COMPANY PROFILE OF BRAC BANK LTD.

BRAC Bank started its journey in 2001 and in just 13 years proved to be country's fastest growing bank.

Today, the bank has 88 Branches, 21 SME Service Centers, 48 SME/Krishi Branches, over 300 ATMs and 400 SME Unit offices across the country. It has disbursed over BDT 220,139 million of SME loan and has over 1,200,000 individual customers who access online banking facilities. Its services cuts across all strata of clientele, be it corporate, retail or SME

BRAC Bank Limited is a public listed scheduled bank categorized in private sector and established under the ambit of Bank Companies Act, 1991 and incorporated as a Public Limited Company under the Companies Act, 1994 on 20 May, 1999. The Bank started commercial banking operations effective from July 4, 2001. During this span of time the Bank has been widely acclaimedby the business community, from small entrepreneurs to large traders and industrial conglomerates, including the top rated corporate borrowers for forward-looki ng business outlook and innovative financing solutions.

Brac Bank Limited was established with the aim to serve millions of small and medium enterprises (SME's) in the country. Brac Bank is a founding member of the global alliance for banking on values and is the only member bank from South East Asia. Having pioneered in the concept of SME financing in Bangladesh, it is the fourth largest SME bank globally, having captured 6% market share within SME banking arena of Bangladesh. Brac Bank carries out the following types of banking business:

1. SME Banking
2. Retail Banking
3. Wholesale Banking
4. Probashi Banking
5. E-Banking
6. Mobile Banking

KEY STATISTICS	Column1
Authorized Capital	12,000,000,000
Paid Up Capital	7,093,000,000
Total Market Capitalisation	25,605,272,000
Face Value	10
52 Weeks Range	21.4-40.5
Free Float Shares	46%

Figure: 1. (Source: DSE Website)

<u>Other Source:</u> Brac Bank Annual Report.

KEY REVENUE DRIVERS & FINANCIALS

KEY REVENUE DRIVERS & FINANCIALS	2011	2012	2013	2014	CAGR (4 years)
Financials					
Consolidated NPAT	1,812,444,189	699,784,295	1,339,351,330	2,101,570,000	5%
Net Interest Income	5,638,046,653	6,824,469,276	7,336,990,875	8,682,313,381	15%
Income from Investment	1,640,318,565	1,535,945,862	2,766,048,421	2,486,217,457	15%
Shareholder's Equity	10,160,209,935	11,025,261,642	13,024,054,944	19,288,575,777	24%
Total Deposit	103,725,529,225	134,646,448,482	124,746,344,037	146,366,349,410	12%
Total Loans and advances	97,478,364,517	114,086,283,173	119,514,547,936	124,299,994,135	8%
Total Investments	14,674,983,791	25,463,079,931	21,483,906,130	24,225,504,521	18%
Earning Per Share	4.61	1.52	3.20	3.13	-12%

Figure: 2. (Source: Annual Report Brac Bank Ltd)

In Figure 2 we can see the cumulative growth rate (CAGR) of all the important determinants. Brac Bank performed well in the increasingly competitive banking environment in Bangladesh although EPS fell in 2014 showing a negative CAGR. Between 2011 and 2014 Net Profit after Tax has increased at a compounded Annual Growth Rate of 5% while income from investments and total loans and advances grew 15% and 8% respectively.

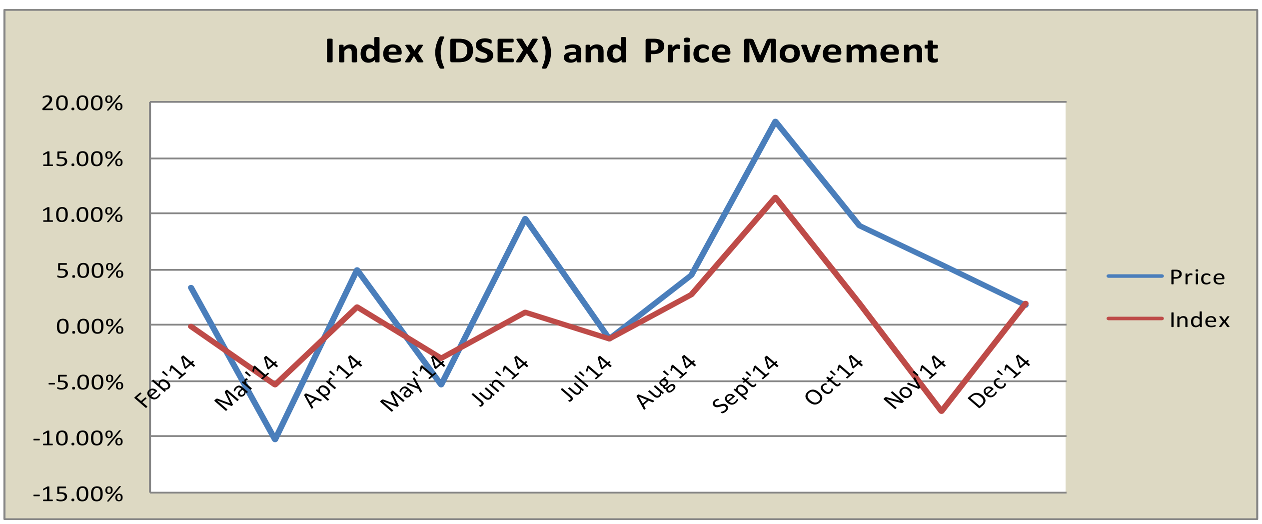

Figure: 3. (Source: DSE Website and Stock Bangladesh)

In figure 3 we can clearly see the correlation between the prices of Brac Bank with DSEX. The change in the index (DSEX) is somewhat positively correlated with the price movement except for two months in the starting and at the end where it over performed compared to DSEX. In most cases we can see the price movement outperforming the DSEX.

GRAPHICAL REPRESENTATION OF FINANCIALS (2011-2014)

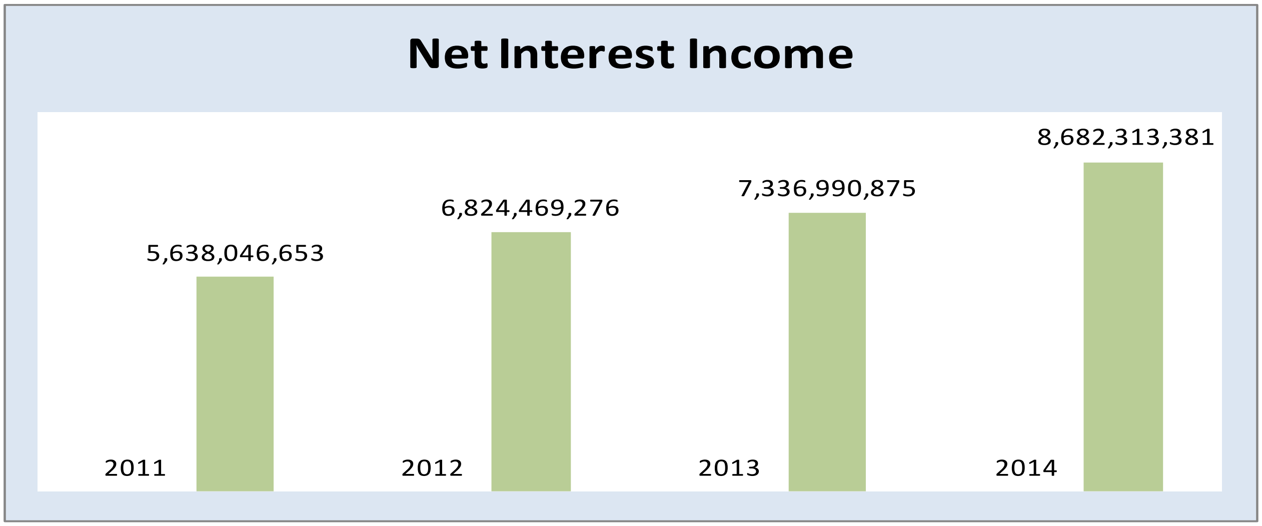

Figure: 4. (Source: Brac Bank Annual Report)

The cumulative average growth (CAGR) of net interest income in four years was 15%. It is consistently growing with a slightly higher increase rate of 15% in 2014. The growth is expected to sustain in the coming years.

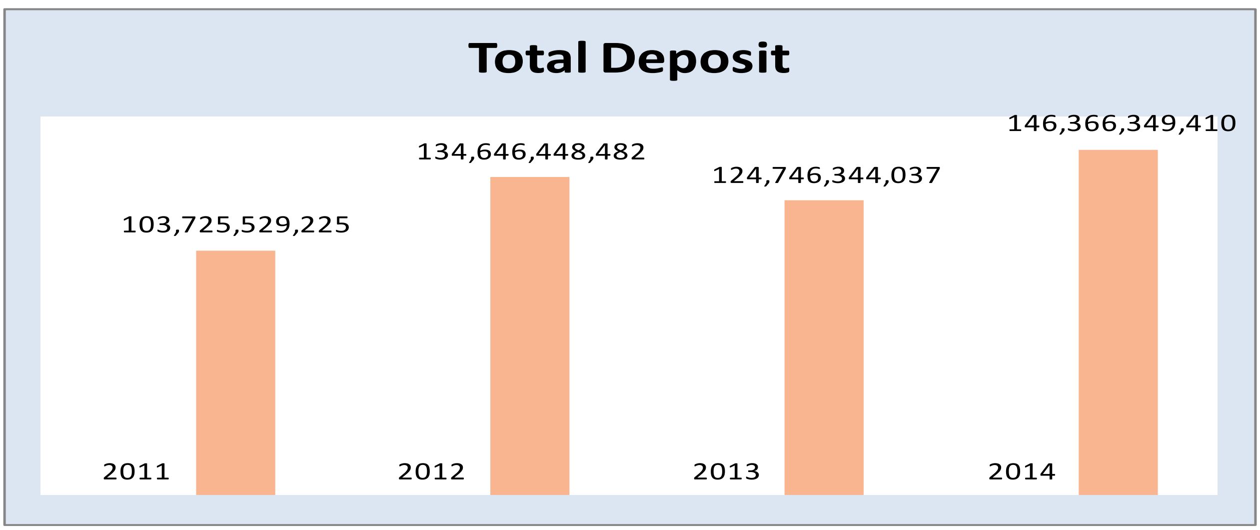

Figure: 5. (Source: Brac Bank Annual Report)

Total deposit grew at a CAGR of 12% by maintaining a healthy and uniform growth rate from 2011 to 2014.

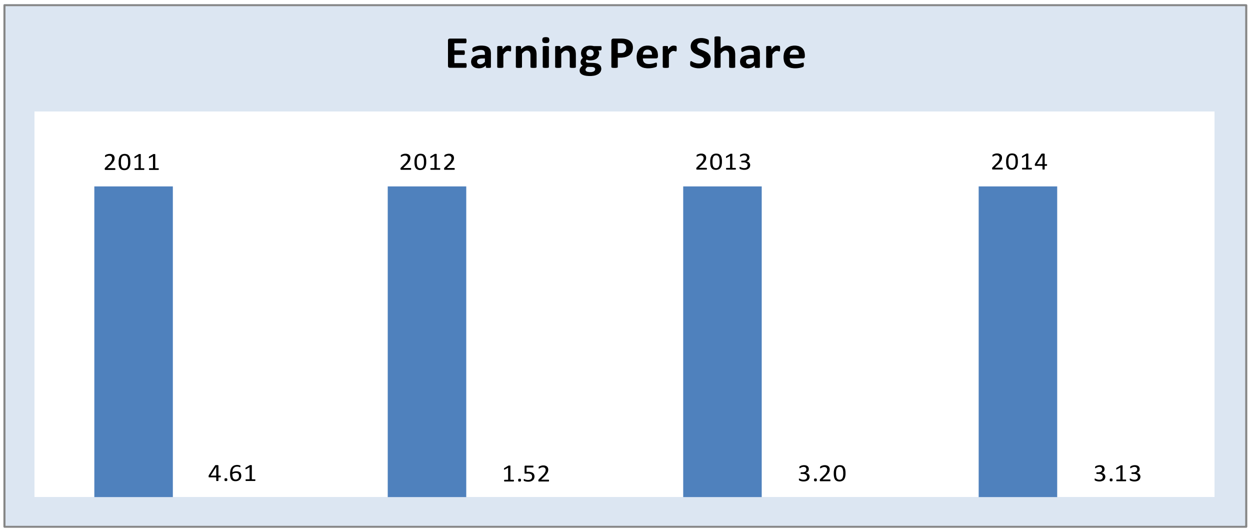

Figure: 6. (Source: Brac Bank Annual Report)

The CAGR of earning per share in these four years is -12%. The EPS fell in the year 2014 by 2% despite of NPAT growing by 57% due to non dilution of shares. Dividend disclosure in 2014 was 20% cash where it was 10% stock in the previous year.

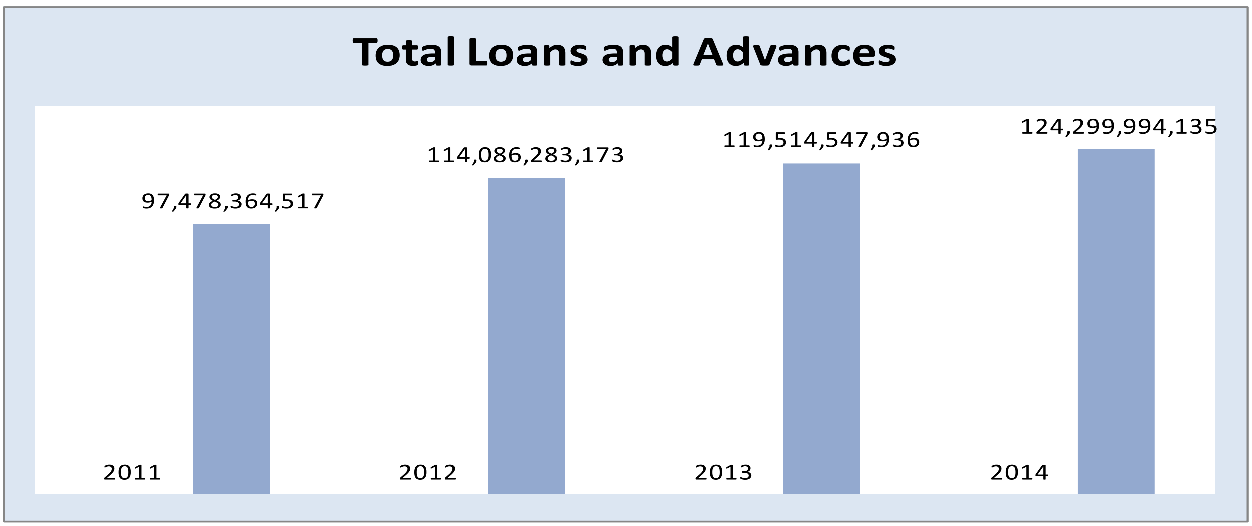

Figure: 7. (Source: Brac Bank Annual Report)

Loans and advances grew at a steady rate by CAGR of 8%.The year 2014 saw a fall in the growth rate as it registered 4% compared to the previous year whereas the growth rate was 5% in 2013.

PERFORMANCE OF BRAC BANK IN COMPARISON WITH OTHER BANKS

Name of the Company	NPAT (YOY % Change) 2013-2014	EPS Growth CAGR(4 years)	Forward PE (Current)	Sectoral PE 2014 (Current)
ABBANK(AB Bank Limited)	37%	-9%	5.10	7.12
ALARABANK	2%	-13%	5.09	7.12
BANKASIA	51%	-12%	9.57	7.12
BRACBANK	56%	-17%	11.04	7.12
CITYBANK	144%	-13%	6.54	7.12
DHAKABANK	6%	-16%	4.17	7.12
DUTCHBANGL	10%	1%	8.44	7.12
EBL(Eastern Bank)	-16%	-14%	7.51	7.12
EXIMBANK(Export Import (Exim) Bank of Bangladesh)	31%	-4%	4.95	7.12
FIRSTSBANK(First Security Islami Bank Limited)	-16%	-3%	7.45	7.12
ICBIBANK(ICB Islamic Bank Limited)	58%		-9.51	7.12
IFIC(IFIC Bank)	50%	16%	6.95	7.12
ISLAMIBANK(Islami Bank)	-22%	-19%	6.75	7.12
JAMUNABANK(Jamuna Bank Ltd.)	18%	-11%	40.30	7.12
MERCANBANK(Mercantile Bank Ltd.)	-41%	-23%	6.60	7.12
MTBL(Mutual Trust Bank Ltd.)	67%	25%	4.68	7.12
NBL(NBL)	0%	-41%	8.38	7.12
NCCBANK(NCCBL)	31%	-21%	5.05	7.12
ONEBANKLTD(One Bank Limited)	28%	-8%	3.65	7.12
PREMIERBAN(The Premier Bank Ltd.)	11%	5%	5.61	7.12
PRIMEBANK(Prime Bank)	24%	-23%	7.29	7.12
PUBALIBANK(Pubali Bank)	22%	2%	22.96	7.12
RUPALIBANK(Rupali Bank)	9%	-33%	16.89	7.12
SHAHJABANK(Shahjalal Islami Bank Ltd.)	-43%	-27%	9.32	7.12
SIBL(Social Islami Bank Limited)	54%	17%	6.49	7.12
SOUTHEASTB(Southeast Bank)	13%	22%	3.76	7.12
STANDBANKL(Standard Bank Limited)	20%	-13%	4.92	7.12
TRUSTBANK(Trust Bank Limited)	302%	-5%	3.49	7.12
UCBL(United Commercial Bank Ltd.)	0%	2%	4.35	7.12
UTTARABANK(Uttara Bank)	6%	-15%	5.07	7.12
Industry Average	**31%**	**-9%**	**7.76**	**7.12**

Figure: 8. (Source: Empire Capital Research)

NOTE: In figure 8 we have tried to come up with an industry analysis in comparison with Brac Bank where four aspects have been shown. NPAT and EPS are annualized where necessary. Forward P/E is calculated by dividing market price with annualized EPS which is Forward EPS. The market price of shares is as of 7th May. Sectoral P/E is calculated by dividing sum total market capitalization of bank sector with sum total annualized net profit of all companies.

From the above Figure 8 we can clearly see the winning banks when compared with its industry average. In terms of YOY change in NPAT there are 25 banks which showed positive change in growth out of which Brac

Bank has registered a growth of 55% from that of previous year while the industry average is 31%. In terms of 4 years CAGR growth in EPS, Brac Bank has not performed the best with a growth of -17% whereas the industry average is -9%. The Forward P/E of Brac Bank is based on 2014 NPAT, being 11.04 which are higher than Sectoral P/E of 7.12.

Name of the company (PEER ANALYSIS)	EPS 2014	EPS Growth (YOY)	PE Ratio	ROE
Krungsri Ayudhya Bank (Thailand)	2.33	19.49%	16.04	36.41%
Federal Bank (India)	9.81	0.10%	11.66	31.60%
Bank Alfalah (Pakistan)	4.08	19.65%	6.29	19.91%
Brac Bank (Bangladesh)	3.13	-2.19%	10.48	45.01%

Figure: 9. (Source: Financial Statements of respective banks)

CREDIT QUALITY AND OTHER INFORMATION

Brac Bank Limited has been rated as AA3in the long term and ST-2 rating in the short term by credit rating agency of Bangladesh (CRAB) on the basis of Audited Financial Statement as on 31st December 2012. Commercial banks rated AA3 have very strong capacity to meet their financial commitments and commercial banks rated ST-2 in the short term are considered to have the strong capacity for timely repayment of obligation. Brac bank maintains an adequate capital adequacy ratio of more than 10% as required by Bangladesh Bank shown in Figure 10.

Particulars	2014
Capital Adequacy Ratio	11.33%
Requirement as per BB	10%
Capital Requirement % Held	8.03%
Capital Requiremnt % as per BB	5%

Figure: 10. (Source: Brac Bank Annual Report)

Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of Bank Companies Act, 1991 and BRPD circular no. 11 and 12, dated August 25, 2005,MPD circular no. 1 and 2,dated May 4, 2010 and MDP circular no. 4 and 5, dated December 1, 2010.

The statutory Cash Reserve Requirement on the Bank's time and demand liabilities at the rate 6% has been calculated and maintained with Bangladesh Bank in current account and 19% Statutory Liquidity Ratio, including CRR, on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including FC balance with Bangladesh Bank.

Capital/Shareholders equity	Column1	Column2	Column3	Column4
Particulars	**2012**	**2013**	**2014**	**Growth (CAGR)**
Paid Up Capital	3,854,822,400	4,433,045,760	7,092,873,210	35.65%
Statutory Reserve	2,934,017,286	3,281,594,097	3,470,350,332	8.76%
Revaluation Reserve on Investment	558,121,126	744,701,943	346,502,408	-21.21%
Retained Earnings	1,914,456,975	2,407,550,889	3,226,959,721	29.83%
Total Shareholders' Equity	11,025,261,642	13,024,054,944	19,288,575,777	32.27%

Figure: 11. (Source: Brac Bank Annual Report)

Future prospect of Brac Bank Ltd

The dividend and EPS disclosure of Brac Bank has already been declared. We have projected the other determinants keeping in mind the disclosed NPAT and EPS of 2014, since the annual report of Brac Bank 2014 has not been published yet. There were no insider trading during the year 2014.

Trading Code:	BRACBANK
News:	The Board of Directors has recommended 20% cash dividend for the year ended on December 31, 2014. Date of AGM: 23.04.2015, Time: 10:00 AM, Venue: BRAC-CDM, Savar, Dhaka. Record date: 30.03.2015. The Company has also reported consolidated profit after tax of Tk. 2,101.57 million, consolidated EPS of Tk. 3.13, consolidated NAV per share of Tk. 27.19 and consolidated NOCFPS of Tk. 14.77 for the year ended on December 31, 2014.
Post Date:	2015-03-18

Source: DSE Website

With growth of 5% in net interest income, 39% in Net profit after tax and 9% in investment our projection estimates EPS at the end of year 2015 to be Tk3.76. The estimation/projection for year 2015 is done based on the previous three years data and growth rate. The growth rate of other determinants like return on assets, return on equity and investments were also taken into consideration. Other aspects like macroeconomic indicators of the country and its effects on the banking sector, rules and regulations of the Bangladesh Bank were also considered. The Pro Forma statement of Brac Bank Limited is as below in Figure 12.

Particulars	2013	2014	2015 (Projected)
Total interest income	18,715,692,063	22,269,682,075	23,605,863,000
Net Interest Income	7,336,990,875	8,682,313,381	9,116,429,050
Investment Income	2,766,048,421	2,486,217,457	2,709,977,028
Commission and Charges	3,567,356,522	3,454,502,102	3,592,682,186
Total Operating Income	14,407,028,852	16,166,315,148	14,432,960,000
Total Operating Expenses	8,265,824,538	8,883,651,507	7,184,100,000
Profit before Taxation	3,207,500,902	4,393,432,478	5,038,440,000
Profit after Taxation	1,339,351,330	2,101,567,513	2,928,800,000
EPS	3.20	3.13	3.76

Figure: 12. (Source: Brac Bank Annual Report)

GRAPHICAL REPRESENTATION OF LOAN EXPOSURE AND DISBURSEMENT

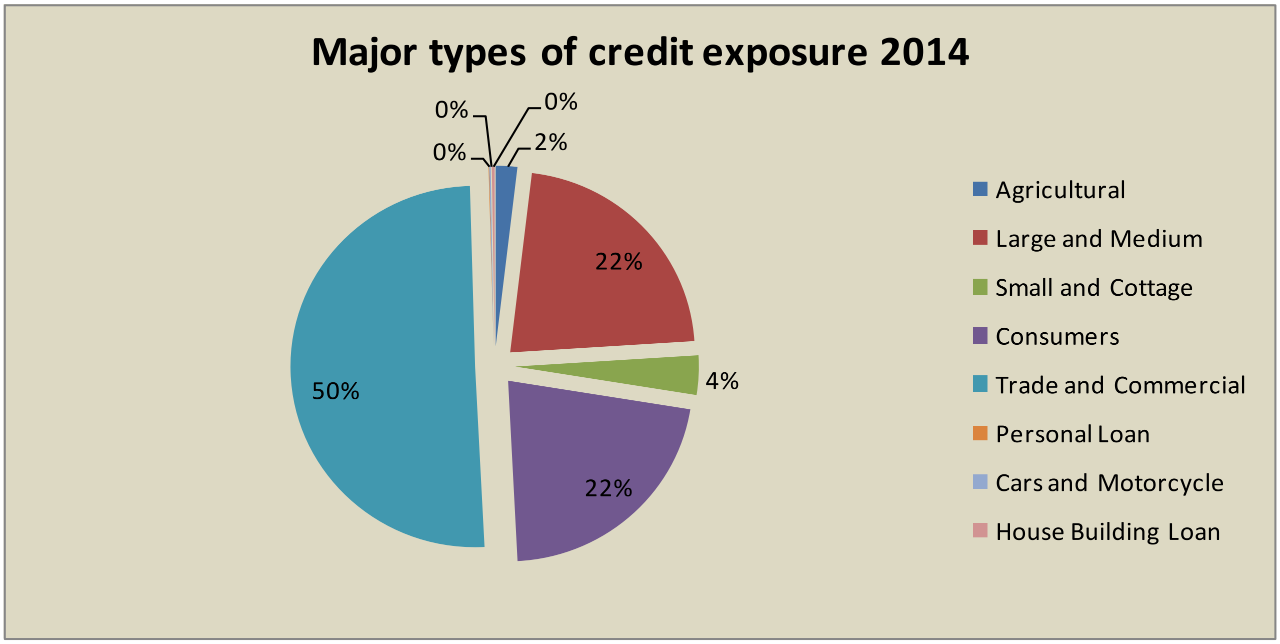

Figure: 13. (Source: Brac Bank Annual Report)

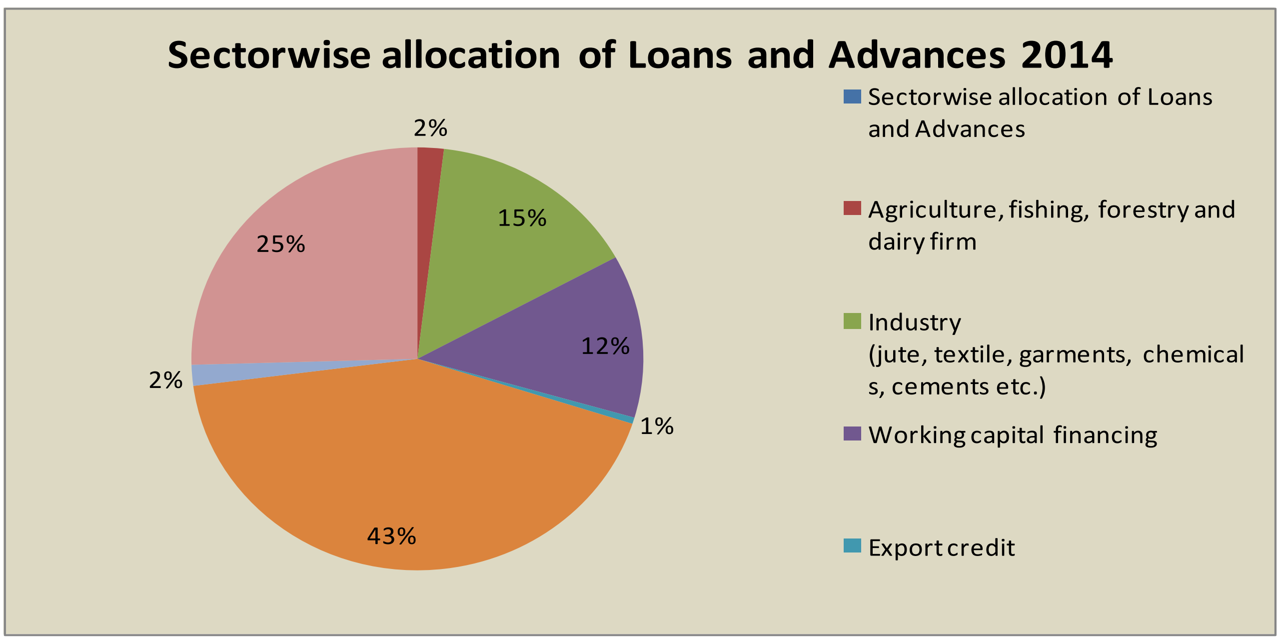

Figure: 14. (Source: Brac Bank Annual Report)

Total industrial loan is 44% of total loans and advances for the year 2014.

Name of the clients (List of large borrowers)	Outstanding Taka	Column1	Total amount
	Funded	Non Funded	2014
BANGLA TRAC GROUP	1,851,038,170	2,694,128,577	4,545,166,747
SUMMIT GROUP	12,846,312	2,393,562,567	2,406,408,879
AUGERE WIRELESS BROADBAND BANGLADESH LIMITED	3,586,406,651	18,583,333	3,604,989,984
BRAC	2,594,829,056		2,594,829,056
CITY SUGER GROUP	1,525,319,576	483,629,380	2,008,948,956
BRAC BANK GROUP	1,531,802,475	500,000,000	2,031,802,475
PRAN GROUP	1,848,222,576	304,622,149	2,152,844,725
SHAH CEMENT GROUP	2,721,148,772	378,241,406	3,099,390,178
Total	**15,671,613,588**	**6,772,767,412**	**22,444,381,000**

Figure: 15. (Source: Brac Bank Annual Report)

In figure 15 we can see the Number of clients with amount outstanding and classification status to whom loans and advances sanctioned exceeds 10% of the total capital of the Bank. Total capital of the Bank was Taka 21,130.99 million on Consolidated basis and Taka 19,718.50 million on Solo basis as at 31 December2014(Taka 14,845.92 million and 14,324.76 million as at 31 December 2013 respectively).

PRICE SENSITIVE INFORMATION OF 2014

Trading Code:	BRACBANK
News:	The Company has further informed that the subscription period for rights issue will be from 20.04.2014 to 15.05.2014. Record date for entitlement of rights share: 10.02.2014. The purpose of issuing Rights Share is to meet the regulatory requirement for capital adequacy.
Post Date:	2014-01-20
Trading Code:	BRACBANK
News:	Credit Rating Agency of Bangladesh Limited (CRAB) has announced the surveillance rating of the Company as "AA3" in the long term and "ST-2" in the short term based on audited financial statements of the Company up to 31 December 2013 and other relevant quantitative as well as qualitative information up to the date of rating declaration.
Post Date:	2014-06-01

A REVIEW ON BKASH

bKash Limited, a subsidiary of BRAC Bank, started as a joint venture between BRAC Bank Limited, Bangladesh and Money in Motion LLC, USA. In April 2013, International Finance Corporation (IFC), a member of the World Bank Group, became an equity partner and in April 2014, Bill & Melinda Gates Foundation became the investor of the company. The ultimate objective of bKash is to ensure access to a broader range of financial services for the people of Bangladesh. It has a special focus to serve the low income masses of the country to achieve broader financial inclusion by providing services that are convenient, affordable and reliable.

BKASH	Column1	Column2	Column3	Column4	Column5
KEY REVENUE DRIVERS & FINANCIALS	2010	2011	2012	2013	2014
Current Assets	34,515,650	90,028,673	1,330,634,201	5,106,423,751	9,153,733,458
Current Liabities	835,963	132,342,344	1,249,847,501	4,471,326,441	7,517,577,377
Total Equity	29,248,016	68,887,181	255,608,874	979,201,986	2,019,250,346
Gross Profit/Loss		(376,416)	34,206,955	352,534,427	958,342,597
Net Profit After Tax	(22,980,421)	(34,288,363)	(83,270,705)	(290,592,388)	188,538,532
Total Assets	37,229,781	208,375,327	1,512,602,178	5,457,674,229	9,543,973,525

Figure: 16. (Source: Brac Bank Annual Report)

The return on assets and equity are both very encouraging considering Bkash is still on its infant stage. It has been less than 5 years since Brac Bank Ltd has launched its mobile banking service wing. The current assets and liabilities are growing at a rapid rate and its gross profit margin has also shown positive returns since 2012.

Particulars	2014
Return on equity	9%
Return on assets	1.98%
% of Total Equity of Con. Brac Bank Ltd	10.47%
% of Total Assets of Con. Brac Bank Ltd	4.55%

Figure: 17. (Source: Brac Bank Annual Report)

Bkash Limited consists of 10.47% and 4.55% of total consolidated equity and assets respectively of Brac Bank Limited which was 8% and 3% respectively the previous year of 2013.

A REVIEW ON BRAC EPL INVESTMENTS

BRAC EPL Investments Limited (BEIL) a public limited company, formally commenced operation under a new management team on October 01, 2009 following obtaining merchant bank license from the Securities and Exchange Commission. BEIL delivers a whole range of investment banking services including traditional merchant banking activities. It has already established itself as one of the top portfolio managers, serving more than 4600 clients country-wide from seven locations. In discharging professional services, BEIL makes concerted efforts to show ZERO tolerance towards non-compliance and emphasizes strict adherence to regulatory guidelines.

BRAC EPL INVESTMENTS	Column1	Column2	Column3	Column4	Column5	Column6
KEY REVENUE DRIVERS & FINANCIALS	2010	2011	2012	2013	2014	CAGR (5 years)
Current Assets	3,642,865,921	4,514,994,865	4,334,917,339	4,426,099,990	4,908,103,909	7.74%
Current Liabilities	2,671,694,860	3,614,751,178	3,295,325,802	3,198,978,224	3,898,318,094	9.91%
Total Equity	1,036,119,856	993,480,771	1,115,032,178	1,289,324,517	1,059,292,778	0.55%
Total Operating Profit	255,860,586	2,098,821	134,264,152	274,273,525	62,809,050	-29.61%
Net Profit After Tax	194,780,628	(42,639,085)	121,551,407	174,292,339	(230,031,739)	
Total Assets	3,708,770,690	4,608,931,669	4,410,761,732	4,488,364,657	4,957,610,872	7.53%

Figure: 18. (Source: Brac Bank Annual Report)

BRAC EPL Investments Limited consists of 5.49% and 2.36% of total consolidated equity and assets respectively of Brac Bank Limited which was 8.13% and 2.67% respectively the previous year of 2013 as shown in Figure 19.

Particulars	2014
Return on equity	-22%
Return on assets	-4.64%
% of Total Equity of Con. Brac Bank Ltd	5.49%
% of Total Assets of Con. Brac Bank Ltd	2.36%

Figure: 19. (Source: Brac Bank Annual Report)

INVESTMENT ON STOCK MARKET 2014

Name of the company	Cost of holding	Total market value as at31st Dec 2014	Unrealized G/L as on 31Dec2014	MV as on 2nd April 2015	Unrealized G/L as on 2nd April 2015
MPETROLEUM	6,854,128	8,073,063	1,218,935	9,962,391	3,108,262
BATBC	4,365,708	4,119,500	(246,208)	8,390,250	4,024,543
BENGALWTL	3,200,256	5,235,840	2,035,584	5,018,112	1,817,856
JAMUNAOIL	17,177	16,253	(924)	22,180	5,003
PADMAOIL	136,978,965	103,930,966	(33,047,999)	104,656,264	(32,322,701)
TITASGAS	274,470,000	209,370,000	(65,100,000)	219,300,000	(55,170,000)
PREMIERCEM	46,512,520	40,000,040	(6,512,480)	25,641,880	(20,870,640)
FBFIF	250,205,546	227,033,257	(23,172,289)	159,999,136	(90,206,410)
UNIQUEHRL	30,048,648	23,133,200	(6,915,448)	14,186,320	(15,862,328)
EXIM1STMF	50,000,000	34,800,000	(15,200,000)	31,900,000	(18,100,000)
BSCCL	50,858,823	35,824,124	(15,034,699)	25,894,151	(24,964,672)
EBLNRBMF	42,729,976	33,401,933	(9,328,043)	20,257,872	(22,472,104)
BSRMSTEEL	73,258,890	32,153,389	(41,105,501)	30,798,976	(42,459,914)
ARGONDENIM	75,147,486	64,411,017	(10,736,469)	29,594,293	(45,553,193)
LRGLOBMF1	297,655,283	211,059,012	(86,596,271)	133,463,787	(164,191,496)
	1,342,303,405	**1,032,561,594**	**(309,741,812)**	**819,085,612**	**(523,217,794)**

Figure: 20. (Source: Brac Bank Annual Report)

In the above figure 20, the annexure was taken from Brac Bank's annual report 2014. The number of shares has been diluted with the recent disclosure of earnings for 2014 of each company and the unrealized gain/loss has been shown taking into account the closing price as on April 02, 2015. The percentage of market value as of 2nd April 2015 is 39% less than the original cost of holding and has decreased 60% from the original investment in the first three months of 2015.

SUMMARY: In 2014 Brac Bank's net interest income grew by 10.96%, total balance sheet increased by BDT 24,880 million, deposits increased from BDT 1, 27,892 million to BDT 1, 48,464 million. The net asset value increased by BDT 5,873 million which is 49.43% higher than the previous year. The capital structure of the bank is less leveraged with large loan exposure at a relatively low level of 11.6% of the total loans and advances. Capital adequacy ratio is above the regulatory requirements. Due to efficient management in loans and advances the non performing assets to outstanding loans and advances is only 5.72%. Brac Bank's subsidiaries like Bkash and Brac EPL Investments are also performing well. Total equity and assets of Bkash Limited has increased significantly in 2014 from that of previous year. The condition of Brac EPL brokerage and Investments will improve as Dhaka Stock Exchange is slowly regaining its strength with the expectation of a bounce back in the overall investment scenario of the country in the second half of year 2015.