

BRAC Bank PLC.

**Condensed Interim Financial Statements
as at and for the 3rd quarter ended 30 September 2023**

BRAC Bank PLC. and its subsidiaries
Condensed Consolidated Balance Sheet (Unaudited)
As at 30 September 2023

| Particulars | Note | 30 September 2023 Taka | 31 December 2022 Taka |
|---|-------------|---------------------------|--------------------------|
| PROPERTY AND ASSETS | | | |
| Cash | 3 | 32,912,316,145 | 31,871,593,250 |
| Cash in hand (Including foreign currency) | | 11,218,062,817 | 11,918,067,777 |
| Balance with BB and its agent bank(s) (Including foreign currency) | | 21,694,253,327 | 19,953,525,473 |
| Balance with other banks and financial institutions | 4 | 45,819,348,816 | 52,951,344,277 |
| Inside Bangladesh | | 31,745,907,534 | 47,797,240,230 |
| Outside Bangladesh | | 14,073,441,282 | 5,154,104,047 |
| Money at call and short notice | | 8,551,250,000 | 6,826,376,000 |
| Investments | 5 | 161,550,073,117 | 116,551,993,858 |
| Government | | 151,915,402,456 | 107,319,008,486 |
| Others | | 9,634,670,661 | 9,232,985,372 |
| Loans and advances | 6 | 487,712,547,235 | 412,084,750,584 |
| Loans, cash credit, overdrafts etc. | | 261,888,241,203 | 222,711,877,598 |
| Small and medium enterprises | | 223,287,855,872 | 187,247,111,913 |
| Bills purchased and discounted | | 2,536,450,160 | 2,125,761,073 |
| Fixed assets including premises, furniture and fixture | 7 | 12,983,660,963 | 13,463,514,348 |
| Other assets | 8 | 29,271,542,399 | 20,803,842,677 |
| Non-banking assets | | 10,141,700 | 11,341,700 |
| Goodwill | | 1,372,563,393 | 1,372,563,393 |
| Total property and assets | | 780,183,443,766 | 655,937,320,087 |
| LIABILITIES AND CAPITAL | | | |
| Liabilities | | | |
| Borrowings from other banks, financial institutions and agents | 9 | 44,831,498,153 | 38,908,810,526 |
| Borrowings from central bank & government agencies | 10 | 58,270,854,566 | 42,184,501,809 |
| Affordable housing bond | 10.1 | 4,751,000,000 | 4,751,000,000 |
| Money at call and short notice | | - | - |
| Deposits and other accounts | 11 | 539,019,752,219 | 447,058,816,329 |
| Current accounts and other accounts | | 223,137,083,980 | 187,855,608,325 |
| Bills payable | | 1,165,103,887 | 1,739,503,614 |
| Savings deposits | | 78,018,901,986 | 71,890,957,598 |
| Fixed deposits | | 231,159,313,897 | 182,973,780,522 |
| Other deposits | | 5,539,348,469 | 2,598,966,270 |
| Other liabilities | 12 | 48,157,453,222 | 42,004,580,813 |
| Total liabilities | | 695,030,558,159 | 574,907,709,477 |
| Capital and shareholders' equity | | | |
| Paid up share capital | 13 | 16,088,292,270 | 14,965,853,280 |
| Share premium | 14 | 3,853,767,032 | 3,853,767,032 |
| Statutory reserve | | 11,155,127,473 | 11,148,169,834 |
| Dividend equalization fund | | 355,218,455 | 355,218,455 |
| Revaluation reserve on govt. securities | | 626,809,017 | 1,337,245,165 |
| Fair value reserve | | 78,920,073 | 78,920,073 |
| Foreign currency translation reserve | 16 | 480,577,255 | 328,402,260 |
| Surplus in profit and loss account/Retained earnings | 17 | 32,072,871,728 | 29,086,051,630 |
| Total shareholders' equity | | 64,711,583,303 | 61,153,627,729 |
| Non controlling interest | 18 | 20,441,302,303 | 19,875,982,881 |
| Total equity | | 85,152,885,607 | 81,029,610,610 |
| Total liabilities and shareholders' equity | | 780,183,443,766 | 655,937,320,087 |

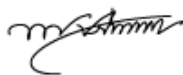
BRAC Bank PLC. and its subsidiaries
Condensed Consolidated Balance Sheet (Unaudited)
As at 30 September 2023

| Particulars | Note | 30 September 2023 Taka | 31 December 2022 Taka |
|---|-----------|---------------------------|--------------------------|
| Off Balance Sheet Items | | | |
| Contingent liabilities | | | |
| Acceptances and endorsements | | 102,594,799,709 | 83,028,540,659 |
| Irrevocable letter of credits | | 44,115,615,000 | 27,451,963,219 |
| Letter of guarantees | | 27,949,209,879 | 18,607,062,875 |
| Bills for collection | | 27,057,534,417 | 21,612,714,770 |
| | | 201,717,159,005 | 150,700,281,523 |
| Other commitments | | | |
| Swap deals with banks and customers | | 32,869,370,605 | 13,070,011,143 |
| Spot and forward deals with banks and customers | | 2,908,054,704 | 2,074,308,915 |
| | | 35,777,425,309 | 15,144,320,058 |
| Total Off-Balance sheet items including contingent liabilities | | 237,494,584,314 | 165,844,601,581 |
| Net Assets Value (NAV) Per Share | 33 | 40.22 | 38.01 |

These interim financial statements should be read in conjunction with the annexed notes.



Chief Financial Officer



Company Secretary



Managing Director and CEO



Director



Director



Chairman

Date: 31 October 2023

BRAC Bank PLC. and its subsidiaries
Condensed Consolidated Profit and Loss Account (Unaudited)
For the 3rd quarter ended 30 September 2023


| Particulars | Note | Quarter ended Jul to Sep 2023 Taka | Quarter ended Jul to Sep 2022 Taka | Cumulative Jan to Sep 2023 Taka | Cumulative Jan to Sep 2022 Taka |
|---|------|--|--|---------------------------------------|---------------------------------------|
| Interest income | 19 | 10,816,057,534 | 8,171,446,423 | 30,318,143,955 | 22,786,309,835 |
| Interest paid on deposits and borrowing etc. | 20 | 5,658,826,991 | 3,463,282,411 | 14,964,113,734 | 8,891,558,410 |
| Net interest income | | 5,157,230,543 | 4,708,164,012 | 15,354,030,222 | 13,894,751,425 |
| Investment income | 21 | 3,372,129,454 | 1,929,625,269 | 9,252,276,132 | 5,026,502,180 |
| Commission, exchange and brokerage | 22 | 3,510,342,514 | 3,037,761,469 | 9,415,151,284 | 8,165,009,269 |
| Other operating income | 23 | 46,233,207 | 117,293,286 | 109,319,544 | 220,355,880 |
| Total operating income | | 12,085,935,718 | 9,792,844,036 | 34,130,777,182 | 27,306,618,754 |
| Salaries and allowances | | 3,454,399,448 | 3,037,081,487 | 10,270,935,546 | 8,990,990,587 |
| Rent, taxes, insurance, electricity etc. | 24 | 228,373,515 | 179,212,537 | 623,028,551 | 508,347,879 |
| Legal expenses | | 10,155,011 | 12,690,124 | 27,451,244 | 49,820,890 |
| Postage, stamps, telecommunication etc. | 25 | 107,206,141 | 106,735,429 | 309,159,243 | 309,033,964 |
| Stationery, printing, advertisement etc. | 26 | 977,958,525 | 660,160,729 | 2,954,842,964 | 2,274,527,141 |
| Chief Executive's salary and fees | 27 | 4,627,500 | 6,045,000 | 18,843,750 | 16,717,500 |
| Directors' fees and expenses | | 1,221,352 | 1,074,135 | 2,868,785 | 3,154,686 |
| Auditors' fee | | 1,677,559 | 2,824,216 | 5,034,477 | 5,493,461 |
| Impairment of goodwill | | - | - | - | 54,905,518 |
| Depreciation and repairs to bank's assets | 28 | 1,556,477,722 | 1,361,952,823 | 4,754,005,656 | 3,949,696,085 |
| Other expenses | 29 | 1,309,978,430 | 1,093,708,314 | 3,813,356,017 | 3,035,680,541 |
| Total operating expenses | | 7,652,075,202 | 6,461,484,794 | 22,779,526,232 | 19,198,368,252 |
| Operating profit | | 4,433,860,516 | 3,331,359,242 | 11,351,250,949 | 8,108,250,502 |
| Share of profit/(loss) of associates | 30 | 1,386,221 | 286,689 | (5,812,493) | (6,059,288) |
| Gain/(loss) on disposal of associate | | - | - | - | - |
| Profit/(loss) before provisions | | 4,435,246,737 | 3,331,645,931 | 11,345,438,456 | 8,102,191,214 |
| Provision for: | | | | | |
| Loans and advances | | 644,423,094 | 392,993,021 | 2,278,380,572 | 1,478,341,947 |
| Diminution in value of investments | | (1,600,000) | 11,598,772 | (8,188,962) | 19,498,772 |
| Off balance sheet items | | 78,790,485 | 66,000,000 | 184,652,151 | 283,155,939 |
| Others | | 5,795,456 | 6,025,920 | 9,287,946 | 32,910,205 |
| Total provision | 31 | 727,409,035 | 476,617,713 | 2,464,131,707 | 1,813,906,863 |
| Profit/(loss) before taxes | | 3,707,837,702 | 2,855,028,218 | 8,881,306,749 | 6,288,284,351 |
| Provision for Tax: | | | | | |
| Current tax expense | | 1,544,480,222 | 1,272,313,856 | 4,040,432,097 | 3,212,641,488 |
| Deferred tax expense/(income) | | (309,767,088) | (309,706,502) | (973,290,088) | (722,779,698) |
| Total provision for Tax | 32 | 1,234,713,134 | 962,607,354 | 3,067,142,009 | 2,489,861,790 |
| Total profit/(loss) after taxes | | 2,473,124,568 | 1,892,420,864 | 5,814,164,740 | 3,798,422,561 |
| Attributable to: | | | | | |
| Equity holders of BRAC Bank Ltd. | | 2,153,826,756 | 1,589,511,368 | 5,251,623,132 | 3,787,791,012 |
| Non controlling interest | | 319,297,812 | 302,909,496 | 562,541,608 | 10,631,549 |
| | | 2,473,124,568 | 1,892,420,864 | 5,814,164,740 | 3,798,422,561 |
| Retained earnings brought forward from previous period/year | | 29,939,092,307 | 26,464,396,786 | 29,122,909,099 | 26,402,962,532 |
| Net effect of all items directly recognised in equity-retained earnings | | - | - | 522,000 | - |
| Net profit attributable to the equity holders of the Bank | | 2,153,826,756 | 1,589,511,368 | 5,251,623,132 | 3,787,791,012 |
| Profit available for appropriation | | 32,092,919,063 | 28,053,908,154 | 34,375,054,231 | 30,190,753,544 |
| Appropriations: | | | | | |
| Statutory reserve | | - | - | 6,957,639 | 23,213,334 |
| General reserve | | - | - | - | - |
| Dividend | | - | - | 2,244,877,986 | 2,088,258,589 |
| Start-up Fund | | 20,047,332 | 13,868,212 | 50,346,877 | 39,241,679 |
| Dividend equalization fund | | - | - | - | - |
| | | 20,047,332 | 13,868,212 | 2,302,182,502 | 2,150,713,602 |
| Retained surplus | | 32,072,871,730 | 28,040,039,942 | 32,072,871,729 | 28,040,039,942 |
| Earnings Per Share (EPS) | 34 | 1.34 | 0.99 | 3.26 | 2.35 |

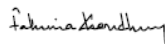
These interim financial statements should be read in conjunction with the annexed notes.


Chief Financial Officer


Company Secretary


Managing Director and CEO


Director


Director


Chairman

Date: 31 October 2023

BRAC Bank PLC. and its subsidiaries
Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the 3rd quarter ended 30 September 2023

Amount in Taka

| Particulars | Paid up share 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 2023 | 14,965,853,280 | 3,853,767,032 | 11,148,169,834 | 355,218,455 | 1,337,245,165 | 78,920,073 | 328,402,259 | 29,086,051,630 | 19,875,982,881 | 81,029,610,610 |
| Add: prior period adjustment due to Saajan | - | - | - | - | - | - | - | 36,857,469 | 2,457,165 | 39,314,633 |
| Restated balance | 14,965,853,280 | 3,853,767,032 | 11,148,169,834 | 355,218,455 | 1,337,245,165 | 78,920,073 | 328,402,259 | 29,122,909,099 | 19,878,440,046 | 81,068,925,242 |
| Surplus/deficit on account of revaluation of assets | - | - | - | - | - | - | - | - | - | - |
| Surplus/deficit on account of revaluation of investments | - | - | - | - | (710,436,148) | - | - | - | - | (710,436,148) |
| Gain on disposal of NBA | - | - | - | - | - | - | - | 522,000 | - | 522,000 |
| Changes in translation reserve (Note-16) | - | - | - | - | - | - | 152,174,996 | - | 320,650 | 152,495,646 |
| Sub-total | 14,965,853,280 | 3,853,767,032 | 11,148,169,834 | 355,218,455 | 626,809,017 | 78,920,073 | 480,577,255 | 29,123,431,099 | 19,878,760,695 | 80,511,506,740 |
| Net profit for the period | - | - | - | - | - | - | - | 5,251,623,132 | 562,541,608 | 5,814,164,740 |
| <u>Dividend for the year 2021:</u> | | | | | | | | | | - |
| Stock dividend | 1,122,438,990 | - | - | - | - | - | - | (1,122,438,990) | - | - |
| Cash dividend | - | - | - | - | - | - | - | (1,122,438,996) | - | (1,122,438,996) |
| Dividend equalization fund | - | - | - | - | - | - | - | - | - | - |
| Start-up Fund | - | - | - | - | - | - | - | (50,346,877) | - | (50,346,877) |
| Statutory reserve | - | - | 6,957,639 | - | - | - | - | (6,957,639) | - | - |
| Balance as at 30 September 2023 | 16,088,292,270 | 3,853,767,032 | 11,155,127,473 | 355,218,455 | 626,809,017 | 78,920,073 | 480,577,255 | 32,072,871,729 | 20,441,302,303 | 85,152,885,607 |
| 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 | 78,920,073 | 328,402,259 | 29,086,051,630 | 19,875,982,881 | 81,029,610,610 |
| Balance as at 30 September 2022 | 14,965,853,280 | 3,853,767,032 | 10,091,170,292 | 355,218,455 | 1,663,490,769 | 78,920,073 | 307,993,249 | 28,040,039,942 | 19,770,934,292 | 79,127,387,384 |

BRAC Bank PLC. and its subsidiaries
Condensed Consolidated Cash Flow Statement (Unaudited)
For the 3rd quarter ended 30 September 2023

| Particulars | Note | Jan to Sep 2023 Taka | Jan to Sep 2022 Taka |
|--|-----------|-------------------------|-------------------------|
| A. Cash flows from operating activities | | | |
| Interest receipts | | 36,563,953,295 | 25,573,043,897 |
| Interest payment | | (13,300,786,914) | (6,343,568,756) |
| Dividend receipts | | 175,525,094 | 287,278,383 |
| Fees and commission receipts | | 36,924,716,559 | 32,116,719,948 |
| Recovery on loans previously written off | | 593,218,495 | 600,471,611 |
| Cash payments to employees | | (10,088,002,842) | (8,748,230,831) |
| Cash payments to suppliers | | (30,325,852,047) | (27,234,684,930) |
| Income tax paid | | (8,411,821,697) | (7,713,131,245) |
| Receipts from other operating activities | | 1,725,561,275 | 637,226,804 |
| Payment for other operating activities | | (4,903,845,261) | (3,344,796,970) |
| Operating cash flow before changes in operating assets and liabilities (i) | | 8,952,665,957 | 5,830,327,911 |
| Increase/decrease in operating assets & liabilities | | | |
| Loans and advances | | (75,552,810,670) | (74,663,008,641) |
| Other assets | | (3,281,388,188) | (47,313,526) |
| Borrowings from other banks and financial institutions | | 21,983,572,624 | 19,697,218,300 |
| Proceeds from Issuance of affordable housing bond | | - | 4,751,000,000 |
| Deposits from customers | | 91,072,731,871 | 51,747,249,805 |
| Other liabilities | | 1,899,865,077 | (146,559,359) |
| Cash utilized in operating assets and liabilities (ii) | | 36,121,970,714 | 1,338,586,579 |
| Net cash (used)/flows from operating activities (i+ii) (a) | | 45,074,636,671 | 7,168,914,490 |
| B. Cash flows from investing activities | | | |
| Treasury bills | | (50,827,833,143) | 1,658,322,369 |
| Bangladesh Bank Bills | | - | - |
| Treasury bonds | | 5,523,580,839 | (39,437,687,302) |
| Sale/ (Investment) in shares | | (727,327,079) | (663,516,162) |
| Investment in bonds | | 340,000,000 | 210,000,000 |
| Acquisition of fixed assets | | (2,661,748,084) | (2,519,594,450) |
| Disposal of fixed assets | | 20,917,938 | 14,398,289 |
| Net cash used in investing activities (b) | | (48,332,409,529) | (40,738,077,256) |
| C. Cash flows from financing activities | | | |
| Share Money Deposit | | - | 112,140,000 |
| Dividend paid | | (1,114,758,425) | (1,041,954,890) |
| Net cash flows from financing activities (c) | | (1,114,758,425) | (929,814,890) |
| Net increase/decrease in cash (a+b+c) | | (4,372,531,283) | (34,498,977,656) |
| Cash and cash equivalents at beginning of the year | | 91,650,841,426 | 105,222,018,140 |
| Effect of exchange rate changes on cash and cash equivalent | | 5,773,717 | 479,659,195 |
| Cash and cash equivalents at end of the year | | 87,284,083,860 | 71,202,699,679 |
| Cash and cash equivalents at end of the year: | | | |
| Cash in hand (including foreign currency) | | 11,218,062,817 | 8,510,740,602 |
| Balance with BB and its agents bank(s) | | 21,694,253,327 | 16,260,881,578 |
| Balance with other banks and financial institutions | | 45,819,348,816 | 41,716,819,499 |
| Money at call and short notice | | 8,551,250,000 | 4,712,800,200 |
| Prize bond | | 1,168,900 | 1,457,800 |
| | | 87,284,083,860 | 71,202,699,679 |
| Net Operating Cash Flow Per Share (NOCFPS) | 35 | 28.02 | 4.46 |

BRAC Bank PLC.
Condensed Balance Sheet (Unaudited)
As at 30 September 2023

| Particulars | Note | 30 September 2023 Taka | 31 December 2022 Taka |
|---|-------------|---------------------------|--------------------------|
| PROPERTY AND ASSETS | | | |
| Cash | 3 | 32,731,479,087 | 31,776,214,097 |
| Cash in hand (Including foreign currency) | | 11,037,225,759 | 11,822,688,624 |
| Balance with BB and its agent bank(s) (Including foreign currency) | | 21,694,253,327 | 19,953,525,473 |
| Balance with other banks and financial institutions | 4 | 18,283,299,211 | 16,255,534,724 |
| Inside Bangladesh | | 4,284,204,653 | 11,127,982,840 |
| Outside Bangladesh | | 13,999,094,558 | 5,127,551,884 |
| Money at call and short notice | | 8,551,250,000 | 6,826,376,000 |
| Investments | 5 | 89,213,024,464 | 64,287,682,264 |
| Government | | 81,307,759,924 | 56,637,669,673 |
| Others | | 7,905,264,539 | 7,650,012,591 |
| Loans and advances | 6 | 486,637,639,301 | 410,676,406,960 |
| Loans, cash credit, overdrafts etc. | | 260,813,333,269 | 221,303,533,974 |
| Small and medium enterprises | | 223,287,855,872 | 187,247,111,913 |
| Bills purchased and discounted | | 2,536,450,160 | 2,125,761,073 |
| Fixed assets including premises, furniture and fixture | 7 | 7,593,956,635 | 7,779,346,693 |
| Other assets | 8 | 30,360,489,979 | 25,626,075,864 |
| Non-banking assets | | 10,141,700 | 11,341,700 |
| Total property and assets | | 673,381,280,377 | 563,238,978,302 |
| LIABILITIES AND CAPITAL | | | |
| Liabilities | | | |
| Borrowings from other banks, financial institutions and agents | 9 | 44,616,846,379 | 38,685,377,271 |
| Borrowings from central bank & government agencies | 10 | 58,270,854,566 | 42,184,501,809 |
| Affordable housing bond | 10.1 | 4,751,000,000 | 4,751,000,000 |
| Money at call and short notice | | - | - |
| Deposits and other accounts | 11 | 463,595,636,130 | 384,466,775,242 |
| Current accounts and other accounts | | 147,593,807,249 | 123,148,401,399 |
| Bills payable | | 1,165,103,887 | 1,739,503,614 |
| Savings deposits | | 78,018,901,986 | 71,890,957,598 |
| Term deposits | | 231,278,474,538 | 185,088,946,361 |
| Other deposits | | 5,539,348,469 | 2,598,966,270 |
| Other liabilities | 12 | 40,218,593,167 | 34,760,769,207 |
| Total liabilities | | 611,452,930,242 | 504,848,423,529 |
| Capital and shareholders' equity | | | |
| Paid up share capital | 13 | 16,088,292,270 | 14,965,853,280 |
| Share premium | 14 | 3,853,767,032 | 3,853,767,032 |
| Statutory reserve | | 11,112,086,248 | 11,112,086,248 |
| Dividend equalization fund | | 355,218,455 | 355,218,455 |
| Revaluation reserve on govt. securities | | 626,809,017 | 1,337,245,165 |
| Fair value gain/(loss) on equity investment | 15 | 7,882,355,707 | 7,643,913,224 |
| Foreign currency translation reserve | 16 | 470,902,173 | 323,536,914 |
| Surplus in profit and loss account/Retained earnings | 17 | 21,538,919,232 | 18,798,934,455 |
| Total shareholders' equity | | 61,928,350,135 | 58,390,554,773 |
| Total liabilities and shareholders' equity | | 673,381,280,377 | 563,238,978,302 |

BRAC Bank PLC.
Condensed Balance Sheet (Unaudited)
As at 30 September 2023

| Particulars | Note | 30 September 2023 Taka | 31 December 2022 Taka |
|---|-----------|---------------------------|--------------------------|
| Off Balance Sheet Items | | | |
| Contingent liabilities | | | |
| Acceptances and endorsements | | 102,594,799,709 | 83,028,540,659 |
| Irrevocable letter of credits | | 44,115,615,000 | 27,451,963,219 |
| Letter of guarantees | | 27,949,209,879 | 18,607,062,875 |
| Bills for collection | | 27,057,534,417 | 21,612,714,770 |
| | | 201,717,159,005 | 150,700,281,523 |
| Other Commitments | | | |
| Swap deals with banks and customers | | 32,869,370,605 | 13,070,011,143 |
| Spot and forward deals with banks and customers | | 2,908,054,704 | 2,074,308,915 |
| | | 35,777,425,309 | 15,144,320,058 |
| Total Off-Balance sheet items including contingent liabilities | | 237,494,584,314 | 165,844,601,581 |
| Net Assets Value (NAV) Per Share | 33 | 38.49 | 36.29 |

These interim financial report should be read in conjunction with the annexed notes.



Chief Financial Officer



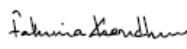
Company Secretary



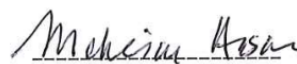
Managing Director and CEO



Director



Director



Chairman

Date: 31 October 2023

BRAC BANK PLC.
Condensed Profit and Loss Account (Unaudited)
For the 3rd quarter ended 30 September 2023

| Particulars | Note | Quarter ended Jul to Sep 2023 Taka | Quarter ended Jul to Sep 2022 Taka | Cumulative Jan to Sep 2023 Taka | Cumulative Jan to Sep 2022 Taka |
|---|------|--|--|---------------------------------------|---------------------------------------|
| Interest income | 19 | 10,147,667,329 | 7,517,465,350 | 28,094,675,605 | 20,421,302,231 |
| Interest paid on deposits and borrowing etc. | 20 | 5,660,602,949 | 3,572,902,172 | 15,003,728,565 | 9,059,673,167 |
| Net interest income | | 4,487,064,380 | 3,944,563,178 | 13,090,947,040 | 11,361,629,064 |
| Investment income | 21 | 2,056,867,257 | 1,162,576,273 | 5,619,448,357 | 3,607,043,277 |
| Commission, exchange and brokerage | 22 | 1,655,092,976 | 1,500,508,911 | 4,531,531,915 | 4,063,436,575 |
| Other operating income | 23 | 39,500,979 | 88,147,701 | 96,594,458 | 177,818,922 |
| Total operating income | | 8,238,525,592 | 6,695,796,063 | 23,338,521,770 | 19,209,927,838 |
| Salaries and allowances | | 2,394,055,315 | 2,160,384,596 | 6,892,456,108 | 6,102,317,624 |
| Rent, taxes, insurance, electricity etc. | 24 | 165,611,907 | 132,853,061 | 452,184,339 | 372,423,115 |
| Legal expenses | | 3,484,759 | 11,726,783 | 13,852,548 | 23,846,528 |
| Postage, stamps, telecommunication etc. | 25 | 76,892,673 | 84,401,052 | 228,844,147 | 234,617,872 |
| Stationery, printing, advertisement etc. | 26 | 139,745,743 | 99,918,174 | 485,073,144 | 312,026,922 |
| Chief Executive's salary and fees | 27 | 4,627,500 | 6,045,000 | 18,843,750 | 16,717,500 |
| Directors' fees and expenses | | 528,000 | 668,800 | 1,698,400 | 1,909,600 |
| Auditors' fee | | 575,000 | 460,000 | 1,495,000 | 1,380,000 |
| Depreciation and repairs to bank's assets | 28 | 620,847,684 | 589,714,388 | 1,865,272,034 | 1,691,727,651 |
| Other expenses | 29 | 1,090,767,092 | 896,936,903 | 3,264,409,340 | 2,518,356,263 |
| Total operating expenses | | 4,497,135,673 | 3,983,108,757 | 13,224,128,810 | 11,275,323,075 |
| Profit/(loss) before provisions | | 3,741,389,920 | 2,712,687,305 | 10,114,392,961 | 7,934,604,762 |
| Provision for: | | | | | |
| Loans and advances | | 651,692,494 | 392,993,021 | 2,278,380,572 | 1,478,341,947 |
| Diminution in value of investments | | (114,050,628) | (197,657,167) | (8,188,962) | 19,498,772 |
| Off balance sheet items | | 191,241,113 | 275,255,939 | 184,652,151 | 283,155,939 |
| Others | | 2,198,175 | 6,034,798 | 5,690,665 | 28,698,997 |
| Total provision | 31 | 731,081,154 | 476,626,592 | 2,460,534,426 | 1,809,695,656 |
| Profit/(loss) before taxes | | 3,010,308,765 | 2,236,060,714 | 7,653,858,534 | 6,124,909,107 |
| Provision for Tax: | | | | | |
| Current tax expense | | 1,397,341,421 | 1,173,640,407 | 3,593,584,428 | 2,943,979,930 |
| Deferred tax expense/(income) | | (391,765,889) | (324,400,915) | (974,413,534) | (743,238,754) |
| Total provision for Tax | 32 | 1,005,575,532 | 849,239,492 | 2,619,170,894 | 2,200,741,176 |
| Total profit/(loss) after taxes | | 2,004,733,233 | 1,386,821,222 | 5,034,687,640 | 3,924,167,931 |
| Retained earnings brought forward from previous period/year | | 19,554,233,332 | 16,753,576,205 | 18,798,934,455 | 16,329,861,552 |
| Net effect of all items directly recognised in equity-retained earnings | | | | 522,000 | - |
| Profit available for appropriation | | 21,558,966,565 | 18,140,397,427 | 23,834,144,095 | 20,254,029,483 |
| Appropriations: | | | | | |
| Statutory reserve | | - | - | - | - |
| General reserve | | - | - | - | - |
| Dividend | | - | - | 2,244,877,986 | 2,088,258,589 |
| Start-up Fund | | 20,047,332 | 13,868,212 | 50,346,877 | 39,241,679 |
| Dividend equalization fund | | - | - | - | - |
| | | 20,047,332 | 13,868,212 | 2,295,224,863 | 2,127,500,268 |
| Retained surplus | | 21,538,919,233 | 18,126,529,215 | 21,538,919,232 | 18,126,529,215 |
| Earnings Per Share (EPS) | 34 | 1.25 | 0.86 | 3.13 | 2.44 |

These interim financial report should be read in conjunction with the annexed notes.



Chief Financial Officer



Company Secretary



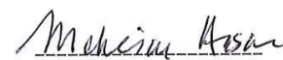
Managing Director and CEO



Director



Director



Chairman

Date: 31 October 2023

BRAC Bank PLC.
Condensed Statement of Changes in Equity (Unaudited)
For the 3rd quarter ended 30 September 2023

Amount in Taka

| Particulars | Paid up share capital | Share premium | Statutory reserve | Dividend equalization fund | Revaluation reserve on govt. securities | Fair value gain/(loss) on equity investment | Foreign currency translation reserve | Retained earnings | Total |
|--|-----------------------|----------------------|-----------------------|----------------------------|---|---|--------------------------------------|-----------------------|-----------------------|
| Balance as at 01 January 2023 | 14,965,853,280 | 3,853,767,032 | 11,112,086,248 | 355,218,455 | 1,337,245,165 | 7,643,913,224 | 323,536,914 | 18,798,934,455 | 58,390,554,773 |
| Surplus/deficit on account of revaluation of investments | - | - | - | - | (710,436,148) | - | - | - | (710,436,148) |
| Changes in fair value gain/ (loss) on equity investment | - | - | - | - | - | 238,442,483 | - | - | 238,442,483 |
| Changes in translation reserve (Note-16) | - | - | - | - | - | - | 147,365,259 | - | 147,365,259 |
| Gain on disposal of NBA | - | - | - | - | - | - | - | 522,000 | 522,000 |
| Sub-total | 14,965,853,280 | 3,853,767,032 | 11,112,086,248 | 355,218,455 | 626,809,017 | 7,882,355,707 | 470,902,173 | 18,799,456,455 | 58,066,448,368 |
| Net profit for the period | - | - | - | - | - | - | - | 5,034,687,640 | 5,034,687,640 |
| <u>Dividend for the year 2022:</u> | | | | | | | | | |
| Stock dividend | 1,122,438,990 | - | - | - | - | - | - | (1,122,438,990) | - |
| Cash dividend | - | - | - | - | - | - | - | (1,122,438,996) | (1,122,438,996) |
| Dividend equalization fund | - | - | - | - | - | - | - | - | - |
| Start-up Fund | - | - | - | - | - | - | - | (50,346,877) | (50,346,877) |
| Statutory reserve | - | - | - | - | - | - | - | - | - |
| Balance as at 30 September 2023 | 16,088,292,270 | 3,853,767,032 | 11,112,086,248 | 355,218,455 | 626,809,017 | 7,882,355,707 | 470,902,173 | 21,538,919,232 | 61,928,350,135 |
| 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 | 7,643,913,224 | 323,536,914 | 18,798,934,455 | 58,390,554,773 |
| Balance as at 30 September 2022 | 14,965,853,280 | 3,853,767,032 | 10,067,956,958 | 355,218,455 | 1,663,490,769 | 7,385,874,623 | 308,030,723 | 18,126,529,215 | 56,726,721,055 |

BRAC Bank PLC.
Condensed Cash Flow Statement (Unaudited)
For the 3rd quarter ended 30 September 2023

| Particulars | Note | Jan to Sep 2023 Taka | Jan to Sep 2022 Taka |
|--|-----------|-------------------------|-------------------------|
| A. Cash flows from operating activities | | | |
| Interest receipts | | 31,660,395,966 | 22,747,681,855 |
| Interest payment | | (13,288,228,738) | (6,353,032,591) |
| Dividend receipts | | 130,424,657 | 230,257,442 |
| Fees and commission receipts | | 4,531,531,915 | 4,063,436,575 |
| Recovery on loans previously written off | | 642,485,246 | 600,471,611 |
| Cash payments to employees | | (6,816,971,061) | (6,038,028,252) |
| Cash payments to suppliers | | (673,755,834) | (515,580,749) |
| Income tax paid | | (3,476,320,248) | (3,647,675,973) |
| Receipts from other operating activities | | 1,727,886,298 | 680,427,604 |
| Payment for other operating activities | | (4,678,031,224) | (3,107,654,324) |
| Operating Cash flow before changes in operating assets and liabilities (i) | | 9,759,416,978 | 8,660,303,198 |
| Increase/decrease in operating assets & liabilities | | | |
| Loans and advances | | (75,961,232,341) | (73,801,205,676) |
| Other assets | | (3,227,618,073) | (63,737,608) |
| Borrowings from other banks and financial institutions | | 22,017,821,865 | 19,382,435,240 |
| Proceeds from Issuance of affordable housing bond | | - | 4,751,000,000 |
| Deposits from customers | | 77,939,156,292 | 43,884,330,343 |
| Other liabilities | | 2,168,885,617 | (207,934,832) |
| Cash utilized in operating assets and liabilities (ii) | | 22,937,013,360 | (6,055,112,533) |
| Net cash (used)/flows from operating activities (i+ii) (a) | | 32,696,430,338 | 2,605,190,665 |
| B. Cash flows from investing activities | | | |
| Treasury bills | | (38,455,801,049) | 79,924,246 |
| BB Bills | | - | - |
| Treasury bonds | | 13,075,274,649 | (4,712,996,928) |
| Sale/ (Investment) in shares | | (595,251,949) | (510,531,927) |
| Investment in bonds | | 340,000,000 | 210,000,000 |
| Acquisition of fixed assets | | (1,251,811,937) | (1,512,314,457) |
| Disposal of fixed assets | | 13,452,849 | 14,393,652 |
| Net cash used in investing activities (b) | | (26,874,137,436) | (6,431,525,414) |
| C. Cash flows from financing activities | | | |
| Cash dividend paid | | (1,114,758,425) | (1,041,954,890) |
| Net cash flows from financing activities (c) | | (1,114,758,425) | (1,041,954,890) |
| Net increase/decrease in cash (a+b+c) | | 4,707,534,477 | (4,868,289,639) |
| Cash and cash equivalents at beginning of year | | 54,859,652,721 | 46,059,175,412 |
| Effect of exchange rate changes on cash and cash equivalent | | 10,000 | 489,685,480 |
| Cash and cash equivalents at end of the year | | 59,567,197,198 | 41,680,571,253 |
| Cash in hand (including foreign currency) | | 11,037,225,759 | 8,430,102,083 |
| Balance with BB and its agents bank(s) (including foreign currency) | | 21,694,253,327 | 16,260,881,577 |
| Balance with other banks and financial institutions | | 18,283,299,211 | 12,275,329,593 |
| Money at call and short notice | | 8,551,250,000 | 4,712,800,200 |
| Prize bond | | 1,168,900 | 1,457,800 |
| | | 59,567,197,198 | 41,680,571,253 |
| Net Operating Cash Flow Per Share (NOCFPS) | 35 | 20.32 | 1.62 |

The reconciliation of net profit with cash flows from operating activities (standalone basis) has been disclosed at **Annexure-D**.

BRAC Bank PLC.**Notes to the financial statements as at and for the third quarter ended 30 September 2023****1.1 BRAC Bank PLC.**

BRAC Bank PLC. (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. The registered address of the bank is: Anik Tower, 220/B Tejgaon Gulshan Link Road, Tejgaon, Dhaka-1208. BRAC Bank has been listed on the Dhaka Stock Exchange and Chittagong Stock Exchange as a publicly traded company from 28 January 2007 and 24 January 2007, respectively.

1.1.1 Principal Activities and nature of operations of BRAC Bank PLC.

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 PLC. 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.

1.1.2 Off-shore Banking Unit (OBU)

The Bank commenced its off-shore banking operation after obtaining permission from BB in 2010. The Off-shore Banking Unit (OBU) is governed by the rules and guidelines of BB. The principal activities of OBU are to provide all kinds of commercial banking services to its customers in Bangladesh in foreign currency. Business of Off-shore Banking Unit (OBU) have been reported with solo Financial Statements.

1.1.3 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.

1.2 Subsidiaries and associates of BRAC Bank PLC.

'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. 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.

'Associates' are enterprises 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 ventures). 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'.

BRAC Bank PLC. has four subsidiaries namely BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited, and BRAC SAAJAN Exchange Limited and it has also one associate company namely BRAC IT Services Limited. The subsidiaries and associate are operating in diverse areas. BRAC Bank's shareholding position in all of its subsidiaries and associates is summarized below:

| Name of subsidiaries/associates | Nature of business | Face value per share | Total no. of ordinary shares | | BBL's percentage of shareholding | |
|----------------------------------|---------------------------------|----------------------|------------------------------|-------------|----------------------------------|-------------|
| | | | 30 Sep 2023 | 31 Dec 2022 | 30 Sep 2023 | 31 Dec 2022 |
| BRAC EPL Investments Limited | Merchant banking | BDT 10 | 258,500,000 | 258,500,000 | 99.95% | 99.95% |
| BRAC EPL Stock Brokerage Limited | Stock brokerage | BDT 100 | 8,411,446 | 8,411,446 | 90.00% | 90.00% |
| bKash Limited | Mobile financial services (MFS) | BDT 100 | 381,949 | 381,949 | 51.00% | 51.00% |
| BRAC SAAJAN Exchange Limited | Remittance & exchange services | GBP 1 | 1,333,333 | 1,333,333 | 93.75% | 93.75% |
| BRAC IT Services Limited | IT services | BDT 1,000 | 233,729 | 233,729 | 9.9996% | 9.9996% |

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 for the third quarter ended 30 September 2023 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 PLC. 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 for a common reporting period for for the third quarter ended 30 September 2023. Intra-company transactions, balances and intra-group gains on transactions between group companies are eliminated on

2.1.1 Statement of compliance and basis of preparation

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, respectively, 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 BB (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 Act, 2023, and amendments thereon;

Notes to the financial statements as at and for the third quarter ended 30 September 2023

- 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
- viii) Financial Reporting Act, 2015.

2.1.2 Compliance with International Financial Reporting Standards (IFRSs)

The Central Bank of Bangladesh ('BB'), as regulator of the banking industry, has issued a number of circulars/directives which are not consistent with the requirements specified in IAS/IFRS. In preparation of the financial statements, IFRSs have been complied to the extent possible subject to the compliance with BB circulars and guidelines in this respect. In case any requirement of the Bank Company Act, 1991, and provisions and circulars issued by BB (BB) differ with those of IFRSs, the requirements of the Bank Company Act, 1991, and provisions and circulars issued by BB shall prevail. The departure of IFRSs in the interim financial statements as at and for the third quarter ended 30 September 2023 are same as that were disclosed in its last annual financial statements of 31 December 2022.

2.1.3 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'.

2.1.4 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected. The key items in which judgments, estimates and assumptions are involved presented below:

- 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

2.1.5 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.

2.2 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 and restated wherever necessary to conform with the current period's presentation and IFRS requirements.

2.3 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.

2.4 Accounting for 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.

Contingent liabilities are recognised on the obligations 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.

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 BB (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.

2.5 Derivative financial instruments

The fair value of derivatives (forward contracts, currency rate swaps, etc.) are recognised in the profit and loss account of the bank, as per IFRS 9. The value of the contract itself is shown as an item of other contingent liabilities, as per BB guidelines.

2.6 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 BB BRPD circular no.14 dated 25 June 2003.

2.7 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.

2.8 Reporting period

These interim financial statements cover the period from 01 January 2023 to 30 September 2023.

2.9 SIGNIFICANT ACCOUNTING POLICIES

Accounting policies applied in the interim financial statements as at and for the third quarter ended 30 September 2023 are same as that were applied in its last annual financial statements of 31 December 2022. However, some extract of key accounting policies that had been applied in annual financial statements are:

Assets and the basis of their valuation**2.9.1 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. However, unencumbered portion of balance with BB is presented in liquidity statement with maturity more than five years but considering the requirement of BRPD 14 dated 25 June 2003, this amount is considered as cash and cash equivalents in the cash flow statement. 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.

2.9.2 Investments (categorized and reported as per BB)

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 HTM and HFT 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 BB guidelines. HTM securities are also revaluated 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 unquoted securities

Investment in unlisted securities is reported at cost under cost method. Provision is made for any shortage of book value over cost comparing with the book value of the last audited balance sheet.

Investment in subsidiaries and associates in separate financial statements

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.

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.

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

| Types of Investments | 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 and MFs (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 booking |
| Mutual Fund (open-end) | Cost | Lower of cost or Surrender Price | Provision for unrealised loss (net) to profit and loss account but no unrealised gain booking. |
| Investment in subsidiaries and associates | 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. The share of post-acquisition income of associates is recognised in consolidated profit and loss account. |

Notes to the financial statements as at and for the third quarter ended 30 September 2023

2.9.3 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 BB 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:

| Types of loans | Rates of Provision | | | | |
|--|--------------------|-------------------------------|------------------|---------------|-------------------|
| | Unclassified | | Classified | | |
| | Standard | Special Mention Account (SMA) | Substandard (SS) | Doubtful (DF) | Bad and Loss (BL) |
| Consumer financing - House building (HB) | 1% | 1% | 20% | 50% | 100% |
| Consumer financing - Loans for professionals | 2% | 2% | 20% | 50% | 100% |
| Consumer financing - Other than HB and professionals | 2% | 2% | 20% | 50% | 100% |
| Loans to BHS/ MBS against share etc. | 1% | 1% | 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% |

e) 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 BB. Records of such interest amounts are kept in separate accounts.

d) 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.

2.9.4 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.

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 | BRAC EPL Investments | BRAC EPL Stock Brokerage | bKash Limited | BRAC Saajan Exchange Ltd. |
|---|-----------|----------------------|--------------------------|---------------|---------------------------|
| Furniture and fixture | 10% | 10%-20% | 12.5% | 20% | 10% |
| Building | 2.5% | 5% | 2% | - | - |
| Office equipment | 20% | 10%-20% | 20% | 20% | 10% |
| 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% | 20% | 10% |

*In the consolidated financial statements, BRAC bank's policies for useful life and rates of all fixed assets are applied including all of the classes of assets of subsidiaries to meet the requirement of uniform accounting policy as per IFRS 10.

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

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.

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.

2.9.5 Liabilities and provisions

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.

2.9.6 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 10 years. These items are brought to account at the gross value of the outstanding balance which includes accrued interest.

2.9.7 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 BB, IAS and IFRS, Income Tax Act-2023 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 BB. Classified loans and advances of the Banks are categorised as Sub-Standard, Doubtful and Bad/Loss as per BB 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 BB 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. 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. 06 dated 25 April 2023 except on 'bills for collection' and 'guarantees' against which government has been issued the counter guarantee having BB rating grade '1' equivalent outlined in the circular.

d. Interest suspense

Classified loans and advances of the Banks are categorised as sub-standard, doubtful and bad/loss as per guidelines of BB. 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.

2.9.8 Share capital and shareholders' equity

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. 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.

e. 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.

2.9.9 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.

2.9.10 Revenue and expense recognition

a) 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 BB guidelines. 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) Interest paid on deposits and borrowings etc.

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

c) 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.

d) Commission, exchange and brokerage income

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.

e) 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.

f. Provision for 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.

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. Provision for current income tax has been made @ 37.5% on the taxable business income, @ 20% on taxable dividend income and @ 10% on realised gain on trading of shares as prescribed in the Income Tax Act 2023.

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.

2.10 Earnings Per Share**Basic earnings per share**

Basic 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*. EPS of previous year/period has been restated as per IAS 33 due to issue/declare of stock dividend for 2022 during the period.

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.

2.11 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 join 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.

2.12 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 30 September 2023. 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 un-audited financial statements have been appended with Bank's financial statements.

2.13 Disclosure on credit rating information

In compliance with BB'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 30 June 2023 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 2024 |
| Emerging Credit Rating Ltd (ECRL) | AAA | ST-1 | Stable | 30 June 2024 |
| S&P global Ratings | B+ | B | Stable | December, 2023 |
| Moody's investors service | B1 | NP | Stable | June, 2024 |

2.14 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 PLC. manages and monitor its country risk exposure in accordance with the guidelines issued by BB in its BRPD circular number 07 circulated on April 13, 2021.

2.15 Director's and management's responsibilities on statement

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

2.16 Approval of the financial statements

These interim condensed financial statements were approved by the Board of Directors on 31 October 2023.

2.17 General

i) Figures appearing in the financial statements have been rounded-off to the nearest Taka.

ii) Figures of previous year have been rearranged, wherever considered necessary, to conform with the current year's presentation.

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| Particulars | Note | In Taka | | | |
|---|------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | Consolidated | | BRAC Bank PLC. | |
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| 3 Cash | | | | | |
| Cash in hand (Including foreign currency) | 3.1 | 11,218,062,817 | 11,918,067,777 | 11,037,225,759 | 11,822,688,624 |
| Balance with BB and its agent bank(s) (Including foreign currency) | 3.2 | 21,694,253,327 | 19,953,525,473 | 21,694,253,327 | 19,953,525,473 |
| | | 32,912,316,145 | 31,871,593,250 | 32,731,479,087 | 31,776,214,097 |
| 3.1 Cash in hand (Including foreign currency) | | | | | |
| Local currency | | 11,055,548,848 | 11,836,218,828 | 10,874,711,790 | 11,740,839,675 |
| Foreign currency | | 162,513,969 | 81,848,949 | 162,513,969 | 81,848,949 |
| | | 11,218,062,817 | 11,918,067,777 | 11,037,225,759 | 11,822,688,624 |
| 3.2 Balance with BB and its agent bank(s) (Including foreign currency) | | | | | |
| Local currency | | 18,842,959,973 | 17,384,764,667 | 18,842,959,973 | 17,384,764,667 |
| Foreign currency | | 2,365,015,832 | 1,611,159,007 | 2,365,015,832 | 1,611,159,007 |
| | | 21,207,975,806 | 18,995,923,674 | 21,207,975,806 | 18,995,923,674 |
| Sonali Bank as an agent of BB (local currency) | | 486,277,522 | 957,601,799 | 486,277,522 | 957,601,799 |
| | | 21,694,253,327 | 19,953,525,473 | 21,694,253,327 | 19,953,525,473 |

3.3 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 PLC. 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 September 2023 is maintained on the basis of weekly ATDTL of July 2023), 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 30 September are as follows:

Average total demand and time liabilities of July 2023 and October 2022

| | | |
|-----|------------------------|------------------------|
| DBU | 445,310,881,431 | 377,372,496,754 |
| OBU | 46,247,102,857 | 31,435,723,645 |
| | 491,557,984,287 | 408,808,220,399 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| Particulars | Note | In Taka | | | |
|---|------|-------------------|------------------|-----------------------|-----------------------|
| | | Consolidated | | BRAC Bank PLC. | |
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| Required reserve | | | | | |
| DBU (September 2023: 3.5% and 2022: 3.5%) | | | | 15,585,880,850 | 13,208,037,386 |
| OBU (September 2023: 1.5% and 2022: 1.5%) | | | | 693,706,543 | 471,535,855 |
| | | | | 16,279,587,393 | 13,679,573,241 |
| Actual reserve maintained as per BB statement | | | | 19,571,268,529 | 18,014,672,220 |
| Surplus | | | | 3,291,681,136 | 4,335,098,979 |

Bi-weekly basis

The Bank maintained excess cash reserve of Tk. 1,152,447,272 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 30 September 2023.

3.4 Statutory Liquidity Ratio (SLR)

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 PLC. 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 June 2023 is based on weekly ATDTL of April 2023), 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) | 63,902,537,957 | 53,145,068,652 |
| Actual reserve maintained (September 2023: 19.05%, December 2022: 17.54%) | 93,645,149,145 | 71,708,187,223 |
| Surplus | 29,742,611,188 | 18,563,118,571 |

3.4.1 Actual reserve maintained

| | | |
|--|-----------------------|-----------------------|
| Cash in hand | 11,037,225,759 | 11,822,688,624 |
| Balance with Sonali Bank as per statement | 486,272,747 | 956,771,049 |
| Daily Excess Reserve | 833,891,215 | 2,291,057,877 |
| Un-encumbered approved securities (HFT) | 54,400,089,483 | 27,931,292,483 |
| Un-encumbered approved securities (HTM) | 26,886,501,042 | 28,704,849,290 |
| Un-encumbered approved securities (other eligible) | 1,168,900 | 1,527,900 |
| | 93,645,149,145 | 71,708,187,223 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| Particulars | Note | In Taka | | | |
|--|------|------------------------|------------------------|-----------------------|-----------------------|
| | | Consolidated | | BRAC Bank PLC. | |
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| 4 Balance with other Banks and Financial Institutions | | | | | |
| Inside Bangladesh | 4.1 | 31,745,907,534 | 47,797,240,230 | 4,284,204,653 | 11,127,982,840 |
| Outside Bangladesh | 4.2 | 14,073,441,282 | 5,154,104,047 | 13,999,094,558 | 5,127,551,884 |
| | | 45,819,348,816 | 52,951,344,277 | 18,283,299,211 | 16,255,534,724 |
| 4.1 Balance inside Bangladesh | | | | | |
| In current deposit accounts with: | | | | | |
| Banks | | 21,596,325,469 | 17,894,986,491 | 184,204,653 | 127,982,840 |
| Less: Inter unit/company elimination | | 4,007,435,937 | 3,743,224,457 | - | - |
| | | 17,588,889,532 | 14,151,762,034 | 184,204,653 | 127,982,840 |
| In Term deposit accounts with: | | | | | |
| Banks | | 14,176,178,643 | 32,060,644,035 | 4,000,000,000 | 7,300,000,000 |
| Non Banking Financial Institutions (NBFIs) | | 100,000,000 | 3,700,000,000 | 100,000,000 | 3,700,000,000 |
| | | 14,276,178,643 | 35,760,644,035 | 4,100,000,000 | 11,000,000,000 |
| Less: Inter unit/company elimination | | 119,160,641 | 2,115,165,839 | - | - |
| | | 14,157,018,002 | 33,645,478,196 | 4,100,000,000 | 11,000,000,000 |
| Total | | 31,745,907,534 | 47,797,240,230 | 4,284,204,653 | 11,127,982,840 |
| 4.2 Balance outside Bangladesh | | | | | |
| On shore balance | | 21,406,822,174 | 10,300,711,807 | 21,332,475,450 | 10,274,159,644 |
| Off shore balance | | 7,426,720,332 | 2,382,125,360 | 7,426,720,332 | 2,382,125,360 |
| | | 28,833,542,506 | 12,682,837,167 | 28,759,195,782 | 12,656,285,004 |
| Less: On shore to BBL off-shore placement | | 14,760,101,225 | 7,528,733,120 | 14,760,101,225 | 7,528,733,120 |
| | | 14,073,441,282 | 5,154,104,047 | 13,999,094,558 | 5,127,551,884 |
| 5 Investments | | | | | |
| Government | 5.1 | 151,915,402,456 | 107,319,008,486 | 81,307,759,924 | 56,637,669,673 |
| Others | 5.2 | 9,634,670,661 | 9,232,985,372 | 7,905,264,539 | 7,650,012,591 |
| | | 161,550,073,117 | 116,551,993,858 | 89,213,024,464 | 64,287,682,264 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| Particulars | Note | In Taka | | | |
|---|------|------------------------|------------------------|------------------------|------------------------|
| | | Consolidated | | BRAC Bank PLC. | |
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| 5.1 Government (investment in Govt. securities) | | | | | |
| Treasury bills | | 51,330,478,391 | 502,645,248 | 38,958,446,297 | 502,645,248 |
| Treasury bonds | | 100,583,755,165 | 106,814,835,338 | 42,348,144,728 | 56,133,496,525 |
| Prize bonds | | 1,168,900 | 1,527,900 | 1,168,900 | 1,527,900 |
| | | 151,915,402,456 | 107,319,008,486 | 81,307,759,924 | 56,637,669,673 |
| 5.1.2 BB category wise investment | | | | | |
| Held for trading (HFT) | | 54,402,667,296 | 27,931,292,483 | 54,400,089,483 | 27,931,292,483 |
| Held to maturity (HTM) | | 97,491,565,760 | 79,386,188,103 | 26,886,501,042 | 28,704,849,290 |
| Encumbered securities (HFT) | | 20,000,500 | - | 20,000,500 | - |
| Other securities | | 1,168,900 | 1,527,900 | 1,168,900 | 1,527,900 |
| | | 151,915,402,456 | 107,319,008,486 | 81,307,759,924 | 56,637,669,673 |
| 5.2 Others (investment in other than Govt. securities) | | | | | |
| Corporate bonds- unquoted and quoted | | 2,134,310,000 | 2,480,000,000 | 2,134,310,000 | 2,480,000,000 |
| Ordinary shares and Mutual Funds (MFs) - unquoted and quoted | | 7,473,760,661 | 6,750,485,372 | 5,744,354,539 | 5,167,512,591 |
| Preference shares | | 1,600,000 | 2,500,000 | 1,600,000 | 2,500,000 |
| Private Placement & Pre IPO | | 25,000,000 | - | 25,000,000 | - |
| | | 9,634,670,661 | 9,232,985,372 | 7,905,264,539 | 7,650,012,591 |
| 6 Loans and advances | | | | | |
| Loans, cash credits, overdrafts etc. | 6.1 | 261,888,241,203 | 222,711,877,598 | 260,813,333,269 | 221,303,533,974 |
| Small and medium enterprises | 6.2 | 223,287,855,872 | 187,247,111,913 | 223,287,855,872 | 187,247,111,913 |
| Bills purchased and discounted* | 6.3 | 2,536,450,160 | 2,125,761,073 | 2,536,450,160 | 2,125,761,073 |
| | | 487,712,547,235 | 412,084,750,584 | 486,637,639,301 | 410,676,406,960 |

* Bills purchased and discounted excludes bills purchased and discounted of small and medium enterprise (SME).

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| Particulars | Note | In Taka | | | |
|---|------|------------------------|------------------------|------------------------|------------------------|
| | | Consolidated | | BRAC Bank PLC. | |
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| 6.1 Loans, cash credits, overdrafts etc. | | | | | |
| Overdrafts | | 19,233,282,552 | 14,264,660,532 | 19,233,282,552 | 14,264,660,532 |
| Demand loans | | 112,810,504,270 | 93,550,846,726 | 112,810,504,270 | 93,550,846,726 |
| Term loans | | 114,961,722,390 | 101,066,162,683 | 114,961,722,390 | 101,066,162,683 |
| Lease receivables | | 407,323,841 | 488,267,689 | 407,323,841 | 488,267,689 |
| Credit Cards | | 12,213,680,200 | 10,794,068,205 | 12,213,680,200 | 10,794,068,205 |
| Staff loans | | 1,197,954,918 | 1,152,911,527 | 1,186,820,016 | 1,139,528,139 |
| Margin loan | | 2,196,015,999 | 2,383,856,084 | - | - |
| | | 263,020,484,170 | 223,700,773,446 | 260,813,333,269 | 221,303,533,974 |
| Less: Inter company elimination | | 1,132,242,967 | 988,895,848 | - | - |
| | | 261,888,241,203 | 222,711,877,598 | 260,813,333,269 | 221,303,533,974 |
| 6.2 Small and medium enterprises | | | | | |
| Overdrafts | | 11,366,099,026 | 12,992,885,904 | 11,366,099,026 | 12,992,885,904 |
| Demand loans | | 17,612,121,869 | 13,789,378,536 | 17,612,121,869 | 13,789,378,536 |
| Term loans | | 194,224,887,135 | 160,407,248,749 | 194,224,887,135 | 160,407,248,749 |
| Lease receivables | | - | 3,904,457 | - | 3,904,457 |
| Bills purchased and discounted (SME) | | 84,747,843 | 53,694,267 | 84,747,843 | 53,694,267 |
| | | 223,287,855,872 | 187,247,111,913 | 223,287,855,872 | 187,247,111,913 |
| 6.3 Bills purchased and discounted | | | | | |
| Bills purchased and discounted (except SME) | | 2,536,450,160 | 2,125,761,073 | 2,536,450,160 | 2,125,761,073 |
| Bills purchased and discounted (SME) | | 84,747,843 | 53,694,267 | 84,747,843 | 53,694,267 |
| | | 2,621,198,003 | 2,179,455,340 | 2,621,198,003 | 2,179,455,340 |
| 6.4 Net loans and advances | | | | | |
| Gross loans and advances | 6 | 487,712,547,235 | 412,084,750,584 | 486,637,639,301 | 410,676,406,960 |
| Less: Interest suspense | 12 | 1,892,875,103 | 1,710,681,546 | 1,892,875,103 | 1,710,681,546 |
| Less: Provision for loans and advances | 12 | 18,028,882,346 | 15,386,996,797 | 16,817,046,576 | 14,175,161,027 |
| | | 467,790,789,785 | 394,987,072,241 | 467,927,717,622 | 394,790,564,387 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| Particulars | Note | In Taka | | | |
|---|--------------------------------|-------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| | | Consolidated | | BRAC Bank PLC. | |
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| 6.5 Classified and unclassified loans and advances | | | | | |
| Unclassified | | | | | |
| Standard (including staff loan) | | 468,934,807,146 | 394,146,614,538 | 469,071,734,983 | 393,963,577,818 |
| Special Mention Accounts (SMA) | | 1,047,529,765 | 1,444,198,040 | 1,047,529,765 | 1,444,198,040 |
| | | <u>469,982,336,912</u> | <u>395,590,812,578</u> | <u>470,119,264,748</u> | <u>395,407,775,858</u> |
| Classified | | | | | |
| Sub-standard | | 2,893,349,818 | 3,376,237,529 | 2,893,349,818 | 3,376,237,529 |
| Doubtful | | 2,793,600,331 | 2,535,948,774 | 2,793,600,331 | 2,535,948,774 |
| Bad/Loss | | 12,043,260,174 | 10,581,751,703 | 10,831,424,404 | 9,356,444,799 |
| | | <u>17,730,210,323</u> | <u>16,493,938,006</u> | <u>16,518,374,553</u> | <u>15,268,631,102</u> |
| | | <u>487,712,547,235</u> | <u>412,084,750,584</u> | <u>486,637,639,301</u> | <u>410,676,406,960</u> |
| 6.6 Particulars of required provisions for loans and advances (Bank only) | | | | | |
| Status | Outstanding loans and advances | Base for provision | Percentage (%) of required provision | Required provision 30 September 2023 | Required provision 31 December 2022 |
| Unclassified | | | | | |
| All unclassified loans (Other than SME Financing, Consumer Financing, BHs/MBs/SDs, Housing and loans for professional*) | 170,977,183,948 | 170,913,468,003 | 1%** | 2,247,599,271 | 1,778,829,266 |
| Small and Medium Enterprise Financing | 213,039,452,074 | 213,039,452,074 | 0.25% | 532,598,630 | 440,770,777 |
| Loans to BHs/MBs/SDs against share etc.* | 1,135,641,857 | 1,135,641,857 | 1% | 11,356,419 | 22,810,966 |
| Housing Finance | 12,012,293,636 | 12,012,293,636 | 1% | 120,122,936 | 121,351,537 |
| Loans for professionals to Set up business (LP) | 5,478,077,473 | 5,478,077,473 | 2% | 109,561,549 | 108,054,275 |
| Consumer finance | 50,954,012,646 | 50,954,012,646 | 2% | 1,019,080,253 | 924,264,105 |
| Consumer finance (Credit Card) | 11,454,435,060 | 11,454,435,060 | 2% | 229,088,701 | 205,330,996 |
| Short Term Agricultural and Micro Credit | 3,881,348,038 | 3,881,348,038 | 1% | 38,813,480 | 41,857,576 |
| Staff Loan | 1,186,820,016 | - | 1% | - | - |
| | <u>470,119,264,748</u> | <u>468,868,728,786</u> | | <u>4,308,221,240</u> | <u>3,643,269,498</u> |
| Classified - Specific provision | | | | | |
| Sub-standard | 2,893,349,818 | 2,201,822,116 | 20%*** | 290,960,905 | 439,033,298 |
| Doubtful | 2,793,600,331 | 2,212,643,438 | 50%*** | 592,148,665 | 499,174,067 |
| Bad/Loss | 10,831,424,404 | 8,060,577,189 | 100% | 8,060,577,189 | 7,065,798,541 |
| | <u>16,518,374,553</u> | <u>12,475,042,743</u> | | <u>8,943,686,759</u> | <u>8,004,005,906</u> |
| | <u>486,637,639,301</u> | <u>481,343,771,529</u> | | | |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| In Taka | | | | | |
|--|------|-------------------|------------------|-----------------------|-----------------------|
| Particulars | Note | Consolidated | | BRAC Bank PLC. | |
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| Special General Provision Covid-19 | | | | | |
| Special general provision Covid-19 for 2020 | | 1% | | 303,691,580 | 385,747,960 |
| Special general provision Covid-19 for 2021 | | 1.5% | | 165,964,105 | 179,414,701 |
| Special general provision Covid-19 for 2022 | | 2.0% | | 14,334,836 | 17,320,997 |
| | | | | 483,990,521 | 582,483,658 |
| Total required provision for loans and advances | | | | 13,735,898,521 | 12,229,759,062 |
| Total provision maintained | | | | 16,817,046,576 | 14,175,161,027 |
| Excess provision over minimum required provision prescribed by BB | | | | 3,081,148,055 | 1,945,401,965 |

* 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

7 Fixed assets including premises, furniture and fixtures

| | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Land - Cost | 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 | 2,536,102,140 | 2,387,318,002 | 2,314,335,008 | 2,170,822,095 |
| Office equipment | 1,530,106,967 | 1,473,696,734 | 1,413,181,428 | 1,361,168,512 |
| IT hardwares | 7,590,425,369 | 7,029,432,768 | 3,397,752,338 | 3,275,504,031 |
| Motor vehicles | 670,496,547 | 650,117,297 | 426,998,798 | 422,497,790 |
| Leasehold improvements | 168,896,584 | 157,107,776 | - | - |
| Right of use assets (ROU) as per IFRS 16 | 7,797,869,871 | 7,299,267,882 | 6,599,246,991 | 6,103,024,179 |
| Capital expenditure work in progress | 576,172,159 | 584,054,423 | 187,418,903 | 207,119,223 |
| IT Software (Finite useful lives) | 8,192,523,421 | 7,542,139,410 | 2,920,614,879 | 2,800,445,366 |
| Total cost | 29,610,724,384 | 27,671,265,618 | 17,790,858,080 | 16,871,890,930 |
| Accumulated depreciation and amortisation | 16,627,063,421 | 14,207,751,270 | 10,196,901,444 | 9,092,544,237 |
| Written down value | 12,983,660,963 | 13,463,514,348 | 7,593,956,635 | 7,779,346,693 |

(Fixed assets schedules-standalone are shown in Annexure - B)

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| Particulars | Note | In Taka | | | |
|---|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | Consolidated | | BRAC Bank PLC. | |
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| 8 Other assets | | | | | |
| Income generating | | | | | |
| Interest receivables | | 4,170,407,781 | 3,811,701,206 | 4,170,407,781 | 3,811,701,206 |
| Dividend receivables | | - | 69,353,683 | - | 69,353,683 |
| Investment in subsidiary | 8.1 | - | - | 13,857,639,159 | 13,571,306,097 |
| Investment/carrying value in associates | 8.2 | 15,394,342 | 21,206,835 | 15,394,342 | 21,206,835 |
| Investment In Swift Share | | 8,083,464 | 8,083,464 | 8,083,464 | 8,083,464 |
| Prepaid interest expenses on IFFD | | 2 | 2 | 2 | 2 |
| Receivables against sanchayapatra | | 49,561,773 | 22,879,838 | 49,561,773 | 22,879,838 |
| Balance with BRAC EPL Stock Brokerage Limited | | 813,783 | 2,351,718 | 813,783 | 2,351,718 |
| Non- Income generating | | | | | |
| Stock of stamps | | 23,937,454 | 49,971,414 | 23,937,454 | 49,971,414 |
| Stock of security stationery | | 10,036,125 | 40,311,581 | 10,036,125 | 40,311,581 |
| Stock of printing stationery | | 10,693,150 | 14,557,854 | 10,693,150 | 14,557,854 |
| Advance to staff | | 6,816,354 | 7,503,770 | 6,816,354 | 7,503,770 |
| Advance to supplier | | 67,831,597 | 30,635,256 | 21,424,995 | 9,170,157 |
| Advance Value Added Tax | | 6,602,947 | 5,858,631 | 6,602,947 | 5,858,631 |
| Advance to SME unit offices | | 1,308,690 | 1,308,690 | 1,308,690 | 1,308,690 |
| Advance against office rent | | 60,899,065 | 72,000,795 | 60,899,065 | 72,000,795 |
| Advance security deposit | | 18,522,559 | 16,571,559 | 13,010,252 | 12,103,651 |
| Receivables from biTS | | 132,009,453 | 154,857,249 | 132,009,453 | 154,857,249 |
| Deferred revenue expenditure | | 945,363,817 | 231,241,555 | 945,363,817 | 231,241,555 |
| Deferred tax asset | 8.3 | 7,181,722,216 | 6,411,981,091 | 5,707,438,748 | 4,769,561,708 |
| Receivable settlement account-OB/DBU | | - | - | - | - |
| Net plan assets - Employees' Gratuity Fund | | 132,156,493 | 132,156,493 | 132,156,493 | 132,156,493 |
| Other receivables | | 5,186,892,132 | 2,618,589,473 | 5,186,892,132 | 2,618,589,473 |
| Other assets of subsidiaries | | 11,242,489,202 | 7,080,720,520 | - | - |
| | | 29,271,542,399 | 20,803,842,677 | 30,360,489,979 | 25,626,075,864 |
| 8.1 Investment in subsidiaries | | | | | |
| BRAC EPL Investments Limited | | | | 1,278,446,751 | 1,301,639,222 |
| BRAC EPL Stock Brokerage Limited | | | | 1,327,146,503 | 1,311,371,003 |
| bKash Limited | | | | 11,252,045,906 | 10,937,169,476 |
| BRAC SAAJAN Exchange Limited | | | | - | 21,126,396 |
| | | | | 13,857,639,159 | 13,571,306,097 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| Particulars | Note | In Taka | | | |
|---|-----------------|-------------------|--|---------------------|------------------------------------|
| | | Consolidated | | BRAC Bank PLC. | |
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| 8.2 Investment/carrying value in associates | | | | | |
| BRAC IT Services Limited | | 15,394,342 | 21,206,835 | 15,394,342 | 21,206,835 |
| | | 15,394,342 | 21,206,835 | 15,394,342 | 21,206,835 |
| 8.2.1 Carrying value of investment in associates: | | | | | |
| <i>BRAC IT Services Limited</i> | | | | | |
| Opening balance/fair value of residual interest retained | | 21,206,835 | 21,115,234 | | |
| Gain/(loss) on disposal/loss of significant influence of associates | | - | (4,768,581) | | |
| Share of profit/(loss) of equity in associate company | | (5,812,493) | 4,860,182 | | |
| | | 15,394,342 | 21,206,835 | | |
| 8.3 Deferred tax asset/(liability) (Bank only) | | | | | |
| Particulars | Accounting base | Tax base | Deductible/ (Taxable) temporary difference | Applicable tax rate | Deferred Tax Asset/ (Liability) |
| Balance as at 30 September 2023 | | | | | |
| Loan loss provision including Covid-19 special provision | 13,011,838,714 | - | 13,011,838,714 | 37.50% | 4,879,439,518 |
| Provision against capital market | 24,680,587 | - | 24,680,587 | 10.00% | 2,468,059 |
| Fixed assets | 2,666,834,554 | 4,169,020,518 | 1,502,185,965 | 37.50% | 563,319,737 |
| Right of use assets (ROU) as per IFRS 16 | 4,212,427,774 | 702,846,058 | (3,509,581,716) | 37.50% | (1,316,093,144) |
| Leased Liability as per IFRS 16 | 4,050,504,126 | - | 4,050,504,126 | 37.50% | 1,518,939,047 |
| Deferred tax asset (a) | | | | | 5,648,073,217 |
| Deferred tax liability arises due to actuarial valuation gain | - | - | - | 37.50% | - |
| Deferred tax liability arises from fair value gain as per IFRS 9 | 9,273,359,655 | - | (9,273,359,655) | 15.00% | (1,391,003,948) |
| Interest receivable from treasury bills and bonds | 828,379,676 | - | (828,379,676) | 37.50% | (310,642,378) |
| Dividend receivables | - | - | - | 20.00% | - |
| Deferred tax liability (b) | | | | | (1,701,646,326) |
| Net deferred tax asset at 30 September 2023 (a+b) | | | | | 3,946,426,891 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| Particulars | Note | Consolidated | | BRAC Bank PLC. | |
|--|-----------------|-------------------|--|---------------------|------------------------------------|
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| | | | | | |
| Particulars | Accounting base | Tax base | Deductible/ (Taxable) temporary difference | Applicable tax rate | Deferred Tax Asset/ (Liability) |
| Balance as at 31 December 2022 | | | | | |
| Loan loss provision including Covid-19 special provision and QJ general provision of BDT 722,066,972 | 10,907,648,940 | | 10,907,648,940 | 37.50% | 4,090,368,353 |
| Actuarial valuation measurement loss | 158,308,084 | | 158,308,084 | 37.50% | 59,365,532 |
| Provision against capital market | 34,119,549 | - | 34,119,549 | 10.00% | 3,411,955 |
| Fixed assets except RoU (Annexure - E) | 2,858,164,885 | 4,060,036,190 | 1,201,871,305 | 37.50% | 450,701,739 |
| Right of use assets (ROU) as per IFRS 16 | 4,183,776,896 | 764,211,113 | (3,419,565,783) | 37.50% | (1,282,337,168) |
| Leased Liability as per IFRS 16 | 3,861,470,125 | - | 3,861,470,125 | 37.50% | 1,448,051,297 |
| Deferred tax asset (a) | | | | | 4,769,561,708 |
| Deferred tax liability arises due to actuarial valuation gain | - | - | - | 37.50% | - |
| Deferred tax liability arises from fair value gain as per IFRS 9 | 8,992,839,090 | - | (8,992,839,090) | 15.00% | (1,348,925,863) |
| Interest receivable from treasury bills and bonds | 925,810,324 | - | (925,810,324) | 37.50% | (347,178,872) |
| Dividend receivables | - | - | - | 20.00% | - |
| Deferred tax liability (b) | | | | | (1,696,104,735) |
| Net deferred tax asset at 31 December 2022 (a+b) | | | | | 3,073,456,973 |

Deferred tax assets arising from the provision on loan loss will 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 IFRS 16 leased assets will be adjusted when lease contracts will be terminated.

| Particulars | Note | Consolidated | | BRAC Bank PLC. | |
|-------------|------|-------------------|------------------|-------------------|------------------|
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| | | | | | |

9 Borrowings from other banks, financial institutions and agents

| | | | | |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Borrowings inside Bangladesh | 199,978,732 | 207,944,839 | - | - |
| Borrowings outside Bangladesh | 44,631,519,421 | 38,700,865,687 | 44,616,846,379 | 38,685,377,271 |
| | 44,831,498,153 | 38,908,810,526 | 44,616,846,379 | 38,685,377,271 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| Particulars | Note | In Taka | | | |
|--|-------------|------------------------|------------------------|------------------------|------------------------|
| | | Consolidated | | BRAC Bank PLC. | |
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| 10 Borrowings from central bank & government agencies | | | | | |
| BB - Export Development fund (EDF) | | 16,563,348,089 | 16,168,162,980 | 16,563,348,089 | 16,168,162,980 |
| SME Foundation pre finance | | 547,681,957 | 506,077,187 | 547,681,957 | 506,077,187 |
| BB - Long Term Financing Facility (LTFF) | | 729,180,578 | 785,064,454 | 729,180,578 | 785,064,454 |
| BB - Green Transformation Fund (GTF) | | 183,098,490 | 232,733,347 | 183,098,490 | 232,733,347 |
| BB - Stimulus Fund | | - | 55,370,628 | - | 55,370,628 |
| BB - Working Capital Stimulus Fund | | - | 1,514,040,573 | - | 1,514,040,573 |
| BB - PSC Stimulus Package | | 1,449,222,000 | 1,367,527,000 | 1,449,222,000 | 1,367,527,000 |
| BB - Refinancing for Green Initiatives | | 22,500,000 | 30,000,000 | 22,500,000 | 30,000,000 |
| BB - SME Re-finance | | 38,492,263,453 | 21,370,475,640 | 38,492,263,453 | 21,370,475,640 |
| Joyeeta Foundation Pre or Re-Finance | | 52,550,000 | 155,050,000 | 52,550,000 | 155,050,000 |
| BB - Technology Development Fund (TDF) | | 149,710,000 | - | 149,710,000 | - |
| BB - Green Transformation Fund (GTF) for LCY | | 81,300,000 | - | 81,300,000 | - |
| | | 58,270,854,566 | 42,184,501,809 | 58,270,854,566 | 42,184,501,809 |
| 10.1 Affordable housing bond | | | | | |
| Upon approval from Bangladesh Securities & Exchange Commission (BSEC) and permission from BB, 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 BB time to time. | | | | | |
| 11 Deposits and other accounts | | | | | |
| Current deposits and other accounts etc. | 11.1 | 223,137,083,980 | 187,855,608,325 | 147,593,807,249 | 123,148,401,399 |
| Bills payable | 11.2 | 1,165,103,887 | 1,739,503,614 | 1,165,103,887 | 1,739,503,614 |
| Savings deposits | 11.3 | 78,018,901,986 | 71,890,957,598 | 78,018,901,986 | 71,890,957,598 |
| Term deposits* | 11.4 | 231,159,313,897 | 182,973,780,522 | 231,278,474,538 | 185,088,946,361 |
| Other deposits | 11.5 | 5,539,348,469 | 2,598,966,270 | 5,539,348,469 | 2,598,966,270 |
| | | 539,019,752,219 | 447,058,816,329 | 463,595,636,130 | 384,466,775,242 |

* Term deposits include the deposit pension scheme (DPS).

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| Particulars | Note | In Taka | | | |
|---|--------|------------------------|------------------------|------------------------|------------------------|
| | | Consolidated | | BRAC Bank PLC. | |
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| 11.1 Current deposits and other accounts | | | | | |
| Local currency | | 214,279,134,306 | 183,410,331,638 | 134,728,421,639 | 114,959,900,255 |
| Foreign currencies | | 12,865,385,611 | 8,188,501,144 | 12,865,385,611 | 8,188,501,144 |
| | | 227,144,519,917 | 191,598,832,782 | 147,593,807,249 | 123,148,401,399 |
| Less: Inter unit/company elimination | | 4,007,435,937 | 3,743,224,457 | - | - |
| | | 223,137,083,980 | 187,855,608,325 | 147,593,807,249 | 123,148,401,399 |
| 11.1.1 Current deposits and other accounts | | | | | |
| Current deposits | | 209,295,293,354 | 177,062,146,540 | 129,744,580,687 | 108,611,715,157 |
| Special notice deposit | | 17,849,226,563 | 14,536,686,242 | 17,849,226,563 | 14,536,686,242 |
| | | 227,144,519,917 | 191,598,832,782 | 147,593,807,249 | 123,148,401,399 |
| Less: Inter unit/company elimination | | 4,007,435,937 | 3,743,224,457 | - | - |
| | | 223,137,083,980 | 187,855,608,325 | 147,593,807,249 | 123,148,401,399 |
| 11.2 Bills payable | | | | | |
| Local currency | | 1,156,075,429 | 1,709,235,613 | 1,156,075,429 | 1,709,235,613 |
| Foreign currencies | | 9,028,458 | 30,268,001 | 9,028,458 | 30,268,001 |
| | | 1,165,103,887 | 1,739,503,614 | 1,165,103,887 | 1,739,503,614 |
| 11.3 Savings deposits | | | | | |
| Local currency | | 78,018,901,986 | 71,890,957,598 | 78,018,901,986 | 71,890,957,598 |
| Foreign currencies | | - | - | - | - |
| | | 78,018,901,986 | 71,890,957,598 | 78,018,901,986 | 71,890,957,598 |
| 11.4 Term deposits | | | | | |
| Local currency | | 223,698,577,361 | 181,477,648,780 | 223,698,577,361 | 181,477,648,780 |
| Foreign currencies | | 7,579,897,178 | 3,611,297,581 | 7,579,897,178 | 3,611,297,581 |
| | | 231,278,474,538 | 185,088,946,361 | 231,278,474,538 | 185,088,946,361 |
| Less: Inter unit/company elimination | | 119,160,641 | 2,115,165,839 | - | - |
| | | 231,159,313,897 | 182,973,780,522 | 231,278,474,538 | 185,088,946,361 |
| 11.5 Other deposits | | | | | |
| Local currency | | 5,532,195,120 | 2,591,975,775 | 5,532,195,120 | 2,591,975,775 |
| Foreign currencies | | 7,153,350 | 6,990,495 | 7,153,350 | 6,990,495 |
| | | 5,539,348,469 | 2,598,966,270 | 5,539,348,469 | 2,598,966,270 |
| 11.6 Deposits concentration | | | | | |
| Deposits from banks-inside Bangladesh | 11.6.1 | 65,181,529 | 416,079,447 | 65,196,256 | 416,079,447 |
| Other than banks | | 538,954,570,690 | 446,642,736,882 | 463,530,439,874 | 384,050,695,795 |
| | | 539,019,752,219 | 447,058,816,329 | 463,595,636,130 | 384,466,775,242 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| Particulars | Note | In Taka | | | |
|---|------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | Consolidated | | BRAC Bank PLC. | |
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| 11.6.1 Deposits from banks-inside Bangladesh | | | | | |
| Current deposits: | | | | | |
| NRB Bank Limited | | 1,340,216 | 1,346,966 | 1,340,216 | 1,346,966 |
| Islami Bank Bangladesh Limited | | 440,048 | 440,548 | 440,048 | 440,548 |
| One Bank Limited | | 2,613,263 | 977,208 | 2,613,263 | 977,208 |
| National Credit And Commerce Bank Limited | | | | 14,727 | |
| Meghna Bank Limited | | 517,008 | 409,935,258 | 517,008 | 409,935,258 |
| | | <u>4,910,535</u> | <u>412,699,980</u> | <u>4,925,262</u> | <u>412,699,980</u> |
| Special notice deposit: | | | | | |
| Dutch-Bangla Bank Mobile Banking-Rocket | | 60,270,995 | 3,379,467 | 60,270,995 | 3,379,467 |
| | | <u>60,270,995</u> | <u>3,379,467</u> | <u>60,270,995</u> | <u>3,379,467</u> |
| Term deposits from Banks: | | | | | |
| Citi Bank NA, Dhaka | | - | - | - | - |
| State Bank of India | | - | - | - | - |
| Habib Bank Limited | | - | - | - | - |
| Pubali Bank Limited | | - | - | - | - |
| | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deposits from banks | | <u>65,181,529</u> | <u>416,079,447</u> | <u>65,196,256</u> | <u>416,079,447</u> |
| 11.7 Payable on demand and time deposit | | | | | |
| i) Demand deposit | | | | | |
| Current deposits | | 192,422,471,806 | 165,130,420,939 | 116,879,195,076 | 100,423,214,013 |
| Saving deposits (9% of total saving deposits) | | 7,021,701,179 | 6,470,186,184 | 7,021,701,179 | 6,470,186,184 |
| Foreign currency deposits | | 12,872,538,960 | 8,195,491,639 | 12,872,538,960 | 8,195,491,639 |
| Sundry deposits | | 5,531,400,120 | 2,591,162,775 | 5,531,400,120 | 2,591,162,775 |
| Bills payable | | 1,165,103,887 | 1,739,503,614 | 1,165,103,887 | 1,739,503,614 |
| | | <u>219,013,215,952</u> | <u>184,126,765,151</u> | <u>143,469,939,222</u> | <u>119,419,558,225</u> |
| ii) Time deposit | | | | | |
| Saving deposits (91% of total saving deposits) | | 70,997,200,807 | 65,420,771,414 | 70,997,200,807 | 65,420,771,414 |
| Foreign currency deposits | | 7,579,897,178 | 3,611,297,581 | 7,579,897,178 | 3,611,297,581 |
| Term deposits | | 202,923,552,542 | 162,523,503,854 | 203,042,713,183 | 163,066,420,130 |
| Deposit pension schemes (DPS) | | 20,655,864,177 | 16,838,979,087 | 20,655,864,177 | 18,411,228,650 |
| Special notice deposit | | 17,849,226,563 | 14,536,686,242 | 17,849,226,563 | 14,536,686,242 |
| Security deposits | | 795,000 | 813,000 | 795,000 | 813,000 |
| | | <u>320,006,536,267</u> | <u>262,932,051,178</u> | <u>320,125,696,908</u> | <u>265,047,217,017</u> |
| | | <u>539,019,752,219</u> | <u>447,058,816,329</u> | <u>463,595,636,130</u> | <u>384,466,775,242</u> |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| | | In Taka | | | |
|--|------|-----------------------|-----------------------|-----------------------|-----------------------|
| Particulars | Note | Consolidated | | BRAC Bank PLC. | |
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| 12 Other liabilities | | | | | |
| Provision for loans and advances | | 17,244,675,122 | 14,602,789,573 | 16,032,839,352 | 13,390,953,803 |
| Special general provision Covid-19 | | 784,207,224 | 784,207,224 | 784,207,224 | 784,207,224 |
| Provision for interest receivable from loan | | 26,699,854 | 20,676,127 | 26,699,854 | 20,676,127 |
| Provisions for off balance sheet Items | | 1,096,138,705 | 911,486,554 | 1,096,138,705 | 911,486,554 |
| Provision for diminution in value of Investments | | 24,680,587 | 34,119,549 | 24,680,587 | 34,119,549 |
| Provision against non banking assets (NBA) | | 6,800,000 | 6,800,000 | 6,800,000 | 6,800,000 |
| Provision for other assets | 12.1 | 247,696,695 | 247,263,926 | 247,696,695 | 247,263,926 |
| Interest suspense | | 1,892,875,103 | 1,710,681,546 | 1,892,875,103 | 1,710,681,546 |
| Withholding tax payable | | 449,328,914 | 546,837,799 | 449,328,914 | 546,837,799 |
| VAT payable | | 238,326,095 | 231,322,683 | 238,326,095 | 231,322,683 |
| Excise duty payable | | 488,920,652 | 329,663,279 | 488,920,652 | 329,663,279 |
| Provision for taxation net off AIT | 12.2 | 5,949,467,308 | 5,448,621,002 | 4,261,623,205 | 4,144,359,024 |
| Deferred tax liability | 8.3 | 310,642,379 | 347,178,871 | 1,701,646,327 | 1,696,104,735 |
| Interest payable on borrowings | | 1,258,918,990 | 733,123,758 | 1,258,918,990 | 733,123,758 |
| Accrued expenses | | 5,007,365,394 | 4,781,984,329 | 1,184,904,586 | 1,367,743,072 |
| Share subscription - IPO (refund warrant) | | 291,360 | 273,606 | 291,360 | 273,606 |
| Payable to off-shore banking unit | | 6 | 4 | 6 | 4 |
| Unclaimed and undistributed dividend | 12.3 | 19,268,867 | 11,588,296 | 19,268,867 | 11,588,296 |
| Suppliers payable | | 128,027,125 | 162,427,092 | 128,027,125 | 162,427,092 |
| Lease liabilities as per IFRS 16 | | 4,520,693,105 | 4,465,075,566 | 4,050,504,127 | 3,861,470,127 |
| Payable against exchange houses | | - | 60,200 | - | 60,200 |
| Payable against insurances | | 6,205,862 | 6,260,997 | 6,205,862 | 6,260,997 |
| Payable against proxy account | | 2,398,214 | 1,366,816 | 2,398,214 | 1,366,816 |
| Payable against SWIFT charge | | 40,548,046 | 27,144,741 | 40,548,046 | 27,144,741 |
| Start-up Fund | 12.4 | 208,856,238 | 158,509,361 | 208,856,238 | 158,509,361 |
| Other payables | | 6,066,887,035 | 4,188,126,315 | 6,066,887,035 | 4,376,324,888 |
| Other liabilities of subsidiaries | | 2,137,534,342 | 2,246,991,599 | - | - |
| | | 48,157,453,222 | 42,004,580,813 | 40,218,593,167 | 34,760,769,207 |
| 12.1 Provision for other assets | | | | | |
| Total required provision for other assets | | | | 237,781,633 | 232,869,007 |
| Total provision maintained | | | | 247,696,695 | 247,263,926 |
| Excess/(shortfall) in provision | | | | 9,915,062 | 14,394,919 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| Particulars | Note | In Taka | | | |
|-------------|------|-------------------|------------------|-------------------|------------------|
| | | Consolidated | | BRAC Bank PLC. | |
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |

12.2 Provision for taxation net off AIT (BBL only)

A. Provision for tax:

| | | |
|--|-----------------------|-----------------------|
| Balance at the beginning of the year | 31,267,764,084 | 27,502,064,330 |
| Net addition during the year | 3,593,584,428 | 3,765,699,754 |
| | 34,861,348,512 | 31,267,764,084 |
| Adjustment of tax provision for previous years | 13,576,924,074 | - |
| Balance at the end of the year | 21,284,424,438 | 31,267,764,084 |

B. Advance income tax:

| | | |
|---------------------------------------|----------------------|----------------------|
| Balance at the beginning of the year | 27,123,405,060 | 22,480,505,827 |
| Add: Paid during the year | 2,713,147,354 | 4,642,899,233 |
| | 29,836,552,414 | 27,123,405,060 |
| Less: Adjustment made during the year | 12,813,751,181 | - |
| Balance at the end of the year | 17,022,801,233 | 27,123,405,060 |
| Provision for taxation (A-B) | 4,261,623,205 | 4,144,359,024 |

12.3 Unclaimed and undistributed dividend

As on 30 September 2023, the Unclaimed/undistributed dividend was BDT 15,609,941.76/- (Including withholding tax)

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).

12.4 Start-up Fund

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:

| | | |
|---|--------------------|--------------------|
| Balance at the beginning of the year | 158,509,361 | 100,877,625 |
| Addition during the period (1% of PAT) | 50,346,876 | 57,631,736 |
| Closing balance at the end of the period | 208,856,237 | 158,509,361 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

In Taka

| Particulars | Note | Consolidated | | BRAC Bank PLC. | |
|-------------|------|-------------------|------------------|-------------------|------------------|
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |

13 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 |
| 1,254,598,981 Ordinary Shares of Tk. 10/- each issued as bonus share | | | | 12,545,989,810 | 11,423,550,820 |
| 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 |
| Total | | | | 16,088,292,270 | 14,965,853,280 |

13.1 Name of the Directors and their shareholdings as at 30 September 2023:

| Particulars | No. of Shares (30 September 2023) | % of shareholding (30 September 2023) | 30 September 2023 Taka | 31 December 2022 Taka |
|----------------|-----------------------------------|---------------------------------------|---------------------------|--------------------------|
| Director | 743,975,773 | 46.24% | 7,439,757,730 | 6,920,418,390 |
| Govt. | - | 0.00% | - | - |
| Institutions | 255,412,315 | 15.88% | 2,554,123,150 | 1,966,600,350 |
| Foreign | 491,750,438 | 30.57% | 4,917,504,380 | 5,034,035,480 |
| General public | 117,690,701 | 7.31% | 1,176,907,010 | 1,044,799,060 |
| | 1,608,829,227 | 100.00% | 16,088,292,270 | 14,965,853,280 |

| Particulars | Note | Consolidated | | BRAC Bank PLC. | |
|-------------|------|-------------------|------------------|-------------------|------------------|
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |

14 Share Premium

| | Year of issuance | | |
|---|------------------|----------------------|----------------------|
| 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 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| | | In Taka | | | |
|--|-----------|------------------------|------------------------|-----------------------|-----------------------|
| Particulars | Note | Consolidated | | BRAC Bank PLC. | |
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| 15 Fair value gain/(loss) on equity investment (Standalone) | | | | | |
| Balance at the beginning of the year | | | | 7,643,913,224 | 7,384,920,564 |
| Net change during the year | | | | 238,442,483 | 258,992,660 |
| | | | | 7,882,355,707 | 7,643,913,224 |
| 16 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. | | | | | |
| 17 Surplus in profit and loss account/Retained earnings (standalone) | | | | | |
| Balance at the beginning of the year | | | | 18,798,934,455 | 16,329,861,552 |
| Add: Remeasurements gain/(loss) of defined benefits liabilities (assets) | | | | - | (104,081,055) |
| Add: Gain on disposal of NBA | | | | 522,000 | - |
| Add: Net profit during the period | | | | 5,034,687,640 | 5,763,173,573 |
| Less: Transfer to statutory reserve | | | | - | 1,044,129,290 |
| Less: Start-up Fund | | | | 50,346,877 | 57,631,736 |
| Less: Cash dividend paid | | | | 1,122,438,996 | 1,044,129,299 |
| Less: Bonus share issued | | | | 1,122,438,990 | 1,044,129,290 |
| Closing balance | | | | 21,538,919,232 | 18,798,934,455 |
| 17.1 Surplus in profit and loss account/Retained earnings (Consolidated) | | | | | |
| BRAC Bank PLC. | 17 | 21,538,919,232 | 18,798,934,455 | | |
| BRAC EPL Investment Limited | | | | | |
| Opening balance | | (1,334,655,599) | (1,607,496,637) | | |
| Add: Retained Surplus/(deficit) for the year | | (22,795,234) | 272,841,038 | | |
| Sub total | | (1,357,450,833) | (1,334,655,599) | | |
| BRAC EPL Stock Brokerage Limited | | | | | |
| Opening balance | | 988,635,674 | 943,567,598 | | |
| Add: Retained Surplus/(deficit) for the year | | 16,002,735 | 68,281,410 | | |
| Less: Transfer to statutory reserve | | (6,957,639) | (23,213,334) | | |
| Add: Reserve for stock dividend | | - | - | | |
| Sub total | | 997,680,770 | 988,635,674 | | |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

In Taka

| Particulars | Note | Consolidated | | BRAC Bank PLC. | |
|---|------|---------------------------------|--------------------------------------|-----------------------|-------------------------------------|
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| bKash Limited | | | | | |
| Opening balance | | 10,790,569,760 | 10,742,740,197 | | |
| Add: Retained Surplus/(deficit) for the year | | 315,057,232 | 59,554,596 | | |
| Add: Remeasurements of defined benefits liability (assets) | | - | 1,145,219 | | |
| Less: Transfer to statutory reserve | | - | (12,870,252) | | |
| Sub total | | 11,105,626,992 | 10,790,569,760 | | |
| BRAC SAAJAN Exchange Limited | | | | | |
| Opening balance | | (155,267,498) | 3,364,585 | | |
| Add: Prior year adjustment 2021 | | 11,895,536 | - | | |
| Add: Prior year adjustment 2022 | | 24,961,933 | - | | |
| Add: Retained Surplus/(deficit) for the year | | (85,516,749) | (101,881,820) | | |
| Add: Effect of change of shareholding | | - | (1,844,745) | | |
| Less: Impairment of goodwill | | - | (54,905,518) | | |
| Sub total | | (203,926,778) | (155,267,498) | | |
| Associates | | | | | |
| Opening balance - (biTS) | | (2,165,162.0) | (9,074,763) | | |
| Add: Share of profit/(loss) of equity in associate company - (biTS) | | (5,812,493) | 4,860,182 | | |
| Gain/(loss) on disposal/loss of control of associates | | - | 2,049,419 | | |
| Sub total | | (7,977,655) | (2,165,162) | | |
| | | 32,072,871,728 | 29,086,051,630 | | |
| 18 Non Controlling Interest | | | | | |
| BRAC EPL Investments Limited | 18.1 | 704,237 | 716,701 | | |
| BRAC EPL Stock Brokerage Limited | 18.1 | 147,182,862 | 145,404,780 | | |
| bKash Limited | 18.1 | 20,294,930,081 | 19,728,452,974 | | |
| BRAC SAAJAN Exchange Limited | 18.1 | (1,514,877) | 1,408,426 | | |
| | | 20,441,302,303 | 19,875,982,881 | | |
| 18.1 Reconciliation of Non Controlling Interest | | | | | |
| | | BRACEPL Investments Ltd. | BRAC EPL Stock Brokerage Ltd. | bKash Limited | BRAC SAAJAN Exchange Limited |
| Opening balance | | 716,701 | 145,404,780 | 19,728,452,974 | 1,408,426 |
| Share of profit/(loss) | | (12,464) | 1,778,082 | 566,477,107 | (5,701,117) |
| Prior year adjustment in Saajan 2021 | | - | - | - | 793,036 |
| Prior year adjustment in Saajan 2022 | | - | - | - | 1,664,129 |
| Translation adjustment | | - | - | - | 320,650 |
| | | 704,237 | 147,182,862 | 20,294,930,081 | (1,514,877) |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| Particulars | Note | Consolidated | | BRAC Bank PLC. | |
|--|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | | In Taka | |
| | | Jan to Sep 2023 | Jan to Sep 2022 | Jan to Sep 2023 | Jan to Sep 2022 |
| 19 Interest income | | | | | |
| Interest on loans and advances | | 27,393,337,194 | 19,805,834,136 | 27,270,198,070 | 19,712,122,470 |
| Interest on balance with other banks | | 1,293,307,929 | 643,152,447 | 207,626,193 | 2,031,977 |
| Interest on fixed deposits with other banks | | 1,850,372,314 | 2,772,732,971 | 578,705,884 | 673,739,448 |
| Other interest income | | 662,195,096 | 269,264,240 | 662,195,096 | 269,264,240 |
| | | 31,199,212,533 | 23,490,983,794 | 28,718,725,244 | 20,657,158,136 |
| Less: Elimination of inter unit/company transactions | | 881,068,578 | 704,673,959 | 624,049,639 | 235,855,904 |
| | | 30,318,143,955 | 22,786,309,835 | 28,094,675,605 | 20,421,302,231 |
| 20 Interest paid on deposits and borrowings etc. | | | | | |
| A. Interest paid on deposits: | | | | | |
| Current account | | 1,200,565,185 | 833,788,178 | 1,064,786,263 | 585,765,712 |
| Short term deposit | | 136,478,904 | 121,138,534 | 136,478,904 | 121,138,534 |
| Savings deposit | | 583,142,917 | 532,146,217 | 583,142,917 | 532,146,217 |
| Term deposit | | 10,072,635,577 | 6,512,695,489 | 10,072,635,577 | 6,512,695,489 |
| | | 11,992,822,583 | 7,999,768,418 | 11,857,043,661 | 7,751,745,952 |
| B. Interest paid for borrowings: | | | | | |
| Interest on money at call and short notice | | 62,351,754 | 106,710,098 | 62,351,754 | 106,710,098 |
| Interest on borrowings from banks and FIs | | 2,832,015,009 | 894,689,104 | 2,750,389,823 | 842,008,273 |
| Interest on funding SWAP | | 46,059,306 | 37,874,487 | 46,059,306 | 37,874,487 |
| Interest on finances from central bank & government agencies | | 494,258,906 | 359,431,482 | 494,258,906 | 359,431,482 |
| Interest on Repurchase agreement (REPO) | | 222,232,932 | 144,781,876 | 222,232,932 | 144,781,876 |
| Interest expense-Affordable Housing Bond | | 195,441,822 | 52,976,904 | 195,441,822 | 52,976,904 |
| | | 3,852,359,729 | 1,596,463,951 | 3,770,734,543 | 1,543,783,120 |
| | | 15,845,182,312 | 9,596,232,369 | 15,627,778,204 | 9,295,529,072 |
| Less: Elimination of inter unit/company transactions | | 881,068,578 | 704,673,959 | 624,049,639 | 235,855,904 |
| | | 14,964,113,734 | 8,891,558,410 | 15,003,728,565 | 9,059,673,167 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| | | <i>In Taka</i> | | | |
|--|------|----------------------|----------------------|----------------------|----------------------|
| Particulars | Note | Consolidated | | BRAC Bank PLC. | |
| | | Jan to Sep 2023 | Jan to Sep 2022 | Jan to Sep 2023 | Jan to Sep 2022 |
| 21 Investment income | | | | | |
| Interest on government securities | | 3,397,099,611 | 2,476,195,056 | 3,397,099,611 | 2,476,195,056 |
| Interest on reverse repo | | 364,725,136 | 225,925,524 | 364,725,136 | 225,925,524 |
| Interest on corporate & subordinated bond | | 158,583,252 | 189,195,625 | 158,583,252 | 189,195,625 |
| Interest on interest rate swap (IRS) | | 4,018,938 | 3,805,344 | 4,018,938 | 3,805,344 |
| Dividend on shares & mutual funds | | 61,070,975 | 195,587,612 | 61,070,975 | 195,587,612 |
| Capital gain (loss) on government securities | | 1,637,488,092 | 491,016,121 | 1,637,488,092 | 491,016,121 |
| Capital gain (loss) on shares & mutual funds | | 232,423 | 30,512,410 | 232,423 | 30,512,410 |
| Gain (loss) on interest rate swap (IRS) position | | (3,770,069) | (5,194,415) | (3,770,069) | (5,194,415) |
| Investment income of subsidiaries | | 3,632,827,775 | 1,419,458,903 | - | - |
| | | 9,252,276,132 | 5,026,502,180 | 5,619,448,357 | 3,607,043,277 |
| 22 Commission, exchange and brokerage | | | | | |
| Commission Income | | 1,390,671,905 | 692,099,014 | 1,390,671,905 | 692,099,014 |
| Fees Income | | 1,759,104,880 | 1,590,037,744 | 1,759,104,880 | 1,590,037,744 |
| Other Income | | 1,381,755,130 | 1,781,299,817 | 1,381,755,130 | 1,781,299,817 |
| Commission and brokerage income of subsidiaries | | 4,992,946,308 | 4,135,651,555 | - | - |
| | | 9,524,478,223 | 8,199,088,130 | 4,531,531,915 | 4,063,436,575 |
| Less: Elimination of inter unit/company transactions | | 109,326,939 | 34,078,861 | - | - |
| | | 9,415,151,284 | 8,165,009,269 | 4,531,531,915 | 4,063,436,575 |
| 23 Other operating income | | | | | |
| Profit on sale of fixed assets | | 2,658,605 | 13,725,434 | 2,658,605 | 13,725,434 |
| Profit share from other bank | | 92,192,239 | 76,076,470 | 92,192,239 | 76,076,470 |
| Miscellaneous income | | 1,743,614 | 88,017,019 | 1,743,614 | 88,017,019 |
| Other operating income of subsidiaries | | 12,725,086 | 42,536,958 | - | - |
| | | 109,319,544 | 220,355,880 | 96,594,458 | 177,818,922 |
| 24 Rent, taxes, insurance, electricity, etc. | | | | | |
| Rent, rates and taxes | | 309,105,385 | 242,498,851 | 268,849,268 | 207,280,899 |
| Insurance | | 85,418,154 | 71,153,131 | 16,743,668 | 15,011,325 |
| Power and electricity | | 220,480,199 | 187,461,430 | 158,621,882 | 142,981,022 |
| WASA and sewerage | | 8,024,813 | 7,234,467 | 7,969,521 | 7,149,869 |
| | | 623,028,551 | 508,347,879 | 452,184,339 | 372,423,115 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| | | <i>In Taka</i> | | | |
|--|------|----------------------|----------------------|--------------------|--------------------|
| Particulars | Note | Consolidated | | BRAC Bank PLC. | |
| | | Jan to Sep 2023 | Jan to Sep 2022 | Jan to Sep 2023 | Jan to Sep 2022 |
| 24.1 Rent, rates and taxes | | | | | |
| Rent, taxes, insurance, electricity, etc. | | 1,208,355,503 | 1,063,728,576 | 969,148,578 | 873,846,992 |
| Less: Reversal due to depreciation and interest expenses under IFRS 16 | | 899,250,118 | 821,229,725 | 700,299,310 | 666,566,093 |
| | | 309,105,385 | 242,498,851 | 268,849,268 | 207,280,899 |
| 25 Postage, stamp, telecommunication, etc. | | | | | |
| Postage and courier | | 48,522,128 | 49,381,279 | 32,421,178 | 32,820,944 |
| Telegram, telex, fax and network | | 123,343,917 | 108,305,336 | 99,750,489 | 88,186,734 |
| Court fees and stamps | | 47,362,776 | 72,308,005 | 47,362,776 | 72,308,005 |
| Telephone | | 89,930,422 | 79,039,344 | 49,309,705 | 41,302,189 |
| | | 309,159,243 | 309,033,964 | 228,844,147 | 234,617,872 |
| 26 Stationery, printing, advertisements, etc. | | | | | |
| Stationery and Printing | | 158,464,272 | 129,638,869 | 144,931,176 | 119,714,030 |
| Security Stationery | | 143,854,593 | 66,046,564 | 143,854,593 | 66,046,564 |
| Advertisement | | 2,652,524,098 | 2,078,841,708 | 196,287,375 | 126,266,329 |
| | | 2,954,842,964 | 2,274,527,141 | 485,073,144 | 312,026,922 |
| 27 Chief Executive's salary and fees | | | | | |
| Basic salary | | 12,757,500 | 12,757,500 | 12,757,500 | 12,757,500 |
| Bonus and others | | 4,961,250 | 2,835,000 | 4,961,250 | 2,835,000 |
| House rent allowance | | 1,125,000 | 1,125,000 | 1,125,000 | 1,125,000 |
| | | 18,843,750 | 16,717,500 | 18,843,750 | 16,717,500 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| | | <i>In Taka</i> | | | |
|--|------|----------------------|----------------------|----------------------|----------------------|
| Particulars | Note | Consolidated | | BRAC Bank PLC. | |
| | | Jan to Sep 2023 | Jan to Sep 2022 | Jan to Sep 2023 | Jan to Sep 2022 |
| 28 Depreciation and repair of the bank's assets | | | | | |
| Depreciation of Property, plant and equipment | | | | | |
| Furniture and fixtures | | 121,104,061 | 115,273,023 | 110,195,799 | 104,316,316 |
| Office floor space | | 410,738 | 410,335 | 75,644 | 75,644 |
| Office equipment | | 73,849,819 | 68,697,898 | 67,111,872 | 60,964,173 |
| IT hardware | | 813,584,353 | 735,221,067 | 331,756,327 | 284,021,261 |
| Motor vehicles | | 29,168,741 | 52,042,508 | 21,662,043 | 43,265,680 |
| Leasehold improvement | | 36,926,263 | 28,607,663 | - | - |
| Right of use assets (ROU) as per IFRS 16 | | 776,571,397 | 745,794,694 | 597,088,931 | 575,786,921 |
| IT software | | 959,012,468 | 855,302,112 | 298,517,133 | 247,573,495 |
| | | 2,810,627,840 | 2,601,349,300 | 1,426,407,750 | 1,316,003,490 |
| Repairs and Maintenance expenses | | | | | |
| Transportation costs | | 488,846,972 | 444,478,651 | 352,400,923 | 306,107,245 |
| Equipment repairing | | 71,409,301 | 61,685,947 | 16,956,121 | 15,551,411 |
| Hardware and software maintenance | | 1,255,435,700 | 729,697,300 | 15,491,269 | 7,888,837 |
| Premises maintenance | | 127,685,843 | 112,484,887 | 54,015,969 | 46,176,667 |
| | | 1,943,377,816 | 1,348,346,785 | 438,864,283 | 375,724,160 |
| Total | | 4,754,005,656 | 3,949,696,085 | 1,865,272,034 | 1,691,727,651 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| | | <i>In Taka</i> | | | |
|--|------|----------------------|----------------------|----------------------|----------------------|
| Particulars | Note | Consolidated | | BRAC Bank PLC. | |
| | | Jan to Sep 2023 | Jan to Sep 2022 | Jan to Sep 2023 | Jan to Sep 2022 |
| 29 Other expenses | | | | | |
| Conveyance expense | | 60,265,012 | 69,606,844 | 60,265,012 | 69,606,844 |
| Fuel expenses | | 41,047,732 | 23,788,770 | 41,047,732 | 23,788,770 |
| Traveling cost | | 37,578,556 | 30,945,349 | 37,578,556 | 30,945,349 |
| Professional fees | | 53,704,669 | 46,822,305 | 53,704,669 | 46,822,305 |
| Entertainment | | 80,049,549 | 50,794,325 | 80,049,549 | 50,794,325 |
| Business promotion and development | | 159,949,031 | 41,831,295 | 159,949,031 | 41,831,295 |
| Books, news papers and periodicals | | 493,906 | 472,322 | 493,906 | 472,322 |
| Donation and subscription | | 116,136,833 | 135,370,078 | 116,136,833 | 135,370,078 |
| Sponsorship | | 29,377,303 | 39,416,209 | 29,377,303 | 39,416,209 |
| Government Levy, VAT and excise duty | | 2,839,068 | 5,453,036 | 2,839,068 | 5,453,036 |
| Other operational loss | | 193,200 | 318,436 | 193,200 | 318,436 |
| Staff training and development | | 29,234,895 | 20,249,123 | 29,234,895 | 20,249,123 |
| Staff recruitment | | 7,106,879 | 2,934,890 | 7,106,879 | 2,934,890 |
| Salaries and allowance -outsourcing staff | | 769,418,261 | 563,368,444 | 769,418,261 | 563,368,444 |
| Staff sales incentives | | 595,657,746 | 464,108,796 | 595,657,746 | 464,108,796 |
| Bank charges | | 17,924,458 | 16,116,068 | 17,924,458 | 16,116,068 |
| Interest expense for leased liability as per IFRS 16 | | 310,820,416 | 317,215,781 | 202,757,662 | 197,634,373 |
| Documentation Charges - CIB | | 23,500,000 | 10,931,570 | 23,500,000 | 10,931,570 |
| IT enabled services | | 687,797,660 | 480,684,270 | 687,797,660 | 480,684,270 |
| Bond issue expenses | | 1,429,383 | 407,500 | 1,429,383 | 407,500 |
| Security guard cost | | 167,246,948 | 157,971,700 | 167,246,948 | 157,971,700 |
| Commission paid- Vendor | | 8,454,354 | 9,121,659 | 8,454,354 | 9,121,659 |
| Cash carrying charges | | 58,162,098 | 49,386,773 | 58,162,098 | 49,386,773 |
| Spare parts expense | | 79,570,212 | 62,324,902 | 79,570,212 | 62,324,902 |
| Archiving expense | | 26,893,744 | 23,799,301 | 26,893,744 | 23,799,301 |
| Covid prevention expense | | 69,400 | 8,169,793 | 69,400 | 8,169,793 |
| Miscellaneous | | 7,550,783 | 9,509,542 | 7,550,783 | 6,328,132 |
| Other expenses of subsidiaries | | 550,210,862 | 428,640,321 | - | - |
| | | 3,922,682,956 | 3,069,759,402 | 3,264,409,340 | 2,518,356,263 |
| Less: Elimination of inter unit/company transactions | | 109,326,939 | 34,078,861 | - | - |
| | | 3,813,356,017 | 3,035,680,541 | 3,264,409,340 | 2,518,356,263 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

| | | <i>In Taka</i> | | | |
|--|------|----------------------|----------------------|----------------------|----------------------|
| Particulars | Note | Consolidated | | BRAC Bank PLC. | |
| | | Jan to Sep 2023 | Jan to Sep 2022 | Jan to Sep 2023 | Jan to Sep 2022 |
| 30 Share of profit/(loss) of associates | | | | | |
| BRAC IT Services Limited | | (5,812,493) | (6,059,288) | | |
| | | <u>(5,812,493)</u> | <u>(6,059,288)</u> | | |
| 31 Provisions | | | | | |
| Provision for loans and advances | | | | | |
| Specific provision charged during the year | | 2,431,124,010 | 1,540,594,494 | 2,431,124,010 | 1,540,594,494 |
| Recovery of written off bad debts | | (642,485,246) | (600,471,611) | (642,485,246) | (600,471,611) |
| Specific provision (net off recovery) for the year | | <u>1,788,638,764</u> | <u>940,122,883</u> | <u>1,788,638,764</u> | <u>940,122,883</u> |
| General provision charged during the year | | 489,741,808 | 538,219,064 | 489,741,808 | 538,219,064 |
| Total provision for loans and advances | | <u>2,278,380,572</u> | <u>1,478,341,947</u> | <u>2,278,380,572</u> | <u>1,478,341,947</u> |
| Off Balance Sheet items | | 184,652,151 | 283,155,939 | 184,652,151 | 283,155,939 |
| Diminution in value of Investments | | (8,188,962) | 19,498,772 | (8,188,962) | 19,498,772 |
| Other provisions: | | | | | |
| Other assets | | 4,030,049 | 32,910,205 | 432,769 | 28,698,997 |
| Interest receivable | | 5,257,896 | - | 5,257,896 | - |
| | | <u>2,464,131,707</u> | <u>1,813,906,864</u> | <u>2,460,534,426</u> | <u>1,809,695,656</u> |
| 32 Provision for taxation | | | | | |
| Current tax expense | | 4,040,432,097 | 3,212,641,488 | 3,593,584,428 | 2,943,979,930 |
| Deferred tax expense/ (income) (Net) | | (973,290,088) | (722,779,698) | (974,413,534) | (743,238,754) |
| Total provision for Taxation | | <u>3,067,142,009</u> | <u>2,489,861,790</u> | <u>2,619,170,894</u> | <u>2,200,741,176</u> |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

In Taka

| Particulars | Note | Consolidated | | BRAC Bank PLC. | |
|-------------|------|-----------------|-----------------|-----------------|-----------------|
| | | Jan to Sep 2023 | Jan to Sep 2022 | Jan to Sep 2023 | Jan to Sep 2022 |

32.1 Reconciliation of effective tax rate

| Particulars | 30 September 2023 (Standalone) | | 30 September 2022 (Standalone) | |
|---|--------------------------------|----------------------|--------------------------------|----------------------|
| | % | Taka | % | Taka |
| Profit before income tax as per profit and loss account | | 7,653,858,534 | | 6,124,909,107 |
| Income tax as per applicable tax rate | 37.50% | 2,870,196,950 | 37.50% | 2,296,840,915 |
| Factors affecting the tax charge for current year | | | | |
| Inadmissible expenses | 26.96% | 2,063,250,469 | 17.14% | 1,049,571,548 |
| Admissible expenses in the current year (i.e. write-off etc.) | -8.11% | (620,676,833) | -2.44% | (149,344,019) |
| Tax exempted income | 0.00% | - | 0.00% | - |
| Tax savings from reduced tax rates | -4.95% | (379,186,158) | -2.50% | (153,097,372) |
| Reversal of previous years' excess tax (2009 - 2016) | -4.44% | (340,000,000) | -1.63% | (100,000,000) |
| Effect of deferred tax | -12.73% | (974,413,534) | -12.13% | (743,229,896) |
| Total income tax expenses | 34.22% | 2,619,170,894 | 35.93% | 2,200,741,176 |

Notes to the financial statements as at and for the 3rd quarter ended 30 September 2023

In Taka

| Particulars | Consolidated | | | BRAC Bank PLC. | | |
|--|-------------------|------------------|-------------------|-------------------|------------------|-------------------|
| | 30 September 2023 | 31 December 2022 | 30 September 2022 | 30 September 2023 | 31 December 2022 | 30 September 2022 |
| 33 Net asset value (NAV) per share | | | | | | |
| Net asset value attributable to shareholders of parent | 64,711,583,303 | 61,153,627,729 | 59,356,453,092 | 61,928,350,135 | 58,390,554,773 | 56,726,721,055 |
| Weighted avg. number of shares outstanding on reporting date | 1,608,829,227 | 1,608,829,227 | 1,608,829,227 | 1,608,829,227 | 1,608,829,227 | 1,608,829,227 |
| | 40.22 | 38.01 | 36.89 | 38.49 | 36.29 | 35.26 |

Explanation regarding significant change in quarterly financial statements:

Both consolidated and standalone NAV per share increased due to the impact of net profit earned (attributable to shareholders) during the first nine months of 2023 (Consolidated: BDT 525 crore; Standalone:

| Particulars | Consolidated | | BRAC Bank PLC. | |
|--|-----------------|-----------------|-----------------|-----------------|
| | Jan to Sep 2023 | Jan to Sep 2022 | Jan to Sep 2023 | Jan to Sep 2022 |
| 34 Earnings Per Share | | | | |
| Profit attributable to ordinary shareholders of parent | 5,251,623,132 | 3,787,791,012 | 5,034,687,640 | 3,924,167,931 |
| Weighted avg. number of shares outstanding on reporting date | 1,608,829,227 | 1,608,829,227 | 1,608,829,227 | 1,608,829,227 |
| Earnings Per Share (EPS) | 3.26 | 2.35 | 3.13 | 2.44 |

| | Consolidated | | BRAC Bank PLC. | |
|--|---------------|---------------|----------------|---------------|
| | Jul-Sep 2023 | Jul-Sep 2022 | Jul-Sep 2023 | Jul-Sep 2022 |
| Profit attributable to ordinary shareholders of parent | 2,153,826,756 | 1,589,511,368 | 2,004,733,233 | 1,386,821,222 |
| Weighted avg. number of shares outstanding on reporting date | 1,608,829,227 | 1,608,829,227 | 1,608,829,227 | 1,608,829,227 |
| Earnings Per Share (EPS) | 1.34 | 0.99 | 1.25 | 0.86 |

Explanation regarding significant change in quarterly financial statements:

Both the consolidated and standalone EPS increased due to higher profit earned during the first nine months of 2023 compared to corresponding first nine months of 2022. Profit increased mainly for increased net interest income due to loan assets growth, investment income from Govt securities and higher commission, exchange and brokerage income compared to corresponding period.

| | Consolidated | | BRAC Bank PLC. | |
|--|-----------------|-----------------|-----------------|-----------------|
| | Jan to Sep 2023 | Jan to Sep 2022 | Jan to Sep 2023 | Jan to Sep 2022 |
| 35 Net operating cash flow per share | | | | |
| Net operating cash flow | 45,074,636,671 | 7,168,914,490 | 32,696,430,338 | 2,605,190,665 |
| Weighted avg. number of shares outstanding on reporting date | 1,608,829,227 | 1,608,829,227 | 1,608,829,227 | 1,608,829,227 |
| | 28.02 | 4.46 | 20.32 | 1.62 |

Explanation regarding significant change in quarterly financial statements:

The consolidated and standalone net operating cash flows per share increased significantly mainly for higher deposits mobilization from customers and borrowings from banks.

BRAC Bank PLC.
Highlights on the overall activities
As at and for the 3rd quarter ended 30 September 2023

| Particulars | Consolidated | | BRAC Bank PLC. | |
|---|-------------------|------------------|-------------------|------------------|
| | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| Paid-up capital | 16,088,292,270 | 14,965,853,280 | 16,088,292,270 | 14,965,853,280 |
| Core Capital | 72,297,946,269 | 67,995,350,767 | 46,635,041,815 | 43,433,328,377 |
| Supplementary Capital | 6,425,591,975 | 5,685,272,837 | 6,425,591,975 | 5,685,272,837 |
| Total Regulatory Capital | 78,723,538,245 | 73,680,623,604 | 53,060,633,790 | 49,118,601,214 |
| Total Risk Weighted Assets | 424,496,073,704 | 380,318,534,649 | 392,078,483,659 | 349,831,724,733 |
| Capital surplus | 25,661,529,032 | 26,140,806,772 | 4,050,823,333 | 5,389,635,623 |
| Total assets | 780,183,443,766 | 655,937,320,087 | 673,381,280,377 | 563,238,978,302 |
| Total deposits | 539,019,752,219 | 447,058,816,329 | 463,595,636,130 | 384,466,775,242 |
| Total loans and advances | 487,712,547,235 | 412,084,750,584 | 486,637,639,301 | 410,676,406,960 |
| Amount of classified loans during the current year | 17,730,210,323 | 16,493,938,006 | 16,518,374,553 | 15,268,631,102 |
| Provision kept against classified loans | 12,699,429,076 | 10,613,210,514 | 11,487,593,306 | 9,401,374,744 |
| Provisions surplus/deficit | 3,081,148,055 | 1,945,401,965 | 3,081,148,055 | 1,945,401,965 |
| Credit deposit ratio (Loans and Advances/Deposits)* | - | - | 76.80% | 79.94% |
| Percentage of classified loans against total loans and advances | 3.64% | 4.00% | 3.39% | 3.72% |
| Total Capital to Risk-weighted Asset Ratio | 18.55% | 19.37% | 13.53% | 14.04% |
| Cost of fund | 4.50% | 4.33% | 5.00% | 4.83% |
| Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]** | 4.52% | 4.78% | 4.42% | 4.69% |
| Return on Assets (ROA) [PAT/Average assets]** | 0.98% | 1.02% | 1.09% | 1.14% |
| Return on Equity (ROE) [PAT/Average shareholders equity]** | 11.13% | 10.16% | 11.16% | 10.22% |

* Credit deposit ratio has been computed as per BB guideline.

**Figures are annualized.

BRAC Bank PLC.
Schedule of fixed assets
As at 30 September 2023

| Particulars | Cost | | | | Depreciation | | | | Written down value as at 30 September 2023 |
|---|---------------------------------------|--------------------------------------|--|---------------------------------------|---------------------------------------|------------------------|---------------------------------------|---------------------------------------|--|
| | Opening balance as on 01 January 2023 | Addition/Revaluation during the year | Disposals/Transfer/Adjustments during the year | Total balance as at 30 September 2023 | Opening balance as on 01 January 2023 | Charge during the year | Disposals/Adjustments during the year | Total balance as at 30 September 2023 | |
| Property, plant & equipments | | | | | | | | | |
| Land | 527,275,400 | - | - | 527,275,400 | - | - | - | - | 527,275,400 |
| Office floor space | 4,034,334 | - | - | 4,034,334 | 1,024,048 | 75,644 | - | 1,099,692 | 2,934,642 |
| Furniture & fixture | 2,170,822,095 | 143,512,913 | - | 2,314,335,008 | 1,583,624,101 | 110,195,799 | - | 1,693,819,900 | 620,515,109 |
| Office equipments | 1,361,168,512 | 96,817,296 | 44,804,380 | 1,413,181,428 | 1,216,914,086 | 67,111,872 | 44,804,380 | 1,239,221,578 | 173,959,849 |
| IT Hardware | 3,275,504,031 | 269,977,472 | 147,729,164 | 3,397,752,338 | 2,320,466,258 | 331,756,327 | 147,729,164 | 2,504,493,421 | 893,258,917 |
| Motor vehicles | 422,497,790 | 4,501,008 | - | 426,998,798 | 338,310,899 | 21,662,043 | - | 359,972,943 | 67,025,855 |
| Right of use assets (ROU) | 6,103,024,179 | 636,534,054 | 140,311,243 | 6,599,246,990 | 1,919,247,278 | 597,088,931 | 129,516,998 | 2,386,819,211 | 4,212,427,779 |
| Capital expenditure work in progress | 207,119,222 | 182,837,904 | 202,538,223 | 187,418,903 | - | - | - | - | 187,418,903 |
| Sub-total | 14,071,445,563 | 1,334,180,647 | 535,383,010 | 14,870,243,200 | 7,379,586,671 | 1,127,890,617 | 322,050,543 | 8,185,426,745 | 6,684,816,454 |
| Intangible assets: | | | | | | | | | |
| With definite useful lives: | | | | | | | | | |
| IT Software | 2,800,445,366 | 120,169,513 | - | 2,920,614,879 | 1,712,957,565 | 298,517,133 | - | 2,011,474,698 | 909,140,181 |
| Sub-total | 2,800,445,366 | 120,169,513 | - | 2,920,614,879 | 1,712,957,565 | 298,517,133 | - | 2,011,474,698 | 909,140,181 |
| As at 30 September 2023 | 16,871,890,929 | 1,454,350,161 | 535,383,010 | 17,790,858,079 | 9,092,544,236 | 1,426,407,750 | 322,050,543 | 10,196,901,443 | 7,593,956,635 |
| As at 31 December 2022 | 15,484,088,844 | 2,664,955,198 | 1,277,153,112 | 16,871,890,930 | 8,029,221,445 | 1,792,138,336 | 728,815,544 | 9,092,544,237 | 7,779,346,693 |

BRAC Bank PLC.
Details of transactions with related parties
For the 3rd quarter ended 30 September 2023

(Amount in Taka)

| SL No. | Name of the related parties (Companies) | Relationship with BBL | Balance type | Balance as on 01 Jan 2023 | Balance as on 30 September 2023 |
|--------|---|-----------------------|------------------------|---------------------------|---------------------------------|
| 1 | BRAC and Its associated organization | Parent Company | Deposits | 14,937,516,424 | 15,867,092,285 |
| 2 | bKash Limited | Subsidiary | Deposits | 5,206,931,799 | 3,214,317,241 |
| 3 | BRAC EPL Investments Limited | Subsidiary | Deposits | 110,943,186 | 138,615,564 |
| 4 | BRAC EPL Stock Brokerage Limited | Subsidiary | Deposits | 577,640,828 | 800,594,421 |
| 5 | BRAC IT Services Limited (biTS) | Associates | Deposits | 55,818,313 | 89,376,854 |
| 6 | BRAC SAAJAN Exchange Limited | Subsidiary | Deposits | 4,020,519 | 5,665,868 |
| 7 | Association of Bankers, Bangladesh | Common Board member | Deposits | - | 58,725,933 |
| 8 | Edotco Bangladesh Co. Limited | Common Board member | Deposits | 699,815 | 434,707 |
| 9 | Policy Research Institute of Bangladesh (PRI) | Common Board member | Deposits | 911,960 | 1,156,104 |
| 10 | RSA Advisory Ltd. | Common Board member | Deposits | 3,897,828 | - |
| 11 | Blue-Wealth Assets Limited | Common Board member | Deposits | 51,903 | - |
| 12 | Walton Hi-Tech Industries Limited | Common Board member | Deposits | 1,980,000 | 5,681,240 |
| 13 | Water Garden Resort and Spa | Common Board member | Deposits | 123,610 | 1,234,338 |
| 14 | Affordable Health Care | Common Board member | Deposits | 73,550 | - |
| 15 | BRAC EPL Investments Limited | Subsidiary | Continuous loan | 916,634,124 | 890,350,991 |
| 16 | BRAC Saajan Exchange Limited | Subsidiary | Continuous loan | 72,261,724 | 241,891,976 |
| 17 | IPDC Finance Limited | Common Parent | Term placement | 3,000,000,000 | - |
| 18 | Industrial & Infrastructure Development Finance Co. Limited (IIDFC) | Common Board member | Term placement | - | 100,000,000 |
| 19 | Delta BRAC Housing Finance Corporation Limited | Common Parent | Short Notice placement | - | 2,000,000,000 |
| 20 | BRAC IT Services Limited (biTS) | Associates | Receivables | 154,857,249 | 132,009,453 |
| 21 | Key Management Personnel | Senior Management | Loans and Advances | 113,952,814 | 123,137,638 |

| SL No. | Name of the related parties (Directors) | Relationship with BBL | Balance type | Balance as on 01 Jan 2023 | Balance as on 30 September 2023 |
|--------|---|-----------------------|--------------|---------------------------|---------------------------------|
| 1 | Asif Saleh | Director | Credit card | 58,602 | 14,066 |
| 2 | Selim Reza Farhad Hussain | Director | Credit card | 509,113 | 156,906 |
| 3 | Fahima Choudhury | Director | Credit card | 63,702 | 181,614 |
| 4 | Shameran Bahar Abed | Director | Credit card | 346,672 | - |

Note: In addition, BRAC Bank has credit exposure on NGOs where its Directors are involved in the capacity of executive committee members. As on 30 September 2023, the Bank has credit exposures amounting to BDT 2,962,113,164. 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.

Reconciliation of net profit with cash flows from operating activities (standalone basis)

| Particulars | Jan to Sep 2023 Taka | Jan to Sep 2022 Taka |
|--|-------------------------|-------------------------|
| Profit before tax as per profit and loss account | 7,653,858,534 | 6,124,909,107 |
| Adjustment for non-cash items: | | |
| Provision for Loans and advances | 2,920,865,818 | 2,078,813,558 |
| Provision for Diminution in value of investments | (8,188,962) | 19,498,772 |
| Provision for Off balance sheet items | 184,652,151 | 283,155,939 |
| Provision for other assets | 432,769 | 25,694,028 |
| Depreciation of Property plant and equipment | 1,426,407,750 | 1,316,003,490 |
| Foreign exchange gain/(loss) | 437,706,450 | 105,153,542 |
| Profit on sale of fixed assets | (2,658,605) | (13,725,434) |
| Increase/decrease in operating assets & liabilities: | | |
| Loans and advances | (75,961,232,341) | (73,801,205,676) |
| Other assets | (3,516,016,504) | (715,726,696) |
| Borrowings from other banks and financial institutions | 22,017,821,865 | 19,382,435,240 |
| Proceeds from Issuance of affordable housing bond | - | 4,751,000,000 |
| Deposits from customers | 77,939,156,292 | 43,884,330,343 |
| Other liabilities | 3,079,945,369 | 2,812,530,425 |
| Income tax paid | (3,476,320,248) | (3,647,675,973) |
| Cash flows from operating activities as per cash flow statement | 32,696,430,338 | 2,605,190,666 |

BRAC Bank PLC.
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.

A: Segmental operating profit and loss

There are 4 (four) operating segments (SME, Retail, Corporate, and Treasury) on standalone basis as on 30 September 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 un-audited financial statements for half year ended 30 September 2022 have been separately disclosed in Bank's website.

For the 3rd quarter ended 30 September 2023

| | | | | | (In Taka) |
|--|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Particulars | SME | Retail | Corporate | Treasury | Total |
| Total external revenue | 13,177,508,397 | 73,556,289 | 2,897,416,234 | 7,190,040,850 | 23,338,521,770 |
| Inter segment revenue /(expenses) | (6,564,914,317) | 7,489,315,710 | 1,595,019,577 | (2,519,420,970) | - |
| Total segment revenue | 6,612,594,079 | 7,562,872,000 | 4,492,435,811 | 4,670,619,880 | 23,338,521,770 |
| Total segment operating expenses | 5,952,247,291 | 5,552,665,740 | 1,409,530,696 | 309,685,082 | 13,224,128,810 |
| Segment operating profit/(loss) | 660,346,788 | 2,010,206,259 | 3,082,905,115 | 4,360,934,798 | 10,114,392,961 |

For the 3rd quarter ended 30 September 2022

| | | | | | (In Taka) |
|--|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Particulars | SME | Retail | Corporate | Treasury | Total |
| Total external revenue | 10,753,701,390 | 1,156,366,636 | 2,462,078,721 | 4,837,781,091 | 19,209,927,838 |
| Inter segment income /(expenses) | (4,816,609,694) | 4,342,288,013 | 998,571,593 | (524,249,912) | - |
| Total segment revenue | 5,937,091,696 | 5,498,654,649 | 3,460,650,314 | 4,313,531,179 | 19,209,927,838 |
| Total segment operating expenses | 5,086,389,068 | 4,660,162,161 | 1,234,711,466 | 294,060,381 | 11,275,323,076 |
| Segment operating profit/(loss) | 850,702,628 | 838,492,488 | 2,225,938,848 | 4,019,470,798 | 7,934,604,762 |

B. 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.