

Company Overview

BRAC Bank Limited (BRAC), a third generation scheduled commercial bank, commenced its operation on June 2001. The principal activities of the Bank are to provide a comprehensive range of financial services including commercial banking, consumer banking, trade services, internet banking, SME, retail, custody and clearing services to its customers. The Bank is operating with 186 branches, 456 unit offices of SME, 50 Agent Banking Outlets and 16 Premium banking Lounges across the country.

The Bank has four subsidiaries - BRAC EPL Investments Ltd. (99.85% ownership), BRAC EPL Stock Brokerage Ltd. (90% ownership), bKash Ltd. (51% ownership), and BRAC SAAJAN Exchange Ltd. (75% ownership) and two associate companies - BRAC IT Service Ltd. (48.67% ownership) and BRAC Asset Management Company (25% ownership) (could not commence its operation until 2018). The main activities of these companies are to carry on the business of stock brokerage, merchant banking operations, and engaged in mobile banking service and remittance service provider to cater the diverse needs of the customers.

Composition and growth of Consolidated Operating Income:

(BDT mn)	2015	2016	2017	2018	2019 (6M)
Interest Income	17,700	18,310	21,734	27,464	14,911
Interest Expense	8,154	6,589	8,201	11,660	6,842
Net Interest Income	9,546	11,721	13,533	15,803	8,070
Net Interest Margin*	7.0%	7.2%	7.1%	7.2%	6.6%
Operating Income	18,482	21,437	23,701	26,008	14,492
Growth*	16.3%	16.0%	10.6%	9.7%	15.3%
As % of Operating Income					
Net interest income	52%	55%	57%	61%	56%
Investment income	14%	12%	12%	11%	9%
Commission and brokerage income	28%	26%	29%	28%	35%
Other operating inc.	7%	7%	2%	1%	1%
Growth*					
Net interest income	13%	23%	15%	17%	8%
Investment income	0%	4%	12%	-5%	-7%
Commission and brokerage income	24%	8%	24%	5%	41%
Other operating inc.	56%	21%	-76%	-48%	23%

*Growth for 2019 is calculated for 6 months over the same period of the last year.

*Net Interest Margin (approx.): Net interest income/Last 2 years average of loans & advances

Historical Loans & Advances and Term Deposits:

(BDT bn)	2016	2017	2018	2019 (6M)	5 Year CAGR
Loans & Advances	176	203	238	252	--
% of Total Asset	66%	64%	72%	66%	--
Growth (YoY)	17%	16%	17%	6%	15%
Term Deposits	181	217	255	270	--
% of Total Asset	68%	68%	77%	71%	--
Growth (YoY)	27%	20%	18%	6%	15%
Credit-Deposit	83.5%	83.4%	82.8%	--*	--

*Data not available

Shareholding Structure:

The Bank was enlisted with the DSE and the CSE in 2007.

As on	Sponsor	Govt.	Instt.	Foreign	Public
31-Aug-19	44.29%	0.00%	7.28%	42.99%	5.44%
31-Dec-18	44.30%	0.00%	8.60%	40.69%	6.41%
31-Dec-17	44.44%	0.00%	8.32%	40.68%	6.56%
31-Dec-16	50.00%	0.00%	6.85%	35.76%	7.39%

Company Fundamentals

Market Cap (BDT mn)	72,424.8
Market weight (Based on Mkt Cap)	2.3%
No. of Share Outstanding (in mn)	1,233.4
Free-float (Public +Inst.+Foreign)	55.7%
Paid-up Capital (BDT mn)	12,333.8
3 Months Daily Average Turnover (BDT mn)	72.2
3 Months Return	9%
Current Price (BDT)	57.4
52-week price range (BDT)	55.0 - 90.4
Sector Forward P/E	7.6

	2016	2017	2018	2019 (6M Ann)
--	------	------	------	------------------

Financial Information (BDT mn):

Operating Income	21,437	23,701	26,008	28,983
Operating Profit	9,851	9,437	9,395	10,000
Profit Before Tax	7,049	8,284	8,643	8,706
Profit After Tax	4,062	5,498	5,670	5,053
Shareholder's Equity	22,258	26,600	35,250	37,800
Deposit	181,479	216,930	255,074	270,190
Loans and Advances	175,841	203,431	238,400	251,994
Investment	22,938	26,889	35,133	44,717
Total Asset	268,324	319,550	358,005	383,190

Margin*:

Net interest	7.2%	7.1%	7.2%	6.6%
Operating Profit	46.0%	39.8%	36.1%	34.5%
Net Profit	18.9%	23.2%	21.8%	17.4%

Growth:

Loans & Advances	17.3%	15.7%	17.2%	5.7%
Deposits	27.2%	19.5%	17.6%	5.9%
Equity	10.2%	19.5%	32.5%	7.2%
Operating Income	16.0%	10.6%	9.7%	11.4%
Operating Profit	21.9%	-4.2%	-0.4%	6.4%
Net Profit	74.0%	35.4%	3.1%	-10.9%

Financial Indicators:

Credit/Deposit	83.5%	83.4%	82.8%	--
Asset/Equity	12.1	12.0	10.2	10.1
Capital Adequacy	12.3%	12.7%	13.7%	--
NPL	3.4%	3.6%	3.1%	--
Cost to Income	50%	52%	54%	--

Profitability:

ROE	22.2%	22.1%	19.3%	--
ROA	1.9%	2.0%	1.9%	--

Dividend History:

Dividend % (C/B)	10/20	-/25	-/15	-/-
Dividend Yield	1.6%	--	--	--
Dividend Payout	31.8%	--	--	--

Valuation:

Price/Earnings	18.0	13.6	12.8	14.0
Price/BV	3.1	2.7	2.0	1.9
Restated EPS (BDT)	3.1	4.2	4.5	4.1
Restated NAVPS (BDT)	18.0	21.6	28.6	30.6

* Net Interest Margin: Net interest income/average of loans & advances (approx. calculation)

*Operating profit Margin: Operating profit/Operating Income

*Net profit Margin: Net profit/Operating Income

Industry Overview

The banking sector in Bangladesh comprises four categories of scheduled banks- state-owned commercial banks (SCBs), state-owned development financial institutions (DFIs), private commercial banks (PCBs) and foreign commercial banks (FCBs).

Number of Banks: At present, there are 59 scheduled banks that operate in Bangladesh under full control and supervision of Bangladesh Bank. There are 6 State Owned Commercial Banks (SOCB), 3 Specialized Banks, 33 Conventional Private Commercial Banks, 8 Islami Shariah based Private Commercial Banks and 9 Foreign Commercial Banks. As per the annual report of the Bangladesh Bank, at the end of December 2018, total number of bank branches increased to 10,254 from 10,034 in December 2017.

Loans and Advances: The asset structure of the banking industry continued to be dominated by loans and advances, which secured 66.49 percent share in 2018 while it was 64.99 percent in 2017. This increase was due to the growth in loans and advances by 14.1 percent in 2018 compared to 18.9 percent in 2017. Total loans and advances of the banking system stood at BDT 9,685.0 billion as of December 2018.

Deposits: Deposits served as the main sources of funds for the banking industry. According to the financial stability report 2018, total deposits of the bank sector was BDT 11,186 billion as of December 2018 which was BDT 10,119.3 billion in last year, registering 10.5% year over year (YoY) growth.

Advance-Deposit Ratio (ADR): The ADR of all banks has been re-fixed at 83.50 percent for conventional banks and at 89 percent for Shariah-based Islamic banks. The earlier ratios were 85 per cent and 90 per cent respectively. The revised limit of ADR came into effect from June 2018. The ADR of the banking industry increased to 77.6 percent at end-December 2018 from 75.9 percent at end-December 2017 and 71.9 percent at end-December 2016 as the growth of loans and advances continued to outpace the deposits growth during the review year. However, the ADR of the banking industry remained below the allowable limit set by BB.

Private Sector Credit: Private sector credit growth hit 6-year low in June 2019 amid rising liquidity crisis in the country's banking sector due to soaring non-performing loans and poor deposit growth. As per the latest Bangladesh Bank data, the private sector credit growth slumped to 11.29 per cent in June, well below the BB target to reach 16.5 per cent credit growth by the month. The growth rate in June was the lowest since June, 2013 when it was 11.04 per cent. The government's heavy borrowing from banking sector in June, the last month of the previous financial year 2018-2019, to complete its annual development programme also affected loan disbursement to private sector.

CRR & SLR: Currently, the scheduled commercial banks have to maintain a CRR (cash reserve ratio) averaging 5.5% daily on a biweekly basis against average total demand and time liabilities (ATDTL) of the second preceding month. The current rate of SLR (statutory liquidity reserve) for conventional banks is 13.0% and for islami shariah based banks is 5.5% of ATDTL.

The central bank has asked the scheduled banks to comply with cash reserve ratio (CRR) and statutory liquidity ratio (SLR) rules concerning their offshore banking operations from September 01, 2019. The banks are allowed to maintain the CRR and SLR only for the offshore banking operations (OBOs) using both local and foreign currencies. The banks will be eligible to comply with the CRR requirement using their balance of foreign currency clearing accounts held with the central bank, particularly for the OBOs. Besides, the banks will be allowed to maintain the SLR using their balance of nostro accounts. A nostro account refers to an account that a bank holds in a foreign currency in another bank abroad.

Liquid Assets: As of December 2018, the market share of liquid assets declined for the PCBs and increased for the SCBs. In particular, SCBs' share increased by 2.3 percentage points, while the share of PCBs reduced by 7.2 percentage points. It appears that PCBs are reducing their liquid asset holdings while focusing more on earning assets. However, the substantial reduction in liquid asset holdings along with a very high ADR might trigger liquidity stress in some of the PCBs. To avoid such problem, Bangladesh Bank has already instructed the banks to bring down their ADR within allowable limit by September 2019.

Non-Performing Loans (NPLs): Gross nonperforming loan (NPL) ratio showed an upward trend throughout 2018. Particularly, rising NPL ratio in the SCBs appeared to be a concern as these banks had dragged down the overall asset quality of the banking sector. Despite close monitoring by the central bank, the amount of non-performing loans (NPLs) jumped by over 26 per cent in 2018 over December 2017. The volume of NPLs rose to BDT 939.11 billion as of December 2018 from BDT 743.03 billion as of December 2017. The NPLs now accounted for 10.30 percent of the banking sector's total loans, up from 9.31 percent in 2017, according to the central bank's latest statistics. (The Daily Star, 27 February 2019). In 2018, the banking sector experienced a decline in net profit due mainly to higher provision requirement. As of March 2019, percentage share of classified loan to total outstanding further increased to 11.87%.

Agent Banking: Agent banking, which takes banking services to the unbanked people, is going from strength to strength, with both deposit collection and loan disbursement on the rise. According to the quarterly data of January-March, 2019 of Bangladesh Bank (BB), deposit collection through the agent banking was BDT 37.35 billion, which was 20 per cent higher from BDT 31.12 billion in the October to December 2018. Besides, the number of agent banking accounts across the country also increased by 18 per cent or around 450,000 compared to the previous quarter. A total of 21 commercial banks have already taken licenses from Bangladesh Bank while 19 banks are running their activities across the country.

Islamic Banking: A total of eight (8) full-fledged Islamic banks with 1189 branches are currently operating in the banking system of Bangladesh. In addition, seven (7) conventional banks with seventeen (17) Islamic banking branches and six (6) conventional banks with 40 Islamic banking windows are providing Islamic banking services. In 2018, Islamic banking assets increased by 10.5 percent (17.3 percent in 2017); investments (loans and advances) grew by 14.6 percent (27.3 percent in 2017); liabilities grew by 10.9 percent (18.2 percent in 2017), and deposit base increased by 9.1 percent (15.6 percent in 2017). As of December 2018, Islamic banks possessed 19.1 percent of total assets, 15.6 percent of equity and 19.4 percent of liabilities of the overall banking system; whereas the investments (loans and advances) and deposits shares were 23.1 and 19.8 percent respectively in 2018, almost same as 2017.

Investment Positives

- **As of June 2019, the Bank's balance sheet size stood at BDT 383.19 billion grew by 7.0% over December 2018 and 5-year CAGR (Compound Annual Growth Rate) was 12.35%.** Loans and advances was 65.76% of the total assets of the Bank.
- **Loan portfolio of the Bank stood at BDT 251.99 bn as of June 2019, grew by 5.7% over December 2018. Loan portfolio grew by 17.44% in 2018 over last year despite a credit crunch and tightening credit-deposit ratio.** 5-year CAGR of loan portfolio of the industry was 15.26% (Source: Bangladesh Bank) and BRAC's CAGR was 15.30% (Source: Annual Report of the Bank) in the same period. A comparison has shown in the following table:

Market Share of Loan Portfolio of the Bank					
(BDT billion)	Industry Loan Portfolio	BRAC Loan Portfolio	Market Share	Industry Growth	BRAC's Growth
2013	4,762	117	2.46%	8.57%	12.93%
2014	5,451	122	2.24%	14.47%	4.27%
2015	6,175	147	2.38%	13.28%	20.49%
2016	7,131	174	2.44%	15.48%	18.37%
2017	8,444	203	2.40%	18.41%	16.67%
2018	9,685	238	2.46%	14.70%	17.44%

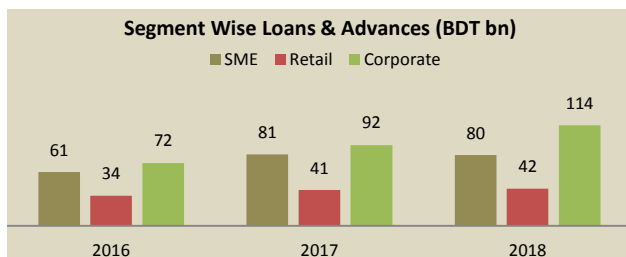
Source: Bangladesh Bank & BRAC Bank Annual Report 2018

- The Bank's loan portfolio is diversified with the highest exposure in industry followed by commerce and trade sector.

Particulars	Amount (BDT bn)	Contribution		Growth	
		2018	2017	2018	2017
Agriculture	2.8	1%	1%	-43%	43%
Industry	89.0	26%	37%	12%	70%
Service Industry	16.2	5%	7%	-15%	76%
Agro-based Industry	16.2	4%	7%	-4%	102%
Commerce & Trade	71.8	47%	30%	17%	-24%
Consumer Credit	42.4	18%	18%	44%	15%
Total	238.4	100%	100%	16%	17%

Source: BRAC Bank Annual Reports

- In 2018, the Bank maintained its emphasis on its SME portfolio. It also maintained its commitment to establishing a platform to better serve the customers in all segments. As well as SME lending, BRAC Bank pays attention to all sectors. However, recently, its focus has shifted to businesses in the Retail and Corporate spheres. Indeed, during the year 2018, the manufacturing sector made up 19% of its total loan portfolio, with the trade sector making up 8% and Consumer Credit 11% of total loan portfolio.



Source: BRAC Bank Annual Reports

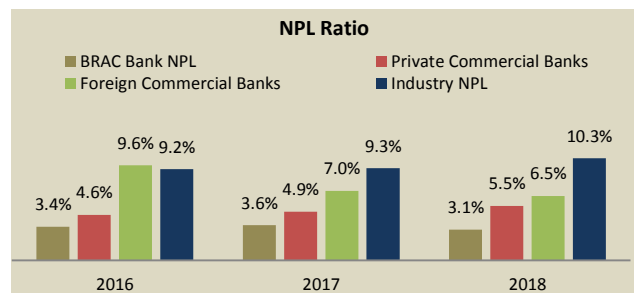
- The Bank's corporate portfolio leaped to BDT 114.24 bn in 2018 which was 24% higher over 2017. This was due to the huge growth in loans and advances, offshore financing and business in trade. To minimize concentration risk, the Bank will focus to finance a substantial number of corporate customers, rather than taking on just a few big portfolio customers. NPLs were controlled at 3.5% from 5.2% in last year for the Bank's corporate book.
- The Bank's retail portfolio stood at BDT 42.31 bn as of 2018 which were 4% higher over 2017. This was largely due to the tightened liquidity situation and unstable interest rates. During 2018, the bank focused more on quality and sustainable growth. In 2018, the growth rates of personal loans, home loans and auto loans were 5.3%, -5% and -0.4% respectively. NPLs have slightly increased to 2.3% in 2018 from 2.0% in last year of the retail portfolio of the Bank.
- Small and Medium Enterprises (SME) continued to be at the heart of the banking operations. The Bank will

continue to focus to grow SME Banking along with loan disbursement in line with its mission to move from "Lender to banker". This is in order to meet all banking needs of the potential markets as well as to diversify its portfolio. The Bank disbursed 28,310 fresh loans to SMEs, amounting to BDT 27,810 million during the year 2018. 5-year CAGR in SME loan portfolio was 19.02%. As of December 2018, total number of SME customer was 121,551. SME NPL of the Bank was 3.0% in 2018 which was 2.8% in last year.

(BDT bn)	2015	2016	2017	2018	2019 (6M)
BRAC's SME Loan	52.9	61.2	81.1	80.4	82.5
Growth	26.9%	15.7%	32.5%	-0.8%	2.6%

Source: BRAC Bank Annual Reports

- Deposit portfolio of the Bank stood at BDT 255.07 bn as of December 2018 grew by 17.58% over last year despite the acute low-cost fund crisis in the banking sector. Deposit portfolio stood at BDT 270.19 billion as of June 2019 grew by 5.9% over December 2018.
- The Bank has been giving special emphasis to improve the asset quality. Considering the overall industry scenario, the Bank's NPL has improved to 3.10% in 2018 as compared to 3.56% in 2017. The Bank will continue giving special emphasis on improving the quality of assets.



Source: The City Bank and BRAC Bank Annual Report 2018

- The Bank's growth has been steady in terms of its operating profit over the last couple of years. In 2018, its operating profit decreased by 2.51% despite 2.41% increase in operating income was mainly driven by a 7.04% increase in operating expenses.
 - The Bank's loan portfolio grew by 18% to BDT 238,008 million in 2018, contributing to a 22% increase in interest income in 2018.
 - Operating expenses increased by 7% in 2018 over the last year. This was largely caused by 8% increase in salaries and allowances, a 7% increase in rent and taxes, 32% increase in legal expenses, 9% increase in postage, stamps, and telecommunication expenses, and 37% increase in depreciation and repairs to the Bank's assets.
 - Operating profit rose by 29% in retail and by 8% in corporate. Meanwhile, the SME segment's revenue dipped marginally.
 - The Bank's net profit after tax rose by 3.12%, an increase largely attributable to an increase in operating income by 9.7% and decrease in provision by 34.7%.
- The revenue and net profit of bKash, a subsidiary of the Bank (51% ownership) – leader in the mobile banking industry in the country, grew substantially over the years. In April 2018, Alipay, a concern of China's e-commerce and tech giant Alibaba Group, has bought 20 percent stakes in bKash. In November 2018, International digital money transfer service WorldRemit has tied up with local entities BRAC Bank and bKash to enhance its footprint in Bangladesh. bKash was

Ranked 23rd among the top – 50 companies in the list of 'Change the World' by Fortune magazine in 2017. The net profit has decreased by 58% in 2018 over last year because of increase in operating and administrative expenses by 38.82%, marketing and promotional expenses by 73.83%.

Operational Highlights of bکش					
Particulars (BDT bn)	2015	2016	2017	2018	5-yr CAGR
Revenue	10.7	14.9	17.7	21.79	
Growth	48.2%	39.5%	18.4%	23.9%	40.5%
Net Profit	2.5	3.5	4.4	1.8	
Growth	52.5%	39.7%	26.1%	-58.1%	-21.7%
GP Margin	18.4%	19.2%	20.8%	24.0%	
NP Margin	23.02%	23.05%	24.55%	0.9%	
ROE	11.8%	14.9%	18.8%	6.0%	
Customers	0.21	0.26	0.29	0.31	25.2%
Active Ratio*	43.9%	43.1%	50.0%	60.4%	
Volume of Transaction	1,299	1,806	2,174	2,703	42.5%

*Active Customer Ratio=90 Days; Source: BRAC Annual Report 2018

- **The Bank has initiated Agent Banking services in 2018 to reach its banking services to the unbanked people.** Agent Banking will be a focus area to take the Bank's products and services to the masses and thereby increase financial inclusion. BRAC Bank intends to expand its Agent Banking services with passion in the forthcoming year to help fulfill its inclusive banking model. The Bank has the plan to open 500 agent banking outlets by the end of 2019 to serve the Bank's unparalleled distribution network. The Bank has 50 Agent Banking Outlets as of December 2018.
- **The Bank introduced a comprehensive women's banking solutions platform - TARA in 2017 - that helps empower and realize the potential of women of the country for which the bank awarded the esteemed Global Banking Alliance for Women (GBA) based out of New York. TARA aims to provide not only financial but also non-financial services to all women across Bangladesh. TARA offers deposit, lending and credit card products specially tailored to the specific needs of women. As of 2018, BRAC Bank has succeeded in attracting 200,000 female customers and nearly 2,900 women SME entrepreneurs within its inclusive ecosystem. So far, the TARA segment holds a growing portfolio with a deposit of BDT 7 billion, which includes over 4,000 TARA SME customers.**
- **BRAC Bank boasts 186 branches located across the country to offer various banking services to all the customer segments. By 2019, two further branches are scheduled to open, while the current SME service centers are expected to be converted into fully-fledged branches as well.** In addition, several strategic partnerships already made with some of the leading financial technology solution providers will further aid BRAC Bank in expanding its digital banking capabilities.
- BRAC Bank is a proud member of the Global Banking Alliance for Banking on Values (GABV) – and remains its only representative from Bangladesh. In addition, it is also a member of the Global Banking Alliance for Women (GBA). BRAC Bank is an active partner of the Global Trade Finance Program of the International Finance Corporation (IFC) and of the Asian Development Bank (ADB) along with other global correspondents.
- BRAC Bank is proud to become the first in the country to be rated as 'The Best' by three of the top credit agencies in Bangladesh (CRAB AA1/ST-1, CRISL- AA+/ST-1 and ECRL- AA+/ST-1) and two of the world's leading credit rating agencies (S&P Global Ratings: B+ and Moody's Investor Service: Ba3).

This all points to the bank's quality portfolio, strong capital base, stability, and steady growth trends.

- In 2018, the Bank has successfully completed the implementation of the Bank's Core Banking Solution (CBS) upgrade, Treasury Management System and Enterprise Resource Planning (ERP). This allowed the Bank to not only increase customer satisfaction and loyalty, but also to revamp its trade finance solutions. This has led to an increase in our trade finance business capabilities of more than 10%.

Investment Negatives

- Private sector credit growth of the country is in declining trend since February 2018. **In July 2019, it dropped to 11.26% which was 18.5% in February 2018.** Meanwhile, the recent monetary policy for the FY 2019-20 has lowered the private sector credit growth target to 14.8% which was 16.5% in last fiscal year. **The liquidity crisis in the banking sector along with reluctance of the entrepreneurs in making further investment may cause to lower growth of the lending portfolio.**
- Due to an overall lower interest regime, yet with the government's National Savings Certificate deposits bearing structurally higher interest rates caused mobilization challenges with liquidity available only at relatively higher interest rates. The intense competitive pressure and liquidity challenges in the bank sector from 2018, raised the weighted average cost of borrowings while weighted average lending rates remained fairly stable, are pressurizing the net interest margin of the Bank during the year. **Liquidity shortage in the money market instigated banks to collect deposit at higher costs which raise interest rates by 1.0% - 1.5% during first half of 2019.** Moreover, the central bank's pressure to the schedule banks to bring down the interest rates on both lending and deposit at 9.0 per cent and 6.0 per cent respectively might have negative impact on the net interest margin of the Bank.

Net interest margin of the Bank					
Particulars	2015	2016	2017	2018	2019 (6M Ann)
Net Interest Margin*	7.0%	7.2%	7.1%	7.2%	6.6%

*Net Interest Margin (approx.): Net interest income/Last 2 years average of loans & advances

- **As of June 2019, 52.31% of its total deposits are sourced from costly fixed deposits.** As of June 2019, CASA ratio (CASA ratio of a bank is the ratio of deposits in current and saving accounts to total deposits) of the Bank stood at 46.89% which is less costly means of financing. Meanwhile, the Bank has given more emphasis to improve the CASA ratio.
- The Bank's cost-income ratio has been in increasing trend due to higher operating expenses. Operating expenses is attributable to the expansion of Agent Banking network, increase in salaries and allowances, rent and taxes, legal expenses, postage, stamps and telecommunication expenses, and depreciation and repairs of the Bank's assets.

Particulars	2014	2015	2016	2017	2018
Cost-Income Ratio	52%	52%	50%	52%	54%

Source: The Bank Annual Report 2018

- Most of the classified loans of the Bank are concentrated to 'Bad/Loss' segment for which it has to maintain 100% provision. **In 2018, 'Bad/Loss' loan amount was BDT 5.95 billion or 81.84% of total classified loan, which was 70.60% in 2017.**

Latest Quarter Update – Half Year 2019

Particulars (BDT mn)	Jan-Jun 2019	Jan-Jun 2018	Apr-Jun 2019	Apr-Jun 2018
Interest Income	14,911	12,946	7,538	6,868
Interest Expense	6,842	5,445	3,521	2,917
Net Interest Income	8,070	7,501	4,017	3,951
% of Operating Income	55.7%	59.7%	56.6%	61.0%
Growth	7.6%	--	1.7%	--
Investment Income	1,288	1,379	535	656
% of Operating Income	8.8%	10.9%	7.5%	10.1%
Growth	-6.7%	--	-18.5%	--
Commission, Exchange and Brokerage Income	5,062	3,599	2,508	1,825
% of Operating Income	34.9%	28.6%	35.3%	28.2%
Growth	40.6%	--	37.4%	--
Other Operating income	73	94	35	48
% of Operating Income	0.5%	0.7%	0.5%	0.7%
Growth	-22.6%	--	-26.4%	--
Total Operating Income	14,492	12,573	7,095	6,480
Growth	15.3%	--	9.5%	--
Operating Profit	5,000	4,588	2,147	2,272
Growth	9.1%	--	-5.5%	--
Net Profit	2,534	2,678	1,228	1,302
Growth	-5.4%	--	-5.7%	--

Latest Quarter: Loans and advances & Deposits Portfolio

Particulars (BDT bn)	Dec '18	Mar '19	Jun '19
Loans and advances	238.40	243.38	251.99
Addition over December 2018	--	4.98	13.59
Deposits	255.07	259.93	270.19
Addition over December 2018	--	4.86	15.12

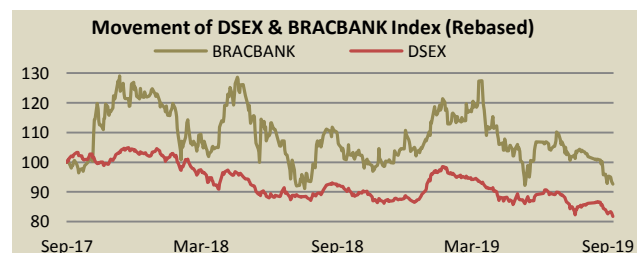
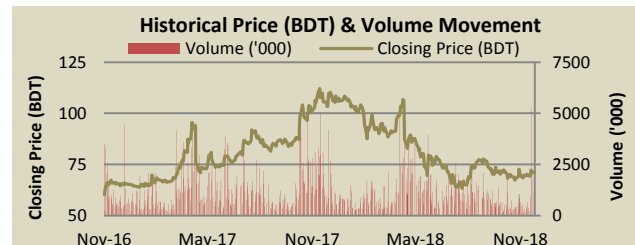
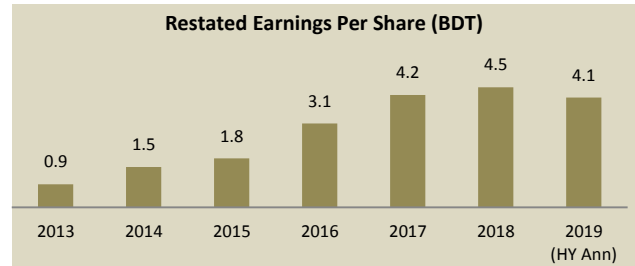
- Net interest income of the Bank has registered 7.6% growth during the reported period than that of last year due to the 5.7% growth in loan portfolio over December 2018. Net interest income contributed 55.7% to the total operating income during the period which was 59.7% over the same period of last year.
- Operating income and operating profit of the Bank increased by 15% & 9% respectively during the first half of 2019 over the same period of last year amid competitive pressures and liquidity challenges. This was because of increase in net interest income and commission, exchange and brokerage income against 19% increase in operating expenses.
- Net profit has decreased by 5% during the first half of 2019 over the same period of last year due to the lower contribution and loss from its subsidiaries and associates.

ILSL Research Team:

Name	Designation
Rezwana Nasreen	Head of Research
Towhidul Islam	Sr. Research Analyst
Kishan Saha	Executive - Research

To access research through *Bloomberg* use <ILSL>
ILSL research is also available on *Thomson Reuters* products
and on *FactSet* and *Sentio* platform

For any Queries: research@ilsbd.com


Concluding Remark

BRAC Bank is a performance driven and largest bank in the banking industry of Bangladesh in terms of market capitalization. The Bank strives to have a strong brand presence in the country's banking industry. Despite various external challenges, Bank's overall business achieved healthy growth in recent periods. As at 31 December 2018, the bank maintained a comfortable capital to risk weighted asset ratio (CRAR) of 13.67% on a standalone basis and 15.70% on a consolidated basis (the set requirement was 11.875%). As part of its development process, the Bank will continue to establish more banking channels countrywide, in order to continue providing financial services through its already extensive distribution reach.

Source: Annual Reports, DSE Website, the Financial Express, the Daily Star, ILSL Research, BRAC Bank website.

Disclaimer: This document has been prepared by International Leasing Securities Limited (ILSL) for information only of its clients on the basis of the publicly available information in the market and own research. This document has been prepared for information purpose only and does not solicit any action based on the material contained herein and should not be construed as an offer or solicitation to buy or sell or subscribe to any security. Neither ILSL nor any of its directors, shareholders, member of the management or employee represents or warrants expressly or impliedly that the information or data of the sources used in the documents are genuine, accurate, complete, authentic and correct. However all reasonable care has been taken to ensure the accuracy of the contents of this document. ILSL will not take any responsibility for any decisions made by investors based on the information herein.