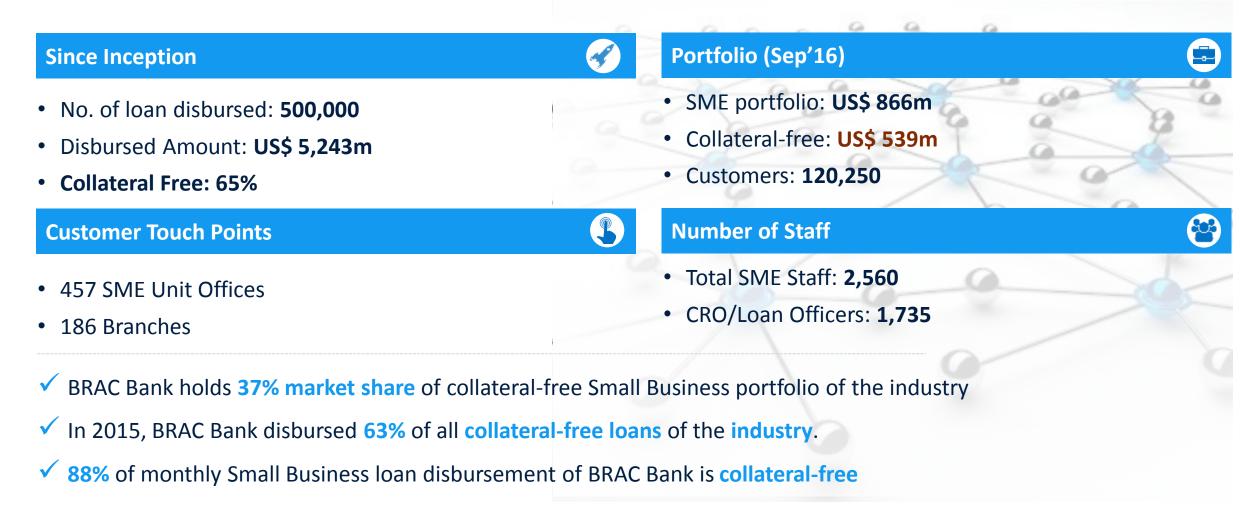
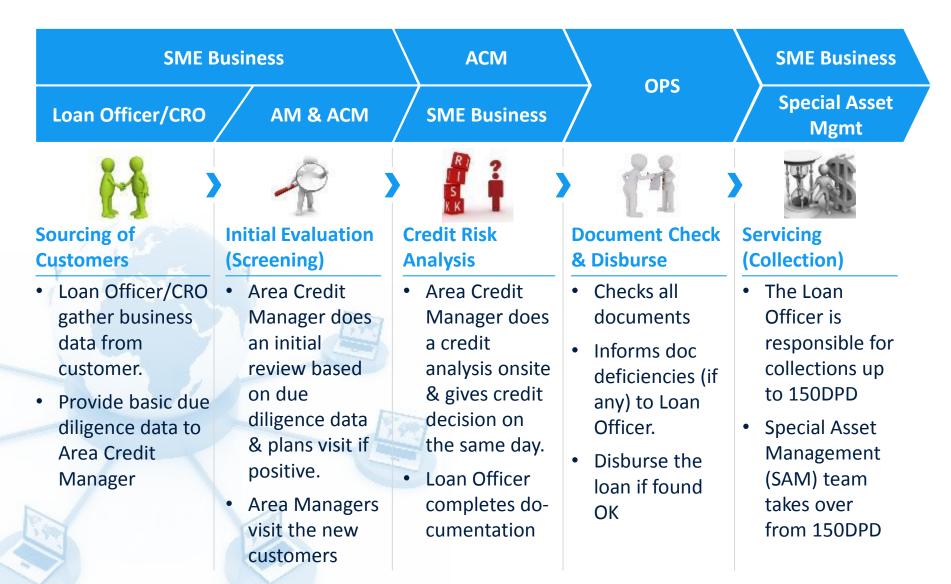
BRAC BANK – SINCE 2001...

To serve the "Missing Middle" and to work as a catalyst for the vibrant yet unbanked SME sector of Bangladesh, our Chairperson, Sir Fazle Hasan Abed founded BRAC Bank in 2001 with institutional shareholding of BRAC, ShoreBank & IFC.





HOW WE DO IT? - BRAC BANK'S UNIQUE SMALL BUSINESS MODEL





CHALLENGES OF THE MODEL



1 Financials re-created by ACM and kept in hard copies.
Many variables not captured in the system

No standard set of variables used by all





3 'Gut' Feeling of ACM without uniformity

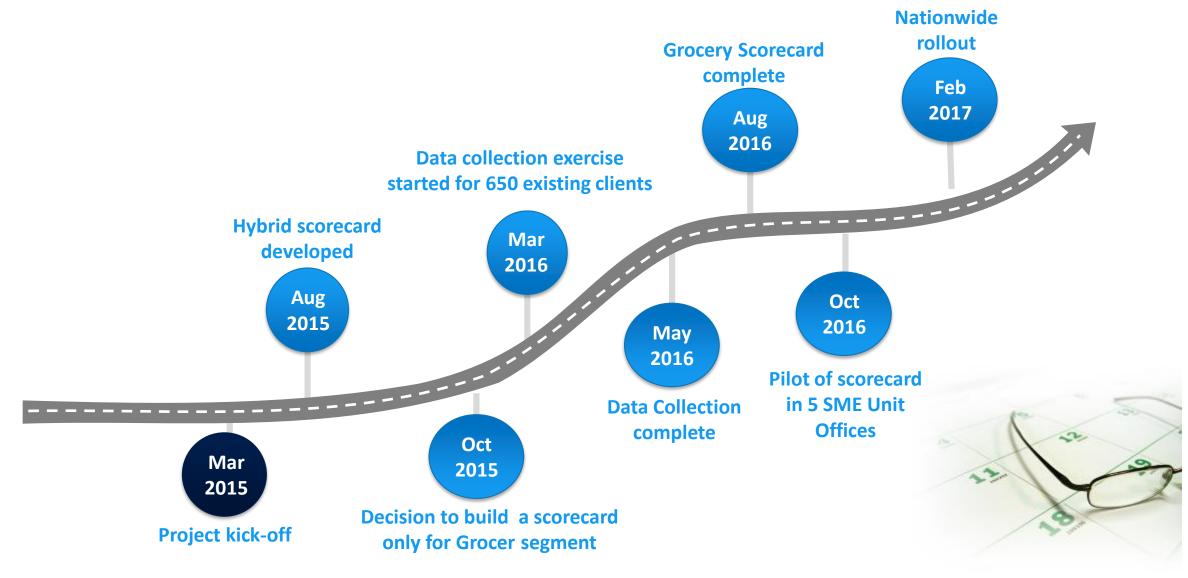
4 Not sure if we should trust data in the system



Codify Collective Wisdom

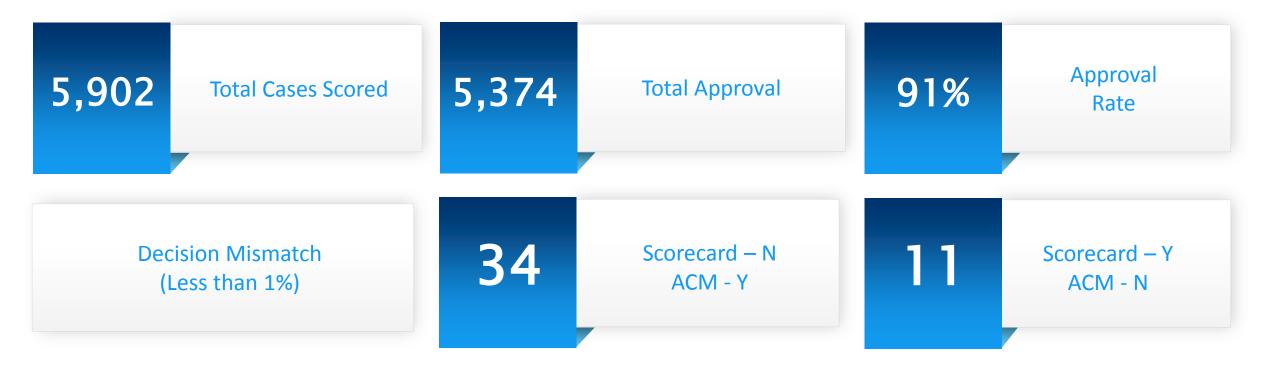


SCORECARD DEVELOPMENT JOURNEY FOR COLLATERAL-FREE LOANS





CURRENT STATUS OF GROCERY SCORECARD



- No of units All 449
- Scorecard integrated into excel CAM
- All scorecard CAMs stored centrally
- ACMs abide by scorecard decisions





CREDIT SCORECARD - CONTINUOUS IMPROVEMENT CYCLE

Credit Scorecard v1.0 Implementation

 Implement the expert / hybrid scorecard model



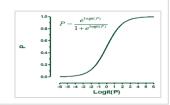
Monitor & Recalibrate the Scoring Model

- Validate the scores against quick mortalities and nonstarters and identify multivariate patterns
- Test the stability of the through the door population and scorecard characteristics
- Recalibrate the score-points (priors) using the collected data in loan origination and



Rebuilt Scorecard with New Evidence

- Initiate a fresh scorecard creation based on the novel variables (traditional and alternate data sources)
- Usage of machine learning and advanced statistics to develop a fresh scoring model
- Test and validate the model







0 - 3 Months

3 - 12 Months

12 - 30 months



Data Collection Process

- Ensure robust data collection across through-the-door population
- Collect data from alternate sources including credit bureau, phone, web, GPS, customer behavior for other products etc.



Recalibrated Scorecard v1.5

 Implement recalibrated model with fine tuned score points but the same characteristics as v1.0



Credit Scorecard v2.0

 Implement credit scorecards with new characteristics both traditional and alternate data

sources





