



BLOOM INTO THE FUTURE



BLOOM INTO THE FUTURE

Embrace growth and thrive in the future with the power of blooming.

The sunflower embodies numerous meaningful qualities, representing readiness, resilience, respect, and responsibility.



FROM THE DESK OF MD & CEO



By incorporating sustainability into our banking practices, BRAC Bank ensures that growth and responsibility are intertwined.

Dear valued stakeholders,

This report reflects our commitment to sustainability and responsible banking practices. At BRAC Bank, we believe in contributing to a prosperous future that is sustainable and inclusive for all.

Our dedication to environmental and social responsibility drives us as we navigate the complexities of the banking industry. Our initiatives align with global sustainability goals and empower communities to foster a greener economy. We are excited to share our progress, from measuring emissions to supporting sustainable financing, all contributing to a sustainable tomorrow.

“Bloom into the Future” encapsulates our pursuit of excellence, ethical banking, and harmonious coexistence with the planet. We aim to nurture a values-based banking ecosystem that thrives financially, uplifts society, and preserves the environment.

I invite you to explore this report, delve into our achievements and witness the impact of our sustainable banking practices. Let us celebrate the milestones achieved and set new benchmarks for a brighter, more sustainable future.

Thank you for being part of our journey towards a world where banking serves economic growth and blooms into a force for positive change.

Best regards,

Selim RF Hussain

Managing Director and CEO
BRAC Bank PLC.





BLOOM INTO THE FUTURE

As a corporation, we are responsible for creating a sustainable planet that is essential for future generations.



Sabbir Hossain

DMD and Chief Operating Officer, and
Chairman, Sustainable Finance Committee

MESSAGE FROM CHIEF OPERATING OFFICER

Sustainability is deeply ingrained in the values of BRAC Bank. As a values-based bank, we are committed to promoting sustainable practices and positively impacting society and the environment. We aim to be a reliable partner to the economy as it moves towards a more climate-friendly future. To achieve this, we have set sustainability goals 2024 that focuses on responsible banking and providing sustainable financing products to our customers. We are also enhancing our internal expertise in ESG (Environmental, Social, and Governance) to assess sustainability risks and develop mitigation strategies.

We aim to be prepared for the future by offering digitalised products and services that consider environmental and social impacts. These will be available throughout the bank as “product as a service.” We are dedicated to the principles of the UN Global Compact and are one of the founding members of the Global Alliance for Banking on Values (GABV). Our actions align with the global sustainable development goals, making a real difference.

BRAC Bank has taken several initiatives to promote sustainability. We prioritise sustainable financing opportunities and disbursed BDT 235,365 million in Sustainable Finance and BDT 25,667 million in Green Finance in 2023, above regulatory requirements and the industry average. We also partnered with Bangladesh Bank to provide our customers with low-cost, sustainable, green finances under refinance schemes such as TDF and GTF.

We encourage customers to use electronic and alternate platforms for paperless

banking. In 2023, our retail and corporate customers completed over 21.15 million transactions worth BDT 2,036,870 million through our apps - Astha and CorpNet. We also spent BDT112 million on various CSR programmes, including healthcare, education, and disaster management. We introduced a special CSR fund focused on agricultural and climate adaptation initiatives, benefiting over 9,000 marginalised families in rural Bangladesh.

As part of our commitment to addressing climate change, we included our business loan portfolio's total greenhouse gas (GHG) emissions in the 2022 Sustainability Report. This year, we have expanded the scope of our calculation, as detailed in this report. Our dedication to sustainability has been acknowledged with the prestigious ranking of being one of the top sustainable banks in our country for four consecutive years, as appraised by Bangladesh Bank - the Central Bank of Bangladesh.

We want to express our heartfelt gratitude to all our stakeholders. Your support and commitment to our sustainability journey have been invaluable. Your contributions have been crucial and the driving force behind our achievements and milestones, transparently and comprehensively documented in this report. We sincerely thank all of you for being indispensable to our success and sharing our vision of creating a sustainable future for Bangladesh.

You are not merely stakeholders but our valued partners on this journey of blooming into the future.

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SCOPE OF THE REPORT

“Bloom into the Future” is our second sustainability report, strengthening our commitment to transparency and sustainability. It summarises the bank’s sustainability actions and overall performance between **January 1, 2023**, and **December 31, 2023**.

The report aligns with the Global Reporting Initiative (GRI) standards to ensure comprehensive disclosure of relevant information. It delves into various aspects of BRAC Bank’s operations, encompassing ESG practices. By addressing the key areas defined in the GRI Standards, stakeholders can understand the bank’s performance comprehensively across a range of sustainability topics.

This report includes information on sustainability and climate-related disclosure, following the Task Force on Climate-related Financial Disclosures (TCFD) guidelines and the Partnership for Carbon Accounting Financials (PCAF). These frameworks help us thoroughly disclose and manage climate-related risks and opportunities. Additionally, we have incorporated the principles of the Global Alliance for Banking on Values (GABV) to emphasize sustainable banking practices and the United Nations Global Compact (UNGC) to guide our commitment to corporate sustainability and responsible business conduct.

Our first sustainability report introduced the greenhouse gas (GHG) emissions from our entire business loan portfolio (scope 3) —the first by any bank in Bangladesh—endorsed by the **PCAF** as per their standard. In this report, we are disclosing the GHG emissions with a broader scope, i.e., Internal Emissions (scopes 1, 2 & 3) and our financed emissions, which include business loans, home loans, and car loans (scope 3).



Scan here to read the Annual Report 2023 for details of our financials of the year.

ABOUT BRAC BANK



WE HELP YOU PROSPER

BRAC Bank stands out as a pioneer in Bangladesh, providing cottage, micro, small and medium-sized enterprises (CMSMEs) with small-volume loans and access to banking services. This unique approach, spearheaded by Sir Fazle Hasan Abed, has filled a crucial gap in the country's financial landscape. Sir Abed's vision for holistic upliftment and sustainable development is at the core of BRAC Bank and bKash – one of its four subsidiaries, as they continue to strive for his legacy.

BRAC Bank's contributions extend to financial services. The bank plays a pivotal role in market development in Bangladesh, generating local income, empowering individuals from all walks of life, and mainly supporting women entrepreneurs. This commitment to societal progress is a testament to the bank's dedication to its core values.

In its journey towards building a society where everyone can realise their potential, BRAC Bank pioneered catering to women's banking and financial needs by launching a dedicated women-centric business proposition called 'TARA'.

Our strategy is clear: We are dedicated to serving people and society, helping them succeed, and ensuring shared prosperity. We are proud to be pro-people, pro-planet, and pro-prosperity. Our commitment to the SDGs

is unwavering. We operate under a 'triple bottom line' agenda, where profit, planet, and prosperity are equally important. Our focus on people and society has led us to take impactful initiatives transforming banking and lives.

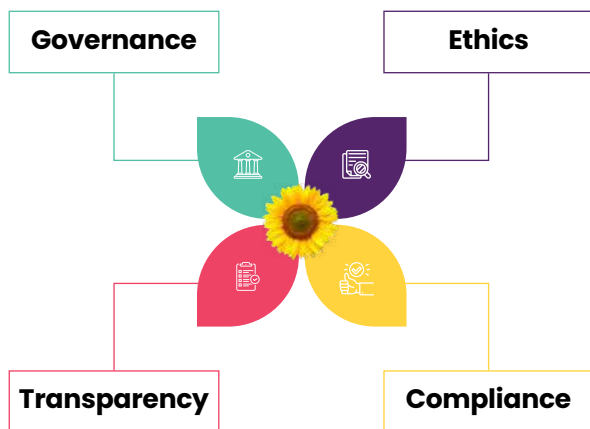
In 2023, BRAC Bank reached a significant milestone by serving 1 million CMSME customers and disbursing BDT 1 trillion in CMSME loans since its establishment. Over 45% of the bank's lending portfolio comprises CMSME customers. Alongside 187 branches, 40 sub-branches, and 1,094 Agent Banking outlets, we also make banking services accessible to the country's geographically dispersed population.

Today, we prioritise serving CMSMEs, large corporations, large depositors, and micro-account holders equally. Our stakeholders highly revered us for our steady dedication to providing innovative, value-added, and adaptive finance-led transformation solutions based on our core philosophies and having a significant impact.

BRAC Bank upholds fundamental values in every aspect of its operations. As a values-based bank, it embraces the 3P philosophy of People, Planet, and Prosperity. It adheres to the Principles of Values-based Banking in all its programmes and activities.

EMBRACING VALUES TO THE CORE

BRAC Bank prioritises governance, transparency, ethics, and compliance culture. With a partnership mindset, we are focused on accelerating social, cultural, environmental, and economic transformation across Bangladesh, enhancing our impact in ways that help 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.



BRAC Bank has embarked on a digital transformation journey to enhance customer experiences across all segments. Beginning with enhancing backbone infrastructure, including core banking systems, card management, and Call Centre IVR, the bank has focused on streamlining processes and automating systems.

The dividends of this digital transformation are already evident. The bank prioritises differentiating customer experiences and developing data-driven decision-making and prediction models. Technology is crucial in tailoring products and services to individual

customer needs, moving away from the one-size-fits-all approach.

BRAC Bank's MFS subsidiary, bKash, has made significant strides in reaching over half of the adult population and impacting grassroots communities with digital financial tools. Moreover, as a partner of Bangladesh Bank, BRAC Bank contributes to realising a 'Cashless Bangladesh' through initiatives such as the TakaPay Card, Bangla QR, and Digital Cattle Haat.

These initiatives underscore the bank's commitment to customer convenience through digital innovation. They bring banking services to customers' fingertips and foster Bangladesh's dynamic digital banking ecosystem.

BRAC Bank is one of Bangladesh's largest private sector commercial banks in terms of total assets, which amounted to USD 6.61 billion at the end of 2023. The bank represents approximately 3.3% and 2.94% of the sector's loans and advances and deposits, respectively. As of the end of 2023, the bank had a total staff cadre of 8,231. It serves over 0.54 million CMSME customers, about 8,000 corporate clients, and approximately 0.97 million retail customers through a vast network of branches, subsidiaries, and correspondent banking relationships.

The bank has around 1.38 million deposit-holders and aims to become a more potent force in the financial sector by leading in market presence, balance sheet size, quality portfolio, exemplary corporate culture, and good governance. To become the best bank in Bangladesh, it aims to play a pivotal role in shaping a sustainable financial sector based on values-based operations.

In addition to its focus on CMSME finance, BRAC Bank has also developed successful

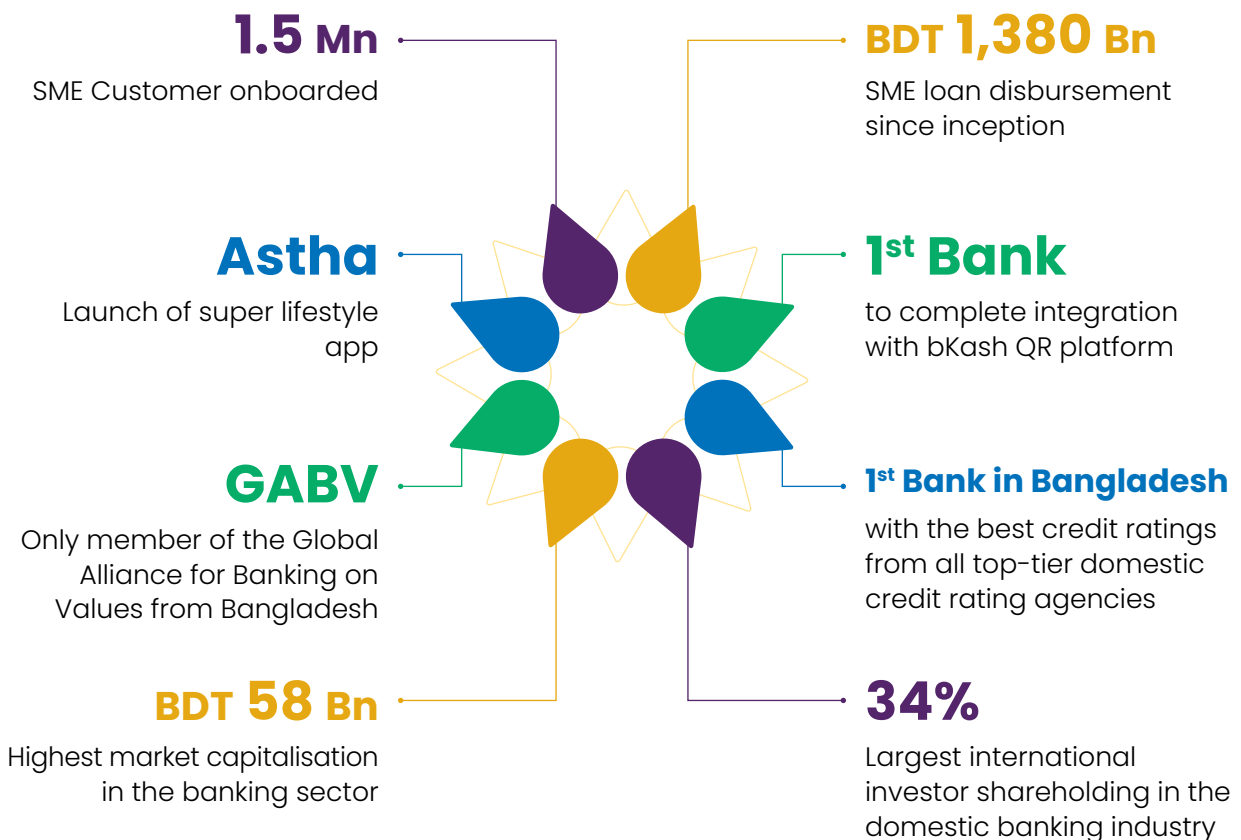
businesses in its Small Business, Retail, and Corporate segments. Furthermore, its subsidiary, bKash, is the largest and fastest-growing MFS business, with 0.34 million agents and over 65 million verified accounts. The bank has achieved a high level of diversification in its operations across various parameters, including customer profile, products and services portfolio, funding profile, maturity profile, economic sectors, and sources of revenue.

BRAC Bank has achieved an “AAA” credit rating from the Credit Rating Agency of Bangladesh (CRAB), making it the first bank in the industry to do so. It demonstrates the bank’s superior long-term solvency position, which customers can rely on. The bank has also received strong credit ratings from S&P and Moody’s, which attest to its focus on

governance and compliance. Despite the challenging financial environment of 2022, the bank has earned the trust of its customers, as evidenced by a remarkable 34% deposit growth.

As of December 31, 2023, BRAC Bank’s Tier-1 and Total Capital Ratio stood at 12.44% and 14.00%, respectively, surpassing the regulatory minimum ratios of 6% and 12.5%. The bank’s growth has been prudent, with gearing in on-balance sheet assets remaining 10.39 times at the end of 2023. Additionally, the bank’s shares reported a satisfactory price-to-book value (PBV) of 0.90 times and a market capitalisation of BDT 58 billion on the Dhaka Stock Exchange at the end of the year, demonstrating the strength of the bank’s franchise.

Our Many Firsts!



PEOPLE, PLANET, PROSPERITY

At BRAC Bank, we are committed to sustainability, guided by our “3P” philosophy of People, Planet, and Prosperity. We focus on creating a positive impact for all our stakeholders, which aligns with the GABV principles, of which we are the only member from Bangladesh.

Sustainability, good governance, and compliance are integral to our values. As a GABV member, BRAC Bank upholds the following principles:



PRINCIPLE 1: Social and environmental impact and sustainability are at the heart of our business model.



PRINCIPLE 2: Grounded in communities, we serve the real economy and enable new business models to meet both needs.



PRINCIPLE 3: We forge long-term relationships with clients and enable a direct understanding of their economic activities and the risks involved.



PRINCIPLE 4: We focus on the long-term, are self-sustaining and remain resilient to outside disruptions.



PRINCIPLE 5: We foster transparent and inclusive governance



PRINCIPLE 6: All these principles are embedded in our culture as a financial institution of repute.



People Focus

Diverse products and solutions cater to the broadest range of needs and requirements – from corporate loans to CMSME credit to personal loans and easy loans to women entrepreneurs – enabling us to integrate with the lives of our customers closely.

Over the past 23 years, we have continually evolved to maximise our developmental impact, most notably as pioneers in CMSME loans in Bangladesh. In 2023, the bank served 222,670 CMSME entrepreneurs with a CMSME loan portfolio of over BDT 262.50 billion, the market capitalisation of several smaller banks.

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



Planet Focus

In 2020, 2021 and 2022 – for three consecutive years – Bangladesh Bank recognised BRAC Bank as one of the top sustainable banks in Bangladesh, a commendation alluding to the bank's green and sustainable financing initiatives and values-based banking.

As a member of the GABV, the bank ensures that enterprises which receive our financing meet common environmental standards.

BRAC Bank has a total of BDT 65,607 million outstanding in green finance, with 10,266 customers. We also dedicated BDT 189 million to agricultural adaptation as a part of our CSR initiatives.

In 2023, BRAC Bank published its first Sustainability Report, highlighting its commitment towards a sustainable future.

BRAC Bank became the first bank in Bangladesh to disclose its Scope 3 greenhouse gas emissions at the portfolio level of 2022, marking a significant milestone in the journey towards transparency and accountability in environmental impacts.

We instituted partnerships with renowned international organisations and local banks to initiate capacity-building programmes to support the culture of responsible credit



Prosperity Focus

As part of our focus on shared prosperity, we are advancing the developmental impact in Bangladesh by expanding access to finance.

For a shared prosperity, the bank organized entrepreneur accelerator programme 'Uddokta 101' with BRAC Bank University and Daffodil International University, where women entrepreneurs get intensive training without any cost.

BRAC Bank achieved milestone of opening 1,000 Agent Banking Outlet driving financial inclusion of the unbanked people.

BRAC Bank secured Bill and Melinda Gates Foundation's grant for digitalisation and banking inclusion for CMSMEs and women in Bangladesh

The bank conducted capacity building training for women entrepreneurs of Chattogram Hill Tracts.

BRAC Bank hosted fair to promote locally-made products of women entrepreneurs and create a market for their 'Made in Bangladesh' products.

In a first in Bangladesh, BRAC Bank appointed all-female sales team showing its commitment to diversity, inclusion and women empowerment.

We are effectively integrating and implementing sustainable development solutions to support holistic socio-economic growth.

BRAC Bank has a total Sustainable Linked Finance portfolio of BDT 237,000 million serving 167,948 customers

OUR VALUES

Integrity

Manifesting the quality of being honest, exhibiting consistent behavioural traits guided by principles of moral and ethical code of conduct defined by the bank.

Innovation

It is an act or process of introducing new ideas, methods, devices, or technologies aimed to get better results with less input.

Inclusiveness

'Inclusiveness' means a diverse mix of feelings, ideas, and people from all sections of the society.

Customer Centricity

'Customer Centricity' means engaging with customers to provide any service and continuously enhancing customer experience.

Effectiveness

'Effectiveness' means producing an output expected by the stakeholders and impacting the businesses.



VALUE CREATION AT A GLANCE

FOR SOCIETY

BDT 11,937 Mn

Contributed to National Exchequer in 2023 (BDT 42,837 Mn over last 5 years including indirect tax and others)

5%

of annual CSR budget Contributed to the Prime Minister's Education Assistance Trust

BDT 112 Mn

spent on CSR throughout 2023

360

Female students Supported through first-ever female-only scholarship - 'Aporajeyo TARA'

BDT 40 Mn

Contributed to govt Ashrayan-2 Project for construction of houses for homeless people

75,000

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

34

female entrepreneurs successfully graduated from BRAC Bank's Entrepreneur Grooming Programme **Uddokta 101**

Introduced mortgage-free Tally Loan '**Druti**' to promote financial inclusion of unbanked small traders

FOR OUR CUSTOMERS

BDT 519,452 Mn

Loans and advances

1,094

Agent Banking Outlets

328

ATMs

BDT 513,909 Mn

Customer deposits

446

SME Unit Offices

187

Branches

40

Sub-Branches

78

RCDMs & CRMs

19

Premium Banking Lounges

1.8 Mn

Customers

FOR OUR INVESTORS

BDT 31,610 Mn

Total Revenue

BDT 7,304 Mn

Net profit after tax

BDT 13,930 Mn

Operating Profit

BDT 4.54

EPS

11.95%

ROE

1.13%

ROA

14.00%

CRAR

BDT 57,596 Mn

Market capitalisation

Gold Award ICAB BPA award

2022 in Integrated Reporting category

20%

Proposed Dividend

BDT 39.64

NAV Per Share

Top Sustainable Bank

Awarded by Bangladesh Bank

Top-notch credit ratings

CRAB : AAA/ST-1

ECRL : AAA/ST-1

S&P Global : B+

Moody's : B1

Best Financial Institution of the Year 2022

21st DHL - Daily Star Bangladesh Business Awards

Silver Award ICMAB Best Corporate Award 2022

Private Commercial Bank Category

Awarded in Integrated Reporting category by

South Asian Federation of Accountants (SAFA)

FOR OUR HUMAN RESOURCES

11,676

Total workforce (including outsourced)

30% Female

Onboarded (except sales force)

8,789

Unique training participants

263

Unique training programs conducted

3,055

Newly onboarded (including outsourced)

337,697

Training hours

23.79

Yearly Average Person-hour training

615

Conversion from outsourced to Full Time Employee

A GLIMPSE OF BRAC BANK

The founding goal of BRAC Bank was to offer banking services to unbanked CMSMEs. BRAC Bank provides small ticket loans to CMSMEs to explicitly integrate grassroots entrepreneurs into the official banking service umbrella. BRAC Bank took inspiration from its parent organisation, BRAC, which is the largest non-governmental organisation in the world.

BRAC Bank stands out in the banking sector, with its loan portfolio primarily composed of CMSMEs. The bank takes great pride in being a key player in providing banking services that significantly affect the economy, society, and environment. Integrity, Innovation, Inclusiveness, Customer Centricity, and Effectiveness are the “3ICE” ideals that BRAC Bank not only upholds but also sets as a standard for others to follow.

BRAC Bank was not only the first bank in Bangladesh to receive the ISO 27001:2013 accreditation but has also earned global recognition for its leadership in advancing financial inclusion. Our robust technological infrastructure and complete regulatory compliance demonstrate this and are the pillars of our credibility and trustworthiness.

As a GABV member, the bank promotes ethical financial facilitation by adopting sustainable lending practices and values-based banking. It is the sole representative from Bangladesh in the GABV. With 70 financial institutions across 45 countries, GABV operates in Asia, Africa, Australia, Latin America, North America, and Europe. It serves over 60 million customers, manages up to USD 200 billion in assets, and has 80,000 co-workers.

Share Capital

	2023 (BDT)	2022 (BDT)
Authorised share capital	50,000,000,000	20,000,000,000
Issued, subscribed and paid-up capital	16,088,292,270	14,965,853,280

Credit Rating

Based on the financial statements as of December 31, 2023, and December 31, 2022, along with other quantitative and qualitative information, the ratings of BRAC Bank are as follows:

Credit rating agency	Based on FS 2022	
	Long-term	Short-term
CRAB*	AAA	ST-1
ECRL	AAA	ST-1
S&P Global	B+	B
Moody's	B1	NP

* CRAB has provided “AAA” for long-term and ST-1 in short-term based on the financial statements of December 31, 2023.

Several globally-renowned credit rating agencies have assessed BRAC Bank. The ratings signify that BRAC Bank is one of Bangladesh’s most financially solvent banks, with a secure ability to fulfill all its financial obligations.

Moreover, in the face of economic turmoil and post-pandemic challenges, BRAC Bank has demonstrated its resilience by securing superior credit ratings in 2023, surpassing its 2022 performance.

Key information about the bank

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

- SME Banking
- Corporate Banking
- Retail Banking

Network

The bank has established an extensive network of service touch-points across Bangladesh to enable access to banking a reality for all. The bank serves 1.8 million people, mostly in rural and semi-urban parts of the country. Furthermore, the bank’s agent banking network, comprising an effective branchless banking model dispensing a typical branch’s services, conducted 6,084,873 transactions in 2023.

The bank’s overall distribution network comprises:



Office address

BRAC Bank PLC.

Head Office: Anik Tower, 220/B, Tejgaon-Gulshan Link Road, Tejgaon I/A, Dhaka-1208, Bangladesh

Subsidiary information

BRAC EPL Investment Limited Concord Baksh Tower, Plot #11/A, Road #48, Block #CWN (A), Kamal Ataturk Avenue, Gulshan-2, Dhaka-1212, Bangladesh.	BRAC EPL Stock Brokerage Limited DSE Annex Branch, Suite 1001-3 (9 th floor), 9/E Motijheel C/A, Dhaka-1000, Bangladesh.	bKash Limited Shadhinata Tower, Bir Sreshtha Shaheed Jahangir Gate, 546 Shaheed Sharani, Dhaka-1206, Bangladesh.	BRAC Saajan Exchange Company Limited 160-162, Lozells Road, Birmingham, West Midlands, B19 2SX, United Kingdom.
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2022	Growth	2023
26.57 Bn	19%	31.61 Bn
TOTAL REVENUE		
410.68 Bn	26%	519.45 Bn
LOAN (EOP)		
5.76 Bn	27%	7.30 Bn
PAT		
384.47 Bn	34%	513.91 Bn
DEPOSIT (EOP)		
563.27 Bn	29%	726.72 Bn
TOTAL ASSET		
10.22%	1.7%	11.95%
ROE		
3.72%	(0.34%)	3.38%
NPL		
3.58	27%	4.54
EPS (BDT)		
111%	4%	115%
NPL COVERAGE		
58%	(2.18%)	56%
CIR		
14.04%	(0.04%)	14.00%
CRAR		
36.31	3.33	39.64
NAV (BDT)		
4.08%	(0.03%)	4.11%
SPREAD		

FOOTPRINT OF BRAC BANK

Reaching out to the doorsteps

Bangladesh’s whole length and breadth are covered by the distribution network of BRAC Bank. Our nationwide presence not only enhances the quality of customer service we provide, but it also enables us to actively contribute to the inclusive development objective of the country. The bank’s network includes physical channels comprising branches, agent banking outlets, SME unit offices, ATMs and RCDMs coupled with our diverse digital channels – Astha mobile banking app, internet banking, Obichol – digitalized loan approval system and Subidha – digital lending app etc.

From account-opening to cash withdrawal, loan disbursement to EMI payment, remittance service, and utility bill payment

– Agent Banking Outlets are now the place to go for the local people for any day-to-day banking. The channel creates new employment opportunities and significantly uplifts the economy, especially in rural areas. RCDMs have been introduced to provide customers with a hassle-free cash deposit facility without standing in a queue in the branch.

Serving clients through our growing digital presence

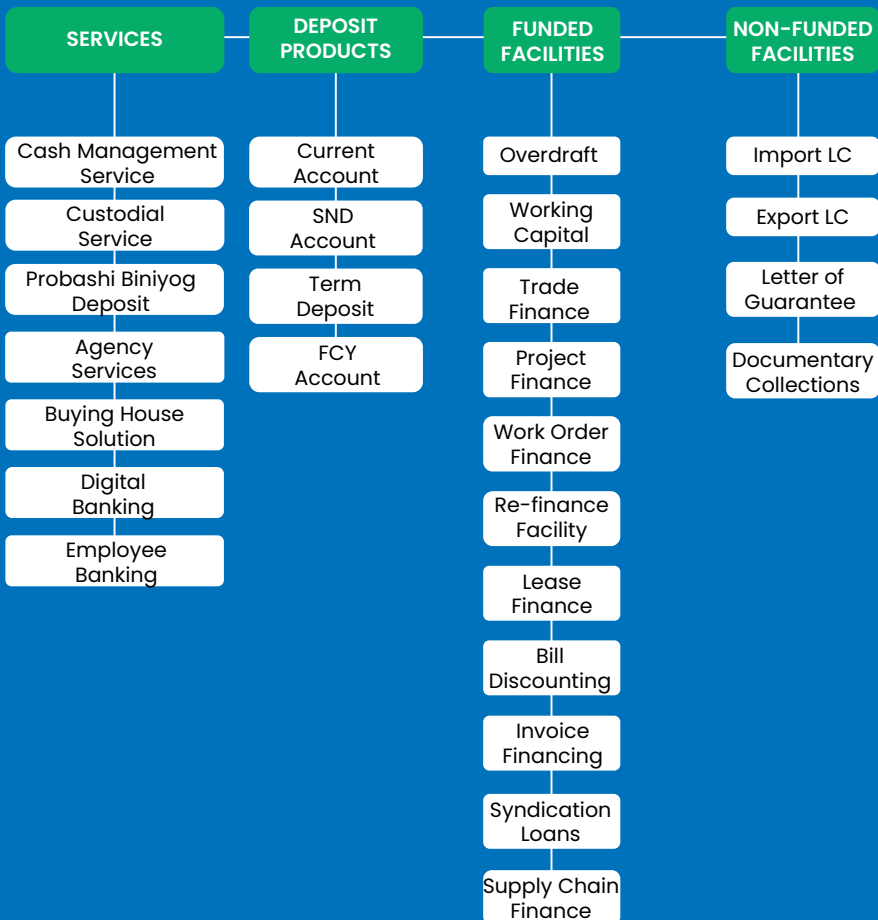
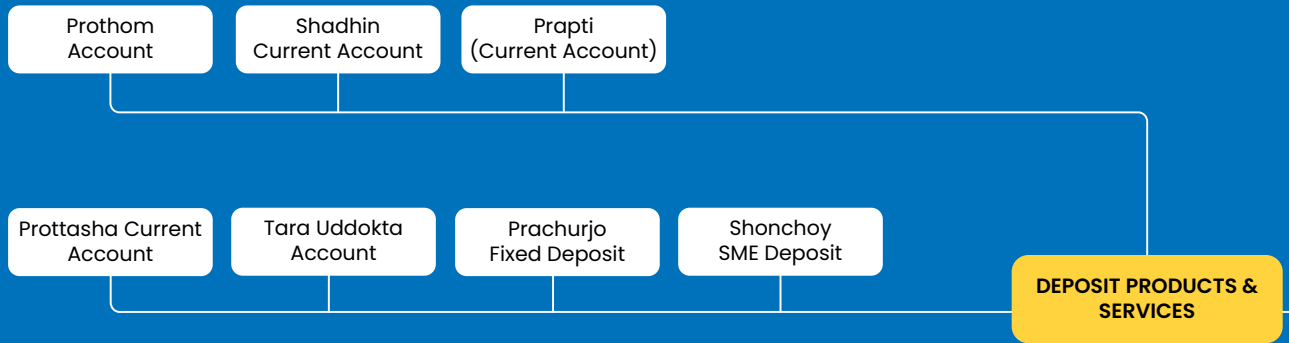
Digital presence allows us to engage our clients while they socialize, shop and do business. BRAC Bank has built digital channels to serve clients’ demands as part of an ongoing drive toward online banking and in response to increased demand for cutting-edge banking services.

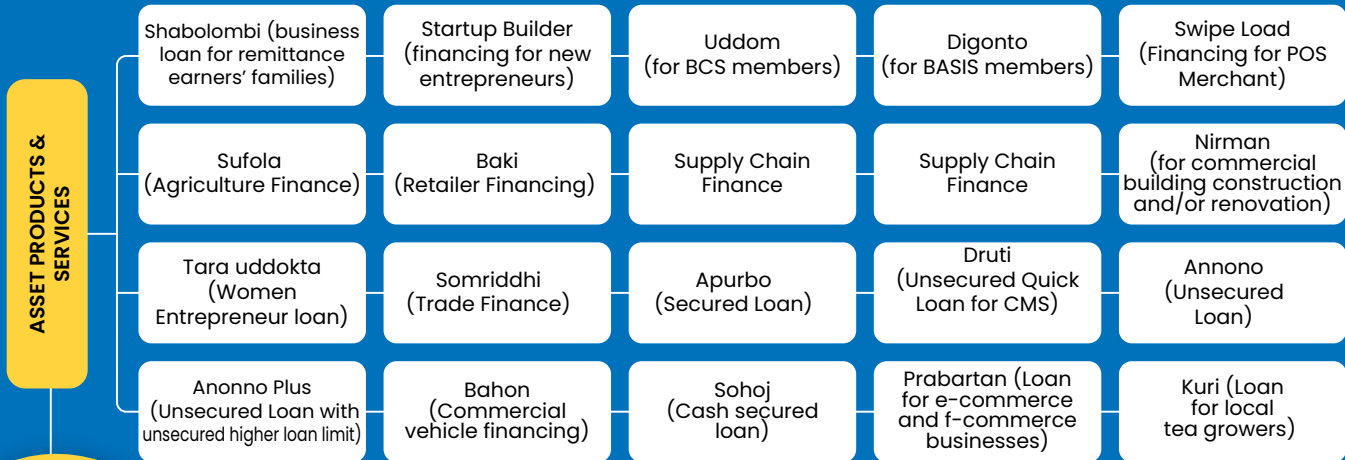
Division	Branches	Sub-Branches	Agent Banking Outlets	SME Unit Offices	ATMs & Cash Deposit Machines
DHAKA	89	22	228	115	274
CHATTOGRAM	38	3	242	93	52
SYLHET	13	3	53	28	21
KHULNA	15	4	157	59	18
BARISHAL	6	1	90	31	6
MYMENSINGH	5	1	51	23	5
RAJSHAHI	14	2	135	56	20
RANGPUR	7	4	138	41	11

Our International Presence

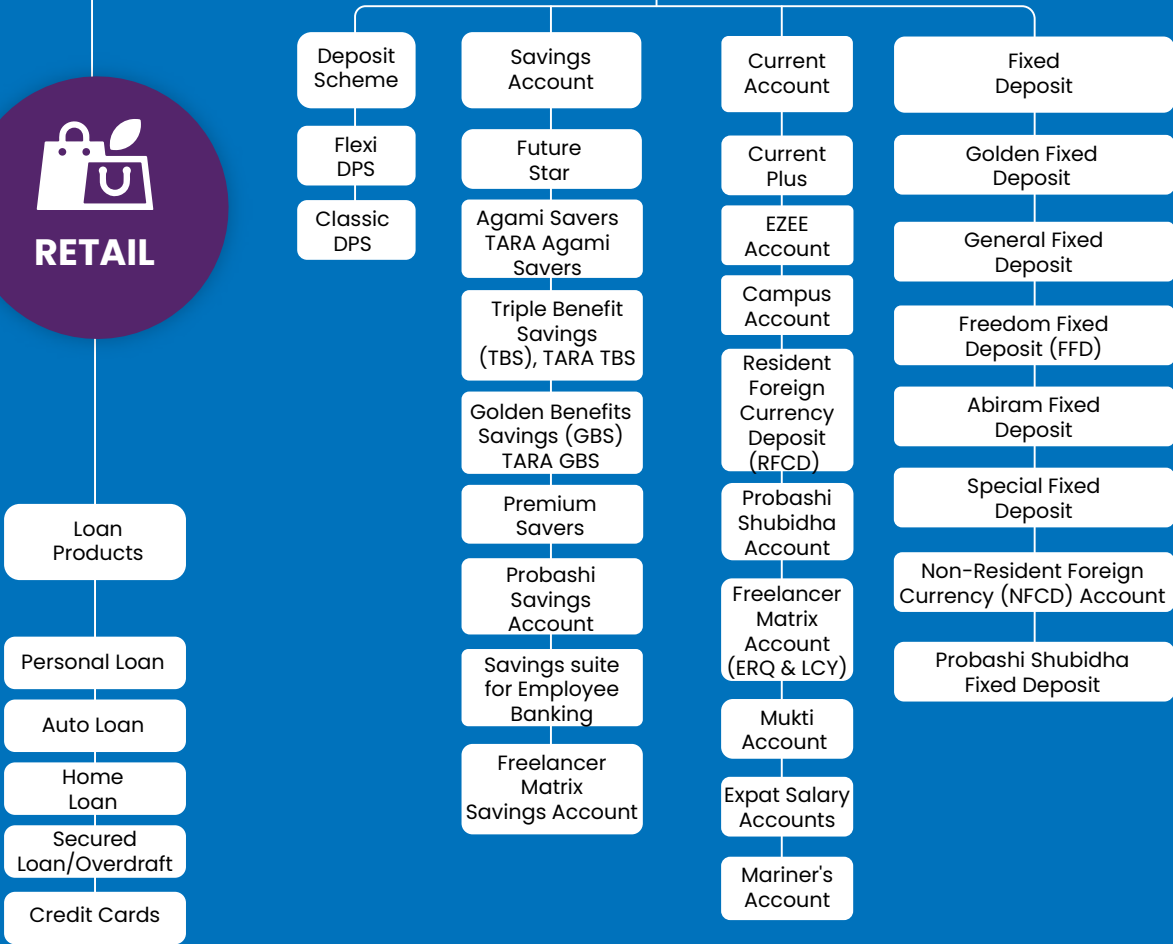
Through our international remittance service provider, BRAC Saajan Exchange (UK) Limited, we are facilitating the expatriate community to easily remit the funds to Bangladesh. This remittance inflow is greatly contributing to the Bangladesh economy during foreign currency crunch.

PRODUCTS AND SERVICES





DEPOSIT PRODUCTS



DISTRIBUTION OF SHAREHOLDING

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



46.165%

BRAC Holding



0.079%

Individual Sponsors/
Directors Holding



53.756%

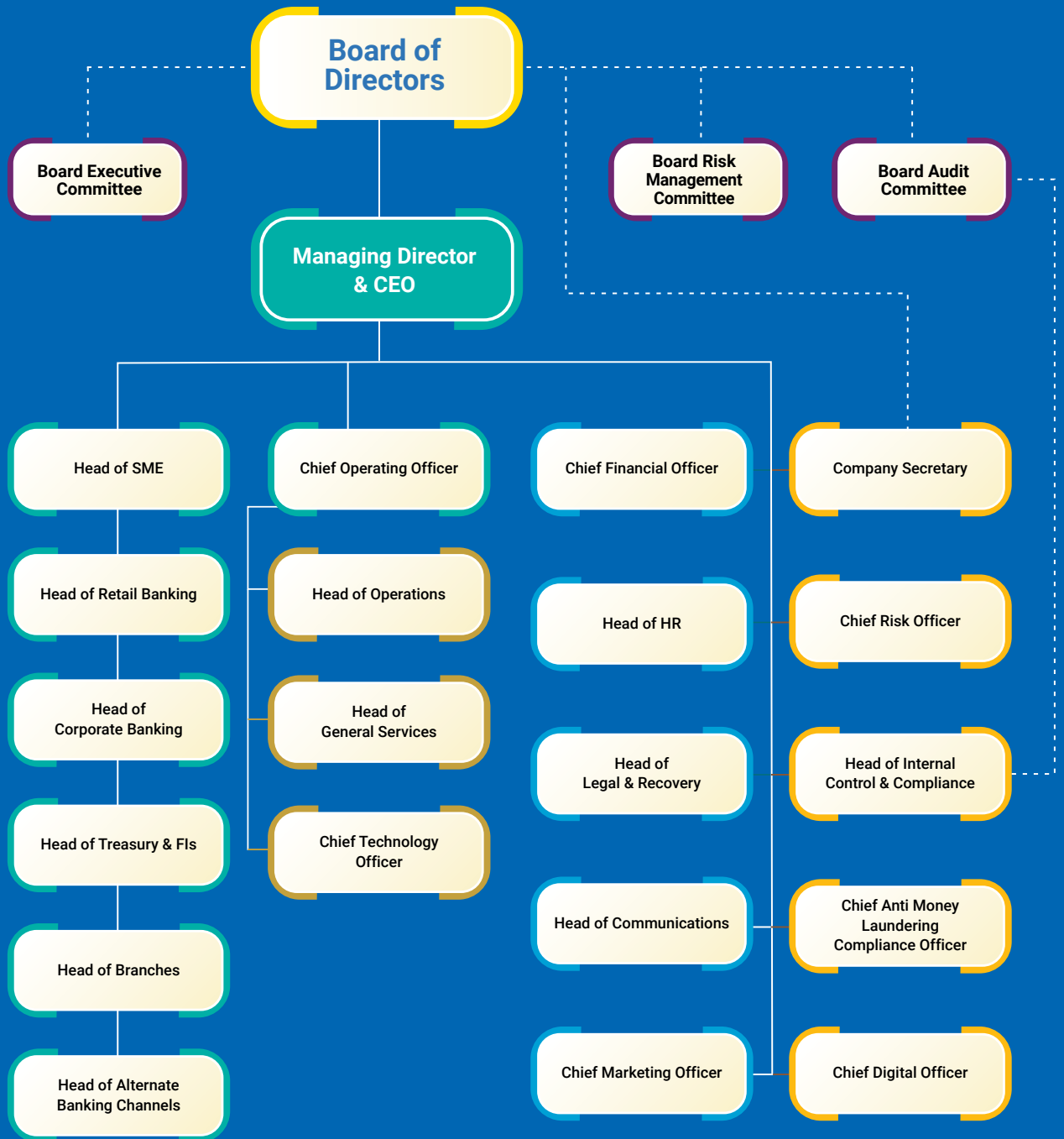
General public Holding

SL. No.	Name	Sponsors/Directors/ Others	No. of shares held as on 31.12.2023	% 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	Ms. Anita Ghazi Rahman*	Independent Director	Nil	Nil
15	Mr. Chowdhury MAQ Sarwar*	Independent Director	Nil	Nil
16	General public, institute and foreign	Other than sponsor/ Director	864,853,454	53.756%
Total shares			1,608,829,227	100%

* Ms. Anita Ghazi Rahman was appointed as Independent Director to the Board on January 30, 2024

* Mr. Chowdhury MAQ Sarwar was appointed as Independent Director to the Board on April 29, 2024

CORPORATE ORGANOGRAM



BRAC BANK CHRONICLES

20 May 1999

Incorporated as private limited company under the Companies Act, 1994

1999

04 July 2001

Commencement of Banking Operations

2001

01 January 2002

Establishment of the First CMSME Unit Office

2002

08 May 2004

IFC on boarded as an Investor

2004

03 April 2005

First installation of ATM booth

2005

31 January 2006

Issuance of preferential share / Launch of Initial Public Offering (IPO)

09 September 2006

Launching of 24/7 phone banking (call centre)

2006

24 January 2007

Enlistment with CSE

28 January 2007

Enlistment with DSE

31 January 2007

Commencement of share trading in DSE and CSE

06 February 2007

Launch of credit card services

14 April 2007

Launch of Probashi Banking

2007

April 2008

Formation of Alternate Banking Department

2008

21 June 2010

Launch of offshore banking

06 – 08 March 2010

Hosted the 1st Annual Meeting of GABV in Bangladesh

2010



24 May 2011

Inauguration of 250th ATM

21 July 2011

Launch of bKash for mobile financial services

2011

12 January 2020

Introduction of Paperless PIN for Debit Cards

14 February 2020

First Bangladeshi bank to achieve ISO 18788:2015 certificate for standard of management of security operations

13 April 2020

BRAC Bank co-workers contributes BDT 1.73 crore from their salaries to cope with the pandemic

11 May 2020

Held first ever virtual earning disclosure for 2019 during the nation-wide COVID-19 shutdown

28 June 2020

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

2020

Foreign currency credit rating upgrade to "Ba3" by Moody's

2021

Completion of historic 20 years of operations

2022

12 February 2016

Launching of BRAC Bank Women Forum 'TARA'

2016

10 April 2018

Core Banking System Upgrade

30 October 2018

Launch of Agent Banking

2018

28 January 2023

Country's first Premium Banking Segment - Boreno - for CMSME customers

3 February 2023

1000th Agent Banking Outlet Milestone

21 June 2023

Launch of Smart Farmer's Card

29 August 2023

Awarded as one of the top sustainable banks in the country by Bangladesh Bank for the **third time in a row**

17 October 2023

The Best Financial Institution from DHL-The Daily Star Bangladesh Business Award 2022

28 October 2023

Topping the Bloomberg Sustainability List as the only Bangladeshi bank

1 November 2023

Launch of TakaPay Payment Scheme

30 November 2023

First Sustainability Report Launched

27 December 2023

'ASTHA' App marks 5 lakh users

2023

20 March 2017

Country's first bank to earn ISO 27001: 2013 Certification in Information Security;

First Bangladeshi Bank in the private sector to have market capitalisation crossing US\$ 1 billion

04 May 2017

Launch of the country's first comprehensive women's banking solutions "TARA":

2017

OUR VALUE CREATING BUSINESS MODEL

KEY INPUTS

→ PROCESSING



Capital Inputs

HUMAN

- 8,231 full time employees (FTEs)
- Women in workforce: 15%
- 337,697 total training hours (263 training programs)
- People-centric culture

FINANCIAL

- BDT 63,782 mn shareholders' funds
- BDT 513,909 mn deposits
- BDT 107,898 mn external borrowings

INTELLECTUAL

- Over 21 years of banking expertise
- Valuable homegrown brand
- Strong tech platforms
- Collaboration with FinTechs

SERVICE GENERATING

- Key Customer Touch Points: 187 branches nationwide
- 446 SME unit offices
- 1094 agent banking outlets with all 64 districts covered
- ATMs, CDMs and RCDMs
- Digital banking ecosystem: Astha, Supply chain financing, Subidha, Corpnet
- Corporate office and other locations
- Data centers

NATURAL

- Natural resources consumed – electricity, fuel, land, water, paper, etc.
- ESG screening of portfolio









SOCIAL AND RELATIONSHIP

- More than BDT 111 mn invested in CSR
- Partnership with government for contributing to nation's interests
- Donation and contributions during crisis situations





Our Business Process

Business Activities

- | | |
|--|--|
|  SME banking |  Corporate banking |
|  Retail banking |  Treasury management |
|  Financial Intermediation |  Custodial Services |
|  Non-funded services |  Other banking services |

Material Issues

-  Geopolitical & economic trends
-  Technology & digital transformation
-  Customer satisfaction
-  Governance, compliance & conduct
-  Ethical and transparent business practices
-  Leadership, talent development and retention
-  Environmental, Social & Governance (ESG) factors
-  Employee health and safety, workplace diversity and inclusion
-  Anti-corruption, anti-money laundering
-  Women empowerment

→ KEY OUTPUTS

Our Strategy

-  Investing in key growth areas, including technology, marketing and Infrastructure
-  Delivering innovative market-leading client experiences in all our Segments
-  Delivering Holistic Customer Value Proposition Leveraging a Collaborative Culture and Partnerships
-  Ramping Up the Next Wave of Digital Initiatives
-  Future-Proofing the Workforce
-  Integrating Environmental, Social and Governance (ESG) into Our Business
-  Stewarding high-impact programs

Key Risks

-  Credit Risk
-  Market Risk
-  Operational Risk
-  Liquidity Risk
-  Cyber Risk



Outcomes Created for Stakeholders

HUMAN

- 1,214 FTE & 1,841 outsourced onboarded
- 10% growth in female employment
- 87,542 training participants, 23.79 average person-hour
- 82 females in management roles

FINANCIAL

- Revenues: BDT 31,610 mn
- Operating profit: BDT 13,930 mn
- Net profit: BDT 7,304 mn
- Return on assets: 1.13%
- Return on equity: 11.95%
- Dividend: 20% (proposed)

INTELLECTUAL

International awards & recognition received:

- Gold – ICAB best presented Integrated report
- Joint Silver – ICAB BPA Award Private Sector Banking Category
- Silver Award' in the ICMAB Best Corporate Award 2022
- Recognition as one of the top Sustainable Banks 2022 by Bangladesh Bank

SERVICE GENERATING

- More than 1.8 million business customers
- 6 million – total no. of transactions through agent banking channel
- Supply Chain Financing Solution launched as new business channel for SME
- Document management system reduced turn-around-time, enhanced customer experience

NATURAL

- Bring down the fuel expenses by 11% and electricity expenses by 17% in HI 2023 from the budget
- Minimisation of carbon emissions through virtual interactions

SOCIAL AND RELATIONSHIP

- Donated 4 crore to Govt Ashrayan Project.
- Donated 75,000 pieces of blankets to PM Relief Fund.

THEORY OF CHANGE



Bangladesh gained independence in 1971 after incurring tremendous sacrifices and losses. Immediately after independence, the newly formed government nationalized the domestic banking system. The private banking system, mainly focused on corporate banking, flourished during the late 1970s and early 1980s with the government's encouragement. With the expansion of banking services, the GDP rose with extraordinary growth at that time.

In 1972, Sir Fazle Abed established BRAC, the world's largest Non-governmental Development Organisation (NGO), as the pioneer MFI focusing on health and education. BRAC began taking a more targeted approach to assist the landless, small farmers, artisans, and vulnerable women. While implementing this philanthropic approach, Sir Abed discovered that there is no bank for the missing middle-income class of Bangladesh.

On 4 July 2001, Sir Abed Established BRAC Bank PLC with a target to cater to small and medium enterprises (SMEs). BRAC Bank introduced small ticket loans to SMEs to bring grassroots entrepreneurs under the umbrella of formal banking services. Over time, traditional banking services, i.e., corporate and retail banking, have flourished at BRAC Bank, which is one of the best banking services in the country right now.

In Bangladesh, BRAC Bank's name always comes first whenever the topic of SME banking appears, as we are way ahead of any other banks in the

country regarding SME portfolio, number of customers, and banking services provided. We ensured a 100% geographical presence around Bangladesh through 456 unit offices providing SME banking services. We cater to 208,524 customers and maintain a portfolio of BDT 26,250 Crore, which is more than half of our total portfolio. Though we have many customers with a vast portfolio, we still retained the lowest NPL (2.75%) of the market through good monitoring and relationships. Many banks in the country started following our SME model, but we are second to none.

We now work for financial inclusion through gender-based financing and adaptation financing in this sector. BRAC Bank offers concessional funds through sustainable linked finance and green finance to make SMEs viable, feasible, sustainable, and bankable.

The economy of Bangladesh is expected to grow at a rapid pace. Bangladesh reached lower-middle income status in 2015 and is on track to graduate in 2026 as a middle-income country. If the government can retain the market, we aspire to be an upper-middle-income country by 2031. The SMEs will play a pivotal role here as the number of small/medium entrepreneurs and market demand is enormous. Leaving SMEs behind, if the financial institutions cater to retail and corporates only, the greater goal of achieving middle-income country status will not be possible.

BRAC Bank's ambitious goal to increase the SME portfolio with a CAGR of 20% in upcoming years will assist and accelerate attaining national targets set by the Government of Bangladesh, such as Vision 2041, Intended Nationally Determined Contributions (INDCs), and Delta Plan 2100.

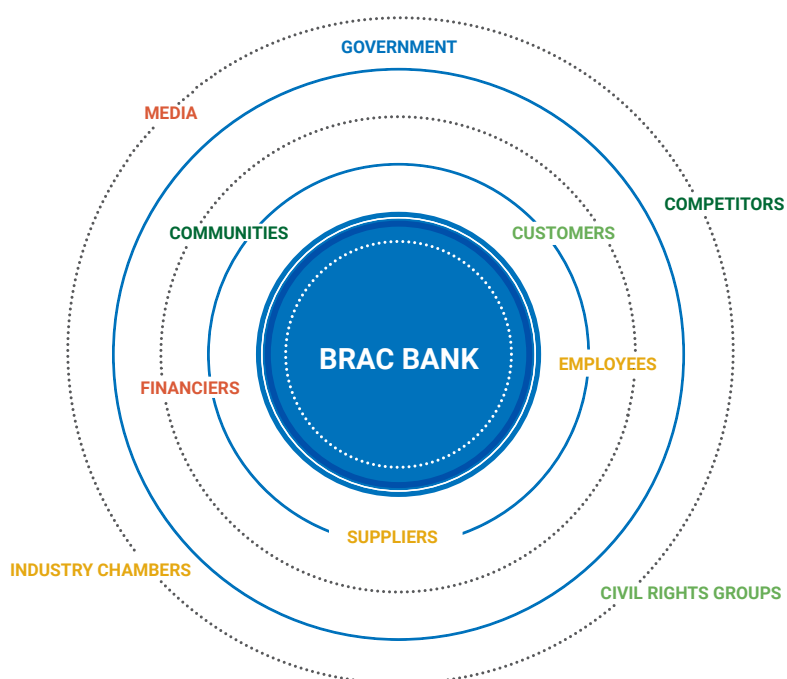
This is our Theory of Change!

SPHERE OF INFLUENCE

At BRAC Bank, our primary focus is to meet the needs and expectations of all our stakeholders while advancing our journey of sustainable value creation. Our value creation agenda is based on making an enduring impact on everyone connected with the bank.

The following infographic describes the broader value we foster amongst our diverse stakeholders.

- Upholding public trust as custodians of their financial welfare and well-being;
- Empowering customers to enable them to make better financial choices and achieve their life and lifestyle goals;
- Improving digital literacy and safety through our ongoing awareness sessions, as well as ensuring seamless digital access to our products and services;
- Supporting employment creation through our scale and presence;
- Embracing ESG principles to ensure a stable and holistic socio-financial impact;
- Extending positive support to vulnerable and underprivileged households through high-impact citizenship programmes;
- Fulfilling our role as a partner in nation-building through honouring all our regulatory requirements, including contribution to the state purse;
- Supporting small businesses and suppliers through our procurement division, with one of the most significant procurement budgets in the country's banking sector;
- Fostering information disclosure transparency with the media and industry bodies;
- Upholding the expectations of civil rights groups and others through human rights and fair labour practices.



STAKEHOLDER ENGAGEMENT

BRAC Bank is deeply connected to the environment it operates. We create and protect value for our stakeholders through understanding their needs, interests and expectations. We take into account the feedback we receive from various stakeholder engagement platforms to better serve their needs.



CUSTOMERS

Why are they important?

Customers are at the heart of our business activities. They provide critical support to the bank by purchasing our products and services, which in turn enable us to achieve our strategic goals.

What are their key expectations?

- Safe and convenient access (channel of choice), increasingly through digital channels
- Seamless customer experience
- Products cater to evolving needs
- Financial inclusion and literacy
- Data security
- Value-for-money banking that is competitive and transparent in pricing

Engagement Platforms

- Astha digital app and other digital and online solutions for retail customers
- CORPnet banking platform for corporate customers
- Numerous customer touch points, including branches and alternate delivery channels
- Contact centres
- Corporate website
- Media campaigns/advertisements
- Social media

Our approaches

- Invest in digital platforms and solutions
- Deliver financial opportunities for different customer segments according to their financial needs and motivation
- Continuously enhance cybersecurity measures
- Digital innovation for easy anytime-anywhere access
- New product development
- Improvement of efficiency and service quality
- Expand geographical coverage area



EMPLOYEE

Why are they important?

The fulfillment of our strategic objective depends heavily on the commitment and efficiency of our personnel. Thus, we must foster an environment that attracts, cultivates, and retains the best talent.

What are their key expectations?

- A safe and healthy work environment, supported by flexible work practices
- Fair remuneration, effective performance management and recognition
- Career development and advancement opportunities
- Job security and career fulfillment
- Healthy work-life integration
- An empowering and enabling environment that embraces diversity and inclusivity

Engagement Platforms

- Training and professional development
- One-to-one interactions
- Townhalls
- Team building events (off-premises)

Our approaches

- Build ownership by motivating and engaging employees within the business
- Friendly HR practices
- Strong career development pathways
- Strengthen governance on employee well-being



SUPPLIER

Why are they important?

The execution of our strategy is contingent on the vital products and services procured from our dependable supply chain partners. Good supplier ties assist in maximising the value of our business.

What are their key expectations?

- Ethical procurement, guidance and effective communication
- Timely settlements

Engagement Platforms

- Business meetings
- Onboarding procurement process
- Performance evaluation
- Adhoc engagements

Our approaches

- Proper implementation of purchase orders
- Procurement policy vetted by Deloitte, ensuring strong controls and fair treatment
- Maintain fair engagement for all suppliers
- Streamlined payment processes
- Supplier development and extensive support initiatives
- Regular due diligence



SHAREHOLDERS & INVESTORS

Why are they important?

A company with competent management, a solid financial position, and ethical business practises will entice the investment community to become its owners, which will result in a strong valuation of the company as measured by its stock price.

What are their key expectations?

- Share price appreciation and an attractive dividend stream
- Sustainable growth in earnings and NAV, financial returns, with ROE exceeding COE
- Attractive and sustainable growth strategy
- Sound balance sheet to protect against downside risk
- Strong, experienced and transparent management
- Compliance with regulatory/legal requirements
- Transparent reporting and disclosure

Engagement Platforms

- Annual General Meeting
- Dissemination of briefing materials - Investor presentations, financial statements
- Media briefings/media releases on significant events
- Announcements to stock exchanges
- BRAC Bank corporate website and dedicated investor relations (IR) mailbox

Our approaches

- Long term business strategy focused on wealth maximisation and shareholder value creation
- Standard and sustainable dividend policy
- Active engagement with shareholders and the investment community
- Timely disclosures on financial results, asset quality and material events
- Strong governance and compliance culture



BUSINESS PARTNERS

Why are they important?

Strategic partnerships help us accomplish our goals and objectives by providing crucial skills and expertise. To be better equipped to manage the business successfully and efficiently, we must work together with our partners.

What are their key expectations?

- Ethical business practices
- Strong financial performance

Engagement Platforms

- Meetings, Knowledge Sharing Sessions and Webinars
- Seminars/Workshops

Our approaches

- Maintain good governance of partnerships
- Ensure mutual benefits for all parties



GOVERNMENT & REGULATORS

Why are they important?

Regulatory bodies and government agencies determine the scope and boundary of our operations. In addition, considering the global and macroeconomic environment, they continuously guide us to prioritise operation for achieving broader economic goal and overcoming economic crisis. In return, we contribute to socio-economic growth and financial stability through policy support.

What are their key expectations?

- Responsible banking practices
- Compliance with all legal and regulatory requirements
- Good corporate governance and business ethics
- Socio-economic growth

Engagement Platforms

- Regular meetings and update sessions
- Directives and circulars
- Trainings, seminars and workshops
- Feedback to regulators' information requirements

Our approaches

- Timely and accurate reporting
- Active participation in implementing government policies
- Strong internal controls and corporate governance mechanism
- Consistent exchequer contribution
- Contribute to various development programs



COMMUNITY

Why are they important?

Being a bank founded on moral principles, we have an ethical obligation to help community organisations and the society in which we operate. Our sustainable business objectives include socially responsible funding and strong connections to the local community.

What are their key expectations?

- Support under-developed communities
- Contribute to grassroots development
- Partnering on common social and environmental issues
- Environmental preservation

Engagement Platforms

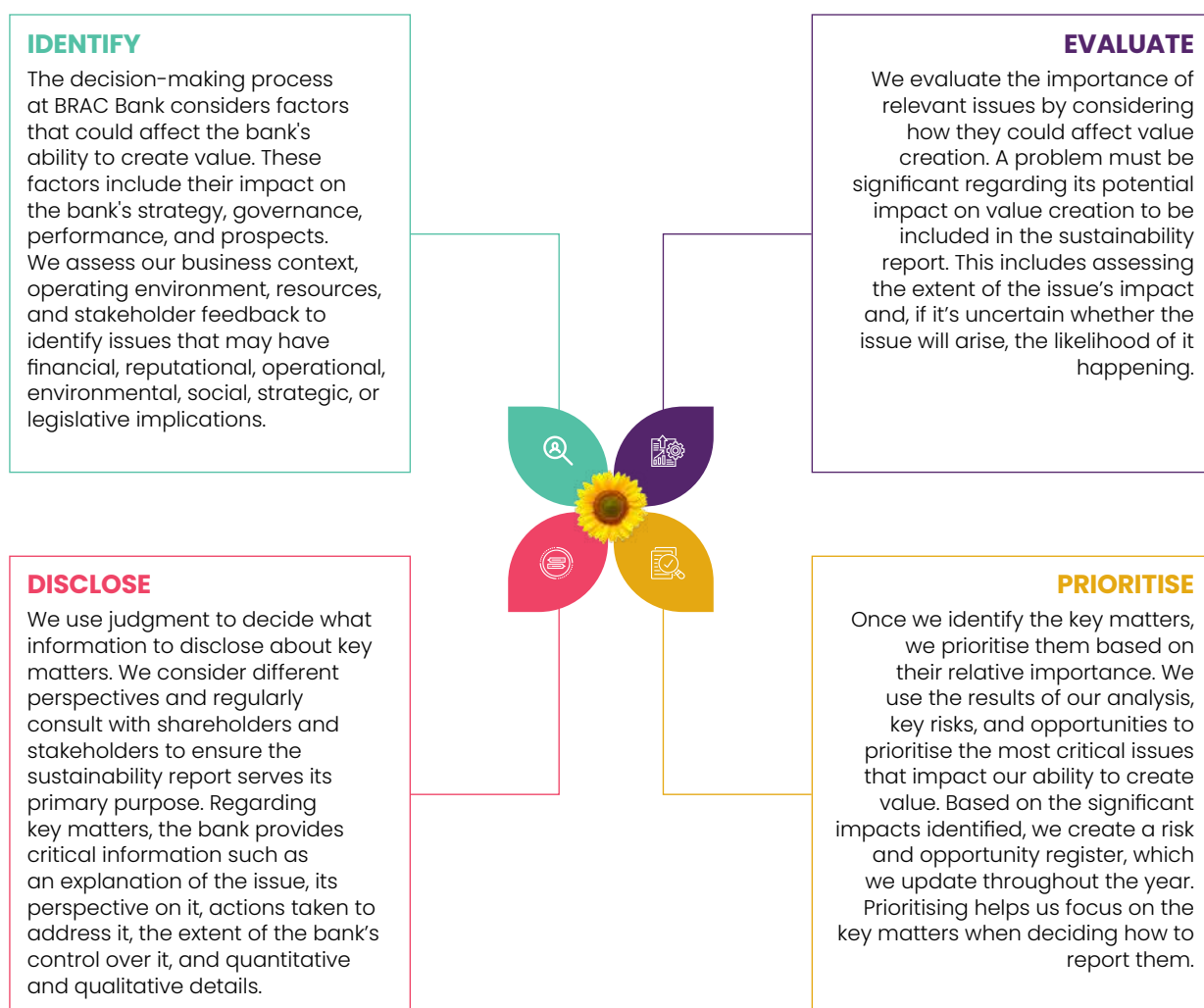
- Community projects
- Employee volunteerism
- Credit proposal analysis/vetting
- Customer site visits
- Contributions to relief, zakat and other funds
- CSR Activities

Our approaches

- Invest in Corporate Social Responsibility (CSR) programs
- Financing of sustainable development to meet the SDGs
- Reducing our impact on the environment.
- Green finance and finance-linked to sustainability
- Finance responsibly
- Minimise carbon footprint

MATERIALITY ASSESSMENT & KEY MATTERS

This report provides information about the factors that significantly impact the bank's ability to create value in the short, medium, and long term. These factors are instrumental in shaping our strategy for managing risks and taking advantage of opportunities in our operating environment. The process of determining what is material to the bank is comprehensive, involving identifying relevant issues, assessing their importance, prioritising, and deciding what information to disclose.



Material Issues

We carefully manage the most critical issues that could affect our long-term business performance and growth. We incorporate these key issues into our strategy by aligning them with our strategic priorities, which help us make intentional decisions. We track our performance against this strategy by establishing clear and specific key performance indicators (KPIs) communicated throughout our organisation to ensure we meet our strategic priorities.



CUSTOMERS SATISFACTION

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



GEPOLITICAL 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 approaches
Capitals Intellectual Financial Social & Relationship	Our financial performance and growth potential can be significantly impacted by ongoing macroeconomic uncertainty and external factors.	<ul style="list-style-type: none"> We remain susceptible to geopolitical and economic developments across our operating landscape. Capacity building to effectively navigate and capitalise on the changing environment. Develop a comprehensive risk-management strategy and monitoring geopolitical risks continuously
Stakeholders Shareholders Investors Customers Business partners	By anticipating trends and proactively responding to them, we can open up new market opportunities.	



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 approaches
Capitals Intellectual Financial Human Service Generating	With digital transformation came a rise in risks of cybersecurity breach and data loss, thereby affecting business continuity and stakeholder confidence.	<ul style="list-style-type: none"> 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. Foster partnerships with cross-industry players to deliver integrated and seamless banking services. Strengthen cybersecurity by continuously enhancing cybersecurity posture and enhancing end-to-end IT landscape visibility.
Stakeholders Shareholders Investors Customers Employees	Opportunities Leveraging new and emerging technologies enhances operational efficiency, costs, and customer experience.	



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 approaches
Capitals Financial Human Social & Relationship	Noncompliance with the law results in monetary and non-monetary penalties, including regulatory punishments, fines, and loss of public trust.	<ul style="list-style-type: none"> Ensure constant compliance with applicable rules and regulations by working closely with appropriate regulators and authorities. Promote our compliance culture, in which we drive continuous education and awareness initiatives that drive a culture of adherence. Establish a robust compliance system through stringent policies and guidelines, which are overseen by our compliance department. Perform routine reviews and assessments of our policies and processes to ensure their continued relevance.
Stakeholders Regulators Shareholders Investors Customers Employees	Opportunities Active participation with regulatory authorities and agencies enables 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 approaches
Capitals	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"> Provide benchmarked compensation and benefits. Career advancement opportunities. Arrange employee training programs to develop future-ready skills, transferable competencies, and an attitude for continual learning.
Financial Human Social & Relationship		
Stakeholders	 Opportunities	<ul style="list-style-type: none"> Arrange employee engagements and off-sites that help us understand and respond to their key needs and concerns. Establish a welcoming, inclusive, and caring work environment to continue attracting and retaining the best talent within the industry.
Employees Suppliers Business partners	Well nurtured human capital contributes to a productive and engaged workforce and creates 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 approaches
Capitals	Environmental and social practices that are not sustainable may expose the Bank to regulatory noncompliance, penalties, and punishments.	<ul style="list-style-type: none"> Increase Green and Sustainable Finance Embed Environmental and Social Risk Management into all credit process Create Impact through internal sustainability practices Promote values-based banking through Global Alliance for Banking on Values (GABV)
Financial Natural Human Social & Relationship		
Stakeholders	 Opportunities	
Customers Regulators Shareholders Investors Community	Integrating sustainability into every facet of our business illustrates our dedication to become a leader in sustainable banking.	



OUR SUSTAINABILITY APPROACH

Our sustainability vision is to help people prosper. We aim to create and protect shared value for all our stakeholders through sustainable and responsible financing, transforming our environmental and social actions, and collaborating for best practices.

OUR STRATEGY

BRAC Bank benefits from its governance structure, Board, and management. Its consistent business growth and high market ratings from global agencies reflect its success. Furthermore, its leadership role in international platforms like the GABV and its commitment to essential practices such as ESG set it apart from others.

The bank embraces the '3P' philosophy of fostering a positive impact on people and the planet in its prosperity journey. This philosophy forms the core of the bank's responsible stewardship model as it pursues its nine primary objectives.



Help Customers Prosper

BRAC Bank is not merely a place of transaction; it is a place where the potential is realised. In the last two decades, it has fulfilled the entrepreneurial dreams of millions of grassroots business owners. As a reliable partner of progress, the bank stands by the customers, catering to their evolving needs with customised solutions. The bank remains committed to helping the customers properly in their pursuit towards progress.



Strong Focus on CMSME

The bank will retain its CMSME portfolio, which is more than 45% of its total portfolio, reiterating its strong commitment to easy access to finance for the unbanked missing middle.



Expanding Balance Sheet, Doubling the Business

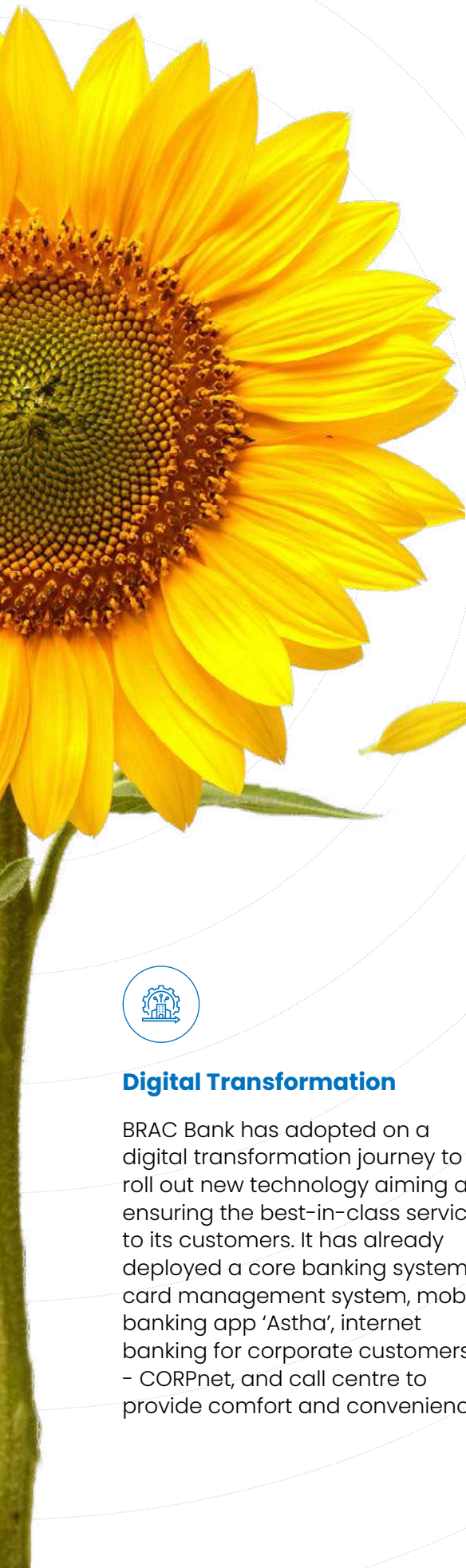
BRAC Bank wants to be more impactful in society through its business coverage and the size of its portfolio. As a part of this strategy, in 2021, the management planned to double its business by 2025.



Leveraging Multi-channel 'Phygital'

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





Financial Inclusion

The idea of establishing BRAC Bank was to take banking services to the unbanked people. Its pioneering small-ticket CMSME loan that, without any collateral, helped grow millions of grassroots entrepreneurs and contribute significantly to employment generation. The bank is also rapidly expanding its agent banking network to take banking to the rural and semi-urban areas. The bank's pursuit of bringing the unbanked into the mainstream financial system will continue to be a top agenda.



Values-based Banking and Corporate Governance

Good governance, transparency, ethics and compliance are the pillars of the bank's business model. This governance culture leads to the highest market capitalisation and international investor shareholding in the local banking sector, a unique achievement in Bangladesh. S&P and Moody's international credit rating agencies have affirmed the bank's financial stability and good governance.



Digital Transformation

BRAC Bank has adopted on a digital transformation journey to roll out new technology aiming at ensuring the best-in-class services to its customers. It has already deployed a core banking system, card management system, mobile banking app 'Astha', internet banking for corporate customers - CORPnet, and call centre to provide comfort and convenience.



Customer-centricity

Customer-centricity lies at the heart of the bank's product design. Our co-workers continuously think from the customers' perspective to align product propositions aiming to meet the customers' evolving needs. The bank is determined to go to the next level regarding market share while continuing to progress our founding Chairperson's financial inclusion and values-based development agenda.



Integrating Environmental, Social and Governance (ESG) into Business

ESG is in the DNA of BRAC Bank. The bank keeps ESG to integrate sustainability and ethical considerations into its decision-making process, which includes factors like carbon emission, diversity and inclusion, co-worker relations, Board diversity and corporate governance practices. Its ESG strategy involves several key components, such as -



- Increasing Green and Sustainable Finance Portfolio;
- Incentivising our clients through different concessional funds and grants where applicable;
- Focusing on a mix of mitigation and adaptation approaches;
- Building a credit process by implementing robust and up-to-date Environmental and Social Due Diligence (ESDD);
- Assisting and supporting our clients and stakeholders with their ESG readiness;
- Following the 3R approach (Reduce, Reuse and Recycle) in all internal operations;
- Calculating GHG emissions at regular intervals to implement BRAC Bank's Decarbonisation plan.



OUR SUSTAINABILITY PILLARS

The world is becoming increasingly environmentally conscious and concerned about sustainability. Climate change is rightfully one of the most popular topics of conversation today. This issue affects our lives and our work as global citizens. Given the magnitude of the problem and its significant impact, addressing it requires a collective effort.

As a renowned corporate organisation, it is our highest priority to act ethically to help create a sustainable future for everyone. Sir Fazle Hasan Abed founded the purpose-driven BRAC Bank to empower unbanked CMSMEs and create an inclusive and united society. By setting the bar for CMSME lending, we have substantially contributed to Bangladesh's progress toward financial inclusion, a prime example of sustainable financing and values-based banking. Our commitment to ethical practices is the foundation of our operations, instilling trust and confidence in our stakeholders.

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. Our role in creating a just and poverty-free society is not just a goal but a source of inspiration for our work.

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 dialogue 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 ESG issues and the economic value shared with our stakeholders. It, in turn, provides broader socioeconomic benefits to society, resulting in the main goal of our approach to sustainability and the primary reason for publishing this report.

We have established a robust foundation for attaining sustainable development, empowering individuals and communities, and ensuring long-term viability by emphasizing good governance, transparency, ethical practices, and compliance.

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

●
**Values-based
Banking**

●
**Balancing
between Profits
and Sustainability**

●
**Create an Impact
beyond just
Banking**





**OUR
COMMITMENT TO
VALUES-BASED
BANKING**

VALUES-BASED BANKING

Since the inception in 2001, BRAC Bank has embraced a values-based banking approach for sustainable economic development, with a strong emphasis on governance, transparency, ethics, and a culture of compliance. 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 critical government partner for broader economic policy implementation.

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

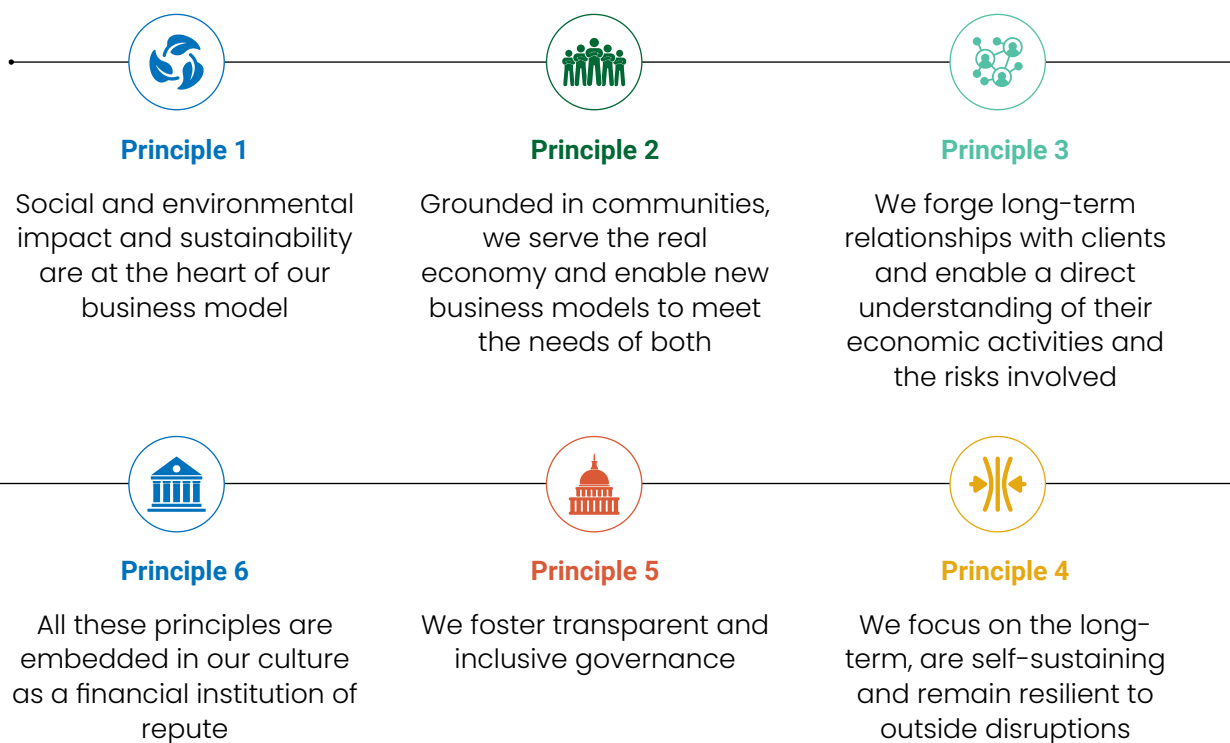
The GABV is a movement of innovative leaders and frontrunners in sustainable finance. Integrity, human dignity and protection of the environment are at the core of its operations. The GABV members’ collective purpose is to transform the banking system to be more transparent, support economic, social,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

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



As a values-based bank, we are dedicated to promoting social, cultural, environmental, and economic transformation in Bangladesh. Our focus on the environment is integral to fostering more inclusive communities and enhancing people’s well-being. We are committed to leveraging opportunities in green climate funds, bankable climate adaptation projects, and green bonds while aligning our impact with the SDGs and the government’s development priorities.

Our commitment to values-based banking encompasses six broader areas:



Alignment with the GABV Principles:

GABV Principles	BRAC Bank’s alignment
Principle 1: Social and environmental impact and sustainability are at the heart of the business model	<ul style="list-style-type: none"> BRAC Bank does not finance projects that are detrimental to the environment, such as tobacco, shipbreaking, or tannery.
Principle 2: Grounded in communities, serving the real economy and enabling new business models to meet the needs of both	<ul style="list-style-type: none"> BRAC Bank maintains long-term relationships with its customers, providing repeat loans to most of the client base. The bank prefers financing manufacturing rather than trading, capital markets, or derivative markets as it focuses on the real economy, creating jobs and lasting impacts on people and society.
Principle 3: Long-term relationships with clients and a direct understanding of their economic activities and the risks involved	<ul style="list-style-type: none"> BRAC Bank’s Relationship Managers maintain close contact with customers and visit their places regularly to assess their business.

GABV Principles	BRAC Bank's alignment
Principle 4: Long-term, self-sustaining, and resilient to outside disruptions	<ul style="list-style-type: none"> ▪ BRAC Bank maintains a diverse asset and liability portfolio in the CMSME, Corporate, and Retail segments to minimise risks. ▪ The bank keeps updating its business continuity plan and revisiting its risk management frameworks to subdue the impact of outside disruptions.
Principle 5: Transparent and inclusive governance	<ul style="list-style-type: none"> ▪ Good governance, transparency, ethics and compliance are the cornerstone of BRAC Bank's business model.
Principle 6: All of these principles embedded in the culture of the financial institution	<ul style="list-style-type: none"> ▪ BRAC Bank has manifested the GABV Principles in its value system.

BRAC Bank's Exclusion List

BRAC Bank does not finance any activity, production, use of, trade in, distribution of or any other areas involving:

1. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as

pharmaceuticals, pesticides/herbicides, ozone-depleting substances, PCBs, wildlife or regulated under the Convention on International Trade in Endangered Species (CITES). (Links: United Nations (UN) list of banned chemicals and products; <http://www.un.org/esa/coordination/Consolidated.list-13FinalFinal.pdf> and CITES list of endangered species: <http://www.cites.org/eng/app/E-Apr27.pdf>)

2. Forced Labour or Child Labour in Hazardous Working Conditions

- Forced Labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions, UNGC Principles and local legislations;
- To address the issue of Child Labour, persons may only be co-workers if they are at least 14 years old, as defined in the ILO Fundamental Human Rights

Conventions (Minimum Age Convention C138, Art. 2) unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases, the higher age shall apply;

3. Any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phase-outs or bans, such as:

- Ozone-depleting substances, PCBs (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, and unauthorised manufacturing of pesticides/herbicides or chemicals;
- Wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) or,
- Unsustainable fishing methods (e.g., blast fishing and drift net fishing in the marine environment using nets over 2.5 kilometres long, deep-sea bottom trawling, or explosives or cyanide);
- Operations impacting UNESCO World Heritage Site and/or Ramsar site.

4. Cross-border trade in waste and waste products, unless compliant with the BASEL Convention and the underlying regulations.

5. Destruction of High Conservation Value areas.

Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a significant, long-term change in land or water use or (2) modification of a habitat so that the area's ability to maintain its role is lost.

6. Radioactive materials:

It does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.

7. Unbounded asbestos fibres:

It does not apply to the purchase and use of bonded asbestos cement sheeting whose asbestos content is less than 20%.

8. Pornography or prostitution.

9. Racist and anti-democratic media

10. Commercial logging operations for use in primary tropical moist forest

11. Illegal logging and logging operations or conversion of land for plantation use in primary tropical moist forests.

12. Production or trade in wood or other forestry products from sustainably managed forests.

13. Production or activities that impinge on the lands owned or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

14. Ship breaking/ trading activities which include:

- Ships with prevalent asbestos use (e.g. passenger cruise)
- Ships listed on the Greenpeace blacklist*
- Ships not certified "gas-free" for hot work.

15. If any of the following products form a substantial part of a company's primary operations, or a financial institution, investment fund or company's financed business activities:

- Alcoholic beverages (excluding beer and wine);
- Tobacco;
- Weapons and ammunitions;
- Gambling, casinos and equivalent enterprises.

16. Any facility to finance (or refinance) (i) power generation from any power plant, the energy source of which, whether in whole or in part, is coal, which delivers its power to the transmission or distribution grid or (ii) coal mining.



About GABV

The GABV was founded in 2009 by ten pioneer banks that believed in the need for a fairer financial system. It is a growing membership organisation in 45+ countries across Africa, Latin America, Asia Pacific, North America and Europe.

In 2009, ten pioneering banks, including Triodos Bank, ShoreBank, BRAC Bank, Mibanco Peru, Alternative Bank Switzerland, Merkur Bank, GLS Bank, Banca Etica Adriatica, New Resource Bank, and XacBank, joined together to establish the Global Alliance for Banking on Values (GABV). In 2010, BRAC Bank hosted the first annual conference of GABV members in Dhaka, Bangladesh.

In November 2022, BRAC Bank hosted the 13th GABV Annual Meet in Dhaka, Bangladesh. The summit aimed to facilitate the sharing of ideas and explore collaborative solutions for sustainable development within the financial industry.

In 2023, the GABV Annual Meeting was hosted by Amalgamated Bank, one of the United States' largest values-based banks, from April 18 to 20 in New York, United States. Amalgamated Bank marked its 100th year anniversary in 2023, with the programme showcasing the impact of values-based banks and the increasing significance of mission-aligned institutions in the banking sector and beyond.

The meeting provided a platform for practitioners from the values-based banking world to engage in meaningful exchanges, offering a unique opportunity to strengthen our movement.

THE GABV IMPACT



70+
members



45+
countries



12
supporting and
ecosystem partners



80K
co-workers



\$200B+
annual revenue assets



60M+
customers



TRIPLE BOTTOM LINE APPROACH

Our top priority is to contribute to achieving the SDGs by providing financing for CMSMEs to create productive employment in an environmentally friendly manner. We also act as an intermediary for Triple Bottom Line (TBL) by supporting individuals or businesses that make a positive impact in at least one of the following areas: social empowerment (people), environmental regeneration (planet), and economic resiliency (prosperity).

The TBL amount in 2023 was BDT 346 billion, whereas the total portfolio of 2023 was BDT 524 billion. So, 66% of our portfolio in 2023 has met the triple bottom line approach, which was 63% in 2022.

People Focus:

Diverse products and solutions cater to the broadest range of needs and requirements – from corporate loans to CMSME credit to personal loans and easy loans to women entrepreneurs – enabling us to integrate with the lives of our customers closely.



Over the past 23 years, we have continuously grown and adapted to maximize our developmental impact. A significant milestone was our pioneering role in CMSME loans in Bangladesh. In 2023, we served 2,22,670 CMSME entrepreneurs with an CMSME loan portfolio of over BDT 262.50 billion, a testament to our growth and success.

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

Planet Focus:

From 2020 to 2023, Bangladesh Bank recognised BRAC Bank as one of the top sustainable banks in Bangladesh. This commendation was due to the bank's green and sustainable financing initiatives and values-based banking.

As a member of the GABV, BRAC Bank ensures that enterprises receiving its financing meet common environmental standards.

In 2023, BRAC Bank published its first Sustainability Report, highlighting its commitment to a sustainable future.



BRAC Bank, in its unwavering commitment to transparency and accountability, became the first bank in Bangladesh to disclose its Scope 3 emissions at the portfolio level in 2022. This milestone in our environmental impact journey should instill confidence in our stakeholders. Our Bank has a total portfolio of BDT 302,608 million in sustainable finance and 65,607 million in green finance.

BRAC Bank partnered with renowned international organisations and local banks to initiate capacity-building programmes that support responsible credit culture.

Prosperity Focus:

BRAC Bank's unwavering commitment to shared prosperity drives a significant developmental impact in Bangladesh. By expanding access to finance, BRAC Bank is not just making a difference but transforming lives and communities.



In pursuit of shared prosperity, the bank organised the "Uddokta 101" entrepreneur accelerator programme in collaboration with BRAC University and Daffodil International University. This programme offers intensive training at minimum cost to women entrepreneurs.

BRAC Bank has reached a significant milestone in its journey towards financial inclusion by opening 1,000 Agent Banking Outlets. This means that BRAC Bank is not only providing banking services but also driving the financial inclusion of unbanked people, making a tangible difference in their lives.

Additionally, BRAC Bank obtained a grant from the Bill and Melinda Gates Foundation to support digitalisation and banking inclusion for CMSEs and women in Bangladesh.

The bank also conducted capacity-building training for women entrepreneurs in Chattogram Hill Tracts.

Furthermore, BRAC Bank hosted a fair to promote the locally made products of women entrepreneurs and create a market for their 'Made in Bangladesh' products.

In a first for Bangladesh, BRAC Bank appointed an all-female sales team, demonstrating its commitment to diversity, inclusion, and women's empowerment.

BRAC Bank integrates and implements sustainable development solutions to support holistic socio-economic growth.

Reducing ESG risks

We aim to conserve precious natural resources and support climate action plans to foster greater societal responsibility in our business. As a service organisation, our bank's environmental impact is limited. However, we see significant opportunities to promote environmental consciousness and sustainable business practices through responsible lending.



Going paperless via digital banking initiatives

Reduction in paper usage and emissions footprint through:

- Implementation of digital banking initiatives, like mobile banking, net banking and ATM banking
- Introduction of several digital products and services, even in remote rural/semi-urban markets
- Investment in R&D in innovative digital products
- Increasing corporate social responsibility (CSR) initiatives in the environment
- Invest in climate adaptation CSR programmes
- Incorporate agricultural adaptation projects in CSR
- Invest in funding research for various adaptation research Sustainable Internal Operation
- Using environment-friendly equipment to improve energy efficiency
- LED bulbs are used for internal operation, are energy efficient, and emit less UV radiation.
- Implementing elevator and equipment scheduling to reduce energy consumption

Managing our carbon emissions

- Mitigating our carbon footprint through digital transformation and sustainable financing
- Working with PCAF to calculate the carbon footprint of the bank's entire loan portfolio

Use of renewable energy

- Increasing the share of renewable energy in our total power consumption
- Installing solar plants in the Head Office
- Installing solar panels in our upcoming office buildings, wherever feasible

Responsible financing

BRAC Bank's portfolio is substantial in energy-efficient machinery, environment-friendly establishments, renewable energy, and other responsible financing. These investments reflect our commitment to responsible and sustainable business practices.

BDT 25,668 Mn

Green finance
disbursement

BDT 3,528 Mn

Sustainable Agriculture
disbursement



BDT 68,357 Mn

Sustainable MSME
disbursement

BDT 34,882 Mn

Socially Responsible
Financing disbursement

REAL ECONOMY

As a member of the GABV, BRAC Bank is dedicated to transforming finance through values-based, inclusive, and impact-driven credit practices. The bank's strong governance foundation and framework support the objective of serving the real economy. We promote grassroots entrepreneurship in rural Bangladesh through our inclusive banking model and collateral-free small-ticket CMSME loans, which lead to employment creation and real economic growth.

At BRAC Bank, we strategically prioritise financing manufacturing over trading and the capital market over the derivative market. This decision is not just about immediate financial gains but our long-term commitment to the real economy. We are dedicated to driving sustainable economic growth by fostering jobs and creating lasting impacts on people and society.

The bank has achieved the milestone of serving 1.5 million CMSME customers, an extraordinary accomplishment in the industry. In fulfilling the entrepreneurial dreams of the customers, the bank, in 22 years of its operations, has disbursed CMSME

loans worth BDT one trillion to grassroots entrepreneurs across Bangladesh. As a CMSME-focused bank, BRAC Bank continually strives to cater to the evolving needs of CMSME business owners. With long experience in CMSMEs, we understand that CMSMEs need faster loan disbursement to meet business requirements. Our deliberate focus on digital innovation and digitisation paved the way for this unique achievement. We strive to reach out to grassroots entrepreneurs through customised banking solutions, easily accessible platforms and digital initiatives that lead to greater customer convenience. In this digital age, we will use technology and adopt innovative ways to achieve more milestones.

In fulfilling the entrepreneurial dreams of the customers, BRAC Bank, in 22 years of its operations, has disbursed CMSME loans worth

BDT 1 TRILLION

to grassroots entrepreneurs across Bangladesh.

1.5 Million+

CMSMEs Served

45%+

Bank's Total Loan Portfolio belongs to CMSMES

No. # 1

Private Commercial Bank for Mortgage Free Lending

No. # 1

Bank for Lending to Women Entrepreneurs

15.1%

Country's SME Loan Market Share of PCB's

96%+

Loans to Cottage, Micro & Small Enterprises

Transforming CMSMEs by offering Smart Banking Products & Services

BRAC Bank's CMSME banking is a comprehensive initiative dedicated to uplifting the historically underserved segment and contributing to the country's inclusive growth and sustainable development of cottage, micro, small, and medium enterprises. Over the past year, we have focused on expanding our deposit and loan portfolios, enhancing our digital capabilities to provide more accessible services, fostering strategic partnerships to broaden our reach, and championing women's entrepreneurship to promote gender equality in business.

With over 3,000 co-workers serving CMSMEs through 446 dedicated CMSME unit offices, the CMSME division ensures a nationwide presence. Since its inception, more than 1.5 million CMSMEs have had access to financial services from the bank, enabling them to grow their businesses and contribute to the national economy. These numbers reflect the bank's longstanding mission of connecting with CMSMEs and providing personalised solutions to support them through their entrepreneurial journey.

Emerging Small Businesses

We have developed a dedicated credit model to meet the needs of small businesses, particularly in the cottage and micro-segments that are underserved by commercial banks but have the potential to contribute to the economy significantly.

Since its establishment in 2022, this segment has rapidly grown, achieving a significant milestone of BDT 6,000 million in loan portfolio and BDT 1,140 million in deposit portfolio in a remarkably short time.

In 2023, the segment experienced a 320% growth in deposit portfolio and a 260% growth in loan portfolio while maintaining a close to zero portfolio at risk.

3,590 Mn

Loan Growth

870 Mn

Deposit Growth

Small Businesses

The small business segment is the bank's most prominent segment in every corner of the country. This segment accounts for 36% of the CMSME deposit portfolio and 72% of the CMSME loan portfolio.

The team operates through a vast network of 446 CMSME unit offices with 3,000 dedicated resources. These small businesses are crucial for the country's economic growth and are vital in reviving rural and semi-urban areas.

In a testament to our collective efforts, the Small Business segment achieved a remarkable 32% growth in the deposit portfolio and an impressive 28% growth in the loan portfolio in 2023. This growth is a clear sign of the segment's potential and its positive impact on our bank and the country's economy.

41,400 Mn

Loan Growth

10,220 Mn

Deposit Growth

Emerging Corporates

The bank facilitates CMSMEs from their initial stage to their desired growth stage. The bank ensures that CMSMEs can grow at every stage, from their initial start as micro-

enterprises to medium enterprises. When a small enterprise graduates, different tailor-made products and services are required.

The emerging corporate business segment is working to fulfil the demand of medium-scale businesses for local and international trade. In 2023, the segment secured 45% deposit portfolio growth, 13% loan portfolio growth and 36% non-funded business growth.

5,410 Mn

Loan Growth

4,340 Mn

Non-funded Business Growth

2,940 Mn

Deposit Growth

Micro Finance Institutions (MFIs) & Agriculture Sector

Agriculture and MFIs segment provides financial support to rural areas where the bank cannot penetrate vastly. MFI financing has been facilitating the bank's penetration of rural areas and creating scope for the structural development of the least focused regions of the country.

With the holistic view to embrace this sector by providing adequate liquidity support even during significant setbacks in 2023, the segment secured 59% deposit portfolio growth and 27% loan portfolio growth. It kept the portfolio at risk at 0%.

1,870 Mn

Deposit Growth

3,79,786

Beneficiaries

11

New Micro Finance Institutes onboarded

Liability & Cash Management:

The journey towards "Preferred Transactional Bank" for CMSMEs

Our bank's strategies have been highly successful in our journey to become the preferred transactional bank for CMSMEs. We've focused on growing the CMSME Liability and Cash Management segment, setting up a specialised team to ensure self-funded and cost-efficient CMSME banking lending. We've also deployed 250 deposit relationship officials in our branches, a move that has significantly enhanced our focus on deposit acquisition and relationship maintenance. This dedicated team has successfully transformed the mindset across branches, agent banking, and all CMSME business segments to prioritise building transactional relationships.

26,110 Mn

Deposit Growth

11,105 Mn

Current Account Balance Growth

15,002 Mn

Term Deposit Growth

2,100 Mn

Deposit Growth from Boreno – SME
Premium Banking Proposition

Supply Chain Finance

Suppliers and distributors of local and multinational Conglomerates require short-term working capital to keep their businesses running. Understating this requirement and analysing the market potential, BRAC Bank has introduced its supply chain and distributor finance business with a simplified process and state-of-the-art technology that ensures customer delight.

BRAC Bank has designed its product proposition to ensure quicker response and better customer service, which serves as the bank's unique selling proposition. BRAC Bank's supply chain financing team was formed. In 2019, within a short period, the team had a sizeable portfolio with huge potential to grow even more.

Women Entrepreneur Cell

The TARA CMSME platform has designed tailored products to overcome women entrepreneurs' critical challenges while

accessing formal financial services. This wing focuses beyond financial transactions and encompasses comprehensive support. Through proactive measures such as initiating capacity and skill development programmes, market accessibility, and digital inclusion, the foundation for long-term success. These initiatives facilitate the integration of women entrepreneurs into the formal financial ecosystem and contribute to their overall business resilience and growth.

In 2023, the segment secured 41% YoY liability portfolio growth and 39% asset portfolio growth with 66,191 TARA CMSME accounts.

66,191

TARA SME Accounts

39% YoY

Asset Portfolio Growth

41% YoY

Liability Portfolio Growth

SME Finance Forum Silver Award in Best
Financier for Women Entrepreneurs
Category

IMPACT STORY

WOMEN LED FINANCING IN SME (TARA)



Collateral-free Lending

BRAC Bank recognizes women's challenges in obtaining business loans, especially the difficulty of providing collateral. To address this, BRAC Bank offers collateral-free loans, with over 90% of its CMSME loans being collateral-free. This initiative includes a \$170 million portfolio, representing 86% of the total in private commercial banks and 53% of the total in the banking industry. The WMSE loan portfolio, with 95% collateral-free loans, stands out as the best in the banking industry. This effort significantly improves women's access to financial resources, empowering them to grow their businesses without traditional barriers.



Financing Without Prior Credit History

Acknowledging that 30% of women entrepreneurs are denied loans due to a lack of credit history, BRAC Bank introduced a credit assessment policy to support these high-risk applicants. Presently, 72% of the bank's WSME portfolio comprises first-time borrowers. This approach encourages women to seek financial assistance, build their credit history, and strengthen their long-term economic stability and empowerment.



Exciting Rates & Offers

BRAC Bank offers preferential interest rates and has reduced the minimum business operation time required for loans to one year. Women entrepreneurs can access loans up to \$50,000 at a 4% interest rate, compared to the regular 9% rate for SMEs. This policy eases financial constraints and fosters a supportive environment for women-led businesses.



Dedicated Women-led Sales Team

In March 2023, BRAC Bank launched a fully women-led SME sales team, making it easier for women entrepreneurs to seek banking solutions. This initiative promotes financial inclusion and provides employment opportunities for women. Additionally, 187 TARA ambassadors across branches offer female customers personalised services, information, and guidance.



Access to Global Platforms

As a member of the Financial Alliance for Women and other regional organisations, BRAC Bank mentors other institutions in developing women's banking services. This global collaboration enhances BRAC Bank's capacity to support local and international female entrepreneurs.

SDGs impacted:





Capacity Building for WSMEs

BRAC Bank believes that the sustainable development of WSMEs requires more than financial support. It has implemented various initiatives, such as Uddokta 101, Amrai TARA, and the SEIP Programme, to train and build capacity for women entrepreneurs. These programs aim to enhance entrepreneurial and managerial skills, access to the market, knowledge, and finance, fostering a sustainable WSME industry.



Access to Market and Information

BRAC Bank organizes fairs and facilitates market access for women entrepreneurs, allowing them to showcase their products and expand their businesses. The bank also prioritizes information accessibility through dedicated customer desks, a robust online presence, and social media engagement. These efforts ensure that women entrepreneurs are well-informed and connected.





Products for WSMEs

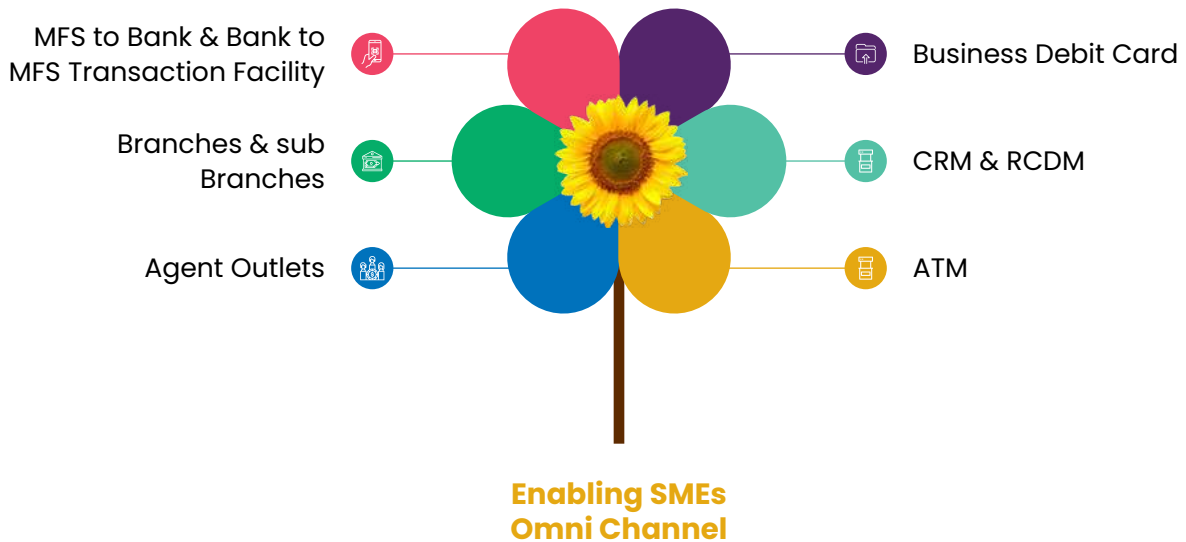
BRAC Bank's TARA segment offers tailored products for women entrepreneurs, including preferential interest rates, relaxed loan requirements, and medical insurance. Digital tools like the TARA and Astha apps provide convenient banking services and targeted offers, enhancing the overall banking experience for women.

BRAC Bank TARA's initiatives have significantly contributed to the financial inclusion, stability, and empowerment of women entrepreneurs in Bangladesh. By offering collateral-free loans, easing credit requirements, providing capacity-building programs and fostering a supportive environment, BRAC Bank is paving the way for a more inclusive and sustainable financial ecosystem.



Digital Transformation of CMSMEs

Transitioning CMSMEs from traditional to digital methods presents the most significant challenge. Our data also demonstrates that this transition has significantly improved the customer experience, accelerated processes, and provided greater convenience for our customers. Consequently, the division has been actively implementing and prioritising the digitisation of CMSMEs.



Digital Loan Processing (eLAP)

The bank rolled out digital CMSME loan processing through eLAP nationwide last year. It simplifies the complex process of loan application, which will ensure increased co-worker productivity and reduced loan processing lead time. CMSMEs are now able to avail of the loan in a short period. eLAP now has a coverage of 446 unit offices with 3,400+ users. A total of 36,967 files were disbursed through this initiative.



446

Unit offices



36,967

Files Disbursed



57,929 Mn

Total Disbursement
Volume

Country's First Digital CMSME Loan

The bank has introduced the country's first document-less real-time digital CMSME Loan, Shafollo, and a digital loan for individuals, Jibika. These initiatives aim to increase

access to finance in underserved areas of the country. They have allowed the bank to reach previously untouched areas and introduced CMSMEs to the formal banking sector for the first time.

Cashless Transaction Facility:

The bank has prioritised developing cashless transaction services to support CMSMEs in adapting to the digital landscape. This initiative allows the bank to introduce CMSMEs to various digital platforms. It serves as evidence of the successful transition within the CMSME community. The bank's efforts were recognised by VISA, which awarded it the title of the leading business debit card-transacting bank in the industry, highlighting its dedication to the digitalisation of CMSMEs.

In 2023, there was a 33% increase in debit card usage among CMSMEs. Furthermore, CMSMEs accounted for 64% of Astha transactions, showcasing unparalleled involvement in digital transactions.

33% growth

debit card users

45% growth

debit card transaction Volume

51,780 Mn

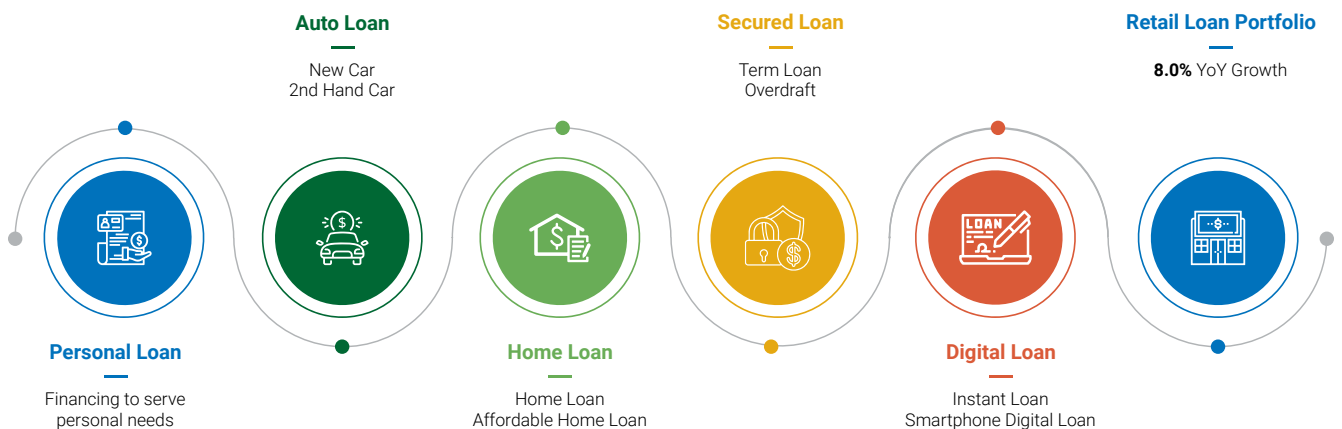
Highest Transaction volume in Astha

64%

SME's Contribution in Total Transaction Volume on ASTHA

Retail lending

Providing financial assistance to segmented clients through requirement-based facilities with the collaboration of business channels is the prime focus of the Retail Lending Team to accelerate the growth of the lending portfolio since its journey started. For this, retail lending actively supports the business channels to serve customers through diversified product ranges such as – Personal Loan, Auto Loan, and Home Loan facilities. To increase the numeric digit in onboarding new clients and portfolio growth, the team relentlessly put efforts into 2023. Keeping the credit quality constant helped us to retain the delinquency rate within 3%.



TARA Women's Banking

Launched in May 2017, TARA Women's Banking is a holistic women's banking programme for customers of Retail and CMSME portfolios. The fundamental premise of this segment is to provide dedicated and supportive banking products to women homemakers, entrepreneurs, professionals, and students.

Since its launch, TARA has significantly encouraged women to engage with BRAC Bank for their banking transactions. Today, TARA focuses on providing exclusive and personalised banking products. It has extended its umbrella to offer value-added services like exposure to training, workshops and knowledge development sessions. This helps enhance the overall capability of our women customers and facilitates more profound and meaningful engagements across our comprehensive network.

Year in review of TARA – 2023



28%
YoY growth

in TARA Customer



21%
YoY growth

in TARA Retail Loan Portfolio



32%
YoY growth

in TARA Deposit Portfolio



31%
YoY growth

in TARA Account Number



IMPACT STORY

WOMEN FINANCING IN RETAIL BANKING (TARA)

SDGs impacted:



BRAC Bank's TARA has been a powerful force for change, helping women in Bangladesh access financial services and promoting financial inclusion. TARA was launched to close the gender gap in financial services, and it has significantly improved the economic stability of female customers while fostering sustainable financial inclusion, giving them hope and inspiration.

TARA offers tailored financial solutions that meet the unique needs of women, demonstrating a deep understanding of their financial goals. Through extensive market research, BRAC Bank identified three key segments of women: those employed, those at home, and those in business. Each segment has distinct financial goals. TARA offers specialized products to meet these needs, showing that the program understands women's unique financial needs.

TARA has made a noticeable impact on economic stability by increasing women's financial participation. The program has helped women access credit through various loan products, such as TARA SME Loans, which include term loans, single instalment loans, and revolving loans. By providing these financial tools, TARA has enabled women to start and grow their businesses, manage

liquidity, and achieve financial independence. The availability of the TARA Business Debit Card also supports female entrepreneurs by offering convenient and secure transaction methods.

TARA has significantly contributed to sustainable financial inclusion by addressing the barriers that previously hindered women's access to financial services. TARA has equipped women with the necessary skills to navigate the economic landscape confidently by focusing on non-financial services such as training workshops and business development programs. Initiatives like the BRAC TARA Awards have also played a crucial role in highlighting successful female entrepreneurs and inspiring other women to engage with the financial system.

The program's innovative approach to credit assessment, which includes leveraging customer data and partnering with e-commerce and social media platforms, has allowed BRAC Bank to extend credit to women who still need to meet traditional lending requirements. This inclusive strategy has brought previously unbanked women into the formal financial sector, with unbanked women now constituting around one-third of TARA Retail customers and half of TARA SME customers.

The tangible impact of TARA on women's lives is reflected in the program's growth metrics. Between 2016 and 2019, the number of female customers increased by an average of 8 per cent annually, while loans to women-owned micro, small, and medium enterprises (MSMEs) grew at an annual rate of 22 per cent. These figures underscore TARA's role in enhancing women's economic participation and financial independence.

Agami

Launched in June 2022, Agami is a seamless student banking service that caters to the financial needs of school, college and university students to have bank accounts, student loans, study-abroad credit cards, and student file services.



16K+ new Agami Savers account, total base reaching to **22K+**



Student files opened for abroad going students with **54% YoY growth**



63% YoY Growth in fees income



Future Star Account with **128% YoY growth** in account opening

Remittance and Probashi Banking

BRAC Bank's Probashi Banking unit is responsible for bringing foreign currency to the bank through partnerships with international banks and exchange agencies. The unit's core responsibility is to build and retain the deposit base from wage-earners remittances, thus maintaining the bank's foreign currency inflows.

Supporting the Probashi Banking unit in these endeavours is an affiliation with 75 renowned global exchange companies/banks, representing a wide channel for enabling financial remittance throughput. Further, group companies, including BRAC Saajan and bKash, also comprise robust gateways for remittance transfers. These initiatives allow BRAC Bank PLC to become the 6th highest in bringing wage earners remittance in the banking industry of Bangladesh.

Key Achievements – 2023:

131%

YoY growth in remittance volume

09

New Partnership with Exchange Houses

4 Mn+

No of Remittance Transactions



6K+

New Probashi Customer

53%

YoY growth in direct account credit in BRAC Bank Accounts

Affordable Housing

BRAC Bank's Affordable Home Loan program has been a game-changer for hundreds of families. It was launched to empower those with moderate incomes (BDT 20,000 – BDT 130,000 monthly) to achieve homeownership. By the end of 2023, it had already positively impacted 441 families with a total loan value of BDT 1400 million. This initiative reflects BRAC Bank's commitment to financial inclusion and the belief that affordable housing can significantly improve lives.

IMPACT STORY

TRANSFORMING LIVES THROUGH BRAC BANK'S AFFORDABLE HOME LOAN

SDGs impacted:



Bangladesh is facing a significant challenge in providing adequate housing for its citizens. With one of the lowest land-person ratios globally, housing costs continue to rise, making it increasingly difficult for the lower-income population to secure proper shelter. Many individuals, especially in rural areas, rely on constructing low-cost houses that do not effectively protect them from environmental elements like rain, heat, and cold.

Recognizing the critical housing crisis, the Government of Bangladesh has identified the lack of accessible housing finance as a significant barrier to improving housing conditions for lower- and middle-income households. Poor living conditions, particularly in urban areas, undermine economic growth and poverty reduction efforts, as the International Finance Corporation (IFC) noted. Numerous government and international institution studies have highlighted the need to enhance the existing housing finance system and expand access to underserved segments.

As one of the most respected and responsible financial institutions, BRAC Bank PLC has proactively addressed this societal issue. The bank has specifically designed the "Affordable Home Loan" to serve lower- and middle-income households, empowering them to achieve the dream of owning a home. Launched in January 2022, this home loan product is accessible to customers across Bangladesh, instilling hope and optimism for a brighter future.

The BRAC Bank Affordable Home Loan targets households with a monthly income ranging from BDT 20,000 to BDT 130,000 (approximately USD 171 to USD 1,117). This loan product offers a lower interest rate than traditional home loans, making it more affordable for the target demographic. Customers can use this loan to purchase or construct semi-

pucca or pucca houses, buildings, or apartments.

By December 2023, BRAC Bank has disbursed over BDT 150 crore (approximately USD 1.29 crore) to 450 families, positively impacting around 2,250 lives, considering an average family size of five. The feedback from customers has been overwhelmingly positive. One valued customer shared, "I never imagined I could get a home loan and live in my own house with my family. The bank disbursed the loan quickly, and the interest rate was much lower than other financial institutions. Moreover, the interest rate has not been increased by the bank." This success story inspires and motivates the audience about the bank's achievements.

Looking ahead, BRAC Bank aims to extend its efforts beyond Dhaka, focusing on areas where housing finance is scarce for this segment of society. The bank is committed to improving the quality of life for more families, thereby contributing to sustainable living and economic growth. This commitment reassures the audience of the bank's dedication and confidence in its efforts.

BRAC Bank's Affordable Home Loan is a testament to its commitment to social responsibility and sustainable development. It significantly affects the lives of lower- and middle-income households across Bangladesh.



Corporate Banking

Our Corporate Banking division collaborates with many businesses, including large corporations, multinational companies, and government entities with substantial financial holdings. The team delivered impressive results in 2023, achieving significant growth across key indicators. This encompasses increases in loan and deposit volumes, trade finance, new client acquisition, and de-risking activities.



38%

Loan Growth, YoY basis
(private sector credit grew by 10.13%)



33%

Deposit Growth
(deposit growth in financial sector by 11.05%)

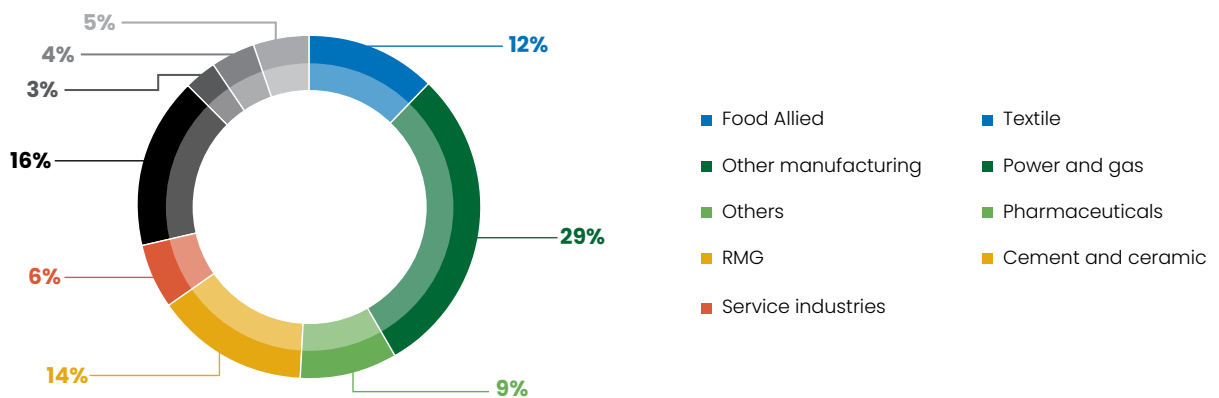


18%

Trade Growth
(country trade growth by -11.6%)

Corporate banking fosters economic development by funding infrastructure projects, supporting enterprises, and enabling businesses to capitalise on growth opportunities. Acting as intermediaries between savers and borrowers, they mobilise funds from surplus sectors of the economy to those with a deficit. This function also facilitates investment in vital sectors such as manufacturing, agriculture, real estate, and services by offering financial resources. This, in turn, leads to more significant employment opportunities, improved living standards, and heightened competitiveness in both domestic and global markets, directly contributing to the real economy.

Sector wise Loan Exposure



CUSTOMER-CENTRICITY

Customer centricity lies at the heart of the bank’s product design. Our co-workers continuously think from the customers’ perspective to align product propositions aiming to meet the customers’ evolving needs.

As we cater to a diverse customer base – from individuals to the government, CMSMEs to large corporations, and farmers to start-ups – we undertake various initiatives focused on delivering a distinct and quality experience across their entire lifecycle experience with us.

BRAC Bank is not only determined to expand its market share, but also to elevate its commitment to our founding Chairperson’s vision of financial inclusion and values-based development, taking it to the next level.

Serving our customers



**Bank the way
you live**



**Customer services and
grievance redressal**



**Service monitoring and
measurement mechanism**

Customer-centric Culture

At BRAC Bank, delivering an outstanding customer experience is a strong differentiator for a great product. It is critical to a sustained competitive advantage. The bank always believes in customer-centric actions and continuous improvements in its offerings, processes and policies.

Customer Support

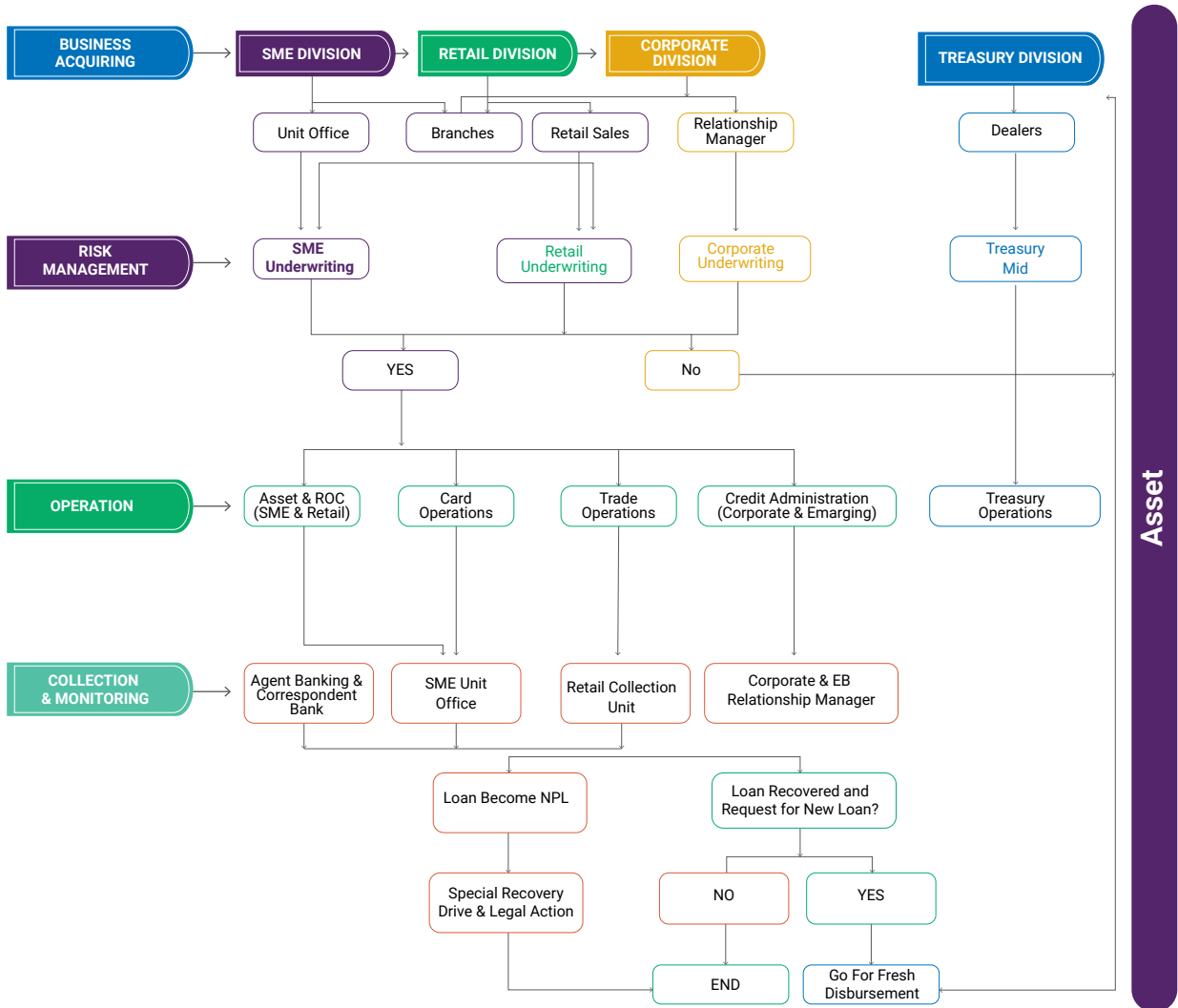
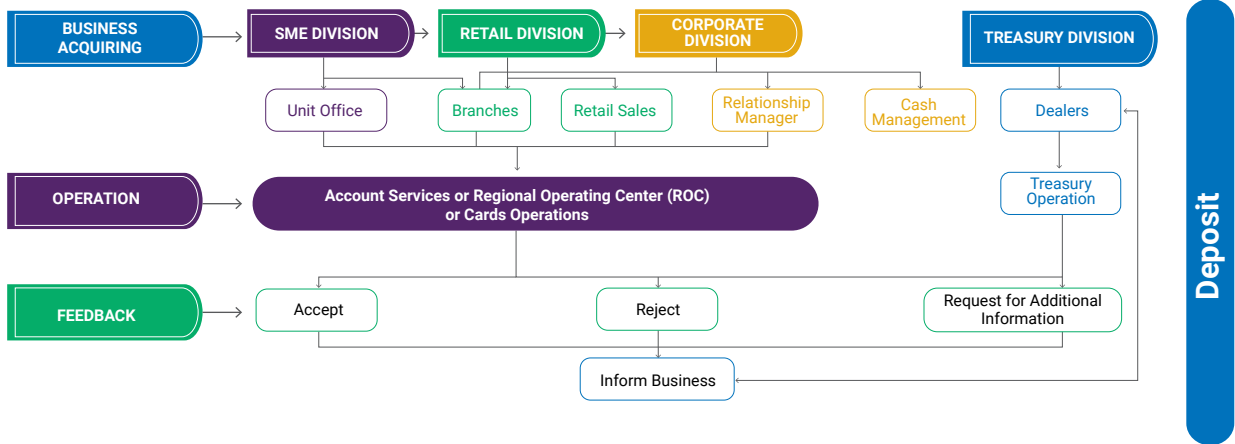
The bank makes it a top priority to respond promptly and efficiently to offer the best possible customer service. It includes ensuring easy access to cash and

facilitating smooth and hassle-free banking transactions for all customers.

Customer Privacy

As BRAC Bank embraces the digital age, the confidentiality of customer data has become more than just necessary; it’s critical. We are committed to investing in and strengthening our IT infrastructure to ensure the highest level of data security. Moreover, we have made customer privacy an integral part of our co-worker code of conduct, reinforcing our unwavering commitment to protecting our customers’ privacy at all levels.

WORK FLOW OF BRAC BANK



We continuously strive to innovate and adapt to the evolving needs of our customers. We are committed to fostering mutual prosperity and see ourselves as a bank that serves our customers by helping them realise their full potential and enabling them to advance to the next level.

Our bank doesn't just provide finances; we build long-term relationships. Our

Relationship Managers maintain regular contact with our customers, visiting them to assess their business and other factors. This approach is a testament to our transition from transactional to relationship banking, where we take on advisory and consultation roles. Our goal is to help our existing clients grow, enhance the value of their relationships, attract new customers, and ensure growth in our retail deposits.

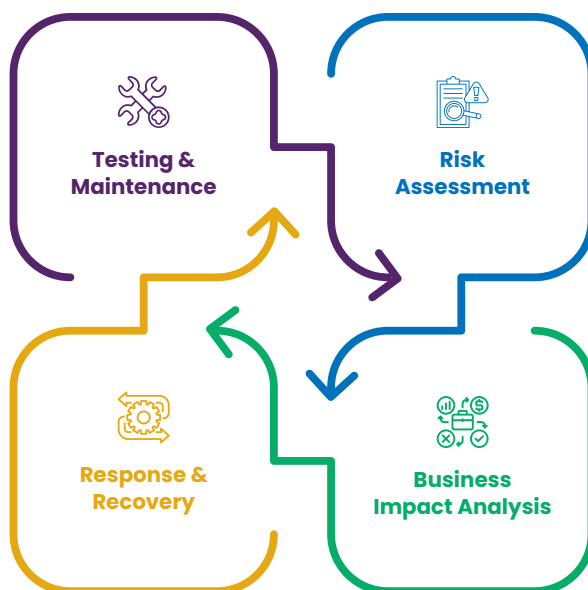
LONG-TERM RESILIENCY

Ensuring the long-term resilience of a business by following the necessary steps in business continuity planning is crucial. Business continuity is a strategic framework designed to identify and manage potential threats that could disrupt critical functions within an organisation. It is vital to ensure seamless operations during unforeseen disruptions, especially in the dynamic landscape of the banking industry.

BRAC Bank has demonstrated an exceptional commitment to business continuity by successfully executing a comprehensive plan to safeguard its operations and maintain service continuity in the face of potential disruptions. It includes ensuring the resiliency and recovery of essential business processes, technology systems, and human resources. Business Continuity Plans (BCPs) are critical for minimising downtime,

maintaining customer satisfaction, and preserving the organisation's reputation.

Key components of a BCP:



In 2023, BRAC Bank diligently enhanced its resilience by executing the Business Continuity Plan (BCP) and a comprehensive BCP Drill. The primary objective of these initiatives was to ensure that our business operations remain resilient and can swiftly recover from any potential disruptions, whether caused by natural disasters, technological failures, or other unforeseen events.

BCP Drill details are as follows:



Scenario Simulation

We created a scenario to simulate a disruptive event that could impact the BRAC Bank Head Office operations in Anik Tower



Activation of BCP

The BCP was activated in response to the simulated crisis, triggering the implementation of predefined recovery strategies and emergency procedures. This involved the mobilisation of key personnel, communication protocols, and initiating alternative work arrangements to ensure the continuity of essential functions.



Documentation and Lessons Learned

Detailed documentation of the BCP Drill process was maintained, including observations, challenges faced and corrective actions taken. Lessons learned from the drill were analysed to enhance the overall resilience of BRAC Bank's BCP, emphasising continuous improvement.



Evaluation and Feedback

Post-drill, a comprehensive evaluation was conducted to analyse the effectiveness of the BCP implementation. Feedback sessions were organised to gather insights from participants, identify strengths, weaknesses and areas requiring improvement in the organisation's response mechanisms.



Participation

Various departments and critical stakeholders participated in the drill, representing a cross-section of the organisation's functions. The drill aimed to assess the coordination and collaboration between different teams, evaluating their ability to work seamlessly in tandem during a crisis.



Testing Communication Protocols

The drill specifically focused on testing the effectiveness of communication protocols, both internal and external, ensuring that information could be disseminated accurately and efficiently during the simulated emergency.

Risk Management to Ensure Sustainability

In the dynamic landscape of the banking sector, prioritising sustainability within risk management practices is essential for safeguarding financial stability and fostering the enduring resilience of financial institutions. Within the context of BRAC Bank, we aim to thoroughly examine the sustainability-oriented risk management policies and the operational efficiency of risk management functions throughout the fiscal year 2023.

In an era marked by economic fluctuations, technological advancements, and evolving regulatory standards, a bank's ability to proactively identify, evaluate, and mitigate risks emerges as a cornerstone for long-term viability. As BRAC Bank navigates the complexities of the financial environment, assessing its risk management framework's effectiveness in addressing immediate challenges and adapting to the shifting risk dynamics with a sustainability-focused approach becomes imperative.

We employ robust policies and practices to detect and prevent fraud, address potential environmental and social risks in our portfolio, and safeguard data and customer privacy. These rigorous practices enable us to grow a successful, respected business that delivers the best possible results for our clients, customers and communities.

Our Enterprise Risk Management Framework helps bring consistency and structure to identifying and monitoring the varied risks we face across the bank, leading to better scenario planning, stress testing and root-cause analysis across the risk management lifecycle. We make it a mission to instil in all colleagues the responsibility to comprehend and be responsible for identifying and promptly escalating risk-related concerns. We have also prioritised data quality as a transformation focus area, enhancing our Data Governance Strategy to drive improvements in our technology and processes.

BRAC Bank's risk management framework incorporates an exemplary risk management methodology framework that is appropriate for managing all risks to which the bank is exposed while adhering to the bank's risk culture. The effectiveness of the risk management techniques has been demonstrated in the bank's operational resilience, quality of earnings, liquidity circumstance, capital adequacy, and asset quality. The bank maintains constant vigilance over its primary exposures through ongoing efforts to detect potential risks and vulnerabilities, evaluate those threats, and determine the safeguards outlined in policies. Policies give guidelines for the design of products and procedures, which are then carefully implemented in our practices.

Global Outlook on the Risk Landscape

The global economy proved more resilient than expected in 2023, owing to solid growth in the United States and economic stabilisation in China, though Europe remains uncertain and weakened. In most key markets, diminished energy and commodity prices helped to reduce inflation. Most developed-market central banks are expected to end monetary policy tightening in the second half of 2023 and begin interest rate cuts in 2024.

Despite restrictive monetary circumstances, private and government spending remained solid. Geopolitical uncertainties such as the outbreak of fighting in Gaza and disruptions in the Red Sea trade route, increased labour force participation, repaired supply chains, and declining energy and commodity prices provided additional support, exacerbating the oil crisis.

In 2023, the world saw severe weather, including the warmest summer since 1880, resulting in devastating wildfires, floods, and droughts. The calamities significantly impacted infrastructure, agriculture, and livelihoods globally.

Specific emerging market central banks began lowering interest rates in 2023. However, interest rates in the medium term are expected to remain significantly higher

than in recent years. Geopolitical tensions, such as the ongoing wars between Russia and Ukraine and Israel and Hamas, pose a significant risk where each of them could have profound global economic and political implications. The Israel-Hamas war has caused renewed volatility in energy prices, and recent attacks on commercial shipping in the Red Sea, as well as counter-security measures, have begun to disrupt supply chains. These developments have the potential to slow or reverse the recent decline in inflation, particularly in Europe and North America.

Most central banks raised policy interest rates to restrictive levels by 2023 to combat inflation. Mortgage costs skyrocketed, making it difficult for enterprises to restructure debt, limiting credit access and reducing commercial and residential investment. Increasing pro-cyclicality and unpredictability in fiscal policy hinder the potential for development in developing nations that largely depend on commodities exports. To address this issue, creating a budgetary framework that prioritises conservative government expenditure, flexible exchange-rate regimes, and avoids limiting international capital mobility.

Country Economic Stability

Bangladesh's economy displayed difficulties on several fronts in 2023, making it one of the most challenging years in recent history. The government faces multiple obstacles, including a volatile banking system, a financial account deficit, fluctuating exchange rates, and declining foreign exchange reserves. These difficulties have undermined Bangladesh's longstanding macroeconomic stability based on rapid development, a low inflation rate, and a robust external sector.

In addition to tightening monetary restrictions, the Central Bank has implemented reforms and regulations that require banks to adapt quickly and proactively to new requirements. The banking sector breathed a sigh of relief as interest rate limitations on deposits and loans were lifted to combat rising inflation.

However, due to discontinuing loan payment forbearance, bad loans shot up throughout the industry, with some banks struggling with liquidity pressure.

As a result, given the present situation of the economy, evaluating good governance and ensuring tight risk management has become increasingly crucial for banks to succeed.

Key Indicators 2023

- Gross NPL Ratio **3.38%**
- Capital to Risk-weighted Assets Ratio (CRAR) **14.00%**
- Advance/Investment-to-Deposit Ratio (ADR) **74.40%**
- Liquidity Coverage Ratio (LCR) **170.38%**
- Net Stable Funding Ratio (NSFR) **120.72%**
- Return on Assets (ROA) **1.13%**
- Return on Equity (ROE) **11.95%**
- Concentration in Top 20 Borrowers as percentage of the bank's total loans outstanding **15.82%**
- Top 20 defaulters as a percentage of total loans outstanding: **1.66%**
- Top 10 depositors' concentration **7.83%**
- Leverage Ratio **6.36%**
- Physical Risk at portfolio level **6%**
- Transition Risk at portfolio level **8.6%**

Risk Appetite

Our risk appetite defines our desired forward-looking risk profile and informs the strategic and financial planning process. It provides an objective baseline to guide strategic decision-making, helping to ensure that planned business activities offer an appropriate balance of return for the risk assumed while remaining within acceptable risk levels. Risk appetite supports senior management in allocating capital, funding and liquidity optimally to finance growth while monitoring exposure to non-financial risks.

Every year, a collaborative development of the Risk Appetite Statement (RAS) is undertaken within the bank before being

submitted to Bangladesh Bank. This analysis has enabled us to identify areas where the actual position exceeds the established risk limits and appetite, allowing for proactive management of emerging risks. Designated Risk Management teams diligently monitor these predefined risk limits throughout the year, promptly reporting breaches to the Risk Forum and devising mitigation plans.

The bank is actively diversifying its loan portfolio across various sectors to foster sustainable balance sheet growth. This strategic decision necessitates reallocating sectoral and industry exposure, ensuring a well-balanced and resilient portfolio that aligns with long-term economic growth objectives.

Credit Risk

BRAC Bank has a distinct credit risk management architecture includes policies, procedures, and systems for managing credit risk across all its business spheres. Our structured credit risk management process as a second-line control function, responsible for independent challenge, monitoring and oversight of the credit risk management practices, performed exemplary to ensure that credit risks are adequately assessed and transparent and credit decisions are controlled by the bank's risk appetite, credit policies and standards. We have defined end-to-end credit, control, and documentation processes to ensure good asset quality. Even in the volatile global economic condition, BRAC Bank showed its resilience in credit risk management, keeping NPL at 3.38%, way below the industry average of 9.00% (as of Dec' 23) for the year 2023.

The Board is the primary oversight body for Credit Risk. CMSME and wholesale lending are managed on a portfolio and individual level. Retail lending is typically handled as a portfolio across multiple products and customer segments, as individual exposures are more detailed. We have robust front-end and back-end systems across all categories to ensure credit quality and minimise default losses. Retail loans are approved based

on income, credit history, loan tenure, and banking behaviour.

Wholesale loans manage credit risk by capping exposures by borrower group, industry, and credit rating grade. This is supported through portfolio diversification, rigorous credit approval processes, regular post-disbursement monitoring, and adequate corrective measures. We have integrated climate change and its impact on our credit risk profile and outlook for our customers, the sectors we operate in and collateral/asset valuations.

Digitisation and Credit Risk

Due to rapid technological advancements, digitisation is increasingly becoming a key differentiator for customer retention and service delivery in the banking industry. Customers can secure loans with a button in minutes, if not seconds. However, there are risks associated with it, which BRAC Bank has established fitting checks and balances to manage.

As a step forward to increase digitisation, numerous data-driven credit risk assessment models were developed and adopted for different loan portfolios; Early Warning Software called LADA, credit card scorecard, CRM Weekly Dashboard, and Monthly KPI Dashboard were launched. By implementing a credit card scorecard, BRAC Bank eliminated one of the stages in the credit card issuance process, which resulted in improved turn-around time, less reliance on paper-based processing and enhanced customer experience. Machine Learning Algorithm-based credit decisions were implemented for Personal Loan Employee Banking (EB) Customers, and the whole process, from loan application to loan disbursement, is fully digital and completed within 15 minutes.

In addition, scan-based file processing supported by a Document Management System (DMS) is adopted, improving the bank's data management and storage capacity and enhancing our contribution to environmentally friendly technological initiatives.

Market and Liquidity Risk Management

BRAC Bank has implemented a comprehensive Market and Liquidity risk management strategy, viewing the process as a continuous cyclical approach rather than an orderly sequence of steps. This includes constant identification, assessment, management, and monitoring of both new and existing risks. The Asset Liability Management Policy, Foreign Exchange Risk Management Policy, Investment Policy, and Enterprise-level Risk Management Policy all contribute to the bank's ability to manage its risk exposure to market and liquidity parameters effectively. These policies are critical for bolstering the overall effectiveness of the risk governance framework, aligning with BRAC Bank's vision of establishing a sustainable financial and socially responsible institution focused on markets and businesses with prospective for growth.

The bank regularly analyses its balance and off-balance sheet positions, aligning them with various sustainability and ESG factors. Fluctuations in critical areas such as interest rates, foreign exchange rates, equity prices, leverage, and debt scenarios are meticulously tracked. The bank systematically evaluates its interconnected asset-liability positions in response to these fluctuations, considering their impact on sustainability and ESG goals. Additionally, a comprehensive assessment of present and projected cash flow is conducted to assess liquidity across short, medium, and long-term timeframes, focusing on sustainability considerations.

Our market risk management strategy includes comprehensive stress testing frameworks addressing all material risk factors (including interest rates, foreign exchange, credit spread, inflation, and equity risk). Initial assessments have concluded that our market risk stress testing frameworks are comprehensive and significant in capturing climate-related scenario stress events appropriate to the duration of the most material exposures. However, further consideration is expected by developing

industry and global best practices for scenario analysis.

Moreover, the bank's risk assessment considers financial implications and reputational and strategic sustainability impacts. This holistic approach ensures that risk management decisions are objective and sustainable, reflecting a comprehensive understanding of potential consequences across the sustainability spectrum.

Operational Risk:

Operational risk is the risk of direct or indirect loss resulting from a wide variety of causes associated with inadequate or failed internal processes, people or technology or the impact of external events such as co-worker, customer or third-party frauds, natural disasters, technology failures, process breakdowns and unethical business practices. Operational risk is integral to any banking activity and is inherent in all banking products, activities, processes, and systems. It is managed through an overall framework with checks and balances, including implementing three lines of defence and a comprehensive framework for identifying, assessing, managing, monitoring and reporting operational risks.

BRAC Bank has prepared an Operational Risk Management (ORM) policy incorporating regulatory directives and international best practices to provide a framework for robust management of operational risks. The operational risk policy outlines the core governing principles for operational risk upon which a holistic framework is designed for identifying, assessing, managing, monitoring, and reporting operational risks to ensure that the bank operates safely and soundly, protecting the bank's assets, reputation, and customers. The framework is developed encompassing integration, design, implementation, evaluation and improvement of risk management across the organisation, where each business area is responsible for identifying its key operational risks as well as the controls established through a defined operational risk appetite to mitigate those risks and to

ensure compliance with laws, regulations, regulatory, administrative actions and the bank's policies to ensure long-term sustained development.

Operational Resilience

Operational resilience is the ability of a bank to deliver critical operations through disruption. This ability enables the bank to identify and protect itself from threats and potential failures, respond and adapt to, and recover and learn from disruptive events to minimise their impact on delivering critical operations through disruption. As part of the bank's approach to managing operational resilience, we have included climate risk as a crucial driver in the strategy, considering the impact of and on climate to ensure its operations remain resilient. These climate-related impacts could impact the Group's operational resilience via its properties, IT systems, employees, and third-party suppliers. To reduce the risk of operational disruption, we have processes in place to assess our property's resilience to physical risks, focusing on our offices, data centres, and branch network.

BRAC Bank has utilised its existing governance structure to put distinct business continuity plans in place and conduct business continuity exercises to establish, oversee and implement a practical operational resilience approach that enables it to respond and adapt to, as well as recover and learn from, disruptive events to minimise their impact on delivering critical operations through disruption. The bank regularly conducts business continuity drills to test the effectiveness of the components of its contingency plan, including the operational resilience of essential people, processes, and systems in an emergency.

Information Security

Our digital experiences and processes rely on real-time data to effectively serve customers and run operations. Suppose our data needs to be more accurate and timely. In that case, we may be unable to serve customers, operate effectively, or meet regulatory requirements. We adhere

to the confidentiality of non-public data and are committed to data privacy and cross-border movement regulations. The bank is committed to providing the highest standards of service quality and banking security to all internal and external users. The bank has included cybersecurity in its defensive plan to promote responsible banking operations. In addition, the bank is the first financial institution in Bangladesh to employ an Enterprise Vulnerability Management System.

We have a fully functional Information Security Division with qualified and certified personnel to ensure an appropriate level of cybersecurity governance, capabilities, and controls to protect us and our client's assets and information, with end-to-end accountability across the firm.

Our strategy incorporates architecture, technology, tools, policies and processes to quickly prevent, detect, respond to, and recover from cyber threats. Security threats will continue to prevail, and ensuring the highest level of information security is an ongoing concern for all financial institutions. Multiple initiatives were undertaken to achieve better Data Integrity and Information Security in banks, namely PCI-DSS (Payment Card Industry - Data Security Standard) Certification, ISO 27001: Information Security Management System Certification, ISO 18788:2015 Management system for private security operations certification & SWIFT - Customer Security Program (CSP) Certification.

Environmental and Social Risk

Environmental and social risk is the potential for loss or harm, directly or indirectly, resulting from environmental and social factors. BRAC Bank has established processes and procedures to identify, assess, manage, and monitor environmental and social risks associated with our lending and investment activities. This includes evaluating potential clients' and projects' environmental and social impacts, establishing environmental and social standards and policies, conducting due diligence, monitoring and

reporting on performance, and addressing any issues. In mitigating environmental and social risks associated with our activities, we apply a double materiality perspective, looking at both the impact of climate change on our business and the impact of our company on the climate.

BRAC Bank is committed to sustainable business practices. It has implemented an Environmental and Social Risk Management (ESRM) system to ensure responsible banking operations. E&S risk may drive financial, legal, operational, reputational, strategic and other risks to our financial condition. Environmental and social factors that may give rise to E&S risk include, but are not limited to, climate change, natural resource management, human rights, labour standards, and community development.

The ESRM system is integrated into the bank's lending processes. Regular internal and external audits are required to ensure compliance with relevant regulations and standards. While managing environmental and social risks and impacts associated with the loan, the relationship managers and the credit officials are primarily responsible for

E&S due diligence and monitor the client's E&S performance after the E&S categorisation and disbursement of the loan.

Additionally, BRAC Bank has a separate credit inspection team to monitor the clients' overall performance, where E&S issues are the primary concern. For this purpose, the IFC has developed a set of 8 performance standards on environmental and social sustainability. The IFC performance standards are designed to help companies manage the environmental and social risks associated with their projects and to mitigate these risks. We are in the process of embedding the IFC Performance Standard into the credit appraisal process. Any facility over USD 5 million and more than three years will go through the IFPCS checklist before credit approval, and an applicable Environmental and Social Action Plan (ESAP) will be conducted.

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

SWOT ANALYSIS

SWOT analysis of BRAC Bank

A long legacy of doing good for Bangladesh and its people has enabled BRAC Bank to win public trust, enabling it to emerge as a preferred bank of the nation. The bank has identified a few key strengths, weaknesses, opportunities and threats, collectively

comprising its internal and external factors, as the bank endeavours to amplify its strengths, address its weaknesses, capitalise on opportunities and stave-off threats. The bank also utilises its SWOT framework as a management tool to continually map its position in the industry and thwart competitive pressures.



PESTEL ANALYSIS

BRAC Bank’s PESTEL analysis is used to evaluate, analyze 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.

P	E	S
Political	Economical	Social
Proactive govt. monetary policy, including tax policy	Strong economic recovery post-pandemic	Steady rise in per capita income
Stable political environment	Sustained positive growth rate achieved in GDP	Changing technology reshaping customer behaviour
Public sector investment in mega projects	Interest rate cap on both deposits and loans, making repricing critical	Increased awareness around health and safety
Reliable regulatory climate	High non-performing loans in the industry	Advancement in key social indicators, such as literacy
Strong Covid relief support through stimulus funds	Volatility in currency exchange rates	Accelerated digital adoption triggered by the pandemic
	Rising energy prices and supply chain disruptions impelling inflationary pressures	Rising urbanisation and industrialisation
		Public consciousness around ethics and integrity

Degree of impact

High	High	Moderate
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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
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T	E	L
Technological	Environmental	Legal
Dependency on technological innovation	Growing focus on green banking and green workplace	Highly regulated business environment
Govt. initiatives in Digital Bangladesh, transforming the banking sector	Contribution towards meeting the Sustainable Development Goals (SDGs)	Stringent laws regarding customer privacy and data protection
Rising customer sophistication	Greater need for institutional responsibility in society	Licenses and permits, including for product launch
Growing cybersecurity incidents and threats	Growing threats of climate-change events	Labour laws
Growing presence of FinTech companies with digital-first products	Regulations around sustainable finance	Protection of intellectual property
Evolving regulations on digital banking	National commitments to climate action	Defalcation instances, such as money laundering, terrorist financing, forgery, etc.
	Increased occurrence of natural disasters	

Degree of impact

High	High	High
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BRAC Bank’s strategies to address the PESTEL forces

<p>Digitalisation</p> <p>focus to create a sound digital ecosystem</p>	<p>Sustainable</p> <p>core lending business, with a focus to embedding ESG principles</p>	<p>100%</p> <p>compliance culture with zero deviations</p>
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TRANSPARENCY

BRAC Bank upholds stringent ethical standards in its operations. The Board fosters a culture of transparency and ethics, characterised by candid and open discussions during board meetings. Supported by values, comprehensive policies, and a code of conduct endorsed by the Board, all co-workers must uphold ethical business practices in their interactions with colleagues, suppliers, intermediaries, shareholders, and investors. These guidelines emphasise integrity, mutual respect, and transparency while empowering individuals to avoid deviations from these principles.

A clear division of roles and responsibilities between the Board and the management is at the heart of our transparency efforts. Our Board, which boasts the highest proportion of independent directors in the Bangladeshi banking industry, is responsible for setting policies and guidelines, monitoring performance, and ensuring transparency. This structure allows the management the freedom to oversee the bank's day-to-day operations, further enhancing our commitment to transparency and good governance.

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.

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.

To promote transparency as a responsible bank, BRAC Bank also established an Environmental and Social Grievance Redressed Mechanism through which any individual, group or community harmed by environmental or social incidents caused by Business As-usual (BAU) activities can file a complaint to the higher management of the bank for proper facilitation and prompt solution orientation.

Bangladesh Bank circulated a new Environmental and Social Risk Management (ESRM) guideline in June 2023. The central bank instructed financial institutions to follow environmental and social regulations while financing strictly. Following the prudent guideline of the central bank, BRAC Bank's ESRM guideline is within its credit policy approved by the Board. Recently, we ran the Environmental and Social Due Diligence (ESDD) of the entire business loan disbursement in quarter 4. In 2023, a total 61,569 number of transactions were made through ESDD, which amounts to BDT 367,802.4 million.

Procurement is one of the most critical areas for any business organisation, and we ensure transparency in every procurement. Every procurement decision undergoes a rigorous audit check to provide clarity to all stakeholders. Better transparency and creating a level playing field for all existing and potential vendors are key focus areas – we are always keen to support the country's local businesses.

BRAC Bank has established an effective internal control environment through the Board of Directors, management, organisational and procedural controls and an independent audit function to ensure that the bank is operated and controlled in a sound and prudent manner. The bank identifies control weaknesses through

In 2023, BRAC Bank became the first bank in Bangladesh to disclose its Scope 3 GHG emissions at the portfolio level of 2022, marking a significant milestone in the journey towards transparency and accountability in environmental impacts.

the internal audit system and adopts appropriate remedial actions to overcome identified control weaknesses.

The Board has established an Independent Audit Committee to monitor the effectiveness of the bank's internal control systems. The Audit committee meeting is held periodically to review the overall effectiveness of the internal control system, transparency and adequacy of financial statements, and the policies & procedures the management developed. The Audit Committee periodically reviews and advises the management to strengthen the bank's internal control system and ensures that the management has taken appropriate actions per the recommendations of the central bank and other regulatory bodies, external auditor and internal auditor.

The Board has set up an appropriate internal control system to review, record, and report financial information to prepare financial statements accurately. The bank reviews the overall effectiveness of the internal control system on an annual basis, and the audit committee reviews it. Feedback is provided to the Board of Directors on the effectiveness of internal control policies, practices and procedures on an ongoing basis.

The Internal Control and Compliance Division (ICCD) of BRAC Bank plays a pivotal role in accomplishing its objectives as it promotes a transparent, systematic, methodical, and consistent approach to assessing and enhancing risk governance.

ICCD has been entrusted with the responsibility of determining whether the bank's risk management, control and governance processes, as owned by the

management, are adequate and functioning in a manner to ensure:

- adequacy and effectiveness of risk management systems
- accuracy, reliability and timeliness of significant financial and operational information
- appropriate actions of co-workers regarding compliance with policies, standards, procedures, laws and regulations
- uses of available resources economically and efficiently
- achievement of programs, plans and objectives
- fostering the quality and continuous improvement in the bank's control process
- appropriate management of legislative and regulatory issues impacting the bank.

BRAC Bank has prioritised the application of strong internal controls and an efficient control structure by instituting internal control over financial reporting. Additionally, BRAC Bank has established robust review mechanisms to ensure transparency and optimum operational effectiveness. The bank identifies deficiencies and weaknesses related to the processes through regular review of the internal control system and initiates appropriate remedial measures for rectification.

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

CULTURE

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 continuously reflect and reinforce our values at all levels.

Over the last two decades, BRAC Bank has emerged as one of the top banks in the country, as the bank focuses on conducting business while being a socially responsible entity based on values-based banking. As bank co-workers, we uphold the bank's reputation through a strong culture of integrity and ethical conduct.

Our values-driven culture extends beyond our co-workers to all our stakeholders and has contributed to building a positive brand identity for the bank.

Our stakeholders put their trust in us because they witness our unwavering commitment to upholding the correct corporate values and driving positive change in society. This trust is a testament to the significant impact of our values-driven culture on our stakeholders.

Our value system is deeply embedded in a compliance culture, representing our steadfast dedication to adherence. This steadfast commitment to compliance has garnered numerous tax accolades from the National Board of Revenue (NBR) and cemented our position as one of the most compliant banks in the country.

Strategically, our management has positioned us to lead in market presence,

balance sheet size, portfolio quality, exemplary corporate culture, and good governance. This strategic approach shows our unwavering commitment to be a driving force in the financial sector, rooted in a values-based culture.

At BRAC Bank, our culture and people are pivotal enablers in our ongoing efforts to create significant value for our stakeholders. Our people's diverse skill sets, collective knowledge, and extensive experience form the cornerstone of our human capital. They enable us to remain flexible, adapt to changing circumstances, foster innovation, and deliver competitive, customer-focused solutions.

Our people are the primary value creators, empowering us to achieve our goals and objectives. Talent attraction, acquisition, development, and retention are integral HR activities at BRAC Bank, ensuring the availability of high-calibre human resources and sustained engagement for creating value.

We believe in fostering a winning culture where people are willing to outperform and grow. The three pillars of our people strategy are:

- People - the right people, at the right time and place.
- Performance - where people can consistently outperform and enjoy at the same time.
- Culture - where diversity is considered a strength, driven by five values, i.e., integrity, innovation, inclusiveness, customer centricity and effectiveness (3ICE).

..... **Human Capital Snapshot 2023**

11,676

Total workforce including Outsourced

30%

Female on-boarded (excluding the salesforce)



1,485

Female workforce including Outsourced

615

Conversion from Outsourced to full-time co-worker

OUR PEOPLE

Improvement in quality and efficiency in talent acquisition

Our 2023 Talent Acquisition strategy was a canvas of bold initiatives, attracting vibrant minds with innovative campaigns and fostering a culture of inclusivity. Beyond 'filling positions', we prioritised quality, meticulously hand-picking exceptional individuals who resonated with our values, streamlined processes, and cutting-edge technology ensured efficiency.

Reaching future stars

At BRAC Bank, our people are the foundation of our success. That's why we actively seek out the brightest minds across the country through innovative initiatives.

Our CAREERTalk programme spanned over 18 prestigious universities, both public and private, and has engaged over 5,000 young minds in 2023. We offered career guidance and showcased the exciting opportunities and values BRAC Bank has to offer.

Banking experience for freshers

BRAC Bank promotes a platform to give banking experience to freshers in the country. We believe in providing practical learning experiences. In 2023, we offered

72 internships across various departments, allowing students to work alongside seasoned professionals and gain valuable skills in a real-world banking environment. By engaging with fresh graduates, providing mentorship, and offering real-world experience, we're building a solid foundation for sustainable growth and shaping the next generation of banking leaders.

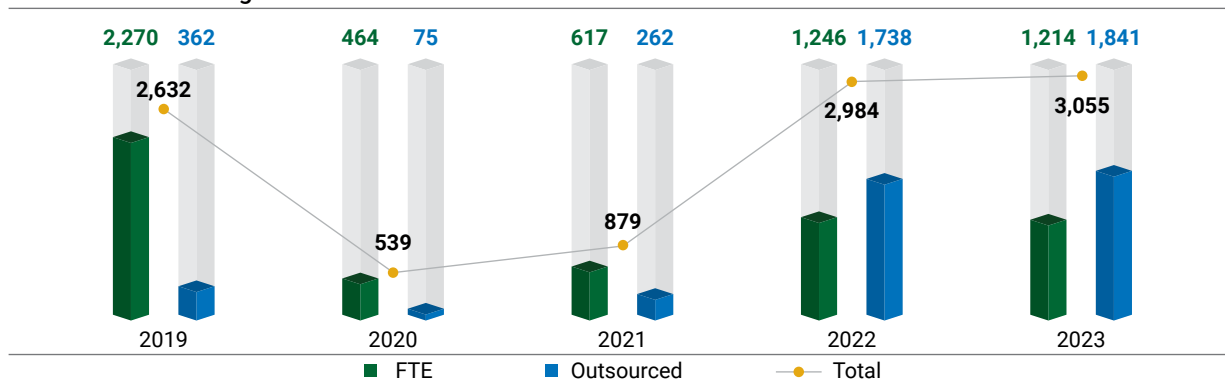
Efficient Talent Acquisition

Through strategic initiatives, we streamlined our talent acquisition process, shrinking hiring lead time from 29 to 23 days and ensuring faster identification and on-boarding of top performers.

Quality of hire initiatives

We reduced new co-worker attrition from 5% to 3% by prioritising quality-of-hire initiatives. This positive trend highlights our commitment to building a high-performing and engaged workforce. A cornerstone of this success was the implementation of Competency-Based Interviewing Assessments (CBIA's). Over the past year, we empowered 60 hiring managers through a two-day training program, equipping them with the skills to expertly evaluate candidates based on predefined competencies and job requirements.

Year wise on-boarding





23 days
Recruitment lead time
(last year was 29 days)

3 percent
New hire attrition
(Last year was 5%)

Onboarded
3,055
Total

1,214
Full Time Employee

1,841
Outsourced

1,568
Co-workers were promoted in 2023

Male - Female onboarding

70%

30%

Candidates attended



39,176
Written test



6,678
Interviewed



113
External Job Ads



60
Young Leaders



10
Tech Talents Onboarded



18
Campus Activation Programs

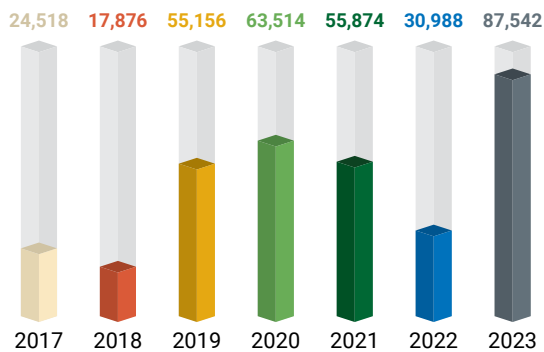
Emphasis on talent development

Unleashing potential, BRAC Bank invests heavily in leadership development. We cultivate a robust leadership pipeline through vertical and lateral promotions, rotations, new assignments, and strategic succession planning.

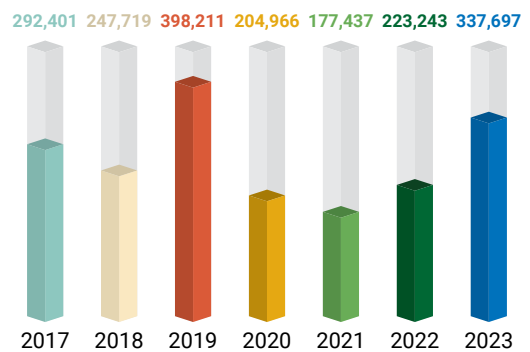
Embracing future-fit capabilities

During 2023, the bank has significantly emphasised developing skills and cultivating future-ready capabilities across various functions. The continuous effort to enhance the skill sets of its resources aims to ensure staying ahead of the market trends along with standard practices.

Total Participants



Total Training Person-hours



A crucial development in our efforts to support co-worker learning and development has been the introduction of the ALO (Alternate Learning Outlet) platform. It had a soft launch in December 2022 and gained momentum in 2023. ALO is a video-based, self-paced internal e-learning platform that offers evaluation tests, engaging animated video content, sequential learning, and an extensive e-library. Our team created the platform internally to meet our specific learning needs.

ALO stands out for incorporating evaluation tests, animated video content, sequential learning, and an e-library. It was entirely created internally to meet the unique requirements of our company. Users can earn certificates through interactive audiovisual learning modules in Bengali and English, similar to international platforms. ALO is now compatible with iOS and Android, ensuring that learning is accessible anytime, anywhere.

21%

Trainings are done through ALO platform

23.79

Average learning Man-hour





Training Coverage:

	Participants	Batches	Hours
External	▶ 604	137	7,076
Internal	▶ 16,683	423	161,975
eLearning	▶ 29,077	70	72,309
Virtual External	▶ 201	37	1,806
Virtual Internal	▶ 40,977	276	94,532
Total	▶ 87,542	942	337,697

8,789

FT Participants



2,208

Non-FT
Participants



4,929

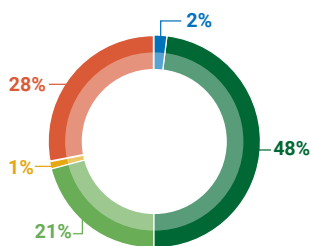
Agent
Participants



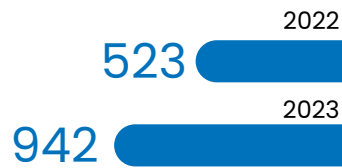
15,926

Unique
Participants

Platform Composition



- External
- eLearning
- Internal
- Virtual External
- Virtual Internal



Total Batches



Total Programs

PERFORMANCE

Building Performance, Cultivating Excellence

At BRAC Bank, exceptional performance thrives in a fertile soil of co-worker engagement, strategic alignment, and a culture of continuous learning. Our performance management system serves as the vital seed planted in this soil, meticulously nurturing everyone's growth while reaping rich rewards for the organisation.

The journey begins with setting precise, values-aligned goals for each co-worker. Proactive feedback and mid-year reviews ensure ongoing engagement and development throughout the year. We culminate this cycle with a rigorous year-end appraisal, ensuring rewards accurately reflect individual contributions.

A breakthrough in PMS: Values-based rating indicators

Introducing value-based rating indicators that aligned assessments with our core values led to a more consistent and transparent process. Recognising the critical role of managers in this process, we invested heavily in their skills. 76% of line managers were trained in our new, values-based performance rating system.

Setting Smarter goals

In 2023, we reviewed the goals of most of our functions to ensure they are aligned with our strategic objectives and can be measured effectively using the SMART criteria.

Initiatives for enhancing leadership skills

To empower impactful feedback, 476 line managers honed their skills in effective performance conversations. At the same time, 761 participated in 'Coach to Grow,' a specialised programme nurturing strong coaching competencies. Regular "one-on-ones" and reviews encourage ongoing

feedback and growth, creating a dynamic environment where everyone learns and excels.

761

Underwent coach to grow the programme

Exciting reward and recognition scheme

At BRAC Bank, recognition is more than just a reward; it's an investment in our people, culture, and future. We provide our top performers with the following rewards:

- **Performance-based bonuses:**
Recognising outstanding contributions and exceeding expectations.
 - **Long service recognition:**
Celebrating dedication with five, ten, and fifteen-year milestones.
-

476

Underwent performance conversation Development Programme

By nurturing effective performance practices, we attract and retain top talent, which creates a vibrant ecosystem where individual excellence fuels organisational success. As we move forward, we remain committed to continuously refine our performance management system, unlocking even more significant potential within our workforce and propelling BRAC Bank to ever-greater heights.

Championing Diversity:

Building a diverse and inclusive workforce fuels our success at BRAC Bank. Inclusiveness is one of our core values and cultural pillars. We branded our inclusion agenda as 'keeping no one behind'. We strive to offer an environment where race, gender, physical appearance/ability and religion are no obstacles to achieving success. This year, we have on-boarded 30% of female full-time

co-workers in roles other than sales. Our co-workers are strategically placed to ensure we can effectively serve every market corner.

82

Females are in senior role (AVP and above)

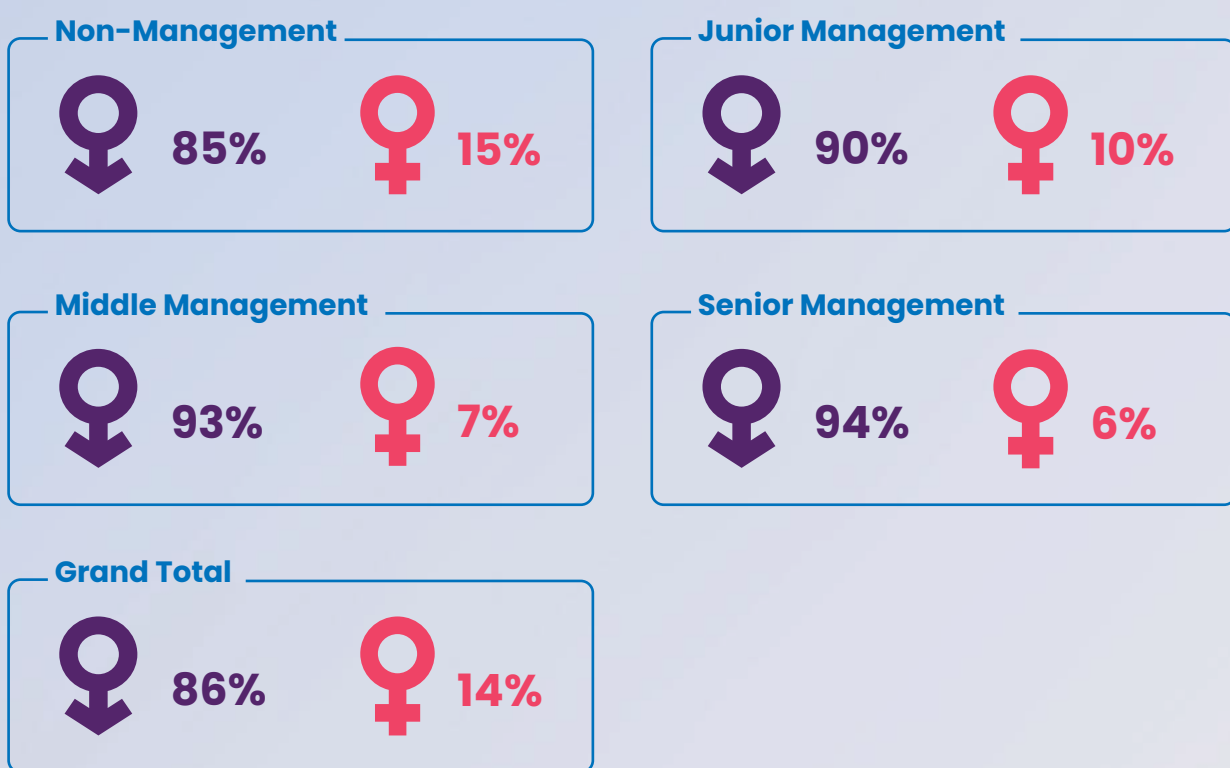
Empowering Women

In 2023, the total number of women in leadership roles stands at 82, showcasing our commitment to promoting female leadership. As part of its mission to empower women, the bank aims to have at least 30% of its non-sales workforce will be female by 2025.

Diversity in the Board




Diversity among the co-workers



Age Group	Non Mgt.	Junior Mgt.	Middle Mgt.	Senior Mgt.	Grand Total
<30 years	15%	0%	0%	0%	13%
30-50 years	85%	97%	88%	50%	86%
>50 years	0%	2%	12%	50%	1%
Grand Total	100%	100%	100%	100%	100%

BRAC Bank has an equal pay for equal work policy, which ensures that colleagues performing similar jobs at the same level are compensated equally. The following details the base salary and remuneration ratio for women compared to men in each job category:

Management Group	Female : Male (Ratio of Remuneration)	
Senior Management		0.67 : 1
Middle Management		0.96 : 1
Junior Management		0.91 : 1
Non-Management		0.96 : 1

Safeguarding everyone every day

We prioritise the safety of all individuals connected to our organisation. In 2023, nearly 99% of our co-workers have received comprehensive “Safeguarding” training in collaboration with BRAC. We aim to empower co-workers to navigate potential risks and promote a culture of respect and well-being.

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	Information
 Total incidents of discrimination (harassment)	02
 Incidents reviewed by the organisation	02
 Remediation plans being implemented	02
 Remediation plans that have been implemented, reviewed through routine internal management review processes	02
 Incident no longer subject to action	0

Proportion of senior management hired from the local community

Our Senior Management Committee (MANCOM) comprises 18 members responsible for day-to-day strategy development, implementation, and monitoring. All of them (100%) are hired locally in Bangladesh. They are all full-time co-workers of the bank.

CO-WORKER WELL-BEING

BRAC Bank recognises the importance of a holistic approach to co-worker well-being. It provides financial security and resources for physical and mental health. Here are some key highlights:



Daycare Centre

BRAC Bank understands the challenges working parents face. Co-workers can focus on their work, knowing their children are well cared for by offering a safe and stimulating daycare facility.



Vaccination Programme

To promote co-worker health, we launched a door-to-door Hepatitis B vaccination program this year. Four hundred co-workers received their first dose during this year.



Medical Centre

To ensure immediate access to healthcare, BRAC Bank has an on-site medical centre staffed by qualified professionals. It provides co-workers with convenient and timely medical attention. In addition, this year, a female doctor has been onboarded to consider the bank's women co-workers.



Fostering Emotional Well-being

BRAC Bank's investment in co-worker well-being goes beyond offering essential benefits. By creating a supportive environment, nurturing physical and mental health, and embracing innovative partnerships, the bank fosters a thriving and positive work culture where co-workers feel valued and empowered to succeed.



Yoga Classes

BRAC Bank prioritises co-worker mental and physical health by offering in-house yoga sessions. These sessions provide a platform for relaxation, stress reduction, and overall well-being.



Gymnasium

Our co-workers have access to a comprehensive gymnasium with separate timings for males and females.

In 2023, BRAC Bank has teamed up with nine healthcare providers, three lifestyle businesses, and three other organisations. Our co-workers can now enjoy exclusive discounts just by showing their ID cards.



Occupational Health and Safety

The Department of Safety and Security (DSS) safeguards the bank's personnel, environment, and assets from potential risks and threats. It ensures a safe and comfortable operating environment by implementing various security measures, including physical security of co-workers and assets, CCTV surveillance, fire safety, health safety, liaison and protocol, front desk management, and crisis management.



Physical Security

The department employs about 1750 security guards to ensure the security of co-workers and assets at all BRAC Bank premises. In 2023, the department revised the monthly wage for security guards in compliance with a government circular. Additionally, DSS monitored and supervised cash-in-transit (CIT) operations across the BBPLC network, transferring BDT 40,000 crores in 2023.



Crisis Management

DSS collaborated with relevant government and non-government organisations in 2023 in response to the Siddique Bazar blast, graphics building fire, and Gulshan branch fire incidents. The collaboration involved rescue operations, asset relocation, and reinstatement.



CCTV and Security Equipment

DSS oversees the operations and maintenance of approximately 4,800 CCTV cameras and 11,500 security equipment at all BRAC Bank premises. In 2023, the department successfully planned and implemented installing and relocating CCTV cameras and security equipment at 29 new sub-branches and 17 branches. Furthermore, 40 more sub-branches are in the pipeline for 2024.



Fire & Health Safety Management

The department conducted a fire evacuation drill at all BBL premises in 2023 in coordination with the Fire Service and civil defence. DSS provides 24/7 support on health awareness, health safety protocols, vaccination, health emergencies, hospitalisation, and first aid. In 2024, the department aims to provide fire and first aid training to co-workers across the BRAC Bank network.

VALUE CREATION AT A GLANCE

ENVIRONMENTAL

Sustainable Finance Portfolio in 2022

BDT 68,260 Mn

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

23.5%

Launch of super lifestyle app

Astha

Transactions using Astha and CORPhet

4.2+ Mn

Loan processed through Automated Loan System

8,000+

Saving from budget in fuel expenses

17%

Saving from budget in Electricity expense

23%

SOCIAL

Female FTEs on-boarded in 2022

226

Growth in female Employment

25%

Co-workers from the transgender community

5

Female co-workers in senior management roles

72

Salary increase and Alignment

20%

Co-workers got promotion

1,271

Young leaders recruited from fresh graduates

81

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

ISO 27001:2013

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

BDT 100 Mn

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

BDT 100 Mn

Supported 7 Sitakunda fire victims through BRAC Limb and Brace Centre

BDT 1.1 Mn

Students getting monthly Scholarships

420

Contributed to the Prime Minister's Education Assistance Trust

BDT 11.5 Mn

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

75,000

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

BDT 1 Mn

Spent on CSR during 2022

BDT 189 Mn



GOVERNANCE

Female representative in the BRAC Bank Board of Directors

22%

Independent Directors – highest in the industry

67%

Board and Board Committee meetings held in 2022

58

Member appointed to the Board in 2022

01

Members resigned from the Board in 2022

Nil

Value-added to stakeholders with a 16% YoY growth

BDT 18,907 Mn

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

BDT 10,247 Mn

Code of Conduct, SHE (Sexual Harassment Elimination Policy) Policy.

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

75

Transaction monitoring alerts generated from transaction monitoring exception reports

72,000

Suspicious activity or transaction reports submitted to the authority

1,300



A close-up photograph of a sunflower head, showing the vibrant yellow petals and the dark brown, textured center. The lighting is warm, highlighting the texture of the petals and the intricate details of the seed head.

**OUR COMMITMENT
TO BALANCING
PROFIT WITH
SUSTAINABILITY**

BRAC Bank has a unique asset portfolio mix in the banking sector. Its loan portfolio comprises 45% CMSME, 39% corporate and 16% Retail. This combination builds diversity and stability as a bank and places it on a solid financial footing. Such an extensive CMSME portfolio is unprecedented in the banking industry. It evidences the bank's commitment to grassroots entrepreneurs, the economy's lifeblood.

BRAC Bank distinguishes itself from other banks in the country by its significant focus on sustainability in its financing decisions. We are deeply committed to a values-based financing model that considers sustainability and profitability in the same way to generate the maximum socio-economic impact. To create the right approach, we prioritise:

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



FINANCIAL INCLUSION

Our visionary founder, Sir Fazle Hasan Abed, established BRAC Bank with a unique vision: to provide banking solutions to the 'unbanked' cottage, micro, small, and medium entrepreneurs. Its collateral-free loans bring grassroots entrepreneurs into the formal banking system, significantly uplifting people and impacting societal structure.

Over the years, the bank has emerged as Bangladesh's largest financier of collateral-free CMSME loans. BRAC Bank is the only bank in the country with a CMSME portfolio constituting more than 45% of its total loan portfolio.

Currently, the bank's CMSME loan outstanding is BDT 23,234 crore, with 85% being unsecured (collateral-free), an unprecedented achievement in Bangladesh's banking sector. BRAC Bank's collateral-free CMSME loan has become the first choice for any CMSME entering the formal banking channel. The rural penetration of CMSME loans by BRAC Bank is 60%, directly revitalising the rural economy and creating employment opportunities.

Women Banking TARA, Agent Banking, and digital banking services also significantly extend banking services to the unserved and underserved. BRAC Bank has partnered with the Bill & Melinda Gates Foundation to drive greater financial inclusion in Bangladesh, especially for CMSEs and women.

BRAC bank has championed financial inclusion through bKash, a ubiquitous and award-winning mobile financial services (MFS) company that has altered the country's payment landscape. The journey of a decade of bKash started with essential services like 'send 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.

Agent banking has emerged as a vital strategy for expanding financial inclusion, particularly in rural areas. Through initiatives like Uthan Boithok and customer engagement workshops, BRAC Bank conducted financial literacy programmes to educate customers about the importance of digital banking security in 7 different sessions in 2023. These programmes cover safe online banking practices, recognising and avoiding phishing scams, and understanding the significance of multi-factor authentication. By organising such activities, the bank aims to empower customers with the knowledge and skills needed to protect their financial assets in the digital realm. Furthermore, fostering a culture of awareness around digital banking security helps build trust between banks and customers, ultimately enhancing the overall security and integrity of the financial system.



315

Uthan Boithak and FGD

Organised in remittance-prone areas in collaboration with UNCDF for financial inclusion programme

In 2023, we launched a Micro Savings product for bKash customers. Through integration with the corporation's digital solution, corporations can disburse salaries to bKash accounts through bulk disbursements. To bring payment convenience to customers, Astha can now perform transactions by reading the QR codes of Bangla QR and bKash QR. The relationship between bKash and BRAC Bank is now more vital than ever; diversified products and services are now offered to customers of both companies, keeping financial inclusions in mind.

We have also introduced an innovative financial product called Tally Loan - 'Druti' in 2023 to promote greater financial inclusion in Bangladesh. This business loan is designed specifically for small traders, with over 8 million businesses lacking access to formal credit and secure banking services. BRAC Bank is bridging the gap in this underserved market segment. BRAC Bank's Relationship Officers visit small businesses, assess their credit needs based on Tally Khata records, and fill out loan applications processed within 72 hours of application. The bank also helps customers obtain necessary documents, such as trade licenses for loan applications. Male entrepreneurs with at least two years of experience and women with one year of experience are eligible for loans up to BDT 1.5 million without requiring any mortgage, which can be repaid within two years.

BRAC Bank's digital transformation journey includes the mobile app Astha and the internet banking platform for corporate clients, CORPnet. 2023 was a stellar year, with Astha marking half a million users and CORPnet achieving the BDT 200,000 crore transaction milestone. The loan origination system, eLAP, expedites loan processing and disbursement.

In contrast, digital nano loans such as Baki, Shafollo, and Jibika for CMSMEs and Shubidha for Retail enable customers to access loans within minutes. The first-of-its-kind Smart Farmer's Card will facilitate easy and smart banking solutions for farmers and drive financial inclusion in society. The country's first end-to-end commercial remittance application – FXPAY – will provide accessible, fast, and secure remittance services to institutional customers.

In 2023, the bank received a USD 40,000 grant to provide financial access to the country's RMG workers. Under this alliance, BRAC Bank will provide financial access to more than 10,000 RMG workers over one year. Moreover, the whole project will focus on digital financing for these workers, as the loan ticket size is as small as BDT 1,000.

Following Sir Abed's commitment to financial inclusion, we will continue to focus on CMSME Banking and expand our portfolio. In this digital age, we will leverage technology, adopt innovative approaches to achieve more milestones, and break new ground in financial inclusion.

No Frill Account

To disseminate the banking system throughout the country, it needs to penetrate the lower level of society and the rural areas. This will improve the economy of a country like Bangladesh, where 18.7% of the people live below the poverty line. However, the practice related to the banking system hinders the process of financial inclusion where norms like minimum balance requirements or annual charges prevail.

Bangladesh Bank introduced the innovative concept of the No Frill account in 2021 to foster economic and societal growth. This initiative, as per circular No FID 01 dated 05 September 2021, has led to the creation of a revolving fund of 5,000 million BDT. This fund is designed to cater to the banking needs of the lower-income population, who can now access banking services with a minimal deposit of 10 Taka. This move is expected to bring about a significant positive change in the country's financial landscape.

BRAC Bank provides services like a Frill account and student account. Agami is a seamless student banking service that caters to the financial needs of school, college and university students with bank accounts, student loans, study-abroad credit cards, and student file services.

BRAC Bank, in a strong show of solidarity with Bangladesh Bank's unwavering commitment to national financial inclusion, opened 19,832 No Frill and student accounts in 2023. These accounts, with a total deposit of BDT 396 million, are a testament to our dedication to making banking services accessible to all, regardless of their income level. This initiative is not just about numbers, but about the lives we touch and the communities we uplift,

reflecting our deep-rooted commitment to social responsibility.

Affordable housing

As of 31 December 2023, we have served 441 customers with BDT 1400 million, making a significant difference in their lives. The BRAC Bank Affordable Home Loan, designed to provide housing loan facilities for our society's low and middle-income households, has been a game-changer for many. With a monthly income between BDT 20,000 and BDT 130,000, these customers now have the opportunity to secure a home, a basic necessity that was once out of their reach. This initiative is a testament to our commitment to financial inclusion and our belief in the transformative power of affordable housing.

DIGITAL TRANSFORMATION

Transforming Banking, Transforming Lives

BRAC Bank is on a digital transformation journey to improve customer experiences across all segments. The bank initially focused on enhancing backbone infrastructure, including core banking systems, card management, and Call Centre IVR, streamlining processes, and automating systems.

Over the past few years, BRAC Bank has made significant technological investments. Technology projects have been successfully launched, offering customers numerous

conveniences and cost-saving benefits. Consequently, this initiative has bolstered customer loyalty and propelled rapid business growth.

The digital app Astha and the internet banking platform for institutions, CORPnet, signify the beginning of a digital transformation journey. Beyond banking transactions, Astha has evolved into a lifestyle solution, offering music, entertainment, and religious and educational content. Similarly, CORPnet has introduced innovative transaction features, enhancing service delivery to enterprises.

Looking ahead, we are committed to designing innovative products and services and fostering solid customer relationships. We aim to offer a comprehensive suite of banking products to meet business and personal needs, continue our business transformation journey, leverage technology for enhanced efficiency, advance our financial inclusion agenda, and ensure seamless omnichannel banking services.

Digital Transformation of CMSMEs

Transitioning CMSMEs from traditional to digital is the greatest challenge. Our numbers also prove that it has dramatically enhanced the customer journey, speeded up processes, and created greater convenience for them. As such, the division has been implementing and focusing massively on the digitisation of CMSMEs.



Digital Loan Processing (eLAP)

The bank rolled out digital CMSME loan processing in the past year through eLAP nationwide. It simplifies the complex process of loan application, which will ensure increased employee productivity and reduced loan processing lead time. CMSMEs are now able to avail of the loan in a short period. eLAP now has a coverage of 446 unit offices with 3400+ users. We have disbursed 36,967 loan files in 2023 through this initiative.

Country's First Digital CMSME Loan

The bank's commitment to social responsibility is evident in the launch of the country's first document-less real-time digital CMSME Loan, Shafollo, and a digital loan for individuals, Jibika. These initiatives have significantly increased access to finance in the country's marginal areas, a previously unattainable feat. This expansion has allowed the bank to reach previously untouched areas, demonstrating our dedication to serving all communities. Furthermore, CMSMEs are being introduced to the formal banking channel through these for the first time, a milestone in our journey.

THE STORY OF OUR DIGITAL TRANSFORMATION

BRAC Bank stands as a beacon of innovation and sustainability. This is how we transformed our core capabilities into a suite of digital solutions that serve our customers better and pave the way for a greener future.

It all began with our digital onboarding solution, a banking game-changer. Imagine the sheer volume of paperwork required to open 160,000 individual accounts. Our digital approach saved around 1 million paper pages, symbolizing our commitment to environmental stewardship. Each digital account opened is a step towards a more sustainable tomorrow.

Next, we turned our attention to our entrepreneurs—the cottage, small, and medium enterprises that form the backbone of Bangladesh's economy. Through our innovative loan origination solution, we disbursed 25,000 loans. Previously, this process involved many paperwork and countless trips back and forth. Now, with the click of a button, entrepreneurs can access the funds they need. This initiative saved paper and fuel and empowered businesses to flourish quickly and efficiently.

The digital revolution did not stop there. Our eCommerce platform processed 1.8 million transactions using eMoney. This shift reduced the need for physical commutes, paper-based marketing, and traditional currency, significantly decreasing carbon emissions. Picture a bustling marketplace where transactions flow seamlessly and sustainably – that is the future we are building.

Our banking apps, like Astha and CorpNet, became the lifeline for over 500,000

customers, facilitating around 5 million transactions. Each digital transaction meant fewer branch visits and less paperwork, enhancing convenience while reducing our environmental impact. Imagine the time and resources saved as customers embraced the ease of online banking.

The transition from paper money to eMoney gained momentum with 1.5 million account-to-eMoney transactions. This change signified more than just a shift in currency; it marked a move towards a cashless, greener economy. Our cash recycler and real-time cash deposit machines played a crucial role, supporting 15.5 million transactions and instantly converting paper money to eMoney.

In the heart of rural Bangladesh, 250,000 marginal people found a new way to save through our digital channels. This initiative brought financial inclusion to the forefront, allowing small savings to grow securely and sustainably.

Our document management solution revolutionized the way we handle paperwork. With 200,000 files processed digitally, the need for printing and moving physical documents diminished, leading to a more efficient and eco-friendly operation.

We also redefined the remittance process for foreign wage earners. We reduced paperwork by enabling direct transfers to any Bangladeshi bank account through NPSB immediate transfer and MFS wallet transfer. We encouraged using legitimate channels, making it easier for families to receive their hard-earned money.

SDGs impacted:



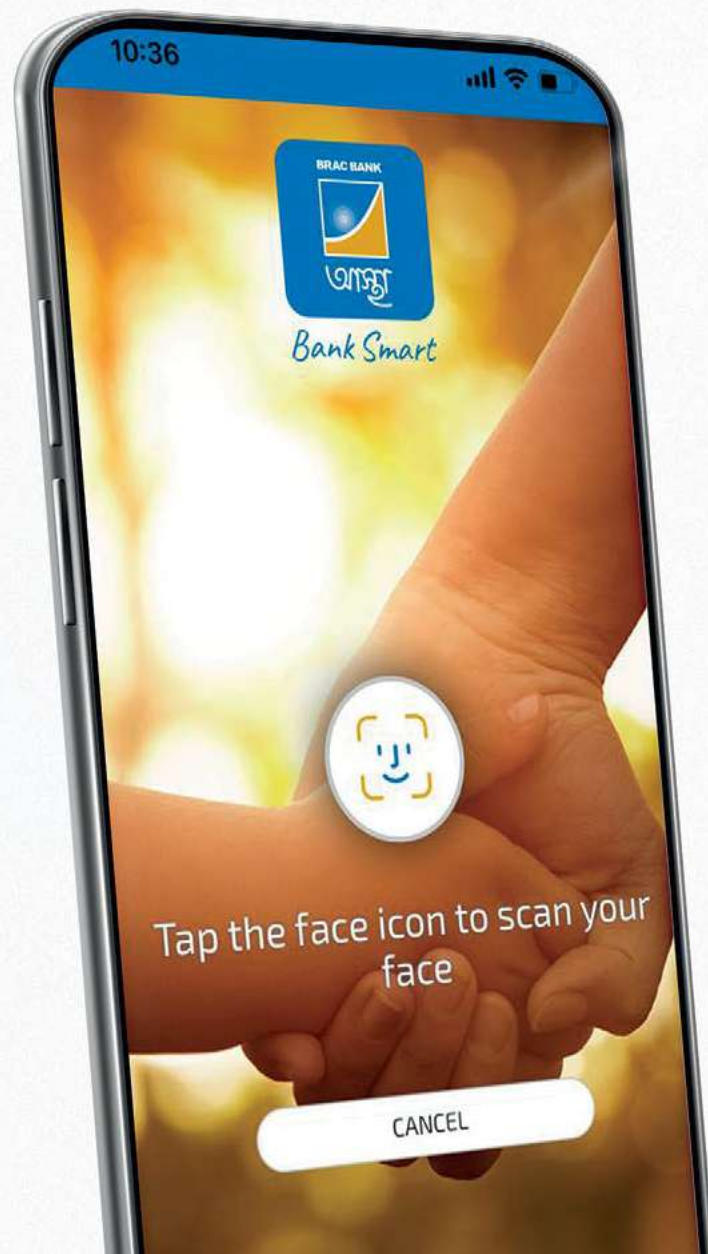
The introduction of Digital Form-C transformed the bureaucratic landscape, significantly reducing paperwork and branch visits. Meanwhile, our mobile apps embraced QR-based payments, enabling transactions with Bangla QR, bKash QR, Visa QR, and Mastercard QR. Each scan and payment reinforced our vision of a cashless society.

These initiatives collectively reduced our carbon footprint. We made a tangible environmental impact by minimizing branch visits, paper movement, and storage. Our collaboration with bKash integrated the unbanked population into the banking ecosystem, promoting financial inclusion and digital literacy. Reduced turnaround time for various processes meant our staff spent less time in the office, leading to lower electricity and air conditioning usage. Remote work became the new norm, allowing seamless project implementation regardless of geographical location.

BRAC Bank is now more prepared than ever to uphold ESG standards. Every initiative we undertake is rooted in green banking principles.

We encourage our customers to embrace digital solutions, reducing their need for physical movements and contributing to a sustainable future. Our journey is a testament to the fact that with innovation and determination, we can create a banking system that helps our customers prosper while nurturing our planet.

The transition from paper money to eMoney gained momentum with 1.5 million account-to-eMoney transactions. This change signified more than just a shift in currency; it marked a move towards a cashless, greener economy.



KEY DEVELOPMENTS OF 2023



Bank Smart



Astha

Astha is an Internet banking application by BRAC Bank that offers over 120 functionalities, including money transfers, bill payments, QR code payments, and card management. New features introduced in 2023 are – registration by account, ATM cash by code, Astha lifestyle, QR & Bangla QR, fixed deposit account and deposit pension scheme encashment, reward point redemption for credit and debit cards, bKash pull money, transactions using card pin, and Bangla localisation.

CORPnet

The bank's corporate Internet Banking, CORPnet, now includes enhanced features like pay order management, virtual account management, a configurable direct debit retry mechanism, Corporate wallet bulk disbursement, Onboarding new biller, Balance and Account Certificate, LC issuance with DMS integration, Payee advice for bkash bulk disbursement, DD IFT VAM collection, bKash new Company integration, Transaction initiation with MT103 as introduced in 2023. CORPnet has been directly integrated with the ERP systems of various customers to enable seamless processing of corporate banking needs.



Shubidha

In October 2022, BRAC Bank introduced an end-to-end digital loan application, enabling customers to apply for loans from anywhere in the country, with approvals granted within 10 minutes on a working day. The bank also launched "Instant Loan" and "Shaddho" as retail products. Through a strategic alliance with SMI, BRAC Bank secured a 1.42 million USD grant from the Bill and Melinda Gates Foundation for digital banking in CMSME. The digital loans offered by "Shafollo" and "Jibika" aim to extend digital banking services to over half of the small entrepreneurs in rural areas.



Customer Feedback Management System

BRAC Bank has also onboarded a Customer Feedback Management system to identify service improvement opportunities to harness customer delight.



Document Management Solution (DMS)

BRAC Bank has implemented a DMS to oversee document workflows and automate approval procedures, aligning with Bangladesh's vision for a Digital Bangladesh. The digitised loan approval system, Obichol, revolutionises the loan processing workflow by automating DBR calculations from CIB files. It ensures a precise and reliable loan approval process.

Automation, Research & development

Automation, research, and development were focused on harnessing the power of emerging technologies, automating bank processes, streamlining operations, reducing human errors, slashing turnaround times, and improving customer experience.



Loan Originating System

The Loan Originating System (LOS) by BRAC Bank is a multifunctional tool that streamlines lead generation, loan processing, and loan account management. Its automation capabilities significantly enhance the speed and accuracy of processing loan applications, offering a seamless and integrated experience for all users involved.

ISO Certification

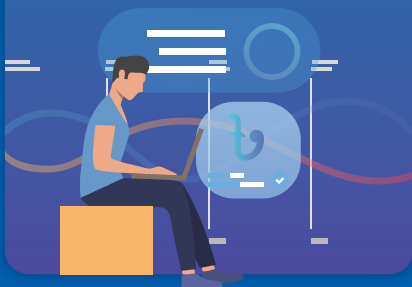
BRAC Bank Technology Service has achieved certification on ISO 27001:2022 in 2023. This endorses the bank's adherence to global Information Security Management Systems standards.

Automated Remittance Capability

The bank's automated remittance capability has been enhanced to include twelve new exchange houses, allowing customers to remit money to BRAC Bank's beneficiary account instantly, other bank accounts, and various wallets. BRAC Bank has partnered with VISA Payment Limited to facilitate wage and commercial remittance using a single integration.

Supply chain finance solution (SCF)

BRAC Bank received the Corporate Banking Innovation award from Infosys in the large Bank Gold category for its technology-driven solutions. These solutions aim to reduce financing expenses and enhance operational efficiency for buyers and sellers involved in sales transactions through Supply Chain Finance (SCF) methodologies. The bank has also introduced new features like virtual account management, inward electronic collection, and various types of cheque collections.



TakaPay



In 2023, BRAC Bank issued the country's first national payment scheme, the 'TakaPay' card, and implemented the acquiring capability of the TakaPay card. This is an initiative from Bangladesh Bank, and the honourable prime minister has inaugurated the TakaPay card scheme.

Diners Club



BRAC Bank has implemented a new International Payment Scheme's 'Diners Club International' card acceptance capability at its terminal. This implementation allows Diners Club-branded cards to perform transactions in BRAC Bank's terminals.

Payment Gateway Capability Enhancement

BRAC Bank now accepts bKash wallet transactions through its Payment Gateway without needing separate integration with bKash. The bank has also added dynamic QR functionality to its gateway, allowing users to initiate transactions by scanning a dynamic QR with their mobile app.

IT Infrastructure

The bank's infrastructure capability was modernised and upgraded throughout the year, considering optimised performance, technology scalability, 24/7 system availability, robustness and resilience. Business continuity and disaster recovery capabilities are tested yearly to ensure readiness for optimisation.

SUSTAINABLE FINANCE

Tone From the Top

“At BRAC Bank, sustainable finance is not just a commitment; it is our compass guiding every investment toward a greener, equitable future.”

Selim R.F. Hussain

Managing Director & CEO

Green and Sustainable Finance

Green Finance is focused on financing initiatives, such as reducing GHG emissions and promoting renewable energy, which will eventually positively impact the ecosystem. In contrast, Sustainable Finance considers ESG factors in investment decisions for long-term economic, environmental and social growth.

As a critical player in the financial sector, our green and Sustainable Finance initiatives are not just about meeting global targets set through the Paris Agreement and the broader SDGs. We are also actively working towards national targets set by the Government, such as Vision 2041, Intended Nationally Determined Contributions (INDCs) and Delta Plan 2100. Our role in this journey is crucial, and there is only an alternative to march towards sustainability with our active participation.

To combat the global challenges we face today, such as climate change and evolving environmental risks, Green and Sustainable Finance is a significant tool to drive towards a low-carbon, sustainable economy.

Our Approach

Our unwavering commitment is to lead as a top sustainable bank in our business investments and banking practices. We aim to align with the international and national

long-term economic, environmental and social growth agenda by championing green and sustainable financing.

At BRAC Bank, we believe in a proactive approach to sustainability. We actively involve stakeholders in integrating ESG considerations into our decision-making processes. It is evident in the 25 dedicated sustainable finance help desks we have established nationwide. These help desks are a tangible demonstration of our commitment to addressing sustainability issues promptly and transparently. We provide technical support, such as assessing the values and scopes of green projects, to protect our clients' interests. We also manage all our client's environmental and social risks based on the ESRM guidelines circulated by the central bank.

We continually strive to contribute towards achieving the SDGs, where financing for CMSMEs to generate employment in an environmentally friendly manner remains our top priority. BRAC Bank is putting effort into integrating ESG criteria into our lending and investment decisions to ensure they align with sustainable development goals. Moreover, we are also adopting sustainability practices internally, such as reducing their carbon footprint and increasing diversity and inclusion in the workplace.



Internal sustainability practices

Adopting sustainable practices internally, such as reducing the bank's carbon footprint, increasing diversity and inclusion in the workplace, and managing waste and energy usage.



Responsible lending

Lending practices that prioritize environmental and social impact, as well as financial return.



Sustainable investments

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.



Transparent communication

Communicating the bank's sustainability performance and policies, including thorough regular regulatory reports and ESG ratings coming from credit rating agencies.



Stakeholder engagement

Engaging with customers, employees, investors, development partners and other stakeholders to understand and respond to their sustainability needs and expectations.



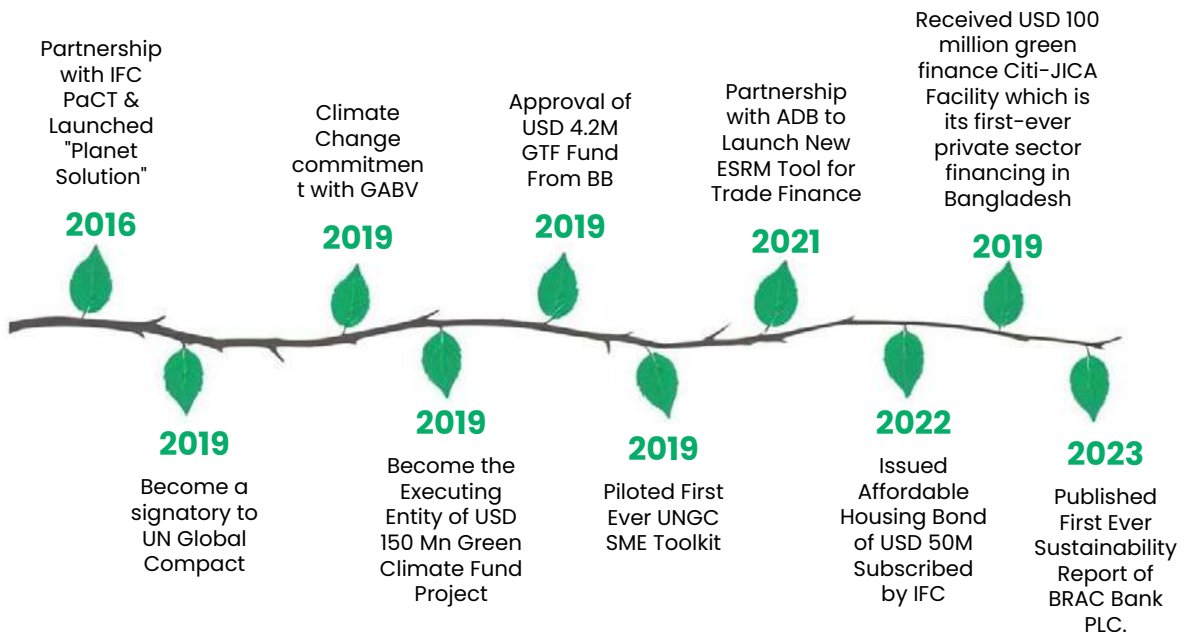
Our Journey Towards Sustainability



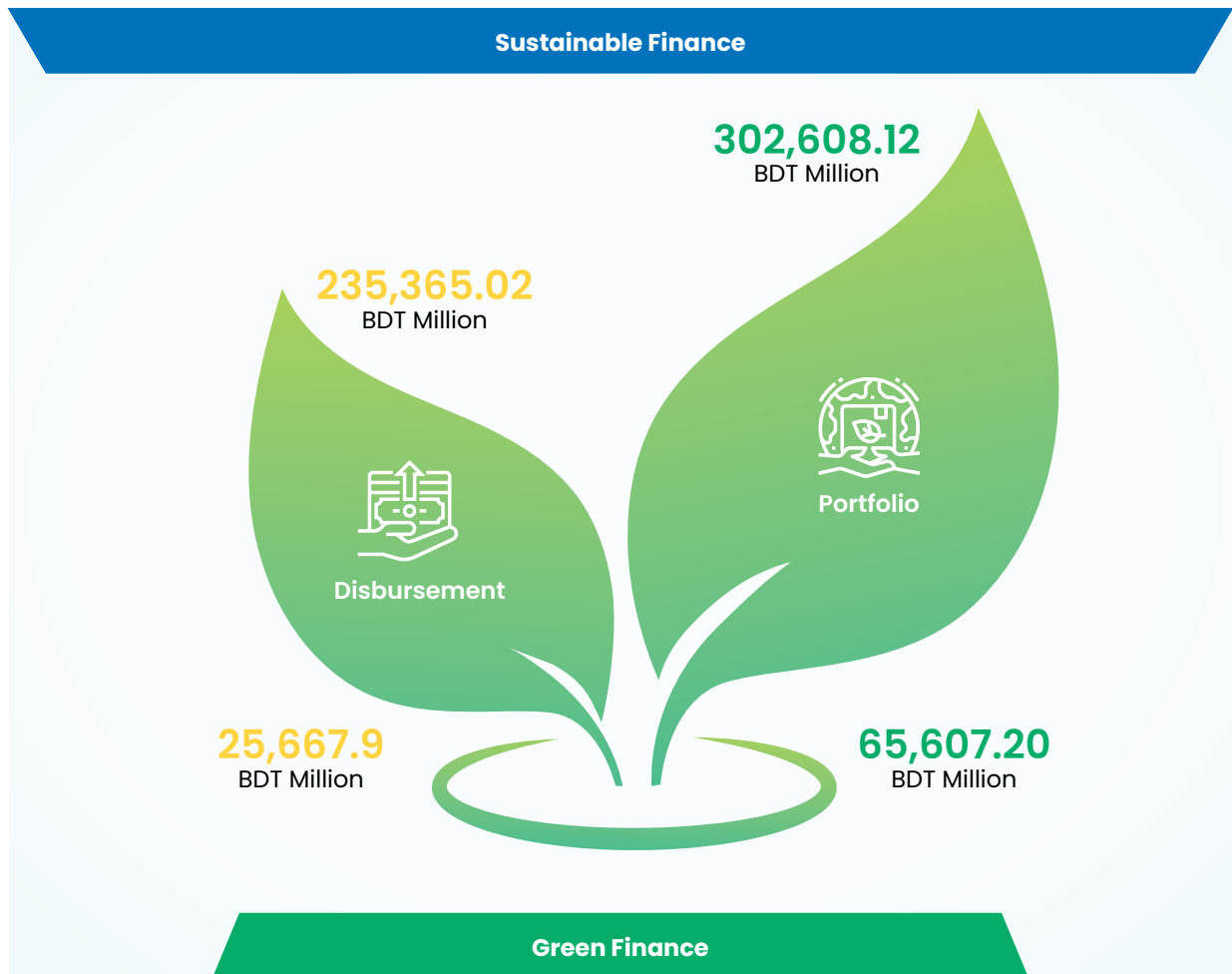
One of the Top 10 Sustainable Banks for 3 Consecutive Years



Highest Graded ESG Performer Bank of The Country Rated by Moody's Investors Service



Overview of Sustainable Finance Portfolio:



Achievements against Regulatory Target

Year 2023	Sustainable Finance	Green Finance
Bangladesh Bank Target	20%	5%
Our achievement	41.38%	10.61%












Contribution to the SDGs through Sustainable Banking

BRAC Bank is one of the significant contributors to Sustainable Taxonomy as per the new SFD Circular No. 05: Sustainable Finance Policy for Banks and Financial Institutions dated December 30, 2020, by Bangladesh Bank. To ensure sustainable recovery from the pandemic with commitment towards

the national 2030 agenda for sustainable development, BRAC Bank, under its unique Sustainable Finance product umbrella called "Planet Solution", has extended 360-degree value propositions to the CMSMEs and large corporate customers. This has helped the CMSMEs and corporate customers adopt eco-responsible initiatives to find green alternatives, thus contributing heavily to the country's sustainable development.



Disbursement Sectors	Disbursement Amount (BDT Million)	Major Categories	SDG Mapping
Green Finance	25,667.9	Renewable Energy	
		Energy & Resource Efficiency	
		Circular Economy & Eco-Projects Financing	
		Green/Environment Friendly Establishments	
		Green Agriculture	
		Green CMSME	
Sustainable Agriculture	3,528.03	Crops	
		Pisciculture	
		Livestock	
Sustainable MSME	68,356.57	Sustainable MSME	

Disbursement Sectors	Disbursement Amount (BDT Million)	Major Categories	SDG Mapping
Socially Responsible Financing	34,882.37	Financing/Investment through MFI (MRA Regulated)/NGO (Govt. Approved) Linkage Mode for capacity building, Education, employment generation including self-employment	    
Other Sustainable Linked Finance	102,930.16	Other Sustainable Linked Finance	     

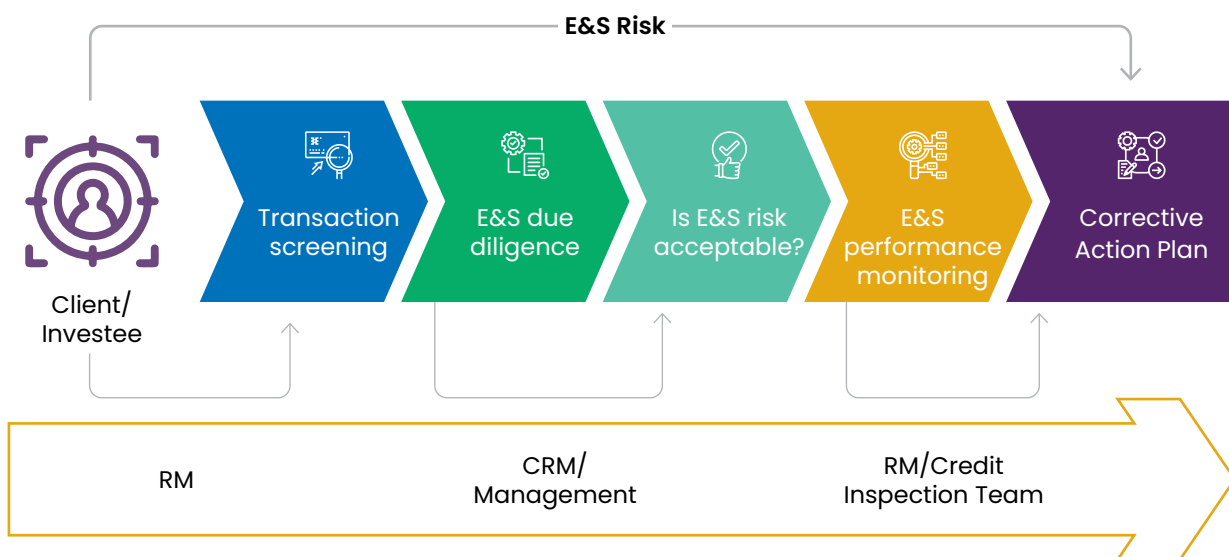


UN Global Compact principles	BRAC Bank's alignment
8: Elimination of forced / compulsory labour 6: Elimination of discrimination with respect to employment	<ul style="list-style-type: none"> * Respect for human rights at all times * Fair and meritocratic workplace environment * Conscious promotion of inclusion and diversity
3: Upholding freedom of association	<ul style="list-style-type: none"> * Time-tested belief that education can bring forth life transformation * Initiatives in education, especially among the underprivileged communities * Prioritised emphasis on education of the girl child
6: Elimination of discrimination with respect to employment	<ul style="list-style-type: none"> * Promotion of workplace inclusion and taking a no leniency stance on any infringements * Exclusive women-centric activities and gender sensitisation initiatives * Internal TARA (Women) forum/platform for enabling open discussions
8: Initiatives to promote greater environmental responsibility 9: Adherence to environmentally-friendly practices	<ul style="list-style-type: none"> * Dedicated sustainable finance desk at selective branches * Measuring carbon footprint
8: Initiatives to promote greater environmental responsibility 9: Fostering environment-friendly practices	<ul style="list-style-type: none"> * Responding to climate change via sustainable finance for renewable energy projects * Dedicated sustainable finance desk at selective branches * Focusing on promoting digital banking
3: Upholding freedom of association 10: Working against corruption	<ul style="list-style-type: none"> * Open, transparent and meritocratic work culture * Stringent code of conduct, anti-bribery policies * Increasing workplace flexibility, especially driven by the pandemic
7: Support to prevent environmental degradation 9: Promotion of greater environmental responsibility	<ul style="list-style-type: none"> * e-communication against paper-based correspondence * Digital banking that helps minimise use of paper * Concerted efforts in reduction of plastic use * Awareness creation around judicious electricity, paper and water use
7: Support to prevent environmental degradation 8: Greater environmental responsibility	<ul style="list-style-type: none"> * Prioritised lending to businesses associated with clean and green energy * Credit preference to businesses establishing environmental protection assets
3: Upholding freedom of association	<ul style="list-style-type: none"> * Cooperative partnerships-driven approach to social responsibility programmes to ensure higher and more sustainable impact * Strength of partnerships yields sustainable and sustained social value

Offering Concessional Funds to promote green financing:

BRAC Bank offers different concessional funds to its customers to promote green financing. The country's central bank introduced these concessional funds to mobilize sustainability in other areas like energy-efficient machinery, waste management, green agriculture, renewable energy, etc. These funds are a government initiative to ferment sustainability among financial institutions through the central bank.

Environmental and Social Risk Management (ESRM):



A bank's environmental and social risk management system refers to the processes and procedures used to identify, assess, manage, and monitor environmental and social risks associated with its lending and investment activities. This can include evaluating potential clients' and projects' environmental and social impacts, establishing environmental and social standards and policies, conducting due diligence, monitoring and reporting on performance, and addressing any issues that may arise. This is increasingly important as investors, regulators, and the public expect financial institutions to consider their activities' environmental and social impacts and act responsibly.

As one of the leading ESG performer banks in the country, BRAC Bank is committed to sustainable business practices and has implemented an Environmental and Social Risk Management (ESRM) system to ensure responsible banking operations. Our ESRM

system aims to identify, assess, and manage environmental and social risks associated with the bank's operations and investments. It covers a range of issues, such as climate change, natural resource management, human rights, labour standards, and community development. The ESRM system is integrated into the bank's lending processes. Regular internal and external audits are required to ensure compliance with relevant regulations and standards. While managing environmental and social risks and impacts associated with the loan, the relationship managers and the credit officials are primarily responsible for E&S due diligence and monitoring the client's E&S performance after the E&S categorisation and disbursement of the loan.

Additionally, BRAC Bank has a separate credit inspection team to monitor the clients' overall performance, where E&S issues are a significant concern. To enhance the capacity and manage the E&S risks associated with it,

officials of SFU regularly participate in various capacity-building sessions, seminars, and workshops and arrange in-house sessions for business RMs/Credit officers to enhance their capacity while dealing with E&S issues. To promote transparency as a responsible bank, BBL also established an Environmental & Social Grievance Redressed Mechanism through which any individual, group or community harmed by environmental or social incidents caused by BAU activities can file a complaint to the higher management of the bank for proper facilitation and prompt solution orientation.

Bangladesh Bank circulated a new ESRM guideline in June 2023, where the central bank instructed financial institutions to strictly follow environmental and social regulations while financing. Following the prudent guideline of the central bank, BRAC Bank's ESRM guideline is within its credit policy approved by the board. Recently, we ran the Environmental and Social Due Diligence (ESDD) of the entire business loan disbursement in quarter 4.

In 2023, 61,569 transactions were made through ESDD, which amounted to BDT 367,802.4 million.

Incorporating IFC Performance Standard into the Credit Process

The International Finance Corporation (IFC), the private sector division of the World Bank Group, aims to foster sustainable investment in developing countries, thereby aiding in poverty alleviation and economic growth. To support this mission, the IFC has established eight performance standards focused on environmental and social sustainability. These standards are intended to assist companies in identifying and managing the environmental and social risks related to their projects, helping them to effectively

mitigate these risks.

The 8 IFC Environmental and Social Performance Standards are:

1. Evaluation and Management of Environmental and Social Risks and Impacts Companies encounter environmental and social risks that can influence their performance. This standard assists them in identifying, evaluating, and managing these risks to safeguard both people and the environment. It mandates conducting an Environmental and Social Risk Assessment, which should be periodically updated.

2. Labor and Working Conditions

Companies are required to ensure fair working conditions for their employees, including fair wages, access to proper facilities and resources, and protection from health and safety hazards. They must also offer training and development opportunities and take steps to prevent discrimination and harassment.

3. Resource Efficiency and Pollution Prevention

This standard obliges companies to prevent pollution and enhance resource efficiency. They must evaluate their operations to identify improvement opportunities and implement an environmental and social management system with specific procedures to address pollution and resource efficiency.

4. Community Health, Safety, and Security

To safeguard health, safety, and community well-being during project development and operation, projects must develop and implement policies, procedures, and programs to prevent or reduce health, safety, and community impacts, aiming to protect people and communities while fostering sustainable development.

5. Land Acquisition and Involuntary Resettlement

Projects must avoid or minimize negative impacts on communities, such as displacement and loss of livelihoods. If displaced individuals cannot achieve their previous standard of living, the project must provide fair compensation and treat them with respect.

6. Biodiversity Conservation and Sustainable Management of Living Natural Resources
This performance standard focuses on promoting sustainable development and environmental protection, emphasizing the conservation and sustainable management of biodiversity. It includes protecting endangered species, maintaining ecosystem functions, and sustainably using natural resources.

7. Indigenous Peoples

Companies must respect the rights of Indigenous peoples when planning or executing activities that may affect them. This includes consulting communities early in a culturally appropriate manner to ensure they can give their free, prior, and informed consent, and providing adequate compensation for any impacts.

8. Cultural Heritage

Projects must avoid significant adverse impacts on cultural heritage. Recent updates to this standard include guidance on assessing and managing risks to intangible cultural heritage, such as traditional knowledge, customs, and beliefs. We are currently integrating the IFC Performance Standard into our credit appraisal process. Any facility exceeding USD 5 million and with a term longer than 3 years will undergo the IFCPS checklist before credit approval, followed by an

applicable Environmental and Social Action Plan (ESAP).

We are in the process of embedding the IFC Performance Standard into the credit appraisal process. Any facility over USD 5 million and more than 3 years will go through the IFCPS checklist before credit approval, and an applicable Environmental and Social Action Plan (ESAP) will be conducted.

Green Office Guideline:

Our Green Office Guideline is a powerful tool that encourages ethical business practice and enhances our in-house environmental management within the organisational framework. This comprehensive guideline is divided into four segments, each discussing the benefits of saving water, electricity, and paper and maintaining a clean and hygienic office environment.

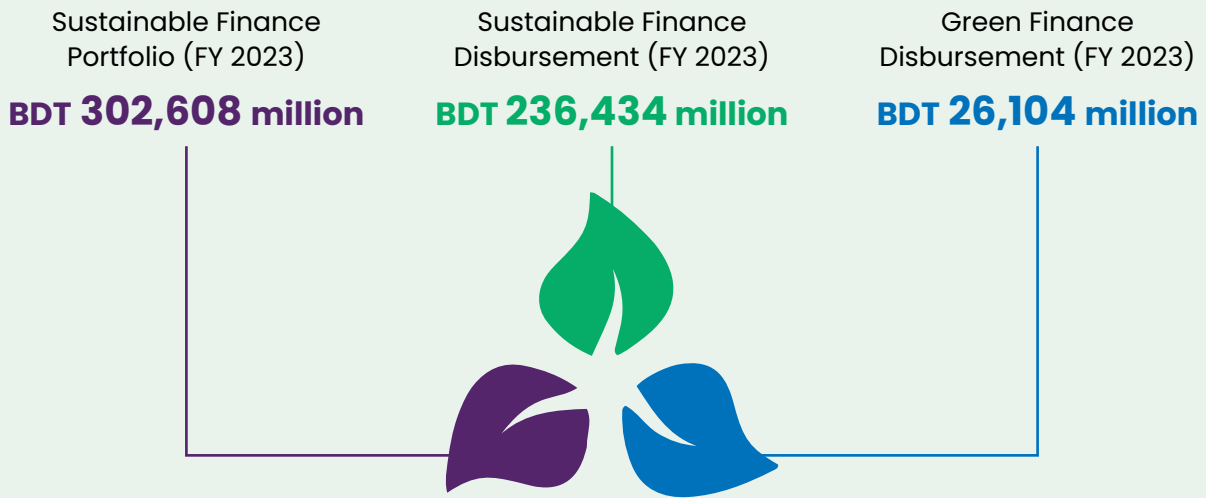
1. Green Code of Conduct for our colleagues
2. Conversion of our premises as Green Office
3. Introduction of Green Technologies
4. Training of our colleagues on Green and Sustainable Initiatives

Green Banking Initiatives:

- Financing environment-friendly equipment to improve the 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.
- We calculated the GHG emission of our business loan portfolio through PCAF and introduced a method to become carbon neutral.

Responsible financing

The table below illustrates the green and sustainable financing portfolio and disbursement in 2023, which is at the heart of our responsible finance practice.



Sustainable Development

Reducing own carbon footprint

1. Reduction of carbon footprint through promoting digital and internet banking
2. Installation of LED Bulb & energy efficient product in all our premises
3. Installation of solar panel in head office and branches
4. Conducted carbon calculation of the bank both at internal and portfolio level with an aim to become carbon neutral

Green Loan Portfolio

1. Promote more renewable energy investments
2. Initiatives to secure concessional fund from Bangladesh Bank to promote green financing

Staff Development

1. Increase technical expertise and ESG knowledge of our staffs.
2. Partner with bodies that drive change and awareness on climate related topics

Environmental and social Assessment

1. Develop International Standard Exclusion list
2. Implement comprehensive environment and social risk management toolkit

Other ESG Related Steps

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



Use of Renewable Energy

BRAC Bank is increasing its share of renewable energy in our total power consumption by installing solar plants in the head office. The organisation also plans to install solar panels wherever feasible in future office buildings.

Digital Banking Initiatives

The bank is reducing paper usage and emissions footprint by implementing digital banking initiatives, like mobile banking, internet banking and ATM banking. BRAC Bank has also introduced several digital products and services, even in remote rural/semi-urban markets, and invested in R&D in innovative digital products.

Increasing CSR in Environmental Projects

BRAC Bank has invested in climate adaptation CSR programmes and incorporated agricultural adaptation projects in CSR. It also has an investment in funding research for various adaptation research.

Environment Related Initiatives

BRAC Bank has implemented various initiatives to promote environmental sustainability and address environmental issues within its operations and the communities it serves. For instance:

Responsible Financing

BRAC Bank has a substantial portfolio in energy-efficient machinery, environment-friendly establishments, renewable energy and other responsible financing.

Managing Our Carbon Emissions

BRAC Bank mitigates its carbon footprint through digital transformation and sustainable financing. The bank is also working with PCAF to calculate the carbon footprint of the bank's entire loan portfolio.

Sustainable Internal Operation

The bank uses environment-friendly equipment, e.g. LED bulbs, for internal operation, which are energy efficient and emit less UV radiation. Besides, it implements elevator and equipment scheduling to reduce energy consumption.



BRAC Bank continues implementing and expanding its green initiatives to promote greater environmental and social sustainability.

- Green Climate Fund Partnership with IDCOL as the executing entity of USD 150 M GCF project for textile and RMG industries
- Piloting ADB E&S Toolkit with the TSCFP team for trade finance
- Sourcing alternate green funds for enhancing contribution towards direct green financing
- Measuring the GHG emission footprint of the entire bank
- Mobilising concessional funds from various entities for green refinancing
- Establishing 25 “Sustainable Finance Help Desk” in various branches nationwide to ensure better service and address grievances.



Carbon footprint calculation activities



More use of LED lights



Capacity building session on E&S



Digital banking & use of recycled papers/biodegradable materials



Solar panel at head office

Sustainability Report

In 2023, BRAC Bank published its first-ever Sustainability Report for 2022 following the guideline of Global Reporting Initiatives, which is globally the most accepted standard for sustainability reporting. The bank prepared this report based on three fundamental pillars: 1. Value-based Banking, 2. Balancing Profit with Sustainability, and 3. Creating an Impact beyond just Banking.

The significant components of the sustainability report are green and sustainable finance, digital banking, financial inclusion, CSR patterns, and carbon calculation for the pan bank portfolio. Being one of the signatories of the PCAF, our sustainability report is published on the official website of PCAF, which can be read from the link <https://carbonaccountingfinancials.com/en/financial-institutions-taking-action#overviewof-financial-institutions>.

GHG Emission Calculation in Collaboration with PCAF:

BRAC Bank PLC. is the only member of GABV from Bangladesh. Through GABV, BRAC Bank PLC. became one of the signatories of PCAF

in March 2019, which is a global co-operation of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the GHG emissions associated with their loans and investments.

In 2022, BRAC Bank calculated GHG emission of its business loan portfolio in accordance with the methodology of PCAF and published the report in the Sustainability Report 2022. The report was endorsed by PCAF as PCAF standard and was published in its website. This year BRAC bank is disclosing GHG emission with a broader scope including business loan, motor vehicle loan, home loan as well as bank's direct emission. The detail calculation can be found in this report. The financed emission was calculated as per PCAF methodology and the internal emissions was calculated through GHG protocol.

As a top sustainable bank, BRAC Bank is motivated to march towards net zero emission for which this calculation and analysis are conducted.



BRAC Bank champions of sustainable banking

Bloomberg



39.6



35.4



34.9



33.1



31.1



26



23.7

ESG-rated companies attract global investors

European institutions making ESG a mandatory criterion before investing

India, Thailand make ESG disclosures mandatory for listed companies

Sustainability reporting still voluntary in Bangladesh

THE SEVEN BANGLADESHI FIRMS' BLOOMBERG ESG RATING SCORE

The only Bank from Bangladesh Receiving Bloomberg ESG Rating



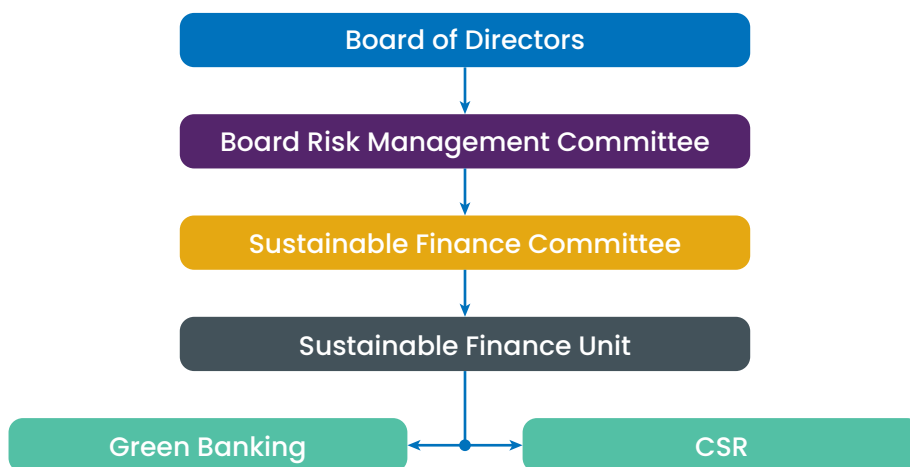
Sustainability and Climate Related Disclosure

SUSTAINABILITY GOVERNANCE

Sustainability lies at the core of BRAC Bank's operational ethos, shaping our approach to responsible banking and stakeholder engagement. Our commitment to sustainability governance is underpinned by robust structures that ensure alignment with global best practices and local regulatory frameworks.

Governance

We have two wings under the Sustainable Finance Unit (SFU): Green Banking and CSR. SFU reports to the Sustainable Finance Committee (SFC), which is responsible to the Board Risk Management Committee (BRMC).



The Role of the Board

In BRAC Bank, our board of directors plays a vital role in setting the strategic direction and overseeing the integration of ESG factors into the bank's overall decision-making processes. The board ensures that sustainability goals align with the bank's long-term objectives and that adequate resources are allocated to sustainability initiatives. Additionally, the board oversees disclosing ESG-related information to stakeholders and evaluates the bank's performance in meeting sustainability targets. Ultimately, the board sets the tone for sustainable practices throughout the organisation and helps create long-term value while considering environmental and social impacts.

BRMC approves necessary policies on strategic planning, implements and

evaluates relevant activities under the SFU, and suggests best practices to improve the organisation's sustainability strategy, processes, and goals.

Sustainable Finance Committee

BRAC Bank formed the SFC with the approval of the Board of Directors. SFC directs SFU on its strategic planning, relevant implementation and evaluation. The Board has ensured that the SFC is composed of individuals with diverse academic backgrounds relevant to sustainability, thereby providing a wide range of skills and competencies to respond effectively to sustainability-related risks and opportunities. The committee also advises SFU on setting and achieving the target. Additionally, the committee guides SFU in ensuring sustainability across the organisation to achieve the organisation's overall goal. The members of SFC are:

No.	Name	Designation	Place within the committee
1	Md. Sabbir Hossain	DMD & Chief Operating Officer	Chairman
2	Mohammad Masud Rana FCA	DMD & Chief Financial Officer	Member
3	Tareq Refat Ullah Khan	DMD & Head of Corporate Banking	Member
4	Syed Abdul Momen	DMD & Head of SME Banking	Member
5	Md. Shaheen Iqbal, CFA	DMD & Head of Treasury & FI	Member
6	Md. Mahiul Islam	DMD & Head of Retail Banking	Member
7	Ahmed Rashid Joy	DMD & Chief Risk Officer	Member
8	Sheikh Mohammad Ashfaque	DMD & Head of Branches	Member
9	M. Sarwar Ahmed	Head of ICC	Member
10	Md. Muniruzzaman Molla	Head of Operations	Member
11	Akhteruddin Mahmood	Head of HR	Member
12	Nurun Nahar Begum	Chief Technology Officer	Member
13	Brig. Gen. Md. Amin Akbar (Rtd)	Head of General Services	Member
14	Ekram Kabir	Head of Communication	Member
15	Indraneel Chattopadhyay	Chief Marketing Officer	Member
16	Tashmeem Muntazir Chowdhury	Head of Sustainable Finance	Member Secretary

Note:

1. SFC is a designation/role-specified committee. Any changes in responsibility will assign the replaced designated person to the committee.
2. Committee members may increase/decrease depending on the responsibility the committee member(s) holds.
3. To conduct a meeting of SFC, at least 6 (six) members would be required, and 2 (two) of them would be any of the DMDs.

Scope of Work for SFU

- **Business Activities**

Driving the growth of Green and Sustainable Finance of the bank.

- **Risk Management**

Promoting best practice of Environmental and Social Risk Management.

- **Communication**

Disseminating information to external and internal stakeholders by various communication tools such as the Sustainability Report.

- **Concessional Funding**

Mobilising concessional funds from the central bank as well as various multilateral by ensuring proper ESG compliance.

- **Regulatory Reporting and Policy Formation/Development**

Reporting to the central bank along with other stakeholders on ESG and Sustainability, as well as developing policy, process, and strategy as modifying, updating and correcting where necessary.

- **GHG Emission Analysis and Decarbonisation Activities**

Calculating GHG emissions by globally recognised methodologies like PCAF and publishing to relevant stakeholders to achieve decarbonisation.

- **External Relationship**

Liaising with various external stakeholders such as government organisations, public and private entities, and local and foreign organisations.

- **Training and Knowledge Sharing**

Routinely training employees across the organisation on sustainable finance and developing knowledge resources for better accessibility.

SUSTAINABILITY STRATEGY

In its pursuit of excellence and sustainability, BRAC Bank has developed a comprehensive strategy that addresses the evolving needs of the banking sector. The sustainability strategies are broadly anchored in three pivotal areas: Digital Transformation, Financial Inclusion, and ESG Integration. This strategic framework is designed to propel the bank toward a future of technological innovation, broader access to financial services, and a steadfast commitment to sustainability and governance excellence.

Digital Transformation

BRAC Bank's digital transformation strategy integrates sustainability considerations, reorienting its business model and value chain towards technology-driven processes. This shift involves addressing risks such as sustainable infrastructure costs, the need

for developing digital expertise, internet connectivity, dependence on third-party services, cybersecurity threats. Digitisation transforms these risks into vast opportunities to enhance client reach, streamline transactions, and reduce operational costs, thereby contributing to lower carbon emissions. Moreover, it enables increased transaction volumes, enhances accessibility, and expands geographical coverage, making banking services more inclusive. It has already deployed a core banking system, card management system, mobile banking app 'Astha', internet banking for corporate customers - CORPnet, and call centre to provide comfort and convenience. Furthermore, the development of robust information security systems fortifies customer data protection, enhancing trust and reliability in digital services.

Financial Inclusion

At BRAC Bank, our founding mission was to extend banking services to the unbanked population. We pioneered small-ticket CMSME loans without collateral, catalyzing the growth of millions of grassroots entrepreneurs and significantly contributing to employment generation. Our commitment to expanding financial access continues with the rapid expansion of our agent banking network into rural and semi-urban areas. Bringing the unbanked into the mainstream financial system remains a cornerstone of our agenda.

Central to our strategy is the introduction of 'Tara,' a specialized banking segment designed to empower women across Bangladesh. 'Tara' offers a comprehensive suite of banking solutions tailored to the specific needs of women, including preferential interest rates on savings accounts, dedicated current accounts for women entrepreneurs, competitive rates on business and retail loans, and reduced processing fees. This initiative not only promotes financial independence but also fosters the entrepreneurial spirit among women from diverse backgrounds, including businesswomen and homemakers.

Integrating Environmental, Social and Governance (ESG)

ESG is fundamental to BRAC Bank's core values, influencing every aspect of its operations. The bank is committed to integrating sustainability and ethical considerations into its decision-making processes, emphasizing critical factors such as carbon emissions, diversity and inclusion, employee relations, board diversity, and corporate governance practices.

To implement its ESG strategy effectively, BRAC Bank has outlined several key initiatives. First, the bank has developed a board-approved decarbonization plan, aiming to gradually transform all its offices into carbon-neutral spaces. This is part of a broader long-term strategy to achieve net zero emissions. Additionally, BRAC Bank is expanding its Green and Sustainable Finance Portfolio, offering financial products and services that support environmentally friendly and socially responsible projects.

To encourage clients to adopt sustainable practices, the bank provides various concessional funds and grants where applicable. This incentive structure is designed to promote a mix of mitigation and adaptation approaches to climate change. Furthermore, BRAC Bank has established a rigorous credit process that includes comprehensive Environmental and Social Due Diligence (ESDD) to ensure that all lending practices align with its ESG objectives. The bank also plays a proactive role in supporting its clients and stakeholders in their journey toward ESG readiness. This includes providing guidance, resources, and assistance to help them meet their sustainability goals. Internally, BRAC Bank adheres to the 3R approach (Reduce, Reuse, and Recycle) in all its operations to minimize waste and promote resource efficiency. To track progress and ensure accountability, the bank regularly calculates its GHG emissions and uses this data to inform and refine its decarbonization efforts. Through these comprehensive measures, BRAC Bank demonstrates its commitment to embedding ESG principles into every facet of its business model, fostering a more sustainable and equitable future.

SUSTAINABILITY RISK MANAGEMENT

The financial landscape is in constant flux, shaped by economic tides, technological disruptions, and evolving regulations. In this dynamic environment, a proactive approach to sustainability-focused risk management is critical to ensure long-term success. Our robust framework goes beyond simply mitigating threats. We view sustainability risks as opportunities to create a more resilient and future-proof business. We actively identify and assess environmental, social, and governance (ESG) risks within our portfolio, allowing us to support clients who share our commitment to responsible practices. This not only safeguards our financial stability but also fosters deeper, more sustainable client relationships.

Information Security

Our digital operations rely heavily on real-time data to efficiently serve customers and manage our operations. However, inaccuracies or delays in data could impair our ability to meet customer needs, operate effectively, and comply with regulatory obligations. We prioritize the confidentiality of non-public data and adhere strictly to data privacy regulations and cross-border movement policies. The bank is dedicated to delivering superior service quality and robust banking security to both internal stakeholders and external clients. Cybersecurity is integral to our defensive strategy, underscoring our commitment to responsible banking practices. Notably, we are the pioneering financial institution in Bangladesh to implement an Enterprise Vulnerability Management System.

Our Information Security Division is fully equipped with qualified and certified personnel, ensuring robust cybersecurity governance and controls to safeguard our assets and client information. Our comprehensive strategy integrates architecture, technology, tools, policies, and processes aimed at swiftly preventing, detecting, responding to, and recovering

from cyber threats. Given the persistent nature of security threats, maintaining the highest level of information security remains a paramount concern across the financial sector. We have undertaken multiple initiatives to bolster data integrity and information security, including securing certifications such as PCI-DSS, ISO 27001, ISO 18788:2015, and SWIFT – Customer Security Program (CSP).

Environmental and Social Risk

Environmental and social risk refers to potential losses or harm stemming from environmental and social factors, directly or indirectly impacting operations. At BRAC Bank, we have instituted rigorous processes and protocols to identify, assess, manage, and oversee these risks associated with our lending and investment activities. This includes comprehensive evaluation of clients' and projects' environmental and social impacts, setting robust standards and policies, conducting thorough due diligence, monitoring performance, and transparently reporting outcomes. Our approach integrates a dual materiality perspective, addressing both the impacts of climate change on our operations and our contributions to climate impacts.

BRAC Bank is committed to sustainable banking practices, exemplified by our implementation of an Environmental and Social Risk Management (ESRM) system to uphold responsible banking standards. These risks encompass financial, legal, operational, reputational, and strategic dimensions, influenced by environmental factors such as climate change and natural resource management, as well as social factors like human rights, labor standards, and community development.

Our ESRM framework is seamlessly integrated into our lending processes, supported by regular internal and external audits to ensure adherence to regulations and standards. Relationship managers

and credit officials play pivotal roles in conducting E&S due diligence and monitoring clients' performance post-loan disbursement, aligned with our commitment to sustainability. Moreover, a dedicated credit inspection team focuses specifically on monitoring E&S issues within client operations.

To further strengthen our commitment, BRAC Bank is aligning with international best practices such as the International Finance Corporation's (IFC) Performance Standards on Environmental and Social Sustainability. These standards guide our approach to managing risks associated with projects, ensuring robust mitigation strategies are in place. We are actively embedding the IFC Performance Standards into our credit appraisal processes for facilities exceeding USD 5 million and more than three years, integrating Environmental and Social Action Plans (ESAPs) as part of our credit approval criteria.

Recognizing that environmental risks increasingly translate into credit risks, impacting business viability, we are incentivizing shifts towards environmentally friendly value chains. This includes leveraging refinancing schemes and expanding our portfolio to prioritize ESG strategies. Our focus extends to enhancing support for SMEs, women-led enterprises, and advancing financial inclusion initiatives, thereby fostering sustainable economic growth aligned with developmental finance institutions' objectives.

Physical Risk:

Physical risk within the banking sector encompasses tangible threats and vulnerabilities that pose potential risks to the safety, security, and continuity of operations.

Bangladesh, ranked 7th among the world's most disaster-prone countries, faces frequent natural disasters such as floods, cyclones, earthquakes, and landslides. These events can result in significant damage to bank premises, including buildings, equipment, and infrastructure, leading to operational disruptions and financial losses. Businesses located in climate-vulnerable areas, including BRAC Bank's own establishments, are particularly susceptible to these risks, affecting supply chains and overall business continuity.

BRAC Bank has developed comprehensive security measures and disaster preparedness plans to mitigate these risks. Through portfolio-level analysis, we have identified that approximately 6% of our operations are vulnerable to physical risks. Addressing these challenges presents opportunities to finance climate resilience, meeting the increasing demand for financial products and services aimed at mitigating and adapting to climate-related challenges. This includes investments in climate-proof infrastructure and technologies that enhance resilience against natural disasters, safeguarding both our assets and those of our customers.

Transition Risk:

Transition risk for financial institutions encompasses financial risks associated with shifts toward a lower-carbon economy and other significant market, regulatory, or technological changes. This risk arises from regulatory shifts impacting industries reliant on fossil fuels, technological disruptions affecting traditional businesses, changing investor preferences towards sustainability, and the global transition to a low-carbon economy.

Managing transition risk at BRAC Bank involves a multifaceted approach. We have undertaken a thorough analysis at the portfolio level to identify vulnerabilities. Currently, our analysis indicates that 8.6% of our total portfolio is exposed to transition risk. This risk affects both our operational processes and investment portfolios.

Businesses engaged in non-environmentally friendly practices face potential shutdowns due to regulatory challenges, technological advancements, or shifts in market preferences favoring greener alternatives. This can lead to reduced portfolio resilience and financial losses for BRAC Bank. However, the transition to a low-carbon economy presents significant opportunities. We are actively financing the adoption of sustainable technologies and the replacement of outdated machinery, aligning our internal processes with sustainability goals. This strategic shift not only enhances environmental sustainability but also positions us to capitalize on emerging opportunities in green finance, fostering growth and innovation within our portfolio.

GHG Emission Disclosure and Metrics 2023



GHG EMISSION DISCLOSURE AND METRICS 2023

Introduction

In an era where sustainability and environmental consciousness are paramount, the measurement and mitigation of carbon footprints have become pivotal considerations across all industries. To march towards Net Zero, first we need to understand where we are now and how we can gradually reach the goal through our own investments and practices.

Following that greater vision to establish the practice of sustainability in Bangladesh, We had calculated the Greenhouse Gas (GHG) emission of the business loan portfolio (scope 3) which was published in our Sustainability Report 2022. Consequently, we are disclosing the GHG emission with a broader scope this time, i.e., Internal Emission (scope 1, 2 & 3) and our financed emission which includes business loan, home loan and car loan (scope 3).

Carbon Footprint

The growing environmental awareness and the pressing need for action against climate change mandates the critical need for understanding the concept of a carbon footprint. The entire amount of greenhouse gases, mostly carbon dioxide, that a person, business, or product emits over the course of its lifetime is known as a carbon footprint. It is an essential indicator in combating climate change since it quantifies the impact on global warming, assisting in the selection of regions for sustainability and emission reduction initiatives.

Understanding Scope 1, 2 & 3 Emission:

Direct Greenhouse Gas Emissions

Scope 1: Emissions released straight into the atmosphere from sources owned or controlled by the organisation like Fuel Consumption, Owned or Controlled Vehicles, Refrigerant Usage etc.

Indirect greenhouse gas emissions

Indirect emissions result from an organisation's activities involving sources owned or controlled by another entity. These are classified as:

Scope 2: Indirect greenhouse gas emissions from the consumption of purchased electricity, heat, steam or cooling.

Scope 3: Scope 3 encompasses emissions that are not produced by the company itself and are not the result of activities from assets owned or controlled by them, but by those that it's indirectly responsible for up and down its value chain like materials uses, employee commuting, business travelled, hotel stays, water supplies, loan portfolio etc.

GHG Calculation Methodology

The analysis is based on the following primary calculation methodology, taking reference from PCAF Global GHG Accounting Standards for financed emission and The Greenhouse Gas Protocol (GHG Protocol) for internal emission. Last year, we only covered business loan portfolio into the calculation and used "ROW (Rest of the World) Asia Pacific" as emission factor database since specific data for Bangladesh was not available. This year we worked with a broader scope and used more suitable emission factor database for Bangladesh which is "Emerging Economies" for Business Loan, "Bangladesh" for Motor Vehicle Loan and "Asia Pacific (India)" for Home Loan. As a result, our overall data quality improved significantly compared to last year.

Baseline Recalculation Procedure

BRAC Bank will disclose the significant threshold that triggers recalculation of base year financed emissions if it is required to ensure the consistency, comparability, and relevance of the reported GHG emissions data over time.

Internal emission:

The assessment methods are built on existing greenhouse gas accounting principles which is compatible with ISO: 14064-2006 and the new PAS 20504 developed jointly by BSI, DEFRA and the Carbon Trust.

BRAC Bank's own internal operation carbon footprint calculation was measured using The GHG Protocol (Corporate Standard), 2001.

The Greenhouse Gas Protocol (GHG Protocol) is an accounting tool used by businesses and governments. It was created in 2001, when the World Resources Institute (WRI) and

the World Business Council for Sustainable Development (WBCSD) identified a need for consistency in how organisations accounted and reported emissions, and together introduced the new standard.

The equation used to calculate internal emission is,

GHG emissions = Activity X Emission Factors

Business Loan:

We have followed the PCAF 2019 methodology for calculating GHG emission from Business Loan. A brief detail of the methodology has given below,

Source Name	Exiobase Assets
Classification Type	Exiobase Sector Classification
Methodology Option	Option 3b
Activity Variable	Asset
Country	Emerging Economies (Regional Average) Emission Factors data as Bangladesh specific data are not available.
Emission Factor Source/ Year	PCAF Database 2019
Data Quality	5

The equation used to calculate business loan emission is,

$$\sum_c Outstanding\ amount_c \times \frac{GHG\ emissions_s}{Assets_s}$$

Motor vehicle Loan:

PCAF 2020 methodology was followed for calculating GHG emission from Motor Vehicle Loan. Some relevant information of the methodology are as follows,

Source Name	EEA Passenger Vehicles
Methodology Option	Option 3a
Activity Variable	Distance Driven
Country	Bangladesh
Emission Factor Source/ Year	PCAF Database 2020
Vehicle Type	Octane: Toyota Corolla, Hybrid: Toyota Prius
Data Quality	4

The equation used to calculate Motor Vehicle emission is,

$$\sum_{tf} \frac{Outstanding\ amount_v}{Total\ value\ at\ origination_v} \times Distance\ traveled_s \times Efficiency_{tf} \times Emission\ factor_f$$

Home Loan:

The source was PCAF Database 2023 for measuring GHG emission from Home/Mortgage Loan. Particulars of the methodology are disclosed below.

Source name	PCAF Global Buildings Dataset
Methodology Option	Option 2b
Activity Variable	Floor Area
Country	Asia Pacific (India) Emission Factors data as Bangladesh specific data are not available.
Building Type	Residential Buildings (Single Family House)
Emission Factor Source/ Year	PCAF Database 2023
Data Quality	4


The equation used to calculate Home Loan emission is,

$$\sum_{b,e} \frac{\text{Outstanding amount}_b}{\text{Property value at origination}_b} \times \text{Estimated energy consumption from statistics}_{b,e} \times \text{Floor area}_b \times \text{Average emission factor}_e$$

Data Quality Score:

In this report, our disclosure ranges from data quality 4 to 5. Weighted data quality score for the calculation is 4.87 where score of 1 indicates high data quality and score of 5 indicates low data quality.

Data quality scoring from 1 to 5....

<p>Certain (5-10% error margin in estimations)</p>  <p>Uncertain (40-50% error margin in estimations)</p>	Score 1	Audited GHG emissions data or actual primary energy data
	Score 2	Non-audited GHG emissions data, or other primary data
	Score 3	Averaged data that is peer/(sub)-sectorspecific
	Score 4	Proxy data on the basis of region or country
	Score 5	Estimated data with very limited support

Result:

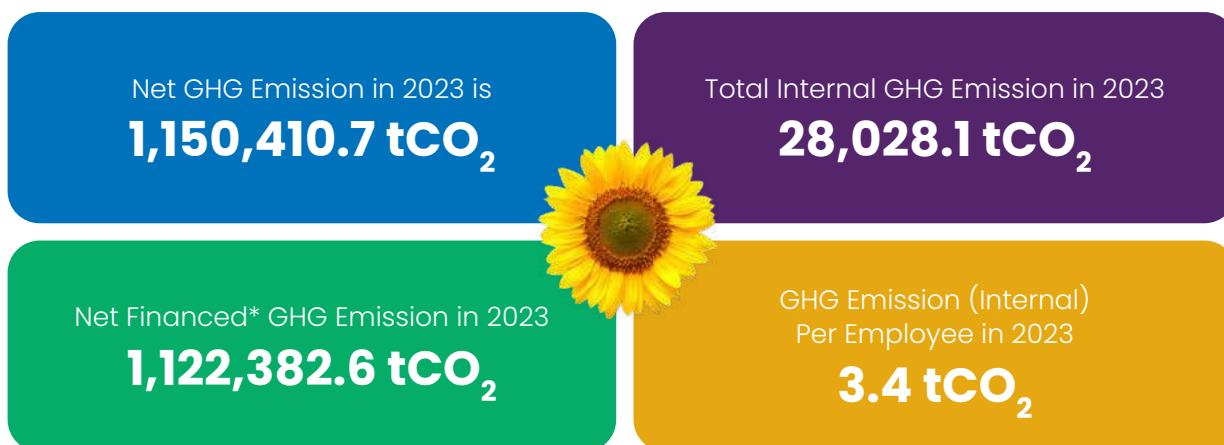
Particulars	Emission in tCO2
Total Scope 1 Emission	1,584.57
Avoided tCO2.	64.90
Net Scope 1 Emission	1,519.67

Particulars	Emission in tCO ₂
Total Scope 2 Emission	11,458.36
Total Internal Scope 3 Emission	15,050.11
Total Financed Emission	1,129,773.94
Avoided tCO ₂	7,391.35
Net Financed Scope 3 Emission	1,122,382.59
Net Total Scope 3 Emission	1,137,432.70
Total	1,150,410.73

- Net tCO₂e of financed loan is calculated as 1,122,382.59 tons wherein, four major sectors “Petroleum, chemicals & non-metallic mineral products”, “Metal & metal products”, “Food production, beverages & tobacco” & “Electricity, gas & water” are reported to have the higher emission intensity. These three segments alone comprise of about 69.44% of total CO₂ emission whereas they share only 20.72% of Business Loan Portfolio.
- BRAC Bank will be mindful in monitoring these high emission sectors and work on possible solutions to minimize it. On the basis of the result, we have defined

our transition plan where we will 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.

- Our bank is focusing more to facilitate green and climate financing opportunities with priority 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.



* Financed emission was calculated on Business Loan, Mortgage Finance and Motor Vehicle Finance which comprises 87% of our total portfolio.

Scope 1 Emission Details:

Direct GHG emissions are principally the result of the following types of activities undertaken by the departments and facilities of BRAC Bank:

- Generation of electricity, heat, or steam. These emissions result from combustion of fuels in stationary sources (e.g., boilers, generators, etc.).

- Transportation of materials, products, waste and employees. These emissions result from the combustion of fuels in company owned/controlled mobile combustion sources (e.g. company owned cars)
- Fugitive emissions. These emissions result from intentional or unintentional releases of hydrofluorocarbon (HFC) and Perfluorocarbons (PFCs) emissions during the use of refrigeration and air conditioning equipment.

Scopes	Activities	GHG Emission (tCO2e)
Scope 1	Fuel	571.57
	Owned vehicle	160.58
	Refrigerant	852.42
	Total Scope 1	1,584.56
	Avoided tCO2*	64.9
	Net Scope 1 Emission	1,519.67

* BRAC Bank installed 47.8 kW solar panel for electricity generation on which avoided tCO2 was calculated

Scope 2 Emission Details:

BRAC Bank's scope-2 emission refers to the consumption of electricity that they purchase and not controlled by the Bank.

The table below shows the consumption of electricity in a year and its total emission. Total GHG emission from purchased electricity is 11,458.36 tCO2e.

Consumption Year	GHG Emission (tCO2e)	Emission Factor Reference
2023	11,458.36	BD GEF 2022

Scope 3 Emission Details:

Summary of BRAC Bank's scope-3 emission for both direct and internal emissions as well as financed emissions are furnished in below table:

Scopes	Activities	GHG Emission (tCO2e)	Category
Scope 3 (Internal)	Water used	84.35	Category 1
	Business travelled	7,036.97	Category 6
	Employee commuting	3,873.53	Category 7
	Material used	3,923.66	Category 1
	Waste disposal	85.83	Category 5
	Hotel stay	42.77	Category 6
	Total Scope 3	15,047.11	-
Scope 3 (Financed)	Home Loan	1,096.27	Category 15
	Car Loan	1,117.68	Category 15
	Business Loan	1,127,559.99	Category 15
	Total Financed Emission	1,129,773.94	Category 15
	Avoided tCO2. *	7,391.35	-
Net Financed Scope 3 Emission		1,122,382.59	
Net Total Scope 3 Emission		1,137,429.70	

* BRAC Bank has financed various green projects (for example: energy efficient machineries, Solar Power Plant etc.) which avoids carbon emissions. We have calculated the financed carbon avoidance be 7,391.35 tCO2 based on available energy audit reports. There are further green projects whose energy audit is not conducted. So, the actual number is much bigger.

Approach For Financed Emission

BRAC Bank has used Financial Control Approach for measuring and reporting the GHG emissions for financed portfolio as per PCAF standard.

Asset Class Coverage

BRAC Bank has Portfolio coverage in different asset classes such as Business Loan, Mortgage Financing, Motor Vehicle Loans, Personal

Loans, Credit Cards etc. There are separate methodologies to identify financed emissions of these different asset classes. PCAF Standard has some other asset classes as well such as Listed equity and corporate bonds, Project finance, Commercial real estate, Sovereign debt etc. where BRAC Bank has insignificant portfolio. On the other hand, BRAC Bank has significant portfolio in personal loan, credit card etc. where there is no global methodology to quantify emissions.

SL.	Asset Class	Percentage of Portfolio	Disclosure Coverage (Yes/No)	Remarks
1	Listed equity and corporate bonds	0%	No	The activities are insignificant to the bank's total financed emissions.
2	Business loans and unlisted equity	84%	Yes	-
3	Project finance	0%	No	The activities are insignificant to the bank's total financed emissions.
4	Commercial real estate	0%	No	The activities are insignificant to the bank's total financed emissions.
5	Mortgages	2%	Yes	-
6	Motor vehicle loans	1%	Yes	-
7	Sovereign debt	0%	No	The activities are insignificant to the bank's total financed emissions.
8	Personal Loan, Credit Card and Other Retail Facilities	13%	No	There is no global methodology to quantify the financed emissions of the mentioned asset class.

The reason for Choosing Emission Factors of "Emerging Economies" for business loans:

The economy of Bangladesh is classified as developing market economy. It is 2nd largest in South Asia and 35th largest in the world in nominal GDP terms. It is seen by various financial institution as one of the Next Eleven. It has been transitioning from being a frontier market into an emerging market. As emission factors specifically for Bangladesh is not available in the PCAF database and Bangladesh is a unique country in terms of its economy, the most suitable emission factor for Bangladesh would be the factors of Emerging Economies at the present. Therefore, we used these factors to calculate the GHG emissions for the business loan to ensure best available results for this year.

Last year, we used emission factors of "ROW (Rest of the World) Asia Pacific" to calculate our Business Loan (Scope-3) GHG emissions. Our results were 646,643 tCO₂ for 2022 portfolio as per "ROW (Rest of the World) Asia Pacific" database. However, to ensure conformity towards our current approach, we also checked emission factors of "Emerging Economies" in our 2022 portfolio and we found that our GHG emission for the year 2022 was 773,314 tCO₂. This shows that the emission of our business loan portfolio grew 45% from 2022 to 2023 whereas the portfolio grew 17%. This gives us the understanding that, high carbon emitting portfolio has increased in last one year. After deep diving into the 17% growth of the overall business loan portfolio, we found that 41% of the increase of the portfolio was in four specific high carbon emitting sectors.

Summary Financed Emission:

GHG Emission of Loan Portfolio	Asset Class	Percentage of Portfolio	Disclosure Coverage (Yes/No)	Remarks	Data Quality
	(Million Euro)	Percentage	(tCO2)	(tCO2/Million Euro)	
Business Loan	3,553.95	84%	1,120,168.64	315.19	5
Home Loan	98.63	2%	1,096.27	11.11	4
Car Loan	31.13	1%	1,117.68	35.90	4
Other Retail Loan (Out of Scope)	549.70	13%	-	-	
Total	4,233.41	100%	1,122,382.59	362.21	4.87

Note: Last year we had data quality of 5 as we conducted GHG emission calculation for business loans only. This year the data quality has improved to 4.87 as we calculated other segments with better data quality scores.

Top 10 contributing sectors in terms of share of financial impact

Sectors	As on December 31, 2023		As on December 31, 2022	
	Share of financial impact %	Share of emissions impact %	Share of financial impact %	Share of emissions impact %
Sale, maintenance & repair of vehicles; fuel; trade; hotels & restaurants	39.01%	15.28%	41.72%	26.73%
Textiles, leather & wearing apparel	17.19%	9.10%	19.99%	9.75%
Financial intermediation & business activity	8.31%	0.31%	8.47%	0.32%
Food production, beverages & tobacco	7.11%	13.25%	5.38%	7.89%
Metal & metal products	6.06%	19.14%	5.95%	21.23%
Petroleum, chemicals & non-metallic mineral products	5.45%	24.87%	4.31%	14.75%
Public administration; education; health; recreation; other services	5.07%	0.74%	3.78%	0.70%
Electrical & machinery	2.36%	0.53%	2.43%	0.65%
Electricity, gas & water	2.10%	12.18%	1.59%	12.31%
Construction	1.95%	0.08%	1.42%	0.11%

Top 10 contributing sectors in terms of share of emission impact

Sectors	As on December 31, 2023		As on December 31, 2022	
	Share of financial impact %	Share of emissions impact %	Share of financial impact %	Share of emissions impact %
Petroleum, chemicals & non-metallic mineral products	5.45%	24.87%	4.31%	14.75%
Metal & metal products	6.06%	19.14%	5.95%	21.23%
Sale, maintenance & repair of vehicles; fuel; trade; hotels & restaurants	39.01%	15.28%	41.72%	26.73%
Food production, beverages & tobacco	7.11%	13.25%	5.38%	7.89%
Electricity, gas & water	2.10%	12.18%	1.59%	12.31%
Textiles, leather & wearing apparel	17.19%	9.10%	19.99%	9.75%
Manufacturing & recycling	1.79%	2.32%	2.10%	3.04%
Agriculture, hunting, forestry & fishing	1.40%	1.15%	0.36%	0.54%
Public administration; education; health; recreation; other services	5.07%	0.74%	3.78%	0.70%
Wood, paper & publishing	0.74%	0.57%	0.59%	1.17%

Additional Disclosure:

As per PCAF guideline, the financial institutions shall separately disclose the absolute scope 3 of borrowers and investees following a phase-in approach. In "Listed equity and corporate bonds" chapter of PCAF standard, scope 3 emission of borrowers at least in energy (oil & gas) & mining, transportation, construction, buildings, materials and industrial activities must be disclosed in the reports published in 2023 onwards. We have calculated the scope 3 GHG emission of the mentioned sectors and found that the emission is 945,812 tCO₂.

BRAC Bank's Climate 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.
- We already have a decarbonization plan based on our country's perspective. We will reduce our operational emissions along with increase financing in the areas of energy efficiency, renewable energy etc.
- Our future establishments will be designed as per green building standards. We also are motivated to finance green and environmentally friendly establishments with concessional lending options.
- We already have carpooling facilities for our employees. We will increase the facility and motivate more colleagues to join the carpool. We also are motivated to finance green transportation to our clients for encouraging clean energy which we will continue to grow.
- Our credit process has already been integrated with ESG criteria and any high-risk facility requires to get approval from board of directors irrespective of its nature of loan. We are also trying to divest from high carbon industries. We already have an exclusion list where tobacco, weaponry, coal mining or coal fired power plants etc. are mentioned as our commitment towards sustainability.
- We will increase our investments in sustainable businesses and engage our clients and partners for their own decarbonization plans.
- We will explore investments in carbon removal technologies. We will also try and establish robust data management system to properly measure our carbon footprint emissions and subsequent decarbonization efforts.
- As a founding member of the Global Alliance for Banking on Values (GABV), we always prioritize banking values. We believe in responsible financing, which leads the way to our people's and society's welfare.

ESG Parameter Index

Description	Unit	Response
Emissions Reduction Initiatives	Y/N	Y
Physical Risk Identified	Y/N	Y
Lending to Energy Efficiency	BDT Million	9,951
Lending to Green Buildings	BDT Million	4,673
Lending to Renewable Energy	BDT Million	108
Lending to Social Impact	BDT Million	58,232
Lending to Sustainable Transport	BDT Million	6,130
Mortgage Portfolio with Physical Risk Exposure	Percentage	5.74%
Sustainable/ESG Lending	BDT Million	302,608
Sustainable/ESG Underwriting	BDT Million	367,802
ESG Risks Incorporated in Underwriting	Y/N	Y
Incorporates ESG Into the Investment Process	Y/N	Y
Incorporates ESG Screening Into Lending Process	Y/N	Y
PCAF Signatory	Y/N	Y
Targets for Sustainable/ESG Finance	Y/N	Y
Community Spending	BDT Million	111.9
UN Global Compact Signatory	Y/N	Y
CSR Sustainability Committee Attendance	Percentage	70%
Number of CSR Sustainability Committee Meetings	Count	2
Size of CSR Sustainability Committee	Count	17
CSR/Sustainability Committee	Y/N	Y
Value of Agriculture Lending	BDT Million	6,543
Value of Aluminum Lending	BDT Million	282
Value of Autos Lending	BDT Million	4,401
Value of Cement & Concrete Lending	BDT Million	6,318
Value of Chemicals Lending	BDT Million	2,175
Value of Oil and Gas Lending	BDT Million	1,393
Value of Real Estate Lending	BDT Million	25,837
Value of Shipping Lending	BDT Million	0
Value of Steel & Iron Lending	BDT Million	24,218
Value of Transportation Lending	BDT Million	1,860
Value of Utilities & Power Generation Lending	BDT Million	7,712
GHG Emission Scope 1	tCO ₂	1,520
GHG Emission Scope 2	tCO ₂	11,458
GHG Emission Scope 3	tCO ₂	1,137,433
Percent of Disclosure in Financed Emission	Percentage	87
Scope 3 Business Travel Emissions	tCO ₂	7,037
Scope 3 Financed Emissions	tCO ₂	1,122,383
Scope 3 Employee Commuting Emissions	tCO ₂	3,874
Financed Emissions - Scope 1,2,3	tCO ₂	2,027,308
Financed Emissions Reported - Scope 1+2	tCO ₂	1,122,383

Description	Unit	Response
Financed Emissions Reported - Scope 3	tCO ₂	904,925
Financed Emissions Scope 1+2 - Utilities & Power Generation	tCO ₂	129,730
Financed Scope 1+2 Emissions - Agriculture	tCO ₂	12,990
Financed Scope 1+2 Emissions - Autos	tCO ₂	1,118
Financed Scope 1+2 Emissions - Chemicals	tCO ₂	11,521
Financed Scope 1+2 Emissions - Coal	tCO ₂	0
Financed Scope 1+2 Emissions - Mining	tCO ₂	0
Financed Scope 1+2 Emissions - Oil & Gas	tCO ₂	7,661
Financed Scope 1+2 Emissions - Real Estate	tCO ₂	1,096.27
Financed Scope 1+2 Emissions - Steel & Iron	tCO ₂	215,198
Financed Scope 1+2 Emissions - Transportation	tCO ₂	3,535
Financed Scope 3 Emissions - Coal	tCO ₂	0
Financed Scope 3 Emissions - Mining	tCO ₂	0
Financed Scope 3 Emissions - Oil & Gas	tCO ₂	11,670
Financed Emission/CO ₂ per lending client (Scope 1+2)	tCO ₂	3.45
Human Rights Due Diligence Process	Y/N	Y- as per Government directives
Human Rights Policy	Y/N	Y. In our code of conduct it is mentioned about Harassment, Zero tolerance to violence, hr grievance, fair and equal employment opportunity etc. In addition, we have 'speak up policy'
Human Rights Remediation Process	Y/N	Y. We have 'disciplinary code' in HR policy manual.
Average Employee Training Hours	Hours	23.79
Duration of Strikes and Lockouts	0 Days	0
Employee Average Age	Years	36.3
Employee Training Cost	BDT Million	50
Employee Turnover/Attrition	Percentage	10.47%
Employees on Primary Parental Leave (female)	Percentage	5.60%
Employees on Secondary Parental Leave (Male)	Percentage	5.67%
Involuntary Turnover	Percentage	0.68%
Disabled in Workforce	Percentage	0.07%
Minorities in Management (AVP & above)	Percentage	11.35%
Minorities in Workforce	Percentage	16.57%
Women in Management (AVP & above)	Percentage	6.67%
Women in Workforce	Percentage	15%
Women in IT	Percentage	10%
Minorities in IT & Engineering	Percentage	16.67%
Contractors in Total Workforce/Outsourced employee	Percentage	29.50%
Total Hours Spent by Firm - Employee Training	Hours	337,697
Voluntary Turnover	Percentage	9.69%
Employees on Primary Parental Leave Count female	Count	69
Employees on Secondary Parental Leave Count male	Count	398
New Hires Count	Count	3,055 (1,214 FTE + 1,841 Outsourced)

Description	Unit	Response
Number of Employees – CSR	Count	2
Number of Part-Time Employees	Count	0
Number of Strikes and Lockouts	0	0
Number of Temporary Employees	Count	0
Occupational Disease Cases	Count	0
Total Workforce	Count	11,676
Workforce Accidents – Employees	Count	0
Company Diversity Target Indicator	Y/N	Y
Employee CSR Training	Y/N	Y
Employee Engagement Survey	Y/N	Not conducted Bank-wide, However, conducted within divisions – Finance, CRM, Operations
Employee Protection / Whistle Blower Policy	Y/N	Y. We have 'Speak up policy'
Equal Opportunity Policy	Y/N	Y. We have 'Gender Equity and Equality at Workplace'.
Fair Remuneration Policy	Y/N	Y. Mentioned in the HR policy manual.
Health and Safety Policy	Y/N	Y. We have occupational health & safety policy.
Policy Against Child Labor	Y/N	Y.
Training Policy	Y/N	Y
Number of Executives / Company Managers (AVP & above)	Count	852
Percentage of Female Executives (AVP & Above total is 1,230 & female is 82)	Percentage	6.67%
Number of Female Executives	Count	Executives (AVP & Above) = 82
Women on Board	Percentage	22%
Audit Committee Meeting Attendance	Percentage	100%
Average Age of Board	Years	60.62
Board Meeting Attendance	Percentage	80%
Board of Corporate Auditors Meeting Attendance	Percentage	100%
Independent Directors Board Meeting Attendance	Percentage	85%
Independent Directors	Percentage	66.67%
Independent Directors on Audit Committee	Percentage	100%
Non-Executive Directors on Board	Percentage	100%
Age of the Oldest Director	Years	75
Age of the Youngest Director	Years	42
Audit Committee Meetings	Count	5
Board Age Limit	Years	75
Board Duration (Years)	Years	For Independent Directors: 6 Years For Nominated Directors: 12 Years
Board Size	Count	Total 9 Directors including 6 Independent Directors
Board of Corporate Auditors Meetings	Count	5
Board of Directors Age Range	Years	40 to 49 = 1 50 to 59 = 2 60 to 69 = 5 More than 70 = 1
Number of Directors Attending less than 75% of meetings	Count	2
Number of Board Meetings for the Year	Count	20

Description	Unit	Response
Number of Employee Representatives on the Board	Count	1
Number of Independent Directors	Count	6
Number of Independent Directors on Audit Committee	Count	3
Number of Non Executive Directors on Board	Count	9
Number of Non-Exec Directors on Audit Committee	Count	3
Number of Women on Board	Count	2
Size of Audit Committee	Count	Consist with 3 Members
Unitary or Two Tier Board System	Nominal (1-2)	2
Company Conducts Board Evaluations	Y/N	Y
Independent Audit Committee Chairperson	Y/N	Y
Director Share Ownership Guidelines	Y/N	Y
Cybersecurity Risk Management	Y/N	Y
Number of Customers Affected By Data Breaches	Count	0
Number of Data Breaches	Count	0
Consumer Data Protection Policy	Y/N	Y
Data Security Risks Discussed	Y/N	Y
Executive with Responsibility for Data Security	Y/N	Y
Product Data Security Policy	Y/N	Y
Electricity Used	Thousand Megawatt Hours	17.60
Grid Electricity Used	Thousand Megawatt Hours	17.60
Renewable Energy Consumed	Percentage	0.0002%
Grid Electricity Used	Percentage	99.9998%
Renewable Energy Use	Thousand Megawatt Hours	0.000032
Self Generated Renewable Electricity	Thousand Megawatt Hours	0.000032
Self-Generated Total Energy	Thousand Megawatt Hours	0.000508
Total Fuel Consumed	Liter	111,716
Paper Consumption	Thousand Metric Tonnes	0.12
Number of Suppliers	Count	250 (Approx)
Customer Efficiency Initiatives	Y/N	Y
Number of Customer Complaints	Count	3,218
Number of Participants in Financial Literacy Programs	Count	142
Financial Literacy Programs	Y/N	Y
GRI Criteria Compliance	Y/N	Y
Number of Customers	Count	1.8 million (Approx.)
Years Auditor Employed	Years	3

SUSTAINABLE GROWTH

At BRAC Bank, we are dedicated to sustainable business growth. We strongly emphasise managing and allocating capital to support our strategic objectives and achieve long-term organisational goals. Under the guidance of the Board, our leadership team develops comprehensive strategic plans

that detail how we will allocate resources to support our business activities. The effective allocation of financial, service-generating, intellectual, social, natural, and human capital that supports our strategies is crucial for maximising the impact on our resources while still achieving the bank's goals.

Key priorities of our strategy

Financial Inclusion	Sustainable Banking	Growth Strategy	Customer-centricity	'Phygital' Strategy
Bringing unbanked people into the mainstream financial system	Together we prosper	Be bigger, be impactful	Addressing evolving customers' needs	To reach people from all strata of society

Short-term Goals	Medium-term Goals	Long-term Goals
<ul style="list-style-type: none"> • Develop new products/ services to generate additional income • Sustained growth in the '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 employees to acquire new skills or update existing ones 	<ul style="list-style-type: none"> • Develop new products/ services to generate additional income • Sustained growth in the '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 employees to acquire new skills or update existing ones 	<ul style="list-style-type: none"> • Develop new products/ services to generate additional income • Sustained growth in the '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 employees to acquire new skills or update existing ones

Our goals to achieve overall strategic objectives

BRAC Bank has a unique asset portfolio mix in the banking sector. Its loan portfolio

comprises 45% CMSME, 39% corporate and 16% Retail. This combination builds diversity and stability as a bank and places it on a solid financial footing. Such an extensive CMSME portfolio is unprecedented in the

banking industry. It evidences the bank's commitment to grassroots entrepreneurs, the economy's lifeblood.

The Best Credit Rated in Bangladesh

BRAC Bank, the first bank in the industry to achieve "AAA" credit rating by the Credit Rating Agency of Bangladesh (CRAB), demonstrated its superior long-term solvency position on which customers can rely. S&P and Moody's credit rating bear testimony to its strong focus on governance and compliance. Thanks to this creditworthiness, the bank is reaping the benefit of customer trust even in the turbulent financial environment of 2022. A staggering 34% deposit growth proves the point.

Solid Capital Base

BRAC Bank's Tier-1 Capital Ratio and Total Capital Ratio stood at 12.44% and 14.00%, respectively, as of December 31, 2023, compared to the regulatory minimum ratios of 6% and 12.5%. The bank's growth was prudent, with gearing in on-balance sheet assets remaining 10.39 times as of the end of 2023. Demonstrating the franchise's strength, the bank's shares reported a satisfactory

price-to-book value (PBV) of 0.90 times and a market capitalisation of BDT 58 billion on the Dhaka Stock Exchange at year's end.

Shaping the CMSME landscape

BRAC Bank has achieved the milestone of serving 1.5 million CMSME customers, an extraordinary accomplishment in the industry. In fulfilling the entrepreneurial dreams of the customers, the bank, in 22 years of its operations, has disbursed CMSME loans worth BDT 1 trillion to grassroots entrepreneurs across Bangladesh. As a CMSME-focused bank, BRAC Bank continually strives to cater to the evolving needs of CMSME business owners. With long experience in CMSMEs, we understand that CMSMEs need faster loan disbursement to meet business requirements. Our deliberate focus on digital innovation and digitisation paved the way for this unique achievement. We strive to reach out to grassroots entrepreneurs through customised banking solutions, easily accessible platforms and digital initiatives that lead to greater customer convenience. In this digital age, we will use technology and adopt innovative ways to achieve more milestones.

Borenno – Country's 1st Premium Banking service for CMSME

As a CMSME-focused bank, BRAC Bank strives to provide comprehensive banking products and services designed specifically for CMSMEs. Borenno is designed for CMSME priority customers, providing specialised banking services to meet their needs and preferences. This service encompasses CMSME customers with premium banking services, offering unrestricted privileges and exclusive perks to high-value customers.



Mortgage-free Tally loan 'Druti' for unbanked Small Traders

BRAC Bank has introduced an innovative financial product called Tally Loan - 'Druti' to promote greater financial inclusion in Bangladesh. This business loan is designed specifically for small traders, with over 8 million businesses lacking access to formal credit and secure banking services.

BRAC Bank is bridging the gap in this underserved market segment. BRAC Bank's Relationship Officers visit small businesses,

assess their credit needs based on Tally Khata records, and fill out loan applications processed within 72 hours of application. The bank also helps customers obtain necessary documents, such as trade licenses for loan applications. Male entrepreneurs with at least two years of experience and women with one year of experience are eligible for loans up to BDT 1.5 million without requiring any mortgage, which can be repaid within two years.

Country's first Digital CMSME Loan, 'Shafollo' and digital microloan, 'Jibika' to Merchants

BRAC Bank has signed a memorandum of understanding (MoU) with eCourier, a leading logistics company; AmarPay, a leading online payment gateway and fintech company; and Delivery Tiger, a popular online courier marketplace to provide the country's first Digital CMSME Loan 'Shafollo' and digital microloan 'Jibika' to thousands of merchants of these companies.

With digital loans, entrepreneurs can avail themselves of instant paperless loans 24/7. The objective of the collaboration is to leverage BRAC Bank's extensive CMSME network to cater to the ever-growing smallholder entrepreneurs engaged in e-commerce and emerging business fields at the grassroots level across the country.

Drive towards Smart Bangladesh Smart Banking 2023

BRAC Bank has introduced a groundbreaking 'Smart Farmer's Card', a testament to our commitment to empowering farmers with convenient and intelligent banking solutions. This innovative card, the first of its kind for farmers, will initially be available to members of the Bangladesh Dairy Farmers' Association (BDFA), with plans to gradually extend its availability to eligible farmers nationwide. The Smart Farmer's Debit & Credit Card is a powerful tool that promotes financial inclusion for many farming

communities, underscoring the crucial role of farmers in our economy.

Launch of 'TakaPay' Card

BRAC Bank has achieved a significant milestone in the banking sector by introducing the 'TakaPay' card, a vital component of the National Card Scheme initiated by Bangladesh Bank. 'TakaPay' is a meticulously crafted payment scheme heralding a new era in the banking sector. This card, a symbol of our national pride, will play a pivotal role in reducing reliance on international payment schemes and

conserving foreign currency, thereby propelling the economic growth of our beloved nation.

The 'TakaPay' card is a significant stride towards transforming Bangladesh into a Smart Country. Initially, the card can be used for domestic ATM withdrawals, POS machines, and e-commerce transactions, offering a wide range of financial services. The card transactions will be processed through the National Payment Switch operated by Bangladesh Bank, ensuring the highest level of safety and reliability. This card is secure, reliable, affordable, convenient, and user-friendly, making it a perfect companion for the digital era.

'Smart Bangladesh Smart Haat' initiative to promote digital transactions

As a part of the 'Smart Bangladesh Smart Haat' initiative, Bangladesh Bank is actively promoting the adoption of secure, convenient, and safe digital payment methods. By leveraging point-of-sale (POS) systems, apps, QR codes, mobile financial services (MFS), and agent banking, individuals can avoid the hassle of carrying physical money, reducing the risk of fraud or counterfeit notes. Under the guidance of Bangladesh Bank, BRAC Bank has organized a digital payment awareness programme focusing on cattle farmers and traders in Dinajpur, Jhenaidah, and Chuadanga. The

Lead Bank, BRAC Bank, hosted the event in Chirirbandar, Dinajpur, on June 12, 2023.

'Shabolombi TARA' arranged free training for 500 female freelancers in 3 districts.

BRAC Bank Women Banking Segment 'TARA' and BFDS (Bangladesh Freelancer Development Society), under a partnership programme titled 'Shabolombi TARA', aim to train 1,600 aspiring professionals from all eight divisions of Bangladesh. Under this programme, we have trained 500 female freelancers in Rajshahi, Jashore and Chandpur to help them build careers in this promising industry. Freelancers will not have to pay any fee for this training; they will be provided banking services and solutions needed to initiate new business. This collaboration will help fulfil the entrepreneurial dream of freelancers and pave the way for their financial freedom. The initiative reflects BRAC Bank TARA's strong commitment to the promising industry and its continuous pursuit of working for women's empowerment.



Bill & Melinda Gates Foundation's grant for banking inclusion for CMSEs and Women

The Bill & Melinda Gates Foundation has approved a grant for BRAC Bank to leverage the digitalisation of banking products and services to cater for many cottage micro and small enterprises (CMSEs) and women in the banking system. The USA-based world-reputed private foundation has extended the grant to facilitate a set of milestones towards greater financial inclusion in Bangladesh.



As a progressive bank for digital financial inclusion, BRAC Bank has already pioneered the introduction of a top-notch digital banking app, Astha, and a smart financing processing system, Shafollo. BRAC Bank will mobilise its entire network and verticals to reach the untapped communities, and digital interventions will be the primary medium to attain the fastest and farthest outcome. A primary goal of this programme is to provide digital lending solutions to CMSEs with unsecured, low-cost and less-documentation small-ticket financing through the digital lending application, Shafollo. Besides, marginal women will be empowered with customised formal banking products and services through agent banking, various market linkage and capacity development programmes.

EMPOWERING WOMEN AND MARGINALIZED COMMUNITIES THROUGH DIGITAL FINANCIAL INCLUSION

SDGs impacted:



BRAC Bank and Gates Foundation Launch USD 1.45 Million Project to Empower Women and Marginalized Communities through Digital Financial Inclusion

In collaboration with the Gates Foundation, BRAC Bank has initiated a transformative three-year project titled “Creating Access to Finance and Market through Digitalisation Focusing on Women and Marginal Community.” Funded with a generous USD 1.45 million grant, this project aims to enhance financial inclusion by reinforcing three key pillars: capacity development, market access, and finance access. The initiative will engage BRAC Bank’s SME, Retail, and Agent Banking business verticals to maximize its contextual impacts across various sectors.

Key Focus Areas

1. Women Empowerment
2. Cottage, Micro, and Small Enterprises (CMSEs)
3. Digital Banking

Expected Impacts: The project seeks to empower women entrepreneurs and marginalized communities through enhanced entrepreneurial skills in digital and financial literacy. The initiative aims to integrate women SMEs into the mainstream economy by creating better market opportunities. Additionally, the project focuses on developing women and community-friendly banking services through product innovation and digitalisation.

Capacity Development Outcomes

- **Agent Training:** 1,000 agents will undergo training in multiple phases, enhancing their capacity to serve marginalized communities effectively.
- **Digital Adoption:** 15,000 new Astha users will be created through agent outlets, promoting digital financial services.

- **SME Training:** 600 women SMEs across 20 districts will receive capacity development training, fostering entrepreneurial growth and business acumen.

Access to Market Outcomes

- **Agent Banking Outlets:** Establish 100 women-led agent banking outlets to provide localized banking services.
- **ERP Enrollment:** 2,000 women SMEs will be enrolled in the ERP system, with at least 100 financed based on ERP data, streamlining their business operations and financial management.

Access to Finance Outcomes

- **Digital Lending:** The ‘Safollo’ digital lending platform will finance 50,000 CMSEs, 20% of which are women SMEs.
- **Customer Onboarding:** 60,000 new women customers will be onboarded through agent outlets and digital channels, expanding financial inclusion.
- **E-commerce Financing:** 1,500 women SMEs engaged in e-commerce will receive tailored financing solutions.
- **Micro-deposit Facility:** 5,000 women will benefit from micro-deposit facilities, fostering savings and financial stability.

This project by BRAC Bank, supported by the Gates Foundation, represents a significant stride towards financial inclusion and economic empowerment for women and marginalized communities in Bangladesh. The project will create a sustainable impact by leveraging digitalisation and innovative banking solutions, enabling these communities to thrive in the mainstream economy. The outcomes of this initiative will not only enhance financial literacy and market access but also ensure that women and marginalized groups are equipped with the necessary tools to achieve financial independence and entrepreneurial success.



Promoting Climate-smart Agriculture

BRAC Bank, in a significant partnership with Bangladesh Agricultural University (BAU), is stepping up to assist farmers in the coastal belt of southern Bangladesh in tackling climate change challenges. The aim is to empower farmers by advocating the use of climate-resilient crops and good agricultural practices. Over a span of two years, this impactful collaboration is set to transform the lives of approximately 3,000 farmers in the Satkhira, Khulna, and Barguna districts. Typically, farmers in the region are limited to growing one crop per year due to salinity. The project will concentrate on selecting salt-tolerant crops and implementing practices to mitigate salinity stress and enhance crop productivity.

Additionally, BRAC Bank has partnered with BRAC, the world's largest development organisation, to support climate-vulnerable communities in southern Bangladesh. This partnership will empower 2,500 farm households in Kalapara Upazila, Patuakhali district, with adaptive measures and essential agricultural resources. By implementing climate adaptation measures, they hope to reduce the impact of climate change on agricultural production in the Patuakhali district, which is highly vulnerable to its effects.

People, Performance and Culture

Our HR strategy at BRAC Bank is built on three key pillars: people, performance, and culture. We aim to create a diverse and inclusive workplace where our people are valued and empowered. We use tools and processes such as competency-based assessments, coaching, counselling, and learning programmes to help our employees reach their full potential. Our compensation and benefits policies are designed to support our co-workers' growth and prosperity. We have a strong culture based on shared values and beliefs and are committed to creating a supportive community.

We are dedicated to diversity and inclusion and follow equal employment opportunity principles. We uphold a Code of Conduct and Zero Tolerance and Safeguarding policies to ensure the well-being of our co-workers. We are also making significant strides to increase the representation of women in our workforce. Currently, 15% of our staff are women, and we are proud to have 10% of women in management roles. These numbers are not just statistics but a testament to our commitment to gender equality and the potential for growth and advancement for all our co-workers.

VALUE-ADDED STATEMENT

In 2023, BRAC Bank performed exceptionally well in all its business segments despite the challenges posed by war-induced supply chain disruption and economic uncertainty. This led to an expansion of its value-added to the stakeholders by 19% year over year, reaching BDT 23,073 million. 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. This value is then dispersed amongst various stakeholder segments.

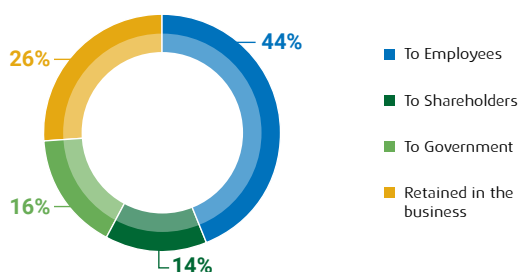
Value-added statement (BDT in mn)

Value-added	2023		2022	
	Amount	%	Amount	%
Net Interest Income	17,718		15,235	
Investment income	7,576		5,185	
Commission, exchange and brokerage	6,172		5,884	
Other operating income	145		267	
Operating expenses excluding staff costs and depreciation	(5,620)		(4,998)	
Provisions made during the current year	(2,918)		(2,190)	
Total Value Added by the Company	23,073	100%	19,382	100%

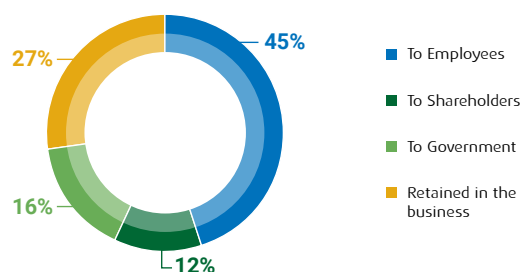
Value-added statement (BDT in mn)

Value-added	2023		2022	
	Amount	%	Amount	%
To employees				
as salary and allowance	10,154	44%	8,651	45%
To providers of capital				
dividend to shareholders (cash and stock)	3,218	14%	2,245	12%
To government				
as corporate tax	3,709	16%	3,176	16%
Retained by the entity for expansion and growth	5,992	26%	5,310	27%
as retained income	4,086	18%	3,518	18%
as depreciation	1,906	8%	1,792	9%
Total value distribution	23,073	100%	19,382	100%
Number of employees	8,231		7,863	
Value added per employee	2.80		2.46	

2023



2022



ECONOMIC VALUE-ADDED

Economic value added (EVA), or financial profit, is a critical performance indicator at BRAC Bank. It reflects the surplus the bank generates over the total invested equity cost. Thus, the post-tax return on the capital employed (adjusted for the tax shield for debt) is less than the cost of capital employed.

In 2023, BRAC Bank posted a net operating profit growth of BDT 2,801 million despite macroeconomic challenges, demonstrating the bank's resilient nature powered by a diverse Board, efficient management and superior governance. The bank's EVA stands at BDT 2,116 million in 2023 from BDT 1,737 million in 2022.

Economic value-added

Particulars	BDT in mn	
	2023	2022
Net operating profit	13,930	11,129
Provision for taxes	(3,709)	(3,176)
Net operating profit after tax (NOPAT)	10,221	7,954
Capital employed	76,562	69,882
Cost of equity (%)*	10.59%	8.90%
Capital charge/ Cost of capital	8,105	6,217
Economic value added (EVA)	2,116	1,737
EVA/Average Shareholders' Equity (%)	3.46%	3.08%
Dividend for the year	3,218	2,245
Capital employed as at December 31		
Average Shareholders' Equity**	61,100	56,405
Average accumulated provision for loans and advances	15,462	13,477
Total capital employed	76,562	69,882

* Cost of equity has been calculated using the dividend capitalisation model. Cost of equity = {(Dividend per share / Current market value of stock) + Expected growth rate of Dividend}.

** Average shareholders' equity and provision has been derived from average of current year and previous year

**CREATE AN
IMPACT BEYOND
JUST BANKING**



CORPORATE SOCIAL RESPONSIBILITY

We conduct banking with a conscience, keeping our values at the core. Our Pro-People, Pro-Planet, and Pro-Society mission ensures that we prioritise our customers and the planet while working towards collective prosperity. We are committed to focusing on responsible financing and social interventions that promote sustainable development, social equity, and ethical conduct.

In 2023, BRAC Bank expanded its staff with 1,214 full-time co-workers and 1,841 outsourced staff, bringing the workforce to 8,231 and 3,445, respectively. The bank invested BDT 10,154 million in salaries and allowances for its full-time co-workers and BDT 1,210 million for its outsourced staff. Additionally, it allocated 50 million for staff training and development.

The bank's commitment to the CMSMEs remained strong, contributing to the creation of direct and indirect jobs while supporting the livelihood of people indirectly dependent on it, including suppliers, vendors, contractors, and other business partners.

The bank's CSR approach is directed towards building the foundations of society. Notable CSR contributions include a contribution of BDT 40 million to the Ashrayan-2 Project of the government for the construction of houses for homeless people, as well as the successful graduation of 34 female

entrepreneurs from BRAC Bank's Entrepreneur Grooming Programme named Uddokta-101. The bank also launched its first-ever female-only scholarship programme, BRAC Bank Aporajeyo TARA. Other contributions include:

- Donating 75,000 pieces of blankets to the Prime Minister's Relief and Welfare Fund.
- Allocating 5% of the annual CSR budget to the Prime Minister's Education Assistance Trust.
- Introducing an innovative financial product called Tally Loan - 'Druti' promotes the economic inclusion of unbanked small traders in Bangladesh by providing mortgage-free loans within 72 hours of application.

BRAC Bank has served one million SME clients, becoming the first bank in the sector to reach this milestone. In its 22 years of operation, the bank has disbursed BDT 1 trillion in SME loans to grassroots entrepreneurs across Bangladesh. The bank has been Bangladesh's largest provider of collateral-free SME loans, and today, the bank's outstanding SME loans amount to over BDT 200 billion, with 85% being unsecured, which is unique in the Bangladeshi banking industry. The bank aims to utilise technology and implement innovative methods to break new ground in SME frontiers in this digital era.

BRAC Bank has been a pioneer in women's empowerment and financial inclusion. The bank's comprehensive women's banking proposition, 'TARA', is Bangladesh's first women-focused suite of banking services. With 'TARA', the bank has fulfilled the entrepreneurial dreams of thousands of businesswomen through its SME loan portfolio, most of which are collateral-free.

TARA was honoured at the 2021 FT/IFC Transformational Business Awards, known globally as “The Oscars of Sustainability”, for its pioneering efforts in women’s empowerment and financial inclusion. Additionally, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and United Nations Capital Development Fund (UNCDF), along with partners such as FMO, Visa, and the Government of Canada, recently announced BRAC Bank as a winner of the Women Enterprise Recovery Fund, being among the ten recipients of the fund in the Asia-Pacific region. With this fund, the bank aims to bridge the digital and financial divide women MSMEs face in building their businesses.

BRAC Bank has promoted financial inclusion through bKash, an award-winning MFS company that has transformed the country’s payment landscape. The journey of a decade of bKash started with essential services like ‘send money’, ‘cash out’, and ‘cash in’ and has expanded to include 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.

BRAC Bank is a values-driven organisation that helps governments create an inclusive and equitable environment for all. With a focus on leaving no one behind, the bank recognises the unique life journeys of individuals beyond gender paradigms. Through its policies and processes, BRAC Bank creates a space for everyone to thrive and succeed.

Connecting the dot

As part of the BRAC family, BRAC Bank is driven by a values-based approach. Our introduction of small-ticket loans for CMSMEs has connected the missing middle with formal banking services and significantly advanced financial inclusion in Bangladesh. This achievement, a cornerstone of our corporate social responsibility, is a testament to the

collective efforts of our stakeholders and their commitment to a more inclusive society.

The SME division ensures its nationwide presence with over 3,000 co-workers serving CMSMEs through 446 dedicated CMSME unit offices. Since its inception, over 1.5 million CMSMEs have had access to the bank’s financial services, which have helped them grow their businesses and contribute to the national economy.

BRAC Bank has the highest rural penetration in the country, with 75% of its total small business loans going to rural areas. Additionally, it is the largest financier of collateral-free loans, with a 50% market share in this segment.

CMSME financing is the core of BRAC Bank’s existence and values. The bank is committed to promoting women’s empowerment and equal access opportunities for all to create a just society. Sir Abed’s vision was to establish the bank for this very reason, and the bank continues to follow in his footsteps by working towards financial inclusion.

People, Planet and Prosperity

Bangladesh Bank has recognised BRAC Bank as one of the top 10 sustainable banks in Bangladesh for three consecutive years. To guide our corporate social responsibility (CSR) efforts, we follow the 3Ps philosophy – People, Planet, and Prosperity.

At BRAC Bank, we are deeply committed to sustainability and ethical business practices. We believe that these are not just good for our stakeholders and our company’s long-term success, but also for the planet we all share. By integrating sustainability into our operations and considering the needs of our customers, co-workers, community, and environment, we are taking ownership of the social transformation credo and ensuring a better future for all.

In the banking industry, supporting sustainability by providing funding and investment opportunities for projects and initiatives to decrease environmental impact and advance socioeconomic development is essential. BRAC Bank encourages

sustainability by developing and marketing sustainable financial solutions as one of the central banks committed to Vision 2030. We also incorporate environmental, social, and governance (ESG) aspects into investment and loan choices to ensure they align with sustainable development goals. Furthermore, we are implementing sustainability practices internally, such as reducing individual carbon footprints and promoting inclusiveness and diversity at work.

At BRAC Bank, our CSR efforts aim to achieve a positive and lasting impact on society while creating shared value for stakeholders associated with the bank. Our focus is on the long-term, with medium-term pursuits, to create a sustainable impact on people and society.

As a values-based bank, we take pride in offering banking services that significantly influence the economy, society, and environment. We adhere to the comprehensive “3P” philosophy, which goes beyond purely financial results to gauge value. We monitor ourselves and our impact using the Sustainable Development Goals (SDGs) because we know our obligations to society as a venerable banking organisation. Our primary goal is aligning our socio-commercial effect with SDGs: to make a difference in the lives of people, communities, and cultures.

Our CSR Approach

BRAC Bank draws inspiration from its founder, Sir Fazle Hasan Abed KCMG, to drive its corporate social responsibility initiatives. Sir Fazle established BRAC after our independence, and since then, BRAC has worked tirelessly to remove barriers to national development. As a member of the BRAC family, BRAC Bank aims to uphold the same values in its CSR programs. We believe that everyone deserves to lead a meaningful life.

BRAC Bank is a responsible financial institution that has taken significant steps to integrate social, environmental, ethical, human rights, and consumer issues into its business operations and core strategy. The bank has adopted CSR guidelines from Bangladesh Bank and the principles of the United Nations Global Compact and the Global Alliance for Banking on Values. These measures have been taken in close collaboration with stakeholders to ensure that the bank’s policies and practices align with industry best practices.

We are member/signatory of:



United Nations
Global Compact



Global Alliance for
Banking on Values

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



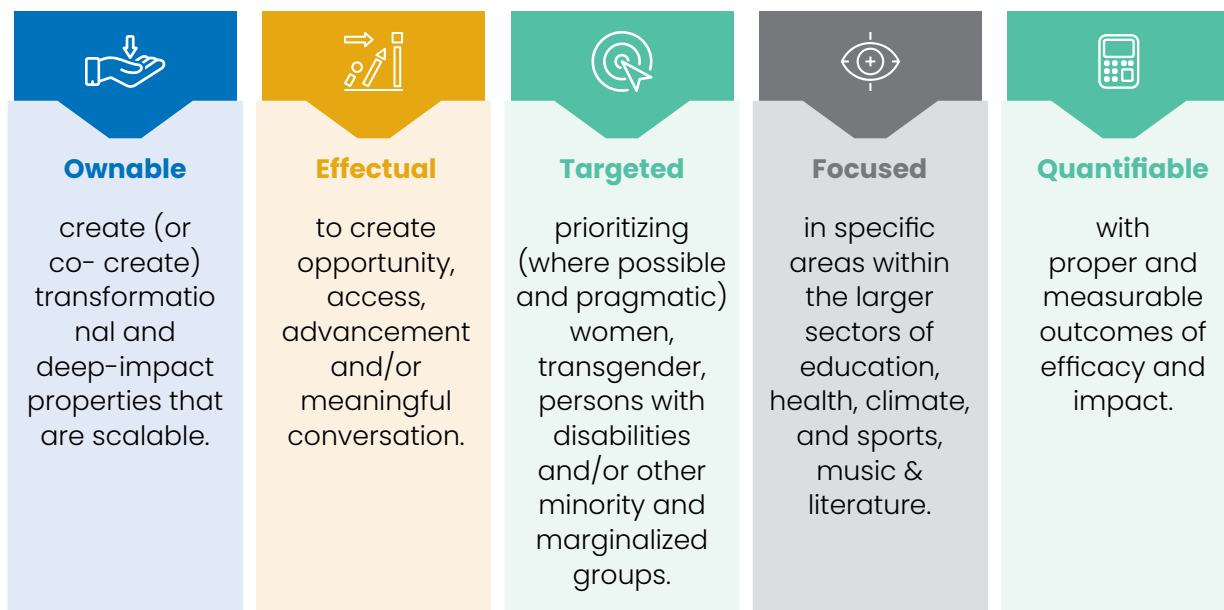
Our core CSR impact areas comprise healthcare, education, and environment and climate change.

CSR expenditure:

In 2023, BRAC Bank spent BDT 111.9 million on its CSR programmes, which is 1.53% of its profit after tax 2022 (BDT 7,304 million).

Strategic Framework for CSR

In 2022, BRAC Bank created a strategic framework based on their belief that everyone should have the opportunity to live a meaningful life. The bank has identified specific areas for their CSR initiatives that comply with the policy guidelines on corporate social responsibility for banks and financial institutions (SFD Circular No. 01, issued on January 09, 2022). The bank aims to positively impact society by implementing this strategic framework, like its parent organisation, BRAC. Their CSR initiatives will be targeted, focused, and measurable to ensure their effectiveness and scalability.



CSR initiatives in 2023:

BRAC Bank Aporajeyo TARA Scholarship

In 2023, BRAC Bank launched Bangladesh's first-ever female-only scholarship program, the 'Aporajeyo TARA' Scholarship. This initiative collaborates with the Faculty of Business Studies of the University of Dhaka, BRAC University, and Prothom Alo Trust. The primary objective of this program is to promote female education in Bangladesh by empowering women to pursue higher education and achieve their goals.

The scholarship supports over 360 female students annually, aiding them in realising their full potential and succeeding in the face of challenges. The scholarship program

is a significant step towards the greater goal of championing female education in Bangladesh.

BRAC Bank plans to collaborate with other leading universities in the country to expand the reach of this scholarship program. This way, more female students can benefit from this groundbreaking initiative and pursue higher education in Bangladesh.

Contribution to Prime Minister's Education Assistance Trust

BRAC Bank has contributed 5% of its total CSR budget for the year 2023 to the Prime Minister's Education Assistance Trust. The Trust is managed by the Ministry of Education in Bangladesh and provides scholarships to

deserving impoverished students. It is run by an advisory committee with the prime minister as its chief patron.

This contribution will support the government's efforts to promote literacy and create a better Bangladesh. Representatives of the bank presented a cheque to the Prime Minister's Education Assistance Trust on June 22, 2023.

Uddokta 101

In 2023, BRAC Bank and BRAC University held the graduation ceremony for the third batch of their women entrepreneur accelerator programme, 'Uddokta 101'. The 13-week intensive training programme was designed to groom promising women entrepreneurs. It was exclusively available through the bank's women's banking segment, TARA.

The programme aimed to equip women business owners with at least one year of experience with managerial and entrepreneurial skills to sustain and expand their businesses. The initiative was a collaboration between BRAC Bank and the BRAC Business School, which acted as the knowledge and training partner.

At the ceremony held at the university campus, 34 women entrepreneurs were awarded certificates of completion. Additionally, 18 participants were given crests for their involvement in the Business Proposal Competition, with three receiving the 'Winner' crest for their excellent case presentation.

The grooming sessions included a comprehensive study of business plans, record-keeping, accounting, taxation, compliance, HR management, operations and supply chain management, e-business, and export-import management. Expert faculty members from the BRAC Business School and senior bankers from BRAC Bank supervised these sessions.

The entrepreneurs received financial support for registration from the bank's CSR fund. BRAC University provided resource persons, modules, research, and logistics. At the end of the programme, the entrepreneurs were

given a platform to showcase their products at a two-day fair held at the university, which helped them create awareness and market their products and services.

Contribution to Ashrayan - 2

BRAC Bank has contributed BDT 40 million to the government's Ashrayan-2 Project to construct houses for homeless people.

As a follower of the 3P Philosophy—People, Planet, and Prosperity—our welfare mission is embedded in our bank's value system. As a values-based organisation, we believe it is our responsibility to help the less fortunate. It makes us immensely proud to partner with the Ashrayan-2 Project, which provides housing for homeless people.

BRAC Bank - Samakal Literary Award

In 2023, in association with Samakal, BRAC Bank awarded Professor Rehman Sobhan, Salek Khokon, Monju Sarker, and Kizi Tahnin at the BRAC Bank-Samakal Literary Award 2021. BRAC Bank and Daily Samakal have recognised the writers and litterateurs for the last ten years to inspire them to enrich Bangla literature with their creative and intellectual works.

In 2023, BRAC Bank and Daily Samakal introduced the 'Lifetime Achievement Award' to recognise a veteran author who contributed to Bangla literature. Professor Rehman Sobhan was awarded the award for his contribution to Bangla literature.

Salek Khokon won the award for his book '71 Er Akorgrontho' in the essay, autobiography, travel story, and translation category; Monju Sarker won the prize for his book 'Ujanjatra' in the poetry and novel category; and Kizi Tahnin won for his book 'Budh Grohe Chand Utheche' in the 'Young Writer' category.

The awards were announced at a ceremony at the Pan Pacific Sonargaon Hotel in Dhaka on February 11, 2023. Bangladesh Parliament Speaker Dr Shirin Sharmin Chaudhury, MP, spoke as the Chief Guest at the ceremony. Daily Samakal Publisher A K Azad, BRAC Bank Chairman Ahsan H. Mansur, BRAC Bank

Managing Director & CEO Selim R. F. Hussain, Daily Samakal Acting Editor Mozammel Hossain and literary and eminent personalities of the country were present at the ceremony.

The 'Lifetime Achievement Award' winner gets a BDT 0.5 million prize. Winners in the 'essay, autobiography, travel story & translation' and 'poetry and novel' categories received BDT 0.2 million and the 'Young Writer Award' BDT 0.1 million. The winners also received the crest and citation.

A total of 570 books were submitted for the three categories in 2021. A jury comprising Selina Hossain, Faizul Latif Chowdhury, Abid Anwar, and Khalikuzzaman Elias selected three winning books published in 2021.

Promoting climate-smart agriculture

In 2023, BRAC Bank joined hands with BRAC to extend support to climate-vulnerable communities in Bangladesh's southern region.

Through an innovative partnership promoting climate-smart agriculture, BRAC Bank's CSR fund would empower 2,500 farm households in Kalapara Upazila, Patuakhali district, with adaptive measures and essential agricultural resources.

The project aims to enhance agricultural production, strengthen farmers' resilience against climate change impacts, and ensure regional food security by fostering sustainable farming practices.

BRAC Bank's CSR fund, dedicated to this unique agriculture-focused initiative, will procure essential agro machinery, including irrigation, cultivation, and harvesting equipment. Additionally, the fund will support the development of agro-processing industries and research work to promote agricultural sector growth and productivity.

This collaborative effort will prioritise empowering women beneficiaries, who are often disproportionately affected by climate change. The selection process will consider climate exposure, sensitivity, and adaptive capacities to identify the most deserving recipients.

Implementing climate adaptation measures is expected to significantly reduce the gap in agricultural production caused by climate change in the Patuakhali district, which is one of the most vulnerable regions to its adverse effects.

Help the char farmers.

In 2023, BRAC Bank entered into a strategic partnership with Gram Unnayan Karma (GUK) to support farmers living in remote char areas by enabling them to adopt high-value crops and develop markets for their agricultural produce.

As part of a dedicated CSR initiative focused on agriculture, BRAC Bank and GUK collaborated to provide farmers with modern technology and agricultural machinery, empowering them to enhance their harvests and generate higher incomes. Through this intervention, char-based farmers in Bogura increased their incomes by expanding the cultivation of cash crops such as maize, jute, mustard, and green chilli, utilising state-of-the-art machinery.

Setting up advanced research facilities at Hajee Danesh University under agriculture-focused CSR initiative

In 2023, BRAC Bank extended financial assistance to Hajee Mohammad Danesh Science and Technology University in Dinajpur to establish an advanced agriculture research facility.

Under a special agriculture-focused CSR project, the university's central laboratory will create a new research unit, the 'Cell and Tissue Culture Unit'. The facility will create scope for microscopic investigations in the central lab and speed up the analysis of genomic data of plants and crops. This facility will help graduate students in advanced genomic research, ultimately assisting agriculture production.

Helping farmers adopt climate-smart agriculture

In 2023, BRAC Bank partnered with the Department of Agricultural Extension (DAE)

to assist grassroots farmers in transitioning to high-yield crop varieties and sustainable cultivation techniques. This alliance was designed to mitigate the impending impacts of climate change on the nation's agricultural sector.

Structured as a special agriculture-focused CSR endeavour, BRAC Bank granted financial support to DAE. The project enabled farmers to optimise their previously underutilised barren and swampy terrains. The collaboration encouraged the adoption of compost fertilisers over their chemical counterparts. It emphasised the incorporation of smart technology to counter climate change repercussions.

Through various agricultural innovations, the programme aims to elevate the beneficiary farmers' nutritional intake and socioeconomic standing.

BRAC Bank DOUR 2023

The bank annually organises 'Dour - Run for Humanity' as a co-worker engagement initiative. Our co-workers voluntarily contribute token funds to join the run, and the bank provides a matching fund from its CSR. The total fund goes to organisations working for the welfare of less privileged people in the country.

The 2023 edition of the Dour event was dedicated to people living with disabilities, and 25 wheelchair runners participated in a special mini-marathon.

This year, our co-workers raised a fund of BDT 4.3 million, which was doubled to BDT 8.6 million by the bank's CSR fund. The fund went to four disability organisations: the Blind Education and Rehabilitation Development Organisation (BERDO), Hi-CARE, PFDA Vocational Training Centre Trust, and Bangladesh Society for the Change and Advocacy Nexus (B-SCAN).

BRAC Bank Reading Cafe

In 2023, our book enthusiasts and co-workers formed a reading circle to promote a love of literature and encourage collaboration and critical thinking among their co-workers. The circle is called 'BRAC Bank Reading Cafe'.

Each month, the BRAC Bank Reading Cafe members read one book and discuss various aspects of it. In the first meeting, the Cafe members discussed the famous liberation war-based novel *Alachakra* by Bangladesh's renowned author Ahmed Sofa. The creation of this book club aligns with BRAC Bank's commitment to fostering personal and professional growth and improving work culture.

Yoga class for the co-workers

In 2023, BRAC Bank introduced yoga classes for its co-workers as part of its wellness drive across the company. The bank has welcomed Yogi Shameem Mahbub, an 89-year-old experienced yoga practitioner, to teach the classes.

Shameem Mahbub has been practising yoga for 46 years, bringing knowledge and experience to the bank's yoga programme. He conducts three classes weekly, which are open to all BRAC Bank co-workers free of cost.

BRAC Bank Runners Club

On September 16, 2023, the BRAC Bank Runners Club organised its first-ever group run. The 5-kilometer run brought together approximately 25 health-conscious bank colleagues, setting a precedent for an active lifestyle and fostering a culture of camaraderie.

The BRAC Bank Runners Club was formed by a group of fitness enthusiasts who shared a passion for community welfare. They

aim to combine fitness and fun and have scheduled regular runs on weekends and public holidays. The goal is to encourage an active lifestyle and cultivate a fitness habit among the bank's employees.

Walk for life: raising awareness against sound pollution.

A call to raise public awareness about sound pollution led a group of BRAC Bank co-workers to organise a 20-kilometre walkathon in Dhaka on October 20, 2023. Around 30 BRAC Bank co-workers walked from the bank's Head Office in Tejgaon to Sadarghat and returned to the starting point. They wore a special jersey bearing the slogan 'Sound Pollution is Dangerous', signifying the criticality of pollution prevention for a peaceful and healthy life.

According to a United Nations Environment Programme report titled "Frontiers 2022: Noise, Blazes and Mismatches," Dhaka is the world's noisiest city. The average noise frequency in Dhaka is 119 decibels, more than twice the tolerable standard. The unbearable auditory annoyance poses serious health risks to people of all ages, especially children and older people.

Against this noisy reality of noise pollution, conscious bankers took to the street to disseminate the message of restraint when honking on the road. On the walkways in the alleys, they talked to the drivers, bikers, traffic police officers, and pedestrians, informing them of the health hazards of noise pollution.

As part of the voluntary initiative 'Walk for Life,' the co-workers will organise walkathons in different parts of the city and the country to raise awareness about pressing social and health issues.

World Environment Day - BRAC Bank initiates to save endangered trees

In 2023, BRAC Bank launched an initiative to plant endangered local tree varieties in different parts of Bangladesh as part of the World Environment Day 2023 observance. The bank chose educational campuses to create environmental awareness among

students. It partnered with Tarupallab, an organisation that protects ecological heritage—the campaign planted 1,300 saplings in different areas of the country.

The campaign kicked off with the plantation of 200 saplings in NAM Pilot High School at Sonargaon in Narayanganj on June 5, 2023, coinciding with World Environment Day. During this month-long campaign, BRAC Bank planted saplings in several other educational institutions nationwide, including the Ethnological Museum and Pahartali University College in Chattogram, Pundra University of Science & Technology in Bogura, and Sylhet Agricultural University.

The bank planted Bangladeshi homegrown and hilly tree varieties, the most endangered in Bangladesh. These included Udal, Lal Udal, Sonalu, Dharmara, Jarul, Chalta, Gulapjam, Doi Guta, Kanchan, Gab, Hartoki, Buddha Narikel and Krishnachura.

Responding to a call from humanity

In 2023, BRAC Bank contributed blankets to the Prime Minister's Relief and Welfare Fund to help underprivileged people nationwide during winter.

Honourable Prime Minister Sheikh Hasina received a token blanket from BRAC Bank's Vice-Chairperson Faruq Mayeenuddin Ahmed at a ceremony at Ganabhaban in Dhaka on November 10, 2023. The bank's Managing Director & CEO, Selim R. F. Hussain, was also present. The bank will contribute 75,000 blankets to the Prime Minister's Relief and Welfare Fund.

Besides, an Agent Banking partner of BRAC Bank named Wajed Ali, inspired by the bank's social welfare initiatives, has decided to give back to society during this difficult time. Ali, based in Keshabpur of Jashore district, distributed 200 blankets to disadvantaged people in Bhandarkhola and Hasanpur areas near his agent outlet. This kind gesture brought warmth and care to his community during a cold spell that swept across the country.

Wajed Ali joined BRAC Bank as an Agent Partner over three years ago. Since then,

he has become aware of the bank's values and CSR operations, inspiring him to impact society positively. As a self-made businessman, Ali expressed his pleasure in being associated with BRAC Bank, which is firmly committed to serving the underserved. He was also happy to see that the bank distributes blankets to the disadvantaged every year during winter. Ali has pledged to continue helping the society where he lives and does business in the future.

Publication of the bank's maiden sustainability report

In 2023, BRAC Bank officially released its first sustainability report, highlighting its commitment towards a sustainable future.

The report follows the widely recognised Global Reporting Initiative (GRI) framework, offering voluntary and full disclosure of the bank's comprehensive sustainability strategy, focusing on the impact on the environment, society, and governance (ESG).

The report covered the bank's operations in 2022 in its various activities, providing a snapshot of the bank's efforts to reduce adverse environmental impacts and its social responsibility programmes, including financial inclusion and digital transformation.

The report also details the governance framework that guides the strategy, built on transparency, accountability, and critical matters.

Way forward

BRAC Bank's commitment and passion to holistically embrace social initiatives go beyond the scope outlined in traditional CSR. As such, it fulfils its social responsibilities and obligations with enthusiasm, spontaneity and vibrancy.

BRAC Bank conducts its social responsibilities at its discretion. It believes in sustainability and that its investment in social projects will bring positive results in the years to come. The bank also plays a meaningful role in achieving the UN SDGs and the UN Global Compact principles.

BRAC Bank CSR Desk

As per Bangladesh Bank guidelines, BRAC Bank has launched a CSR Desk to expand further, expedite and consolidate its social responsibility and citizenship activities. The desk helps the bank to focus on various CSR activities and to ensure transparency. Information about the bank's CSR programmes is published on our website and is accessible to the general public.



Anyone can send a CSR proposal to BRAC Bank's CSR Desk. The desk can be contacted via email at communication@bracbank.com.

IMPACT STORY

EMPOWERING FARMERS AND ENHANCING FOOD SECURITY: BRAC BANK'S IMPACTFUL SPECIAL CSR INITIATIVES

BRAC Bank has consistently demonstrated its commitment to sustainable development and social responsibility through its various initiatives and partnerships. This impact report highlights the progress and outcomes of BRAC Bank's Special CSR Fund projects as of December 31, 2023. In collaboration with key partners, the bank's efforts aim to address critical issues such as climate change, agricultural productivity, and food security in Bangladesh. Here is a detailed account of the projects, their beneficiaries, and their tangible impacts on local communities.



SDGs impacted:



Promoting Climate-Smart Agricultural Services through Adaptation Clinic



Partner:
BRAC



Project Area:
Kalapara Upazila in
Patuakhali



Budget:
BDT 64.00 Million



Disbursed:
BDT 49.35 Million

Background and Objectives

The project addresses the severe impacts of climate change on agriculture and food security in Bangladesh, particularly in coastal regions. Climate change poses significant threats, including unpredictable rainfall, rising sea levels, and increased salinity, adversely affecting water availability, food security, and livelihoods.

Achievements and Outcomes

Beneficiaries:

3,057 farmers have received training and advisory services.

Support Provided:

913 farmers received climate-resilient seeds, fertilizers, and bio-pesticides. Six hundred sixty-three farmers were supported for sunflower cultivation on 1,264 bighas, and 951 farmers received support for mung bean cultivation on 1,470 bighas.

Innovations:

Introduction of saline-resistant crop variants, solar-based irrigation systems, and the establishment of community-based agri-storage facilities.

Impact:

Enhanced resilience of coastal farmers to climate change, reduced dependency on fossil fuels, and improved food security.

BRAC Bank DAE Agricultural Development Project



Partner:

Department of Agricultural Extension (DAE)



Project Area:

17 upazilas in 10 districts



Budget:

BDT 65.00 Million



Disbursed:

BDT 55.66 Million

Background and Objectives

This project aims to utilize barren and waterlogged lands for crop production, enhancing food security and self-sufficiency. The project employs innovative cultivation practices and provides comprehensive support to farmers.

Achievements and Outcomes

Beneficiaries:

1,230 farmers trained in various high-value crop production techniques.

Support Provided:

Formation of 20 cooperative farmer groups, establishment of 865 demonstration plots, and distribution of agricultural machinery to collaborative groups.

Innovations

Introduction of bio-fertilizer techniques and establishment of vermicompost plants.

Impact

Improved utilisation of previously unproductive lands, reduced chemical fertilizer usage, and enhanced crop yields.

High-Value Crop Production and Market Development in Char Region



Partner:

Gram Unnayan Karma (GUK)



Project Area:

Char region of Sariakandi upazila in Bogura District



Budget:

BDT 20.00 Million



Disbursed:

BDT 13.20 Million

Background and Objectives

The project focuses on empowering farmers in resource-scarce char regions by introducing modern farming techniques and ensuring market linkages for their crops.

Achievements and Outcomes

Beneficiaries:

2,480 farmers trained in high-value crop production.

Support Provided:

Establishment of 155 demonstration plots, provision of farming inputs, and distribution

of modern machinery for harvesting and processing.

Impact:

Enhanced socio-economic conditions of farmers, improved market access, and increased crop productivity.

Improving Crop Productivity in Salinity-Affected Coastal Areas



Partner:

Bangladesh
Agricultural
University (BAU)



Project Area:

Satkhira, Khulna,
and Bagerhat
Districts



Budget:

BDT 20.00 Million



Disbursed:

BDT 16.00 Million

Background and Objectives

The project aims to improve crop productivity in salinity-affected areas by adopting climate-resilient crops and good agricultural practices.

Achievements and Outcomes

Beneficiaries:

450 farmers trained in salinity-affected cultivation techniques.

Support Provided:

Establish research sites and homestead gardens and provide necessary equipment for soil and crop analysis.

Impact:

Increased crop productivity, enhanced farmer capacity to manage salinity stress, and improved food and nutritional security.

Creation of Advanced Research Facilities at HSTU Central Laboratory



Partner:

Hajee Mohammad Danesh
Science and Technology
University (HSTU)



Budget:

BDT 20.00 Million



Disbursed:

BDT 20.00 Million

Background and Objectives

The project aims to develop a new research unit to advance agricultural research and innovation.

Achievements and Outcomes

Current Status:

Ongoing procurement of equipment and preparation of lab space.

Expected Impact:

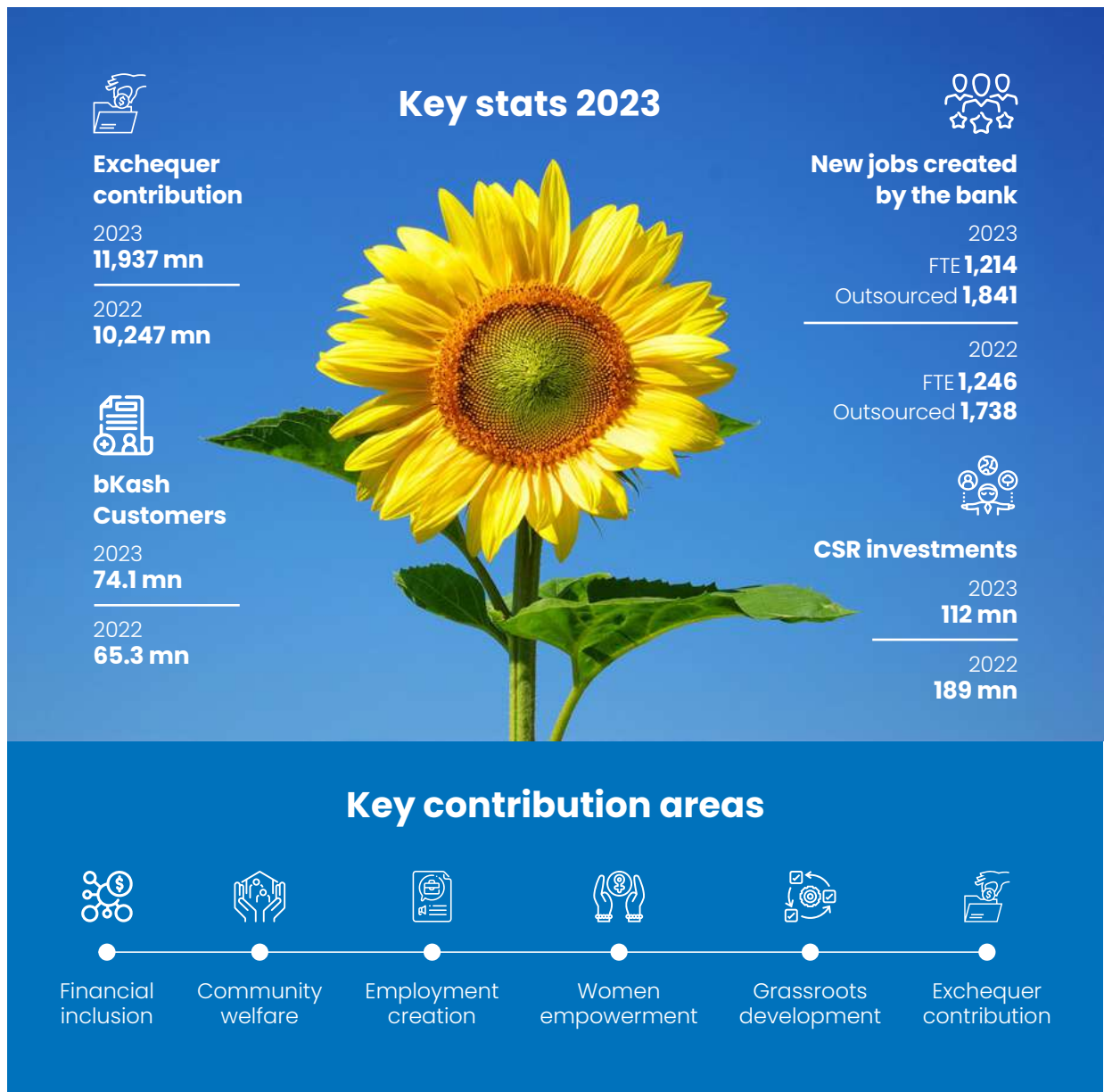
Enhanced research capabilities, accelerated genomic data analysis, and improved agricultural practices through advanced research facilities.

Conclusion

BRAC Bank's CSR initiatives have significantly addressed critical agricultural and environmental challenges in Bangladesh. The bank has empowered thousands of farmers through strategic partnerships and innovative approaches, improved agricultural productivity, and contributed to sustainable development. The positive impacts of these projects underscore BRAC Bank's commitment to creating lasting social and environmental benefits.

CONTRIBUTION TO THE NATION

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 contributing 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 its direct and indirect impact.



Supporting the state purse

BRAC Bank has contributed significantly to the government's efforts to mobilise revenue. The bank upholds its nationalistic obligations by disbursing tax and VAT from business activities. The bank also deducts income tax, VAT and excise duty at source from customers and suppliers for depositing to the exchequer. During 2023, the bank contributed BDT 11,937 million to the national exchequer.

BRAC Bank's national exchequer contribution over the past five years:

Year	Direct tax		Indirect tax		Total
	Withholding tax	Corporate tax	VAT	Excise duty	
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
2023	5,332	3,792	1,416	1,396	11,937

IMPACT STORY

BRAC BANK'S COMMITMENT TO SUSTAINABILITY AND WOMEN'S EMPOWERMENT

SDGs impacted:



BRAC Bank Limited has emerged as a leading financial institution in Bangladesh, championing the cause of women's economic inclusion and empowerment. Recognizing the significant gender disparities in financial access, BRAC Bank has proactively implemented strategies to address these gaps and support women in various capacities, both internally and externally.

Internal Transformation: Fostering Inclusion and Diversity

Under the leadership of CEO Selim Hussain, BRAC Bank initiated substantial internal changes to promote diversity and inclusion. In 2015, women comprised only 13 % of total employees and 5 % of senior managers. To address this disparity, BRAC Bank held forums to listen to female employees' concerns. It introduced the TARA program as an internal support group. This program evolved into a comprehensive platform offering policies and initiatives to create a more inclusive workplace. Key measures included zero-tolerance policies for harassment, safe channels for complaints, mandatory diversity training, and transportation services for female employees.

BRAC Bank implemented targeted recruitment strategies, mentoring programs, and flexible work arrangements to support women's career advancement further. These efforts have significantly increased female representation, with the bank now employing nearly 1,000 women and doubling the number of women in senior management from 2016 to 2019.

External Initiatives: Empowering Female Customers

BRAC Bank's TARA program, launched externally in 2017, is a cornerstone of its strategy to enhance women's financial inclusion. The program offers tailored financial products and services designed to meet the distinct needs of women in various segments: employment, home, and business. For instance, women in business can access SME loans, while those at home benefit from the TARA Golden Benefit Account, which includes medical insurance

and travel discounts.

The bank's market research revealed that women in Bangladesh face numerous barriers to financial access, including low financial literacy, limited collateral, and mistrust of the banking system. To address these issues, BRAC Bank conducted focus groups and customer visits to understand women's financial goals and design solutions that provide value and build trust. The TARA program includes non-financial services such as training workshops, business development support, and recognition initiatives like the BRAC TARA Awards.

Impact and Recognition

BRAC Bank's efforts have yielded significant results. Between 2016 and 2019, the number of female customers increased by an average of 8 per cent annually, and loans to women-owned micro, small, and medium enterprises (MSMEs) grew at an annual rate of 22 per cent. The bank's innovative risk-assessment practices and tailored financial solutions have helped it reach previously unbanked women, who now constitute around one-third of TARA Retail customers and half of TARA SME customers.

BRAC Bank's commitment to women's empowerment has garnered international recognition. It received the Asian Development Bank's Trade Finance Program Award as the "Most Progressive Bank on Gender Strategy" in 2017. It was named "SME Bank of the Year—Asia" by IFC's Global SME Finance Forum in 2019.

Conclusion

BRAC Bank's comprehensive approach to fostering an inclusive workplace and empowering female customers sets a benchmark for financial institutions in Bangladesh and beyond. By addressing internal diversity and inclusion while developing targeted external programs, BRAC Bank supports women's economic inclusion and drives sustainable growth. The bank's continued efforts to expand its digital offerings and reduce barriers to financial access underscore its commitment to being a long-term partner for women in Bangladesh.

Performance Report on Gender Equality Issues

Sl.	Issue	Data				
1.	Gender diversity among Board members		Male			
			Female			
2.	Gender diversity among full time co-workers	Entry-level	Male			
			Female			
		Mid-Level	Male			
			Female			
		Senior Management	Male			
			Female			
3.	Gender breakdown by age group for full time co-workers	Below 30 years	Male			
			Female			
		30-50 years	Male			
			Female			
		50 years and above	Male			
			Female			
4.	Maternity leave policy					
5.	Day-care centre	Yes	One in the head office in Dhaka.			
6.	Transport facility for female co-workers for working beyond usual office hours	Yes				
7.	Separate washroom facility for female co-workers at the head office and branches	Yes				
8.	Co-worker turnover by gender	H1 of 2022		Number of co-workers	Number of separations	Turnover
			Male			
		Female				
		H2 of 2022	Male			
			Female			
		9.	Training on gender equality / awareness programmes	Yes		
10.	Sexual harassment prevention policy	Yes	We have in place a 'SHE Policy' (Sexual Harassment Eradication Policy) that ensures that our co-workers have the right to protect themselves from inappropriate behaviour and that they may raise a flag at any discrepancies or violation of rights.			
	Complaints made	No				

IMPACT STORY



A Workplace for Female Coworkers to Thrive and Shine

Taking inspiration from its parent organisation, BRAC, BRAC Bank is dedicated to promoting women's rights and empowerment in the workplace and society. As a women-friendly organisation, BRAC Bank provides a conducive workplace environment and capacity-building opportunities to help women achieve fast-track career progression and professional success. Embracing diversity and inclusivity, the bank strives to integrate more women into senior leadership roles, creating a space where women can grow and thrive.



All-Women Branch Initiative

BRAC Bank has set an example in the banking industry by operating three branches staffed entirely by women. The pilot all-women branch was a groundbreaking initiative, with female officials managing every aspect of the branch, from customer service to cash management, including security guards. This initiative showcases the bank's commitment to gender equality. It demonstrates its belief in the potential of every woman in society. By placing women in unconventional and frontline roles, BRAC Bank is paving the way for broader gender inclusivity in the banking sector.



All-Women TARA Sales Team

In a first for the banking industry, BRAC Bank has onboarded 26 women to drive sales across different offices in the country. This all-female team, which the bank plans to expand to 500 members, is dedicated to providing banking services to women entrepreneurs. Launched on International Women's Day, this initiative challenges the norm of women being rare in challenging sales roles. The bank's commitment to diversity, inclusion, and women's empowerment is evident in this recruitment drive, empowering women and contributing to the bank's 2,600 field-level sales officials who play a significant role in the country's socio-economic development.



Recognizing Women Warriors – the Frontline Bankers

BRAC Bank has introduced 'Women Warriors,' an initiative to recognize top-performing female officials. Senior management honours frontline women officials for their outstanding business performance each quarter. This recognition underscores the bank's support for women aiming higher in their professions. It provides capacity-building opportunities to help them realize their full potential.

SDGs impacted:



Wellness of Female Coworkers

BRAC Bank has implemented several initiatives to promote employee wellness, focusing on female coworkers. The bank offers yoga classes, both in-person and virtually, and operates a fully equipped gym with separate timings for female and male coworkers. Reading clubs, indoor game tournaments, and a mini-marathon called "DOUR" further contribute to the overall well-being of female employees.



Internal Women Forum 'TARA'

Launched in 2016, the 'TARA forum aims to facilitate career development and professional excellence for women bankers. As Bangladesh's largest private sector network for women bankers, TARA provides a platform for female coworkers to share their concerns and challenges. BRAC Bank aspires to become the most women-friendly bank in Bangladesh. TARA plays a pivotal role in achieving this goal by increasing accessibility to information related to career, household, lifestyle, and other realms of women's lives.



Commuter & Daycare Services

BRAC Bank provides a subsidized shuttle service for female coworkers, ensuring a healthy work-life balance. The bank also operates a state-of-the-art daycare centre, the first in the banking industry, offering free care for employees' children. Women coworkers are entitled to six months of maternity leave with full benefits.

BRAC Bank nurtures a women-friendly culture and aspires to become an employer of choice for women. Women constitute 15% of its workforce and a target of 30%; this commitment to gender inclusivity and empowerment makes BRAC Bank a beacon of progress in the banking industry.



SHE and Safeguarding Policy

BRAC Bank follows a zero-tolerance policy for sexual or any other form of harassment. The bank regularly sensitizes its coworkers about women's rights and safeguarding policies, including Sexual Harassment and Elimination (SHE), Workplace Occupational Health & Safety, Speak-Up Policy, Code of Conduct, and Social Media Policy.

OUR AWARDS AND RECOGNITIONS



21st DHL – Daily Star Bangladesh Business Awards



ICAB Best Published Annual Reports 2022



Mastercard



VISA Excellence Awards 2023



Bangladesh Bank



National Board of Revenue



SME Finance Forum



SME Finance Forum, Mad Stars Commward



Sustainability Brand Forum



Dhaka WASA



ICMAB Best Corporate, Award 2022



Commonwealth Business Excellence Awards 2023



Super – Samakal



IBS Intelligence



Infosys



Bangladesh Institute of Bank Management (BIBM)



IBS Intelligence



Project Management Institute (PMI), USA Bangladesh Chapter



Financial Alliance for Women



GRI CONTENT INDEX

Statement of use	BRAC Bank PLC. has reported the information cited in this GRI content index for the period January 1, 2023, and December 31, 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	9
	2-2 Entities included in the organisation's sustainability reporting	18
	2-3 Reporting period, frequency and contact point	8
	2-6 Activities, value chain and other business relationships	22
	2-7 Co-workers	86
	2-9 Governance structure and composition	24
	2-12 Role of the highest governance body in overseeing the management of impacts	86 & 89
	2-16 Communication of critical concerns	84
	2-19 Remuneration policies	92
	2-20 Process to determine remuneration	92
	2-21 Annual total compensation ratio	92
	2-22 Statement on sustainable development strategy	41
	2-23 Policy commitments	96, 112, 71, 108 & 154
	2-25 Processes to remediate negative impacts	37
	2-27 Compliance with laws and regulations	39
2-29 Approach to stakeholder engagement	37-39	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	150
	3-2 List of material topics	37-40
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	151
	201-2 Financial implications and other risks and opportunities due to climate change	125-129
	201-4 Financial assistance received from government	116
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	95

GRI STANDARD	DISCLOSURE	LOCATION
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	102-105
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	124
GRI 301: Materials 2016	301-1 Materials used by weight or volume	131
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	131-136
	302-2 Energy consumption outside of the organisation	131-137
	302-3 Energy intensity	134
	302-4 Reduction of energy consumption	133-134
	302-5 Reductions in energy requirements of products and services	133-134
GRI 303: Water and Effluents 2018	303-5 Water consumption	115
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	50-51, 118
	304-3 Habitats protected or restored	50-51, 118
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	134-135
	305-2 Energy indirect (Scope 2) GHG emissions	135
	305-3 Other indirect (Scope 3) GHG emissions	135
	305-4 GHG emissions intensity	134
	305-5 Reduction of GHG emissions	135
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	50-51, 111
GRI 401: Employment 2016	401-1 New co-worker hires and co-worker turnover	89
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	97
GRI 404: Training and Education 2016	404-1 Average hours of training per year per co-worker	91

GRI STANDARD	DISCLOSURE	LOCATION
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and co-workers	93-95
	405-2 Ratio of basic salary and remuneration of women to men	95
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	95
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	50-51
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	50-81
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