 unique learning programmes with 223,243 training hours to accommodate co-worker capacity development requirements

Multiplying our Impact – Aiming to Double the Business in 4 Years

We are amongst Bangladesh's largest private sector commercial banks in terms of total assets, which stood at BDT 563 bn (USD 5.5 bn) at the end of 2022. We account for approximately 2.9% and 2.6% of the sector's loans & advances, and deposits, respectively.

The total staff cadre of the bank stood at 7,863 as of the end of 2022, and they serve over 4.4 lakh SME customers, about 8,000 corporate clients, and around 9.7 lakh retail customers through a wide network of branches, subsidiaries and correspondent banking relationships. We also have a sound base of around 13.8 lakh deposit-holders.

To be more impactful and a driving force in the financial sector, the management has charted a strategy for the bank to emerge as a leader in terms of market presence, balance sheet size, portfolio quality, exemplary corporate culture and good governance practices. In its journey to becoming the best bank in Bangladesh, we will play as a change-maker for building a sustainable financial sector rooted in values-based operations.



BDT 563,239 Mn

Total balance sheet size



BDT 58,391 Mn

Total shareholders' equity



BDT 26,571 Mn

Operating income



BDT 5,763 Mn

Net Profit after tax

VALUE-ADDED

STATEMENT

BRAC Bank's value-added comprises the value created by the bank through its financing and operational activities, including its core lending business, treasury and investment, foreign exchange and other activities, and subsequent value dispersal amongst various stakeholder segments.

In 2022, despite the challenges posed by war-induced supply chain disruption and economic uncertainty, BRAC Bank performed exceptionally well in all its business segments, which led the value-added to the stakeholders to grow by 16% YoY to reach BDT 18,907 million.

Value-added statement

Amount in BDT Million

Value-added	2022		2021	
	Amount	%	Amount	%
Net interest income	15,235		13,997	
Investment income	5,185		5,781	
Commission, exchange and brokerage	5,884		3,440	
Other operating income	267		146	
Operating expenses, excluding staff costs and depreciation	(5,473)		(4,042)	
Provisions made during the year	(2,190)		(3,054)	
Total value-added	18,907	100%	16,267	100%

Distribution of value-added

Amount in BDT Million

Value-added	2022		2021	
	Amount	%	Amount	%
To employees as salary and allowance	8,176	43%	6,247	43%
To providers of capital dividend to shareholders (cash and stock)	2,245	12%	1,989	14%
To government as corporate tax	3,176	17%	2,194	15%
For expansion and growth				
As retained income	3,518	19%	2,552	17%
As depreciation	1,792	9%	1,682	11%
Total value distribution	18,907	100%	14,665	100%
Number of employees	7,863		7,619	
Value added per employee	2.40		2.14	

ECONOMIC VALUE-ADDED STATEMENT

Economic value added (EVA), or economic profit, is an important performance indicator at BRAC Bank. It reflects the surplus generated by the bank over the cost of the total invested equity. It is thus the post-tax return on the capital employed (adjusted for the tax shield for debt), less the cost of capital employed.

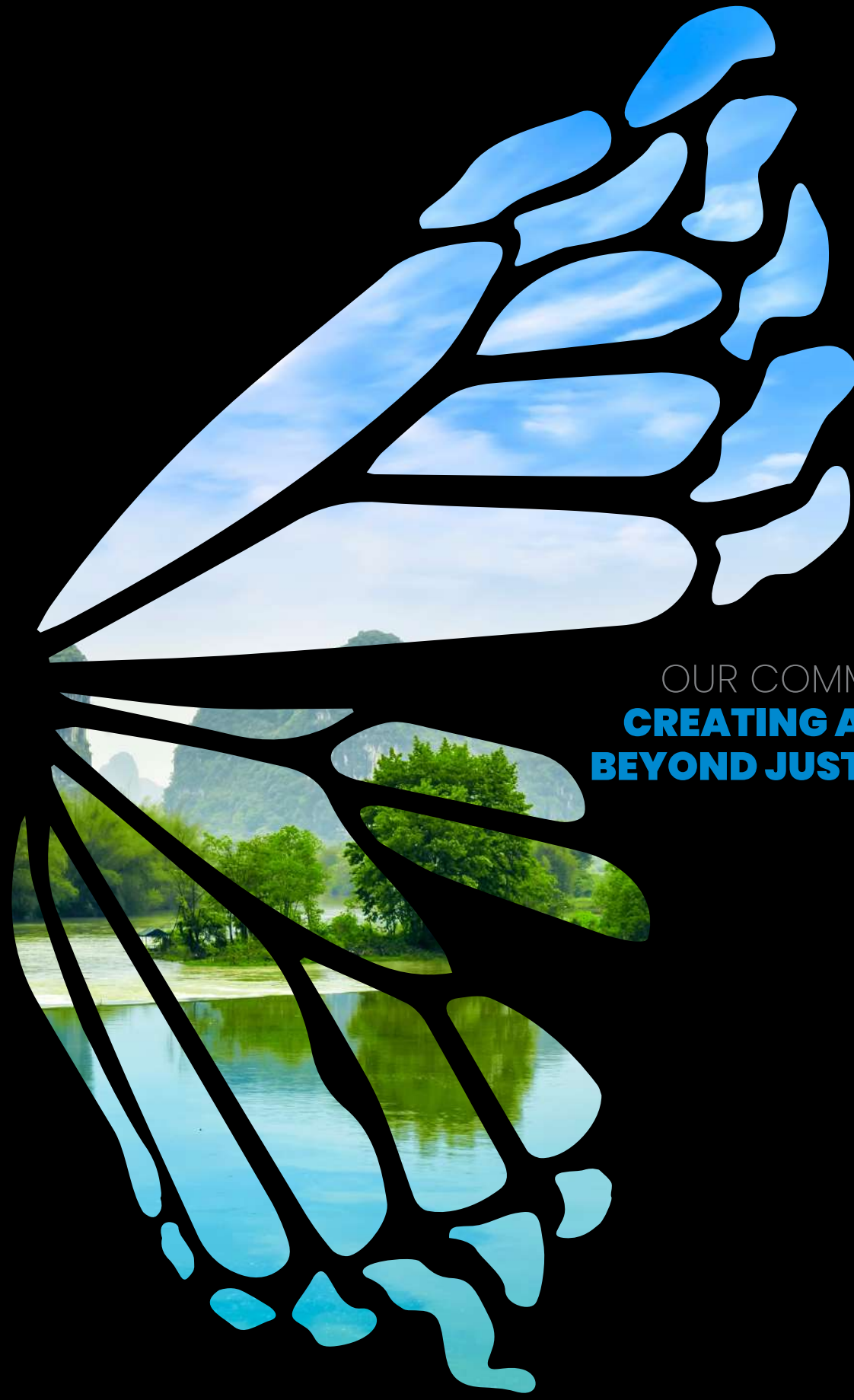
In 2022, despite macroeconomic challenges, BRAC Bank posted a net operating profit growth of BDT 185 Mn demonstrating the bank's resilient nature, powered by a diverse Board, efficient management and superior governance. The bank's EVA of 2022 stood at BDT 5,172 Mn after a decline from the previous year, primarily due to a rise in tax expenditure..

Economic value-added

BDT in Mn

Particulars	2022	2021
Net operating profit	11,129	10,944
Provision for taxes	(3,176)	(2,343)
Net operating profit after tax (NOPAT)	7,954	8,601
Capital employed	69,882	62,211
Cost of equity (%)*	3.98%	4.14%
Capital charge/Cost of capital	2,781	2,575
Economic value-added (EVA)	5,172	6,026
EVA/Average shareholders' equity (%)	9.17%	11.95%
Dividend paid during the year	2,245	2,088
Capital employed as at December 31		
Average shareholders' equity	56,405	50,448
Average accumulated provision for loans and advances	13,477	11,763
Total capital employed	69,882	62,211

* Cost of equity reflects shareholders' expected rate of return during the year and it has been arrived at from the dividend paid during the year divided by the average shareholders' equity



OUR COMMITMENT TO
**CREATING AN IMPACT
BEYOND JUST BANKING**

At BRAC Bank, our philosophy is to help people prosper. Our Pro-People, Pro-Planet, and Pro-Society mission ensures we take into account the needs and expectations of our customers and the planet while working towards collective prosperity.

Being Pro-People

We strive for a diversified, equitable, and inclusive work environment to demonstrate that our organisation is open to fresh ideas and perspectives. This, in return, enhances satisfaction and boosts the loyalty of our co-workers.

To further emphasise on our commitment of cultivating diversity, equity and inclusion (DEI) in the workplace, we hosted a panel discussion on 'Diversity, Equity and Inclusion in Banks' in collaboration with American financial powerhouse J.P. Morgan Chase & Co. Christine Tan (Jang), managing director, Head of Asia Pacific – Financial Institutions Group (FIG) Sales Payments for JP Morgan Payments; and Ali Moosa, Vice Chairman, Wholesale Payments and Senior Country Officer, JP Morgan Chase & Co., Bahrain; participated in the discussion as panellists. A selected group of officials of Brac Bank comprising transgender and persons with disability participated in the discussion and interacted with the guest-panellists. We are the first bank in Bangladesh that actively recruited transgender and persons living with disability.

As a values-driven organisation, we protect all our stakeholders, including our co-workers and the community we work in, from harassment, abuse, neglect, exploitation and discrimination. While recruiting people, we encourage applications from any gender-diverse individuals and persons with a disability.

We are one of the leading employers in Bangladesh's banking sector and a significant talent recruiter, with 7,800+ full-time co-workers. Our prestigious recruitment

programme, the Young Leaders' Program (YLP), hired a record number of graduates in 2022. To support our strategic goal of doubling the business during the next four years, we recruited a team of 80 young leaders.

We chose our potential talent after a thorough screening procedure that includes several tests, such as personality profiling, psychometrics and two-step interviews conducted by experts. Before this push to create awareness about our current employment openings, we also hold CAREERtalk sessions with top universities of the country.

In 2022, we joined hands with the BRAC Skills Development Programme (SDP) to create employment opportunities for the country's youth. BRAC SDP provides skills training and employment-related support to young people across Bangladesh, focusing mainly on people living in vulnerable and hard-to-reach areas. This partnership enables us access to a trained pool of fresh graduates for job openings in the bank.

At BRAC Bank, our focus on people and the planet goes hand-in-hand with our pursuit of commercial profit. The late Sir Fazle Hasan Abed founded the bank with a vision of financial inclusion, 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 a profoundly public-facing bank that embodies and advances the socio-commercial aspirations of the country's people.

Being Pro-Planet

As a member of the Global Alliance for Banking on Values (GABV), BRAC Bank believes in the philosophy of people, planet and prosperity and works towards making the environment clean and the world more habitable.

In line with our commitment to sustainability and care for the planet, we strive to contribute to reducing the carbon footprint of the nation through many sustainable initiatives.

Bangladesh Bank has named us one of Bangladesh's top-10 sustainable banks for two consecutive years.

Besides, Bangladesh Institute of Bank Management (BIBM) and The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) recognised us as one of the top sustainable banks for our exceptional performance in sustainable financing, environmental protection, social transformation, climate change, and contribution to the sustainable development goals (SDGs).

The banking industry is crucial in supporting sustainability by offering funding and investment opportunities for projects and initiatives to eliminate environmental impact and advance socio-economic development.

We ourselves encourage sustainability by developing and marketing sustainable financial solutions as one of the major banks to commit to our Vision 2030. We also incorporate environmental, social and governance (ESG) aspects into our investment and credit choices to ensure they align with the sustainable development goals.

We embarked on a zero-waste policy regarding using paper in the workplace. In 2022, we initiated a paper recycling process, styled Every Page Matters, as part of our

environmental commitment. We recycled 135 tonnes of paper, including old, outdated and waste paper, by converting them into essential items, such as clipboards, boxes, notebooks and cartons. As part of scaling up the initiative, we collect unusable papers from our offices across the country and un-reusable outdated printed ones from our store and hand them over to our recycling partner.

In another ecology-centric initiative, we offer 360-degree value propositions to CMSMEs and large corporate customers under a unique Sustainable Finance proposition called Planet Solution to ensure a sustainable recovery from the pandemic and commitment to the national 2030 agenda for sustainable development. By facilitating these clients in adopting eco-responsible initiatives to find more environment-friendly alternatives, they have significantly aided in the nation's sustainable development.

We have a Green Office Guideline to support ethical business practises and better in-house environmental management within the organisational structure. It is divided into four sections in which the guideline emphasises saving water, electricity, and paper and keeping the office clean and hygienic.

1. Green Code of Conduct for our colleagues
2. Conversion of our premises as Green Office
3. Introduction of Green Technologies
4. Training of our colleagues on Green and Sustainable Initiatives

Measuring GHG emissions

BRAC Bank is the only member of the Global Alliance for Banking on Values (GABV) from Bangladesh. Through GABV, BRAC Bank became one of the signatories of the Partnership for Carbon Accounting Financials (PCAF). PCAF is a global cooperation of financial institutions that work together to develop and implement a harmonised

approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments.

BRAC Bank calculates the GHG emissions of its business loan portfolio using PCAF. As a top sustainable bank, BRAC is motivated to march towards net zero emissions and started carbon calculation.

Method of calculating GHG emission

To combat the global challenges we face today, such as climate change and evolving

environmental risks, and achieve the global targets set through the Paris Agreement and the broader United Nations Sustainable Development Goals (SDGs), we are motivated to disclose our financed GHG emissions using the methodology of Partnership for Carbon Accounting Financials (PCAF).

Calculation Methodology

We have used the following calculation method for GHG analysis, referencing PCAF Global GHG Accounting Standards for the Financial Industry.

Emission Factor Type	Emissions
Emission Factor Option	Economic-activity based
Country	ROW (Rest of the World) Asia Pacific since Scope 1 and Scope 2 Emission Factors data specific to Bangladesh are not available.


$$\text{Financed emissions} = \sum_i \left(\frac{\text{Outstanding amount}_i}{\text{Total equity+debt}_i} \right) \times \text{Emissions}_i$$

(with i = borrower or investee)

Data Quality Score of Scope 1 & 2 emissions:

Referring to the PCAF classification methodology, we consider the data quality to be Score 5 because specific Bangladesh data are unavailable.

Certain



Uncertain

Score

- 1 Attribution factor and verified emissions for the activity carried out with the loan are known.
- 2 Attribution factor and unverified emissions for the activity carried out with the loan are known.
- 3 Attribution factor is known, and the primary physical activity data of the loan is used to calculate emissions (e.g. electricity consumption).
- 4 Attribution factor is known and average data for the sector activity in the region is used for the emission factor.
- 5 Estimated data is used for attribution and emission factors.

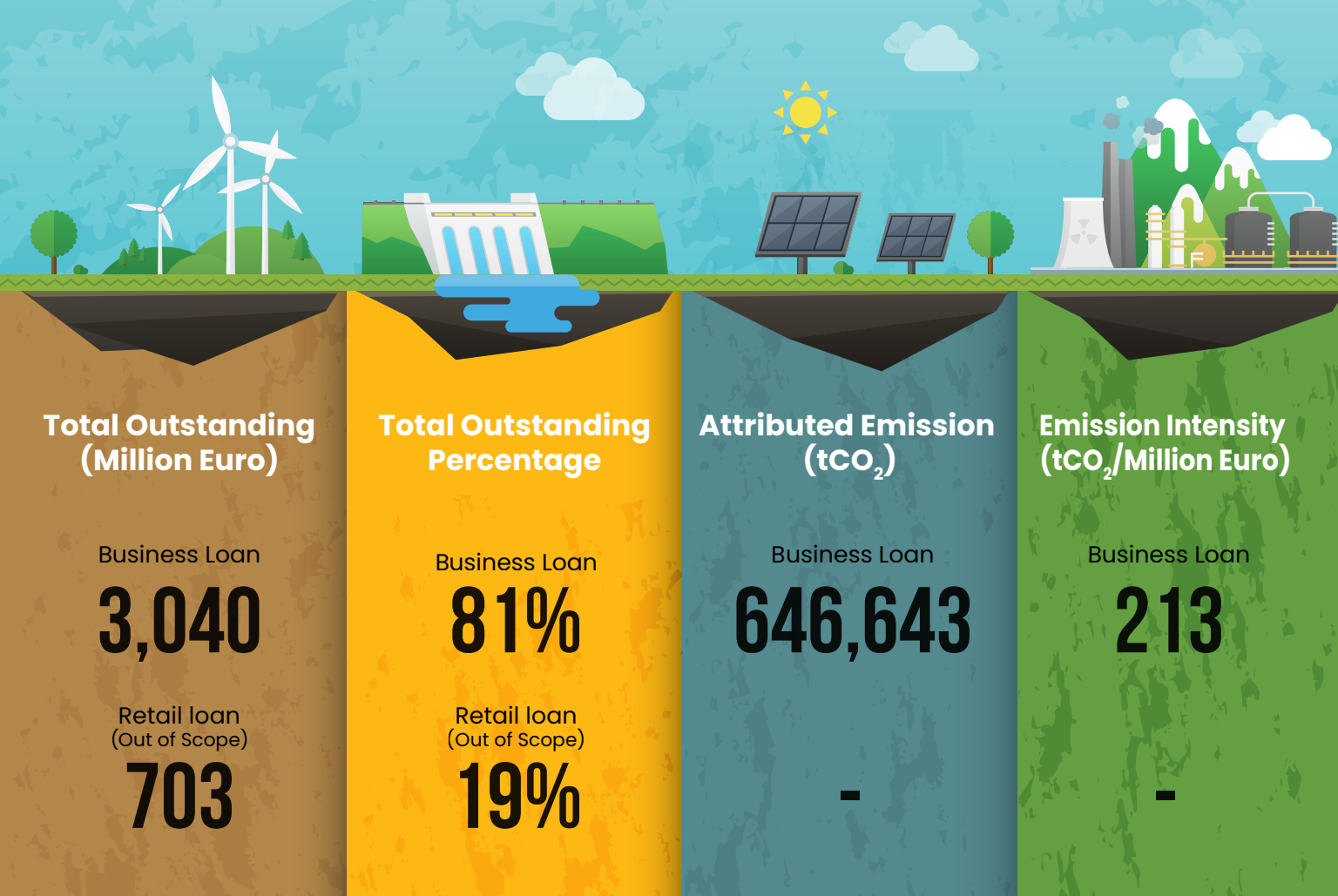
Results

- We have calculated the total tCO₂e of the business loan at 646,643 tons, wherein three significant sectors, 'Metal and metal products', 'Petroleum, chemicals and non-metallic mineral products', and 'Electricity, gas and water', are reported to have higher emission intensity. These three segments comprise about 48.29% of total CO₂ emissions, and they share only 11.85% of the Business Loan Portfolio.
- We will be mindful of monitoring these high-emission sectors and work on possible solutions to minimise them. Based on the result, we are trying to define

our transition plan, where we intend to support our clients in the identified sectors to march towards low-carbon technologies. Besides, we are trying to strengthen our data acquisition quality to improve our carbon accounting accuracy.











- To attain national targets set by the Government of Bangladesh, such as Vision 2041, Intended Nationally Determined Contributions (INDCs), Delta Plan 2100, and other international goals, our bank is prioritising facilitating green and climate financing opportunities.

GHG Emission of Loan Portfolio



TOP 10 CONTRIBUTING SECTORS

IN TERMS OF SHARE OF FINANCIAL IMPACT

Sectors	Share of financial impact %	Share of emissions impact (Scope 1&2) %	GHG intensity (tCO ₂ e/M Euro)
 Sale, maintenance & repair of vehicles; fuel; trade; hotels & restaurants	41.72%	26.73%	139.31
 Textiles, leather & wearing apparel	19.99%	9.75%	106.08
 Financial intermediation & business activity	8.47%	0.32%	8.18
 Metal & metal products	5.95%	21.23%	776.04
 Food production, beverages & tobacco	5.38%	7.89%	318.82
 Petroleum, chemicals & non-metallic mineral products	4.31%	14.75%	744.81
 Public administration; education; health; recreation; other services	3.78%	0.70%	40.04
 Electrical & machinery	2.43%	0.65%	58.45
 Manufacturing & recycling	2.10%	3.04%	315.29
 Post & telecommunications	1.60%	0.29%	39.19











TOP 10 CONTRIBUTING SECTORS

IN TERMS OF SHARE OF EMISSION IMPACT

Sectors	Share of emissions impact (Scope 1&2) %	Share of financial impact %	GHG intensity (tCO ₂ e/M Euro)
 Sale, maintenance & repair of vehicles; fuel; trade; hotels & restaurants	26.73%	41.72%	139.31
 Metal & metal products	21.23%	5.95%	776.04
 Petroleum, chemicals & non-metallic mineral products	14.75%	4.31%	744.81
 Electricity, gas & water	12.31%	1.59%	1,682.52
 Textiles, leather & wearing apparel	9.75%	19.99%	106.08
 Food production, beverages & tobacco	7.89%	5.38%	318.82
 Manufacturing & recycling	3.04%	2.10%	315.29
 Wood, paper & publishing	1.17%	0.59%	430.93
 Public administration; education; health; recreation; other services	0.70%	3.78%	40.04
 Electrical & machinery	0.65%	2.43%	58.45

TOP 10 CONTRIBUTING SECTORS

IN TERMS OF GHG INTENSITY

Sectors	GHG intensity (tCO ₂ e/M Euro)	Share of financial impact %	Share of emissions impact (Scope 1&2) %
 Electricity, gas & water	1,682.52	1.59%	12.31%
 Metal & metal products	776.04	5.95%	21.23%
 Petroleum, chemicals & non-metallic mineral products	744.81	4.31%	14.75%
 Transport	445.56	0.20%	0.41%
 Wood, paper & publishing	430.93	0.59%	1.17%
 Agriculture, hunting, forestry & fishing	327.73	0.36%	0.54%
 Mining & quarrying	322.03	0.07%	0.11%
 Food production, beverages & tobacco	318.82	5.38%	7.89%
 Manufacturing & recycling	315.29	2.10%	3.04%
 Sale, maintenance & repair of vehicles; fuel; trade; hotels & restaurants	139.31	41.72%	26.73%

Our Green Ambitions



Our goal is to pioneer being a top sustainable bank in terms of our business investments and banking practices. The broader motive is to meet the international and national long-term economic, environmental, and social growth agenda by implementing green and sustainable financing.



The Sustainable Portfolio of BRAC Bank is now one of the largest in the country, and we have targets to make it even more prominent over the near to mid-term.



As a founding member of the Global Alliance for Banking on Values (GABV), we prioritise banking on values. We believe in responsible financing, which leads the way to our people and society's welfare.



Being Pro-Society

At BRAC Bank, we are inspired by our founder, the late Sir Fazle Hasan Abed, to drive our corporate social responsibility (CSR) endeavors forward and ensure we remain constantly relevant to the society's needs. Sir Abed established BRAC right after the country's independence in 1971 with the social objective of uplifting the country from the war's devastation. Since then, BRAC has worked to break the barriers to ensure sustainable progress and national development. As a member of the BRAC fraternity, BRAC Bank will carry the ethos of BRAC's work in its CSR programmes, enriching it for further impact creation. We also believe that everyone should have the opportunity to live a meaningful life.

BRAC Bank wants to break the financial barriers and social taboos, create opportunities, and ensure access for people to realise their potential and live purposeful lives.

সম্ভাবনার পথে সীমানা ছাড়িয়ে

- realise potential
- to live meaningful lives
- break the financial barriers
- break social taboos
- create opportunities
- ensure access

At the bank, our aim under our CSR platform is to achieve a positive and enduring impact on society while maximising shared value creation for stakeholders associated directly and indirectly with the bank. We thus prioritise a long-term focus with short and medium-term pursuits, looking at fostering a sustainable impact on the people and society.

BRAC Bank's role in ensuring financial stability is fundamental when it comes to realising our potential to foster a sound developmental impact that is anti-poverty, anti-deprivation, and against socio-environmental degradation. As a result of its advantageous position, our bank is well-poised to tackle some of the most pressing issues that a developing nation like Bangladesh must deal with. Yet, we take pride in supporting Bangladesh in improving its most critical social indices on the world ranking table, placing the nation well for its aim to become a middle-income country over the next few years.

At BRAC Bank, we take pride in offering banking services that significantly influence the economy, society and the environment. Additionally, as a values-based bank, we adhere to our comprehensive "3P" philosophy, demonstrated in our desire to gauge value on a level beyond purely financial results. We monitor ourselves and our impact using the SDGs because we are conscious of our obligations to society as a venerable banking organisation. Consequently, aligning our socio-commercial impact to the SDGs represents our primary goal of making a difference in the lives of people, communities and the broader society.

As a multi-stakeholder business model, we foster a positive impact by being our stakeholders' responsible financial and developmental partner of choice. We thus combine our core attributes with the qualities that define us. Intending to be more responsive to our stakeholders' expectations, we have developed a robust framework for continuous stakeholder engagement.

We devised a strategic framework in 2022 to reflect our belief that everyone deserves the opportunity to live a meaningful life. We have identified targeted areas for our CSR initiatives that comply with the policy guidelines on citizenship initiatives for banks and financial institutions (vide SFD Circular No. 01 issued on 9 January 2022). This strategic framework would enable the bank to implement higher impact-driven CSR initiatives.



Ownable

Create (or co- create) transformational and deep-impact properties that are scalable.



Effectual

Creating opportunity, access, advancement and/or meaningful conversation.



Targeted

Prioritising (where possible and pragmatic) women, transgender, persons with disabilities and/ or other minority and marginalised groups.



Focused

Focusing in specific areas within the larger sectors of education, health, climate, and sports, music & literature.



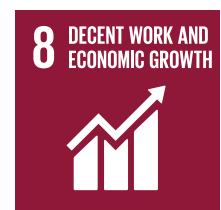
Quantifiable

with proper and measurable outcomes of efficacy and impact.

Following the legacy of BRAC, BRAC Bank desires to create a positive impact in the society through its ownable, effectual, targeted, focused and quantifiable CSR initiatives. This strategic framework will enable the bank to device more impactful and scalable CSR initiatives.

Contributing to the United Nations’ Sustainable Development Goals (UN SDGs) through our purpose

Our purpose is to improve people’s lives using innovative thinking, enabling technologies, and collaborative partnerships to shape an industry that is safer, more sustainable and harmonised with the needs of communities and society. As a bank with a significant impact on society, we create value aligned to the Sustainable Development Goals (SDGs). Our result is two-pronged: through our business and community outreach, and citizenship programmes. In all, we impact 12 SDGs.



CSR initiatives in 2022

Unleashing potential: Scholarship for students from low-income families

With the Prothom Alo Trust, we jointly launched the Adamya Medhabi Scholarship in 2010 to support deserving students from low-income families achieve their higher education goals.

Each year, the programme accepts 50 deserving students from low-income families with a GPA of 5.00 in the SSC exams. The scholarship currently supports 171 students enrolled in different levels of tertiary education. The SSC batch of 2020 appeared for the HSC exam in 2022. It is commendable that 34 out of 50 students got a GPA of 5 and will continue to receive the scholarship for their undergraduate studies. Out of the 34 students who appeared, 28 studied science, five studied humanities, and one studied commerce.

In 2022, we continued with this initiative, offering scholarships to 250 students at the Faculty of Business Studies of the University of Dhaka to enable them to pursue their higher studies. These students, who come from rural and underdeveloped areas, see the scholarship as a big step forward in achieving their educational goals and, ultimately, their hopes for a better life.

In 2022, we contributed 5% of our annual CSR budget (i.e., BDT 11.52 mn) to the Prime Minister's Education Assistance Trust. The PM's Trust commenced operation with BDT 1,000 crore as seed funds from the Ministry of Finance in FY 2013-14. The Trust provides stipends and financial assistance to underprivileged students from Class six to graduation.

Besides, we granted a scholarship of BDT 1 mn to Ms. Rawyan Shayema, a young cinematographer, to support her in pursuing her Master of Fine Arts (MFA) programme at the American Film Institute (AFI).

We also made a financial contribution of BDT 1 mn to Bangladesh Scouts for organising the 32nd Asia Pacific Regional Scouts Jamboree, a voluntary education initiative held in December 2022 at Chattogram. The event

was attended by over 11,000 participants, including 2,000 foreign nationals from 172 countries.

Uddokta 101

In 2022, we conceived the third batch of Uddokta 101, an innovative programme for women entrepreneurs. This comprises the country's first comprehensive Entrepreneur Accelerator Programme and a flagship project of the bank's women's banking service, TARA. In 2022, we collaborated with BRAC Business School of BRAC University as our knowledge and training partner for Uddokta 101.

The rigorous programme aims to help promising female business owners develop their leadership and entrepreneurial skills, enabling them to maintain and grow their ventures. It aids emerging female entrepreneurs in their quest for professional achievement. As many as 34 deserving female entrepreneurs were chosen from a sizable pool of applicants for the third round of the programme.

The 13-week course was held at the BRAC University Campus in Mohakhali, Dhaka, for three hours every Saturday. Trainers conducted the training in both classroom and outdoor settings to provide practical experience to the participants. Under the guidance of knowledgeable faculty from BRAC Business School and senior bankers from BRAC bank, the entrepreneurs were exposed to three-months of training, enabling them to dive deep into business planning, record keeping, accounting, taxation, compliance, HR management, operations, supply chain management, e-business, export-import management, among other fundamental aspects of business management.

With BRAC University, we will organise four Uddokta 101 batches with at least 30 women entrepreneurs annually. BRAC University will provide the resources, trainers, modules, research and logistics support, while the bank will cover 80% of the course fee from its CSR fund.

Scholarship overview

We see scholarships as a long-term societal investment that will benefit our country.

171 students

awarded with the BRAC Bank-Prothom Alo Trust Adama Medhabi Scholarship

250 students

received scholarship to pursue higher studies at the Faculty of Business Studies, University of Dhaka

BDT 1.15 crore

(5% of annual CSR budget)
Contributed to the Prime Minister's Education Assistance Trust.

BDT 1,000,000

contributed to Bangladesh Scouts for organising the 32nd Asia Pacific Regional Scouts Jamboree

BDT 1,000,000

Scholarship awarded to Ms. Rawyan Shayema, a young cinematographer, to support her in pursuing the Master of Fine Arts (MFA) programme at the American Film Institute (AFI)



At the programme's completion, each participant must create and present a business case and fundraising pitch before a panel of judges. Three winners will receive special awards. Also, the participants displayed their products at a three-day fair held on the university campus, which will assist them in raising awareness for their goods and services and give them a first-hand experience in marketing and customer management.

Supporting the Shitakundo Fire Victims through BRAC Limb and Brace Centre

'Disability and disability inclusion' is the key objective of BRAC Bank's CSR focus in Healthcare

On June 04, 2022, a fire and subsequent explosion at a container depot at Shitakundo in Chattogram killed at least 47 people and injured more than 450. BRAC was among the responders to this accident and supported the victims through treatment and counseling. The BRAC Limb and Brace Centre (BLBC) identified five amputees and two burn victims who require long-term care and treatment.

BRAC Bank provided financial assistance of BDT 1.1 mn to BLBC to treat the seven identified victims.

BRAC launched BLBC in 2000 to support persons living with disability with rehabilitative aid, restorative assistance, and other supportive services. Since then, BLBC has been serving people with disability by providing artificial limbs and braces and offering recuperative physiotherapy services to accident victims who have lost their limbs and cannot walk without the support of crutches.

BRAC Bank also contributes to BLBC's fund for providing healthcare to people with financial limitations.

Responding to a call for humanity

A flash flood devastated the Sylhet region in June 2022. In addition to causing significant financial loss, it claimed six lives and uprooted about 3.68 lakh people. According to an evaluation report created by the District Relief and Rehabilitation Centre, the flood affected a 2,718 sq km region of 92 unions and wards under 13 upazilas of Sylhet.

Heavy rains in the country's north-eastern area and the onslaught of water from downstream Indian states of Assam and Meghalaya, caused the flood and severely damaged roads, dams, crops and homes in the Sylhet region. According to sources, people lost around 886 cattle worth approximately BDT 77.3 lakh and 48,000 poultry worth around BDT 1.45 crore in the floodwaters. The devastating flood also damaged cropland and seedbeds.

As part of corporate social responsibility, we contributed BDT 10 crore to the Prime Minister's Relief and Welfare Fund to stand beside the flood-affected people of Sylhet.

We also contributed BDT 3 crore to 'Dakchhe Amar Desh' – BRAC's emergency flood relief programme. The BRAC's relief work team distributed dry food, safe drinking water, oral saline, matches, candles, essential medicines and other services to the affected people and rescued people marooned by the floods. BRAC's BDT 25 crore relief work programme supported more than 52,000 families with food, emergency support and rebuilding.

To help the winter-stricken people in the country's northern region, we contributed 75,000 blankets to the Prime Minister's Relief and Welfare Fund.

BRAC Bank-Samakal Literary Award

With the Daily Samakal, we launched the BRAC Bank-Samakal Literary Award in 2011 to inspire writers and litterateurs to enrich Bangla literature with their creative works.

On 22 January 2022, we hosted the 10th edition of the award, where we announced

the names of the awardees for 2019 and 2020. Speaker of the National Parliament, Dr. Shirin Sharmin Chaudhury MP, addressed the programme as the chief guest. Due to COVID restrictions, we did not host the programme in 2019.

Six individuals, including Professor Serajul Islam Choudhury, researcher and UNB editor at large Afsan Chowdhury, were awarded the BRAC Bank-Samakal Literary Award for their illustrious contribution to Bangla literature.

For 2019, Professor Serajul Islam Choudhury won the award for his book titled “Dikkhagurur Totporota” in essay, autobiography, travel and translation category, poet Helal Hafiz won the prize for his book titled “Bedonake Bolechi Kedo Na” in poetry and novel category, Mozaffor Hossain won for his book titled “Pathe Bishleshone Bishwagolpo: Chutogolper Shilpo O Rupantor” in “Humayun

Ahmed Young Writer” category.

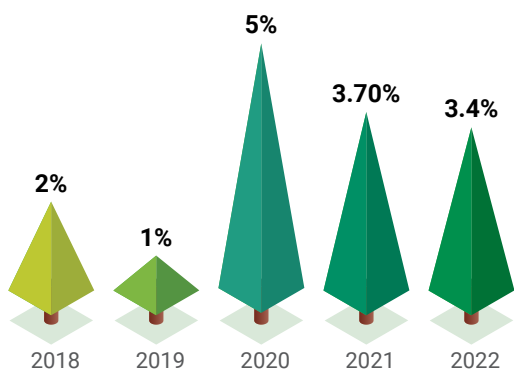
In 2020, Afsan Chowdhury won the award for his book titled “1971 Gononirjaton – Gonohatya Kathamo, Bibaran O Porishar” (Genocide and repression: Structure and narrative) in an essay, autobiography, travel and translation category, poet Mohammad Rafiq won the award for his book titled “Pothik Poran” in poetry and novel type and Ranjana Bishwas for her book titled “Bangladesher Lokodhormo” in “Humayun Ahmed Young Writer” category.

Writers submitted more than a thousand books for the three award categories for the year 2019 and 2020. From them, the three best books were selected for each year by a jury panel comprising Selina Hossain, Khalikuzzaman Elias, Biswajit Ghosh and Abid Anwar.

CSR expenditure

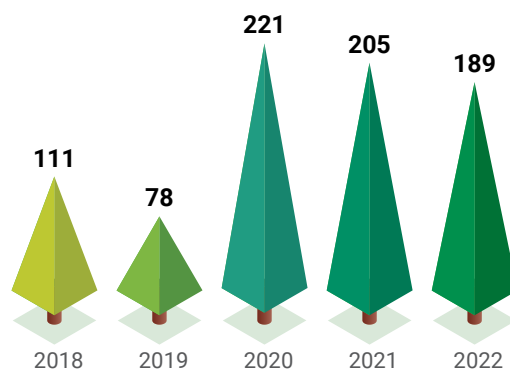
In 2022, BRAC Bank expended BDT 188.5 million on its CSR programmes, which is 3.4% of its profit after tax in 2022 (BDT 5,547 million).

CSR expenditure as % of PAT



CSR expenditure over 5 years

BDT in Million



NATIONAL CONTRIBUTION

BRAC Bank has been a successful contributor to national economic development through its ability to create value for its stakeholders while also being a values-based bank. One of the bank's key priorities is to contribute to the Bangladesh government's development

vision that envisages the country to graduate to a middle-income nation within this decade and a developed nation by 2041. The bank contributes to the socio-economic fabric in myriad ways through both its direct as well as indirect impact.

Key stats 2022



10,247 Mn

Exchequer contribution



2,984

Recruitment during the year



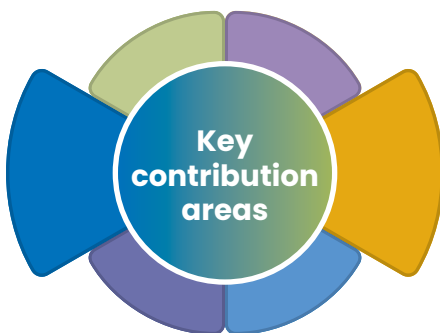
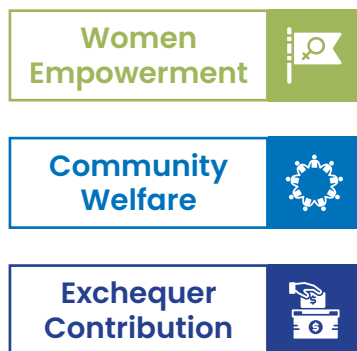
65.3 Mn

bKash Customers



189 Mn

CSR investments



Supporting the state purse

BRAC Bank has contributed significantly to the Government's efforts in revenue mobilisation. The bank upholds its nationalistic obligations by disbursing tax and VAT on income. The bank also deducts

income tax, VAT and excise duty at source from customers and suppliers for depositing to the exchequer. During 2022, the bank contributed Tk. 10,247 million to the national exchequer.

BRAC Bank's exchequer contribution over the past five years

(amount in BDT million)

Year	Direct Tax		Indirect Tax		Total
	Withholding tax	Corporate tax	VAT	Excise duty	
2018	1,776	3,337	745	575	6,433
2019	2,346	2,707	778	590	6,420
2020	2,585	3,565	704	720	7,574
2021	2,317	2,558	929	853	6,658
2022	3,457	4,643	1,046	1,101	10,247

Supporting jobs creation

In 2022, we onboarded 1,246 full-time co-workers (FTE) and 1,738 outsourced staff, bringing the total headcount of FTE to 7,863 and the outsourced staff to 3,170. The bank disbursed BDT 8,176 million as FTE salaries and allowances, BDT 646 million as staff sales incentives, and BDT 755 million as salaries and allowances to outsourcing staff.

The bank also invested BDT 37 million in staff training and development in 2022. Further, we prioritised lending to SMEs, helping accelerate direct and indirect job creation. Additionally, the bank also emerged as the first in the sector to recruit members of the transgender community. The bank also supports the livelihood of people who are indirectly dependent on it, including suppliers, vendors, contractors and other business partners.

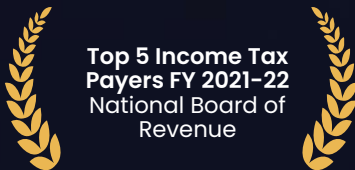
Supporting mobile financial services through bKash

We have championed financial inclusion through our subsidiary bKash, a ubiquitous and award-winning mobile financial services (MFS) company that has altered the payment landscape of the country. The journey of a decade of bKash started with essential services like sending money, cash out and cash in, which is now enriched with new services, such as mobile recharge, payments, bank-to-bKash money transfers, disbursement of banks' digital micro-loans, remittance, payments of utility bills and monthly savings schemes of financial organisations. bKash's significant efforts over a decade have contributed to the country's economic growth, facilitating large-scale financial inclusion.

A glowing blue butterfly with golden sparkles on a dark background. The butterfly is the central focus, with its wings spread wide. The wings are a vibrant blue, and the edges are lined with a trail of golden sparkles that radiate outwards, creating a sense of movement and light. The background is a deep, dark blue, which makes the butterfly and its sparkles stand out prominently. The overall effect is magical and celebratory.

Awards in 2022

2022 has been a stellar year for BRAC Bank, with the bank winning a number of local and international awards. The laurels reflect presence of strong governance, reputation and pursuit for excellence in the bank. The achievements gave BRAC Bank Family an occasion to celebrate and share the glory with its valued customers, shareholders and its people. The awards have been conferred for outstanding caliber in corporate governance, financial reporting, operational excellence, digital transformation, and sustainability. Some of the prestigious accolades bestowed upon us in 2022 have been mentioned below.



2022 AT A GLANCE



▲ BRAC Bank contributed 75,000 blankets to the Prime Minister's Relief and Welfare Fund to help underprivileged people nationwide during winter.



▲ BRAC Bank has contributed BDT 10 crore to the Prime Minister's Relief and Welfare Fund to stand beside the flood-affected people across the country. Dr. Ahmad Kaikaus, Principal Secretary to the Honourable Prime Minister, received the cheque.



▲ BRAC Bank launched bKash QR integration for Astha App users which provide convenience and smart banking experience to the app users.



▲ BRAC Bank organised a subscription closure ceremony for its first ever Affordable Housing Bond subscribed by International Finance Corporation (IFC).



▲ BRAC Bank provided financial assistance of BDT 1,103,100 to BRAC Limb and Brace Centre for the treatment of seven Sitakunda fire incident victims.



▲ BRAC Bank extended financing facilities to up-and-coming entrepreneurs who have been given intensive training under the Skills for Employment Investment Programme (SEIP).



▲ Bangladesh Bank and BRAC Bank signed an agreement to provide refinancing facilities to the cottage, micro, small and medium enterprises (CMSMEs) under Covid-19 Stimulus Package to help small businesses recover from the impact of the pandemic.



▲ Bangladesh Bank and BRAC Bank signed an agreement to provide refinancing facilities to the cottage, micro and small enterprises (CMSEs) run by returnee migrant workers, unemployed youth, and rural entrepreneurs and women business owners.



▲ Bangladesh Bank and BRAC Bank signed an agreement to provide loan under refinancing facilities for the cottage, micro, small and medium enterprises (CMSMEs).



▲ Bangladesh Bank recognised BRAC Bank for its outstanding role in successful and timely disbursement of agriculture refinancing credit under Covid-19 Stimulus Package.



▲ The National Board of Revenue (NBR) recognised BRAC Bank as one of the top five income taxpayers in Bangladesh under the Large Taxpayers Unit (LTU) in fiscal year (FY) 2021-22.



▲ Bangladesh Bank recognised BRAC Bank as one of the top 10 sustainable banks in Bangladesh of the year 2021 and 2020.

2022 AT A GLANCE



▲ Bangladesh Institute of Bank Management (BIBM) and German Development Agency (GIZ) have honoured BRAC Bank for its outstanding works in sustainable banking in 2021.



▲ BRAC Bank won 'Gold Award' in "ICMAB Best Corporate Award 2021" for six years in a row.



▲ BRAC Bank introduced a new distribution channel -- Sub-Branch -- to take best-in-class banking services to customers' doorsteps across the country.



▲ BRAC Bank achieved a milestone of serving 10 lakh SME customers and disbursing SME loans worth BDT 1 lakh crore in 21 years of its operations.



▲ BRAC Bank signed a partnership agreement with BRAC University to provide preferential benefits of Agami, a complete range of student banking services.



▲ BRAC Bank and Department of Marketing, University of Dhaka conducted the Graduation Ceremony of Bangladesh's first-ever entrepreneur accelerator programme in the banking sector titled 'Uddokta 101'.



▲ BRAC Bank organised special training programme for the potential entrepreneurs in cottage, micro, small and medium enterprises (CMSMEs) sector under Skills for Employment Investment Programme (SEIP) Project of Bangladesh Bank



▲ BRAC Bank and SME Foundation jointly conducted a comprehensive entrepreneurship development training programme for women entrepreneurs in six districts.



▲ BRAC Bank and Nucleus Software jointly won IBS Intelligence Global FinTech Innovation Awards for deployment of Supply Chain Finance solution for SMEs.



▲ BRAC Bank and BRAC Skills Development Programme (SDP) joined hands to create employment opportunities for the youth of the country.



▲ BRAC Bank Limited signed a MoU with BRAC EPL Stock Brokerage Limited (BESBL) and BRAC EPL Investments Limited (BEIL) for technological integration, cross-selling of products and development of new products.



▲ BRAC Bank has organised Agent Banking Conference of its Sylhet Region.

10 PRINCIPLES OF UN GLOBAL COMPACT

Principles		Report section	Page no.
Human Rights			
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	Triple Bottom Line Approach	Page 29
		Real Economy	Page 32
		Customer Centricity	Page 37
Principle 2	make sure that they are not complicit in human rights abuses.	Culture	Page 45
		Promoting Financial Inclusion	Page 54
Labour			
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	PESTEL Analysis	Page 42
		Culture	Page 45
		Pay Parity	Page 49
Principle 4	the elimination of all forms of forced and compulsory labour;		
Principle 5	the effective abolition of child labour; and		
Principle 6	the elimination of discrimination in respect of employment and occupation.		
Environment			
Principle 7	Businesses should support a precautionary approach to environmental challenges;	From the Desk of MD & CEO	Page 02
		2022 ESG Highlights	Page 50-51
Principle 8	undertake initiatives to promote greater environmental responsibility; and	Sustainable Financing	Page 57
		Digital Transformation	Page 63
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	Being Pro-Planet	Page 73
Anti-corruption			
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	2022 ESG Highlights	Page 51

GRI CONTENT INDEX

Statement of use BRAC Bank PLC has reported in accordance with the GRI standards for the period 01 January 2022 to 31 December 2022.

GRI 1 used GRI 1: Foundation 2021

GRI Standard	Disclosure	Reference (from this report unless otherwise mentioned)
GRI 2: General Disclosures 2021	2-1 Organisational details	Page 09-19
	2-2 Entities included in the organisation's sustainability reporting	Page 08
	2-3 Reporting period, frequency and contact point	Page 05 & 08
	2-6 Activities, value chain and other business relationships	Page 18-19
	2-7 Employees	Page 46-49
	2-8 Workers who are not employees	Total number of workers who are not co-workers is 3,170
	2-9 Governance structure and composition	Page 15 & 51
	2-10 Nomination and selection of the highest governance body	
	2-11 Chair of the highest governance body	According to the Corporate Governance guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC), the positions of Chairperson of the Board and Managing Director & CEO shall be filled by different individuals. It has been in practice since the inception of BRAC Bank. The Board has clearly defined the respective roles and responsibilities of the Chairperson and the Managing Director & CEO.
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 44 & 48

GRI Standard	Disclosure	Reference (from this report unless otherwise mentioned)
	2-13 Delegation of responsibility for managing impacts	The Managing Director & CEO is responsible for implementing Board policies and the overall management of the bank. He discharges his duties under the delegation of financial, business and administrative authority given to him by the Board.
	2-15 Conflicts of interest	As per good governance practices, BRAC Bank follows the Code of Conduct for all co-workers to avoid conflict with the banks. Our co-workers take particular care when they are responsible for dealing with customers, business associates and agents on behalf of the bank.
	2-16 Communication of critical concerns	Page 42
	2-17 Collective knowledge of the highest governance body	BRAC Bank makes every pertinent law available to the Board of Directors for quick information and immediate notice, allowing them to discharge their responsibilities properly. In addition, most of the bank's directors have been on the Board for several years. Some Directors are also involved in policymaking in the country.
	2-18 Evaluation of the performance of the highest governance body	The Board of Directors is accountable to the shareholders of the bank. The bank holds an Annual General Meeting (AGM) once a year. The shareholders attend the AGM to criticise and analyse the bank's performance.
	2-19 Remuneration policies	Page 46 & 49
	2-20 Process to determine remuneration	Page 46
	2-21 Annual total compensation ratio	Page 49
	2-22 Statement on sustainable development strategy	Page 23
	2-23 Policy commitments	Page 49, 59, 61, 64, 73 & 80
	2-24 Embedding policy commitments	
	2-25 Processes to remediate negative impacts	Page 20

GRI Standard	Disclosure	Reference (from this report unless otherwise mentioned)
	2-26 Mechanisms for seeking advice and raising concerns	BRAC Bank is committed to governance excellence and encourages co-workers to report misconduct. It includes senior management and a certification scheme to increase individual accountability in the financial services business. All reports were dealt with confidentially, thoroughly investigated, and concluded.
	2-27 Compliance with laws and regulations	Page 22
	2-28 Membership associations	BRAC Bank is a proud member of the Global Alliance for Banking on Values (GABV). The bank is also a member of Association of Bankers, Bangladesh Limited (ABB), Bangladesh Employers' Federation (BEF), Bangladesh Association of Banks (BAB), Metropolitan Chamber of Commerce and Industry (MCCI), International Chamber of Commerce Bangladesh (ICCB), Bangladesh Association of Publicly Listed Companies (BAPLC), Institute of Bankers, Bangladesh (IBB), Bangladesh Institute of Bank Management (BIBM), Dhaka Chamber of Commerce & Industry (DCCI) and Japan Bangladesh Chamber of Commerce (JBCC).
	2-29 Approach to stakeholder engagement	Page 21-22
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 70
	3-2 List of material topics	Page 21-22
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 70
	202-2 Proportion of senior management hired from the local community	Page 49
	203-2 Significant indirect economic impacts	Page 54-57
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Page 51
	205-2 Communication and training about anti-corruption policies and procedures	Page 230 of Annual Report 2022

GRI Standard	Disclosure	Reference (from this report unless otherwise mentioned)
GRI 207: Tax 2019	207-1 Approach to tax	Page 437 of Annual Report 2022
	207-2 Tax governance, control, and risk management	
	207-3 Stakeholder engagement and management of concerns related to tax	Page 56 of Annual Report 2022
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Page 75
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 73-78
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 46
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3 Parental leave	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 49
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 47
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Type and scope of programmes implemented and assistance provided to upgrade co-worker skills: Internal training programmes External training programmes (Bangladesh Bank, BIBM, foreign training) Certifications enrolment

GRI Standard	Disclosure	Reference (from this report unless otherwise mentioned)
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 48
	405-2 Ratio of basic salary and remuneration of women to men	Page 49
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page 49
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	Page 80-85
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 119 of Annual Report 2022

