

BRAC Bank Limited

Independent Auditor's Report and Consolidated
& Separate Financial Statements
as at and for the year ended 31 December 2022

Hoda Vasi Chowdhury & Co

Chartered Accountants

Independent Auditor's Report to the Shareholders of BRAC Bank Limited Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of BRAC Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of BRAC Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2022 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2022, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

| Description of key audit matters | Our response to key audit matters |
|--|---|
| Measurement of provision for loans, advances and leases | |
| The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex. | We tested the design and operating effectiveness of key controls focusing on the following: <ul style="list-style-type: none">• Credit appraisal, loan disbursement procedures, monitoring and provisioning process;• Completeness of appropriate documentation before disbursement of loans as well as recording of loan balance;• Alternate procedures applied by management to assess new loan/renewal of existing loans where latest audited financial statements of the borrower is not available; |
| For the individual analysis for large exposure, provisions calculation considers the estimates of future business performance and the market value of collateral provided for credit transactions. | |
| For the collective analysis of exposure on portfolio basis, provision calculation and reporting are | |

manually processed that deals with voluminous databases, assumptions and estimates of complex design and implementation.

At year end the Group reported total gross loans and advances of BDT 412,085 million (2021: BDT 322,135 million) and provision for loans and advances of BDT 15,387 million (2021: BDT 13,998 million).

In addition, special general provision – COVID 19 has been also maintained as per BRPD circular no. 53 dated 22 December 2022 on the outstanding balance from clients who have taken the deferral facility due to COVID 19.

We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:

- Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no 14, dated 23 September 2012 and BRPD circular no 03, dated 21 April 2019; and
- For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows.

Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.

- Identification of loss events, including early warning and default warning indicators; and
- Reviewed quarterly Classification of Loans (CL).

Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:

- Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines;
- Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information;
- Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
- Finally, compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained.

Due to long-term impact of COVID 19, flood situation in north-eastern areas of Bangladesh and prolonged conflict/war outside the country, many borrowers were adversely impacted during the year. Accordingly, Bangladesh Bank has given certain flexibility from classification requirement for loans vide issuing various circulars such as BRPD 14 dated 22 June 2022, and BRPD 51 dated 18 December 2022 whereby Banks are allowed to keep a loan/customer as unclassified subject to the payment of certain percent of quarterly instalment due by 31 December 2022.

The Bank has calculated required provision as per Bangladesh Bank letter DBI- 4/115/2023-384 dated 03 April 2023.

See note # 8 and 17.1 to the financial statements

| Risk | Our response to the risk |
|---|---|
| Interest income recognition | |
| <p>Recognition and measurement of interest income involve complex IT environment as well as require critical estimates and judgment. Since interest income from loans and advances is one of the key performance indicators of the Bank there is an inherent risk of fraud and error in recognition of interest income.</p> <p>Moreover, as per Bangladesh Bank BRPD circular no. 53 dated 22 December 2022, considering future risk banks were allowed to recognize outstanding/ arrear interest income on loans where deferral facilities were given upon considering potential risk of future recovery and receiving certain percent of quarterly instalment due by 31 December 2022.</p> <p>Accordingly this has been considered as key audit matter.</p> | <p>We tested the design and operating effectiveness of key controls including automated control over recognition and measurement of interest on loans and advances.</p> <p>For selected customers and loan files on sample basis we have also performed substantive test of details including recalculation and cut-of testing to check accuracy of interest income.</p> <p>Finally, we also conducted substantive analytical procedures to assess reasonableness of interest recognised during the year with reference to the product wise outstanding loan balances.</p> <p>However, due to the current uncertainty of the overall economic situation, and in particular impacts from major global events such as continuation of COVID 19 related disruptions, Russia-Ukraine conflict, volatility in fuel and commodity price, strengthening of USD, etc., there is inherent risk that the actual recovery of accrued interest income especially from those clients receiving deferral facility could be materially different than the actual situation in future and a portion of interest accrued during the year ended 31 December 2022.</p> |
| See note # 27 to the financial statements | |

| Risk | Our response to the risk |
|---|---|
| Adequacy of income tax provision and measurement of deferred tax assets | |
| <p>Calculation of income tax provision required compliance with the Income Tax Ordinance 1984 including careful consideration of various temporary and permanent differences. Furthermore, upon final settlement of pending tax assessments any excess or short provision of current tax is also adjusted in the current year.</p> <p>Finally, significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p> <p>Accordingly, this area has been considered as key audit matter.</p> | <p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the recognition and measurement of both current tax and deferred tax, including the assumptions used in estimating the Bank's taxable income.</p> <p>We reviewed tax position for those years where income tax assessment is pending and assess adequacy of tax provision recorded by the Bank. Special focus attention was given to any reversal/adjustment of income tax provision from prior year.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable</p> |

| | |
|--|--|
| At year end of 2022 the Bank reported income tax provision net off AIT of Tk 4,144 million (2021: Tk 5,022 million) and corresponding current income tax charges of Tk 3,766 million (2021: 3,467 million). In addition, total deferred tax assets of BDT 4,770 million (2021: BDT 4,147 million) and deferred tax income of BDT 590 million (2021: BDT 1,125 million) recognised by the Bank. | <p>income. The Bank has sufficient taxable profit to recover the deferred tax assets in foreseeable future.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of current and deferred tax.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax including deduction of DTA on specific provision from regulatory capital.</p> |
| See notes no 10.4, 17.9, 43 to the financial statements | |

| Risk | Our response to the risk |
|---|---|
| Valuation of treasury bill and bond and unquoted corporate bond | |
| <p>Investment in treasury bills and a portion of treasury bonds are classified as HFT and hence measured at mark to market/fair value.</p> <p>On the other hand a portion of treasury bills and portfolio of corporate bonds are classified as HTM and measured at amortised cost.</p> <p>In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.</p> <p>Similarly, impairment assessment of financial instruments measured at amortised cost also required mainly unobservable market data and assumptions.</p> <p>Accordingly, this is considered as a key audit matter.</p> | <p>We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and bonds, and corporate bonds.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the corporate bonds, treasury bills and bonds valuation/impairment assessment processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.</p> <p>We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p> |
| See note # 7 to the financial statements | |

| Risk | Our response to the risk |
|--|---|
| Impairment of goodwill in consolidated financial statements of the Group and fair value of investments in standalone financial statements of the Bank | |
| The Bank has adopted IFRS 9 Fair value through other comprehensive income (FVOCI) method for measurement of equity investment in subsidiaries and associates in the standalone financial statements. As all such investments are in unquoted investment, management used net assets value of the | Our audit procedures on both assessment of goodwill impairment at the Group level and carrying value of investments in subsidiaries at the Bank level included, among others: |

each investment as per the financial statements of the entity every year as fair value as management has assumed that if buyer offer any price of the Bank's investments, they will refer to NAV as reference price. The carrying value of such investment at 31 December 2022 the carrying amount was Tk 13,593 million (2021: 13,182 Tk million).

Similarly, the Group has recognised goodwill of BDT 1,373 million (2021: BDT 1,427 million) which were arisen from acquisition of BRAC EPL Stock Brokerage Limited, BRAC EPL Investments Limited.

The determination of fair value of the Bank's investment in subsidiary and annual impairment testing of goodwill at the Group level are considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount (i.e. the higher of the value in use or fair value e.g. NAV). Both the value in use and fair value have been determined with a number of valuation assumptions and inputs including estimates of revenue, operating costs, terminal value, growth rates and the weighted average cost of capital (discount rate).

- evaluating the appropriateness of the assumptions applied to key inputs such as revenue, operating costs, inflation and long-term growth rates used by management, including comparing these inputs with our own assessments based on our knowledge of the entity and the industry;
- checking mathematical accuracy of the model, recalculating discount rate used in the model, reviewing other inputs in the model and corroborating these inputs with reference to external market information, third-party sources.
- performing our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on recoverable amount of the respective subsidiaries; and
- evaluating the adequacy of the financial statement disclosures.

On winning the appeal from honourable Court in UK against suspension notice issued earlier, BRAC Saajan Exchange Limited resumed its operations in December 2022. However, considering the negative net asset value and negative cash flows, an impairment loss of goodwill amounting to BDT 54,905,518 related to BRAC Saajan has been accounted for in the consolidated financials.

The Bank has continued to consider bKash Limited as its subsidiary because of holding 51% equity shares as well effective control on the Board. However, bKash has also issued convertible preference shares and these preference shareholders do not have any voting rights but has same rights as equity shareholders with respect to economic interest in the company. Accordingly, consolidated financial statements of the Group have been prepared using 35.74% instead of 51% of the economic interest on bKash considering the potential dilution.

See notes 12 and 38 to the financial statements

| Risk | Our response to the risk |
|--|---|
| Legal and regulatory matters | |
| <p>We focused on this area because the Bank and its subsidiaries (the “Group”) operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>As per the instruction of Bangladesh Bank, the Bank has transferred 50% of income earned through foreign exchange transactions during the months of May and June 2022, after adjustment of related income tax to a dedicated CSR Fund. Management is in discussion with Bangladesh Bank on utilization of this CSR Fund.</p> <p>Pursuant to BRPD Circular Letter No. 28 dated 26 July 2022 and BRPD Circular Letter No. 30 dated 27 July 2022, all schedule banks of Bangladesh are instructed to reduce certain expenses at specific percentage from the allocated amount.</p> | <p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank’s key controls over compliance with various regulatory directives and process to create provision, if any.</p> <p>We enquired to those charged with governance to obtain their view on compliance status of all regulatory matters.</p> <p>We enquired of the Bank’s internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p> <p>We have checked the calculation of the transfer to the CSR Fund after deducting appropriate tax.</p> <p>We are informed that the Bank has taken several initiatives such as rationalizing the usage of office space to reduce electricity cost, restricting entertainment expenses and travelling, reducing and deferring the expenses on computer and accessories which are not urgently required etc. are disclosed in the financial statements.</p> <p>We also assessed the Bank’s provisions and contingent liabilities disclosure.</p> |

| Risk | Our response to the risk |
|--|--|
| IT systems and controls | |
| <p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively.</p> | <p>We tested the design and operating effectiveness of the Bank’s IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the Bank’s periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> |

Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Group and the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should

not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 2020, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities {other than matters disclosed in these financial statements};
- (iii) Financial statements for the year ended 31 December 2022 of local subsidiaries namely BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited and bKash Limited have been audited by Rahman Rahman Huq, Chartered Accountants and one associate namely BRAC IT Services Limited have been audited by Howladar Yunus & Co., Chartered Accountants. The group reporting pack of the foreign subsidiary BRAC SAAJAN Exchange Limited have been audited by Reddy Siddiqui LLP, UK. All these entities have been properly reflected in the consolidated financial statements;
- (iv) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the consolidated financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (viii) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;

- (x) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 3,000 person hours; and
- (xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka, 11 April 2023
DVC No: 2304100770AS807408



Sabbir Ahmed FCA, Partner
Enrolment number: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

BRAC Bank Limited and its subsidiaries
Consolidated Balance Sheet
As at 31 December 2022

| Particulars | Note | 2022 Taka | 2021 Taka |
|--|-------------|------------------------|------------------------|
| PROPERTY AND ASSETS | | | |
| Cash | 4 | 31,871,593,250 | 23,459,424,430 |
| Cash in hand (Including foreign currency) | | 11,918,067,777 | 9,207,161,626 |
| Balance with Bangladesh Bank and its agent bank(s) (including foreign currency) | | 19,953,525,473 | 14,252,262,804 |
| Balance with other banks and financial institutions | 5 | 52,951,344,277 | 78,261,312,910 |
| Inside Bangladesh | | 47,797,240,230 | 70,561,465,538 |
| Outside Bangladesh | | 5,154,104,047 | 7,699,847,372 |
| Money at call on short notice | 6 | 6,826,376,000 | 3,500,000,000 |
| Investments | 7 | 116,551,993,858 | 70,068,593,304 |
| Government | | 107,319,008,486 | 60,998,642,835 |
| Others | | 9,232,985,372 | 9,069,950,469 |
| Loans and advances | 8 | 412,084,750,584 | 322,135,188,439 |
| Loans, cash credit, overdrafts etc. | | 222,711,877,598 | 169,128,372,833 |
| Small and medium enterprises | | 187,247,111,913 | 150,749,009,625 |
| Bills purchased and discounted | | 2,125,761,073 | 2,257,805,981 |
| Fixed assets including premises, furniture and fixtures | 9 | 13,463,514,348 | 12,834,169,424 |
| Other assets | 10 | 20,803,842,677 | 16,222,224,464 |
| Non-banking assets | 11 | 11,341,700 | 4,541,700 |
| Goodwill | 12 | 1,372,563,393 | 1,427,468,911 |
| Total property and assets | | 655,937,320,087 | 527,912,923,582 |
| LIABILITIES AND CAPITAL | | | |
| Liabilities | | | |
| Borrowings from other banks, financial institutions and agents | 13 | 38,908,810,526 | 24,150,953,707 |
| Borrowings from central bank & government agencies | 14 | 42,184,501,809 | 23,175,903,824 |
| Affordable housing bond | 15 | 4,751,000,000 | - |
| Money at call on short notice | | - | - |
| Deposits and other accounts | 16 | 447,058,816,329 | 364,329,900,482 |
| Current accounts and other accounts | | 187,855,608,325 | 164,417,743,536 |
| Bills payable | | 1,739,503,614 | 2,367,889,416 |
| Savings deposits | | 71,890,957,598 | 68,334,576,200 |
| Term deposits | | 182,973,780,522 | 127,956,809,129 |
| Other deposits | | 2,598,966,270 | 1,252,882,201 |
| Other liabilities | 17 | 42,004,580,813 | 39,308,075,071 |
| Total liabilities | | 574,907,709,477 | 450,964,833,084 |
| Capital and shareholders' equity | | | |
| Paid up capital | 18.2 | 14,965,853,280 | 13,921,723,990 |
| Share premium | 18.7 | 3,853,767,032 | 3,853,767,032 |
| Statutory reserve | 19 | 11,148,169,834 | 10,067,956,958 |
| Dividend equalization fund | 20 | 355,218,455 | 355,218,455 |
| Revaluation reserve on govt. securities | 21 | 1,337,245,165 | 2,490,292,927 |
| Fair value reserve | | 78,920,073 | 78,920,073 |
| Foreign currency translation reserve | 23 | 328,402,260 | 16,632,383 |
| Surplus in profit and loss account/Retained earnings | 24.1 | 29,086,051,630 | 26,402,962,532 |
| Total shareholders' equity | | 61,153,627,729 | 57,187,474,350 |
| Non-controlling interest | 24.2 | 19,875,982,881 | 19,760,616,148 |
| Total equity | | 81,029,610,610 | 76,948,090,498 |
| Total liabilities and equity | | 655,937,320,087 | 527,912,923,582 |



BRAC Bank Limited and its subsidiaries
Consolidated Balance Sheet
As at 31 December 2022

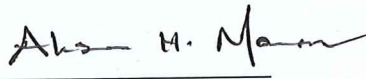
| Particulars | Note | 2022 Taka | 2021 Taka |
|---|------|------------------------|------------------------|
| Off balance sheet items | | | |
| Contingent liabilities | | | |
| Acceptances and endorsements | 25 | 83,028,540,659 | 50,478,536,940 |
| Irrevocable letters of credit | 25 | 27,451,963,219 | 26,598,203,443 |
| Letter of guarantees | 25.2 | 18,607,062,875 | 11,793,414,671 |
| Bills for collection | 25.3 | 21,612,714,770 | 16,438,866,245 |
| | | <u>150,700,281,523</u> | <u>105,309,021,299</u> |
| Other commitments | | | |
| Swap deals with banks and customers | 25.4 | 13,070,011,143 | 10,726,189,903 |
| Spot and forward deals with banks and customers | 25.4 | 2,074,308,915 | 18,161,597,791 |
| | | <u>15,144,320,058</u> | <u>28,887,787,694</u> |
| Total off balance sheet items | | <u>165,844,601,581</u> | <u>134,196,808,993</u> |
| Net asset value (NAV) per share | 49 | <u>40.86</u> | <u>38.21</u> |

The notes 1 to 51.5 and annexures A to J form an integral part of these financial statements.


 Managing Director and CEO


 Director


 Director


 Chairman

As per our report of same date.

Dhaka, 11 April 2023
 DVC No: 2304100770AS807408


 Sabbir Ahmed FCA, Partner
 Enrolment No: 770
 Hoda Vasi Chowdhury & Co
 Chartered Accountants

BRAC Bank Limited and its subsidiaries
Consolidated Profit and Loss Account
For the year ended 31 December 2022

| Particulars | Note | 2022 Taka | 2021 Taka |
|---|--------|-----------------------|-----------------------|
| Interest income | 27 | 31,365,476,735 | 24,225,217,948 |
| Interest paid on deposits and borrowing etc. | 28 | 12,953,873,731 | 7,912,883,508 |
| Net interest income | | 18,411,603,004 | 16,312,334,440 |
| Investment income | 29 | 7,585,930,404 | 7,142,434,925 |
| Commission, exchange and brokerage | 30 | 11,522,088,039 | 7,992,853,236 |
| Other operating income | 31 | 313,551,635 | 175,087,450 |
| Total operating income (a) | | 37,833,173,082 | 31,622,710,051 |
| Salaries and allowances | | 12,044,197,172 | 9,889,092,833 |
| Rent, taxes, insurance, electricity etc. | 32 | 697,538,365 | 645,414,492 |
| Legal expenses | | 62,177,773 | 62,840,810 |
| Postage, stamps, telecommunication etc. | 33 | 411,043,177 | 317,984,231 |
| Stationery, printing, advertisement etc. | 34 | 3,223,940,283 | 2,608,773,879 |
| Chief Executive's salary and fees | 35 | 24,471,250 | 19,424,250 |
| Directors' fees | 36 | 4,534,312 | 4,572,209 |
| Auditors' fees | 37 | 8,469,389 | 7,125,166 |
| Impairment of goodwill | 38 | 54,905,518 | - |
| Depreciation and repair of the bank's assets | 39 | 5,382,602,590 | 4,577,170,806 |
| Other expenses | 40 | 4,474,735,716 | 3,383,027,192 |
| Total operating expenses (b) | | 26,388,615,545 | 21,515,425,868 |
| Profit before provisions (c = a-b) | | 11,444,557,537 | 10,107,284,183 |
| Share of profit of associates | 41 | 4,860,182 | 3,742,052 |
| Gain on disposal of associates | | 2,049,419 | 17,373,182 |
| Profit/(loss) before provisions (d) | | 11,451,467,138 | 10,128,399,417 |
| Provision for loans/investments: | | | |
| Loans and advances | | 1,938,266,664 | 2,971,016,470 |
| Diminution in value of investments | | 20,539,430 | (74,000,000) |
| Off balance sheet items | | 204,740,420 | 251,500,000 |
| Other provisions | | 23,870,068 | 70,093,002 |
| Total provisions (e) | 42 | 2,187,416,582 | 3,218,609,472 |
| Total profit/(loss) before taxes (f= d-e) | | 9,264,050,556 | 6,909,789,945 |
| Provision for taxation: | | | |
| Current tax expense | | 4,280,691,722 | 3,737,018,428 |
| Deferred tax expense/(income) | | (1,138,637,890) | (1,479,828,777) |
| Total provision for taxation (g) | 43 | 3,142,053,832 | 2,257,189,651 |
| Net profit/(loss) after taxation (f-g) | | 6,121,996,724 | 4,652,600,294 |
| Attributable to: | | | |
| Equity holders of BRAC Bank Limited | | 6,013,972,880 | 5,464,672,680 |
| Non controlling interest | 24.2.1 | 108,023,844 | (812,072,386) |
| | | 6,121,996,724 | 4,652,600,294 |
| Retained earnings brought forward from previous year | | 26,402,962,532 | 16,368,391,545 |
| Net profit attributable to the equity holders of the Bank | | 6,013,972,880 | 5,464,672,680 |
| Net effect of all items directly recognised in equity/retained earnings | 24.1.1 | (104,780,581) | 7,322,532,868 |
| Profit available for appropriation | | 32,312,154,831 | 29,155,597,093 |




BRAC Bank Limited and its subsidiaries
Consolidated Profit and Loss Account
For the year ended 31 December 2022

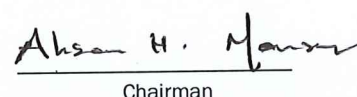
| Particulars | Note | 2022 Taka | 2021 Taka |
|---|-----------|-----------------------|-----------------------|
| Appropriations: | | | |
| Statutory reserve | | 1,080,212,876 | 662,939,230 |
| General reserve | | - | - |
| Dividend | | 2,088,258,589 | 1,988,817,706 |
| Start-up Fund | | 57,631,736 | 100,877,625 |
| | | 3,226,103,201 | 2,752,634,561 |
| Retained surplus | | 29,086,051,630 | 26,402,962,532 |
| Earnings per share (EPS) [previous year's figure restated] | 48 | 4.02 | 3.65 |

The notes 1 to 51.5 and annexures A to J form an integral part of these financial statements.


 Managing Director and CEO



 Director


 Director


 Chairman

As per our report of same date.

Dhaka, 11 April 2023
 DVC No: 2304100770AS807408


 Sabbir Ahmed FCA, Partner
 Enrolment No: 770
 Hoda Vasi Chowdhury & Co
 Chartered Accountants

BRAC Bank Limited and its subsidiaries
Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

| Particulars | Paid up capital | Share premium | Statutory reserve | Dividend equalization fund | Revaluation reserve on Govt. securities | Fair value reserve | Foreign currency translation reserve | Retained earnings | Non-controlling interest | Total |
|---|-----------------------|----------------------|-----------------------|----------------------------|---|--------------------|--------------------------------------|-----------------------|--------------------------|-----------------------|
| Balance as at 01 January 2022 | 13,921,723,990 | 3,853,767,032 | 10,067,956,958 | 355,218,455 | 2,490,292,927 | 78,920,074 | 16,632,382 | 26,402,962,532 | 19,760,616,148 | 76,948,090,498 |
| Surplus on account of revaluation of assets | - | - | - | - | - | - | - | - | - | (1,153,047,762) |
| Investments | - | - | - | - | (1,153,047,762) | - | - | - | - | 312,019,006 |
| Changes in foreign currency translation reserve | - | - | - | - | - | - | 311,769,877 | - | 249,129 | (100,876,717) |
| Remeasurements of defined benefits liability (assets) | - | - | - | - | - | - | - | (102,935,836) | 2,059,119 | - |
| Effect of issuance of preference share by bkash | - | - | - | - | - | - | - | - | - | - |
| Sub total | 13,921,723,990 | 3,853,767,032 | 10,067,956,958 | 355,218,455 | 1,337,245,165 | 78,920,074 | 328,402,259 | 26,300,026,696 | 19,762,924,396 | 76,006,185,025 |
| Net profit for the year | - | - | - | - | - | - | - | 6,013,972,880 | 108,023,844 | 6,121,996,724 |
| Dividend for the year 2021: | - | - | - | - | - | - | - | - | - | - |
| Stock dividend | 1,044,129,290 | - | - | - | - | - | - | (1,044,129,290) | - | - |
| Cash dividend | - | - | - | - | - | - | - | (1,044,129,299) | - | - |
| Dividend equalization fund | - | - | - | - | - | - | - | - | - | - |
| Adjustment for subsidiaries' holdings change | - | - | - | - | - | - | - | (1,844,745) | 5,034,641 | 3,189,896 |
| Start-up Fund | - | - | - | - | - | - | - | (57,631,736) | - | (57,631,736) |
| Statutory reserve | - | - | 1,080,212,876 | - | - | - | - | (1,080,212,876) | - | - |
| Balance as at 31 December 2022 | 14,965,853,280 | 3,853,767,032 | 11,148,169,834 | 355,218,455 | 1,337,245,165 | 78,920,074 | 328,402,259 | 29,086,051,630 | 19,875,982,881 | 81,029,610,610 |

For the year ended 31 December 2021

| Particulars | Paid up capital | Share premium | Statutory reserve | Dividend equalization fund | Revaluation reserve on Govt. securities | Fair value reserve | Foreign currency translation reserve | Retained earnings | Non-controlling interest | Total |
|--|-----------------------|----------------------|-----------------------|----------------------------|---|--------------------|--------------------------------------|-----------------------|--------------------------|-----------------------|
| Balance as at 01 January 2021 | 13,258,784,760 | 3,853,767,032 | 9,405,017,728 | 355,218,455 | 4,805,926,053 | 78,920,074 | (15,052,340) | 16,368,391,545 | 5,647,578,133 | 53,758,551,440 |
| Changes in accounting policy | - | - | - | - | - | - | - | - | - | - |
| Restated balance | 13,258,784,760 | 3,853,767,032 | 9,405,017,728 | 355,218,455 | 4,805,926,053 | 78,920,074 | (15,052,340) | 16,368,391,545 | 5,647,578,133 | 53,758,551,440 |
| Surplus/deficit on account of revaluation of assets | - | - | - | - | - | - | - | - | - | - |
| Surplus/deficit on account of revaluation of investments | - | - | - | - | (2,315,633,126) | - | - | - | - | (2,315,633,126) |
| Changes in foreign currency translation reserve | - | - | - | - | - | - | - | - | 771,145 | 32,455,867 |
| Remeasurements of defined benefits liability (assets) | - | - | - | - | - | - | 31,684,722 | (122,766,336) | 39,418,996 | (83,347,340) |
| Effect of issuance of preference share by bkash | - | - | - | - | - | - | - | 7,445,299,204 | 14,884,920,260 | 22,330,219,464 |
| Sub total | 13,258,784,760 | 3,853,767,032 | 9,405,017,728 | 355,218,455 | 2,490,292,927 | 78,920,074 | 16,632,382 | 23,690,924,413 | 20,572,688,534 | 73,722,246,305 |
| Net profit for the year | - | - | - | - | - | - | - | 5,464,672,680 | (812,072,386) | 4,652,600,294 |
| Dividend for the year 2020: | - | - | - | - | - | - | - | - | - | - |
| Stock dividend | 662,939,230 | - | - | - | - | - | - | (662,939,230) | - | - |
| Cash dividend | - | - | - | - | - | - | - | (1,325,878,476) | - | (1,325,878,476) |
| Dividend equalization fund | - | - | - | - | - | - | - | - | - | - |
| Adjustment for subsidiaries' holdings change | - | - | - | - | - | - | - | (100,877,625) | - | (100,877,625) |
| Start-up Fund | - | - | 662,939,230 | - | - | - | - | (662,939,230) | - | - |
| Statutory reserve | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31 December 2021 | 13,921,723,990 | 3,853,767,032 | 10,067,956,958 | 355,218,455 | 2,490,292,927 | 78,920,074 | 16,632,382 | 26,402,962,532 | 19,760,616,148 | 76,948,090,498 |

The notes 1 to 51.5 and annexures A to J form an integral part of these financial statements.



BRAC Bank Limited and its subsidiaries
Consolidated Cash Flow Statement
For the year ended 31 December 2022

| Particulars | Note | 2022 Taka | 2021 Taka |
|--|------|-------------------------|------------------------|
| A. Cash flows from operating activities | | | |
| Interest receipts in cash | | 37,022,269,415 | 30,510,937,817 |
| Interest payment | | (10,349,004,887) | (8,765,182,197) |
| Dividend receipts | | 294,041,064 | 225,198,769 |
| Fees and commission receipts in cash | | 44,272,349,310 | 36,148,193,743 |
| Recoveries on loans previously written off | | 809,572,845 | 707,517,594 |
| Cash payments to employees | | (11,662,291,298) | (9,942,261,926) |
| Cash payments to suppliers | | (34,548,789,786) | (29,490,800,154) |
| Income tax paid | | (10,350,920,142) | (7,109,584,330) |
| Receipts from other operating activities | 45 | 953,966,643 | 592,067,664 |
| Payment for other operating activities | 46 | (5,714,933,022) | (4,049,473,180) |
| Operating cash flow before changes in operating assets and liabilities (i) | | 10,726,260,142 | 8,826,613,800 |
| Increase/(decrease) in operating assets and liabilities | | | |
| Loans and advances | | (90,450,491,062) | (47,587,679,964) |
| Other assets | | (484,467,659) | (376,833,057) |
| Borrowings from other banks and financial institutions | | 33,877,162,172 | 10,667,650,315 |
| Proceeds from Issuance of affordable housing bond | | 4,751,000,000 | - |
| Deposits from customers | | 80,145,069,185 | 31,712,233,455 |
| Other liabilities | | (937,467,553) | 483,029,607 |
| Cash utilised in operating assets and liabilities (ii) | | 26,900,805,083 | (5,101,599,644) |
| Net cash flows from operating activities (i+ii) (a) | | 37,627,065,225 | 3,725,014,156 |
| B. Cash flows from investing activities | | | |
| Treasury bills | | 1,155,677,121 | 7,996,369,494 |
| Treasury bonds | | (48,629,090,534) | 14,187,750,778 |
| Investment in shares | | (615,054,764) | (863,128,507) |
| Sale/ (Investment) in bonds | | 410,000,000 | 642,282,917 |
| Acquisition of fixed assets | | (3,541,826,973) | (4,696,385,425) |
| Disposal of fixed assets | | 17,736,063 | 601,372,697 |
| Net cash used in investing activities (b) | | (51,202,559,087) | 17,868,261,954 |
| C. Cash flows from financing activities | | | |
| Proceeds from issue of convertible preference shares | | - | 22,330,724,613 |
| Proceeds from issue of ordinary shares | | 112,140,000 | - |
| Cash dividend paid | | (1,042,217,221) | (1,383,245,432) |
| Net cash flows from financing activities (c) | | (930,077,221) | 20,947,479,181 |
| Net increase/(decrease) in cash (a+b+c) | | (14,505,571,083) | 42,540,755,291 |
| Cash and cash equivalents at the beginning of the year | | 105,222,018,140 | 62,639,236,011 |
| Effect of exchange rate changes on cash and cash equivalent | | 934,394,370 | 42,026,838 |
| Cash and cash equivalents at the end of the year | 44 | 91,650,841,427 | 105,222,018,140 |
| Cash and cash equivalents at the end of the year: | | | |
| Cash in hand (including foreign currency) | | 11,918,067,777 | 9,207,161,626 |
| Balance with Bangladesh Bank and its agents bank(s) (including foreign currency) | | 19,953,525,473 | 14,252,262,804 |
| Balance with other banks and financial institutions | | 52,951,344,277 | 78,261,312,910 |
| Money at call on short notice | | 6,826,376,000 | 3,500,000,000 |
| Prize Bond | | 1,527,900 | 1,280,800 |
| | | 91,650,841,427 | 105,222,018,140 |
| Net operating cash flow per share (NOCFPS) | 50 | 25.14 | 2.49 |

The notes 1 to 51.5 and annexures A to J form an integral part of these financial statements.



BRAC Bank Limited and its subsidiaries
Consolidated Liquidity Statement
(Asset and Liability Maturity Analysis)
As at 31 December 2022

| Particulars | Amount in Taka | | | | | |
|--|-----------------------|------------------------|------------------------|-------------------------|-----------------------|------------------------|
| | 0 - 1 Month | 1 - 3 Months | 3 - 12 Months | 1 - 5 Years | Above 5 Years | Total |
| Assets | | | | | | |
| Cash in hand and Balance with Bangladesh Bank | 17,234,391,450 | - | - | - | 14,637,201,800 | 31,871,593,250 |
| Balance with other banks and financial institutions (including foreign currencies) | 13,157,601,136 | 24,335,099,107 | 15,458,644,034 | - | - | 52,951,344,277 |
| Money at call and short notice | 6,826,376,000 | - | - | - | - | 6,826,376,000 |
| Investments | 14,188,455,784 | 1,579,926,666 | 14,536,811,309 | 36,654,461,496 | 49,592,338,603 | 116,551,993,858 |
| Loans and advances | 37,177,621,706 | 67,860,734,336 | 163,827,804,476 | 122,600,813,738 | 20,617,776,328 | 412,084,750,584 |
| Fixed assets including premises, furniture and fixtures | - | - | - | 12,933,228,662 | 530,285,686 | 13,463,514,348 |
| Other assets | 8,413,433,120 | 90,964,829 | 4,923,386,161 | 2,242,017,867 | 5,134,040,700 | 20,803,842,677 |
| Non - banking assets | - | - | - | - | 11,341,700 | 11,341,700 |
| Goodwill | - | - | - | - | 1,372,563,393 | 1,372,563,393 |
| Total Assets | 96,997,879,196 | 93,866,724,938 | 198,746,645,980 | 174,430,521,763 | 91,895,548,210 | 655,937,320,087 |
| Liabilities | | | | | | |
| Borrowings from other banks, financial institutions & agents | 6,445,003,282 | 10,636,443,541 | 21,827,363,703 | - | - | 38,908,810,526 |
| Borrowings from central bank & government agencies | 5,631,493,289 | 8,114,768,696 | 12,381,754,222 | 16,010,838,538 | 45,647,064 | 42,184,501,809 |
| Affordable housing bond | - | - | - | 4,751,000,000 | - | 4,751,000,000 |
| Money at call and short notice | - | - | - | - | - | - |
| Deposits and other accounts | 52,368,187,322 | 79,412,454,837 | 123,443,464,044 | 160,143,112,128 | 31,691,597,998 | 447,058,816,329 |
| Other liabilities | 2,580,830,319 | 4,601,675,819 | 11,369,901,768 | 4,639,745,829 | 18,812,427,078 | 42,004,580,813 |
| Total Liabilities | 67,025,514,212 | 102,765,342,893 | 169,022,483,737 | 185,544,696,495 | 50,549,672,140 | 574,907,709,477 |
| Net Liquidity Gap | 29,972,364,984 | (8,898,617,955) | 29,724,162,243 | (11,114,174,732) | 41,345,876,070 | 81,029,610,610 |

The notes 1 to 51.5 and annexures A to J form an integral part of these financial statements.



BRAC Bank Limited
Balance Sheet
As at 31 December 2022

| Particulars | Note | 2022 Taka | 2021 Taka |
|--|-------------|------------------------|------------------------|
| PROPERTY AND ASSETS | | | |
| Cash | 4 | 31,776,214,097 | 22,676,943,467 |
| Cash in hand (Including foreign currency) | | 11,822,688,624 | 8,424,680,663 |
| Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency) | | 19,953,525,473 | 14,252,262,804 |
| Balance with other banks and financial institutions | 5 | 16,255,534,724 | 19,880,951,145 |
| Inside Bangladesh | | 11,127,982,840 | 12,261,365,946 |
| Outside Bangladesh | | 5,127,551,884 | 7,619,585,199 |
| Money at call on short notice | 6 | 6,826,376,000 | 3,500,000,000 |
| Investments | 7 | 64,287,682,264 | 51,590,814,842 |
| Government | | 56,637,669,673 | 44,051,798,178 |
| Others | | 7,650,012,591 | 7,539,016,664 |
| Loans and advances | 8 | 410,676,406,960 | 321,212,230,987 |
| Loans, cash credit, overdrafts etc. | | 221,303,533,974 | 168,205,415,381 |
| Small and medium enterprises | | 187,247,111,913 | 150,749,009,625 |
| Bills purchased & discounted | | 2,125,761,073 | 2,257,805,981 |
| Fixed assets including premises, furniture and fixtures | 9 | 7,779,346,693 | 7,454,867,399 |
| Other assets | 10 | 25,626,075,864 | 22,763,775,341 |
| Non-banking assets | 11 | 11,341,700 | 4,541,700 |
| Total property and assets | | 563,238,978,302 | 449,084,124,881 |
| LIABILITIES AND CAPITAL | | | |
| Liabilities | | | |
| Borrowings from other banks, financial institutions & agents | 13 | 38,685,377,271 | 24,134,564,025 |
| Borrowings from central bank & government agencies | 14 | 42,184,501,809 | 23,175,903,824 |
| Affordable housing bond | 15 | 4,751,000,000 | - |
| Money at call on short notice | | - | - |
| Deposits and other accounts | 16 | 384,466,775,242 | 314,590,914,520 |
| Current accounts & other accounts | | 123,148,401,399 | 109,462,945,554 |
| Bills payable | | 1,739,503,614 | 2,367,889,416 |
| Savings deposits | | 71,890,957,598 | 68,334,576,200 |
| Term deposits | | 185,088,946,361 | 133,172,621,149 |
| Other deposits | | 2,598,966,270 | 1,252,882,201 |
| Other liabilities | 17 | 34,760,769,207 | 32,763,271,381 |
| Total Liabilities | | 504,848,423,529 | 394,664,653,750 |
| Capital and shareholders' equity | | | |
| Paid up capital | 18.2 | 14,965,853,280 | 13,921,723,990 |
| Share premium | 18.7 | 3,853,767,032 | 3,853,767,032 |
| Statutory reserve | 19 | 11,112,086,248 | 10,067,956,958 |
| Dividend equalization fund | 20 | 355,218,455 | 355,218,455 |
| Revaluation reserve on govt. securities | 21 | 1,337,245,165 | 2,490,292,927 |
| Fair value gain/(loss) on equity investment | 22 | 7,643,913,224 | 7,384,920,564 |
| Foreign currency translation reserve | 23 | 323,536,914 | 15,729,653 |
| Surplus in profit and loss account/Retained earnings | 24 | 18,798,934,455 | 16,329,861,552 |
| Total shareholders' equity | | 58,390,554,773 | 54,419,471,131 |
| Total liabilities and shareholders' equity | | 563,238,978,302 | 449,084,124,881 |



BRAC Bank Limited
Balance Sheet
As at 31 December 2022


| Particulars | Note | 2022 Taka | 2021 Taka |
|---|-----------|------------------------|------------------------|
| Off balance sheet items | | | |
| Contingent liabilities | | | |
| Acceptances and endorsements | 25 | 83,028,540,659 | 50,478,536,940 |
| Irrevocable letters of credit | 25 | 27,451,963,219 | 26,598,203,443 |
| Letter of guarantees | 25.2 | 18,607,062,875 | 11,793,414,671 |
| Bills for collection | 25.3 | 21,612,714,770 | 16,438,866,245 |
| | | 150,700,281,523 | 105,309,021,299 |
| Other Commitments | | | |
| Swap deals with banks and customers | 25.4 | 13,070,011,143 | 10,726,189,903 |
| Spot and forward deals with banks and customers | 25.4 | 2,074,308,915 | 18,161,597,791 |
| | | 15,144,320,058 | 28,887,787,694 |
| Total off balance sheet items | | 165,844,601,581 | 134,196,808,993 |
| Net asset value (NAV) per share | 49 | 39.02 | 36.36 |

The notes 1 to 51.5 and annexures A to J form an integral part of these financial statements.


 Managing Director and CEO


 Director


 Director


 Chairman

As per our report of same date.

Dhaka, 11 April 2023
 DVC No: 2304100770AS807408


 Sabbir Ahmed FCA, Partner
 Enrolment No: 770
 Hoda Vasi Chowdhury & Co
 Chartered Accountants

BRAC Bank Limited
Profit and Loss Account
For the year ended 31 December 2022

| Particulars | Note | 2022 Taka | 2021 Taka |
|---|------|-----------------------|-----------------------|
| Interest income | 27 | 28,462,101,118 | 21,586,220,747 |
| Interest paid on deposits and borrowing etc. | 28 | 13,227,359,203 | 7,589,298,326 |
| Net interest income | | 15,234,741,915 | 13,996,922,421 |
| Investment income | 29 | 5,184,549,425 | 5,780,677,077 |
| Commission, exchange and brokerage | 30 | 5,884,319,986 | 3,440,196,921 |
| Other operating income | 31 | 267,298,708 | 146,093,679 |
| Total operating income (a) | | 26,570,910,034 | 23,363,890,098 |
| Salaries and allowances | | 8,151,587,989 | 6,625,995,876 |
| Rent, taxes, insurance, electricity etc. | 32 | 507,158,511 | 473,700,396 |
| Legal expenses | | 30,384,953 | 33,352,689 |
| Postage, stamps, telecommunication etc. | 33 | 308,505,338 | 222,631,352 |
| Stationery, printing, advertisement etc. | 34 | 396,662,334 | 221,634,405 |
| Chief Executive's salary and fees | 35 | 24,471,250 | 19,424,250 |
| Directors' fees | 36 | 2,552,000 | 2,437,600 |
| Auditors' fees | 37 | 1,840,000 | 1,840,000 |
| Depreciation and repair of the bank's assets | 39 | 2,304,559,343 | 2,191,026,040 |
| Other expenses | 40 | 3,713,939,396 | 2,627,953,670 |
| Total operating expenses (b) | | 15,441,661,114 | 12,419,996,278 |
| Profit before provisions (c = a-b) | | 11,129,248,920 | 10,943,893,820 |
| Provision for loans/Investments: | | | |
| Loans and advances | | 1,945,536,063 | 2,810,975,910 |
| Diminution in value of investments | | 20,539,430 | (74,000,000) |
| Off balance sheet items | | 204,740,420 | 251,500,000 |
| Other provisions | | 19,572,571 | 65,866,351 |
| Total provisions (d) | 42 | 2,190,388,484 | 3,054,342,261 |
| Total profit/(loss) before taxes (e = c-d) | | 8,938,860,436 | 7,889,551,559 |
| Provision for taxation: | | | |
| Current tax expense | | 3,765,699,754 | 3,467,399,481 |
| Deferred tax income | | (590,012,891) | (1,124,778,486) |
| Total provision for taxation (f) | 43 | 3,175,686,863 | 2,342,620,995 |
| Net profit after taxation (e-f) | | 5,763,173,573 | 5,546,930,564 |
| Retained earnings brought forward from previous year | | 16,329,861,552 | 13,680,255,527 |
| Net effect of all items directly recognised in equity-retained earnings | | (104,081,055) | (144,689,978) |
| Profit available for appropriation | | 21,988,954,070 | 19,082,496,113 |



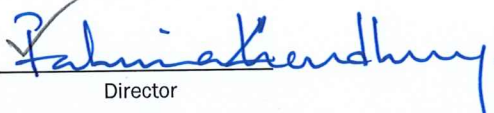
BRAC Bank Limited
Profit and Loss Account
For the year ended 31 December 2022

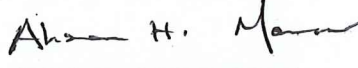
| Particulars | Note | 2022 Taka | 2021 Taka |
|---|-----------|-----------------------|-----------------------|
| Appropriations: | | | |
| Statutory reserve | | 1,044,129,290 | 662,939,230 |
| General reserve | | - | - |
| Dividend | | 2,088,258,589 | 1,988,817,706 |
| Start-up Fund | | 57,631,736 | 100,877,625 |
| | | 3,190,019,615 | 2,752,634,561 |
| Retained Surplus | | 18,798,934,455 | 16,329,861,552 |
| Earnings per share (EPS) [previous year's figure restated] | 48 | 3.85 | 3.71 |

The notes 1 to 51.5 and annexures A to J form an integral part of these financial statements.


 Managing Director and CEO



 Director


 Director


 Chairman

As per our report of same date.

Dhaka, 11 April 2023
 DVC No: 2304100770AS807408


 Sabbir Ahmed FCA, Partner
 Enrolment No: 770
 Hoda Vasi Chowdhury & Co
 Chartered Accountants

BRAC Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2022

| Particulars | Paid up capital | Share premium | Statutory reserve | Dividend equalization fund | Revaluation reserve on Govt. securities | Foreign currency translation reserve | Fair value gain/(loss) on equity investment* | Retained earnings | Amount in Taka |
|--|-----------------|---------------|-------------------|----------------------------|---|--------------------------------------|--|-------------------|-----------------|
| Balance as at 01 January 2022 | 13,921,723,990 | 3,853,767,032 | 10,067,956,958 | 355,218,455 | 2,490,292,927 | 15,729,653 | 7,384,920,564 | 16,329,861,552 | 54,419,471,131 |
| Surplus/deficit on account of revaluation of assets | - | - | - | - | - | - | - | - | - |
| Surplus/deficit on account of revaluation of investments | - | - | - | - | (1,153,047,762) | - | - | - | (1,153,047,762) |
| Changes in translation reserve | - | - | - | - | - | 307,807,261 | - | - | 307,807,261 |
| Changes in OCI reserve for investment in subsidiaries and associates | - | - | - | - | - | - | 258,992,660 | - | 258,992,660 |
| Actuarial gain/(loss) | - | - | - | - | - | - | - | (104,081,055) | (104,081,055) |
| Sub total | 13,921,723,990 | 3,853,767,032 | 10,067,956,958 | 355,218,455 | 1,337,245,165 | 323,536,914 | 7,643,913,224 | 16,225,780,497 | 53,729,142,235 |
| Net profit for the year | - | - | - | - | - | - | - | 5,763,173,573 | 5,763,173,573 |
| Dividends for the year 2021: | - | - | - | - | - | - | - | - | - |
| Stock dividend | 1,044,129,290 | - | - | - | - | - | - | (1,044,129,290) | - |
| Cash dividend | - | - | - | - | - | - | - | (1,044,129,299) | (1,044,129,299) |
| Start-up Fund | - | - | - | - | - | - | - | (57,631,736) | (57,631,736) |
| Statutory reserve | - | - | 1,044,129,290 | - | - | - | - | (1,044,129,290) | - |
| Balance as at 31 December 2022 | 14,965,853,280 | 3,853,767,032 | 11,112,086,248 | 355,218,455 | 1,337,245,165 | 323,536,914 | 7,643,913,224 | 18,798,934,455 | 58,390,554,773 |

For the year ended 31 December 2021

| Particulars | Paid up capital | Share premium | Statutory reserve | Dividend equalization fund | Revaluation reserve on Govt. securities | Foreign currency translation reserve | Fair value gain/(loss) on equity investment* | Retained earnings | Amount in Taka |
|--|-----------------|---------------|-------------------|----------------------------|---|--------------------------------------|--|-------------------|-----------------|
| Balance as at 01 January 2021 | 13,258,784,760 | 3,853,767,032 | 9,405,017,728 | 355,218,455 | 4,805,926,053 | (13,641,635) | 1,131,197,846 | 13,680,255,527 | 46,476,525,766 |
| Changes in accounting policy | - | - | - | - | - | - | - | - | - |
| Restated balance | 13,258,784,760 | 3,853,767,032 | 9,405,017,728 | 355,218,455 | 4,805,926,053 | (13,641,635) | 1,131,197,846 | 13,680,255,527 | 46,476,525,766 |
| Surplus/deficit on account of revaluation of assets | - | - | - | - | - | - | - | - | - |
| Surplus/deficit on account of revaluation of investments | - | - | - | - | (2,315,633,126) | - | - | - | (2,315,633,126) |
| Changes in translation reserve | - | - | - | - | - | 29,371,288 | - | - | 29,371,288 |
| Changes in OCI reserve for investment in subsidiaries and associates | - | - | - | - | - | - | 6,253,722,718 | - | 6,253,722,718 |
| Actuarial gain/(loss) | - | - | - | - | - | - | - | (144,689,978) | (144,689,978) |
| Sub total | 13,258,784,760 | 3,853,767,032 | 9,405,017,728 | 355,218,455 | 2,490,292,927 | 15,729,653 | 7,384,920,564 | 13,535,565,549 | 50,299,296,668 |
| Net profit for the year | - | - | - | - | - | - | - | 5,546,930,564 | 5,546,930,564 |
| Dividends for the year 2020: | - | - | - | - | - | - | - | - | - |
| Stock dividend | 662,939,230 | - | - | - | - | - | - | (662,939,230) | - |
| Cash dividend | - | - | - | - | - | - | - | (1,325,878,476) | (1,325,878,476) |
| Start-up Fund | - | - | - | - | - | - | - | (100,877,625) | (100,877,625) |
| Statutory reserve | - | - | 662,939,230 | - | - | - | - | (662,939,230) | - |
| Balance as at 31 December 2021 | 13,921,723,990 | 3,853,767,032 | 10,067,956,958 | 355,218,455 | 2,490,292,927 | 15,729,653 | 7,384,920,564 | 16,329,861,552 | 54,419,471,131 |

* Detail of fair value gain/(loss) on equity investments has been provided at Note-10 and Note-22.

The notes 1 to 51.5 and annexures A to J form an integral part of these financial statements.



BRAC Bank Limited
Cash Flow Statement
For the year ended 31 December 2022

| Particulars | Note | 2022 Taka | 2021 Taka |
|--|------|-------------------------|------------------------|
| A. Cash flows from operating activities | | | |
| Interest receipts in cash | | 31,508,895,124 | 27,105,416,678 |
| Interest payment | | (10,508,367,195) | (8,504,508,879) |
| Dividend receipts | | 232,498,460 | 174,618,013 |
| Fees and commission receipts in cash | | 5,884,319,987 | 3,440,196,921 |
| Recoveries on loans previously written off | | 809,572,845 | 707,517,594 |
| Cash payments to employees | | (8,135,922,799) | (6,597,572,669) |
| Cash payments to suppliers | | (680,215,058) | (480,845,623) |
| Income tax paid | | (4,642,899,233) | (2,557,956,724) |
| Receipts from other operating activities | 45 | 1,033,184,962 | 710,776,014 |
| Payment for other operating activities | 46 | (5,385,487,007) | (3,597,592,564) |
| Operating cash flow before changes in operating assets and liabilities (i) | | 10,115,580,086 | 10,400,048,761 |
| Increase/decrease in operating assets and liabilities | | | |
| Loans and advances | | (89,464,175,973) | (48,149,037,787) |
| Other assets | | (524,779,722) | (400,388,462) |
| Borrowings from other banks and financial institutions | | 33,559,411,231 | 11,942,273,035 |
| Proceeds from Issuance of affordable housing bond | | 4,751,000,000 | - |
| Deposits from customers | | 67,558,949,157 | 26,460,328,428 |
| Other liabilities | | (996,961,563) | 912,507,742 |
| Cash utilised in operating assets and liabilities (ii) | | 14,883,443,130 | (9,234,317,044) |
| Net cash flows from operating activities (i+ii) (a) | | 24,999,023,216 | 1,165,731,717 |
| B. Cash flows from investing activities | | | |
| Treasury bills | | (422,721,002) | 170,075,754 |
| Treasury bonds | | (13,316,198,255) | 15,284,380,330 |
| Sale/ (Investment) in shares | | (520,995,927) | (1,107,182,775) |
| Sale/ (Investment) in bonds | | 410,000,000 | 642,282,917 |
| Acquisition of fixed assets | | (2,118,856,350) | (2,955,859,632) |
| Disposal of fixed assets | | 17,653,002 | 601,254,376 |
| Net cash used in investing activities (b) | | (15,951,118,532) | 12,634,950,970 |
| C. Cash flows from financing activities | | | |
| Dividend paid | | (1,042,217,221) | (1,383,245,433) |
| Net cash flows from financing activities (c) | | (1,042,217,221) | (1,383,245,433) |
| Net increase/decrease in cash (a+b+c) | | 8,005,687,463 | 12,417,437,254 |
| Cash and cash equivalents at the beginning of year | | 46,059,175,412 | 33,603,286,202 |
| Effect of exchange rate changes on cash and cash equivalent | | 794,789,846 | 38,451,956 |
| Cash and cash equivalents at the end of the year | 44 | 54,859,652,721 | 46,059,175,412 |
| Cash and cash equivalents at the end of the year: | | | |
| Cash in hand (including foreign currency) | | 11,822,688,624 | 8,424,680,663 |
| Balance with Bangladesh Bank and its agents bank(s) (including foreign currency) | | 19,953,525,473 | 14,252,262,804 |
| Balance with other banks and financial institutions | | 16,255,534,724 | 19,880,951,145 |
| Money at call on short notice | | 6,826,376,000 | 3,500,000,000 |
| Prize Bond | | 1,527,900 | 1,280,800 |
| | | 54,859,652,721 | 46,059,175,412 |
| Net operating cash flow per share (NOCFPS) | 50 | 16.70 | 0.78 |

The notes 1 to 51.5 and annexures A to J form an integral part of these financial statements.

The reconciliation of net profit with cash flows from operating activities (standalone basis) has been presented at note - 47.



BRAC Bank Limited
Liquidity Statement
(Asset and Liability Maturity Analysis)
As at 31 December 2022

| Particulars | 0 - 1 Month | 1 - 3 Months | 3 - 12 Months | 1 - 5 Years | Above 5 Years | Total |
|--|-----------------------|-------------------------|------------------------|------------------------|-----------------------|------------------------|
| Assets | | | | | | |
| Cash in hand and balance with Bangladesh Bank | 17,139,012,298 | - | - | - | 14,637,201,799 | 31,776,214,097 |
| Balance with other banks and financial institutions (including foreign currencies) | 6,005,534,724 | 10,250,000,000 | - | - | - | 16,255,534,724 |
| Money at call and short notice | 6,826,376,000 | - | - | - | - | 6,826,376,000 |
| Investments | 12,702,469,598 | 1,579,926,666 | 13,033,778,937 | 28,024,952,278 | 8,946,554,785 | 64,287,682,264 |
| Loans and advances | 38,166,517,554 | 67,860,734,336 | 161,443,948,391 | 122,587,430,351 | 20,617,776,328 | 410,676,406,960 |
| Fixed assets including premises, furniture and fixtures | - | - | - | 7,249,061,007 | 530,285,686 | 7,779,346,693 |
| Other assets | 6,506,232,478 | 37,437,694 | 23,841,248 | 560,486,246 | 18,498,078,198 | 25,626,075,864 |
| Non-banking assets | - | - | - | - | 11,341,700 | 11,341,700 |
| Total Assets | 87,346,142,652 | 79,728,098,696 | 174,501,568,576 | 158,421,929,882 | 63,241,238,496 | 563,238,978,302 |
| Liabilities | | | | | | |
| Borrowings from other banks, financial institutions & agents | 7,446,298,531 | 10,536,294,000 | 20,702,784,740 | - | - | 38,685,377,271 |
| Borrowings from central bank & government agencies | 5,631,493,289 | 8,114,768,696 | 12,381,754,222 | 16,010,838,538 | 45,647,064 | 42,184,501,809 |
| Affordable housing bond | - | - | - | 4,751,000,000 | - | 4,751,000,000 |
| Money at call and short notice | - | - | - | - | - | - |
| Deposits and other accounts | 46,706,467,499 | 72,043,815,311 | 121,288,961,984 | 141,455,809,394 | 2,971,721,054 | 384,466,775,242 |
| Other liabilities | 2,034,289,634 | 3,584,707,271 | 4,836,188,826 | 4,144,359,024 | 20,161,224,452 | 34,760,769,207 |
| Total Liabilities | 61,818,548,953 | 94,279,585,278 | 159,209,689,772 | 166,362,006,956 | 23,178,592,570 | 504,848,423,529 |
| Net Liquidity Gap | 25,527,593,699 | (14,551,486,582) | 15,291,878,804 | (7,940,077,074) | 40,062,645,926 | 58,390,554,773 |

The notes 1 to 5.1.5 and annexures A to J form an integral part of these financial statements.



1 THE BANK AND ITS ACTIVITIES**1.1 BRAC Bank Limited**

BRAC Bank Limited (the "Bank" or "BRAC Bank") is a scheduled commercial bank established under the Bank Company Act, 1991, and incorporated as a public company, limited by shares, on 20 May 1999 under the Companies Act, 1994, in Bangladesh, vide RJSC registration no. C-37782(2082)/99. The primary objective of the bank is to conduct all kinds of banking businesses. On completion of all legal formalities, the bank commenced its operations on 4th July 2001. At present, the bank has 187 banking branches (2021: 187 branches), 11 sub-branches, 198 Area offices (2021: 198 Area offices), 456 SME unit offices (2021: 456 SME unit offices), 1,000 agent banking outlets (2021: 785 agent outlets), 324 ATMs (2021: 373 ATMs) and 39 RCDMs and spread across the country. The registered address of the bank is: Anik Tower, 220/B Tejgaon Gulshan Link Road, Tejgaon, Dhaka-1208. BRAC Bank was listed on the Dhaka Stock Exchange and Chittagong Stock Exchange as a publicly traded company on 28 January 2007 and on 24 January 2007 respectively. The Bank has four subsidiaries and one associate companies in related operations. A brief description of the subsidiaries and associates of the Bank has been provided in Note 1.6.

1.2 Principal activities and nature of operations

The principal activities of the Bank are banking and related activities including accepting customer deposits, lending to retail, small and medium enterprise (SME) and corporate customers, trade financing, lease financing, project financing, issuing letter of credit (LCs), inter bank borrowing and lending, dealing in government securities, equity shares etc. There have been no significant changes in the nature of operations of the Bank during the financial year under review.

As a fully operational commercial bank, BRAC Bank Limited focuses on pursuing unexplored market niches in the SME business, which hitherto has remained largely untapped within the country. Significant percentage of BRAC Bank's clients had no prior experience with formal banking. With the view to reaching clients, the Bank has established a wide network of branches, zonal offices, SME unit offices and agent banking outlets offering services in the heart of rural and urban communities.

As a founder member of GABV and being the trailblazer of values-based banking in Bangladesh, Bank always strives to contribute towards achieving the Sustainable Development Goals (SDGs), where financing for SMEs to generate employment in an environmentally-friendly manner remains as our top priority. The Bank also serving as intermediary for Triple Bottom Line (TBL) by supporting individual or enterprises delivering impact in at least one of the following categories: social empowerment (people), environmental regeneration (planet), and/or economic resiliency (prosperity).

1.3 Off-shore banking unit (OBU)

The Bank commenced its off-shore banking operation on obtaining permission from Bangladesh Bank in 2010. The Off-shore Banking Unit (OBU) is governed by the rules and guidelines of Bangladesh Bank. The consolidated and separate financial statements of the bank included the operations of OBU. In addition, a separate financial statements of OBU has been presented in **Annexure-H**. In addition, the principal activities of OBU are to provide all kinds of commercial banking services to its customers in Bangladesh in foreign currency.

1.4 Custodian Service

The Bank obtained permission to work as a security custodian from Bangladesh Securities and Exchange Commission vide its certificate no. SC-10/2009 dated 12 November 2009 under the Securities and Exchange Commission (Securities Custodian Service) Rules 2003. Financial performance of Security Custodial Services have been separately reported in **Annexure-I** along with Bank's audited financial statements in compliance with the requirement u/s 10(2) of Security Custodial Services Rules 2003. The due certificate from external auditors has been obtained on internal control and financial statements of security custodial operations of the Bank and annexed with the financial statements.

1.5 Agent banking

BRAC Bank obtained permission from Bangladesh Bank on 11 March 2018, vide reference no. BRPD(P-3)745/(50)2018-1806, to commence agent banking outlets and subsequently started commercial operations on 11 September 2018. Till 31 December 2022, the bank has already opened 1,000 agent banking outlets in 64 districts across the country. Services that are currently being dispensed include account opening (current, savings & term deposit), cash deposit and withdrawal, instant fund transfer within BRAC Bank and outside BRAC Bank accounts through BEFTN, SME loan disbursement & repayment collection, foreign remittance disbursement, corporate bill/distributor fee collection, retail loan and credit card lead generation, credit card bill collection, insurance premium collection, utility bill collection, cheque book & debit card request process & delivery, internet and SMS banking and balance inquiry etc.

1.6 Subsidiaries and associates of BRAC Bank Limited

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee. Financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor (IAS-28: *Investments in Associates and joint venture*). Significant influence is the power to participate in the financial and operating policy decisions of the investee, but there is no control over those policies. Investment in associates is accounted for in the consolidated financial statements under the 'equity method'. Under this method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognise the investor's share of profits or losses of the investee after the date of acquisition. The investor's share of the investee's profits or losses is recognised in the investor's profit and loss account. Distributions received from an investee reduce the carrying amount of the investment.



BRAC Bank Limited**Notes to the financial statements as at and for the year ended 31 December 2022**

If the holding in subsidiary disposed-off in such a way that the status of the holding now comes to 'Associate' then the fair value of the holding retained in the said entity at the date of such disposal has been considered as opening balance of investment in associate in consolidated financial statements and related gains and losses have been recognised directly in consolidated equity. Any share of profits and losses after such change/disposal have been recognised in consolidated profit and loss as per equity method.

Summary of shareholding in subsidiaries and associates

BRAC Bank's shareholding position in its four subsidiaries and one associate is summarized below:

| Name of subsidiaries and associates | Face value per share | Nature of business | Total no. of ordinary shares | | No. of ordinary shares held by BBL | | BBL's percentage of shareholding | |
|-------------------------------------|----------------------|---------------------------------|------------------------------|-------------|------------------------------------|-------------|----------------------------------|--------|
| | | | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| BRAC EPL Investments Ltd. | BDT 10 | Merchant banking | 258,500,000 | 258,500,000 | 258,358,734 | 258,358,734 | 99.95% | 99.95% |
| BRAC EPL Stock Brokerage Ltd. | BDT 100 | Stock brokerage | 8,411,446 | 8,411,446 | 7,570,249 | 7,570,249 | 90.00% | 90.00% |
| bKash Ltd. | BDT 100 | Mobile financial services (MFS) | 381,949 | 381,949 | 194,800 | 194,800 | 51.00% | 51.00% |
| BRAC SAAJAN Exchange Ltd. | GBP 1 | Remittance & exchange services | 1,333,333 | 333,333 | 1,250,000 | 250,000 | 93.75% | 75.00% |
| BRAC IT Services Ltd. | BDT 1,000 | IT services | 233,729 | 233,729 | 23,372 | 30,190 | 9.9996% | 12.92% |

1.6.1 BRAC EPL Investments Limited (subsidiary)

BRAC Bank acquired 51% shares of Equity Partners Limited on 31 July 2009. This entity was incorporated in Bangladesh on 19 April 2000 as a private limited company, under the Companies Act, 1994, and was subsequently renamed as "BRAC EPL Investments Limited". BRAC Bank acquired an additional 25% shares in the entity in 2011 and an additional 18.57% in 2016. During 2017, the bank acquired a further 5.275% in the entity. During 2019, the bank acquired another 0.10%, thus taking the total shareholding to 99.945% at the end of the year 2019.

BRAC EPL Investments was established to cater to the needs of the fast growing capital markets of Bangladesh. It works as a merchant bank with a full-fledged merchant banking license from Bangladesh Securities and Exchange Commission (BSEC). The company's service portfolio comprises lead managing initial public offerings, domestic and international placements, portfolio management and project development and consultancy.

1.6.2 BRAC EPL Stock Brokerage Limited (subsidiary)

BRAC Bank Limited acquired 51% shares of Equity Partners Securities Limited on 31 July 2009. Equity Partners Securities Limited was incorporated in Bangladesh on 16 May 2000 as a private limited company under the Companies Act, 1994. Subsequently, the management decided to rename Equity Partners Securities Limited as BRAC EPL Stock Brokerage Limited. In the year 2011, the bank acquired an additional 39% shares of EPL Stock Brokerage Limited. As a result, the bank's controlling interest has risen to 90% of EPL Stock Brokerage Limited.

BRAC EPL Stock Brokerage Limited was established to cater to the needs of the brokerage business in Bangladesh. It has corporate membership of both Dhaka Stock Exchange and Chittagong Stock Exchange.

1.6.3 bKash Limited (subsidiary)

BRAC Bank Limited formed bKash Limited, a private company limited by shares incorporated on 1 March 2010 under the Companies Act, 1994. bKash Limited was established to introduce mobile financial services in Bangladesh. The bank has obtained a license from Bangladesh Bank for bKash Limited to render mobile financial services (MFS). BRAC Bank currently holds 51% equity shares in the company.

With the consent of all existing shareholders, in 2014 Bill & Melinda Gates Foundation (B&M), in 2018 Alipay Singapore E-Commerce Private Limited ("Alipay") and in 2021 SoftBank further invested in bKash Limited in the form of convertible preference shares. As on 31 December 2021, out of the total 163,104 convertible preference shares, B&M holds 22,525 shares, Alipay holds 55,433 shares and SoftBank holds 85,146 shares. Preference shareholders do not have any voting rights but has same rights as equity shareholders with respect to economic interest in the company. These preference shares are convertible at a 1:1 basis to ordinary shares subject to consent as per shareholders' agreement. Consolidated financial statements have been prepared using 35.74% instead of 51% considering the potential dilution, or otherwise according to economic interest on bKash.

1.6.4 BRAC SAAJAN Exchange Limited (subsidiary)

At the inception, BRAC Bank Limited acquired 75%+1 shares of "SAAJAN Worldwide Money Transfer Limited" (SWMTL) in the UK. Bangladesh Bank provided necessary approvals of GBP 500,000 to acquire SWMTL and setting up two new branches in Luton and Bradford, UK. As per permission of Bangladesh Bank, SWMTL has been renamed as "BRAC SAAJAN Exchange Ltd" (BSEL). BRAC SAAJAN Exchange Limited was established to offer remittance and exchange services in the UK.

Notable that the operation of BRAC SAAJAN Exchange Limited was suspended in 2021 on regulatory ground by the local regulator in UK. Management lodged an appeal against the suspension before the Court in UK. After long hearing, the honorable Court released a verdict in 2022 in favour of BRAC Saajan and nodded the company to resume its operations. Accordingly, the company has resumed its operations in December 2022.



BRAC Bank Limited**Notes to the financial statements as at and for the year ended 31 December 2022**

Considering the minimum capital requirement as per Financial Conduct Authority (FCA), UK and to resume its full-fledged operations, the company (BRAC Saaan) converted the outstanding OD Loan facilities of BRAC Bank as additional share capital of GBP 1,000,000 (equivalent to BDT 112,140,000) with due approval from the regulators. Currently, BRAC Bank Limited holds 93.75% shares (1,250,000 no. of shares out of the total 1,333,333 shares) of BRAC SAAJAN Exchange Ltd (BSEL).

1.6.5 BRAC IT Services Limited (biTS) (associate)

BRAC IT Services Ltd. (biTS) was initially founded as Documenta™ Ltd, a digital archiving firm, in 1999. BRAC IT Services Ltd. was then formed in April 2013 through the merger of Documenta™ Ltd and the IT Division of BRAC Bank. BRAC Bank acquired 51% shares of BRAC IT Services Limited, a private company limited by shares under the Companies Act, 1994, incorporated on 9 April 2013. It currently operates as an IT services company. In the year 2017, BRAC Bank reduced its holding in BRAC IT Services Limited from 51% to 48.67% by selling 1,034 shares to BRAC. However, due to additional investment by BRAC, the holding percentage of BRAC Bank further reduced to 12.92% at the end of the year 2020.

In 2022, BRAC Bank further disposed off 6,818 no. of shares (2.92% shareholding) to BRAC upon approval from Bangladesh Bank and the bank's shareholding in biTS reduced to 9.9996%. Considering the significant management involvement, the company is still considered as an associate of the Bank as per international accounting standards (IASs)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**2.1 Preparation of consolidated and separate financial statements**

Preparation of separate financial statements of the bank for the year ended 31 December 2022 comprise the operation of the Domestic Banking Unit (DBU) (main operations), as well as operations of the Off-shore Banking Unit (OBU), together referred to as 'the Bank'.

Consolidated financial statements include separate financial statements of the BRAC Bank Limited and financial statements of all subsidiaries, as those of a single economic entity and together referred to as 'the Group'. There were no significant changes in the operations of the bank/group entities.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) 10: Consolidated Financial Statements. The consolidated financial statements are prepared to a common reporting year ended 31 December 2022. Intra-company transactions, balances and intra-group gains on transactions between group companies are eliminated on consolidation.

2.2 Statement of compliance with applicable laws, regulations and standards

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) was formed in 2017 and has adopted International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as the applicable Financial Reporting Standards for public interest entities such as banks with effect from 2 November 2020.

The consolidated and separate financial statements of the Group and the bank have been prepared in accordance with the IFRS adopted by FRC and in addition to this, the bank also complied with the requirements of the following laws and regulations from various government bodies:

- i) The Bank Company Act, 1991, and amendment thereon;
- ii) The Companies Act, 1994;
- iii) Circulars, Rules and Regulations issued by Bangladesh Bank (BB) time to time;
- iv) Bangladesh Securities and Exchange Rules, 2020; Bangladesh Securities and Exchange Ordinance, 1969; Bangladesh Securities and Exchange Act, 1993 and Bangladesh Securities and Exchange Commission (Public Issue) Rules 2015 and amendments thereon;
- v) The Income Tax Ordinance, 1984, and amendments thereon;
- vi) The Value Added Tax Act, 2012, The Value Added Tax Rules, 2016 and amendments thereon;
- vii) Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations; and
- viii) Financial Reporting Act, 2015.

The Central Bank of Bangladesh ('Bangladesh Bank'), as primary regulator of the banking industry, has issued a number of circulars/directives which are not consistent with the requirements specified in IASs/IFRSs. In case any requirement of the Bank Company Act, 1991, and provisions and circulars issued by Bangladesh Bank (BB) differ with those of IFRSs, the requirements of the Bank Company Act, 1991, and provisions and circulars issued by BB shall prevail.

Bank has departed from certain contradictory requirements of IFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

| i) Investment in equity instruments except investment in subsidiaries and associates | | |
|---|---|--|
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | As per requirements of IFRS 9: Classification and measurement of investment in equity instruments depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors, it would generally fall either under 'at fair value through profit and loss account' or under 'at fair value through other comprehensive income' where any change in the fair value (measured in accordance with IFRS 13) at the year-end is taken to the profit and loss account or other comprehensive income, respectively. | As per Banking Regulation and Policy Department (BRPD) circular no. 14, dated 25 June 2003, investments in quoted shares and unquoted shares are revalued at the year-end at market price and as per the book value of the last audited balance sheet, respectively. Provisions should be made for any loss arising from diminution in value of investments; otherwise investments are recognised at cost. |



| ii) Subsequent measurement of Government securities | | |
|---|---|--|
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | Government securities refer primarily to various debt instruments which include both bonds and bills. As per requirements of IFRS 9: Financial Instruments, these investments can be categorised as "Amortised Cost (AC)", or "Fair Value Through Profit or Loss (FVTPL)", or "Fair Value through Other Comprehensive Income (FVOCI)". Investments designated as Amortised Cost are measured at amortised cost method, and interest income is recognised through profit and loss account. Any changes in fair value of investments designated as FVTPL is recognised in the profit and loss account. Any changes in fair value of investments designated as FVOCI is recognised in other reserves, as a part of equity. | As per DOS Circular no. 05, dated 26 May 2008, and subsequent clarification in DOS Circular no. 05, dated 28 January 2009, Government securities/bills are classified into Held for Trading (HFT) and Held to Maturity (HTM). HFT securities are revalued on the basis of mark-to-market and at year-end, any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity. Any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities, including amortisation of discount, are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at year-end, and gains or losses on amortization are recognised in other reserves as part of equity. |
| iii) Provision on loans and advances | | |
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | As per IFRS 9: Financial Instruments, an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses, if the credit risk on these loans and advances has increased significantly since initial recognition, whether assessed on an individual or collective basis, considering all reasonable information (including that which is forward-looking). For those loans and advances for which credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12-month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after the reporting date. | As per BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 19 dated 27 December 2012, BRPD circular no. 05 dated 29 May 2013, BRPD circular no. 16 dated 18 November 2014, BRPD circular No. 12 dated 20 August 2017, BRPD circular No. 15 dated 27 September 2017, BRPD circular no. 1 dated 20 February 2018, BRPD Circular no. 07 dated 21 June 2018, BRPD Circular no 13 dated 18 October 2018, BRPD circular no. 3 dated 21 April 2019, BRPD circular no. 16 Dated 21 July 2020, BRPD circular no. 52 Dated 20 October 2020, BRPD circular no. 19 dated 26 August 2021, BRPD circular no. 51 dated 29 December 2021, BRPD circular no. 52 dated 29 December 2021, BRPD circular no. 03 dated 20 January 2022, BRPD circular no. 09 dated 7 April 2022, BRPD circular no. 07 dated 27 April 2022, BRPD circular no. 14 dated 22 June 2022, BRPD circular no. 51 dated 18 December 2022, the general provision at 0.25% to 2% under different categories of unclassified loans (good/standard and SMA loans) has to be maintained regardless of objective evidence of impairment. Also, provision for different categories of classified loans (sub-standard, doubtful and bad and loss loans) has to be provided at 20%, 50% and 100%, respectively, for loans and advances depending on time past due. Furthermore, as per BRPD circular no. 14 dated 23 September 2012 and BRPD circular no. 07 dated 21 June 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by multilateral development bank (MDB)/international bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks, in line with Basel-III). As per BRPD circular no. 16 dated 21 July 2020, provision @ 5%, 20% on SMEF financing on SS and DF except medium enterprise has to be maintained. Such provision policies are not specifically in line with those prescribed by IFRS 9. Such provision policies are not specifically in line with those prescribed by IFRS 9. |
| iv) Other comprehensive income | | |
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | As per IAS 1 Presentation of Financial Statements, other comprehensive income is a component of financial statements or the elements of other comprehensive income are to be included in single comprehensive income statements. | Bangladesh Bank has issued templates for financial statements which is followed by all banks. The templates of financial statements issued by Bangladesh Bank neither include Other Comprehensive Income nor the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) statement. As such, the bank does not prepare Other Comprehensive Income statement. However, elements of OCI, if any, are shown in the Statement of Changes in Equity. |

| | | |
|---|---|---|
| v) Financial instruments – presentation and disclosure | | |
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | some disclosure and presentation requirements of IFRS 7 Financial Instruments: Disclosures and IAS 32 Financial Instruments: Presentation cannot be made in the financial statements. | In several cases, Bangladesh Bank guideline categorize, recognise, measure and present financial instruments differently from those prescribed in IFRS 9: Financial Instruments. |
| vi) Repo and reverse repo transactions | | |
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | As per IFRS 9, when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan, and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo). | As per DOS Circular letter no. 6, dated 15 July 2010, and subsequent clarification in DOS Circular no. 03, dated 30 January 2012 and DOS circular no. 2, dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction, and the financial assets are de-recognised in the seller's book and recognised in the buyer's book. However, as per DMD circular letter no. 7, dated 29 July 2012, non-primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralised repo arrangements with Bangladesh Bank. Here, the selling bank accounts for the arrangement as a loan, thereby continuing to recognise the asset. |
| vii) Financial guarantees | | |
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | As per IFRS 9: Financial Instruments, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due, in accordance with the term of debt instruments. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount, and the loss allowance determined as expected credit loss under IFRS 9. Financial guarantees are prescribed to be included within other liabilities. | As per BRPD circular no. 14, dated 25 June 2003, financial guarantees, such as Letter of Credit and Letter of Guarantee should be treated as off balance sheet items. No liability is recognised for the guarantee, except the cash margin. |
| viii) Cash and cash equivalents | | |
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | Cash and cash equivalent items should be reported as cash item as per IAS 7: Statement of Cash Flows. | Some cash and cash equivalent items, such as money at call and on short notice, treasury bills, Bangladesh Bank bills and prize bonds are not shown as cash and cash equivalents. Money at call and on short notice is shown separately in the balance sheet. Treasury bills, Bangladesh Bank bills and prize bonds are shown under investment in the balance sheet. However, in the cash flow statement, money at call and short notice and prize bonds are shown as cash and cash equivalents beside cash-in-hand, balance with Bangladesh Bank and other banks. |
| ix) Non-banking assets | | |
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | There is no particular/specific guideline about non-banking assets in IFRS. | As per BRPD circular no. 22, dated 20 September 2021, there is a separate balance sheet item titled as non-banking asset that exists in the standard format. |
| x) Cash flow statement | | |
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | As per IAS 7: Statement of Cash Flows, cash flow statement can be prepared either in direct method or indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently. | As per BRPD circular no. 14, dated 25 June 2003, the cash flow statement is a mix of both the direct and indirect methods. |
| xi) Balance with Bangladesh Bank | | |
| | Balance with Bangladesh Bank should be treated as other asset, as it is not available for use in day to day operations, as per IAS 7: Statement of Cash Flows. | Balance with Bangladesh Bank is treated as cash and cash equivalents. |



| | | |
|--|--|--|
| xii) Presentation of intangible asset | | |
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | Intangible assets must be identified and recognised, and the disclosure must be given as per IAS 38: Intangible Assets. | Intangible assets are shown in fixed assets, including premises and furniture and fixtures, as there is no specific regulation for intangible assets in BRPD circular no. 14, dated 25 June 2003. |
| xiii) Off balance sheet items | | |
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | As per IFRS, there is no requirement for disclosure of off balance sheet items on the face of the balance sheet. | As per BRPD circular no. 14, dated 25 June 2003, off balance sheet items, e.g. Letter of Credit, Letter of Guarantee and Acceptance must be disclosed separately on the face of the balance sheet. |
| xiv) Disclosure of appropriation of profit | | |
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | There is no requirement to show appropriation of profit on the face of statement of comprehensive income. | As per BRPD circular no. 14, dated 25 June 2003, appropriation of profit should be disclosed on the face of profit and loss account. |
| xv) Loans and advances/investments net of provision | | |
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | As per IFRS 9, loans and advances/investments should be presented net of provision. | As per BRPD circular no. 14, dated 25 June 2003, provision on loans and advances/investments are presented separately as liability and cannot be netted-off against loans and advances. |
| xvi) Recognition of interest in suspense | | |
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | Loans and advances to customers are generally classified at amortised cost as per IFRS 9, and interest income is recognised in the profit and loss account by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently becomes credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances. | As per BRPD circular no. 14, dated 23 September 2012, once a loan is classified as Sub-standard, Doubtful BL (special reason), interest accrued on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account which is presented as other liability in the balance sheet. |
| xvii) Provision on undrawn loan commitments | | |
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | As per IFRS 9, the bank shall recognise credit losses on undrawn loan commitments, such as Letter of Credit (L/C), Letter of Guarantee (L/G), etc., as the present value of the difference between the contractual cash flow that are due by the customer if the commitment is drawn down and the cash flows that the bank expects to receive. | As per BRPD Circular no. 07, dated 21 June 2018, and BRPD Circular no. 14, dated 23 September 2012, the bank is required to maintain a provision at 1% rate against off balance sheet exposures (which includes all types of undrawn loan commitments). |
| xviii) Name of the financial statements | | |
| | Treatment as per IFRS | Treatment adopted as per BB circulars and guidelines |
| | As per IAS 1, complete set of financial statements consists statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes, comprising significant accounting policies and other explanatory information. | The forms of financial statements and directives for preparation thereof of the bank companies in Bangladesh are guided by BRPD Circular no. 14, dated 25 June 2003 and subsequent amendments thereof from time to time. BRPD circular no. 14 states the statement of financial position as balance sheet and statement of profit or loss and other comprehensive income as profit and loss account. |

2.2.2 Summary statement of compliance with IFRSs

| Ref. | Name of the standards | Status |
|---------|--|----------------|
| IFRS-1 | First-Time Adoption of International Financial Reporting Standards | Not applicable |
| IFRS-2 | Share-based Payment | Not applicable |
| IFRS-3 | Business Combinations | Complied |
| IFRS-4 | Insurance Contracts | Not applicable |
| IFRS-5 | Non-current assets Held for Sale and Discounted Operations | Not applicable |
| IFRS-6 | Exploration for and Evaluation of Mineral Resources | Not applicable |
| IFRS-7 | Financial Instruments: Disclosures | Complied * |
| IFRS-8 | Operating Segments | Complied * |
| IFRS-9 | Financial Instruments | Complied * |
| IFRS-10 | Consolidated Financial Statements | Complied |
| IFRS-11 | Joint Arrangements | Not applicable |
| IFRS-12 | Disclosure of Interests in Other Entities | Complied |
| IFRS-13 | Fair Value Measurement | Complied |

BRAC Bank Limited
Notes to the financial statements as at and for the year ended 31 December 2022

| | | |
|---------|--|----------------|
| IFRS-14 | Regulatory Deferral Accounts | Not applicable |
| IFRS-15 | Revenue from Contracts with Customers | Complied |
| IFRS-16 | Leases | Complied |
| IAS-1 | Presentation of Financial Statements | Complied * |
| IAS-2 | Inventories | Not applicable |
| IAS-7 | Statement of Cash Flows | Complied * |
| IAS-8 | Accounting Policies, Changes in Accounting Estimates and Errors | Complied |
| IAS-10 | Events after the Reporting Period | Complied |
| IAS-12 | Income taxes | Complied |
| IAS-16 | Property, Plant and Equipment | Complied |
| IAS-19 | Employee Benefits | Complied |
| IAS-20 | Accounting for Government Grants and Disclosure of Government Assistance | Complied |
| IAS-21 | The Effect of Changes in Foreign Exchange Rates. | Complied |
| IAS-23 | Borrowing Cost | Complied |
| IAS-24 | Related Party Disclosures | Complied |
| IAS-26 | Accounting and Reporting by Retirement Benefit Plans | Not applicable |
| IAS-27 | Separate Financial Statements | Complied |
| IAS-28 | Investment in Associates and Joint Venture | Complied |
| IAS-29 | Financial Reporting in Hyperinflationary Economies | Not applicable |
| IAS-32 | Financial Instruments: Presentation | Complied * |
| IAS-33 | Earnings Per Share | Complied |
| IAS-34 | Interim Financial Reporting | Complied |
| IAS-36 | Impairment of Assets | Complied |
| IAS-37 | Provisions, Contingent Liabilities and Contingent Assets | Complied |
| IAS-38 | Intangible Assets | Complied * |
| IAS-40 | Investment Property | Not applicable |
| IAS-41 | Agriculture | Not applicable |

* Complied to the extent possible subject to compliance to Bangladesh Bank guidelines in this respect.

** Complied in the preparation of interim financial reports of the Bank.

2.2.3 Standards issued but not yet effective

A number of new standards and amendments to standards are issued but not yet effective for annual periods beginning after 01 January 2022 and earlier application is permitted. However, the Bank has not adopted early the following new or amended standards in preparing these financial statements.

- A) Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
- B) Other standards: The following new and amended standards are not expected to have a significant impact on the bank's standalone and consolidated financial statements:
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
 - IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
 - Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
 - Definition of Accounting Estimates (Amendments to IAS 8)
 - Lease liability in sale and leaseback (Amendments to IFRS 16)

2.3 Going concern

The accompanying financial statements have been prepared on a going concern assumption that the Bank will continue in operation over the foreseeable future. The Bank has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the bank continued to demonstrate a healthy trend for a couple of years. The rating outlook of the bank, as reported by all the rating agencies is 'Stable'.

The management do not see any issue with respect to going concern due to recent pandemic COVID-19. Besides, the management is not aware of any other material uncertainties that may cast significant doubt upon the bank's ability to continue as a going concern.

2.4 Materiality and aggregation

Each material item considered by the management as significant has been displayed separately in the financial statements. No amount has been set off, unless the Bank has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

2.5 Comparative information

Accounting policies have been consistently applied by the Bank and are consistent with those used in the previous year. Comparative information is rearranged wherever necessary to conform with the current presentation.



2.6 Functional and presentation currency

The financial statements are presented in Bangladeshi Taka (BDT), which is the bank's functional currency. The functional currency of the Bank's Off-shore Banking Unit (OBU) and one of the Bank's subsidiaries, namely BRAC SAAJAN Exchange Limited, is in United States Dollar (USD) and Great Britain Pound (GBP), respectively. Financial statements of the above-mentioned unit and subsidiary have been translated into the presentation currency, i.e. Bangladeshi Taka (BDT), following the guidelines of IAS 21: *The Effect of Changes in Foreign Exchange Rates*. The functional and presentation currency of other subsidiaries and associates is in Bangladeshi Taka (BDT). Except as indicated, figures have been rounded-off to the nearest Taka.

2.7 Reporting period

These financial statements cover one calendar year - from 01 January to 31 December 2022.

2.8 Basis of measurement of elements of financial statements

The financial statements of the Bank have been prepared on historical cost basis except for the following:

- Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' at present value using marked to market with gains, if any, credited to revaluation reserve.
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' at present value using amortization concept.

2.9 Use of estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. It also requires disclosures of contingent assets and liabilities at the date of the financial statements. Provisions and accrued expenses are recognized in the financial statement in line with the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the year in which the estimates are revised and in any future periods affected. Significant areas where management requiring the use of estimate and judgment:

- a) Provision for loans and advances, investments and leases for future impairment
- b) Useful life of fixed assets and Right of use of assets (RoU) as per IFRS 16
- c) Remeasurement gain/(loss) of defined benefit obligation and plan assets
- d) Deferred Tax assets/liabilities
- e) Provision for gratuity fund
- f) Right of use of assets (RoU) as per IFRS 16
- g) Lease liabilities
- h) Impairment testing of goodwill
- i) Provision for taxation
- j) Fair value determination of unquoted investments/shares

2.10 Foreign currency transactions**Mark-to-market valuation of foreign currency transaction**

The treasury back-office values all outstanding positions (Spot and Forward including on and off balance sheet items) at the current market rate to determine the current market value of these positions. This exercise also provides the profitability of the outstanding contracts. The treasury back office gathers the market rates from an independent source i.e. other than traders (Reuters/Bloomberg, BAFEDA, calling other bank back offices) of the same organization which is required to avoid any conflict of interest. Revaluation is done daily and the profit and loss impact is adjusted accordingly.

Translation of foreign currency operations

The results of financial statements of any foreign operation (including subsidiaries, off-shore banking unit, etc.) whose functional currency is not Bangladeshi Taka are translated into Bangladeshi Taka as follows:

- a. assets and liabilities for each statement of balance sheet have been translated at the closing rate on the date of the balance sheet.
- b. income and expenses for the profit and loss account have been translated at average rate.

Foreign currency differences are recognised in OCI and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to NCI.

Exchange rates

The assets and liabilities as at 31 December 2022 in foreign currencies have been converted to BDT at the following rates:

| <u>Name of Currencies</u> | <u>2022</u> | <u>2021</u> |
|---------------------------|-------------|-------------|
| USD 1= BDT | 103.30 | 85.80 |
| SGD 1= BDT | 76.60 | 63.41 |
| GBP 1= BDT | 124.43 | 115.70 |
| AUD 1= BDT | 69.44 | 62.33 |
| EUR 1= BDT | 110.01 | 97.12 |
| CHF 1= BDT | 111.74 | 93.71 |



| | | |
|------------|-------|-------|
| JPY 1= BDT | 0.77 | 0.75 |
| CAD 1= BDT | 75.97 | 67.12 |
| AED 1= BDT | 28.13 | 23.36 |
| CNY 1= BDT | 14.84 | 13.46 |

Translation reserve in separate financial statements

The functional currency of one of the Bank's Off-shore Banking Unit (OBU) is in United States Dollar (USD). So, translation reserve has been generated in separate financial statements for translating offshore banking operations in bank's presentation currency (BDT).

Translation reserve in consolidated financial statements

The functional currency of one of the Bank's subsidiaries BRAC SAAJAN Exchange Limited is in Great Britain Pound (GBP). As a result, in consolidated financial statements translation reserve includes the balances of separate financial statements as well as the balances for translating SAAJAN's GBP operations to bank's presentation currency (BDT).

2.11 Provisions, contingent liabilities and contingent assets

The Bank recognises provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. No provision is recognised for-

- Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the bank; or
- Any present obligation that arises from past events but is not recognised because-
 - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as contingent liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in extremely rare circumstances where no reliable estimate can be made.

Contingent assets are not recognised in the financial statement since these may result in the recognition of income that may never be realised. However, due to regulations of Bangladesh Bank (Central Bank of Bangladesh) and Bank Company Act, 1991, as amended, all items of such contingent assets/liabilities are shown as off balance sheet items under balance sheet of the bank as a separate section.

2.12 Statement of changes in equity

Statement of Changes in Equity has been prepared in accordance with IAS 1 "Presentation of Financial Statements" and following the guidelines of Bangladesh Bank BRPD circular no.14 dated 25 June 2003.

2.13 Cash flow statement

Cash Flow Statement is prepared principally in accordance with IAS 7 "Statement of Cash Flows" under the guidelines of BRPD circular no.14 dated 25 June 2003. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the year. It Cash Flows during the period have been classified as operating activities, investing activities and financing activities.

2.14 Basis of preparation of liquidity statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following basis:

- Balances with other bank and financial institutions, money at call and short notice etc. are on the basis of their maturity term.
- Investments are on the basis of their residual maturity term.
- Loans and advances are on the basis of their repayment/ maturity schedule.
- Fixed assets are on the basis of their useful life.
- Other assets are on the basis of their adjustment.
- Borrowing from other banks, financial institutions and agents as per their maturity/ repayment term.
- Deposits and other accounts are on the basis of their maturity term and behavioural past trend.
- Other long term liability on the basis of their maturity term.
- Provisions and other liabilities are on the basis of their settlement.

2.14 Changes in accounting policies, estimates and errors

IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, states that the effect of a change in accounting policy and correction of errors, if material, is to be applied retrospectively, and change in an accounting estimate is to be applied prospectively. The carrying amount of assets, liabilities, or equity may be changed following a change in accounting estimates in the period of the change. The bank followed the same accordingly.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements except the recognition of defined benefit obligation and plan assets relating to the gratuity fund on the balance sheet of the Bank from 2018. The net effect in opening balance for such recognition has been charged in profit and loss considering the effect as immaterial as per IAS - 8.



3.1 Assets and the basis of their valuation**3.1.1 Cash and Cash Equivalents**

For the purpose of presentation in the cash flow statements, cash and cash equivalents includes cash in hand and cash at bank (regardless of maturity), highly liquid interest bearing investment/securities with original maturities of less than three month. Cash flow statement is prepared in accordance with IAS 7 Statement of Cash Flows. However cash flows from operating activities have been presented according to the format mentioned in BRPD circular no. 14 dated 25 June 2003.

3.1.2 Investments (Categorized and reported as per Bangladesh Bank)**Investment in securities**

All investment securities are initially recognised at cost, including acquisition charges associated with the investment. Premiums are amortised and discount accredited, using the effective yield method, and are taken to discount income. The valuation method of marking-to-market for investments used are:

Held To Maturity (HTM)

Investments which have fixed or determinable payments and fixed maturity that the group has the positive intent and ability to held to maturity, other than those that meet the definition of 'Held at amortised cost others' are classified as held to maturity. These investment are subsequently measured at amortised cost, less any provision for impairment in value. Amortised cost is calculated by taking into account any discount or premium in acquisition. Any gain or loss on such investments is recognised in the statement of income when the investment is de-recognised or impaired.

Held For Trading (HFT)

Investments classified in this category are acquired principally for the purpose of selling or repurchasing - in short trading or if designated as such by the management. After initial recognition, investments are measured at market value, and any change in the fair value is recognised in the statement of income for the period in which it arises. Transaction costs, if any, are not added to the value of investments at initial recognition.

Revaluation of government securities

According to DOS Circular no. 05, dated 26 May 2008, DOS Circular no. 05, dated 28 January 2009 and DOS Circular no. 02, dated 19 January 2012, HFT securities are revalued once each week using marking-to-market concept, and the HTM securities are amortised once a year according to Bangladesh Bank guidelines. HTM securities are also revalued if they are reclassified to HFT category with the Board's approval.

Investment in quoted securities

These securities are bought and held primarily for the purpose of selling them in the future or holding for dividend income, which are reported at cost. Unrealised gains are not recognised in the profit and loss statement. But required provisions are kept for diminution in value of investment.

Investment in mutual funds

The Department of off-site Supervision (DOS) of Bangladesh Bank vide its circular letter no. 03 dated 12 March 2015 directed that investment in mutual fund (closed end) will be revalued at lower of cost and (higher of market value and 85% of NAV). Provision should be made for any loss arising from diminution in value of investment on portfolio basis; otherwise investments are recognized at cost.

Investment in unquoted securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities. As per Bangladesh Bank DOS Circular no. 04, dated 24 November 2011, provision for diminution in value of investment was made by netting off unrealised gain (loss) of shares from market price/book value less cost price.

Besides, the Bank complied with Bangladesh Bank BRPD Circular no. 14, dated 25 June 2003, as follows, "All investments in shares and securities (both dealing and investment) should be revalued at the year end. The quoted shares should be valued as per market price in the stock exchange(s) and unquoted shares as per book value of the last audited balance sheet. Provisions should be made for any loss arising from diminution in value of investment."

Summary of recognition and measurement basis has been shown as under:

| Investment Class | Initial Recognition | Measurement after Recognition | Recording of changes |
|---------------------------------|---------------------|-------------------------------|---|
| Government Treasury Bills (HFT) | Cost | Marking to Market/ fair value | Loss to profit and loss A/C, gain to revaluation reserve |
| Government Treasury Bills (HTM) | Cost | Amortised cost | Amortised gain to revaluation reserve and loss to profit and loss |
| Government Treasury Bonds (HFT) | Cost | Marking to Market/ fair value | Loss to profit and loss A/C, gain to revaluation reserve |
| Government Treasury Bonds (HTM) | Cost | Amortised cost | Amortised gain to revaluation reserve and loss to profit and loss |
| Zero Coupon Bond | Cost | Cost | N/A |
| Prize Bond and Other Bond | Cost | Cost | N/A |
| Debentures | Cost | Cost | Profit and Loss Account |



| | | | |
|-----------------------------|------|---|--|
| Un-quoted Shares (ordinary) | Cost | Lower of cost or NAV of last audited account | Profit and Loss Account |
| Quoted Shares (ordinary) | Cost | Lower of cost or market price at balance sheet date | Loss (net off gain) to Profit and Loss Account but no unrealized gain |
| Mutual Fund (open-end) | Cost | Lower of cost or 95% of NAV | Provision for unrealised loss (net) to profit and loss account but no unrealised gain booking. |
| Mutual Fund (closed-end) | Cost | Lower of cost or (higher of market value or 85% of NAV) | Provision for unrealised loss (net) to profit and loss account but no unrealised gain booking. |

3.1.3 Loans and advances

- a) Loans and advances are stated in the balance sheet on the gross basis.
- b) Interest on loans and advances is calculated daily on accrual basis for all loans accounts but charged in client statements monthly, quarterly and installment date based on product type.
- c) Commission and discounts on bills purchased and discounted are recognized at the time of realization.
- d) Provision for loans and advances is made on the basis of period-end review by the management following instructions contained in Bangladesh Bank BRPD Circular no. 14, dated 23 September 2012, BRPD circular no. 15, dated 23 September 2012, BRPD Circular no. 19, dated 27 December 2012, BRPD Circular no. 05, dated 29 May 2013, BRPD Circular no. 16, dated 18 November 2014, BRPD Circular no. 08, dated 02 August 2015, BRPD Circular no. 12, dated 20 August 2017, BRPD Circular no. 15, dated 27 September 2017, BRPD Circular no. 01, dated 20 February 2018, BRPD Circular no. 07, dated 21 June 2018, BRPD Circular no. 13, dated 18 October 2018 and BRPD Circular no. 03, dated 21 April 2019, BRPD circular no. 52 Dated 20 October 2020, BRPD circular no. 16 dated 21 July 2020, BRPD circular No: 56 dated 10 December 2020, BRPD circular No: 14 dated 22 June 2022, BRPD circular No: 51 dated 18 December 2022. Provisions and interest suspense are separately shown under other liabilities as per the First Schedule of the Bank Company Act 1991 (amended up to 2018). The rates of provision for loans and advances are given below:

| Type of Loans and Advances | Unclassified | | Classified | | |
|--|--------------|-------------------------------|------------------|---------------|-------------------|
| | Standard | Special Mention Account (SMA) | Substandard (SS) | Doubtful (DF) | Bad and Loss (BL) |
| Consumer financing - House building | 1% | 1% | 20% | 50% | 100% |
| Consumer financing - Loans for professionals | 2% | 2% | 20% | 50% | 100% |
| Consumer financing - Other than house building and professionals | 2% | 2% | 20% | 50% | 100% |
| Loans to BHS/ MBs against share etc. | 2% | 2% | 20% | 50% | 100% |
| Small and medium enterprise (Medium) | 0.25% | 0.25% | 20% | 50% | 100% |
| Small and medium enterprise (Cottage, Micro, Small) | 0.25% | 0.25% | 5% | 20% | 100% |
| Short term Agriculture/ Micro credit | 1% | 1% | 5% | 5% | 100% |
| Credit Card | 2% | 2% | 20% | 50% | 100% |
| All others | 1% | 1% | 20% | 50% | 100% |
| Off Balance Sheet exposure | 1% | N/A | N/A | N/A | N/A |

- c) Interest on classified loans and advances is kept in a suspense account as per BRPD circular no. 27, dated 31 August 2010 and recognised as income on realisation, as per BRPD circular no. 14 and 15, dated 23 September 2012. Interest is not charged on bad and loss loans as per the guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate accounts.
- d) **Write off Loans and Advance:** Loans and advances are written-off to the extent that (i) there is no realistic prospect of recovery and (ii) against which legal cases are filed and classified as bad and loss, as per BRPD circular no. 02, dated 13 January 2003 and 13, dated 07 November 2013. These write-offs however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such write-off accounts are meticulously maintained and followed up.

3.1.4 Fixed assets including premises, furniture and fixtures**A. Property, plant and equipment (PPE)**

Property, plant and equipment (PPE) include all type of tangible assets i.e. land, office floor space, furniture & fixtures, office equipments, IT hardware and motor vehicles etc.

Recognition and measurement

All fixed assets including land are stated at cost less accumulated depreciation, as per IAS 16 Property, Plant and Equipment. Right-of-use assets are measured at cost, less any accumulated depreciation, and adjusted for any re-measurement of lease liabilities.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

The cost of the items of property, plant and equipment comprises:

- i) any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.
- ii) any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.
- iii) the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as consequence of having used the item during a particular period of purpose other than to produce during that period.

Subsequent costs

Subsequent costs of enhancement of existing assets are recognised as an addition to the asset, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit and loss account during the financial period in which they are incurred.

Depreciation of PPE

Land is not depreciated. Depreciation is charged on straight-line basis. In case of acquisition of fixed assets, depreciation is charged from the month of acquisition, whereas no depreciation on assets disposed-off is charged from the month of disposal. Asset category-wise depreciation rates are as follows:

| Category of assets | BRAC Bank Limited | BRAC EPL Investments Limited | BRAC EPL Stock Brokerage Limited | BRAC Saajan Exchange Limited | bKash Limited |
|---|-------------------|------------------------------|----------------------------------|------------------------------|---------------|
| Furniture and fixture | 10% | 10%-20% | 12.5% | 10% | 20% |
| Building | 2.5% | 5% | 2% | - | - |
| Office equipment | 20% | 10%-20% | 20% | 10% | 20% |
| IT equipment - Hardware | 20% | 25% | - | - | 20% |
| IT equipment - PC, Laptop, UPS, Printer and Scanner | 33.33% | 33.33% | 25% | 33.33% | 33.33% |
| IT equipment - Software | 10%-20% | 33.33% | 33.33% | 20% | 20% |
| Motor vehicles | 20% | 20% | 20% | - | 20% |
| Office decoration/ renovation works | 10% | 15% | 15% | 10% | 20% |

The consolidated financial statements of BRAC Bank for the year ended 31 December 2022 have been prepared applying uniform depreciation policy in compliance with IFRS 10 "Consolidated Financial Statements".

Gain or loss on disposal of PPE

Sale price of fixed assets are determined on the basis of fair value of the assets. Gain or loss on sale of assets are recognised in the profit and loss account as per provision of IAS 16 Property, Plant and Equipment.

Impairment of PPE

At each balance sheet date, the bank assesses whether there is any indication that the carrying amount of the asset exceeds its recoverable amount. If any such indication exists, the Bank should estimate the recoverable amount of the asset. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and impairment loss is recognised as an expense in the profit and loss account unless the asset is carried at revalued amount in accordance with IAS 16 Property, Plant and Equipment, in which case any impairment loss of a revalued asset should be treated as revaluation decrease under the accounting standard. No impairment loss was recognised up to the reporting period in separate financial statement, as no such indication existed as on the balance sheet date.

B. Intangible assets

Software

Software acquired by the bank is stated at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases future economic benefits embodied in the specific asset to which it relates. All expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five to ten years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

License

Value of the license is recognised at cost less accumulated impairment losses.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries represents the excess of the fair value of the purchase consideration over the fair value of the BRAC Bank group's share of the assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition and is measured at cost less accumulated impairment losses in accordance with IFRS 3 Business Combinations and IAS 36 Impairment of Assets.



Impairment of intangible assets

Intangible assets with indefinite useful life, like goodwill etc., are tested for impairment at the end of each year. As per IAS 36 Impairment, any intangible assets with definite useful life are first reviewed for any indication of impairment. If any indication exists, then the impairment test is carried out.

C. IFRS 16 "Leases" and its relevant assumptions and disclosures

IFRS 16: "Leases" has come into force on 1 January 2019, as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). BRAC Bank applied IFRS 16 using modified retrospective approach where the bank measured the lease liability at the present value of the remaining lease payments, discounted it using the bank's incremental borrowing rate at the date of initial application, and recognised a right-of-use asset at the date of the initial application on a lease by lease basis.

Right-of-use assets

The Bank recognises right-of-use assets at the date of initial application of IFRS 16. Right-of-use assets are measured at cost, less any accumulated depreciation, and adjusted for any re-measurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented under property, plant and equipment.

Lease liabilities

At the commencement date of the lease, the bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term using incremental borrowing rate at the date of initial application. Lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments, and re-measuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

Short-term leases and leases of low value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases, i.e. for which the lease term ends within 12 months of the date of initial application. The Bank recognises lease payments associated with these leases as an expense.

The contracts for premises with all branches, head office, regional offices, data centers and disaster recovery centers are considered for lease calculation.

Accounting of lease modification

IFRS 16 defines a modification as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. Any change that is triggered by a clause that is already part of the original lease contract (including changes due to a market rent review clause or the exercise of an extension option) is not regarded as a modification.

Gain or loss on termination of lease agreements

As per IFRS-16, if the lease is modified to terminate the right of use of one or more underlying assets or to shorten the contractual lease term, the bank (lessee) remeasures the lease liability at the effective date of the modification using a revised discount rate. Furthermore, it decreases the carrying amount of the right-of-use assets to reflect the partial or full termination of the lease. Any gain or loss relating to the partial or full termination is recognised in profit or loss.

D. Capital work-in-progress (CWIP)

Costs incurred, but if the related asset is yet not ready or available for use as intended by management, are recognised as capital work-in-progress and disclosed as a part of fixed assets. Once the underlying asset is ready and available for use, it is transferred to fixed assets. However, no depreciation is charged on CWIP.

E. Investment properties

Investment property is held to earn rentals or for capital appreciation or both and the future economic benefits that are associated with the investment property but not held for sale in the ordinary course of business. Investment property is accounted for under cost model in the financial statements. Accordingly, after recognition as an asset, the property is carried at its cost, less accumulated depreciation and accumulated impairment loss.

3.1.5 Other assets and basis of their measurement

Other assets include mainly all other financial assets, interest and other unrealised income receivable, advance for operating expenditure and stocks of stationery and stamps etc.

a. Interest receivables

Interest receivable is the amount of interest that has been earned but has not yet been received in cash. Interest on loans and advances is calculated and accrued on a daily product basis but charged to customer accounts in different frequency based on product nature. The accrued but uncharged interest portion is reported as interest receivables on reporting date. Interest receivables is recognized only when the unconditional right to receive the cash flows of the loans and advances is established.



b. Reporting investment in subsidiaries and associates in separate financial statements

In accordance with the IAS 27 "Separate Financial Statements", an entity may choose any of the following methods to account for investment in subsidiaries, associates and joint ventures in its separate financial statements:

- at cost;
- in accordance with IFRS 9; or
- using the equity method as described in IAS 28;

BRAC Bank adopted IFRS 9 Fair value through other comprehensive income (FVOCI) method for accounting equity investment in subsidiaries and associates since June 2020. As all of the investment are in unquoted investment, management used net assets value of the each investment as per the financial statements of the entity every year as fair value because if buyer offer any price of our investments, they will refer to NAV as reference price.

Accordingly, below cumulative fair value gain/(loss) has been directly recognised in equity in the separate financial statements of the bank till to date 31 December 2022.

| Name of the subsidiaries and associates | BBL's investment at cost | Net asset value of investee | BBL's share of net asset | Gross fair value gain/(loss) | Gain/(loss) net of deferred tax |
|---|--------------------------|-----------------------------|--------------------------|------------------------------|---------------------------------|
| BRAC EPL Investment Ltd. | 2,891,704,014 | 1,302,350,935 | 1,301,639,222 | (1,590,064,792) | (1,351,555,073) |
| BRAC EPL Stock Brokerage Ltd. | 1,344,147,500 | 1,457,088,870 | 1,311,371,003 | (32,776,497) | (27,860,022) |
| bKash Ltd. | 168,921,800 | 30,602,346,146 | 10,937,169,476 | 10,768,247,676 | 9,153,010,525 |
| BRAC Saajan Exchange Ltd. | 171,528,531 | 22,534,817 | 21,126,396 | (150,402,135) | (127,841,815) |
| BRAC IT Services Ltd. (biTS) | 23,372,000 | 212,076,519 | 21,206,835 | (2,165,165) | (1,840,390) |
| Total | 4,599,673,845 | 33,596,397,287 | 13,592,512,932 | 8,992,839,087 | 7,643,913,224 |

For shareholding percentage, please refer to Note 1.6 "Summary of shareholding in subsidiaries and associates". Economic shareholding percentage of bKash 35.74% has been used for BBL's share of net asset considering dilution for bKash's preference shares having rights like ordinary shares.

c. Reporting investment in subsidiaries and associates in consolidated financial statements

Investment in subsidiary is consolidated in the consolidated financial statements considering as a single economic entity in accordance with the IAS 27 Separate Financial Statements and IFRS 10 Consolidated Financial Statements respectively.

Investment in associate is recognised in the consolidated financial statements under equity method as per IAS 28 Investments in Associates and Joint Ventures.

The summary of accounting of equity investment in subsidiaries and associate both in consolidated and separate financial statements is as follows:

| Investment class | Initial recognition | Measurement after recognition | Recording of changes |
|--------------------------|---------------------|---|--|
| Investment in subsidiary | Cost | Fair value through other comprehensive income in separate financial statements and equity method less accumulated impairment, if any, in consolidated financial statements. | Impairment loss is adjusted automatically in OCI due to fair value accounting. Goodwill impairment is recognised in profit and loss in consolidated financial statements. |
| Investment in associate | Cost | Fair value through other comprehensive income in separate financial statements and equity method less accumulated impairment, if any, in consolidated financial statements. | Impairment loss is adjusted automatically in OCI due to fair value accounting. The share of post acquisition income is recognised in consolidated profit and loss account. |

3.2 Liabilities and provisions**3.2.1 Borrowings from other banks, financial institutions and agents**

Borrowings from other banks, financial institutions and agents include interest-bearing borrowings redeemable at call, on-demand and short-term deposits lodged for periods of less than 6 months. These items are brought to account at the gross value of the outstanding balance which includes accrued interest.

3.2.2 Deposits and other accounts

Deposits include non interest-bearing current deposit redeemable at call, interest bearing on-demand and short-term deposits, savings deposit and term deposit lodged for periods from 3 months to 12 years. These items are brought to account at the gross value of the outstanding balance which includes accrued interest.



3.2.3 Other liabilities

Other liabilities comprise items such as provision for loans and advances, provision for interest receivables, provision for taxes, interest suspense, accrued expenses. Other liability is recognised in the balance sheet according to the guideline of Bangladesh Bank, IAS and IFRS, Income Tax Ordinance-1984 and internal policies of the Bank. Provisions and accrued expenses are recognised in the financial statements when the Bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

a. Provision for loans and advances

Provision for loans and advances is created for covering the Bank from possible loan losses in the future. General provision is made on the outstanding amount of loans and advances without considering the classification status following the prescribed rate of Bangladesh Bank. Classified loans and advances of the Banks are categorised as Sub-Standard, Doubtful and Bad/Loss as per Bangladesh Bank guidelines. For loans which are classified as sub-standard, doubtful or bad/loss, specific provision is created netting off security value and interest suspense from the amount outstanding.

b. Provision for other assets

Other assets excluding investment in subsidiaries is subject to making provision based on their ageing as per Bangladesh Bank BRPD circular no. 14 dated 25 June 2001 and BRPD circular no. 04 dated 12 April 2022. Full provision is kept on other assets which are outstanding for one year or more or classified as Bad/Loss.

c. Provision for diminution in value of investments

Please refer to above note 3.1.2 for detail policies for recognition, measurement and provisioning of investment.

d. Provisions for off balance sheet items

No provision is kept on items of derivatives as there is no exposure on such gross value for the Bank. Provision for other off balance sheet items made as per BRPD circular no. 14 dated 23 September 2012 and BRPD circular no. 7 dated 21 June 2018 except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by Multilateral Development Bank (MDB)/International Bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III).

e. Provisions for nostro accounts

Provisions for unsettled transactions on nostro accounts made are reviewed on a monthly basis by management in Risk management meeting (RMM) and certified by the Bank's external auditors on a semi-annual basis in accordance with Bangladesh Bank Foreign Exchange Policy Department (FEPD) circular letter No. (FEPD)/01/2005-677 dated 13 September 2005. At the Balance Sheet date, Bank is not required to make provision regarding un-reconciled debit entries which are outstanding for more than six (06) months in accordance with BRPD circular no. 04 dated 12 April 2022.

f. Interest suspense

Classified loans and advances of the Banks are categorised as sub-standard, doubtful and bad/loss as per guidelines of Bangladesh Bank. Interest accrued on Sub-Standard, Doubtful and Bad/Loss loans is transferred to interest suspense account and not considered as interest income. This interest is recognised as interest income when it is realised in cash by the bank.

3.2.4 Share capital and shareholders' equity**Capital Management**

The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve four major objectives: exceed regulatory thresholds and meet longer-term internal capital targets, maintain strong credit ratings, manage capital levels commensurate with the risk profile of the Bank and provide the Bank's shareholders with acceptable returns.

Capital is managed in accordance with the Board-approved Capital Management Planning from time to time. Senior management develop the capital strategy and oversee the capital management planning of the Bank. The Bank's Finance, Treasury and Risk Management department are key in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal matrix.

a. Authorized capital

Authorized Capital is the maximum amount of share capital that the bank is authorised by its Memorandum of Association and Article of Association to issue to shareholders.

b. Issued, Subscribed and Paid up capital

The issued share capital of the bank is the total nominal value of the shares of the bank which have been issued to shareholders and which remain outstanding.

Paid up share capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.



c. Share Premium

Share premium is the capital that the Bank raises upon issuing shares that is in excess of the nominal value of the shares. The share premium shall be utilised in accordance with provisions of section 57 of the Companies Act, 1994 and as directed by Bangladesh Securities and Exchange Commission in this respect.

d. Statutory reserve

The Bank is required to transfer at least 20% of its profit before tax to the Statutory Reserve in accordance with provisions of section 24 of the Banking Companies Act, 1991. This is mandatory until such reserve is equal to the paid up capital together with amount in the share premium account.

e. Dividend Equalization Fund

According to BRPD Circular No. 18, dated 20 October 2002, the equivalent amount of exceeding 20% cash dividend shall be kept separately under Dividend Equalization Fund which shall be treated as permanent capital. On June 02, 2016 cash dividend @ 25% (Tk. 2.5 per share of 10 each) amounting to Taka 1,776,092,275 was approved by the shareholders in 17th Annual General Meeting and the cash dividend was paid accordingly. Therefore the excess 5% cash dividend equivalent amounting to Taka 355,218,455 has been transferred to Dividend Equalization Fund. This is treated as Common Equity Tier-1 (CET1) of the Bank.

f. Revaluation reserve on govt. securities

Revaluation reserve represents revaluation on Treasury bond (HFT and HTM) in accordance with the DOS circular no. 05, dated 26 May 2008 and DOS circular no. 05, dated 28 January 2009.

g. Remeasurements gain/(loss) of defined benefits liability (assets)

Remeasurement gain/loss arises from the actuarial valuation report carried out by professional actuary time to time on BRAC Bank Employees' Gratuity Fund. The last actuarial valuation were carried out based on 31 December 2022 and actuarial gain/loss was recognised in equity as a component of equity net of any deferred tax impact.

h. Non Controlling Interest

Non-controlling interest (NCI) in business is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. The portion of the NCI (percentage of ordinary shares owned by non-controlling shareholders) in BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited and BRAC SAAJAN Exchange Limited are 0.05%, 10%, 49%, and 6.25% respectively.

3.2.5 Off-balance sheet exposures and other commitments

Off Balance Sheet Items include various non-derivative financial instruments primarily letter of credit (L/C), letter of guarantee (L/G), acceptance and endorsements, bills for collection etc. and various derivative instruments like forward contracts and currency rate swaps etc.

3.2.6 Revenue and expense recognition**Interest Income**

Interest income is recognised on an accruals basis. Interest on loans and advances ceases to be taken into income when such advances are classified, kept in interest suspense account. Interest on classified advances is accounted for on a realisation basis as per Bangladesh Bank guidelines.

a. Interest and fees receivable on credit cards

Interest and fees receivable on credit cards are recognised on an accruals basis. Interest and fees cease to be taken into income when the recovery of interest and fees is in arrear for over three months. Thereafter, interest and fees are accounted for on realisation basis.

b. Income on Bills purchased and discounted

Income on Bills purchased and Discounted is recognised on accrual basis.

Interest paid on deposits and borrowings etc.

Interest paid and other expenses are recognised on an accrual basis.

Investment Income

Income on investments is recognised on an accruals basis. Investment income includes interest on treasury bills, treasury bonds, zero coupon, shares, debentures etc.

Dividend Income on Shares

Dividend income from investment in shares is recognised when the right to receive the dividend is established. It is recognised when:

- It is probable that the economic benefit associated with the transaction will flow to the entity; and
- The amount of the revenue can be measured reliably.

Commission, exchange and brokerage

The Bank earns fees and commission from a diverse range of services provided to its customers. These include fees and commission income arising on financial and other services provided by the Bank including trade finance, credit cards, debit cards, passport endorsement, visa processing, student service, loan processing, loan syndication, locker facilities and SMS banking etc. Fees and commission income arises on services rendered by the Bank are recognised on a realisation basis.



Other operating income

The profit on sale of fixed assets is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, and is recognised as an item of other income in the year in which the significant risks and rewards of ownership are transferred to the buyer.

3.2.7 Employee benefits**a. Provident Fund (Defined Contribution Plan)**

A "Defined Contribution Plan" is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal constructive obligation to pay further amounts. Provident Fund benefits are given to the staff of the Bank in accordance with the registered Provident Fund Rules. The commissioner of Income Tax, Large Tax Payers Unit, Dhaka has approved the Provident Fund as a recognized fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax ordinance 1984. The fund is operated by a Board of Trustees consisting of employees of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the fund. The bank also contributes equal amount of the employees' contribution to the fund. In addition, there will be an option for a voluntary contribution of a maximum of 10% (at a multiple of 5%) from the monthly basic salary of the employee at the time of payment thereof and will be paid to the Trustees account mentioned in Rule -13. Upon completion of 1 year of service length after confirmation employees are entitled to 100% of employer's contribution along with his/her own contribution. Interest earned from the investments is credited to the members' account on half yearly basis.

b. Gratuity Fund (Defined Benefit Plan)

Gratuity Fund benefits are given to the staff of the Bank in accordance with the approved Gratuity Fund rules. Employees are entitled to Gratuity benefit after completion of minimum 05 (five) years of service in the Bank. The Gratuity is calculated on the basis of last basic pay and is payable at the rate of one month's basic pay for every completed year of service, or in the case of service of 10 years or more at the rate of one and half month's basic pay for every completed year of service. Beyond 5 years, 6 months and more shall be considered as full year of service. Gratuity fund is a "Defined Benefit Plan" and contribution to Gratuity Fund is measured through the result of actuarial valuation of the fund.

The Bank's net obligation in respect of gratuity is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Bank determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense, current service cost and other expenses related to defined benefit plans are recognised as salaries and allowances in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

c. Worker's Profit Participation Fund (WPPF)

Consistent with the industry practice and in accordance with section 11(1) of the Bank Company Act, 1991 (as amended up to date) and subsequent clarification given by Bank & Financial Institutions Division (BFID), Ministry of Finance, no provision has been made by bank in the reporting period for WPPF.

d. Life Insurance

The objective of the scheme is to provide death or permanent disability benefits to its confirmed employees and on their families with a sum equal to 50 times (in case of normal death) and 100 times (in case of accidental death) of the last drawn basic salary to the nominee.

e. Welfare Fund

The objective of the Employees' Welfare Fund is to provide regular category employees from Officer Grade-1 to Senior Principal Officer of the BRAC Bank incurring severe accidents during official job, extended illness (not less than 3 months), Education for Children, Marriage of Children which costs would not be affordable by the employee and which are not covered by any other means. All regular confirmed employees of the Bank are contributing monthly to the Fund according to the designation. The sum subscribed monthly from salaries of the employees is credited separately in an "Employee Welfare Fund" as a liability of the Bank. There are at least 3 (three) members of Management Committee to manage the fund. The Managing Director and CEO of the Bank is the Chairman of this committee and other 2 (two) members are nominated from the regular category staff.

f. Hospitalization Insurance

The Bank has introduced a health insurance scheme to its confirmed employees and their respective dependents at rates provided in the health insurance coverage policy.

g. Performance bonus

BRAC Bank provides performance bonus to the eligible employees every year. This bonus amount is being distributed among the employees based on their performance rating and management decision. The bonus amount is paid annually, normally in the following year and the costs are accounted for in the period to which it relates.



h. Staff leave facilities**Annual leave**

The provision for leave fare represents the current outstanding liability to employees at the balance sheet date. Leave Fare Assistance is a non-recurring benefit for all permanent employees of the Bank who are entitled to annual leave. According to Bangladesh Bank policy all permanent employees have to avail 15 consecutive days of mandatory leave and LFA will be given in this leave period.

Casual leave

Casual leave means a leave of absence for a very short period granted to an employee who may be unable to attend duty due to sudden illness or urgent private affairs. Casual leave up to 5 working days can be granted per year. Not more than 3 days casual leave can be taken at a time.

Sick leave

Employee may avail Sick leave up to 14 calendar days in a year. Sick Leave for more than 2 days can be taken subject to submission of medical certificates.

Paternity leave

All regular male employees are entitled to avail paternity leave for a period of 5 working days. Such leave can be taken before and/or after the birth of the child only to look after his family and home. A male employee can avail this leave only twice during his service life.

Maternity leave

Female employees of the Bank are entitled to 6 (six) months of paid maternity leave. They will be eligible to avail this paid maternity leave after 6 (six) months of continuous service with the bank for the first 2 (two) children. A female employee who wants to avail maternity leave before completion of 6 (six) months of continuous service with the bank will also be entitled to maternity leave but that would be without pay.

i. Subsidized Scheme - Staff Loan

Personal, House building and car loans are provided to the permanent staff at a subsidized rate. Criteria and details of types wise staff loan is given below:

Personal Loan: A permanent staff can avail personal loan taking approval from department head and Head of HR subject to completion of a specific service length and performance rating.

House building Loan: A permanent staff completing 5 year of service can avail house building loan taking approval from House Building Loan Committee subject to performance rating and completed service length with BRAC Bank.

Car Loan: All confirmed staff at job grade from PO can avail staff car loan taking approval from department head and head of HR.

3.2.8 Taxation

Income tax on profit for the year comprises current and deferred tax and is based on the applicable tax law in Bangladesh. It is recognised in the income statement as tax expense.

a. Current Tax

Current tax is the expected tax payable on taxable income for the year, based on tax rates and tax laws which are enacted at the reporting date, including any adjustment for tax payable in previous periods. Current tax for current and prior periods are recognised as a liability or asset to the extent that it is unpaid or refundable.

b. Deferred Tax

The Bank accounted for deferred tax as per IAS 12 Income Taxes. Deferred tax is accounted for any temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base.

Deferred tax assets, including those related to the tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and credits can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences. They are also recognised for taxable temporary differences arising on investments and it is probable that temporary differences will reverse in future. Deferred tax assets associated with these interests are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and there will be sufficient taxable profits against which to utilise the benefits of the temporary difference.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement reflects the tax consequences that would follow from the manner in which the Bank, at the reporting date, recovers or settles the carrying amount of its assets and liabilities.

3.2.9 Earnings Per Share

Earnings Per Share (EPS) has been computed by dividing the basic earning by the weighted average number of ordinary shares outstanding at the end of the year as per IAS 33 Earnings Per Share.

a. Basic earnings

This represents earnings for the year attributable to ordinary shareholders. Net profit after tax less preference dividend has been considered as fully attributable to the ordinary shareholders.



Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighted factor. The time weighting factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year.

The basis of computation of number of shares is in line with the provisions of IAS 33 Earnings Per Share. The logic behind this basis is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources generating new earnings. In contrast, other shares were issued against consideration in cash or in kind, and accordingly there is an increase in resource generating new earnings. Therefore, the total number of shares issued in particular year are multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the period.

b. Diluted earnings per share

The objective of diluted earnings per share is consistent with that of basic earnings per share; that is, to provide a measure of the interest of each ordinary share in the performance of an entity taking into account dilutive potential ordinary shares outstanding during the year.

As per IAS-33 "Earnings Per Share", the calculation of diluted earning per share does not assume conversion, exercise or other issue of potential ordinary shares that would have an anti dilutive effect on earning per share. The bank has no dilutive instruments that is why we are not considering the diluted earning per share.

3.3 Dividend policy

Dividend on ordinary shares is recognised as a liability and deducted from retained earnings when they are approved by shareholders at the Annual General Meeting (AGM) of the Bank.

Dividend on ordinary shares for the year that is recommended by the Directors after the balance sheet date for approval of shareholders at the Annual General Meeting are disclosed in Note - 51.5 to the financial statements.

3.3.1 Dividend Distribution Policy of BRAC Bank

Bangladesh Securities and Exchange Commission (BSEC) has made it mandatory for the listed Company to have their dividend distribution policy and disclosed it in the Company's website and in the Annual Report. Accordingly, BRAC Bank has formulated the dividend distribution policy which has been approved by Board of Directors in its 303rd meeting held on 20 September 2021. The policy is also available in bank's website accordingly.

The BRAC Bank Ltd shall propose and declare dividend by ensuring compliance with the regulatory guidelines on dividend declaration and other directives from Bangladesh Securities and exchange commission (BSEC), DSE, CSE, Bangladesh Bank, NBR and other applicable regulatory requirements as well as aligned with company's business strategy.

3.4 Reconciliation of inter-bank/inter-branch account

Books of accounts with regard to interbank (in Bangladesh and outside Bangladesh) are reconciled on a monthly basis, and there are no material differences which may affect the financial statements significantly.

3.5 Statement of Segment Reporting

As per IFRS 8 "Operating Segments", an operating segment is a component of an entity:

- i) That engages in business activities from which it may earn revenues and incur expenses (include revenues and expenses relating to transactions with other components of the same entity);
- ii) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performances, and
- iii) For which discrete financial information is available.

The Bank identifies segment based on its business segment as well as its subsidiaries. Business segment comprises SME, Retail, Corporate and Treasury under Conventional banking. The Bank reviews the segments at the end of each reporting period to identify which of its segments are reportable and disclose the related information for those reportable segments accordingly.

There are 4 (four) operating segments (SME, Retail, Corporate, and Treasury) on standalone basis as on 31 December 2022. Each operating segment is reportable as per latest evaluation in accordance with IFRS 8: Operating segments.

In consolidated basis, each of subsidiary can be considered as operating segment in addition to segments on standalone basis. However, no segment reporting has been made for subsidiaries as their audited financial statements have been appended with Bank's financial statements.

3.6 Related party disclosures

Related Party is a party related to an entity if:

- i) Directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under control with, the company; has an interest in the company, that gives it significant influence over the company; or has joint control over the company;
- ii) The party is an associate (as defined in IAS 28 Investment in Associates and Joint ventures);
- iii) The party is a joint venture in which the entity is a venture (as per IAS 31 Interests in Joint Ventures);
- iv) The party is member of the key management of personal of the entity or its parent;
- v) The party is a close member of the family of any individual referred to in (i) or (iv);
- vi) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- vii) The party is post-employment benefit plan for the benefit of employees of the entity. or of any entity that is related party of the entity.



3.7 Events after the Balance Sheet Date

As per IAS - 10 "Events after the Reporting Period" events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of event can be identified:

- a) Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and
- b) Non adjusting events after the reporting period, are those that are indicative of conditions that arose after the reporting period.

The details about the events after reporting period can be found at note - 51.5.

3.8 Risk management

Risk management is a discipline at the core of every enterprise and encompasses all activities that affect its risk profile. The Standards of Risk Management, as taken up by the Bank for International Settlements (BIS) and, particularly, Basel Committee on Banking Supervision (BCBS), has been applied by bank regulators across the world. The Central Bank of Bangladesh, i.e. Bangladesh Bank also issued revised risk management guidelines in October 2018, which forms the basis of risk management of all scheduled banks in Bangladesh.

BRAC Bank Limited (BBL) rigorously follows a robust risk management framework across the organization and across all risk types, underpinned by our culture and values where we follow the three lines of defense model. Each of the three lines of defense plays distinct roles in BBL's broader governance framework. Bank's risk management framework is applied enterprise-wide and consists of three key elements: risk governance, risk appetite, and risk management tools. Major risks for BBL include credit, market, liquidity and operational risk. In line with the regulatory requirement and elevating its risk management function, BRAC Bank has established comprehensive risk management guidelines, duly approved by its Board of Directors. The bank's risk management strategy is based on a thorough awareness of diverse risks, a disciplined risk assessment process, and cautious measurement processes with ongoing monitoring. The bank is continuing to improve its risk management systems, not only to meet regulatory obligations, but also to achieve superior risk-adjusted returns and optimal capital use while keeping the organization's business objectives in mind. The bank handles risk across two strategic layers: the managerial layer and the operational layer, for effective risk management. Risk discussions are held at those levels with the goal of identifying and measuring the impact of various types of risk in core banking. Risk mitigation and viable solutions are examined, and conclusions are reached as a result.

A. Operating Environment

The Bank's operating environment during the year ended 2022 were impacted by a number of major global events such as continuation of COVID 19 related disruptions, start of Russia-Ukraine conflict, increase in fuel and commodity prices, strengthening of US Dollars, etc. Most of these events also had significant impact on the local economic environment affecting the Bank's operations. From time to time, the Government of Bangladesh and the local Central Bank (Bangladesh Bank) has issued various directives to manage impacts from these events which the Bank has followed. Management on regular basis review and monitor the global and country specific macro-economic situation and factor these issues into the decision making process.

B. Credit risk management

Effective credit risk management is a vital component of a comprehensive risk management strategy and critical to any bank's long-term sustainability. Considering key elements of credit risk, the bank has separate divisions for Corporate, SME, Retail and Credit Cards are entrusted with the responsibility of maintaining effective relationship with customers, marketing credit products, exploring new business opportunities, etc. For transparency in operations during the entire credit process, teams for i. Credit Approval, ii. Asset Operations, iii. Recovery Unit and Special Asset Management have been set up.

The entire process involves relationship teams of respective asset portfolios (Retail, SME and Corporate) booking clients and the underwriting team conducting thorough assessment before placing the facility for approval with the authority. Risk assessment includes borrower risk analysis, industry risk analysis, financial risk analysis, security risk analysis, account performance risk analysis, AML risk analysis and environmental & social risk analysis of the customer. Post-approval, the Credit Administration Department ensures compliance with all legal formalities, completion of documentation, including security of proposed facility, and eventual disbursement. This arrangement has not only ensured segregation of duties and accountability, but also helped in minimizing risk of compromise with quality of the credit portfolio.

To ensure sound practices in credit risk management, including taking calculated risk and maintaining asset portfolio quality, BRAC Bank follows well-established Credit Policy Guidelines, as approved by the Board of Directors and prepared in line with internationally-accepted risk management principles and best practices. The guidelines are also aligned with the 'Guidelines on Credit Risk Management (CRM) for Banks' (March, 2016) by Bangladesh Bank, the Bank Company Act, 1991 (Amended in 2013), Risk Management Guidelines for Banks (October, 2018) and credit-related circulars and instructions of Bangladesh Bank circulated from time to time. In 2022, BRAC Bank has updated its credit policy in line with the instructions issued by Bangladesh Bank for the loan accounts at the time of sanctioning or renewal, where applicable.

In 2022, BRAC Bank has complied with the instructions given by Bangladesh Bank vide BRPD Circular letter no 04 dated 04-Jan-21 and BRPD Circular letter no 35 dated 06-Jul-21 for the loan accounts at the time of sanctioning or renewal, where applicable.

C. Foreign exchange risk management

Foreign exchange risk arises from fluctuations in currency prices, influenced by various macro and micro economic factors. Contemporary financial institutions engage in activities starting from basic currency buy, sell, imports, exports and remittances to complex structured products. Within the bank, the Treasury division is vested with the responsibility to measure and minimize risk associated with bank's foreign currency position.



All treasury functions are clearly demarcated between treasury front office, mid office and back office which has separate and independent reporting lines to ensure segregation of duties and accountability and also helps minimize the risk of compromise. The front office is involved only in dealing activities, mid office is involved in monitoring of different limits, e.g. counterparty limits, dealers' trading limits, stop/loss limits, etc. and calculation of Value at Risk (VaR) and reports directly to the Chief Risk/Operating Officer of the bank. Treasury back office is responsible for all related processing functions with separate reporting line to the Head of Operations.

Dealing room is well-equipped with Reuter's dealing system, a number of FX trading platforms and voice loggers, etc. State-of-the-art treasury system is in place to ensure straight through processing (STP) of all deals. Dealing room also offers an FX trading platform 'BBL Electra' to counterparty banks where all deals are auto-hedged and processed through STP without creating any position for the dealing room. The robust treasury system of the Bank also facilitates the mid office in effective monitoring and risk reporting and the back office with different reports, along with easy processing of transactions. Counterparty limit is set by the Credit Committee and monitored by the mid office. Clearly expressed dealers' trading limits, stop-loss limits and currency-wise open position limits are in place that are monitored by the mid office. All Treasury including FX transactions are carried out by well-trained and dynamic dealers who ensure local and global regulatory compliance.

D. Asset liability management

Changes in market liquidity and or interest rate exposes the bank's business to the risk of loss, which may, in extreme cases, threaten the survival of the institution. Thus, it is essential that the level of balance sheet risks are effectively managed, appropriate policies and procedures are established to control and limit these risks and proper resources are made available for evaluating and controlling these risks. The Asset Liability Management Committee (ALCO) of the bank monitors liquidity and market risks of the bank and plans balance sheet & pricing strategy accordingly. Bank has dedicated ALM desk under Treasury and FI division, to support ALCO in decision making.

ALCO also reviews the country's overall economic position, the bank's liquidity position, ALM ratios, interest rate risks, capital adequacy, deposit/advances growth, cost of deposit and yield on advances, FX gap, market interest rates, loan loss provision adequacy and deposit and lending pricing strategy.

E. Operational Risk

Operational risk is the risk of direct or indirect loss resulting a wide variety of causes associated with the Bank's processes, people, technology or infrastructure, or from external factors. Operational risk is inherent in the Bank's activities and as with other risk types is managed through an overall framework with checks and balances that include implementation of three line of defence, recognised ownership of the risk by the businesses and independent risk management oversight.

The operational risk policy codifies the core governing principles for operational risk management and provides a framework for operational risk. In accordance with the policy, each business area is responsible to identify its key operational risks as well as the controls established to mitigate those risks and to ensure compliance with laws, regulations, regulatory administrative actions and the Bank's policies.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the reputation of the Bank's reputation with overall cost effectiveness and innovation. In all cases, the Bank's policy requires compliance with all applicable legal and regulatory requirements.

F. Equity Risk

Equity risk arises from movement in market value of equities held. The risks are monitored by Bank's Treasury and Fis Division under a well designed policy framework.

G. Prevention of Money Laundering (ML), Terrorist Financing (TF) and Proliferation Financing (PF)

The Bank as the legal framework of the "Money Laundering Prevention Act, 2012 (amended in 2015)" and Anti Terrorism Act, 2009 (amended in 2013), has been pursuing the policy of closed-fisted compliance with all directives and circulars issued by regulatory body to ensure the culture of good governance in all aspects of its banking services and operations. The BRAC Bank has implemented additional processes and procedures covering areas of CDD/KYC, review of high-risk accounts, Trade CDD and risk grading of customers, PEP/IP, Ultimate Beneficial Owner guideline, name screening (that includes sanctions and adverse media) are under monitoring and revision to ensure policies of the Bank remains up-to-date.

New transaction monitoring reports that has been introduced with a risk-based approach resulted in the detection and reporting of suspicious activities/transactions (SAR/STR). Further discipline was brought in improving the quality of the quarterly meeting and self-assessment reports by branches through training and guidance notes to assess themselves. As the key objectives of the Bank are to ensure the implementation of policies and procedures in line with BFIU Guidelines, improve employee awareness and commitment, integrate higher engagement and focus of Senior Management within Bank's control measures to improve overall AML-CFT Governance and better mitigate the money laundering & terrorist financing risk, thereby thriving to increase AML/CFT rating through a continuous process.

H. Internal Control and Compliance (ICC)

The bank has instituted internal control mechanism to provide reasonable assurance regarding the attainment of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies. Through internal control systems, the bank identifies weaknesses associated with the process and adopts appropriate measures to overcome these deficiencies.

The main objectives of internal control are as follows:

- a) Operations objectives: Attainment of the bank's mission and vision.
- b) Reporting objectives: Timely, accurate and comprehensive reporting - financial and non-financial, internal and external.
- c) Compliance objectives: Conducting activities and taking specific actions in accordance with applicable laws and regulations.



The bank has established an effective internal control system whose primary aim is to ensure the overall management of risks and also provide reasonable assurance that the objectives set by the bank will be met. It has been designed to develop a high level of risk culture among our people, establish efficient and effective operating standards, ensure reliability of internal and external information, including accounting and financial information, secure the bank's operations and assets, and comply with laws, regulatory requirements and internal policies.

The key functions that have been established in reviewing adequacy and integrity of the system of internal controls are as follows:

- a) Various committees are established by the Board to assist it in ensuring the effectiveness of the bank's daily operations are in accordance with the corporate objectives, strategies and the annual budget, as well as approved policies and business directions.
- b) The Internal Audit Department of the Bank checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlights significant findings in respect of any non-compliance.
- c) Audits are carried out on various departments/units, SME Service Centres and all branches in accordance with the annual audit plan, approved by the Audit Committee of the Board. Findings of the internal audit are submitted to the Audit Committee of the Board for review at their periodic meetings.
- d) The Audit Committee of the Board of the bank reviews internal control issues identified by the Internal Audit Department, Bangladesh Bank, External Auditors and the management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. The minutes of the Audit Committee meetings of the Board are tabled at the meetings of the Board of Directors of the bank on a periodic basis.
- e) Self-assessment of anti-fraud internal controls is carried out on a semi-annual basis and is sent to Bangladesh Bank, as per requirements of DOS Circular Letter No. 10, dated 09 May 2017, issued by Bangladesh Bank.
- f) In assessing the internal control system, identified officers of the bank continued to review and update all procedures and controls that are connected with significant accounts and disclosures of the financial statements of the bank.

I. Information and communication technology (ICT) security

BRAC Bank is dedicated to provide high-quality service and banking security. The bank has an ICT security strategy for cyber security and ICT risk mitigation, in accordance with the Bangladesh Bank ICT guidelines stated in BRPD circular no. 14 dated 23 October 2005 regarding "Guideline on Information and Communication Technology for Scheduled Banks", BRPD circular no. 21 dated 20 May 2010 and BRPD circular no. 09 dated 17 September 2015 and well-established frameworks and international standards and controls, such as COBIT, ITIL, ISO 27001, ISO 18788, NIST, GDPR, PCI, and SANS.

Bank has implemented multiple robust security solutions to prevent any unwanted/unauthorized/ unauthorized malware attack as well as a zero-day attack based on static behavior, to detect and prevent data leakage, unauthorized use and transmission of sensitive information, and to reduce insider threats by detecting the inappropriate actions that can lead to malware infections or data breaches, etc. The Bank has also implemented a thorough Data Leakage Prevention scheme to safeguard the data of its clients and the bank itself.

Comprehensive annual maintenance contracts (AMCs) and service level agreements (SLAs) were established with partners of major data center equipment manufacturers to guarantee 24x7 servicing for all active data center and disaster recovery site equipment. With the upgrade to the monitoring system of the data center and disaster recovery site, the bank is now able to proactively monitor all system parameters and take appropriate preventative action. Additionally, BRAC Bank has implemented the ITIL framework of best practice recommendations to ensure complete IT service management.

The BRAC bank believes integrated cyber protection and digital transformation to be essential. As a digitally oriented bank, BRAC Bank has built a comprehensive cyber security roadmap and is aiming to equip itself with the finest personnel, security solutions, processes, and procedures. BRAC Bank utilizes premier worldwide external organizations to undertake assessments and regularly assesses its cyber security posture and future readiness.

J. Implementation of BASEL- III

To cope up with the international best practices and to make the bank's capital shock absorbent 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks was introduced by Bangladesh Bank as per BASEL III. BASEL III framework has three main components referred to as pillars:

- i. Pillar I addresses minimum capital requirement;
- ii. Pillar II elaborates the process for assessing the overall capital adequacy aligned with risk profile of a bank as well as capital growth plan; and
- iii. Finally, Pillar III gives a framework of public disclosure on the position of a bank's risk profiles, capital adequacy, and risk management system.

BRAC Bank has fully complied with all the directives provided by the Central bank from time to time, starting from Pillar I, II and III reporting requirements to periodic Stress Testing activity etc. Formation of BASEL Steering Committee chaired by the Managing Director of the bank helps us to ensure supreme governance and strict regimentation at execution level. As yet, BRAC bank has been able to successfully implement the phase in transition arrangement for Basel III, which started from the year 2015 and ended in 2020.

As per RBCA Guideline, all scheduled banks are required to calculate Capital to Risk Weighted Asset Ratio (CRAR) based on 'Solo' basis as well as on 'Consolidated' basis. The calculation of CRAR under Basel III has been made as per "Guidelines on Risk Based Capital Adequacy as issued by Bangladesh Bank vide BRPD Circular no. 18 dated December 21, 2014 and subsequent related circulars of Bangladesh Bank.



K. Disclosure on country risk exposure

Country risk refers to the possibility that a foreign obligator may be incapable or unwilling to fulfill his obligations due to country specific economic, political, social ecological conditions. This may include the consequences of exchange control, currency devaluation, official government actions or any significant socio-political changes in the country where placements, lending and investments made. Major categories of country risk comprises of sovereign risk, contagion risk, currency risk, indirect country risk, macroeconomic risk and transfer risk.

BRAC Bank Limited manages and monitor its country risk exposure in accordance with the guidelines issued by Bangladesh Bank in its BRPD circular number 07 circulated on April 13, 2021. In compliance with this regulatory guideline, bank has assessed its position and found banks' net funded exposure to a single country is below 2% of its total asset. Hence there is no additional provision/capital requirement for exposure to any single country.

L. Disclosure on credit rating information

In compliance with Bangladesh Bank's BRPD circular No. 06, dated July 05, 2006, and with a view to assure investors and other stakeholders of the sustainable operating positions of the bank, while also safeguarding stakeholder interests, BRAC Bank is subject to ratings assessment by reputed credit rating agencies. The summary of Bank's credit rating as of 31 December 2022 is presented below:

| Rating agency | Long-term rating | Short-term rating | Outlook | Valid up to |
|--|------------------|-------------------|---------|-----------------|
| Credit Rating Agency of Bangladesh (CRAB) | AAA | ST-1 | Stable | 30 June 2023 |
| Credit Rating Information and Services Ltd (CRISL) | AA+ | ST-1 | Stable | 02 July 2023 |
| Emerging Credit Rating Ltd (ECRL) | AA+ | ST-1 | Stable | 30 June 2023 |
| S&P global Ratings | B+ | B | Stable | November, 2022 |
| Moody's | Ba3 | NP | Stable | September, 2022 |

3.9 Director's and management's responsibilities on statement

The Board of Directors and managements take responsibility for the preparation and presentation of these financial statements.

3.10 Approval of the financial statements

The financial statements have been approved by the Board of Directors on 11 April 2023.

3.11 General

- Figures appearing in the financial statements have been rounded-off to the nearest Taka.
- Figures of previous year have been rearranged, wherever considered necessary, to conform with the current year's presentation.
- The expenses, irrespective of capital or revenue in nature, accrued/due but not paid have been provided for in the books of accounts.
- The expenses include VAT charges on respective services or goods received.



Notes to the financial statements as at and for the year ended 31 December 2022

| | Particulars | Note | Consolidated | | BRAC Bank Limited | |
|-----|--|------|-----------------------|-----------------------|------------------------|------------------------|
| | | | 2022 | 2021 | 2022 | 2021 |
| 4 | Cash | | | | | |
| | Cash in hand (Including foreign currency) | 4.1 | 11,918,067,777 | 9,207,161,626 | 11,822,688,624 | 8,424,680,663 |
| | Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency) | 4.2 | 19,953,525,473 | 14,252,262,804 | 19,953,525,473 | 14,252,262,804 |
| | | | <u>31,871,593,250</u> | <u>23,459,424,430</u> | <u>31,776,214,097</u> | <u>22,676,943,467</u> |
| 4.1 | Cash in hand (Including foreign currency) | | | | | |
| | Local currency | | 11,836,218,828 | 9,166,408,109 | 11,740,839,675 | 8,383,927,146 |
| | Foreign currency | | 81,848,949 | 40,753,517 | 81,848,949 | 40,753,517 |
| | | | <u>11,918,067,777</u> | <u>9,207,161,626</u> | <u>11,822,688,624</u> | <u>8,424,680,663</u> |
| 4.2 | Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency) | | | | | |
| | Local currency | | 17,384,764,667 | 12,208,257,526 | 17,384,764,667 | 12,208,257,526 |
| | Foreign currency | | 1,611,159,007 | 961,504,172 | 1,611,159,007 | 961,504,172 |
| | | | <u>18,995,923,674</u> | <u>13,169,761,698</u> | <u>18,995,923,674</u> | <u>13,169,761,698</u> |
| | Sonali Bank as an agent of Bangladesh Bank (local currency) | | 957,601,799 | 1,082,501,106 | 957,601,799 | 1,082,501,106 |
| | | | <u>19,953,525,473</u> | <u>14,252,262,804</u> | <u>19,953,525,473</u> | <u>14,252,262,804</u> |
| 4.3 | Cash reserve ratio (CRR) (Bank only) | | | | | |
| | As per section 33 of Bank Company Act, 1991 (amended up to 2013), MPD circular No. 03 dated 09 April 2020 for Domestic Banking Operation (DBO) & BRPD circular No. 31 dated 18 June 2020 for Offshore Banking Operation (OBO) issued by Bangladesh Bank, BRAC Bank Limited has been maintaining 3.5% & 1.5% CRR on daily basis and 4.0% & 2.0% on bi-weekly basis for DBO & OBO respectively. CRR requirement is calculated on the basis of weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. CRR of December 2022 is maintained on the basis of weekly ATDTL of October 2022), according to DOS Circular No. 1 & 26 and BRPD circular No. 31 issued on 19 January 2014, 19 August 2019 and 18 June 2020 respectively for both DBO & OBO. | | | | | |
| | Daily basis | | | | | |
| | Reserves maintained by the bank as at 31 December are as follows: | | | | | |
| | Average total demand and time liabilities of October 2022 and October 2021 | | | | | |
| | DBU | | | | 377,372,496,754 | 280,299,190,703 |
| | OBU | | | | 31,435,723,645 | 16,755,464,795 |
| | | | | | <u>408,808,220,399</u> | <u>297,054,655,498</u> |
| | Required reserve | | | | | |
| | DBU (2022: 3.5% and 2021: 3.5%) | | | | 13,208,037,386 | 9,810,471,675 |
| | OBU (2022: 1.5% and 2021: 1.5%) | | | | 471,535,855 | 251,331,972 |
| | | | | | <u>13,679,573,241</u> | <u>10,061,803,647</u> |
| | Actual reserve maintained as per Bangladesh Bank statement | | | | <u>18,014,672,220</u> | <u>12,027,375,845</u> |
| | Surplus | | | | <u>4,335,098,979</u> | <u>1,965,572,198</u> |



Notes to the financial statements as at and for the year ended 31 December 2022

| Notes to the financial statements as at and for the year ended 31 December 2022 | | | | | | | Amount in Taka |
|--|--|-------|----------------|----------------|-------------------|----------------|----------------|
| Particulars | | Note | Consolidated | | BRAC Bank Limited | | |
| | | | 2022 | 2021 | 2022 | 2021 | |
| Bi-weekly basis | | | | | | | |
| The Bank maintained excess cash reserve of Tk. 4,461,126,945 against minimum requirement of 4.0% & 2.0% (of ATDTL) for DBO & OBO on bi-weekly basis which is the summation of excess cash reserve maintained over required in the last fortnight (bi-week) of 2022. | | | | | | | |
| 4.4 Statutory liquidity ratio (SLR) (Bank only) | | | | | | | |
| As per section 33 of the Bank Company Act 1991 (amended up to 2013) & MPD circular no. 2 dated 10 December 2013 issued by Bangladesh Bank (effective from 1 February 2014), BRAC Bank Limited has been maintaining 13% SLR on weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. SLR of December 2022 is based on weekly ATDTL of October 2022), according to DOS Circular No. 1 & 26 and BRPD circular No. 31 issued on 19 January 2014, 19 August 2019 and 18 June 2020 respectively for both DBO & OBO. | | | | | | | |
| Required reserve (13% of ATDTL) | | | | | 53,145,068,652 | 38,617,105,215 | |
| Actual reserve maintained (2022: 17.54%, 2021: 18.19%) | | 4.4.1 | | | 71,708,187,223 | 54,038,211,717 | |
| Surplus | | | | | 18,563,118,571 | 15,421,106,502 | |
| 4.4.1 Actual reserve maintained | | | | | | | |
| Cash in hand | | | | | 11,822,688,624 | 8,424,680,663 | |
| Balance with Sonali Bank as per statement | | | | | 956,771,049 | 1,081,433,955 | |
| Daily excess reserve | | | | | 2,291,057,877 | 480,298,921 | |
| Un-encumbered approved securities (HFT) | | | | | 27,931,292,483 | 16,203,146,653 | |
| Un-encumbered approved securities (HTM) | | | | | 28,704,849,290 | 27,847,370,725 | |
| Un-encumbered approved securities (other eligible) | | | | | 1,527,900 | 1,280,800 | |
| | | | | | 71,708,187,223 | 54,038,211,717 | |
| 5 Balance with other Banks and Financial Institutions | | | | | | | |
| Inside Bangladesh | | 5.1 | 47,797,240,230 | 70,561,465,538 | 11,127,982,840 | 12,261,365,946 | |
| Outside Bangladesh | | 5.2 | 5,154,104,047 | 7,699,847,372 | 5,127,551,884 | 7,619,585,199 | |
| | | | 52,951,344,277 | 78,261,312,910 | 16,255,534,724 | 19,880,951,145 | |
| 5.1 Balance inside Bangladesh | | | | | | | |
| In current deposit accounts with: | | | | | | | |
| Banks | | | 17,894,986,491 | 15,137,298,752 | 127,982,840 | 121,365,946 | |
| Less: Inter unit/company elimination | | | 3,743,224,457 | 3,578,641,104 | - | - | |
| | | 5.1.1 | 14,151,762,034 | 11,558,657,648 | 127,982,840 | 121,365,946 | |
| In fixed deposit accounts with: | | | | | | | |
| Banks | | | 32,060,644,035 | 57,278,619,910 | 7,300,000,000 | 5,200,000,000 | |
| Non-banking financial institutions (NBFIs) | | 5.1.1 | 3,700,000,000 | 6,940,000,000 | 3,700,000,000 | 6,940,000,000 | |
| | | | 35,760,644,035 | 64,218,619,910 | 11,000,000,000 | 12,140,000,000 | |
| Less: Inter unit/company elimination | | | 2,115,165,839 | 5,215,812,020 | - | - | |
| | | | 33,645,478,196 | 59,002,807,890 | 11,000,000,000 | 12,140,000,000 | |
| Total balance at the end of the year | | | 47,797,240,230 | 70,561,465,538 | 11,127,982,840 | 12,261,365,946 | |



Notes to the financial statements as at and for the year ended 31 December 2022

| Notes to the financial statements as at and for the year ended 31 December 2022 | | | | | |
|---|------|---------------|---------------|-------------------|------------|
| Particulars | Note | Consolidated | | BRAC Bank Limited | |
| | | 2022 | 2021 | 2022 | 2021 |
| 5.1.1 Balance with other banks and financial institutions (Inside Bangladesh) | | | | | |
| Current accounts | | | | | |
| Standard Chartered Bank | | 164,681,276 | 697,558,859 | 34,701,716 | 62,953,505 |
| Southeast Bank Limited | | 213,395,231 | 234,305,990 | - | - |
| Al-Arafa Islami Bank Limited | | - | 253,887 | - | - |
| Jamuna Bank Limited | | 646,577,801 | 241,354,134 | - | 23,314 |
| Prime Bank Limited | | 2,000,553,679 | 9,230,839 | 544,797 | 9,071,179 |
| NRB Global Bank Limited | | 1,200,000 | 1,000,000 | 1,200,000 | 1,000,000 |
| Midland Bank Limited | | 14,753,454 | 1,593,920 | 1,500,000 | 1,500,000 |
| Mutual Trust Bank Limited | | 361,222,986 | 3,413,896,870 | - | - |
| Pubali Bank Limited | | 284,810,139 | 122,888,233 | - | - |
| Janata Bank Limited | | 607,165 | 3,379,141 | 8,400,689 | 8,515,281 |
| Bangladesh Krishi Bank Limited | | 36,252,238 | 7,427,580 | 599,333 | 2,211,029 |
| The City Bank Limited | | 1,409,005,698 | 2,059,742,754 | 36,252,238 | 6,334,880 |
| Agrani Bank Limited | | 25,137,755 | 10,550,205 | 214,674 | 216,451 |
| Islami Bank Bangladesh Limited | | 114,723,914 | 4,035,199 | 4,418,575 | 5,330,389 |
| United Commercial Bank Limited | | 1,780,889,910 | 918,964,790 | 435,579 | 470,174 |
| National Bank Limited | | 297,736 | 3,018,628 | 201,488 | 202,805 |
| Sonali Bank Limited | | 125,005,940 | 244,447,395 | 297,736 | 305,559 |
| Dutch Bangla Bank Limited | | 11,486,431 | 2,106,776 | 5,781,430 | 2,137,294 |
| IFIC Bank Limited | | 1,980,619 | - | 11,486,431 | 2,106,776 |
| Rupali Bank Limited | | 9,219,683 | 2,031,388 | - | - |
| Social Islami Bank Limited | | 1,213,865 | 1,133,586 | 425,233 | 403,045 |
| First Security Islami Bank Limited | | 5,031,001 | 4,895,934 | - | - |
| EXIM Bank Limited | | 11,281,895 | 12,273,490 | 3,599,617 | 3,544,921 |
| BASIC Bank Limited | | 837,662 | 814,470 | 11,281,895 | 11,222,970 |
| Bank Asia Limited | | 1,624,782 | 7,416,397 | 837,662 | 814,470 |
| Standard Bank Limited | | 502,149 | 843,731 | - | - |
| Meghna Bank Limited | | - | 1,473,335 | 500,000 | - |
| One Bank Limited | | 1,066,909,962 | 1,591,498,158 | 2,370,212 | 68,369 |
| Mercantile Bank Limited | | 1,165,240,429 | 386,036,905 | 2,433,535 | 2,433,535 |
| Union Bank Limited | | 500,000 | 500,000 | 500,000 | 500,000 |
| Trust Bank Limited | | 301,149,089 | 62,653,151 | - | - |
| Eastern Bank Limited | | 2,122,017,483 | 1,053,264,735 | - | - |
| Dhaka Bank Limited | | 1,121,797,710 | 334,393,959 | - | - |
| NCC Bank Limited | | 1,147,004,493 | 116,770,312 | - | - |
| Habib Bank Limited | | 8,208 | 2,311 | - | - |



Notes to the financial statements as at and for the year ended 31 December 2022

| Particulars | Note | Consolidated | | BRAC Bank Limited | |
|---|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| NRB Commercial Bank Limited | | 525,119 | 522,131 | - | - |
| NRB Bank Limited | | 9,022 | 9,712 | - | - |
| The Premier Bank Limited | | 1,131,603 | - | - | - |
| AB Bank Limited | | 1,382,163 | 1,301,813 | - | - |
| Uttara Bank Limited | | 1,415,982 | 1,336,589 | - | - |
| Allied Bank Limited | | 377,762 | 399,608 | - | - |
| Security deposit to bank by BRAC Sajaan Exchange Ltd | | - | 3,330,733 | - | - |
| | | 14,151,762,034 | 11,558,657,648 | 127,982,840 | 121,365,946 |
| Fixed deposit with banks | | | | | |
| Southeast Bank Limited | | - | 1,000,000,000 | - | - |
| Mutual Trust Bank Limited | | 3,100,000,000 | - | - | - |
| The City Bank Limited | | - | 4,000,000,000 | - | - |
| NCC Bank Limited | | 8,010,000,000 | 1,710,000,000 | 3,000,000,000 | 1,700,000,000 |
| Jamuna Bank Limited | | 114,208,772 | 3,009,481,081 | - | 2,000,000,000 |
| Dhaka Bank Limited | | - | 500,000,000 | - | - |
| United Commercial Bank Limited | | 3,600,000,000 | 6,000,000,000 | 2,000,000,000 | - |
| Mercantile Bank Limited | | 5,578,267,327 | 3,073,467,327 | 1,500,000,000 | - |
| Standard Chartered Bank | | 30,083,669 | 29,544,482 | - | - |
| Prime Bank Limited | | - | 2,000,000,000 | - | - |
| Standard Bank Limited | | 800,000,000 | 1,500,000,000 | 800,000,000 | 1,500,000,000 |
| Eastern Bank Limited | | 200,000,000 | - | - | - |
| Janata Bank Limited | | - | 7,840,000,000 | - | - |
| Sonali Bank Limited | | 1,000,000,000 | 13,150,000,000 | - | - |
| Pubali Bank Limited | | 1,000,000,000 | - | - | - |
| Agrani Bank Limited | | - | 8,240,000,000 | - | - |
| Trust Bank Limited | | 6,502,000,000 | - | - | - |
| Padma Bank Limited | | 10,918,428 | 10,315,000 | - | - |
| | | 29,945,478,196 | 52,062,807,890 | 7,300,000,000 | 5,200,000,000 |
| Fixed deposit with financial institutions | | | | | |
| Industrial and Infrastructure Development Finance Co. Limited | | - | 140,000,000 | - | 140,000,000 |
| United Finance Limited | | 700,000,000 | 800,000,000 | 700,000,000 | 800,000,000 |
| IPDC Finance Limited | | 3,000,000,000 | 3,000,000,000 | 3,000,000,000 | 3,000,000,000 |
| Delta Brac Housing Finance Corporation Limited | | - | 3,000,000,000 | - | 3,000,000,000 |
| | | 3,700,000,000 | 6,940,000,000 | 3,700,000,000 | 6,940,000,000 |
| | | 33,645,478,196 | 59,002,807,890 | 11,000,000,000 | 12,140,000,000 |
| | | 47,797,240,230 | 70,561,465,538 | 11,127,982,840 | 12,261,365,946 |

There are some unreconciled entries as on 31 December 2022 and status of unreconciled entries has been presented in Annexure-B-2.



Notes to the financial statements as at and for the year ended 31 December 2022

| Notes to the financial statements as at and for the year ended 31 December 2022 | | | | | | |
|---|--|-------|----------------|----------------|-------------------|----------------|
| | Particulars | Note | Consolidated | | BRAC Bank Limited | |
| | | | 2022 | 2021 | 2022 | 2021 |
| 5.2 | Balance outside Bangladesh | | | | | |
| | On shore balance | 5.2.1 | 10,300,711,807 | 13,827,605,643 | 10,274,159,644 | 13,747,343,470 |
| | Off shore balance | 5.2.1 | 2,382,125,360 | 5,974,658,657 | 2,382,125,360 | 5,974,658,657 |
| | | | 12,682,837,167 | 19,802,264,300 | 12,656,285,004 | 19,722,002,127 |
| | Less: On shore to BBL off-shore placement | | 7,528,733,120 | 12,102,416,928 | 7,528,733,120 | 12,102,416,928 |
| | | | 5,154,104,047 | 7,699,847,372 | 5,127,551,884 | 7,619,585,199 |
| 5.2.1 | Balance with other banks and financial institutions (outside Bangladesh) | | | | | |
| | On shore balance | | | | | |
| | Standard Chartered Bank-New York, USA | | 648,185,631 | 497,936,217 | 648,185,631 | 497,936,217 |
| | Standard Chartered Bank, United Kingdom | | 107,923,960 | 16,027,822 | 107,923,960 | 16,027,822 |
| | Standard Chartered Bank, Frankfurt, Germany | | 368,010,970 | 14,323,040 | 368,010,970 | 14,323,040 |
| | Mashreq Bank, New York, USA | | 149,848,892 | 69,942,687 | 149,848,892 | 69,942,687 |
| | Bank of Tokyo Mitsubishi | | 20,512,994 | 5,975,580 | 20,512,994 | 5,975,580 |
| | ICICI Bank Limited, Mumbai, India | | 74,637,602 | 6,962,245 | 74,637,602 | 6,962,245 |
| | Zuercher Kantonal Bank, Switzerland | | 13,630,753 | 3,721,299 | 13,630,753 | 3,721,299 |
| | Commerz Bank AG, Germany (USD) | | 6,466,957 | 1,908,554 | 6,466,957 | 1,908,554 |
| | Commerz Bank AG, Germany (EURO) | | 14,920,292 | (72,805,071) | 14,920,292 | (72,805,071) |
| | Commerz Bank, Frankfurt, Germany (GBP) | | 6,254 | 5,815 | 6,254 | 5,815 |
| | JP Morgan Chase Bank, New York, USA | | 711,997,619 | 331,450,001 | 711,997,619 | 331,450,001 |
| | HDFC Bank Limited, India | | 257,249,753 | 19,459,599 | 257,249,753 | 19,459,599 |
| | Habib Metro Bank Limited | | - | 1,790,293 | - | 1,790,293 |
| | JP Morgan Chase Bank, Sydney (AUD) | | 8,273,641 | 605,425,151 | 8,273,641 | 605,425,151 |
| | AB Bank Limited, Mumbai, India | | 44,940,238 | 16,637,248 | 44,940,238 | 16,637,248 |
| | AXIS Bank Limited | | 57,087,322 | 44,326,693 | 57,087,322 | 44,326,693 |
| | Abu Dhabi Commercial Bank (AED) | | 5,194,973 | 6,196,415 | 5,194,973 | 6,196,415 |
| | Kookmin Bank, Seoul, South Korea (USD) | | 6,039,326 | 6,187,529 | 6,039,326 | 6,187,529 |
| | Citi Bank N.A., New York, USA | | 41,089,752 | 24,844,680 | 41,089,752 | 24,844,680 |
| | Shanghai Pudong Development Bank Co. Ltd, China (CNY) | | 2,011,473 | 813,173 | 2,011,473 | 813,173 |
| | DBS Bank Ltd. Singapore, SGD | | 17,357,195 | 13,486,513 | 17,357,195 | 13,486,513 |
| | Punjab National Bank, Kolkata (USD) | | 115,867,928 | 30,311,059 | 115,867,928 | 30,311,059 |
| | Al Rajhi Bank, Riyadh (SAR) | | 3,187,340 | - | 3,187,340 | - |
| | Meezan Bank Limited, Gtb Karachi, ACU (USD) | | 70,985,659 | - | 70,985,659 | - |
| | Balance with different banks maintained by BRAC SAAJAN Exchange Ltd. | | 26,552,163 | 80,262,173 | - | - |
| | | | 2,771,978,687 | 1,725,188,715 | 2,745,426,524 | 1,644,926,542 |
| | | | 7,528,733,120 | 12,102,416,928 | 7,528,733,120 | 12,102,416,928 |
| | Add: On shore to off shore placement | | | | | |
| | Total on shore balance | | 10,300,711,807 | 13,827,605,643 | 10,274,159,644 | 13,747,343,470 |



Notes to the financial statements as at and for the year ended 31 December 2022

| Notes to the financial statements as at and for the year ended 31 December 2022 | | | | | | |
|---|--|-------|-----------------|----------------|-------------------|----------------|
| | Particulars | Note | Consolidated | | BRAC Bank Limited | |
| | | | 2022 | 2021 | 2022 | 2021 |
| | Off shore balance | | | | | |
| | JP Morgan Chase Bank, New York | | 702,418,166 | 138,374,290 | 702,418,166 | 138,374,290 |
| | JP Morgan AG, Frankfurt, Germany | | 25,564,908 | 425,313 | 25,564,908 | 425,313 |
| | JP Morgan Chase Bank, NA, London | | 1,390,286 | 1,459,054 | 1,390,286 | 1,459,054 |
| | BBL OBU to Other Bank OBU placement | | 1,652,752,000 | 5,834,400,000 | 1,652,752,000 | 5,834,400,000 |
| | Total off shore balance | | 2,382,125,360 | 5,974,658,657 | 2,382,125,360 | 5,974,658,657 |
| | | | 12,682,837,167 | 19,802,264,300 | 12,656,285,004 | 19,722,002,127 |
| | Less: On shore to BBL off-shore placement | | 7,528,733,120 | 12,102,416,928 | 7,528,733,120 | 12,102,416,928 |
| | | | 5,154,104,047 | 7,699,847,372 | 5,127,551,884 | 7,619,585,199 |
| | There are some unreconciled entries as on 31 December 2022 and status of unreconciled entries has been presented in Annexure-B-1 and detail balance has been presented in Annexure - C except BBL OBU to Other Bank OBU placement. | | | | | |
| 5.3 | Maturity grouping of balance with other banks and financial institutions | | | | | |
| | On Demand | | - | - | 3,602,782,724 | - |
| | Up to 1 month | | 13,157,601,136 | 6,339,852,686 | 2,402,752,000 | 6,548,951,145 |
| | More than 1 month but not more than 3 months | | 24,335,099,107 | 21,968,040,315 | 10,250,000,000 | 8,432,000,000 |
| | More than 3 months but not more than 1 year | | 15,458,644,034 | 49,953,419,909 | - | 4,900,000,000 |
| | More than 1 year but not more than 5 years | | - | - | - | - |
| | More than 5 years | | - | - | - | - |
| | | | 52,951,344,277 | 78,261,312,910 | 16,255,534,724 | 19,880,951,145 |
| 6 | Money at call on short notice | | | | | |
| | IDLC Finance Limited | | 3,000,000,000 | 3,500,000,000 | 3,000,000,000 | 3,500,000,000 |
| | Delta BRAC Housing Finance Corporation Limited | | 3,000,000,000 | - | 3,000,000,000 | - |
| | Pubali Bank Limited | | 826,376,000 | - | 826,376,000 | - |
| | | | 6,826,376,000 | 3,500,000,000 | 6,826,376,000 | 3,500,000,000 |
| 7 | Investments | | | | | |
| | Government | 7.1 | 107,319,008,486 | 60,998,642,835 | 56,637,669,673 | 44,051,798,178 |
| | Others | 7.2 | 9,232,985,372 | 9,069,950,469 | 7,650,012,591 | 7,539,016,664 |
| | | | 116,551,993,858 | 70,068,593,304 | 64,287,682,264 | 51,590,814,842 |
| 7.1 | Government (investment in Govt. securities) | | | | | |
| | Treasury bills | 7.1.1 | 502,645,248 | 1,658,322,369 | 502,645,248 | 79,924,246 |
| | Treasury bonds | 7.1.2 | 106,814,835,338 | 59,339,039,666 | 56,133,496,525 | 43,970,593,132 |
| | Prize bonds | | 1,527,900 | 1,280,800 | 1,527,900 | 1,280,800 |
| | | | 107,319,008,486 | 60,998,642,835 | 56,637,669,673 | 44,051,798,178 |



Notes to the financial statements as at and for the year ended 31 December 2022

| Notes to the financial statements as at and for the year ended 31 December 2022 | | | | | | Amount in Taka |
|--|-------|------------------------|-----------------------|-----------------------|-----------------------|----------------|
| Particulars | Note | Consolidated | | BRAC Bank Limited | | |
| | | 2022 | 2021 | 2022 | 2021 | |
| 7.1.1 Treasury bills | | | | | | |
| Treasury bills (91 Days) | | - | 79,924,246 | - | 79,924,246 | |
| Treasury bills (182 Days) | | - | 1,479,534,000 | - | - | |
| Treasury bills (364 Days) | | 502,645,248 | 98,864,123 | 502,645,248 | - | |
| | | <u>502,645,248</u> | <u>1,658,322,369</u> | <u>502,645,248</u> | <u>79,924,246</u> | |
| 7.1.2 Treasury Bonds | | | | | | |
| Treasury bonds (2 years BGTB) | | 15,126,121,903 | 13,314,480,669 | 7,037,969,509 | - | |
| Treasury bonds (5 years BGTB) | | 26,035,244,848 | 27,236,823,583 | 24,087,842,247 | 27,230,297,168 | |
| Treasury bonds (10 years BGTB) | | 17,697,865,069 | 8,660,373,429 | 9,737,871,279 | 8,660,373,429 | |
| Treasury bonds (15 years BGTB) | | 8,490,777,069 | 2,466,208,715 | 1,100,623,840 | 1,535,758,458 | |
| Treasury bonds (20 years BGTB) | | 26,973,511,049 | 6,544,164,077 | 1,677,874,250 | 6,544,164,077 | |
| Reverse REPO | | 12,491,315,400 | 1,116,989,193 | 12,491,315,400 | - | |
| | | <u>106,814,835,338</u> | <u>59,339,039,666</u> | <u>56,133,496,525</u> | <u>43,970,593,132</u> | |
| 7.1.3 BB category wise investment | | | | | | |
| Held for trading (HFT) | | 27,931,292,483 | 16,203,146,653 | 27,931,292,483 | 16,203,146,653 | |
| Held to maturity (HTM) | | 79,386,188,103 | 44,794,215,382 | 28,704,849,290 | 27,847,370,725 | |
| Other securities | | 1,527,900 | 1,280,800 | 1,527,900 | 1,280,800 | |
| | | <u>107,319,008,486</u> | <u>60,998,642,835</u> | <u>56,637,669,673</u> | <u>44,051,798,178</u> | |
| 7.2 Others (investment in other than Govt. securities) | | | | | | |
| Corporate bonds- unquoted and quoted | 7.2.1 | 2,480,000,000 | 2,900,000,000 | 2,480,000,000 | 2,890,000,000 | |
| Ordinary shares and mutual funds (MFs) - unquoted and quoted | 7.2.2 | 6,750,485,372 | 6,165,950,469 | 5,167,512,591 | 4,645,016,664 | |
| Preference shares | 7.2.3 | 2,500,000 | 4,000,000 | 2,500,000 | 4,000,000 | |
| | | <u>9,232,985,372</u> | <u>9,069,950,469</u> | <u>7,650,012,591</u> | <u>7,539,016,664</u> | |
| * Investment in shares, mutual funds and preference shares are detailed in Annexure-D. | | | | | | |
| 7.2.1 Corporate bonds- unquoted and quoted | | | | | | |
| Unquoted | | | | | | |
| North West Power Generation Company Limited Coupon Bearing Bond | | 1,200,000,000 | 1,500,000,000 | 1,200,000,000 | 1,500,000,000 | |
| Jamuna Bank II Floating Rate Subordinated Bond | | 180,000,000 | 270,000,000 | 180,000,000 | 270,000,000 | |
| Bank Asia Floating Rate Subordinated Bond | | - | 20,000,000 | - | 20,000,000 | |
| EBL Floating Rate Subordinated Bond | | - | 20,000,000 | - | 20,000,000 | |
| Prime Bank Floating Rate Subordinated Bond | | - | 20,000,000 | - | 20,000,000 | |
| EXIM Bank Mudaraba Subordinated Floating Rate Bond | | - | 50,000,000 | - | 50,000,000 | |



Notes to the financial statements as at and for the year ended 31 December 2022

| Particulars | Note | Consolidated | | | | Amount in Taka | |
|---|------|-----------------|----------------|----------------|----------------|-------------------|------|
| | | 2022 | | 2021 | | BRAC Bank Limited | |
| | | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| AB Bank Floating Rate Subordinated Bond II | | - | 60,000,000 | - | - | 60,000,000 | |
| MTBL Floating Rate Subordinated Bond | | - | 50,000,000 | - | - | 50,000,000 | |
| MTBL Floating Rate Subordinated Bond IV | | 400,000,000 | 400,000,000 | 400,000,000 | 400,000,000 | 400,000,000 | |
| Meghna Bank 1st Subordinate Coupon Bearing Bond | | 200,000,000 | - | 200,000,000 | - | - | |
| | | 1,980,000,000 | 2,390,000,000 | 1,980,000,000 | 2,390,000,000 | | |
| Quoted | | | | | | | |
| Beximco Green Sukuk Al Istisna'a | | - | 10,000,000 | - | - | - | |
| Ashuganj Power Station Company Limited Bond | | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | |
| | | 500,000,000 | 510,000,000 | 500,000,000 | 500,000,000 | 500,000,000 | |
| | | 2,480,000,000 | 2,900,000,000 | 2,480,000,000 | 2,890,000,000 | | |
| 7.2.2 Ordinary shares and mutual funds (MFs) - unquoted and quoted | | | | | | | |
| Unquoted | | | | | | | |
| Industrial and Infrastructure Development Finance Company Ltd (IIDFC) | | 29,683,820 | 29,683,820 | 29,683,820 | 29,683,820 | 29,683,820 | |
| Bangladesh Rating Agency Limited (BDRAL) | | 10,671,700 | 10,671,700 | 10,671,700 | 10,671,700 | 10,671,700 | |
| Central Depository Bangladesh Limited (CDBL) | | 6,277,770 | 6,277,770 | 6,277,770 | 6,277,770 | 6,277,770 | |
| Investment in non-publicly traded mutual fund | | 441,872,220 | 249,686,370 | 441,872,220 | 249,686,370 | 249,686,370 | |
| Investment in share - IPO | | 46,637,763 | - | - | - | - | |
| Investment in DSE & CSE | | 96,986,595 | 96,986,595 | 96,986,595 | - | - | |
| | | 632,129,868 | 393,306,255 | 488,505,510 | 296,319,660 | | |
| Quoted | | | | | | | |
| Investment in secondary market | | 6,118,355,504 | 5,772,644,214 | 4,679,007,081 | 4,348,697,004 | | |
| | | 6,118,355,504 | 5,772,644,214 | 4,679,007,081 | 4,348,697,004 | | |
| | | 6,750,485,372 | 6,165,950,469 | 5,167,512,591 | 4,645,016,664 | | |
| 7.2.3 Preference shares | | | | | | | |
| Union Capital Preference Share | | 2,500,000 | 4,000,000 | 2,500,000 | 4,000,000 | | |
| | | 2,500,000 | 4,000,000 | 2,500,000 | 4,000,000 | | |
| 7.3 Maturity wise grouping of investment | | | | | | | |
| On demand | | - | - | 5,417,713,320 | - | | |
| Up to 1 month | | 14,188,455,784 | 2,710,582,737 | 7,284,756,278 | 5,297,464 | | |
| More than 1 month but not more than 3 months | | 1,579,926,666 | 220,724,640 | 1,579,926,666 | 200,000,000 | | |
| More than 3 months but not more than 1 year | | 14,536,811,309 | 18,305,723,722 | 13,033,778,937 | 6,210,894,725 | | |
| More than 1 year but not more than 5 years | | 36,654,461,496 | 33,494,806,504 | 28,024,952,278 | 31,885,306,402 | | |
| More than 5 years | | 49,592,338,603 | 15,336,755,701 | 8,946,554,785 | 13,289,316,251 | | |
| | | 116,551,993,858 | 70,068,593,304 | 64,287,682,264 | 51,590,814,842 | | |



Notes to the financial statements as at and for the year ended 31 December 2022

| | Particulars | Note | Consolidated | | BRAC Bank Limited | |
|---|--|-------|------------------------|------------------------|------------------------|------------------------|
| | | | 2022 | 2021 | 2022 | 2021 |
| 8 | Loans and advances | | | | | |
| | Loans, cash credit, overdrafts etc. | 8.1.1 | 222,711,877,598 | 169,128,372,833 | 221,303,533,974 | 168,205,415,381 |
| | Small and medium enterprises | 8.1.2 | 187,247,111,913 | 150,749,009,625 | 187,247,111,913 | 150,749,009,625 |
| | Bills purchased and discounted* | 8.2 | 2,125,761,073 | 2,257,805,981 | 2,125,761,073 | 2,257,805,981 |
| | | | <u>412,084,750,584</u> | <u>322,135,188,439</u> | <u>410,676,406,960</u> | <u>321,212,230,987</u> |
| * Bills purchased and discounted excludes bills purchased and discounted of small and medium enterprises (SME). | | | | | | |
| 8.1.1 | Loans, cash credit, overdrafts etc. | | | | | |
| | Overdrafts | | 14,264,660,532 | 9,386,377,592 | 14,264,660,532 | 9,386,377,592 |
| | Demand loans | | 93,550,846,726 | 63,339,447,043 | 93,550,846,726 | 63,339,447,043 |
| | Term loans | | 101,066,162,683 | 84,980,045,030 | 101,066,162,683 | 84,980,045,030 |
| | Lease receivables | | 488,267,689 | 823,850,563 | 488,267,689 | 823,850,563 |
| | Credit Cards | | 10,794,068,205 | 8,562,449,791 | 10,794,068,205 | 8,562,449,791 |
| | Staff loans | | 1,152,911,527 | 1,123,591,696 | 1,139,528,139 | 1,113,245,362 |
| | Margin loan | | 2,383,856,084 | 1,769,581,139 | - | - |
| | | | <u>223,700,773,446</u> | <u>169,985,342,854</u> | <u>221,303,533,974</u> | <u>168,205,415,381</u> |
| | Less: Inter company elimination | | <u>988,895,848</u> | <u>856,970,021</u> | - | - |
| | | | <u>222,711,877,598</u> | <u>169,128,372,833</u> | <u>221,303,533,974</u> | <u>168,205,415,381</u> |
| 8.1.2 | Small and medium enterprises | | | | | |
| | Overdrafts | | 12,992,885,904 | 17,716,943,831 | 12,992,885,904 | 17,716,943,831 |
| | Demand loans | | 13,789,378,536 | 13,336,489,437 | 13,789,378,536 | 13,336,489,437 |
| | Term loans | | 160,407,248,749 | 119,647,429,292 | 160,407,248,749 | 119,647,429,292 |
| | Lease receivables | | 3,904,457 | 12,493,658 | 3,904,457 | 12,493,658 |
| | Bills purchased and discounted (SME) | | <u>53,694,267</u> | <u>35,653,407</u> | <u>53,694,267</u> | <u>35,653,407</u> |
| | | | <u>187,247,111,913</u> | <u>150,749,009,625</u> | <u>187,247,111,913</u> | <u>150,749,009,625</u> |
| 8.2 | Bills purchased and discounted | | | | | |
| | Bills purchased and discounted (except SME) | | 2,125,761,073 | 2,257,805,981 | 2,125,761,073 | 2,257,805,981 |
| | Bills purchased and discounted (SME) | | <u>53,694,267</u> | <u>35,653,407</u> | <u>53,694,267</u> | <u>35,653,407</u> |
| | | | <u>2,179,455,340</u> | <u>2,293,459,388</u> | <u>2,179,455,340</u> | <u>2,293,459,388</u> |
| 8.3 | Net loans and advances | | | | | |
| | Gross loans and advances | | 412,084,750,584 | 322,135,188,439 | 410,676,406,960 | 321,212,230,987 |
| | Less: Interest suspense | 17.6 | 1,710,681,546 | 1,637,871,114 | 1,710,681,546 | 1,637,871,114 |
| | Less: Provision for loans and advances including Covid special provision | 17.1 | 15,386,996,797 | 13,997,832,683 | 14,175,161,027 | 12,778,727,514 |
| | | | <u>394,987,072,241</u> | <u>306,499,484,642</u> | <u>394,790,564,387</u> | <u>306,795,632,359</u> |



Notes to the financial statements as at and for the year ended 31 December 2022

| Notes to the financial statements as at and for the year ended 31 December 2022 | | | | | | | |
|---|---|------|-----------------|-----------------|-------------------|-----------------|----------------|
| | Particulars | Note | Consolidated | | BRAC Bank Limited | | Amount in Taka |
| | | | 2022 | 2021 | 2022 | 2021 | |
| 8.4 | Loans and advances under the following broad categories | | | | | | |
| | Inside Bangladesh: | | | | | | |
| | Loans | | 384,754,942,424 | 294,765,610,883 | 383,346,598,800 | 293,842,653,431 | |
| | Cash credit | | - | - | - | - | |
| | Overdrafts | | 27,257,546,436 | 27,103,321,423 | 27,257,546,436 | 27,103,321,423 | |
| | | | 412,012,488,860 | 321,868,932,306 | 410,604,145,236 | 320,945,974,854 | |
| | Outside Bangladesh: | | | | | | |
| | Loans | | - | - | - | - | |
| | Cash credits | | - | - | - | - | |
| | Overdrafts | | 72,261,724 | 266,256,133 | 72,261,724 | 266,256,133 | |
| | | | 72,261,724 | 266,256,133 | 72,261,724 | 266,256,133 | |
| | | | 412,084,750,584 | 322,135,188,439 | 410,676,406,960 | 321,212,230,987 | |
| 8.5 | Geographical location wise portfolio grouping | | | | | | |
| | Inside Bangladesh: Rural | | | | | | |
| | Dhaka Division | | 21,801,834,985 | 16,286,585,281 | 21,801,834,985 | 16,286,585,281 | |
| | Chattogram Division | | 7,748,731,551 | 5,710,367,078 | 7,748,731,551 | 5,710,367,078 | |
| | Khulna Division | | 2,135,336,810 | 1,867,179,063 | 2,135,336,810 | 1,867,179,063 | |
| | Sylhet Division | | 684,612,772 | 587,922,421 | 684,612,772 | 587,922,421 | |
| | Barisal Division | | 2,676,094,860 | 2,252,683,323 | 2,676,094,860 | 2,252,683,323 | |
| | Rajshahi Division | | - | - | - | - | |
| | Rangpur Division | | - | - | - | - | |
| | Mymensingh Division | | - | - | - | - | |
| | | | 35,046,610,978 | 26,704,737,166 | 35,046,610,978 | 26,704,737,166 | |
| | Inside Bangladesh: Urban | | | | | | |
| | Dhaka Division | | 271,970,483,868 | 206,468,770,801 | 270,562,140,244 | 210,003,581,273 | |
| | Chattogram Division | | 36,572,748,273 | 29,398,804,991 | 36,572,748,273 | 29,933,898,705 | |
| | Khulna Division | | 19,220,934,984 | 14,920,391,316 | 19,220,934,984 | 14,920,391,316 | |
| | Sylhet Division | | 6,997,893,761 | 6,052,596,788 | 6,997,893,761 | 5,517,503,075 | |
| | Barisal Division | | 17,773,535,883 | 3,754,903,491 | 17,773,535,883 | 14,860,502,458 | |
| | Rajshahi Division | | 6,891,514,015 | 20,018,904,916 | 6,891,514,015 | 5,263,466,418 | |
| | Rangpur Division | | 12,180,549,220 | 6,403,619,148 | 12,180,549,220 | 9,309,338,283 | |
| | Mymensingh Division | | 5,358,217,878 | 8,146,203,689 | 5,358,217,878 | 4,432,556,160 | |
| | | | 376,965,877,882 | 295,164,195,140 | 375,557,534,258 | 294,241,237,688 | |
| | | | 72,261,724 | 266,256,133 | 72,261,724 | 266,256,133 | |
| | Outside Bangladesh | | 412,084,750,584 | 322,135,188,439 | 410,676,406,960 | 321,212,230,987 | |



Notes to the financial statements as at and for the year ended 31 December 2022

| | Particulars | Note | Amount in Taka | | | |
|-------|--|------|-----------------|-----------------|-------------------|-----------------|
| | | | Consolidated | | BRAC Bank Limited | |
| | | | 2022 | 2021 | 2022 | 2021 |
| 8.6 | Loans and advances on the basis of significant concentration | | | | | |
| 8.6.1 | Loans and advances to directors, executives and others | | | | | |
| | Directors, subsidiaries and others | | 989,873,937 | 857,164,160 | 989,873,937 | 857,164,160 |
| | Staffs: | | | | | |
| | Managing Director and CEO | | - | - | - | - |
| | Senior executives | | 127,336,202 | 117,266,663 | 113,952,814 | 106,920,329 |
| | Other executives and staffs | | 1,025,575,325 | 1,006,325,033 | 1,025,575,325 | 1,006,325,033 |
| | | | 1,152,911,527 | 1,123,591,696 | 1,139,528,139 | 1,113,245,362 |
| | Industries: | | | | | |
| | Agro-based | | 18,197,184,243 | 19,580,349,837 | 18,197,184,243 | 19,580,349,837 |
| | Large and medium | | 96,137,380,399 | 67,128,717,347 | 96,137,380,399 | 67,128,717,347 |
| | Small and cottage | | 28,146,418,322 | 26,021,968,591 | 28,146,418,322 | 26,021,968,591 |
| | Service industry | | 25,376,563,870 | 14,618,681,406 | 25,376,563,870 | 14,618,681,406 |
| | | | 167,857,546,834 | 127,349,717,181 | 167,857,546,834 | 127,349,717,181 |
| | Agricultural | | 5,687,724,141 | 5,753,930,713 | 5,687,724,141 | 5,753,930,713 |
| | Consumers | | 75,941,549,558 | 64,361,156,599 | 75,941,549,558 | 64,361,156,599 |
| | Trade and commercial | | 143,656,845,308 | 106,519,590,246 | 142,261,885,072 | 105,606,979,128 |
| | Others | | 16,798,299,279 | 16,170,037,844 | 16,798,299,279 | 16,170,037,844 |
| | | | 412,084,750,584 | 322,135,188,439 | 410,676,406,960 | 321,212,230,987 |
| 8.6.2 | Staff loan | | | | | |
| | Personal loan | | 48,030,769 | 58,119,303 | 34,647,381 | 47,772,969 |
| | Car and motorcycle loan | | 567,667,332 | 547,275,877 | 567,667,332 | 547,275,877 |
| | House building loan | | 537,213,426 | 518,196,516 | 537,213,426 | 518,196,516 |
| | | | 1,152,911,527 | 1,123,591,696 | 1,139,528,139 | 1,113,245,362 |
| 8.7 | Overall Sector wise concentration of loans and advance | | | | | |
| | Agriculture | | 5,687,724,141 | 5,753,930,713 | 5,687,724,141 | 5,753,930,713 |
| | Communication | | 3,287,943,562 | 1,925,739,616 | 3,287,943,562 | 1,925,739,616 |
| | Construction | | 1,671,888,713 | 1,137,737,429 | 1,671,888,713 | 1,137,737,429 |
| | Consumer credit | | 77,082,055,787 | 65,474,596,100 | 77,082,055,787 | 65,474,596,100 |
| | Other manufacturing industries | | 84,860,249,089 | 66,934,713,222 | 84,860,249,089 | 66,934,713,222 |
| | Power, Gas | | 1,034,096,725 | 1,160,503,826 | 1,034,096,725 | 1,160,503,826 |
| | Readymade garments | | 27,869,772,720 | 22,844,920,562 | 27,869,772,720 | 22,844,920,562 |
| | Residential real estate financing | | 574,576,479 | 1,077,921,947 | 574,576,479 | 1,077,921,947 |
| | Ship building | | 24,825,639,412 | 17,999,936,722 | 24,825,639,412 | 17,999,936,722 |



Notes to the financial statements as at and for the year ended 31 December 2022

| Particulars | Note | Consolidated | | BRAC Bank Limited | |
|--|------|------------------------|------------------------|------------------------|------------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| Service industries | | 6,489,929,560 | 4,943,877,117 | 6,489,929,560 | 4,943,877,117 |
| Textile | | 146,335,501,432 | 106,736,606,921 | 146,335,501,432 | 106,736,606,921 |
| Trade service | | 70,285,749 | 70,785,749 | 70,285,749 | 70,785,749 |
| Others | | 32,295,087,215 | 26,073,918,516 | 30,886,743,591 | 25,150,961,064 |
| | | 412,084,750,584 | 322,135,188,439 | 410,676,406,960 | 321,212,230,987 |
| 8.8 Securities wise loans and advances including bills purchased and discounted | | | | | |
| Collateral of moveable/immovable assets | | 126,686,442,834 | 135,307,188,774 | 126,686,442,834 | 135,307,188,774 |
| Local banks and financial institutions guarantee | | - | - | - | - |
| Government guarantee | | - | - | - | - |
| Foreign banks guarantee | | - | - | - | - |
| Export documents | | - | - | - | - |
| Fixed deposit receipts (FDR) | | 6,748,674,909 | 5,791,509,559 | 6,748,674,909 | 5,791,509,559 |
| FDR of other banks | | - | - | - | - |
| Government bonds | | - | - | - | - |
| Personal guarantee and other securities | | 277,021,246,522 | 179,969,307,739 | 277,007,863,134 | 179,958,961,405 |
| Other securities | | 1,628,386,319 | 1,067,182,367 | 233,426,083 | 154,571,249 |
| | | 412,084,750,584 | 322,135,188,439 | 410,676,406,960 | 321,212,230,987 |
| 8.9 Classified and unclassified loans and advances | | | | | |
| Unclassified | | | | | |
| Standard (including staff loan) | | 394,146,614,538 | 307,143,533,027 | 393,963,577,819 | 307,445,882,479 |
| Special Mention Accounts (SMA) | | 1,444,198,040 | 1,243,788,089 | 1,444,198,040 | 1,243,788,089 |
| | | 395,590,812,578 | 308,387,321,116 | 395,407,775,859 | 308,689,670,568 |
| Classified | | | | | |
| Sub-standard | | 3,376,237,529 | 2,200,671,339 | 3,376,237,529 | 2,200,671,339 |
| Doubtful | | 2,535,948,774 | 987,009,923 | 2,535,948,774 | 987,009,923 |
| Bad/Loss | | 10,581,751,703 | 10,560,186,061 | 9,356,444,799 | 9,334,879,157 |
| | | 16,493,938,006 | 13,747,867,323 | 15,268,631,102 | 12,522,560,419 |
| | | 412,084,750,584 | 322,135,188,439 | 410,676,406,961 | 321,212,230,987 |
| 8.9.1 Business segment wise concentration of classified loans and advances/ NPL of the Bank | | | | | |
| Corporate | | 6,621,370,896 | 6,188,357,727 | 6,621,370,896 | 6,188,357,727 |
| Retail | | 3,119,523,698 | 3,154,195,395 | 1,894,216,794 | 1,928,888,491 |
| Small and medium enterprises | | 6,753,043,412 | 4,405,314,201 | 6,753,043,412 | 4,405,314,201 |
| | | 16,493,938,006 | 13,747,867,323 | 15,268,631,102 | 12,522,560,419 |



Notes to the financial statements as at and for the year ended 31 December 2022

| Notes to the financial statements as at and for the year ended 31 December 2022 | | | | | | |
|---|------|-----------------|-----------------|-------------------|-----------------|----------------|
| Particulars | Note | Consolidated | | BRAC Bank Limited | | Amount in Taka |
| | | 2022 | 2021 | 2022 | 2021 | |
| 8.9.2 Sector wise concentration of classified loans and advances/ NPL of the Bank | | | | | | |
| Agriculture | | 52,630,207 | 31,871,445 | 52,630,207 | 31,871,445 | |
| Communication | | - | 486,924,192 | - | 486,924,192 | |
| Construction | | 2,497,490 | - | 2,497,490 | - | |
| Consumer credit | | 1,894,219,834 | 1,356,644,787 | 1,894,219,834 | 1,356,644,787 | |
| Other manufacturing industries | | 4,515,403,972 | 2,619,111,630 | 4,515,403,972 | 2,619,111,630 | |
| Power, Gas | | - | - | - | - | |
| Readymade garments | | 1,793,914,272 | 2,370,137,460 | 1,793,914,272 | 2,370,137,460 | |
| Residential real estate financing | | - | - | - | - | |
| Ship building | | - | 70,785,749 | - | 70,785,749 | |
| Service industries | | 316,325,077 | 176,784,009 | 316,325,077 | 176,784,009 | |
| Textile | | 805,904,806 | 1,093,866,163 | 805,904,806 | 1,093,866,163 | |
| Trade service | | 6,671,088,591 | 4,944,211,307 | 5,445,781,687 | 3,718,904,403 | |
| Others | | 441,953,757 | 597,530,580 | 441,953,757 | 597,530,580 | |
| | | 16,493,938,006 | 13,747,867,323 | 15,268,631,102 | 12,522,560,419 | |
| 8.9.3 Movements of classified loans and advances | | | | | | |
| Opening balance | | 13,747,867,323 | 9,233,853,039 | 12,522,560,419 | 8,008,546,135 | |
| Additions during the year | | 6,324,236,743 | 6,875,879,905 | 6,324,236,743 | 6,875,879,905 | |
| Released during the year | | (3,578,166,060) | (2,361,865,621) | (3,578,166,060) | (2,361,865,621) | |
| | | 16,493,938,006 | 13,747,867,323 | 15,268,631,102 | 12,522,560,419 | |
| 8.9.4 Loan type wise classified loans and advances | | | | | | |
| Overdraft | | 2,280,501,223 | 1,439,279,855 | 2,280,501,223 | 1,439,279,855 | |
| Demand loan | | 3,301,376,505 | 3,440,164,860 | 3,301,376,505 | 3,440,164,860 | |
| Term loan | | 9,129,361,188 | 7,042,575,016 | 9,129,361,188 | 7,042,575,016 | |
| Lease finance | | 29,873,780 | 27,804,883 | 29,873,780 | 27,804,883 | |
| Credit cards | | 527,518,406 | 572,735,805 | 527,518,406 | 572,735,805 | |
| Margin loan | | 1,225,306,904 | 1,225,306,904 | - | - | |
| | | 16,493,938,006 | 13,747,867,323 | 15,268,631,102 | 12,522,560,419 | |



Notes to the financial statements as at and for the year ended 31 December 2022

| Particulars | Note | Consolidated | | Amount in Taka | |
|-------------|------|--------------|------|-------------------|------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | | | BRAC Bank Limited | |

8.10 Details of large loan (Standalone basis)

Large loan clients are those to whom loans and advances sanctioned are 10% or more of the total regulatory capital of the Bank. Total capital of the Bank was Taka 49,118,601,214 as at 31 December 2022 and taka 44,131,714,067 as at 31 December 2021. Client wise details of large loans have been presented in below:

Number of clients

22

Amount of outstanding loans and advances

79,698,345,561

Amount of classified loans and advances

NIL

Client wise break-up is as follows:

| SL | Name of clients | Funded | Non-funded | Total Outstanding |
|----|----------------------------|----------------|----------------|-------------------|
| 1 | Meghna group of industries | 2,233,750,906 | 4,686,834,775 | 6,920,585,681 |
| 2 | BSRM group | 5,733,020,639 | 683,562,443 | 6,416,583,082 |
| 3 | Summit group | 3,919,864,694 | 2,445,333,880 | 6,365,198,574 |
| 4 | Abul Khair group | 2,603,843,863 | 3,383,574,207 | 5,987,418,070 |
| 5 | City group | 2,952,999,915 | 2,249,590,927 | 5,202,590,842 |
| 6 | PRAN-RFL group | 4,178,180,074 | 479,259,185 | 4,657,439,259 |
| 7 | Renata group | 4,199,383,041 | 138,210,223 | 4,337,593,264 |
| 8 | Walton group | 3,860,443,442 | 136,684,425 | 3,997,127,868 |
| 9 | Akij group | 3,529,105,292 | 295,666,550 | 3,824,771,842 |
| 10 | Bitopi group | 2,789,779,566 | 680,690,898 | 3,470,470,464 |
| 11 | Veon group | 1,513,770,480 | 1,890,105,041 | 3,403,875,520 |
| 12 | Samuda group | 2,179,325,467 | 1,201,814,338 | 3,381,139,805 |
| 13 | Confidence group | 2,001,184,438 | 1,352,534,532 | 3,353,718,971 |
| 14 | Urmi group | 1,497,418,180 | 1,156,821,337 | 2,654,239,518 |
| 15 | Meghna cycle group | 2,052,455,417 | 420,108,586 | 2,472,564,003 |
| 16 | Mir group | 1,777,447,327 | 614,087,775 | 2,391,535,102 |
| 17 | Badsha group | 1,750,332,666 | 625,188,588 | 2,375,521,254 |
| 18 | BRAC group | 1,834,228,860 | 224,936,135 | 2,059,164,995 |
| 19 | Square group | 735,295,244 | 1,322,575,503 | 2,057,870,747 |
| 20 | Robi Axiata | 1,589,064,624 | 459,827,419 | 2,048,892,043 |
| 21 | Yunusco group | 1,464,201,374 | 485,584,663 | 1,949,786,037 |
| 22 | Nesco-Desco group | - | 370,258,620 | 370,258,620 |
| | Grand Total | 54,395,095,508 | 25,303,250,051 | 79,698,345,561 |

Note: Large exposures has been calculated on the basis of BRPD Circular No 01, dated 16 January 2022.



Notes to the financial statements as at and for the year ended 31 December 2022

8.11 Particulars of required provisions for loans and advances (Bank only)

| Status | Outstanding loans and advances 2022 | Base for provision | Percentage (%) of required provision | Required provision 2022 | Required provision 2021 |
|---|-------------------------------------|--------------------|--------------------------------------|-------------------------|-------------------------|
| Unclassified | | | | | |
| All unclassified loans (Other than Small and Medium Enterprise Financing, Consumer Financing, BHs/MBs/SDs, Housing and loans for professional*) | 138,616,008,372 | 138,566,463,509 | 1%** | 1,778,829,266 | 1,331,178,040 |
| Small and Medium Enterprise Financing | 176,308,310,896 | 176,308,310,896 | 0.25% | 440,770,777 | 356,006,759 |
| Loans to BHs/MBs/SDs against share etc.* | 1,140,548,317 | 1,140,548,317 | 2% | 22,810,966 | 15,806,672 |
| Housing Finance | 12,135,153,745 | 12,135,153,745 | 1% | 121,351,537 | 129,508,580 |
| Loans for professionals to Set up business (LP) | 5,402,713,749 | 5,402,713,749 | 2% | 108,054,275 | 105,836,050 |
| Consumer finance | 46,213,205,233 | 46,213,205,233 | 2% | 924,264,105 | 734,780,715 |
| Consumer finance (Credit Card) | 10,266,549,799 | 10,266,549,799 | 2% | 205,330,996 | 159,794,280 |
| Short Term Agricultural and Micro Credit | 4,185,757,607 | 4,185,757,607 | 1% | 41,857,576 | 39,409,917 |
| Staff Loan | 1,139,528,139 | - | 1% | - | - |
| | 395,407,775,857 | 394,218,702,856 | | 3,643,269,498 | 2,872,321,013 |
| Classified - Specific provision | | | | | |
| Sub-standard | 3,376,237,529 | 2,422,283,006 | 20%*** | 439,033,298 | 210,607,228 |
| Doubtful | 2,535,948,774 | 1,943,776,800 | 50%*** | 499,174,067 | 145,090,096 |
| Bad/Loss | 9,356,444,799 | 6,954,244,541 | 100%**** | 7,065,798,541 | 7,627,363,819 |
| | 15,268,631,102 | 11,320,304,347 | | 8,004,005,906 | 7,983,061,143 |
| | 410,676,406,959 | 405,539,007,203 | | | |
| Special General Provision Covid-19 | | | | | |
| Special general provision Covid-19 for 2020 | | | 1% | 385,747,960 | 564,532,639 |
| Special general provision Covid-19 for 2021 | | | 1.5%, 2% | 179,414,701 | 219,674,585 |
| Special general provision Covid-19 for 2022 | | | 1% & 2% | 17,320,997 | - |
| | | | | 582,483,659 | 784,207,224 |
| | | | | 12,229,759,063 | 11,639,589,380 |
| | | | | 14,175,161,027 | 12,778,727,514 |
| | | | | 1,945,401,964 | 1,139,138,134 |

Total required provision for loans and advances

Total provision maintained (Note 17.1)

Excess provision over minimum required provision prescribed by Bangladesh Bank

* BHs = Brokerage Houses, MBs = Merchant Banks, SDs = stock dealers against shares

** For rescheduled loans, 50% and 100% provision has been made as per NOC circular

*** For small, micro & cottage enterprises under CMSME financing provision requirement is 5% for sub-standard and 20% for doubtful classification as per BRPD circular

**** Note that provision for bad and loss includes a provision of BDT 111,554,000 for bank guarantee as per BB audit advice in 2021



Notes to the financial statements as at and for the year ended 31 December 2022

| Particulars | Amount in Taka | |
|--|------------------------|------------------------|
| | 2022 Taka | 2021 Taka |
| 8.12 Particulars of loans and advances (Bank only) | | |
| i) Loans considered good in respect of which Bank is fully secured | 82,497,853,549 | 86,137,720,340 |
| ii) Loans considered good against which Bank holds no security other than the debtor's personal guarantee | 327,039,025,272 | 233,961,265,285 |
| iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor | 1,139,528,139 | 1,113,245,362 |
| iv) Loans adversely classified; provision not maintained there against | | |
| | 410,676,406,960 | 321,212,230,987 |
| v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons | 1,140,506,228 | 1,113,439,501 |
| vi) Loans due from companies or firms in which the directors of the bank have interest as directors, partners or managing agents or in case of private companies as members | 988,895,848 | 856,970,022 |
| vii) Maximum total amount of advance including temporary advance made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person | 1,140,506,228 | 1,113,439,501 |
| viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in case of private companies, as members | 988,895,848 | 856,970,022 |
| ix) Due from banking companies | | |
| x) Information in respect of classified loans and advances | | |
| a) Classified loan on which interest has not been charged to income | 15,268,631,102 | 12,522,560,419 |
| i) Increase/decrease of provision (specific) | 440,870,144 | 1,466,974,668 |
| ii) Amount of loans written off | 2,067,242,232 | 1,634,560,945 |
| iii) Amount recovered against loan previously written off | 809,572,845 | 707,517,594 |
| b) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet | 7,065,798,541 | 7,627,363,819 |
| c) Interest creditable to the Interest Suspense account | 1,408,486,946 | 1,533,746,003 |
| xi) Cumulative amount of the written off loan | | |
| Opening balance | 22,743,200,267 | 21,108,639,322 |
| Amount written off during the year | 2,067,242,232 | 1,634,560,945 |
| | 24,810,442,499 | 22,743,200,267 |
| The amount of written off loans for which law suits have been filed | 22,675,202,492 | 21,652,814,618 |



Notes to the financial statements as at and for the year ended 31 December 2022

| | Particulars | Note | Consolidated | | BRAC Bank Limited | | In Taka |
|------|--|------|-----------------|-----------------|-------------------|-----------------|---------|
| | | | 2022 | 2021 | 2022 | 2021 | |
| 8.13 | Write off of loans and advances (net basis) | | | | | | |
| | Balance at the beginning of the year | | 12,508,427,034 | 11,646,828,978 | 12,508,427,034 | 11,646,828,978 | |
| | Add: Write off during the year | | 2,067,242,232 | 1,634,560,945 | 2,067,242,232 | 1,634,560,945 | |
| | Less: written-off recovery and interest waiver | | 868,939,265 | 772,962,889 | 868,939,265 | 772,962,889 | |
| | Balance at the end of the year | | 13,706,730,001 | 12,508,427,034 | 13,706,730,001 | 12,508,427,034 | |
| 8.14 | Bill Purchased and Discounted under the following broad categories | | | | | | |
| | Inside Bangladesh | | 2,179,455,340 | 2,293,459,388 | 2,179,455,340 | 2,293,459,388 | |
| | Outside Bangladesh | | - | - | - | - | |
| | | | 2,179,455,340 | 2,293,459,388 | 2,179,455,340 | 2,293,459,388 | |
| 8.15 | Maturity wise grouping of loans and advances | | | | | | |
| | On demand | | 37,177,621,706 | 26,883,955,082 | 1,884,609,633 | 27,740,925,103 | |
| | Up to 1 month | | - | - | 36,281,907,921 | - | |
| | Not more than 3 months | | 67,860,734,336 | 50,194,511,523 | 67,860,734,336 | 50,194,511,523 | |
| | More than 3 months but not more than 1 year | | 163,827,804,476 | 133,482,324,464 | 161,443,948,391 | 131,712,743,325 | |
| | More than 1 year but not more than 5 years | | 122,600,813,738 | 97,469,578,104 | 122,587,430,351 | 97,459,231,770 | |
| | More than 5 years | | 20,617,776,328 | 14,104,819,266 | 20,617,776,328 | 14,104,819,266 | |
| | | | 412,084,750,584 | 322,135,188,439 | 410,676,406,960 | 321,212,230,987 | |
| 8.16 | Maturity wise grouping of lease receivables including SME | | | | | | |
| | On demand | | 913,172 | 1,151,132 | 913,172 | 1,151,132 | |
| | Up to 1 month | | 512,992 | - | 512,992 | - | |
| | Not more than 3 months | | 1,757,045 | 2,344,909 | 1,757,045 | 2,344,909 | |
| | More than 3 months but not more than 1 Year | | 6,740,340 | 18,873,511 | 6,740,340 | 18,873,511 | |
| | More than 1 year but not more than 5 years | | 482,248,597 | 475,272,980 | 482,248,597 | 475,272,980 | |
| | More than 5 years | | - | 338,701,689 | - | 338,701,689 | |
| | | | 492,172,146 | 836,344,221 | 492,172,146 | 836,344,221 | |
| 8.17 | Maturity wise grouping of bill purchased and discounted | | | | | | |
| | On Demand | | 9,568,998 | - | 9,568,998 | - | |
| | Payable within 1 month | | 1,088,965,356 | 1,096,020,362 | 1,088,965,356 | 1,096,020,362 | |
| | Over 1 month but less than 3 months | | 956,729,734 | 1,036,935,079 | 956,729,734 | 1,036,935,079 | |
| | Over 3 months but less than 6 months | | 124,191,252 | 132,174,913 | 124,191,252 | 132,174,913 | |
| | 6 months or more | | - | 28,329,034 | - | 28,329,034 | |
| | | | 2,179,455,340 | 2,293,459,388 | 2,179,455,340 | 2,293,459,388 | |



Notes to the financial statements as at and for the year ended 31 December 2022

| | Particulars | Note | Consolidated | | BRAC Bank Limited | | In Taka |
|---|---|------|-----------------------|-----------------------|-----------------------|-----------------------|---------|
| | | | 2022 | 2021 | 2022 | 2021 | |
| 9 | Fixed assets including premises, furniture and fixtures | | | | | | |
| | Land | | 527,275,400 | 527,275,400 | 527,275,400 | 527,275,400 | |
| | Office floor space | | 20,855,926 | 20,855,926 | 4,034,334 | 4,034,334 | |
| | Furniture and fixture | | 2,387,318,002 | 2,336,543,136 | 2,170,822,095 | 2,140,914,382 | |
| | Office equipment | | 1,473,696,734 | 1,450,379,835 | 1,361,168,512 | 1,344,953,601 | |
| | IT hardwares | | 7,029,432,768 | 6,284,258,630 | 3,275,504,031 | 3,049,688,043 | |
| | Motor vehicles | | 650,117,297 | 504,714,769 | 422,497,790 | 354,296,880 | |
| | Leasehold improvements | | 157,107,776 | 134,421,114 | - | - | |
| | Right of use assets (ROU) as per IFRS 16 | | 7,299,267,882 | 6,448,373,021 | 6,103,024,179 | 5,489,602,469 | |
| | Capital expenditure work in progress | | 584,054,423 | 585,568,883 | 207,119,223 | 251,206,514 | |
| | IT software (finite useful lives) | | 7,542,139,410 | 6,081,922,651 | 2,800,445,366 | 2,322,117,221 | |
| | Total cost | | 27,671,265,618 | 24,374,313,365 | 16,871,890,930 | 15,484,088,844 | |
| | Accumulated depreciation and amortisation | | 14,207,751,270 | 11,540,143,941 | 9,092,544,237 | 8,029,221,445 | |
| | Written down value at 31 December | | 13,463,514,348 | 12,834,169,424 | 7,779,346,693 | 7,454,867,399 | |

* Fixed assets schedules on standalone basis are shown in Annexure-E.

| | | | | | | | |
|----|---|------|---------------|---------------|----------------|----------------|--|
| 10 | Other assets | | | | | | |
| | Income generating | | | | | | |
| | Interest receivables | 10.1 | 3,811,701,206 | 2,721,178,635 | 3,811,701,206 | 2,721,178,635 | |
| | Dividend receivables | | 69,353,683 | 35,919,830 | 69,353,683 | 35,919,830 | |
| | Investment in subsidiary | 10.2 | - | - | 13,571,306,097 | 13,161,378,451 | |
| | Investment/carrying value in associates | 10.3 | 21,206,835 | 21,115,234 | 21,206,835 | 21,115,234 | |
| | Investment in swift share | | 8,083,464 | 8,083,464 | 8,083,464 | 8,083,464 | |
| | Prepaid interest expenses on IFFD | | 2 | 24,511,806 | 2 | 24,511,806 | |
| | Receivables against sanchayapatra | | 22,879,838 | 44,502,037 | 22,879,838 | 44,502,037 | |
| | Balance with BRAC EPL Stock Brokerage Limited | | 2,351,718 | 1,166,738 | 2,351,718 | 1,166,738 | |
| | Non- Income generating | | | | | | |
| | Stock of stamps | | 49,971,414 | 48,826,086 | 49,971,414 | 48,826,086 | |
| | Stock of security stationery | | 40,311,581 | 47,369,961 | 40,311,581 | 47,369,961 | |
| | Stock of printing stationery | | 14,557,854 | 12,007,770 | 14,557,854 | 12,007,770 | |
| | Advance to staff | | 7,503,770 | 6,617,457 | 7,503,770 | 6,617,457 | |
| | Advance to supplier | | 30,635,256 | 30,451,912 | 9,170,157 | 24,933,886 | |
| | Advance value added tax | | 5,858,631 | 4,370,000 | 5,858,631 | 4,370,000 | |
| | Advance to SME unit offices | | 1,308,690 | 1,308,690 | 1,308,690 | 1,308,690 | |
| | Advance against office rent | | 72,000,795 | 68,234,617 | 72,000,795 | 68,234,617 | |
| | Advance security deposit | | 16,571,559 | 13,362,635 | 12,103,651 | 8,894,727 | |
| | Receivables from BITS | | 154,857,249 | 187,859,621 | 154,857,249 | 187,859,621 | |



Notes to the financial statements as at and for the year ended 31 December 2022

| Particulars | Note | Consolidated | | BRAC Bank Limited | | In Taka |
|--|--------|-----------------------|-----------------------|-----------------------|-----------------------|---------|
| | | 2022 | 2021 | 2022 | 2021 | |
| Deferred revenue expenditure | | 231,241,555 | 173,250,448 | 231,241,555 | 173,250,448 | |
| Deferred tax asset | 10.4 | 6,411,981,091 | 5,233,012,588 | 4,769,561,708 | 4,147,255,591 | |
| Receivable settlement account-OBV/DBU | | - | 11,166 | - | 11,166 | |
| Net plan assets - employees' gratuity fund | 10.5 | 132,156,493 | 127,281,040 | 132,156,493 | 127,281,040 | |
| Other receivables | 10.6 | 2,618,589,473 | 1,887,698,086 | 2,618,589,473 | 1,887,698,086 | |
| Other assets of subsidiaries | 10.7 | 7,080,720,520 | 5,524,084,643 | - | - | |
| | | <u>20,803,842,677</u> | <u>16,222,224,464</u> | <u>25,626,075,864</u> | <u>22,763,775,341</u> | |
| 10.1 Interest receivables | | | | | | |
| Receivable against Govt. securities | | 925,810,324 | 978,845,897 | 925,810,324 | 978,845,897 | |
| Receivable against other securities | | 49,041,453 | 50,972,387 | 49,041,453 | 50,972,387 | |
| Receivable against balance with other bank | | 153,927,383 | 82,740,585 | 153,927,383 | 82,740,585 | |
| Receivable against loans and advances | | 2,682,922,046 | 1,608,619,766 | 2,682,922,046 | 1,608,619,766 | |
| | | <u>3,811,701,206</u> | <u>2,721,178,635</u> | <u>3,811,701,206</u> | <u>2,721,178,635</u> | |
| 10.2 Investment in subsidiaries | | | | | | |
| BRAC EPL Investments Limited | | | | 1,301,639,222 | 1,036,320,904 | |
| BRAC EPL Stock Brokerage Limited | | | | 1,311,371,003 | 1,241,795,091 | |
| bKash Limited | | | | 10,937,169,476 | 10,874,512,125 | |
| BRAC Saajan Exchange Limited | | | | 21,126,396 | 8,750,331 | |
| | | | | <u>13,571,306,097</u> | <u>13,161,378,451</u> | |
| 10.3 Investment/carrying value in associates | | | | | | |
| BRAC IT Services Limited | 10.3.1 | 21,206,835 | 21,115,234 | 21,206,835 | 21,115,234 | |
| | | <u>21,206,835</u> | <u>21,115,234</u> | <u>21,206,835</u> | <u>21,115,234</u> | |
| 10.3.1 Carrying value of investment in associates | | | | | | |
| BRAC IT Services Limited | | 21,115,234 | - | | | |
| Opening balance/fair value of residual interest retained | | (4,768,581) | 17,373,182 | | | |
| Gain/(loss) on disposal/loss of shares in associates | | 4,860,182 | 3,742,052 | | | |
| Share of profit/(loss) of equity in associate company | | <u>21,206,835</u> | <u>21,115,234</u> | | | |



Notes to the financial statements as at and for the year ended 31 December 2022

| Notes to the financial statements as at and for the year ended 31 December 2022 | | | | | | |
|---|---|-----------------|---------------|---|---------------------------------|--|
| Particulars | Note | Consolidated | | BRAC Bank Limited | | |
| | | 2022 | 2021 | 2022 | 2021 | |
| 10.4 | Deferred tax asset/(liability) (Bank only) | | | | | |
| | Particulars | Accounting base | Tax base | Deductible/(Taxable) temporary difference | Deferred Tax Asset/ (Liability) | |
| | Balance as at 31 December 2022 | 10,907,648,940 | - | 10,907,648,940 | 4,090,368,353 | |
| | Loan loss provision including Covid-19 special provision (Note -17.1) and QJ general provision of BDT 722,066,972 | | - | | | |
| | Actuarial valuation measurement loss | 158,308,084 | - | 158,308,084 | 59,365,532 | |
| | Provision against capital market (Note -17.4) | 34,119,549 | - | 34,119,549 | 3,411,955 | |
| | Fixed assets except RoU (Annexure - E) | 2,858,164,885 | 4,060,036,190 | 1,201,871,305 | 450,701,739 | |
| | Right of use assets (RoU) as per IFRS 17 (Annexure - E) | 4,183,776,896 | 764,211,113 | (3,419,565,783) | (1,282,337,168) | |
| | Leased Liability as per IFRS 16 (Note - 17) | 3,861,470,125 | - | 3,861,470,125 | 1,448,051,297 | |
| | Deferred tax asset (a) | | | | 4,769,561,708 | |
| | Deferred tax liability arises due to actuarial valuation gain | - | - | - | - | |
| | Deferred tax liability arises from fair value gain as per IFRS 9 | 8,992,839,090 | - | (8,992,839,090) | (1,348,925,863) | |
| | Interest receivable from treasury bills and bonds (Note -10.1) | 925,810,324 | - | (925,810,324) | (347,178,872) | |
| | Dividend receivables (Note -10) | - | - | - | - | |
| | Deferred tax liability (b) | | | | (1,696,104,735) | |
| | Net deferred tax asset at 31 December 2022 (a+b) | | | | 3,073,456,973 | |
| | Increase of deferred tax asset recognised in profit and loss account as income | | | | 562,940,585 | |
| | Decrease of deferred tax liability recognised in profit and loss account as income | | | | 27,072,306 | |
| | Net Deferred tax income recognised in profit and loss account during the year ended 31 December 2022 | | | | 590,012,891 | |
| | Net Deferred tax liability recognised in equity during the year ended 31 December 2022 | | | | (42,621,486) | |
| | Balance as at 31 December 2021 | | | | | |
| | Loan loss provision including Covid-19 special provision (Note -17.1) | 9,744,711,824 | - | 9,744,711,824 | 3,654,266,934 | |
| | Provision against capital market (Note -17.4) | 13,580,119 | - | 13,580,119 | 1,358,012 | |
| | Fixed assets except RoU (Annexure - E) | 2,522,794,574 | 3,532,771,605 | 1,009,977,031 | 378,741,387 | |
| | Right of use assets (RoU) as per IFRS 17 (Annexure - E) | 4,150,429,766 | 847,913,185 | (3,302,516,581) | (1,238,443,718) | |
| | Leased Liability as per IFRS 16 (Note -17) | 3,603,554,603 | - | 3,603,554,603 | 1,351,332,976 | |
| | Deferred tax asset (a) | | | | 4,147,255,591 | |
| | Deferred tax liability arises due to actuarial valuation gain | 8,221,604 | - | (8,221,604) | (3,083,101) | |
| | Deferred tax liability arises from fair value gain as per IFRS 9 | 8,688,141,840 | - | (8,688,141,840) | (1,303,221,276) | |
| | Interest receivable from treasury bills and bonds (Note -10.1) | 978,845,897 | - | (978,845,897) | (367,067,212) | |
| | Dividend receivables (Note -10) | 35,919,830 | - | (35,919,830) | (7,183,966) | |
| | Deferred tax liability (b) | | | | (1,680,555,555) | |
| | Net deferred tax asset at 31 December 2021 (a+b) | | | | 2,466,700,036 | |



Notes to the financial statements as at and for the year ended 31 December 2022

| Particulars | Note | Consolidated | | In Taka | |
|--|------|--------------|------|---------|-----------------|
| | | 2022 | 2021 | 2022 | 2021 |
| Increase of deferred tax asset recognised in profit and loss account as income | | | | | 948,468,648 |
| Decrease of deferred tax liability recognised in profit and loss account as income | | | | | 176,309,838 |
| Net Deferred tax income recognised in profit and loss account during the year ended 31 December 2021 | | | | | 1,124,778,486 |
| Net Deferred tax liability recognised in equity during the year ended 31 December 2021 | | | | | (1,016,784,141) |

10.4.1 Recoverability/adjustment/reversal of deferred tax

| | | | | | |
|---|--|--|--|--|--|
| <p>Deferred tax on Specific provision on loans and advances</p> <p>Specific provisions for loans are not tax allowable under local tax regulations. So, when calculating taxable income, the loan loss provision charged to the profit and loss account is added back to income. The loan recovery or write-off, however, will be accepted by the tax office as a legitimate tax expense. The Bank will either make a recovery or write off the loans at some point in the future; thus, this item only makes a transitory effect. According to IAS 12, the Bank recognizes the deferred tax on this particular provision, creating a deductible temporary difference to the degree that it can be applied as a credit. Once the underlying bad debt is either repaid or cancelled, the deferred tax will be reversed.</p> <p>Deferred tax on Fixed assets including intangible assets</p> <p>Accounting depreciation is not taken into consideration when determining the tax obligation according to local tax regulations. The tax authorities permit tax depreciation at various rates as per third schedule of ITO 1984 which is different from accounting depreciation rate in many cases. Hence transitory differences are created due to the varying depreciation rates and methodology against which the Bank recognises deferred tax. This is a common occurrence since the accounting depreciation rate and the tax depreciation rate differ from one another. The remaining amount of deferred tax will be released when the assets' useful economic life has passed, though.</p> <p>Deferred tax on Provision against capital market investment</p> <p>Capital market-related provisions are not deductible for tax purposes under local tax regulations. As a result, when calculating taxable income, such provision charged to the profit and loss account is added back to income. The tax office will, however, permit the release or reversal of the provision as an allowable expense through realized gains or losses as a result of the temporary difference that this item causes. According to IAS 12, the Bank recognizes the deferred tax on such a provision, creating a deductible temporary difference to the extent that it can be applied as a credit against other liabilities. As soon as the related provision is released or reversed, the deferred tax will also be released.</p> <p>Deferred tax on Interest receivables on government securities</p> <p>As per Tax Law, Tax is being paid on BGTB income on a cash basis, whereas the same income is accounted for on an accrual basis in the financial statement. This difference in interest income recognition has created a temporary difference on which the bank recognized the DT liability on the interest receivable on BGTB in the respective year, which will be reversed upon payment of tax on cash interest received in the subsequent years.</p> <p>Deferred tax on Right of use assets (RoU) and lease liabilities as per IFRS 16</p> <p>According to local tax regulations, lease payments are treated as an allowable expense, while accounting depreciation and interest on RoU assets under IFRS 16 are not. As a result, when calculating taxable profit, depreciation and interest expense were added back and the amount of the actual lease payment was subtracted. Due to the temporary differences caused by this, deferred tax is recognized. However, when the assets' economic useful lives are up, the remaining amount of deferred tax will be automatically released.</p> <p>Deferred tax assets arising from the provision on loan loss provision will be recovered at the time of written off of classified loan. Deferred tax on provision for investment in capital market will be recovered when the loss be realized and deferred tax on Right of Use assets under IFRS 16 will be adjusted on termination of lease contracts.</p> | | | | | |
|---|--|--|--|--|--|

10.5 Net plan assets - employees' gratuity fund

| | | | | | |
|----------------------------------|--------|---------------|---------------|---------------|---------------|
| Fair value of plan assets | 10.5.1 | 2,741,694,323 | 2,278,452,754 | 2,140,086,266 | 1,749,085,730 |
| Less: Defined benefit obligation | 10.5.2 | 2,609,537,830 | 2,151,171,714 | 2,007,929,773 | 1,621,804,690 |
| | | 132,156,493 | 127,281,040 | 132,156,493 | 127,281,040 |



Notes to the financial statements as at and for the year ended 31 December 2022

| | Particulars | Note | Consolidated | | BRAC Bank Limited | | In Taka |
|--------|---|------|---------------|---------------|-------------------|---------------|---------|
| | | | 2022 | 2021 | 2022 | 2021 | |
| 10.5.1 | Fair value of plan assets - gratuity fund | | | | | | |
| | Fair value of plan assets as on 1 January | | 2,278,452,754 | 1,968,963,855 | 1,749,085,730 | 1,511,837,864 | |
| | Interest income on plan assets | | 157,417,716 | 136,065,408 | 157,417,716 | 136,065,408 | |
| | Actual employer contributions | | 481,503,712 | 249,642,432 | 409,262,679 | 177,401,399 | |
| | Actual net benefits payments | | (156,555,251) | (90,128,124) | (156,555,251) | (90,128,124) | |
| | Remeasurement gain/(losses) on plan assets | | (19,124,608) | 13,909,183 | (19,124,608) | 13,909,183 | |
| | Fair value of plan assets as on 31 December | | 2,741,694,323 | 2,278,452,754 | 2,140,086,266 | 1,749,085,730 | |
| 10.5.2 | Defined benefit obligation - gratuity fund | | | | | | |
| | Defined benefit obligation as on 1 January | | 2,151,171,714 | 1,620,587,088 | 1,621,804,690 | 1,163,461,097 | |
| | Current service cost | | 409,186,202 | 358,220,441 | 249,312,832 | 198,347,071 | |
| | Past service cost due to amendment of gratuity benefits | | 145,962,422 | - | 145,962,422 | - | |
| | Interest cost | | - | 104,711,499 | - | 104,711,499 | |
| | Actual net benefits payments | | (156,555,251) | (90,128,124) | (156,555,251) | (90,128,124) | |
| | Remeasurement (gain)/loss | | 59,772,743 | 157,780,810 | 147,405,080 | 245,413,147 | |
| | Defined benefit obligation as on 31 December | | 2,609,537,830 | 2,151,171,714 | 2,007,929,773 | 1,621,804,690 | |
| 10.5.3 | Remeasurements gain/(loss) of defined benefits liabilities/assets | | | | | | |
| | Opening balance | | (133,663,763) | (76,606,123) | 5,138,502 | 149,828,479 | |
| | Remeasurement gain/(losses) on plan assets | | (19,124,608) | 13,909,183 | (19,124,608) | 13,909,183 | |
| | Remeasurement gain/(losses) on defined benefit obligation | | (59,772,743) | (157,780,810) | (147,405,080) | (245,413,147) | |
| | Less: Deferred tax (expense)/income | | (212,561,114) | (220,477,750) | (161,391,186) | (81,675,485) | |
| | | | 62,448,633 | 86,813,987 | 62,448,633 | 86,813,987 | |
| | | | (150,112,481) | (133,663,763) | (98,942,553) | 5,138,502 | |
| | * Remeasurement gain/(loss) has been recognised as per actuarial valuation report 2022. | | | | | | |
| 10.6 | Other Receivables | | | | | | |
| | Receivable against remittance | | 27,644,923 | 11,559,766 | 27,644,923 | 11,559,766 | |
| | Receivable against DD | | 189,500,000 | 133,000,000 | 189,500,000 | 133,000,000 | |
| | Receivable against cards | | 111,440,750 | 64,353,917 | 111,440,750 | 64,353,917 | |
| | Receivable from merchant | | 286,156,041 | 241,107,676 | 286,156,041 | 241,107,676 | |
| | Receivable from partners | | 2,679,383 | 220,116 | 2,679,383 | 220,116 | |
| | Receivable from co-brand ATM | | 27,020,242 | 27,020,242 | 27,020,242 | 27,020,242 | |
| | Receivable against fraud and forgery/protested bill | | 119,040,216 | 117,873,609 | 119,040,216 | 117,873,609 | |
| | Receivable from NPS | | 178,437,000 | 103,551,000 | 178,437,000 | 103,551,000 | |
| | Sundry debtors* | | 1,471,753,211 | 1,150,197,828 | 1,471,753,211 | 1,150,197,828 | |



Notes to the financial statements as at and for the year ended 31 December 2022

| Particulars | Note | Consolidated | | BRAC Bank Limited | |
|----------------------------|------|----------------------|----------------------|----------------------|----------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| Receivable from BACH | | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| Coupon interest adjustment | | 181,239,015 | 13,627,536 | 181,239,015 | 13,627,536 |
| REPO interest expenditure | | - | (1,119,412) | - | (1,119,412) |
| Interest rate swap | | 18,678,692 | 21,305,808 | 18,678,692 | 21,305,808 |
| | | <u>2,618,589,473</u> | <u>1,887,698,086</u> | <u>2,618,589,473</u> | <u>1,887,698,086</u> |

*In compliance with FRC notification no. 179/FRC/FRM/Notification/2020/2, we have already adjusted the forfeited fund previously distributed among active members of provident fund for the period from 2015 to 2021 as per the existing Fund Rules. Additionally, we have recognized other receivable of BDT 1,287,595 under sundry debtors for the forfeited fund for 2022.

10.7

Other assets of subsidiaries

| | | |
|-----------------------------------|----------------------|----------------------|
| BRAC EPL Investments Limited | 88,878,423 | 65,146,951 |
| BRAC EPL Stock Brokerage Limited | 123,946,712 | 80,943,352 |
| bKash Limited | 6,919,169,697 | 5,344,095,037 |
| BRAC Saaajan Exchange Limited | 32,691,029 | 60,971,865 |
| | <u>7,164,685,861</u> | <u>5,551,157,205</u> |
| Less: Inter company transactions: | | |
| BRAC Bank Limited | 15,056,402 | 22,664,005 |
| bKash Limited | 68,908,939 | 4,408,557 |
| | <u>83,965,341</u> | <u>27,072,562</u> |
| | <u>7,080,720,520</u> | <u>5,524,084,643</u> |

11

Non-banking assets

| | Possession date | |
|----------------------------|-------------------|-------------------|
| | 16 January 2017 | 12 October 2022 |
| M/S Macca And Modina Store | 1,200,000 | 1,200,000 |
| M/S. Akash Auto Mobile | 3,041,700 | 3,041,700 |
| M/S Shawan Enterprise | 300,000 | 300,000 |
| M/S SB Variety Store* | 6,800,000 | 6,800,000 |
| | <u>11,341,700</u> | <u>11,341,700</u> |
| | | <u>4,541,700</u> |

*The Bank has been awarded ownership of the mortgaged property M/S SB Variety Store, verdict of the honourable Artharin Court of Jamalpur under Section 33(7) of Artharin Adalat Ain 2003 and reported as non-banking assets in accordance with Bank Companies Act 1991 and BRPD circular no. 14 of 2003. The value of the non-banking assets has been determined on the basis of valuation report of an independent valuer.

12

Goodwill

| | | |
|---------------------------------------|----------------------|----------------------|
| (i) BRAC EPL Investments Limited | 246,289,821 | 246,289,821 |
| (ii) BRAC EPL Stock Brokerage Limited | 1,126,273,572 | 1,126,273,572 |
| (iii) BRAC Saaajan Exchange Limited* | - | 54,905,518 |
| Total | <u>1,372,563,393</u> | <u>1,427,468,911</u> |

*Please refer to note-38 impairment of goodwill for relevant explanation



Notes to the financial statements as at and for the year ended 31 December 2022

| | | Consolidated | | BRAC Bank Limited | | In Taka |
|-------------|--|--------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Particulars | | Note | 2022 | 2021 | 2022 | 2021 |
| 13 | Borrowings from other banks, financial institutions and agents | | | | | |
| | Borrowings inside Bangladesh | 13.1 | 207,944,839 | 429,000,000 | - | 429,000,000 |
| | Borrowings outside Bangladesh | 13.2 | 38,700,865,687 | 23,721,953,707 | 38,685,377,271 | 23,705,564,025 |
| | | | <u>38,908,810,526</u> | <u>24,150,953,707</u> | <u>38,685,377,271</u> | <u>24,134,564,025</u> |
| 13.1 | Borrowings inside Bangladesh | | | | | |
| | Eastern Bank Limited | | 207,944,839 | - | - | - |
| | Woori Bank | | - | 429,000,000 | - | 429,000,000 |
| | | | <u>207,944,839</u> | <u>429,000,000</u> | <u>-</u> | <u>429,000,000</u> |
| 13.2 | Borrowings outside Bangladesh | | | | | |
| | State Bank of India, Hong Kong | | 2,479,128,000 | 858,000,000 | 2,479,128,000 | 858,000,000 |
| | Nabil Bank Limited, Nepal | | 639,026,231 | 300,300,000 | 639,026,231 | 300,300,000 |
| | HDFC Bank Limited, India | | 1,549,455,000 | 858,000,000 | 1,549,455,000 | 858,000,000 |
| | Standard Chartered Bank, Singapore | | 516,485,000 | 2,368,080,000 | 516,485,000 | 2,368,080,000 |
| | Asian Development Bank | | 3,098,910,000 | 2,574,000,000 | 3,098,910,000 | 2,574,000,000 |
| | Caixabank S.A. | | 6,920,899,000 | 561,185,625 | 6,920,899,000 | 561,185,625 |
| | The National Bank of Ras Al-Khaimah, UAE | | 5,164,850,000 | 1,716,000,000 | 5,164,850,000 | 1,716,000,000 |
| | Abu Dhabi Commercial Bank, UAE | | 1,549,455,000 | 2,574,000,000 | 1,549,455,000 | 2,574,000,000 |
| | CDC Group Plc, United Kingdom | | 886,288,260 | 1,471,298,400 | 886,288,260 | 1,471,298,400 |
| | International Finance Corporation (IFC), USA | | 3,098,910,000 | 4,719,000,000 | 3,098,910,000 | 4,719,000,000 |
| | JP Morgan Chase Bank N.A. Singapore | | 5,061,553,000 | 1,287,000,000 | 5,061,553,000 | 1,287,000,000 |
| | Bank Muscat Saog, Oman | | 1,756,049,000 | - | 1,756,049,000 | - |
| | Cargill Financial Services International | | 3,098,910,000 | - | 3,098,910,000 | - |
| | Commercial Bank of Qatar | | 1,032,970,000 | - | 1,032,970,000 | - |
| | Mizuho Bank Ltd, Singapore | | 1,032,970,000 | - | 1,032,970,000 | - |
| | Yes Bank, India | | 799,518,780 | - | 799,518,780 | - |
| | DBS Bank, Singapore | | - | 2,402,400,000 | - | 2,402,400,000 |
| | Axis Bank Limited | | - | 858,000,000 | - | 858,000,000 |
| | Siddhartha Bank Limited, Kathmandu | | - | 300,300,000 | - | 300,300,000 |
| | First Abu Dhabi Bank PJSC, UAE | | - | 858,000,000 | - | 858,000,000 |
| | Millennium Bank, Portugal | | 15,488,416 | 16,389,682 | - | - |
| | | | <u>38,700,865,687</u> | <u>23,721,953,707</u> | <u>38,685,377,271</u> | <u>23,705,564,025</u> |
| 13.3 | Security against borrowings from other banks, financial institutions and agents: | | | | | |
| | Secured (Treasury bills) | | - | - | - | - |
| | Unsecured | | 38,908,810,526 | 24,150,953,707 | 38,685,377,271 | 24,134,564,025 |
| | | | <u>38,908,810,526</u> | <u>24,150,953,707</u> | <u>38,685,377,271</u> | <u>24,134,564,025</u> |



Notes to the financial statements as at and for the year ended 31 December 2022

| Particulars | Note | Consolidated | | In Taka | |
|-------------|------|--------------|------|---------|------|
| | | 2022 | 2021 | 2022 | 2021 |

13.4 Disclosure regarding REPO

Disclosure regarding REPO transactions of the Bank are given as per Bangladesh Bank DOS Circular No. 6 dated 15 July 2010.

(a) (i) Disclosure regarding outstanding Repo as on 31 December 2022

| Counter party name | SL. no | Agreement date | Reversal date | Amount (1st leg cash consideration) outstanding on 31 December 2022 | Amount (1st leg cash consideration) outstanding on 31 December 2021 |
|--------------------------------|--------|-------------------|-----------------|---|---|
| Standard Chartered Bank Dhaka | i | December 29, 2021 | January 2, 2022 | Nil | 1,593,212,388 |
| Standard Chartered Bank Dhaka | ii | December 30, 2021 | January 2, 2022 | Nil | 7,757,656,399 |
| United Commercial Bank Limited | iii | December 30, 2021 | January 4, 2022 | Nil | 927,638,685 |
| The City Bank Limited | iv | December 30, 2021 | January 6, 2022 | Nil | 1,024,745,040 |
| Prime Bank Limited | v | December 29, 2021 | January 3, 2022 | Nil | 1,946,907,218 |
| Prime Bank Limited | vi | December 30, 2021 | January 3, 2022 | Nil | 442,388,250 |
| Agrani Bank Limited | vii | December 26, 2022 | January 1, 2023 | 5,525,476,218 | Nil |
| Agrani Bank Limited | viii | December 27, 2022 | January 3, 2023 | 3,064,628,767 | Nil |
| Janata Bank Limited | ix | December 28, 2022 | January 4, 2023 | 4,079,793,226 | Nil |
| | | | | 12,669,898,211 | 13,692,547,980 |

(a) (ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2022

| Counter party name | SL. no | Agreement Date | Reversal Date | Amount (1st leg cash consideration) | Amount (1st leg cash consideration) |
|--------------------|--------|----------------|---------------|-------------------------------------|-------------------------------------|
| | | | | - | - |

(b) Disclosure regarding overall transaction of Repo and Reverse repo during the year 2022

| Particulars | Minimum outstanding during the year 2022 | Maximum outstanding during the year 2022 | Daily average outstanding during the year 2022 | Daily average outstanding during the year 2021 |
|-------------|--|--|--|--|
|-------------|--|--|--|--|

Securities sold under repo:
i) with Bangladesh Bank
ii) with other banks & FIs

1,464,473,775
9,354,162,154

9,268,855
2,138,552,906

-
2,082,542,687

Securities purchased under reverse repo:

i) with Bangladesh Bank
ii) with other banks & FIs

732,877,208
487,504,500

10,003,649,860

1,480,047,089

-
64,700,456



Notes to the financial statements as at and for the year ended 31 December 2022

| | Particulars | Note | Consolidated | | BRAC Bank Limited | | In Taka |
|------|--|------|-----------------------|-----------------------|-----------------------|-----------------------|---------|
| | | | 2022 | 2021 | 2022 | 2021 | |
| 13.5 | Maturity wise grouping of borrowing from other bank and financial institutions | | | | | | |
| | Repayable on demand | | 6,445,003,282 | 1,233,701,684 | 7,446,298,531 | 2,102,100,000 | |
| | Not more than 3 months | | 10,636,443,541 | 5,222,479,736 | 10,536,294,000 | 4,928,405,625 | |
| | More than 3 months but not more than 1 year | | 21,827,363,703 | 16,958,608,287 | 20,702,784,740 | 16,367,894,400 | |
| | More than 1 year but not more than 5 years | | - | 736,164,000 | - | 736,164,000 | |
| | More than 5 years | | - | - | - | - | |
| | | | 38,908,810,526 | 24,150,953,707 | 38,685,377,271 | 24,134,564,025 | |
| 14 | Borrowings from central bank & government agencies | | | | | | |
| | BB - Export development fund (EDF) | | 16,168,162,980 | 9,124,444,403 | 16,168,162,980 | 9,124,444,403 | |
| | SME Foundation pre finance | | 506,077,187 | 817,222,000 | 506,077,187 | 817,222,000 | |
| | BB - Long term financing facility (LTFF) | | 785,064,454 | 763,079,166 | 785,064,454 | 763,079,166 | |
| | BB - Green transformation fund (GTF) | | 232,733,347 | 261,070,057 | 232,733,347 | 261,070,057 | |
| | BB - Stimulus fund | | 55,370,628 | 387,594,399 | 55,370,628 | 387,594,399 | |
| | BB - Working capital stimulus fund | | 1,514,040,573 | 528,491,391 | 1,514,040,573 | 528,491,391 | |
| | BB - PSC stimulus package | | 1,367,527,000 | 45,242,000 | 1,367,527,000 | 45,242,000 | |
| | BB - Refinancing for green initiatives | | 30,000,000 | 40,000,000 | 30,000,000 | 40,000,000 | |
| | BB - SME re-finance | | 21,370,475,640 | 11,108,860,408 | 21,370,475,640 | 11,108,860,408 | |
| | Joyeeta foundation pre or re-finance | | 155,050,000 | 99,900,000 | 155,050,000 | 99,900,000 | |
| | | | 42,184,501,809 | 23,175,903,824 | 42,184,501,809 | 23,175,903,824 | |
| 14.1 | Maturity wise grouping of Borrowings from central bank & government agencies | | | | | | |
| | Repayable on demand | | 5,631,493,289 | 1,471,515,580 | 5,631,493,289 | 1,471,515,580 | |
| | Not more than 3 months | | 8,114,768,696 | 4,159,284,124 | 8,114,768,696 | 4,159,284,124 | |
| | More than 3 months but not more than 1 year | | 12,381,754,222 | 11,097,209,099 | 12,381,754,222 | 11,097,209,099 | |
| | More than 1 year but not more than 5 years | | 16,010,838,538 | 5,684,815,855 | 16,010,838,538 | 5,684,815,855 | |
| | More than 5 years | | 45,647,064 | 763,079,166 | 45,647,064 | 763,079,166 | |
| | | | 42,184,501,809 | 23,175,903,824 | 42,184,501,809 | 23,175,903,824 | |
| 15 | Affordable housing bond | | | | | | |

In 2022, upon approval from Bangladesh Securities & Exchange Commission (BSEC) and permission from Bangladesh Bank, BRAC Bank issued unsecured Affordable Housing Bond amounting BDT 4,751,000,000. The bond has been fully subscribed by International Finance Corporation (IFC). The raised fund will be utilized to provide affordable housing loans to lower and middle income group at a highest interest rate of 7.50% or as revised by Bangladesh Bank time to time.



Notes to the financial statements as at and for the year ended 31 December 2022

| | | Consolidated | | BRAC Bank Limited | | In Taka |
|---|--------------------------------------|------------------------|------------------------|------------------------|------------------------|---------|
| Particulars | | 2022 | 2021 | 2022 | 2021 | |
| 16 | Deposits and other accounts | | | | | |
| | Current accounts and other accounts | 187,855,608,325 | 164,417,743,536 | 123,148,401,399 | 109,462,945,554 | |
| | Bills payable | 1,739,503,614 | 2,367,889,416 | 1,739,503,614 | 2,367,889,416 | |
| | Savings deposits | 71,890,957,598 | 68,334,576,200 | 71,890,957,598 | 68,334,576,200 | |
| | Term deposits* | 182,973,780,522 | 127,956,809,129 | 185,088,946,361 | 133,172,621,149 | |
| | Other deposits | 2,598,966,270 | 1,252,882,201 | 2,598,966,270 | 1,252,882,201 | |
| | | <u>447,058,816,329</u> | <u>364,329,900,482</u> | <u>384,466,775,242</u> | <u>314,590,914,520</u> | |
| * Term deposits include the deposit pension scheme (DPS). | | | | | | |
| 16.1 | Current accounts and other accounts | | | | | |
| | Local currency | 183,410,331,638 | 161,837,234,177 | 114,959,900,255 | 103,303,795,091 | |
| | Foreign currencies | 8,188,501,144 | 6,159,150,463 | 8,188,501,144 | 6,159,150,463 | |
| | | <u>191,598,832,782</u> | <u>167,996,384,640</u> | <u>123,148,401,399</u> | <u>109,462,945,554</u> | |
| | Less: Inter unit/company elimination | 3,743,224,457 | 3,578,641,104 | - | - | |
| | | <u>187,855,608,325</u> | <u>164,417,743,536</u> | <u>123,148,401,399</u> | <u>109,462,945,554</u> | |
| 16.1.1 | Current accounts and other accounts | | | | | |
| | Current deposits | 177,062,146,540 | 155,015,630,031 | 108,611,715,157 | 96,482,190,945 | |
| | Special notice deposit | 14,536,686,242 | 12,980,754,609 | 14,536,686,242 | 12,980,754,609 | |
| | | <u>191,598,832,782</u> | <u>167,996,384,640</u> | <u>123,148,401,399</u> | <u>109,462,945,554</u> | |
| | Less: Inter unit/company elimination | 3,743,224,457 | 3,578,641,104 | - | - | |
| | | <u>187,855,608,325</u> | <u>164,417,743,536</u> | <u>123,148,401,399</u> | <u>109,462,945,554</u> | |
| 16.2 | Bills payable | | | | | |
| | Local currency | 1,709,235,613 | 2,164,588,843 | 1,709,235,613 | 2,164,588,843 | |
| | Foreign currencies | 30,268,001 | 203,300,573 | 30,268,001 | 203,300,573 | |
| | | <u>1,739,503,614</u> | <u>2,367,889,416</u> | <u>1,739,503,614</u> | <u>2,367,889,416</u> | |
| 16.3 | Savings deposits | | | | | |
| | Local currency | 71,890,957,598 | 68,334,576,200 | 71,890,957,598 | 68,334,576,200 | |
| | Foreign currencies | - | - | - | - | |
| | | <u>71,890,957,598</u> | <u>68,334,576,200</u> | <u>71,890,957,598</u> | <u>68,334,576,200</u> | |



Notes to the financial statements as at and for the year ended 31 December 2022

| | | Particulars | Note | Consolidated | | BRAC Bank Limited | | In Taka |
|----------|--|-------------|----------|------------------------|------------------------|------------------------|------------------------|---------|
| | | | | 2022 | 2021 | 2022 | 2021 | |
| 16.4 | Term deposits | | | | | | | |
| | Local currency | | | 181,477,648,780 | 131,121,074,245 | 181,477,648,780 | 131,121,074,245 | |
| | Foreign currencies | | | 3,611,297,581 | 2,051,546,904 | 3,611,297,581 | 2,051,546,904 | |
| | | | | 185,088,946,361 | 133,172,621,149 | 185,088,946,361 | 133,172,621,149 | |
| | Less: Inter unit/company elimination | | | 2,115,165,839 | 5,215,812,020 | - | - | |
| | | | | <u>182,973,780,522</u> | <u>127,956,809,129</u> | <u>185,088,946,361</u> | <u>133,172,621,149</u> | |
| 16.5 | Other deposits | | | | | | | |
| | Local currency | | 16.5.1 | 2,591,975,775 | 1,247,004,101 | 2,591,975,775 | 1,247,004,101 | |
| | Foreign currencies | | 16.5.2 | 6,990,495 | 5,878,100 | 6,990,495 | 5,878,100 | |
| | | | | 2,598,966,270 | 1,252,882,201 | 2,598,966,270 | 1,252,882,201 | |
| | Less: Inter unit/company elimination | | | - | - | - | - | |
| | | | | <u>2,598,966,270</u> | <u>1,252,882,201</u> | <u>2,598,966,270</u> | <u>1,252,882,201</u> | |
| 16.5.1 | Other local currency deposits | | | | | | | |
| | Security deposits | | | 813,000 | 800,000 | 813,000 | 800,000 | |
| | Security deposit from retail loan client | | | - | 7,355,223 | - | 7,355,223 | |
| | Sundry deposit | | 16.5.1.1 | 2,591,162,775 | 1,238,848,878 | 2,591,162,775 | 1,238,848,878 | |
| | | | | <u>2,591,975,775</u> | <u>1,247,004,101</u> | <u>2,591,975,775</u> | <u>1,247,004,101</u> | |
| 16.5.1.1 | Sundry deposit | | | | | | | |
| | Lease deposits | | | - | 934,785 | - | 934,785 | |
| | Payable to NPS | | | 2,368,101,519 | 1,000,841,185 | 2,368,101,519 | 1,000,841,185 | |
| | EFTN and BACH adjustments account | | | 129,174,085 | 201,401,857 | 129,174,085 | 201,401,857 | |
| | Payable against customers, loan account and others | | | 93,887,171 | 35,671,051 | 93,887,171 | 35,671,051 | |
| | | | | <u>2,591,162,775</u> | <u>1,238,848,878</u> | <u>2,591,162,775</u> | <u>1,238,848,878</u> | |
| 16.5.2 | Other foreign currency deposits | | | | | | | |
| | Proceeds awaiting for remittance (BTB LC) | | | 6,990,495 | 5,878,100 | 6,990,495 | 5,878,100 | |
| | Remittance awaiting for disposal (RAD) | | | - | - | - | - | |
| | | | | <u>6,990,495</u> | <u>5,878,100</u> | <u>6,990,495</u> | <u>5,878,100</u> | |
| 16.6 | Deposits concentration | | | | | | | |
| | Deposits from banks-inside Bangladesh | | 16.6.1 | 416,079,447 | 3,943,113,946 | 416,079,447 | 3,943,113,946 | |
| | Other than banks | | | 446,642,736,882 | 360,386,786,536 | 384,050,695,795 | 310,647,800,574 | |
| | | | | <u>447,058,816,329</u> | <u>364,329,900,482</u> | <u>384,466,775,242</u> | <u>314,590,914,520</u> | |



Notes to the financial statements as at and for the year ended 31 December 2022

| Particulars | Note | Consolidated | | BRAC Bank Limited | | In Taka |
|---|------|-----------------|-----------------|-------------------|-----------------|---------|
| | | 2022 | 2021 | 2022 | 2021 | |
| 16.6.1 Deposits from banks inside Bangladesh | | | | | | |
| Current deposits: | | | | | | |
| NRB Bank Limited | | 1,346,966 | 1,436,920 | 1,346,966 | 1,436,920 | |
| Islami Bank Bangladesh Limited | | 440,548 | - | 440,548 | - | |
| One Bank Limited | | 977,208 | 151,297 | 977,208 | 151,297 | |
| Meghna Bank Limited | | 409,935,258 | 535,996 | 409,935,258 | 535,996 | |
| | | 412,699,980 | 2,124,213 | 412,699,980 | 2,124,213 | |
| Special notice deposit: | | | | | | |
| Dutch-Bangla Bank Mobile Banking-Rocket | | 3,379,467 | 40,989,733 | 3,379,467 | 40,989,733 | |
| Term deposits from Banks: | | | | | | |
| State Bank of India | | - | 400,000,000 | - | 400,000,000 | |
| Habib Bank Limited | | - | 500,000,000 | - | 500,000,000 | |
| Pubali Bank Limited | | - | 3,000,000,000 | - | 3,000,000,000 | |
| | | - | 3,900,000,000 | - | 3,900,000,000 | |
| | | 416,079,447 | 3,943,113,946 | 416,079,447 | 3,943,113,946 | |
| Total deposits from banks | | | | | | |
| 16.7 Payable on demand and time deposit | | | | | | |
| i) Demand deposit | | | | | | |
| Current deposits | | 165,130,420,939 | 145,277,838,464 | 100,423,214,013 | 90,323,040,482 | |
| Saving deposits (9% of total saving deposits) | | 6,470,186,184 | 6,150,111,858 | 6,470,186,184 | 6,150,111,858 | |
| Foreign currency deposits | | 8,195,491,639 | 6,165,028,563 | 8,195,491,639 | 6,165,028,563 | |
| Sundry deposits | | 2,591,162,775 | 1,238,848,878 | 2,591,162,775 | 1,238,848,878 | |
| Bills payable | | 1,739,503,614 | 2,367,889,416 | 1,739,503,614 | 2,367,889,416 | |
| | | 184,126,765,151 | 161,199,717,179 | 119,419,558,225 | 106,244,919,197 | |
| ii) Time deposit | | | | | | |
| Saving deposits (91% of total saving deposits) | | 65,420,771,414 | 62,184,464,342 | 65,420,771,414 | 62,184,464,342 | |
| Foreign currency deposits | | 3,611,297,581 | 2,051,546,904 | 3,611,297,581 | 2,051,546,904 | |
| Term deposits | | 160,951,254,291 | 109,066,283,138 | 163,066,420,130 | 114,282,095,158 | |
| Deposit pension schemes (DPS) | | 18,411,228,650 | 16,838,979,087 | 18,411,228,650 | 16,838,979,087 | |
| Special notice deposit | | 14,536,686,242 | 12,980,754,609 | 14,536,686,242 | 12,980,754,609 | |
| Security deposits | | 813,000 | 8,155,223 | 813,000 | 8,155,223 | |
| | | 262,932,051,178 | 203,130,183,303 | 265,047,217,017 | 208,345,995,323 | |
| | | 447,058,816,329 | 364,329,900,482 | 384,466,775,242 | 314,590,914,520 | |



Notes to the financial statements as at and for the year ended 31 December 2022

| Notes to the financial statements as at and for the year ended 31 December 2022 | | | | | | In Taka |
|--|-------|-----------------|-----------------|-------------------|-----------------|---------|
| Particulars | Note | Consolidated | | BRAC Bank Limited | | |
| | | 2022 | 2021 | 2022 | 2021 | |
| Maturity wise grouping of deposits and other accounts | | | | | | |
| Repayable on demand | | 12,889,777,748 | 10,678,266,582 | 12,889,777,748 | 10,678,266,582 | |
| Repayable within 1 month | | 39,478,409,574 | 29,812,031,680 | 33,816,689,751 | 26,823,992,430 | |
| Over 1 months but within 6 months | | 123,692,377,070 | 78,146,789,069 | 123,692,377,070 | 78,146,789,069 | |
| Over 6 months but within 1 year | | 126,570,721,489 | 111,672,492,397 | 69,640,400,225 | 64,921,545,685 | |
| Over 1 year but within 5 years | | 141,455,809,394 | 130,364,719,339 | 141,455,809,394 | 130,364,719,339 | |
| Over 5 years but within 10 years | | 2,971,721,054 | 3,655,601,415 | 2,971,721,054 | 3,655,601,415 | |
| Over 10 years | | - | - | - | - | |
| Total balance | | 447,058,816,329 | 364,329,900,482 | 384,466,775,242 | 314,590,914,520 | |
| Unclaimed deposits for 10 years or more | | 57,875,419 | 50,123,305 | 57,875,419 | 50,123,305 | |
| As per Bank Company Act 1991, Section 35 and BB circular letter no. BRPD 10 dated 12 September 2018, if any money or valuable asset (except deposits from Government, minor or litigation) is unclaimed for ten years or above as of 31 December every year, a three months' notice will be given to depositors concerned. Based on the response from the concerned depositors by following three months, amount will be paid to them otherwise unclaimed deposit will be deposited to Bangladesh Bank by 30 April of the following year. We reported BDT 57,875,419 as 10 years and above unclaimed deposit amount as on 31 December 2022 (cut off basis) to Bangladesh Bank. | | | | | | |
| Other liabilities | | | | | | |
| Provision for loans and advances | 17.1 | 14,602,789,573 | 13,213,625,459 | 13,390,953,803 | 11,994,520,290 | |
| Special general provision Covid-19 | 17.1 | 784,207,224 | 784,207,224 | 784,207,224 | 784,207,224 | |
| Provision for interest receivable from loan | 17.2 | 20,676,127 | 13,457,003 | 20,676,127 | 13,457,003 | |
| Provisions for off balance sheet items | 17.3 | 911,486,554 | 706,746,134 | 911,486,554 | 706,746,134 | |
| Provision for diminution in value of investments | 17.4 | 34,119,549 | 13,580,119 | 34,119,549 | 13,580,119 | |
| Provision for other assets | 17.5 | 247,263,926 | 234,820,125 | 247,263,926 | 234,820,125 | |
| Provision against non banking assets (NBA) | | 6,800,000 | - | 6,800,000 | - | |
| Interest suspense | 17.6 | 1,710,681,546 | 1,637,871,114 | 1,710,681,546 | 1,637,871,114 | |
| Withholding tax payable | 17.7 | 546,837,799 | 201,214,386 | 546,837,799 | 201,214,386 | |
| VAT payable | 17.8 | 231,322,683 | 208,608,833 | 231,322,683 | 208,608,833 | |
| Excise duty payable | | 329,663,279 | 262,341,336 | 329,663,279 | 262,341,336 | |
| Provision for taxation net off AIT | 17.9 | 5,448,621,002 | 5,920,521,742 | 4,144,359,024 | 5,021,558,503 | |
| Deferred tax liability | 10.4 | 347,178,871 | 377,334,278 | 1,696,104,735 | 1,680,555,555 | |
| Interest payable on borrowings | | 733,123,758 | 331,043,315 | 733,123,758 | 331,043,315 | |
| Accrued expenses | | 4,781,984,329 | 5,337,303,430 | 1,367,743,072 | 2,108,043,731 | |
| CSR Fund (FX gain) | 17.14 | 188,198,573 | - | 188,198,573 | - | |
| Share subscription - IPO (refund warrant) | | 273,606 | 229,509 | 273,606 | 229,509 | |
| Payable to off-shore banking unit | | 4 | - | 4 | - | |
| Unclaimed and undistributed dividend | 17.10 | 11,588,296 | 9,676,218 | 11,588,296 | 9,676,218 | |
| Suppliers payable | | 162,427,092 | 125,946,941 | 162,427,092 | 125,946,941 | |
| Leased liabilities as per IFRS 16 | | 4,465,075,566 | 4,085,484,681 | 3,861,470,127 | 3,603,554,604 | |



Notes to the financial statements as at and for the year ended 31 December 2022

| Particulars | Note | Consolidated | | BRAC Bank Limited | | In Taka |
|--|-------|-----------------------|-----------------------|-----------------------|-----------------------|---------|
| | | 2022 | 2021 | 2022 | 2021 | |
| Payable against exchange houses | | 60,200 | 100 | 60,200 | 100 | |
| Payable against insurances | | 6,260,997 | 6,155,625 | 6,260,997 | 6,155,625 | |
| Payable against proxy account | | 1,366,816 | 206,092 | 1,366,816 | 206,092 | |
| Payable against SWIFT charge | | 27,144,741 | 1,716,000 | 27,144,741 | 1,716,000 | |
| Start-up Fund | | 158,509,361 | 100,877,625 | 158,509,361 | 100,877,625 | |
| Other payables | 17.11 | 4,188,126,315 | 3,716,340,999 | 4,188,126,315 | 3,716,340,999 | |
| Other liabilities of subsidiaries | 17.12 | 2,058,793,026 | 2,018,766,783 | - | - | |
| | 17.13 | 42,004,580,813 | 39,308,075,071 | 34,760,769,207 | 32,763,271,381 | |
| 17.1 Provision for loans and advances including Covid special provision | | | | | | |
| A. General provision including Covid special provision | | | | | | |
| Provisions held at the beginning of the year | | 3,818,222,914 | 3,254,158,676 | 3,818,222,914 | 3,254,158,676 | |
| Add: Transfer from specific provision | | 210,677,063 | 64,204,586 | 210,677,063 | 64,204,586 | |
| Add: Special general provision Covid-19 | | - | 10,077,406 | - | 10,077,406 | |
| Add: Net charge to profit and loss A/C | | 575,618,832 | 490,317,074 | 575,618,832 | 490,317,074 | |
| Add: Exchange difference | | 169,267,474 | (534,528) | 169,267,474 | (534,528) | |
| Provisions held at the end of the year | | 4,773,786,283 | 3,818,222,914 | 4,773,786,283 | 3,818,222,914 | |
| B. Specific provision | | | | | | |
| Provisions held at the beginning of the year (i) | | 10,179,609,769 | 8,552,594,541 | 8,960,504,600 | 7,493,529,932 | |
| Less: Transfer to general provision (ii) | | (210,677,063) | (64,204,586) | (210,677,063) | (64,204,586) | |
| Less: Write off during the year (iii) | | (1,875,687,554) | (1,503,380,807) | (1,875,687,554) | (1,503,380,807) | |
| Add: Provision charged for the year including special provision Covid-19 (iv) | | 2,172,220,677 | 3,178,139,884 | 2,179,490,076 | 3,018,099,324 | |
| Add: Recovery of written off bad debts (v) | | 809,572,845 | 707,517,594 | 809,572,845 | 707,517,594 | |
| Add: Exchange difference (vi) | | 347,744,685 | 16,460,737 | 347,744,685 | 16,460,737 | |
| Net charge to profit and loss A/C (vii) = (iv)-(v) | | 1,362,647,832 | 2,470,622,290 | 1,369,917,231 | 2,310,581,730 | |
| Provisions held at the end of the year (i+ii+iii+iv+v+vi+vii) | | 10,613,210,514 | 10,179,609,769 | 9,401,374,744 | 8,960,504,600 | |
| Total provision held at the end of the year (A+B) | | 15,386,996,797 | 13,997,832,683 | 14,175,161,027 | 12,778,727,514 | |
| 17.2 Provision for interest receivable from loan | | | | | | |
| Provisions held at the beginning of the year | | 13,457,003 | 13,457,003 | 13,457,003 | 13,457,003 | |
| Add: Net charge to profit and loss A/C | | 7,219,124 | - | 7,219,124 | - | |
| Provisions held at the end of the year | | 20,676,127 | 13,457,003 | 20,676,127 | 13,457,003 | |
| 17.3 Provisions for off balance sheet items | | | | | | |
| Balance at the beginning of the year | | 706,746,134 | 455,246,134 | 706,746,134 | 455,246,134 | |
| Provision made during the year | | 204,740,420 | 251,500,000 | 204,740,420 | 251,500,000 | |
| Balance at the end of the year | | 911,486,554 | 706,746,134 | 911,486,554 | 706,746,134 | |



Notes to the financial statements as at and for the year ended 31 December 2022

| Particulars | Note | Consolidated | | BRAC Bank Limited | |
|-------------|------|--------------|------|-------------------|------|
| | | 2022 | 2021 | 2022 | 2021 |

In Taka

17.3.1 Particulars of required provisions for off balance sheet items - general provision (Bank only)

| Particulars | Base for provision | Percentage (%) of required provision | Required provision 2022 | Required provision 2021 |
|---|--------------------|--------------------------------------|-------------------------|-------------------------|
| Acceptances and endorsements (net of UPAS Loans) | 46,851,368,815 | 1% | 468,513,688.00 | 323,280,430 |
| Irrevocable letters of credit | 27,451,963,219 | 1% | 274,519,632.00 | 265,982,034 |
| Letter of guarantees | 18,607,062,875 | 1% | 186,070,629.00 | 117,934,147 |
| Total required provision before considering counter guarantee | | | 929,103,949 | 707,196,612 |
| Deduction for counter guarantee | | | 17,617,395 | 3,955,406 |
| Total required provision | | | 911,486,554 | 703,241,206 |
| Total provision maintained (Note 17.3) | | | 911,486,554 | 706,746,134 |
| Excess/(short) provision | | | - | 3,504,928 |

17.4 Provision for diminution in value of investments

| | | | | |
|---|------------|--------------|------------|--------------|
| Balance at the beginning of the year | 13,580,119 | 87,580,119 | 13,580,119 | 87,580,119 |
| Provision made/(released) during the year | 20,539,430 | (74,000,000) | 20,539,430 | (74,000,000) |
| Balance at the end of the year | 34,119,549 | 13,580,119 | 34,119,549 | 13,580,119 |

Above provision includes provision for dividend receivable on preference share of BDT 1,250,000.

17.5 Provision for other assets

| | | | | |
|--|-------------|-------------|-------------|-------------|
| Provisions held at the beginning of the year | 234,820,125 | 195,208,855 | 234,820,125 | 168,102,992 |
| Add: Net movement during the year | 12,443,801 | 39,611,270 | 12,443,801 | 66,717,133 |
| Provisions held at the end of the year | 247,263,926 | 234,820,125 | 247,263,926 | 234,820,125 |

17.5.1 Particulars of required provision for other assets (Bank only)

| Other asset type | Other assets balance | Doubtful (50%) | Bad/Loss (100%) | Required provision 31 Dec 2022 | Required provision 31 Dec 2021 |
|---|----------------------|----------------|-----------------|--------------------------------|--------------------------------|
| Accrued interest on loans and advances | 2,088,565,945 | - | - | - | - |
| Receivables from govt./BB for interest subsidy | 565,538,368 | - | - | - | - |
| Accrued interest on investment | 1,157,596,892 | - | 518,135 | 518,135 | - |
| Dividend receivables | 69,353,683 | - | - | - | - |
| Receivables against sanchayapatra | 22,879,838 | - | - | - | - |
| Stock of stamps & stationery | 104,840,850 | - | - | - | - |
| Advance to staff & supplier | 16,673,927 | 165,000 | 2,694,851 | 2,859,851 | - |
| Deferred revenue expenditure | 231,241,555 | - | - | - | - |
| Advance to SME unit offices | 1,308,690 | - | - | - | - |
| Advance security deposit | 84,104,446 | - | 781,000 | 781,000 | - |
| Advances, receivables and other settlement balances | 5,927,047,081 | 937,674 | - | 937,674 | - |



Notes to the financial statements as at and for the year ended 31 December 2022

In Taka

| Particulars | Note | Consolidated | | BRAC Bank Limited | |
|---|---------------|--------------|-------------|-------------------|-------------|
| | | 2022 | 2021 | 2022 | 2021 |
| Other receivables | 1,406,755,963 | 639,676 | 13,669,813 | 14,309,489 | - |
| Receivable from partners | 2,679,383 | - | - | - | 27,020,241 |
| Receivable from co-brand atm | 27,020,242 | - | 27,020,242 | 27,020,242 | 117,873,609 |
| Receivable for fraud and forgery-protected bill | 119,040,216 | - | 119,040,216 | 119,040,216 | 1,324,360 |
| Receivables in cash shortage-branch | 1,416,050 | - | 1,416,050 | 1,416,050 | 220,000 |
| Receivables in cash shortage-atm | 2,000 | - | 2,000 | 2,000 | 5,144,030 |
| Receivable from BBL-RBL atm | 5,144,030 | - | 5,144,030 | 5,144,030 | 5,000,000 |
| Receivable from BACH | 5,000,000 | - | - | - | 4,788,745 |
| Proxy accounts | - | - | - | - | 1,600,000 |
| Receivables against remittance | - | - | - | - | 143,635 |
| Charge back receivables in suspense-cards | 27,644,922 | - | - | - | 22,276 |
| Receivable for outstanding priority pass bill payment | - | - | - | - | 193,925 |
| Receivable from merchant(On US)-cards | - | - | - | - | - |
| Receivable for Govt stimulus | 127,545,483 | - | - | - | - |
| Subsidy receivable from BB-financial stimulus fund | 2,749,620 | - | - | - | - |
| Unclaimed dividend paid to BSEC | 60,840,320 | - | 60,840,320 | 60,840,320 | 224,171,131 |
| Total required provision for other assets | | | | 232,869,007 | 234,820,125 |
| Total provision maintained | | | | 247,263,926 | 10,648,994 |
| Excess/(short) provision | | | | 14,394,919 | |

17.6

Interest suspense

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Balance at the beginning of the year | 1,637,871,114 | 1,443,050,060 | 1,637,871,114 | 1,443,050,060 |
| Add: Amount transferred to "interest suspense" account during the year | 1,408,486,946 | 1,533,746,003 | 1,408,486,946 | 1,533,746,003 |
| | 3,046,358,060 | 2,976,796,063 | 3,046,358,060 | 2,976,796,063 |
| Less: Amount recovered and adjusted in "interest suspense" account during the year | 1,144,121,836 | 1,207,744,812 | 1,144,121,836 | 1,207,744,812 |
| Less: Amount written off during the year | 191,554,678 | 131,180,137 | 191,554,678 | 131,180,137 |
| Balance at the end of the year | 1,710,681,546 | 1,637,871,114 | 1,710,681,546 | 1,637,871,114 |

17.7

Withholding tax payable

| | | | | |
|--|-------------|------------|-------------|------------|
| Payable on Interest | 324,275,459 | 81,459,135 | 324,275,459 | 81,459,135 |
| Payable (suppliers) | 10,450,449 | 3,669,132 | 10,450,449 | 3,669,132 |
| Payable (staff salaries and allowance) | 21,993,118 | 16,461,797 | 21,993,118 | 16,461,797 |
| Payable (rent) | 4,707,295 | 4,345,397 | 4,707,295 | 4,345,397 |
| Payable (export) | 106,535,195 | 36,596,076 | 106,535,195 | 36,596,076 |
| Payable on commission paid | 31,152,002 | 16,259,115 | 31,152,002 | 16,259,115 |
| Payable on professional services | 8,645,651 | 10,718,853 | 8,645,651 | 10,718,853 |
| Payable on export cash subsidy | - | 42,474 | - | 42,474 |



Notes to the financial statements as at and for the year ended 31 December 2022

| | Particulars | Note | Consolidated | | BRAC Bank Limited | | In Taka |
|-------|--|------|--------------|------|-------------------|------|---------|
| | | | 2022 | 2021 | 2022 | 2021 | |
| 17.8 | <p>VAT Payable</p> <p>Payable on local LC 297,114 979,909 979,909</p> <p>Payable on foreign buyer agent 18,633,996 18,788,738 18,788,738</p> <p>Freight forward agency commission 731,720 731,720 -</p> <p>Payable on IGW services 3,446,146 859,352 859,352</p> <p>Payable on others 15,969,654 11,034,408 11,034,408</p> <p>546,837,799 201,214,386 201,214,386</p> | | | | | | |
| 17.9 | <p>Provision for taxation net off AIT (BBL only)</p> <p>A. Provision for tax:</p> <p>Balance at the beginning of the year 78,280,195 82,588,034 82,588,034</p> <p>Net addition during the year 64,361,016 32,777,748 32,777,748</p> <p>Balance at the end of the year 13,554,752 12,437,967 12,437,967</p> <p>B. Advance income tax:</p> <p>Balance at the beginning of the year 75,126,720 80,805,084 80,805,084</p> <p>Add: Paid during the year 231,322,683 208,608,833 208,608,833</p> <p>Provision for taxation (A-B) 231,322,683 208,608,833 208,608,833</p> <p>Corporate tax position of the Bank has been presented in Annexure F.</p> | | | | | | |
| 17.10 | <p>Unclaimed and undistributed dividend</p> <p>As on 31 December 2022, the unclaimed/undistributed dividend was BDT 11,588,296</p> <p>Further to above, in pursuant to SEC/SRMIC/165-2020/part-1/182, dated July 19, 2021 and Capital Market Stabilization Fund, Rules 2021 issued by Bangladesh Securities and Exchange Commission (BSEC) regarding transfer the amount held against unclaimed dividend/undistributed /unsettled public subscription money for the period of more than 3 (three) years; we have transferred the amount BDT 60,840,320 to the Capital Market Stabilization Fund (CMSF).</p> | | | | | | |
| 17.11 | <p>Start-up fund (Bank Only)</p> <p>As per SMESPD circular 04 dated March 29, 2021 and SMESPD circular letter 05 dated April 26, 2021, 1% of net profit after tax has been transferred to the fund. The details are given below:</p> <p>Balance at the beginning of the year 100,877,625</p> <p>Addition during the period (1% of PAT) 57,631,736 100,877,625</p> <p>Closing balance at the end of the year 158,509,361 100,877,625</p> | | | | | | |



Notes to the financial statements as at and for the year ended 31 December 2022

| | | Consolidated | | BRAC Bank Limited | | In Taka |
|---|---|------------------|----------------------|-----------------------------------|------------------------------|------------------------|
| Particulars | | Note | 2022 | 2021 | 2022 | 2021 |
| 17.12 | Other payables | | | | | |
| | Payables related to cards and others | | 657,651,647 | 516,065,060 | 657,651,647 | 516,065,060 |
| | Payable to merchant | | 6,058,310 | 4,791,116 | 6,058,310 | 4,791,116 |
| | Payables to co brand ATM | | 3,106,745 | 3,106,744 | 3,106,745 | 3,106,744 |
| | Miscellaneous payable | | 3,521,309,613 | 3,192,378,079 | 3,521,309,613 | 3,192,378,079 |
| | | | <u>4,188,126,315</u> | <u>3,716,340,999</u> | <u>4,188,126,315</u> | <u>3,716,340,999</u> |
| 17.13 | Other liabilities of subsidiaries | | | | | |
| | BRAC EPL Investments Limited | | 73,148,145 | 197,875,533 | | |
| | BRAC EPL Stock Brokerage Limited | | 702,205,336 | 1,008,535,941 | | |
| | bKash Limited | | 1,319,305,112 | 811,129,171 | | |
| | BRAC Saajan Exchange Limited | | 35,700,372 | 16,870,406 | | |
| | | | <u>2,130,358,965</u> | <u>2,034,411,051</u> | | |
| | Less: Inter company transactions: | | | | | |
| | BRAC Bank Limited | | 68,908,939 | 4,408,557 | | |
| | bKash Limited | | 2,657,000 | 11,235,711 | | |
| | | | <u>71,565,939</u> | <u>15,644,268</u> | | |
| | | | <u>2,058,793,026</u> | <u>2,018,766,783</u> | | |
| 17.14 | CSR Fund (FX gain) | | | | | |
| Net CSR Fund represents the amount of CSR liability set aside from the foreign exchange gain net of tax arisen during May and June 2022 according to Bangladesh Bank directive. The calculation is presented below: | | | | | | |
| | Particulars | FX income May'22 | FX income Jun'22 | 50% of FX income for May-Jun 2022 | Tax charged on income @37.5% | Net CSR Fund after tax |
| | Net CSR Fund expense | 226,964,371 | 375,271,061 | 301,117,716 | 112,919,144 | 188,198,573 |
| 18 | Share capital | | | | | |
| 18.1 | Authorized capital | | | | | |
| | 2,000,000,000 ordinary shares of Tk. 10 each | | | | 20,000,000,000 | 20,000,000,000 |
| 18.2 | Issued, Subscribed and Paid up capital | | | | | |
| | 100,000,000 Ordinary Shares of Tk. 10/- each issued for cash | | | | 1,000,000,000 | 1,000,000,000 |
| | 1,037,942,153 Ordinary Shares of Tk. 10/- each issued as bonus share | | | | 11,423,550,820 | 10,379,421,530 |
| | 26,400,000 Right Shares of Tk. 10/- each issued in 2008 | | | | 264,000,000 | 264,000,000 |
| | 221,652,288 Right Shares of Tk. 10/- each issued in 2014 | | | | 2,216,522,880 | 2,216,522,880 |
| | 1,149,589 Ordinary Shares of Tk. 10/- each issued as 1st bond converted share in 2016 | | | | 11,495,890 | 11,495,890 |
| | 2,237,835 Ordinary Shares of Tk. 10/- each issued as 2nd bond converted share in 2017 | | | | 22,378,350 | 22,378,350 |
| | 2,790,534 Ordinary Shares of Tk. 10/- each issued as 3rd bond converted share in 2018 | | | | 27,905,340 | 27,905,340 |
| | | | | | <u>14,965,853,280</u> | <u>13,921,723,990</u> |



18.2.1 History of paid-up capital

Given below the history of raising of share capital of BRAC Bank Limited:

| Particulars | Allotment year | Number of shares issued | | Total paid up shares (No of shares) | Addition in amount of share capital (BDT) | Total paid up capital (BDT) |
|---|----------------|-------------------------|--------------|-------------------------------------|---|-----------------------------|
| | | Bonus shares | Subscription | | | |
| First (Subscription to the Memorandum and Articles of Association) at the time of Incorporation | 1999 | - | 2,000,000 | 2,000,000 | 200,000,000 | 200,000,000 |
| BRAC (subscription) | 2001 | - | 500,000 | 2,500,000 | 50,000,000 | 250,000,000 |
| BRAC (subscription) | 2003 | - | 674,500 | 3,174,500 | 67,450,000 | 317,450,000 |
| ShoreCap International Ltd. | 2004 | - | 875,700 | 4,050,200 | 87,570,000 | 405,020,000 |
| International Finance Corporation | 2004 | - | 949,800 | 5,000,000 | 94,980,000 | 500,000,000 |
| IPO | 2006 | 5,000,000 | - | 10,000,000 | 500,000,000 | 1,000,000,000 |
| Bonus Share 20% | 2007 | 2,000,000 | - | 12,000,000 | 200,000,000 | 1,200,000,000 |
| Bonus Share 10% | 2008 | 1,200,000 | - | 13,200,000 | 120,000,000 | 1,320,000,000 |
| Right Share 20% | 2008 | - | 2,640,000 | 15,840,000 | 264,000,000 | 1,584,000,000 |
| Bonus Share 30% | 2009 | 4,752,000 | - | 20,592,000 | 475,200,000 | 2,059,200,000 |
| Bonus Share 30% | 2010 | 6,177,600 | - | 26,769,600 | 617,760,000 | 2,676,960,000 |
| Bonus Share 20% | 2011 | 5,353,920 | - | 32,123,520 | 535,392,000 | 3,212,352,000 |
| Denomination of face value from Tk.100 to Tk.10 per share | 2011 | - | - | 321,235,200 | - | 3,212,352,000 |
| Bonus Share 20% | 2012 | 64,247,040 | - | 385,482,240 | 642,470,400 | 3,854,822,400 |
| Bonus Share 15% | 2013 | 57,822,336 | - | 443,304,576 | 578,223,360 | 4,433,045,760 |
| Bonus Share 10% | 2014 | 44,330,457 | - | 487,635,033 | 443,304,570 | 4,876,350,330 |
| Right share 50% | 2014 | - | 221,652,288 | 709,287,321 | 2,216,522,880 | 7,092,873,210 |
| Fresh Issue against Bond, 1st Conversion of Bond | 2016 | - | 1,149,589 | 710,436,910 | 11,495,890 | 7,104,369,100 |
| Fresh Issue against Bond, 2nd Conversion of Bond | 2017 | - | 2,237,835 | 712,674,745 | 22,378,350 | 7,126,747,450 |
| Bonus Share 20% | 2017 | 142,534,949 | - | 855,209,694 | 1,425,349,490 | 8,552,096,940 |
| Fresh Issue against Bond, 3rd Conversion of Bond | 2018 | - | 2,790,534 | 858,000,228 | 27,905,340 | 8,580,002,280 |
| Bonus Share 25% | 2018 | 214,500,057 | - | 1,072,500,285 | 2,145,000,570 | 10,725,002,850 |
| Bonus Share 15% | 2019 | 160,875,042 | - | 1,233,375,327 | 1,608,750,420 | 12,333,753,270 |
| Bonus Share 7.50% | 2020 | 92,503,149 | - | 1,325,878,476 | 925,031,490 | 13,258,784,760 |
| Bonus Share 5% | 2021 | 66,293,923 | - | 1,392,172,399 | 662,939,230 | 14,965,853,280 |
| Bonus Share 7.50% | 2022 | 104,412,929 | - | 1,496,585,328 | 1,044,129,290 | 14,965,853,280 |
| Total | | | | | 14,965,853,280 | |

18.2.2 Issued, subscribed and paid up capital

| | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Balance at the beginning of the year | 13,921,723,990 | 13,258,784,760 | 13,921,723,990 | 13,258,784,760 |
| Add: Stock dividend of 2021 issued in 2022 | 1,044,129,290 | 662,939,230 | 1,044,129,290 | 662,939,230 |
| Balance at the end of the year | 14,965,853,280 | 13,921,723,990 | 14,965,853,280 | 13,921,723,990 |



| Particulars | Consolidated | | In Taka | |
|-------------|--------------|------|---------|------|
| | 2022 | 2021 | 2022 | 2021 |

18.3 Initial public offering (IPO)

According to IPO rules 2006 "Initial public offering (IPO)" means first offering of security by an issuer to the general public. Out of the total issued, subscribed, and fully paid up capital of the bank 5,000,000 ordinary shares of Tk. 100.00 each amounting to Taka 500,000,000 was raised through Initial public offering of shares held in 2006.

18.4 Cash dividend/bonus issue

On 28 April 2022, 15% Dividend (7.5% stock & 7.5% Cash) were approved by the shareholders at its 23rd Annual General Meeting. The stock dividend was distributed on 06 June 2022 accordingly.

18.4.1 The Bank held its 8th EGM on 3 November 2011 and changed the face value of share from Tk. 100 per share to Tk. 10 per share and market lot of shares from 50 shares to 500 shares in each lot. The maximum limit for Authorized Share capital was increased to BDT 20,000,000,000. At 11 December 2014, DSE new Trading system launched that neutralize market lot into 1 shares.

18.5 Ordinary Shares

| | No. of Shares (2022) | % of shareholding (2022) | 2022 Taka | 2021 Taka |
|----------------|----------------------|--------------------------|-----------------------|-----------------------|
| Director | 692,041,839 | 46.24% | 6,920,418,390 | 6,437,712,840 |
| Government | - | 0.00% | - | - |
| Institutions | 196,660,035 | 13.14% | 1,966,600,350 | 1,428,665,140 |
| Foreign | 503,403,548 | 33.64% | 5,034,035,480 | 5,272,976,420 |
| General public | 104,479,906 | 6.98% | 1,044,799,060 | 782,369,590 |
| | 1,496,585,328 | 100% | 14,965,853,280 | 13,921,723,990 |

18.5.1 Share trading

Trading of BRAC Bank's ordinary shares was started on 31 January 2007 at Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). The closing market price on 31 December 2022 was Tk. 38.50 at Dhaka Stock Exchange (DSE) and Tk. 38.70 at Chittagong Stock Exchange (CSE).

18.6 Classification of shareholding

| Range of holding of shares | Number of shareholders (2022) | Number of shares (2022) | Percentage of holding of shares (2022) |
|----------------------------|-------------------------------|-------------------------|--|
| Less than 500 | 8,087 | 1,658,147 | 0.11% |
| 500 to 5,000 | 10,848 | 19,072,814 | 1.27% |
| 5,001 to 10,000 | 2,051 | 14,360,555 | 0.96% |
| 10,001 to 20,000 | 862 | 12,170,649 | 0.81% |
| 20,001 to 30,000 | 356 | 8,812,477 | 0.59% |
| 30,001 to 40,000 | 166 | 5,773,098 | 0.39% |



| | | | |
|----------------------|---------------|----------------------|-------------|
| 40,001 to 50,000 | 104 | 4,802,623 | 0.32% |
| 50,001 to 100,000 | 199 | 14,148,651 | 0.95% |
| 100,001 to 1,000,000 | 259 | 75,733,345 | 5.06% |
| Over 1,000,000 | 99 | 1,340,052,969 | 89.54% |
| Total | 23,031 | 1,496,585,328 | 100% |

18.6.1 Name of the directors and their shareholdings as at 31 December 2022:

| Name | Status | Opening position | Closing position | % of shares held as on 31 December 2022 | % of shares held as on 31 December 2021 |
|---|----------------------|------------------|------------------|---|---|
| Dr. Ahsan H Mansur (Chairman) | Independent Director | NIL | NIL | NIL | NIL |
| Asif Saleh (Nominated by BRAC) | Nominated Director | 31,000 | 33,325 | 0.002% | 0.002% |
| Farzana Ahmed | Independent Director | NIL | NIL | NIL | NIL |
| Fahima Choudhury | Independent Director | NIL | NIL | NIL | NIL |
| Dr. Zahid Hussain | Independent Director | NIL | NIL | NIL | NIL |
| Meheriar M Hasan (Nominated by BRAC) | Nominated Director | NIL | NIL | NIL | NIL |
| Shameran Bahar Abed (Nominated by BRAC) | Nominated Director | 997,500 | 1,072,312 | 0.072% | 0.071% |
| Dr. Mustafa Kamal Mujeri | Independent Director | NIL | NIL | NIL | NIL |
| Faruq Mayeenuddin Ahmed | Independent Director | NIL | NIL | NIL | NIL |
| Salek Ahmed Abul Masrur | Independent Director | NIL | NIL | NIL | NIL |

18.7

Share premium

| | | | |
|---|------|----------------------|----------------------|
| 5,000,000 ordinary shares @ Tk. 70 per share | 2006 | 350,000,000 | 350,000,000 |
| 2,640,000 ordinary shares @ Tk. 400 per share | 2008 | 1,056,000,000 | 1,056,000,000 |
| 221,652,288 ordinary shares @ Tk. 10 per share | 2014 | 2,216,522,880 | 2,216,522,880 |
| 1,149,589 ordinary shares @ Tk. 32.55 per share | 2016 | 37,419,151 | 37,419,151 |
| 2,237,835 ordinary shares @ Tk. 35.10 per share | 2017 | 78,548,041 | 78,548,041 |
| 2,790,534 ordinary shares @ Tk. 41.31 per share | 2018 | 115,276,960 | 115,276,960 |
| | | 3,853,767,032 | 3,853,767,032 |

18.7.1 Particulars of share premium

Sponsor:

BRAC

Others

Non sponsor:

International Finance Corporation (IFC)

ShoreCap International Limited

Non Resident Bangladeshis

Mutual Funds

General Public

| | |
|----------------------|----------------------|
| 1,324,534,000 | 1,324,534,000 |
| 192,580 | 192,580 |
| 219,056,640 | 219,056,640 |
| 92,473,920 | 92,473,920 |
| 91,555,530 | 91,555,530 |
| 189,254,190 | 189,254,190 |
| 1,936,700,172 | 1,936,700,172 |
| 3,853,767,032 | 3,853,767,032 |



18.8 Capital Adequacy Ratio - As per BASEL-III

In Taka

| Particulars | Consolidated | | BRAC Bank Limited | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Common equity tier-1 (going concern capital) | | | | |
| Fully paid-up capital/funds from head office for the purpose of meeting the capital adequacy | 14,965,853,280 | 13,921,723,990 | 14,965,853,280 | 13,921,723,990 |
| Non-repayable share premium account | 3,853,767,032 | 3,853,767,032 | 3,853,767,032 | 3,853,767,032 |
| Statutory reserve | 11,148,169,834 | 10,067,956,958 | 11,112,086,248 | 10,067,956,958 |
| Retained earnings | 29,086,051,630 | 26,402,962,532 | 18,798,934,455 | 16,329,861,552 |
| Dividend equalization fund | 355,218,455 | 355,218,455 | 355,218,455 | 355,218,455 |
| Minority/Non-controlling interest in subsidiaries | 19,875,982,881 | 19,760,616,148 | - | - |
| Sub-total | 79,285,043,112 | 74,362,245,115 | 49,085,859,470 | 44,528,527,987 |
| Regulatory adjustments | | | | |
| Goodwill and all other intangible assets | 5,082,229,672 | 4,958,310,051 | 1,087,487,802 | 957,240,725 |
| Deferred tax assets (DTA) | 6,207,462,673 | 5,050,299,241 | 4,565,043,290 | 3,964,542,244 |
| Sub-total | 11,289,692,345 | 10,008,609,292 | 5,652,531,093 | 4,921,782,969 |
| Total admissible tier-1 capital | 67,995,350,767 | 64,353,635,823 | 43,433,328,377 | 39,606,745,018 |
| Tier-2 capital (going concern capital) | | | | |
| General provision | 5,685,272,837 | 4,524,969,048 | 5,685,272,837 | 4,524,969,048 |
| Sub-total | 5,685,272,837 | 4,524,969,048 | 5,685,272,837 | 4,524,969,048 |
| Maximum limit of tier-2 capital (Tier 2 capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher) | 51,989,248,501 | 49,708,531,248 | 30,833,575,176 | 28,375,981,919 |
| Total admissible tier-2 capital | 5,685,272,837 | 4,524,969,048 | 5,685,272,837 | 4,524,969,048 |
| Total capital | 73,680,623,604 | 68,878,604,871 | 49,118,601,214 | 44,131,714,066 |
| Total risk weighted assets | 380,318,534,649 | 337,281,898,721 | 349,831,724,733 | 307,359,660,182 |
| Minimum capital requirement (MCR - 12.50%) | 47,539,816,831 | 42,160,237,340 | 43,728,965,592 | 38,419,957,523 |
| Surplus/ (deficiency) | 26,140,806,772 | 26,718,367,531 | 5,389,635,623 | 5,711,756,543 |
| Capital adequacy ratio: | | | | |
| Common equity tier-1 (against standard of minimum 6%) | 17.88% | 19.08% | 12.42% | 12.89% |
| Total capital to risk-weighted asset ratio* | 19.37% | 20.42% | 14.04% | 14.36% |
| Minimum CRAR % | 12.50% | 12.50% | 12.50% | 12.50% |
| Surplus/(deficiency) % | 6.87% | 7.92% | 1.54% | 1.86% |

* In Standalone regulatory capital calculation, fair value gain of BDT 7,643,913,224 on investment in subsidiaries and associates arisen out of application of IFRS 9 for the measurement of equity investment in subsidiaries and associate at fair value. The fair value gain/loss reported as FVOCI directly as part of equity as per IFRS 9. In absence of any specific guidelines for the treatment of Fair value gain/loss in Risk Based Capital Adequacy guidelines by Bangladesh Bank, the fair value gain /loss has not been considered as part of Tier 1 capital. However, as this has emerged from implementation of IFRS 9 (which came in to effect in 2018), we have requested Bangladesh Bank for their guidance on the same. While the fair value gain /loss is a part of Tier 1 capital according to the recommendation of International Basel Committee. Had the fair value gain/loss been considered as component of Tier-I capital as per international practice, the standalone Regulatory Capital to Risk-weighted Asset Ratio (CRAR) would have been reported at 15.72%.



In Taka

| | Particulars | Note | Consolidated | | BRAC Bank Limited | |
|----|--|--------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | 2022 | 2021 | 2022 | 2021 |
| 19 | Statutory reserve | | | | | |
| | Balance at the beginning of the year | | 10,067,956,958 | 9,405,017,728 | 10,067,956,958 | 9,405,017,728 |
| | Transferred from profit during the year | | 1,080,212,876 | 662,939,230 | 1,044,129,290 | 662,939,230 |
| | Balance at the end of the year | | <u>11,148,169,834</u> | <u>10,067,956,958</u> | <u>11,112,086,248</u> | <u>10,067,956,958</u> |
| 20 | Dividend equalization fund | | | | | |
| | Dividend equalization fund | | 355,218,455 | 355,218,455 | 355,218,455 | 355,218,455 |
| | | | <u>355,218,455</u> | <u>355,218,455</u> | <u>355,218,455</u> | <u>355,218,455</u> |
| 21 | Revaluation reserve on govt. securities | | | | | |
| | Balance at the beginning of the year | | 2,490,292,927 | 4,805,926,053 | 2,490,292,927 | 4,805,926,053 |
| | Add: Addition during the year | | 527,891,705 | 1,277,441,975 | 527,891,705 | 1,277,441,975 |
| | Less: Adjustment during the year | | 1,680,939,467 | 3,593,075,101 | 1,680,939,467 | 3,593,075,101 |
| | | | <u>1,337,245,165</u> | <u>2,490,292,927</u> | <u>1,337,245,165</u> | <u>2,490,292,927</u> |
| 22 | Fair value gain/(loss) on equity investment (Standalone) | | | | | |
| | Balance at the beginning of the year | | | | 7,384,920,564 | 1,131,197,846 |
| | Net change during the year | | | | 258,992,660 | 6,253,722,718 |
| | | | | | <u>7,643,913,224</u> | <u>7,384,920,564</u> |
| 23 | Translation reserve | | | | | |
| | The functional currency of the Bank's Off-shore Banking Unit (OBU) is in United States Dollar (USD). Due to recent steepest price hike of USD against bank's presentation currency BDT, a significant increase in translation reserve has been generated both in separate and consolidated financial statements of the Bank. | | | | | |
| 24 | Surplus in profit and loss account/Retained earnings (standalone) | | | | | |
| | Balance at the beginning of the year | | | | 16,329,861,552 | 13,680,255,527 |
| | Add: Remeasurements gain/(loss) of defined benefits liabilities (assets) | 10.5.3 | | | (104,081,055) | (144,689,978) |
| | Add: Retained surplus for the year | | | | 5,763,173,573 | 5,546,930,564 |
| | Less: Transfer to statutory reserve | | | | 1,044,129,290 | 662,939,230 |
| | Less: Start-up Fund | | | | 57,631,736 | 100,877,625 |
| | Less: Cash dividend paid | | | | 1,044,129,299 | 1,325,878,476 |
| | Less: Bonus share issued | | | | 1,044,129,290 | 662,939,230 |
| | Closing balance | | | | <u>18,798,934,455</u> | <u>16,329,861,552</u> |



| 24.1 | Particulars | Note | Consolidated | | BRAC Bank Limited | |
|------|---|------|------------------------|------------------------|-------------------|------|
| | | | 2022 | 2021 | 2022 | 2021 |
| | Surplus in profit and loss account/Retained earnings (Consolidated) | | | | | |
| | BRAC Bank Limited | | 18,798,934,455 | 16,329,861,552 | | |
| | | | <u>18,798,934,455</u> | <u>16,329,861,552</u> | | |
| | BRAC EPL Investment Limited | | | | | |
| | Opening balance | | (1,607,496,637) | (1,855,049,822) | | |
| | Add: Retained surplus/(deficit) for the year | | 272,841,038 | 247,553,185 | | |
| | Sub total | | <u>(1,334,655,599)</u> | <u>(1,607,496,637)</u> | | |
| | BRAC EPL Stock Brokerage Limited | | | | | |
| | Opening balance | | 943,567,598 | 711,882,093 | | |
| | Add: Retained surplus/(deficit) for the year | | 68,281,410 | 231,685,505 | | |
| | Less: Transfer to statutory reserve | | 23,213,334 | - | | |
| | Sub total | | <u>988,635,674</u> | <u>943,567,598</u> | | |
| | bKash Limited | | | | | |
| | Opening balance | | 10,742,740,197 | 3,715,030,852 | | |
| | Add: Retained surplus/(deficit) for the year | | 59,554,596 | (439,513,503) | | |
| | Add: Effect of change in preference share of bKash | | - | 7,445,299,204 | | |
| | Add: Remeasurements of defined benefits liability (assets) | | 1,145,219 | 21,923,644 | | |
| | Less: Transfer to statutory reserve | | 12,870,252 | - | | |
| | Sub total | | <u>10,790,569,760</u> | <u>10,742,740,197</u> | | |
| | BRAC Saajan Exchange Limited | | | | | |
| | Opening balance | | 3,364,585 | 146,462,896 | | |
| | Add: Retained surplus/(deficit) for the year | | (101,881,820) | (143,098,311) | | |
| | Less: Impairment of goodwill | | (54,905,518) | - | | |
| | Add: Effect of change of shareholding | | (1,844,745) | - | | |
| | Sub total | | <u>(155,267,498)</u> | <u>3,364,585</u> | | |
| | Associates | | | | | |
| | Opening balance - (bITS) | | (9,074,763) | (30,190,001) | | |
| | Add: Share of profit/(loss) of equity in associate company - (bITS) | | 4,860,182 | 3,742,052 | | |
| | Gain/(loss) on disposal/loss of control of associates | | 2,049,419 | 17,373,186 | | |
| | Sub total | | <u>(2,165,162)</u> | <u>(9,074,763)</u> | | |
| | | | <u>29,086,051,630</u> | <u>26,402,962,532</u> | | |



| Particulars | Note | Consolidated | | BRAC Bank Limited | |
|---|------|--------------------------|-------------------------------|-------------------|------------------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| 24.1.1 | | | | | |
| Net effect of all items directly recognised in equity | | | | | |
| Effect of change of shareholding in subsidiaries | | (1,844,745) | - | | |
| Effect of change in preference share of bKash | | (102,935,836) | 7,445,299,202 | | |
| Remeasurement of defined benefits liabilities (assets)-Gratuity | | (104,780,581) | (122,766,334) | | |
| | | | 7,322,532,868 | | |
| 24.2 | | | | | |
| Non-controlling interest | | | | | |
| BRAC EPL Investments Limited | | 716,701 | 567,516 | | |
| BRAC EPL Stock Brokerage Limited | | 145,404,780 | 137,817,957 | | |
| bKash Limited | | 19,728,452,974 | 19,619,313,898 | | |
| BRAC SAAJAN Exchange Limited | | 1,408,426 | 2,916,777 | | |
| | | 19,875,982,881 | 19,760,616,148 | | |
| 24.2.1 | | | | | |
| Reconciliation of Non-controlling interest | | | | | |
| Particulars | | BRACEPL Investments Ltd. | BRAC EPL Stock Brokerage Ltd. | bKash Limited | BRAC SAAJAN Exchange Limited |
| Opening balance | | 567,516 | 137,817,957 | 19,619,313,898 | 2,916,777 |
| Share of profit/(loss) | | 149,185 | 7,586,823 | 107,079,957 | (6,792,121) |
| Effect of change of shareholding | | - | - | - | 5,034,641 |
| Translation adjustment | | - | - | - | 249,129 |
| Remeasurements loss on defined benefits liability (assets) | | - | - | 2,059,119 | - |
| | | 716,701 | 145,404,780 | 19,728,452,974 | 1,408,426 |
| 25 | | | | | |
| Contingent liabilities | | | | | |
| Acceptances and endorsements | | 83,028,540,659 | 50,478,536,940 | 83,028,540,659 | 50,478,536,940 |
| Irrevocable letters of credit | | 27,451,963,219 | 26,598,203,443 | 27,451,963,219 | 26,598,203,443 |
| Total Letters of credit and acceptances and endorsements | 25.1 | 110,480,503,878 | 77,076,740,383 | 110,480,503,878 | 77,076,740,383 |
| Letter of guarantees | 25.2 | 18,607,062,875 | 11,793,414,671 | 18,607,062,875 | 11,793,414,671 |
| Bills for collection | 25.3 | 21,612,714,770 | 16,438,866,245 | 21,612,714,770 | 16,438,866,245 |
| Other Commitments | 25.4 | 15,144,320,058 | 28,887,787,694 | 15,144,320,058 | 28,887,787,694 |
| | | 165,844,601,581 | 134,196,808,993 | 165,844,601,581 | 134,196,808,993 |



| | Particulars | Note | Consolidated | | BRAC Bank Limited | |
|------|---|------|------------------------|-----------------------|------------------------|-----------------------|
| | | | 2022 | 2021 | 2022 | 2021 |
| 25.1 | Irrevocable letters of credit including acceptances and endorsements | | | | | |
| | Letter of credit (Inland) | | 319,104,717 | 2,778,557,467 | 319,104,717 | 2,778,557,467 |
| | Letter of credit (General) | | 81,869,143,598 | 57,860,271,470 | 81,869,143,598 | 57,860,271,470 |
| | Back to back L/C | | 5,871,563,146 | 4,052,799,770 | 5,871,563,146 | 4,052,799,770 |
| | Back to back bills | | 5,771,087,024 | 1,208,061,714 | 5,771,087,024 | 1,208,061,714 |
| | Back to back bills (EDF) | | 16,649,605,393 | 11,177,049,962 | 16,649,605,393 | 11,177,049,962 |
| | | | 110,480,503,878 | 77,076,740,383 | 110,480,503,878 | 77,076,740,383 |
| | Less: Margin | | 923,190,579 | 748,254,248 | 923,190,579 | 748,254,248 |
| | | | <u>109,557,313,299</u> | <u>76,328,486,135</u> | <u>109,557,313,299</u> | <u>76,328,486,135</u> |
| 25.2 | Letter of guarantees | | | | | |
| | Letter of guarantee (Local) | | 8,419,835,932 | 10,898,451,190 | 8,419,835,932 | 10,898,451,190 |
| | Letter of guarantee (Foreign) | | 2,798,693,660 | 576,806,964 | 2,798,693,660 | 576,806,964 |
| | Foreign counter guarantee | | 7,388,533,283 | 318,156,517 | 7,388,533,283 | 318,156,517 |
| | | | 18,607,062,875 | 11,793,414,671 | 18,607,062,875 | 11,793,414,671 |
| | Less: Margin | | 178,553,887 | 216,052,368 | 178,553,887 | 216,052,368 |
| | | | <u>18,428,508,988</u> | <u>11,577,362,303</u> | <u>18,428,508,988</u> | <u>11,577,362,303</u> |
| | Balance for which the Bank is contingently liable in respect of guarantee issued favouring: | | | | | |
| | Government | | 3,986,558,266 | 2,948,353,668 | 3,986,558,266 | 2,948,353,668 |
| | Bank and other financial institutions | | 744,161,442 | 589,670,734 | 744,161,442 | 589,670,734 |
| | Others | | 13,876,343,167 | 8,255,390,270 | 13,876,343,167 | 8,255,390,270 |
| | | | 18,607,062,875 | 11,793,414,672 | 18,607,062,875 | 11,793,414,672 |
| | Less : Margin | | 178,553,887 | 216,052,368 | 178,553,887 | 216,052,368 |
| | | | <u>18,428,508,988</u> | <u>11,577,362,304</u> | <u>18,428,508,988</u> | <u>11,577,362,304</u> |
| 25.3 | Bills for collection | | | | | |
| | Outward local bills for collection | | 15,302,217,027 | 15,299,010,106 | 15,302,217,027 | 15,299,010,106 |
| | Outward foreign bills for collection | | 6,310,497,743 | 1,139,856,139 | 6,310,497,743 | 1,139,856,139 |
| | | | <u>21,612,714,770</u> | <u>16,438,866,245</u> | <u>21,612,714,770</u> | <u>16,438,866,245</u> |
| 25.4 | Other Commitments | | | | | |
| | Swap deals with banks and customers | | 13,070,011,143 | 10,726,189,903 | 13,070,011,143 | 10,726,189,903 |
| | Spot and forward deals with banks and customers | | 2,074,308,915 | 18,161,597,791 | 2,074,308,915 | 18,161,597,791 |
| | | | <u>15,144,320,058</u> | <u>28,887,787,694</u> | <u>15,144,320,058</u> | <u>28,887,787,694</u> |



| | Particulars | Note | Consolidated | | BRAC Bank Limited | |
|-------------|--|------|------------------------|------------------------|------------------------|------------------------|
| | | | 2022 | 2021 | 2022 | 2021 |
| 25.5 | Significant concentration wise grouping | | | | | |
| | i) Documentary credits and short term trade related transactions | | 150,700,281,523 | 105,309,021,299 | 150,700,281,523 | 105,309,021,299 |
| | ii) Forward asset purchased and forward deposits placed | | - | - | - | - |
| | iii) Undrawn formal standby facilities, credit lines and commitments to lend: | | | | | |
| | -Under one year | | - | - | - | - |
| | -One year and over; | | - | - | - | - |
| | iv) Spot and forward foreign exchange rate contracts | | - | - | - | - |
| | v) Other exchange contracts | | 2,074,308,915 | 18,161,597,791 | 2,074,308,915 | 18,161,597,791 |
| | vi) Others | | 13,070,011,143 | 10,726,189,903 | 13,070,011,143 | 10,726,189,903 |
| | | | <u>165,844,601,581</u> | <u>134,196,808,993</u> | <u>165,844,601,581</u> | <u>134,196,808,993</u> |
| 25.6 | Suit filed by the Bank | | | | | |
| | No law suit has been filed by the bank against contingent liabilities. However, there are three performance guarantees under litigation between Bank's customers and beneficiaries. Adequate provisions has been kept against these contingencies. | | | | | |
| 26 | Income statement | | | | | |
| | Income: | | | | | |
| | Interest, discount and similar income | 26.1 | 37,897,775,275 | 30,613,868,935 | 32,593,018,679 | 26,613,113,886 |
| | Dividend income | 29 | 265,932,312 | 179,816,729 | 265,932,312 | 179,816,729 |
| | Fees, commission and brokerage | 26.2 | 9,007,549,889 | 7,297,576,594 | 3,369,781,836 | 2,744,920,279 |
| | Gains less losses arising from government securities | | 757,187,142 | 345,451,894 | 757,187,142 | 345,451,894 |
| | Gains less losses arising from investment securities/trading shares-MF | | 30,512,410 | 228,515,315 | 30,512,410 | 228,515,315 |
| | Gains less losses arising from dealing from foreign currencies | 30 | 2,514,538,150 | 695,276,642 | 2,514,538,150 | 695,276,642 |
| | Other operating income | 31 | 313,551,635 | 175,087,450 | 267,298,708 | 146,093,679 |
| | | | <u>50,787,046,813</u> | <u>39,535,593,559</u> | <u>39,798,289,237</u> | <u>30,953,188,424</u> |
| | Expenses: | | | | | |
| | Interest paid on deposits and borrowings etc. | 28 | 12,953,873,731 | 7,912,883,508 | 13,227,359,203 | 7,589,298,326 |
| | Administrative expenses | 26.3 | 18,349,072,941 | 15,105,621,818 | 9,935,583,382 | 8,059,931,152 |
| | Impairment of goodwill | 38 | 54,905,518 | - | - | - |
| | Depreciation on banking assets | 39 | 3,509,901,370 | 3,026,776,858 | 1,792,138,336 | 1,732,111,456 |
| | Other operating expenses | 40 | 4,474,735,716 | 3,383,027,192 | 3,713,939,396 | 2,627,953,670 |
| | | | <u>39,342,489,276</u> | <u>29,428,309,376</u> | <u>28,669,020,317</u> | <u>20,009,294,604</u> |
| | Operating Profit | | <u>11,444,557,537</u> | <u>10,107,284,183</u> | <u>11,129,248,920</u> | <u>10,943,893,820</u> |



| | Particulars | Note | Consolidated | | BRAC Bank Limited | |
|------|--|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | 2022 | 2021 | 2022 | 2021 |
| 26.1 | Interest, discount and similar income | | | | | |
| | Interest on loans and advances | | 27,591,738,769 | 21,653,006,358 | 27,456,551,626 | 21,235,466,936 |
| | Interest on balance with other banks | | 870,824,757 | 594,251,565 | 5,502,854 | 2,173,585 |
| | Interest on fixed deposits with other banks | | 2,437,768,808 | 1,892,247,656 | 534,902,237 | 262,867,857 |
| | Other interest income | | 465,144,401 | 85,712,369 | 465,144,401 | 85,712,369 |
| | Interest on government securities | | 3,305,864,953 | 4,747,356,870 | 3,305,864,953 | 4,747,356,870 |
| | Interest on reverse repo | | 581,790,857 | 4,247,691 | 581,790,857 | 4,247,691 |
| | Interest on corporate & subordinated bond | | 244,450,943 | 275,455,497 | 244,450,943 | 275,455,497 |
| | Interest on interest rate swap (IRS) | | 5,209,823 | 5,319,038 | 5,209,823 | 5,319,038 |
| | Gain (loss) on interest rate swap (IRS) position | | (6,399,015) | (5,485,957) | (6,399,015) | (5,485,957) |
| | Investment income/loss from subsidiaries | | 2,401,380,979 | 1,361,757,848 | - | - |
| | | | 37,897,775,275 | 30,613,868,935 | 32,593,018,679 | 26,613,113,886 |
| 26.2 | Fees, commission and brokerage | | | | | |
| | Fees | | 2,392,273,067 | 1,988,438,814 | 2,392,273,067 | 1,988,438,814 |
| | Commission | | 6,615,276,822 | 5,309,137,780 | 977,508,769 | 756,481,465 |
| | | | 9,007,549,889 | 7,297,576,594 | 3,369,781,836 | 2,744,920,279 |
| 26.3 | Administrative expenses | | | | | |
| | Salaries and allowances | | 12,044,197,172 | 9,889,092,833 | 8,151,587,989 | 6,625,995,876 |
| | Rent, taxes, insurance, electricity etc. | | 697,538,365 | 645,414,492 | 507,158,511 | 473,700,396 |
| | Legal expenses | | 62,177,773 | 62,840,810 | 30,384,953 | 33,352,689 |
| | Postage, stamps, telecommunication etc. | | 411,043,177 | 317,984,231 | 308,505,338 | 222,631,352 |
| | Stationery, printing, advertisement etc. | | 3,223,940,283 | 2,608,773,879 | 396,662,334 | 221,634,405 |
| | Chief executive's salary and fees | | 24,471,250 | 19,424,250 | 24,471,250 | 19,424,250 |
| | Directors' fees and expenses | | 4,534,312 | 4,572,209 | 2,552,000 | 2,437,600 |
| | Auditors' fee | | 8,469,389 | 7,125,166 | 1,840,000 | 1,840,000 |
| | Repairs and maintenance of fixed assets | | 1,872,701,220 | 1,550,393,948 | 512,421,007 | 458,914,584 |
| | | | 18,349,072,941 | 15,105,621,818 | 9,935,583,382 | 8,059,931,152 |
| 27 | Interest income | | | | | |
| | Interest on loans and advances | | 27,591,738,769 | 21,653,006,358 | 27,456,551,626 | 21,235,466,936 |
| | Interest on balance with other banks | | 870,824,757 | 594,251,565 | 5,502,854 | 2,173,585 |
| | Interest on fixed deposits with other banks | | 3,470,458,213 | 2,333,307,976 | 920,914,577 | 515,005,098 |
| | Other interest income | | 465,144,401 | 85,712,369 | 465,144,401 | 85,712,369 |
| | | | 32,398,166,140 | 24,666,278,268 | 28,848,113,458 | 21,838,357,988 |
| | | | 1,032,689,405 | 441,060,320 | 386,012,340 | 252,137,241 |
| | Less: Elimination of inter unit/company transactions | | 31,365,476,735 | 24,225,217,948 | 28,462,101,118 | 21,586,220,747 |



| Particulars | Note | Consolidated | | BRAC Bank Limited | |
|--|------|----------------|---------------|-------------------|---------------|
| | | 2022 | 2021 | 2022 | 2021 |
| Interest paid on deposits and borrowings etc. | | | | | |
| A. Interest paid on deposits: | | | | | |
| Current account | | 1,239,115,775 | 972,611,273 | 950,072,542 | 539,413,646 |
| Short term deposit | | 165,519,630 | 200,927,646 | 165,519,630 | 200,927,646 |
| Savings deposit | | 714,431,796 | 665,574,233 | 714,431,796 | 665,574,233 |
| Term deposit | | 9,281,055,265 | 5,226,073,047 | 9,281,055,265 | 5,226,073,047 |
| | | 11,400,122,466 | 7,065,186,199 | 11,111,079,233 | 6,631,988,572 |
| B. Interest paid for borrowings: | | | | | |
| Interest on money at call and short notice | | 124,418,722 | 132,329,734 | 124,418,722 | 132,329,734 |
| Interest on borrowings from banks and FIs | | 1,550,896,151 | 642,769,998 | 1,466,747,791 | 563,459,364 |
| Interest on funding SWAP | | 85,424,425 | 19,776,850 | 85,424,425 | 19,776,850 |
| Interest on re-finance and pre-finance from central bank & government agencies | | 509,774,721 | 406,218,426 | 509,774,721 | 406,218,426 |
| Interest on repurchase agreement (REPO) | | 197,086,569 | 87,662,621 | 197,086,569 | 87,662,621 |
| Interest expense-Affordable Housing Bond | | 118,840,082 | - | 118,840,082 | - |
| | | 2,586,440,670 | 1,288,757,629 | 2,502,292,310 | 1,209,446,995 |
| | | 13,986,563,136 | 8,353,943,828 | 13,613,371,543 | 7,841,435,567 |
| | | 1,032,689,405 | 441,060,320 | 386,012,340 | 252,137,241 |
| Less: Elimination of inter unit/company transactions | | 12,953,873,731 | 7,912,883,508 | 13,227,359,203 | 7,589,298,326 |
| Investment income | | | | | |
| Interest on government securities | | 3,305,864,953 | 4,747,356,870 | 3,305,864,953 | 4,747,356,870 |
| Interest on reverse REPO | | 581,790,857 | 4,247,691 | 581,790,857 | 4,247,691 |
| Interest on corporate & subordinated bond | | 244,450,943 | 275,455,497 | 244,450,943 | 275,455,497 |
| Interest on interest rate swap (IRS) | | 5,209,823 | 5,319,038 | 5,209,823 | 5,319,038 |
| Dividend on shares & mutual funds | | 265,932,312 | 179,816,729 | 265,932,312 | 179,816,729 |
| Capital gain (loss) on government securities | | 757,187,142 | 345,451,894 | 757,187,142 | 345,451,894 |
| Capital gain (loss) on shares & mutual funds | | 30,512,410 | 228,515,315 | 30,512,410 | 228,515,315 |
| Gain (loss) on interest rate swap (IRS) position | | (6,399,015) | (5,485,957) | (6,399,015) | (5,485,957) |
| Investment income/(loss) of subsidiaries | 29.1 | 2,401,380,979 | 1,361,757,848 | - | - |
| | | 7,585,930,404 | 7,142,434,925 | 5,184,549,425 | 5,780,677,077 |
| Investment income/(loss) of subsidiaries | | | | | |
| Dividend income | | 66,045,174 | 44,823,469 | | |
| Realised gain/(loss) during the year | | (128,542,694) | (102,153,300) | | |
| Fair value adjustment at reporting date | | (40,670,769) | 209,675,164 | | |
| Interest on treasury bills & bonds | | 2,504,549,268 | 1,209,412,515 | | |
| | | 2,401,380,979 | 1,361,757,848 | | |



| Particulars | Note | Consolidated | | BRAC Bank Limited | |
|--|------|----------------|---------------|-------------------|---------------|
| | | 2022 | 2021 | 2022 | 2021 |
| 30 | | | | | |
| Commission, exchange and brokerage | | | | | |
| Commission from sale of sanchaya patra | | 6,795,798 | 84,301,766 | 6,795,798 | 84,301,766 |
| Commission from issue of payment orders, DD and TT | | 3,519,353 | 5,830,538 | 3,519,353 | 5,830,538 |
| Commission from issue of letter of guarantee | | 97,011,555 | 73,718,628 | 97,011,555 | 73,718,628 |
| Commission from issue of letters of credit (Import and Export) | | 723,271,753 | 470,603,536 | 723,271,753 | 470,603,536 |
| Other commission | | 146,910,310 | 122,026,997 | 146,910,310 | 122,026,997 |
| Gain/(Loss) on foreign currency dealings | | 2,514,538,150 | 695,276,642 | 2,514,538,150 | 695,276,642 |
| Loan processing fees | | 875,409,231 | 560,484,117 | 875,409,231 | 560,484,117 |
| Account activity fees | | 105,643,412 | 179,914,635 | 105,643,412 | 179,914,635 |
| Import and export related fees | | 242,234,916 | 214,464,552 | 242,234,916 | 214,464,552 |
| Fees and commission-cards | | 864,187,353 | 645,545,812 | 864,187,353 | 645,545,812 |
| Relationship fees | | 6,399,494 | 3,761,463 | 6,399,494 | 3,761,463 |
| Loan early settlement fees | | 34,799,586 | 77,592,716 | 34,799,586 | 77,592,716 |
| Service charges for ATM Card | | 138,287,642 | 149,712,089 | 138,287,642 | 149,712,089 |
| Fund collection/ transfer fees | | 121,080 | 137,718 | 121,080 | 137,718 |
| Student service center fees | | 15,890,250 | 13,646,700 | 15,890,250 | 13,646,700 |
| Cancellation fees | | 23,650 | 69,900 | 23,650 | 69,900 |
| Cheque collection fees | | 11,730 | 188,100 | 11,730 | 188,100 |
| Custodian fees | | 21,759,954 | 20,398,110 | 21,759,954 | 20,398,110 |
| Other fees | 30.1 | 87,504,769 | 122,522,902 | 87,504,769 | 122,522,902 |
| Commission and brokerage income of subsidiaries | | 5,684,804,213 | 4,593,062,686 | - | - |
| | | 11,569,124,199 | 8,033,259,607 | 5,884,319,986 | 3,440,196,921 |
| | | 47,036,160 | 40,406,371 | - | - |
| Less: Elimination of inter unit/company transactions | | 11,522,088,039 | 7,992,853,236 | 5,884,319,986 | 3,440,196,921 |
| 30.1 | | | | | |
| Other fees | | | | | |
| Passport endorsement fees | | 671,712 | 159,400 | 671,712 | 159,400 |
| Locker fees | | 5,622,587 | 5,265,039 | 5,622,587 | 5,265,039 |
| Service fees - ATM | | 604,505 | 449,979 | 604,505 | 449,979 |
| Service fees - BIT | | 1,395,440 | 1,373,050 | 1,395,440 | 1,373,050 |
| Service fees - bKash | | 6,318,705 | 9,097,338 | 6,318,705 | 9,097,338 |
| Annual membership fees-premium banking | | 11,800 | 11,800 | 11,800 | 11,800 |
| Annual fees-SMS banking | | 32,316,815 | 37,593,510 | 32,316,815 | 37,593,510 |
| Annual fees-internet banking | | 1,320,000 | 1,780,000 | 1,320,000 | 1,780,000 |
| Syndication fees | | 6,120,000 | - | 6,120,000 | - |
| Valuation fees | | 11,385 | - | 11,385 | - |
| E-commerce acquiring fees | | - | 23,041,325 | - | 23,041,325 |
| Miscellaneous fees income | | 33,111,820 | 43,751,461 | 33,111,820 | 43,751,461 |
| | | 87,504,769 | 122,522,902 | 87,504,769 | 122,522,902 |



| | Particulars | Note | Consolidated | | BRAC Bank Limited | | In Taka |
|------|--|------|----------------------|----------------------|--------------------|--------------------|---------|
| | | | 2022 | 2021 | 2022 | 2021 | |
| | | | | | | | |
| 31 | Other operating income | | | | | | |
| | Profit on sale of fixed assets | | 15,414,283 | 3,798,917 | 15,414,283 | 3,798,917 | |
| | Profit share from other bank | | 107,150,999 | 107,157,532 | 107,150,999 | 107,157,532 | |
| | Miscellaneous income | | 144,733,426 | 35,137,230 | 144,733,426 | 35,137,230 | |
| | Other operating income of subsidiaries | | 46,252,927 | 28,993,771 | - | - | |
| | | | <u>313,551,635</u> | <u>175,087,450</u> | <u>267,298,708</u> | <u>146,093,679</u> | |
| 32 | Rent, taxes, insurance, electricity, etc. | | | | | | |
| | Rent, rates and taxes | 32.1 | 331,562,654 | 322,815,149 | 284,237,227 | 270,100,724 | |
| | Insurance | | 98,826,955 | 89,905,087 | 22,790,558 | 13,827,612 | |
| | Power and electricity | | 257,066,521 | 223,032,603 | 190,147,884 | 180,256,170 | |
| | WASA and sewerage | | 10,082,235 | 9,661,653 | 9,982,842 | 9,515,890 | |
| | | | <u>697,538,365</u> | <u>645,414,492</u> | <u>507,158,511</u> | <u>473,700,396</u> | |
| 32.1 | Rent, rates and taxes | | | | | | |
| | Rent, taxes, insurance, electricity, etc. | | 1,443,367,456 | 1,355,992,047 | 1,186,768,665 | 1,128,047,204 | |
| | Less: rent exp. reversal due to depreciation and interest exp. under IFRS 16 -Leases | | 1,111,804,802 | 1,033,176,898 | 902,531,438 | 857,946,480 | |
| | | | <u>331,562,654</u> | <u>322,815,149</u> | <u>284,237,227</u> | <u>270,100,724</u> | |
| 33 | Postage, stamp, telecommunication, etc. | | | | | | |
| | Postage and courier | | 67,630,940 | 51,388,405 | 42,979,569 | 34,325,260 | |
| | Telegram, telex, fax and network | | 146,324,119 | 94,216,080 | 119,022,158 | 60,469,128 | |
| | Court fees and stamps | | 89,136,635 | 78,141,242 | 89,136,635 | 78,141,242 | |
| | Telephone | | 107,951,483 | 94,238,504 | 57,366,976 | 49,695,722 | |
| | | | <u>411,043,177</u> | <u>317,984,231</u> | <u>308,505,338</u> | <u>222,631,352</u> | |
| 34 | Stationery, printing, advertisements, etc. | | | | | | |
| | Stationery and printing | | 176,560,577 | 100,607,005 | 160,478,031 | 91,173,910 | |
| | Security stationery | | 102,415,600 | 53,297,028 | 102,415,600 | 53,297,028 | |
| | Advertisement | | 2,944,964,106 | 2,454,869,846 | 133,768,703 | 77,163,467 | |
| | | | <u>3,223,940,283</u> | <u>2,608,773,879</u> | <u>396,662,334</u> | <u>221,634,405</u> | |
| 35 | Chief executive's salary and fees | | | | | | |
| | Basic salary | | 17,010,000 | 13,249,250 | 17,010,000 | 13,249,250 | |
| | Bonus and others | 35.1 | 5,961,250 | 4,675,000 | 5,961,250 | 4,675,000 | |
| | House rent allowance | | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | |
| | | | <u>24,471,250</u> | <u>19,424,250</u> | <u>24,471,250</u> | <u>19,424,250</u> | |



| | Particulars | Note | Consolidated | | BRAC Bank Limited | |
|------|---|------|----------------------|----------------------|----------------------|----------------------|
| | | | 2022 | 2021 | 2022 | 2021 |
| 35.1 | Bonus and others | | | | | |
| | Festival bonus | | 2,835,000 | 2,100,000 | 2,835,000 | 2,100,000 |
| | Performance bonus | | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| | Leave fair assistance | | 2,126,250 | 1,575,000 | 2,126,250 | 1,575,000 |
| | | | <u>5,961,250</u> | <u>4,675,000</u> | <u>5,961,250</u> | <u>4,675,000</u> |
| 36 | Directors' fees | | | | | |
| | Directors' fees represent fees paid for attending board meeting, board audit committee meeting and risk management committee meeting @ Tk. 8,000 from January to December 2022 per director per meeting. | | | | | |
| | Meeting attendance fees | | 4,534,312 | 4,572,209 | 2,552,000 | 2,437,600 |
| | | | <u>4,534,312</u> | <u>4,572,209</u> | <u>2,552,000</u> | <u>2,437,600</u> |
| 37 | Auditor's fees | | | | | |
| | Audit fees | | 8,469,389 | 7,125,166 | 1,840,000 | 1,840,000 |
| | | | <u>8,469,389</u> | <u>7,125,166</u> | <u>1,840,000</u> | <u>1,840,000</u> |
| 38 | Impairment of goodwill | | | | | |
| | On 26 May 2021, the operations of BRAC Saajan Exchange Limited was suspended on regulatory ground by the local regulator in UK and subsequently to meet up fixed operational costs, the net asset value (NAV) becomes negative. In 2022, considering the negative net asset value and negative cash flows, an impairment loss of goodwill amounting to BDT 54,905,518 related to BRAC Saajan has been accounted for in the consolidated financials in line with International Accounting Standard (IAS) 36: Impairment of Assets. | | | | | |
| 39 | Depreciation and repair of the bank's assets | | | | | |
| | Depreciation of property, plant and equipment | | | | | |
| | Furniture and fixtures | | 154,099,718 | 163,899,773 | 139,671,303 | 148,736,943 |
| | Office floor space | | 612,569 | 516,375 | 100,858 | 100,858 |
| | Office equipment | | 90,755,778 | 108,234,082 | 81,295,046 | 94,567,471 |
| | IT hardware | | 993,221,762 | 810,561,705 | 393,579,196 | 353,862,417 |
| | Motor vehicles | | 63,815,458 | 88,859,710 | 52,113,021 | 64,518,382 |
| | Leasehold improvement | | 39,156,862 | 12,393,972 | - | - |
| | Right of use assets (RoU) as per IFRS 16 | | 1,006,689,271 | 953,842,898 | 777,297,844 | 762,397,055 |
| | IT software | | 1,161,549,952 | 888,468,343 | 348,081,068 | 307,928,330 |
| | | | <u>3,509,901,370</u> | <u>3,026,776,858</u> | <u>1,792,138,336</u> | <u>1,732,111,456</u> |
| | Repairs and maintenance expenses | | | | | |
| | Transportation expenses | | 599,399,886 | 528,010,816 | 417,009,409 | 371,932,390 |



| Particulars | Note | Consolidated | | BRAC Bank Limited | |
|--|------|---------------|---------------|-------------------|---------------|
| | | 2022 | 2021 | 2022 | 2021 |
| Equipment repairing expense | | 81,908,289 | 70,986,044 | 22,046,155 | 13,135,741 |
| Hardware and software maintenance expense | | 1,039,090,279 | 820,320,339 | 10,076,930 | 12,967,822 |
| Premises maintenance expense | | 152,302,766 | 131,076,749 | 63,288,513 | 60,878,631 |
| | | 1,872,701,220 | 1,550,393,948 | 512,421,007 | 458,914,584 |
| | | 5,382,602,590 | 4,577,170,806 | 2,304,559,343 | 2,191,026,040 |
| Other expenses | | | | | |
| Conveyance expense | | 88,041,422 | 127,323,767 | 88,041,422 | 127,323,767 |
| Fuel expenses | 40.1 | 40,352,651 | 24,580,181 | 40,352,651 | 24,580,181 |
| Traveling cost | | 46,755,693 | 27,586,782 | 46,755,693 | 27,586,782 |
| Professional fees | | 86,052,814 | 118,553,625 | 86,052,814 | 118,553,625 |
| Entertainment | | 78,947,542 | 45,520,007 | 78,947,542 | 45,520,007 |
| SWIFT cost | | - | 7,663,074 | - | 7,663,074 |
| Business promotion and development | | 76,761,080 | 34,250,516 | 76,761,080 | 34,250,516 |
| Books, news papers and periodicals | | 652,924 | 148,861 | 652,924 | 148,861 |
| Donation and subscription | | 435,735,033 | 236,669,080 | 435,735,033 | 236,669,080 |
| Government Levy, VAT and excise duty | 40.2 | 6,330,619 | 1,895,285 | 6,330,619 | 1,895,285 |
| Other operational loss | | 710,236 | 4,484,559 | 710,236 | 4,484,559 |
| Staff training and development | | 37,000,556 | 8,596,578 | 37,000,556 | 8,596,578 |
| Staff liveries | | 21,312 | 185,940 | 21,312 | 185,940 |
| Staff recruitment | | 4,578,608 | 9,478,227 | 4,578,608 | 9,478,227 |
| Salaries and allowance - outsourcing staff | | 754,643,686 | 414,478,552 | 754,643,686 | 414,478,552 |
| Staff sales incentives | | 646,306,662 | 398,905,613 | 646,306,662 | 398,905,613 |
| Bank charges | | 21,415,936 | 21,638,477 | 21,415,936 | 21,638,477 |
| Interest expense on lease liability as per IFRS 16 | | 427,409,866 | 240,975,386 | 266,790,141 | 157,503,682 |
| Documentation charges - CIB | | 19,931,570 | 7,571,438 | 19,931,570 | 7,571,438 |
| IT enabled services | | 674,053,553 | 566,345,069 | 674,053,553 | 566,345,069 |
| Security guard cost | | 211,467,465 | 212,770,875 | 211,467,465 | 212,770,875 |
| Commission paid - vendor | | 12,224,564 | 9,798,827 | 12,224,564 | 9,798,827 |
| Cash carrying charges | | 66,639,796 | 62,792,683 | 66,639,796 | 62,792,683 |
| Spare parts expense | | 91,291,533 | 74,519,716 | 91,291,533 | 74,519,716 |
| Archiving expense | | 32,535,418 | 30,451,572 | 32,535,418 | 30,451,572 |
| Covid prevention expense | | 4,931,452 | 16,285,221 | 4,931,452 | 16,285,221 |
| Miscellaneous | | 9,767,130 | 7,955,463 | 9,767,130 | 7,955,463 |
| Other expenses of subsidiaries | 40.3 | 647,212,755 | 712,008,189 | - | - |
| | | 4,521,771,876 | 3,423,433,563 | 3,713,939,396 | 2,627,953,670 |
| | | 47,036,160 | 40,406,371 | - | - |
| Less: Elimination of inter unit/company transactions | | 4,474,735,716 | 3,383,027,192 | 3,713,939,396 | 2,627,953,670 |



| Particulars | Note | Consolidated | | BRAC Bank Limited | |
|-------------|------|--------------|------|-------------------|------|
| | | 2022 | 2021 | 2022 | 2021 |

40.1

Bangladesh Bank, vide BRPD circular letter no. 28 dated 26 July 2022 and subsequent clarification, instructed all commercial banks to bring down the fuel expenses by 10% and electricity expenses by 12.5% from the budgeted amount in 2nd half of 2022 considering the global economic crisis arising from Covid-19 and Russia-Ukraine war. The bank has taken following initiatives to bring down the fuel and electricity costs:

- Strict maintenance of office time aligned with day light and switching off all lights and AC after office time;
- Power down computers and other office equipment at the end of the day;
- Maximum use of day lights clearing all obstacles behind windows;
- Minimizing use of office vehicle and auto switch-off engine while in traffic;
- Continuous monitoring of using lights and minimizing where possible.

The progress status has been summarized below:

| SL | Particulars | Budget-H2, 2022 | Actual-H2, 2022 | Saving in exp. | Savings in % |
|----|--------------------------------|-----------------|-----------------|----------------|--------------|
| 1 | Fuel expense | 31,927,719 | 26,659,391 | 5,268,328 | 17% |
| 2 | Power and electricity expenses | 134,400,000 | 103,304,166 | 31,095,834 | 23% |

40.2

The donation and subscription include the following:

- Out of total CSR expense BDT 188,198,573 (net of income tax) made from the foreign exchange gain arisen during May and June 2022 according to Bangladesh Bank directive; BDT 48,528,973 as part of regular CSR expense to various CSR activities and remaining CSR amount of BDT 140,000,000 spent from discount on SME insurance premium as per BRPD instruction;
- Subscription of BDT 59,007,488 made for various sponsorship and membership held by BRAC Bank;

40.3

Other expenses of subsidiaries

| | | |
|----------------------------------|--------------------|--------------------|
| BRAC EPL Investments Limited | 51,090,162 | 27,163,142 |
| BRAC EPL Stock Brokerage Limited | 165,474,547 | 189,693,939 |
| bKash Limited | 399,570,392 | 289,758,928 |
| BRAC SAAJAN Exchange Limited | 31,077,654 | 205,392,180 |
| | <u>647,212,755</u> | <u>712,008,189</u> |

41

Share of profit of associates

| | | |
|--------------------------|------------------|------------------|
| BRAC IT Services Limited | 4,860,182 | 3,742,052 |
| | <u>4,860,182</u> | <u>3,742,052</u> |



In Taka

| Particulars | Note | Consolidated | | BRAC Bank Limited | |
|--|------|----------------------|----------------------|----------------------|----------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| Provisions | | | | | |
| Provision for loans and advances | | | | | |
| Specific provision charged during the year | | 2,172,220,677 | 3,178,139,884 | 2,179,490,076 | 3,018,099,324 |
| Recovery of written off bad debts | | (809,572,845) | (707,517,594) | (809,572,845) | (707,517,594) |
| Specific provision (net off recovery) for the year | | 1,362,647,832 | 2,470,622,290 | 1,369,917,231 | 2,310,581,730 |
| General provision charged during the year | | 575,618,832 | 490,317,074 | 575,618,832 | 490,317,074 |
| Special provision Covid-19 charged during the year | | - | 10,077,106 | - | 10,077,106 |
| Total provision for loans and advances | | 1,938,266,664 | 2,971,016,470 | 1,945,536,063 | 2,810,975,910 |
| Diminution in value of Investments | | 20,539,430 | (74,000,000) | 20,539,430 | (74,000,000) |
| Off Balance Sheet items | | 204,740,420 | 251,500,000 | 204,740,420 | 251,500,000 |
| Other provisions: | | | | | |
| Other assets | | 16,741,298 | 70,093,002 | 12,443,801 | 65,866,351 |
| Interest receivable from loan | | 7,128,770 | - | 7,128,770 | - |
| | | 2,187,416,582 | 3,218,609,472 | 2,190,388,484 | 3,054,342,261 |
| Provision for taxation | | | | | |
| Current tax expense/ (income)* | | 4,280,691,722 | 3,737,018,428 | 3,765,699,754 | 3,467,399,481 |
| Deferred tax expense/ (income) (Net) | | (1,138,637,890) | (1,479,828,777) | (590,012,891) | (1,124,778,486) |
| Total provision for Taxation | | 3,142,053,832 | 2,257,189,651 | 3,175,686,863 | 2,342,620,995 |

* Current tax includes the reversal of surplus tax provision for 2010-2017 of BDT 14 crore based on latest assessment order from tax office.

Reconciliation of effective tax rate

| Particulars | 2022 (Standalone) | | 2021 (Standalone) | |
|---|-------------------|----------------------|-------------------|----------------------|
| | % | Taka | % | Taka |
| Profit before income tax as per profit and loss account | | 8,938,860,436 | | 7,889,551,559 |
| Income tax as per applicable tax rate | 37.50% | 3,352,072,664 | 37.50% | 2,958,581,835 |
| Factors affecting the tax charge for current year | | | | |
| Inadmissible expenses | 15.77% | 1,409,234,884 | 51.36% | 4,051,715,522 |
| Admissible expenses in the current year (i.e. write-off etc.) | -9.33% | (833,857,792) | -35.26% | (2,781,861,936) |
| Tax exempted income | 0.00% | - | -1.64% | (129,568,012) |
| Tax savings from reduced tax rates for dividend | 0.00% | - | -0.40% | (31,467,927) |
| Tax loss/(savings) from reduced tax rates for capital gain | 0.00% | - | 0.00% | - |
| Reversal of previous years' excess tax (2010 - 2017) | -1.57% | (140,000,000) | -7.60% | (600,000,000) |
| Effect of deferred tax | -6.84% | (611,762,892) | -14.26% | (1,124,778,487) |
| Total income tax expenses | 35.53% | 3,175,686,864 | 29.69% | 2,342,620,995 |



| | Particulars | Note | Consolidated | | BRAC Bank Limited | |
|----|--|------|-----------------------|------------------------|-----------------------|-----------------------|
| | | | 2022 | 2021 | 2022 | 2021 |
| 44 | Cash and cash equivalents | | | | | |
| | Cash in hand (including foreign currency) | 4.1 | 11,918,067,777 | 9,207,161,626 | 11,822,688,624 | 8,424,680,663 |
| | Balance with Bangladesh Bank and its agents banks (including foreign currency) | 4.2 | 19,953,525,473 | 14,252,262,804 | 19,953,525,473 | 14,252,262,804 |
| | Balance with other banks and financial institutions | 5 | 52,951,344,277 | 78,261,312,910 | 16,255,534,724 | 19,880,951,145 |
| | Money at call and on short notice | 6 | 6,826,376,000 | 3,500,000,000 | 6,826,376,000 | 3,500,000,000 |
| | Prize Bond | 7.1 | 1,527,900 | 1,280,800 | 1,527,900 | 1,280,800 |
| | | | 91,650,841,427 | 105,222,018,140 | 54,859,652,721 | 46,059,175,412 |
| 45 | Receipts from other operating activities | | | | | |
| | Miscellaneous income | | 144,733,426 | 35,137,230 | 144,733,426 | 35,137,230 |
| | Capital gain (loss) on shares & mutual funds | | 30,512,410 | 228,515,315 | 30,512,410 | 228,515,315 |
| | Profit share from other banks | | 107,150,999 | 107,157,532 | 107,150,999 | 107,157,532 |
| | Capital gain (loss) on government securities | | 757,187,142 | 345,451,894 | 757,187,142 | 345,451,894 |
| | Gain (loss) on interest rate swap (IRS) position | | (6,399,015) | (5,485,957) | (6,399,015) | (5,485,957) |
| | Other receipts of subsidiaries | | (79,218,319) | (118,708,350) | - | - |
| | | | 953,966,643 | 592,067,664 | 1,033,184,962 | 710,776,014 |
| 46 | Payment for other operating activities | | | | | |
| | Rent, taxes, insurance, electricity etc. | | 484,199,987 | 464,325,834 | 484,199,987 | 464,325,834 |
| | Audit fees | | 1,840,000 | 1,840,000 | 1,840,000 | 1,840,000 |
| | Directors fees and expenses | | 2,552,000 | 2,437,600 | 2,552,000 | 2,437,600 |
| | Repair and maintenance | | 588,292,005 | 524,909,515 | 588,292,005 | 524,909,515 |
| | Other expenses | | 4,284,132,440 | 2,593,818,978 | 4,284,132,440 | 2,593,818,978 |
| | Legal expenses | | 24,470,575 | 10,260,637 | 24,470,575 | 10,260,637 |
| | Other payments of subsidiaries | | 329,446,015 | 451,880,616 | - | - |
| | | | 5,714,933,022 | 4,049,473,180 | 5,385,487,007 | 3,597,592,564 |



| | Particulars | Note | Consolidated | | BRAC Bank Limited | |
|----|---|------|----------------|----------------|-------------------|------------------|
| | | | 2022 | 2021 | 2022 | 2021 |
| 47 | Reconciliation of net profit with cash flows from operating activities (standalone basis) | | | | | |
| | Profit before tax as per profit and loss account | | | | 8,938,860,436 | 7,889,551,559 |
| | Adjustment for non-cash items: | | | | | |
| | Provision for loans and advances | | | | 2,755,108,908 | 3,518,493,504 |
| | Provision for diminution in value of investments | | | | 20,539,430 | (74,000,000) |
| | Provision for off balance sheet items | | | | 204,740,420 | 251,500,000 |
| | Provision for other assets | | | | 19,572,571 | 65,866,351 |
| | Depreciation of property plant and equipment | | | | 1,792,138,336 | 1,732,111,456 |
| | Foreign exchange gain/(loss) | | | | 208,678,200 | 486,268,924 |
| | Profit on sale of fixed assets | | | | (15,414,283) | (3,798,917) |
| | Increase/decrease in operating assets & liabilities: | | | | | |
| | Loans and advances | | | | (89,464,175,973) | (48,149,037,787) |
| | Other assets | | | | (1,829,975,159) | 136,271,733 |
| | Borrowings from other banks and financial institutions | | | | 33,559,411,231 | 11,942,273,035 |
| | Proceeds from issuance of affordable housing bond | | | | 4,751,000,000 | - |
| | Deposits from customers | | | | 67,558,949,157 | 26,460,328,428 |
| | Other liabilities | | | | 1,142,489,175 | (532,139,845) |
| | Income tax paid | | | | (4,642,899,233) | (2,557,956,724) |
| | Net cash flows from operating activities as per cash flow statement | | | | 24,999,023,216 | 1,165,731,717 |
| 48 | Earnings per share (EPS) | | | | | |
| | Profit after taxation | | 6,121,996,724 | 4,652,600,294 | 5,763,173,573 | 5,546,930,564 |
| | Profit/(loss) attributable to non controlling interest | | 108,023,844 | (812,072,386) | - | - |
| | Profit attributable to ordinary shareholders of BRAC Bank Limited | | 6,013,972,880 | 5,464,672,680 | 5,763,173,573 | 5,546,930,564 |
| | Weighted average number of shares outstanding | | 1,496,585,328 | 1,496,585,328 | 1,496,585,328 | 1,496,585,328 |
| | | | 4.02 | 3.65 | 3.85 | 3.71 |
| 49 | Net asset value (NAV) per share | | | | | |
| | Net asset value attributable to shareholders of parent | | 61,153,627,729 | 57,187,474,350 | 58,390,554,773 | 54,419,471,131 |
| | Number of ordinary share outstanding at the end of the year | | 1,496,585,328 | 1,496,585,328 | 1,496,585,328 | 1,496,585,328 |
| | | | 40.86 | 38.21 | 39.02 | 36.36 |
| 50 | Net operating cash flow per share (NOCFPS) | | | | | |
| | Net operating cash flow | | 37,627,065,225 | 3,725,014,156 | 24,999,023,216 | 1,165,731,717 |
| | Number of ordinary share outstanding at the end of the year | | 1,496,585,328 | 1,496,585,328 | 1,496,585,328 | 1,496,585,328 |
| | | | 25.14 | 2.49 | 16.70 | 0.78 |



Notes to the financial statements as at and for the year ended 31 December 2022

51 General Disclosures

51.1 Audit Committee

An audit committee was constituted by the Board of Directors of BRAC Bank Limited in its 23rd meeting held on 02 March 2003. As on 31 December 2022, the Audit Committee as under:

| Sl No | Name of the director | Status with the Bank | Status with the committee | Educational qualification |
|-------|----------------------|----------------------|---------------------------|---|
| 01 | Ms. Farzana Ahmed | Independent Director | Chairman | MA (Hons) Philosophy, Politics, Economics & Chartered Accountant |
| 02 | Ms. Fahima Choudhury | Independent Director | Member | B.Sc. (Hons.) Management and M.Sc. Management from London School of Economics and Political Science, the United Kingdom |
| 03 | Dr. Zahid Hussain | Independent Director | Member | Ph.D. in Economics, Boston University |

During the year ended 31 December 2022, the Audit Committee of the Board conducted 08 (Eight) meeting in which among others, the following issues were discussed:

- Risk Based Audit Plan 2023
- Revised Manual of Audit Procedures and Revised Audit Charter 2022
- Revised Audit Policy, Compliance Policy, Monitoring Policy and Internal Control & Compliance Policy 2022
- Concurrent Audit Policy 2022
- Year Summary of Internal Audit Observations for the year 2021
- Overall effectiveness of Internal Control System.
- Fraud/forgeries and operational loss report
- Annual Health Report of BRAC Bank Limited 2021
- Management Report of BRAC Bank Limited for the year ended 31 December 2021
- Summary of Audit Observations of Branch, SKB, SMESC, Departments/Division and IT Departments 2022
- Compliance Status 2020 and 2021

51.2 Particulars of Board of Directors

i) Name of Directors and the entities in which they have interest as on 31 December 2022:

| Sl No | Name of director | Status with the Bank | Name of the firms/companies in which they have interest | Educational qualification |
|-------|---------------------------------------|----------------------------------|---|---|
| 1 | Dr. Ahsan H. Mansur | Chairman Independent Director | Policy Research Institute of Bangladesh (PRI) Walton Hi-Tech Industries Ltd Water Garden Resort and Spa | Ph.D in Economics, University of Western Ontario, Canada, M.A. Economics, McMaster University, Canada, M.A. in Economics, University of Dhaka, Bangladesh |
| 2 | Mr. Asif Saleh (Nominated by BRAC) | Nominated Director | BRAC IT Services Limited BRAC Net Limited Institute of Informatics and Development (IID) Edotco Bangladesh Co. Ltd. BRAC Kaiyachara Tea Company Ltd BRAC OSIRIS Impact Ventures Ltd. BRAC Kumon | Masters of Business Administration, New York University, Stern School of Management |



Notes to the financial statements as at and for the year ended 31 December 2022

| | | | | | |
|----|---|-------------------------|--|--|---|
| | | | | Affordable Health Care Trust BRAC Probashbondhu Ltd bKash Limited | |
| 3 | Ms. Fahima Choudhury | Independent Director | | Ogilvy & Mather Communications Pvt. Ltd Adcomm Ltd. Adcomm Holdings Ltd. Aktivision Advertising Ltd Graphic People Nazimgarh Resorts Ltd Northbrook Consultants Ltd Screaming Girl Production Ltd. Software People BRAC EPL Investments limited BRAC EPL Stock Brokerage Limited. Northern Resort bKash Limited Kids Tutorial | B.Sc. (Hons.) Management and M.Sc. Management from London School of Economics and Political Science, the United Kingdom |
| 4 | Ms. Farzana Ahmed | Independent Director | | | MA (Hons) Philosophy, Politics, Economics & Chartered Accountant |
| 5 | Dr. Zahid Hussain | Independent Director | | BRAC EPL Stock Brokerage Limited BRAC EPL Investment Limited World Bank, Bangladesh | Ph.D. in Economics, Boston University |
| 6 | Mr. Meheriar M Hasan (Nominated by BRAC) | Nominated Director | | Toyota Financial Savings Bank bKash Limited | Master of Science in Finance, USA, BA in Economics |
| 7 | Mr. Shameran Bahar Abed | Nominated Director | | bKash Limited BRAC OSIRIS Impact Ventures Ltd. | BA in Economics, USA, Bar-at-Law, UK |
| 8 | Dr. Mustafa Kamal Mujeri | Independent Director | | Institute for inclusive Finance and Development (InM) | Ph.D. in Economics from McMaster University, Canada M.A in Economics from McMaster University |
| 9 | Mr. Faruq Mayeenuddin Ahmed | Independent Director | | N/A | MSS in Economics, University of Dhaka |
| 10 | Mr. Salek Ahmed Abul Masrur | Independent Director | | N/A | MBA ,The University of Tennessee, USA, BBA The Tri-State University of Indiana. |
| 11 | Mr. Selim R.F. Hussain | Managing Director & CEO | | Industrial and Infrastructure Development Finance Company (IIDFC) BRAC EPL Investments Ltd. BRAC EPL Stock Brokerage Ltd. bKash Limited BRAC IT Services Limited BRAC Sajaan Exchange Ltd Association of Bankers, Bangladesh | MBA (IBA), University of Dhaka |

Notes to the financial statements as at and for the year ended 31 December 2022

The bank carried out transactions with related parties in the normal course of business on an arms length basis. As on 31 December 2022, the bank had following transactions with the 'Related Party/(ies)' as defined in the BRPD circulars no. 14 issued by the Bangladesh Bank on 25 June 2003.

Details of transactions with related parties can be found at Annexure-J

- ii) Significant contracts where bank is a party and wherein Directors have interest:
- iii) Shares issued to Directors and executives without consideration or exercisable at discount
- iv) Lending Policies to related parties:
Lending to related parties is effected as per requirement of section 27(1) of the Banking Companies Act, 1991.
- v) Loan and advances to Directors and subsidiaries:
Classification Status
- vi) Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Banking Companies Act, 1991.
- vii) Investment in the Securities of Directors and their related concern

Taka

| |
|--------------|
| Nil |
| Nil |
| Nil |
| 989,873,937 |
| Unclassified |
| Nil |
| Nil |

51.3 Claim not Acknowledged as Debt

There was no claim against the Bank not acknowledged as debt as on 31 December 2022.


51.4 Number of Employees

The number of employees including contractual engaged for the whole year or part there of who received a total yearly remuneration of Tk. 36,000 or above were 7,863 (2021: 7,619).

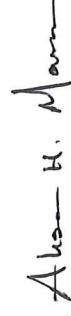
51.5 Events after the Balance Sheet Date

A. The Board of Directors in its 343rd Board meeting held on 11 April 2023 has proposed total 15% dividend (Cash dividend: 7.50% and stock dividend: 7.50%) subject to the approval of the shareholders at the next Annual General Meeting.


Managing Director and CEO


Director


Director


Chairman



BRAC Bank Limited and its subsidiaries
Highlights on the overall Activities
As at 31 December 2022

| Particulars | Note | Consolidated | | Amount in Taka unless otherwise specified | |
|--|------|-----------------|-----------------|---|-----------------|
| | | 2022 | 2021 | 2022 | 2021 |
| Paid-up capital | 18.2 | 14,965,853,280 | 13,921,723,990 | 14,965,853,280 | 13,921,723,990 |
| Total capital including general provisions | 18.8 | 73,680,623,604 | 68,878,604,871 | 49,118,601,214 | 44,131,714,066 |
| Capital surplus | 18.8 | 26,140,806,772 | 26,718,367,531 | 5,389,635,623 | 5,711,756,543 |
| Total assets | | 655,937,320,087 | 527,912,923,582 | 563,238,978,302 | 449,084,124,881 |
| Total deposits | 16 | 447,058,816,329 | 364,329,900,482 | 384,466,775,242 | 314,590,914,520 |
| Total loans and advances | 8 | 412,084,750,584 | 322,135,188,439 | 410,676,406,960 | 321,212,230,987 |
| Total contingent liabilities and commitments | 25 | 165,844,601,581 | 134,196,808,993 | 165,844,601,581 | 134,196,808,993 |
| Income from investments | 29 | 7,585,930,404 | 7,142,434,925 | 5,184,549,425 | 5,780,677,077 |
| Profit after tax and provisions | | 6,121,996,724 | 4,652,600,294 | 5,763,173,573 | 5,546,930,564 |
| Amount of classified loans during the current year | 8.9 | 16,493,938,006 | 13,747,867,323 | 15,268,631,102 | 12,522,560,419 |
| Provision kept against classified loans | 17.1 | 10,613,210,514 | 10,179,609,769 | 9,401,374,744 | 8,960,504,600 |
| Provisions surplus/deficit | 8.11 | 1,945,401,964 | 1,139,138,134 | 1,945,401,964 | 1,139,138,134 |
| Interest earning assets | | 632,686,260,328 | 507,237,092,081 | 547,340,438,588 | 434,883,338,336 |
| Non-interest earning assets | | 23,251,059,759 | 20,675,831,501 | 15,898,539,714 | 14,200,786,545 |
| Credit deposit ratio (Loans and Advances/Deposits)* | | - | - | 79.94% | 81.86% |
| Percentage of classified loans against total loans and advances | | 4.00% | 4.27% | 3.72% | 3.90% |
| NPL coverage ratio (incl. GP) | | 110% | 121% | 111% | 124% |
| Total Capital to Risk-weighted Asset Ratio | | 19.37% | 20.42% | 14.04% | 14.36% |
| Cost of fund | | 4.33% | 4.16% | 4.83% | 4.49% |
| Cost to income ratio | | 70% | 68% | 58% | 53% |
| Return on investment (ROI) [PAT/(Shareholders equity+Borrowings)] | | 4.78% | 5.79% | 4.69% | 6.04% |
| Return on assets (ROA) [PAT/Average assets] | | 1.02% | 1.11% | 1.14% | 1.31% |
| Return on equity (ROE) [PAT/Average shareholders equity] | | 10.16% | 10.38% | 10.22% | 11.00% |
| Earnings per share [previous years figure restated] | 48 | 4.02 | 3.65 | 3.85 | 3.71 |
| Net income per share [PAT-Dividend on preference share/No. of Ordinary Shares] | | 4.02 | 3.65 | 3.85 | 3.71 |
| [previous years figure restated] | | - | - | 10.00 | 13.88 |
| Price earning ratio (Market price per share/EPS) | | - | - | 39.02 | 36.36 |
| Net Asset Value per Share (NAV) [(Shareholders equity- Preference Share)/No. of Ordinary Share] [previous years figure restated] | 49 | 40.86 | 38.21 | 16.70 | 0.78 |
| Net Operating Cash Flow Per Share [previous years figure restated] | 50 | 25.14 | 2.49 | | |

* Credit deposit ratio has been computed as per Bangladesh Bank guideline.



BRAC Bank Limited
Statement of outstanding unreconciled entries in nostro accounts (foreign)
As at 31 December 2022

Nostro Account represents outstanding transactions (net) originated but yet to be responded at the Balance Sheet date. However, the status of unresponded entries as at 31 December 2022 is given below:

| SL No | Period of Unreconciliation | As per Local Book | | | | As per Correspondents' Book | | | |
|-------|---|-------------------|------------------|----------------|-------------------|-----------------------------|-------------------|----------------|-------------------|
| | | Debit Entries | | Credit Entries | | Debit Entries | | Credit Entries | |
| | | No. | Amount | No. | Amount | No. | Amount | No. | Amount |
| 01 | Up-to 3 months | 306 | 1,862,242 | 69 | 16,370,163 | 39 | 18,902,906 | 720 | 41,224,756 |
| 02 | More than 03 months but less than 06 months | - | - | 1 | 635 | - | - | 40 | 585,830 |
| 03 | More than 06 months but less than 09 months | - | - | 1 | 2,953.14 | - | - | 12 | 403,325 |
| 04 | More than 09 months but less than 12 months | - | - | - | - | - | - | 7 | 106,199 |
| 05 | More than 12 months | - | - | - | - | - | - | 2 | 65,559 |
| | Total | 306 | 1,862,242 | 71 | 16,373,751 | 39 | 18,902,906 | 781 | 42,385,668 |

Amount in USD

As at 31 December 2021

| SL No | Period of Unreconciliation | As per Local Book | | | | As per Correspondents' Book | | | |
|-------|---|-------------------|-------------------|----------------|-------------------|-----------------------------|------------------|----------------|-------------------|
| | | Debit Entries | | Credit Entries | | Debit Entries | | Credit Entries | |
| | | No. | Amount | No. | Amount | No. | Amount | No. | Amount |
| 01 | Up-to 3 months | 509 | 17,105,576 | 253 | 16,159,227 | 69 | 3,592,222 | 804 | 31,786,404 |
| 02 | More than 03 months but less than 06 months | - | - | 200 | 42,215.41 | - | - | 79 | 328,671 |
| 03 | More than 06 months but less than 09 months | - | - | 100 | 2,547.91 | - | - | 6 | 25,719 |
| 04 | More than 09 months but less than 12 months | - | - | - | - | - | - | 3 | 7,257 |
| 05 | More than 12 months | - | - | - | - | - | - | 1 | 2,103 |
| | Total | 509 | 17,105,576 | 256 | 16,203,990 | 69 | 3,592,222 | 893 | 32,150,154 |

All unadjusted entries are subsequently adjusted on regular basis.



BRAC Bank Limited
Statement of outstanding unreconciled entries in nostro accounts (local)
As at 31 December 2022

| SL No | Period of Unreconciliation | As per Local Book | | | | As per Correspondents' Book | | | |
|-------|---|-------------------|-----------|----------------|---------|-----------------------------|------------|----------------|------------|
| | | Debit Entries | | Credit Entries | | Debit Entries | | Credit Entries | |
| | | No. | Amount | No. | Amount | No. | Amount | No. | Amount |
| 01 | Up-to 3 months | 12 | 2,606,294 | - | - | 208 | 11,116,157 | 31 | 12,102,911 |
| 02 | More than 03 months but less than 06 months | 2 | 361,270 | 4 | 403 | 7 | 2,006,046 | 11 | 1,969,898 |
| 03 | More than 06 months but less than 09 months | - | - | - | - | - | - | 3 | 20,904 |
| 04 | More than 09 months but less than 12 months | - | - | - | - | - | - | - | - |
| 05 | More than 12 months | - | - | 27 | 734,389 | 24 | 2,118,119 | 18 | 847,269 |
| | Total | 14 | 2,967,564 | 31 | 734,792 | 239 | 15,240,322 | 63 | 14,940,982 |

As at 31 December 2021

| SL No | Period of Unreconciliation | As per Local Book | | | | As per Correspondents' Book | | | |
|-------|---|-------------------|---------|----------------|---------|-----------------------------|------------|----------------|------------|
| | | Debit Entries | | Credit Entries | | Debit Entries | | Credit Entries | |
| | | No. | Amount | No. | Amount | No. | Amount | No. | Amount |
| 01 | Up-to 3 months | 4 | 546,434 | - | - | 75 | 11,881,903 | 6 | 10,296,527 |
| 02 | More than 03 months but less than 06 months | - | - | - | - | - | - | - | - |
| 03 | More than 06 months but less than 09 months | 1 | 4,000 | - | - | - | - | 1 | 79,713 |
| 04 | More than 09 months but less than 12 months | - | - | - | - | - | - | 1 | 420,287 |
| 05 | More than 12 months | - | - | 27 | 734,389 | 23 | 2,115,119 | 16 | 347,269 |
| | Total | 5 | 550,434 | 27 | 734,389 | 98 | 13,997,022 | 24 | 11,143,796 |



BRAC Bank Limited
Balance with other banks-outside Bangladesh (Nostro Account)
As at 31 December 2022

| Name of Bank | Currency | A/C Type | 2022 | | 2021 | | Amount in Taka |
|---|----------|----------|----------------------------|---------------|----------------------------|---------------|----------------|
| | | | Amount in foreign currency | Exchange rate | Amount in foreign currency | Exchange rate | |
| DBU balance: | | | | | | | |
| Standard Chartered Bank, New York, USA | USD | CD | 6,274,971 | 103.30 | 648,185,631 | 5,803,452 | 85.80 |
| Standard Chartered Bank, United Kingdom | GBP | CD | 867,336 | 124.43 | 107,923,960 | 138,528 | 115.70 |
| Standard Chartered Bank, Frankfurt, Germany | EUR | CD | 3,345,369 | 110.01 | 368,010,970 | 147,482 | 97.12 |
| Mashreq Bank, New York, USA | USD | CD | 1,450,661 | 103.30 | 149,848,892 | 815,183 | 85.80 |
| Bank of Tokyo Mitsubishi UFJ Ltd | JPY | CD | 26,540,649 | 0.77 | 20,512,994 | 8,019,542 | 0.75 |
| ICICI Bank Limited, Mumbai, India | USD | CD | 722,553 | 103.30 | 74,637,602 | 81,145 | 85.80 |
| Zuercher Kantonal Bank, Switzerland | CHF | CD | 121,981 | 111.74 | 13,630,753 | 39,709 | 93.71 |
| Commerz Bank AG, Germany (USD) | USD | CD | 62,605 | 103.30 | 6,466,957 | 22,244 | 85.80 |
| Commerz Bank AG, Germany (EURO) | EUR | CD | 135,632 | 110.01 | 14,920,292 | (749,663) | 97.12 |
| Commerz Bank, Frankfurt, Germany (GBP) | GBP | CD | 50 | 124.43 | 6,254 | 50 | 115.70 |
| JP Morgan Chase Bank, New York, USA | USD | CD | 6,892,723 | 103.30 | 711,997,619 | 3,863,054 | 85.80 |
| HDFC Bank Limited, India | USD | CD | 2,490,389 | 103.30 | 257,249,753 | 226,802 | 85.80 |
| Habib Bank Limited, Pakistan | USD | CD | - | 103.30 | - | 20,866 | 85.80 |
| JP Morgan Chase Bank, Sydney (AUD) | AUD | CD | 119,146 | 69.44 | 8,273,641 | 9,713,312 | 62.33 |
| AB Bank Limited, Mumbai, India | USD | CD | 435,059 | 103.30 | 44,940,238 | 193,907 | 85.80 |
| AXIS Bank Limited, Kolkata (ACU) | USD | CD | 552,652 | 103.30 | 57,087,322 | 516,628 | 85.80 |
| Abu Dhabi Commercial Bank (AED) | AED | CD | 184,696 | 28.13 | 5,194,973 | 265,268 | 23.36 |
| Kookmin Bank, Seoul, South Korea (USD) | USD | CD | 58,466 | 103.30 | 6,039,326 | 72,116 | 85.80 |
| Citi Bank N.A., New York, USA | USD | CD | 397,783 | 103.30 | 41,089,751 | 289,565 | 85.80 |
| Shanghai Pudong Development Bank Co. Ltd, China (CNY) | CNY | CD | 135,569 | 14.84 | 2,011,473 | 60,410 | 13.46 |
| DBS Bank Ltd, Singapore (SGD) | SGD | CD | 226,591 | 76.60 | 17,357,195 | 212,688 | 63.41 |
| Punjab National Bank, Kolkata (USD) | USD | CD | 1,121,697 | 103.30 | 115,867,928 | 353,276 | 85.80 |
| Al Rajhi Bank, Riyadh (SAR) | SAR | CD | 116,019 | 27.47 | 3,187,340 | | |
| Meezan Bank Limited, Gtb Karachi, ACU (USD) | USD | CD | 687,200 | 103.30 | 70,985,659 | | |
| | | | | | 2,745,426,523 | | 1,644,926,542 |
| OBU balance: | | | | | | | |
| JP Morgan Chase Bank, New York | USD | CD | 6,799,986 | 103.30 | 702,418,166 | 1,612,754 | 85.80 |
| JP Morgan AG, Frankfurt, Germany | EUR | CD | 233,019 | 109.71 | 25,564,909 | 4,373 | 97.27 |
| JP Morgan Chase Bank, NA, London | GBP | CD | 11,183 | 124.32 | 1,390,286 | 12,609 | 115.72 |
| | | | | | 729,373,361 | | 140,258,656 |
| Total | | | | | 3,474,799,884 | | 1,785,185,198 |



BRAC Bank Limited
Investment in shares, mutual funds and quoted bonds
As at 31 December 2022

| Sl. no | Name of the company | Industry | Face value | No. of shares | Cost of holding | Average costing price | Market Price | Total market value (Tk) |
|---|---|-----------------------------|------------|---------------|----------------------|-----------------------|--------------|-------------------------|
| Quoted ordinary shares | | | | | | | | |
| 1 | Bata Shoe Company (Bangladesh) Limited | Tannery Industries | 10 | 86,193 | 91,771,631 | 1,064.72 | 952.30 | 82,081,594 |
| 2 | Berger Paints Bangladesh Ltd. | Miscellaneous | 10 | 360,946 | 614,266,461 | 1,701.82 | 1,722.60 | 621,765,580 |
| 3 | Eastern Bank Limited | Bank | 10 | 1,575,243 | 44,926,754 | 28.52 | 31.80 | 50,092,727 |
| 4 | Grameenphone Limited | Telecommunication | 10 | 3,100,427 | 1,000,947,718 | 322.84 | 286.60 | 888,582,378 |
| 5 | Linde Bangladesh Limited | Fuel & Power | 10 | 98,165 | 128,911,193 | 1,313.21 | 1,397.70 | 137,205,221 |
| 6 | Marico Bangladesh Limited | Pharmaceuticals & Chemicals | 10 | 494,626 | 1,069,411,830 | 2,162.06 | 2,421.50 | 1,197,736,859 |
| 7 | Renata Limited | Pharmaceuticals & Chemicals | 10 | 127,981 | 129,022,131 | 1,008.14 | 1,217.90 | 155,868,060 |
| 8 | Singer Bangladesh Limited | Engineering | 10 | 2,039,109 | 355,561,149 | 174.37 | 151.90 | 309,740,657 |
| 9 | Square Pharmaceuticals Limited | Pharmaceuticals & Chemicals | 10 | 6,071,734 | 1,244,188,214 | 204.91 | 209.80 | 1,273,849,793 |
| | | | | | 4,679,007,081 | | | 4,716,922,869 |
| Quoted corporate Bond | | | | | | | | |
| 1 | APSCL redeemable coupon bearing bond | Corporate Bond | 5,000 | 100,000 | 500,000,000 | 5,000.00 | 5,500.00 | 550,000,000 |
| | | | | | 500,000,000 | | | 550,000,000 |
| Unquoted shares and mutual funds | | | | | | | | |
| 1 | Industrial and Infrastructure Development Finance Co. Limited (IIDFC) | | 10 | 10,449,259 | 29,683,820 | | | |
| 2 | Central Depository Bangladesh Limited (CDBL) | | 10 | 2,284,721 | 6,277,770 | | | |
| 3 | The Bangladesh Rating Agency Limited (BRAL) | | 100 | 106,717 | 10,671,700 | | | |
| 4 | Blue Wealth 1st Balance Fund | | 10 | 2,500,000 | 25,000,000 | | | |
| 5 | EDGE Al-Amin Shariah Consumer Fund | | 10 | 2,500,000 | 25,000,000 | | | |
| 6 | EDGE High Quality Income Fund | | 10 | 2,500,000 | 25,000,000 | | | |
| 7 | Ekush Growth Fund | | 10 | 2,500,000 | 25,000,000 | | | |
| 8 | HFAML Shariah Unit Fund | | 10 | 2,000,000 | 20,000,000 | | | |
| 9 | IDLC Balanced Fund | | 10 | 4,511,370 | 45,113,700 | | | |
| 10 | VIPB Accelerated Income Unit Fund | | 10 | 4,600,000 | 51,198,000 | | | |
| 11 | VIPB Growth Fund | | 10 | 2,014,000 | 20,140,000 | | | |
| 12 | VIPB NLI 1ST Unit Fund | | 10 | 7,218,585 | 72,185,850 | | | |
| 13 | VIPB SEBL 1st Unit Fund | | 10 | 13,323,467 | 133,234,670 | | | |
| | | | | | 488,505,510 | | | |
| Preference shares | | | | | | | | |
| 1 | Union Capital Preference Share | | 2,500,000 | 1 | 2,500,000 | | | |
| | | | | | 2,500,000 | | | |



BRAC Bank Limited
Schedule of Fixed Assets
As at 31 December 2022

| Particulars | Cost | | | Depreciation | | | Amount in Taka Written-down value as at 31 December 2022 |
|--|---|---|--|--|---|------------------------------|--|
| | Opening balance as on 01 January 2022 | Addition/ Revaluation during the year | Disposals/ Adjustments during the year | Total balance as at 31 December 2022 | Opening balance as on 01 January 2022 | Charge during the year | Total balance as at 31 December 2022 |
| Property, plant & equipments (PPEs) | | | | | | | |
| Land | 527,275,400 | - | - | 527,275,400 | - | - | 527,275,400 |
| Office floor space | 4,034,334 | - | - | 4,034,334 | 923,190 | 100,858 | 3,010,286 |
| Furniture & fixture | 2,140,914,383 | 117,645,818 | 87,738,105 | 2,170,822,096 | 1,530,914,211 | 139,671,303 | 1,583,624,101 |
| Office equipments | 1,344,953,601 | 84,716,918 | 68,502,007 | 1,361,168,512 | 1,204,097,640 | 81,295,046 | 1,216,914,087 |
| IT Hardware | 3,049,688,043 | 602,165,146 | 376,349,158 | 3,275,504,031 | 2,303,039,328 | 393,579,196 | 2,320,466,259 |
| Motor vehicles | 354,296,880 | 68,200,910 | - | 422,497,790 | 286,197,878 | 52,113,021 | 338,310,899 |
| Right of use assets (RoU) | 5,489,602,469 | 811,886,704 | 198,464,994 | 6,103,024,179 | 1,339,172,702 | 777,297,844 | 4,183,776,900 |
| Capital expenditure work in progress | 251,206,513 | 502,011,558 | 546,098,849 | 207,119,222 | - | - | 207,119,222 |
| Sub-total | 13,161,971,623 | 2,186,627,053 | 1,277,153,112 | 14,071,445,564 | 6,664,344,949 | 1,444,057,267 | 6,691,858,891 |
| Intangible assets: | | | | | | | |
| With definite useful lives: | | | | | | | |
| IT Software | 2,322,117,221 | 478,328,146 | - | 2,800,445,367 | 1,364,876,496 | 348,081,068 | 1,087,487,802 |
| Sub-total | 2,322,117,221 | 478,328,146 | - | 2,800,445,367 | 1,364,876,496 | 348,081,068 | 1,087,487,802 |
| As at 31 December 2022 | 15,484,088,844 | 2,664,955,199 | 1,277,153,112 | 16,871,890,930 | 8,029,221,445 | 1,792,138,336 | 7,779,346,693 |

As at 31 December 2021

| Particulars | Cost | | | Depreciation | | | Amount in Taka Written-down value as at 31 December 2021 |
|--|---|---|--|--|---|------------------------------|--|
| | Opening balance as on 01 January 2021 | Addition/ Revaluation during the year | Disposals/ Adjustments during the year | Total balance as at 31 December 2021 | Opening balance as on 01 January 2021 | Charge during the year | Total balance as at 31 December 2021 |
| Property, plant & equipments (PPEs) | | | | | | | |
| Land | 527,275,400 | - | - | 527,275,400 | - | - | 527,275,400 |
| Leasehold Building | 4,034,334 | - | - | 4,034,334 | 822,332 | 100,858 | 3,111,144 |
| Furniture & fixture | 2,096,550,341 | 58,151,911 | 13,787,869 | 2,140,914,383 | 1,395,740,435 | 148,736,943 | 1,530,914,211 |
| Office equipments | 1,307,461,739 | 48,474,903 | 10,983,041 | 1,344,953,601 | 1,120,463,136 | 94,567,471 | 1,204,097,640 |
| IT Hardware | 2,900,091,204 | 171,197,743 | 21,600,904 | 3,049,688,043 | 1,970,565,211 | 353,862,417 | 2,303,039,328 |
| Motor vehicles | 354,296,880 | - | - | 354,296,880 | 221,679,496 | 64,518,382 | 286,197,878 |
| Right of use assets (RoU) | 4,374,375,108 | 2,600,924,979 | 1,485,697,618 | 5,489,602,469 | 1,465,505,184 | 762,397,055 | 4,150,429,767 |
| Capital expenditure work in progress | 402,817,173 | 108,642,199 | 260,252,859 | 251,206,513 | - | - | 251,206,513 |
| Sub-total | 11,966,902,179 | 2,987,391,735 | 1,792,322,291 | 13,161,971,623 | 6,174,775,794 | 1,424,183,126 | 6,664,344,949 |
| Intangible assets: | | | | | | | |
| With definite useful lives: | | | | | | | |
| IT Software | 2,093,396,465 | 228,720,756 | - | 2,322,117,221 | 1,056,948,166 | 307,928,330 | 1,364,876,496 |
| Sub-total | 2,093,396,465 | 228,720,756 | - | 2,322,117,221 | 1,056,948,166 | 307,928,330 | 1,364,876,496 |
| As at 31 December 2021 | 14,060,298,644 | 3,216,112,491 | 1,792,322,291 | 15,484,088,844 | 7,231,723,960 | 1,732,111,456 | 8,029,221,445 |



BRAC Bank Limited
Statement of Tax Position
As at 31 December 2022

Amount in Taka

| Accounting year | Assessment year | Gross tax provision in financial statements | Adjustment of excess/deficit provision during 2022 | Net tax provision in financial Statements | Tax as per latest assessment | (Short)/Excess provision | Advance tax as per assessment order | Present status |
|-----------------|-----------------|---|--|---|------------------------------|--------------------------|-------------------------------------|--|
| 2009 | 2010-2011 | 1,140,000,000 | - | 1,140,000,000 | 1,226,332,530 | (86,332,530) | 1,225,978,580 | Assessment in progress and filed appeal before Honorable High Court against the Order of The Taxes Appellate Tribunal |
| 2010 | 2011-2012 | 1,416,240,000 | - | 1,416,240,000 | 1,316,974,555 | 99,265,445 | 1,228,668,951 | Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal |
| 2011 | 2012-2013 | 1,460,000,000 | - | 1,460,000,000 | 1,535,641,921 | (75,641,921) | 1,256,758,569 | Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal |
| 2012 | 2013-2014 | 1,530,000,000 | - | 1,530,000,000 | 1,537,477,180 | (7,477,180) | 1,304,653,579 | Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal |
| 2013 | 2014-2015 | 1,797,698,269 | - | 1,797,698,269 | 1,536,388,741 | 261,309,528 | 1,088,661,543 | Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal |
| 2014 | 2015-2016 | 2,097,475,597 | - | 2,097,475,597 | 1,916,762,068 | 180,713,529 | 1,250,930,480 | Appeal in progress before The Honorable High Court Division against the order of The Taxes Appellate Tribunal |
| 2015 | 2016-2017 | 2,250,022,595 | - | 2,250,022,595 | 2,269,625,619 | (19,603,024) | 1,540,453,195 | Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal |
| 2016 | 2017-2018 | 2,629,520,979 | - | 2,629,520,979 | 2,177,689,835 | 451,831,144 | 1,739,275,075 | Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal |
| 2017 | 2018-2019 | 3,196,240,955 | - | 3,196,240,955 | 2,880,663,875 | 315,577,080 | 2,402,077,500 | Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal |
| 2018 | 2019-2020 | 2,523,031,538 | - | 2,523,031,538 | 2,601,281,979 | (78,250,441) | 2,459,662,676 | Appeal filled to Commissioner Taxes of Appeal against the DCT Assessment Order |
| 2019 | 2020-2021 | 3,718,904,812 | - | 3,718,904,812 | 3,432,353,978 | 286,550,834 | 3,432,353,978 | Tax return submitted for the assessment |
| 2020 | 2021-2022 | 2,728,499,267 | (191,123,342) | 2,537,375,925 | 2,466,141,523 | 71,234,402 | 2,174,170,846 | Tax return submitted for the assessment |
| 2021 | 2022-2023 | 4,067,399,481 | (500,000,000) | 3,567,399,481 | 3,899,871,425 | (332,471,944) | 3,771,290,998 | Tax return submitted for the assessment |
| 2022 | 2023-2024 | 3,905,699,754 | (140,000,000) | 3,765,699,754 | | | | Not yet due to submit Tax Return |



BRAC Bank Limited
Statement of Segment Reporting
For the year ended 31 December 2022

| Particulars | SME | Retail | Corporate | Treasury | Total |
|-----------------------------------|-----------------|---------------|---------------|-----------------|----------------|
| Total external revenue | 14,800,252,361 | 1,492,851,642 | 3,449,646,545 | 6,828,159,486 | 26,570,910,034 |
| Inter segment revenue /(expenses) | (6,887,543,453) | 6,230,297,901 | 1,866,871,065 | (1,209,625,513) | - |
| Total segment revenue | 7,912,708,908 | 7,723,149,543 | 5,316,517,610 | 5,618,533,973 | 26,570,910,034 |
| Total segment operating expenses | 6,909,617,085 | 6,292,696,657 | 1,661,389,682 | 577,957,690 | 15,441,661,114 |
| Segment operating profit/(loss) | 1,003,091,823 | 1,430,452,886 | 3,655,127,928 | 5,040,576,283 | 11,129,248,920 |

For the year ended 31 December 2021

| Particulars | SME | Retail | Corporate | Treasury | Total |
|----------------------------------|-----------------|---------------|---------------|-----------------|----------------|
| Total external revenue | 11,628,176,923 | 1,508,130,376 | 4,199,827,507 | 6,027,755,292 | 23,363,890,098 |
| Inter segment income /(expenses) | (4,051,915,294) | 5,224,979,657 | 418,513,593 | (1,591,577,956) | - |
| Total segment revenue | 7,576,261,629 | 6,733,110,033 | 4,618,341,100 | 4,436,177,336 | 23,363,890,098 |
| Total segment operating expenses | 5,395,517,168 | 5,285,573,794 | 1,415,952,685 | 322,952,631 | 12,419,996,278 |
| Segment operating profit/(loss) | 2,180,744,461 | 1,447,536,239 | 3,202,388,415 | 4,113,224,705 | 10,943,893,820 |

Segmental assets and liabilities

The necessary information regarding assets and liabilities of operating segments (excluding subsidiaries) are not separable and individually identifiable and so the assets and liabilities of the respective segments have not been presented here.



BRAC Bank Limited
Off-shore Banking Units

Financial Statements
as at and for the year ended 31 December 2022

Off-shore Banking Units
Balance Sheet
As at 31 December 2022

| Particulars | Note | 2022 | | 2021 | |
|--|------|-------------|----------------|-------------|----------------|
| | | USD | Taka | USD | Taka |
| PROPERTY AND ASSETS | | | | | |
| Cash | | - | - | - | - |
| Cash in hand | | | | | |
| (Including foreign currency) | | - | - | - | - |
| Balance with Bangladesh Bank and its agent bank(s) | | - | - | - | - |
| (Including foreign currency) | | | | | |
| Balance with other banks and financial institutions | 3 | 23,060,934 | 2,382,125,360 | 69,634,716 | 5,974,658,656 |
| Inside Bangladesh | | - | - | - | - |
| Outside Bangladesh | | 23,060,934 | 2,382,125,360 | 69,634,716 | 5,974,658,656 |
| Money at call on short notice | | - | - | - | - |
| Investments | | - | - | - | - |
| Government | | - | - | - | - |
| Others | | - | - | - | - |
| Loans and advances | 4 | 478,265,314 | 49,403,372,046 | 402,592,989 | 34,542,478,506 |
| Loans, cash credit, overdrafts etc. | | 457,081,025 | 47,215,098,555 | 375,658,784 | 32,231,523,671 |
| Small and medium enterprises | | 1,312,019 | 135,527,658 | 1,712,685 | 146,948,408 |
| Bills purchased and discounted | | 19,872,270 | 2,052,745,833 | 25,221,520 | 2,164,006,427 |
| Fixed assets including premises, furniture and fixtures | | - | - | - | - |
| Other assets | 5 | 9,795,692 | 1,005,074,422 | 9,272,615 | 795,603,813 |
| Total Property and Assets | | 511,121,940 | 52,790,571,828 | 481,500,320 | 41,312,740,975 |
| LIABILITIES AND CAPITAL | | | | | |
| Liabilities | | | | | |
| Borrowings from other banks, financial institutions and agents | 6 | 447,328,736 | 46,207,716,494 | 422,378,794 | 36,240,100,482 |
| Money at call and short notice | | - | - | - | - |
| Deposits and other accounts | 7 | 21,650,219 | 2,236,402,572 | 9,716,023 | 833,634,780 |
| Current accounts and other accounts | | 626,567 | 64,722,483 | 809,354 | 69,442,595 |
| Bills payable | | - | - | - | - |
| Savings deposits | | - | - | - | - |
| Fixed deposits | | 20,300,041 | 2,096,933,295 | 8,633,540 | 740,757,724 |
| Other deposits | | 723,611 | 74,746,794 | 273,129 | 23,434,461 |
| Other liabilities | 8 | 48,012,922 | 4,214,678,041 | 54,361,285 | 4,496,927,343 |
| Total Liabilities | | 516,991,877 | 52,658,797,107 | 486,456,102 | 41,570,662,605 |
| Capital and Shareholders' Equity | | | | | |
| Paid up share capital | | - | - | - | - |
| Statutory reserve | | - | - | - | - |
| Revaluation reserve | | - | - | - | - |
| Foreign currency translation reserve | | - | 329,930,810 | - | 12,610,122 |
| Surplus in profit and loss account/Retained earnings | 9 | (5,869,937) | (198,156,089) | (4,955,782) | (270,531,752) |
| Total shareholders' equity | | (5,869,937) | 131,774,721 | (4,955,782) | (257,921,630) |
| Total Liabilities and Shareholders' Equity | | 511,121,940 | 52,790,571,828 | 481,500,320 | 41,312,740,975 |



Off-shore Banking Units
Balance Sheet
As at 31 December 2022

| Particulars | Note | 2022 | | 2021 | |
|---|------|------------|---------------|------------|---------------|
| | | USD | Taka | USD | Taka |
| Off balance sheet items | | | | | |
| Contingent liabilities | | | | | |
| Acceptances and endorsements | | 10,857,616 | 1,121,559,199 | 12,205,159 | 1,032,165,486 |
| Letter of guarantees | | 1,580,960 | 163,308,451 | - | - |
| Irrevocable letter of credits | | - | - | 5,118,638 | 436,927,963 |
| Bills for collection | | 14,422,755 | 1,489,827,345 | 13,693,469 | 1,129,567,424 |
| Other contingent liabilities | | - | - | 176,241 | - |
| Total | | 26,861,331 | 2,774,694,995 | 31,193,507 | 2,598,660,873 |
| Other commitments | | | | | |
| Swap deals with banks and customers | | - | - | - | - |
| Spot and forward deals with banks and customers | | - | - | - | - |
| | | - | - | - | - |
| Total off balance sheet items | | 26,861,331 | 2,774,694,995 | 31,193,507 | 2,598,660,873 |



Off-shore Banking Units
Profit and Loss Account
For the year ended 31 December 2022

| Particulars | Note | 2022 | | 2021 | |
|--|------|-------------------|--------------------|--------------------|----------------------|
| | | USD | Taka | USD | Taka |
| Interest income | 10 | 21,862,980 | 2,087,787,637 | 10,637,272 | 905,068,309 |
| Interest paid on deposits and borrowing etc. | 11 | 15,802,206 | 1,514,202,169 | 6,883,601 | 576,258,553 |
| Net interest income | | 6,060,774 | 573,585,468 | 3,753,671 | 328,809,756 |
| Investment income | | - | - | - | - |
| Commission, exchange and brokerage | 12 | 602,932 | 55,988,752 | 508,614 | 43,131,460 |
| Other operating income | 13 | 391,005 | 36,401,181 | 529,967 | 45,018,624 |
| Total operating income | | 7,054,711 | 665,975,401 | 4,792,252 | 416,959,840 |
| Salaries and allowances | | 1,088,154 | 102,230,848 | 830,182 | 70,720,500 |
| Rent, taxes, insurance, electricity etc. | 14 | 89,169 | 8,355,139 | 78,498 | 13,874,663 |
| Legal expenses | | 52 | 4,996 | - | - |
| Postage, stamps, telecommunication etc. | 15 | 4,932 | 459,035 | 4,024 | 342,605 |
| Stationery, printing, advertisement etc. | 16 | 9,218 | 871,479 | 4,466 | 381,255 |
| Depreciation and repairs to bank's assets | | 119,857 | 11,275,665 | 103,166 | 8,785,868 |
| Other expenses | | 677,532 | 63,737,066 | 202,099 | 17,215,042 |
| Total operating expenses | | 1,988,914 | 186,934,228 | 1,222,435 | 111,319,933 |
| Profit before provisions | | 5,065,797 | 479,041,173 | 3,569,817 | 305,639,907 |
| Provision for: | | | | | |
| Loans and advances | 17 | 4,787,320 | 406,665,510 | 10,976,329 | 938,079,064 |
| Off balance sheet items | | - | - | - | - |
| Others | | - | - | - | - |
| Total provision | | 4,787,320 | 406,665,510 | 10,976,329 | 938,079,064 |
| Profit/(loss) before taxes | | 278,477 | 72,375,663 | (7,406,512) | (632,439,157) |
| Provision for tax: | | | | | |
| Current tax expense | | - | - | - | - |
| Deferred tax expense/ (income) | | - | - | - | - |
| Total provision for tax | 18 | - | - | - | - |
| Total profit/(loss) after taxes | | 278,477.00 | 72,375,663 | (7,406,512) | (632,439,157) |



Off-shore Banking Units
Cash Flow Statement
For the year ended 31 December 2022

| Particulars | 2022 | | 2021 | |
|--|---------------------|------------------------|-------------------|----------------------|
| | USD | Taka | USD | Taka |
| A. Cash flows from operating activities | | | | |
| Interest receipts in cash | 15,581,532 | 1,394,352,068 | 9,543,342 | 809,552,379 |
| Interest payment | (12,722,680) | (1,171,094,674) | (6,790,073) | (566,899,959) |
| Fees and commissions receipts | 602,932 | 55,988,753 | 508,613 | 43,131,459 |
| Cash payments to employees | (1,088,154) | (102,230,848) | (830,183) | (70,720,500) |
| Cash payments to suppliers | (14,150) | (1,330,513) | (8,489) | (723,860) |
| Receipts from other operating activities | 391,005 | 36,401,181 | 530,005 | 45,021,853 |
| Payment for other operating activities : | (418,015) | (43,711,111) | (346,800) | (36,747,012) |
| Operating cash flow before changes in operating assets and liabilities (i) | 2,332,470 | 168,374,856 | 2,606,415 | 222,614,360 |
| Increase/decrease in operating assets and liabilities | | | | |
| Loans and advances to customers | (75,672,323) | (14,860,893,539) | (157,942,112) | (13,795,814,994) |
| Other assets | (6,933,789) | 483,784,961 | 67,943 | (577,465) |
| Deposits from other banks/borrowings | 24,949,943 | 9,967,616,012 | 154,703,199 | 13,540,915,651 |
| Deposits from customers | 11,934,195 | 1,402,767,792 | 146,412 | 22,121,222 |
| Other liabilities | (3,184,278) | (796,591,722) | 2,730,913 | 201,113,661 |
| Cash utilised in operating assets and liabilities (ii) | (48,906,252) | (3,803,316,496) | (293,645) | (32,241,925) |
| Net cash (used)/flows from operating activities (i+ii) | (46,573,782) | (3,634,941,640) | 2,312,770 | 190,372,435 |
| B. Cash flows from investing activities | | | | |
| Investment in commercial paper | - | - | - | - |
| Net cash used in investing activities | - | - | - | - |
| C. Cash flows from financing activities | - | - | - | - |
| D. Net increase/(decrease) in cash (A+B+C) | (46,573,782) | (3,634,941,640) | 2,312,770 | 190,372,435 |
| E. Cash and cash equivalents at beginning of year | 69,634,716 | 5,974,658,656 | 67,321,946 | 5,708,975,151 |
| Exchange difference | - | 42,408,344 | - | 75,311,070 |
| Cash and cash equivalents at the end of year (D+E) | 23,060,934 | 2,382,125,360 | 69,634,716 | 5,974,658,656 |
| Cash and cash equivalents at the end of the year: | | | | |
| Cash in hand (including foreign currency) | - | - | - | - |
| Balance with Bangladesh Bank and its agents bank(s) (including foreign currency) | - | - | - | - |
| Balance with other banks and financial institutions | 23,060,934 | 2,382,125,360 | 69,634,716 | 5,974,658,656 |
| | 23,060,934 | 2,382,125,360 | 69,634,716 | 5,974,658,656 |



Off-Shore Banking Units

Notes to the financial statements as at and for the year ended 31 December 2022

1 Status of the units

Off-shore Banking Units of BRAC Bank Limited, governed under the rules and guidelines of Bangladesh Bank. The bank commenced the operation of its Off-shore banking Unit from 2010 after obtaining necessary approval from Bangladesh Bank.

1.1 Principal Activities

The principal activities of the units are to provide all kinds of commercial banking services to its customers through its off-shore Banking units in Bangladesh.

2 Summary of significant accounting policies and basis of preparation**2.1** A summary of the principle accounting policies which have been applied consistently (unless otherwise stated), are set out below:**a) Basis of accounting**

The off-shore Banking Units maintain its accounting records in USD from which accounts are prepared according to the Bank Companies Act 1991, International Financial Reporting Standards and other applicable directives issued by Bangladesh Bank.

b) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

c) Foreign currency transactions and translations to presentation currency

Foreign currency transactions are converted into equivalent functional currency i.e. USD using the exchange rates ruling on the dates of respective transactions as per IAS -21 "The Effects of Changes in Foreign Exchange Rates".

All revenue items have been translated to presentation currency i.e. BDT at average rate and all balance sheet items except retained earnings were translated to presentation currency at the closing rate. Any resulting differences have been recognised as foreign currency

Commitments for outstanding forward foreign exchange contracts disclosed in the financials are translated at contracted rates. Contingent liabilities/ commitments for letter of credit and letter of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance date.

2.2 Reporting period

These financial statements cover one calendar year from 1 January to 31 December 2022.

2.3 Cash and cash equivalents

For the purpose of presentation in the cash flow statements, cash and cash equivalents includes cash in hand and cash at bank, highly liquid interest bearing investment/securities with original maturities of less than three month.

As per IAS 7 Statement of Cash Flows, cash flow statement can be prepared either in direct method or in indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently. As per BRPD 14 dated 25 June 2003, cash flow statement should be a mixture of direct and indirect method.

2.4 Loans and advances

a) Loans and advances of Off-shore Banking Units are stated in the balance sheet on gross basis.

b) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

2.5 Provision for liabilities

A provision is recognised in the balance sheet when the unit has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

2.6 General

a) Figures appearing in these financial statements have been rounded off to the nearest Taka and rearranged wherever necessary.



| Continuation of Annexure - H | | | | |
|---|--------------------|-----------------------|--------------------|-----------------------|
| Particulars | 2022 | | 2021 | |
| | USD | Taka | USD | Taka |
| 3 Balance with other banks and financial institutions | | | | |
| JP Morgan Chase Bank, New York | 6,799,986 | 702,418,166 | 1,612,754 | 138,374,289 |
| JP Morgan AG, Frankfurt, Germany | 247,489 | 25,564,908 | 4,957 | 425,313 |
| JP Morgan Chase, N.A., London | 13,459 | 1,390,286 | 17,005 | 1,459,054 |
| BBL OBU to Other Bank OBU placement | 16,000,000 | 1,652,752,000 | 68,000,000 | 5,834,400,000 |
| | 23,060,934 | 2,382,125,360 | 69,634,716 | 5,974,658,656 |
| 4 Loans and advances | | | | |
| Loans, cash credits, overdrafts etc. (note 4.1) | 457,081,025 | 47,215,098,555 | 375,658,784 | 32,231,523,671 |
| Small and medium enterprises | 1,312,019 | 135,527,658 | 1,712,685 | 146,948,408 |
| Bills purchased and discounted (note 4.2) | 19,872,270 | 2,052,745,833 | 25,221,520 | 2,164,006,427 |
| | 478,265,314 | 49,403,372,046 | 402,592,989 | 34,542,478,506 |
| 4.1 Overdrafts | | | | |
| Demand loans | 2,259,757 | 233,426,083 | 5,150,889 | 441,946,251 |
| Term loans | 409,950,673 | 42,346,674,651 | 326,653,467 | 28,026,867,478 |
| | 44,870,595 | 4,634,997,821 | 43,854,428 | 3,762,709,942 |
| | 457,081,025 | 47,215,098,555 | 375,658,784 | 32,231,523,671 |
| Particulars | 2022 | | 2021 | |
| | USD | Taka | USD | Taka |
| 4.2 Bills purchased and discounted | | | | |
| Bills purchased and discounted SME | 19,872,270 | 2,052,745,833 | 25,221,520 | 2,164,006,427 |
| | 19,872,270 | 2,052,745,833 | 25,221,520 | 2,164,006,427 |
| 5 Other assets | | | | |
| Interest receivables | 9,207,982 | 944,365,760 | 2,926,535 | 250,930,191 |
| Deferred revenue expenditure | 587,710 | 60,708,662 | 200,313 | 17,186,834 |
| Receivables against collateral margin-swap | - | - | - | 180,000 |
| Receivable settlement account-OBUD/DBU | - | - | 6,145,767 | 527,306,788 |
| | 9,795,692 | 1,005,074,422 | 9,272,615 | 795,603,813 |
| 6 Borrowings from other banks, financial institutions and agents | | | | |
| Inside Bangladesh: | | | | |
| Woori Bank, Dhaka | - | - | 5,000,000 | 429,000,000 |
| On Shore to BBL Off Shore | 72,822,436 | 7,522,339,223 | 141,090,169 | 12,105,536,457 |
| | 72,822,436 | 7,522,339,223 | 146,090,169 | 12,534,536,457 |
| Outside Bangladesh: | | | | |
| State Bank of India, Hong Kong | 24,000,000 | 2,479,128,000 | - | - |
| Nabil Bank Limited, Nepal | 6,186,300 | 639,026,231 | 3,500,000 | 300,300,000 |
| HDFC Bank Limited, India | 15,000,000 | 1,549,455,000 | 10,000,000 | 858,000,000 |
| Standard Chartered Bank, Singapore | 5,000,000 | 516,485,000 | 27,600,000 | 2,368,080,000 |
| DBS Bank Singapore | - | - | 28,000,000 | 2,402,400,000 |
| Asian Development Bank | 30,000,000 | 3,098,910,000 | 30,000,000 | 2,574,000,000 |
| Axis Bank Limited | - | - | 20,000,000 | 1,716,000,000 |
| Caixabank S.A. | 67,000,000 | 6,920,899,000 | 30,000,000 | 2,574,000,000 |
| Siddhartha Bank Limited, Kathmandu | - | - | 10,000,000 | 858,000,000 |
| The National Bank of Ras Al-Khaimah, UAE | 50,000,000 | 5,164,850,000 | 17,148,000 | 1,471,298,400 |
| Abu Dhabi Commercial Bank, UAE | 15,000,000 | 1,549,455,000 | 55,000,000 | 4,719,000,000 |
| First Abu Dhabi Bank PJSC, UAE | - | - | 10,000,000 | 858,000,000 |
| CDC Group Plc, United Kingdom | 8,580,000 | 886,288,260 | 6,540,625 | 561,185,625 |



| Continuation of Annexure - H | | | | |
|--|--------------------|-----------------------|--------------------|-----------------------|
| International Finance Corporation (IFC), USA | 30,000,000 | 3,098,910,000 | 15,000,000 | 1,287,000,000 |
| JP Morgan Chase Bank N.A. Singapore | 49,000,000 | 5,061,553,000 | 3,500,000 | 300,300,000 |
| Bank Muscat Saog | 17,000,000 | 1,756,049,000 | 10,000,000 | 858,000,000 |
| Cargill Financial Services International | 30,000,000 | 3,098,910,000 | | |
| Commercial Bank Of Qatar | 10,000,000 | 1,032,970,000 | | |
| Mizuho Bank Ltd, Singapore | 10,000,000 | 1,032,970,000 | - | - |
| Yes Bank, India | 7,740,000 | 799,518,780 | - | - |
| | 374,506,300 | 38,685,377,271 | 276,288,625 | 23,705,564,025 |
| | 447,328,736 | 46,207,716,494 | 422,378,794 | 36,240,100,482 |

7 Deposit and other accounts

Local currency:

Current and other accounts

Bills payable

Saving deposits

Fixed deposits

Other deposits

| | | | |
|---|---|---|---|
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |

Foreign currency:

Current and other accounts

Bills payable

Saving deposits

Fixed deposits

Other deposits

| | | | |
|-------------------|----------------------|------------------|--------------------|
| 626,567 | 64,722,483 | 809,354 | 69,442,595 |
| - | - | - | - |
| - | - | - | - |
| 20,300,041 | 2,096,933,295 | 8,633,540 | 740,757,724 |
| 723,611 | 74,746,794 | 273,129 | 23,434,461 |
| 21,650,219 | 2,236,402,572 | 9,716,023 | 833,634,780 |
| 21,650,219 | 2,236,402,572 | 9,716,023 | 833,634,780 |

Total Deposit and other accounts

8 Other liabilities

Provisions for loans and advances

Special provision COVID-19

Provision on interest receivable

Interest suspense

Provision for taxation net off AIT

Interest payable on borrowings

Accrued expenses

Suppliers payable

Payable to on-shore

Payable against SWIFT charge

Others payable

| | | | |
|-------------------|----------------------|-------------------|----------------------|
| 16,631,233 | 1,717,956,454 | 24,297,996 | 1,958,679,094 |
| 361,561 | 37,348,170 | 435,293 | 37,348,170 |
| 91,394 | 9,440,739 | 21,488 | 1,843,706 |
| 1,028,776 | 106,269,450 | 1,918,811 | 164,633,977 |
| 654,488 | 67,606,624 | 787,956 | 67,606,624 |
| 4,068,022 | 420,214,461 | 1,275,007 | 109,395,602 |
| 419,620 | 35,607,707 | (48,975) | (4,054,049) |
| (680) | (70,212) | (231,137) | (19,901,732) |
| 23,280,472 | 1,709,927,600 | 27,431,048 | 2,105,368,327 |
| 9,048 | 934,644 | | |
| 1,468,988 | 109,442,404 | (1,526,202) | 76,007,624 |
| 48,012,922 | 4,214,678,041 | 54,361,285 | 4,496,927,343 |

| Particulars | 2022 | | 2021 | |
|-------------|------|------|------|------|
| | USD | Taka | USD | Taka |

9 Surplus in profit and loss account/ retained earnings

Balance at the beginning of the year

Adjustment to retained earnings

Add: Retained surplus for the year

| | | | |
|--------------------|----------------------|--------------------|----------------------|
| (4,955,782) | (270,531,752) | 2,450,290 | 235,781,082 |
| (1,192,632) | - | 440 | 126,126,323 |
| 278,477 | 72,375,663 | (7,406,512) | (632,439,157) |
| (5,869,937) | (198,156,089) | (4,955,782) | (270,531,752) |



Continuation of Annexure - H

10 Interest income

| | | | | |
|--|-------------------|----------------------|-------------------|--------------------|
| Interest on loans and advances | 21,824,509 | 2,084,233,475 | 10,634,503 | 904,832,171 |
| Interest on money at call and short notice | - | - | - | - |
| Interest on Funding SWAP | - | - | - | - |
| Other interest income | 38,471 | 3,554,162 | 2,769 | 236,138 |
| | <u>21,862,980</u> | <u>2,087,787,637</u> | <u>10,637,272</u> | <u>905,068,309</u> |

11 Interest paid on deposits and borrowing etc.

| | | | | |
|--|-------------------|----------------------|------------------|--------------------|
| Interest on deposits | 490,650 | 46,309,807 | 240,178 | 13,228,827 |
| Interest on borrowing from banks & FIs | 15,298,529 | 1,466,632,860 | 32,869 | 559,529,636 |
| Interest on funding SWAP | - | - | 6,602,017 | 721,430 |
| Interest on money at call and short notice | 13,027 | 1,259,502 | 8,537 | 2,778,660 |
| | <u>15,802,206</u> | <u>1,514,202,169</u> | <u>6,883,601</u> | <u>576,258,553</u> |

12 Commission, exchange and brokerage

| | | | | |
|---|----------------|-------------------|----------------|-------------------|
| Commission from letters of credit-foreign | 151,603 | 14,154,755 | 140,757 | 11,934,049 |
| Import and export related fees | 451,439 | 41,845,080 | 367,868 | 31,198,363 |
| Other fees | (110) | (11,083) | (11) | (952) |
| | <u>602,932</u> | <u>55,988,752</u> | <u>508,614</u> | <u>43,131,460</u> |

13 Other operating income

| | | | | |
|----------------------|----------------|-------------------|----------------|-------------------|
| Miscellaneous income | 391,005 | 36,401,181 | 529,967 | 45,018,624 |
| | <u>391,005</u> | <u>36,401,181</u> | <u>529,967</u> | <u>45,018,624</u> |

14 Rent, taxes, insurance, electricity etc.

| | | | | |
|-----------------------|---------------|------------------|---------------|-------------------|
| Rent, rates and taxes | 78,667 | 7,369,485 | 68,008 | 5,792,896 |
| Insurance | 1,731 | 163,568 | 1,543 | 7,319,806 |
| Power and electricity | 8,002 | 749,423 | 8,029 | 683,964 |
| WASA and sewerage | 769 | 72,663 | 918 | 77,997 |
| | <u>89,169</u> | <u>8,355,139</u> | <u>78,498</u> | <u>13,874,663</u> |

15 Postage, stamp, telecommunication etc.

| | | | | |
|---------------------|--------------|----------------|--------------|----------------|
| Postage and courier | 977 | 88,099 | 661 | 56,171 |
| Court fees & stamps | 789 | 74,829 | 255 | 21,737 |
| Telephone- Office | 3,166 | 296,107 | 3,108 | 264,697 |
| | <u>4,932</u> | <u>459,035</u> | <u>4,024</u> | <u>342,605</u> |

16 Stationery, printing, advertisement etc.

| | | | | |
|-------------------------|--------------|----------------|--------------|----------------|
| Stationery and printing | 3,368 | 318,286 | 1,473 | 125,394 |
| Security stationery | 2,383 | 221,764 | 1,309 | 111,589 |
| Advertisement | 3,467 | 331,429 | 1,684 | 144,272 |
| | <u>9,218</u> | <u>871,479</u> | <u>4,466</u> | <u>381,255</u> |

17 Provisions for loans and advances

| | | | | |
|-------------------------------------|------------------|--------------------|-------------------|--------------------|
| For classified loans and advances | 1,830,399 | 178,850,259 | 9,487,900 | 810,646,253 |
| For unclassified loans and advances | 2,883,633 | 220,308,571 | 1,488,429 | 127,432,811 |
| Provision for interest receivable | 73,288 | 7,506,680 | - | - |
| | <u>4,787,320</u> | <u>406,665,510</u> | <u>10,976,329</u> | <u>938,079,064</u> |

18 Provision for tax

Offshore Banking Unit (OBU) is an integral business unit of the Bank. The income from OBU is included in the separate financial statement of the Bank and tax has been provided on total income of the Bank including income from OBU. Hence provision for tax has not been calculated for OBU portion separately.



Hoda Vasi Chowdhury & Co

Chartered Accountants

To whom it may concern

This is to certify that as detailed in the **Annexure-I**, BRAC Bank Limited made the custodian transactions on account of custodian services provided during the year ended 31 December 2022, which have been verified with the books of account, invoices and other related documents as produced to us for our verification.

We also certify that management of the Bank prepared and fairly presented of the income and expenses in accordance with the requirement of the Securities and Exchange Commission (Securities Custodian Service) Rules 2003, and made necessary disclosures in the Bank's audited financial statements for the year ended 31 December 2022.



Sabbir Ahmed FCA, Partner
Enrolment No: 770
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 11 April 2023

BRAC Bank Limited
Custodian Service
For the year ended 31 December 2022

| Particulars | 2022 Taka | 2021 Taka |
|--|-------------------|-------------------|
| Operating income | | |
| Commission, exchange and brokerage | 21,789,916 | 20,405,215 |
| Total operating income | 21,789,916 | 20,405,215 |
| Operating expenses | | |
| Salaries and allowances | 2,780,388 | 2,805,181 |
| Rent, taxes, insurance, electricity etc. | 960,135 | 963,510 |
| Postage, stamps, telecommunication etc. | 149,391 | 121,790 |
| Stationery, printing, advertisement etc. | 924 | 909,363 |
| Depreciation on and repairs to bank's assets | 258,547 | 1,220,677 |
| Other expenses | 148,164 | 9,800,386 |
| Total operating expenses | 4,297,549 | 15,820,907 |
| Operating profit | 17,492,367 | 4,584,308 |



BRAC Bank Limited
Details of transactions with related parties
For the year ended 31 December 2022

Amount in Taka

| SL No. | Name of the related parties (Companies) | Relationship with BBL | Balance type | Opening balance on 01 January 2022 | Additions for deposit made/loan disbursed/interest or fees charged | Deductions for deposit withdrawn/ loan recovered | Closing balance on 31 December 2022 |
|--------|---|--|--------------------|------------------------------------|--|--|-------------------------------------|
| 1 | BRAC and its associated organization | Parent Company | Deposits | 14,622,760,969 | 267,474,069,607 | 267,159,314,152 | 14,937,516,424 |
| 2 | bKash Limited | Subsidiary | Deposits | 8,539,255,713 | 502,155,899,099 | 505,488,223,013 | 5,206,931,799 |
| 3 | BRAC EPL Investments Limited | Subsidiary | Deposits | 15,685,315 | 17,348,369,036 | 17,253,111,165 | 110,943,186 |
| 4 | BRAC EPL Stock Brokerage Limited | Subsidiary | Deposits | 242,464,433 | 7,014,725,820 | 6,679,549,425 | 577,640,828 |
| 5 | BRAC IT Services Limited (bITS) | Associates | Deposits | 111,170,288 | 493,299,919 | 548,651,894 | 55,818,313 |
| 6 | BRAC SAAJAN Exchange Limited | Subsidiary | Deposits | 60,647,285 | 41,598,001 | 98,224,767 | 4,020,519 |
| 7 | Edotco Bangladesh Co. Limited | Common Board member | Deposits | 120,116,043 | 836,366,282 | 955,782,510 | 699,815 |
| 8 | Policy Research Institute of Bangladesh (PRI) | Common Board member | Deposits | 849,010 | 875,660 | 812,710 | 911,960 |
| 9 | RSA Advisory Ltd. | Common Board member | Deposits | 15,515 | 99,340,601 | 95,458,288 | 3,897,828 |
| 10 | Blue-Wealth Assets Limited | Common Board member | Deposits | 4,425 | 48,168 | 690 | 51,903 |
| 11 | Walton Hi-Tech Industries Limited | Common Board member | Deposits | 55,108,388 | 4,938,786,419 | 4,991,914,807 | 1,980,000 |
| 12 | Water Garden Resort and Spa | Common Board member | Deposits | 343,359 | 12,361,366 | 12,581,115 | 123,610 |
| 13 | Affordable Health Care | Common Board member | Deposits | 71,814,240 | - | 71,740,690 | 73,550 |
| 14 | BRAC EPL Investments Limited | Subsidiary | Continuous loan | 590,713,888 | 1,045,238,154 | 1,371,158,390 | 916,634,124 |
| 15 | BRAC Saajan Exchange Limited | Subsidiary | Continuous loan | 266,256,133 | 223,156,832 | 29,162,423 | 72,261,724 |
| 17 | IPDC Finance Limited | Common Board member | Term placement | 3,000,000,000 | N/A | N/A | 3,000,000,000 |
| 19 | BRAC IT Services Limited (bITS) | Associates | Receivables | 187,859,621 | N/A | N/A | 154,857,249 |
| 20 | Key Management Personnel (Note - 8.6) | Senior Management | Loans and Advances | 106,920,329 | N/A | N/A | 113,952,814 |
| 21 | BRAC Bank Employees' Gratuity Fund (Post employment benefit plan) | Details of transactions with BRAC Bank Employees' Gratuity Fund can be found at note no 10.5 | | | | | |

| SL No. | Name of the related parties (Directors) | Relationship with BBL | Balance type | Opening balance on 01 January 2022 | Closing balance on 31 December 2022 | Credit Card Limit | Lien Amount |
|--------|---|-----------------------|--------------|------------------------------------|-------------------------------------|-------------------|-------------|
| 1 | Asif Saleh | Director | Credit card | 106,081 | 58,602 | 500,000 | 500,000 |
| 2 | Selim Reza Farhad Hussain | Director | Credit card | 64,568 | 509,113 | 1,000,000 | 1,000,000 |
| 3 | Fahima Choudhury | Director | Credit card | 15,176 | 63,702 | 500,000 | 500,000 |
| 4 | Shamiran Bahar Abed | Director | Credit card | 1,340 | 346,672 | 500,000 | 500,000 |

Note: In addition, BRAC Bank has credit exposure on NGOs where its Directors are involved in the capacity of executive committee members. As on 31 December 2022, the Bank has credit exposures amounting BDT 845,333,012. However, as per Bangladesh Bank letter ref: BRPD (R-2)651/9(25)ka/2016-6852; such exposure shall not come under the purview of related party exposures as given to non-profit organisations.

