

BRAC Bank Limited

Independent Auditor's Report and Consolidated
& Separate Financial Statements
as at and for the year ended 31 December 2020



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Independent Auditor's Report

To the Shareholders of BRAC Bank Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of BRAC Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of BRAC Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2020 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2020, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.1.1.

Basis for Opinion

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

Key Audit Matters

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

1. Measurement of provision for loans and advances

See notes no. 2.1.1, 7, 7.12 and 16.1 to the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>The process of estimating provision for loans and advances associated with credit risk is judgmental and complex. While estimating such provision certain judgmental factors need to be considered including:</p> <ul style="list-style-type: none">• Future business performance of the borrower;• Key assumptions relating to further business performance of the borrower;• Market value of the collateral;• Ability to repossess collateral; and• Recovery rates.	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none">• Credit monitoring and provisioning process;• Identification of loss events, including early warning and default warning indicators; and• Review of quarterly Classification of Loans (CL).

Independent Auditor's Report (continued)

1. Measurement of provision for loans and advances (continued)

See notes no. 2.1.1, 7, 7.12 and 16.1 to the financial statements.	
The key audit matter	How the matter was addressed in our audit
Furthermore, these provisions are processed manually using the voluminous data extracted from the IT system of the Bank and following the instructions of Bangladesh Bank (the central bank of Bangladesh) issued from time to time. Due to high level of judgement involved and using some manual process in estimating the provision for loans and advances, we considered this to be a key audit matter. At year end the Group and the Bank reported total gross loans and advances of BDT 273,439 million (2019: BDT 264,870 million) and BDT 273,063 million (2019: BDT 264,091 million) respectively and provision for loans and advances of BDT 11,807 million (2019: BDT 9,787 million) and BDT 10,748 million (2019: BDT 8,727 million) respectively.	Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following: <ul style="list-style-type: none">• Reviewed the adequacy of the companies general and specific provisions;• Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; and• Finally, assessed the appropriateness of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

2. Recognition of interest income from loans and advances

See note no 2.1.1 and 24 to the financial statements.	
The key audit matter	How the matter was addressed in our audit
Recognition of interest income has significant and wide influence on financial statements. Recognition and measurement of interest income has involvement of complex IT environment. We identify recognition of interest income from loans and advances as a key audit matter because this is one of the key performance indicators of the Bank and therefore there is an inherent risk of fraud and error in recognition of interest by management to meet specific targets or expectations.	We tested the design and operating effectiveness of key controls over recognition and measurement of interest on loans and advances. We performed test of operating effectiveness on automated control in place to measure and recognise interest income. We have also performed substantive procedure to check whether interest income is recognised completely and accurately . We assessed the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank guidelines.

3. Loans and advances

See note no 2.1.1 and 7 to the financial statements.	
The key audit matter	How the matter was addressed in our audit
Loans and advances are the main element of financial statements of the Bank. Income of the Bank is mainly dependent on the portfolio of loans and advances. Management performance is highly dependent on the target achievement of loans and advances. Loan disbursement requires robust documentation followed by approval from appropriate level of authority. We have identified loans and advances as key audit matter because there is an inherent risk of fraud in disbursement of loans and advances by management to meet specific targets or expectations.	We tested the design and operating effectiveness of key controls focusing on credit appraisal, loan disbursement procedures and monitoring process of loans and advances. We have performed procedure to check whether the Bank has ensured appropriate documentation as per Bangladesh Bank regulations and the Bank's policy before disbursement of loans and advances. In addition, we have performed procedure to check whether the loans and advances is recorded completely and accurately and that are existed at the reporting date. Furthermore, we have assessed the appropriateness of disclosure against Bangladesh Bank guidelines.

Independent Auditor's Report (continued)

4. Impairment of goodwill	
	See note no 6, 11 and 37.1 to the financial statements.
The key audit matter	How the matter was addressed in our audit
<p>The Group has recognised goodwill BDT 1,427 million (2019: BDT 1,427 million).</p> <p>The goodwill has arisen from acquisition of BRAC EPL Stock Brokerage Limited, BRAC EPL Investments Limited and BRAC SAAJAN Exchange Limited.</p> <p>The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGUs, which is based on the higher of the value in use or fair value e.g. NAV. The value in use has been determined with number of valuation assumptions and inputs including estimates of revenue, operating costs, terminal value, growth rates and the weighted-average cost of capital (discount rate).</p>	
5. IT systems and controls	
	See note no 2.10.6 to the financial statements.
The key audit matter	How the matter was addressed in our audit
<p>Our audit procedures have been focused on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and manual with automated (IT dependent) controls.</p> <p>We have focused on user access management, developer access to the production environment and changes to the IT environment. These are key to ensure that manual with automated control and automated controls are operating effectively.</p>	

Independent Auditor's Report (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated and separate financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation of the consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with IFRSs as explained in note 2.1.1, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the management to ensure effective internal audit, internal control and risk management functions of the Group and the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor's Report (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the management's responsibility for the financial statements and internal control:
 - (a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;

Independent Auditor's Report (continued)

- (iii) financial statements for the year ended 31 December 2020 of two subsidiaries namely BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited and one associate namely BRAC IT Services Limited have been audited by A. Qasem & Co., Chartered Accountants and other two subsidiaries namely bKash Limited and BRAC SAAJAN Exchange Limited have been audited by us and Reddy Siddiqui & Kabani respectively and have been properly reflected in the consolidated financial statements;
- (iv) in our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the expenditures incurred by the Bank were for the purpose of the Bank's business for the year;
- (viii) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 3,500 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

The engagement partner on the audit resulting in this independent auditor's report is *Ali Ashfaq*.

Ali Ashfaq, Partner, Enrolment no: 509
Rahman Rahman Huq, Chartered Accountants
Firm Registration Number: N/A

Dhaka, **12 APR 2021**

DVC: **2104120509AS804856**

BRAC Bank Limited and its subsidiaries
Consolidated Balance Sheet
As at 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
PROPERTY AND ASSETS			
Cash	3	19,987,803,891	23,066,672,434
Cash in hand (Including foreign currency)		7,836,614,607	6,963,607,535
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)		12,151,189,284	16,103,064,899
Balance with other banks and financial institutions	4	42,650,004,620	46,597,711,756
Inside Bangladesh		35,478,313,372	43,826,875,635
Outside Bangladesh		7,171,691,248	2,770,836,121
Money at call on short notice	5		
Investments	6	94,094,812,131	55,951,591,605
Government		85,498,396,233	47,735,405,086
Others		8,596,415,898	8,216,186,519
Loans and advances	7	273,438,940,961	264,870,263,857
Loans, cash credit, overdrafts etc.		136,750,360,676	146,383,712,944
Small and medium enterprises		134,621,356,804	115,109,495,430
Bills purchased and discounted		2,067,223,481	3,377,055,483
Fixed assets including premises, furniture and fixtures	8	11,067,096,465	10,873,480,720
Other assets	9	13,862,504,994	12,001,435,386
Non-banking assets	10	66,471,775	66,471,775
Goodwill	11	1,427,468,911	1,427,468,911
Total property and assets		456,595,103,748	414,855,096,444
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	12	12,572,789,394	23,461,531,027
Borrowings from Bangladesh Bank	13	23,370,068,779	12,487,885,372
Money at call on short notice	14	84,801,100	1,273,500,000
Deposits and other accounts	15	333,615,619,705	297,754,929,671
Current accounts and other accounts		141,841,491,410	101,846,330,888
Bills payable		1,797,962,669	1,911,038,678
Savings deposits		57,230,594,232	44,538,393,041
Fixed deposits		130,608,019,962	147,365,718,274
Other deposits		2,137,551,432	2,093,448,790
Other liabilities	16	32,773,722,525	33,213,605,195
Total liabilities		402,417,001,503	368,191,451,265
Capital and shareholders' equity			
Paid up capital	17.2	13,258,784,760	12,333,753,270
Share premium	17.7	3,853,767,032	3,853,767,032
Statutory reserve	18	9,405,017,728	8,129,149,416
Dividend equalization fund	19	355,218,455	355,218,455
Revaluation reserve on govt. securities	20.1	4,805,926,053	98,965,051
Assets revaluation reserve	20.2	478,558,600	478,558,600
Fair value reserve		78,920,073	78,920,073
Foreign currency translation reserve		(14,777,280)	23,670,247
Surplus in profit and loss account/Retained earnings	21.1	16,346,550,011	15,230,405,214
Total shareholders' equity		48,567,965,432	40,582,407,358
Non controlling interest	21.2	5,610,136,813	6,081,237,821
Total equity		54,178,102,245	46,663,645,179
Total liabilities and equity		456,595,103,748	414,855,096,444



BRAC Bank Limited and its subsidiaries
Consolidated Balance Sheet
As at 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
Off balance sheet items			
Contingent liabilities			
Acceptances and endorsements	22	27,887,446,334	27,669,571,296
Irrevocable letters of credit	22	15,550,643,171	12,226,956,921
Letter of guarantees	22.2	10,831,198,204	13,089,590,151
Bills for collection	22.3	12,320,479,990	20,918,191,150
		<u>66,589,767,699</u>	<u>73,904,309,518</u>
Other commitments			
Swap deals with banks and customers	22.4	18,307,971,009	23,391,560,275
Spot and forward deals with banks and customers	22.4	8,682,289,771	2,841,289,906
		<u>26,990,260,781</u>	<u>26,232,850,181</u>
Total off balance sheet items including contingent liabilities		<u>93,580,028,480</u>	<u>100,137,159,699</u>
Net asset value (NAV) per share	45	36.63	30.61

The notes 1 to 47 and annexures A to L form an integral part of these financial statements.

Managing Director and CEO

Director

Director

Chairman

As per our report of same date.

Auditor

Ali Ashfaq, Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

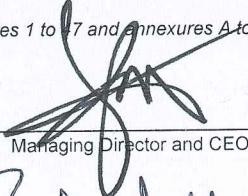
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Dhaka, 12 APR 2021

BRAC Bank Limited and its subsidiaries
Consolidated Profit and Loss Account
For the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
Interest income	24	27,079,940,016	32,622,685,991
Interest paid on deposits and borrowing etc.	25	13,551,857,896	14,697,927,471
Net interest income		13,528,082,120	17,924,758,520
Investment income	26	8,182,278,016	3,057,465,086
Commission, exchange and brokerage	27	6,846,329,406	6,599,171,455
Other operating income	28	170,205,482	238,083,987
Total operating income (a)		28,726,895,024	27,819,479,048
Salaries and allowances	29	9,043,103,741	7,869,286,126
Rent, taxes, insurance, electricity etc.	30	792,562,400	824,047,162
Legal expenses		53,059,777	57,680,540
Postage, stamps, telecommunication etc.	31	301,320,117	313,422,992
Stationery, printing, advertisement etc.	32	2,842,951,296	2,496,364,990
Chief Executive's salary and fees	33	18,775,000	18,775,000
Directors' fees	34	3,304,211	3,005,897
Auditors' fees	35	7,895,608	7,624,501
Depreciation and repair of the bank's assets	36	3,912,968,349	3,501,473,890
Other expenses	37	3,557,193,500	3,767,683,277
Total operating expenses (b)		20,533,133,999	18,859,364,375
Operating profit (c = a-b)		8,193,761,025	8,960,114,673
Share of profit/(loss) of associates	38	-	(3,564,399)
Gain/(loss) on disposal of subsidiaries/associates		-	5,001,679
Profit/(loss) before provisions (d)		8,193,761,025	8,961,551,953
Provision for loans/investments:			
Loans and advances		2,365,157,113	1,096,128,805
Diminution in value of investments		(563,219,881)	534,400,000
Off balance sheet items		63,083,635	(192,000,000)
Other provisions		7,481,732	22,481,808
Total provision (e)	39	1,872,502,599	1,461,010,613
Total profit/(loss) before taxes (f= d-e)		6,321,258,426	7,500,541,340
Provision for taxation:			
Current tax expense		2,840,345,166	3,993,350,029
Deferred tax expense / (income)		(545,564,997)	(1,075,395,289)
Total provision for taxation (g)	40	2,294,780,169	2,917,954,740
Net profit/(loss) after taxation (f-g)		4,026,478,257	4,582,586,600
Attributable to:			
Equity holders of BRAC Bank Limited		4,413,384,107	4,951,010,844
Non controlling interest		(386,905,850)	(368,424,244)
		4,026,478,257	4,582,586,600
Retained earnings brought forward from previous year		15,230,405,214	13,342,589,185
Net profit attributable to the equity holders of the Bank		4,413,384,107	4,951,010,844
Net effect of all items directly recognised in Equity-retained earnings		(171,308,013)	246,616,935
Profit available for appropriation		19,472,481,308	18,540,216,964
Appropriations:			
Statutory reserve		1,275,868,312	1,701,061,330
General reserve		-	-
Dividend		1,850,062,985	1,608,750,420
		3,125,931,297	3,309,811,750
Retained surplus		16,346,550,011	15,230,405,214
Earnings Per Share (EPS) [previous year's figure restated]	41	3.33	3.73

The notes 1 to 47 and annexures A to L form an integral part of these financial statements.


Managing Director and CEO

Director


Fahima Shendhy
Director

Chairman

As per our report of same date.



Auditor

Ali Ashfaq, Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Dhaka, 12 APR 2021

BRAC Bank Limited and its subsidiaries
Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

Particulars								Amount in Taka			
	Paid up capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total
Balance as at 01 January 2020	12,333,753,270	3,853,767,032	8,129,149,416	355,218,455	98,965,051	478,558,600	78,920,073	23,670,247	15,230,405,214	6,081,237,821	46,663,645,179
Surplus on account of revaluation of assets											
Recognition of deferred tax on revaluation of fixed assets											
Surplus/(deficit) on account of revaluation of investments											
Ordinary share issue against bond conversion											
Share premium against bond conversion											
Changes in foreign currency translation reserve											
Fair value reserve											
Remeasurements of defined benefits liability (assets)											
Effect of change in preference share of bKash											
Net gains and losses not recognised in the income statement	12,333,753,270	3,853,767,032	8,129,149,416	355,218,455	4,805,926,053	478,558,600	78,920,073	(14,777,280)	15,059,097,201	6,001,228,035	51,080,840,855
Net profit for the year											
Dividend for the year 2019:											
Stock dividend	925,031,490										
Cash dividend											
Dividend equalization fund											
Adjustment for subsidiaries holdings change											
Statutory reserve											
Balance as at 31 December 2020	13,258,784,760	3,853,767,032	9,405,017,778	355,218,455	4,805,926,053	478,558,600	78,920,073	(14,777,280)	16,346,550,011	5,610,136,813	54,178,102,245

For the year ended 31 December 2019

Particulars								Amount in Taka			
	Paid up capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total
Balance as at 01 January 2019	10,725,002,850	3,853,767,032	6,428,088,086	355,218,455	5,593,264	516,373,535	78,920,073	(17,674,822)	13,342,589,185	6,450,122,579	41,738,000,237
Surplus/(deficit) on account of revaluation of assets											
Recognition of deferred tax on revaluation of fixed assets											
Surplus/(deficit) on account of revaluation of investments											
Ordinary share issue against bond conversion											
Share premium against bond conversion											
Changes in foreign currency translation reserve											
Fair value reserve											
Remeasurements of defined benefits liability (assets)											
Effect of change in preference share of bKash	10,725,002,850	3,853,767,032	6,428,088,086	355,218,455	98,965,051	478,558,600	78,920,073	23,670,247	13,590,677,834	6,452,932,409	42,085,800,637
Net profit for the year											
Dividend for the year 2018:											
Stock dividend	1,608,750,420										
Cash dividend											
Dividend equalization fund											
Adjustment for subsidiaries holdings change											
Statutory reserve											
Balance as at 31 December 2019	12,333,753,270	3,853,767,032	8,129,149,416	355,218,455	98,965,051	478,558,600	78,920,073	23,670,247	16,081,237,821	46,663,645,179	

The notes 1 to 47 and annexures A to L form an integral part of these financial statements.



BRAC Bank Limited and its subsidiaries
Consolidated Cash Flow Statement
For the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
A. Cash flows from operating activities			
Interest receipts in cash		32,149,595,132	34,687,360,158
Interest payment		(15,463,170,310)	(13,911,791,386)
Dividend receipts		130,763,062	147,292,311
Fees and commission receipts in cash		28,610,570,178	27,086,387,248
Recoveries on loans previously written off		633,704,077	786,257,664
Cash payments to employees		(8,965,734,511)	(7,877,332,293)
Cash payments to suppliers		(25,375,595,894)	(20,906,139,145)
Income tax paid		(7,175,081,433)	(6,115,860,037)
Receipts from other operating activities	43	1,812,948,613	596,472,391
Payment for other operating activities	44	(4,201,545,462)	(4,760,977,173)
Operating profit before changes in operating assets and liabilities (i)		2,156,453,452	9,731,669,738
Increase/(decrease) in operating assets and liabilities			
Loans and advances		(8,638,680,349)	(26,058,586,421)
Other assets		1,565,213,895	(417,143,954)
Deposits from other banks/borrowings		(911,149,627)	5,316,638,248
Deposits from customers		37,742,136,950	36,821,447,652
Other liabilities		1,098,481,339	413,807,234
Cash utilised in operating assets and liabilities (ii)		30,856,002,208	16,076,162,759
Net cash flows from operating activities (i+ii) (a)		33,012,455,660	25,807,832,497
B. Cash flows from investing activities			
Treasury bills		11,618,356,004	(7,457,050,124)
Treasury bonds		(48,589,867,351)	(12,351,679,718)
Investment in shares		(371,439,457)	(104,611,148)
Sale/ (Investment) in bonds		159,332,423	(1,131,615,340)
Acquisition of fixed assets		(2,146,251,314)	(2,242,222,279)
Disposal of fixed assets		110,651,527	14,704,488
Net cash used in investing activities (b)		(39,219,218,168)	(23,272,474,121)
C. Cash flows from financing activities			
Proceeds from issue of convertible preference shares		-	-
Cash dividend paid		(921,492,906)	(2,980,595)
Net cash flows used in financing activities (c)		(921,492,906)	(2,980,595)
Net increase/(decrease) in cash (a+b+c)		(7,128,255,414)	2,532,377,781
Effect of exchange rate changes on cash and cash equivalent		101,239,535	86,358,446
Cash and cash equivalents at the beginning of the year		69,666,251,890	67,047,515,663
Cash and cash equivalents at the end of the year	42	62,639,236,011	69,666,251,890
Cash and cash equivalents at the end of the year:			
Cash in hand (including foreign currency)		7,836,614,607	6,963,607,535
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		12,151,189,284	16,103,064,899
Balance with other banks and financial institutions		42,650,004,620	46,597,711,756
Prize Bond		1,427,500	1,867,700
		62,639,236,011	69,666,251,890
Net operating cash flow per share	46	24.90	19.46

The notes 1 to 47 and annexures A to L form an integral part of these financial statements.



BRAC Bank Limited and its subsidiaries
Consolidated Liquidity Statement
(Asset and Liability Maturity Analysis)
As at 31 December 2020

Particulars	Amount in Taka				
	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years
Assets					
Cash in hand and Balance with Bangladesh Bank	8,618,140,279	-	-	-	11,369,663,612
Balance with other banks and financial institutions (including foreign currencies)	30,206,962,266	5,920,752,909	6,522,289,445	-	42,650,004,620
Money at call and short notice	1,784,527,014	212,495,900	28,130,823,815	34,870,674,544	94,094,812,131
Investments	27,624,895,628	38,634,528,099	117,934,355,477	78,466,876,590	273,438,940,961
Loans and advances	-	-	-	10,016,140,713	11,067,096,465
Fixed assets including premises, furniture and fixtures	5,011,776,984	105,273,779	5,030,589,227	515,508,785	3,199,356,219
Other assets	-	-	-	-	13,862,504,994
Non - banking assets	-	-	-	-	66,471,775
Goodwill	-	-	-	-	1,427,468,911
Total Assets	73,246,302,171	44,873,050,687	157,618,057,964	123,869,200,632	56,988,492,294
Liabilities					
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	2,512,590,831	7,999,313,874	18,529,250,006	6,352,232,127	549,471,335
Money at call and short notice	84,801,100	-	-	-	35,942,858,173
Deposits and other accounts	56,676,549,348	40,164,796,980	115,292,945,305	91,487,009,787	84,801,100
Other liabilities	4,155,294,481	3,113,881,595	9,158,479,931	4,441,695,811	333,615,619,705
Non-controlling interest	-	-	-	-	32,773,722,525
Total Liabilities	63,429,235,760	51,277,992,449	142,980,675,242	102,280,937,725	48,058,297,140
Net liquidity Gap	9,817,066,411	(6,404,941,762)	14,637,382,722	21,588,262,907	8,930,195,154
					48,567,965,432

Net result of the Liquidity Statement represents the Equity attributable to the shareholders of the Bank.

The notes 1 to 47 and annexures A to L form an integral part of these financial statements.



BRAC Bank Limited
Balance Sheet
As at 31 December 2020

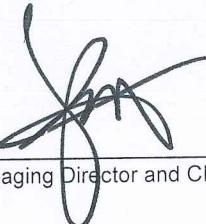
Particulars	Note	2020 Taka	2019 Taka
PROPERTY AND ASSETS			
Cash	3	19,243,096,656	22,829,508,087
Cash in hand (Including foreign currency)		7,091,907,372	6,726,443,188
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		12,151,189,284	16,103,064,899
Balance with other banks and financial institutions	4	14,358,762,046	15,799,498,546
Inside Bangladesh		7,928,558,845	13,203,670,424
Outside Bangladesh		6,430,203,201	2,595,828,122
Money at call on short notice	5		
Investments	6	68,896,004,194	45,943,571,923
Government		61,821,887,388	39,175,469,934
Others		7,074,116,806	6,768,101,989
Loans and advances	7	273,063,193,200	264,091,181,535
Loans, cash credit, overdrafts etc.		136,374,612,915	145,604,630,622
Small and medium enterprises		134,621,356,804	115,109,495,430
Bills purchased & discounted		2,067,223,481	3,377,055,483
Fixed assets including premises, furniture and fixtures	8	7,349,043,033	8,188,718,148
Other assets	9	14,525,819,425	12,485,056,383
Non-banking assets	10	66,471,775	66,471,775
Total property and assets		397,502,390,329	369,404,006,397
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions & agents	12	11,913,324,935	22,901,981,186
Borrowings from Bangladesh Bank	13	23,370,068,779	12,487,885,372
Money at call on short notice	14	84,801,100	1,273,500,000
Deposits and other accounts	15	289,054,405,724	268,309,328,462
Current accounts & other accounts		97,266,324,684	70,387,783,800
Bills payable		1,797,962,669	1,911,038,678
Savings deposits		57,230,594,232	44,538,393,041
Fixed deposits		130,621,972,707	149,378,664,153
Other deposits		2,137,551,432	2,093,448,790
Other liabilities	16	26,124,705,425	25,512,078,465
Total Liabilities		350,547,305,963	330,484,773,485
Capital and shareholders' equity			
Paid up capital	17.2	13,258,784,760	12,333,753,270
Share premium	17.7	3,853,767,032	3,853,767,032
Statutory reserve	18	9,405,017,728	8,129,149,416
Dividend equalization fund	19	355,218,455	355,218,455
Revaluation reserve on govt. securities	20.1	4,805,926,053	98,965,051
Assets revaluation reserve	20.2	478,558,600	478,558,600
Fair value gain/(loss) on equity investment	9	1,131,197,846	1,261,102,670
Foreign currency translation reserve		(13,641,635)	29,914,158
Surplus in profit and loss account/Retained earnings	21	13,680,255,527	12,378,804,260
Total shareholders' equity		46,955,084,366	38,919,232,912
Total liabilities and shareholders' equity		397,502,390,329	369,404,006,397



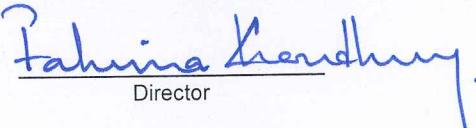
BRAC Bank Limited
Balance Sheet
As at 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
Off balance sheet items			
Contingent liabilities			
Acceptances and endorsements	22	27,887,446,334	27,669,571,296
Irrevocable letters of credit	22	15,550,643,171	12,226,956,921
Letter of guarantees	22.2	10,831,198,204	13,089,590,151
Bills for collection	22.3	12,320,479,990	20,918,191,150
		<u>66,589,767,699</u>	<u>73,904,309,518</u>
Other Commitments			
Swap deals with banks and customers	22.4	18,307,971,009	23,391,560,275
Spot and forward deals with banks and customers	22.4	8,682,289,771	2,841,289,906
		<u>26,990,260,781</u>	<u>26,232,850,181</u>
Total off balance sheet items including contingent liabilities			
Net asset value (NAV) per share			
	45	35.41	29.35

The notes 1 to 47 and annexures A to L form an integral part of these financial statements.



Managing Director and CEO



Fahima Hendry.
Director



Director



Chairman

As per our report of same date.



Auditor

Ali Ashfaq, Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Dhaka, 12 APR 2021

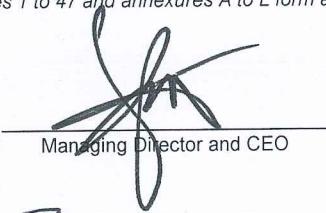
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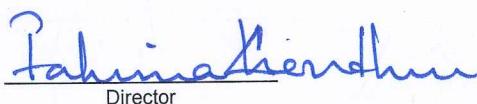


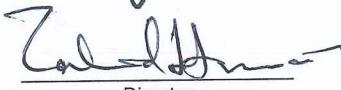
BRAC Bank Limited
Profit and Loss Account
For the year ended 31 December 2020

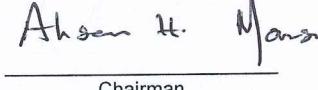
Particulars	Note	2020 Taka	2019 Taka
Interest income	24	24,708,585,875	29,692,102,368
Interest paid on deposits and borrowing etc.	25	13,328,975,578	14,654,308,149
Net interest income		11,379,610,297	15,037,794,219
Investment income	26	6,456,643,091	3,071,620,681
Commission, exchange and brokerage	27	2,560,275,778	3,168,228,463
Other operating income	28	111,861,433	110,459,191
Total operating income (a)		20,508,390,599	21,388,102,554
Salaries and allowances	29	6,228,455,055	5,578,849,064
Rent, taxes, insurance, electricity etc.	30	664,814,313	701,300,962
Legal expenses		18,361,919	31,142,353
Postage, stamps, telecommunication etc.	31	204,617,611	230,319,874
Stationery, printing, advertisement etc.	32	220,659,472	269,486,898
Chief Executive's salary and fees	33	18,775,000	18,775,000
Directors' fees	34	1,596,800	1,066,520
Auditors' fees	35	1,840,000	1,840,000
Depreciation and repair of the bank's assets	36	2,081,241,194	2,050,466,915
Other expenses	37	2,466,298,899	2,557,229,126
Total operating expenses (b)		11,906,660,263	11,440,476,712
Profit before provisions (c = a-b)		8,601,730,336	9,947,625,842
Provision for loans/Investments:			
Loans and advances		2,365,157,113	1,096,128,805
Diminution in value of investments		(563,219,881)	534,400,000
Off balance sheet items		63,083,635	(192,000,000)
Other provisions		1,581,941	3,790,385
Total provision (d)	39	1,866,602,808	1,442,319,190
Total Profit/(loss) before taxes (e= c-d)		6,735,127,528	8,505,306,652
Provision for taxation:			
Current tax expense		2,537,375,925	3,718,904,812
Deferred tax income		(343,080,346)	(859,400,548)
Total provision for taxation (f)	40	2,194,295,579	2,859,504,264
Net profit after taxation (e-f)		4,540,831,949	5,645,802,388
Retained earnings brought forward from previous period/year		12,378,804,260	9,794,724,973
Net effect of all items directly recognised in Equity-retained earnings		(113,449,385)	248,088,649
Profit available for appropriation		16,806,186,824	15,688,616,010
Appropriations:			
Statutory reserve		1,275,868,312	1,701,061,330
General reserve		-	-
Dividend		1,850,062,985	1,608,750,420
Dividend equalization fund		-	-
Retained Surplus		3,125,931,297	3,309,811,750
Earnings Per Share (EPS) [previous year's figure restated]	41	13,680,255,527	12,378,804,260
		3.42	4.26

The notes 1 to 47 and annexures A to L form an integral part of these financial statements.


Managing Director and CEO


Director


Director


Chairman

As per our report of same date.


Auditor

Ali Ashfaq, Partner
Enrolment Number: 509
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

Dhaka, 12 APR 2021

BRAC Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2020

Particulars								Amount in Taka		
	Paid up capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation reserve	Foreign currency translation reserve	Fair value gain/(loss) on equity investment*	Retained earnings	Total
Balance as at 01 January 2020	12,333,753,270	3,853,767,032	8,129,149,416	355,218,455	98,965,051	478,558,600	29,914,158	1,261,102,670	12,378,804,260	38,919,232,912
Surplus/deficit on account of revaluation of assets	-	-	-	-	4,706,961,002	-	-	-	-	4,706,961,002
Recognition of Deferred Tax on revaluation reserve of investments	-	-	-	-	-	(43,555,793)	-	-	-	(43,555,793)
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	(129,904,824)	(129,904,824)	-	(129,904,824)
Changes in translation reserve	-	-	-	-	-	-	(129,904,824)	(113,449,385)	(113,449,385)	(113,449,385)
Changes in CCI reserve for investment in subsidiaries and associates	-	-	-	-	-	-	-	-	-	-
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-	-
Net gains and losses not recognised in the income statement	12,333,753,270	3,853,767,032	8,129,149,416	355,218,455	4,805,926,053	478,558,600	(13,641,635)	1,131,197,846	12,265,354,875	43,339,283,912
Net profit for the year	-	-	-	-	-	-	-	4,540,831,949	4,540,831,949	4,540,831,949
Dividends for the year 2019:	-	-	-	-	-	-	-	(925,031,490)	(925,031,490)	(925,031,490)
Stock dividend	925,031,490	-	-	-	-	-	-	-	-	(925,031,495)
Cash dividend	-	-	-	-	-	-	-	-	-	(925,031,495)
Statutory reserve	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2020	13,258,784,760	3,853,767,032	9,405,017,728	355,218,455	4,805,926,053	478,558,600	(13,641,635)	1,131,197,846	13,680,255,527	46,955,084,366

Particulars								Amount in Taka		
	Paid up capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation reserve	Foreign currency translation reserve	OCI Reserve for equity investment	Retained earnings	Total
Balance as at 01 January 2019	10,725,002,850	3,853,767,032	6,428,088,086	355,218,455	5,593,264	478,558,600	(3,001,421)	1,846,507,062	9,794,724,973	31,637,951,839
Changes in accounting policy	-	-	-	-	-	-	-	-	-	1,846,507,062
Restated balance	10,725,002,850	3,853,767,032	6,428,088,086	355,218,455	5,593,264	478,558,600	(3,001,421)	1,846,507,062	9,794,724,973	31,637,951,839
Surplus/deficit on account of revaluation of assets	-	-	-	-	-	-	-	-	-	-
Recognition of Deferred Tax on revaluation reserve of fixed assets	-	-	-	-	93,371,787	-	-	-	-	93,371,787
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-	-	-	32,915,579
Changes in translation reserve	-	-	-	-	-	32,915,579	-	-	-	(585,404,392)
Changes in CCI reserve for investment in subsidiaries and associates	-	-	-	-	-	-	-	-	-	248,088,649
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-	33,273,430,524
Net gains and losses not recognised in the income statement	10,725,002,850	3,853,767,032	6,428,088,086	355,218,455	98,965,051	478,558,600	29,914,158	1,261,102,670	5,645,002,308	5,645,002,308
Net profit for the year	-	-	-	-	-	-	-	-	-	-
Dividends for the year 2018:	-	-	-	-	-	-	-	-	-	-
Stock dividend	1,608,750,420	-	-	-	-	-	-	-	-	(1,608,750,420)
Cash dividend	-	-	-	-	-	-	-	-	-	-
Statutory reserve	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2019	12,333,733,270	3,853,767,032	8,129,149,416	355,218,455	98,965,051	478,558,600	29,914,158	1,261,102,670	12,378,804,260	38,919,232,912

* Detail of fair value gain/(loss) on equity investments has been provided at Note-9

The notes 1 to 47 and annexures A to L form an integral part of these financial statements.



BRAC Bank Limited
Cash Flow Statement
For the year ended 31 December 2020

Particulars	Note	2020 Taka	2019 Taka
A. Cash flows from operating activities			
Interest receipts in cash		28,051,067,431	31,838,943,779
Interest payment		(15,343,961,961)	(13,904,507,701)
Dividend receipts		96,094,680	123,760,324
Fees and commission receipts in cash		2,560,275,778	3,151,040,824
Recoveries on loans previously written off		633,704,077	786,257,664
Cash payments to employees		(6,243,757,705)	(5,650,932,696)
Cash payments to suppliers		(423,015,776)	(556,139,283)
Income tax paid		(3,564,500,491)	(2,706,854,957)
Receipts from other operating activities	43	1,691,821,434	642,094,138
Payment for other operating activities	44	(3,611,118,630)	(4,275,850,196)
Operating Cash flow before changes in operating assets and liabilities (i)		3,846,608,837	9,447,811,896
Increase/decrease in operating assets and liabilities			
Loans and advances to customers		(8,972,011,665)	(26,083,078,267)
Other assets		1,207,569,075	(329,557,246)
Deposits from other banks/borrowings		(1,295,171,744)	5,360,091,417
Deposits from customers		22,632,432,701	33,837,248,816
Other liabilities		1,195,346,011	473,789,477
Cash utilised in operating assets and liabilities (ii)		14,768,164,378	13,258,494,197
Net cash flows from operating activities (i+ii) (a)		18,614,773,215	22,706,306,093
B. Cash flows from investing activities			
Treasury bills		12,463,112,715	(6,482,003,710)
Treasury bonds		(34,318,050,369)	(12,351,679,718)
Sale/ (Investment) in shares		(465,347,240)	(207,711,895)
Sale/ (Investment) in bonds		159,332,423	(1,131,615,340)
Acquisition of fixed assets		(758,893,262)	(1,219,205,803)
Disposal of fixed assets		108,701,537	12,760,488
Net cash used in investing activities (b)		(22,811,144,196)	(21,379,455,978)
C. Cash flows from financing activities			
Dividend paid		(918,394,579)	(172,484)
Net cash used in financing activities (c)		(918,394,579)	(172,484)
Net increase/decrease in cash (a+b+c)		(5,114,765,560)	1,326,677,631
Effect of exchange rate changes on cash and cash equivalent		87,177,429	50,003,697
Cash and cash equivalents at the beginning of year		38,630,874,333	37,254,193,005
Cash and cash equivalents at the end of the year	42	33,603,286,202	38,630,874,333
Cash and cash equivalents at the end of the year:			
Cash in hand (including foreign currency)		7,091,907,372	6,726,443,188
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		12,151,189,284	16,103,064,899
Balance with other banks and financial institutions		14,358,762,046	15,799,498,546
Prize Bond		1,427,500	1,867,700
Net operating cash flow per share	46	14.04	17.13

The notes 1 to 47 and annexures A to L form an integral part of these financial statements.

Note: The reconciliation of net profit with cash flows from operating activities (standalone basis) has been presented at Annexure - L.



BRAC Bank Limited
Liquidity Statement
(Asset and Liability Maturity Analysis)
As at 31 December 2020

Particulars						Amount in Taka
	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years	
Assets						
Cash in hand and balance with Bangladesh Bank	7,873,433,043	-	-	-	-	11,369,663,613
Balance with other banks and financial institutions (including foreign currencies)	4,778,309,246	5,360,425,300	4,220,027,500	-	-	19,243,096,656
Money at call and short notice	-	-	-	-	-	14,358,762,046
Investments	371,710,417	200,000,000	4,454,314,969	34,773,687,950	-	-
Loans and advances	29,109,434,900	38,634,528,099	116,074,068,443	78,466,876,591	10,778,285,167	68,896,004,194
Fixed assets including premises, furniture and fixtures	-	-	-	6,298,087,281	1,050,955,752	273,063,193,200
Other assets	4,524,601,762	97,649,044	27,139,314	504,092,755	9,372,336,550	7,349,043,033
Non-banking assets	-	-	-	-	14,525,819,425	-
Total Assets	46,657,489,368	44,292,602,443	124,775,550,226	120,042,744,577	61,734,003,715	397,502,390,329
Liabilities						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	4,009,824,930	7,300,740,486	17,090,589,296	6,352,232,127	530,006,875	35,283,393,714
Money at call and short notice	84,801,100	-	-	-	-	84,801,100
Deposits and other accounts	33,255,204,337	37,828,325,090	96,489,548,224	91,487,009,788	29,994,318,285	289,054,405,724
Other liabilities	3,016,704,117	3,030,441,973	3,768,619,002	4,205,234,457	12,103,705,876	26,124,705,425
Total Liabilities	40,366,534,484	48,159,507,549	117,348,756,522	102,044,476,372	42,628,031,036	350,547,305,963
Net liquidity Gap	6,290,954,884	(3,866,905,106)	7,426,793,704	17,998,268,205	19,105,972,679	46,955,084,366

Net result of the Liquidity Statement represents the Equity attributable to the shareholders of the Bank.

The notes 1 to 47 and annexures A to L form an integral part of these financial statements.



BRAC Bank Limited

Notes to the financial statements as at and for the year ended 31 December 2020

Section - One : Corporate profile and significant accounting policies

1.1 BRAC Bank Limited

BRAC Bank Limited (the "Bank", or "BRAC Bank") is a scheduled commercial bank established under the Bank Company Act, 1991, and incorporated as a public company, limited by shares, on 20 May 1999 under the Companies Act, 1994, in Bangladesh, vide RJSC registration no. C-37782(2082)/99. The primary objective of the bank is to conduct all kinds of banking businesses. On completion of all legal formalities, the bank commenced its operations on 4th July 2001. At present, the bank has 187 banking branches (2019: 187 branches), 185 zonal offices (2019: 186 zonal offices), 456 SME unit offices (2019: 456 SME unit offices), 375 ATMs (2019: 424 ATMs) and 481 agent outlets (2019: 301 agent outlets) spread across the country. 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. A brief description of the subsidiaries and associates of BRAC Bank is provided in note 1.2.

1.1.1 Principal Activities and nature of operations of BRAC Bank Limited

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

As a fully operational commercial bank, BRAC Bank Limited focuses on pursuing unexplored market niches in the Small and Medium Enterprises (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.

Real Economy intermediation can be considered Triple Bottom Line if it supports individuals or enterprises delivering impact in at least one of the following categories: Social Empowerment (People), Environmental Regeneration (Planet), and/or Economic Resiliency (Prosperity). As a founder member of GABV and being the trailblazer of values-based banking in Bangladesh, BRAC bank always strives to contribute towards achieving the Sustainable Development Goals (SDGs), where financing for SMEs to generate employment in an environmentally-friendly manner remains as our top priority.

1.1.2 Off Shore Banking Unit

The Bank commenced its off-shore banking operation after obtaining permission from Bangladesh Bank in 2010. The Off-shore Banking Unit (OBU) is governed by the rules and guidelines of Bangladesh Bank. Apart from the reporting of OBU with solo financial statements, a separate financial statements of OBU is shown in **Annexure I**. The principal activities of OBU are to provide all kinds of commercial banking services to its customers in Bangladesh in foreign currency.

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. Financial performance of Security Custodial Services have been separately reported in **Annexure J** along with Bank's audited financial statements in compliance with the requirement u/s 10(2) of Security Custodial Services Rules 2003. The due certificate from external auditors has been obtained on internal control and financial statements of security custodial operations of the Bank and annexed with the financial statements.

1.1.4 Agent banking

BRAC Bank obtained permission from Bangladesh Bank on 11 March 2018, vide reference no. BRPD(P-3)745/(50)2018-1806, to commence Agent Banking services and, subsequently, started commercial operations on 11 September 2018. Agent Banking channel will be the vital move of BRAC Bank Limited to provide smart banking services to the unbanked population of the nation, hence boost the financial inclusion countrywide. BRAC Bank Limited looks forward to expand its agent banking network since it enables the bank to extend its services to the underserved people living in the remote region where traditional branch banking is difficult to perform. BBL also wants to make its services accessible to those who have little formal and financial literacy in a cost effective manner. Till 31 December 2020, there were 481 Agent Banking Outlets in 64 districts across the country.

To facilitate and secure the services of agent banking channel, the Agent Banking Software (ABS) will be under use which enables the transactions to be real time through online. The transactions will be secured by two factor authentication (2FA) mechanism in which both the customer's and the agent's thumbprint through a biometric device will be used to validate the transaction/request. By the system customer will be notified through a system generated printed receipt of the executed transaction and an SMS alert as well.

Services that are currently being dispensed include account opening (savings), cash deposit and withdrawal, cash deposits in branch A/C, SME loan disbursement & repayment collection, foreign remittance disbursement, debit card & cheque book issuance, corporate bill/distributor fee collection, insurance premium collection, balance inquiry, internet and SMS banking etc.



1.2 Subsidiaries and associates of BRAC Bank Limited

1.2.1 BRAC EPL Investments Limited (subsidiary)

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

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

The audited financial statements is enclosed in **Appendix - A**.

1.2.2 BRAC EPL Stock Brokerage Limited (subsidiary)

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

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

The audited financial statements is enclosed in **Appendix - B**.

1.2.3 bKash Limited (subsidiary)

BRAC Bank Limited formed bKash Limited, a private company limited by shares incorporated on 1 March 2010 under the Companies Act, 1994. bKash Limited was established to introduce mobile financial services in Bangladesh. The bank has obtained a license from Bangladesh Bank for bKash Limited for rendering mobile financial services. Notable, Alipay Singapore E- Commerce Private Limited (AliPay) invested in the equity of bKash Limited in 2018. BRAC Bank currently holds 51% equity shares in the company. Out of the remaining equity shares, 29% is held by Money in Motion LLC (a company listed in the US), 9.9% is held by International Finance Corporation (IFC), and the rest 10.1% is held by Alipay Singapore.

With the consent of all existing shareholders, in 2014, Bill & Melinda Gates Foundation (B&M) and in 2018, Alipay Singapore E- Commerce Private Limited ("Alipay") further invested in bKash Limited in the form of convertible preference shares. Out of the total 87,963 convertible preference shares, B&M holds 32,530 shares, and Alipay holds 55,433 shares. Preference shareholders do not have any voting rights but has same rights as equity shareholders with respect to economic interest in the company. These preference shares are convertible at a 1:1 basis to ordinary shares at the option of the preference shareholders. Consolidated financial statements have been prepared considering the potential dilution, or otherwise according to economic interest on bKash.

The audited financial statements is enclosed in **Appendix - C**.

1.2.4 BRAC SAAJAN Exchange Limited (subsidiary)

BRAC Bank Limited acquired 75%+1 shares (249,992 shares out of the total 333,333 shares) of "SAAJAN Worldwide Money Transfer Limited" (SWMTL) in the UK. Bangladesh Bank provided necessary approvals of GBP 500,000 to acquire SWMTL and setting up two new branches in Luton and Bradford, UK. As per permission of Bangladesh Bank, SWMTL has been renamed as "BRAC SAAJAN Exchange Ltd" (BSE). BRAC Bank has been controlling and monitoring all its operations as a holding company.

The audited financial statements is enclosed in **Appendix - D**.

1.2.5 BRAC IT Services Limited (associate)

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



1.2.6 Summary of shareholding in subsidiaries and associates

BRAC Bank's (BBL) shareholding position in all of its subsidiaries and associates is summarized below:

Name of subsidiaries/associates	Face value per share	Total no. of ordinary shares		No. of ordinary shares held by BBL		BBL's percentage of shareholding	
		2020	2019	2020	2019	2020	2019
BRAC EPL Investments Limited	BDT 10	258,500,000	258,500,000	258,358,734	258,358,734	99.95%	99.95%
BRAC EPL Stock Brokerage Limited	BDT 100	7,009,538	7,009,538	6,308,541	6,308,541	90.00%	90.00%
bKash Limited	BDT 100	381,949	381,949	194,800	194,800	51.00%	51.00%
BRAC SAAJAN Exchange Limited	GBP 1	333,333	333,333	249,992	249,992	75.00%	75.00%
BRAC IT Services Limited	BDT 1,000	233,729	62,024	30,190	30,190	12.92%	48.67%

2 Basis of preparation of financial statements

2.1 Consolidated and separate financial statements

Separate financial statements of the bank for the year ended 31 December 2020 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 comprise those of the bank (parent) and its subsidiaries and associates (note 1.2), together referred to as 'the Group', or individually referred to as 'Group entities/subsidiaries/associates', as the case may be. There were no significant changes in the operations of the bank/group entities. A summary of accounting principles and policies which have been applied consistently (unless otherwise stated), are set out below and in the notes of respective areas:

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 Bangladesh Bank (BB) time to time;
 - iv) Bangladesh Securities and Exchange Rules, 1987; Bangladesh Securities and Exchange Ordinance, 1969; Bangladesh Securities and Exchange Act, 1993 and Bangladesh Securities and Exchange Commission (Public Issue) Rules 2015 and amendments thereon;
 - v) The Income Tax Ordinance, 1984, and amendments thereon;
 - vi) The Value Added Tax Act, 2012, The Value Added Tax Rules, 2016 and amendments thereon;
 - vii) Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations; and
 - viii) Financial Reporting Act, 2015.

In case any requirement of the Bank Company Act, 1991, and provisions and circulars issued by Bangladesh Bank (BB) differ with those of IFRS, the requirements of the Bank Company Act, 1991, and provisions and circulars issued by BB shall prevail. Material departures from the requirements of IFRS are as follows:

i) Investment in equity instruments

IFRS: As per requirements of IFRS 9: Classification and measurement of investment in equity instruments depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors, it would generally fall either under 'at fair value through profit and loss account' or under 'at fair value through other comprehensive income' where any change in the fair value (measured in accordance with IFRS 13) at the year-end is taken to the profit and loss account or other comprehensive income, respectively.

Bangladesh Bank: As per Banking Regulation and Policy Department (BRPD) circular no. 14, dated 25 June 2003, investments in quoted shares and unquoted shares are revalued at the year-end at market price and as per the book value of the last audited balance sheet, respectively. Provisions should be made for any loss arising from diminution in value of investments; otherwise investments are recognised at cost.

ii) Subsequent measurement of Government securities

IFRS: Government securities refer primarily to various debt instruments which include both bonds and bills. As per requirements of IFRS 9: Financial Instruments, bonds can be categorised as "Amortised Cost (AC)", or "Fair Value Through Profit or Loss (FVTPL)", or "Fair Value through Other Comprehensive Income (FVOCI)". Bonds designated as Amortised Cost are measured at amortised cost method, and interest income is recognised through profit and loss account. Any changes in fair value of bonds designated as FVTPL is recognised in the profit and loss account. Any changes in fair value of bonds designated as FVOCI is recognised in other reserves, as a part of equity.

As per requirements of IFRS 9, bills can be categorised either as "Fair Value Through Profit or Loss (FVTPL)" or "Fair Value through Other Comprehensive Income (FVOCI)". Any change in fair value of bills is recognised in the profit and loss account or other reserves as a part of equity, respectively.



Bangladesh Bank: As per DOS Circular no. 05, dated 26 May 2008, and subsequent clarification in DOS Circular no. 05, dated 28 January 2009, Government securities/bills are classified into Held for Trading (HFT) and Held to Maturity (HTM). HFT securities are revalued on the basis of mark-to-market and at year-end, any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity. Any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities, including amortisation of discount, are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at year-end, and gains or losses on amortisation are recognised in other reserves as part of equity.

iii) Provision on loans and advances

IFRS: As per IFRS 9: Financial Instruments, an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses, if the credit risk on these loans and advances has increased significantly since initial recognition, whether assessed on an individual or collective basis, considering all reasonable information (including that which is forward-looking). For those loans and advances for which credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12-month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after the reporting date.

Bangladesh Bank: As per BRPD Circular no. 07 dated 21 June 2018, BRPD Circular no 13 dated 18 October 2018, BRPD circular No. 15 dated 27 September 2017, BRPD circular no. 16 dated 18 November 2014, BRPD circular no. 14 dated 23 September 2012, BRPD circular no. 05 dated 29 May 2013, BRPD circular no. 1 dated 20 February 2018, BRPD circular no. 3 dated 21 April 2019, BRPD circular no. 52 Dated 20 October 2020, a general provision at 0.25% to 2% under different categories of unclassified loans (good/standard and SMA loans) has to be maintained regardless of objective evidence of impairment. Also, provision for different categories of classified loans (sub-standard, doubtful and bad and loss loans) has to be provided at 20%, 50% and 100% respectively, for loans and advances depending on time past due. Again, as per BRPD circular no. 14 dated 23 September 2012 and BRPD circular no. 07 dated 21 June 2018, a general provision at 1% is required to be provided for all off-balance sheet exposures except on 'bills for collection' and 'guarantees' where the counter guarantees have been issued by multilateral development bank (MDB)/international bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks, in line with Basel-III). Such provision policies are not specifically in line with those prescribed by IFRS 9. As per BRPD circular no. 16 dated 21 July 2020, provision @ 5%, 20% on SMEF financing on SS,DF except mediem entreprise has to be maintained. As per BRPD circular No: 56 dated 10 December 2020, Special General Provision - COVID-19 @ 1% has to be maintained on all UC moratorium loans.

iv) Other comprehensive income

IFRS: As per IAS 1 Presentation of Financial Statements, other comprehensive income is a component of financial statements or the elements of other comprehensive income are to be included in single comprehensive income statements.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) statement. As such, the bank does not prepare Other Comprehensive Income statement. However, elements of OCI, if any, are shown in the statement of Changes in Equity.

v) Financial instruments – presentation and disclosure

In several cases, Bangladesh Bank guideline categorize, recognise, measure and present financial instruments differently from those prescribed in IFRS 9: Financial Instruments. Hence, some disclosure and presentation requirements of IFRS 7 Financial Instruments: Disclosures and IAS 32 Financial Instruments: Presentation cannot be made in the financial statements.

vi) Repo and reverse repo transactions

IFRS: As per IFRS 9, when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan, and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per DOS Circular letter no. 6, dated 15 July 2010, and subsequent clarification in DOS Circular no. 03, dated 30 January 2012 and DOS circular no. 2, dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction, and the financial assets are de-recognised in the seller's book and recognised in the buyer's book.

However, as per DMD circular letter no. 7, dated 29 July 2012, non-primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralised repo arrangements with Bangladesh Bank. Here, the selling bank accounts for the arrangement as a loan, thereby continuing to recognise the asset.



vii) Financial guarantees

IFRS: As per IFRS 9: Financial Instruments, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due, in accordance with the term of debt instruments. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount, and the loss allowance determined as expected credit loss under IFRS 9. Financial guarantees are prescribed to be included within other liabilities.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, financial guarantees, such as Letter of Credit and Letter of Guarantee should be treated as off balance sheet items. No liability is recognised for the guarantee, except the cash margin.

viii) Cash and cash equivalents

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 7: Statement of Cash Flows.

Bangladesh Bank: Some cash and cash equivalent items, such as money at call and on short notice, treasury bills, Bangladesh Bank bills and prize bonds are not shown as cash and cash equivalents. Money at call and on short notice is shown separately in the balance sheet. Treasury bills, Bangladesh Bank bills and prize bonds are shown under investment in the balance sheet. However, in the cash flow statement, money at call and short notice and prize bonds are shown as cash and cash equivalents beside cash-in-hand, balance with Bangladesh Bank and other banks.

ix) Non-banking assets

IFRS: There is no particular/specific guideline about non-banking assets in IFRS.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, there is a separate balance sheet item titled as non-banking asset that exists in the standard format.

x) Cash flow statement

IFRS: As per IAS 7: Statement of Cash Flows, cash flow statement can be prepared either in direct method or indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, the cash flow statement is a mix of both the direct and indirect methods.

xi) Balance with Bangladesh Bank

IFRS: Balance with Bangladesh Bank should be treated as other asset, as it is not available for use in day to day operations, as per IAS 7: Statement of Cash Flows.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

xii) Presentation of intangible asset

IFRS: Intangible assets must be identified and recognised, and the disclosure must be given as per IAS 38: Intangible Assets.

Bangladesh Bank: Intangible assets are shown in fixed assets, including premises and furniture and fixtures, as there is no specific regulation for intangible assets in BRPD circular no. 14, dated 25 June 2003.

xiii) Off balance sheet items

IFRS: As per IFRS, there is no requirement for disclosure of off balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, off balance sheet items, e.g. Letter of Credit, Letter of Guarantee and Acceptance must be disclosed separately on the face of the balance sheet.

xiv) Disclosure of appropriation of profit

IFRS: There is no requirement to show appropriation of profit on the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, appropriation of profit should be disclosed on the face of profit and loss account.

xv) Loans and advances/investments net of provision

IFRS: As per IFRS 9, loans and advances/investments should be presented net of provision.

Bangladesh Bank: As per BRPD circular no. 14, dated 25 June 2003, provision on loans and advances/investments are presented separately as liability and cannot be netted-off against loans and advances.



xvi) Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9, and interest income is recognised in the profit and loss account by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently becomes credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

Bangladesh Bank: As per BRPD circular no. 14, dated 23 September 2012, once a loan is classified as Sub-standard, Doubtful BL (special reason), interest accrued on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account which is presented as other liability in the balance sheet.

xvii) Provision on undrawn loan commitments

IFRS: As per IFRS 9, the bank shall recognise credit losses on undrawn loan commitments, such as Letter of Credit (L/C), Letter of Guarantee (L/G), etc., as the present value of the difference between the contractual cash flow that are due by the customer if the commitment is drawn down and the cash flows that the bank expects to receive.

Bangladesh Bank: As per BRPD Circular no. 07, dated 21 June 2018, and BRPD Circular no. 14, dated 23 September 2012, the bank is required to maintain a provision at 1% rate against off balance sheet exposures (which includes all types of undrawn loan commitments).

xviii) Name of the financial statements

IFRS: As per IAS 1, complete set of financial statements consists statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes, comprising significant accounting policies and other explanatory information.

Bangladesh Bank: The forms of financial statements and directives for preparation thereof of the bank companies in Bangladesh are guided by BRPD Circular no. 14, dated 25 June 2003 and subsequent amendments thereof from time to time. BRPD circular no. 14 states the statement of financial position as balance sheet and statement of profit or loss and other comprehensive income as profit and loss account.

[Also refer to (note 2.9) Compliance of International Financial Reporting Standards (IFRS)]

2.1.2 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'. Management has also assessed the overall impact on COVID 19 and has not identified any indications that may cast doubt on going concern of the group and the bank. Bank's primary business has not impacted expressively as it has a significant growth even the pandemic declared by WHO except in cards and trade business. The management do not see any issue with respect to going concern due to recent pandemic COVID-19. Besides, the management is not aware of any other material uncertainties that may cast significant doubt upon the bank's ability to continue as a going concern.

2.1.3 Functional and presentation currency

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

2.1.4 Use of estimates and judgments

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Impairment losses on loans and advances

In addition to the provision made for loans and advances based on the guidelines of Bangladesh Bank, the Bank reviews its loans and advances portfolio on a monthly basis to assess whether a further allowance for impairment should be provided in the income statement. Judgments by the management is required in the estimation of these amounts, and such estimations are based on assumptions about a number of factors, though actual results may differ, resulting in future changes to the provisions.



Other items

- Other key items where estimates or judgements were involved include:
- a) Deferred tax (Note - 9.4)
 - b) Useful life of fixed assets and right of use of assets (Note - 8)
 - c) Revaluation of land (Note - 20.2 and Annexure - F)
 - d) Provisions (Note - 16)
 - e) Defined benefit obligation - gratuity (Note - 9.5)
 - f) Remeasurement gain/(loss) of defined benefit obligation and plan assets (Note - 9.5)
 - g) Impairment testing of goodwill and/or investment in subsidiary/associates (Note 6 and 37.1)
 - h) Lease liabilities (Note - 16)
 - i) Provision for taxation (Note - 40)

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.

2.1.6 Comparative information

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

2.2 Basis of consolidation

Consolidated financial statements include financial statements of BRAC Bank Limited and its subsidiaries, BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited, bKash Limited and BRAC SAAJAN Exchange Limited, as those of a single economic entity.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) 10: *Consolidated Financial Statements*. The consolidated financial statements are prepared to a common reporting year ended 31 December 2020.

Subsidiaries

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

Financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-company transactions, balances and intra-group gains on transactions between group companies are eliminated on consolidation.

Associates

An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor (*IAS-28: Investments in Associates and joint 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'. Under this method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognise the investor's share of profits or losses of the investee after the date of acquisition. The investor's share of the investee's profits or losses is recognised in the investor's profit and loss account. Distributions received from an investee reduce the carrying amount of the investment.

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

The bank has one associate, namely BRAC IT Services Limited (biTS) at the end of year and has been accounted for under equity method in the consolidated financial statements of the Bank.

2.3 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the spot exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in reserve as part of equity.



Foreign operations

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

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

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

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.

No provision is recognised for-

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

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

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

2.5 Reporting period

These financial statements cover one calendar year - from 01 January to 31 December 2020.

2.6 Basis of preparation of liquidity statement

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

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

2.7 Dividend

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

Dividend on ordinary shares for the year that is recommended by the Directors after the balance sheet date for approval of shareholders at the Annual General Meeting are disclosed in Note - 47.6 to the financial statements.

2.8 Reconciliation of inter-bank/inter-branch account

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

There are no un-reconciled entries related to inter-branch transactions as on the reporting date.



2.9 Compliance with International Financial Reporting Standard (IFRS)

Ref.	Name of the standards	Status
IFRS-1	First-Time Adoption of International Financial Reporting Standards	Not applicable
IFRS-2	Share-based Payment	Not applicable
IFRS-3	Business Combinations	Complied
IFRS-4	Insurance Contracts	Not applicable
IFRS-5	Non-current assets Held for Sale and Discounted Operations	Not applicable
IFRS-6	Exploration for and Evaluation of Mineral Resources	Not applicable
IFRS-7	Financial Instruments: Disclosures	Complied *
IFRS-8	Operating Segments	Complied*
IFRS-9	Financial Instruments	Complied *
IFRS-10	Consolidated Financial Statements	Complied
IFRS-11	Joint Arrangements	Not applicable
IFRS-12	Disclosure of Interests in Other Entities	Complied
IFRS-13	Fair Value Measurement	Complied
IFRS-14	Regulatory Deferral Accounts	Not applicable
IFRS-15	Revenue from Contracts with Customers	Complied
IFRS-16	Leases	Complied
IAS-1	Presentation of Financial Statements	Complied*
IAS-2	Inventories	Not applicable
IAS-7	Statement of Cash Flows	Complied*
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
IAS-10	Events after the Reporting Period	Complied
IAS-12	Income taxes	Complied
IAS-16	Property, Plant and Equipment	Complied
IAS-19	Employee Benefits	Complied
IAS-20	Accounting for Government Grants and Disclosure of Government Assistance	Complied
IAS-21	The Effect of Changes in Foreign Exchanges Rates.	Complied
IAS-23	Borrowing Cost	Complied
IAS-24	Related Party Disclosures	Complied
IAS-26	Accounting and Reporting by Retirement Benefit Plans	Not applicable
IAS-27	Separate Financial Statements	Complied
IAS-28	Investment in Associates and Joint Venture	Complied
IAS-29	Financial Reporting in Hyperinflationary Economies	Not applicable
IAS-32	Financial Instruments: Presentation	Complied *
IAS-33	Earnings Per Share	Complied
IAS-34	Interim Financial Reporting **	Complied
IAS-36	Impairment of Assets	Complied
IAS-37	Provisions, Contingent Liabilities and Contingent Assets	Complied
IAS-38	Intangible Assets	Complied*
IAS-40	Investment Property	Not applicable
IAS-41	Agriculture	Not applicable

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

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

Reason for departure from IFRS

The Central Bank of Bangladesh ('Bangladesh Bank'), as regulator of the banking industry, has issued a number of circulars/directives which are not consistent with the requirements specified in IAS/IFRS, as referred above. In such cases, the bank has followed regulatory requirements specified by Bangladesh Bank (Note - 2.1.1).

Standards issued but not yet effective

A number of new standards and amendments to standards are issued but not yet effective for annual periods beginning after 01 January 2020 and earlier application is permitted. However, the Bank has not adopted early the following new or amended standards in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group and the separate financial statements of the Bank when they become applicable.

- i) Amendments to References to Conceptual Framework in IFRS Standards.
- ii) Definition of a Business (Amendments to IFRS 3).
- iii) Definition of Material (Amendments to IAS 1 and IAS 8).
- iv) IFRS 17 Insurance Contracts
- v) Interest rate benchmark reform Phase-2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

Insurance contracts are effective for annual periods beginning on or after 01 January 2021. Earlier adoption is permitted. This has not been applied in preparing these consolidated and separate financial statements.



2.10 Risk management

Risk is an inherent part of the business activities, and risk management is pivotal for ensuring sustainability of the business. Today's era of globalisation enables consequential expansion of business activities that ultimately heightens competition levels for organisations. Financial crisis and volatility in economic growth in some developed countries set enforce the need for comprehensive risk management. Types of risk, however, vary from business to business, but preparing a comprehensive risk management plan involves a collaborative process. A comprehensive risk management plan must enumerate strategies for dealing with risks specific to any business but should not be limited to those alone.

When it comes to banking, risk management is at the heart of this business. Banks strive for embracing prudent risk management discipline to combat unpredictable/exigent situations. Today, it is evident that banking organisations need to establish systematic and vigilant approaches to monitor activities that are major influencers of the business.

The Standards of Risk Management, as taken up by the Bank for International Settlements (BIS) and, particularly, Basel Committee on Banking Supervision (BCBS), has been applied by bank regulators across the world. The Central Bank of Bangladesh, i.e. Bangladesh Bank also issued revised risk management guidelines in October 2018, which forms the basis of risk management of all scheduled banks in Bangladesh. Guidelines require that banks adopt enhanced policies and procedures of risk management. Risk management among banks broadly cover core risk areas of banking, i.e. credit risk, operational risk, liquidity risk and ICC risk, etc. Bangladesh Bank also prescribes that there should be a separate desk for each of these risk types under the risk management division. In line with the regulatory requirement and elevating its risk management function, BRAC Bank has established comprehensive risk management guidelines, duly approved by its Board of Directors. The bank's risk management strategy is anchored on a clear understanding of various risks, disciplined risk assessment and prudent measurement procedures with continuous monitoring. The bank continues to focus on improving its risk management systems not only to ensure compliance with regulatory requirements, but also to ensure better risk-adjusted returns and optimal capital utilization, keeping in mind the organisation's business objectives. For sound risk management, the bank manages risk across two strategic layers - managerial layer and operational layer. Risk Discussion are held in those levels identifying & quantifying the impact of different kind of risk related to core areas of banking. Risk Mitigation & possible solution are discussed and they are being resolved accordingly.

2.10.1 Credit risk management

Credit risk is one of the major risks out of the six core risks of the bank. It is most simply defined as the bank's borrower or counterparty failing to meet their obligations in accordance with the agreed terms and conditions. Effective credit risk management is a critical component of a comprehensive approach to risk management and essential to the long-term success of any banking organisation. Assessment of credit risk involves evaluating both the probability of default by the borrower and exposure or financial impact on the bank in the event of default. It also considers the relationships between credit risk and other risk parameters.

Considering key elements of credit risk, the bank has segregated duties of officers/executives involved in credit-related activities. Separate divisions for Corporate, SME, Retail and Credit Cards are entrusted with the responsibility of maintaining effective relationship with customers, marketing credit products, exploring new business opportunities, etc. For transparency in operations during the entire credit process, teams for i. Credit Approval, ii. Asset Operations, iii. Recovery Unit and Special Asset Management have been set up.

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

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

2.10.2 Foreign exchange risk management

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

All treasury functions are clearly demarcated between treasury front office, mid office and back office. The front office is involved only in dealing activities, mid office is involved in monitoring of different limits, e.g. counterparty limits, dealers' trading limits, stop/loss limits, etc. and calculation of Value at Risk (VaR) and reports directly to the Chief Risk/Operating Officer of the bank. Treasury back office is responsible for all related processing functions with separate reporting line to the Head of Operations. Treasury front and back office personnel operate as per Bangladesh Bank's core risk management guidelines and also according to their respective job descriptions. Any overlap is barred. The Banks treasury front office, mid office and back office has separate and independent reporting lines to ensure segregation of duties and accountability and also helps minimise the risk of compromise. The full function operates under the foreign exchange risk management policy of the bank, updated based on the latest Foreign Exchange Guidelines from the central bank.



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

2.10.3 Asset liability management

Changes in market liquidity and or interest rate exposes the bank's business to the risk of loss, which may, in extreme cases, threaten the survival of the institution. Thus, it is essential that the level of balance sheet risks are effectively managed, appropriate policies and procedures are established to control and limit these risks and proper resources are made available for evaluating and controlling these risks. The Asset Liability Management Committee (ALCO) of the bank monitors balance sheet and liquidity risks of the bank.

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

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

In recognition of the fact that financial institutions are particularly vulnerable to ML, TF and PF, BRAC Bank has established ML and TF Risk Management Guidelines. The purpose of this guideline is provide controls and processes to comply with local laws and regulations and global best practices pertaining to AML-CFT, both at country and international levels, to safeguard the Bank from potential non-compliance, financial and reputational risks. Customer Due Diligence, Enhanced Due Diligence in applicable accounts and dedicated transaction monitoring from several levels are conducted for identification of suspicious activity and timely escalation to Anti-Money Laundering Division (AMLD) of the Bank for appropriate reporting to Bangladesh Financial Intelligence Unit (BFIU).

2.10.5 Internal Control and Compliance (ICC)

Internal Control is the mechanism to provide reasonable assurance regarding the attainment of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies. The primary objective of Internal Control and Compliance is to support the bank to perform better and add value through the optimal use of resources.

Establishing adequate internal control and ensuring an effective control environment is high on the management agenda. The bank has instituted internal control over financial reporting and has also established monitoring mechanisms to ensure operational effectiveness of these controls. All internal controls are specifically designed to address risks related to financial reporting, efficiency and effectiveness of operations and compliance with applicable laws and regulations. Through internal control systems, the bank identifies weaknesses associated with the process and adopts appropriate measures to overcome these deficiencies.

The main objectives of internal control are as follows:

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

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

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

- Various committees are established by the Board to assist it in ensuring the effectiveness of the bank's daily operations and that the bank's operations are in accordance with the corporate objectives, strategies and the annual budget, as well as approved policies and business directions.
- The Internal Audit Department of the Bank checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlights significant findings in respect of any non-compliance.
- Audits are carried out on various departments/units, SME Service Centres and all branches in accordance with the annual audit plan, approved by the Audit Committee of the Board. The frequency of audits of branches is determined by the level of risk assessed to provide an independent and objective report. Findings of the internal audit are submitted to the Audit Committee of the Board for review at their periodic meetings.
- The Audit Committee of the Board of the bank reviews internal control issues identified by the Internal Audit Department, Bangladesh Bank, External Auditors and the management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings of the Board are tabled at the meetings of the Board of Directors of the bank on a periodic basis.



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

- e) Self-assessment of anti-fraud internal controls is carried out on a semi-annual basis and is sent to Bangladesh Bank, as per requirements of DOS Circular Letter No. 10, dated 09 May 2017, issued by Bangladesh Bank.
- f) In assessing the internal control system, identified officers of the bank continued to review and update all procedures and controls that are connected with significant accounts and disclosures of the financial statements of the bank. The bank's Internal Audit Department continued to verify the suitability of design and effectiveness of these procedures and controls on an ongoing basis.

ICCD of BRAC Bank comprises mainly of four units/departments - Internal Audit, Compliance Unit, Monitoring Unit and Concurrent Audit.

2.10.5.1 Internal audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. The audit team of BRAC Bank possesses a combination of business acumen and knowledge about IT. The Audit Department is committed to meet the standards of best professional practices. The bank's audit team also applies risk-based internal audit methodology for conducting their audit functions. Risk-based internal audit includes, in addition to selective transaction testing, an evaluation of the risk management systems and control procedures prevailing across various areas of the bank's operations.

BRAC Bank has a strong internal audit team comprised of three units to carry out audit activities, namely -Head Office Audit, Distribution Audit (which conducts audits on all Branches, including AD, LAD, Corp. Branches, SME Krishi Branches, SME Service Centres and SME Unit Offices, etc.) and Information Systems and Vigilance Audit. BRAC Bank also introduced risk-based audit system and the audit team conducts comprehensive, spot and surprise audits in various Branches, SME Service Centers, SME/Krishi Branches, SME Unit Offices, information technology, information security, cyber security, data privacy and protection, various departments and divisions, centralised functional units at the Head Office and even regional functional units. Internal audit assists the organisation to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2.10.5.2 Compliance

BRAC Bank establishes a robust compliance culture throughout the organisation by encouraging employees to comply with policies, procedures rules & regulations and laws.

To establish and uphold a high-quality compliance culture, BRAC Bank has a strong Compliance Department under the Internal Control & Compliance Division, which is dedicated to ensuring compliance with guidelines/observations/ recommendations of regulatory and internal audit/ConCurrent Audit/investigations. In line with this, three separate units are formed under the Compliance Department - Regulatory Compliance Unit, Internal Compliance Unit and Investigation Unit.

Regulatory Compliance Unit supports the Bangladesh Bank team in their inspection at branches/head office and ensures submission of compliance response to Bangladesh Bank appropriately and timely, monitor compliance activities of Branches, Divisions, Departments and other offices.

Internal Compliance Unit works dedicatedly in the implementation of internal auditor's observations and also recommendations made by the Investigation Unit. Subsequently Internal Control Unit forward the compliance status to Monitoring Unit for further physical verification.

Investigation Unit conducts investigations and submits reports as per management requirements and also analyses fraud cases to ascertain responsible parties and recommend appropriate actions.

Compliance Department also ensures required reporting to the management, Board Audit Committee and regulators.

2.10.5.3 Monitoring

BRAC Bank has formed a separate monitoring department under Internal Control & Compliance Division, which is dedicated to monitor internal control systems and operational activities of the bank on an ongoing basis.

In case of any lapses/irregularities, the Monitoring Unit takes appropriate corrective measures within the respective business/operational areas. If they discover any significant operational lapses, they escalate the issue to the higher management (senior management team) through the Head of ICC for immediate resolution. Some major tools of this unit are as follows:

- a) Branch/Departmental Control Function Checklist (DCFCL);
- b) Loan Documentation Checklist (LDCL);
- c) ICC internal reporting;
- d) Quarterly Operations Report (QOR);
- e) Spot checks/Surprise visits in SME Unit Offices, Branches and agent banking outlets to analyse if the respective functions abide by compliance and existing policies and guidelines.
- f) Conduct borrower and guarantor visit to identify irregularities and policy violation in regular interval.

The Monitoring Unit also submits self-assessment of anti-fraud internal controls report and the bank's health report to Bangladesh Bank."



2.10.5.4 Concurrent audit

As per the directives of Bangladesh Bank as 'Guidelines on Internal Control and Compliance in Banks', the Concurrent Audit Department was formed to align with the guidelines. Concurrent Audit Team scrutinises whether the Bank follows guidelines of internal and regulatory bodies issued from time to time. This unit exclusively conducts spot/surprise audits of continuing operational activities across various branches, SME Service Centers, SME Krishi Branches, ATM Service Centers, SME Unit Offices, Regional Operation Center (ROC), Credit Risk Management unit and Centralised Functional Units in the Head Office.

2.10.5.5 Fraud and forgery

Fraud and forgery have become important issues in recent years. These have a major impact on our country's economy, impeding economic development. BRAC Bank has always been focused in controlling fraud and forgery by establishing and maintaining proper control systems. Today, fraud and forgery appear in diverse forms. To prevent fraud and forgery, BRAC Bank has formed an Investigation Unit under the Compliance Department of Internal Control & Compliance Division. This wing exclusively deals with all kinds of fraud and forgery and acts independently where internal and external fraud and forgery incidents are escalated, investigated and reviewed.

To protect the bank and its stakeholders' interest, the investigation team identifies perpetrators and root-cause of the reported incident. As a remedial course of action, preventive measures are recommended to the business/functional unit to take necessary action relating to process improvements, recovery of misappropriated amount, adjustment of the operational loss and appropriate action initiated against the perpetrator. Investigation reports are also placed to the Board Audit Committee for their direction and guidance. All fraud and forgery cases that were identified in 2020 were also duly reported to Bangladesh Bank as per regulations and adequate provisions have been maintained in the books of accounts. On the other hand, the management is exerting full efforts to recover the loss amount incurred due to fraud.

2.10.6 Information and communication technology (ICT) security

Cyberattacks are a serious threat and concern for financial institutions. BRAC Bank is committed to high levels of service quality and banking security. Cyber security is a top priority for the Board and management of BRAC Bank.

For cyber security and ICT risk mitigation, the bank has aligned its ICT security policy, in line with the latest Bangladesh Bank ICT guidelines and well-established frameworks and international standards and controls, e.g. COBIT, ITIL, ISO 27001, NIST, GDPR, PCI and SANS.

With the establishment of a 24x7 Security Operations Center (SOC) as the first bank in Bangladesh to do so, BRAC Bank has shifted from passive cyber defence to active cyber security. SOC is a dedicated site where enterprise information systems are monitored, assessed and defended.

BRAC Bank has achieved International certification ISO 18788:2015 – for its Security Operations and Cyber fusion center this year. BRAC Bank is the 1st financial organisation in Bangladesh has achieved this global recognition on Management system for private security operations.

BRAC Bank has already adopted global-standard ISO 27001:2013 for Information Security Management. The bank is the first in Bangladesh to have achieved the ISO 27001:2013 international certification for information security management, and has thus fulfilled a key regulatory mandate. Accredited international certification to ISO 27001 demonstrates that the bank has a well-defined and focused approach to embracing best practices in information security and processes with an eye on assuring continuous improvement.

Through Mirroring Military 'war game' to Ethical Hacking, the bank's information security regularly conducts application/system security assessments and vulnerability assessment and penetration testing on own infrastructure/networks by internally-certified ethical hackers to protect data assets. The bank also involves global third parties for appropriate revalidation.

Bank has onboarded multiple robust security solutions to prevent any unwanted / unauthorized malware attack as well as zero-day attack based on behavior base static, to detect and prevent data leakage, unauthorized use and transmission of sensitive information, to reduce insider threats by detecting the inappropriate actions that can lead to malware infections or data breaches etc.

As an initiative to strengthen security to defend against 'zero day' and targeted attacks, the bank has implemented Anti-Advance Persistent Threat and Network Behaviour Monitoring technology based on behaviour base static and dynamic analysis on suspicious content with close monitoring of the network flow activity. The bank has also implemented Security Incident and Event Management technology, which is a core constituent of the Information Security Threat Management system.

To protect customer and the bank's data BRAC Bank has implemented a comprehensive Data Leakage Prevention solution. The bank has also enforced disk encryption. To ease internet usage, minimise web attack vectors and enable users to safely use the web, the bank has also implemented an advanced internet secure gateway.

BRAC Bank is the 1st financial organization in Bangladesh, that has implemented Enterprise Vulnerability Management System, which covered entire systems and network of BRAC Bank. This is helping us to identify any new vulnerability in real time and mitigate faster. The bank has also implemented an automated solution for third party security monitoring. Moreover to ensure ethical use of technology, the bank ensures automated content scanning.

The bank has also implemented Email Security to protect the email system from spam-based attacks and has also incorporated advanced anti-malware protection. It also helps to scan advance email content & attachment, identify & update real-time spams guard.



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Secure Internet Gateway has also been implemented to facilitate security, administrative control or caching services, among other purposes. This is also used to monitor web traffic, anonymous surfing and undermine user privacy. In addition to this, bank has also implemented Next Gen Firewalls for both core and perimeter and secure VPN gateway for remote usage.

The bank has already implemented automated tools for security strengthening of web applications and database. Further, as part of our governance initiatives, the bank has formed ICT Security Steering Committee and ICT Steering Committee. For emergency response handling, the bank has formed CERT and has also developed BCP. Bank has implemented next gen firewall to enhance its capability.

To enhance database security further, bank has implemented Audit Vault & Database Firewall and Database Vault, that ensures audit log, least access control on database etc. Bank has also implemented Automated Source Code Security Analyzer to support a secure programming effort by finding and cataloging a large number of potential security bugs. An analysis tool makes the process much faster and more systematic.

Considering awareness is key to cyber security, the bank regularly conducts face-to-face information security awareness sessions and cyber security awareness campaigns, while also organising awareness through emails/stickers/booklets/e-books/posters, etc. The bank has activated other multiple security strengthening initiatives. It has adopted the latest technology for better manageability, high availability and redundancy, better security and future scalability. Further, it has also completed upgradation of the credit card management system and call center, which is PADSS-compliant. We are already issuing EMV chip cards to our customers.

Comprehensive annual maintenance contracts (AMCs), along with service level agreements (SLAs) were signed with partners of global data centre equipment manufacturers to ensure 24x7 service for all active equipment of data centre and disaster recovery site. With the upgradation of the monitoring system of the data centre and disaster recovery site, the bank is now capable to proactively monitor all system parameters and accordingly take corrective measures beforehand. BRAC Bank has also adopted ITIL framework of best practice guidance for ensuring comprehensive IT service management.

To ensure high levels of quality and security of IT systems and for ensuring compliance with Bangladesh Bank's regulatory requirements, BRAC Bank has a fully-functional Information Security Department with trained and certified resources (e.g. CISSO, CISSP, CISA, ECSA, CCISO, CPISI, CEH, CPEH, LA-QMS, LA-ISMS, CHFI, LPM, Security+, COBIT, etc.), various tools and senior management support. As a continuous approach, bank resources attended continuously multiple Cyber Security trainings/workshop to enhance its resources capabilities (e.g. IRBIZ, Anti-Advance Persistent Threat, Network Behavior Analysis, Cyber Security - First Responder, VA/PT etc.).

BRAC Bank has developed a holistic cyber security roadmap and is working accordingly to be equipped with the best people, security solutions, processes and practices. BRAC Bank also engages top global external agencies to conduct assessments and reviews on its cyber security systems and future preparedness on a regular basis.

2.11 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 Bangladesh Bank guidelines.

2.12 Accounting for changes in policy, accounting estimates and errors

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

2.13 Director's and management's responsibilities on statement

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

2.14 General

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



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Section - Two : Notes to the Balance Sheet

Particulars	Note	Consolidated		BRAC Bank Limited		<i>In Taka</i>
		2020	2019	2020	2019	
3	Cash					
	Cash in hand (including foreign currency)	3.1	7,836,614,607	6,963,607,535	7,091,907,372	6,726,443,188
	Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)	3.2	12,151,189,284 <u>19,987,803,891</u>	16,103,064,899 <u>23,066,672,434</u>	12,151,189,284 <u>19,243,096,656</u>	16,103,064,899 <u>22,829,508,087</u>
3.1	Cash in hand (including foreign currency)					
	Local currency		7,767,114,436	6,932,529,066	7,022,407,201	6,695,364,719
	Foreign currency		69,500,171	31,078,469	69,500,171	31,078,469
			7,836,614,607	6,963,607,535	7,091,907,372	6,726,443,188
3.2	Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)					
	Local currency		10,465,673,419	13,369,316,004	10,465,673,419	13,369,316,004
	Foreign currency		463,052,252	1,671,530,700	463,052,252	1,671,530,700
	Sonali Bank as an agent of Bangladesh Bank (local currency)		10,928,725,671 1,222,463,613 <u>12,151,189,284</u>	15,040,846,704 1,062,218,195 <u>16,103,064,899</u>	10,928,725,771 1,222,463,613 12,151,189,284	15,040,846,704 1,062,218,195 16,103,064,899
3.a	Cash Reserve Ratio (CRR) (Bank only)					
	As per section 33 of Bank Company Act, 1991 (amended up to 2013), MPD circular No. 03 dated 09 April 2020 for Domestic Banking Operation (DBO) & BRPD circular No. 31 dated 18 June 2020 for Offshore Banking Operation (OBO) issued by Bangladesh Bank, BRAC Bank Limited has been maintaining 3.5% & 1.5% CRR on daily basis and 4.0% & 2.0% on bi-weekly basis for DBO & OBO respectively. CRR requirement is calculated on the basis of weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. CRR of December 2020 is maintained on the basis of weekly ATDTL of October 2020), according to DOS Circular No. 1 & 26 and BRPD circular No. 31 issued on 19 January 2014, 19 August 2019 and 18 June 2020 respectively for both DBO & OBO.					
	Daily basis					
	Reserves maintained by the bank as at 31 December are as follows:					
	Average total demand and time liabilities of October 2020 and October 2019					
	DBU		284,074,934,574	284,074,934,574	257,680,230,298	257,680,230,298
	OBU		13,639,438,776	13,639,438,776	21,620,176,053	21,620,176,053
			297,714,373,349	297,714,373,349	279,300,406,351	279,300,406,351
	Required reserve					
	DBU (2020: 3.5% and 2019: 5%)		9,942,622,710	12,884,011,515	9,942,622,710	12,884,011,515
	OBU (2020: 1.5% and 2019: 5%)		204,591,582	204,591,582	204,591,582	204,591,582
	Actual reserve maintained as per Bangladesh Bank statement		10,147,214,292	13,985,020,318	11,042,593,214	14,483,606,019
	Surplus		895,348,923	895,348,923	518,585,701	518,585,701
	Bi-weekly basis					
	The Bank maintained excess cash reserve of Tk. 151,425,704 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 2020.					



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

		<i>In Taka</i>		
Particulars	Note	Consolidated		BRAC Bank Limited 2019
		2020	2019	
3.b 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 Limited has been maintaining 13% SLR on weekly average total demand and time liabilities (ATDTL) of a base month which is two months back of the reporting month (i.e. SLR of December 2020 is based on weekly ATDTL of October 2020), according to DOS Circular No. 1 & 26 and BRRPD 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)	3.c			
Actual reserve maintained (2020: 23.56%; 2019: 16.81%)				
Surplus				
3.c Actual reserve maintained				
Cash in hand				
Balance with Sonali Bank as per statement				
Un-encumbered approved securities (HTM)				
Un-encumbered approved securities (HTM)				
Un-encumbered approved securities (other eligible)				
4 Balance with other Banks and Financial Institutions				
4.1 Inside Bangladesh				
7,171,691,248				
4.2 Outside Bangladesh				
42,650,004,620				
4.1 Inside Bangladesh				
2,770,836,121				
4.2 Outside Bangladesh				
46,597,711,756				
4.1 Balance inside Bangladesh				
In current deposit accounts with:				
Banks				
9,473,228,462				
2,433,325,973				
7,039,902,489				
Less: Inter unit/company elimination				
6,859,519,877				
In fixed deposit accounts with:				
Banks				
23,722,363,628				
4,730,000,000				
31,930,301,637				
7,050,000,000				
38,980,301,637				
28,452,363,628				
2,012,945,879				
Non Banking Financial Institutions (NBFI's)				
13,952,745				
26,438,410,883				
36,967,355,158				
Less: Inter unit/company elimination				
43,826,875,635				
Total				



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	Consolidated		BRAC Bank Limited		
		2020	2019	2020	2019	
4.1.1 Balance with other banks and financial institutions (Inside Bangladesh)						
Current Accounts						
Standard Chartered Bank		569,754,331	156,786,680	92,625,307	110,936,232	
Southeast Bank Limited		433,865,611	314,123,349	1,141,360	3,085,293	
Rajshahi Krishi Unnayan Bank		1,141,360	3,085,293	2,114,199	1,157,532	
Al-Arafat Islami Bank Limited		4,378,411	5,148,634	5,870,467	5,870,467	
Jamuna Bank Limited		242,308,075	620,471,156	500,000	500,000	
Prime Bank Limited		2,050,665	5,870,467	2,095,775	1,500,000	
NRB Global Bank Limited		500,000	500,000	3,147,089	3,147,089	
Midland Bank Limited		2,100,728	277,845,386	377,667	98,931,945	
Mutual Trust Bank Limited		172,851,828	101,566,619	7,030,499	150,018,489	
Pubali Bank Limited		29,550,768	155,680,793	5,379,890	63,495,198	
Janata Bank Limited		11,310,723	64,650,214	9,368,480	714,933	
Bangladesh Krishi Bank Limited		10,419,231	792,391,604	215,944	198,938,922	
The City Bank Limited		797,436,544	257,537,214	15,980,708	5,321,468	
Agrani Bank Limited		45,500,450	14,551,820	6,589,060	1,407,211	
Islami Bank Bangladesh Limited		1,458,412,862	1,089,261,748	214,322	217,016	
United Commercial Bank Limited		3,184,371	15,940,685	1,247,825	13,415,913	
National Bank Limited		382,801,032	433,352,264	37,132,494	69,687,853	
Sonali Bank Limited		1,646,846	148,285	1,646,846	148,285	
Dutch Bangla Bank Limited		26,302	1,110,285	26,392	1,110,285	
IFIC Bank Limited		8,865,575	138,741,503	3,056,886	89,212,234	
Rupali Bank Limited		299,501	3,505,495	2,397	3,505,495	
Social Islami Bank Limited		4,721,969	4,640,585	3,485,078	3,412,877	
First Security Islami Bank Limited		11,805,331	17,553,216	11,198,153	16,529,448	
EXIM Bank Limited		303,820	297,162	303,820	297,162	
BASIC Bank Limited		11,203,026	11,217,497	14,152	910,166	
Bank Asia Limited		10,336,394	8,872,945	21,878	5,194,248	
Standard Bank Limited		242,118	575,839	-	155,812	
Meghna Bank Limited		1,068,248,657	569,079,487	4,200	1,035,408	
One Bank Limited		470,284,449	695,406,396	2,433,535	2,446,455	
Mercantile Bank Limited		500,000	500,000	500,000	500,000	
Union Bank Limited		59,821,448	26,482,644	-	-	
Trust Bank Limited		560,160,573	621,300,542	-	-	
Eastern Bank Limited		402,916,919	223,933,373	-	-	
Dhaka Bank Limited		95,146,946	62,974,285	-	-	
NCC Bank Limited		103,236,377	104,067,242	-	-	
Habib Bank Limited		518,643	515,189	747	-	
NRB Commercial Bank Limited	57	756,335	852,255	-	-	
AB Bank Limited		19,882,459	31,669,944	-	-	
Uttara Bank Limited		22,686,254	28,946,710	-	-	
Allied Bank Limited		4,171,279	4,595,280	-	-	
Shahjalal Islami Bank Limited		7,039,902,489	6,859,519,877	198,558,845	853,670,424	



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
Fixed deposit with banks					
Southeast Bank Limited		2,750,000,000	3,750,000,000	-	500,000,000
Mutual Trust Bank Limited		-	500,000,000	-	800,000,000
The City Bank Limited		2,050,000,000	4,650,000,000	-	-
NCC Bank Limited		14,200,000	3,714,200,000	-	2,000,000,000
Jamuna Bank Limited		9,145,228	2,508,641,688	-	-
Dhaka Bank Limited		1,500,000,000	1,120,000,000	-	-
United Commercial Bank Limited		-	4,510,000,000	-	-
Mercantile Bank Limited		5,246,308,403	4,440,000,003	-	-
One Bank Limited		1,500,000,000	3,580,000,000	-	1,500,000,000
Habib Bank Limited		200,000,000	200,000,000	-	-
Standard Chartered Bank		28,757,252	27,988,955	-	-
Padma Bank Limited		10,000,000	16,525,112	-	-
Standard Bank Limited		1,500,000,000	500,000,000	-	500,000,000
Eastern Bank Limited		-	300,000,000	-	-
Janata Bank Limited		5,600,000,000	100,000,000	-	-
Sonali Bank Limited		3,500,000,000	-	-	-
	23,708,410,883	29,917,355,758	3,000,000,000	3,000,000,000	5,300,000,000
Fixed deposit with financial institutions					
Industrial and Infrastructure Development Finance Co. Limited		840,000,000	1,000,000,000	840,000,000	1,000,000,000
United Finance Limited		170,000,000	150,000,000	170,000,000	150,000,000
IDLC Finance Limited		-	1,800,000,000	-	1,800,000,000
IPDC Finance Limited		700,000,000	2,000,000,000	700,000,000	2,000,000,000
Investment Corporation of Bangladesh (ICB)		1,220,000,000	1,600,000,000	1,220,000,000	1,600,000,000
Delta Brac Housing Finance Corporation Limited		1,800,000,000	500,000,000	1,800,000,000	500,000,000
	4,730,000,000	7,050,000,000	4,730,000,000	7,050,000,000	7,050,000,000
	28,438,410,883	36,967,355,758	7,730,000,000	12,350,000,000	12,350,000,000
	35,478,313,372	43,826,875,635	7,928,558,845	13,203,670,424	13,203,670,424

*There are some unreconciled entries as on 31 December 2020 and status of unreconciled entries are given in Annexure-B-2.

4.2

Balance outside Bangladesh

On shore balance	12,165,623,864	1,610,927,136	11,424,135,817
Off shore balance	5,708,975,135	2,058,518,145	5,708,975,135
	17,874,598,999	3,669,445,281	17,133,110,982
	10,702,907,751	898,609,160	10,702,907,751
	7,171,691,248	2,770,836,121	6,430,203,201



Particulars	Note	In Taka		BRAC Bank Limited	
		Consolidated			
		2020	2019		
4.2.1 Balance with other banks and financial institutions (outside Bangladesh)					
On Shore Balance					
Standard Chartered Bank-New York, USA		174,306,726	34,987,078	174,306,726	
Standard Chartered Bank, United Kingdom		44,056,087	108,027,381	44,056,087	
Standard Chartered Bank, Frankfurt, Germany		9,600,965	(9,906,022)	9,600,965	
Mashreq Bank, New York, USA		4,056,438	11,071,008	4,056,438	
Bank of Tokyo Mitsubishi		15,419,801	7,551,178	15,419,801	
ICICI Bank Limited, Mumbai, India		27,482,876	60,400,357	27,482,876	
Zuercher Kantonal Bank, Switzerland		4,485,250	2,960,159	4,485,250	
Commerz Bank AG, Germany (USD)		1,428,419	1,602,835	1,428,419	
Commerz Bank AG, Germany (EURO)		(85,034,511)	(20,349,691)	(85,034,511)	
Commerz Bank, Frankfurt, Germany (GBP)		11,557	11,158	11,557	
United Bank of India, Kolkata, India		35,353,993	80,997,906	35,353,993	
JP Morgan Chase Bank, New York, USA		383,861,285	70,283,855	383,861,285	
HDFC Bank Limited, India		32,670,348	61,845,493	32,670,348	
Habib Metro Bank Limited		1,909,672	39,748,840	1,909,672	
JP Morgan Chase Bank, Sydney (AUD)		18,035,314	87,264	18,035,314	
AB Bank Limited, Mumbai, India		10,496,950	5,461,547	10,496,950	
AXIS Bank Limited		30,032,257	67,756,315	30,032,257	
Abu Dhabi Commercial Bank (AED)		2,606,393	9,391,402	2,606,393	
Kookmin Bank, Seoul, South Korea (USD)		8,726,033	5,381,914	8,726,033	
Citi Bank N.A., New York, USA		941,927	941,927	941,927	
Shanghai Pudong Development Bank Co. Ltd, China (CNY)		780,286	780,286	780,286	
Balance with different banks maintained by BRAC SAAJAN Exchange Limited		741,488,047	175,007,999	741,488,047	
		1,462,716,113	712,317,976	1,462,716,113	
Add: On shore to off shore placement		10,702,907,751	898,609,160	10,702,907,751	
Total on shore balance		12,165,623,864	1,610,927,136	11,424,135,817	
Off shore balance					
Standard Chartered Bank, UK		21	21	21	
JP Morgan Chase Bank, New York		254,880,206	720,256,473	254,880,206	
JP Morgan AG, Frankfurt, Germany		23,473,731	61,610,402	23,473,731	
JP Morgan Chase Bank, NA, London		3,350,777	3,151,249	3,350,777	
BBL OBU to Other Bank OBU placement		5,427,270,400	1,273,500,000	5,427,270,400	
Total off shore balance		5,708,975,135	2,058,518,145	5,708,975,135	
Less: On shore to BBL off shore placement		17,874,598,999	3,669,445,281	17,133,110,952	
		10,702,907,751	898,609,160	10,702,907,751	
		7,171,691,248	2,770,836,121	6,430,203,201	
				2,598,828,122	

*There are some unreconciled entries as on 31 December 2020 and status of unreconciled entries are given in Annexure-B-1 and detail balance are shown in Annexure-C except BBL OBU to Other Bank OBU placement.



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	In Taka	
		Consolidated	BRAC Bank Limited
		2020	2019
4.a Maturity grouping of balance with other banks and financial institutions			
Up to 1 months		28,419,889,030	4,778,309,246
More than 1 month but not more than 3 months		5,920,752,909	5,350,425,300
More than 3 months but not more than 1 Year		6,522,289,445	4,220,027,500
More than 1 year but not more than 5 years		6,798,928,605	2,500,000,000
More than 5 years			
	42,650,004,620	46,597,711,756	14,358,762,046
5 Money at call on short notice			
There was no balance as money at call on short notice at the end of the year.			
6 Investments			

5 Money at call on short notice
There was no balance as money at call on short notice at the end of the year.

6 Investments

Accounting policy

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

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



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Investment in unquoted securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

As per Bangladesh Bank DOS Circular no. 04, dated 24 November 2011, provision for diminution in value of investment was made by netting off unrealised gain (loss) of shares from market price/book value less cost price.

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

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

Investment Class	Initial Recognition	Measurement after Recognition	Recording of changes
Government Treasury Bills (HTM)	Cost	Marking to Market/ Fair value	Loss to profit and loss A/C, gain to revaluation reserve
Government Treasury Bills (HTM)	Cost	Amortised cost	Amortised gain to revaluation reserve and loss to profit and loss
Government Treasury Bonds (HFT)	Cost	Marking to Market/ fair value	Loss to profit and loss A/C, gain to revaluation reserve
Government Treasury Bonds (HTM)	Cost	Amortised cost	Amortised gain to revaluation reserve and loss to profit and loss
Zero Coupon Bond	Cost	Cost	N/A
Prize Bond and Other Bond	Cost	Cost	N/A
Debentures	Cost	Cost	Profit and Loss Account
Un-quoted Shares (ordinary)	Cost	Lower of cost or NAV of last audited account	Profit and Loss Account
Quoted shares (ordinary)	Cost	Lower of cost or market price at balance sheet date	Loss to Profit and Loss Account

Impairment of financial assets

At each balance sheet date, the Bank assesses whether there is objective evidence that a financial asset or a group of financial assets, i.e., loans and advances, off balance sheet items and investments are impaired. A financial asset or group of financial assets are impaired and impairment losses are incurred if there is objective evidence of impairment as a result of a loss event that occurs after the initial recognition of the asset up to the balance sheet date; the loss event had an impact on the estimated future cash flows of the financial assets or the group of financial assets; and a reliable estimate of the loss amount can be made.

In the event of impairment loss, the Bank reviews whether a further allowance for impairment should be provided in the profit and loss statement, in addition to the provision made based on Bangladesh Bank guidelines or other regulatory requirements.

The details of investments are presented below:

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
Government	6.1	85,498,396,233	47,735,405,086	61,821,887,388	39,175,469,934
Others	6.2	8,596,415,898	8,216,186,519	7,074,116,806	6,758,101,989
		94,094,812,131	55,954,591,605	68,896,004,194	45,943,571,923
6.1					
Treasury bills	9.654,691,863	21,273,047,867	250,000,000	12,713,112,715	
Treasury bonds	75,050,356,870	26,460,489,519	60,778,539,888	26,460,489,519	
Sukuk Bond	791,920,000		791,920,000		
Prize bonds	1,427,500	1,867,700	1,427,500	1,867,700	
	85,498,396,233	47,735,405,086	61,821,887,388	39,175,469,934	



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	Consolidated		BRAC Bank Limited		<i>In Taka</i>
		2020	2019	2020	2019	
6.1.1 Treasury bills						
Treasury bills (91 Days)		9,654,691,863	14,849,536,367	250,000,000	6,289,601,215	
Treasury bills (182 Days)						
Treasury bills (364 Days)		9,654,691,863	21,273,047,867	250,000,000	12,713,112,715	
6.1.2 Treasury Bonds						
Treasury bonds (2 years BGTB)		15,150,571,682	6,397,471,866	878,754,700	6,397,471,866	
Treasury bonds (5 years BGTB)		27,728,270,642	5,896,094,951	27,728,270,642	5,896,094,951	
Treasury bonds (10 years BGTB)		23,481,971,353	4,754,474,369	23,481,971,353	4,754,474,369	
Treasury bonds (15 years BGTB)		2,824,145,877	3,326,643,898	2,824,145,877	3,326,643,898	
Treasury bonds (20 years BGTB)		5,865,397,316	6,085,804,435	5,865,397,316	6,085,804,435	
Reverse REPO		75,050,356,870	26,460,489,519	60,778,539,888	26,460,489,519	
6.1.3 BB category wise investment						
Held for trading (HFT)		38,452,631,190	20,374,658,784	38,452,631,190	20,374,658,784	
Held to maturity (HTM)		46,252,417,543	27,358,878,602	22,375,908,698	18,738,943,450	
Other securities		793,347,500	1,867,700	793,347,500	1,867,700	
		85,498,396,233	47,735,405,086	61,821,887,388	39,175,469,934	
6.2 Others (investment in other than Govt. securities)						
6.2.1		112,282,917	101,615,340	112,282,917	101,615,340	
Zero coupon bond		3,420,000,000	3,090,000,000	3,420,000,000	3,090,000,000	
Corporate bonds		5,056,132,981	4,514,571,179	3,533,833,859	3,066,486,649	
Ordinary shares and Mutual Funds (MFs) - unquoted and quoted		8,000,000	10,000,000	8,000,000	10,000,000	
Preference shares						
Private Placement and Pre-IPO						
		8,596,415,898	8,216,186,519	7,074,116,886	6,768,101,989	
Investment in ordinary and preference shares are shown in Annexure - D						
6.2.1 Zero coupon bond						
Impress Newtex Composite Textiles Limited		112,282,917	101,615,340	112,282,917	101,615,340	
		112,282,917	101,615,340	112,282,917	101,615,340	



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	In Taka		
		Consolidated		BRAC Bank Limited
		2020	2019	2020
6.2.2 Corporate bonds - unquoted and quoted				
Unquoted				
North West Power Generation Company Limited Coupon Bearing Bond		1,500,000,000	1,500,000,000	1,500,000,000
Jamuna Bank II Floating Rate Subordinated Bond		360,000,000	450,000,000	360,000,000
UCBL Variable Rate II Floating Rate Subordinated Bond		-	40,000,000	40,000,000
MBL Variable Rate Subordinated Bond		200,000,000	400,000,000	200,000,000
Bank Asia Floating Rate Subordinated Bond		40,000,000	60,000,000	60,000,000
EBL Floating Rate Subordinated Bond		40,000,000	60,000,000	60,000,000
Prime Bank Floating Rate Subordinated Bond		100,000,000	150,000,000	150,000,000
EXIM Bank Mudaraba Subordinated Floating Rate Bond		20,000,000	40,000,000	20,000,000
AB Bank Floating Rate Subordinated Bond		120,000,000	180,000,000	120,000,000
AB Bank Floating Rate Subordinated Bond II		100,000,000	150,000,000	100,000,000
MTBL Floating Rate Subordinated Bond		400,000,000	400,000,000	400,000,000
MTBL Floating Rate Subordinated Bond IV		2,920,000,000	3,090,000,000	2,920,000,000
Quoted				
Ashugani Power Station Company Limited Bond		500,000,000	500,000,000	500,000,000
		3,420,000,000	3,090,000,000	3,420,000,000
6.2.3 Ordinary shares and Mutual Funds (MFs) - unquoted and quoted				
Unquoted				
Industrial and Infrastructure Development Finance Company Limited		29,683,820	29,683,820	29,683,820
Bangladesh Rating Agency Limited		10,671,700	12,497,600	10,671,700
Central Depository Bangladesh Ltd.		6,277,770	6,277,770	6,277,770
Investment in non publicly traded Mutual Fund		483,900,000	540,705,000	483,900,000
Others		96,986,595	96,986,595	-
		627,519,885	686,150,785	530,533,290
Quoted				
Investment in secondary market		4,428,613,096	3,828,420,394	2,477,322,459
		4,428,613,096	3,828,420,394	2,477,322,459
		5,056,132,981	4,514,571,179	3,533,833,889
6.2.4 Preference shares				
		8,000,000	10,000,000	8,000,000
Union Capital Preference Share		8,000,000	10,000,000	8,000,000
6.2.5 Private placement and pre IPO				
		500,000,000	500,000,000	500,000,000
Ashugani Power Station Company Limited Bond		500,000,000	500,000,000	500,000,000



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	BRAC Bank Limited		<i>In Taka</i>	
		2020	2019	2020	2019
6.3 Maturity wise grouping of investment					
Up to 1 month		1,784,527,014	5,395,266,069	371,710,417	4,500,099,200
More than 1 month but not more than 3 months		212,495,900	210,000,000	200,000,000	210,000,000
More than 3 months but not more than 1 Year		28,130,823,815	22,056,643,097	4,454,314,969	13,040,776,879
More than 1 year but not more than 5 years		34,770,674,544	16,473,893,351	34,773,887,950	16,376,906,756
More than 5 years		29,036,290,858	11,815,789,088	29,096,280,858	11,815,789,088
		94,094,812,131	55,951,591,605	68,896,004,194	45,943,571,923

7 Loans and advances

Accounting policy

a) 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.

- b) Classification and provisioning for loans and advances are created based on the period of arrears by following Bangladesh Bank BRPD Circular no. 14, dated 23 September 2012, BRPD circular no. 15, dated 23 September 2012, BRPD Circular no. 19, dated 27 December 2012, BRPD Circular no. 05, dated 29 May 2013, BRPD Circular no. 16, dated 18 November 2014, BRPD Circular no. 08, dated 02 August 2015, BRPD Circular no. 12, dated 20 August 2017, BRPD Circular no. 15, dated 27 September 2017, BRPD Circular no. 01, dated 20 February 2018, BRPD Circular no. 07, dated 21 June 2018, BRPD Circular no. 13, dated 18 October 2018 and BRPD Circular no. 03, dated 21 April 2019, BRPD Circular no. 52 Dated 20 October 2020, BRPD circular no. 16 dated 21 July 2020, BRPD circular No. 56 dated 10 December 2020.

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

- c) Interest on classified loans and advances is calculated 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.

- 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.



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

The details of loans and advances as at reporting date are as follows:

Particulars	Note	BRAC Bank Limited In Taka			
		2020	2019	2020	2019
Loans, cash credits, overdrafts etc.					
Small and medium enterprises					
Bills purchased and discounted*	7.1.a	136,750,360,676	146,383,712,944	136,374,612,915	145,604,630,622
Bills purchased and discounted*	7.1.b	134,621,356,804	115,109,495,430	134,621,356,804	115,109,495,430
		2,067,223,481	3,377,055,483	2,067,223,481	3,377,055,483
		273,438,940,961	264,870,263,857	273,063,193,200	264,091,181,535
		1,443,050,060	1,115,201,138	1,443,050,060	1,115,201,138
		11,806,753,216	9,786,554,784	10,747,688,508	8,727,490,175
		260,189,137,685	253,968,507,935	260,872,454,532	254,248,490,222
* Bills purchased and discounted excludes bills purchased and discounted of Small and medium enterprise (SME).					
7.1.a Loans, cash credits, overdrafts etc.					
Overdrafts		11,041,108,274	15,793,141,363	11,041,108,274	15,793,141,363
Demand loans		58,163,426,452	46,013,246,452	58,163,426,452	46,013,246,452
Term loans		65,155,442,944	65,155,442,944	65,155,442,944	65,155,442,944
Lease receivables		1,292,454,503	1,060,864,757	1,292,454,503	1,060,864,757
Credit Cards		7,022,290,761	6,513,013,655	7,022,290,761	6,513,013,655
Staff loans		1,098,036,892	1,189,462,510	1,098,036,892	1,189,462,510
Margin loan		1,860,287,034	1,783,797,373	1,860,287,034	1,783,797,373
Less: Inter company elimination		138,234,899,949	147,388,427,995	136,374,612,915	145,604,630,622
		1,434,539,273	1,004,715,051	136,374,612,915	145,604,630,622
		136,750,360,676	146,383,712,944	136,374,612,915	145,604,630,622
7.1.b Small and medium enterprises					
Overdrafts		14,399,856,407	15,188,731,384	14,399,856,407	15,188,731,384
Demand loans		12,480,098,176	17,771,183,638	12,480,098,176	17,771,183,638
Term loans		106,902,889,720	82,737,743,560	106,902,889,720	82,737,743,560
Lease receivables		26,076,080	135,287,750	26,076,080	135,287,750
Bills purchased and discounted (SME)		23,561,444	65,424,045	23,561,444	65,424,045
		134,621,356,804	115,109,495,430	134,621,356,804	115,109,495,430
7.2 Bills purchased and discounted					
Bills purchased and discounted (except SME)		2,067,223,481	3,377,055,483	2,067,223,481	3,377,055,483
Bills purchased and discounted (SME)		23,561,444	65,424,045	23,561,444	65,424,045
		2,090,784,925	3,442,479,528	2,090,784,925	3,442,479,528
7.3 Net loans and advances					
Gross loans and advances		273,438,940,961	264,870,263,857	273,063,193,200	264,091,181,535
Less: Interest suspense		1,443,050,060	1,115,201,138	1,443,050,060	1,115,201,138
Less: Provision for loans and advances		11,806,753,216	9,786,554,784	10,747,688,508	8,727,490,175
		260,189,137,685	253,968,507,935	260,872,454,532	254,248,490,222



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	<i>In Taka</i>		
		BRAC Bank Limited		2019
		Consolidated	2020	
7.4 Loans and advances under the following broad categories				
Inside Bangladesh:				
Loans		235,435,060,444	239,429,299,176	235,059,312,683
Cash credits		38,003,880,517	26,440,964,681	38,003,880,517
Overdrafts*		273,438,940,961	264,870,263,857	273,063,193,200
Outside Bangladesh:				
Loans		-	-	-
Cash credits		-	-	-
Overdrafts		-	-	-
		273,438,940,961	264,870,263,857	273,063,193,200
<i>*All loan and overdrafts are including SME.</i>				
7.5 Geographical location wise portfolio grouping				
Inside Bangladesh:				
Dhaka Division		188,553,704,543	187,267,037,312	188,177,956,782
Chattogram Division		32,032,020,561	29,030,506,225	32,032,020,561
Khulna Division		15,705,337,819	14,242,680,886	15,705,337,819
Sylhet Division		5,550,975,746	5,055,738,666	5,550,975,746
Barisal Division		4,649,104,603	4,080,287,056	4,649,104,603
Rajshahi Division		14,892,521,754	14,911,823,429	14,892,521,754
Rangpur Division		7,893,449,128	4,406,771,972	7,893,449,128
Mymensingh Division		4,161,826,808	5,875,418,311	4,161,826,808
		273,438,940,961	264,870,263,857	273,063,193,200
Outside Bangladesh				
		273,438,940,961	264,870,263,857	273,063,193,200
<i>264,091,181,535</i>				
<i>264,091,181,535</i>				



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	<i>In Taka</i>	
		2020 Consolidated	2019 BRAC Bank Limited
7.6	Loans and advances on the basis of significant concentration		
7.6.1	Loans and advances to directors, executives and others	1,484,937,629	1,005,153,352
Directors, subsidiaries and others			
Staff:			
Managing Director and CEO		111,193,790	175,294,476
Senior executives		986,843,102	1,014,168,034
Other executives and staffs		1,098,036,892	1,189,462,510
Industries:			
Agro-based		16,651,664,671	16,500,944,060
Large and medium		59,971,413,091	59,971,413,091
Small and cottage		20,371,224,882	20,371,224,882
Service industry		14,967,879,880	14,967,879,880
Agricultural		111,962,182,524	111,962,182,524
Consumers		4,606,902,747	4,606,902,747
Trade and commercial		45,175,623,983	45,175,623,933
Others		87,630,517,467	87,783,079,330
		21,480,739,769	18,396,256,768
		273,438,940,961	264,870,263,857
7.6.2	Staff loan		
Personal loan		90,225,096	103,522,892
Car and motorcycle loan		473,306,900	497,052,169
House building loan		534,504,897	534,504,897
		1,098,036,892	1,189,462,510
7.7	Detail of large loan		
Number of clients with amount outstanding (funded and non funded) and classification status to whom loans and advances sanctioned are 10% or more of the total regulatory capital of the Bank. Total capital of the Bank was Taka 44,962 million on consolidated basis and Taka 40,182 million on standalone basis as at 31 December 2020 (Taka 42,771 million and 36,822 million as at 31 December 2019 respectively). (Details are shown in Annexure - E)			
Number of clients			15
Amount of outstanding loans and advances		9	51,556,223,693
Amount of classified loans and advances			

7.6

Detail of large loan

Number of clients with amount outstanding (funded and non funded) and classification status to whom loans and advances sanctioned are 10% or more of the total regulatory capital of the Bank. Total capital of the Bank was Taka 44,962 million on consolidated basis and Taka 40,182 million on standalone basis as at 31 December 2020 (Taka 42,771 million and 36,822 million as at 31 December 2019 respectively). (Details are shown in Annexure - E)

Number of clients

Amount of outstanding loans and advances

Amount of classified loans and advances

9
31,171,180,482

15
1,098,036,892

51,556,223,693



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	<i>In Taka</i>		
		Consolidated		BRAC Bank Limited
		2020	2019	2020
7.8 Classified and unclassified loans and advances				
<i>Unclassified</i>				
Standard (including staff loan)		263,144,533,824	251,935,871,303	263,994,092,967
Special Mention Accounts (SMA)		1,060,554,097	1,174,551,412	1,060,554,097
		264,205,087,921	253,110,422,715	265,054,647,064
<i>Classified</i>				
Sub-standard		1,715,697,004	2,684,601,434	1,715,697,004
Doubtful		1,144,060,986	821,333,869	1,144,060,986
Bad/Loss		6,374,095,050	8,243,905,839	5,148,788,146
		9,233,853,040	11,759,841,142	8,008,546,136
		273,438,949,961	264,870,263,857	273,063,193,200
				264,091,181,555
7.8.1 Business segment wise concentration of classified Loans and Advances/ NPL of the Bank				
Corporate		4,675,424,432	6,226,274,944	4,675,424,432
Retail		2,020,333,578	2,254,282,005	795,026,674
Small and medium enterprises		2,538,095,030	3,279,284,193	2,538,095,030
		9,233,853,040	11,759,841,142	8,008,546,136
7.8.2 Sector wise concentration of classified Loans and Advances/ NPL of the Bank				
Agriculture		16,556,744	57,459,915	16,556,744
Communication		-	-	57,459,915
Consumer Credit		400,546,744	467,490,436	400,546,744
Construction		-	-	467,490,436
Other Manufacturing Industries		263,733,869	1,662,550,569	263,733,869
Power, Gas		-	-	1,632,550,569
Residential Real Estate Financing		394,480,107	604,313,830	394,480,107
Readymade Garments		1,267,469,740	1,350,238,906	1,267,469,740
Textile		1,122,806,050	1,294,058,252	1,122,806,050
Ship Building		-	-	1,122,806,050
SME Loans		2,537,695,839	3,155,085,335	2,537,695,839
Trade Service		2,733,143,069	2,539,072,570	1,507,836,165
Others		497,420,878	639,571,329	497,420,878
		9,233,853,040	11,759,841,142	8,008,546,136



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	<i>In Taka</i>		
		Consolidated		BRAC Bank Limited
		2020	2019	2020
7.8.3 Movements of classified Loans and Advances				
Opening balance		8,599,965,740	10,524,563,993	7,378,740,265
Additions during the year		5,040,178,799	122,744,690	5,026,127,125
Reductions during the year		(1,880,303,397)	(2,638,762,548)	(1,880,303,397)
		9,233,853,040	11,759,841,142	10,524,563,993
7.9 Loan type wise classified loans and Advances				
Overdraft		714,542,799	714,542,799	982,559,107
Demand loan		2,291,762,452	3,068,774,538	3,068,774,538
Term loan		4,796,352,161	6,044,577,999	6,044,577,999
Lease finance			191,648,125	191,648,125
Credit cards		205,888,724	237,004,224	237,004,224
Margin loan		1,225,306,904	1,235,277,149	
		9,233,853,040	11,759,841,142	8,008,546,136
7.10 Sector-wise allocation of loans and advances				
Government				
Private:				
Agriculture		4,368,825,394	4,368,825,394	7,355,079,033
Industry		64,717,199,443	66,642,073,578	66,642,073,578
Service Industry		20,094,172,270	19,127,728,491	19,127,728,491
Agro-based Industry		17,417,925,795	16,500,944,060	16,500,944,060
Commerce and Trade		104,513,947,336	87,159,238,177	104,138,199,575
Consumer Credit		45,185,645,630	46,379,540,717	46,379,540,717
Others		17,141,225,094	21,705,659,801	17,141,225,094
		273,438,940,961	264,870,263,857	273,063,193,200
7.11 Securities wise loans and advances including bills purchased and discounted				
Collateral of moveable/immovable assets				
Local banks and financial institutions guaranteee				
Government guaranteee		-	-	-
Foreign banks guaranteee		-	-	-
Export documents		-	-	-
Fixed deposit receipts (FDR)		6,771,487,486	6,775,794,098	6,781,487,486
FDR of other banks		-	-	-
Government bonds		229,491,346,040	229,491,346,040	215,486,472,406
Personal guaranteee and other securities		429,943,527	875,339,368	54,195,766
Other securities		273,438,940,961	264,870,263,857	273,063,193,200



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

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

	Status	Outstanding loans and advances 2020	Base for provision	In Taka	
				Required provision 2020	Required provision 2019
Unclassified					
All unclassified loans (Other than Small and Medium enterprise Financing, Consumer Financing, BHs/MBs/SDs, Housing and loans for professional*)	86,525,906,310	86,385,030,653	1%	1,359,509,761	939,758,073
Small and Medium enterprise financing	129,293,261,774	129,263,261,774	0.25%	323,158,154	272,450,528
Loans to BHs/MBs/SDs against share etc.*	1,028,307,324	1,028,307,324	2%	20,566,146	22,337,172
Housing Finance	13,778,819,883	13,778,819,883	1%	137,788,199	150,001,122
Loans for professionals to Set up business (LP)	3,738,085,010	3,738,085,010	2%	74,761,700	69,759,155
Consumer finance	19,985,827,834	19,985,827,834	2%	399,716,557	1,039,822,827
Consumer finance (Credit Card)	6,816,402,037	6,816,402,037	2%	136,328,041	125,520,188
Short Term Agricultural and Micro Credit	2,820,000,000	2,820,000,000	1%	28,200,000	28,500,000
Staff Loan	1,098,036,892	-	1%	-	-
	265,054,647,064	263,815,734,515		2,480,028,558	2,638,149,065
Classified - Specific provision					
Sub-standard (Short Term Agricultural Credit)	-	-	5%	-	-
Doubtful (Short Term Agricultural Credit)	-	-	5%	-	-
Sub-standard	1,715,697,004	1,093,109,666	20%	138,013,269	374,134,289
Doubtful	1,144,060,986	827,903,587	50%	285,156,144	272,741,703
Bad/Loss	5,148,788,146	3,988,401,549	100%	3,988,401,549	5,208,857,863
	8,008,546,136	5,909,414,803		4,411,570,961	5,855,733,855
	273,063,193,200	269,725,149,317			
Special General Provision Covid-19					
Special general provision Covid-19	77,443,021,808	77,413,011,808	1%	774,130,118	-
				774,130,118	-
Total required provision for loans and advances				7,665,729,638	8,493,882,920
Total provision maintained (Note 16.1)				10,747,688,608	8,727,490,175
Excess provision over minimum required provision prescribed by Bangladesh Bank				3,081,958,970	233,607,255

* BHs = Brokerage Houses, MBs = Merchant Banks, SDs = Stock Dealers Against Shares



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars		
	2020 Taka	2019 Taka
7.13 Particulars of loans and advances		
i) Loans considered good in respect of which Bank is fully secured	55,087,229,595	53,306,306,531
ii) Loans considered good against which Bank holds no security other than the debtor's personal guarantee.	216,877,926,712	209,555,412,494
iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor.	1,098,036,892	1,189,462,510
iv) Loans adversely classified; provision not maintained there against;		
	273,063,193,200	264,091,181,535
v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons;	1,098,435,249	1,189,900,811
vi) Loans due from companies or firms in which the directors of the bank have interested as directors, partners or managing agents or in case of private companies as members;	1,484,539,272	1,004,715,051
vii) Maximum total amount of advance including temporary advance made at any time during the year to directors or managers or officers of the banking companies or any of them either separately or jointly with any other person;	1,098,435,249	1,189,900,811
viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company have interest as directors, partners or managing agents or in case of private companies, as members;	1,484,539,272	1,004,715,051
ix) Due from banking companies		
x) Amount of classified loan on which interest has not been charged should be mentioned as follows:		
a) Increase/decrease of provision (specific)	2,186,350,263	1,481,093,637
Amount of debts written off	1,046,298,041	817,090,492
b) Amount of provision kept against loan previously written off.	633,704,077	786,257,664
c) Interest creditable to the Interest Suspense a/c.	3,988,401,549	5,208,857,863
	1,308,196,997	1,146,331,197
xii) Cumulative amount of the written off loan	20,057,957,542	19,240,867,050
Opening balance	1,046,298,041	817,090,492
Amount written off during the year	21,104,255,582	20,057,957,542
	20,630,426,744	19,608,038,870

The amount of written off loans for which law suits have been filed



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	Consolidated		BRAC Bank Limited		<i>In Taka</i>
		2020	2019	2020	2019	
7.14 Write off of loans and advances (net basis)						
Balance at the beginning of the year		11,287,934,833	11,370,331,377	11,287,934,833	11,370,331,377	
Add: Write off during the year		1,046,298,041	817,090,192	1,046,298,041	817,090,192	
		12,334,232,874	12,187,421,869	12,334,232,874	12,187,421,869	
Less: Recovery of write off loans		627,917,518	778,860,345	627,917,518	778,860,345	
Less: No claim (interest waiver)		59,486,377	120,626,891	59,486,377	120,626,891	
Balance at the end of the year		11,666,828,978	11,287,934,833	11,666,828,978	11,287,934,833	
7.15 Bill Purchased and Discounted under the following broad categories						
Inside Bangladesh		2,090,784,925	3,442,479,528	2,090,784,925	3,442,479,528	
Outside Bangladesh		2,090,784,925	3,442,479,528	2,090,784,925	3,442,479,528	
7.16 Maturity wise grouping of loans and advances						
Repayable on demand		27,624,895,628	29,974,121,609	29,109,434,900	30,978,836,660	
Not more than 3 months		38,634,528,099	53,047,958,319	38,634,528,099	53,047,958,319	
More than 3 months but not more than 1 Year		117,934,355,477	103,281,859,224	116,074,068,443	101,498,067,850	
More than 1 year but not more than 5 years		78,466,876,590	69,178,658,775	78,466,876,591	69,178,658,776	
More than 5 years		10,778,285,167	9,387,665,930	10,778,285,167	9,387,665,930	
		273,438,940,961	264,870,263,857	273,063,193,200	264,091,181,535	
7.17 Maturity wise grouping of lease receivables						
Receivable on demand		2,144,898	9,365	2,144,898	9,365	
Not more than 3 months		2,242,740	1,930,086	2,242,740	1,930,086	
More than 3 months but not more than 1 Year		51,896,473	40,165,579	51,896,473	40,165,579	
More than 1 year but not more than 5 years		1,000,054,854	1,037,250,278	1,000,054,854	1,037,250,278	
More than 5 years		262,191,624	116,797,238	262,191,624	116,797,238	
		1,338,530,589	1,196,152,547	1,318,530,589	1,196,152,547	
7.18 Maturity wise grouping of bill purchased and discounted						
Payable within 1 month		794,294,214	1,814,182,376	794,294,214	1,814,182,376	
Over 1 month but less than 3 months		1,049,026,646	1,291,415,212	1,049,026,646	1,291,415,212	
Over 3 month but less than 6 months		247,219,742	295,239,540	247,219,742	295,239,540	
6 months or more		244,323	41,642,400	244,323	41,642,400	
		2,090,784,925	3,442,479,528	2,090,784,925	3,442,479,528	



8	Fixed assets including premises, furniture and fixtures
	Accounting policy
	Property, plant and equipment
	Recognition and measurement
	All fixed assets except land are stated at cost less accumulated depreciation, as per IAS 16 <i>Property, Plant and Equipment</i> . Land is initially measured at cost and then recognised at revalued amount. Right-of-use assets are measured at cost, less any accumulated depreciation, and adjusted for any re-measurement of lease liabilities.
	The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably.

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

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

Subsequent costs

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

IFRS 16 "Leases" and its relevant assumptions and disclosures

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

Right-of-use assets

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

Lease liabilities

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

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

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

The contracts for premises with all branches, head office, regional offices, data centers and disaster recovery centers are considered for lease calculation.
Covid-19-Related Rent Concessions: Implementation of amendment to IFRS 16



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

The Bank has considered the amendment of lease modification clause i.e. 46A & 46B and applied the practical expedient to rent concessions that meet the conditions in paragraph 46B. Conditions of paragraph 46B are as follows:

- a) the change in lease payments results in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change.
- b) reduction in lease payments affects only payments originally due on or before 30 June 2021
- c) there is no substantive change to other terms and conditions of the lease

Depreciation

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

Category of assets	BRAC Bank Limited	BRAC EPL Investments Limited	BRAC EPL Stock Brokerage Limited	bKash Limited	BRAC Saajan Exchange Limited
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%

Right-of-use assets are depreciated on a straight-line basis over the lease term.

Gain or loss on disposal of fixed assets

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*.

Revaluation

The fair value of land is usually its market value. This value is determined by appraisal, normally undertaken by professionally qualified valuers.

The frequency of revaluation depends upon the movement in the fair value of the items of property, plant and equipment being revalued, usually at 3-5 years' interval. Increases in the carrying amount as a result of revaluation is credited directly to shareholders' equity under the heading of revaluation surplus. Decreases in the carrying amount as a result of revaluation is recognised as an expense. However, a revaluation decrease is charged directly against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of the same assets.

Impairment of property, plant and equipment

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.

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.

Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and is measured at cost less accumulated impairment losses.



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

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.

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.

Particulars	Note	Consolidated		BRAC Bank Limited		<i>In Taka</i>
		2020	2019	2020	2019	
Land - Cost		527,275,400	527,275,400	527,275,400	527,275,400	527,275,400
Revaluation*		520,468,350	520,468,350	520,468,350	520,468,350	520,468,350
Total		1,047,743,750	1,047,743,750	1,047,743,750	1,047,743,750	1,047,743,750
Office floor space		20,855,926	20,855,926	4,034,334	4,034,334	4,034,334
Furniture and fixtures		2,302,945,242	2,407,819,816	2,096,550,341	2,204,566,559	2,204,566,559
Office equipment		1,412,395,684	1,603,522,551	1,307,461,739	1,493,892,852	1,493,892,852
IT hardwares		4,949,599,866	4,534,539,313	2,900,091,204	2,986,716,243	2,986,716,243
Motor vehicles		501,354,786	466,134,264	354,296,880	337,603,953	337,603,953
Leasehold improvements		130,093,833	108,727,033	-	-	-
Right of use assets (ROU) as per IFRS 16		5,507,955,873	4,913,145,979	4,374,375,108	4,306,897,358	4,306,897,358
Capital expenditure work in progress		912,105,973	793,870,582	402,817,173	608,506,435	608,506,435
License (Indefinite useful life)		50,000	50,000	50,000	50,000	50,000
IT Software (Finite useful life)		4,161,523,517	3,665,150,093	2,093,346,465	2,112,289,585	2,112,289,585
Total cost		20,946,624,440	19,561,559,307	14,550,766,994	15,102,321,069	15,102,321,069
Accumulated depreciation and amortisation		9,379,527,975	8,688,078,587	7,231,723,961	6,913,602,921	6,913,602,921
Written down value at 31 December		11,067,096,465	10,873,480,720	7,349,043,033	8,188,718,148	8,188,718,148

(Fixed assets schedules are shown in Annexure - F)

*In compliance with International Accounting Standard (IAS) 16 *Property, plant and equipment*, the Bank followed "revaluation model" for "Land" only, for measurement after initial recognition. As per "revaluation model" revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. It may be necessary to revalue the item only every three to five years. In 2018, land was revalued by professional firm "M/s. Commodity Inspection Services (BD) Ltd." and necessary accounting has been recognised in financial statements based on the valuation report.



9 Other assets

Accounting policy
Other assets include mainly all other financial assets, fees and other unrealised income receivable, advance for operating expenditure and stocks of stationery and stamps etc. Any part of uncollectible other assets is subject to making provision based on their ageing as per Bangladesh Bank circular no. 14 dated 25 June 2001.

Policy changes for reporting equity investment in subsidiaries and associates in separate financial statements

BRAC Bank Limited had been reporting its equity investment for four subsidiaries and one associates applying cost method under IAS 27. Since June 2020, management has decided to account for bank's equity investments in accordance with IFRS 9 as alternative method permitted in IAS 27. Under IFRS 9, initial investment is recorded at cost/purchase consideration and after initial recognition, the investment will be recorded at Fair value through Other Comprehensive Income (OCI) or Fair Value through profit or loss. Management decided to adopt first alternative i.e. after initial recognition, the investment will be recorded at Fair value through Other Comprehensive Income (OCI). Accordingly, the following investments which were being held not for sale or trading reported under cost method are now recorded under IFRS 9: at Fair value through Other Comprehensive Income (OCI):

Name of the subsidiaries and associates	Type	% of BBL's shareholdings 31 Dec 2019		% of BBL's shareholdings 31 Dec 2020		BBL's investment at cost
		% of BBL's shareholdings 31 Dec 2019	% of BBL's shareholdings 31 Dec 2020	% of BBL's shareholdings 31 Dec 2019	% of BBL's shareholdings 31 Dec 2020	
BRAC EPL Investment Limited	Subsidiary	99.98%	99.95%			2,891,704.014
BRAC EPL Stock Brokerage Limited	Subsidiary	90.00%	90.00%			1,344,147.500
bKash Limited*	Subsidiary	41.45%	41.45%			168,921.800
BRAC Seajian Exchange Limited	Subsidiary	75.00%	75.00%			59,388.531
BRAC IT Services Limited (bitTS)	Associate	48.67%	12.92%			30,190.000

As the application of IFRS 9 will reflect the reliable and more relevant information of equity investment, management decided to change the accounting policy for the equity investment recording and measurement in separate financial statements.

There are broadly three valuation approaches: market approach, income approach and cost approach (IFRS13 para 62) for the fair value determination. The valuation technique chosen should maximise the use of relevant observable inputs and minimise the use of unobservable inputs. 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.

The effect of the changes in accounting policy, as of 31 December 2020, BDT 133.08 crore has been recorded as increased in fair value through OCI on equity investment in subsidiaries and associates and BDT 148.37 crore as of 1 January 2020 respectively to opening shareholders' equity as a prior year's adjustment. The deferred tax arose on the fair value gain or (loss) has been recorded accordingly BDT 19.96 crore as on 31 December 2020 and BDT 22.25 crore as on 1 January 2020.

Name of the subsidiaries and associates	BBL's investment at cost as on 31 December 2020	Net asset value of investee as on 31 December 2020	BBL's share of net asset at effective holding	Gross fair value gain/(loss)		Gain/(loss) net of deferred tax
				Gross fair value gain/(loss)	Net fair value gain/(loss)	
BRAC EPL Investment Limited	2,891,704,014	792,943,596	792,510,265	(2,099,193.749)	(1,784,314.686)	
BRAC EPL Stock Brokerage Limited	1,344,147,500	1,116,168,020	1,004,544,339	(339,603,161)	(288,662,687)	
bKash Limited	168,921,800	9,271,454,819	3,843,441,748	3,674,519,948	3,123,341,956	
BRAC Seajian Exchange Limited	59,388,531	223,071,075	167,303,306	107,914,775	91,727,559	
BRAC IT Services Limited (bitTS)	30,190,000	134,502,032	17,373,182	(12,816,818)	(10,894,296)	
Total	4,494,351,845	11,538,139,542	5,825,172,840	1,330,820,995	1,131,197,846	



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Name of the subsidiaries and associates	BBL's investment at cost as on 31 December 2019	Net asset value of investee as on 31 December 2019	BBL's share of net asset at effective holding	Gross fair value gain/(loss)	Gain/(loss) net of deferred tax
BRAC EPL Investment Limited	2,891,704,014	745,774,876	745,307,356	(2,146,396,659)	(1,824,437,161)
BRAC EPL Stock Brokerage Limited	1,344,147,500	960,542,498	864,482,328	(479,665,172)	(407,715,396)
bKash Limited	168,921,800	10,083,633,322	4,180,126,856	4,011,205,056	3,409,524,298
BRAC Saajan Exchange Limited	59,388,531	250,780,675	188,085,506	128,636,975	109,392,429
BRAC IT Services Limited (bitTS)	30,190,000	-	-	(30,190,000)	(25,661,500)
Total	12,040,671,371	5,978,002,045	1,483,650,201	1,261,102,670	

*The economic shareholding percentage of bKash 41.45% has been used for BBL's share of net asset.

Policy for reporting equity 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 .

Investment class	Initial recognition	Measurement after recognition	Recording of changes
Investment in subsidiary	Cost	Fair value through other comprehensive income in Separate Financial Statements due to fair value accounting. Goodwill impairment is recognised in profit and loss in consolidated financial statements.	Impairment loss is adjusted automatically in OCI
Investment in associate	Cost	Fair value through other comprehensive income in Separate Financial Statements due to fair value accounting. The share of post impairment, if any, in Consolidated Financial profit and loss account.	Goodwill impairment is recognised in profit and loss in consolidated financial statements.

Deferred tax asset
Refer to Note 40 Provision for taxation for the relevant accounting policy



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Net plan assets -Employees' Gratuity Fund

Refer to Note 29 Salaries and allowances/Employee benefits for the relevant accounting policy

Particulars	Note	Consolidated		BRAC Bank Limited	<i>In Taka</i>
		2020	2019		
Income generating					
Interest receivables	9.1	3,207,995,470	1,819,031,406	3,207,995,470	1,819,031,406
Profit receivables from govt. Sukuk bond		306,108	-	306,108	-
Dividend receivables		30,721,114	17,673,711	30,721,114	17,673,711
Investment in subsidiary		-	-	5,807,799,658	5,978,002,045
Investment/carrying value in associates	9.2	-	-	-	-
Prepaid interest expenses on IFFD	9.3	33,575,459	42,358,219	33,575,459	42,358,219
Receivables against sanchayapatra		50,328,721	43,533,793	50,328,721	43,533,793
Balance with BRAC EPL Stock Brokerage Limited		2,084,159	237,944	2,084,159	237,944
Non- Income generating					
Stock of stamps		44,877,227	61,939,968	44,877,227	61,939,968
Stock of security stationery		39,558,367	42,467,735	39,558,367	42,467,735
Stock of printing stationery		13,744,865	16,120,944	13,744,865	16,120,944
Advance to staff		4,465,873	6,697,210	4,465,873	6,697,210
Advance to supplier		20,337,425	30,807,000	12,230,453	17,159,075
Advance Value Added Tax		9,132,298	9,132,298	9,132,298	9,132,298
Advance to SME unit offices		1,310,690	1,310,690	1,310,690	1,310,690
Advance against office rent		63,458,597	84,579,131	63,458,597	84,579,131
Advance security deposit		15,065,185	14,788,759	11,441,629	13,485,278
Receivables from BITS		213,246,061	229,328,082	213,246,061	229,328,082
Deferred revenue expenditure		131,510,876	188,237,748	131,510,876	188,237,748
Deferred tax asset		3,965,036,176	3,010,745,120	3,198,786,943	2,514,181,471
Receivable from Off-Shore		-	1,956,690,038	-	1,956,690,038
Receivable in proxy account		287,880	2,318,814	287,880	2,318,814
Net plan assets - Employees' Gratuity Fund	9.5	348,376,767	333,908,755	348,376,767	333,908,755
Other receivables	9.6	1,283,207,028	1,063,352,155	1,283,207,028	1,063,352,155
Less: On-shore to Off-shore		-	(1,956,690,038)	-	(1,956,690,038)
Other assets of subsidiaries		4,363,878,648	4,982,865,983	-	-
	9.7	13,862,304,994	12,001,435,386	14,525,819,425	12,485,056,383



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	Consolidated		BRAC Bank Limited		<i>In Taka</i>
		2020	2019	2020	2019	
9.1 Interest receivables						
Receivable against Govt. securities		1,317,902,250	557,429,038	1,317,902,250	557,429,038	
Receivable against other securities		84,410,281	40,317,126	84,410,281	40,317,126	
Receivable against balance with other bank		104,272,860	118,015,536	104,272,860	118,015,536	
Receivable against loans and advances		1,701,410,079	1,103,269,706	1,701,410,079	1,103,269,706	
		<u>3,207,995,470</u>	<u>1,819,031,406</u>	<u>3,207,995,470</u>	<u>1,819,031,406</u>	
9.2 Investment in subsidiaries						
Accounting policy						
Refer to above Note 9 "Policy changes for reporting equity investment in subsidiaries and associates in separate financial statements" and "Policy for reporting equity investment in subsidiaries and associates in consolidated financial statements".						
BRAC EPL Investments Limited				792,510,265	745,307,355	
BRAC EPL Stock Brokerage Limited				1,004,544,339	864,482,326	
bKash Limited				3,843,441,748	4,180,126,856	
BRAC SAAJAN Exchange Limited				167,303,306	188,085,506	
				<u>5,807,799,658</u>	<u>5,978,002,045</u>	
9.3 Investment/carrying value in associates						
Accounting policy						
Refer to above Note 9 "Policy changes for reporting equity investment in subsidiaries and associates in separate financial statements" and "Policy for reporting equity investment in subsidiaries and associates in consolidated financial statements".						
BRAC IT Services Limited	9.3.1			-	17,373,182	
					<u>17,373,182</u>	
9.3.1 Carrying value of investment in associates:						
BRAC IT Services Limited						
Opening balance/fair value of residual interest retained				3,564,399		
Share of profit/(loss) of equity in associate company				(3,564,399)		
				-		
BRAC Asset Management Company Limited						
Opening balance				-	12,171,240	
Share of profit/(loss) of equity in associate company					<u>(12,171,240)</u>	
Disposal of associates						



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

9.4	Deferred tax asset/(liability) (Bank only)	Accounting base		Deductible/ (Taxable) temporary difference	Applicable tax rate	Deferred Tax Asset/ (Liability)
		Tax base	Particulars			
Balance as at 31 December 2020						
	Loan loss provision including Covid-19 special provision(Note - 16.1)	8,267,660,049		8,267,660,049	37.50%	3,100,372,519
	Provision against capital market (Note - 16.5)	87,580,119		87,580,119	10.00%	8,758,012
	Right of use assets (ROU) as per IFRS 16 (Annexure - F)	2,908,869,923		(2,501,029,381)	37.50%	(937,886,018)
	Leased Liability as per IFRS 16 (Note - 16)	2,740,113,147		2,740,113,147	37.50%	1,027,542,430
	Deferred tax asset (a)**					3,198,786,943
	Deferred tax liability arises due to land revaluation surplus* (b) (Note - 20.2)	1,047,743,750		(1,047,743,750)	4.00%	(41,909,750)
	Deferred tax liability arises due to actuarial valuation gain (c)	239,725,587		(239,725,587)	37.50%	(89,887,087)
	Deferred tax liability arises from fair value gain as per IFRS 9 (Note - 9)	1,330,820,995		(1,330,820,995)	15.00%	(199,623,149)
	Fixed assets	2,989,612,186		(133,569,756)	37.50%	(50,088,659)
	Interest receivable from treasury bills and bonds (Note - 9.1)	1,317,902,250		(1,317,902,250)	37.50%	(494,213,344)
	Profit receivables from govt Sukuk bond (Note - 9)	306,108		(306,108)	37.50%	(114,790)
	Dividend receivables (Note - 9)	30,721,114		(30,721,114)	20.00%	(6,144,229)
	Deferred tax liability (d)					(881,991,002)
	Net deferred tax asset at 31 December 2020 (a+d)					2,316,795,941
	Increase of deferred tax asset recognised in profit and loss account as income					
	Increase of deferred tax liability recognised in profit and loss account as expense					
	Net Deferred tax income recognised in profit and loss account during the year ended 31 December 2020					684,605,472
	Net Deferred tax income recognised in profit and loss account during the year ended 31 December 2020					(341,525,127)
						343,080,345
						90,994,013
Balance as at 31 December, 2019						
	Loan loss provision (Note - 16.1)	6,081,309,788		6,081,309,788	37.50%	2,280,491,171
	Provision against capital market (Note - 16.5)	650,800,000		650,800,000	10.00%	65,080,000
	Fixed assets	2,956,150,792		314,906,962	37.50%	118,090,111
	Right of use assets (ROU) as per IFRS 16 (Annexure - F)	3,572,954,310		(3,030,413,229)	37.50%	(1,136,404,961)
	Leased Liability as per IFRS 16 (Note - 16)	3,165,133,734		3,165,133,734	37.50%	1,186,925,150
	Deferred tax asset (a)**					2,514,181,471
	Deferred tax liability arises due to land revaluation surplus* (b) (Note - 20.2)	1,047,743,750		(1,047,743,750)	4.00%	(41,909,750)
	Deferred tax liability arises due to actuarial valuation gain (c)	421,244,583		(421,244,583)	37.50%	(157,366,719)
	Deferred tax liability arises for IFRS 9 accounting for subsidiaries (Note - 9)	1,483,650,201		(1,483,650,201)	15.00%	(222,547,530)
	Interest receivable from treasury bills and bonds (Note - 9.1)	557,429,038		(557,429,038)	37.50%	(209,035,889)
	Deferred tax liability (d)					(631,459,888)
	Net deferred tax asset at 31 December 2019 (a+d)					1,882,721,583
	Decrease of deferred tax asset recognised in profit and loss account as expense					
	Decrease of deferred tax liability recognised in profit and loss account as income					
	Net Deferred tax expense recognised in profit and loss account during the year ended 31 December 2019 (b+c)					96,099,855
	Net Deferred tax liability recognised in equity during the year ended 31 December 2019 (b+c)					859,400,548
						(222,547,530)



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

*As per guidelines of accounting standard IAS 12 Income Taxes, deferred tax should be recognised on non-depreciable assets (like land) which are measured using "Revaluation Model" as per IAS 16 considering that the carrying amount of the non-depreciable asset i.e. land will be recovered through sale. As per this process the Bank recognised deferred tax on revalued amount of land. Deferred tax liability arises on land revaluation surplus and actuarial valuation are recognised in changes in equity as other comprehensive income items.

Deferred tax assets arising from the provision on loan loss will be recovered at the time of written off of classified loan. Deferred tax on provision for investment in capital market will be recovered when the loss be realized and deferred tax on IFRS 16 leased assets will be adjusted when lease contracts will be terminated.

Particulars	Note	Consolidated			<i>In Taka</i>
		2020	2019	2020	
		BRAC Bank Limited	2019	2019	
9.5 Net plan assets - Employees' Gratuity Fund					
Fair value of plan assets	9.5.1	1,968,963,855	1,231,473,815	1,511,837,864	1,073,540,067
Less: Defined benefit obligation	9.5.2	1,620,587,088	897,565,050	1,163,461,097	739,631,302
		348,376,767	333,908,765	348,376,767	333,908,765
9.5.1 Fair value of plan assets - gratuity fund					
Fair value of plan assets as on 1 January		1,231,473,815	879,337,781	1,073,540,067	879,337,781
Interest income on plan assets		99,839,226	90,132,122	99,839,226	90,132,122
Actual employer contributions		621,600,313	336,134,875	322,408,070	178,201,127
Actual net benefits payments		(53,900,827)	(75,630,564)	(53,900,827)	(75,630,564)
Remeasurement gain/(losses) on plan assets		69,951,328	1,499,601	69,951,328	1,499,601
Fair value of plan assets as on 31 December		1,968,963,855	1,231,473,815	1,511,837,864	1,073,540,067
9.5.2 Defined benefit obligation - gratuity fund					
Defined benefit obligation as on 1 January		887,565,050	860,529,741	739,631,302	770,345,993
Current service cost		249,894,708	184,400,822	157,474,567	116,650,822
Past service cost due to amendment of gratuity benefits			244,746,326		244,746,326
Interest cost		68,785,711	78,960,464	68,785,711	78,960,464
Actual net benefits payments		(53,900,828)	(75,630,564)	(53,900,828)	(75,630,564)
Remeasurement gain/(loss)		458,242,447	(395,442,239)	251,470,345	(395,442,239)
Defined benefit obligation as on 31 December		1,620,587,088	897,565,050	1,163,461,097	739,631,302
9.5.3 Remeasurements gain/(loss) or defined benefits liability/assets					
Opening balance		243,615,364	(4,473,286)	263,277,864	15,189,214
Remeasurement gain/(losses) on plan assets		69,951,328	1,499,601	69,951,328	1,499,601
Remeasurement gain/(losses) on defined benefit obligation		(458,242,447)	395,442,239	(251,470,345)	395,442,239
Less: Deferred tax (expense)/income		(144,675,755)	392,468,354	81,758,847	412,131,054
		68,069,632	(148,853,190)	68,069,632	(148,853,190)
		(76,606,123)	243,615,364	149,828,479	263,277,864

Remeasurement gain/(loss) has been recognised as per Actuarial Valuation Report.



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	<i>In Taka</i>			
		Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
9.6 Other Receivables					
Receivable against remittance		17,969,668	32,689,794	17,969,668	32,689,794
Receivable against bills pay		84,100,000	64,900,000	84,100,000	64,900,000
Receivable against DD		4,105,449	10,604,761	4,105,449	10,604,761
Receivable against cards		131,499,259	130,976,320	131,499,259	130,976,320
Receivable from merchant		2,112,169	2,596,516	2,112,169	2,596,516
Receivable from partners		27,020,242	27,020,242	27,020,242	27,020,242
Receivable from Co-Brand ATM		116,816,609	117,010,489	116,816,609	117,010,489
Receivable against fraud and forgery/protested bill		49,087,500	54,242,000	49,087,500	54,242,000
Receivable from NPS		820,431,057	576,683,746	820,431,057	576,683,746
Sundry debtors*		5,000,000	20,000,000	5,000,000	20,000,000
Receivable from BACH			185,689		185,689
VAT rebate receivables		(1,481,944)	(4,909,977)	(1,481,944)	(4,909,977)
REPO interest expenditure		26,547,019	31,355,588	26,547,019	31,355,588
Interest rate swap		1,283,207,028	1,063,332,156	1,283,207,028	1,063,332,156
* In compliance with FRC notification no. 179/FRC/FRM/Notification/2020/2, the forfeited fund previously distributed among members of provident fund as per the existing Fund Rules has been calculated as BDT 27,924,157. We recognized other receivable of BDT 20,354,719 under sundry debtors in financial 2020. However, remaining BDT 7,569,438 receivables raised from left employees not recognised as there is no chance of recoverability from the left members.					
9.7 Other assets of subsidiaries					
BRAC EPL Investments Limited		379,105,991	347,019,878		
BRAC EPL Stock Brokerage Limited		202,379,803	184,391,210		
bKash Limited		3,508,211,128	4,086,813,134		
BRAC SAAJAN Exchange Limited		331,900,799	331,900,799		
		4,421,597,721	5,320,295,617		
Less: Inter company transactions:					
BRAC Bank Limited		35,685,889	195,246,433		
BRAC EPL Investments Limited		585,468	136,066		
BRAC EPL Stock Brokerage Limited		1,389,480	1,243,915		
bKash Limited		58,236	140,803,210		
		37,719,073	337,429,624		
		4,333,878,648	4,982,865,993		
Possession date					
		30 June 2015	62,230,075	62,230,075	62,230,075
		16 January 2017	1,200,000	1,200,000	1,200,000
		11 June 2018	3,041,700	3,041,700	3,041,700
		66,471,775	66,471,775	66,471,775	66,471,775
10 Non-banking assets					
Haque Specialized Still Mills Ltd.					
M/s Macca And Modina Store					
M/S Akash Auto Mobile					

The Bank has been awarded ownership of the mortgaged property Haque Specialized Still Mills Ltd. at Fatullah Natrayangari according to the verdict of the Honorable Court order no. 85 dated 23 April 2015 (Artoh Rin Adalat, Dhaka) in 2015, mortgaged property M/s Macca And Modina Store at Nilphamari under Section 33(7) of Artharin Adalat 2003 and reported as Non Banking ain-2003 and mortgaged property M/S. Akash Auto Mobile at Sherpur, verdict of the honourable Artharin Court of Sherpur under Section 33(7) of Artharin Adalat ain-2003 and reported as Non Banking Assets in accordance with Bank Companies Act 1991 and BRPD circular no. 14 of 2003. The value of the Non-Banking Assets has been determined on the basis of valuation report of an Independent valuer.



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	Consolidated		BRAC Bank Limited	<i>In Taka</i>
		2020	2019		
11 Goodwill					
Accounting policy					
Refer to "Intangible assets" section of Note 8 Fixed assets including premises, furniture and fixtures for the relevant accounting policy of goodwill.					
(i) BRAC EPL Investments Limited		246,289,821	246,289,821		
Less: Impairment of goodwill - EPL		-	-		
Sub total		246,289,821	246,289,821		
(ii) BRAC EPL Stock Brokerage Limited		1,126,273,572	1,126,273,572		
(iii) BRAC SAAJAN Exchange Limited		54,905,518	54,905,518		
Total		1,427,468,911	1,427,468,911		
12 Borrowings from other banks, financial institutions and agents					
Accounting policy					
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.					
Borrowings Inside Bangladesh	12.1	640,000,000	1,389,000,000		849,000,000
Borrowings outside Bangladesh	12.2	11,932,789,394	22,072,531,027		22,052,981,186
		12,572,789,394	23,461,531,027		22,901,981,186
12.1 Borrowings inside Bangladesh					
Southeast Bank Ltd.		-	424,500,000		424,500,000
Prime Bank Limited		-	424,500,000		424,500,000
Industrial and Infrastructure Development Finance Company Limited		470,000,000	390,000,000		
United Finance		170,000,000	150,000,000		
		640,000,000	1,389,000,000		849,000,000



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	<i>In Taka</i>		
		Consolidated		BRAC Bank Limited
		2020	2019	2019
12.2 Borrowings outside Bangladesh				
Sonai Bank UK Ltd.		574,061,047	890,533,080	574,061,047
Bank One Limited, Mauritius		-	1,103,700,000	890,533,080
Nabil Bank Limited, Nepal		848,011,000	-	1,103,700,000
HDFC Bank Limited, India		424,005,500	1,103,700,000	848,011,000
Standard Chartered Bank, Singapore		-	919,025,520	424,005,500
Commercial Bank of Qatar		-	849,000,000	919,025,520
DBS Bank Singapore		-	849,000,000	849,000,000
Asian Development Bank		-	727,714,286	849,000,000
Woori Bank, Dhaka		254,403,300	-	727,714,286
Bank of Montreal, Canada		-	730,140,000	-
The National Bank of Ras Al-Khaimah, UAE		-	1,675,926,000	730,140,000
Abu Dhabi Commercial Bank, UAE		-	1,714,980,000	1,675,926,000
First Abu Dhabi Bank PJSC, UAE		-	876,762,300	1,714,980,000
CDC Group Plc, United Kingdom		2,180,745,088	-	876,762,300
International Finance Corporation (IFC), USA		7,632,099,000	2,547,000,000	-
Maersk Trade Finance A/S, Denmark		-	7,641,000,000	2,547,000,000
Millennium Bank, (Portugal)		19,464,459	424,500,000	7,641,000,000
		11,932,789,394	22,072,531,027	11,913,324,935
				22,052,981,136
12.3 Security against borrowings from other banks, financial institutions and agents:				
Secured (Treasury bills)		12,572,789,394	23,461,531,027	11,913,324,935
Unsecured		12,572,789,394	23,461,531,027	11,913,324,935
				22,901,981,136
				22,901,981,136



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

12.4

Disclosure regarding REPO

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

(a) (i) Disclosure regarding outstanding Repo as on 31 December 2020:

Counter party name	SL. no	Agreement date	Reversal date	Amount (1st leg cash consideration) outstanding on 31 December 2019
Agrani Bank Limited	i	December 28, 2020	January 4, 2021	Nil
Janata Bank Limited	ii	December 28, 2020	January 3, 2021	3,994,333,207
Agrani Bank Limited	iii	December 29, 2020	January 5, 2021	2,394,826,065
Janata Bank Limited	iv	December 29, 2020	January 5, 2021	4,797,743,485
Standard Chartered Bank Dhaka	v	December 30, 2020	January 3, 2021	1,814,886,800
Agrani Bank Limited	vi	December 30, 2020	January 6, 2021	3,082,246,400
Janata Bank Limited	vii	December 30, 2020	January 4, 2021	4,695,369,692
Agrani Bank Limited	viii	December 30, 2020	January 4, 2021	5,055,085,852
Sonali Bank Limited				Nil
Southeast Bank Limited				Nil
AB Bank Limited				Nil
Standard Chartered Bank Dhaka				Nil
IFIC Bank Limited				Nil
Premier Bank Limited				Nil
Bank Asia Limited				Nil
				26,365,092,684

(a) (ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2020:

Counter party name	SL. no	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
Janata Bank Limited	N/A	N/A	N/A	Nil
				1,195,301,192

(b) Disclosure regarding overall transaction of Repo and Reverse repo during the year 2020:

Particulars	Minimum outstanding during the year 2020	Maximum outstanding during the year 2020	Daily average outstanding during the year 2020	Daily average outstanding during the year 2019
		383,116,800 730,663,500	11,547,956,417 15,243,758,066	790,429,680 3,912,089,893
		396,344,400	2,874,339,731	46,836,478 337,433,809

Securities sold under repo:

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

Securities purchased under reverse repo:

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



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	Consolidated		<i>In Taka</i>	
		2020	2019	2020	2019
12.5 Maturity wise grouping of borrowing from other bank and financial institutions					
Repayable on demand				2,227,682,496	4,270,245,571
Not more than 3 months				4,324,856,100	8,418,471,720
More than 3 months but not more than 1 Year				1,786,589,575	3,602,877,043
More than 1 year but not more than 5 years				3,574,196,764	6,610,386,852
More than 5 years				19,549,341	
		<u>12,572,789,394</u>	<u>23,461,531,027</u>	<u>11,913,324,935</u>	<u>22,901,981,186</u>
13 Borrowings from Bangladesh Bank					
Bangladesh Bank finance		5,203,348,433		5,203,348,433	
Bangladesh Bank EDF fund		6,043,860,168		6,043,860,168	
Bangladesh Bank SME Foundation		7,638,489,608		7,638,489,608	
Borrowing from Bangladesh Bank - LTFF		77,675,000		77,675,000	
Borrowing from Bangladesh Bank - GTF		896,411,733		896,411,733	
Borrowing from Bangladesh Bank - Iute Financing		252,601,734		252,601,734	
Borrowing from Bangladesh Bank - Stimulus Fund		69,954,000		69,954,000	
Borrowing from Bangladesh Bank - Working Capital Stimulus Fund		560,627,613		560,627,613	
Borrowing from Bangladesh Bank - SME Re-finance		2,728,245,369		2,728,245,369	
Borrowing from Bangladesh Bank -		11,146,063,722		11,146,063,722	
		<u>23,310,068,779</u>	<u>12,487,885,372</u>	<u>23,370,068,779</u>	<u>12,487,885,372</u>
13.1 Maturity wise grouping of borrowing from Bangladesh Bank					
Repayable on demand		1,782,142,433		1,782,142,433	
Not more than 3 months		2,975,884,386		2,975,884,386	
More than 3 months but not more than 1 year		15,303,999,721		15,303,999,721	
More than 1 year but not more than 5 years		2,778,035,363		2,778,035,363	
More than 5 years		530,006,875		530,006,875	
		<u>23,310,068,779</u>	<u>12,487,885,372</u>	<u>23,370,068,779</u>	<u>12,487,885,372</u>
14 Money at call on short notice					
Bank Al-Falah Limited		84,801,100	254,700,000	84,801,100	254,700,000
Trust Bank Limited		-	849,000,000	-	849,000,000
Eastern Bank Limited		-	169,800,000	-	169,800,000
		<u>84,801,100</u>	<u>1,273,500,000</u>	<u>84,801,100</u>	<u>1,273,500,000</u>
14.1 Maturity wise grouping of money at call on short notice					
Up to 1 month		84,801,100	1,273,500,000	84,801,100	1,273,500,000
More than 1 month but not more than 3 months		-	-	-	-
More than 3 months but not more than 1 Year		-	-	-	-
More than 1 year but not more than 5 years		-	-	-	-
More than 5 years		-	-	-	-
		<u>84,801,100</u>	<u>1,273,500,000</u>	<u>84,801,100</u>	<u>1,273,500,000</u>

Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

	Particulars	Note	In Taka			
			2020	2019		
15 Deposits and other accounts						
Accounting policy						
Deposits include non interest-bearing current deposit redeemable at call, interest bearing on-demand and short-term deposits, savings deposit and term deposit lodged for periods from 3 months to 12 years. These items are brought to account at the gross value of the outstanding balance which includes accrued interest.						
15.1 Current deposits and other accounts etc.	141,841,491,410	101,846,330,888	97,266,324,684	70,387,783,800		
Bills payable	1,797,962,669	1,911,038,678	1,797,962,669	1,911,038,678		
Savings deposits	57,230,594,232	44,538,393,041	57,230,594,232	44,538,393,041		
Fixed deposits*	130,608,019,962	147,365,718,274	130,621,972,707	149,378,664,153		
Other deposits	2,137,551,432	2,093,448,790	2,137,551,432	2,093,448,790		
	333,615,619,705	297,754,929,671	289,054,405,724	268,309,328,462		
* Fixed deposits include the deposit pension scheme (DPS).						
15.1 Current deposits and other accounts						
Local currency	141,348,027,225	100,057,005,932	94,339,534,526	67,833,784,180		
Foreign currencies	2,926,790,158	2,553,999,620	2,926,790,158	2,553,999,620		
Less: Inter unit/company elimination	144,274,817,383	102,611,055,552	97,266,324,684	70,387,783,800		
	141,841,491,410	101,846,330,888	97,266,324,684	70,387,783,800		
15.1.1 Current deposits and other accounts						
Current deposits	130,667,261,976	90,051,961,185	83,658,769,277	57,828,679,433		
Special notice deposit	13,607,555,407	12,559,104,367	13,607,555,407	12,559,104,367		
Less: Inter unit/company elimination	144,274,817,383	102,611,055,552	97,266,324,684	70,387,783,800		
	141,841,491,410	101,846,330,888	97,266,324,684	70,387,783,800		
15.2 Bills payable						
Local currency	1,454,223,684	1,181,501,339	1,454,223,684	1,181,501,339		
Foreign currencies	343,738,985	729,537,359	343,738,985	729,537,359		
	1,797,962,669	1,911,038,678	1,797,962,669	1,911,038,678		
15.3 Savings deposits						
Local currency	57,230,594,232	44,538,393,041	57,230,594,232	44,538,393,041		
Foreign currencies						
	57,230,594,232	44,538,393,041	57,230,594,232	44,538,393,041		
15.4 Fixed deposits						
Local currency	128,562,181,629	147,656,239,196	128,592,181,629	147,656,289,196		
Foreign currencies	2,029,791,078	1,722,374,957	2,029,791,078	1,722,374,957		
Less: Inter unit/company elimination	130,621,972,707	149,378,664,153	130,621,972,707	149,378,664,153		
	13,952,745	2,012,945,879	130,621,972,707	149,378,664,153		



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	Consolidated			<i>In Taka</i> BRAC Bank Limited
		2020	2019	2020	
		2019	2019	2019	
15.5 Other deposits					
Local currency	15.5.1	638,849,997	838,131,216	638,849,997	838,131,216
Foreign currencies	15.5.2	1,498,701,435	1,255,317,574	1,498,701,435	1,255,317,574
		2,137,551,432	2,093,448,790	2,137,551,432	2,093,448,790
		2,137,551,432	2,093,448,790	2,137,551,432	2,093,448,790
Less: Inter unit/company elimination					
15.5.1 Other local currency deposits					
Security deposits		834,000	867,000	834,000	867,000
Security deposit from retail loan client		7,614,179	7,614,179	7,614,179	7,614,179
Sundry deposit		630,401,818	829,650,037	630,401,818	829,650,037
		638,849,997	838,131,216	638,849,997	838,131,216
15.5.1.1 Sundry deposit					
Lease deposits		3,646,585	5,311,478	3,646,585	5,311,478
Payable to NPS		307,784,640	192,641,657	307,784,640	192,641,657
EFTN and BACH adjustments account		278,100,672	606,828,476	279,100,672	606,828,476
Payable against customers, loan account and others		39,869,921	24,868,426	39,869,921	24,868,426
		630,401,818	829,650,037	630,401,818	829,650,037
15.5.1.2 Other foreign currency deposits					
Proceeds awaiting for remittance (BTB LC)		8,121,788	23,585,662	8,121,788	23,585,662
Remittance awaiting for disposal (RAD)		1,490,579,647	1,231,731,912	1,490,579,647	1,231,731,912
		1,498,701,435	1,255,317,574	1,498,701,435	1,255,317,574
15.6 Deposits concentration					
Deposits from banks-inside Bangladesh		100,779	2,001,154,346	100,779	2,001,154,346
Other than banks		333,615,518,926	295,753,775,325	289,054,304,945	266,308,174,116
		333,615,619,705	297,754,929,671	289,054,405,724	268,309,328,452
15.6.1 Deposits from banks-inside Bangladesh					
Current deposits:					
Eldorado Member Banks		100,779	1,154,346	100,779	1,154,346
		100,779	1,154,346	100,779	1,154,346
Fixed deposits from Banks:					
Sonali Bank Limited		-	2,000,000,000	-	2,000,000,000
			2,000,000,000		2,000,000,000
Total deposits from banks		100,779	2,001,154,346	100,779	2,001,154,346



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

	Particulars	Note	Consolidated		BRAC Bank Limited		<i>In Taka</i>
			2020	2019	2020	2019	
			2020	2019	2020	2019	
15.7	Payable on demand and time deposit						
	i) Demand deposit						
	Current deposits	125,307,145,845	86,733,226,901	80,731,979,119	55,274,679,813		
	Saving deposits (9% of total saving deposits)	5,150,753,481	4,008,455,374	5,150,753,481	4,008,455,374		
	Foreign currency deposits	4,425,491,593	3,809,317,194	4,425,491,593	3,809,317,194		
	Sundry deposits	630,401,818	829,650,037	630,401,818	829,650,037		
	Bills payable	1,797,962,669	1,911,038,678	1,797,962,669	1,911,038,678		
		137,311,755,406	97,291,688,184	92,736,588,680	65,833,141,056		
	ii) Time deposit						
	Saving deposits (9% of total saving deposits)	52,079,840,751	40,529,937,667	52,079,840,751	40,529,937,667		
	Foreign currency deposits	2,039,791,078	1,722,374,957	2,029,791,078	1,722,374,957		
	Fixed deposits (local currency excluding DPS)	113,164,908,952	132,083,517,985	113,178,861,697	134,096,463,564		
	Deposit pension schemes (DPS)	15,413,319,932	13,559,825,632	15,413,319,932	13,559,825,632		
	Deposit notice deposit	13,607,555,407	12,559,104,367	13,607,555,407	12,559,104,367		
	Security deposits	8,448,179	8,448,179	8,448,179	8,448,179		
		196,303,864,299	200,463,241,487	196,317,817,044	202,476,187,366		
		333,615,619,705	297,754,929,671	289,054,405,724	268,309,329,462		
15.8	Maturity wise grouping of deposits and other accounts						
	Repayable on demand	3,671,713,675	5,094,574,659	3,671,713,675	5,094,574,659		
	Repayable within 1 month	53,004,835,673	50,273,107,886	29,583,490,662	33,315,037,287		
	Over 1 months but within 6 months	78,019,891,611	97,876,683,493	78,019,891,611	97,876,683,493		
	Over 6 months but within 1 year	77,437,850,673	62,210,576,385	56,297,381,703	49,723,045,455		
	Over 1 year but within 5 years	91,487,009,788	59,980,394,326	91,487,009,788	59,980,394,326		
	Over 5 years but within 10 years	29,994,318,285	22,319,151,942	29,994,318,285	22,319,151,942		
	Over 10 years	-	441,000	-	441,000		
	Total	333,615,619,705	297,754,929,671	289,054,405,724	268,309,329,462		
	Uncclaimed deposits for 10 years or more	58,869,117	40,256,621	58,869,117	40,256,621		

As per Bank Company Act 1991, Section 35 and BB circular letter no. BRPD 10 dated 12 September 2018, if any money or valuable asset (except deposits from Government, minor or litigation) is unclaimed for ten years or above as of 31 December every year, a three months' notice will be given to depositors concerned. Based on the response from the concerned depositors by following three months, amount will be paid to them otherwise unclaimed deposit will be deposited to Bangladesh Bank by 30 April 2021. We reported BDT 58,869,117 as 10 years and above unclaimed deposit amount as on 31 December 2020 (cut off basis) to Bangladesh Bank.



16 Other liabilities

Accounting policy

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

Provision for loans and advances

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

Provision for other assets

Any part of uncollectible other assets is subject to making provision based on their ageing as per Bangladesh Bank circular no. 14 dated 25 June 2001.

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 BRRPD circular no. 14 dated 23 September 2012 and BRRPD circular no. 7 dated 21 June 2018 except on bills for collection and guarantees where the counter guarantees have been issued by Multilateral Development Bank (MDB)/International Bank having BB rating grade '1' equivalent outlined in the Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III).

Provision for diminution in value of investments

Refer to Note 6 Investments for the relevant accounting policy.

Interest suspense

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

Provision for taxation net off AIT and Deferred tax liability

Refer to Note 40 Provision for taxation for the relevant accounting policy.



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Leased liabilities as per IFRS 16

Refer to Note 8 Implementation of IFRS 16 and its relevant assumptions and disclosures for the relevant accounting policy.

The details of other liabilities are given below:

Particulars	Note	2020	Consolidated	2019	BRAC Bank Limited
Provision for loans and advances	16.1	11,032,623,098	9,786,554,784	9,973,558,490	8,727,490,175
Special general provision Covid-19	16.1	774,130,118	-	774,130,118	-
Provision for interest receivable from loan	16.2	13,457,003	12,375,062	13,457,003	12,375,062
Provision for other assets	16.3	195,208,855	188,809,064	168,102,992	167,602,992
Provisions for off balance sheet items	16.4	455,246,134	392,162,499	455,246,134	392,162,499
Provision for diminution in value of investments	16.5	87,560,119	650,800,000	87,560,119	650,800,000
Interest suspense	16.6	1,443,050,060	1,115,201,138	1,443,050,060	1,115,201,138
Withholding tax payable	16.7	253,886,515	282,791,571	253,886,515	278,784,650
VAT payable	16.8	248,931,096	198,330,445	248,931,096	198,330,445
Excise duty payable	16.9	161,946,299	111,414,634	161,946,299	111,414,634
Provision for taxation net off AIT	9.4	3,673,665,415	4,906,552,415	4,012,115,746	5,039,240,312
Deferred tax liability		682,367,854	408,912,358	881,991,002	631,459,888
Interest payable on borrowings		322,434,236	450,065,180	322,434,236	450,065,180
Accrued expenses		3,957,141,846	6,568,703,851	2,096,169,765	2,150,881,719
Share subscription - IPO (refund warrant)		228,419	226,973	228,419	226,973
Right share subscription		636,674	636,674	636,674	636,674
Payable settlement account-OBU/DBU		88,498	-	88,498	-
Payable to on-shore		1,982,392,275	1,956,690,038	1,982,392,275	1,956,690,038
Cheque clearing account		-	316,002	-	316,002
Unclaimed dividend		67,043,176	60,406,259	67,043,176	60,406,259
Suppliers payable		132,044,849	126,962,177	132,044,849	126,962,177
Leased liabilities as per IFRS 16		3,528,145,886	3,583,375,469	2,740,113,147	3,165,133,734
Payable against exchange houses		85,355	308,347	85,355	308,347
Payable against insurances		6,635,467	5,251,341	6,635,467	5,251,341
Payable to Omnibus		84,300	155,500	84,300	155,500
Payable against SWIFT charge		-	1,991,222	-	1,991,222
Other payables	16.10	2,285,139,168 (1,982,385,478)	2,224,871,573 (1,956,680,069)	2,285,139,168 (1,982,385,478)	2,224,871,573 (1,956,680,069)
Less: Off-shore to on-shore	16.11	3,451,915,288	2,136,420,688	(1,982,385,478)	-
Other liabilities of subsidiaries		32,773,722,525	33,213,605,195	26,124,705,425	25,512,078,489

In Taka

Particulars	Note	2020	Consolidated	2019	BRAC Bank Limited
Provision for loans and advances	16.1	11,032,623,098	9,786,554,784	9,973,558,490	8,727,490,175
Special general provision Covid-19	16.1	774,130,118	-	774,130,118	-
Provision for interest receivable from loan	16.2	13,457,003	12,375,062	13,457,003	12,375,062
Provision for other assets	16.3	195,208,855	188,809,064	168,102,992	167,602,992
Provisions for off balance sheet items	16.4	455,246,134	392,162,499	455,246,134	392,162,499
Provision for diminution in value of investments	16.5	87,560,119	650,800,000	87,560,119	650,800,000
Interest suspense	16.6	1,443,050,060	1,115,201,138	1,443,050,060	1,115,201,138
Withholding tax payable	16.7	253,886,515	282,791,571	253,886,515	278,784,650
VAT payable	16.8	248,931,096	198,330,445	248,931,096	198,330,445
Excise duty payable	16.9	161,946,299	111,414,634	161,946,299	111,414,634
Provision for taxation net off AIT	9.4	3,673,665,415	4,906,552,415	4,012,115,746	5,039,240,312
Deferred tax liability		682,367,854	408,912,358	881,991,002	631,459,888
Interest payable on borrowings		322,434,236	450,065,180	322,434,236	450,065,180
Accrued expenses		3,957,141,846	6,568,703,851	2,096,169,765	2,150,881,719
Share subscription - IPO (refund warrant)		228,419	226,973	228,419	226,973
Right share subscription		636,674	636,674	636,674	636,674
Payable settlement account-OBU/DBU		88,498	-	88,498	-
Payable to on-shore		1,982,392,275	1,956,690,038	1,982,392,275	1,956,690,038
Cheque clearing account		-	316,002	-	316,002
Unclaimed dividend		67,043,176	60,406,259	67,043,176	60,406,259
Suppliers payable		132,044,849	126,962,177	132,044,849	126,962,177
Leased liabilities as per IFRS 16		3,528,145,886	3,583,375,469	2,740,113,147	3,165,133,734
Payable against exchange houses		85,355	308,347	85,355	308,347
Payable against insurances		6,635,467	5,251,341	6,635,467	5,251,341
Payable to Omnibus		84,300	155,500	84,300	155,500
Payable against SWIFT charge		-	1,991,222	-	1,991,222
Other payables	16.10	2,285,139,168 (1,982,385,478)	2,224,871,573 (1,956,680,069)	2,285,139,168 (1,982,385,478)	2,224,871,573 (1,956,680,069)
Less: Off-shore to on-shore	16.11	3,451,915,288	2,136,420,688	(1,982,385,478)	-
Other liabilities of subsidiaries		32,773,722,525	33,213,605,195	26,124,705,425	25,512,078,489



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
16.1 Provision for loans and advances					
A. General provision					
Provisions held at the beginning of the year		2,646,180,388	2,503,843,810	2,646,180,388	2,503,843,810
Add: Transfer from specific provision		438,310,342	-	438,310,342	-
Add: Special general provision Covid-19		774,130,118	-	774,130,118	-
Add: Net charge to Profit and Loss A/C		(603,544,658)	139,800,906	(603,544,658)	139,800,906
Add: Exchange difference		(917,514)	2,535,672	(917,514)	2,535,672
Provisions held at the end of the year		3,254,158,676	2,646,180,388	3,254,158,676	2,646,180,388
B. Specific provision					
Provisions held at the beginning of the year (i)		7,140,374,396	6,125,733,633	6,081,309,787	5,066,669,024
Less: Transfer to general provision (ii)		(438,310,342)	-	(438,310,342)	-
Less: Special general provision Covid-19 (iii)		(774,130,118)	-	(774,130,118)	-
Less: Write off during the year (iv)		(976,501,071)	(800,696,005)	(976,501,071)	(800,696,005)
Add: Provision charged for the year including special provision Covid-19 (v)		3,602,405,848	1,742,585,563	1,742,585,563	1,742,585,563
Add: Recovery of written off bad debts (vi)		633,704,077	786,257,864	633,704,077	786,257,864
Add: Exchange difference (vii)		(1,244,172)	72,751,205	(1,244,172)	72,751,205
Net charge to Profit and Loss A/C (viii) = (v)-(vi)		2,988,701,771	956,327,899	2,988,701,771	956,327,899
Provisions held at the end of the year (i+ii+iii+iv+v+vii)		8,552,594,541	7,140,374,396	7,493,529,932	6,081,309,787
Total provision held at the end of the year (A+B)		11,806,753,217	9,786,554,784	10,747,688,608	8,727,490,175
16.2 Provision for interest receivable from loan					
Provisions held at the beginning of the year		12,375,062	9,648,388	12,375,062	9,648,388
Add: Net charge to Profit and Loss A/C		1,081,941	2,726,674	1,081,941	2,726,674
Provisions held at the end of the year		13,457,003	12,375,062	13,457,003	12,375,062
16.3 Provision for other assets					
Provisions held at the beginning of the year		188,809,064	169,053,930	167,602,992	166,539,281
Add: Net charge to Profit and Loss A/C		6,399,791	19,755,134	500,000	1,063,711
Provisions held at the end of the year		195,208,855	188,809,064	168,102,992	167,602,992



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

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

Other asset type	Other assets balance	Doubtful (50%)	Bad/Loss (100%)	Required provision	Actual provision
Receivable from partners	2,112,169	-	2,002,851	2,002,851	2,418,511
Receivable for fraud and forgery-protested bill	116,816,609	116,816,609	116,816,609	116,778,607	
Receivables in cash shortage	1,709,950	41,500	1,359,850	1,380,600	2,285,110
Receivable from BBi-RBL atm	5,144,030	-	5,144,030	5,144,030	5,144,030
Receivables in cash shortage-atm	215,500	10,500	193,000	198,250	107,250
Receivable from BAeCH	5,000,000	-	5,000,000	5,000,000	5,000,000
Proxy accounts	287,880	6,376	6,439,824	6,443,012	6,849,241
Receivable from co-brand atm	27,020,242	-	27,020,242	27,020,242	27,020,242
Receivables against remittance	8,240,918	-	326,982	326,982	500,000
Receivable from MoneyGram	9,260,500	-	205,607	205,607	-
Charge back receivables in suspense-cards	909,783	9,137	-	4,568	-
Receivable for outstanding priority pass bill payment USD	113,421	-	113,421	113,421	-
Receivable from merchant(On US)-cards	321,143	-	182,694	182,694	-
Receivables against Placid Express	7,447	-	7,652	7,652	-
Receivables from BRAC Saaijan	30,000	-	30,000	30,000	-
			164,876,500		168,102,992

Particulars	Consolidated		In Taka			
	Note	2020	2019	2020	2019	
16.4 Provisions for off balance sheet items						
Balance at the beginning of the year						
Provision made/(released) during the year						
Balance at the end of the year						
16.4.1 Particulars of required provisions for off balance sheet items - General provision (Bank only)						
Particulars	Base for provision	Percentage (%) of required provision	Required provision	Required provision	Required provision	
Acceptances and endorsements	19,161,701,765	1%	191,617,018	149,711,563		
Irrevocable letters of credit	15,553,935,528	1%	155,539,355	122,308,695		
Letter of guarantees	10,487,259,076	1%	104,872,591	116,979,475		
Total required provision			452,028,964	388,999,733		
Total provision maintained (Note 16.4)			455,246,134	392,162,499		
Excess/(short) provision			3,217,170	3,162,766		
16.5 Provision for diminution in value of investments						
Balance at the beginning of the year	650,800,000		116,400,000	650,800,000	116,400,000	
Provision made/(released) during the year	(563,219,881)		534,400,000	(563,219,881)	534,400,000	
Balance at the end of the year	87,580,119		650,800,000	87,580,119	650,800,000	

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



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
16.6 Interest suspense					
Balance at the beginning of the year		1,115,201,138	728,543,524	1,115,201,138	728,543,524
Add: Amount transferred to "Interest Suspense" account during the year		1,308,196,997	1,146,331,197	1,308,196,997	1,146,331,197
		2,423,398,135	1,874,874,721	2,423,398,135	1,874,874,721
		910,551,105	743,279,095	910,551,105	743,279,095
Less: Amount recovered in "Interest Suspense" account during the year		69,796,970	16,394,488	69,796,970	16,394,488
Less: Amount written off during the year					
Balance at the end of the year		1,443,050,060	1,115,201,138	1,443,050,060	1,115,201,138
16.7 Withholding tax payable					
Payable on Interest		155,833,873	176,497,810	155,833,873	176,497,810
Payable (Suppliers)		2,457,565	15,577,579	2,457,565	15,577,579
Payable (Staff Salaries and Allowance)		13,401,755	12,703,016	13,401,755	12,703,016
Payable (Rent)		3,893,338	4,366,485	3,893,338	4,366,485
Payable (Export)		21,759,159	11,607,729	21,759,159	11,607,729
Payable on commission paid		10,900,918	10,044,574	10,900,918	10,044,574
Payable on professional services		11,570,966	6,063,925	11,570,966	6,063,925
Payable on export cash subsidy		907,200	-	907,200	-
Payable on local LC		1,958,271	388,055	1,958,271	388,055
Payable on foreign buyer agent		11,389,306	7,862,604	11,389,306	7,862,604
Payable on IGR services		702,613	764,818	702,613	764,818
Payable on others		19,111,551	36,914,977	19,111,551	32,908,056
		253,886,515	282,791,571	253,886,515	278,784,650
16.8 VAT Payable					
Payable on banking service		66,991,129	26,571,838	66,991,129	26,571,838
Payable - Supplier		58,868,807	44,676,623	58,868,807	44,676,623
Payable - Rent		11,027,398	12,676,836	11,027,398	12,676,836
Payable - DESCO		28,986,764	14,742,689	28,986,764	14,742,689
Payable - BPDB		8,724,299	13,957,255	8,724,299	13,957,255
Payable - DPDC		74,210,215	85,601,546	74,210,215	85,601,546
Payable - REB		122,484	103,658	122,484	103,658
		248,931,096	198,330,445	248,931,096	198,330,445



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

	Particulars	Note	Consolidated			<i>In Taka</i>
			2020	2019	2020	
16.9 Provision for taxation net off AIT (BBL only)						
			21,397,288,924	17,678,384,112		
			2,537,375,925	3,718,904,812		
			23,934,664,849	21,397,288,924		
			23,934,664,849	21,397,288,924		
	A. Provision for tax:					
	Balance at the beginning of the year		16,358,048,612	13,651,193,655		
	Add: Provision made during the year		3,564,500,491	2,706,854,967		
	Less: Adjustment of tax provision for previous years		19,922,549,103	16,358,048,612		
	Balance at the end of the year		4,012,115,746	5,039,240,312		
	B. Advance income tax:					
	Balance at the beginning of the year		392,294,175	420,308,750		
	Add: Paid during the year		138,746,220	216,246,220		
	Less: Adjustment made during the year		6,778,325	6,660,679		
	Balance at the end of the year		3,106,745	3,106,745		
	Provision for taxation (A-B)		1,744,213,703	1,578,549,179		
			2,285,139,168	2,224,871,573		
	Corporate tax position of the Bank has been shown in Annexure G.					
	16.10 Other payables					
	Payables related to cards and others					
	Payables for good borrower rebate					
	Payable to merchant					
	Payables to co brand ATM					
	Miscellaneous payable					
	16.11 Other liabilities of subsidiaries					
	BRAC EPL Investments Limited		140,802,034	105,808,093		
	BRAC EPL Stock Brokerage Limited		848,153,581	414,441,489		
	bKash Limited		2,109,161,938	1,234,358,009		
	BRAC SAAJAN Exchange Limited		378,816,981	525,790,266		
			3,476,939,534	2,280,397,837		
	Less: Inter company transactions:					
	BRAC Bank Limited		944,193	142,047,125		
	BRAC EPL Investments Limited		770,962	136,066		
	BRAC EPL Stock Brokerage Limited		318,029	-		
	bKash Limited		12,420,500	1,793,978		
	BRAC Saajan Exchange Limited		10,570,562	-		
			25,024,246	143,977,169		
			3,451,915,288	2,136,420,688		



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

	Particulars	Note	Consolidated		BRAC Bank Limited <i>In Taka</i>
			2020	2019	
17	Share capital				
	Accounting policy				
	The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve four major objectives: exceed regulatory thresholds and meet longer-term internal capital targets, maintain strong credit ratings, manage capital levels commensurate with the risk profile of the Bank and provide the Bank's shareholders with acceptable returns.				
	Capital is managed in accordance with the Board-approved Capital Management Planning from time to time. Senior management develop the capital strategy and oversee the capital management planning of the Bank. The Banks' Finance, Treasury and Risk Management department are key in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal matrix.				
17.1	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.				
	2,000,000,000 ordinary shares of Tk. 10 each				
17.2	Issued, Subscribed and Paid up capital				
	Accounting policy				
	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.				
	100,000,000 Ordinary Shares of Tk. 10/- each issued for cash 971,648,230 Ordinary Shares of Tk. 10/- each issued as bonus share 26,400,000 Right Shares of Tk. 10/- each issued in 2008 221,652,288 Right Shares of Tk. 10/- each issued in 2014 1,149,589 Ordinary Shares of Tk. 10/- each issued as 1st bond converted share in 2016 2,237,835 Ordinary Shares of Tk. 10/- each issued as 2nd bond converted share in 2017 2,790,534 Ordinary Shares of Tk. 10/- each issued as 3rd bond converted share in 2018				
	1,000,000,000 9,716,482,300 264,000,000 2,216,522,880 11,495,890 22,378,350 27,905,340				
	13,288,784,760				12,333,753,210



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

17.2.1 History of paid-up capital

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

Particulars	Allotment year	Number of shares issued		Total paid up shares (No of shares)	Addition in amount of share capital (BDT)	Total paid up capital (BDT)
		Bonus shares	Subscription			
First Subscription to the Memorandum and Articles of Association) at the time of incorporation	1999	-	2,000,000	2,000,000	200,000,000	200,000,000
BRAC (Subscription)	2001	-	500,000	2,500,000	50,000,000	250,000,000
BRAC (Subscription)	2003	-	674,500	3,174,500	67,450,000	317,450,000
ShoreCap International Ltd.	2004	-	875,700	4,050,200	87,570,000	405,020,000
International Finance Corporation IPO	2004	-	949,800	5,000,000	94,980,000	500,000,000
Bonus Share 20%	2006	5,000,000	-	10,000,000	500,000,000	1,000,000,000
Bonus Share 20%	2007	2,000,000	-	12,000,000	200,000,000	1,200,000,000
Bonus Share 10%	2008	1,200,000	-	13,200,000	120,000,000	1,320,000,000
Right Share 20%	2008	-	2,640,000	15,840,000	264,000,000	1,584,000,000
Bonus Share 30%	2009	4,752,000	-	20,562,000	475,200,000	2,059,200,000
Bonus Share 30%	2010	6,177,600	-	26,759,600	617,760,000	2,676,960,000
Bonus Share 30%	2011	5,353,920	-	32,123,520	535,392,000	3,212,352,000
Denomination of face value from Tk.100 to Tk.10 per share	2011	-	-	321,235,200	-	3,212,352,000
Bonus Share 20%	2012	64,247,040	-	385,482,240	642,470,400	3,854,822,400
Bonus Share 20%	2013	57,822,336	-	443,304,576	578,223,360	4,433,045,760
Bonus Share 15%	2014	44,330,457	-	487,635,033	443,304,570	4,876,350,330
Bonus Share 10%	2014	-	221,652,288	709,287,321	2,216,522,880	7,092,873,210
Right share 50%	2016	-	1,149,589	710,436,910	11,495,890	7,104,369,100
Fresh Issue against Bond, 1st Conversion of Bond	2016	-	2,237,835	712,674,745	22,378,350	7,126,747,450
Fresh Issue against Bond, 2nd Conversion of Bond	2017	142,534,949	-	855,209,694	1,425,349,490	8,552,096,940
Bonus Share 20%	2018	-	2,790,534	858,000,228	27,905,340	8,580,002,280
Fresh Issue against Bond, 3rd Conversion of Bond	2018	214,500,057	-	1,072,500,285	2,145,000,570	10,725,002,850
Bonus Share 25%	2018	160,875,042	-	1,233,375,327	1,608,750,420	12,333,753,270
Bonus Share 15%	2019	92,503,149	-	1,325,878,476	925,031,490	13,258,784,760
Bonus Share 7.50%	2020	Total				
				13,258,784,760		

17.2.2 Issued, Subscribed and Paid up Capital

Particulars	Consolidated		BRAC Bank Limited 2020	BRAC Bank Limited 2019	<i>In Taka</i>
	2020	2019			
Balance at the beginning of the year	12,333,753,270	10,725,002,850	12,333,753,270	10,725,002,850	
Add: Stock dividend of 2019 issued in 2020	925,031,490	1,608,750,420	925,031,490	1,608,750,420	
Closing at the end of the year	13,258,784,760	12,333,753,270	13,258,784,760	12,333,753,270	

17.3 Initial Public Offering (IPO)

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



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

17.4 Cash Dividend/Bonus Issue

On 25 June 2020, 15% Dividend (7.50% stock & 7.50% Cash) were approved by the shareholders at its 21st Annual General Meeting. The stock dividend was distributed on 05 July 2020 accordingly.

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

17.5 Ordinary Shares

	No. of Shares (2020)	% of shareholding (2020)	2019	
			Taka	Taka
Sponsor:				
BRAC	612,092,251	46.17%	6,120,922,510	5,461,323,270
Others	1,041,711	0.08%	10,417,110	853,150
Non Sponsor:				
Non Resident Bangladeshis	1,280,602	0.10%	12,806,020	11,168,230
Mutual Funds	28,085,324	2.12%	280,853,240	226,458,420
Institutions and General Public	683,376,888	51.54%	6,833,785,880	6,633,950,200
	1,325,875,476	100%	13,255,784,760	12,333,755,270

17.5.1 Share trading

The Bank traded its ordinary shares in Central Depository Bangladesh Limited (CDBL) through Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 31 January 2007. The closing market price on 31 December 2020 was Tk. 44.30 at Dhaka Stock Exchange (DSE) and Tk. 44.30 at Chittagong Stock Exchange (CSE).

17.6 Classification of Shareholding

<u>Range of holding of shares</u>	Number of shareholders (2020)	Number of shares (2020)	Percentage of holding of shares (2020)	
			(2020)	(2020)
Less than 500	6,041	958,969	0.07%	
500 to 5,000	9,114	17,986,162	1.36%	
5,001 to 10,000	1,776	12,543,436	0.95%	
10,001 to 20,000	807	11,484,489	0.87%	
20,001 to 30,000	263	6,484,088	0.49%	
30,001 to 40,000	135	4,681,305	0.35%	
40,001 to 50,000	104	4,795,362	0.36%	
50,001 to 100,000	168	11,936,210	0.90%	
100,001 to 1,000,000	167	50,317,111	3.80%	
Over 1,000,000	84	1,204,711,344	90.86%	
Total	18,659	1,325,878,476	100%	





Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

17.6.1 Name of the Directors and their shareholdings as at 31 December 2020:

Name	Status	Opening position	Closing position	% of shares held as on 31 December 2020
Dr. Ahsan H Mansur (Chairman)	Independent Director	Nii	Nii	Nii
Ms. Nihad Kabir (Nominated by BRAC)	Nominated Director	44,628	47,975	0.004%
Mr. Kaiser Kabir (Nominated by BRAC)*	Non-Executive Director	Nii	Nii	Nii
Mr. Asif Saleh (Nominated by BRAC)	Nominated Director	Nii	Nii	Nii
Ms. Farzana Ahmed	Independent Director	Nii	Nii	Nii
Mr. Kazi Mahmood Sattar	Independent Director	Nii	Nii	Nii
Ms. Fahima Choudhury	Independent Director	Nii	Nii	Nii
Dr Zahid Hussain	Nominated Director	Nii	Nii	Nii
Mr. Shaheran M Hasan (Nominated by BRAC)	Nominated Director	Nii	950,000	0.071%

Mr. Kaiser Kabir retired on 17 September 2020 in its 276th Meeting of the Board of Directors of BRAC Bank Limited.

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Accounting policy

Year of Issuance	350,000,000	350,000,000
2006	1,056,000,000	1,056,000,000
2008	2,216,522,880	2,216,522,880
2014	37,419,151	37,419,151
2016	78,548,041	78,548,041
2017	115,276,960	115,276,960
2018	3,853,767,032	3,853,767,032

17.7.1 Particulars of Share Premium

Sponsor:
BRAC
Others

Non Sponsor:
International Finance Corporation (IFC)
ShoreCap International Limited
Non Resident Bangladeshis
Mutual Funds
General Public

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Particulars of Share Premium

Sponsor:
BRAC
Others

Non Sponsor:
International Finance Corporation (IFC)
ShoreCap International Limited
Non Resident Bangladeshis
Mutual Funds
General Public

17.8 Capital Adequacy Ratio - As per BASEL - III

To cope up with the international best practices and to make the bank's capital shock absorbent 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with BASEL II) was introduced from 1 January 2009 as a parallel run with BRRD Circular No. 10, dated 25 November 2002 (BASEL I). At the end of parallel run, BASEL II regime started from 01 January 2010 and the guidelines on RBCA came fully into force with its subsequent supplements/revisions. After that Bangladesh Bank issued 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised Regulatory Capital Framework in line with BASEL III) vide its BRRD Circular 18 dated 21 December 2014 that BASEL III reporting start from January 2015 and full implementation started from January 2019. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital and Disclosure requirement as stated in the guidelines had to be followed by all scheduled banks for the purpose of statutory compliance. BASEL III framework has three main components referred to as pillars.

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

Basel III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spill over from the financial sector to the real economy. "Basel III: A global regulatory framework for more resilient banks and banking systems" (known as Basel III capital regulations) in December 2010. Basel II reforms strengthens the bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the pro-cyclical amplification of these risks over time. These new global regulatory and supervisory standards mainly addressed the following areas:

- Raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis;
- Increase the risk coverage of the capital framework;
- Introduce leverage ratio to serve as a backstop to the risk-based capital measure;
- Raise the standards for the supervisory review process (Pillar 2); and
- Public disclosures (Pillar 3) etc.

To ensure smooth transition to Basel III, appropriate transitional arrangements have been provided for meeting the minimum Basel III capital ratios, full regulatory adjustments to the components of capital etc. In 2020, banking industry will embark on the full-fledged implementation of Basel III.

Basel - III is to be calculated both on separate financial statements (SOLO) basis and consolidated basis and both are submitted to Bangladesh Bank accordingly.

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

Particulars	Consolidated		BRAC Bank Limited		<i>In Taka</i>
	2020	2019	2020	2019	
Common Equity Tier-1 (Going Concern Capital)					
Fully Paid-up Capital/Funds from Head Office for the Purpose of Meeting the Capital Adequacy	13,258,784,760	12,333,753,270	13,258,784,760	12,333,753,270	
Non-repayable Share Premium Account	3,853,767,032	3,853,767,032	3,853,767,032	3,853,767,032	
Statutory Reserve	9,405,017,728	8,129,149,416	9,405,017,728	8,129,149,416	
General Reserve					
Retained Earnings	16,346,550,011	15,230,405,214	16,346,550,011	15,230,405,214	
Dividend Equalization fund	355,218,455	355,218,455	355,218,455	355,218,455	
Minority Interest in Subsidiaries	5,610,136,813	6,081,237,821	5,610,136,813	6,081,237,821	
Actuarial gain/loss (Actuarial gain/loss kept in books in Bangladesh for Foreign Banks)					
Non-repayable interest free funds from Head Office for the purpose of acquisition of property and held in a separate account and have the ability to absorb losses regardless of their source (Applicable for Foreign Banks)					
Others if any item approved by Bangladesh Bank					
Sub-total	48,829,474,799	45,983,531,208	40,553,043,502	37,050,692,433	



	Particulars	Consolidated		BRAC Bank Limited		<i>In Taka</i>
		2020	2019	2020	2019	
Regulatory Adjustments						
Shortfall in provisions required against Non Performing Loans (NPLs)	-	-	-	-	-	-
Shortfall in provisions required against investment in shares	-	-	-	-	-	-
Remaining deficit on account of revaluation of investments in securities after netting off from any other surplus on the securities	3,767,220,392	3,239,953,793	1,036,448,298	866,851,705	3,043,768,317	2,400,156,912
Goodwill and all other intangible Assets	3,810,017,550	3,010,745,120	-	-	-	-
Deferred Tax Assets (DTA)	-	-	-	-	-	-
Defined benefit pension fund assets	-	-	-	-	-	-
Gain on sale related to securitization transactions	-	-	-	-	-	-
Investment in own CET-1 Instruments/Shares (as per Para 3.4.7 of Basel III Guidelines)	-	-	-	-	-	-
Reciprocal Crossholdings in the CET-1 Capital of Banking, Financial and Insurance Entities	-	-	-	-	-	-
Any investment exceeding the approved limit under section 26(1) of Bank Company Act, 1991 (50% of investment in subsidiaries which are not consolidated (50% of investment))	-	-	-	-	-	-
Others if any	7,577,237,942	6,250,698,913	4,080,216,615	3,267,008,618	-	-
Sub-total	41,252,236,857	39,732,832,295	36,472,326,887	33,783,683,815	-	-
Total common equity Tier-1 capital						
Additional Tier-1 Capital						
Non-cumulative irredeemable preference shares	-	-	-	-	-	-
Instruments issued by the banks that meet the qualifying criteria for AT1 (as specified in Annex-4 of Basel III Guidelines)	-	-	-	-	-	-
Minority Interest, i.e. AT1 issued by consolidated subsidiaries to third parties as specified in Annex-4 of Basel III Guidelines (for consolidated reporting)	-	-	-	-	-	-
Head Office borrowings in foreign currency by foreign banks operating in Bangladesh for inclusion in Additional Tier 1 capital which comply with the regulatory requirements as specified in Annex-4 of Basel III Guidelines (Applicable for Foreign Banks)	-	-	-	-	-	-
Any other item specifically allowed by BB from time to time for inclusion in Additional Tier 1 Capital (Applicable for Foreign Banks)	-	-	-	-	-	-
Others (if any item approved by Bangladesh Bank)	-	-	-	-	-	-
Subtotal						



Particulars	Consolidated		BRAC Bank Limited		<i>In Taka</i>
	2020	2019	2020	2019	
Regulatory Adjustments:					
Investment in own AT-1 Instrument/Share (as per Para 3.4.7 of Basel III Guidelines)					
Reciprocal crossholdings in the AT-1 Capital of Banking, Financial and Insurance Entities					
Others if any					
Total Additional Tier-1 Capital Available					
Maximum Limit of Additional Tier-1 Capital (AT-1 capital can be maximum up to 1.5% of the total RWAs or 33.33% of CET1, whichever is higher)					
Excess Amount over Maximum Limit of AT-1					
Subtotal					
Total Admissible Additional Tier-1 Capital	41,252,236,857	39,732,832,295	36,472,826,887	33,753,663,815	
Tier-2 Capital (Going Concern Capital)					
General Provision	3,709,404,810	3,038,342,887	3,709,404,810	3,038,342,887	
All Other preference shares					
Subordinated debt/instruments issued by the banks that meet the qualifying criteria for Tier 2 capital (as per Annex 4 of Basel III Guidelines)					
Minority interest i.e. Tier-2 issued by consolidated subsidiaries to third parties (for consolidated reporting only)					
Head Office (HO) borrowings in foreign currency received that meet the criteria of Tier 2 debt capital (Applicable for Foreign Banks)					
Revaluation Reserves as on 31 December, 2014 (50% of Fixed Assets and Securities & 10% of Equities)	346,502,408	346,502,408	346,502,408	346,502,408	
Others if any item approved by Bangladesh Bank)					
Sub-total	4,055,907,218	3,384,845,295	4,055,907,218	3,384,845,295	
Regulatory Adjustments					
Revaluation Reserves for Fixed Assets, Securities & Equity Securities (follow Phase-in deductions as per Basel III Guidelines)	346,502,408	346,502,408	346,502,408	346,502,408	
Investment in own T-2 Instruments/Shares (as per Para 3.4.7 of Basel III Guidelines)					
Reciprocal crossholdings in the T-2 Capital of Banking, Financial and Insurance Entities					
Any investment exceeding the approved limit under section 26 (a)(1) of Bank Company Act, 1991 (50% of investment)					
Investments in subsidiaries which are not consolidated (50% of investment)					
Others if any					
Total Tier-2 Capital Available					
Maximum Limit of Tier-2 Capital (Tier 2 capital can be maximum up to 4.0% of the total RWAs or 88.89% of CET1, whichever is higher)	3,709,404,810	3,038,342,887	3,709,404,810	3,038,342,887	
Excess Amount over Maximum Limit of T-2					
Total Admissible Tier-2 Capital	3,709,404,810	3,038,342,887	3,709,404,810	3,038,342,887	
Total Capital	44,961,641,667	42,771,175,182	49,182,231,697	36,022,026,702	
Total Risk Weighted Assets					
Minimum Capital requirement (MCR - 12.50%)					
Surplus (Deficiency)					
Capital Adequacy Ratio:					
Common Equity Tier-1 (Against standard of minimum 6%)					
Total Capital to Risk-weighted Asset Ratio*					
Minimum CRAR %					
Surplus (Deficiency) %					

* In Standalone regulatory capital calculation, fair value gain of BDT 1,131,197,846 on investment in subsidiaries and associates arisen out of application of IFRS 9 for the measurement of equity investment in subsidiaries and associate at fair value. The fair value gain/loss reported as FVOCI directly as part of equity as per IFRS 9, in absence of any specific guidelines for the treatment of Fair value gain/loss in Risk Based Capital Adequacy guidelines by Bangladesh Bank, the fair value gain/loss has not been considered as part of Tier 1 capital. However, as this has emerged from implementation of IFRS 9 (which came in to effect in 2018), we have requested Bangladesh Bank for their guidance on the same. While the fair value gain/loss is a part of Tier 1 capital according to the recommendation of International Basel Committee, Had the fair value gain / loss been considered as component of Tier-1 capital to Risk-weighted Asset Ratio (CRAR) would have been reported at 14.87%.



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	Consolidated		BRAC Bank Limited In Taka
		2020	2019	
18	Statutory reserve			
	Accounting policy			
	The Bank is required to transfer at least 20% of its profit before tax to the Statutory Reserve in accordance with provisions of section 24 of the Banking Companies Act, 1991. This is mandatory until such reserve is equal to the paid up capital together with amount in the share premium account.			
	Opening balance	8,129,149,416	6,428,088,086	8,129,149,416
	Transferred from profit during the year	1,275,868,312	1,701,061,330	1,275,868,312
	Closing balance	9,405,017,728	8,129,149,416	9,405,017,728
19	Dividend equalization fund			
	Balance at the beginning of the year	355,218,455	355,218,455	355,218,455
	Add: Addition during the year			
		355,218,455	355,218,455	355,218,455
20	Revaluation reserve			
	Accounting policy			
	Revaluation reserve represents revaluation on Treasury bond (HTF and HTM) in accordance with the DOS circular no. 05, dated 26 May 2008 and DOS circular no. 05, dated 28 January 2009.			
	Assets revaluation reserve			
	Other reserve comprises investment revaluation reserve and fixed assets revaluation reserve. Where carrying amount of an item of property, plant and equipment is increased as a result of valuation, the increased amount is credited directly to equity under the heading of assets revaluation reserve as per IAS 16 <i>Property, Plant and Equipment</i> . If any deferred tax is applicable on such revaluation reserve then the same is deducted from revaluation reserve directly as a component of OCI (Other Comprehensive Income).			
	The details of revaluation reserve are as follows:			
	Revaluation reserve on Govt. securities			
	Revaluation reserve represents revaluation on Treasury bond (HTF and HTM) in accordance with the DOS circular no. 05, dated 26 May 2008 and DOS circular no. 05, dated 28 January 2009.			
	20.1	4,805,926,053	98,965,051	4,805,926,053
		478,558,600	478,558,600	478,558,600
		5,284,484,653	577,523,651	5,284,484,653
	20.2			
	Revaluation reserve on Govt. securities			
	Balance at the beginning of the year	98,965,051	5,593,264	98,965,051
	Add: Addition during the year	7,553,065,801	6,314,295,481	7,553,065,801
	Less: Adjustment during the year	2,846,104,799	6,220,923,694	2,846,104,799
		4,805,926,053	98,965,051	4,805,926,053
	Assets revaluation reserve (land only)			
	Balance at the beginning of the year	478,558,600	478,558,600	478,558,600
	Add: Revaluation gain on land valuation (net)			
	Less: Deferred tax due to revaluation			
		478,558,600	478,558,600	478,558,600



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

21 Surplus in profit and loss account/Retained earnings (standalone)

Accounting policy

Re-measurement gain/(loss) of defined benefits liability (assets)

Remeasurement gain/loss arises from the actuarial valuation report carried out by professional actuary time to time on BRAC Bank Employees' Gratuity Fund. The last actuarial valuation were carried out based on 31 December 2020 and actuarial gain/loss was recognised in equity as a component of equity net of any deferred tax impact.

Particulars	Note	BRAC Bank Limited In Taka			
		2020	2019	2020	2019
Balance at the beginning of the year		12,378,804,260	9,794,724,973		
Add: Remeasurements gain/(loss) of defined benefits liability (assets)		(113,449,385)	248,088,649		
Add: Retained surplus for the year		4,540,831,949	5,645,802,388		
Less: Transfer to statutory reserve		1,275,868,312	1,701,061,330		
Less: Cash dividend paid		925,031,495			
Less: Bonus share issued		925,031,490	1,808,750,420		
Closing balance		<u>13,680,255,527</u>	<u>12,378,804,260</u>		
21.1 Surplus in profit and loss account/Retained earnings (Consolidated)					
BRAC Bank Limited		13,680,255,527	12,378,804,260		
Less: Gain on disposal of BAMCL reported at Banks accounts		(4,672,919)			
Sub total		13,680,255,527	12,374,131,341		
BRAC EPL Investment Limited					
Opening balance		(1,900,106,837)	(1,530,378,168)		
Add: Retained Surplus/(deficit) for the year		44,197,921	(368,256,955)		
Add: Effect of change of shareholding			(1,471,714)		
Less: Impairment of Goodwill					
Sub total		(1,855,909,216)	(1,900,106,837)		
BRAC EPL Stock Brokerage Limited					
Opening balance		567,694,248	644,188,370		
Add: Retained Surplus/(deficit) for the year		145,182,009	(76,494,122)		
Less: Dividend distributed					
Add: Reserve for stock dividend					
Sub total		712,876,257	567,694,248		
bKash Limited					
Opening balance		4,024,357,140	4,283,508,926		
Add: Retained Surplus/(deficit) for the year		(279,566,898)	(259,151,786)		
Add: Effect of change in preference share of bKash					
Add: Remeasurements of defined benefits liability (assets)		(57,858,628)			
Less: Correction of wrongly recognised Goodwill					
Sub total		3,686,931,614	4,024,357,140		



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	<i>In Taka</i>		
		Consolidated 2020	2019	BRAC Bank Limited 2020
BRAC SAAJAN Exchange Limited				
Opening balance		189,846,404	177,999,446	
Add: Retained Surplus/(deficit) for the year		(24,704,449)	18,813,452	
Less: Dividend distributed		(12,556,125)	(6,466,494)	
Add: Effect of change of shareholding				
Sub total		152,586,830	189,846,404	
 Associates				
Opening balance - (b)ITS		(30,190,001)	(26,625,602)	
realised gain/(loss) - (b)ITS		-	(3,564,399)	
Add: Share of profit/(loss) of equity in associate company - (b)ITS		-	(328,780)	
Opening balance - (BAMCL)		-	-	
Add: Share of profit/(loss) of equity in associate company - (BAMCL)		-	5,001,679	
Gain/(loss) on disposal/loss of control of associates				
Sub total		(30,190,001)	(25,517,052)	
		16,346,550,011	15,230,405,214	
 21.1.1 Net effect of all items directly recognised in Equity				
Effect of change of shareholding in subsidiaries			(1,471,714)	
Dividend distributed by BRAC SAAJAN Exchange Limited		(12,556,125)	(6,466,494)	
Remeasurement of defined benefits liability (assets)-Gratuity		(171,308,013)	248,088,649	
Effect of change in preference share of bkash				
		(183,864,138)	240,150,441	
 21.1.1.a The above adjustment arose due to issuance of preference share of bkash at a premium namely to "Alipay Singapore E-commerce Private Limited" in the year 2018 and remeasurements of defined benefits liability (assets)- Gratuity Fund in BRAC Bank Limited and bkash Limited.				
 21.2 Non Controlling Interest				
 Accounting policy				
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 25% respectively.				
 BRAC EPL Investments Limited		431,687	407,521	
BRAC EPL Stock Brokerage Limited		112,185,583	96,054,249	
bKash Limited		5,445,541,807	5,922,080,882	
BRAC SAAJAN Exchange Limited		51,977,736	62,695,169	
		5,610,136,813	6,081,237,821	



21.2.1 Reconciliation of Non Controlling Interest

	BRACEPL Investments Ltd.	BRAC EPL Stock Brokerage Ltd.	bKash Limited	BRAC SAAJAN Exchange Limited
Opening balance	407,521	96,054,249	5,922,080,882	62,695,169
Share of profit/(loss)	24,166	16,131,354	(394,826,534)	(8,234,816)
Effect of changes in shareholding				(4,185,372)
Dividend payment				1,702,755
Translation adjustment				
Re-measurements loss on defined benefit liability (assets)	431,687	112,185,593	(81,712,541)	5,977,736

22 Contingent liabilities

Accounting policy
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.

The Bank has following exposures for contingent liabilities at reporting date:

Particulars	Note	2020	2019
Acceptances and endorsements			
Irrevocable letters of credit			
Total Letters of credit and Acceptances and endorsements			
Guarantees issued			
Bills for collection			
Other Commitments			

Particulars	Note	2020	2019
Acceptances and endorsements			
Irrevocable letters of credit			
Total Letters of credit and Acceptances and endorsements			
Guarantees issued			
Bills for collection			
Other Commitments			

22.1 Irrevocable Letters of Credit including Acceptances and endorsements

	2021	2020	2019
Letter of credit (Inland)			
Letter of credit (General)			
Back to Back L/C			
Back to Back bills			
Back to Back bills (EDF)			
Less: Margin			

	In Taka
Consolidated	BRAC Bank Limited
2020	2020
2019	2019

	In Taka
27,887,446,334	27,887,446,334
15,550,643,171	15,550,643,171
43,438,085,505	43,438,085,505
10,831,198,204	10,831,198,204
12,320,479,990	12,320,479,990
26,980,260,781	26,990,260,781
93,590,028,480	93,580,028,480
100,137,159,699	100,137,159,699



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	Consolidated		BRAC Bank Limited		<i>In Taka</i>
		2020	2019	2020	2019	
22.2 Letter of Guarantee						
Letter of guarantee (Local)		8,223,631,119	6,106,194,841	8,223,631,119	6,106,194,841	
Letter of guarantee (Foreign)		667,058,388	257,166,750	667,058,388	257,166,750	
Foreign counter guarantee		1,940,508,697	6,726,229,561	1,940,508,697	6,726,229,561	
Less : Margin		10,831,198,204	13,089,590,151	10,831,198,204	13,089,590,151	
		200,468,299	206,711,655	200,468,299	206,711,655	
		10,630,729,905	12,882,478,496	10,630,729,905	12,882,478,496	
Balance for which the Bank is contingently liable in respect of guarantee issued favouring:						
Directors		2,274,551,623	3,699,426,258	2,274,551,623	3,699,426,258	
Government		866,495,856	1,008,534,434	866,495,856	1,008,534,434	
Bank and other financial institution		7,890,150,724	8,381,1229,459	7,890,150,724	8,381,1229,459	
Others		10,831,198,204	13,089,590,151	10,831,198,204	13,089,590,151	
Less : Margin		200,468,299	206,711,655	200,468,299	206,711,655	
		10,630,729,904	12,882,478,496	10,630,729,904	12,882,478,496	
22.3 Bills for collection						
Outward local bills for collection		11,333,960,651	16,997,049,620	11,333,960,651	16,997,049,620	
Outward foreign bills for collection		986,519,339	3,921,141,530	986,519,339	3,921,141,530	
Inward local bills for collection		-	-	-	-	
Inward foreign bills for collection		-	-	-	-	
		12,320,479,990	20,918,191,150	12,320,479,990	20,918,191,150	
22.4 Other Commitments						
Swap deals with banks and customers		18,307,971,009	23,391,560,275	18,307,971,009	23,391,560,275	
Spot and forward deals with banks and customers		8,682,289,771	2,841,289,906	8,682,289,771	2,841,289,906	
		26,990,260,781	26,232,850,181	26,990,260,781	26,232,850,181	
22.5 Significant concentration wise grouping						
i) Documentary credits and short term trade related transactions		-	-	-	-	
ii) Forward asset purchased and forward deposits placed		-	-	-	-	
iii) Undrawn formal standby facilities, credit lines and commitments to lend:						
-Under one year		-	-	-	-	
-One year and over:		-	-	-	-	
iv) Spot and forward foreign exchange rate contracts		8,682,289,771	2,841,289,906	8,682,289,771	2,841,289,906	
v) Other exchange contracts		18,307,971,009	23,391,560,275	18,307,971,009	23,391,560,275	
vi) Others		93,560,028,480	100,137,159,699	93,560,028,480	100,137,159,699	



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

22.6 Suit filed by the Bank

No law suit filed by the bank against contingent liabilities.

Section - Three: Notes To Profit and Loss Account

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
Income statement					
Income:					
Interest, discount and similar income	23.1	33,570,570,396	35,070,248,466	29,461,025,205	32,142,681,220
Dividend income	26	96,585,958	114,317,656	109,142,083	120,783,955
Fees, commission and brokerage	23.2	6,393,186,579	5,868,733,267	2,107,132,951	2,437,850,275
Gains less losses arising from dealing securities		(309,071,832)	(134,371,256)	(309,071,832)	(134,371,256)
Gains less losses arising from investment securities/trading shares-MF	27	(297,672,622)	(200,493,546)	(297,672,622)	(195,820,627)
Gains less losses arising from foreign currencies		453,142,827	730,378,188	453,142,827	730,378,188
Gain less losses arising from repo		2,201,806,132	830,449,760	2,201,806,132	830,449,760
Income from non-banking assets	28	170,205,482	238,083,987	111,861,433	110,459,191
Other operating income		42,278,752,920	42,517,406,519	33,837,366,177	36,042,410,703
Expenses:					
Interest paid on deposits and borrowings etc.	25	13,551,857,896	14,697,927,471	13,328,975,578	14,654,308,149
Administrative expenses	23.3	14,331,436,628	12,684,545,799	7,757,881,258	7,246,366,776
Other operating expenses	37	3,557,193,500	3,767,683,277	2,466,298,899	2,557,229,126
Depreciation on banking assets	36	2,636,503,971	2,407,135,299	1,682,480,106	1,636,380,810
Operating Profit		34,084,991,885	33,567,291,846	25,235,635,841	26,094,784,861
		8,193,761,025	8,960,114,673	8,601,730,336	9,947,625,842
Interest, discount and similar income					
Interest on loans and advances	23.1	24,022,608,951	28,422,839,517	23,984,780,544	28,389,394,291
Interest on balance with other banks		663,413,682	633,933,296	18,862,154	30,174,085
Interest on fixed deposits with other banks		2,278,046,864	3,377,079,959	609,248,730	1,083,700,773
Other interest income		95,870,519	188,833,219	95,694,447	188,833,219
Interest on treasury bills and bonds		4,381,333,973	2,116,635,835	4,381,333,979	2,116,635,835
Profit on spot Sukuk bonds		306,108	-	306,108	-
Interest Income on reverse REPO		9,449,127	81,211,611	9,449,127	81,211,611
Interest on subordinate bond		202,566,155	199,226,776	202,566,155	199,226,776
Interest on Zero Coupon Bond		155,602,396	15,698,088	155,602,396	15,698,088
Interest on Interest Rate Swap		6,855,771	7,674,370	6,855,771	7,674,370
Gain/Loss on Interest Rate Swap		(4,015,036)	30,132,172	(4,015,036)	30,132,172
Gain on non-trading shares and mutual funds (realized)		340,830	-	340,830	-
Investment income/loss from subsidiaries		1,738,191,050	(3,016,377)	-	-
		33,570,570,396	35,070,248,466	25,461,025,205	32,142,681,220
Fees, commission and brokerage					
Fees	23.2	1,552,091,757	1,790,849,101	1,552,091,757	1,790,849,101
Commission		4,841,094,822	4,077,944,166	555,041,194	647,001,174
		6,393,186,579	5,868,733,267	2,107,132,951	2,437,850,275



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	In Taka			
		Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
23.3	Administrative expenses				
	Salaries and allowances	9,043,103,741	7,869,286,126	6,228,455,055	5,578,849,064
	Rent, taxes, insurance, electricity etc.	792,562,400	824,047,162	664,814,313	701,300,962
	Legal expenses	53,059,777	57,680,540	18,361,919	31,142,353
	Postage, stamps, telecommunication etc.	301,320,117	313,422,992	204,617,611	230,319,874
	Stationery, printing, advertisement etc.	2,842,951,296	2,496,364,990	220,659,472	269,486,898
	Chief Executive's salary and fees	18,775,000	18,775,000	1,596,800	1,066,520
	Directors' fees and expenses	3,304,211	3,005,897	7,624,501	1,840,000
	Auditors' fee	7,895,608	7,624,501	398,761,058	414,086,105
	Repairs and maintenance of fixed assets	1,274,464,378	1,094,338,581		
		14,337,436,528	12,684,545,799	7,757,381,258	7,246,866,776
24	Interest income				
	Accounting policy				
	Interest Income				
	Interest income is recognised on an accruals basis. Interest on loans and advances ceases to be taken into income when such advances are classified, kept in interest suspense account. Interest on classified advances is accounted for on a realisation basis as per Bangladesh Bank guidelines.				
	Interest and fees receivable on credit cards				
	Interest and fees receivable on credit cards are recognised on an accruals basis. Interest and fees cease to be taken into income when the recovery of interest and fees is in arrear for over three months. Thereafter, interest and fees are accounted for on realisation basis.				
	Income on Bills purchased and discounted				
	Income on Bills purchased and Discounted is recognised on accrual basis.				
	SME	12,601,060,526	14,745,048,648	12,601,060,526	14,745,048,648
	Retail	4,716,359,501	5,106,442,762	4,716,359,501	5,106,442,762
	Corporate	5,976,187,821	8,187,540,468	5,976,187,621	8,187,540,468
	Treasury	691,172,896	350,362,413	691,172,896	350,362,413
	Margin loan	37,828,407	33,445,226	-	-
		37,828,407	33,445,226	23,984,780,544	28,389,394,291
	Interest on loans and advances	24,022,608,951	26,422,839,517	18,862,154	30,114,085
	Interest on balance with other banks	663,413,652	633,933,296	864,599,668	1,320,313,944
	Interest on fixed deposits with other banks	2,799,006,059	3,918,219,361	95,694,447	186,833,219
	Other interest income	95,870,519	188,833,219		
		27,600,899,211	33,163,825,393	24,963,936,813	29,928,715,539
		520,959,195	541,159,402	255,350,938	236,613,171
	Less: Elimination of inter unit/company transactions	27,079,940,016	32,622,665,991	24,708,585,875	29,692,102,368



Particulars	Note	BRAC Bank Limited In Taka		
		Consolidated		2020
		2019	2019	
25 Interest paid on deposits and borrowings etc.				
A. Interest paid on deposits:				
Current account		1,135,157,388	975,538,984	786,721,287
Short term deposit		351,791,964	158,691,433	158,691,433
Savings deposit		646,549,529	768,844,113	768,844,113
Term deposit		9,794,702,015	11,353,064,303	11,353,064,303
		11,928,200,896	13,256,138,833	13,067,321,136
B. Interest paid for borrowings:				
Interest on money at call and short notice		134,757,495	134,757,495	135,203,032
Interest on borrowings from banks and FIs		1,024,226,927	1,421,468,420	1,262,140,564
Interest on funding SWAP		58,551,722	86,042,483	86,042,483
Bangladesh Bank-refinance		292,452,449	152,814,851	152,814,851
Interest on Repurchase agreement (REPO)		634,621,602	187,399,254	187,399,254
		2,144,616,195	1,982,928,040	1,991,996,357
		14,072,817,091	15,239,066,873	13,584,326,516
		520,985,195	541,139,402	255,350,958
		13,551,857,896	14,697,927,471	13,328,975,578
				14,654,308,149
26 Investment income				
Accounting policy				
Income on investments is recognised on an accruals basis. Investment income includes interest on treasury bills, treasury bonds, zero coupon, shares, debentures etc.				
Interest paid and other expenses are recognised on an accrual basis.				
A. Interest paid on deposits:				
Current account		975,538,984	786,721,287	786,721,287
Short term deposit		158,691,433	158,691,433	158,691,433
Savings deposit		768,844,113	768,844,113	768,844,113
Term deposit		11,353,064,303	11,353,064,303	11,353,064,303
		11,928,200,896	13,256,138,833	13,067,321,136
B. Interest paid for borrowings:				
Interest on money at call and short notice		134,757,495	134,757,495	135,203,032
Interest on borrowings from banks and FIs		1,024,226,927	1,421,468,420	1,262,140,564
Interest on funding SWAP		58,551,722	86,042,483	86,042,483
Bangladesh Bank-refinance		292,452,449	152,814,851	152,814,851
Interest on Repurchase agreement (REPO)		634,621,602	187,399,254	187,399,254
		2,144,616,195	1,982,928,040	1,991,996,357
		14,072,817,091	15,239,066,873	13,584,326,516
		520,985,195	541,139,402	255,350,958
		13,551,857,896	14,697,927,471	13,328,975,578
				14,654,308,149
Dividend income on Shares				
Dividend income from investment in shares is recognised when the Banks right to receive the dividend is established. It is recognised when:				
a. It is probable that the economic benefit associated with the transaction will flow to the entity; and				
b. The amount of the revenue can be measured reliably.				
The details of investment income are as follows:				
Interest on treasury bills and bonds		2,116,635,835	4,381,333,979	2,116,635,835
Profit on Govt. Sukuk bonds		(306,108)	(306,108)	(306,108)
Gain/(Loss) on dealing of securities - HFT Instruments		(309,071,832)	(134,371,259)	(309,071,832)
Reclassification gain on T-Bond		206,062,923	206,062,923	206,062,923
Interest Income on reverse REPO		9,449,127	81,211,611	9,449,127
Interest on REPO and reverse REPO		1,995,743,209	830,449,760	1,995,743,209
Dividend on preference shares		307,377	1,552,212	307,377
Dividend on ordinary shares		96,278,581	112,765,444	96,278,581
Dividend from subsidiary		202,566,155	199,226,776	12,556,125
Interest on subordinate bond		155,602,396	15,698,088	202,566,155
Interest on Zero Coupon Bond		6,855,771	7,674,370	15,698,088
Interest on interest rate Swap		(4,015,036)	30,132,172	6,855,771
Gain/(Loss) on interest rate Swap		(297,672,622)	(200,493,546)	(4,015,036)
Gain on non-trading shares and mutual funds (realized)		340,830	-	(297,672,622)
Gain on disposal of associates			-	340,830
Investment income/(loss) of subsidiaries		1,738,191,050	(3,016,377)	4,672,919
		8,182,278,016	3,057,485,086	6,456,643,091
				3,071,620,684



Particulars	Note	Consolidated		BRAC Bank Limited		<i>In Taka</i>
		2020	2019	2020	2019	
26.1 Investment income/(loss) of subsidiaries						
Dividend income		48,962,141	55,778,897	105,774,501	114,832,709	105,774,501
Realised gain/(loss) during the year		99,404,813	(116,959,058)	14,662,152	14,662,152	14,662,152
Fair value adjustment at reporting date		168,122,345	(248,567,271)	78,816,403	66,711,236	78,816,403
Share of profit or equity in associate company		1,421,701,751	2,758,371	303,972,684	284,519,104	300,375,589
Interest on treasury bills & bonds		<u>1,738,191,050</u>	<u>(3,016,377)</u>			
27 Commission, exchange and brokerage						
Accounting policy						
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.						
The details of commission, exchange and brokerage income are as follows:						
Commission from sale of sanchaya patra		114,832,709	114,832,709	105,774,501	105,774,501	
Commission from issue of payment orders, DD and TT		9,577,780	14,662,152	14,662,152	14,662,152	
Commission from issue of letter of guarantee		66,711,236	66,711,236	78,816,403	78,816,403	
Commission from issue of letters of credit (Import and Export)		284,519,104	300,375,589	284,519,104	284,519,104	
Other commission		79,400,365	147,372,529	79,400,365	147,372,529	
Gain or (Loss) on Foreign currency dealings		453,142,827	730,378,188	453,142,827	730,378,188	
Loan processing fees		226,769,467	161,514,475	226,769,467	161,514,475	
Account activity fees		282,958,905	335,157,037	282,958,905	335,157,037	
Import and export related fees		176,753,392	190,445,220	176,753,392	190,445,220	
Fees and Commission-Cards		478,985,594	688,826,837	478,985,594	688,826,837	
Relationship Fees		5,976,718	7,367,646	5,976,718	7,367,646	
Loan Early Settlement Fees		93,381,972	98,733,990	93,381,972	98,733,990	
Service Charges for ATM Card		157,194,237	165,674,054	157,194,237	165,674,054	
Fund Collection/ Transfer Fees		148,363	99,600	148,363	99,600	
Student Service Center Fees		11,305,400	9,344,250	11,305,400	9,344,250	
Cancellation fees		86,775	38,515	86,775	38,515	
Cheque collection fees		198,500	245,550	198,500	245,550	
Custodian fees		18,259,494	21,974,551	18,259,494	21,974,551	
Other fees		99,622,940	111,427,376	99,622,940	111,427,376	
Commission and brokerage income of subsidiaries		4,346,703,147	3,440,178,187	2,560,275,778	3,165,228,463	
Less: Elimination of inter unit/company transactions		6,906,978,925	6,608,406,650			
		60,649,519	9,235,195			
		<u>6,846,329,406</u>	<u>6,599,171,455</u>	<u>2,560,275,778</u>	<u>3,165,228,463</u>	



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	In Taka		
		Consolidated		BRAC Bank Limited
		2020	2019	2020
27.1	Other fees	95,915 4,843,137 514,239 1,307,708 8,468,945 59,000 34,972,593 984,600 7,165,740 268,602 26,198,697 14,743,764 99,622,940	609,445 4,826,767 583,691 964,966 2,312,515 119,000 39,015,062 626,500 400 30,463,978 268,602 14,717,410 17,187,659 111,427,376	95,915 4,826,137 514,239 1,307,708 8,468,945 59,000 34,972,593 984,600 400 30,463,978 268,602 26,198,697 14,743,764 99,622,940
28	Other operating income			
	Accounting policy	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.		
	Profit on sale of fixed assets	11,086,641 100,533,561 241,231 170,205,482	11,105,165 99,182,058 171,968 127,624,796 238,083,987	11,086,641 100,533,561 241,231 111,861,433 110,459,191
29	Salaries and allowances/Employee benefits			
	Accounting policy	Provident Fund (Defined Contribution Plan) A "Defined Contribution Plan" is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal constructive obligation to pay further amounts. Provident Fund benefits are given to the staff of the Bank in accordance with the registered Provident Fund Rules. The commissioner of Income Tax, Large Tax Payers Unit, Dhaka has approved the Provident Fund as a recognized fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax ordinance 1984. The recognition took effect from 1st January, 2003. The fund is operated by a Board of Trustees consisting of employees of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the fund. The bank also contributes equal amount of the employees' contribution to the fund. Upon completion of 1 year of service length after confirmation employees are entitled to 100% of employer's contribution along with his/her own contribution. Interest earned from the investments is credited to the members' account on half yearly basis.		



Gratuity Fund (Defined Benefit Plan)

Gratuity Fund benefits are given to the staff of the Bank in accordance with the approved Gratuity Fund rules. National Board of Revenue has approved the Gratuity Fund as a recognized Gratuity fund on 6th March 2006. The fund is operated by a Board of Trustees consisting of 8 (eight) members of the Bank. Employees are entitled to Gratuity benefit after completion of minimum 05 (five) years of service in the Bank. The Gratuity is calculated on the basis of last basic pay and is payable at the rate of one month's basic pay for every completed year of service, or in the case of service of 10 years or more at the rate of one and half months' basic pay for every completed year of service. Beyond 5 years, 6 months and more shall be considered as full year of service. Gratuity fund is a 'Defined Benefit Plan' and contribution to Gratuity Fund is measured through the result of actuarial valuation of the fund.

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

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

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

Worker's Profit Participation Fund (WPPF)

Consistent with the industry practice and in accordance with the Bank Company Act, 1991, no provision has been made for WPPF.

Life Insurance

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

Welfare Fund

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

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

Performance bonus

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

Annual leave

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

Subsidized Scheme - Staff Loan

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

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

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

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



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note			<i>In Taka</i>	
		Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
35 Auditor's fees		7,895,608	7,624,501	1,840,000	1,840,000
36 Depreciation and repair of the bank's assets		7,895,608	7,624,501	1,840,000	1,840,000
Accounting policy					
Refer to Note 8 Fixed assets including premises, furniture and fixtures for the relevant accounting policy.					
Depreciation of Property plant and equipment					
Furniture and fixtures		181,711,001	197,283,837	163,307,618	178,233,349
Office floor space		617,701	617,701	100,858	100,858
Office equipment		129,100,027	135,690,778	112,189,846	120,319,690
IT hardware		678,947,904	562,961,640	361,314,369	336,055,749
Motor vehicles		92,327,852	84,862,362	66,598,024	62,007,944
Leasehold improvement		22,870,947	20,333,067		
Right of use assets (ROU) as per IFRS 16*		969,354,552	949,269,580	754,483,800	733,943,048
IT software		563,573,987	456,116,134	224,484,591	205,720,172
		2,638,503,971	2,407,135,299	1,682,480,106	1,636,380,810
Repairs and Maintenance expenses					
Transportation expenses		439,377,841	394,459,385	337,939,120	293,000,003
Equipment repairing expense		55,362,695	72,559,463	11,890,262	24,059,860
Hardware and software maintenance expense		734,542,452	567,779,141	10,433,741	44,535,268
Premises maintenance expense		44,681,390	59,540,602	38,477,965	52,490,974
		1,274,464,378	1,054,338,591	398,761,088	414,086,105
Total		3,912,968,349	3,501,473,890	2,081,241,194	2,050,468,915

* Lease concession for application of practical expedient for Covid-19 and gain/loss on disposal of lease agreement as per IFRS 16 have been adjusted with depreciation expense for Right of use assets (RoU).



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
		In Taka			
37 Other expenses					
Conveyance expense		103,449,986	133,273,609	103,449,986	133,273,609
Fuel expenses		17,698,252	26,110,283	17,698,252	26,110,283
Traveling cost		27,629,377	63,358,414	27,629,377	63,358,414
Professional fees		86,330,505	32,839,358	86,330,505	32,839,358
Entertainment		55,233,863	68,298,034	55,233,863	68,298,034
SWIFT cost		7,140,219	6,043,979	7,140,219	6,043,979
Business promotion and development		28,481,989	122,191,199	28,481,989	122,191,199
Books, news papers and periodicals		684,794	2,067,320	684,794	2,067,320
Donation and subscription		241,084,571	96,620,035	241,084,571	96,620,035
Sponsorship		41,426,137	69,537,066	41,426,137	69,537,066
Government Levy, VAT and excise duty		5,273,489	7,988,929	5,273,489	7,988,929
Other operational loss		152,762	2,574,659	152,762	2,574,659
Staff training and development		30,843,497	60,576,577	30,843,497	60,576,577
Staff liveries		2,852,217	8,223,657	2,852,217	8,223,657
Staff recruitment		1,748,873	4,623,975	1,748,873	4,623,975
Salaries and allowance -outsourcing staff		373,431,474	326,231,534	373,431,474	326,231,534
Staff sales incentives		350,447,720	399,150,020	350,447,720	399,150,020
Bank charges		18,787,319	19,490,982	18,787,319	19,490,982
Interest expense for leased liability as per IFRS 16		259,835,771	252,543,973	208,780,845	208,365,804
Documentation charges - CIB		3,508,800	11,250,600	3,508,800	11,250,600
IT enabled services		427,833,552	393,189,702	427,833,552	393,189,702
Security guard cost		209,983,698	250,403,810	209,983,698	250,403,810
Commission paid to vendors		4,496,446	7,067,019	4,496,446	7,067,019
Cash carrying charges		83,071,919	93,609,355	83,071,919	93,609,355
Spare parts expense		54,782,359	83,860,151	54,782,359	83,860,151
Archiving expense		32,027,367	27,534,080	32,027,367	27,534,080
Commission paid to agents		-	21,520,723	-	21,520,723
Covid prevention expense		48,044,586	-	48,044,586	-
Miscellaneous		1,102,483	11,238,252	1,102,483	11,238,252
Other expenses of subsidiaries		1,100,485,994	1,175,501,177	1,100,485,994	1,175,501,177
Less: Elimination of inter unit/company transactions		3,617,843,019	3,776,918,472	2,466,298,899	2,557,229,126
		60,645,519	9,235,195	60,645,519	9,235,195
		3,557,193,500	3,767,683,277	2,466,298,899	2,557,229,126



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

Particulars	Note	In Taka		
		Consolidated		BRAC Bank Limited
		2020	2019	2020
37.1 Other expenses of subsidiaries				
BRAC EPL Investments Limited		9,820,297	10,910,137	
BRAC EPL Stock Brokerage Limited		123,465,912	150,463,384	
bkash Limited		410,930,914	507,929,083	
BRAC SAAJAN Exchange Limited		556,271,871	506,198,573	
		<u>1,100,488,994</u>	<u>1,175,501,177</u>	
38 Share of profit/(loss) of associates			(3,564,399)	
			<u>(3,564,399)</u>	
39 Provisions				
Accounting policy				
Refer to Note 16 Other liabilities for the relevant accounting policy.				
Provision for loans and advances				
Specific provision charged during the year		2,828,275,730	1,742,585,563	2,228,275,730
Specific provision Covid-19 charged during the year		774,130,118	774,130,118	1,742,585,563
Recovery of written off bad debts		(633,704,077)	(786,257,664)	(786,257,664)
Specific provision (net off recovery) for the year*		2,968,701,771	956,327,899	956,327,899
General provision charged during the year		(603,544,658)	139,800,906	139,800,906
Total provision for loans and advances		<u>2,365,157,113</u>	<u>1,096,128,805</u>	<u>2,365,157,113</u>
Diminution in value of Investments				
Off Balance Sheet items		(563,219,881)	534,400,000	(563,219,881)
Other provisions:		63,083,685	(192,000,000)	63,083,685
Other assets		6,399,791	19,755,134	500,000
Interest receivable from loan		1,081,941	2,726,674	1,081,941
		<u>1,872,502,599</u>	<u>1,461,010,613</u>	<u>1,866,602,898</u>
40 Provision for taxation				
Accounting policy				
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 Finance Act 2020.				



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

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 substantially 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.

The charge for taxation is based upon the profit for the year comprises:

Particulars	Note	<i>In Taka</i>	
		2020	2019
Current tax expense/ (income)*		2,840,345,166	3,983,350,029
Deferred tax expense/ (income) (Net)		(545,564,987)	(1,075,395,289)
Total provision for Taxation		2,294,780,169	2,917,954,740

* Current tax includes the reversal of surplus tax provision for 2009-2013 of BDT 191,123,342 based on latest assessment order from tax office.

Reconciliation of effective tax rate

Particulars	<i>2020 (Standalone)</i>		<i>2019 (Standalone)</i>		
	%	Taka		%	Taka
Profit before income tax as per profit and loss account		6,735,127,528		8,505,306,652	
Income tax as per applicable tax rate	37.50%	2,525,672,823		37.50%	3,189,489,995
Factors affecting the tax charge for current year					
Inadmissible expenses	47.75%	3,216,016,611		34.68%	2,195,605,103
Admissible expenses in the current year (i.e. write-off etc.)	-33.95%	(2,286,598,235)		-21.86%	(1,384,023,655)
Tax exempted income	-10.54%	(709,775,363)		-4.12%	(261,029,438)
Tax savings from reduced tax rates for dividend	-0.25%	(16,816,569)		-0.33%	(21,137,192)
Tax loss/(savings) from reduced tax rates for capital gain	0.00%	-		0.00%	-
Reversal of previous years' excess tax (2009 - 2013)	-2.84%	(191,123,342)		0.00%	-
Effect of deferred tax	-5.09%	(343,080,346)		(859,400,548)	(2,859,504,264)
Total income tax expenses	32.58%	2,194,295,579		32.29%	2,859,504,264

Uncertainty over income tax treatment

Though it appears from the above report that we have tax file open since 2009 for various grounds mainly interpretation of laws and the treatment. The appeal filed at different level from Commissioner of Taxes Appeal to Honorable High Court Division. Where, we did not received proper judgement through appeal from tax department, we preferred appeal before Honorable High Court Division. Under the Appeals filed so far, we have both refund claim from Tax office and tax claim from tax department as well. However, we are reviewing all pending tax claim every year and kept provision BDT 17,326,075,053 against tax office claim of BDT 16,403,715,762 from 2009 to 2017. The Company believes that its provision for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. Please refer to Annexure G for details.



Earnings Per Share

Accounting policy

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*.

Basic earnings

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

Weighted average number of ordinary shares outstanding during the year

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

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

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.

Particulars	Note	Consolidated		BRAC Bank Limited	
		2020	2019	2020	2019
Profit after taxation		4,026,478,257 (386,905,850)	4,582,586,600 (368,424,244)	4,540,831,949 4,951,010,844	5,645,802,388 5,645,831,949
Profit/(loss) attributable to Non controlling Interest		4,413,384,107	1,325,878,476	4,540,831,949 1,325,878,476	5,645,802,388 1,325,878,476
Profit attributable to ordinary shareholders of BRAC Bank Limited				3.33	3.42
Weighted average number of shares outstanding				3.73	4.26
Earnings Per Share (EPS)					

Section - Four : Notes to Cash Flow Statement

Cash and Cash Equivalents

Accounting Policy

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 Bangladesh Bank 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.



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

The details of cash and cash equivalents are as follows:

Particulars	Note	Consolidated		BRAC Bank Limited		<i>In Taka</i>
		2020	2019	2020	2019	
Cash in hand (including foreign currency)	3.1	7,836,614,507	6,963,607,535	7,091,907,372	6,726,443,188	
Balance with Bangladesh Bank and its agents banks (including foreign currency)	3.2	12,151,189,284	16,103,064,899	12,151,189,284	16,103,064,899	
Balance with other banks and financial institutions	4	42,650,004,620	46,597,711,756	14,358,762,046	15,799,498,546	
Money at call and on short notice	5					
Prize Bond	6.1	1,427,500	1,887,700	1,427,500	1,867,700	
	62,639,236,011	69,666,251,890	33,603,286,202	33,603,286,202	38,630,874,333	
43 Receipts from other operating activities						
Miscellaneous Income		241,231	17,194,953	241,231	17,194,953	
Loss on trading shares		(297,672,622)	(200,493,546)	(297,672,622)	(200,493,546)	
Profit share from other banks		100,533,561	99,182,058	100,533,561	99,182,058	
Loss on dealing of securities - HFT Instruments		(309,071,832)	(134,371,259)	(309,071,832)	(134,371,259)	
Reclassification gain on T-Bond		206,062,923		206,062,923		
Gain/Loss on Interest Rate SWAP		(4,015,036)	30,132,172	(4,015,036)	30,132,172	
Gain on REPO and reverse REPO		1,995,743,209	830,449,760	1,995,743,209	830,449,760	
Other receipts of subsidiaries		121,127,179	(45,621,747)			
	1,812,948,613	596,472,391	1,691,821,434	1,691,821,434	642,094,138	
44 Payment for other operating activities						
Rent, taxes, insurance, electricity etc.		668,728,277	1,509,520,288	668,728,277	1,509,520,288	
Audit fees		1,840,000	1,664,707	1,840,000	1,664,707	
Directors fees and expenses		1,524,800	1,108,520	1,524,800	1,108,520	
Repair and maintenance		445,530,121	382,658,502	445,530,121	382,658,502	
Other expenses		2,475,807,938	2,333,390,258	2,475,807,938	2,333,390,258	
Legal expenses		17,687,494	47,507,921	17,687,494	47,507,921	
Other payments of subsidiaries		590,126,832	485,126,977			
	4,201,545,462	4,760,977,173	3,671,118,630	3,671,118,630	4,275,850,196	
45 Net asset value (NAV) per share						
Net asset value attributable to shareholders of parent		48,567,965,432	40,582,407,358	46,955,084,366	38,919,232,912	
Number of ordinary share outstanding at the end of the year		1,325,878,476	1,325,878,476	1,325,878,476	1,325,878,476	
	36,63	30,61	35,41	35,41	29,35	
46 Net operating cash flow per share						
Net operating cash flow		33,012,455,660	25,807,832,497	18,614,773,215	22,706,306,093	
Number of ordinary share outstanding at the end of the year		1,325,878,476	1,325,878,476	1,325,878,476	1,325,878,476	
	24,90	19,46	14,04	14,04	17,13	



Section - Five : General Disclosures

47 General Disclosures

Audit Committee

An audit committee was constituted by the Board of Directors of BRAC Bank Limited in its 23rd meeting held on 02 March 2003. As on 31st December 2020, the Audit Committee as under:

Sl No	Name of the director	Status with the Bank	Status with the committee	Educational qualification
01	Ms. Farzana Ahmed	Independent Director	Chairman	MA (Hons) Philosophy, Politics, Economics & Chartered Accountant
02	Mr. Asif Saleh	Nominated Director	Member	Masters of Business Administration
03	Ms. Fahrima Choudhury	Independent Director	Member	M SC. Management

During the period ended 31 December 2020, the Audit Committee of the Board conducted 08 (Eight) meeting in which among others, the following issues were discussed:

- Training of the employees for the year 2019
- Manual of Audit Procedures and Audit Policy 2020
- Compliance Policy, Monitoring Policy and Revised Internal Control & Compliance Policy and Revised Audit Charter 2020
- Procurement & Outsourcing Risk Management Policy 2020
- Asset-Liability Management Policy and Contingency Funding Plan
- Fraud/forgesies and operational loss report
- Technology related incidents.
- Overall effectiveness of Internal Control System
- Audit observations on branches, departments, SME Unit offices, Agent Banking
- Audit observations on information systems.
- Annual Health Report of BRAC Bank Limited 2019.
- Management Report of BRAC Bank Limited for the year ended 31 December 2019.



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

47.2 Related Party/(ies) Transactions

i) The bank carried out transactions with related parties in the normal course of business on an arms length basis. As on 31 December 2020, the bank had following transactions with the 'Related Party/(ies)' as defined in the BRPD circulars no. 14 issued by the Bangladesh Bank on 25 June 2003.

SI No	Name of the Related Parties	Relationship with BBL		Nature of Transaction	Balance at the end of year (Taka)
		Subsidiary	Parent Company		
1	bKash Limited			Deposits	2,590,480,725
2	BRAC and its associated organization			Deposits	6,654,832,632
3	BRAC EPL Investments Limited			Deposits	2,721,732
4	Equity Partners Limited (Escrow Account)			Deposits	667,337
5	BRAC EPL Stock Brokerage Limited			Deposits	40,015,481
6	BRAC IT Services Limited (bITS)			Deposits	103,302,915
7	BRAC Saatian Exchange Limited			Deposits	29,136,980
8	Edotco Bangladesh Co. Limited			Deposits	3,294,972,846
9	Policy Research Institute Of Bangladesh			Deposits	1,525,163
10	RSA Advisory Ltd			Deposits	5,891,572
11	Ogilvy & Mather Communications (Pvt.) Limited			Deposits	-
12	Walton Hi-Tech Industries Limited			Continuous loan	48,142,860
13	BRAC EPL Investments Limited			Continuous loan	798,660,711
14	BRAC Saatian Exchange Limited			Credit card	685,875,561
15	KAZI MAHMOOD SATTAR			Credit card	23,600
16	NIHAD KABIR			Credit card	30,421
17	ASIF SALEH			Credit card	25,846
18	SEJIM REZA FARHAD HUSSAIN			Credit card	88,783
19	FAHIMA CHAUDHURY			Credit card	6,160
20	SHAMERAN BAHAR ABED			Credit card	223,547
21	BRAC and its associated organization			Term placement	700,000,000
22	Industrial and Infrastructure Development Finance Company (IDFC)			Term placement	840,000,000
23	BRAC IT Services Limited (bITS)			Advance for investment	213,246,061
24	Key Management Personnel (Note - 7.6)			Loans and Advances	111,193,790
25	BRAC Bank Employees' Gratuity Fund (Post employment benefit plan)			Details of transactions with BRAC Bank Employees' Gratuity Fund can be found at note no 9.5.	

Details of transactions with related parties can be found at annexure - K

ii) Name of Directors and the entities in which they have interest as on 31 December 2020:

SI No	Name of director	Status with the Bank	Name of the firms/companies in which they have interest	Educational qualification
1	Dr. Ahsan H. Mansur	Chairman Independent Director	Policy Research Institute of Bangladesh (PRI) Walton Hi-Tech Industries Water Garden Resort and Spa	Ph.D in Economics, University of Western Ontario, Canada, M.A. Economics, McMaster University, Canada, M.A. in Economics, University of Dhaka, Bangladesh
2	Ms. Nithad Kabir (Nominated by BRAC)	Nominated Director	Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) bkash Limited Infrastructure Development Company Limited (IDCOL) Square Textiles Ltd. Siam City Cement (Bangladesh) Limited Kedarpur Tea Company Limited Shaitaganj CNG Co. Limited Satkhali Tea Estate Limited Prottoy Feed	L.L.B., L.L.M., (UK), (Barrister at Law)



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

SI No	Name of director	Status with the Bank	Name of the firms/companies in which they have interest	Educational qualification
3	Mr. Asif Saleh (Nominated by BRAC)	Nominated Director	BRAC IT Services Limited BRAC Net Limited Institute of Informatics and Development (IID) Edotco Bangladesh Co. Ltd. BRAC Karnatuli Tea Company Ltd. BRAC Kaiyachara Tea Company Ltd. BRAC Kodala Tea Company Ltd. BRAC OSIRIS Impact Ventures Ltd.	Masters of Business Administration, New York University, Stern School of Management
4	Mr. Kazi Mahmood Sattar (Independent Director)	Director	RSA Advisory Ltd. RSA Solution Limited RSA Aviation Limited BlueWealth Assets Limited BRAC SAJJAN Exchange Limited bkash Limited Data Science Technology Limited Ogilvy & Mather Communications Pvt. Ltd. Adcomm Ltd. Adcomm Holdings Ltd. Aktivision Advertising Ltd Graphic People Nazimgarh Resorts Ltd Northbrook Consultants Ltd Screaming Girl Production Ltd. Software People BRAC EPL Investments limited BRAC EPL Stock Brokerage Limited	M.Com (Accounting) B. Com (Honours) Finance, University of Dhaka
5	Ms. Fatima Choudhury	Independent Director		B.Sc. (Hons.) Management and M.Sc. Management from London School of Economics and Political Science, the United Kingdom
6	Ms. Farzana Ahmed	Independent Director	Kids Tutorial	MA (Hons) Philosophy, Politics, Economics & Chartered Accountant
7	Dr. Zahid Hussain	Independent Director	BRAC EPL Stock Brokerage Limited BRAC EPL Investment Limited	Ph.D. in Economics, Boston University
8	Mr. Mehheriar M Hasan (Nominated by BRAC)	Nominated Director	Toyota Financial Savings Bank Mechanics Bank Payby	Master of Science in Finance, USA, BA in Economics
9	Mr. Shameran Bahar Abed (Nominated by BRAC)	Nominated Director	bkash Limited BRAC IT Services Limited (bITS) BRAC Tanzania Finance Limited BRAC Sierra Leone Micro Finance Company Limited BRAC Liberia Micro Finance Company Limited BRAC Uganda Bank Limited BRAC Rwanda Microfinance Co. Ltd BRAC OSIRIS Impact Ventures .td. BRAC Myanmar Micro Finance Company Limited	BA in Economics, USA, Bar-at-Law, UK
10	Mr. Selim R.F. Hussain	Managing Director & CEO	IIDFC BRAC EPL Investments Ltd. BRAC EPL Stock Brokerage Ltd. bkash Limited BRAC IT Services Limited BRAC Sajaan	MBA (IBA), University of Dhaka



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

	Taka	
iii) Significant contracts where bank is a party and wherein Directors have interest:	Nil	
iv) Shares issued to Directors and executives without consideration or exercisable at discount:	Nil	
v) Lending Policies to related parties:	Nil	
vi) Lending to related parties is effected as per requirement of section 27(1) of the Banking Companies Act , 1991.	1,484,937,629	
Classification Status	Unclassified	
vii) Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Banking Companies Act,1991.	Nil	
viii) Investment in the Securities of Directors and their related concern:		
* Industrial and Infrastructure Development Finance Co. Limited		
* Square Pharmaceutical Limited		

47.3

There was no claim against the Bank not acknowledged as debt as on 31 December 2020.

Number of Employees

The number of employees including contractual engaged for the whole year or part thereof who received a total yearly remuneration of tk. 36,000 or above were 7,740 (2019: 8,160).

47.4 Approval of the financial statements

The financial statements were approved by the Board of Directors on 12 April 2021.



Notes to the financial statements as at and for the year ended 31 December 2020 (Continued)

47.6 Events after the Balance Sheet Date

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

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

The details about the events after reporting period are as follows:

A. The Board of Directors in its 291st Board meeting held on 12 April 2021 has proposed 15% dividend (Cash dividend: 10% and stock dividend: 5%) subject to the approval of Bangladesh Bank and of the Shareholders at the next Annual General Meeting.



Ahsan H. Chowdhury

Chairman

Zahid Hossain

Director

Fahima Khondhuri

Director

[Signature]

Managing Director and CEO

BRAC Bank Limited (Standalone)
Highlights on the overall Activities
As at 31 December 2020

Particulars	Note	Amount in Taka unless otherwise specified	
		2020	2019
Paid-up capital	17.2	13,258,784,760	12,333,753,270
Total capital including general provisions	17.8	40,182,231,697	36,822,026,702
Capital surplus	17.8	5,660,376,809	6,271,881,465
Total assets		397,502,390,329	369,404,006,397
Total deposits	15	289,054,405,724	268,309,328,462
Total loans and advances	7	273,063,193,200	264,091,181,535
Total contingent liabilities and commitments	22	93,580,028,480	100,137,159,699
Income from investments	26	6,456,643,091	3,071,620,681
Profit after tax and provisions		4,540,831,949	5,645,802,388
Amount of classified loans during the current year	7.8	8,008,546,136	10,524,563,993
Provision kept against classified loans	16.1	7,493,529,932	6,081,309,787
Provisions surplus/deficit	7.12	3,081,958,970	233,607,255
Interest earning assets		384,777,711,742	356,631,068,884
Non-Interest earning assets		12,724,678,587	12,772,937,513
Credit deposit ratio (Loans and Advances/Deposits)*		76.69%	82.10%
Credit deposit ratio (Loans and Advances/Deposits) including OBU*		80.16%	83.90%
Percentage of classified loans against total loans and advances		2.93%	3.99%
Cost of fund		6.37%	7.04%
Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]		5.75%	8.04%
Return on Assets (ROA) [PAT/Average assets]		1.18%	1.64%
Return on Equity (ROE) [PAT/Average shareholders equity]		10.58%	15.60%
Earnings per share [previous years figure restated]	41	3.42	4.26
Net income per share [(PAT-Dividend on preference share/No. of Ordinary Shares)] [previous years figure restated]		3.42	4.26
Price earning ratio (Market price per share/EPS)		12.94	12.47
Net Asset Value per Share (NAV) [(Shareholders equity- Preference Share)/No. of Ordinary Share] [previous years figure restated]		35.41	29.35
Net Operating Cash Flow Per Share [previous years figure restated]	46	14.04	17.13

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



BRAC Bank Limited
Statement of outstanding unreconciled entries in nostro accounts (foreign)
As at 31 December 2020

Nostrero Account represents outstanding transactions (net) originated but yet to be responded at the Balance Sheet date. However, the status of unresponded entries as at 31 December 2020 is given below.

(Amount in USD)

SL No	Period of Unreconciliation	As per Local Book			As per Correspondents' Book		
		Debit Entries No.	Amount No.	Credit Entries No.	Amount No.	Debit Entries No.	Credit Entries No.
01	Up-to 3 months	320	7,133,187	250	9,381,696	52	1,992,471
02	More than 03 months but less than 06 months	-	-	-	-	-	18
03	More than 06 months but less than 09 months	-	-	-	-	-	9,00
04	More than 09 months but less than 12 months	-	-	-	-	-	3,00
05	More than 12 months	-	-	-	-	0	-
	Total	320	7,133,187	250	9,381,696	52	1,992,471
						529	16,715,082

31 December 2019

SL No	Period of Unreconciliation	As per Local Book			As per Correspondents' Book		
		Debit Entries No.	Amount No.	Credit Entries No.	Amount No.	Debit Entries No.	Credit Entries No.
01	Up-to 3 months	546	18,467,956	431	13,936,813	39	10,035,884
02	More than 03 months but less than 06 months	-	-	-	-	-	587
03	More than 06 months but less than 09 months	-	-	-	-	-	11
04	More than 09 months but less than 12 months	-	-	-	-	-	-
05	More than 12 months	-	-	-	-	0	-
	Total	546	18,467,956	431	13,936,813	39	10,035,884
						598	28,271,422

All unadjusted entries are subsequently adjusted on regular basis.



BRAC Bank Limited
Statement of outstanding unreconciled entries in nostro accounts (local)
As at 31 December 2020

SL No	Period of Unreconciliation	As per Local Book						As per Correspondents' Book					
		Debit Entries		Credit Entries		Debit Entries		Credit Entries		Debit Entries		Credit Entries	
No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
01	Up-to 3 months	47	75,802,962	33	222,910,007	237	406,740,496	65	-	964,612,241	-	-	-
02	More than 03 months but less than 06 months	0	-	0	-	0	-	0	-	0	-	0	-
03	More than 06 months but less than 09 months	0	-	0	-	1	-	920,287	0	-	-	0	-
04	More than 09 months but less than 12 months	3	17,000	1	661	1	901	0	-	-	-	0	-
05	More than 12 months	2	14,000	28	734,697	22	1,194,832	16	347,269	-	-	-	-
	Total	52	75,833,962	62	223,645,366	261	408,856,516	81	964,959,510	-	-	-	-

31 December 2019

SL No	Period of Unreconciliation	As per Local Book						As per Correspondents' Book					
		Debit Entries		Credit Entries		Debit Entries		Credit Entries		Debit Entries		Credit Entries	
No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
01	Up-to 3 months	109	74,924,809	139	90,550,958	464	248,855,497	162	491,543,529	-	-	-	-
02	More than 03 months but less than 06 months	6	2,910,580	1	100,020	5	248,944	6	495,689	-	-	-	-
03	More than 06 months but less than 09 months	0	-	1	36,070,000	2	36,600,251	1	40,000	-	-	-	-
04	More than 09 months but less than 12 months	1	40,000	0	-	0	-	2	2,100	-	-	-	-
05	More than 12 months	0	-	27	734,389	22	1,194,832	18	347,319	-	-	-	-
	Total	116	77,875,389	168	127,455,367	493	286,899,524	189	492,428,637	-	-	-	-



BRAC Bank Limited
Balance with other banks-outside Bangladesh (Nostro Account)
As at 31 December 2020



BRAC Bank Limited
Investment in shares, mutual funds and quoted bonds
As at 31 December 2020

Sl. no	Name of the company	Industry	Face value	No. of shares	Cost of holding	Average cost	Quoted rate per share as on 31 December 2020	Total market value at 31 December 2020
Quoted ordinary shares								
1	ACME Laboratories Limited	Pharmaceuticals & Chemicals	10	709,236	55,315,300	77.99	74.70	52,979,929
2	Marico Bangladesh Limited	Pharmaceuticals & Chemicals	10	139,152	260,845,825	1,874,54	2,138.80	297,618,288
3	Renata Limited	Pharmaceuticals & Chemicals	10	217,576	227,455,262	1,045,41	1,106.90	240,834,874
4	Square Pharmaceuticals Limited	Pharmaceuticals & Chemicals	10	2,932,824	562,557,249	191.81	219.50	643,754,868
5	City Bank Limited	Bank	10	1,988,574	59,715,313	30.03	24.80	49,316,655
6	Eastern Bank Limited	Bank	10	1,552,191	58,518,466	37.70	36.00	55,778,876
7	Linde Bangladesh Limited	Fuel & Power	10	103,064	127,793,806	1,239.95	1,281.10	132,035,290
8	Summit Power Limited	Fuel & Power	10	350,000	13,244,779	37.84	38.90	13,615,000
9	Grameenphone Limited	Telecommunication	10	1,620,015	490,203,488	302.59	347.10	562,307,207
10	Robi Axiata Limited	Telecommunication	10	271,254	2,712,540	10.00	29.80	8,083,369
11	British American Tobacco Bangladesh Company Limited	Food & Allied	10	254,634	333,018,853	1,307.83	1,180.80	300,671,827
12	Olympic Industries Limited	Food & Allied	10	341,500	84,217,704	246.61	191.10	65,260,550
13	IDLC Finance Limited	Financial Institution	10	1,648,148	124,704,904	75.66	63.40	104,492,583
14	Bata Shoe Company (Bangladesh) Limited	Tannery Industries	10	50,886	61,023,968	1,199.23	702.70	35,757,592
15	Berger Paints Bangladesh Ltd.	Miscellaneous	10	10	73,858,128	1,353.18	1,429.50	78,023,540
16	Heidelberg Cement Bangladesh Ltd.	Cement	10	23,188	3,667,547	158.17	149.60	3,468,925
17	Singer Bangladesh Limited	Engineering	10	1,529,725	262,440,704	171.56	175.60	268,619,710
18	Crystal Insurance Company Limited	Insurance	10	10,878	108,780	10.00	39.40	428,593
19	DBH First Mutual Fund	Mutual Fund	10	1,291,636	11,877,569	9.20	7.00	9,041,452
20	LR Global Bangladesh Mutual Fund One	Mutual Fund	10	11,865,452	112,179,743	9.45	6.60	78,311,983
21	Southeast Bank 1st Mutual Fund	Mutual Fund	10	6,247,974	77,840,675	12.46	11.80	73,726,093
1	APSCL redeemable coupon bearing bond	Corporate Bond	5,000	100,000	3,003,300,600	5,000.00	5,218.50	3,074,227,295
					500,000,000			521,850,000
								521,850,000
Unquoted shares and mutual funds								
1	Industrial and Infrastructure Development Finance Co. Limited		10	10,449,259	29,683,820			
2	Central Depository Bangladesh Limited		10	2,284,721	6,277,770			
3	The Bangladesh Rating Agency Limited		100	105,717	10,671,700			
4	VIPB Income Fund		10	33,390,000	333,900,000			
5	VIPB Growth Fund		10	3,000,000	30,000,000			
6	IDLC Balanced Fund		10	10,000,000	100,000,000			
7	HFAML-ACME Unit Fund		10	2,000,000	20,000,000			
					530,533,290			
Preference shares								
1	Union Capital Preference Share		1		8,000,000			



<u>Unquoted shares and mutual funds</u>	<u>Preference shares</u>
1 Industrial and Infrastructure Development Finance Co. Limited	Unquoted Capital Preference Share
2 Central Depository Bangladesh Limited	
3 The Bangladesh Rating Agency Limited	
4 VIPB Income Fund	
5 VIPB Growth Fund	
6 IDLC Balanced Fund	
7 HFAML-ACME Unit Fund	

BRAC Bank Limited
Detail of Large Loan
As at 31 December 2020

Number of Clients

9

Amount of outstanding advances

31,171,180,482

Amount of classified advances

NIL

Measures taken for recovery

NIL

Client wise break-up is as follows:

SL.	Name of Clients	Outstanding (BDT)		
		Funded	Non Funded	Total
1	Abul Khair Group	2,760,698,694	4,028,935,894	6,789,634,588
2	BRAC	2,945,253,529	-	2,945,253,529
3	BSRM Group	1,146,340,159	1,384,207,881	2,530,548,040
4	City Group	1,003,071,653	5,621,953,797	6,625,025,450
5	Meghna Group	275,171,820	3,844,036,538	4,119,208,359
6	PRAN-RFL Group	1,822,226,471	1,019,066,567	2,841,293,038
7	ROBI AXIATA LIMITED	-	329,893,644	329,893,644
8	Standard Group	721,942,722	519,140,708	1,241,083,430
9	Summit Group	-	3,749,240,404	3,749,240,404
GRAND TOTAL		10,674,705,048	20,496,475,433	31,171,180,482



BRAC Bank Limited
Schedule of Fixed Assets
As at 31 December 2020

Particulars	Cost			Total balance as at 31 December 2020	Opening balance as on 01 January 2020	Charge during the year	Depreciation	Disposals/Adjustments during the year	Total balance as at 31 December 2020	Written down value as at 31 December 2020
	Opening balance as on 01 January 2020	Addition/Revaluation during the year	Disposals/Transfer/Adjustments							
Property, plant & equipments										
Land	1,047,743,750	-	-	1,047,743,750	-	-	-	-	-	1,047,743,750
Office floor space	4,034,334	-	-	4,034,334	721,473	100,858	-	-	-	822,332
Furniture & fixture	2,204,586,559	70,959,207	178,995,424	2,096,550,341	1,406,754,339	163,307,618	174,321,522	1,395,740,435	700,809,906	3,212,002
Office equipments	1,493,892,852	40,260,347	226,691,660	1,307,461,739	1,233,560,713	112,189,846	225,287,423	1,120,463,136	186,998,603	
IT Hardware	2,986,716,243	429,138,222	515,763,260	2,900,091,204	2,124,788,910	361,314,369	515,538,068	1,970,565,211	929,525,993	
Motor vehicles	337,603,953	29,959,013	13,266,086	354,296,880	168,346,558	66,599,024	13,266,086	221,679,496	132,617,383	
Right of use assets (ROU)	4,306,897,358	199,826,862	132,349,112	4,374,375,108	733,943,048	772,784,035	41,221,899	1,465,505,184	2,908,869,924	
Capital expenditure work in progress	608,506,435	228,306,762	433,996,023	402,817,173	-	-	-	-	402,817,173	
Sub-total	12,989,981,483	998,450,612	1,501,061,566	12,487,370,529	5,668,115,041	1,476,295,751	959,634,998	6,174,775,794	6,312,594,735	
Intangible assets:										
With indefinite useful lives:										50,000
License	50,000	-	-	50,000	-	-	-	-	-	50,000
With definite useful lives:										
IT Software	2,112,289,585	394,265,635	413,208,656	2,093,346,465	1,245,487,880	224,484,591	413,024,304	1,056,948,166	1,036,398,298	
Sub-total	2,112,339,585	394,265,635	413,208,656	2,093,346,465	1,245,487,880	224,484,591	413,024,304	1,056,948,166	1,036,448,298	
As at 31 December 2020	15,102,321,068	1,392,716,147	1,914,270,221	14,580,766,933	6,913,602,920	1,700,780,342	1,332,659,302	7,231,723,960	7,349,043,033	

The amount of capital commitment of the Bank for the year 2020 was BDT 23,525,397.82 (2019: BDT 321,931,151.51)



BRAC Bank Limited
Schedule of Fixed assets
As at 31 December 2019

(In Taka)

Particulars	Opening balance as on 01 January 2019	Addition/Revaluation during	Cost	Disposals/Transfer/Adjustments	Total balance as at 31 December 2019	Opening balance as on 01 January 2019	Charge during the year	Depreciation	Total balance as at 31 December 2019	Written down value as at 31 December 2019
									Disposals/ Adjustments during the year	
Property, plant & equipments										
Land	1,047,743,750	-	-	-	1,047,743,750	620,615	100,858	-	-	1,047,743,750
Leasehold Building	4,034,334	-	-	4,034,334	4,034,334	-	-	-	-	3,312,861
2,206,895,912	75,314,892	77,624,245	2,204,586,559	1,305,123,043	178,233,349	76,602,053	1,406,754,339	721,473	797,832,220	
1,600,079,746	71,067,878	177,254,772	1,493,892,852	1,290,139,284	120,319,690	176,898,261	1,233,560,713	260,332,139	260,332,139	
2,774,382,706	483,035,585	270,702,048	2,986,716,243	2,059,158,590	336,055,749	270,425,430	2,124,788,910	861,927,333	861,927,333	
321,040,060	16,563,893	-	337,603,953	106,338,615	62,007,943	-	168,346,558	169,257,395	169,257,395	
Motor vehicles	-	4,306,897,358	4,306,897,358	-	733,943,048	-	-	733,943,048	3,572,954,310	
Right of use assets (ROU)	222,254,800	598,124,466	211,872,832	608,506,435	-	-	-	-	608,506,435	
Capital expenditure work in progress	-	-	-	-	-	-	-	-	-	
Sub-total	8,178,431,308	5,557,004,072	737,453,897	12,989,381,483	4,761,380,147	1,430,660,637	523,925,743	5,668,115,041	7,321,866,442	
Intangible assets:										
With Indefinite useful lives:										
License	50,000	-	-	-	50,000	-	-	-	50,000	
With definite useful lives:										
IT Software	1,941,732,424	186,971,921	16,414,760	2,112,289,585	1,056,182,468	205,720,172	16,414,760	1,245,487,880	866,801,705	
Sub-total	1,941,782,424	186,971,921	16,414,760	2,112,339,585	1,056,182,468	205,720,172	16,414,760	1,245,487,880	866,851,705	
As at 31 December 2019	10,118,213,732	5,737,975,993	753,888,657	15,102,321,068	5,817,562,615	1,636,380,809	540,340,503	6,913,602,920	8,188,718,148	



BRAC Bank Limited
Statement of Tax Position
As at 31 December 2020

(In Taka)

Accounting year	Assessment year	Gross tax provision in financial statements	Adjustment of excess/deficit provision during 2020	Net tax provision in financial statements	Tax as per latest assessment	(Short)/Excess provision	Advance tax as per assessment order	Present status
2009	2010-2011	1,140,000,000	86,332,530	1,226,332,530	-	-	1,225,978,580	Assessment in progress and filed appeal before Honorable High Court against the Order of The Taxes Appellate Tribunal.
2010	2011-2012	1,416,240,000	(99,265,445)	1,316,974,555	-	-	1,228,668,951	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal.
2011	2012-2013	1,460,000,000	75,641,921	1,535,641,921	-	-	1,256,758,569	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal.
2012	2013-2014	1,530,000,000	7,477,180	1,537,477,180	-	-	1,304,653,579	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal.
2013	2014-2015	1,797,688,269	(261,309,528)	1,536,388,741	-	-	1,088,661,543	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal.
2014	2015-2016	2,097,475,597	-	2,097,475,597	1,916,762,068	180,713,529	1,250,930,480	Appeal in progress before The Honorable High Court Division against the order of The Taxes Appellate Tribunal.
2015	2016-2017	2,250,022,595	-	2,250,022,595	2,269,625,619	(19,603,024)	1,540,453,195	Appeal filed before Taxes Appellate Tribunal against the Order of Commissioner of Taxes Appeal.
2016	2017-2018	2,629,530,979	-	2,629,520,979	2,177,689,835	451,831,144	1,739,275,075	Appeal filed before Appellate Tribunal of Taxes against the order of Commissioner of Taxes Appeal.
2017	2018-2019	3,196,240,955	-	3,196,240,955	2,886,323,313	305,417,642	2,402,077,500	Appeal filed before Commissioner of Taxes Appeal against the Order of DCT.
2018	2019-2020	2,523,031,538	-	2,523,031,538	2,530,531,807	(7,500,299)	2,459,662,676	Tax return submitted for the assessment
2019	2020-2021	3,718,904,812	-	3,718,904,812	3,432,353,978	286,550,834	3,432,353,978	Tax return submitted for the assessment
2020	2021-2022	2,728,499,267	-	2,728,499,267	-	-	-	Not yet due to Submit Tax Return



BRAC Bank Limited
Statement of Consolidated Segment Reporting
As at 31 December 2020

Accounting policy

IAS 8 "Operating Segments" an operating segment is a component of an entity.

1) That entails in business deals with customers from which it may earn revenues and incur expenses relating to transactions with other components of the same entity). Whence, the chief executive officer makes decisions that affect the allocation of resources to be allocated to their segment, and assess its performances, and

iii) Which type of financial information is available.

The Bank identifies segments based on its business segments as well as its disclosed business units. The Bank reviews the segments at the end of each financial year and discloses the related information for the year ended.

A. Segmental operating profit and loss

(There are 8 (eight) operating segments including subsidiaries as on 31 December 2020. Out of 8 (eight) operating segments only 5 (five) are reportable as per latest evaluation in accordance with IFRS 8: Operating segments. Hence other non-reportable segments have been shown under 'Others'. Comparative figures have been disclosed accordingly.



BRAC Bank Limited
Statement of Consolidated Segment Reporting
As at 31 December 2019

Particulars	BRAC Bank Limited					Consolidation			
	SME	Retail	Corporate	Treasury	Total	bkash	Others	Inter company elimination	Total
Interest income	5,115,085,124	8,212,747,357	1,617,060,648	29,692,102,388	3,186,371,138	48,738,715	159,327,855	(304,526,230)	32,622,685,991
Interest paid on deposits and borrowings etc.	6,659,414,163	4,635,598,853	1,921,577,950	14,654,308,149	188,817,697	(304,526,230)	14,687,927,471	-	-
Inter segment income /expenses	(7,460,214,817)	(574,402,061)	465,976,290	-	-	-	-	-	-
Net interest income	5,849,277,239	3,002,746,443	161,458,988	15,037,794,219	2,997,553,441	(110,589,140)	17,924,758,520	(111,139,415)	3,057,465,086
Investment income	-	-	3,071,620,681	3,071,620,681	303,972,684	(306,988,864)	(9,235,195)	6,581,983,816	-
Commission, fees and others	375,827,062	1,455,810,411	1,008,995,849	310,407,502	3,151,040,824	2,234,372,934	1,205,805,253	-	-
Other operating incomes	15,818,513	14,657,096	1,821,724	95,349,497	127,646,530	92,905,810	34,718,986	-	255,271,626
Total Segment Revenue	6,240,922,814	7,494,779,056	4,013,564,016	3,638,836,668	21,388,102,554	5,628,804,889	822,946,235	(20,374,610)	27,819,479,048
Staff costs	2,835,246,409	2,032,008,050	619,247,028	111,122,577	5,597,624,064	1,974,222,384	316,214,678	-	7,888,061,126
Other operating costs	2,303,290,241	2,678,957,781	705,809,910	153,794,716	5,842,852,648	4,288,255,567	849,430,229	(9,235,195)	10,971,303,249
Total segment expenditure	5,138,536,850	4,711,965,831	1,325,056,938	284,917,293	11,440,476,712	6,262,477,951	1,165,644,907	(9,235,195)	18,859,354,375
Reportable segment operating profit	1,102,386,164	2,782,813,225	2,688,507,078	3,373,919,375	9,947,625,642	(633,673,082)	(342,698,672)	(111,139,415)	8,960,114,673

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.



**BRAC Bank Limited
Off-shore Banking Units**

Financial Statements
as at and for the year ended 31 December 2020

Off-shore Banking Units
Balance Sheet
As at 31 December 2020

Particulars	Note	2020		2019	
		USD	Taka	USD	Taka
PROPERTY AND ASSETS					
Cash		-	-	-	-
Cash in hand (Including foreign currency)					
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		-	-	-	-
Balance with other banks and financial institutions	3	67,321,947	5,708,975,151	24,246,386	2,058,518,161
Inside Bangladesh		-	-	-	-
Outside Bangladesh		67,321,947	5,708,975,151	24,246,386	2,058,518,161
Money at call and short notice		-	-	-	-
Investments		-	-	-	-
Government		-	-	-	-
Others		-	-	-	-
Loans and advances	4	244,650,877	20,746,663,512	295,677,659	25,103,033,239
Loans, cash credit, overdrafts etc.		217,868,511	18,475,489,405	256,782,571	21,800,840,250
Small and medium enterprises		2,429,863	206,055,013	3,172,555	269,349,938
Bills purchased and discounted		24,352,504	2,065,119,093	35,722,533	3,032,843,051
Fixed assets including premises, furniture and fixtures		-	-	-	-
Other assets	5	8,246,627	699,510,418	9,639,747	818,723,558
Total Property and Assets		320,219,451	27,155,149,081	329,563,792	27,980,274,958
LIABILITIES AND CAPITAL					
Liabilities					
Borrowings from other banks, financial institutions and agents	6	266,675,594	22,614,383,731	280,336,753	23,800,590,347
Money at call and short notice		1,000,000	84,801,100	-	-
Deposits and other accounts	7	9,569,611	811,513,557	9,228,790	783,524,272
Current accounts and other accounts		710,287	60,233,127	525,745	44,635,782
Bills payable		-	-	-	-
Savings deposits		8,694,540	737,306,548	8,408,596	713,889,820
Fixed deposits		164,784	13,973,882	294,448	24,998,670
Other liabilities	8	40,523,956	3,420,462,291	41,988,103	3,562,772,305
Total Liabilities		317,769,161	26,931,160,679	331,553,647	28,146,886,924
Capital and Shareholders' Equity					
Paid up share capital		-	-	-	-
Statutory reserve		-	-	-	-
Revaluation reserve		-	(11,792,680)	-	(23,803,360)
Foreign currency translation reserve		-	235,781,082	(1,989,854)	(142,808,606)
Surplus in profit and loss account/Retained earnings	9	2,450,290	223,988,402	(1,989,854)	(166,611,966)
Total shareholders' equity		2,450,290	223,988,402	(1,989,854)	(166,611,966)
Total Liabilities and Shareholders' Equity		320,219,451	27,155,149,081	329,563,792	27,980,274,958



**Off-shore Banking Units
Balance Sheet
As at 31 December 2020**

Particulars	Note	2020		2019		
		USD	Taka	USD	Taka	
Off balance sheet items						
Contingent liabilities						
Acceptances and endorsements		6,599,548	556,742,888	5,347,806	451,198,638	
Letter of guarantees		2,627,429	224,873,307	4,832,270	411,183,906	
Irrevocable letter of credits		12,022,213	986,699,797	46,027,633	3,858,228,819	
Bills for collection		6,626,463	551,443,745	18,098,480	1,536,560,952	
Other contingent liabilities						
Total		27,875,653	2,319,759,737	74,306,189	6,257,172,315	
Other commitments						
Documentary credits and short term trade related transactions		-	-	-	-	
Forward assets purchased and forward deposits placed		-	-	-	-	
Undrawn note issuance and revolving underwriting facilities		-	-	-	-	
Undrawn formal standby facilities, credit lines and other		-	-	-	-	
Commitments- lease hold assets		-	-	-	-	
Total		-	-	-	-	
Total off balance sheet items including contingent liabilities		27,875,653	2,319,759,737	74,306,189	6,257,172,315	



**Off-shore Banking Units
Profit and Loss Account
For the year ended 31 December 2020**

Particulars	Note	2020		2019	
		USD	Taka	USD	Taka
Interest income	10	13,099,204	1,110,640,743	19,265,913	1,626,230,435
Interest paid on deposits and borrowing etc.	11	9,416,654	795,640,396	15,140,713	1,271,629,983
Net interest income		3,682,550	315,000,347	4,125,200	354,600,452
Investment income		-	-	-	-
Commission, exchange and brokerage	12	517,998	43,767,990	443,744	37,285,679
Other operating income	13	631,579	53,619,995	365,487	47,446,273
Total operating income		4,832,126	412,388,332	4,934,431	439,332,404
Salaries and allowances		511,058	43,373,384	417,365	35,206,981
Rent, taxes, insurance, electricity etc.	14	201,044	17,062,505	86,443	7,293,546
Legal expenses		-	-	-	-
Postage, stamps, telecommunication etc.	15	3,593	304,937	2,657	224,043
Stationery, printing, advertisement etc.	16	10,608	899,853	12,381	1,043,951
Depreciation and repairs to bank's assets		71,919	6,104,007	73,860	6,229,235
Other expenses		99,606	8,444,659	91,983	7,751,068
Total operating expenses		897,829	76,189,344	684,689	57,748,824
Profit before provisions		3,934,297	336,198,988	4,249,742	381,583,581
Provision for:					
Loans and advances		(518,019)	(43,424,486)	10,240,066	864,952,763
Off balance sheet items		(7,867)	(667,567)	(10,020)	(850,677)
Others					
Total provision	17	(525,887)	(44,092,053)	10,230,046	864,102,086
Profit/(loss) before taxes		4,460,184	380,291,041	(5,980,304)	(482,518,506)
Provision for tax:					
Current tax expense		-	-	-	-
Deferred tax expense/ (income)		-	-	-	-
Total provision for tax	18	-	-	-	-
Total profit/(loss) after taxes		4,460,184	380,291,041	(5,980,304)	(482,518,506)



Off-shore Banking Units
Cash Flow Statement
For the year ended 31 December 2020

Particulars	2020		2019	
	USD	Taka	USD	Taka
A. Cash flows from operating activities				
Interest receipts in cash	14,244,725	1,208,198,357	19,364,706	1,644,063,545
Interest payment	(10,942,058)	(947,837,011)	(15,850,442)	(1,345,702,499)
Fees and commissions receipts	517,998	43,767,990	439,172	37,285,679
Cash payments to employees	(511,058)	(43,373,384)	(414,688)	(35,206,981)
Cash payments to suppliers	(14,201)	(1,204,790)	(14,935)	(1,267,993)
Receipts from other operating activities	631,579	53,619,995	558,849	47,446,273
Payment for other operating activities :	(380,194)	(32,262,384)	(322,329)	(27,365,711)
Operating cash flow before changes in operating assets and liabilities (i)	3,546,791	280,908,773	3,760,333	319,252,313
Increase/decrease in operating assets and liabilities				
Loans and advances to customers	51,026,782	4,356,369,727	55,788,768	4,736,466,398
Other assets	247,599	21,655,527	(5,653,878)	(480,014,214)
Deposits from other banks/borrowings	(12,661,159)	(1,101,405,515)	(50,048,215)	(4,249,093,420)
Deposits from customers	340,821	27,989,285	741,981	62,994,178
Other liabilities	574,727	15,642,973	9,410,117	798,918,928
Cash utilised in operating assets and liabilities (ii)	39,528,770	3,320,251,997	10,238,773	869,271,870
Net cash (used)/flows from operating activities (i+ii)	43,075,561	3,601,160,770	13,999,107	1,188,524,182
B. Cash flows from investing activities				
Investment in commercial paper	-	-	-	-
Net cash used in investing activities	-	-	-	-
C. Cash flows from financing activities				
D. Net increase/(decrease) in cash (A+B+C)	43,075,561	3,601,160,770	13,999,107	1,188,524,182
E. Cash and cash equivalents at beginning of year	24,246,386	2,058,518,161	10,363,240	869,993,979
Exchange difference	-	49,296,220	(115,961)	-
Cash and cash equivalents at the end of year (D+E)	67,321,947	5,708,975,151	24,246,386	2,058,518,161
Cash and cash equivalents at the end of the year:				
Cash in hand (including foreign currency)	-	-	-	-
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)	-	-	-	-
Balance with other banks and financial institutions	67,321,947	5,708,975,151	24,246,386	2,058,518,161
	67,321,947	5,708,975,151	24,246,386	2,058,518,161



Off-Shore Banking Units

1 Status of the units

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

1.1 Principal Activities

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

2 Summary of significant accounting policies and basis of preparation

2.1 A summary of the principle accounting policies which have been applied consistently (unless otherwise stated), are set out below:

a) Basis of accounting

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

b) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

c) Foreign currency transactions and translations to presentation currency

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

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

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

2.2 Reporting period

These financial statements cover one calendar year from 1 January to 31 December 2020.

2.3 Cash and cash equivalents

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

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

2.4 Loans and advances / investment

- a) Loans and advances of Off-shore Banking Units are stated in the balance sheet on gross basis.
 - b) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.



2.5 Provision for liabilities

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

2.6 General

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

Particulars	2020		2019	
	USD	Taka	USD	Taka
3 Balance with other banks and financial institutions				
Standard Chartered Bank, Frankfurt, Germany	0.2	16	0	16
Standard Chartered Bank, New York	-	-	-	-
Commerz Bank, Germany	-	-	-	-
ICICI Bank Limited, Mumbai, India	-	-	-	-
Sonali Bank Limited, United Kingdom (GBP)	-	-	-	-
Standard Chartered Bank, UK	0.3	21	0	21
JP Morgan Chase Bank, New York	3,005,624	254,880,206	8,483,586	720,256,473
JP Morgan AG, Frankfurt, Germany	276,809	23,473,731	725,682	61,610,402
JP Morgan Chase, N.A., London	39,513	3,350,777	37,117	3,151,249
BBL OBU to Other Bank OBU placement	64,000,000	5,427,270,400	15,000,000	1,273,500,000
	67,321,947	5,708,975,151	24,246,386	2,058,518,161
4 Loans and advances				
Loans, cash credits, overdrafts etc. (note 4.1)	217,868,511	18,475,489,405	256,782,571	21,800,840,250
Small and medium enterprises	2,429,863	206,055,013	3,172,555	269,349,938
Bills purchased and discounted (note 4.2)	24,352,504	2,065,119,093	35,722,533	3,032,843,051
	244,650,877	20,746,663,512	295,677,659	25,103,033,239
4.1 Overdrafts				
Demand loans	9,825,938	833,250,311	4,616,150	391,911,116
Term loans	159,206,152	13,500,856,812	181,915,649	15,444,638,621
	48,836,422	4,141,382,282	70,250,772	5,964,290,512
	217,868,511	18,475,489,405	256,782,571	21,800,840,250
4.2 Bills purchased and discounted				
Bills purchased and discounted SME	24,352,504	2,065,119,093	35,722,533	3,032,843,051
	24,352,504	2,065,119,093	35,722,533	3,032,843,051
5 Other assets				
Interest receivables	1,832,605	155,414,281	2,978,126	252,971,874
Deferred revenue expenditure	262,396	22,251,475	524,479	44,528,293
Receivables against collateral margin-swap	-	180,000	-	180,000
FX translation adjustments - contra	-	-	-	-
Receivable against proxy account	-	-	-	-
Receivable settlement account-OBU/DBU	6,151,626	521,664,683	6,137,142	521,043,391
	8,246,627	699,510,418	9,639,747	818,723,558



Continuation of Annexure - I

Particulars	2020		2019	
	USD	Taka	USD	Taka
6 Borrowings from other banks, financial institutions and agents				
Inside Bangladesh:				
Southeast Bank Limited	-	-	5,000,000	424,500,000
Prime Bank Limited	-	-	5,000,000	424,500,000
Agrani Bank Limited	-	-	-	-
On Shore to BBL Off Shore	126,190,094	10,701,058,797	10,584,325	898,609,160
	126,190,094	10,701,058,797	20,584,325	1,747,609,160
Outside Bangladesh:				
Sonali Bank UK Ltd	6,769,500	574,061,046	10,489,200	890,533,080
Bank One Limited, Mauritius	-	-	13,000,000	1,103,700,000
Nabil Bank Limited, Nepal	10,000,000	848,011,000	-	-
HDFC Bank Limited, India	5,000,000	424,005,500	13,000,000	1,103,700,000
Standard Chartered Bank, Singapore	-	-	10,824,800	919,025,520
Woori Bank, Dhaka	3,000,000	254,403,300	-	-
Commercial Bank of Qatar	-	-	10,000,000	849,000,000
DBS Bank Singapore	-	-	10,000,000	849,000,000
Asian Development Bank	-	-	8,571,429	727,714,286
Bank of Montreal, Canada	-	-	8,600,000	730,140,000
The National Bank of Ras Al-Khaimah, UAE	-	-	19,740,000	1,675,926,000
Abu Dhabi Commercial Bank	-	-	20,200,000	1,714,980,000
First Abu Dhabi Bank PJSC	-	-	10,327,000	876,762,300
CDC Group Plc, United Kingdom	25,716,000	2,180,745,088	30,000,000	2,547,000,000
Borrowing from IFC, USA	90,000,000	7,632,099,000	90,000,000	7,641,000,000
Maersk Trade Finance A/S, Denmark	-	-	5,000,000	424,500,000
	140,485,500	11,913,324,934	259,752,429	22,052,981,186
	266,675,594	22,614,383,731	280,336,753	23,800,590,347
7 Deposit and other accounts				
Local currency:				
Current and other accounts	-	-	-	-
Bills payable	-	-	-	-
Saving deposits	-	-	-	-
Fixed deposits	-	-	-	-
Other deposits	-	-	-	-
	-	-	-	-
Foreign currency:				
Current and other accounts	710,287	60,233,127	525,745	44,635,782
Bills payable	-	-	-	-
Saving deposits	-	-	-	-
Fixed deposits	8,694,540	737,306,548	8,408,596	713,889,820
Other deposits	164,784	13,973,882	294,448	24,998,670
	9,569,611	811,513,557	9,228,790	783,524,272
Total Deposit and other accounts	9,569,611	811,513,557	9,228,790	783,524,272
8 Other liabilities				
Provisions for loans and advances	13,343,004	1,131,501,444	13,856,966	1,176,456,424
Special provision COVID-19	572,974	48,588,796	-	-
Provision on interest receivable	21,742	1,843,706	9,540	809,919
Interest payable on borrowings	1,210,896	102,685,311	2,860,796	242,881,548
Provision for taxation	797,238	67,606,624	796,309	67,606,624
Interest suspense	965,598	81,883,810	532,527	45,211,577
Stamp charge realization from loan clients-OBU	-	-	3,930	333,657
Payable to on-shore	23,575,625	1,982,385,478	23,273,349	1,956,690,038
Others payable	36,879	3,967,121	654,687	72,782,518
	40,523,956	3,420,462,291	41,988,103	3,562,772,305



Particulars	2020		2019	
	USD	Taka	USD	Taka
9 Surplus in profit and loss account/ retained earnings				
Balance at the beginning of the year	(1,989,854)	(142,808,606)	3,990,450	339,709,900
Adjustment to retained earnings	(20,040)	(1,701,354)	-	-
Add: Retained surplus for the year	4,460,184	380,291,041	(5,980,304)	(482,518,506)
	2,450,290	235,781,082	(1,989,854)	(142,808,606)
10 Interest income				
Interest on loans and advances	13,049,549	1,106,445,412	19,232,745	1,623,441,924
Interest on money at call and short notice	14,701	1,242,251	28,356	2,382,076
Interest on Funding SWAP	34,954	2,953,080	4,812	406,435
	13,099,204	1,110,640,743	19,265,913	1,626,230,435
11 Interest paid on deposits and borrowing etc.				
Interest on deposits	243,508	20,664,695	265,235	22,408,280
Interest on borrowing from banks & FIs	9,172,993	774,962,775	14,867,732	1,248,571,189
Interest on money at call and short notice	153	12,926	7,747	650,514
	9,416,654	795,640,396	15,140,713	1,271,629,983
12 Commission, exchange and brokerage				
Commission from letters of credit-foreign	91,637	7,740,219	101,992	8,557,771
Import and export related fees	341,516	28,862,703	277,876	23,343,093
Syndication fees	84,852	7,165,740	63,876	5,384,814
Other fees	(8)	(671)	-	-
	517,998	43,767,990	443,744	37,285,679
13 Other operating income				
Miscellaneous Income	631,579	53,619,995	365,487	47,446,273
	631,579	53,619,995	365,487	47,446,273
14 Rent, taxes, insurance, electricity etc.				
Rent, rates and taxes	52,852	4,485,627	69,093	5,829,597
Insurance	138,435	11,748,645	1,725	145,646
Power and electricity	6,810	577,979	11,646	982,328
WASA and Sewerage	2,948	250,254	3,980	335,976
	201,044	17,062,505	86,443	7,293,546
15 Postage, stamp, telecommunication etc.				
Postage and courier	939	79,750	49	4,113
Court fees & stamps	171	14,510	10	817
Telegram, telex, fax & Network	0	37	65	5,523
Telephone-Office	2,482	210,639	2,533	213,589
	3,593	304,937	2,657	224,043



Continuation of Annexure - I

Particulars	2020		2019	
	USD	Taka	USD	Taka
16 Stationery, printing, advertisement etc.				
Stationery and Printing	1,229	104,298	2,641	222,516
Security Stationery	6,865	582,216	-	-
Advertisement	2,514	213,339	9,740	821,435
	10,608	899,853	12,381	1,043,951
17 Provisions for loans and advances				
For classified loans and advances	(2,059)	(175,220)	10,939,821	924,490,652
For unclassified loans and advances	(515,961)	(43,249,266)	(699,755)	(59,537,889)
	(518,019)	(43,424,486)	10,240,066	864,952,763
18 Provision for tax				

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





Rahman Rahman Huq
Chartered Accountants
9 & 5 Mohakhali C/A
Dhaka 1212
Bangladesh

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Email dhaka@kpmg.com
Internet www.kpmg.com/bd

To whom it may concern

This is to certify that as detailed in the Annexure J, BRAC Bank Limited made the custodian transactions on account of custodian services provided during the year ended 31 December 2020, which have been verified with the books of account, invoices and other related documents as produced to us for our verification.

We also certify that management of the Bank prepared and fairly presented of the income and expenses in accordance with the requirement of the Securities and Exchange Commission (Securities Custodian Service) Rules 2003, and made necessary disclosures in the Bank's audited financial statements for the year ended 31 December 2020.

Ali Ashfaq, Partner, Enrolment no: 509
Rahman Rahman Huq, Chartered Accountants

Dhaka, 12 APR 2021

**BRAC Bank Limited
Custodian Service**
For the year ended 31 December 2020

Particulars	2020 Taka	2019 Taka
Operating income		
Commission, exchange and brokerage	18,265,986	23,100,495
Total operating income	18,265,986	23,100,495
Operating expenses		
Salaries and allowances	3,051,737	2,911,685
Rent, taxes, insurance, electricity etc.	965,430	840,830
Postage, stamps, telecommunication etc.	33,063	610,042
Stationery, printing, advertisement etc.	327,629	103,747
Depreciation on and repairs to bank's assets	1,033,597	880,404
Other expenses	7,862,768	6,450,535
Total operating expenses	13,274,224	11,797,243
Operating profit	4,991,762	11,303,252



BRAC Bank Limited
Details of transactions with related parties
For the year ended 31 December 2020

Related Party is a party related to an entity if:

- (i) Directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under control with, the company; has an interest in the company, that gives it significant influence over the company, or has joint control over the company;
- (ii) The party is an associate (as defined in IAS 28 Investment in Associates);
- (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 a 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.

(In Taka)

SL No.	Name of the related parties (Companies)	Balance type	Opening balance on 01 January 2020	Additions for deposit made/loan disbursed/interest or fees charged	Deductions for deposit withdrawn/ loan recovered	Closing balance on 31 December 2020
1	bkash Limited	Deposits	836,521,070	248,918,397,699	247,164,438,044	2,590,480,725
2	BRAC and its associated organization	Deposits	5,707,438,454	127,730,718,426	126,783,324,249	6,654,832,632
3	BRAC EPL Investments Limited	Deposits	4,391,805	1,423,085,422	1,424,755,495	2,721,732
4	Equity Partners Limited (Eschrow Account)	Deposits	20,687,337	-	20,000,000	667,337
5	BRAC EPL Stock Brokerage Limited	Deposits	51,499,420	168,631,663	180,115,603	40,015,481
6	BRAC IT Services Limited (biTS)	Deposits	47,479,384	415,073,493	359,249,962	103,302,915
7	BRAC Saajin Exchange Limited	Deposits	22,473,887	14,624,019,000	14,617,355,906	29,136,980
8	Edotco Bangladesh Co. Limited	Deposits	5,113,326,021	6,754,390,718	3,970,943,893	3,294,792,846
9	Policy Research Institute Of Bangladesh	Deposits	1,065,417	814,566	354,820	1,525,163
10	RSA Advisory Ltd	Deposits	6,984,204	41,998,983	43,091,614	5,891,572
11	Ogilvy & Mather Communications (Pvt.) Limited	Deposits	-	-	-	-
12	Walton Hi-Tech Industries Limited	Deposits	45,282,890	2,733,111,208	2,730,251,438	48,142,660
13	BRAC EPL Investments Limited	Continuous loan	798,405,356	259,441,339	259,155,984	798,660,711
14	BRAC Saajin Exchange Limited	Continuous loan	213,669,862	1,060,746,200	588,537,500	685,878,561
15	BRAC and its associated organization	Term placement	2,000,000,000	N/A	700,000,000	840,000,000
16	Industrial and Infrastructure Development Finance Company (IIDFC)	Term placement	1,000,000,000	N/A	N/A	N/A
17	BRAC IT Services Limited (biTS)	Advance for investment	229,328,082	N/A	213,246,061	USD 260,000
18	BRAC Saajin Exchange Limited	Bank guarantee	USD 260,000	N/A	N/A	USD 260,000

SL No.	Name of the related parties (Directors)	Balance type	Opening balance on 01 January 2020	Closing balance on 31 December 2020
1	KAZI MAHMOOD SATTAR	Credit card	41,948	23,600
2	NIHAD KABIR	Credit card	95,401	30,421
3	ASIF SALEH	Credit card	43,205	25,846
4	SEJIM REZA FARHAD HUSSAIN	Credit card	141,771	88,783
5	FAHIMA CHOUDHURY	Credit card	3,452	6,160
6	SHAMERAN BAHAR ABED	Credit card	-	223,547

Note: In addition, BRAC Bank has credit exposure on NGOs where its Directors are involved in the capacity of executive committee members. As on 31 December 2020, the Bank has credit exposures amounting BDT 2,945,253,529 to BRAC. 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.



BRAC Bank Limited
Reconciliation of net profit with cash flows from operating activities (standalone basis)
For the year ended 31 December 2020

Particulars	31 December 2020 Taka	31 December 2019 Taka
Profit before tax as per profit and loss account	6,735,127,528	8,505,306,652
Adjustment for non-cash items:		
Provision for Loans and advances	2,365,157,113	1,096,128,805
Provision for Diminution in value of investments	(563,219,881)	534,400,000
Provision for Off balance sheet items	63,083,635	(192,000,000)
Provision for other assets	1,581,941	3,790,385
Depreciation of Property plant and equipment	1,682,480,106	1,636,380,810
Foreign exchange gain/(loss)	(62,984,747)	325,429,561
Profit on sale of fixed assets	(11,086,641)	(11,105,165)
Increase/decrease in operating assets & liabilities:		
Loans and advances to customers	(8,972,011,665)	(26,083,078,267)
Other operating assets	(163,721,278)	(603,162,515)
Deposits from other banks/borrowings	(1,295,171,744)	5,360,091,417
Deposits from customers	22,632,432,701	33,837,248,816
Other operating liabilities	(232,393,362)	1,003,730,551
Income tax paid	(3,564,500,491)	(2,706,854,957)
Cash flows from operating activities as per cash flow statement	18,614,773,215	22,706,306,093



Appendix - A

**Audited financial statements
of
BRAC EPL Investments Limited**

**Auditors' Report
&
Audited Financial Statements
of
BRAC EPL Investments Limited**

For the year ended 31 December 2020

A.QASEM & Co.
Chartered Accountants Since 1953



* Since 1953 *

A.QASEM & Co.

Chartered Accountants

Gulshan Pink City
Suites # 01-03, Level : 7
Plot # 15, Road # 103
Gulshan Avenue
Dhaka - 1212, Bangladesh
Phone : 880-2-8881824-6
E-mail : aqasem@aqcbd.com

INDEPENDENT AUDITORS' REPORT To the Shareholders of BRAC EPL Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BRAC EPL Investments Limited (the Company), which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report of its parent-BRAC Bank Limited is expected to be made available to us after the date of this auditors' report.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

We as required by the Companies Act, 1994, the Securities and Exchange Commission Act, 1993 and the Securities and Exchange Commission Rules, 1987 and other applicable laws and regulations.

We also report that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) The Company's statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- (iv) The expenditure incurred was for the purposes of the Company's business.

A.Qasem&Co.

Chartered Accountants

RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA

Partner

Enrolment Number: 1259

DVC: 2103281259AS277219

Place: Dhaka

Date: 22 March 2021

BRAC EPL Investments Limited
Statement of Financial Position
As at 31 December 2020

	Notes	Amount in BDT		
		31 December 2020	31 December 2019	
Assets				
Non-current assets				
Property, plant and equipment	5	9,122,577	6,479,779	
Intangible assets	6	200,029	516,232	
Right of use Asset	7	6,520,809	4,723,270	
Investment in associate company	8	-	-	
Deferred tax assets	9	283,711,094	286,439,604	
		299,554,509	298,158,885	
Current assets				
Account receivables	10	23,500,546	15,674,420	
Inter-company receivables	11	267,439	136,066	
Other receivables		17,031,337	15,293,703	
Investment in quoted securities	12	1,018,347,946	895,166,869	
Advance income tax	13	30,212,853	25,114,710	
Loans and advances to customers	14	1,697,600,142	1,693,628,668	
Accrued interest and management fees receivable	15	306,655,209	313,879,136	
Advances, deposits and prepayments	16	31,965,960	2,351,054	
Cash and cash equivalents	17	14,440,818	11,015,740	
		3,140,022,250	2,972,260,366	
Total assets		3,439,576,759	3,270,419,251	
Equity and Liabilities				
Shareholders' equity				
Share capital	18	2,585,000,000	2,585,000,000	
Share premium		436,825,951	436,825,951	
Retained earnings		(2,231,889,288)	(2,276,111,075)	
Shareholders' equity		789,936,663	745,714,876	
Non-current liabilities				
Lease Liability	19.01	3,781,320	1,709,241	
Current liabilities				
Customer deposits	20	79,536,443	84,854,573	
Bank overdrafts	21	798,660,711	798,405,356	
Short term loan	22	640,000,000	540,000,000	
Account payables	23	18,809,802	6,787,284	
Other liabilities	24	1,101,016,876	1,085,008,627	
Provision for taxation	25	3,977,745	3,453,356	
Lease Liability	19.01	3,353,677	3,392,023	
Inter-company payable	26	503,523	1,093,915	
		2,645,858,776	2,522,995,134	
Total equity and liabilities		3,439,576,759	3,270,419,251	

Footnotes:

1. These financial statements should be read in conjunction with annexed notes 1 to 37.

A. Oasem & Co.
A. Oasem & Co.
Chartered Accountants
RJSC Firm Registration Number: PF1015

Chief Executive Officer (Acting)
Chief Executive Officer (Acting)
BRAC EPL Investments Limited

Ziaur Rahman Zia, FCA
Ziaur Rahman Zia, FCA
Partner
Enrolment Number: 1259
DVC: 2103281259AS277219

Director
Director
BRAC EPL Investments Limited

Place: Dhaka

Place: Dhaka
Date: 22 March 2021

Tahmina Akter
Chairman
BRAC EPL Investments Limited



BRAC EPL Investments Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2020

Notes	Amount in BDT	
	For the year ended	31 December
	2020	2019
Revenue		
Interest income from margin loan	15,239,981	15,806,366
Interest expenses	(142,687,731)	(135,595,770)
Net interest income (A)	(127,447,750)	(119,789,404)
Fee and commission income	31,688,995	21,117,085
Fee and commission expenses	(7,310,477)	(6,126,189)
Net fee and commission income (B)	24,378,518	14,990,896
(Loss)/gain from investment in securities	174,584,345	(230,223,374)
Other operating income/(loss)	25,941,605	30,022,483
Net (loss)/gain from investment in securities (C)	200,525,950	(200,200,891)
Total operating income/(loss) (A+B+C)	97,456,718	(304,999,399)
Operating expenses	(49,036,205)	(54,466,262)
Operating profit/(loss) (D)	48,420,513	(359,465,661)
Finance income	47,013	72,997
Financial expenses	(942,229)	(1,491,689)
Net finance income (E)	(895,216)	(1,418,692)
Share of profit of equity in associate company (F)		1,496,879
Profit/(loss) before provisions (D+E+F+G)	47,525,297	(359,387,474)
Provision for loans and advances	24.1	-
Provision for account receivables	23.2	(12,871,697)
Profit/(loss) before tax	47,525,297	(372,259,171)
Current tax expense	34	575,000
Deferred tax expense / (income)	34	2,728,510
Tax (income)/expenses		3,303,510
Profit/(loss) after tax	44,221,787	(368,458,312)
Other comprehensive Income		
Total Profit / (Loss)	44,221,787	(368,458,312)

Footnotes:

1. These financial statements should be read in conjunction with annexed notes 1 to 37.

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration Number: PF1015

Chief Executive Officer (Acting)
BRAC EPL Investments Limited

Director
BRAC EPL Investments Limited

Ziaur Rahman Zia, FCA
Partner
Enrolment Number: 1259
DVC: 2103281259AS277219

Chairman
BRAC EPL Investments Limited

Place: Dhaka
Date: 22 March 2021



BRAC EPL Investments Limited
Statement of Cash Flows
For the year ended 31 December 2020

	Amount in BDT	
	For the year ended	
	31 December 2020	31 December 2019
A. Operating activities		
Net profit before tax	47,525,297	(372,259,171)
<i>Add: Items not involving in movement of cash:</i>		
Depreciation on property, plant and equipment	2,396,983	2,092,471
Amortization of intangible asset	316,204	262,938
Gain on disposal of property, plant and equipment	(152,499)	(24,000)
Depreciation of Right-of-use assets	6,158,365	9,017,503
Adjustment of lease	877,055	-
Fair value adjustments for fall in values of investment in securities	(168,122,345)	248,567,074
Share of profit of equity in associate company	(158,526,237)	258,419,106
Income tax paid	(5,148,754)	(6,505,894)
<i>Operating/(loss)/profit before changes in working capital</i>	(116,149,693)	(120,345,959)
Changes in working capital :		
(Increase)/decrease in loan and advances to customers	(3,971,474)	9,590,478
(Increase)/decrease in accrued interest and mgt. fees receivable	7,223,926	18,823,754
(Increase)/decrease in account receivables	(7,826,126)	12,254,427
(Increase)/decrease in advance, deposits and prepayments	(29,614,906)	3,337,381
(Increase)/decrease in inter-company receivable	(131,373)	(115,044)
(Increase)/decrease in other receivables	(1,737,634)	(4,916,796)
Increase/(decrease) in customer deposits	(5,318,130)	(9,983,459)
Increase/(decrease) in account payables	12,022,518	(2,929,294)
Increase/(decrease) in inter-company payable	(590,392)	66,559
Increase/(decrease) in other liabilities	16,008,249	15,008,434
Increase/(decrease) in lease liability	2,033,733	5,101,264
<i>Net cash (used)/from operating activities (A)</i>	(11,901,609)	46,237,704
	(128,051,302)	(74,108,254)
B. Cash flows from Investing activities:		
Acquisition of property, plant and equipment	(5,039,782)	(244,781)
Disposal of property, plant and equipment	152,499	24,000
Striking off Brac Asset Management	-	17,172,920
Sale/(purchase) of investment securities	44,941,268	(1,281,492)
Inclusion of Right of Used Asset	(8,832,960)	(13,740,773)
<i>Net cash used in investing activities (B)</i>	31,221,025	1,929,874
C. Cash flows from Financing activities		
Receipt/(repayment) of bank overdraft	255,355	(860,453)
Receipt/(repayment) of short term loans	100,000,000	70,000,000
<i>Net cash from/(used) in financing activities (C)</i>	100,255,355	69,139,547
Net decrease in cash and cash equivalents (A+B+C)	3,425,078	(3,038,833)
Cash and cash equivalents at the beginning of the year	11,015,740	14,054,573
Cash and cash equivalents at the end of the year	14,440,818	11,015,740

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA
Partner
Enrolment Number: 1259
DVC: 2103281259AS277219

Place: Dhaka
Date: 22 March 2021

Chief Executive Officer (Acting)
BRAC EPL Investments Limited

Director
BRAC EPL Investments Limited

Chairman
BRAC EPL Investments Limited



BRAC EPL Investments Limited
Statement of Changes in Equity
For the year ended 31 December 2020

Particulars	Share capital	Share premium	Retained earnings	Amount in BDT
				Total
Balance as on 31 December 2018	2,585,000,000	436,825,951	(1,907,652,764)	1,114,173,187
Total comprehensive income for the year 2019	-	-	(368,458,311)	(368,458,311)
Balance as on 31 December 2019	2,585,000,000	436,825,951	(2,276,111,075)	745,714,876
Total comprehensive income for the year 2020	-	-	44,221,787	44,221,787
Balance as on 31 December 2020	2,585,000,000	436,825,951	(2,231,889,288)	789,936,663

A. Qasem & Co.

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration Number: PF1015

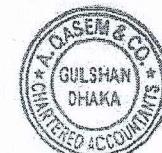
Ziaur Rahman Zia, FCA
Partner
Enrolment Number: 1259
DVC: 2103281259AS277219

Place: Dhaka
Date: 22 March 2021

Q.H.K.
Chief Executive Officer (Acting)
BRAC EPL Investments Limited

[Signature]
Director
BRAC EPL Investments Limited

Fahima Khandwala
Chairman
BRAC EPL Investments Limited



Appendix - B

**Audited financial statements
of
BRAC EPL Stock Brokerage Limited**

**Auditors' Report
&
Audited Financial Statements
of
BRAC EPL Stock Brokerage Limited**

For the year ended 31 December 2020



* Since 1953 *

A.QASEM & CO.

Chartered Accountants

Gulshan Pink City
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Plot # 15, Road # 103
Gulshan Avenue
Dhaka - 1212, Bangladesh
Phone : 880-2-8881824-6
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INDEPENDENT AUDITORS' REPORT To the Shareholders of BRAC EPL Stock Brokerage Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BRAC EPL Stock Brokerage Limited (the Company), which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report of its parent-BRAC Bank Limited is expected to be made available to us after the date of this auditors' report.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

We as required by the Companies Act, 1994, the Securities and Exchange Commission Act, 1993 and the Securities and Exchange Commission Rules, 1987 and other applicable laws and regulations.

We also report that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) The Company's statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- (iv) The expenditure incurred was for the purposes of the Company's business.



A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA
Partner
Enrolment Number: 1259
DVC: 2103281259AS347611

Place: Dhaka
Date: 21 March 2021

BRAC EPL Stock Brokerage Limited
Statement of Financial Position
As at 31 December 2020

	Notes	Amount in BDT	
		As at 31 December	31 December 2020
Assets			
Non-current assets			
Property, plant and equipment	5	22,874,434	32,922,084
Intangible assets	6	177,110	579,473
Right of use assets	7	22,429,090	60,654,198
Investment in exchanges	9	96,986,595	96,986,595
Total non-current assets		142,467,229	191,142,350
Current assets			
Investment in shares	10	406,964,551	455,931,066
Account receivables	11	195,972,893	174,093,546
Inter-company receivables	12	885,957	1,243,915
Margin loan receivables	13	162,686,891	90,168,705
Advances, deposits and prepayments	14	597,825,652	541,541,544
Other receivables	15	1,534,916	1,223,184
Cash and cash equivalents	16	1,104,663,893	531,288,623
Total current assets		2,470,534,753	1,795,490,583
Total assets		2,613,001,982	1,986,632,933
Equity and liabilities			
Shareholder's equity			
Share capital	17	700,953,800	700,953,800
Retained earnings		333,213,072	171,899,728
Revaluation reserve for TREC license	18	87,688,970	87,688,970
Total equity		1,121,855,842	960,542,498
Non-current liabilities			
Lease liability	19.1	7,850,138	31,225,469
Current liabilities			
Lease liability-current portion	19.1	14,504,475	22,519,557
Payable to clients	20	581,557,828	381,094,036
Account payables	21	225,187,494	1,505,700
Inter-company payables	22	318,029	186,656
Liability for expenses	23	63,618,853	54,113,637
Provision for income tax	24	598,109,323	535,445,379
Total current liabilities		1,483,296,002	994,864,966
Total liabilities		1,491,146,140	1,026,090,435
Total equity and liabilities		2,613,001,982	1,986,632,933

The annexed notes 1 to 36 form an integral part of these financial statements.

Annexure-1 & Annexure-2 are integral part of these financial statements.

A. Qasem & Co.

A. Qasem & Co.

Chartered Accountants

RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA

Partner

Enrolment Number: 1259

DVC: 2103281259AS347611



Place: Dhaka

Date: 21 March 2021

[Signature]

Chief Executive Officer

BRAC EPL Stock Brokerage Limited

[Signature]

Director

BRAC EPL Stock Brokerage Limited

Fatima Sandhya

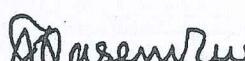
Chairperson

BRAC EPL Stock Brokerage Limited

BRAC EPL Stock Brokerage Limited
 Statement of Profit or Loss and Other Comprehensive Income
 For the year ended 31 December 2020

Notes	Amount in BDT For the year ended	
	31 December 2020	31 December 2019
Service Revenue	25	397,427,090
Direct expenses	26	(103,708,192)
Gross profit		293,718,898
Operating expenses	27	(194,700,792)
Operating profit		99,018,106
Investment income	28	116,139,848
Finance income	29	18,068,818
Other income	30	(82,515)
Finance expenses	31	(9,166,970)
Share of profit of equity in associate company	8	1,261,492
Profit before tax		223,977,287
Income tax expenses	32	(62,663,944)
Net profit after tax		161,313,343
 Other comprehensive income		
Items that will never be reclassified to profit or loss		-
Items that are or may be reclassified to profit or loss		-
Other comprehensive income, net of tax		-
Total comprehensive income/(loss)		-

The annexed notes 1 to 36 form an integral part of these financial statements.
 Allocation of income between Brokerage Income and Other than Brokerage Income has been shown in Annexure-2 which is also an integral part of these financial statements.



A. Qasem & Co.
 Chartered Accountants
 RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA
 Partner
 Enrolment Number: 1259
 DVC: 2103281259AS347611

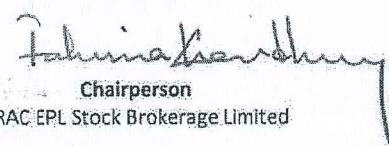
Place: Dhaka
 Date: 21 March 2021




Chief Executive Officer
 BRAC EPL Stock Brokerage Limited



Director
 BRAC EPL Stock Brokerage Limited



Chairperson
 BRAC EPL Stock Brokerage Limited

BRAC EPL Stock Brokerage Limited
Statement of Cash Flows
For the year ended 31 December 2020

	Amount in BDT	
	For the year ended	
	31 December	31 December
A. Cash flows from operating activities:		
Brokerage commission	365,317,598	373,329,034
Payments to creditors and other expenses	(265,673,291)	(241,324,608)
Loans and advances	337,302,789	14,901,368
Cash generated from operating activities	436,947,096	146,905,794
Bank interest income	18,068,818	15,533,472
Income from margin loan	20,772,472	17,638,860
Dividend income	23,197,035	25,780,414
Gain/(loss) on sale of shares	(21,360,537)	(25,596,615)
Other operating income	11,025,288	14,816,425
Income tax paid	(63,349,514)	(67,518,840)
Cash generated used in other operating activities	(11,646,437)	(19,346,285)
Net cash flows from operating activities	425,300,660	127,559,509
B. Cash flows from investing activities:		
Acquisition of property, plant and equipment	(1,804,060)	(6,323,420)
Acquisition of intangible assets	-	(162,417)
Right of use assets	(6,021,716)	(88,559,501)
Sale of property, plant and equipment	1,797,491	1,920,000
Proceeds from liquidation of investment in associate company	-	16,486,002
Investment in shares	48,966,515	87,896,236
Unrealized gain/(loss) on shares	114,303,350	(109,706,142)
Net cash flows (used)/from investing activities	157,241,580	(98,449,243)
C. Cash flows from financing activities:		
Finance cost	(9,166,970)	(6,965,225)
Net cash used in financing activities	(9,166,970)	(6,965,225)
Net increase in cash and cash equivalents (A+B+C)	573,375,270	22,145,041
Cash and cash equivalents at the beginning of the year	531,288,623	509,143,582
Cash and cash equivalents at the end of the year	1,104,663,893	531,288,623

The annexed notes 1 to 36 form an integral part of these financial statements.

Annexure-1 & Annexure-2 are integral part of these financial statements.

A. Qasem & Co.

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA
Partner
Enrolment Number: 1259
DVC: 2103281259AS347611

Place: Dhaka
Date: 21 March 2021



Abdullah
Chief Executive Officer
BRAC EPL Stock Brokerage Limited

Shahidul
Director
BRAC EPL Stock Brokerage Limited

Fahima Sandhu
Chairperson
BRAC EPL Stock Brokerage Limited

BRAC EPL Stock Brokerage Limited
Statement of Changes in Equity
For the year ended 31 December 2020

Particulars	Share capital	Retained earnings	Revaluation reserve for TREC license	Amount in Taka
				Total
Balance as at 01 January 2019	700,953,800	256,893,197	87,688,970	1,045,535,968
Issue of bonus shares	-	-	-	-
Net profit/(loss) for the year	-	(84,993,469)	-	(84,993,469)
Balance as at 31 December 2019	<u>700,953,800</u>	<u>171,899,728</u>	<u>87,688,970</u>	<u>960,542,499</u>
Issue of bonus shares	-	-	-	-
Net profit/(loss) for the year	-	161,313,343	-	161,313,343
Revaluation reserve for TREC license	-	-	-	-
Balance as at 31 December 2020	<u>700,953,800</u>	<u>333,213,072</u>	<u>87,688,970</u>	<u>1,121,855,842</u>

The annexed notes 1 to 36 form an integral part of these financial statements.

Annexure-1 & Annexure-2 are integral part of these financial statements.

A. Qasem & Co.

A. Qasem & Co.
Chartered Accountants

RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia, FCA
Partner
Enrolment Number: 1259
DVC: 2103281259AS347611



Place: Dhaka
Date: 21 March 2021

Ziaur Rahman Zia
Chief Executive Officer

BRAC EPL Stock Brokerage Limited

Ziaur Rahman Zia
Director

BRAC EPL Stock Brokerage Limited

Fahria Ferdousi
Chairperson

BRAC EPL Stock Brokerage Limited

Appendix - C

**Audited financial statements
of
bKash Limited**

bKash Limited

Report and financial statements as at and
for the year ended 31 December 2020



Rahman Rahman Huq
Chartered Accountants
9 & 5 Mohakhali C/A
Dhaka 1212
Bangladesh

Telephone +880 2 2222 86450-2
Fax +880 2 2222 86449
Email dhaka@kpmg.com
Internet www.kpmg.com/bd

**Independent Auditor's Report
to the shareholders of bKash Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of bKash Limited ("the Company"), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report (continued)

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

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

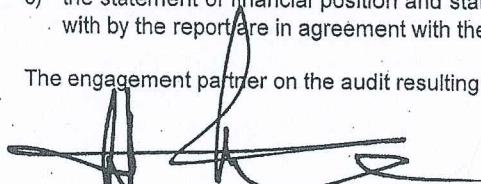
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Adeeb H Khan.



Adeeb H Khan, Senior Partner, Enrolment Number: 652
Rahman Rahman Huq, Chartered Accountants
Firm Registration Number: [N/A]



Dhaka, 22 MAR 2021
DVC: 2104070652AS644496

bKash Limited
Statement of financial position

<i>In Taka</i>	<i>Note</i>	<i>31 December 2020</i>	<i>31 December 2019</i>
Assets			
Property, plant and equipment	5	2,285,406,207	1,563,447,268
Intangible assets	6	1,286,812,184	924,533,123
Deferred tax assets	7	482,538,139	210,124,045
Non-current assets		4,054,756,530	2,698,104,436
Operational and other receivables	8	1,242,919,916	1,282,270,560
Advances, deposits and prepayments	9	527,414,110	1,626,787,191
Contract assets	10	939,833,410	824,813,671
Current tax assets	11	331,727,767	139,220,636
Airtime balance	12	1,164,985,936	420,691,712
Trust cum settlement account and investments	13	47,728,470,067	32,652,634,900
Investment in fixed deposits	14	2,800,508,400	7,214,200,000
Cash and cash equivalents	15	2,565,167,230	1,530,879,476
Current assets		57,301,026,836	45,691,498,146
Total assets		61,355,783,366	48,389,602,582
Equity			
Ordinary shares	16	38,194,900	38,194,900
Share premium - ordinary shares		1,286,205,568	1,286,205,568
Ordinary share capital and premium		1,324,400,468	1,324,400,468
Preference shares	17	8,796,300	8,796,300
Share premium - preference shares		8,286,915,782	8,286,915,782
Preference share capital and premium		8,295,712,082	8,295,712,082
Capital reserve		18,479,529	18,479,529
Share money deposit	18	505,162	505,162
Retained earnings		(369,428,518)	444,536,081
Total equity		9,269,668,723	10,083,633,322
Liabilities			
Other non-current liabilities	19	7,145,802	7,145,802
Lease liabilities	20	598,494,684	225,707,670
Non-current liabilities		605,640,486	232,853,472
Defined benefit plan - gratuity	21	299,192,243	67,750,000
Customer and other deposits	22	47,008,492,699	32,223,281,752
Operational and other payables	23	2,449,295,878	1,274,307,992
Lease liabilities	20	160,048,444	133,687,775
Grant funds	24		4,161,769
Accrued expenses	25	1,563,444,893	4,369,926,500
Current liabilities		51,480,474,157	38,073,115,788
Total liabilities		52,086,114,643	38,305,969,260
Total equity and liabilities		61,355,783,366	48,389,602,582

The annexed notes 1 to 40 form an integral part of these financial statements.

Chief Executive Officer

Director

Director

As per our report of same date.

Auditor

Adeeb H. Khan, Senior Partner
Enrolment Number: 652
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

DVC:

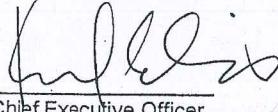
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bKash Limited

Statement of profit or loss and other comprehensive income

In Taka	Note	31 December 2020	For the year ended 31 December 2019
Gross revenue		26,245,031,468	24,160,827,270
VAT		(3,174,178,895)	(2,879,512,377)
Revenue	26	23,070,852,573	21,281,314,893
Cost of services	27	(16,762,763,296)	(16,612,324,493)
Gross profit.		6,308,089,277	4,668,990,400
Operating and administrative expenses	28	(4,855,961,496)	(3,964,722,134)
Commercial expenses	29	(2,600,876,775)	(2,162,762,151)
Operating profit		(1,148,748,994)	(1,458,493,885)
Net finance income	30	511,944,613	824,820,803
Profit before contribution to WPPF		(636,804,381)	(633,673,082)
Contribution to WPPF		-	-
Profit before tax		(636,804,381)	(633,673,082)
Income tax (expense)/income	31	(37,589,049)	8,526,604
Profit		(674,393,430)	(625,146,478)
Other comprehensive income/(expense)			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan	32	(206,772,102)	-
Related tax		67,200,933	-
		(139,571,169)	-
Total comprehensive income		(813,964,599)	(625,146,478)

The annexed notes 1 to 40 form an integral part of these financial statements.



Chief Executive Officer



Director



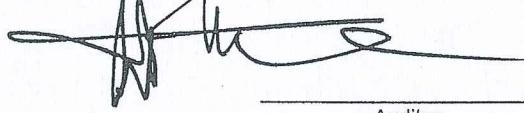
Director



Company Secretary

As per our report of same date.

Dhaka, 22 MAR 2021

Auditor

Adeeb H. Khan, Senior Partner
Enrolment Number: 652
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: N/A

DVC:

2104070652AS644496

bKash Limited
Statement of changes in equity

<i>In Taka</i>	Ordinary shares	Share premium - ordinary shares	Preference shares	For the year ended 31 December 2019		
				Share premium - preference shares	Capital reserve	Retained earnings
Balance at 1 January 2019	38,194,900	1,286,205,568	8,796,300	8,286,915,782	18,479,529	505,162
Total comprehensive income						
Loss for the year	-	-	-	-	-	(625,146,478)
Total						(625,146,478)
Balance at 31 December 2019	38,194,900	1,286,205,568	8,796,300	8,286,915,782	18,479,529	505,162

<i>In Taka</i>	Ordinary shares	Share premium - ordinary shares	Preference shares	For the year ended 31 December 2020		
				Share premium - preference shares	Capital reserve	Retained earnings
Balance at 1 January 2020	38,194,900	1,286,205,568	8,796,300	8,286,915,782	18,479,529	505,162
Total comprehensive income						
Loss for the year	-	-	-	-	-	(813,964,599)
Total						(813,964,599)
Balance at 31 December 2020	38,194,900	1,286,205,568	8,796,300	8,286,915,782	18,479,529	505,162

The annexed notes 1 to 40 form an integral part of these financial statements.



bKash Limited
Statement of cash flows

<i>In Taka</i>	For the year ended	
	31 December 2020	31 December 2019
Cash flows from operating activities		
Cash receipt from customers	43,248,171,272	29,786,434,261
Cash paid to suppliers, employees and others	(27,153,281,291)	(21,939,676,594)
Cash generated from operating activities	16,094,889,981	7,846,757,667
Interest received from deposits	692,162,959	812,323,201
Taxes paid to government exchequer	(3,545,326,026)	(3,328,328,029)
Net cash flows from operating activities	13,241,726,914	5,330,752,839
Cash flows from investing activities		
Acquisition of property, plant and equipment	(932,437,607)	(533,368,639)
Acquisition of intangible assets	(442,514,290)	(383,554,281)
Encashment of fixed deposits	4,413,691,600	1,990,000,000
Net cash from investing activities	3,038,739,703	1,073,077,080
Cash flows from financing activities		
Lease liabilities	(170,343,696)	(170,816,774)
Net cash used in financing activities	(170,343,696)	(170,816,774)
Net increase in cash and cash equivalents including trust cum settlement account and investments	16,110,122,921	6,233,013,145
Cash and cash equivalents including trust cum settlement account and investments as at 1 January	34,183,514,376	27,950,501,231
Cash and cash equivalents including trust cum settlement account and investments as at 31 December	50,293,637,297	34,183,514,376
Less: Trust cum settlement account and investments	47,728,470,067	32,652,634,900
Cash and cash equivalents as at 31 December	2,565,167,230	1,530,879,476

The annexed notes 1 to 40 form an integral part of these financial statements.



Appendix - D

**Audited financial statements
of
BRAC SAAJAN Exchange Limited**

Company Registration No. 06469886 (England and Wales)

BRAC SAAJAN EXCHANGE LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

BRAC SAAJAN EXCHANGE LTD

COMPANY INFORMATION

Directors Mr Kazi Mahmood Sattar
Mr Selim Reza Farhad Hussain
Mr Abdus Salam

Secretary Mr Rais Uddin Ahmed

Company number 06469886

Registered office 160-162 Lozells Road
Lozells
Birmingham
B19 2SX

Auditor Reddy Siddiqui LLP
183-189 The Vale
Acton
London
W3 7RW

BRAC SAAJAN EXCHANGE LTD

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BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair Review of the Business

The company, a subsidiary of BRAC Bank Limited of Bangladesh, provides remittance services and cross-border payment solutions for South Asian migrants living in UK and Europe. It offers a wide range of payment services principally to Bangladesh and Pakistan but also to India, Sri Lanka and Nepal. The company also offers its services through a French subsidiary, based in Paris.

Revenue is earned through a combination of transaction fees and foreign exchange margin.

Total remittance to all receiving countries fell by 16% from £542m in 2019 to £455m in 2020. UK retail volume which has been effected by the Covid-19 pandemic, saw a reduction of 20% to £189m. Uncertainty in the EU throughout 2020 with Brexit arrangements resulted in a sharp fall of 46% of EU volume from £70.4m to £38m remittance. All EU operations have been suspended since the last quarter of 2020 and the resumption of EU business is not expected until suitable EU licencing arrangements are in place. As part of the company's Enterprise Wide Risk Assessment, it was determined that several cash based aggregator partners would be de-risked. This has contributed to a further £7m fall in volume.

As a result, turnover fell by 6% to just under £7.0m. There was a small increase of 3% to the gross margin percentage because of a different mix of business. However, gross profit remained almost unchanged from 2019 at £4.3m

The effect of the pandemic, and EU uncertainty with regard to Brexit have presented difficult challenges for the business which has hampered performance. Alongside higher banking costs introduced in the last quarter of 2019 have also been absorbed. Additional increases in the last quarter of 2020 due to changes in banking relationships and moving to a cash collection model means that the increase in banking costs alone added over £780k when compared to 2019, representing an increase of over 67% in banking costs.

The company remains committed to its long term growth plans and strategies, however due to the downturn in 2019 headcount and expenses were curtailed across discretionary areas of expenditure. The company did continue its focus on maintaining and enhancing its compliance framework which will support the company in the longer term. Excluding bank costs, all other expenses were reduced by £161k, (6% less than 2019), this was despite one-off expenses in 2020 of over £130k for legal and other re-structuring costs.

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

The table below shows a detailed comparison of 2020 performance vs. 2019.

Income Statement Line Item	2020 (£)	2019 (£)	Change
Income	6,917,406	7,378,724	(6%)
Cost of Services	2,645,334	3,050,353	(13%)
Gross Profit	4,272,072	4,328,371	(1%)
Gross Margin	62%	59%	3%
Expenses	4,613,378	3,990,426	16%
Net Operating Income	(341,306)	337,945	(201%)
Total Other Income	250,573	95,894	161%
Loan Interest and similar	158,316	172,088	(8%)
Bad Debt	54,041	54,156	(0%)
Tax	(28,138)	59,772	(147%)
Total Other Expenses	184,219	286,016	(36%)
Net Income	(274,952)	147,823	(286%)

Principal Risks and Uncertainties

The principal risks and uncertainties facing the company are compliance and operational risk, financial risks and strategic risks. The risk identification and mitigation activities are built into the day-to-day operations of the company.

It is the responsibility of the Board to adopt and oversee the implementation of risk management and risk appetite throughout the company and its affiliates globally.

Board expectations

The business management (1st line of defence) will take responsibility for the implementation of risk appetite, and the Compliance function (2nd line of defence) will work with the 1st line to ensure that levels of risk against risk appetite is reported to the Board and escalated where lines of business are outside appetite.

Audit (3rd line of defence) will ensure independent assurance of the systems and controls in place are adequate and effective to mitigate the risks.

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Risks faced by the company

In summary, the company is exposed to the following types of risk.

- Operational & compliance risks (i.e. risks associated with people, processes and systems)
- Financial risks (e.g. credit, liquidity & capital)
- Strategic risks (e.g. reputation risks)

Each risk category is further broken down into specific risk types:

Operational & compliance risks

Internal fraud - Loss due to acts intended to defraud, misappropriate property or circumvent regulations, the law or company policy (excluding discrimination events) which involve at least one internal party. The company strives to minimise the likelihood of fraud manifesting in the business and allocates human and technology resources to minimise its impact on business activities. The company has no appetite for internal fraud and has adopted a continuous improvement approach to the policies and procedures designed to deter and detect internal fraud. Non-compliance results in disciplinary action, which may include dismissal and qualified withdrawals for approved persons.

External fraud - Loss due to acts intended to defraud, misappropriate property or circumvent the law, which involve a third party. The company has adopted a continuous improvement approach to the policies and procedures designed to deter and detect external fraud. The firm accepts that external fraud may happen from time to time. Nonetheless, the company has no appetite for external fraud.

Regulatory risk – regulatory risks refer to the fact that a change in laws or regulations may materially impact the business or market. The company complies with all relevant legislation and regulations in all the jurisdictions in which it operates. It monitors the regulatory framework and takes any necessary actions to its operations in order to achieve compliance. The company also employs external compliance audits to ensure best practice.

Employment practices and workplace safety - Losses arising from acts inconsistent with health or safety laws or agreements, from payments of personal injury claims, discrimination or harassment events. The company will take all reasonable steps to ensure its employees are treated with dignity and respect and will have adequate business processes in place to ensure that employees are provided with a safe and comfortable environment to work in.

Business disruption – Losses arising from disruption of business or system failures. The company has implemented a business continuity plan to monitor and mitigate any disruption.

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Execution, delivery & process management - Losses from failed transaction processing or process management, from relations with trading counterparties, clients, vendors and/or critical outsourcers.

Data security – The company will take proportionate measures to protect employee, client and other third-party data, intellectual property and put in place good business practices with respect to data protection and retention standards.

IT security – The company employs robust IT security practices in the application development lifecycle, monitors and protects its perimeters and takes measures to deter and detect insider threats.

Financial risks

Currency risk – The company deals in multiple currencies and may therefore be exposed to movements in exchange rates.

It mitigates this risk by employing a dedicated team of foreign exchange specialists and tracking conversion rates of the trading currencies in real time.

This allows the company the opportunity to minimise foreign exchange losses and make gains from the favourable shifts in exchange rates. Economic data with high, medium and low impact on exchange rates is collected from external sources at real time and their impact is closely monitored.

Market risk - Losses arising as a result of adverse changes in market prices. The company is an Authorised Payments Institution (API) and does not take outright market risk. Where market risks are inherent to the business activities (e.g. structural market risks such as those arising with respect to capital, liquidity and shareholder value) the company has implemented appropriate policies and procedures.

Credit risk - Losses arising as a result of one or more clients and/or trading counterparties failing to meet their financial obligations as they become due. Credit and counterparty risks are inherent in the business model through exposure to counterparty aged transactions and pre-settlement risks. The main credit risk faced by the company relates to agents failing to deposit monies collected on behalf of customers. The risk is managed by setting agent credit limits and performing a daily reconciliation of outstanding amounts.

Liquidity and capital risks - Losses arising as a result of the firm failing to meet its financial obligations as they become due. The company maintains sufficient liquidity and capital to fulfil business and regulatory requirements to meet its obligations as they become due, and has access to funding from its parent company, that will allow it to enact a contingency funding plan, if required.

Strategic risks

Business risk - Losses that arise from the decisions that the Board takes about the products or services that the company supplies, or the geographies that it operates in. They include risks associated with developing and marketing those products or services, economic risks affecting product sales and costs, and risks arising from changes in the regulatory, legal and/or technology environments which have an impact on those products and services or the way in which they are delivered.

Reputation risk - Losses that arise as a result of damage to the brand, howsoever caused. The company actively promotes its brand in the market place, takes pro-active steps to generate feedback from clients and employees and adheres to its core values and fulfil its corporate responsibilities by ensuring it acts responsibly, ethically and with integrity.

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Key Performance Indicators

Key Performance Indicators	2020 £'000	2019 £'000	Movement £'000	Movement (%)
Turnover	6,917	7,379	(461)	-6.3%
Total remittance sent to all countries	455,046	542,327	(87,280)	-16.1%
UK Staff Costs	1,077	1,292	(214)	-16.6%
Operating Costs	7,443	7,327	116	1.6%
PBT	(303)	208	(511)	-246.0%
PAT	(275)	148	(423)	-286.0%

Key Performance Indicators	2020 (Value)	2019 (Value)	Movement (Value)	Movement (%)
EPS	£0.82	£0.44	-1.27	-286.0%
Number of agents	284	556	(272)	-48.9%
Number of countries remittance is sent	14	5	9	180.0%
Number of transactions	777,349	949,704	(172,355)	-18.1%
Number of employees	81	90	-9	-10.0%

Employees	2020 (Value)	2019 (Value)	Movement (Value)	Movement (%)
Italy	6	6	0	0.0%
Portugal	1	2	-1	-50.0%
Spain	1	1	0	0.0%
UK	26	33	-7	-21.2%
Bangladesh	47	48	-1	-2.1%
Total	81	90	-9	-10.0%

BRAC SAAJAN EXCHANGE LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Development and performance

Expenses increased by £0.62m (15%) to £4.67m. Of this increase, £0.78m was attributable to bank charges, reflecting the increased banking costs in the industry, particularly in regards to cash deposits. Plans to mitigate this cost going forward include promoting non-cash remittance.

Due to the difficult trading conditions experienced in 2020 the company did reduce costs in all discretionary areas of spend. Headcount in the UK reduced from 33 to 26. Globally headcount reduced from 90 to 81.

The company suspended taking remittance transactions from Europe. Whilst the EU does still represent a major market for future development and growth, the absence of suitable transition arrangements as a result of Brexit means that the company is unable to take transaction from EU in the meantime.

The company has applied to the Portuguese regulator for permission to act as an Authorised Payment Institution. The company is still waiting for a final decision, if approved upon authorisation it will transfer the passporting of its European business from the UK to Portugal.

The Company has maintained it's on going investment in Compliance and Financial Crime Controls. In particular, the Transaction Monitoring Team staffing has been increased as well as several major enhancements to the Transaction Monitoring Methodology and the systems supporting this essential process. The systems changes include: Automated targeted data filtering reports, automated daily notification of customers telephone and material data changes and automated global daily transaction data reports. These new functions now provide specific data, covering all aspects of the behaviour of both our Customers and Agents. This enables the Transaction Monitoring Team to identify, investigate and produce accurate reports of any malpractice to the attention of the MLRO.

IT Projects

Online proposition – The company has re-launched its online proposition to include both a traditional online portal and a new mobile application.

Data security – multiple user access, data and information security improvements were completed in the year to enhance data security.

On behalf of the board



Mr Abdus Salam
Director
9 April 2021

BRAC SAAJAN EXCHANGE LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company continued to be that of money remittance.

Branches

The company operates through overseas branches in Italy, Portugal and Spain.

Results and dividends

The results for the year are set out on page 13.

Ordinary dividends were paid amounting to £147,823. The directors do not recommend payment of a further dividend. This is to assist with maintaining Cash Flow and re-investing into the growing business of BRAC Saajan.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Kazi Mahmood Sattar

Mr Selim Reza Farhad Hussain

Mr Abdus Salam

Future developments

The company is forecasting more than 38% YOY remittance growth within the UK retail sector in 2021. It expects to achieve this as the country comes out of restrictions imposed from the pandemic which will allow the company to focus on regaining lost market share particularly in the UK to Bangladesh market. The company is working hard to meet emerging demand from its customer base for non-cash remittance services. This is a key initiative to reduce both risk and operating costs.

Although the company has a strategic goal to spread its service to more than 30 countries and to this end the company is developing partnership opportunities to scale up its reach into new corridors. However, with the existing transition arrangements in the EU following on from Brexit, no remittance is forecasted from the EU. The EU is still a part of the strategic plans longer-term where a significant opportunity still exists.

Investment in compliance and governance will continue, in line with regulatory requirements and the company's planned growth.

The strategic plan for 2021 and beyond involves rolling out its revamped online service across European countries.

Auditor

The auditor, Reddy Siddiqui LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

BRAC SAAJAN EXCHANGE LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern

The impact on the Company arising from the uncertainty of the recent COVID-19 outbreak has been considered by the Directors:

- Management have considered updated financial forecasts. Based upon the information available, the directors consider that the Company has sufficient liquidity to continue in business for at least the next 12 months as a going concern.
- The directors have reviewed the assets of the business and do not believe there to be any impairments arising as a result of the pandemic.
- To date there has been no material impact on the Company arising from the COVID-19 outbreak and the directors continue to monitor the situation very closely.
- In addition, the directors do not believe there will be any material impact on the Company's ability to remain a going concern arising from the UK's exit from the European Union.

On behalf of the board



Mr Abdus Salam
Director

9 April 2021

BRAC SAAJAN EXCHANGE LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BRAC SAAJAN EXCHANGE LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRAC SAAJAN EXCHANGE LTD

Opinion

We have audited the financial statements of BRAC SAAJAN EXCHANGE LTD (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

BRAC SAAJAN EXCHANGE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BRAC SAAJAN EXCHANGE LTD

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BRAC SAAJAN EXCHANGE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BRAC SAAJAN EXCHANGE LTD

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Omar Siddiqui (Senior Statutory Auditor)
For and on behalf of Reddy Siddiqui LLP

9 April 2021

**Chartered Accountants
Statutory Auditor**

183-189 The Vale
Acton
London
W3 7RW

BRAC SAAJAN EXCHANGE LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	6,917,406	7,378,724
Cost of sales		(2,645,334)	(3,050,353)
Gross profit		4,272,072	4,328,371
Administrative expenses		(4,667,419)	(4,044,581)
Other operating income		245,228	94,172
Operating (loss)/profit	5	(150,119)	377,962
Interest receivable and similar income	7	5,345	1,722
Interest payable and similar expenses	8	(158,316)	(172,088)
(Loss)/profit before taxation		(303,090)	207,596
Tax on (loss)/profit	9	28,138	(59,772)
(Loss)/profit for the financial year		(274,952)	147,824

The profit and loss account has been prepared on the basis that all operations are continuing operations.

BRAC SAAJAN EXCHANGE LTD

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £	2019 £
Fixed assets				
Intangible assets	12	139,797		179,741
Tangible assets	13	590,688		633,481
Investments	14	44,900		44,765
		775,385		857,987
Current assets				
Debtors	16	2,823,739		6,379,231
Investments	17	50,597		49,966
Cash at bank and in hand		8,209,092		3,705,060
		11,083,428		10,134,257
Creditors: amounts falling due within one year	18	(9,803,466)		(8,499,612)
Net current assets		1,279,962		1,634,645
Total assets less current liabilities		2,055,347		2,492,632
Creditors: amounts falling due after more than one year	19	(168,866)		(175,657)
Provisions for liabilities				
Deferred tax liability	21	53,650	61,369	(61,369)
Net assets		1,832,831		2,255,606
Capital and reserves				
Called up share capital	23	333,333		333,333
Share premium account	24	249,999		249,999
Profit and loss reserves	25	1,249,499		1,672,274
Total equity		1,832,831		2,255,606

The financial statements were approved by the board of directors and authorised for issue on 9 April 2021 and are signed on its behalf by:

Mr Abdus Salam
Director

Company Registration No. 06469886

BRAC SAAJAN EXCHANGE LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital	Share premium account	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 January 2019		333,333	249,999	1,607,783	2,191,115
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	147,824	147,824
Dividends	10	-	-	(83,333)	(83,333)
Balance at 31 December 2019		333,333	249,999	1,672,274	2,255,606
Year ended 31 December 2020:					
Loss and total comprehensive income for the year		-	-	(274,952)	(274,952)
Dividends	10	-	-	(147,823)	(147,823)
Balance at 31 December 2020		333,333	249,999	1,249,499	1,832,831

BRAC SAAJAN EXCHANGE LTD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	31	4,759,446	(2,294,805)
Interest paid		(158,316)	(172,088)
Income taxes paid		(44,891)	(121,101)
Net cash inflow/(outflow) from operating activities		4,556,239	(2,587,994)
Investing activities			
Purchase of intangible assets		(17,601)	(81,473)
Purchase of tangible fixed assets		(4,402)	(126,876)
Proceeds on disposal of subsidiaries		(135)	-
Receipts arising from loans made		(631)	-
Interest received		5,345	1,722
Net cash used in investing activities		(17,424)	(206,627)
Financing activities			
Repayment of borrowings		(6,791)	(23,743)
Dividends paid		(25,000)	(83,333)
Net cash used in financing activities		(31,791)	(107,076)
Net increase/(decrease) in cash and cash equivalents		4,507,024	(2,901,697)
Cash and cash equivalents at beginning of year		3,702,068	6,603,765
Cash and cash equivalents at end of year		8,209,092	3,702,068
Relating to:			
Cash at bank and in hand		8,209,092	3,705,060
Bank overdrafts included in creditors payable within one year		-	(2,992)