

**BRAC Bank Limited**

Independent Auditor's Report and Consolidated  
& Separate Financial Statements  
as at and for the year ended 31 December 2021

# **Hoda Vasi Chowdhury & Co**

## **Chartered Accountants**

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

#### **Opinion**

We have audited the consolidated financial statements of BRAC Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of BRAC Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2021 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2021, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 and other applicable laws and regulations.

#### **Basis for Opinion**

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

#### **Other Matters**

The financial statements of the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statement on 12 April 2021.

#### **Key Audit Matters**

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

Description of key audit matters	Our response to key audit matters
<b>Measurement of provision for loans, advances and leases</b>	
<p>The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p>
<p>For the individual analysis for large exposure, provisions calculation consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p>	<ul style="list-style-type: none"> <li>• Credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>• Alternate procedures applied by management to assess new loan/renewal of existing loans where latest audited financial statements of the borrower is not available;</li> <li>• Identification of loss events, including early warning and default warning indicators; and</li> <li>• Reviewed quarterly Classification of Loans (CL).</li> </ul>
<p>For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates of complex design and implementation.</p>	
<p>At year end the Group reported total gross loans and advances of BDT 322,135 million (2020: BDT 273,439 million) and provision for loans and advances of BDT 13,998 million (2020: BDT 11,807 million).</p>	
<p>In addition, special general provision – COVID 19 has been also maintained as per BRPD circular no. 56 dated 10 December 2021 and 50 dated 14 December 2021 on the outstanding balance from clients who have taken the deferral facility due to COVID 19.</p>	<p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines;</li> <li>• Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</li> <li>• Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> <li>• Finally, compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained</li> </ul>
<p>We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:</p>	
<ul style="list-style-type: none"> <li>• Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no 14, dated 23 September 2012 and BRPD circular no 03, dated 21 April 2019; and</li> <li>• For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral,</li> </ul>	<p>Considering continuing adverse impact of COVID 19, Bangladesh Bank has given certain flexibility from classification requirement for loans vide issuing various</p>

<p>estimates of exit values and the timing of cash flows.</p> <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p>	<p>circulars such as BRPD 3 dated 31 January 2021, BRPD 4 and 5 dated 24 March 2021, BRPD 13 dated 27 June 2021, BRPD 19 dated 26 August 2021 and BRPD 53 dated 30 December 2021 whereby Banks are allowed to keep a loan/customer as unclassified as long as the customer has paid 15% of the down payment due for the year 2021 by 31 December 2021.</p>
<b>See note # 7 and 16.1 to the financial statements</b>	

Risk	Our response to the risk
<b>Interest income recognition</b>	
Recognition and measurement of interest income involve complex IT environment as well as require critical estimates and judgment. Since interest income from loans and advances is one of the key performance indicators of the Bank there is an inherent risk of fraud and error in recognition of interest income.	We tested the design and operating effectiveness of key controls including automated control over recognition and measurement of interest on loans and advances.
Moreover, as per Bangladesh Bank BRPD circular no. 53 dated 30 December 2021, considering future risk banks were allowed to recognize outstanding/ arrear interest income on loans where deferral facilities were given upon receiving at least 15% of the total receivable amount.	For selected customers and loan files on sample basis we have also performed substantive test of details including recalculation and cut-off testing to check accuracy of interest income
Accordingly this has been considered as key audit matter.	Finally, we also conducted substantive analytical procedures to assess reasonableness of interest recognised during the year with reference to the product wise outstanding loan balances.
<b>See note # 25 to the financial statements</b>	

Risk	Our response to the risk
<b>Adequacy of income tax provision and measurement of deferred tax assets</b>	
Calculation of income tax provision required compliance with the Income Tax Ordinance 1984 including careful consideration of various temporary and permanent differences. Furthermore, upon final settlement of pending tax assessments any excess or short provision	We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the recognition and measurement of both current tax and deferred tax, including the assumptions used in estimating the Bank's taxable income.

<p>of current tax is also adjusted in the current year.</p> <p>Finally, significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p> <p>Accordingly, this area has been considered as key audit matter.</p> <p>At year end of 2021 the Bank reported income tax provision net off AIT of Tk 5,022 million (2020: Tk 4,012 million) and corresponding current income tax charges of Tk 3,467 million (2020: 2,537 million). In addition, total deferred tax assets of BDT 4,147 million (2020: BDT 3,199 million) and deferred tax income of BDT 1,125 million (2020: BDT 343 million) recognised by the Bank.</p>	<p>We reviewed tax position for those years where income tax assessment is pending and assess adequacy of tax provision recorded by the Bank. Special focus attention was given to any reversal/adjustment of income tax provision from prior year.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income. The Bank has sufficient taxable profit to recover the deferred tax assets in foreseeable future.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of current and deferred tax.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax including deduction of DTA on specific provision from regulatory capital.</p>
See notes no 9.4, 16.9, 41 to the financial statements	

Risk	Our response to the risk
<b>Valuation of treasury bill and bond and unquoted corporate bond</b>	
Investment in treasury bills and a portion of treasury bonds are classified as HFT and hence measured at mark to market/fair value.	We assessed the processes and controls put in place by the Bank to identify and confirm the existence of treasury bills and bonds, and corporate bonds.
On the other hand a portion of treasury bills and portfolio of corporate bonds are classified as HTM and measured at amortised cost.	We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the corporate bonds, treasury bills and bonds valuation/impairment assessment processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.
In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.	We tested a sample of the valuation models and the inputs used in those models, using a variety of

<p>Similarly, impairment assessment of financial instruments measured at amortised cost also required mainly unobservable market data and assumptions.</p> <p>Accordingly, this is considered as a key audit matter.</p>	<p>techniques, including comparing inputs to available market data.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
<b>See note # 6 to the financial statements</b>	

Risk	Our response to the risk
<p><b>Impairment of goodwill in consolidated financial statements of the Group and fair value of investments in standalone financial statements of the Bank</b></p> <p>The Bank has adopted IFRS 9 Fair value through other comprehensive income (FVOCI) method for measurement of equity investment in subsidiaries and associates in the standalone financial statements. As all such investments are in unquoted investment, management used net assets value of the each investment as per the financial statements of the entity every year as fair value as management has assumed that if buyer offer any price of the Bank's investments, they will refer to NAV as reference price. The carrying value of such investment at 31 December 2021 the carrying amount was Tk 13,182 million (2020: Tk 5,825 million).</p> <p>Similarly, the Group has recognised goodwill of BDT 1,427 million (2020: BDT 1,427 million) which were arisen from acquisition of BRAC EPL Stock Brokerage Limited, BRAC EPL Investments Limited and BRAC SAAJAN Exchange Limited.</p>	<p>Our audit procedures on both assessment of goodwill impairment at the Group level and carrying value of investments in subsidiaries at the Bank level included, among others:</p> <ul style="list-style-type: none"> <li>• evaluating the appropriateness of the assumptions applied to key inputs such as revenue, operating costs, inflation and long-term growth rates used by management, including comparing these inputs with our own assessments based on our knowledge of the entity and the industry;</li> <li>• checking mathematical accuracy of the model, recalculating discount rate used in the model, reviewing other inputs in the model and corroborating these inputs with reference to external market information, third-party sources.</li> <li>• performing our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on recoverable amount of the respective subsidiaries; and</li> <li>• evaluating the adequacy of the financial statement disclosures.</li> </ul> <p>The operation of BRAC SAAJAN Exchange Limited has been suspended during 2021 on regulatory ground by the local regulator in UK, against which management has lodged an appeal, and the hearing is pending. However,</p>

<p>The determination of fair value of the Bank's investment in subsidiary and annual impairment testing of goodwill at the Group level are considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount (i.e. the higher of the value in use or fair value e.g. NAV). Both the value in use and fair value have been determined with a number of valuation assumptions and inputs including estimates of revenue, operating costs, terminal value, growth rates and the weighted average cost of capital (discount rate).</p>	<p>based on internal assessment management is satisfied that the appeal would be successful and it can immediately commence operation in a profitable manner. Accordingly, impairment assessment for goodwill is conducted on this assumption which may change due to the eventual outcome of the appeal.</p> <p>The Bank has continued to consider bKash Limited as its subsidiary because of holding 51% equity shares as well effective control on the Board. However, bKash has also issued convertible preference shares and these preference shareholders do not have any voting rights but has same rights as equity shareholders with respect to economic interest in the company. Accordingly, consolidated financial statements of the Group have been prepared using 35.74% instead of 51% of the economic interest on bKash considering the potential dilution.</p>
<p><b>See notes 9, 11 and 22 to the financial statements</b></p>	

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

### **Reporting on other information**

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

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

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

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

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

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

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

#### **Report on other Legal and Regulatory Requirements**

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

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

- (iii) Financial statements for the year ended 31 December 2021 of local subsidiaries namely BRAC EPL Investments Limited, BRAC EPL Stock Brokerage Limited and bKash Limited have been audited by Rahman Rahman Huq, Chartered Accountants and one associate namely BRAC IT Services Limited have been audited by Howladar Yunus & Co., Chartered Accountants. The group reporting pack of the foreign subsidiary BRAC SAAJAN Exchange Limited have been audited by Reddy Siddiqui LLP, UK. All these entities have been properly reflected in the consolidated financial statements;
- (iv) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (vi) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) the consolidated financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (viii) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 3,000 person hours; and
- (xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.



Sabbir Ahmed FCA, Partner

Enrolment number: 770

Hoda Vasi Chowdhury & Co

Chartered Accountants

Dhaka, 15 March 2022

DVC No: 2203160770AS427156



**BRAC Bank Limited and its subsidiaries**  
**Consolidated Balance Sheet**  
**As at 31 December 2021**

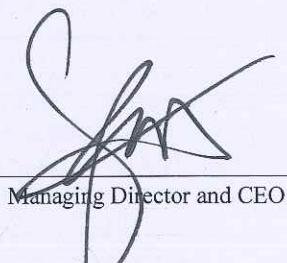
Particulars	Note	2021 Taka	2020 Taka
<b>PROPERTY AND ASSETS</b>			
Cash	3	23,459,424,430	19,987,803,891
Cash in hand (Including foreign currency)		9,207,161,626	7,836,614,607
Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)		14,252,262,804	12,151,189,284
Balance with other banks and financial institutions	4	78,261,312,910	42,650,004,620
Inside Bangladesh		70,561,465,538	35,478,313,372
Outside Bangladesh		7,699,847,372	7,171,691,248
Money at call on short notice	5	3,500,000,000	-
Investments	6	70,068,593,304	94,094,812,131
Government		60,998,642,835	85,498,396,233
Others		9,069,950,469	8,596,415,898
Loans and advances	7	322,135,188,439	273,438,940,961
Loans, cash credit, overdrafts etc.		169,128,372,833	136,750,360,676
Small and medium enterprises		150,749,009,625	134,621,356,804
Bills purchased and discounted		2,257,805,981	2,067,223,481
Fixed assets including premises, furniture and fixtures	8	12,834,169,424	10,605,635,911
Other assets	9	16,222,224,464	13,862,504,994
Non-banking assets	10	4,541,700	66,471,775
Goodwill	11	1,427,468,911	1,427,468,911
Total property and assets		<u>527,912,923,582</u>	<u>456,133,643,194</u>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowings from other banks, financial institutions and agents	12	24,150,953,707	12,572,789,394
Borrowings from central bank & government agencies	13	23,175,903,824	23,370,068,779
Money at call on short notice	14	-	84,801,100
Deposits and other accounts	15	364,337,612,226	333,615,619,705
Current accounts and other accounts		164,425,455,280	143,332,071,057
Bills payable		2,367,889,416	1,797,962,669
Savings deposits		68,334,576,200	57,230,594,232
Term deposits		127,956,809,129	130,608,019,962
Other deposits		1,252,882,201	646,971,785
Other liabilities	16	39,300,363,327	32,731,812,776
Total liabilities		<u>450,964,833,084</u>	<u>402,375,091,754</u>
<b>Capital and shareholders' equity</b>			
Paid up capital	17.2	13,921,723,990	13,258,784,760
Share premium	17.7	3,853,767,032	3,853,767,032
Statutory reserve	18	10,067,956,958	9,405,017,728
Dividend equalization fund	19	355,218,455	355,218,455
Revaluation reserve on govt. securities	20	2,490,292,927	4,805,926,053
Fair value reserve		78,920,073	78,920,073
Foreign currency translation reserve		16,632,383	(15,052,339)
Surplus in profit and loss account/Retained earnings	22.1	26,402,962,532	16,368,391,545
Total shareholders' equity		<u>57,187,474,350</u>	<u>48,110,973,307</u>
Non controlling interest	22.2	<u>19,760,616,148</u>	<u>5,647,578,133</u>
Total equity		<u>76,948,090,498</u>	<u>53,758,551,440</u>
Total liabilities and equity		<u>527,912,923,582</u>	<u>456,133,643,194</u>



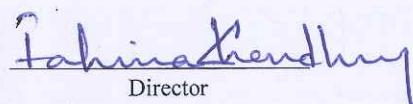
**BRAC Bank Limited and its subsidiaries**  
**Consolidated Balance Sheet**  
**As at 31 December 2021**

Particulars	Note	2021 Taka	2020 Taka
<b>Off balance sheet items</b>			
<b>Contingent liabilities</b>			
Acceptances and endorsements	23	50,478,536,940	27,887,446,334
Irrevocable letters of credit	23	26,598,203,443	15,550,643,171
Letter of guarantees	23.2	11,793,414,671	10,831,198,204
Bills for collection	23.3	16,438,866,245	12,320,479,990
		<u>105,309,021,299</u>	<u>66,589,767,699</u>
<b>Other commitments</b>			
Swap deals with banks and customers	23.4	20,452,606,603	18,307,971,009
Spot and forward deals with banks and customers	23.4	18,161,597,791	8,682,289,771
		<u>38,614,204,394</u>	<u>26,990,260,781</u>
<b>Total off balance sheet items</b>		<b><u>143,923,225,693</u></b>	<b><u>93,580,028,480</u></b>
<b>Net asset value (NAV) per share</b>	<b>46</b>	<b>41.08</b>	<b>34.56</b>

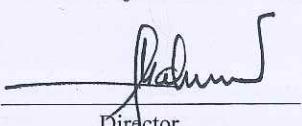
The notes 1 to 48 and annexures A to L form an integral part of these financial statements.



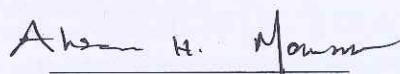
Managing Director and CEO



Director

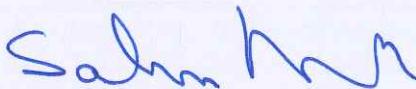


Director



Chairman

As per our report of same date.



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



Dhaka, 15 March 2022  
 DVC No: 2203160770AS427156

**BRAC Bank Limited and its subsidiaries**  
**Consolidated Profit and Loss Account**  
**For the year ended 31 December 2021**

Particulars	Note	2021 Taka	2020 Taka
Interest income	25	24,225,217,948	27,079,940,016
Interest paid on deposits and borrowing etc.	26	7,912,883,508	13,724,700,661
<b>Net interest income</b>		<b>16,312,334,440</b>	<b>13,355,239,355</b>
Investment income	27	7,142,434,925	8,182,278,016
Commission, exchange and brokerage	28	7,992,853,236	6,846,329,406
Other operating income	29	175,087,450	170,205,482
<b>Total operating income (a)</b>		<b>31,622,710,051</b>	<b>28,554,052,259</b>
Salaries and allowances	30	9,890,092,832	9,043,103,741
Rent, taxes, insurance, electricity etc.	31	645,414,492	619,719,635
Legal expenses		62,840,810	67,443,988
Postage, stamps, telecommunication etc.	32	317,984,231	301,320,117
Stationery, printing, advertisement etc.	33	2,608,773,879	2,842,951,296
Chief Executive's salary and fees	34	18,424,250	18,775,000
Directors' fees	35	4,572,209	3,304,211
Auditors' fees	36	7,125,166	7,895,608
Depreciation and repair of the bank's assets	37	4,577,170,806	3,898,055,827
Other expenses	38	3,383,027,192	3,542,809,289
<b>Total operating expenses (b)</b>		<b>21,515,425,868</b>	<b>20,345,378,712</b>
<b>Profit before provisions (c = a-b)</b>		<b>10,107,284,183</b>	<b>8,208,673,547</b>
Share of profit of associates	39	3,742,052	-
Gain on disposal of associates		17,373,182	-
<b>Profit/(loss) before provisions (d)</b>		<b>10,128,399,417</b>	<b>8,208,673,547</b>
Provision for loans/investments:			
Loans and advances		2,971,016,470	2,365,157,113
Diminution in value of investments		(74,000,000)	(563,219,881)
Off balance sheet items		251,500,000	63,083,635
Other provisions		70,093,002	7,481,732
<b>Total provisions (e)</b>	40	<b>3,218,609,472</b>	<b>1,872,502,599</b>
<b>Total profit/(loss) before taxes (f= d-e)</b>		<b>6,909,789,945</b>	<b>6,336,170,948</b>
Provision for taxation:			
Current tax expense		3,737,018,428	2,840,345,166
Deferred tax expense / (income)		(1,479,828,777)	(545,564,997)
<b>Total provision for taxation (g)</b>	41	<b>2,257,189,651</b>	<b>2,294,780,169</b>
<b>Net profit/(loss) after taxation (f-g)</b>		<b>4,652,600,294</b>	<b>4,041,390,779</b>
Attributable to:			
Equity holders of BRAC Bank Limited		5,464,672,680	4,418,312,022
Non controlling interest	22.2.1	(812,072,386)	(376,921,243)
		<b>4,652,600,294</b>	<b>4,041,390,779</b>
Retained earnings brought forward from previous year		16,368,391,545	15,247,318,833
Net profit attributable to the equity holders of the Bank		5,464,672,680	4,418,312,022
Net effect of all items directly recognised in equity-retained earnings	22.1.1	7,322,532,868	(171,308,013)
Profit available for appropriation		<b>29,155,597,093</b>	<b>19,494,322,842</b>



**BRAC Bank Limited and its subsidiaries  
Consolidated Profit and Loss Account  
For the year ended 31 December 2021**

Particulars	Note	2021 Taka	2020 Taka
<b>Appropriations:</b>			
Statutory reserve		662,939,230	1,275,868,312
General reserve		-	-
Dividend		1,988,817,706	1,850,062,985
Start-up Fund		100,877,625	-
		<u>2,752,634,561</u>	<u>3,125,931,297</u>
<b>Retained surplus</b>		<u>26,402,962,532</u>	<u>16,368,391,545</u>
Earnings Per Share (EPS) [previous year's figure restated]	42	3.93	3.17

*The notes 1 to 48 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.

Dhaka, 15 March 2022  
DVC No: 2203160770AS427156

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



**BRAC Bank Limited and its subsidiaries**  
**Consolidated Statement of Changes in Equity**  
For the year ended 31 December 2021

Particulars	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	Amount in Taka
												(15,052,340)
Balance as at 01 January 2021	13,258,784,760	3,853,767,032	9,405,017,728	355,218,455	4,805,926,053	-	-	78,920,073	(15,052,340)	-	-	-
Surplus on account of revaluation of assets	-	-	-	-	-	-	-	-	-	-	-	-
Recognition of deferred tax on revaluation reserve of fixed assets	-	-	-	-	(2,315,633,126)	-	-	-	-	-	-	(2,315,633,126)
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-	-	-	-	-	-	-
Changes in foreign currency translation reserve	-	-	-	-	-	-	-	31,684,722	-	-	-	32,455,867
Fair value reserve	-	-	-	-	-	-	-	-	-	771,145	-	-
Remeasurements of defined benefits liability (assets)	-	-	-	-	-	-	-	-	(122,766,336)	-	-	-
Effect of issuance of preference share by bkKash	-	-	-	-	-	-	-	-	7,445,299,204	14,884,920,260	22,330,219,464	(83,347,340)
<b>Sub total</b>	<b>13,258,784,760</b>	<b>3,853,767,032</b>	<b>9,405,017,728</b>	<b>355,218,455</b>	<b>2,490,292,927</b>	<b>-</b>	<b>78,920,073</b>	<b>16,632,382</b>	<b>23,690,924,413</b>	<b>20,572,688,534</b>	<b>73,722,246,305</b>	
Net profit for the year	-	-	-	-	-	-	-	-	5,464,672,680	(812,072,386)	4,652,600,294	
Dividend for the year 2020:												
Stock dividend	662,939,230	-	-	-	-	-	-	-	(662,939,230)	-	-	
Cash dividend	-	-	-	-	-	-	-	-	(1,325,878,476)	-	-	(1,325,878,476)
Dividend equalization fund	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment for subsidiaries holdings change	-	-	-	-	-	-	-	-	(100,877,625)	-	-	(100,877,625)
Start-up Fund	-	-	662,939,230	-	-	-	-	-	(662,939,230)	-	-	(662,939,230)
Statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2021</b>	<b>13,921,723,990</b>	<b>3,853,767,032</b>	<b>10,067,956,588</b>	<b>355,218,455</b>	<b>2,490,292,927</b>	<b>-</b>	<b>78,920,073</b>	<b>16,632,382</b>	<b>26,402,962,532</b>	<b>19,760,616,148</b>	<b>76,948,090,498</b>	



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

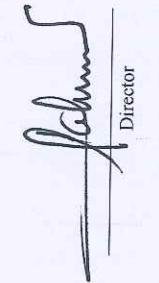
Particulars	Amount in Taka							
	Paid up capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation reserve	Fair value reserve	Foreign currency translation reserve
Balance as at 01 January 2020	12,333,753,270	3,853,767,032	8,129,149,416	355,218,455	98,965,051	478,558,600 (478,558,600)	78,920,073	23,670,247
Changes in accounting policy	-	-	-	-	-	-	-	-
Restated balance	12,333,753,270	3,853,767,032	8,129,149,416	355,218,455	98,965,051	-	78,920,073	23,670,247
Surplus/deficit on account of revaluation of assets	-	-	-	-	-	-	-	-
Recognition of deferred tax on revaluation reserve of fixed assets	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	4,706,961,002	-	-	-
Changes in foreign currency translation reserve	-	-	-	-	-	-	(38,722,587)	-
Fair value reserve	-	-	-	-	-	-	-	1,611,069
Remeasurements of defined benefits liability (assets)	-	-	-	-	-	-	-	(37,111,517)
Effect of issuance of preference share by bKash	-	-	-	-	-	-	(171,308,013)	-
Sub total	12,333,753,270	3,853,767,032	8,129,149,416	355,218,455	4,805,926,053	-	78,920,073	(15,052,340)
Net profit for the year	-	-	-	-	-	-	(15,052,340)	15,076,010,820
Dividend for the year 2019:								6,028,684,749
Stock dividend	925,031,490	-	-	-	-	-	-	(376,921,243)
Cash dividend	-	-	-	-	-	-	-	4,041,390,779
Dividend equalization fund	-	-	-	-	-	-	-	-
Adjustment for subsidiaries holdings change	-	-	-	-	-	-	-	(4,185,373)
Statutory reserve	-	-	1,275,868,312	-	-	-	-	(929,216,868)
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	-	78,920,073	(15,052,340)
								16,368,391,545
								5,647,578,133
								53,758,551,440

The notes 1 to 48 and annexures A to L form an integral part of these financial statements.



Managing Director and CEO

Director



Director

16

Chairman



Al-Zamir H. Khan

**BRAC Bank Limited and its subsidiaries**  
**Consolidated Cash Flow Statement**  
**For the year ended 31 December 2021**

Particulars	Note	2021 Taka	2020 Taka
<b>A. Cash flows from operating activities</b>			
Interest receipts in cash		30,510,937,817	32,195,001,006
Interest payment		(8,765,182,197)	(15,636,013,075)
Dividend receipts		225,198,769	130,763,062
Fees and commission receipts in cash		36,148,193,743	28,610,570,178
Recoveries on loans previously written off		707,517,594	633,704,077
Cash payments to employees		(9,942,261,926)	(8,965,734,511)
Cash payments to suppliers		(29,490,800,154)	(25,375,595,894)
Income tax paid		(7,109,584,330)	(7,175,081,433)
Receipts from other operating activities	44	592,067,664	1,810,225,196
Payment for other operating activities	45	(4,049,473,180)	(4,028,702,697)
Operating cash flow before changes in operating assets and liabilities (i)		8,826,613,800	2,199,135,909
<b>Increase/(decrease) in operating assets and liabilities</b>			
Loans and advances		(47,587,679,964)	(8,638,680,349)
Other assets		(376,833,057)	1,565,213,895
Deposits from other banks/borrowings		10,667,650,315	(911,149,627)
Deposits from customers		31,712,233,455	37,742,136,950
Other liabilities		483,029,607	1,055,798,882
Cash utilised in operating assets and liabilities (ii)		(5,101,599,644)	30,813,319,751
<b>Net cash flows from operating activities (i+ii) (a)</b>		<b>3,725,014,156</b>	<b>33,012,455,660</b>
<b>B. Cash flows from investing activities</b>			
Treasury bills		7,996,369,494	11,618,356,004
Treasury bonds		14,187,750,778	(48,589,867,351)
Investment in shares		(863,128,507)	(371,439,457)
Sale/ (Investment) in bonds		642,282,917	159,332,423
Acquisition of fixed assets		(4,696,385,425)	(2,146,251,314)
Disposal of fixed assets		601,372,697	110,651,527
<b>Net cash used in investing activities (b)</b>		<b>17,868,261,954</b>	<b>(39,219,218,168)</b>
<b>C. Cash flows from financing activities</b>			
Proceeds from issue of convertible preference shares		22,330,724,613	-
Cash dividend paid		(1,383,245,432)	(921,492,906)
<b>Net cash flows from financing activities ( c)</b>		<b>20,947,479,181</b>	<b>(921,492,906)</b>
<b>Net increase/(decrease) in cash (a+b+c)</b>		<b>42,540,755,291</b>	<b>(7,128,255,414)</b>
Cash and cash equivalents at the beginning of the year		62,639,236,011	69,666,251,890
Effect of exchange rate changes on cash and cash equivalent		42,026,838	101,239,535
Cash and cash equivalents at the end of the year	43	<b>105,222,018,140</b>	<b>62,639,236,011</b>
<b>Cash and cash equivalents at the end of the year:</b>			
Cash in hand (including foreign currency)		9,207,161,626	7,836,614,607
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		14,252,262,804	12,151,189,284
Balance with other banks and financial institutions		78,261,312,910	42,650,004,620
Money at call on short notice		3,500,000,000	-
Prize Bond		1,280,800	1,427,500
<b>Net operating cash flow per share</b>	47	<b>105,222,018,140</b>	<b>62,639,236,011</b>
		<b>2.68</b>	<b>23.71</b>

The notes 1 to 48 and annexures A to L form an integral part of these financial statements.

Managing Director and CEO

Director



*Fahima Kamal Hossain*  
Director

*Ahsan H. Mansur*  
Chairman

**BRAC Bank Limited and its subsidiaries**  
**Consolidated Liquidity Statement**  
**(Asset and Liability Maturity Analysis)**  
**As at 31 December 2021**

Particulars	<i>Amount in Taka</i>				
	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years
<b>Assets</b>					
Cash in hand and Balance with Bangladesh Bank	12,315,123,324	-	-	-	11,144,301,106
Balance with other banks and financial institutions (including foreign currencies)	6,339,852,686	21,968,040,315	49,953,419,909	-	-
Money at call and short notice	3,500,000,000	-	-	-	3,500,000,000
Investments	2,710,582,737	220,724,640	18,305,723,722	33,494,806,504	15,336,755,701
Loans and advances	26,883,955,082	50,194,511,523	133,482,324,464	97,469,578,104	14,104,819,266
Fixed assets including premises, furniture and fixtures	-	-	-	12,303,782,880	530,386,544
Other assets	5,567,492,705	134,691,134	3,873,033,402	2,105,212,990	4,541,794,233
Non - banking assets	-	-	-	-	4,541,700
Goodwill	-	-	-	-	1,427,468,911
<b>Total Assets</b>	<b>57,317,006,534</b>	<b>72,517,967,612</b>	<b>205,614,501,497</b>	<b>145,373,380,478</b>	<b>47,090,067,461</b>
<b>Liabilities</b>					
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	2,705,217,264	9,381,763,860	28,055,817,386	6,420,979,855	763,079,166
Money at call and short notice	-	-	-	-	47,326,857,531
Deposits and other accounts	40,490,298,262	44,251,532,743	129,712,843,223	143,906,983,804	5,975,954,194
Other liabilities	2,045,007,504	5,327,442,929	8,651,783,705	6,254,738,547	17,021,390,642
<b>Total Liabilities</b>	<b>45,240,523,030</b>	<b>58,960,739,532</b>	<b>166,420,444,314</b>	<b>156,582,702,206</b>	<b>23,760,424,002</b>
<b>Net Liquidity Gap</b>	<b>12,076,483,504</b>	<b>13,557,228,080</b>	<b>39,194,057,183</b>	<b>(11,209,321,728)</b>	<b>23,329,643,459</b>
<i>The notes 1 to 48 and annexure A to L form an integral part of these financial statements.</i>					

\_\_\_\_\_  
*Fahimathendhu*  
 Managing Director and CEO

\_\_\_\_\_  
*Ahsan H. Mansur*  
 Director

Chairman



**BRAC Bank Limited**  
**Balance Sheet**  
**As at 31 December 2021**

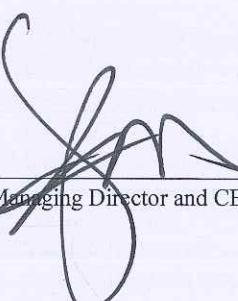
Particulars	Note	2021 Taka	2020 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3	<b>22,676,943,467</b>	<b>19,243,096,656</b>
Cash in hand (Including foreign currency)		8,424,680,663	7,091,907,372
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		14,252,262,804	12,151,189,284
<b>Balance with other banks and financial institutions</b>	4	<b>19,880,951,145</b>	<b>14,358,762,046</b>
Inside Bangladesh		12,261,365,946	7,928,558,845
Outside Bangladesh		7,619,585,199	6,430,203,201
<b>Money at call on short notice</b>	5	<b>3,500,000,000</b>	-
<b>Investments</b>	6	<b>51,590,814,842</b>	<b>68,896,004,194</b>
Government		44,051,798,178	61,821,887,388
Others		7,539,016,664	7,074,116,806
<b>Loans and advances</b>	7	<b>321,212,230,987</b>	<b>273,063,193,200</b>
Loans, cash credit, overdrafts etc.		168,205,415,381	136,374,612,915
Small and medium enterprises		150,749,009,625	134,621,356,804
Bills purchased & discounted		2,257,805,981	2,067,223,481
<b>Fixed assets including premises, furniture and fixtures</b>	8	<b>7,454,867,399</b>	<b>6,828,574,683</b>
<b>Other assets</b>	9	<b>22,763,775,341</b>	<b>14,525,819,425</b>
<b>Non-banking assets</b>	10	<b>4,541,700</b>	<b>66,471,775</b>
<b>Total property and assets</b>		<b>449,084,124,881</b>	<b>396,981,921,979</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions &amp; agents</b>	12	<b>24,134,564,025</b>	<b>11,913,324,935</b>
<b>Borrowings from central bank &amp; government agencies</b>	13	<b>23,175,903,824</b>	<b>23,370,068,779</b>
<b>Money at call on short notice</b>	14	-	<b>84,801,100</b>
<b>Deposits and other accounts</b>	15	<b>314,598,626,264</b>	<b>289,054,405,724</b>
Current accounts & other accounts		109,470,657,298	98,756,904,331
Bills payable		2,367,889,416	1,797,962,669
Savings deposits		68,334,576,200	57,230,594,232
Term deposits		133,172,621,149	130,621,972,707
Other deposits		1,252,882,201	646,971,785
<b>Other liabilities</b>	16	<b>32,755,559,637</b>	<b>26,082,795,675</b>
<b>Total Liabilities</b>		<b>394,664,653,750</b>	<b>350,505,396,213</b>
<b>Capital and shareholders' equity</b>			
Paid up capital	17.2	13,921,723,990	13,258,784,760
Share premium	17.7	3,853,767,032	3,853,767,032
Statutory reserve	18	10,067,956,958	9,405,017,728
Dividend equalization fund	19	355,218,455	355,218,455
Revaluation reserve on govt. securities	20	2,490,292,927	4,805,926,053
Fair value gain/(loss) on equity investment	21	7,384,920,564	1,131,197,846
Foreign currency translation reserve		15,729,653	(13,641,635)
Surplus in profit and loss account/Retained earnings	22	16,329,861,552	13,680,255,527
<b>Total shareholders' equity</b>		<b>54,419,471,131</b>	<b>46,476,525,766</b>
<b>Total liabilities and shareholders' equity</b>		<b>449,084,124,881</b>	<b>396,981,921,979</b>



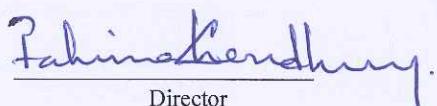
**BRAC Bank Limited**  
**Balance Sheet**  
**As at 31 December 2021**

Particulars	Note	2021 Taka	2020 Taka
<b>Off balance sheet items</b>			
<b>Contingent liabilities</b>			
Acceptances and endorsements			
23		50,478,536,940	27,887,446,334
Irrevocable letters of credit	23	26,598,203,443	15,550,643,171
Letter of guarantees	23.2	11,793,414,671	10,831,198,204
Bills for collection	23.3	16,438,866,245	12,320,479,990
		<b>105,309,021,299</b>	<b>66,589,767,699</b>
<b>Other Commitments</b>			
Swap deals with banks and customers	23.4	20,452,606,603	18,307,971,009
Spot and forward deals with banks and customers	23.4	18,161,597,791	8,682,289,771
		<b>38,614,204,394</b>	<b>26,990,260,781</b>
<b>Total off balance sheet items</b>		<b>143,923,225,693</b>	<b>93,580,028,480</b>
<b>Net asset value (NAV) per share</b>	46	<b>39.09</b>	<b>33.38</b>

*The notes 1 to 48 and annexures A to L form an integral part of these financial statements.*



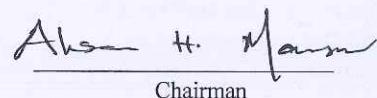
Managing Director and CEO



Director



Director



Chairman

As per our report of same date.

Dhaka, 15 March 2022  
DVC No: 2203160770AS427156

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



**BRAC Bank Limited**  
**Profit and Loss Account**  
**For the year ended 31 December 2021**

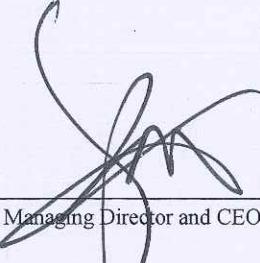
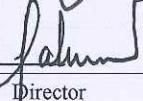
Particulars	Note	2021 Taka	2020 Taka
Interest income	25	21,586,220,747	24,708,585,875
Interest paid on deposits and borrowing etc.	26	7,589,298,326	13,501,818,343
<b>Net interest income</b>		<b>13,996,922,421</b>	<b>11,206,767,532</b>
Investment income	27	5,780,677,077	6,456,643,091
Commission, exchange and brokerage	28	3,440,196,921	2,560,275,778
Other operating income	29	146,093,679	111,861,433
<b>Total operating income (a)</b>		<b>23,363,890,098</b>	<b>20,335,547,834</b>
Salaries and allowances	30	6,626,995,876	6,228,455,055
Rent, taxes, insurance, electricity etc.	31	473,700,396	491,971,548
Legal expenses		33,352,689	32,746,130
Postage, stamps, telecommunication etc.	32	222,631,352	204,617,611
Stationery, printing, advertisement etc.	33	221,634,405	220,659,472
Chief Executive's salary and fees	34	18,424,250	18,775,000
Directors' fees	35	2,437,600	1,596,800
Auditors' fees	36	1,840,000	1,840,000
Depreciation and repair of the bank's assets	37	2,191,026,040	2,081,241,194
Other expenses	38	2,627,953,670	2,451,914,688
<b>Total operating expenses (b)</b>		<b>12,419,996,278</b>	<b>11,733,817,498</b>
<b>Profit before provisions (c = a-b)</b>		<b>10,943,893,820</b>	<b>8,601,730,336</b>
Provision for loans/Investments:			
Loans and advances		2,810,975,910	2,365,157,113
Diminution in value of investments		(74,000,000)	(563,219,881)
Off balance sheet items		251,500,000	63,083,635
Other provisions		65,866,351	1,581,941
<b>Total provisions (d)</b>	40	<b>3,054,342,261</b>	<b>1,866,602,808</b>
<b>Total profit/(loss) before taxes (e= c-d)</b>		<b>7,889,551,559</b>	<b>6,735,127,528</b>
Provision for taxation:			
Current tax expense		3,467,399,481	2,537,375,925
Deferred tax income		(1,124,778,486)	(343,080,346)
<b>Total provision for taxation (f)</b>	41	<b>2,342,620,995</b>	<b>2,194,295,579</b>
<b>Net profit after taxation (e-f)</b>		<b>5,546,930,564</b>	<b>4,540,831,949</b>
Retained earnings brought forward from previous year		13,680,255,527	12,378,804,260
Net effect of all items directly recognised in equity-retained earnings		(144,689,978)	(113,449,385)
Profit available for appropriation		<b>19,082,496,113</b>	<b>16,806,186,824</b>

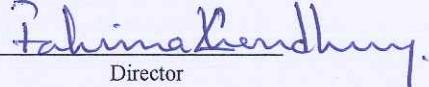


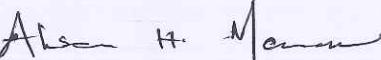
**BRAC Bank Limited**  
**Profit and Loss Account**  
**For the year ended 31 December 2021**

Particulars	Note	2021 Taka	2020 Taka
<b>Appropriations:</b>			
Statutory reserve		662,939,230	1,275,868,312
General reserve		-	-
Dividend		1,988,817,706	1,850,062,985
Start-up Fund		100,877,625	-
		<u>2,752,634,561</u>	<u>3,125,931,297</u>
<b>Retained Surplus</b>		<u>16,329,861,552</u>	<u>13,680,255,527</u>
<b>Earnings Per Share (EPS) [previous year's figure restated]</b>	42	<u>3.98</u>	<u>3.26</u>

*The notes 1 to 48 and annexures A to L form an integral part of these financial statements.*

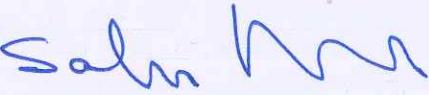
  
 \_\_\_\_\_  
 Managing Director and CEO  
 \_\_\_\_\_  
  
 Director

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Chairman

As per our report of same date.

Dhaka, 15 March 2022  
 DVC No: 2203160770AS427156

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



BRAC Bank Limited  
Statement of Changes in Equity  
For the year ended 31 December 2021

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

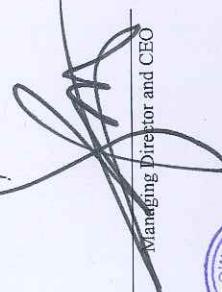


BRAC Bank Limited  
Statement of Changes in Equity  
For the year ended 31 December 2020

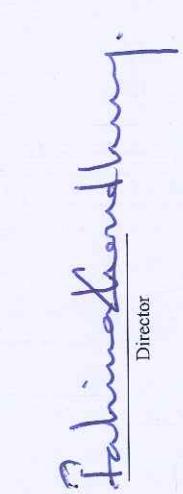
Particulars	Paid up capital	Share premium	Statutory reserve	Dividend equalization fund	Revaluation reserve on Govt. securities	Assets revaluation reserve	Foreign currency translation reserve	OCI Reserve for equity investment	Retained earnings	Amount in Taka	
										Total	
Balance as at 01 January 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	(478,558,600)
Changes in accounting policy	-	-	-	-	-	(478,558,600)	-	-	-	-	-
Restated balance	12,333,753,270	3,853,767,032	8,129,149,416	355,218,455	98,965,051	-	29,914,158	1,261,102,670	12,378,804,260	38,440,674,312	-
Surplus/deficit on account of revaluation of assets	-	-	-	-	-	-	-	-	-	-	-
Recognition of Deferred Tax on revaluation reserve of fixed assets	-	-	-	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	4,706,961,002	-	(43,555,793)	-	4,706,961,002	(43,555,793)
Changes in translation reserve	-	-	-	-	-	-	-	-	-	-	-
Changes in OCI reserve for investment in subsidiaries and associates	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain/(loss)	-	-	-	-	-	-	-	-	-	-	-
<b>Sub total</b>	<b>12,333,753,270</b>	<b>3,853,767,032</b>	<b>8,129,149,416</b>	<b>355,218,455</b>	<b>4,805,926,053</b>	<b>-</b>	<b>(13,641,635)</b>	<b>1,131,197,846</b>	<b>12,265,354,875</b>	<b>42,860,725,312</b>	<b>4,540,831,949</b>
Net profit for the year	-	-	-	-	-	-	-	-	4,540,831,949	-	-
Dividends for the year 2019:	925,031,490	-	-	-	-	-	-	-	(925,031,490)	-	-
Stock dividend	-	-	-	-	-	-	-	-	(925,031,495)	(925,031,495)	-
Cash dividend	-	-	1,275,868,312	-	-	-	-	-	(1,275,868,312)	-	-
Statutory reserve	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2020</b>	<b>13,258,784,760</b>	<b>3,853,767,032</b>	<b>9,405,017,728</b>	<b>355,218,455</b>	<b>4,805,926,053</b>	<b>-</b>	<b>(13,641,635)</b>	<b>1,131,197,846</b>	<b>13,680,255,527</b>	<b>46,476,525,766</b>	<b>-</b>

\* Detail of fair value gain/(loss) on equity investments has been provided at Note-9 and Note-21.

The notes 1 to 48 and annexures A to L form an integral part of these financial statements.



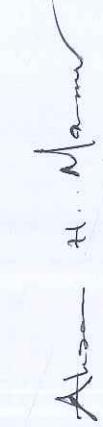
Managing Director and CEO

Director



Director



Chairman

**BRAC Bank Limited**  
**Cash Flow Statement**

Particulars	Note	2021 Taka	2020 Taka
<b>A. Cash flows from operating activities</b>			
Interest receipts in cash		27,105,416,678	28,096,473,305
Interest payment		(8,504,508,879)	(15,516,804,726)
Dividend receipts		174,618,013	96,094,680
Fees and commission receipts in cash		3,440,196,921	2,560,275,778
Recoveries on loans previously written off		707,517,594	633,704,077
Cash payments to employees		(6,597,572,669)	(6,243,757,705)
Cash payments to suppliers		(480,845,623)	(423,015,776)
Income tax paid		(2,557,956,724)	(3,564,500,491)
Receipts from other operating activities	44	710,776,014	1,689,098,017
Payment for other operating activities	45	(3,597,592,564)	(3,439,275,865)
Operating cash flow before changes in operating assets and liabilities (i)		10,400,048,761	3,888,291,294
<b>Increase/decrease in operating assets and liabilities</b>			
Loans and advances to customers		(48,149,037,787)	(8,972,011,665)
Other assets		(400,388,462)	1,207,569,075
Deposits from other banks/borrowings		11,942,273,035	(1,295,171,744)
Deposits from customers		26,460,328,428	22,632,432,701
Other liabilities		912,507,742	1,153,663,554
Cash utilised in operating assets and liabilities (ii)		(9,234,317,044)	14,726,481,921
<b>Net cash flows from operating activities (i+ii) (a)</b>		<b>1,165,731,717</b>	<b>18,614,773,215</b>
<b>B. Cash flows from investing activities</b>			
Treasury bills		170,075,754	12,463,112,715
Treasury bonds		15,284,380,330	(34,318,050,369)
Sale/ (Investment) in shares		(1,107,182,775)	(465,347,240)
Sale/ (Investment) in bonds		642,282,917	159,332,423
Acquisition of fixed assets		(2,955,859,632)	(758,893,262)
Disposal of fixed assets		601,254,376	108,701,537
<b>Net cash used in investing activities (b)</b>		<b>12,634,950,970</b>	<b>(22,811,144,196)</b>
<b>C. Cash flows from financing activities</b>			
Dividend paid		(1,383,245,433)	(918,394,579)
<b>Net cash flows from financing activities ( c)</b>		<b>(1,383,245,433)</b>	<b>(918,394,579)</b>
<b>Net increase/decrease in cash (a+b+c)</b>		<b>12,417,437,254</b>	<b>(5,114,765,560)</b>
Cash and cash equivalents at the beginning of year		33,603,286,202	38,630,874,333
Effect of exchange rate changes on cash and cash equivalent		38,451,956	87,177,429
Cash and cash equivalents at the end of the year	43	<b>46,059,175,412</b>	<b>33,603,286,202</b>
<b>Cash and cash equivalents at the end of the year:</b>			
Cash in hand (including foreign currency)		8,424,680,663	7,091,907,372
Balance with Bangladesh Bank and its agents bank(s) (including foreign currency)		14,252,262,804	12,151,189,284
Balance with other banks and financial institutions		19,880,951,145	14,358,762,046
Money at call on short notice		3,500,000,000	-
Prize Bond		1,280,800	1,427,500
<b>Net operating cash flow per share</b>		<b>46,059,175,412</b>	<b>33,603,286,202</b>
	47	<b>0.84</b>	<b>13.37</b>

*The notes 1 to 48 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.

Managing Director and CEO

### Director

### Director

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**Chairman**



**BRAC Bank Limited**  
**Liquidity Statement**  
**(Asset and Liability Maturity Analysis)**  
**As at 31 December 2021**

Particulars	Amount in Taka				
	0 - 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Above 5 Years
<b>Assets</b>					
Cash in hand and balance with Bangladesh Bank	11,532,642,361	-	-	-	11,144,301,106
Balance with other banks and financial institutions (including foreign currencies)	6,548,951,145	8,432,000,000	4,900,000,000	-	-
Money at call and short notice	3,500,000,000	-	-	-	19,880,951,145
Investments	5,297,464	200,000,000	6,210,894,725	31,885,306,402	3,500,000,000
Loans and advances	27,740,925,103	50,194,511,523	131,712,743,324	97,459,231,770	51,590,814,842
Fixed assets including premises, furniture and fixtures	-	-	-	6,924,480,855	321,212,230,987
Other assets	4,585,134,133	81,021,612	37,230,033	534,435,461	7,454,867,399
Non-banking assets	-	-	-	-	22,763,775,341
<b>Total Assets</b>	<b>53,912,950,206</b>	<b>58,907,533,135</b>	<b>142,860,868,082</b>	<b>136,803,454,488</b>	<b>56,599,318,970</b>
<b>Liabilities</b>					
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	3,573,615,580	9,087,689,750	27,465,103,499	6,420,979,855	763,079,165
Money at call and short notice	-	-	-	-	47,310,467,849
Deposits and other accounts	37,502,259,013	39,990,558,658	103,077,776,095	130,372,431,083	-
Other liabilities	1,104,451,570	4,377,115,572	3,944,359,842	5,021,558,503	314,598,626,264
<b>Total Liabilities</b>	<b>42,180,326,163</b>	<b>53,455,363,980</b>	<b>134,487,239,436</b>	<b>141,814,969,441</b>	<b>32,755,559,637</b>
<b>Net Liquidity Gap</b>	<b>11,732,624,043</b>	<b>5,452,169,155</b>	<b>8,373,628,646</b>	<b>(5,011,514,953)</b>	<b>33,872,564,240</b>

The notes 1 to 48 and annexures A to L form an integral part of these financial statements.

Managing Director and CEO

Director

Director

Chairman

Ahmed Ali Mian

John

Fahima Chowdhury

Chairman

John

Mian

Ahmed Ali Mian

John

Fahima Chowdhury

Chairman

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Fahima Chowdhury

Chairman

**BRAC Bank Limited****Notes to the financial statements as at and for the year ended 31 December 2021****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 (2020: 187 branches), 198 Area offices (2020: 185 Area offices), 456 SME unit offices (2020: 456 SME unit offices), 373 ATMs (2020: 375 ATMs) and 785 agent outlets (2020: 481 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 GAVB 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 and subsequently, started commercial operations on 11 September 2018. Till 31 December 2021, the bank has already opened 705 Agent Banking Outlets in 64 districts across the country. Services that are currently being dispensed include Account Opening (Current, Savings & Term deposit), Cash Deposit and Withdrawal, Fund Transfer to BBL A/C or other bank A/C through BEFTN, SME Loan Disbursement & Repayment Collection, Foreign Remittance Disbursement, Corporate Bill/Distributor Fee Collection, Retail Loan and Credit Card Lead Generation, Credit Card Bill Collection, Insurance Premium Collection, Utility Bill Collection, Cheque Book & Debit Card Request Process & Delivery, Internet and SMS Banking and Balance Inquiry etc.



**Notes to the financial statements as at and for the year ended 31 December 2021 (Continued)**

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**1.2 Subsidiaries and associates of BRAC Bank Limited**

**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.

**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.

**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.

**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.

**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. BRAC Bank currently holds 51% equity shares in the company.

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



**Notes to the financial statements as at and for the year ended 31 December 2021 (Continued)**

**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. BRAC SAAJAN Exchange Limited was established to offer remittance and exchange services in the UK.

Notable that the operation of BRAC SAAJAN Exchange Limited has been suspended on regulatory ground by the local regulator in UK. Management have lodged an appeal against the suspension before the court in UK. So, we will have to wait till verdict from the court to resume the operations of the company.

**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 and associates	Face value per share	Total no. of ordinary shares		No. of ordinary shares held by BBL		BBL's percentage of shareholding	
		2021	2020	2021	2020	2021	2020
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	8,411,446	7,009,538	7,570,249	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	233,729	30,190	30,190	12.92%	12.92%

**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 2021 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 (IAS) 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, 2020; Bangladesh Securities and Exchange Ordinance, 1969; Bangladesh Securities and Exchange Act, 1993 and Bangladesh Securities and Exchange Commission (Public Issue) Rules 2015 and amendments thereon;
- v) The Income Tax Ordinance, 1984, and amendments thereon;
- vi) The Value Added Tax Act, 2012, The Value Added Tax Rules, 2016 and amendments thereon;
- vii) Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations; and
- viii) Financial Reporting Act, 2015.



**Notes to the financial statements as at and for the year ended 31 December 2021 (Continued)**

**2.1.2 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	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.

**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 2021 and earlier application is permitted. However, the Bank has not adopted early the following new or amended standards in preparing these financial statements.

A) Onerous contracts - Cost of fulfilling a contract (Amendments to IAS 37)

B) Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)

C) Other standards: The following new and amended standards are not expected to have a significant impact on the bank's standalone and consolidated financial statements:

- Covid-19 related rent concession beyond 30 June 2021 (Amendments to IFRS 16)
- Annual improvements to IFRS Standards 2018-2020
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16)
- Reference to Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)

**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 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:



**Notes to the financial statements as at and for the year ended 31 December 2021 (Continued)**

**i) Investment in equity instruments except investment in subsidiaries and associates**

**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, these investments can be categorised as "Amortised Cost (AC)", or "Fair Value Through Profit or Loss (FVTPL)", or "Fair Value through Other Comprehensive Income (FVOCI)". Investments designated as Amortised Cost are measured at amortised cost method, and interest income is recognised through profit and loss account. Any changes in fair value of investments designated as FVTPL is recognised in the profit and loss account. Any changes in fair value of investments designated as FVOCI is recognised in other reserves, as a part of equity.

**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 SSDF except medium enterprise 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.



**Notes to the financial statements as at and for the year ended 31 December 2021 (Continued)**

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**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. 22, dated 20 September 2021, there is a separate balance sheet item titled as non-banking asset that exists in the standard format.

**x) Cash flow statement**

**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.



**Notes to the financial statements as at and for the year ended 31 December 2021 (Continued)**

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**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 2.1.2) Compliance of International Financial Reporting Standards (IFRS)]

**2.1.3 Going concern**

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

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.

**2.1.4 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:



**Notes to the financial statements as at and for the year ended 31 December 2021 (Continued)**

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**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) Provisions (Note - 16)
- d) Remeasurement gain/(loss) of defined benefit obligation and plan assets (Note - 9.5.3)
- e) Impairment testing of goodwill and/or investment in subsidiaries/associates (Note 6 and 38.1)
- f) Lease liabilities (Note - 16)
- g) Provision for taxation (Note - 41)

**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 expense 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 2021.

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

**2.3 Foreign currency transactions**

**Functional and presentation currency**

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

**Conversion of foreign currency transactions and balances**

The transactions in foreign currencies are converted into equivalent Taka currency using the ruling exchange rates on the dates of such transactions as per IAS 21: *The Effects of Changes in Foreign Exchange Rates*.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at standard mid-rate of exchange ruling at the reporting date. Effects of exchange rate differences (rates at which transactions were initially recorded and the rate prevailing on the reporting date/date of settlements) applied on the monetary assets or liabilities of the Bank are recorded in the profit and loss account as per IAS 21 *The Effects of Changes in Foreign Exchange Rates*. 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 as per IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

Contingent liabilities/commitments for letter of credit, letter of guarantee and acceptance denominated in foreign currencies have been expressed in Taka currency at the revaluation rate.



**Notes to the financial statements as at and for the year ended 31 December 2021 (Continued)**

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**Translation of foreign currency operations**

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

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

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

**Exchange rates**

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

Name of Currencies	2021	2020
USD 1= BDT	85.80	84.45
SGD 1= BDT	63.41	63.75
GBP 1= BDT	115.70	114.93
AUD 1= BDT	62.33	64.72
EUR 1= BDT	97.12	103.65
CHF 1= BDT	93.71	95.46
JPY 1= BDT	0.75	0.82
CAD 1= BDT	67.12	66.10
AED 1= BDT	23.36	22.99
CNY 1= BDT	13.46	12.94

**Translation reserve in separate financial statements**

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

**Translation reserve in consolidated financial statements**

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

**2.4 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 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.

**2.6 Reporting period**

These financial statements cover one calendar year - from 01 January to 31 December 2021.



**Notes to the financial statements as at and for the year ended 31 December 2021 (Continued)**

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**2.7 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.

**2.8 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 - 48.6 to the financial statements.

**2.8.1 Dividend Distribution Policy of BRAC Bank**

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

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

**2.9 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.

**2.10 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.

**2.10.1 The changes in accounting policy for the subsequent measurement/valuation and accounting of Land**

In compliance with International Accounting Standard (IAS) 16 Property, plant and equipment, BRAC Bank Limited ("the Bank") followed "revaluation model" for "Land" only, for measurement after initial recognition. Land was initially measured at cost and then in 2012, BRAC Bank changed the measurement basis of its land and adopted 'revaluation model' replacing the 'cost model' in accordance with IAS 16. However, due to limited number of transaction of land and discrepancies in the amount of sales price of land disclosed at the time of registration and the actual sales price, the Bank and its valuers are facing challenges to determine fair value of land as per IAS 16/IFRS 13.

We also conclude that since judgment and estimates are not used in cost model and also other constraints of revaluation model as stated above, the cost method will provide reliable measurement basis, better information about the nature and amount of the Bank's economic resources as well as ensure faithful representation and verifiability as outlined in Conceptual Framework for Financial Reporting under IFRS. Considering all these issues to ensure fair presentation of financial statements, bank has changed the measurement basis of Bank's land and decided to revert back from revaluation model to cost model in line with International Accounting Standard (IAS) 8: Accounting policies, changes in accounting estimates and errors.

As the impact for the above policy change, the book value of land decreased by BDT 520,468,350, asset revaluation reserve decreased by BDT 478,558,600 and deferred tax liability decreased by BDT 41,909,750 on the revaluation gain booked earlier under the revaluation model.

The changes have been applied retrospectively in accordance with IAS 8 and the opening balance of each affected component of equity for earlier prior period (January 2020) and other comparatives figures have been adjusted.



**Notes to the financial statements as at and for the year ended 31 December 2021 (Continued)**

**2.10.2 Application of uniform accounting policy for Fixed Assets in group/consolidated financial statements**

The subsidiaries of BRAC Bank have some variations in depreciation rates and method for few class of fixed assets. These are very usual practice considering their separate line of business, nature of operation and asset consumption pattern. The depreciation rates of BRAC Bank and its subsidiaries 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%

The management of BRAC Bank decided to follow uniform accounting policies in compliance with IFRS 10 " Consolidated Financial Statements" with the retrospective effect as per IAS 8 for the preparation of consolidated financial statements as per IFRS 10. Accordingly, consolidated financial statements of BRAC Bank for the year ended 31 December 2021 have been prepared applying uniform accounting policies giving impact of uniform depreciation policy.

In the consolidated financial statements, BRAC bank's policies for useful life and rates of all fixed assets have been applied including all of the classes of assets of subsidiaries following IAS 8 with the retrospective effect for the correction of error. The required adjustment in opening retained earnings have been given for the correction.

The impact of the application of uniform accounting policy changes under IAS 8 is summarized below:

**Balance sheet items**

Particulars	31 Dec 2021	31 Dec 2020	31 Dec 2019
Increase in Fixed assets including premises, furniture and fixture	72,214,624	59,007,796	44,462,019
Increase in equity and non-controlling interest	72,214,624	59,007,796	44,462,019

**Profit and loss items**

Particulars	Jan to Dec 2021	Jan to Dec 2020	Up to Dec 2019
Decrease in Depreciation and repairs to bank's assets	(13,206,828)	(14,545,777)	(44,462,019)

**2.11 Risk management**

In the world of finance, risk management refers to the practice of identifying potential risks in advance, analyzing them and taking precautionary steps to reduce/mitigate the risk. Risk management is pivotal for ensuring sustainability of the business. Globalization enables consequential expansion of business activities that ultimately heightens competition levels for organizations. Financial crisis and volatility in economic growth set enforce the need for comprehensive risk management. Types of risk 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.

Risk management is at the heart of banking business. Banks strive for embracing prudent risk management discipline to combat unpredictable/exigent situations. Today, it is clear that banking institutions must develop systematic and watchful techniques to monitoring activities that have a significant impact on 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. Banks must implement stronger risk management policies and processes according to the guidelines. 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 based on a thorough awareness of diverse risks, a disciplined risk assessment process, and cautious measurement processes with ongoing monitoring. The bank is continuing to improve its risk management systems, not only to meet regulatory obligations, but also to achieve superior risk-adjusted returns and optimal capital use while keeping the organization's business objectives in mind. The bank handles risk across two strategic layers: the managerial layer and the operational layer, for effective risk management. Risk discussions are held at those levels with the goal of identifying and measuring the impact of various types of risk in core banking. Risk mitigation and viable solutions are examined, and conclusions are reached as a result.



**Notes to the financial statements as at and for the year ended 31 December 2021 (Continued)**

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**2.11.1 Credit risk management**

Credit risk is one of the bank's six Core risks and it is one of the most Important. Simply put, it occurs when a bank's borrower or counterparty fails to meet their commitments in line with the agreed-upon terms and conditions. Effective credit risk management is a vital component of a comprehensive risk management strategy and critical to any bank's long-term sustainability. The likelihood of the borrower defaulting including the exposure or financial impact on the bank in the case of the failure are both considered when assessing credit risk. It also takes into account the connections between credit risk and other risk factors.

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 minimizing risk of compromise with quality of the credit portfolio.

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

In 2021, BRAC Bank has complied with the instructions given by Bangladesh Bank vide BRPD Circular letter no 04 dated 04-Jan-21 and BRPD Circular letter no 35 dated 06-Jul-21 for the loan accounts at the time of sanctioning or renewal, where applicable.

**2.11.2 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. 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.

**2.11.3 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.



**Notes to the financial statements as at and for the year ended 31 December 2021 (Continued)**

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.

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

In order to improve Bank's money laundering risk management rating, BRAC Bank has taken number of initiatives in line with the Core Risk Management Guideline under supervision of its Board and Senior Management. This includes restructuring of Anti Money Laundering Division by appointment of dedicated CAMLCO in the rank of Deputy Managing Director (Chief Anti Money Laundering Compliance Officer) with sole responsibility to oversee AML program of the Bank. Also, other senior level appointments were made including DCAMLCO and Head of AML Trade to make the program effective.

In line with the directives of BFIU, Managing Director & CEO of the Bank issues a message to all employees citing strong commitment to ensure compliance of AML rules and regulations and to adopt necessary policy/procedures for proper implementation of the same. Large scale trainings are organized including resource persons from BFIU to enhance employee knowledge and awareness covering TBML guidelines. Special awareness session is also organized for members of Board of Directors of the Bank on AML/CFT regulations. Some of the related policies and procedures of the Bank have been revised to make those more aligned with different circulars and guidelines of BFIU. TBML directive has also been rolled out with adaptation in internal processes. Additional process and procedures have also been implemented covering areas of CDD/KYC, review of high-risk accounts, Trade CDD and risk grading of customers, PEP/IP, Ultimate Beneficial Owner guideline, sanctions screening etc. In order to update CDD lapses at account level separate projects have also been initiated. In order to improve monitoring of client transactions new transaction monitoring reports have been introduced with risk-based approach, which resulted in high level detection and reporting of suspicious activities/transactions (SAR/STR). Further discipline was brought in improving quality of quarterly meeting and self-assessment reports by branches. The Central Compliance Committee and its Terms of Reference has been revised to make the committee more effective and to have oversight of Senior Management. To ensure AML policy & procedures, more focused internal audit reviews have also been initiated. In addition to review of internal audit, further reviews by AML Division has also been carried out, to improve AML standard of the branches. Branches were also provided training to better manage regulatory inspections by offsite/onsite training.

Therefore, the key objectives of the Bank are to ensure implementation of policies and procedures in line with BFIU Guideline, improve employee awareness and commitment, integrate higher engagement and focus of Senior Management within Bank's control measures to improve overall AML-CFT Governance and better mitigate the money laundering & terrorist financing risk.

**2.11.5 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:

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

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

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

- a) Various committees are established by the Board to assist it in ensuring the effectiveness of the bank's daily operations 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.
- b) The Internal Audit Department of the Bank checks for compliance with policies and procedures and the effectiveness of the internal control systems on an ongoing basis using samples and rotational procedures and highlights significant findings in respect of any non-compliance.
- c) Audits are carried out on various departments/units, SME Service Centres and all branches in accordance with the annual audit plan, approved by the Audit Committee of the Board. 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.



**Notes to the financial statements as at and for the year ended 31 December 2021 (Continued)**

- d) The Audit Committee of the Board of the bank reviews internal control issues identified by the Internal Audit Department, Bangladesh Bank, External Auditors and the management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. 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.
- 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.

**2.11.5.1 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 Krishis 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.

**2.11.5.2 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.

**2.11.5.3 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."



**Notes to the financial statements as at and for the year ended 31 December 2021 (Continued)**

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**2.11.5.4 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.

**2.11.5.5 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 2021 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.

**2.11.6 Information and communication technology (ICT) security**

Cyber attacks 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.

While BRAC Bank going through digital transformation, it has integrated Cyber security as an integrated part of this digital journey. Cyber security is considered from the beginning. Bank considers being cyber-resilience as a key component of digital transformation.

To establish a managed risk culture, BRAC Bank considers trust and reputation as a top. Considering that bank has developed its ICT security risk management strategy. For cyber security and ICT risk mitigation, the bank has an 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 defense 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 is a Payment Card Industry Data Security Standard (PCI DSS) certified organization– the most rigorous industry-recognized payment-card security standard available globally. We are among the few banks in the country that have complied with this PCI-DSS requirement set by the regulatory body and mandatory requirement by payment partners (Visa, Master Card, JCB). This achievement of BRAC Bank has ensured more secure and reliable services for its valued customers.

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.

To protect customers and the bank's data BRAC Bank has implemented a comprehensive Data Leakage Prevention program. The bank has onboarded multiple latest technology as a part of this. To ease internet usage, minimize web attack vectors, and enable users to safely use the web, the bank has also implemented an advanced internet secure gateway. Bank has also implemented advanced email security.

BRAC Bank is the 1st financial organization in Bangladesh, that has implemented an Enterprise Vulnerability Management program, which covered the entire systems and network of BRAC Bank. This is helping us to identify any new vulnerability in real-time and mitigate it 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 internal security monitoring.



**Notes to the financial statements as at and for the year ended 31 December 2021 (Continued)**

For better-automated incident response and more visibility, BRAC bank has onboarded Security Orchestration and Automated Response capability. On top of it, the bank has implemented a global robust threat intelligence platform.

To ensure application security, the bank has established an automated security assessment of the application and source code. For database security, banks utilize the latest database security platforms. The bank always considers advanced technology for its basic security capabilities.

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 organizing 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 up-gradation of the credit card management system and call center, which is PADSS-compliant. We are already issuing EMV chip cards to our customers.

BRAC Bank has successfully implemented Core Banking System (CBS), ERP solution, e-Commerce Payment Gateway, Universal Banking Application (UBA) and Enterprise Service Bus (ESB) as middleware solution. The bank also implemented a global standard Agent Banking solution with robust security and business functionalities. Finacle Treasury solutions were also implemented, thus reinforcing our treasury practice.

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 training/workshops to enhance its resources capabilities.

BRAC bank considers integrated cyber defense with digital transformation as a key. As a digital-focused bank, BRAC bank continuously monitors its' assets for the likelihood and potential severity of cyber-attacks. 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. Cyber security is not a one-time exercise. BRAC Bank engages top global external agencies to conduct assessments and reviews its cyber security posture and future preparedness on a regular basis.

**2.12 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.

**2.13 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 2021**

**Section - Two : Notes to the Balance Sheet**

	Particulars	<i>In Taka</i>														
		Consolidated		BRAC Bank Limited												
		Note	2021	2020												
<b>3</b>	<b>Cash</b>															
	Cash in hand (Including foreign currency)	3.1	9,207,161,626	7,836,614,607												
	Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)	3.2	<table> <tr> <td>14,252,262,804</td> <td>12,151,189,284</td> <td>14,252,262,804</td> </tr> <tr> <td><u>23,459,424,430</u></td><td><u>19,987,803,891</u></td><td><u>22,676,943,467</u></td> </tr> </table>	14,252,262,804	12,151,189,284	14,252,262,804	<u>23,459,424,430</u>	<u>19,987,803,891</u>	<u>22,676,943,467</u>	<table> <tr> <td>12,151,189,284</td> <td>14,252,262,804</td> <td>12,151,189,284</td> </tr> <tr> <td><u>19,987,803,891</u></td><td><u>22,676,943,467</u></td><td><u>19,243,096,656</u></td> </tr> </table>	12,151,189,284	14,252,262,804	12,151,189,284	<u>19,987,803,891</u>	<u>22,676,943,467</u>	<u>19,243,096,656</u>
14,252,262,804	12,151,189,284	14,252,262,804														
<u>23,459,424,430</u>	<u>19,987,803,891</u>	<u>22,676,943,467</u>														
12,151,189,284	14,252,262,804	12,151,189,284														
<u>19,987,803,891</u>	<u>22,676,943,467</u>	<u>19,243,096,656</u>														
	<b>Cash in hand (Including foreign currency)</b>															
	Local currency	9,166,408,109	7,667,114,436	8,383,927,146												
	Foreign currency	40,753,517	69,500,171	<table> <tr> <td>40,753,517</td> <td>69,500,171</td> <td>7,022,407,201</td> </tr> <tr> <td></td><td></td><td>69,500,171</td> </tr> </table>	40,753,517	69,500,171	7,022,407,201			69,500,171						
40,753,517	69,500,171	7,022,407,201														
		69,500,171														
		<b>9,207,161,626</b>	<b>7,836,614,607</b>	<b>8,424,680,663</b>												
				<b>7,091,907,372</b>												
	 Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)															
	Local currency	12,208,257,526	10,465,673,419	12,208,257,526												
	Foreign currency	961,504,172	463,032,252	<table> <tr> <td>961,504,172</td> <td>463,032,252</td> <td>10,465,673,419</td> </tr> <tr> <td></td><td></td><td>463,032,252</td> </tr> </table>	961,504,172	463,032,252	10,465,673,419			463,032,252						
961,504,172	463,032,252	10,465,673,419														
		463,032,252														
		<b>13,169,761,698</b>	<b>10,928,725,671</b>	<b>13,169,761,698</b>												
	Sonali Bank as an agent of Bangladesh Bank (local currency)	1,082,501,106	1,222,463,613	<table> <tr> <td>1,082,501,106</td> <td>1,222,463,613</td> <td>10,928,725,671</td> </tr> <tr> <td></td><td></td><td>1,222,463,613</td> </tr> </table>	1,082,501,106	1,222,463,613	10,928,725,671			1,222,463,613						
1,082,501,106	1,222,463,613	10,928,725,671														
		1,222,463,613														
		<b>14,252,262,804</b>	<b>12,151,189,284</b>	<b>14,252,262,804</b>												
				<b>12,151,189,284</b>												
<b>3.3</b>	<b>Cash Reserve Ratio (CRR) (Bank only)</b>															
	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 2021) is maintained on the basis of weekly ATDTL of October 2021, 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.															
	<b>Daily basis</b>															
	Reserves maintained by the bank as at 31 December are as follows:															
	Average total demand and time liabilities of October 2021 and October 2020															
	DBU	280,299,190,703	284,074,934,574													
	OBU	16,755,464,795	13,639,438,776													
		<b>297,054,655,498</b>	<b>297,714,373,349</b>													
	Required reserve															
	DBU (2021: 3.5% and 2020: 3.5%)	9,810,471,675	9,942,622,710													
	OBU (2021: 1.5% and 2020: 1.5%)	251,331,972	204,591,582													
		<b>10,061,803,647</b>	<b>10,147,214,292</b>													
	Actual reserve maintained as per Bangladesh Bank statement															
	Surplus	12,027,375,845	11,042,563,214													
	<b>Bi-weekly basis</b>	<b>1,965,572,198</b>	<b>395,348,923</b>													
	The Bank maintained excess cash reserve of Tk. 155,172,067 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 2021.															



**Notes to the financial statements as at and for the year ended 31 December 2021**

				<i>In Taka</i>
		Particulars	Consolidated	BRAC Bank Limited
	Note	2021	2020	2021
<b>3.4</b>	<b>Statutory Liquidity Ratio (SLR)</b>			
	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 2021 is based on weekly ATDTL of October 2021), 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.			
		38,617,105,215	38,702,868,535	
		54,038,211,707	70,135,306,738	
		<u>15,421,106,492</u>	<u>31,432,438,203</u>	
<b>3.4.1</b>	<b>Required reserve (1.3% of ATDTL)</b>			
	Actual reserve maintained (2021: 18.30%; 2020: 23.56%)			
<b>3.4.1</b>	<b>Actual reserve maintained</b>			
	Cash in hand	8,424,680,663	7,091,907,372	
	Balance with Sonali Bank as per statement	1,081,433,955	1,221,511,978	
	Daily Excess Reserve	480,298,921	-	
	Un-encumbered approved securities (HFT)	16,203,146,653	38,452,631,190	
	Un-encumbered approved securities (HTM)	27,847,370,715	22,575,908,698	
	Un-encumbered approved securities (other eligible)	1,280,800	793,347,500	
		<u>54,038,211,707</u>	<u>70,135,306,738</u>	
<b>4</b>	<b>Balance with other Banks and Financial Institutions</b>			
	4.1	70,561,465,538	35,478,313,372	12,261,365,946
	4.2	<u>7,699,847,372</u>	<u>7,171,691,248</u>	<u>7,619,585,199</u>
		<u>78,261,312,910</u>	<u>42,650,004,620</u>	<u>19,880,951,145</u>
<b>4.1</b>	<b>Balance inside Bangladesh</b>			
	<b>In current deposit accounts with:</b>			
	Banks	9,473,228,462	121,365,946	198,558,845
	Less: Inter unit/company elimination	2,433,325,973	-	-
		<u>7,039,902,489</u>	<u>121,365,946</u>	<u>198,558,845</u>
	<b>In fixed deposit accounts with:</b>			
	Banks	23,722,363,628	5,200,000,000	3,000,000,000
	Non Banking Financial Institutions (NBFI's)	4,750,000,000	6,940,000,000	4,750,000,000
		<u>6,940,000,000</u>	<u>12,140,000,000</u>	<u>7,730,000,000</u>
	<b>Less: Inter unit/company elimination</b>			
	Total	<u>70,561,465,538</u>	<u>35,478,313,372</u>	<u>12,261,365,946</u>



**Notes to the financial statements as at and for the year ended 31 December 2021**

				<i>In Taka</i>	
				BRAC Bank Limited	
		Consolidated			
		2021	2020	2021	2020
<b>4.1.1</b>	<b>Balance with other banks and financial institutions (Inside Bangladesh)</b>				
<b>Current Accounts</b>	<b>Particulars</b>	<b>Note</b>			
Standard Chartered Bank	697,558,859	569,754,331	62,953,505	92,625,307	
Southeast Bank Limited	234,305,990	433,865,611	-	-	1,141,360
Rajshahi Krishii Umayan Bank	-	1,141,360	-	-	-
Al-Arafia Islami Bank Limited	253,887	4,378,411	-	-	-
Jamuna Bank Limited	241,334,134	242,308,075	23,314	26,343	
Prime Bank Limited	9,230,839	2,050,665	9,071,179	1,717,568	
NRB Global Bank Limited	1,000,000	500,000	1,000,000	500,000	
Midland Bank Limited	1,593,920	2,100,728	1,500,000	1,500,000	
Mutual Trust Bank Limited	3,413,896,870	172,851,828	8,515,281	7,030,499	
Pubali Bank Limited	122,888,233	29,550,768	-	-	377,667
Janata Bank Limited	3,379,141	11,310,723	2,211,029	5,379,890	
Bangladesh Krishii Bank Limited	7,427,580	10,419,231	6,334,880	9,368,480	
The City Bank Limited	2,059,742,754	797,436,544	216,451	215,944	
Agrani Bank Limited	10,550,205	45,500,450	5,330,389	15,980,708	
Islami Bank Bangladesh Limited	4,035,199	14,551,820	470,174	1,407,211	
United Commercial Bank Limited	918,964,790	1,458,412,862	202,805	214,322	
National Bank Limited	3,018,628	3,184,371	305,559	1,247,825	
Sonali Bank Limited	244,447,395	382,801,032	2,137,294	37,132,494	
Dutch Bangla Bank Limited	2,106,776	1,646,846	2,106,776	1,646,846	
IFTC Bank Limited	-	26,302	-	26,302	
Rupali Bank Limited	2,031,388	8,865,575	403,045	3,056,866	
Social Islami Bank Limited	1,133,586	299,501	-	-	2,397
First Security Islami Bank Limited	4,895,934	4,721,969	3,544,921	3,485,078	
EXIM Bank Limited	12,273,490	11,805,331	11,222,970	11,198,153	
BASIC Bank Limited	814,470	303,820	814,470	303,820	
Bank Asia Limited	7,416,397	11,203,026	-	14,152	
Standard Bank Limited	843,731	10,336,394	21,878	-	
Meghna Bank Limited	1,473,335	242,118	-	-	-
One Bank Limited	1,591,498,158	1,068,248,657	68,369	4,200	
Mercantile Bank Limited	386,036,905	470,284,449	2,433,535	2,433,535	
Union Bank Limited	500,000	500,000	500,000	500,000	
Trust Bank Limited	62,653,151	59,821,448	-	-	-
Eastern Bank Limited	1,053,264,735	560,160,573	-	-	-
Dhaka Bank Limited	334,393,959	402,916,919	-	-	-
NCA Bank Limited	116,770,312	95,146,346	-	-	-
Habib Bank Limited	2,311	103,236,377	-	-	-
NRB Commercial Bank Limited	522,131	518,643	-	-	-
NRB Bank Limited	9,712	57	-	-	-
AB Bank Limited	1,301,813	759,335	-	-	-
Uttara Bank Limited	1,336,589	19,882,459	-	-	-
Allied Bank Limited	399,608	22,686,254	-	-	-
Security deposit to bank by BRAC Sajjan Exchange Ltd	3,330,733	4,171,279	-	-	-
	<b>11,558,657,648</b>	<b>7,039,902,489</b>	<b>121,365,946</b>	<b>198,558,845</b>	



**Notes to the financial statements as at and for the year ended 31 December 2021**

Particulars	Note	<i>In Taka</i>	
		2021	2020
<b>Fixed deposit with banks</b>			
Southeast Bank Limited		1,000,000,000	2,750,000,000
The City Bank Limited		4,000,000,000	2,650,000,000
NCB Bank Limited		1,710,000,000	14,200,000
Jamuna Bank Limited		3,009,481,081	9,145,228
Dhaka Bank Limited		500,000,000	1,500,000,000
United Commercial Bank Limited		6,000,000,000	-
Mercantile Bank Limited		3,073,467,327	5,246,308,403
One Bank Limited		-	1,500,000,000
Standard Chartered Bank		29,544,482	28,757,252
Padma Bank Limited		10,315,000	10,000,000
Standard Bank Limited		1,500,000,000	1,500,000,000
Janata Bank Limited		7,840,000,000	5,600,000,000
Sonali Bank Limited		13,150,000,000	3,500,000,000
Agrani Bank Limited		8,240,000,000	-
Prime Bank Limited		2,000,000,000	-
		<b>52,062,807,890</b>	<b>23,708,410,883</b>
<b>Fixed deposit with financial institutions</b>			
Industrial and Infrastructure Development Finance Co. Limited		140,000,000	840,000,000
United Finance Limited		800,000,000	170,000,000
IPDC Finance Limited		3,000,000,000	700,000,000
Investment Corporation of Bangladesh (ICB)		-	1,220,000,000
Delta Brac Housing Finance Corporation Limited		3,000,000,000	3,000,000,000
		1,800,000,000	1,800,000,000
		<b>6,940,000,000</b>	<b>4,730,000,000</b>
		<b>59,002,807,890</b>	<b>28,338,410,883</b>
		<b>70,561,465,538</b>	<b>35,478,313,372</b>
			<b>5,200,000,000</b>
			<b>3,000,000,000</b>

There are some unreconciled entries as on 31 December 2021 and status of unreconciled entries are given in Annexure-B-2.

#### 4.2 Balance outside Bangladesh

4.2.1	13,827,605,643	12,165,623,864	13,747,343,470	11,424,135,817
4.2.1	5,974,638,657	5,708,975,135	5,974,658,657	5,708,975,135
	19,802,264,300	17,874,598,999	19,722,002,127	17,133,110,952
	12,102,416,928	10,702,907,751	12,102,416,928	10,702,907,751
	<b>7,699,847,372</b>	<b>7,171,691,248</b>	<b>7,619,585,199</b>	<b>6,430,203,201</b>



**Notes to the financial statements as at and for the year ended 31 December 2021**

Particulars	Note	<i>In Taka</i>		BRAC Bank Limited
		2021	2020	
<b>4.2.1 Balance with other banks and financial institutions (outside Bangladesh)</b>				
On shore balance				
Standard Chartered Bank -New York, USA		497,936,217	174,306,726	174,306,726
Standard Chartered Bank, United Kingdom		16,027,822	44,036,087	44,036,087
Standard Chartered Bank, Frankfurt, Germany		14,323,040	9,600,965	9,600,965
Mashreq Bank, New York, USA		69,942,687	4,036,438	4,036,438
Bank of Tokyo Mitsubishi		5,975,580	15,419,801	15,419,801
ICICI Bank Limited, Mumbai, India		6,962,245	27,482,876	27,482,876
Zuercher Kantonal Bank, Switzerland		3,721,299	4,485,250	4,485,250
Commerz Bank AG, Germany (USD)		1,908,554	1,428,419	1,428,419
Commerz Bank AG, Germany (EURO)		(72,805,071)	(85,034,511)	(85,034,511)
Commerz Bank, Frankfurt, Germany (GBP)		5,815	11,557	11,557
United Bank of India, Kolkata, India		35,353,993	35,353,993	35,353,993
JP Morgan Chase Bank, New York, USA		331,450,001	383,861,285	383,861,285
HDFC Bank Limited, India		19,459,599	32,670,348	32,670,348
Habib Metro Bank Limited		1,790,293	1,909,672	1,909,672
JP Morgan Chase Bank, Sydney (AUD)		605,425,151	18,035,314	18,035,314
AB Bank Limited, Mumbai, India		16,637,248	10,496,950	10,496,950
AXIS Bank Limited		44,326,693	30,032,257	30,032,257
Abu Dhabi Commercial Bank (AED)		6,196,415	2,606,393	2,606,393
Kookmin Bank, Seoul, South Korea (USD)		6,187,729	8,726,033	8,726,033
Citi Bank N.A., New York, USA		24,844,680	941,927	941,927
Shanghai Pudong Development Bank Co. Ltd, China (CNY)		813,173	780,286	780,286
DBS Bank Ltd, Singapore, SGD		13,486,513	-	13,486,513
Punjab National Bank, Kolkata (USD)		30,311,059	-	30,311,059
Balance with different banks maintained by BRAC SAAJAN Exchange Limited		80,262,173	741,488,047	721,228,066
Add: On shore to off shore placement		1,725,188,715	1,462,716,113	1,644,926,542
Total on shore balance		12,102,416,928	10,702,907,751	12,102,416,928
Less: On shore to off shore placement		13,827,605,643	12,165,623,864	13,747,543,470
Off shore balance		-	-	-
Standard Chartered Bank, UK		21	-	21
JP Morgan Chase Bank, New York		138,374,290	254,880,206	254,880,206
JP Morgan AG, Frankfurt, Germany		425,313	23,473,731	23,473,731
JP Morgan Chase Bank, NA, London		1,459,054	3,350,777	3,350,777
BBL OBU to Other Bank OBU placement		5,834,400,000	5,427,270,400	5,427,270,400
Total off shore balance		5,974,658,657	5,708,975,135	5,708,975,135
Less: On shore to BBL off-shore placement		19,802,264,300	1,784,598,999	19,722,002,127
		12,102,416,928	10,702,907,751	12,102,416,928
		7,639,847,372	7,171,691,248	7,619,385,199
				6,430,203,201

There are some unreconciled entries as on 31 December 2021 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 2021**

Particulars	Note	<i>In Taka</i>	
		Consolidated	BRAC Bank Limited
		2021	2020
<b>4.3 Maturity grouping of balance with other banks and financial institutions</b>			
Up to 1 month		6,339,852,686	30,206,962,266
More than 1 month but not more than 3 months		21,968,040,315	5,920,752,909
More than 3 months but not more than 1 Year		49,953,419,909	6,522,289,445
More than 1 year but not more than 5 years		-	-
More than 5 years		-	-
		<b>78,261,312,910</b>	<b>42,650,004,620</b>
<b>5 Money at call on short notice</b>			
The balance as money at call on short notice at the end of the year as follow:			
IDLC Finance Limited		<b>3,500,000,000</b>	<b>3,500,000,000</b>
<b>6 Investments</b>			
<b>Accounting policy</b>			
All investment securities are initially recognised at cost, including acquisition changes associated with the investment. Premiums are amortised and discount accreted, using the effective yield method, and are taken to discount income. The valuation method of marking-to-market for investments used are:			
<b>Held To Maturity (HTM)</b>			
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.			
<b>Held For Trading (HFT)</b>			
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.			
<b>Revaluation</b>			
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.			
<b>Investment in quoted securities</b>			
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.			
<b>Investment in unquoted securities</b>			
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."			



**Notes to the financial statements as at and for the year ended 31 December 2021**

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

Investment Class	Initial Recognition	Measurement after Recognition	Recording of changes
Government Treasury Bills (HTF)	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 (HTF)	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	Profit and Loss Account
Debentures	Cost	Lower of cost or NAV of last audited account	Profit and Loss Account
Un-quoted Shares (ordinary)	Cost	Lower of cost or market price at balance sheet date	Loss (net of gain) to Profit and Loss Account but no unrealized gain booking
Quoted Shares (ordinary)	Cost	If average cost price (CP)>NAV/CP*0.95, then required provision per unit will be (RP)=CP-NAV/CP*0.95	Loss (net of gain) to Profit and Loss Account but no unrealized gain booking
Mutual Fund (open-end)	Cost	If CP>Market value (MV) or CP>NAV/CP*0.85, then required provision (RP) per unit will be: i) in case of MV>NAV/CP*0.85, then RP =CP-MV or ii) in case of MV<NAV/CP*0.85, then RP=CP-NAV/CP*0.85	Loss (net off gain) to Profit and Loss Account but no unrealized gain booking
Mutual Fund (closed-end)	Cost		

**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 occur 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	
		2021	2020	2021	2020
Government	6.1	60,998,642,835	85,498,396,233	44,051,798,178	61,821,887,388
Others	6.2	9,069,950,469	8,596,415,898	7,539,016,664	7,074,116,806
		<u>70,068,593,304</u>	<u>94,094,812,131</u>	<u>51,590,814,842</u>	<u>68,896,004,194</u>
<b>6.1 Government (investment in Govt. securities)</b>					
Treasury bills	6.1.1	1,658,322,369	9,654,691,863	79,924,246	250,000,000
Treasury bonds	6.1.2	59,339,039,666	75,050,336,870	43,970,593,132	60,778,539,888
Sukuk Bond				-	791,920,000
Prize bonds					1,427,500
		<u>1,280,800</u>	<u>1,427,500</u>	<u>1,280,800</u>	<u>1,427,500</u>
		<u>60,998,642,835</u>	<u>85,498,396,233</u>	<u>44,051,798,178</u>	<u>61,821,887,388</u>



**Notes to the financial statements as at and for the year ended 31 December 2021**

		<i>In Tkka</i>				
		Particulars		Consolidated		BRAC Bank Limited
	Note	2021	2020	2021	2020	2020
<b>6.1.1</b>	<b>Treasury bills</b>					
	Treasury bills (91 Days)	79,924,246	-	79,924,246	-	-
	Treasury bills (182 Days)	1,479,534,000	-	-	-	-
	Treasury bills (364 Days)	98,864,123	9,654,691,863	-	-	250,000,000
		<b>1,658,322,369</b>	<b>9,654,691,863</b>	<b>79,924,246</b>	<b>-</b>	<b>250,000,000</b>
<b>6.1.2</b>	<b>Treasury Bonds</b>					
	Treasury bonds (2 years BGTB)	13,314,480,669	15,150,571,682	27,230,297,168	878,754,700	
	Treasury bonds (5 years BGTB)	27,236,823,583	27,728,270,642	27,728,270,642	27,728,270,642	
	Treasury bonds (10 years BGTB)	8,660,373,429	23,181,971,353	8,660,373,429	23,181,971,353	
	Treasury bonds (15 years BGTB)	2,466,208,715	2,824,145,877	1,535,758,158	2,824,145,877	
	Treasury bonds (20 years BGTB)	6,544,164,077	5,865,397,316	6,544,164,077	5,865,397,316	
	Reverse REPO	1,116,989,193	-	-	-	
		<b>59,339,039,666</b>	<b>75,050,356,870</b>	<b>43,970,593,132</b>	<b>-</b>	<b>60,778,539,898</b>
<b>6.1.3</b>	<b>BB category wise investment</b>					
	Held for trading (HFT)	16,203,146,653	38,452,631,190	16,203,146,653	38,452,631,190	
	Held to maturity (HTM)	44,794,215,382	46,252,417,543	27,847,370,725	22,575,908,698	
	Other securities	1,280,800	793,347,500	1,280,800	793,347,500	
		<b>60,998,642,835</b>	<b>85,498,396,233</b>	<b>44,051,798,178</b>	<b>-</b>	<b>61,821,897,388</b>
<b>6.2</b>	<b>Others (investment in other than Govt. securities)</b>					
	6.2.1			112,282,917		112,282,917
	Zero coupon bond	-	-	-	-	-
	Corporate bonds- unquoted and quoted	2,900,000,000	3,420,000,000	2,890,000,000	3,420,000,000	
	Ordinary shares and Mutual Funds (MFs) - unquoted and quoted	6,165,950,469	5,056,132,981	4,655,016,664	3,533,833,889	
	Prefecture shares	4,000,000	8,000,000	4,000,000	8,000,000	
		<b>9,069,950,469</b>	<b>8,596,415,898</b>	<b>7,539,016,664</b>	<b>-</b>	<b>7,074,116,806</b>
	Investment in ordinary and preference shares are shown in Annexure - D					
<b>6.2.1</b>	<b>Zero coupon bond</b>			112,282,917		112,282,917
	Impress Newtex Composite Textiles Limited	-	-	<b>112,282,917</b>	<b>-</b>	<b>112,282,917</b>
<b>6.2.2</b>	<b>Corporate bonds- unquoted and quoted</b>					
	Unquoted					
	North West Power Generation Company Limited Coupon Bearing Bond	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000	
	Jamuna Bank II Floating Rate Subordinated Bond	270,000,000	360,000,000	270,000,000	360,000,000	
	MBL Variable Rate Subordinated Bond	-	200,000,000	-	200,000,000	
	Bank Asia Floating Rate Subordinated Bond	20,000,000	40,000,000	20,000,000	40,000,000	
	EBI Floating Rate Subordinated Bond	20,000,000	40,000,000	20,000,000	40,000,000	
	Prime Bank Floating Rate Subordinated Bond	20,000,000	40,000,000	20,000,000	40,000,000	
	EXIM Bank Mudaraba Subordinated Floating Rate Bond	50,000,000	100,000,000	50,000,000	100,000,000	
	AB Bank Floating Rate Subordinated Bond	-	20,000,000	-	20,000,000	
	AB Bank Floating Rate Subordinated Bond II	60,000,000	120,000,000	60,000,000	120,000,000	
	MTBL Floating Rate Subordinated Bond	50,000,000	100,000,000	50,000,000	100,000,000	
	MTBL Floating Rate Subordinated Bond IV	400,000,000	400,000,000	400,000,000	400,000,000	
		<b>2,390,000,000</b>	<b>2,920,000,000</b>	<b>2,390,000,000</b>	<b>-</b>	<b>2,920,000,000</b>



**Notes to the financial statements as at and for the year ended 31 December 2021**

		<i>In Taka</i>		
		Consolidated		BRAC Bank Limited
	Particulars	Note	2021	2020
<b>Quoted</b>				
Bextime Green Sutruk Al Istisna'a Ashuganj Power Station Company Limited Bond				
	10,000,000		500,000,000	500,000,000
	500,000,000		500,000,000	500,000,000
	<b>510,000,000</b>		<b>3,420,000,000</b>	<b>3,420,000,000</b>
<b>6.2.3 Ordinary shares and Mutual Funds (MFs) - unquoted and quoted</b>				
<b>Unquoted</b>				
Industrial and Infrastructure Development Finance Company Limited			29,683,820	29,683,820
Bangladesh Rating Agency Limited			10,671,700	10,671,700
Central Depository Bangladesh Limited			6,277,770	6,277,770
Investment in non publicly traded Mutual Fund			249,686,370	483,900,000
Investment in DSE & CSE			96,986,595	-
	<b>393,306,255</b>		<b>627,519,885</b>	<b>296,319,660</b>
<b>Quoted</b>				
Investment in secondary market			4,428,613,096	4,348,697,004
	<b>5,772,644,214</b>		<b>4,428,613,096</b>	<b>3,003,300,599</b>
	<b>5,772,644,214</b>		<b>4,028,613,096</b>	<b>3,003,300,599</b>
	<b>6,165,950,469</b>		<b>5,056,132,981</b>	<b>4,645,016,664</b>
<b>6.2.4 Preference shares</b>				
Union Capital Preference Share			4,000,000	4,000,000
	<b>4,000,000</b>		<b>8,000,000</b>	<b>8,000,000</b>
<b>6.3 Maturity wise grouping of Investment</b>				
Up to 1 month			1,784,527,014	5,297,464
More than 1 month but not more than 3 months			220,724,640	371,710,417
More than 3 months but not more than 1 Year			18,305,723,722	200,000,000
More than 1 year but not more than 5 years			33,494,806,504	4,454,314,969
More than 5 years			15,336,755,701	31,885,306,402
	<b>70,068,593,304</b>		<b>94,094,812,131</b>	<b>13,289,316,251</b>
				34,773,687,950
				29,696,290,858
				<b>51,590,814,842</b>
				<b>68,896,004,194</b>
<b>7 Loans and advances</b>				
<b>Accounting policy</b>				
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. 16, dated 10 December 2020, BRPD circular No: 3 dated 31 January 2021, BRPD circular No: 5 dated 24 March 2021, BRPD circular No: 19 dated 26 August 2021, BRPD circular No: 50 dated 14 December 2021, BRPD circular No: 53 dated 30 December 2021.				



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

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

Particulars	Note	Consolidated		In Taka	
		2021	2020	2021	2020
7.1.1	169,128,372,833	136,750,360,676	168,205,415,381	136,374,612,915	136,374,612,915
7.1.2	150,749,009,625	134,621,356,804	150,749,009,625	134,621,356,804	134,621,356,804
7.2	2,237,805,981	2,067,223,481	2,257,805,981	2,067,223,481	2,067,223,481
	<b>322,135,188,439</b>	<b>273,438,910,961</b>	<b>321,212,230,987</b>	<b>273,063,193,200</b>	<b>273,063,193,200</b>
* Bills purchased and discounted excludes bills purchased and discounted of small and medium enterprise (SME).					
7.1.1	Loans, cash credits, overdrafts etc.	9,386,377,592	15,793,141,363	9,386,377,592	15,793,141,363
	Overdrafts	63,339,447,043	46,013,246,452	63,339,447,043	46,013,246,452
	Demand loans	84,980,045,030	65,155,442,944	84,980,045,030	65,155,442,944
	Term loans	823,850,563	1,292,434,503	823,850,563	1,292,434,503
	Lease receivables	8,562,449,791	7,022,290,761	8,562,449,791	7,022,290,761
	Credit Cards	1,123,591,696	1,098,036,892	1,123,591,696	1,098,036,892
	Staff loans	1,769,581,139	1,860,287,034	1,769,581,139	1,860,287,034
	Margin loan	169,985,342,834	138,234,899,949	168,205,415,381	136,374,612,915
	Less: Inter company elimination	836,970,021	1,484,539,273	-	-
		<b>169,128,372,833</b>	<b>136,750,360,676</b>	<b>168,205,415,381</b>	<b>136,374,612,915</b>
7.1.2	Small and medium enterprises	17,716,943,831	15,188,731,384	17,716,943,831	15,188,731,384
	Overdrafts	13,336,489,437	12,480,098,176	13,336,489,437	12,480,098,176
	Demand loans	119,647,429,292	106,902,889,720	119,647,429,292	106,902,889,720
	Term loans	12,493,658	26,076,080	12,493,658	26,076,080
	Lease receivables	35,653,407	23,561,444	35,653,407	23,561,444
	Bills purchased and discounted (SME)	<b>150,749,009,625</b>	<b>134,621,356,804</b>	<b>150,749,009,625</b>	<b>134,621,356,804</b>



**Notes to the financial statements as at and for the year ended 31 December 2021**

		<i>In Taka</i>	
		BRAC Bank Limited	
		Consolidated	
	Note	2021	2020
		2020	2020
<b>7.2</b>	<b>Bills purchased and discounted</b>		
	Bills purchased and discounted (except SME)	2,257,805,981	2,257,805,981
	Bills purchased and discounted (SME)	35,653,407	35,653,407
		<b>2,293,459,388</b>	<b>2,293,459,388</b>
<b>7.3</b>	<b>Net loans and advances</b>		
	Gross loans and advances	322,135,188,439	321,212,230,987
	Less: Interest suspense	1,637,871,114	1,637,871,114
	Less: Provision for loans and advances	13,997,832,683	12,778,727,514
		<b>306,499,484,642</b>	<b>306,795,632,559</b>
<b>7.4</b>	<b>Loans and advances under the following broad categories</b>		
	<b>Inside Bangladesh:</b>		
	Loans	295,031,867,016	294,108,909,564
	Cash credits	-	242,081,320,453
	Overdrafts	-	-
	<b>Outside Bangladesh:</b>		
	Loans	27,103,321,423	27,103,321,423
	Cash credits	-	30,981,872,747
	Overdrafts	-	-
		<b>322,135,188,439</b>	<b>321,212,230,987</b>
	All loan and overdrafts are including SME.		
<b>7.5</b>	<b>Geographical location wise portfolio grouping</b>		
	<b>Inside Bangladesh:</b>		
	Dhaka Division	223,021,612,215	188,553,704,543
	Chittagong Division	35,109,172,069	32,032,020,561
	Khulna Division	16,787,570,379	15,705,337,819
	Sylhet Division	6,640,519,209	5,550,975,746
	Barisal Division	6,007,586,814	4,649,104,603
	Rajshahi Division	20,018,904,916	14,892,521,754
	Rangpur Division	6,403,619,148	7,893,449,128
	Mymensingh Division	8,146,203,689	6,403,619,148
		<b>322,135,188,439</b>	<b>321,212,230,987</b>
	<b>Outside Bangladesh</b>		
		<b>322,135,188,439</b>	<b>321,212,230,987</b>



	Particulars	Note	2021	2020	2021	2020	BRAC Bank Limited	In Taka
<b>7.6 Loans and advances on the basis of significant concentration</b>								
<b>7.6.1 Loans and advances to directors, executives and others</b>								
Directors, subsidiaries and others			857,164,160	1,484,937,629	857,164,160	1,484,937,629		
Staff			117,266,663	-	111,193,790	-	106,920,329	111,193,790
Managing Director and CEO			1,006,325,033	986,843,102	1,006,325,033	986,843,102	1,006,325,033	986,843,102
Senior executives			1,123,591,696	1,098,036,892	1,123,245,362	1,098,036,892	1,123,245,362	1,098,036,892
Other executives and staffs								
<b>Industries:</b>								
Agro-based			19,580,349,837	16,651,664,671	19,580,349,837	16,651,664,671	19,580,349,837	16,651,664,671
Large and medium			67,128,717,347	59,971,413,091	67,128,717,347	59,971,413,091	67,128,717,347	59,971,413,091
Small and cottage			26,021,968,591	20,371,224,882	26,021,968,591	20,371,224,882	26,021,968,591	20,371,224,882
Service industry			14,618,681,406	14,967,879,880	14,618,681,406	14,967,879,880	14,618,681,406	14,967,879,880
Agricultural			127,349,717,181	111,962,182,524	127,349,717,181	111,962,182,524	127,349,717,181	111,962,182,524
Consumers			5,753,930,713	4,606,902,747	5,753,930,713	4,606,902,747	5,753,930,713	4,606,902,747
Trade and commercial			64,361,156,599	45,175,623,933	64,361,156,599	45,175,623,933	64,361,156,599	45,175,623,933
Others			106,519,590,246	87,630,517,467	105,606,979,128	87,254,769,706	105,606,979,128	87,254,769,706
			16,170,037,844	21,480,739,769	16,170,037,844	21,480,739,769	16,170,037,844	21,480,739,769
			<b>322,135,188,439</b>	<b>273,438,940,961</b>	<b>321,212,230,987</b>	<b>273,063,193,200</b>	<b>321,212,230,987</b>	<b>273,063,193,200</b>
<b>7.6.2 Staff loan</b>								
Personal loan			58,119,303	90,225,095	47,772,969	90,225,095	47,772,969	90,225,095
Car and motorcycle loan			547,275,877	473,306,900	547,275,877	473,306,900	547,275,877	473,306,900
House building loan			518,196,516	534,504,897	518,196,516	534,504,897	518,196,516	534,504,897
			<b>1,123,591,696</b>	<b>1,098,036,892</b>	<b>1,113,245,362</b>	<b>1,098,036,892</b>	<b>1,113,245,362</b>	<b>1,098,036,892</b>



**Notes to the financial statements as at and for the year ended 31 December 2021**

	Particulars	Note	Consolidated		BRAC Bank Limited	In Taka
		2021	2020	2021	2020	
<b>7.7 Details of large loan</b>						
Number of clients			19	9		
Amount of outstanding loans and advances			68,221,274,243	31,171,180,482		
Amount of classified loans and advances			-	-		
<b>7.8 Classified and unclassified loans and advances</b>						
Unclassified						
Standard (including staff loan)	307,143,533,027	263,144,533,824	307,445,882,479	263,994,092,967		
Special Mention Accounts (SMA)	1,243,788,089	1,060,554,097	1,243,788,089	1,060,554,097		
308,387,321,116	264,205,087,921		308,689,670,568		265,054,647,064	
Classified						
Sub-standard	2,200,671,339	1,715,697,004	2,200,671,339	1,715,697,004		
Doubtful	987,009,923	1,144,060,986	987,009,923	1,144,060,986		
Bad/Loss	10,560,186,061	6,374,095,050	9,334,879,157	5,148,788,146		
13,747,867,323	9,233,853,040		12,522,560,419		8,008,546,136	
322,135,188,439	273,438,940,961		321,212,230,987		273,063,193,200	
<b>7.8.1 Business segment wise concentration of classified loans and advances/ NPL of the Bank</b>						
Corporate	6,188,357,727	4,675,424,432	6,188,357,727	4,675,424,432		
Retail	3,154,195,395	2,020,533,578	1,928,888,491	795,026,674		
Small and medium enterprises	4,405,314,201	2,538,095,030	4,405,314,201	2,538,095,030		
	13,747,867,323	9,233,853,040	12,522,560,419		8,008,546,136	
<b>7.8.2 Sector wise concentration of classified loans and advances/ NPL of the Bank</b>						
Agriculture	31,871,445	16,556,744	31,871,445	16,556,744		
Communication	-	-	-	-		
Consumer Credit	1,356,644,787	400,546,744	1,356,644,787	400,546,744		
Construction	1,002,418	-	1,002,418	-		
Other Manufacturing Industries	1,101,429,548	263,733,869	1,101,429,548	263,733,869		
Power, Gas	-	-	-	-		
Residential Real Estate Financing	1,572,079	394,480,107	1,572,079	394,480,107		
Readymade Garments	2,327,154,845	1,267,469,740	2,327,154,845	1,267,469,740		
Textile	842,239,719	1,122,806,050	842,239,719	1,122,806,050		
Ship Building	70,785,749	-	70,785,749	-		
SME Loans	1,347,584,551	2,537,695,839	1,347,584,551	2,537,695,839		
Trade Service	4,581,726,386	2,733,143,069	3,356,419,482	1,507,836,165		
Others	2,085,875,796	497,420,878	2,085,875,796	497,420,878		
	13,747,867,323	9,233,853,040	12,522,560,419		8,008,546,136	



			In Taka	
	Particulars	Note	BRAC Bank Limited	
			2021	2020
<b>7.8.3</b>	<b>Movements of classified loans and advances</b>			
Opening balance	9,233,853,040		11,759,841,142	8,008,546,135
Additions during the year	6,875,879,905		112,774,446	6,875,879,905
Reductions during the year	(2,361,865,621)		(2,638,762,548)	(2,361,865,621)
	<b>13,747,867,324</b>		<b>9,233,853,040</b>	<b>12,522,560,419</b>
				<b>8,008,546,135</b>
<b>7.8.4</b>	<b>Loan type wise classified loans and advances</b>			
Overdraft	1,439,279,855		714,542,799	1,439,279,855
Demand loan	3,440,164,860		2,291,762,452	3,440,164,860
Term loan	7,042,575,016		4,796,352,161	7,042,575,016
Lease finance	27,804,883		-	27,804,883
Credit cards	572,735,805		205,888,724	572,735,805
Margin loan	1,225,306,904		1,225,306,904	-
	<b>13,747,867,323</b>		<b>9,233,853,040</b>	<b>12,522,560,419</b>
				<b>8,008,546,136</b>
<b>7.9</b>	<b>Sector-wise allocation of loans and advances</b>			
Government	-		-	-
Private:				
Agriculture	5,753,930,713		4,368,825,394	5,753,930,713
Industry	76,058,381,214		64,717,199,443	76,058,381,214
Service Industry	24,178,892,767		20,094,172,270	24,178,892,767
Agro-based Industry	19,580,349,837		17,417,925,795	19,580,349,837
Commerce and Trade	106,519,590,246		104,513,947,336	105,606,979,128
Consumer Credit	65,474,596,100		45,185,645,630	65,474,596,100
Others	24,569,447,562		17,141,225,094	24,559,101,228
	<b>322,135,188,439</b>		<b>273,438,940,961</b>	<b>321,212,230,987</b>
				<b>273,063,193,200</b>
<b>7.10</b>	<b>Securities wise loans and advances including bills purchased and discounted</b>			
Collateral of moveable/immovable assets	135,307,188,774		36,741,857,296	135,307,188,774
Local banks and financial institutions guarantee	-		-	-
Government guarantee	-		-	-
Foreign banks guarantee	-		-	-
Export documents	-		-	-
Fixed deposit receipts (FDR)	5,791,509,559		6,775,794,098	5,791,509,559
FDR of other banks	-		-	-
Government bonds	179,969,307,739		229,491,346,040	179,958,961,405
Personal guarantee and other securities	1,067,182,367		429,943,527	154,571,249
Other securities	-		-	-
	<b>322,135,188,439</b>		<b>273,438,940,961</b>	<b>321,212,230,987</b>
				<b>273,063,193,200</b>



Notes to the financial statements as at and for the year ended 31 December 2021

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

						<i>In Taka</i>
					Required provision 2021	Required provision 2020
			Outstanding loans and advances 2021	Base for provision	Percentage (%) of required provision	
<b>Unclassified</b>						
All unclassified loans (Other than Small and Medium Enterprise Financing, Consumer Financing, BHs/MBs/SDs, Housing and loans for professional*)	97,470,985,950	96,755,236,201	1%	1,359,509,761		
Small and Medium Enterprise Financing	142,402,703,737	142,402,703,737	0.25%	356,006,759	323,158,154	
Loans to BHs/MBs/SDs against share etc.*	790,333,621	790,333,621	2%	15,806,672	20,566,146	
Housing Finance	12,950,857,995	12,950,857,995	1%	129,508,580	137,788,199	
Loans for professionals to Set up business (LP)	5,291,802,496	5,291,802,496	2%	105,836,050	74,761,700	
Consumer finance	36,739,035,735	36,739,035,735	2%	734,780,715	399,716,557	
Consumer finance (Credit Card)	7,989,713,985	7,989,713,985	2%	159,794,280	136,328,041	
Short Term Agricultural and Micro Credit	3,940,991,687	3,940,991,687	1%	39,409,917	28,200,000	
Staff Loan	1,113,245,362	-	1%	-	-	
	308,689,670,568	306,860,675,457		2,872,321,013	2,480,028,558	
<b>Classified - Specific provision</b>						
Sub-standard	2,200,671,339	1,610,205,149	20%***	210,607,228	138,013,269	
Doubtful	987,009,923	612,417,254	50%***	145,090,096	285,156,144	
Bad/Loss	9,334,879,157	7,515,809,819	100%	7,627,363,819	3,988,401,549	
	12,522,560,419	9,738,432,222		7,983,061,143	4,411,570,962	
	321,212,230,987	316,599,107,679				
<b>Special General Provision Covid-19</b>						
Special general provision Covid-19 for 2020			1%	564,532,639	774,130,118	
Special general provision Covid-19 for 2021 (SME)			1.5%	33,100,864	-	
Special general provision Covid-19 for 2021 (other than SME)			2%	186,573,721	-	
				784,207,224	774,130,118	
Total required provision for loans and advances						
Total provision maintained (Note 16.1)						
<b>Excess provision over minimum required provision prescribed by Bangladesh Bank</b>						
* BHs = Brokerage Houses, MBs = Merchant Banks, SDs = Stock Dealers Against Shares						
** For rescheduled loans, 50% and 100% provision has been made as per NOC circular						
*** For Small, Micro & Cottage enterprises under CMSME financing provision requirement is 5% for sub-standard and 20% for doubtful classification as per BRPD circular						



Particulars	2020 Taka		2021 Taka	
	2020 Taka	2021 Taka	2020 Taka	2021 Taka
7.12 Particulars of loans and advances				
i) Loans considered good in respect of which Bank is fully secured	86,137,720,340	55,087,229,595		
ii) Loans considered good against which Bank holds no security other than the debtor's personal guarantee	233,961,265,285	216,877,926,713		
iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor	1,113,245,362	1,098,036,892		
iv) Loans adversely classified; provision not maintained there against			<u>321,212,230,987</u>	<u>273,063,193,200</u>
v) Loans due by directors or officers of the banking company or any of these either separately or jointly with any other persons	1,113,439,501	1,098,435,249		
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	856,970,022	1,484,539,272		
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	1,113,439,501	1,098,435,249		
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	856,970,022	1,484,539,272		
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)	1,466,974,668	2,186,350,263		
Amount of debts written off	1,634,560,945	1,046,298,040		
Amount realised against loan previously written off	707,517,594	633,704,077		
b) Amount of provision kept against loan classified as "bad/loss" on the date of preparing the balance sheet	7,627,363,819	3,988,401,549		
c) Interest creditable to the Interest Suspense a/c	1,533,746,003	1,308,196,997		
xi) Cumulative amount of the written off loan	21,108,639,322	20,062,341,282		
Opening balance	1,634,560,945	1,046,298,040		
Amount written off during the year	<u>22,743,200,267</u>	<u>21,108,639,322</u>		
	<u>21,652,814,618</u>	<u>20,630,426,744</u>		

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 2021**

		<i>In Tata</i>			
Particulars		Note	Consolidated	BRAC Bank Limited	
		2021	2020	2021	2020
7.13	Write off of loans and advances (net basis)				
	The outstanding balance of written-off loans net of recovery is BDT 12,508,427,034 as on 31 December 2021.				
7.14	Bill Purchased and Discounted under the following broad categories				
	Inside Bangladesh	2,293,459,388	2,090,784,925	2,293,459,388	2,090,784,925
	Outside Bangladesh	<b>2,293,459,388</b>	<b>2,090,784,925</b>	<b>2,293,459,388</b>	<b>2,090,784,925</b>
7.15	Maturity wise grouping of loans and advances				
	Repayable on demand	26,883,955,082	27,624,895,628	27,740,925,103	29,109,434,900
	Not more than 3 months	50,104,511,523	38,634,528,099	50,194,511,523	38,634,528,099
	More than 3 months but not more than 1 Year	133,492,324,464	117,934,355,477	131,712,743,325	116,074,068,443
	More than 1 year but not more than 5 years	97,469,578,104	78,466,876,590	97,459,231,770	78,466,876,591
	More than 5 years	14,104,819,266	10,778,285,167	14,104,819,266	10,778,285,167
	<b>322,135,188,439</b>	<b>273,438,940,961</b>	<b>231,12,230,987</b>	<b>273,063,193,200</b>	<b>273,063,193,200</b>
7.16	Maturity wise grouping of lease receivables				
	Receivable on demand	1,151,132	2,144,898	1,151,132	2,144,898
	Not more than 3 months	2,344,909	2,242,740	2,344,909	2,242,740
	More than 3 months but not more than 1 Year	18,873,511	51,896,473	18,873,511	51,896,473
	More than 1 year but not more than 5 years	475,272,980	1,000,054,834	475,272,980	1,000,054,834
	More than 5 years	338,701,689	262,191,624	338,701,689	262,191,624
	<b>836,344,221</b>	<b>1,318,530,589</b>	<b>836,344,221</b>	<b>1,318,530,589</b>	<b>1,318,530,589</b>
7.17	Maturity wise grouping of bill purchased and discounted				
	Payable within 1 month	1,096,020,362	794,294,214	1,096,020,362	794,294,214
	Over 1 month but less than 3 months	1,036,935,079	1,049,026,646	1,036,935,079	1,049,026,646
	Over 3 months but less than 6 months	132,174,913	247,219,742	132,174,913	247,219,742
	6 months or more	28,329,034	244,323	28,329,034	244,323
	<b>2,293,459,388</b>	<b>2,090,784,925</b>	<b>2,293,459,388</b>	<b>2,090,784,925</b>	<b>2,090,784,925</b>
8	Fixed assets including premises, furniture and fixtures				
	Accounting policy				
	Property, plant and equipment				
	Recognition and measurement				
	All fixed assets including land are stated at cost less accumulated depreciation, as per IAS 16 <i>Property, Plant and Equipment</i> . Right-of-use assets are measured at cost, less any accumulated depreciation, and adjusted for any re-measurement of lease liabilities.				
	Please refer to policy note 2.10.1 for policy change of land accounting i.e. reverting from revaluation model to cost model.				



#### **Notes to the financial statements as at and for the year ended 31 December 2021**

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**

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.



**Notes to the financial statements as at and for the year ended 31 December 2021**

**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%	2.5%	–	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*.

**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.

**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.



**Notes to the financial statements as at and for the year ended 31 December 2021**

**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 Itaka</i>
		2021	2020		
Land - Cost		527,275,400	527,275,400	527,275,400	527,275,400
Office floor space		20,855,926	20,855,926	4,034,334	4,034,334
Furniture and fixture		2,336,543,136	2,294,414,585	2,140,914,382	2,096,550,341
Office equipment		1,450,379,835	1,412,395,664	1,344,953,601	1,307,461,739
IT hardwares		6,284,238,630	4,949,599,866	3,049,688,043	2,900,911,204
Motor vehicles		504,714,769	501,354,796	354,296,880	354,296,880
Leasehold improvements		134,421,114	130,093,833	-	-
Right of use assets (ROU) as per IFRS 16		6,448,373,021	5,507,955,873	5,489,602,469	4,374,375,108
Capital expenditure work in progress		585,568,883	912,105,973	251,206,514	402,817,173
IT Software (Finite useful lives)		6,081,922,651	4,161,573,517	2,322,117,221	2,093,396,465
<b>Total cost</b>		<b>24,374,313,365</b>	<b>20,417,625,433</b>	<b>15,484,088,844</b>	<b>14,060,298,644</b>
Accumulated depreciation and amortisation		11,540,143,941	9,811,989,522	8,029,221,445	7,231,723,961
Written down value at 31 December		12,834,169,424	10,605,635,911	7,454,867,399	6,828,574,683

(Fixed assets schedules are shown in Annexure - F)

#### 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.

##### Reporting investment in subsidiaries and associates in separate financial statements

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

- at cost;

- in accordance with IFRS 9; or

- using the equity method as described in IAS 28;



**Notes to the financial statements as at and for the year ended 31 December 2021**

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

Accordingly, below cumulative fair value gain/(loss) has been directly recognised in equity in the separate financial statements of the bank till to date 31 December 2021.

Name of the subsidiaries and associates	BBL's investment at cost	Net asset value of investee	BBL's share of net asset	Gross fair value gain/(loss)	Gain/(loss) net of deferred tax
BRAC EPL Investment Limited	2,891,704,014	1,036,887,546	1,036,320,904	(1,855,383,110)	(1,577,075,644)
BRAC EPL Stock Brokerage Limited	1,344,147,500	1,379,781,772	1,241,795,091	(102,332,409)	(86,999,548)
bKash Limited	168,921,800	30,427,030,067	10,874,512,125	10,705,590,325	9,099,751,776
BRAC Saajan Exchange Limited	59,388,531	11,667,108	8,750,331	(50,638,200)	(43,042,470)
BRAC IT Services Limited (BITS)	30,190,000	163,472,757	21,115,234	(9,074,766)	(7,713,551)
<b>Total</b>	<b>4,494,351,845</b>	<b>33,018,839,250</b>	<b>13,182,493,685</b>	<b>8,688,141,840</b>	<b>7,384,920,564</b>

For shareholding percentage, please refer to Note 1.2.6 "Summary of shareholding in subsidiaries and associates". Economic shareholding percentage of bKash 35.74% has been used for BBL's share of net asset considering dilution for bKash's preference shares having rights like ordinary shares.

**Reporting in subsidiary and associates in consolidated financial statements**

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

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

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

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

**Deferred tax asset**

Refer to Note 41 Provision for taxation for the relevant accounting policy.

**Net plan assets - Employees' Gratuity Fund**

Refer to Note 30 Salaries and allowances/Employee benefits for the relevant accounting policy.



**Notes to the financial statements as at and for the year ended 31 December 2021**

Particulars	Note	Consolidated		BRAC Bank Limited		
		2021	2020	2021	2020	
<i>In Taka</i>						
<b>9.1 Other assets</b>						
Interest receivables	9.1	2,721,178,635	3,207,995,470	2,721,178,635	3,207,995,470	
Profit receivables from govt. Sukuk bond		-	306,108	-	306,108	
Dividend receivables	9.2	35,919,830	30,721,114	35,919,830	30,721,114	
Investment in subsidiary	9.3	21,115,234	-	13,161,378,451	5,807,999,658	
Investment/carrying value in associates		-	-	21,115,234	17,373,182	
Investment In Swift Share		8,083,464	-	8,083,464	-	
Prepaid interest expenses on IFFD		24,511,806	33,575,459	24,511,806	33,575,459	
Receivables against sanchayapatra		44,502,037	50,328,721	44,502,037	50,328,721	
Receivables against BRAC EPL Stock Brokerage Limited		1,166,738	2,084,159	1,166,738	2,084,159	
<b>9.2 Non- Income generating</b>						
Stock of stamps		48,826,086	44,877,227	48,826,086	44,877,227	
Stock of security stationery		47,369,961	39,558,367	47,369,961	39,558,367	
Stock of printing stationery		12,007,770	13,744,865	12,007,770	13,744,865	
Advance to staff		6,617,157	4,465,873	6,617,157	4,465,873	
Advance to supplier		30,451,912	20,337,425	24,933,886	12,230,453	
Advance Value Added Tax		4,370,000	9,132,298	4,370,000	9,132,298	
Advance to SME unit offices		1,308,690	1,310,690	1,308,690	1,310,690	
Advance against office rent		68,234,617	63,458,597	68,234,617	63,458,597	
Advance security deposit		13,362,635	15,065,185	8,894,777	11,441,629	
Receivables from bITS		187,859,621	213,246,061	187,859,621	213,246,061	
Deferred revenue expenditure		173,250,448	131,510,876	173,250,448	131,510,876	
Deferred tax asset		5,233,012,588	3,965,036,176	4,147,255,591	3,198,786,943	
Receivable settlement account-OBU/DBU		2,105,379,492	-	2,105,379,492	-	
Receivable in proxy account		-	287,880	-	287,880	
Net plan assets - Employees' Gratuity Fund	9.5	127,281,040	348,376,767	127,281,040	348,376,767	
Other receivables	9.6	1,887,698,086 (2,105,368,326)	-	1,887,698,086 (2,105,368,326)	1,283,207,028	
Less: On-shore to Off-shore	9.7	5,524,084,643	4,383,878,648	13,862,504,994	22,763,775,341	
Other assets of subsidiaries		<b>16,222,224,464</b>	<b>13,862,504,994</b>	<b>22,763,775,341</b>	<b>14,525,819,425</b>	



				<i>In Taka</i>	
	Particulars	Note		Consolidated	BRAC Bank Limited
			2021	2020	2020
9.1	Interest receivables				
	Receivable against Govt. securities		978,845,897	1,317,902,250	1,317,902,250
	Receivable against other securities		50,972,387	84,410,281	84,410,281
	Receivable against balance with other bank		82,740,585	104,272,860	104,272,860
	Receivable against loans and advances		1,608,619,766	1,701,410,079	1,701,410,079
			<u>2,721,178,635</u>	<u>3,207,995,470</u>	<u>3,207,995,470</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 consolidated financial statements".				
	BRAC EPL Investments Limited		1,036,320,904	792,510,265	792,510,265
	BRAC EPL Stock Brokerage Limited		1,241,795,091	1,004,544,339	1,004,544,339
	BKash Limited		10,874,512,125	3,843,441,748	3,843,441,748
	BRAC SAAJAN Exchange Limited		8,750,331	167,303,306	167,303,306
			<u>13,161,378,451</u>	<u>5,807,799,658</u>	<u>5,807,799,658</u>
9.3	Investment/carrying value in associates				
	BRAC IT Services Limited	9.3.1	21,115,234	-	21,115,234
			<u>21,115,234</u>	<u>-</u>	<u>21,115,234</u>
9.3.1	Carrying value of investment in associates:				
	BRAC IT Services Limited				
	Opening balance/fair value of residual interest retained		17,373,182	-	17,373,182
	Gain/(loss) on disposal/loss of significant influence of associates		3,742,052	-	-
	Share of profit/(loss) of equity in associate company		<u>21,115,234</u>	<u>-</u>	<u>-</u>



**Notes to the financial statements as at and for the year ended 31 December 2021**

9.4      Deferred tax asset/(liability) (Bank only)	Particulars	Accounting base	Tax base	Deductible/ (Taxable) temporary difference	Applicable tax rate	Deferred Tax Asset/ (Liability)
<b>Balance as at 31 December 2021</b>						
Loan loss provision including Covid-19 special provision (Note - 16.1)	9,744,711,824	-	9,744,711,824	37.50%	3,654,266,934	
Provision against capital market (Note - 16.5)	13,580,119	-	13,580,119	10.00%	1,358,012	
Fixed assets except ROU (Annexure-F)	2,522,794,574	3,532,771,605	1,009,977,031	37.50%	378,741,387	
Right of use assets (ROU) as per IFRS 16 (Annexure - F)	4,150,429,766	847,913,185	(3,302,516,281)	37.50%	(1,238,443,718)	
Leased Liability as per IFRS 16 (Note - 16)	3,603,554,603	-	3,603,554,603	37.50%	1,351,332,976	
<b>Deferred tax asset (a)</b>					<b>4,147,555,591</b>	
Deferred tax liability arises due to actuarial valuation gain	8,221,604	-	(8,221,604)	37.50%	(3,083,101)	
Deferred tax liability arises from fair value gain as per IFRS 9 (Note - 9)	8,688,141,840	-	(8,688,14,840)	15.00%	(1,303,221,276)	
Interest receivable from treasury bills and bonds (Note - 9.1)	978,845,897	-	(978,845,897)	37.50%	(367,067,212)	
Dividend receivables (Note - 9)	35,919,830	-	(35,919,830)	20.00%	(7,183,966)	
<b>Deferred tax liability (b)</b>					<b>(1,680,555,555)</b>	
Net deferred tax asset at 31 December 2021 (a+b)					<b>2,466,700,036</b>	
Increase of deferred tax asset recognised in profit and loss account as income					948,468,648	
Decrease of deferred tax liability recognised in profit and loss account as income					176,309,838	
Net Deferred tax income recognised in equity during the year ended 31 December 2021					<b>1,124,778,486</b>	
<b>Balance as at 31 December 2020</b>					<b>(1,016,784,141)</b>	
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	407,840,542	(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	
<b>Deferred tax asset (a)</b>					<b>3,198,786,943</b>	
Deferred tax liability arises due to actuarial valuation gain	239,725,567	-	(239,725,567)	37.50%	(89,897,087)	
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 except ROU	2,989,612,186	2,856,042,430	(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. Shikuk bond (Note - 9)	306,108	-	(306,108)	37.50%	(114,790)	
Dividend receivables (Note - 9)	30,721,114	-	(30,721,114)	20.00%	(6,144,223)	
<b>Deferred tax liability (b)</b>					<b>(840,081,252)</b>	
Net deferred tax asset at 31 December 2020 (a+b)					<b>2,358,705,691</b>	
Increase of deferred tax asset recognised in profit and loss account as income					684,605,472	
Increase of deferred tax liability recognised in profit and loss account as expense					(341,525,127)	
Net Deferred tax income recognised in equity during the year ended 31 December 2020					<b>343,080,345</b>	
<b>Net Deferred tax liability recognised in equity during the year ended 31 December 2020</b>					<b>90,994,013</b>	

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.



**Notes to the financial statements as at and for the year ended 31 December 2021**

	Particulars	Note	Consolidated			BRAC Bank Limited <i>In Taka</i>
			2021	2020	2021	
			2020	2020	2020	
<b>9.5</b>	<b>Net plan assets - Employees' Gratuity Fund</b>					
	Fair value of plan assets	9.5.1	2,278,452,754	1,968,963,855	1,749,085,730	1,511,837,864
	Less: Defined benefit obligation	9.5.2	2,151,171,714	1,620,587,088	1,621,804,690	1,163,461,097
			<b>127,281,040</b>	<b>348,376,767</b>	<b>127,281,040</b>	<b>348,376,767</b>
<b>9.5.1</b>	<b>Fair value of plan assets - gratuity fund</b>					
	Fair value of plan assets as on 1 January		1,968,963,855	1,231,473,815	1,511,837,864	1,073,540,067
	Interest income on plan assets		136,065,408	99,839,226	136,065,408	99,839,226
	Actual employer contributions		249,642,432	621,600,313	177,401,399	322,408,070
	Actual net benefits payments		(90,128,124)	(53,900,827)	(90,128,124)	(53,900,827)
	Remeasurement gain/(losses) on plan assets		13,909,183	69,951,328	13,909,183	69,951,328
	Fair value of plan assets as on 31 December		<b>2,278,452,754</b>	<b>1,968,963,855</b>	<b>1,749,085,730</b>	<b>1,511,837,864</b>
<b>9.5.2</b>	<b>Defined benefit obligation - gratuity fund</b>					
	Defined benefit obligation as on 1 January		1,620,587,088	897,565,050	1,163,461,097	739,631,302
	Current service cost		358,220,441	249,894,708	198,347,071	157,474,567
	Past service cost due to amendment of gratuity benefits					
	Interest cost					
	Actual net benefits payments					
	Remeasurement (gain)/loss					
	Defined benefit obligation as on 31 December		<b>2,151,171,714</b>	<b>1,620,587,088</b>	<b>1,621,804,690</b>	<b>1,163,461,097</b>
<b>9.5.3</b>	<b>Remeasurements gain/(loss) of defined benefits liabilities/assets</b>					
	Opening balance		(76,606,123)	243,615,364	149,828,479	263,277,864
	Remeasurement gain/(losses) on plan assets		13,909,183	69,951,328	13,909,183	69,951,328
	Remeasurement gain/(losses) on defined benefit obligation		(157,780,810)	(458,242,447)	(245,413,147)	(251,470,345)
	Less: Deferred tax (expense)/income		(20,477,750)	(144,675,755)	(81,675,485)	(81,758,847)
			86,813,987	68,069,632	86,813,987	68,069,632
			<b>(133,663,763)</b>	<b>(76,606,123)</b>	<b>5,138,502</b>	<b>149,228,479</b>

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 2021**

	Particulars	Note	Consolidated			BRAC Bank Limited
			2021	2020	2021	
<b>9.6 Other Receivables</b>						
Receivable against remittance			11,559,766	17,969,668	11,559,766	17,969,668
Receivable against DD			133,000,000	84,100,000	133,000,000	84,100,000
Receivable against cards			64,353,917	4,103,449	64,353,917	4,105,449
Receivable from merchant			241,107,976	131,499,259	241,107,676	131,499,259
Receivable from partners			220,116	2,112,169	220,116	2,112,169
Receivable from Co-Brand ATM			27,020,242	27,020,242	27,020,242	27,020,242
Receivable against fraud and forgery/protested bill			117,873,609	116,816,609	117,873,609	116,816,609
Receivable from NPS			103,551,000	49,087,500	103,551,000	49,087,500
Sundry debtors*			1,150,197,828	820,431,057	1,150,197,828	820,431,057
Receivable from BACH			5,000,000	5,000,000	5,000,000	5,000,000
Coupon interest adjustment			13,627,536	-	13,627,536	-
REPO interest expenditure			(1,119,412)	(1,481,944)	(1,119,412)	(1,481,944)
Interest rate swap			21,305,808	26,547,019	21,305,808	26,547,019
			<b>1,887,698,086</b>	<b>1,283,207,028</b>	<b>1,887,698,086</b>	<b>1,283,207,028</b>
* In compliance with FRC notification no. 179/FRC/FRM/Notification/2020/2, we have already adjusted the forfeited fund previously distributed among active members of provident fund for the period from 2015 to 2019 as per the existing Fund Rules. Additionally, we have recognized other receivable of BDT 1,670,920 under sundry debtors for the forfeited fund for 2021.						
<b>9.7 Other assets of subsidiaries</b>						
BRAC EPL Investments Limited			65,146,951	379,105,991		
BRAC EPL Stock Brokerage Limited			80,943,352	202,379,803		
bKash Limited			5,344,095,037	3,508,211,128		
BRAC SAAJAN Exchange Limited			60,971,865	331,900,799		
			<b>5,551,157,205</b>	<b>4,421,597,721</b>		
Less: Inter company transactions:						
BRAC Bank Limited			22,664,005	35,685,889		
BRAC EPL Investments Limited			-	585,468		
BRAC EPL Stock Brokerage Limited			4,408,557	1,384,480		
bKash Limited			<b>4,408,557</b>	<b>58,236</b>		
			<b>27,072,562</b>	<b>37,719,973</b>		
			<b>5,554,084,643</b>	<b>4,383,878,648</b>		
Possession date						
30 June 2015			-	62,230,075		
12 January 2017			300,000	-	300,000	
16 January 2017			1,200,000	1,200,000	1,200,000	1,200,000
11 June 2018			3,041,700	3,041,700	3,041,700	3,041,700
			<b>4,541,700</b>	<b>66,471,775</b>	<b>4,541,700</b>	<b>66,471,775</b>
<b>10 Non-Banking Assets</b>						
Haque Specialized Steel Mills Ltd.			-	-	62,230,075	
M/s Shawan Enterprise			-	-	300,000	
M/s Macca And Modina Store			-	-	1,200,000	
M/s Akash Auto Mobile			-	-	3,041,700	

The Bank has been awarded ownership of the mortgaged property M/s Macca And Modina Store at Nilphamari under Section 33(7) of Arthanir Adalat am-2003 and mortgaged property M/S. Akash Auto Mobile at Sherpur, verdict of the honourable Arthanir Court of Sherpur under Section 33(7) of Arthanir Adalat 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 2021**

	Particulars	Note	2021	2020	2021	2020	In Taka
					Consolidated		BRAC Bank Limited
11	Goodwill						
	<b>Accounting policy</b>						
	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			
	(ii) BRAC EPL Stock Brokerage Limited		1,156,273,572	1,156,273,572			
	(iii) BRAC SAJJAN Exchange Limited		54,905,518	54,905,518			
	<b>Total</b>		<b>1,427,468,911</b>	<b>1,427,468,911</b>			
12	Borrowings from other banks, financial institutions and agents						
	<b>Accounting policy</b>						
	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		429,000,000	894,403,300	429,000,000	254,403,300	
	Borrowings outside Bangladesh		23,721,953,707	11,678,386,094	23,705,564,025	11,658,921,635	
	<b>Total</b>		<b>24,150,953,707</b>	<b>12,572,789,394</b>	<b>24,134,564,025</b>	<b>11,913,324,935</b>	
12.1	Borrowings inside Bangladesh						
	Industrial and Infrastructure Development Finance Company Limited		-	470,000,000	-	-	
	Woori Bank, Dhaka		429,000,000	254,403,300	429,000,000	254,403,300	
	United Finance		-	170,000,000	-	-	
	<b>Total</b>		<b>429,000,000</b>	<b>894,403,300</b>	<b>429,000,000</b>	<b>254,403,300</b>	



**Notes to the financial statements as at and for the year ended 31 December 2021**

	Particulars	Note	Consolidated			BRAC Bank Limited <i>In Taka</i>
			2021	2020	2021	
			2020	2020	2020	
<b>12.2</b>	<b>Borrowings outside Bangladesh</b>					
	Sonali Bank UK Limited		574,061,047	-	-	574,061,047
	State Bank Of India, Hong Kong		838,000,000	-	858,000,000	-
	Nabil Bank Limited, Nepal		300,300,000	848,011,000	300,300,000	848,011,000
	HDFC Bank Limited, India		858,000,000	424,005,500	858,000,000	424,005,500
	Standard Chartered Bank, Singapore		2,368,080,000	-	2,368,080,000	-
	DBS Bank Singapore		2,402,400,000	-	2,402,400,000	-
	Asian Development Bank		2,574,000,000	-	2,574,000,000	-
	Axis Bank Limited		858,000,000	-	858,000,000	-
	Caixabank S.A.		561,185,625	-	561,185,625	-
	Siddhartha Bank Limited, Kathmandu		300,300,000	-	300,300,000	-
	The National Bank of Ras Al-Khaimah, UAE		1,716,000,000	-	1,716,000,000	-
	Abu Dhabi Commercial Bank, UAE		2,574,000,000	-	2,574,000,000	-
	First Abu Dhabi Bank PJSC, UAE		858,000,000	-	858,000,000	-
	CDC Group Plc, United Kingdom		1,471,298,400	2,180,745,088	1,471,298,400	2,180,745,088
	International Finance Corporation (IFC), USA		4,719,000,000	7,632,095,000	4,719,000,000	7,632,095,000
	JPMorgan Chase Bank N.A, Singapore		1,287,000,000	-	1,287,000,000	-
	Millenium Bank, (Portugal)		16,389,682	19,464,459	-	-
			<b>23,721,953,707</b>	<b>11,678,386,094</b>	<b>23,705,564,025</b>	<b>11,658,921,635</b>
<b>12.3</b>	<b>Security against borrowings from other banks, financial institutions and agents:</b>					
	Secured (Treasury bills)		24,150,953,707	12,572,789,394	24,134,564,025	11,913,324,935
	Unsecured		<b>24,150,953,707</b>	<b>12,572,789,394</b>	<b>24,134,564,025</b>	<b>11,913,324,935</b>



**Notes to the financial statements as at and for the year ended 31 December 2021**

**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 2021:**

Counter party name	SL. no	Agreement date	Reversal date	Amount (1st leg cash consideration) outstanding on 31 December 2021
Standard Chartered Bank Dhaka	i	December 29, 2021	January 2, 2022	1,593,212,388
Standard Chartered Bank Dhaka	ii	December 30, 2021	January 2, 2022	7,757,656,399
United Commercial Bank Limited	iii	December 30, 2021	January 4, 2022	927,658,685
The City Bank Limited	iv	December 30, 2021	January 6, 2022	1,024,745,040
Prime Bank Limited	v	December 29, 2021	January 3, 2022	1,946,907,218
Prime Bank Limited	vi	December 30, 2021	January 3, 2022	442,388,250
Agrani Bank Limited			Nil	3,904,393,207
Janata Bank Limited			Nil	2,304,826,065
Agrani Bank Limited			Nil	4,797,743,485
Janata Bank Limited			Nil	1,814,896,800
Standard Chartered Bank Dhaka			Nil	4,655,369,692
Agrani Bank Limited			Nil	5,055,085,852
Janata Bank Limited			Nil	798,134,813
Agrani Bank Limited			Nil	2,814,642,771
				13,692,547,980
				26,365,092,684

**(a) (ii) Disclosure regarding outstanding Reverse Repo as on 31 December 2021:**

Counter party name	SL. no	Agreement Date	Reversal Date	Amount (1st leg cash consideration)
South Bangla Agriculture Bank Limited	N/A	30-Dec-21	6-Jan-22	996,644,119
				996,644,119

**(b) Disclosure regarding overall transaction of Repo and Reverse repo during the year 2021:**

Particulars	Minimum outstanding during the year 2021	Maximum outstanding during the year 2021	Daily average outstanding during the year 2021	Daily average outstanding during the year 2020
	497,675,500	10,759,362,776	2,082,542,687	790,429,680
	227,307,522	3,003,541,178	64,700,456	3,912,089,893

**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

46,836,478

2,082,542,687

64,700,456

3,912,089,893

790,429,680



**Notes to the financial statements as at and for the year ended 31 December 2021**

		<i>In Taka</i>			
		Consolidated		BRAC Bank Limited	
Particulars	Note	2021	2020	2021	2020
<b>12.5 Maturity wise grouping of borrowing from other bank and financial institutions</b>					
Repayable on demand		1,233,701,684	730,448,398	2,102,100,000	2,227,682,496
Not more than 3 months		5,222,479,736	5,023,429,488	4,928,405,625	4,324,856,100
More than 3 months but not more than 1 Year		16,958,608,287	3,225,250,285	16,367,894,400	1,786,589,575
More than 1 year but not more than 5 years		736,164,000	3,574,196,764	736,164,000	3,574,196,764
More than 5 years		-	19,464,460	-	-
		<b>24,150,953,707</b>	<b>12,572,759,394</b>	<b>24,134,564,025</b>	<b>11,913,324,935</b>
<b>13 Borrowings from central bank &amp; government agencies</b>					
Bangladesh Bank refinance		9,124,444,403	7,658,489,608	9,124,444,403	7,638,489,608
Bangladesh Bank EDF fund		-	77,675,000	-	77,675,000
Bangladesh Bank SME Foundation		817,222,000	896,411,733	817,222,000	896,411,733
Borrowing from Bangladesh Bank - LTFF		763,079,166	252,601,734	763,079,166	252,601,734
Borrowing from Bangladesh Bank - GTF		261,070,057	69,954,000	261,070,057	69,954,000
Borrowing from Bangladesh Bank - Jute Financing		387,594,399	560,627,613	387,594,399	560,627,613
Borrowing from Bangladesh Bank - Stimulus Fund		528,491,391	2,728,245,369	528,491,391	2,728,245,369
Borrowing from Bangladesh Bank - Working Capital Stimulus Fund		45,242,000	-	45,242,000	-
Borrowing from Bangladesh Bank - PSC Stimulus Package		40,000,000	-	40,000,000	-
Borrowing from Bangladesh Bank - Refinancing for Green Initiatives		11,108,860,408	-	11,108,860,408	-
Borrowing from Bangladesh Bank - Joyeeta Foundation Pre or Re-Finance		99,900,000	111,146,063,722	99,900,000	111,146,063,722
Borrowing from Bangladesh Bank - SME Re-finance		<b>23,175,903,824</b>	<b>23,370,068,779</b>	<b>23,175,903,824</b>	<b>23,370,068,779</b>
<b>13.1 Maturity wise grouping of Borrowings from central bank &amp; government agencies</b>					
Repayable on demand		1,471,515,580	1,782,142,433	1,471,515,580	1,782,142,433
Not more than 3 months		4,159,284,124	2,975,884,386	4,159,284,124	2,975,884,386
More than 3 months but not more than 1 year		11,097,209,099	15,303,999,721	11,097,209,099	15,303,999,722
More than 1 year but not more than 5 years		5,684,815,855	2,778,035,363	5,684,815,855	2,778,035,363
More than 5 years		763,079,166	530,006,875	763,079,166	530,006,875
		<b>23,175,903,824</b>	<b>23,370,068,779</b>	<b>23,175,903,824</b>	<b>23,370,068,779</b>
<b>14 Money at call on short notice</b>					
Bank Al-Faiah Limited		-	84,801,100	-	84,801,100
		<b>-</b>	<b>84,801,100</b>	<b>-</b>	<b>84,801,100</b>
		<b>-</b>	<b>84,801,100</b>	<b>-</b>	<b>84,801,100</b>
<b>14.1 Maturity wise grouping of money at call on short notice</b>					
Up to 1 month		-	84,801,100	-	84,801,100
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		-	-	-	-
		<b>-</b>	<b>84,801,100</b>	<b>-</b>	<b>84,801,100</b>



					<i>In Taka</i>
		Note	Consolidated	BRAC Bank Limited	
		2021	2020	2021	2020
<b>15 Deposits and other accounts</b>					
<b>Accounting policy</b>					
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.					
Current deposits and other accounts etc.					
Bills payable	15.1	164,425,455,280	143,332,071,057	109,470,657,298	98,756,904,331
Savings deposits	15.2	2,367,889,416	1,797,962,669	2,367,889,416	1,797,962,669
Term deposits*	15.3	68,334,576,200	57,230,594,232	68,334,576,200	57,230,594,232
Other deposits	15.4	127,956,809,129	130,608,019,962	133,172,621,149	130,621,972,707
	15.5	1,252,882,201	646,971,785	1,252,882,201	646,971,785
		<b>364,337,612,226</b>	<b>333,615,619,705</b>	<b>314,598,626,264</b>	<b>289,054,405,724</b>
* Term deposits include the deposit pension scheme (DPS).					
<b>15.1 Current deposits and other accounts</b>					
Local currency	161,838,118,956	141,348,027,225	103,204,679,870	94,339,534,526	
Foreign currencies	6,165,977,428	4,417,369,805	6,165,977,428	4,417,369,805	
	<b>168,004,096,384</b>	<b>145,765,397,030</b>	<b>109,470,657,298</b>	<b>98,756,904,331</b>	
Less: Inter unit/company elimination	3,578,641,104	2,433,325,973	-	-	
	<b>164,425,455,280</b>	<b>143,332,071,057</b>	<b>109,470,657,298</b>	<b>98,756,904,331</b>	
<b>15.1.1 Current deposits and other accounts</b>					
Current deposits	155,023,341,775	132,157,841,623	96,489,902,689	85,149,348,924	
Special notice deposit	12,980,754,609	13,607,555,407	12,980,754,609	13,607,555,407	
	<b>168,004,096,384</b>	<b>145,765,397,030</b>	<b>109,470,657,298</b>	<b>98,756,904,331</b>	
Less: Inter unit/company elimination	3,578,641,104	2,433,325,973	-	-	
	<b>164,425,455,280</b>	<b>143,332,071,057</b>	<b>109,470,657,298</b>	<b>98,756,904,331</b>	
<b>15.1.2 Bills payable</b>					
Local currency	2,164,588,843	1,454,223,684	2,164,588,843	1,454,223,684	
Foreign currencies	203,300,573	343,738,985	203,300,573	343,738,985	
	<b>2,367,889,416</b>	<b>1,797,962,669</b>	<b>2,367,889,416</b>	<b>1,797,962,669</b>	
<b>15.1.3 Savings deposits</b>					
Local currency	68,334,576,200	57,230,594,232	68,334,576,200	57,230,594,232	
Foreign currencies	-	-	-	-	
	<b>68,334,576,200</b>	<b>57,230,594,232</b>	<b>68,334,576,200</b>	<b>57,230,594,232</b>	
<b>15.1.4 Term deposits</b>					
Local currency	131,121,074,245	128,592,181,629	131,121,074,245	128,592,181,629	
Foreign currencies	2,051,546,904	2,029,791,078	2,051,546,904	2,029,791,078	
	<b>133,172,621,149</b>	<b>130,621,972,707</b>	<b>133,172,621,149</b>	<b>130,621,972,707</b>	
Less: Inter unit/company elimination	5,215,812,020	13,952,745	-	-	
	<b>127,956,809,129</b>	<b>130,608,019,962</b>	<b>133,172,621,149</b>	<b>130,621,972,707</b>	



**Notes to the financial statements as at and for the year ended 31 December 2021**

		<i>In Taka</i>		
Particulars		Note	Consolidated	BRAC Bank Limited
		2021	2020	2020
<b>15.5 Other deposits</b>				
Local currency	15.5.1	1,247,004,101	638,849,997	1,247,004,101
Foreign currencies	15.5.2	5,878,100	8,121,788	5,878,100
		<b>1,252,882,201</b>	<b>646,971,785</b>	<b>1,252,882,201</b>
		<b>1,252,882,201</b>	<b>646,971,785</b>	<b>646,971,785</b>
<b>15.5.1 Other local currency deposits</b>				
Security deposits		800,000	834,000	800,000
Security deposit from retail loan client		7,355,223	7,614,79	7,355,223
Sundry deposit		1,238,848,878	630,401,818	1,238,848,878
	<b>15.5.1.1</b>	<b>1,247,004,101</b>	<b>638,849,997</b>	<b>1,247,004,101</b>
		<b>1,247,004,101</b>	<b>638,849,997</b>	<b>638,849,997</b>
<b>15.5.1.1 Sundry deposit</b>				
Lease deposits		934,785	3,646,585	934,785
Payable to NPS		1,000,841,185	307,784,640	1,000,841,185
EFTIN and BACH adjustments account		201,401,857	279,100,672	201,401,857
Payable against customers, loan account and others		35,671,051	39,869,921	35,671,051
		<b>1,238,848,878</b>	<b>630,401,818</b>	<b>1,238,848,878</b>
		<b>1,238,848,878</b>	<b>630,401,818</b>	<b>630,401,818</b>
<b>15.5.2 Other foreign currency deposits</b>				
Proceeds awaiting for remittance (BTB LC)		5,878,100	8,121,788	5,878,100
Remittance awaiting for disposal (RAD)				
		<b>5,878,100</b>	<b>8,121,788</b>	<b>5,878,100</b>
		<b>5,878,100</b>	<b>8,121,788</b>	<b>8,121,788</b>
<b>15.6 Deposits concentration</b>				
Deposits from banks-inside Bangladesh	15.6.1	3,900,000,000	100,779	3,900,000,000
Other than banks		360,437,612,226	333,615,518,926	310,698,626,264
		<b>364,337,612,226</b>	<b>333,615,619,705</b>	<b>314,598,626,264</b>
		<b>364,337,612,226</b>	<b>333,615,619,705</b>	<b>289,054,405,724</b>
<b>15.6.1 Deposits from banks-inside Bangladesh</b>				
Current deposits:				
Eldorado Member Banks			100,779	100,779
			<b>100,779</b>	<b>100,779</b>
				<b>100,779</b>
Term deposits from Banks:				
State Bank of India			-	400,000,000
Habib Bank Limited			-	500,000,000
Pubali Bank Limited			-	3,000,000,000
				<b>3,900,000,000</b>
Total deposits from banks			<b>100,779</b>	<b>3,900,000,000</b>
				<b>100,779</b>



**Notes to the financial statements as at and for the year ended 31 December 2021**

	Particulars	Note	<i>In Taka</i>		
			Consolidated		BRAC Bank Limited
			2021	2020	2021
15.7	<b>Payable on demand and time deposit</b>				
	i) <b>Demand deposit</b>				
	Current deposits		145,278,723,243	125,307,145,845	90,323,925,261
	Saving deposits (9% of total saving deposits)		6,150,111,858	5,150,753,481	6,150,111,858
	Foreign currency deposits		6,171,855,528	4,425,491,593	6,171,855,528
	Sundry deposits		1,238,848,878	630,401,818	1,238,848,878
	Bills payable		2,367,889,416	1,797,962,669	2,367,889,416
			<b>161,207,428,923</b>	<b>137,311,755,406</b>	<b>106,552,630,941</b>
	ii) <b>Time deposit</b>				
	Saving deposits (91% of total saving deposits)		62,184,464,342	52,079,849,751	62,184,464,342
	Foreign currency deposits		2,051,546,904	2,029,79,078	2,051,546,904
	Term deposits		109,066,283,138	113,164,908,922	114,282,095,158
	Deposit pension schemes (DPS)		16,838,979,087	15,413,319,932	16,838,979,087
	Special notice deposit		12,980,754,609	13,607,555,407	12,980,754,609
	Security deposits		8,155,223	8,448,179	8,155,223
			<b>203,160,183,303</b>	<b>196,303,864,299</b>	<b>208,345,995,323</b>
			<b>364,337,612,226</b>	<b>333,615,619,705</b>	<b>314,598,626,264</b>
15.8	<b>Maturity wise grouping of deposits and other accounts</b>				
	Repayable on demand		10,678,266,582	3,671,713,675	10,678,266,582
	Repayable within 1 month		29,812,931,680	53,004,835,673	26,823,992,430
	Over 1 months but within 6 months		78,146,789,069	78,019,89,611	78,146,789,069
	Over 6 months but within 1 year		111,672,492,397	77,437,850,673	64,921,545,685
	Over 1 year but within 5 years		130,372,431,083	91,487,009,788	130,372,431,083
	Over 5 years but within 10 years		3,655,601,415	29,994,318,285	3,655,601,415
	Over 10 years				29,994,318,285
	Total		<b>364,337,612,226</b>	<b>333,615,619,705</b>	<b>314,598,626,264</b>
	Unclaimed deposits for 10 years or more		<b>50,123,305</b>	<b>58,869,117</b>	<b>50,123,305</b>

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 2022. We reported BDT 50,123,305 as 10 years and above unclaimed deposit amount as on 31 December 2021 (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 BRPD circular no. 14 dated 23 September 2012 and BRPD circular no. 7 dated 21 June 2018 except on 'bill's 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.

**Provisions for nostro accounts**

Provisions for unsettled transactions on nostro accounts made are reviewed on a monthly basis by management in Risk management meeting (RMM) and certified by the Bank's external auditors on a semi-annual basis in accordance with Bangladesh Bank Foreign Exchange Policy Department (FEPD) circular letter No. (FEPD)/01/2005-677 dated 13 September 2005. At the Balance Sheet date, Bank is not required to make provision regarding un-reconciled debit entries which are outstanding for more than three (03) months.

**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 41 Provision for taxation for the relevant accounting policy.

**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.



**Notes to the financial statements as at and for the year ended 31 December 2021**

The details of other liabilities are given below:

Particulars	Note	Consolidated		BRAC Bank Limited		<i>In Taka</i>
		2021	2020	2021	2020	
Provision for loans and advances		13,213,625,459	11,032,623,099	11,994,520,290	9,973,558,490	
Special general provision Covid-19	16.1	784,207,224	774,130,118	784,207,224	774,130,118	
Provision for interest receivable from loan	16.2	13,457,003	13,457,003	13,457,003	13,457,003	
Provision for other assets	16.3	234,820,125	195,208,855	234,820,125	168,102,992	
Provisions for off balance sheet items	16.4	706,746,134	455,246,134	706,746,134	455,246,134	
Provision for diminution in value of Investments	16.5	13,580,119	87,580,119	13,580,119	87,580,119	
Interest suspense	16.6	1,637,871,114	1,443,050,060	1,637,871,114	1,443,050,060	
Withholding tax payable	16.7	201,214,386	253,886,515	201,214,386	253,886,515	
VAT payable	16.8	208,608,833	248,931,096	208,608,833	248,931,096	
Excise duty payable		262,341,336	161,946,299	262,341,336	161,946,299	
Provision for taxation net off AIT	16.9	5,920,521,742	3,673,665,415	5,920,521,742	3,673,665,415	
Deferred tax liability	9.4	377,334,278	640,458,104	377,334,278	640,458,104	
Interest payable on borrowings		323,331,571	322,434,236	323,331,571	322,434,236	
Accrued expenses		5,337,303,430	3,957,141,846	5,337,303,430	3,957,141,846	
Share subscription - IPO (refund warrant)		229,509	228,419	229,509	228,419	
Right share subscription		-	636,674	-	636,674	
Payable settlement account- OBU/DBU		-	88,498	-	88,498	
Payable to on-shore		-	1,982,392,275	-	1,982,392,275	
Unclaimed and undistributed dividend		-	67,043,176	-	67,043,176	
Suppliers payable		9,676,218	125,946,941	9,676,218	125,946,941	
Leased liabilities as per IFRS 16	16.10	125,946,941	132,046,849	125,946,941	132,046,849	
Payable against exchange houses		4,085,484,681	3,528,145,886	4,085,484,681	3,528,145,886	
Payable against insurances		100	83,355	100	83,355	
Payable against proxy account		6,155,625	6,633,467	6,155,625	6,633,467	
Payable to Omnibus		206,092	-	206,092	-	
Payable against SWIFT charge		-	84,300	-	84,300	
Start-up Fund**	16.11	1,716,000	-	1,716,000	-	
Other payables	16.12	100,877,625	-	100,877,625	-	
Less: Off-shore to on-shore		3,716,340,999	2,285,130,168	3,716,340,999	2,285,130,168	
Other liabilities of subsidiaries	16.13	2,018,766,783	(1,982,385,478)	2,018,766,783	(1,982,385,478)	
		<b>39,300,363,327</b>	<b>32,731,812,776</b>	<b>32,755,559,637</b>	<b>26,082,795,675</b>	



			<i>In Taka</i>		
	Particulars	Note	2021	Consolidated	BRAC Bank Limited
			2020	2021	2020
<b>16.1 Provision for loans and advances</b>					
	<b>A. General provision</b>				
	Provisions held at the beginning of the year			3,254,158,676	2,646,180,388
	Add: Transfer from specific provision			64,204,586	438,310,342
	Add: Special general provision Covid-19			10,077,106	774,130,118
	Add: Net charge to Profit and Loss A/C			490,317,074	(603,544,658)
	Add: Exchange difference			(534,528)	(917,514)
	<b>Provisions held at the end of the year</b>			<b>3,818,222,914</b>	<b>3,254,158,676</b>
	<b>B. Specific provision</b>				
	Provisions held at the beginning of the year (i)			8,552,594,541	7,140,374,396
	Less: Transfer to general provision (ii)			(64,204,586)	(438,310,342)
	Less: Special general provision Covid-19 (iii)			-	(774,130,118)
	Less: Write off during the year (iv)			(1,503,380,807)	(976,501,071)
	Add: Provision charged for the year including special provision Covid-19 (v)			3,178,139,884	3,602,405,848
	Add: Recovery of written off bad debts (vi)			707,517,594	633,704,077
	Add: Exchange difference (vii)			16,460,737	(1,244,172)
	Net charge to Profit and Loss A/C (viii) = (v)-(vi)			2,470,622,290	2,968,70,1,771
	<b>Provisions held at the end of the year (i+ii+iii+iv+v+vii)</b>			<b>10,179,609,769</b>	<b>8,552,594,541</b>
	<b>Total provision held at the end of the year (A+B)</b>			<b>13,997,832,683</b>	<b>11,806,753,217</b>
<b>16.2 Provision for interest receivable from loan</b>					
	Provisions held at the beginning of the year			13,457,003	12,375,062
	Add: Net charge to Profit and Loss A/C			-	1,081,941
	Provisions held at the end of the year			<b>13,457,003</b>	<b>13,457,003</b>
<b>16.3 Provision for other assets</b>					
	Provisions held at the beginning of the year			195,208,855	188,809,064
	Add: Net movement during the year			39,611,270	6,399,791
	Provisions held at the end of the year			<b>234,820,125</b>	<b>195,208,855</b>



**Notes to the financial statements as at and for the year ended 31 December 2021**

**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 31 Dec 2021	Required provision 31 Dec 2020
Receivable from partners	220,116	-	-	-	2,002,851
Receivable for fraud and forged/protested bill	117,873,609	-	117,873,609	116,816,609	116,816,609
Receivables in cash shortage	1,509,730	-	1,324,350	1,324,350	1,380,600
Receivable from BBL-RBL atm	5,144,030	-	5,144,030	5,144,030	5,144,030
Receivables in cash shortage-atm	236,000	9,000	215,500	220,000	198,250
Receivable from BACH	5,000,000	-	5,000,000	5,000,000	5,000,000
Proxy accounts	(206,092)	31,459	4,773,016	4,788,745	6,443,012
Receivable from co-brand atm	27,020,242	-	27,020,242	27,020,241	27,020,242
Receivables against remittance	4,916,421	-	1,600,000	1,600,000	326,962
Receivable from MoneyGram	5,897,539	-	-	-	205,607
Charge back receivables in suspense-cards	1,817,638	213,469	36,900	143,635	4,569
Receivable for outstanding priority pass bill payment USD	128,593	44,552	-	22,276	113,421
Receivable from merchant(On US)-cards	260,800	-	193,925	193,925	182,694
Receivables against Placid Express	-	-	-	-	7,652
Receivables from BRAC Sajian	-	-	-	-	30,000
Total required provision for other assets			163,330,811	164,876,500	
Total provision maintained			234,820,125	168,102,992	
Excess/(short) provision			71,489,314	3,226,492	

In Take

Particulars	Note	Consolidated 2021	2020	BRAC Bank Limited 2021	2020
				234,820,125	168,102,992

In Take

Particulars	Base for provision	Percentage (%) of required provision	Required provision 2021	Required provision 2020
Acceptances and endorsements	32,328,043,035	1%	323,280,430	191,651,556
Irrevocable letters of credit	26,598,203,447	1%	265,982,034	155,506,432
Letter of guarantees	11,793,414,671	1%	117,934,147	108,311,982
Total required provision before considering counter guarantee	706,746,134	455,246,134	706,746,134	455,246,134
Deduction for counter guarantee				
Total required provision			703,241,206	455,246,134
Excess/(short) provision			3,504,928	3,217,170
Provision for diminution in value of investments				
Balance at the beginning of the year	87,580,119	650,800,000	87,580,119	650,800,000
Provision made/(released) during the year	(74,000,000)	(563,219,881)	(74,000,000)	(563,219,881)
Balance at the end of the year	13,580,119	87,580,119	13,580,119	87,580,119

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 2021**

		<i>In Taka</i>					
		Note	Consolidated	BRAC Bank Limited	2021	2020	2020
<b>16.6</b>	<b>Interest suspense</b>						
	Balance at the beginning of the year		1,443,050,060	1,115,201,138	1,443,050,060	1,115,201,138	
	Add: Amount transferred to "Interest Suspense" account during the year		1,533,746,003	1,308,196,997	1,533,746,003	1,308,196,997	
			2,976,796,063	2,423,398,135	2,976,796,063	2,423,398,135	
	Less: Amount recovered and adjusted in "Interest Suspense" account during the year		1,207,744,812	910,551,105	1,207,744,812	910,551,105	
	Less: Amount written off during the year		131,180,137	69,796,970	131,180,137	69,796,970	
	<b>Balance at the end of the year</b>		<b>1,637,871,114</b>	<b>1,443,050,060</b>	<b>1,637,871,114</b>	<b>1,443,050,060</b>	
<b>16.7</b>	<b>Withholding tax payable</b>						
	Payable on Interest		81,459,135	155,833,873	81,459,135	155,833,873	
	Payable (Suppliers)		3,669,132	2,457,565	3,669,132	2,457,565	
	Payable (Staff Salaries and Allowance)		16,461,797	13,401,755	16,461,797	13,401,755	
	Payable (Rent)		4,345,397	3,893,338	4,345,397	3,893,338	
	Payable (Export)		36,596,076	21,759,159	36,596,076	21,759,159	
	Payable on commission paid		16,259,115	10,900,918	16,259,115	10,900,918	
	Payable on professional services		10,718,853	11,570,966	10,718,853	11,570,966	
	Payable on export cash subsidy		42,474	907,200	42,474	907,200	
	Payable on local LC		979,909	1,958,271	979,909	1,958,271	
	Payable on foreign buyer agent		18,788,738	11,389,306	18,788,738	11,389,306	
	Payable on IGW services		859,352	702,613	859,352	702,613	
	Payable on others		11,034,408	19,111,551	11,034,408	19,111,551	
	<b>201,214,386</b>		<b>253,886,515</b>	<b>201,214,386</b>	<b>253,886,515</b>	<b>253,886,515</b>	
<b>16.8</b>	<b>VAT Payable</b>						
	Payable on banking service		82,588,034	66,991,129	82,588,034	66,991,129	
	Payable - Supplier		32,777,748	58,866,807	32,777,748	58,866,807	
	Payable - Rent		12,437,967	11,027,398	12,437,967	11,027,398	
	Payable - DPDC, DESCO & BPDB		80,723,558	111,921,278	80,723,558	111,921,278	
	Payable - REB		81,526	122,184	81,526	122,184	
	<b>208,608,833</b>		<b>248,931,096</b>	<b>208,608,833</b>	<b>248,931,096</b>	<b>248,931,096</b>	



**Notes to the financial statements as at and for the year ended 31 December 2021**

				<i>In Taka</i>	
				BRAC Bank Limited	
		Consolidated			
Particulars	Note	2021	2020	2021	2020
<b>16.9 Provision for taxation net of ATT (BBL only)</b>					
<b>A. Provision for tax:</b>					
Balance at the beginning of the year		23,934,664,849	21,397,288,924		
Net addition during the year		3,567,399,481	2,537,575,925		
Adjustment of tax provision for previous years		-	-		
<b>Balance at the end of the year</b>		<u>27,502,064,330</u>	<u>23,934,664,849</u>		
<b>B. Advance income tax:</b>					
Balance at the beginning of the year		19,922,549,103	16,358,048,612		
Add: Paid during the year		2,557,936,724	3,564,500,491		
Less: Adjustment made during the year		<u>22,480,505,827</u>	<u>-</u>	19,922,549,103	
Balance at the end of the year		<u>22,480,505,827</u>	<u>-</u>	19,922,549,103	
<b>Provision for taxation (A-B)</b>		<u>5,021,558,503</u>	<u>4,012,115,746</u>		
Corporate tax position of the Bank has been shown in Annexure G.					
<b>16.10 Unclaimed and undistributed dividend</b>					
As on 31 December 2021, the Unclaimed/undistributed dividend was BDT 9,676,219.					
Further to above, in pursuant to SEC/SRMIC/165/2020/part-I/182, dated July 19, 2021 and Capital Market Stabilization Fund, Rules 2021 issued by Bangladesh Securities and Exchange Commission regarding transfer the amount held against undelained dividend/undistributed /unsettled public subscription money for the period of more than 3 (three) years; we have transferred the amount BDT 60,840,320 to the Capital Market Stabilization Fund (CMSF).					
<b>16.11 Start-up Fund</b>					
In compliance with SMESPD circular 04 dated March 29, 2021 and SMESPD circular letter 05 dated April 26, 2021, BRAC Bank has created Start-up Fund in first quarter 2021 appropriating BDT 4.54 crore (1% of net profit of FY 2020 BDT 454 crore). As a continuation of creating Start-up Fund, the bank has also contributed BDT 5.55 crore (1% of net profit of FY 2021 BDT 555 crore). The objective of this fund is to provide loan facilities to the start-up entrepreneurs for their business and projects.					
<b>16.12 Other payables</b>					
Payables related to cards and others	16.12.1	516,065,060	392,294,175	516,065,060	392,294,175
Payables for good borrower rebate		-	138,746,220	-	138,746,220
Payable to merchant		4,791,116	6,778,325	4,791,116	6,778,325
Payables to co brand ATM		3,106,744	3,106,745	3,106,744	3,106,745
Miscellaneous payable		<u>3,192,378,079</u>	<u>1,744,213,703</u>	<u>3,192,378,079</u>	<u>1,744,213,703</u>
		<u>3,716,340,999</u>	<u>2,285,139,168</u>	<u>3,716,340,999</u>	<u>2,285,139,168</u>
<b>16.12.1 Provision for rebate to good borrower</b>					
Vide BRPD circular letter no.14 dated 18 June 2020, Bangladesh Bank withdrew the provision of mandatory payment of good borrowers' incentive after 30 September 2019. Accordingly, in 2021 BRAC Bank reversed all the excess provision made earlier as the Bank has no further obligation to pay good borrower incentives.					



**Notes to the financial statements as at and for the year ended 31 December 2021**

	Particulars	Note	Consolidated		BRAC Bank Limited		<i>In Taka</i>
			2021	2020	2021	2020	
16.13	Other liabilities of subsidiaries						
	BRAC EPL Investments Limited		197,875,533	140,802,034			
	BRAC EPL Stock Brokerage Limited		1,008,535,941	848,158,581			
	bKash Limited		811,129,171	2,169,161,938			
	BRAC SAAJAN Exchange Limited		16,870,406	378,816,981			
			<u>2,034,411,051</u>	<u>3,476,939,534</u>			
	Less: Inter company transactions:						
	BRAC Bank Limited		4,408,557	944,193			
	BRAC EPL Investments Limited		-	770,962			
	BRAC EPL Stock Brokerage Limited		-	318,029			
	bKash Limited		11,235,711	12,420,500			
	BRAC Sajjan Exchange Limited		-	10,570,562			
			<u>15,644,268</u>	<u>25,024,246</u>			
			<u><u>2,018,766,783</u></u>	<u><u>3,451,915,288</u></u>			
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 Bank's Finance, Treasury and Risk Management department are key in implementing the Bank's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal matrix.

**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.

20,000,000,000

20,000,000,000



	Particulars	Note	In Taka		
			Consolidated	BRAC Bank Limited	
			2021	2020	2020
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	1,000,000,000	1,000,000,000
1,037,942,153 Ordinary Shares of Tk. 10/- each issued as bonus share	10,379,421,530	9,716,482,300
26,400,000 Right Shares of Tk. 10/- each issued in 2008	264,000,000	264,000,000
221,652,288 Right Shares of Tk. 10/- each issued in 2014	2,216,522,880	2,216,522,880
1,149,589 Ordinary Shares of Tk. 10/- each issued as 1st bond converted share in 2016	11,495,890	11,495,890
2,237,835 Ordinary Shares of Tk. 10/- each issued as 2nd bond converted share in 2017	22,378,350	22,378,350
2,790,534 Ordinary Shares of Tk. 10/- each issued as 3rd bond converted share in 2018	27,905,340	27,905,340
	<b>13,921,723,990</b>	<b>13,258,784,760</b>



#### 17.2.1 History of paid-up capital

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

Particulars	Allotment year	Bonus shares	Number of shares issued Subscription	Total paid up shares (No of shares)	Addition in amount of share capital (BDT)	Total paid up capital (BDT)
First (Subscription to the Memorandum and Articles of Association) at the time of Incorporation	1999	-	2,000,000	2,000,000	200,000,000	200,000,000
BRAC (subscription)	2001	-	500,000	2,500,000	50,000,000	250,000,000
BRAC (subscription)	2003	-	674,500	3,174,500	67,450,000	317,450,000
ShoreCap International Ltd.	2004	-	875,700	4,050,200	87,570,000	405,020,000
International Finance Corporation	2004	-	949,800	5,000,000	94,980,000	500,000,000
IPO	2006	5,000,000	-	10,000,000	500,000,000	1,000,000,000
Bonus Share 20%	2007	2,000,000	-	12,000,000	200,000,000	1,200,000,000
Bonus Share 10%	2008	1,200,000	-	13,200,000	120,000,000	1,320,000,000
Right Share 20%	2008	-	2,640,000	15,840,000	264,000,000	1,584,000,000
Bonus Share 30%	2009	4,752,000	-	20,592,000	475,200,000	2,059,200,000
Bonus Share 30%	2010	6,177,600	-	26,769,600	617,760,000	2,676,960,000
Bonus Share 20%	2011	5,353,920	-	32,123,520	535,392,000	3,212,352,000
Denomination of face value from Tk.100 to Tk.10 per share	2011	-	321,235,200	-	-	3,212,352,000
Bonus Share 20%	2012	64,247,040	-	385,482,240	642,470,400	3,854,822,400
Bonus Share 15%	2013	57,822,336	-	443,304,576	578,223,360	4,433,045,760
Bonus Share 10%	2014	44,330,457	-	487,635,033	443,304,570	4,876,350,330
Right share 50%	2014	-	221,652,288	709,287,321	2,216,522,880	7,092,873,210
Fresh Issue against Bond, 1st Conversion of Bond	2016	-	1,149,589	710,436,910	11,495,890	7,104,369,100
Fresh Issue against Bond, 2nd Conversion of Bond	2017	-	2,237,835	712,674,745	22,378,350	7,126,747,450
Bonus Share 20%	2017	142,534,949	-	855,209,694	1,425,349,490	8,552,096,940
Fresh Issue against Bond, 3rd Conversion of Bond	2018	-	2,790,534	858,000,228	27,905,340	8,580,002,280
Bonus Share 25%	2018	214,500,057	-	1,072,500,285	2,145,000,570	10,725,002,850
Bonus Share 15%	2019	160,875,042	-	1,233,375,327	1,608,750,420	12,333,753,270
Bonus Share 7.50%	2020	92,503,149	-	1,325,878,476	925,031,490	13,258,784,760
Bonus Share 5%	2021	66,293,923	-	1,392,172,399	662,939,230	13,921,723,990
<b>Total</b>						<b>13,921,723,990</b>



**Notes to the financial statements as at and for the year ended 31 December 2021**

**17.2.2 Issued, Subscribed and Paid up Capital**

	Particulars	Consolidated		BRAC Bank Limited	
		2021	2020	2021	2020
Balance at the beginning of the year		13,258,784,760	12,333,753,270	13,258,784,760	12,333,753,270
Add: Stock dividend of 2020 issued in 2021		662,939,230	925,031,490	662,939,230	925,031,490
<b>Closing at the end of the year</b>		<b>13,921,723,990</b>	<b>13,258,784,760</b>	<b>13,921,723,990</b>	<b>13,258,784,760</b>

**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.

**17.4 Cash Dividend/Bonus Issue**

On 27 May 2021, 15% Dividend (5% stock & 10% Cash) were approved by the shareholders at its 22nd Annual General Meeting. The stock dividend was distributed on 06 June 2021 accordingly.

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

**17.5 Ordinary Shares**

	No. of Shares (2021)	% of shareholding (2021)	2021 Taka	2020 Taka
<b>Sponsor:</b>				
BRAC	642,696,863	46.17%	6,426,968,630	6,120,922,510
Others	1,074,421	0.08%	10,744,210	10,417,110
<b>Non Sponsor:</b>				
Non Resident Bangladeshi	978,349	0.07%	9,783,490	12,806,020
Mutual Funds	29,686,702	2.13%	296,867,020	280,853,240
Institutions and General Public	717,736,064	51.56%	7,177,360,640	6,833,785,880
	<b>1,392,172,399</b>	<b>100%</b>	<b>13,921,723,990</b>	<b>13,258,784,760</b>



**Notes to the financial statements as at and for the year ended 31 December 2021**

**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 2021 was Tk. 55.30 at Dhaka Stock Exchange (DSE) and Tk. 54.60 at Chittagong Stock Exchange (CSE).

**17.6 Classification of Shareholding**

**Range of holding of shares**

Range of holding of shares	Number of shareholders (2021)	Number of shares (2021)	Percentage of holding of shares (2021)
Less than 500	6,295	1,072,571	0.08%
500 to 5,000	7,701	14,839,752	1.07%
5,001 to 10,000	1,510	10,609,614	0.76%
10,001 to 20,000	656	9,357,563	0.67%
20,001 to 30,000	253	6,225,854	0.45%
30,001 to 40,000	108	3,762,092	0.27%
40,001 to 50,000	61	2,788,898	0.20%
50,001 to 100,000	151	10,744,882	0.77%
100,001 to 1,000,000	201	65,969,685	4.74%
Over 1,000,000	90	1,266,801,488	90.99%
<b>Total</b>	<b>17,026</b>	<b>1,392,172,399</b>	<b>100%</b>

**17.6.1 Name of the Directors and their shareholdings as at 31 December 2021:**

Name	Status	Opening position	Closing position	% of shares held as on 31 December 2021
Dr. Ahsan H Mansur (Chairman)	Independent Director	Nil	Nil	Nil
Mr. Asif Saleh (Nominated by BRAC)	Nominated Director	31,000	31,000	0.002%
Ms. Farzana Ahmed	Independent Director	Nil	Nil	Nil
Mr. Kazi Mahmood Sattar	Independent Director	Nil	Nil	Nil
Ms. Fahima Choudhury	Independent Director	Nil	Nil	Nil
Dr. Zahid Hussain	Independent Director	Nil	Nil	Nil
Mr. Meheriar M Hasan (Nominated by BRAC)	Nominated Director	Nil	Nil	Nil
Mr. Shameran Bahar Abed (Nominated by BRAC)	Nominated Director	950,000	997,500	0.071%
Dr. Mustafa Kamal Mujeri	Independent Director	Nil	Nil	Nil
Mr. Faruq Mayeenuddin Ahmed	Independent Director	Nil	Nil	Nil

		<i>In Tata</i>	
Particulars		BRAC Bank Limited	
		2021	2020

#### 17.7 Share Premium

##### Accounting policy

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

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

#### 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

1,324,534,000	1,324,534,000	1,324,534,000	1,324,534,000
192,580	192,580	192,580	192,580
219,056,640	219,056,640	219,056,640	219,056,640
92,473,920	92,473,920	92,473,920	92,473,920
91,555,530	91,555,530	91,555,530	91,555,530
189,254,190	189,254,190	189,254,190	189,254,190
1,936,700,172	1,936,700,172	1,936,700,172	1,936,700,172
<b><u>3,853,767,032</u></b>	<b><u>3,853,767,032</u></b>	<b><u>3,853,767,032</u></b>	<b><u>3,853,767,032</u></b>



Notes to the financial statements as at and for the year ended 31 December 2021

#### 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 was introduced by Bangladesh Bank as per BASEL III.

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

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

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

Particulars	In Taka			
	2021	2020	2021	2020
<b>Common Equity Tier-1 (Going Concern Capital)</b>				
Fully Paid-up Capital/Funds from Head Office for the Purpose of Meeting the Capital Adequacy	13,921,723,990	13,258,784,760	13,921,723,990	13,258,784,760
Non-repayable Share Premium Account	3,853,767,032	3,853,767,032	3,853,767,032	3,853,767,032
Statutory Reserve	10,067,956,958	9,405,017,728	10,067,956,958	9,405,017,728
General Reserve	-	-	-	-
Retained Earnings	26,402,962,532	16,346,550,011	16,329,861,552	13,680,255,527
Dividend equalization fund	355,218,455	355,218,455	355,218,455	355,218,455
Minority Interest in Subsidiaries	19,760,616,148	5,610,136,813	-	-
Others (if any item approved by Bangladesh Bank)	-	-	-	-
<b>Sub-total</b>	<b>74,362,245,115</b>	<b>48,829,474,799</b>	<b>44,528,527,987</b>	<b>40,553,043,502</b>
<b>Regulatory Adjustments</b>				
Goodwill and all other Intangible Assets	4,958,310,051	3,767,220,392	957,240,725	1,036,448,298
Deferred Tax Assets (DTA)	5,050,299,241	3,810,017,550	3,964,542,244	3,043,768,317
Others if any	-	-	-	-
<b>Sub-total</b>	<b>10,008,609,293</b>	<b>7,577,237,942</b>	<b>4,921,782,969</b>	<b>4,080,216,615</b>
<b>Total common equity Tier-1 capital</b>	<b>64,353,635,822</b>	<b>41,252,236,857</b>	<b>39,606,745,018</b>	<b>36,472,826,887</b>



	Particulars	Consolidated		BRAC Bank Limited		In Taka
		2021	2020	2021	2020	
<b>Additional Tier-1 Capital</b>						
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)		-	-	-	-	-
Others (if any item approved by Bangladesh Bank)		-	-	-	-	-
<b>Subtotal</b>		-	-	-	-	-
<b>Regulatory Adjustments:</b>						
Maximum Limit of Additional Tier-1 Capital (AT-1 capital can be maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher)		-	-	-	-	-
Excess Amount over Maximum Limit of AT-1		-	-	-	-	-
<b>Subtotal</b>		-	-	-	-	-
Total Admissible Additional Tier-1 Capital		<b>64,353,635,822</b>	<b>41,253,236,857</b>	<b>39,606,745,018</b>	<b>36,472,826,887</b>	
<b>Tier-2 Capital (Going Concern Capital)</b>						
General Provision		4,524,969,048	3,709,404,810	4,524,969,048	3,709,404,810	
Revaluation Reserves as on 31 December, 2014 (50% of Fixed Assets and Securities & 10% of Equities)		-	346,502,408	-	346,502,408	
Others (if any item approved by Bangladesh Bank)		-	-	-	-	-
<b>Sub-total</b>		<b>4,524,969,048</b>	<b>4,055,907,218</b>	<b>4,524,969,048</b>	<b>4,055,907,218</b>	
<b>Regulatory Adjustments</b>						
Revaluation Reserves for Fixed Assets, Securities & Equity Securities (follow Phase-in deductions as per Basel III Guidelines)		-	346,502,408	-	346,502,408	
Others if any		-	-	-	-	-
Total Tier-2 Capital Available		4,524,969,048	3,709,404,810	4,524,969,048	3,709,404,810	
Maximum Limit of Tier-2 Capital (Tier-2 capital can be maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher)		49,849,223,854	36,669,113,342	28,366,905,565	32,420,695,820	
<b>Total Admissible Tier-2 capital</b>		<b>4,524,969,048</b>	<b>3,709,404,810</b>	<b>4,524,969,048</b>	<b>3,709,404,810</b>	
<b>Total Capital</b>		<b>68,878,604,870</b>	<b>44,961,641,667</b>	<b>44,131,714,066</b>	<b>40,182,231,697</b>	
Total Risk Weighted Assets		337,281,898,721	297,177,998,257	307,359,660,182	276,174,839,100	
Minimum Capital requirement (MCR - 12.50%)		42,160,237,340	37,147,249,782	38,419,957,523	34,521,834,888	
Surplus/ (Deficiency)		26,718,367,530	7,814,391,885	5,711,756,543	5,660,376,809	
<b>Capital Adequacy Ratio:</b>						
Common Equity Tier-1 (Against standard of minimum 6%)		19.08%	13.88%	12.89%	13.21%	
Total Capital to Risk-weighted Asset Ratio*		20.42%	15.13%	14.36%	14.55%	
Minimum CRAR %		12.50%	12.50%	12.50%	12.50%	
Surplus/ (Deficiency) %		7.92%	2.63%	1.88%	2.05%	

\* In Standalone regulatory capital calculation, fair value gain of BDT 7,384,920,564 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 as per international practice, the standalone Regulatory Capital to Risk-weighted Asset Ratio (CRAR) would have been reported at 16.19%.



	Particulars	Note	Consolidated 2021	2020	BRAC Bank Limited 2021	2020	In Taka
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		9,405,017,728	8,129,149,416	9,405,017,728	8,129,149,416	
	Transferred from profit during the year		662,939,230	1,225,868,312	662,939,230	1,275,868,312	
	Closing balance		<b>10,067,956,958</b>	<b>9,405,017,728</b>	<b>10,067,956,958</b>	<b>9,405,017,728</b>	
19	Dividend equalization fund						
	Balance at the beginning of the year		355,218,455	355,218,455	355,218,455	355,218,455	
	Add: Addition during the year						
			<b>355,218,455</b>	<b>355,218,455</b>	<b>355,218,455</b>	<b>355,218,455</b>	
20	Revaluation reserve on govt. securities						
	Accounting policy						
	Revaluation reserve represents revaluation on Treasury bond (HFT and HTM) in accordance with the DOS circular no. 05, dated 26 May 2008 and DOS circular no. 05, dated 28 January 2009.						
	The details of revaluation reserve are as follows:						
	Balance at the beginning of the year		4,805,926,053	98,965,051	4,805,926,053	98,965,051	
	Add: Addition during the year		1,277,441,975	7,553,065,801	1,277,441,975	7,553,065,801	
	Less: Adjustment during the year		3,593,075,101	2,846,104,799	3,593,075,101	2,846,104,799	
			<b>2,490,292,927</b>	<b>4,805,926,053</b>	<b>2,490,292,927</b>	<b>4,805,926,053</b>	
21.	Fair value gain/(loss) on equity investment (Standalone)						
	Accounting policy						
	For accounting policy and details, please refer to policy note 9 "Reporting investment in subsidiaries and associates in separate financial statements".						
	Balance at the beginning of the year				1,131,197,846	1,261,102,670	
	Net change during the year				6,253,722,718	(129,904,824)	
					<b>7,384,920,564</b>	<b>1,131,197,846</b>	



**Notes to the financial statements as at and for the year ended 31 December 2021**

**22**

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

**Accounting policy**

**Remeasurements gain/(loss) of defined benefits liability (assets)**

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

*In Taka*

Particulars	Note	Consolidated		BRAC Bank Limited
		2021	2020	
Balance at the beginning of the year		13,680,255,527	12,378,804,260	
Add: Remeasurements gain/(loss) of defined benefits liabilities (assets)		(144,589,978)	(113,449,385)	
Add: Retained surplus for the year		5,546,930,564	4,540,831,949	
Less: Transfer to statutory reserve		662,939,230	1,275,868,312	
Less: Start-up Fund		100,877,625	-	
Less: Cash dividend paid		1,325,878,476	925,031,495	
Less: Bonus share issued		662,939,230	925,031,490	
<b>Closing balance</b>		<b>16,329,861,552</b>	<b>13,680,255,527</b>	
 <b>Surplus in profit and loss account/Retained earnings (Consolidated)</b>				
 BRAC Bank Limited		16,329,861,552	13,680,255,527	
Less: Gain on disposal of BAMCL reported at Bank's accounts		-	-	
<b>Sub total</b>		<b>16,329,861,552</b>	<b>13,680,255,527</b>	
 BRAC EPL Investment Limited				
Opening balance		(1,855,049,822)	(1,899,738,048)	
Add: Retained Surplus/(deficit) for the year		247,553,185	44,688,226	
Add: Effect of change of shareholding		-	-	
Less: Impairment of Goodwill		-	-	
<b>Sub total</b>		<b>(1,607,496,637)</b>	<b>(1,855,049,822)</b>	
 BRAC EPL Stock Brokerage Limited				
Opening balance		711,882,093	567,229,072	
Add: Retained Surplus/(deficit) for the year		231,685,505	144,653,021	
Less: Dividend distributed		-	-	
Add: Reserve for stock dividend		-	-	
<b>Sub total</b>		<b>943,567,598</b>	<b>711,882,093</b>	
 bKash Limited				
Opening balance		3,715,030,852	4,044,682,420	
Add: Retained Surplus/(deficit) for the year		(439,513,503)	(271,792,940)	
Add: Effect of change in preference share of bKash		7,445,299,204	-	
Add: Remeasurements of defined benefits liability (assets)		21,923,644	(57,858,628)	
Less: Correction of wrongly recognised Goodwill		-	-	
<b>Sub total</b>		<b>10,742,740,197</b>	<b>3,715,030,852</b>	



**Notes to the financial statements as at and for the year ended 31 December 2021**

	Particulars	Note	2021	Consolidated	2020	BRAC Bank Limited	In Taka
<b>BRAC SAAJAN Exchange Limited</b>							
Opening balance			146,462,896	186,531,128			
Add: Retained Surplus/(deficit) for the year			(143,098,311)	(27,512,107)			
Less: Dividend distributed			-	(12,556,125)			
Add: Effect of change of shareholding			-	-			
<b>Sub total</b>			<b>3,364,585</b>	<b>146,462,896</b>			
<b>Associates</b>							
Opening balance - (b)TS			(30,190,001)	(30,190,001)			
Add: Share of profit/(loss) of equity in associate company - (b)TS			3,742,052	-			
Gain/(Loss) on disposal/loss of control of associates			17,373,186	-			
<b>Sub total</b>			<b>(9,074,763)</b>	<b>(30,190,001)</b>			
<b>22.1 Net effect of all items directly recognised in Equity</b>			<b>26,402,962,532</b>	<b>16,368,391,545</b>			
<b>22.1.1 Effect of change of shareholding in subsidiaries</b>							
Dividend distributed by BRAC SAAJAN Exchange Limited			-	(12,556,125)			
Remeasurement of defined benefits liabilities (assets)-Gratuity			(122,766,334)	(171,308,013)			
Effect of change in preference share of bKash	21.1.1.a		7,445,299,204	7,322,532,870	<b>(183,864,138)</b>		
<b>22.1.1.a</b>	The above adjustment arose due to issuance of preference share and ordinary share of bKash at a premium namely to "SoftBank" in the year 2021 and remeasurements of defined benefits liability (assets)- Gratuity Fund in BRAC Bank Limited and bKash Limited.						
<b>Particulars</b>		<b>Total</b>		<b>BRAC Bank</b>		<b>Non-controlling interest</b>	
Opening Economic interest considering potential dilution in ownership		100%		41.45%		58.55%	
Closing Economic interest considering potential dilution in ownership		100%		35.74%		64.26%	
Effect for change in bKash's equity due to issuance of new preference shares*			7,980,820,432		14,349,399,019		
Net effect for change in shareholding percentage from opening equity			(533,521,228)		533,521,228		
<b>Total amount directly recognised in BBL's equity and NCI</b>			<b>7,445,299,204</b>		<b>14,384,920,247</b>		
* Total 75,141 no. of preference shares issued in 2021 at an issue price of BDT 298,332 having face value of BDT 100.							
<b>22.2 Non Controlling Interest</b>							
<b>Accounting policy</b>							
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.							
<b>BRAC EPL Investments Limited</b>			567,516	432,157			
<b>BRAC EPL Stock Brokerage Limited</b>			137,817,957	112,075,122			
<b>bKash Limited</b>			19,619,313,898	5,485,225,785			
<b>BRAC SAAJAN Exchange Limited</b>			2,916,777	49,845,069			
			<b>19,760,616,148</b>	<b>5,647,578,133</b>			



**22.2.1 Reconciliation of Non Controlling Interest**

	BRACEPL Investments Ltd.	BRACEPL Brokerage Ltd.	bKash Limited	BRAC SAAJAN Exchange Limited
Opening balance	432,157	112,075,122	5,485,225,785	49,845,069
Share of profit/(loss)	135,339	25,742,835	(790,251,143)	(47,699,437)
Effect of issuance of convertible preference share by bKash*	-	-	14,884,920,260	-
Dividend payment	-	-	-	-
Translation adjustment	-	-	-	771,145
Remeasurements loss on defined benefit liability (assets)	<b>567,516</b>	<b>137,817,957</b>	<b>39,418,996</b>	<b>2,916,777</b>

\* Please refer to note 22.1.1.a for detail calculation of effect of issuance of convertible preference share by bKash.

**23 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	Consolidated		In Tkka	
		2021	2020	2021	2020
Acceptances and endorsements		50,478,536,940	27,887,446,334	50,478,536,940	27,887,446,334
Irrevocable letters of credit		26,598,203,443	15,550,643,171	26,598,203,443	15,550,643,171
Total Letters of credit and Acceptances and endorsements		77,076,140,383	43,438,089,505	77,076,140,383	43,438,089,505
Letter of guarantees		11,793,414,671	10,831,198,204	11,793,414,671	10,831,198,204
Bills for collection		16,438,866,245	12,320,479,990	16,438,866,245	12,320,479,990
Other Commitments		38,614,204,394	26,990,260,781	38,614,204,394	26,990,260,781
	<b>143,923,225,693</b>	<b>93,580,028,480</b>	<b>143,923,225,693</b>	<b>93,580,028,480</b>	<b>93,580,028,480</b>
<b>23.1 Irrevocable Letters of Credit including Acceptances and endorsements</b>					
Letter of credit (Inland)		2,778,557,467	272,980,934	2,778,557,467	272,980,934
Letter of credit (General)		57,860,271,471	28,525,891,159	57,860,271,471	28,525,891,159
Back to Back L/C		4,052,799,770	2,161,014,227	4,052,799,770	2,161,014,227
Back to Back bills		1,208,061,714	4,590,390,724	1,208,061,714	4,590,390,724
Back to Back bills (EDF)		11,177,049,962	7,887,812,460	11,177,049,962	7,887,812,460
	<b>77,076,740,384</b>	<b>43,438,089,505</b>	<b>77,076,740,384</b>	<b>43,438,089,505</b>	<b>43,438,089,505</b>
Less: Margin		<b>748,254,248</b>	<b>733,320,168</b>	<b>748,254,248</b>	<b>733,320,168</b>
	<b>76,328,486,136</b>	<b>42,704,769,337</b>	<b>76,328,486,136</b>	<b>42,704,769,337</b>	<b>42,704,769,337</b>



**Notes to the financial statements as at and for the year ended 31 December 2021**

	Particulars	Note	<i>In Taka</i>		
			Consolidated		BRAC Bank Limited
			2021	2020	2020
<b>23.2 Letter of Guarantees</b>					
Letter of guarantee (Local)	10,898,451,190	8,223,631,119	10,898,451,190	8,223,631,119	
Letter of guarantee (Foreign)	576,806,944	667,058,388	576,806,964	667,058,388	
Foreign counter guarantee	318,156,517	1,940,508,697	318,156,517	1,940,508,697	
	11,793,414,671	10,831,198,204	11,793,414,671	10,831,198,204	
	216,052,368	200,468,299	216,052,368	200,468,299	
<b>Less: Margin</b>	<b>11,577,362,303</b>	<b>10,630,729,905</b>	<b>11,577,362,303</b>	<b>10,630,729,905</b>	
Balance for which the Bank is contingently liable in respect of guarantee issued favouring:					
Directors	2,948,353,668	2,274,551,623	2,948,353,668	2,274,551,623	
Government	589,670,734	866,495,856	589,670,734	866,495,856	
Bank and other financial institutions	8,255,390,270	7,690,150,724	8,255,390,270	7,690,150,724	
Others					
	11,793,414,672	10,831,198,204	11,793,414,672	10,831,198,204	
	216,052,368	200,468,299	216,052,368	200,468,299	
<b>Less : Margin</b>	<b>11,577,362,304</b>	<b>10,630,729,904</b>	<b>11,577,362,304</b>	<b>10,630,729,904</b>	
<b>23.3 Bills for collection</b>					
Outward local bills for collection	15,299,010,106	11,333,960,651	15,299,010,106	11,333,960,651	
Outward foreign bills for collection	1,139,856,139	986,519,339	1,139,856,139	986,519,339	
Inward local bills for collection	-	-	-	-	
Inward foreign bills for collection	-	-	-	-	
	<b>16,438,866,245</b>	<b>12,320,479,990</b>	<b>16,438,866,245</b>	<b>12,320,479,990</b>	
<b>23.4 Other Commitments</b>					
Swap deals with banks and customers	20,452,606,603	18,307,971,009	20,452,606,603	18,307,971,009	
Spot and forward deals with banks and customers	18,161,597,791	8,682,289,771	18,161,597,791	8,682,289,771	
	<b>38,614,204,394</b>	<b>26,990,260,781</b>	<b>38,614,204,394</b>	<b>26,990,260,781</b>	
<b>23.5 Significant concentration wise grouping</b>					
i) Documentary credits and short term trade related transactions	105,309,021,299	66,589,767,699	105,309,021,299	66,589,767,699	
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	18,161,597,791	8,682,289,771	18,161,597,791	8,682,289,771	
v) Other exchange contracts	20,452,606,603	18,307,971,009	20,452,606,603	18,307,971,009	
vi) Others	<b>143,923,225,693</b>	<b>93,580,028,480</b>	<b>143,923,225,693</b>	<b>93,580,028,480</b>	



**Notes to the financial statements as at and for the year ended 31 December 2021**

**23.6 Suit filed by the Bank**

No law suit has been filed by the bank against contingent liabilities. However, there are three performance guarantees under litigation between Bank's customers and beneficiaries. Adequate provisions have been kept against these contingencies.

**Section - Three: Notes To Profit and Loss Account**

			<i>In Taka</i>		
			BRAC Bank Limited		
			Consolidated		
			2021	2020	
					2020
<b>24 Income statement</b>					
Income:					
Interest, discount and similar income					
Dividend income	24.1	30,613,868,935	33,573,293,813	26,613,113,886	29,463,748,622
Fees, commission and brokerage	27	179,816,729	96,585,958	179,816,729	109,142,083
Gains less losses arising from government securities	24.2	7,297,576,594	6,383,186,579	2,744,920,279	2,107,132,951
Gains less losses arising from investment securities/trading shares-MF		345,451,894	1,889,670,053	345,451,894	1,889,670,053
Gains less losses arising from dealing from foreign currencies		228,515,315	(297,331,792)	228,515,315	(297,331,792)
Income from investment in bTTS	28	695,276,642	453,142,827	695,276,642	453,142,827
Other operating income					
	29	175,087,150	170,205,482	146,093,679	111,861,433
		<u>39,535,593,559</u>	<u>42,278,752,920</u>	<u>30,953,188,424</u>	<u>33,837,366,177</u>
Expenses:					
Interest paid on deposits and borrowings etc.	26	7,912,883,508	13,724,700,661	7,589,298,326	13,501,818,343
Administrative expenses	24.3	15,105,621,818	14,178,977,974	8,059,931,152	7,599,422,704
Other operating expenses	38	3,383,027,192	3,542,809,289	2,627,953,670	2,451,914,688
Depreciation on banking assets	37	3,026,776,858	2,623,591,449	1,732,111,456	1,682,480,106
Operating Profit		<u>29,428,309,376</u>	<u>34,070,079,373</u>	<u>20,009,294,604</u>	<u>25,235,635,841</u>
		<u>10,107,284,183</u>	<u>8,208,673,547</u>	<u>10,943,893,820</u>	<u>8,601,730,336</u>
<b>24.1 Interest, discount and similar income</b>					
Interest on loans and advances					
Interest on balance with other banks	21,653,006,358	24,022,608,951	21,235,466,936	23,984,780,544	
Interest on fixed deposits with other banks	594,251,565	683,413,582	2,173,585	18,862,154	
Other interest income	1,892,247,656	2,278,046,864	262,867,857	609,248,730	
Interest on government securities	85,712,369	95,870,519	85,712,369	95,694,447	
Interest on reverse repo	4,747,356,870	4,384,704,334	4,747,356,870	4,384,704,334	
Interest on corporate & subordinated bond	4,247,691	9,449,127	4,247,691	9,449,127	
Interest on interest rate swap (IRS)	275,455,497	358,168,551	275,455,497	358,168,551	
Gain (loss) on interest rate swap (IRS) position	5,319,038	6,855,771	5,319,038	6,855,771	
Investment income/loss from subsidiaries	(5,485,957)	(4,015,036)	(5,485,957)	(4,015,036)	
	1,361,757,848	1,738,191,050			
	<u>30,613,868,935</u>	<u>33,573,293,813</u>	<u>26,613,113,886</u>	<u>29,463,748,622</u>	
<b>24.2 Fees, commission and brokerage</b>					
Fees	1,988,438,814	1,552,091,757	1,988,438,814	1,552,091,757	
Commission	5,309,137,780	4,841,094,822	756,481,465	555,041,94	
	<u>7,297,576,594</u>	<u>6,393,186,579</u>	<u>2,744,920,279</u>	<u>2,107,132,951</u>	



**Notes to the financial statements as at and for the year ended 31 December 2021**

	Particulars	Note	<i>In Total</i>		
			Consolidated		BRAC Bank Limited
			2021	2020	2020
24.3	Administrative expenses				
	Salaries and allowances	9,890,092,832	9,043,103,741	6,626,995,876	6,228,455,055
	Rent, taxes, insurance, electricity etc.	645,414,492	619,719,635	473,700,396	491,971,548
	Legal expenses	62,840,810	67,443,988	33,352,689	32,746,130
	Postage, stamps, telecommunication etc.	317,984,231	301,320,117	222,631,352	204,617,611
	Stationery, printing, advertisement etc.	2,608,773,879	2,842,951,296	221,634,405	220,659,472
	Chief Executive's salary and fees	18,424,250	18,775,000	18,424,250	18,775,000
	Directors' fees and expenses	4,572,209	3,304,211	2,437,600	1,596,800
	Auditors' fee	7,125,166	7,895,608	1,840,000	1,840,000
	Repairs and maintenance of fixed assets	1,550,393,948	1,274,464,378	458,914,584	398,761,088
		<b>15,105,621,818</b>	<b>14,178,977,974</b>	<b>8,059,931,152</b>	<b>7,509,422,704</b>
25	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.				
	Interest on loans and advances	21,653,006,358	24,022,608,951	21,235,466,936	23,984,780,544
	Interest on balance with other banks	594,251,565	682,413,682	2,173,585	18,862,154
	Interest on fixed deposits with other banks	2,333,307,976	2,799,006,059	515,005,098	864,599,668
	Other interest income	85,712,369	95,870,519	85,712,369	95,694,147
	Less: Elimination of inter unit/company transactions				
		<b>24,666,278,268</b>	<b>27,600,899,211</b>	<b>21,838,357,988</b>	<b>24,963,936,813</b>
		<b>441,060,320</b>	<b>520,959,195</b>	<b>252,137,241</b>	<b>255,350,938</b>
		<b>24,225,217,948</b>	<b>27,079,940,016</b>	<b>21,586,220,747</b>	<b>24,708,585,875</b>



			Consolidated		BRAC Bank Limited	
	Particulars	Note	2021	2020	2021	2020
26	Interest paid on deposits and borrowings etc.					
	Accounting policy					
	Interest paid and other expenses are recognised on an accrual basis.					
	A. Interest paid on deposits:					
	Current account		972,611,273	1,135,157,388	539,413,646	799,286,651
	Short term deposit		200,927,646	351,791,964	200,927,646	351,791,964
	Savings deposit		665,574,233	646,549,529	665,574,233	646,549,529
	Term deposit		5,226,073,047	9,967,544,780	5,226,073,047	9,967,544,780
			7,065,186,199	12,101,043,661	6,631,988,572	11,765,172,924
	B. Interest paid for borrowings:					
	Interest on money at call and short notice		132,329,734	134,757,495	132,329,734	134,757,495
	Interest on borrowings from banks and FIs		642,769,988	939,613,810	563,459,364	786,993,972
	Interest on funding SWAP		19,776,830	58,351,722	19,776,830	58,351,722
	Interest on re-finance and pre-finance from central bank & government agencies		406,218,426	377,065,566	406,218,426	377,065,566
	Interest on Repurchase agreement (REPO)		87,662,621	634,627,602	87,662,621	634,627,602
			1,288,757,629	2,144,616,195	1,209,946,995	1,991,996,357
			8,353,943,828	14,245,659,856	7,841,335,567	13,757,169,281
	Less: Elimination of inter unit/company transactions		441,060,320	520,959,195	252,137,241	255,350,938
			7,912,883,508	13,724,700,661	7,589,298,326	13,501,818,343
27	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.					
	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 government securities		4,747,356,870	4,384,704,334	4,747,356,870	4,384,704,334
	Interest on reverse REPO		4,247,691	9,449,127	4,247,691	9,449,127
	Interest on corporate & subordinated bond		275,455,497	358,168,551	275,455,497	358,168,551
	Interest on interest rate swap (IRS)		5,319,038	6,855,771	5,319,038	6,855,771
	Dividend on shares & mutual funds		179,816,729	96,585,958	179,816,729	96,585,958
	Dividend on subsidiary		-	-	12,556,125	-
	Capital gain (loss) on government securities		345,451,894	1,889,670,053	345,451,894	1,889,670,053
	Capital gain (loss) on shares & mutual funds		228,515,315	(297,331,792)	228,515,315	(297,331,792)
	Gain (loss) on interest rate swap (IRS) position		(5,482,957)	(4,015,036)	(5,482,957)	(4,015,036)
	Investment income/(loss) of subsidiaries		1,361,757,848	1,738,191,050	-	-
			7,142,434,925	8,192,278,016	5,780,677,077	6,456,643,091



		<i>In Taka</i>		
	Particulars	Note	BRAC Bank Limited	
			2021	2020
27.1	Investment income/(loss) of subsidiaries			
	Dividend income		44,823,469	48,962,141
	Realised gain/(loss) during the year		(102,153,300)	99,404,813
	Fair value adjustment at reporting date		209,675,164	168,122,345
	Interest on treasury bills & bonds		1,209,412,515	1,421,701,751
			<b>1,361,757,848</b>	<b>1,738,191,050</b>
28	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		84,301,766	114,832,709
	Commission from issue of payment orders, DD and TT		5,830,538	9,577,538
	Commission from issue of letter of guarantee		73,718,638	66,711,236
	Commission from issue of letters of credit (Import and Export)		470,603,536	284,519,104
	Other commission		122,026,997	79,400,365
	Gain (Loss) on Foreign currency dealings		453,142,827	122,026,997
	Loan processing fees		695,276,642	453,142,827
	Account activity fees		560,484,117	226,769,467
	Import and export related fees		179,914,635	560,484,117
	Fees and Commission-Cards		214,464,532	179,914,635
	Relationship Fees		645,545,812	282,958,905
	Loan Early Settlement Fees		3,761,463	176,753,392
	Service Charges for ATM Card		77,592,716	214,464,532
	Fund Collection/ Transfer Fees		149,712,089	148,363
	Student Service Center Fees		137,718	137,718
	Cancellation fees		13,646,700	13,646,700
	Cheque collection fees		69,900	69,900
	Custodian fees		188,100	188,100
	Other fees		20,398,110	20,398,110
	Commission and brokerage income of subsidiaries		122,522,902	122,522,902
	Less: Elimination of inter unit/company transactions			
			<b>4,593,062,686</b>	<b>4,346,703,147</b>
			<b>8,033,259,607</b>	<b>6,906,978,925</b>
			<b>40,406,371</b>	<b>60,649,519</b>
			<b>7,992,853,236</b>	<b>6,846,329,406</b>
			<b>3,440,196,921</b>	<b>2,560,275,778</b>



**Notes to the financial statements as at and for the year ended 31 December 2021**

		<i>In Taka</i>			
		Particulars		BRAC Bank Limited	
		Note	Consolidated	2021	2020
28.1	Other fees				
	Passport Endorsement Fees		95,915	159,400	95,915
	Locker fees		5,265,039	5,265,039	4,843,137
	Service fees - ATM		4,843,137	514,239	514,239
	Service fees - BIT		449,979	449,979	1,307,708
	Service fees - bKash		1,307,050	1,373,050	8,468,945
	Annual Membership Fees-Premium Banking		9,097,338	9,097,338	59,000
	Annual Fees-SMS Banking		11,800	11,800	34,972,593
	Annual Fees-Internet Banking		37,593,510	37,593,510	984,600
	Syndication Fees		1,780,000	984,600	7,165,740
	Valuation fees		-	7,165,740	-
	E-commerce acquiring fees		23,041,325	26,198,697	26,198,697
	Miscellaneous fees income		43,751,461	14,743,764	14,743,764
			<b>122,522,902</b>	<b>99,622,940</b>	<b>99,622,940</b>
29	Other operating income				
	<b>Accounting policy</b>				
	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		3,798,917	111,086,641	3,798,917
	Profit share from other bank		107,157,532	100,533,561	107,157,532
	Miscellaneous income		35,137,230	241,231	35,137,230
	Other operating income of subsidiaries		28,993,771	58,344,049	-
			<b>175,087,450</b>	<b>170,205,482</b>	<b>146,193,679</b>
30	Salaries and allowances/Employee benefits				
	<b>Accounting policy</b>				
	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.				



**Notes to the financial statements as at and for the year ended 31 December 2021**

**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 month's basic pay for every completed year of service. Beyond 5 years, 6 months and more shall be considered as full year of service. Gratuity fund is a 'Defined Benefit Plan' and contribution to Gratuity Fund is measured through the result of actuarial valuation of the fund.

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

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

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

**Worker's Profit Participation Fund (WPPF)**

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

**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-I 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 2021**

		In Tk/ BRAC Bank Limited		
		Note	Consolidated	BRAC Bank Limited
		2021	2020	2020
31	Rent, taxes, insurance, electricity, etc.			
	31.1	322,815,149 89,905,087 223,032,603 9,661,653 <b>645,414,492</b>	298,221,971 82,243,851 21,838,341 20,868,472 <b>619,719,635</b>	270,100,724 13,827,612 180,256,170 9,515,890 <b>473,700,396</b>
				273,205,964 14,197,269 183,816,133 20,752,182 <b>491,971,548</b>
	Rent, rates and taxes			
	31.1	1,355,992,047 1,033,176,898 <b>322,815,149</b>	1,385,092,784 1,084,870,813 <b>298,221,971</b>	1,128,047,204 857,946,480 <b>270,100,724</b>
				1,132,107,149 858,901,185 <b>273,205,964</b>
	Rent, taxes, insurance, electricity, etc.			
	Less: Reversal of rent expenses due to depreciation and interest expenses under IFRS 16 -Leases			
32	Postage, stamp, telecommunication, etc.			
	Postage and courier	51,388,405 94,216,080	53,238,635 111,537,551	34,325,260 60,469,128
	Telegram, telex, fax and network	78,141,242	33,397,825	78,141,242
	Court fees and stamps	94,238,504	103,146,106	49,655,722
	Telephone	<b>317,984,231</b>	<b>301,320,117</b>	<b>222,631,352</b>
				39,863,122 74,487,696 33,397,825 56,868,968 <b>204,617,611</b>
33	Stationery, printing, advertisements, etc.			
	Stationery and Printing	100,607,005 53,297,028 2,454,869,846 <b>2,608,773,879</b>	116,991,185 51,995,186 2,673,964,925 <b>2,842,951,296</b>	91,173,910 53,297,028 77,163,467 <b>221,634,405</b>
	Security Stationery			
	Advertisement			
34	Chief Executive's salary and fees			
	Basic salary	13,249,250 3,675,000 1,500,000	12,600,000 4,675,000 1,500,000	13,249,250 3,675,000 1,500,000
	Bonus and others			
	House rent allowance			
	Medical allowance			
		<b>18,424,250</b>	<b>18,775,000</b>	<b>18,424,250</b>
				<b>18,775,000</b>
34.1	Bonus and others			
	Festival Bonus	2,100,000	2,100,000	2,100,000
	Performance Bonus	-	1,000,000	1,000,000
	Leave Fair Assistance	1,575,000	1,575,000	1,575,000
		<b>3,675,000</b>	<b>4,675,000</b>	<b>4,675,000</b>
35	Directors' fees			
	Directors' fees represent fees paid for attending board meeting, board audit committee meeting and risk management committee meeting @ Tk. 8,000 from January to December 2021 per director per meeting.			
		<b>4,572,209</b>	<b>3,304,211</b>	<b>2,437,600</b>
				<b>1,596,800</b>
	Breakup of Directors fees and expenses are given below:			
	Meeting attendance fees	<b>4,572,209</b>	<b>3,304,211</b>	<b>2,437,600</b>
				<b>1,596,800</b>



**Notes to the financial statements as at and for the year ended 31 December 2021**

	Particulars	Note	<i>In Taka</i>		
			Consolidated		BRAC Bank Limited
			2021	2020	2020
36	Auditor's fees		7,125,166	7,895,608	1,840,000
	Audit fees		<u>7,125,166</u>	<u>7,895,608</u>	<u>1,840,000</u>
37	Depreciation and repair of the bank's assets				
	<b>Accounting policy</b>				
	Refer to Note 8 Fixed assets including premises, furniture and fixtures for the relevant accounting policy.				
	<b>Depreciation of Property, plant and equipment</b>				
	Furniture and fixtures		163,899,773	181,711,601	148,736,943
	Office floor space		516,375	617,701	100,858
	Office equipment		108,234,082	132,843,571	94,567,471
	IT hardware		810,561,705	678,947,904	353,862,417
	Motor vehicles		88,859,710	92,915,616	64,518,382
	Leasehold improvement		12,393,972	22,870,947	
	Right of use assets (ROU) as per IFRS 16		953,842,898	950,110,722	762,297,055
	IT software		888,468,343	563,573,987	307,928,330
			<u>3,026,776,858</u>	<u>2,623,591,449</u>	<u>1,732,111,456</u>
					<u>1,682,480,106</u>
	<b>Repairs and Maintenance expenses</b>				
	Transportation expenses		528,010,816	439,377,841	371,932,390
	Equipment repairing expense		70,986,044	55,862,695	13,135,741
	Hardware and software maintenance expense		820,320,339	734,542,452	12,967,822
	Premises maintenance expense		131,076,749	44,681,390	60,878,631
			<u>1,550,393,948</u>	<u>1,274,464,378</u>	<u>458,914,584</u>
	<b>Total</b>		<u>4,577,170,806</u>	<u>3,898,055,827</u>	<u>2,191,026,040</u>
					<u>2,081,241,194</u>



38	Other expenses	In Taka			
		Particulars		BRAC Bank Limited	
		Note	Consolidated 2021	2020 2021	2020
	Conveyance expense		127,323,767	103,449,986	103,449,986
	Fuel expenses		24,580,181	17,698,252	17,698,252
	Traveling cost		27,586,782	27,629,377	27,629,377
	Professional fees		118,553,625	71,946,294	71,946,294
	Entertainment		45,520,007	55,233,863	55,233,863
	SWIFT cost		7,663,074	7,140,219	7,140,219
	Business promotion and development		34,250,516	28,481,989	28,481,989
	Books, news papers and periodicals		148,861	684,794	148,861
	Donation and subscription		236,669,080	282,510,708	236,669,080
	Government Levy, VAT and excise duty		1,895,285	5,273,489	1,895,285
	Other operational loss		4,484,559	152,762	4,484,559
	Staff training and development		8,596,578	30,843,497	8,596,578
	Staff liveries		185,940	2,852,217	185,940
	Staff recruitment		9,478,227	1,748,873	9,478,227
	Salaries and allowance -outsourcing staff		414,478,552	373,431,474	414,478,552
	Staff sales incentives		398,905,613	350,447,720	398,905,613
	Bank charges		21,638,477	18,787,319	21,638,477
	Interest expense for leased liability as per IFRS 16		240,975,386	259,835,771	157,903,682
	Documentation charges - CIB		7,571,438	3,508,800	7,571,438
	IT enabled services		566,345,069	427,833,552	566,345,069
	Security guard cost		212,770,875	209,953,698	212,770,875
	Commission paid- Vendor		9,798,827	4,496,446	9,798,827
	Cash carrying charges		62,792,683	83,071,919	62,792,683
	Spare parts expense		74,519,716	54,782,559	74,519,716
	Archiving expense		30,451,572	32,027,367	30,451,572
	Covid prevention expense		16,285,221	48,044,586	16,285,221
	Miscellaneous		7,955,463	1,102,483	7,955,463
	Other expenses of subsidiaries		712,008,189	1,100,488,904	-
38.1	Less: Elimination of inter unit/company transactions		<b>3,423,433,633</b>	<b>3,603,458,808</b>	<b>2,627,953,670</b>
					<b>2,451,914,688</b>
			<b>3,383,027,192</b>	<b>3,542,809,289</b>	<b>2,627,953,670</b>
					<b>2,451,914,688</b>
38.1	Other expenses of subsidiaries				
	BRAC EPL Investments Limited		27,163,142	9,820,297	
	BRAC EPL Stock Brokerage Limited		189,693,939	123,465,912	
	bKash Limited		289,758,928	410,930,914	
	BRAC SAAJAN Exchange Limited		205,392,180	536,271,871	
			<b>712,008,189</b>	<b>1,100,488,904</b>	

With reference to BRPD circular 09 dated April 26, 2021, BRAC Bank kept 1% provision for CSR expenditure on net profit of 2021.



**Notes to the financial statements as at and for the year ended 31 December 2021**

	Particulars	Note	<i>In Taka</i>		
			Consolidated		BRAC Bank Limited
			2021	2020	2021
39	Share of profit of associates				
	BRAC IT Services Limited		3,742,052	-	
			<u>3,742,052</u>	<u>-</u>	<u>-</u>
40	Provisions				
	<b>Accounting policy</b>				
	Refer to Note 16 Other liabilities for the relevant accounting policy.				
	<b>Provision for loans and advances</b>				
	Specific provision charged during the year		2,828,275,730	3,018,099,324	2,828,275,730
	Specific provision Covid-19 charged during the year		774,130,118	-	774,130,118
	Recovery of written off bad debts		(633,704,077)	(707,517,594)	(633,704,077)
	Specific provision (net off recovery) for the year		2,968,701,771	2,310,581,730	2,968,701,771
	General provision charged during the year		(603,544,658)	490,317,974	(603,544,658)
	Special provision Covid-19 charged during the year		10,077,106	10,077,106	-
	<b>Total provision for loans and advances</b>		<u>2,971,016,470</u>	<u>2,365,157,113</u>	<u>2,810,975,910</u>
	Diminution in value of investments		(563,219,881)	(74,000,000)	(563,219,881)
	Off Balance Sheet items		63,083,635	251,500,000	63,083,635
	<b>Other provisions:</b>				
	Other assets				
	Interest receivable from loan				
41	<b>Provision for taxation</b>				
	<b>Accounting policy</b>				
	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.				
	<b>Current Tax</b>				
	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 2021.				



**Notes to the financial statements as at and for the year ended 31 December 2021**

**Deferred Tax**

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

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

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

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

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

Particulars	Note	Consolidated		In Taka	
		2021	2020	2021	2020
Current tax expense/ (income)*		3,737,018,428	2,840,345,166	3,467,399,481	2,537,375,925
Deferred tax expense/ (income) (Net)		(1,479,828,777)	(545,164,997)	(1,124,778,486)	(343,080,346)
Total provision for Taxation		<b>2,257,189,651</b>	<b>2,294,780,169</b>	<b>2,342,620,995</b>	<b>2,194,295,579</b>

\* Current tax includes the reversal of surplus tax provision for 2013-2017 of BDT 60 crore based on latest assessment order from tax office.

**41.1 Reconciliation of effective tax rate**

Particulars		2021 (Standalone)		2020 (Standalone)
	%	Taka	%	Taka
Profit before income tax as per profit and loss account	37.50%	7,889,551,559	37.50%	6,735,127,528
Income tax as per applicable tax rate		2,958,781,835		2,525,672,823
<b>Factors affecting the tax charge for current year</b>				
Irrecoverable expenses	51.36%	4,051,715,522	47.75%	3,216,016,611
Admissible expenses in the current year (i.e. write-off etc.)	-35.26%	(2,781,861,936)	-33.95%	(2,286,598,235)
Tax exempted income	-1.64%	(129,568,012)	-10.54%	(709,775,363)
Tax savings from reduced tax rates for dividend	-0.40%	(31,467,927)	-0.25%	(16,816,569)
Tax loss/(savings) from reduced tax rates for capital gain	0.00%	-	0.00%	-
Reversal of previous years' excess tax (2009 - 2016)	-7.60%	(600,000,000)	-2.84%	(191,123,342)
Effect of deferred tax	-14.26%	(1,124,778,487)	-5.09%	(343,080,346)
<b>Total income tax expenses</b>	<b>29.69%</b>	<b>2,342,620,995</b>	<b>32.58%</b>	<b>2,194,295,579</b>



## 42 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		In Taka	
		2021	2020	2021	2020
Profit after taxation		4,652,600,294	4,041,390,779	5,546,930,564	4,540,831,949
Profit/(loss) attributable to Non controlling interest		(812,072,386)	(376,921,243)	-	-
Profit attributable to ordinary shareholders of BRAC Bank Limited		5,464,672,680	4,418,312,022	5,546,930,564	4,540,831,949
Weighted average number of shares outstanding		1,392,172,399	1,392,172,399	1,392,172,399	1,392,172,399
<b>Earnings Per Share (EPS)</b>		<b>3.93</b>	<b>3.17</b>	<b>3.98</b>	<b>3.26</b>



**Notes to the financial statements as at and for the year ended 31 December 2021**

**Section - Four : Notes to Cash Flow Statement**

**43 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.

The details of cash and cash equivalents are as follows:

Particulars	Note	Consolidated		BRAC Bank Limited	
		2021	2020	2021	2020
Cash in hand (including foreign currency)	3.1	9,207,161,626	7,836,614,607	8,424,680,663	7,091,907,372
Balance with Bangladesh Bank and its agents banks (including foreign currency)	3.2	14,252,262,804	12,151,189,284	14,252,262,804	12,151,189,284
Balance with other banks and financial institutions	4	78,261,312,910	42,650,004,620	19,880,951,145	14,358,762,046
Money at call and on short notice	5	3,500,000,000	-	3,500,000,000	-
Prize Bond	6.1	1,280,800	1,427,500	1,280,800	1,427,500
	<b>105,222,018,140</b>	<b>62,639,236,011</b>	<b>46,059,175,412</b>	<b>33,603,286,202</b>	
<b>44 Receipts from other operating activities</b>					
Miscellaneous Income		35,157,230	241,231	35,137,230	241,231
Capital gain (loss) on shares & mutual funds		228,515,315	(297,331,792)	228,515,315	(297,331,792)
Profit share from other banks		107,157,532	100,533,561	107,157,532	100,533,561
Capital gain (loss) on government securities		345,451,894	1,889,670,053	345,451,894	1,889,670,053
Gain (loss) on interest rate swap (IRS) position		(5,485,957)	(4,015,036)	(5,485,957)	(4,015,036)
Other receipts of subsidiaries		(118,708,350)	121,127,179		
	<b>592,067,664</b>	<b>1,810,225,196</b>	<b>710,776,014</b>	<b>1,689,098,017</b>	



**Notes to the financial statements as at and for the year ended 31 December 2021**

<b>45</b>	<b>Payment for other operating activities</b>				
	Rent, taxes, insurance, electricity etc.	464,325,834	465,885,512	464,325,834	495,885,512
	Audit fees	1,840,000	1,840,000	1,840,000	1,840,000
	Directors fees and expenses	2,437,600	1,596,800	2,437,600	1,596,800
	Repair and maintenance	524,909,515	445,530,121	524,909,515	445,530,121
	Other expenses	2,593,818,978	2,476,735,938	2,593,818,978	2,476,735,938
	Legal expenses	10,260,637	17,687,494	10,260,637	17,687,494
	Other payments of subsidiaries	451,880,616	589,426,832	-	-
		<b>4,049,473,180</b>	<b>4,038,702,697</b>	<b>3,507,592,564</b>	<b>3,439,275,865</b>
<b>46</b>	<b>Net asset value (NAV) per share</b>				
	Net asset value attributable to shareholders of parent	57,187,474,350	48,110,973,307	54,419,471,131	46,476,525,766
	Number of ordinary share outstanding at the end of the year	1,392,172,399	1,392,172,399	1,392,172,399	1,392,172,399
		<b>41.08</b>	<b>34.56</b>	<b>39.09</b>	<b>33.38</b>
<b>47</b>	<b>Net operating cash flow per share</b>				
	Net operating cash flow	3,725,014,156	33,012,455,660	1,165,731,717	18,614,773,215
	Number of ordinary share outstanding at the end of the year	1,392,172,399	1,392,172,399	1,392,172,399	1,392,172,399
		<b>2.68</b>	<b>23.71</b>	<b>0.84</b>	<b>13.37</b>



**Notes to the financial statements as at and for the year ended 31 December 2021**

**Section - Five : General Disclosures**

**48 General Disclosures**

**48.1 Audit Committee**

An audit committee was constituted by the Board of Directors of BRAC Bank Limited in its 23rd meeting held on 02 March 2003. As on 31 December 2021, the Audit Committee as under:

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

During the year ended 31 December 2021, 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
- Revised ICC Policy 2020
- Procurement & Outsourcing Risk Management Policy 2020
- Asset-Liability Management Policy and Contingency Funding Plan
- Asset/Liability Management Policy and Contingency Funding Plan
- Fraud/forgery 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.

**48.2 Particulars of Board of Directors**

i) Name of Directors and the entities in which they have interest as on 31 December 2021:

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	Mr. Asif Saleh (Nominated by BRAC)	Nominated Director	BRAC IT Services Limited BRAC Net Limited Institute of Informatics and Development (IID) Erditoico Bangladesh Co. Ltd. BRAC Kaiyachara Tea Company Ltd BRAC OSIRIS Impact Ventures Ltd. BRAC Karon Affordable Health Care trust BRAC Probashbondhu Ltd Bkash Limited	Masters of Business Administration, New York University, Stern School of Management



**Notes to the financial statements as at and for the year ended 31 December 2021**

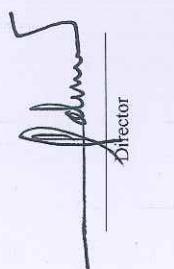
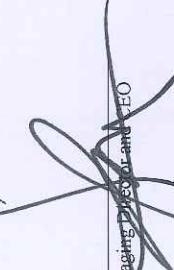
3	Mr. Kazi Mahmood Sattar (Independent Director)	Director	RSA Advisory Ltd. RSA Solution Limited RSA Aviation Limited Blue-Wealth Assets Limited BRAC SAJAN Exchange Limited bKash Limited Unique Meghnaghat Power Limited Data Science Technology Limited	M.Com (Accounting) B. Com (Honours) Finance, University of Dhaka
4	Ms. Fahima Choudhury	Independent Director	Ogilvy & Mather Communications Pvt. Ltd. Accomm Ltd. Accomm Holdings Ltd. Aktivision Advertising Ltd Graphic People Nazimgath Resorts Ltd Northbrook Consultants Ltd Screaming Girl Production Ltd. Software People BRAC EPL Investments limited BRAC EPL Stock Brokerage Limited Northern Resort bKash Limited	B.Sc. (Hons ) Management and M.Sc. Management from London School of Economics and Political Science, the United Kingdom
5	Ms. Farzana Ahmed	Independent Director	Kids Tutorial	MA (Hons) Philosophy, Politics, Economics & Chartered Accountant
6	Dr. Zahid Hussain	Independent Director	BRAC EPL Stock Brokerage Limited BRAC EPL Investment Limited	Ph.D. in Economics, Boston University
7	Mr. Meheriar M Hasan (Nominated by BRAC)	Nominated Director	Toyota Financial Savings Bank Mechanics Bank bKash Limited	Master of Science in Finance, USA, BA in Economics
8	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 OSRIS Impact Ventures Ltd BRAC Myanmar Micro Finance Company Limited Institute for Inclusive Finance and Development (InM)	BA in Economics, USA, Bar-at-Law, UK
9	Dr. Mustafa Kamal Mujeri	Independent Director	N/A	Ph.D. in Economics from McMaster University, Canada
10	Mr. Faruq Mayeenuddin Ahmed	Independent Director	N/A	M.A in Economics from McMaster University
11	Mr. Selim R.F. Hussain	Managing Director & CEO	Industrial and Infrastructure Development Finance Company (IIDFC) BRAC EPL Investments Ltd. bKash Limited BRAC IT Services Limited BRAC Sajjan Exchange Ltd Association of Bankers, Bangladesh	MSS in Economics, University of Dhaka MBA (IBA), University of Dhaka



**Notes to the financial statements as at and for the year ended 31 December 2021**

The bank carried out transactions with related parties in the normal course of business on an arms length basis. As on 31 December 2021, the bank had following transactions with the Related Party(ies) as defined in the BRPD circulars no. 14 issued by the Bangladesh Bank on 25 June 2003.

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

		Taka	
ii)	Significant contracts where bank is a party and wherein Directors have interest:	Nil	
iii)	Shares issued to Directors and executives without consideration or exercisable at discount	Nil	
iv)	Lending Policies to related parties:	Nil	
v)	Lending to related parties is effected as per requirement of section 27(1) of the Banking Companies Act ,1991.	857,164,160	
	Classification Status	Unclassified	
vii)	Loan and advances to Directors and subsidiaries:	Nil	
	Business other than Banking business with any related concern of the Directors as per Section 18(2) of the Banking Companies Act,1991.	Nil	
	Investment in the Securities of Directors and their related concern:		
	* Industrial and Infrastructure Development Finance Co. Limited		
	* Square Pharmaceutical Limited		
48.3	<b>Claim not Acknowledged as Debt</b>		
	"There was no claim against the Bank not acknowledged as debt as on 31 December 2021.		
48.4	<b>Number of Employees</b>		
	"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 7,619 (2020: 7,740).		
48.5	<b>Approval of the financial statements</b>		
	"The financial statements were approved by the Board of Directors on 15 March 2022.		
48.6	<b>Events after the Balance Sheet Date</b>		
	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 315th Board meeting held on 15 March 2022 has proposed 15% dividend (Cash dividend: 7.5% and stock dividend: 7.5%) subject to the approval of Bangladesh Bank and of the Shareholders at the next Annual General Meeting.		
	 Md. Golam Ali Director		
	 Md. Golam Ali Managing Director & CEO		
	 Md. Golam Ali Chairman		



**BRAC Bank Limited (Standalone)**  
**Highlights on the overall Activities**  
**As at 31 December 2021**

<b>Particulars</b>	<b>Note</b>	<b>Amount in Taka unless otherwise specified</b>	
		<b>2021</b>	<b>2020</b>
Paid-up capital	17.2	13,921,723,990	13,258,784,760
Total capital including general provisions	17.8	44,131,714,066	40,182,231,697
Capital surplus	17.8	5,711,756,543	5,660,376,809
Total assets		449,084,124,881	396,981,921,979
Total deposits	15	314,598,626,264	289,054,405,724
Total loans and advances	7	321,212,230,987	273,063,193,200
Total contingent liabilities and commitments	23	143,923,225,693	93,580,028,480
Income from investments	27	5,780,677,077	6,456,643,091
Profit after tax and provisions		5,546,930,564	4,540,831,949
Amount of classified loans during the current year	7.8	12,522,560,419	8,008,546,136
Provision kept against classified loans	16.1	8,960,504,600	7,493,529,932
Provisions surplus/deficit	7.11	1,139,138,134	3,081,958,970
Interest earning assets		434,883,338,336	384,777,711,742
Non-Interest earning assets		14,200,786,545	12,204,210,237
Credit deposit ratio (Loans and Advances/Deposits)*		81.86%	76.69%
Percentage of classified loans against total loans and advances		3.90%	2.93%
Cost of fund		4.49%	6.41%
Return on Investment (ROI) [PAT/(Shareholders equity+Borrowings)]		6.04%	5.79%
Return on Assets (ROA) [PAT/Average assets]		1.31%	1.19%
Return on Equity (ROE) [PAT/Average shareholders equity]		11.00%	10.69%
Earnings per share [previous years figure restated]	42	3.98	3.26
Net income per share [(PAT-Dividend on preference share/No. of Ordinary Shares)] [previous years figure restated]		3.98	3.26
Price earning ratio (Market price per share/EPS)		13.88	12.94
Net Asset Value per Share (NAV) [(Shareholders equity- Preference Share)/No. of Ordinary Share] [previous years figure restated]	46	39.09	33.38
Net Operating Cash Flow Per Share [previous years figure restated]	47	0.84	13.37

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



**Annexure B-1**

**BRAC Bank Limited**

**Statement of outstanding unreconciled entries in nostro accounts (foreign)**

**As at 31 December 2021**

Nostro Account represents outstanding transactions (net) originated but yet to be responded at the Balance Sheet date. However, the status of unresponded entries as at 31 December 2021 is given below:

(Amount in USD)

SL No	Period of Unreconciliation	As per Local Book				As per Correspondents' Book			
		Debit Entries		Credit Entries		Debit Entries		Credit Entries	
No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
01	Up-to 3 months	509	17,105,576	253	16,159,227	69	3,592,222	804	31,786,404
02	More than 03 months but less than 06 months	-	-	2	42,215	-	-	79	328,671
03	More than 06 months but less than 09 months	-	-	1	2,547.91	-	-	6	25,719
04	More than 09 months but less than 12 months	-	-	-	-	-	-	3	7,257
05	More than 12 months	-	-	-	-	-	-	1	2,103
<b>Total</b>		<b>509</b>	<b>17,105,576</b>	<b>256</b>	<b>16,203,990</b>	<b>69</b>	<b>3,592,222</b>	<b>893</b>	<b>32,150,154</b>

**31 December 2020**

SL No	Period of Unreconciliation	As per Local Book				As per Correspondents' Book			
		Debit Entries		Credit Entries		Debit Entries		Credit Entries	
No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
01	Up-to 3 months	320	7,133,187	250	9,381,696	52	1,992,471	499	15,662,816
02	More than 03 months but less than 06 months	-	-	-	-	-	-	18	87,528
03	More than 06 months but less than 09 months	-	-	-	-	-	-	9	953,435
04	More than 09 months but less than 12 months	-	-	-	-	-	-	3	11,303
05	More than 12 months	-	-	-	-	-	-	-	-
<b>Total</b>		<b>320</b>	<b>7,133,187</b>	<b>250</b>	<b>9,381,696</b>	<b>52</b>	<b>1,992,471</b>	<b>529</b>	<b>16,715,082</b>

All unadjusted entries are subsequently adjusted on regular basis.



Annexure B-2

**BRAC Bank Limited**  
**Statement of outstanding unreconciled entries in nostro accounts (local)**  
**As at 31 December 2021**

(Amount in BDT)

SL No	Period of Unreconciliation	As per Local Book				As per Correspondents' Book			
		Debit Entries		Credit Entries		Debit Entries		Credit Entries	
No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
01	Up-to 3 months	4	546,434	0	-	75	11,881,903	6	10,296,527
02	More than 03 months but less than 06 months	0	-	0	-	0	-	0	-
03	More than 06 months but less than 09 months	1	4,000	0	-	0	-	1	79,713
04	More than 09 months but less than 12 months	0	-	0	-	0	-	1	420,287
05	More than 12 months	0	-	27	734,389	23	2,115,119	16	347,269
	Total	5	550,434	27	734,389	98	13,997,022	24	11,143,796

31 December 2020

SL No	Period of Unreconciliation	As per Local Book				As per Correspondents' Book			
		Debit Entries		Credit Entries		Debit Entries		Credit Entries	
No.	Amount	No.	Amount	No.	Amount	No.	Amount	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	-
03	More than 06 months but less than 09 months	0	-	0	-	1	920,287	0	-
04	More than 09 months but less than 12 months	3	17,000	1	661	1	901	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



**BRAC Bank Limited**  
**Balance with other banks-outside Bangladesh (Nostro Account)**  
As at 31 December 2021

Name of Bank	Currency	A/C Type	Amount in foreign currency	2021		Amount in foreign currency	Exchange rate	Equivalent Taka	2020	
				Exchange rate	Equivalent Taka				Equivalent Taka	Exchange rate
<b>DBU balance:</b>										
Standard Chartered Bank-New York, USA	USD	CD	5,803,452	85.80	497,936,217	2,055,477	84.80	174,306,726		
Standard Chartered Bank, United Kingdom	GBP	CD	138,528	115.70	16,027,822	382,213	115.27	44,056,087		
Standard Chartered Bank, Frankfurt, Germany	EUR	CD	147,482	97.12	14,323,040	92,287	104.03	9,600,965		
Mashreq Bank, New York, USA	USD	CD	815,183	85.80	69,942,687	47,835	84.80	4,056,438		
Bank of Tokyo Mitsubishi UFJ, Ltd	JPY	CD	8,019,542	0.75	5,975,580	18,753,120	0.82	15,419,801		
ICICI Bank Limited, Mumbai, India	USD	CD	81,145	85.80	6,962,245	324,086	84.80	27,482,876		
Zuercher Kantonal Bank, Switzerland	CHF	CD	39,709	93.71	3,721,299	46,809	95.82	4,485,250		
Commerz Bank AG, Germany (USD)	USD	CD	22,244	85.80	1,908,554	16,844	84.80	1,428,419		
Commerz Bank AG, Germany (EURO)	EUR	CD	(749,663)	97.12	(72,805,071)	(817,372)	104.03	(85,034,511)		
Commerz Bank, Frankfurt, Germany (GBP)	GBP	CD	50	115.70	5,815	100	115.27	11,557		
United Bank of India, Kolkata, India	USD	CD	-	-	-	416,905	84.80	35,353,993		
JP Morgan Chase Bank, New York, USA	USD	CD	3,863,054	85.80	331,450,001	4,526,607	84.80	383,861,285		
HDFC Bank Limited, India	USD	CD	226,802	85.80	19,459,599	385,259	84.80	32,670,548		
Habib Bank Limited, Pakistan	USD	CD	20,866	85.80	1,790,293	22,519	84.80	1,909,672		
JP Morgan Chase Bank, Sydney (AUD)	AUD	CD	9,713,312	62.33	605,425,151	277,502	64.99	18,035,314		
AB Bank Limited, Mumbai, India	USD	CD	193,907	85.80	16,637,248	123,783	84.80	10,496,950		
AXIS Bank Limited Kolkatta ACU	USD	CD	516,628	85.80	44,326,693	354,449	84.80	30,032,257		
Abu Dhabi Commercial Bank (AED)	AED	CD	265,268	23.36	6,196,415	112,896	23.09	2,606,393		
Kookmin Bank, Seoul, South Korea (USD)	USD	CD	72,116	85.80	6,187,529	102,900	84.80	8,726,033		
Citi Bank N.A., New York, USA	USD	CD	289,565	85.80	24,844,680	11,107	84.80	941,927		
Shanghai Pudong Development Bank Co. Ltd, China (CNY)	CNY	CD	60,410	13.46	813,173	60,049	12.99	780,286		
DBS Bank Ltd, Singapore, SGD	SGD	CD	212,688	63.41	13,486,513	-	-	-		
Punjab National Bank, Kolkata (USD)	USD	CD	353,276	85.80	30,311,059	-	-	-		
					<b>1,644,926,543</b>			<b>721,228,066</b>		
<b>OBU balance:</b>										
Standard Chartered Bank, UK	GBP	CD	-	-	-	0	111.32	21		
JP Morgan Chase Bank, New York	USD	CD	1,612,754	85.80	138,374,289	3,005,624	84.80	254,880,206		
JP Morgan AG, Frankfurt, Germany	EUR	CD	4,373	97.27	425,313	225,323	104.18	23,473,731		
JP Morgan Chase Bank, NA, London	GBP	CD	12,609	115.72	1,459,054	29,185	114.81	3,350,777		
					<b>140,258,656</b>			<b>281,704,735</b>		
					<b>1,785,185,199</b>			<b>1,002,932,801</b>		

Total



Annexure - D

BRAAC Bank Limited  
Investment in shares, mutual funds and quoted bonds  
As at 31 December 2021

(In Taka)

Sl. no	Name of the company	Industry	Face value	No. of shares	Cost of holding	Average costing price	Market Price	Total market value (Tk)
<b>Quoted ordinary shares</b>								
1	Bata Shoe Company (Bangladesh) Limited	Tannery Industries	10	102,386	105,843,818	1,033.77	966.90	98,997,023
2	Berger Paints Bangladesh Ltd.	Miscellaneous	10	313,122	330,123,562	1,693.03	1,765.90	552,942,140
3	Eastern Bank Limited	Bank	10	1,400,216	44,926,754	32.09	38.50	53,908,316
4	Grameenphone Limited	Telecommunication	10	2,795,026	904,420,404	323.58	349.50	976,861,587
5	Linde Bangladesh Limited	Fuel & Power	10	113,350	144,091,523	1,271.21	1,579.80	179,070,330
6	Marico Bangladesh Limited	Pharmaceuticals & Chemicals	10	374,798	786,955,320	2,099.68	2,301.00	862,410,198
7	Renata Limited	Pharmaceuticals & Chemicals	10	158,563	171,902,509	1,084.13	1,312.00	208,034,656
8	Singer Bangladesh Limited	Engineering	10	3,310,320	575,233,762	173.77	169.90	562,423,368
9	Square Pharmaceuticals Limited	Pharmaceuticals & Chemicals	10	5,356,052	1,085,199,352	202.61	214.30	1,147,801,944
					<u>4,348,697,004</u>		<u>4,642,440,562</u>	
<b>Quoted corporate Bond</b>								
1	APSCL redeemable coupon bearing bond	Corporate Bond	5,000	100,000	<u>500,000,000</u>	5,000.00	5,325.50	<u>532,550,000</u>
					<u>500,000,000</u>		<u>532,550,000</u>	
<b>Unquoted shares and mutual funds</b>								
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	106,717		10,671,700		
4	HFAML-ACME Unit Fund		10	-		-		
5	IDLC Balanced Fund		10	4,511,370		45,113,700		
6	VIPB Growth Fund		10	2,014,000		20,140,000		
7	VIPB Income Fund		10	4,600,000		51,198,000		
8	VIPB SEBL 1st Unit Fund		10	13,323,467		133,234,670		
						<u>296,319,660</u>		
<b>Preference shares</b>								
1	Union Capital Preference Share		4,000,000	1	<u>4,000,000</u>		<u>4,000,000</u>	



**BRAC Bank Limited**  
**Details of Large Loan**  
**As at 31 December 2021**

Number of clients	19
Amount of outstanding advances	68,221,274,243
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	City Group	3,381,128,820	5,351,991,298	8,733,120,118
2	Meghna Group	2,582,720,256	5,979,076,123	8,561,796,379
3	Abul Khair Group	2,172,804,115	4,821,737,830	6,994,541,945
4	BSRM Group	2,821,070,260	2,726,541,359	5,547,611,619
5	BRAC	4,434,422,990	-	4,434,422,990
6	Square Group	589,304,306	3,342,001,661	3,931,305,967
7	Pran-Rfl Group	2,802,012,985	1,108,368,392	3,910,381,377
8	Urmi Group	1,064,516,726	2,661,321,161	3,725,837,887
9	Mir Group of Industries	1,552,448,213	2,130,949,569	3,683,397,782
10	Bitopi Group	2,195,458,421	732,428,404	2,927,886,825
11	Sterling Group	1,683,084,622	1,182,556,542	2,865,641,164
12	Summit Group	-	2,319,008,458	2,319,008,458
13	Akij Group	1,486,050,195	809,926,668	2,295,976,863
14	Robi Axiata Limited	-	2,144,926,868	2,144,926,868
15	Samuda Group	1,734,740,051	335,847,039	2,070,587,090
16	Walton Group	472,798,863	1,257,410,184	1,730,209,047
17	Reneta Group	1,021,401,940	55,559,790	1,076,961,730
18	Veon Group	578,697,585	188,962,549	767,660,134
19	Telenor Group and Grameen Telecom	500,000,000	-	500,000,000
	<b>Grand Total</b>	<b>31,072,660,348</b>	<b>37,148,613,895</b>	<b>68,221,274,243</b>



**BRAC Bank Limited**  
**Schedule of Fixed Assets**  
**As at 31 December 2021**

*(In Taka)*

Particulars	Opening balance as on 01 January 2021	Cost	Total Disposals/Transfer during the year	Total Balance as at 31 December 2021	Opening balance as on 01 January 2021	Charge during the year	Disposals/Adjustments during the year	Total balance as at 31 December 2021	Depreciation		Written down value as at 31 December 2021
									Depreciation	Adjustments during the year	
<b>Property, plant &amp; equipments</b>											527,275,400
Land	527,275,400	-	-	527,275,400	-	-	-	-	-	-	527,275,400
Office floor space	4,034,334	-	-	4,034,334	822,332	100,858	-	-	-	-	3,111,144
Furniture & fixture	2,096,550,341	58,151,911	13,787,869	2,140,914,383	1,395,740,435	148,736,943	13,563,167	13,563,167	1,530,914,211	610,000,172	1,530,914,211
Office equipments	1,307,461,739	48,474,903	10,983,041	1,344,953,601	1,120,463,136	94,567,471	10,932,967	10,932,967	1,204,097,640	140,855,061	1,204,097,640
IT Hardware	2,900,091,204	171,197,743	21,600,904	3,049,688,043	1,970,565,211	353,862,417	21,388,300	21,388,300	2,303,039,328	746,648,715	2,303,039,328
Motor vehicles	354,296,880	-	-	354,296,880	221,679,496	64,518,382	-	-	286,197,878	68,099,002	286,197,878
Right of use assets (ROU)	4,374,375,108	2,600,924,979	1,485,697,618	5,489,602,469	1,465,505,184	762,397,055	888,729,537	888,729,537	1,339,172,702	4,150,429,767	1,339,172,702
Capital expenditure work in progress	402,817,173	108,642,199	260,252,859	251,206,513	-	-	-	-	-	-	251,206,513
<b>Sub-total</b>	<b>11,966,902,179</b>	<b>2,987,391,735</b>	<b>1,792,322,291</b>	<b>13,161,971,623</b>	<b>6,174,775,794</b>	<b>1,424,183,126</b>	<b>934,613,971</b>	<b>6,664,344,949</b>	<b>6,497,626,674</b>	<b>6,497,626,674</b>	<b>6,497,626,674</b>
<b>Intangible assets:</b>											
With definite useful lives:											
IT Software	2,093,396,465	228,720,756	-	2,322,117,221	1,056,948,166	307,928,330	-	-	1,364,876,496	957,240,725	957,240,725
<b>Sub-total</b>	<b>2,093,396,465</b>	<b>228,720,756</b>	<b>-</b>	<b>2,322,117,221</b>	<b>1,056,948,166</b>	<b>307,928,330</b>	<b>-</b>	<b>-</b>	<b>1,364,876,496</b>	<b>957,240,725</b>	<b>957,240,725</b>
<b>As at 31 December 2021</b>	<b>14,060,298,644</b>	<b>3,216,112,491</b>	<b>1,792,322,291</b>	<b>15,484,088,844</b>	<b>7,231,723,960</b>	<b>1,732,111,456</b>	<b>934,613,971</b>	<b>8,029,221,445</b>	<b>7,454,867,369</b>	<b>7,454,867,369</b>	<b>7,454,867,369</b>

The amount of capital commitment of the Bank for the year 2021 was BDT 4,541,700 (2020: BDT 23,525,398)



**BRAC Bank Limited**  
**Schedule of Fixed assets**  
**As at 31 December 2020**

(In Taka)

Particulars	Cost			Total balance as on 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/Reval- uation during	Disposals/Transf- er/Adjustments							
<b>Property, plant &amp; equipments</b>										
Land	527,275,400	-	-	527,275,400	-	-	-	-	-	527,275,400
Leasehold Building	4,034,334	-	-	4,034,334	721,473	100,858	-	-	-	822,332
Furniture & fixture	2,204,586,559	70,959,297	178,995,424	2,096,550,341	1,406,754,339	163,307,618	174,321,522	1,395,740,435	1,395,740,435	700,809,906
Office equipments	1,493,892,852	40,260,547	226,691,660	1,307,461,739	1,233,560,713	112,189,846	225,287,423	1,120,463,136	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	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	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	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
<b>Sub-total</b>	<b>12,469,513,133</b>	<b>998,450,612</b>	<b>1,501,061,566</b>	<b>11,966,902,179</b>	<b>5,668,115,041</b>	<b>1,476,295,751</b>	<b>969,634,998</b>	<b>6,174,775,794</b>	<b>5,792,126,385</b>	
<b>Intangible assets:</b>										
With definite useful lives:										
IT Software	2,112,339,585	394,265,535	413,208,656	2,093,396,465	1,245,487,880	224,484,591	413,024,304	1,056,948,166	1,056,948,166	1,036,448,298
<b>Sub-total</b>	<b>2,112,339,585</b>	<b>394,265,535</b>	<b>413,208,656</b>	<b>2,093,396,465</b>	<b>1,245,487,880</b>	<b>224,484,591</b>	<b>413,024,304</b>	<b>1,056,948,166</b>	<b>1,056,948,166</b>	<b>1,036,448,298</b>
<b>As at 31 December 2020</b>	<b>14,581,852,718</b>	<b>1,392,716,147</b>	<b>1,914,270,221</b>	<b>14,060,298,643</b>	<b>6,913,602,920</b>	<b>1,700,780,342</b>	<b>1,382,659,302</b>	<b>7,231,723,960</b>	<b>7,231,723,960</b>	<b>6,828,574,683</b>



**BRAC Bank Limited**  
**Statement of Tax Position**  
**As at 31 December 2021**

(In Tk)

Accounting year	Assessment year	Gross tax provision in financial statements	Adjustment of excess/deficit provision during 2021	Net tax provision in financial	Tax as per latest assessment	(Short)/Excess provision	Advance tax as per assessment order	Present status
2009	2010-2011	1,140,000,000	-	1,140,000,000	1,226,332,530	(86,332,530)	1,225,978,580	Assessment in progress and filed appeal before Honorable High Court against the Order of The Taxes Appellate Tribunal
2010	2011-2012	1,416,240,000	-	1,416,240,000	1,316,974,555	99,265,445	1,228,668,951	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2011	2012-2013	1,460,000,000	-	1,460,000,000	1,535,641,921	(75,641,921)	1,256,758,569	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2012	2013-2014	1,530,000,000	-	1,530,000,000	1,537,477,180	(7,477,180)	1,304,653,579	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2013	2014-2015	1,797,698,269	-	1,797,698,269	1,536,388,741	261,309,528	1,088,661,543	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2014	2015-2016	2,097,475,597	-	2,097,475,597	1,916,762,068	180,713,529	1,250,930,480	Appeal in progress before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2015	2016-2017	2,250,022,595	-	2,250,022,595	2,269,625,619	(19,603,024)	1,540,453,195	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2016	2017-2018	2,629,520,979	-	2,629,520,979	2,177,689,835	451,831,144	1,739,275,075	Assessment in progress and filed appeal before The Honorable High Court Division against the order of The Taxes Appellate Tribunal
2017	2018-2019	3,196,240,955	-	3,196,240,955	2,880,663,875	315,577,080	2,402,077,500	Order passed from The Taxes Appellate Tribunal
2018	2019-2020	2,523,031,538	-	2,523,031,538	2,520,531,807	(7,500,269)	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	(191,123,342)	2,537,375,925	2,466,141,523	71,234,402	2,174,170,846	Tax return submitted for the assessment
2021	2022-2023	4,067,399,481	(500,000,000)	3,567,399,481				Not yet due to Submit Tax Return



**BRAC Bank Limited**  
**Statement of Segment Reporting**

**Accounting policy**

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

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

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

**A: Segmental operating profit and loss**

There are 4 (four) operating segments (SME, Retail, Corporate, and Treasury) on standalone basis as on 31 December 2021. Each operating segment is reportable as per latest evaluation in accordance with IFRS 8: *Operating segments*.

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

**BRAC Bank Limited**  
**For the year ended 31 December 2021**

(In Taka)

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

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

(In Taka)

Particulars	SME	Retail	Corporate	Treasury	Total
Total external revenue	11,473,888,383	(724,276,557)	3,159,117,497	6,426,818,511	20,335,547,834
Inter segment income /(expenses)	(6,559,158,542)	6,673,800,048	183,109,735	(297,751,241)	-
<b>Total segment revenue</b>	<b>4,914,729,841</b>	<b>5,949,523,491</b>	<b>3,342,227,232</b>	<b>6,129,067,270</b>	<b>20,335,547,834</b>
Total segment operating expenses	5,392,033,429	4,659,139,430	1,388,433,229	294,211,410	11,733,817,498
<b>Segment operating profit/(loss)</b>	<b>(477,303,588)</b>	<b>1,290,384,061</b>	<b>1,953,794,003</b>	<b>5,834,855,860</b>	<b>8,601,730,336</b>

**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 2021

**Off-shore Banking Units**  
**Balance Sheet**  
**As at 31 December 2021**

<b>Particulars</b>	<b>Note</b>	<b>2021</b>		<b>2020</b>	
		<b>USD</b>	<b>Taka</b>	<b>USD</b>	<b>Taka</b>
<b>PROPERTY AND ASSETS</b>					
<b>Cash</b>					
Cash in hand					
(Including foreign currency)					
Balance with Bangladesh Bank and its agent bank(s)					
(Including foreign currency)					
<b>Balance with other banks and financial institutions</b>	<b>3</b>	<b>69,634,716</b>	<b>5,974,658,656</b>	<b>67,321,946</b>	<b>5,708,975,151</b>
Inside Bangladesh					
Outside Bangladesh		69,634,716	5,974,658,656	67,321,946	5,708,975,151
<b>Money at call on short notice</b>					
<b>Investments</b>					
Government					
Others					
<b>Loans and advances</b>	<b>4</b>	<b>402,592,990</b>	<b>34,542,478,506</b>	<b>244,650,877</b>	<b>20,746,663,512</b>
Loans, cash credit, overdrafts etc.		375,658,784	32,231,523,671	217,868,511	18,475,489,405
Small and medium enterprises		1,712,685	146,948,408	2,429,863	206,055,013
Bills purchased and discounted		25,221,520	2,164,006,427	24,352,504	2,065,119,093
<b>Fixed assets including premises, furniture and fixtures</b>					
<b>Other assets</b>	<b>5</b>	<b>9,272,614</b>	<b>795,603,813</b>	<b>8,246,627</b>	<b>699,510,418</b>
<b>Total Property and Assets</b>		<b>481,500,320</b>	<b>41,312,740,975</b>	<b>320,219,451</b>	<b>27,155,149,081</b>
<b>LIABILITIES AND CAPITAL</b>					
<b>Liabilities</b>					
<b>Borrowings from other banks, financial institutions and agents</b>	<b>6</b>	<b>422,378,794</b>	<b>36,240,100,482</b>	<b>266,675,594</b>	<b>22,614,383,731</b>
<b>Money at call and short notice</b>					
<b>Deposits and other accounts</b>	<b>7</b>	<b>9,716,023</b>	<b>833,634,779</b>	<b>9,569,611</b>	<b>811,513,557</b>
Current accounts and other accounts		809,354	69,442,595	710,287	60,233,127
Bills payable		-	-	-	-
Savings deposits		-	-	-	-
Fixed deposits		8,633,540	740,757,724	8,694,540	737,306,548
Other deposits		273,129	23,434,460	164,784	13,973,882
<b>Other liabilities</b>	<b>8</b>	<b>54,361,285</b>	<b>4,496,927,343</b>	<b>40,523,956</b>	<b>3,420,462,291</b>
<b>Total Liabilities</b>		<b>486,456,102</b>	<b>41,570,662,605</b>	<b>317,769,161</b>	<b>26,931,160,679</b>
<b>Capital and Shareholders' Equity</b>					
Paid up share capital					
Statutory reserve					
Revaluation reserve					
Foreign currency translation reserve					
Surplus in profit and loss account/Retained	<b>9</b>	(4,955,782)	12,610,122	-	(11,792,680)
Total shareholders' equity		(4,955,782)	(270,531,752)	2,450,290	235,781,082
<b>Total Liabilities and Shareholders' Equity</b>		<b>481,500,320</b>	<b>41,312,740,975</b>	<b>320,219,451</b>	<b>27,155,149,080</b>



**Off-shore Banking Units**  
**Balance Sheet**  
**As at 31 December 2021**

<b>Particulars</b>	<b>Note</b>	<b>2021</b>		<b>2020</b>		
		<b>USD</b>	<b>Taka</b>	<b>USD</b>	<b>Taka</b>	
<b>Off balance sheet items</b>						
<b>Contingent liabilities</b>						
Acceptances and endorsements		12,205,159	1,032,165,486	6,599,548	556,742,888	
Letter of guarantees		-	-	-	-	
Irrevocable letter of credits		5,118,638	436,927,963	2,627,429	224,873,307	
Bills for collection		13,693,469	1,129,567,424	12,022,213	986,699,797	
Other contingent liabilities		176,241	-	6,626,463	551,443,745	
<b>Total</b>		<b>31,193,508</b>	<b>2,598,660,873</b>	<b>27,875,653</b>	<b>2,319,759,737</b>	
<b>Other commitments</b>						
Swap deals with banks and customers		-	-	-	-	
Spot and forward deals with banks and customers		-	-	-	-	
<b>Total off balance sheet items</b>		<b>31,193,508</b>	<b>2,598,660,873</b>	<b>27,875,653</b>	<b>2,319,759,737</b>	



Continuation of Annexure - I

**Off-shore Banking Units  
Profit and Loss Account  
For the year ended 31 December 2021**

Particulars	Note	2021		2020	
		USD	Taka	USD	Taka
Interest income	10	10,637,272	905,068,309	13,099,204	1,110,640,743
Interest paid on deposits and borrowing etc.	11	6,883,601	576,258,553	9,416,654	795,640,396
<b>Net interest income</b>		<b>3,753,671</b>	<b>328,809,756</b>	<b>3,682,550</b>	<b>315,000,347</b>
Investment income		-	-	-	-
Commission, exchange and brokerage	12	508,613	43,131,459	517,998	43,767,990
Other operating income	13	529,967	45,018,624	631,579	53,619,995
<b>Total operating income</b>		<b>4,792,252</b>	<b>416,959,839</b>	<b>4,832,126</b>	<b>412,388,332</b>
Salaries and allowances		830,183	70,720,500	511,058	43,373,384
Rent, taxes, insurance, electricity etc.	14	78,498	13,874,663	201,044	17,062,505
Legal expenses		-	-	-	-
Postage, stamps, telecommunication etc.	15	4,024	342,605	3,593	304,937
Stationery, printing, advertisement etc.	16	4,466	381,254	10,608	899,853
Depreciation and repairs to bank's assets		103,166	8,785,868	71,919	6,104,007
Other expenses		202,099	17,215,043	99,606	8,444,659
<b>Total operating expenses</b>		<b>1,222,435</b>	<b>111,319,933</b>	<b>897,829</b>	<b>76,189,344</b>
<b>Profit before provisions</b>		<b>3,569,817</b>	<b>305,639,906</b>	<b>3,934,297</b>	<b>336,198,988</b>
<b>Provision for:</b>					
Loans and advances	17	10,976,328	938,079,063	(518,019)	(43,424,486)
Off balance sheet items		-	-	-	-
Others		-	-	(7,867)	(667,567)
<b>Total provision</b>		<b>10,976,328</b>	<b>938,079,063</b>	<b>(525,887)</b>	<b>(44,092,053)</b>
<b>Profit/(loss) before taxes</b>		<b>(7,406,512)</b>	<b>(632,439,157)</b>	<b>4,460,184</b>	<b>380,291,041</b>
Provision for tax:					
Current tax expense		-	-	-	-
Deferred tax expense/ (income)		-	-	-	-
<b>Total provision for tax</b>	18	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total profit/(loss) after taxes</b>		<b>(7,406,512)</b>	<b>(632,439,157)</b>	<b>4,460,184</b>	<b>380,291,041</b>



**Off-shore Banking Units**  
**Cash Flow Statement**  
**For the year ended 31 December 2021**

<b>Particulars</b>	<b>2021</b>		<b>2020</b>	
	<b>USD</b>	<b>Taka</b>	<b>USD</b>	<b>Taka</b>
<b>A. Cash flows from operating activities</b>				
Interest receipts in cash	9,543,342	809,552,379	14,244,725	1,208,198,357
Interest payment	(6,790,073)	(566,899,959)	(10,942,058)	(947,837,011)
Fees and commissions receipts	508,613	43,131,459	517,998	43,767,990
Cash payments to employees	(830,183)	(70,720,500)	(511,058)	(43,373,384)
Cash payments to suppliers	(8,489)	(723,860)	(14,201)	(1,204,790)
Receipts from other operating activities	530,005	45,021,853	631,579	53,619,995
Payment for other operating activities :				
Operating cash flow before changes in operating assets and liabilities (i)	(346,800)	(36,747,012)	(380,194)	(32,262,384)
	<b>2,606,415</b>	<b>222,614,361</b>	<b>3,546,791</b>	<b>280,908,773</b>
<b>Increase/decrease in operating assets and liabilities</b>				
Loans and advances to customers	(157,942,112)	(13,795,814,994)	51,026,782	4,356,369,727
Other assets	67,943	(577,465)	247,599	21,655,527
Deposits from other banks/borrowings	154,703,199	13,540,915,651	(12,661,159)	(1,101,405,515)
Deposits from customers	146,412	22,121,222	340,821	27,989,285
Other liabilities	2,730,913	201,113,661	574,727	15,642,973
Cash utilised in operating assets and liabilities (ii)	(293,646)	(32,241,925)	39,528,770	3,320,251,997
<b>Net cash (used)/flows from operating activities (i+ii)</b>	<b>2,312,769</b>	<b>190,372,436</b>	<b>43,075,561</b>	<b>3,601,160,770</b>
<b>B. Cash flows from investing activities</b>				
Investment in commercial paper	-	-	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Cash flows from financing activities</b>				
<b>D. Net increase/(decrease) in cash (A+B+C)</b>	<b>2,312,769</b>	<b>190,372,436</b>	<b>43,075,561</b>	<b>3,601,160,770</b>
<b>E. Cash and cash equivalents at beginning of year</b>	<b>67,321,946</b>	<b>5,708,975,151</b>	<b>24,246,386</b>	<b>2,058,518,161</b>
Exchange difference	-	75,311,069	-	49,296,220
<b>Cash and cash equivalents at the end of year (D+E)</b>	<b>69,634,716</b>	<b>5,974,658,656</b>	<b>67,321,947</b>	<b>5,708,975,151</b>
<b>Cash and cash equivalents at the end of the year:</b>				
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	69,634,716	5,974,658,656	67,321,946	5,708,975,151
	<b>69,634,716</b>	<b>5,974,658,656</b>	<b>67,321,946</b>	<b>5,708,975,151</b>



**Off-Shore Banking Units**

Notes to the financial statements as at and for the year ended 31 December 2021

**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 2021.

**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	2021		2020	
	USD	Taka	USD	Taka
<b>3 Balance with other banks and financial institutions</b>				
Standard Chartered Bank, Frankfurt, Germany	-	-	-	16
Standard Chartered Bank, UK	-	-	-	21
JP Morgan Chase Bank, New York	1,612,754	138,374,289	3,005,624	254,880,206
JP Morgan AG, Frankfurt, Germany	4,957	425,313	276,809	23,473,731
JP Morgan Chase, N.A., London	17,005	1,459,054	39,513	3,350,777
BBL OBU to Other Bank OBU placement	68,000,000	5,834,400,000	64,000,000	5,427,270,400
	<b>69,634,716</b>	<b>5,974,658,656</b>	<b>67,321,946</b>	<b>5,708,975,151</b>
<b>4 Loans and advances</b>				
Loans, cash credits, overdrafts etc. (note 4.1)	375,658,784	32,231,523,671	217,868,511	18,475,489,405
Small and medium enterprises	1,712,685	146,948,408	2,429,863	206,055,013
Bills purchased and discounted (note 4.2)	25,221,520	2,164,006,427	24,352,504	2,065,119,093
	<b>402,592,990</b>	<b>34,542,478,506</b>	<b>244,650,877</b>	<b>20,746,663,512</b>
<b>4.1 Overdrafts</b>	5,150,889	441,946,251	9,825,938	833,250,311
Demand loans	326,653,467	28,026,867,478	159,206,152	13,500,856,812
Term loans	43,854,428	3,762,709,942	48,836,422	4,141,382,282
	<b>375,658,784</b>	<b>32,231,523,671</b>	<b>217,868,511</b>	<b>18,475,489,405</b>
<b>4.2 Bills purchased and discounted</b>	25,221,520	2,164,006,427	24,352,504	2,065,119,093
Bills purchased and discounted SME	-	-	-	-
	<b>25,221,520</b>	<b>2,164,006,427</b>	<b>24,352,504</b>	<b>2,065,119,093</b>
<b>5 Other assets</b>				
Interest receivables	2,926,535	250,930,191	1,832,605	155,414,261
Deferred revenue expenditure	200,313	17,186,834	262,396	22,251,475
Receivables against collateral margin-swap	-	180,000	-	180,000
Receivable settlement account-OBU/DBU	6,145,767	527,306,789	6,151,626	521,664,683
	<b>9,272,614</b>	<b>795,603,813</b>	<b>8,246,627</b>	<b>699,510,418</b>



Continuation of Annexure - I

Particulars	2021		2020	
	USD	Taka	USD	Taka

6      Borrowings from other banks, financial institutions and agents

**Inside Bangladesh:**

Woori Bank, Dhaka	5,000,000	429,000,000	3,000,000	254,403,300
On Shore to BBL Off Shore	141,090,169	12,105,536,457	126,190,094	10,701,058,797
	<b>146,090,169</b>	<b>12,534,536,457</b>	<b>129,190,094</b>	<b>10,955,462,097</b>

**Outside Bangladesh:**

Sonali Bank UK Ltd	-	-	6,769,500	574,061,046
Nabil Bank Limited, Nepal	3,500,000	300,300,000	10,000,000	848,011,000
HDFC Bank Limited, India	10,000,000	858,000,000	5,000,000	424,005,500
Standard Chartered Bank	27,600,000	2,368,080,000	-	-
DBS Bank Singapore	28,000,000	2,402,400,000	-	-
Asian Development Bank	30,000,000	2,574,000,000	-	-
The National Bank of Ras Al-Khaimah, UAE	20,000,000	1,716,000,000	-	-
Abu Dhabi Commercial Bank	30,000,000	2,574,000,000	-	-
First Abu Dhabi Bank PJSC	10,000,000	858,000,000	-	-
CDC Group Plc, United Kingdom	17,148,000	1,471,298,400	25,716,000	2,180,745,088
Borrowing from IFC, USA	55,000,000	4,719,000,000	90,000,000	7,632,099,000
Axis Bank Limited	10,000,000	858,000,000	-	-
Caixabank S.A.	6,540,625	561,185,625	-	-
JP Morgan Chase Bank N.A. Singapore	15,000,000	1,287,000,000	-	-
Siddhartha Bank Limited, Kathmandu	3,500,000	300,300,000	-	-
State Bank Of India, Hong Kong	10,000,000	858,000,000	-	-
	<b>276,288,625</b>	<b>23,705,564,025</b>	<b>137,485,500</b>	<b>11,658,921,634</b>
	<b>422,378,794</b>	<b>36,240,100,482</b>	<b>266,675,594</b>	<b>22,614,383,731</b>

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	809,354	69,442,595	710,287	60,233,127
Bills payable	-	-	-	-
Saving deposits	-	-	-	-
Fixed deposits	8,633,540	740,757,724	8,694,540	737,306,548
Other deposits	273,129	23,434,460	164,784	13,973,882
<b>Total Deposit and other accounts</b>	<b>9,716,023</b>	<b>833,634,779</b>	<b>9,569,611</b>	<b>811,513,557</b>
	<b>9,716,023</b>	<b>833,634,779</b>	<b>9,569,611</b>	<b>811,513,557</b>

8      Other liabilities

Provisions for loans and advances	24,297,996	1,958,679,094	13,343,004	1,131,501,444
Special provision COVID-19	435,293	37,348,170	572,974	48,588,796
Provision on interest receivable	21,488	1,843,706	21,742	1,843,706
Interest payable on borrowings	1,275,007	109,395,602	1,210,896	102,685,311
Provision for taxation	787,956	67,606,624	797,238	67,606,624
Interest suspense	1,918,811	164,633,977	965,598	81,883,810
Suppliers payable	(231,137)	(19,901,732)	-	-
Accrued expenses	(48,975)	(4,054,049)	-	-
Payable to on-shore	27,431,047	2,105,368,327	23,575,625	1,982,385,478
Others payable	(1,526,202)	76,007,624	36,879	3,967,121
	<b>54,361,285</b>	<b>4,496,927,343</b>	<b>40,523,956</b>	<b>3,420,462,291</b>



Continuation of Annexure - I

Particulars	2021		2020	
	USD	Taka	USD	Taka
<b>9 Surplus in profit and loss account/ retained earnings</b>				
Balance at the beginning of the year	2,450,290	235,781,082	(1,989,854)	(142,808,606)
Adjustment to retained earnings	440	126,126,323	(20,040)	(1,701,354)
Add: Retained surplus for the year	(7,406,512)	(632,439,157)	4,460,184	380,291,041
	<b>(4,955,782)</b>	<b>(270,531,752)</b>	<b>2,450,290</b>	<b>235,781,082</b>
<b>10 Interest income</b>				
Interest on loans and advances	10,634,503	904,832,171	13,049,549	1,106,445,412
Interest on money at call and short notice	-	-	14,701	1,242,251
Interest on Funding SWAP	-	-	34,954	2,953,080
Other interest income	2,769	236,138	-	-
	<b>10,637,272</b>	<b>905,068,309</b>	<b>13,099,204</b>	<b>1,110,640,743</b>
<b>11 Interest paid on deposits and borrowing etc.</b>				
Interest on deposits	240,178	13,228,827	243,508	20,664,695
Interest on borrowing from banks & FIIs	32,869	559,529,636	9,172,993	774,962,775
Interest on funding SWAP	6,602,017	721,430	-	-
Interest on money at call and short notice	8,537	2,778,660	153	12,926
	<b>6,883,601</b>	<b>576,258,553</b>	<b>9,416,654</b>	<b>795,640,396</b>
<b>12 Commission, exchange and brokerage</b>				
Commission from letters of credit-foreign	140,757	11,934,049	91,637	7,740,219
Import and export related fees	367,868	31,198,363	341,516	28,862,703
Syndication fees	-	-	84,852	7,165,740
Other fees	(11)	(952)	(8)	(671)
	<b>508,613</b>	<b>43,131,459</b>	<b>517,998</b>	<b>43,767,990</b>
<b>13 Other operating income</b>				
Miscellaneous income	529,967	45,018,624	631,579	53,619,995
	<b>529,967</b>	<b>45,018,624</b>	<b>631,579</b>	<b>53,619,995</b>
<b>14 Rent, taxes, insurance, electricity etc.</b>				
Rent, rates and taxes	68,008	5,792,896	52,852	4,485,627
Insurance	1,542	7,319,806	138,435	11,748,645
Power and electricity	8,029	683,964	6,810	577,979
WASA and sewerage	918	77,997	2,948	250,254
	<b>78,498</b>	<b>13,874,663</b>	<b>201,044</b>	<b>17,062,505</b>
<b>15 Postage, stamp, telecommunication etc.</b>				
Postage and courier	661	56,171	939	79,750
Court fees & stamps	255	21,737	171	14,510
Telegram, telex, fax & network	-	-	0	37
Telephone- Office	3,108	264,697	2,482	210,639
	<b>4,024</b>	<b>342,605</b>	<b>3,593</b>	<b>304,937</b>



Continuation of Annexure - I

Particulars	2021		2020	
	USD	Taka	USD	Taka
<b>16 Stationery, printing, advertisement etc.</b>				
Stationery and printing	1,473	125,394	1,229	104,298
Security stationery	1,309	111,589	6,865	582,216
Advertisement	1,684	144,272	2,514	213,339
	<b>4,466</b>	<b>381,254</b>	<b>10,608</b>	<b>899,853</b>
<b>17 Provisions for loans and advances</b>				
For classified loans and advances	9,487,900	810,646,253	(2,059)	(175,220)
For unclassified loans and advances	1,488,429	127,432,811	(515,961)	(43,249,266)
	<b>10,976,328</b>	<b>938,079,063</b>	<b>(518,019)</b>	<b>(43,424,486)</b>
<b>18 Provision for tax</b>				

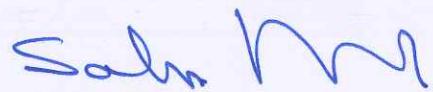
Offshore Banking Unit (OBU) is an integral business unit of the Bank. The income from OBU is included in the separate financial statement of the Bank and tax has been provided on total income of the Bank including income from OBU. Hence provision for tax has not been calculated for OBU portion separately.



**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 2021, 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 2021.



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

Dhaka, 15 March 2022



**BRAC Bank Limited**  
**Custodian Service**  
**For the year ended 31 December 2021**

Particulars	2021 Taka	2020 Taka
<b>Operating income</b>		
Commission, exchange and brokerage	20,405,215	18,265,986
<b>Total operating income</b>	<b>20,405,215</b>	<b>18,265,986</b>
<b>Operating expenses</b>		
Salaries and allowances	2,805,181	3,051,737
Rent, taxes, insurance, electricity etc.	963,510	965,430
Postage, stamps, telecommunication etc.	121,790	33,063
Stationery, printing, advertisement etc.	909,363	327,629
Depreciation on and repairs to bank's assets	1,220,677	1,033,597
Other expenses	9,800,386	7,862,768
<b>Total operating expenses</b>	<b>15,820,907</b>	<b>13,274,224</b>
<b>Operating profit</b>	<b>4,584,308</b>	<b>4,991,762</b>



**BRAC Bank Limited**  
**Details of transactions with related parties**  
**For the year ended 31 December 2021**

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 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 any entity that is related party of the entity.

*(In Taka)*

SL No.	Name of the related parties (Companies)	Relationship with BBL	Balance type	Opening balance on 01 January 2021	Additions for deposit made/loan disbursed/interest or fees charged	Deductions for deposit made/loan interest or fees charged	Closing balance on 31 December 2021
1	BRAC and Its associated organization	Parent Company	Deposits	6,654,832,632	237,426,264,899	229,458,336,562	14,672,760,969
2	bKash Limited	Subsidiary	Deposits	2,590,480,725	237,703,190,735	229,458,336,562	10,835,334,898
3	BRAC EPL Investments Limited	Subsidiary	Deposits	2,721,732	19,830,936,212	19,831,972,630	15,685,315
4	BRAC EPL Stock Brokerage Limited	Subsidiary	Deposits	40,015,481	1,335,971,190	1,135,522,238	242,464,433
5	BRAC IT Services Limited (bitS)	Associates	Deposits	103,302,915	428,143,676	420,276,302	111,170,288
6	BRAC SAJIAN Exchange Limited	Subsidiary	Deposits	29,136,980	3,339,806,293	3,308,295,988	60,647,285
7	Edotco Bangladesh Co. Limited	Common Board member	Deposits	3,294,972,846	6,188,935,788	9,363,792,590	120,116,043
8	Policy Research Institute of Bangladesh (PRI)	Common Board member	Deposits	1,525,163	2,390,259	3,066,412	849,010
9	RSA Advisory Ltd	Common Board member	Deposits	5,891,572	58,380,365	64,256,422	15,515
10	BlueWealth Assets Limited	Common Board member	Deposits	-	5,000	575	4,425
11	Waltor Hi-Tech Industries Limited	Common Board member	Deposits	48,142,660	2,689,552,088	2,682,586,360	55,108,388
12	Wafer Garden Resort and Spa	Common Board member	Deposits	77,019	5,938,870	5,672,530	343,359
13	Affordable Health Care	Common Board member	Deposits	1,818,045	130,000,000	60,003,805	71,814,240
14	BRAC EPL Investments Limited	Subsidiary	Continuous loan	798,660,711	1,178,793,099	1,386,739,922	590,713,888
15	BRAC Sajian Exchange Limited	Subsidiary	Continuous loan	685,878,561	1,341,846,666	1,761,469,094	266,266,133
16	Industrial and Infrastructure Development Finance Company (IIDFC)	Common Board member	Term placement	840,000,000	N/A	N/A	140,000,000
17	IPDC Finance Limited	Common Board member	Term placement	700,000,000	N/A	N/A	3,000,000,000
18	Delta Brac Housing Finance Corporation Limited	Common Board member	Term placement	1,830,000,000	N/A	N/A	3,000,000,000
19	BRAC IT Services Limited (bitS)	Associates	Receivables	213,246,061	N/A	N/A	187,859,621
20	Key Management Personnel (Note - 7.6)	Senior Management	Loans and Advances	111,193,790	N/A	N/A	106,920,329
21	BRAC Bank Employees' Gratuity Fund (Post employment benefit plan)		Details of transactions with BRAC Bank Employees' Gratuity Fund can be found at note no 9.5				

SL No.	Name of the related parties (Directors)	Relationship with BBL	Balance type	Opening balance on 01 January 2021	Closing balance on 31 December 2021	Credit Card Limit	Lien Amount
1	Kazi Mahmood Sattar	Director	Credit card	23,600	6,974	500,000	500,000
2	Asif Saleh	Director	Credit card	25,846	106,081	500,000	500,000
3	Seim Reza Farhad Hussain	Director	Credit card	88,783	64,568	1,000,000	1,000,000
4	Fahima Choudhury	Director	Credit card	6,160	15,176	500,000	500,000
5	Shameran Bahar Abed	Director	Credit card	223,547	1,340	500,000	500,000

Note: In addition, BRAC Bank has credit exposure on NGOs where its Directors are involved in the capacity of executive committee members. As on 31 December 2021, the Bank has credit exposures amounting BDT 4,434,422,990 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 2021**

<b>Particulars</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>Taka</b>	<b>Taka</b>
<b>Profit before tax as per profit and loss account</b>	<b>7,889,551,559</b>	<b>6,735,127,528</b>
<b>Adjustment for non-cash items:</b>		
Provision for Loans and advances	2,810,975,910	2,365,157,113
Provision for Diminution in value of investments	(74,000,000)	(563,219,881)
Provision for Off balance sheet items	251,500,000	63,083,635
Provision for other assets	65,866,351	1,581,941
Depreciation of Property plant and equipment	1,732,111,456	1,682,480,106
Foreign exchange gain/(loss)	486,268,924	(62,984,747)
Profit on sale of fixed assets	(3,798,917)	(11,086,641)
<b>Increase/decrease in operating assets &amp; liabilities:</b>		
Loans and advances to customers	(48,149,037,787)	(8,972,011,665)
Other operating assets	128,673,899	(163,721,278)
Deposits from other banks/borrowings	11,942,273,035	(1,295,171,744)
Deposits from customers	26,460,328,428	22,632,432,701
Other operating liabilities	182,975,583	(232,393,362)
Income tax paid	(2,557,956,724)	(3,564,500,491)
<b>Cash flows from operating activities as per cash flow statement</b>	<b>1,165,731,717</b>	<b>18,614,773,215</b>

